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## Consolidated Financial Results for the Three Months Ended June 30, 2020 [Japanese GAAP]

July 31, 2020

Company name: PROTO CORPORATION

Stock exchange listing: Tokyo, Nagoya

Code number: 4298

URL: <https://www.proto-g.co.jp/>

Representative: Kenji Kamiya

President

Contact: Akito Ode

Executive officer

Phone: 052-934-2000

Scheduled date of filing quarterly securities report: August 07, 2020

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2020 (April 01, 2020 to June 30, 2020)

#### (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2020	13,518	(8.0)	1,502	3.7	1,554	8.2	1,017	(1.8)
June 30, 2019	14,698	(7.1)	1,448	14.6	1,436	1.1	1,035	13.2

(Note) Comprehensive income: Three months ended June 30, 2020: ¥ 1,138 million [ 14.3%]  
Three months ended June 30, 2019: ¥ 996 million [ 8.6%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2020	25.34	-
June 30, 2019	25.82	-

(Note) PROTO CORPORATION carried out a 2-for-1 split of common shares on July 1, 2019.

Net income per share was calculated under the assumption that said share split had been conducted at the beginning of the previous consolidated accounting year.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2020	44,535	32,520	73.0
March 31, 2020	44,726	31,932	71.3

(Reference) Equity: As of June 30, 2020: ¥ 32,493 million  
As of March 31, 2020: ¥ 31,903 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	-	13.75	-	13.75	27.50
Fiscal year ending March 31, 2021	-				
Fiscal year ending March 31, 2021 (Forecast)		12.50	-	12.50	25.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) PROTO CORPORATION carried out a 2-for-1 split of common shares on July 1, 2019.

For the year ended Mar. 2020, PROTO CORPORATION took the stock split into consideration.

(Note) Breakdown of the annual dividend for the fiscal year ended March 31, 2020 :

Commemorative dividend	25.00 yen
Special dividend	2.50 yen

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021(April 01, 2020 to March 31, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2020	28,090	(5.9)	2,234	(17.9)	2,292	(17.5)	1,443	(54.6)	35.93
Full year	60,000	1.5	5,225	1.7	5,289	(1.2)	3,481	(30.3)	86.68

(Note) Revision to the financial results forecast announced most recently: Yes

(Note) For details, please refer to the "Notification Regarding Earnings Forecast" dated July 31, 2020.

### \* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2020

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: )

Exclusion: - (Company name: )

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2020: 41,925,300 shares

March 31, 2020: 41,925,300 shares

2) Total number of treasury shares at the end of the period:

June 30, 2020: 1,766,217 shares

March 31, 2020: 1,763,392 shares

3) Average number of shares during the period:

Three months ended June 30, 2020: 40,159,789 shares

Three months ended June 30, 2019: 40,116,921 shares

\*PROTO CORPORATION carried out a 2-for-1 split of common shares on July 1, 2019.

Therefore, "Total number of issued shares (common shares)" were calculated under the assumption that said share split had been conducted at the beginning of the previous consolidated accounting year.

**\* This quarterly report is not subject to quarterly review procedures by certified public accountants or an auditing firm.**

**\* Explanation for appropriate use of forecasts and other notes**

The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors.

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2020	As of June 30,2020
<b>Assets</b>		
Current assets		
Cash and deposits	18,057	17,519
Notes and accounts receivable - trade	4,913	4,249
Inventories	4,048	4,610
Other	1,219	1,789
Allowance for doubtful accounts	(6)	(5)
Total current assets	28,231	28,163
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,059	5,980
Land	4,570	4,570
Other, net	690	666
Total property, plant and equipment	11,320	11,217
Intangible assets		
Goodwill	1,546	1,438
Other	1,002	994
Total intangible assets	2,548	2,432
Investments and other assets		
Investments and other assets, gross	2,631	2,738
Allowance for doubtful accounts	(6)	(16)
Total investments and other assets	2,625	2,722
Total non-current assets	16,494	16,372
Total assets	44,726	44,535

(Million yen)

	As of March 31,2020	As of June 30,2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,720	1,974
Short-term borrowings	2,400	2,400
Current portion of long-term borrowings	388	363
Accrued expenses	2,303	2,244
Income taxes payable	1,328	593
Provision for sales returns	10	0
Provision for bonuses	151	200
Provision for merchandise warranties	35	31
Provision for point card certificates	29	30
Other	2,901	2,819
Total current liabilities	11,268	10,658
Non-current liabilities		
Long-term borrowings	681	597
Provision for retirement benefits for directors (and other officers)	281	213
Retirement benefit liability	4	5
Asset retirement obligations	294	295
Other	262	244
Total non-current liabilities	1,524	1,356
<b>Total liabilities</b>	<b>12,793</b>	<b>12,015</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,849	1,849
Capital surplus	2,036	2,036
Retained earnings	28,647	29,113
Treasury shares	(1,306)	(1,306)
Total shareholders' equity	31,227	31,692
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	199	324
Foreign currency translation adjustment	477	476
Total accumulated other comprehensive income	676	800
Non-controlling interests	28	27
<b>Total net assets</b>	<b>31,932</b>	<b>32,520</b>
<b>Total liabilities and net assets</b>	<b>44,726</b>	<b>44,535</b>

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Million yen)

	For the three months ended June 30,2019	For the three months ended June 30,2020
Net sales	14,698	13,518
Cost of sales	8,763	7,566
Gross profit	5,934	5,952
Reversal of provision for sales returns	32	10
Provision for sales returns	15	0
Gross profit - net	5,951	5,962
Selling, general and administrative expenses	4,502	4,459
Operating profit	1,448	1,502
Non-operating income		
Interest and dividend income	5	4
Foreign exchange gains	51	41
Other	10	26
Total non-operating income	67	71
Non-operating expenses		
Interest expenses	5	3
Loss on investments in investment partnerships	-	8
Loss on valuation of derivatives	72	3
Other	1	5
Total non-operating expenses	79	20
Ordinary profit	1,436	1,554
Extraordinary income		
Gain on sales of non-current assets	0	-
Total extraordinary income	0	-
Extraordinary losses		
Loss on sales and retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	1,436	1,554
Income taxes - current	450	539
Income taxes - deferred	(42)	0
Total income taxes	407	540
Profit	1,028	1,014
Loss attributable to non-controlling interests	(6)	(3)
Profit attributable to owners of parent	1,035	1,017

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Million yen)

	For the three months ended June 30,2019	For the three months ended June 30,2020
Profit	1,028	1,014
Other comprehensive income		
Valuation difference on available-for-sale securities	(34)	124
Foreign currency translation adjustment	1	(0)
Total other comprehensive income	(32)	124
Comprehensive income	996	1,138
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,003	1,139
Comprehensive income attributable to non-controlling interests	(6)	(1)