



July 8, 2024

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending February 28, 2025 (FY2/25)
(Three Months Ended May 31, 2024)

[Japanese GAAP]

Company name: NAKAMOTO PACKS CO.,LTD.

Listing: Tokyo Stock Exchange

Securities code: 7811

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

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Scheduled date of filing of Quarterly Report:

July 8, 2024

Scheduled date of payment of dividend:

-

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting:

None

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

1. Consolidated Financial Results for the First Quarter of FY2/25 (March 1, 2024 – May 31, 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	%
Three months ended May 31, 2024	11,619	5.2	550	6.9	530	0.0	531	95.3
Three months ended May 31, 2023	11,046	1.5	514	(14.8)	529	(29.1)	272	(41.3)

Note: Comprehensive income

Three months ended May 31, 2024: 767 million yen (up 111.8%)

Three months ended May 31, 2023: 362 million yen (down 42.7%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2024	59.61	-
Three months ended May 31, 2023	33.31	-

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2024	39,635	18,981	45.6	2,026.32
As of Feb. 29, 2024	38,483	18,496	45.7	1,969.69

Reference: Equity capital

As of May 31, 2024: 18,072 million yen

As of Feb. 29, 2024: 17,568 million yen

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2/24	-	31.00	-	31.00	62.00
FY2/25	-	-	-	-	-
FY2/25 (forecast)	-	32.00	-	32.00	64.00

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

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

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

*** Notes**

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

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

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

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

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

(4) Number of issued shares (common stock)

- | | | | |
|---------------------------------------------------------------------------------|------------------|----------------------|------------------|
| 1) Number of shares issued at the end of the period (including treasury shares) | | | |
| As of May 31, 2024: | 8,920,791 shares | As of Feb. 29, 2024: | 8,920,791 shares |
| 2) Number of treasury shares at the end of the period | | | |
| As of May 31, 2024: | 2,130 shares | As of Feb. 29, 2024: | 1,275 shares |
| 3) Average number of shares during the period | | | |
| 1Q FY2/25: | 8,918,910 shares | 1Q FY2/24: | 8,172,253 shares |

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

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

Cautionary statement with respect to forecasts

Forward-looking statements in these materials are based on certain assumptions judged to be valid and information currently available to Nakamoto Packs. These statements are not promises by Nakamoto Packs regarding future performance. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3 for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
Quarterly Consolidated Statement of Income	
For the Three-month Period	6
Quarterly Consolidated Statement of Comprehensive Income	
For the Three-month Period	7
(3) Notes to Quarterly Consolidated Financial Statements	8
Going Concern Assumption	8
Significant Changes in Shareholders' Equity	8
Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements	8

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first three months of the fiscal year, the Japanese economy recovered at a moderate pace with the support of improvements in employment and personal income, demand created by the increasing number of foreign tourists, and other reasons. The outlook for the economy remains unclear due to inflation fueled by the high cost of resources and the prolonged weakness of the yen. 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 5.2% to 11,619 million yen. Operating profit increased 6.9% to 550 million yen, ordinary profit increased 0.0% to 530 million yen and profit attributable to owners of parent increased 95.3% to 531 million yen.

Results of operations for product categories were as follows.

Food Packaging and Containers

Sales of packaging and containers for frozen food were strong. Performance was also supported by the profitability of Nakamoto Fine Pack's Yamanashi Plant, which was acquired in April 2023, and the first contribution to sales and earnings of MICS Chemical Co., Ltd., which became a consolidated subsidiary in February 2024. As a result, sales increased 5.0% to 7,637 million yen and gross profit increased 17.5% to 930 million yen.

IT and Industrial Materials

Sales increased 18.7% to 1,938 million yen and gross profit increased 26.8% to 449 million yen because of a recovery in sales of automotive interior materials and increases in orders for electronic component packaging materials for smartphones and some components and for industrial materials.

Consumer Product Packaging and Materials

Sales decreased 15.9% to 927 million yen and gross profit decreased 8.2% to 343 million yen. Sales of vacuum storage bags and other storage products decreased because TV shopping channels gave these products less air time due to a decline in purchases by consumers. In addition, orders were down for seasonal products partly because a mild winter held down sales of thermal insulation sheets.

Printing Sheets for Building Materials

Sales increased 8.4% to 535 million yen because of a recovery in sales of printing for interior materials for houses. The gross profit decreased 4.9% to 67 million yen due to higher sales of products with relatively low profit margins.

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 404 million yen. The gross profit increased 20.0% to 80 million yen.

Others

Sales increased 8.0% to 176 million yen and gross profit increased 0.2% to 16 million yen. The main reason is an increase in sales of general-purpose multilayer nylon film bags made by MICS Chemical, a newly consolidated subsidiary.

(2) Explanation of Financial Position

Assets

Total assets increased 1,152 million yen from the end of the previous fiscal year to 39,635 million yen.

Current assets increased 960 million yen to 24,100 million yen. This was mainly due to increases of 533 million yen in cash and deposits, 89 million yen in electronically recorded monetary claims-operating, 174 million yen in inventories and 111 million yen in others.

Non-current assets increased 191 million yen to 15,535 million yen mainly due to an increase of 247 million yen in investments and other assets, while there were decreases of 30 million yen in property, plant and equipment and 25 million yen in intangible assets mainly due to depreciation.

Liabilities

Total liabilities increased 667 million yen to 20,654 million yen.

Current liabilities increased 275 million yen to 17,130 million yen. This was mainly due to increases of 74 million yen in notes and accounts payable-trade, 56 million yen in electronically recorded obligations-operating, 60 million yen in current portion of long-term borrowings and 143 million yen in provision of bonuses, while there was a decrease of 80 million yen in income taxes payable.

Non-current liabilities increased 391 million yen to 3,523 million yen. This was mainly due to increases of 310 million yen in long-term borrowings and 82 million yen in others.

Net assets

Net assets increased 484 million yen to 18,981 million yen. This was mainly due to a 255 million yen increase in retained earnings due to profit attributable to owners of parent and other items and a 208 million yen increase in foreign currency translation adjustment.

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

There are no revisions to the consolidated forecasts for the fiscal year ending February 28, 2025, which were announced on April 8, 2024.

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

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

	(Thousands of yen)	
	FY2/24 (As of Feb. 29, 2024)	First quarter of FY2/25 (As of May 31, 2024)
Assets		
Current assets		
Cash and deposits	7,532,988	8,066,371
Notes and accounts receivable-trade, and contract assets	8,354,549	8,404,441
Electronically recorded monetary claims-operating	2,598,289	2,688,141
Merchandise and finished goods	2,895,263	2,993,469
Work in process	348,658	405,614
Raw materials and supplies	1,030,584	1,049,925
Other	384,945	496,888
Allowance for doubtful accounts	(5,313)	(4,539)
Total current assets	23,139,967	24,100,313
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,240,851	6,211,936
Machinery, equipment and vehicles, net	2,392,079	2,420,284
Land	3,729,154	3,729,154
Other, net	625,459	595,491
Total property, plant and equipment	12,987,545	12,956,866
Intangible assets	487,728	462,557
Investments and other assets		
Other	1,895,981	2,143,512
Allowance for doubtful accounts	(27,265)	(27,265)
Total investments and other assets	1,868,716	2,116,247
Total non-current assets	15,343,990	15,535,671
Total assets	38,483,958	39,635,984

	(Thousands of yen)	
	FY2/24 (As of Feb. 29, 2024)	First quarter of FY2/25 (As of May 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,806,732	4,881,338
Electronically recorded obligations-operating	4,269,105	4,325,153
Short-term borrowings	4,913,254	4,939,443
Current portion of long-term borrowings	850,082	910,413
Income taxes payable	283,854	203,402
Provision for bonuses	244,149	387,204
Provision for loss on liquidation of subsidiaries and associates	187,359	187,359
Other	1,300,456	1,296,402
Total current liabilities	16,854,995	17,130,716
Non-current liabilities		
Long-term borrowings	2,715,818	3,026,148
Retirement benefit liability	107,390	105,972
Other	308,987	391,612
Total non-current liabilities	3,132,196	3,523,733
Total liabilities	19,987,191	20,654,449
Net assets		
Shareholders' equity		
Share capital	1,057,468	1,057,468
Capital surplus	2,629,932	2,629,932
Retained earnings	12,696,002	12,951,160
Treasury shares	(1,452)	(2,748)
Total shareholders' equity	16,381,950	16,635,812
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	217,976	261,346
Deferred gains or losses on hedges	11,461	11,106
Foreign currency translation adjustment	880,761	1,089,626
Remeasurements of defined benefit plans	76,513	74,201
Total accumulated other comprehensive income	1,186,713	1,436,281
Non-controlling interests	928,102	909,441
Total net assets	18,496,766	18,981,534
Total liabilities and net assets	38,483,958	39,635,984

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

	(Thousands of yen)	
	First three months of FY2/24 (Mar. 1, 2023 – May 31, 2023)	First three months of FY2/25 (Mar. 1, 2024 – May 31, 2024)
Net sales	11,046,700	11,619,357
Cost of sales	9,370,020	9,729,195
Gross profit	1,676,679	1,890,162
Selling, general and administrative expenses	1,161,981	1,340,064
Operating profit	514,698	550,098
Non-operating income		
Interest income	3,702	3,983
Dividend income	344	370
Rental income from land and buildings	6,856	5,650
Foreign exchange gains	-	53,925
Other	35,996	48,517
Total non-operating income	46,900	112,447
Non-operating expenses		
Interest expenses	14,194	17,507
Share of loss of entities accounted for using equity method	-	6,382
Foreign exchange losses	11,650	-
Loss on liquidation of subsidiaries and associates	-	95,596
Other	5,995	13,050
Total non-operating expenses	31,839	132,536
Ordinary profit	529,758	530,009
Extraordinary income		
Gain on sale of non-current assets	-	497
Total extraordinary income	-	497
Extraordinary losses		
Loss on retirement of non-current assets	3,829	1,331
Loss on valuation of investment securities	47,558	-
Extra retirement payments	-	29,446
Total extraordinary losses	51,388	30,778
Profit before income taxes	478,370	499,728
Income taxes	182,817	1,679
Profit	295,553	498,048
Profit (loss) attributable to non-controlling interests	23,338	(33,607)
Profit attributable to owners of parent	272,215	531,656

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

	(Thousands of yen)	
	First three months of FY2/24 (Mar. 1, 2023 – May 31, 2023)	First three months of FY2/25 (Mar. 1, 2024 – May 31, 2024)
Profit	295,553	498,048
Other comprehensive income		
Valuation difference on available-for-sale securities	38,043	45,137
Deferred gains or losses on hedges	(9,158)	(695)
Foreign currency translation adjustment	39,876	227,665
Remeasurements of defined benefit plans, net of tax	(1,830)	(2,312)
Total other comprehensive income	66,930	269,794
Comprehensive income	362,484	767,843
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	339,502	781,224
Comprehensive income attributable to non-controlling interests	22,981	(13,381)

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

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

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

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.