

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

(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	97,000	8.9	7,100	18.9	7,500	18.1	4,900	20.7	257.45

(Note) Revision from most recently announced forecast of results: Yes

Please refer to the Notice of Revisions of Full-year Forecast of Consolidated Results and Year-end Dividend Forecast published today (August 7, 2023) for the updated forecast of consolidated results.

***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)	2Q, year ending December 31, 2023	19,900,000 shares	Year ended December 31, 2022	19,900,000 shares
2) Number of treasury shares at the end of fiscal year	2Q, year ending December 31, 2023	867,896 shares	Year ended December 31, 2022	890,661 shares
3) Average number of shares (quarterly cumulative)	2Q, year ending December 31, 2023	19,023,178 shares	2Q, year ended December 31, 2022	19,002,040 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

In the cumulative period through the second quarter of the consolidated fiscal year under review, Japan's economy trended toward recovery, particularly in the industries of food and beverage, leisure, and lodging. This was due in part to the fading impact of the COVID-19 pandemic, which in turn boosted inbound tourism and associated demand, as well as other factors, including wage rises against a backdrop of increasing prices. Nevertheless, various factors leave conditions uncertain, including the prolonged effects of high prices for daily necessities, the soaring cost of energy and materials, and fluctuations in foreign exchange rates.

In the United States, personal consumption remained firm as real wages rose. Employment numbers trended upward. Due to the continuing tightening of monetary policy intended to control inflation, which remains high, fears of recession remain. In China, while the economy continues to see recovery in consumption of services such as food and beverage and travel following the easing of quarantine restrictions, sluggish real estate and export sectors are weighing on the economy.

Within this context, the Group has adopted *Evolution —Start of purpose-based management and Sustainable Management* as the slogan for our Medium -Term Management Plan, which aims to achieve consolidated net sales of 107,000 million yen and operating income of 7,000 million yen for the fiscal year ending December 31, 2025. Toward this goal, group companies worked collectively to increase earnings by venturing into new markets, making substantial capital expenditures, and improving quality management.

Due to these efforts, during the second quarter of the consolidated fiscal year under review, net sales grew by 13.3% to 44,878 million yen; operating profit rose 45.6% to 2,976 million yen; ordinary profit grew 36.9% to 3,147 million yen; and profit attributable to owners of parent improved 50.0% to 2,133 million yen.

The business performance for each segment is reviewed 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 29.0% of consolidated sales, rose alongside recovery in domestic consumer spending and tourism demand, with net sales growing 15.4% year on year to 12,993 million yen.

Net sales of folding paper cartons, which accounted for 25.1% of consolidated sales, grew 15.8% year on year to 11,262 million yen. This was due to recovery in the market for souvenirs driven by tourism consumption and strong sales of cartons for takeout/delivery food products.

Sales of corrugated boxes, which accounted for 14.1% of consolidated sales, grew 6.7% year on year to 6,343 million yen, driven by strong sales to the manufacturing sector and firm sales to the e-commerce sector.

Printing sales, which accounted for 2.5% of consolidated sales, rose 6.7% to 1,135 million yen based on firm sales at Keihin Tokushu Printing Corp. and NIKKO PRINT CORPORATION.

Overall, sales in this segment grew 13.3% to 31,734 million yen. Operating profit rose 39.1% to 2,715 million yen.

(Film Packaging)

In the film packaging segment, which accounted for 14.8% of consolidated sales during the period under review, net sales rose 27.4% year on year to 6,654 million yen. This was due to strong sales of disposable diaper products and flexible film packaging for food products, as well as strong sales in mail order enterprises as well as specialty stores generated by recovering tourism consumption and demand from foreign tourists. Operating profit grew by 46.1% year on year to 28.8 million yen.

(Other Businesses)

Other businesses in the period under review accounted for 14.5% of consolidated sales. While COVID-19 vaccine-related sales declined, sales of sewn products and non-woven bags to specialty stores were firm. Net sales grew by 1.4% year on year to 6,489 million yen. Operating profit rose 12.5% year on year to 485 million yen.

(2) Description of Financial Position

(i) Assets, liabilities, and net assets

Assets totaled 93,831 million yen at the end of the quarter under review, down 534 million yen from the end of the previous fiscal year. Major factors included growth of 2,101 million yen in buildings and structures, 1,909 million yen in land, and 1,418 million yen in intangible assets, offset by declines of 5,490 million yen in notes and accounts receivable-trade and 1,900 million yen in securities.

Liabilities fell 2,868 million yen to 26,125 million yen. The primary factors were declines of 2,414 million yen in notes and accounts payable-trade and 413 million yen in electronically recorded obligations-operating.

Net assets grew by 2,334 million yen to 67,705 million yen. The key factors were increases of 1,468 million yen in retained earnings and 623 million in valuation difference on available-for-sale securities.

(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 fell by 2,381 million yen (11.8%) to 17,719 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 5,066 million yen (vs. cash flow from operating activities of 4,449 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 3,129 million yen in profit before income taxes, a decrease 5,566 million yen in notes and accounts receivable-trade, and depreciation of 1,014 million yen. These factors more than offset a decrease of 2,857 million yen in notes and accounts payable-trade and an increase of 738 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 5,413 million yen (vs. cash flow used in investment activities of 2,065 million yen in the cumulative period through the second quarter of the previous consolidated fiscal year). This figure reflects various factors, including 6,000 million yen in purchase of securities, 4,351 million yen in purchase of property, plant, and equipment, 1,465 million yen in purchase of intangible assets, despite 6,500 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 703 million yen (vs. cash flow used in financing activities of 514 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 664 million yen.

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

We have revised our forecast due to stronger performance than initially forecast in the second quarter of the fiscal year ending December 31, 2023. (The previous forecast of consolidated results was announced in the Summary of Business Results published on February 6, 2023.)

For more information, please review the Notice of Revisions of Full-year Forecast of Consolidated Results and Year-end Dividend Forecast published today (August 7, 2023).

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

(Million yen)

	Previous fiscal year (as of December 31, 2022)	Second quarter of current fiscal year (as of June 30, 2023)
Assets		
Current assets		
Cash and deposits	16,163	16,729
Notes and accounts receivable-trade	23,886	18,396
Securities	12,500	10,600
Merchandise and finished goods	6,015	6,733
Work in process	1,032	1,214
Raw materials and supplies	1,108	953
Other	792	956
Allowance for doubtful accounts	(14)	(19)
Total current assets	61,484	55,565
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	6,132	8,233
Machinery, equipment, and vehicles, net	5,641	5,908
Tools, furniture, and fixtures, net	348	363
Land	8,539	10,448
Construction in progress	3,068	2,057
Total property, plant, and equipment	23,729	27,011
Intangible assets	1,044	2,462
Investments and other assets		
Investment securities	6,746	7,537
Deferred tax assets	421	171
Other	992	1,133
Allowance for doubtful accounts	(53)	(50)
Total investments and other assets	8,106	8,792
Total non-current assets	32,881	38,266
Total assets	94,365	93,831

(Million yen)

	Previous fiscal year (as of December 31, 2022)	Second quarter of current fiscal year (as of June 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,370	11,956
Electronically recorded obligations-operating	6,689	6,275
Current portion of long-term loans payable	25	25
Income taxes payable	1,349	1,122
Provision for bonuses	291	334
Provision for bonuses for directors (and other officers)	45	21
Other	3,283	3,571
Total current liabilities	26,054	23,306
Non-current liabilities		
Long-term loans payable	34	22
Deferred tax liabilities	431	453
Retirement benefit liability	2,294	2,251
Other	178	91
Total non-current liabilities	2,939	2,818
Total liabilities	28,994	26,125
Net assets		
Shareholders' equity		
Capital stock	2,553	2,553
Capital surplus	3,166	3,156
Retained earnings	60,654	62,123
Treasury shares	(2,661)	(2,592)
Total shareholders' equity	63,713	65,240
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,391	2,014
Deferred gains or losses on hedges	(3)	2
Foreign currency translation adjustment	89	273
Remeasurements of defined benefit plans	134	130
Total accumulated other comprehensive income	1,611	2,420
Share acquisition rights	46	45
Total net assets	65,371	67,705
Total liabilities and net assets	94,365	93,831

(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, 2022 to June 30, 2022)	Cumulative period through second quarter of current fiscal year (from January 1, 2023 to June 30, 2023)
Net sales	39,617	44,878
Cost of sales	30,183	33,587
Gross profit	9,433	11,291
Selling, general and administrative expenses		
Freightage and packing expenses	1,868	2,001
Salaries and allowances	2,003	2,208
Directors' compensation	215	265
Provision of allowance for doubtful accounts	0	4
Provision for bonuses	143	178
Provision for directors' bonuses	13	19
Retirement benefit expenses	131	144
Depreciation	180	256
Rent expenses	1,355	1,479
Other	1,476	1,755
Total selling, general and administrative expenses	7,389	8,314
Operating profit	2,044	2,976
Non-operating income		
Interest income	61	74
Dividend income	56	57
Rent income	25	20
Compensation income	65	-
Foreign exchange gains	20	14
Other	37	18
Total non-operating income	267	185
Non-operating expenses		
Interest expenses	0	1
Cost of lease revenue	4	2
Loss on investment limited partnership	-	6
Other	8	4
Total non-operating expenses	13	14
Ordinary profit	2,298	3,147
Extraordinary income		
Gain on sales of non-current assets	1	-
Government subsidies	-	49
Total extraordinary income	1	49
Extraordinary losses		
Loss on retirement of non-current assets	6	18
Loss on sales of investment securities	44	-
Impairment loss	188	-
Loss on reduction of non-current assets	-	49
Total extraordinary losses	239	67
Profit before income taxes	2,060	3,129
Income taxes-current	636	981
Income taxes-deferred	1	14
Total income taxes	637	995
Profit	1,422	2,133
Profit (loss) attributable to non-controlling interests	(0)	-
Profit attributable to owners of parent	1,422	2,133

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, 2022 to June 30, 2022)	Cumulative period through second quarter of current fiscal year (from January 1, 2023 to June 30, 2023)
Profit	1,422	2,133
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	623
Deferred gains or losses on hedges	11	6
Foreign currency translation adjustment	319	183
Remeasurements of defined benefit plans, net of tax	(7)	(4)
Total other comprehensive income	322	808
Comprehensive income	1,744	2,942
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,743	2,942
Comprehensive income attributable to non-controlling interests	1	-

(3) Consolidated Statement of Cash Flows

(Million yen)

	Cumulative period through second quarter of previous fiscal year (from January 1, 2022 to June 30, 2022)	Cumulative period through second quarter of current fiscal year (from January 1, 2023 to June 30, 2023)
Cash flows from operating activities		
Profit before income taxes	2,060	3,129
Depreciation	945	1,014
Impairment loss	188	-
Increase (decrease) in allowance for doubtful accounts	0	1
Increase (decrease) in provision for bonuses	2	42
Increase (decrease) in provision for bonuses for directors and other officers	(16)	(23)
Increase (decrease) in retirement benefit liability	(169)	(49)
Interest and dividend income	(118)	(131)
Interest expenses	0	1
Loss (gain) on investment limited partnership	-	6
Loss (gain) on sales of non-current assets	(1)	-
Government subsidies	-	(49)
Loss on retirement of non-current assets	6	18
Loss (gain) on sales of investment securities	44	-
Loss on reduction of non-current assets	-	49
Decrease (increase) in notes and accounts receivable-trade	4,705	5,566
Decrease (increase) in inventories	(843)	(738)
Increase (decrease) in notes and accounts payable-trade	(1,641)	(2,857)
Other, net	74	162
Subtotal	5,238	6,143
Interest and dividend income received	124	132
Interest expenses paid	(0)	(1)
Income taxes paid	(912)	(1,208)
Net cash provided by (used in) operating activities	4,449	5,066
Cash flows used in investment activities		
Purchase of securities	(5,000)	(6,000)
Proceeds from sales of securities	4,500	6,500
Purchase of property, plant, and equipment	(1,323)	(4,351)
Proceeds from sales of property, plant, and equipment	3	-
Purchase of intangible assets	(184)	(1,465)
Purchase of investment securities	(154)	(18)
Proceeds from sales of investment securities	60	6
Collection of loans receivable	8	28
Payments for leasehold and guarantee deposits	(16)	(200)
Proceeds from government subsidies	-	49
Other, net	41	36
Net cash provided by (used in) investment activities	(2,065)	(5,413)
Cash flows used in financing activities		
Repayments of long-term loans payable	(12)	(12)
Cash dividends paid	(473)	(664)
Other, net	(27)	(26)
Net cash provided by (used in) financing activities	(514)	(703)
Effect of exchange rate change on cash and cash equivalents	163	117
Net increase (decrease) in cash and cash equivalents	2,033	(933)
Cash and cash equivalents at beginning of period	18,067	18,653
Cash and cash equivalents at end of period	20,101	17,719

(4) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Significant Changes in Shareholders' Equity)

Not applicable