

Business Results for the Year Ended December 31, 2022 [Japan GAAP] (Consolidated)

February 6, 2023

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Expected date of annual shareholders' meeting: March 28, 2023

Expected starting date of dividend payment: March 29, 2023

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Preparation of supplementary financial document: Yes

Results briefing: Yes (for institutional investors and securities analysts)

(Rounded down to million yen)

1. Consolidated business results for the year ended December 31, 2022 (January 1, 2022 through December 31, 2022)

(1) Consolidated operational results (% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended December 31, 2022	89,060	11.8	5,972	44.1	6,353	43.6	4,058	43.7
Year ended December 31, 2021	79,690	-	4,144	26.6	4,422	22.6	2,824	18.1

(Note) Comprehensive income Year ended December 31, 2022: 4,362 million yen (up 31.2%)
Year ended December 31, 2021: 3,325 million yen (up 40.4%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Year ended December 31, 2022	213.55	213.38	6.4	7.0	6.7
Year ended December 31, 2021	148.71	148.53	4.6	5.2	5.2

(Reference) Investment earnings/loss on equity-method Year ended December 31, 2022: - million yen
Year ended December 31, 2021: - million yen

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) and related guidance have been applied since the beginning of the consolidated fiscal year under review. Figures for the fiscal year ended December 2021 reflect the retroactive application of these accounting standards. As such, the percentage year-on-year change in net sales for the fiscal year ended December 2021 is omitted.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended December 31, 2022	94,365	65,371	69.2	3,436.46
Year ended December 31, 2021	87,422	62,032	70.9	3,261.64

(Reference) Owner's equity As of December 31, 2022: 65,324 million yen
As of December 31, 2021: 61,955 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended December 31, 2022	5,380	(3,762)	(1,124)	18,653
Year ended December 31, 2021	7,217	(3,460)	(1,029)	18,067

2. Dividends

	Dividend per share					Total dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended December 31, 2021	-	25.00	-	25.00	50.00	1,044	33.6	1.6
Year ended December 31, 2022	-	30.00	-	35.00	65.00	1,235	30.4	1.9
Year ending December 31, 2023 (forecast)	-	35.00	-	35.00	70.00		30.2	

3. Forecast of consolidated results for the year ending December 31, 2023 (January 1, 2023 through December 31, 2023)

(% 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
First half (accumulated)	43,000	8.5	2,300	12.5	2,500	8.8	1,700	19.5	89.42
Full year	94,000	5.5	6,400	7.2	6,800	7.0	4,400	8.4	231.46

*Notes

- (1) Material changes in subsidiaries during this period (changes in scope of consolidations resulting from change in subsidiaries): None
- (2) 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
- (3) Number of issued and outstanding shares (common stock)
 - 1) Number of issued and outstanding shares at the end of fiscal year (including treasury shares)

As of December 31, 2022: 19,900,000 shares	As of December 31, 2021: 19,900,000 shares
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 - 2) Number of treasury shares at the end of fiscal year

As of December 31, 2022: 890,661 shares	As of December 31, 2021: 904,917 shares
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 - 3) Average number of shares

As of December 31, 2022: 19,005,422 shares	As of December 31, 2021: 18,993,765 shares
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***The current financial summary is not subject to audit by certified public accountants or auditing firms.**

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

Note concerning forward-looking statements

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. They do not represent guarantees by the Company regarding future performance. Actual results may differ significantly from forecasts for various reasons.

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1. Overview of Operational Results

(1) 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 consolidated fiscal year under review. The comparative analysis of the previous consolidated fiscal year reflects the retroactive application of the Revenue Recognition Accounting Standard and related guidance. For more information, see “3. Consolidated Financial Statements and Notes: (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies: (Application of Accounting Standard for Revenue Recognition and Related Guidance).”

During the consolidated fiscal year under review, Japan’s economy, personal consumption in particular, showed signs of recovery. In March 2022, despite the spate of new cases attributable to the omicron variant, the quasi-states of emergency imposed in response to COVID-19 were lifted. Nevertheless, the presence of various factors, including the soaring cost of raw materials due to the crises in Ukraine, and other developments, as well as rapid yen devaluation on international currency markets mean the outlook remains uncertain.

Consumer spending in the United States recovered, primarily in the service industry. However, continuing monetary tightening by the Fed based on rate hikes amid inflationary pressures have raised concerns of a potential recession. In China, despite the easing of the nation’s zero-COVID policy, economic prospects remain uncertain, with worsening employment and a slowing economy.

The COVID-19 pandemic has affected Group business performance. Nevertheless, based on the “Marking Our 70th Anniversary with Rapid Progress” slogan, Group companies have collectively worked to strengthen earnings by venturing into new markets, making aggressive capital investments, and improving quality management.

As a result, in the consolidated fiscal year under review, net sales grew 11.8% year on year to ¥89,060 million; operating profit grew 44.1% to ¥5,972 million; ordinary profit grew 43.6% to ¥6,353 million; and profit attributable to owners of parent grew 43.7% to ¥4,058 million.

The business performance for each segment is given below.

(Paper Products)

The paper products segment in 2022 accounted for 70.7% of Group consolidated sales. Sales of paper bags, which accounted for 29.5% of consolidated sales, were buoyed by recovering domestic consumer spending and tourism demand. The Pack America Corp., an overseas subsidiary, recorded strong performance. Sales by the Pack (Shanghai) Corporation grew due to the devalued yen. Net sales in this segment rose by 19.2% to 26,252 million yen.

Sales of folding paper cartons, which accounted for 25.0% of consolidated sales, grew by 14.3% to 22,283 million yen. Sales of cartons for takeout/delivery food products and to the e-commerce sector remained strong. Demand for souvenirs and other items recovered.

Sales of corrugated boxes, which accounted for 13.7% of consolidated sales, grew by 3.0% to 12,210 million yen due to continuing robust sales to the e-commerce and manufacturing sectors.

Printing sales, which accounted for 2.5% of consolidated sales, grew 3.2% to 2,186 million, driven by strong sales at Keihin Tokushu Printing Corp. and NIKKO PRINT CORPORATION.

Overall, sales in this segment rose 13.4% to 62,932 million yen. Operating profit rose by 34.7% to 5,333 million yen.

(Film Packaging)

The film packaging segment accounted for 13.4% of Group consolidated sales during the fiscal year under review. Segment sales were up 7.2% to 11,988 million yen, as the decline in sales of disposable diaper products leveled off and sales of flexible film packaging for food products remained strong. Operating profit increased by 47.0% to 583 million yen.

(Other Businesses)

Other businesses accounted for 15.9% of Group consolidated sales in the fiscal year under review. Sales of sewn bags to specialty retail stores were strong. This, combined with the strong performance of The Pack America Corp., resulted in sales growth of 8.7% to 14,138 million yen and 20.0% growth in operating profits to 1,059 million yen.

(2) Financial Position

Assets totaled 6,942 million yen at the end of 2022, up 94,365 million yen from the end of 2021. Major factors included increases of 1,085 million yen in cash and deposits, 2,883 million yen in notes and accounts receivable-trade, 1,247 million yen in merchandise and finished goods, and 1,626 million yen in construction in progress.

Liabilities rose by 3,603 million yen to 28,994 million yen. Major factors were growth of 2,134 million yen in notes and accounts payable-trade and an increase of 1,168 million yen in electronically recorded obligations-operating.

Net assets grew by 3,338 million yen to 65,371 million yen. The key factor was an increase of 3,013 million yen in retained earnings.

(3) Cash Flows

The balance of cash and cash equivalents at the end of 2022 rose 585 million yen to 18,653 million yen, a 3.2% gain from the end of 2021.

<Cash flows from operating activities>

Operating activities provided net cash of 5,380 million yen in the consolidated fiscal year under review (down 25.5% from 7,217 million yen in 2021). The principal factors were profit before income taxes of 5,925 million yen, depreciation of 1,992 million yen, and an increase in notes and accounts receivable-trade of 2,825 million yen.

<Cash flows from investing activities>

Investing activities during the consolidated fiscal year under review accounted for net cash of 3,762 million yen (vs. 3,460 million yen in 2021). The principal factors were outlays of 10,000 million yen for the purchase of securities, 3,109 million yen for the purchase of property, plant, and equipment, and 2,357 million yen for the purchase of investment securities. Proceeds from sales of securities were 12,000 million yen.

<Cash flows from financing activities>

Due mainly to 1,043 million yen in cash dividends paid, financing activities used net cash of 1,124 million yen (vs. 1,029 million yen in 2021).

Reference: Cash flow indicators

Fiscal years ended	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Capital adequacy ratio	65.5	66.0	71.4	70.9	69.2
Capital adequacy ratio based on market prices	69.1	84.7	64.3	58.6	48.6
Interest-bearing debt to cash flow ratio	0.1	0.0	0.1	0.0	0.0
Interest coverage ratio	833.2	2,257.9	2,572.9	5,405.8	2,935.1

Notes:

- Cash flow indices are calculated as follows using consolidated figures:
 Capital adequacy ratio: Owner's equity/Total assets
 Capital adequacy ratio based on market prices: Market capitalization/Total assets
 Interest-bearing debt to cash flow ratio: Interest-bearing debt/Operating cash flows
 Interest coverage ratio: Operating cash flows/Interest payments
- Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of issued and outstanding shares at the end of the fiscal year, net of treasury shares.
- Interest-bearing debt includes all liabilities on the consolidated balance sheet incurring interest.

4. Operating cash flows and interest payments, respectively, are taken from “Net cash provided by (used in) operating activities” and “Interest expenses paid” on the consolidated statement of cash flows.

(4) Outlook

The Japanese economy was slower to recover from the COVID-19 pandemic than those of Europe and North America. Nevertheless, Japan is expected to maintain a balance between responding to the pandemic and a return to normal economic activity in FY2023. While exports are expected to slow due to slowing overseas economies, observers anticipate gentle recovery driven by domestic demand, with growing personal consumption and capital investments. Both are aspects of the economy for which room for recovery from COVID-19 remains.

In light of these business conditions, by formulating a sustainable management policy, The Pack Group will strive to achieve further improvements in customer satisfaction and business performance as a provider of comprehensive packaging solutions, based on its mission of bolstering social prosperity and creating satisfaction through packaging.

2. Basic Approach to Selecting Accounting Standards

The Pack Group will continue to prepare consolidated financial statements based on Japanese accounting standards. This will allow comparisons to previous years and to financial data for other companies. We will take appropriate action with regard to the application of International Financial Reporting Standards (IFRS), accounting for the relevant factors in play in Japan and other countries.

3. Consolidated Financial Statement and Notes**(1) Consolidated Balance Sheet**

(Million yen)

	Previous fiscal year (As of December 31, 2021)	Current fiscal year (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	15,077	16,163
Notes and accounts receivable-trade	21,003	23,886
Securities	12,006	12,500
Merchandise and finished goods	4,768	6,015
Work in process	867	1,032
Raw materials and supplies	794	1,108
Other	934	792
Allowance for doubtful accounts	(13)	(14)
Total current assets	55,438	61,484
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	6,169	6,132
Machinery, equipment, and vehicles, net	6,159	5,641
Tools, furniture and fixtures, net	348	348
Land	8,539	8,539
Construction in progress	1,441	3,068
Total property, plant and equipment	22,658	23,729
Intangible assets	643	1,044
Investments and other assets		
Investment securities	7,405	6,746
Deferred tax assets	416	421
Other	907	992
Allowance for doubtful accounts	(48)	(53)
Total investments and other assets	8,682	8,106
Total non-current assets	31,984	32,881
Total assets	87,422	94,365

(Million yen)

	Previous fiscal year (As of December 31, 2021)	Current fiscal year (As of December 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,235	14,370
Electronically recorded obligations-operating	5,521	6,689
Current portion of long-term loans payable	25	25
Income taxes payable	991	1,349
Provision for bonuses	267	291
Provision for bonuses for directors (and other officers)	32	45
Other	3,206	3,283
Total current liabilities	22,279	26,054
Non-current liabilities		
Long-term loans payable	60	34
Deferred tax liabilities	440	431
Retirement benefit liability	2,434	2,294
Other	176	178
Total non-current liabilities	3,110	2,939
Total liabilities	25,390	28,994
Net assets		
Shareholders' equity		
Capital stock	2,553	2,553
Capital surplus	3,164	3,166
Retained earnings	57,640	60,654
Treasury shares	(2,704)	(2,661)
Total shareholders' equity	60,654	63,713
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,212	1,391
Deferred gains or losses on hedges	0	(3)
Foreign currency translation adjustment	(98)	89
Remeasurements of defined benefit plans	185	134
Total accumulated other comprehensive income	1,300	1,611
Share acquisition rights	63	46
Non-controlling interests	13	-
Total net assets	62,032	65,371
Total liabilities and net assets	87,422	94,365

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

(Million yen)

	Previous fiscal year (from January 1, 2021 to December 31, 2021)	Current fiscal year (from January 1, 2022 to December 31, 2022)
Net sales	79,690	89,060
Cost of sales	60,683	67,382
Gross profit	19,007	21,677
Selling, general and administrative expenses	14,862	15,705
Operating profit	4,144	5,972
Non-operating income		
Interest income	108	128
Dividend income	114	136
Rent income	53	46
Compensation income	-	65
Foreign exchange gains	0	-
Other	42	51
Total non-operating income	320	428
Non-operating expenses		
Interest expenses	1	1
Cost of lease revenue	9	20
Compensation for damages	17	9
Foreign exchange losses	-	8
Other	14	6
Total non-operating expenses	42	47
Ordinary profit	4,422	6,353
Extraordinary income		
Gain on sales of investment securities	18	66
Gain on sales of non-current assets	5	1
Total extraordinary income	24	67
Extraordinary losses		
Loss on sales on non-current assets	-	0
Loss on retirement of non-current assets	92	40
Loss on valuation of investments securities	-	65
Loss on sales of investment securities	31	65
Impairment loss	108	323
Total extraordinary losses	232	495
Profit before income taxes	4,214	5,925
Income taxes-current	1,408	1,947
Income taxes-deferred	(7)	(72)
Total income taxes	1,401	1,875
Profit	2,813	4,050
Loss attributable to non-controlling interests	(11)	(8)
Profit attributable to owners of parent	2,824	4,058

Consolidated Statement of Comprehensive Income

(Million yen)

	Previous fiscal year (from January 1, 2021 to December 31, 2021)	Current fiscal year (from January 1, 2022 to December 31, 2022)
Profit	2,813	4,050
Other comprehensive income		
Valuation difference on available-for-sale securities	224	179
Deferred gains or losses on hedges	0	△4
Foreign currency translation adjustment	213	189
Remeasurements of defined benefit plans, net of tax	72	△51
Total other comprehensive income	511	312
Comprehensive income	3,325	4,362
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,334	4,370
Comprehensive income attributable to non-controlling interests	(9)	(7)

(3) Consolidated Statement of Changes in Equity

Previous fiscal year (from January 1, 2021 to December 31, 2021)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,553	3,164	55,860	(2,717)	58,861
Changes in items during period					
Dividends of surplus			(1,044)		(1,044)
Profit attributable to owners of parent			2,824		2,824
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		13	13
Net changes in items other than shareholders' equity					-
Total changes in items during period	-	0	1,780	13	1,793
Balance at end of current period	2,553	3,164	57,640	(2,704)	60,654

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	987	0	(310)	112	790
Changes in items during period					
Dividends of surplus					-
Profit attributable to owners of parent					-
Purchase of treasury shares					-
Disposal of treasury shares					-
Net changes in items other than shareholders' equity	224	0	212	72	510
Total changes in items during period	224	0	212	72	510
Balance at end of current period	1,212	0	(98)	185	1,300

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	65	22	59,739
Changes in items during period			
Dividends of surplus			(1,044)
Profit attributable to owners of parent			2,824
Purchase of treasury shares			(0)
Disposal of treasury shares			13
Net changes in items other than shareholders' equity	(1)	(9)	499
Total changes in items during period	(1)	(9)	2,292
Balance at end of current period	63	13	62,032

Current fiscal year (from January 1, 2022 to December 31, 2022)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,553	3,164	57,640	(2,704)	60,654
Changes in items during period					
Dividends of surplus			(1,045)		(1,045)
Profit attributable to owners of parent			4,058		4,058
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(3)		42	39
Purchase of shares of consolidated subsidiaries		5			5
Net changes in items other than shareholders' equity		-			-
Total changes in items during period	-	2	3,013	42	3,058
Balance at end of current period	2,553	3,166	60,654	(2,661)	63,713

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	1,212	0	(98)	185	1,300
Changes in items during period					
Dividends of surplus					-
Profit attributable to owners of parent					-
Purchase of treasury shares					-
Disposal of treasury shares					-
Purchase of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity	178	(4)	188	(51)	311
Total changes in items during period	178	(4)	188	(51)	311
Balance at end of current period	1,391	(3)	89	134	1,611

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	63	13	62,032
Changes in items during period			
Dividends of surplus			(1,045)
Profit attributable to owners of parent			4,058
Purchase of treasury shares			(0)
Disposal of treasury shares			39
Purchase of shares of consolidated subsidiaries			5
Net changes in items other than shareholders' equity	(17)	(13)	280
Total changes in items during period	(17)	(13)	3,338
Balance at end of current period	46	-	65,371

(4) Consolidated Statement of Cash Flows

(Million yen)

	Previous fiscal year (from January 1, 2021 to December 31, 2021)	Current fiscal year (from January 1, 2022 to December 31, 2022)
Cash flows from operating activities		
Profit before income taxes	4,214	5,925
Depreciation	2,029	1,992
Impairment loss	108	323
Increase (decrease) in allowance for doubtful accounts	(5)	5
Increase (decrease) in provision for bonuses	36	23
Increase (decrease) in provision for bonuses for directors and other officers	13	13
Increase (decrease) in retirement benefit liability	(220)	(213)
Interest and dividend income	(223)	(264)
Interest expenses	1	1
Loss (gain) on sales of non-current assets	(5)	(0)
Loss on retirement of non-current assets	92	40
Loss (gain) on sales of investment securities	12	(0)
Loss (gain) on valuation of investment securities	-	65
Decrease (increase) in notes and accounts receivable-trade	(178)	(2,825)
Decrease (increase) in inventories	152	(1,704)
Increase (decrease) in notes and accounts payable-trade	1,173	3,264
Other, net	301	68
Subtotal	7,503	6,715
Interest and dividend income received	217	275
Interest expenses paid	(1)	(1)
Income taxes paid	(502)	(1,608)
Net cash provided by (used in) operating activities	7,217	5,380
Cash flows from investing activities		
Purchase of securities	(9,505)	(10,000)
Proceeds from sales of securities	9,607	12,000
Purchase of property, plant, and equipment	(3,219)	(3,109)
Proceeds from sales of property, plant, and equipment	8	3
Purchase of intangible assets	(514)	(433)
Purchase of investment securities	(136)	(2,357)
Proceeds from sales of investment securities	135	204
Payments for leasehold and guarantee deposits	(21)	(39)
Other, net	186	(29)
Net cash provided by (used in) investment activities	(3,460)	(3,762)
Cash flows from financing activities		
Proceeds from long-term loans payable	100	-
Repayments of long-term loans payable	(45)	(25)
Cash dividends paid	(1,045)	(1,043)
Other, net	(38)	(55)
Net cash provided by (used in) financing activities	(1,029)	(1,124)
Effect of exchange rate change on cash and cash equivalents	115	91
Net increase (decrease) in cash and cash equivalents	2,843	585
Cash and cash equivalents at beginning of period	15,224	18,067
Cash and cash equivalents at end of period	18,067	18,653

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

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 consolidated fiscal year under review. Accordingly, revenue is now recognized in the amounts anticipated in exchange for goods or services at the point in time at which control of promised goods or services shifts to the customer.

Previously, in transactions in which the Group functioned as an agent (i.e., transactions involving supplying products to customers), all payments received from the customer were recognized as revenue. Following this change, revenues are recognized in the net amount after deducting from payments made by customers the amount to be paid to our suppliers. In principle, the consolidated financial statements herein reflect the retroactive application of this change to the previous consolidated fiscal year.

Compared to previous account processing, this change has resulted in a decrease of 486 million yen in net sales and cost of sales, respectively, for 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 consolidated fiscal year 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 has no effect on consolidated financial statements.

Segment and Other Information

1. Segment overview

The reportable segments of The Pack Group are the smallest units for which separate financial information can be obtained and for which regular examinations are performed by the Board of Directors to determine resource allocation and evaluate operational results.

The Group is engaged primarily in the manufacture and sale of paper bags, folding paper cartons, corrugated boxes, and plastic bags.

Based on the nature of the products, there are two reportable segments: Paper Products and Film Packaging.

The Group’s major products are paper bags, folding paper cartons, corrugated boxes, and printing in the Paper Products segment and plastic bags and garment bags in the Film Packaging segment.

2. Method to determine net sales, profit or loss, assets, liabilities and other items by reportable segment

Accounting methods used for the reportable segments are generally the same as the methods used for preparation of the consolidated financial statements.

Profit for reportable segments is stated on an operating profit basis.

3. Information concerning net sales and profit or loss by reportable segment and breakdown information on revenues
Previous fiscal year (from January 1, 2021 to December 31, 2021)

(Million yen)

	Reportable segment			Other businesses (Note 1)	Total	Adjustment (Note 2)	Amount posted in the consolidated financial statements (Note 3)
	Paper Products	Film Packaging	Subtotal				
Net sales							
Paper bags	22,032	-	22,032	-	22,032	-	22,032
Folding paper cartons	19,497	-	19,497	-	19,497	-	19,497
Corrugated boxes	11,850	-	11,850	-	11,850	-	11,850
Printing	2,117	-	2,117	-	2,117	-	2,117
Film packaging	-	11,184	11,184	-	11,184	-	11,184
Other	-	-	-	13,008	13,008	-	13,008
Revenues from contracts with customers	55,498	11,184	66,682	13,008	79,690	-	79,690
Other revenues	-	-	-	-	-	-	-
Sales to external customers	55,498	11,184	66,682	13,008	79,690	-	79,690
Intersegment sales and transfers	-	-	-	-	-	-	-
Total	55,498	11,184	66,682	13,008	79,690	-	79,690
Segment profit	3,958	397	4,355	882	5,238	(1,093)	4,144
Segment assets	42,674	6,964	49,638	7,088	56,727	30,695	87,422
Other items							
Depreciation	1,657	305	1,963	59	2,022	7	2,029
Increases in property, plant and equipment and intangible assets	2,058	370	2,428	167	2,596	45	2,641

Notes:

1. "Other businesses" includes supplies and other goods.
2. The adjustments are as follows:
 - (1) The -1,093 million yen adjustment to segment profit includes the elimination of intersegment transactions of 12 million yen not allocated to reportable segments and corporate expenses of -1,105 million yen. Corporate expenses primarily involve the parent company's Administrative Department.
 - (2) The 30,695 million yen adjustment to segment assets represents corporate assets not allocated to reportable segments. Corporate assets mainly include the parent company's surplus assets under management (cash and deposits of 11,040 million yen and securities of 12,006 million yen), long-term investments (investment securities of 7,045 million yen), and the parent company's land of 603 million yen.
 - (3) Adjustments to depreciation are related to the parent company's head office assets.
3. Segment profit is adjusted for consistency with the operating profit stated in the consolidated statement of income.

Current fiscal year (from January 1, 2022 to December 31, 2022)

(Million yen)

	Reportable segment			Other businesses (Note 1)	Total	Adjustment (Note 2)	Amount posted in the consolidated financial statements (Note 3)
	Paper Products	Film Packaging	Subtotal				
Net sales							
Paper bags	26,252	-	26,252	-	26,252	-	26,252
Folding paper cartons	22,283	-	22,283	-	22,283	-	22,283
Corrugated boxes	12,210	-	12,210	-	12,210	-	12,210
Printing	2,186	-	2,186	-	2,186	-	2,186
Film packaging	-	11,988	11,988	-	11,988	-	11,988
Other	-	-	-	14,138	14,138	-	14,138
Revenues from contracts with customers	62,932	11,988	74,921	14,138	89,060	-	89,060
Other revenues	-	-	-	-	-	-	-
Sales to external customers	62,932	11,988	74,921	14,138	89,060	-	89,060
Intersegment sales and transfers	-	-	-	-	-	-	-
Total	62,932	11,988	74,921	14,138	89,060	-	89,060
Segment profit	5,333	583	5,917	1,059	6,976	(1,004)	5,972
Segment assets	46,706	7,590	54,297	7,632	61,929	32,436	94,365
Other items							
Depreciation	1,573	292	1,866	78	1,944	48	1,992
Increases in property, plant and equipment and intangible assets	1,592	480	2,073	122	2,196	1,409	3,605

Notes:

- “Other businesses” includes supplies and other goods.
- The adjustments are as follows:
 - The -1,004 million yen adjustment to segment profit includes the elimination of intersegment transactions of 12 million yen not allocated to reportable segments and corporate expenses of -1,016 million yen. Corporate expenses primarily involve the parent company’s Administrative Department.
 - The 32,436 million yen adjustment to segment assets represents corporate assets not allocated to reportable segments. Corporate assets mainly include the parent company’s surplus assets under management (cash and deposits of 11,565 million yen and securities of 12,500 million yen), long-term investments (investment securities of 6,270 million yen), and the parent company’s land of 2,100 million yen.
 - Adjustments to depreciation and increases in property, plant and equipment and intangible assets are related to the parent company’s head office assets.
- Segment profit is adjusted for consistency with the operating profit stated in the consolidated statement of income.
- Changes to reportable segments, etc.

As noted under Changes in Accounting Policies, the Accounting Standard for Revenue Recognition and related guidance have been applied since the beginning of the consolidated fiscal year under review. These changes affect the accounting methods used to recognize revenue and have resulted in corresponding changes in the methods for calculating business segment profit or loss.

Segment information for the previous consolidated fiscal year herein has been prepared based on the methods for calculating profit or loss applied after this change.

[Related information]

Previous fiscal year (from January 1, 2021 to December 31, 2021)

1. Product- and service-specific information

This is omitted here because similar information is provided under segment information.

2. Region-specific information

(1) Net sales

This is omitted here because sales to external customers in Japan account for more than 90% of net sales on the consolidated statement of income.

(2) Property, plant, and equipment

This is omitted here because the amount for property, plant, and equipment located in Japan accounts for more than 90% of the amount for property, plant, and equipment on the consolidated balance sheet.

3. Information specific to major customers

This is omitted here because no single external customer sales to whom account for 10% or more of net sales on the consolidated statement of income exists.

Current fiscal year (from January 1, 2022 to December 31, 2022)

1. Product- and service-specific information

This is omitted here because similar information is provided under segment information.

2. Region-specific information

(1) Net sales

This is omitted here because sales to external customers in Japan account for more than 90% of net sales on the consolidated statement of income.

(2) Property, plant, and equipment

This is omitted here because the amount for property, plant, and equipment located in Japan accounts for more than 90% of the amount for property, plant, and equipment on the consolidated balance sheet.

3. Information specific to major customers

This is omitted here because no single external customer sales to whom account for 10% or more of net sales on the consolidated statement of income exists.

[Information on impairment loss on fixed assets by reportable segment]

Previous fiscal year (from January 1, 2021 to December 31, 2021)

(Million yen)

	Reportable segment			Other businesses	Companywide/ elimination	Total
	Paper Products	Film Packaging	Subtotal			
Impairment loss	108	-	108	-	-	108

Current fiscal year (from January 1, 2022 to December 31, 2022)

(Million yen)

	Reportable segment			Other businesses	Companywide/ elimination	Total
	Paper Products	Film Packaging	Subtotal			
Impairment loss	323	-	323	-	-	323

[Information on amortization of goodwill and unamortized balances by reportable segment]

Not applicable

[Information on gain on negative goodwill by reportable segment]

Not applicable

Revenue recognition

A breakdown of the information on revenue derived from contracts with customers is provided under Segment and Other Information in (5) Notes to Consolidated Financial Statements.

Per Share Information

(Yen)

	Previous fiscal year (from January 1, 2021 to December 31, 2021)	Current fiscal year (from January 1, 2022 to December 31, 2022)
Net assets per share	3,261.64	3,436.46
Basic earnings per share	148.71	213.55
Diluted earnings per share	148.53	213.38

1. The basic assumptions for calculating basic earnings per share and diluted earnings per share are as follows:

	Previous fiscal year (from January 1, 2021 to December 31, 2021)	Current fiscal year (from January 1, 2022 to December 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	2,824	4,058
Amounts not available to common shareholders (million yen)	-	-
Profit attributable to owners of parent related to common shares (million yen)	2,824	4,058
Average number of shares outstanding during the period (thousand shares)	18,993	19,005
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (million yen)	-	-
Increase in number of common shares (thousand shares)	22	15
(of which share acquisition rights (thousand shares))	(22)	(15)
Antidilutive securities excluded from diluted earnings per share calculations		-

2. The basic assumptions for calculating net assets per share are as follows:

Item	Previous fiscal year (from January 1, 2021 to December 31, 2021)	Current fiscal year (from January 1, 2022 to December 31, 2022)
Total net assets (million yen)	62,032	65,371
Deduction on total net assets (million yen)	77	46
(of which share acquisition rights) (million yen)	(63)	(46)
(of which non-controlling interests) (million yen)	(13)	(-)
Net assets applicable to common shares (million yen)	61,955	65,324
Number of common shares used in calculation of net assets per share (thousand shares)	18,995	19,009

Material Subsequent Events

Not applicable