

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

November 7, 2022

Company: **The Pack Corporation**  
 Stock code: 3950  
 Representative: Hideaki Yamashita, President & CEO  
 Contact: Michihisa Fujii, Managing Director, Corporate Division  
 TEL: +81-6-4967-1221

Listed on TSE, Prime Market  
 URL: <https://www.thepack.co.jp>

Expected filing date for quarterly securities report: November 9, 2022  
 Expected starting date of dividend payment: -  
 Quarterly supplementary financial documents: No  
 Quarterly results briefing: No

(Rounded down to million yen)

## 1. Consolidated business results for the third quarter of the year ending December 31, 2022 (January 1, 2022 through September 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	%
Third quarter of year ending December 31, 2022	60,481	10.6	3,273	59.9	3,592	60.0	2,250	48.8
Third quarter of year ended December 31, 2021	54,692	-	2,047	29.3	2,245	25.1	1,512	35.8

(Note) Comprehensive income Third quarter of year ending December 31, 2022: 2,646 million yen (23.7%)  
 Third quarter of year ended December 31, 2021: 2,138 million yen (-%)

	Quarterly basic earnings per share	Quarterly diluted earnings per share
	Yen	Yen
Third quarter of year ending December 31, 2022	118.43	118.33
Third quarter of year ended December 31, 2021	79.62	79.52

(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	%
Third quarter of year ending December 31, 2022	87,082	63,655	73.0
Year ended December 31, 2021	87,422	62,032	70.9

(Reference) Owner's equity Third quarter of year ending December 31, 2022: 63,596 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)	3Q, 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	3Q, year ending December 31, 2022	890,617 shares	Year ended December 31, 2021	904,917 shares
3) Average number of shares (quarterly cumulative)	3Q, year ending December 31, 2022	19,004,243 shares	3Q, year ended December 31, 2021	18,993,368 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: (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies): (Application of Accounting Standard for Revenue Recognition and Related Guidance).”

During the cumulative period through the third quarter of the consolidated fiscal year under review, the rapid increase in July in numbers of COVID-19 cases involving the omicron variant failed to affect demand or traffic at department stores and major retailers. The Japanese government did not impose restrictions on movement; there was little change in numbers of consumers venturing out for leisure and travel purposes. Additionally, shortages of chips and other materials gradually eased, as did the impact of the earlier shortages on the automotive and home electronics industries. Nevertheless, conditions remained uncertain in Japan's economy for various reasons, including rising inflation in Japan due to soaring resource prices amid the prolonged 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.

As a result, during the third quarter of the consolidated fiscal year under review, net sales grew by 10.6% year on year to 60,481 million yen; operating profit rose 59.9% to 3,273 million yen; ordinary profit grew 60.0% to 3,592 million yen; and profit attributable to owners of parent improved 48.8% to 2,250 million yen.

The business performance for each segment is reviewed below.

#### (Paper Products)

The paper products segment accounted for 70.5% of consolidated sales in the third quarter. Sales of paper bags, which accounted for 28.4% of consolidated sales, grew thanks to recovering domestic consumer spending and tourism demand. Overseas subsidiary The Pack America Corp. recorded strong performance. The Pack (Shanghai) Corporation experienced growth accompanying the devalued yen, resulting in a 19.3% increase in net sales year on year to 17,194 million yen.

Sales of folding paper cartons, which accounted for 24.8% of consolidated sales, grew 12.7% to 14,967 million yen. Sales of cartons for takeout/delivery food products and to the e-commerce sector remained strong, while demand continued to recover for souvenirs and other items.

Continued strong sales of CC-PACK resource-conserving packages to the e-commerce sector drove sales of corrugated boxes, which accounted for 14.7% of consolidated sales. Strong sales to the manufacturing sector also contributed to growth of 3.1% to 8,907 million yen.

Printing sales, which accounted for 2.6% of consolidated sales, rose 3.4% to 1,575 million yen, driven by strong sales at Keihin Tokushu Printing Corp. and NIKKO PRINT CORPORATION.

Overall, sales in this segment grew 12.6% to 42,643 million yen. Operating profit rose 44.9% to 3,063 million yen.

(Film Packaging)

The film packaging segment accounted for 13.4% of consolidated sales during the period under review. Segment sales were up 2.0% to 8,117 million yen due to a recovery in sales of shopping bags as consumer spending recovered as well as strong sales of flexible film packaging for food products. This was despite a continuing decline in sales of disposable diaper products. Operating profit rose by 37.9% to 316 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, as are sales of sewn product bags to specialty retail stores. This, combined with similar strong performance by The Pack America Corp., resulted in sales growth of 9.6% to 9,719 million yen and 25.5% growth in operating profit to 627 million yen.

**(2) Analysis of Financial Position**

Assets totaled 87,082 million yen at the end of the quarter under review, down 340 million yen from the end of 2021. Major factors included growth of 2,134 million yen in cash and deposits and 1,570 million yen in merchandise and finished goods, offset by a decline of 4,507 million yen in notes and accounts receivable-trade.

Liabilities fell 1,963 million yen to 23,426 million yen. The primary factors were declines of 1,081 million yen in notes and accounts payable-trade and 476 million yen in income taxes payable.

Net assets grew by 1,623 million yen to 63,655 million yen. Key factors were increases of 1,205 million yen in retained earnings and 385 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 7, 2022.

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

(Million yen)

	Previous fiscal year (as of December 31, 2021)	Third quarter of current fiscal year (as of September 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	15,077	17,212
Notes and accounts receivable-trade	21,003	16,496
Securities	12,006	13,504
Merchandise and finished goods	4,768	6,338
Work in process	867	1,034
Raw materials and supplies	794	977
Other	934	923
Allowance for doubtful accounts	(13)	(18)
<b>Total current assets</b>	<b>55,438</b>	<b>56,467</b>
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	6,169	6,124
Machinery, equipment, and vehicles, net	6,159	5,283
Tools, furniture, and fixtures, net	348	346
Land	8,539	8,539
Construction in progress	1,441	2,541
<b>Total property, plant, and equipment</b>	<b>22,658</b>	<b>22,835</b>
Intangible assets	643	942
Investments and other assets		
Investment securities	7,405	5,416
Deferred tax assets	416	474
Other	907	999
Allowance for doubtful accounts	(48)	(52)
<b>Total investments and other assets</b>	<b>8,682</b>	<b>6,837</b>
<b>Total non-current assets</b>	<b>31,984</b>	<b>30,614</b>
<b>Total assets</b>	<b>87,422</b>	<b>87,082</b>

(Million yen)

	Previous fiscal year (as of December 31, 2021)	Third quarter of current fiscal year (as of September 30, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	12,235	11,154
Electronically recorded obligations-operating	5,521	5,755
Current portion of long-term loans payable	25	25
Income taxes payable	991	514
Provision for bonuses	267	696
Provision for bonuses for directors (and other officers)	32	23
Other	3,206	2,424
Total current liabilities	22,279	20,593
Non-current liabilities		
Long-term loans payable	60	41
Deferred tax liabilities	440	418
Retirement benefit liability	2,434	2,245
Other	176	128
Total non-current liabilities	3,110	2,833
Total liabilities	25,390	23,426
Net assets		
Shareholders' equity		
Capital stock	2,553	2,553
Capital surplus	3,164	3,160
Retained earnings	57,640	58,846
Treasury shares	(2,704)	(2,661)
Total shareholders' equity	60,654	61,899
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,212	1,218
Deferred gains or losses on hedges	0	16
Foreign currency translation adjustment	(98)	287
Remeasurements of defined benefit plans	185	174
Total accumulated other comprehensive income	1,300	1,696
Share acquisition rights	63	46
Non-controlling interests	13	12
Total net assets	62,032	63,655
Total liabilities and net assets	87,422	87,082

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

## Quarterly Consolidated Statement of Income

Cumulative period through third quarter

(Million yen)

	Cumulative period through third quarter of previous fiscal year (from January 1, 2021 to September 30, 2021)	Cumulative period through third quarter of current fiscal year (from January 1, 2022 to September 30, 2022)
Net sales	54,692	60,481
Cost of sales	41,882	46,015
Gross profit	12,810	14,465
Selling, general and administrative expenses		
Freightage and packing expenses	2,663	2,839
Salaries and allowances	2,782	2,826
Directors' compensation	318	315
Provision of allowance for doubtful accounts	4	8
Provision for bonuses	340	364
Provision for directors' bonuses	24	20
Retirement benefit expenses	207	187
Depreciation	282	284
Rent expenses	1,943	2,055
Other	2,195	2,289
Total selling, general and administrative expenses	10,763	11,192
Operating profit	2,047	3,273
Non-operating income		
Interest income	79	93
Dividend income	60	76
Rent income	40	36
Compensation income	-	65
Foreign exchange gains	14	21
Other	25	44
Total non-operating income	220	336
Non-operating expenses		
Interest expenses	1	1
Cost of lease revenue	6	6
Other	13	8
Total non-operating expenses	22	17
Ordinary profit	2,245	3,592
Extraordinary income		
Gain on sales of investment securities	5	0
Gain on sales of non-current assets	5	1
Total extraordinary income	11	1
Extraordinary losses		
Loss on sales on non-current assets	-	0
Loss on retirement of non-current assets	5	21
Loss on valuation of investment securities	-	23
Loss on sales of investment securities	-	64
Impairment loss	-	188
Total extraordinary losses	5	298
Profit before income taxes	2,251	3,296
Income taxes-current	862	1,133
Income taxes-deferred	(119)	(86)
Total income taxes	742	1,047
Profit	1,509	2,248
Profit (loss) attributable to non-controlling interests	(3)	(1)
Profit attributable to owners of parent	1,512	2,250



Quarterly Consolidated Statement of Comprehensive Income  
 Cumulative period through second quarter

(Million yen)

	Cumulative period through third quarter of previous fiscal year (from January 1, 2021 to September 30, 2021)	Cumulative period through third quarter of current fiscal year (from January 1, 2022 to September 30, 2022)
Profit	1,509	2,248
Other comprehensive income		
Valuation difference on available-for-sale securities	469	6
Deferred gains or losses on hedges	0	15
Foreign currency translation adjustment	147	386
Remeasurements of defined benefit plans, net of tax	12	(11)
Total other comprehensive income	629	397
Comprehensive income	2,138	2,646
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	2,140	2,647
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

(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 369 million yen in each of net sales and cost of sales for the cumulative period through the third 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.