

New Medium-Term Management Plan (FY2023 to FY2025)

February 27, 2023

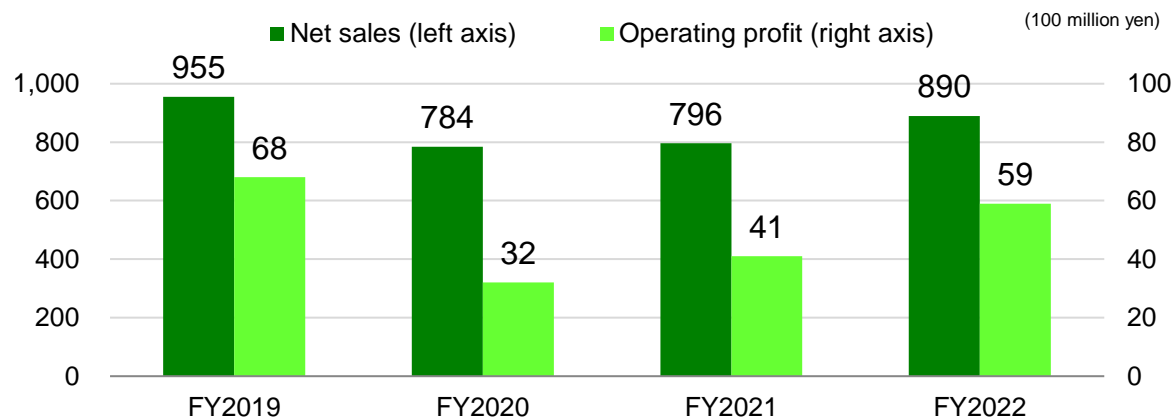


Review of Previous Medium-Term Management Plan (FY2020 to FY2022)

	Strategy		Assessment	Results
Paper cartons	◆ Strengthen sales of paper cartons. From brick-and-mortar stores to accommodating e-commerce Promote proposal-based sales activities.	●Markets of special interest Food products market Pharmaceutical market Cosmetics market Health foods market E-commerce market	◎	◆ Sales growth in the food products market, a market of special interest ◆ Sales growth through acquiring new customers and initiatives for new demand ◆ Increased new orders through paper migration ◆ Increased development and sales of eco-friendly products ◆ Growth in orders of paper delivery bags for e-commerce and expanded sales of related supplies ◆ Increases orders through solutions proposals ◆ Maintained dividend payout ratio of 25% or higher ◆ Investment-related <ul style="list-style-type: none">• Investments to augment paper carton capacity (2.5 billion yen)• Completed construction of new headquarters building, March 2023• New system launch, scheduled for July 2024• Introduced automated conveyance system for products/semifinished products (100 million yen)
Paper bags	◆ Initiatives related to the migration to paper Increase sales of easy-to-recycle products. Increase sales of Forest® and FSC® products.		○	
Corrugated boxes	◆ Strengthen sales. From brick-and-mortar stores to accommodating e-commerce Promote proposal-based sales.		◎	
Other	◆ Expand business domains. Initiatives for new businesses Enter ASEAN markets, increase sales in Chinese market.		△	
	◆ Increase productivity. Backbone systems + manufacturing line labor and energy savings		△	
	◆ Shareholder returns Target dividend payout ratio of 25% or higher		○	
	◆ Growth investment Increase paper manufacturing capacity (7.0 billion yen) New businesses (6.0 billion yen) Rebuild headquarters building (1.6 billion yen)	System renovations (1.5 billion yen) (5-year plan) Rebuild Osaka Plant Augment Nara Plant	△	

Review of Previous Medium-Term Management Plan (FY2020 to FY2022)

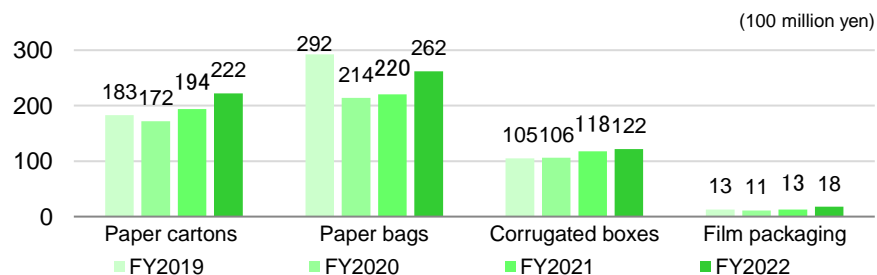
Trends in operating profit margins



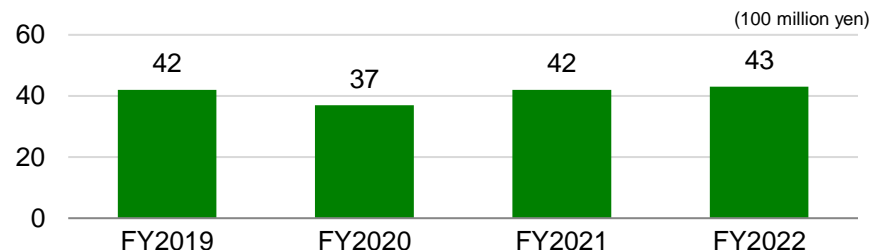
- ◆ The Company was affected by declining results in the distribution and retail industry, a major customer base, due to the impact of state of emergency declarations and stay-at-home requests during the COVID-19 pandemic. Current results are steadily recovering alongside the gradual resumption of economic activity.
- ◆ Product sales to new markets in line with lifestyle changes and business growth through solution proposals contributed to results.

Note: The targets for consolidated net sales, operating profit, EBITDA and ROE, which were among the targets for the fiscal year ended December 31, 2022 in the previous Medium-Term Management Plan, were rescinded by the Board of Directors at the meeting held on August 30, 2021.

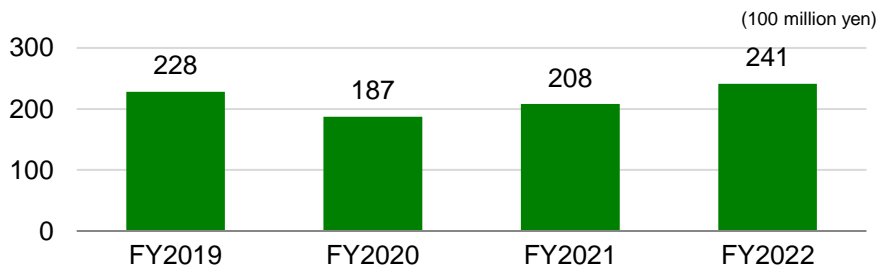
Net sales by product type



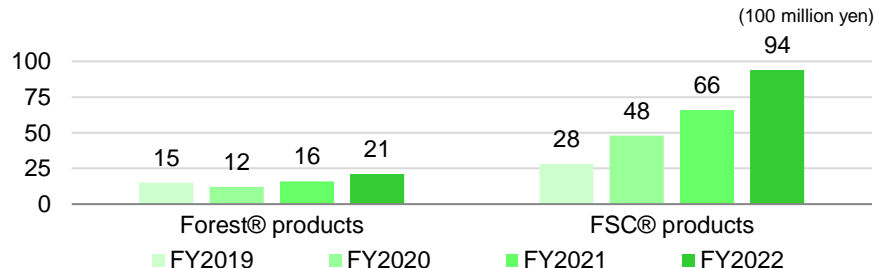
Sales to the pharmaceutical and cosmetics markets



Sales to the food products market

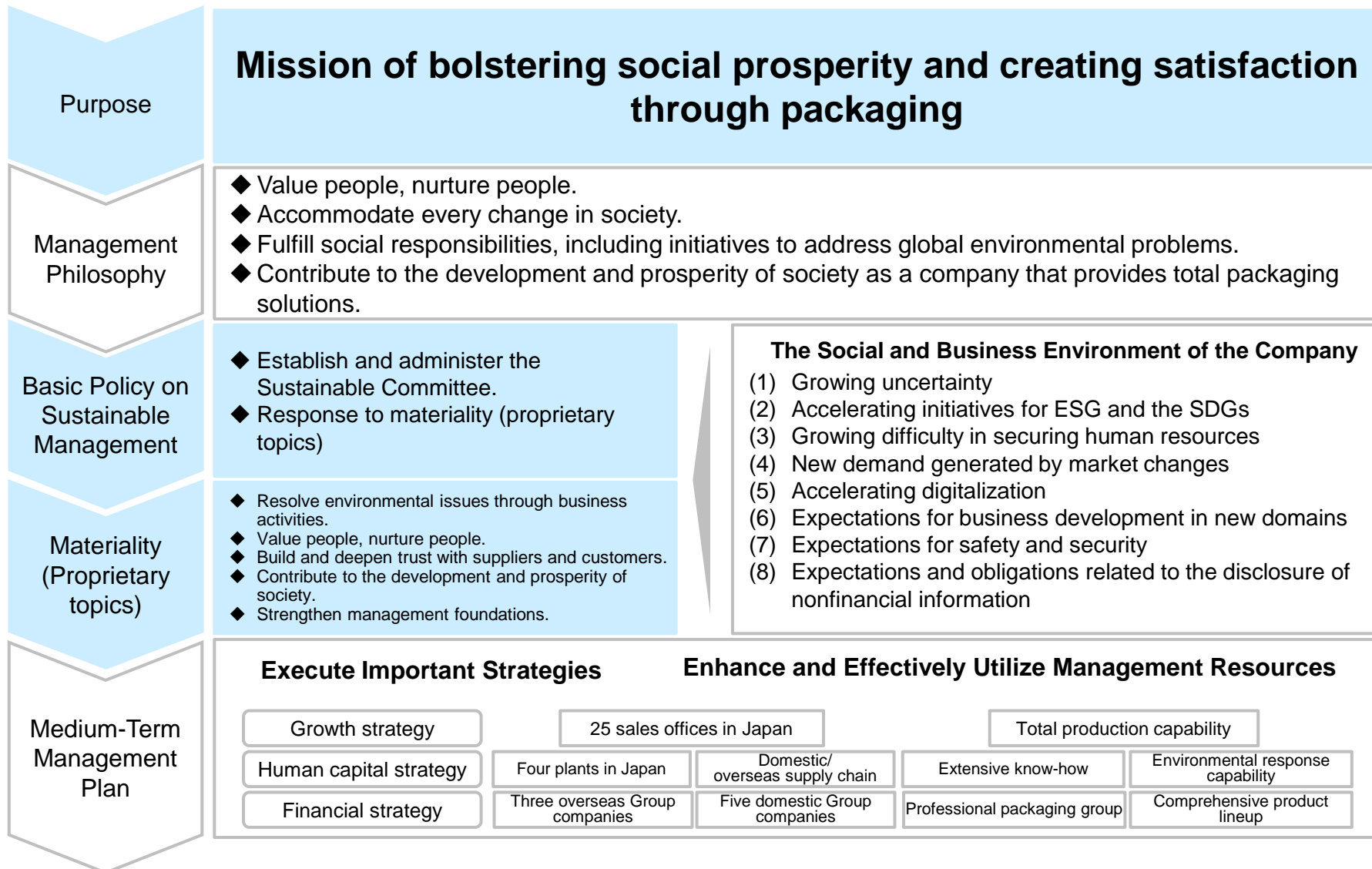


Sales of eco-friendly materials



The Pack Group's Management Policy

In 2023, the Company established its Purpose and Basic Policy on Sustainable Management and established a new management policy that reflects the social and business environment.



Promotion of Sustainable Management

Basic Policy on Sustainable Management

Based on its Company Motto—Passionate and Dedicated to Our Partnerships—the Group will practice sustainable management and has established an official Purpose: Mission of bolstering social prosperity and creating satisfaction through packaging. As a total packaging solutions company, for the sake of the environment, society, and the economy, we will create new value for packaging to solve the various issues of stakeholders and to contribute to a more prosperous society that is both sustainable and full of smiles. To this end, we will maintain systems that allow us to accommodate any changes in society and grow in a sustainable manner to provide value unique to the Group.

Sustainable Committee Establishment and Administration

The Sustainable Committee (chaired by the president & CEO) has been established to promote sustainable management at the Group. The committee will deliberate and make decisions on the formulation of policies related to the execution and promotion of sustainable management and important themes, progress management for initiatives, and incorporation into the Medium-Term Management Plan. The committee's secretariat will coordinate with each division and Group company to promote action plans and manage key performance indicators, etc.



Response to Materiality (Priority Topics)

Environment

Solve environmental issues through business activities.

- ◆ Plan products and develop technologies that reflect environmental awareness.
- ◆ Reduce overall environmental impact of business activities.
- ◆ Contribute to nature protection and environmental preservation.

Social

Value people, nurture people.

- ◆ Promote employee health and ensure their safety.
- ◆ Nurture and cultivate total packaging solutions capabilities.
- ◆ Promote diverse work styles that allow employees to thrive.

Build and deepen trust with suppliers and customers.

- ◆ Co-create brand value with customers.
- ◆ Maintain and improve quality through collaboration with suppliers.

Contribute to the development and prosperity of society.

- ◆ Contribute to the development of the next generation and raise awareness of the environment.
- ◆ Solve diversifying social issues.

Governance

Strengthen management foundations.

- ◆ Maintain management soundness, transparency, and efficiency.
- ◆ Promote supply chain risk management.

Summary of New Medium-Term Management Plan (FY2023 to FY2025)

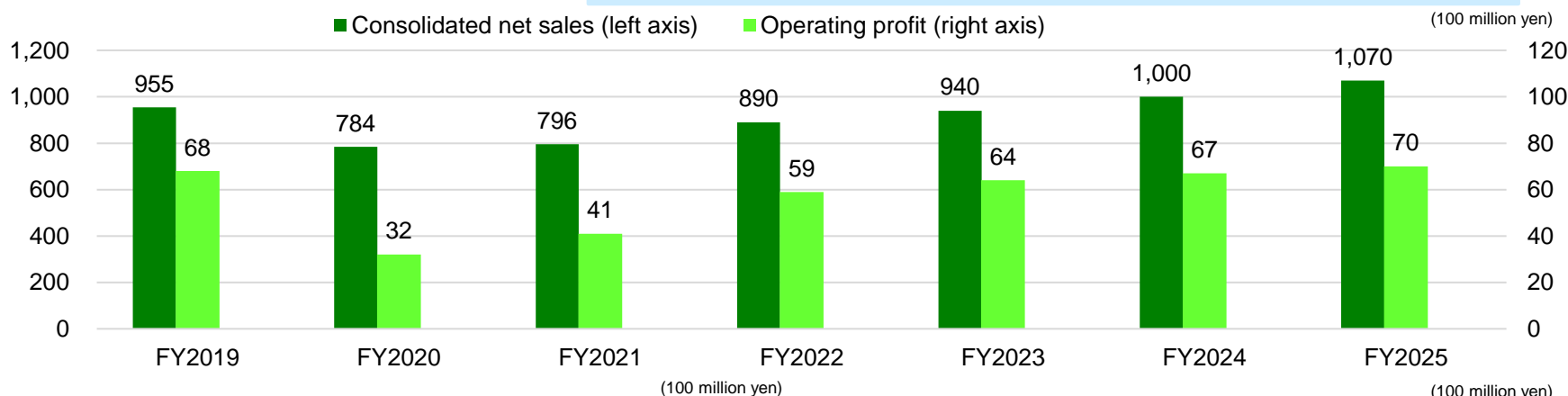
Slogan

Evolution: Start of Purpose-Based Management and Sustainable Management

FY2025 Targets

Consolidated net sales: 10.7 billion yen
Operating profits: 7.0 billion yen ROE: 8% or higher ROIC: 8% or higher

New Medium-Term Management Plan Targets (FY2023 – FY2025)



	FY2022 Result	FY2025 Target		
			FY2022 Difference	FY2022 Change
Food products(*)	250	320	+ 70	28.0%
E-commerce, mail order, logistics	140	180	+ 40	28.6%
General distribution, retail, etc.	500	570	+ 70	14.0%
Total	890	1,070	+ 180	20.2%

	FY2022 Result	FY2025 Target
ROE	6.4%	8% or higher
ROIC	6.4%	8% or higher

	FY2022 Result	FY2025 Target		
			FY2022 Difference	FY2022 Change
Paper bags	262	315	+ 53	20.2%
Paper cartons	222	270	+ 48	21.6%
Corrugated boxes	122	150	+ 28	23.0%
Film packaging	119	145	+ 26	21.8%
Other	162	190	+ 28	17.3%
Total	890	1,070	+180	20.2%

* The food products category includes packages for food products at convenience stores, supermarkets, etc.

Growth Strategies

Food products market (including convenience stores and fast food)

- ◆ Increase sales of primary food containers.
- ◆ Develop materials and processes that help reduce environmental impact; increase sales of FSC® products (FSC® C020517).
- ◆ Combined sales of paper bags and paper cartons with labels, films (film packaging), etc.
- ◆ Promote solution proposals that contribute to labor savings, streamlining, and automation at customers.
- ◆ Expand lineup of paper carton products.
- ◆ Initiatives for trays and molded containers, etc.



▲ Craft Clear, see-through paper film packaging



▲ Craft VM Barrier, paper film packaging with light shielding and high barrier properties



▲ Water-resistant paper Craft Pouch suitable for boiling



▲ Trays for food products

Growth Strategies

E-commerce, mail order market, logistics industry

- ◆ Strengthen sales of delivery bags that increase transport efficiency for customers.
- ◆ Strengthen proposal-based sales that can help reduce labor requirements at customer facilities.
 - Proposals for product designs that reduce work hours
 - Proposals for solutions for automating work processes
- ◆ Develop materials and processes for automatic packaging and increase related sales.
- ◆ Further increase sales of reinforced corrugated boxes for heavy objects.



▲ Delivery bags for e-commerce



▲ Paper delivery bag compatible with automatic packaging machines; automatic packaging machine



▲ Reinforced corrugated box for heavy objects

Growth Strategies

General distribution and retail market, other markets

- ◆ Increase paper bag share and continue pursuing proposal-based sales to promote paper migration.
- ◆ Along with product sales, combined sales with assembly and setup work
- ◆ Develop sales channels in ASEAN region.
- ◆ Product sales aligned with the 3 Rs (reduce, reuse, recycle)
 - Increase sales of eco paper, upcycled materials, and FSC® paper.
 - Increase sales of eco bags and mono-material products.
 - Develop original paper and films with 100% recycled materials.
- ◆ Promote social contributions with customers.
 - Apply a portion of sales proceeds from eco-friendly products to promote forest conservation via The Pack Forest Environment Fund and an NPO.



▲Eco paper, upcycled materials (Mixed Paper with used clothes)



▲Flowchart for The Pack Forest Environment Fund

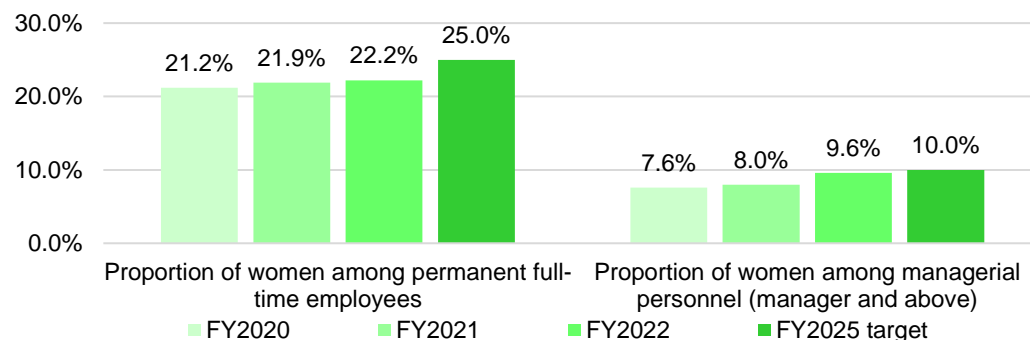
Human Capital Strategy

Growth and vitalization of individuals and the company

Secure diverse human resources.	<ul style="list-style-type: none"> ◆ Strengthen mid-career hiring. ◆ Promote active participation of women (full-time employee and manager ratios). ◆ Expand employment of people with disabilities.
Develop human resources.	<ul style="list-style-type: none"> ◆ Enhance training programs. ◆ Support for self-initiated skill improvement and retraining
Optimize personnel assignments.	<ul style="list-style-type: none"> ◆ Make effective use of the talent management system. ◆ Expand hiring opportunities (referrals, re-hires).
Develop optimal working environments.	<ul style="list-style-type: none"> ◆ Diverse work formats and program enhancements ◆ Well-being (promote health and productivity management)
Maximize employee engagement.	<ul style="list-style-type: none"> ◆ Appropriate wage structure, enhancements to benefits ◆ Raise management participation awareness by joining stock ownership association. ◆ Energize employee interactions and communications. ◆ Conduct engagement surveys.

Personnel Plan (consolidated)

FY2022 result	1,797 * Including full-time employees, contract employees, and part-time employees
FY2025 plan	1,920 (+123)



Financial Strategy

Supporting efficient, continuous growth through optimal fund usage planning

Growth investment	◆ Priority allocation of funds for growth investment (1) Capital investment (2) Investment in new businesses (3) Human investment (4) Investment for system upgrading (5) R&D
Shareholder returns	◆ Maintain dividend payout ratio of 30% or higher ◆ Flexible share buybacks

◆ Nara Plant rebuild

- Plan to acquire new land in Nara Prefecture and build corrugated box plant

◆ Osaka Plant rebuild

- Plan to rebuild through scrap-and-build on the current Osaka Plant site

Fund usage plan (FY2023 – FY2025 total)

Cash inflows		Cash outflows	
Cash on hand	6.5 billion yen	Capital investment	Augment paper carton manufacturing capacity 2.0 billion yen Augment paper bag manufacturing capacity 3.0 billion yen Rationalization, labor savings 1.1 billion yen Energy savings, resource savings 200 million yen Other 200 million yen
		Strategy investment	M&A 10.0 billion yen Backbone system upgrades 2.0 billion yen Human investment 2.0 billion yen
Operating cash flow	20.0 billion yen	Shareholder returns	4.0 billion yen