



April 10, 2023

Consolidated Financial Results for the Fiscal Year Ended February 28, 2023 (FY2/23)**[Japanese GAAP]**

Company name: NAKAMOTO PACKS CO.,LTD.

Listing: Tokyo Stock Exchange

Securities code: 7811

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Scheduled date of Annual General Meeting of Shareholders: May 30, 2023

Scheduled date of filing of Annual Securities Report: May 31, 2023

Scheduled date of payment of dividend: May 31, 2023

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 FY2/23 (March 1, 2022 – February 28, 2023)****(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	%
FY2/23	43,128	6.5	1,892	(18.9)	2,206	(14.7)	1,285	(12.6)
FY2/22	40,485	12.4	2,332	35.9	2,585	47.7	1,470	11.8

Note: Comprehensive income FY2/23: 1,556 million yen (down 19.9%) FY2/22: 1,942 million yen (up 35.0%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
FY2/23	157.27	-	8.6	6.4	4.4
FY2/22	179.94	-	10.8	7.9	5.8

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

2. Beginning with the fiscal year ended February 28, 2023, Nakamoto Packs is applying Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020). All figures for FY2/23 incorporate this accounting standard.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2023	34,578	16,469	44.5	1,884.69
As of Feb. 28, 2022	33,934	15,676	42.2	1,753.79

Reference: Equity capital As of Feb. 28, 2023: 15,402 million yen As of Feb. 28, 2022: 14,332 million yen

Note: Beginning with the fiscal year ended February 28, 2023, Nakamoto Packs is applying Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). All figures as of Feb. 28, 2023 incorporate this accounting standard.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2/23	1,547	(775)	(683)	5,019
FY2/22	3,340	(1,628)	(782)	4,792

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	%	%
FY2/22	-	29.00	-	33.00	62.00	506	34.5	3.7
FY2/23	-	31.00	-	31.00	62.00	506	39.4	3.4
FY2/24 (forecast)	-	31.00	-	31.00	62.00		40.4	

3. Consolidated Forecast for FY2/24 (March 1, 2023 – February 29, 2024)*(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	22,441	2.8	841	(23.0)	892	(35.9)	594	(35.1)	72.70
Full year	44,800	3.9	1,805	(4.6)	1,900	(13.9)	1,253	(2.5)	153.32

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, others: Yes
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting-based estimates: None
4) Restatements: None

Note: Please refer to page 15 “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” for details.

(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, 2023: 8,173,320 shares As of Feb. 28, 2022: 8,173,320 shares

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

As of Feb. 28, 2023: 1,067 shares As of Feb. 28, 2022: 1,067 shares

3) Average number of shares during the period

FY2/23: 8,172,253 shares FY2/22: 8,172,253 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for FY2/23 (March 1, 2022 – February 28, 2023)

(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	%
FY2/23	31,911	5.4	1,076	(20.0)	1,529	(11.2)	1,014	(14.5)
FY2/22	30,285	6.5	1,346	35.3	1,722	40.4	1,186	42.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
FY2/23	124.18	-
FY2/22	145.17	-

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

2. Beginning with the fiscal year ended February 28, 2023, Nakamoto Packs is applying Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). All figures for FY2/23 incorporate this accounting standard.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2023	29,035	13,364	46.0	1,635.40
As of Feb. 28, 2022	28,389	12,874	45.3	1,575.43

Reference: Shareholders' equity As of Feb. 28, 2023: 13,364 million yen As of Feb. 28, 2022: 12,874 million yen

Note: Beginning with the fiscal year ended February 28, 2023, Nakamoto Packs is applying Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). All figures as of Feb. 28, 2023 incorporate this accounting standard.

* 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 Tuesday, April 18, 2023. Materials to be distributed at this event will be available on the Nakamoto Packs website immediately thereafter.

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1. Overview of Results of Operations

Nakamoto Packs has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the fiscal year ended February 28, 2023. For details, please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies.”

(1) Results of Operations

During the fiscal year ended on February 28, 2023, economic activities started returning to normal in Japan as the restrictions on social activities and the entry of foreigners due to the COVID-19 pandemic were eased. However, inflation caused by the rising cost of resources is impacting consumer spending and there is a risk of an economic downturn because of the prolonged Ukraine crisis and financial market volatility. As a result, the outlook for the economy remains unclear. The Nakamoto Packs Group’s business activities have also been adversely affected by rising manufacturing costs because of spiraling energy prices and disruptions to its supply chain.

The activities of the Group 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.” Priorities include developing and selling products with a lower environmental burden, lowering expenses, manufacturing products more efficiently, and improving the quality of products.

Due to these activities, sales increased 6.5% to 43,128 million yen. Operating profit decreased 18.9% to 1,892 million yen, ordinary profit decreased 14.7% to 2,206 million yen and profit attributable to owners of parent decreased 12.6% to 1,285 million yen.

Results of operations for product categories were as follows.

Food Packaging and Containers

As the effect of the pandemic declined, demand for materials used in take-out and delivery food containers and trays, which are used in many applications, has stabilized, and sales of packaging materials for dairy products, prepared food, and tofu have been strong. In addition, there has been a recovery in packaging for products sold in department stores and confectionery packaging as customer traffic is up, as well as an increase in demand for printing, laminating, and coating on paper containers and for prototypes using biodegradable gas barrier coated paper due to growing demand for paper packaging. As a result, sales increased 4.9% to 27,283 million yen. Soaring prices of inks, solvents, electricity, fuel, auxiliary materials, and logistics services pushed up almost all manufacturing-related costs. Although we increased prices to compensate for higher costs, gross profit declined 7.8% to 2,759 million yen.

IT and Industrial Materials

Weakness in the markets for products used in displays, electronic materials and semiconductors held down sales of materials used in these markets. Sales of production process films used in electronic component packaging materials and some smartphones increased mainly due to new orders. Sales of materials for e-commerce applications and heavy-duty bags for the manufacturing industry remained strong. Production of prototype materials for next-generation batteries and renewable energy-related materials was also higher. The result was a 14.8% increase in sales to 6,711 million yen. Gross profit was down 4.0% to 1,688 million yen mainly for two reasons. First is a sharp decline in orders for processing film used in semiconductor production in the fourth quarter because of a decline in demand for IT and home electronics products, such as smartphones, computers and televisions. Second is a lower profit margin due to a change in the product mix caused by current market conditions.

Consumer Product Packaging and Materials

Sales increased 6.1% to 4,554 million yen because of higher sales of vacuum storage bags and other storage products on TV shopping channels. Gross profit decreased 1.0% to 1,310 million yen as profit margins on sales of imported products in Japan were squeezed due to the yen’s depreciation.

Printing Sheets for Building Materials

Sales of building materials with functional surface coatings for houses and apartment buildings were firm and printing sales for wallpaper increased. As a result, sales were up 10.8% to 2,114 million yen and the gross profit increased 21.7% to 349 million yen.

Pharmaceuticals and Health Care

Although sales to hospitals of packaging materials for transfusions were firm, total sales in this category decreased. The main reasons are a decrease in prices of products because of a decline in the use of transdermal patches of original suppliers as sales shifted to generic products and drug price revisions. In addition, prices of raw materials for some products rose sharply. The result was a 0.3% decrease in sales to 1,311 million yen. The gross profit decreased 16.6% to 252 million yen.

Others

There were some one-off sales of machinery to chemical manufacturers. As a result, sales increased 3.0% to 1,152 million yen and the gross profit decreased 46.1% to 122 million yen.

(2) Financial Position**Assets**

Total assets increased 644 million yen from the end of the previous fiscal year to 34,578 million yen.

Current assets increased 1,078 million yen to 19,880 million yen. This was mainly due to increases of 221 million yen in cash and deposits, 322 million yen in notes and accounts receivable-trade, and contract assets, 301 million yen in electronically recorded monetary claims-operating, and 244 million yen in inventories.

Non-current assets decreased 433 million yen to 14,698 million yen. There were capital expenditures to increase production capacity but there were sales of non-current assets resulting from the approval by the Board of Directors on October 8, 2021 of the liquidation of consolidated subsidiary Langfang Zhongben Package Co., Ltd. in China. As a result, property, plant and equipment decreased 317 million yen and investments and other assets decreased 107 million yen mainly due to a decrease in investment securities.

Liabilities

Total liabilities decreased 147 million yen to 18,109 million yen.

Current liabilities decreased 58 million yen to 15,616 million yen. This was mainly due to decreases of 76 million yen in notes and accounts payable-trade, 239 million yen in income taxes payable and 209 million yen in other current liabilities. There were increases of 182 million yen in electronically recorded obligations-operating and 306 million yen in short-term borrowings.

Non-current liabilities decreased 89 million yen to 2,493 million yen. This was mainly due to decreases in long-term borrowings of 42 million yen and lease liabilities of 59 million yen.

Net assets

Net assets increased 792 million yen to 16,469 million yen. This was mainly due to a 788 million yen increase in retained earnings from profit attributable to owners of parent and other items, a 141 million yen increase in capital surplus and a 200 million yen increase in foreign currency translation adjustment. There was a decrease of 277 million yen in non-controlling interests mainly due to additional purchase of consolidated subsidiary stock.

(3) Cash Flows

Cash and cash equivalents (hereinafter "net cash") at the end of the current fiscal year were 5,019 million yen, up 227 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 1,547 million yen (compared with net cash provided of 3,340 million

yen in the previous fiscal year). Positive factors include profit before income taxes of 2,110 million yen and depreciation of 1,306 million yen, which offset negative factors including foreign exchange gains of 122 million yen, an increase in trade receivables of 324 million yen, an increase in inventories of 352 million yen, a decrease in accrued consumption tax of 129 million yen and income taxes paid of 944 million yen.

Cash flows from investing activities

Net cash used in investing activities was 775 million yen (compared with net cash used of 1,628 million yen in the previous fiscal year). Although there were positive factors including proceeds from sale of non-current assets of 342 million yen, there were negative factors including payments of 1,213 million yen for the purchase of non-current assets (production processing equipment, etc.).

Cash flows from financing activities

Net cash used in financing activities was 683 million yen (compared with net cash used of 782 million yen in the previous fiscal year). Although there were positive factors including a net increase in short-term borrowings of 246 million yen and proceeds from long-term borrowings of 700 million yen, there were negative factors including repayments of long-term borrowings of 748 million yen, dividends paid of 523 million yen and payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation of 250 million yen.

(4) Outlook

An economic recovery centered on domestic demand is expected to continue in Japan as restrictions on economic activities due to the pandemic end. However, the outlook for the economy remains uncertain because of inflation, the negative effect of soft overseas demand on exports, the Ukraine crisis and other sources of geopolitical risk, financial system instability and other reasons.

For the fiscal year ending on February 29, 2024, we forecast a 3.9% increase in net sales to 44,800 million yen, a 4.6% decrease in operating profit to 1,805 million yen, a 13.9% decrease in ordinary profit to 1,900 million yen and a 2.5% decrease in profit attributable to owners of parent to 1,253 million yen. This forecast uses an exchange rate of 20.00 yen to the yuan for yuan-denominated sales that are not yet converted to yen.

Manufacturing and logistics expenses are rising as higher prices of resources push up the cost of electricity, gas, ink, adhesives, solvents and many other items used for production. The cost of sales is expected to increase more than in the previous year along with the upturn in these expenses. To reduce the impact of these rising expenses on our earnings, we are further raising production efficiency, lowering the use of petroleum-derived ink and taking other actions. However, there may be an impact on results of operations if expenses rise more than expected or we are unable to raise prices of our products in step with increasing expenses.

In the Food Packaging and Containers category, demand involving restaurants, entertainment and foreign tourists in Japan is expected to recover. The food container business purchased from NISSEY Co., Ltd. will also contribute to the performance of this category. We also anticipate growth in sales of environmentally responsible packaging materials and functional packaging materials. However, there may be a negative effect on the performance of this category if inflation causes a downturn in consumer sentiment.

In the IT and Industrial Materials category, we expect orders to remain firm for industrial materials such as e-commerce materials and heavy-duty bags for manufacturers. We also expect slow sales of products for electronic materials because of weak sales of smartphones, computers, televisions and other consumer products since the middle of 2022. Furthermore, the performance of this category may be affected if the current weakness in the market for materials for IT applications continues for a long time or if there are supply chain disruptions caused by global events.

The main goals for the fiscal year ending in February 2024 are environmental responsibility, activities for improvements and the maximization of customer satisfaction by going back to the basics. Environmental activities include the development of environmentally responsible products and raising sales of these products and the switch to environmentally responsible ink and adhesives. In addition, improvement activities will aim for using a smaller amount of materials, raising production efficiency and other advances in order to lower the cost of manufacturing

products. For even greater customer satisfaction, supplying products that meet customers' needs and help make customers' operations more environmentally responsible and labor efficient and implementing rigorous quality assurance are priorities. We are also committed to corporate citizenship. By focusing on these activities, we aim to build relationships rooted in trust with all stakeholders and achieve consistent growth of 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)	
	FY2/22 (As of Feb. 28, 2022)	FY2/23 (As of Feb. 28, 2023)
Assets		
Current assets		
Cash and deposits	4,881,766	5,103,102
Notes and accounts receivable-trade	7,445,477	-
Notes and accounts receivable-trade, and contract assets	-	7,767,557
Electronically recorded monetary claims-operating	1,938,071	2,239,944
Merchandise and finished goods	2,592,447	2,831,398
Work in process	591,295	370,671
Raw materials and supplies	1,109,095	1,335,623
Other	249,493	238,316
Allowance for doubtful accounts	(6,151)	(6,567)
Total current assets	18,801,496	19,880,046
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,422,501	6,139,207
Machinery, equipment and vehicles, net	2,633,976	2,509,777
Land	3,138,364	3,138,364
Leased assets, net	441,813	395,119
Construction in progress	259,430	422,642
Other, net	251,536	225,061
Total property, plant and equipment	13,147,623	12,830,173
Intangible assets		
Other	378,068	369,514
Total intangible assets	378,068	369,514
Investments and other assets		
Investment securities	760,444	668,236
Long-term loans receivable	12,715	10,782
Deferred tax assets	222,683	224,677
Other	638,410	622,688
Allowance for doubtful accounts	(27,245)	(27,245)
Total investments and other assets	1,607,007	1,499,138
Total non-current assets	15,132,699	14,698,826
Total assets	33,934,195	34,578,872

	(Thousands of yen)	
	FY2/22	FY2/23
	(As of Feb. 28, 2022)	(As of Feb. 28, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,237,559	4,160,916
Electronically recorded obligations-operating	3,743,291	3,925,329
Short-term borrowings	5,005,923	5,312,693
Current portion of long-term borrowings	677,386	673,316
Lease liabilities	86,533	86,249
Income taxes payable	588,636	349,242
Provision for bonuses	221,977	204,334
Other	1,113,543	904,484
Total current liabilities	15,674,852	15,616,566
Non-current liabilities		
Long-term borrowings	1,845,177	1,802,455
Lease liabilities	374,489	315,446
Deferred tax liabilities	42,857	47,684
Retirement benefit liability	171,153	186,682
Other	149,123	140,837
Total non-current liabilities	2,582,802	2,493,106
Total liabilities	18,257,655	18,109,673
Net assets		
Shareholders' equity		
Share capital	1,057,468	1,057,468
Capital surplus	1,166,402	1,308,179
Retained earnings	11,356,927	12,145,081
Treasury shares	(1,101)	(1,101)
Total shareholders' equity	13,579,696	14,509,626
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	126,580	92,953
Deferred gains or losses on hedges	(89)	4,826
Foreign currency translation adjustment	607,472	807,556
Remeasurements of defined benefit plans	18,785	(12,833)
Total accumulated other comprehensive income	752,748	892,503
Non-controlling interests	1,344,095	1,067,068
Total net assets	15,676,540	16,469,199
Total liabilities and net assets	33,934,195	34,578,872

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

	(Thousands of yen)	
	FY2/22	FY2/23
	(Mar. 1, 2021 – Feb. 28, 2022)	(Mar. 1, 2022 – Feb. 28, 2023)
Net sales	40,485,133	43,128,879
Cost of sales	33,595,278	36,646,098
Gross profit	6,889,855	6,482,781
Selling, general and administrative expenses	4,557,396	4,590,207
Operating profit	2,332,458	1,892,573
Non-operating income		
Interest income	5,794	8,442
Dividend income	16,989	21,406
Rental income from land and buildings	33,553	34,509
Insurance income	14,503	11,513
Foreign exchange gains	146,048	186,332
Other	152,524	167,889
Total non-operating income	369,413	430,092
Non-operating expenses		
Interest expenses	67,437	65,816
Other	48,727	50,744
Total non-operating expenses	116,164	116,560
Ordinary profit	2,585,706	2,206,105
Extraordinary income		
Gain on sale of non-current assets	1,160	70,447
Gain on sales of investment securities	1,095	12,640
Total extraordinary income	2,256	83,087
Extraordinary losses		
Loss on sales of non-current assets	474	-
Loss on retirement of non-current assets	33,647	85,434
Impairment losses	30,059	69,147
Extra retirement payments	134,889	23,893
Total extraordinary losses	199,071	178,475
Profit before income taxes	2,388,891	2,110,717
Income taxes-current	810,753	700,646
Income taxes-deferred	21,323	19,897
Total income taxes	832,076	720,543
Profit	1,556,814	1,390,173
Profit attributable to non-controlling interests	86,321	104,958
Profit attributable to owners of parent	1,470,493	1,285,214

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY2/22	FY2/23
	(Mar. 1, 2021 – Feb. 28, 2022)	(Mar. 1, 2022 – Feb. 28, 2023)
Profit	1,556,814	1,390,173
Other comprehensive income		
Valuation difference on available-for-sale securities	(13,758)	(35,179)
Deferred gains or losses on hedges	4,497	9,638
Foreign currency translation adjustment	381,770	223,178
Remeasurements of defined benefit plans, net of tax	12,860	(31,618)
Total other comprehensive income	385,370	166,018
Comprehensive income	1,942,185	1,556,191
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,804,428	1,424,969
Comprehensive income attributable to non-controlling interests	137,756	131,222

(3) Consolidated Statement of Changes in Equity

FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)

(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	10,360,425	(1,101)	12,575,200
Cumulative effects of changes in accounting policies	-	-	-	-	-
Restated balance	1,057,468	1,158,408	10,360,425	(1,101)	12,575,200
Changes during period					
Dividends of surplus	-	-	(473,990)	-	(473,990)
Profit attributable to owners of parent	-	-	1,470,493	-	1,470,493
Change in ownership interest of parent due to transactions with non-controlling interests	-	7,993	-	-	7,993
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	7,993	996,502	-	1,004,496
Balance at end of period	1,057,468	1,166,402	11,356,927	(1,101)	13,579,696

	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	139,478	(2,382)	275,793	5,924	418,812
Cumulative effects of changes in accounting policies	-	-	-	-	-
Restated balance	139,478	(2,382)	275,793	5,924	418,812
Changes during period					
Dividends of surplus	-	-	-	-	-
Profit attributable to owners of parent	-	-	-	-	-
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-
Net changes in items other than shareholders' equity	(12,897)	2,293	331,679	12,860	333,935
Total changes during period	(12,897)	2,293	331,679	12,860	333,935
Balance at end of period	126,580	(89)	607,472	18,785	752,748

	Non-controlling interests	Total net assets
Balance at beginning of period	1,228,103	14,222,116
Cumulative effects of changes in accounting policies	-	-
Restated balance	1,228,103	14,222,116
Changes during period		
Dividends of surplus	-	(473,990)
Profit attributable to owners of parent	-	1,470,493
Change in ownership interest of parent due to transactions with non-controlling interests	-	7,993
Net changes in items other than shareholders' equity	115,991	449,927
Total changes during period	115,991	1,454,424
Balance at end of period	1,344,095	15,676,540

FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,057,468	1,166,402	11,356,927	(1,101)	13,579,696
Cumulative effects of changes in accounting policies	-	-	25,963	-	25,963
Restated balance	1,057,468	1,166,402	11,382,890	(1,101)	13,605,659
Changes during period					
Dividends of surplus	-	-	(523,024)	-	(523,024)
Profit attributable to owners of parent	-	-	1,285,214	-	1,285,214
Change in ownership interest of parent due to transactions with non-controlling interests	-	141,776	-	-	141,776
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	141,776	762,190	-	903,967
Balance at end of period	1,057,468	1,308,179	12,145,081	(1,101)	14,509,626

	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	126,580	(89)	607,472	18,785	752,748
Cumulative effects of changes in accounting policies	-	-	-	-	-
Restated balance	126,580	(89)	607,472	18,785	752,748
Changes during period					
Dividends of surplus	-	-	-	-	-
Profit attributable to owners of parent	-	-	-	-	-
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-
Net changes in items other than shareholders' equity	(33,627)	4,915	200,084	(31,618)	139,755
Total changes during period	(33,627)	4,915	200,084	(31,618)	139,755
Balance at end of period	92,953	4,826	807,556	(12,833)	892,503

	Non-controlling interests	Total net assets
Balance at beginning of period	1,344,095	15,676,540
Cumulative effects of changes in accounting policies	(3,852)	22,110
Restated balance	1,340,242	15,698,650
Changes during period		
Dividends of surplus	-	(523,024)
Profit attributable to owners of parent	-	1,285,214
Change in ownership interest of parent due to transactions with non-controlling interests	-	141,776
Net changes in items other than shareholders' equity	(273,173)	(133,418)
Total changes during period	(273,173)	770,548
Balance at end of period	1,067,068	16,469,199

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY2/22	FY2/23
	(Mar. 1, 2021 – Feb. 28, 2022)	(Mar. 1, 2022 – Feb. 28, 2023)
Cash flows from operating activities		
Profit before income taxes	2,388,891	2,110,717
Depreciation	1,312,487	1,306,752
Amortization of goodwill	28,638	28,638
Impairment losses	30,059	69,147
Increase (decrease) in allowance for doubtful accounts	693	416
Increase (decrease) in provision for bonuses	(989)	(17,643)
Increase (decrease) in retirement benefit liability	(40,487)	(30,030)
Interest and dividend income	(22,783)	(29,848)
Interest expenses	67,437	65,816
Foreign exchange losses (gains)	(138,094)	(122,455)
Loss (gain) on sales of investment securities	(1,095)	(12,640)
Loss on retirement of non-current assets	33,647	85,434
Loss (gain) on sale of non-current assets	(686)	(70,447)
Decrease (increase) in trade receivables	352,913	(324,103)
Decrease (increase) in inventories	(997,415)	(352,115)
Increase (decrease) in trade payables	590,853	(53,467)
Increase (decrease) in accrued consumption taxes	153,230	(129,286)
Other, net	106,095	5,139
Subtotal	3,863,396	2,530,023
Interest and dividends received	21,386	29,748
Interest paid	(64,557)	(67,621)
Income taxes paid	(480,055)	(944,399)
Net cash provided by (used in) operating activities	3,340,170	1,547,750
Cash flows from investing activities		
Purchase of non-current assets	(1,559,401)	(1,213,964)
Proceeds from sale of non-current assets	13,835	342,244
Payments for retirement of non-current assets	(4,799)	(3,821)
Purchase of investment securities	(18,583)	(20,940)
Proceeds from sales of investment securities	2,595	73,565
Loan advances	(6,000)	-
Proceeds from collection of loans receivable	2,297	1,933
Payments into time deposits	(73,384)	-
Proceeds from withdrawal of time deposits	-	14,075
Payments of guarantee deposits	(1,086)	(7,647)
Proceeds from refund of guarantee deposits	5,479	2,769
Other, net	10,132	36,069
Net cash provided by (used in) investing activities	(1,628,915)	(775,717)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	99,861	246,650
Proceeds from long-term borrowings	729,294	700,000
Repayments of long-term borrowings	(1,063,919)	(748,216)
Repayments of lease liabilities	(61,465)	(95,521)
Dividends paid	(472,849)	(523,977)
Dividends paid to non-controlling interests	(6,303)	(12,699)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(7,467)	(250,116)
Net cash provided by (used in) financing activities	(782,850)	(683,880)
Effect of exchange rate change on cash and cash equivalents	156,588	139,007
Net increase (decrease) in cash and cash equivalents	1,084,992	227,160
Cash and cash equivalents at beginning of period	3,707,389	4,792,381
Cash and cash equivalents at end of period	4,792,381	5,019,542

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

Not applicable.

Changes in Accounting Policies

Application of Accounting Standard for Revenue Recognition

Nakamoto Packs has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the current fiscal year. Based on these standards, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers. The major revisions due to the application of this new standard are as follows.

(1) Revenue recognition for agent transactions

In previous years, the entire amount received from customers for products purchased for resale was recognized as revenue. Revenue, net of payments to suppliers, is now recognized for transactions where the company is determined to be functioning as (the principal or an agent) an agent for the provision of goods and services to customers.

(2) Revenue recognition related to variable consideration

Variable consideration, such as rebates on product sales, was previously deducted from sales revenue when the sales amount was finalized, but the method has now been changed to estimate the amount of the variable portion of the consideration for the transaction and include it in the transaction price only to the extent that it is probable that a significant reduction in the recognized revenue will not occur.

(3) Revenue recognition on sales with right of return

For transactions involving sales of products where a right of return exists, the Group has changed to a method that does not recognize revenue at the time of sale, in accordance with the provisions regarding variable consideration, for the portion of the product that is expected to be returned.

(4) Revenue recognition for performance obligations to be fulfilled over a specified period of time

Previously, the Group recognized revenue from construction contracts based on the completed-contract method. Now the Group has changed its method of accounting for contracts where the performance obligation is to be fulfilled over a certain period of time. The Group now estimates the percentage of completion in fulfilling the performance obligation and recognizes revenue over a certain period based on the percentage of completion. The method of estimating the degree of progress in meeting performance obligations is based on the proportion of the construction costs incurred by the end of each reporting period to the total expected construction costs. For construction contracts with a very short period of time from the start date to the point when the performance obligation is expected to be fully satisfied, an alternative treatment is applied and revenue is recognized when the performance obligation is fully satisfied, instead of recognizing revenue based on the percentage of completion.

(5) Revenue recognition for paid-in payments

Previously, the Group recognized the extinguishment of the paid-in supplies, but has now changed the method to not recognize the extinguishment of such supplies when it is obliged to repurchase the supplied goods.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional measures in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the current fiscal year, is added to or subtracted from retained earnings at the beginning of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

In addition, “Notes and accounts receivable-trade” presented under “Current assets” in the consolidated balance sheet for the previous fiscal year has now been included in “Notes and accounts receivable-trade, and contract assets” in the consolidated balance sheet from the current fiscal year. In accordance with the transitional measures

prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the prior year's consolidated financial statements.

As a result, in the consolidated balance sheet for the current fiscal year, notes and accounts receivable-trade, and contract assets increased 13 million yen, merchandise and finished goods increased 40 million yen, work in process decreased 9 million yen, other under current assets increased 5 million yen, other under current liabilities increased 54 million yen, compared to before the application of the accounting standard for revenue recognition. In the consolidated statement of income for the current fiscal year, net sales decreased 283 million yen, cost of sales decreased 246 million yen and operating profit, ordinary profit and profit before income taxes declined 36 million yen each.

Due to the inclusion of the cumulative effect of these measures on net assets at the beginning of the current fiscal year, retained earnings increased 25 million yen and non-controlling interests decreased 3 million yen at the beginning of this fiscal year in the consolidated statement of changes in equity.

The effect of this change on the consolidated statement of cash flows and per share information for the current fiscal year is insignificant.

In accordance with the transitional treatment prescribed in paragraph 89-3 of the accounting standard for revenue recognition, there is no note concerning "revenue recognition matters" for the previous fiscal year.

Application of the Accounting Standard for Fair Value Measurement

Nakamoto Packs has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) from the beginning of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application of this standard has no effect on the consolidated financial statements.

Segment Information

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

Per Share Information

	(Yen)	
	FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)	FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)
Net assets per share	1,753.79	1,884.69
Earnings per share	179.94	157.27

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)	
	FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)	FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)
Earnings per share		
Profit attributable to owners of parent	1,470,493	1,285,214
Amounts not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	1,470,493	1,285,214
Average number of common shares during the period (Shares)	8,172,253	8,172,253

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.