

# Business Results for the Third Quarter of the Year Ending December 31, 2024 [Japan GAAP] (Consolidated)

November 5, 2024

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 Results briefing: No

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*(Rounded down to million yen)*

## 1. Consolidated business results for the third quarter of the year ending December 31, 2024 (January 1, 2024 through September 30, 2024)

(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, 2024	70,040	3.6	4,945	9.9	5,124	8.4	3,984	24.3
Third quarter of year ended December 31, 2023	67,586	11.7	4,500	37.5	4,727	31.6	3,205	42.4

(Note) Comprehensive income      Third quarter of year ending December 31, 2024: 3,670 million yen (-16.2%)  
 Third quarter of year ended December 31, 2023: 4,379 million yen (65.5%)

	Quarterly basic earnings per share	Quarterly diluted earnings per share
	Yen	Yen
Third quarter of year ending December 31, 2024	209.90	209.78
Third quarter of year ended December 31, 2023	168.46	168.34

## (2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
Third quarter of year ending December 31, 2024	97,139	72,087	74.2
Year ended December 31, 2023	98,847	71,156	71.9

(Reference) Owner's equity      Third quarter of year ending December 31, 2024: 72,061 million yen  
 Year ended December 31, 2023: 71,111 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, 2023	-	35.00	-	55.00	90.00
Year ending December 31, 2024	-	52.00	-		
Year ending December 31, 2024 (forecast)				66.00	118.00

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

**3. Forecast of consolidated results for the year ending December 31, 2024  
(January 1, 2024 through December 31, 2024)**

(%: change from 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	101,000	3.4	8,100	4.6	8,400	4.2	6,400	13.2	336.27

(Note) Revision from most recently announced forecast of results: None

**\*Notes**

- (1) Material changes in the scope of consolidation during this quarterly cumulative period: None
- (2) Application of special account processing in preparation of quarterly consolidated 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, 2024	19,900,000 shares	Year ended December 31, 2023	19,900,000 shares
2) Number of treasury shares at the end of fiscal year	3Q, year ending December 31, 2024	1,050,301 shares	Year ended December 31, 2023	868,136 shares
3) Average number of shares (quarterly cumulative)	3Q, year ending December 31, 2024	18,982,051 shares	3Q, year ended December 31, 2023	19,025,837 shares

**\*Review of quarterly consolidated financial statements by certified public accountants or audit firm: None**

**\*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. Overview of Operational Results

### (1) Quarterly Operational Results

During the nine-month period under review, Japan's economy maintained a course of gradual recovery due mainly to growth in domestic demand. Wages continued to grow alongside progress with corporate efforts to reflect costs in prices; consumption continued to recover, driven by inbound spending and fiscal policies; and capital investments remained robust. Nevertheless, households grew more wary of spending due to various factors, including the prolonged Russia-Ukraine conflict, increasing tensions in the Middle East, the rising cost of imported goods driven by yen devaluation, and an extended period during which prices outstripped wage growth. Prospects for the economy remain uncertain.

In the United States, the environment remained supportive of consumer spending. Contributing factors included strong consumer finances due to positive employment and income conditions and high stock prices and yields. In addition, with interest rates dropping and inflation subsiding, the US economy remained firm on the back of strong consumer spending.

In China, despite the introduction of economic stimulus policies to halt the current vicious cycle in play, the private sector's appetite for investment and consumer spending remained sluggish against a backdrop of the continuing slump in the real estate market.

Under these circumstances, the Group adopted "Evolution—Start of purpose-based management and Sustainable Management—" as the slogan for our Medium-Term Management Plan. This plan seeks to achieve consolidated net sales of 107,000 million yen and operating profit of 8,300 million yen for the fiscal year ending December 31, 2025. Group companies worked as a team to increase earnings through means such as venturing into new markets, significant capital expenditures, and improving quality management.

Due to these efforts, during the nine-month period under review, net sales grew 3.6% year on year to 70,040 million yen; operating profit grew 9.9% to 4,945 million yen; ordinary profit grew 8.4% to 5,124 million yen; and profit attributable to owners of parent grew 24.3% to 3,984 million yen.

The business performance for each segment is reviewed below.

#### (Paper Products)

The paper products segment accounted for 71.7% of consolidated net sales for the nine-month period under review. In this segment, sales of paper bags, which accounted for 30.7% of consolidated sales, grew 9.4% year on year to 21,521 million yen, buoyed by growing sales of paper bags for food, tourism, and retail businesses attributable to gradual recovery in consumer spending and booming tourism-related demand driven by inbound tourism.

Sales of paper cartons, which accounted for 25.9% of consolidated net sales, grew 5.2% to 18,141 million yen. Contributing factors included strong sales of cartons to the market for souvenirs (chiefly for food products) and the e-commerce sector as strong sales of cartons for takeout/delivery food products.

Following on from last year, despite robust sales to the manufacturing sector, sales of corrugated boxes, which accounted for 13.0% of consolidated sales, fell by 0.8% to 9,108 million yen, partly due to a change in specifications for some of the packaging for the e-commerce sector to paper cartons.

Printing sales, which accounted for 2.1% of consolidated sales, fell 12.8% to 1,476 million yen due to reduced production hours as facilities were upgraded or replaced.

Overall, sales in this segment grew 5.1% to 50,248 million yen. Operating profit rose 7.8% to 4,534 million yen.

#### (Film Packaging)

The film packaging segment accounted for 13.5% of consolidated sales for the nine-month period under review. Segment sales were down 4.8% year on year to 9,448 million yen due to lower sales of products to the e-commerce sector and to specialty retail stores with the migration from film to paper packaging, the decline of which was partially offset by improvements in production efficiency. Operating profit was up 29.1% to 588 million yen.

(Other Businesses)

Other businesses accounted for 14.8% of consolidated sales for the nine-month period under review. Strong sales of sewn products and nonwoven bags to specialty retail stores helped boost sales in this segment by 4.9% to 10,343 million yen. Operating profit rose by 5.3% to 780 million yen.

**(2) Quarterly Financial Position**

Assets totaled 97,139 million yen at the end of the quarter under review, down 1,708 million yen from the end of the previous fiscal year. Major factors included a decline of 7,073 million yen in notes and accounts receivable-trade, partly offset by increases of 899 million yen in securities, 1,019 million yen in merchandise and finished goods, 1,255 million yen in machinery, equipment, and vehicles, and 824 million yen in construction in progress.

Liabilities fell 2,638 million yen to 25,052 million yen. The primary factors were declines of 2,151 million yen in notes and accounts payable-trade and 854 million yen in electronically recorded obligations-operating.

Net assets grew by 930 million yen to 72,087 million yen. The key factor was an increase of 1,951 million yen in retained earnings.

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

The consolidated business forecasts remain unchanged from the information announced February 9, 2024.

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

(Million yen)

	Previous fiscal year (as of December 31, 2023)	Third quarter of current fiscal year (as of September 30, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	16,322	15,299
Notes and accounts receivable-trade	24,654	17,580
Securities	8,100	8,999
Merchandise and finished goods	7,038	8,057
Work in process	1,058	1,212
Raw materials and supplies	981	967
Other	936	2,028
Allowance for doubtful accounts	(11)	(20)
<b>Total current assets</b>	<b>59,080</b>	<b>54,125</b>
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	8,154	8,427
Machinery, equipment, and vehicles, net	6,443	7,699
Tools, furniture, and fixtures, net	347	347
Land	10,823	11,107
Construction in progress	1,632	2,456
<b>Total property, plant, and equipment</b>	<b>27,401</b>	<b>30,038</b>
Intangible assets	2,679	3,372
Investments and other assets		
Investment securities	8,127	8,099
Retirement benefit assets	385	478
Deferred tax assets	106	114
Other	1,116	1,048
Allowance for doubtful accounts	(51)	(136)
<b>Total investments and other assets</b>	<b>9,685</b>	<b>9,603</b>
<b>Total non-current assets</b>	<b>39,766</b>	<b>43,014</b>
<b>Total assets</b>	<b>98,847</b>	<b>97,139</b>

(Million yen)

	Previous fiscal year (as of December 31, 2023)	Third quarter of current fiscal year (as of September 30, 2024)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	13,890	11,739
Electronically recorded obligations-operating	7,264	6,410
Current portion of long-term loans payable	25	33
Income taxes payable	1,397	939
Provision for bonuses	322	766
Provision for bonuses for directors (and other officers)	52	39
Other	3,652	4,157
Total current liabilities	26,605	24,086
Non-current liabilities		
Long-term loans payable	9	58
Deferred tax liabilities	664	530
Retirement benefit liability	343	340
Other	67	35
Total non-current liabilities	1,085	965
Total liabilities	27,691	25,052
Net assets		
Shareholders' equity		
Capital stock	2,553	2,553
Capital surplus	3,156	3,161
Retained earnings	64,975	66,927
Treasury shares	(2,593)	(3,285)
Total shareholders' equity	68,092	69,356
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,417	2,110
Deferred gains or losses on hedges	(2)	(21)
Foreign currency translation adjustment	235	267
Remeasurements of defined benefit plans	369	348
Total accumulated other comprehensive income	3,018	2,705
Share acquisition rights	45	25
Total net assets	71,156	72,087
Total liabilities and net assets	98,847	97,139

**(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, 2023 to September 30, 2023)	Cumulative period through third quarter of current fiscal year (from January 1, 2024 to September 30, 2024)
Net sales	67,586	70,040
Cost of sales	50,678	52,407
Gross profit	16,907	17,633
Selling, general and administrative expenses		
Freightage and packing expenses	2,943	2,928
Salaries and allowances	3,131	3,188
Directors' compensation	399	381
Provision of allowance for doubtful accounts	9	96
Provision for bonuses	442	405
Provision for directors' bonuses	29	38
Retirement benefit expenses	179	153
Depreciation	363	380
Rent expenses	2,247	2,248
Other	2,659	2,867
Total selling, general and administrative expenses	12,407	12,687
Operating profit	4,500	4,945
Non-operating income		
Interest income	117	95
Dividend income	76	89
Rent income	30	29
Other	23	17
Total non-operating income	247	231
Non-operating expenses		
Interest expenses	2	2
Cost of lease revenue	3	4
Loss on investments in investment partnerships	8	0
Foreign exchange loss	3	35
Commission for purchase of treasury shares	–	6
Other	3	3
Total non-operating expenses	20	52
Ordinary profit	4,727	5,124
Extraordinary income		
Gain on sales of investment securities	0	681
Gain on sales of non-current assets	0	55
Government subsidies	49	–
Total extraordinary income	49	737
Extraordinary losses		
Loss on sales on non-current assets	–	10
Loss on retirement of non-current assets	42	9
Loss on reduction of non-current assets	49	–
Total extraordinary losses	92	19
Profit before income taxes	4,684	5,842
Income taxes-current	1,607	1,868
Income taxes-deferred	(127)	(10)
Total income taxes	1,479	1,858
Profit	3,205	3,984
Profit attributable to owners of parent	3,205	3,984



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, 2023 to September 30, 2023)	Cumulative period through third quarter of current fiscal year (from January 1, 2024 to September 30, 2024)
Profit	3,205	3,984
Other comprehensive income		
Valuation difference on available-for-sale securities	897	(306)
Deferred gains or losses on hedges	10	(18)
Foreign currency translation adjustment	272	32
Remeasurements of defined benefit plans, net of tax	(6)	(20)
Total other comprehensive income	1,173	(313)
Comprehensive income	4,379	3,670
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	4,379	3,670

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

(Segment and Other Information)

[Segment information]

I. Preceding nine-month period (from January 1, 2023 to September 30, 2023)

1. Net sales and profit or loss and breakdown of profit by reportable segment

(Million yen)

	Reportable segment			Other businesses (Note 1)	Total	Adjustment (Note 2)	Amount posted in the Quarterly Consolidated Statement of Income (Note 3)
	Paper Products	Film Packaging	Subtotal				
Net sales							
Paper bags	19,678	–	19,678	–	19,678	–	19,678
Paper cartons	17,239	–	17,239	–	17,239	–	17,239
Corrugated boxes	9,184	–	9,184	–	9,184	–	9,184
Printing	1,693	–	1,693	–	1,693	–	1,693
Film packaging	–	9,926	9,926	–	9,926	–	9,926
Others	–	–	–	9,864	9,864	–	9,864
Revenue from contracts with customers	47,796	9,926	57,722	9,864	67,586	–	67,586
Other revenue	–	–	–	–	–	–	–
Sales to external customers	47,796	9,926	57,722	9,864	67,586	–	67,586
Intersegment sales and transfers	–	–	–	–	–	–	–
Subtotal	47,796	9,926	57,722	9,864	67,586	–	67,586
Segment profit	4,206	456	4,662	741	5,404	(903)	4,500

- Notes:
1. "Others" includes supplies and other goods.
  2. The adjustment of –903 million yen for segment profit includes 9 million yen in elimination of intersegment transactions and –912 million yen in Companywide costs, which are not allocated to individual reportable segments. Companywide costs consist mainly of costs related to parent-company administrative sections.
  3. Segment profit is adjusted against operating profit on the Quarterly Consolidated Statement of Income.

## II. Nine-month period under review (from January 1, 2024 to September 30, 2024)

## 1. Net sales and profit or loss and breakdown of profit by reportable segment

(Million yen)

	Reportable segment			Other businesses (Note 1)	Total	Adjustment (Note 2)	Amount posted in the Quarterly Consolidated Statement of Income (Note 3)
	Paper Products	Film Packaging	Subtotal				
Net sales							
Paper bags	21,521	–	21,521	–	21,521	–	21,521
Paper cartons	18,141	–	18,141	–	18,141	–	18,141
Corrugated boxes	9,108	–	9,108	–	9,108	–	9,108
Printing	1,476	–	1,476	–	1,476	–	1,476
Film packaging	–	9,448	9,448	–	9,448	–	9,448
Others	–	–	–	10,343	10,343	–	10,343
Revenue from contracts with customers	50,248	9,448	59,697	10,343	70,040	–	70,040
Other revenue	–	–	–	–	–	–	–
Sales to external customers	50,248	9,448	59,697	10,343	70,040	–	70,040
Intersegment sales and transfers	–	–	–	–	–	–	–
Subtotal	50,248	9,448	59,697	10,343	70,040	–	70,040
Segment profit	4,534	588	5,123	780	5,904	(959)	4,945

- Notes:
1. "Others" includes supplies and other goods.
  2. The adjustment of –959 million yen for segment profit includes 7 million yen in elimination of intersegment transactions and –966 million yen in Companywide costs, which are not allocated to individual reportable segments. Companywide costs consist mainly of costs related to parent company administrative sections.
  3. Segment profit is adjusted against operating profit on the Quarterly Consolidated Statement of Income.

## (Significant Changes in Shareholders' Equity)

The Company purchased 200,800 shares of treasury shares in accordance with a resolution passed by the Board of Directors on February 9, 2024. The purchase increased treasury shares by 748 million yen under review to 3,285 million yen.

## (Going Concern Assumption)

Not applicable

## (Quarterly Consolidated Statement of Cash Flows)

The Quarterly Consolidated Statement of Cash Flows for the nine-month period under review has not been prepared. Depreciation (including amortization related to intangible assets) for the nine months under review is as follows:

	Preceding nine-month period (from January 1, 2023 to September 30, 2023)	Nine-month period under review (from January 1, 2024 to September 30, 2024)
Depreciation	1,540 million yen	1,669 million yen