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## Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

October 31, 2023

Company name: PROTO CORPORATION

Stock exchange listing: Tokyo, Nagoya

Code number: 4298

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

Representative: Kenji Kamiya

President

Contact: Takehito Suzuki

Executive officer

Phone: +81-52-934-2000

Scheduled date of filing quarterly securities report: November 14, 2023

Scheduled date of commencing dividend payments: November 20, 2023

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 Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	54,558	9.5	3,774	4.6	4,317	17.7	2,836	18.1
September 30, 2022	49,811	89.3	3,607	17.0	3,668	13.6	2,401	(33.7)

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 2,912 million [ 32.9%]  
Six months ended September 30, 2022: ¥ 2,192 million [ (43.2)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	70.50	-
September 30, 2022	59.74	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	64,490	45,778	70.5
March 31, 2023	60,553	43,515	71.3

(Reference) Equity: As of September 30, 2023: ¥ 45,435 million  
As of March 31, 2023: ¥ 43,184 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, 2023	-	17.50	-	17.50	35.00
Fiscal year ending March 31, 2024	-	17.50	-	-	-
Fiscal year ending March 31, 2024 (Forecast)	-	-	-	17.50	35.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	112,538	6.6	8,164	11.3	8,707	25.0	5,886	33.0	146.26

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

\* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

(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):

September 30, 2023: 41,925,300 shares

March 31, 2023: 41,925,300 shares

2) Number of treasury shares at the end of the period:

September 30, 2023: 1,663,807 shares

March 31, 2023: 1,704,227 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 40,232,587 shares

Six months ended September 30, 2022: 40,195,303 shares

**\* 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

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	23,739	24,349
Notes and accounts receivable - trade	6,107	5,640
Inventories	7,669	9,119
Other	2,025	3,231
Allowance for doubtful accounts	(4)	(5)
Total current assets	39,537	42,336
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,729	5,624
Land	5,590	5,590
Other, net	758	780
Total property, plant and equipment	12,078	11,996
Intangible assets		
Goodwill	2,365	2,256
Other	1,858	2,460
Total intangible assets	4,224	4,716
Investments and other assets		
Investment securities	2,367	2,845
Other	2,404	2,656
Allowance for doubtful accounts	(59)	(60)
Total investments and other assets	4,712	5,441
Total non-current assets	21,016	22,154
Total assets	60,553	64,490

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,709	1,470
Electronically recorded obligations - operating	1,482	1,662
Short-term borrowings	3,600	4,400
Current portion of long-term borrowings	123	82
Accrued expenses	2,693	2,945
Income taxes payable	1,160	1,728
Contract liabilities	37	37
Provision for bonuses	210	331
Provision for merchandise warranties	16	15
Other	4,505	4,570
Total current liabilities	15,538	17,245
Non-current liabilities		
Long-term borrowings	529	491
Provision for retirement benefits for directors (and other officers)	256	266
Retirement benefit liability	135	148
Asset retirement obligations	343	348
Other	234	212
Total non-current liabilities	1,499	1,466
<b>Total liabilities</b>	<b>17,038</b>	<b>18,711</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,849	1,849
Capital surplus	2,070	2,089
Retained earnings	40,139	42,278
Treasury shares	(1,260)	(1,230)
Total shareholders' equity	42,799	44,986
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	396	470
Foreign currency translation adjustment	(11)	(20)
Total accumulated other comprehensive income	385	449
Non-controlling interests	330	342
<b>Total net assets</b>	<b>43,515</b>	<b>45,778</b>
<b>Total liabilities and net assets</b>	<b>60,553</b>	<b>64,490</b>

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	49,811	54,558
Cost of sales	36,547	40,389
Gross profit	13,263	14,168
Selling, general and administrative expenses	9,655	10,394
Operating profit	3,607	3,774
Non-operating income		
Interest and dividend income	4	5
Share of profit of entities accounted for using equity method	1	1
Foreign exchange gains	74	129
Gain on valuation of derivatives	-	366
Other	28	81
Total non-operating income	108	584
Non-operating expenses		
Interest expenses	8	4
Loss on investments in investment partnerships	22	27
Loss on valuation of derivatives	8	-
Other	7	8
Total non-operating expenses	47	40
Ordinary profit	3,668	4,317
Extraordinary income		
Gain on sale of non-current assets	0	4
Gain on bargain purchase	11	-
Total extraordinary income	12	4
Extraordinary losses		
Loss on sale and retirement of non-current assets	7	22
Total extraordinary losses	7	22
Profit before income taxes	3,673	4,299
Income taxes - current	1,494	1,696
Income taxes - deferred	(204)	(245)
Total income taxes	1,289	1,451
Profit	2,383	2,848
Profit (loss) attributable to non-controlling interests	(17)	12
Profit attributable to owners of parent	2,401	2,836

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

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	2,383	2,848
Other comprehensive income		
Valuation difference on available-for-sale securities	(179)	73
Foreign currency translation adjustment	(12)	(9)
Total other comprehensive income	(191)	63
Comprehensive income	2,192	2,912
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,209	2,900
Comprehensive income attributable to non-controlling interests	(17)	12

Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,673	4,299
Depreciation	470	529
Amortization of goodwill	244	109
Gain on bargain purchase	(11)	-
Increase (decrease) in contract liabilities	2	0
Increase (decrease) in allowance for doubtful accounts	(3)	2
Increase (decrease) in provision for bonuses	116	120
Increase (decrease) in provision for merchandise warranties	(0)	(0)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	9	9
Increase (decrease) in retirement benefit liability	11	12
Increase (decrease) in provision for loss on disaster	(41)	-
Interest and dividend income	(4)	(5)
Interest expenses	8	4
Foreign exchange losses (gains)	(6)	(0)
Share of loss (profit) of entities accounted for using equity method	(1)	(1)
Loss (gain) on investments in investment partnerships	22	27
Loss (gain) on valuation of derivatives	8	(366)
Loss (gain) on sale and retirement of non-current assets	7	18
Decrease (increase) in trade receivables	(222)	(571)
Decrease (increase) in inventories	(3,062)	(1,449)
Increase (decrease) in trade payables	291	(34)
Increase (decrease) in accrued expenses	64	339
Other, net	181	(303)
<b>Subtotal</b>	<b>1,758</b>	<b>2,741</b>
Interest and dividends received	4	5
Interest paid	(8)	(4)
Income taxes refund (paid)	(1,693)	(1,116)
<b>Net cash provided by (used in) operating activities</b>	<b>61</b>	<b>1,626</b>

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
<b>Cash flows from investing activities</b>		
Payments into time deposits	(12)	(13)
Purchase of property, plant and equipment	(728)	(187)
Proceeds from sale of property, plant and equipment	0	4
Purchase of intangible assets	(454)	(373)
Purchase of long-term prepaid expenses	(8)	(2)
Purchase of investment securities	(500)	(427)
Payments for investments in capital	(161)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,262)	-
Other, net	(46)	(20)
Net cash provided by (used in) investing activities	(3,173)	(1,019)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings	1,300	800
Repayments of long-term borrowings	(122)	(79)
Dividends paid	(703)	(703)
Repayments of lease liabilities	(41)	(34)
Other, net	11	(0)
Net cash provided by (used in) financing activities	444	(17)
Effect of exchange rate change on cash and cash equivalents	12	6
Net increase (decrease) in cash and cash equivalents	(2,655)	596
Cash and cash equivalents at beginning of period	25,939	23,494
Cash and cash equivalents at end of period	23,283	24,091