



# **THE PACK CORPORATION**

**Briefing Materials on  
Business Results for  
the Second Quarter of  
the Year Ending  
December 31, 2022**

September 2, 2022

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# Topics

## Business results

- Alongside recovering consumer spending, overall business trends were positive.
  - Consumer spending increased at brick-and-mortar stores, which had a particularly strong effect on sales of paper bags.
- Sales were also strong for packages for the e-commerce sector (mainly corrugated boxes and delivery bags) and packages for the takeout and delivery foods market (mainly primary food containers).
  - Sector growth attributable to changing lifestyles in response to COVID-19 continued.

## Market conditions and management policies

- Continuing shift toward paper and other eco-friendly materials
  - Trend toward reduced use of plastics and to plastic alternatives
- Shift from overseas production toward domestic production
  - To reduce CO<sub>2</sub> emissions during transport and optimize supply chains
- Addressing the Film Packaging Business
  - Despite declining demand for external packages for disposable diapers, demand for film packaging for food products and everyday use items trended up.
- Addressing the e-commerce sector
  - Continued sales growth through labor and energy savings and through mechanization solutions for customers

## Medium- to long-term management strategies

- Formulating a Basic Policy on Sustainable Management Initiatives
- Plans call for the formulation in FY2022 of a new Medium-Term Management Plan (for the period set to begin with FY2023)



# **1. Business Results for the Second Quarter of the Year Ending December 31, 2022**

# Summary of Business Results

Overall trend toward recovery as consumers go out more and consumer spending recovers

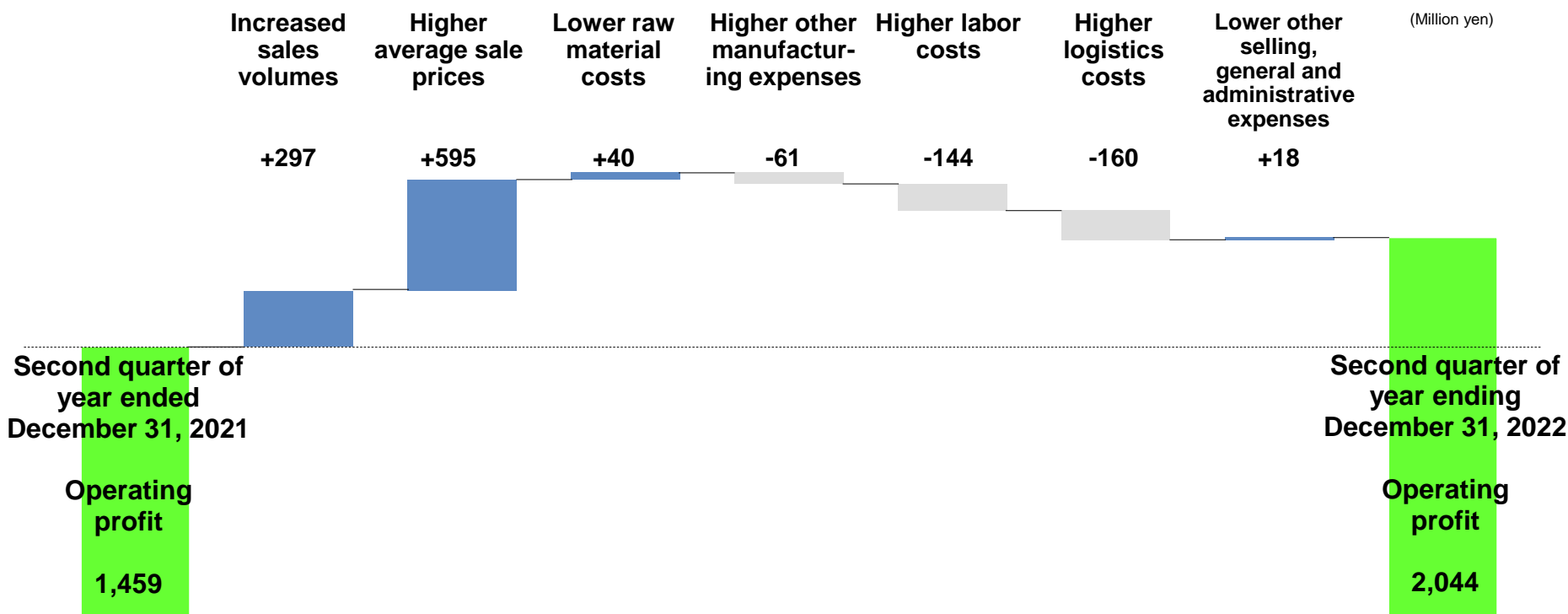
(Million yen)

	Second quarter of year ended December 31, 2021	Second quarter of year ending December 31, 2022	
	Actual	Actual	YoY change
Net sales	36,589	39,617	8.3%
Operating profit	1,459	2,044	40.1%
Ordinary profit	1,600	2,298	43.6%
Profit attributable to owners of parent	1,069	1,422	33.0%

- ◆ As consumers ventured out more often, consumer spending recovered. This recovery also reflected the first large-scale consecutive holiday period in three years without movement restrictions.
- ◆ Operating profits grew significantly, with surging sales volumes and rising sales prices.

# Factors Underlying Changes in Operating Profit

Operating profit grew due to growing sales volumes and rising average sale prices.



- ◆ While sales volumes were down 8.3% for paper cartons and 2.3% for corrugated boxes, they were up by 10.6% for paper bags and 3.0% for plastic bags (including film packaging, which were up by 53.2%).
- ◆ Average sale prices rose due to changes in product structures and sales of solutions involving high value added products.
- ◆ Manufacturing costs rose due mainly to higher utilities and power costs (105 million yen) accompanying rising electricity charges and heavy oil prices.
- ◆ Logistics costs increased due mainly to rising warehouse storage costs (75 million yen) and transportation charges (82 million yen) driven by growth in manufacturing and shipping volumes.

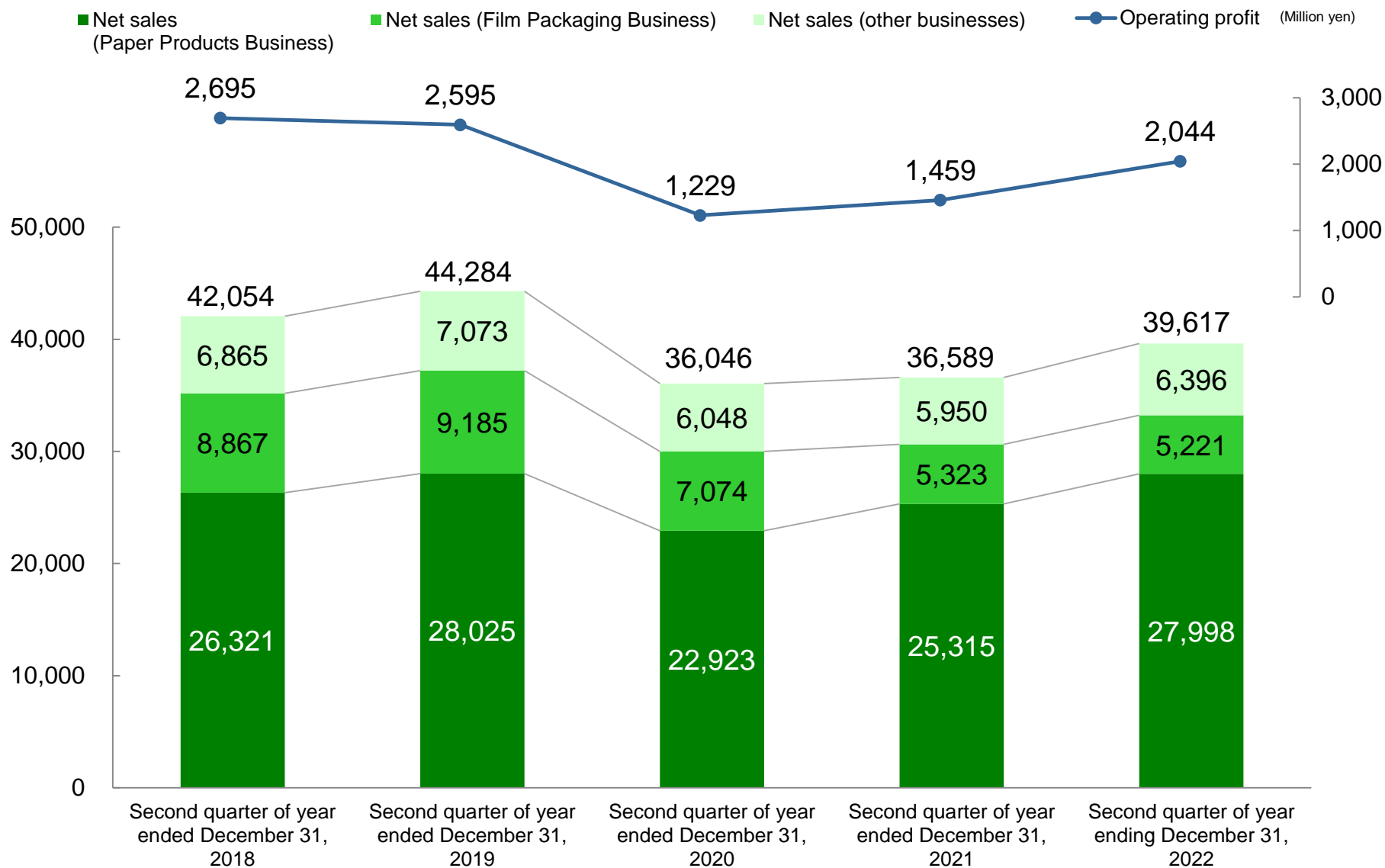
# Results by Segment

(Million yen)

		Second quarter of year ended December 31, 2021		Second quarter of year ending December 31, 2022		
		Actual	Share	Actual	Share	YoY change
Net sales		36,589	100.0%	39,617	100.0%	8.3%
	Paper Products	25,315	69.2%	27,998	70.7%	10.6%
	Paper bags	9,684	26.5%	11,259	28.4%	16.3%
	Paper cartons	8,806	24.1%	9,728	24.6%	10.5%
	Corrugated boxes	5,778	15.8%	5,947	15.0%	2.9%
	Printing	1,046	2.8%	1,063	2.7%	1.7%
	Film Packaging	5,323	14.5%	5,221	13.2%	-1.9%
	Others	5,950	16.3%	6,396	16.1%	7.5%
Operating profit		1,459	100.0%	2,044	100.0%	40.1%
	Paper Products	1,416	97.0%	1,952	95.5%	37.8%
	Film Packaging	163	11.2%	197	9.7%	21.0%
	Others	378	26.0%	431	21.1%	14.0%
	Adjustments	-499	-34.2%	-537	-26.3%	-

- ◆ Recovering consumer spending in Japan and strong sales of paper bags at The Pack America Corp. helped drive sales and profit growth in the Paper Products Business. Other factors included strong sales of paper cartons to the takeout and delivery markets and strong sales of paper cartons and corrugated boxes to the e-commerce sector.
- ◆ Despite declining sales of external packages for disposable diapers, strong sales of film packaging for food products boosted operating profits in the Film Packaging Business.

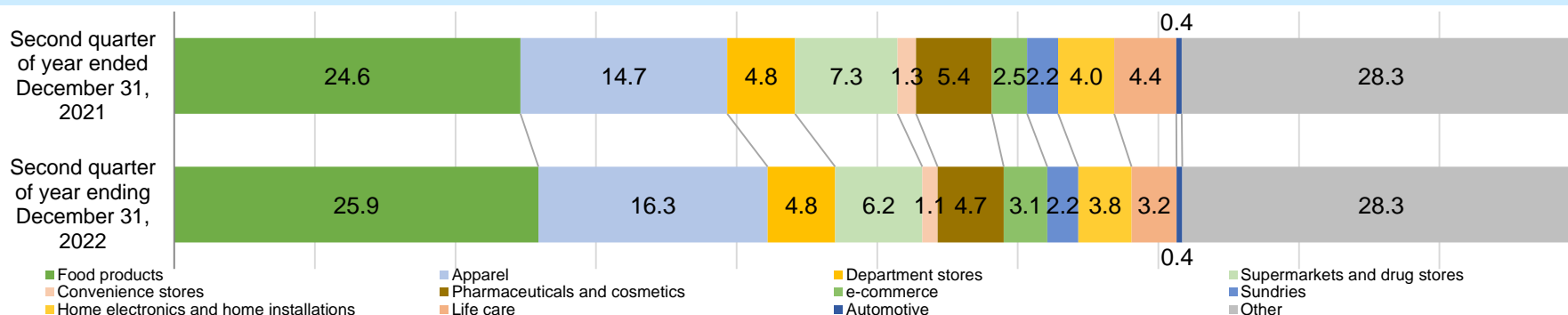
# Trends by Segment (Second Quarter)





# Sales Composition

## Net sales by business



(Million yen)	Second quarter of year ended December 31, 2021		Second quarter of year ending December 31, 2022		
	Actual	Share	Actual	Share	YoY change
Food products	9,067	24.6%	10,266	25.9%	13.2%
Apparel	5,425	14.7%	6,442	16.3%	18.7%
Department stores	1,768	4.8%	1,907	4.8%	7.9%
Supermarkets and drug stores	2,699	7.3%	2,463	6.2%	-8.8%
Convenience stores	486	1.3%	428	1.1%	-12.0%
Pharmaceuticals and cosmetics	1,990	5.4%	1,870	4.7%	-6.1%
e-commerce *	916	2.5%	1,242	3.1%	35.6%
Sundries	814	2.2%	864	2.2%	6.2%
Home electronics and home installations	1,472	4.0%	1,490	3.8%	1.2%
Life care	1,638	4.4%	1,266	3.2%	-22.7%
Automotive	152	0.4%	158	0.4%	3.8%
Other	10,410	28.3%	11,215	28.3%	7.7%

\* e-commerce refers to the e-commerce platform segment. e-commerce sales on vendor sites are counted as part of their individual business segments.

- ◆ In the food products segment, in addition to growth in sales to the takeout and delivery markets due to COVID-19, sales of packages for the souvenir market are also recovering.
- ◆ Sales to the apparel and sundries segments increased alongside recovering consumer spending and growth in the share of e-commerce in overall sales.
- ◆ Department store sales show clear signs of recovery, with consumers venturing out more.
- ◆ Supermarket and drug store sales show sluggish sales due to inflation and declining demand from consumers staying home during movement restrictions.
- ◆ The volumes used of some of our products in the convenience store segment (mainly primary paper containers) decreased due to new product introductions and the promotion cycle.
- ◆ The e-commerce sector and e-commerce sales grew significantly.
- ◆ Chip shortages constrained sales to the Automotive and Home electronics/home installations segments, which recorded minimal/modest sales growth.
- ◆ In the life care segment, sales of external packages for disposable diapers continued to decline; this decline is expected to level off.

# Paper Products Segment

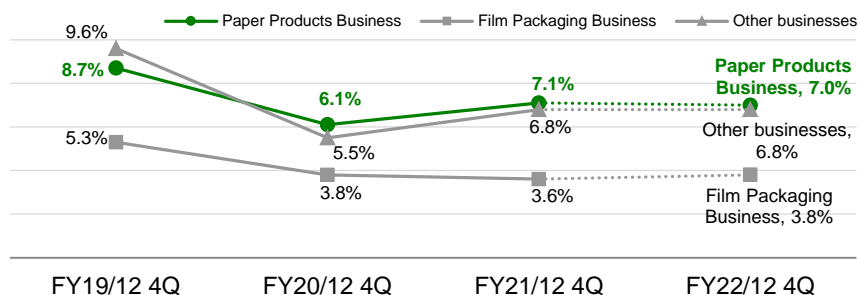
## Industry environment

- ◆ Demand for paper bags grew alongside growth in consumer spending.
- ◆ Due to COVID-19, the share of overall sales accounted for by e-commerce continues to grow in various industries, including food products, apparel, and cosmetics.
- ◆ Demand for paper cartons (mainly primary food containers) and related items increased due to the growth of the takeout and delivery foods market.
- ◆ Thanks to the development of high-performance paper materials driven by growing environmental awareness, the range of paper package applications continues to expand.

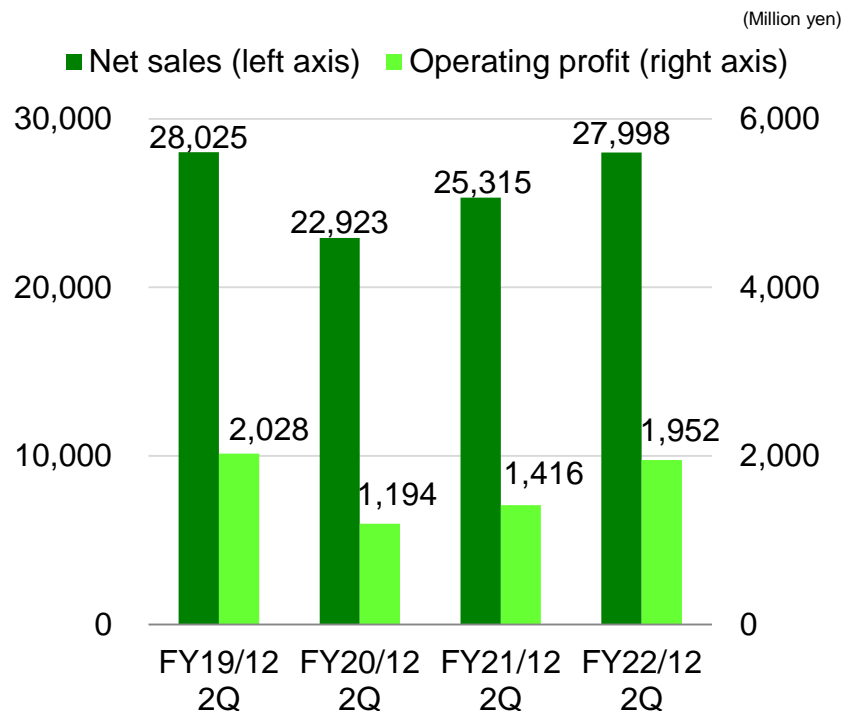
## Initiatives

- ◆ Maintaining energetic efforts to propose migration to paper packages and environmental solutions in the e-commerce and takeout and delivery foods market
- ◆ Promoting improvements in packaging material forms and specifications and labor-saving, energy-saving, and mechanization solutions for automation of operation lines

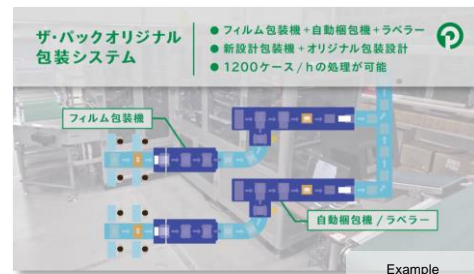
## Trends in operating profit margins



## Trends in net sales and operating profits



## Solutions



- ▲ Helping to solve issues confronting customers by proposing various solutions, including the development of machinery and systems

# Paper Products Segment (Paper Bags)

## Industry environment

- ◆ Current trends indicate a transition from plastic to paper bags and to more eco-friendly materials generally.
- ◆ Demand for paper bags remains stable due to the significant impact they have on buyer satisfaction.
- ◆ Volumes of paper bags used for delivery are growing alongside growth in e-commerce.

## Initiatives

- ◆ Launching a second consumer survey on paper bags with the goal of proposing better solutions to meet consumer needs
- ◆ Enhancing initiatives to develop new eco-friendly materials, processing, and high-performance materials

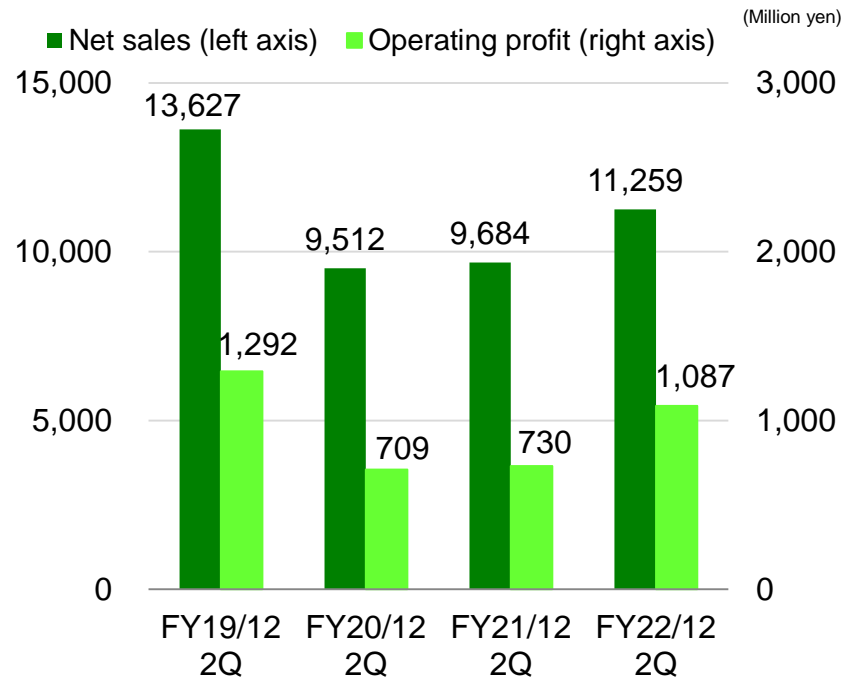
## Examples of developed products



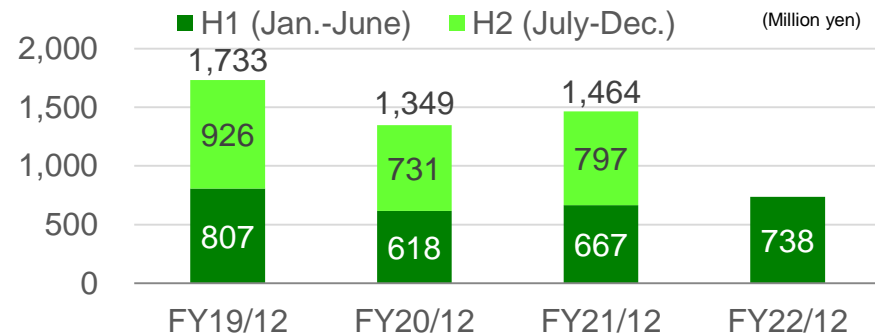
▲ Mixed paper with used clothes

▲ Water-repellent varnish to replace rain covers

## Trends in operating profit margins



## Trends in sales volumes



# Paper Products Segment (Paper Cartons)

## Industry environment

- ◆ Growing demand for primary paper containers keeping pace with growth in the takeout and delivery foods market
- ◆ Leisure- and travel-related consumption, which had steadily declined due to COVID-19 restrictions, shows signs of recovery.  
→ Sales of packages for the souvenir market are also recovering.

## Initiatives

- ◆ Maintaining energetic efforts to propose migration to paper packages and environmental solutions in the e-commerce and takeout and delivery foods market, where continuing growth is expected
- ◆ Proceeding with capital investments to strengthen sales of primary food containers
- ◆ Enhancing initiatives to develop new eco-friendly materials, processing and high-performance materials

## ◆ Examples of developed products

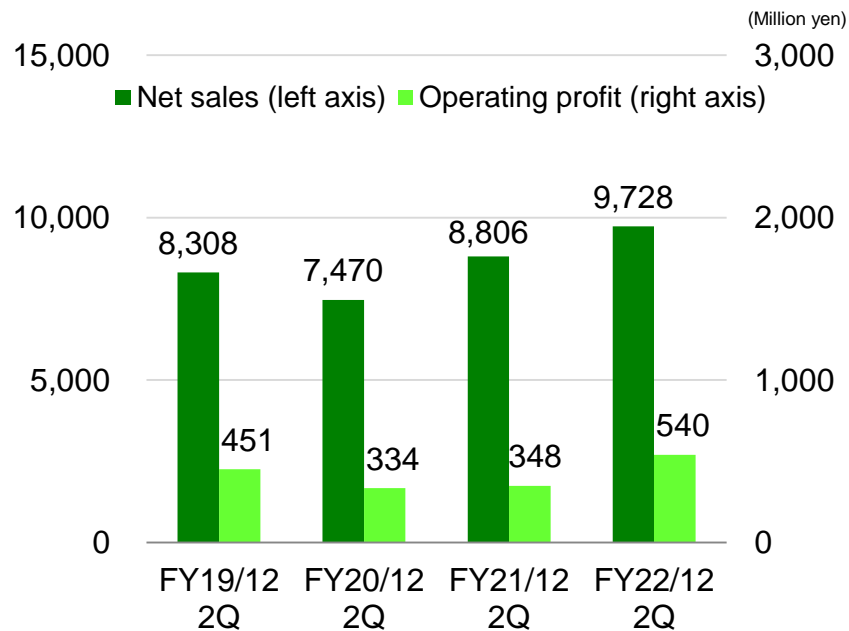


▲ Kome-kami TP-FS, a paperboard made with waste rice, developed jointly with Pabal Co., Ltd.

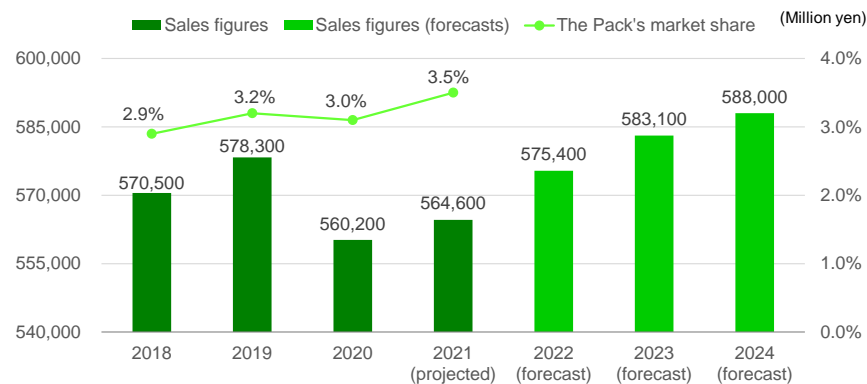


▲ Molded tray packages sealed with paper lids

## Trends in operating profit margins



## Trends and forecasts of the scale of the paper carton market and The Pack's market share



Reference: Fuji Chimera Research Institute, Inc., Current States and Future Prospects of Packaging Materials

# Paper Products Segment (Corrugated Boxes)

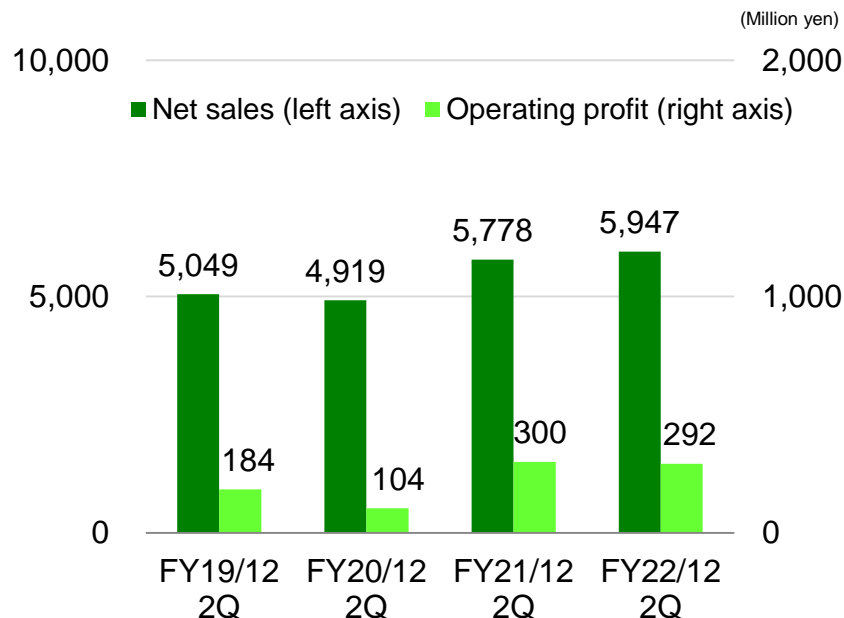
## Industry environment

- ◆ Growing demand for corrugated boxes for the food products and apparel markets alongside growth in the e-commerce sector
  - Consumers are using e-commerce in ways specific to their own lifestyles, reflecting diversifying ways for receiving deliveries, including delivery to lockers and convenience stores.
- ◆ The e-commerce gift market also shows signs of growth.

## Initiatives

- ◆ Proposing eco-friendly packages solutions and products to meet consumer needs in the e-commerce sector, which is expected to continue growing
- ◆ Proposing labor-saving, energy-saving, and mechanization solutions for customers

## Trends in operating profit margins



## Examples of developed products



▲ Eco Rack corrugated containers



▲ Extra-large corrugated boxes—among the largest corrugated products in Japan



▲ CC-PACK cushioned packages featuring flexibility and cushioning achieved using thicker materials



▲ WOW BOX, an entertaining delivery box with a pop-up feature exposed when the box is opened

# Film Packaging Segment

## Industry environment

- ◆ Domestic disposable diaper manufacturers are facing declining exports due to the emergence of local disposable diaper manufacturers in overseas markets.
- ◆ Demand for products suitable for microwave oven use and long-term storage is growing alongside the home meal replacement market. The need for materials with barrier features is also growing.
- ◆ Demand for paper film packaging is growing alongside growth in environmental awareness.

## Initiatives

- ◆ Focusing on combined sales of film packaging, paper cartons, and corrugated boxes to the food products, beverages, and e-commerce sectors, for which continuing growth is expected
- ◆ Plans call for the adoption of the latest 10-color flexographic printers this October  
→ Growing sales by leveraging eco-friendly multicolor printing
- ◆ Developing paper film packaging and other eco-friendly products

## Examples of developed products



▲ Craft Bio Marine ocean-biodegradable paper-based flexible packaging

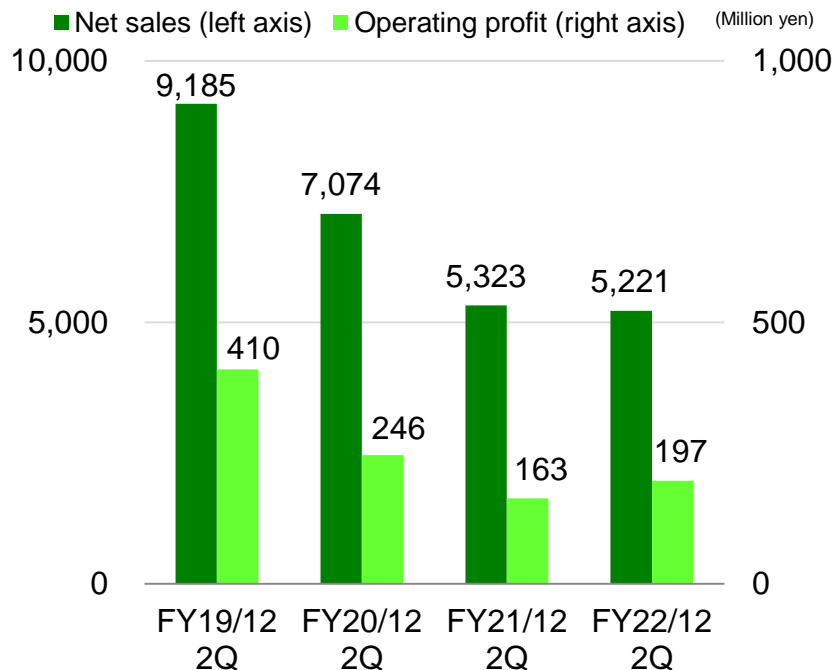


▲ Biomass film packaging containing eggshells

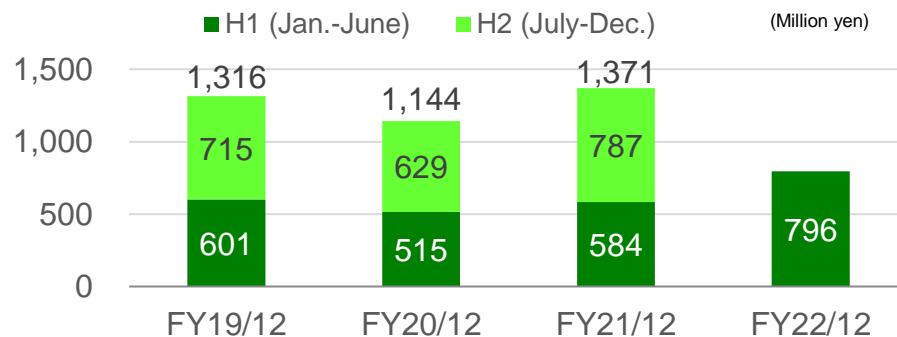


▲ Water-resistant paper Craft Pouch suitable for boiling

## Trends in operating profit margins



## Trends in sales of film packaging





# Other Businesses

## Industry environment

- ◆ Slowing demand for in-store supplies and office supplies in the department store industry as stores close and consolidate  
→ Recovering from COVID-19 sales downturns
- ◆ Growing demand for reusable soft bags (made using materials such as cotton, polyester, and nonwovens)
- ◆ Progress on migration to eco-friendly materials for gift wrapping as well

## Initiatives

- ◆ Review of transaction details and products, and streamlining efforts, in the Pack Assortment Service System (PAS)
- ◆ Solution sales of accessories such as price tags and labels and sales promotion materials suited to market needs
- ◆ Enhancing initiatives to develop food trays and other new products using eco-friendly materials

## Examples of developed products

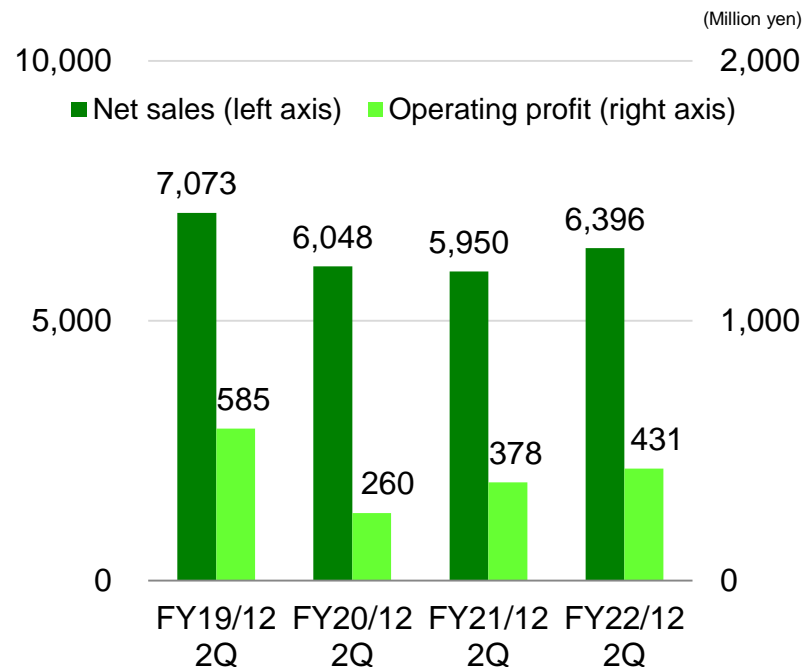


▲ ecoKARA™ tray, a biomass tray containing eggshells

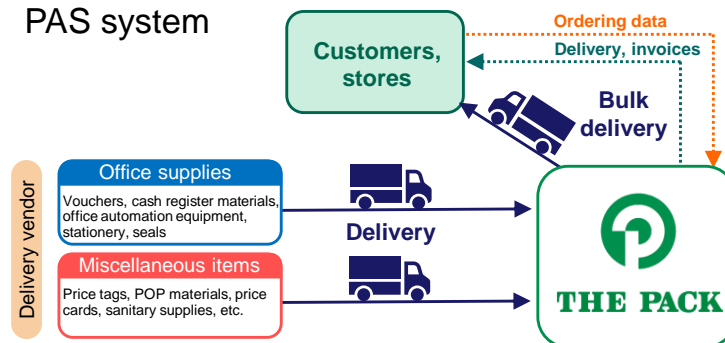


▲ Recycled Tetron Cotton, a material made by recycling materials such as cotton and polyester scraps from factories

## Trends in operating profit margins



## PAS system



▲ Streamlining logistics via bulk delivery also helps reduce CO<sub>2</sub> emissions.

# Balance Sheet

(Million yen)

		Year ended December 31, 2021	Second quarter of year ending December 31, 2022
		Actual	Actual
<b>Assets</b>		<b>87,422</b>	<b>86,565</b>
	<b>Current assets</b>	<b>55,438</b>	<b>56,219</b>
	<b>Non-current assets</b>	<b>31,984</b>	<b>30,345</b>
	Property, plant, and equipment	22,658	22,781
	Intangible assets	643	841
	Investments and other assets	8,682	6,722
<b>Liabilities</b>		<b>25,390</b>	<b>23,241</b>
	<b>Current liabilities</b>	<b>22,279</b>	<b>20,329</b>
	<b>Non-current liabilities</b>	<b>3,110</b>	<b>2,911</b>
<b>Net assets</b>		<b>62,032</b>	<b>63,323</b>
	<b>Shareholders' equity</b>	<b>60,654</b>	<b>61,641</b>
	<b>Accumulated other comprehensive income</b>	<b>1,300</b>	<b>1,621</b>
	<b>Share acquisition rights</b>	<b>63</b>	<b>46</b>
	<b>Non-controlling interests</b>	<b>13</b>	<b>14</b>



# Cash Flow

(Million yen)

Main items	Second quarter of year ended December 31, 2021	Second quarter of year ending December 31, 2022
	Actual	Actual
<b>Cash flows from operating activities</b>	<b>6,143</b>	<b>4,449</b>
Profit before income taxes	1,595	2,060
Depreciation and impairment losses	1,007	1,133
<b>Cash flows used in investment activities</b>	<b>-2,764</b>	<b>-2,065</b>
Purchase of property, plant, and equipment	-1,801	-1,323
Purchase of intangible assets	-434	-184
Purchase of investment securities	-42	-154
Proceeds from sales of investment securities	7	60
<b>Cash flows used in financing activities</b>	<b>-523</b>	<b>-514</b>
Cash dividends paid	-569	-473
<b>Cash and cash equivalents at end of period</b>	<b>18,151</b>	<b>20,101</b>

- ◆ Depreciation and impairment losses include 188 million yen in impairment loss on fixed assets at the Tokyo Plant.
- ◆ Purchases of investment securities increased due to investments in long-term investment bonds and investors' organizations.
- ◆ The elimination of cross-shareholdings led to losses recorded on sales of investment securities; proceeds from sales of investment securities increased.



## **2. Forecasts of Business Results for the Year Ending December 31, 2022**

# Forecasts of Business Results

Growth in sales and profit driven by eco-friendly solutions that respond to a changing market

(Million yen)

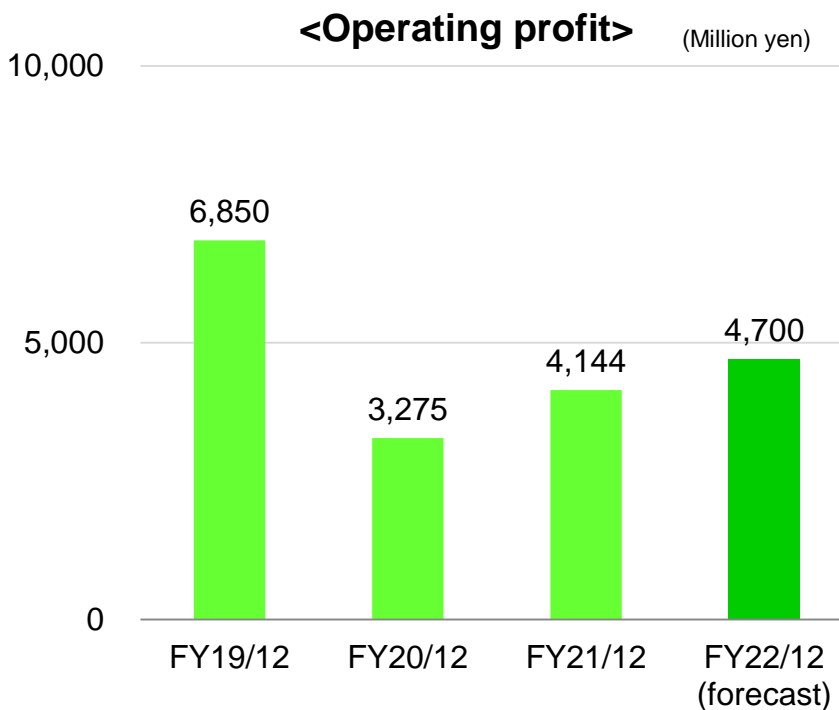
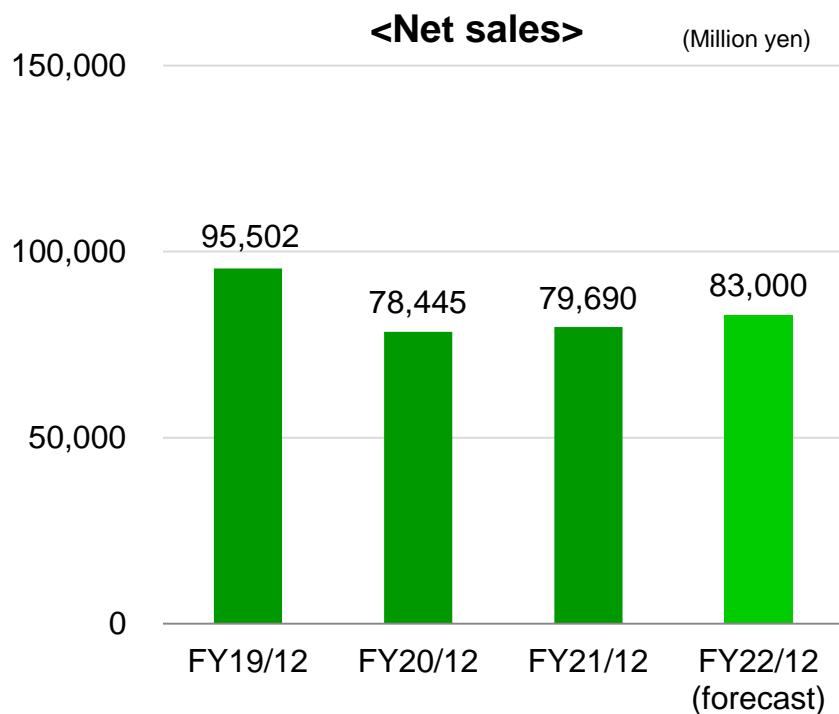
	Year ended December 31, 2021	Year ending December 31, 2022	
	Actual	Forecast of business results	Forecast YoY change
Net sales	79,690	83,000	4.2%
Operating profit	4,144	4,700	13.4%
Ordinary profit	4,422	5,000	13.1%
Profit attributable to owners of parent	2,824	3,500	23.9%

- ◆ Continuing recovery is expected in consumer spending, which had slowed due to COVID-19.
- ◆ Continuing growth is expected in the e-commerce and food takeout and delivery markets. Steady trends are projected for related products.
- ◆ We will target sales and profit growth backed by proactive proposals and expanded sales of eco-friendly materials with high value added.

# Trends in Consolidated Business Results

(Million yen)

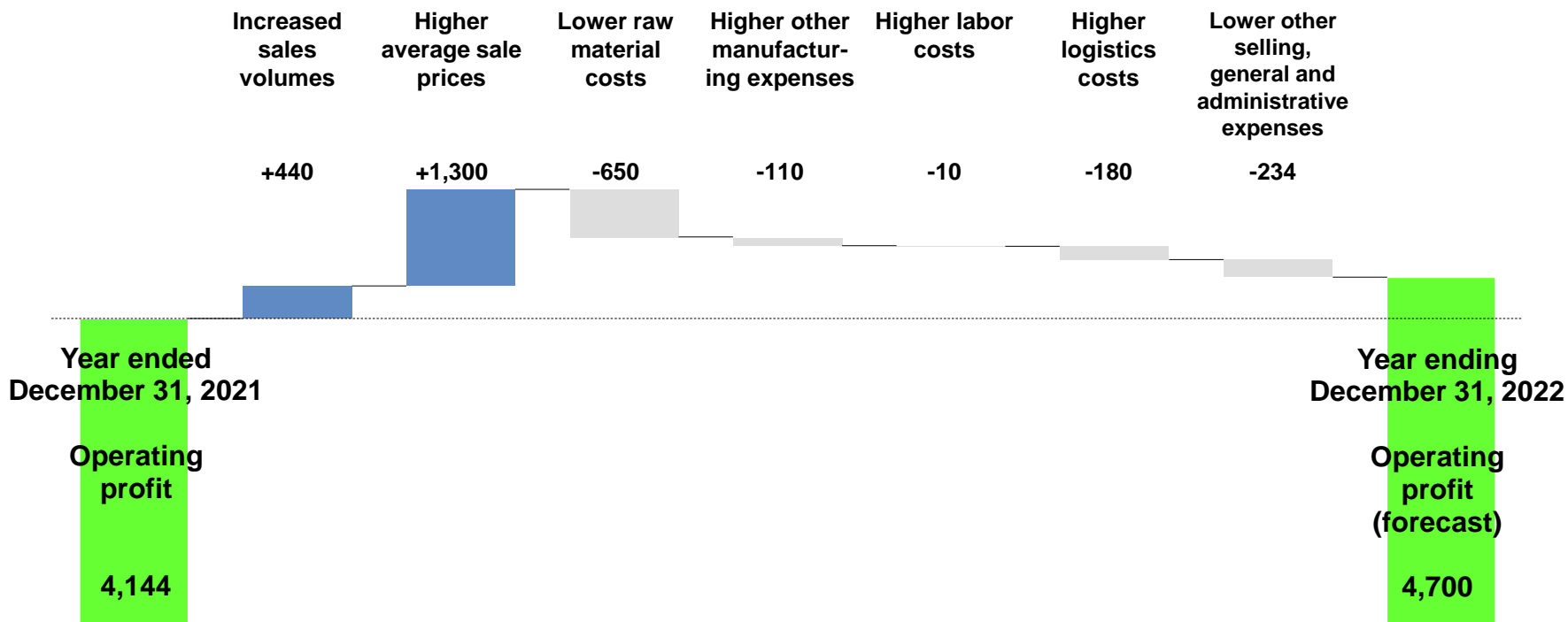
	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2021	Year ending December 31, 2022 (forecast)
Net sales	95,502	78,445	79,690	83,000
Operating profit	6,850	3,275	4,144	4,700



# Major Factors Underlying Projected Changes in Operating Profit

**Growth in profit due to growth in sales volumes of paper products and stronger sales of high value added products**

(Million yen)



- ◆ Growth in sales volumes of paper bags due to growth in purchases at brick-and-mortar stores due to easing of COVID-19 restrictions and increased environmental awareness of use of paper products
- ◆ Growth in sales volumes of corrugated boxes and paper cartons to the continually growing e-commerce sector and the food takeout and delivery markets
- ◆ Higher average sale prices achieved through proactive proposals of product solutions based on eco-friendly materials, including paper, and price normalization
- ◆ Responding to anticipated increases in raw material prices by cutting logistics and other costs and shifting higher prices to sale prices through proposals to change item specifications, etc.



### **3. Progress on the Medium-Term Management Plan**

## Medium-Term Management Plan Slogan: 2020-2022 (Three years)

# Management Focused on Environmental Responsiveness

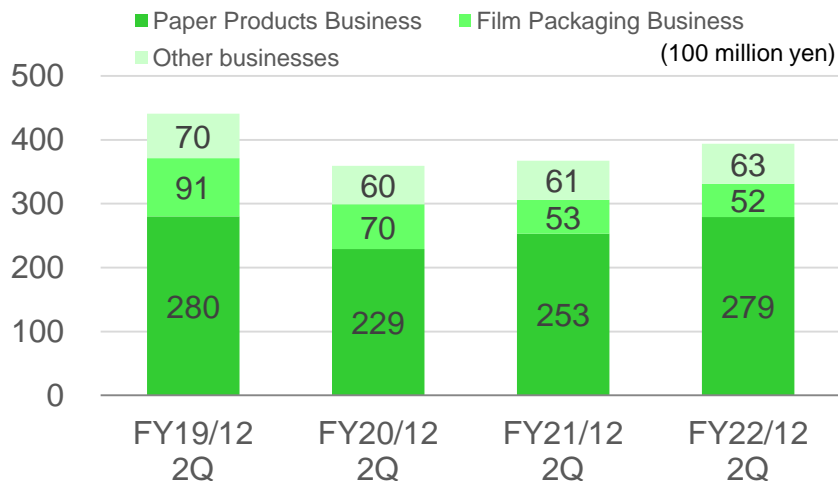
“Environmental responsiveness” refers to being responsive not just to the natural environment, but to needs across a wide range of areas, including the social environment and workplace environments.”

## Growth strategies

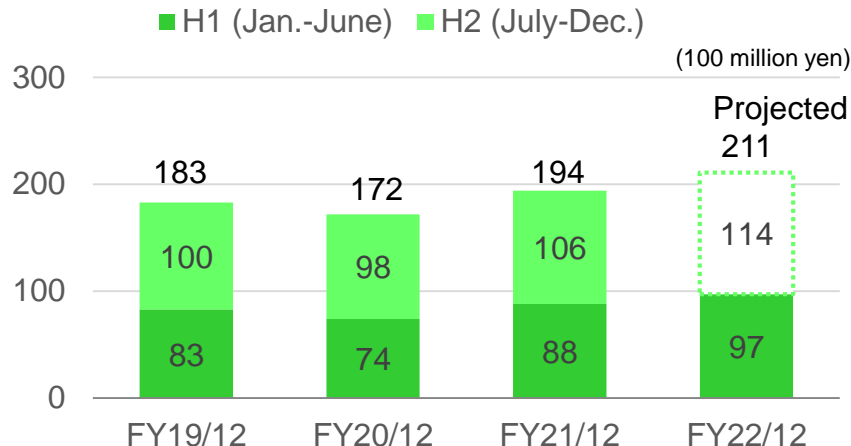
- Initiatives to switch to paper packaging
- Enhancing sales of paper cartons
- Growing sales to the food products, pharmaceuticals and cosmetics, and e-commerce markets
- Expanding business domains
- Promoting productivity improvements and workstyle reforms

# ● Initiatives to Switch to Paper Packaging/Enhancing Sales of Paper Cartons

Net sales by item



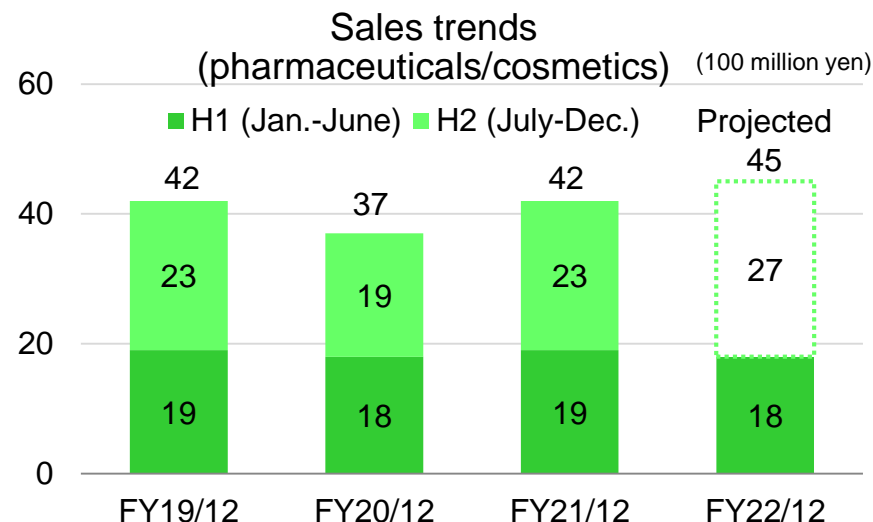
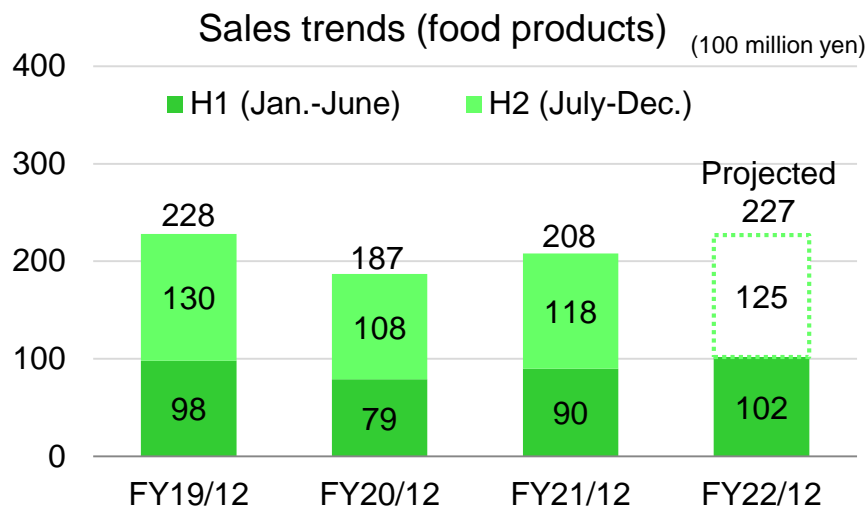
Paper carton sales results



Strategy	Progress
<p>Initiatives to switch to paper packaging</p> <ul style="list-style-type: none"> <li>◆ Efforts to promote the Sustainable Development Goals (SDGs)</li> <li>Enhancing sales of readily recyclable paper packages</li> <li>Increasing demand for eco-friendly products</li> </ul>	<ul style="list-style-type: none"> <li>◆ Achieving positive sales trends based on proposals of eco-friendly paper packaging solutions featuring high value added</li> <li>◆ Since FY2019, thanks to stronger sales of paper cartons and the recovery in sales of paper bags, the Paper Products Business's share of net sales has risen by 7.4 percentage points (FY2019: 63.3% → FY2022: 70.7%).</li> </ul>
<p>Enhancing sales of paper cartons</p> <ul style="list-style-type: none"> <li>◆ Proposal-based sales</li> <li>Solution sales leveraging our engineering, design, and information strengths</li> <li>◆ For food products</li> <li>Enhancing sales of primary paper containers</li> </ul>	<ul style="list-style-type: none"> <li>◆ Continued growth in sales of paper cartons backed by new market development and recovering consumer spending</li> <li>◆ Also up compared to FY2019 thanks to stronger sales in the growing e-commerce sector and food takeout and delivery sectors and through proposals of high value added eco-friendly product solutions</li> </ul>



# ● Growing Sales to the Food Products, Pharmaceuticals and Cosmetics, and E-commerce Markets



Strategy	Progress
<p>◆ Food products</p> <p>Enhancing sales of food product packaging</p> <p>In addition to packages for Japanese and western snacks, a priority to date, expanding sales channels to encompass the home meal replacement market, including lunch and deli dishes, and to the food service market (including takeout), including convenience stores and fast food</p>	<p>◆ Steady growth in sales of paper cartons and film packaging thanks to recovering consumer spending and new customer development</p> <p>◆ Strong sales of primary paper packages for food products (paper cartons)</p>
<p>◆ Pharmaceuticals, cosmetics, and health food</p> <p>Focusing on markets in which demand is projected to grow as the population ages</p> <p>Stable growth projected with growing health orientation</p> <p>Focusing on the general consumer pharmaceuticals, cosmetics, and health food markets</p>	<p>◆ Sales of supplies for medical care facility use are growing in Japan.</p> <p>◆ In China, sales of cosmetics packages declined dramatically due to lockdowns.</p>

# ● Expanding Business Domains/Promoting Productivity Improvements and Workstyle Reforms

Strategy	Progress
<b>Expanding business domains</b> <ul style="list-style-type: none"> <li>◆ Overseas expansion               <ul style="list-style-type: none"> <li>Sales growth in the China market</li> <li>Venturing into ASEAN markets</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆ Sales of e-commerce products grew thanks to expanded orders by major e-commerce firms in the China market.</li> <li>◆ We plan to resume our study of the idea of venturing into ASEAN markets, which is currently suspended, after the COVID-19 pandemic is under control.</li> </ul>
<b>Promoting productivity improvements and workstyle reforms</b> <ul style="list-style-type: none"> <li>◆ Developing backbone systems to improve operational efficiency</li> <li>◆ Staff assignments based on consideration for work-life balance and normalization of working hours</li> <li>◆ Labor-saving, energy-saving, and mechanization measures for manufacturing lines</li> </ul>	<ul style="list-style-type: none"> <li>◆ Operational efficiency has improved thanks to the adoption of a customer management / sales support system, an expense settlement system, and an EDI system for accounts payable billing.</li> <li>◆ An environment for remote working has been developed by switching from faxed order forms to e-orders and adopting computer systems for communication tools.</li> <li>◆ Progress has been made on shifting to online meetings (web conferencing and videoconferencing) to eliminate transit times to meetings; on improving operational efficiency; on normalizing working hours; and accommodating more diverse work styles.</li> <li>◆ Operation of automated materials conveyor equipment has begun in the manufacture of paper cartons.</li> </ul>

# Progress on Investment Plans (1)

## Three-year plan

### 1. Enhancing paper carton manufacturing capacity (7 billion yen)

Increasing production capacity by expanding the plants capable of producing primary paper containers and increasing orders received for paper cartons

⇒ To date, 2.16 billion yen has been invested to expand the adoption of new equipment for paper cartons.

Adoption and operation of new equipment are delayed due in part to the impact of COVID-19. Efforts to expand the facilities continue alongside efforts to rebuild the Osaka Plant.

### 2. Investments in new businesses (6 billion yen)

Expanding product lineups and sales domains

⇒ Continuing to consider M&A and business-alliance projects with a focus on domestic markets

### 3. Investments in computer system renovations (2 billion yen)

Developing backbone systems to improve operational efficiency

⇒ Plans call for bringing the new backbone systems online in FY2023 alongside the implementation of the business innovation project.

### 4. Rebuilding the headquarters building (1.6 billion yen)

Enhancing the co-creation capabilities of sales and development sections while promoting renewable energy

⇒ Slated for completion in March 2023, the new headquarters building will take advantage of natural lighting and ventilation and reflect consideration for health, renewable energy, energy conservation, and reduced CO<sub>2</sub> emissions.

Selected by MLIT as a leading project for sustainable buildings (energy conservation and reduced CO<sub>2</sub> emissions)

# Progress on Investment Plans (2)

## Five-year plan

### 5. Rebuilding the Osaka Plant (Higashi-Osaka, Osaka Prefecture)

Together with a scrap-and-build project to rebuild the plant on the current site, partial transfer of production functions to nearby site under consideration

Currently, a basic construction plan is being formulated with outside consultants.

We will commence demolition work after selecting a general contractor and applying for and obtaining the necessary permits.

We plan to disclose information on matters such as construction timetables, amounts invested, and potential impact on future business results as soon as they are finalized.

This project will lessen our environmental impact and improve production efficiency through labor saving, energy saving, and mechanization.

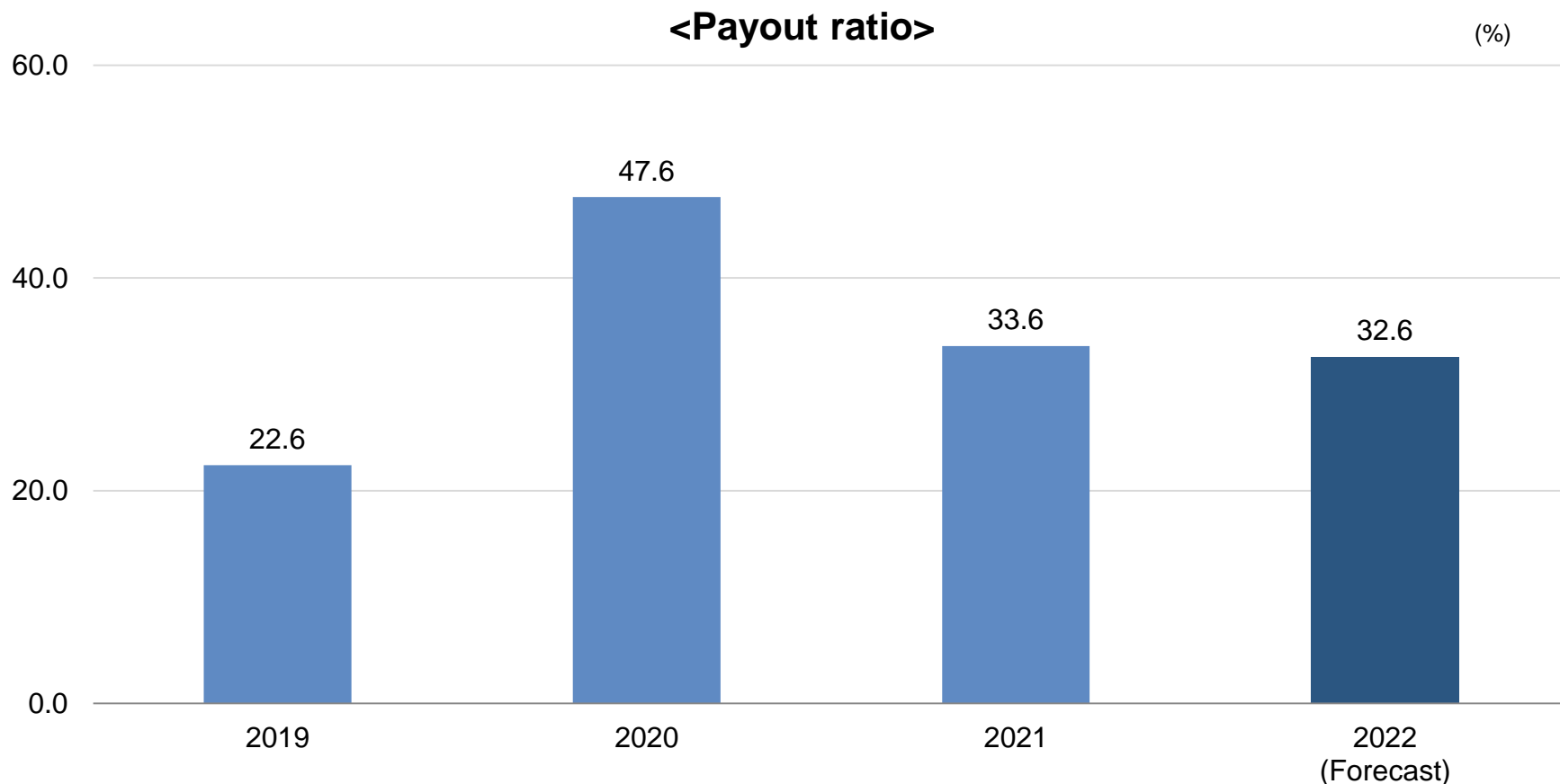
### 6. Renovation of the Nara Plant (Yamatokoriyama, Nara Prefecture)

Multiple renovation plans have been drawn up.

We are reviewing the specifics, including facilities adopted and potential returns on investment.

# Returns to Shareholders

Maintaining a dividend payout ratio of 25% or better



◆ We plan to pay annual dividends of 60 yen in 2022, seeking to strike a balance between returns to shareholders and strategic investment in growth.

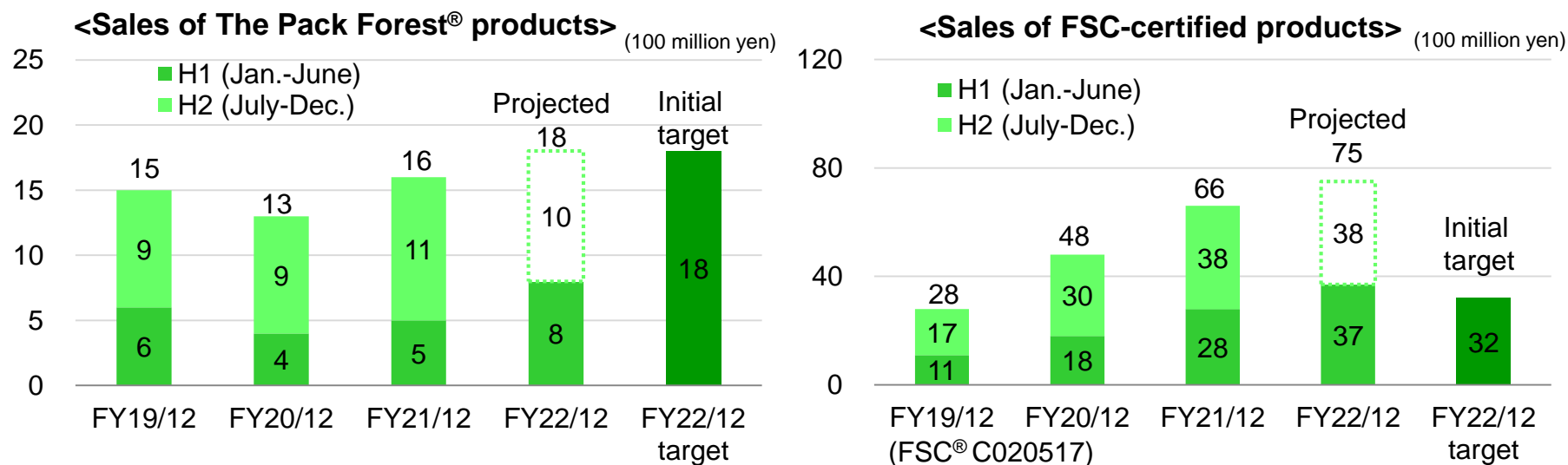
# Sustainable Development Goals (SDGs) Initiatives (1)

## 1. Enhancing sales of The Pack Forest® products

Striving to protect the global environment alongside our customers by contributing a portion of sales to The Pack Forest Environment Fund

## 2. Enhancing sales of Forest Stewardship Council® (FSC®)-certified products

Contributing to forest conservation



- ◆ Sales of The Pack Forest® products are trending higher thanks to efforts to promote eco-friendly materials.
- ◆ Boosted by growing environmental awareness among consumers and growing recognition of the FSC-certified logo, sales of FSC-certified products have trended significantly better than the initial 2020 target (3.2 billion yen).

# Sustainable Development Goals (SDGs) Initiatives (2)

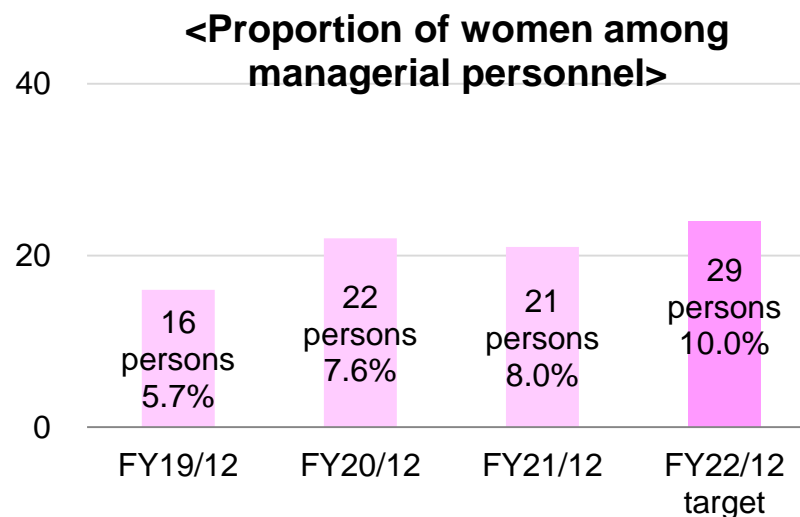
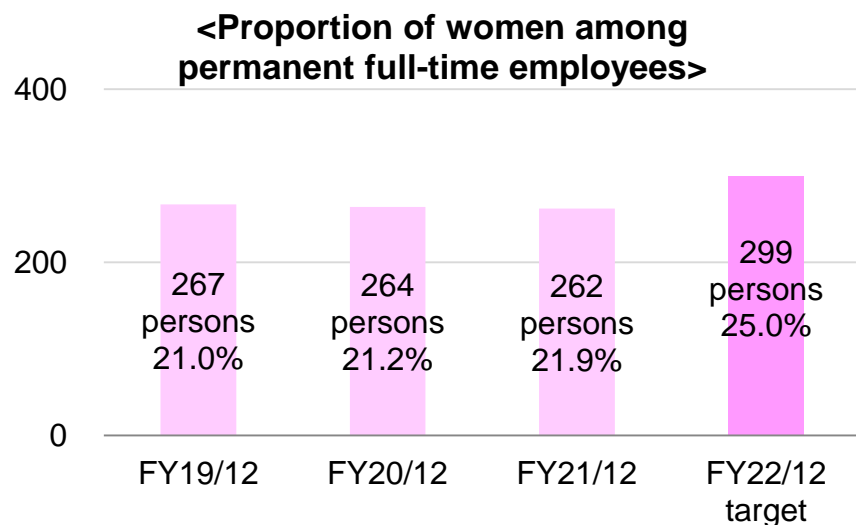
## 3. CO<sub>2</sub> emissions reduction initiatives

A new headquarters building whose design reflects consideration of measures to conserve energy and reduce CO<sub>2</sub> emissions is slated for completion in 2023.

In rebuilding the Osaka Plant, we will make progress on the use of renewable energy as part of efforts to reduce our environmental impact.

## 4. Action plan for promoting women in the workplace

- ① Increasing the percentage of permanent full-time employees who are women to 25% or more
- ② Increasing the percentage of managerial personnel (managers and above) who are women to 10% or more



◆ Actual results in the period ended June 2022 show gains in both numbers and percentages (number and percentage of women among permanent full-time employees: 265, 22.3%; number and percentage of women among managerial personnel: 25, 9.2%)

# ESG Initiatives

## 1. Establishing the new Sustainable Business Team

Formulating a basic policy on sustainable management and a list of priority topics (materiality)

With regard to TCFD recommendations, during FY2022, we also plan to establish a promotion structure; carry out scenario analysis (review and identification of anticipated climate change risks and opportunities and assessment of their importance); and formulate GHG reduction targets and KPIs.

## 2. Investments in ESG

Promoting investments in ESG projects related to our management policies and core businesses as part of sustainable management initiatives

2022 results: Japan Student Services Organization (social bonds)

Z Energy (carbon-neutrality fund)

## 3. Enhancing governance

Developing a governance structure as required under the Corporate Governance Code, in accordance with our migration to the TSE Prime Market  
Increasing the ratio of outside directors to one in three by increasing the number of directors by one



# About the New Medium-Term Management Plan

Plans call for formulating a new Medium-Term Management Plan during FY2022 to take effect beginning FY2023. This plan will be linked to our basic policy on sustainable management.



## **4. Reference Materials**

# Corporate Overview

<b>Name</b>	THE PACK CORPORATION
<b>Founded</b>	May 1952 (shares listed September 1991; listed on TSE Prime Market April 2022)
<b>Headquarters</b>	OAP Tower 20F, 1-8-30 Temmabashi, Kita-ku, Osaka City, Osaka 530-6020, Japan
<b>Lines of business</b>	Planning, manufacturing and sale of paper bags, folding paper cartons, corrugated boxes, film packaging, etc.
<b>Executives</b>	Hideaki Yamashita, President and CEO, eight other directors (including three outside directors), and four auditors (including two outside auditors)
<b>Number of employees</b>	1,186 consolidated, 838 nonconsolidated
<b>Group companies</b>	Eight consolidated subsidiaries (in Japan, the United States, and China)
<b>Main banks</b>	MUFG Bank, Sumitomo Mitsui Banking Corporation, Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Trust Bank, Mizuho Bank
<b>Main shareholders</b>	Morita Memorial Welfare Foundation 10.95%, BBH for Fidelity Low-Priced Stock Fund (principle all-sector sub-portfolio) 7.77%, The Master Trust Bank of Japan (trust account) 7.19%, partner companies' stock ownership program 6.52%, Custody Bank of Japan (trust account) 4.89%, Custody Bank of Japan (trust account 4) 4.63%, Custody Bank of Japan (Resona re-trust account/Hokuetsu Corporation retirement benefits trust account) 3.27%, Daio Paper Corporation 3.02%, MUFG Bank 2.60%, Shichijo Paper Trading 2.50%

(As of the end of June 2022)

# The Pack Group (Eight Consolidated Subsidiaries)

## The Pack Corporation

Headquarters  
(Osaka)



Tokyo Head  
Office Building



Osaka Plant



Nara Plant



Tokyo Plant



Ibaraki Plant



(All sites have earned ISO 9001 and ISO 14001 certification.)

## Domestic subsidiaries

Keihin Tokushu  
Printing Corp.



Nikko Print  
Corporation



Pack Takeyama Co.,  
Ltd.



Nishinihon Printing  
Co., Ltd.



Kannaru Printing  
Co., Ltd.



## Overseas subsidiaries

Consolidated subsidiaries in China  
The Pack (Changshu) Co., Ltd.



The Pack  
(Shanghai)  
Corporation



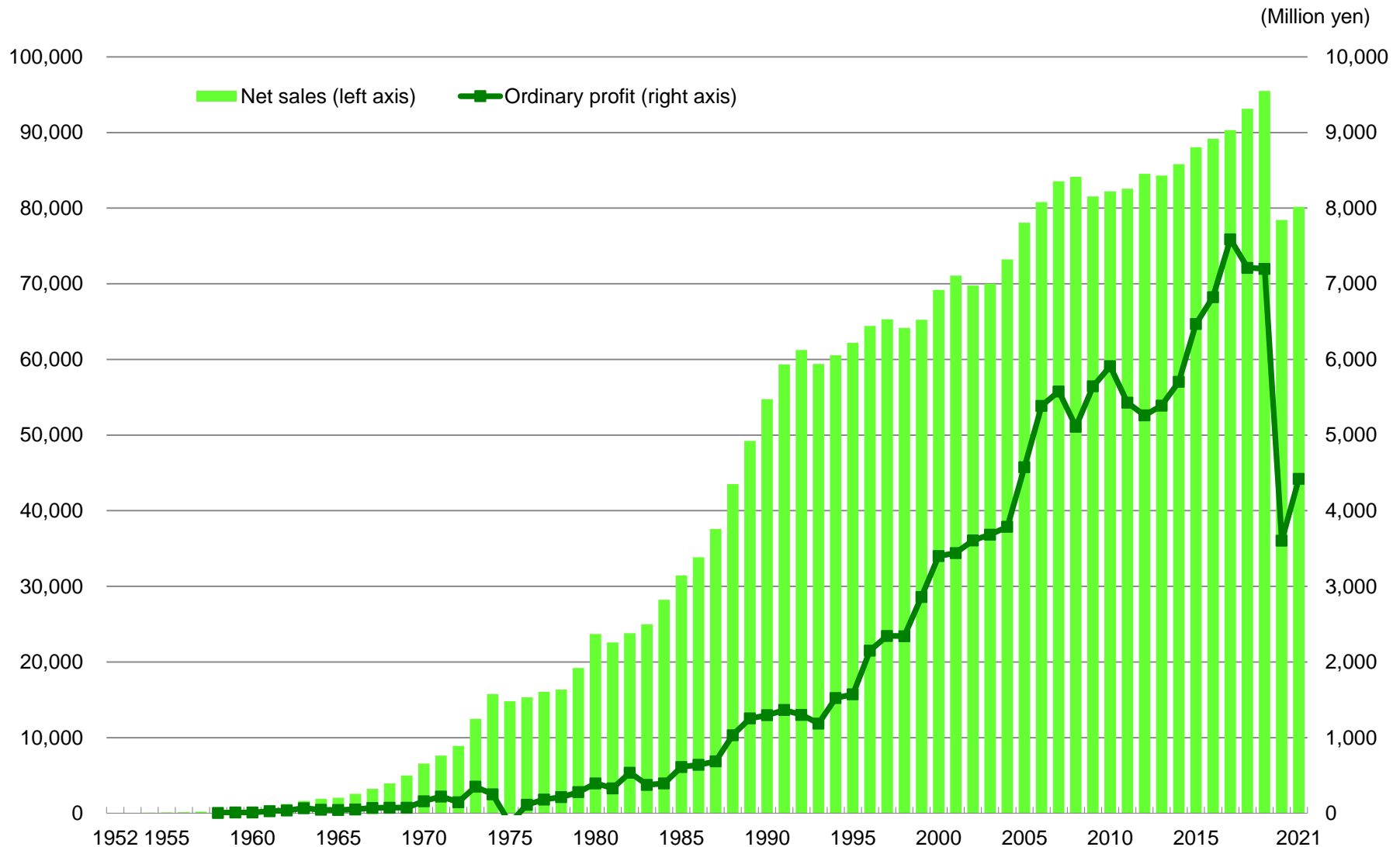
U.S. consolidated  
subsidiary

The Pack  
America  
Corporation



(As of June 2022)

# Trends in Net Sales and Ordinary Profit (Consolidated) from the Company's Founding (1952) through 2021



# Distribution Structure for Major Products

## Consumers

### Main buyers



Department stores



Convenience stores



Supermarkets and drug stores



Apparel



Pharmaceuticals and cosmetics



Sundries



Food products



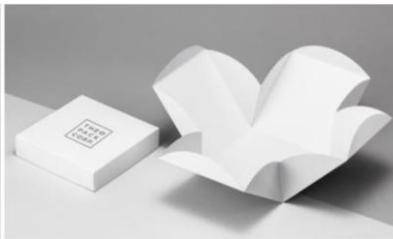
Home electronics and home installations



e-commerce (mail order)

etc.

## THE PACK CORPORATION



### Raw materials makers



Paper, fabric, plastic film



Ink



Adhesive

Other parts and materials

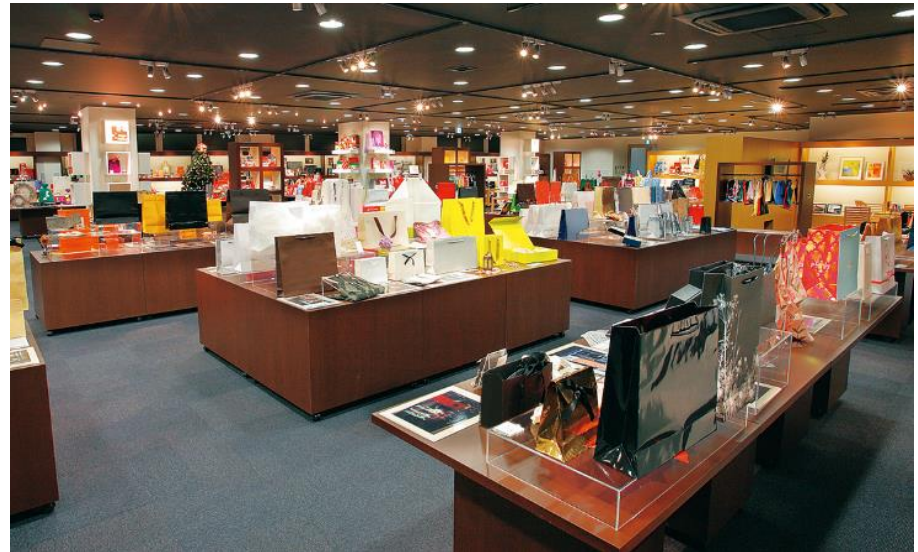
etc.





# The Pack's Strengths (2)

Strength	Specifics
2. A total packaging solutions provider	<ul style="list-style-type: none"><li>◆ (Full support structure) Solutions proposed by joint efforts of the sales, research and planning, engineering, and design sections</li><li>◆ (Thorough expertise and access to large body of information) Operating one of Japan's largest packaging labs</li></ul> <p>⇒ <u>Delivering consulting-based solutions in response to the wide-ranging needs of customers</u></p>



Packaging lab

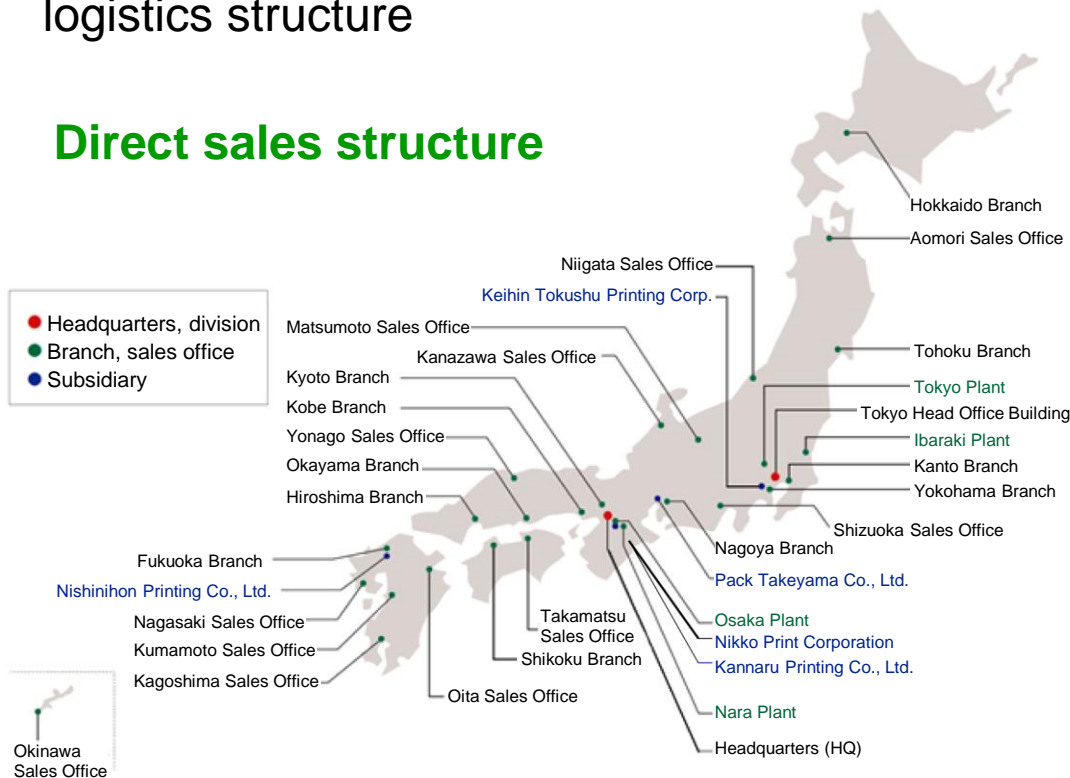


# The Pack's Strengths (3)

## Strength

### 3. Integrated manufacturing, sales, and logistics structure

#### Direct sales structure



Teamwork among our four domestic plants, Group companies, and subcontractor plants also helps manage the risk of disasters and accidents.

## Specifics

### The Pack Group

#### Manufacturing

#### Printing plant



#### Paper bag plant



#### Film packaging plant



#### Paper cartons plant



#### Corrugated board plant



### Nationwide direct sales structure

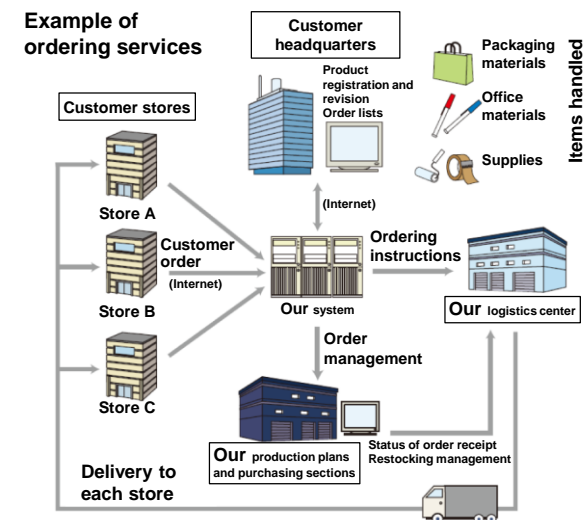
#### Logistics

#### Products

### Customers across Japan

# The Pack's Strengths (4)

Strength	Specifics
4. Quality control structure	<ul style="list-style-type: none"> <li>◆ Groupwide quality management systems are ISO 9001-certified.</li> <li>◆ The Tokyo and Osaka plants <u>have earned FSSC 22000 international food-safety management system certification.</u></li> <li>◆ Based on a policy of improving customer satisfaction through enhanced quality, we strive to earn customer trust by delivering safe, reliable products.</li> </ul>
5. IT-driven customer networks	<ul style="list-style-type: none"> <li>◆ Delivering packaging materials, supplies, and other products as an integrated service ⇒ <u>Streamlined logistics based on bulk deliveries also helps cut CO<sub>2</sub> emissions.</u></li> <li>◆ Offering Pack-Web web-ordering services ⇒ <u>Streamlining customers' ordering operations</u></li> </ul>



# ESG Initiatives (1)

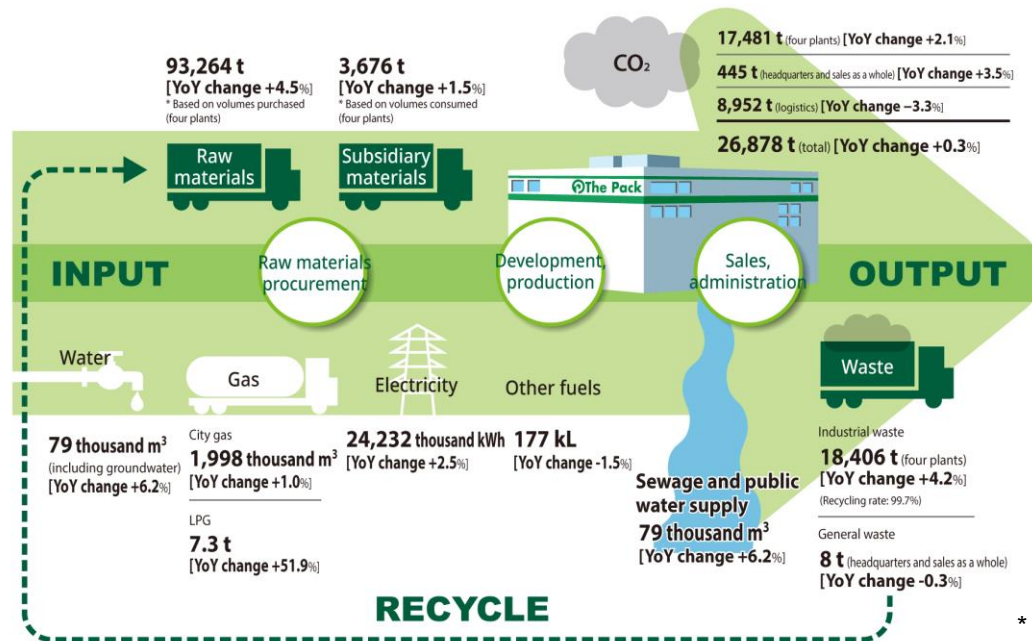
## 1. Environmental initiatives

- ◆ All plants and sites in Japan had earned ISO 14001 certification as of 2006.
- ◆ We are implementing a wide range of initiatives, including measures to cut CO<sub>2</sub> emissions and waste volumes and to develop eco-friendly products.
- ◆ We fulfill our obligations as a core member of the Japan Clean Ocean Material Alliance, which promotes activities across the economy to develop and promote innovative substitutes based on public-private partnerships to reduce ocean plastic waste.

### Overview of environmental impact

We're striving to ascertain and lessen the environmental impact of production activities as a whole.

\* The data shown below are for the four plants (the Osaka Plant, Nara Plant, Tokyo Plant, and Ibaraki Plant) and the headquarters and sales groups.



\* 2021 figures

Relationship to the SDGs



## ESG Initiatives (2)

### 2. Activities of The Pack Forest Environment Fund (forest conservation activities)

- ◆ In 2000, we established an independent Forest Environment Fund and launched volunteer activities to plant and thin forested areas.
- ◆ We contribute a portion of the sales from eco-friendly products to the Forest Environment Fund.
- ◆ Operation of the Fund is subcontracted to the nonprofit Eco Future Fund (EFF).
- ◆ We carry out forest conservation activities with the participation of not just The Pack employees, but customers and the general public.



The Pack Forest Mark



Eco Future Fund

Relationship to the SDGs



(Activities)

Funds contributed	171 million yen
Trees planted	20,465
Total participants	6,907
Planted land area	21.8 Ha
CO <sub>2</sub> emissions absorbed	1,702.08 t

(Totals as of the end of June 2022)

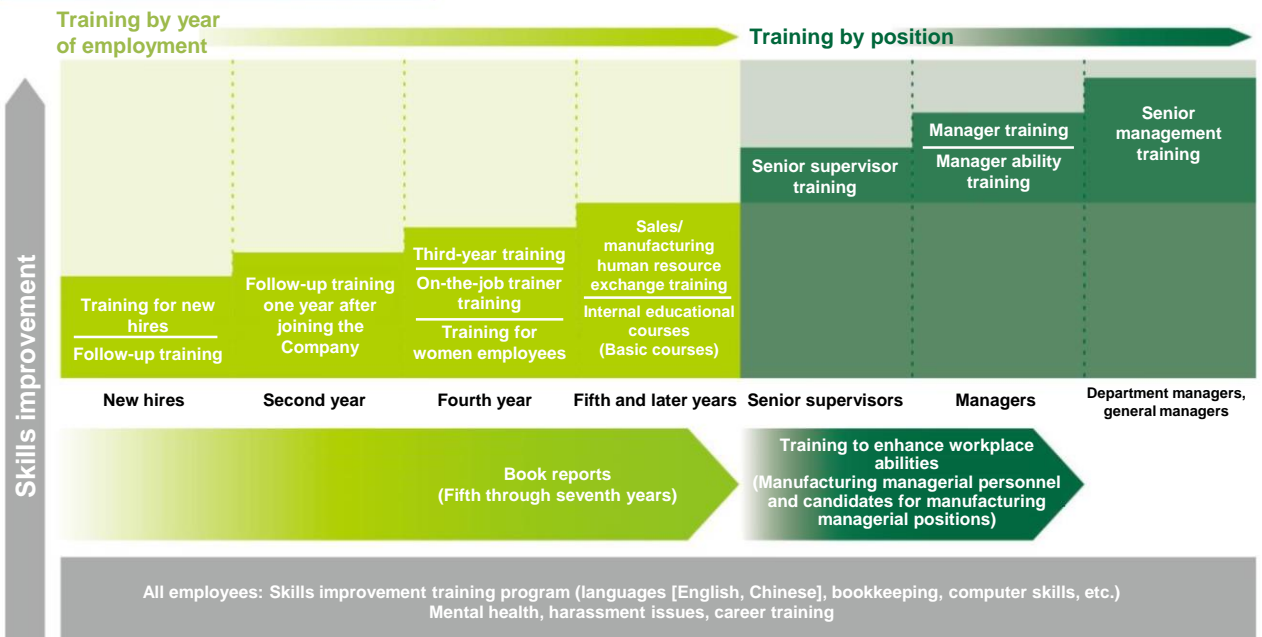
# ESG Initiatives (3)

## 3. Human Resource Development and Workplace Development

- ◆ In accordance with our Company Motto, "Passionate and Dedicated to Our Partnerships," and our Corporate Philosophy, "We Value and Nurture People," we are implementing initiatives to contribute to employee welfare, including human resource development, support for childcare and long-term care, and employment stability. We are enhancing our human resource development structure in various ways, including training that accounts for year of employment, training by position, and training to enhance abilities in the workplace.
- ◆ Recognized as a 2022 Certified Health & Productivity Management Outstanding Organization  
We strive to maintain and improve employee health and raise individual health consciousness



### Educational structural diagram



Relationship to the SDGs





# ESG Initiatives (4)

Initiatives	Specifics
<p data-bbox="86 287 454 386">4. Environmental education</p> <p data-bbox="79 422 256 489">Relationship to the SDGs</p> <div data-bbox="127 412 542 682">  </div>	<p data-bbox="595 279 1841 394">◆ As part of our environmental education initiatives, in cooperation with the city of Higashi-Osaka, we organize hands-on manufacturing classes at elementary schools.</p> <div data-bbox="627 412 1804 682">  </div>
<p data-bbox="86 722 396 879">5. Community contribution activities</p> <p data-bbox="214 1150 392 1218">Relationship to the SDGs</p> <div data-bbox="411 1133 542 1260">  </div>	<div data-bbox="595 722 1841 879"> <p>◆ We're developing a structure under which individual employees can join their communities in making contributions.</p> <p>◆ Voluntary employee participation increases motivation to contribute to the community and helps strengthen employee abilities.</p> </div> <div data-bbox="595 929 1128 965"> <p>◆ Cleanup activities near the site</p> </div> <div data-bbox="658 982 1118 1325">  </div> <div data-bbox="1232 929 1692 965"> <p>◆ Donating children's books</p> </div> <div data-bbox="1273 982 1789 1325">  </div>

## **Note**

This document is intended to provide information on management policies and business results for the second quarter of the year ending December 31, 2022. It is not intended to solicit investment in securities issued by the Company. In addition, this document was prepared based on data as of the end of June 2022.

Views, forecasts, and other information contained in this document are based on the Company's judgments at the time the document was prepared. No guarantees are made concerning the accuracy or completeness of such information. The contents of this document are subject to change without notice.

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