



April 13, 2018

## Consolidated Financial Results for the Fiscal Year Ended February 28, 2018 (FY2/18)

[Japanese GAAP]

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Listing: TSE 1st Section  
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Scheduled date of Annual General Meeting of Shareholders: May 25, 2018  
 Scheduled date of filing of Annual Securities Report: May 28, 2018  
 Scheduled date of payment of dividend: May 28, 2018  
 Preparation of supplementary materials for financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and securities analysts)  
 (All amounts are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for FY2/18 (March 1, 2017 – February 28, 2018)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2/18	32,981	4.8	1,331	1.6	1,486	8.7	981	19.5
FY2/17	31,482	3.5	1,311	19.1	1,368	17.2	821	18.8

Note: Comprehensive income FY2/18: 1,116 million yen (up 44.3%) FY2/17: 774 million yen (up 45.7%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
FY2/18	120.13	-	9.1	5.8	4.0
FY2/17	100.93	-	8.3	5.6	4.2

Reference: Equity in earnings of affiliates FY2/18: 9 million yen FY2/17: 1.9 million yen

Notes: 1. Nakamoto Packs conducted a 2-for-1 common stock split effective on March 1, 2018. Earnings per share is calculated as if this stock split had taken place at the beginning of the previous fiscal year.  
 2. Diluted earnings per share is not presented since there is no dilutive share.

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2018	25,935	11,509	43.0	1,363.58
As of Feb. 28, 2017	25,398	10,843	41.4	1,287.82

Reference: Equity capital As of Feb. 28, 2018: 11,143 million yen As of Feb. 28, 2017: 10,524 million yen

Note: Nakamoto Packs conducted a 2-for-1 common stock split effective on March 1, 2018. Net assets per share is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
FY2/18	1,499	(1,199)	(492)	3,585
FY2/17	1,665	(924)	506	3,769

## 2. Dividends

	Dividends per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2/17	-	45.00	-	55.00	100.00	408	49.5	3.8
FY2/18	-	55.00	-	55.00	110.00	449	45.8	4.1
FY2/19 (forecast)	-	27.50	-	27.50	55.00		44.9	

Notes: 1. Nakamoto Packs conducted a 2-for-1 common stock split effective on March 1, 2018. Dividends per share for FY2/17 and FY2/18 are the actual amounts before the stock split.

2. Breakdown of dividend for FY2/17: 2Q-end: Ordinary dividend of 40.00 yen, commemorative dividend of 5.00 yen  
 Year-end: Ordinary dividend of 50.00 yen, commemorative dividend of 5.00 yen  
 3. Breakdown of dividend for FY2/18: 2Q-end: Ordinary dividend of 50.00 yen, commemorative dividend of 5.00 yen  
 Year-end: Ordinary dividend of 50.00 yen, commemorative dividend of 5.00 yen

## 3. Consolidated Forecast for FY2/19 (March 1, 2018 – February 28, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	16,600	1.8	720	1.0	780	(4.5)	480	(8.2)	58.73
Full year	34,500	4.6	1,500	12.6	1,600	7.6	1,000	1.9	122.36

Note: Nakamoto Packs conducted a 2-for-1 common stock split effective on March 1, 2018. Earnings per share forecast have been calculated based on the number of shares issued (excluding treasury shares) after the stock split.

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, others: None  
 2) Changes in accounting policies other than 1) above: None  
 3) Changes in accounting-based estimates: None  
 4) Restatements: None

(3) Number of issued shares (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Feb. 28, 2018: 8,173,320 shares As of Feb. 28, 2017: 8,173,320 shares

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

As of Feb. 28, 2018: 912 shares As of Feb. 28, 2017: 736 shares

3) Average number of shares during the period

FY2/18: 8,172,521 shares FY2/17: 8,141,129 shares

Note: Nakamoto Packs conducted a 2-for-1 common stock split effective on March 1, 2018. The number of shares issued (common stock) is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

**Reference: Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for FY2/18 (March 1, 2017 – February 28, 2018)**

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2/18	27,235	3.5	1,119	(9.2)	1,308	(4.1)	859	17.0
FY2/17	26,308	7.0	1,233	19.1	1,364	23.7	734	25.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
FY2/18	105.17		-	
FY2/17	90.24		-	

Notes: 1. Nakamoto Packs conducted a 2-for-1 common stock split effective on March 1, 2018. Earnings per share is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

2. Diluted earnings per share is not presented since there is no dilutive share.

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of Feb. 28, 2018	22,221		10,791		48.6		1,320.54	
As of Feb. 28, 2017	21,776		10,337		47.5		1,264.84	

Reference: Shareholders' equity As of Feb. 28, 2018: 10,791 million yen As of Feb. 28, 2017: 10,337 million yen

Note: Nakamoto Packs conducted a 2-for-1 common stock split effective on March 1, 2018. Net assets per share is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

\* The current financial report is not subject to the audits by certified public accountants or auditing firms.

\* Explanation of appropriate use of earnings forecasts and other special items

Cautionary statement with respect to forecasts

Forward-looking statements in these materials are based on certain assumptions judged to be valid and information currently available to Nakamoto Packs. These statements are not promises by Nakamoto Packs regarding future performance. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 4 for forecast assumptions and notes of caution for usage.

How to view supplementary information at the financial results meeting

Nakamoto Packs plans to hold an information meeting for institutional investors and analysts on Wednesday, April 25, 2018.

Materials to be distributed at this event will be available on the Company's website immediately thereafter.

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## **1. Overview of Results of Operations**

### **(1) Results of Operations**

The Japanese economy recovered slowly during the fiscal year ended on February 28, 2018 as corporate earnings, the labor market and personal income continued to improve with the support of government economic stimulus measures. There was also a large volume of capital expenditures, mainly in the Tokyo area, and consumer spending is beginning to recover slowly.

In the United States, consumer spending is growing along with improvements in jobs and personal income. However, the overseas economic outlook is uncertain due in part to slowing economic growth in China and tension between the United States and North Korea.

During the fiscal year, the Nakamoto Packs Group took many actions for higher sales and earnings based on the theme of “Using modifying ecological technologies to alter the world of packaging and make dreams come true.” One priority was strengthening sales activities across the entire group in order to increase sales of products developed by the group and capture more orders from key customers. There were also measures to raise productivity, upgrade quality assurance programs and make other improvements.

Due to these activities, sales increased 4.8% to 32,981 million yen. Operating profit increased 1.6% to 1,331 million yen, ordinary profit increased 8.7% to 1,486 million yen and profit attributable to owners of parent increased 19.5% to 981 million yen.

Results of operations for product categories were as follows.

#### **Food Packaging and Containers**

Orders related to agricultural products decreased because of a change in standards for some agricultural products and a poor harvest caused by an unusual amount of rain. On the other hand, orders of thin film mainly for products used at convenience stores increased. In addition, there were new orders for functional packaging materials and other products. Segment performance also benefited from the increasing use of NAK-A-PET food containers. These environmentally responsible containers developed by Nakamoto Packs use fewer resources while achieving rigidity and a thin profile at the same time. Higher sales of barrier packages, which extend the shelf life of products in order to reduce the need for retailers to discard merchandise, also contributed to the performance of this segment. As a result, sales increased 5.4% to 22,415 million yen and the gross profit increased 7.0% to 2,369 million yen.

#### **IT and Industrial Materials**

Orders remained firm for automotive interior materials and materials used in semiconductors, smartphone displays and electronic components. However, performance was impacted by the launch of new models of some products using rechargeable batteries and by other factors. As a result, sales decreased 5.3% to 4,036 million yen and the gross profit decreased 8.6% to 902 million yen.

#### **Pharmaceuticals and Health Care**

Due in part to growth in orders for adhesive printed separation film for pharmaceutical containers, sales increased 6.0% to 1,469 million yen.

The gross profit decreased 0.2% to 354 million yen because of a decline in selling prices of products in this segment caused by intense price competition resulting from revisions to Japan’s national health insurance drug prices.

#### **Printing Sheet for Building Materials**

Reduced supplies of lauan plywood caused by flooding in Indonesia late in 2017 had a negative impact on the performance of this segment. But sales and earnings were higher because of growth in orders for new designs of materials used for the construction of rental apartment buildings and for products used for residential renovation projects. Sales increased 17.6% to 743 million yen and the gross profit increased 3.8% to 122 million yen.

### **Consumer Product Packaging and Materials**

The performance of this category was backed by higher sales of ecological vacuum storage bags and printed products for disposable diapers and personal hygiene products as well as by strong sales of home improvement products. Sales increased 11.6% to 3,883 million yen and the gross profit increased 22.8% to 1,051 million yen because of strong sales of products with relatively high margins.

### **Others**

Declines in sales of machinery and other types of equipment and a downturn in selling prices of pulverized recycled materials brought down sales and earnings in this category. Sales decreased 5.3% to 432 million yen and the gross profit was down 25.5% to 104 million yen.

## **(2) Financial Position**

### **Assets**

Total assets increased 536 million yen from the end of the previous fiscal year to 25,935 million yen at the end of the fiscal year under review.

Current assets increased 169 million yen to 14,154 million yen. This was mainly due to increases in electronically recorded monetary claims-operating of 191 million yen and inventories of 148 million yen, while there was a decrease in cash and deposits of 184 million yen.

Non-current assets increased 366 million yen to 11,781 million yen. This was mainly due to increases in property, plant and equipment of 285 million yen for the purchase of equipment for increasing output capacity and investments and other assets of 70 million yen due to an increase in investment securities and other items.

### **Liabilities**

Total liabilities decreased 129 million yen to 14,425 million yen.

Current liabilities increased 66 million yen to 11,664 million yen. This was mainly due to increases in electronically recorded obligations-operating of 188 million yen and short-term loans payable of 107 million yen, while there was a decrease in notes and accounts payable-trade of 210 million yen.

Non-current liabilities decreased 196 million yen to 2,761 million yen. This was mainly due to a decrease in long-term loans payable of 150 million yen.

### **Net assets**

Net assets increased 666 million yen to 11,509 million yen. This was mainly due to an increase in retained earnings of 532 million yen due to profit attributable to owners of parent and other items.

## **(3) Cash flows**

Cash and cash equivalents (hereinafter "net cash") at the end of the fiscal year under review was 3,585 million yen, down 184 million yen over the end of the previous fiscal year.

The cash flow components and the main reasons for changes are as described below.

### Cash flows from operating activities

Net cash provided by operating activities was 1,499 million yen (compared with net cash provided of 1,665 million yen in the previous fiscal year). Positive factors include profit before income taxes of 1,452 million yen and depreciation of 940 million yen, which offset negative factors including increases in notes and accounts receivable-trade of 270 million yen and inventories of 135 million yen, and income taxes paid of 466 million yen.

#### Cash flows from investing activities

Net cash used in investing activities was 1,199 million yen (compared with net cash used of 924 million yen in the previous fiscal year). Although there were positive factors including proceeds from sales of property, plant and equipment of 47 million yen, there were negative factors including the payment for the purchase of property, plant and equipment (production processing equipment, etc.) of 1,209 million yen.

#### Cash flows from financing activities

Net cash used in financing activities was 492 million yen (compared with net cash provided of 506 million yen in the previous fiscal year). Positive factors include proceeds from long-term loans payable of 700 million yen and a net increase in short-term loans payable of 116 million yen. Negative factors include repayments of long-term loans payable of 847 million yen and cash dividends paid of 449 million yen.

### **(4) Outlook**

The Japanese economy is expected to continue to recover slowly along with steady growth in manufacturing, the labor market and personal income. We also anticipate higher public-works expenditures and a gradual rebound in jobs and personal income as Japan prepares for the 2020 Tokyo Olympics. However, the outlook is unclear because of uncertainty about policies of the Abe and Trump administrations and geopolitical risk.

In the industries where the Nakamoto Packs Group is active, the food industry, which is greatly influenced by consumer spending, will probably remain stable, chiefly in the convenience store sector. But sources of uncertainty are increasing. Examples include the volatility of the cost of feedstock for plastics and intense competition in the IT industry (smartphone components, etc.), pharmaceutical industry and housing industry.

For the fiscal year ending on February 28, 2019, we forecast a 4.6% increase in sales to 34,500 million yen, a 12.6% increase in operating profit to 1,500 million yen, a 7.6% increase in ordinary profit to 1,600 million yen and a 1.9% increase in profit attributable to owners of parent to 1,000 million yen. This forecast uses an exchange rate of 16.50 yen to the yuan for yuan-denominated sales not yet converted to yen. The Nakamoto Packs Group has established the FY2/21 goal of “increasing sales of N brand products and promoting environmental management.” We will take full advantage of the expertise acquired over many years for the effective use of production and environmental equipment. The goals are to establish a presence in more markets in Japan, China and the United States and to continue growing. Group companies are also determined to increase sales of internally developed products and concentrate on quality assurance in order to achieve greater customer satisfaction. We are also firmly committed to responsible corporate citizenship. By focusing on these activities, we aim to build relationships rooted in trust with all stakeholders and achieve the sustained growth of our corporate value.

### **2. Basic Approach to the Selection of Accounting Standards**

We adopt Japanese GAAP because most of our stakeholders are shareholders, creditors and business partners located in Japan, and we do not necessarily have to raise funds from overseas capital markets.

We will nevertheless consider applying International Financial Reporting Standards (IFRS) in light of future trends in our foreign investor ownership ratio and application of IFRS by our industry peers.

**3. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

(Thousands of yen)

	FY2/17 (As of Feb. 28, 2017)	FY2/18 (As of Feb. 28, 2018)
Assets		
Current assets		
Cash and deposits	3,785,794	3,601,164
Notes and accounts receivable-trade	6,792,830	6,884,040
Electronically recorded monetary claims-operating	708,502	899,632
Merchandise and finished goods	1,404,321	1,568,348
Work in process	334,731	338,548
Raw materials and supplies	627,884	608,893
Deferred tax assets	117,592	131,287
Other	218,551	128,482
Allowance for doubtful accounts	(5,635)	(5,836)
Total current assets	13,984,574	14,154,561
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,511,292	4,659,792
Machinery, equipment and vehicles, net	2,139,670	2,182,999
Land	2,847,371	2,845,829
Leased assets, net	33,711	25,945
Construction in progress	295,669	398,219
Other, net	184,764	185,286
Total property, plant and equipment	10,012,479	10,298,071
Intangible assets		
Other	163,049	173,684
Total intangible assets	163,049	173,684
Investments and other assets		
Investment securities	858,611	949,496
Long-term loans receivable	16,049	13,395
Deferred tax assets	51,192	23,132
Other	335,946	350,422
Allowance for doubtful accounts	(23,112)	(27,095)
Total investments and other assets	1,238,687	1,309,351
Total non-current assets	11,414,216	11,781,107
Total assets	25,398,791	25,935,669

	(Thousands of yen)	
	FY2/17 (As of Feb. 28, 2017)	FY2/18 (As of Feb. 28, 2018)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	3,024,829	2,814,014
Electronically recorded obligations-operating	3,298,434	3,486,910
Short-term loans payable	3,306,778	3,414,524
Current portion of long-term loans payable	777,310	779,841
Lease obligations	11,237	10,455
Income taxes payable	253,883	225,258
Deferred tax liabilities	6,707	16,170
Provision for bonuses	184,858	189,098
Other	733,500	727,787
<b>Total current liabilities</b>	<b>11,597,541</b>	<b>11,664,061</b>
<b>Non-current liabilities</b>		
Long-term loans payable	2,515,563	2,365,512
Lease obligations	25,614	18,267
Deferred tax liabilities	10	20
Net defined benefit liability	211,101	172,692
Other	205,728	205,209
<b>Total non-current liabilities</b>	<b>2,958,018</b>	<b>2,761,702</b>
<b>Total liabilities</b>	<b>14,555,559</b>	<b>14,425,763</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,057,468	1,057,468
Capital surplus	1,158,408	1,158,408
Retained earnings	7,639,227	8,171,483
Treasury shares	(492)	(838)
<b>Total shareholders' equity</b>	<b>9,854,611</b>	<b>10,386,521</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	199,800	247,405
Deferred gains or losses on hedges	10,169	3,778
Foreign currency translation adjustment	385,464	428,704
Remeasurements of defined benefit plans	74,736	77,345
<b>Total accumulated other comprehensive income</b>	<b>670,169</b>	<b>757,233</b>
<b>Non-controlling interests</b>	<b>318,449</b>	<b>366,149</b>
<b>Total net assets</b>	<b>10,843,231</b>	<b>11,509,905</b>
<b>Total liabilities and net assets</b>	<b>25,398,791</b>	<b>25,935,669</b>



**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

(Thousands of yen)

	FY2/17 (Mar. 1, 2016 – Feb. 28, 2017)	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)
Net sales	31,482,105	32,981,135
Cost of sales	26,810,711	28,076,249
Gross profit	4,671,394	4,904,885
Selling, general and administrative expenses	3,360,310	3,573,018
Operating profit	1,311,083	1,331,866
Non-operating income		
Interest income	1,849	1,907
Dividend income	10,350	12,041
Share of profit of entities accounted for using equity method	19,187	9,233
Land and house rent received	33,623	33,703
Insurance income	57,312	24,792
Foreign exchange gains	-	29,521
Other	114,907	149,957
Total non-operating income	237,230	261,156
Non-operating expenses		
Interest expenses	64,657	63,223
Going public expenses	14,410	-
Expense of a transformation to the first section of the Tokyo Stock Exchange	-	19,000
Foreign exchange losses	78,289	-
Other	22,784	23,985
Total non-operating expenses	180,143	106,209
Ordinary profit	1,368,170	1,486,813
Extraordinary income		
Gain on sales of non-current assets	-	20,631
Gain on sales of investment securities	25,765	0
Total extraordinary income	25,765	20,631
Extraordinary losses		
Loss on sales of non-current assets	968	25,865
Loss on retirement of non-current assets	44,376	11,813
Impairment loss	-	12,960
Loss on valuation of investment securities	1,449	-
Loss on change in equity	19,236	-
Other	-	3,983
Total extraordinary losses	66,031	54,621
Profit before income taxes	1,327,904	1,452,823
Income taxes - current	462,162	425,830
Income taxes - deferred	16,212	6,454
Total income taxes	478,375	432,285
Profit	849,529	1,020,538
Profit attributable to non-controlling interests	27,829	38,790
Profit attributable to owners of parent	821,699	981,748

**Consolidated Statement of Comprehensive Income**

(Thousands of yen)

	FY2/17 (Mar. 1, 2016 – Feb. 28, 2017)	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)
Profit	849,529	1,020,538
Other comprehensive income		
Valuation difference on available-for-sale securities	79,486	45,298
Deferred gains or losses on hedges	8,967	(6,390)
Foreign currency translation adjustment	(187,217)	52,150
Remeasurements of defined benefit plans, net of tax	23,106	2,609
Share of other comprehensive income of entities accounted for using equity method	131	2,306
Total other comprehensive income	(75,525)	95,973
Comprehensive income	774,003	1,116,512
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	776,449	1,068,812
Comprehensive income attributable to non-controlling interests	(2,446)	47,699

**(3) Consolidated Statement of Changes in Equity**

FY2/17 (Mar. 1, 2016 – Feb. 28, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	569,250	669,925	7,211,930	(297)	8,450,809
Changes of items during period					
Issuance of new shares	488,218	488,218	-	-	976,436
Dividends of surplus	-	-	(394,402)	-	(394,402)
Profit attributable to owners of parent	-	-	821,699	-	821,699
Purchase of treasury shares	-	-	-	(195)	(195)
Change in ownership interest of parent due to transactions with non-controlling interests	-	264	-	-	264
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during period	488,218	488,482	427,296	(195)	1,403,802
Balance at end of current period	1,057,468	1,158,408	7,639,227	(492)	9,854,611

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	120,182	1,201	542,405	51,630	715,419
Changes of items during period					
Issuance of new shares	-	-	-	-	-
Dividends of surplus	-	-	-	-	-
Profit attributable to owners of parent	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-
Net changes of items other than shareholders' equity	79,618	8,967	(156,941)	23,106	(45,249)
Total changes of items during period	79,618	8,967	(156,941)	23,106	(45,249)
Balance at end of current period	199,800	10,169	385,464	74,736	670,169

	Non-controlling interests	Total net assets
Balance at beginning of current period	332,059	9,498,288
Changes of items during period		
Issuance of new shares	-	976,436
Dividends of surplus	-	(394,402)
Profit attributable to owners of parent	-	821,699
Purchase of treasury shares	-	(195)
Change in ownership interest of parent due to transactions with non-controlling interests	-	264
Net changes of items other than shareholders' equity	(13,609)	(58,859)
Total changes of items during period	(13,609)	1,344,943
Balance at end of current period	318,449	10,843,231

FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,057,468	1,158,408	7,639,227	(492)	9,854,611
Changes of items during period					
Issuance of new shares	-	-	-	-	-
Dividends of surplus	-	-	(449,492)	-	(449,492)
Profit attributable to owners of parent	-	-	981,748	-	981,748
Purchase of treasury shares	-	-	-	(345)	(345)
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during period	-	-	532,255	(345)	531,910
Balance at end of current period	1,057,468	1,158,408	8,171,483	(838)	10,386,521

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	199,800	10,169	385,464	74,736	670,169
Changes of items during period					
Issuance of new shares	-	-	-	-	-
Dividends of surplus	-	-	-	-	-
Profit attributable to owners of parent	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-
Net changes of items other than shareholders' equity	47,605	(6,390)	43,240	2,609	87,064
Total changes of items during period	47,605	(6,390)	43,240	2,609	87,064
Balance at end of current period	247,405	3,778	428,704	77,345	757,233

	Non-controlling interests	Total net assets
Balance at beginning of current period	318,449	10,843,231
Changes of items during period		
Issuance of new shares	-	-
Dividends of surplus	-	(449,492)
Profit attributable to owners of parent	-	981,748
Purchase of treasury shares	-	(345)
Change in ownership interest of parent due to transactions with non-controlling interests	-	-
Net changes of items other than shareholders' equity	47,699	134,764
Total changes of items during period	47,699	666,674
Balance at end of current period	366,149	11,509,905

**(4) Consolidated Statement of Cash Flows**

(Thousands of yen)

	FY2/17 (Mar. 1, 2016 – Feb. 28, 2017)	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)
Cash flows from operating activities		
Profit before income taxes	1,327,904	1,452,823
Depreciation	884,231	940,933
Impairment loss	-	12,960
Share of (profit) loss of entities accounted for using equity method	(19,187)	(9,233)
Increase (decrease) in allowance for doubtful accounts	(11,621)	123
Increase (decrease) in provision for bonuses	34,418	4,149
Increase (decrease) in net defined benefit liability	(26,586)	(34,650)
Interest and dividend income	(12,200)	(13,948)
Interest expenses	64,657	63,223
Foreign exchange losses (gains)	94,604	(32,959)
Loss (gain) on valuation of investment securities	1,449	-
Loss (gain) on sales of investment securities	(25,765)	(0)
Loss on retirement of non-current assets	44,376	11,813
Loss (gain) on sales of non-current assets	968	5,233
Loss (gain) on change in equity	19,236	-
Decrease (increase) in notes and accounts receivable-trade	(346,191)	(270,433)
Decrease (increase) in inventories	(333,921)	(135,562)
Increase (decrease) in notes and accounts payable-trade	378,691	(87,834)
Increase (decrease) in accrued consumption taxes	61,869	13,306
Other, net	4,587	92,980
Subtotal	2,141,523	2,012,925
Interest and dividend income received	15,850	15,773
Interest expenses paid	(64,432)	(62,976)
Income taxes paid	(427,190)	(466,387)
Net cash provided by (used in) operating activities	1,665,750	1,499,334
Cash flows from investing activities		
Purchase of property, plant and equipment	(957,101)	(1,209,166)
Proceeds from sales of property, plant and equipment	1,362	47,586
Payments for retirement of property, plant and equipment	(123)	(228)
Purchase of intangible assets	-	(7,676)
Purchase of investment securities	(13,848)	(15,896)
Proceeds from sales of investment securities	57,497	0
Payments of loans receivable	(2,000)	-
Collection of loans receivable	4,520	2,653
Payments for guarantee deposits	(538)	(1,998)
Proceeds from collection of guarantee deposits	2,525	1,780
Other, net	(17,135)	(16,911)
Net cash provided by (used in) investing activities	(924,841)	(1,199,857)

	(Thousands of yen)	
	FY2/17	FY2/18
	(Mar. 1, 2016 – Feb. 28, 2017)	(Mar. 1, 2017 – Feb. 28, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	6,900	116,000
Proceeds from long-term loans payable	867,120	700,000
Repayments of long-term loans payable	(922,849)	(847,520)
Repayments of lease obligations	(15,574)	(11,158)
Proceeds from issuance of common shares	976,436	-
Purchase of treasury shares	(195)	(345)
Cash dividends paid	(394,295)	(449,000)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(10,898)	-
Net cash provided by (used in) financing activities	506,644	(492,025)
Effect of exchange rate change on cash and cash equivalents	(65,753)	7,917
Net increase (decrease) in cash and cash equivalents	1,181,800	(184,630)
Cash and cash equivalents at beginning of period	2,587,994	3,769,794
Cash and cash equivalents at end of period	3,769,794	3,585,164

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Additional Information**

Application of Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the current fiscal year, Nakamoto Packs has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016).

**Segment Information**

Segment information is omitted because the Group’s business segments are a single segment of the printing business.

**Per Share Information**

(Yen)

	FY2/17 (Mar. 1, 2016 – Feb. 28, 2017)	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)
Net assets per share	1,287.82	1,363.58
Earnings per share	100.93	120.13

Notes: 1. Diluted earnings per share is not presented since Nakamoto Packs has no outstanding dilutive shares.

2. Following the resolution of the Board of Directors on December 15, 2017, Nakamoto Packs conducted a 2-for-1 common stock split on March 1, 2018. Net assets per share and earnings per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

3. The basis of calculating the earnings per share is as follows:

(Thousands of yen)

	FY2/17 (Mar. 1, 2016 – Feb. 28, 2017)	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)
Earnings per share		
Profit attributable to owners of the parent	821,699	981,748
Amounts not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	821,699	981,748
Average number of shares during the period (Shares)	8,141,129	8,172,521

## Subsequent Events

Partial revision to the Articles of Incorporation following the stock split

Following the resolution approved by the Board of Directors meeting held on December 15, 2017, Nakamoto Packs implemented a stock split on March 1, 2018 and has made an associated revision to the Articles of Incorporation.

### (1) Purpose of the stock split

Using this split to lower the cost of an investment unit of Nakamoto Packs stock will make this stock accessible to a broader range of investors. This is expected to increase the stock's liquidity and expand stock ownership to more investor segments.

### (2) Summary of the stock split

#### 1) Method of the stock split

Shareholders listed in the final shareholder register on the record date of February 28, 2018 will receive two shares of common stock for each share held on the record date.

#### 2) Increase in the number of shares due to the stock split

Number of shares issued before the stock split:	4,086,660 shares
Increase in the number of shares due to the stock split:	4,086,660 shares
Number of shares issued after the stock split:	8,173,320 shares
Number of shares authorized after the stock split:	25,320,000 shares

#### 3) Schedule

Announcement date:	February 8, 2018
Record date:	February 28, 2018
Effective date:	March 1, 2018

#### 4) Effect of the stock split on per share information

The effect of the stock split on per share information is shown in the corresponding section.

### (3) Partial revision to the Articles of Incorporation following the stock split

#### 1) Reason for the revision

In association with this stock split, Article 5 of the Nakamoto Packs Articles of Incorporation was revised on March 1, 2018 to revise the total number of shares authorized in accordance with Article 184, Paragraph 2 of the Companies Act.

#### 2) Details of the revision

(Underlined parts are revised.)

Current	After revision
Total Number of Shares Authorized	Total Number of Shares Authorized
Article 5: The total number of shares authorized to be issued by the Company shall be <u>12,660,000 shares.</u>	Article 5: The total number of shares authorized to be issued by the Company shall be <u>25,320,000 shares.</u>

#### 3) Schedule

Effective date:	March 1, 2018
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#### (4) Others

##### Change in capital stock

The stock split will have no effect on the capital stock.

*This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*