

THE PACK CORPORATION

Briefing Materials on Business Results for the Second Quarter of the Year Ending December 31, 2023

September 4, 2023



Contents

Topics	P. 2
1. Business Results for the Second Quarter of the Year Ending December 31, 2023	P. 3
2. Forecasts of Business Results for the Year Ending December 31, 2023	P. 17
3. Promoting sustainable management	P. 21
4. Progress on the Medium-Term Management Plan	P. 24
5. Reference Materials	P. 30

Topics

- ◆ While food-service, leisure, and lodging-related demand showed a recovering trend as COVID-19 restrictions eased, future prospects remained uncertain due to the effects of soaring energy prices, inflation spurred by rising materials costs, and exchange-rate fluctuations.
- ◆ The Pack's business performance showed increased sales and profits across all segments. Recovering personal consumption combined with efforts to grow sales and propose solutions to customers resulted in increased sales volumes. Despite the rising costs of sales, each profit account showed considerable growth thanks to efforts to normalize sales prices.
- ◆ Full-year earnings forecasts and year-end dividends forecast have been revised upward. Plans call for annual dividends of 78 yen per share (up 13 yen from last year).
- ◆ Sustainable Committee was set up to promote sustainable management.

1. Business Results for the Second Quarter of the Year Ending December 31, 2023



Summary of Business Results

Recovering markets combined with higher sales volume and normalization of sales prices to drive large-scale growth in sales and profit.

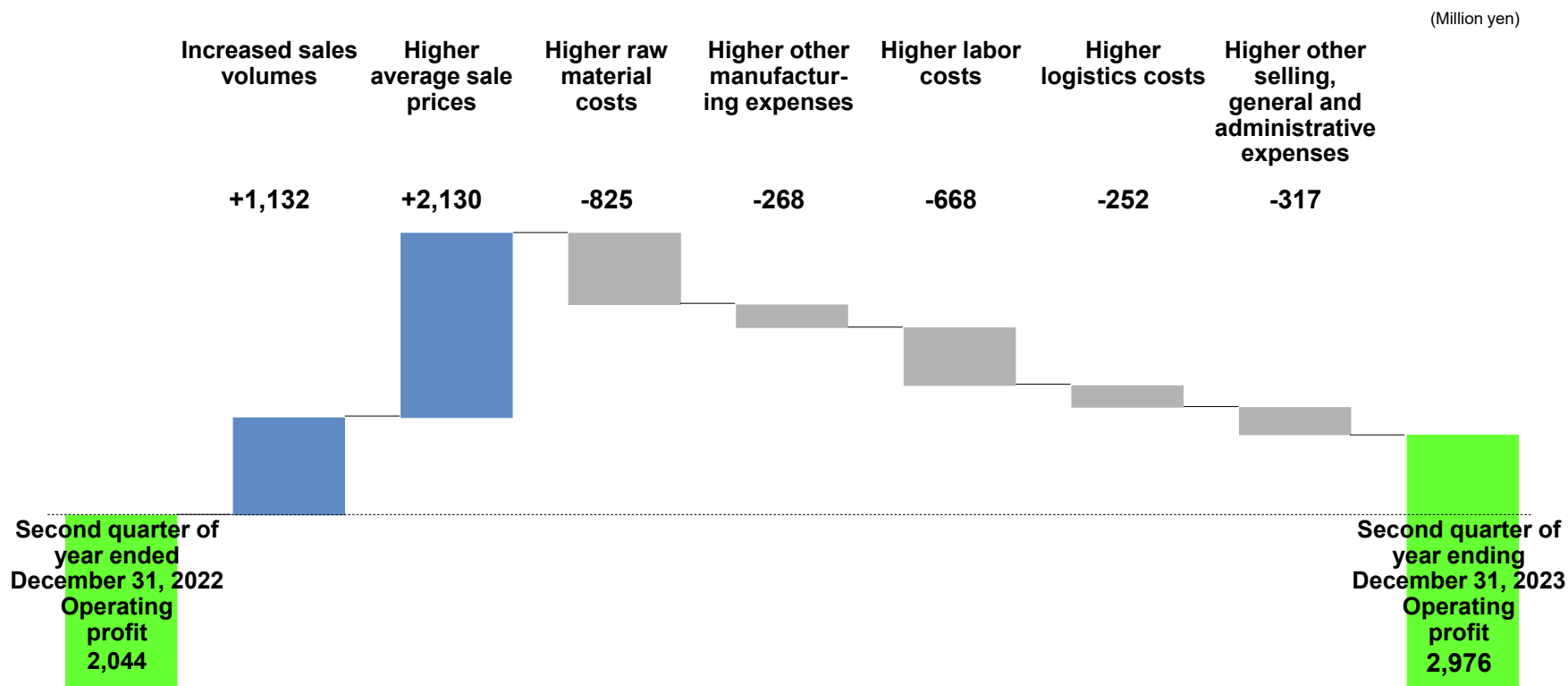
(Million yen)

	Second quarter of year ended December 31, 2022	Second quarter of year ending December 31, 2023	
	Actual	Actual	YoY change
Net sales	39,617	44,878	13.3%
Operating profit	2,044	2,976	45.6%
Ordinary profit	2,298	3,147	36.9%
Profit attributable to owners of parent	1,422	2,133	50.0%

- ◆ Personal consumption recovered as the lifting of all COVID-19 restrictions led to consumers going out more and increased inbound demand.
- ◆ Despite rising costs, operating profit grew significantly with surging sales volumes and rising average sales prices due to price normalization.
- ◆ Paper bags, paper cartons, and film packaging in particular drove sales and profits.

Factors Underlying Changes in Operating Profit

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



- ◆ Sales volumes grew thanks to recovering personal consumption, chiefly for paper cartons (up 9.3%)
- ◆ Average sales prices rose due to changes in product structures, normalization of sales prices, and sales of solutions involving high value added products (they were up by 11.6% for paper bags, 6.0% for paper cartons, 16.1% for corrugated boxes, and 23.0% for plastic bags).
- ◆ Higher raw materials prices were mainly due to price hikes and higher purchases of raw materials accompanying increased production volume (1,668 million yen).
- ◆ Other manufacturing costs rose mainly due to higher utilities and power costs (131 million yen) accompanying rising energy prices
- ◆ Labor costs rose due to increased staffing mainly in manufacturing sections and higher salaries and bonuses accompanying wage hikes (264 million yen).

Results by Segment

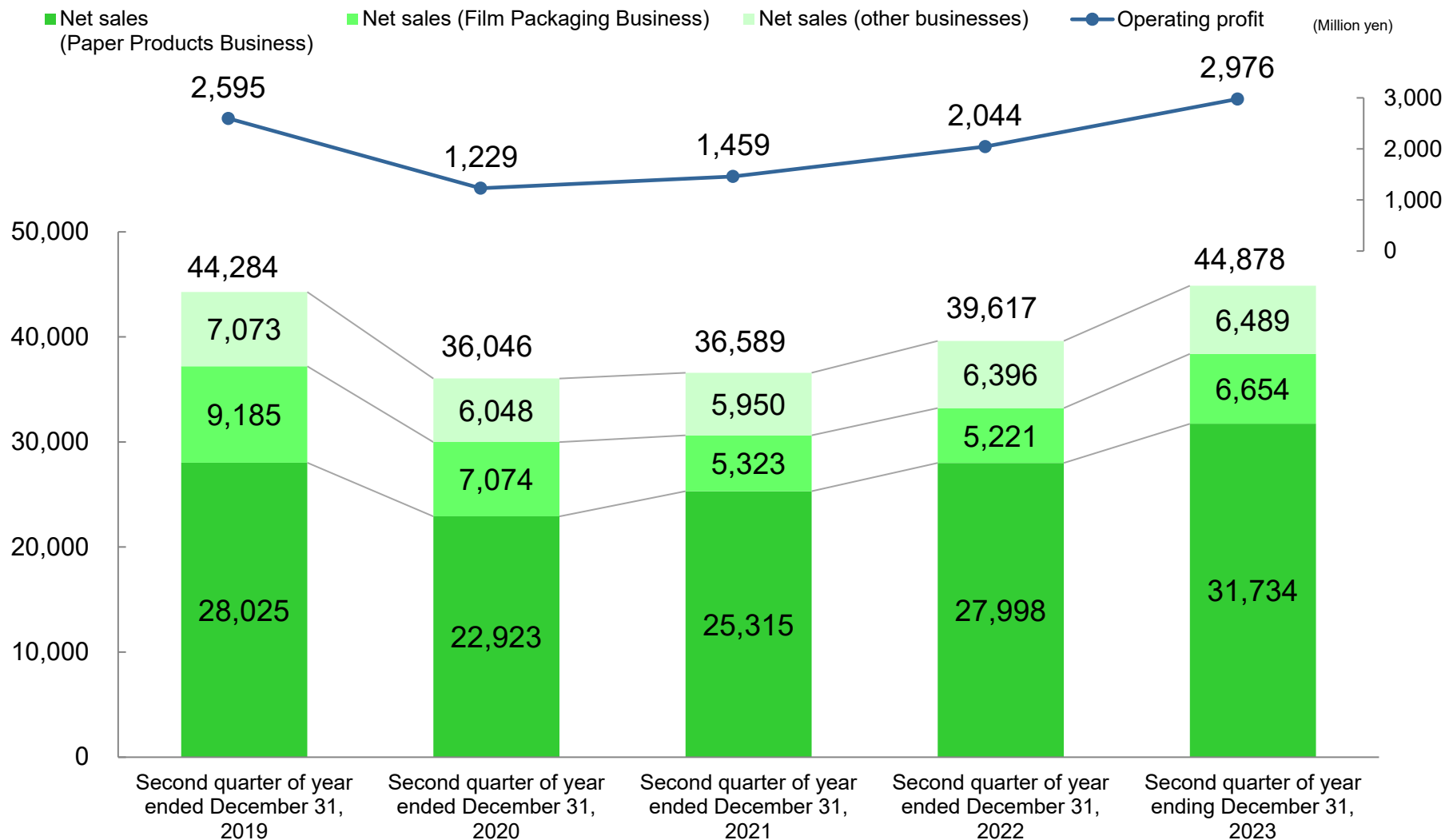
(Million yen)

	Second quarter of year ended December 31, 2022		Second quarter of year ending December 31, 2023		
	Actual	Share	Actual	Share	YoY change
Net sales	39,617	100.0%	44,878	100.0%	13.3%
Paper Products	27,998	70.7%	31,734	70.7%	13.3%
Paper bags	11,259	28.4%	12,993	29.0%	15.4%
Paper cartons	9,728	24.6%	11,262	25.1%	15.8%
Corrugated boxes	5,947	15.0%	6,343	14.1%	6.7%
Printing	1,063	2.7%	1,135	2.5%	6.7%
Film Packaging	5,221	13.2%	6,654	14.8%	27.4%
Others	6,396	16.1%	6,489	14.5%	1.4%
Operating profit	2,044	100.0%	2,976	100.0%	45.6%
Paper Products	1,952	95.5%	2,715	91.2%	39.1%
Film Packaging	197	9.7%	288	9.7%	46.1%
Others	431	21.1%	485	16.3%	12.5%
Adjustments	-537	-26.3%	-513	-17.2%	-

- ◆ Recovering consumer spending and tourism demand and strong sales of paper cartons to the takeout market helped drive sales and profit growth in the Paper Products Business.
- ◆ The Film Packaging Business enjoyed favorable trends in sales of external packages for disposable diapers and flexible packaging for food products.
- ◆ Sales of soft bags showed a favorable trend in other businesses.

Trends by Segment (Second Quarter)

Exceeding pre-COVID sales and profit levels



Sales Composition

Net sales by business



(Million yen)	Second quarter of year ended December 31, 2022		Second quarter of year ending December 31, 2023		
	Actual	Share	Actual	Share	YoY change
Food products	10,266	25.9%	12,156	27.1%	18.4%
Apparel	6,442	16.3%	7,087	15.8%	10.0%
Department stores	1,907	4.8%	2,159	4.8%	13.3%
Supermarkets and drug stores	2,463	6.2%	2,617	5.8%	6.3%
Convenience stores	428	1.1%	564	1.3%	31.8%
Pharmaceuticals and cosmetics	1,870	4.7%	2,237	5.0%	19.6%
e-commerce *	1,242	3.1%	1,300	2.9%	4.6%
Sundries	864	2.2%	926	2.1%	7.2%
Home electronics and home installations	1,490	3.8%	1,701	3.8%	14.2%
Life care	1,266	3.2%	1,859	4.1%	46.7%
Automotive	158	0.4%	164	0.4%	4.0%
Other	11,215	28.3%	12,102	27.0%	7.9%

- ◆ In the food products segment, in addition to strong sales in the takeout and delivery markets, sales of packages for the souvenir market are also recovering.
- ◆ Sales in the apparel segment increased as consumers returned to stores.
- ◆ Department store sales are trending favorably, with more consumers venturing out and inbound tourism demand recovering.
- ◆ Some of our products in the convenience store segment (mainly primary paper containers) saw an increase in use due to market-share growth and the effects of the promotion cycle.
- ◆ Sales grew in the pharmaceuticals and cosmetics segment as personal consumption recovered.
- ◆ While e-commerce sales volume showed healthy growth, total revenue only increased slightly due to a change in product structure from delivery boxes to delivery bags.
- ◆ Sales of corrugated boxes to the home electronics/home installations segment grew as manufacturers' production volumes increased.
- ◆ In the life care segment, sales of external packages for disposable diapers grew sharply.

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

Paper Products Segment

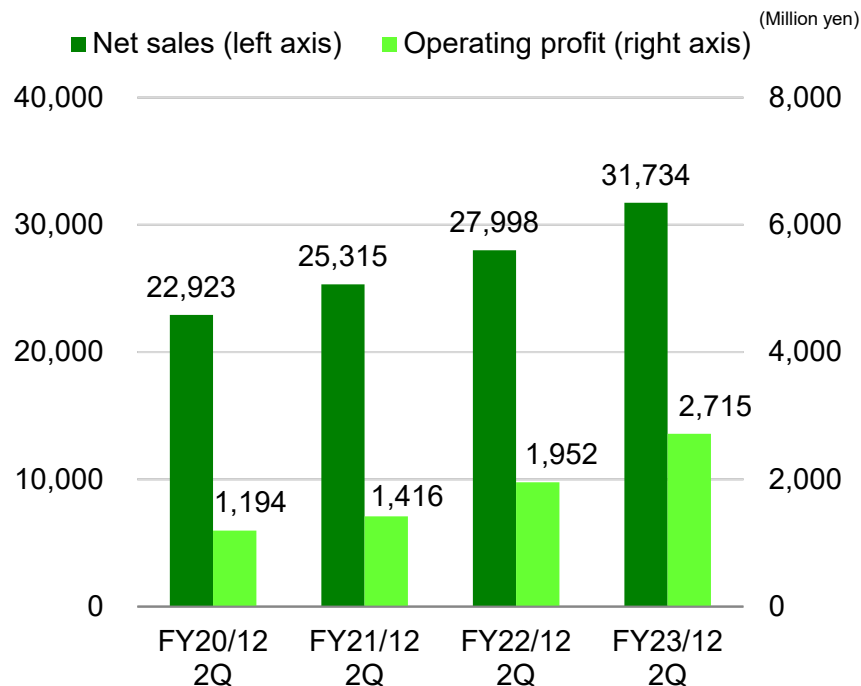
Business environment

- ◆ Department store sales were up nationwide for 16 consecutive months (source: Japan Department Stores Association). Domestic tourism consumption by domestic travelers nears pre-COVID levels.
- ◆ Domestic tourism consumption by domestic travelers (preliminary figures)
Jan.-March: 4,233.1 billion yen (vs. 2019: +0.5%; YoY: +80.2%)
April-June: 5,596.3 billion yen (vs. 2019: -6.6%; YoY: +27.7%)
(Source: Japan Tourism Agency, Ministry of Land, Infrastructure, Transport and Tourism, "Travel and Tourism Consumption Trend Survey")
- ◆ Visitors to Japan from abroad are increasing
→ Demand is increasing for packages in the souvenir, apparel, and cosmetics markets as more consumers venture out and inbound tourism demand recovers.

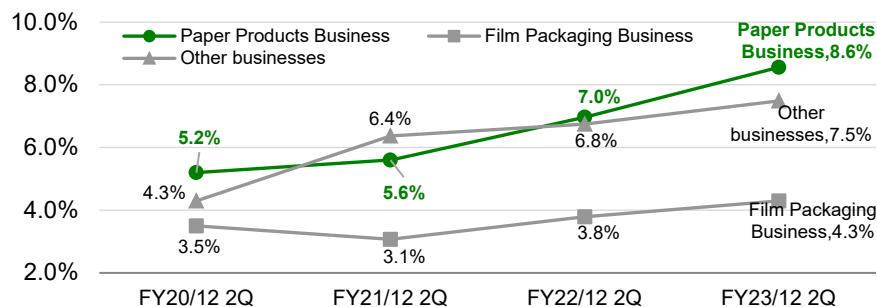
Initiatives

- ◆ Promoting improvements in packaging material forms and specifications and labor-saving, energy-saving, and mechanization solutions for automation of operation lines
- ◆ Enhancing efforts to develop new eco-friendly materials and processes and high-performance paper materials

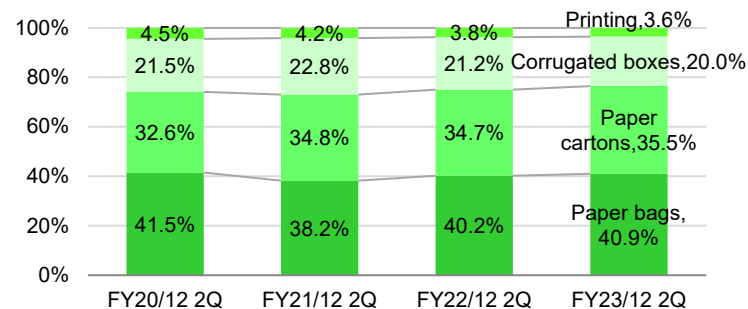
Trends in net sales and operating profits



Trends in operating profit margins



Trends in sales composition in the Paper Products Segment



Paper Products Segment (Paper Bags)

Business environment

- ◆ Demand for paper shopping bags is recovering in parallel with increasing personal consumption, tourism, and inbound demand.
- ◆ Demand for paper bags is growing in step with rising environmental consciousness
 - There has also been a trend from overseas production to domestic production to reduce CO₂ emissions during transport.
- ◆ The e-commerce market increasingly is using delivery bags in addition to corrugated boxes for delivery.

Initiatives

- ◆ Developing new product forms, centered on delivery bags, and proposing labor-saving, energy-saving and automation solutions to customers
- ◆ Enhancing solutions involving high value added products, centered on eco-friendly products
 - Proposals suited to customers' businesses and needs, such as putting wastes generated in their product manufacturing processes to effective use

◆ Examples of developed products



▲ Mixed paper with used clothes

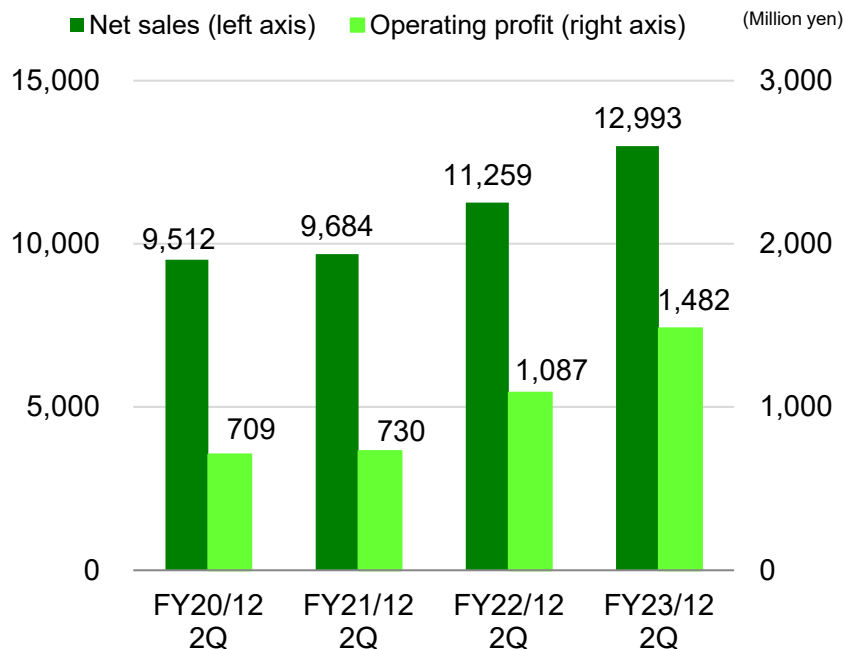


▲ Our 100% recycled paper bag

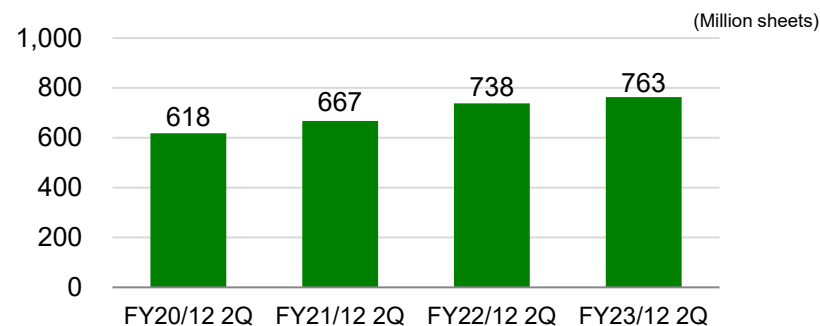


▲ Paper delivery bag compatible with automatic packaging machines

Trends in net sales and operating profits



Trends in sales volumes



Paper Products Segment (Paper Cartons)

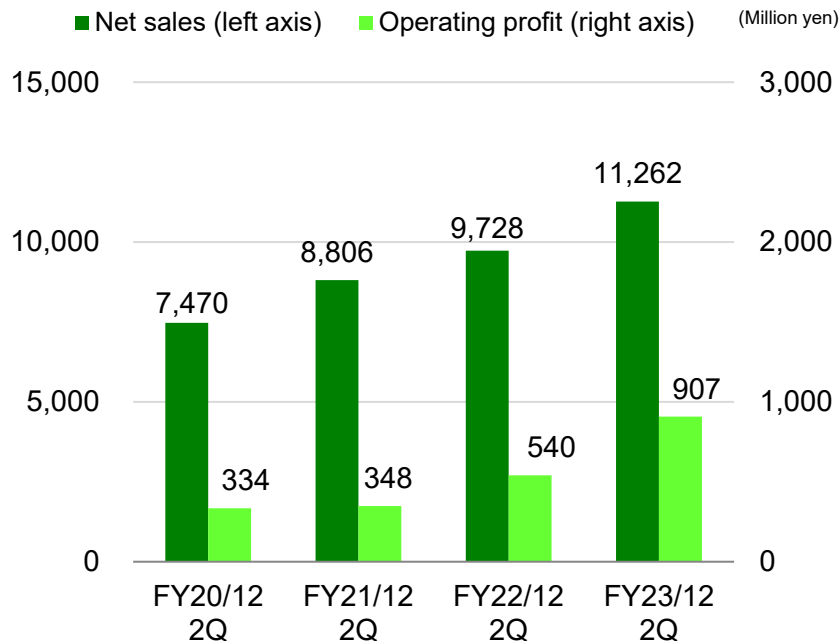
Business environment

- ◆ Growing demand for primary paper containers for food products, convenience stores, and fast food, keeping pace with growth in the home meal replacement market and rising environmental consciousness
- ◆ Sales of paper cartons for the souvenir market are also strengthening, as consumers become more active in areas such as tourism, inbound demand, business travel, and visiting relatives at home.

Initiatives

- ◆ Enhancing capital investments and new product development efforts, to grow sales of primary food containers
- ◆ Proposing solutions for customers' labor shortages, such as assembled delivery and assortments
- ◆ Using 3D printing, 3D computer graphics, and other technologies to propose paper carton designs and graphics and molded container forms

Trends in net sales and operating profits



◆ Examples of developed products



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

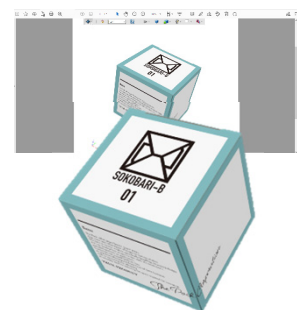


▲ Molded tray packages sealed with paper lids



▲ Paper carton coated with silver ink, a proposed alternative to cans

◆ Examples of technologies used in proposing solutions



▲ Tool using 3D computer graphics to propose designs and forms



▲ 3D printer

Paper Products Segment (Corrugated Boxes)

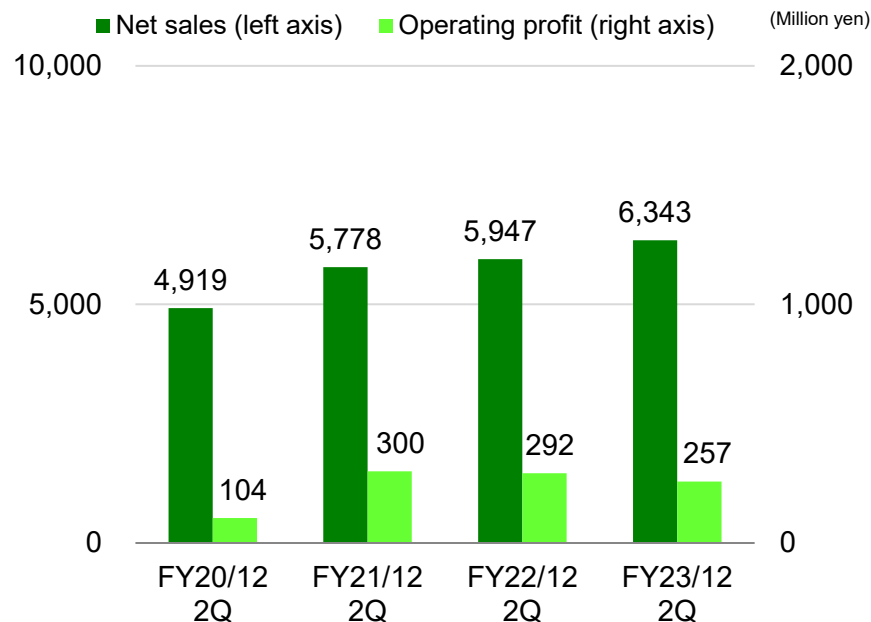
Business environment

- ◆ Decreasing demand for corrugated boxes due to purchase hesitancy as prices rise and decreased Japanese exports as a result of protectionist policies in the US and China
Production volume in the corrugated cardboard industry for the first half of 2023 was 98.4% last year's level, while the figure for corrugated boxes for e-commerce, delivery, and moving use was 99.9% of last year's level.
(Source: Japan Corrugated Case Association, "Corrugated Box Statistics").
- ◆ Shipments of corrugated boxes to the home electronics/home installations segment are recovering from their low when manufacturers' production volumes decreased due to the chip shortage.
- ◆ Growth in the e-commerce market is driving increased demand for corrugated boxes for use in shipping.
→ There is growing need for delivery boxes sized to fit inside mailboxes, as well as delivery boxes with simplified packing, opening, and disposal and mechanization to save labor.

Initiatives

- ◆ Proposing high value added solutions using extra-strong corrugated materials, large-format printers, decorative printers, and our design capabilities
→ Proposing customer corrugated products for use in large-scale logistics centers, from the design stage on

Trends in net sales and operating profits



◆ 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



▲ OK! BOX can be opened
easily with no cutter.

Film Packaging Segment

Business environment

- ◆ Growing environmental consciousness is leading to increasing requests for proposals for eco-friendly packages such as those using less plastics, recyclable packages, and switching to paper.
- ◆ Demand is growing for home meal replacements, individual servings, and shelf-stable foods.
→ Growing needs for functional materials (such as barrier materials)
- ◆ Demand for plastic shopping bags is recovering along with the recovery in personal consumption.

Initiatives

- ◆ Expanding sales of flexible packaging in the food and beverage market, as part of new market development efforts
- ◆ Using the latest 10-color flexographic printers to offer film printed products using the most advanced flexographic printing technologies in the Japanese market
- ◆ Developing new eco-friendly materials and introducing products incorporating them

◆ Examples of developed products



▲ CRAFTCLEAR® flexible paper packaging with visible contents

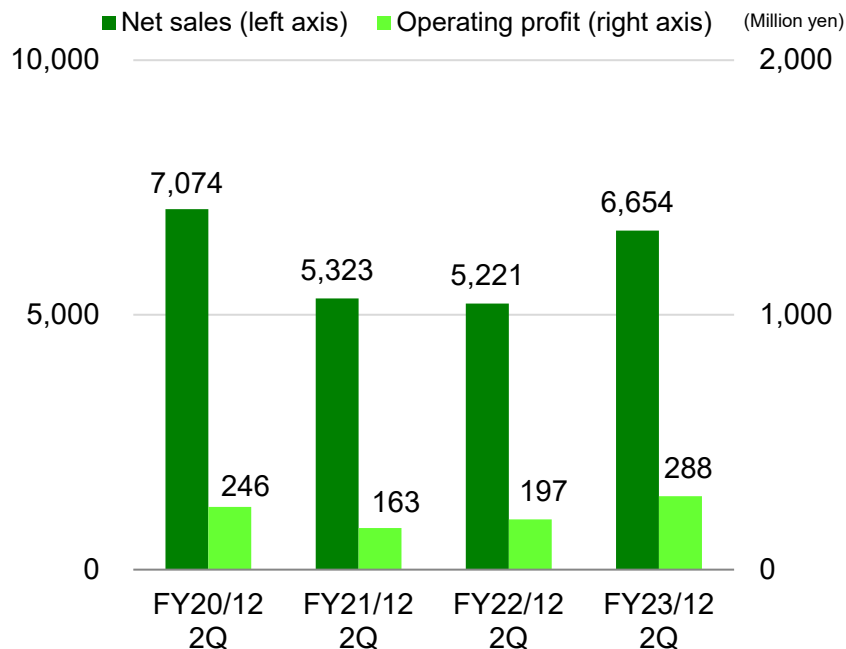


▲ Craft VM Barrier flexible paper packaging blocks light and has high barrier performance.

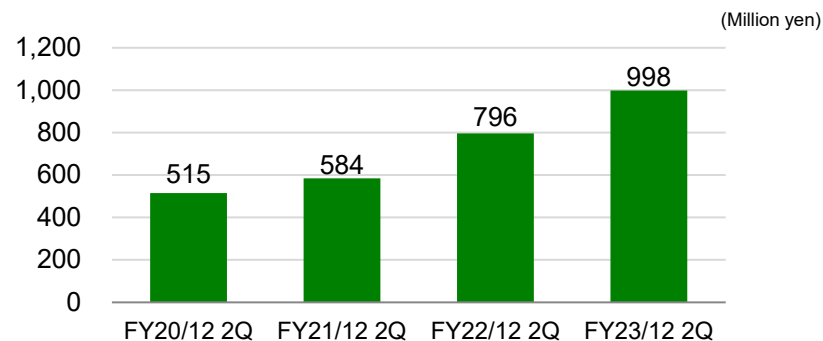


▲ Water-resistant paper Craft Pouch suitable for boiling

Trends in net sales and operating profits



Trends in sales of flexible packaging



Other Businesses

Business environment

- ◆ Demand for in-store supplies and office supplies used in the department store industry is recovering as department store sales rebound
- ◆ Giveaways and other promotional campaigns are recovering as consumers return to stores. Demand for eco-friendly reusable cloth bags (made of materials such as cotton, polyester, and nonwoven fibers) is increasing.

Initiatives

- ◆ Growing Pack Assortment Service System (PAS) transactions to department stores and specialty stores
- ◆ Enhancing development and proposal of food trays using eco-friendly materials and reusable cloth bags made of eco-friendly materials

◆ Examples of developed products

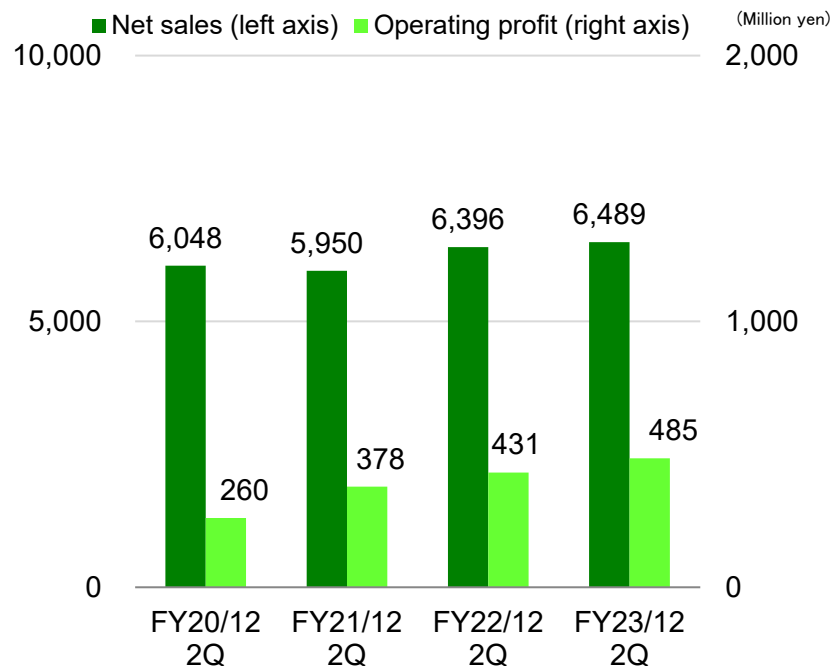


▲ ecoKARA™ tray, a biomass tray containing eggshells

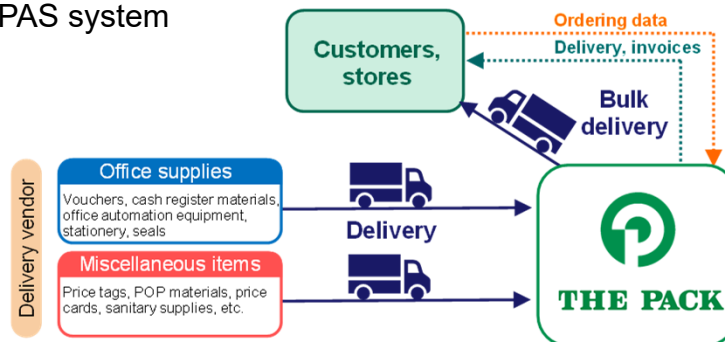


▲ Recycled Tetron Cotton, a material made by recycling materials such as cotton and polyester scraps from factories

Trends in net sales and operating profits



◆ PAS system



▲ Streamlining logistics via bulk delivery also helps reduce CO₂ emissions.

Balance Sheet

(Million yen)

		Year ended December 31, 2022	Second quarter of year ending December 31, 2023
		Actual	Actual
Assets		94,365	93,831
	Current assets	61,484	55,565
	Non-current assets	32,881	38,266
	Property, plant, and equipment	23,729	27,011
	Intangible assets	1,044	2,462
	Investments and other assets	8,106	8,792
Liabilities		28,994	26,125
	Current liabilities	26,054	23,306
	Non-current liabilities	2,939	2,818
Net assets		65,371	67,705
	Shareholders' equity	63,713	65,240
	Accumulated other comprehensive income	1,611	2,420
	Share acquisition rights	46	45
	Non-controlling interests	-	-

Cash Flow

(Million yen)

Main items	Second quarter of year ended December 31, 2022	Second quarter of year ending December 31, 2023
	Actual	Actual
Cash flows from operating activities	4,449	5,066
Profit before income taxes	2,060	3,129
Depreciation and impairment losses	1,133	1,014
Cash flows used in investment activities	-2,065	-5,413
Purchase of property, plant, and equipment	-1,323	-4,351
Purchase of intangible assets	-184	-1,465
Purchase of investment securities	-154	-18
Proceeds from sales of investment securities	60	6
Cash flows used in financing activities	-514	-703
Cash dividends paid	-473	-664
Cash and cash equivalents at end of period	20,101	17,719

- ◆ Purchase of property, plant, and equipment increased with rebuilding the head office.
- ◆ On shareholder returns, we maintain a dividend payout ratio of at least 30% and are increasing the dividend amount paid.

2. Forecasts of Business Results for the Year Ending December 31, 2023



Forecasts of Business Results

Growing sales and profits by delivering environmental, social, and economic value in response to changing markets

(Million yen)

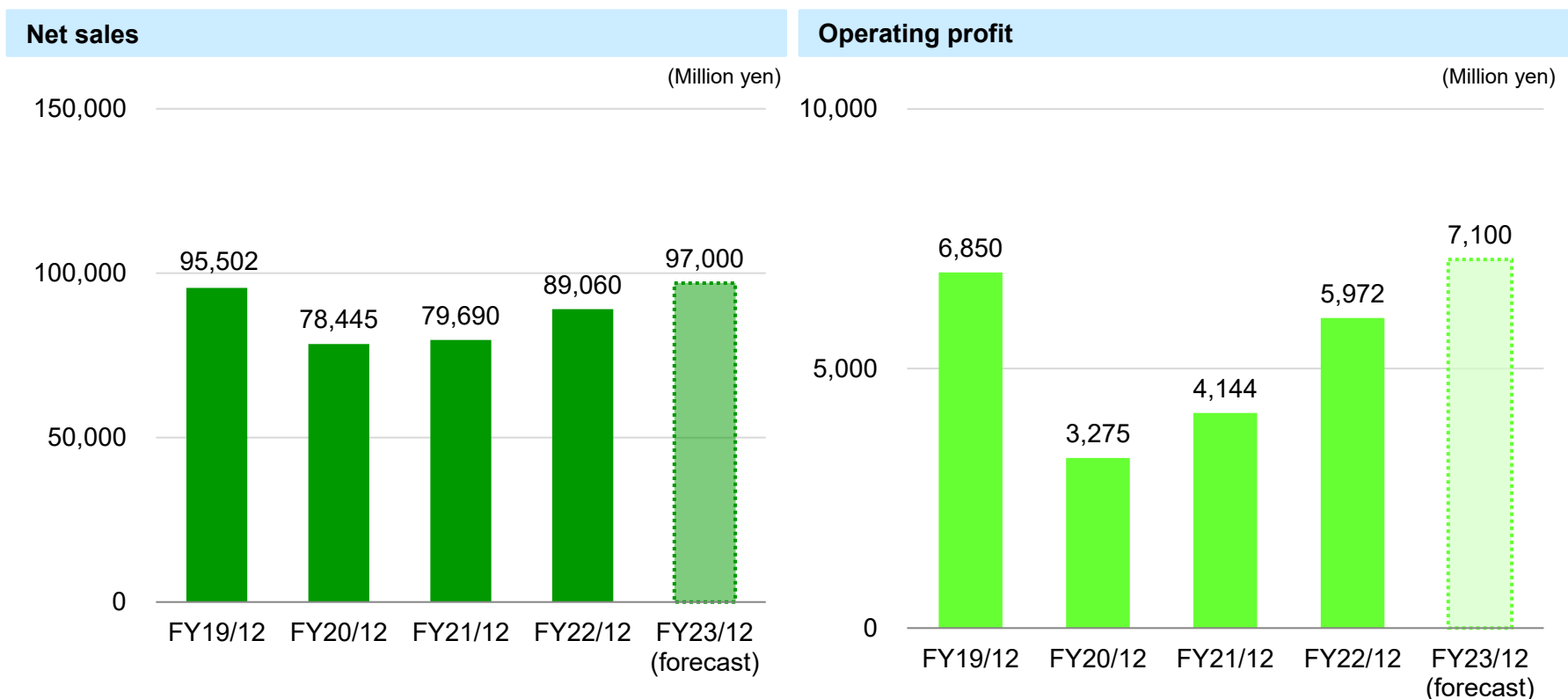
	Year ended December 31, 2022	Year ending December 31, 2023		
	Actual	Previous forecast (announced February 6)	Forecast of business results	Forecast YoY change
Net sales	89,060	94,000	97,000	8.9%
Operating profit	5,972	6,400	7,100	18.9%
Ordinary profit	6,353	6,800	7,500	18.1%
Profit attributable to owners of parent	4,058	4,400	4,900	20.7%

- ◆ Forecasts of business results announced February 6, 2023 have been revised upward due to favorable performance trends in the second quarter.
- ◆ Continued growth is expected in the e-commerce and food takeout and delivery markets, along with strong growth in personal consumption.
- ◆ As a company offering total solutions related to packaging, we will target sales and profit growth backed by proactive proposals for eco-friendly packages and labor-saving, energy-saving, and mechanization solutions, thus helping address issues faced by customers and society.

Trends in Consolidated Business Results

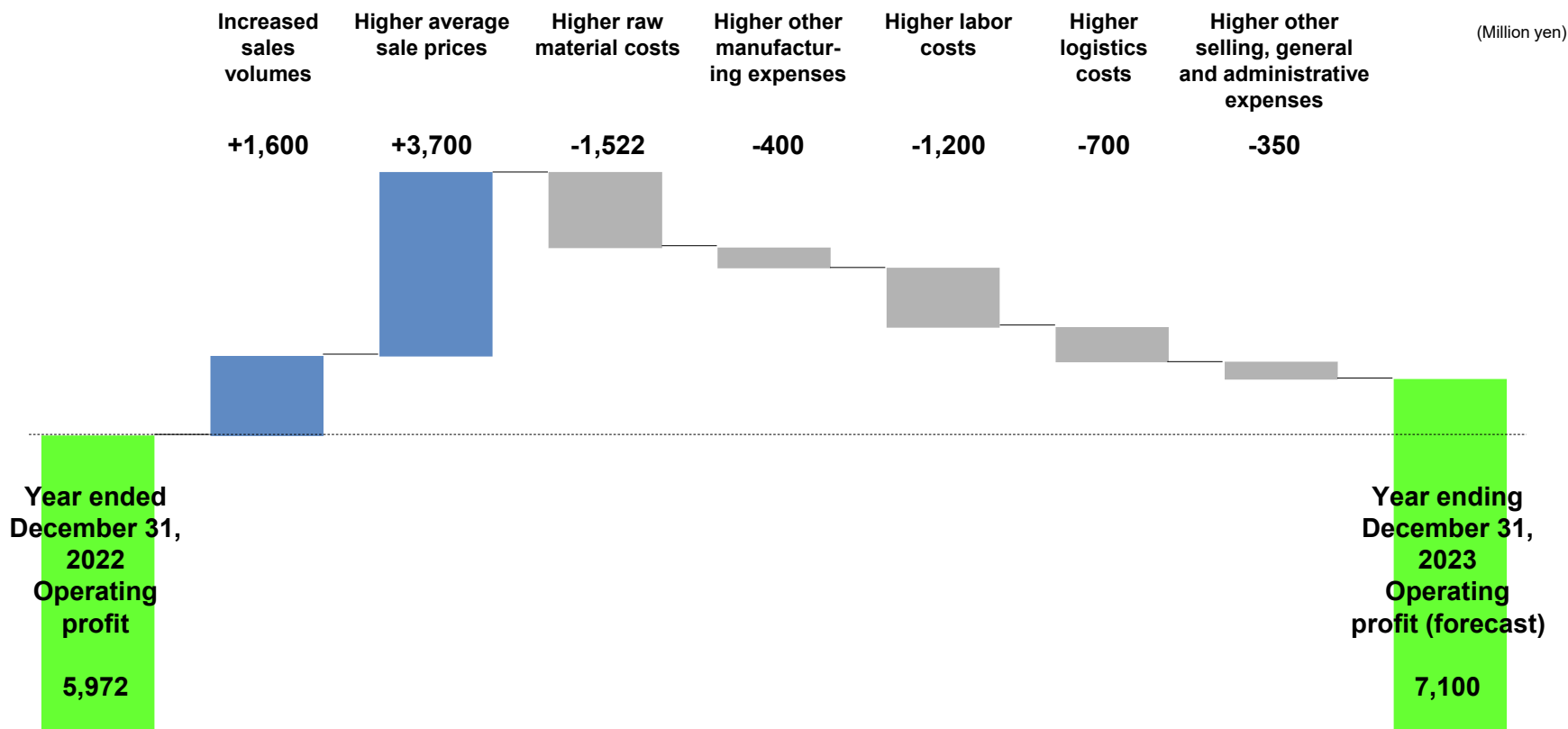
(Million yen)

	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2022	Revised forecast for year ending December 31, 2023
Net sales	95,502	78,445	79,690	89,060	97,000
Operating profit	6,850	3,275	4,144	5,972	7,100



Major Factors Underlying Projected Changes in Operating Profit

Increased profits due to higher sales volumes, mainly of paper products, and improved earnings



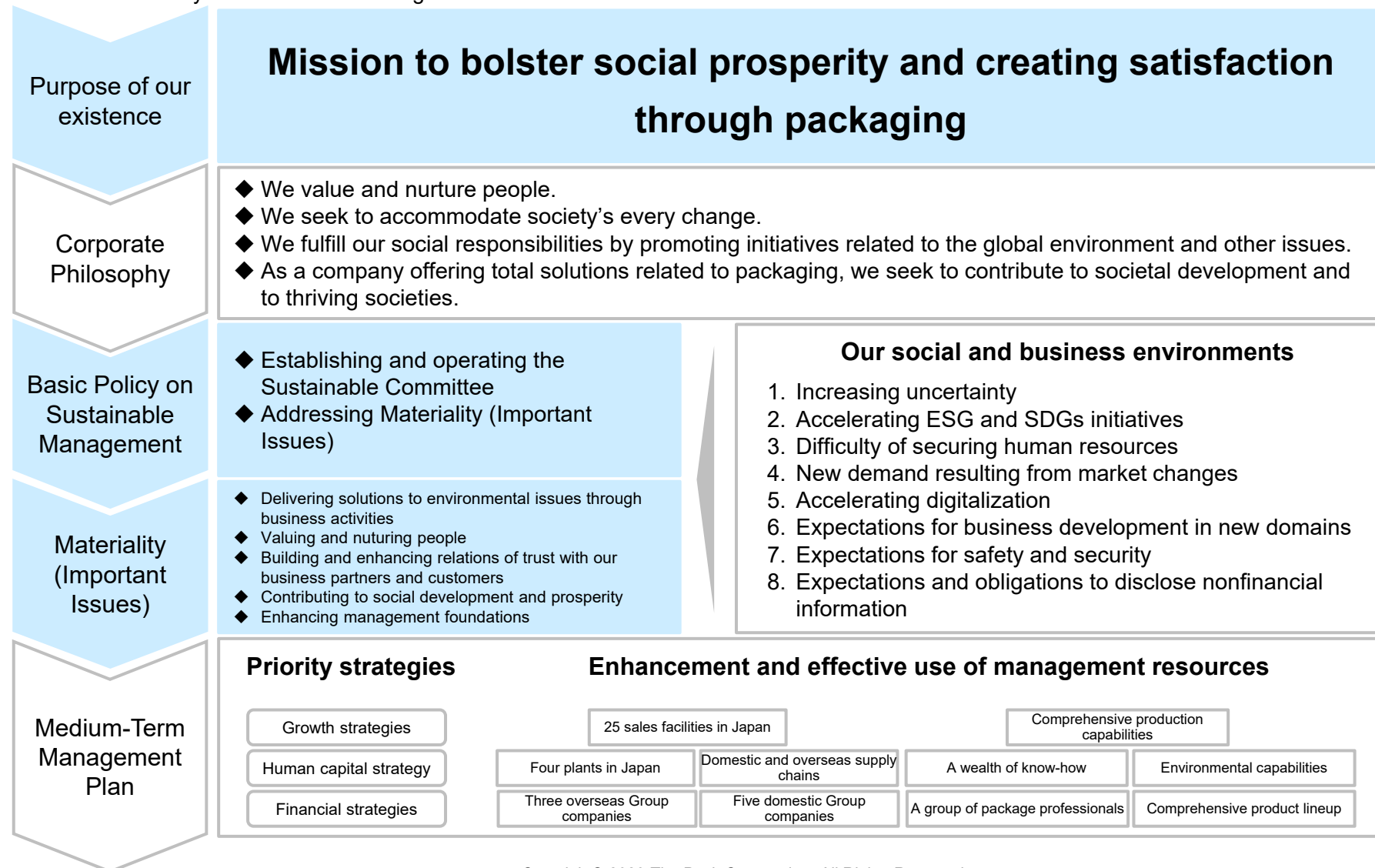
- ◆ Growth in sales volumes of paper bags and paper cartons due to recovering personal consumption
- ◆ Rising average sales prices due to active proposal of eco-friendly products such as paper materials and high value added products as well as normalization of prices
- ◆ Raw material prices and logistics costs are expected to continue rising. We will respond by normalizing sales prices through means such as proposed modifications to specifications.
- ◆ Labor costs are projected to increase in the second half as well, due to increased staffing and salary and bonus hikes.

3. Promoting sustainable management



The Pack Group's management policy

In 2023, we formulated a new management policy reflecting the social and business environment, establishing the purpose of our existence and our Basic Policy on Sustainable Management.



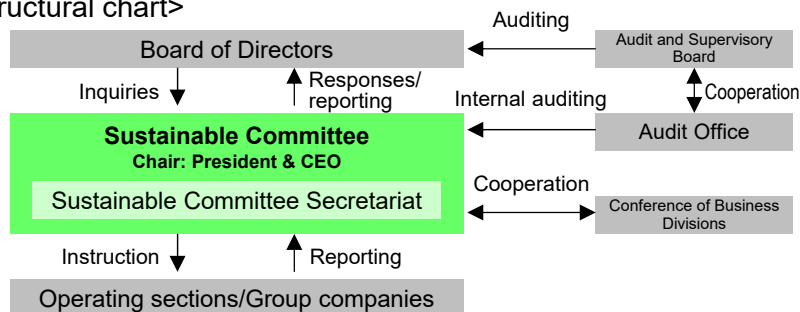
Promoting sustainable management

Basic policy

As is expressed in The Pack Group's corporate motto, we are passionate and dedicated to our partnership in all our activities. Furthermore, we pursue sustainable management in keeping with the purpose of our existence (purpose): to provide packaging solutions to contribute to a prosperous society and bring satisfaction to people. As a company offering total solutions related to packaging, we help solve the many issues facing our stakeholders through the creation of new value in packaging, thereby contributing to a prosperous and sustainable society. To this end, we strive to deliver environmental, social, and economic value that is unique to The Pack Group, based on sustained growth and the ability to adapt to social change.

Establishment and operation of the Sustainable Committee

<Structural chart>



<Agenda from January to June>

Discussion on the establishment of KPIs on sustainable management, internal and external communication of information, and the following matters:

- TCFD initiatives
- New initiatives through Forest Environment Fund activities

Identifying five themes and 12 materiality items

	Five themes	12 materiality items
Environment	Delivering solutions to environmental issues through our business activities	<ul style="list-style-type: none"> ◆ Promoting eco-friendly product planning and technological development ◆ Reducing environmental impact throughout our business activities ◆ Contributing to environmental conservation and preservation
	Valuing and nurturing people	<ul style="list-style-type: none"> ◆ Promoting employee health and safety ◆ Developing and cultivating the capacity to offer total solutions related to packaging ◆ Promoting diverse work styles that encourage all employees to thrive
Social	Building and enhancing relations of trust with our business partners and customers	<ul style="list-style-type: none"> ◆ Co-creating brand value with our customers ◆ Maintaining and improving quality through joint efforts with business partners
	Contributing to social development and prosperity	<ul style="list-style-type: none"> ◆ Contributing to developing future generations and fostering environmental awareness ◆ Providing solutions to increasingly diverse social issues
Governance	Enhancing management foundations	<ul style="list-style-type: none"> ◆ Securing soundness, transparency, and efficiency in management ◆ Promoting supply chain risk management

Initiatives through the present

- Upgrading the corporate website
- Distributing pamphlets to all employees to encourage permeation of sustainability in the organization



Future initiatives

- Establishing materiality KPIs (during FY2023)
- Holding workshops for managers (during FY2023)
- Publishing an integrated report (FY2024)

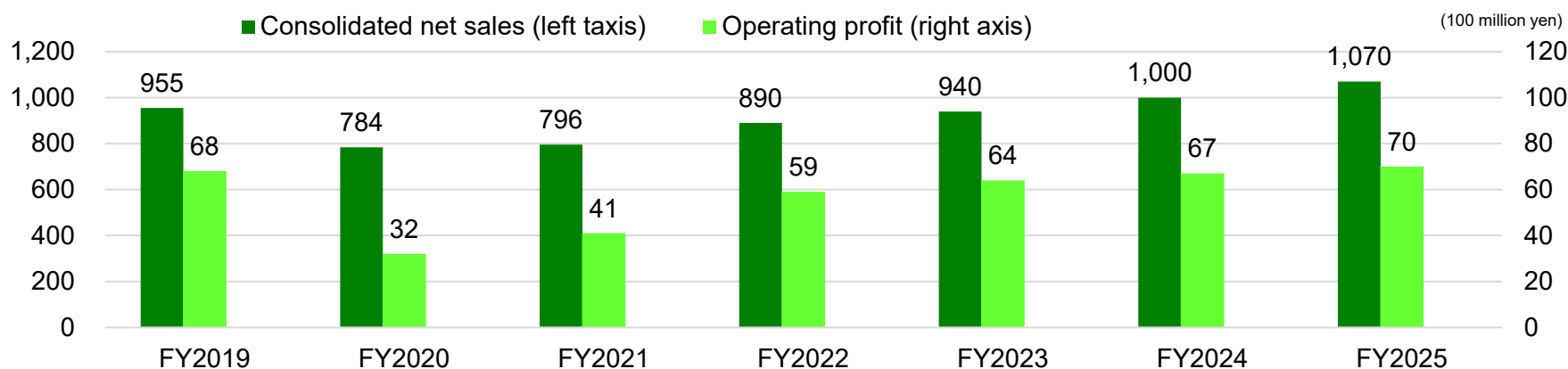
4. Progress on the Medium-Term Management Plan



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%
Total	890	1,070	+ 180	20.2%

	FY2022 results	FY2025 targets
ROE	6.4%	8% or higher
ROIC	6.4%	8% or higher


	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%
Total	890	1,070	+180	20.2%

* 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)	◎
			◆Combined sales of labels, films (flexible packaging), etc., together with paper bags and paper cartons	◎	
250	121	280	320	◆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%



FSC® certification logo



The Pack Forest® Environment Fund certification logo

◆ 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



▲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"> • Proposing products designs to save time in work • Proposing solutions to automate work 	◎
◆ 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"> • Eco-friendly paper: sales expansion for upcycled materials and FSC® raw paper • Eco bags: sales expansion of monomaterial products • Developing original raw paper and films made of 100% recycled materials 	○
◆ Promoting social contributions together with customers <ul style="list-style-type: none"> • Putting part of the revenue from eco-friendly products into The Pack Forest Environment Fund to use in forest conservation activities through nonprofits 	◎

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

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

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.

5. Reference Materials



Corporate Overview

Name	THE PACK CORPORATION
Founded	May 1952 (shares listed September 1991; listed on TSE Prime Market April 2022)
Headquarters	9-3 Higashiobase 2-chome, Higashinari-ku, Osaka, Osaka Prefecture *Moved May 2023
Lines of business	Planning, manufacturing and sale of paper bags, folding paper cartons, corrugated boxes, film packaging, etc.
Executives	Hideaki Yamashita, President and CEO, eight other directors (including three outside directors), and four auditors (including two outside auditors)
Number of employees	1,198 consolidated, 852 nonconsolidated
Group companies	Eight consolidated subsidiaries (in Japan, the United States, and China)
Main banks	MUFG Bank, Sumitomo Mitsui Banking Corporation, Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Trust Bank, Mizuho Bank
Main shareholders	Morita Memorial Welfare Foundation 10.93%, The Master Trust Bank of Japan (trust account) 8.25%, BBH for Fidelity Low-Priced Stock Fund (principle all-sector sub-portfolio) 6.70%, partner companies' stock ownership program 6.61%, Custody Bank of Japan (trust account) 4.94%, Custody Bank of Japan (trust account 4) 4.60%, Custody Bank of Japan (Resona re-trust account/Hokuetsu Corporation retirement benefits trust account) 3.27%, Daio Paper Corporation 3.01%, MUFG Bank 2.60%

(As of the end of June 2023)

New head office building



New address

9-3 Higashiobase 2-chome, Higashinari-ku, Osaka, Osaka Prefecture

Overview of new building

Site area: 1,689.89 m² Coverage/capacity ratio: 60/300
 Building area: 1,066.05 m² Total floor area: 5,514.55 m²
 Structure, size: steel frame, seven floors

Building assessment

ZEB certification results (ZEB Ready, highest BELS score)
 CASBEE certification results (CASBEE certified, S rank [highest evaluation])

Other

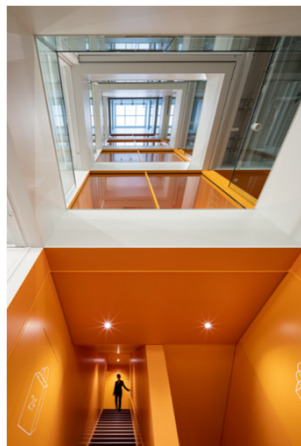
Selected by MLIT as a leading project for sustainable buildings (energy conservation and reduced CO₂ emissions)

Environmental initiatives

- Natural ventilation and natural lighting using an Eco Void structure
- Solar panels to generate renewable energy
- Exterior walls use high-thermal-insulating materials and Low-E glass to lessen air-conditioning load
- Office areas have LED lighting with luminosity sensors to reduce lighting automatically

Productivity improvement initiatives

- Meeting rooms with large monitors
- Layout suited to new work styles, such as remote work, the paperless office, and online meetings
- Common spaces to stimulate communication



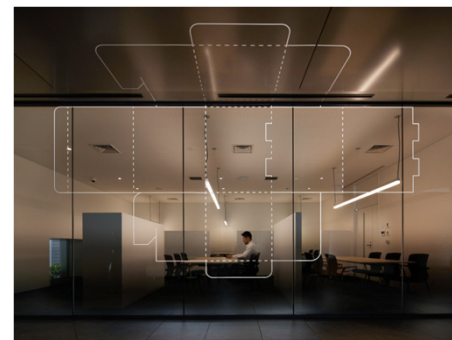
← Eco Void well



↑ Rooftop solar panels



↑ Layout suited to new work styles



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

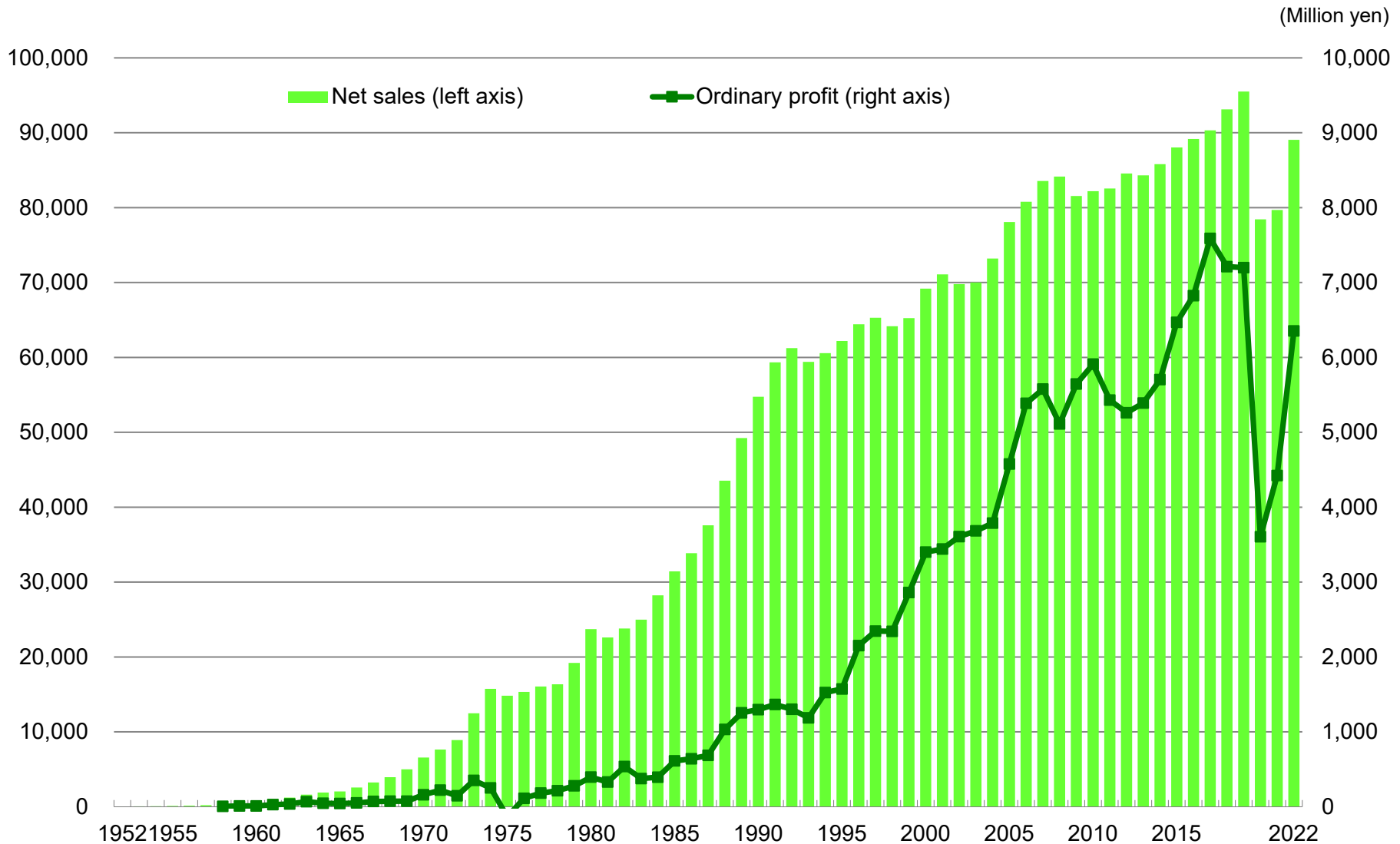


U.S. consolidated
subsidiary

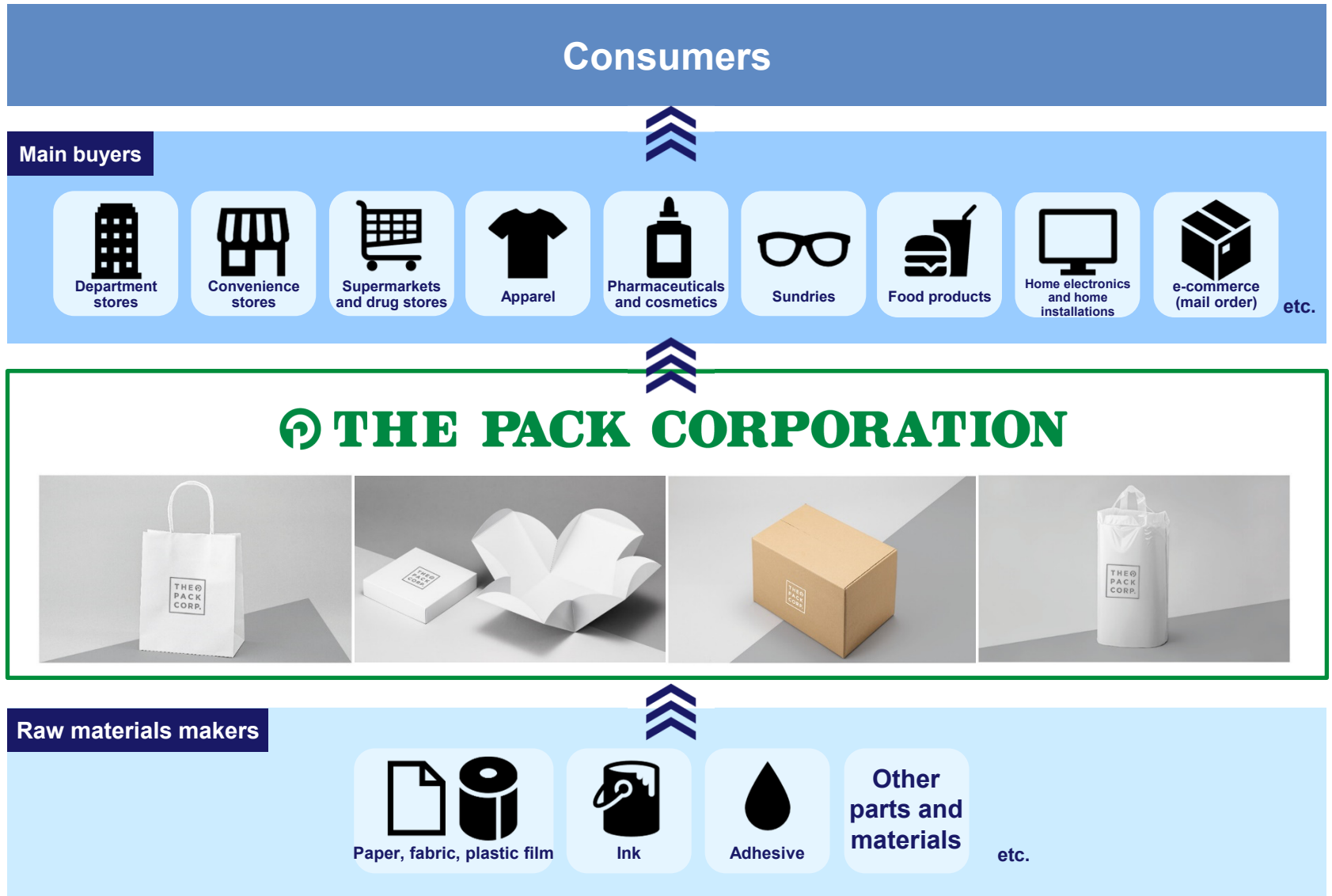
The Pack America
Corporation



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



Distribution Structure for Major Products



The Pack's Strengths (1)

Strength

1. A wide-ranging customer base

Apparel and other goods

e-commerce

Specifics

- ◆ Transaction counterparties:
approx. 14,000 companies

Food products, department stores, specialty stores, large retailers, general retailers, convenience stores, fast food, apparel, home electronics manufacturers, e-commerce, etc.

⇒ A customer base resistant to the negative effects of downturns in specific industries

Second quarter of year ending December 31, 2023


Industry	Percentage
Food products	27.1%
Apparel	15.8%
Department stores	4.8%
Supermarkets and drug stores	5.8%
e-commerce (mail order)	1.3%
Sundries	3.8%
Pharmaceuticals and cosmetics	2.1%
Life care	2.9%
Home electronics and home installations	5.0%
Convenience stores	4.1%
Other	27.0%

Food products	Apparel	Department stores	Supermarkets and drug stores
Convenience stores	Pharmaceuticals and cosmetics	e-commerce (mail order)	Sundries
Home electronics and home installations	Life care	Automotive	Other

Food products

Consumer industries

The Pack's Strengths (2)

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

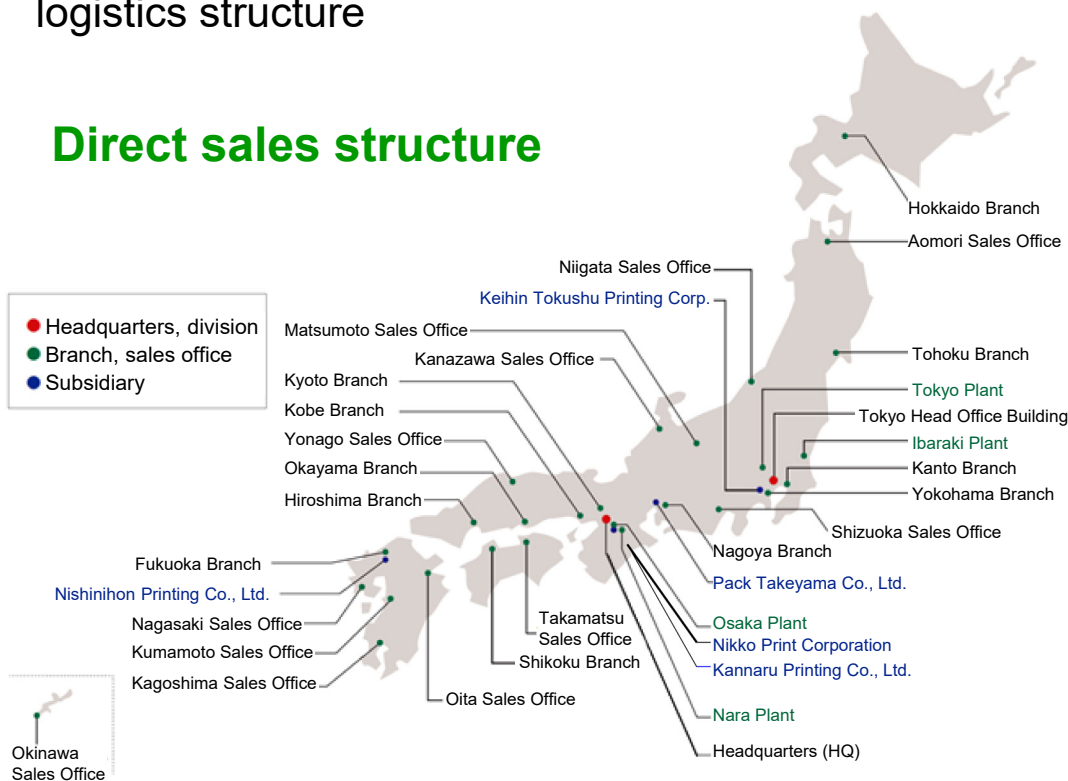
The Pack's Strengths (3)

Strength

Specifics

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.

The Pack Group

Printing plant



Film packaging plant



Corrugated board plant



Manufacturing

Paper bag plant



Paper cartons plant



Nationwide direct sales structure

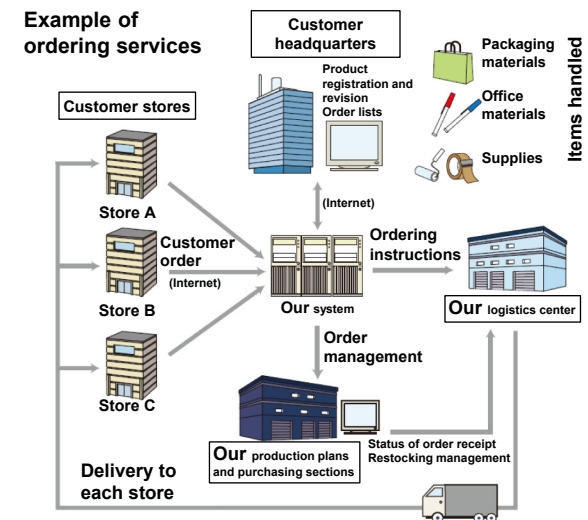
Logistics

Products

Customers across Japan

The Pack's Strengths (4)

Strength	Specifics
4. Quality control structure	<ul style="list-style-type: none"> ◆ Groupwide quality management systems are ISO 9001-certified. ◆ The Tokyo and Osaka plants <u>have earned FSSC 22000 international food-safety management system certification.</u> ◆ Based on a policy of improving customer satisfaction through enhanced quality, we strive to earn customer trust by delivering safe, reliable products.
5. IT-driven customer networks	<ul style="list-style-type: none"> ◆ Delivering packaging materials, supplies, and other products as an integrated service ⇒ <u>Streamlined logistics based on bulk deliveries also helps cut CO₂ emissions.</u> ◆ Offering Pack-Web web-ordering services ⇒ <u>Streamlining customers' ordering operations</u>

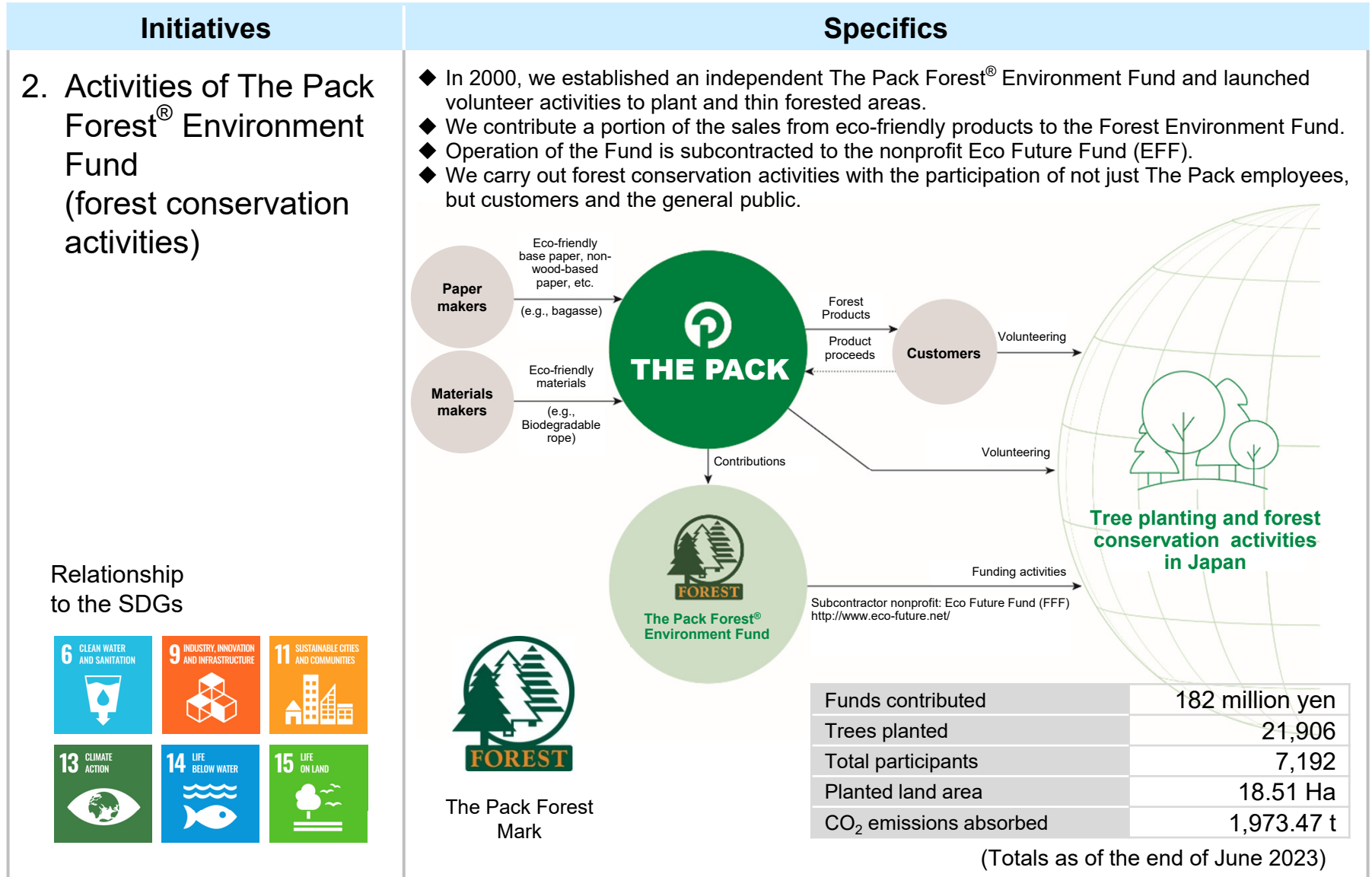


ESG Initiatives (1)



Initiatives	Specifics
<div>1. Environmental initiatives</div> <div><div>Relationship to the SDGs</div><div><div><div>6</div><div>CLEAN WATER AND SANITATION</div><div></div></div><div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div><div></div></div><div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div></div></div><div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div><div></div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div><div><div>13</div><div>CLIMATE ACTION</div><div></div></div><div><div>14</div><div>LIFE BELOW WATER</div><div></div></div><div><div>15</div><div>LIFE ON LAND</div><div></div></div></div></div>	<div><div><div><div>◆ All plants and sites in Japan had earned ISO 14001 certification as of 2006.</div><div>◆ We are implementing a wide range of initiatives, including measures to cut CO₂ emissions and waste volumes and to develop eco-friendly products.</div><div>◆ 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.</div><div>◆ Promoting the use and spread of renewable energy by investing in renewable energy funds</div></div></div><div><div>Overview of environmental impact</div><div><div>We're striving to ascertain and lessen the environmental I impact of production activities as a whole.</div><div>* 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</div></div><div><div><div><div><div>INPUT</div><div><div><div>Raw materials</div><div>97,832t^{*1}</div><div>[YoY change: +4.9%]</div></div><div><div>Subsidiary materials</div><div>4,314t^{*2}</div><div>[YoY change: +17.4%]</div></div><div><div>Water</div><div>69 thousand m³</div><div>[YoY change: -11.7%]</div></div><div><div>Electricity</div><div>26,543 thousand kWh</div><div>[YoY change: +9.5%]</div></div><div><div>Gas</div><div>1,978 thousand m³</div><div>[YoY change: -1.0%]</div></div><div><div>LPG</div><div>12.7t</div><div>[YoY change: +73.4%]</div></div><div><div>Other fuels</div><div>172kL</div><div>[YoY change: -2.7%]</div></div></div><div><div><div>Raw materials procurement</div><div>Development production</div><div>Sales, administration</div><div>logistics</div><div>Customers</div></div></div><div><div><div>OUTPUT</div><div><div><div>Sewage and public water supply</div><div>69 thousand m³</div><div>[YoY change: -11.7%]</div></div><div><div><div>CO₂</div><div><div>Four plants</div><div>20,360t</div><div>[YoY change: +16.5%]</div></div><div><div>Headquarters and sales as a whole</div><div>445t</div><div>[YoY change: ±0%]</div></div><div><div>Logistics^{*3}</div><div>9,220t</div><div>[YoY change: +3.0%]</div></div><div><div>Total</div><div>30,025t</div><div>[YoY change: +11.7%]</div></div></div></div><div><div><div>Waste</div><div><div>Industrial waste (four plants)</div><div>17,973t</div><div>[YoY change: -2.3%]</div></div><div><div>Recycling rate</div><div>99.7%</div></div><div><div>General waste (headquarters and sales as a whole)</div><div>8.6t</div><div>[YoY change: +9.6%]</div></div></div></div></div></div><div><div><div>Sales volumes</div><div><div><div>Printed paper cartons</div><div>1,155,774 thousand</div><div>[YoY change: -1.6%]</div></div><div><div>Paper bags</div><div>1,025,813 thousand</div><div>[YoY change: +11.7%]</div></div><div><div>Film packaging</div><div>1,071,668 thousand</div><div>[YoY change: +5.7%]</div></div><div><div>Corrugated products</div><div>91,433 thousand sqm</div><div>[YoY change: -5.3%]</div></div></div></div></div><div><div>* 2022 figures</div></div></div></div></div></div></div></div></div>

* 2022 figures


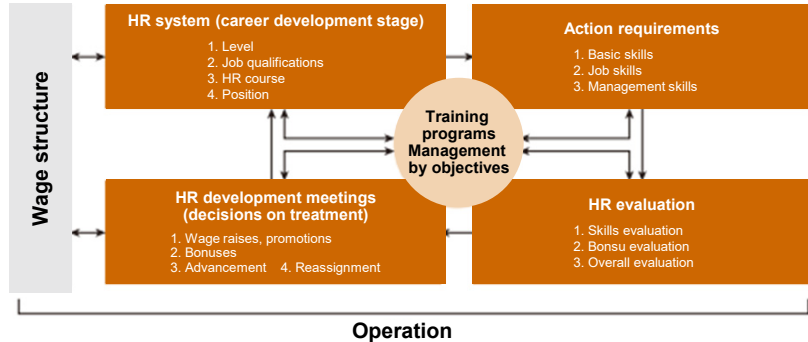
ESG Initiatives (2)











ESG Initiatives (2)

Initiatives	Specifics
<p>2. Activities of The Pack Forest® Environment Fund (forest conservation activities)</p> <p>Relationship to the SDGs</p> <div> <div>6 CLEAN WATER AND SANITATION</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>13 CLIMATE ACTION</div> <div>14 LIFE BELOW WATER</div> <div>15 LIFE ON LAND</div> </div>	<p>◆ The Pack Forest No. 9 in Fujimi, Nagano Prefecture was launched in 2023</p> <p>In support of Nagano Prefecture's forest fostering project, we designated a 1.8 ha site in Fujimi, Suwa-gun, Nagano Prefecture as "The Pack Forest Fujiminomori." In line with the properties of the site, activities here are centered on planting Japanese larch trees and preservation efforts.</p> <p>Results of first activities, conducted in June 2023 Participants: 30 Trees planned: 700 Japanese larch</p> <div>  <p>Group photo Employees and their family members volunteered to take part</p> </div> <div>  <p>Activity Planting a sapling in a planter after using a special digging tool</p> </div>

ESG Initiatives (3)

Initiatives	Specifics
<p>3. Human Resource Development and Workplace Development</p> <p>Relationship to the SDGs</p> <div> <div>3 GOOD HEALTH AND WELL-BEING</div> <div>4 QUALITY EDUCATION</div> <div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> </div>	<ul style="list-style-type: none"> ◆ 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. ◆ Chosen by the Certified Health & Productivity Management Outstanding Organizations Recognition Program 2023 (for the fifth consecutive year) Thorough health checkups and secondary examinations, smoking cessation challenge, stress checks, health training, etc. ◆ Adoption and use of evaluation and support programs to help improve skills In 2022, we adopted a new HR system, which includes integrated management of employee information using a talent management system, fair and appropriate evaluation through HR development meetings, and economic assistance with earning official qualifications through the skills improvement support program, among other activities. <div>  <p>2023 健康経営優良法人 Health and productivity</p> </div> <div>  <p>The diagram illustrates the HR system (career development stage) and its components. It shows a central circle labeled 'Training programs Management by objectives' connected to four main boxes: 'HR system (career development stage)' (containing Level, Job qualifications, HR course, Position), 'Action requirements' (containing Basic skills, Job skills, Management skills), 'HR development meetings (decisions on treatment)' (containing Wage raises, promotions, Bonuses, Advancement, Reassignment), and 'HR evaluation' (containing Skills evaluation, Bonus evaluation, Overall evaluation). A vertical bar on the left labeled 'Wage structure' is connected to the HR system box. A horizontal bar at the bottom labeled 'Operation' connects the HR development meetings and HR evaluation boxes.</p> </div> <ul style="list-style-type: none"> ◆ Utilizing diverse human resources Promoting women in the workplace, comprehensive program of shortened working hours, establishment of The Pack's unique childbirth and maternity leave program (for male employees), opening the Kainan Office to employ people with disabilities, etc.

ESG Initiatives (4)

Initiatives	Specifics
<p data-bbox="83 287 490 376">4. Social contribution activities</p> <div data-bbox="83 1029 258 1096"> <p>Relationship to the SDGs</p> </div> <div data-bbox="127 1133 256 1262"> <p>4 QUALITY EDUCATION</p>  </div> <div data-bbox="270 1133 397 1262"> <p>10 REDUCED INEQUALITIES</p>  </div> <div data-bbox="411 1133 540 1262"> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  </div>	<div data-bbox="606 282 1792 348"> <p>◆ 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> <div data-bbox="595 358 1000 661">  </div> <div data-bbox="1012 358 1418 661">  </div> <div data-bbox="1429 358 1835 661">  </div> <div data-bbox="606 691 1251 776"> <p>◆ Supporting the Kansai Philharmonic Orchestra</p> <p>◆ Donations to Yoshinoyama Hoshoukai</p> </div> <div data-bbox="606 819 1066 853"> <p>◆ Sponsoring the Kids Earth Fund</p> </div> <div data-bbox="654 876 1172 1140">  </div> <div data-bbox="606 1162 1240 1319"> <p>The Kids Earth Fund takes action to support suffering children around the world. As an official corporate member, we use the images created from the Kids Earth Fund as part of the graphic designs for packages for customers who so request.</p> </div> <div data-bbox="1282 819 1843 976"> <p>◆ We support the Japan Student Services Organization scholarship fund.</p> <p>◆ “Shigoto no Tobira” online job introductions (Gakken Kids’ Net)</p> </div> <div data-bbox="1317 1042 1816 1319">  </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, 2023. 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 2023.

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.

Address IR inquiries to:

IR & Public Relations Department, The Pack Corporation
2-8-4 Tomigaya, Shibuya-ku, Tokyo 151-0063, Japan
Tel.: +81-3-3469-1221; fax: +81-3-3469-1353
E-mail: koho@thepack.co.jp