April 28, 2021

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 <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, President
Contact:	Isao Ikegami, Executive Vice President and Director, Executive General Manager of Finance and Accounting Division Tel. +81-8-4953-1145

Scheduled date for ordinary general meeting of shareholders:	June 24, 2021
Scheduled date of commencement of dividend payment:	June 7, 2021
Scheduled date for filing of securities report:	June 25, 2021
Supplementary documents for financial results:	Yes
Financial results briefing:	None

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 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	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2021	196,950	5.7	18,763	21.0	19,381	19.1	12,211	13.3
March 31, 2020	186,349	2.9	15,507	11.2	16,274	9.5	10,777	8.9

(Note) Comprehensive income: Fiscal year ended March 31, 2021: 13,021 million yen (24.5%)
Fiscal year ended March 31, 2020: 10,461 million yen (12.1%)

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of ordinary profit to total assets	Operating margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	147.80	–	10.0	7.9	9.5
March 31, 2020	130.36	–	9.4	6.6	8.3

(Reference) Shares of (profit) loss of entities accounted for using equity method: Fiscal year ended March 31, 2021: 38 million yen
Fiscal year ended March 31, 2020: 32 million yen

(Note) 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) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2021	247,234	124,980	50.3	1,520.06
March 31, 2020	242,497	119,301	49.0	1,436.07

(Reference) Equity: As of March 31, 2021: 124,349 million yen
As of March 31, 2020: 118,733 million yen

(Note) On October 1, 2020, the Company implemented a two-for-one common stock split. Net assets per share was calculated assuming that the stock split was implemented at the beginning of the previous consolidated fiscal year.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2021	31,814	(19,131)	(15,086)	17,884
March 31, 2020	27,770	(10,989)	(15,643)	20,288

2. Dividends

	Dividend per share					Total Dividend	Dividend payout ratio	Dividend on equity
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2020	–	40.00	–	41.00	81.00	3,348	31.1	2.9
March 31, 2021	–	41.00	–	24.00	–	3,658	30.1	3.0
Fiscal year ending March 31, 2022 (forecast)	–	21.50	–	25.50	47.00		29.8	

(Note) On October 1, 2020, the Company implemented a two-for-one common stock split. The amount forecast for the year-end dividend per share for the fiscal year ending March 31, 2021 is the amount after the stock split. The forecast for the annual dividend is not indicated above because a simple sum cannot be obtained due to the stock split. When the stock split is not factored in, the year-end dividend will be 48 yen while the annual dividend will be 89 yen.

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
First six-month cumulative period	96,700	5.3	8,780	5.6	9,100	6.3	5,840	3.3	71.39
Year ending March 31, 2022	195,000	4.0	19,600	4.5	20,200	4.2	12,900	5.6	157.69

(Note) The FPCO Group began to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. at the beginning of the fiscal year ending March 31, 2022. Accordingly, the said accounting standard has been applied to the above consolidated forecasts. The percentages for year-on-year changes were calculated by assuming that the said standard, etc. was applied in the fiscal year ended March 31, 2021.

* Notes

(1) Changes of important subsidiaries during the period (change in specific subsidiaries accompanied by a change in the scope of consolidation): No

(2) 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

(3) Number of shares outstanding (common stock):
- (i) Number of shares outstanding at the end of the period (including treasury shares):
  - As of March 31, 2021: 84,568,424 shares
  - As of March 31, 2020: 88,568,424 shares
- (ii) Number of treasury shares at the end of the period:
  - As of March 31, 2021: 2,762,648 shares
  - As of March 31, 2020: 5,888,810 shares
- (iii) Average number of shares outstanding during the period:
  - Fiscal year ended March 31, 2021: 82,624,651 shares
  - Fiscal year ended March 31, 2020: 82,679,722 shares

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

(Reference) Overview of Non-Consolidated Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Non-Consolidated Results of Operations

(Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2021	159,549	6.4	12,451	19.4	13,873	12.9	9,471	8.7
March 31, 2020	149,995	3.1	10,427	14.9	12,284	5.8	8,710	3.8

	Net income per share (basic)	Net income per share (diluted)
Fiscal year ended	Yen	Yen
March 31, 2021	114.63	–
March 31, 2020	105.36	–

(Note) 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) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2021	223,343	98,633	44.2	1,205.71
March 31, 2020	220,479	95,899	43.5	1,159.89

(Reference) Equity: As of March 31, 2021: 98,633 million yen
As of March 31, 2020: 95,899 million yen

(Note) On October 1, 2020, the Company implemented a two-for-one common stock split. Net assets per share was calculated assuming that the stock split was implemented at the beginning of the previous consolidated fiscal year.

* This summary of financial statements is 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 (2) Projections of 1. Overview of Consolidated Results of Operations, Etc. on page 11.

(Financial results briefing session and how to obtain the supplementary documents for financial results)

Documents and a video regarding the financial results are published on the Company’s website on May 7, 2021.

Accompanying Materials – Contents

1. Overview of Consolidated Results of Operations, Etc.

(1) Overview of Consolidated Results of Operations and Financial Situation for the Fiscal Year Ended March 31, 2021

1) Overview of Consolidated Results of Operations for the Fiscal Year Ended March 31, 2021

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 2021, the Group aims to achieve growth by having all departments create great synergy through mutual understanding and cooperation under the theme of "sympathetic resonance."

(Influence of COVID-19)

In the fiscal year under review (from April 1, 2020 to March 31, 2021), consumption matched with stay-at-home lifestyles was on the rise during the state of emergency in April and May 2020. After the state of emergency ended, changes in consumer behavior were seen, including adapting to new lifestyles that assume coexistence with COVID-19.

Regarding containers for supermarkets, the shipment of containers for fresh food, such as dressed meat and fresh fish, increased significantly due to increased opportunities to eat at home. In addition, partly because customers are switching to the Company's eco-friendly products (Eco Tray, Eco APET, and Eco OPET), shipment has continued to trend upward.

Containers for convenience stores saw a decline in shipment due to a decrease in sales at stores in business districts, downtown areas, and tourist sites.

Regarding containers for takeout and delivered food from restaurants, shipment increased rapidly in May during the state of emergency. While the temporary growth of demand subsided after the state of emergency ended, the takeout and delivered food market has been expanding as a new market because major restaurant chains began strategic initiatives.

Shipments of containers for boxed meals sold at railway stations and those for picnics and events fell sharply due in part to the voluntary ban on inter-prefectural business, holiday trips and the cancellation of events. Demand for these products has yet to recover.

Amid the significant change in the sales composition of products caused by changes in consumers' purchasing behavior during the COVID-19 pandemic, the Group was able to stably deliver products by maintaining appropriate inventory levels through the supply chain management system for the timely, centralized management of forecasts for demand, production, and distribution across Japan, which was highly acclaimed by business partners. The Group will continue striving to ensure stable supply by thoroughly implementing necessary infection control measures to continue supporting safe, secure food lifestyles.

(Business transfer from Sekisui Hinomaru K.K.)

On October 1, 2020, the Group completed the takeover of Sekisui Hinomaru K.K.'s molding business, the business of manufacturing and selling plastic food containers, and accepted 139 employees from the company. This project was implemented in the form of a business transfer instead of a share acquisition. It was a highly difficult M&A project involving scrupulous preparations, such as registration with the FPCO System. However, the Company was able to complete it with virtually no trouble. This has resulted in the enhancement of the Group's lineup of products for fishery products, such as fishcakes, dried-salted fish, and spicy cod roe, and the expansion of a new sales network through business with new customers. In addition, a great deal of synergy occurred from the business transfer, including the achievement of stable supply through the integration of the supply chain management systems, a reduction of raw material procurement costs enabled by leveraging the benefits of scale, resource conservation with lighter weight products, improvement of production capacity through efficient use of spaces in the plant, and a reduction of logistics costs enabled by a shift from the use of consolidated cargo services to the use of its own trucks. Thus, the business transfer has generated greater-than-expected profit.

(A fire at the Company's Chubu Plant 1)

A fire occurred at the Company's Chubu Plant 1, Wanouchi-cho, Gifu, on November 30, 2020. The Company hereby extends its deep apology for having caused great problems and anxiety to local residents, business partners, and related people.

This fire did not result in injuries or damage to the neighborhood. While the building and molding machines were damaged, the metal molds escaped damage. Products that were manufactured at this plant are now manufactured in Kanto and Fukuyama districts. They continue to be supplied to business partners without problems.

To prevent a recurrence, the Company is replacing high-voltage AC load switches, which caused the fire at the Chubu Plant 1, at its plants all over Japan. At the same time, it is reviewing its method of inspecting the equipment.

Because this is an old plant that was built 28 years ago, the Company has decided to expand and rebuild it to respond to the future growth of demand in the Chubu district. The Company aims to complete the new plant by May 2022.

(Net sales)

Net sales in the fiscal year under review rose 10,600 million yen or 5.7% year on year, to reach a record high of 196,950 million yen. Net sales of products manufactured by the Group rose 6.5% year on year to 152,158 million yen. Net sales of goods purchased increased 2.9% year on year to 44,791 million yen.

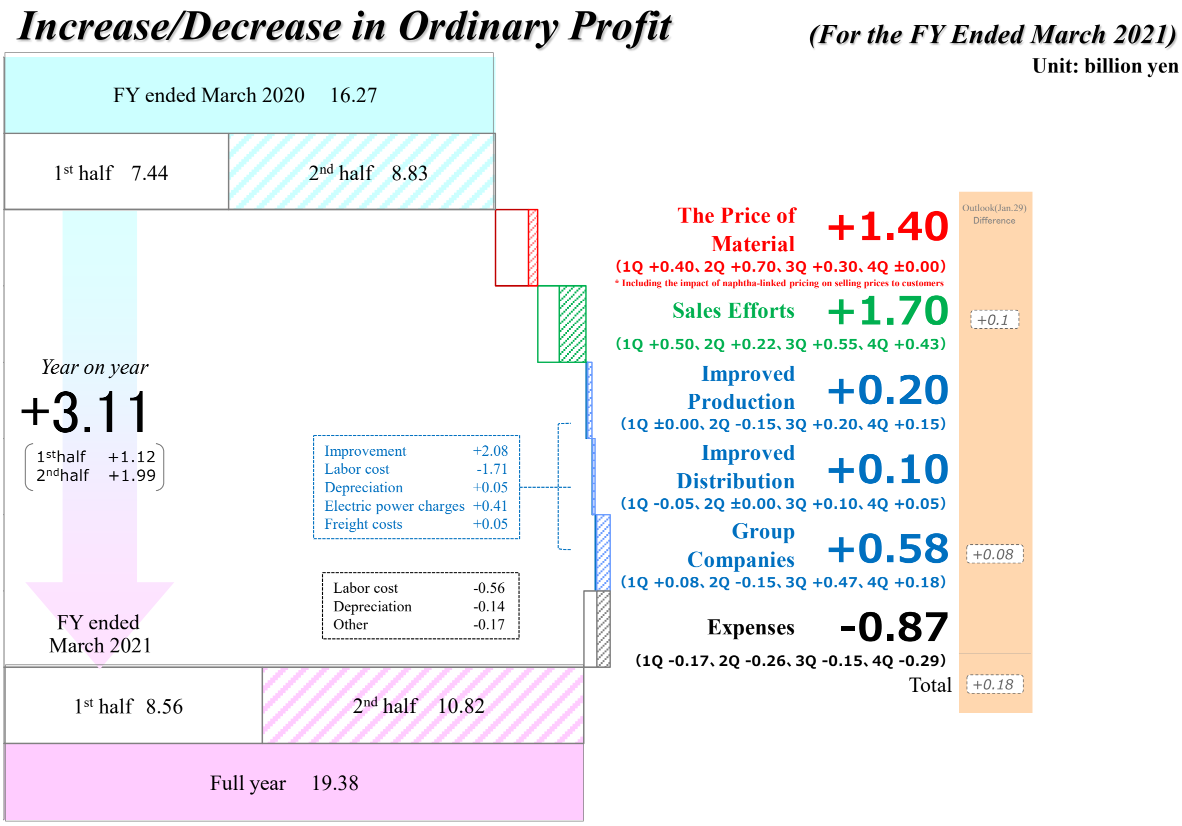
Sales volume of products increased 6.8% year on year in the first quarter of the consolidated fiscal year under review (from April 1 to June 30, 2020), rose 4.9% year on year in the second quarter (July 1 to September 30, 2020), rose 9.4% year on year in the third quarter (from October 1 to December 31, 2020), and rose 8.7% year on year in the fourth quarter (from January 1 to March 31, 2021). Sales volume of products for the consolidated fiscal year under review increased 7.5% year on year.

In the second half of the fiscal year under review, the business transfer from Sekisui Hinomaru K.K. contributed to a 3.5% increase in sales volume.

(Profits)

For the fiscal year under review, operating profit increased 3,255 million yen or 21.0% year on year to 18,763 million yen, ordinary profit increased 3,107 million yen (*1) or by 19.1% year on year to 19,381 million yen, ordinary profit before depreciation and amortization increased 10.7% year on year to 32,991 million yen, and profit attributable to owners of parent increased 13.3% year on year to 12,211 million yen. All of these are record-high figures. Factors for the increase in profits include the effect of raw material prices, growth in sales of products in terms of quantity associated with the consumption matched with stay-at-home lifestyles, the expansion of the market for takeout and delivered food from restaurants, the business transfer from Sekisui Hinomaru K.K., and the improvement effect at each division produced by the contribution to profits and increase in sales volume. On the other hand, factors that decreased profits included an increase in costs, such as labor expenses. A loss from the fire accident at Chubu Plant 1, which is 2,104 million yen, was posted as an extraordinary loss, while insurance claim income of 2,012 million yen was posted as extraordinary income. In addition to the above, the Company posted extraordinary losses, including a loss on retirement of aged equipment, which was implemented as a scrap-and-build scheme.

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



(Sales activities)

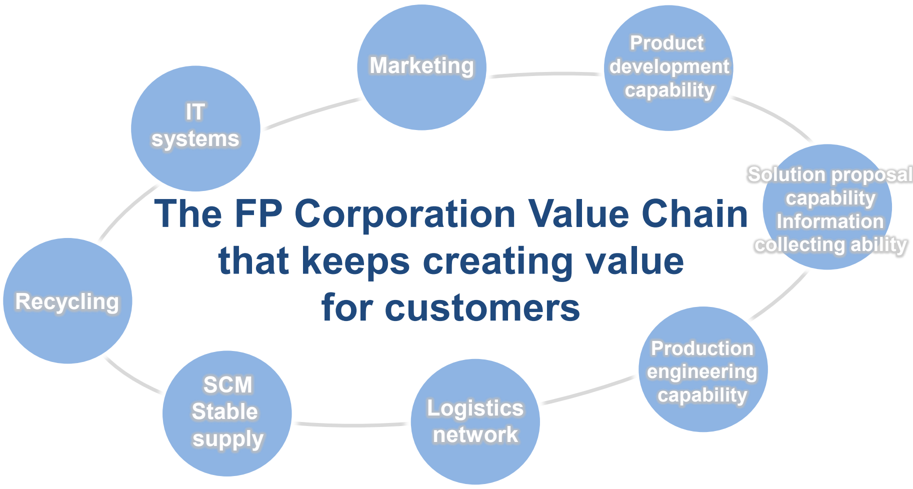
The Group is accelerating the development and widening of lineups of high value-added products matched with consumers' lifestyles and increasing product sales and the profit ratio.

Amid the expansion of the market for takeout and delivered food, in July 2020 the Group launched a container featuring a Stack & Connect design that is leak-proof and connects containers to each other (*2) so they can be stacked with a low possibility of collapsing during transportation, as well as a lunch box with a detachable folding lid that makes it easier to eat the food in it, in addition to the special container for noodles that was launched in October 2019. 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 SEO, radio commercials, and corporate communication activities via Instagram, YouTube, LINE, and other social media.

For the FPCO Fair 2021 that was held during March 16 to 18, 2021, the Company took thorough measures to prevent COVID-19 infections at the venue. In addition, this event was held after conducting PCR tests, thereby confirming that all employees of the Group who participated in the event together with the operating staff were tested negative. The event was held under the theme of "All in all, this restaurant is best. Keep turning evaluations into 'Likes.'" The Company offered suggestions that contribute to increasing customers' profits and reducing their costs, including solutions to changes in consumers' purchasing behaviors at retail stores and suggestions made in response to requests for work efficiency improvements. In addition, the Company showcased the FPCO Group's value chain (*3) that consistently creates value for customers, including environmental initiatives and stable supply enabled by its logistics network and SCM system.

(*2) Stack & Connect design: When containers featuring this design are stacked with lids attached to them, the bottom of the upper container connects to the lid of the lower container. The advantage of this design is that the containers are unlikely to collapse during transportation.

(*3) The FP Corporation Value Chain



(Production)

In the production sector of the Group, improvement efforts were made, including skill improvement of operators, reduction of preparation time, improvement of the performance of manufacturing facilities, and improvement of metal molds and trimming dies. As a result, the number of shots per hour was improved by 15% compared to the level in the fiscal year ended March 31, 2008. The Company's molding plants around the country operate 83 pieces of automated equipment in 54 production process lines as of March 31, 2021, having reduced the labor necessary by 201 people. A reduction of the labor necessary equivalent to 234 people is expected by March 31, 2022.

In addition, 22 production plants of the Company had acquired FSSC 22000 food safety management certification as of March 31, 2021. Further, in the supply chain management system, the Company conducts AI-based sales forecasting for around 5,000 of its approximately 11,000 items. It will endeavor to further improve its accuracy and efficiency.

In May 2020, the Group acquired land for a plant (site area: approx. 48,000 m^2) in Hyogo-Ono Industrial Park (Ono-shi, Hyogo). The Group will construct a new production plant there to increase production capacity and optimize its production sites, with a focus on eco-friendly products, which have seen demand for them grow recently. The total amount of investment is expected to be 25,300 million yen, including the logistics facility to be built on the property. The Group aims to complete the plant in September 2022. Further, the Group is planning to construct Pico House No.5, a dormitory for single employees (site area: approx. 5,936 m^2; 140 units), in the neighborhood of Ono City Hall as a measure to secure human resources. For details, refer to the

Notification of Acquisition of Fixed Assets (Construction of a New Plant and a Distribution Center of the New Base) announced on April 28, 2021 (Japanese only).

(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.

As of March 31, 2021, the Company had introduced 29 unmanned carriers (automated guided vehicles: AGVs) at seven locations in Japan and two autonomous forklifts (automated guided forklifts), aiming to streamline operations in the warehouse. It will continue to enhance its labor-reducing initiatives. In addition, the Company has introduced a voice picking system to increase the productivity of picking operations. It will proceed with initiatives to ensure the stability of supply during peak periods.

With regard to transportation between the Group's locations, all cargo handling operations, including loading and unloading products to and from trucks, were previously carried out manually. The Company began to undertake pallet transportation, or the loading of products placed on pallets onto trucks. This has enabled a significant reduction in the time taken for cargo handling. As of March 31, 2021, pallet transportation has been introduced to five routes.

In addition, as part of our Business Continuity Plan (BCP), the Group has installed emergency power-generating equipment and the storage of sufficient fuel to secure an electricity supply for 72 hours, or three days, in all logistics locations nationwide to ensure that operations for warehousing and shipping will continue even in the event of serious incidents, such as an electricity outage caused by a disaster.

For the purposes of meeting future demand growth and ensuring the stable supply of products, the Company expanded the Kyushu Distribution Center (completed in September 2020, with an additional floor area of 3,554 m^2) and the Fukuyama Distribution Center (completed in November 2020, with an additional floor area of 23,722 m^2). The Company will also expand the Chubu Cross Dock Center (additional floor area of 27,575 m^2, with the completion expected in September 2021). These expansion projects feature the construction of additional facilities adjacent to their respective existing logistical facilities. The Company will be introducing a sorter system to the Chubu Cross Dock Center. This system will automatically sort products according to their delivery areas.

Moving forward, by launching the operation of a distribution center for the new facility in Ono-shi, Hyogo (planned to be completed in September 2022), the Company will demarcate the Kinki area, a metropolitan area to which products have hitherto been shipped from the Fukuyama Distribution Center (Hiroshima). This is expected to reduce delivery times and contain logistics costs. The Company also believes that the new base will facilitate both business continuity and the enhancement of supply stability in the event of a natural disaster. 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 Company's facilities all over Japan (Hokkaido, Tohoku, Kanto, Hachioji, Tokai, Chubu, Fukuyama, Kyushu, and this distribution center of the new facility). In addition, the distribution center of the new facility will have an inventory storage capacity of 260,000 cases, and the Company plans to install a shipment system with a sorter in the facility. As a result, when the distribution center of the new facility comes on-stream, shipment systems with sorters will be used for sorting 76% of all items shipped all over Japan (including the system to be introduced to the Chubu Cross Dock Center).

(Workstyle reform initiatives)

In an effort to invigorate workplaces, the Company began to require each employee to take paid leave of five consecutive days in the fiscal year ended March 2019. In the fiscal year ending March 2021, the Company introduced the ability to take annual paid leave by the hour. It also introduced special leave for employees participating in disaster recovery activities or activities The FP Corp. Environment Fund finances to support its employees' volunteer activities.

In association with initiatives to expand women's occupational domains, 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 by 2022. The Company is implementing a range of initiatives to achieve these targets. To improve the work environment for employees, in addition to raising salaries, the Company has constructed Pico House company dormitories for single employees, which have furniture and home appliances, in various parts of Japan, as well as a group home for people with disabilities (20 units; completed in April 2020). The Company will remain proactive in investing in its human resources so as to improve its corporate value.

(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 9,800 as of March 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.

To collect more used containers, the Group has created posters to promote recycling, which feature the celebrity LiLiCo (*4). One of these posters says, “Stop global warming! Go Tray to Tray!” As of March 31, 2021, these posters are displayed in 7,379 stores of 215 supermarket companies. In addition, the Group is proactive in organizing tours to recycling plants at recycling bases all over Japan. Every year, around 20,000 people, including consumers and people from business partners, educational institutions, and administrative bodies, are invited to participate in the tours. In the fiscal year under review, the tours were cancelled or scaled down in response to the COVID-19 pandemic. However, the Group will continue reaching out to greater numbers of consumers to explain that food containers are not disposable, and are valuable resources that can be recycled.

As a percentage of the total sales of the Group, the sales of eco-friendly products made from used trays and used PET bottles reached 45% in the fiscal year under review. All APET containers and OPET containers have been replaced with eco-friendly products.

To increase sales of Eco APET and Eco OPET containers, the Company took steps to increase its production capacity of recycled PET materials. This resulted in an increase in the production capacity of recycled PET materials to around 60,000 tons per year in the fiscal year ended March 2021 (compared to 50,000 tons in the fiscal year ended March 2019 and 57,000 tons in the fiscal year ended March 2020).

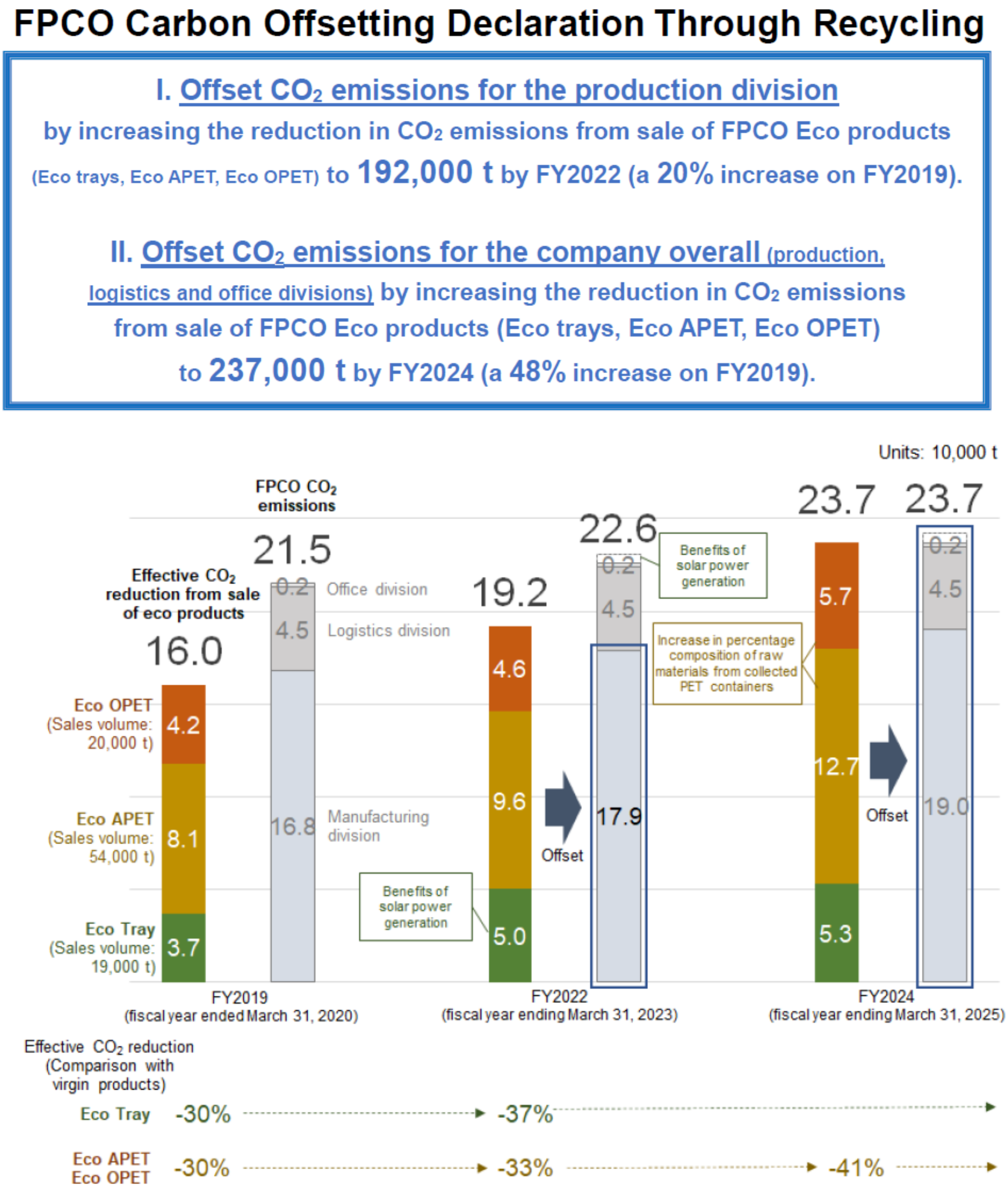
(*4) Posters created to promote recycling

(b) Carbon Offsetting Declaration Through Recycling (*5)

Compared with containers made from petroleum-derived virgin materials, CO_2 emissions from eco-friendly products produced with the FPCO method are reduced 30% for the overall product life cycle. This resulted in a reduction of annual CO_2 emissions by approx. 160,000 tons in the fiscal year ended March 31, 2020. On February 1, 2021, the Company made a Carbon Offsetting Declaration Through Recycling. This scheme is aimed at balancing the reduction in CO_2 emissions achieved through sales of eco-friendly products and CO_2 emissions from the production sector by the fiscal year ending March 31, 2023. It is also aimed at balancing the above reduction and the Company's overall CO_2 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 will increase the ratio of use of recycled materials in Eco APET and Eco OPET products, in addition to increasing the sales volume of eco-friendly products. Thus, the Company will strive to increase CO_2 reduction effects.

(*5) Carbon Offsetting Declaration Through Recycling



(c) Initiatives taken through The FP Corp. Environment Fund (*6)

Global environmental problems in recent years are caused by diverse factors that are intricately intertwined. It is therefore impossible to solve them with initiatives taken by a single company. In response, the Company launched The FP Corp. Environment Fund in March 2020 to extend financing to organizations acting to address environmental problems from multiple angles. For the fiscal year ended March 31, 2021, the Company solicited and received 72 applications from applicants with eligible activities to be conducted in the six-month period from October 1, 2020 to March 31, 2021. After evaluating the applications, the Company provided funding to 10 organizations. For the fiscal year ending March 31, 2022, the Company solicited applications with eligible activities to be conducted between April 1, 2021 and March 31, 2022, with a maximum annual amount of two million yen per project having been made available. The Company received 53 applications. After evaluating the applications, the Company decided to provide funding to 14 organizations.

In addition, the Group's employees engage in activities such as cleaning up a beach with organizations receiving funding. In the fiscal year ended March 31, 2021, a total of 87 employees joined in the activities of six organizations as volunteers. With these and other initiatives, the Group will accelerate initiatives to solve environmental problems.

(*6) Logo of The FP Corp. Environment Fund

エフピコ環境基金
The FP Corp. Environment Fund

(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 Tray recycling, which is based on established recycling technologies and systems for products made of a single material. The Company has begun to study chemical recycling in collaboration with DIC Corporation (headquarters: Chuo-ku, Tokyo) for cradle-to-cradle recycling of expanded polystyrene containers. This is aimed at recycling colored and patterned expanded polystyrene containers, which would be recycled into daily necessities, sundry goods, and other items, into the Company's products in the end by recycling them into styrene monomer, which is a raw material of polystyrene.

The Group released four Bio-HIPS containers and three Bio-PPF containers, which are made from 25% plant-derived materials, in June 2020 as a measure to expand its product lineup. These containers conform to the identification labeling standards set forth by the Japan BioPlastics Association and are certified as biomass-based plastic products. In addition, the Company has introduced production lines of paper trays and paper containers at its Kanto Tsukuba Plant. The Company launched paper trays in April 2021. FP CHUPA Corporation plans to release paper containers with detachable folding lids in May 2021. 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)

Measures taken by the Group include enhancement of initiatives related to human rights and governance and disclosure of a wider range of information, in addition to circular recycling using the FPCO method and employment of disabled workers.

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 second consecutive year in June 2020. As of June 2020, the Company has continued to be selected as a constituent of the MSCI Japan Empowering Women (WIN) Select Index by MSCI Inc.

In addition, the Company's environmental policy and its value chain for contributing to solving social issues were introduced as "a case in which values and business model are disclosed" in the Disclosure and Engagement Guidance to Accelerate Sustainable Finance for a Circular Economy, which was published by the Ministry of Economy, Trade and Industry on January 19, 2021.

Furthermore, in May 2020, the Company began to provide containers for boxed meals and soup to assist children's cafeterias all over Japan, which are supported by Zenkoku Kodomo Shokudo Shien Center Musubie, an NPO which supports children's cafeterias all over the country, jointly with Kobe Bussan Co., Ltd. (head office: Kako-gun, Hyogo), Hagoromo Foods Corporation (head office: Suruga-ku, Shizuoka-shi), and Nestlé Japan Ltd. (head office: Chuo-ku, Kobe-shi), which are business partners of the Company. The Company has provided 384,000 sets of containers in total. Since December 2020, the Group has donated a total of 400,000 three-layer masks to children's cafeterias all over Japan (200 organizations).

The Company will continue to take initiatives for achieving Sustainable Development Goals (SDGs).

2) Overview of Financial Situation in the Fiscal Year Ended March 31, 2021

Consolidated assets at the end of the fiscal year under review totaled 247,234 million yen, up 4,736 million yen from the end of the previous fiscal year. That was mainly due to an increase in notes and accounts receivable – trade of 2,537 million yen, which is attributed mainly to an increase in net sales, and an increase in property, plant and equipment of 3,326 million yen, which mainly reflects the expansion of warehouses at the Fukuyama Distribution Center and the Chubu Cross Dock Center.

Consolidated liabilities amounted to 122,253 million yen, down 942 million yen from the end of the previous fiscal year. This was mainly due to a decrease in short-term loans payable of 5,612 million yen, which resulted from repayment, a 1,875 million yen increase in accounts payable – trade, which is attributed mainly to an increase in the amount of purchases, and an increase in income taxes payable of 1,297 million yen, which is attributed to an increase in taxable income associated with a profit increase.

Consolidated net assets totaled 124,980 million yen, up 5,679 million yen from the end of the previous fiscal year. This change mainly reflected the profit attributable to owners of parent of 12,211 million yen and dividends of surplus of 3,390 million yen. The cancellation of treasury shares resulted in the decrease of capital surplus by 440 million yen, retained earnings by 3,019 million yen, and treasury shares by 3,460 million yen. In addition, treasury shares increased by 4,000 million yen due to the purchase of treasury shares.

3) Overview of Cash Flows in the Fiscal Year Ended March 31, 2021

Consolidated cash and cash equivalents (hereinafter, “cash”) at the end of the fiscal year under review totaled 17,884 million yen, down 2,403 million yen from the end of the previous fiscal year.

The status of cash flows from the respective activities and the causes are described as follows.

(Cash flows from operating activities)

Net cash provided by operating activities came to 31,814 million yen, up 4,044 million yen from a year earlier.

This reflected a cash increase due mainly to profit before income taxes of 18,060 million yen, depreciation of 13,609 million yen, an increase in notes and accounts payable - trade of 1,875 million yen, and insurance claim income of 2,012 million yen, as well as a cash decrease following an increase in notes and accounts receivable - trade of 2,557 million yen and income taxes paid of 5,143 million yen, among others.

(Cash flows from investing activities)

Net cash used in investing activities was 19,131 million yen, up 8,142 million yen from the previous fiscal year.

It was due mainly to the warehouse expansion of the Fukuyama Distribution Center and 17,319 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 was 15,086 million yen, down 557 million yen from the previous fiscal year.

This primarily reflected proceeds from long-term loans payable of 17,567 million yen, repayment of long-term loans payable of 22,974 million yen, purchase of treasury shares of 4,068 million yen, repayment of lease obligations of 2,186 million yen, and cash dividends paid of 3,390 million yen.

(2) Projections

The end of the COVID-19 pandemic is still not in sight, although vaccinations have begun. Against this background, the Group will continue monitoring demand trends.

The takeout and delivered food market as a new market sees ghost restaurants rapidly becoming more common, in addition to entrants from the restaurant industry. The market is expected to continue to expand and become established.

With a view toward cultivating promising markets, the Company is working to expand its business to the market of hospital meals and meals served at nursing care facilities and the frozen food market. In the frozen food market, use of Multi FP containers featuring cold and heat resistance to temperatures between -40°C and +110°C and thermal insulation enables a lighter weight than conventional containers and is highly acclaimed by frozen food manufacturers, and they have begun to adopt the containers. A case example is introduced in the press release issued on January 26, 2021, which is about Nissui’s adoption of FPCO-original Multi FP containers for household frozen food (Japanese only).

Regarding raw materials, the Company saw the price of polystyrene, a main material for its products, and that of PET begin to rise in the third quarter of the fiscal year ended March 31, 2021. The Company will continue to monitor the situation.

Regarding trends in laws and regulations, the amended Annexes to the Basel Convention came into effect in January 2021. One result of this is that approval from the destination country has become necessary when exporting some plastic waste. In addition, a Cabinet Decision was made on the Bill for the Act on Promotion of Resource Circulation for Plastics on March 9, 2021. It is expected that businesses certified by the Competent Minister will no longer need to receive a permit under the provisions of the Waste Management and Public Cleaning Act. The Group believes that these changes in domestic and overseas laws and regulations provide momentum to accelerate the domestic recycling of plastics, and will continue working to realize a recycling-based society. For the consolidated fiscal year ending March 31, 2022, the Group forecasts that it will achieve net sales of 195,000 million yen, operating profit of 19,600 million yen, ordinary profit of 20,200 million yen, and profit attributable to owners of parent of 12,900 million yen. The FPCO Group began to apply Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. in the beginning of the fiscal year ending March 31, 2022. Accordingly, the accounting standard has been applied to the above forecast values. If the accounting standard, etc. is applied to the consolidated financial results for the fiscal year ended March 31, 2021, net sales are up 4.0% year on year, operating profit is up 4.5%, ordinary profit is up 4.2%, and profit attributable to owners of parent is up 5.6%, respectively. While net sales decrease due to the application of the said accounting standard, etc., it gives no impact on operating profit, ordinary profit, and profit attributable to owners of parent. The forecast mentioned above reflects judgments based on currently available information, and actual financial results and position may be affected by the spread of COVID-19 infections and various other factors. Information that should be disclosed will be announced as soon as it arises.

(Explanations of terms)

Multi FP container:	A formed PS (polystyrene) container with cold and heat resistance to temperatures between -40ºC and +110ºC and with superior oil and thermal insulation (sales commenced in 2010).
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).
Bio-HIPS container:	HIPS (non-foamed polystyrene) container containing 25% of plant-derived materials (sales commenced in 2020).
Bio-PPF container:	Polypropylene with fillers (PPF) container containing 25% of plant-derived materials (sales commenced in 2020).
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.

(3) Basic Principles of Profit Distribution and Dividends for the Fiscal Year under Review and for the Next Fiscal Year

The FPCO Group regards providing shareholders with an appropriate return on their investment as one of its most important goals. We will make continuous and stable dividend payments while increasing our profitability and improving our financial standing. We will maintain retained earnings as sources for the flexible strengthening of management and strategic investment in business expansion. According to our dividend policy, we have set a target of achieving a ratio of consolidated dividend payout to profit attributable to owners of parent of the Group of 30%.

We implemented a two-for-one stock split on October 1, 2020. The purpose of this stock split is to reduce the amount per investment unit, thereby improving the liquidity of our stock and making it more accessible to even more investors. We have decided to pay an interim dividend of 41 yen per share. We plan to pay a year-end dividend of 24 yen per share after the stock split. If the stock split is not taken into account, the year-end dividend is 48 yen and the annual dividend is 89 yen, which will result in a consolidated payout ratio of 30.1%. For the next fiscal year, we will be paying a dividend of 47 yen per share to ensure the continuity of dividend payments, expecting a consolidated payout ratio of 29.8%.

In addition, we purchased a cumulative total of 893,700 treasury shares, which amount to 3,999,711,492 yen, during February 22 to March 17, 2021. We will continue to take initiatives aimed at improving capital efficiency and enhancing shareholder returns.

2. Management Policy

(1) Management's Basic Principle

Based on the management philosophies of "Hands-on Approach" and "Customer First," FP Corporation consistently focuses on the environment, safety, security and health. We operate our businesses to provide products, services and proposals that respond to a broad array of customer and expectations. To fulfill our social responsibility, we have been promoting our environmental management system, making efforts to spread our FPCO recycling method (Tray-to-Tray and Bottle-to-Tray) to build a recycling-oriented society.

Our Medium- to Long-term Management Strategy is aimed at maximizing our corporate value, and will make active strategic investments to realize this goal. Through these investments, we will aim to become "a corporate group that creates comfortable dietary lives for customers through food containers" and pursue our three basic objectives as a manufacturer: "reliably delivering as needed" "environmentally friendly products with paramount quality" "at the most competitive price."

As a specific initiative, we will continue to create value for customers by further strengthening our value chain, where our marketing, product development capability, ability to make suggestions, manufacturing technologies, logistics network, stable supply ensured by SCM, recycling, and IT systems all complement each other. In doing so, we will aim for sustainable growth and the medium- to long-term improvement in our corporate value in our management efforts.

(2) Targeted Management Indicators

According to the Group's consolidated management targets, we aim to achieve net sales of 300,000 million yen and ordinary profit of 30,000 million yen. For practicing business administration with a focus on shareholders, we will steadily implement different measures in the Group's management plan with a view to increasing corporate value. We have defined the ratio of ordinary profit to consolidated net sales and net profit per share as our management indicators and set their targets at 10% or higher and at 250 yen, respectively. In the dividend policy, we have set the target for the consolidated ratio of dividend payout to profit attributable to owners of parent of the Group at 30%.

(3) Challenges to Be Addressed

(i) Technological innovation and development of new products

We have developed products that meet the needs of customers by introducing state-of-the-art production facilities and replacing equipment, and by promoting comprehensive technological innovation by making products lighter and developing new functions and materials to provide customers with high quality and value added products, as well as products with enhanced functions.

(ii) Aiming at becoming a proposal-based (problem solving type) company

Amid the COVID-19 pandemic, consumer purchasing behaviors changed significantly, resulting in growth in demand for fresh food and other food items for cooking and eating at home and entries to the market for takeout and delivered food from the restaurant industry. In response to these changes, the Group makes optimal suggestions by identifying customer needs and issues and develops new products.

We also support clients taking environmentally friendly actions through the reduction of CO_2 emissions, improving work productivity to deal with labor shortages, or working to cut logistics costs by providing FPCO's logistics network. We provide these and other comprehensive solutions to issues shared within the retail industry.

(iii) Enhancement of supply system

The COVID-19 pandemic has led to growing demand for a stable supply of food containers as infrastructure that supports safe, secure diets. With the aim of strengthening its supply chain management (SCM), the Group has introduced AI for sales forecasting, industrial robots in production, and voice-activated picking systems, unmanned carriers (AGVs), unmanned forklifts (AGFs,) and shipment systems with automatic sorters in distribution, thereby saving labor and improving work productivity.

We are also working to develop nationwide production and logistics systems, aiming to ensure stable supply and optimize the total cost.

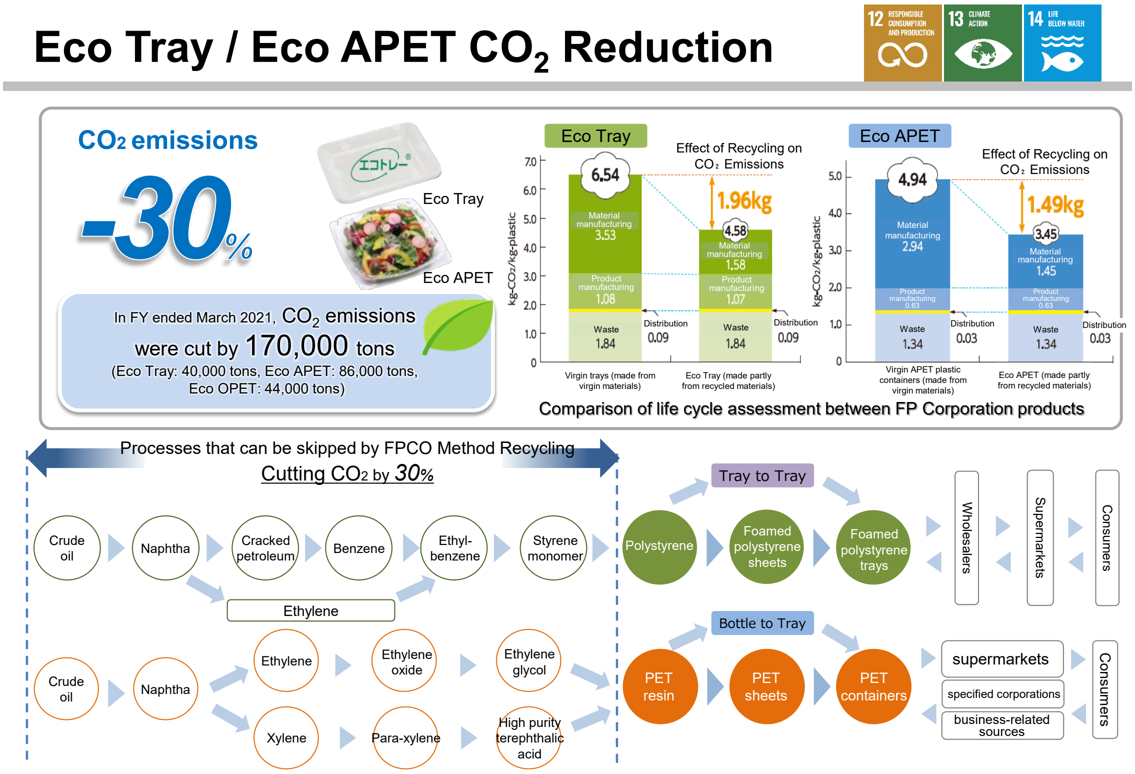
(iv) Environmentally friendly operation

As the industry leader, the Company aims at a sustainable world by achieving a recycling-oriented society through our business activities centering on FPCO recycling methods such as “Tray to Tray” and “Bottle to Tray,” and contributes to carbon dioxide emissions reduction by promoting its eco-friendly products made from recycled materials.

Compared with containers made from petroleum-derived virgin materials, CO_2 emissions from eco-friendly products produced with the FPCO method is reduced 30% in the overall product life cycle. This resulted in a reduction in annual CO_2 emissions of approx. 160,000 tons in the fiscal year ended March 31, 2020. On February 1, 2021, we made a Carbon Offsetting Declaration Through Recycling. This scheme is aimed at balancing the reduction of CO_2 emissions achieved through sales of eco-friendly products and CO_2 emissions from the production sector by the fiscal year ending March 31, 2023. It is also aimed at balancing the above reduction and our overall CO_2 emissions (from production, logistics, and office sectors) by the fiscal year ending March 31, 2025.

As initiatives to achieve the above targets, we will procure renewable energy that is equivalent in amount to the power consumption at our recycling plants and increase the ratio of use of recycled materials in Eco APET and Eco OPET products, in addition to increasing the sales volume of eco-friendly products. In doing so, we will strive to increase CO_2 reduction effects.

Furthermore, through the design and development of environment-conscious products with one of the lowest levels of environmental impact in the industry, we will implement various measures such as taking initiatives to reduce and recycle industrial waste created through business activities. In the fiscal year ended March 31, 2020, we began to offer financial support to non-profit and other organizations conducting activities with a focus on environmental conservation through The FP Corp. Environment Fund in a more intensive effort to build a recycling-based society.



(v) Management emphasizing social responsibility

We understand that positive involvement in disability employment support and the building of trust from local communities form part of management aimed at boosting corporate value.

In order to aid our clients’ business continuity, we have installed an emergency power generator at all of our 21 major facilities in Japan, so as to provide power to continue logistics operations in the event of a blackout caused by natural disasters, etc. Thus, we have established a system that will provide 72 hours’ (3 days’) worth of electricity.

Support for Customers in their Employment of People with Disabilities

With FPCO’s support, employment was created for

751 people at **50** locations mainly at customers’ workplaces

Jan.14 2021

(vi) Enhancement of intellectual property rights

To ensure the uniqueness of the Group and its differentiation advantage in the market, we will apply for patent, utility model right and design registration, to enhance corporate value through the acquisition of intellectual property rights.

(vii) Preparation for expansion of the market for home meal replacements

We will prepare for a rapid expansion of the market for home meal replacements by combining organization-wide resources and infrastructure that have been nurtured by FP Corporation over the years; that is, product development capability, manufacturing technologies, distribution network, ability to make suggestions, recycling, and SCM system.

In addition, to capture new demand, including demand for containers for takeout and delivered food in the restaurant industry, the FPCO Group is advancing initiatives including an enhancement of the lineup of the Pack Market e-commerce site offering packaging materials, in addition to measures for improving its visibility including SEO, radio commercials, and corporate communication activities via Instagram, YouTube, LINE, and other social media.

(viii) Workstyle reform initiatives

We are aware that providing the Group’s individual employees with an environment that allows them to display their abilities and characteristics to the fullest degree in order to fulfill their roles and feel fulfilled and satisfied while working vigorously is a management issue that leads to enhanced corporate value. On the basis of this notion, our separate departments are working to increase productivity and introduce a program for commuting outside rush hour, an obligation to take paid leave for five consecutive days, and an hourly paid leave program, in a bid to encourage staff members to think independently about work time management and optimize their working hours.

3. Basic Approach to Selection of Accounting Standards

The Group has decided to adopt Japanese Accounting Standards for the time being. However, we plan to conform to IFRS (International Financial Reporting Standards) as appropriate upon consideration of domestic developments and the situation in other countries.

4. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	20,288	17,884
Notes and accounts receivable - trade	34,223	36,761
Merchandise and finished goods	18,667	19,500
Work in process	107	93
Raw materials and supplies	3,641	2,802
Accounts receivable - other	2,869	2,987
Other	545	640
Allowance for doubtful accounts	(19)	(29)
Total current assets	80,322	80,641
Non-current assets		
Property, plant and equipment		
Buildings and structures	136,053	140,321
Accumulated depreciation	(61,317)	(63,735)
Buildings and structures, net	74,735	76,585
Machinery, equipment and vehicles	74,433	75,820
Accumulated depreciation	(41,087)	(43,823)
Machinery, equipment and vehicles, net	33,345	31,996
Land	33,327	36,221
Lease assets, net	13,758	9,254
Accumulated depreciation	(10,404)	(7,276)
Leased assets, net	3,353	1,977
Construction in progress	1,815	3,291
Other	21,319	21,339
Accumulated depreciation	(16,608)	(16,797)
Other, net	4,710	4,542
Total property, plant and equipment	151,289	154,615
Intangible assets		
Goodwill	974	694
Other	1,482	1,364
Total intangible assets	2,456	2,059
Investments and other assets		
Investment securities	3,703	4,699
Deferred tax assets	3,650	3,992
Other	1,140	1,312
Allowance for doubtful accounts	(66)	(86)
Total investments and other assets	8,428	9,918
Total non-current assets	162,174	166,592
Total assets	242,497	247,234

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	19,309	21,184
Short-term loans payable	21,939	16,326
Commercial papers	18,000	18,000
Lease obligations	2,057	1,289
Accounts payable - other	7,552	8,102
Income taxes payable	3,011	4,308
Accrued consumption taxes	1,470	1,308
Provision for bonuses	2,368	2,911
Provision for directors' bonuses	104	152
Provision for fire loss	–	220
Other	3,756	4,722
Total current liabilities	79,569	78,527
Non-current liabilities		
Long-term loans payable	36,760	36,966
Lease obligations	1,584	877
Provision for directors' retirement benefits	558	640
Provision for executive officers' retirement benefits	37	51
Net defined benefit liability	4,396	4,635
Other	289	555
Total non-current liabilities	43,626	43,726
Total liabilities	123,196	122,253
Net assets		
Shareholders' equity		
Capital stock	13,150	13,150
Capital surplus	15,864	15,487
Retained earnings	94,157	99,959
Treasury shares	(5,095)	(5,617)
Total shareholders' equity	118,077	122,980
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	762	1,412
Remeasurements of defined benefit plans	(106)	(42)
Total accumulated other comprehensive income	656	1,369
Non-controlling interests	567	630
Total net assets	119,301	124,980
Total liabilities and net assets	242,497	247,234

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	186,349	196,950
Cost of sales	*2 123,235	*2 127,245
Gross profit	63,114	69,705
Selling, general and administrative expenses	*1 *2 47,606	*1 *2 50,942
Operating profit	15,507	18,763
Non-operating income		
Interest income	1	2
Dividends income	118	107
Share of profit of entities accounted for using equity method	32	38
Subsidy income	276	142
Rent income	86	99
Gain on sales of scraps	155	122
Other	372	361
Total non-operating income	1,042	875
Non-operating expenses		
Interest expenses	95	82
Commission for purchase of treasury shares	–	68
Other	180	105
Total non-operating expenses	276	256
Ordinary profit	16,274	19,381
Extraordinary income		
Insurance income	–	*4 2,012
Total extraordinary income	–	2,012
Extraordinary losses		
Loss on sales and retirement of non-current assets	*3 209	*3 995
Fire loss	–	*4 2,104
Loss on valuation of investment securities	91	–
Impairment loss	–	*5 233
Total extraordinary losses	301	3,333
Profit before income taxes	15,972	18,060
Income taxes - current	5,291	6,405
Income taxes - deferred	(229)	(652)
Total income taxes	5,061	5,752
Profit	10,911	12,308
Profit attributable to non-controlling interests	133	96
Profit attributable to owners of parent	10,777	12,211

(Consolidated Statement of Comprehensive Income)

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	10,911	12,308
Other comprehensive income		
Valuation difference on available-for-sale securities	(498)	649
Remeasurements of defined benefit plans, net of tax	47	63
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(450)	713
Comprehensive income	10,461	13,021
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,327	12,924
Comprehensive income attributable to non-controlling interests	133	96

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2020

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,150	15,864	86,728	(5,094)	110,648
Changes of items during period					
Dividends of surplus			(3,348)		(3,348)
Profit attributable to owners of parent			10,777		10,777
Purchase of treasury share				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	7,429	(0)	7,428
Balance at end of current period	13,150	15,864	94,157	(5,095)	118,077

(Million yen)

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,260	(154)	1,106	443	112,198
Changes of items during period					
Dividends of surplus					(3,348)
Profit attributable to owners of parent					10,777
Purchase of treasury share					(0)
Net changes of items other than shareholders' equity	(498)	47	(450)	124	(326)
Total changes of items during period	(498)	47	(450)	124	7,102
Balance at end of current period	762	(106)	656	567	119,301

Fiscal year ended March 31, 2021

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,150	15,864	94,157	(5,095)	118,077
Changes of items during period					
Dividends of surplus			(3,390)		(3,390)
Profit attributable to owners of parent			12,211		12,211
Purchase of treasury share				(4,000)	(4,000)
Disposal of treasury shares		64		17	81
Cancellation of treasury shares		(440)	(3,019)	3,460	–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(376)	5,801	(522)	4,902
Balance at end of current period	13,150	15,487	99,959	(5,617)	122,980

(Million yen)

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	762	(106)	656	567	119,301
Changes of items during period					
Dividends of surplus					(3,390)
Profit attributable to owners of parent					12,211
Purchase of treasury share					(4,000)
Disposal of treasury shares					81
Cancellation of treasury shares					–
Net changes of items other than shareholders' equity	649	63	713	63	776
Total changes of items during period	649	63	713	63	5,679
Balance at end of current period	1,412	(42)	1,369	630	124,980

(4) Consolidated Statement of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	15,972	18,060
Depreciation	13,532	13,609
Impairment loss	–	233
Increase (decrease) in provision for bonuses	177	543
Increase (decrease) in provision for directors’ bonuses	7	47
Increase (decrease) in allowance for doubtful accounts	15	29
Increase (decrease) in provision for directors’ retirement benefits	(65)	82
Increase (decrease) in provision for executive officers’ retirement benefits	6	13
Increase (decrease) in net defined benefit liability	111	239
Loss (gain) on valuation of investment securities	91	–
Interest and dividends income	(120)	(109)
Interest expenses	95	82
Share of loss (profit) of entities accounted for using equity method	(32)	(38)
Loss (gain) on sales and retirement of non-current assets	201	985
Insurance income	–	(2,012)
Fire loss	–	2,104
Decrease (increase) in notes and accounts receivable - trade	4,272	(2,557)
Decrease (increase) in inventories	122	498
Decrease (increase) in accounts receivable - other	575	(95)
Increase (decrease) in notes and accounts payable - trade	(1,644)	1,875
Increase (decrease) in other assets/liabilities	(70)	1,139
Increase (decrease) in accrued consumption taxes	(361)	(165)
Other, net	449	471
Subtotal	33,339	35,039
Interest and dividend income received	120	109
Interest expenses paid	(100)	(82)
Proceeds from insurance income	–	2,012
Payments for fire loss	–	(120)
Income taxes paid	(5,588)	(5,143)
Net cash provided by (used in) operating activities	27,770	31,814
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,654)	(17,319)
Proceeds from sales of property, plant and equipment	162	43
Purchase of intangible assets	(529)	(390)
Payments for acquisition of businesses	–	(1,273)
Other, net	31	(191)
Net cash provided by (used in) investing activities	(10,989)	(19,131)

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Proceeds from long-term loans payable	6,099	17,567
Repayment of long-term loans payable	(15,738)	(22,974)
Purchase of treasury shares	(0)	(4,068)
Repayments of lease obligations	(2,645)	(2,186)
Cash dividends paid	(3,349)	(3,390)
Dividends paid to non-controlling interests	(9)	(33)
Net cash provided by (used in) financing activities	(15,643)	(15,086)
Net increase (decrease) in cash and cash equivalents	1,136	(2,403)
Cash and cash equivalents at beginning of period	19,151	20,288
Cash and cash equivalents at end of period	20,288	17,884

(5) Notes to Consolidated Financial Statements

Note to Going Concern Assumption

Not applicable

Consolidated Balance Sheet

Overdraft agreements and agreements for loan commitments

The Company and its consolidated subsidiaries have concluded overdraft agreements and agreements for loan commitments for the effective procurement of operating funds. The unexercised outstanding of loans as of the end of March 31, 2020 and 2021 under these agreements is as follows:

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Total of overdraft limit and loan commitments	55,150	55,150
Exercised outstanding	364	364
Difference	54,786	54,786

Consolidated Statement of Income

*1. Of selling, general and administrative expenses, the major expense items and their amounts are as follows:

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Promotion expenses	4,855	5,556
Warehousing and carrying charges	17,254	18,512
Remuneration for officers	513	644
Salaries for employees	7,733	8,264
Provision for reserve for bonuses to officers	102	152
Provision for reserve for bonuses	1,114	1,447
Retirement benefit expenses	431	475
Provision for reserve for officer’s retirement	116	141
Provision for reserve for executive officer’s retirement	13	18
Depreciation and amortization	3,370	3,506
Provision for allowance for doubtful accounts	15	38

*2. Total research and development costs included in selling, general and administrative expenses as well as manufacturing costs

(Million yen)

Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
1,229	1,195

*3. Details of loss on sales and retirement of non-current assets are as follows:

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
(Loss on retirement of non-current assets)		
Buildings and structures	8	478
Machinery, equipment and vehicles	44	261
Lease assets	–	45
Construction in progress	–	55
Other	82	152
Subtotal	136	994
(Loss on sales of non-current assets)		
Buildings and structures	17	–
Machinery, equipment and vehicles	0	1
Land	52	–
Other	3	0
Subtotal	73	1
Total	209	995

*4. Fire loss and Insurance claim income

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Loss of Inventories	–	49
Loss of non-current assets	–	1,653
Provision for expenses for asset removal	–	220
Other	–	180
Total	–	2,104

Insurance claim income of 2,012 million yen was recorded for the loss caused by a fire at the Company's Chubu Plant 1.

*5. Impairment loss

Fiscal year ended March 31, 2020

No impairment loss

Fiscal year ended March 31, 2021

The Group posted an impairment loss in the asset groups below.

Location	Use	Type	Impairment loss (Million yen)
Funabashi, Chiba	Warehouses	Buildings and structures	118
		Machinery, equipment and vehicles	14
		Other	9
Fukuyama, Hiroshima	Warehouses	Buildings and structures	87
		Machinery, equipment and vehicles	4
		Other	0

In principle, the Group's business assets are grouped according to region of plants. As for the Group's idle assets and leased assets, each property is a unit of grouping.

During the consolidated fiscal year under review, the Company decided to close the warehouses shown in the above table. As a result, the book value of the above warehouses was reduced to scrap value, and the reduction is posted as an impairment loss (233 million yen) in extraordinary losses. A breakdown of the extraordinary loss is as follows.

Segment Information

Fiscal year ended March 31, 2020 and fiscal year ended March 31, 2021

As the Group has a single segment of the simplified food container business, the description is omitted.

Per Share Information

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net assets per share	1,436.07	1,520.06
Net income per share	130.36	147.80

(Notes)

1. Diluted net income per share was not presented because there was no dilution for the fiscal year.
2. On October 1, 2020, the Company implemented a two-for-one common stock split. Net assets per share and net income per share were calculated assuming that the stock split was implemented at the beginning of the previous consolidated fiscal year.
3. The basis for estimating net income per share is as follows:

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit attributable to owners of parent (million yen)	10,777	12,211
Amount not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent and attributable to common stock (million yen)	10,777	12,211
Average number of common stocks outstanding during the year (thousands of shares)	82,679	82,624

Important Subsequent Events

Important capital investment

The Company resolved at the meeting of the Board of Directors held on April 28, 2021, to construct a new plant and a distribution center at the new facility.

1. Purpose of capital investment

By constructing the new plant, the Company aims to increase production capacity and optimize its production sites, with a focus on eco-friendly products, which have seen demand for them grow recently. In addition, a distribution center for the new facility will also be built on the premises. It will serve as a new logistics base in the Kinki area, which is a metropolitan area. The Company intends to reduce delivery times, hold down logistics costs, and facilitate both business continuity and the enhancement of supply stability in the event of a natural disaster.

2. Details of capital investment

Name:	FP Corporation Hyogo Plant and Distribution Center (tentative name)
Location:	Ono, Hyogo Pref.
Purpose of use:	Manufacturing plant and warehouse
Site area:	48,001.70 m^2
Total floor area:	Approximately 78,900 m^2
Structure:	Four story steel frame construction
Total investment amount:	Approximately 25.3 billion yen (Including acquisition price of land obtained in May 2020)

3. When the facilities will be introduced

Start of construction (plan): May, 2021

Completion of construction (plan): September, 2022

4. Important impacts which affect on our sales and production activates

The impact which affects the business result for the fiscal year ending March 31, 2022 is insignificant.

Omission of Notes

As the necessity of disclosing other notes to consolidated financial statements in these consolidated financial results is considered insignificant, the disclosure is omitted.

5. Other

(1) Change in Officers

Please refer to “Notice Regarding Changes in Officers” released on April 28, 2021.