January 31, 2022

Consolidated Financial Results for the Nine Months Ended December 31, 2021

Company name:	FP Corporation		
Stock exchange listing:	Tokyo Stock Exchange		
Stock code:	7947	URL:	https://www.fpco.jp/
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Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho):	February 3, 2022
Scheduled date for commencement of dividend payments:	–
Supplementary documents for quarterly results:	Yes
Quarterly results briefing:	None

(Amounts of less than one million yen are truncated.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2021 (April 1, 2021 – December 31, 2021)

(1) Consolidated Results of Operations

(Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Period ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2021	150,879	4.3	13,965	(9.7)	14,641	(7.9)	9,659	(8.9)
December 31, 2020	144,665	–	15,467	–	15,904	–	10,608	–

(Note) Comprehensive income: Period ended December 31, 2021: 9,575 million yen (-14.1%)
Period ended December 31, 2020: 11,150 million yen (–%)

	Net income per share (basic)	Net income per share (diluted)
Period ended	Yen	Yen
December 31, 2021	118.06	–
December 31, 2020	128.29	–

(Notes) 1. On October 1, 2020, the Company implemented a two-for-one common stock split. Net income per share was calculated assuming that the stock split was implemented at the beginning of the previous consolidated fiscal year.
2. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the first quarter. The Accounting Standard, etc. are applied retroactively to the figures for the third quarter of the fiscal year ended March 31, 2021. No year-on-year percentage changes are thus stated for the figures in the third quarter of the fiscal year ended March 31, 2021.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2021	273,284	130,912	47.6	1,591.21
March 31, 2021	247,234	124,980	50.3	1,520.06

(Reference) Equity: As of December 31, 2021: 130,214 million yen
As of March 31, 2021: 124,349 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	41.00	–	24.00	–
Year ending March 31, 2022	–	21.50	–		
Year ending March 31, 2022 (forecast)				25.50	47.00

(Notes) 1. Revisions to dividend forecasts published most recently: No
2. The Company had a two-for-one split of its common stock, effective October 1, 2020.
The dividend per share for the end of the second quarter for the year ended March 31, 2021 is the dividend per share before the stock split. The year-end dividend is a dividend after the stock split. The annual dividend is not stated because a simple calculation is impossible due to the stock split. The dividend for the end of the second quarter and annual dividend calculated using the basis for calculation after the stock split are 20.5 yen and 44.5 yen, respectively.

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending March 31, 2022	195,000	4.0	17,400	(7.3)	18,000	(7.1)	11,530	(5.6)	140.94

(Notes) 1. Revisions to consolidated business performance forecasts published most recently: No
2. The year-on-year changes are calculated based on the comparison with the figures for the previous fiscal year after a change in accounting policy is reflected retroactively.

* Notes

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries accompanying changes in scope of consolidation): No

(2) Application of particular accounting treatment concerning preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies and accounting estimates, and restatement

(i) Changes in accounting policies accompanying amendments to accounting standards, etc.:	Yes
(ii) Changes in accounting policies other than (i):	No
(iii) Changes in accounting estimates:	No
(iv) Restatement:	No

(Note) For further details, see "2. Quarterly Consolidated Financial Statements and Key Notes, (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" on page 14 of the "Accompanying Materials."

(4) Number of shares outstanding (common shares):

(i) Number of shares outstanding at end of period (including treasury shares)

As of December 31, 2021:	84,568,424 shares
As of March 31, 2021:	84,568,424 shares

(ii) Number of treasury shares at end of period

As of December 31, 2021:	2,735,080 shares
As of March 31, 2021:	2,762,648 shares

(iii) Average number of shares outstanding during the period (consolidated cumulative period)

Nine months ended December 31, 2021:	81,822,307 shares
Nine months ended December 31, 2020:	82,691,573 shares

(Note) On October 1, 2020, the Company implemented a two-for-one common stock split. The average number of shares outstanding during the period is calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

* Quarterly consolidated financial results are outside the scope of audit procedures by certified public accountants and audit firm.

* Explanations and other special notes concerning the appropriate use of business performance forecasts

(Notes on forward-looking statements)

Descriptions regarding the future, such as the forecast of financial results herein, are calculated based on the information which is available to the Company as of the date hereof. Please note that actual results may be different due to various factors such as subsequent changes in business environment. For assumptions underlying the forecasts and notes to the use of the forecasts, please refer to "1. Qualitative Information Relating to Consolidated Results of Operations for the First Three Quarters Ended December 31, 2021; (3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results" on page 7 of the "Accompanying Materials."

(How to obtain supplementary documents for quarterly results)

Documents for financial results are published on the Company's website as soon as they are announced.

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1. Qualitative Information Relating to Consolidated Results of Operations for the First Three Quarters Ended December 31, 2021

(1) Explanation of Financial Results

The Group ensures the Hands-on Approach and Customer-First Concept as its source and practices the three basic pillars of a manufacturer, that is, “reliably deliver the most environmentally friendly products of the highest quality,” “at the most competitive prices,” “whenever they are needed.” In 2022, which marks the 60th anniversary of its founding, the Group aims to achieve further growth through utilization of the Group’s diverse infrastructure, under the theme of “leap forward.”

(Net sales)

Net sales for the first nine months of the consolidated fiscal year under review (from April 1, 2021 to December 31, 2021) increased 4.3% year on year, to 150,879 million yen, a new record high. Net sales of products manufactured by the Group rose 3.1% year on year to 116,698 million yen. Net sales of goods purchased increased 8.7% year on year to 34,180 million yen. The FPCO Group began to apply Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. in the fiscal year under review. Values obtained by retroactively applying the Accounting Standard for Revenue Recognition to the results of the fiscal year ended March 31, 2021 were used for calculating the year-on-year changes.

The sales volume of products increased 3.5% year on year for the first nine months of the consolidated fiscal year under review and fell 0.7% in the third quarter of the consolidated fiscal year under review (from October 1, 2021 to December 31, 2021). Year-on-year growth in sales volume was weak in the absence of the spike in demand caused by the COVID-19 pandemic the previous year. The sales volume of products for the first nine months under review increased 10.9% compared to the first nine months two years earlier (from April 1, 2019 to December 31, 2019) before the COVID-19 pandemic began, whilst the sales volume of products for the third quarter under review rose 8.7% compared to the third quarter two years earlier (from October 1, 2019 to December 31, 2019). The sales volume of products in the period from October 1, 2020 to September 30, 2021 was also bolstered by the business transfer from Sekisui Hinomaru K.K. (now known as Kyushu Sekisui Shoji Infratec Co., Ltd.) that was conducted in October 2020.

In containers for supermarkets, shipments of general-purpose containers for fresh food were sluggish in comparison with the previous consolidated fiscal year when demand for cooking and eating at home increased sharply. However, shipments of containers for prepared food held firm with the reopening of society and resumption of economic activity.

The market of takeout and delivered food from restaurants continues to expand, partly reflecting the launch of takeout and delivery services by major restaurant chains and luxury restaurants, and sales expanded through initiatives such as utilization of Pack Market, an e-commerce site for packaging materials, and collaboration with food wholesalers with channels for selling to restaurants.

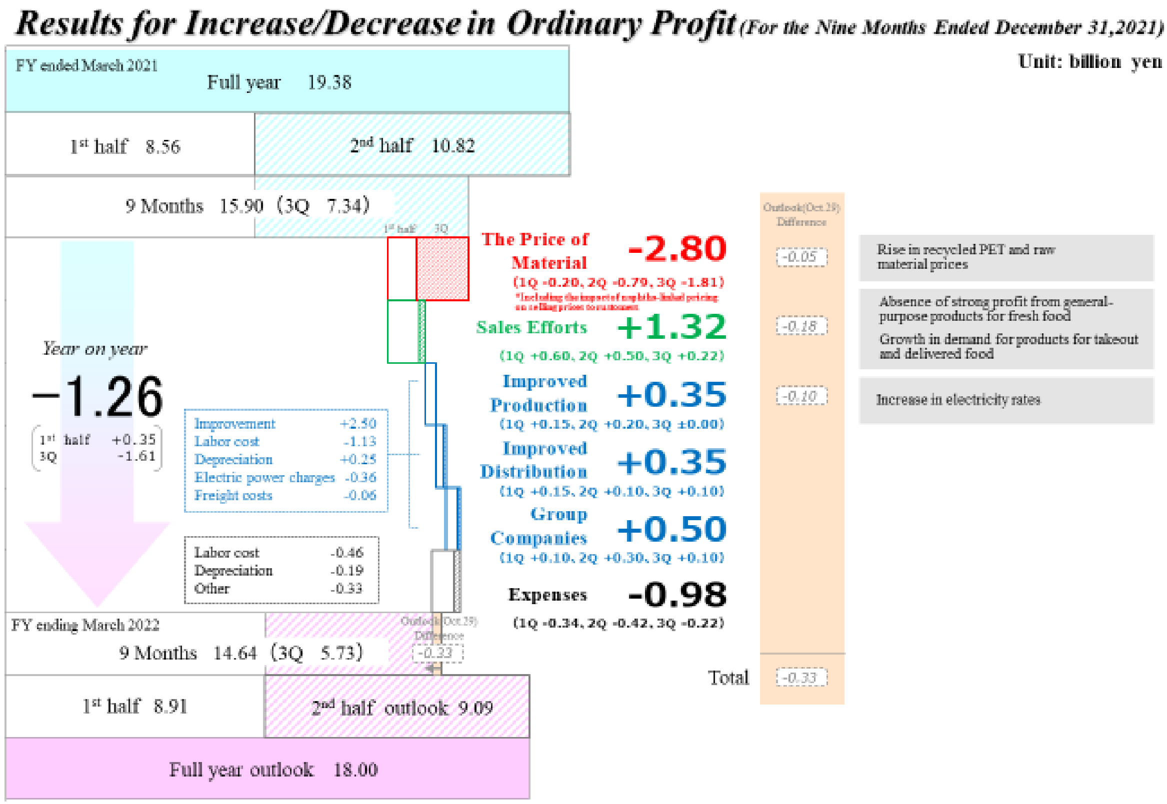
With demand changing significantly as described above, the Group succeeded in creating a supply structure for achieving almost zero missing items through its supply chain management system since September 2020. The Group will continue striving to further increase accuracy to support safe, secure food lifestyles.

(Profits)

For the first nine months under review, operating profit decreased 1,501 million yen or 9.7% year on year to 13,965 million yen, ordinary profit decreased 1,263 million yen (*1) or by 7.9% year on year to 14,641 million yen, ordinary profit before depreciation and amortization decreased 5.0% year on year to 24,827 million yen, and profit attributable to owners of parent decreased 8.9% year on year to 9,659 million yen. Factors for the increase of profits include an increase in sales volumes of containers for takeout and delivered food and the improvement effect of production and logistics sites. On the other hand, factors that decreased profits included a rise in raw material prices, higher electricity rates, and an increase in labor expenses. Further, insurance claim income of 2,362 million yen from the fire at the Chubu Plant 1 was posted as extraordinary income. On the other hand, a fire loss of 63 million yen for the increase in expenses that resulted from the fire, a loss on tax purpose reduction entry of non-current assets of 2,229 million yen related to the new plant that is under construction as the alternative asset to the plant lost in the fire, and retirement benefit expenses of 232 million yen resulting from a change in retirement plan were posted as extraordinary losses.

For the first nine months under review, operating profit fell 430 million yen short of the internal forecast made when the revised plan announced on October 29, 2021 was formulated, and ordinary profit fell 330 million yen short. This is mainly due to rising prices of recycled PET raw materials, fewer shipments of general-purpose containers for fresh food, and higher electricity rates.

(*1) Factor for the increase/decrease of ordinary profit



(Sales activities)

In sales activities, the Group makes proposals to create value by contributing to increasing customers' income, improving their productivity, and reducing the Company's costs. Specific activities include initiatives to promote the Group's products in the market for takeout and delivered food, in addition to stepping up initiatives for existing customers by studying their needs more closely and discovering new markets such as those for hospital food, nursing care food, and frozen food.

As new products for the market for takeout and delivered food, the Group launched containers featuring designs that look attractive on social media in addition to a heat-retaining, leakage-proof special container for noodles and a container featuring a Stack & Connect design for a low possibility of collapsing during transportation. To capture new demand, the Group is advancing initiatives including the lineup enhancement of the Pack Market e-commerce site offering packaging materials, and measures for improving its visibility including Web marketing and corporate communication activities via Instagram, YouTube, LINE, and other social media.

(Production)

The production sector is striving to improve productivity through initiatives that include improvements in capacity utilization and the promotion of automation. As of December 31, 2021, the Company operates 91 pieces of automated equipment on 63 production process lines. In addition, the Group is advancing initiatives for improving quality through the acquisition of certification under FSSC 22000, an international standard on food safety management. The Company also promotes safety training including hazard simulation training.

Kansai Plant is being constructed (due to be completed in September 2022), with the aim of responding to future growth in demand and stable product supply. In addition to newly constructed production lines, the Group will move approximately 30% of its production capacity in Fukuyama to the new plant, which will be responsible for production for the Kinki region, which is a Major Metropolitan Area. The Group will construct Pico House No.5, a dormitory for single employees (140 units; planned to be completed in September 2022), near the plant to secure human resources. The Group is also making progress with the construction of a new plant (due to be completed in May 2022) to replace Chubu Plant 1, which was damaged in a fire on November 30, 2020, with the intention of meeting growing demand in the Chubu region and improving productivity through automation and other initiatives.

(Logistics)
The Group has increased the ratio of use of its own trucks and increased the loading efficiency of each truck in an effort to cut logistical expenses.
For operations in the warehouse, the Group has continued to bolster its initiatives to save labor and streamline the operations, including the introduction of unmanned carriers (automated guided vehicles: AGVs) and autonomous forklifts (automated guided forklifts) and the use of a voice picking system and pallet transportation.
To respond to future growth in demand and ensure stable product supply, the Group expanded the Chubu Hub Center (completed in September 2021), which is equipped with an automated sorter shipment system which sorts products according to their delivery areas. As a result of the start of operations at Chubu Hub Center, approximately 75% of all shipments across Japan are sorted by an automated sorter shipment system, helping reduce loading and unloading costs and shorten loading times. The Group is also pushing ahead with the construction of the Kansai Hub Centre (due for completion in September 2022) adjacent to the Kansai Plant. This will result in the completion of a logistics network that covers 70% of the total population, including the populations of major cities, within a 150 km radius of each of the distribution centers of the Group's facilities all over Japan (Hokkaido, Tohoku, Kanto, Hachioji, Tokai, Chubu, Kansai, Fukuyama, and Kyushu).

[Overview of the new plants and hub centers]

	Chubu Hub Center	Chubu Plant I	Kansai Plant and Kansai Hub Center
Location	Wanouchi-cho, Anpachi-gun, Gifu	Wanouchi-cho, Anpachi-gun, Gifu	Ono, Hyogo Pref.
Total floor area	27,575 m^2	20,902 m^2	79,511 m^2
Completion scheduled	September 2021	May 2022	September 2022
Total investment amount	5,855 million yen	8,049 million yen (After reduction entry 5,820 million yen)	25,261 million yen

(Initiatives aimed at realizing a recycling-based society)
The FPCO Group considers climate change and marine plastic waste to be material issues that must be addressed, and promotes the following initiatives to resolve them.
(a) Promotion of recycling
The Group works to seriously address recycling throughout the Group. In 1990, the Group embarked on circular recycling using the FPCO method with collection boxes at six collection points in supermarkets. Thanks to the understanding and cooperation of consumers, the number of used container collection points exceeded 10,000 as of December 31, 2021. Combined with the system for segregation and collection based on the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging that was established in 1997, the above voluntary initiative of the Group has taken root as part of the social infrastructure for making effective use of used containers as resources.
Against the backdrop of the recent rise in environmental awareness, labelling(*2) signaling consideration for the environment and contribution to the SDGs is rapidly becoming more widely used in retail spaces and the Group's products also convey through display of the Eco Mark symbol on environmentally friendly products (Eco Tray, Eco APET containers and Eco OPET containers) and the printing of the words "Recycled from PET bottles" that used containers are recycled into new ones. Prompted by such developments, enquiries about eco-friendly products which contribute to the reduction of CO2 emissions have increased even more and the ratio of sales volume of eco-friendly products to the total sales volume of the Group reached 44% during the first nine months under review.
As retailers promote target-setting and initiatives for the conservation of resources, the Group is working to reduce plastic usage whilst maintaining the functionality of containers through measures such as sales expansion of environmentally friendly products made from recycled materials as well as proposals to switch existing products with lightweight products made from foam material (which use less plastic).

(*2) Examples of messaging about consideration for the environment and the SDGs at sales counters

(b) Carbon Offsetting Declaration Through Recycling

On February 1, 2021, the Company made a Declaration of Carbon Offsetting Through Recycling. This scheme is aimed at balancing the reduction of CO2 emissions achieved through sales of eco-friendly products, which are produced through FPCO Method Recycling, and CO2 emissions from the production sector by the fiscal year ending March 31, 2023. It is also aimed at balancing the above reduction and the Group's overall CO2 emissions (from production, logistics, and office sectors) by the fiscal year ending March 31, 2025.

As initiatives to achieve the above targets, the Company will procure renewable energy that is equivalent in amount to the power consumption at its recycling plants and increase the ratio of use of recycled materials in Eco APET and Eco OPET containers, in addition to increasing the sales volume of eco-friendly products. In doing so, the Company will strive to increase CO2 reduction effects.

In initiatives to introduce renewable energy, the Company signed a solar energy power purchase agreement with Mitsui and Co. Plant Systems, Ltd. in July 2021. The Company will install solar power generation facilities at the Kanto Eco PET Plant and the Kanto Yachiyo Plant, planning to commence operation in February 2022. This will enable procurement of renewable energy equivalent to the total energy consumption of the Kanto Recycling Plant located on the same site. The Company plans to introduce solar power generation at its other sites (in Chubu and Kansai) from the fiscal year ending March 31, 2023, which is expected to increase the CO2 reduction effect of eco trays compared to trays made from crude oil from 30% to 37%.

(c) Initiatives taken through the FP Corporation Environment Fund

The Company launched The FP Corp. Environment Fund in March 2020 to extend financing to organizations which are contributing to the creation of a sustainable society through activities from a variety of different angles in the three areas of "protection of the environment," "environmental education and training" and "activities to resolve issues surrounding food and to provide "food" support." In the fiscal year ending March 31, 2022, the Company subsidized 14 organizations. In addition, the Group's employees also participated in their activities, thus accelerating initiatives to solve environmental problems.

As part of measures to expand the product lineup, the Company launched paper trays in April 2021 in addition to biomass-based plastic products containing 25% of a plant-derived raw material, which were launched in June 2020, and FP CHUPA Corporation launched paper containers with detachable folding lids in December 2021 and plans to launch donburi-type paper containers in February 2022. The Company, FP CHUPA Corporation, and FP Trading Co., Ltd. have acquired an FSC® certification

(FSC®C163782) at all of their sales offices and plants for manufacturing paper products. The Group will strive to provide its business partners and other stakeholders with accurate information about characteristics of these alternative materials, their environmental impact, and other aspects.
The Group will continue expanding the research and studies of recycling methods and collecting information about new materials, such as paper and biomass materials, as alternatives to the use of petroleum-derived plastics, by assuming that technologies will continue to progress. At the same time, the Group will develop containers with low environmental impact, with the aim of achieving a recycling-based society and building a sustainable society.

(Initiatives on ESG and SDGs)
The Group is enhancing initiatives related to human rights, governance and disclosure of a wider range of information, in addition to promoting the FPCO Method Recycling and employment of workers with disabilities. The Group also strives to create a working environment that is friendly to workers in consideration of tasks in which employees with disabilities can play fulfilling roles, and aims to hire more workers with disabilities with a view to enhancing diversity. As of March 2021, 12.7% of employees had disabilities in the FPCO Group. Further, in association with initiatives to expand occupational domains of female employees, to aid women in remaining employed, and to increase the number of women in managerial positions, the Company published its general employers action plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace on the Ministry of Health, Labour and Welfare's database of companies promoting the active participation and career advancement of women. The Company set the target ratio of female employees for the main career track at 30% or more and the target number of female managers at 50 or more. The Company is implementing a range of initiatives to achieve these targets.
As a result of these initiatives, the Company was selected as a constituent of the FTSE4Good Index Series and FTSE Blossom Japan Index by FTSE Russell, for the third consecutive year in June 2021.
In addition, the Company provides containers to children's cafeterias by working together with its business partners. Since May 2020, the Company has made seven donations totaling 568,000 sets of containers for packed lunches and soup.
The Company will continue to take initiatives for achieving Sustainable Development Goals (SDGs).

(2) Explanation of Financial Situation

1) State of assets, liabilities and net assets

Consolidated assets at the end of the third quarter under review totaled 273,284 million yen, up 26,050 million yen from the end of the previous fiscal year. That was mainly due to a 13,763 million yen increase in notes and accounts receivable – trade that resulted chiefly from the increase in net sales and the fact that the last day of the third quarter under review was a holiday of financial institutions. Property, plant and equipment increased 10,875 million yen due mainly to warehouse expansion at the Chubu Hub Center and the construction of the Kansai Plant and the Kansai Hub Center.

Consolidated liabilities amounted to 142,371 million yen, up 20,117 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 7,396 million yen increase of accounts payable - trade, which is attributed mainly to an increase in the amount of purchases and the fact that the last day of the third quarter under review was a holiday for financial institutions. In addition, current liabilities - other increased 9,565 million yen due in part to an increase of 7,294 million yen in loans payable (short-term loans payable and long-term loans payable) largely attributable to borrowing for capital expenditure and an increase in accounts payable related to facilities and accrued expenses.

Consolidated net assets totaled 130,912 million yen, up 5,932 million yen from the end of the previous fiscal year. This was attributable principally to profit attributable to owners of parent amounting to 9,659 million yen and dividends of surplus of 3,722 million yen.

2) State of cash flows

Consolidated cash and cash equivalents (hereinafter “cash”) at the end of the first nine months under review totaled 18,545 million yen, up 660 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 12,913 million yen (15,880 million yen in cash was provided a year earlier).

This reflected a cash increase due mainly to profit before income taxes of 14,270 million yen, depreciation of 10,186 million yen, and an increase in notes and accounts payable – trade of 7,396 million yen, as well as a cash decrease following an increase in notes and accounts receivable – trade of 13,754 million yen, an increase in inventories of 1,001 million yen, and income taxes paid of 7,106 million yen, among other factors.

(Cash flows from investing activities)

Net cash used in investing activities reached 14,649 million yen (11,673 million yen in cash was used a year earlier).

This was due mainly to the construction of the Kansai Plant and the Kansai Hub Center and 14,421 million yen spent on the purchase of property, plant and equipment in connection with production equipment.

(Cash flows from financing activities)

Net cash provided by financing activities came to 2,395 million yen (5,741 million yen in cash was used a year earlier).

This primarily reflected proceeds from long-term loans payable of 19,000 million yen, repayment of long-term loans payable of 11,705 million yen, repayment of lease obligations of 1,169 million yen and cash dividends paid of 3,695 million yen.

(3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results

With the end of the COVID-19 pandemic still not in sight, the Group will continue monitoring food demand trends.

Regarding raw materials, the price of polystyrene, which is a raw material in the Group’s products, has increased three times during 2021, with rises in April, July and October, and the outlook remains unclear. In response to rising raw materials prices, the Group is working to increase profit by expanding procurement volumes of used containers and other recovered raw materials and implementing initiatives to improve productivity across all its operations including automation in its production operations and improvement of carrying efficiency in its logistics operations. However, it is extremely difficult for the Group to absorb surging raw materials prices through its own efforts. Accordingly, on October 29, 2021, the Company announced that it would be making revisions to its product prices and is conducting negotiations with its business partners.

On the sales front, further growth in demand for environmentally friendly products and lightweight products (which use less plastic) is forecast against the backdrop of rising environmental awareness. Meanwhile, the takeout and delivered food market, the market for hospital meals and meals served at nursing care facilities, and the frozen food market, including at retailers and frozen food vending machines, are expected to expand further and become more firmly established. In particular, changes in consumer behavior to reduce contact with other people during the COVID-19 pandemic have led to more diverse food selling methods, including e-commerce sites and unmanned grocery stores. In light of these changes, the Group will develop new products and establish new sales channels to meet customer needs.

The theme of FPCO Fair 2022, to be held in March 2022, is “the obvious choice” and, with good prices rising due to high oil prices and supply chain disruptions caused by the COVID-19 pandemic, the Group is preparing proposals for operating cost

reductions that can be achieved through containers and containers which will make customers' products sell well, and proposals for environmentally friendly strategies which will help customers achieve environmentally friendly operations.
Through such value creation proposals and the creation of new markets combined with the research and development of recycling technologies, M&A, and other initiatives, the Group will aim to achieve sustainable growth.
Ordinary profit for the first nine months under review fell 330 million yen short of the internal forecast made when the revised plan announced on October 29, 2021 was formulated. Despite the expected impact of rising prices for recycled PET raw materials and higher electricity rates, the consolidated forecast for the full year has been left unchanged on the basis that, during the fourth quarter, product price revisions are expected to bolster profitability to some extent and demand for high value added products such as containers for takeout and delivered food will be firm.
The Company will promptly announce any matters which require disclosure in the future.

(Explanations of terms)

Eco Tray:	A recycled, expanded polystyrene container for which polystyrene containers collected at supermarkets or similar places and scrap pieces collected within plants are used as raw materials (sales commenced in 1992).
Eco APET container:	A recycled polyethylene terephthalate (PET) transparent container for which PET transparent containers collected at supermarkets or similar places, PET bottles, and scrap pieces collected within plants are used as raw materials. Heat resistance temperature of +60ºC (sales commenced in 2012).
Eco OPET container:	A recycled OPET transparent container molded from the bi-axially oriented PET sheets, which use the same raw materials as an Eco APET container. Superior oil resistance and high transparency, with the same thermal insulation as the OPS transparent container (a conventional transparent container molded from the bi-axially oriented polystyrene sheets). Heat resistance temperature of +80ºC (sales commenced in 2016).
FSC®:	Forest Stewardship Council® (FSC®) is an international non-profit organization established to promote responsible management of forests in the world. FSC sets standards based on principles on responsible forest management, which are supported by the agreement of stakeholders in the environment, social, and economic fields.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Third quarter of the current consolidated fiscal year (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	17,884	18,545
Notes and accounts receivable - trade	36,761	50,524
Merchandise and finished goods	19,500	19,762
Work in process	93	101
Raw materials and supplies	2,802	3,534
Other	3,627	3,892
Allowance for doubtful accounts	(29)	(29)
Total current assets	80,641	96,331
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	76,585	79,504
Machinery, equipment and vehicles, net	31,996	32,153
Land	36,221	36,468
Lease assets, net	1,977	1,812
Other, net	7,833	15,551
Total property, plant and equipment	154,615	165,490
Intangible assets		
Goodwill	694	484
Other	1,364	1,275
Total intangible assets	2,059	1,759
Investments and other assets	9,918	9,702
Total non-current assets	166,592	176,953
Total assets	247,234	273,284
Liabilities		
Current liabilities		
Accounts payable - trade	21,184	28,580
Short-term loans payable	16,326	14,680
Commercial papers	18,000	18,000
Income taxes payable	4,308	1,552
Provision for bonuses	2,911	1,378
Provision for directors' bonuses	152	126
Provision for fire loss	220	–
Other	15,422	24,988
Total current liabilities	78,527	89,307
Non-current liabilities		
Long-term loans payable	36,966	45,906
Provision for directors' retirement benefits	640	735
Provision for executive officers' retirement benefits	51	67
Net defined benefit liability	4,635	5,038
Other	1,432	1,316
Total non-current liabilities	43,726	53,064
Total liabilities	122,253	142,371

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Third quarter of the current consolidated fiscal year (As of December 31, 2021)
Net assets		
Shareholders' equity		
Capital stock	13,150	13,150
Capital surplus	15,487	15,545
Retained earnings	99,959	105,896
Treasury shares	(5,617)	(5,561)
Total shareholders' equity	122,980	129,030
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,412	1,270
Remeasurements of defined benefit plans	(42)	(86)
Total accumulated other comprehensive income	1,369	1,183
Non-controlling interests	630	698
Total net assets	124,980	130,912
Total liabilities and net assets	247,234	273,284

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

(Quarterly Consolidated Statement of Income)

(First three quarters period)

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2020 - December 31, 2020)	First three quarters period of current fiscal year (April 1, 2021 - December 31, 2021)
Net sales	144,665	150,879
Cost of sales	95,394	101,817
Gross profit	49,270	49,061
Selling, general and administrative expenses	33,803	35,096
Operating profit	15,467	13,965
Non-operating income		
Interest income	1	1
Dividends income	107	115
Share of profit of entities accounted for using equity method	22	33
Gain on sales of scraps	88	109
Other	341	544
Total non-operating income	562	804
Non-operating expenses		
Interest expenses	64	50
Other	60	77
Total non-operating expenses	124	128
Ordinary profit	15,904	14,641
Extraordinary income		
Insurance income	* 2,000	* 2,362
Total extraordinary income	2,000	2,362
Extraordinary losses		
Loss on sales and retirement of non-current assets	296	208
Loss on tax purpose reduction entry of non-current assets	–	* 2,229
Fire loss	* 1,988	* 63
Retirement benefit expenses	–	232
Total extraordinary losses	2,284	2,733
Profit before income taxes	15,619	14,270
Income taxes - current	5,315	4,383
Income taxes - deferred	(390)	124
Total income taxes	4,925	4,508
Profit	10,693	9,761
Profit attributable to non-controlling interests	85	101
Profit attributable to owners of parent	10,608	9,659

(Quarterly Consolidated Statement of Comprehensive Income)

(First three quarters period)

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2020 - December 31, 2020)	First three quarters period of current fiscal year (April 1, 2021 - December 31, 2021)
Profit	10,693	9,761
Other comprehensive income		
Valuation difference on available-for-sale securities	427	(142)
Remeasurements of defined benefit plans, net of tax	30	(43)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	456	(186)
Comprehensive income	11,150	9,575
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,064	9,473
Comprehensive income attributable to non-controlling interests	85	101

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2020 - December 31, 2020)	First three quarters period of current fiscal year (April 1, 2021 - December 31, 2021)
Cash flows from operating activities		
Profit before income taxes	15,619	14,270
Depreciation	10,234	10,186
Increase (decrease) in provision for bonuses	(862)	(1,532)
Increase (decrease) in provision for directors’ bonuses	(5)	(25)
Increase (decrease) in allowance for doubtful accounts	37	(8)
Increase (decrease) in provision for directors’ retirement benefits	20	95
Increase (decrease) in provision for executive officers’ retirement benefits	8	16
Increase (decrease) in net defined benefit liability	171	402
Interest and dividends income	(109)	(116)
Interest expenses	64	50
Share of loss (profit) of entities accounted for using equity method	(22)	(33)
Loss (gain) on sales and retirement of non-current assets	287	195
Loss on tax purpose reduction entry of non-current assets	–	2,229
Insurance income	(2,000)	(2,362)
Fire loss	1,988	63
Decrease (increase) in notes and accounts receivable - trade	(14,701)	(13,754)
Decrease (increase) in inventories	1,549	(1,001)
Decrease (increase) in accounts receivable - other	123	109
Increase (decrease) in notes and accounts payable - trade	5,409	7,396
Other, net	3,159	1,743
Subtotal	20,972	17,922
Interest and dividend income received	109	116
Interest expenses paid	(57)	(43)
Proceeds from insurance income	–	2,362
Payments for fire loss	–	(337)
Income taxes paid	(5,143)	(7,106)
Net cash provided by (used in) operating activities	15,880	12,913
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,994)	(14,421)
Payments for acquisition of businesses	(1,273)	–
Other, net	(404)	(227)
Net cash provided by (used in) investing activities	(11,673)	(14,649)
Cash flows from financing activities		
Proceeds from long-term loans payable	17,567	19,000
Repayment of long-term loans payable	(18,202)	(11,705)
Repayments of lease obligations	(1,708)	(1,169)
Cash dividends paid	(3,363)	(3,695)
Other, net	(34)	(33)
Net cash provided by (used in) financing activities	(5,741)	2,395
Net increase (decrease) in cash and cash equivalents	(1,534)	660
Cash and cash equivalents at beginning of period	20,288	17,884
Cash and cash equivalents at end of period	18,753	18,545

(4) Notes to Quarterly Consolidated Financial Statements

Note to Going Concern Assumption

Not applicable

Notes on Any Significant Change in the Value of Shareholders' Equity

Not applicable

Changes in Accounting Policies

(Application of Accounting Standard for Revenue Recognition, Etc.)

The Company has decided to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. from the beginning of the first quarter and recognize revenues from goods or services which the Company promised to provide at an amount expected to be received in exchange for the goods or services at the time when control over the promised goods or services is transferred to a customer.

Major changes due to the application of the standard are as follows:

(i) Deduction of part of a consideration paid to the customer

Accounting for part of a consideration paid to the customer has changed as described below:

(Before the application of the accounting standard, etc.)

Part of a consideration paid to the customer is recorded as promotion expenses in selling, general and administrative expenses.

(After the application of the accounting standard, etc.)

Sales are presented after part of a consideration paid to the customer is deducted.

(ii) Presentation of sales on a net basis for a transaction where recording a commission as sales is deemed necessary

Accounting for a transaction where reporting a commission as sales on a net basis is deemed appropriate in consideration of the level of the Group's participation has changed as described below.

(Before the application of the accounting standard, etc.)

The total consideration received from the customer is recorded as sales, and the total consideration paid to another party is recorded as cost of sales.

(After the application of the accounting standard, etc.)

The commission that the Group receives, that is, the total consideration received from the customer less the consideration paid to another party, is presented as sales.

This change in accounting policy is, in principle, applied retroactively, and the change is reflected in the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year.

Because of the change in accounting policy, net sales in the first nine months of the previous fiscal year decreased 6,993 million yen compared with before the accounting standard is applied retroactively. Cost of sales and selling, general and administrative expenses fell 2,678 million yen and 4,314 million yen, respectively. As a result, operating profit, ordinary profit, and profit before income taxes remain unchanged.

In accordance with the transitional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue from contracts with customers for the first nine months of the previous fiscal year is not stated.

Quarterly Consolidated Statement of Income

* Fire loss, insurance claim income, and loss on tax purpose reduction entry of non-current assets

Fire loss and insurance claim income are a loss caused by a fire at the Company's Chubu Plant 1 in November 2020 and an insurance claim related to the fire, respectively.

Loss on tax purpose reduction entry of non-current assets is related to a new plant being built to replace the plant burned by the fire.

A breakdown of the fire loss by cause is as follows.

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2020 - December 31, 2020)	First three quarters period of current fiscal year (April 1, 2021 - December 31, 2021)
Loss of inventories	49	–
Loss of non-current assets	1,653	–
Provision for expenses for asset removal	220	(5)
Other related items	64	69
Total	1,988	63

Revenue Recognition

A breakdown of revenue generated from contracts with customers

First three quarters period of current fiscal year (April 1, 2021 - December 31, 2021)

The Group has a single segment, the simplified food container business, and the table below shows a breakdown of revenue by product line.

Product line	Net Sales (million yen)	YoY (%)
Products		
Trays	30,097	100.5
Lunchboxes and prepared food containers	83,991	103.8
Other products	2,609	111.5
Subtotal	116,698	103.1
Goods		
Packaging materials	32,646	107.9
Other goods	1,534	127.7
Subtotal	34,180	108.7
Total	150,879	104.3

Important Subsequent Events

Not applicable