

Consolidated Financial Results for the Nine Months Ended December 31, 2022

Company name: FP Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 7947 URL: <https://www.fpco.jp/>
 Representative: Morimasa Sato, Representative Director, Chairman
 Contact: Isao Ikegami, Executive Vice President and Director, Executive General Manager of Finance and Accounting Division
 Tel. +81-8-4953-1145

Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): February 2, 2023

Scheduled date for commencement of dividend payments: –

Supplementary documents for quarterly results: Yes

Quarterly results briefing: No

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (April 1, 2022 – December 31, 2022)

(1) Consolidated Results of Operations (Percentages show year-on-year changes.)

Period ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2022	162,811	7.9	14,173	1.5	14,700	0.4	9,810	1.6
December 31, 2021	150,879	4.3	13,965	(9.7)	14,641	(7.9)	9,659	(8.9)

(Note) Comprehensive income: Period ended December 31, 2022: 9,815 million yen (2.5%)
 Period ended December 31, 2021: 9,575 million yen (-14.1%)

Period ended	Net income per share (basic)		Net income per share (diluted)	
	Yen	Yen	Yen	Yen
December 31, 2022	119.87	–	–	–
December 31, 2021	118.06	–	–	–

(2) Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2022	310,293	138,428	44.4	1,682.17
March 31, 2022	262,695	132,455	50.2	1,610.11

(Reference) Equity: As of December 31, 2022: 137,682 million yen
 As of March 31, 2022: 131,760 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
Year ended March 31, 2022	Yen –	Yen 21.50	Yen –	Yen 25.50	Yen 47.00
Year ending March 31, 2023	–	21.50	–	–	–
Year ending March 31, 2023 (forecast)	–	–	–	25.50	47.00

(Note) Revisions to dividend forecasts published most recently: No

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(Percentages show year-on-year changes.)

Year ending	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
March 31, 2023	212,000	8.3	16,400	3.2	17,000	1.8	11,230	0.2	137.23

(Note) Revisions to consolidated business performance forecasts published most recently: No

* 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.: | No |
| (ii) Changes in accounting policies other than (i): | No |
| (iii) Changes in accounting estimates: | No |
| (iv) Restatement: | No |
- (4) Number of shares outstanding (common stock)
- | | |
|---|-------------------|
| (i) Number of shares outstanding at end of period (including treasury shares) | |
| As of December 31, 2022: | 84,568,424 shares |
| As of March 31, 2022: | 84,568,424 shares |
| (ii) Number of treasury shares at the end of the period | |
| As of December 31, 2022: | 2,720,596 shares |
| As of March 31, 2022: | 2,735,080 shares |
| (iii) Average number of shares outstanding during the period (consolidated cumulative period) | |
| Nine months ended December 31, 2022: | 81,841,966 shares |
| Nine months ended December 31, 2021: | 81,822,307 shares |

* 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, 2022; (3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results” on page 8 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.

Accompanying Materials – Contents

1. Qualitative Information Relating to Consolidated Results of Operations for the First Three Quarters Ended December 31, 2022	2
(1) Explanation of Financial Results	2
(2) Explanation of Financial Situation	7
(3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results	8
2. Quarterly Consolidated Financial Statements and Key Notes	9
(1) Quarterly Consolidated Balance Sheets	9
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income	11
Quarterly Consolidated Statement of Income	
First three quarters period	11
Quarterly Consolidated Statement of Comprehensive Income	
First three quarters period	12
(3) Quarterly Consolidated Statement of Cash Flows	13
(4) Notes to Quarterly Consolidated Financial Statements	14
Note to Going Concern Assumption	14
Notes on Any Significant Change in the Value of Shareholders' Equity	14
Quarterly Consolidated Statement of Income	14
Revenue Recognition	14
Important Subsequent Events	14

1. Qualitative Information Relating to Consolidated Results of Operations for the First Three Quarters Ended December 31, 2022

(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 2023, the Group will strive to achieve further growth by focusing its efforts primarily on entrenching the various initiatives it has been pursuing to date.

(Net sales)

Net sales for the first nine months of the consolidated fiscal year under review (from April 1, 2022 to December 31, 2022) increased 11,932 million yen, up 7.9% year on year, to 162,811 million yen, a new record high. Net sales of products manufactured by the Group rose 9.6% year on year to 127,884 million yen. Net sales of goods purchased increased 2.2% year on year to 34,926 million yen.

Sales volume of products for the first nine months under review decreased 1.6% year on year (increased 2.5% from the same period of the year before last). Major factors for the decrease are as follows. First, shipments of products for fresh food and others decreased mainly because demand for cooking and eating at home increased in the same period of the previous fiscal year due to restrictions on activities amid the COVID-19 pandemic. Second, activities for increasing market shares were suspended while negotiations were underway for the second product price revisions (announced on April 28, 2022) to be made in response to the soaring raw material prices.

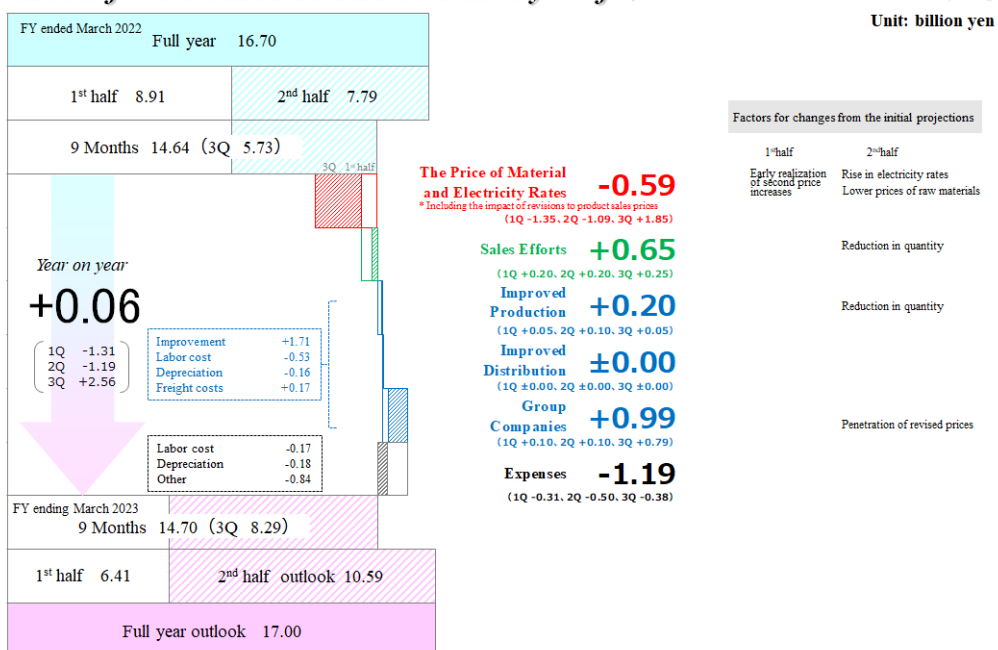
(Profits)

Operating profit increased by 207 million yen or 1.5% year on year, to 14,173 million yen, and ordinary profit also increased 59 million yen (*1) or 0.4% year on year, to 14,700 million yen. Ordinary profit before depreciation was 25,229 million yen, up 1.6% year on year, and profit attributable to owners of parent totaled 9,810 million yen, up 1.6% year on year. For the third quarter under review (from October 1, 2022 to December 31, 2022), operating profit increased 2,683 million yen or 49.5% year on year to 8,100 million yen, ordinary profit increased 2,556 million yen or 44.6% year on year to 8,290 million yen, ordinary profit before depreciation increased 28.2% year on year to 11,791 million yen, and profit attributable to owners of parent increased 47.3% year on year to 5,679 million yen, which are record-high third-quarter figures.

Factors for the increase of profits include the effect of product price revisions, which were conducted two times, and the improvement effect of each segment. On the other hand, factors that decreased profits included a rise in raw material prices, higher electricity rates, and an increase in labor expenses. Profits for the first nine months under review slightly exceeded the projection at the beginning of the fiscal year. The main factors for the increase are as follows. First, the effects of the price revisions were reflected earlier than expected. Second, sales of products with high added value such as those for prepared food and eco-friendly products (Eco Tray, Eco APET, and Eco OPET) were strong. Third, raw material prices in the third quarter under review were slightly below the projection at the beginning of the fiscal year. On the other hand, there was also a factor that decreased profits, that is, much higher electricity rates than initially projected.

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

Results for Increase/Decrease in Ordinary Profit (For the Nine Months Ended December 31, 2022)



(Sales activities)

The Group aims to contribute to increasing customers' income mainly with proposals focused on functions of containers that help improve customers' productivity and their effects for emphasizing the freshness and volume of food. Specifically, the Group is stepping up initiatives for the demands of existing customers through its marketing activities, discovering new markets such as those for hospital food, nursing care food, and frozen food and promoting its products in the market for takeout and delivered food.

While prices of raw materials, electricity, and other goods were rising, the Group focused its efforts on negotiations for the second price revisions until the first six months of the fiscal year. In revising the prices, the Group also made proposals for curbing the rise in purchase prices for customers, such as products made from foam materials with the reduced use of raw materials compared to conventional products made from non-foam materials, as well as transparent lids whose thickness was reduced by applying a new molding technology.

Since September 2022, the Group has been taking initiatives to expand sales, such as holding a small exhibition at seven locations across Japan, one by one, thus giving proposals to the rapidly expanding market of frozen food in addition to exhibiting contents of FPCO Fair held in March 2022. Specifically, the Group provided know-how on frozen food to customers who were beginning to deal with frozen food and proposed packaging materials from among the various options suited for frozen food (*2) in line with their needs.

For Pack Market, an e-commerce site for packaging materials, the Group enhanced registered items and carried out sales promotional activities, which has resulted in a larger number of registered members and ongoing growth in sales amounts.

Concerning product supply, the Group has maintained stable supply with almost zero missing items through its supply chain management system while trends in demand have been uncertain in the COVID-19 pandemic. The Group will continue striving to further increase accuracy to support safe, secure food lifestyles.

(*2) Flexible packaging (three-side sealed bag) that can be used in combination with a container



(Production)

The Group is striving to improve productivity through initiatives that include improvements in capacity utilization and the promotion of automation. As of December 31, 2022, the Company operates 99 pieces of automated equipment on 70 production process lines. In addition, the Group has further improved safety of products by acquiring certification under FSSC 22000. For preventing labor accidents, the Group promotes safety training including hazard simulation training.

Regarding Chubu Plant 1, a new plant was completed in May 2022 and began operations. At the new plant, the Group is enhancing its production capacity to meet growing demand in the Chubu region and has introduced the latest equipment, which automates the series of processes from acceptance of raw materials to molding and product warehousing operations, in an effort to save manpower and improve the workplace environment.

At the Kansai Plant, which is a new supply base for the Kinki region, a major metropolitan area, operations were commenced one by one in January 2023. In addition, the Group has constructed Pico House No.5 (140 units), a dormitory for single employees, near the Kansai Plant as part of efforts to improve the environment for securing human resources. Further, the Group acquired new land (site area: 51,819.61 m²) in Bando Inter Industrial Park in Ibaraki in July 2022. The Group is planning to construct a production plant and a distribution center on the land, aiming to secure sufficient production capacity and storage capacity that will ensure stable supply to the Tokyo Metropolitan Area over the medium to long term.

(Logistics)

The Group is working to increase the loading efficiency of each truck in an effort to cut logistical expenses. To save labor and streamline operations in the warehouse, the Group has been advancing diverse initiatives, 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.

For Kansai Hub Center, which will be a new supply base for the Kinki region, a major metropolitan area, the Group will install a sorter system that will automatically sort products according to their delivery areas. The facilities will start operating one by one in February 2023. This will result in the completion of a logistics network that covers 85% of the total population, including the populations of major cities, within a 100 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). Previously, products for the Kansai region were delivered from Fukuyama Hub Center. By commencing operations of the Kansai Hub Center, the Group intends to shorten delivery time, comply with the regulations on overtime work of drivers associated with the Act on the Arrangement of Related Acts to Promote Work Style Reform, and take other initiatives to ensure an even more stable supply.

In addition, in September 2022, the Group acquired a separate piece of land (site area: 29,136.58 m²) that is approx. 300 meters away from the Kansai Plant and Kansai Hub Center. The Group is planning the construction of a new sorting plant and distribution center on the property.

[Overview of the new plants and hub centers]

	Chubu Plant I	Kansai Plant and Kansai Hub Center
Location	Wanouchi-cho, Anpachi-gun, Gifu Pref.	Ono, Hyogo Pref.
Total floor area	20,810.61 m ²	79,511.10 m ²
Start of operation	May 2022	Operations commenced one by one in January 2023
Total investment amount	8,530 million yen (After reduction entry 6,301 million yen)	25,261 million yen

(Initiatives aimed at realizing a recycling-based, sustainable 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

In 1990, the Group embarked on circular recycling using the FPCO method through the collection of used containers in six supermarkets. Thanks to the understanding and cooperation of consumers, the number of used container collection points exceeded 10,300 as of December 31, 2022. 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.

Against the backdrop of the recent rise in environmental awareness, labelling (*3) signaling consideration for the environment and contribution to the SDGs is rapidly becoming more widely used in retail spaces. The Group's products also convey, to consumers, through display of the Eco Mark symbol on environmentally friendly products (Eco Tray, Eco APET and Eco OPET) and the printing of the words "Recycled from PET bottles" that used containers are recycled into new ones. In November 2022, the Group began to collaborate with Chugoku CGC Co., Ltd. in promoting Tray to Tray and Bottle to Container horizontal recycling, targeting 249 supermarkets operated by 15 member companies.

(*3) Messaging about consideration for the environment and the SDGs at sales counters



(b) Initiatives to address climate change issues

The Group has set medium- to long-term targets aimed at achieving carbon neutrality by 2050. The Group has disclosed its governance, strategies, and other initiatives for achieving these targets in accordance with the TCFD Recommendations.

The Group is taking steps to reduce CO2 emissions from its business locations, including the introduction of renewable energy and energy-efficient equipment. At the same time, to reduce CO2 emissions from the entire supply chain, the Group is promoting sales of eco-friendly products, which effectively reduce CO2 emissions by 30% compared to petroleum-derived products.

Regarding the introduction of renewable energy, solar power generation facilities, which have been installed at the Group's plants in Kanto and Chubu regions, have begun operating. The Group also has a plan to introduce solar power generation facilities in the Kansai region in the spring of 2024. This will enable the use of renewable energy for all processes of the manufacturing of recycled materials at the Group's used tray recycling plants and is expected to increase the CO2 reduction effect of eco trays 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 engage in activities in the three areas of the protection of the environment, environmental education and research and activities to resolve issues surrounding food and to provide food support. The Company is subsidizing 14 organizations in the fiscal year ending March 31, 2023. In addition, the Company also has Group employees participate in those organizations' activities as part of its efforts to build a sustainable society together with people from local communities.

(d) Research and development of recycling methods and alternative materials

Based on the idea that the expansion and promotion of recycling is an effective measure for tackling the climate change issues and marine plastic waste, the Group will continue to surely implement the FPCO method of Tray to Tray and Bottle to Container recycling, which is based on established recycling technologies and systems for products made of a single material.

The Company is studying chemical recycling and dissolution and separation recycling technologies in collaboration with DIC Corporation for cradle-to-cradle recycling of expanded polystyrene containers. The Company also recycles colored and patterned expanded polystyrene containers, which would be recycled into daily necessities, sundry goods, and other items, into the Company's products, aiming to recycle above-ground resources further.

As part of measures to expand the product lineup, the Company has launched paper trays and bowl-type paper containers in addition to biomass-based plastic products containing 25% of a plant-derived raw material whilst FP CHUPA Corporation has launched paper lunchbox containers (container body and lid). 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 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, sustainable society.

(Initiatives on ESG and SDGs)

The Group is implementing initiatives for achieving SDGs, including recycling of resources and promotion of active participation of diverse human resources, at the core of its businesses, and striving to disclose more ESG information.

The Group's human resources with disabilities engage in core operations, including manufacturing of food containers and sorting of used food containers. As of March 2022, 12.6% of employees had disabilities in the FPCO Group.

Concerning promotion of active participation and career advancement of women, 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, aiming 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 set the target ratio of female employees for the main career track at 30% or more among all employees to be hired from 2022 onwards. The Company has also set the target number of female managers at 50 or more and the target percentage of childcare leave taken by male employees at 30% or higher. The Company is implementing a range of initiatives to achieve these targets by 2026.

To promote good health among employees, the Company strives to improve the workplace environment while also implementing the Workplace Health Promotion Project, in which every initiative and all available information are taken and used to improve health, in its efforts to improve employees' vitality and productivity.

As a result of these initiatives, the Company has been selected as a constituent of the FTSE4Good Index Series, the FTSE Blossom Japan Index, and the FTSE Blossom Japan Sector Relative Index by FTSE Russell, as well as the MSCI Japan Empowering Women (WIN) Select Index by MSCI Inc., and recognized under the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category) by the Ministry of Economy, Trade and Industry.

In addition, the Company provides containers to children's cafeterias by working together with its business partners. Since May 2020, the Company has made nine donations totaling 752,280 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 310,293 million yen, up 47,598 million yen from the end of the previous fiscal year. That was mainly due to a 16,965 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. In addition, property, plant and equipment increased 12,856 million yen, which chiefly reflects the rebuilding of Chubu Plant 1 and the construction of the Kansai Plant and the Kansai Hub Center. Investments and other assets increased 6,657 million yen, which mainly reflects purchase of shares of an associate.

Consolidated liabilities amounted to 171,864 million yen, up 41,624 million yen from the end of the previous consolidated fiscal year. This was mainly due to an 8,509 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, borrowings (short-term loans payable and long-term loans payable) increased 22,610 million yen mainly attributable to the procurement of funds for capital investment, and “Other” among current liabilities increased 11,473 million yen, primarily reflecting increases in accounts payable – facilities and accrued expenses.

Consolidated net assets totaled 138,428 million yen, up 5,973 million yen from the end of the previous fiscal year. This was attributable principally to profit attributable to owners of parent amounting to 9,810 million yen and dividends of surplus of 3,846 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 25,745 million yen, up 6,000 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 9,519 million yen (12,913 million yen in cash was provided a year earlier).

This reflected a cash increase due mainly to profit before income taxes of 14,408 million yen, depreciation of 10,528 million yen, and an increase in notes and accounts payable – trade of 8,509 million yen, as well as a cash decrease following an increase in notes and accounts receivable – trade of 16,911 million yen, an increase in inventories of 3,409 million yen, and income taxes paid of 4,401 million yen, among other factors.

(Cash flows from investing activities)

Net cash used in investing activities reached 21,216 million yen (14,649 million yen in cash was used a year earlier).

This was due mainly to 14,967 million yen spent on the purchase of property, plant and equipment in connection with the rebuilding of Chubu Plant 1 and the construction of the Kansai Plant and the Kansai Hub Center and 6,955 million yen spent on purchase of shares of an associate.

(Cash flows from financing activities)

Net cash provided by financing activities came to 17,697 million yen (2,395 million yen in cash was provided a year earlier).

This primarily reflected proceeds from long-term loans payable of 33,000 million yen, repayment of long-term loans payable of 10,389 million yen, repayment of lease obligations of 1,060 million yen and cash dividends paid of 3,817 million yen.

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

Regarding the forecast of consolidated results, the results forecasts for the full year that were announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 on April 28, 2022 remain unchanged.

Regarding raw material prices and electricity rates, the price of naphtha as a raw material of the Company's products is declining while electricity rates have continued to rise further, exceeding the initial forecast.

On the sales front, the Company has been proactive in taking initiatives for expanding sales, aiming for further growth in demand for environmentally friendly products and products which use less plastic, against the backdrop of rising environmental awareness, and for further expansion and the firm establishment of the takeout and delivered food market, the frozen food market, and the market for hospital meals and meals served at nursing care facilities, which are new markets. As an initiative to increase sales of goods, FP Trading Co., Ltd. (hereinafter, "FP Trading") was merged with FPCO Miyako Himo Co., Ltd. (hereinafter, "FPCO Miyako Himo") on July 1, 2022. The product merchandising and procurement capabilities of FP Trading have been combined with FPCO Miyako Himo's sales capabilities. Thus, the Group is advancing new forms of initiatives by using its infrastructure, together with its business partners. Further, the Group plans to hold the FPCO Fair 2023 from March 7 to March 9, 2023. In this event, the Group will offer proposals under the theme, New Value for the Rapidly Changing Market -- Future of Food and Power of Containers.

As a measure to expand into overseas markets, Mitsui & Co., Ltd. (Headquarters: Chiyoda-ku, Tokyo; hereinafter, "Mitsui") and the Company respectively acquired 60% and 40% equity stakes in Lee Soon Seng Plastic Industries Sdn. Bhd. (Headquarters: Malaysia; hereinafter, "LSSPI"), which manufactures and sells simplified food containers mainly in Southeast Asia. The Company made LSSPI an equity method affiliate on August 31, 2022. While the demand for food containers in Southeast Asia is expected to grow due to the population increase and rising income levels, the Company will enhance production capacity by saving labor for manufacturing, shortening the molding cycle, and taking other measures, reduce costs, and develop products with high added value, aiming to improve the competitiveness of LSSPI in Southeast Asia and maximize its profits.

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.

(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 +60°C (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 +80°C (sales commenced in 2016).
FSSC22000:	An international standard for food safety management systems, which is aimed at providing safe food for consumers
Dissolution and separation recycling:	A method with which black polystyrene (PS) pellets produced through material recycling are dissolved and decolorized to produce recycled PS materials for food containers. Developed by DIC Corporation, this is the first technology of its kind in the world.
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, 2022)	Third quarter of the current consolidated fiscal year (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	19,745	25,745
Notes and accounts receivable - trade	38,915	55,881
Merchandise and finished goods	20,576	22,711
Work in process	109	71
Raw materials and supplies	3,594	4,907
Other	4,562	6,304
Allowance for doubtful accounts	(27)	(30)
Total current assets	87,477	115,592
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	78,641	100,057
Machinery, equipment and vehicles, net	31,576	29,424
Land	36,243	37,754
Lease assets, net	1,825	1,700
Other, net	15,545	7,752
Total property, plant and equipment	163,832	176,689
Intangible assets		
Goodwill	413	248
Other	1,215	1,349
Total intangible assets	1,629	1,598
Investments and other assets	9,756	16,413
Total non-current assets	175,218	194,701
Total assets	262,695	310,293
Liabilities		
Current liabilities		
Accounts payable - trade	23,881	32,390
Short-term loans payable	14,134	16,360
Commercial papers	18,000	18,000
Income taxes payable	2,192	2,497
Provision for bonuses	2,768	1,476
Provision for directors' bonuses	166	126
Other	15,663	27,136
Total current liabilities	76,807	97,988
Non-current liabilities		
Long-term loans payable	46,031	66,415
Provision for directors' retirement benefits	776	125
Provision for executive officers' retirement benefits	73	90
Net defined benefit liability	5,191	5,270
Other	1,359	1,973
Total non-current liabilities	53,432	73,876
Total liabilities	130,239	171,864

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Third quarter of the current consolidated fiscal year (As of December 31, 2022)
Net assets		
Shareholders' equity		
Capital stock	13,150	13,150
Capital surplus	15,545	15,552
Retained earnings	107,443	113,406
Treasury shares	(5,561)	(5,531)
Total shareholders' equity	130,577	136,578
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,283	1,058
Foreign currency translation adjustment	–	119
Remeasurements of defined benefit plans	(100)	(74)
Total accumulated other comprehensive income	1,182	1,103
Non-controlling interests	695	746
Total net assets	132,455	138,428
Total liabilities and net assets	262,695	310,293

(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, 2021 - December 31, 2021)	First three quarters period of current fiscal year (April 1, 2022 - December 31, 2022)
Net sales	150,879	162,811
Cost of sales	101,817	112,007
Gross profit	49,061	50,803
Selling, general and administrative expenses	35,096	36,630
Operating profit	13,965	14,173
Non-operating income		
Interest income	1	1
Dividends income	115	108
Share of profit of entities accounted for using equity method	33	64
Gain on sales of scraps	109	151
Other	544	407
Total non-operating income	804	732
Non-operating expenses		
Interest expenses	50	98
Other	77	107
Total non-operating expenses	128	205
Ordinary profit	14,641	14,700
Extraordinary income		
Gain on sales of investment securities	–	346
Insurance income	* 2,362	–
Total extraordinary income	2,362	346
Extraordinary losses		
Loss on sales and retirement of non-current assets	208	638
Loss on tax purpose reduction entry of non-current assets	* 2,229	–
Fire loss	* 63	–
Retirement benefit expenses	232	–
Total extraordinary losses	2,733	638
Profit before income taxes	14,270	14,408
Income taxes - current	4,383	4,691
Income taxes - deferred	124	(178)
Total income taxes	4,508	4,513
Profit	9,761	9,895
Profit attributable to non-controlling interests	101	84
Profit attributable to owners of parent	9,659	9,810

(Quarterly Consolidated Statement of Comprehensive Income)
(First three quarters period)

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2021 - December 31, 2021)	First three quarters period of current fiscal year (April 1, 2022 - December 31, 2022)
Profit	9,761	9,895
Other comprehensive income		
Valuation difference on available-for-sale securities	(142)	(224)
Remeasurements of defined benefit plans, net of tax	(43)	25
Share of other comprehensive income of entities accounted for using equity method	0	119
Total other comprehensive income	(186)	(79)
Comprehensive income	9,575	9,815
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,473	9,730
Comprehensive income attributable to non- controlling interests	101	84

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2021 - December 31, 2021)	First three quarters period of current fiscal year (April 1, 2022 - December 31, 2022)
Cash flows from operating activities		
Profit before income taxes	14,270	14,408
Depreciation	10,186	10,528
Increase (decrease) in provision for bonuses	(1,532)	(1,291)
Increase (decrease) in provision for directors' bonuses	(25)	(40)
Increase (decrease) in allowance for doubtful accounts	(8)	(51)
Increase (decrease) in provision for directors' retirement benefits	95	(650)
Increase (decrease) in provision for executive officers' retirement benefits	16	16
Increase (decrease) in net defined benefit liability	402	79
Interest and dividends income	(116)	(109)
Interest expenses	50	98
Share of loss (profit) of entities accounted for using equity method	(33)	(64)
Loss (gain) on sales of investment securities	–	(346)
Loss (gain) on sales and retirement of non-current assets	195	628
Loss on tax purpose reduction entry of non-current assets	2,229	–
Insurance income	(2,362)	–
Fire loss	63	–
Decrease (increase) in notes and accounts receivable - trade	(13,754)	(16,911)
Decrease (increase) in inventories	(1,001)	(3,409)
Decrease (increase) in accounts receivable - other	109	(360)
Increase (decrease) in notes and accounts payable - trade	7,396	8,509
Other, net	1,743	2,859
Subtotal	17,922	13,892
Interest and dividend income received	116	109
Interest expenses paid	(43)	(81)
Proceeds from insurance income	2,362	–
Payments for fire loss	(337)	–
Income taxes paid	(7,106)	(4,401)
Net cash provided by (used in) operating activities	12,913	9,519
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,421)	(14,967)
Proceeds from sales of investment securities	–	756
Purchase of shares of an associate	–	(6,955)
Other, net	(227)	(50)
Net cash provided by (used in) investing activities	(14,649)	(21,216)
Cash flows from financing activities		
Proceeds from long-term loans payable	19,000	33,000
Repayment of long-term loans payable	(11,705)	(10,389)
Repayments of lease obligations	(1,169)	(1,060)
Cash dividends paid	(3,695)	(3,817)
Other, net	(33)	(34)
Net cash provided by (used in) financing activities	2,395	17,697
Net increase (decrease) in cash and cash equivalents	660	6,000
Cash and cash equivalents at beginning of period	17,884	19,745
Cash and cash equivalents at end of period	18,545	25,745

(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

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 built to replace the plant burned by the fire.

Revenue Recognition

A breakdown of revenue generated from contracts with customers

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

	(Million yen)	
	First three quarters period of previous fiscal year (April 1, 2021 - December 31, 2021)	First three quarters period of current fiscal year (April 1, 2022 - December 31, 2022)
Products		
Trays	30,097	31,549
Lunchboxes and prepared food containers	83,991	93,532
Other products	2,609	2,802
Subtotal	116,698	127,884
Goods		
Packaging materials	32,646	33,387
Other goods	1,534	1,539
Subtotal	34,180	34,926
Total	150,879	162,811

Important Subsequent Events

Not applicable