

## Business Results for the Year Ended December 31, 2019 [Japan GAAP] (Consolidated)

February 7, 2020

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

*(Rounded down to million yen)*

### 1. Consolidated business results for the year ended December 31, 2019 (January 1, 2019 through December 31, 2019)

(1) Consolidated results of operations (% 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 Dec. 31, 2019	95,502	2.6	6,850	(1.1)	7,199	(0.2)	4,700	(5.4)
Year ended Dec. 31, 2018	93,126	3.1	6,924	(4.8)	7,212	(5.0)	4,968	(4.6)

(Note) Comprehensive income  
 Year ended Dec. 31, 2019: 4,763 million yen (up 13.2%)  
 Year ended Dec. 31, 2018: 4,208 million yen (down 27.6%)

	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 Dec. 31, 2019	243.89	243.50	8.2	8.2	7.2
Year ended Dec. 31, 2018	253.25	252.91	9.0	8.6	7.4

(Reference) Investment earnings/loss on equity-method  
 Year ended Dec. 31, 2019: - million yen  
 Year ended Dec. 31, 2018: - million yen

### (2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2019	88,446	58,495	66.0	3,076.27
As of Dec. 31, 2018	86,495	56,775	65.5	2,885.27

(Reference) Owner's equity  
 As of Dec. 31, 2019: 58,371 million yen As of Dec. 31, 2018: 56,613 million yen

The Pack has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of 2019 and changed the method of presentation. Figures as of December 31, 2018 have been adjusted retrospectively in accordance with these amendments.

### (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 Dec. 31, 2019	6,599	(4,136)	(3,319)	18,307
Year ended Dec. 31, 2018	6,742	(4,705)	(2,059)	19,181

## 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 Dec. 31, 2018	-	25.00	-	25.00	50.00	980	19.7	1.8
Year ended Dec. 31, 2019	-	25.00	-	30.00	55.00	1,043	22.6	1.8
Year ending Dec. 31, 2020 (forecasts)	-	30.00	-	30.00	60.00		23.2	

(Note) Maintaining dividend stability and increasing retained earnings are the primary considerations for determining the dividend. Retained earnings are used to increase financial soundness and provide funds for production facilities, R&D activities and other investments needed for sustained growth. The Pack believes that this use of retained earnings will support stable and higher dividends for shareholders by leading to earnings growth in the future.

The dividend forecast for 2019 was 25 yen per share. However, in accordance with this policy, The Pack plans to increase the dividend by 5 yen to 30 yen per share based on the current dividend payout ratio and in order to return more earnings to shareholders.

### 3. Forecast of consolidated business results for the year ending December 31, 2020

(January 1, 2020 through December 31, 2020)

(% 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	44,300	0.0	2,600	0.2	2,700	(2.0)	1,800	(0.3)	94.86
Full year	96,800	1.4	7,000	2.2	7,300	1.4	4,900	4.2	258.23

#### \* Notes

(1) Material changes in subsidiaries during this period (Changes in scope of consolidations resulting from changes in subsidiaries): None

(2) Changes in accounting policies, accounting estimates and retrospective restatement

1) Changes in accounting policies based on revisions of accounting standard: None

2) Changes in accounting policies other than ones based on revisions of 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 Dec. 31, 2019: 19,900,000 shares As of Dec. 31, 2018: 19,900,000 shares

2) Number of treasury shares at the end of fiscal year

As of Dec. 31, 2019: 925,347 shares As of Dec. 31, 2018: 278,548 shares

3) Average number of shares

Year ended Dec. 31, 2019: 19,273,418 shares Year ended Dec. 31, 2018: 19,621,078 shares

**\*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. These materials are not promises by the Company regarding future performance. Therefore, actual results may differ significantly from the forecasts due to various factors.

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## 1. Overview of Results of Operations

### (1) Results of Operations

In 2019, Japan's exports decreased as global economic growth slowed and corporate earnings were lackluster, chiefly in the manufacturing sector. Although the labor market continued to improve, this did not produce an upturn in consumer spending.

The downturn in consumer spending after the October 2019 consumption tax hike has continued and warm winter weather also held down spending. Furthermore, companies had to deal with rising expenses throughout the year due to the increasing cost of logistics and raw materials.

In the United States, earnings were weak, mainly at manufacturers, because of the trade friction with China. However, the U.S. economy was supported by consumer spending and low unemployment. In China, the trade friction is reducing exports and exerting downward pressure on economic growth.

In 2019, under the slogan of "Bring about change and conquer new challenges," all group companies were focused on entering new markets, making substantial capital expenditures and improving quality management in order to increase earnings.

Net sales increased 2.6% year-on-year to 95,502 million yen, operating profit decreased 1.1% to 6,850 million yen, ordinary profit decreased 0.2% to 7,199 million yen, and profit attributable to owners of parent decreased 5.4% to 4,700 million yen.

Business segment performance was as follows.

#### (Paper Products)

The paper products segment accounted for 63.2% of consolidated sales in 2019. Sales of paper bags, which accounted for 30.7% of consolidated sales, increased 0.9% to 29,264 million yen. This was the result of strong sales to specialty retail stores in Japan.

Sales of paper folding cartons, which accounted for 19.2% of consolidated sales, increased 12.1% to 18,361 million yen. The main reasons were firm sales of cartons for food products and the inclusion of sales of Kannaru Printing Co., Ltd. which was acquired in April 2018.

Sales of corrugated boxes, which accounted for 11.0% of consolidated sales, increased 0.7% to 10,514 million yen. This increase was attributable to strong sales of boxes to the e-commerce sector.

Printing sales, which accounted for 2.3% of consolidated sales, increased 3.3% to 2,213 million yen. Sales at Keihin Tokushu Printing Corp. and NIKKO PRINT CORPORATION were favorable.

Overall, sales in this segment increased 4.1% to 60,353 million yen, and operating profit increased 0.4% to 5,265 million yen.

#### (Film Packaging)

The film packaging segment accounted for 20.6% of consolidated sales in 2019. Segment sales increased 0.1% to 19,666 million yen. While sales were about the same as in 2018, operating profit increased 4.5% to 1,042 million yen.

#### (Other Businesses)

Other businesses accounted for 16.2% of consolidated sales in 2019. Sales decreased 0.2% to 15,483 million yen as the inclusion of the sales of the sales promotion products of Kannaru Printing was offset by a decrease in sales of miscellaneous supplies that The Pack sells to large retailers. Operating profit decreased 1.3% to 1,492 million yen.

**(2) Financial Position**

Assets totaled 88,446 million yen at the end of 2019, up 1,951 million yen from the end of 2018. The main factor was an increase of 2,060 million yen in cash and deposits.

Liabilities increased 232 million yen to 29,951 million yen. The main factor was an increase of 118 million yen in electronically recorded obligations-operating.

Net assets increased 1,719 million yen to 58,495 million yen. The main factors were an increase of 3,735 million yen in retained earnings and purchase of treasury shares of 2,041 million yen.

**(3) Cash Flows**

The balance of cash and cash equivalents at the end of 2019 decreased 873 million yen, or 4.6% from the end of 2018 to 18,307 million yen.

**Cash flows from operating activities**

Operating activities provided net cash of 6,599 million yen (down 2.1 % from net cash provided of 6,742 million yen in 2018). The principal factors were profit before income taxes of 6,899 million yen and depreciation of 1,713 million yen.

**Cash flows from investing activities**

Investing activities used net cash of 4,136 million yen (net cash used of 4,705 million yen in 2018). The principal factors were outlays of 7,500 million yen for the purchase of securities and 1,492 million yen for the purchase of property, plant and equipment, while there were proceeds from sales of securities of 4,000 million yen.

**Cash flows from financing activities**

Financing activities used net cash of 3,319 million yen (net cash used of 2,059 million yen in 2018). This was mainly due to 966 million yen for the cash dividends paid and outlays of 2,049 million yen for purchase of treasury shares.

**Reference: Cash flow indicators**

Fiscal years ended	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019
Capital adequacy ratio	62.0	63.6	65.1	65.5	66.0
Capital adequacy ratio based on market prices	81.7	67.1	87.2	69.1	84.7
Interest-bearing debt to cash flow ratio	0.0	0.0	0.0	0.1	0.0
Interest coverage ratio	5,259.7	7,883.0	8,274.9	833.2	2,257.9

(Notes): 1. Cash flow indices are calculated, using consolidated financial figures, as follows:

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

2. 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.

3. Interest-bearing debt includes all liabilities on the consolidated balance sheet that incur interest.

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

#### **(4) Outlook**

Hopes are high among the people of Japan for 2020, when Tokyo will host the Summer Olympics. However, there are still no signs of the end of deflation and there is still considerable risk involving the global economy, particularly involving trade friction. Furthermore, it is impossible to foresee the potential economic impacts of natural disasters and the new coronavirus. In the packaging sector, there is uncertainty about the impact of the July 2020 start in Japan of requiring stores to charge customers for plastic shopping bags.

All activities of The Pack Group in 2020 will be guided by the slogan “Gather the strengths of our group, and progress forward with tenacity.” Group companies are making substantial capital expenditures and investments in IT systems, taking actions aimed at improving productivity and using people more efficiently, and implementing working style reforms. Environmentally responsible management and strict quality control are also priorities. The goal of all these activities is earning greater customer satisfaction and achieving more growth in sales and earnings as a company that is a source of total solutions for packaging.

#### **2. Basic Approach for the Selection of Accounting Standards**

The Pack Group will continue to prepare consolidated financial statements using Japanese accounting standards for the time being to permit comparisons with prior years and with the financial data of other companies. We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

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

(Million yen)

	Previous fiscal year (As of December 31, 2018)	Current fiscal year (As of December 31, 2019)
Assets		
Current assets		
Cash and deposits	12,257	14,317
Notes and accounts receivable-trade	24,589	24,717
Securities	9,499	10,000
Merchandise and finished goods	5,547	5,675
Work in process	835	931
Raw materials and supplies	847	887
Other	912	501
Allowance for doubtful accounts	(33)	(13)
Total current assets	54,455	57,017
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,006	6,523
Machinery, equipment and vehicles, net	5,125	5,468
Tools, furniture and fixtures, net	185	164
Land	8,397	8,397
Construction in progress	31	226
Total property, plant and equipment	20,746	20,781
Intangible assets	162	169
Investments and other assets		
Investment securities	9,441	8,842
Deferred tax assets	876	774
Other	871	911
Allowance for doubtful accounts	(58)	(50)
Total investments and other assets	11,130	10,478
Total non-current assets	32,039	31,429
Total assets	86,495	88,446

(Million yen)

	Previous fiscal year (As of December 31, 2018)	Current fiscal year (As of December 31, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	15,119	15,005
Electronically recorded obligations-operating	5,645	5,763
Short-term loans payable	66	-
Current portion of long-term loans payable	84	48
Income taxes payable	1,138	1,055
Provision for bonuses	280	283
Provision for bonuses for directors (and other officers)	42	43
Other	2,758	3,449
<b>Total current liabilities</b>	<b>25,136</b>	<b>25,648</b>
<b>Non-current liabilities</b>		
Long-term loans payable	163	30
Deferred tax liabilities	483	504
Retirement benefit liability	3,795	3,648
Other	140	118
<b>Total non-current liabilities</b>	<b>4,582</b>	<b>4,302</b>
<b>Total liabilities</b>	<b>29,719</b>	<b>29,951</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,553	2,553
Capital surplus	3,166	3,164
Retained earnings	50,871	54,607
Treasury shares	(723)	(2,765)
<b>Total shareholders' equity</b>	<b>55,867</b>	<b>57,560</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,282	1,462
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(249)	(283)
Remeasurements of defined benefit plans	(287)	(367)
<b>Total accumulated other comprehensive income</b>	<b>745</b>	<b>811</b>
Share acquisition rights	81	93
Non-controlling interests	81	29
<b>Total net assets</b>	<b>56,775</b>	<b>58,495</b>
<b>Total liabilities and net assets</b>	<b>86,495</b>	<b>88,446</b>



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

(Million yen)

	Previous fiscal year (from January 1, 2018 to December 31, 2018)	Current fiscal year (from January 1, 2019 to December 31, 2019)
Net sales	93,126	95,502
Cost of sales	70,808	72,381
Gross profit	22,318	23,121
Selling, general and administrative expenses	15,393	16,270
Operating profit	6,924	6,850
Non-operating income		
Interest income	96	107
Dividend income	118	122
Rent income	56	54
Foreign exchange gains	0	31
Other	53	66
Total non-operating income	325	382
Non-operating expenses		
Interest expenses	8	2
Cost of lease revenue	11	10
Sales discounts	4	5
Other	12	15
Total non-operating expenses	37	33
Ordinary profit	7,212	7,199
Extraordinary income		
Gain on sales of investment securities	119	-
Gain on sales of non-current assets	0	2
Insurance income	-	83
Gain on bargain purchase	54	-
Total extraordinary income	174	86
Extraordinary losses		
Loss on sales of non-current assets	8	3
Loss on retirement of non-current assets	58	28
Loss on valuation of investment securities	3	-
Loss on valuation of membership	0	-
Demolition cost of non-current asset	-	190
Impairment loss	-	164
Loss on disaster	11	-
Total extraordinary losses	81	386
Profit before income taxes	7,305	6,899
Income taxes-current	2,267	2,120
Income taxes-deferred	75	78
Total income taxes	2,343	2,199
Profit	4,962	4,700
Profit (loss) attributable to non-controlling interests	(6)	0
Profit attributable to owners of parent	4,968	4,700

**Consolidated Statement of Comprehensive Income**

(Million yen)

	Previous fiscal year (from January 1, 2018 to December 31, 2018)	Current fiscal year (from January 1, 2019 to December 31, 2019)
Profit	4,962	4,700
Other comprehensive income		
Valuation difference on available-for-sale securities	(742)	177
Deferred gains or losses on hedges	(7)	0
Foreign currency translation adjustment	(69)	(35)
Remeasurements of defined benefit plans, net of tax	65	(79)
Total other comprehensive income	(754)	62
Comprehensive income	4,208	4,763
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,217	4,766
Comprehensive income attributable to non-controlling interests	(9)	(2)

**(3) Consolidated Statement of Changes in Equity**

Previous fiscal year (from January 1, 2018 to December 31, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,553	3,166	46,883	(728)	51,875
Changes of items during period					
Dividends of surplus			(981)		(981)
Profit attributable to owners of parent			4,968		4,968
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		4	4
Additional purchase of shares of subsidiaries					-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(0)	3,987	4	3,992
Balance at end of current period	2,553	3,166	50,871	(723)	55,867

(Million yen)

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	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	2,023	7	(181)	(353)	1,496	56	28	53,457
Changes of items during period								
Dividends of surplus					-			(981)
Profit attributable to owners of parent					-			4,968
Purchase of treasury shares					-			(0)
Disposal of treasury shares					-			4
Additional purchase of shares of subsidiaries					-			-
Net changes of items other than shareholders' equity	(740)	(7)	(67)	65	(751)	24	53	(673)
Total changes of items during period	(740)	(7)	(67)	65	(751)	24	53	3,318
Balance at end of current period	1,282	0	(249)	(287)	745	81	81	56,775

Current fiscal year (from January 1, 2019 to December 31, 2019)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,553	3,166	50,871	(723)	55,867
Changes of items during period					
Dividends of surplus			(964)		(964)
Profit attributable to owners of parent			4,700		4,700
Purchase of treasury shares				(2,049)	(2,049)
Disposal of treasury shares		0		8	9
Additional purchase of shares of subsidiaries		(2)			(2)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(2)	3,735	(2,041)	1,692
Balance at end of current period	2,553	3,164	54,607	(2,765)	57,560

(Million yen)

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	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	1,282	0	(249)	(287)	745	81	81	56,775
Changes of items during period								
Dividends of surplus					-			(964)
Profit attributable to owners of parent					-			4,700
Purchase of treasury shares					-			(2,049)
Disposal of treasury shares					-			9
Additional purchase of shares of subsidiaries					-			(2)
Net changes of items other than shareholders' equity	179	0	(34)	(79)	65	12	(51)	27
Total changes of items during period	179	0	(34)	(79)	65	12	(51)	1,719
Balance at end of current period	1,462	0	(283)	(367)	811	93	29	58,495

**(4) Consolidated Statement of Cash Flows**

(Million yen)

	Previous fiscal year (from January 1, 2018 to December 31, 2018)	Current fiscal year (from January 1, 2019 to December 31, 2019)
Cash flows from operating activities		
Profit before income taxes	7,305	6,899
Depreciation	1,761	1,713
Impairment loss	-	164
Expenses on dismantlement of non-current assets	-	190
Gain on bargain purchase	(54)	-
Increase (decrease) in allowance for doubtful accounts	(50)	(28)
Increase (decrease) in provision for bonuses	(35)	2
Increase (decrease) in provision for bonuses for directors (and other officers)	(3)	0
Increase (decrease) in retirement benefit liability	(193)	(259)
Interest and dividend income	(215)	(230)
Interest expenses	8	2
Loss (gain) on sales of non-current assets	8	0
Loss on retirement of non-current assets	58	28
Loss (gain) on sales of investment securities	(119)	-
Loss (gain) on valuation of investment securities	3	-
Decrease (increase) in notes and accounts receivable-trade	199	(150)
Decrease (increase) in inventories	(339)	(268)
Increase (decrease) in notes and accounts payable-trade	857	19
Other, net	(240)	464
Subtotal	8,948	8,549
Interest and dividend income received	248	247
Interest expenses paid	(8)	(2)
Income taxes paid	(2,446)	(2,195)
Net cash provided by (used in) operating activities	6,742	6,599
Cash flows from investing activities		
Payments into time deposits	(68)	-
Proceeds from withdrawal of time deposits	67	64
Purchase of securities	(3,300)	(7,500)
Proceeds from sales of securities	4,900	4,000
Collection of loans receivable	9	4
Purchase of property, plant and equipment	(1,224)	(1,492)
Proceeds from sales of property, plant and equipment	6	3
Purchase of intangible assets	(21)	(52)
Purchase of investment securities	(5,104)	(160)
Proceeds from sales of investment securities	146	1,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(28)	-
Payments for leasehold and guarantee deposits	(162)	(12)
Other, net	76	11
Net cash provided by (used in) investing activities	(4,705)	(4,136)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	66	(66)
Repayments of long-term loans payable	(715)	(169)
Redemption of bonds	(398)	-
Cash dividends paid	(981)	(966)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(50)
Purchase of treasury shares	(0)	(2,049)
Other, net	(30)	(17)
Net cash provided by (used in) financing activities	(2,059)	(3,319)
Effect of exchange rate change on cash and cash equivalents	(25)	(16)
Net increase (decrease) in cash and cash equivalents	(47)	(873)
Cash and cash equivalents at beginning of period	19,228	19,181
Cash and cash equivalents at end of period	19,181	18,307

## **(5) Notes to Consolidated Financial Statements**

### **Going Concern Assumption**

Not applicable.

### **Significant Changes in Shareholders' Equity**

The Pack acquired 650,000 treasury shares by means of the tender offer pursuant to the resolution of the Board of Directors on May 8, 2019. As a result, treasury shares increased 2,049 million yen during 2019 to 2,765 million yen at the end of 2019.

### **Reclassifications**

#### **Application of the Partial Amendments to Accounting Standard for Tax Effect Accounting**

The Pack has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of 2019. Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

As a result, "deferred tax assets" under "current assets" in the consolidated balance sheet for the previous fiscal year decreased 255 million yen and "deferred tax assets" under "investments and other assets" increased 229 million yen. In addition, "deferred tax liabilities" under "non-current liabilities" decreased 26 million yen.

Net figures are used for deferred tax assets and deferred tax liabilities for the same taxing authority. This change reduced total assets by 26 million yen.

#### **Consolidated Statement of Cash Flows**

"Purchase of treasury shares," which was included in "other, net" under "cash flows from financing activities" in the previous fiscal year, is reclassified as a separate item in the current fiscal year as it has become significant. To conform to this change, the consolidated financial statements for the previous fiscal year has been reclassified.

Accordingly, "other, net" (-31 million yen) under "cash flows from financing activities" shown on the consolidated statement of cash flows in the previous fiscal year has been reclassified into "purchase of treasury shares" (-0 million yen) and "other, net" (-30 million yen).

## 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 in order to determine resource allocation and evaluate results of operations.

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

Therefore, based on the nature of products, there are two reportable segments: “Paper products” and “Film packaging.”

The Group’s major products are paper bags, paper folding 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 the preparation of the consolidated financial statements.

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

### 3. Information concerning net sales, profit or loss, assets, liabilities and other items by reportable segment

Previous fiscal year (from January 1, 2018 to December 31, 2018)

(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							
Sales to external customer	57,972	19,641	77,613	15,512	93,126	-	93,126
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	57,972	19,641	77,613	15,512	93,126	-	93,126
Segment profit	5,244	996	6,241	1,511	7,752	(828)	6,924
Segment assets	39,604	10,626	50,230	8,005	58,236	28,285	86,521
Other items							
Depreciation	1,428	304	1,732	23	1,756	5	1,761
Increases in property, plant and equipment and intangible assets	1,006	206	1,213	4	1,218	-	1,218

(Notes) 1. “Other businesses” includes supplies and other goods.

2. The adjustments are as follows.

- (1) The -828 million yen adjustment to segment profit includes elimination of inter-segment transactions of 12 million yen that are not allocated to reportable segments and corporate expenses of -840 million yen. Corporate expenses are mainly related to the parent company’s Administrative Department.
- (2) The 28,285 million yen adjustment to segment assets is corporate assets that are not allocated to reportable segments. Corporate assets mainly include the parent company’s surplus assets under management (cash and deposits of 9,255 million yen and securities of 9,499 million yen), long-term investments (investment securities of 8,971 million yen) and the parent company’s land of 558 million yen.
- (3) The adjustments to depreciation and increases in property, plant and equipment and intangible assets are related to the parent company’s head office assets.

3. Segment profit is adjusted for consistency with operating profit in the consolidated statement of income.

Current fiscal year (from January 1, 2019 to December 31, 2019)

(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							
Sales to external customer	60,353	19,666	80,019	15,483	95,502	-	95,502
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	60,353	19,666	80,019	15,483	95,502	-	95,502
Segment profit	5,265	1,042	6,307	1,492	7,800	(949)	6,850
Segment assets	41,605	9,736	51,341	7,292	58,634	29,812	88,446
Other items							
Depreciation	1,345	306	1,651	52	1,703	10	1,713
Increases in property, plant and equipment and intangible assets	1,294	535	1,830	31	1,861	72	1,933

(Notes) 1. "Other businesses" includes supplies and other goods.

2. The adjustments are as follows.

- (1) The -949 million yen adjustment to segment profit includes elimination of inter-segment transactions of 12 million yen that are not allocated to reportable segments and corporate expenses of -961 million yen. Corporate expenses are mainly related to the parent company's Administrative Department.
  - (2) The 29,812 million yen adjustment to segment assets is corporate assets that are not allocated to reportable segments. Corporate assets mainly include the parent company's surplus assets under management (cash and deposits of 10,845 million yen and securities of 10,000 million yen), long-term investments (investment securities of 8,396 million yen) and the parent company's land of 569 million yen.
  - (3) The adjustments to depreciation and increases in property, plant and equipment and intangible assets are related to the parent company's head office assets.
3. Segment profit is adjusted for consistency with operating profit in the consolidated statement of income.



**Per Share Information**

(Yen)

	Previous fiscal year (from January 1, 2018 to December 31, 2018)	Current fiscal year (from January 1, 2019 to December 31, 2019)
Net assets per share	2,885.27	3,076.27
Basic earnings per share	253.25	243.89
Diluted earnings per share	252.91	243.50

(Notes) 1. The basis of calculating the basic earnings per share and diluted earnings per share is as follows.

(Million yen)

Item	Previous fiscal year (from January 1, 2018 to December 31, 2018)	Current fiscal year (from January 1, 2019 to December 31, 2019)
Basic earnings per share		
Profit attributable to owners of parent	4,968	4,700
Amounts unavailable to common shareholders	-	-
Profit attributable to owners of parent related to common shares	4,968	4,700
Average number of shares outstanding during the period (thousand shares)	19,621	19,273
Diluted earnings per share		
Adjustment to profit attributable to owners of parent	-	-
Increase in the number of common shares (thousand shares)	26	31
(of which share acquisition rights (thousand shares))	( 26)	( 31)

2. The basis of calculating the net assets per share is as follows.

(Million yen)

Item	Previous fiscal year (As of December 31, 2018)	Current fiscal year (As of December 31, 2019)
Total net assets	56,775	58,495
Deduction on total net assets	162	123
(of which share acquisition rights)	( 81)	( 93)
(of which non-controlling interests)	( 81)	( 29)
Net assets applicable to common shares	56,613	58,371
Number of common shares used in calculation of net assets per share (thousand shares)	19,621	18,974

**Material Subsequent Events**

Not applicable.

\* This financial report is solely a translation of summary of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.