

## Business Results for the Second Quarter of the Year Ending December 31, 2022 [Japan GAAP] (Consolidated)

August 5, 2022

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Quarterly supplementary financial documents: Yes  
Quarterly results briefing: Yes

(Rounded down to million yen)

### 1. Consolidated business results for the second quarter of the year ending December 31, 2022 (January 1, 2022 through June 30, 2022)

(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	%
Second quarter of year ending December 31, 2022	39,617	8.3	2,044	40.1	2,298	43.6	1,422	33.0
Second quarter of year ended December 31, 2021	36,589	-	1,459	18.7	1,600	16.4	1,069	23.8

(Note) Comprehensive income Second quarter of year ending December 31, 2022: 1,744 million yen (22.7%)  
Second quarter of year ended December 31, 2021: 1,421 million yen (457.8%)

	Quarterly basic earnings per share	Quarterly diluted earnings per share
	Yen	Yen
Second quarter of year ending December 31, 2022	74.85	74.78
Second quarter of year ended December 31, 2021	56.31	56.24

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) and related guidance have been applied since the beginning of the first quarter of the consolidated fiscal period under review. Figures for the second quarter of the fiscal year ended December 2021 reflect the retrospective application of these accounting standards. As such, the percentage year-on-year change in net sales for the second quarter of the fiscal year ended December 2021 is not mentioned.

### (2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
Second quarter of year ending December 31, 2022	86,565	63,323	73.1
Year ended December 31, 2021	87,422	62,032	70.9

(Reference) Owner's equity Second quarter of year ending December 31, 2022: 63,263 million yen  
Year ended December 31, 2021: 61,955 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, 2021	-	25.00	-	25.00	50.00
Year ending December 31, 2022	-	30.00			
Year ending December 31, 2022 (forecast)			-	30.00	60.00

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

## 3. Forecast of consolidated results for the year ending December 31, 2022 (January 1, 2022 through December 31, 2022)

(Full year %: 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
Full year	83,000	-	4,700	-	5,000	-	3,500	-	184.25

(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: Yes
  - 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)	2Q, year ending December 31, 2022	19,900,000 shares	Year ended December 31, 2021	19,900,000 shares
2) Number of treasury shares at the end of fiscal year	2Q, year ending December 31, 2022	890,617 shares	Year ended December 31, 2021	904,917 shares
3) Average number of shares (quarterly cumulative)	2Q, year ending December 31, 2022	19,002,040 shares	2Q, year ended December 31, 2021	18,992,624 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. Qualitative information concerning business results for the quarter under review

### (1) Description of Operational Results

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; “Revenue Recognition Accounting Standard” hereinafter) and related guidance have been applied since the beginning of the first quarter of the consolidated fiscal period. Comparative analysis of the cumulative period through the same quarter of the previous consolidated fiscal year and of the previous consolidated fiscal year reflect the retroactive application of the Revenue Recognition Accounting Standard and related guidance. For more information, see “2. Quarterly Consolidated Financial Statements and Notes: (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies): (Application of Accounting Standard for Revenue Recognition and Related Guidance).”

In the cumulative period through the second quarter of the consolidated fiscal year under review, Japan’s economy experienced a recovery in consumption at department stores and convenience stores and for leisure and travel. Growing numbers of consumers ventured out, particularly during the long holiday period, which, with the lifting in March of the quasi-states of emergency imposed in response to the rapid spread of the COVID-19 omicron variant, was free of restrictions on movement for the first time in three years. Nevertheless, the recovery was delayed in the automotive and home-electronics industries due to shortages of chips and other materials. Supermarkets faced challenges due to higher prices and a decline in stay-at-home demand. Various factors leave conditions uncertain, including rising inflation in Japan resulting from both soaring resource prices due to the lengthening of the Ukrainian crisis and other developments and the rapid devaluation of the yen spurred by differences in US and Japanese monetary policy.

In the United States, consumer spending recovered, centered on services industries, and commercial activity continued to expand. However, the Fed’s decision to continue increasing interest rates poses the risk of a future economic downturn and warrants caution. While China’s economy got off to a strong start, economic activity has slowed due to lockdowns in Shanghai under the nation’s zero-COVID policy. While a recovering trend began after the partial lifting of the lockdowns, the extent of this recovery has been limited.

The COVID-19 pandemic also affected Group business performance. However, based on the slogan “Marking Our 70th Anniversary with Rapid Progress,” group companies worked collectively to increase earnings by venturing into new markets, making substantial capital expenditures, and improving quality management.

During the second quarter of the consolidated fiscal year under review, net sales grew by 8.3% year on year to 39,617 million yen; operating profit rose 40.1% to 2,044 million yen; ordinary profit grew 43.6% to 2,298 million yen; and profit attributable to owners of parent improved 33.0% to 1,422 million yen.

The business performance for each segment is given below.

#### (Paper Products)

The paper products segment accounted for 70.7% of consolidated sales in the second quarter. Sales of paper bags, which accounted for 28.4% of consolidated sales, saw continued recovery from a sales slump attributable to earlier slowing in domestic consumer spending. The overseas subsidiary The Pack America Corp. recorded strong performance, with net sales growing 16.3% year on year to 11,259 million yen.

Sales of folding paper cartons, which accounted for 24.6% of consolidated sales, grew 10.5% to 9,728 million yen. Sales of cartons for takeout/delivery food products and to the e-commerce sector remained strong, while demand for souvenirs and other items also recovered.

Continued strong sales to the manufacturing and e-commerce sectors drove sales of corrugated boxes, which accounted for 15.0% of consolidated sales, leading to growth of 2.9% to 5,947 million yen.

Printing sales, which accounted for 2.7% of consolidated sales, rose 1.7% to 1,063 million yen based on strong sales at Keihin Tokushu Printing Corp. and NIKKO PRINT CORPORATION.

Overall, sales in this segment grew 10.6% to 27,998 million yen. Operating profit rose 37.8% to 1,952 million yen.

(Film Packaging)

The film packaging segment accounted for 13.2% of consolidated sales during the quarter under review. Segment sales were down 1.9% to 5,221 million yen due to declining sales of disposable diaper products, which offset strong sales of flexible film packaging for food products and strong performance by The Pack America Corp. Operating profit, however, increased 21.0% to 19.7 million yen.

(Other Businesses)

Other businesses in the period under review accounted for 16.1% of consolidated sales. Sales of miscellaneous supplies to department stores and major retailers are recovering. Kannaru Printing Co., Ltd. recorded strong sales of miscellaneous supplies to medical institutions. This, combined with the strong performance of The Pack America Corp., resulted in sales growth of 7.5% to 6,396 million yen and 14.0% growth in operating profit to 431 million yen.

## (2) Description of Financial Position

### (i) Assets, liabilities, and net assets

Assets totaled 86,565 million yen at the end of the quarter under review, down 857 million yen from the end of 2021. Major factors included growth of 2,533 million yen in cash and deposits, 2,001 million yen in securities, and 838 million yen in construction in progress, offset by declines of 4,564 million yen in notes and accounts receivable-trade and 1,957 million yen in investment securities.

Liabilities fell 2,149 million yen to 23,241 million yen. The primary factors were declines of 1,532 million yen in notes and accounts payable-trade and 277 million yen in income taxes payable.

Net assets grew by 1,291 million yen to 63,323 million yen. The key factors were increases of 947 million yen in retained earnings and 318 million yen in foreign currency translation adjustment.

### (ii) Cash flow

Compared to the cumulative period through the second quarter of the previous consolidated fiscal year, the balance of cash and cash equivalents in the cumulative period through the second quarter of the consolidated fiscal year under review grew by 1,949 million yen (10.7%) to 20,101 million yen.

#### (Cash flow from operating activities)

Cash flow from operating activities in the cumulative period through the second quarter of the consolidated fiscal year under review stood at 4,449 million yen (vs. cash flow from operating activities of 6,143 million yen in the cumulative period through the second quarter of the previous consolidated fiscal year). Factors contributing to this figure include the recording of 2,060 million yen in profit before income taxes, a decline of 4,705 million yen in notes and accounts receivable-trade, and depreciation of 945 million yen, despite a decrease of 1,641 million yen in notes and accounts payable-trade and an increase of 843 million yen in inventories.

#### (Cash flow used in investment activities)

Cash flow used in investment activities in the cumulative period through the second quarter of the consolidated fiscal year under review stood at 2,065 million yen (vs. cash flow used in investment activities of 2,764 million yen in the cumulative period through the second quarter of the previous consolidated fiscal year). This figure reflects various factors, including

5,000 million yen in purchase of securities and 1,323 million yen in purchase of property, plant, and equipment, despite 4,500 million yen in proceeds from sales of investment securities.

(Cash flow used in financing activities)

Cash flow used in financing activities in the cumulative period through the second quarter of the consolidated fiscal year under review stood at 514 million yen (vs. cash flow used in financing activities of 523 million yen in the cumulative period through the second quarter of the previous consolidated fiscal year). This figure reflects various factors, including cash dividends paid of 473 million yen.

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

Consolidated business forecasts remain unchanged from the information announced February 7, 2022.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

	(Million yen)	
	Previous fiscal year (as of December 31, 2021)	Second quarter of current fiscal year (as of June 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	15,077	17,611
Notes and accounts receivable-trade	21,003	16,439
Securities	12,006	14,007
Merchandise and finished goods	4,768	5,457
Work in process	867	941
Raw materials and supplies	794	903
Other	934	874
Allowance for doubtful accounts	(13)	(15)
<b>Total current assets</b>	<b>55,438</b>	<b>56,219</b>
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	6,169	6,012
Machinery, equipment, and vehicles, net	6,159	5,596
Tools, furniture, and fixtures, net	348	352
Land	8,539	8,539
Construction in progress	1,441	2,280
<b>Total property, plant, and equipment</b>	<b>22,658</b>	<b>22,781</b>
Intangible assets	643	841
Investments and other assets		
Investment securities	7,405	5,447
Deferred tax assets	416	417
Other	907	904
Allowance for doubtful accounts	(48)	(47)
<b>Total investments and other assets</b>	<b>8,682</b>	<b>6,722</b>
<b>Total non-current assets</b>	<b>31,984</b>	<b>30,345</b>
<b>Total assets</b>	<b>87,422</b>	<b>86,565</b>

(Million yen)

	Previous fiscal year (as of December 31, 2021)	Second quarter of current fiscal year (as of June 30, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	12,235	10,703
Electronically recorded obligations-operating	5,521	5,478
Current portion of long-term loans payable	25	25
Income taxes payable	991	714
Provision for bonuses	267	270
Provision for bonuses for directors (and other officers)	32	15
Other	3,206	3,122
Total current liabilities	22,279	20,329
Non-current liabilities		
Long-term loans payable	60	47
Deferred tax liabilities	440	446
Retirement benefit liability	2,434	2,276
Other	176	141
Total non-current liabilities	3,110	2,911
Total liabilities	25,390	23,241
Net assets		
Shareholders' equity		
Capital stock	2,553	2,553
Capital surplus	3,164	3,160
Retained earnings	57,640	58,588
Treasury shares	(2,704)	(2,661)
Total shareholders' equity	60,654	61,641
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,212	1,211
Deferred gains or losses on hedges	0	12
Foreign currency translation adjustment	(98)	219
Remeasurements of defined benefit plans	185	178
Total accumulated other comprehensive income	1,300	1,621
Share acquisition rights	63	46
Non-controlling interests	13	14
Total net assets	62,032	63,323
Total liabilities and net assets	87,422	86,565



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

## Quarterly Consolidated Statement of Income

Cumulative period through second quarter

(Million yen)

	Cumulative period through second quarter of previous fiscal year (from January 1, 2021 to June 30, 2021)	Cumulative period through second quarter of current fiscal year (from January 1, 2022 to June 30, 2022)
Net sales	36,589	39,617
Cost of sales	27,927	30,183
Gross profit	8,661	9,433
Selling, general and administrative expenses		
Freightage and packing expenses	1,784	1,868
Salaries and allowances	1,961	2,003
Directors' compensation	213	215
Provision of allowance for doubtful accounts	2	0
Provision for bonuses	130	143
Provision for directors' bonuses	16	13
Retirement benefit expenses	139	131
Depreciation	186	180
Rent expenses	1,289	1,355
Other	1,477	1,476
Total selling, general and administrative expenses	7,202	7,389
Operating profit	1,459	2,044
Non-operating income		
Interest income	52	61
Dividend income	44	56
Rent income	26	25
Compensation income	-	65
Foreign exchange gains	13	20
Other	17	37
Total non-operating income	154	267
Non-operating expenses		
Interest expenses	0	0
Cost of lease revenue	4	4
Other	8	8
Total non-operating expenses	13	13
Ordinary profit	1,600	2,298
Extraordinary income		
Gain on sales of non-current assets	-	1
Total extraordinary income	-	1
Extraordinary losses		
Loss on retirement of non-current assets	4	6
Loss on sales of investment securities	-	44
Impairment loss	-	188
Total extraordinary losses	4	239
Profit before income taxes	1,595	2,060
Income taxes-current	524	636
Income taxes-deferred	3	1
Total income taxes	528	637
Profit	1,067	1,422
Profit (loss) attributable to non-controlling interests	(2)	(0)
Profit attributable to owners of parent	1,069	1,422

Quarterly Consolidated Statement of Comprehensive Income  
 Cumulative period through second quarter

(Million yen)

	Cumulative period through second quarter of previous fiscal year (from January 1, 2021 to June 30, 2021)	Cumulative period through second quarter of current fiscal year (from January 1, 2022 to June 30, 2022)
Profit	1,067	1,422
Other comprehensive income		
Valuation difference on available-for-sale securities	220	(0)
Deferred gains or losses on hedges	0	11
Foreign currency translation adjustment	124	319
Remeasurements of defined benefit plans, net of tax	8	(7)
Total other comprehensive income	353	322
Comprehensive income	1,421	1,744
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,421	1,743
Comprehensive income attributable to non-controlling interests	(0)	1

**(3) Consolidated Statement of Cash Flows**

(Million yen)

	Cumulative period through second quarter of previous fiscal year (from January 1, 2021 to June 30, 2021)	Cumulative period through second quarter of current fiscal year (from January 1, 2022 to June 30, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,595	2,060
Depreciation	1,007	945
Impairment loss	-	188
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in provision for bonuses	26	2
Increase (decrease) in provision for bonuses for directors and other officers	(1)	(16)
Increase (decrease) in retirement benefit liability	(110)	(169)
Interest and dividend income	(97)	(118)
Interest expenses	0	0
Loss (gain) on sales of non-current assets	-	(1)
Loss on retirement of non-current assets	4	6
Loss (gain) on sales of investment securities	-	44
Decrease (increase) in notes and accounts receivable-trade	5,577	4,705
Decrease (increase) in inventories	(207)	(843)
Increase (decrease) in notes and accounts payable-trade	(2,089)	(1,641)
Other, net	357	74
Subtotal	6,065	5,238
Interest and dividend income received	92	124
Interest expenses paid	(0)	(0)
Income taxes paid	(14)	(912)
Net cash provided by (used in) operating activities	6,143	4,449
<b>Cash flows used in investment activities</b>		
Purchase of securities	(5,005)	(5,000)
Proceeds from sales of securities	4,402	4,500
Collection of loans receivable	13	8
Purchase of property, plant, and equipment	(1,801)	(1,323)
Proceeds from sales of property, plant, and equipment	-	3
Purchase of intangible assets	(434)	(184)
Purchase of investment securities	(42)	(154)
Proceeds from sales of investment securities	7	60
Payments for leasehold and guarantee deposits	(11)	(16)
Other, net	106	41
Net cash provided by (used in) investment activities	(2,764)	(2,065)
<b>Cash flows used in financing activities</b>		
Proceeds from long-term loans payable	100	-
Repayments of long-term loans payable	(28)	(12)
Cash dividends paid	(569)	(473)
Other, net	(25)	(27)
Net cash provided by (used in) financing activities	(523)	(514)
Effect of exchange rate change on cash and cash equivalents	71	163
Net increase (decrease) in cash and cash equivalents	2,926	2,033
Cash and cash equivalents at beginning of period	15,224	18,067
Cash and cash equivalents at end of period	18,151	20,101

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

**(Going Concern Assumption)**

Not applicable

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

Not applicable

**(Changes in Accounting Policies)**

(Application of Accounting Standard for Revenue Recognition and related guidance)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021) ("Accounting Standard for Revenue Recognition and related guidance" hereinafter) have been applied since the beginning of the first quarter of the consolidated fiscal period under review. Accordingly, revenue is now recognized in the amount expected to be received in exchange for goods or services at the point in time at which control of promised goods or services shifts to the customer.

Before, in transactions in which the Group functioned as an agent (i.e., supplying products to customers), all payments received from the customer were recognized as revenues. Now, following this change, revenues are recognized as the net amount after deducting the amount to be paid to our supplier from payments made by the customer.

In principle, the quarterly consolidated financial statements and annual consolidated financial statements herein reflect the retroactive application of this change to quarters in the previous fiscal year and to the previous consolidated fiscal year.

Compared to previous account processing, the change has resulted in a decrease of 254 million yen in each of net sales and cost of sales for the cumulative period through the second quarter of the previous consolidated fiscal year.

(Application of the Accounting Standard for Fair Value Measurement and related standards)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; "Accounting Standard for Fair Value Measurement" hereinafter) and related standards have been applied since the beginning of the first quarter of the consolidated fiscal period under review. Pursuant to the transitional handling described 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 new accounting policies specified in the Accounting Standard for Fair Value Measurement and related standards will be applied to future accounts. This change does not affect the quarterly consolidated financial statements.