

THE PACK CORPORATION

Briefing Materials on Business Results for the Second Quarter of the Year Ending December 31, 2024

September 2, 2024



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Topics

- ◆ Recovering domestic consumption, robust capital investments, and strong spending by foreign visitors have been key factors supporting the Japanese economy. However, the outlook for consumer consumption remains uncertain for several reasons, including soaring energy costs, the rising cost of imported goods driven by yen devaluation, and a period during which prices outstripped wage growth.
- ◆ The Pack achieved record-high figures for net sales, operating profit, ordinary profit, and profit. Its eco-friendly high value added products, solutions proposals, and sales efforts boosted sales and profits, particularly for products targeting the food products market.
- ◆ The Pack undertook various capital investments and sales expansion initiatives while enhancing DX training and other human resource development programs.
- ◆ The Pack published its first Integrated Report to deepen communications with stakeholders.

1. Business Results for the Second Quarter of the Year Ending December 31, 2024



Summary of Business Results

Net sales, operating profit, ordinary profit, and profit all achieved record highs.

(Million yen)

| | Second quarter of year ended December 31, 2023 | Second quarter of year ending December 31, 2024 | |
|--|--|---|------------|
| | Actual | Actual | YoY change |
| Net sales | 44,878 | 46,617 | 3.9% |
| Operating profit | 2,976 | 3,525 | 18.4% |
| Ordinary profit | 3,147 | 3,662 | 16.3% |
| Profit attributable to owners of parent | 2,133 | 2,999 | 40.6% |
| Basic earnings per share (yen) | 112.16 | 157.69 | 40.6% |
| Dividend per share (yen) | 35.0 | 52.0 | 48.6% |

- ◆ Proposals of high value added products featuring both eco-friendly and functional advantages resulted in significantly better profit margins.
- ◆ Paper products, paper bags and paper cartons in particular, showed growth, driving up sales and profit.
- ◆ We recorded extraordinary income on the sale of certain cross-held shares.

Results by Segment

(Million yen)

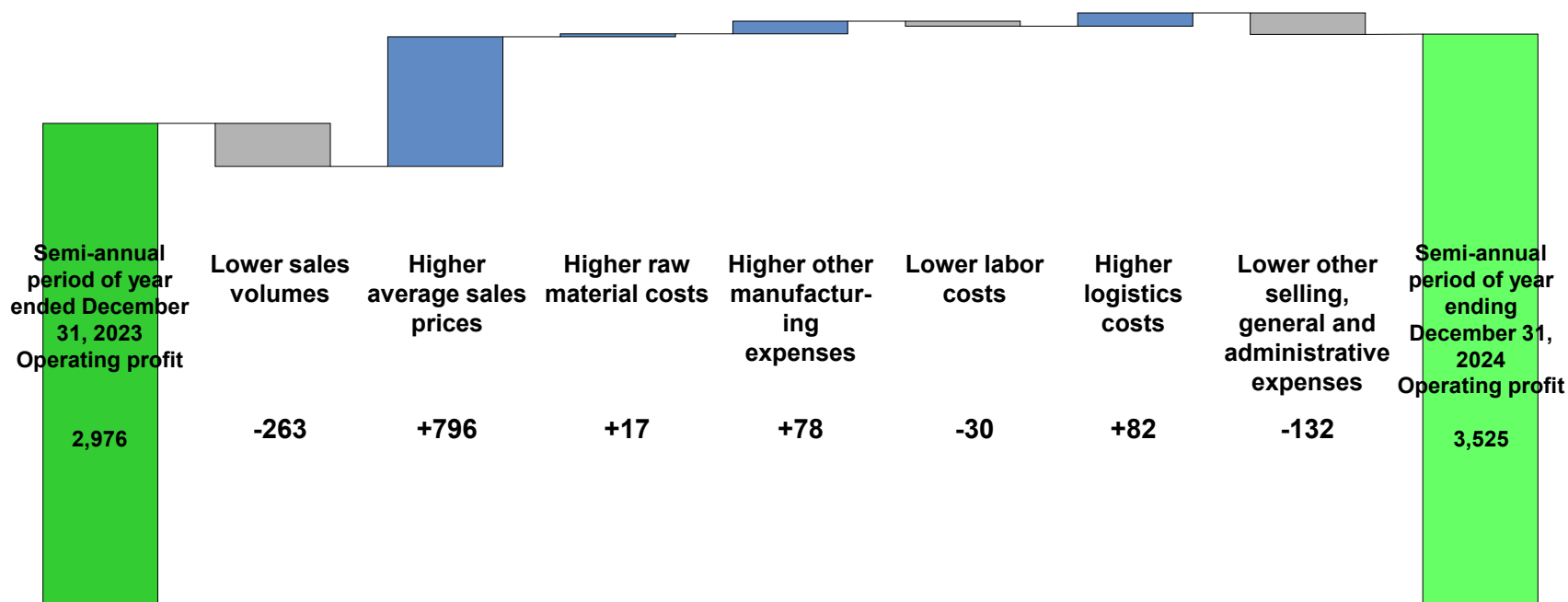
| | | Second quarter of year ended December 31, 2023 | | Second quarter of year ending December 31, 2024 | | |
|------------------|------------------|---|--------|--|--------|------------|
| | | Actual | Share | Actual | Share | YoY change |
| Net sales | | 44,878 | 100.0% | 46,617 | 100.0% | 3.9% |
| | Paper Products | 31,734 | 70.7% | 33,322 | 71.5% | 5.0% |
| | Paper bags | 12,993 | 29.0% | 14,279 | 30.6% | 9.9% |
| | Paper cartons | 11,262 | 25.1% | 12,120 | 26.0% | 7.6% |
| | Corrugated boxes | 6,343 | 14.1% | 5,926 | 12.7% | -6.6% |
| | Printing | 1,135 | 2.5% | 995 | 2.2% | -12.3% |
| | Film Packaging | 6,654 | 14.8% | 6,347 | 13.6% | -4.6% |
| | Others | 6,489 | 14.5% | 6,947 | 14.9% | 7.1% |
| Operating profit | | 2,976 | 100.0% | 3,525 | 100.0% | 18.4% |
| Paper Products | 2,715 | 91.2% | 3,164 | 89.8% | 16.5% | |
| Film Packaging | 288 | 9.7% | 403 | 11.5% | 39.7% | |
| Others | 485 | 16.3% | 519 | 14.7% | 7.1% | |
| Adjustments | -513 | -17.2% | -562 | -16.0% | - | |

- ◆ The Paper Products segment posted growth in both net sales and profit based on strong sales of products for the food products market, particularly paper bags and paper cartons.
- ◆ Corrugated boxes posted lower net sales due to production adjustments for products for overseas markets and revised package specifications for the e-commerce sector.
- ◆ In other businesses, sales of premium products such as gift-wrapping materials showed a steady trend.

Factors Underlying Changes in Operating Profit

Sales volumes grew due to rising average sales prices

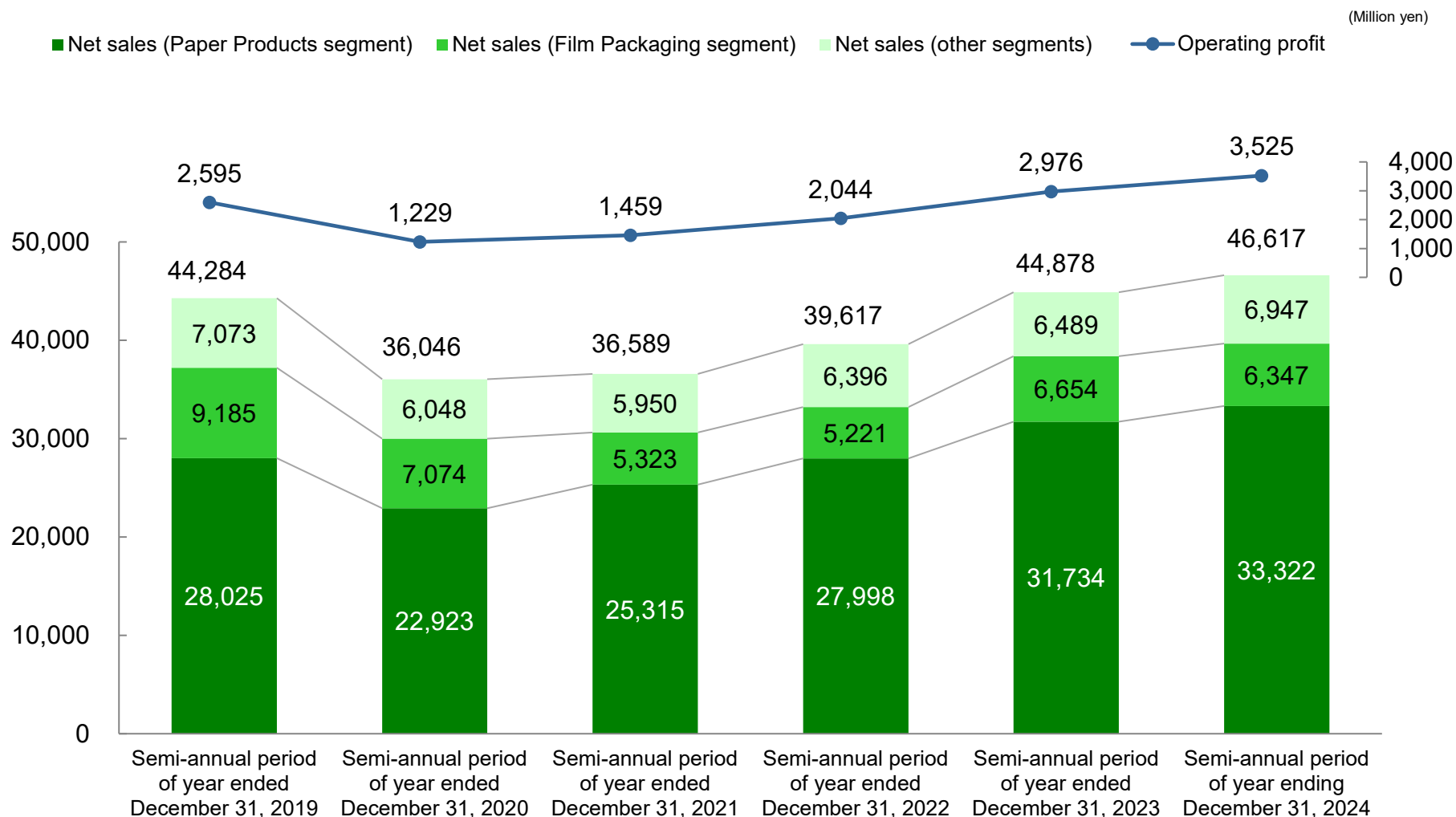
(Million yen)



- ◆ Sales volumes of products like film packaging decreased slightly.
- ◆ Average sales prices rose due to normalization of sales prices and efforts to promote sales of high value added products. Sales prices were up by 9.5% for paper bags, 2.7% for paper cartons, 8.9% for corrugated boxes, and 2.0% for plastic bags.
- ◆ Logistics costs fell due to improved transportation efficiency.
- ◆ Other selling, general and administrative expenses grew due to the growing cost of human resource development and sales promotions such as R&D.

Trends by Segment

Net sales and operating profit reached record highs
(compared to the semi-annual period of the preceding fiscal year)



Sales Composition

Net sales by business



| (Million yen) | Second quarter of year ended December 31, 2023 | | Second quarter of year ending December 31, 2024 | | |
|---|--|-------|---|-------|------------|
| | Actual | Share | Actual | Share | YoY change |
| Food products | 12,156 | 27.1% | 13,201 | 28.3% | 8.6% |
| Apparel | 7,087 | 15.8% | 7,620 | 16.3% | 7.5% |
| Department stores | 2,159 | 4.8% | 2,292 | 4.9% | 6.2% |
| Supermarkets and drug stores | 2,617 | 5.8% | 2,507 | 5.4% | -4.2% |
| Convenience stores | 564 | 1.3% | 597 | 1.3% | 5.9% |
| Pharmaceuticals and cosmetics | 2,237 | 5.0% | 2,203 | 4.7% | -1.5% |
| e-commerce * | 1,300 | 2.9% | 1,616 | 3.5% | 24.3% |
| Sundries | 926 | 2.1% | 1,058 | 2.3% | 14.3% |
| Home electronics and home installations | 1,701 | 3.8% | 1,291 | 2.8% | -24.1% |
| Life care | 1,859 | 4.1% | 1,755 | 3.8% | -5.6% |
| Automotive | 164 | 0.4% | 144 | 0.3% | -12.2% |
| Other | 12,102 | 27.0% | 12,333 | 26.5% | 1.9% |

- ◆ In the food products sector, sales of packages for the food service industry and for the souvenir market were strong.
- ◆ In the apparel sector, sales of packages for brick-and-mortar shops and for e-commerce deliveries were strong.
- ◆ Sales to department stores trended positive, with recovering consumer spending and inbound tourism demand.
- ◆ In the convenience store sector, sales of packages for food products were strong.
- ◆ Sales to the e-commerce sector were strong due to new orders for delivery packages, including paper delivery bags.
- ◆ In the sundries sector, sales of gifting packages were strong.
- ◆ The life care and the home electronics and home installations sectors saw declining demand for packages intended for overseas market sales.

* 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

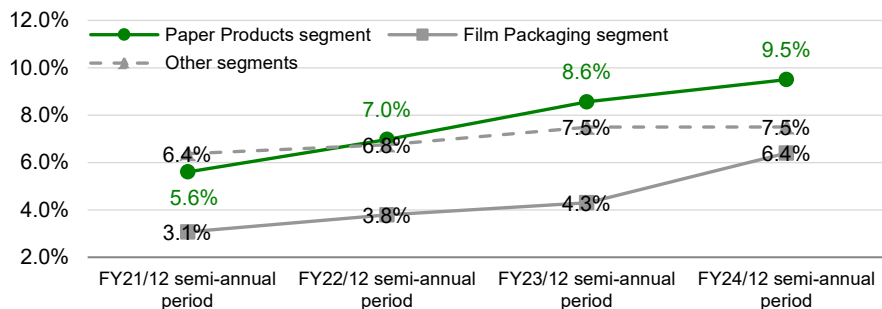
Business environment

- ◆ By the end of the semi-annual period, department store sales had climbed nationwide for 28 consecutive months. Sales for inbound tourists (tax-free sales) and sales of high value added products were robust. Sales in the apparel, personal care products, and sundries sectors are currently major growth drivers. In the food products sector, confectionery sales grew as well due to growth in gifting and inbound demand. (Source: Japan Department Stores Association)
- ◆ In each month from January to June, the monthly on-line shopping expenditure per two-or-more-person household increased year on year, setting a record for the month. Expenditures in June rose 5.1% year on year. (Source: "Family Income and Expenditure Survey," Statistics Bureau of Japan)

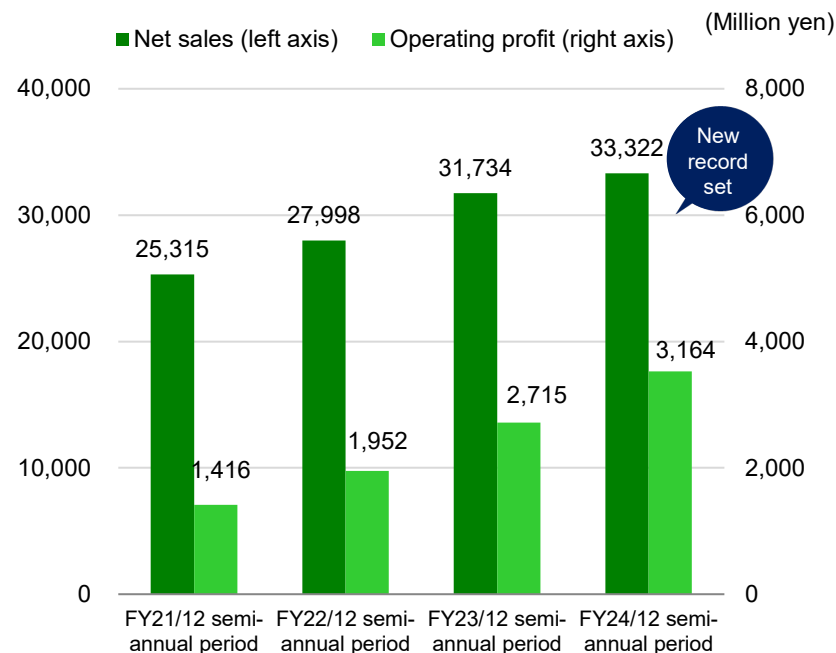
Initiatives

- ◆ Capital investments in machinery and improvements in productivity
- ◆ Diversification of the line of products to cover a wider range of market needs
- ◆ Proactive proposals of eco-friendly materials and processing methods
- ◆ Strengthening combined sales

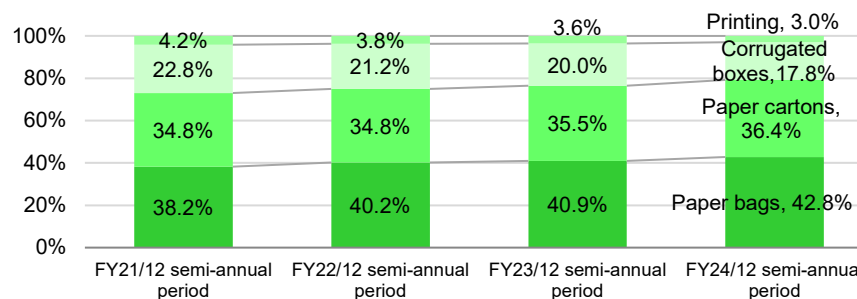
Trends in operating profit margins



Trends in net sales and operating profits



Trends in sales composition in the Paper Products Segment



Paper Products Segment (Paper Bags)

Business environment

- ◆ Intensifying competition within the industry and fears of declining consumer confidence have highlighted the need for value enhancements as an emerging issue.
→The need has grown to shift to high value added specifications.
- ◆ Society is increasingly strongly demanding eco-friendliness.
- ◆ e-commerce has been widespread in the product sales area. Since the logistics issue in 2024 and due to the related issues of improving transportation efficiency and securing workers, reformation of logistics and packaging systems is now underway.

Initiatives

- ◆ Enhancing production capacities and technologies of our own plants, and ensuring stable supply by strengthening supply chains
- ◆ Enhancing high value added products as proposed solutions, centering on eco-friendly products
- ◆ Focusing on development and sales expansion of paper delivery bags, which improve transportation efficiency and work efficiency

Examples of developed products

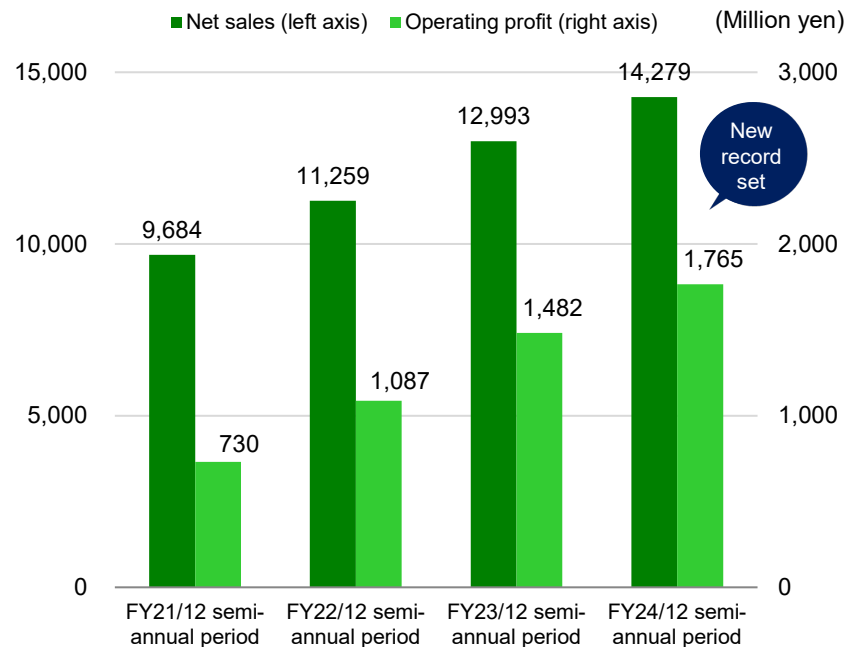


▲ Mixed paper with used clothes

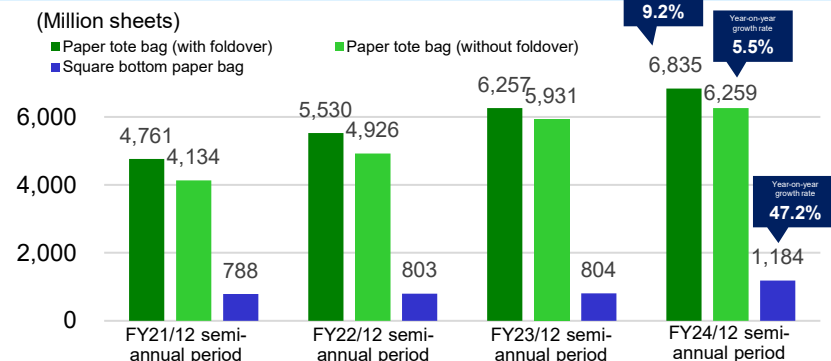


▲ Paper delivery bag compatible with automatic packaging machines

Trends in net sales and operating profits



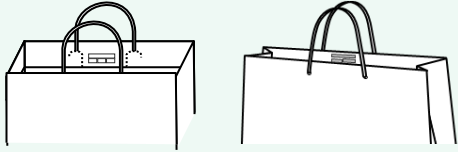
Trends in net sales of paper tote bags by type



[Reference] Examples of Types of Paper Bag

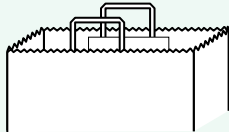
■ Paper tote bag (with foldover)

Bag with upper edges folded inside. The folded edges add strength to the bag, making reuse more likely.



■ Paper tote bag (without foldover)

Bag with its serrated upper edges. These highly cost-efficient bags are ideal for mass production.



■ Square bottom paper bag and flat paper bag

These bags are often used for home delivery or for primary food wrapping. It is possible to attach double-sided adhesive tape and/or provide oil resistance to them according to their applications.



Paper Products Segment (Paper Cartons)

Business environment

- ◆ The food service industry, including fast food restaurants, is showing strong performance following the full recovery of everyday activities. Companies in these industries are strengthening delivery and takeaway services.
- ◆ In response to labor shortages, manual work such as preparation of paper cartons and setup of products is increasingly outsourced.
- ◆ As society is increasingly strongly demanding eco-friendliness, the industry is shifting to plastic-free wrapping.

Initiatives

- ◆ Expanding sales of primary paper containers to the home meal replacement market, and capital investments as well as strengthening product development (such as PFAS-free coating).
- ◆ Focusing on development of proposals that would lead to cross-selling of packages and services that complement labor shortages of customers though means such as assembling paper cartons and packing of products.
- ◆ Developing processing methods to achieve plastic-free businesses with lower environmental impact.

Examples of developed products

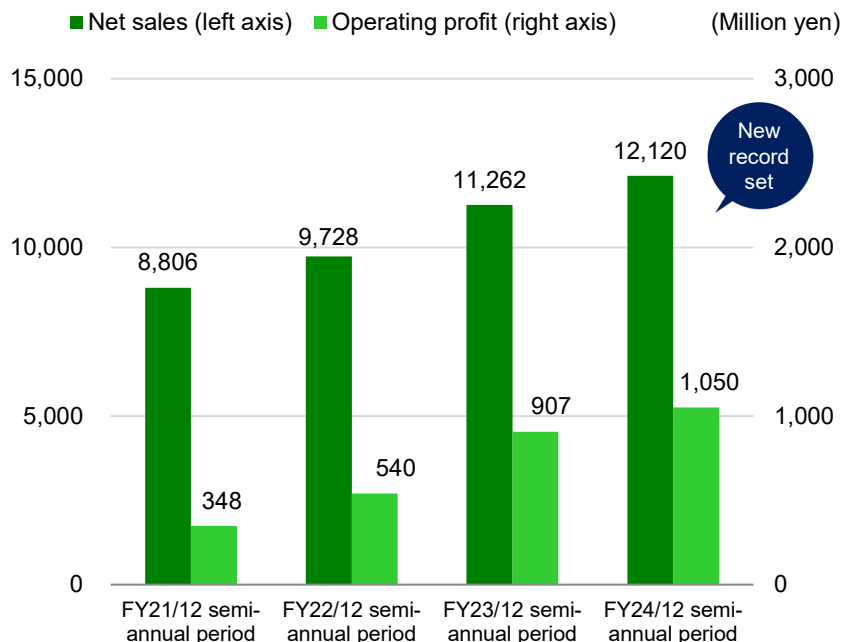
- ▶ A paper-made tray that can replace a plastic tray. It maintains a tray form due to its special structure.



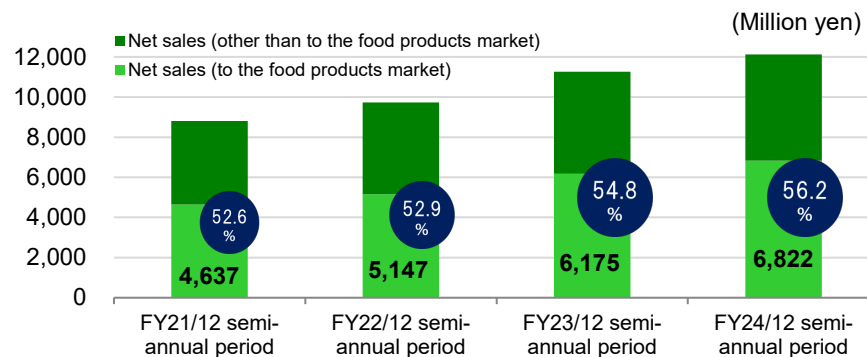
- ▶ Molded pulp tray packages sealed with paper lids



Trends in net sales and operating profits



Trends in net sales and sales composition to the food products market



Paper Products Segment (Corrugated Boxes)

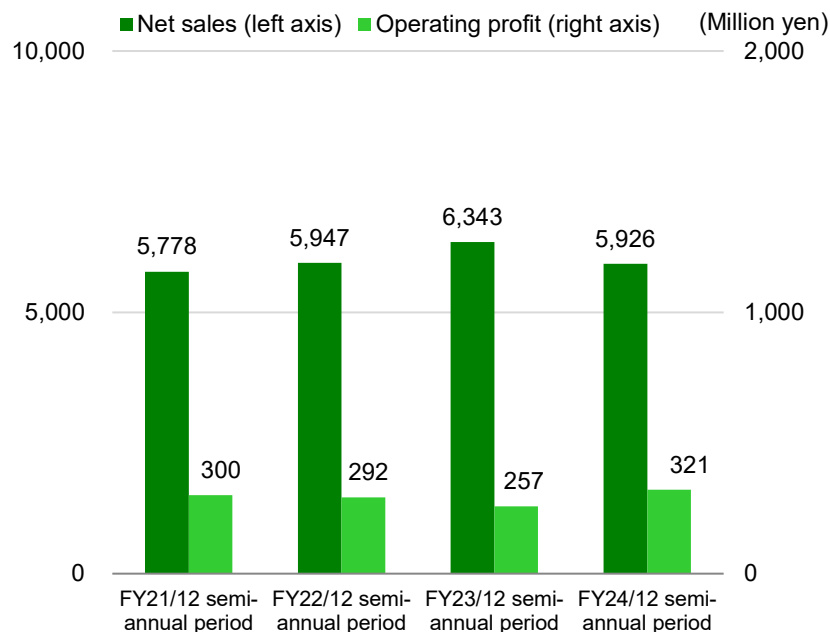
Business environment

- ◆ Although demand for corrugated boxes, particularly those for food products has increased due to the rise in everyday activities, Japanese exports have been declining as a result of protectionist policies in the US and China. Production volume in the corrugated cardboard industry for the first half of 2024 was 97.1% of last year's level. The consumption of electric appliances and mechanical instruments was 97.9% of last year's level, whereas the figure for mail order, home deliveries, and moving was 98.2%.
(Source: Japan Corrugated Case Association, "Corrugated Box Statistics")
- ◆ The 2024 issue in logistics has increased the need for proposals of solutions that address labor saving at packaging sites and improved transportation efficiency.

Initiatives

- ◆ Putting more efforts into developing and proposing a corrugated-board cushioning material that can replace plastic cushioning material
- ◆ Developing our own production technologies for differentiation, such as to enable production of large-sized products.
- ◆ Putting more efforts into proposing high value added products produced by use of high-definition flexographic printers

Trends in net sales and operating profits



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



▲ Totally paper-made cushioned envelop CC-PACK® featuring flexibility and cushioning achieved using a special material composition



▲ A corrugated-board pad, designed by capitalizing on our overall design capabilities, which can replace plastic cushioning material



▲ Corrugated boxes produced by printing by use of high-definition flexographic printers

Film Packaging Segment

Business environment

- ◆ As societal demand for eco-friendly products grows stronger, the shopping bags used to transport purchases are increasingly becoming plastic-free.
- ◆ Inbound demand for paper-made sanitary products, supported mainly by Chinese tourists, has been weak due to the emergence of local brands and a drop in population. In Japan, high value added products to correspond to narrowly segmented needs have been increasingly focused on in development.
- ◆ In the food products market where competition is intensifying, products in the specialty fields such as health and the environment are actively being developed.

Initiatives

- ◆ Offering beautifully decorated packages by introducing the most advanced high-definition flexographic printers of low environmental impact
- ◆ Focusing on development and sales expansion of flexible paper packaging, the base material of which is paper.

Examples of developed products

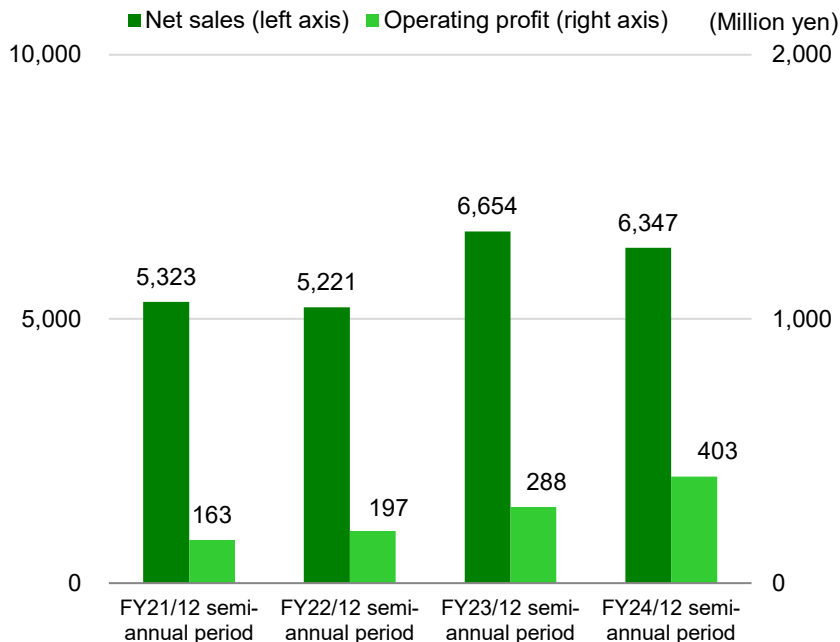


▲ ecoKARA-series films utilizing eggshells

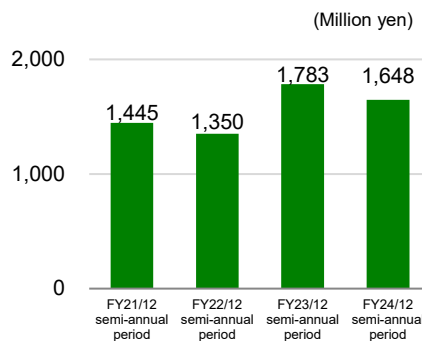


▲ Totally film-free flexible paper packaging with barrier performance

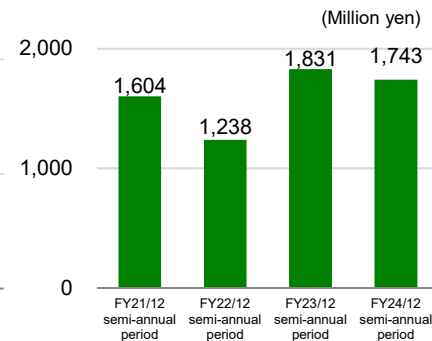
Trends in net sales and operating profits



Trends in net sales of plastic tote bags



Trends in net sales of external packages for disposable diapers



Other Sectors

Business environment

- ◆ Demand for gift-wrapping materials and sales-promotion materials is increasing.
- ◆ Due to growing environmental consciousness, the introduction of sewn packages (eco-friendly bags and gift wrapping), which have high added value and can be reused, is on the increase.
- ◆ Demand for in-store supplies and office supplies used in the department store industry is recovering as department store sales rebound.

Initiatives

- ◆ More effort in proposing sewn products, which incorporate recycled and/or nature-based materials for lower environmental impact
- ◆ Improving the logistics efficiency of PAS (Pack Assortment Service System*) for department stores and specialty stores
* Combined delivery system for miscellaneous and consumable supplies

Examples of eco-friendly sewn products

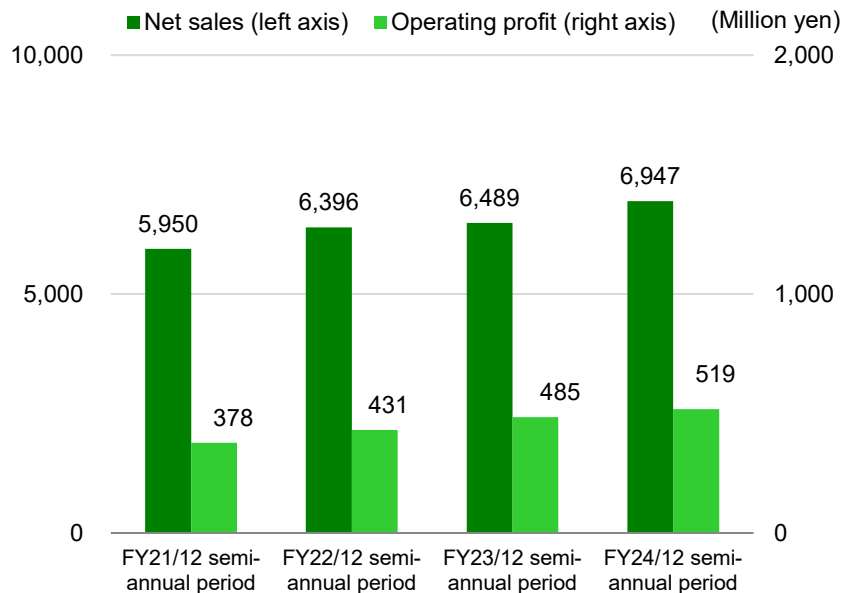


▲ Recycled Tetron Cotton, a material made by recycling materials such as cotton and polyester scraps from factories

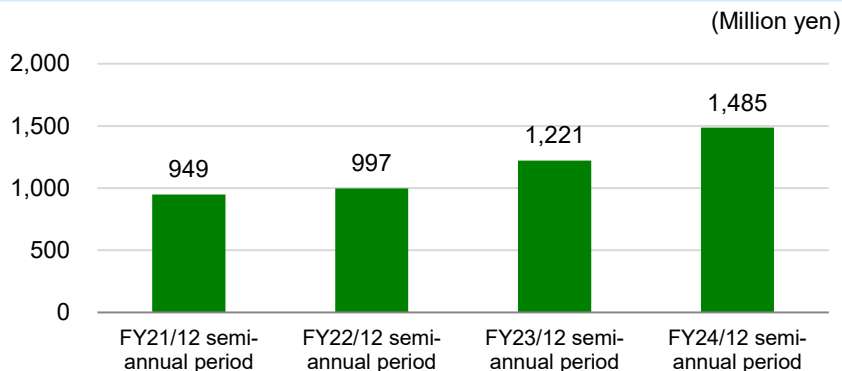


▲ A sewn bag that can be used in three ways as shown above. This bag can be used as gift wrapping and a tote bag, thus encouraging its reuse.

Trends in net sales and operating profits



Trends in net sales of sewn products



Balance Sheet

(Million yen)

| | | Year ended December 31, 2023 | Second quarter of year ending December 31, 2024 |
|--------------------|--|---------------------------------|--|
| | | Actual | Actual |
| Assets | | 98,847 | 98,723 |
| | Current assets | 59,080 | 57,186 |
| | Non-current assets | 39,766 | 41,537 |
| | Property, plant, and equipment | 27,401 | 28,488 |
| | Intangible assets | 2,679 | 3,290 |
| | Investments and other assets | 9,685 | 9,758 |
| Liabilities | | 27,691 | 25,771 |
| | Current liabilities | 26,605 | 24,782 |
| | Non-current liabilities | 1,085 | 988 |
| Net assets | | 71,156 | 72,952 |
| | Shareholders' equity | 68,092 | 69,906 |
| | Accumulated other comprehensive income | 3,018 | 3,020 |
| | Share acquisition rights | 45 | 25 |
| | Non-controlling interests | - | - |

Cash Flow

(Million yen)

| Main items | Second quarter of year ended December 31, 2023 | Second quarter of year ending December 31, 2024 |
|--|---|--|
| | Actual | Actual |
| Cash flows from operating activities | 5,066 | 6,301 |
| Profit before income taxes | 3,129 | 4,381 |
| Depreciation | 1,014 | 1,006 |
| Cash flows used in investment activities | -5,413 | -97 |
| Purchase of property, plant, and equipment | -4,351 | -1,958 |
| Purchase of intangible assets | -1,465 | -635 |
| Purchase of investment securities | -18 | -519 |
| Proceeds from sales of investment securities | 6 | 802 |
| Cash flows used in financing activities | -703 | -2,084 |
| Cash dividends paid | -664 | -1,046 |
| Cash and cash equivalents at end of period | 17,719 | 22,210 |

- ◆ Cash flows used in investing activities resulted in net cash flow used that is lower than that in investing activities due to an increase in proceeds from sales of investment securities and a decrease in expenditure for purchase of property, plant, and equipment and purchase of intangible assets.
- ◆ The amount of expenditure increased due to an increase in deposits for purchase of treasury shares and purchase of treasury shares.

2. Forecast of Business Results for the Year Ending December 31, 2024

(no revisions)



Forecasts of Business Results

The highest-ever year-end net sales and profit are forecast

(Million yen)

| | Year ended December 31, 2023 | Year ending December 31, 2024 | |
|--|---------------------------------|----------------------------------|---------------------|
| | Actual | Forecasts of Business Results | Forecast YoY change |
| Net sales | 97,714 | 101,000 | 3.4% |
| Operating profit | 7,743 | 8,100 | 4.6% |
| Ordinary profit | 8,063 | 8,400 | 4.2% |
| Profit attributable to owners of parent | 5,652 | 6,400 | 13.2% |
| Basic earnings per share (yen) | 297.07 | 336.27 | 13.2% |
| Dividend per share (yen) | 90.0 | 118.0 | 31.1% |

- ◆ Net sales is forecast to exceed 100 billion yen for the first time.
- ◆ The lineup of paper cartons will be expanded; sales of paper cartons is thus expected to grow together with sales of paper bags. Our goal is to increase both net sales and profit by proactively offering proposals of solutions that address social issues such as environmental impact reduction and labor shortages.

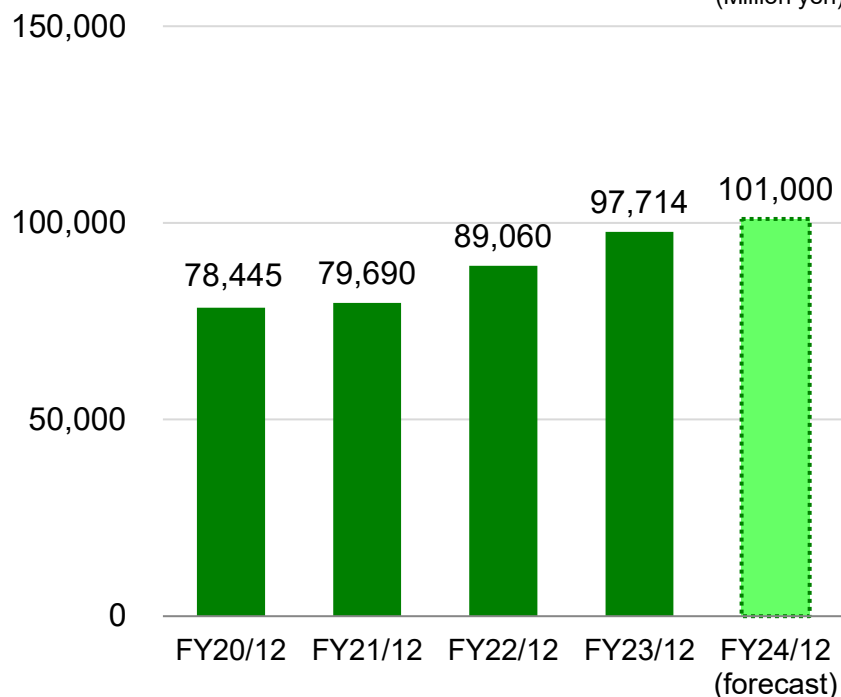
Trends in Consolidated Business Results

(Million yen)

| | Year ended December 31, 2020 | Year ended December 31, 2021 | Year ended December 31, 2022 | Year ended December 31, 2023 | Forecast for year ending December 31, 2024 |
|------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|--|
| Net sales | 78,445 | 79,690 | 89,060 | 97,714 | 101,000 |
| Operating profit | 3,275 | 4,144 | 5,972 | 7,743 | 8,100 |

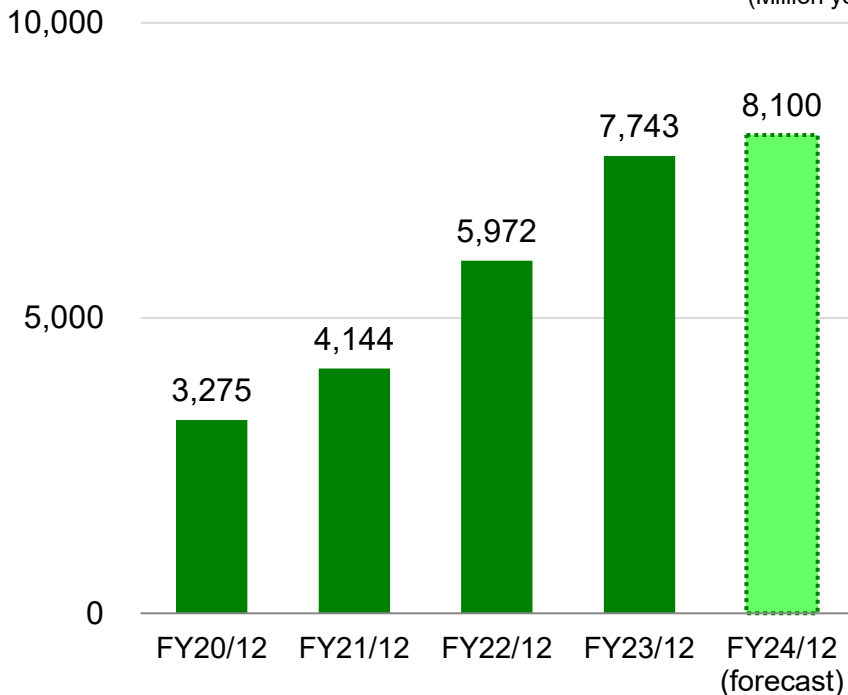
Trends in net sales

(Million yen)



Trends in operating profit

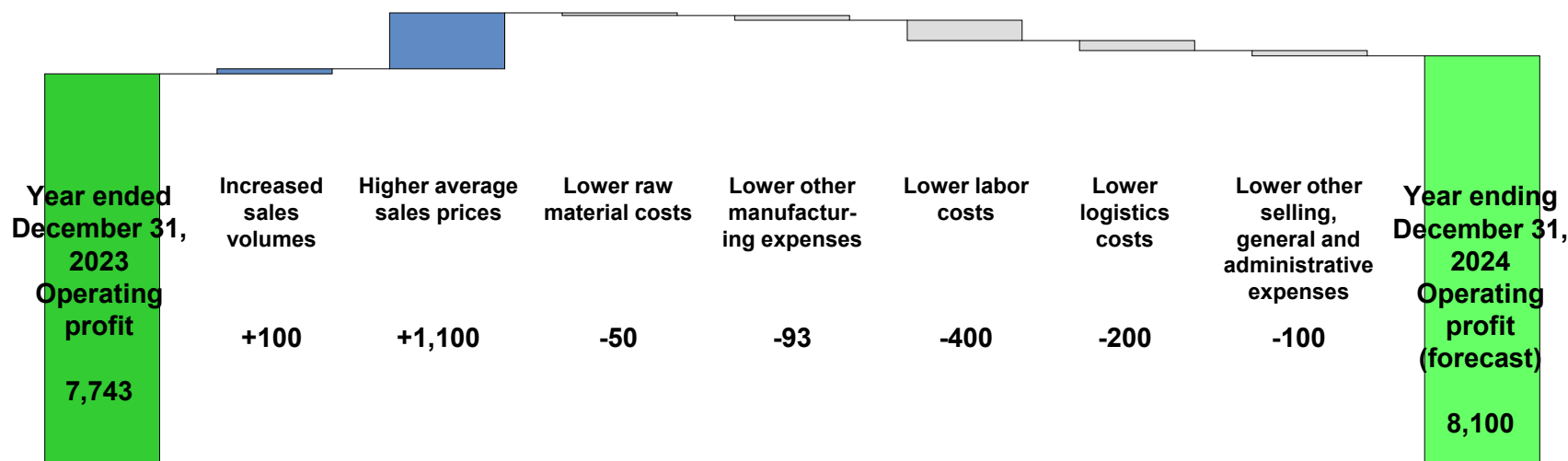
(Million yen)



Major Factors Underlying Projected Changes in Operating Profit

Efforts to strengthen sales of paper products are expected to boost profits.

(Million yen)



- ◆ Sales volumes are expected to grow through cultivation of new markets and new demand by expanding and enhancing product lineups, particularly paper products.
- ◆ Average sales prices are expected to increase through proactive proposals for eco-friendly products, such as paper-based materials, and high value added products.
- ◆ Labor costs are expected to rise due mainly to workforce expansion and wage increases.

3. Progress on Sustainable Management



Progress on Sustainable Management

Materiality KPIs

◆ Five KPIs were established with a goal of achieving these KPIs by FY2030. The following shows action plans and actual results for the past four years:

| Materiality | KPIs and action plans | Targets for FY2030 and actual results for the past four years | | | | | | | | | | | | |
|---|--|--|-------------|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|
| Promoting eco-friendly product planning and technological development | <ul style="list-style-type: none">◆ Increasing the proportion of net sales^{*1} of FSC® products (paper bags, paper cartons, and corrugated boxes) to 50% or more• Putting more efforts into proposals for the shift to paper packaging• Increasing the number of FSC® certified suppliers• Accelerating development of new paper-based materials and products <p>^{*1} Net sales = the whole Paper Products segment of The Pack Corporation on a non-consolidated basis (FSC® C020517)</p> | <table><thead><tr><th>Fiscal Year</th><th>Proportion of Net Sales (%)</th></tr></thead><tbody><tr><td>FY2020</td><td>10.8%</td></tr><tr><td>FY2021</td><td>13.2%</td></tr><tr><td>FY2022</td><td>17.4%</td></tr><tr><td>FY2023</td><td>20.2%</td></tr><tr><td>FY2030</td><td>KPI 50.0%</td></tr></tbody></table> | Fiscal Year | Proportion of Net Sales (%) | FY2020 | 10.8% | FY2021 | 13.2% | FY2022 | 17.4% | FY2023 | 20.2% | FY2030 | KPI 50.0% |
| Fiscal Year | Proportion of Net Sales (%) | | | | | | | | | | | | | |
| FY2020 | 10.8% | | | | | | | | | | | | | |
| FY2021 | 13.2% | | | | | | | | | | | | | |
| FY2022 | 17.4% | | | | | | | | | | | | | |
| FY2023 | 20.2% | | | | | | | | | | | | | |
| FY2030 | KPI 50.0% | | | | | | | | | | | | | |
| Reducing environmental impact throughout our business activities | <ul style="list-style-type: none">◆ Reducing CO₂ emissions (Scopes 1+2) by 46% from the level of FY2018 (16,662 tons in FY2018 to a target of 8,997 tons in FY2030)• Switching to machines with high energy efficiency• Shifting to renewable energy for power used (including purchase of renewable energy)• Expanding the use of solar panels | <table><thead><tr><th>Fiscal Year</th><th>CO₂ Emissions (tons)</th></tr></thead><tbody><tr><td>FY2020</td><td>14,914</td></tr><tr><td>FY2021</td><td>14,894</td></tr><tr><td>FY2022</td><td>15,399</td></tr><tr><td>FY2023</td><td>16,756</td></tr><tr><td>FY2030</td><td>KPI 8,997</td></tr></tbody></table> | Fiscal Year | CO ₂ Emissions (tons) | FY2020 | 14,914 | FY2021 | 14,894 | FY2022 | 15,399 | FY2023 | 16,756 | FY2030 | KPI 8,997 |
| Fiscal Year | CO ₂ Emissions (tons) | | | | | | | | | | | | | |
| FY2020 | 14,914 | | | | | | | | | | | | | |
| FY2021 | 14,894 | | | | | | | | | | | | | |
| FY2022 | 15,399 | | | | | | | | | | | | | |
| FY2023 | 16,756 | | | | | | | | | | | | | |
| FY2030 | KPI 8,997 | | | | | | | | | | | | | |

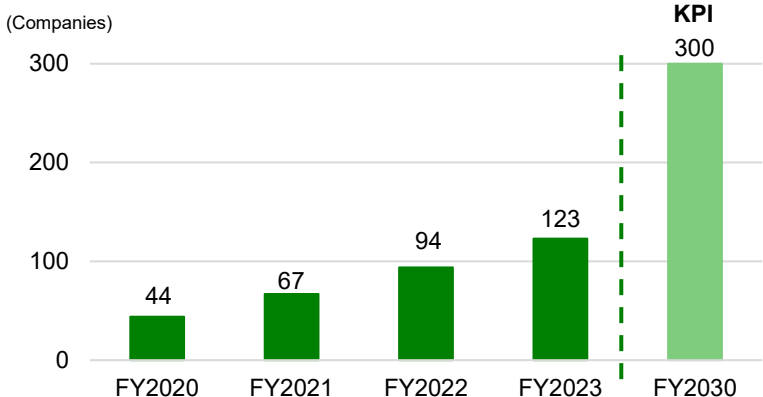
Progress on Sustainable Management

Materiality KPIs

| Materiality | KPIs and action plans | Targets for FY2030 and actual results for the past four years | | | | | | | | | | | | | | | | | | |
|--|---|---|-------------|-------------------------------|---------------------------------|--------|--------|------|--------|------|--------|--------|--------|-------|--------|---|-----|--------|----|-----|
| Contributing to environmental conservation and preservation | <ul style="list-style-type: none">◆ Increasing the number of The Pack Forest® Environment Fund activities per year to 15 and the number of participants to 500• Increasing the number of activities by finding new locations for conducting activities• Making more publicity efforts to local residents and inviting general participants• Strengthening customer invitation activities | <table><thead><tr><th>Fiscal Year</th><th>Number of activities per year</th><th>Number of participants per year</th></tr></thead><tbody><tr><td>FY2020</td><td>0</td><td>0</td></tr><tr><td>FY2021</td><td>0</td><td>0</td></tr><tr><td>FY2022</td><td>4</td><td>111</td></tr><tr><td>FY2023</td><td>9</td><td>253</td></tr><tr><td>FY2030</td><td>15</td><td>500</td></tr></tbody></table> | Fiscal Year | Number of activities per year | Number of participants per year | FY2020 | 0 | 0 | FY2021 | 0 | 0 | FY2022 | 4 | 111 | FY2023 | 9 | 253 | FY2030 | 15 | 500 |
| Fiscal Year | Number of activities per year | Number of participants per year | | | | | | | | | | | | | | | | | | |
| FY2020 | 0 | 0 | | | | | | | | | | | | | | | | | | |
| FY2021 | 0 | 0 | | | | | | | | | | | | | | | | | | |
| FY2022 | 4 | 111 | | | | | | | | | | | | | | | | | | |
| FY2023 | 9 | 253 | | | | | | | | | | | | | | | | | | |
| FY2030 | 15 | 500 | | | | | | | | | | | | | | | | | | |
| Promoting diverse work styles that encourage all employees to thrive | <ul style="list-style-type: none">◆ Increasing the percentage of women managers (section manager or above) to 15% or more• Increasing the percentage of women in university graduate recruits to 35% or more• Establishing systems and environments that allow women to work for many years | <table><thead><tr><th>Fiscal Year</th><th>Percentage of women managers</th></tr></thead><tbody><tr><td>FY2020</td><td>5.3%</td></tr><tr><td>FY2021</td><td>4.9%</td></tr><tr><td>FY2022</td><td>6.7%</td></tr><tr><td>FY2023</td><td>6.3%</td></tr><tr><td>FY2030</td><td>15.0%</td></tr></tbody></table> | Fiscal Year | Percentage of women managers | FY2020 | 5.3% | FY2021 | 4.9% | FY2022 | 6.7% | FY2023 | 6.3% | FY2030 | 15.0% | | | | | | |
| Fiscal Year | Percentage of women managers | | | | | | | | | | | | | | | | | | | |
| FY2020 | 5.3% | | | | | | | | | | | | | | | | | | | |
| FY2021 | 4.9% | | | | | | | | | | | | | | | | | | | |
| FY2022 | 6.7% | | | | | | | | | | | | | | | | | | | |
| FY2023 | 6.3% | | | | | | | | | | | | | | | | | | | |
| FY2030 | 15.0% | | | | | | | | | | | | | | | | | | | |

Progress on Sustainable Management

Materiality KPIs

| Materiality | KPIs and action plans | Targets for the fiscal year ending March 31, 2030 and actual results for the past four years | | | | | | | | | | | | |
|--|---|--|-------------|---------------------|--------|----|--------|----|--------|----|--------|-----|------------|-----|
| Co-creating brand value with our customers | <p>◆ Increasing the number of companies*² supporting The Pack Forest? Environment Fund to 300</p> <ul style="list-style-type: none">• Enhancing tools for activity introduction and inviting companies to support activities <p>^{*2} Companies that have a record of sales are counted.</p> | <p>(Companies)</p>  <table><thead><tr><th>Fiscal Year</th><th>Number of Companies</th></tr></thead><tbody><tr><td>FY2020</td><td>44</td></tr><tr><td>FY2021</td><td>67</td></tr><tr><td>FY2022</td><td>94</td></tr><tr><td>FY2023</td><td>123</td></tr><tr><td>KPI FY2030</td><td>300</td></tr></tbody></table> | Fiscal Year | Number of Companies | FY2020 | 44 | FY2021 | 67 | FY2022 | 94 | FY2023 | 123 | KPI FY2030 | 300 |
| Fiscal Year | Number of Companies | | | | | | | | | | | | | |
| FY2020 | 44 | | | | | | | | | | | | | |
| FY2021 | 67 | | | | | | | | | | | | | |
| FY2022 | 94 | | | | | | | | | | | | | |
| FY2023 | 123 | | | | | | | | | | | | | |
| KPI FY2030 | 300 | | | | | | | | | | | | | |

Initiatives to enhance engagement of stakeholders

| | |
|----------------------------|--|
| Shareholders and investors | <ul style="list-style-type: none"> Proactively conducting individual IR discussions and providing the Packaging Laboratory guide tours Enhancing English disclosure documents (such as Business Results, Annual Securities Reports, and Briefing Materials on Business Results) Publishing Integrated Report 2024 |
| Customers | <ul style="list-style-type: none"> Publishing Sustainability Report 2024 Offering a proposal on support of The Pack Forest? Environment Fund |
| Business partners | <ul style="list-style-type: none"> Holding quality control meetings and lectures for business partners |
| Employees | <ul style="list-style-type: none"> Conducting training (such as DX training and tiered training) Improving the employment conditions of post-retirement employees |
| Local communities | <ul style="list-style-type: none"> Reducing environmental impacts (such as information disclosure according to TCFD and switching to renewable energy) |

Progress on Sustainable Management

Initiatives to enhance engagement of stakeholders

◆ Publishing Integrated Report 2024 (in July 2024)

We have edited this report to communicate the value creation story of The Pack Group to a wide range of stakeholders, including shareholders and investors.

The composition of contents was arranged to allow readers to grasp the whole picture of The Pack Group.

The report is available on the following web pages.

- The Japanese version:
https://www.thepack.co.jp/dcms_media/other/integratedreport2024.pdf
- The English version:
https://www.thepack.co.jp/dcms_media/other/integratedreport2024en.pdf



◆ Publishing Sustainability Report 2024 (in July 2024)

We have changed the name of CSR Reports published to date. We have edited this report to communicate to stakeholders the details of initiatives we are conducting to create a sustainable society and enhance our corporate value.

This report focuses particularly on our environmental and social activities.

- The Japanese version:
https://www.thepack.co.jp/dcms_media/other/sustainabilityreport2024.pdf
- The English version:
https://www.thepack.co.jp/dcms_media/other/sustainabilityreport2024en.pdf



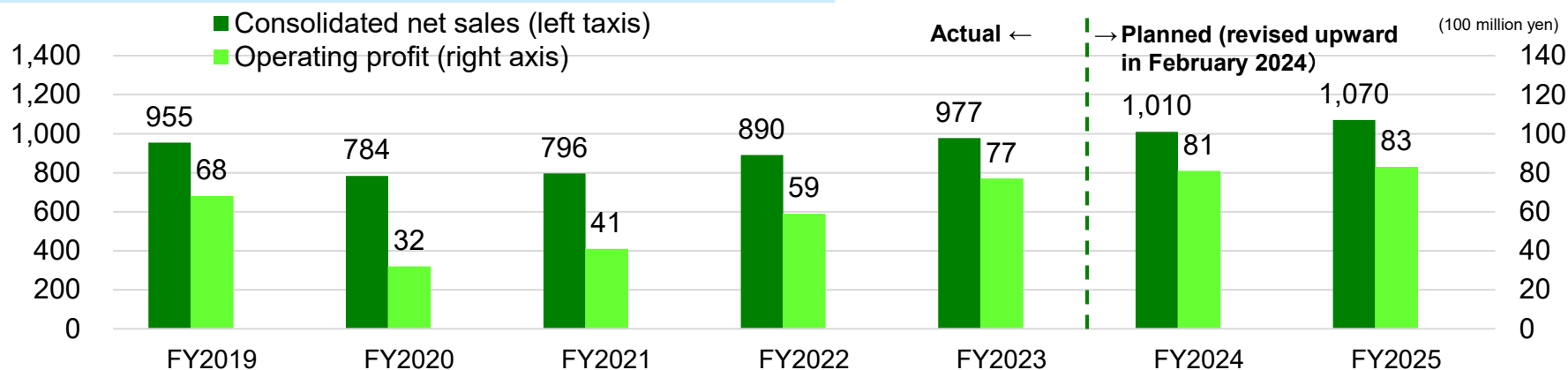
4. Progress on the Medium-Term Management Plan



Quantitative Progress on the Medium-Term Management Plan

| Slogan | Evolution—Start of purpose-based management and Sustainable Management |
|---|---|
| FY2025 targets *Revised upward in February 2024 | Consolidated net sales: 107.0 billion yen; operating profit: 8.3 billion yen ROE: 8% or higher; ROIC: 8% or higher |

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



| | FY2023 | | | FY2024 | | |
|--|---------------------|-------------------|----------------------|---------------------|--------------------|----------------------|
| | Semi-annual, actual | Full-year, actual | Semi-annual progress | Semi-annual, actual | Full-year, planned | Semi-annual progress |
| Consolidated net sales | 449 | 977 | 45.9% | 466 | 1,010 | 46.1% |
| Operating profit | 30 | 77 | 38.9% | 35 | 81 | 43.2% |
| Ratio of operating profit to net sales | 6.7% | 7.9% | - | 7.5% | 8.0% | - |

Quantitative Progress on the Medium-Term Management Plan

Overview

- ◆ Actual results have been favorably progressing toward the planned figures for FY2024
 - ◇ The growth of paper bags and paper cartons and in the food products market contributed to the results of the semi-annual period under review.
 - ◇ While market environments and demand for certain product categories remain uncertain, we expect to achieve the planned full-year figures.

Quantitative target by market

(100 million yen)

| | FY2023 semi-annual, actual | FY2023 full-year, actual | Semi-annual progress | FY2024 semi-annual, actual | FY2024 full-year, actual | Semi-annual progress |
|---------------------------------------|----------------------------|--------------------------|----------------------|----------------------------|--------------------------|----------------------|
| Food products (*) | 121 | 282 | 42.9% | 133 | 300 | 44.3% |
| e-commerce, mail order, logistics (*) | 70 | 147 | 47.6% | 74 | 155 | 47.7% |
| General distribution, retail, etc. | 258 | 548 | 47.1% | 259 | 555 | 46.6% |
| Total | 449 | 977 | 46.0% | 466 | 1,010 | 46.1% |

(*) The “food products” and “e-commerce, mail-order, logistics” markets were defined in consideration of the businesses of customers and the purposes of their use of products.

Quantitative target by product category

(100 million yen)

| | FY2023 semi-annual, actual | FY2023 full-year, actual | Semi-annual progress | FY2024 semi-annual, actual | FY2024 full-year, actual | Semi-annual progress |
|------------------|----------------------------|--------------------------|----------------------|----------------------------|--------------------------|----------------------|
| Paper bags | 130 | 297 | 43.7% | 143 | 310 | 46.1% |
| Paper cartons | 113 | 250 | 45.2% | 121 | 265 | 45.6% |
| Corrugated boxes | 63 | 125 | 50.4% | 59 | 125 | 47.2% |
| Film packaging | 67 | 138 | 48.6% | 63 | 135 | 46.7% |
| Other | 76 | 168 | 45.2% | 80 | 175 | 45.7% |
| Total | 449 | 977 | 46.0% | 466 | 1,010 | 46.1% |

Progress on Growth Strategies in the Food Products Market

Quantitative progress

(Million yen)

| FY2023 semi-annual, actual | FY2024 | | FY2025 target |
|----------------------------------|------------------------|----------------------|------------------|
| | Semi-annual, actual | Full-year planned | |
| 121 | 133 | 300 | 320 |

◆ Sales expansion of primary containers for food products and efforts related to paper trays and molded pulp containers

(Million yen)

| | FY2023 semi-annual, actual | FY2024 semi-annual, actual | YOY change |
|---|----------------------------|----------------------------|------------|
| All paper cartons in the food products market | 66.3 | 73.0 | 10.1% |
| Primary containers for food products | 34.5 | 41.7 | 20.9% |
| (Reference) Paper bags in the food products market | 33.5 | 35.7 | 6.6% |

- Taking advantage of the ongoing shift to paper, we're striving to increase the number of orders received and to further expand our market reach.
- We will focus on development and validation in response to growth in numbers of projects requiring high functionality and high quality.
- Capital investments are advancing as planned. We are striving to begin operations contributing to business results earlier than originally planned.

Enhancing customer and industry recognition by showcasing products at exhibitions

<Showcasing at FABEX 2024>

- Our products were showcased at FABEX Tokyo 2024 held at Tokyo Big Sight (Tokyo International Exhibition Center) (April 10 to 12, 2024).
- This exhibition provided an opportunity to demonstrate the appeal of our packages and planning capabilities for the food products market at a venue where companies and buyers in the food service and home meal replacement industry gather. It led to lively business negotiations.



Overview of Progress

◆ All figures are trending up due to favorable progress on initiatives.

- ◇ The number of orders received has increased following efforts to expand sales of developed products and promote cross-sales of products and peripheral services.
- ◇ Capital investments related to products for the food products market have increased steadily.

◆ Sales expansion and cross-selling of film packaging

(Million yen)

| * For food products market only | FY2023 semi-annual, actual | FY2024 semi-annual, actual | YOY change |
|---------------------------------|----------------------------|----------------------------|------------|
| Film packaging | 6.5 | 7.0 | 7.7% |

- In this segment, strengths in original high value added products, design proposals, and cross-selling with other products have boosted net sales.
- We intend to expand sales activities across Japan and to expand into food product areas beyond the confectionery industry.

◆ Developing materials and processes that help reduce environmental impact and expanding sales of FSC® products (FSC® C020517)

(Million yen)

| * For food products market only | FY2023 semi-annual, actual | FY2024 semi-annual, actual | YOY change |
|---------------------------------|----------------------------|----------------------------|------------|
| FSC® products | 22.7 | 25.9 | 14.1% |

- We will continue to develop PFAS-free materials, plastic-free materials, and the corresponding new processes.

◆ Promoting proposals for solutions that contribute to labor savings, efficiency, and automation

- A setup base in Kanagawa Prefecture, which began operating in 2023, has recently launched full-scale operations and has begun receiving satisfactory order volumes.
- We are preparing to establish another setup base in western Japan and plan to bring it online during FY2024.

Photo: Setup base in Kanagawa Prefecture



Progress on Growth Strategies in the e-commerce, Mail Order, and Logistics Industries

Quantitative progress

(Million yen)

| FY2023 semi-annual, actual | FY2024 | | FY2025 target |
|----------------------------------|------------------------|----------------------|------------------|
| | Semi-annual, actual | Full-year planned | |
| 70 | 74 | 154 | 180 |

◆ Enhancing sales efforts for delivery bags designed to contribute to transportation efficiency at customer sites.

(Million yen)

| | FY2023 semi-annual, actual | FY2024 semi-annual, actual | YOY change |
|--------------------------|----------------------------|----------------------------|------------|
| Paper delivery bags | 3.5 | 5.9 | 68.6% |
| Other delivery materials | 3.7 | 4.4 | 18.9% |

- Backed by market demand, sales expansion efforts have paid off and led to the acquisition of new customers, primarily major companies.
- Capital investments in eastern Japan expanded our supply capacity in this area due to high demand.
- We are working to cultivate overseas suppliers and to strengthen competitiveness through technological partnerships.
- We will continue to make capital investments for the purpose of building a diverse lineup of products.

◆ Continuing to expand sales of reinforced corrugated boxes for heavy articles

(Million yen)

| | FY2023 semi-annual, actual | FY2024 semi-annual, actual | YOY change |
|-----------------------------|----------------------------|----------------------------|------------|
| Reinforced corrugated boxes | 5.5 | 4.7 | -14.5% |

- While current demand in this market appears weak, our sustained sales efforts are currently targeting customers by highlighting our internal design and proposal capabilities.

Overview of Progress

- ◆ We have received significant orders for delivery bags, a product area in which we have special strengths. This has been a driving force behind our growth in this market.
 - ◇ Capital investments in paper delivery bags and thin delivery boxes expanded our supply capacity.
 - ◇ Active R&D and sales activities have been conducted to response to demand for labor saving, automation, and efficiency enhancement.

◆ Development and sales expansion for materials and processes for automatic packaging

◆ We plan to exert greater effort into proposals that contribute to labor savings.

- Inquiries are growing not just from the logistics industry, but from manufacturers.
- Initiatives involving the transition to plastic-free materials in automatic packaging have made steady progress.
- We showed successful results in which we paired a product with the design of an automation line.



Paper delivery bag automatic packaging machine



Illustration of paper delivery bag processed by the machine

Enhancing customer and industry recognition by showcasing products at exhibitions

<Scheduled showcasing at TOKYO PACK 2024 (Tokyo International Packaging Exhibition)>

- Our products will be showcased at TOKYO PACK 2024 held at Tokyo Big Sight (Tokyo International Exhibition Center) (October 23 to 25, 2024).
- This exhibition, an opportunity to expand our presence in this industry, will introduce our automatic packaging machines, which have plastic-free specifications, at a venue that attracts companies and buyers who have been successful in various fields and are interested in packaging materials, containers, packaging machines, and related services.



(Reference) The Pack's booth at the Japan Pack 2023

Progress on Growth Strategies in the General Distribution Sector, the Retail Sector, and Other Sectors

Quantitative progress

(Million yen)

| FY2023 semi-annual, actual | FY2024 | | FY2025 target |
|----------------------------------|------------------------|----------------------|------------------|
| | Semi-annual, actual | Full-year planned | |
| 258 | 259 | 556 | 570 |

◆ Promoting additional proposals that would expand market share for paper bags and promote the shift to paper

(Million yen)

| General distribution sector, retail sector, and other sectors | FY2023 semi- annual, actual | FY2024 semi- annual, actual | YOY change |
|---|--------------------------------|--------------------------------|------------|
| Paper bags | 68.0 | 71.0 | 4.4% |
| (Reference) Film packaging | 39.2 | 36.2 | -7.7% |

- Although the scope may vary, projects related to the shift to paper have led to continuous expressions of interest throughout the current period. We have been receiving orders at a favorable pace.
- Our product lineups and supply systems proved sufficient to respond to growth in inbound demand.
- We have promoted sales of high value added products in response to demand for paper bags for events and sales promotions.
- Large-scale investment in high-definition printers expanded our production capabilities.

◆ Cultivating ASEAN sales channels

- We plan to build supply chains optimized for the corresponding regions.
- We will make efforts to acquire access to trading zones through global companies, particularly in the luxury industry and the apparel industry.
- We will help Japanese companies export packages to Asian markets.

Overview of Progress

- ◆ Sales strategies and supply systems have met the challenges posed by changing market environments.
 - ◇ The distribution and retail sector have shown strong performance thanks to inbound tourism, etc. Sales of event products and high value added products have increased.
 - ◇ Improvements in productivity and production capacity attributable to capital investments to increase paper bag production capacity have progressed favorably.

◆ Promoting social contributions alongside customers (The Pack Forest® Environment Fund)

| | FY2023 actual | FY2024 semi- annual, actual | FY2030 target |
|--|---------------|--------------------------------|---------------|
| Number of activities per year (times) | 9 | 5 | 15 |
| Number of participants (persons) | 253 | 124 | 500 |
| Number of customers (persons) | 65 | 25 | - |

- Due to growing awareness of the need to make environmental and social contributions, customers have begun to see the Fund as an opportunity for them to actively participate.

Enhancing customer and industry recognition by showcasing products at exhibitions

<Showcasing at the 14th COSME Tech 2024 Tokyo>

- Our products were showcased at the 14th COSME Tech 2024 Tokyo held at Tokyo Big Sight (Tokyo International Exhibition Center) (January 17 to 19, 2024).
- This exhibition was an opportunity for us to demonstrate the appeal of our high value added products, our wide range of paper packages, and our planning and proposal capabilities at an event that attracts companies and buyers related to cosmetics-related business products.
- Our efforts led to several business negotiations and deals.



Progress on Human Capital Strategy

Overview

- ◆ We have taken initiatives to secure and draw the maximum value from human resources that support Company growth.
 - ◇ Revised systems and wage increases have improved employment conditions.
 - ◇ We enhanced existing human resources development programs and added new programs.

Securing diverse human resources

| | FY2023 semi-annual, actual | FY2024 semi-annual, actual |
|---------------------------------|----------------------------|----------------------------|
| Career hires | 29 | 19 |
| Referrals and “comeback” hiring | 8 | 5 |

Creating better working environments

- Improving the employment conditions of non-permanent employees
Revising rules regarding wages for post-retirement employees
We're seeking to strengthen the motivation of employees of all generations.

Human resource development

- We provide educational programs, including newly introduced programs suited to different levels.
Training provided before and during the semi-annual period of FY2024:
Pre-employment training, new employee training, section manager skills training, among others
- ◆ Workplace improvement training (new)
Targeting enhanced workplace communication and harassment prevention, all participants work mutually to create an employee-friendly environment by participating in group work and talking to group members.
- ◆ DX training (the second term)
FY2023: Fostering the mindset of a non-IT specialist; discovering DX human resources (Around 700 people)
FY2024: Developing the human resources discovered; a program to output results (ongoing) (around 150 people)
- ◆ Efforts to develop the capacity to produce total solutions concerning packages
Study meetings are held to share the knowledge needed to sell ever-changing products and processes that grow increasingly complex. In addition, we are developing and providing applications and video tools.



Enhancing employee engagement

- Consecutive wage increases FY2024 5.50% on average
(FY2023 5.01% on average)
- We encourage employees to join the employee stock ownership program and aim to increase awareness of management participation opportunities. We grant transfer-restricted share-based incentives under the employee stock ownership program.

Personnel planning

| | Actual number of participants as of December 31, 2023 | Actual number of participants as of June 30, 2024 | Rate of growth | FY2025 planned |
|--|---|---|----------------|----------------|
| Personnel planning for all workers including permanent employees, contract employees, and part-time workers. | 1,836 persons | 1,866 persons | 56.1% | 1,920 persons |

- Additional workers will be placed in sections involved in strengthening the sales force.

Progress with Financial Strategies

Overview

- ◆ We have taken various initiatives to enhance growth potential and corporate value.
 - ◇ We have made steady progress with facility reinforcement plans centering on paper bags and paper cartons for the food products market.
 - ◇ We are purchasing treasury shares as planned to increase shareholder returns and have published an integrated report.

Capital investments

| | | (Million yen) | | | |
|---|---|-------------------------------|------------------|----------------------------|-------------------------------|
| | | Initial plan (FY2023-2025) | FY2023 actual | Planned for FY2024-2025 | FY2024 semi-annual, actual |
| Strategic investments | Reinforcing the capacity to produce paper cartons | 20.0 | 7.9 | 16.6 | 2.3 |
| | Reinforcing the capacity to produce paper bags | 30.0 | 7.8 | 20.7 | 11.7 |
| | Streamlining or labor savings | 11.0 | 1.2 | 9.6 | 0.8 |
| | Energy or resource savings | 2.0 | 0.4 | 1.5 | 0.0 |
| | Other | 2.0 | 0.1 | 0.8 | 0.5 |
| | Total strategic investments | 65.0 | 17.4 | 49.2 | 15.3 |
| Maintaining plant facilities | | 20.0 | 5.6 | 12.0 | 1.5 |
| Land acquisition | Plant site near Osaka Plant | - | 19.0 | - | 0.0 |
| | Plant site near Tokyo Plant | - | 3.8 | - | 0.0 |
| Reconstruction of headquarters building | | | 10.0 | - | - |
| Total | | 85.0 | 55.8 | 61.2 | 16.8 |

M&A

- We are pursuing studies on two fronts: enhancing and expanding core businesses; and expanding business domains.

Renovations of the backbone system

- Investments to renovate the backbone system are scheduled for FY2025.
We will optimize the deployment of management resources while enhancing operations and management efficiency.

| | (Million yen) | | |
|---|-------------------|----------------------------|------------------------|
| | FY2024 planned | FY2024 semi-annual, actual | FY2023-2025 planned |
| Amount invested to renovate the backbone system | 10 | 5.4 | 20 |

Human resource investments

- We will continue to invest proactively in hiring human resources, implementing wage increases, and developing human resources (e.g., training) in the current fiscal year.

Returns to shareholders

- We will purchase treasury shares under the annual upper limit of purchase set to one billion yen.
Actual results for the FY2024 January-June period Around 0.33 billion yen
We will purchase treasury shares as planned by the end of FY2024.
- Dialogue with investors and shareholders
We have released the Integrated Report to further understanding of the Company.

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 |
| 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 | 1,206 consolidated, 869 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 10.98%, The Master Trust Bank of Japan (trust account) 7.11%, partner companies' stock ownership program 6.63%, BBH for Fidelity Low-Priced Stock Fund (principle all-sector sub-portfolio) 5.55%, Custody Bank of Japan (trust account) 5.14%, Custody Bank of Japan (trust account 4) 4.62%, Custody Bank of Japan (Resona re-trust account/Hokuetsu Corporation retirement benefits trust account) 3.73%, Daio Paper Corporation 3.02%, MUFG Bank 2.61% |

(As of June 30, 2024)

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



Offset printing machine

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

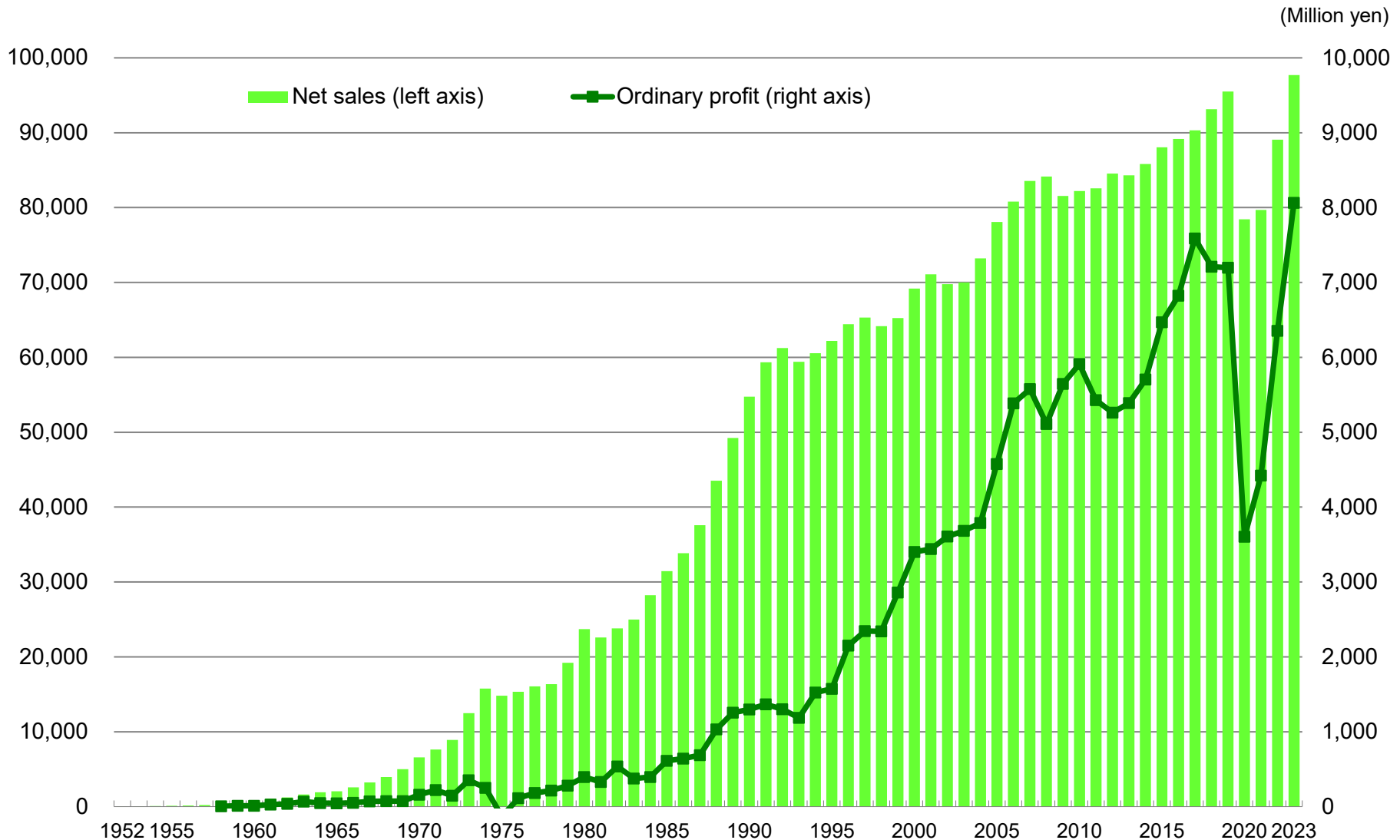


U.S. consolidated
subsidiary

The Pack America
Corporation



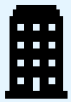
Trends in Net Sales and Ordinary Profit (Consolidated) from the Company's Founding (1952) through 2023



Distribution Structure for Major Products

Consumers

Main buyers



Department stores



Convenience stores



Supermarkets and drug stores



Apparel



Pharmaceuticals and cosmetics



Sundries



Food products



Home electronics and home installations



e-commerce (mail order)

etc.

 **THE PACK CORPORATION**



Raw materials makers



Paper, fabric, plastic film



Ink



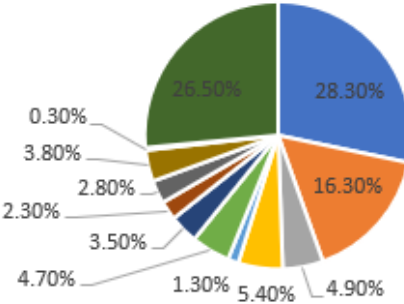




Adhesive

Other parts and materials

etc.

The Pack's Strengths (1)

| Strength | Specifics | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|----------|------------|---------------|--------|---------|--------|-------------------|--------|------------------------------|-------|----------|-------|---------------------------|-------|------------|-------|-----------|-------|---|-------|-------------------------------|-------|-------|-------|
| <p data-bbox="85 289 425 382">1. A wide-ranging customer base</p>  <p data-bbox="104 832 309 918">Apparel and other goods</p>  <p data-bbox="104 1289 309 1325">e-commerce</p> | <p data-bbox="608 285 1033 354">◆ Transaction counterparties: approx. 14,000 companies</p> <p data-bbox="701 368 1290 539">Food products, department stores, specialty stores, large retailers, general retailers, convenience stores, fast food, apparel, home electronics manufacturers, e-commerce, etc.</p> <p data-bbox="608 575 1197 696">⇒ <u>A customer base resistant to the negative effects of downturns in specific industries</u></p> <div data-bbox="1130 661 1845 796">  <p data-bbox="1609 275 1845 304">(As of June 30, 2024)</p> <table border="1"> <thead> <tr> <th>Industry</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Food products</td> <td>26.50%</td> </tr> <tr> <td>Apparel</td> <td>28.30%</td> </tr> <tr> <td>Department stores</td> <td>16.30%</td> </tr> <tr> <td>Supermarkets and drug stores</td> <td>4.90%</td> </tr> <tr> <td>Sundries</td> <td>5.40%</td> </tr> <tr> <td>e-commerce (mail order) *</td> <td>1.30%</td> </tr> <tr> <td>Automotive</td> <td>4.70%</td> </tr> <tr> <td>Life care</td> <td>3.50%</td> </tr> <tr> <td>Home electronics and home installations</td> <td>2.30%</td> </tr> <tr> <td>Pharmaceuticals and cosmetics</td> <td>3.80%</td> </tr> <tr> <td>Other</td> <td>0.30%</td> </tr> </tbody> </table> </div>  <p data-bbox="768 1289 1004 1325">Food products</p>  <p data-bbox="1420 1289 1767 1325">Consumer industries</p> | Industry | Percentage | Food products | 26.50% | Apparel | 28.30% | Department stores | 16.30% | Supermarkets and drug stores | 4.90% | Sundries | 5.40% | e-commerce (mail order) * | 1.30% | Automotive | 4.70% | Life care | 3.50% | Home electronics and home installations | 2.30% | Pharmaceuticals and cosmetics | 3.80% | Other | 0.30% |
| Industry | Percentage | | | | | | | | | | | | | | | | | | | | | | | | |
| Food products | 26.50% | | | | | | | | | | | | | | | | | | | | | | | | |
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| Pharmaceuticals and cosmetics | 3.80% | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | 0.30% | | | | | | | | | | | | | | | | | | | | | | | | |

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> |



The Pack's Strengths (2)

■ The Packaging Laboratories

We operate three permanent showrooms—Tokyo, Osaka, and Fukuoka—which each feature a focus on packages.

Exhibiting collections of packages from around the world, these showrooms help visitors grasp packaging trends and determine the specifications for their packages. Each year, the Packaging Laboratories welcome some 2,300 visitors from some 1,200 companies.



Packaging Laboratory Tokyo



Packaging Laboratory Osaka



Packaging Laboratory Fukuoka



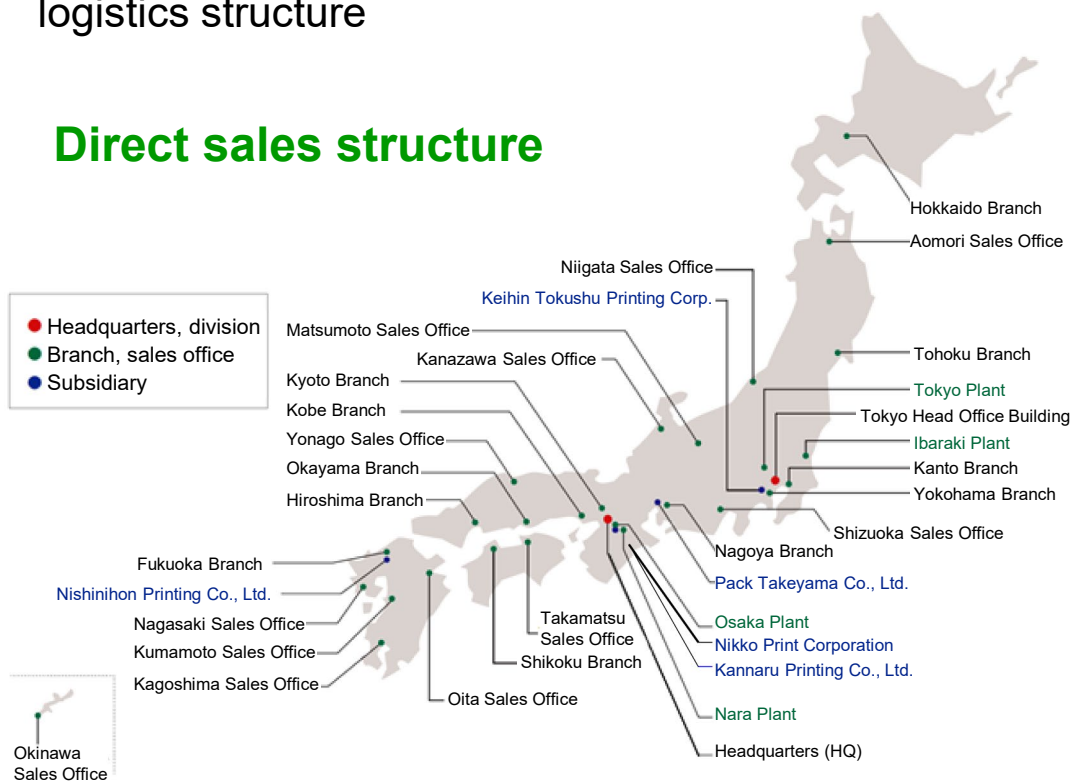
The Pack's Strengths (3)

Strength

Specifics

3. Integrated manufacturing, sales, and logistics structure

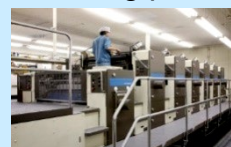
Direct sales structure



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

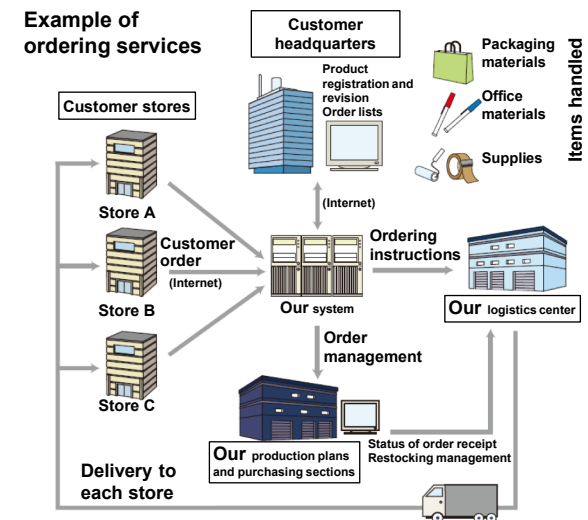
Logistics

Products

Customers across Japan

The Pack's Strengths (4) (5)

| 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 <ul style="list-style-type: none"> ⇒ <u>Streamlined logistics based on combined deliveries also helps cut CO₂ emissions.</u> ◆ Offering Pack-Web web-ordering services <ul style="list-style-type: none"> ⇒ <u>Streamlining customers' ordering operations</u> |



ESG Initiatives (1)

| Initiatives | Specifics | | | | | | | | |
|---|--|---|--|--|--|--|--|-----------------|---|
| <p>1. Shift to paper packaging</p> | <p>◆ (Example of the shift to paper packaging)</p> <p>Received the Toiletry Packaging Award in the Japan Packaging Contest 2023 for “Paper Conversion of Bottle Set Package” (Unilever Japan Service K.K.)</p> <p>Plastic bags in bottle set packaging of a shampoo and conditioner were changed to paper packaging.</p> <p>Special features in design allowed packaging to be realized with a simple structure comprising only one sheet of paper but provided with both ease of assembly and strer</p> <div data-bbox="1166 519 1808 811"> </div> <table border="1"> <thead> <tr> <th>Challenges in replacing plastic bags with paper packaging</th><th>Special features in design to address challenges</th></tr> </thead> <tbody> <tr> <td>① Leaving the designs of the bottles uncovered</td><td>• Special care was taken into how the front side of the paper is cut. The packaging clearly shows the bottle design and uses less paper.</td></tr> <tr> <td>② Making the packaging unbreakable even if dropped</td><td>• The bottle neck is double-protected to increase strength. • The bottles are held securely by an area on the side created by folding up a portion of bottom panel.</td></tr> <tr> <td>③ Easy assembly</td><td>• The neck part is designed not to interfere with the pump part when setting the bottles.</td></tr> </tbody> </table> | Challenges in replacing plastic bags with paper packaging | Special features in design to address challenges | ① Leaving the designs of the bottles uncovered | • Special care was taken into how the front side of the paper is cut. The packaging clearly shows the bottle design and uses less paper. | ② Making the packaging unbreakable even if dropped | • The bottle neck is double-protected to increase strength. • The bottles are held securely by an area on the side created by folding up a portion of bottom panel. | ③ Easy assembly | • The neck part is designed not to interfere with the pump part when setting the bottles. |
| Challenges in replacing plastic bags with paper packaging | Special features in design to address challenges | | | | | | | | |
| ① Leaving the designs of the bottles uncovered | • Special care was taken into how the front side of the paper is cut. The packaging clearly shows the bottle design and uses less paper. | | | | | | | | |
| ② Making the packaging unbreakable even if dropped | • The bottle neck is double-protected to increase strength. • The bottles are held securely by an area on the side created by folding up a portion of bottom panel. | | | | | | | | |
| ③ Easy assembly | • The neck part is designed not to interfere with the pump part when setting the bottles. | | | | | | | | |

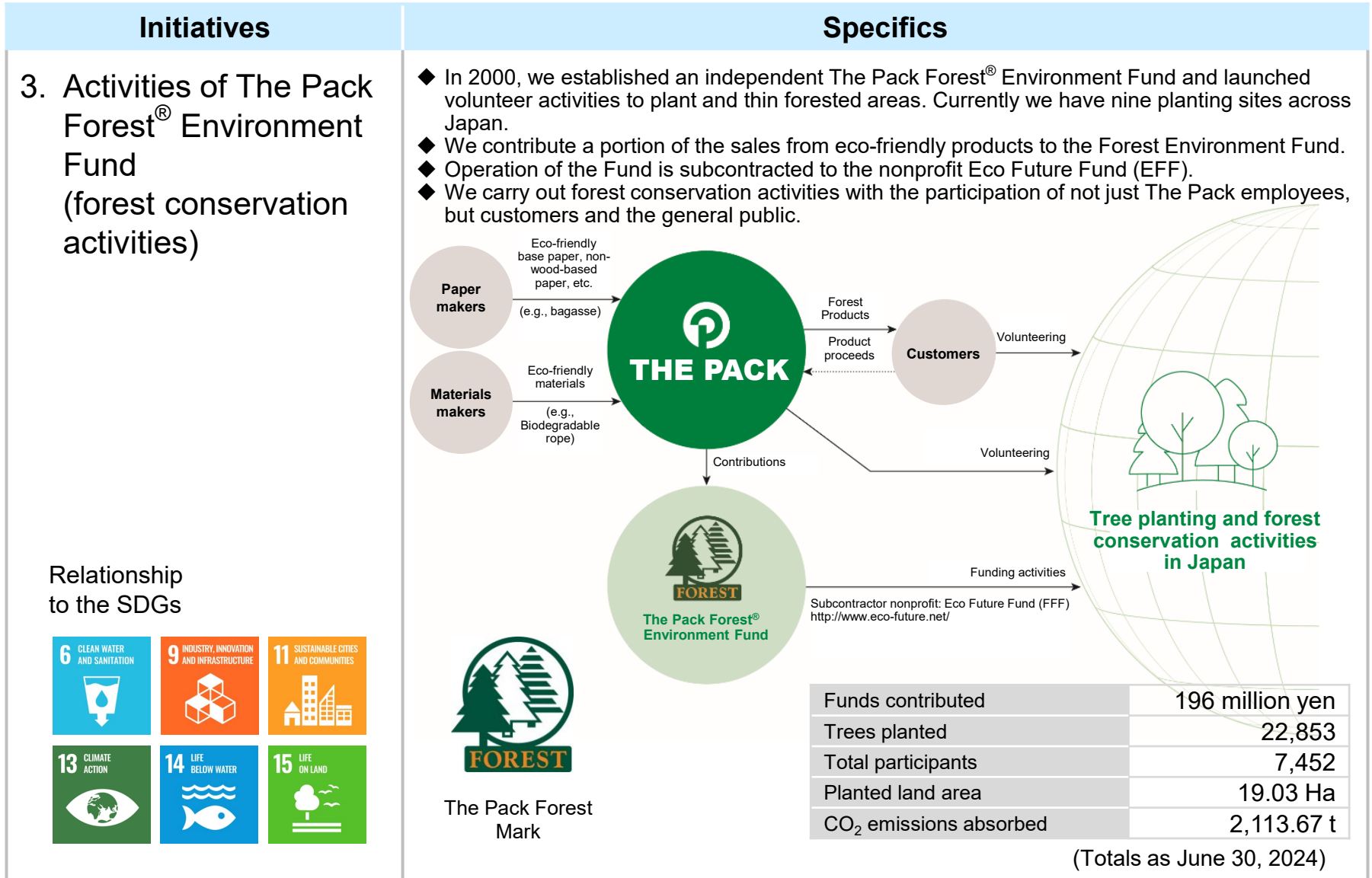
Relationship to the SDGs




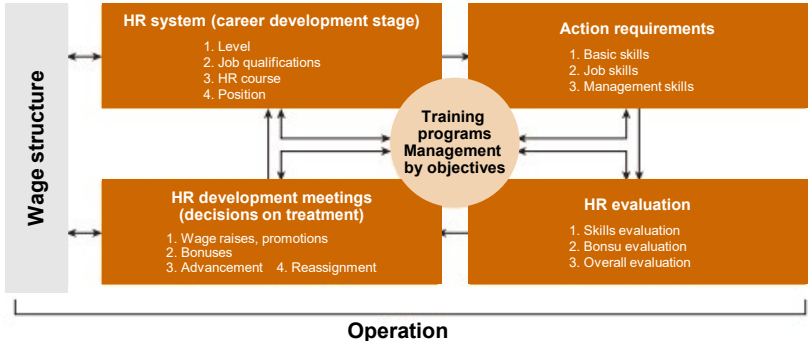
ESG Initiatives (2)

| Initiatives | Specifics |
|---|--|
| <div>2. Environmental initiatives</div> <div><div>Relationship to the SDGs</div><div><div><div>6 CLEAN WATER AND SANITATION</div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div><div>14 LIFE BELOW WATER</div><div>15 LIFE ON LAND</div></div></div></div> | <div><div><div>◆ All plants and sites in Japan had earned ISO 14001 certification as of 2006.</div><div>◆ Continuing to reduce the use of materials appearing on the Pollutant Release and Transfer Register (PRTR) and in industrial waste</div><div>◆ Developing and expanding sales of eco-friendly products and FSC® 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>◆ Disclosing information according to TCFD and setting CO₂ emission reduction targets by FY2030</div></div><div>⇒ Reducing CO₂ emissions (Scopes 1+2) by 46% from the FY2018 level</div></div> <div><div>Changes in CO₂ emissions (Scopes 1+2)</div><div><div><div><div>16,662</div><div>Scope 2 11,532</div><div>Scope 1 5,130</div><div>FY2018</div></div><div><div>15,512</div><div>Scope 2 10,445</div><div>Scope 1 5,067</div><div>FY2019</div></div><div><div>14,914</div><div>Scope 2 9,873</div><div>Scope 1 5,041</div><div>FY2020</div></div><div><div>14,894</div><div>Scope 2 9,851</div><div>Scope 1 5,043</div><div>FY2021</div></div><div><div>15,399</div><div>Scope 2 10,353</div><div>Scope 1 5,046</div><div>FY2022</div></div><div><div>16,756</div><div>Scope 2 11,638</div><div>Scope 1 5,118</div><div>FY2023</div></div><div><div>8,997</div><div>FY2030 target</div></div></div><div><div>Materiality KPIs</div><div>46% reductions from FY2018 levels</div></div><div>(t-CO₂)</div></div></div> |






ESG Initiatives (3)



ESG Initiatives (4)

| Initiatives | Specifics |
|--|---|
| <p>4. 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 2024 (for the sixth 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 2020, 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>健康経営優良法人 2024 Health and productivity</p> </div> <div>  <p>The diagram illustrates the HR system (career development stage) and its relationship to various components. It includes a central circle for 'Training programs Management by objectives' and a vertical bar for 'Wage structure'. The system is divided into four quadrants: 'HR system (career development stage)' (top-left), 'Action requirements' (top-right), 'HR development meetings (decisions on treatment)' (bottom-left), and 'HR evaluation' (bottom-right). Arrows indicate the flow of information and processes between these components.</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 (5)

| Initiatives | Specifics |
|--|--|
| <p data-bbox="83 287 450 365">5. Social contribution activities</p> <div data-bbox="83 1029 262 1096"> <p>Relationship to the SDGs</p> <div data-bbox="127 1133 540 1262"> <div> <p>4 QUALITY EDUCATION</p>  </div> <div> <p>10 REDUCED INEQUALITIES</p>  </div> <div> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  </div> </div> </div> | <p data-bbox="606 282 1796 347">◆ As part of our environmental education initiatives, in cooperation with the city of Higashi-Osaka, we organize hands-on manufacturing classes at elementary schools.</p> <div data-bbox="595 358 1837 661">  </div> <p data-bbox="606 694 1253 725">◆ Supporting the Kansai Philharmonic Orchestra</p> <p data-bbox="606 746 1145 778">◆ Donations to Yoshinoyama Hoshoukai</p> <p data-bbox="606 822 1064 853">◆ Sponsoring the Kids Earth Fund</p> <div data-bbox="741 876 1257 1139">  </div> <p data-bbox="606 1162 1837 1253">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> |

Note

This document is intended to provide information on management policies and business results for the second quarter of the year ending December 31, 2024. 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 2024.

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

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