

Consolidated Financial Results for the Six Months Ended September 30, 2023 <under Japanese GAAP>

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 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 7947 URL: <https://www.fpco.jp/>
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Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): November 9, 2023
 Scheduled date for commencement of dividend payments: November 22, 2023
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 – September 30, 2023)

(1) Consolidated Results of Operations (Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Period ended September 30, 2023	108,726	6.0	6,981	15.0	7,235	12.9	5,122	24.0
September 30, 2022	102,562	5.3	6,072	(29.0)	6,409	(28.0)	4,131	(28.8)

(Note) Comprehensive income: Period ended September 30, 2023: 5,414 million yen (33.3%)
 Period ended September 30, 2022: 4,061 million yen (-30.3%)

	Net income per share (basic)		Net income per share (diluted)	
	Yen	Yen	Yen	Yen
Period ended September 30, 2023	62.58	–	–	–
September 30, 2022	50.48	–	–	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2023	300,027	143,534	47.6	1,744.78
March 31, 2023	298,623	140,171	46.7	1,703.56

(Reference) Equity: As of September 30, 2023: 142,847 million yen
 As of March 31, 2023: 139,432 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
Fiscal year ended March 31, 2023	–	21.50	–	25.50	47.00
Fiscal year ending March 31, 2024	–	21.50	–	–	–
Fiscal year ending March 31, 2024 (forecast)	–	–	–	25.50	47.00

(Note) Revisions to dividend forecasts published most recently: No

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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, 2024	221,300	4.7	17,350	3.9	18,000	3.9	11,808	2.4	144.27

(Note) Revisions to consolidated business performance forecasts published most recently: No

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

As of September 30, 2023:	84,568,424 shares
As of March 31, 2023:	84,568,424 shares
 - (ii) Number of treasury shares at the end of the period

As of September 30, 2023:	2,696,988 shares
As of March 31, 2023:	2,720,596 shares
 - (iii) Average number of shares outstanding during the period (consolidated cumulative period)

Six Months ended September 30, 2023:	81,857,946 shares
Six Months ended September 30, 2022:	81,839,453 shares

* 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, 2023; (3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results” on page 7 of the “Accompanying Materials.”

(How to obtain supplementary documents for quarterly results)

The Company will hold a financial results briefing session for financial analysts and institutional investors on November 1, 2023 (Wednesday). The financial results briefing will be held in person and also streamed live. Materials used for the presentations of the financial results and the video of the presentations given at the analyst meeting are planned to be posted at the Company’s official website on the following dates.

- Presentation materials: Wednesday, November 1, 2023

- Video of the presentations given at analyst meeting: Wednesday, November 8, 2023

Accompanying Materials – Contents

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1. Qualitative Information Relating to Consolidated Results of Operations for the Six Months Ended September 30, 2023

(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, namely, “reliably deliver the most environmentally friendly products of the highest quality,” “at the most competitive prices,” “whenever they are needed.” In 2023, the Group will strive to achieve further growth by focusing its efforts primarily on entrenching the various initiatives it has been pursuing to date.

(Net sales and profits)

Net sales and profits for the first six months of the consolidated fiscal year under review (from April 1, 2023 to September 30, 2023) are as follows.

[Net sales and profits for the first six months of the consolidated fiscal year under review] (millions of yen)

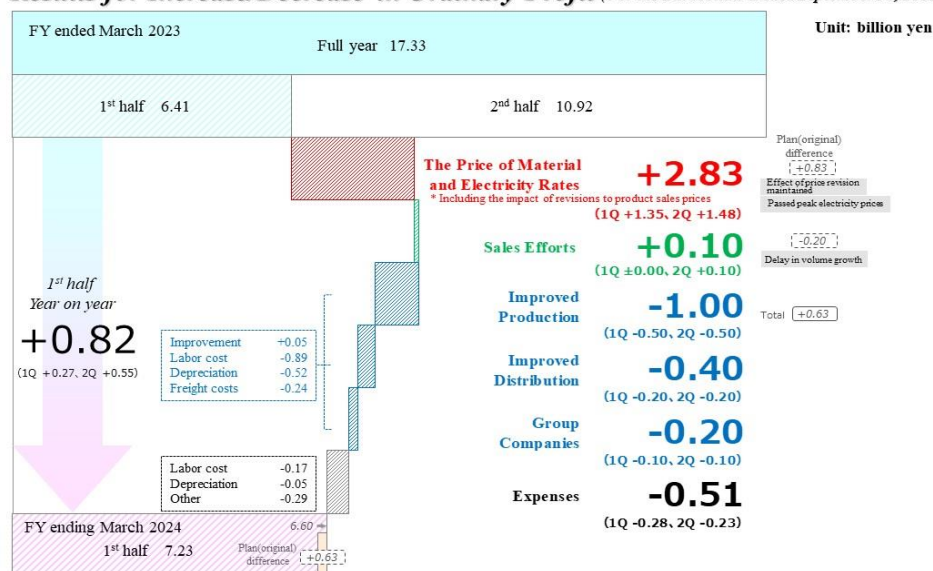
	Results	YoY change	YoY (%)
Net sales	108,726	6,164	106.0%
Sales of products	85,482	5,040	106.3%
Sales of goods	23,244	1,124	105.1%
Operating profit	6,981	909	115.0%
Ordinary profit (*1)	7,235	825	112.9%
Profit attributable to owners of parent	5,122	991	124.0%
Ordinary profit before depreciation	14,816	1,378	110.3%

For the first six months under review, ordinary profit increased 825 million yen year on year. Factors for the increase include the second product price revisions (announced on April 28, 2022), the improvement effect of each segment and the strong sales of products with high added value, including eco-friendly products (Eco Tray, Eco APET and Eco OPET) and products for prepared food. On the other hand, factors for the decrease include a rise in raw material prices, higher electricity rates and an increase in labor expenses that resulted from a significant wage increase implemented to secure and retain human resources, as well as an increase in depreciation at Kansai Plant and the Kansai Hub Center that started operating in the previous fiscal year. Ordinary profit exceeded the projection at the beginning of the fiscal year by 635 million yen because it was possible to maintain the effects of the two product price revisions which had been conducted by the previous consolidated fiscal year.

The sales volume of products decreased slightly, down 1.2% year on year, due to the impact of a decrease in the number of items bought at supermarkets amid the ongoing increase in prices of food and a wide range of other goods. However, the monthly sales volume for September increased 0.6% year on year.

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

Results for Increase/Decrease in Ordinary Profit (For the Six Months Ended September 30, 2023)

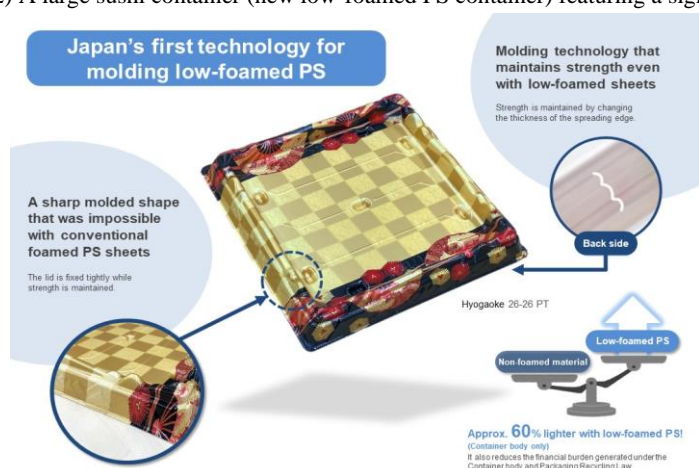


(Sales activities)

The Group aims to contribute to increasing customers' income with proposals focused on functions of containers that help improve customers' productivity and their effects for emphasizing the freshness and volume of food. Specifically, the Group is stepping up initiatives to expand the Group's meeting demand from existing customers through its marketing activities, discovering new markets such as the markets for hospital food, nursing care food and frozen food and promoting its products targeting the market for takeout and delivered food, which has taken root as a market.

While prices of raw materials, electricity and other goods have been rising, the Group has developed and has been proposing new low-foamed PS containers. These are the first low-foamed (weight-reduced) containers in Japan, which feature much lighter weight (use of less plastics) than non-foamed containers. These containers were created by combining the foaming technologies of Sekisui Kasei Co., Ltd. (Headquarters: Kita-ku, Osaka-shi; hereinafter, "Sekisui Kasei") with the Company's proprietary mold design technology based on double-sided vacuum molding. This has made it possible to reduce the weight of the large sushi container (*2) approx. 60% (container only) compared with a non-foamed container while maintaining the same strength and sharp shape as the Company's non-foamed containers (The patent application has been filed jointly by the Company and Sekisui Kasei.). While the commission for recycling under the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging has been rising, switching to new low-foamed PS containers will lead to a significant reduction in the use of plastics and enable customers to reduce the cost of outsourcing recycling. In addition, the sashimi container with gentle slopes created on the presentation side (the "Tsuma Zero" container (*3)) can reduce tsuma (sliced radish as garnish) to zero, and has been adopted by an increasing number of customers due to its effects in reducing customers' cost and food loss and streamlining work processes. For "Pack Market," an e-commerce site for packaging materials, the Group enhanced registered items and carried out sales promotional activities, which has resulted in a larger number of registered members and ongoing growth in sales amounts.

(*2) A large sushi container (new low-foamed PS container) featuring a significant reduction in the use of plastics



(*3) A sashimi container that enables the reduction of tsuma ("Tsuma Zero" container)



(Production)

The Group is striving to improve productivity through initiatives that include improvements in capacity utilization and automation. It is also taking steps to further improve product safety by acquiring FSSC 22000 certification. At the same time, it is giving hazard simulation training and other safety education as well.

Regarding automation, the Group has succeeded in reducing workload and saving labor at Chubu Plant 1 and the Kansai Plant by using automated guided vehicles to transport roll stocks, molds and films and arm robots for splicing roll stocks. In addition, the Group raised wages for working-level employees and increased the number of holidays they receive per year in April 2023, in its efforts to secure and retain personnel. These measures have produced certain effects, including a year-on-year decrease in employee turnover.

(Logistics)

The Group has built a logistics network that covers 85% of the total population within a 100 km radius of each of its nine distribution centers all over Japan (Hokkaido, Tohoku, Kanto, Hachioji, Tokai, Chubu, Kansai, Fukuyama and Kyushu).

To reduce logistics expenses, the Group delivers products and goods using a private service, which enables it to reduce transportation costs compared to a route delivery service. The Group also uses pallet transportation and strives to increase the loading efficiency of each truck. The Group has been utilizing automated guided vehicles and automated guided forklift trucks at distribution centers to deal with the labor shortage. It has also increased wages for working-level employees and raising freight rates to secure more personnel and vehicles. Previously, products for the Kansai region were delivered from the Fukuyama Hub Center. They are now delivered from the Kansai Hub Center. The purposes are to shorten the delivery time, to comply with the regulations on overtime work of drivers associated with the Act on the Arrangement of Related Acts to Promote Work Style Reform (the 2024 problem in logistics) and to otherwise ensure more stable supply.

(Overseas business)

Regarding Lee Soon Seng Plastic Industries Sdn. Bhd. (Headquarters: Malaysia; hereinafter, "LSSPI"), which became an equity method affiliate in August 2022, the Company is striving to improve its productivity through capital investment, including using the Company's idle equipment and introducing an inventory control system. While the demand for food containers in Southeast Asia is expected to grow due to the population increase and rising income levels, the Company is aiming to improve LSSPI's competitiveness in Southeast Asia and to maximize its profits.

(Initiatives aimed at realizing a recycling-based, sustainable 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 has been forging ahead with the "Tray to Tray" FPCO method of recycling since it began to collect used containers at six supermarkets in 1990. Along with the system of sorting and collection under the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging that came into force in 1997, Tray to Tray enjoyed the understanding and cooperation of consumers. As of the end of September 2023, the number of collection points exceeded 10,600 and is still increasing. Since 2012, the Group has also been working on "Bottle to Transparent Container," a project for recycling used PET bottles (plastic bottles) into transparent containers, such as containers for salad. To drive these "Tray to Tray" and "Bottle to Transparent Container" closed loop recycling initiatives, the Company is working to expand "Store to Store" recycling, in which the trays and PET bottles used at a store are collected at the same store as resources, recycled into food trays and transparent containers, and used actively again by the same store. In November 2022, the Company set environmental targets and began to implement initiatives jointly with Chugoku CGC Co., Ltd. (Headquarters: Asaminami-ku, Hiroshima-shi). This has led to an increase in the amount of trays and PET bottles collected by users and a significant increase in the reduction of CO₂ emissions resulting from use of eco-friendly products. In addition, in October 2023 the Company began to collaborate with EVERY Co., Ltd. (Headquarters: Fukuyama-shi, Hiroshima). With this and other initiatives, the Company will contribute to reducing environmental impact in each region and promoting the development of a sustainable, recycling-oriented society.

Against the backdrop of the recent rise in consumers' environmental awareness, the use of panels (*4) and other tools for signaling the use of the Company's eco-friendly products in consideration of the environment and to contribute to the achievement of the SDGs continued to be expanded in retail spaces. The Company also conveys that used trays and PET bottles are recycled into new

ones to consumers through the display of the Eco Mark symbol on eco-friendly products (Eco Tray, Eco APET and Eco OPET) and the printing of the words “Recycled from PET bottles.”

In October 2023, the cumulative total number of visitors to the recycling plants surpassed 500,000. Since the Company began to accept visitors in 1990, the plants have been visited by more than 20,000 people every year, including children from elementary schools in the vicinity, business partners, their customers (consumers), members of consumer groups, various members of the press and people from local governments. After an approx. three-year period when the Company voluntarily refrained from hosting visitors due to the COVID-19 pandemic, the cumulative number of visitors has exceeded 500,000. The Company will continue to push forward with initiatives for expanding recycling in cooperation with its business partners and consumers.

(*4) Messaging about consideration for the environment and the SDGs at sales counters



(b) Initiatives to address climate change issues

The Group has set medium- to long-term targets aimed at achieving carbon neutrality by 2050. The Group has disclosed its governance, strategies, and other initiatives for achieving these targets in accordance with the TCFD Recommendations.

The Group is taking steps to reduce CO₂ emissions from its business locations, including the introduction of renewable energy and energy-efficient equipment. At the same time, to reduce CO₂ emissions from the entire supply chain, the Group is promoting sales of eco-friendly products, which effectively reduce CO₂ emissions by 30% compared to petroleum-derived products free of recycled materials.

Regarding the introduction of renewable energy, solar power generation facilities, which have been installed at the Group’s plants in Kanto and Chubu regions, have begun operating. The Group also has a plan to introduce solar power generation facilities in the Kansai region in March 2024. This will enable the use of renewable energy for all processes of the manufacturing of recycled materials at the Group’s used tray recycling plants and is expected to increase the CO₂ reduction effect of eco trays from 30% to 37%.

(c) Initiatives taken through the FP Corporation Environment Fund

The Company launched The FP Corp. Environment Fund in March 2020 to extend financial support to organizations which engage in activities in the three areas of “environmental conservation,” “environmental education and research” and “activities to resolve food issues and to provide food support.” The Company is subsidizing 22 organizations in the fiscal year ending March 31, 2024. In addition, the Company also has Group employees participate in those organizations’ activities as part of its efforts to build a sustainable society together with people from local communities.

(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 Transparent Container” recycling, which is based on established recycling technologies and systems for products made of monomaterial.

The Company is studying dissolution and separation recycling and chemical recycling in collaboration with DIC Corporation for the complete circular recycling of foamed polystyrene containers. The Company aims to achieve the social implementation of dissolution and separation recycling by 2024 and chemical recycling by 2026. By doing so, the Company will be able to recycle colored and patterned foamed polystyrene containers, which are now recycled into daily necessities, sundry goods and other items, into the Company’s products, aiming to further expand its eco-friendly products.

With regard to the diversification of materials, the Company has released biomass plastic products made of 25% plant-derived

materials as well as paper containers for sushi and paper trays. 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 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, 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, sustainable society.

(Initiatives on ESG and SDGs)

The Group is implementing initiatives for achieving SDGs, including recycling of resources and promotion of active participation of diverse human resources, and striving to disclose more ESG information.

The Group's human resources with disabilities engage in core operations, including manufacturing of food containers and sorting of used food containers. As of March 2023, the employment rate for employees with disabilities in the FPCO Group has reached 12.5% according to the calculation method prescribed by Japanese law.

Concerning the promotion of the active participation of women and their career advancement, the Company published its general employers action plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace in the Ministry of Health, Labour and Welfare's database of companies promoting the active participation of women and their career advancement, aiming to expand the occupational domains of female employees, to aid women in remaining employed and to increase the number of women in managerial positions. The Company set the target ratio of all round female employees at 30% or more among all round employees to be hired from 2022 onwards. The Company has also set the target number of female managers at 50 or more by 2026 and the target percentage of childcare leave taken by male employees at 50% or higher by the end of March 2025. The Company is implementing a range of initiatives to achieve these targets. As a result, in April 2023, 24% of all round employees who joined the Company were women. As of the end of September 2023, the Company had 57 female managers and 9% of male employees entitled to childcare leave took it during the fiscal year ended March 31, 2023.

To promote good health among employees, the Company strives to improve the workplace environment while also implementing the Workplace Health Promotion Project, in which every initiative and all available information are taken and used to improve health, in its efforts to improve employees' vitality and productivity.

As a result of these initiatives, the Company has been selected as a constituent of the FTSE4Good Index Series, the FTSE Blossom Japan Index, and the FTSE Blossom Japan Sector Relative Index by FTSE Russell, as well as the MSCI Japan Empowering Women (WIN) Select Index by MSCI Inc., and recognized under the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category) by the Ministry of Economy, Trade and Industry.

In addition, the Company provides containers to children's cafeterias by working together with its business partners. Since May 2020, the Company has made 12 donations totaling 853,260 sets of containers for packed lunches and soup.

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 300,027 million yen, up 1,403 million yen from the end of the previous fiscal year. That was mainly due to a 5,891 million yen increase in notes and accounts receivable – trade that resulted chiefly from the fact that the final day of the second quarter under review was a non-business day for financial institutions, and a 4,284 million yen decrease in property, plant and equipment, mainly reflecting depreciation.

Consolidated liabilities amounted to 156,492 million yen, down 1,959 million yen from the end of the previous fiscal year. This was attributable chiefly to a 3,948 million yen increase in notes and accounts payable - trade, mainly reflecting the fact that the final day of the second quarter under review was a non-business day for financial institutions, and a decrease in loans payable (short-term and long-term loans payable) of 4,429 million yen that resulted from repayment.

Consolidated net assets totaled 143,534 million yen, up 3,363 million yen from the end of the previous fiscal year. This was attributable principally to profit attributable to owners of parent amounting to 5,122 million yen and dividends of surplus of 2,087 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 second quarter under review totaled 22,202 million yen, down 52 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to 14,021 million yen (6,785 million yen in cash was provided a year earlier).

This reflected a cash increase due mainly to profit before income taxes of 7,509 million yen, depreciation of 7,580 million yen, a shrinkage in inventories of 838 million yen, and an increase in notes and accounts payable – trade of 2,732 million yen, as well as a cash decrease following an increase in notes and accounts receivable – trade of 5,877 million yen and income taxes paid of 3,211 million yen, among other factors.

(Cash flows from investing activities)

Net cash used in investing activities reached 6,912 million yen (19,615 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 7,064 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 7,162 million yen (22,468 million yen in cash was provided a year earlier).

This primarily reflected proceeds from long-term loans payable of 3,000 million yen, repayment of long-term loans payable of 7,441 million yen, repayment of lease obligations of 600 million yen and cash dividends paid of 2,086 million yen.

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

Regarding the forecast of consolidated results, the results forecasts for the full year that were announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 on April 28, 2023 remain unchanged. (*5)

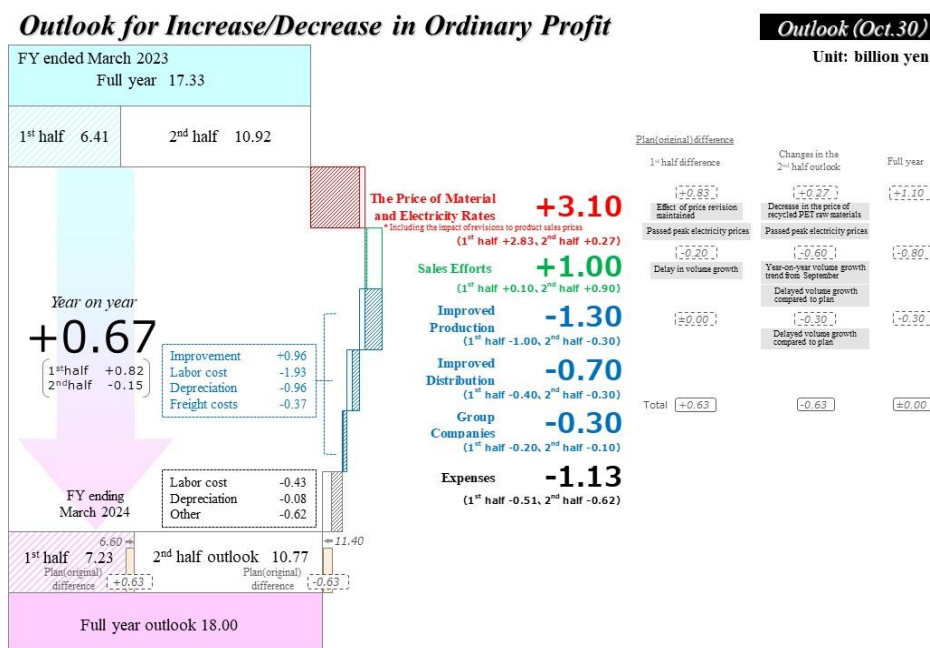
On the sales front, the sales volume is expected to grow, mainly the volume of eco-friendly products and products which use less plastic, against the backdrop of rising environmental awareness and the rising prices of everything. Above all, inquiries about the new low-foamed PS containers with reduced weight (reduced use of plastics) are increasing, and the Company is enhancing its product lineup and proposing that customers switch from non-foamed containers. The Group is stepping up active efforts to expand sales towards the market for takeout and delivered food, which took root under the pandemic, and towards markets for frozen food and for hospital food and nursing care food, where the Group will strive to boost its sales in the future. To increase sales of goods, the Group will propose solutions to its business partners to enable them to improve efficiency by fully leveraging the Group’s infrastructure, including its logistics, systems, Pack Market and merchandising functions.

On September 29, 2023, the Company acquired additional shares of APEX Corporation (Headquarters: Chuo-ku, Fukuoka-shi; hereinafter, “APEX”) and made APEX a consolidated subsidiary. Efforts will be made to reduce costs, improve management efficiency, and at the same time, improve services for existing customers using the Group’s infrastructure mentioned above. The Company will also work to expand sales of packaging materials and consumables, as well as food containers, aiming to enter markets that it could not cultivate deeply before, by increasing the competitiveness of APEX.

Among the raw material prices, the price of naphtha and benzene, raw materials of the Company's products, are expected to rise in the future in light of trends in crude oil prices, exchange rates, and other factors. Polystyrene prices are expected to remain at high levels. On the other hand, the price of PET bottles bales, which was rising, will subside again, resulting in a decline in the recycled PET materials price, while electricity prices have passed their peak and are expected to be lower than the original plan for the fiscal year ending 2024.

Through such value creation proposals and the creation of new markets combined with the research and development of recycling technologies, M&A, and other initiatives, the Group will aim to achieve sustainable growth.

(*5) Outlook for increase/decrease in ordinary profit



(Explanations of terms)

- Eco Tray:** A recycled, foamed 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 +60°C (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 +80°C (sales commenced in 2016).
- FSSC22000:** An international standard for food safety management systems, which is aimed at providing safe food for consumers
It can be used for a wide range of purposes, from storage in a freezer to cooking in a microwave (sales commenced in 2010).
- Dissolution and separation recycling:**
A method with which black polystyrene (PS) pellets produced through material recycling are dissolved and decolored to produce recycled PS materials for food containers.
Developed by DIC Corporation, this is the first technology of its kind in the world.
- 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, 2023)	Second quarter of the current consolidated fiscal year (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	22,255	22,597
Notes and accounts receivable - trade	42,002	47,894
Merchandise and finished goods	24,711	23,491
Work in process	119	149
Raw materials and supplies	5,024	5,796
Other	7,327	4,980
Allowance for doubtful accounts	(28)	(43)
Total current assets	101,413	104,866
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	99,095	96,629
Machinery, equipment and vehicles, net	34,584	32,705
Land	37,754	37,929
Lease assets, net	1,677	1,548
Other, net	6,181	6,195
Total property, plant and equipment	179,293	175,008
Intangible assets		
Goodwill	224	1,731
Other	1,536	1,485
Total intangible assets	1,760	3,217
Investments and other assets	16,156	16,934
Total non-current assets	197,210	195,160
Total assets	298,623	300,027
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,530	30,478
Short-term loans payable	14,909	15,261
Commercial papers	18,000	18,000
Income taxes payable	3,241	2,692
Provision for bonuses	3,011	3,175
Provision for directors' bonuses	167	92
Other	18,024	16,916
Total current liabilities	83,883	86,616
Non-current liabilities		
Long-term loans payable	67,251	62,469
Provision for directors' retirement benefits	130	139
Provision for executive officers' retirement benefits	96	86
Net defined benefit liability	5,139	5,341
Other	1,950	1,839
Total non-current liabilities	74,568	69,876
Total liabilities	158,452	156,492

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2023)	Second quarter of the current consolidated fiscal year (As of September 30, 2023)
Net assets		
Shareholders' equity		
Capital stock	13,150	13,150
Capital surplus	15,552	15,573
Retained earnings	115,126	118,161
Treasury shares	(5,531)	(5,483)
Total shareholders' equity	138,298	141,402
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,075	1,325
Foreign currency translation adjustment	(25)	35
Remeasurements of defined benefit plans	84	83
Total accumulated other comprehensive income	1,134	1,444
Non-controlling interests	738	687
Total net assets	140,171	143,534
Total liabilities and net assets	298,623	300,027

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(First half period)

(Million yen)

	First six-month period of previous fiscal year (April 1, 2022 - September 30, 2022)	First six-month period of current fiscal year (April 1, 2023 - September 30, 2023)
Net sales	102,562	108,726
Cost of sales	72,047	77,098
Gross profit	30,514	31,628
Selling, general and administrative expenses	24,441	24,646
Operating profit	6,072	6,981
Non-operating income		
Interest income	1	1
Dividends income	62	52
Share of profit of entities accounted for using equity method	39	–
Gain on sales of scraps	103	82
Subsidy income	34	99
Other	232	273
Total non-operating income	474	508
Non-operating expenses		
Interest expenses	58	78
Share of loss of entities accounted for using equity method	–	111
Other	78	65
Total non-operating expenses	137	255
Ordinary profit	6,409	7,235
Extraordinary income		
Gain on sales of non-current assets	–	127
Gain on step acquisitions	–	207
Total extraordinary income	–	335
Extraordinary losses		
Loss on sales and retirement of non-current assets	271	61
Total extraordinary losses	271	61
Profit before income taxes	6,137	7,509
Income taxes - current	2,361	2,564
Income taxes - deferred	(404)	(160)
Total income taxes	1,956	2,404
Profit	4,181	5,104
Profit (loss) attributable to non-controlling interests	50	(17)
Profit attributable to owners of parent	4,131	5,122

(Quarterly Consolidated Statement of Comprehensive Income)
(First half period)

(Million yen)

	First six-month period of previous fiscal year (April 1, 2022 - September 30, 2022)	First six-month period of current fiscal year (April 1, 2023 - September 30, 2023)
Profit	4,181	5,104
Other comprehensive income		
Valuation difference on available-for-sale securities	(172)	249
Remeasurements of defined benefit plans, net of tax	17	(0)
Share of other comprehensive income of entities accounted for using equity method	34	60
Total other comprehensive income	(120)	309
Comprehensive income	4,061	5,414
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,011	5,432
Comprehensive income attributable to non- controlling interests	50	(17)

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	First six-month period of previous fiscal year (April 1, 2022 - September 30, 2022)	First six-month period of current fiscal year (April 1, 2023 - September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	6,137	7,509
Depreciation	7,027	7,580
Increase (decrease) in provision for bonuses	176	151
Increase (decrease) in provision for directors' bonuses	(82)	(75)
Increase (decrease) in allowance for doubtful accounts	(53)	(0)
Increase (decrease) in provision for directors' retirement benefits	(655)	9
Increase (decrease) in provision for executive officers' retirement benefits	10	(10)
Increase (decrease) in net defined benefit liability	77	130
Interest and dividends income	(63)	(53)
Interest expenses	58	78
Share of loss (profit) of entities accounted for using equity method	(39)	111
Loss (gain) on step acquisitions	–	(207)
Loss (gain) on sales and retirement of non-current assets	263	(70)
Decrease (increase) in notes and accounts receivable - trade	(3,839)	(5,877)
Decrease (increase) in inventories	(2,532)	838
Decrease (increase) in accounts receivable - other	176	283
Increase (decrease) in notes and accounts payable - trade	3,021	2,732
Other, net	(391)	4,122
Subtotal	9,292	17,253
Interest and dividend income received	63	53
Interest expenses paid	(52)	(73)
Income taxes paid	(2,517)	(3,211)
Net cash provided by (used in) operating activities	6,785	14,021
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,833)	(7,064)
Proceeds from sales of property, plant and equipment	362	701
Proceeds from sales of investment securities	3	266
Purchase of shares of an associate	(6,800)	(1)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(309)
Other, net	(346)	(504)
Net cash provided by (used in) investing activities	(19,615)	(6,912)
Cash flows from financing activities		
Proceeds from long-term loans payable	33,000	3,000
Repayment of long-term loans payable	(7,693)	(7,441)
Repayments of lease obligations	(719)	(600)
Cash dividends paid	(2,084)	(2,086)
Other, net	(34)	(33)
Net cash provided by (used in) financing activities	22,468	(7,162)
Net increase (decrease) in cash and cash equivalents	9,638	(52)
Cash and cash equivalents at beginning of period	19,745	22,255
Cash and cash equivalents at end of period	29,383	22,202

(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

Revenue Recognition

A breakdown of revenue generated from contracts with customers

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

(Million yen)

	First six-month period of previous fiscal year (April 1, 2022 - September 30, 2022)	First six-month period of current fiscal year (April 1, 2023 - September 30, 2023)
Products		
Trays	19,785	20,640
Lunchboxes and prepared food containers	58,691	62,860
Other products	1,964	1,980
Subtotal	80,442	85,482
Goods		
Packaging materials	21,127	22,014
Other goods	992	1,229
Subtotal	22,119	23,244
Total	102,562	108,726

Important Subsequent Events

Not applicable