

**Business Results for the Third Quarter of the Year Ending December 31, 2020**  
**(Nine Months Ended September 30, 2020)**  
**[Japan GAAP] (Consolidated)**

November 5, 2020

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Listed on the TSE1  
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Expected date of filing of quarterly report: November 6, 2020  
 Expected starting date of dividend payment: -  
 Preparation of supplementary quarterly financial document: None  
 Quarterly results briefing: None

*(Rounded down to million yen)*

**1. Consolidated business results for the third quarter of the year ending December 31, 2020**  
**(January 1, 2020 through September 30, 2020)**

(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	%
Nine months ended Sep. 30, 2020	54,165	(18.7)	1,582	(60.8)	1,795	(57.8)	1,113	(57.6)
Nine months ended Sep. 30, 2019	66,611	5.1	4,037	1.5	4,258	2.0	2,626	(6.3)

(Note) Comprehensive income Nine months ended Sep. 30, 2020: 96 million yen (down 96.3%)  
Nine months ended Sep. 30, 2019: 2,593 million yen (down 4.0%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Sep. 30, 2020	58.65	58.57
Nine months ended Sep. 30, 2019	135.63	135.42

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of Sep. 30, 2020	80,122	57,468	71.6
As of Dec. 31, 2019	88,446	58,495	66.0

(Reference) Owner's equity As of Sep. 30, 2020: 57,379 million yen As of Dec. 31, 2019: 58,371 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 Dec. 31, 2019	-	25.00	-	30.00	55.00
Year ending Dec. 31, 2020	-	30.00	-	-	-
Year ending Dec. 31, 2020 (forecasts)	-	-	-	30.00	60.00

(Note) Revisions to the most recently announced dividend forecast: None

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

**(January 1, 2020 through December 31, 2020)**

(Percentages represent year-on-year changes)

	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	77,000	(19.4)	2,600	(62.0)	2,900	(59.7)	2,000	(57.4)	105.31

(Note) Revisions to the most recently announced consolidated forecast: Yes

Regarding to the consolidated forecast, please refer to the November 5, 2020 press release "Notice of the Consolidated Forecast" (Japanese version only).

**\* Notes**

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

(2) Applying of specific accounting of the consolidated quarterly financial statements: None

(3) 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

(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)

As of Sep. 30, 2020:	19,900,000 shares	As of Dec. 31, 2019:	19,900,000 shares
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2) Number of treasury shares at the end of fiscal year

As of Sep. 30, 2020:	909,347 shares	As of Dec. 31, 2019:	925,347 shares
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3) Average number of shares

Nine months ended Sep. 30, 2020:	18,984,873 shares	Nine months ended Sep. 30, 2019:	19,363,048 shares
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**\*The current quarterly financial summary is not subject to quarterly review by certified public accountants or auditing firms.**

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

Forecasts regarding future performance in these materials are based on information that was available when this document was released and incorporates a number of current assumptions about uncertainties that may affect future results of operations. Therefore, actual results may differ significantly from the forecasts due to various factors. Please refer to "Explanation of Consolidated Forecasts and Other Forward-looking Statements" on page 3 for forecast assumptions.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first nine months of 2020, the spread of the COVID-19 pandemic seriously affected people's lives, employment, and corporate activities. Although economic activities have gradually resumed following the complete lifting of the government's emergency declaration, a complete recovery is still way ahead.

The U.S. economy is recovering but the outlook remains uncertain because of the spread of the COVID-19 pandemic and the worsening conflict with China. On the other hand, personal consumption is recovering steadily in China and economic recovery is accelerating due to the growth in imports.

In the first nine months of 2020, under the slogan "Gather the strengths of our group, and progress forward with tenacity," all group companies were focused on entering new markets, making substantial capital expenditures and improving quality management in order to increase earnings. However, the continuing spread of the COVID-19 pandemic has affected our business performance.

Net sales decreased 18.7% year-on-year to 54,165 million yen, operating profit decreased 60.8% to 1,582 million yen, ordinary profit decreased 57.8% to 1,795 million yen, and profit attributable to owners of parent decreased 57.6% to 1,113 million yen.

Business segment performance was as follows.

#### (Paper Products)

The paper products segment accounted for 64.3% of consolidated sales in the first nine months of 2020. Sales of paper bags, which accounted for 26.4% of consolidated sales, decreased 29.0% to 14,311 million yen. The main reason was slowing personal consumption due to the spread of the COVID-19 pandemic. The impact of the spread of COVID-19 also brought down paper bag sales of overseas subsidiaries.

Sales of paper folding cartons, which accounted for 21.1% of consolidated sales, decreased 9.5% to 11,402 million yen. This was the result of lower sales to specialty retail stores in Japan despite firm sales of cartons for take-out food products and to the e-commerce sector.

Sales of corrugated boxes, which accounted for 14.1% of consolidated sales, decreased 0.3% to 7,630 million yen. This decrease was attributable to lower sales to large manufacturers although sales of boxes to the e-commerce sector were strong.

Printing sales, which accounted for 2.7% of consolidated sales, decreased 7.0% to 1,473 million yen. Sales at Keihin Tokushu Printing Corp. and NIKKO PRINT CORPORATION were weak.

Overall, sales in this segment decreased 17.1% to 34,818 million yen, and operating profit decreased 47.5% to 1,657 million yen.

#### (Film Packaging)

The film packaging segment accounted for 18.5% of consolidated sales in the first nine months of 2020. Segment sales decreased 28.4% to 10,005 million yen due to a decrease in sales of disposable diaper products and the impact of the introduction of a mandatory charge for plastic shopping bags. Operating profit was down 50.7% to 303 million yen.

#### (Other Businesses)

Other businesses accounted for 17.2% of consolidated sales in the first nine months of 2020. Sales decreased 12.3% to 9,341 million yen due to a decrease in sales of miscellaneous supplies to large retailers. Operating profit decreased 56.7% to 413 million yen.

## **(2) Explanation of Financial Position**

Assets totaled 80,122 million yen at the end of the third quarter of 2020, down 8,323 million yen from the end of 2019. The main factors were an increase of 1,491 million yen in machinery, equipment and vehicles, and a decrease of 10,021 million yen in notes and accounts receivable-trade.

Liabilities decreased 7,296 million yen to 22,654 million yen. The main factors were decreases of 5,642 million yen in notes and accounts payable-trade and 1,323 million yen in electronically recorded obligations-operating.

Net assets decreased 1,026 million yen to 57,468 million yen. The main factor was a decrease of 619 million yen in valuation difference on available-for-sale securities.

## **(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements**

The release of the forecast of consolidated financial results for the fiscal year ending December 31, 2020 was pending because it was difficult to reasonably estimate the impact of the spread of the COVID-19 pandemic on our business performance. We have now announced the consolidated forecast for the current fiscal year based on the business performance in the first nine months, the current economic trends, and information available to management at present.

For more information, please refer to the November 5, 2020 press release “Notice of the Consolidated Forecast” (Japanese version only).

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

(Million yen)

	Previous fiscal year (As of December 31, 2019)	Third quarter of the current fiscal year (As of September 30, 2020)
Assets		
Current assets		
Cash and deposits	14,317	16,669
Notes and accounts receivable-trade	24,717	14,695
Securities	10,000	5,999
Merchandise and finished goods	5,675	6,553
Work in process	931	813
Raw materials and supplies	887	844
Other	501	1,011
Allowance for doubtful accounts	(13)	(9)
Total current assets	57,017	46,577
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,523	6,350
Machinery, equipment and vehicles, net	5,468	6,959
Tools, furniture and fixtures, net	164	173
Land	8,397	8,302
Construction in progress	226	580
Total property, plant and equipment	20,781	22,366
Intangible assets	169	164
Investments and other assets		
Investment securities	8,842	8,905
Deferred tax assets	774	1,113
Other	911	1,052
Allowance for doubtful accounts	(50)	(57)
Total investments and other assets	10,478	11,014
Total non-current assets	31,429	33,545
Total assets	88,446	80,122

(Million yen)

	Previous fiscal year (As of December 31, 2019)	Third quarter of the current fiscal year (As of September 30, 2020)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	15,005	9,362
Electronically recorded obligations-operating	5,763	4,440
Current portion of long-term borrowings	48	38
Income taxes payable	1,055	-
Provision for bonuses	283	613
Provision for bonuses for directors (and other officers)	43	30
Other	3,449	3,579
Total current liabilities	25,648	18,064
Non-current liabilities		
Long-term borrowings	30	-
Deferred tax liabilities	504	482
Retirement benefit liability	3,648	4,038
Other	118	68
Total non-current liabilities	4,302	4,590
Total liabilities	29,951	22,654
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,553	2,553
Capital surplus	3,164	3,164
Retained earnings	54,607	54,581
Treasury shares	(2,765)	(2,717)
Total shareholders' equity	57,560	57,582
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,462	842
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(283)	(315)
Remeasurements of defined benefit plans	(367)	(729)
Total accumulated other comprehensive income	811	(202)
Share acquisition rights	93	65
Non-controlling interests	29	22
Total net assets	58,495	57,468
Total liabilities and net assets	88,446	80,122

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income****(For the Nine-month Period)**

(Million yen)

	First nine months of the previous fiscal year (from January 1, 2019 to September 30, 2019)	First nine months of the current fiscal year (from January 1, 2020 to September 30, 2020)
Net sales	66,611	54,165
Cost of sales	50,764	41,652
Gross profit	15,846	12,513
Selling, general and administrative expenses		
Freight and packing costs	3,397	2,782
Salaries and allowances	2,820	2,769
Remuneration for directors (and other officers)	370	328
Provision of allowance for doubtful accounts	23	15
Provision for bonuses	353	309
Provision for bonuses for directors (and other officers)	29	28
Retirement benefit expenses	207	240
Depreciation	273	259
Rent expenses	2,023	2,097
Other	2,310	2,099
Total selling, general and administrative expenses	11,809	10,930
Operating profit	4,037	1,582
Non-operating income		
Interest income	78	75
Dividend income	66	66
Rental income	41	40
Foreign exchange gains	30	28
Other	28	26
Total non-operating income	245	238
Non-operating expenses		
Interest expenses	2	1
Rental costs	7	7
Sales discounts	3	3
Other	9	13
Total non-operating expenses	23	26
Ordinary profit	4,258	1,795
Extraordinary income		
Gain on sales of investment securities	-	3
Gain on sales of non-current assets	2	25
Insurance claim income	83	-
Total extraordinary income	85	28
Extraordinary losses		
Loss on retirement of non-current assets	21	31
Loss on sales of non-current assets	3	0
Loss on valuation of investment securities	-	55
Impairment loss	164	-
Demolition cost of non-current asset	190	-
Total extraordinary losses	378	88
Profit before income taxes	3,965	1,734
Income taxes-current	1,400	556
Income taxes-deferred	(60)	67
Total income taxes	1,339	624
Profit	2,625	1,110
Loss attributable to non-controlling interests	(0)	(2)
Profit attributable to owners of parent	2,626	1,113



**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Nine-month Period)**

(Million yen)

	First nine months of the previous fiscal year (from January 1, 2019 to September 30, 2019)	First nine months of the current fiscal year (from January 1, 2020 to September 30, 2020)
Profit	2,625	1,110
Other comprehensive income		
Valuation difference on available-for-sale securities	6	(620)
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	(77)	(32)
Remeasurements of defined benefit plans, net of tax	38	(361)
Total other comprehensive income	(32)	(1,013)
Comprehensive income	2,593	96
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,597	100
Comprehensive income attributable to non-controlling interests	(4)	(3)

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

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

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.*