



July 8, 2021

**Consolidated Financial Results**  
**for the First Quarter of the Fiscal Year Ending February 28, 2022 (FY2/22)**  
**(Three Months Ended May 31, 2021)**

[Japanese GAAP]

Company name: NAKAMOTO PACKS CO.,LTD.

Listing: TSE 1st Section

Securities code: 7811

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

Representative: Jun Kawata, President

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Scheduled date of filing of Quarterly Report:

July 8, 2021

Scheduled date of payment of dividend:

-

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the First Quarter of FY2/22 (March 1, 2021 – May 31, 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	%
Three months ended May 31, 2021	9,973	18.6	705	97.6	823	126.8	548	137.0
Three months ended May 31, 2020	8,407	(2.4)	357	(16.2)	362	(22.9)	231	(28.9)

Note: Comprehensive income

Three months ended May 31, 2021: 768 million yen (up 278.1%)

Three months ended May 31, 2020: 203 million yen (down 34.2%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2021	67.06	-
Three months ended May 31, 2020	28.29	-

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 May 31, 2021	32,399	14,750	41.5	1,647.02
As of Feb. 28, 2021	31,784	14,222	40.9	1,590.02

Reference: Equity capital

As of May 31, 2021: 13,459 million yen

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

**2. Dividends**

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2/21	-	28.00	-	29.00	57.00
FY2/22	-	-	-	-	-
FY2/22 (forecast)	-	29.00	-	29.00	58.00

Note: Revision to the most recently announced dividend forecast: None

**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

Note: Revision to the most recently announced consolidated forecast: None

**\* 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) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to page 8 “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” for details.

(3) 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 |

(4) Number of issued shares (common stock)

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

As of May 31, 2021:	8,173,320 shares	As of Feb. 28, 2021:	8,173,320 shares
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2) Number of treasury shares at the end of the period

As of May 31, 2021:	1,067 shares	As of Feb. 28, 2021:	1,067 shares
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3) Average number of shares during the period

1Q FY2/22:	8,172,253 shares	1Q FY2/21:	8,172,292 shares
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\* The current financial report is not subject to quarterly review 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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3 for forecast assumptions and notes of caution for usage.

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## **1. Qualitative Information on Quarterly Consolidated Financial Performance**

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

During the first three months of the current fiscal year, the operating environment was challenging due to the COVID-19 pandemic. Another state of emergency was declared in March and there are still no signs of the end of this crisis. As a result, the operating environment is expected to remain extremely difficult for the time being.

During the first three months, one priority was sales of products developed by the Nakamoto Packs 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, lowering expenses, manufacturing products more efficiently and improving the quality of products. There are also M&A activities to meet the growing demand for paper products and speed up the growth of the sales and earnings. One example was the July 2020 investment that made Mikunishiko Co., Ltd., which produces and sells laminated and coated paper products, a consolidated subsidiary.

Due to these activities, sales increased 18.6% to 9,973 million yen. Operating profit increased 97.6% to 705 million yen, ordinary profit increased 126.8% to 823 million yen and profit attributable to owners of parent increased 137.0% to 548 million yen.

Results of operations for product categories were as follows.

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

Sales of food packaging and containers for convenience stores were unchanged from one year earlier. Sales increased in many other categories, including packaging for frozen food, dairy products and other food products sold at supermarkets, the result of growing demand for prepared food items and products used for preparing meals at home; materials used in take-out and delivery food containers and trays, which are used in many applications; and food packages for agricultural products. Sales also benefited from the receipt of orders that customers placed early due to the outlook for higher prices of food packages and containers because the increasing cost of crude oil is raising the cost of raw materials. As a result, sales increased 13.1% to 6,506 million yen. The gross profit increased 29.7% to 819 million yen because of an improvement in production efficiency and higher profit margins at group companies in Japan and other countries. Sales of materials for containers and trays used at entertainment and other events, a category with relatively high prices, were sluggish.

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

The global semiconductor shortage had a negative effect on some sectors of this business. Sales of film for electronic component production processes and packaging materials for these components increased because of the growing 5G market and the increasing use of electronic and electrical components in automobiles. Sales of separation film were higher, mainly for NS separator, a product developed by Nakamoto Packs. In addition, there is an increasing number of prototypes targeting market sectors with good growth prospects, such as next-generation displays, next-generation batteries and flexible printed circuits (FPC). The result was a 30.6% increase in sales to 1,359 million yen and the gross profit was up 41.1% to 404 million yen.

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

Sales of vacuum storage bags increased because of the addition of a new customer and higher sales on TV shopping channels. There were also strong sales of new kitchen products, such as a cutting board sheet and kitchen mat. As a result, sales increased 40.6% to 998 million yen. The gross profit was up 77.0% to 336 million yen because of an improvement in the operations of local subsidiaries in China as the Chinese economy recovered from the pandemic, and higher earnings at group companies in Japan and other countries.

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

Sales of packaging materials for transfusions to hospitals increased and the volume of sales in the transdermal patch category was stable. There was a temporary decline in sales of major separation film products caused by a

reexamination of the lineup of these products. The result was a 7.4% decrease in sales to 333 million yen. The gross profit increased 10.4% to 69 million yen because of strong sales of transdermal patches in relatively high price ranges.

### **Printing Sheets for Building Materials**

In the furniture category, there were strong sales of printed sheets used in export furniture sold by e-commerce companies. However, total sales of these sheets were down slightly because of the emerging impact in some sectors of the market for furniture sold in Japan of the rapid increase in the cost of wood. In the residential construction category, sales of functional building materials used in houses and apartment buildings increased. Sales increased 11.2% to 488 million yen and gross profit increased 26.6% to 78 million yen.

### **Others**

Sales of machinery increased and there was an increase in sales of heavy packaging materials at Mikunishiko Co., Ltd., which became a consolidated subsidiary in July 2020. As a result, sales increased 177.4% to 286 million yen and the gross profit increased 181.6% to 79 million yen.

## **(2) Explanation of Financial Position**

### **Assets**

Total assets increased 615 million yen from the end of the previous fiscal year to 32,399 million yen at the end of the first quarter.

Current assets increased 446 million yen to 17,270 million yen. This was mainly due to increases of 371 million yen in cash and deposits and 338 million yen in inventories, while there was a decrease of 232 million yen in notes and accounts receivable-trade.

Non-current assets increased 168 million yen to 15,129 million yen. This was mainly due to an increase of 121 million yen in property, plant and equipment resulting from the purchase of equipment for increasing output capacity.

### **Liabilities**

Total liabilities increased 86 million yen to 17,649 million yen.

Current liabilities decreased 108 million yen to 14,867 million yen. This was mainly due to decreases in electronically recorded obligations-operating of 194 million yen and other of 239 million yen, while there were increases in notes and accounts payable-trade of 100 million yen, short-term borrowings of 110 million yen and provision for bonuses of 144 million yen.

Non-current liabilities increased 194 million yen to 2,781 million yen. This was mainly due to a 229 million yen increase in long-term borrowings.

### **Net assets**

Net assets increased 528 million yen to 14,750 million yen. This was mainly due to a 311 million yen increase in retained earnings due to profit attributable to owners of parent and other items, and an increase of 154 million yen in foreign currency translation adjustment.

## **(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

There are no revisions to the consolidated forecasts for the fiscal year ending February 28, 2022, which were announced on April 8, 2021.

An announcement will be made promptly if a revision to the forecasts is required due to upcoming changes in the operating environment.

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

(Thousands of yen)

	FY2/21 (As of Feb. 28, 2021)	First quarter of FY2/22 (As of May 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,723,389	4,094,737
Notes and accounts receivable-trade	7,963,960	7,731,756
Electronically recorded monetary claims-operating	1,692,349	1,667,251
Merchandise and finished goods	1,998,233	2,212,590
Work in process	367,224	407,101
Raw materials and supplies	839,592	923,977
Other	244,440	238,798
Allowance for doubtful accounts	(5,557)	(5,761)
<b>Total current assets</b>	<b>16,823,633</b>	<b>17,270,452</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	5,932,018	6,290,075
Machinery, equipment and vehicles, net	2,963,111	2,925,840
Land	3,140,388	3,140,388
Other, net	943,761	744,892
<b>Total property, plant and equipment</b>	<b>12,979,278</b>	<b>13,101,196</b>
Intangible assets	366,847	378,441
<b>Investments and other assets</b>		
Other	1,642,221	1,676,910
Allowance for doubtful accounts	(27,145)	(27,145)
<b>Total investments and other assets</b>	<b>1,615,075</b>	<b>1,649,764</b>
<b>Total non-current assets</b>	<b>14,961,201</b>	<b>15,129,402</b>
<b>Total assets</b>	<b>31,784,835</b>	<b>32,399,854</b>

	(Thousands of yen)	
	FY2/21 (As of Feb. 28, 2021)	First quarter of FY2/22 (As of May 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	3,657,837	3,758,761
Electronically recorded obligations-operating	3,622,878	3,428,719
Short-term borrowings	4,826,012	4,936,605
Current portion of long-term borrowings	1,038,827	994,822
Income taxes payable	250,750	264,394
Provision for bonuses	222,966	367,255
Other	1,356,629	1,117,045
Total current liabilities	14,975,902	14,867,603
Non-current liabilities		
Long-term borrowings	1,818,362	2,048,114
Retirement benefit liability	230,172	225,276
Other	538,282	508,367
Total non-current liabilities	2,586,816	2,781,758
Total liabilities	17,562,718	17,649,361
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,057,468	1,057,468
Capital surplus	1,158,408	1,158,408
Retained earnings	10,360,425	10,671,438
Treasury shares	(1,101)	(1,101)
Total shareholders' equity	12,575,200	12,886,213
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	139,478	139,003
Deferred gains or losses on hedges	(2,382)	500
Foreign currency translation adjustment	275,793	429,851
Remeasurements of defined benefit plans	5,924	4,256
Total accumulated other comprehensive income	418,812	573,612
Non-controlling interests	1,228,103	1,290,666
Total net assets	14,222,116	14,750,492
Total liabilities and net assets	31,784,835	32,399,854

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income****(For the Three-month Period)**

	(Thousands of yen)	
	First three months of FY2/21 (Mar. 1, 2020 – May 31, 2020)	First three months of FY2/22 (Mar. 1, 2021 – May 31, 2021)
Net sales	8,407,058	9,973,986
Cost of sales	7,145,705	8,186,731
Gross profit	1,261,353	1,787,254
Selling, general and administrative expenses	904,330	1,081,917
Operating profit	357,022	705,336
Non-operating income		
Interest income	473	1,154
Dividend income	542	580
Share of profit of entities accounted for using equity method	1,797	-
Rental income from land and buildings	6,819	8,245
Dividend income of insurance	11,082	10,807
Foreign exchange gains	-	69,850
Other	23,371	55,596
Total non-operating income	44,086	146,235
Non-operating expenses		
Interest expenses	18,061	13,918
Foreign exchange losses	13,914	-
Other	6,163	14,588
Total non-operating expenses	38,138	28,507
Ordinary profit	362,970	823,064
Extraordinary losses		
Loss on retirement of non-current assets	1,129	30
Total extraordinary losses	1,129	30
Profit before income taxes	361,840	823,034
Income taxes	129,751	234,246
Profit	232,089	588,788
Profit attributable to non-controlling interests	890	40,779
Profit attributable to owners of parent	231,198	548,008

**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Three-month Period)**

(Thousands of yen)

	First three months of FY2/21 (Mar. 1, 2020 – May 31, 2020)	First three months of FY2/22 (Mar. 1, 2021 – May 31, 2021)
Profit	232,089	588,788
Other comprehensive income		
Valuation difference on available-for-sale securities	19,469	201
Deferred gains or losses on hedges	(404)	5,653
Foreign currency translation adjustment	(44,660)	176,019
Remeasurements of defined benefit plans, net of tax	(1,617)	(1,667)
Share of other comprehensive income of entities accounted for using equity method	(1,509)	-
Total other comprehensive income	(28,722)	180,206
Comprehensive income	203,366	768,994
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	209,431	702,807
Comprehensive income attributable to non-controlling interests	(6,064)	66,186

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **Going Concern Assumption**

Not applicable.

#### **Significant Changes in Shareholders' Equity**

Not applicable.

#### **Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements**

The tax expense was calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the fiscal year, and multiplying that rate by the quarterly profit before income taxes.

Income taxes-deferred were included in and displayed with income taxes.

#### **Additional Information**

Impact of the spread of the COVID-19 pandemic on accounting estimates

There is no significant change in the “Impact of the spread of the COVID-19 pandemic on accounting estimates” which was presented in additional information in the Annual Securities Report for the previous fiscal year.

*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.*