

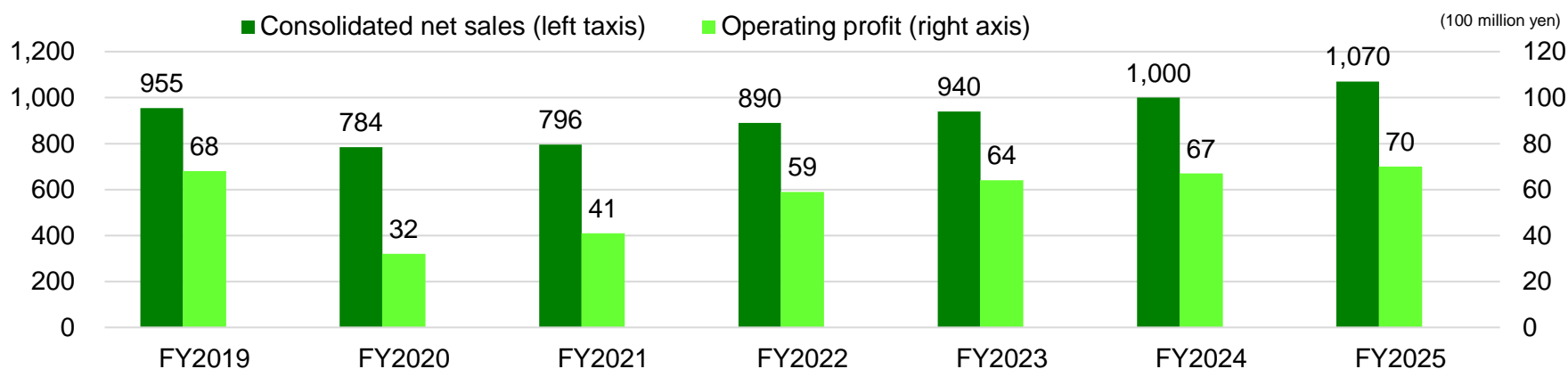
# Progress on the Medium-Term Management Plan

September 4, 2023

# Overview of the Medium-Term Management Plan (FY2023-2025)

Slogan	Evolution—Start of purpose-based management and Sustainable Management
FY2025 targets	Consolidated net sales: 107.0 billion yen; operating profit: 7.0 billion yen ROE: 8% or higher; ROIC: 8% or higher

## New Medium-Term Management Plan (FY2023-2025) targets



	FY2022 results	FY2025 targets	vs. FY2022	vs. FY2022 (%)
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%
<b>Total</b>	<b>890</b>	<b>1,070</b>	<b>+ 180</b>	<b>20.2%</b>

	FY2022 results	FY2025 targets
<b>ROE</b>	<b>6.4%</b>	<b>8% or higher</b>
<b>ROIC</b>	<b>6.4%</b>	<b>8% or higher</b>

	FY2022 results	FY2025 targets	vs. FY2022	vs. FY2022 (%)
Paper bags	262	315	+ 53	20.2%
Paper cartons	222	270	+ 48	21.6%
Corrugated	122	150	+ 28	23.0%
Film packaging	119	145	+ 26	21.8%
Others	162	190	+ 28	17.3%
<b>Total</b>	<b>890</b>	<b>1,070</b>	<b>+180</b>	<b>20.2%</b>

\* The food products category includes food product packages for outlets such as convenience stores and supermarkets

# Progress on growth strategies in the food products market

Progress on quantitative targets				Evaluation of efforts in progress	
(100 million yen)					
FY2022 results	FY2023		FY2025 targets	◆ Expanding sales of primary containers for food products	◎
	2Q results	Full-year forecast		◆ Developing materials and processes to contribute to lessening environmental impact, expanding sales of FSC® products (FSC® C020517)	◎
250	121	280	320	◆ Combined sales of labels, films (flexible packaging), etc., together with paper bags and paper cartons	◎
				◆ Promoting proposals of solutions to contribute to labor saving, efficiency improvements, and automation by customers	○
				◆ Growing the paper carton product lineup	△
				◆ Initiatives targeting trays, molded containers, etc.	○

### Progress

◆ **Developing materials and processes to contribute to lessening environmental impact, expanding sales of FSC® products (FSC® C020517)**

• Sales figures have increased thanks to proactive sales activities and increasing customer environmental consciousness.

(100 million yen)

Sales to the food products market	January to June in FY ended Dec. 2022	January to June in FY ending Dec. 2023	YoY change
FSC products	17.1	22.7	133%
Forrest products	1.0	1.4	140%

◆ **Growing sales of labels and films (flexible packaging)**

• Sales figures are up 125% YoY thanks to sales growth.

◆ **Promoting proposals of solutions to contribute to labor saving, efficiency improvements, and automation by customers**

• Launching operation of new setup facility for food products during FY2023

• Launching operation of automation equipment proposed by us on customer sites likely to lead to sales growth


• Also actively deploying new proposal activities nationwide

◆ **Initiatives targeting trays, molded containers, etc.**


• Enhancing paper tray production capacity: up approx. 10% from December 2022 as of June 2023

• Efforts to increase productivity for various paper trays


• Increasing sales of primary containers for food products overall



FSC® certification logo



The Pack Forest®  
Environment Fund  
certification logo



▲ Food product trays

# Progress on growth strategies in the e-commerce, mail order, and logistics industries

## Progress on quantitative targets

(100 million yen)

FY2022 results	FY2023		FY2025 targets
	2Q results	Full-year forecast	
140	70	150	180

## Evaluation of efforts in progress

◆ Enhancing sales of delivery bags to contribute to improved shipping efficiency by customers	○
◆ Enhancing solutions sales to contribute to labor saving by customers <ul style="list-style-type: none"> <li>Proposing products designs to save time in work</li> <li>Proposing solutions to automate work</li> </ul>	◎
◆ Development and sales expansion of materials and processes for automated packaging	○
◆ Further sales expansion of reinforced corrugated boxes for heavy articles	○

## Progress

- ◆ **Enhancing sales of delivery bags to contribute to improved shipping efficiency by customers**
  - Enhancing production capacity: machinery expansion planned in 1H 2024
  - Focusing on sales expansion of delivery bags in addition to corrugated boxes
- ◆ **Enhancing solutions sales to contribute to labor saving by customers**
  - Proposals to automate work and to save time in work are growing
- ◆ **Development and sales expansion of materials and processes for automated packaging**
  - Making steady progress on machinery improvements and development of materials and processes to meet needs in areas such as work automation, weight reduction, reduced use of plastics, and suitability for a wide range of products



Automated packing machine for paper delivery bags



Illustration of completed package

- ◆ **Further sales expansion of reinforced corrugated boxes for heavy articles**
  - Focusing on sales by proposing solutions leveraging our design capabilities in the face of increasingly severe competition as demand slows and raw material prices rise

(100 million yen)

	2Q FY2022	2Q FY2023
Sales results for reinforced corrugated boxes for heavy articles	5.2	5.4

Example of sales of reinforced corrugated boxes for heavy articles



# Progress on growth strategies in the general distribution, retail, and other markets

## Progress on quantitative targets

(100 million yen)

FY2022 results	FY2023		FY2025 targets
	2Q results	Full-year forecast	
500	258	540	570

## Evaluation of efforts in progress

◆ Further solutions sales to grow our market share in paper bags and promote the shift to paper use	◎
◆ Combined sales of assembly and setup services in addition to product sales	△
◆ Developing sales channels in ASEAN	○
◆ Sales of products suitable for recycling, reuse, and reduction (3R) <ul style="list-style-type: none"> <li>• Eco-friendly paper: sales expansion for upcycled materials and FSC® raw paper</li> <li>• Eco bags: sales expansion of monomaterial products</li> <li>• Developing original raw paper and films made of 100% recycled materials</li> </ul>	○
◆ Promoting social contributions together with customers <ul style="list-style-type: none"> <li>• Putting part of the revenue from eco-friendly products into The Pack Forest Environment Fund to use in forest conservation activities through nonprofits</li> </ul>	◎

## Progress

- ◆ **Further solutions sales to grow our market share in paper bags and promote the shift to paper use**
  - Promoting a shift to paper use among customers by proposing specifications changes in an environment of rising raw materials prices
  - Contributing to business growth with sales increase of 15% vs. January to June 2022 (+1.73 billion yen)
- ◆ **Developing sales channels in ASEAN**
  - Transaction discussions are increasing with Japanese and foreign customers active in Asian commercial markets

Initiatives:

  1. Supply-chain and quality enhancements in Asia
  2. Cooperation with Group companies overseas (China, USA) to enhance support structures for customers' ASEAN businesses

- ◆ **Promoting social contribution activities together with customers**
  - Cooperating with customers on two of four forest conservation activities
  - Plans call for cooperating with customers on six of 10 activities in FY2023
  - Launching forest conservation activities in a new area (Nagano Prefecture) and considering cooperation with customers next year and later

[Forest Environment Fund activity conducted in Takehara, Hiroshima Prefecture, in April 2023]  
Participants included 15 people from our customers.





# Progress on human capital strategy and financial strategies

## Human capital strategy

Diverse human resources	<ul style="list-style-type: none"> <li>◆ Emphasis on career hiring</li> <li>◆ Promotion of women in the workplace (percentages of permanent employees and managers)</li> <li>◆ Expanding hiring of people with disabilities</li> </ul>
Human resource development	<ul style="list-style-type: none"> <li>◆ Enhancing training programs</li> <li>◆ Supporting autonomous skills improvement and reskilling</li> </ul>
Optimizing personnel allocation	<ul style="list-style-type: none"> <li>◆ Effective use of talent management system</li> <li>◆ Growing hiring opportunities (referrals, "comeback" hiring)</li> </ul>
Creating a better working environment	<ul style="list-style-type: none"> <li>◆ Enhancing diverse work forms and systems</li> <li>◆ Well-being (promoting health management)</li> </ul>
Maximizing employee engagement	<ul style="list-style-type: none"> <li>◆ Appropriate wage structures, enhancement of benefits</li> <li>◆ Increasing awareness of participation in management by joining the employee stock ownership plan</li> <li>◆ Stimulating employee interaction and communication</li> <li>◆ Conducting engagement surveys</li> </ul>

## Progress

- ◆ **Diverse human resources**
  - Career hires: 23 in FY2022, 29 in January to June 2203
  - Referrals and "comeback" hiring: 23 in FY2022, 8 in January to June 2203
- ◆ **Enhancing training programs**
  - Launching digital transformation (DX) training for all executives and employees (700 people)
- ◆ **Creating a better working environment/Maximizing employee engagement**
  - Rules revisions to enable use of remote work during normal times
  - Encouraging men to take maternity and childcare leave
  - Wage hikes, including increases in base pay

## Financial strategies

Investment in growth	<ul style="list-style-type: none"> <li>◆ Promoting allocation of funds to investment in growth                             <ol style="list-style-type: none"> <li>1. Capital investment</li> <li>2. Investment in new businesses</li> <li>3. Human investment</li> <li>4. Investment in computer system upgrades</li> <li>5. R&amp;D</li> </ol> </li> </ul>
Returns to shareholders	<ul style="list-style-type: none"> <li>◆ Maintaining a dividend payout ratio of at least 30%</li> <li>◆ Dynamic purchase of treasury shares</li> </ul>

## Cash outflow plan

Capital investment	Enhancement of paper carton production capacity	2.0 billion yen
6.5 billion yen in total	Enhancement of paper bag production capacity	3.0 billion yen
	Streamlining, labor saving	1.1 billion yen
	Energy and resource savings	200 million yen
	Other	200 million yen
Strategic investment	M&A	10.0 billion yen
14.0 billion yen in total	Core system upgrade	2.0 billion yen
	HR investment	2.0 billion yen

## Progress

- ◆ **Capital investment**
  - Proceeding as planned, with no changes in plans for the second half  
(100 million yen)

	January to June 2023 results	July to December 2023 plans
Enhancement of paper carton production capacity	5.2	8.0
Enhancement of paper bag production capacity	4.6	5.5
Streamlining, labor saving	0.6	-
Energy and resource savings	0.1	-
- ◆ **Returns to shareholders**
  - To enhance returns to shareholders by maintaining a dividend payout ratio of at least 30%, as initially planned, we have revised planned year-end dividends to reflect upward revisions to full-year forecasts of consolidated business results for the period ending December 2023.