



April 13, 2020

Consolidated Financial Results for the Fiscal Year Ended February 29, 2020 (FY2/20)

[Japanese GAAP]

Company name: NAKAMOTO PACKS CO.,LTD.

Listing: TSE 1st Section

Securities code: 7811

URL: <http://www.npacks.co.jp/>

Representative: Jun Kawata, President

Contact: Isao Yoshi, Executive Managing Director, General Manager of Administration Division

Tel: +81-6-6762-0431

Scheduled date of Annual General Meeting of Shareholders: May 26, 2020

Scheduled date of filing of Annual Securities Report: May 27, 2020

Scheduled date of payment of dividend: May 27, 2020

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 FY2/20 (March 1, 2019 – February 29, 2020)

(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	%
FY2/20	34,100	0.5	1,533	(6.8)	1,608	(4.5)	1,085	(6.1)
FY2/19	33,942	2.9	1,645	23.6	1,684	13.3	1,156	17.8

Note: Comprehensive income

FY2/20: 898 million yen (down 2.9%)

FY2/19: 924 million yen (down 17.2%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
FY2/20	132.84	-	9.1	5.9	4.5
FY2/19	141.52	-	10.1	6.4	4.8

Reference: Equity in earnings of affiliates FY2/20: 8 million yen

FY2/19: 8 million yen

Note: 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. 29, 2020	27,568	12,419	43.9	1,479.33
As of Feb. 28, 2019	26,928	11,984	43.3	1,425.81

Reference: Equity capital

As of Feb. 29, 2020: 12,089 million yen

As of Feb. 28, 2019: 11,652 million yen

Note: Effective from the beginning of the current fiscal year, Nakamoto Packs has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018).

Figures as of February 28, 2019 have been adjusted retroactively to conform with this accounting standard.

(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
FY2/20	896	(1,166)	(181)	2,542
FY2/19	2,029	(2,348)	(213)	3,015

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	%	%
FY2/19	-	27.50	-	28.50	56.00	457	39.6	4.0
FY2/20	-	28.00	-	28.00	56.00	457	42.2	3.9
FY2/21 (forecast)	-	28.00	-	28.00	56.00		39.9	

3. Consolidated Forecast for FY2/21 (March 1, 2020 – February 28, 2021)

(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	16,960	(1.4)	735	(3.5)	755	(5.0)	530	(4.4)	64.85
Full year	34,500	1.2	1,629	6.2	1,650	2.6	1,148	5.7	140.47

*** 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. 29, 2020: 8,173,320 shares As of Feb. 28, 2019: 8,173,320 shares

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

As of Feb. 29, 2020: 1,028 shares As of Feb. 28, 2019: 983 shares

3) Average number of shares during the period

FY2/20: 8,172,298 shares FY2/19: 8,172,376 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for FY2/20 (March 1, 2019 – February 29, 2020)

(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	%
FY2/20	28,344	0.5	1,099	(15.8)	1,362	(11.7)	918	(16.8)
FY2/19	28,211	3.6	1,306	16.7	1,542	17.9	1,103	28.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
FY2/20	112.40		-	
FY2/19	135.08		-	

Note: 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. 29, 2020	23,642		11,758		49.7		1,438.86	
As of Feb. 28, 2019	23,141		11,365		49.1		1,390.67	

Reference: Shareholders' equity As of Feb. 29, 2020: 11,758 million yen As of Feb. 28, 2019: 11,365 million yen

* 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 by telephone conference on Friday, April 17, 2020. Materials to be distributed at this event will be available on the Nakamoto Packs website immediately thereafter.

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1. Overview of Results of Operations

(1) Results of Operations

During the fiscal year ended on February 29, 2020, personal income growth slowed, corporate earnings were lower, and exports were weak. The economic outlook also remains uncertain due to the impact of trade issues such as U.S.-China trade friction, direction of the Chinese economy, and the effects of the novel coronavirus disease (COVID-19) pandemic.

In the market sectors where the Nakamoto Packs Group operates, shipments of electronic components declined in the IT and Industrial Materials sectors as the global IT cycle remained in a correction phase. In the Food Packaging and Containers segment, food loss, environmental response and work style reforms have become pressing issues for convenience stores and supermarkets. This calls for a response in the context of changing social needs.

The Nakamoto Packs Group took many actions during the fiscal year based on the theme of “Using modifying ecological technologies to alter the world of packaging, increasing sales of N brand products, and retaining a commitment to environmental responsibility.” All of the group’s resources were focused on sales of products developed by group companies and designed to lower the environmental load of these products, capturing more orders from key customers and receiving orders from new customers.

Consequently, the growth in sales of machinery and new projects in the Printing Sheets for Building Materials segment made up for the decline in IT and Industrial Materials segment. As a result, sales increased 0.5% to 34,100 million yen. But higher sales were insufficient to offset the decline in the profit margin and operating profit decreased 6.8% to 1,533 million yen, ordinary profit decreased 4.5% to 1,608 million yen and profit attributable to owners of parent decreased 6.1% to 1,085 million yen.

Results of operations for product categories were as follows.

Food Packaging and Containers

Orders were unstable as growth slowed in the convenience store sector. In addition, unusual seasonal weather such as many rainy days and a warm winter, typhoons, heavy rain and several other issues affected this sector. The number of new projects using N Brand products for plastic waste reduction is increasing. Furthermore, sales of packaging and containers for dairy products also increased following economic partnership agreements. Sales of packaging and containers for frozen foods and delicatessen foods also remained firm due to rising demand for prepared food items. As a result, sales decreased 1.5% to 22,913 million yen. The gross profit was down 2.8% to 2,583 million yen.

IT and Industrial Materials

Orders declined due to worsening conditions in the smartphone market and decline in production of electronic components due to prolonged inventory adjustments by customers. Sales of prototypes for new projects increased but were unable to compensate the decline in orders from the mobile communications and semiconductor sectors. Sales decreased 9.2% to 4,323 million yen and the gross profit decreased 9.2% to 1,061 million yen.

Pharmaceuticals and Health Care

New orders for transfusion-related packaging materials increased. In transdermal patches, demand was concentrated on generic transdermal patches that are cheaper than those used for patented and brand-name drugs due to price revisions for patches. As a result, impact of lower selling prices resulting from intensifying competition continued. Sales increased 3.9% to 1,375 million yen and the gross profit decreased 9.0% to 271 million yen.

Printing Sheets for Building Materials

Although furniture-related business was sluggish, orders for printing sheets for building materials for residential renovation were stable. New projects for functional building materials using the new model of coater machine introduced during the current fiscal year also made a positive contribution. Sales increased 85.3% to 1,508 million yen and gross profit increased 35.9% to 181 million yen.

Consumer Product Packaging and Materials

Sales decreased 3.4% to 3,252 million yen because of the end of a period of firm demand in the home improvement sector and of lower sales through wholesale channels. Although sales declined, the gross profit increased 10.4% to 993 million yen. This was primarily the result of a relatively high profit margin due to an increase in sales of products made by Nakamoto Packs Group companies, chiefly items that were sold to new customers.

Others

Food companies adopted packaging machines recommended by Nakamoto Packs Group companies. In addition, sales of machinery and machine components made by our newly established engineering department also contributed. Sales increased 80.8% to 726 million yen and the gross profit increased 24.4% to 159 million yen.

(2) Financial Position

Effective from the beginning of the current fiscal year, Nakamoto Packs has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018). Prior-year figures for assets, liabilities and net assets have been adjusted retroactively to conform with this accounting standard in order to facilitate comparisons and analysis.

Assets

Total assets increased 639 million yen from the end of the previous fiscal year to 27,568 million yen at the end of the fiscal year under review.

Current assets increased 609 million yen to 14,389 million yen. This was mainly due to increases in notes and accounts receivable-trade of 521 million yen and electronically recorded monetary claims-operating of 370 million yen as the balance sheet date for the fiscal year under review was a bank holiday, and other of 145 million yen, while there was a decrease in cash and deposits of 472 million yen.

Non-current assets increased 29 million yen to 13,178 million yen. This was mainly due to an increase in investments and other assets of 62 million yen.

Liabilities

Total liabilities increased 203 million yen to 15,148 million yen.

Current liabilities decreased 59 million yen to 12,146 million yen. This was mainly due to decreases in electronically recorded obligations-operating of 92 million yen and income taxes payable of 111 million yen, while there were increases in notes and accounts payable-trade of 49 million yen and lease obligations of 56 million yen.

Non-current liabilities increased 262 million yen to 3,001 million yen. This was mainly due to an increase in lease obligations of 379 million yen, while there was a decrease in long-term loans payable of 149 million yen.

Net assets

Net assets increased 435 million yen to 12,419 million yen. This was mainly due to an increase in retained earnings of 623 million yen due to profit attributable to owners of parent and other items, while there were decreases in valuation difference on available-for-sale securities of 62 million yen, foreign currency translation adjustment of 56 million yen and remeasurements of defined benefit plans of 68 million yen.

(3) Cash Flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the fiscal year under review were 2,542 million yen, down 472 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 896 million yen (compared with net cash provided of 2,029 million yen in the previous fiscal year). Positive factors include profit before income taxes of 1,565 million yen and depreciation of 1,003 million yen, which offset negative factors including an increase in notes and accounts receivable-trade of 908 million yen, other, net of 240 million yen, and income taxes paid of 543 million yen.

Cash flows from investing activities

Net cash used in investing activities was 1,166 million yen (compared with net cash used of 2,348 million yen in the previous fiscal year). Although there were positive factors including proceeds from sales of investment securities of 4 million yen, there were negative factors including payments for the purchase of property, plant and equipment (production processing equipment, etc.) of 982 million yen and purchase of investment securities of 136 million yen.

Cash flows from financing activities

Net cash used in financing activities was 181 million yen (compared with net cash used of 213 million yen in the previous fiscal year). Although there were positive factors including proceeds from long-term loans payable of 700 million yen and proceeds from sales and leasebacks of 404 million yen, there were negative factors including repayments of long-term loans payable of 835 million yen and cash dividends paid of 461 million yen.

(4) Outlook

The Japanese economy is expected to record a negative GDP growth rate due to the impact of the COVID-19 pandemic, which is expected to depress service consumption and inbound demand. Moreover, there is concern that the spread of the infection will continue for a long time. Even if the infection peaks and the economy returns to normal, it is likely that uncertainty about the future will continue due to the re-emergence of U.S.-China trade friction and geopolitical risks.

For the fiscal year ending on February 28, 2021, we forecast a 1.2% increase in net sales to 34,500 million yen, an 6.2% increase in operating profit to 1,629 million yen, a 2.6% increase in ordinary profit to 1,650 million yen and a 5.7% increase in profit attributable to owners of parent to 1,148 million yen. This forecast uses an exchange rate of 15.40 yen to the yuan for yuan-denominated sales which are not yet converted to yen.

The Food Packaging and Containers sector is expected to remain firm in response to growing demand for prepared food items, but conversely it is also expected to be adversely affected due to the impact of the suspension of public events and of people refraining from taking outings and excursions due to the spread of the COVID-19 pandemic. We assume that these effects will continue until the summer of 2020, and that the actual results may fluctuate depending on the actual timing of the end of the outbreak.

At present, there has been no impact from the COVID-19 pandemic on our IT and Industrial Materials sector. However, if the effects of the pandemic persist for a long time, demand may decline sharply, and the supply chain is likely to be disrupted. This may lead to a commensurate change in the Group's business performance.

The Group's local subsidiaries in China have experienced some restrictions on the movement of employees as a result of the restrictions imposed on the movement of people in several locations. But their production operations, mainly in the Food Packaging and Containers, and Consumer Product Packaging and Material sectors, have been running at relatively normal levels.

The Nakamoto Packs Group maintain the goal of "increasing sales of N brand products and promoting environmental management" for FY2/21. 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)	
	FY2/19	FY2/20
	(As of Feb. 28, 2019)	(As of Feb. 29, 2020)
Assets		
Current assets		
Cash and deposits	3,031,479	2,558,645
Notes and accounts receivable-trade	6,937,992	7,459,399
Electronically recorded monetary claims-operating	987,126	1,357,278
Merchandise and finished goods	1,753,572	1,756,580
Work in process	317,461	357,538
Raw materials and supplies	602,738	605,369
Other	153,286	298,883
Allowance for doubtful accounts	(4,469)	(4,539)
Total current assets	13,779,188	14,389,156
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,302,762	5,485,812
Machinery, equipment and vehicles, net	1,961,257	2,019,335
Land	2,928,210	2,928,210
Leased assets, net	24,801	439,362
Construction in progress	999,958	302,030
Other, net	203,517	219,310
Total property, plant and equipment	11,420,508	11,394,061
Intangible assets		
Other	345,611	339,088
Total intangible assets	345,611	339,088
Investments and other assets		
Investment securities	854,578	883,106
Long-term loans receivable	13,829	11,195
Deferred tax assets	178,472	208,370
Other	363,614	370,209
Allowance for doubtful accounts	(27,095)	(27,145)
Total investments and other assets	1,383,399	1,445,736
Total non-current assets	13,149,520	13,178,886
Total assets	26,928,708	27,568,043

	(Thousands of yen)	
	FY2/19	FY2/20
	(As of Feb. 28, 2019)	(As of Feb. 29, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,822,117	2,871,952
Electronically recorded obligations-operating	3,717,250	3,625,117
Short-term loans payable	3,678,236	3,711,360
Current portion of long-term loans payable	764,011	777,462
Lease obligations	9,484	66,146
Income taxes payable	319,121	207,975
Provision for bonuses	201,424	214,602
Other	694,508	672,298
Total current liabilities	12,206,155	12,146,915
Non-current liabilities		
Long-term loans payable	2,349,411	2,200,319
Lease obligations	18,052	397,634
Deferred tax liabilities	20,653	27,096
Retirement benefit liability	149,274	176,610
Other	201,034	199,587
Total non-current liabilities	2,738,426	3,001,248
Total liabilities	14,944,581	15,148,163
Net assets		
Shareholders' equity		
Capital stock	1,057,468	1,057,468
Capital surplus	1,158,408	1,158,408
Retained earnings	8,878,553	9,502,455
Treasury shares	(970)	(1,039)
Total shareholders' equity	11,093,460	11,717,292
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	165,131	102,517
Deferred gains or losses on hedges	2,275	3,305
Foreign currency translation adjustment	332,968	276,306
Remeasurements of defined benefit plans	58,390	(9,881)
Total accumulated other comprehensive income	558,765	372,247
Non-controlling interests	331,901	330,339
Total net assets	11,984,126	12,419,879
Total liabilities and net assets	26,928,708	27,568,043

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

(Thousands of yen)

	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)
Net sales	33,942,822	34,100,257
Cost of sales	28,655,018	28,850,291
Gross profit	5,287,803	5,249,966
Selling, general and administrative expenses	3,642,158	3,716,331
Operating profit	1,645,644	1,533,634
Non-operating income		
Interest income	1,931	2,485
Dividend income	12,225	16,212
Share of profit of entities accounted for using equity method	8,897	8,663
Land and house rent received	30,721	27,986
Insurance income	8,813	6,901
Other	115,144	140,932
Total non-operating income	177,734	203,183
Non-operating expenses		
Interest expenses	66,772	77,105
Foreign exchange losses	45,254	23,206
Other	27,060	27,609
Total non-operating expenses	139,087	127,921
Ordinary profit	1,684,291	1,608,895
Extraordinary income		
Gain on sales of non-current assets	4,653	-
Gain on sales of investment securities	-	2,963
Total extraordinary income	4,653	2,963
Extraordinary losses		
Loss on sales of non-current assets	3,214	105
Loss on retirement of non-current assets	3,624	21,394
Impairment loss	2,183	-
Loss on valuation of investment securities	-	24,874
Factory transfer expenses	37,884	-
Total extraordinary losses	46,907	46,374
Profit before income taxes	1,642,038	1,565,485
Income taxes-current	471,930	438,241
Income taxes-deferred	24,525	31,689
Total income taxes	496,456	469,931
Profit	1,145,582	1,095,553
Profit (loss) attributable to non-controlling interests	(10,969)	9,916
Profit attributable to owners of parent	1,156,552	1,085,637

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)
Profit	1,145,582	1,095,553
Other comprehensive income		
Valuation difference on available-for-sale securities	(81,151)	(63,106)
Deferred gains or losses on hedges	(1,502)	1,029
Foreign currency translation adjustment	(118,055)	(67,419)
Remeasurements of defined benefit plans, net of tax	(18,954)	(68,271)
Share of other comprehensive income of entities accounted for using equity method	(1,122)	492
Total other comprehensive income	(220,787)	(197,275)
Comprehensive income	924,795	898,277
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	958,083	899,119
Comprehensive income attributable to non-controlling interests	(33,288)	(841)

(3) Consolidated Statement of Changes in Equity

FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)

(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	8,171,483	(838)	10,386,521
Changes of items during period					
Dividends of surplus	-	-	(449,481)	-	(449,481)
Profit attributable to owners of parent	-	-	1,156,552	-	1,156,552
Purchase of treasury shares	-	-	-	(132)	(132)
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during period	-	-	707,070	(132)	706,938
Balance at end of current period	1,057,468	1,158,408	8,878,553	(970)	11,093,460

	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	247,405	3,778	428,704	77,345	757,233
Changes of items during period					
Dividends of surplus	-	-	-	-	-
Profit attributable to owners of parent	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-
Net changes of items other than shareholders' equity	(82,274)	(1,502)	(95,736)	(18,954)	(198,468)
Total changes of items during period	(82,274)	(1,502)	(95,736)	(18,954)	(198,468)
Balance at end of current period	165,131	2,275	332,968	58,390	558,765

	Non-controlling interests	Total net assets
Balance at beginning of current period	366,149	11,509,905
Changes of items during period		
Dividends of surplus	-	(449,481)
Profit attributable to owners of parent	-	1,156,552
Purchase of treasury shares	-	(132)
Net changes of items other than shareholders' equity	(34,248)	(232,717)
Total changes of items during period	(34,248)	474,221
Balance at end of current period	331,901	11,984,126

FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)

(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	8,878,553	(970)	11,093,460
Changes of items during period					
Dividends of surplus	-	-	(461,735)	-	(461,735)
Profit attributable to owners of parent	-	-	1,085,637	-	1,085,637
Purchase of treasury shares	-	-	-	(69)	(69)
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during period	-	-	623,901	(69)	623,832
Balance at end of current period	1,057,468	1,158,408	9,502,455	(1,039)	11,717,292

	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	165,131	2,275	332,968	58,390	558,765
Changes of items during period					
Dividends of surplus	-	-	-	-	-
Profit attributable to owners of parent	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-
Net changes of items other than shareholders' equity	(62,613)	1,029	(56,661)	(68,271)	(186,517)
Total changes of items during period	(62,613)	1,029	(56,661)	(68,271)	(186,517)
Balance at end of current period	102,517	3,305	276,306	(9,881)	372,247

	Non-controlling interests	Total net assets
Balance at beginning of current period	331,901	11,984,126
Changes of items during period		
Dividends of surplus	-	(461,735)
Profit attributable to owners of parent	-	1,085,637
Purchase of treasury shares	-	(69)
Net changes of items other than shareholders' equity	(1,561)	(188,079)
Total changes of items during period	(1,561)	435,752
Balance at end of current period	330,339	12,419,879

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY2/19	FY2/20
	(Mar. 1, 2018 – Feb. 28, 2019)	(Mar. 1, 2019 – Feb. 29, 2020)
Cash flows from operating activities		
Profit before income taxes	1,642,038	1,565,485
Depreciation	872,130	1,003,104
Amortization of goodwill	2,386	28,638
Impairment loss	2,183	-
Share of (profit) loss of entities accounted for using equity method	(8,897)	(8,663)
Increase (decrease) in allowance for doubtful accounts	(1,214)	145
Increase (decrease) in provision for bonuses	12,611	13,390
Increase (decrease) in retirement benefit liability	(50,730)	(71,038)
Interest and dividend income	(14,157)	(18,698)
Interest expenses	66,772	77,105
Foreign exchange losses (gains)	47,717	25,001
Loss (gain) on valuation of investment securities	-	24,874
Loss (gain) on sales of investment securities	-	(2,963)
Loss on retirement of non-current assets	3,624	21,394
Loss (gain) on sales of non-current assets	(1,439)	105
Factory transfer expenses	37,884	-
Decrease (increase) in notes and accounts receivable-trade	(168,365)	(908,113)
Decrease (increase) in inventories	(191,628)	(64,050)
Increase (decrease) in notes and accounts payable-trade	262,172	(29,124)
Increase (decrease) in accrued consumption taxes	(30,301)	81,137
Other, net	10,431	(240,909)
Subtotal	2,493,218	1,496,821
Interest and dividend income received	15,982	20,523
Interest expenses paid	(66,654)	(76,946)
Income taxes paid	(375,179)	(543,952)
Payments for factory transfer expenses	(37,884)	-
Net cash provided by (used in) operating activities	2,029,482	896,445
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,117,064)	(982,869)
Proceeds from sales of property, plant and equipment	15,831	293
Payments for retirement of property, plant and equipment	(708)	(7,759)
Purchase of intangible assets	(70,928)	(39,080)
Purchase of investment securities	(16,055)	(136,528)
Proceeds from sales of investment securities	-	4,481
Payments for acquisition of businesses	(145,000)	-
Payments of loans receivable	(3,000)	-
Collection of loans receivable	2,566	2,634
Payments for guarantee deposits	(756)	(4,052)
Proceeds from collection of guarantee deposits	575	365
Other, net	(13,791)	(3,822)
Net cash provided by (used in) investing activities	(2,348,332)	(1,166,339)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	279,543	52,514
Proceeds from long-term loans payable	830,000	700,000
Repayments of long-term loans payable	(861,931)	(835,641)
Repayments of lease obligations	(10,722)	(40,558)
Proceeds from sale and leaseback transactions	-	404,786
Purchase of treasury shares	(132)	(69)
Cash dividends paid	(449,462)	(461,707)
Dividends paid to non-controlling interests	(960)	(720)
Net cash provided by (used in) financing activities	(213,664)	(181,395)
Effect of exchange rate change on cash and cash equivalents	(37,169)	(21,545)
Net increase (decrease) in cash and cash equivalents	(569,684)	(472,834)
Cash and cash equivalents at beginning of period	3,585,164	3,015,479
Cash and cash equivalents at end of period	3,015,479	2,542,645

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

Not applicable.

Reclassifications

Changes in Conjunction with the Application of the “Partial Amendments to Accounting Standard for Tax Effect Accounting”

Effective from the beginning of the current fiscal year, Nakamoto Packs has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018). Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the consolidated balance sheet, respectively.

As a result, in the consolidated balance sheet as of February 28, 2019, “deferred tax assets” under “current assets” of 133,327 thousand yen and “deferred tax liabilities” under “current liabilities” of 691 thousand yen are included in “deferred tax assets” under “investments and other assets” of 178,472 thousand yen. “Deferred tax assets” under “investments and other assets” of 75 thousand yen and “deferred tax liabilities” under “current liabilities” of 20,654 thousand yen are included in “deferred tax liabilities” under “non-current liabilities” of 20,653 thousand yen.

Segment Information

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

Per Share Information

(Yen)

	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)
Net assets per share	1,425.81	1,479.33
Earnings per share	141.52	132.84

Notes: 1. Diluted earnings per share is not presented since there is no dilutive share.

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

(Thousands of yen)

	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)
Earnings per share		
Profit attributable to owners of the parent	1,156,552	1,085,637
Amounts not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	1,156,552	1,085,637
Average number of shares during the period (Shares)	8,172,376	8,172,298

Subsequent Events

Not applicable.

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.