



April 8, 2024

Consolidated Financial Results for the Fiscal Year Ended February 29, 2024 (FY2/24)**[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 29, 2024

Scheduled date of filing of Annual Securities Report: May 30, 2024

Scheduled date of payment of dividend: May 30, 2024

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 FY2/24 (March 1, 2023 – February 29, 2024)****(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	%
FY2/24	44,362	2.9	1,815	(4.1)	2,341	6.1	1,057	(17.7)
FY2/23	43,128	6.5	1,892	(18.9)	2,206	(14.7)	1,285	(12.6)

Note: Comprehensive income FY2/24: 1,337 million yen (down 14.1%) FY2/23: 1,556 million yen (down 19.9%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
FY2/24	128.48	-	6.4	6.4	4.1
FY2/23	157.27	-	8.6	6.4	4.4

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 29, 2024	38,483	18,496	45.7	1,969.69
As of Feb. 28, 2023	34,578	16,469	44.5	1,884.69

Reference: Equity capital As of Feb. 29, 2024: 17,568 million yen As of Feb. 28, 2023: 15,402 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2/24	3,458	(2,533)	(32)	7,446
FY2/23	1,547	(775)	(683)	5,019

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	%	%
FY2/23	-	31.00	-	31.00	62.00	506	39.4	3.4
FY2/24	-	31.00	-	31.00	62.00	529	48.3	3.2
FY2/25 (forecast)	-	32.00	-	32.00	64.00		36.1	

3. Consolidated Forecast for FY2/25 (March 1, 2024 – February 28, 2025)

(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	23,850	7.1	1,000	(2.0)	1,089	(10.3)	705	2.9	79.04
Full year	48,000	8.2	2,200	21.2	2,500	6.8	1,582	49.6	177.36

*** 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 16 “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. 29, 2024: 8,920,791 shares As of Feb. 28, 2023: 8,173,320 shares

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

As of Feb. 29, 2024: 1,275 shares As of Feb. 28, 2023: 1,067 shares

3) Average number of shares during the period

FY2/24: 8,231,465 shares FY2/23: 8,172,253 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for FY2/24 (March 1, 2023 – February 29, 2024)

(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	%
FY2/24	31,898	(0.0)	743	(31.0)	1,082	(29.2)	65	(93.5)
FY2/23	31,911	5.4	1,076	(20.0)	1,529	(11.2)	1,014	(14.5)

	Earnings per share	Diluted earnings per share
	Yen	Yen
FY2/24	7.97	-
FY2/23	124.18	-

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

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 29, 2024	31,187	14,344	46.0	1,608.21
As of Feb. 28, 2023	29,035	13,364	46.0	1,635.40

Reference: Shareholders' equity As of Feb. 29, 2024: 14,344 million yen As of Feb. 28, 2023: 13,364 million yen

* The current financial report is not subject to the audits by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts and other special items

Cautionary statement with respect to forecasts

Forward-looking statements in these materials are based on certain assumptions judged to be valid and information currently available to Nakamoto Packs. These statements are not promises by Nakamoto Packs regarding future performance. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to “1. Overview of Results of Operations, (4) Outlook” on page 4 for forecast assumptions and notes of caution for usage.

How to view supplementary information at the financial results meeting

Nakamoto Packs plans to hold an information meeting for institutional investors and analysts on Tuesday, April 16, 2024. 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

(1) Results of Operations

During the fiscal year ended on February 29, 2024, the Japanese economy continued to recover as economic activities returned to normal because of a significant increase in movements of people as the restrictions on social activities due to the pandemic were eased and foreigners were allowed to enter Japan. Despite these positive trends, the outlook for the Japanese economy remains uncertain. The main reasons are concerns about numerous crises worldwide, the yen's weakness, and pressure on consumer spending due to rising prices caused by the high cost of raw materials and resources. The Nakamoto Packs Group's business activities have also been adversely affected by rising manufacturing costs caused by the high cost of energy and disruptions to its supply chain.

The activities of the Nakamoto Packs Group are guided by the themes of "environmental responsibility, activities for improvements and the maximization of 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 2.9% to 44,362 million yen. Operating profit decreased 4.1% to 1,815 million yen, ordinary profit increased 6.1% to 2,341 million yen and profit attributable to owners of parent decreased 17.7% to 1,057 million yen.

Results of operations for product categories were as follows.

Food Packaging and Containers

Sales of packaging and containers for agricultural containers and frozen food were strong. Performance was also supported by an increase in orders for prepared food (bento) and catered meal trays and for no-label thermal top seal film, which is an environmentally responsible packaging material. Sales growth includes the sales of the Nakamoto Fine Pack Yamanashi Plant that was acquired in 2023. As a result, sales increased 5.0% to 28,659 million yen and gross profit increased 3.8% to 2,862 million yen.

IT and Industrial Materials

Sales increased 0.7% to 6,757 million yen as orders for automotive interior materials are recovering. Although the company continued to conduct sales activities to acquire new customers, production volume was significantly lower due to weak market conditions, especially products used in electronic components, and inventory adjustments by customers. As a result, gross profit decreased 11.6% to 1,492 million yen.

Consumer Product Packaging and Materials

Sales increased 3.1% to 4,697 million yen and gross profit increased 27.4% to 1,669 million yen because of higher sales of vacuum storage bags and other storage products on TV shopping and e-commerce channels. There were also strong sales of seasonal products such as heat shield cover for air conditioners and thermal insulation sheets due to requests from the government to conserve energy.

Printing Sheets for Building Materials

Sales decreased 3.1% to 2,048 million yen and gross profit decreased 15.8% to 294 million yen because of sluggish sales of functional surface coatings processing for houses and apartment buildings and production adjustments of printing for interior materials for houses.

Pharmaceuticals and Health Care

Sales to hospitals of packaging materials for transfusions were firm and overseas sales of transdermal patches increased. The result was a 7.0% increase in sales to 1,403 million yen. The gross profit increased 1.9% to 257 million yen.

Others

Sales decreased 31.1% to 794 million yen and the gross profit decreased 40.4% to 72 million yen since there were one-time sales of machinery in the previous fiscal year.

(2) Financial Position**Assets**

Total assets increased 3,905 million yen from the end of the previous fiscal year to 38,483 million yen.

Current assets increased 3,259 million yen to 23,139 million yen. This was mainly due to increases of 2,429 million yen in cash and deposits, 586 million yen in notes and accounts receivable-trade, and contract assets, and 358 million yen in electronically recorded monetary claims-operating and 146 million yen in others, mainly as a result of the consolidation of MICS Chemical Co., Ltd., while there was a decrease of 263 million yen in inventories.

Non-current assets increased 645 million yen to 15,343 million yen mainly due to increases of 157 million yen in property, plant and equipment, 118 million yen in intangible assets and 369 million yen in investments and other assets, mainly resulting from the consolidation of MICS Chemical, while there was the recognition of impairment losses of non-current assets.

Liabilities

Total liabilities increased 1,877 million yen to 19,987 million yen.

Current liabilities increased 1,238 million yen to 16,854 million yen. This was mainly due to increases of 645 million yen in notes and accounts payable-trade, 343 million yen in electronically recorded obligations-operating, 176 million yen in current portion of long-term borrowings, 144 million yen in lease obligations, 187 million yen in provision for loss on liquidation of subsidiaries and associates and 165 million yen in others, while there was a decrease of 399 million yen in short-term borrowings.

Non-current liabilities increased 639 million yen to 3,132 million yen. This was mainly due to an increase in long-term borrowings of 913 million yen, while there was a decrease of 216 million yen in lease liabilities.

Net assets

Net assets increased 2,027 million yen to 18,496 million yen. This was mainly due to a 1,321 million yen increase in capital surplus due to exchange of shares and other items, a 550 million yen increase in retained earnings due to profit attributable to owners of parent and other items and a 125 million yen increase in valuation difference on available-for-sale securities.

(3) Cash Flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the current fiscal year were 7,446 million yen, up 2,427 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 3,458 million yen (compared with net cash provided of 1,547 million yen in the previous fiscal year). Positive factors include profit before income taxes of 1,653 million yen, depreciation of 1,293 million yen, impairment loss of 628 million yen, loss on step acquisitions of 200 million yen, an increase in provision for loss on liquidation of subsidiaries and associates of 187 million yen, decrease in inventories of 560 million yen and increase in trade payables of 573 million yen, which offset negative factors including gain on bargain purchase of 469 million yen, share of profit of entities accounted for using equity method of 347 million yen, increase in trade receivables of 213 million yen and income taxes paid of 699 million yen.

Cash flows from investing activities

Net cash used in investing activities was 2,533 million yen (compared with net cash used of 775 million yen in the previous fiscal year). Although there were positive factors including proceeds from sale of non-current assets of 3

million yen, there were negative factors including payments of 1,085 million yen for the purchase of non-current assets (production processing equipment, etc.) and 1,282 million yen for the purchase of investment securities, and other, net of 151 million yen.

Cash flows from financing activities

Net cash used in financing activities was 32 million yen (compared with net cash used of 683 million yen in the previous fiscal year). Although there were positive factors including proceeds from long-term borrowings of 1,862 million yen, there were negative factors including a net decrease in short-term borrowings of 425 million yen, repayments of long-term borrowings of 773 million yen, and dividends paid of 506 million yen.

(4) Outlook

A slow recovery of the Japanese economy is expected to continue despite sluggish consumer spending caused by inflation. An upturn in domestic demand as wage hikes boost real wages, rising demand from foreign tourists and the growth of capital expenditures by companies are all likely to support this recovery. However, the outlook for the economy remains uncertain because of supply-side restrictions due to Japan's labor shortage, slowing economic growth in other countries because of high interest rates, and increasing risk involving numerous crises worldwide.

For the fiscal year ending on February 28, 2025, we forecast an 8.2% increase in net sales to 48,000 million yen, a 21.2% increase in operating profit to 2,200 million yen, a 6.8% increase in ordinary profit to 2,500 million yen and a 49.6% increase in profit attributable to owners of parent to 1,582 million yen. This forecast uses an exchange rate of 20.30 yen to the yuan for yuan-denominated sales that are not yet converted to yen.

Manufacturing and logistics expenses are rising as the cost of electricity and gas remains high due to higher prices of resources which also push up the cost of 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.

In the Food Packaging and Containers category, there will be contributions to sales and earnings from the Nakamoto Fine Pack Yamanashi Plant, which was acquired in 2023, and from MICS Chemical, which became a wholly owned subsidiary in the fourth quarter of the fiscal year that ended in February 2024. In addition, orders for no-label thermal top seal film and other environmentally responsible products are expected to increase. However, the performance of this category may be affected if inflation continues to have a negative effect on consumer spending.

In the IT and Industrial Materials category, the business climate will probably remain challenging until companies complete their inventory adjustments. A recovery is expected to begin in the third quarter of the fiscal year. However, 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.

In the Consumer Product Packaging and Materials category, subsidiary R Co., Ltd., has the goal of increasing sales by developing products that differentiate the company's products from those of competitors. One example is products using the new Goodna brand, which is based on the concept of outstanding ease of use and designs for even better living. Due to the large volume of imported products, the performance of this category may be affected if there is a big change in the yen's exchange rates.

The main goals for the fiscal year ending in February 2025 are environmental responsibility, activities for improvements and the maximization of customer satisfaction by going back to the basics. For environmental responsibility, we have developed RESC™, a next-generation SDG-compliant gas-barrier packaging material incorporating a non-edible starch, and a no-label thermal top seal film and are increasing sales of these products. We are also continuing to switch to environmentally responsible ink and adhesives. For business operation improvements, we are aiming to use smaller amounts of materials, raise production efficiency and take other steps 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)	
	FY2/23	FY2/24
	(As of Feb. 28, 2023)	(As of Feb. 29, 2024)
Assets		
Current assets		
Cash and deposits	5,103,102	7,532,988
Notes and accounts receivable-trade, and contract assets	7,767,557	8,354,549
Electronically recorded monetary claims-operating	2,239,944	2,598,289
Merchandise and finished goods	2,831,398	2,895,263
Work in process	370,671	348,658
Raw materials and supplies	1,335,623	1,030,584
Other	238,316	384,945
Allowance for doubtful accounts	(6,567)	(5,313)
Total current assets	19,880,046	23,139,967
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,139,207	6,240,851
Machinery, equipment and vehicles, net	2,509,777	2,392,079
Land	3,138,364	3,729,154
Leased assets, net	395,119	264,472
Construction in progress	422,642	145,351
Other, net	225,061	215,635
Total property, plant and equipment	12,830,173	12,987,545
Intangible assets		
Other	369,514	487,728
Total intangible assets	369,514	487,728
Investments and other assets		
Investment securities	668,236	998,155
Long-term loans receivable	10,782	9,045
Retirement benefit asset	-	99,494
Deferred tax assets	224,677	146,163
Other	622,688	643,123
Allowance for doubtful accounts	(27,245)	(27,265)
Total investments and other assets	1,499,138	1,868,716
Total non-current assets	14,698,826	15,343,990
Total assets	34,578,872	38,483,958

	(Thousands of yen)	
	FY2/23 (As of Feb. 28, 2023)	FY2/24 (As of Feb. 29, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,160,916	4,806,732
Electronically recorded obligations-operating	3,925,329	4,269,105
Short-term borrowings	5,312,693	4,913,254
Current portion of long-term borrowings	673,316	850,082
Lease liabilities	86,249	230,924
Income taxes payable	349,242	283,854
Provision for bonuses	204,334	244,149
Provision for loss on liquidation of subsidiaries and associates	-	187,359
Other	904,484	1,069,532
Total current liabilities	15,616,566	16,854,995
Non-current liabilities		
Long-term borrowings	1,802,455	2,715,818
Lease liabilities	315,446	98,868
Deferred tax liabilities	47,684	55,216
Retirement benefit liability	186,682	107,390
Other	140,837	154,902
Total non-current liabilities	2,493,106	3,132,196
Total liabilities	18,109,673	19,987,191
Net assets		
Shareholders' equity		
Share capital	1,057,468	1,057,468
Capital surplus	1,308,179	2,629,932
Retained earnings	12,145,081	12,696,002
Treasury shares	(1,101)	(1,452)
Total shareholders' equity	14,509,626	16,381,950
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	92,953	217,976
Deferred gains or losses on hedges	4,826	11,461
Foreign currency translation adjustment	807,556	880,761
Remeasurements of defined benefit plans	(12,833)	76,513
Total accumulated other comprehensive income	892,503	1,186,713
Non-controlling interests	1,067,068	928,102
Total net assets	16,469,199	18,496,766
Total liabilities and net assets	34,578,872	38,483,958

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

	(Thousands of yen)	
	FY2/23	FY2/24
	(Mar. 1, 2022 – Feb. 28, 2023)	(Mar. 1, 2023 – Feb. 29, 2024)
Net sales	43,128,879	44,362,283
Cost of sales	36,646,098	37,712,762
Gross profit	6,482,781	6,649,521
Selling, general and administrative expenses	4,590,207	4,834,389
Operating profit	1,892,573	1,815,132
Non-operating income		
Interest income	8,442	11,271
Dividend income	21,406	19,093
Share of profit of entities accounted for using equity method	-	347,368
Rental income from land and buildings	34,509	25,172
Insurance claim income	11,513	19,092
Foreign exchange gains	186,332	69,104
Other	167,889	182,315
Total non-operating income	430,092	673,417
Non-operating expenses		
Interest expenses	65,816	60,141
Depreciation of inactive non-current assets	-	59,894
Other	50,744	26,938
Total non-operating expenses	116,560	146,974
Ordinary profit	2,206,105	2,341,575
Extraordinary income		
Gain on sale of non-current assets	70,447	1,017
Gain on sale of investment securities	12,640	-
Gain on bargain purchase	-	469,629
Total extraordinary income	83,087	470,646
Extraordinary losses		
Loss on sale of non-current assets	-	1,230
Loss on retirement of non-current assets	85,434	90,545
Impairment losses	69,147	628,082
Loss on valuation of investment securities	-	50,402
Extra retirement payments	23,893	-
Loss on step acquisitions	-	200,885
Provision for loss on liquidation of subsidiaries and associates	-	187,359
Total extraordinary losses	178,475	1,158,505
Profit before income taxes	2,110,717	1,653,715
Income taxes-current	700,646	637,257
Income taxes-deferred	19,897	(6,439)
Total income taxes	720,543	630,817
Profit	1,390,173	1,022,898
Profit attributable to non-controlling interests	104,958	(34,702)
Profit attributable to owners of parent	1,285,214	1,057,600

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY2/23	FY2/24
	(Mar. 1, 2022 – Feb. 28, 2023)	(Mar. 1, 2023 – Feb. 29, 2024)
Profit	1,390,173	1,022,898
Other comprehensive income		
Valuation difference on available-for-sale securities	(35,179)	127,273
Deferred gains or losses on hedges	9,638	13,010
Foreign currency translation adjustment	223,178	84,796
Remeasurements of defined benefit plans, net of tax	(31,618)	89,346
Total other comprehensive income	166,018	314,427
Comprehensive income	1,556,191	1,337,325
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,424,969	1,351,809
Comprehensive income attributable to non-controlling interests	131,222	(14,484)

(3) Consolidated Statement of Changes in Equity

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
Purchase of treasury shares	-	-	-	-	-
Increase by share exchanges	-	-	-	-	-
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	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-
Increase by share exchanges	-	-	-	-	-
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
Purchase of treasury shares	-	-
Increase by share exchanges	-	-
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

FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,057,468	1,308,179	12,145,081	(1,101)	14,509,626
Changes during period					
Dividends of surplus	-	-	(506,679)	-	(506,679)
Profit attributable to owners of parent	-	-	1,057,600	-	1,057,600
Purchase of treasury shares	-	-	-	(350)	(350)
Increase by share exchanges	-	1,300,599	-	-	1,300,599
Change in ownership interest of parent due to transactions with non-controlling interests	-	21,153	-	-	21,153
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	1,321,753	550,920	(350)	1,872,323
Balance at end of period	1,057,468	2,629,932	12,696,002	(1,452)	16,381,950

	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	92,953	4,826	807,556	(12,833)	892,503
Changes during period					
Dividends of surplus	-	-	-	-	-
Profit attributable to owners of parent	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-
Increase by share exchanges	-	-	-	-	-
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-
Net changes in items other than shareholders' equity	125,022	6,635	73,204	89,346	294,209
Total changes during period	125,022	6,635	73,204	89,346	294,209
Balance at end of period	217,976	11,461	880,761	76,513	1,186,713

	Non-controlling interests	Total net assets
Balance at beginning of period	1,067,068	16,469,199
Changes during period		
Dividends of surplus	-	(506,679)
Profit attributable to owners of parent	-	1,057,600
Purchase of treasury shares	-	(350)
Increase by share exchanges	-	1,300,599
Change in ownership interest of parent due to transactions with non-controlling interests	-	21,153
Net changes in items other than shareholders' equity	(138,966)	155,242
Total changes during period	(138,966)	2,027,566
Balance at end of period	928,102	18,496,766

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY2/23	FY2/24
	(Mar. 1, 2022 – Feb. 28, 2023)	(Mar. 1, 2023 – Feb. 29, 2024)
Cash flows from operating activities		
Profit before income taxes	2,110,717	1,653,715
Depreciation	1,306,752	1,293,937
Amortization of goodwill	28,638	26,252
Impairment losses	69,147	628,082
Gain on bargain purchase	-	(469,629)
Loss (gain) on step acquisitions	-	200,885
Share of loss (profit) of entities accounted for using equity method	-	(347,368)
Increase (decrease) in allowance for doubtful accounts	416	(1,488)
Increase (decrease) in provision for bonuses	(17,643)	18,737
Increase (decrease) in net defined benefit asset and liability	(30,030)	(51,114)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	-	187,359
Interest and dividend income	(29,848)	(30,365)
Interest expenses	65,816	60,141
Foreign exchange losses (gains)	(122,455)	(56,037)
Loss (gain) on valuation of investment securities	-	50,402
Loss (gain) on sale of investment securities	(12,640)	-
Loss on retirement of non-current assets	85,434	90,545
Loss (gain) on sale of non-current assets	(70,447)	213
Decrease (increase) in trade receivables	(324,103)	(213,971)
Decrease (increase) in inventories	(352,115)	560,967
Increase (decrease) in trade payables	(53,467)	573,046
Increase (decrease) in accrued consumption taxes	(129,286)	(1,770)
Other, net	5,139	15,245
Subtotal	2,530,023	4,187,786
Interest and dividends received	29,748	29,491
Interest paid	(67,621)	(59,356)
Income taxes paid	(944,399)	(699,732)
Net cash provided by (used in) operating activities	1,547,750	3,458,188
Cash flows from investing activities		
Purchase of non-current assets	(1,213,964)	(1,085,548)
Proceeds from sale of non-current assets	342,244	3,266
Payments for retirement of non-current assets	(3,821)	(18,212)
Purchase of investment securities	(20,940)	(1,282,771)
Proceeds from sale of investment securities	73,565	-
Proceeds from collection of loans receivable	1,933	1,736
Proceeds from withdrawal of time deposits	14,075	-
Payments of guarantee deposits	(7,647)	(797)
Proceeds from refund of guarantee deposits	2,769	1,178
Other, net	36,069	(151,935)
Net cash provided by (used in) investing activities	(775,717)	(2,533,085)

	(Thousands of yen)	
	FY2/23	FY2/24
	(Mar. 1, 2022 – Feb. 28, 2023)	(Mar. 1, 2023 – Feb. 29, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	246,650	(425,000)
Proceeds from long-term borrowings	700,000	1,862,800
Repayments of long-term borrowings	(748,216)	(773,334)
Repayments of lease liabilities	(95,521)	(87,273)
Purchase of treasury shares	-	(350)
Dividends paid	(523,977)	(506,400)
Dividends paid to non-controlling interests	(12,699)	(24,032)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(250,116)	(79,100)
Net cash provided by (used in) financing activities	(683,880)	(32,691)
Effect of exchange rate change on cash and cash equivalents	139,007	69,230
Net increase (decrease) in cash and cash equivalents	227,160	961,641
Cash and cash equivalents at beginning of period	4,792,381	5,019,542
Increase in cash and cash equivalents due to share exchange	-	1,465,737
Cash and cash equivalents at end of period	5,019,542	7,446,920

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

Not applicable.

Changes in the Scope of Consolidation or Application of the Equity Method

RN Smart Packaging Co., Ltd. is included in the scope of application of the equity method from the first quarter of the current fiscal year due to its establishment.

MICS Chemical Co., Ltd. is included in the scope of application of the equity method from the third quarter of the current fiscal year due to the acquisition of the company's stock by Nakamoto Packs.

MICS Chemical Co., Ltd. and its subsidiary EIWA Fine Processing Co., Ltd. are included in the scope of consolidation from the fourth quarter of the current fiscal year due to the additional acquisition of the company's stock by Nakamoto Packs.

Changes in Accounting Policies**Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement**

Nakamoto Packs has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures prescribed in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. 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)

	FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)
Net assets per share	1,884.69	1,969.69
Earnings per share	157.27	128.48

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)

	FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)
Earnings per share		
Profit attributable to owners of parent	1,285,214	1,057,600
Amounts not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	1,285,214	1,057,600
Average number of common shares during the period (Shares)	8,172,253	8,231,465

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.