



October 8, 2024

Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending February 28, 2025 (FY2/25)
(Six Months Ended August 31, 2024)

[Japanese GAAP]

Company name: NAKAMOTO PACKS CO.,LTD.

Listing: Tokyo Stock Exchange

Securities code: 7811

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Scheduled date of filing of Semi-annual Report:

October 8, 2024

Scheduled date of payment of dividend:

November 11, 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 the Second Quarter of FY2/25 (March 1, 2024 – August 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	%
Six months ended Aug. 31, 2024	24,376	9.4	1,560	53.0	1,625	33.9	1,247	82.0
Six months ended Aug. 31, 2023	22,279	2.1	1,020	(6.5)	1,213	(12.9)	685	(25.1)

Note: Comprehensive income

Six months ended Aug. 31, 2024: 1,738 million yen (up 64.7%)

Six months ended Aug. 31, 2023: 1,055 million yen (down 23.0%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Aug. 31, 2024	139.89	-
Six months ended Aug. 31, 2023	83.88	-

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Aug. 31, 2024	40,417	19,951	46.9	2,127.50
As of Feb. 29, 2024	38,483	18,496	45.7	1,969.69

Reference: Equity capital

As of Aug. 31, 2024: 18,974 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	-	32.00	-	-	-
FY2/25 (forecast)	-	-	-	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
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) Significant changes in scope of consolidation during the period: None

Newly added: - Excluded: -

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

Note: Please refer to page 11 “2. Interim Consolidated Financial Statements and Notes, (4) Notes to Interim Consolidated Financial Statements, Application of Special Accounting Methods for Presenting Interim Consolidated Financial Statements” for details.

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

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

(4) Number of issued shares (common stock)

1) Number of shares issued at the end of the period (including treasury shares)			
As of Aug. 31, 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 Aug. 31, 2024:	2,262 shares	As of Feb. 29, 2024:	1,275 shares
3) Average number of shares during the period			
2Q FY2/25:	8,918,749 shares	2Q FY2/24:	8,172,253 shares

* The current financial report is not subject to quarterly (semi-annual) 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 Interim Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 4 for forecast assumptions and notes of caution for usage.

How to view supplementary information at the financial results meeting

Nakamoto Packs plans to hold an information meeting for institutional investors and analysts on Thursday, October 17, 2024.

Materials to be distributed at this event will be available on the Nakamoto Packs website immediately thereafter.

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1. Qualitative Information on Interim Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the fiscal year, the economic activities in Japan recovered as exports and demand created by foreign tourists increased and for other reasons. There is a risk of an economic downturn in Japan due to a weakening global economy and rising prices of resources and other items are creating uncertainty. Instability in financial markets is also continuing to make the business climate challenging. The high cost of energy, the rising cost of manufacturing products due to high prices of paper rolls, ink, solvents, auxiliary materials, cargo transportation and other items along with supply disruptions are having a negative impact on the operations of the Nakamoto Packs Group and making the outlook unclear.

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 9.4% to 24,376 million yen. Operating profit increased 53.0% to 1,560 million yen, ordinary profit increased 33.9% to 1,625 million yen and profit attributable to owners of parent increased 82.0% to 1,247 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 improved performance of Nakamoto Fine Pack’s Yamanashi Plant, which was acquired in April 2023, and the first contribution to sales and earnings of Nakamoto Advanced Film Co., Ltd. (formerly MICS Chemical Co., Ltd.), which became a consolidated subsidiary in February 2024. As a result, sales increased 7.5% to 15,430 million yen and gross profit increased 43.9% to 2,092 million yen.

IT and Industrial Materials

Sales increased 37.9% to 4,433 million yen and gross profit increased 38.2% to 961 million yen. Major reasons include a recovery in sales of automotive interior materials, increases in sales of materials used in smartphones and semiconductors, some electronic component packaging materials and industrial materials, and more production of prototype materials for next-generation batteries.

Consumer Product Packaging and Materials

Sales decreased 7.1% to 2,312 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. The gross profit increased 3.3% to 894 million yen due to strong sales of in-house products with high profit margins.

Printing Sheets for Building Materials

Sales decreased 2.5% to 999 million yen. Sales of printed sheets used in newly constructed apartment buildings were strong but there were declines in orders for products used in stores and houses. The gross profit increased 2.2% to 156 million yen due to solid sales of products with relatively high 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 9.4% increase in sales to 798 million yen. The gross profit increased 31.1% to 171 million yen.

Others

Sales decreased 13.7% to 401 million yen since there were one-time sales of machinery in the same period of the previous fiscal year. The gross profit increased 19.5% to 54 million yen because of an increase in sales of general-

purpose co-extruded multilayer nylon film bags made by Nakamoto Advanced Film (formerly MICS Chemical), newly consolidated in the previous fiscal year.

* MICS Chemical Co., Ltd. changed its trade name to Nakamoto Advanced Film Co., Ltd. on August 1, 2024.

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Assets

Total assets increased 1,933 million yen from the end of the previous fiscal year to 40,417 million yen at the end of the second quarter of the current fiscal year.

Current assets increased 1,670 million yen to 24,810 million yen. This was mainly due to increases of 1,168 million yen in notes and accounts receivable-trade, and contract assets, 529 million yen in electronically recorded monetary claims-operating and 165 million yen in others, while there was a decrease of 283 million yen in cash and deposits.

Non-current assets increased 263 million yen to 15,607 million yen mainly due to an increase of 257 million yen in investments and other assets.

Liabilities

Total liabilities increased 478 million yen to 20,466 million yen.

Current liabilities increased 264 million yen to 17,119 million yen. This was mainly due to increases of 99 million yen in notes and accounts payable-trade, 328 million yen in electronically recorded obligations-operating and 192 million yen in income taxes payable, while there was a decrease of 404 million yen in short-term borrowings.

Non-current liabilities increased 214 million yen to 3,346 million yen. This was mainly due to increases of 110 million yen in long-term borrowings and 102 million yen in others.

Net assets

Net assets increased 1,454 million yen to 19,951 million yen. This was mainly due to a 971 million yen increase in retained earnings due to profit attributable to owners of parent and other items and a 390 million yen increase in foreign currency translation adjustment.

2) Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the second quarter of the current fiscal year were 7,157 million yen, down 289 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 666 million yen (compared with net cash provided of 1,515 million yen in the same period of the previous fiscal year). Positive factors include profit before income taxes of 1,593 million yen, depreciation of 622 million yen, loss on liquidation of subsidiaries and associates of 113 million yen and an increase in trade payables of 557 million yen, which offset negative factors including an increase in trade receivables of 1,629 million yen, other, net of 277 million yen and income taxes paid of 320 million yen.

Cash flows from investing activities

Net cash used in investing activities was 508 million yen (compared with net cash used of 983 million yen in the same period of the previous fiscal year). Although there were positive factors including proceeds from sale of non-current assets of 12 million yen, there were negative factors including payments of 512 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 637 million yen (compared with net cash used of 435 million yen in the same period of the previous fiscal year). Although there were positive factors including proceeds from long-term borrowings of 600 million yen, there were negative factors including a net decrease in short-term borrowings of 453 million yen, repayments of long-term borrowings of 467 million yen, and dividends paid of 276 million yen.

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

There are no revisions to the consolidated forecasts for the fiscal year ending February 28, 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. Interim Consolidated Financial Statements and Notes**(1) Interim Consolidated Balance Sheet**

	(Thousands of yen)	
	FY2/24 (As of Feb. 29, 2024)	Second quarter of FY2/25 (As of Aug. 31, 2024)
Assets		
Current assets		
Cash and deposits	7,532,988	7,249,879
Notes and accounts receivable-trade, and contract assets	8,354,549	9,523,148
Electronically recorded monetary claims-operating	2,598,289	3,128,042
Merchandise and finished goods	2,895,263	2,935,108
Work in process	348,658	382,395
Raw materials and supplies	1,030,584	1,046,947
Other	384,945	550,006
Allowance for doubtful accounts	(5,313)	(5,079)
Total current assets	23,139,967	24,810,449
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,240,851	6,205,464
Machinery, equipment and vehicles, net	2,392,079	2,462,980
Land	3,729,154	3,729,154
Other, net	625,459	623,225
Total property, plant and equipment	12,987,545	13,020,824
Intangible assets	487,728	459,913
Investments and other assets		
Other	1,895,981	2,153,595
Allowance for doubtful accounts	(27,265)	(27,265)
Total investments and other assets	1,868,716	2,126,329
Total non-current assets	15,343,990	15,607,067
Total assets	38,483,958	40,417,517

	(Thousands of yen)	
	FY2/24 (As of Feb. 29, 2024)	Second quarter of FY2/25 (As of Aug. 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,806,732	4,905,963
Electronically recorded obligations-operating	4,269,105	4,598,057
Short-term borrowings	4,913,254	4,509,000
Current portion of long-term borrowings	850,082	872,616
Income taxes payable	283,854	476,278
Provision for bonuses	244,149	310,841
Provision for loss on liquidation of subsidiaries and associates	187,359	205,577
Other	1,300,456	1,241,592
Total current liabilities	16,854,995	17,119,926
Non-current liabilities		
Long-term borrowings	2,715,818	2,826,299
Retirement benefit liability	107,390	108,525
Other	308,987	411,419
Total non-current liabilities	3,132,196	3,346,244
Total liabilities	19,987,191	20,466,171
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	13,667,172
Treasury shares	(1,452)	(3,100)
Total shareholders' equity	16,381,950	17,351,472
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	217,976	269,337
Deferred gains or losses on hedges	11,461	10,350
Foreign currency translation adjustment	880,761	1,271,079
Remeasurements of defined benefit plans	76,513	71,888
Total accumulated other comprehensive income	1,186,713	1,622,656
Non-controlling interests	928,102	977,216
Total net assets	18,496,766	19,951,346
Total liabilities and net assets	38,483,958	40,417,517

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

	(Thousands of yen)	
	First six months of FY2/24 (Mar. 1, 2023 – Aug. 31, 2023)	First six months of FY2/25 (Mar. 1, 2024 – Aug. 31, 2024)
Net sales	22,279,097	24,376,432
Cost of sales	18,934,764	20,046,569
Gross profit	3,344,333	4,329,862
Selling, general and administrative expenses	2,323,878	2,768,913
Operating profit	1,020,454	1,560,948
Non-operating income		
Interest income	6,001	5,565
Dividend income	11,262	16,295
Rental income from land and buildings	13,451	11,359
Foreign exchange gains	100,423	113,301
Other	108,923	93,491
Total non-operating income	240,062	240,014
Non-operating expenses		
Interest expenses	29,348	33,881
Share of loss of entities accounted for using equity method	2,869	9,398
Loss on liquidation of subsidiaries and associates	-	113,814
Other	14,409	18,303
Total non-operating expenses	46,627	175,398
Ordinary profit	1,213,889	1,625,565
Extraordinary income		
Gain on sale of non-current assets	-	514
Gain on bargain purchase	59,140	-
Total extraordinary income	59,140	514
Extraordinary losses		
Loss on retirement of non-current assets	68,129	1,545
Loss on valuation of investment securities	47,558	-
Extra retirement payments	-	31,039
Total extraordinary losses	115,687	32,585
Profit before income taxes	1,157,342	1,593,494
Income taxes	385,636	328,580
Profit	771,705	1,264,913
Profit attributable to non-controlling interests	86,219	17,245
Profit attributable to owners of parent	685,486	1,247,668

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

	(Thousands of yen)	
	First six months of FY2/24 (Mar. 1, 2023 – Aug. 31, 2023)	First six months of FY2/25 (Mar. 1, 2024 – Aug. 31, 2024)
Profit	771,705	1,264,913
Other comprehensive income		
Valuation difference on available-for-sale securities	107,919	54,135
Deferred gains or losses on hedges	1,851	(2,178)
Foreign currency translation adjustment	177,638	425,760
Remeasurements of defined benefit plans, net of tax	(3,661)	(4,624)
Total other comprehensive income	283,747	473,092
Comprehensive income	1,055,453	1,738,006
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	954,937	1,683,611
Comprehensive income attributable to non-controlling interests	100,516	54,394

(3) Interim Consolidated Statement of Cash Flows

	(Thousands of yen)	
	First six months of FY2/24 (Mar. 1, 2023 – Aug. 31, 2023)	First six months of FY2/25 (Mar. 1, 2024 – Aug. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	1,157,342	1,593,494
Depreciation	625,772	622,300
Amortization of goodwill	14,319	-
Gain on bargain purchase	(59,140)	-
Share of loss (profit) of entities accounted for using equity method	2,869	9,398
Increase (decrease) in allowance for doubtful accounts	(1,479)	(413)
Increase (decrease) in provision for bonuses	59,003	65,597
Increase (decrease) in retirement benefit liability	(24,319)	(27,834)
Interest and dividend income	(17,264)	(21,861)
Interest expenses	29,348	33,881
Foreign exchange losses (gains)	(97,342)	(94,414)
Loss (gain) on valuation of investment securities	47,558	-
Loss on retirement of non-current assets	68,129	1,545
Loss (gain) on sale of non-current assets	-	(514)
Loss on liquidation of subsidiaries and associates	-	113,814
Decrease (increase) in trade receivables	(110,305)	(1,629,052)
Decrease (increase) in inventories	313,581	20,934
Increase (decrease) in trade payables	18,016	557,594
Increase (decrease) in accrued consumption taxes	37,074	35,774
Other, net	(202,541)	(277,750)
Subtotal	1,860,622	1,002,494
Interest and dividends received	16,566	22,703
Interest paid	(28,946)	(38,442)
Income taxes paid	(333,173)	(320,195)
Net cash provided by (used in) operating activities	1,515,068	666,559
Cash flows from investing activities		
Purchase of non-current assets	(814,941)	(512,543)
Proceeds from sale of non-current assets	-	12,419
Payments for retirement of non-current assets	(6,926)	(73)
Purchase of investment securities	(162,792)	(12,963)
Proceeds from collection of loans receivable	956	702
Payments of guarantee deposits	(711)	(226)
Proceeds from refund of guarantee deposits	460	3,663
Other, net	186	475
Net cash provided by (used in) investing activities	(983,767)	(508,546)

	(Thousands of yen)	
	First six months of FY2/24 (Mar. 1, 2023 – Aug. 31, 2023)	First six months of FY2/25 (Mar. 1, 2024 – Aug. 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(125,000)	(453,726)
Proceeds from long-term borrowings	450,000	600,000
Repayments of long-term borrowings	(375,016)	(467,644)
Repayments of lease liabilities	(44,372)	(32,844)
Purchase of treasury shares	-	(1,648)
Dividends paid	(253,244)	(276,453)
Dividends paid to non-controlling interests	(8,460)	(5,436)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(79,100)	-
Net cash provided by (used in) financing activities	(435,193)	(637,754)
Effect of exchange rate change on cash and cash equivalents	93,503	190,403
Net increase (decrease) in cash and cash equivalents	189,611	(289,336)
Cash and cash equivalents at beginning of period	5,019,542	7,446,920
Cash and cash equivalents at end of period	5,209,153	7,157,583

(4) Notes to Interim Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Application of Special Accounting Methods for Presenting Interim 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 profit before income taxes for the first six month.

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.