October 29, 2021

Consolidated Financial Results for the Six Months Ended September 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): November 4, 2021
Scheduled date for commencement of dividend payments: November 24, 2021
Supplementary documents for quarterly results: Yes
Quarterly 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 Six Months Ended September 30, 2021 (April 1, 2021 – September 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	%
September 30, 2021	97,367	6.0	8,548	2.9	8,907	4.0	5,803	2.7
September 30, 2020	91,851	–	8,311	–	8,564	–	5,653	–

(Note) Comprehensive income: Period ended September 30, 2021: 5,826 million yen (-6.0%)
Period ended September 30, 2020: 6,196 million yen (–%)

	Net income per share (basic)	Net income per share (diluted)
Period ended	Yen	Yen
September 30, 2021	70.93	–
September 30, 2020	68.37	–

(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. The Accounting Standard, etc. are applied retroactively to the figures for the second quarter of the fiscal year ended March 31, 2021. No year-on-year percentage changes are thus stated for the figures in the second 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
September 30, 2021	261,619	128,923	49.0	1,567.57
March 31, 2021	247,234	124,980	50.3	1,520.06

(Reference) Equity: As of September 30, 2021: 128,279 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	–	21.50			
Year ending March 31, 2022 (forecast)			–	25.50	47.00

(Note) 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
Year ending March 31, 2022	195,000	4.0	17,400	(7.3)	18,000	(7.1)	11,530	(5.6)	140.94

(Notes) 1. Revisions to consolidated business performance forecasts published most recently: Yes

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 16 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 September 30, 2021: 84,568,424 shares
As of March 31, 2021: 84,568,424 shares

(ii) Number of treasury shares at end of period:
As of September 30, 2021: 2,735,080 shares
As of March 31, 2021: 2,762,648 shares

(iii) Average number of shares outstanding during the period (consolidated cumulative period)
Six Months ended September 30, 2021: 81,817,577 shares
Six Months ended September 30, 2020: 82,688,186 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 Six Months Ended September 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 and a video regarding the financial results are published on the Company's website on November 4, 2021.

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1. Qualitative Information Relating to Consolidated Results of Operations for the Six Months Ended September 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 six months of the consolidated fiscal year under review (from April 1, 2021 to September 30, 2021) increased 6.0% year on year, to 97,367 million yen, a new record high. Net sales of products manufactured by the Group rose 4.6% year on year to 75,364 million yen. Net sales of goods purchased increased 11.0% year on year to 22,003 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 5.8% year on year, including the contribution to a 2.4% 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 held firm, underpinned by solid demand for cooking and eating at home, despite a temporary slowdown in shipments of seasonal products due to heavy rains in mid-August 2021. Meanwhile, 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.

Containers for convenience stores, those for boxed meals sold at railway stations, and those for picnics and events are starting to see a recovery in demand, now that the tail-off seen when people refrained from going out the previous year has come to an end.

With demand changing significantly as described above, the Group leveraged its supply chain management system to achieve almost zero missing items even during busy periods throughout the one-year period from September 2020 to August 2021. The Group will continue striving to ensure the stable supply of products to support safe, secure food lifestyles.

(Profits)

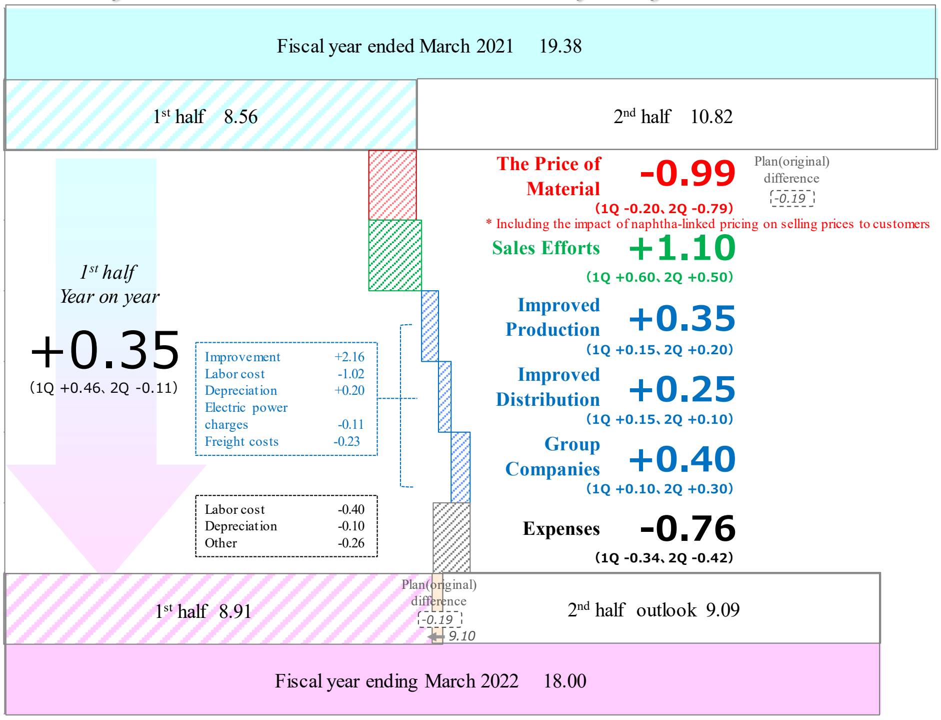
For the first six months under review, operating profit increased 237 million yen, or 2.9 % year on year, to 8,548 million yen, ordinary profit also increased 342 million yen (*1), or by 4.0% year on year, to 8,907 million yen, ordinary profit before depreciation and amortization increased 1.6% year on year, to 15,632 million yen, and profit attributable to owners of parent increased 2.7% year on year, to 5,803 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 2,362 million yen from the fire at the Chubu Plant 1 was posted as extraordinary income. On the other hand, a fire loss of 61 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 were posted as extraordinary losses.

Due to higher-than-initially anticipated raw material prices, operating profit and ordinary profit for the second quarter (from July 1, 2021 to September 30, 2021) were both lower than the level a year earlier. For the first six months under review, operating profit fell 230 million yen short of the initial plan and ordinary profit fell 190 million yen short.

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

Results for Increase/Decrease in Ordinary Profit *(For the Six Months Ended September 30, 2021)*

Unit: billion yen



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 Web marketing, radio commercials, and corporate communication activities via Instagram, YouTube, LINE, and other social media.

(*2) DLV Lunch (cow pattern and lemon 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 September 30, 2021, the Company operates 89 pieces of automated equipment on 61 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.

(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. The Group is also pushing ahead with the construction of the Kansai Hub Centre (due for completion in September 2022) adjacent to the 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).

[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	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 9,900 as of September 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.
Against the backdrop of the recent rise in environmental awareness, labelling(*3) 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 45% during the first six months under review.

To collect more used containers, the Group has created posters and stickers 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 399 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.

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

(*4) Thanksgiving plaque

Thank You

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.

(Message inscribed on the thanksgiving plaque)

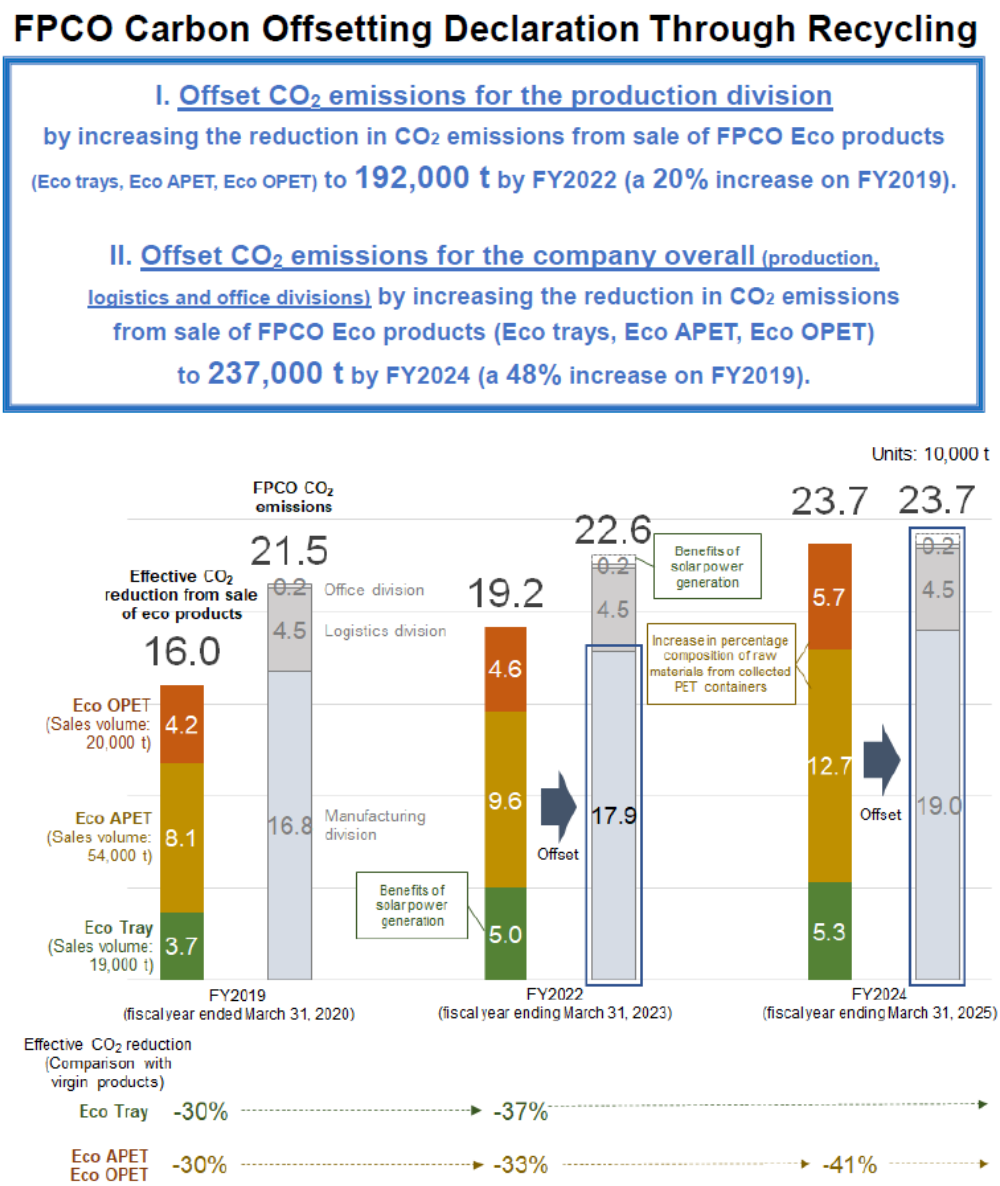
(b) Carbon Offsetting Declaration Through Recycling (*5)

On February 1, 2021, the Company made a Declaration of Carbon Offsetting Through Recycling. This scheme is aimed at balancing the reduction of CO_2 emissions achieved through sales of eco-friendly products, which are produced through FPCO Method Recycling, and CO_2 emissions from the production sector by the fiscal year ending March 31, 2023. It is also aimed at balancing the above reduction and the Group's overall CO_2 emissions (from production, logistics, and office sectors) by the fiscal year ending March 31, 2025.

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

In initiatives to introduce renewable energy, the Company signed a solar energy power purchase agreement with Mitsui and Co. Plant Systems, Ltd. in July 2021. The Company will install solar power generation facilities at the Kanto Eco PET Plant and the Kanto Yachiyo Plant, aiming for the commencement of operation in February 2022. This will enable procurement of renewable energy equivalent to the total energy consumption of the Kanto Recycling Plant located on the same site. The Company plans to introduce solar power generation at its other sites (in Chubu and Kansai) from the fiscal year ending March 31, 2023, which is expected to increase the CO_2 reduction effect of eco trays compared to trays made from crude oil from 30% to 37%.

(*5) Declaration of Carbon Offsetting with Recycling



(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 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. In addition, the Company plans to launch bowl-type paper containers, whilst FP CHUPA Corporation plans to launch paper lunchbox containers (container body and lid). 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. 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 and the target number of female managers at 50 or more. The Company is implementing a range of initiatives to achieve these targets.

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 made six donations totaling 476,000 sets of containers for packed lunches and soup. Additionally, in December 2020, the Company 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 second quarter under review totaled 261,619 million yen, up 14,385 million yen from the end of the previous fiscal year. That was mainly due to an increase in notes and accounts receivable – trade of 2,911 million yen, which is attributed mainly to an increase in net sales, and an increase in property, plant and equipment of 8,240 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 132,696 million yen, up 10,442 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 4,327 million yen increase in borrowings (short-term loans payable and long-term loans payable), which was mainly attributable to the procurement of funds for capital investment, a 6,676 million yen increase in "Other" among current liabilities, which primarily reflects an increase in accounts payable –facilities, and a 2,351 million yen decrease in income taxes payable.

Consolidated net assets totaled 128,923 million yen, up 3,942 million yen from the end of the previous fiscal year. This was attributable principally to profit attributable to owners of parent amounting to 5,803 million yen and dividends of surplus of 1,963 million yen.

Regarding dividends, the Company decided to pay an interim dividend of 21.5 yen per share in accordance with its already announced basic policy on the distribution of profits. The Company plans to pay a year-end dividend of 25.5 yen per share, making an annual dividend of 47 yen per share.

2) State of cash flows

Consolidated cash and cash equivalents (hereinafter "cash") at the end of the first six months under review totaled 19,580 million yen, up 1,695 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to 9,274 million yen (13,053 million yen in cash was provided a year earlier).

This reflected a cash increase due mainly to profit before income taxes of 8,554 million yen, depreciation of 6,725 million yen, and an increase in notes and accounts payable – trade of 1,832 million yen, as well as a cash decrease following an increase in notes and accounts receivable – trade of 2,903 million yen and income taxes paid of 5,133 million yen, among other factors.

(Cash flows from investing activities)

Net cash used in investing activities reached 9,114 million yen (7,321 million yen in cash was used a year earlier).

This was due mainly to the construction of the Kansai Plant and the Kansai Hub Center and 8,985 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 1,535 million yen (5,911 million yen in cash was used a year earlier).

This primarily reflected proceeds from long-term loans payable of 14,000 million yen, repayment of long-term loans payable of 9,672 million yen, repayment of lease obligations of 795 million yen and cash dividends paid of 1,963 million yen.

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

While COVID-19 vaccination is being rolled out and signs of a return to normal social and economic activity can be seen, the Group will continue to watch for changes in trends involving food-related demand.

Regarding raw materials, the price of polystyrene, which is a key raw material in the Group's products, has increased three times during 2021, with rises in April, July and October. Recently, prices of upstream raw materials such as naphtha and benzene continue to climb, and further increases in prices for polystyrene and raw materials in general are likely.

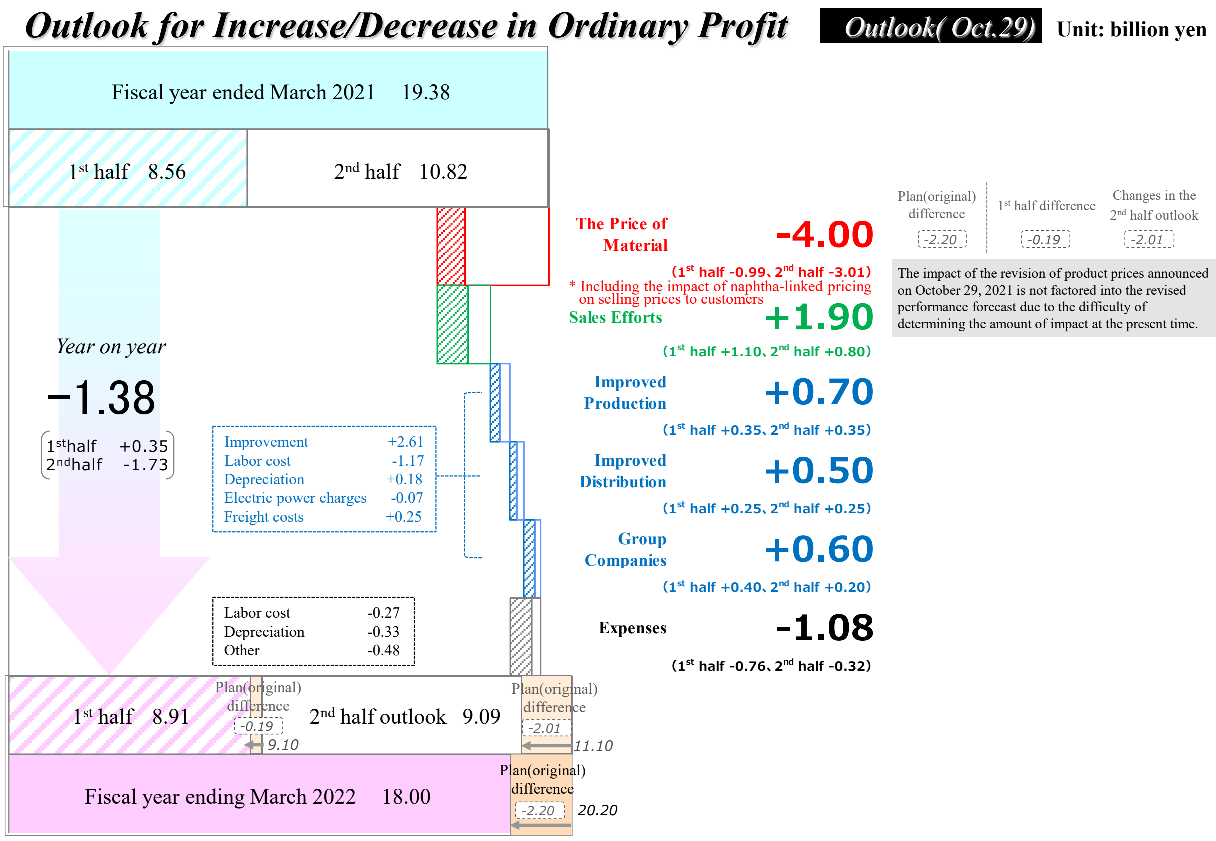
In response to rising raw materials prices, the Group is working to increase profit by expanding procurement volumes of used containers and other recovered raw materials and implementing initiatives to improve productivity across all its operations including automation in its production operations and improvement of carrying efficiency in its logistics operations. However, it is extremely difficult for the Group to absorb surging raw materials prices through its own efforts. Accordingly, on October 22, 2021, the Company announced on its website that it would be making revisions to its product prices. For details, refer to the release about price revisions.

On the sales front, demand continues to be driven by supermarkets and takeout and delivery services, whilst rising environmental awareness has led to a surge in enquiries about environmentally friendly products, indicating that shipments are likely to remain firm. The takeout and delivered food market sees ghost restaurants (food delivery businesses with no physical storefronts) 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.
Through the creation of these new markets combined with the research and development of recycling technologies, M&A, and other initiatives, the Group will aim to achieve sustainable growth.

Based on the performance in the first six 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 Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 on April 28, 2021. (*6) For details, refer to the Notification of Revision to the Performance Forecast announced on October 29, 2021 (Japanese only). The impact of the revision of product prices announced on October 29, 2021 on performance in the fiscal year ending March 31, 2022 is not factored into the revised performance forecast due to the difficulty of determining the amount of impact at the present time. The Company will promptly announce any matters which require disclosure in the future.

(*6) Revised outlook for increase/decrease in ordinary profit



(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)	Second quarter of the current consolidated fiscal year (As of September 30, 2021)
Assets		
Current assets		
Cash and deposits	17,884	19,580
Notes and accounts receivable - trade	36,761	39,672
Merchandise and finished goods	19,500	19,740
Work in process	93	126
Raw materials and supplies	2,802	3,218
Other	3,627	4,442
Allowance for doubtful accounts	(29)	(28)
Total current assets	80,641	86,752
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	76,585	80,185
Machinery, equipment and vehicles, net	31,996	32,591
Land	36,221	36,468
Leased assets, net	1,977	1,886
Other, net	7,833	11,723
Total property, plant and equipment	154,615	162,855
Intangible assets		
Goodwill	694	554
Other	1,364	1,335
Total intangible assets	2,059	1,889
Investments and other assets	9,918	10,122
Total non-current assets	166,592	174,866
Total assets	247,234	261,619
Liabilities		
Current liabilities		
Accounts payable - trade	21,184	23,017
Short-term loans payable	16,326	14,647
Commercial papers	18,000	18,000
Income taxes payable	4,308	1,956
Provision for bonuses	2,911	2,775
Provision for directors’ bonuses	152	84
Provision for fire loss	220	–
Other	15,422	22,099
Total current liabilities	78,527	82,580
Non-current liabilities		
Long-term loans payable	36,966	42,973
Provision for directors’ retirement benefits	640	695
Provision for executive officers’ retirement benefits	51	61
Net defined benefit liability	4,635	4,971
Other	1,432	1,414
Total non-current liabilities	43,726	50,115
Total liabilities	122,253	132,696

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Second quarter of the current consolidated fiscal year (As of September 30, 2021)
Net assets		
Shareholders’ equity		
Capital stock	13,150	13,150
Capital surplus	15,487	15,545
Retained earnings	99,959	103,799
Treasury shares	(5,617)	(5,561)
Total shareholders’ equity	122,980	126,934
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,412	1,439
Remeasurements of defined benefit plans	(42)	(94)
Total accumulated other comprehensive income	1,369	1,345
Non-controlling interests	630	643
Total net assets	124,980	128,923
Total liabilities and net assets	247,234	261,619

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

(Quarterly Consolidated Statement of Income)

(First half period)

(Million yen)

	First half period of previous fiscal year (April 1, 2020 - September 30, 2020)	First half period of current fiscal year (April 1, 2021 - September 30, 2021)
Net sales	91,851	97,367
Cost of sales	61,629	65,635
Gross profit	30,221	31,731
Selling, general and administrative expenses	21,910	23,183
Operating profit	8,311	8,548
Non-operating income		
Interest income	0	0
Dividends income	64	71
Share of profit of entities accounted for using equity method	19	27
Gain on sales of scraps	53	73
Other	202	270
Total non-operating income	341	443
Non-operating expenses		
Interest expenses	44	32
Other	42	52
Total non-operating expenses	87	84
Ordinary profit	8,564	8,907
Extraordinary income		
Insurance income	–	* 2,362
Total extraordinary income	–	2,362
Extraordinary losses		
Loss on sales and retirement of non-current assets	216	191
Loss on tax purpose reduction entry of non-current assets	–	* 2,229
Fire loss	–	* 61
Retirement benefit expenses	–	232
Total extraordinary losses	216	2,714
Profit before income taxes	8,347	8,554
Income taxes - current	2,977	2,850
Income taxes - deferred	(336)	(146)
Total income taxes	2,641	2,704
Profit	5,706	5,850
Profit attributable to non-controlling interests	52	46
Profit attributable to owners of parent	5,653	5,803

(Quarterly Consolidated Statement of Comprehensive Income)

(First half period)

(Million yen)

	First half period of previous fiscal year (April 1, 2020 - September 30, 2020)	First half period of current fiscal year (April 1, 2021 - September 30, 2021)
Profit	5,706	5,850
Other comprehensive income		
Valuation difference on available-for-sale securities	470	26
Remeasurements of defined benefit plans, net of tax	20	(51)
Share of other comprehensive income of entities accounted for using equity method	(1)	0
Total other comprehensive income	489	(24)
Comprehensive income	6,196	5,826
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,143	5,779
Comprehensive income attributable to non-controlling interests	52	52

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	First half period of previous fiscal year (April 1, 2020 - September 30, 2020)	First half period of current fiscal year (April 1, 2021 - September 30, 2021)
Cash flows from operating activities		
Profit before income taxes	8,347	8,554
Depreciation	6,821	6,725
Increase (decrease) in provision for bonuses	269	(136)
Increase (decrease) in provision for directors' bonuses	(49)	(67)
Increase (decrease) in allowance for doubtful accounts	13	(9)
Increase (decrease) in provision for directors' retirement benefits	(8)	54
Increase (decrease) in provision for executive officers' retirement benefits	3	9
Increase (decrease) in net defined benefit liability	159	335
Interest and dividends income	(65)	(72)
Interest expenses	44	32
Share of loss (profit) of entities accounted for using equity method	(19)	(27)
Loss (gain) on sales and retirement of non-current assets	216	181
Loss on tax purpose reduction entry of non-current assets	–	2,229
Insurance income	–	(2,362)
Fire loss	–	61
Decrease (increase) in notes and accounts receivable - trade	(2,045)	(2,903)
Decrease (increase) in inventories	1,500	(688)
Decrease (increase) in accounts receivable - other	(65)	(274)
Increase (decrease) in notes and accounts payable - trade	769	1,832
Other, net	43	(972)
Subtotal	15,933	12,501
Interest and dividend income received	65	72
Interest expenses paid	(45)	(32)
Proceeds from insurance income	–	2,190
Payments for fire loss	–	(323)
Income taxes paid	(2,900)	(5,133)
Net cash provided by (used in) operating activities	13,053	9,274
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,007)	(8,985)
Other, net	(314)	(129)
Net cash provided by (used in) investing activities	(7,321)	(9,114)
Cash flows from financing activities		
Proceeds from long-term loans payable	11,900	14,000
Repayment of long-term loans payable	(14,892)	(9,672)
Repayments of lease obligations	(1,190)	(795)
Cash dividends paid	(1,694)	(1,963)
Other, net	(33)	(33)
Net cash provided by (used in) financing activities	(5,911)	1,535
Net increase (decrease) in cash and cash equivalents	(179)	1,695
Cash and cash equivalents at beginning of period	20,288	17,884
Cash and cash equivalents at end of period	20,108	19,580

(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 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 six months of the previous fiscal year decreased 4,543 million yen compared with before the accounting standard is applied retroactively. Cost of sales and selling, general and administrative expenses fell 1,718 million yen and 2,825 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 six months of the fiscal year under review (April 1, 2021 to September 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	19,559	103.0
Lunchboxes and prepared food containers	54,237	105.2
Other products	1,566	105.2
Subtotal	75,364	104.6
Goods		
Packaging materials	20,995	110.2
Other goods	1,008	129.4
Subtotal	22,003	111.0
Total	97,367	106.0

Important Subsequent Events

Not applicable