

Quarterly Report

2023

(Second quarter of 72nd 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.

Contents

	Page
[Cover page]	4
Part 1. Corporate information	5
1. Corporate overview	5
1. Trends in major management indicators	5
2. Lines of business.....	5
2. Business overview.....	6
1. Business and other risks.....	6
2. Management analysis of financial standing, business results, and cash flow	6
3. Major business contracts, etc.	8
3. Information on filing company.....	9
1. Information on stock, etc.	9
2. Directors	11
4. Financial information	12
1. Quarterly Consolidated Financial Statements.....	13
2. Other	22
Part 2. Information concerning guarantor of filing company	23
Independent Auditor’s Report on Quarterly Review	
Confirmation Letter	

[Cover page]

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Part 1. Corporate information

1. Corporate overview

1. Trends in major management indicators

Term		Second quarter of consolidated 71st term (cumulative)	Second quarter of consolidated 72nd term (cumulative)	71st term
Fiscal period		January 1 – June 30, 2022	January 1 – June 30, 2023	January 1, 2022 – December 31, 2022
Net sales	(million yen)	39,617	44,878	89,060
Ordinary profit	(million yen)	2,298	3,147	6,353
Profit attributable to owners of parent	(million yen)	1,422	2,133	4,058
Comprehensive income (loss)	(million yen)	1,744	2,942	4,362
Net assets	(million yen)	63,323	67,705	65,371
Total assets	(million yen)	86,565	93,831	94,365
Basic earnings per share	(yen)	74.85	112.16	213.55
Diluted earnings per share	(yen)	74.78	112.08	213.38
Capital adequacy ratio	(%)	73.1	72.1	69.2
Cash flow from (used in) operating activities	(million yen)	4,449	5,066	5,380
Cash flow from (used in) investment activities	(million yen)	(2,065)	(5,413)	(3,762)
Cash flow from (used in) financing activities	(million yen)	(514)	(703)	(1,124)
Ending balance of cash and cash equivalents	(million yen)	20,101	17,719	18,653

Term		Second quarter of consolidated 71st term (cumulative)	Second quarter of consolidated 72nd term (cumulative)
Fiscal period		April 1 – June 30, 2022	April 1 – June 30, 2023
Basic earnings per share	(yen)	37.06	59.52

Note: Trends in key management indicators for the reporting company are not provided because the Company prepares quarterly consolidated financial statements.

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.

(1) Business performance

In the cumulative period through the second quarter of the consolidated fiscal year under review, Japan's economy trended toward recovery, particularly in the industries of food and beverage, leisure, and lodging. This was due in part to the loosening of restrictions placed on behavior by the COVID-19 pandemic, which in turn boosted inbound tourism and associated demand, as well as other factors, including wage rises against a backdrop of increasing prices. Nevertheless, various factors leave conditions uncertain, including the prolonged effects of high prices for daily necessities, the soaring cost of energy and materials, and fluctuations in foreign exchange rates.

In the United States, personal consumption remained firm as real wages rose. Employment numbers trended upward. Due to the continuing tightening of monetary policy intended to control inflation, which remains high, fears of recession remain. In China, while the economy continues to see recovery in consumption of services such as food and beverage and travel following the easing of quarantine restrictions, sluggish real estate and export sectors are weighing on the economy.

Within this context, the Group has adopted *Evolution —Start of purpose-based management and Sustainable Management* as the slogan for our Medium -Term Management Plan, which aims to achieve consolidated net sales of 107,000 million yen and operating income of 7,000 million yen for the fiscal year ending December 31, 2025. Toward this goal, group companies worked collectively to increase earnings by venturing into new markets, making substantial capital expenditures, and improving quality management.

Due to these efforts, during the second quarter of the consolidated fiscal year under review, net sales grew by 13.3% to 44,878 million yen; operating profit rose 45.6% to 2,976 million yen; ordinary profit grew 36.9% to 3,147 million yen; and profit attributable to owners of parent improved 50.0% to 2,133 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 29.0% of consolidated sales, rose alongside recovery in domestic consumer spending and tourism demand, with net sales growing 15.4% year on year to 12,993 million yen.

Net sales of folding paper cartons, which accounted for 25.1% of consolidated sales, grew 15.8% year on year to 11,262 million yen. This was due to recovery in the market for souvenirs driven by tourism consumption and strong sales of cartons for takeout/delivery food products.

Sales of corrugated boxes, which accounted for 14.1% of consolidated sales, grew 6.7% year on year to 6,343 million yen, driven by strong sales to the manufacturing sector and firm sales to the e-commerce sector.

Printing sales, which accounted for 2.5% of consolidated sales, rose 6.7% to 1,135 million yen based on firm sales at Keihin Tokushu Printing Corp. and NIKKO PRINT CORPORATION.

Overall, sales in this segment grew 13.3% to 31,734 million yen. Operating profit rose 39.1% to 2,715 million yen.

(ii) Film Packaging

In the film packaging segment, which accounted for 14.8% of consolidated sales during the period under review, net sales rose 27.4% year on year to 6,654 million yen. This was due to strong sales of disposable diaper products and flexible film packaging for food products, as well as strong sales in mail order enterprises as well as specialty stores generated by recovering tourism consumption and demand from foreign tourists. Operating profit grew by 46.1% year on year to 28.8 million yen.

(iii) Other Businesses

Other businesses in the period under review accounted for 14.5% of consolidated sales. While COVID-19 vaccine-related sales declined, sales of sewn products and non-woven bags to specialty stores were firm. Net sales grew by 1.4% year on year to 6,489 million yen. Operating profit rose 12.5% year on year to 485 million yen.

(2) Analysis of Financial Position

Assets totaled 93,831 million yen at the end of the quarter under review, down 534 million yen from the end of the previous fiscal year. Major factors included growth of 2,101 million yen in buildings and structures, 1,909 million yen in land, and 1,418 million yen in intangible assets, offset by declines of 5,490 million yen in notes and accounts receivable-trade and 1,900 million yen in securities.

Liabilities fell 2,868 million yen to 26,125 million yen. The primary factors were declines of 2,414 million yen in notes and accounts payable-trade and 413 million yen in electronically recorded obligations-operating.

Net assets grew by 2,334 million yen to 67,705 million yen. The key factors were increases of 1,468 million yen in retained earnings and 623 million in valuation difference on available-for-sale securities.

(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 fell by 2,381 million yen (11.8%) to 17,719 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 5,066 million yen (vs. cash flow from operating activities of 4,449 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 3,129 million yen in profit before income taxes, a decrease 5,566 million yen in notes and accounts receivable-trade, and depreciation of 1,014 million yen. These factors more than offset a decrease of 2,857 million yen in notes and accounts payable-trade and an increase of 738 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 5,413 million yen (vs. cash flow used in investment activities of 2,065 million yen in the cumulative period through the second quarter of the previous consolidated fiscal

year). This figure reflects various factors, including 6,000 million yen in purchase of securities, 4,351 million yen in purchase of property, plant, and equipment, 1,465 million yen in purchase of intangible assets, despite 6,500 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 703 million yen (vs. cash flow used in financing activities of 514 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 664 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 192 million yen.

(7) Major Facilities

The reconstruction of our head office building, which was in the planning stage at the end of the previous fiscal year, was completed in the cumulative period through the second quarter.

As a result, buildings and structures increased by 2.35 billion 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, 2023)	Current number of shares issued as of the filing date (August 10, 2023)	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, 2023	-	19,900	-	2,553	-	2,643

(5) Major shareholders

As of June 30, 2023

Name	Address	Shares owned (thousand)	Percentage of total shares issued and outstanding (not including treasury stock) (%)
Morita Kinen Fukushizaidan	1984-40 Nakatomigaoka 2-chome, Nara City, Nara Prefecture	2,081	10.94
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3 Hamamatsucho 2-chome, Minato-ku, Tokyo, Japan	1,571	8.25
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)	1,275	6.70
The Pack Trading Partners Stock Ownership Plan	9-3 Higashiobase 2-chome, Higashinari-ku, Osaka, Japan	1,258	6.61
Custody Bank of Japan, Ltd. (Trust Account)	8-12 Harumi 1-chome, Chuo-ku, Tokyo, Japan	941	4.94
Custody Bank of Japan, Ltd. (Trust Account 4)	8-12 Harumi 1-chome, Chuo-ku, Tokyo, Japan	876	4.60
Custody Bank of Japan, Ltd. (re-entrusted to Resona Bank; Hokuetsu Corporation retirement benefits trust account)	8-12 Harumi 1-chome, Chuo-ku, Tokyo, Japan	622	3.27
Daio Paper Corporation	60 Mishimakamiyacho 2-chome, Shikokuchuo, Ehime Prefecture, Japan	573	3.01
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	2.49
Total	-	10,168	53.43

Note: In addition to the above, the Company holds 867,000 shares of treasury stock.

(6) Voting rights

(i) Shares issued and outstanding

As of June 30, 2023

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 867,800	-	-
Shares with full voting rights (other)	Common stock 19,024,800	190,248	-
Shares in less than one trading unit	Common stock 7,400	-	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	-	190,248	-

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, 2023

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	9-3 Higashiobase 2-chome, Higashinari-ku, Osaka, Japan	867,800	-	867,800	4.36
Total	-	867,800	-	867,800	4.36

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, 2023) and the cumulative period through the second quarter of the consolidated period under review (January 1 – June 30, 2023) 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, 2022)	Second quarter of current fiscal year (as of June 30, 2023)
Assets		
Current assets		
Cash and deposits	16,163	16,729
Notes and accounts receivable-trade	23,886	18,396
Securities	12,500	10,600
Merchandise and finished goods	6,015	6,733
Work in process	1,032	1,214
Raw materials and supplies	1,108	953
Other	792	956
Allowance for doubtful accounts	(14)	(19)
Total current assets	61,484	55,565
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	6,132	8,233
Machinery, equipment, and vehicles, net	5,641	5,908
Tools, furnitures, and fixtures, net	348	363
Land	8,539	10,448
Construction in progress	3,068	2,057
Total property, plant, and equipment	23,729	27,011
Intangible assets	1,044	2,462
Investments and other assets		
Investment securities	6,746	7,537
Deferred tax assets	421	171
Other	992	1,133
Allowance for doubtful accounts	(53)	(50)
Total investments and other assets	8,106	8,792
Total non-current assets	32,881	38,266
Total assets	94,365	93,831

(Million yen)

	Previous fiscal year (as of December 31, 2022)	Second quarter of current fiscal year (as of June 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,370	11,956
Electronically recorded obligations-operating	6,689	6,275
Current portion of long-term loans payable	25	25
Income taxes payable	1,349	1,122
Provision for bonuses	291	334
Provision for bonuses for directors (and other officers)	45	21
Other	3,283	3,571
Total current liabilities	26,054	23,306
Non-current liabilities		
Long-term loans payable	34	22
Deferred tax liabilities	431	453
Retirement benefit liability	2,294	2,251
Other	178	91
Total non-current liabilities	2,939	2,818
Total liabilities	28,994	26,125
Net assets		
Shareholders' equity		
Capital stock	2,553	2,553
Capital surplus	3,166	3,156
Retained earnings	60,654	62,123
Treasury shares	(2,661)	(2,592)
Total shareholders' equity	63,713	65,240
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,391	2,014
Deferred gains or losses on hedges	(3)	2
Foreign currency translation adjustment	89	273
Remeasurements of defined benefit plans	134	130
Total accumulated other comprehensive income	1,611	2,420
Share acquisition rights	46	45
Total net assets	65,371	67,705
Total liabilities and net assets	94,365	93,831

(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, 2022 to June 30, 2022)	Cumulative period through second quarter of current fiscal year (from January 1, 2023 to June 30, 2023)
Net sales	39,617	44,878
Cost of sales	30,183	33,587
Gross profit	9,433	11,291
Selling, general and administrative expenses		
Freightage and packing expenses	1,868	2,001
Salaries and allowances	2,003	2,208
Directors' compensation	215	265
Provision of allowance for doubtful accounts	0	4
Provision for bonuses	143	178
Provision for directors' bonuses	13	19
Retirement benefit expenses	131	144
Depreciation	180	256
Rent expenses	1,355	1,479
Other	1,476	1,755
Total selling, general and administrative expenses	7,389	8,314
Operating profit	2,044	2,976
Non-operating income		
Interest income	61	74
Dividend income	56	57
Rent income	25	20
Compensation income	65	-
Foreign exchange gains	20	14
Other	37	18
Total non-operating income	267	185
Non-operating expenses		
Interest expenses	0	1
Cost of lease revenue	4	2
Loss on investments in partnerships	-	6
Other	8	4
Total non-operating expenses	13	14
Ordinary profit	2,298	3,147
Extraordinary income		
Gain on sales of non-current assets	1	-
Government subsidies	-	49
Total extraordinary income	1	49
Extraordinary losses		
Loss on retirement of non-current assets	6	18
Loss on sales of investment securities	44	-
Impairment loss	*188	-
Loss on reduction of non-current assets	-	49
Total extraordinary losses	239	67
Profit before income taxes	2,060	3,129
Income taxes-current	636	981
Income taxes-deferred	1	14
Total income taxes	637	995
Profit	1,422	2,133
Profit (loss) attributable to non-controlling interests	(0)	-
Profit attributable to owners of parent	1,422	2,133

Quarterly Consolidated Statement of Comprehensive Income
Cumulative period through second quarter

(Million yen)

	Second quarter of previous fiscal year (from January 1, 2022 to June 30, 2022)	Second quarter of current fiscal year (from January 1, 2023 to June 30, 2023)
Profit	1,422	2,133
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	623
Deferred gains or losses on hedges	11	6
Foreign currency translation adjustment	319	183
Remeasurements of defined benefit plans, net of tax	(7)	(4)
Total other comprehensive income	322	808
Comprehensive income	1,744	2,942
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,743	2,942
Comprehensive income attributable to non- controlling interests	1	-

(3) Consolidated Statement of Cash Flows

(Million yen)

	Cumulative period through second quarter of previous fiscal year (from January 1 to June 30, 2022)	Cumulative period through second quarter of current fiscal year (from January 1 to June 30, 2023)
Cash flow from operating activities		
Profit before income taxes	2,060	3,129
Depreciation	945	1,014
Impairment loss	188	-
Increase (decrease) in allowance for doubtful accounts	0	1
Increase (decrease) in provision for bonuses	2	42
Increase (decrease) in provision for bonuses for directors and other officers	(16)	(23)
Increase (decrease) in retirement benefit liability	(169)	(49)
Interest and dividend income	(118)	(131)
Interest expenses	0	1
Loss (gain) on investments in partnerships	-	6
Loss (gain) on sales of non-current assets	(1)	-
Government subsidies	-	(49)
Loss on retirement of non-current assets	6	18
Loss (gain) on sales of investment securities	44	-
Loss on reduction on non-current assets	-	49
Decrease (increase) in notes and accounts receivable-trade	4,705	5,566
Decrease (increase) in inventories	(843)	(738)
Increase (decrease) in notes and accounts payable-trade	(1,641)	(2,857)
Other, net	74	162
Subtotal	5,238	6,143
Interest and dividend income received	124	132
Interest expenses paid	(0)	(1)
Income taxes paid	(912)	(1,208)
Net cash provided by (used in) operating activities	4,449	5,066
Cash flow used in investment activities		
Purchase of securities	(5,000)	(6,000)
Proceeds from sales of securities	4,500	6,500
Purchase of property, plant, and equipment	(1,323)	(4,351)
Proceeds from sales of property, plant, and equipment	3	-
Purchase of intangible assets	(184)	(1,465)
Purchase of investment securities	(154)	(18)
Proceeds from sales of investment securities	60	6
Collection of loans receivable	8	28
Payments for leasehold and guarantee deposits	(16)	(200)
Proceeds from government subsidies	-	49
Other, net	41	36
Net cash provided by (used in) investment activities	(2,065)	(5,413)
Cash flow used in financing activities		
Repayments of long-term loans payable	(12)	(12)
Cash dividends paid	(473)	(664)
Other, net	(27)	(26)
Net cash provided by (used in) financing activities	(514)	(703)
Effect of exchange rate change on cash and cash equivalents	163	117
Net increase (decrease) in cash and cash equivalents	2,033	(933)
Cash and cash equivalents at beginning of period	18,067	18,653
Cash and cash equivalents at end of period	*20,101	*17,719

[Notes]

(Additional information)

While COVID-19 will continue to have the potential to affect the performance of the Group for the foreseeable future, we assume that the current recovery trend will continue in the year ending December 31, 2023 and beyond. This assumption serves as the basis for accounting estimates such as impairment of non-current assets and the recoverability of deferred tax assets. There are many uncertainties regarding the COVID-19 pandemic, and future changes in the business environment may affect our financial position and operational results in the future.

(Quarterly Consolidated Statement of Comprehensive Income)

* Impairment loss

First two quarters of previous 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.

First two quarters of current fiscal year (from January 1, 2023 to June 30, 2023)

Not applicable

(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, 2022 to June 30, 2022)	Cumulative period through second quarter of current fiscal year (from January 1, 2023 to June 30, 2023)
Cash and deposits	17,611 million yen	16,729 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	2,500 million yen	1,000 million yen
Cash and cash equivalents	20,101 million yen	17,719 million yen

(Shareholders' Equity)

Cumulative period through second quarter of previous 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, 2022	September 2, 2022	Retained earnings

3. Significant fluctuations in shareholder's equity

Not applicable

Cumulative period through second quarter of current fiscal year (from January 1, 2023 to June 30, 2023)

1. Cash dividends paid

Resolution	Class of stock	Total dividends (million yen)	Dividend per share (yen)	Basis date	Effective date	Source of dividends
March 28, 2023 annual shareholders' meeting	Common stock	665	35.00	December 31, 2022	March 29, 2023	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 7, 2023 annual shareholders' meeting	Common stock	666	35.00	June 30, 2023	September 4, 2023	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, 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 losses on non-current assets)

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

II. Cumulative period through second quarter of current fiscal year (from January 1, 2023 to June 30, 2023)

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	12,993	-	12,993	-	12,993	-	12,993
Folding paper cartons	11,262	-	11,262	-	11,262	-	11,262
Corrugated boxes	6,343	-	6,343	-	6,343	-	6,343
Printing	1,135	-	1,135	-	1,135	-	1,135
Film Packaging	-	6,654	6,654	-	6,654	-	6,654
Others	-	-	-	6,489	6,489	-	6,489
Revenue from contracts with customers	31,734	6,654	38,389	6,489	44,878	-	44,878
Other revenue	-	-	-	-	-	-	-
Sales to external customers	31,734	6,654	38,389	6,489	44,878	-	44,878
Intersegment sales and transfers	-	-	-	-	-	-	-
Subtotal	31,734	6,654	38,389	6,489	44,878	-	44,878
Segment profit	2,715	288	3,004	485	3,490	(513)	2,976

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

2. The adjustment amount of -513 million yen to segment profit includes 6 million yen in elimination of intersegment transactions and -519 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

(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, 2022 to June 30, 2022)	Second quarter of current fiscal year (from January 1, 2023 to June 30, 2023)
(1) Basic earnings per share	74.85 yen	112.16 yen
(Basic assumptions underlying calculations)		
Profit attributable to owners of parent (million yen)	1,422	2,133
Amounts not available to common shareholders (million yen)	-	-
Profit attributable to owners of parent related to common shares (million yen)	1,422	2,133
Average number of shares outstanding during the period (thousand shares)	19,002	19,023
(2) Diluted earnings per share	74.78 yen	112.08 yen
(Basic assumptions underlying calculations)		
Adjustment to profit attributable to owners of parent (million yen)	-	-
Increase in number of common shares (thousand shares)	16	13
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 7, 2023, the Board of Director resolved to pay interim dividends for the 72nd term (from January 1, 2023 to December 31, 2023) to shareholders recorded in the final shareholder registry of June 30, 2023, as follows:

- (i) Total amount of dividends 666 million yen
- (ii) Amount per share 35.00 yen
- (iii) Effective date of claims for payment and payment start date September 4, 2023

Part 2. Information concerning guarantor of filing company

Not applicable

Independent Auditor's Report on Quarterly Review

August 10, 2023

To: The Board of Directors,
THE PACK CORPORATION

Ernst & Young ShinNihon LLC
Osaka Office

Yasuhiro Kozaki, 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, 2023) and for the cumulative period through the second quarter of the consolidated period under review (January 1 – June 30, 2023), 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, 2023, 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; on the nature of measures taken to eliminate such impediments, if any; and on the nature of safeguards applied to mitigate such impediments to acceptable levels, if any.

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 10, 2023
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:	9-3 Higashiobase 2-chome, Higashinari-ku, Osaka, Japan
Locations where this document is available for public inspection:	THE PACK CORPORATION (9-3 Higashiobase 2-chome, Higashinari-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 72nd term (April 1 – June 30, 2023) meets the requirements of the Financial Instruments and Exchange Act of Japan.

2. Special notes

We found no other matters worthy of note.