April 28, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 <under Japanese GAAP>

Company name: FP Corporation
Stock exchange listing: Tokyo Stock Exchange
Stock code: 7947 URL: https://www.fpco.jp/
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Scheduled date for ordinary general meeting of shareholders: June 23, 2022
Scheduled date of commencement of dividend payment: June 6, 2022
Scheduled date for filing of securities report: June 24, 2022
Supplementary documents for financial results: Yes
Financial results briefing: None (A video is posted on the Company's website.)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(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, 2022	195,700	4.4	15,884	(15.3)	16,703	(13.8)	11,206	(8.2)
March 31, 2021	187,509	–	18,763	–	19,381	–	12,211	–

(Note) Comprehensive income: Fiscal year ended March 31, 2022: 11,118 million yen (-14.6%)
Fiscal year ended March 31, 2021: 13,021million yen (–%)

	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, 2022	136.96	–	8.8	6.6	8.1
March 31, 2021	147.80	–	10.0	7.9	10.0

(Reference) Shares of (profit) loss of entities accounted for using equity method: Fiscal year ended March 2022: 51 million yen
Fiscal year ended March 2021: 38 million yen

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	262,695	132,455	50.2	1,610.11
March 31, 2021	247,234	124,980	50.3	1,520.06

(Reference) Equity: As of March 31, 2022: 131,760 million yen
As of March 31, 2021: 124,349 million yen

(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, 2022	23,148	(22,866)	1,578	19,745
March 31, 2021	31,814	(19,131)	(15,086)	17,884

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, 2021	–	41.00	–	24.00	–	3,658	30.1	3.0
March 31, 2022	–	21.50	–	25.50	47.00	3,846	34.3	3.0
Fiscal year ending March 31, 2023 (forecast)	–	21.50	–	25.50	47.00		34.2	

(Note) The Company had a two-for-one split of its common stock, effective October 1, 2020. The dividend per share for the end of the second quarter for the year ended March 31, 2021 is the dividend per share before the stock split. The year-end dividend is a dividend after the stock split. The annual dividend is not stated because a simple calculation is impossible due to the stock split. The dividend for the end of the second quarter and annual dividend calculated using the basis for calculation after the stock split are 20.5 yen and 44.5 yen, respectively.

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

(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	103,410	6.2	5,050	(40.9)	5,400	(39.4)	3,560	(38.7)	43.50
Year ending March 31, 2023	212,000	8.3	16,400	3.2	17,000	1.8	11,230	0.2	137.23

* 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.: Yes
- (ii) Changes in accounting policies other than (i): No
- (iii) Changes in accounting estimates: No
- (iv) Restatement: No

(Note) For further details, see “4. Consolidated Financial Statements and Main Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 21 of the “Accompanying Materials.”

(3) Number of shares outstanding (common stock)
- (i) Number of shares outstanding at end of period (including treasury shares)
  As of March 31, 2022: 84,568,424 shares As of March 31, 2021: 84,568,424 shares
- (ii) Number of treasury shares at end of period
  As of March 31, 2022: 2,735,080 shares As of March 31, 2021: 2,762,648 shares
- (iii) Average number of shares outstanding during the period
  Fiscal year ended March 31, 2022: 81,824,854 shares Fiscal year ended March 31, 2021: 82,624,651 shares

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

(Reference) Overview of Non-Consolidated Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(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, 2022	158,233	4.5	9,906	(20.4)	16,531	19.2	13,236	39.8
March 31, 2021	151,398	–	12,451	–	13,873	–	9,471	–

	Net income per share (basic)	Net income per share (diluted)
Fiscal year ended	Yen	Yen
March 31, 2022	161.77	–
March 31, 2021	114.63	–

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

2. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the fiscal year under review. The Accounting Standard, etc. are applied retroactively to the figures for the fiscal year ended March 31, 2021. No year-on-year percentage changes are thus stated for the figures in the fiscal year ended March 31, 2021.

3. The difference between profit for the fiscal under review and that for the previous fiscal year among non-consolidated results of operations was generated mainly due to an increase of 4,946 million yen in dividend income from consolidated subsidiaries, which the Company posts as non-operating income. The dividend income is from consolidated subsidiaries and therefore does not affect consolidated financial results.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	238,616	108,133	45.3	1,321.39
March 31, 2021	223,343	98,633	44.2	1,205.71

(Reference) Equity: As of March 31, 2022: 108,133 million yen
As of March 31, 2021: 98,633 million yen

* 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 7.

(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 6, 2022.

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, 2022

1) Overview of Consolidated Results of Operations for the Fiscal Year Ended March 31, 2022

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

(Net sales)

Net sales for the consolidated fiscal year under review (from April 1, 2021 to March 31, 2022) increased 4.4% year on year, to 195,700 million yen, a new record high. Net sales of products manufactured by the Group rose 3.4% year on year to 151,770 million yen. Net sales of goods purchased increased 7.9% year on year to 43,929 million yen. The FPCO Group began to apply Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. in the fiscal year under review. Values obtained by retroactively applying the Accounting Standard for Revenue Recognition to the results of the fiscal year ended March 31, 2021 were used for calculating the year-on-year changes. Sales volume of products for the consolidated fiscal year under review increased 3.0% year on year.

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

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

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

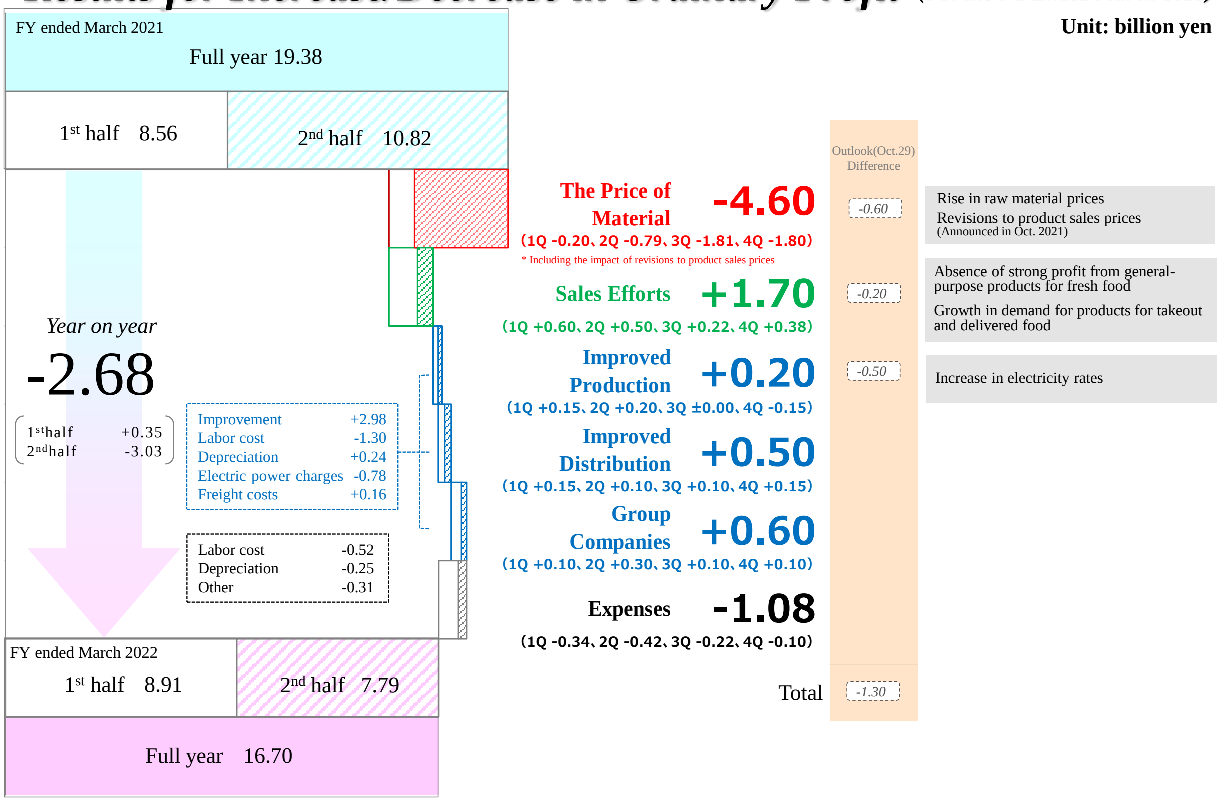
(Profits)

For the fiscal year under review, operating profit decreased 2,878 million yen or 15.3% year on year to 15,884 million yen, ordinary profit decreased 2,678 million yen (*1) or by 13.8% year on year to 16,703 million yen, ordinary profit before depreciation and amortization decreased 8.0% year on year to 30,340 million yen, and profit attributable to owners of parent decreased 8.2% year on year to 11,206 million yen. Factors for the increase of profits include the effect of product price revisions announced in October 2021, an increase in sales volumes of containers for takeout and delivered food, and the improvement effect of production and logistics sites. On the other hand, factors that decreased profits included a rise in raw material prices, higher electricity rates, and an increase in labor expenses. Further, insurance claim income of 2,362 million yen from the fire at the Chubu Plant 1 and gain on sales of non-current assets of 241 million yen associated with sales of assets of Group companies were posted as extraordinary income. On the other hand, a fire loss of 63 million yen for the increase in expenses that resulted from the fire, a loss on tax purpose reduction entry of non-current assets of 2,229 million yen related to the new plant that is under construction as the alternative asset to the plant lost in the fire, and retirement benefit expenses of 232 million yen resulting from a change in retirement plan and other losses were posted as extraordinary losses.

Ordinary profit for the fiscal year under review fell 1,300 million yen short of the internal forecast made when the revised plan announced on October 29, 2021 was formulated. This is attributed mainly to the continuing increase of raw material prices, cost increases resulting from the higher electricity rates, and a reactionary fall of shipments of general-purpose containers for fresh food from the previous consolidated fiscal year, offsetting an increase in profit that resulted from the product price revisions.

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

Results for Increase/Decrease in Ordinary Profit *(For the FY Ended March 2022)*



(Sales activities)

In sales activities, the Group makes proposals to contribute to the improvement of customers' productivity using containers, create value for customers using containers, and as a result, contribute to the increase of their income. Also, the Group is promoting its products in the market for takeout and delivered food, in addition to stepping up initiatives for existing customers by studying their needs more closely and discovering new markets such as those for hospital food, nursing care food, and frozen food.

At FPCO Fair 2022, which was held from March 23 to 25, 2022 with the theme, "the obvious choice," the Group presented far-sighted proposals to customers in response to good prices rising due to high oil prices and supply chain disruptions caused by the COVID-19 pandemic. Included were proposals for operating cost reductions that can be achieved through containers, for environmentally friendly strategies which will help customers achieve environmentally friendly operations, for enabling customers' products to sell well, and for expanding into frozen food sales spaces.

To capture new demand, the Group is advancing initiatives including the lineup enhancement of the Pack Market e-commerce site offering packaging materials, and measures for improving its visibility including Web marketing and corporate communication activities via Instagram, YouTube, LINE, and other social media.

(Production)

The production sector is striving to improve productivity through initiatives that include improvements in capacity utilization and the promotion of automation. As of March 31, 2022, the Company operates 67 pieces of automated equipment on 95 production process lines. In addition, the Group is advancing initiatives for improving quality through the acquisition of certification under FSSC 22000, an international standard on food safety management. The Company also promotes safety training including hazard simulation training.

Kansai Plant is being constructed (due to be completed in September 2022), with the aim of responding to future growth in demand and stable product supply. In addition to newly constructed production lines, the Group will move approximately 30% of its production capacity in Fukuyama to the new plant, which will be responsible for production for the Kinki region, which is a Major Metropolitan Area. The Group will construct Pico House No.5, a dormitory for single employees (140 units; planned to be completed in September 2022), near the plant to secure human resources. The Group is also making progress with the construction of a new plant (due to be completed in May 2022) to replace Chubu Plant 1, which was damaged in a fire on November 30, 2020, with the intention of meeting growing demand in the Chubu region and improving productivity through automation and other initiatives. Further, the Group plans to acquire new land in Bando-shi, Ibaraki in July 2022 (sales contract signed in April 2022; site area: 51,810 m2). The Group is considering the construction of a production plant and a distribution center on the land, aiming to secure sufficient production capacity and storage capacity that will ensure stable supply to the Tokyo Metropolitan Area over the medium to long term.

(Logistics)

The Group has increased the ratio of use of its own trucks and increased the loading efficiency of each truck in an effort to cut logistical expenses.

For operations in the warehouse, the Group has continued to bolster its initiatives to save labor and streamline the operations, including the introduction of unmanned carriers (automated guided vehicles: AGVs) and autonomous forklifts (automated guided forklifts) and the use of a voice picking system and pallet transportation.

To respond to future growth in demand and ensure stable product supply, the Group expanded the Chubu Hub Center (completed in September 2021), which is equipped with an automated sorter shipment system which sorts products according to their delivery areas. As a result of the start of operations at Chubu Hub Center, approximately 75% of all shipments across Japan are sorted by an automated sorter shipment system, helping reduce loading and unloading costs and shorten loading times. In addition to the Kansai Hub Center (due to be completed in September 2022) that is being constructed adjacent to the Kansai Plant, the Group also plans to acquire a separate piece of land (sales contract signed in March 2022; site area: 29,130 m2) that is approx. 300 meters away from the Kansai Plant and Kansai Hub Center. The Group is considering the construction of a new sorting and distribution center on the property. These investments will result in the completion of a logistics network that covers 70% of the total population, including the populations of major cities, within a 150 km radius of each of the distribution centers of the Group's facilities all over Japan (Hokkaido, Tohoku, Kanto, Hachioji, Tokai, Chubu, Kansai, Fukuyama, and Kyushu).

[Overview of the new plants and hub centers]

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

(Initiatives aimed at realizing a recycling-based society)

The FPCO Group considers climate change and marine plastic waste to be material issues that must be addressed, and promotes the following initiatives to resolve them.

(a) Promotion of recycling

The Group works to seriously address recycling throughout the Group. In 1990, the Group embarked on circular recycling using the FPCO method with collection boxes at six collection points in supermarkets. Thanks to the understanding and cooperation of consumers, the number of used container collection points exceeded 10,000 as of March 31, 2022. Combined with the system for segregation and collection based on the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging that was established in 1997, the above voluntary initiative of the Group has taken root as part of the social infrastructure for making effective use of used containers as resources.

Against the backdrop of the recent rise in environmental awareness, labelling (*2) signaling consideration for the environment and contribution to the SDGs is rapidly becoming more widely used in retail spaces and the Group's products also convey through display of the Eco Mark symbol on environmentally friendly products (Eco Tray, Eco APET containers and Eco OPET containers) and the printing of the words "Recycled from PET bottles" that used containers are recycled into new ones. Prompted by such developments, enquiries about eco-friendly products which contribute to the reduction of CO2 emissions have

increased even more and the ratio of sales volume of eco-friendly products to the total sales volume of the Group reached 44% during the fiscal year under review.
As retailers promote target-setting and initiatives for the conservation of resources, the Group is working to reduce plastic usage whilst maintaining the functionality of containers through measures such as sales expansion of environmentally friendly products made from recycled materials as well as proposals to switch existing products with products made from foam material to use less plastic.

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

(b) Initiatives to address climate change issues
The Group promotes the reduction of CO2 emissions throughout the supply chain by selling eco-friendly products which effectively reduce CO2 emissions by 30% compared to petroleum-derived products. The Group has also set medium- to long-term targets related to the reduction of greenhouse gas emissions to achieve the carbon neutrality of its businesses by 2050 and is implementing initiatives to reduce CO2 emissions, including the introduction of renewable energy and energy-efficient equipment and the activities of working groups that have been set up in each sector.
Regarding the introduction of renewable energy, the solar power generation facilities installed at the Kanto Eco PET Plant and the Kanto Yachiyo Plant began operating in March 2022. Moving forward, solar power generation will be expanded to the Chubu and Kansai areas. 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%.
The Company expressed its support for the TCFD Recommendations in March 2022. Through disclosures based on the TCFD Recommendations, the Company announces information about its governance, strategies, and other matters aimed at achieving these targets.

(c) Initiatives taken through the FP Corporation Environment Fund
The Company launched The FP Corp. Environment Fund in March 2020 to extend financing to organizations which engage in activities from a variety of different angles in the three areas of the protection of the environment, environmental education and research and activities to resolve issues surrounding food and to provide food support, aiming to build a sustainable society together with people from local communities. In the fiscal year ended March 31, 2022, the Company subsidized 14 organizations. In addition, the Group's employees also participated in those organizations' activities, thus accelerating initiatives to solve environmental problems.

(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 is studying chemical recycling in collaboration with DIC Corporation for cradle-to-cradle recycling of expanded polystyrene containers. This is aimed at ultimately recycling colored and patterned expanded polystyrene containers, which

would be recycled into daily necessities, sundry goods, and other items, into the Company's products by recycling them into styrene monomer, which is a raw material of polystyrene.

As part of measures to expand the product lineup, the Company launched paper trays in April 2021 in addition to biomass-based plastic products containing 25% of a plant-derived raw material, which were launched in June 2020, and FP CHUPA Corporation launched paper containers with detachable folding lids in December 2021 and donburi-type paper containers in February 2022. The Company, FP CHUPA Corporation, and FP Trading Co., Ltd. have acquired an FSC® certification (FSC®C163782) at all of their sales offices and plants for manufacturing paper products. The Group will strive to provide its business partners and other stakeholders with accurate information about characteristics of these alternative materials, their environmental impact, and other aspects.

The Group will continue expanding the research and studies of recycling methods and collecting information about new materials, such as paper and biomass materials, as alternatives to the use of petroleum-derived plastics, by assuming that technologies will continue to progress. At the same time, the Group will develop containers with low environmental impact, with the aim of achieving a recycling-based society and building a sustainable society.

(Initiatives on ESG and SDGs)

The Group is enhancing initiatives related to human rights, governance and disclosure of a wider range of information, in addition to promoting the FPCO Method Recycling and employment of workers with disabilities. The Group also strives to create a working environment that is friendly to workers in consideration of tasks in which employees with disabilities can play fulfilling roles, and aims to hire more workers with disabilities with a view to enhancing diversity. As of March 2022, 12.6% of employees had disabilities in the FPCO Group. Further, in association with initiatives to expand occupational domains of female employees, to aid women in remaining employed, and to increase the number of women in managerial positions, the Company published its general employers action plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace on the Ministry of Health, Labour and Welfare's database of companies promoting the active participation and career advancement of women. The Company set the target ratio of female employees for the main career track at 30% or more among all employees to be hired from 2022 onwards. The Company has also set the target number of female managers at 50 or more and the target percentage of childcare leave taken by male employees at 30% or higher. The Company is implementing a range of initiatives to achieve these targets by 2026.

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.

In addition, the Company provides containers to children's cafeterias by working together with its business partners. Since May 2020, the Company has made nine donations totaling 752,280 sets of containers for packed lunches and soup.

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

2) Overview of Financial Situation in the Fiscal Year Ended March 31, 2022

Consolidated assets at the end of the fiscal year under review totaled 262,695 million yen, up 15,461 million yen from the end of the previous fiscal year. That was mainly due to an increase in notes and accounts receivable – trade of 2,154 million yen, which is attributed mainly to an increase in net sales, and an increase in property, plant and equipment of 9,217 million yen, which mainly reflects the expansion of warehouses at the Chubu Hub Center and the construction of the Kansai Plant and the Kansai Hub Center.

Consolidated liabilities amounted to 130,239 million yen, up 7,986 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in accounts payable – trade of 2,696 million yen, which is attributed chiefly to a rise in raw material prices, and an increase in loans payable (short-term loans payable and long-term loans payable) of 6,873 million yen largely attributable to borrowing for capital expenditure.

Consolidated net assets totaled 132,455 million yen, up 7,475 million yen from the end of the previous fiscal year. This change mainly reflected the profit attributable to owners of parent of 11,206 million yen and dividends of surplus of 3,722 million yen.

3) Overview of Cash Flows in the Fiscal Year Ended March 31, 2022

Consolidated cash and cash equivalents (hereinafter, "cash") at the end of the fiscal year under review totaled 19,745 million yen, up 1,860 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 23,148 million yen, down 8,666 million yen from a year earlier.

This reflected a cash increase due mainly to profit before income taxes of 16,458 million yen, depreciation of 13,636 million yen, an increase in notes and accounts payable - trade of 2,696 million yen, and insurance claim income of 2,362 million yen, as well as a cash decrease following an increase in notes and accounts receivable - trade of 2,144 million yen, an increase in inventories of 1,884 million yen and income taxes paid of 7,102 million yen, among others.

(Cash flows from investing activities)

Net cash used in investing activities was 22,866 million yen, up 3,734 million yen from the previous fiscal year. This was due mainly to the construction of the Kansai Plant and the Kansai Hub Center and 23,246 million yen spent on the purchase of property, plant and equipment in connection with production equipment.

(Cash flows from financing activities)

Net cash provided by financing activities came to 1,578 million yen (an increase of 16,665 million yen from a year earlier). This primarily reflected proceeds from long-term loans payable of 24,000 million yen, repayment of long-term loans payable of 17,126 million yen, repayment of lease obligations of 1,538 million yen and cash dividends paid of 3,723 million yen.

(2) Projections

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

Regarding raw materials, the price of polystyrene, a main material for the Group's products, rose three times, in April, July and October 2021. In response, the Company announced and implemented price revisions of products manufactured by the Company in October 2021. However, the prices of raw materials as a whole later increased at a rate much higher than expected due to a very sharp rise in crude oil prices reflecting the Russo-Ukraine situation, the subsequent surge in the prices of domestically produced naphtha and benzene, and the weaker yen. Additionally, the cost of power consumed mainly by production equipment has also been rising at an unprecedented rate in recent years. In these circumstances, the Group has engaged in streamlining initiatives across all of its operations including automation in its production operations, the improvement of carrying efficiency in its logistics operations, and ensuring an appropriate number of product items, in addition to expanding procurement volumes of used containers and other recovered raw materials. However, because it is extremely difficult to absorb the steep rise in raw material prices and electricity costs through its internal efforts, the Group has announced price revisions for all of the products it manufactures itself to increase prices 15% or more starting from products to be shipped on June 1, 2022.

On the sales front, further growth in demand for environmentally friendly products and products which use less plastic is forecast against the backdrop of rising environmental awareness. The takeout and delivered food market, the frozen food market, and the market for hospital meals and meals served at nursing care facilities, which are new markets, are expected to expand further and become more firmly established. In the frozen food market, the Company proposes products that cater to customer needs, including Multi FP containers featuring cold and heat resistance, Eco OPET containers that are resistant to breakage even when they are subject to shock in a frozen environment, and cold-resistant PPi-talc containers that enable the use of less plastic than conventional containers.

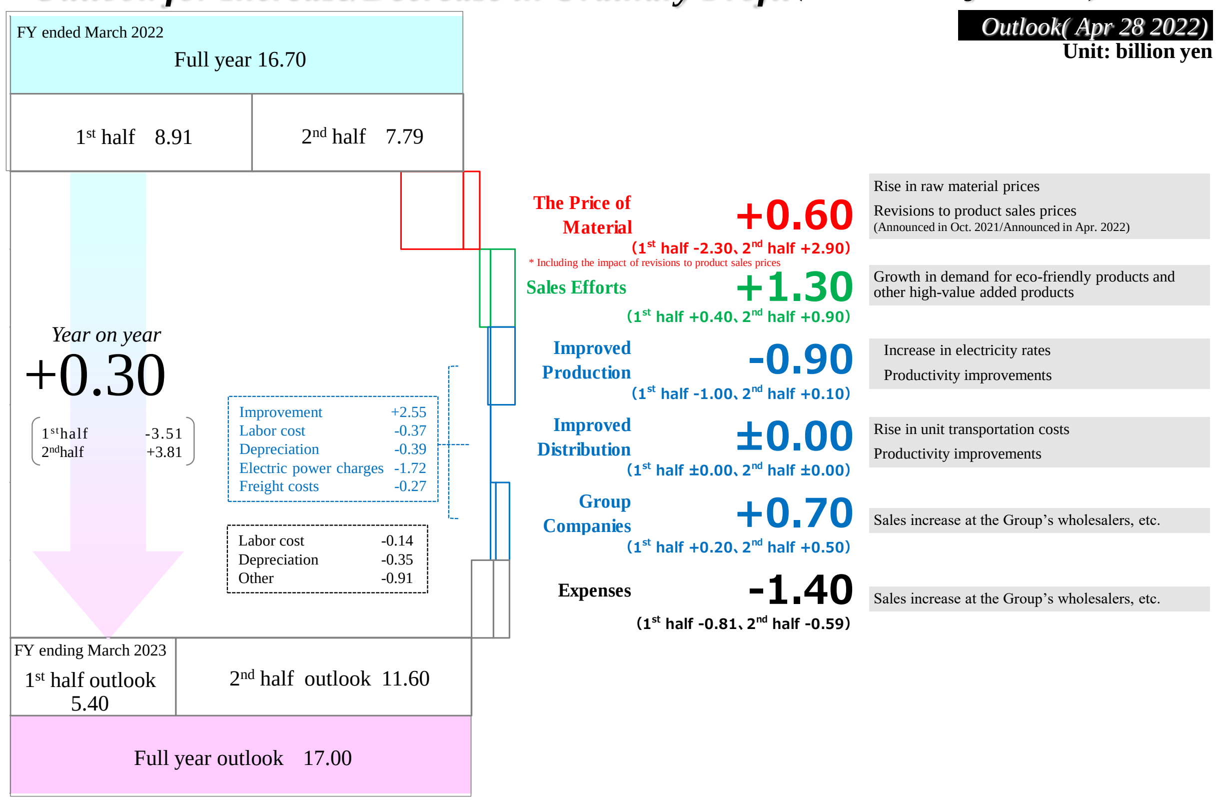
The Group will reorganize to improve its corporate value. Effective July 1, 2022, FP Trading Co., Ltd. (hereinafter, "FP Trading") and FPCO Miyako Himo Co., Ltd. (hereinafter, "FPCO Miyako Himo") will implement an absorption-type merger, with FP Trading being the surviving company. FPCO Miyako Himo's sales network with packaging material wholesalers and with users downstream from these wholesalers will be combined with the product merchandising and procurement capabilities of FP Trading. It is believed that this will enable the Group to propose products in accordance with customer needs and contribute to the increase of sales of materials and consumables.

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.

For the consolidated fiscal year ending March 31, 2023, the Group forecasts that it will achieve net sales of 212,000 million yen, up 8.3% year on year, operating profit of 16,400 million yen, up 3.2%, ordinary profit of 17,000 million yen, up 1.8%, and profit attributable to owners of parent of 11,230 million yen, up 0.2%. (*3) The forecast mentioned above reflects judgments based on currently available information, and actual financial results and position may be affected by various other factors. Information that should be disclosed will be announced as soon as it arises.

(*3) Forecasts on increase/decrease of ordinary profit

Outlook for Increase/Decrease in Ordinary Profit *(For the FY Ending March 2023)*



(Explanations of terms)

Eco Tray:	A recycled, expanded polystyrene container for which polystyrene containers collected at supermarkets or similar places and scrap pieces collected within plants are used as raw materials (sales commenced in 1992).
Eco APET container:	A recycled polyethylene terephthalate (PET) transparent container for which PET transparent containers collected at supermarkets or similar places, PET bottles, and scrap pieces collected within plants are used as raw materials. Heat resistance temperature of +60ºC (sales commenced in 2012).
Eco OPET container:	A recycled OPET transparent container molded from the bi-axially oriented PET sheets, which use the same raw materials as an Eco APET container. Superior oil resistance and high transparency, with the same thermal insulation as the OPS transparent container (a conventional transparent container molded from the bi-axially oriented polystyrene sheets). Heat resistance temperature of +80ºC (sales commenced in 2016).
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. It can be used for a wide range of purposes, from storage in a freezer to cooking in a microwave (sales commenced in 2010).
Cold-resistant PPi-talc container:	A container featuring the use of less plastic than conventional cold-resistant PP filler containers while maintaining the strength (sales commenced in 2022)
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%.

To ensure the sustainable and stable payment of dividends, we have decided to pay an interim dividend of 21.5 yen per share and plan to pay a year-end dividend of 25.5 yen per share for the fiscal year under review. As a result, the consolidated payout ratio is 34.3%. For the next fiscal year, we will be paying a dividend of 47 yen per share to ensure the continuity of dividend payments as in the fiscal year under review, expecting a consolidated payout ratio of 34.2%.

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. We are also 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) Suggestions on marketing and value creation

Amid the COVID-19 pandemic, consumer purchasing behaviors changed significantly, resulting in growth of the market for takeout and delivered food and the frozen food market. 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 CO2 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 prolonged COVID-19 pandemic and the increase of natural disasters have 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 its business activities centering on FPCO recycling methods such as "Tray to Tray" and "Bottle to Tray" and works to promote the reduction of CO2 emissions from the entire supply chain through the sale of eco-friendly products, which effectively reduce CO2 emissions by 30% compared to petroleum-derived products. The Company has also set medium- to long-term targets related to the reduction of greenhouse gas emissions to achieve the carbon neutrality of the Group's businesses by 2050. It is engaged in initiatives to reduce CO2 emissions, including the introduction of renewable energy and energy-efficient equipment and the activities of working groups that have been set up in each sector.

Regarding the introduction of renewable energy, solar power generation facilities that have been installed at the Kanto Eco PET Plant and the Kanto Yachiyo Plant began operating in March 2022. Moving forward, solar power generation will be expanded to the Chubu and Kansai areas. This will enable the use of renewable energy for all processes of manufacturing recycled materials at our used tray recycling plants (Kanto, Chubu, and Fukuyama) and is expected to increase the CO2 reduction effect of eco trays from 30% to 37%.

We expressed our support for the TCFD Recommendations in March 2022. Through disclosures based on the TCFD Recommendations, the Company announces information about its governance, strategies, and other matters aimed at achieving these targets.

Furthermore, through the design and development of environment-conscious products with one of the lowest levels of environmental impact in the industry, we engage in initiatives to reduce and recycle industrial waste created through business activities. In addition, through The FP Corp. Environment Fund that was established in March 2020, we extend financing to NPOs and other organizations focused on environmental protection and other issues. The Group's employees also participate in these organizations' activities, with the goal of establishing a sustainable society together with people from local communities.

(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 logistics 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.

(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 the development of products targeting the market for takeout and delivered food and the frozen food market, which are new markets, the Group is advancing initiatives to capture new demand, including the enhancement of product lines offered on the Pack Market e-commerce site offering packaging materials and measures for improving its visibility such as Web marketing and corporate communication activities via Instagram, YouTube, LINE, and other social media platforms.

(viii) Establishment of a comfortable work environment

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.

Based on this awareness, we are pushing forward with initiatives to enable employees to work in diverse ways in accordance with their lifestyles. They include the introduction of a program for commuting outside rush hour, an obligation to take paid leave for five consecutive days, the introduction of an hourly paid leave program, and the introduction of a program that permits employees to choose their mandatory retirement age from 60 to 65.

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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	17,884	19,745
Notes and accounts receivable - trade	36,761	38,915
Merchandise and finished goods	19,500	20,576
Work in process	93	109
Raw materials and supplies	2,802	3,594
Accounts receivable - other	2,987	3,872
Other	640	689
Allowance for doubtful accounts	(29)	(27)
Total current assets	80,641	87,477
Non-current assets		
Property, plant and equipment		
Buildings and structures	140,321	145,752
Accumulated depreciation	(63,735)	(67,110)
Buildings and structures, net	76,585	78,641
Machinery, equipment and vehicles	75,820	80,908
Accumulated depreciation	(43,823)	(49,332)
Machinery, equipment and vehicles, net	31,996	31,576
Land	36,221	36,243
Lease assets	9,254	5,595
Accumulated depreciation	(7,276)	(3,769)
Lease assets, net	1,977	1,825
Construction in progress	3,291	11,096
Other	21,339	21,594
Accumulated depreciation	(16,797)	(17,146)
Other, net	4,542	4,448
Total property, plant and equipment	154,615	163,832
Intangible assets		
Goodwill	694	413
Other	1,364	1,215
Total intangible assets	2,059	1,629
Investments and other assets		
Investment securities	4,699	4,569
Deferred tax assets	3,992	3,942
Other	1,312	1,320
Allowance for doubtful accounts	(86)	(76)
Total investments and other assets	9,918	9,756
Total non-current assets	166,592	175,218
Total assets	247,234	262,695

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	21,184	23,881
Short-term loans payable	16,326	14,134
Commercial papers	18,000	18,000
Lease obligations	1,289	1,144
Accounts payable–other	8,102	6,677
Income taxes payable	4,308	2,192
Accrued consumption taxes	1,308	771
Provision for bonuses	2,911	2,768
Provision for directors' bonuses	152	166
Provision for fire loss	220	–
Other	4,722	7,069
Total current liabilities	78,527	76,807
Non-current liabilities		
Long-term loans payable	36,966	46,031
Lease obligations	877	863
Provision for directors' retirement benefits	640	776
Provision for executive officers' retirement benefits	51	73
Net defined benefit liability	4,635	5,191
Other	555	495
Total non-current liabilities	43,726	53,432
Total liabilities	122,253	130,239
Net assets		
Shareholders' equity		
Common stock	13,150	13,150
Capital surplus	15,487	15,545
Retained earnings	99,959	107,443
Treasury shares	(5,617)	(5,561)
Total shareholders' equity	122,980	130,577
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,412	1,283
Remeasurements of defined benefit plans	(42)	(100)
Total accumulated other comprehensive income	1,369	1,182
Non-controlling interests	630	695
Total net assets	124,980	132,455
Total liabilities and net assets	247,234	262,695

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

(Consolidated Statements of Income)

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	187,509	195,700
Cost of sales	*2 123,588	*2 133,028
Gross profit	63,920	62,671
Selling, general and administrative expenses	*1 *2 45,157	*1 *2 46,787
Operating profit	18,763	15,884
Non-operating income		
Interest income	2	1
Dividends income	107	115
Share of profit of entities accounted for using equity method	38	51
Subsidy income	142	143
Rent income	99	93
Gain on sales of scraps	122	141
Other	361	451
Total non-operating income	875	998
Non-operating expenses		
Interest expenses	82	69
Commission for purchase of treasury shares	68	–
Other	105	110
Total non-operating expenses	256	180
Ordinary profit	19,381	16,703
Extraordinary income		
Gain on sales of non-current assets	–	*3 241
Insurance income	*5 2,012	*5 2,362
Total extraordinary income	2,012	2,603
Extraordinary losses		
Loss on sales and retirement of non-current assets	*4 995	*4 324
Loss on tax purpose reduction entry of non-current assets	–	*5 2,229
Fire loss	*5 2,104	*5 63
Impairment loss	*6 233	–
Retirement benefit expenses	–	232
Total extraordinary losses	3,333	2,849
Profit before income taxes	18,060	16,458
Income taxes - current	6,405	5,021
Income taxes - deferred	(652)	132
Total income taxes	5,752	5,153
Profit	12,308	11,304
Profit attributable to non-controlling interests	96	98
Profit attributable to owners of parent	12,211	11,206

(Consolidated Statement of Comprehensive Income)

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	12,308	11,304
Other comprehensive income		
Valuation difference on available-for-sale securities	649	(129)
Remeasurements of defined benefit plans, net of tax	63	(57)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	713	(186)
Comprehensive income	13,021	11,118
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,924	11,019
Comprehensive income attributable to non-controlling interests	96	98

(3) Consolidated Statement of Changes in Equity

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

Fiscal year ended March 31, 2022

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,150	15,487	99,959	(5,617)	122,980
Changes of items during period					
Dividends of surplus			(3,722)		(3,722)
Profit attributable to owners of parent			11,206		11,206
Purchase of treasury share				(0)	(0)
Disposal of treasury shares		57		56	113
Net changes of items other than shareholders' equity					
Total changes of items during period	–	57	7,484	55	7,597
Balance at end of current period	13,150	15,545	107,443	(5,561)	130,577

(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	1,412	(42)	1,369	630	124,980
Changes of items during period					
Dividends of surplus					(3,722)
Profit attributable to owners of parent					11,206
Purchase of treasury share					(0)
Disposal of treasury shares					113
Net changes of items other than shareholders' equity	(129)	(57)	(186)	64	(122)
Total changes of items during period	(129)	(57)	(186)	64	7,475
Balance at end of current period	1,283	(100)	1,182	695	132,455

(4) Consolidated Statement of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	18,060	16,458
Depreciation	13,609	13,636
Impairment loss	233	–
Increase (decrease) in provision for bonuses	543	(143)
Increase (decrease) in provision for directors’ bonuses	47	14
Increase (decrease) in allowance for doubtful accounts	29	(12)
Increase (decrease) in provision for directors’ retirement benefits	82	135
Increase (decrease) in provision for executive officers’ retirement benefits	13	22
Increase (decrease) in net defined benefit liability	239	555
Interest and dividends income	(109)	(117)
Interest expenses	82	69
Share of loss (profit) of entities accounted for using equity method	(38)	(51)
Loss (gain) on sales and retirement of non-current assets	985	67
Loss on tax purpose reduction entry of non-current assets	–	2,229
Insurance income	(2,012)	(2,362)
Fire loss	2,104	63
Decrease (increase) in notes and accounts receivable - trade	(2,557)	(2,144)
Decrease (increase) in inventories	498	(1,884)
Decrease (increase) in accounts receivable - other	(95)	(624)
Increase (decrease) in notes and accounts payable - trade	1,875	2,696
Increase (decrease) in other assets/liabilities	1,139	(151)
Increase (decrease) in accrued consumption taxes	(165)	(786)
Other, net	471	507
Subtotal	35,039	28,179
Interest and dividend income received	109	117
Interest expenses paid	(82)	(68)
Proceeds from insurance income	2,012	2,362
Payments for fire loss	(120)	(339)
Income taxes paid	(5,143)	(7,102)
Net cash provided by (used in) operating activities	31,814	23,148
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,319)	(23,246)
Proceeds from sales of property, plant and equipment	43	743
Purchase of intangible assets	(390)	(300)
Payments for acquisition of businesses	(1,273)	–
Other, net	(191)	(62)
Net cash provided by (used in) investing activities	(19,131)	(22,866)

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Proceeds from long-term loans payable	17,567	24,000
Repayment of long-term loans payable	(22,974)	(17,126)
Purchase of treasury shares	(4,068)	(0)
Repayments of lease obligations	(2,186)	(1,538)
Cash dividends paid	(3,390)	(3,723)
Dividends paid to non-controlling interests	(33)	(33)
Net cash provided by (used in) financing activities	(15,086)	1,578
Net increase (decrease) in cash and cash equivalents	(2,403)	1,860
Cash and cash equivalents at beginning of period	20,288	17,884
Cash and cash equivalents at end of period	17,884	19,745

(5) Notes to Consolidated Financial Statements

Note to Going Concern Assumption

Not applicable

Changes in Accounting Policies

Application of Accounting Standard for Revenue Recognition, Etc.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Because of the change in accounting policy, net sales in the previous fiscal year decreased 9,441 million yen compared with before the accounting standard is applied retroactively. Cost of sales and selling, general and administrative expenses fell 3,656 million yen and 5,784 million yen, respectively. As a result, operating profit, ordinary profit, and profit before income taxes remain unchanged.

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, 2021 and 2022 under these agreements is as follows:

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Total of overdraft limit and loan commitments	55,150	50,150
Exercised outstanding	364	364
Difference	54,786	49,786

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, 2021	Fiscal year ended March 31, 2022
Warehousing and carrying charges	18,182	18,571
Remuneration for officers	644	782
Salaries for employees	8,264	8,744
Provision for reserve for bonuses to officers	152	166
Provision for reserve for bonuses	1,447	1,344
Retirement benefit expenses	475	417
Provision for reserve for officer’s retirement	141	135
Provision for reserve for executive officer’s retirement	18	22
Depreciation and amortization	3,506	3,715
Provision for allowance for doubtful accounts	38	(9)

*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, 2021	Fiscal year ended March 31, 2022
1,195	1,154

*3. Details of gain on sales of non-current assets are as follows:

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Land	–	241
Total	–	241

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

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
(Loss on retirement of non-current assets)		
Buildings and structures	478	1
Machinery, equipment and vehicles	261	1
Land	–	29
Lease assets	45	–
Construction in progress	55	–
Other	152	0
Subtotal	994	33
(Loss on sales of non-current assets)		
Buildings and structures	–	169
Machinery, equipment and vehicles	1	40
Other	0	81
Subtotal	1	290
Total	995	324

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

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

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

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

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Loss of inventories	49	–
Loss of non-current assets	1,653	–
Provision for expenses for asset removal	220	(5)
Other	180	69
Total	2,104	63

*6. 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.

The table above shows a breakdown of the extraordinary loss.

Fiscal year ended March 31, 2022

Not applicable

Revenue Recognition

A breakdown of revenue generated from contracts with customers

Fiscal year ended March 31, 2022

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

Product line	Net sales (million yen)	YoY (%)
Products		
Trays	39,244	100.5
Lunchboxes and prepared food containers	109,134	104.3
Other products	3,391	110.9
Subtotal	151,770	103.4
Goods		
Packaging materials	41,935	107.4
Other goods	1,994	118.7
Subtotal	43,929	107.9
Total	195,700	104.4

Segment Information

Fiscal year ended March 31, 2021 and fiscal year ended March 31, 2022

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, 2021	Fiscal year ended March 31, 2022
Net assets per share (yen)	1,520.06	1,610.11
Net income per share (yen)	147.80	136.96

(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 income per share was 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, 2021	Fiscal year ended March 31, 2022
Profit attributable to owners of parent (million yen)	12,211	11,206
Amount not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent and attributable to common stock (million yen)	12,211	11,206
Average number of common stocks outstanding during the year (thousands of shares)	82,624	81,824

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

Important Subsequent Events

Not applicable

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 Representative Director, etc.” released on April 28, 2022.