



April 8, 2021

Consolidated Financial Results for the Fiscal Year Ended February 28, 2021 (FY2/21)

[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 25, 2021

Scheduled date of filing of Annual Securities Report: May 26, 2021

Scheduled date of payment of dividend: May 26, 2021

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 FY2/21 (March 1, 2020 – February 28, 2021)

(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	%
FY2/21	36,033	5.7	1,715	11.9	1,750	8.8	1,315	21.2
FY2/20	34,100	0.5	1,533	(6.8)	1,608	(4.5)	1,085	(6.1)

Note: Comprehensive income

FY2/21: 1,438 million yen (up 60.1%)

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

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
FY2/21	160.99	-	10.5	5.9	4.8
FY2/20	132.84	-	9.1	5.9	4.5

Reference: Equity in earnings of affiliates FY2/21: 2 million yen

FY2/20: 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. 28, 2021	31,784	14,222	40.9	1,590.02
As of Feb. 29, 2020	27,568	12,419	43.9	1,479.33

Reference: Equity capital

As of Feb. 28, 2021: 12,994 million yen

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

(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
FY2/21	2,436	(1,728)	477	3,707
FY2/20	896	(1,166)	(181)	2,542

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	%	%
FY2/20	-	28.00	-	28.00	56.00	457	42.2	3.9
FY2/21	-	28.00	-	29.00	57.00	465	35.4	3.7
FY2/22 (forecast)	-	29.00	-	29.00	58.00		41.8	

3. Consolidated Forecast for FY2/22 (March 1, 2021 – February 28, 2022)

(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	18,600	8.4	855	9.0	877	8.6	576	(15.6)	70.56
Full year	38,000	5.5	1,857	8.2	1,900	8.6	1,133	(13.8)	138.70

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: 1 (NAKAMOTO PACKS VIETNAM COMPANY LIMITED) Excluded: -

Note: Please refer to page 13 “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Significant Subsidiaries during the Period” for details.

(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, 2021: 8,173,320 shares As of Feb. 29, 2020: 8,173,320 shares
 2) Number of treasury shares at the end of the period
 As of Feb. 28, 2021: 1,067 shares As of Feb. 29, 2020: 1,028 shares
 3) Average number of shares during the period
 FY2/21: 8,172,276 shares FY2/20: 8,172,298 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for FY2/21 (March 1, 2020 – February 28, 2021)

(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	%
FY2/21	28,439	0.3	995	(9.5)	1,226	(10.0)	835	(9.0)
FY2/20	28,344	0.5	1,099	(15.8)	1,362	(11.7)	918	(16.8)

	Earnings per share	Diluted earnings per share
	Yen	Yen
FY2/21	102.24	-
FY2/20	112.40	-

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. 28, 2021	27,511	12,174	44.3	1,489.73
As of Feb. 29, 2020	23,642	11,758	49.7	1,438.86

Reference: Shareholders' equity As of Feb. 28, 2021: 12,174 million yen As of Feb. 29, 2020: 11,758 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 on Thursday, April 15, 2021. Materials to be distributed at this event will be available on the Nakamoto Packs website immediately thereafter.

Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	3
(3) Cash Flows	4
(4) Outlook	4
2. Basic Approach to the Selection of Accounting Standards	5
3. Consolidated Financial Statements and Notes	6
(1) Consolidated Balance Sheet	6
(2) Consolidated Statements of Income and Comprehensive Income	8
Consolidated Statement of Income	8
Consolidated Statement of Comprehensive Income	9
(3) Consolidated Statement of Changes in Equity	10
(4) Consolidated Statement of Cash Flows	12
(5) Notes to Consolidated Financial Statements	13
Going Concern Assumption	13
Changes in Significant Subsidiaries during the Period	13
Additional Information	13
Segment Information	13
Per Share Information	13
Subsequent Events	13

1. Overview of Results of Operations

(1) Results of Operations

During the fiscal year ended on February 28, 2021, the operating environment was challenging due to the effects of the COVID-19 outbreak. Economic activity in Japan resumed after the end of the state of emergency that started in April 2020 and there were signs of a recovery of consumer spending. However, the number of COVID-19 cases started to increase nationwide in November and a second state of emergency was declared. It is still impossible to predict when this crisis will end. As a result, the operating environment is expected to remain extremely difficult for the time being.

During the fiscal year, one priority was sales of products developed by the Group with the aim of lowering the environmental burden of these products. These activities are guided by the themes of “using modified ecological technologies to alter the world of packaging, increasing sales of N brand products, retaining a commitment to environmental responsibility and maximizing customer satisfaction by going back to the basics.” In addition, group companies are taking many actions for maintaining a stable supply of products, manufacturing products more efficiently and improving the quality of products.

Due to these activities, sales increased 5.7% to 36,033 million yen. Operating profit increased 11.9% to 1,715 million yen, ordinary profit increased 8.8% to 1,750 million yen and profit attributable to owners of parent increased 21.2% to 1,315 million yen.

Results of operations for product categories were as follows.

Food Packaging and Containers

Sales of food packaging and containers for convenience stores and department stores and of commercial-use packaging for restaurants decreased because of lower number of visitors as people stayed home and more people worked at home. On the other hand, sales of packaging and containers for frozen food, dairy products, tofu and other items sold at supermarkets were strong throughout the year because of the increasing demand for prepared food items and products used for preparing meals at home. Sales were also strong for materials for making containers and trays used for many types of take-out food products. As a result, sales increased 3.8% to 23,775 million yen. Although improvement in production efficiency at our affiliated companies contributed, the gross profit was down 1.6% to 2,542 million yen due to a decrease in sales of materials for making food containers and trays used for outing occasions and at other events, which is a product category with relatively high prices.

IT and Industrial Materials

Sales of film for electronic component production processes increased because of strong demand involving 5G devices and semiconductors. New orders involving smartphone applications also contributed to sales of this film. Sales of automobile interior materials decreased, but sales rebounded somewhat in the fiscal year’s second half as automobile production began to recover, primarily in China. A number of projects made progress toward mass production despite the continuing negative effect of the decline in production of prototypes with customers present due to restrictions on factory visits due to COVID-19. In addition, production efficiency increased mainly for products for which orders are received repeatedly and NS separator, a product developed by Nakamoto Packs. The performance of this category also benefited from the first full fiscal year of profitability of the Saitama Plant III, which started mass production in September 2019. The result was a 13.2% increase in sales to 4,894 million yen and the gross profit was up 27.2% to 1,350 million yen.

Consumer Product Packaging and Materials

Due to the impact of the COVID-19 outbreak, sales declined from April through May because of the adoption of measures such as temporary closures and reduced opening hours in shopping malls and other retail facilities, but the introduction of new environmental items such as kitchen products featuring heat shielding and thermal insulation resulted in an increase in new customers. Sales increased 1.1% to 3,288 million yen and gross profit increased 8.6% to 1,079 million yen.

Pharmaceuticals and Health Care

In transdermal patches category, orders remained firm for generic patches but profit margin declined due to the impact of lower selling prices and intensifying competition. Orders from hospitals for transfusion-related packaging materials increased. There was also an increase in orders involving protective apparel, face shields and other items used to prevent COVID-19 infections. However, the profit margin of this category decreased because of testing expenses for starting production of new products and other reasons. Sales increased 14.0% to 1,568 million yen and the gross profit decreased 0.5% to 269 million yen.

Printing Sheets for Building Materials

Sales of printed sheets used for furniture were slow but there were firm sales of functional building materials made using a new coating machine purchased in 2019 and the production efficiency of this machine is higher than when the machine was first used. Sales increased 10.6% to 1,668 million yen and gross profit increased 33.1% to 241 million yen.

Others

There was a reactionary decline in machinery sales from the previous year. On the other hand, sales of heavy packaging materials increased due to closer partnership with Mikunishiko Co., Ltd., which became a consolidated subsidiary. As a result, sales increased 15.4% to 837 million yen and the gross profit increased 33.7% to 212 million yen.

(2) Financial Position

Assets

Total assets increased 4,216 million yen from the end of the previous fiscal year to 31,784 million yen at the end of the current fiscal year.

Current assets increased 2,434 million yen to 16,823 million yen. This was mainly due to increases of 504 million yen in notes and accounts receivable-trade, 335 million yen in electronically recorded monetary claims-operating and 485 million yen in inventories chiefly as a result of the consolidation of a former equity-method affiliate Mikunishiko Co., Ltd., and a 1,164 million yen increase in cash and deposits due to an increase in short-term borrowings and other items.

Non-current assets increased 1,782 million yen to 14,961 million yen. This was mainly due to increases of 1,585 million yen in property, plant and equipment resulting from the purchase of equipment for increasing output capacity and the consolidation of a former equity-method affiliate Mikunishiko Co., Ltd. and 169 million yen in investments and other assets.

Liabilities

Total liabilities increased 2,414 million yen to 17,562 million yen.

Current liabilities increased 2,828 million yen to 14,975 million yen. This was mainly due to a 785 million yen increase in notes and accounts payable-trade chiefly as a result of the consolidation of a former equity-method affiliate Mikunishiko Co., Ltd., and increases of 1,114 million yen in short-term borrowings, 261 million yen in current portion of long-term borrowings and 618 million yen in other current liabilities.

Non-current liabilities decreased 414 million yen to 2,586 million yen. This was mainly due to a 381 million yen decrease in long-term borrowings.

Net assets

Net assets increased 1,802 million yen to 14,222 million yen. This was mainly due to an increase of 897 million yen in non-controlling interests chiefly as a result of the consolidation of a former equity-method affiliate Mikunishiko Co., Ltd., and an 857 million yen increase in retained earnings 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 current fiscal year were 3,707 million yen, up 1,164 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 2,436 million yen (compared with net cash provided of 896 million yen in the previous fiscal year). Positive factors include profit before income taxes of 1,832 million yen, depreciation of 1,053 million yen, loss on step acquisitions of 99 million yen and an increase in trade payables of 302 million yen, which offset negative factors including gain on bargain purchase of 227 million yen, an increase in trade receivables of 194 million yen, an increase in inventories of 258 million yen and income taxes paid of 385 million yen.

Cash flows from investing activities

Net cash used in investing activities was 1,728 million yen (compared with net cash used of 1,166 million yen in the previous fiscal year). Although there were positive factors including proceeds of 72 million yen from purchase of shares of subsidiaries resulting in change in scope of consolidation, there were negative factors including payments of 1,541 million yen for the purchase of property, plant and equipment (production processing equipment, etc.).

Cash flows from financing activities

Net cash provided by financing activities was 477 million yen (compared with net cash used of 181 million yen in the previous fiscal year). Positive factors include a net increase in short-term borrowings of 1,123 million yen and proceeds from long-term borrowings of 729 million yen, which offset negative factors including repayments of long-term borrowings of 849 million yen and dividends paid of 457 million yen.

(4) Outlook

The COVID-19 pandemic is continuing to impact economic activity in Japan. Vaccinations have started but it is still impossible to predict when this crisis will end. Consequently, a full-scale economic recovery is unlikely to begin in the near future.

For the fiscal year ending on February 28, 2022, we forecast a 5.5% increase in net sales to 38,000 million yen, an 8.2% increase in operating profit to 1,857 million yen, an 8.6% increase in ordinary profit to 1,900 million yen and a 13.8% decrease in profit attributable to owners of parent to 1,133 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.

In the Food Packaging and Containers category, demand is expected to remain firm for take-out food containers and other packaging and containers suitable for many uses. The main reason is the increasing demand for prepared food items. However, demand in this category is adversely affected by the cancelation and downsizing of various events and the reluctance of people to go to restaurants and on excursions as the COVID-19 crisis continues. We assume that the effects of the pandemic will continue until about the end of 2021, although the length of the impact will depend on how fast people can be vaccinated. Consequently, actual results of operations in this category may change depending on when the COVID-19 crisis ends.

In the IT and Industrial Materials category, we expect a continuation of strong sales, primarily for film for electronic component production processes because of increasing demand for electronic components backed by the start of 5G technology and the increasing use of the IoT and artificial intelligence. However, if there is another wave of COVID-19 infections, the performance of this category may be impacted by a sharp decline in demand and supply chain disruptions.

We are forecasting increases in sales, operating profit and ordinary profit in the fiscal year ending on February 28, 2022. However, we forecast a decrease in profit attributable to owners of parent primarily because earnings in the past fiscal year included a one-time gain on bargain purchase that resulted from the acquisition of Mikunishiko

Co., Ltd. in July 2020.

The Nakamoto Packs Group maintain the goal of “increasing sales of N brand products, retaining a commitment to environmental responsibility and maximizing customer satisfaction by going back to the basics” for the fiscal year ending on February 28, 2022. 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)	
	FY2/20	FY2/21
	(As of Feb. 29, 2020)	(As of Feb. 28, 2021)
Assets		
Current assets		
Cash and deposits	2,558,645	3,723,389
Notes and accounts receivable-trade	7,459,399	7,963,960
Electronically recorded monetary claims-operating	1,357,278	1,692,349
Merchandise and finished goods	1,756,580	1,998,233
Work in process	357,538	367,224
Raw materials and supplies	605,369	839,592
Other	298,883	244,440
Allowance for doubtful accounts	(4,539)	(5,557)
Total current assets	14,389,156	16,823,633
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,485,812	5,932,018
Machinery, equipment and vehicles, net	2,019,335	2,963,111
Land	2,928,210	3,140,388
Leased assets, net	439,362	387,658
Construction in progress	302,030	308,841
Other, net	219,310	247,261
Total property, plant and equipment	11,394,061	12,979,278
Intangible assets		
Other	339,088	366,847
Total intangible assets	339,088	366,847
Investments and other assets		
Investment securities	883,106	762,295
Long-term loans receivable	11,195	9,013
Deferred tax assets	208,370	234,949
Other	370,209	635,962
Allowance for doubtful accounts	(27,145)	(27,145)
Total investments and other assets	1,445,736	1,615,075
Total non-current assets	13,178,886	14,961,201
Total assets	27,568,043	31,784,835

	(Thousands of yen)	
	FY2/20	FY2/21
	(As of Feb. 29, 2020)	(As of Feb. 28, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,871,952	3,657,837
Electronically recorded obligations-operating	3,625,117	3,622,878
Short-term borrowings	3,711,360	4,826,012
Current portion of long-term borrowings	777,462	1,038,827
Lease obligations	66,146	65,437
Income taxes payable	207,975	250,750
Provision for bonuses	214,602	222,966
Other	672,298	1,291,191
Total current liabilities	12,146,915	14,975,902
Non-current liabilities		
Long-term borrowings	2,200,319	1,818,362
Lease obligations	397,634	341,565
Deferred tax liabilities	27,096	31,772
Retirement benefit liability	176,610	230,172
Other	199,587	164,943
Total non-current liabilities	3,001,248	2,586,816
Total liabilities	15,148,163	17,562,718
Net assets		
Shareholders' equity		
Share capital	1,057,468	1,057,468
Capital surplus	1,158,408	1,158,408
Retained earnings	9,502,455	10,360,425
Treasury shares	(1,039)	(1,101)
Total shareholders' equity	11,717,292	12,575,200
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	102,517	139,478
Deferred gains or losses on hedges	3,305	(2,382)
Foreign currency translation adjustment	276,306	275,793
Remeasurements of defined benefit plans	(9,881)	5,924
Total accumulated other comprehensive income	372,247	418,812
Non-controlling interests	330,339	1,228,103
Total net assets	12,419,879	14,222,116
Total liabilities and net assets	27,568,043	31,784,835

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

(Thousands of yen)

	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)	FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)
Net sales	34,100,257	36,033,596
Cost of sales	28,850,291	30,337,612
Gross profit	5,249,966	5,695,983
Selling, general and administrative expenses	3,716,331	3,980,002
Operating profit	1,533,634	1,715,981
Non-operating income		
Interest income	2,485	3,416
Dividend income	16,212	15,860
Share of profit of entities accounted for using equity method	8,663	2,373
Rental income from land and buildings	27,986	29,363
Insurance claim income	6,901	10,603
Other	140,932	116,538
Total non-operating income	203,183	178,154
Non-operating expenses		
Interest expenses	77,105	70,591
Foreign exchange losses	23,206	36,434
Other	27,609	36,771
Total non-operating expenses	127,921	143,797
Ordinary profit	1,608,895	1,750,338
Extraordinary income		
Gain on sales of non-current assets	-	449
Gain on sales of investment securities	2,963	4,921
Gain on bargain purchase	-	227,983
Total extraordinary income	2,963	233,355
Extraordinary losses		
Loss on sales of non-current assets	105	104
Loss on retirement of non-current assets	21,394	52,042
Loss on valuation of investment securities	24,874	-
Loss on step acquisitions	-	99,206
Total extraordinary losses	46,374	151,353
Profit before income taxes	1,565,485	1,832,340
Income taxes-current	438,241	428,423
Income taxes-deferred	31,689	15,559
Total income taxes	469,931	443,982
Profit	1,095,553	1,388,357
Profit attributable to non-controlling interests	9,916	72,739
Profit attributable to owners of parent	1,085,637	1,315,618

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)	FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)
Profit	1,095,553	1,388,357
Other comprehensive income		
Valuation difference on available-for-sale securities	(63,106)	40,904
Deferred gains or losses on hedges	1,029	(7,976)
Foreign currency translation adjustment	(67,419)	3,597
Remeasurements of defined benefit plans, net of tax	(68,271)	15,805
Share of other comprehensive income of entities accounted for using equity method	492	(2,377)
Total other comprehensive income	(197,275)	49,952
Comprehensive income	898,277	1,438,310
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	899,119	1,362,183
Comprehensive income attributable to non-controlling interests	(841)	76,126

(3) Consolidated Statement of Changes in Equity

FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,057,468	1,158,408	8,878,553	(970)	11,093,460
Changes 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 in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	-	623,901	(69)	623,832
Balance at end of 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 period	165,131	2,275	332,968	58,390	558,765
Changes during period					
Dividends of surplus	-	-	-	-	-
Profit attributable to owners of parent	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-
Net changes in items other than shareholders' equity	(62,613)	1,029	(56,661)	(68,271)	(186,517)
Total changes during period	(62,613)	1,029	(56,661)	(68,271)	(186,517)
Balance at end of period	102,517	3,305	276,306	(9,881)	372,247

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

FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,057,468	1,158,408	9,502,455	(1,039)	11,717,292
Changes during period					
Dividends of surplus	-	-	(457,648)	-	(457,648)
Profit attributable to owners of parent	-	-	1,315,618	-	1,315,618
Purchase of treasury shares	-	-	-	(61)	(61)
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	-	857,969	(61)	857,907
Balance at end of period	1,057,468	1,158,408	10,360,425	(1,101)	12,575,200

	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 period	102,517	3,305	276,306	(9,881)	372,247
Changes during period					
Dividends of surplus	-	-	-	-	-
Profit attributable to owners of parent	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-
Net changes in items other than shareholders' equity	36,960	(5,687)	(513)	15,805	46,565
Total changes during period	36,960	(5,687)	(513)	15,805	46,565
Balance at end of period	139,478	(2,382)	275,793	5,924	418,812

	Non-controlling interests	Total net assets
Balance at beginning of period	330,339	12,419,879
Changes during period		
Dividends of surplus	-	(457,648)
Profit attributable to owners of parent	-	1,315,618
Purchase of treasury shares	-	(61)
Net changes in items other than shareholders' equity	897,763	944,329
Total changes during period	897,763	1,802,237
Balance at end of period	1,228,103	14,222,116

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)	FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)
Cash flows from operating activities		
Profit before income taxes	1,565,485	1,832,340
Depreciation	1,003,104	1,053,138
Amortization of goodwill	28,638	28,638
Gain on bargain purchase	-	(227,983)
Loss (gain) on step acquisitions	-	99,206
Share of loss (profit) of entities accounted for using equity method	(8,663)	(2,373)
Increase (decrease) in allowance for doubtful accounts	145	(3,606)
Increase (decrease) in provision for bonuses	13,390	(30,058)
Increase (decrease) in retirement benefit liability	(71,038)	(45,543)
Interest and dividend income	(18,698)	(19,276)
Interest expenses	77,105	70,591
Foreign exchange losses (gains)	25,001	91
Loss (gain) on valuation of investment securities	24,874	-
Loss (gain) on sales of investment securities	(2,963)	(4,921)
Loss on retirement of non-current assets	21,394	52,042
Loss (gain) on sales of non-current assets	105	(345)
Decrease (increase) in trade receivables	(908,113)	(194,614)
Decrease (increase) in inventories	(64,050)	(258,796)
Increase (decrease) in trade payables	(29,124)	302,513
Increase (decrease) in accrued consumption taxes	81,137	(83,762)
Other, net	(240,909)	302,843
Subtotal	1,496,821	2,870,124
Interest and dividends received	20,523	21,831
Interest paid	(76,946)	(70,330)
Income taxes paid	(543,952)	(385,576)
Net cash provided by (used in) operating activities	896,445	2,436,048
Cash flows from investing activities		
Purchase of property, plant and equipment	(982,869)	(1,541,162)
Proceeds from sales of property, plant and equipment	293	801
Payments for retirement of property, plant and equipment	(7,759)	(5,291)
Purchase of intangible assets	(39,080)	(67,576)
Purchase of investment securities	(136,528)	(17,844)
Proceeds from sales of investment securities	4,481	5,770
Collection of loans receivable	2,634	2,181
Payments for guarantee deposits	(4,052)	(4,708)
Proceeds from refund of guarantee deposits	365	832
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	72,605
Other, net	(3,822)	(173,787)
Net cash provided by (used in) investing activities	(1,166,339)	(1,728,178)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	52,514	1,123,955
Proceeds from long-term borrowings	700,000	729,000
Repayments of long-term borrowings	(835,641)	(849,592)
Repayments of lease obligations	(40,558)	(67,520)
Proceeds from sale and leaseback transactions	404,786	-
Purchase of treasury shares	(69)	(61)
Dividends paid	(461,707)	(457,440)
Dividends paid to non-controlling interests	(720)	(720)
Net cash provided by (used in) financing activities	(181,395)	477,620
Effect of exchange rate change on cash and cash equivalents	(21,545)	(20,746)
Net increase (decrease) in cash and cash equivalents	(472,834)	1,164,744
Cash and cash equivalents at beginning of period	3,015,479	2,542,645
Cash and cash equivalents at end of period	2,542,645	3,707,389

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

Not applicable.

Changes in Significant Subsidiaries during the Period**(1) Important changes in the scope of consolidation**

Nakamoto Packs Vietnam Company Limited, which was established in the first quarter of the current fiscal year, was included in the scope of consolidation in the second quarter due to the completion of investments in this company.

In the second quarter of the current fiscal year, Mikunishiko Co., Ltd., formerly an equity-method affiliate, was included in the scope of consolidation because Nakamoto Packs acquired additional Mikunishiko stock. This transaction did not involve a change in a specified subsidiary.

(2) Important changes in the scope of application of the equity method

In the second quarter of the current fiscal year, Mikunishiko Co., Ltd. was excluded from the scope of application of the equity method as it became a consolidated subsidiary because of the acquisition of additional stock by Nakamoto Packs.

Additional Information

There is considerable uncertainty about the outlook concerning the severity of the COVID-19 pandemic and when this crisis will end.

Initially, the effects of this crisis were expected to affect the performance of the Nakamoto Packs Group until about the end of the summer of 2020. However, predicting the end of this crisis is still impossible. Consequently, accounting estimates for the impairment of non-current assets, recoverability of deferred tax assets and other items are now based on the revised assumption that this crisis will continue to affect the Group's performance until about the end of 2021.

Segment Information

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

Per Share Information

(Yen)

	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)	FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)
Net assets per share	1,479.33	1,590.02
Earnings per share	132.84	160.99

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)

	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)	FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)
Earnings per share		
Profit attributable to owners of the parent	1,085,637	1,315,618
Amounts not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	1,085,637	1,315,618
Average number of common shares during the period (Shares)	8,172,298	8,172,276

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.