July 30, 2021

Consolidated Financial Results for the Three Months Ended June 30, 2021

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):	August 5, 2021
Scheduled date for commencement of dividend payments:	–
Supplementary documents for quarterly results:	Yes
Quarterly results briefing:	None

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2021 (April 1, 2021 – June 30, 2021)

(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	%
June 30, 2021	47,647	6.0	4,051	11.3	4,283	12.0	2,734	11.0
June 30, 2020	44,966	–	3,641	–	3,824	–	2,464	–

(Note) Comprehensive income: Period ended June 30, 2021: 2,662 million yen (-3.5%)
Period ended June 30, 2020: 2,760 million yen (–%)

	Net income per share (basic)	Net income per share (diluted)
Period ended	Yen	Yen
June 30, 2021	33.43	–
June 30, 2020	29.81	–

(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 first quarter under review. The Accounting Standard, etc. are applied retroactively to the figures for the first quarter of the fiscal year ended March 31, 2021. No year-on-year percentage changes are thus stated for the figures in the first quarter of 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
June 30, 2021	254,547	125,679	49.1	1,528.39
March 31, 2021	247,234	124,980	50.3	1,520.06

(Reference) Equity: As of June 30, 2021: 125,031 million yen
As of March 31, 2021: 124,349 million yen

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, 2021	–	41.00	–	24.00	–
Year ending March 31, 2022	–				
Year ending March 31, 2022 (forecast)		21.50	–	25.50	47.00

(Notes) 1. Revisions to dividend forecasts published most recently: No

2. 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 ending 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, 2022 (April 1, 2021 – March 31, 2022)

(Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six months	96,700	5.3	8,780	5.6	9,100	6.3	5,840	3.3	71.39
Year ending March 31, 2022	195,000	4.0	19,600	4.5	20,200	4.2	12,900	5.6	157.69

(Notes) 1. Revisions to consolidated business performance forecasts published most recently: No
2. The year-on-year changes are calculated based on the comparison with the figures for the previous fiscal year after a change in accounting policy is reflected retroactively.

* 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.: Yes
(ii) Changes in accounting policies other than (i): No
(iii) Changes in accounting estimates: No
(iv) Restatement: No
(Note) For further details, see “2. Quarterly Consolidated Financial Statements and Key Notes, (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 14 of the “Accompanying Materials.”

(4) Number of shares outstanding (common shares):
(i) Number of shares outstanding at end of period (including treasury shares)
As of June 30, 2021: 84,568,424 shares
As of March 31, 2020: 84,568,424 shares
(ii) Number of treasury shares at end of period:
As of June 30, 2021: 2,762,680 shares
As of March 31, 2021: 2,762,648 shares
(iii) Average number of shares outstanding during the period (consolidated cumulative period)
Three Months ended June 30, 2021: 81,805,752 shares
Three Months ended June 30, 2020: 82,679,614 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.

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

* Explanations and other special notes concerning the appropriate use of business performance forecasts
(Notes on forward-looking statements)
Descriptions regarding the future, such as the forecast of financial results herein, are calculated based on the information which is available to the Company as of the date hereof. Please note that actual results may be different due to various factors such as subsequent changes in business environment. For assumptions underlying the forecasts and notes to the use of the forecasts, please refer to “1. Qualitative Information Relating to Consolidated Results of Operations for the First Quarter Ended June 30, 2021; (3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results” on page 8 of the “Accompanying Materials.”

(How to obtain supplementary documents for quarterly results)
Documents for financial results are published on the Company’s website as soon as they are announced.

Accompanying Materials – Contents

1. Qualitative Information Relating to Consolidated Results of Operations for the First Quarter Ended June 30, 2021

(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."

(Net sales)

Net sales for the first three months of the consolidated fiscal year under review (from April 1, 2021 to June 30, 2021) increased 6.0% year on year, to 47,647 million yen, a new record high. Net sales of products manufactured by the Group rose 4.4% year on year to 36,792 million yen. Net sales of goods purchased increased 11.7% year on year to 10,854 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 increased 5.6% year on year, including the contribution to a 2.5% increase by the business transfer from Sekisui Hinomaru K.K. (now known as Kyushu Sekisui Shoji Infratec Co., Ltd.) that was conducted in October 2020.

Shipment of containers for supermarkets was strong due to the continuing demand for cooking and eating at home reflecting COVID-19. In addition, 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. On the other hand, containers for convenience stores, those for boxed meals sold at railway stations, and those for picnics and events have yet to see a recovery in demand, with the exception of a rebound from the previous fiscal year seen in some cases.

The Group will continue striving to ensure stable supply by using its supply chain management system to continue supporting safe, secure food lifestyles.

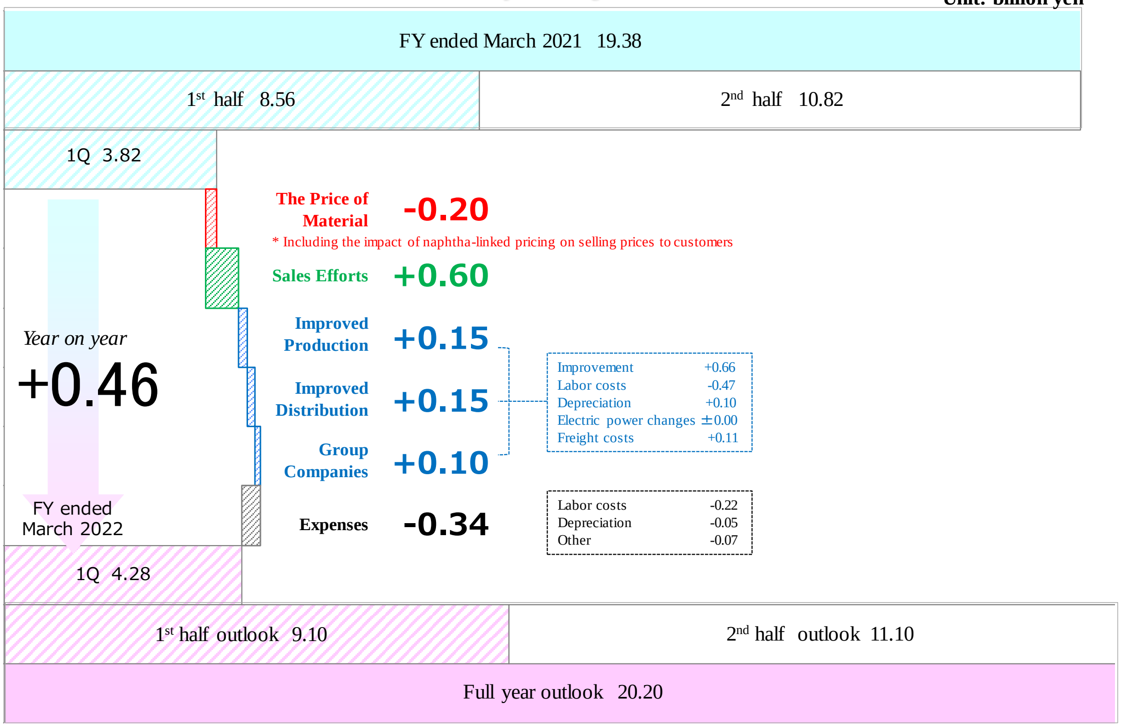
(Profits)

For the first three months under review, operating profit increased 409 million yen, or 11.3 % year on year, to 4,051 million yen, ordinary profit also increased 459 million yen (*1), or by 12.0% year on year, to 4,283 million yen, ordinary profit before depreciation and amortization increased 5.6% year on year, to 7,641 million yen, and profit attributable to owners of parent increased 11.0% year on year, to 2,734 million yen. All of these are record-high figures. Factors for the increase of profits include an increase in sales volumes of containers for supermarkets and those 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 and an increase in labor expenses. Further, insurance claim income of 2,138 million yen from the fire at the Chubu Plant 1 was posted as extraordinary income. On the other hand, an increase in expenses that resulted from the fire, which was 58 million yen, and a loss on tax purpose reduction entry of non-current assets related to the new plant that is under construction as the alternative asset to the plant lost in the fire, which is 2,229 million yen, was posted as extraordinary loss. Both net sales and profits were almost on par with the projection at the beginning of the fiscal year.

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

Increase/Decrease in Ordinary Profit ***(For the Three Months Ended June 30, 2021)***

Unit: billion yen



(Sales activities)

In sales activities, the Group makes proposals to create value by contributing to increasing customers' income, reducing their costs, and reducing the Company's costs. Specific activities include initiatives to promote the Group's 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. As new products for the market for takeout and delivered food, the Group launched containers featuring designs that look attractive on social media (*2) in addition to a heat-retaining, leakage-proof special container for noodles and a container featuring a Stack & Connect design for a low possibility of collapsing during transportation. To capture new demand, the Group is advancing initiatives including the lineup enhancement of the Pack Market e-commerce site offering packaging materials, and measures for improving its visibility including SEO, radio commercials, and corporate communication activities via Instagram, YouTube, LINE, and other social media.

(*2) DLV Lunch (cow pattern and watermelon pattern)

(Production)

The production sector is striving to improve productivity through initiatives that include improvements in capacity utilization and the promotion of automation. As of June 30, 2021, the Company operates 81 pieces of automated equipment on 53 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, with the aim of responding to future growth in demand and stable product supply. 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. Further, Chubu Plant 1, which was damaged in a fire on November 30, 2020, has been dismantled, and construction of a new plant is underway.

(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 is building Chubu Hub Center on a site adjacent to existing logistics facilities. It is also constructing the Kansai Hub Center attached to Kansai Plant. This will result in the completion of a logistics network that covers 70% of the total population, including the populations of major cities, within a 150 km radius of each of the distribution centers of the Group's facilities all over Japan (Hokkaido, Tohoku, Kanto, Hachioji, Tokai, Chubu, Kansai, Fukuyama, and Kyushu). The Group will be introducing a sorter system to the Chubu Hub Center and Kansai Hub Center. This system will automatically sort products according to their delivery areas. As a result, when the centers have come on-stream, shipment systems with sorters will be used for sorting 76% of all items shipped all over Japan.

[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	20,491 m^2	78,959 m^2
Completion scheduled	September 2021	May 2022	September 2022
Total investment amount	5,285 million yen	8,049 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 9,800 as of June 30, 2021. Combined with the system for segregation and collection based on the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging that was established in 1997, the above voluntary initiative of the Group has taken root as part of the social infrastructure for making effective use of used containers as resources.

The Group promotes recycling based on its belief that the effects of the recycling will be maximized by expanding both the collection of used containers and the use of eco-friendly products.

To collect more used containers, the Group has created posters and stickers(*3) to display in bagging areas, which feature the celebrity LiLiCo. These posters and stickers are displayed at customers' stores. In addition, to commemorate the 30th anniversary of the launch of FPCO Method Recycling, the Group has presented 398 customer companies cooperating to the recycling with a plaque of gratitude(*4). The Group will continue to take initiatives to collect more used containers, cooperating with many people.

Regarding the expansion of use of eco-friendly products, the added value of reducing CO2 emissions has been recognized by customers, and the ratio of sales volume of eco-friendly products to the total sales volume of the Group reached 45% in the first three months under review. Further, Eco Mark and words "Recycled from PET bottles" are printed on eco-friendly products to have those products appeal to consumers on sales floors. The fact that used containers are recycled into new ones is conveyed to consumers using in-store displays. Thus, the Group strives to expand the recycling further.

As a measure to let the world know about these recycling activities, in June 2021 the Company ran a booth at Circularity21, an online event aimed at promoting the exchange of information and networking to build a circulatory society. More than 130 speakers, companies, and organizations from all over the world participated in this event as exhibitors, and the Company introduced the FPCO Method Recycling. The bill for the Act on Promotion of Resource Circulation for Plastics was passed in June 2021. This is expected to promote circulation of plastics further. For example, under the new law, business operators certified by the competent minister will be allowed to collect and transport used products without receiving permission under the Waste Disposal and Public Cleansing Act. The Company will promote recycling of used containers further by deepening cooperation with related parties, aiming to collect more of such containers.

(*3) A poster and sticker created to promote recycling

(*4) Thanksgiving plaque

Message inscribed on the thanksgiving plaque

For involvement in the collection of food trays over many years, and extensive cooperation with our FPCO Method Recycling activities for recycling the Earth's resources based on four-party collaboration

On the occasion of FPCO Method Recycling's 30th Anniversary, we present this commemorative plaque as an expression of our gratitude.

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

On February 1, 2021, the Company made a Declaration of Carbon Offsetting Through Recycling. This scheme is aimed at balancing the reduction of CO2 emissions achieved through sales of eco-friendly products, which are produced through FPCO Method Recycling, and CO2 emissions from the production sector by the fiscal year ending March 31, 2023. It is also aimed at balancing the above reduction and the Group's overall CO2 emissions (from production, logistics, and office sectors) by the fiscal year ending March 31, 2025.

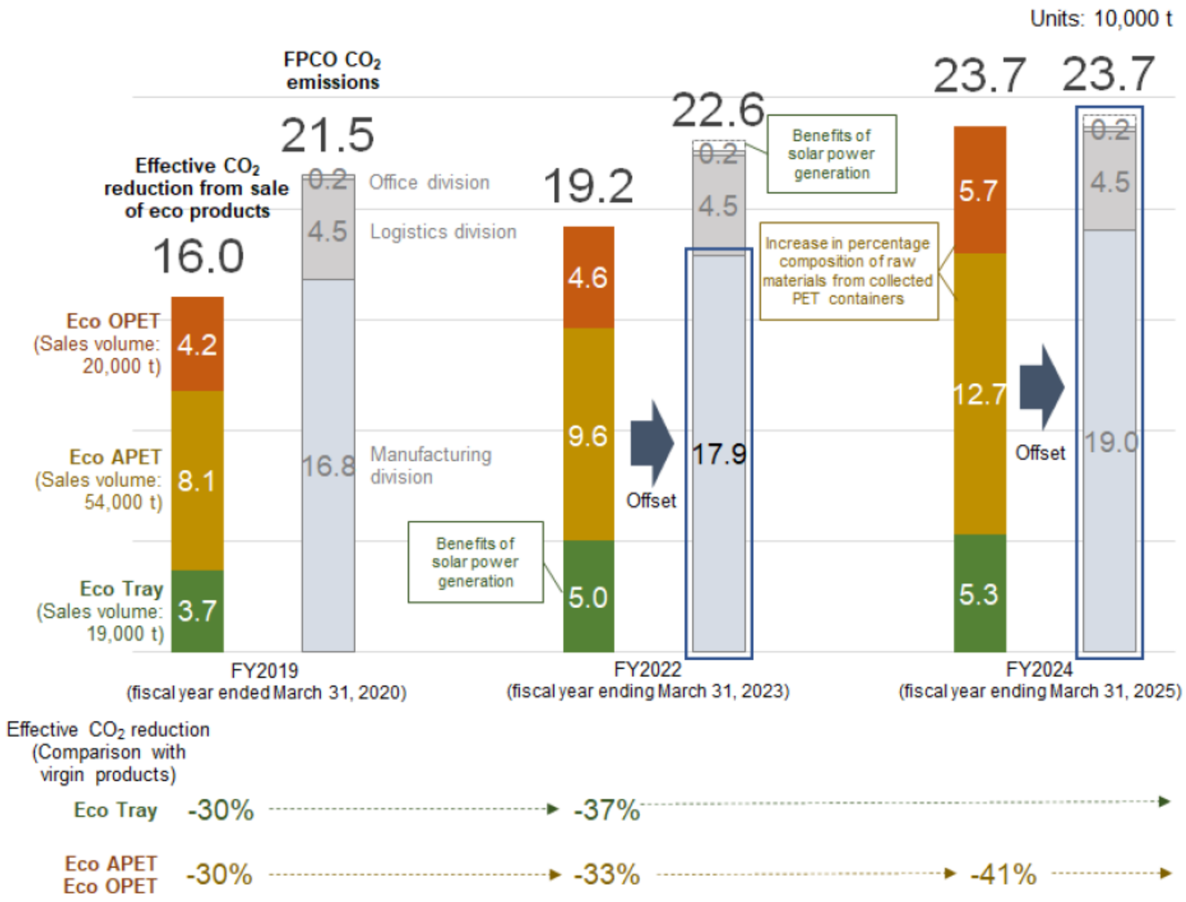
As initiatives to achieve the above targets, the Company will procure renewable energy that is equivalent in amount to the power consumption at its recycling plants and increase the ratio of use of recycled materials in Eco APET and Eco OPET products, in addition to increasing the sales volume of eco-friendly products. In doing so, the Company will strive to increase CO2 reduction effects.

(*5) Declaration of Carbon Offsetting with Recycling

FPCO Carbon Offsetting Declaration Through Recycling

I. Offset CO_2 emissions for the production division
by increasing the reduction in CO_2 emissions from sale of FPCO Eco products (Eco trays, Eco APET, Eco OPET) to 192,000 t by FY2022 (a 20% increase on FY2019).

II. Offset CO_2 emissions for the company overall (production, logistics and office divisions) by increasing the reduction in CO_2 emissions from sale of FPCO Eco products (Eco trays, Eco APET, Eco OPET) to 237,000 t by FY2024 (a 48% increase on FY2019).



(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 acting to address environmental problems from multiple angles. In the fiscal year ending March 31, 2022, the Company subsidized 14 organizations. In addition, the Group's employees also participated in their 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 (headquarters: Chuo-ku, Tokyo) 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. Moving forward, FP CHUPA Corporation plans to launch paper containers with detachable folding lids. 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 2021, 12.7% 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 at 30% or more and the target number of female managers at 50 or more. The Company is implementing a range of initiatives to achieve these targets. The Company is implementing a range of initiatives to achieve these targets. As of June 30, 2021, the ratio of female new graduates for the main career track was 23%, and the number of female managers was 38 (including one director).

As a result of these initiatives, the Company was selected as a constituent of the FTSE4Good Index Series and FTSE Blossom Japan Index by FTSE Russell, for the third consecutive year in June 2021.

In addition, the Company began to provide containers to children's cafeterias last year by working together with its business partners. Since May 2020, the Company has donated a total of 384,000 sets of containers for packed lunches and soup. 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 first quarter under review totaled 254,547 million yen, up 7,313 million yen from the end of the previous fiscal year. This was mainly due to a 5,426 million yen increase in property, plant and equipment, partly reflecting the warehouse expansion at Chubu Hub Center, and a 1,823 million yen increase in "Other" among current assets, which is attributed mainly to posting of insurance claim income, which is related to the fire at the Chubu Plant 1, as accounts receivable - other.

Consolidated liabilities amounted to 128,868 million yen, up 6,614 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 10,284 million yen increase in "Other" among current liabilities, which primarily reflects an increase in accounts payable –facilities and bonuses payable, and a 2,410 million yen decrease attributed in part to payment of income taxes payable.

Consolidated net assets totaled 125,679 million yen, up 698 million yen from the end of the previous fiscal year. This was attributable principally to profit attributable to owners of parent amounting to 2,734 million yen and dividends of surplus of 1,963 million yen.

2) Cash flows

Consolidated cash and cash equivalents (hereinafter "cash") at the end of the first quarter under review totaled 15,914 million yen, down 1,970 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to 3,158 million yen (5,651 million yen in cash was provided a year earlier). This reflected a cash increase due mainly to quarterly profit before income taxes of 4,071 million yen and depreciation of 3,357 million yen, as well as a cash decrease following income taxes paid of 3,956 million yen, among others.

(Cash flows from investing activities)

Net cash used in investing activities reached 2,975 million yen (5,358 million yen in cash was used a year earlier).

This was due mainly to 2,990 million yen spent on the purchase of property, plant and equipment in connection with production equipment and others.

(Cash flows from financing activities)

Net cash used in financing activities came to 2,153 million yen (1,101 million yen in cash was used a year earlier).

This primarily reflected proceeds from long-term loans payable of 4,000 million yen, repayment of long-term loans payable of 3,803 million yen, repayment of lease obligations of 416 million yen and cash dividends paid of 1,932 million yen.

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

While the COVID-19 vaccination is making rapid progress, the Group will continue to watch for changes in trends involving food-related demand.

The takeout and delivered food market sees ghost restaurants rapidly becoming more common, in addition to entrants from the restaurant industry. Moreover, a major food-delivery service operator is expanding the areas it serves from metropolitan areas to the entire country. With these and other moves, the market is expected to expand further and become more established. In addition, with a view toward cultivating promising markets, the Company is working to expand its business to the market of hospital meals and meals served at nursing care facilities, as well as to the frozen food market.

Regarding raw materials, the Company expects that the price of polystyrene, a main material for its products, and that of PET will continue to rise in the first half of the fiscal year ending March 31, 2022. The Company will continue to monitor the situation.

The results forecasts for the first six months and the full year that were announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 on April 28, 2021 remain unchanged.

(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).
FSC®:	Forest Stewardship Council® (FSC®) is an international non-profit organization established to promote responsible management of forests in the world. FSC sets standards based on principles on responsible forest management, which are supported by the agreement of stakeholders in the environment, social, and economic fields.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2021)	First quarter of the current consolidated fiscal year (As of June 30, 2021)
Assets		
Current assets		
Cash and deposits	17,884	15,914
Notes and accounts receivable - trade	36,761	38,079
Merchandise and finished goods	19,500	20,041
Work in process	93	110
Raw materials and supplies	2,802	2,835
Other	3,627	5,451
Allowance for doubtful accounts	(29)	(28)
Total current assets	80,641	82,404
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	76,585	80,486
Machinery, equipment and vehicles, net	31,996	32,068
Land	36,221	36,402
Leased assets, net	1,977	1,936
Other, net	7,833	9,147
Total property, plant and equipment	154,615	160,041
Intangible assets		
Goodwill	694	624
Other	1,364	1,298
Total intangible assets	2,059	1,922
Investments and other assets	9,918	10,178
Total non-current assets	166,592	172,142
Total assets	247,234	254,547
Liabilities		
Current liabilities		
Accounts payable - trade	21,184	21,591
Short-term loans payable	16,326	15,628
Commercial papers	18,000	18,000
Income taxes payable	4,308	1,897
Provision for bonuses	2,911	1,399
Provision for directors' bonuses	152	42
Provision for fire loss	220	–
Other	15,422	25,707
Total current liabilities	78,527	84,268
Non-current liabilities		
Long-term loans payable	36,966	37,860
Provision for directors' retirement benefits	640	654
Provision for executive officers' retirement benefits	51	54
Net defined benefit liability	4,635	4,594
Other	1,432	1,435
Total non-current liabilities	43,726	44,599
Total liabilities	122,253	128,868

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2021)	First quarter of the current consolidated fiscal year (As of June 30, 2021)
Net assets		
Shareholders' equity		
Capital stock	13,150	13,150
Capital surplus	15,487	15,487
Retained earnings	99,959	100,730
Treasury shares	(5,617)	(5,617)
Total shareholders' equity	122,980	123,751
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,412	1,318
Remeasurements of defined benefit plans	(42)	(38)
Total accumulated other comprehensive income	1,369	1,279
Non-controlling interests	630	647
Total net assets	124,980	125,679
Total liabilities and net assets	247,234	254,547

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

(Quarterly Consolidated Statement of Income)

(First three-month period)

(Million yen)

	First three-month period of previous fiscal year (April 1, 2020 - June 30, 2020)	First three-month period of current fiscal year (April 1, 2021 - June 30, 2021)
Net sales	44,966	47,647
Cost of sales	30,584	32,055
Gross profit	14,381	15,591
Selling, general and administrative expenses	10,740	11,540
Operating profit	3,641	4,051
Non-operating income		
Interest income	0	0
Dividends income	63	69
Share of profit of entities accounted for using equity method	8	10
Gain on sales of scraps	29	43
Other	123	145
Total non-operating income	225	269
Non-operating expenses		
Interest expenses	22	16
Other	19	20
Total non-operating expenses	42	36
Ordinary profit	3,824	4,283
Extraordinary income		
Insurance income	–	* 2,138
Total extraordinary income	–	2,138
Extraordinary losses		
Loss on sales and retirement of non-current assets	123	63
Loss on tax purpose reduction entry of non-current assets	–	* 2,229
Fire loss	–	* 58
Loss on valuation of investment securities	8	–
Total extraordinary losses	131	2,350
Profit before income taxes	3,692	4,071
Income taxes - current	1,952	1,699
Income taxes - deferred	(761)	(380)
Total income taxes	1,190	1,319
Profit	2,502	2,752
Profit attributable to non-controlling interests	37	17
Profit attributable to owners of parent	2,464	2,734

(Quarterly Consolidated Statement of Comprehensive Income)

(First three-month period)

(Million yen)

	First three-month period of previous fiscal year (April 1, 2020 - June 30, 2020)	First three-month period of current fiscal year (April 1, 2021 - June 30, 2021)
Profit	2,502	2,752
Other comprehensive income		
Valuation difference on available-for-sale securities	248	(95)
Remeasurements of defined benefit plans, net of tax	10	4
Share of other comprehensive income of entities accounted for using equity method	(1)	0
Total other comprehensive income	257	(89)
Comprehensive income	2,760	2,662
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,722	2,644
Comprehensive income attributable to non-controlling interests	37	17

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	First three-month period of previous fiscal year (April 1, 2020 - June 30, 2020)	First three-month period of current fiscal year (April 1, 2021 - June 30, 2021)
Cash flows from operating activities		
Profit before income taxes	3,692	4,071
Depreciation	3,412	3,357
Increase (decrease) in provision for bonuses	(1,182)	(1,512)
Increase (decrease) in provision for directors’ bonuses	(77)	(109)
Increase (decrease) in allowance for doubtful accounts	15	(0)
Increase (decrease) in provision for directors’ retirement benefits	(19)	13
Increase (decrease) in provision for executive officers’ retirement benefits	3	3
Increase (decrease) in net defined benefit liability	99	(41)
Loss (gain) on valuation of investment securities	8	–
Interest and dividends income	(63)	(69)
Interest expenses	22	16
Share of loss (profit) of entities accounted for using equity method	(8)	(10)
Loss (gain) on sales and retirement of non-current assets	123	52
Loss on tax purpose reduction entry of non-current assets	–	2,229
Insurance income	–	(2,138)
Fire loss	–	58
Decrease (increase) in notes and accounts receivable - trade	(1,579)	(1,318)
Decrease (increase) in inventories	651	(590)
Decrease (increase) in accounts receivable - other	(44)	412
Increase (decrease) in notes and accounts payable - trade	757	406
Other, net	2,552	2,318
Subtotal	8,364	7,149
Interest and dividend income received	63	69
Interest expenses paid	(21)	(14)
Proceeds from insurance income	–	12
Payments for fire loss	–	(102)
Income taxes paid	(2,754)	(3,956)
Net cash provided by (used in) operating activities	5,651	3,158
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,134)	(2,990)
Other, net	(223)	14
Net cash provided by (used in) investing activities	(5,358)	(2,975)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	6,000	–
Net increase (decrease) in commercial papers	(6,000)	–
Proceeds from long-term loans payable	8,500	4,000
Repayment of long-term loans payable	(7,293)	(3,803)
Repayments of lease obligations	(639)	(416)
Cash dividends paid	(1,668)	(1,932)
Other, net	–	(0)
Net cash provided by (used in) financing activities	(1,101)	(2,153)
Net increase (decrease) in cash and cash equivalents	(808)	(1,970)
Cash and cash equivalents at beginning of period	20,288	17,884
Cash and cash equivalents at end of period	19,480	15,914

(4) Notes to Quarterly Consolidated Financial Statements

Note to Going Concern Assumption

Not applicable

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

Not applicable

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 first quarter 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 quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year.

Because of the change in accounting policy, net sales in the first three months of the previous fiscal year decreased 2,259 million yen compared with before the accounting standard is applied retroactively. Cost of sales and selling, general and administrative expenses fell 874 million yen and 1,384 million yen, respectively. As a result, operating profit, ordinary profit, and profit before income taxes remain unchanged.

Quarterly Consolidated Statement of Income

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

Fire loss and insurance claim income are a loss caused by a fire at the Company's Chubu Plant 1 in November 2020 and an insurance claim related to the fire, respectively. Loss on tax purpose reduction entry of non-current assets is related to a new plant being built to replace the plant burned by the fire.

Revenue Recognition

A breakdown of revenue generated from contracts with customers

First three months of the fiscal year under review (April 1, 2021 to June 30, 2021)

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	9,693	102.0
Lunchboxes and prepared food containers	26,322	105.5
Other products	776	98.6
Subtotal	36,792	104.4
Goods		
Packaging materials	10,338	111.0
Other goods	515	129.8
Subtotal	10,854	111.7
Total	47,647	106.0

Important Subsequent Events

(Disposition of treasury stock as stock compensation)

At a Board of Directors meeting held on July 1, 2021, the Company resolved to dispose of treasury stock for restricted stock compensation (“the Disposition of Treasury Stock”). Details are as follows:

1. Overview of the disposition of treasury stock

(1) Date of disposition	July 30, 2021
(2) Class and number of shares to be disposed of	Common stock of the Company 27,600 shares
(3) Disposition price	4,125 yen per share
(4) Total disposition amount	113,850,000 yen
(5) Persons that stock compensation is granted to and the number of shares granted to them	13 Directors* of the Company 23,600 shares 2 Directors of subsidiaries 4,000 shares * Excluding Directors who are Audit & Supervisory Board Members and Outside Directors
(6) Other	A notice of securities on the Disposition of Treasury Shares has been submitted under the Financial Instruments and Exchange Act.

2. Purpose and reason of disposition

At a meeting of the Board of Directors held on May 22, 2020, the Company resolved to introduce a restricted stock compensation plan (the “Plan”) as a new compensation plan for its Directors (excluding those who are Audit & Supervisory Committee members and Outside Directors; the same applies hereinafter) for the purpose of giving them an incentive to work on the sustainable enhancement of the Company’s corporate value and promoting the further sharing of value with the shareholders.

The 58th ordinary general meeting of shareholders held on June 25, 2020 approved the following: (i) An annual monetary compensation claim of 250 million yen or less will be granted to the Company’s Directors as property contributed in kind related to the granting of shares with restriction on transfer under the Plan in addition to the existing monetary compensation and (ii) The transfer restriction period will be from the date of delivery of shares with restriction on transfer to the date when the position of Director or other positions specified by the Company’s Board of Directors are lost.

The Company will introduce a stock compensation plan similar to the Plan for the Directors of the subsidiaries of the Company.