

Quarterly Report

2022

(Second quarter of 71st term)

© THE PACK CORPORATION

Quarterly Report

1. This document is the print version of the Quarterly Report submitted via the Electronic Disclosure for Investors' NETwork (EDINET), pursuant to Article 27-30-2 of the Financial Instruments and Exchange Act of Japan, to which a table of contents and pagination have been added.
2. The quarterly review attached to the Quarterly Report submitted via EDINET and the letter of confirmation submitted alongside the Quarterly Report are appended to the end of this document.

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Part 1. Corporate information

1. Corporate overview

1. Trends in major management indicators

Term		Second quarter of consolidated 70th term (cumulative)	Second quarter of consolidated 71st term (cumulative)	70th term
Fiscal period		January 1 – June 30, 2021	January 1 – June 30, 2022	January 1, 2021 – December 31, 2021
Net sales	(million yen)	36,589	39,617	79,690
Ordinary profit	(million yen)	1,600	2,298	4,422
Profit attributable to owners of parent	(million yen)	1,069	1,422	2,824
Comprehensive income (loss)	(million yen)	1,421	1,744	3,325
Net assets	(million yen)	60,603	63,323	62,032
Total assets	(million yen)	82,469	86,565	87,422
Basic earnings per share	(yen)	56.31	74.85	148.71
Diluted earnings per share	(yen)	56.24	74.78	148.53
Capital adequacy ratio	(%)	73.4	73.1	70.9
Cash flow from (used in) operating activities	(million yen)	6,143	4,449	7,217
Cash flow from (used in) investment activities	(million yen)	(2,764)	(2,065)	(3,460)
Cash flow from (used in) financing activities	(million yen)	(523)	(514)	(1,029)
Ending balance of cash and cash equivalents	(million yen)	18,151	20,101	18,067

Term		Second quarter of consolidated 70th term (cumulative)	Second quarter of consolidated 71st term (cumulative)
Fiscal period		April 1 – June 30, 2021	April 1 – June 30, 2022
Basic earnings per share	(yen)	26.38	37.06

- Notes: 1. Trends in key management indicators for the reporting company are not provided because the Company prepares quarterly consolidated financial statements.
2. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020) and related guidance have been applied since the beginning of the first quarter of the consolidated fiscal period under review. Figures for the cumulative period through the second quarter of the previous consolidated fiscal year and for the previous consolidated fiscal year reflect the retroactive application of these accounting standards.

2. Lines of business

No material changes occurred in the lines of business pursued by the Group (i.e., the Company and its affiliates) during the cumulative period through the second quarter of the consolidated fiscal year under review.

No changes affecting major affiliates emerged.

2. Business overview

1. Business and other risks

During the cumulative period through the second quarter of the consolidated fiscal period under review, no new business or other risks were incurred. Additionally, no material changes arose with respect to the business and other risks presented in the Securities Report for the preceding fiscal year.

The business impact of the COVID-19 pandemic will continue to be closely monitored.

2. Management analysis of financial standing, business results, and cash flow

Forward-looking statements in the text below are based on judgments made as of the end of the quarter of the consolidated fiscal period under review.

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; “Revenue Recognition Accounting Standard” hereinafter) and related guidance have been applied since the beginning of the first quarter of the consolidated fiscal period under review. Comparative analysis of the cumulative period through the same quarter of the previous consolidated fiscal year and of the previous consolidated fiscal year reflect the retroactive application of the Revenue Recognition Accounting Standard and related guidance. Details are described under “4. Financial Information: 1. Quarterly Consolidated Financial Statements: Notes (Changes in Accounting Policies).”

(1) Business performance

In the cumulative period through the second quarter of the consolidated fiscal year under review, Japan’s economy experienced a recovery in consumption at department stores and convenience stores and for leisure and travel. Growing numbers of consumers ventured out, particularly during the long holiday period, which, with the lifting in March of the quasi-states of emergency imposed in response to the rapid spread of the COVID-19 omicron variant, was free of restrictions on movement for the first time in three years. Nevertheless, the recovery was delayed in the automotive and home-electronics industries due to shortages of chips and other materials. Supermarkets faced challenges due to higher prices and a decline in stay-at-home demand. Various factors leave conditions uncertain, including rising inflation in Japan resulting from both soaring resource prices due to the lengthening of the Ukrainian crisis and other developments and the rapid devaluation of the yen spurred by differences in US and Japanese monetary policy.

In the United States, consumer spending recovered, centered on services industries, and commercial activity continued to expand. However, the Fed’s decision to continue increasing interest rates poses the risk of a future economic downturn and warrants caution. While China’s economy got off to a strong start, economic activity has slowed due to lockdowns in Shanghai under the nation’s zero-COVID policy. While a recovering trend began after the partial lifting of the lockdowns, the extent of this recovery has been limited.

The COVID-19 pandemic also affected Group business performance. However, based on the slogan “Marking Our 70th Anniversary with Rapid Progress,” group companies worked collectively to increase earnings by venturing into new markets, making substantial capital expenditures, and improving quality management.

During the second quarter of the consolidated fiscal year under review, net sales grew by 8.3% year on year to 39,617 million yen; operating profit rose 40.1% to 2,044 million yen; ordinary profit grew 43.6% to 2,298 million yen; and profit attributable to owners of parent improved 33.0% to 1,422 million yen.

The business performance for each segment is reviewed below.

(i) Paper Products

The paper products segment accounted for 70.7% of consolidated sales in the second quarter. Sales of paper bags, which accounted for 28.4% of consolidated sales, saw continued recovery from a sales slump

attributable to earlier slowing in domestic consumer spending. The overseas subsidiary The Pack America Corp. recorded strong performance, with net sales growing 16.3% year on year to 11,259 million yen.

Sales of folding paper cartons, which accounted for 24.6% of consolidated sales, grew 10.5% to 9,728 million yen. Sales of cartons for takeout/delivery food products and to the e-commerce sector remained strong, while demand for souvenirs and other items also recovered.

Continued strong sales to the manufacturing and e-commerce sectors drove sales of corrugated boxes, which accounted for 15.0% of consolidated sales, leading to growth of 2.9% to 5,947 million yen.

Printing sales, which accounted for 2.7% of consolidated sales, rose 1.7% to 1,063 million yen based on strong sales at Keihin Tokushu Printing Corp. and NIKKO PRINT CORPORATION.

Overall, sales in this segment grew 10.6% to 27,998 million yen. Operating profit rose 37.8% to 1,952 million yen.

(ii) Film Packaging

The film packaging segment accounted for 13.2% of consolidated sales during the period under review. Segment sales were down 1.9% to 5,221 million yen due to declining sales of disposable diaper products, which offset strong sales of flexible film packaging for food products and strong performance by The Pack America Corp. Operating profit, however, increased 21.0% to 19.7 million yen.

(iii) Other Businesses

Other businesses in the period under review accounted for 16.1% of consolidated sales. Sales of miscellaneous supplies to department stores and major retailers are recovering. Kannaru Printing Co., Ltd. recorded strong sales of miscellaneous supplies to medical institutions. This, combined with the strong performance of The Pack America Corp., resulted in sales growth of 7.5% to 6,396 million yen and 14.0% growth in operating profit to 431 million yen.

(2) Analysis of Financial Position

Assets totaled 86,565 million yen at the end of the quarter under review, down 857 million yen from the end of 2021. Major factors included growth of 2,533 million yen in cash and deposits, 2,001 million yen in securities, and 838 million yen in construction in progress, offset by declines of 4,564 million yen in notes and accounts receivable-trade and 1,957 million yen in investment securities.

Liabilities fell 2,149 million yen to 23,241 million yen. The primary factors were declines of 1,532 million yen in notes and accounts payable-trade and 277 million yen in income taxes payable.

Net assets grew by 1,291 million yen to 63,323 million yen. The key factors were increases of 947 million yen in retained earnings and 318 million yen in foreign currency translation adjustment.

(3) Cash flow

Compared to the cumulative period through the second quarter of the previous consolidated fiscal year, the balance of cash and cash equivalents in the cumulative period through the second quarter of the consolidated fiscal year under review grew by 1,949 million yen (10.7%) to 20,101 million yen.

(Cash flow from operating activities)

Cash flow from operating activities in the cumulative period through the second quarter of the consolidated fiscal year under review stood at 4,449 million yen (vs. cash flow from operating activities of 6,143 million yen in the cumulative period through the second quarter of the previous consolidated fiscal year). Factors contributing to this figure include the recording of 2,060 million yen in profit before income taxes, a decline

of 4,705 million yen in notes and accounts receivable-trade, and depreciation of 945 million yen, despite a decrease of 1,641 million yen in notes and accounts payable-trade and an increase of 843 million yen in inventories.

(Cash flow used in investment activities)

Cash flow used in investment activities in the cumulative period through the second quarter of the consolidated fiscal year under review stood at 2,065 million yen (vs. cash flow used in investment activities of 2,764 million yen in the cumulative period through the second quarter of the previous consolidated fiscal year). This figure reflects various factors, including 5,000 million yen in purchase of securities and 1,323 million yen in purchase of property, plant, and equipment, despite 4,500 million yen in proceeds from sales of investment securities.

(Cash flow used in financing activities)

Cash flow used in financing activities in the cumulative period through the second quarter of the consolidated fiscal year under review stood at 514 million yen (vs. cash flow used in financing activities of 523 million yen in the cumulative period through the second quarter of the previous consolidated fiscal year). This figure reflects various factors, including cash dividends paid of 473 million yen.

(4) Management policies, management strategies, etc.

No material changes occurred in the Group's established management policies, management strategies, or other plans during the cumulative period through the second quarter of the consolidated fiscal period under review.

(5) Major business and financial issues

No material changes arose with regard to major business or financial issues during the cumulative period through the second quarter of the consolidated fiscal period under review.

(6) Research and development activities

The total research and development costs recorded during the cumulative period through the second quarter of the consolidated fiscal period under review amounted to 188 million yen.

3. Major business contracts, etc.

No major business contracts, etc. were concluded and no associated decisions were made during the cumulative period through the second quarter of the consolidated fiscal period under review.

3. Information on filing company

1. Information on stock, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total number of authorized shares
Common stock	77,000,000
Total	77,000,000

(ii) Shares issued and outstanding

Class	Current number of shares issued as of the end of the second quarter (June 30, 2022)	Current number of shares issued as of the filing date (August 9, 2022)	Name of exchange on which shares are listed or financial instruments trading industry association with which shares are registered and authorized	Details
Common stock	19,900,000	19,900,000	Tokyo Stock Exchange Prime Market	One trading unit consists of 100 shares.
Total	19,900,000	19,900,000	-	-

(2) Information on stock acquisition rights, etc.

(i) Stock option plan details

Not applicable

(ii) Information on other stock acquisition rights, etc.

Not applicable

(3) Information on exercise of bonds with stock acquisition rights and strike price adjustment terms, etc.

Not applicable

(4) Trends in total shares issued and outstanding, capital, etc.

Date	Increase (decrease) in total shares issued and outstanding (thousand shares)	Balance of total shares issued and outstanding (thousand shares)	Increase (decrease) in capital (million yen)	Balance of capital (million yen)	Increase (decrease) in capital reserve (million yen)	Balance of capital reserve (million yen)
April 1 – June 30, 2022	-	19,900	-	2,553	-	2,643

(5) Major shareholders

As of June 30, 2022

Name	Address	Shares owned (thousand)	Percentage of total shares issued and outstanding (not including treasury stock) (%)
Morita Kinen Fukushizaidan	321-2 Ikezawacho, Yamatokoriyama, Nara Prefecture, Japan	2,081	10.95
BBH for Fidelity Low-Priced Stock Fund (Principal All Sector Subportfolio) (Standing proxy: MUFG Bank, Ltd.)	245 Summer Street, Boston, Massachusetts 02210, USA (7-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan)	1,477	7.77
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3 Hamamatsucho 2-chome, Minato-ku, Tokyo, Japan	1,367	7.19
The Pack Trading Partners Stock Ownership Plan	9-9 Higashiobase 2-chome, Higashinari-ku, Osaka, Japan	1,238	6.52
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	929	4.89
Custody Bank of Japan, Ltd. (Trust Account 4)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	879	4.63
Custody Bank of Japan, Ltd. (re-entrusted to Resona Bank; Hokuetsu Corporation retirement benefits trust account)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	622	3.27
Daio Paper Corporation	60 Mishimakamiyacho 2-chome, Shikokuchuo, Ehime Prefecture, Japan	573	3.02
MUFG Bank, Ltd.	7-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan	494	2.60
Shichijo Paper Trading Co., Ltd.	20-10 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan	474	2.50
Total	-	10,138	53.34

Note: In addition to the above, the Company holds 890,000 shares of treasury stock.

(6) Voting rights

(i) Shares issued and outstanding

As of June 30, 2022

Category	Number of shares	Number of voting rights	Details
Non-voting shares	-	-	-
Shares with restricted voting rights (e.g., treasury shares)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (e.g., treasury shares)	(Treasury shares) Common stock 890,600	-	-
Shares with full voting rights (other)	Common stock 19,001,900	190,019	-
Shares in less than one trading unit	Common stock 7,500	-	This refers to shares in lots numbering fewer than 100 shares (one trading unit).
Total shares issued and outstanding	19,900,000	-	-
Total shareholder voting rights	-	190,019	-

Note: The shares of common stock under “Shares in less than one trading unit” include 17 shares of treasury shares owned by the Company.

(ii) Treasury shares, etc.

As of June 30, 2022

Name or title of owner	Address of owner	Number of shares held in own name	Number of shares held in other names	Total number of shares held	Rate of shares held as a percentage of total shares issued and outstanding (%)
(Treasury shares owned by the Company) THE PACK CORPORATION	9-9 Higashiobase 2-chome, Higashinari-ku, Osaka, Japan	890,600	-	890,600	4.48
Total	-	890,600	-	890,600	4.48

2. Directors

Not applicable

4. Financial information

1. How quarterly consolidated financial statements are prepared

The Company's quarterly consolidated financial statements are prepared based on the Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007).

2. Audit certification

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, the Company's quarterly consolidated financial statements for the second quarter of the consolidated fiscal period under review (April 1 – June 30, 2022) and the cumulative period through the second quarter of the consolidated period under review (January 1 – June 30, 2022) were subjected to a quarterly review by Ernst & Young ShinNihon LLC.

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	Previous fiscal year (as of December 31, 2021)	Second quarter of current fiscal year (as of June 30, 2022)
Assets		
Current assets		
Cash and deposits	15,077	17,611
Notes and accounts receivable-trade	21,003	16,439
Securities	12,006	14,007
Merchandise and finished goods	4,768	5,457
Work in process	867	941
Raw materials and supplies	794	903
Other	934	874
Allowance for doubtful accounts	(13)	(15)
Total current assets	55,438	56,219
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	6,169	6,012
Machinery, equipment, and vehicles, net	6,159	5,596
Tools, furnitures, and fixtures, net	348	352
Land	8,539	8,539
Construction in progress	1,441	2,280
Total property, plant, and equipment	22,658	22,781
Intangible assets	643	841
Investments and other assets		
Investment securities	7,405	5,447
Deferred tax assets	416	417
Other	907	904
Allowance for doubtful accounts	(48)	(47)
Total investments and other assets	8,682	6,722
Total non-current assets	31,984	30,345
Total assets	87,422	86,565

(Million yen)

	Previous fiscal year (as of December 31, 2021)	Second quarter of current fiscal year (as of June 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,235	10,703
Electronically recorded obligations-operating	5,521	5,478
Current portion of long-term loans payable	25	25
Income taxes payable	991	714
Provision for bonuses	267	270
Provision for bonuses for directors (and other officers)	32	15
Other	3,206	3,122
Total current liabilities	22,279	20,329
Non-current liabilities		
Long-term loans payable	60	47
Deferred tax liabilities	440	446
Retirement benefit liability	2,434	2,276
Other	176	141
Total non-current liabilities	3,110	2,911
Total liabilities	25,390	23,241
Net assets		
Shareholders' equity		
Capital stock	2,553	2,553
Capital surplus	3,164	3,160
Retained earnings	57,640	58,588
Treasury shares	(2,704)	(2,661)
Total shareholders' equity	60,654	61,641
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,212	1,211
Deferred gains or losses on hedges	0	12
Foreign currency translation adjustment	(98)	219
Remeasurements of defined benefit plans	185	178
Total accumulated other comprehensive income	1,300	1,621
Share acquisition rights	63	46
Non-controlling interests	13	14
Total net assets	62,032	63,323
Total liabilities and net assets	87,422	86,565

(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Quarterly Consolidated Statement of Income
Cumulative period through second quarter

(Million yen)

	Cumulative period through second quarter of previous fiscal year (from January 1, 2021 to June 30, 2021)	Cumulative period through second quarter of current fiscal year (from January 1, 2022 to June 30, 2022)
Net sales	36,589	39,617
Cost of sales	27,927	30,183
Gross profit	8,661	9,433
Selling, general and administrative expenses		
Freightage and packing expenses	1,784	1,868
Salaries and allowances	1,961	2,003
Directors' compensation	213	215
Provision of allowance for doubtful accounts	2	0
Provision for bonuses	130	143
Provision for directors' bonuses	16	13
Retirement benefit expenses	139	131
Depreciation	186	180
Rent expenses	1,289	1,355
Other	1,477	1,476
Total selling, general and administrative expenses	7,202	7,389
Operating profit	1,459	2,044
Non-operating income		
Interest income	52	61
Dividend income	44	56
Rent income	26	25
Compensation income	-	65
Foreign exchange gains	13	20
Other	17	37
Total non-operating income	154	267
Non-operating expenses		
Interest expenses	0	0
Cost of lease revenue	4	4
Other	8	8
Total non-operating expenses	13	13
Ordinary profit	1,600	2,298
Extraordinary income		
Gain on sales of non-current assets	-	1
Total extraordinary income	-	1
Extraordinary losses		
Loss on retirement of non-current assets	4	6
Loss on sales of investment securities	-	44
Impairment loss	-	*188
Total extraordinary losses	4	239
Profit before income taxes	1,595	2,060
Income taxes-current	524	636
Income taxes-deferred	3	1
Total income taxes	528	637
Profit	1,067	1,422
Profit (loss) attributable to non-controlling interests	(2)	(0)
Profit attributable to owners of parent	1,069	1,422

Quarterly Consolidated Statement of Comprehensive Income
Cumulative period through second quarter

(Million yen)

	Second quarter of previous fiscal year (from January 1, 2021 to June 30, 2021)	Second quarter of current fiscal year (from January 1, 2022 to June 30, 2022)
Profit	1,067	1,422
Other comprehensive income		
Valuation difference on available-for-sale securities	220	(0)
Deferred gains or losses on hedges	0	11
Foreign currency translation adjustment	124	319
Remeasurements of defined benefit plans, net of tax	8	(7)
Total other comprehensive income	353	322
Comprehensive income	1,421	1,744
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,421	1,743
Comprehensive income attributable to non-controlling interests	(0)	1

(3) Consolidated Statement of Cash Flows

(Million yen)

	Cumulative period through second quarter of previous fiscal year (from January 1 to June 30, 2021)	Cumulative period through second quarter of current fiscal year (from January 1 to June 30, 2022)
Cash flow from operating activities		
Profit before income taxes	1,595	2,060
Depreciation	1,007	945
Impairment loss	-	188
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in provision for bonuses	26	2
Increase (decrease) in provision for bonuses for directors and other officers	(1)	(16)
Increase (decrease) in retirement benefit liability	(110)	(169)
Interest and dividend income	(97)	(118)
Interest expenses	0	0
Loss (gain) on sales of non-current assets	-	(1)
Loss on retirement of non-current assets	4	6
Loss (gain) on sales of investment securities	-	44
Decrease (increase) in notes and accounts receivable- trade	5,577	4,705
Decrease (increase) in inventories	(207)	(843)
Increase (decrease) in notes and accounts payable-trade	(2,089)	(1,641)
Other, net	357	74
Subtotal	6,065	5,238
Interest and dividend income received	92	124
Interest expenses paid	(0)	(0)
Income taxes paid	(14)	(912)
Net cash provided by (used in) operating activities	6,143	4,449
Cash flow used in investment activities		
Purchase of securities	(5,005)	(5,000)
Proceeds from sales of securities	4,402	4,500
Collection of loans receivable	13	8
Purchase of property, plant, and equipment	(1,801)	(1,323)
Proceeds from sales of property, plant, and equipment	-	3
Purchase of intangible assets	(434)	(184)
Purchase of investment securities	(42)	(154)
Proceeds from sales of investment securities	7	60
Payments for leasehold and guarantee deposits	(11)	(16)
Other, net	106	41
Net cash provided by (used in) investment activities	(2,764)	(2,065)
Cash flow used in financing activities		
Proceeds from long-term loans payable	100	-
Repayments of long-term loans payable	(28)	(12)
Cash dividends paid	(569)	(473)
Other, net	(25)	(27)
Net cash provided by (used in) financing activities	(523)	(514)
Effect of exchange rate change on cash and cash equivalents	71	163
Net increase (decrease) in cash and cash equivalents	2,926	2,033
Cash and cash equivalents at beginning of period	15,224	18,067
Cash and cash equivalents at end of period	*18,151	*20,101

[Notes]

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition and related guidance)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021) (“Accounting Standard for Revenue Recognition and related guidance” hereinafter) have been applied since the beginning of the first quarter of the consolidated fiscal period under review. Accordingly, revenue is now recognized in the amount expected to be received in exchange for goods or services at the point in time at which control of promised goods or services shifts to the customer.

Before, in transactions in which the Group functioned as an agent (i.e., supplying products to customers), all payments received from the customer were recognized as revenues. Now, following this change, revenues are recognized as the net amount after deducting the amount to be paid to our supplier from payments made by the customer.

In principle, the quarterly consolidated financial statements and annual consolidated financial statements herein reflect the retroactive application of this change to quarters in the previous fiscal year and to the previous consolidated fiscal year.

Compared to previous account processing, the change has resulted in a decrease of 254 million yen in each of net sales and cost of sales for the cumulative period through the second quarter of the previous consolidated fiscal year.

(Application of the Accounting Standard for Fair Value Measurement and related standards)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; “Accounting Standard for Fair Value Measurement” hereinafter) and related standards have been applied since the beginning of the first quarter of the consolidated fiscal period under review. Pursuant to the transitional handling described in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policies specified in the Accounting Standard for Fair Value Measurement and related standards will be applied to future accounts. This change does not affect the quarterly consolidated financial statements.

(Additional information)

No material changes have emerged with regard to the assumptions described under “Important Accounting Estimates” in the Securities Report for the previous consolidated fiscal year for accounting estimates related to the impact of the COVID-19 pandemic.

(Quarterly Consolidated Statement of Comprehensive Income)

* Impairment loss

First two quarters of previous fiscal year (from January 1, 2021 to June 30, 2021)

Not applicable

First two quarters of current fiscal year (from January 1, 2022 to June 30, 2022)

The Group recorded impairment loss on the following asset group during the cumulative period through the second quarter of the consolidated fiscal year under review:

Location	Use	Type	Impairment loss (million yen)
Hidaka, Saitama Prefecture	Assets planned for sale	Machinery and equipment	188

In principle, the Group groups assets for business use used by the Company by the business site to which they belong and groups dormant assets and assets planned for sale for each property. Assets of affiliates are grouped on a per-company basis.

In accordance with a decision to sell the assets planned for sale shown above, impairment loss (188 million yen) was recorded as extraordinary losses during the cumulative period through the second quarter of the consolidated fiscal year under review, in the amount of the resulting decrease in book value to the recoverable value.

The recoverable value was measured using the net sale price and calculated based on the planned sale price.

(Quarterly Consolidated Statement of Cash Flows)

* Relationship between ending balance of cash and cash equivalents and amounts of accounts shown on the Quarterly Consolidated Balance Sheet

	Cumulative period through second quarter of previous fiscal year (from January 1, 2021 to June 30, 2021)	Cumulative period through second quarter of current fiscal year (from January 1, 2022 to June 30, 2022)
Cash and deposits	16,161 million yen	17,611 million yen
Time deposits with deposit terms of more than three months	(10) million yen	(10) million yen
Securities redeemable within three months from the date of purchase	2,000 million yen	2,500 million yen
Cash and cash equivalents	18,151 million yen	20,101 million yen

(Shareholders' Equity)

Cumulative period through second quarter of previous fiscal year (from January 1, 2021 to June 30, 2021)

1. Cash dividends paid

Resolution	Class of stock	Total dividends (million yen)	Dividend per share (yen)	Basis date	Effective date	Source of dividends
March 25, 2021 annual shareholders' meeting	Common stock	569	30.00	December 31, 2020	March 26, 2021	Retained earnings

2. Dividends for which the basis date falls in the cumulative period through the second quarter of the consolidated fiscal year but for which the effective date postdates the end of the second quarter of the consolidated fiscal year

Resolution	Class of stock	Total dividends (million yen)	Dividend per share (yen)	Basis date	Effective date	Source of dividends
August 5, 2021 annual shareholders' meeting	Common stock	474	25.00	June 30, 2021	September 2, 2021	Retained earnings

3. Significant fluctuations in shareholder's equity

Not applicable

Cumulative period through second quarter of current fiscal year (from January 1, 2022 to June 30, 2022)

1. Cash dividends paid

Resolution	Class of stock	Total dividends (million yen)	Dividend per share (yen)	Basis date	Effective date	Source of dividends
March 30, 2022 annual shareholders' meeting	Common stock	474	25.00	December 31, 2021	March 31, 2022	Retained earnings

2. Dividends for which the basis date falls in the cumulative period through the second quarter of the consolidated fiscal year but for which the effective date postdates the end of the second quarter of the consolidated fiscal year

Resolution	Class of stock	Total dividends (million yen)	Dividend per share (yen)	Basis date	Effective date	Source of dividends
August 5, 2022 annual shareholders' meeting	Common stock	570	30.00	June 30, 2021	September 2, 2022	Retained earnings

3. Significant fluctuations in shareholder's equity
Not applicable

(Segment and Other Information)

Segment information

I. Cumulative period through second quarter of previous fiscal year (from January 1, 2021 to June 30, 2021)

1. Net sales and profit or loss and breakdown of profit by reportable segment

(Million yen)

	Reportable segment			Other businesses (Note 1)	Total	Adjustment (Note 2)	Amount posted in the Quarterly Consolidated Statement of Income (Note 3)
	Paper Products	Film Packaging	Subtotal				
Net sales							
Paper bags	9,684	-	9,684	-	9,684	-	9,684
Folding paper cartons	8,806	-	8,806	-	8,806	-	8,806
Corrugated boxes	5,778	-	5,778	-	5,778	-	5,778
Printing	1,046	-	1,046	-	1,046	-	1,046
Film Packaging	-	5,323	5,323	-	5,323	-	5,323
Others	-	-	-	5,950	5,950	-	5,950
Revenue from contracts with customers	25,315	5,323	30,639	5,950	36,589	-	36,589
Other revenue	-	-	-	-	-	-	-
Sales to external customers	25,315	5,323	30,639	5,950	36,589	-	36,589
Intersegment sales and transfers	-	-	-	-	-	-	-
Subtotal	25,315	5,323	30,639	5,950	36,589	-	36,589
Segment profit	1,416	163	1,580	378	1,958	(499)	1,459

Notes: 1. "Other" includes supplies and other sundry items.

2. The adjustment amount of -499 million yen to segment profit includes 6 million yen in elimination of intersegment transactions and -505 million yen in Companywide costs, which are not allocated to individual reporting segments. Companywide costs consist mainly of costs related to parent-company administrative sections.

3. Segment profit is adjusted against operating profit on the Quarterly Consolidated Statement of Income.

2. Impairment loss or goodwill etc. on non-current assets by reporting segment

Not applicable

II. Cumulative period through second quarter of current fiscal year (from January 1, 2022 to June 30, 2022)

1. Net sales and profit or loss and breakdown of profit by reportable segment

(Million yen)

	Reportable segment			Other businesses (Note 1)	Total	Adjustment (Note 2)	Amount posted in the Quarterly Consolidated Statement of Income (Note 3)
	Paper Products	Film Packaging	Subtotal				
Net sales							
Paper bags	11,259	-	11,259	-	11,259	-	11,259
Folding paper cartons	9,728	-	9,728	-	9,728	-	9,728
Corrugated boxes	5,947	-	5,947	-	5,947	-	5,947
Printing	1,063	-	1,063	-	1,063	-	1,063
Film Packaging	-	5,221	5,221	-	5,221	-	5,221
Others	-	-	-	6,396	6,396	-	6,396
Revenue from contracts with customers	27,998	5,221	33,220	6,396	39,617	-	39,617
Other revenue	-	-	-	-	-	-	-
Sales to external customers	27,998	5,221	33,220	6,396	39,617	-	39,617
Intersegment sales and transfers	-	-	-	-	-	-	-
Subtotal	27,998	5,221	33,220	6,396	39,617	-	39,617
Segment profit	1,952	197	2,150	431	2,582	(537)	2,044

Notes: 1. "Other" includes supplies and other sundry items.

2. The adjustment amount of -537 million yen to segment profit includes 6 million yen in elimination of intersegment transactions and -543 million yen in Companywide costs, which are not allocated to individual reporting segments. Companywide costs consist mainly of costs related to parent-company administrative sections.

3. Segment profit is adjusted against operating profit on the Quarterly Consolidated Statement of Income.

2. Impairment loss or goodwill etc. on non-current assets by reporting segment

(Significant impairment loss on non-current assets)

Impairment loss was recorded on machinery and equipment in the Paper Products business segment. The amount of this impairment loss recorded was 188 million yen in the cumulative period through the second quarter of the consolidated fiscal year under review.

3. Changes in reportable segments

As noted under changes to accounting policies, the Accounting Standard for Revenue Recognition and related guidance have been applied since the beginning of the first quarter of the consolidated fiscal period under review, resulting in a change in methods of account processing related to revenue recognition. Methods for calculating business segments profit or loss have changed accordingly.

Segment information for the second quarter of the previous consolidated fiscal year is presented based on the revised methods for calculating profit or loss.

(Revenue recognition)

A breakdown of revenues arising from contracts with customers is provided under [Notes] (Segment and Other Information).

(Per Share Information)

Presented below are basic earnings per share, diluted earnings per share, and the basic assumptions underlying the calculations thereof.

Item	Second quarter of previous fiscal year (from January 1, 2021 to June 30, 2021)	Second quarter of current fiscal year (from January 1, 2022 to June 30, 2022)
(1) Basic earnings per share	55.31 yen	74.85 yen
(Basic assumptions underlying calculations)		
Profit attributable to owners of parent (million yen)	1,069	1,422
Amounts not available to common shareholders (million yen)	-	-
Profit attributable to owners of parent related to common shares (million yen)	1,069	1,422
Average number of shares outstanding during the period (thousand shares)	18,992	19,002
(2) Diluted earnings per share	56.24 yen	74.78 yen
(Basic assumptions underlying calculations)		
Adjustment to profit attributable to owners of parent (million yen)	-	-
Increase in number of common shares (thousand shares)	23	16
Antidilutive securities excluded from diluted earnings per share calculations for which material changes have occurred since the end of the previous consolidated fiscal year	-	-

(Material Subsequent Events)

Not applicable

2. Other

In its meeting held August 5, 2022, the Board of Director resolved to pay interim dividends for the 71st term (from January 1, 2022 to December 31, 2022) to shareholders recorded in the final shareholder registry of June 30, 2022, as follows:

- (i) Total amount of dividends 570 million yen
- (ii) Amount per share 30.00 yen
- (iii) Effective date of claims for payment and payment start date September 2, 2022

Part 2. Information concerning guarantor of filing company

Not applicable

Independent Auditor's Report on Quarterly Review

August 9, 2022

To: The Board of Directors,
THE PACK CORPORATION

Ernst & Young ShinNihon LLC
Osaka Office

Masahiko Naka, Designated Limited Liability Partner, Managing Partner
Certified Public Accountant

Ryoichi Hayama, Designated Limited Liability Partner, Managing Partner
Certified Public Accountant

Auditor's conclusions

We reviewed the quarterly consolidated financial statements for THE PACK CORPORATION included in Financial Information for the second quarter of the consolidated fiscal period under review (April 1 – June 30, 2022) and for the cumulative period through the second quarter of the consolidated period under review (January 1 – June 30, 2022), based on the relevant Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows, and Notes to the Consolidated Financial Statements. Our review was carried out in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

Our quarterly review found that the quarterly consolidated financial statements referred to above conform to generally accepted standards for the preparation of quarterly consolidated financial statements in Japan. The review found no irregularities in the state of finances as of June 30, 2022, or in business results or cash flows for the cumulative period through the second quarter of the consolidated period ended on that date for THE PACK CORPORATION and its consolidated subsidiaries.

Evidence for the auditor's conclusions

We undertook our quarterly review in accordance with generally accepted principles for quarterly reviews in Japan. Our responsibilities under these principles for quarterly reviews are described under "Auditor's responsibilities in quarterly review of financial statements." In accordance with rules of professional ethics in Japan, we are independent from the Company and its consolidated subsidiaries and meet all other ethical requirements for auditors. We believe we have obtained sufficient and appropriate evidence for our conclusions.

Responsibilities of management and of Statutory Auditors and the Audit and Supervisory Committee regarding quarterly financial statements

Management is responsible for appropriately preparing and presenting quarterly consolidated financial statements in accordance with generally accepted standards for the preparation of quarterly consolidated financial statements in Japan. This includes the implementation and maintenance of internal controls deemed necessary by management to enable the preparation and fair presentation of quarterly consolidated financial statements free of material misstatements, whether attributable to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing the validity of the quarterly financial statements based on the going-concern assumption and disclosing, as necessary, matters related to the going-concern assumption in accordance with generally accepted standards for the preparation of quarterly consolidated financial statements in Japan.

The Statutory Auditors and the Audit and Supervisory Committee are responsible for monitoring the performance of the duties of the directors in implementing and maintaining the financial reporting process.

Responsibilities of the auditor for quarterly reviews of quarterly consolidated financial statements

Our responsibility is to express in the Report on Quarterly Review our conclusions concerning the quarterly consolidated financial statements from an independent standpoint based on the quarterly review.

In accordance with generally accepted principles for quarterly reviews in Japan, we implement the following measures through the quarterly review process based on our judgment as specialists and in the professional spirit of skeptical inquiry:

- We question parties, consisting mainly of members of management and persons with responsibility for matters related to finance and accounting, and implement analytical and other quarterly review procedures. In accordance with audit principles generally accepted in Japan, the scope of procedures for quarterly reviews is narrower than for annual audits.
- If any material uncertainties are identified with regard to phenomena or circumstances that could raise material doubts concerning the going-concern assumption, we reach a conclusion on whether the quarterly consolidated financial statements meet the requirements for quarterly consolidated financial statements generally accepted in Japan or present any grounds for believing that they may not present information fairly, based on the evidence obtained. If any material uncertainties are recognized regarding the going-concern assumption, we must urge in our report on quarterly results that the notes to the quarterly consolidated financial statements include description concerning material uncertainties and, if description in the notes to the quarterly consolidated financial statements concerning material uncertainties is inappropriate, our audit conclusions concerning the quarterly consolidated financial statements shall be negative or indicate a conditional approval. The auditor's conclusions are based on evidence obtained through the date of the quarterly review report; future events or conditions may render it impossible for the Company to continue as a going concern.
- We assess whether the presentation and notes in the quarterly consolidated financial statements present grounds to believe they may not meet the requirements for quarterly consolidated financial statements generally accepted in Japan. We also assess the presentation, structures, and content of the quarterly financial statements, including related notes and whether the quarterly financial statements are free of any factors suggesting they do not accurately present the underlying transactions and accounting facts.
- We obtain evidence concerning financial information on the Company and its consolidated subsidiaries to serve as the basis for our conclusions concerning the quarterly consolidated financial statements. We are responsible for instruction, oversight, and implementation related to quarterly reviews of the quarterly consolidated financial statements. We are solely responsible for our audit conclusions.

We report to the Statutory Auditors and the Audit and Supervisory Committee on the scope and timing of the planned quarterly review and any material discoveries made during the quarterly review process.

We duly report to the Statutory Auditors and the Audit and Supervisory Committee on our independence in accordance with the rules of professional ethics in Japan, on matters that could reasonably be deemed to affect the independence of our auditors, and the nature of any safeguards taken to eliminate or mitigate any such impediments.

Conflicts of interest

Our firm and managing partners have no interest in the Company or in its consolidated subsidiaries that require disclosure pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes: 1. The original of the above quarterly review report is retained separately by the Company (i.e., the organization filing the Quarterly Report).
2. XBRL data is not subject to quarterly review.

[Cover page]

Document filed:	Confirmation Letter
Legal basis:	Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act
Submitted to:	Director-General, Kinki Local Finance Bureau
Filing date:	August 9, 2022
Company name (Japanese):	ザ・パック株式会社
English name:	THE PACK CORPORATION
Name and title of representative:	Hideaki Yamashita, President & CEO
Name and title of CFO:	Not applicable
Location of head office:	9-9 Higashiobase 2-chome, Higashinari-ku, Osaka, Japan
Locations where this document is available for public inspection:	THE PACK CORPORATION (20F, OAP Tower, 8-30 Tenmabashi 1-chome, Kita-ku, Osaka, Japan) Tokyo Stock Exchange (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan)

1. Matters related to the propriety of the content of the Quarterly Report

President and CEO Hideaki Yamashita has confirmed that the information divulged in the Company's Quarterly Report for the second quarter of 71st term (April 1 – June 30, 2022) meets the requirements of the Financial Instruments and Exchange Act of Japan.

2. Special notes

We found no other matters worthy of note.