

# Business Results for the Third Quarter of the Year Ending December 31, 2023 [Japan GAAP] (Consolidated)

November 6, 2023

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Expected filing date for quarterly securities report: November 9, 2023  
 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, 2023 (January 1, 2023 through September 30, 2023)

(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, 2023	67,586	11.7	4,500	37.5	4,727	31.6	3,205	42.4
Third quarter of year ended December 31, 2022	60,481	10.6	3,273	59.9	3,592	60.0	2,250	48.8

(Note) Comprehensive income Third quarter of year ending December 31, 2023: 4,379 million yen (65.5%)  
 Third quarter of year ended December 31, 2022: 2,646 million yen (23.7%)

	Quarterly basic earnings per share	Quarterly diluted earnings per share
	Yen	Yen
Third quarter of year ending December 31, 2023	168.46	168.34
Third quarter of year ended December 31, 2022	118.43	118.33

## (2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
Third quarter of year ending December 31, 2023	94,107	68,476	72.7
Year ended December 31, 2022	94,365	65,371	69.2

(Reference) Owner's equity Third quarter of year ending December 31, 2023: 68,431 million yen  
 Year ended December 31, 2022: 65,324 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, 2022	-	30.00	-	35.00	65.00
Year ending December 31, 2023	-	35.00	-		
Year ending December 31, 2023 (forecast)				43.00	78.00

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

**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: None

**\*Notes**

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

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

1) Number of issued and outstanding shares at the end of fiscal year (including treasury shares)	3Q, 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	3Q, year ending December 31, 2023	868,001 shares	Year ended December 31, 2022	890,661 shares
3) Average number of shares (quarterly cumulative)	3Q, year ending December 31, 2023	19,025,837 shares	3Q, year ended December 31, 2022	19,004,243 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 Summary of Business Results for the Period Under Review

### (1) Description of Operational Results

In the cumulative period through the third quarter of the consolidated fiscal year under review, Japan's economy moved into the post-COVID era owing to COVID being downgraded to a Category 5 infection, and demand for face-to-face service industries such as eating out and lodging increased. In addition, the trend toward recovery in the manufacturing industry has continued, while the economy has been on a gradual recovery trend with the recovery on inbound tourism and associated demand and wage rises. Stay-at-home demand saturated, while the prolonged impact of soaring crude oil prices and exchange rate fluctuations led to increases in prices of daily necessities and materials, leaving future conditions remaining uncertain. In the United States, the employment environment remains favorable, real wages are rising, and the consumption of services such as transportation, healthcare, and entertainment is growing. However, monetary tightening aimed at curbing inflation continues, raising concerns about an economic recession.

In China, exports increased at the beginning of the year as the Zero COVID policy was lifted. However, a decline in the investment in real estate development, including housing, and a slump in exports may slow the Chinese 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 cumulative period through the third quarter of the consolidated fiscal year under review, net sales grew by 11.7% year on year to 67,586 million yen; operating profit rose 37.5% year on year to 4,500 million yen; ordinary profit grew 31.6% year on year to 4,727 million yen; and profit attributable to owners of parent improved 42.4% year on year to 3,205 million yen.

The business result for each segment is reviewed below.

#### (Paper products)

The paper products segment accounted for 70.7% of consolidated sales during the period under review. Sales of paper bags, which accounted for 29.1% of consolidated sales, rose alongside growing domestic consumer spending and continued recovery in tourism demand, with net sales growing 14.5% year on year to 19,678 million yen.

Sales of folding paper cartons, which accounted for 25.5% of consolidated sales, grew 15.2% year on year to 17,239 million yen. This was due to strong sales of cartons for takeout/delivery food products and strong performance in the market for souvenirs, mainly food.

Sales of corrugated boxes, which accounted for 13.6% of consolidated sales, grew 3.1% year on year to 9,184 million yen as sales to manufactures and package sales to the e-commerce market remained at the same level as the previous year.

Printing sales, which accounted for 2.5% of consolidated sales, rose 7.5% year on year to 1,693 million yen based on firm sales at Keihin Tokushu Printing Corp. and NIKKO PRINT CORPORATION.

Overall, sales in this segment grew 12.1% year on year to 47,796 million yen. Operating profit rose 37.3% year on year to 4,206 million yen.

#### (Film Packaging)

In the film packaging segment, which accounted for 14.7% of consolidated sales during the period under review, net sales rose 22.3% year on year to 9,926 million yen. This was due to continued strong sales of disposable diaper products and flexible film packaging for food products, as well as strong sales to mail order enterprises and specialty stores, due mainly to recovery in consumer spending and inbound tourism consumption in association with an increase in the number of foreign visitors to Japan. Operating profit grew by 44.0% year on year to 456 million yen.

(Other Businesses)

Other businesses in the period under review accounted for 14.6% 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 1.5% year on year to 9,864 million yen. Operating profit rose 18.2% year on year to 741 million yen.

**(2) Description of Financial Position**

Assets totaled 94,107 million yen at the end of the third quarter of the consolidated fiscal year under review, down 258 million yen from the end of the previous consolidated fiscal year. Major factors included growth of 2,050 million yen in buildings and structures, 1,909 million yen in land, 1,528 million yen in intangible assets, 1,377 million yen in merchandise and finished goods, and declines of 5,219 million yen in notes and accounts receivable-trade and 2,900 million yen in securities.

Liabilities totaled 25,630 million yen at the end of the third quarter of consolidated fiscal year under review, down 3,363 million yen from the end of the previous consolidated fiscal year. The primary factors were declines of 2,260 million yen in notes and accounts payable-trade and 560 million yen in income taxes payable.

Net assets totaled 68,476 million yen at the end of the third quarter of consolidated fiscal year under review, up 3,105 million yen from the end of the previous consolidated fiscal year. Key factors included increases of 1,873 million yen in retained earnings and 897 million in valuation difference on available-for-sale securities.

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

Consolidated business forecasts remain unchanged from the announcement dated 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)	Third quarter of current fiscal year (as of September 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	16,163	16,496
Notes and accounts receivable-trade	23,886	18,667
Securities	12,500	9,600
Merchandise and finished goods	6,015	7,392
Work in process	1,032	1,230
Raw materials and supplies	1,108	1,016
Other	792	1,106
Allowance for doubtful accounts	(14)	(17)
<b>Total current assets</b>	<b>61,484</b>	<b>55,492</b>
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	6,132	8,183
Machinery, equipment, and vehicles, net	5,641	6,440
Tools, furniture, and fixtures, net	348	352
Land	8,539	10,448
Construction in progress	3,068	1,412
<b>Total property, plant, and equipment</b>	<b>23,729</b>	<b>26,837</b>
Intangible assets	1,044	2,572
Investments and other assets		
Investment securities	6,746	7,934
Deferred tax assets	421	202
Other	992	1,121
Allowance for doubtful accounts	(53)	(54)
<b>Total investments and other assets</b>	<b>8,106</b>	<b>9,204</b>
<b>Total non-current assets</b>	<b>32,881</b>	<b>38,614</b>
<b>Total assets</b>	<b>94,365</b>	<b>94,107</b>

(Million yen)

	Previous fiscal year (as of December 31, 2022)	Third quarter of current fiscal year (as of September 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	14,370	12,110
Electronically recorded obligations-operating	6,689	6,368
Current portion of long-term loans payable	25	25
Income taxes payable	1,349	788
Provision for bonuses	291	842
Provision for bonuses for directors (and other officers)	45	32
Other	3,283	2,670
Total current liabilities	26,054	22,838
Non-current liabilities		
Long-term loans payable	34	15
Deferred tax liabilities	431	465
Retirement benefit liability	2,294	2,231
Other	178	79
Total non-current liabilities	2,939	2,792
Total liabilities	28,994	25,630
Net assets		
Shareholders' equity		
Capital stock	2,553	2,553
Capital surplus	3,166	3,156
Retained earnings	60,654	62,528
Treasury shares	(2,661)	(2,592)
Total shareholders' equity	63,713	65,645
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,391	2,288
Deferred gains or losses on hedges	(3)	6
Foreign currency translation adjustment	89	362
Remeasurements of defined benefit plans	134	128
Total accumulated other comprehensive income	1,611	2,785
Share acquisition rights	46	45
Total net assets	65,371	68,476
Total liabilities and net assets	94,365	94,107

**(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, 2022 to September 30, 2022)	Cumulative period through third quarter of current fiscal year (from January 1, 2023 to September 30, 2023)
Net sales	60,481	67,586
Cost of sales	46,015	50,678
Gross profit	14,465	16,907
Selling, general and administrative expenses		
Freightage and packing expenses	2,839	2,943
Salaries and allowances	2,826	3,131
Directors' compensation	315	399
Provision of allowance for doubtful accounts	8	9
Provision for bonuses	364	442
Provision for directors' bonuses	20	29
Retirement benefit expenses	187	179
Depreciation	284	363
Rent expenses	2,055	2,247
Other	2,289	2,659
Total selling, general and administrative expenses	11,192	12,407
Operating profit	3,273	4,500
Non-operating income		
Interest income	93	117
Dividend income	76	76
Rent income	36	30
Compensation income	65	-
Foreign exchange gains	21	-
Other	44	23
Total non-operating income	336	247
Non-operating expenses		
Interest expenses	1	2
Cost of lease revenue	6	3
Loss on investments in investment partnerships	-	8
Foreign exchange loss	-	3
Other	8	3
Total non-operating expenses	17	20
Ordinary profit	3,592	4,727
Extraordinary income		
Gain on sales of investment securities	0	0
Gain on sales of non-current assets	1	0
Government subsidies	-	49
Total extraordinary income	1	49
Extraordinary losses		
Loss on sales on non-current assets	0	-
Loss on retirement of non-current assets	21	42
Loss on valuation of investment securities	23	-
Loss on sales of investment securities	64	-
Impairment loss	188	-
Loss on reduction of non-current assets	-	49
Total extraordinary losses	298	92
Profit before income taxes	3,296	4,684
Income taxes-current	1,133	1,607
Income taxes-deferred	(86)	(127)
Total income taxes	1,047	1,479
Profit	2,248	3,205
Profit (loss) attributable to non-controlling interests	(1)	-
Profit attributable to owners of parent	2,250	3,205



Quarterly Consolidated Statement of Comprehensive Income  
Cumulative period through third quarter

(Million yen)

	Cumulative period through third quarter of previous fiscal year (from January 1, 2022 to September 30, 2022)	Cumulative period through third quarter of current fiscal year (from January 1, 2023 to September 30, 2023)
Profit	2,248	3,205
Other comprehensive income		
Valuation difference on available-for-sale securities	6	897
Deferred gains or losses on hedges	15	10
Foreign currency translation adjustment	386	272
Remeasurements of defined benefit plans, net of tax	(11)	(6)
Total other comprehensive income	397	1,173
Comprehensive income	2,646	4,379
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	2,647	4,379
Comprehensive income attributable to non-controlling interests	(0)	-

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

(Going Concern Assumption)

Not applicable

(Significant Changes in Shareholders' Equity)

Not applicable