

Consolidated Financial Results for the Three Months Ended June 30, 2023 <under Japanese GAAP>

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): August 8, 2023
 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 Three Months Ended June 30, 2023 (April 1, 2023 – June 30, 2023)

(1) Consolidated Results of Operations

(Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Period ended June 30, 2023	53,233	7.7	2,980	7.8	3,241	9.1	2,244	15.2
June 30, 2022	49,437	3.8	2,765	(31.7)	2,972	(30.6)	1,947	(28.8)

(Note) Comprehensive income: Period ended June 30, 2023: 2,238 million yen (20.9%)
 Period ended June 30, 2022: 1,851 million yen (-30.5%)

	Net income per share (basic)		Net income per share (diluted)	
	Yen		Yen	
Period ended June 30, 2023	27.43		–	
June 30, 2022	23.80		–	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of June 30, 2023	290,778		140,322		48.0		1,705.67	
March 31, 2023	298,623		140,171		46.7		1,703.56	

(Reference) Equity: As of June 30, 2023: 139,605 million yen
 As of March 31, 2023: 139,432 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen				
Fiscal year ended March 31, 2023	–	21.50	–	25.50	47.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (forecast)		21.50	–	25.50	47.00

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

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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	
First six months Year ending March 31, 2024	110,000	7.3	6,250	2.9	6,600	3.0	4,345	5.2	53.09	
	221,300	4.7	17,350	3.9	18,000	3.9	11,808	2.4	144.27	

(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 June 30, 2023: | 84,568,424 shares |
| As of March 31, 2023: | 84,568,424 shares |
| (ii) Number of treasury shares at the end of the period | |
| As of June 30, 2023: | 2,720,596 shares |
| As of March 31, 2023: | 2,720,596 shares |
| (iii) Average number of shares outstanding during the period (consolidated cumulative period) | |
| Three Months ended June 30, 2023: | 81,847,828 shares |
| Three Months ended June 30, 2022: | 81,833,136 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 Quarter Ended June 30, 2023; (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.

Accompanying Materials – Contents

1. Qualitative Information Relating to Consolidated Results of Operations for the First Quarter Ended June 30, 2023	2
(1) Explanation of Financial Results	2
(2) Explanation of Financial Situation	6
(3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results	7
2. Quarterly Consolidated Financial Statements and Key Notes	8
(1) Quarterly Consolidated Balance Sheets.....	8
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income.....	10
Quarterly Consolidated Statement of Income	
First three-month period	10
Quarterly Consolidated Statement of Comprehensive Income	
First three-month period	11
(3) Quarterly Consolidated Statement of Cash Flows	12
(4) Notes to Quarterly Consolidated Financial Statements	13
Note to Going Concern Assumption.....	13
Notes on Any Significant Change in the Value of Shareholders' Equity	13
Revenue Recognition.....	13
Important Subsequent Events	13

1. Qualitative Information Relating to Consolidated Results of Operations for the First Quarter Ended June 30, 2023

(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, namely, “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 and profits)

Net sales and profits for the first three months of the consolidated fiscal year under review (from April 1, 2023 to June 30, 2023) are as follows.

[Net sales and profits for the first three months of the consolidated fiscal year under review]

(millions of yen)

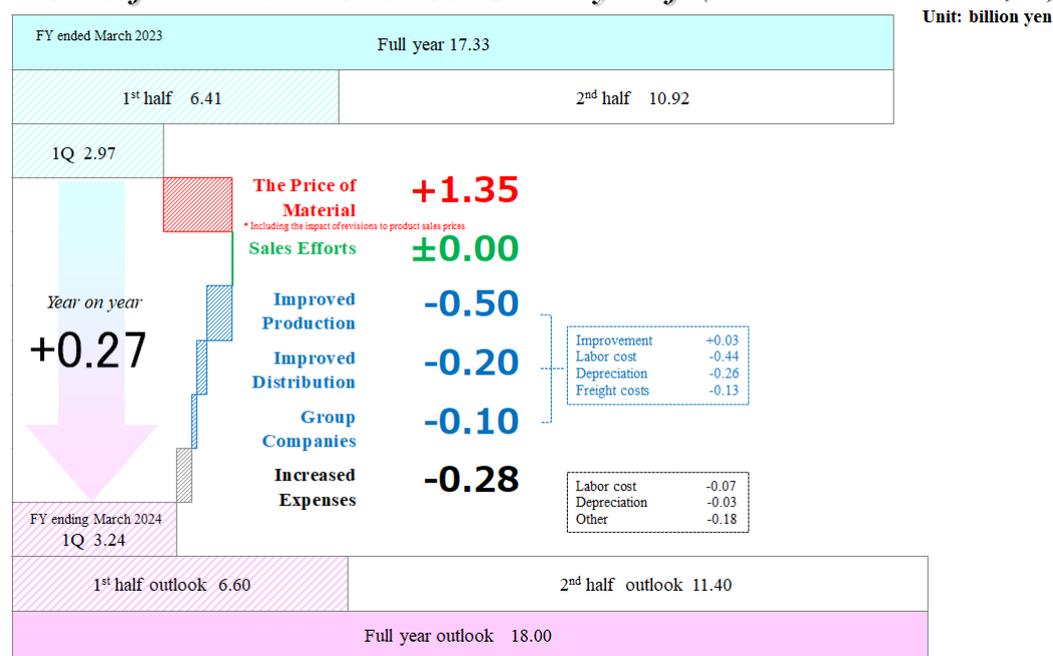
	Results	YoY change	YoY (%)
Net sales	53,233	3,796	107.7%
Sales of products	41,968	3,365	108.7%
Sales of goods	11,265	430	104.0%
Operating profit	2,980	215	107.8%
Ordinary profit (*1)	3,241	269	109.1%
Profit attributable to owners of parent	2,244	296	115.2%
Ordinary profit before depreciation	7,037	554	108.6%

Ordinary profit for the three months under review was in line with projections. Factors for the increase include the second product price revisions (announced on April 28, 2022), the improvement effect of each segment and the strong sales of products with high added value, including eco-friendly products (Eco Tray, Eco APET and Eco OPET) and products for prepared food. On the other hand, factors for the decrease include a rise in raw material prices, higher electricity rates and an increase in labor expenses that resulted from a significant wage increase implemented to secure and retain human resources, as well as an increase in depreciation at Kansai Plant and the Kansai Hub Center that started operating in the previous fiscal year.

The sales volume of products decreased 1.6% year on year, almost in line with projections.

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

Results for Increase/Decrease in Ordinary Profit (For the Three Months Ended June 30, 2023)



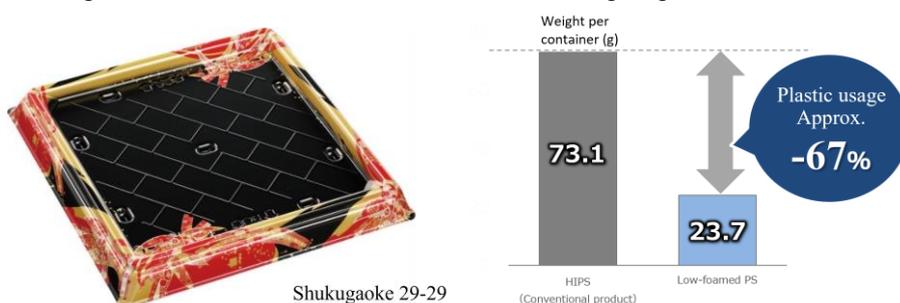
(Sales activities)

The Group aims to contribute to increasing customers' income 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 to expand the Group's meeting demand from existing customers through its marketing activities, discovering new markets such as the markets for hospital food, nursing care food and frozen food and promoting its products targeting the market for takeout and delivered food, which has taken root as a market.

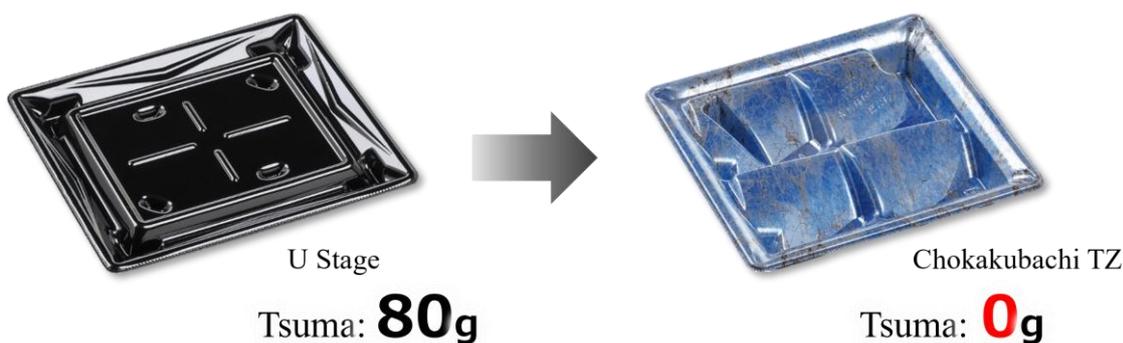
While prices of raw materials, electricity and other goods have been rising, the Group has been proposing low-foamed PS containers, which feature much lighter weight (use of less plastics) than the conventional HIPS (non-foamed PS) containers. These are new products that utilize newly developed low-foamed PS sheets and molding technology, achieving an approx. 67% weight reduction from HIPS containers for the large sushi container. (*2) While the commission for recycling under the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging has been rising, switching to low-foamed PS containers will lead to significant reduction in the use of plastics and enable customers to reduce the commission for recycling. In addition, the sashimi container with gentle slopes created on the presentation side ("Tsuma Zero" container (*3)) can reduce tsuma (sliced radish as garnish) to zero, and has been adopted by an increasing number of customers due to its effects in reducing customers' cost and food loss and improving work efficiency.

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.

(*2) A large sushi container (low-foamed PS container) featuring a significant reduction in the use of plastics



(*3) A sashimi container that enables the reduction of tsuma ("Tsuma Zero" container)



(Production)

The Group is striving to improve productivity through initiatives that include improvements in capacity utilization and automation. It is also taking steps to further improve product safety by acquiring FSSC 22000 certification. At the same time, it is giving hazard simulation training and other safety education as well.

Regarding automation, the Group has succeeded in reducing workload and saving labor at Chubu Plant 1 and the Kansai Plant by using automated guided vehicles to transport roll stocks, molds and films and arm robots for splicing rolls. In addition, the Group raised wages for working-level employees and increased the number of holidays they receive per year in April 2023, in its efforts to secure and retain personnel. These measures have produced certain effects, including a year-on-year decrease in employee turnover.

(Logistics)

The Group has built a logistics network that covers 85% of the total population within a 100 km radius of each of its nine distribution centers all over Japan (Hokkaido, Tohoku, Kanto, Hachioji, Tokai, Chubu, Kansai, Fukuyama and Kyushu).

To reduce logistics expenses, the Group delivers products and goods using a private service, which enables it to reduce transportation costs compared to a route delivery service. The Group also uses pallet transportation and strives to increase the loading efficiency of each truck. In response to the recent labor shortages, the Group has raised wages for working-level employees and increased the amount of transportation fees it pays, in its efforts to secure personnel and vehicles, in addition to using automated guided vehicles and automated guided forklifts in distribution centers. Previously, products for the Kansai region were delivered from the Fukuyama Hub Center. They are now delivered from the Kansai Hub Center. The purpose is to shorten the delivery time, to 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 to otherwise ensure more stable supply.

(Overseas business)

Regarding Lee Soon Seng Plastic Industries Sdn. Bhd. (Headquarters: Malaysia; hereinafter, “LSSPI”), which became an equity method affiliate in August 2022, the Company is striving to improve its productivity through capital investment, including using the Company’s idle equipment and introducing an inventory control system. While the demand for food containers in Southeast Asia is expected to grow due to the population increase and rising income levels, the Company is aiming to improve LSSPI’s competitiveness in Southeast Asia and to maximize its profits.

(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

The Group has been forging ahead with the “Tray to Tray” FPCO method of recycling since it began to collect used containers at six supermarkets in 1990. Along with the system of sorting and collection under the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging that came into force in 1997, “Tray to Tray” enjoyed the understanding and cooperation of consumers. As of the end of June 2023, the number of collection points exceeded 10,500 and is still increasing. Since 2012, the Group has also been working on “Bottle to Transparent Container,” a project for recycling used PET bottles (plastic bottles) into transparent containers. To drive these “Tray to Tray” and “Bottle to Transparent Container” closed loop recycling initiatives, the Company is working to expand “Store to Store” recycling, in which the trays and PET bottles sold at a store are collected at the same store, used as recycled materials and recycled into eco-friendly products by the Company and used again by the same store as much as possible.

Against the backdrop of the recent rise in consumers’ environmental awareness, the use of panels (*4) and other tools for signaling the use of the Company’s eco-friendly products in consideration of the environment and to contribute to the achievement of the SDGs is rapidly becoming widespread in retail spaces. The Company also conveys that used trays and PET bottles are recycled into new ones to consumers through the display of the Eco Mark symbol on eco-friendly products (Eco Tray, Eco APET and Eco OPET) and the printing of the words “Recycled from PET bottles.”

(*4) 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 free of recycled materials.

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 March 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 financial support to organizations which engage in activities in the three areas of "environmental conservation," "environmental education and research" and "activities to resolve food issues and to provide food support." The Company is subsidizing 22 organizations in the fiscal year ending March 31, 2024. 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 Transparent Container" recycling, which is based on established recycling technologies and systems for products made of a single material.

The Company is studying dissolution and separation recycling and chemical recycling in collaboration with DIC Corporation for the complete circular recycling of foamed polystyrene containers. The Company aims to achieve the social implementation of dissolution and separation recycling by 2024 and chemical recycling by 2026. By doing so, the Company will be able to recycle colored and patterned foamed polystyrene containers, which are now recycled into daily necessities, sundry goods and other items, into the Company's products, aiming to increase the recycling of above-ground resources.

With regard to the diversification of materials, the Company has released biomass plastic products made of 25% plant-derived materials as well as paper containers for sushi and paper trays. 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, 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, 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 2023, the employment rate for employees with disabilities in the FPCO Group has reached 12.5% according to the calculation method prescribed by Japanese law.

Concerning the promotion of the active participation of women and their career advancement, the Company published its general employers action plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace in the Ministry of Health, Labour and Welfare's database of companies promoting the active participation of women and their career advancement, aiming to expand the 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 all round female employees at 30%

or more among all round employees to be hired from 2022 onwards. The Company has also set the target number of female managers at 50 or more by 2026 and the target percentage of childcare leave taken by male employees at 50% or higher by the end of March 2025. The Company is implementing a range of initiatives to achieve these targets. In April 2023, 24% of all round employees who joined the Company were women. As of the end of June 2023, the Company had 57 female managers and 9% of male employees entitled to childcare leave took it during the fiscal year ended March 31, 2023.

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 2023 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 ten donations totaling 789,460 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 first three months under review totaled 290,778 million yen, down 7,845 million yen from the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits of 1,863 million yen, a decrease in other under current assets of 3,042 million yen, resulting chiefly from a decrease in consumption tax refund, and a decrease in property, plant and equipment and intangible assets of 2,345 million yen, mainly reflecting depreciation and amortization.

Consolidated liabilities amounted to 150,455 million yen, down 7,996 million yen from the end of the previous fiscal year. This was attributable chiefly to a decrease in income taxes payable of 1,587 million yen, mainly reflecting payment of income taxes, and a decrease in loans payable (short-term and long-term loans payable) of 2,846 million yen which was a result of repayment.

Consolidated net assets totaled 140,322 million yen, up 151 million yen from the end of the previous fiscal year. This was attributable principally to profit attributable to owners of parent amounting to 2,244 million yen and dividends of surplus of 2,087 million yen.

2) Cash flows

Consolidated cash and cash equivalents (hereinafter "cash") at the end of the first quarter under review totaled 20,392 million yen, down 1,863 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to 8,394 million yen (5,418 million yen in cash was provided a year earlier).

This reflected a cash increase due mainly to quarterly profit before income taxes of 3,349 million yen and depreciation of 3,795 million yen, as well as a cash decrease following income taxes paid of 2,981 million yen, among others.

(Cash flows from investing activities)

Net cash used in investing activities reached 5,056 million yen (3,632 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 5,723 million yen spent on the purchase of property, plant and equipment in connection with production equipment.

(Cash flows from financing activities)

Net cash used in financing activities came to 5,202 million yen (2,231 million yen in cash was provided a year earlier).

This primarily reflected proceeds from long-term loans payable of 1,000 million yen, repayment of long-term loans payable of 3,846 million yen and cash dividends paid of 2,055 million yen.

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

The results forecasts for the first six months and the full year that were announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 on April 28, 2023 remain unchanged.

On the sales front, further growth in demand for eco-friendly products and products which use less plastic is forecast against the backdrop of rising environmental awareness and the rising prices of everything. The Group will work to expand sales of low-foamed PS containers with reduced weight (reduced use of plastics) by offering a wider variety of products and developing new products. The Group is stepping up active efforts to expand sales towards the market for takeout and delivered food, which took root under the pandemic, and towards markets for frozen food and for hospital food and nursing care food, where the Group will strive to boost its sales in the future. To increase sales of goods, the Group will propose solutions to its business partners to enable them to improve efficiency by fully leveraging the Group's infrastructure, including its logistics, systems, Pack Market and merchandising functions.

Among the raw material prices, the price of naphtha is declining while that of benzene remains high. As a result, prices of polystyrene, which the Company uses directly, are also expected to remain at high levels. The Company forecasts that electricity rates will also stay high, although they have passed their peak.

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, foamed 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, 2023)	First quarter of the current consolidated fiscal year (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	22,255	20,392
Notes and accounts receivable - trade	42,002	41,307
Merchandise and finished goods	24,711	24,456
Work in process	119	146
Raw materials and supplies	5,024	5,062
Other	7,327	4,284
Allowance for doubtful accounts	(28)	(28)
Total current assets	101,413	95,622
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	99,095	97,620
Machinery, equipment and vehicles, net	34,584	33,925
Land	37,754	37,514
Lease assets	1,677	1,689
Other, net	6,181	6,266
Total property, plant and equipment	179,293	177,016
Intangible assets		
Goodwill	224	199
Other	1,536	1,492
Total intangible assets	1,760	1,691
Investments and other assets	16,156	16,447
Total non-current assets	197,210	195,156
Total assets	298,623	290,778
Liabilities		
Current liabilities		
Accounts payable - trade	26,530	25,074
Short-term loans payable	14,909	14,065
Commercial papers	18,000	18,000
Income taxes payable	3,241	1,653
Provision for bonuses	3,011	1,553
Provision for directors' bonuses	167	42
Other	18,024	17,461
Total current liabilities	83,883	77,851
Non-current liabilities		
Long-term loans payable	67,251	65,248
Provision for directors' retirement benefits	130	134
Provision for executive officers' retirement benefits	96	79
Net defined benefit liability	5,139	5,188
Other	1,950	1,952
Total non-current liabilities	74,568	72,603
Total liabilities	158,452	150,455

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2023)	First quarter of the current consolidated fiscal year (As of June 30, 2023)
Net assets		
Shareholders' equity		
Capital stock	13,150	13,150
Capital surplus	15,552	15,552
Retained earnings	115,126	115,283
Treasury shares	(5,531)	(5,531)
Total shareholders' equity	138,298	138,455
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,075	1,235
Foreign currency translation adjustment	(25)	(169)
Remeasurements of defined benefit plans	84	83
Total accumulated other comprehensive income	1,134	1,149
Non-controlling interests	738	717
Total net assets	140,171	140,322
Total liabilities and net assets	298,623	290,778

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(First three-month period)

(Million yen)

	First three-month period of previous fiscal year (April 1, 2022 - June 30, 2022)	First three-month period of current fiscal year (April 1, 2023 - June 30, 2023)
Net sales	49,437	53,233
Cost of sales	34,828	38,124
Gross profit	14,609	15,109
Selling, general and administrative expenses	11,844	12,128
Operating profit	2,765	2,980
Non-operating income		
Interest income	0	0
Dividends income	59	49
Share of profit of entities accounted for using equity method	13	–
Gain on sales of scraps	59	48
Subsidy income	32	94
Other	112	176
Total non-operating income	279	368
Non-operating expenses		
Interest expenses	22	39
Share of loss of entities accounted for using equity method	–	23
Other	49	44
Total non-operating expenses	71	107
Ordinary profit	2,972	3,241
Extraordinary income		
Gain on sales of non-current assets	–	127
Total extraordinary income	–	127
Extraordinary losses		
Loss on sales and retirement of non-current assets	21	20
Total extraordinary losses	21	20
Profit before income taxes	2,951	3,349
Income taxes - current	1,432	1,549
Income taxes - deferred	(467)	(423)
Total income taxes	965	1,125
Profit	1,985	2,223
Profit (loss) attributable to non-controlling interests	37	(21)
Profit attributable to owners of parent	1,947	2,244

(Quarterly Consolidated Statement of Comprehensive Income)
(First three-month period)

(Million yen)

	First three-month period of previous fiscal year (April 1, 2022 - June 30, 2022)	First three-month period of current fiscal year (April 1, 2023 - June 30, 2023)
Profit	1,985	2,223
Other comprehensive income		
Valuation difference on available-for-sale securities	(143)	159
Remeasurements of defined benefit plans, net of tax	8	(0)
Share of other comprehensive income of entities accounted for using equity method	0	(144)
Total other comprehensive income	(134)	14
Comprehensive income	1,851	2,238
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,813	2,259
Comprehensive income attributable to non- controlling interests	37	(21)

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	First three-month period of previous fiscal year (April 1, 2022 - June 30, 2022)	First three-month period of current fiscal year (April 1, 2023 - June 30, 2023)
Cash flows from operating activities		
Profit before income taxes	2,951	3,349
Depreciation	3,510	3,795
Increase (decrease) in provision for bonuses	(1,363)	(1,457)
Increase (decrease) in provision for directors' bonuses	(123)	(125)
Increase (decrease) in allowance for doubtful accounts	(13)	(0)
Increase (decrease) in provision for directors' retirement benefits	(654)	4
Increase (decrease) in provision for executive officers' retirement benefits	4	(17)
Increase (decrease) in net defined benefit liability	12	48
Interest and dividends income	(60)	(49)
Interest expenses	22	39
Share of loss (profit) of entities accounted for using equity method	(13)	23
Loss (gain) on sales and retirement of non-current assets	21	(109)
Decrease (increase) in notes and accounts receivable - trade	(754)	696
Decrease (increase) in inventories	(1,247)	189
Decrease (increase) in accounts receivable - other	1,133	896
Increase (decrease) in notes and accounts payable - trade	578	(1,281)
Other, net	3,370	5,359
Subtotal	7,372	11,360
Interest and dividend income received	60	49
Interest expenses paid	(22)	(33)
Income taxes paid	(1,992)	(2,981)
Net cash provided by (used in) operating activities	5,418	8,394
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,422)	(5,723)
Proceeds from sales of property, plant and equipment	0	698
Proceeds from sales of investment securities	–	266
Other	(209)	(298)
Net cash provided by (used in) investing activities	(3,632)	(5,056)
Cash flows from financing activities		
Proceeds from long-term loans payable	8,000	1,000
Repayment of long-term loans payable	(3,361)	(3,846)
Repayments of lease obligations	(365)	(300)
Cash dividends paid	(2,042)	(2,055)
Other, net	0	–
Net cash provided by (used in) financing activities	2,231	(5,202)
Net increase (decrease) in cash and cash equivalents	4,016	(1,863)
Cash and cash equivalents at beginning of period	19,745	22,255
Cash and cash equivalents at end of period	23,761	20,392

(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

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-month period of previous fiscal year (April 1, 2022 - June 30, 2022)	First three-month period of current fiscal year (April 1, 2023 - June 30, 2023)
Products		
Trays	9,655	10,402
Lunchboxes and prepared food containers	28,005	30,594
Other products	941	970
Subtotal	38,602	41,968
Goods		
Packaging materials	10,330	10,697
Other goods	504	567
Subtotal	10,834	11,265
Total	49,437	53,233

Important Subsequent Events

Not applicable