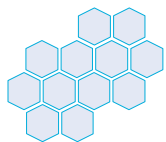


# Results of Operations for the First Half of the Fiscal Year Ending February 28, 2023

October 14, 2022

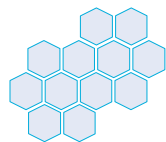
Jun Kawata, President

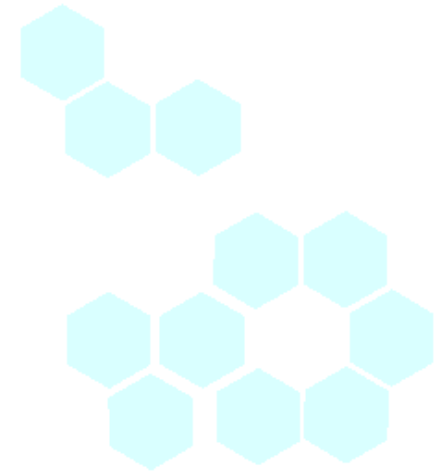


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3.	Business Climate and Key Initiatives in FY2/23	...	P.23
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# 1H FY2/23 Financial Summary

## 1H FY2/23 Results of operations

1H consolidated sales increased but operating profit were down.

Consolidated sales: 21,823 million yen (+7.9% YoY)

Consolidated operating profit: 1,091 million yen (-20.9% YoY)

- Sales in the food packaging and containers category increased due to firm sales of packaging materials for frozen food, dairy products, prepared food items and tofu.
- In the IT and industrial materials category, there were strong sales of all types of production process film for use in electronic materials, smartphones and electronic component packaging.
- Earnings decreased because of the higher cost of electricity, fuel, ink and other components of the cost of manufacturing products.

New Vietnam subsidiary established for more growth outside Japan  
Shipments of automobile interior materials have started.



Construction completed  
in March 2021

Status as of August 2022

May 2020: Established the Vietnam subsidiary

Mar. 2021: Completion of construction

**July 2022: Started shipments of products**

## Products

IT and Industrial Materials

Consumer Product Packaging  
and Materials

Production has started, primarily  
automobile interior materials  
and vacuum storage bags



The new plant will supply products for growing markets in SE Asia and improve Nakamoto Packs' risk diversification. Shipments of samples of some automobile interior materials have started.

# Financial Highlights of the First Half of FY2/23 NAKAMOTO PACKS CO.,LTD.

(Consolidated)

(Millions of yen; (% to sales))

	1H FY2/22 Results	1H FY2/23					
		Results	YoY change		Plan	Vs. plan	
			Amount	%		Amount	%
Net sales	20,234 (100.0%)	21,823 (100.0%)	+1,588	+7.9%	21,186 (100.0%)	+637	+3.0%
Gross profit	3,596 (17.8%)	3,397 (15.6%)	(199)	(5.5)%	3,679 (17.4%)	(281)	(7.6)%
Selling, general and administrative expenses	2,216 (11.0%)	2,305 (10.6%)	+89	+4.1%	2,412 (11.4%)	(106)	(4.4)%
Operating profit	1,380 (6.8%)	1,091 (5.0%)	(288)	(20.9)%	1,267 (6.0%)	(175)	(13.8)%
Ordinary profit	1,534 (7.6%)	1,392 (6.4%)	(141)	(9.2)%	1,307 (6.2%)	+85	+6.6%
Profit attributable to owners of parent	858 (4.2%)	915 (4.2%)	+57	+6.7%	818 (3.9%)	+96	+11.8%
Capital expenditures*1	735 (3.6%)	611 (2.8%)	(124)	(16.9)%	1,363 (6.4%)	(752)	(55.2)%
Depreciation*2	634 (3.1%)	643 (2.9%)	+8	+1.3%	677 (3.2%)	(34)	(5.0)%

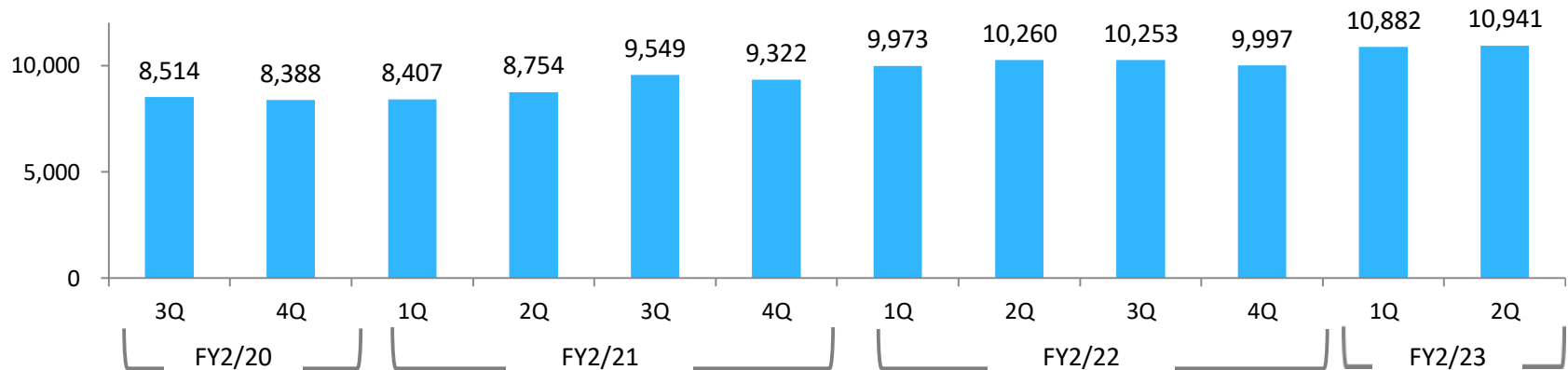
\*1. Construction in progress is not included in capital expenditures. \*2. Amortization of goodwill is not included. Note: Exchange rate for 1H FY2/23: 20.4 yen/yuan; 136.7 yen/dollar

## Quarterly sales and operating profit

- Results exceeded the same period of the previous fiscal year as production efficiency improved, sales activities were successful, and performance of domestic and overseas subsidiaries was strong.
- Sales increased in the first and second quarters, but earnings decreased mainly because of the higher cost of manufacturing products.

### Consolidated sales

(Millions of yen)

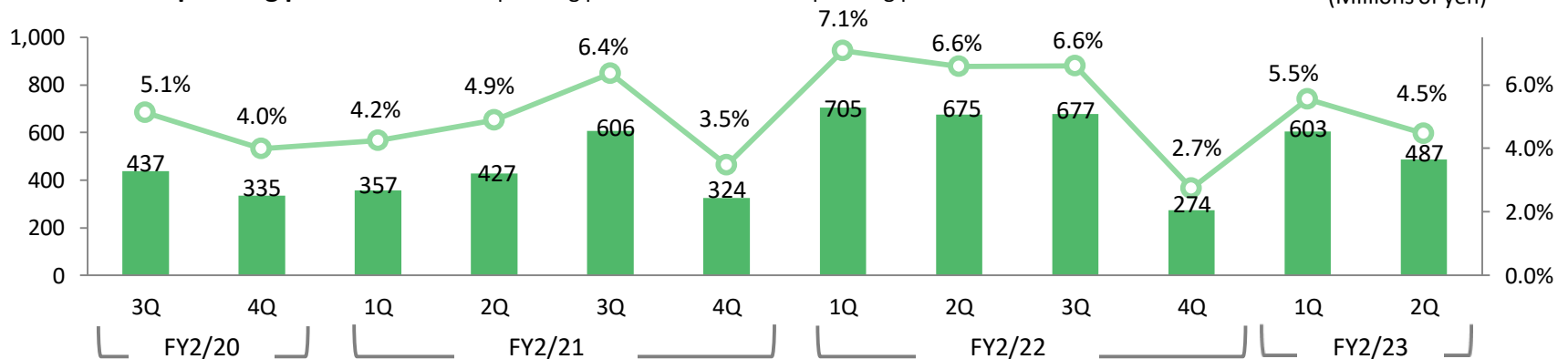


### Consolidated operating profit

■ Operating profit

○ Operating profit to net sales

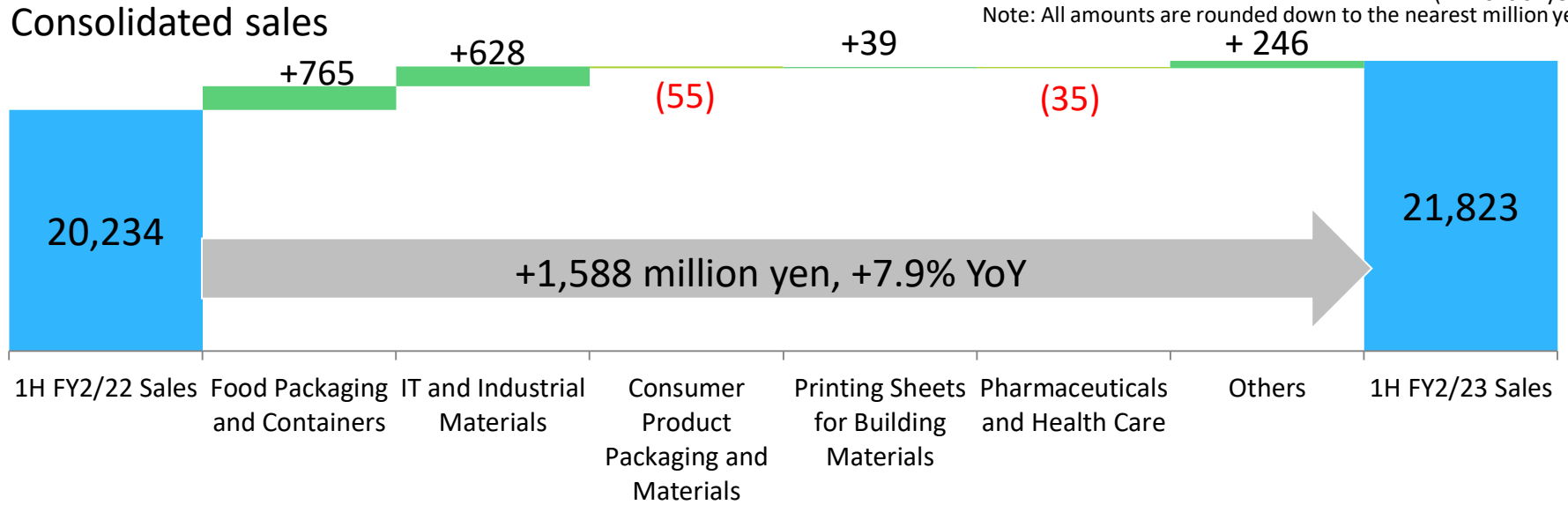
(Millions of yen)



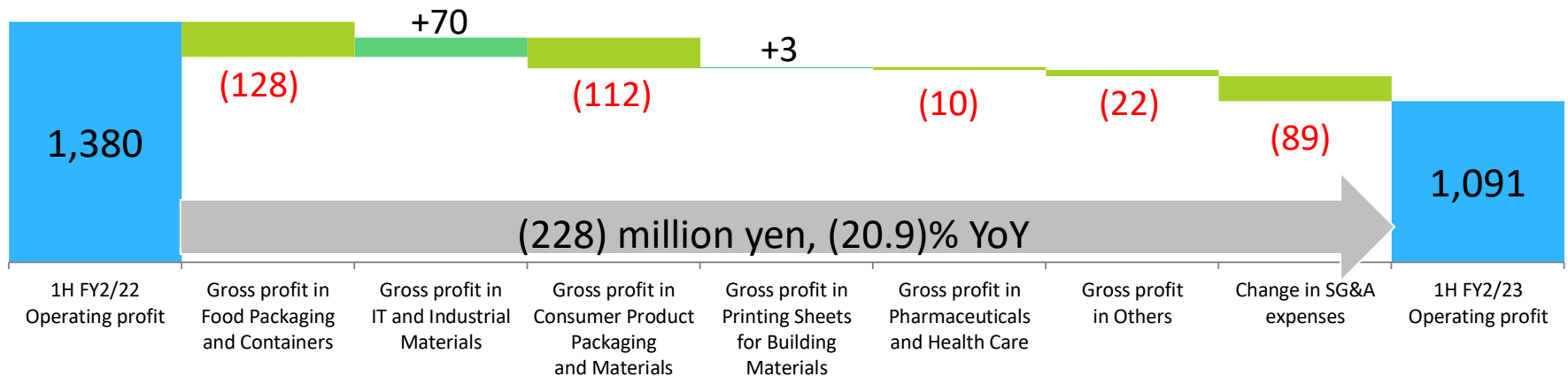
# Change in Net Sales and Operating Profit (YoY) NAKAMOTO PACKS CO.,LTD.

(Millions of yen)

Note: All amounts are rounded down to the nearest million yen



### Consolidated Operating Profit



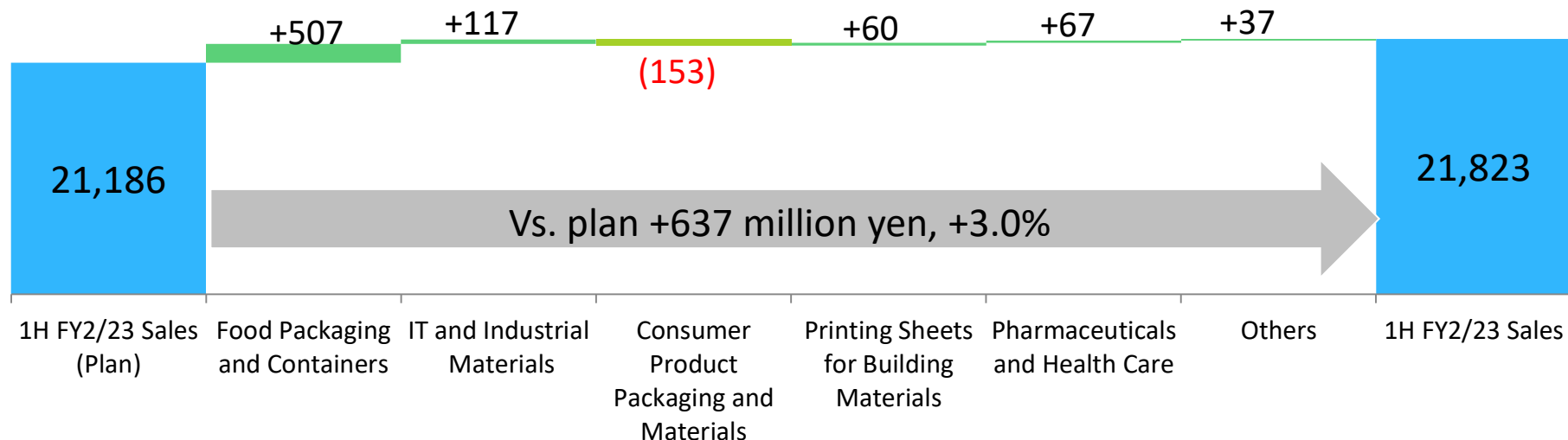


# Change in Net Sales and Operating Profit (Vs. Plan) NAKAMOTO PACKS CO.,LTD.

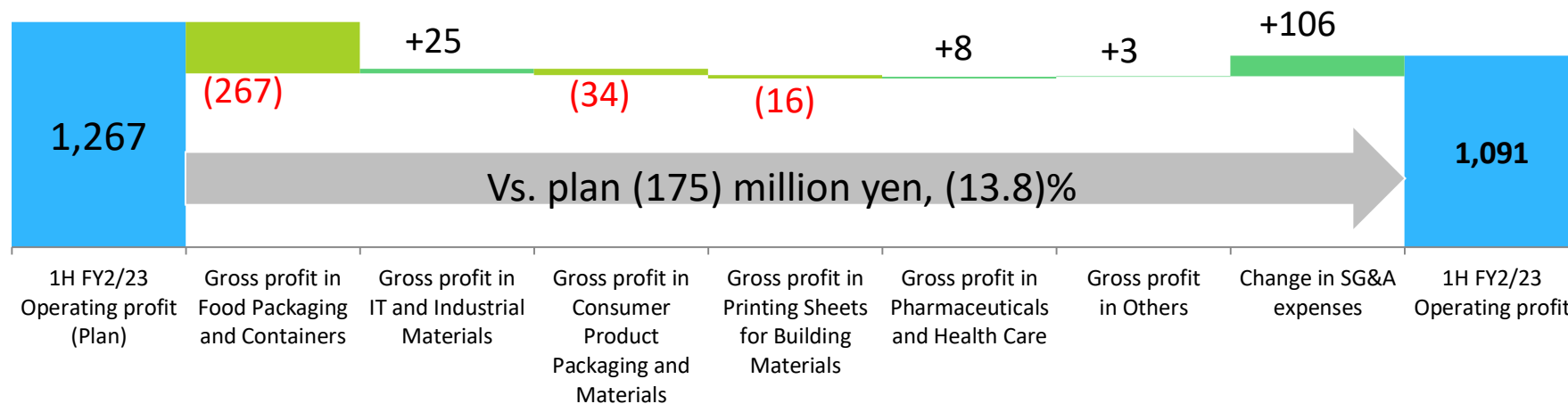
(Millions of yen)

## Consolidated sales

Note: All amounts are rounded down to the nearest million yen



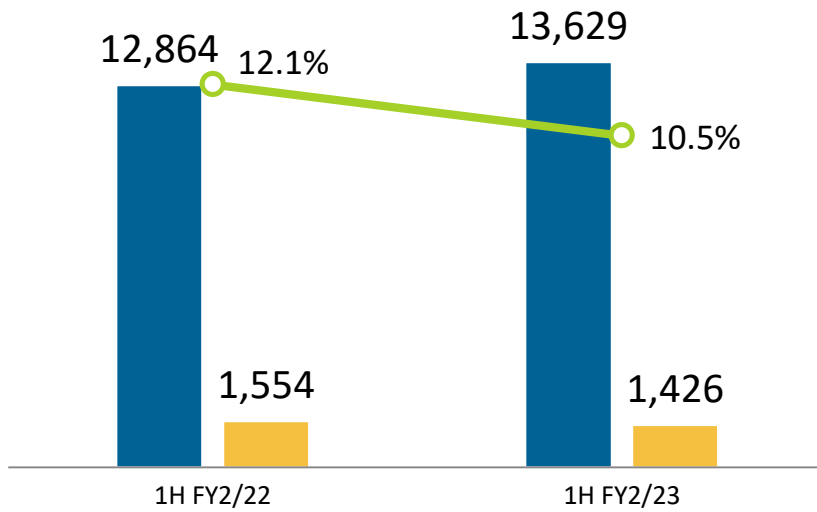
## Consolidated operating profit



## Food Packaging and Containers

(Millions of yen)

■ Sales   ■ Gross profit   ○ Gross profit margin



### Examples of final products



Pasta container



Prepared food container (bento)

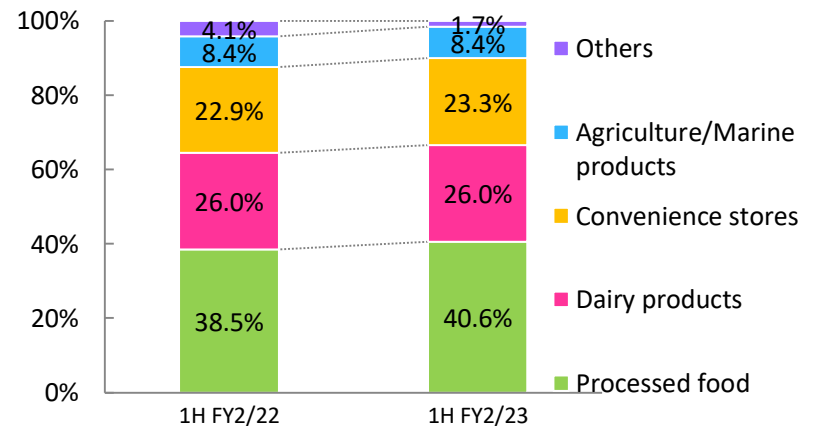


Beverage container lid

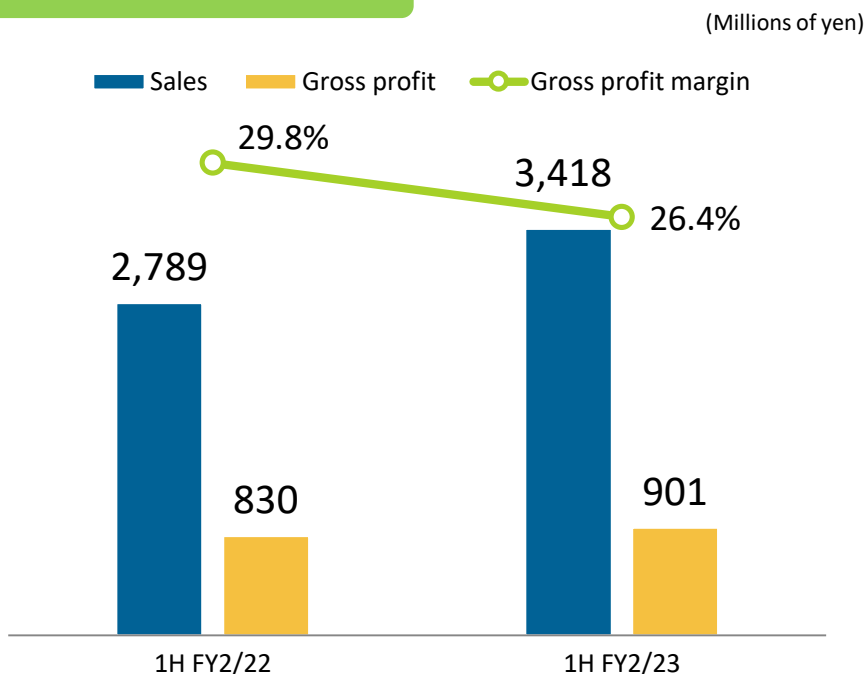
### Sales in major product categories

Processed food	<ul style="list-style-type: none"> <li>Strong sales of packaging materials for frozen food, prepared food and tofu</li> <li>Sales of packaging for products sold at department stores and confectionery packaging are recovering</li> </ul>
Dairy products	<ul style="list-style-type: none"> <li>Strong sales of packaging for consumer yogurt and cheese products</li> </ul>
Convenience stores	<ul style="list-style-type: none"> <li>Strong sales of containers and packaging</li> </ul>
Agriculture/ Marine products	<ul style="list-style-type: none"> <li>Strong sales of packaging for agricultural products</li> </ul>

### Sales composition for major categories (consolidated)



## IT and Industrial Materials



### Examples of final products



Films for production processes



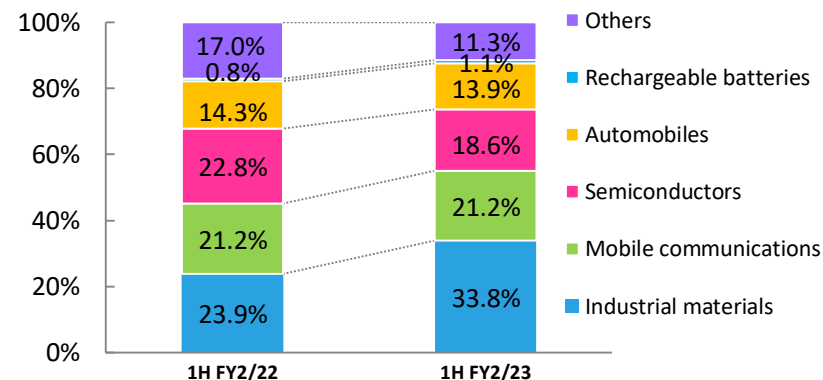
NS Separator

### Sales in major product categories

Industrial materials	<ul style="list-style-type: none"> <li>Higher sales of materials for EC applications, heavy duty bags for petrochemicals and other products</li> </ul>
Mobile communications	<ul style="list-style-type: none"> <li>Strong performance of outsourced work for smartphones</li> </ul>
Semiconductors	<ul style="list-style-type: none"> <li>Strong sales of electronic component packaging materials</li> <li>Lower sales of some products due to the semiconductor shortage</li> </ul>
Automobiles	<ul style="list-style-type: none"> <li>Sales down because of lower automobile production</li> </ul>
Rechargeable batteries	<ul style="list-style-type: none"> <li>Currently one-time orders only</li> </ul>
Others	<ul style="list-style-type: none"> <li>Increase in various development projects</li> </ul>

\*The composition of major product categories was revised. 1H FY2/22 percentages have been adjusted for consistency with these revisions.

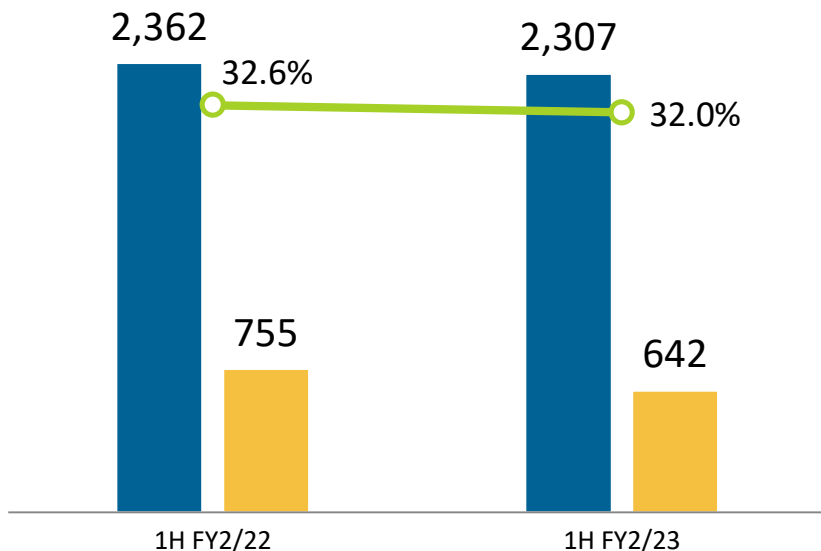
### Sales composition for major categories (consolidated)



### Consumer Product Packaging and Materials

(Millions of yen)

■ Sales   ■ Gross profit   ○ Gross profit margin



### Examples of final products



AC outdoor unit thermal insulation sealing

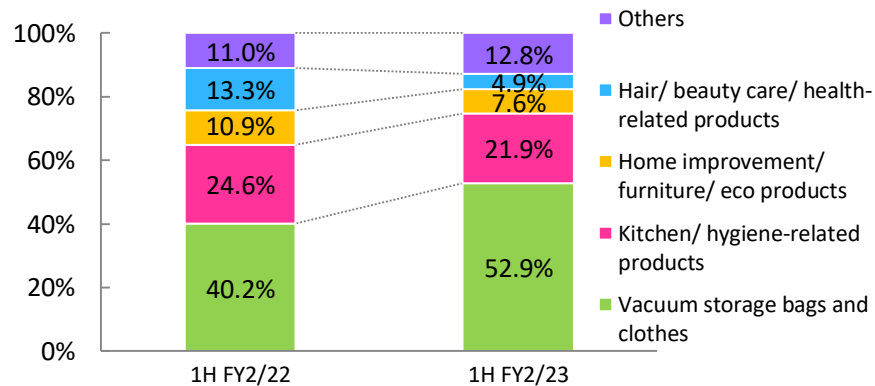


Kitchen cutting board sheet

### Sales in major product categories

Vacuum storage bags and clothes	<ul style="list-style-type: none"> <li>Higher sales of products sold on TV shopping channels</li> </ul>
Kitchen/hygiene-related products	<ul style="list-style-type: none"> <li>Higher sales of kitchen products, but demand for cutting board sheets decreased</li> <li>Lower sales of hygiene products sold at home improvement stores</li> </ul>
Home improvement/furniture/eco products	<ul style="list-style-type: none"> <li>Sales of seasonal products are declining</li> </ul>
Hair/beauty care/health-related products	<ul style="list-style-type: none"> <li>Lower sales of packaging for healthcare products</li> </ul>

### Sales composition for major categories (consolidated)



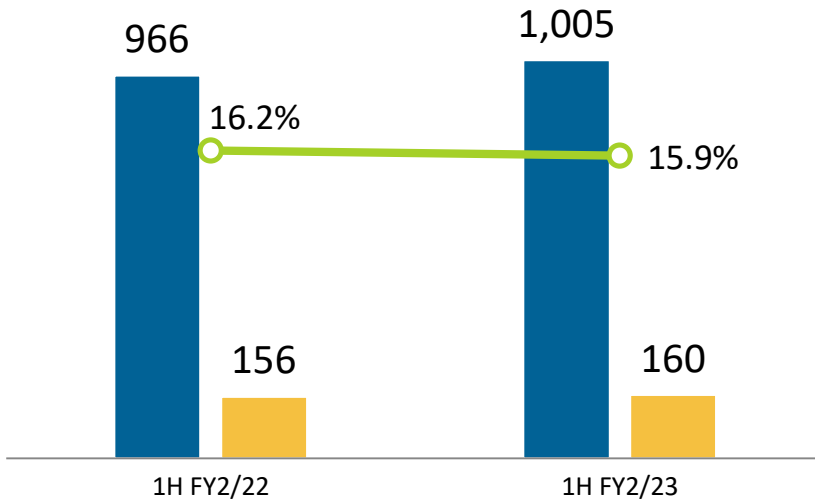
# Applications

## – Printing Sheets for Building Materials

### Printing Sheets for Building Materials

(Millions of yen)

■ Sales   ■ Gross profit   ○ Gross profit margin



### Examples of final products



Kitchen



Closet

### ■ Sales in major product categories

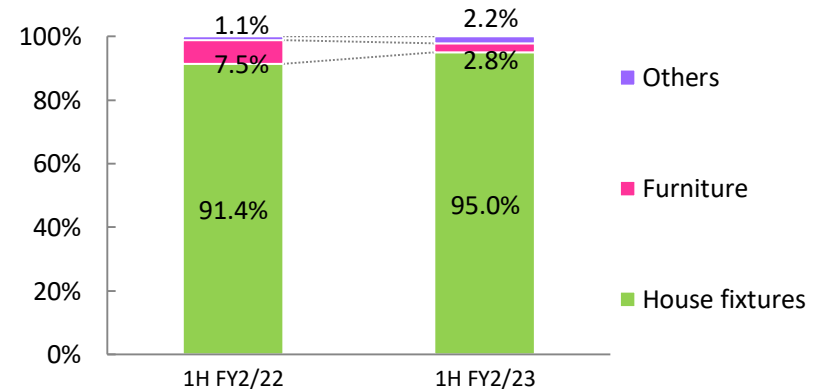
House fixtures	<ul style="list-style-type: none"> <li>• Strong sales of building materials with functional surface coatings for houses and apartment buildings</li> </ul>
Furniture	<ul style="list-style-type: none"> <li>• Lower volume of orders involving exported furniture</li> </ul>

### ■ N coat

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

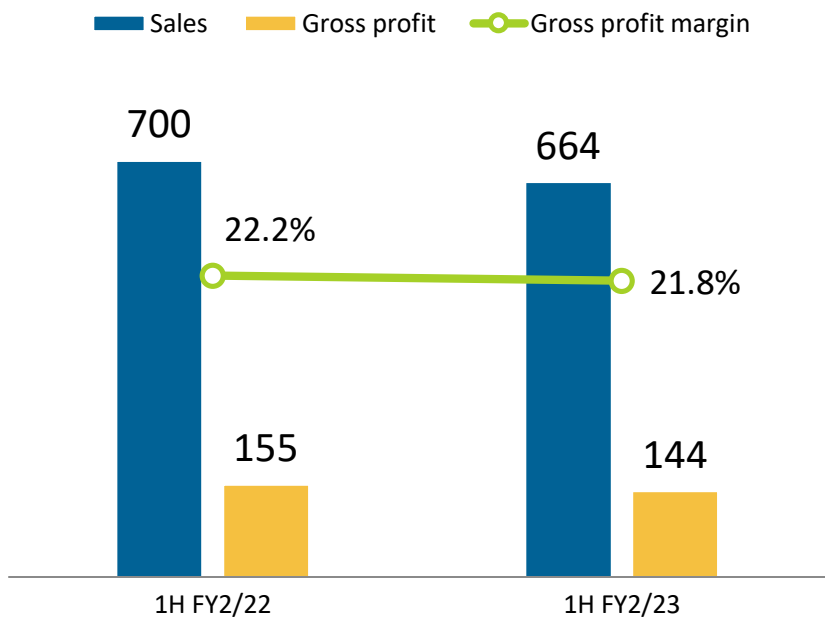


### ■ Sales composition for major categories (consolidated)

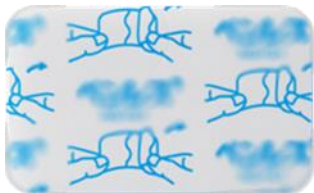


### Pharmaceuticals and Health Care

(Millions of yen)



### Examples of final products



Anesthesia tape



Face shield

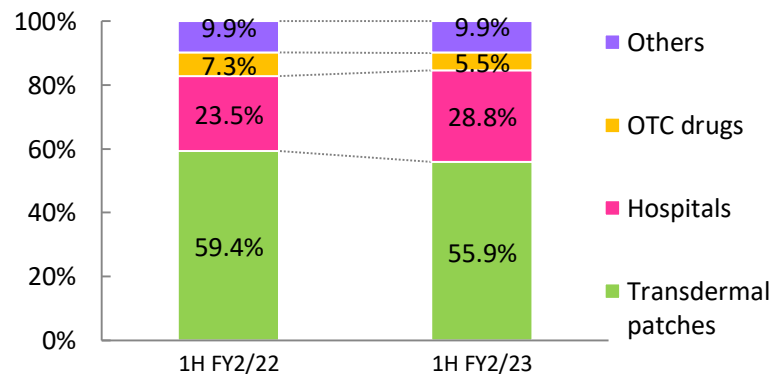


Shading cover for transfusion bags

### Sales in major product categories

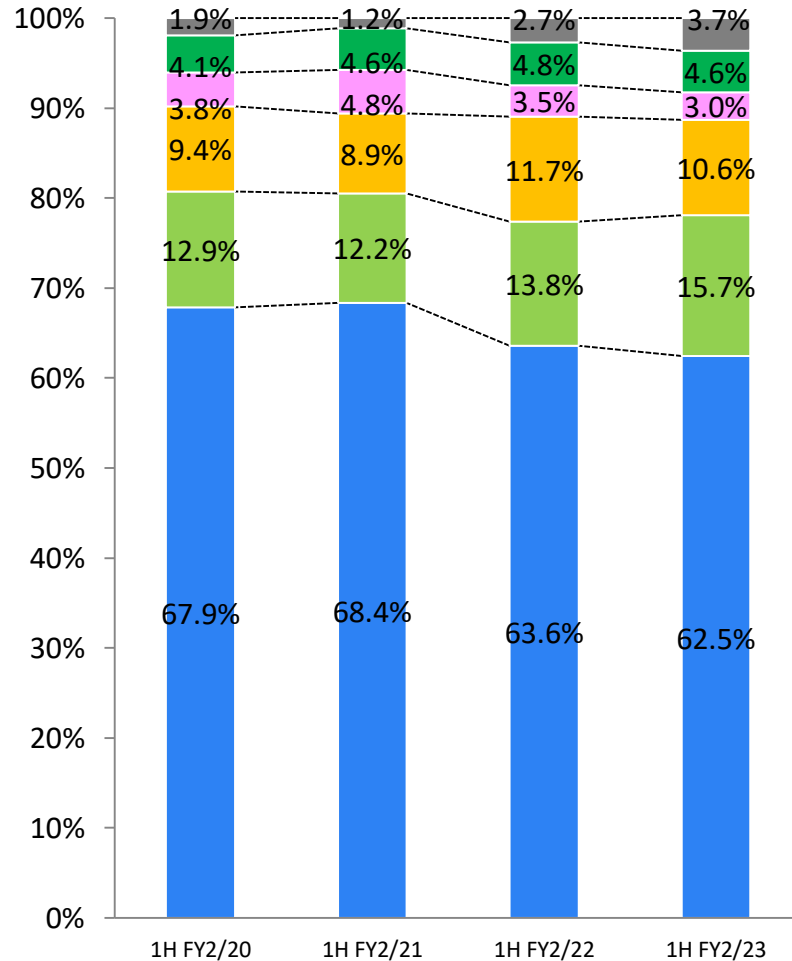
Transdermal patches	<ul style="list-style-type: none"> <li>Sales of patented products down as sales shift primarily to generic products</li> <li>Prices decreased mainly due to national health insurance price revisions</li> <li>Much higher cost of raw materials for some products</li> </ul>
Hospitals	<ul style="list-style-type: none"> <li>Strong sales of materials involving transfusions</li> </ul>
OTC drugs	<ul style="list-style-type: none"> <li>Sales of packaging for OTC drugs decreased</li> </ul>

### Sales composition for major categories (consolidated)

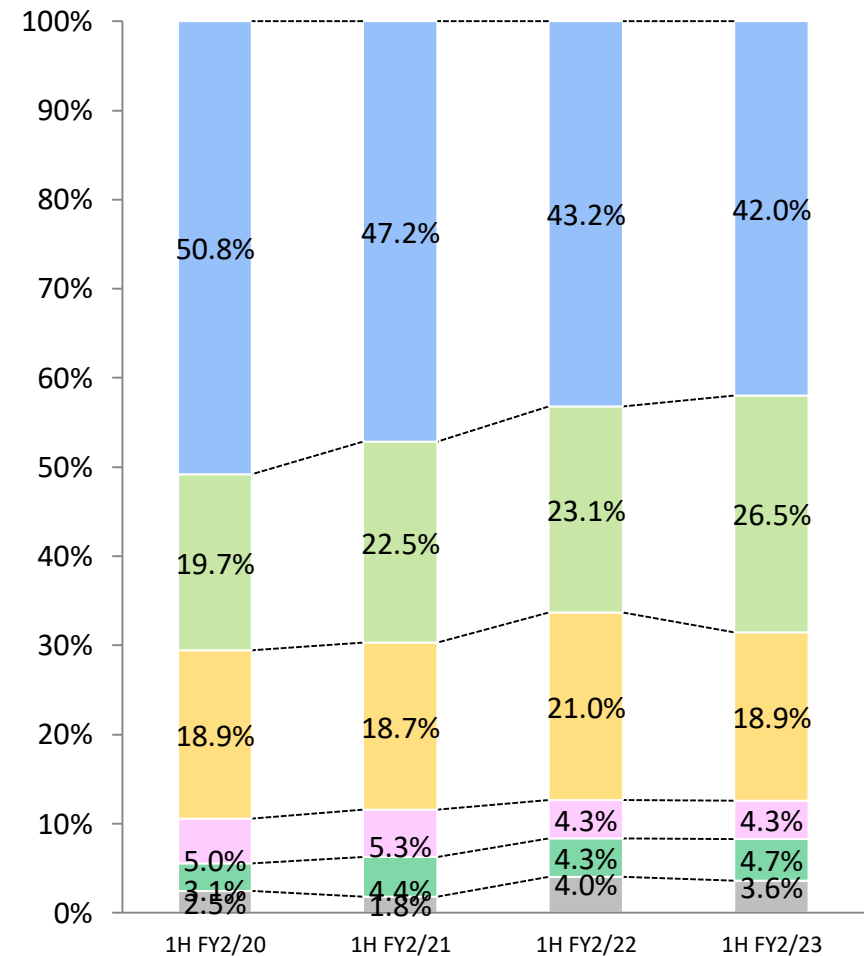


# Trends in Sales and Gross Profit Composition for Product Applications

## Consolidated sales



## Consolidated gross profit



# Assets and Liabilities

(Consolidated)

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

	As of Feb. 28, 2022		As of Aug. 31, 2022	
			YoY change	Major factors
Current assets	18,801 (55.4%)	20,157 (57.2%)	+1,355	Notes and accounts receivable-trade, and contract assets +1,055, Electronically recorded monetary claims-operating +242, Inventories +432, Cash and deposits (443)
Non-current assets	15,132 (44.6%)	15,100 (42.8%)	(32)	
<b>Total assets</b>	<b>33,934</b> (100.0%)	<b>35,257</b> (100.0%)	<b>+1,323</b>	
Current liabilities	15,674 (46.2%)	15,932 (45.2%)	+257	Notes and accounts payable-trade +329 Electronically recorded obligations-operating +363, Short-term borrowings (317), Other (137)
Non-current liabilities	2,582 (7.6%)	2,587 (7.3%)	+4	Long-term borrowings +22
<b>Total liabilities</b>	<b>18,257</b> (53.8%)	<b>18,519</b> (52.5%)	<b>+261</b>	
<b>Total net assets</b>	<b>15,676</b> (46.2%)	<b>16,737</b> (47.5%)	<b>+1,061</b>	Retained earnings +671 Foreign currency translation adjustment +385
<b>Total liabilities and net assets</b>	<b>33,934</b> (100.0%)	<b>35,257</b> (100.0%)	<b>+1,323</b>	
<b>Net interest-bearing debt</b>	<b>3,107</b> (9.2%)	<b>3,251</b> (9.2%)	<b>+143</b>	Long-term borrowings +22, Cash and deposits (443), Short-term borrowings (317)

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

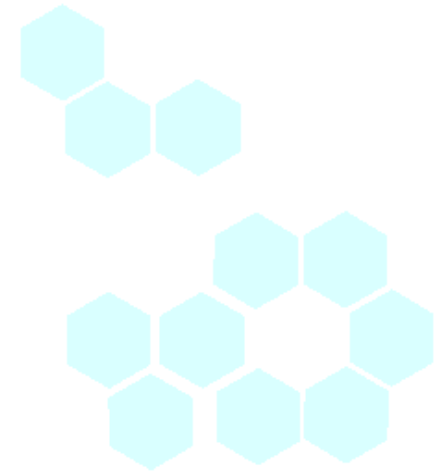


# Cash Flows

(Consolidated)

(Millions of yen)

		1H FY2/22 Results	YoY change	1H FY2/23
				Components
	Cash flows from operating activities	1,950	271	Profit before income taxes +1,463, Depreciation +643, Trade payables +504, Foreign exchange gains (166), Trade receivables (948), Inventories (423), Accrued consumption taxes (91), Other (152), Income taxes paid (559)
	Cash flows from investing activities	(1,064)	(120)	Proceeds from sales of property, plant and equipment +363, Purchase of property, plant and equipment (525)
	Free cash flows	885	151	
	Cash flows from financing activities	(449)	(783)	Proceeds from long-term borrowings +400 Short-term borrowings (429) Repayments of long-term borrowings (376) Cash dividends paid (270)
	Effect of exchange rate change on cash and cash equivalents	92	188	
	Net increase (decrease) in cash and cash equivalents	528	(443)	
	Cash and cash equivalents at beginning of period	3,707	4,792	
	Cash and cash equivalents at end of period	4,235	4,348	



# FY2/23 Outlook

# FY2/23 Current Performance and Outlook (Overview)

## Food Packaging and Containers

### First half

- Strong sales of packaging for frozen food, dairy products and prepared food
- Decrease in demand for takeout/delivery containers and trays
- Recovery of sales of confectionery packaging and packaging for food products sold at dept. stores

## IT and Industrial Materials

- Strong sales of production process film for smartphones and other applications; higher sales of materials for EC applications
- Lower sales of some products due to the semiconductor shortage

## Consumer Product Packaging and Materials

- Strong sales of products for preventive cleaning and easy household chores

## Printing Sheets for Building Materials

- Brisk sales of functional surface coatings
- Higher sales of wallpaper and printed sheets for residential doors and windows

## Pharmaceuticals and Health Care

- Most transdermal patch sales are for generic products
- Prices down due to national health insurance price revisions

### Third quarter and afterward

- Strengthening activities for functional and environmentally responsible packaging
- Expect demand recovery as restrictions are eased and foreign tourists return to Japan
- Moving quickly to raise prices to reflect the higher cost of energy

- Worsening market conditions continue to impact the electronic components category
- Strong sales in the outsourced processing and EC categories
- Prototypes and mass production in growing market sectors

- Activities to increase regular buyers of Nakamoto Packs products in all sales channels

- Improve production efficiency of existing products
- Create new types of functional building materials

- Focus on capturing new orders involving transfusions

(Consolidated)

(Millions of yen; (% to sales))

	FY2/22 Results	Plan	FY2/23	
			YoY change	
			Amount	%
Net sales	40,485 (100.0%)	42,500 (100.0%)	+2,014	+5.0%
Gross profit	6,889 (17.0%)	7,346 (17.3%)	+456	+6.6%
Selling, general and administrative expenses	4,557 (11.3%)	4,800 (11.3%)	+242	+5.3%
Operating profit	2,332 (5.8%)	2,546 (6.0%)	+213	+9.2%
Ordinary profit	2,585 (6.4%)	2,600 (6.1%)	+14	+0.6%
Profit attributable to owners of parent	1,470 (3.6%)	1,529 (3.6%)	+59	+4.0%

\*All sales and earnings targets for FY2/23 and afterward incorporate the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29).

Projected exchange rate: 17.2 yen/yuan

# Plan for Capital Expenditures and Depreciation Expenses

(Consolidated)

(Millions of yen; (% to sales))

	FY2/22 Results	Plan	FY2/23	
			YoY change	
			Amount	%
Capital expenditures	1,336 (3.3%)	1,806 (4.3%)	+470	+35.2%
Depreciation	1,312 (3.2%)	1,422 (3.4%)	+109	+8.4%

## Major capital expenditures in FY2/23

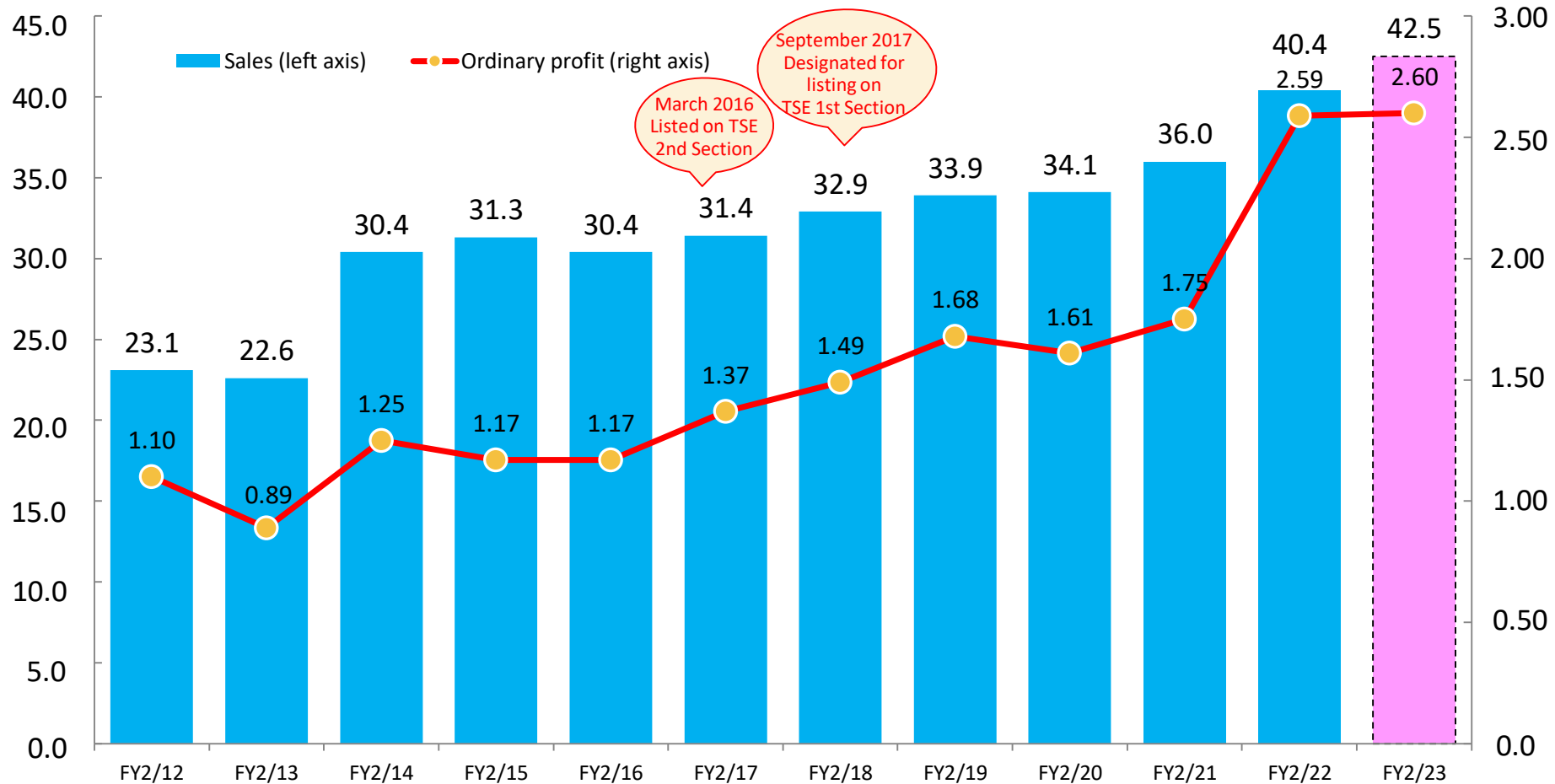
Project	Description	Investment (Millions of yen)
Factory equipment update/replacement	Expansion of factory warehouse (Extrusion molding), molding machine (NI Packs Co., Ltd.), others	About 1,010
IT/System service equipment	New primary IT system and others	About 220
Air conditioning equipment	Air conditioning equipment (Saitama, Ryugasaki, Nakamoto Inshokan Co., Ltd. and others)	About 100
Inspection/measurement/analysis equipment	Inspection, measurement and analysis equipment (Nabari, printing plate factory, Saitama) and others	About 230
Others	Hand crane, label printer and others	About 230

# A Business Model Capable of Steady Growth in All Market Conditions

## Growth of sales and earnings at the Nakamoto Packs Group

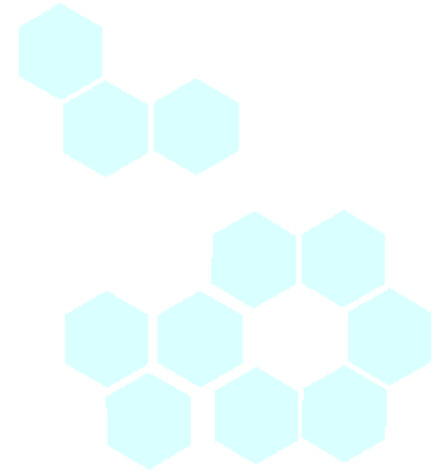
(Billions of yen)

(Billions of yen)



\*All sales and earnings targets for FY2/23 and afterward incorporate the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29).

Note: Non-consolidated sales and earnings for FY2/12-FY2/13 and consolidated in the following years.



# Business Climate and Medium and Long-term Management Strategy

**Declining population**

Declining purchasing power

Saturated convenience store market

Sluggish demand for containers

**Environmental problems**

Discontinue use of plastic

Transition to paper containers

Decline in demand for printed sheets and films

**Food loss**

Extend shelf life

Use of top-seal packaging

More soft packaging

**External factors**

COVID-19

Ukraine conflict



Higher raw material prices  
Downturn in consumption

**Yen's depreciation**

**Worldwide recession**



# Major Medium/Long-term Activities

<p>Number one for major products</p>	<p>Increase market share for printed film and sheets for molded containers by using advanced production equipment and expertise and maximizing customer satisfaction</p>	<p>Reduce cost of manufacturing for higher core business and product earnings</p>	<p>Increase earnings by reexamining raw materials and production processes and machinery and purchasing efficient, energy-saving equipment</p>
<p>Develop more IT/industrial materials products</p>	<p>Strengthen activities for developing film coating processes in growing market sectors such as 5G, semiconductors, displays, smartphones and batteries; more investments in new coating machines and analysis capabilities</p>	<p>Mergers and acquisitions</p>	<p>To grow even faster by supplementing internal activities for growth, M&amp;A will be used for increasing the scale of operations and adding technologies, products and equipment needed for the future.</p>
<p>New customers New products</p>	<p>Develop new products to attract new customers by using the resources of the technology, customer satisfaction and engineering departments</p>	<p>Growth outside Japan</p>	<p>Quickly start operations at the new Vietnam factory, which has excellent prospects for growth, and expand U.S. sales channels with the goal of raising the overseas sales ratio to more than 10% within three years.</p>
<p>Environmental management Reduce CO<sup>2</sup> emissions Reduce VOC emissions</p>	<p>Step up development of paper containers, biodegradable resins, bioplastics and other environmental products; use biomass ink, biomass adhesives, water-based adhesives and other materials that reduce CO<sub>2</sub>/VOC emissions; more business activities for recycling and repelleting</p>	<p>Raise N brand product sales to ¥5 billion</p>	<p>In February 2021 started internal production for faster deliveries and lower expenses; established an extrusion technology development department that allows developing products with an even smaller environmental impact.</p>
	 	<p>Recruit and train qualified people</p>	<p>Invest in recruiting activities; upgrade and expand training programs to increase the skills of employees</p>

# Environmental Responsibility



Cut CO2 emissions, lower the use of solvents,  
cut VOC emissions, reduce the use of fossil fuels

## Environmentally Friendly Products

### ● Biodegradable gas barrier coated paper



Developing a barrier packaging for paper that uses a **biodegradable resin made by using starch**

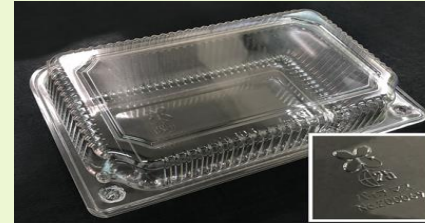
### ● Use of paper and biodegradable resins



Developing products made of a **marine degradable resin**

## A Smaller Environmental Impact

### ● Use of biomass materials



Material with 25% biomass PET  
“Bio NAK-A-PET”

### ● Biomass ink

- Switching to biomass ink as products are revised and new products are launched
- Biomass/water-based ink is currently about 30% of all ink used (goal is 50% in FY2/23)

### ● Reduce plastic use and increase recycling

- New ideas for packaging that cuts the use of plastics
- Increasing use of monomers for greater ease of recycling
- Growth of the recycled pellet business

# Products Developed by Nakamoto Packs (N Brand)

## NAK-A-PET Food Packaging and Containers

<b>Features</b>	<ul style="list-style-type: none"> <li>(1) Thinner products (trays, etc.) due to high rigidity; conserves resources and reduces cost</li> <li>(2) Can be made by using a mixture of recycled materials and biomass materials</li> <li>(3) Recyclable material; designed for reduced environmental impact, food hygiene requirements and other characteristics</li> </ul>
<b>Applications</b>	Trays and food packaging mainly for confectionery products and agricultural products
<b>Strategy</b>	Extensive sales activities for NAK-A-PET, which can make thin yet rigid items, as a replacement for oriented polystyrene (OPS) sheets



Confectionery product tray

Dry noodle tray

## NC-PET Food Packaging and Containers

<b>Features</b>	<ul style="list-style-type: none"> <li>(1) Outstanding heat resistance (220°C, if molded as needed)</li> <li>(2) Outstanding resistance to cold, retention of aromas and rigidity</li> </ul>
<b>Applications</b>	Containers mainly for baked food items like gratin dishes
<b>Strategy</b>	Promote the advantage of using the same container for cooking, freezing and distribution, and defrosting and serving



Hot food

Cold food

Reheated food

## NS Separator

IT and Industrial Materials

Pharmaceuticals and Health Care

<b>Features</b>	<ul style="list-style-type: none"> <li>(1) Manufactured using a fully integrated production line in a cleanroom environment</li> <li>(2) A lineup of products suitable for a broad array of applications</li> <li>(3) Unmatched level of customization, such as for peel adhesions and types of film</li> </ul>
<b>Applications</b>	Mainly film used in electronic material production processes and film for transdermal patches
<b>Strategy</b>	Enlarge the product lineup, meet customer needs for small lots/fast deliveries



NS Separator



Industrial materials



Transdermal patches

# Increase N Brand Sales (NAK-A-PET)

## Trays for confections and noodles



## Packaging for ham



## Container lids



## Clear cases for cosmetics

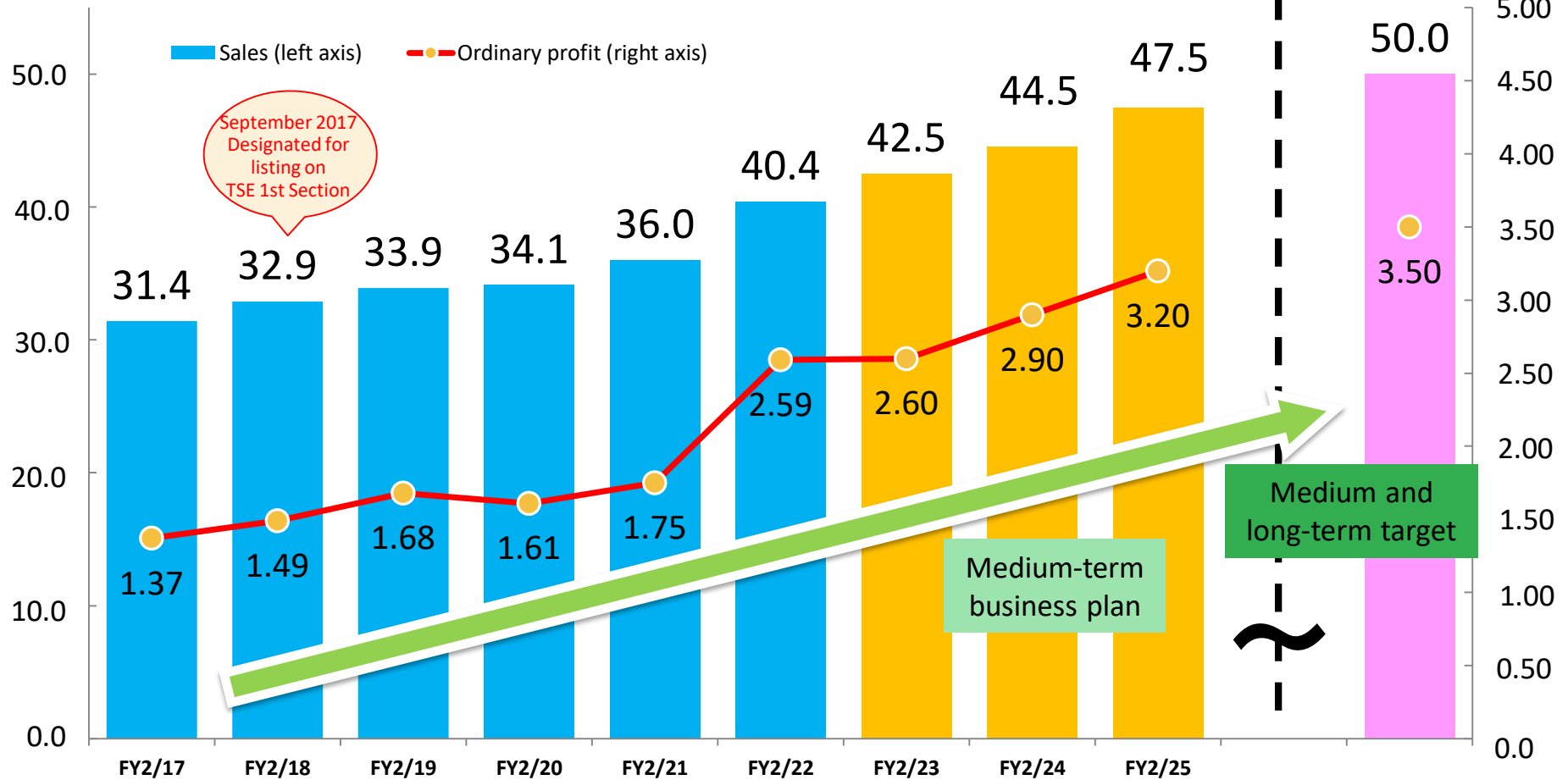


Stationery, toys and many other potential uses

# Medium-term Goals (Consolidated)

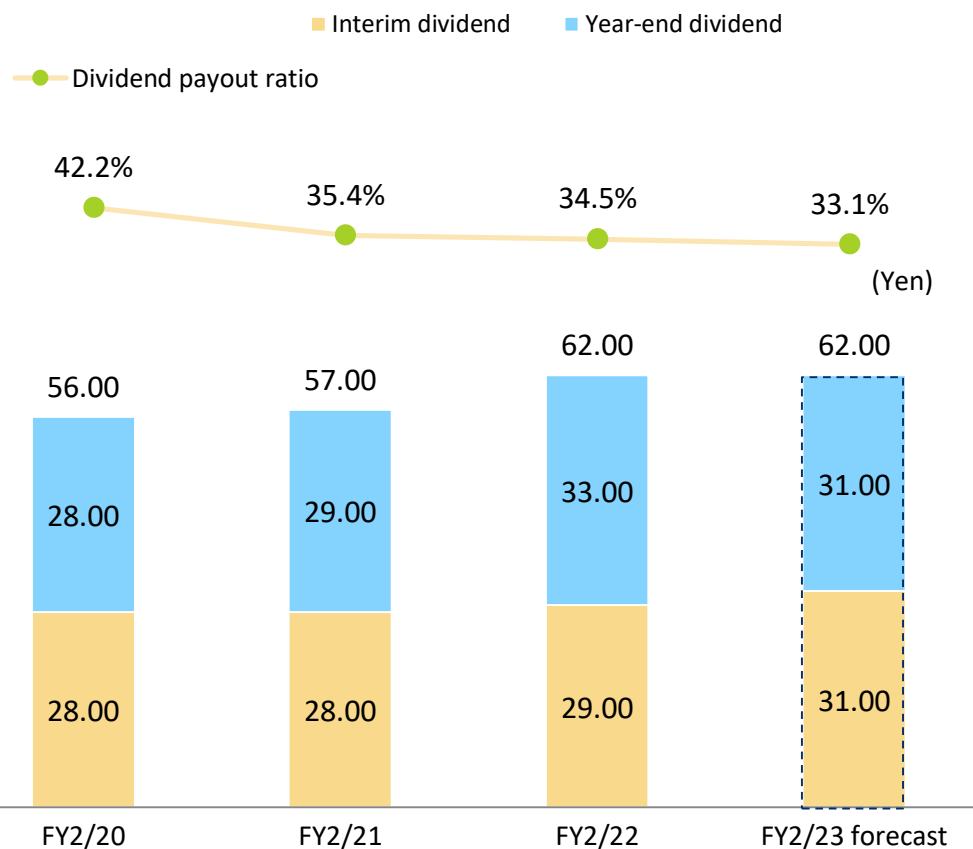
Medium-term plan aims for sales of 50 billion yen and ordinary profit of 3.5 billion yen

(Billions of yen)



\*All sales and earnings targets for FY2/23 and afterward incorporate the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29).

## ■ Maintain a stable dividend while retaining earnings as needed



### Shareholder special benefit plan

#### Eligible shareholders

Shareholders and beneficial shareholders of record as of the end of February in each year who own at least one unit (100 shares) of Nakamoto Packs stock

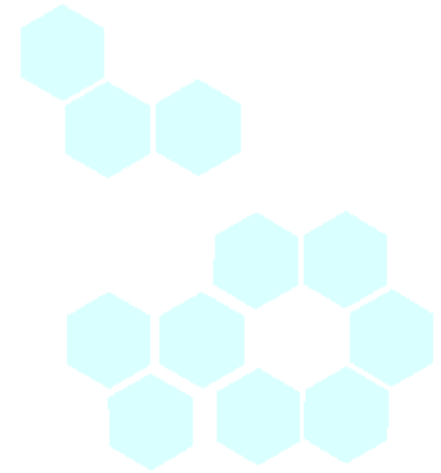
#### Description of shareholder benefits

100 to 199 shares	QUO card (¥1,000)
200 shares or more	QUO card (¥2,000)

#### Date of delivery

End of May in each year  
(tentative)

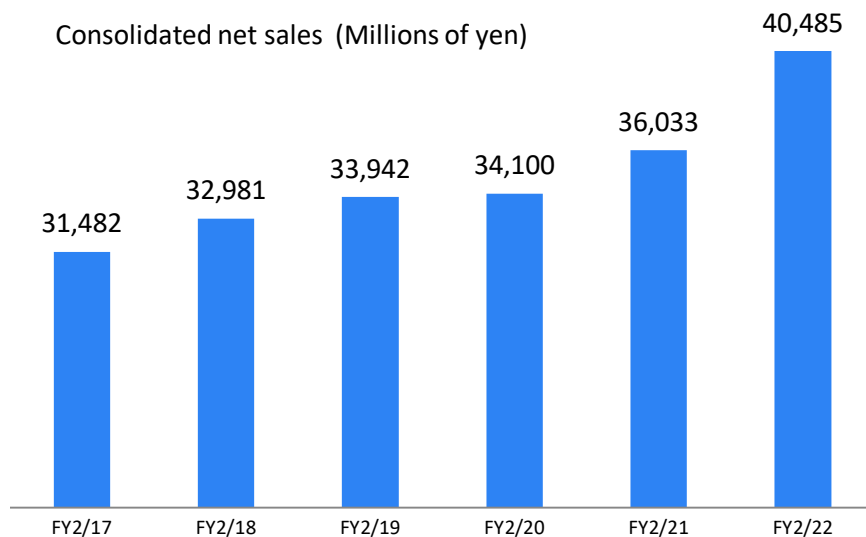




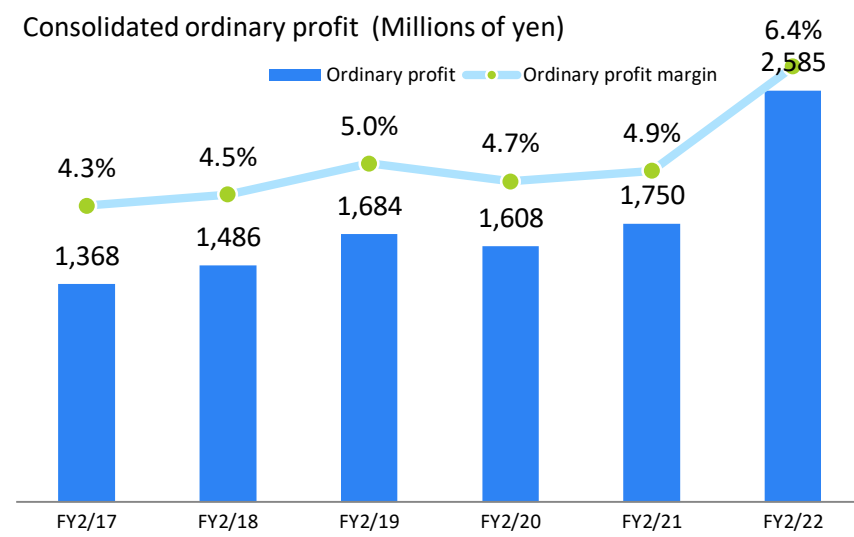
# Reference



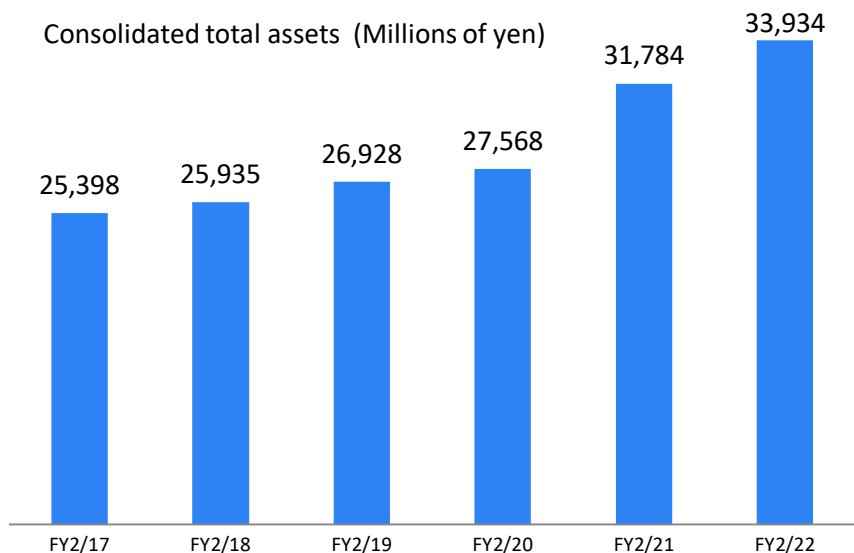
Consolidated net sales (Millions of yen)



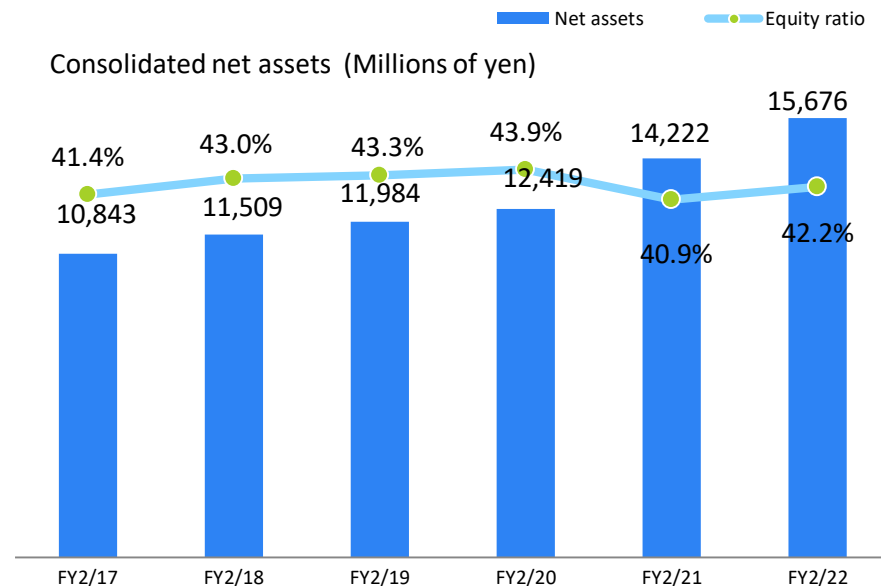
Consolidated ordinary profit (Millions of yen)



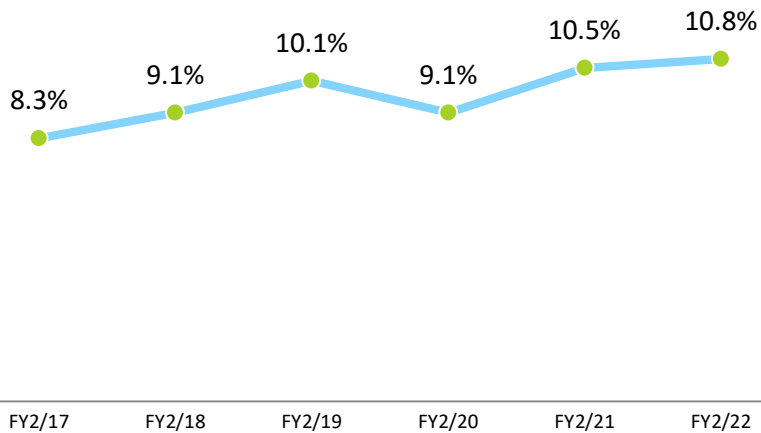
Consolidated total assets (Millions of yen)



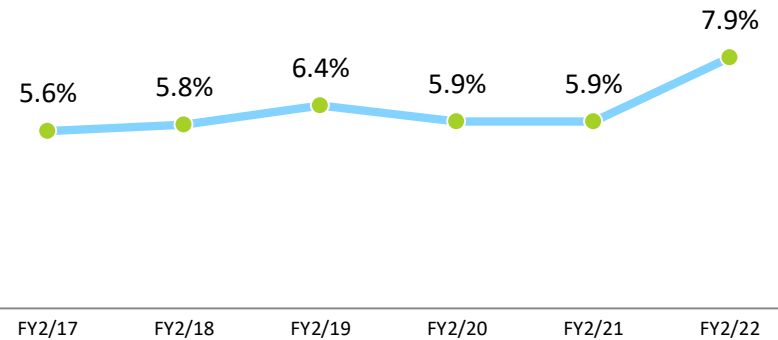
Consolidated net assets (Millions of yen)



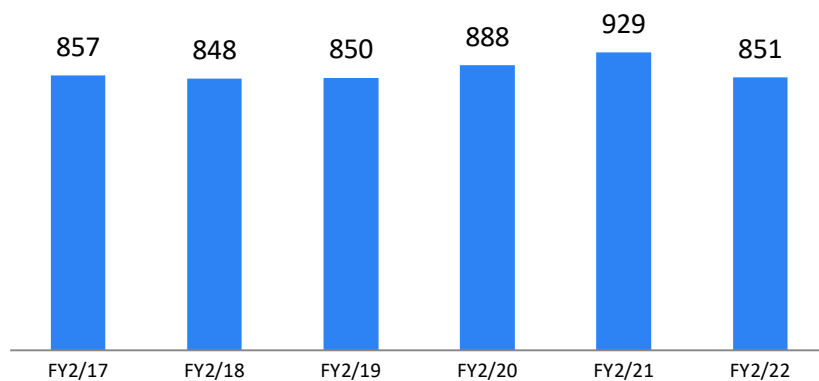
Consolidated ROE



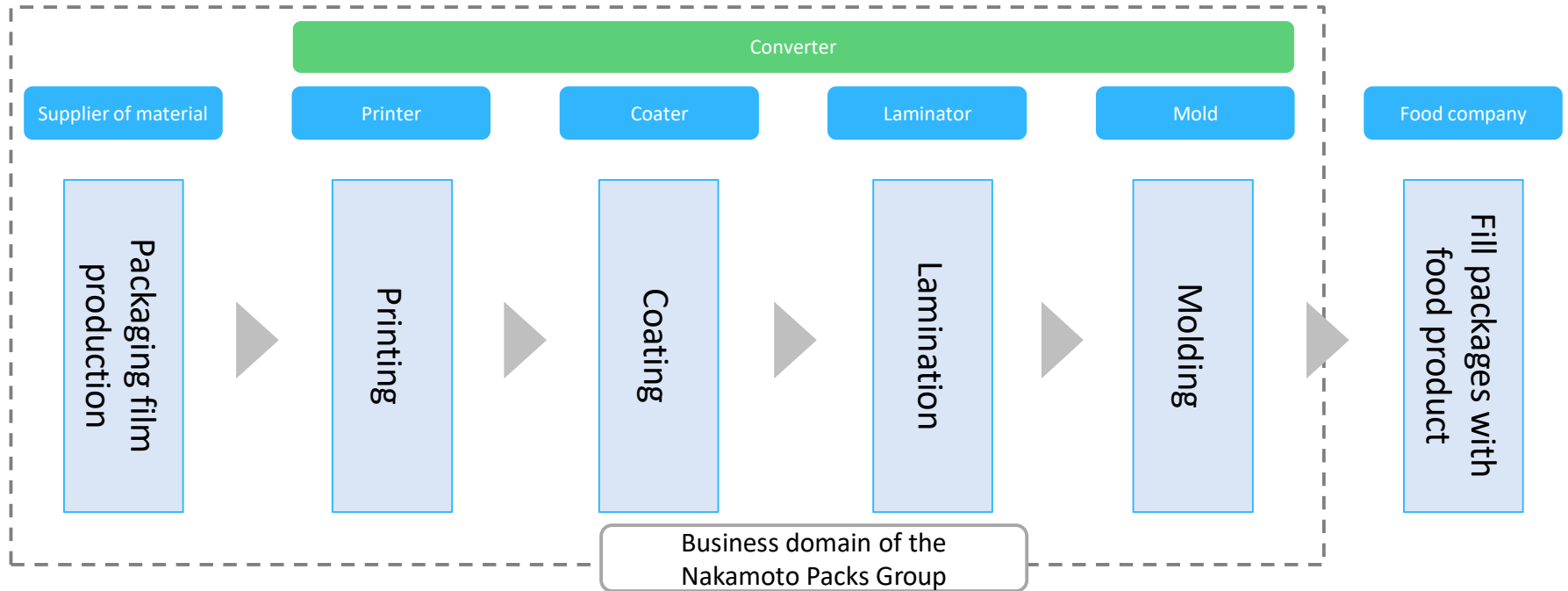
Consolidated ROA



Number of consolidated employees (persons)

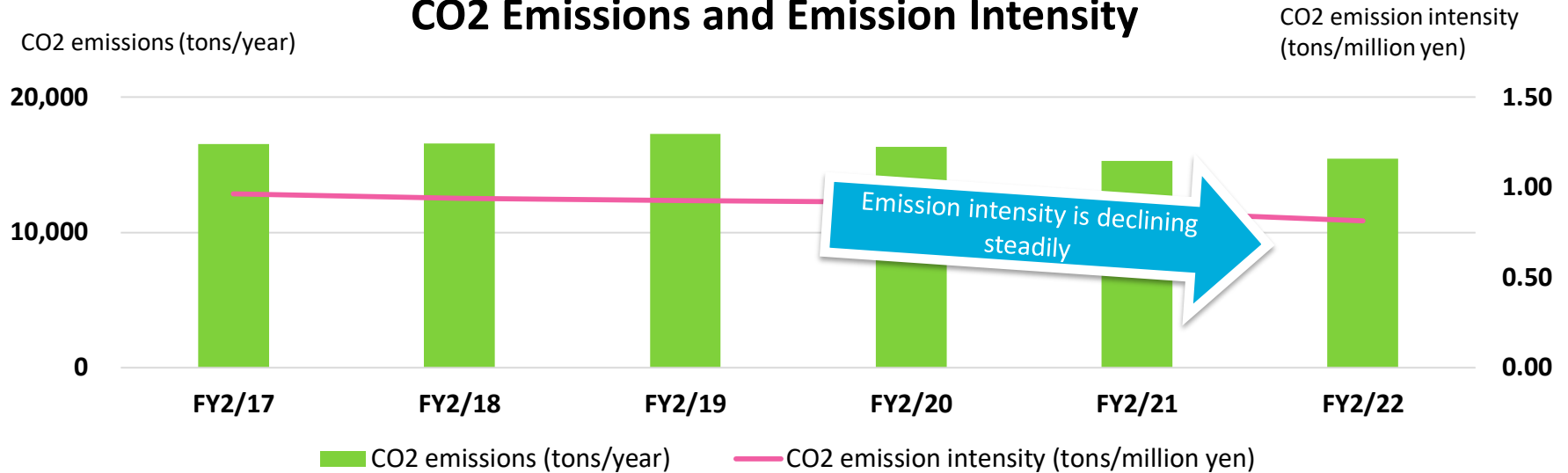


# Packaging Material Printing Process (Example)



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

## CO2 Emissions and Emission Intensity



- In FY2/22, CO2 emissions at the seven factories of Nakamoto Packs were 15,442 tons, up 0.9% from FY2/21 but CO2 emission intensity was 0.82 tons/million yen, down 5.7% from FY2/21.  
\*Based on conversion of energy consumption to CO2 emissions

### Reasons for the decrease in CO2 emission intensity

- Increased power generation at the Saitama Plant as the plant's solar power unit started operating around the year.
- Production efficiency increased because of production improvement programs at all factories.

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

## The Nakamoto Packs Motto

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

## Our Code of Conduct

Use sincerity to earn even greater trust

Use perseverance to create innovative ideas

Always improve yourself and cooperate with others

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

Be dedicated to improving technologies and overcoming challenges

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

## Our Six Missions

We will listen with open minds to what our customers say

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

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

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

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

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



### Precautions

This presentation was prepared for the purpose of providing information about Nakamoto Packs and is not a solicitation to buy or sell any particular security. All or part of the contents of this presentation may be corrected or revised without prior notice. This presentation contains statements about future performance. These statements are not guarantees concerning future performance and actual performance may differ from these statements due to a change in market conditions or some other reason.