



October 8, 2021

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

[Japanese GAAP]

Company name: NAKAMOTO PACKS CO.,LTD.

Listing: TSE 1st Section

Securities code: 7811

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

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Scheduled date of filing of Quarterly Report:

October 8, 2021

Scheduled date of payment of dividend:

November 10, 2021

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly 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 the Second Quarter of FY2/22 (March 1, 2021 – August 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	%
Six months ended Aug. 31, 2021	20,234	17.9	1,380	76.0	1,534	90.0	858	25.6
Six months ended Aug. 31, 2020	17,161	(0.2)	784	3.1	807	1.6	683	23.2

Note: Comprehensive income

Six months ended Aug. 31, 2021: 1,154 million yen (up 74.8%)

Six months ended Aug. 31, 2020: 660 million yen (up 52.6%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Aug. 31, 2021	105.00	-
Six months ended Aug. 31, 2020	83.63	-

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 Aug. 31, 2021	32,651	15,135	42.3	1,691.25
As of Feb. 28, 2021	31,784	14,222	40.9	1,590.02

Reference: Equity capital

As of Aug. 31, 2021: 13,821 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	-	29.00	-	-	-
FY2/22 (forecast)	-	-	-	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
Full year	39,500	9.6	2,330	35.8	2,500	42.8	1,470	11.7	179.88

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 10 “2. Quarterly Consolidated Financial Statements and Notes, (4) 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 Aug. 31, 2021:  | 8,173,320 shares | As of Feb. 28, 2021: | 8,173,320 shares |
| 2) Number of treasury shares at the end of the period                           |                  |                      |                  |
| As of Aug. 31, 2021:  | 1,067 shares     | As of Feb. 28, 2021: | 1,067 shares     |
| 3) Average number of shares during the period                                   |                  |                      |                  |
| 2Q FY2/22:  | 8,172,253 shares | 2Q FY2/21:           | 8,172,292 shares |

\* 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 4 for forecast assumptions and notes of caution for usage.

How to view supplementary information at the quarterly financial results meeting

Nakamoto Packs plans to hold an information meeting for institutional investors and analysts on Tuesday, October 12, 2021. Materials to be distributed at this event will be available on the Nakamoto Packs website immediately thereafter.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

During the first half of the current fiscal year, the operating environment was challenging due to the COVID-19 pandemic. Another state of emergency was declared in July 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 half, 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. The July 2020 acquisition of Mikunishiko Co., Ltd., which has expertise in paper processing, increased our ability to meet the growing demand for paper products associated with rising public awareness of the need to protect the environment.

Due to these activities, sales increased 17.9% to 20,234 million yen. Operating profit increased 76.0% to 1,380 million yen, ordinary profit increased 90.0% to 1,534 million yen and profit attributable to owners of parent increased 25.6% to 858 million yen. There was a 150 million yen extraordinary loss due to the decision to dissolve Langfang Zhongben Package Co., Ltd.

Results of operations for product categories were as follows.

#### Food Packaging and Containers

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. In the convenience store sector, sales of molded containers increased and there was a recovery in sales of some packaging and containers used for food products sold at department stores. As a result, sales in this category increased 9.6% to 12,864 million yen. The gross profit increased 24.4% to 1,554 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. There were increases in contract processing operations for electronic components and sales of film for electronic component production processes and packaging materials for these components. This growth is attributable to the expanding 5G market and the increasing use of electronic and electrical components in automobiles. Sales of separation film, chiefly NS separator, a product developed by Nakamoto Packs, were strong in Japan and China. 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 33.7% increase in sales to 2,789 million yen and the gross profit was up 39.2% to 830 million yen.

#### Consumer Product Packaging and Materials

There was a big increase in sales of kitchen and hygiene products with significant contributions to growth from new products including a cutting board sheet and kitchen mat. These new products reduce the time and process needed to prepare meals at home, a growing market as people have more meals at home because of the pandemic. Sales of vacuum storage bags increased because of a new customer and strong sales on TV shopping channels. In the home improvement, furniture and eco product category, sales of seasonal products were strong, including “Madopita Sheet,” a thermal insulation sheet placed on windows, and a newly introduced light filtering window film. As a result, sales increased 55.0% to 2,362 million yen and the gross profit was up 52.2% to 755 million yen.

**Printing Sheets for Building Materials**

Sales in the furniture category increased as higher sales of printed sheets used in exported furniture offset a downturn in orders for some items caused by a shortage of processed materials used to make furniture. In the residential construction category, sales of functional building materials used in houses and apartment buildings increased. Sales increased 21.7% to 966 million yen and gross profit increased 32.7% to 156 million yen.

**Pharmaceuticals and Health Care**

Sales to hospitals of packaging materials for transfusions were strong but sales of protective apparel for healthcare professionals needed during the pandemic decreased because of the delay in bidding on orders for this apparel as many contracts have not yet been submitted for bids. While product volumes were consistent in the transdermal patch market overall, 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 15.0% decrease in sales to 700 million yen. The gross profit increased 11.4% to 155 million yen because of strong sales of transdermal patches in relatively high price ranges.

**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 175.4% to 551 million yen and the gross profit increased 195.9% to 144 million yen.

**(2) Explanation of Financial Position****1) Assets, liabilities and net assets****Assets**

Total assets increased 866 million yen from the end of the previous fiscal year to 32,651 million yen at the end of the second quarter.

Current assets increased 740 million yen to 17,563 million yen. This was mainly due to increases of 612 million yen in cash and deposits, 202 million yen in electronically recorded monetary claims-operating and 155 million yen in inventories, while there was a decrease of 294 million yen in notes and accounts receivable-trade.

Non-current assets increased 126 million yen to 15,087 million yen. This was mainly due to an increase of 89 million yen in property, plant and equipment resulting from the purchase of equipment for increasing output capacity.

**Liabilities**

Total liabilities decreased 47 million yen to 17,515 million yen.

Current liabilities decreased 74 million yen to 14,901 million yen. This was mainly due to decreases in current portion of long-term loans payable of 356 million yen and other of 252 million yen, while there were increases in notes and accounts payable-trade of 101 million yen, short-term borrowings of 143 million yen and income taxes payable of 243 million yen.

Non-current liabilities increased 27 million yen to 2,614 million yen. This was mainly due to an 84 million yen increase in long-term borrowings.

**Net assets**

Net assets increased 913 million yen to 15,135 million yen. This was mainly due to a 621 million yen increase in retained earnings due to profit attributable to owners of parent and other items, and an increase of 193 million yen in foreign currency translation adjustment.

**2) Cash flows**

Cash and cash equivalents (hereinafter "net cash") at the end of the second quarter were 4,235 million yen, up 528 million yen over the end of the previous fiscal year.

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

#### Cash flows from operating activities

Net cash provided by operating activities was 1,950 million yen (compared with net cash provided of 1,632 million yen in the same period of the previous fiscal year). Positive factors include profit before income taxes of 1,382 million yen, depreciation of 634 million yen, a decrease in trade receivables of 138 million yen and an increase in accrued consumption taxes of 149 million yen, which offset negative factors including an increase in inventories of 105 million yen and income taxes paid of 239 million yen.

#### Cash flows from investing activities

Net cash used in investing activities was 1,064 million yen (compared with net cash used of 778 million yen in the same period of the previous fiscal year). Although there were positive factors including proceeds from refund of guarantee deposits of 5 million yen, there were negative factors including payments of 966 million yen for the purchase of property, plant and equipment (production processing equipment, etc.).

#### Cash flows from financing activities

Net cash used in financing activities was 449 million yen (compared with net cash provided of 766 million yen in the same period of the previous fiscal year). Although there were positive factors including proceeds from long-term borrowings of 419 million yen, there were negative factors including repayments of long-term borrowings of 691 million yen and dividends paid of 236 million yen.

### **(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 September 29, 2021. An announcement will be made promptly if a revision to the forecasts is required due to the effects of COVID-19 and 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)	Second quarter of FY2/22 (As of Aug. 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,723,389	4,335,759
Notes and accounts receivable-trade	7,963,960	7,669,243
Electronically recorded monetary claims-operating	1,692,349	1,894,899
Merchandise and finished goods	1,998,233	2,139,196
Work in process	367,224	372,514
Raw materials and supplies	839,592	848,700
Other	244,440	309,917
Allowance for doubtful accounts	(5,557)	(6,272)
<b>Total current assets</b>	<b>16,823,633</b>	<b>17,563,959</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	5,932,018	6,332,069
Machinery, equipment and vehicles, net	2,963,111	2,809,725
Land	3,140,388	3,140,388
Other, net	943,761	787,079
<b>Total property, plant and equipment</b>	<b>12,979,278</b>	<b>13,069,261</b>
Intangible assets	366,847	368,642
<b>Investments and other assets</b>		
Other	1,642,221	1,676,532
Allowance for doubtful accounts	(27,145)	(27,145)
<b>Total investments and other assets</b>	<b>1,615,075</b>	<b>1,649,387</b>
<b>Total non-current assets</b>	<b>14,961,201</b>	<b>15,087,291</b>
<b>Total assets</b>	<b>31,784,835</b>	<b>32,651,251</b>

	(Thousands of yen)	
	FY2/21 (As of Feb. 28, 2021)	Second quarter of FY2/22 (As of Aug. 31, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	3,657,837	3,758,846
Electronically recorded obligations-operating	3,622,878	3,595,235
Short-term borrowings	4,826,012	4,969,758
Current portion of long-term borrowings	1,038,827	681,837
Income taxes payable	250,750	493,860
Provision for bonuses	222,966	297,884
Other	1,356,629	1,103,700
<b>Total current liabilities</b>	<b>14,975,902</b>	<b>14,901,123</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,818,362	1,902,826
Retirement benefit liability	230,172	221,025
Other	538,282	490,402
<b>Total non-current liabilities</b>	<b>2,586,816</b>	<b>2,614,254</b>
<b>Total liabilities</b>	<b>17,562,718</b>	<b>17,515,378</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,057,468	1,057,468
Capital surplus	1,158,408	1,158,408
Retained earnings	10,360,425	10,981,530
Treasury shares	(1,101)	(1,101)
<b>Total shareholders' equity</b>	<b>12,575,200</b>	<b>13,196,305</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	139,478	151,684
Deferred gains or losses on hedges	(2,382)	1,959
Foreign currency translation adjustment	275,793	468,795
Remeasurements of defined benefit plans	5,924	2,589
<b>Total accumulated other comprehensive income</b>	<b>418,812</b>	<b>625,028</b>
<b>Non-controlling interests</b>	<b>1,228,103</b>	<b>1,314,537</b>
<b>Total net assets</b>	<b>14,222,116</b>	<b>15,135,872</b>
<b>Total liabilities and net assets</b>	<b>31,784,835</b>	<b>32,651,251</b>



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

	(Thousands of yen)	
	First six months of FY2/21 (Mar. 1, 2020 – Aug. 31, 2020)	First six months of FY2/22 (Mar. 1, 2021 – Aug. 31, 2021)
Net sales	17,161,773	20,234,871
Cost of sales	14,513,522	16,638,090
Gross profit	2,648,250	3,596,780
Selling, general and administrative expenses	1,863,570	2,216,037
Operating profit	784,680	1,380,743
Non-operating income		
Interest income	947	2,725
Dividend income	9,491	9,438
Share of profit of entities accounted for using equity method	2,373	-
Rental income from land and buildings	13,539	16,762
Foreign exchange gains	-	80,119
Other	69,227	100,414
Total non-operating income	95,579	209,460
Non-operating expenses		
Interest expenses	36,379	30,190
Foreign exchange losses	22,642	-
Other	13,537	25,709
Total non-operating expenses	72,560	55,900
Ordinary profit	807,699	1,534,302
Extraordinary income		
Gain on sales of non-current assets	149	-
Gain on bargain purchase	227,983	-
Total extraordinary income	228,133	-
Extraordinary losses		
Loss on retirement of non-current assets	6,692	1,644
Impairment loss	-	28,121
Extra retirement payments	-	122,389
Loss on step acquisitions	99,206	-
Total extraordinary losses	105,898	152,155
Profit before income taxes	929,934	1,382,147
Income taxes	223,956	467,329
Profit	705,978	914,817
Profit attributable to non-controlling interests	22,551	56,717
Profit attributable to owners of parent	683,427	858,100

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

(Thousands of yen)

	First six months of FY2/21 (Mar. 1, 2020 – Aug. 31, 2020)	First six months of FY2/22 (Mar. 1, 2021 – Aug. 31, 2021)
Profit	705,978	914,817
Other comprehensive income		
Valuation difference on available-for-sale securities	13,671	12,153
Deferred gains or losses on hedges	(2,922)	8,514
Foreign currency translation adjustment	(50,829)	222,224
Remeasurements of defined benefit plans, net of tax	(3,235)	(3,335)
Share of other comprehensive income of entities accounted for using equity method	(2,377)	-
Total other comprehensive income	(45,694)	239,556
Comprehensive income	660,283	1,154,374
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	646,497	1,064,316
Comprehensive income attributable to non-controlling interests	13,785	90,058

**(3) Quarterly Consolidated Statement of Cash Flows**

	(Thousands of yen)	
	First six months of FY2/21 (Mar. 1, 2020 – Aug. 31, 2020)	First six months of FY2/22 (Mar. 1, 2021 – Aug. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	929,934	1,382,147
Depreciation	479,239	634,521
Amortization of goodwill	14,319	14,319
Impairment loss	-	28,121
Gain on bargain purchase	(227,983)	-
Loss (gain) on step acquisitions	99,206	-
Share of loss (profit) of entities accounted for using equity method	(2,373)	-
Increase (decrease) in allowance for doubtful accounts	(205)	590
Increase (decrease) in provision for bonuses	57,422	73,912
Increase (decrease) in retirement benefit liability	(19,973)	(13,952)
Interest and dividend income	(10,439)	(12,163)
Interest expenses	36,379	30,190
Foreign exchange losses (gains)	16,552	(78,779)
Loss on retirement of non-current assets	6,692	1,644
Loss (gain) on sales of non-current assets	(149)	-
Decrease (increase) in trade receivables	567,792	138,967
Decrease (increase) in inventories	(335,228)	(105,379)
Increase (decrease) in trade payables	339,727	(79,786)
Increase (decrease) in accrued consumption taxes	(10,404)	149,759
Other, net	(114,152)	41,526
Subtotal	1,826,355	2,205,638
Interest and dividends received	12,994	12,163
Interest paid	(36,626)	(28,203)
Income taxes paid	(170,103)	(239,477)
Net cash provided by (used in) operating activities	1,632,620	1,950,121
Cash flows from investing activities		
Purchase of property, plant and equipment	(767,483)	(966,391)
Proceeds from sales of property, plant and equipment	150	-
Payments for retirement of property, plant and equipment	(2,513)	-
Purchase of intangible assets	(66,505)	(15,441)
Purchase of investment securities	(9,336)	(9,891)
Loan advances	-	(6,000)
Collection of loans receivable	1,272	1,341
Payments into time deposits	-	(84,070)
Payments of guarantee deposits	(2,209)	(542)
Proceeds from refund of guarantee deposits	378	5,227
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	72,605	-
Other, net	(4,736)	11,077
Net cash provided by (used in) investing activities	(778,378)	(1,064,692)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,030,582	95,772
Proceeds from long-term borrowings	429,000	419,381
Repayments of long-term borrowings	(430,726)	(691,906)
Repayments of lease obligations	(33,437)	(32,852)
Dividends paid	(228,670)	(236,350)
Dividends paid to non-controlling interests	-	(3,623)
Net cash provided by (used in) financing activities	766,747	(449,579)
Effect of exchange rate change on cash and cash equivalents	(14,272)	92,451
Net increase (decrease) in cash and cash equivalents	1,606,717	528,300
Cash and cash equivalents at beginning of period	2,542,645	3,707,389
Cash and cash equivalents at end of period	4,149,362	4,235,689

#### **(4) 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.*