

# Business Results for the First Quarter of the Year Ending December 31, 2021 [Japan GAAP] (Consolidated)

May 7, 2021

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Listed on TSE, First Section  
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Expected filing date for quarterly securities report: May 11, 2021  
 Expected starting date of dividend payment:  
 Quarterly supplementary financial documents: None  
 Quarterly results briefing: None

(Rounded down to million yen)

## 1. Consolidated business results for the first quarter of the year ending December 31, 2021 (January 1, 2021 through December 31, 2021)

(1) Consolidated operational results (cumulative) (% change from same quarter of previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of year ending December 31, 2021	17,971	(8.2)	785	(17.8)	837	(16.3)	568	(8.1)
First quarter of year ended December 31, 2020	19,565	(7.1)	955	(12.1)	1,001	(12.9)	618	(13.0)

(Note) Comprehensive income First quarter of year ending December 31, 2021: 980 million yen (-%)  
 First quarter of year ended December 31, 2020: (15) million yen (-%)

	Quarterly basic earnings per share	Quarterly diluted earnings per share
	Yen	Yen
First quarter of year ending December 31, 2021	29.92	29.88
First quarter of year ended December 31, 2020	32.59	32.54

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
First quarter of year ending December 31, 2021	82,067	60,149	73.2
Year ended December 31, 2020	83,556	59,739	71.4

(Reference) Owner's equity First quarter of year ending December 31, 2021: 60,062 million yen  
 Year ended December 31, 2020: 59,651 million yen

## 2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2020	-	30.00	-	30.00	60.00
Year ending December 31, 2021	-	-	-	-	-
Year ending December 31, 2021 (forecast)	-	25.00	-	25.00	50.00

(Note) Revision from most recently announced dividends forecast: None

**3. Forecast of consolidated results for the year ending December 31, 2021  
(January 1, 2021 through December 31, 2021)**

(% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second half (accumulated)	36,500	1.3	1,400	13.8	1,600	16.3	1,100	27.3	57.92
Full year	81,000	3.3	3,800	16.0	4,000	10.9	2,700	12.9	142.17

(Note) Revision from most recently announced forecast of results: None

**\*Notes**

- (1) Material changes in subsidiaries during this quarterly cumulative period (changes in scope of consolidations resulting from change in subsidiaries): None
- (2) Application of special account processing in preparation of quarterly financial statements: None
- (3) Changes in accounting policies, accounting estimates, and retrospective restatement
  - 1) Changes in accounting policies based on revisions of the accounting standard: None
  - 2) Changes in accounting policies other than ones based on revisions of the accounting standard: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None

(4) Number of issued and outstanding shares (common stock)

1) Number of issued and outstanding shares at the end of fiscal year (including treasury shares)	1Q, year ending December 31, 2021	19,900,000 shares	Year ended December 31, 2020	19,900,000 shares
2) Number of treasury shares at the end of fiscal year	1Q, year ending December 31, 2021	909,197 shares	Year ended December 31, 2020	909,347 shares
3) Average number of shares (quarterly cumulative)	1Q, year ending December 31, 2021	18,990,765 shares	1Q, year ended December 31, 2020	18,977,703 shares

**\*The quarterly financial summary is not subject to audits by certified public accountants or auditing firms.**

**\*Explanation regarding appropriate use of business forecasts and other special instructions**

Forward-looking statements regarding future performance are based on assumptions regarding various factors affecting business performance and information available to the Company's management as of the date the materials were prepared. Actual results may differ significantly from forecasts.

Also see "Explanation Regarding Consolidated Business Forecasts and Other Forward-Looking Statements" on p. 3 of the Attachments concerning forward-looking statements.

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## 1. Overview of Operational Results

### (1) Quarterly Operational Results

Japan's economy in the first quarter of the consolidated fiscal year under review was marked by extreme challenges associated with the COVID-19 pandemic. While economic activity gradually resumed, subsequent waves of infections led to a continuing market polarization between sectors such as the food service industry and travel industry which suffered pronounced downturns and those serving consumers at home, which continued to experience upturns.

In the United States, due to steady progress with COVID-19 vaccination, further recovery in occasions to go out for citizens from March, and the passage of additional economic stimulus measures totaling \$1.9 trillion, the economy is expected to show steady movement toward normal economic activity. China's economy continued to experience a steady recovery in consumer spending and continually improving conditions, driven largely by domestic demand and exports, founded on the country's success in containing COVID-19.

Under the slogan "Refreshed and Moving Forward," group companies worked collectively to increase earnings by venturing into new markets, making substantial capital expenditures, and improving quality management. Nevertheless, the continuing COVID-19 pandemic affected business performance.

During the quarter under review, net sales fell 8.2% year on year to ¥17,971 million; operating profit fell 17.8% to ¥785 million; ordinary profit fell 16.3% to ¥837 million; and profit attributable to owners of parent fell 8.1% to ¥568 million.

The business performance for each segment is given below.

#### (Paper Products)

The paper products segment accounted for 68.7% of consolidated sales in the first quarter. Sales of paper bags, which accounted for 26.9% of consolidated sales, declined due to slowing consumer spending attributable to the COVID-19 pandemic and the decision by certain customers to begin charging fees for bags. While the overseas subsidiaries The Pack America Corp. and The Pack (Shanghai) Corporation recorded strong performance, slow performance of domestic subsidiaries led to a 12.4% decline in paper bag net sales year on year to ¥4,825 million.

Sales of folding paper cartons, which accounted for 23.3% of consolidated sales, grew 1.8% to 4,193 million yen. Sales of cartons for takeout/delivery food products and to the e-commerce sector remained firm.

Sales of corrugated boxes, which accounted for 15.6% of consolidated sales, grew 13.9% to 2,809 million yen, driven by firm sales to the e-commerce sector.

Printing sales, which accounted for 2.9% of consolidated sales, fell 4.1% to 514 million due to lower sales at Keihin Tokushu Printing Corp. and NIKKO PRINT CORPORATION.

Overall, sales in this segment fell 2.3% to 12,343 million yen. Operating profit fell 10.5% to 743 million yen.

#### (Film Packaging)

The film packaging segment accounted for 14.3% of consolidated sales in the quarter under review. Segment sales fell 31.1% to 2,577 million yen due to declining sales of disposable diaper products, lower sales to specialty retail stores in Japan due to COVID-19, and the impact of mandatory fees for plastic shopping bags that went into effect on July 1 last year. Operating profit fell 39.6% to 98 million yen.

#### (Other Businesses)

Other businesses accounted for 17.0% of consolidated sales in the quarter under review. Sales fell 4.4% to 3,050 million yen due to lower sales of miscellaneous supplies to large retailers, while operating profit rose 18.7% to 179 million yen due to purchase price adjustment.

**(2) Quarterly Financial Position**

Assets totaled 82,067 million yen at the end of the quarter under review, down 1,488 million yen from the end of 2020. Major factors included a decline of 1,954 million yen in cash and deposits, an increase of 505 million yen in securities, an increase of 430 million yen in investment securities, and a decline of 4,723 million yen in notes and accounts receivable-trade.

Liabilities fell 1,898 million yen to 21,917 million yen. The primary factor was a decline of 1,696 million yen in notes and accounts payable-trade.

Net assets grew by 410 million yen to 60,149 million yen. The key factors were an increase of 298 million yen in valuation difference on available-for-sale securities and an increase of 107 million yen in foreign currency translation adjustment.

**(3) Explanation Regarding Consolidated Business Forecasts and Other Forward-Looking Statements**

Consolidated business forecasts remain unchanged from the information announced February 5, 2021.

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

(Million yen)

	Previous fiscal year (As of December 31, 2020)	First quarter of this fiscal year (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	13,234	15,189
Notes and accounts receivable-trade	20,731	16,007
Securities	9,099	9,605
Merchandise and finished goods	4,958	5,083
Work in process	763	799
Raw materials and supplies	830	847
Other	555	600
Allowance for doubtful accounts	(13)	(14)
Total current assets	50,160	48,119
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	6,284	6,195
Machinery, equipment, and vehicles, net	6,989	6,792
Tools, furniture and fixtures, net	355	384
Land	8,302	8,302
Construction in progress	616	816
Total property, plant and equipment	22,547	22,490
Intangible assets	190	484
Investments and other assets		
Investment securities	9,104	9,534
Deferred tax assets	583	541
Other	1,022	947
Allowance for doubtful accounts	(53)	(51)
Total investments and other assets	10,657	10,973
Total non-current assets	33,395	33,948
Total assets	83,556	82,067

(Million yen)

	Previous fiscal year (As of December 31, 2020)	First quarter of this fiscal year (As of March 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	11,183	9,487
Electronically recorded obligations-operating	5,330	5,556
Current portion of long-term loans payable	30	14
Income taxes payable	55	401
Provision for bonuses	230	583
Provision for bonuses for directors (and other officers)	18	11
Other	3,506	2,486
Total current liabilities	20,356	18,540
Non-current liabilities		
Deferred tax liabilities	485	484
Retirement benefit liability	2,758	2,693
Other	214	199
Total non-current liabilities	3,459	3,376
Total liabilities	23,816	21,917
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,553	2,553
Capital surplus	3,164	3,164
Retained earnings	55,860	55,859
Treasury shares	(2,717)	(2,716)
Total shareholders' equity	58,861	58,860
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	987	1,285
Deferred gains or losses on hedges	0	1
Foreign currency translation adjustment	(310)	(202)
Remeasurements of defined benefit plans	112	117
Total accumulated other comprehensive income	790	1,202
Share acquisition rights	65	63
Non-controlling interests	22	23
Total net assets	59,739	60,149
Total liabilities and net assets	83,556	82,067



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

## Quarterly Consolidated Statement of Income

Cumulative period through first quarter

(Million yen)

	Cumulative period through first quarter of previous fiscal year (from January 1, 2020 to March 31, 2020)	Cumulative period through first quarter of this fiscal year (from January 1, 2021 to March 31, 2021)
Net sales	19,565	17,971
Cost of sales	14,836	13,717
Gross profit	4,728	4,253
Selling, general and administrative expenses		
Freightage and packing expenses	1,022	882
Salaries and allowances	859	829
Director compensation	112	106
Provision of allowance for doubtful accounts	1	0
Provision for bonuses	214	168
Provision for director bonuses	9	7
Retirement benefit expenses	73	69
Depreciation	85	88
Rent expenses	685	622
Other	709	691
Total selling, general and administrative expenses	3,773	3,468
Operating profit	955	785
Non-operating income		
Interest income	27	25
Dividend income	0	0
Rent income	13	13
Foreign exchange gains	4	6
Other	6	10
Total non-operating income	52	57
Non-operating expenses		
Interest expenses	0	0
Cost of lease revenue	2	2
Sales discounts	1	1
Other	2	0
Total non-operating expenses	6	4
Ordinary profit	1,001	837
Extraordinary income		
Extraordinary losses		
Loss on sales on non-current assets	0	-
Loss on retirement of non-current assets	0	3
Loss on valuation of investment securities	55	-
Total extraordinary losses	56	3
Profit before income taxes	944	834
Income taxes-current	402	359
Income taxes-deferred	(75)	(92)
Total income taxes	326	266
Profit	617	567
Profit (loss) attributable to non-controlling interests	(1)	(0)
Profit attributable to owners of parent	618	568

## Quarterly Consolidated Statement of Comprehensive Income

Cumulative period through first quarter

(Million yen)

	Cumulative period through first quarter of previous fiscal year (from January 1, 2020 to March 31, 2020)	Cumulative period through first quarter of this fiscal year (from January 1, 2021 to March 31, 2021)
Profit	617	567
Other comprehensive income		
Valuation difference on available-for-sale securities	(627)	298
Deferred gains or losses on hedges	1	1
Foreign currency translation adjustment	(26)	108
Remeasurements of defined benefit plans, net of tax	19	4
Total other comprehensive income	(633)	412
Comprehensive income	(15)	980
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(13)	980
Comprehensive income attributable to non-controlling interests	(1)	0

**(3) Notes to Quarterly Consolidated Financial Statements**

**(Going Concern Assumption)**

Not applicable.

**(Significant Changes in Shareholders' Equity)**

Not applicable.