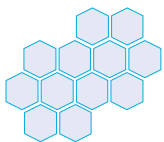




# Results of Operations for the First Half of the Fiscal Year Ending February 29, 2020

October 28, 2019

Jun Kawata, President



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1.	1H FY2/20 Financial Summary	• • •	P.3
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2.	FY2/20 Outlook	• • •	P.18
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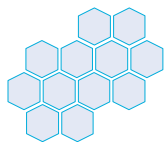
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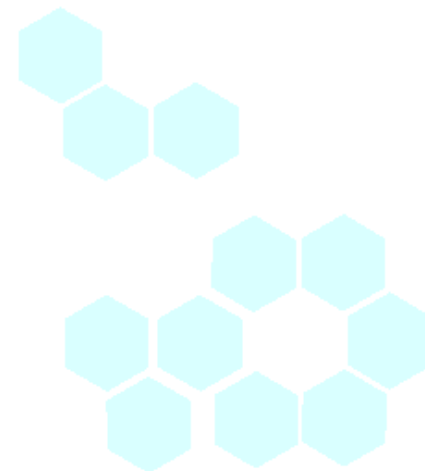
3.	Medium and Long-term Vision	• • •	P.21
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# 1H FY2/20 Financial Summary

## 1H FY2/20 Results of operations

Consolidated sales **increased** and operating profit **declined**.

Consolidated sales: 17,197 million yen (**+0.3%** YoY)

Consolidated operating profit: 761 million yen (**-14.4%** YoY)

Sales increased due to the start of operations of a new coating machine but earnings were lower. The negative impact of unfavorable weather in June and July on sales of products used by convenience stores, sluggish orders for IT and industrial materials, and the delayed start of production at Saitama Plant III were responsible for the downturn in earnings.



## Mass production started at the Saitama Plant III in September

Recent photograph of the plant



Construction completed at the end of September 2018

### Schedule (As of April 2019)

Sep. 2018: Completion of plant construction

Feb. 2019: Receipt of all regulatory approvals completed

Mar. 2019: Start of trial operations

Apr. 2019: Start of mass production

Jun. 2019: Planning to start full-scale operations



**Sep. 2019: Started full-scale mass production**

The new Saitama Plant III did not contribute to first half performance because the start of mass production was pushed back by the economic deterioration in China and the problems involving Huawei. Depreciation, personnel and other expenses at this plant impacted earnings.

# Highlights of the First Half of FY2/20

The Cangzhou Plant fell far behind schedule, but production started in September

Relocation of production from  
Langfang to Cangzhou



Schedule (As of April 2019)

Jan. 2019: Completion of plant construction

Mar. 2019: Start of trial operations

Jun. 2019: Start of mass production



**Sep. 2019: Started mass production**

(Planned to complete relocation of printing and lamination processes)

The start of mass production was delayed by one year because regulatory approvals required more time than expected.

There was no contribution to first half performance but depreciation, personnel and other expenses impacted earnings.

# Financial Highlights of the First Half of FY2/20 NAKAMOTO PACKS CO.,LTD.

(Consolidated)

(Millions of yen; (% to sales))

	1H FY2/19 Results	1H FY2/20					
		Results	YoY change		Plan	Vs. plan	
			Amount	%		Amount	%
Net sales	17,141 (100.0%)	17,197 (100.0%)	+56	+0.3%	17,900 (100.0%)	(702)	(3.9)%
Gross profit	2,731 (15.9%)	2,648 (15.4%)	(82)	(3.0)%	2,930 (16.4%)	(281)	(9.6)%
Selling, general and administrative expenses	1,841 (10.7%)	1,887 (11.0%)	+45	+2.5%	2,040 (11.4%)	(152)	(7.5)%
Operating profit	889 (5.2%)	761 (4.4%)	(128)	(14.4)%	890 (5.0%)	(128)	(14.5)%
Ordinary profit	922 (5.4%)	794 (4.6%)	(128)	(13.9)%	930 (5.2%)	(135)	(14.5)%
Profit attributable to owners of parent	602 (3.5%)	554 (3.2%)	(47)	(7.9)%	640 (3.6%)	(85)	(13.3)%
R&D expenses	37 (0.2%)	32 (0.2%)	(4)	(13.0)%	50 (0.2%)	(18)	(36)%
Capital expenditures*	318 (1.9%)	1,001 (5.8%)	+683	+214.9%	852 (4.6%)	+149	+17.5%
Depreciation	425 (2.5%)	497 (2.9%)	+72	+16.9%	586 (3.2%)	(89)	(15.2)%

\* Construction in progress is not included in capital expenditures.

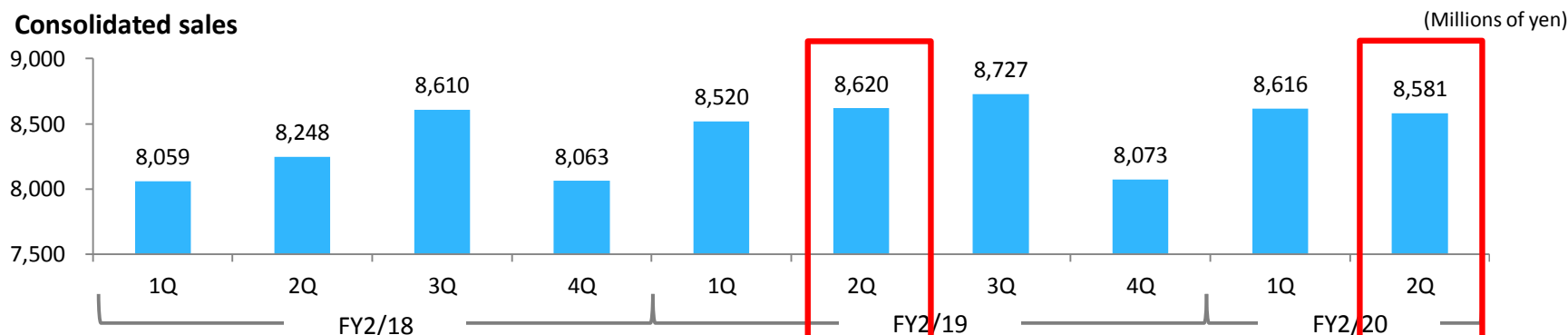
Note: Exchange rate for 1H FY2/20: 15.67 yen/yuan

# Financial Highlights of the First Half of FY2/20 NAKAMOTO PACKS CO.,LTD.

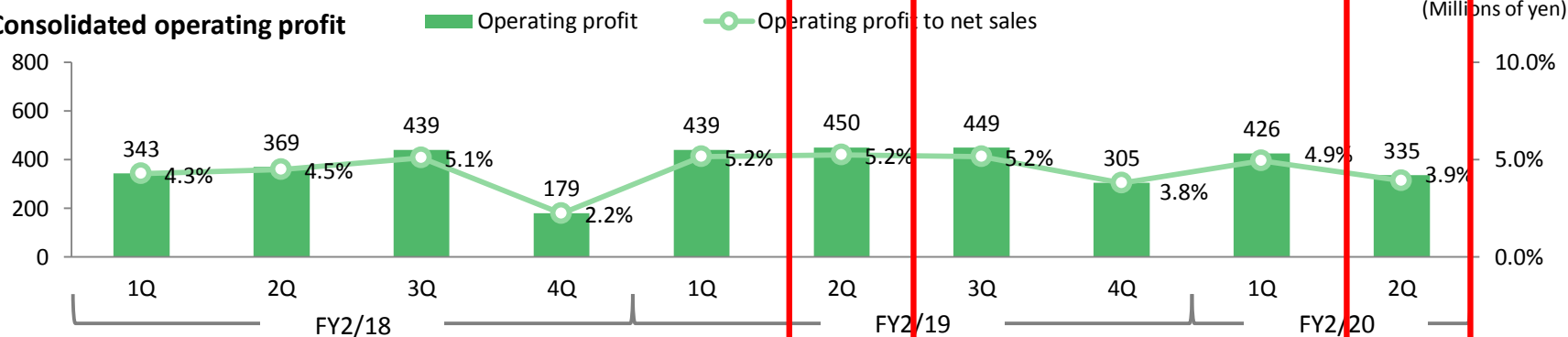
## Quarterly sales and operating profit

- No contribution from Saitama Plant III due to delayed start of mass production
- No contribution from the Cangzhou Plant due to delayed start of production
- Unfavorable June-July weather reduced sales of materials used by convenience stores
- Second quarter profit margin was smaller than one year earlier

### Consolidated sales

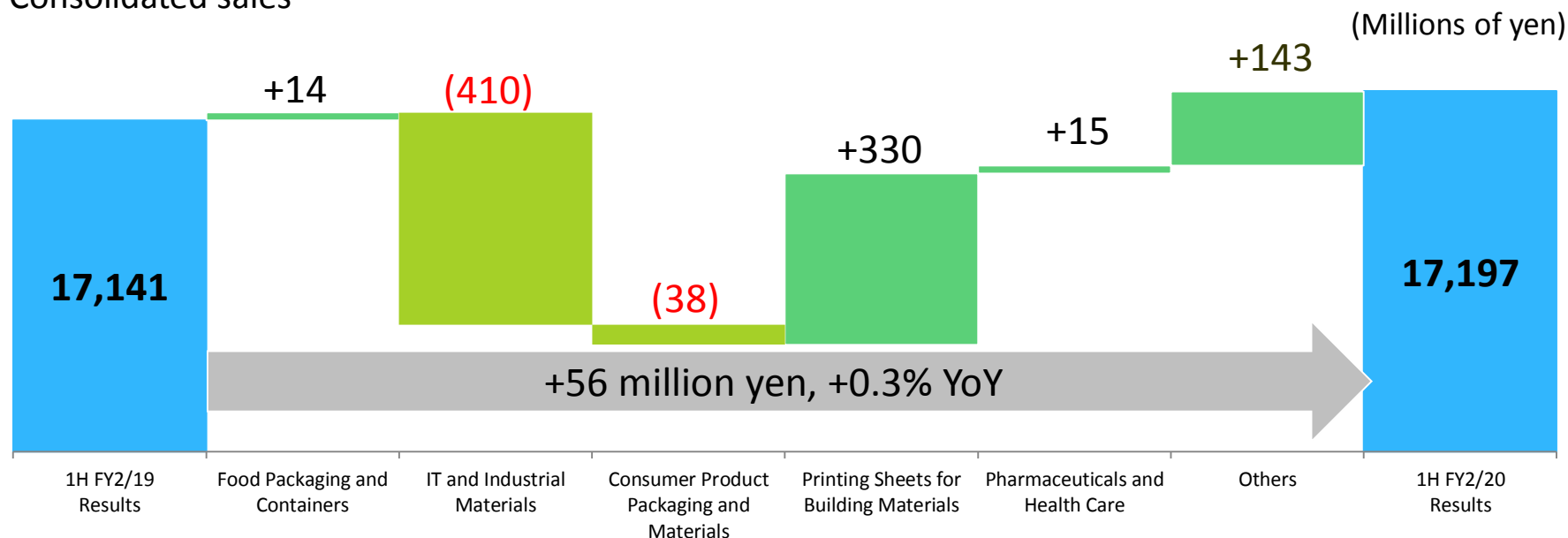


### Consolidated operating profit

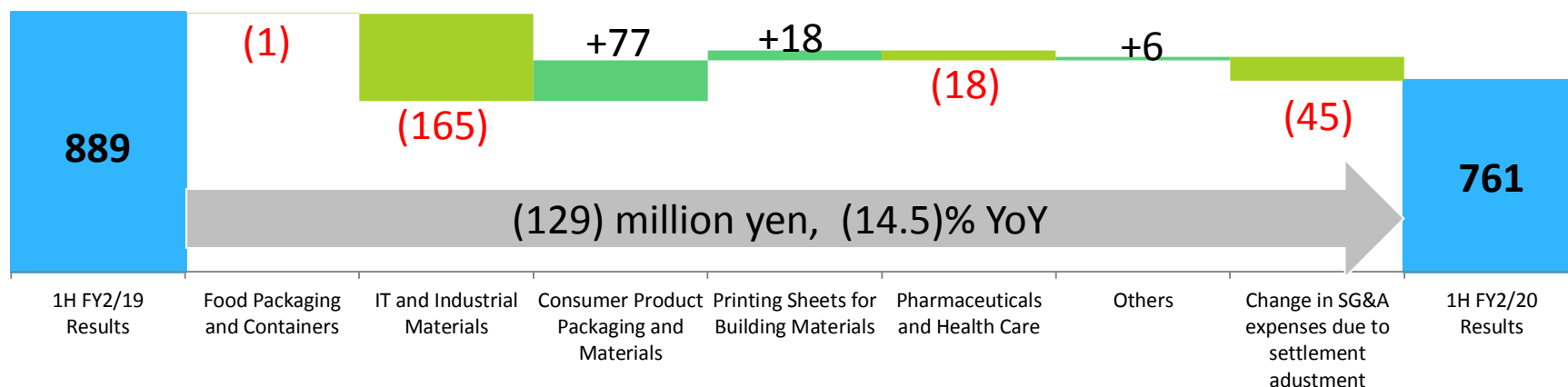


# Change in Segment Sales and Profit (YoY)

## Consolidated sales



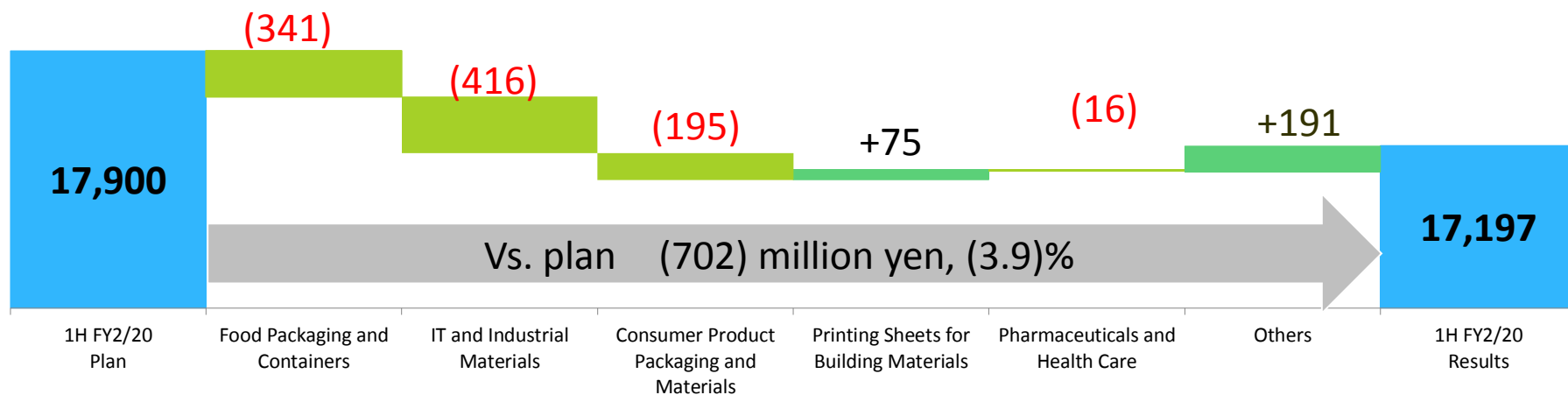
## Consolidated operating profit



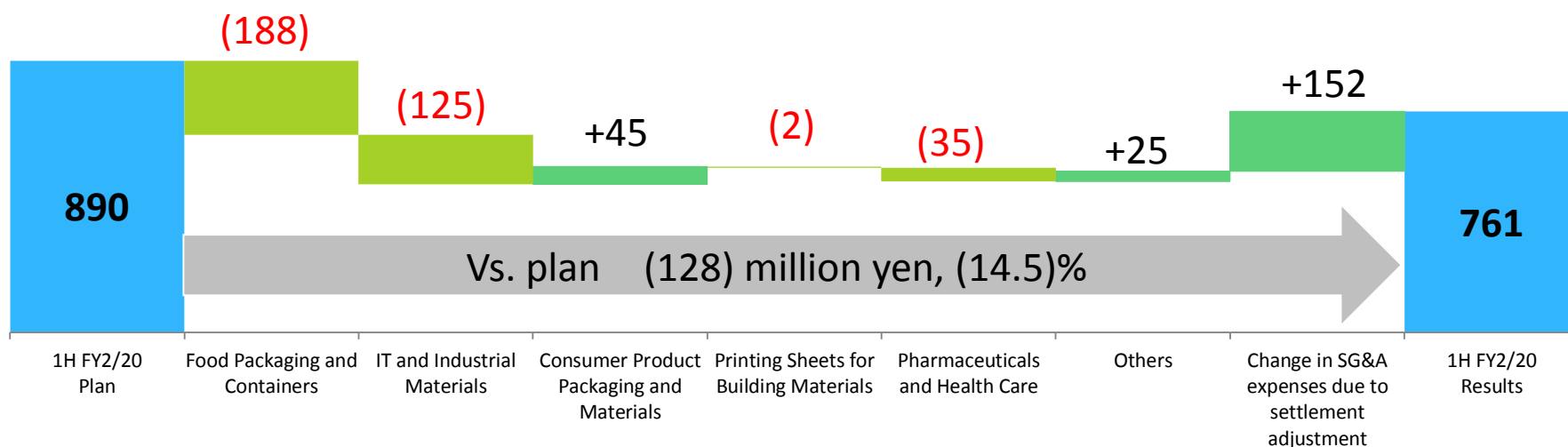
# Change in Segment Sales and Profit (Vs. Plan)

## Consolidated sales

(Millions of yen)



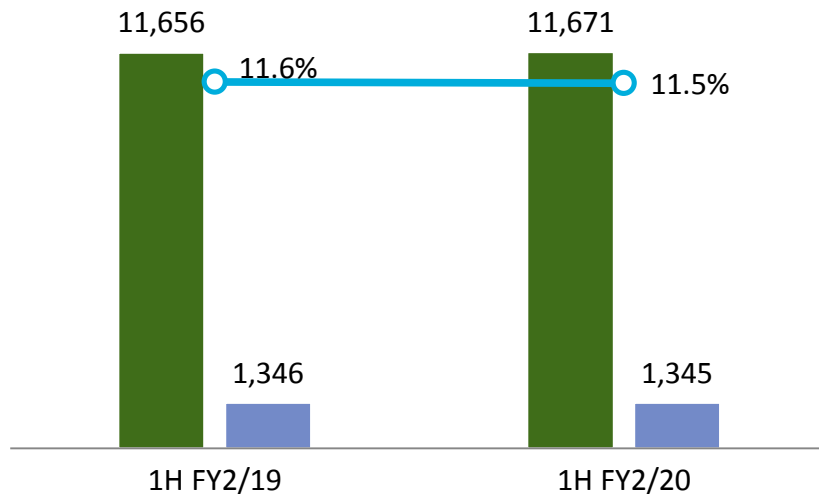
## Consolidated operating profit



## Food Packaging and Containers

(Millions of yen)

■ Sales ■ Gross profit ● Gross profit margin



### Examples of final products



Pasta container



Prepared food container (bento)

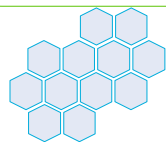
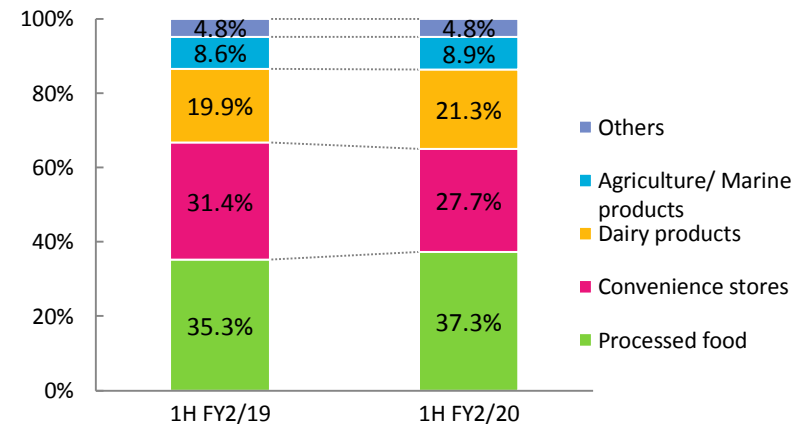


Beverage container lid

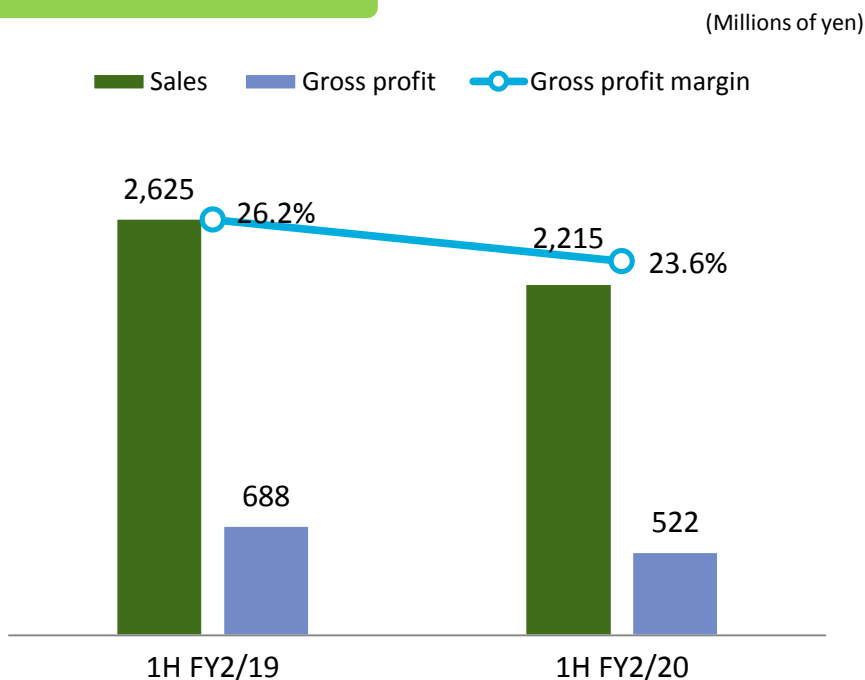
### ■ Sales in major product categories

Processed food	• Strong sales of prepared food containers, bento containers and other products
Convenience stores	• Down due to inventory adjustments around the early May and mid-August vacation periods and to unfavorable weather in July
Dairy products	• Orders for yogurt and cheese packaging remained firm
Agriculture/ Marine products	• Firm orders for packaging for agricultural products

### ■ Sales composition for major categories (Consolidated)



## IT and Industrial Materials



### Examples of final products



Films for production processes

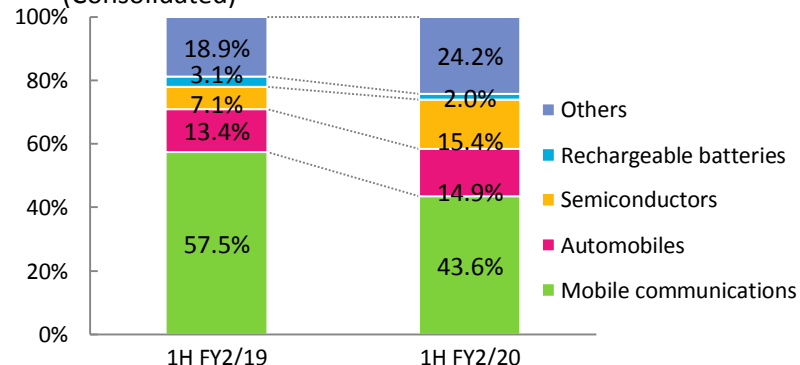


NS Separator

### Sales in major product categories

Mobile communications	• Down due to the end of a large mobile phone project that contributed to results one year earlier and to the sluggish smartphone market
Automobiles	• Small decrease caused by slow automobile sales worldwide
Semiconductors	• Higher than one year earlier but less than planned as U.S.-China trade friction and the Huawei problem held down demand for electronic components
Rechargeable batteries	• Only a small amount of orders
Others	• Increase in test rental services, a distinctive strength of Nakamoto Packs, and expect this to lead to the receipt of large orders

### Sales composition for major categories (Consolidated)



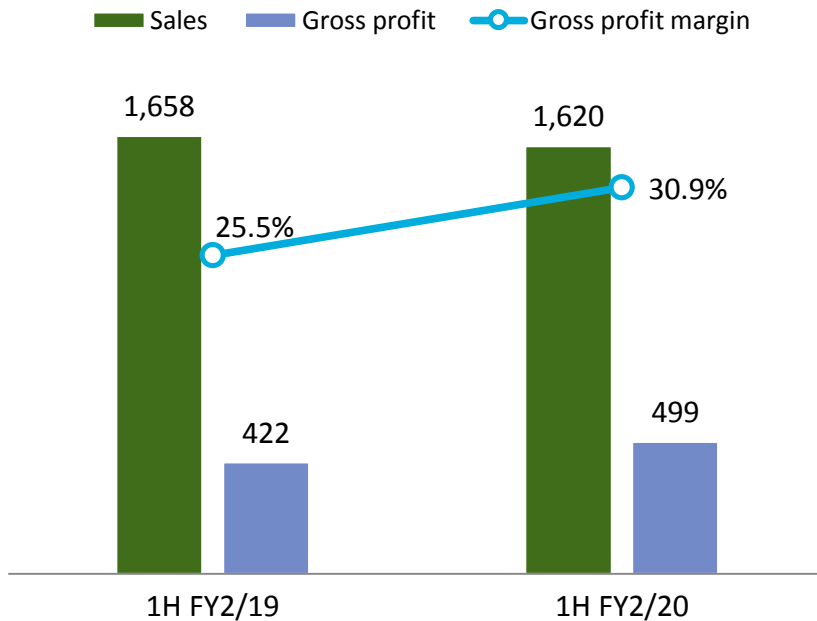


# Applications

## – Consumer Product Packaging and Materials

### Consumer Product Packaging and Materials

(Millions of yen)



#### Examples of final products



Insecticide vacuum storage bags

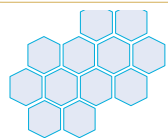
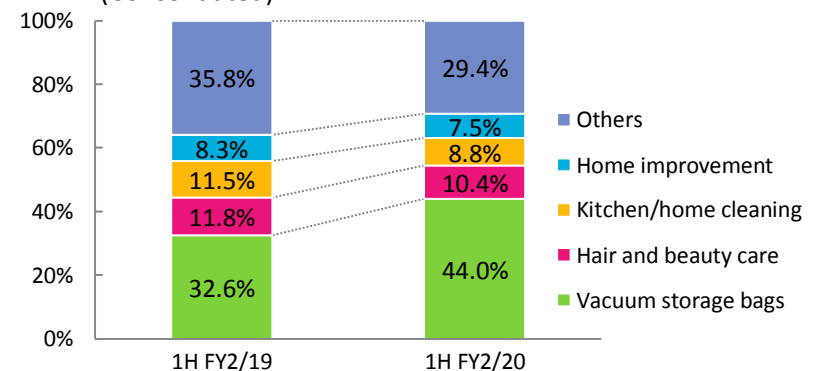


Home improvement product  
Mosaic tile

#### Sales in major product categories

Vacuum storage bags	<ul style="list-style-type: none"> <li>Recovery in orders from current customers</li> <li>Orders from new customers</li> </ul>
Hair and beauty care	<ul style="list-style-type: none"> <li>Steady sales of materials for hair dyeing process (combs, gloves)</li> </ul>
Kitchen/home cleaning	<ul style="list-style-type: none"> <li>Higher sales of packaging for mold and mildew prevention products</li> </ul>
Home improvement	<ul style="list-style-type: none"> <li>Upturn in demand has ended, but sales steady due to launch of new products</li> </ul>
Others	<ul style="list-style-type: none"> <li>Slight decrease in sales of label film for a variety of consumer products</li> <li>Sales down in the wholesale channel</li> </ul>

#### Sales composition for major categories (Consolidated)



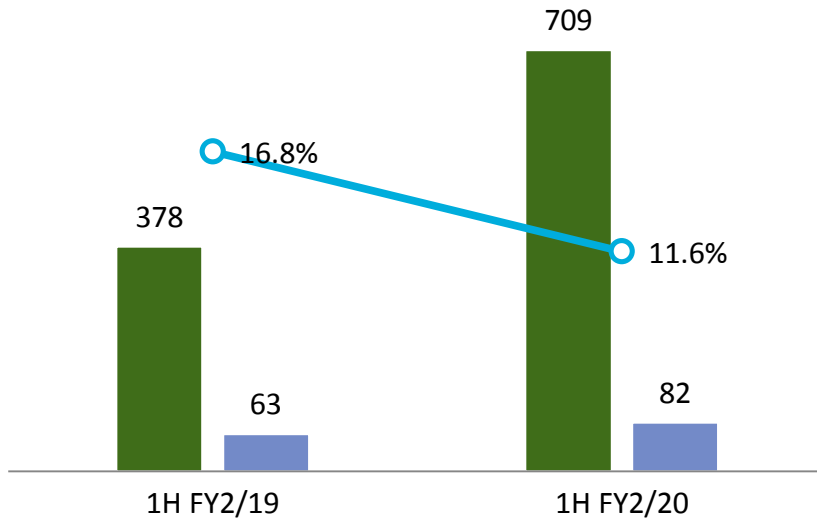
# Applications

## – Printing Sheets for Building Materials

### Printing Sheets for Building Materials

(Millions of yen)

■ Sales ■ Gross profit ● Gross profit margin



### Examples of final products



Kitchen



Closet

### ■ Sales in major product categories

#### House fixtures

- Big increase resulting from start of functional building material production using a newly purchased coater

#### Furniture

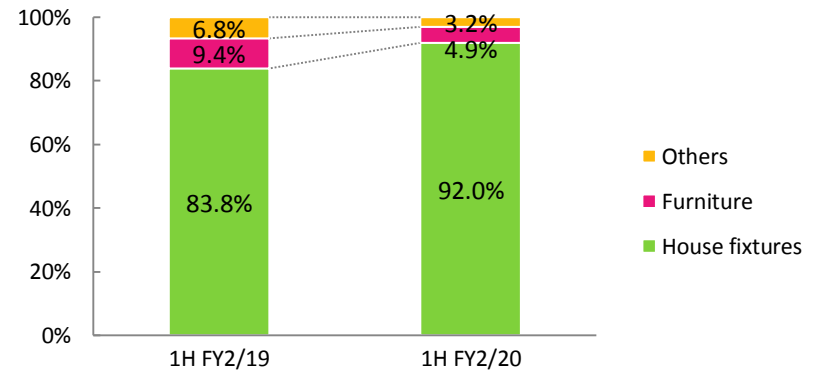
- Strong performance in export sector for products used by furniture manufacturers

### ■ N coat

N coat is a polypropylene-based synthetic paper. Due to its excellent resistance to water, N coat is used primarily for vending machine labels and floor materials.

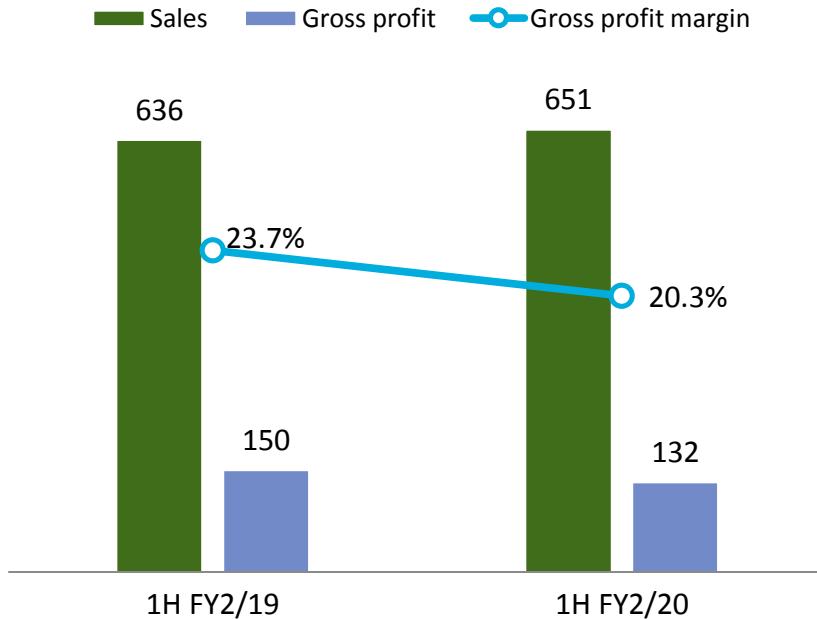


### ■ Sales composition for major categories (Consolidated)



## Pharmaceuticals and Health Care

(Millions of yen)



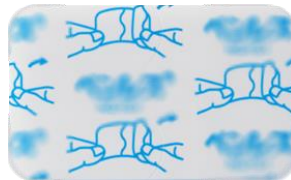
### Examples of final products



External bag for transdermal patch



Bandage

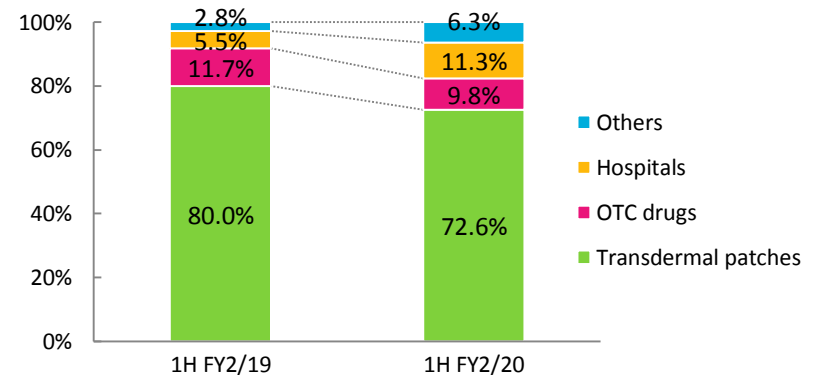


Anesthesia tape

### Sales in major product categories

Transdermal patches	<ul style="list-style-type: none"> <li>Sales of products for generic drugs were strong but lower for products for patented and brand-name drugs. Selling prices decreased due to drug price revisions and intense price competition.</li> <li>Reexamining materials and production processes to improve performance</li> </ul>
OTC drugs	<ul style="list-style-type: none"> <li>Sales of packaging for OTC drugs decreased</li> </ul>
Hospitals	<ul style="list-style-type: none"> <li>Sales up due orders from new sources</li> </ul>

### Sales composition for major categories (Consolidated)



# Assets and Liabilities



NAKAMOTO PACKS CO.,LTD.

(Consolidated)

(Millions of yen; (% to total liabilities and net assets))

		As of Feb. 28, 2019		As of Aug. 31, 2019	
				YoY change	Major factors
	Current assets	13,779 (51.2%)	14,478 (52.4%)	+699	Cash and deposits (339) Notes and accounts receivable-trade +646 Electronically recorded monetary claims-operating +251 Inventories +80
	Non-current assets	13,149 (48.8%)	13,171 (47.6%)	+22	Property, plant and equipment (54) Investments and other assets +72
	Total assets	26,928 (100.0%)	27,650 (100.0%)	+721	
	Current liabilities	12,206 (45.3%)	12,439 (45.0%)	+233	Electronically recorded obligations-operating (70) Income taxes payable (58) Notes and accounts payable-trade +173 Short-term loans payable +58, Provision for bonuses +78
	Non-current liabilities	2,738 (10.2%)	3,026 (10.9%)	+288	Other +349
	Total liabilities	14,944 (55.5%)	15,466 (55.9%)	+521	
Total net assets		11,984 (44.5%)	12,183 (44.1%)	+199	Valuation difference on available-for-sale securities (52) Foreign currency translation adjustment (53) Retained earnings +321
Total liabilities and net assets		26,928 (100.0%)	27,650 (100.0%)	+721	
Net interest-bearing debt		3,787 (14.1%)	4,570 (16.5%)	+783	Cash and deposits (339) Long-term loans payable (15) Lease liabilities +400 Short-term loans payable +58

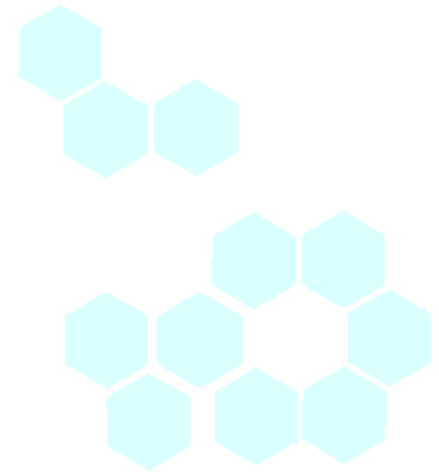
Net interest-bearing debt = Interest-bearing debt – Cash and deposits

# Cash Flows

(Consolidated)

(Millions of yen)

		1H FY2/19 Results	Results	1H FY2/20 Components
	Cash flows from operating activities	724	(6)	Profit before income taxes +788 Depreciation +483 Increase in notes and accounts receivable-trade (912) Increase in inventories (96) Income taxes paid (300)
	Cash flows from investing activities	(1,080)	(591)	Purchase of property, plant and equipment (384) Purchase of investment securities (128)
	Free cash flows	(355)	(598)	
	Cash flows from financing activities	(75)	229	Proceeds from long-term loans payable +400 Proceeds from sales and leasebacks +404 Repayments of long-term loans payable (415) Cash dividends paid (232)
	Effect of exchange rate change on cash and cash equivalents	(20)	(25)	
	Net increase (decrease) in cash and cash equivalents	(452)	(394)	
	Cash and cash equivalents at beginning of period	3,585	3,015	
	Cash and cash equivalents at end of period	3,132	2,621	



## FY2/20 Outlook

(Consolidated)

(Millions of yen; (% to sales))

	FY2/19 Results	Plan	FY2/20	
			YoY change	
			Amount	%
Net sales	33,942 (100.0%)	36,200 (100.0%)	+2,257	+6.6%
Gross profit	5,287 (15.6%)	5,800 (16.0%)	+512	+9.7%
Selling, general and administrative expenses	3,642 (10.7%)	4,020 (11.1%)	+377	+10.4%
Operating profit	1,645 (4.8%)	1,780 (4.9%)	+134	+8.2%
Ordinary profit	1,684 (5.0%)	1,850 (5.1%)	+165	+9.8%
Profit attributable to owners of parent	1,156 (3.4%)	1,270 (3.5%)	+113	+9.8%

Projected exchange rate: 16.3 yen/yuan

# Plan for Capital Expenditures and Depreciation Expenses

(Consolidated)

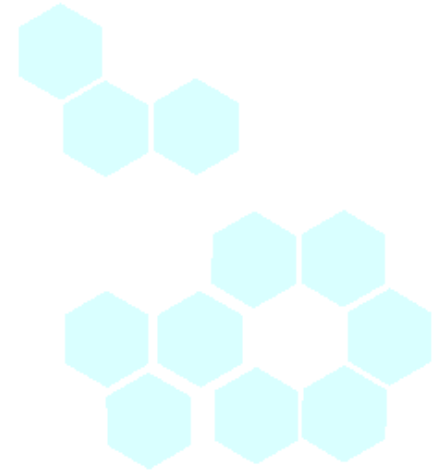
(Millions of yen; (% to sales))

	FY2/19 Results	Plan	FY2/20	
			YoY change	
			Amount	%
Capital expenditures	1,560 (4.6%)	1,179 (3.3%)	(381)	(24.4)%
Depreciation	872 (2.5%)	1,160 (3.2%)	+288	+33.1%
R&D expenses	67 (0.2%)	101 (0.3%)	+33	+49.7%

Major capital expenditures in FY2/20

Project	Description	Investment (Millions of yen)
Factory equipment update/replacement	Dry lamination unit (Tsukuba), updates/improvements (Tsukuba, Suzhou)	About 300
Inspection/control equipment	Inspection equipment (Saitama, Nabari, Development Technology Dept.)	About 110
Air conditioning equipment	Air conditioning equipment, filters and others (Saitama, Kashiwara, Ryugasaki, printing plate factory)	About 110
IT/material handling equipment	Inventory management, production control, material transport equipment (Saitama, Nabari)	About 60
Others	New production equipment and other equipment	About 600





# The Nakamoto Packs Medium and Long-term Vision

1

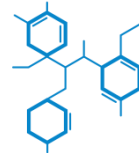
## Reinforce current operations



- Strengthen activities in the convenience store sector
- Make the functional materials business stronger (Quickly start production at Saitama Plant III)
- Stabilize the operations of subsidiaries in Japan
- Use the International Business Office to stabilize the operations of overseas subsidiaries and improve their financial soundness
- Maintain proper levels of inventories and reduce inventory losses

3

## Environmental responsibility



- Increase sales of N brand (PET) products (uses a single material and is thinner, lighter and stronger)
- Research to create food packaging that may extend shelf life
- Strengthen the recycling business
- More R&D expenditures
- More R&D personnel and faster pace of R&D programs

2

## Further growth of overseas operations



- Quickly start production at the Cangzhou Plant
- Build factories in countries other than China (China plus one and tariff measures)
- Recruit and fully utilize people in other countries
- Use the International Business Office to provide strong support for overseas operations

4

## A foundation for growth



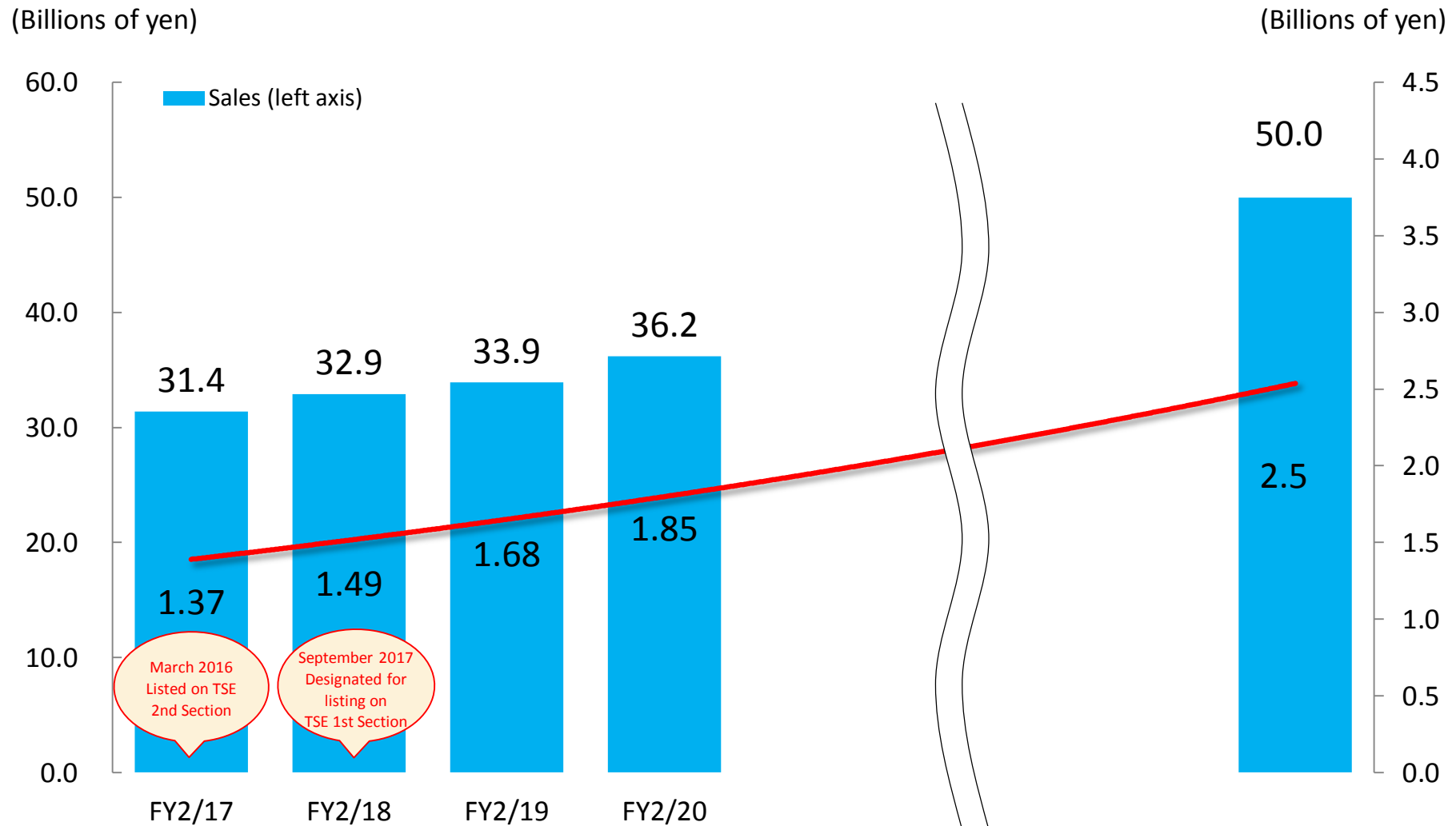
- Start new businesses faster and speed up M&A decisions
- Replace the primary IT system to speed up decision-making and improve manufacturing efficiency (by the end of 2021)
- Make IT investments for the use of IoT technology in manufacturing
- Recruit and train people for business operations in Japan
- Recruit and train people for global business operations



Use Higher Profitability for Growth and the  
Soundness of Business Operations

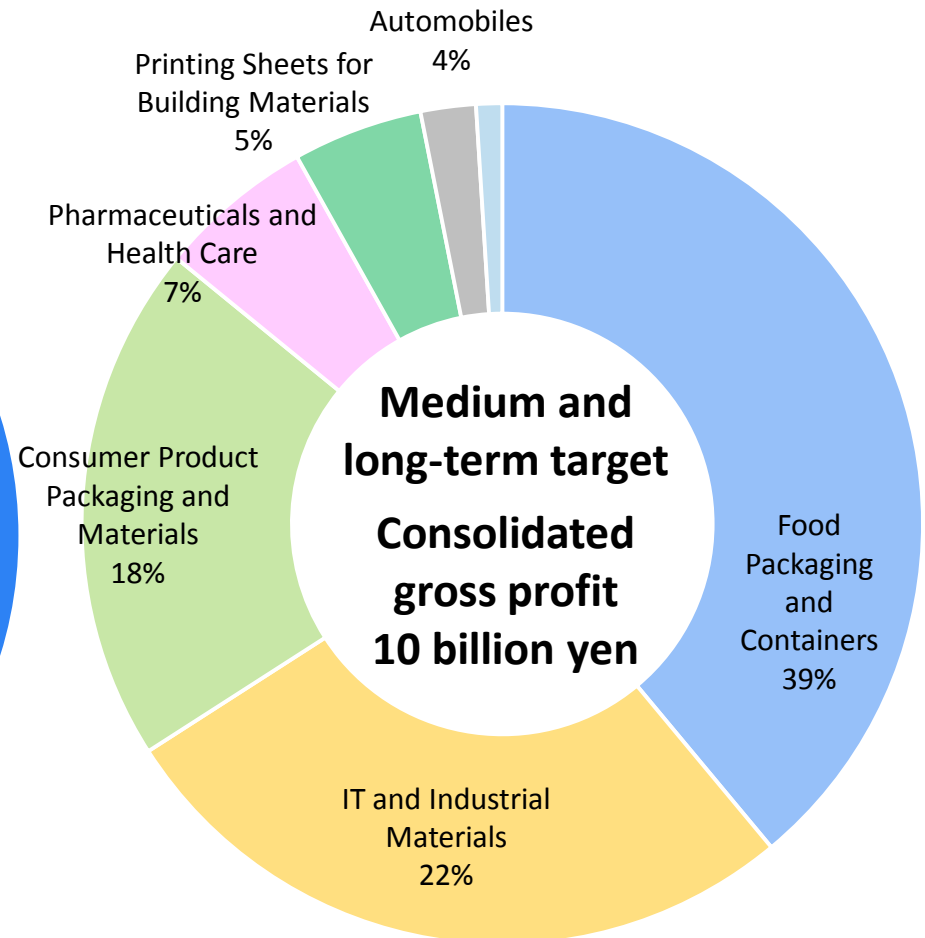
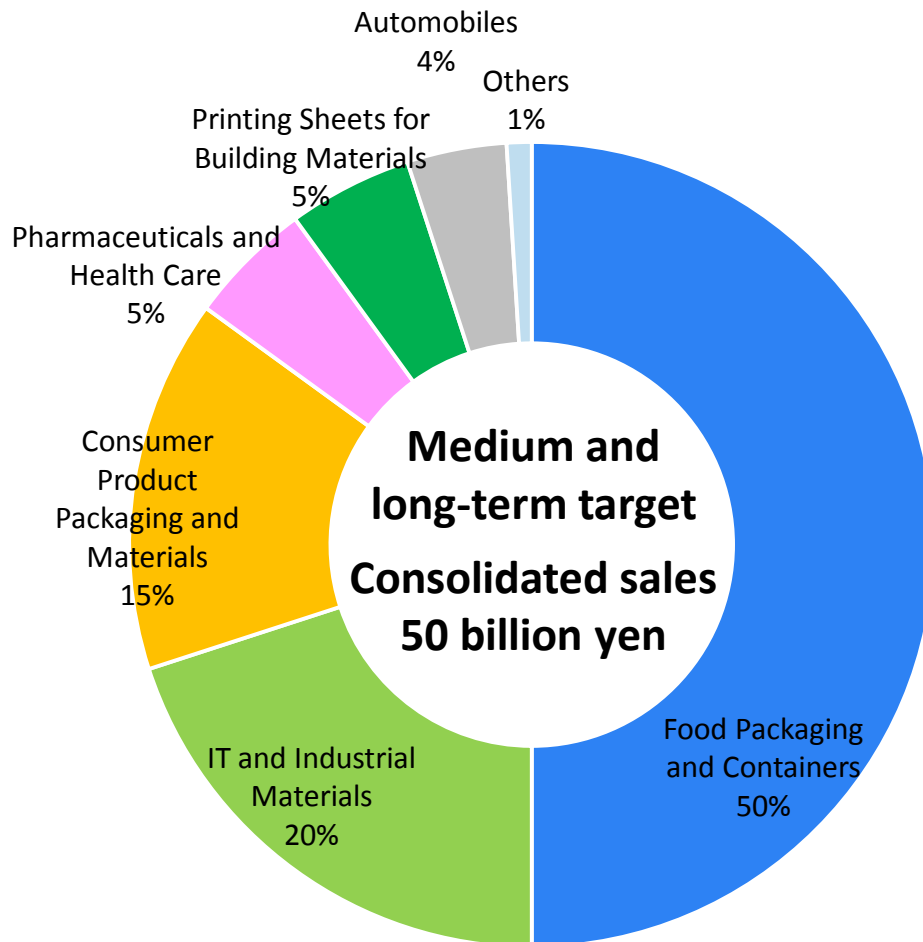
# Use Higher Profitability for Growth

Medium and long-term target: Sales of 50 billion yen and ordinary profit of 2.5 billion yen



# Reinforce Ability to Succeed in All Market Conditions

Build a more balanced profit structure through growth in many categories while continuing to grow in the core food packaging and containers sector





# A Commitment to Environmental Responsibility and Higher Sales of N Brand Products

## ■ More applications that utilize the features of each product

### NAK-A-PET

#### Food Packaging and Containers

- Features**
- (1) Thinner products (trays, etc.) due to high rigidity; conserves resources and reduces cost
  - (2) More heat resistant than conventional A-PET (70°C to 100°C)
  - (3) Recyclable material; designed for reduced environmental impact, food hygiene requirements and other characteristics

**Applications** Trays mainly for confectionery products and agricultural products

**Strategy** Extensive sales activities for NAK-A-PET, which can make thin yet rigid items, as a replacement for oriented polystyrene (OPS) sheets



### NC-PET

#### Food Packaging and Containers

- Features**
- (1) Outstanding heat resistance (220°C, if molded as needed)
  - (2) Outstanding resistance to cold, retention of aromas and rigidity

**Applications** Containers mainly for baked food items like gratin dishes and in-flight meals

**Strategy** Many sales activities for the use of NC-PET for in-flight meal packaging and containers



### NS-PET

#### Food Packaging and Containers

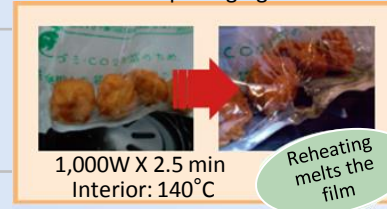
#### Pharmaceuticals and Health Care

- Features**
- (1) Heat sealing possible even with PET film
  - (2) Retains aromas, creating a barrier for coffee and other items with a strong fragrance
  - (3) Microwave-safe due to heat resistance

**Applications** Take-out bags mainly for deep-fried food items, insecticide packaging

**Strategy** Increase sales activities for the use of NS-PET for insecticide packaging, which requires resistance to chemicals

#### Conventional packaging



#### NS-PET packaging



## ■ More applications that utilize the features of each product

### NS Separator

IT and Industrial  
Materials

Pharmaceuticals  
and Health Care

Features	(1) Manufactured using a fully integrated production line in a cleanroom environment (2) A lineup of products suitable for a broad array of applications (3) Unmatched level of customization, such as for peel adhesions and types of film
Applications	Mainly film used in electronic material production processes and film for transdermal patches
Strategy	Enlarge the product lineup, meet customer needs for small lots/fast deliveries



Industrial materials

Transdermal patches



### N coat (Synthesized paper)

Food Packaging and  
Containers

Printing Sheets for  
Building Materials

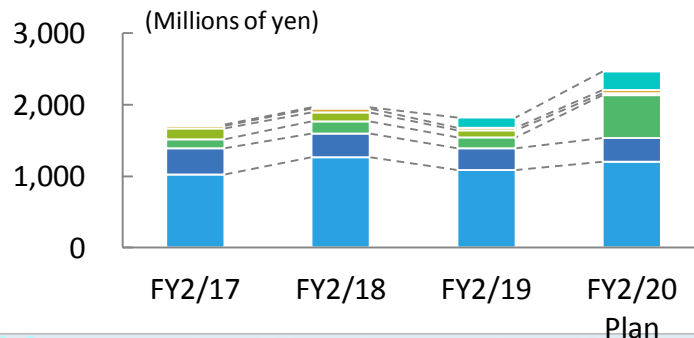
Consumer Product  
Packaging and Materials

Features	(1) Water resistant (2) Brilliant white and glossy finish (3) Outstanding smoothness and strength
Applications	Mainly bottle labels, wallpaper and adhesive labels
Strategy	Use N coat's synthetic paper properties to sell this product in a broad range of market sectors

Labels



Building materials



Medium and  
long-term target  
N brand products sales  
5 billion yen/year



## A thinner, stronger and lighter food tray!

A vertically uniaxial expanded sheet made exclusively by Nakamoto Packs

- The same advantages as those of A-PET!
- Outstanding **resistance to** oils and **heat!**
- High rigidity **reduces necessary thickness of film!**
- Easy to recycle just as with A-PET!
- Meets requirements for bending and crumpling  
(reduces trash volume/no cracking)



A chilled ramen tray for  
Company N



Material: A-PET

Expected sales: 150 tons/year

NAK-A-PET reduced tray thickness from 0.15mm  
to 0.12mm

Reduces annual use of plastics by about 31 tons

## Item 1

Under  
consideration  
by a customer



**Estimated annual demand:  
12 million sets**

## Trays for appetizers

Material currently used: PP 0.2mm  
Weight: 3.63 grams/sheet  
(based on measurements of a sample)

Material under consideration:

NAK-A-PET  
(VRV) 0.1mm

Weight: 2.66 grams/sheet

Benefits of switching to NAK-A-PET  
→ Lower weight (0.97 grams/sheet)  
→ Reduces CO<sub>2</sub> emissions

**Cuts** actual plastic usage by  
about **12 tons**

## Item 2



**Estimated annual demand:  
30 million sets**

### Lid for a miso soup cup

Material currently used: OPS 0.29mm  
Weight: 2.15 grams/sheet  
(based on measurements of a sample)

Material under consideration:

NAK-A-PET  
(VRV) 0.2mm

Weight: 1.9 grams/sheet

Benefits of switching to NAK-A-PET  
→ Lower weight (0.25 grams/sheet)  
→ Reduces CO<sub>2</sub> emissions

**Cuts** actual plastic usage by  
about **7 tons**







Before



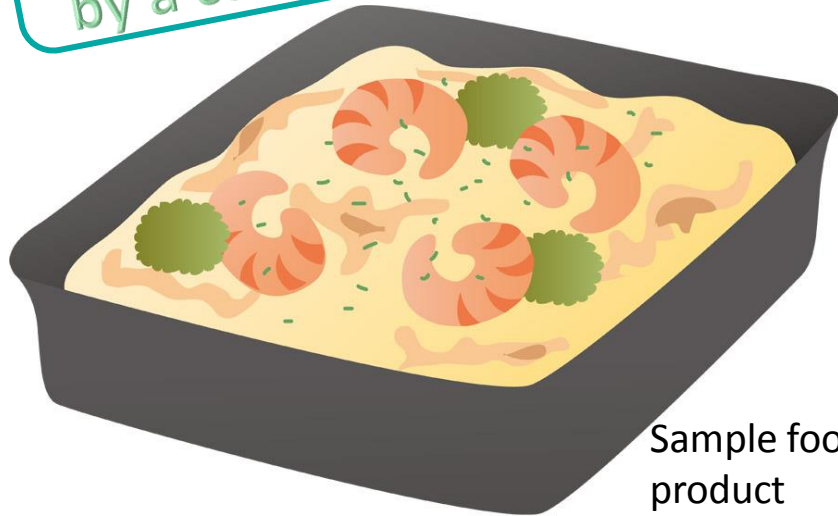
After baking at 190°C for 45 minutes

Even baking for a long time produces **no deformation or cracking**



## Item 3

Under  
consideration  
by a customer



Sample food  
product

## Gratin, lasagna

Material currently used: PP

Material under consideration:  
NC-PET(black)

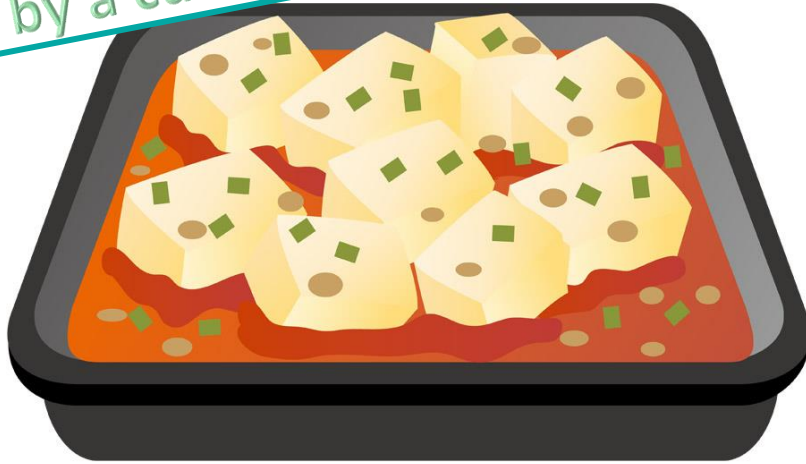
The strength for cooking (baking),  
delivery and microwave reheating

\*Can be produced in brown, black  
and other colors

NC-PET containers can **withstand the heat of an oven**

## Item 4

Under  
consideration  
by a customer



Sample food product

### Frozen food tray (Chinese food and other items)

Material currently used: PPF

Material under consideration:  
NC-PET(black)

The strength for cooking, frozen,  
delivery and microwave reheating

\*An original Nakamoto Packs  
C-PET material with increased  
resistance to low temperatures

NC-PET containers are **safe in everything from freezers  
to ovens**





**(1) Cooking**

Delivery

Cold



**(2) Frozen**

**(3) Reheating**

Microwave safe

Delivery



NC-PET improves the efficiency of food production and delivery  
(compared with PPF)

\* Photos are not actual products

# NC-PET | Many Types of Trays



Standard tray shapes and sizes from 60cc to 500cc

\*Customized trays are also possible



Nakamoto Packs can perform PET extrusion lamination for paper of many thicknesses



\*Even capable of the process from printing to PET extrusion lamination for heat-resistant cup paper





Plan to purchase extrusion equipment in 2020 for making N brand products

## NAK-A-PET

### Food Packaging and Containers

Features	<ol style="list-style-type: none"> <li>(1) Thinner products (trays, etc.) due to high rigidity; conserves resources and reduces cost</li> <li>(2) More heat resistant than conventional A-PET (70°C to 100°C)</li> <li>(3) Recyclable material; designed for reduced environmental impact, food hygiene requirements and other characteristics</li> </ol>
Applications	Trays mainly for confectionery products and agricultural products
Strategy	Extensive sales activities for NAK-A-PET, which can make thin yet rigid items, as a replacement for oriented polystyrene (OPS) sheets



## NC-PET

### Food Packaging and Containers

Features	<ol style="list-style-type: none"> <li>(1) Outstanding heat resistance (220°C, if molded as needed)</li> <li>(2) Outstanding resistance to cold, retention of aromas and rigidity</li> </ol>
Applications	Containers mainly for baked food items like gratin dishes and in-flight meals
Strategy	Many sales activities for the use of NC-PET for in-flight meal packaging and containers





# More Growth of Overseas Operations

# More Growth of Overseas Operations (China Plus One)



NAKAMOTO PACKS CO.,LTD.

## Step 1

Cangzhou Nakamoto Huaxiang New Materials Co., Ltd.

Apr. 2018: Established company and started plant construction

Jan. 2019: Finished plant construction

Mar. 2019: Started trial operation of machinery

Sep. 2019: Plan to start full-scale operations

With sheet printing the core business, the goal is becoming profitable quickly



Relocation of production from  
Langfang to Cangzhou

## Step 2

Nashville Sales Office in the United States

Jul. 2018: Operations started at sales office and warehouse

Feb. 2019: Added two warehouses as orders continue to climb

Goal is new customers in the automotive interior materials, food packaging materials and functional materials categories



Nashville Sales Office

## Step 3

Preparations for a Vietnam subsidiary

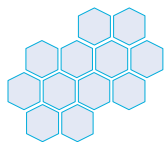
Preparations have started for purchasing land and establishing a company in Vietnam

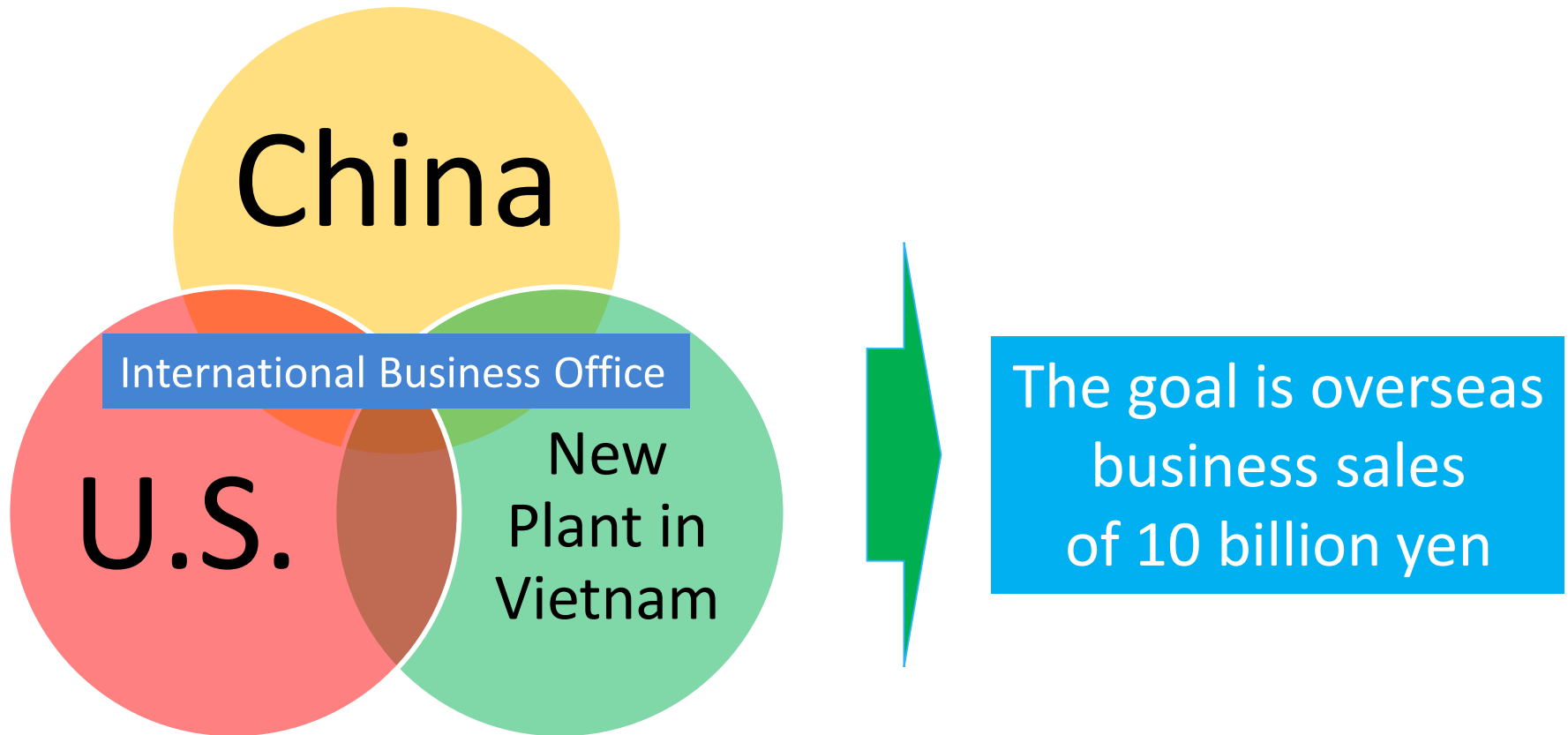


# More Growth of Overseas Operations



	Vietnam			Thailand	Philippines	Indonesia	Myanmar	Malaysia
	Da Nang	Hanoi	Ho Chi Minh	Bangkok	Manila	Jakarta	Yangon	Kuala Lumpur
Population	93.64 million			69.10 million	104.92 million	262 million	52.65 million	32.02 million
	1.2 million	7.78 million	8.64 million					
Wages	\$200	\$217	\$242	\$413	\$234	\$308	\$162	\$413
Literacy	93.4%			93.5%	95.4%	92.8%	92.7%	93.1%
Electricity	\$0.07	\$0.07	\$0.07	\$0.16	\$0.21	\$0.07	\$0.05	\$0.09
Water	\$0.49	\$0.53	\$0.42	\$0.3	\$1.58	\$0.89	\$0.57	\$0.5
Tax rate	20%			20%	30%	25%	25%	24%
Nominal GDP per capita	\$2,398			\$6,591	\$2,976	\$3,876	\$1,264	\$9,833
	\$3,000	\$3,968	\$5,614					





- Continue growing in the world's two largest markets: United States (sales office) and China (four plants, one trading company).
- Starting operations in Vietnam will hedge risks involving China, creating a sound base for more growth outside Japan





# A Foundation for Growth

- Use M&A for growth by acquiring new businesses, people, facilities, technologies and time
- Start using a new IT system to reduce the need for people, cut costs and boost efficiency

- Use M&A for growth
- Plan to complete replacement of the primary IT system in Sep. 2020  
(This project started in 2018 and is proceeding on schedule.)

## M&A studies

### ○ Potential M&A candidates

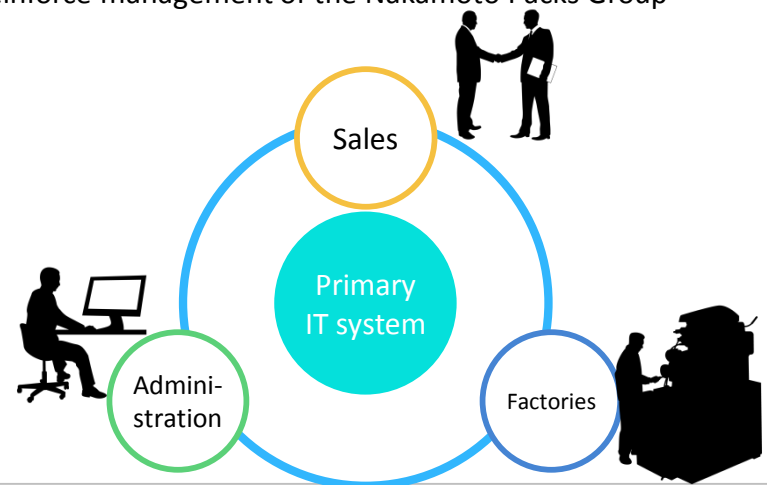
- Companies in Japan
- Businesses related to current operations
- Businesses that can supplement or improve the efficiency of current operations
- Businesses in new categories unrelated to any current operations

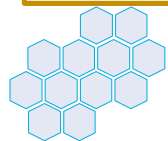
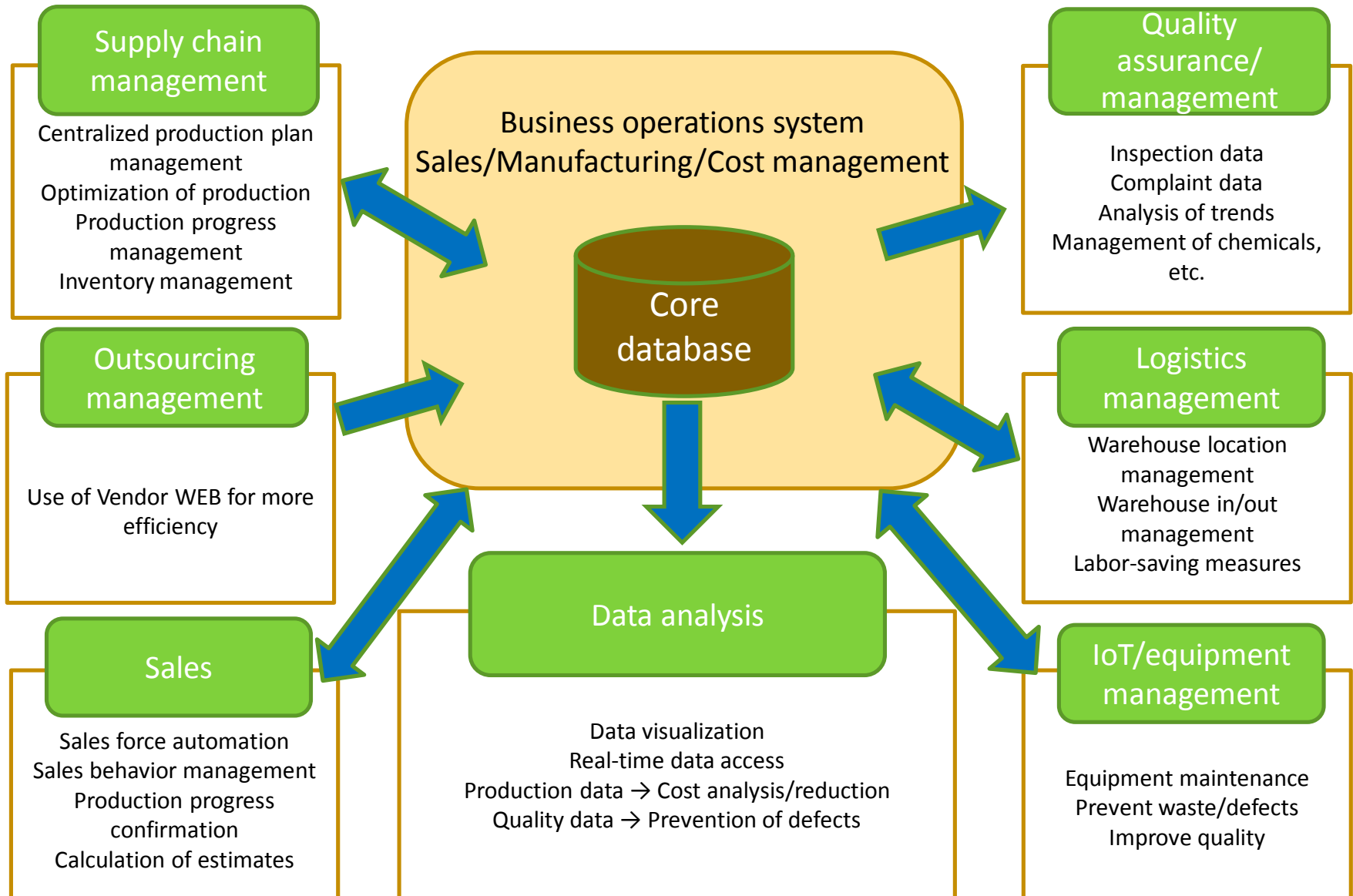
The objective is to use M&A for acquiring people, facilities, time and technologies in order to achieve rapid growth quickly.

## Objectives of replacing the primary IT system (Targets for the end of 2021)

(Major elements of the IT system update (under consideration))

- Faster management decisions by quickly monitoring all performance indicators
- Use of supply chain management for efficient manufacturing and suitable inventory levels
- More efficient sales activities and quality improvement by effectively utilizing data
- Improve efficiency of business processes and realize labor saving by reexamining tasks performed on a regular basis
- Reinforce management of the Nakamoto Packs Group





Much more than simply replacing the current IT system



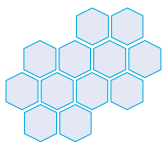
The new IT system will make big changes and improvements in the operations of all business units

## Business units

Quality assurance, quality management, printing plates, ink, factory production teams, business administration, sales, sales administration, subsidiaries in Japan, supply chain management (Kaizen Office)

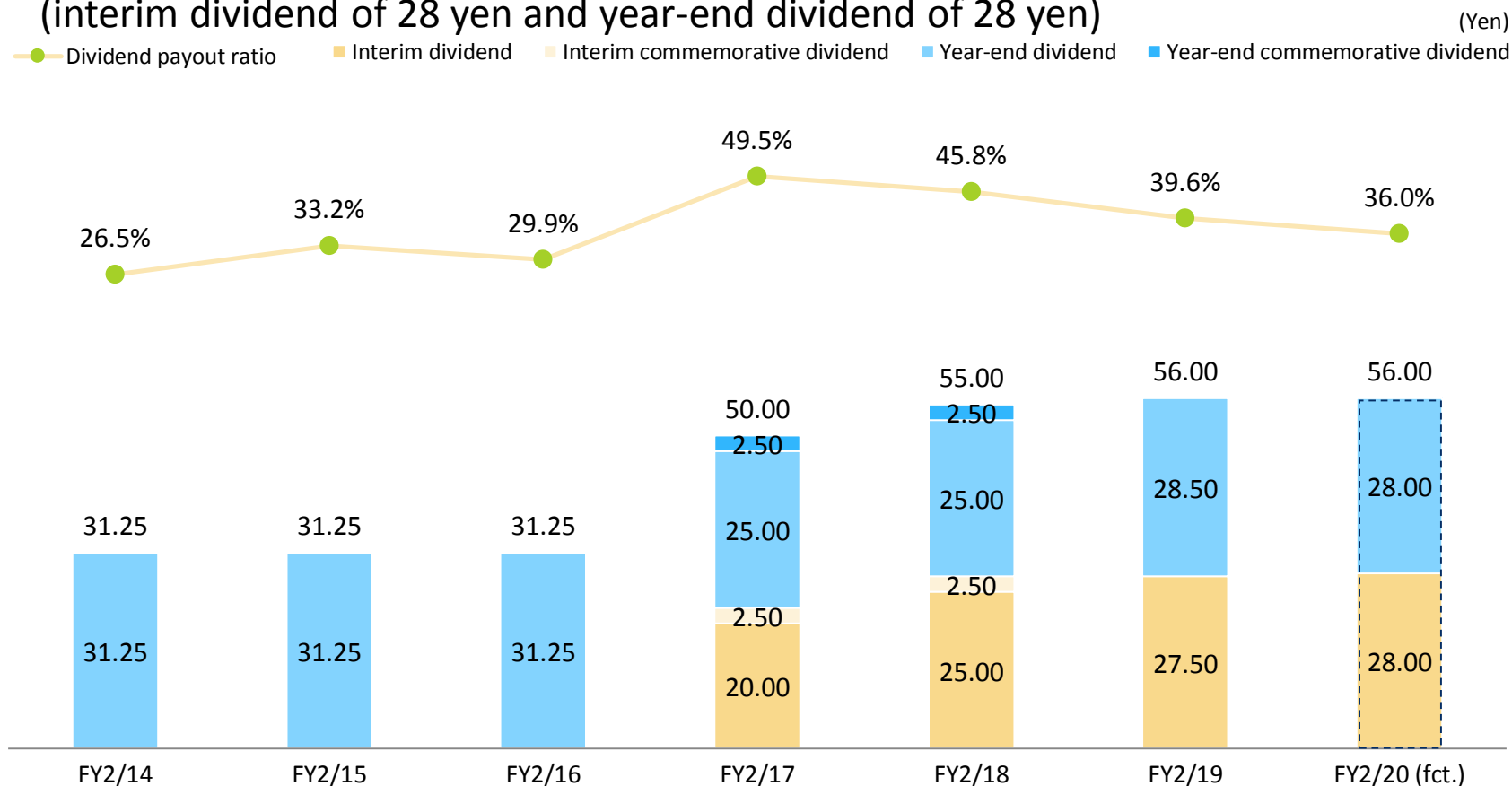
## Improvements

Smaller inventories, higher efficiency (labor, information, production steps, time), shorter production lead time, paperless processes, reduction of wasted materials and defective products, faster production

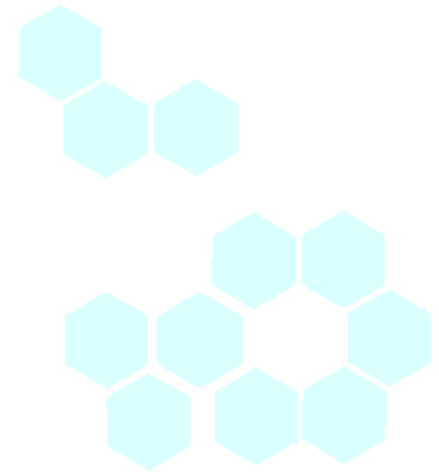


# Policy for Shareholder Distributions

- Maintain a stable dividend while retaining earnings as needed
- Plan to pay a FY2/20 dividend of 56 yen  
(interim dividend of 28 yen and year-end dividend of 28 yen)



Note: There were stock splits of 1-to-200 in June 2015 and 1-to-2 in March 2018. The dividend per share in prior years has been adjusted to reflect these stock splits.

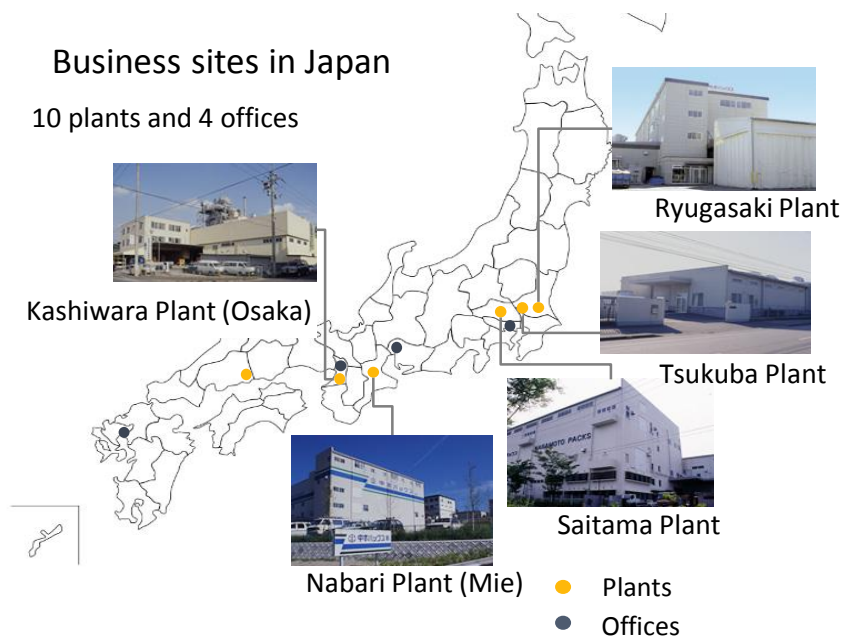


# Reference

# Company Overview

Company name	NAKAMOTO PACKS CO.,LTD.
Listing/code	TSE 1st Section/7811
Location	2-8, Karahori-cho, Tennoji-ku, Osaka
Representative	Takashi Nakamoto, Chairman Jun Kawata, President

Established	1950 (Funded in 1941)
Capital	1,057 million yen (As of Aug. 31, 2019)
Number of employees	882 (Consolidated; as of Aug. 31, 2019)
Group companies	13 consolidated subsidiaries (7 domestic and 6 overseas) 1 equity-method affiliate



## Business sites overseas

4 plants and 2 offices



Note: A subsidiary in Cangzhou is now under construction.

## Gravure printing

Direct printing using everything from ultra-thin film to thick sheets

## Coatings

Coatings for semiconductors, pharmaceuticals and other products made in an ultra-clean environment

## Lamination

Lamination of a variety of materials for applications ranging from food to automobiles

## End products

### Food Packaging and Containers



Containers and trays for prepared food



Packaging for dairy products, confectionery, tofu, ham, sausage and many other food products

### IT and Industrial Materials



PC and smartphones



Automotive interior materials

### Pharmaceuticals and Health Care



Pharmaceutical exterior packaging and individual packaging  
Separation films for compresses and other items

### Printing Sheets for Building Materials



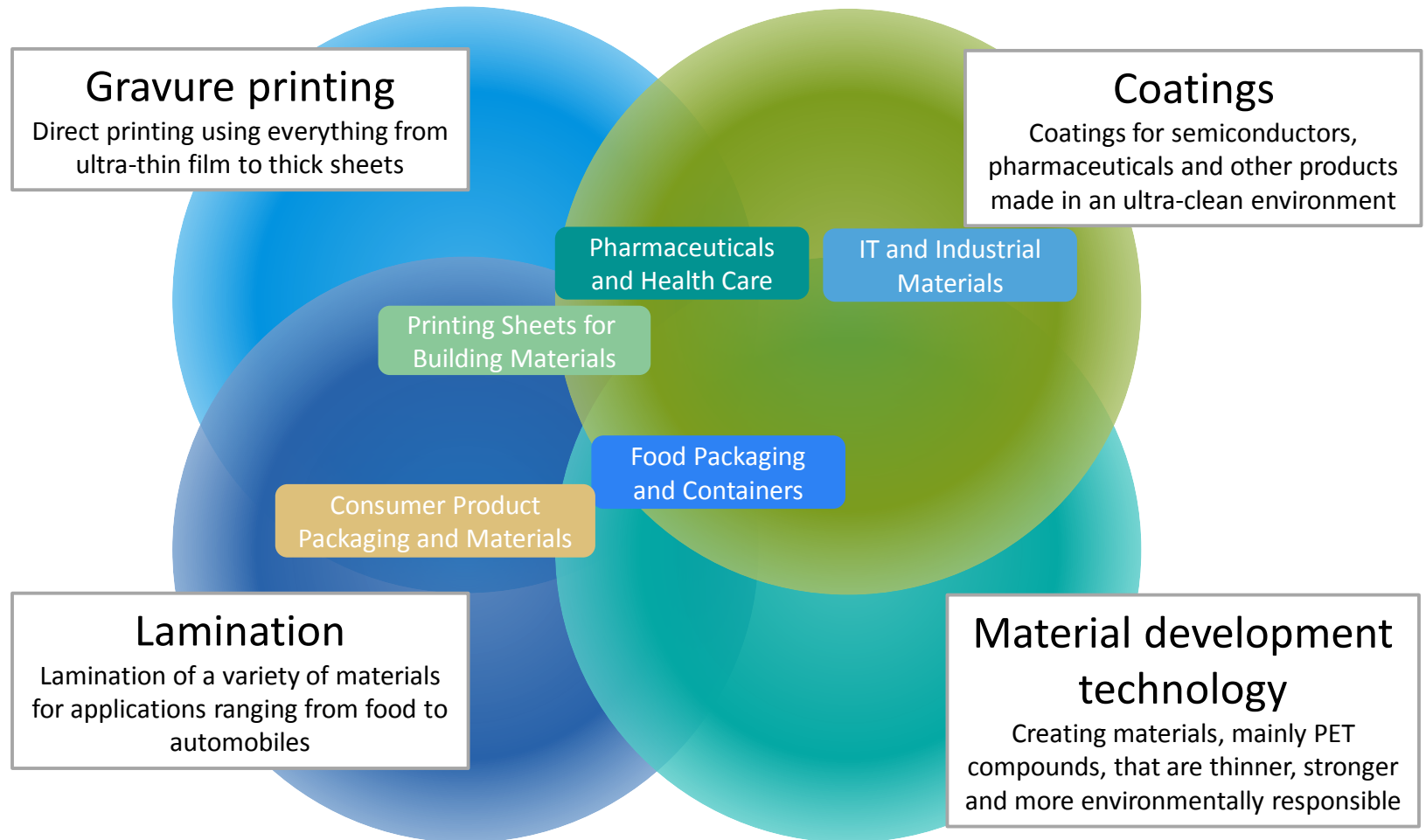
Paper products for furniture, sliding partitions and wallpaper  
**Consumer Product Packaging and Materials**



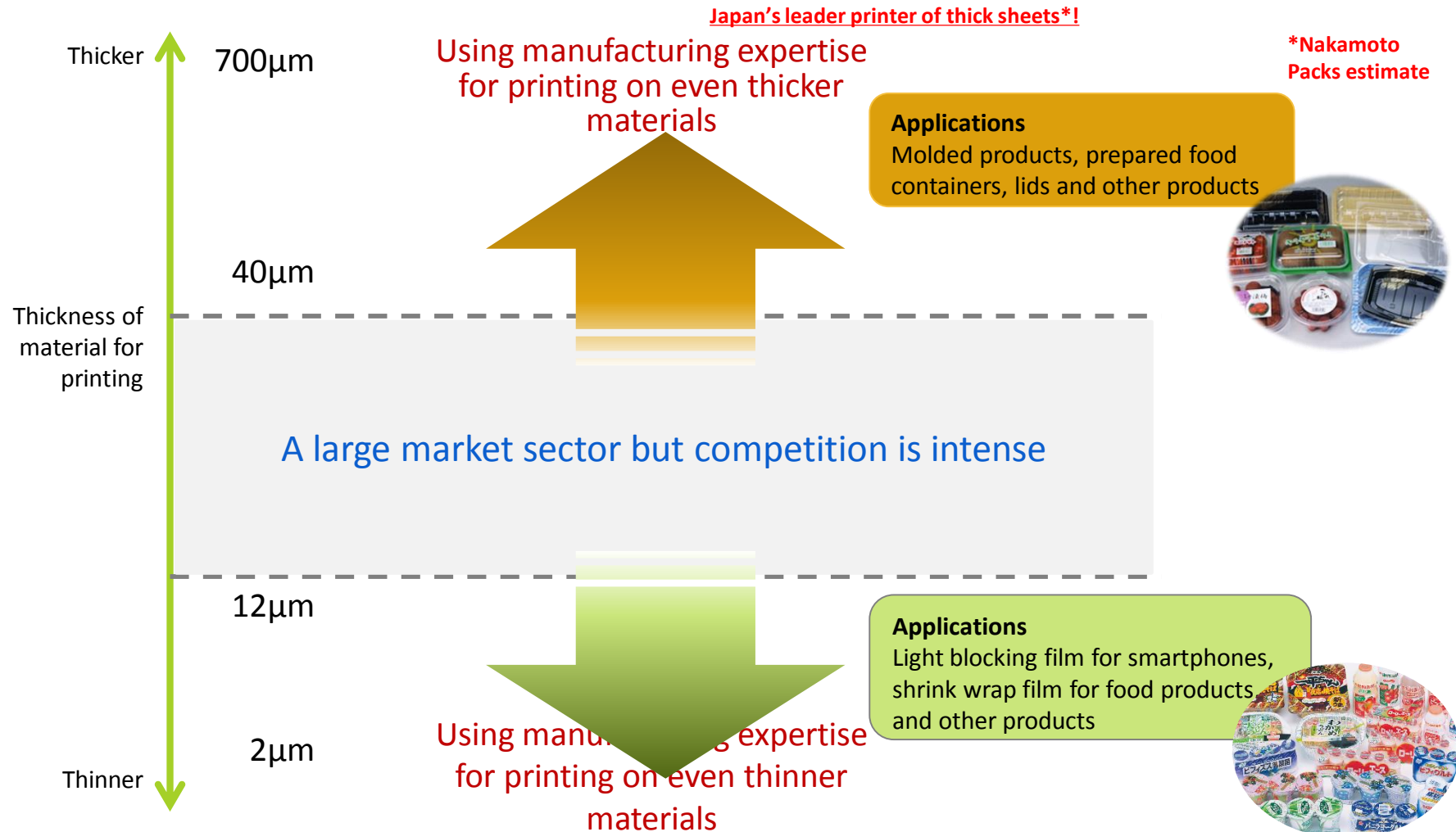
Futon vacuum storage bags and other consumer products



- Four core technologies make it possible to cover a broad spectrum of applications



- Refining technologies to become stronger in thickness categories where there are few competitors



- A framework capable of meeting a broad range of customer demands with speed and flexibility



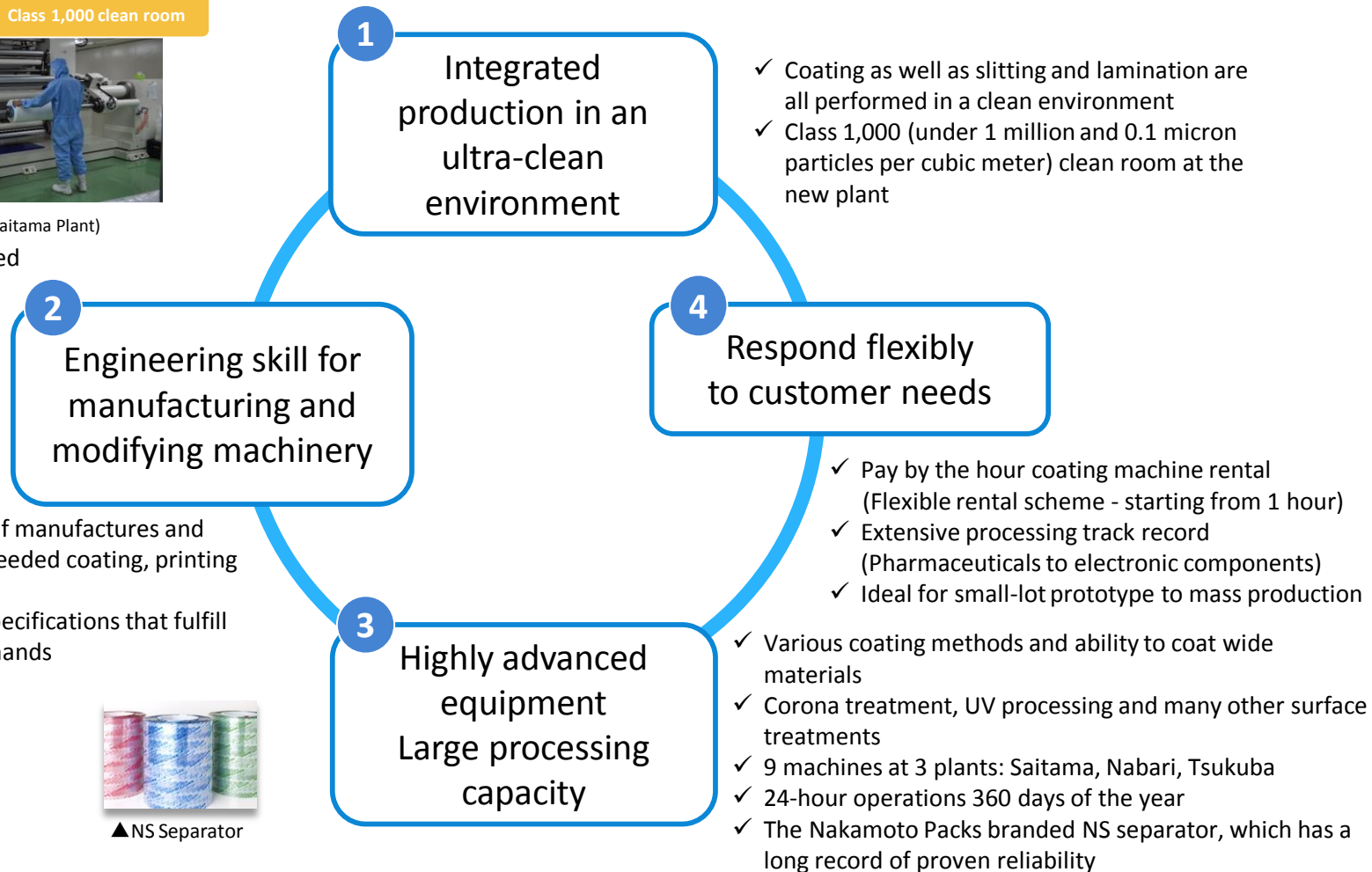
▲ Clean room (Saitama Plant)

- ✓ Going beyond outsourced processing by creating ideas for the best possible coating

- ✓ Nakamoto Packs itself manufactures and quickly modifies as needed coating, printing and other machinery
- ✓ Able to deliver the specifications that fulfill each customer's demands

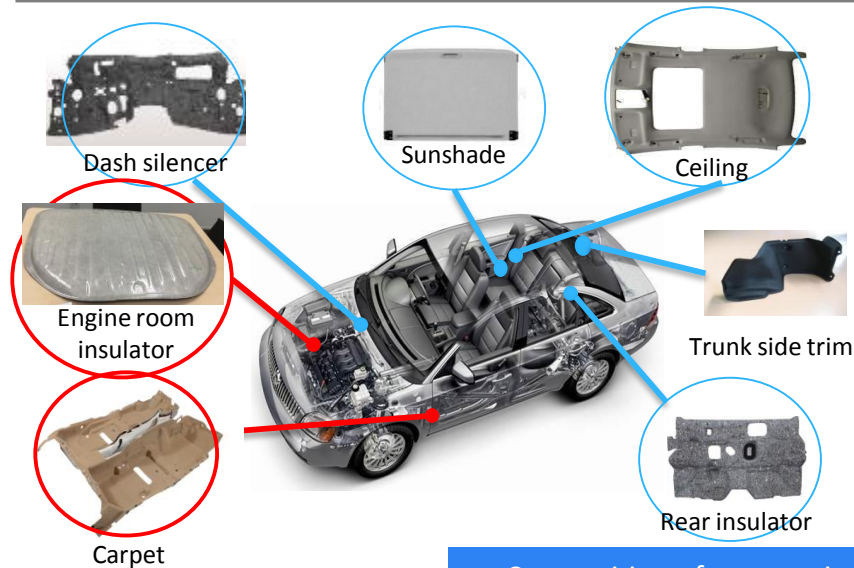


▲ NS Separator

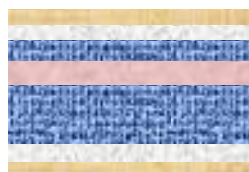


- Able to meet the demands of many applications by using dry lamination, thermal lamination and extrusion lamination technologies

## Automobile interior materials (Thermal lamination)

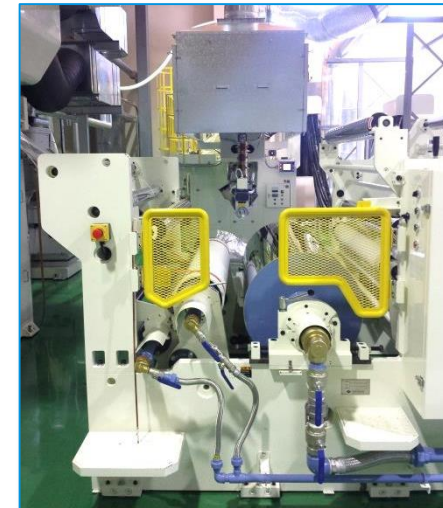


### Composition of automotive interior ceiling material



←Our business domains

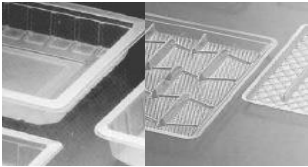





## NS-PET (Extrusion lamination)



▼ Extrusion lamination machine

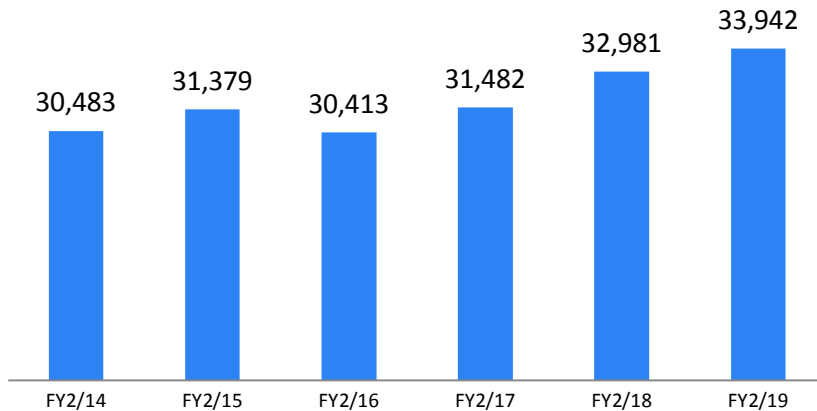
### ■ Extrusion lamination machine (Ryugasaki Plant II)

Use	Exclusively for production of NS-PET, a material developed by Nakamoto Packs
Output capacity	300 tons/month
Sales target	1.2 billion yen/year
Target applications	<ul style="list-style-type: none"> <li>• Packaging for convenience store deep-fried food items</li> <li>• Microwave-safe containers and other products</li> </ul>

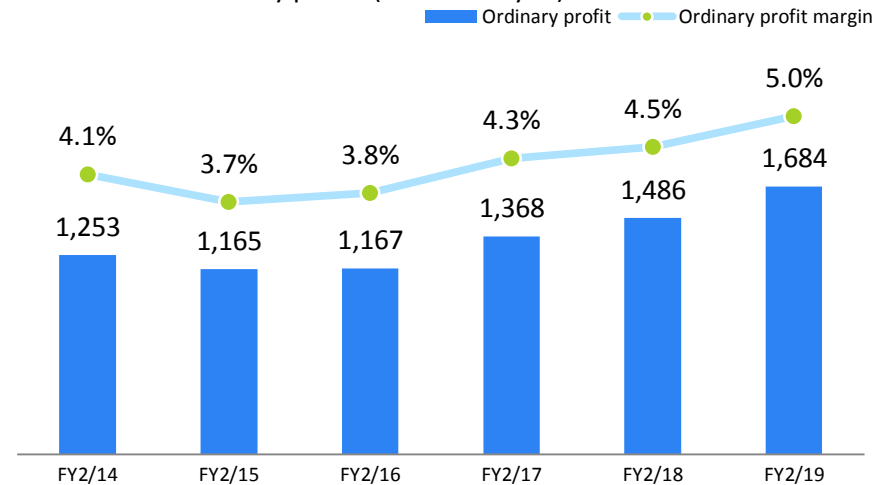
Brand name	Features	Applications	Finished products
<b>NAK-A-PET</b> (Polyester sheet with improved heat resistance)	(1) Thinner to conserve resources (2) Microwave-safe (3) Recyclable material; designed for reduced environmental impact, food hygiene requirements and other characteristics	<ul style="list-style-type: none"> <li>Lids for heat-resistant containers</li> <li>Food trays</li> <li>Electronic component trays</li> </ul>	
<b>NC-PET</b> (Polyester sheet with high resistance to heat and cold)	(1) Suitable for food prepared at high temperatures (2) Resistant to cold (3) High rigidity reduces weight	<ul style="list-style-type: none"> <li>Food containers heated with no cover (gratin items, etc.)</li> <li>Containers for food sterilized at high temperatures</li> </ul>	
<b>NS-PET</b> (Polyester film with thermal adhesion)	(1) Excellent heat sealing properties (2) Retains coffee and other aromas (3) Resistant to chemicals and oils	<ul style="list-style-type: none"> <li>Bags for take-out food (especially deep-fried items)</li> <li>Bags for coffee, tea and other beverages, and insecticide packaging</li> </ul>	
<b>NTS II</b> (Moldable high-gloss polypropylene film)	(1) Produces containers with a glossy surface (2) High rigidity reduces necessary thickness of film (3) Heat resistant	<ul style="list-style-type: none"> <li>Food containers</li> </ul>	
<b>NS Separator</b> (Polyester separation film)	(1) Produced in a clean environment (2) Can be designed with specific peel adhesions	<ul style="list-style-type: none"> <li>Production of smartphones, LCDs and other items</li> <li>Separation film for transdermal patches</li> </ul>	
<b>N coat</b> (Polypropylene synthesized paper)	(1) Water resistant (2) Brilliant white and glossy finish (3) Outstanding smoothness and strength	<ul style="list-style-type: none"> <li>Beverage bottle labels</li> <li>Wallpaper</li> </ul>	

# Trends and Results 1/2

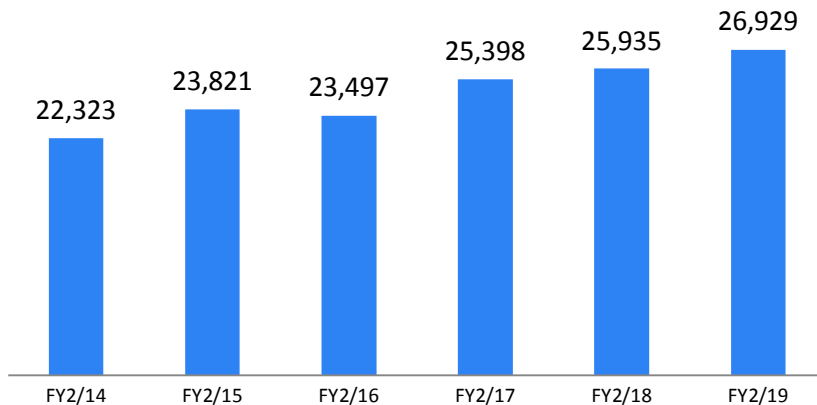
Consolidated net sales (Millions of yen)



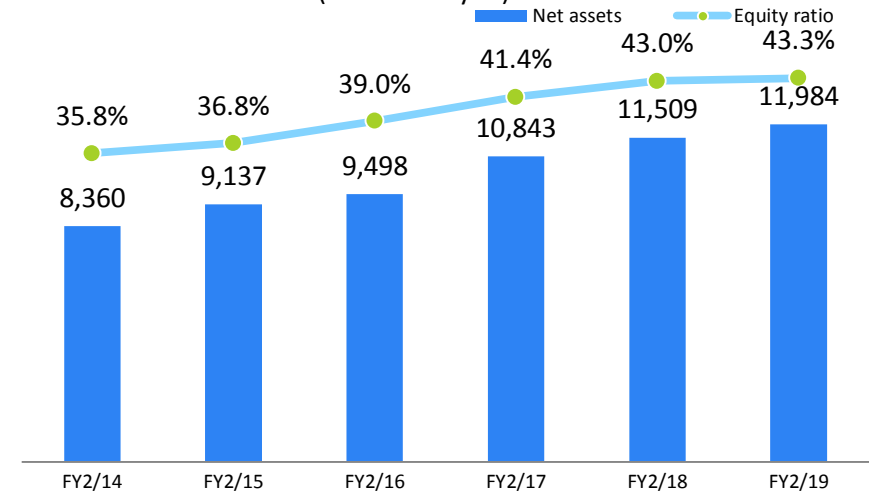
Consolidated ordinary profit (Millions of yen)



Consolidated total assets (Millions of yen)

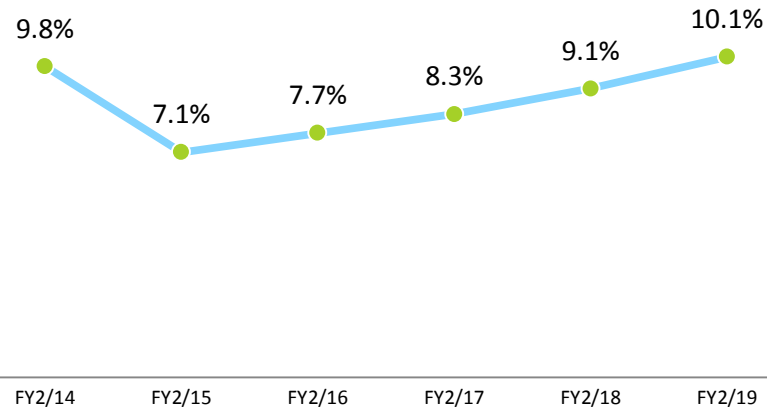


Consolidated net assets (Millions of yen)

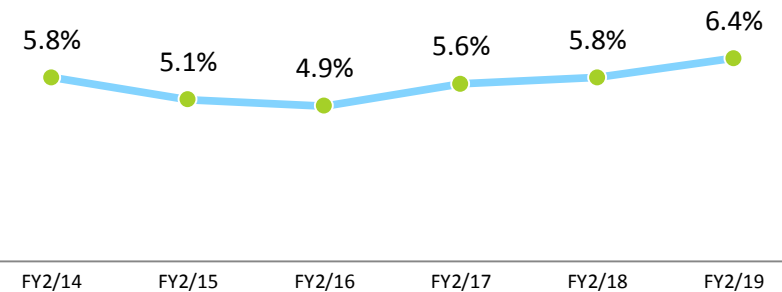


# Trends and Results 2/2

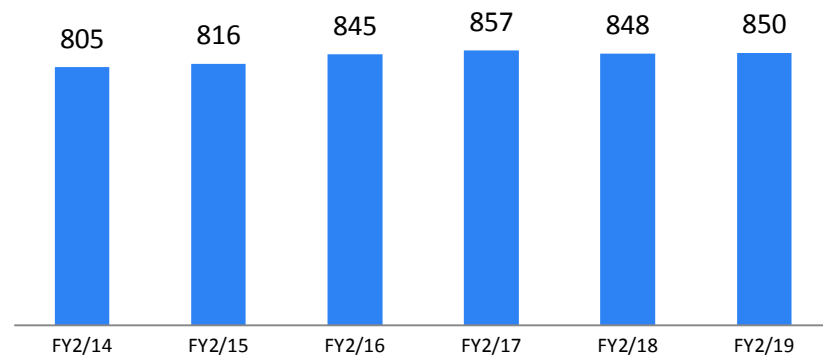
Consolidated ROE



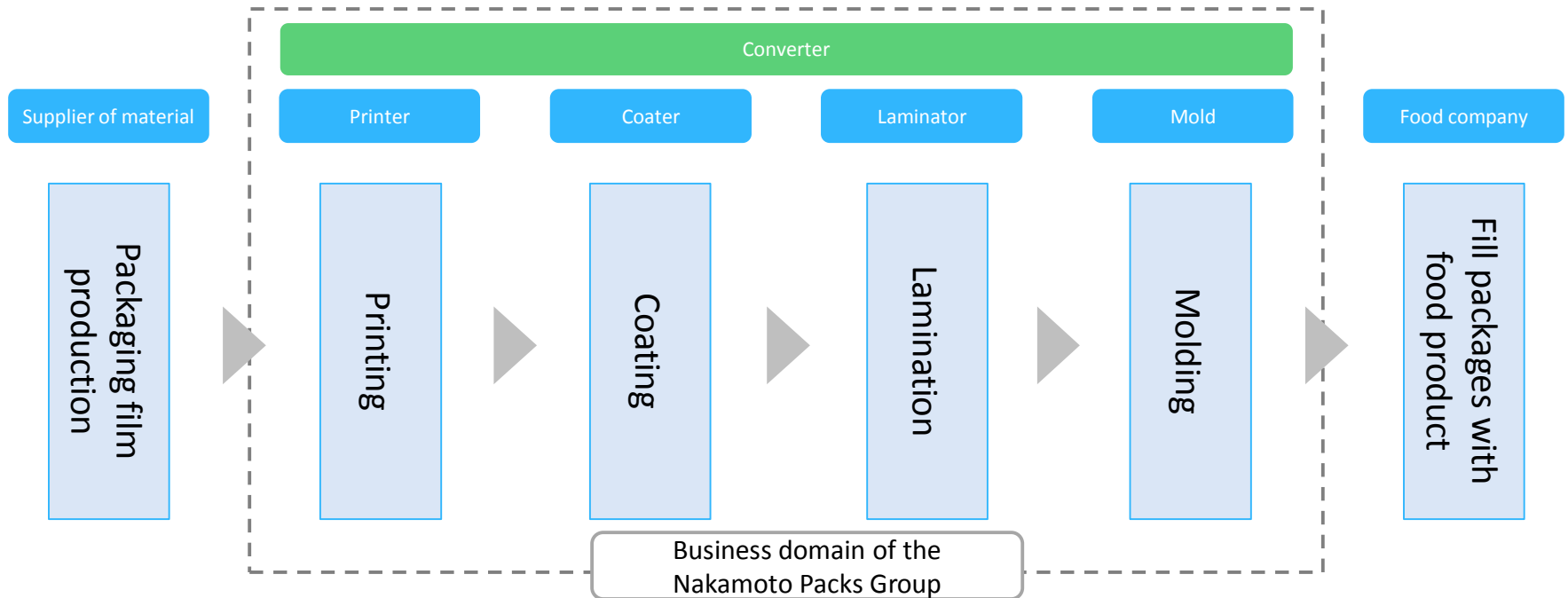
Consolidated ROA



Number of consolidated employees (persons)



# Packaging Material Printing Process (Example)



Process	Explanation
Gravure printing	A form of intaglio printing (a plate with text, patterns and other items engraved in reverse is used for printing) produces very fine differences in color gradations.
Lamination (dry and thermal)	Adhesives are used to bond multiple layers of materials for the purpose of strengthening and adding functions to packaging materials.
Coating	A material is coated with a thin layer of a resin or other substance to protect the material and give it specific functions.
Molding	A plastic sheet is heated to alter its shape (for making a food container, tray, lid or other item) or the inflation method is used to fabricate a plastic film or sheet.



Dedicated to being a company that is kind to people and the environment  
-Clean & Safety-

## The Nakamoto Packs Motto

Our business depends on people. People depend on their hearts. An enjoyable company is the sum of diligence, dedication to serving others, and people.

## Our Code of Conduct

Use sincerity to earn even greater trust

Use perseverance to create innovative ideas

Always improve yourself and cooperate with others

Contribute to society through the spirit of co-existence and mutual prosperity

Be dedicated to improving technologies and overcoming challenges

Make good behavior and the spirit of gratitude a source of happiness

## Our Six Missions

We will listen with open minds to what our customers say

We will constantly acquire new technologies for printing, packaging and containers

We will maintain close internal and external lines of communication and deliver goods and services on time with speed and in good faith

We will be responsible for maintaining co-existence and mutual prosperity with our customers

We will attract more dedicated fans of our group by using work and systems that generate strong impressions

We will make the Nakamoto Packs Group an organization guided by the same destiny



### Precautions

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