January 29, 2020

Consolidated Financial Results for the Nine Months Ended December 31, 2020

Company name:	FP Corporation		
Stock exchange listing:	Tokyo Stock Exchange		
Stock code:	7947	URL:	https://www.fpco.jp/
Representative:	Morimasa Sato, Representative Director, President		
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Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho):	February 4, 2020
Scheduled date for commencement of dividend payments:	–
Supplementary documents for quarterly results:	Yes
Quarterly results briefing:	None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2020 (April 1, 2020 – December 31, 2020)

(1) Consolidated Results of Operations

(Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Period ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2020	151,658	5.0	15,467	20.7	15,904	19.5	10,608	20.7
December 31, 2019	144,378	2.5	12,810	10.1	13,311	10.1	8,786	0.8

(Note) Comprehensive income: Period ended December 31, 2020: 11,150 million yen (24.0%)
Period ended December 31, 2019: 8,989 million yen (9.9%)

	Net income per share (basic)	Net income per share (diluted)
Period ended	Yen	Yen
December 31, 2020	128.29	–
December 31, 2019	106.27	–

(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
December 31, 2020	258,915	127,108	48.9	1,529.51
March 31, 2020	242,497	119,301	49.0	1,436.07

(Reference) Equity: As of December 31, 2020: 126,489 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.

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	–	40.00	–	41.00	81.00
Year ending March 31, 2021	–	41.00	–		
Year ending March 31, 2021 (forecast)				24.00	–

(Note) 1. Revisions to dividend forecasts published most recently: Yes
2. 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 43 yen while the annual dividend will be 84 yen.

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending March 31, 2021	196,000	5.2	18,500	19.3	19,200	18.0	12,100	12.3	146.32

(Note) 1. Revisions to consolidated business performance forecasts published most recently: Yes
2. On October 1, 2020, the Company implemented a two-for-one common stock split. The net income per share above reflect the stock split. If the stock split is not taken into account, net income per share is 292.65 yen.

* Notes

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

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

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

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

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

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

As of December 31, 2020:	84,568,424 shares
As of March 31, 2020:	88,568,424 shares

(ii) Number of treasury shares at end of period:

As of December 31, 2020:	1,868,948 shares
As of March 31, 2020:	5,888,810 shares

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

Nine Months ended December 31, 2020: 82,691,573 shares
Nine Months ended December 31, 2019: 82,679,746 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, 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.

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

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

(Notes on forward-looking statements)

Descriptions regarding the future, such as the forecast of financial results herein, are calculated based on the information which is available to the Company as of the date hereof. Please note that actual results may be different due to various factors such as subsequent changes in business environment. For assumptions underlying the forecasts and notes to the use of the forecasts, please refer to "1. Qualitative Information Relating to Consolidated Results of Operations for the First Three Quarters Ended December 31, 2020; (3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results" on page 8 of the "Accompanying Materials."

(How to obtain supplementary documents for quarterly results)

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

Accompanying Materials – Contents

1. Qualitative Information Relating to Consolidated Results of Operations for the First Three Quarters Ended December 31, 2020

(1) Explanation of Financial Results

The Group ensures the Hands-on Approach and Customer-First Concept as its source and practices the three basic pillars of a manufacturer, that is, “reliably deliver the most environmentally friendly products of the highest quality at the most competitive prices whenever they are needed.” In 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."

(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. Regarding property damage, the building, mainly the electric room and material yard, were damaged by the fire. In addition, eight lines of molding machines in the molding section were damaged by hot air and a water cannon. However, 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.

The fire at Chubu Plant 1 broke out in its power receiving equipment. Therefore, to prevent its recurrence, the Company will review the replace-by date of the equipment at its plants all over Japan and replace it one by one. At the same time, it will review the 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.

(Influence of COVID-19)

In the first nine months (from April 1 to December 31, 2020), 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, shipment has continued to trend upward.

Shipment of containers for convenience stores has remained in a downward trend 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 business transfer 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, the Group expects a lot of synergy 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 to be enabled by a shift from the use of consolidated cargo services to the use of its own trucks. Because the business transfer on October 1 was completed without issue, it has generated greater-than-expected profit from the first month after the transfer.

(Net sales)

Net sales for the first nine months of the consolidated fiscal year under review stood at 151,658 million yen, up 7,279 million yen or 5.0% year on year, marking a record high. Net sales of products manufactured by the Group rose 6.2% year on year to 117,233 million yen. Net sales of goods purchased increased 1.4% year on year to 34,424 million yen.

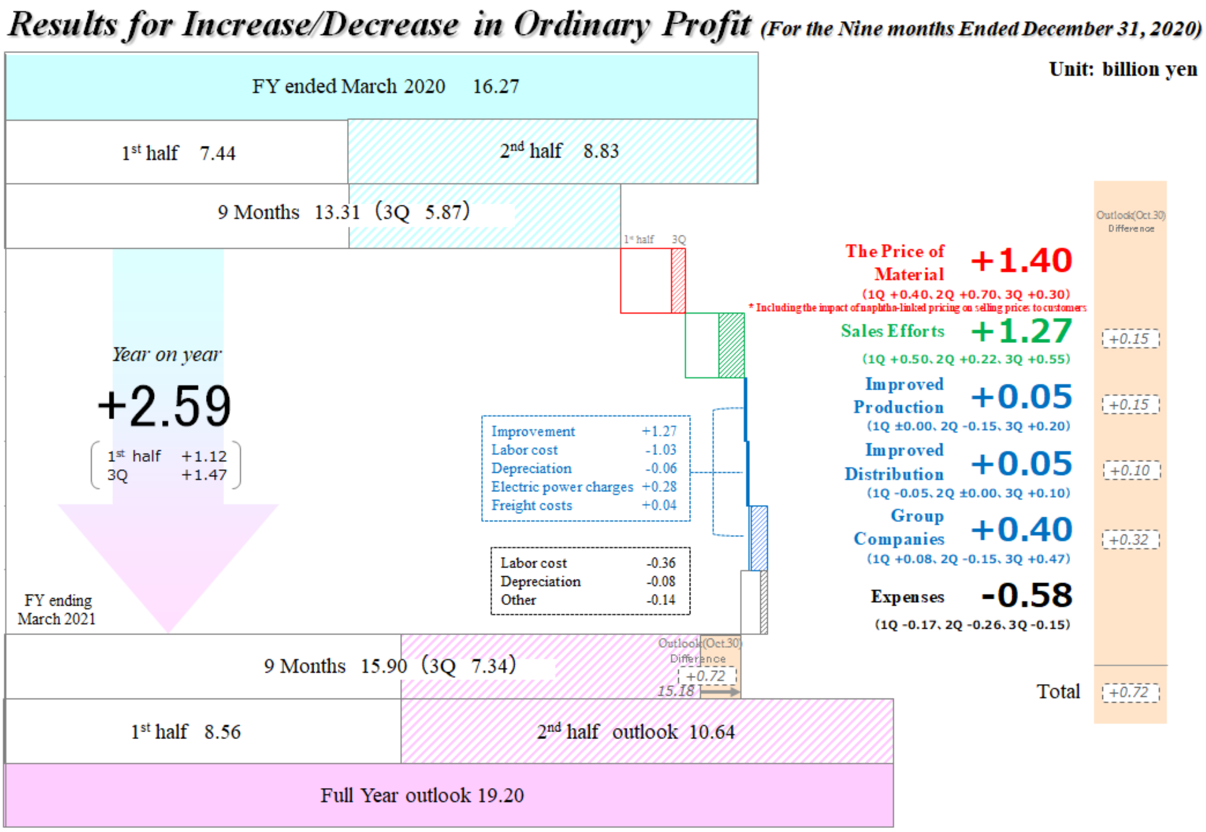
Sales volume of products increased 6.8% year on year in the first quarter of the consolidated fiscal year under review (from April 1 to June 30, 2020), rose 4.9% year on year in the second quarter (July 1 to September 30, 2020), and rose 9.4% year on year in the third quarter (from October 1 to December 31, 2020). Sales volume of products for the first nine months of the consolidated fiscal year under review increased 7.1% year on year. In the third quarter of the fiscal year under review, the business transfer from Sekisui Hinomaru K.K. contributed to a 3.6% increase in sales volume.

(Profits)

For the first nine months under review, operating profit increased 2,656 million yen or 20.7% year on year to 15,467 million yen, ordinary profit increased 2,593 million yen (*1) or by 19.5% year on year to 15,904 million yen, ordinary profit before depreciation and amortization increased 11.6% year on year to 26,138 million yen, and profit attributable to owners of parent increased 20.7% year on year to 10,608 million yen. All of these are record-high figures. Factors for the increase in profits include the effect of raw material prices and growth in sales of products in terms of quantity associated with the consumption matched with stay-at-home lifestyles. On the other hand, factors that decreased profits included an increase in costs, including labor expenses and depreciation expenses. A loss from the fire accident at Chubu Plant 1, which is 1,988 million yen, was posted as an extraordinary loss, while insurance claim income of 2,000 million yen was posted as extraordinary income.

During the first nine months of the consolidated fiscal year under review, profits exceeded the internal forecast as of the announcement of the revised forecast on October 30, 2020. This is attributed mainly to an increase in shipment of containers for supermarkets, which resulted from the growth in demand for cooking and eating at home, the expansion of the market for takeout and delivered food from restaurants, and the improvement effect at each division produced by the contribution to profits and increase in sales volume that resulted from the business transfer from Sekisui Hinomaru K.K. In light of these circumstances, the full-year projection has been revised.

(*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 other2 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 enhancement of the Pack Market e-commerce site offering packaging materials, the provision of a product brochure and samples of dedicated containers to customers providing takeout and delivery services, and the delivery of information via social media.

(*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.

(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 78 pieces of automated equipment in 48 production process lines as of December 31, 2020, having reduced the labor necessary by 184 people. A reduction of the labor necessary equivalent to 202 people is expected by March 31, 2021.

In addition, 22 production plants of the Company had acquired FSSC 22000 food safety management certification as of December 31, 2020. Further, in the supply chain management system, the Company conducts AI-based sales forecasting for around 5,000 of its approximately 10,000 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 m2) in Ono-shi, Hyogo. The Group is planning to 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. In addition, by making this plant a new logistics base for the Kinki Metropolitan Area, the Group expects to hold down delivery times and logistics costs. The Group also believes that the new base will facilitate both business continuity and the enhancement of supply stability in the event of a natural disaster or similar event. The total amount of investment is planned to be 24,400 million yen. The Group aims to complete the plant in September 2022. Further, the Group is planning to construct a dormitory for single employees (Pico House) in the neighborhood of the plant as a measure to secure human resources.

(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 December 31, 2020, 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 December 31, 2020, pallet transportation has been introduced to five routes. The Company will proceed to expand this method to other 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 m2) and the Fukuyama Distribution Center (completed in November 2020, with an additional floor area of 23,722 m2).The Company will also expand the Chubu Distribution Center (additional floor area of 27,575 m2, 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 Distribution Center. This system will automatically sort products according to their delivery areas. The Company will continue to upgrade its logistical networks.

(Workstyle reform initiatives)

The Group works to create a working environment that is friendly to workers in consideration of tasks in which employees with disabilities can play fulfilling roles, and strives to hire more workers with disabilities to enhance diversity. As of March 2020, 13.3% of employees had disabilities in the FPCO Group. 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 for 2019 and thereafter 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.

The Company has put in place a staggered working hour scheme under which the start and finish times may be shifted in a bid to broaden the working hour options and to press ahead with workstyle reform for reducing overtime work by encouraging employees to work intensively in busy time slots on their respective duties and thereby to improve work productivity. In addition, 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 Corporation Environment Fund finances to support its employees' volunteer activities.

To improve the work environment of employees, the Company proactively invests capital in addition to raising salaries. The Company provides Pico House No. 1 (Chikusei City, Ibaraki Prefecture; 150 units; completed in January 2017), Pico House No. 2 (Wanouchi Town, Ampachi County, Gifu Prefecture; 102 units; completed in March 2017), Pico House No. 3 (Koga City, Ibaraki Prefecture; 63 units; completed in March 2020), and Pico House No. 4 (Fukuyama City, Hiroshima Prefecture; 18 units; completed in October 2020), which are furnished company dormitories for single employees. In addition, the Company also provides a group home for people with disabilities (20 units; completed in April 2020) to improve the work environment for employees with disabilities.

The Company will continue to proactively invest in human resources in its efforts to improve its corporate value.

(Initiatives aimed at realizing a recycling-based society)

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

1) 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 December 31, 2020. 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 encourage recycling, which feature the celebrity LiLiCo. These posters say, "Recycle them after use. Trays can be made into trays!" and "It's a resource. Stop throwing it away!" As of December 31, 2020, these posters are displayed in 7,292 stores of 216 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. 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 (Eco Tray, Eco APET container, and Eco OPET container) reached 45% in the first nine months under review. All APET containers (including 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 is expected to result in an increase in the production capacity of recycled PET materials to around 60,000 tons per year in the fiscal year ending 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).

2) Solving environmental problems through the FP Corporation Environment Fund (*3)

Environmental problems, including the marine plastic waste and climate change issues, are major issues caused by diverse factors that are intricately intertwined. The Company launched the FP Corporation Environment Fund in March 2020 to extend financing to organizations acting to address recent global environmental problems from multiple angles. For the fiscal year ending 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 decided to provide 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 and is currently selecting the organizations to fund.
In addition, the Group’s employees volunteer in activities to which funding is provided, such as cleaning up a beach with the organization receiving funding. With these and other initiatives, the Company will continue tackling environmental problems.

(*3) Logo of the FP Corporation Environment Fund

3) 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 marine plastic waste and climate change issues, 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 a material manufacturer 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 lineup of eco-friendly products. 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 Group plans to launch paper trays and paper containers with detachable folding lids. Their production lines have been introduced to its Kanto Tsukuba Plant.
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 industry-leading containers in terms of 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, which were developed by FTSE Russell, for the second consecutive year in June 2020. In addition, as of June 2020, the Company has continued to be selected as a constituent of the MSCI Japan Empowering Women (WIN) Select Index, which was established by MSCI Inc.
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 304,000 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) Explanation of Financial Situation

1) State of assets, liabilities and net assets

Consolidated assets at the end of the third quarter under review totaled 258,915 million yen, up 16,418 million yen from the end of the previous fiscal year. That was mainly due to a 14,669 million yen increase in notes and accounts receivable – trade that resulted chiefly from the increase in net sales and the fact that the last day of the third quarter under review was a holiday of financial institutions. In addition, property, plant and equipment increased 1,430 million yen, partly reflecting the completion of the warehouse expansion of the Fukuyama Distribution Center.

Consolidated liabilities amounted to 131,806 million yen, up 8,610 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 5,409 million yen increase of accounts payable - trade, which is attributed mainly to an increase in the amount of purchases and the fact that the last day of the third quarter under review was a holiday for financial institutions. In addition, current liabilities - other increased 4,483 million yen due in part to an increase in accounts payable related to facilities and in accrued expenses.

Consolidated net assets totaled 127,108 million yen, up 7,807 million yen from the end of the previous fiscal year. This was attributable principally to profit attributable to owners of parent amounting to 10,608 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.

2) State of cash flows

Consolidated cash and cash equivalents (hereinafter “cash”) at the end of the third quarter under review totaled 18,753 million yen, down 1,534 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to 15,880 million yen (16,463 million yen in cash was provided a year earlier). This reflected a cash increase due mainly to profit before income taxes of 15,619 million yen, depreciation of 10,234 million yen, a shrinkage in inventories of 1,549 million yen, and an increase in notes and accounts payable – trade of 5,409 million yen, as well as a cash decrease following an increase in notes and accounts receivable – trade of 14,701 million yen and income taxes paid of 5,143 million yen, among other factors.

(Cash flows from investing activities)

Net cash used in investing activities reached 11,673 million yen (7,491 million yen in cash was used a year earlier).

It was due mainly to the warehouse expansion of the Fukuyama Distribution Center and 9,994 million yen spent on the purchase of property, plant and equipment in connection with production equipment.

(Cash flows from financing activities)

Net cash used in financing activities came to 5,741 million yen (10,930 million yen in cash was used a year earlier).

This primarily reflected proceeds from long-term loans payable of 17,567 million yen, repayment of long-term loans payable of 18,202 million yen, repayment of lease obligations of 1,708 million yen and cash dividends paid of 3,363 million yen.

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

In response to the spread of the COVID-19 pandemic, a state of emergency was declared in Tokyo and three other prefectures on January 7, 2021, and later expanded to other prefectures. While the situation remains unpredictable due to these and other events, the Group will continue monitoring changing trends in demand for cooking and eating at home and home meal replacement. Ghost restaurants are rapidly becoming common in the field of home meal replacement, and the takeout and delivered food market is expected to further expand and become established.

With a view toward cultivating new markets, the Company is working to expand its business to the market of hospital meals and meals served at nursing care facilities in collaboration with a leading healthcare food service company. 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).

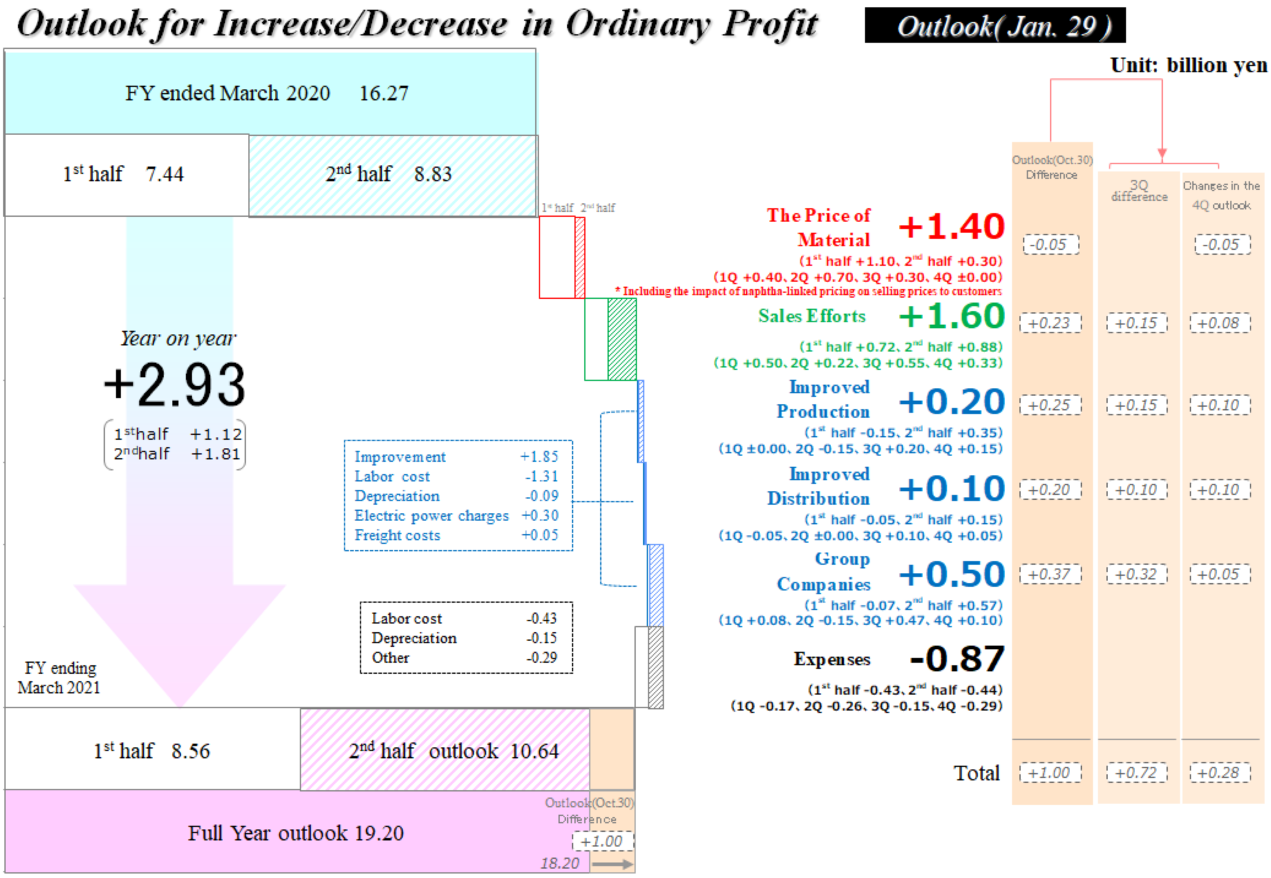
The theme of the FPCO Fair 2021, which is planned to be held in March 2021, is "All in all, this restaurant is best. Keep turning evaluations into 'Likes.'" The Company has yet to decide how to hold it at the moment, but it will prepare for the event to give as many suggestions as possible.

Regarding raw materials, the Company saw the price of polystyrene, a main material for its products, fall in the second quarter of the fiscal year ending March 31, 2021. However, the polystyrene price has been reversed since the third quarter. Reflecting this and other changes, the Company will continue to monitor the situation. It is expected to impact selling prices to customers to whom naphtha-linked pricing applies from the third quarter onwards.

In January 2021, the amended Annexes to the Basel Convention came into effect. One result of this is that approval from the destination country has become necessary when exporting some plastic waste. The Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan are considering the segregation and collection of not only plastic containers and packaging but also plastic products from household plastic waste, provision of incentives to consumers cooperating in voluntary collections managed by business operators, and support for business operators' measures to increase the amount of plastic waste collected, among other initiatives. 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.

Based on the performance in the first nine months of the consolidated fiscal year under review and the current outlook, the Group has revised the consolidated forecasts for the full year, which were announced in the Notification of Revision to the Performance Forecast and Revisions to the Dividends of Surplus (interim dividends) and Forecast Amount of Dividends (increase in dividends) announced on October 30, 2020 (Japanese only). (*4) In the revised full-year plan, the Company expects net sales of 196,000 million yen (up 5.2% year on year), operating profit of 18,500 million yen (up 19.3%), ordinary profit of 19,200 million yen (up 18.0%), and profit attributable to owners of parent at 12,100 million yen (up 12.3%). For details, refer to the Notification of Revision to the Performance Forecast and Revision to the Forecast Amount of Dividends (increase in dividends) announced on January 29, 2021 (Japanese only). The 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.

(*4) Full year forecasts after revisions to the factors for the increase/decrease of ordinary profit



(Explanations of terms)

Multi FP container:	A formed polystyrene (PS) 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).

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2020)	Third quarter of the current consolidated fiscal year (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	20,288	18,753
Notes and accounts receivable - trade	34,223	48,893
Merchandise and finished goods	18,667	18,325
Work in process	107	86
Raw materials and supplies	3,641	2,934
Other	3,414	5,718
Allowance for doubtful accounts	(19)	(29)
Total current assets	80,322	94,681
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	74,735	77,293
Machinery, equipment and vehicles, net	33,345	31,473
Lands	33,327	35,921
Lease assets, net	3,353	2,189
Other, net	6,525	5,841
Total property, plant and equipment	151,289	152,720
Intangible assets		
Goodwill	974	764
Other	1,482	1,396
Total intangible assets	2,456	2,161
Investments and other assets	8,428	9,352
Total non-current assets	162,174	164,234
Total assets	242,497	258,915
Liabilities		
Current liabilities		
Accounts payable - trade	19,309	24,718
Short-term loans payable	21,939	16,530
Commercial papers	18,000	18,000
Income taxes payable	3,011	3,137
Provision for bonuses	2,368	1,505
Provision for directors' bonuses	104	98
Provision for fire loss	–	220
Other	14,836	19,320
Total current liabilities	79,569	83,532
Non-current liabilities		
Long-term loans payable	36,760	41,534
Provision for directors' retirement benefits	558	578
Provision for executive officers' retirement benefits	37	46
Net defined benefit liability	4,396	4,567
Other	1,873	1,547
Total non-current liabilities	43,626	48,274
Total liabilities	123,196	131,806

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2020)	Third quarter of the current consolidated fiscal year (As of December 31, 2020)
Net assets		
Shareholders’ equity		
Capital stock	13,150	13,150
Capital surplus	15,864	15,487
Retained earnings	94,157	98,356
Treasury shares	(5,095)	(1,617)
Total shareholders’ equity	118,077	125,376
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	762	1,188
Remeasurements of defined benefit plans	(106)	(75)
Total accumulated other comprehensive income	656	1,112
Non-controlling interests	567	619
Total net assets	119,301	127,108
Total liabilities and net assets	242,497	258,915

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

(Quarterly Consolidated Statement of Income)

(First three quarters period)

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2019 - December 31, 2019)	First three quarters period of current fiscal year (April 1, 2020 - December 31, 2020)
Net sales	144,378	151,658
Cost of sales	95,758	98,072
Gross profit	48,619	53,585
Selling, general and administrative expenses	35,809	38,118
Operating profit	12,810	15,467
Non-operating income		
Interest income	0	1
Dividends income	118	107
Share of profit of entities accounted for using equity method	26	22
Subsidy income	141	35
Gain on sale of scraps	131	88
Other	266	306
Total non-operating income	685	562
Non-operating expenses		
Interest expenses	73	64
Other	110	60
Total non-operating expenses	184	124
Ordinary profit	13,311	15,904
Extraordinary income		
Insurance claim income	–	* 2,000
Total extraordinary income	–	2,000
Extraordinary losses		
Loss on sales and retirement of non-current assets	185	296
Fire loss	–	* 1,988
Loss on valuation of investment securities	91	–
Total extraordinary losses	276	2,284
Profit before income taxes	13,034	15,619
Income taxes - current	4,220	5,315
Income taxes - deferred	(80)	(390)
Total income taxes	4,139	4,925
Profit	8,894	10,693
Profit attributable to non-controlling interests	108	85
Profit attributable to owners of parent	8,786	10,608

(Quarterly Consolidated Statement of Comprehensive Income)

(First three quarters period)

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2019 - December 31, 2019)	First three quarters period of current fiscal year (April 1, 2020 - December 31, 2020)
Profit	8,894	10,693
Other comprehensive income		
Valuation difference on available-for-sale securities	48	427
Remeasurements of defined benefit plans, net of tax	46	30
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	95	456
Comprehensive income	8,989	11,150
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,881	11,064
Comprehensive income attributable to non-controlling interests	108	85

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2019 - December 31, 2019)	First three quarters period of current fiscal year (April 1, 2020 - December 31, 2020)
Cash flows from operating activities		
Profit before income taxes	13,034	15,619
Depreciation	10,101	10,234
Increase (decrease) in provision for bonuses	(1,018)	(862)
Increase (decrease) in provision for directors' bonuses	(20)	(5)
Increase (decrease) in allowance for doubtful accounts	93	37
Increase (decrease) in provision for directors' retirement benefits	49	20
Increase (decrease) in provision for executive officers' retirement benefits	2	8
Increase (decrease) in net defined benefit liability	35	171
Loss (gain) on valuation of investment securities	91	–
Interest and dividends income	(119)	(109)
Interest expenses	73	64
Share of loss (profit) of entities accounted for using equity method	(26)	(22)
Loss (gain) on sales and retirement of non-current assets	177	287
Insurance claim income	–	(2,000)
Fire loss	–	1,988
Decrease (increase) in notes and accounts receivable - trade	(7,316)	(14,701)
Decrease (increase) in inventories	807	1,549
Decrease (increase) in accounts receivable - other	1,185	123
Increase (decrease) in notes and accounts payable - trade	3,330	5,409
Other, net	1,517	3,159
Subtotal	21,998	20,972
Interest and dividend income received	119	109
Interest expenses paid	(70)	(57)
Income taxes paid	(5,584)	(5,143)
Net cash provided by (used in) operating activities	16,463	15,880
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,235)	(9,994)
Payments for transfer of business	–	(1,273)
Other, net	(255)	(404)
Net cash provided by (used in) investing activities	(7,491)	(11,673)
Cash flows from financing activities		
Proceeds from long-term loans payable	5,000	17,567
Repayment of long-term loans payable	(10,589)	(18,202)
Repayments of lease obligations	(2,009)	(1,708)
Cash dividends paid	(3,321)	(3,363)
Other, net	(10)	(34)
Net cash provided by (used in) financing activities	(10,930)	(5,741)
Net increase (decrease) in cash and cash equivalents	(1,958)	(1,534)
Cash and cash equivalents at beginning of period	19,151	20,288
Cash and cash equivalents at end of period	17,193	18,753

(4) Notes to Quarterly Consolidated Financial Statements

Note to Going Concern Assumption

Not applicable

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

Cancellation of treasury shares

On August 18, 2020, the Company cancelled 2,000,000 treasury shares in accordance with a resolution passed at the meeting of the Board of Directors held on July 31, 2020. This 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 the first nine months of the consolidated fiscal year under review.

Information Related to Quarterly Consolidated Statement of Income

* Fire loss and insurance claim income

The loss was caused by a fire that occurred at the Company's Chubu Plant 1 in November 2020. A breakdown of the loss is as follows.

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2019 - December 31, 2019)	First three quarters period of current fiscal year (April 1, 2020 - December 31, 2020)
Loss of inventories	–	49
Loss of non-current assets	–	1,653
Provision for expenses for asset removal	–	220
Other related items	–	64
Total	–	1,988

In addition, the Company posted 2,000 million yen as insurance claim income related to the fire at Chubu Plant 1.