

Annual Securities Report

From January 1, 2024 to December 31, 2024
(73rd Term)

© THE PACK CORPORATION

Annual Securities Report

1. This Report was prepared from data submitted via EDINET (Electronic Disclosure for Investors' NETwork) for the Annual Securities Report as required by Article 24, Paragraph 1, of the Financial Instruments and Exchange Act of Japan, pursuant to Article 27-30-2 of that Act. This Report adds pagination and a table of contents.
2. The audit report attached to the Annual Securities Report submitted by the above method and the Internal Controls Report and Confirmation Letter submitted together with the above Annual Securities Report are attached at the end of this Report.

Contents

	Page
Annual Securities Report for 73rd Term	
Cover sheet	4
Part 1. Company information.....	5
I. Company overview	5
1. Trends in KPIs, etc.	5
2. History	7
3. Lines of business	8
4. Affiliate companies	10
5. Employees	11
II. Business conditions.....	13
1. Management policies, business environment, topics, etc.....	13
2. Sustainability concepts and initiatives	15
3. Business and other risks	23
4. Management's analysis of financial standing, business results, and cash flows	24
5. Important business contracts, etc.	28
6. Research and development activities	28
III. Facilities.....	30
1. Overview of capital investment	30
2. Status of major equipment	30
3. Plans for new facilities, removal of facilities, etc.	31
IV. Status of the Company	32
1. Stock, etc.	32
2. Acquisition of treasury share, etc.	37
3. Dividend policy	38
4. Corporate governance.....	39
V. Accounts	65
1. Consolidated financial statements, etc.....	66
2. Financial statements, etc.....	103
VI. Overview of stock administration by the Company	116
VII. Reference information on the Company	117
1. Information on the parent company of the Company	117
2. Other reference information	117
Part 2. Information on the Company's guarantors	118
Audit Report	
Internal Controls Report	
Confirmation Letter	

Cover sheet

Document submitted:	Annual Securities Report
Underlying legal provisions:	Article 24, Paragraph 1, of the Financial Instruments and Exchange Act of Japan
Submitted to:	Director, Kinki Local Finance Branch Bureau
Date submitted:	March 27, 2025
Business year:	73rd Term (January 1 – December 31, 2024)
Company name:	ザ・パック株式会社
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Part 1. Company information

I. Company overview

1. Trends in KPIs, etc.

(1) Indicators of consolidated business performance

Fiscal year	69th	70th	71st	72nd	73rd
Fiscal year ended	December 2020	December 2021	December 2022	December 2023	December 2024
Net sales (¥ million)	78,445	79,690	89,060	97,714	101,461
Ordinary income (¥ million)	3,606	4,422	6,353	8,063	8,285
Profit attributable to owners of parent (¥ million)	2,392	2,824	4,058	5,652	6,316
Comprehensive income (¥ million)	2,368	3,325	4,362	7,059	6,319
Net assets (¥ million)	59,739	62,032	65,371	71,156	74,485
Total assets (¥ million)	83,556	87,422	94,365	98,847	103,292
Net assets per share (¥)	3,141.09	3,261.64	3,436.46	3,736.44	3,964.51
Net income per share (¥)	126.01	148.71	213.55	297.07	333.52
Diluted net income per share (¥)	125.85	148.53	213.38	296.86	333.34
Capital adequacy ratio (%)	71.4	70.9	69.2	71.9	72.1
Return on equity (%)	4.1	4.6	6.4	8.3	8.7
Price-to-earnings ratio (times)	22.4	18.1	11.3	11.4	10.7
Cash flows from operating activities (¥ million)	3,155	7,217	5,380	4,443	7,101
Cash flows from investing activities (¥ million)	(5,013)	(3,460)	(3,762)	(3,962)	(5,436)
Cash flows from financing activities (¥ million)	(1,214)	(1,029)	(1,124)	(1,407)	(3,041)
Ending balance of cash and cash equivalents (¥ million)	15,224	18,067	18,653	17,812	16,656
Employees (persons)	1,240	1,198	1,183	1,183	1,196
[average number of temporary employees, not included above]	(480)	(468)	(472)	(515)	(510)

Note: The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan [ASBJ] Statement No. 29, March 31, 2020) and related guidance have been applied since the 71st term. KPIs and other data for the 70th term reflect retroactive application of these accounting standards.

(2) Indicators for the Company

Fiscal year	69th	70th	71st	72nd	73rd
Fiscal year ended	December 2020	December 2021	December 2022	December 2023	December 2024
Net sales (¥ million)	69,055	69,557	77,117	85,485	88,345
Ordinary income (¥ million)	3,305	3,748	5,214	6,713	7,194
Net income (¥ million)	2,232	2,175	3,268	4,670	5,529
Capital (¥ million)	2,553	2,553	2,553	2,553	2,553
Total shares issued and outstanding (thousand shares)	19,900	19,900	19,900	19,900	19,900
Net assets (¥ million)	55,670	57,053	59,426	63,790	65,971
Total assets (¥ million)	76,327	79,172	85,299	87,903	90,691
Net assets per share (¥)	2,928.01	3,000.23	3,123.70	3,349.40	3,511.21
Dividends per share (¥)	60.00	50.00	65.00	90.00	118.00
[interim dividend per share, included above]	(30.00)	(25.00)	(30.00)	(35.00)	(52.00)
Net income per share (¥)	117.61	114.51	171.97	245.44	291.99
Diluted net income per share (¥)	117.45	114.38	171.83	245.27	291.84
Capital adequacy ratio (%)	72.9	72.0	69.6	72.5	72.7
Return on equity (%)	4.0	3.9	5.6	7.6	8.5
Price-to-earnings ratio (times)	24.0	23.6	14.0	13.8	12.3
Dividend payout ratio (%)	51.0	43.7	37.8	36.7	40.4
Employees (persons)	881	841	835	840	862
[average number of temporary employees, not included above]	(402)	(390)	(393)	(436)	(431)
Total returns to shareholders (%)	73	71	65	92	100
[Indicator for comparison: TOPIX including dividends]	(107)	(121)	(118)	(151)	(182)
Highest share price (¥)	4,245	3,270	2,817	3,450	4,145
Lowest share price (¥)	2,557	2,537	2,107	2,355	3,205

Note: Highest and lowest share prices are prices on the Prime Market of the Tokyo Stock Exchange since April 4, 2022, and on the First Section of the Tokyo Stock Exchange for earlier periods.

2. History

May 1952	Nippon Case Corporation established and launches sales of paper cartons and apparel boxes.
July 1955	Hanazono Plant opens in Higashiosaka. Integrated in-house production begins for products ranging from corrugated boxes to apparel boxes.
May 1957	Production of paper shopping bags begins.
December 1957	Kobe Office (now Kobe Branch) opens.
June 1958	Nagoya Office (now Nagoya Branch) opens.
September 1959	Konoike Plant (now Osaka Plant) opens in Higashiosaka; production facilities expanded.
August 1960	Fukuoka Branch and Kyoto Office (now the Kyoto Branch) open.
March 1961	Tokyo Branch opens (now the Tokyo Head Office).
September 1964	Expansion work completed at Konoike Plant. Hanazono Plant relocated. Full-scale multifaceted production and management structures established.
July 1965	Sapporo Office (now the Hokkaido Branch) opens.
May 1966	Hiroshima Office (now the Hiroshima Branch) opens.
May 1967	Okayama Office (now the Okayama Branch) opens.
April 1968	Sendai Office (now the Tohoku Branch) opens.
September 1969	Nara Plant opens in Yamatokoriyama as a plant specializing in corrugated boxes. Urawa Plant opens in Urawa.
August 1974	Production of plastic bags begins.
September 1979	Kanto Plant (later renamed the Saitama Plant) opens in Sakado.
July 1983	Company is renamed The Pack Corporation.
January 1987	Yokohama Office (now the Yokohama Branch) opens.
November 1987	The Pack America Corp. (now a consolidated subsidiary) established in the United States
August 1991	Ibaraki Plant opens in Hitachi.
September 1991	Stock listed on second section of Osaka Securities Exchange
January 1996	The Nicols established
January 1998	Kanto Branch opens.
January 1999	Ibaraki Plant earns ISO 14001 (environmental management systems) certification.
December 1999	Headquarters earns ISO 14001 (environmental management systems) certification.
April 2000	Nara Plant earns ISO 9001 (quality management) certification.
September 2001	Stock listed on second section of Tokyo Stock Exchange
October 2001	Osaka, Saitama, and Ibaraki plants earn ISO 9001 (quality management) certification.
April 2002	Nara Plant earns ISO 14001 (environmental management systems) certification.
October 2002	Osaka and Saitama plants earn ISO 14001 (environmental management systems) certification.
June 2003	Stock listed on first sections of Tokyo Stock Exchange and Osaka Securities Exchange
October 2003	Keihin Tokushu Printing Corp. (now a consolidated subsidiary) established
December 2003	Shanghai Office opens in China.
March 2006	The Pack (Shanghai) Corporation (now a consolidated subsidiary) established in China
November 2006	All sites earn ISO 14001 (environmental management systems) certification.
April 2007	Additional shares acquired in Nikko Print Corporation (now a consolidated subsidiary)
August 2007	The Pack (Changshu) Co., Ltd. (now a consolidated subsidiary) established in China
	Headquarters, Saitama and Osaka plants, and sales offices earn FSC® CoC certification (FSC® C020517).
February 2009	Pack Takeyama Co., Ltd. (now a consolidated subsidiary) established
April 2009	All sites earn ISO 9001 (quality management) certification.
July 2011	Tokyo Plant opens in Hidaka, Saitama Prefecture; Saitama Plant relocated.
January 2014	The Nicols merged through absorption-type merger
June 2014	Acquired all shares of stock in Nishinihon Printing Co., Ltd. (now a consolidated subsidiary), making it a wholly owned subsidiary
December 2016	All paper products production and sales sites in Japan earn FSC® CoC certification (FSC® C020517).
April 2018	Acquired stock in Kannaru Printing Co., Ltd. (now a consolidated subsidiary), making it a subsidiary.
December 2018	Tokyo and Osaka plants earn FSSC 22000 (food safety) certification.
April 2022	Listing transferred to the Prime Market of the Tokyo Stock Exchange
March 2023	New headquarter building completed in Higashinari-ku, Osaka

3. Lines of business

The Pack Group consists of nine companies, the Pack Corporation and eight consolidated subsidiaries.

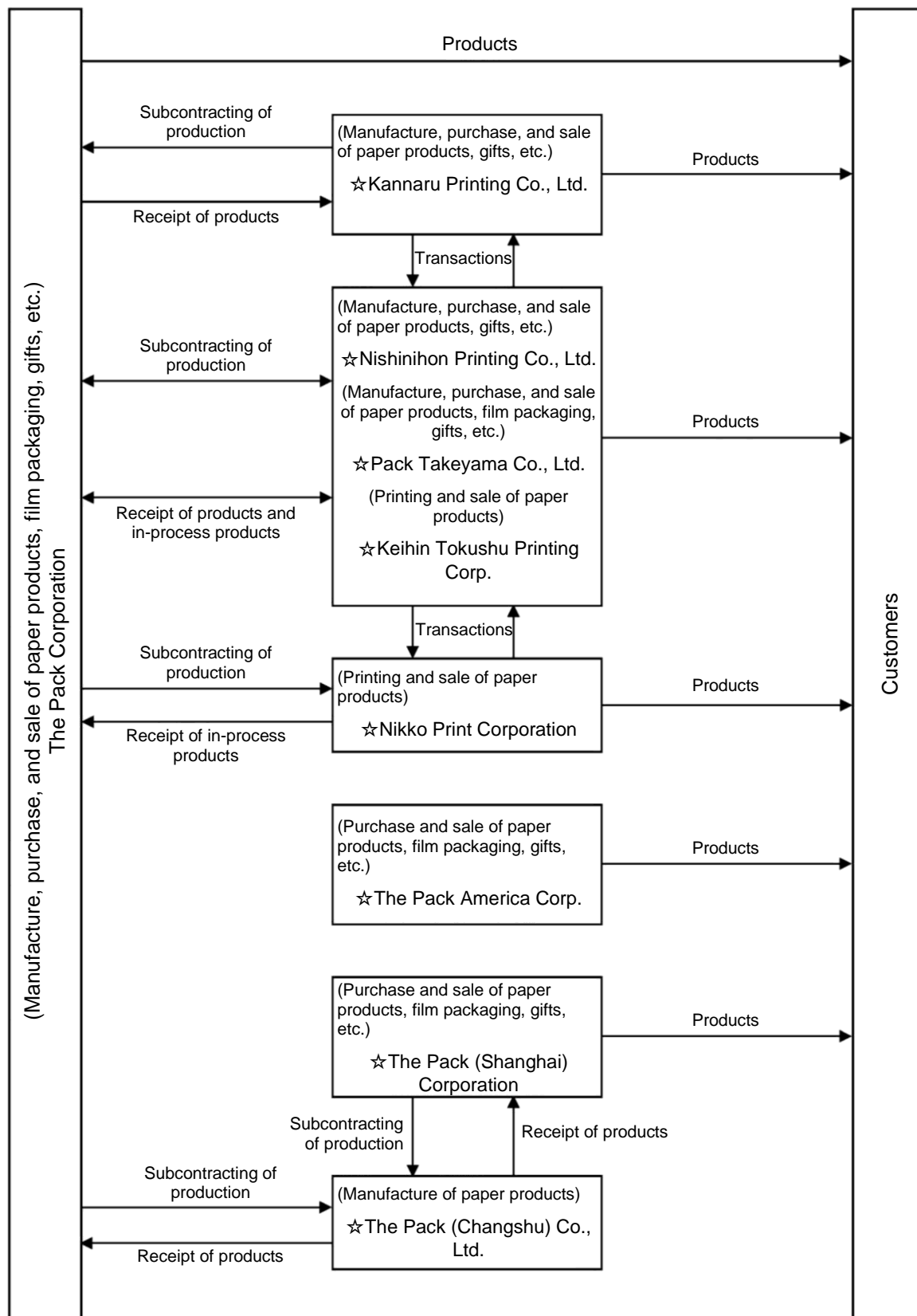
The Group's business activities include the manufacture and sale of paper products, film packaging, and other products, as well as related research, logistics, services, and other activities.

The Group's businesses are positioned as outlined below.

Segment	Lines of business	Companies
Paper Products	Manufacture, purchase, and sale of paper bags, printed folding paper cartons, corrugated boxes, etc.	The Pack Corporation Keihin Tokushu Printing Corp. Nikko Print Corporation Pack Takeyama Co., Ltd. Nishinohon Printing Co., Ltd. Kannaru Printing Co., Ltd. The Pack America Corp. The Pack (Shanghai) Corporation The Pack (Changshu) Co., Ltd.
Film Packaging	Manufacture, purchase, and sale of plastic bags, garment bags, etc.	The Pack Corporation Pack Takeyama Co., Ltd. The Pack America Corp. The Pack (Shanghai) Corporation
Other Businesses	Purchase and sale of gifts, supplies, price tags, design production, advertising and promotional materials, etc.	The Pack Corporation Pack Takeyama Co., Ltd. Nishinohon Printing Co., Ltd. Kannaru Printing Co., Ltd. The Pack America Corp. The Pack (Shanghai) Corporation

The Pack America Corp. is a U.S. subsidiary selling products primarily in the U.S.

The Pack (Shanghai) Corporation and The Pack (Changshu) Co., Ltd. are Chinese subsidiaries. The Pack (Shanghai) Corporation sells products primarily in China, while The Pack (Changshu) Co., Ltd. produces paper bags for sale in China and to the Company in Japan.



Note: ☆ Consolidated subsidiary

4. Affiliate companies

Name	Address	Capital or investment (¥ million)	Main lines of business	Ownership ratio of voting rights (%)	Relationship
(Consolidated subsidiary) Keihin Tokushu Printing Corp.	Higashinari-ku, Osaka	10	Paper Products business	100.0	Purchase of paper products; concurrent posting of officers; secondment of employees; lending of funds; lending of equipment
Nikko Print Corporation	Higashinari-ku, Osaka	20	Paper Products business	100.0	Purchase of paper products; concurrent posting of officers; secondment of employees; lending of funds; lending of equipment
Pack Takeyama Co., Ltd.	Higashinari-ku, Osaka	90	Paper Products business Film Packaging business Other Businesses	100.0	Sale of our products; purchase of paper products; concurrent posting of officers; secondment of employees; payment agency services
Nishinihon Printing Co., Ltd.	Higashinari-ku, Osaka	45	Paper Products business Other Businesses	100.0	Purchase of paper products; concurrent posting of officers; secondment of employees
Kannaru Printing Co., Ltd.	Yodogawa-ku, Osaka	12	Paper Products business Other Businesses	100.0	Concurrent posting of officers; secondment of employees; lending of funds
The Pack America Corp.	New York, N.Y., U.S.A.	US\$1,000,000	Paper Products business Film Packaging business Other Businesses	100.0	Concurrent posting of officers; secondment of employees
The Pack (Shanghai) Corporation	Shanghai, China	US\$500,000	Paper Products business Film Packaging business Other Businesses	100.0	Concurrent posting of officers; secondment of employees
The Pack (Changshu) Co., Ltd. (See Note 2.)	Changshu, Jiangsu Province, China	US\$3,900,000	Paper Products business	93.6	Purchase of paper products; concurrent posting of officers; secondment of employees; lending of funds

Notes:

1. Details under Important Lines of Business indicate business segment names as used under Segment Information.
2. Qualifies as designated subsidiary.
3. None of the above companies submits securities notices or annual securities reports.

5. Employees

(1) Employees of consolidated companies

As of December 31, 2024

Segment	Employees
Paper Products business	905 (421)
Film Packaging business	120 (60)
Other Businesses	46 (6)
Companywide	125 (23)
Total	1,196 (510)

Notes:

1. Numbers of employees indicate numbers employed; annual average numbers of temporary employees are shown in parentheses.
2. In addition to the above, the Group employs 13 executive officers.

(2) Employees of the Company

As of December 31, 2024

Employees	Average age (years)	Average years of continuous service (years)	Average annual salary (¥)
862 (431)	40.9	16.9	7,321,820

Segment	Employees
Paper Products business	571 (342)
Film Packaging business	120 (60)
Other Businesses	46 (6)
Companywide	125 (23)
Total	862 (431)

Notes:

1. Numbers of employees indicate numbers employed; annual average numbers of temporary employees are shown in parentheses.
2. In addition to the above, the Company employs 9 executive officers and 8 employees seconded to subsidiaries and other companies.
3. Average annual salary includes bonuses and nonstandard wages.

(3) Labor unions

The Company's employees are not unionized.

The name, number of members, and superior organization of the labor union of consolidated subsidiaries are shown below.

As of December 31, 2024

Name	Union members	Superior organization
Kannaru Printing Labor Union	48	UA ZENSEN

There are no matters requiring reporting regarding labor-management relations.

- (4) Female employees as a percentage of those in managerial positions, percentage of male employees taking childcare leave, and male-female wage disparities

(i) Submitting company

Fiscal year under review				
Female employees as a percentage of those in managerial positions (%) (See Note 1.)	Percentage of male employees taking childcare leave (%) (See Note 2.)	Male-female wage disparities (%) (See Note 1.)		
		All workers	Permanent full-time employees (included among all workers)	Part time and fixed-term employees (included among all workers)
7.2	87.5	56.6	73.7	59.6

Notes:

1. Calculated pursuant to the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015)
2. Calculated as the percentage taking childcare or other leave under Article 71-4, Paragraph 1 of the Enforcement Regulations to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labour Ordinance No. 25 of 1991) pursuant to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991)

(ii) Consolidated subsidiaries

Fiscal year under review		
Name	Female employees as a percentage of those in managerial positions (%) (See Note 1.)	Percentage of male employees taking childcare leave (%) (See Note 2.)
Pack Takeyama Co., Ltd.	0.0	0.0

Notes:

1. Calculated pursuant to the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015)
2. Calculated as the percentage taking childcare or other leave under Article 71-4, Paragraph 1 of the Enforcement Regulations to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labour Ordinance No. 25 of 1991) pursuant to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991)
3. Omits male-female wage disparities because the information is not subject to mandatory disclosure under the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
4. Figures for other consolidated subsidiaries are omitted because they are not subject to mandatory disclosure under the provisions cited above.

II. Business conditions

1. Management policies, business environment, topics, etc.

The Group's management policies, business environment, topics, etc. are reviewed below.

Forward-looking statements in the text express the Group's judgments as of the end of the consolidated fiscal year under review.

(1) Corporate Philosophy

The Pack Group strives to meet shareholder expectations while aiming to achieve sustained growth in business performance and corporate value, based on the following Corporate Philosophy:

- We value and nurture people.
- We seek to accommodate society's every change.
- We fulfill our social responsibilities by promoting initiatives related to the global environment and other issues.
- As a company offering total solutions related to packaging, we seek to contribute to societal development and to thriving societies.

As is expressed in The Pack Group's corporate motto, we are passionate and dedicated to our partnerships 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.

(2) Targets and KPIs

The Pack Group must maintain a solid financial standing not only to improve earnings in each of our businesses, but to remain a stable, reliable partner to all our stakeholders, from shareholders to suppliers, employees, and many others. We strive to strengthen both our capital adequacy ratio and returns on invested capital while also accounting for our obligation to provide stable dividends.

(3) Priority business and financial topics

We operate in a mature industry in which marked growth is considered difficult to achieve based on existing customers and products alone. For this reason, we have developed sales markets and expanded our product lineup in areas such as rice bags, disposable diaper products, and packages for food products, in addition to our main product lines. We will continue to grow our businesses by focusing on developing new markets and products for which demand can be expected and undertaking aggressive capital investment where appropriate.

In recent years, in addition to rising costs of raw materials and imports we also face rising costs in areas such as logistics and energy. We will strive to sell products at appropriate prices by raising customer satisfaction through enhanced proposal-based sales and quality control. We also plan to improve business results by achieving a more robust profit structure through further streamlining and business reforms, as well as making steady progress on medium- and long-term business strategies.

At the same time, based on our management principles that call for fulfilling our social responsibilities by promoting initiatives related to the global environmental and contributing to societal development and thriving societies as a company offering total solutions related to packaging, we established the Package Laboratory in 1981 as a domestic and international center for research and communication related to packages and packaging. In 1993, we began contributing to forest conservation activities. In 2000, while taking active steps in these ways to develop new eco-friendly products and technologies in our core businesses, we established The Pack Forest® Environment Fund, through which we promote forestation and forest conservation activities in cooperation with nonprofits. In 1999, the Ibaraki Plant became our first facility to earn ISO 14001 environmental management systems certification. Today, all commercial sites in Japan, including our four plants, have earned ISO 14001 environmental management systems certification and ISO 9001 quality management systems certification. In addition, all plants producing package products using paper materials and all sales sections have earned FSC® CoC certification (FSC® C020517); the manufacturing lines for folding paper containers for food products at the Tokyo and Osaka plants have earned FSC22000 certification. In 2023, we established the Sustainable Committee to promote sustainable management in the Group. We're committed to making ongoing contributions to social progress and prosperity through our energetic efforts to address environmental issues.

(4) Medium- to long-term business strategies

The slogan of the Group's Medium-Term Management Plan is "Evolution: Start of purpose-based management and Sustainable Management." Under this plan, we are targeting consolidated net sales of ¥107 billion and operating profit of ¥8.3 billion (in the period ending December 2025).

(i) Growth strategies

a. Focusing on the food products market (including convenience stores and fast food)

We will enhance efforts in the areas of capital investments and new product development to grow sales of primary paper containers for food product use while strengthening our multidirectional proposals by adding services to cover customer staffing shortages in areas such as paper container assembly and product packing.

b. Focusing on the e-commerce and mail-order markets and the logistics industry

We will focus on enhancing supply capabilities and sales of paper delivery bags, thin shipping materials to help raise transport efficiency, and other products, as well as by proposing solutions to save labor and energy in packing tasks.

c. Strengthening our efforts in the general retail market and elsewhere

We will promote migration to paper materials and grow our share of paper bags while increasing productivity and production capacity by enhancing manufacturing facilities. In addition, by contributing through a nonprofit revenue earned from eco-friendly products to forest conservation activities by The Pack Forest® Environment Fund, we will promote contributions to society alongside our customers, raise our brand value, and create business opportunities.

(ii) Human capital strategies

a. Securing diverse human resources

- Enhancing midcareer hiring
- Promoting women in the workplace (increasing the proportion of regular employees and managerial posts accounted for by women)
- Expanding employment of people with disabilities

b. Human resource development

- Enhancing training structures
- Supporting autonomous skills improvements and reskilling

c. Normalizing human resource assignments

- Making effective use of the talent management system
- Expanding employment opportunities (referrals and welcoming back former employees)

d. Improving work environments

- Enhancing diverse workstyles and systems
- Well-being (promoting health management)

e. Maximizing employee engagement

- Enhancing appropriate wage structures and benefits
- Increasing sense of business participation via the employee stock ownership program
- Stimulating employee exchange and communication
- Engagement surveys

(iii) Financial strategies

We seek to support efficient and sustained growth through optimal plans for use of funds through investments in growth (i.e., capital investment, investment in new businesses, human investment, investment in computer system upgrades, and R&D) and returns to shareholders (i.e., maintaining a dividend payout ratio of 35% or above and purchase of up to ¥1 billion in treasury share in each of FY2024 and FY2025).

(5) Other important management topics

Considerable time has passed since the construction of both the Osaka and Nara plants. We plan to rebuild both of these plants for purposes of future improvements to work environments as well as increasing productivity through labor saving by automating work in the plants. We aim to develop production structures to produce high-value-added products for the future.

2. Sustainability concepts and initiatives

The Group's thinking on sustainability and its sustainability initiatives are reviewed below.

Forward-looking statements in the text express the Group's judgments as of the end of the consolidated fiscal year under review.

(1) Governance

(i) Basic policy on sustainable management

As is expressed in The Pack Group's corporate motto, we are passionate and dedicated to our partnerships 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.

(ii) Materiality topics

The Pack Group has identified materiality topics for each theme related to the environment, society, and governance (ESG) for use in promoting sustainable management. The priority themes based on materiality are Environmental Contributions, Cyclical Society/Climate Change, Employment and HR/Workplace Development, Community Development/Coexistence, and Corporate Governance Structural Enhancements. For each of these materiality topics, we establish key performance indicators (KPIs) as necessary, formulate action plans to realize them, and build management structures. We will contribute to a prosperous and sustainable society by promoting and enhancing these activities and delivering solutions to societal challenges through our business activities to achieve sustainable growth (value creation).

(a) Materiality topic identification process



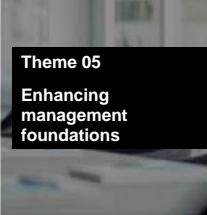
To identify materiality topics, we began by identifying management capital (financial capital, manufacturing capital, human capital, intellectual capital, social and relationship capital, and natural capital) in line with our value chain. We then formulated themes for maintaining and growing this management capital and defined initiatives for each topic. Materiality topics were then decided on after considering their importance to stakeholders and to the Company.

The Sustainable Committee submitted the materiality topics to the Board of Directors for approval.

(b) List of materiality issues

In 2022, we identified 12 materiality issues under five major themes. Specific initiatives to address these issues are reviewed below. We will contribute to an enriched, sustainable society by promoting and enhancing these activities.

List of Materiality Issues Organized from an ESG Point of View

	Major themes	Materiality (Important Issues)	Initiatives
Environment (E)	 <p>Theme 01 Delivering solutions to environmental issues through our business activities</p>	Promoting eco-friendly product planning and technological development	<ul style="list-style-type: none"> Developing, procuring, and supplying eco-friendly raw materials, including forestry-certified and mixed paper Proposing packaging that requires reduced volumes of raw materials Proposing solutions to improve work efficiency through use of our packaging Proposing alternative surface processing technologies to replace plastic laminates Developing alternative paper packaging to replace plastic packaging Developing reusable packaging Developing eco-friendly plastic packaging
		Reducing environmental impact throughout our business activities	<ul style="list-style-type: none"> Purifying and reusing water used in manufacturing processes Reducing CO₂ emissions (intensity) Transitioning to renewable energy Appropriately managing industrial waste and reducing emissions; promoting recycling
		Contributing to environmental conservation and preservation	<ul style="list-style-type: none"> Preserving and restoring forest and mountain areas Planting trees with consideration for ecosystems Establishing a new environment fund to support efforts such as the preservation and restoration of coasts and rivers Investing in efforts that contribute to environmental conservation and preservation
Society (S)	 <p>Theme 02 Valuing and nurturing people</p>	Promoting employee health and safety	<ul style="list-style-type: none"> Maintaining and improving the health of employees and their families as set forth in the Health and Productivity Management Declaration Implementing safety measures at manufacturing sites Stockpiling disaster supplies to keep employees safe in the event of natural disasters
		Developing and cultivating the capacity to offer total solutions related to packaging	<ul style="list-style-type: none"> Using the Packaging Laboratory to foster an organization of specialists who support The Pack as a company offering total solutions related to packaging Developing and utilizing databases on packaging expertise Improving business efficiency and enhancing proposal capabilities through digital transformation (DX) Promoting product development through training sessions in which manufacturing sites participate
	 <p>Theme 03 Building and enhancing relations of trust with our business partners and customers</p>	Promoting diverse work styles that encourage all employees to thrive	<ul style="list-style-type: none"> Developing environments for work styles suited to employee lifestyles Promoting an action plan to empower women in the workplace Designing remuneration schemes to allow employees to work with peace of mind and other systems to secure post-retirement plans Developing teleworking environments and adopting communication tools Developing employee skills and optimizing assignments through job rotations Building a more open human resource evaluation system
		Co-creating brand value with our customers	<ul style="list-style-type: none"> Identifying and analyzing customer issues and providing solutions Collecting information on packaging in Japan and overseas and communicating market developments and trends Providing multifaceted proposals on distribution and logistics solutions to achieve labor savings, automation, and mechanization Proposing ways to participate in The Pack Forest® Environment Fund to preserve forests
	 <p>Theme 04 Contributing to social development and prosperity</p>	Maintaining and improving quality through joint efforts with business partners	<ul style="list-style-type: none"> Implementing joint development of production technologies and establishing mass production in partnership with production subcontractors Improving quality by enhancing quality control structures Establishing eco-friendly logistics systems
		Contributing to developing future generations and fostering environmental awareness	<ul style="list-style-type: none"> Holding visiting classes for elementary school students Participating in educational content (including online) Investing in efforts that contribute to the development of future generations Participating in and supporting activities that lead to increased environmental awareness
Governance (G)	 <p>Theme 05 Enhancing management foundations</p>	Securing soundness, transparency, and efficiency in management	<ul style="list-style-type: none"> Improving corporate governance structures Disclosing information on the status of initiatives related to all principles of the Corporate Governance Code Strengthening management soundness through the C-Line (compliance line as the internal whistleblowing system) Implementing fair and objective decision-making processes for management appointments Improving the quality of disclosure to shareholders and other stakeholders Securing diversity among the Board of Directors
		Promoting supply chain risk management	<ul style="list-style-type: none"> Strengthening supply chains that can respond to various procurement, production, and sales risks Enhancing resilience to ensure the appropriate operation of business continuity planning Countering information leaks and system failures associated with cybersecurity risks

(c) External environment (risks and opportunities)

To be able to adapt to societal change, the Group anticipates the risks and opportunities indicated below. The corresponding materiality issues are also shown.

○: Materiality issues corresponding to risks and opportunities

External factor	No.	Risk/opportunity	Item	Materiality (Important Issues)											
				Environment			Society							Governance	
				Promoting eco-friendly product planning and technological development	Reducing environmental impact throughout our business activities	Contributing to environmental conservation and preservation	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	Co-creating brand value with our customers	Maintaining and improving quality through joint efforts with business partners	Contributing to developing future generations and fostering environmental	Providing solutions to increasingly diverse social issues	Securing soundness, transparency, and efficiency in management	Promoting supply chain risk management
Politics	1	Risk	Interruption of imports of raw materials or rising import costs due to disputes or national security policies												○
	2	Opportunity	Establishment of local-production/local-consumption models leveraging our robust supply chains in Japan, the United States, and China							○	○				○
	3	Opportunity	Increase in institutional investors through enhancement of ESG initiatives in line with laws, regulations, international standards, etc.	○				○					○	○	
Economics	4	Opportunity	Birth of new merchandise, services, and business models	○	○	○		○		○	○		○		
	5	Risk	Increasing costs of raw materials, manufacturing, and shipping		○										○
	6	Risk	Rising hedge costs in raw-materials procurement												○
	7	Opportunity	Building energy-saving supply chains		○	○									○
Society	8	Risk	Difficulty securing diverse human resources and partners				○	○	○		○		○		○
	9	Opportunity	Developing diverse human resources, increasing labor productivity				○	○	○				○		
	10	Opportunity	Growing demand for new product use	○						○	○				
	11	Opportunity	Creation of products and services emphasizing safety and reliability	○						○	○	○			
Technology	12	Risk	Declining purchases in brick-and-mortar stores, rising risks of information leaks, and increased response costs as new technologies spread and are widely adopted												○
	13	Opportunity	Reduced operation costs due to the arrival of new technologies and services					○		○			○		○
Environment	14	Risk	Rising tax burdens due to the adoption of carbon taxes	○	○	○				○		○			○
	15	Risk	Rising procurement costs due to changes in forestry resources	○	○	○				○		○			○
	16	Risk	Supply chain disruptions and production suspensions due to increasingly frequent natural disasters												○
	17	Opportunity	Growth in business opportunities due to move away from plastics	○	○	○		○		○		○			○
Legal	18	Risk	Increasing costs of adapting to legal, regulatory, and litigation risks											○	○
	19	Opportunity	Increasing corporate value through enhanced governance											○	○
	20	Opportunity	Birth of new business opportunities in response to enhanced laws or regulations	○						○					○

(d) Materiality and KPIs over the past five years

In September 2023, we established KPIs for five materiality themes. We have developed management systems to achieve these KPIs, which we aim to do by FY2030.

We will promote, check, assess, and improve related efforts by implementing the plan-do-check-act (PDCA) cycle.

Major themes	Materiality (Important Issues)	KPI and Action plan	2020	2021	2022	2023	2024
Theme 01 Delivering solutions to environmental issues through our business activities	Promoting eco-friendly product planning and technological development	Achieving a ratio of sales of FSC®-certified products (paper bags, paper cartons, corrugated boxes) to total sales of 50% or higher ^{*1} <ul style="list-style-type: none"> Enhancing proposals to switch to paper packages Expanding range of FSC®-certified suppliers Accelerating the development of new materials and products using paper-based materials 	10.8%	13.2%	17.4%	20.2%	21.1%
	Reducing environmental impact throughout our business activities	Reducing CO ₂ emissions (Scopes 1 and 2) by 46% vs. FY2018 (targeting 8,997 t) <ul style="list-style-type: none"> Switching to highly energy-efficient machinery Switching electricity use to renewables (including purchases of renewable energy) Expanding use of solar panels 	10.5% (14,914 t)	10.6% (14,894 t)	7.6% (15,399 t)	(0.6%) (16,756 t)	3.1% (16,149 t)
	Contributing to environmental conservation and preservation	Implementing 15 The Pack Forest® Environment Fund activities, with 500 participants per year <ul style="list-style-type: none"> Increasing the potential number of activities through new development of activity sites Enhancing activities to raise awareness among local residents and seeking participants from the general public Enhancing activities to which customers are invited 	0 0	0 0	4 111	9 253	8 230
Theme 02 Valuing and nurturing people	Promoting diverse work styles that encourage all employees to thrive	Increasing women's percentage of managers (managers or above) to 15% or more <ul style="list-style-type: none"> Targeting a percentage of at least 35% of new graduate hires being women Developing programs and environments in which women can continue their careers over the long term 	5.3%	4.9%	6.7%	6.3%	7.2%
Theme 03 Building and enhancing relations of trust with our business partners and customers	Co-creating brand value with our customers	Earning the support of 300 firms for The Pack Forest® Environment Fund ^{*2} <ul style="list-style-type: none"> Seeking support by enhancing tools for raising awareness of activities 	44	67	94	123	158

^{*1} Sales: The Pack (nonconsolidated) paper products business as a whole (FSC® C020517)

^{*2} Number of companies with sales results

Refer to the section titled “Sustainability” on The Pack website for more information on our sustainability initiatives, including materiality issues and KPIs.

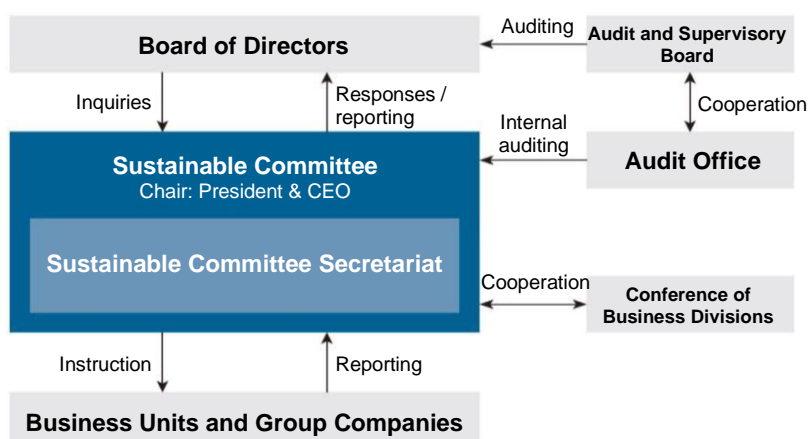
(URL: <https://www.thepack.co.jp/en/sustainability/materiality.html>)

(iii) Sustainability promotion structure

In January 2023, The Pack established the Sustainable Committee to promote sustainable management within the Group. In cooperation with the Conference of Business Divisions, Business Units and Group Companies, this committee and its executive arm, the Sustainable Committee Secretariat, deliberate and make decisions on matters such as formulating policies on the operation and promotion of sustainable management and other important themes, managing the progress of sustainability initiatives, and reflecting the findings in the Medium-Term Management Plans. The Sustainable Committee Secretariat handles tasks including the promotion of action plans and management of key performance indicators (KPIs), in cooperation with each section and Group member company.

In consultation with the Sustainable Committee, the Board of Directors makes decisions on policies and oversees sustainability management. The Conference of Business Divisions cooperates and shares information with the Sustainable Committee. Each business unit and Group company executes various measures and provides information on their results along with related data.

The Audit and Supervisory Board and the Audit Office conduct supplementary audits of these initiatives.



(2) Strategies

(i) Climate change

We undertook scenario analysis for the year 2030 for The Pack Corporation. We considered two scenarios: the 2°C scenario and the 4°C scenario. In considering these scenarios, we referred to the World Energy Outlook scenarios published by the International Energy Agency (IEA), Shared Socioeconomic Pathways (SSPs) scenarios employed by the Intergovernmental Panel on Climate Change (IPCC), Representative Concentration Pathway (RCP) scenarios, and various future projections and plans issued by the Japanese government and other organizations. We assessed each phenomenon along the two axes of likelihood and impact, grouping business risks into the three categories of high, medium, and low.

(ii) Human capital

Under the corporate motto, *Passionate and Dedicated to Our Partnerships*, we have established the Corporate Philosophy, expressed by the following words: *We value and nurture people*. In line with this philosophy, we see human resources as a priority in our capital management. Our HR systems seek to establish environments in which people can grow; build environments in which employees can work with peace of mind; develop employees whose talents will be recognized universally; and build strong organizations. We pursue HR development efforts and maintain workplace environments in accordance with these aims.

The Medium-Term Management Plan includes a human capital strategy intended to enable the growth and vitality of The Pack and individuals within the organization. Under these strategies, we secure, train, and develop diverse human resources, ensure appropriate staffing assignments, improve working environments, and maximize employee engagement.

(3) Risk management

The Sustainable Committee's individual project teams analyze risks related to sustainability, evaluate their importance, and formulate and implement responses intended to maximize opportunities and minimize risk. In addition, the Sustainable Committee regularly reports to and advises the Board of Directors regarding the state of related activities.

To manage risks and opportunities related to climate change, the Sustainable Committee reviews our assessments of risks and opportunities annually. Risks and opportunities are assessed based on various considerations, including their individual likelihood and potential impact and whether responses are in place, after which a decision is made regarding their significance. In reviewing assessment of risks and opportunities, we refer to various scenarios from IEA, IPCC, and other sources and interview where necessary with the related business divisions. Risks and opportunities related to climate change of the highest significance are reported to the Board of Directors through the Sustainable Committee. The Sustainable Committee drafts responses to risks and opportunities and manages their progress using KPIs.

(4) KPIs and targets

(i) Climate change

Our climate change KPIs and targets are given below. Under the management of the Sustainable Committee, each business section carries out efforts to achieve these targets. Each plant seeks to continue to adopt and deploy more efficient machinery and equipment in line with related guidelines. Investment in machinery and equipment will continue in 2025 and beyond to help curb CO₂ emissions.

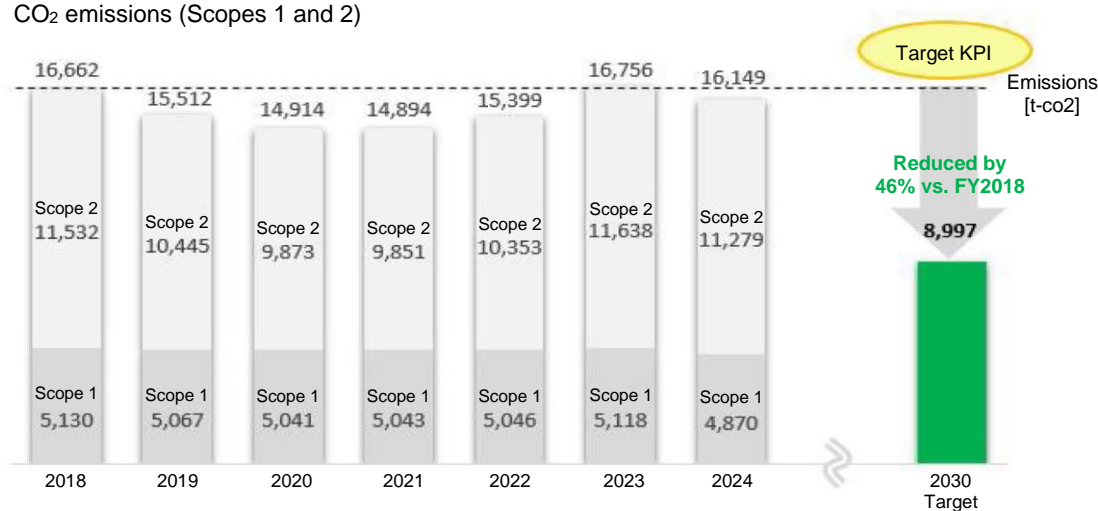
[Target]

By 2030, we hope to reduce CO₂ emissions (Scopes 1 and 2) by 46% vs. FY2018.

[Scope 1 and 2 results]

In 2024, Scope 1 and Scope 2 emissions decreased 3.6% year-on-year. We will maintain activities that conserve energy, including efficiency improvements in manufacturing and logistics sections.

CO₂ emissions (Scopes 1 and 2)



[CO₂ emissions (Scopes 1, 2, and 3) across the supply chain]

A look at our CO₂ emissions across the supply chain shows that Category 1 (purchased goods and services) of Scope 3 accounted for 80.9% of total emissions. We will continue to study ways to reduce supply chain emissions.

Scope / Category		Emissions (t-CO ₂)	Percentage	
			Scope 3	Scopes 1, 2, 3
Supply chain emissions		699,849	-	100.0%
Scope 1		4,870	-	0.7%
Scope 2		11,279	-	1.6%
Scope 3		683,700	100.0%	97.7%
Category 1	Purchased goods and services	566,381	82.8%	80.9%
Category 2	Capital goods	19,877	2.9%	2.8%
Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	3,100	0.5%	0.5%
Category 4	Upstream transportation and distribution	28,752	4.2%	4.1%
Category 5	Waste generated in operations	837	0.1%	0.1%
Category 6	Business travel	443	0.1%	0.1%
Category 7	Employee commuting	1,339	0.2%	0.2%
Category 8	Upstream leased assets	-	-	-
Category 9	Downstream transportation and distribution	5,216	0.8%	0.8%
Category 10	Processing of sold products	271	0.0%	0.0%
Category 11	Use of sold products	-	-	-
Category 12	End-of-life treatment of sold products	57,484	8.4%	8.2%
Category 13	Downstream leased assets	-	-	-
Category 14	Franchises	-	-	-
Category 15	Investments	-	-	-

Note: Employs emissions coefficients published on the website of the Ministry of the Environment of Japan as of February 2025.

Results of emissions calculations may vary in the future due to changes in the scope of calculations, emissions coefficients, and other factors.

(ii) Human capital

We consider an environment in which women can succeed to be one that is more comfortable for all our employees.

We have analyzed the related issues and identified the following KPIs and targets for building workplace environments in which women can work with peace of mind over the long term.

KPI	Target for March 2026	Results (FY under review)	Results (Consolidated FY under review)
Women as a percentage of permanent full-time employees	25% or more	23.0%	24.4%
Women as a percentage of permanent full-time employees hired (new graduates)	35% or more	35.7%	34.9%
Women as a percentage of those in managerial positions (managers and above)	10% or more	7.2%	9.7%

Note: These targets are for the submitting company only; consolidated subsidiaries have not set quantitative targets.

3. Business and other risks

Among the information contained in this Annual Securities Report concerning matters such as business conditions and accounting, the items described below are ones that could have major impacts on investor decision-making. This section includes forward-looking statements, which reflect the Group's judgments as of the end of the consolidated fiscal year under review. Recognizing the possibility of these risks, the Group will endeavor to prevent their occurrence and respond appropriately if they do arise.

(1) Decreased domestic demand and lower market prices

The Group operates in an industry that is largely driven by domestic demand, and its net sales are impacted strongly by domestic economic trends. The Group's financial standing and business results may be impacted negatively by decreased domestic demand and falling market prices in the event of a large-scale downturn in Japan's economy.

(2) Legal, regulatory, and litigation risks

The Group's businesses are subject to various laws and regulations concerning the environment, intellectual property, and other subjects. As a result, it faces the risk of litigation or other legal issues.

The Group's financial standing and business results may be impacted negatively as a result of litigation.

(3) Product liability

The Group's products may be subject to demands for compensation for damages based on product liability.

While it has not received any major demands for compensation for damages at present, it could face such demands in the future.

While the Group is insured against product liability, there is a risk that this insurance might be insufficient to cover its potential product liability.

(4) Raw materials procurement and purchase of products

The Group strives to maintain stable supplies and prices by purchasing raw materials and products from multiple domestic and international suppliers. However, a breakdown in the balance between supply and demand caused by factors such as soaring oil prices may damage the Group's financial standing and business results.

(5) Asset-impairment accounting

There is a risk of losses resulting from factors such as usage of fixed assets or other assets held.

(6) Customer credit risk

While the Group pays close attention to customer credit risk, its financial standing and business results may be impacted negatively in the event of manifestation of customer credit risk due to worsening of the credit standing of a major customer as a result of poor business performance or other causes.

(7) Hostile-takeover risk

There is a risk of third-party purchases of a large number of shares of Company stock, which could impair corporate value or joint returns to shareholders. The Group's financial standing and business results could be impacted negatively as a result.

(8) Impact of disasters

While the Group makes every effort to minimize the possible impact of disasters, there is no guarantee that it will be able to prevent or minimize every possible effect of disasters. There is a risk that the Group's financial standing and business results could be impacted negatively by causes such as reduced production capacity or higher manufacturing costs if it is unable to prevent or minimize the effects of a disaster.

4. Management's analysis of financial standing, business results, and cash flows

(1) Overview of business results, etc.

The financial standing, business results, and cash flows (“business results, etc.” hereinafter) of The Pack Group (The Pack Corporation and its consolidated subsidiaries) in the consolidated fiscal year under review are reviewed below.

(i) Financial standing and business results

During the consolidated fiscal year under review, nominal per-capita wages in Japan continued to rise amid improvements in the income environment, with corporations moving to reflect rising costs in prices. Consumption recovered, thanks to inbound demand and fiscal policies, while capital investments held steady. Driven by domestic demand, Japan’s economy exhibited a gentle recovery. However, the outlook for the economy remains uncertain due to negative pressures exerted by the ongoing Russia-Ukraine conflict, growing tensions in the Middle East, and price increases traceable to the weak yen. Moreover, wage increases have long lagged behind rising prices. Consumer confidence remains weak, with consumers maintaining tight budgets.

In the United States, the environment remained favorable for consumer spending, including positive employment and income environments and asset inflation driven by high stock prices. Inflation continued to cool, although at a slow pace. In this way, the U.S. economy maintained stable growth, led by consumer spending.

Despite China pursuing policy aimed at expanding domestic demand as an economic stimulus to free it from its current negative economic environment, the Chinese real estate market remains stagnant. Both appetite for investment among private companies and consumer spending remain sluggish.

Against this backdrop, The Pack Group is working as a team to improve business performance through efforts such as developing new markets, aggressive capital investments, and improving quality controls implemented under the Medium-Term Management Plan slogan: “Evolution—Start of purpose-based management and Sustainable Management.” The Group is moving toward the goals set for the fiscal year ending December 31, 2025 of sales of ¥107,000 million and operating profit of ¥8,300 million on a consolidated basis.

As a result, in the consolidated fiscal year under review net sales grew by 3.8% year on year to ¥101,461 million, operating profit grew by 3.4% to ¥809 million; ordinary profit grew 2.8% to ¥8,285 million, and profit attributable to owners of parent grew by 11.7% to ¥6,316 million.

Factors affecting operating profit

Rising average sale prices strengthened operating profits.

(¥ million)

	Growth in sales volumes	Rising average sale prices	Higher raw material costs	Other increases in manufacturing expenses	Rising labor costs	Rising logistics costs	Other increases in selling and administrative expenses	
Period ended December 2023	+361	+1,023	-477	+30	-236	-22	-413	Period ended December 2024
Operating profit 7,743								Operating profit 8,009

- ◆ Sales volumes grew due to steady consumer spending.
- ◆ Average sale prices rose due to efforts to optimize prices and expand sales of high-value-added products.
- ◆ Capital investments to improve production efficiency increased.

Business results by segment are reviewed below.

Paper Products Segment

The paper products segment accounted for 72.1% of Group consolidated sales during the fiscal year under review. Sales of paper bags, which accounted for 31.8% of consolidated sales, rose by 8.6% to ¥32,214 million. In particular, sales for food, tourism, and retail businesses increased as inbound tourism contributed significantly to demand and consumer spending gradually recovered.

Sales of paper cartons, which accounted for 25.5% of consolidated sales, grew by 3.5% to ¥25,882 million. Sales of cartons mainly for food products in the souvenirs sector, for takeout/delivery food products, and for products in the e-commerce sector remained strong.

Sales of corrugated boxes, which accounted for 12.8% of consolidated sales, grew by 4.9% to ¥13,027 million, with significant growth in sales to manufacturers of boxes for transportation use. Multifaceted efforts to expand sales of packages in the e-commerce sector proved successful. Printing sales, which accounted for 2.0% of consolidated sales, shrank 14.4% to ¥1,990 million due to a reduction in operating hours during the equipment replacement. Overall, sales in this segment rose 5.4% year on year to ¥73,114 million. Segment operating profit rose by 4.5% year on year to ¥7,168 million.



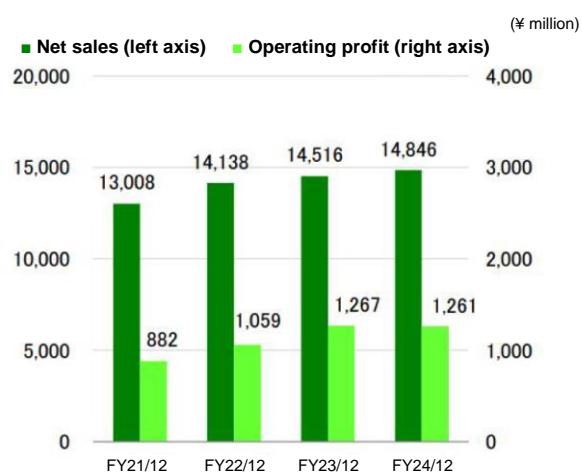
Film Packaging Segment

The film packaging segment accounted for 13.3% of Group consolidated sales during the fiscal year under review. Segment sales were down 2.2% to ¥13,499 million. While sales to e-commerce businesses and specialty retail stores declined due to the shift to paper, efforts to enhance production efficiency paid off, with operating profit growing 9.0% to ¥933 million.



Other Businesses Segment

Other businesses accounted for 14.6% of Group consolidated sales in the fiscal year under review. Sales in this segment grew by 2.3% to ¥14,846 million, thanks to firm sales of sewn bags and nonwoven bags to specialty retail stores. Operating profit shrank 0.5% to ¥1,261 million.



Turning to financial position, assets totaled ¥103,292 million at the end of the previous consolidated fiscal year, up ¥4,444 million from ¥98,847 million at the end of the previous consolidated fiscal year. Liabilities grew ¥1,115 million, from ¥27,691 million at the end of the previous consolidated fiscal year, to ¥28,806 million. Net assets grew by ¥3,328 million to ¥74,485 million from ¥71,156 at the end of the previous consolidated fiscal year.

(ii) Cash Flows

The balance of cash and cash equivalents at the end of the consolidated fiscal year under review was down 6.5%, or ¥1,156 million, from the end of the previous consolidated fiscal year to ¥16,656 million.

Cash flows from operating activities

Operating activities in the fiscal year under review provided net cash of ¥7,101 million, up 59.8% from ¥4,443 million in the previous consolidated fiscal year. The principal factors were profit before income taxes of ¥9,160 million, depreciation of ¥2,416 million, payment of ¥2,421 million in income taxes, and gains on sales of investment securities of ¥852 million.

Cash flows from investing activities

Investment activities during the fiscal year under review used net cash of ¥5,436 million (vs. ¥3,962 million in the previous consolidated fiscal year). The principal factors were outlays of ¥10,500 million for purchases of securities, ¥4,768 million for purchases of property, plant, and equipment, and ¥919 million for purchases of intangible assets. Sales of securities generated proceeds of ¥10,100 million, while sales of investment securities generated proceeds of ¥988 million.

Cash flows from financing activities

Due mainly to outlays of ¥2,032 million for cash dividends paid and ¥1,013 million for purchases of treasury shares, financing activities used net cash of ¥3,041 million (vs. ¥1,407 million in the previous consolidated fiscal year).

(iii) Production, orders received, and sales

a. Production

Shown below is production by segment in the consolidated fiscal year under review.

Segment	Production (¥ million)	YoY change (%)
Paper Products business	29,013	100.1
Film Packaging business	2,960	88.0
Other Businesses	-	-
Total	31,973	98.8

Note: Amounts shown are calculated based on cost of manufacturing.

b. Orders received

Shown below are orders received in the consolidated fiscal year under review by segment.

Segment	Orders received (¥ million)	YoY change (%)	Balance of orders (¥ million)	YoY change (%)
Paper Products business	72,423	105.7	6,620	90.9
Film Packaging business	13,570	98.8	1,196	112.0
Other Businesses	14,643	99.6	116	37.0
Total	100,638	103.8	7,933	91.5

Note: Production to order is not conducted in part of the Other Businesses segment.

c. Sales results

Shown below are sales results in the consolidated fiscal year under review by segment.

Segment	Sales (¥ million)	YoY change (%)
Paper Products business	73,114	105.4
Film Packaging business	13,499	97.8
Other Businesses	14,846	102.3
Total	101,461	103.8

(2) Analysis and study of business results, etc. from management's perspective

Management's understanding of Group business results, etc. and details of their analysis and study are reviewed below. Forward-looking statements in the text represent management's judgments as of the end of the consolidated fiscal year under review.

(i) Key accounting estimates and assumptions used in such estimates

The Group's consolidated financial statements are prepared based on generally accepted principles of corporate accounting in Japan. Major accounting policies employed in preparation of the consolidated financial statements are described under "V. Accounts: Consolidated financial statements, etc.: (1) Consolidated financial statements (Important matters serving as bases for the preparation of the consolidated financial statements)."

In preparation of the Group's consolidated financial statements, various assumptions considered reasonable in light of past results and information currently available are taken into consideration in making estimates and judgments that could impact the states of profits, losses, or assets. However, actual results may differ from such estimates due to the inherent uncertainty of estimates. This does not include important accounting estimates and the assumptions used in them.

(ii) Analysis of business results in the consolidated fiscal year under review

a. Net sales

Spurred by growth the Paper Products business, net sales in the consolidated fiscal year under review rose by 3.8% year on year to ¥101,461 million.

b. Gross profit

Cost of sales in the consolidated fiscal year under review was up 4.0% year on year to ¥75,858 million thanks to increased sales.

Gross profit rose by ¥838 million (3.4%) year on year over the same period to ¥25,603 million as a result of efforts to improve costs through increased productivity.

c. Operating profit

Selling, general, and administrative expenses rose by 3.4% year on year to ¥17,593 million in the consolidated fiscal year under review, as increased personnel and logistics costs exceeded the results of continuing efforts to cut Group costs through control of expenses.

Even so, operating profit in the consolidated fiscal year under review grew by ¥265 million (3.4%) from the previous year to ¥809 million.

d. Ordinary profit

Under non-operating income, both foreign exchange gains and commissions for purchases of treasury shares increased.

As a result, ordinary profit was up ¥222 million (2.8%) year on year to ¥8,285 million.

e. Profit attributable to owners of parent

Profit attributable to owners of parent was up ¥663 million (11.7%) year on year to ¥6,316 million.

(iii) Analysis of financial standing in the consolidated fiscal year under review

a. Assets

Total assets at the end of the consolidated fiscal year under review stood at ¥103,292 million, up ¥4,444 million from the end of the previous consolidated fiscal year. Major contributing factors included increases of ¥974 million in accounts receivable–trade; ¥2,670 million in machinery, equipment, and vehicles, net; and ¥704 million in intangible fixed assets.

b. Liabilities

Liabilities in the consolidated fiscal year under review increased by ¥1,115 million from the end of the previous consolidated fiscal year to ¥28,806 million. Major contributing factors included increases of ¥377 million in income taxes payable and ¥427 million in notes payable on equipment under Other.

c. Net assets

Net assets at the end of the consolidated fiscal year under review stood at ¥74,485 million, up ¥3,328 million from the end of the previous consolidated fiscal year. Key contributing factors included increases of ¥4,283 million in retained earnings and ¥943 million in treasury shares.

(iv) Strategic conditions and outlook

The Company's strategic conditions and outlook are described under "II. Business conditions: 1. Management policies, business environment, topics, etc."

(v) Analysis of sources of capital and liquidity of funds

The state of cash flows during the consolidated fiscal year under review is described under "II. Business conditions: 4. Management's Analysis of Financial Standing, Business Results, and Cash Flows: (1) Overview of Business Results, etc.: (ii) Cash Flows."

Regarding sources of capital and liquidity of funds, the Company's main operating expenses include product purchasing, manufacturing expenses, and selling, general, and administrative expenses. Demand for funds for investment purposes comes mainly from capital investment.

The Group's basic policy is to secure stable liquidity of funds and sources of funds needed in business operations.

Operating capital is provided mainly by funds on hand and loans from financial institutions. The balance of debts at the end of the consolidated fiscal year under review stood at ¥83 million, while the balance of cash and cash equivalents was ¥16,656 million.

5. Important business contracts, etc.

Not applicable.

6. Research and development activities

The Pack Group (The Pack Corporation and its consolidated subsidiaries) is moving forward with development of new products and processing technologies, and is also pursuing research on technologies and materials for the future under the concepts of safety and environmental protection. Based on joint efforts involving the manufacturing, engineering, and product development sections, these efforts address the entire scope of packaging materials, including corrugated boxes, folding paper cartons, paper bags, and plastic film bags.

Since research themes are shared across business segments, we do not separate R&D activities by segment. In the consolidated fiscal year under review, R&D expenses totaled ¥464 million Groupwide and primarily targeted the following themes:

(1) Printing technologies

- (i) We are pursuing research on functional and high-value-added printing technologies in gravure and offset rotary printing, including flexography.
- (ii) We are working to develop eco-friendly products by adopting water-based flexography in the packages field. We adopted the latest flexography printers to enable high-precision printing while improving productivity and cutting losses. The adoption established eco-friendly production processing technologies that use less energy and resources.

- (2) Eco-friendly materials
 - (i) To contribute to the achievement of the United Nations Sustainable Development Goals (SDGs), we are proposing most suitable packages from paper, plastic, eco-friendly materials, recycled materials, or other materials to meet packaging needs and circumstances.
 - (ii) In response to the growing practice of charging fees for shopping bags, we are developing eco-friendly bags such as convenient reusable bags that shoppers can easily carry with them; bags consisting of materials with thicknesses of 50 microns or more for repeated use; bags consisting of materials made entirely of marine biodegradable plastics and bags consisting of at least 25% biomass materials.
 - (iii) We are continuing to develop new base papers through joint efforts with paper producers, including the development of eco-friendly base paper products with high recycled paper content. We contribute a portion of sales of these products to The Pack Forest® Environment Fund, which funds forest conservation activities.
 - (iv) We develop and propose flexible corrugated cushioning sheets via the efficient lamination of thin paper not previously used for cardboard as a paper cushioning material to replace plastic materials.
 - (v) We propose printing solutions that suppress the generation of volatile organic compounds (VOCs) and CO₂ emissions, by using eco-friendly plant-based inks and water flexography in printing of all packages.
 - (vi) We are developing the Craft series of paper film packaging as functional materials for food product packages.
- (3) Other fields
 - (i) Seeking to achieve universal package design, we are developing product packages and production machinery to meet emerging demand in the areas of design, function, convenience, and the environment.
 - (ii) We are advancing R&D efforts to improve high speed production equipment suitable for systems for producing small lots with short lead times and for reducing and recycling ink sludge, a waste produced during printing.
 - (iii) We are developing systems capable of producing products, including material paper for corrugated boxes, folding paper cartons, and paper bags, certified by the Forest Stewardship Council® reflecting high levels of environmental awareness, through verification of processing and logistics processes from forest management through delivery to consumers.
 - (iv) We propose efficient environmental equipment and package materials for distribution and logistics solutions tailored to specific user needs.
 - (v) We propose box coordination services to cut shipping costs by adjusting the layouts of boxes used for packing products.
 - (vi) We design packages that incorporate thin paper, cardboard, and other easily recyclable paper materials as cushioning materials to reduce use of plastics and CO₂ emissions.
 - (vii) We are developing and proposing CC-PACK® delivery solutions based on eco-friendly materials, including flexible cardboard cushioning sheets. The flexibility of these products improves efficiency during packing and makes it possible to deliver products in packages sized to match their contents. They also help reduce environmental impact by minimizing plastic use and reducing materials to a single material (paper) as alternatives to plastic foam cushioning materials.
 - (viii) We are proposing solutions to streamline materials management by designing packages that can be used to hold multiple products.
 - (ix) We patented corrugated shipping containers capable of holding thick items, which can be folded into flat bag forms or assembled in box forms.
 - (x) We patented containers for takeout/delivery food products that can be transported using handles while serving as food containers or to transport food packaged in cartons or other containers.
 - (xi) We secured design rights to packaging boxes with structures that make the unfolded walls resistant to folding back when in use.
 - (xii) The *Tsutsumo wo shiru* (“*Learn about packaging*”) blog on our website provides information useful to prospective customers considering package production, including answers to inquiries about packages, packaging, and related trends available nowhere else.

III. Facilities

1. Overview of capital investment

During the consolidated fiscal year under review, the Group continued to make capital investments for various purposes, including enhancing production facilities.

Capital investments during the consolidated fiscal year under review totaled ¥6,123 million. Major capital investments in each business segment are reviewed below.

Paper Products

Paper bags

We invested ¥308 million in paper bag production equipment at our Osaka Plant and ¥441 million at our Tokyo Plant, investments intended to enhance production capacity and production efficiency.

Paper cartons

We invested ¥883 million in paper carton production equipment at our Tokyo Plant. This investment is intended to enhance production capacity and improve production efficiency.

Common to all businesses

As part of plans to increase productivity, we invested ¥357 million at our Tokyo Plant to increase land holdings.

We invested ¥1,014 million to change our backbone computer system. This investment is intended to improve business efficiency.

Funding for these capital investments was allocated from funds on hand.

2. Status of major equipment

(1) The Company

As of December 31, 2024

Site name (location)	Segment	Details of equipment	Book value (¥ million)					Number of employees
			Buildings and structures	Machinery, equipment, and vehicles	Land (thousand square meters of surface area)	Other	Total	
Headquarters (Higashinari-ku, Osaka)	Paper Products Business Film Packaging Business Other Businesses Companywide	Other equipment	2,204	200	1,179 (16) [0]	86	3,671	37 (6)
Tokyo Head Office building and 23 other sites (Shibuya-ku, Tokyo and elsewhere)	Paper Products Business Film Packaging Business Other Businesses	Sales equipment	981	0	2,578 (1)	40	3,600	406 (56)
Osaka Plant (Higashiosaka, Osaka Prefecture)	Paper Products Business	Production equipment for paper bags, paper cartons, and other paper products	502	2,616	1,842 (30)	450	5,412	133 (147)
	Film Packaging Business	Production equipment for plastic bags	53	388	209 (9)	45	695	39 (22)
Nara Plant (Yamatokoriyama, Nara Prefecture)	Paper Products Business	Production equipment for corrugated boxes	116	575	394 (38)	36	1,122	81 (31)
Tokyo Plant (Hidaka, Saitama Prefecture)	Paper Products Business	Production equipment for paper bags, paper cartons, and other paper products	2,975	3,204	2,672 (62)	687	9,539	133 (139)
Ibaraki Plant (Hitachi, Ibaraki Prefecture)	Film Packaging Business	Production equipment for plastic bags	273	625	210 (10)	13	1,122	33 (30)
Keihin Tokushu Printing Corp. (Seya-ku, Yokohama)	Paper Products Business	Printing equipment	5	0	663 (6)	0	669	- (-)

(2) Domestic subsidiaries

As of December 31, 2024

Company name	Segment	Details of equipment	Book value (¥ million)					Number of employees
			Buildings and structures	Machinery, equipment, and vehicles	Land (thousand square meters of surface area)	Other	Total	
Keihin Tokushu Printing Corp. (Seya-ku, Yokohama)	Paper Products Business	Printing equipment	675	310	- (-)	23	1,008	38(2)
Nikko Print Corporation (Higashiosaka, Osaka Prefecture)	Paper Products Business	Printing equipment	13	459	- (-)	2	475	31(5)
Pack Takeyama Co., Ltd. (Tsushima, Aichi Prefecture)	Paper Products Business	Rebuilding the warehouse/office	133	594	75 (5)	10	813	91(25)
Nishinohon Printing Co., Ltd. (Hakata-ku, Fukuoka)	Paper Products Business	Expansion to boost the capacity of printing and production equipment	89	59	1,080 (15)	4	1,234	48(21)
Kannaru Printing Co., Ltd. (Yodogawa-ku, Osaka)	Paper Products Business	Production equipment for paper bags, etc.	368	80	275 (0) [1]	8	733	62(25)

Notes:

1. “Other” under book value represents the total for tools, furniture and fixtures and construction in progress accounts.
2. The Company and its domestic subsidiaries rent some land properties. Annual rent paid on land was ¥7 million for the Company and ¥21 million for domestic subsidiaries. The surface area of land rented is indicated separately, in brackets ([]).
3. The Company owns some of the fixed assets of Keihin Tokushu Printing Corp., which are indicated above.
4. The Company and its domestic subsidiaries rent some building properties. Annual rent paid on buildings was ¥442 million for the Company and ¥45 million for domestic subsidiaries.
5. Numbers of employees indicated above are permanent employees. Average numbers of temporary employees are indicated separately in parentheses (()).

3. Plans for new facilities, removal of facilities, etc.

(1) Important new facilities, etc.

Company/site name (location)	Segment	Details of equipment	Planned investment amount (¥ million)		Fundraising method	Start of construction	Planned completion of construction	Capacity added after completion
			Total	Already paid				
The Pack Corporation Osaka Plant (Higashiosaka, Osaka Prefecture)	Paper Products Business	Expansion of production equipment for paper bags	258	18	Funds on hand	December 2024	November 2025	See Note.
The Pack Corporation Tokyo Plant (Hidaka, Saitama Prefecture)	Paper Products Business	Expansion of production equipment for paper bags	605	441	Funds on hand	June 2024	June 2025	See Note.
			180	16	Funds on hand	June 2024	September 2025	See Note.
		Expansion of production equipment for paper bags	67	58	Funds on hand	July 2024	June 2025	See Note.
Pack Takeyama Co., Ltd. (Tsushima, Aichi Prefecture)	Paper Products Business	Expansion of production equipment for paper bags	30	-	Funds on hand	July 2025	October 2025	See Note.

Note: Capacity added after completion is not shown because the new facilities are intended to improve quality and streamline operations.

(2) Significant removal of facilities, etc.

No significant removal of facilities, etc. took place aside from removal, etc. for ordinary equipment renovation.

IV. Status of the Company

1. Stock, etc.

(1) Total numbers of shares, etc.

(i) Total numbers of shares

Class	Authorized total number of shares
Common share	77,000,000
Total	77,000,000

(ii) Shares issued and outstanding

Class	Shares issued and outstanding at end of business year (December 31, 2024)	Shares issued and outstanding at date of submission (March 28, 2025)	Name of listed financial instruments exchange or association of financial instruments business operators at which registration is authorized	Details
Common share	19,900,000	19,900,000	Prime Market, Tokyo Stock Exchange	The authorized trading unit is 100 shares.
Total	19,900,000	19,900,000	-	-

(2) Status of share acquisition rights

(i) Details of stock option program

Date of resolution	March 27, 2015	March 30, 2016	March 30, 2017	March 29, 2018	March 28, 2019
Category and number of persons awarded options	Company Directors 9 Corporate Officers 7	Company Directors 10 Corporate Officers 7	Company Directors 10 Corporate Officers 5	Company Directors 9 Corporate Officers 7	Company Directors 7 Corporate Officers 9
Number of share acquisition rights*	12 See Note 1.	16 See Note 1.	19 See Note 1.	20 See Note 1.	22 See Note 1.
Class, details, and number of shares subject to share acquisition rights (shares)*	Common share 1,200 See Note 2.	Common share 1,600 See Note 2.	Common share 1,900 See Note 2.	Common share 2,000 See Note 2.	Common share 2,200 See Note 2.
Pay-in amount on exercise of share acquisition rights (¥)*	1				
Exercise period of share acquisition rights*	May 11, 2015 – May 10, 2040	May 10, 2016 – May 9, 2041	May 10, 2017 – May 9, 2042	May 10, 2018 – May 9, 2043	May 9, 2019 – May 8, 2044
Issue price of shares and amount allocated to capital when issuing shares on exercise of share acquisition rights (¥)*	Issue price: 2,250 Amount allocated to capital: 1,125 See Note 3.	Issue price: 2,337 Amount allocated to capital: 1,169 See Note 3.	Issue price: 2,969 Amount allocated to capital: 1,485 See Note 3.	Issue price: 3,496 Amount allocated to capital: 1,748 See Note 3.	Issue price: 2,910 Amount allocated to capital: 1,455 See Note 3.
Conditions of exercise of share acquisition rights*	See Note 4.				
Provisions concerning transfer of share acquisition rights*	Prior approval by resolution of the Board of Directors is required to obtain share acquisition rights through transfer.				
Provisions concerning exchange of share acquisition rights accompanying acts of reorganization*	See Note 5.				

* The details shown are as of the end of the business year under review (December 31, 2024). Since none of the specifics changed from the end of the business year under review as of the end of the month before the date of submission (February 28, 2025), details as of the end of the month before the submission date are omitted.

Notes:

1. The class of share subject to share acquisition rights is Company common share. The number of shares subject to each share acquisition right (“shares allotted” hereinafter) is 100 shares.
In the event of a stock split (hereinafter, this includes *gratis* allocation of shares of Company common share) or reverse stock split on Company common share after the date of allocation of share acquisition rights (“allocation date” hereinafter), the number of shares allotted will be adjusted based on the formula given below. This adjustment will be made for the number of shares of stock subject to share acquisition rights yet to be exercised as of the time of adjustment. Any remainders of less than one share resulting from the adjustment will be rounded down.
Adjusted number of shares = Number of shares prior to adjustment x Ratio of stock split/reverse stock split
The adjusted number of shares shall apply from the day after the basis date of the stock split (or the effective date if no basis date is specified) in the case of a stock split or on the effective date in the case of a reverse stock split.
However, in the event of a stock split conditional on the approval by the Company General Meeting of Shareholders of a resolution on increase of capital or reserves drawing on the surplus, in which the basis date of the stock split precedes the ending date of the relevant General Meeting of Shareholders, the adjusted number of shares shall apply from the day after the ending date of the relevant General Meeting of Shareholders.
In addition to the above cases, if the Company must adjust the number of shares allotted due to a merger, corporate spin-off, stock swap, or similar reason after the allocation date, the Company may adjust the number of subject shares allotted as judged necessary by the Company Board of Directors.
2. The trading unit of shares shall be 100 shares.
3. The amount of the increase in capital when issuing shares through exercise of share acquisition rights shall be the amount derived by multiplying by one-half the limit on increased capital, etc., calculated in accordance with the provisions of Article 17, Paragraph 1 of the Regulation on Corporate Accounting, with any remainder of less than one yen resulting from such calculation to be rounded up to the nearest whole yen. The amount of the increase in capital reserves when issuing shares through exercise of share acquisition rights shall be the above limit on increased capital, etc., minus the amount of the increase in capital above.
4. Conditions of exercise of share acquisition rights
 - (i) A holder of share acquisition rights may exercise them only during the period of 10 days (or until the next business day if the 10th day is a holiday) from the day after his or her loss of the status of a Company (a) Director or (b) Corporate Officer (or the status after change in the event of a change during this period to the status of Company Corporate Auditor or Corporate Officer in case (a) or to the status of a Company Director, Corporate Auditor, or employee in case (b)).
 - (ii) Only when the rate of growth in consolidated financial results (net sales and operating income) in the fiscal year in which the share acquisition rights were allotted was at least 100% vs. the previous fiscal year may an eligible person exercise all share acquisition rights allotted in that fiscal year. If the rate of growth was less than 100%, only a portion of the share acquisition rights allotted in that fiscal year, based on the rate of growth, may be exercised.
 - (iii) Notwithstanding (i) above, if a resolution is passed by the Company General Meeting of Shareholders (or by the Board of Directors or Corporate Officer to whom such authority is delegated under Article 416, Paragraph 4 of the Companies Act if a General Meeting of Shareholders is unnecessary) approving a merger agreement whereby the Company would be the extinguished company, a corporate spin-off agreement or plan whereby the Company would be the spun-off company, or a stock swap agreement or stock transfer plan whereby the Company would become a wholly-owned subsidiary, the share acquisition rights may be exercised no later than 30 days from the day after the date of such approval. However, this does not include cases in which share acquisition rights in the reorganized company are allotted to holders of share acquisition rights in accordance with the provisions on exchange of share acquisition rights accompanying an act of reorganization, as described below.
 - (iv) Other conditions shall be as stipulated in the Share Acquisition Right Allotment Agreement concluded between the Company and holders of share acquisition rights.
5. Provisions concerning exchange of share acquisition rights accompanying acts of reorganization
In the event of the merger of the Company (only those in which the Company would be extinguished by the merger), an absorption-type corporate split or corporate split involving the establishment of a new company (only those in which the Company would be the spun-off company), or a stock swap or stock transfer (only those in which the Company would become a wholly-owned subsidiary) (referred to collectively as “acts of reorganization” hereinafter), holders of the balance of share acquisition rights remaining (“remaining balance of share acquisition rights”

hereinafter) immediately before the effective date of the act of reorganization (hereinafter, this shall refer to the effective date of the absorption-type merger in the case of an absorption-type merger, the date of establishment of the new merged company in the case of a merger involving the establishment of a new company, the effective date of the absorption-type corporate split in the case of an absorption-type corporate split, the date of establishment of the new split company in the case of a corporate split involving the establishment of a new company, the effective date of the stock swap in the case of a stock swap, or the date of establishment of the wholly owning parent company to which stock was transferred in the case of a stock transfer) shall be issued share acquisition rights in the corporation indicated in Article 236, Paragraph 1, Subparagraph 8, A-E of the Companies Act (“reorganized company” hereinafter). However, this shall be conditional on the absorption-type merger agreement, agreement on merger involving the establishment of a new company, absorption-type corporate split agreement, plan for corporate split involving the establishment of a new company, stock swap agreement, or stock transfer plan providing for issue of share acquisition rights in the reorganized company.

(ii) Details of rights plan

Not applicable

(iii) Information on other share acquisition rights, etc.

Not applicable

(3) Status of exercise of corporate debentures with share acquisition rights subject to revision of exercise price, etc.

Not applicable

(4) Trends in total shares issued and outstanding, capital stock, etc.

Date	Change in total shares issued and outstanding (thousand shares)	Balance of total shares issued and outstanding (thousand shares)	Change in capital stock (¥ million)	Balance of capital stock (¥ million)	Change in capital reserve (¥ million)	Balance of capital reserve (¥ million)
September 29, 2009 See Note.	190	19,900	124	2,553	124	2,643

Note: Third-party allotment of shares at a premium (third party capital increase related to sale through overallotment)

Issue price: ¥1,309.28

Amount transferred to capital: ¥654.64

Recipient of allotment: Nomura Securities Co., Ltd.

(5) Shareholders

As of December 31, 2024

As of December 31, 2024

Category	Status of shares (trading unit: 100 shares)								Shares in less than trading unit (shares)
	National and local government agencies	Financial institutions	Financial instrument brokers	Other corporations	Foreign corporations, etc.		Individuals, etc.	Total	
					Non-individual	Individuals			
Shareholders	-	21	21	310	79	15	14,789	15,235	-
Shares held (trading units)	-	51,102	2,878	58,976	24,466	19	61,460	198,901	9,900
Percentage of shares held (%)	-	25.7	1.4	29.7	12.3	0.0	30.9	100	-

Note: Treasury share of 1,118,364 shares is included under “Individuals, etc.” (11,183 trading units) and “Shares in less than trading unit” (64 trading units).

(6) Major shareholders

As of December 31, 2024

Name	Address	Shares owned (thousand)	Percentage of total shares issued and outstanding (not including treasury share) (%)
Morita Kinen Fukushizaidan	1984-40 Nakatomigaoka 2-chome, Nara, Nara Prefecture	2,081	11.08
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3 Hamamatsucho 2-chome, Minato-ku, Tokyo, Japan	1,361	7.25
The Pack Trading Partners Stock Ownership Plan	9-9 Higashiobase 2-chome, Higashinari-ku, Osaka, Japan	1,261	6.71
BBH for Fidelity Low-Priced Stock Fund (Principal All Sector Subportfolio) (Standing proxy: MUFG Bank, Ltd.)	245 Summer Street, Boston, Massachusetts 02210, USA (7-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan)	1,232	6.56
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	1,039	5.53
Custody Bank of Japan, Ltd. (re-entrusted by Resona Bank; Hokuetsu Corporation retirement benefits trust account)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	729	3.88
Custody Bank of Japan, Ltd. (Trust Account 4)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	710	3.78
Daio Paper Corporation	2-60 Mishimakamiyacho, Shikokuchuo, Ehime Prefecture, Japan	573	3.05
MUFG Bank, Ltd.	7-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan	494	2.63
Shichijo Paper Trading Co., Ltd.	20-10 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan	474	2.52
Total	-	9,959	53.03

(7) Voting rights

(i) Shares issued and outstanding

As of December 31, 2024

Category	Number of shares	Number of voting rights	Details
Non-voting shares	-	-	-
Shares with restricted voting rights (e.g., treasury shares)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (e.g., treasury shares)	(Treasury shares) Common share 1,118,300	-	-
Shares with full voting rights (other)	Common share 18,771,800	187,718	-
Shares in less than one trading unit	Common share 9,900	-	This shall refer to shares in lots numbering fewer than 100 shares (one trading unit).
Total shares issued and outstanding	19,900,000	-	-
Total shareholder voting rights	-	187,718	-

Note: The shares of common share under “Shares in less than one trading unit” include 36 shares of treasury share owned by the Company.

(ii) Treasury shares, etc.

As of December 31, 2024

Name or title of owner	Address of owner	Number of shares held in own name	Number of shares held in other names	Total number of shares held	Shares held as a percentage of total shares issued and outstanding (%)
(Treasury shares owned by the Company) The Pack Corporation	9-3 Higashiobase 2-chome, Higashinari-ku, Osaka, Japan	1,118,300	-	1,118,300	5.62
Total	-	1,118,300	-	1,118,300	5.62

2. Acquisition of treasury share, etc.

Stock class, etc.:

Acquisition of common shares under Article 155, Paragraph 3 of the Companies Act, Acquisition of common shares under Article 155, Paragraph 7 of the Companies Act, and Acquisition of common shares under Article 155, Paragraph 13 of the Companies Act

(1) Acquisition by resolution of the General Meeting of Shareholders

Not applicable

(2) Acquisition by resolution of the Board of Directors

Category	Shares	Total price (¥)
Status of Board of Directors (February 9, 2024) resolution (acquisition period: February 13 – December 31, 2024)	300,000	1,000,000,000
Treasury shares acquired before this period	-	-
Treasury shares acquired during this period	268,800	999,904,459
Total number of shares and total price remaining under the resolution	31,200	95,541
Percentage not yet exercised as of the end of this period (%)	10.4	0.0
Treasury shares acquired during this period	-	-
Percentage not yet exercised as of the submission date (%)	10.4	0.0

Category	Shares	Total price (¥)
Status of Board of Directors (February 12, 2025) resolution (acquisition period: February 13 – December 31, 2025)	300,000	1,000,000,000
Treasury shares acquired during this period	-	-
Percentage not yet exercised as of the submission date (%)	100.00	100.00

(3) Details of treasury share not acquired by resolution of the General Meeting of Shareholders or Board of Directors

Category	Shares	Total price (¥)
Treasury share acquired during the business year under review	378	37,000
Treasury share acquired during the current period	42	0

Note: Treasury share acquired during the current period does not include shares acquired through purchase of remainders of stock in less than the trading unit from March 1, 2025, to the date of submission of this Annual Securities Report.

(4) Status of disposal and holding of treasury share acquired

Category	Business year under review		Current period	
	Shares	Total disposal price (¥)	Shares	Total disposal price (¥)
Treasury share acquired subject to seeking underwriters	-	-	-	-
Treasury share acquired subject to disposal of cancellation	-	-	-	-
Treasury share acquired subject to transfer related to merger, stock swap, issuance of shares, or corporate split	-	-	-	-
Other (exercise of stock options)	6,000	17,920,680	-	-
Other (disposal of treasury share through transfer-restricted share-based remuneration)	12,950	38,678,759	6,090	19,257,213
Shares of treasury share held	1,118,364	-	1,112,316	-

Notes:

1. Treasury share disposed of and held during the current period does not include shares disposed of from March 1, 2025, to the date of submission of this Annual Securities Report.
2. Treasury shares held during the current period exclude shares acquired through purchases of residual shares in less than the minimum trading unit from March 1, 2025 to the date of submission of this Annual Securities Report.

3. Dividend policy

The Company determines dividends while striving both to maintain stable dividends and to enhance internal reserves. Its basic policy calls for paying dividends twice per business year as year-end dividends based on a resolution of the Regular General Meeting of Shareholders and as interim dividends based on a resolution of the Board of Directors. Based on this policy, during the business year under review, the Company paid interim dividends of ¥52 per share and year-end dividends of ¥66 per share, reflecting consideration of financial results during the business year. As a result, the Company paid annual dividends of ¥118 per share.

Internal reserves are intended to enhance the Company's financial structure and to meet demand for funds for R&D, acquisition of production equipment, and other purposes. This is intended to contribute to stable and growing dividends to shareholders through contributing to future growth in profits. Internal reserves are used to continue backbone computer system development and to rebuild the Osaka and Nara plants, as well as to enhance the financial foundations to allow rapid adaptation to future changes in business conditions and effective investments in business expansion to increase future corporate value.

The Company Articles of Association state as follows: "Surplus may be distributed as interim dividends by a resolution of the Board of Directors, with a basis date of June 30 each year."

Dividends of surplus in the business year under review are shown below.

Date of resolution	Total amount of dividends (¥ million)	Dividends per share (¥)
August 6, 2024, Board of Directors resolution	985	52
March 26, 2025, Regular General Meeting of Shareholders resolution	1,239	66

4. Corporate governance

(1) Overview of corporate governance

(i) Basic policy on corporate governance

Based on strong recognition of the importance of corporate governance, The Pack Corporation has established basic policies for maintaining improving management efficiency, ensuring compliance with corporate ethics, and maintaining a structure capable of monitoring that management activities are carried out properly while disclosing in a timely manner important information concerning shareholder interests.

(ii) Overview of the corporate governance system and reasons for its adoption

The Pack Corporation is a company with corporate auditors based on the judgment that an audit structure consisting of corporate auditors, including external auditors, is an effective way to undertake management oversight functions. This is intended to enhance corporate governance.

In addition to the board of directors required by law, the Company employs Conference of Business Divisions meetings in which executives of the level of business division general manager and above participate to allow rapid decision-making and promulgate such decisions throughout the Company, reflecting current conditions through monthly meetings. In April 2005, the Company adopted a Corporate Officer system to enable dynamic business execution.

The Articles of Association call for up to nine directors. They also provide for the appointment of directors by a resolution passed with the support of a majority of voting rights present in a meeting attended by shareholders representing at least one-third of voting rights, without use of cumulative voting.

Three of the eight Directors are External Directors. The External Directors have no transactional relationships with or other interests in the Company.

In addition to enhanced management oversight functions achieved by appointing External Officers, the Company secures the neutrality and objectivity of management policies and strategies involving the establishment of a Nomination Committee, Remuneration Committee, Compliance Committee, and Sustainable Committee.

Members of the Board of Directors

The Board of Directors met eighteen times during the business year under review. Shown below is the attendance of individual directors and corporate auditors.

Title	Name	Meetings held	Meetings attended
President & CEO	Hideaki Yamashita	18	18
Vice President	Teruo Takinoue	18	18
Managing Director	Susumu Okada	5	5
Michihisa Fujii	Michihisa Fujii	5	5
Michihisa Fujii	Norio Ashida	18	18
Michihisa Fujii	Naoki Nakamura	13	13
Director	Haruyasu Ito	18	18
Director	Ikuo Shimomura	13	13
External Director	Hirofumi Hayashi	18	18
External Director	Uichiro Nishio	18	18
External Director	Kaoru Kasahara	18	18
Standing Corporate Auditor	Shinji Noda	18	18
Standing Corporate Auditor	Shuichi Nakamura	5	5
Standing Corporate Auditor	Yasuhiro Takagi	13	13
External Corporate Auditor	Hisayoshi Tamakoshi	18	16
External Corporate Auditor	Norimasa Iwase	18	18

Notes:

1. The attendance data for Susumu Okada, Michihisa Fujii, and Shuichi Nakamura is based on the number of Board meetings held through their retirement as of the end of the Regular General Meeting of Shareholders held March 28, 2024.

- Attendance data for Naoki Nakamura, Ikuo Shimomura, and Yasuhiro Takagi is based on the number of Board meetings held after they took office following their appointment in the Regular General Meeting of Shareholders held March 28, 2024.

Specific topics considered by the Board of Directors are described below.

- Budget, monthly settlement of accounts, quarterly settlement of accounts, annual settlement of accounts, forecasts of financial results
- Matters related to General Meetings of Shareholders (convocation, proposed resolutions)
- Selection of representative directors and managing executive directors, important personnel matters
- Payment of bonuses and allowance for bonuses
- Actual and projected dividends
- Fund raising and investment
- Status of sustainability initiatives
- Other important matters related to management

(Status of the Nomination Committee)

The Nomination Committee met twice during the business year under review. Shown below is the attendance of individual directors.

Title	Name	Meetings held	Meetings attended
President & CEO	Hideaki Yamashita	2	2
Vice President	Teruo Takinoue	2	2
External Director	Hirofumi Hayashi	2	2
External Director	Uichiro Nishio	2	2
External Director	Kaoru Kasahara	2	2

Specific topics considered by the Nomination Committee included responding to consultations from the Board of Directors consultations based on a review of policies on decisions related to the appointment and dismissal of the following persons and advice and recommendations to the Board.

- Directors and executive officers
- Representative directors and other corporate directors and executive officers
- Corporate auditors

(Status of the Remuneration Committee)

The Remuneration Committee met four times during the business year under review. Shown below is the attendance of individual directors.

Title	Name	Meetings held	Meetings attended
President & CEO	Hideaki Yamashita	4	4
Managing Director	Michihisa Fujii	2	2
Director	Ikuo Shimomura	2	2
External Director	Hirofumi Hayashi	4	4
External Director	Uichiro Nishio	4	4
External Director	Kaoru Kasahara	4	4

Notes:

- The attendance data for Michihisa Fujii is based on the number of Board meetings held through his retirement as of the end of the Regular General Meeting of Shareholders held March 28, 2024.
- The attendance data for Ikuo Shimomura is based on the number of Board meetings held after he took office following his appointment in the Regular General Meeting of Shareholders held March 28, 2024.

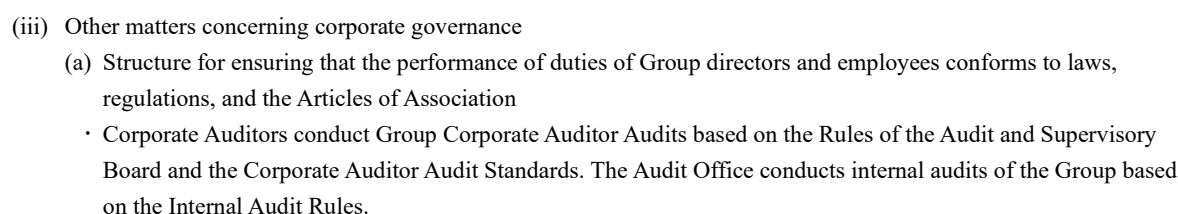
Specific topics considered by the Remuneration Committee included responding to consultations from the Board of Directors consultations based on a review of details of remuneration, etc. for individual directors and executive officers and advice and recommendations to the Board.

The Sustainable Committee met twice during the business year under review. Shown below is the attendance of individual directors.

Specific topics considered by the Sustainable Committee included deliberations and decision-making on matters such as formulating policies on the operation and promotion of sustainable management and other important themes, managing the progress of sustainability initiatives, and reflecting the findings in the Medium-Term Management Plan.

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded with its External Directors and External Corporate Auditors contracts limiting their liability for compensation for damages under Article 423, Paragraph 1 of the Companies Act to the minimum limit amount under Article 425, Paragraph 1 of the Companies Act, as long as the duties that led to such liability were carried out in good faith and free of gross negligence. In addition, the Company has concluded with an insurer an executive liability insurance policy as stipulated in Article 430-3, Paragraph 1 of the Companies Act, naming Directors and Corporate Auditors of the Company and the Group as the insured. The insured are not charged premiums under this insurance policy. This policy covers losses related to liability and claims for liability borne by the insured in connection with the performance of their duties. However, to ensure that it would not have a detrimental impact on the proper execution of duties of the insured persons, the policy does not cover losses such as those attributable to criminal actions by the insured.

Corporate governance structural diagram



- The General Manager of the Corporate Division oversees Group compliance management and maintains related structures.
 - The Company conducts awareness promotion and training for Group Directors, Corporate Officers (Group Directors and Corporate Officers are referred to collectively hereinafter as “Directors and others”), and Corporate Auditors regarding compliance with The Pack Group Code of Conduct and compliance.
 - The C Line internal whistleblowing program is maintained to provide Group employees with access to consultations related to compliance and a point to which to submit reports of violations of laws, regulations, or the Articles of Association. Efforts are made to discover, prevent, and rectify any real or potential improprieties.
 - The Company appoints External Directors to maintain and enhance its oversight functions regarding business execution.
- (b) Systems related to the retention and management of information concerning the performance of duties of Group Directors
- Minutes of meetings of the Group’s Board of Directors and other important meetings, in-house applications for approval, and other important documents related to the performance of duties of Directors are retained. Their preparation, retention, management, etc. are conducted based on the Document Rules, Approval Application Procedure Rules, Confidential Information Management Rules, and other in-house rules, etc.
 - Company Directors and Corporate Auditors may view the minutes of important meetings, in-house applications for approval, and other documents referred to in the preceding subparagraph.
- (c) Rules and other systems regarding management of risks of losses to the Group
- Risk management related to everyday business operations, including credit management, quality control, and health and safety management, is undertaken based on the in-house rules established by the Company and Group companies, manuals, procedures, and other documents, and the Company guides individual Group companies regarding their maintenance and operation.
 - The managerial structure for risk management related to information security will be reviewed in response to the increasing importance of information management due to broadening use of IT in business and other factors.
 - We respond swiftly to disasters, major accidents, and other business-related emergencies under the guidance of the president of the Company or the individual Group company involved, based on the Emergency Response Rules and other in-house rules, thereby stemming progress of any subsequent damage.
 - If the Audit Office in an internal audit discovers a risk of losses to the Group, it reports the matter to the head of the relevant section and promptly reports the matter to the President in accordance with the Internal Auditing Rules.
- (d) Systems for ensuring the efficient performance of the duties of Group Directors
- To enable efficient management, in addition to the Board of Directors, the Company holds monthly Conference of Business Divisions meetings attended by the Directors and other members of management of the rank of business division heads or above, as well as Group company presidents. Conference of Business Divisions meetings consider the state of business execution as reported by each section in charge and Group company and allow deliberations on policies for executing the decisions of the Board of Directors.
 - Organizations, posts, division of responsibilities, and job authority related to business execution are based on the in-house rules of each Group company.
 - The Company has adopted a Corporate Officer system to enable prompt and efficient business administration, by dividing responsibilities between Directors, who are responsible for decision-making and oversight functions, and Corporate Officers responsible for business execution.
 - The nomination and remuneration committees have been established as advisory bodies under the Board of Directors to enhance corporate governance by strengthening fairness, transparency, objectivity, and accountability in procedures related to matters such as compensation of Directors and Corporate Officers.
- (e) Systems to ensure the propriety of Group company operations
- Management of Group companies is undertaken based on the Affiliate Company Management Rules. Systems are maintained for periodic reports to the Company on matters such as the state of business execution and finances of individual Group companies and reports to the Company on the business results of Group companies, both periodically and if any material fact emerges.

- The Company instructs each Group company to carry out awareness promotion and training regarding compliance with The Pack Group Code of Conduct and with in-house rules and other internal control systems to address various risks related to the Group's business activities. If a Group company requests assistance, guidance, or other support regarding such efforts, the General Manager of the Company's Corporate Division will instruct the Legal Department or other related section to respond appropriately. The purpose here is to manage risks Groupwide through mutual cooperation among Group companies.
 - The Company appoints sections responsible for the management of individual Group companies to carry out Group management appropriately and efficiently and provides guidance on maintaining and operating IT and other infrastructures within an extent required to ensure effective communication between the Company and Group companies and for business operations.
- (f) Systems concerning employees appointed to assist in the duties of Corporate Auditors if requested to do so by Corporate Auditors
- For now, no employees are appointed to assist in the duties of Corporate Auditors. However, the Audit Office performs such roles concurrently with its other duties, providing the assistance needed in the performance of the duties of Corporate Auditors under their command and control.
- (g) Matters concerning the independence from Directors of employees assisting in the duties of Corporate Auditors and ensuring the efficacy of the instructions provided to them and of the process of providing such instructions
- The Audit Office is under no command and control other than that of Corporate Auditors with regard to assisting in the performance of the duties of Corporate Auditors under their command and control.
 - The consent of The Audit and Supervisory Board is required for personnel transfers, personnel evaluations, treatment, and disciplinary action regarding staff members of the Audit Office.
- (h) Systems for reporting to Corporate Auditors by Group directors, employees, and others, other systems related to reporting to Corporate Auditors, and systems for ensuring that those who have submitted reports will not suffer disadvantageous treatment as a result
- In addition to attending meetings of the Board of Directors and Conference of Business Divisions meetings, Corporate Auditors may attend any other meetings as they deem necessary, including those of Group companies.
 - The Company and Group companies provide Corporate Auditors with requested documents, including minutes and materials from important meetings, materials concerning important litigation and disputes, materials concerning the results of inspections by regulators and other outside parties, materials concerning improprieties such as matters reported through the internal whistleblowing program, and other necessary materials.
 - Company executives and employees are requested to report immediately to Corporate Auditors any information discovered and posing the risk of significant harm to the Company. Company executives and employees are protected from dismissal or other disadvantageous treatment as the result of submitting such reports.
 - Group employees are protected from dismissal from the Company or a Group company or other disadvantageous treatment as the result of having consulted regarding compliance or reported violations of laws, regulations, or the Articles of Association via the C Line internal whistleblowing program.
 - The Compliance Committee is led by the Corporate General Manager and with membership appointed by that Corporate General Manager to promote compliance within the Company and its subsidiaries.
- (i) Procedures for prepayment or reimbursement of the costs of performance of the duties of Corporate Auditors and other matters concerning policies related to the processing of costs or obligations arising in connection with the performance of such duties
- Demands received from Corporate Auditors for the payment of expenses necessary for the performance of their duties shall be paid promptly.
 - As judged necessary by Corporate Auditors, necessary audit costs, such as those involving the employment of attorneys, certified public accountants, consultants, and other external advisors, are authorized to support audits by Corporate Auditors.
- (j) Other systems intended to ensure the efficacy of audits by Corporate Auditors
- Group executives, etc. and employees cooperate actively in audits by Corporate Auditors.

- Based on their own independent plans and schedules and in close cooperation with the Audit Office, Corporate Auditors may interview the heads and employees of the sections audited.
 - Corporate Auditors exchange opinions with the President and the accounting auditor through meetings held periodically and at other times as needed.
- (k) Sustainable Committee
- The Sustainable Committee established under the Board of Directors and the Sustainable Committee Secretariat, its business execution organization, cooperate with Conference of Business Divisions meetings, business sections, and Group companies to consider and respond to climate change.
 - The Board of Directors consults with the Sustainable Committee regarding decisions on and oversight of related policies. The Audit and Supervisory Board and the Audit Office audit these initiatives in an auxiliary manner.
- (l) Maintenance of in-house rules, etc.
- In-house rules, programs, systems, manuals, procedures, and other matters related to this basic policy shall be reviewed continuously by the Group and amended, abolished, formulated, improved, established, etc. as needed.
- (m) Maintaining the risk management structure
- We strive to maintain a systematic risk management structure to respond to risks in various areas, such as business, management, markets, and credit (including risk prevention), and to accurately ascertain, analyze, and address risks such as human risks, natural disasters, and both internal and external risks.
 - In the sphere of legal and regulatory compliance, we have established The Pack Group Code of Conduct to set forth principles to serve as standards for actions and judgments with which executives and employees of Group companies must comply.
- (n) Matters subject to resolution by the General Meeting of Shareholders that may be determined by the Board of Directors
- With regard to the purchase of treasury shares, the Company, pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act, may acquire treasury share through market transactions and other methods by a resolution of the Board of Directors. This is intended to enable dynamic execution of management policies, including those concerning financial measures, in response to changes in economic conditions.
 - Based on the rules established in Article 454, Paragraph 5 of the Companies Act, the Articles of Association stipulate that interim dividends may be paid by a resolution of the Board of Directors. This is intended to make it possible to provide returns dynamically to shareholders by delegating authority for interim dividends of surplus to the Board of Directors.
- (o) Requirements of special resolutions by the General Meeting of Shareholders
- The Articles of Association stipulate that special resolutions by the General Meeting of Shareholders under Article 309, Paragraph 2 of the Companies Act require the support of two-thirds of voting rights present in a meeting attended by shareholders representing at least one-third of voting rights that can be exercised on the resolution. This is intended to enable the smooth operation of General Meetings of Shareholders by easing quorum requirements for special resolutions by the General Meeting of Shareholders.
- (iv) Basic policy concerning control of the Company
- (a) Details of the basic policy
- The Company believes that it has been built up and supported by tangible and intangible assets that are both important and essential to Company management, including the human resources, organization, equipment, product capabilities, technological capabilities, relationships of trust between management and employees, relationships of trust between the Company and its customers, suppliers, and other stakeholders, and management measures drafted and implemented to date.
- To increase the Company's corporate value and contribute to the common interests of shareholders, it is vital that those who control decision-making on Company financial and business policies maintain and improve these elements of management.

Quite clearly, shareholders are determined based on the principle of a free market and free trade. We ultimately believe that those parties who control decisions on Company financial and business policies should make their decisions based on the views of shareholders as a whole.

For this reason, we will not necessarily reject any or all efforts by individual parties or groups to acquire control of or influence decision-making on Company financial and business policies via the acquisition of large volumes of Company stock, even if such actions involve the unilateral acquisition of large volumes of Company stock without the consent of Company management, if they would contribute to the Company's corporate value or the common interests of shareholders.

However, if such efforts may be detrimental to the Company's corporate value or to the common interests of shareholders—for example, by damaging the above elements of management—we would consider the party to be inappropriate to control decision-making on Company financial and business policies and take appropriate measures to the extent permitted by laws, regulations, and the Articles of Association.

This is our basic policy on parties controlling decision-making on Company financial and business policies.

- (b) Efforts to prevent control of decision-making on Company financial and business policies by inappropriate parties under the basic policy

In the event that a party attempts to acquire large volumes of Company stock and the Company determines that such acquisition would be made by the inappropriate party, we will establish a task force that includes a certain number of outside experts; make a careful judgment regarding the intent of the party, the details of its proposals, and other matters in light of the above basic policy and the common interests of shareholders; and promptly decide on and implement practical defensive measures, where deemed appropriate and necessary.

- (c) Judgment by the Board of Directors concerning the initiatives under (b) above

The Company Board of Directors believes that the initiatives under (b) above are not contrary to the common interests of shareholders and are not intended to maintain the status of Company officers, since they have been formulated in accordance with the basic policy on control of the Company under (a) above and are intended to secure the Company's corporate value and the common interests of shareholders.

(2) Executives

(i) List of executives

Male: 11 members; female: one member (women account for 7.7% of executives)

Title	Name	Date of birth	Career history		Term of office	Shares held (thousand)
Chairman and Representative Director	Teruo Takinoue	April 30, 1961	April 1984 January 2008 March 2011 January 2012 April 2014 March 2015 January 2017 March 2018 March 2022 March 2025	Joined the Company General Manager, Osaka Production Division Director Deputy Divisional General Manager, Production Division Divisional General Manager, Packaging Products Division Managing Director Divisional General Manager, Production Division (to present) Senior Managing Director Vice President (to present) Chairman and Representative Director (to present)	See Note 4.	21
Managing Director General Manager, Western Japan Sales Division	Naoki Nakamura	June 5, 1965	April 1989 January 2008 January 2013 January 2017 January 2019 January 2019 January 2021 March 2024 March 2025	Joined the Company General Manager, Department No. 3, Tokyo Sales Division No. 1 General Manager, Chugoku-Shikoku Sales Division Corporate Officer Managing Corporate Officer General Manager, Western Japan Sales Division (to present) General Manager, Kyushu Sales Division Managing Director (to present) President & CEO (to present)	See Note 4.	1
Managing Director Deputy Divisional General Manager, Sales Division Divisional General Manager, Packaging Products Market Division	Norio Ashida	November 20, 1963	April 1986 January 2011 January 2015 January 2019 January 2019 January 2019 March 2020 March 2024 March 2025	Joined the Company General Manager, Tokyo Sales Division No. 4 Corporate Officer Managing Corporate Officer Divisional General Manager, Eastern Japan Sales Division Managing Director (to present) Deputy Divisional General Manager, Sales Division (to present) Divisional General Manager, Sales Division (to present) Divisional General Manager, Production Division (to present)	See Note 4.	8
Managing Director Divisional General Manager, Sales Division	Ryuichi Watanabe	January 9, 1964	April 1987 January 2016 January 2016 January 2019 January 2021 March 2022 March 2023 March 2025 March 2025	Joined the Company Corporate Officer General Manager, Tokyo Sales Division No. 1 Manager, Sales Coordination Section (to present) General Manager, Tokyo Sales Division No. 2 Corporate Officer General Manager, Eastern Japan Sales Division Managing Director (to present) Divisional General Manager, Sales Division (to present)	See Note 4.	1
Director Corporate General Manager	Ikuo Shimomura	November 11, 1965	April 1989 January 2009 January 2016 January 2021 January 2023 March 2024 March 2024	Joined the Company General Manager, Department No. 3, Tokyo Sales Division No. 3 General Manager, Tokyo Sales Division No. 2 Corporate Officer Deputy Divisional General Manager, Corporate Division Director (to present) Divisional General Manager, Corporate Division (to present)	See Note 4.	2
Director	Uichiro Nishio	March 7, 1955	March 1982 December 1983 July 1999 July 2002 April 2005 March 2015 June 2015 June 2016 March 2018	Registered as certified public accountant Registered as certified tax accountant Representative Partner, Seiwa Audit & Accounting Firm Representative Partner, Deloitte Touche Tohmatsu LLC Professor, Institute of Business and Accounting, Professional Graduate School, Kwansei Gakuin University (to present) Corporate Auditor, the Company External Auditor, Araya Industrial Co., Ltd. (to present) External Auditor, KMEW Co., Ltd. (to present) Director (to present)	See Note 4.	4

Title	Name	Date of birth	Career history		Term of office	Shares held (thousand)
Director	Kaoru Kasahara	December 14, 1961	March 1989 February 2010 February 2014 February 2015 February 2019 March 2022 April 2023	Joined Pigeon Corporation President and COO, Pigeonwill Corporation Corporate officer and Deputy Division Manager, Domestic Baby & Mother Care Business Division, Pigeon Corporation Corporate officer and Division Manager, Research and Development Division, Pigeon Corporation Director, Pigeon Manufacturing Ibaraki Corporation Director, the Company (to present) Outside Independent Director, Morozoff Ltd. (to present)	See Note 4.	0
Director	Reiji Domoto	May 29, 1963	April 1986 April 2011 April 2013 April 2015 August 2019 March 2021 August 2024 March 2025	Joined Sumitomo Bank, Ltd. General Manager, Kinki Corporate Sales Division, SMBC Nikko Securities Inc. General Manager, Semba Corporate Sales Division, Sumitomo Mitsui Banking Corporation Executive Officer, Sumitomo Mitsui Banking Corporation Executive Officer, SMBC Nikko Securities Inc. Managing Executive Officer, SMBC Nikko Securities Inc. Founded Two Wheels Consulting, Ltd. Representative Director, Two Wheels Consulting, Ltd. (to present) Director (to present)	See Note 4.	-
Standing Corporate Auditor	Yasuhiro Takagi	January 13, 1965	April 1987 January 2010 January 2012 January 2016 March 2024	Joined the Company General Manager, Tokyo Purchasing Department, Purchasing Division General Manager, Purchasing Administration Department, Purchasing Division General Manager, Purchasing Division Standing Corporate Auditor (to present)	See Note 5.	1
Director Deputy Divisional General Manager, Production Division	Haruyasu Ito	November 30, 1961	April 1984 January 2016 January 2019 March 2020 February 2022 March 2022 January 2023 March 2024 March 2025	Joined the Company General Manager, Section 2 of Tokyo Sales Division No. 2 Managing Director, Kannaru Printing Co., Ltd. President & CEO, Kannaru Printing Co., Ltd Director, the Company (to present) Deputy Divisional General Manager, Production Division (to present) In charge of Quality Management Control Dept. (to present) General Manager, Nara Production Division Corporate Auditor, the Company (to present)	See Note 7.	2
Corporate Auditor	Hisayoshi Tamakoshi	August 25, 1964	April 1992 August 1998 June 2013 March 2015	Registered as attorney-at-law Established Tamakoshi Law Firm (to present) External Auditor, Tomoshia Holdings Co., Ltd. (to present) Corporate Auditor, the Company (to present)	See Note 7.	3
Corporate Auditor	Norimasa Iwase	November 20, 1958	April 1983 March 1986 November 1989 May 1992 March 2018	Joined Nisshin Audit Corporation Registered as certified public accountant Registered as certified tax accountant Established Iwase CPA Office (to present) Corporate Auditor, the Company (to present)	See Note 6.	1
						49

Notes:

1. Directors Uichiro Nishio, Kaoru Kasahara, and Reiji Domoto are External Directors.
2. Corporate Auditors Hisayoshi Tamakoshi and Norimasa Iwase are External Corporate Auditors.
3. The Company has adopted a Corporate Officer system to invigorate the activities of the Board of Directors and to improve management efficiency by clearly differentiating between the Board's functions of decision-making and oversight of business execution and the business execution functions of individual business divisions.
The Company has nine Corporate Officers: Satoshi Nishiura, Divisional General Manager, Western Japan Sales Division; Yoshio Iwabashi, Divisional General Manager, Eastern Japan Sales Division; Haruyuki Kochi, General Manager, Sales Administration Department; Yoshihisa Tanaka, General Manager, Logistics Management Division / General Manager, Quality Management Control Department; Mitsusada Maeda, General Manager, Kansai Sales Division No. 2; Masami Kadotani, Divisional General Manager, Packaging Products Market Division; Shoichi Kimata, General Manager, Osaka Production Division / General Manager, General Affairs Department, Osaka

Production Division; Yuko Nakata, General Manager, Human Resources Department, Corporate Division; and Shigeki Tsukamoto, General Manager, Tokyo Production Division / General Manager, Technology Department, Tokyo Production Division.

4. The terms of office of Directors run from the end of the Regular General Meeting of Shareholders held March 26, 2025, to the end of the Regular General Meeting of Shareholders for the period ending December 2025.
5. The terms of office of Corporate Auditors run from the end of the Regular General Meeting of Shareholders held March 28, 2024, to the end of the Regular General Meeting of Shareholders for the period ending December 2026.
6. The terms of office of Corporate Auditors run from the end of the Regular General Meeting of Shareholders held March 28, 2023, to the end of the Regular General Meeting of Shareholders for the period ending December 2026.
7. The terms of office of Corporate Auditors run from the end of the Regular General Meeting of Shareholders held March 30, 2022, to the end of the Regular General Meeting of Shareholders for the period ending December 2025.

(ii) External Officers

A. Numbers of External Directors and External Corporate Auditors

The Company has three External Directors and two External Corporate Auditors.

B. Personal, capital, and transactional relations with the Company and other interests in the Company

While External Directors Uichiro Nishio and Kaoru Kasahara own shares of Company stock (in the quantities indicated in the column for shares of stock held in (i) List of executives above), they have no other relevant interests in the Company.

While External Corporate Auditors Hisayoshi Tamakoshi and Norimasa Iwase own shares of Company stock (in the quantities shown in the column for shares of stock held in (i) List of Executives above), they have no other personal, capital, or transactional relations with the Company or other interests in the Company and maintain their full independence from the Company. Accordingly, we have designated both of them as Independent Director under the provisions established by the Tokyo Stock Exchange.

C. Functions and roles to be fulfilled by External Directors and two External Corporate Auditors in corporate governance and perspectives on their appointment

External Directors are responsible for improving Company corporate governance by providing oversight from a neutral, impartial perspective, drawing on their specialized knowledge and experience. Accordingly, we have appointed as External Directors Uichiro Nishio, who is qualified as a certified public accountant and certified tax accountant and offers special expertise related to tax, finances, and accounting, and Kaoru Kasahara and Reiji Domoto, who bring a wealth of business knowledge and expertise with companies listed on the Prime Market of the Tokyo Stock Exchange in industries outside our own industry.

External Corporate Auditors are responsible for making Company corporate governance more effective through audits undertaken from an objective and neutral standpoint, drawing on their specialized knowledge and experience. Accordingly, we have appointed as External Corporate Auditors Norimasa Iwase, who is qualified as a certified public accountant and certified tax accountant and offers special expertise regarding tax, finances, and accounting, and Hisayoshi Tamakoshi, who is qualified as an attorney at law and offers special expertise concerning legal affairs.

D. Standards and policies concerning independence from the Company

Our basic perspective on appointments of External Directors calls for the appointment of those with the knowledge and experience needed to audit the legal and regulatory compliance and business administration of Directors in accordance with the requirements for External Directors under the Companies Act and standards for independence established by financial instruments exchanges. These individuals must be capable of serving as External Directors from perspectives independent of the Company management team.

(iii) Cooperation between oversight or audits by External Directors or External Corporate Auditors and internal audits, audits by Corporate Auditors, and account audits and relationship to internal control sections

External Directors attend meetings of the Board of Directors and implement oversight functions through appropriate contributions based on their individual expertise, experience, and knowledge of internal controls and other key topics.

External Corporate Auditors attend meetings of the Board of Directors and the Audit and Supervisory Board and implement audit functions by reviewing reports on the results of internal audits, audits by Corporate Auditors, account audits, etc.

External Directors and External Corporate Auditors enhance mutual cooperation through the exchange of information and opinions, mainly at meetings of the Board of Directors and of the Audit and Supervisory Board.

(3) Audits

(i) Audits by Corporate Auditors

The Company's Audit and Supervisory Board has four members, including two External Corporate Auditors. The status of each Corporate Auditor is reviewed below.

Title	Name	Career history, etc.
Standing Corporate Auditor	Yasuhiro Takagi	After joining the Company, Mr. Takagi worked in sales, overseas Group companies, and purchasing sections, rising to the post of General Manager of the Purchasing Division before his appointment as Corporate Auditor in 2024. He currently chairs the Audit and Supervisory Board. He brings to his assigned position a wealth of business experience and commensurate acuity of judgment.
Standing Corporate Auditor	Haruyasu Ito	After joining the Company, Mr. Ito worked mainly in sales, rising to the posts of representative director of a domestic subsidiary and director of the Company, in which his efforts focused on production and quality control. He was appointed a Corporate Auditor in 2025. He brings to his assigned position a wealth of business experience and commensurate acuity of judgment.
External Corporate Auditor	Hisayoshi Tamakoshi	After registering as an attorney-at-law in 1992, Mr. Tamakoshi was appointed Company Corporate Auditor in 2015. In addition to years of experience in corporate law and high-level insight as an attorney, he also brings to his assigned position a wealth of experience as an External Corporate Auditor with other firms.
External Corporate Auditor	Norimasa Iwase	After registering as a certified public accountant in 1986, Mr. Iwase was appointed Company Corporate Auditor in 2018. He brings to his assigned duties years of experience in corporate accounting, strong insight, and a wealth of experience in finance and accounting.

In implementing on-site audits, the Standing Corporate Auditors continue to draw on their wide-ranging business experience with the Company to gather important information from wide-ranging perspectives concerning the Company's business operations as a whole. Utilizing their discernment and experience in their areas of expertise, External Corporate Auditors provide important information and participate from a neutral perspective in the exchange of opinions among Corporate Auditors.

(ii) Activities of the Audit and Supervisory Board

In principle, the Audit and Supervisory Board meets monthly, and meets at other times as needed. It met 13 times during the business year under review, with each meeting lasting approximately 90 minutes.

Title	Name	Attendance at meetings of the Audit and Supervisory Board
Standing Corporate Auditor	Shinji Noda	13/13 meetings
Standing Corporate Auditor	Shuichi Nakamura	3/3 meetings
Standing Corporate Auditor	Yasuhiro Takagi	9/10 meetings
External Corporate Auditor	Hisayoshi Tamakoshi	13/13 meetings
External Corporate Auditor	Norimasa Iwase	13/13 meetings

Notes:

1. The attendance data for Shuichi Nakamura is based on the number of Audit and Supervisory Board meetings held through his retirement as of the end of the Regular General Meeting of Shareholders held March 28, 2024.
2. The attendance data for Yasuhiro Takagi is based on the number of Audit and Supervisory Board meetings held after he took office following his appointment in the Regular General Meeting of Shareholders held March 28, 2024.

a. Main reports and information sharing

- Reports on audit activities: Presentations by each Corporate Auditor on the details of investigations and other audit activities

- Reports on business results: Reports by Standing Corporate Auditors to External Corporate Auditors on the most recent monthly business results (sales, profits)
 - Review of Board of Directors activities: Reviews of related matters based on the minutes and other documents from recent Board of Directors meetings and reports by Standing Corporate Auditors to External Corporate Auditors on progress with regard to each matter after the Board of Directors meeting
 - Reports on internal audits: Information sharing on the results of business audits by the Audit Office, which oversees internal audits, based on internal audit reports
 - Other: Reports by Standing Corporate Auditors to External Corporate Auditors on the particulars of matters submitted to C Line (the internal whistleblowing program), major complaints, and related matters, and on measures to prevent their recurrence
- b. Key topics of study and resolutions
- Formulation of audit policies, division of responsibilities, and audit plans
 - Priority policies: Implementing audits with a focus on the efficacy of corporate governance and internal controls; audits of validity and compliance in light of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, the Labor Standards Act, in-house rules on asset management, internal regulations, and other Company rules, in particular concerning the prevention and control of major potential risks to the Group
 - Division of responsibilities in audits: Only Standing Corporate Auditors are involved in everyday audits. External Corporate Auditors undertake audits based on information obtained by attending meetings, information from reports by Standing Corporate Auditors, and information gleaned from on-site audits.
 - Checking on Audit and Supervisory Board Rules and audit standards
 - Approval of annual consolidated financial statements, nonconsolidated financial statements, and their annexed details; of business reports and their annexed details
 - Preparing audit reports
 - Evaluating the account auditor and determining whether to submit resolutions to the General Meeting of Shareholders calling for the reappointment or dismissal of the auditor
 - Schedules and topics of interviews with the President and Division heads in audit plans
 - Review of systems related to secondment to Group companies and advising the Board of Directors
 - Consenting to decisions on audit remuneration paid to the account auditor
 - Deliberations and decisions among Corporate Auditors concerning Corporate Auditor remuneration
 - Consenting to resolutions on the appointment of Corporate Auditors
 - Checking on resolutions of the Sustainable Committee, the Integrated Report, and the CSR Report

(iii) Corporate Auditors obligations

a. Attendance at important meetings

Name	Meeting			
	Board of Directors	Conference of Business Divisions	Executive Committee	Other
Shinji Noda	○ 18/18 meetings	○ 12/12 meetings	○ 12/12 meetings	
Yasuhiro Takagi	○ 13/13 meetings	○ 12/12 meetings	○ 9/9 meetings	
Hisayoshi Tamakoshi	○ 16/18 meetings	○ 12/12 meetings		External Officers' Conference, etc.
Norimasa Iwase	○ 18/18 meetings	○ 12/12 meetings		

Note:

1. Conference of Business Divisions: Meetings at which the heads of individual business divisions or other persons responsible report on various matters, including monthly accounts settlements, activity status, and future forecasts for each section and Group subsidiary
2. The attendance data for Yasuhiro Takagi is based on the number of Board meetings and Executive Committee meetings held after he took office following his appointment in the Regular General Meeting of Shareholders held March 28, 2024.

Corporate Auditors attend meetings of the Board of Directors and other important meetings, audit meeting management and decision-making processes, and offer opinions, as necessary.

- b. Interviews with Directors
 - The President & CEO is interviewed on a quarterly basis.
 - The General Managers of the Production, Sales, and Corporate divisions are interviewed.
- c. Checking on important decision-making documents, etc.
 - Viewing and checking on applications for approval and minutes of important meetings, such as those of the Board of Directors
- d. Interviews and exchange of opinions with account auditor
 - Opinions are exchanged on audit policies, priority items, and important matters considered in audits.
 - Reports on the results of the first quarter review, reports on results of the interim review at the end of the first half, reports on the status of audits in the third quarter, and reports on the results of audits at the end of the year; other interviews are conducted as necessary
- e. Exchange of information with internal audit section
 - Exchange of opinions on audit policies and audit plans
 - Checking on the details of audit reports for business site audits undertaken by the Audit Office
- f. On-site audits
 - Important matters checked in on-site audits
 - * Workstyle reforms, including compliance with Article 36 agreements
 - * Asset management, in particular compliance with rules on physical inventory check
 - * Compliance with the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors—in particular, provisions related to the issue of documents under Article 3 and strict compliance with collection deadlines
 - * Status of receipt of contracts and order forms
 - We undertook on-site inspections and interviews with the persons responsible at one of the Company's plants and inspected the logistic facilities in operation during the period under review.
- g. Ascertaining the state of business activities at and supporting the governance of consolidated subsidiaries
 - Standing Corporate Auditors also serve as part-time Corporate Auditors for domestic subsidiaries. They attend meetings of their boards of directors and other core management meetings and implement business audits.
 - Audit accounting documents from accounts settlements each quarter

(iv) Status of internal audits

Our internal audits are periodic internal audits carried out by the Audit Office, which has a staff of two members. The purpose of these audits is to investigate and assess whether the Group's efforts to maintain and improve the internal controls systems under the Companies Act and the Financial Instruments and Exchange Act, as well as business execution, are implemented effectively, efficiently, and in compliance with applicable laws and regulations, various rules, and management plans. The audits also seek to provide appropriate guidance and suggestions regarding improvements, if any. The audit results are reported to the Board of Directors and to the Audit and Supervisory Board. In principle, in addition to the appropriate exchange of opinions with the accounting auditor and the implementation of improvements in the maintenance and operation of internal controls, thereby ensuring the reliability of financial reporting, we accompany all on-site inspections of business sites by accounting auditors and exchange opinions routinely on important audit findings and other topics.

Any issues with risk management identified in these findings are reported to the representative directors, the Board of Directors, and the Audit and Supervisory Board. If the representative directors identify important matters requiring improvement, they instruct the audited sections to make the improvements needed. The Audit Office checks and reports on the status of such improvements to the representative directors and to the Audit and Supervisory Board, in addition to reporting to the Conference of Business Divisions on audit results and improvement efforts, thereby sharing such information at the companywide level.

(v) Account auditing

- a. Name of audit firm
Ernst & Young ShinNihon LLC

b. Period of continual auditing

Since 1990

Due to the extreme difficulty of investigating this information, the period of continual auditing may exceed the timeframe indicated above.

c. Certified public accountants responsible for operations

Yasuhiro Kozaki

Ryoichi Hayama

d. Assistants involved in audit operations

Five certified public accountants and 14 other individuals serve as assistants involved in Company account audit operations

e. Policy on and reasons for selecting the account auditor

The Audit and Supervisory Board formulates its own independent audit firm evaluation standards, referring to various guidelines from the Japan Audit & Supervisory Board Members Association, and prepares, on that basis, evaluation documents addressing various matters, including the audit firm's audit structure, independence, audit quality, and status of the execution of audit duties. If this evaluation indicates the need to switch to another audit firm, a decision on the selection thereof is made based on these evaluation standards and a comprehensive assessment of its audit structure, independence, audit quality, and other key aspects.

f. Evaluation of the account auditor by the Corporate Auditors and Audit and Supervisory Board

Based on the above evaluation standards during the period under review, the Audit and Supervisory Board verified the status of the execution of audits by Ernst & Young ShinNihon LLC. The Audit and Supervisory Board interviewed Ernst & Young ShinNihon regarding the establishment of and compliance with policies and procedures for ensuring independence and those concerning the appointment and rotation of its employees in charge of audits and training plans for audit staff and the state of their implementation, based on interviews with the account auditor. The goal was to confirm that the audit firm is indeed independent and competent. On this basis, the Audit and Supervisory Board concluded that it would be appropriate to reappoint Ernst & Young ShinNihon LLC.

(vi) Details of audit remuneration, etc.

a. Remuneration of certified public accountants and others involved in audits

Category	Previous consolidated fiscal year		Consolidated fiscal year under review	
	Remuneration based on audit certification operations (¥ million)	Remuneration based on non-audit operations (¥ million)	Remuneration based on audit certification operations (¥ million)	Remuneration based on non-audit operations (¥ million)
The Company	39	-	40	-
Consolidated subsidiaries	-	-	-	-
Total	39	-	40	-

b. Remuneration of certified public accountants and others involved in audits and their network (excluding those under a.)

Not applicable

c. Details of remuneration based on other important audit certification operations

Not applicable

d. Policies concerning decisions on audit remuneration

The Company makes appropriate decisions on audit remuneration for certified public accountants and others involved in audits with the consent of the Audit and Supervisory Board, taking into account various factors, including the time required for each audit phase, remuneration amounts per unit, the nature of the activities carried out, and policies at other companies.

e. Reasons for Audit and Supervisory Board consent for account auditor remuneration

The Company's Audit and Supervisory Board granted consent for remuneration for the account auditor under Article 399, Paragraph 1, of the Companies Act based on an analysis and evaluation of audit results in the previous consolidated fiscal year and study and after confirming the propriety of the audit plans, audit timetable, staffing plans, and estimated remuneration amounts for the consolidated fiscal year under review.

(4) Executive remuneration, etc.

(i) Matters concerning amounts of executive remuneration, etc. or policies on decisions related to their calculation methods

a. Basic policy on executive remuneration

The Company's executive remuneration system is intended to maintain a competitive position within the industry while improving business results, continually strengthening corporate value, sharing profits with shareholders, and reflecting job responsibilities and results.

b. Remuneration structure

- Based on the resolution passed in the 58th Regular General Meeting of Shareholders held March 30, 2010, total executive remuneration may not exceed the annual figures of ¥470 million for Directors (the total number of Directors at the time of that General Meeting of Shareholders was 11) and ¥70 million for Corporate Auditors (the total number of Corporate Auditors at the time of the General Meeting of Shareholders in question was four). The 63rd Regular General Meeting of Shareholders held March 27, 2015, approved the payment of annual amounts of up to ¥30 million in compensation related to share acquisition rights in the form of stock options as share-based compensation for Directors, within these maximum remuneration limits. The 68th Regular General Meeting of Shareholders held March 26, 2020, approved the payment of a total annual amount of up to ¥30 million of monetary remuneration claims as part of a transfer-restricted share-based compensation program.
- Remuneration for Directors (excluding External Directors) consists of base remuneration at fixed levels reflecting the scope of their duties, bonuses determined based on their contributions to the businesses they oversee, and transfer-restricted share-based remuneration (through the 68th fiscal period, stock options).
- External Directors and External Corporate Auditors are paid base remuneration only.

c. Remuneration calculation methods and decision-making processes

(A) Procedure for calculating remuneration

• Base remuneration

Base remuneration is determined by considering the base remuneration determined in accordance with the Director's position and responsibilities as remuneration for job execution. It is paid as a fixed monthly amount.

• Bonuses (performance-linked remuneration)

Bonuses serve as an incentive to improve business results and increase corporate value over the short term. They are paid based on a fixed percentage of the indicator of annual consolidated operating income. The Remuneration Committee determines bonuses with consideration for the contribution of each Director to the businesses of which he or she is in charge, and they are paid at fixed times each year. This indicator was chosen because it makes it possible to verify objectively the results and responsibilities of the management team.

Consolidated operating income, the indicator used for performance-linked remuneration, was ¥8,009 million in FY2024.

• Share-based remuneration stock options (performance-linked remuneration)

The share-based remuneration stock options program awards share acquisition rights on Company stock to Directors as an incentive to improve business results and increase corporate value over the medium to long term based on shared awareness with shareholders of the risks and rewards of stock-price fluctuations.

Only when the rate of growth in consolidated financial results (net sales and operating income) in the fiscal year in which the share acquisition rights were allotted was at least 100% vs. the previous fiscal year may a holder of share acquisition rights exercise all share acquisition rights allotted in that fiscal year. If the rate of growth was less than 100%, then only a portion of the share acquisition rights allotted in that fiscal year, based on the rate of growth, may be exercised.

With the adoption of a share-based remuneration program based on transfer-restricted shares, stock options other than those already allotted have been discontinued. New options will not be issued.

- Share-based remuneration program through transfer-restricted shares (performance-linked compensation; “program” hereinafter)

The share-based remuneration program based on transfer-restricted shares is a remuneration program adopted to replace the share-based remuneration program of stock options. The goal is to enhance value-sharing with shareholders and contribute to mid- to long-term growth in corporate value.

Based on a resolution of the Company Board of Directors, monetary remuneration claims are paid each business year as remuneration related to transfer-restricted shares. Each Director is allotted shares of Company common share through the payment of all monetary remuneration claims as investments in kind. Later, restrictions on the transfer of allotted shares are waived after the Director resigns.

(B) Decision-making process

A policy on determining the specifics of remuneration for individual Directors was approved by a resolution of the Board of Directors in its March 29, 2022, meeting. In deliberating on this resolution, the Board solicited the opinions of the Remuneration Committee regarding the details of the resolution decided on in advance by Executive Directors. The Board also checks to make sure that the method of deciding the details of individual remuneration, etc., and the details of such remuneration, etc., for Directors in the business year under review are consistent with Board resolutions on decision policies and that the views of the Remuneration Committee are given sufficient weight. The Board has determined that this remuneration does comply with such policies.

Remuneration of Corporate Auditors is determined through discussions among the Corporate Auditors, based on monthly base amounts reflecting various considerations, including their standing or non-standing status and years of experience as Corporate Auditors.

d. Matters related to the delegation of decision-making on matters such as remuneration of individual Directors

(A) Position and responsibilities of delegates

These decisions are delegated to the members of the Remuneration Committee (President & CEO Hideaki Yamashita, Director and Corporate General Manager Ikuo Shimomura, and External Directors Hirofumi Hayashi, Uichiro Nishio, and Kaoru Kasahara) because they are considered appropriate personnel to assess the sections overseen by each Director from the perspective of Companywide business results.

(B) Details of authority delegated

Allocation of remuneration amounts to Directors

(C) Measures to ensure appropriate execution of authority by delegates

The Remuneration Committee consists of five Directors appointed by a resolution of the Board of Directors. Three members are independent External Directors. The chairperson of the committee is chosen from members who are independent External Directors.

(ii) Total remuneration, total amounts by type per executive, numbers of eligible executives

Executive category	Total remuneration, etc. (¥ million)	Total remuneration, etc. by type (¥ million)			Number of subject executives
		Base remuneration	Bonus	Transfer-restricted share-based remuneration	
Directors (excluding External Directors)	258	213	28	16	8
Corporate Auditors (excluding External Corporate Auditors)	40	40	-	-	3
External Officers	43	43	-	-	5

(iii) Total consolidated remuneration, etc. by executive

Not indicated since no executive received total consolidated remuneration, etc. exceeding ¥100 million

(iv) Material employee salaries earned by executives serving concurrently in employee positions

Not applicable

(5) Status of ownership of stock

(i) Standards and rationale underlying equity investment categories

The Company categorizes equity investments into those held purely for investment purposes, held to gain from fluctuations in stock prices or dividends, and those held for other than purely investment purposes (cross-shareholding). Currently, we hold no shares of stock purely for investment purposes.

(ii) Equity investments held for other than purely investment purposes

a. Holding policies, method of verifying feasibility of holdings, and details of verification by the Board of Directors whether to hold individual issues

1) Policy on cross-shareholdings

The Company's basic policy is not to hold cross-shareholdings except when their holding is recognized to be important. The importance of such holdings is judged based on whether they would contribute to sustained business growth and the strengthening of transaction relationships through joint efforts with the issuer company.

2) Verification of the feasibility of cross-shareholdings

Together with quantitative verification of the propriety of the economic value and capital cost of each issue, we also take into comprehensive consideration qualitative perspectives such as strategic relations and importance in verifying the feasibility of holdings. In addition to the target of keeping cross-shareholdings to no more than 10% of consolidated net assets, the reasons for holding cross-shareholdings and their value as investments are subject to review. The Board of Directors also reviews cross-shareholdings on a quarterly basis and seeks to reduce them if they are judged not to comply with this policy.

The Company plans both environmental measures and labor and energy conservation efforts by implementing plans to enhance facilities for the food products and e-commerce markets. It also seeks to improve its growth potential and strengthen its corporate value through various activities, including updating backbone computer systems and investing in human resources. Furthermore, to improve its capital efficiency, it has specified the amount of equity capital required for the Group's growth and implements strategic returns to shareholders. Funds earned from sales of cross-shareholdings are allocated to these investments or to shareholder returns.

3) Standards on exercise of voting rights related to cross-shareholdings

Voting rights are exercised appropriately through close examination of the details of resolutions to determine whether they would contribute to increased shareholder value. We do not support any resolutions that could markedly harm shareholder interests. When voting against a resolution, we report such fact to the Board of Directors. In principle, we exercise voting rights on all resolutions.

b. Number of issues and amount on balance sheet

	Number of issues	Total amount on balance sheet (¥ million)
Unlisted shares	10	181
Shares other than unlisted shares	54	5,347

Note: In addition to the above, the investment securities account includes one issue of investment in an investment limited liability partnership. This does not constitute a shareholding.

(Issues for which the number of shares increased in the business year under review)

	Number of issues	Total purchase price related to increase in shares, etc. (¥ million)	Reason for increase in shares
Unlisted shares	-	-	-
Shares other than unlisted shares	15	601	Acquisition of shares via the Trading Partners Stock Ownership Plan or other means to create business opportunities Another purpose is to ensure stable materials procurement routes.

(Issues for which numbers of shares decreased in the business year under review)

	Number of issues	Total sale price related to decrease in shares, etc. (¥ million)
Unlisted shares	-	-
Shares other than unlisted shares	5	960

c. Information on numbers of shares per issue and amount on balance sheet of specified investment shares and imputed share holdings

Specified investment shares

Issue	Business year under review	Previous business year	Purpose of holding, quantitative effects of holding, and reason for increase in shares	Holds shares of Company stock?
	Shares	Shares		
	Amount on balance sheet (¥ million)	Amount on balance sheet (¥ million)		
Hokuetsu Corporation	782,400	370,000	Additional shares acquired to maintain and enhance transaction relationships involving Company products, etc. (purchasing) Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	Y
	1,196	524		
Daiwa House Industry Co., Ltd.	159,000	209,000	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively. As a result, some share holdings were sold during the business year under review.	Y
	772	892		
Marubeni Corporation	253,000	253,000	To maintain and enhance transaction relationships involving Company products, etc. (purchasing). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	Y
	605	563		
Takara Standard Co., Ltd.	321,767	320,918	(Shares acquired through Trading Partners Stock Ownership Plan) These shares are held to maintain transaction relationships in line with sales and other policies, and the number of shares was increased to strengthen these relationships. Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	544	523		
Mitsubishi UFJ Financial Group, Inc.	200,000	200,000	To maintain and enhance financial transaction relationships. Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N (See Note 1.)
	369	242		
Sumitomo Realty & Development Co., Ltd.	52,500	52,500	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	Y
	259	220		
Look Holdings Incorporated	110,300	110,300	Additional shares acquired to maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	Y
	255	255		

Issue	Business year under review	Previous business year	Purpose of holding, quantitative effects of holding, and reason for increase in shares	Holds shares of Company stock?
	Shares	Shares		
	Amount on balance sheet (¥ million)	Amount on balance sheet (¥ million)		
Marui Group Co., Ltd.	75,561	110,561	Additional shares acquired to maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively. As a result, some share holdings were sold during the business year under review.	N
	189	261		
Daio Paper Corporation	222,000	222,000	To maintain and enhance transaction relationships involving Company products, etc. (purchasing). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	Y
	184	249		
Fuji Maxvalu Nishinohon Co., Ltd.	41,935	41,123	(Shares acquired through Trading Partners Stock Ownership Plan) These shares are held to maintain transaction relationships in line with sales and other policies. The number of shares was increased to strengthen these relationships. Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	Y
	86	78		
Aeon Co., Ltd.	21,963	21,963	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	81	69		
Chiyoda Co., Ltd.	43,076	38,539	(Shares acquired through Trading Partners Stock Ownership Plan) These shares are held to maintain transaction relationships in line with sales and other policies. The number of shares was increased to strengthen these relationships. Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	56	33		
Sumitomo Mitsui Financial Group, Inc.	12,690	4,230	To maintain and enhance financial transaction relationships. Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively. * The increase in numbers of shares was due to a stock split.	N (See Note 1.)
	47	29		
Okura Industrial Co., Ltd.	15,000	15,000	Shares purchased to maintain smooth transaction relationships involving Company products, etc. (purchasing) in the Film Packaging business and enhance efforts such as joint development of eco-friendly products. Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	Y
	45	38		

Issue	Business year under review	Previous business year	Purpose of holding, quantitative effects of holding, and reason for increase in shares	Holds shares of Company stock?
	Shares	Shares		
	Amount on balance sheet (¥ million)	Amount on balance sheet (¥ million)		
Mac House Co., Ltd.	203,021	192,148	(Shares acquired through Trading Partners Stock Ownership Plan) These shares are held to maintain transaction relationships in line with sales and other policies. The number of shares was increased to strengthen these relationships.	N
	44	72	Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	
Aoki Holdings Inc.	31,761	29,747	(Shares acquired through Trading Partners Stock Ownership Plan) These shares are held to maintain transaction relationships in line with sales and other policies. The number of shares was increased to strengthen these relationships.	N
	42	33	Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	
Aeon Delight Co., Ltd.	9,750	9,750	To maintain and enhance transaction relationships involving Company products, etc. (sales).	N
	42	34	Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	
Heiwado Co., Ltd.	17,802	16,946	(Shares acquired through Trading Partners Stock Ownership Plan) These shares are held to maintain transaction relationships in line with sales and other policies. The number of shares was increased to strengthen these relationships.	N
	40	36	Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	
Eat&Holdings Co., Ltd.	18,506	17,274	(Shares acquired through Trading Partners Stock Ownership Plan) These shares are held to maintain transaction relationships in line with sales and other policies. The number of shares was increased to strengthen these relationships.	N
	40	36	Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	
Rock Field Co., Ltd.	25,706	24,622	(Shares acquired through Trading Partners Stock Ownership Plan) These shares are held to maintain transaction relationships in line with sales and other policies. The number of shares was increased to strengthen these relationships.	N
	39	39	Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	

Issue	Business year under review	Previous business year	Purpose of holding, quantitative effects of holding, and reason for increase in shares	Holds shares of Company stock?
	Shares	Shares		
	Amount on balance sheet (¥ million)	Amount on balance sheet (¥ million)		
Japan Pulp And Paper Company Limited	56,890	5,689	To maintain and enhance transaction relationships involving Company products, etc. (purchasing). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively. The increase in the number of shares held resulted from a stock split.	Y
	38	28		
Isetan Mitsukoshi Holdings Ltd.	11,500	11,500	To maintain and streamline transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	31	17		
Sumitomo Mitsui Trust Group, Inc. (See Note 2.)	8,294	8,294	To maintain and enhance financial transaction relationships. Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively. * The increase in numbers of shares was due to a stock split.	N (See Note 1.)
	30	22		
Fukuyama Transporting Co., Ltd.	8,000	8,000	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	29	32		
Morito Co., Ltd.	16,000	16,000	To maintain and enhance transaction relationships involving Company products, etc. (purchasing). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	Y
	24	20		
Izumi Co., Ltd.	6,662	6,662	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	21	24		
Seven & I Holdings Co., Ltd.	8,481	2,827	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	21	15		
Marudai Food Co., Ltd.	10,978	10,978	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	18	17		

Issue	Business year under review	Previous business year	Purpose of holding, quantitative effects of holding, and reason for increase in shares	Holds shares of Company stock?
	Shares	Shares		
	Amount on balance sheet (¥ million)	Amount on balance sheet (¥ million)		
Tenmaya Store Co., Ltd.	15,164	14,514	(Shares acquired through Trading Partners Stock Ownership Plan) These shares are held to maintain transaction relationships in line with sales and other policies. The number of shares was increased to strengthen these relationships. Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	15	16		
Kintetsu Department Store Co., Ltd.	6,200	6,200	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	12	16		
Jins Holdings Inc.	1,990	1,713	(Shares acquired through Trading Partners Stock Ownership Plan) These shares are held to maintain transaction relationships in line with sales and other policies. The number of shares was increased to strengthen these relationships. Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	12	8		
Haruyama Holdings Inc.	20,450	20,450	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	Y
	12	12		
Lixil Group	6,518	6,518	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	11	11		
FP Corporation	4,000	4,000	To maintain and enhance transaction relationships involving Company products, etc. (purchasing). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	11	11		
4°C Holdings Co., Ltd.	5,874	5,086	(Shares acquired through Trading Partners Stock Ownership Plan) These shares are held to maintain transaction relationships in line with sales and other policies. The number of shares was increased to strengthen these relationships. Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	11	10		

Issue	Business year under review	Previous business year	Purpose of holding, quantitative effects of holding, and reason for increase in shares	Holds shares of Company stock?
	Shares	Shares		
	Amount on balance sheet (¥ million)	Amount on balance sheet (¥ million)		
Superbag Co., Ltd.	5,000	50,600	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively. As a result, some share holdings were sold during the business year under review.	Y
	10	122		
Royal Holdings Co., Ltd.	4,356	4,356	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	10	11		
Izutsuya Co., Ltd.	22,831	21,125	(Shares acquired through Trading Partners Stock Ownership Plan) These shares are held to maintain transaction relationships in line with sales and other policies. The number of shares was increased to strengthen these relationships. Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	9	8		
Okuwa Co., Ltd.	10,697	9,850	(Shares acquired through Trading Partners Stock Ownership Plan) These shares are held to maintain transaction relationships in line with sales and other policies. The number of shares was increased to strengthen these relationships. Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	9	8		
Edion Corporation	5,050	5,050	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	9	7		
Chofu Seisakusho Co., Ltd.	4,400	4,400	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	8	8		
Ito En, Ltd.	2,600	2,600	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	8	9		
Oji Holdings Corporation	12,304	12,304	To maintain and enhance transaction relationships involving Company products, etc. (purchasing). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	Y
	7	6		

Issue	Business year under review	Previous business year	Purpose of holding, quantitative effects of holding, and reason for increase in shares	Holds shares of Company stock?
	Shares	Shares		
	Amount on balance sheet (¥ million)	Amount on balance sheet (¥ million)		
Konaka Co., Ltd.	25,434	25,434	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	Y
	5	10		
Xebio Group	4,680	4,680	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	5	4		
H2O Retailing Corp.	2,079	2,079	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	4	3		
G-Foot	12,000	12,000	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	3	3		
Scroll Corporation	1,622	1,455	(Shares acquired through Trading Partners Stock Ownership Plan) These shares are held to maintain transaction relationships in line with sales and other policies. The number of shares was increased to strengthen these relationships.	N
	1	1	Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	
Shimajima Co., Ltd.	1,200	1,200	To maintain and enhance transaction relationships involving Company products, etc. (purchasing). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	Y
	1	1		
Taka-Q Co., Ltd.	11,000	11,000	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	1	0		
Heiwa Paper Co., Ltd.	3,000	3,000	To maintain and enhance transaction relationships involving Company products, etc. (purchasing). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	Y
	1	1		

Issue	Business year under review	Previous business year	Purpose of holding, quantitative effects of holding, and reason for increase in shares	Holds shares of Company stock?
	Shares	Shares		
	Amount on balance sheet (¥ million)	Amount on balance sheet (¥ million)		
Right-On Co., Ltd.	4,218	4,218	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	0	1		
Nozaki Insatsu Shigyo Co., Ltd.	1,000	1,000	To maintain and enhance transaction relationships involving Company products, etc. (purchasing). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	0	0		
Palemo Holdings Co., Ltd.	205	205	To maintain and enhance transaction relationships involving Company products, etc. (sales). Numerical figures on results of holding are not disclosed because they include confidential sales information. However, the fact that the benefits and risks of holding shares are commensurate with capital costs is verified both quantitatively and qualitatively.	N
	0	0		
Daicel Corporation	-	29,000	The purpose is to maintain and enhance transaction relationships involving Company products, etc. (sales); however, all holdings were sold during the business year under review, based on assessments of the reasons for holding them.	N
	-	39		
Kosaido Holdings Co., Ltd.	-	830,000	The purpose is to maintain and enhance transaction relationships involving Company products, etc. (sales); however, all holdings were sold during the business year under review, based on assessments of the reasons for holding them.	Y
	-	630		

Notes:

1. While the company in which we hold shares does not own Company stock, a subsidiary of the company does own Company stock.
2. Sumitomo Mitsui Trust Holdings was renamed Sumitomo Mitsui Trust Group effective October 1, 2024.
3. “-” indicates no holdings of the relevant issue.

(iii) Equity investments held purely for investment purposes
Not applicable

V. Accounts

1. Method for preparing consolidated and non-consolidated financial statements

- (1) The Company's consolidated financial statements are prepared based on the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).
- (2) The Company's nonconsolidated financial statements are prepared based on the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963).

Since it qualifies as a company submitting exceptional financial statements, the Company prepares financial statements pursuant to the provisions of Article 127 of the Regulation on Financial Statements, etc.

2. Audit certification

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company's consolidated financial statements for the consolidated fiscal year under review (from January 1, 2024 to December 31, 2024) and nonconsolidated financial statements for the fiscal year under review (from January 1, 2024 to December 31, 2024) have been audited by Ernst & Young ShinNihon LLC.

3. Special efforts to ensure the accuracy of consolidated financial statements, etc.

The Company makes special efforts to ensure the accuracy of its consolidated financial statements, etc. Specifically, to maintain a structure that enables it to ascertain appropriately the content of accounting standards, etc., it is a member of the Financial Accounting Standards Foundation and takes part in activities, including training provided by the bodies establishing accounting standards and other organizations.

1. Consolidated financial statements, etc.

(1) Consolidated financial statements

(i) Consolidated Balance Sheet

(¥ million)

	Previous fiscal year (December 31, 2023)	Fiscal year under review (December 31, 2024)
Assets		
Current assets		
Cash and deposits	16,322	15,167
Notes receivable-trade	*1 4,572	*1 4,290
Accounts receivable-trade	20,081	21,055
Securities	8,100	8,499
Merchandise and finished goods	7,038	7,121
Work in process	1,058	1,260
Raw materials and supplies	981	986
Other	936	1,671
Allowance for doubtful accounts	(11)	(11)
Total current assets	59,080	60,043
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	*2 8,154	*2 8,399
Machinery, equipment, and vehicles, net	6,443	9,114
Tools, furniture and fixtures, net	347	339
Land	10,823	11,180
Construction in progress	1,632	1,133
Total property, plant and equipment	*3 27,401	*3 30,166
Intangible assets	2,679	3,384
Investments and other assets		
Investment securities	8,127	8,058
Retirement benefit assets	385	627
Deferred tax assets	106	110
Other	1,116	955
Allowance for doubtful accounts	(51)	(55)
Total investments and other assets	9,685	9,697
Total non-current assets	39,766	43,248
Total assets	98,847	103,292

(¥ million)

	Previous fiscal year (December 31, 2023)	Fiscal year under review (December 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	*1 13,890	*1 13,966
Electronically recorded obligations-operating	*1 7,264	*1 7,149
Current portion of long-term loans payable	25	33
Income taxes payable	1,397	1,774
Provision for bonuses	322	358
Provision for bonuses for directors (and other officers)	52	56
Other	*4 3,652	*4 4,427
Total current liabilities	26,605	27,766
Non-current liabilities		
Long-term loans payable	9	49
Retirement benefit liability	343	335
Deferred tax liabilities	664	620
Other	67	34
Total non-current liabilities	1,085	1,040
Total liabilities	27,691	28,806
Net assets		
Shareholders' equity		
Capital stock	2,553	2,553
Capital surplus	3,156	3,161
Retained earnings	64,975	69,259
Treasury shares	(2,593)	(3,536)
Total shareholders' equity	68,092	71,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,417	2,035
Deferred gains or losses on hedges	(2)	3
Foreign currency translation adjustment	235	561
Remeasurements of defined benefit plans	369	421
Total accumulated other comprehensive income	3,018	3,022
Share acquisition rights	45	25
Total net assets	71,156	74,485
Total liabilities and net assets	98,847	103,292

(ii) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

(¥ million)

	Previous fiscal year (from January 1, 2023 to December 31, 2023)	Fiscal year under review (from January 1, 2024 to December 31, 2024)
Net sales	*1 97,714	*1 101,461
Cost of sales	*2,*4 72,949	*2,*4 75,858
Gross profit	24,765	25,603
Selling, general and administrative expenses	*3,*4 17,021	*3,*4 17,593
Operating profit	7,743	8,009
Non-operating income		
Interest income	150	126
Dividend income	145	160
Rent income Compensation income	39	39
Other	31	25
Total non-operating income	367	353
Non-operating expenses		
Interest expenses	1	3
Cost of lease revenue	5	5
Loss (gain) on investments in partnership	8	0
Foreign exchange gains	30	46
Commission for purchase of treasury shares	-	13
Other	3	7
Total non-operating expenses	48	77
Ordinary profit	8,063	8,285
Extraordinary income		
Gain on sales of investment securities	0	852
Gain on sales of non-current assets	*5 0	*5 51
Government subsidy	49	-
Total extraordinary income	49	903
Extraordinary losses		
Loss on sales on non-current assets	-	*6 10
Loss on retirement of non-current assets	*7 122	*7 18
Loss on depreciation of non-current assets	49	-
Total extraordinary losses	171	28
Profit before income taxes	7,941	9,160
Income taxes-current	2,276	2,764
Income taxes-deferred	12	79
Total income taxes	2,288	2,844
Profit	5,652	6,316
Profit attributable to owners of parent	5,652	6,316

Consolidated Statement of Comprehensive Income

(¥ million)

	Previous fiscal year (from January 1, 2023 to December 31, 2023)	Fiscal year under review (from January 1, 2024 to December 31, 2024)
Profit	5,652	6,316
Other comprehensive income		
Valuation difference on available-for-sale securities	1,026	(381)
Deferred gains or losses on hedges	1	6
Foreign currency translation adjustment	145	326
Remeasurements of defined benefit plans	234	52
Total other comprehensive income	*1 1,407	*1 3
Comprehensive income	7,059	6,319
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,059	6,319

(iii) Consolidated Statement of Changes in Equity

Previous fiscal year (from January 1, 2023 to December 31, 2023)

(¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,553	3,166	60,654	(2,661)	63,713
Changes in items during period					
Dividends of surplus			(1,331)		(1,331)
Profit attributable to owners of parent			5,652		5,652
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(9)		68	58
Net changes in items other than shareholders' equity					-
Total changes in items during period	-	(9)	4,321	68	4,379
Balance at end of current period	2,553	3,156	64,975	(2,593)	68,092

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	1,391	(3)	89	134	1,611
Changes in items during period					
Dividends of surplus					-
Profit attributable to owners of parent					-
Purchase of treasury shares					-
Disposal of treasury shares					-
Net changes in items other than shareholders' equity	1,026	1	145	234	1,407
Total changes in items during period	1,026	1	145	234	1,407
Balance at end of current period	2,417	(2)	235	369	3,018

	Share acquisition rights	Total net assets
Balance at beginning of current period	46	65,371
Changes in items during period		
Dividends of surplus		(1,331)
Profit attributable to owners of parent		5,652
Purchase of treasury shares		(0)
Disposal of treasury shares		58
Net changes in items other than shareholders' equity	(1)	1,405
Total changes in items during period	(1)	5,785
Balance at end of current period	45	71,156

Fiscal year under review (from January 1, 2024 to December 31, 2024)

(¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,553	3,156	64,975	(2,593)	68,092
Changes in items during period					
Dividends of surplus			(2,032)		(2,032)
Profit attributable to owners of parent			6,316		6,316
Purchase of treasury shares				(999)	(999)
Disposal of treasury shares		4		56	61
Net changes in items other than shareholders' equity					-
Total changes in items during period	-	4	4,283	(943)	3,344
Balance at end of current period	2,553	3,161	69,259	(3,536)	71,437

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	2,417	(2)	235	369	3,018
Changes in items during period					
Dividends of surplus					-
Profit attributable to owners of parent					-
Purchase of treasury shares					-
Disposal of treasury shares					-
Net changes in items other than shareholders' equity	(381)	6	326	52	3
Total changes in items during period	(381)	6	326	52	3
Balance at end of current period	2,035	3	561	421	3,022

	Share acquisition rights	Total net assets
Balance at beginning of current period	45	71,156
Changes in items during period		
Dividends of surplus		(2,032)
Profit attributable to owners of parent		6,316
Purchase of treasury shares		(999)
Disposal of treasury shares		61
Net changes in items other than shareholders' equity	(19)	(16)
Total changes in items during period	(19)	3,328
Balance at end of current period	25	74,485

(iv) Consolidated Statement of Cash Flows

(¥ million)

	Previous fiscal year (from January 1, 2023 to December 31, 2023)	Fiscal year under review (from January 1, 2024 to December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	7,941	9,160
Depreciation	2,082	2,416
Increase (decrease) in allowance for doubtful accounts	(5)	3
Increase (decrease) in provision for bonuses	31	36
Increase (decrease) in provision for bonuses for directors and other officers	7	3
Increase (decrease) in retirement benefit liability	285	67
Decrease (increase) in retirement benefit assets	(385)	(242)
Contribution to employee retirement benefits trust	(1,900)	-
Interest and dividend income	(296)	(287)
Interest expenses	1	3
Loss (gain) on investments in partnership	8	0
Commission for purchase of treasury shares	-	13
Loss (gain) on sales of non-current assets	(0)	(41)
Loss on retirement of non-current assets	122	18
Loss on depreciation of non-current assets	49	-
Government subsidy	(49)	-
Loss (gain) on sales of investment securities	(0)	(852)
Decrease (increase) in notes and accounts receivable-trade	(692)	(553)
Decrease (increase) in inventories	(914)	(275)
Increase (decrease) in notes and accounts payable-trade	66	(104)
Other, net	37	(130)
Subtotal	6,390	9,237
Interest and dividend income received	298	288
Interest expenses paid	(1)	(3)
Income taxes paid	(2,244)	(2,421)
Net cash provided by (used in) operating activities	4,443	7,101
Cash flows from investing activities		
Purchase of securities	(9,000)	(10,500)
Proceeds from sales of securities	12,500	10,100
Purchase of property, plant, and equipment	(5,581)	(4,768)
Proceeds from sales of property, plant, and equipment	0	84
Purchase of intangible assets	(1,702)	(919)
Payments for asset retirement obligations	(52)	-
Purchase of investment securities	(36)	(609)
Proceeds from sales of investment securities	1	988
Payments for leasehold and guarantee deposits	(212)	(15)
Proceeds from government subsidy	49	-
Other, net	70	204
Net cash provided by (used in) investment activities	(3,962)	(5,436)
Cash flows from financing activities		
Proceeds from long-term loans payable	-	97
Repayments of long-term loans payable	(25)	(48)
Cash dividends paid	(1,334)	(2,032)
Purchase of treasury shares	(0)	(1,013)
Other, net	(47)	(43)
Net cash provided by (used in) financing activities	(1,407)	(3,041)
Effect of exchange rate change on cash and cash equivalents	86	219
Net increase (decrease) in cash and cash equivalents	(840)	(1,156)
Cash and cash equivalents at beginning of period	18,653	17,812
Cash and cash equivalents at end of period	*1 17,812	*1 16,656

[Notes]

Important matters serving as bases for the preparation of the consolidated financial statements

1. Scope of consolidation

Number of consolidated subsidiaries: 8 companies

Names of consolidated subsidiaries shown are shown under “I. Company overview: 4. Affiliate companies” and are therefore omitted.

2. Application of equity method accounting

The Company has no nonconsolidated subsidiaries or affiliates.

3. Business years of consolidated subsidiaries and other matters

The businesses years of consolidated subsidiaries end on the same date as for consolidated accounts settlements.

4. Accounting policies

(1) Valuation standards and valuation methods for important assets

(i) Investment securities

Bonds held to maturity

Amortized cost method (straight line method)

Available-for-sale securities

Those other than stocks, etc. with no market value

..... Mark-to-market (Valuation differences are charged or credited directly to owners' equity. The cost of securities sold is computed by the moving average method.)

Stocks, etc. with no market value

..... Stated at cost by the moving average method

Investments in investment limited liability partnerships and similar partnerships (those deemed securities under Article 2, Paragraph 2, of the Financial Instruments and Exchange Act) are valued based on the net amount equivalent to equity based on the most recent financial statements available, in accordance with the reporting date of accounts settlements stipulated in the partnership agreement.

(ii) Derivatives

..... Mark-to-market

(iii) Inventories

Merchandise and finished goods, work in process, raw materials

..... Stated at cost based on the weighted average method (Amounts shown on the Balance Sheet reflect marked down book values based on decreases in profitability.)

Supplies

..... Stated at cost based on the last purchase price method (Amounts shown on the Balance Sheet reflect marked down book values based on decreases in profitability.)

(2) Depreciation methods for important depreciable assets

(i) Property, plant, and equipment (excluding leased assets)

The Company and domestic consolidated subsidiaries apply the declining balance method. Overseas consolidated subsidiaries apply the straight line method.

However, for properties (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and structures acquired on or after April 1, 2016, the Company and domestic consolidated subsidiaries apply the straight line method.

Useful life is given below.

Buildings and structures: 10-50 years

Machinery, equipment, and vehicles: 5-12 years

(ii) Intangible fixed assets (excluding leased assets)

The straight line method applies.

For software, the straight line method applies, based on the estimated usable period (five years).

- (iii) Lease assets
 - Lease assets related to finance lease transactions not involving transfer of ownership
 - The straight line method applies, with the lease period serving as the useful life and zero as the residual value.
- (3) Accounting standards for important reserves
 - (i) Allowance for doubtful accounts
 - In preparation for losses from default on claims, the amount anticipated of unrecoverable claims is booked based on the actual rate of recoverability for ordinary claims. The possibility of recovery is considered for each claim for specific claims, such as those considered unlikely to be recoverable.
 - (ii) Provision for bonuses
 - Set aside for employee bonuses, this amount is booked based on the estimated bonuses to be paid during the consolidated fiscal year.
 - (iii) Provision for executive bonuses
 - Set aside for executive and executive officer bonuses, this amount is booked based on the estimated amounts of bonuses to be paid at the end of the consolidated fiscal year.
- (4) Accounting methods for retirement benefits
 - To prepare for payments for employee retirement benefits, this amount is booked based on estimated retirement benefit obligations and pension assets at the end of the fiscal year.
 - (i) Method for allocating estimated retirement benefits to fiscal periods
 - For calculations of retirement benefits, the standards that apply to benefits calculation formulas are used to allocate estimated retirement benefits through the period extending to the end of the consolidated fiscal year.
 - (ii) Method for processing actuarial differences and past employment costs as expenses
 - Actuarial differences are expensed from the following consolidated fiscal year by the straight line method based on a fixed number of years (10 years) within the average remaining number of service years of employees at the time the actuarial differences are incurred.
 - Past employment costs are expensed in the consolidated fiscal year in which they were incurred by the straight line method based on a fixed number of years (10 years) within the average remaining number of service years of employees at the time they are incurred.
 - (iii) Application of the simplified method for small companies, etc.
 - For calculations of retirement benefit obligations and retirement benefit costs, some consolidated subsidiaries apply the simplified method of recognizing amounts of retirement benefits that need to be paid for voluntary retirement at the end of the period as retirement benefit obligations.
- (5) Accounting standards for significant revenues and expenses
 - Sale of finished goods and merchandise
 - The Group primarily manufactures and sells paper products and similar products. In sales of such finished goods and merchandise, performance obligations are judged complete when the customer secures control of the finished goods and merchandise at the point in time at which they are delivered to the customer. As such, revenues are recognized at the time of delivery of the finished goods and merchandise. However, if the time from shipment to delivery to the customer in domestic sales in Japan is of ordinary duration, revenues are recognized at the time of shipment. In addition, if the Group is involved in sales of merchandise as an agent, revenues are recognized in net amounts. Whether the Company is engaged in a transaction as a direct party or an agent is determined based on whether it has control of the specified merchandise before its transfer to the customer.
 - In addition, revenues are measured at the prices pledged in the contract with the customer, minus returns, discounts, rebates, and other such sums. The prices of transactions are received within one year after the fulfillment of performance obligations and do not involve material financial elements.

- (6) Standards for conversion of assets or liabilities denominated in foreign currency to Japanese currency
 Monetary assets and liabilities denominated in foreign currency are converted to Japanese yen using the spot exchange rate on the date of accounts settlements. Any resulting valuation differences are recorded as gains or losses.
 Assets and liabilities of overseas subsidiaries are converted to Japanese yen using the spot exchange rate on the date of accounts settlements of the overseas subsidiary, and gains and losses are converted to yen using the average exchange rate during the period. Any resulting valuation differences are included in Foreign currency translation adjustments and Non-controlling interests under net assets.
- (7) Important hedge accounting methods
- (i) Hedge accounting methods
 Deferred hedge accounting is employed.
 Designated hedge accounting is employed for foreign currency monetary obligations to which forward foreign exchange contracts are attached.
 - (ii) Hedging methods and targets
 Hedging methods: forward foreign exchange contracts
 Hedging targets: foreign currency monetary obligations, planned transactions in foreign currency
 - (iii) Hedging policy
 Forward foreign exchange contracts are formed within the range of actual demand to reduce the risk of exchange rate fluctuations.
 - (iv) Assessing hedging efficacy
 Assessments of hedging efficacy on the date of accounts settlements is omitted for forward foreign exchange contracts because the method of allocation in the same foreign currency and with the same maturity dates, which ensures correlation under later exchange rate fluctuations, is employed instead.
- (8) Scope of funds contributing to Consolidated Statement of Cash Flows
 The scope of funds (cash and cash equivalents) included on the Consolidated Statement of Cash Flows consist of cash on hand, demand deposits, and short-term investments that are easily convertible to cash, involve minor risks of fluctuating values, and mature or become redeemable within three months.

Accounting standards, etc., not applied

1. Accounting Standard for Current Income Taxes, etc.
 - Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022)
 - Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)
 - Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)
- (1) Overview
 In February 2018, the ASBJ issued ASBJ Statement No. 28, Partial Amendments to Accounting Standard for Tax Effect Accounting, and related documents, and the Japanese Institute of Certified Public Accountants (JICPA) completed transfer of practical guidance on tax effect accounting to the ASBJ. In the process of related deliberations, the following two points were reconsidered and related documents issued after the issue of ASBJ Statement No. 28 and related documents.
 - Accounting categories of tax effect accounting (taxation of other comprehensive income)
 - Tax effects of sales of subsidiary stock shares, etc. (shares of stock in subsidiaries and affiliates) when applying the group corporate taxation system
- (2) Planned date of application
 To be applied from the start of the fiscal year ending December 2025

- (3) Effect of application of this accounting standard, etc.

We are currently evaluating the scope of the potential effect on consolidated financial statements of application of the Accounting Standard for Current Income Taxes, etc.

2. Accounting Standard for Leases, etc.

- Accounting Standard for Leases (Accounting Standards Board of Japan [ASBJ] Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024) and other standards

(1) Overview

As part of its efforts to align Japanese accounting standards with international standards, the Accounting Standards Board of Japan (ASBJ) has studied the development of accounting standards for leases recognized as assets and liabilities among all leases of lessors, in accordance with international accounting standards. While its basic policy is based on the single lease IFRS 16 accounting model, rather than merely adopting all provisions of IFRS 16, it has published lease accounting standards intended to be simpler and more convenient than IFRS 16, while ensuring that basically no revisions will be necessary when applying the provisions of IFRS 16 to individual financial statements. With respect to accounting treatment by lessors, the standards call for cost allocation of such leases by employing a single accounting model of recording depreciation on right-of-use assets and the amount equivalent to interest on lease liabilities for all leases, whether they are finance leases or operating leases. This approach is similar to that of IFRS 16.

(2) Planned date of application

To apply beginning at the start of the fiscal year ending December 31, 2028

(3) Impact of application of this accounting standard, etc.

The financial impact of the application of the Accounting Standard for Leases, etc. on consolidated financial statements currently is under review.

Changes in presentation methods

Consolidated Statement of Cash Flows

Commission for purchases of treasury shares, included under Other cash flow used in financing activities in the previous consolidated fiscal year, has been presented independently beginning in the consolidated fiscal year under review, due to its increased financial importance. The consolidated financial statements of the previous consolidated fiscal year have been restated to reflect this change in presentation methods.

As a result, (-¥48 million) that had been presented under Other cash flow used in financing activities in the Consolidated Statement of Cash Flows for the previous consolidated fiscal year has been restated as (-¥0 million) in purchases of treasury shares and (-¥47 million) in Other.

Consolidated Balance Sheet

- *1 In account processing of notes and other transaction documents maturing on the ending date of the period, we process settlement of accounts based on the dates of exchange or other transactions of the notes.

Since the ending date of the consolidated fiscal year was a holiday for financial institutions, notes and other transaction documents maturing on the ending date of the next period include ending balances.

	Previous consolidated fiscal year (December 31, 2023)	Consolidated fiscal year under review (December 31, 2024)
Notes receivable	257	283
Notes payable	103	110
Electronically recorded obligations- operating	226	245

- *2 Shown below are the book value and a breakdown thereof of reduced-value entry through receipt of state subsidies on property, plant and equipment:

	(¥ million)	
	Previous consolidated fiscal year (December 31, 2023)	Consolidated fiscal year under review (December 31, 2024)
Buildings	49	49

- *3 Cumulative depreciation of property, plant, and equipment

	(¥ million)	
	Previous consolidated fiscal year (December 31, 2023)	Consolidated fiscal year under review (December 31, 2024)
	39,467	40,737

- *4 The amount of contract liabilities included under “Other” is shown in the consolidated financial statements under “Notes: Revenue recognition: 3. (1) Balance of contract liabilities, etc.”

Consolidated Statement of Income

- *1 Revenue from contracts with customers

Net sales are not differentiated into revenue from contracts with customers and other revenue. The revenue arising from contracts with customers is shown in the consolidated financial statements under “Notes : Segment and other information.”

- *2 Ending inventories are shown in amounts that reflect marking down book value based on decreases in profitability. The following losses on valuation of inventories are included in cost of sales.

	(¥ million)	
	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
	38	40

- *3 The main costs included in selling, general, and administrative expenses, and their amounts, are presented below.

	(¥ million)	
	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Freightage and packing expenses	4,209	4,228
Salaries and allowances	4,659	4,751
Director compensation	497	489
Provision of allowance for doubtful accounts	4	5
Provision for bonuses	173	195
Provision for director bonuses	49	55
Retirement benefit expenses	234	202
Depreciation	469	577
Rent expenses	3,122	3,135

*4 Total R&D expenses included in general and administrative expenses and manufacturing costs during the period are presented below.

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
	413	464

*5 Details of gain on sales of non-current assets are presented below.

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Machinery, equipment, and vehicles	-	51
Tools, furniture and fixtures	0	-
Total	0	51

*6 Details of loss on sales on non-current assets are presented below.

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Buildings and structures	-	2
Machinery, equipment, and vehicles	-	7
Tools, furniture and fixtures	-	0
Total	-	-10

*7 Details of loss on retirement of non-current assets are presented below.

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Buildings and structures	1	5
Machinery, equipment, and vehicles	20	2
Tools, furniture and fixtures	4	0
Construction in progress	3	-
Removal costs	93	10
Total	122	18

Consolidated Statement of Comprehensive Income

*1 Adjustment amounts and tax effects related to other comprehensive income

(¥ million)

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Valuation difference on available-for-sale securities		
Amount arising during the period	1,459	315
Adjustment amounts	(0)	(850)
Before tax effect adjustments	1,459	(535)
Tax effects	(432)	153
Valuation difference on available-for-sale securities	1,026	(381)
Deferred gains or losses on hedges		
Amount arising during the period	1	9
Adjustment amounts	-	-
Before tax effect adjustments	1	9
Tax effects	(0)	(2)
Deferred gains or losses on hedges	1	6
Foreign currency translation adjustment		
Amount arising during the period	145	326
Remeasurements of defined benefit plans		
Amount arising during the period	349	115
Adjustment amounts	(12)	(39)
Before tax effect adjustments	337	75
Tax effects	(102)	(22)
Remeasurements of defined benefit plans	234	52
Total other comprehensive income	1,407	3

Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)

1. Total shares issued and outstanding

Class of share	Start of the consolidated fiscal year	Increase	Decrease	End of the consolidated fiscal year
Common share (shares)	19,900,000	-	-	19,900,000

2. Treasury share

Class of share	Start of the consolidated fiscal year	Increase	Decrease	End of the consolidated fiscal year
Common share (shares) (See Note.)	890,661	503	23,028	868,136

Note: A breakdown of increases and decreases in treasury share is given below.

- Increase due to purchase of shares in less than the trading unit 503 shares
- Decrease due to exercise of stock options 200 shares
- Decrease due to transfer-restricted share-based remuneration 22,828 shares

3. Share acquisition rights

Company	Breakdown	Class of subject shares	Number of subject shares				Balance at end of the consolidated fiscal year (¥ million)
			Start of the consolidated fiscal year	Increase	Decrease	End of the consolidated fiscal year	
The Company	Share acquisition rights as 2015 stock options	-	-	-	-	-	4
	Share acquisition rights as 2016 stock options	-	-	-	-	-	6
	Share acquisition rights as 2017 stock options	-	-	-	-	-	10
	Share acquisition rights as 2018 stock options	-	-	-	-	-	12
	Share acquisition rights as 2019 stock options	-	-	-	-	-	11
Total			-	-	-	-	45

4. Dividends

(1) Dividends paid

Resolution	Class of share	Total dividends (¥ million)	Dividends per share (¥)	Basis date	Effective date
Regular General Meeting of Shareholders held March 28, 2023	Common share	665	35.00	December 31, 2022	March 29, 2023
Board of Directors meeting held August 7, 2023	Common share	666	35.00	June 30, 2023	September 4, 2023

(2) Dividends with basis dates during the consolidated fiscal year but effective dates in the next consolidated fiscal year

Resolution	Class of share	Source of dividend funds	Total dividends (¥ million)	Dividends per share (¥)	Basis date	Effective date
Regular General Meeting of Shareholders held March 28, 2024	Common share	Retained earnings	1,046	55	December 31, 2023	March 29, 2024

Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)

1. Total shares issued and outstanding

Class of share	Start of the consolidated fiscal year	Increase	Decrease	End of the consolidated fiscal year
Common share (shares)	19,900,000	-	-	19,900,000

2. Treasury share

Class of share	Start of the consolidated fiscal year	Increase	Decrease	End of the consolidated fiscal year
Common share (shares) (See Note.)	868,136	269,178	18,950	1,118,364

Note: A breakdown of increases and decreases in treasury share is given below.

- Increase under Board of Directors resolutions: 268,800 shares
- Increase due to gratis acquisition of restricted shares 368 shares
- Increase due to purchase of shares in less than the trading unit 10 shares
- Decrease due to exercise of stock options 6,000 shares
- Decrease due to transfer-restricted share-based remuneration 12,950 shares

3. Share acquisition rights

Company	Breakdown	Class of subject shares	Number of subject shares				Balance at end of the consolidated fiscal year (¥ million)
			Start of the consolidated fiscal year	Increase	Decrease	End of the consolidated fiscal year	
The Company	Share acquisition rights as 2015 stock options	-	-	-	-	-	2
	Share acquisition rights as 2016 stock options	-	-	-	-	-	3
	Share acquisition rights as 2017 stock options	-	-	-	-	-	5
	Share acquisition rights as 2018 stock options	-	-	-	-	-	6
	Share acquisition rights as 2019 stock options	-	-	-	-	-	6
Total			-	-	-	-	25

4. Dividends

(1) Dividends paid

Resolution	Class of share	Total dividends (¥ million)	Dividends per share (¥)	Basis date	Effective date
Regular General Meeting of Shareholders held March 28, 2024	Common share	1,046	55.00	December 31, 2023	March 29, 2024
Board of Directors meeting held August 6, 2024	Common share	985	52.00	June 30, 2024	September 3, 2024

(2) Dividends with basis dates during the consolidated fiscal year but effective dates in the next consolidated fiscal year

Resolution	Class of share	Source of dividend funds	Total dividends (¥ million)	Dividends per share (¥)	Basis date	Effective date
Regular General Meeting of Shareholders held March 26, 2025	Common share	Retained earnings	1,239	66.00	December 31, 2024	March 27, 2024

Consolidated Statement of Cash Flows

*1 Relationship between ending balance of cash and cash equivalents and amounts of accounts shown on Consolidated Balance Sheet

	(¥ million)	
	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Cash and deposits	16,322	15,167
Time deposits with deposit terms of more than three months	(10)	(10)
Securities redeemable within three months from the date of purchase	1,500	1,499
Cash and cash equivalents	17,812	16,656

Lease transactions

Finance lease transactions

Lessee

Finance lease transactions without transfer of ownership

(1) Lease asset details

Property, plant, and equipment

Machinery, equipment, and vehicles used in the Paper Products business

(2) Depreciation method for lease assets

The straight line method is applied, using the lease period as the useful life and zero as the residual value.

Financial instruments

1. Status of financial instruments

(1) Policy on financial instruments

The Group raises necessary funds through bank borrowings in line with capital investment plans. It invests temporary surplus funds in highly stable financial assets and raises short-term working funds through bank borrowings. Derivatives are used to mitigate the risks described below and are not traded on speculation.

(2) Details and risks related to financial instruments and risk management structures

Notes and accounts receivable - trade, which represent operating receivables, are exposed to the credit risk of customers. The group manages such risks in accordance with its credit control rules, managing payment due dates and balances by entity and periodically reviewing the credit status of major transaction partners.

Since our investment of temporary surplus funds in securities is restricted to bonds with high credit ratings, reflecting our emphases on securing liquidity and stability of principal, it is exposed only to minor credit risk.

Stocks categorized as investment securities are exposed to the risk of fluctuating market prices. However, since these consist mainly of shares in companies with which we have business relations, they are checked periodically and their current market values are reported to the Board of Directors.

Most notes and accounts payable-trade and electronically recorded obligations-operating, which represent operating payables, become payable within one year. Some of these are denominated in foreign currency in connection with import of products, etc., and these are exposed to the risk of exchange-rate fluctuations.

While operating payables and borrowings are exposed to liquidity risk, the Group companies manage this risk through preparation of monthly cash-flow plans.

As derivative transactions, we use forward foreign exchange contracts to hedge against the risk of exchange-rate fluctuations on operating payables denominated in foreign currency. For those subject to real demand, we employ forward foreign exchange contracts on foreign-currency operating payables for which planned import-related transactions can be reliably expected to occur, subject to a limit of two years. In addition, to mitigate credit risk we use derivatives only with highly rated financial institutions. See "Important matters serving as bases for the preparation of the consolidated financial statements: 4. Accounting policies: (7) Important hedge accounting methods" regarding matters such as the means and subjects of hedging, hedging policy, and methods of assessing efficacy of hedging.

(3) Supplementary information on the fair value of financial instruments

Calculations of the fair value of financial instruments involve variables. As such, values may fluctuate if different assumptions are used.

2. Fair value of financial instruments

The following table shows the carrying value on the consolidated balance sheet, fair value, and gains or losses related to financial instruments.

Deposits, notes receivable, accounts receivable-trade, notes payable, accounts payable-trade, and electronically recorded obligations-operating are omitted because their fair values approximate book values since they are settled in short periods of time.

Previous consolidated fiscal year (December 31, 2023)

	Carrying value on the consolidated balance sheet (¥ million)	Fair value (¥ million)	Gains/losses (¥ million)
(1) Securities and investment securities *1, *2			
(i) Bonds held to maturity	10,100	10,083	(16)
(ii) Other securities	5,900	5,900	-
Total assets	16,000	15,984	(16)
Derivative transactions *3	(3)	(3)	-

*1 Items such as shares of stock with no market prices are not included under (1) Securities and investment securities. The carrying value on the consolidated balance sheet of such financial instruments is given below.

Category	Previous consolidated fiscal year (¥ million)
Unlisted shares	185

*2 Investments in investment limited liability partnerships and similar partnerships are omitted. The carrying value on the consolidated balance sheet of such investments is ¥41 million.

*3 Net receivables and payables arising from derivative transactions are stated as net amounts. Amounts in parentheses indicate those for which the total amount is a net obligation.

Consolidated fiscal year under review (December 31, 2024)

	Carrying value on the consolidated balance sheet (¥ million)	Fair value (¥ million)	Gains/losses (¥ million)
(1) Securities and investment securities *1, *2			
(i) Bonds held to maturity	10,499	10,478	(21)
(ii) Other securities	5,827	5,827	-
Total assets	16,327	16,305	(21)
Derivative transactions *3	5	5	-

*1 Items such as shares of stock with no market prices are not included under (1) Securities and investment securities. The carrying value on the consolidated balance sheet of such financial instruments is given below.

Category	Previous consolidated fiscal year (¥ million)
Unlisted shares	185

*2 Investments in investment limited liability partnerships and similar partnerships are omitted. The carrying value on the consolidated balance sheet of such investments is ¥45 million.

*3 Net receivables and payables arising from derivative transactions are stated in net amounts. Amounts in parentheses indicate those for which the total amount is a net obligation.

Note 1: Planned redemption amounts of monetary payables and maturing securities after the date of consolidated settlement of accounts

Previous consolidated fiscal year (December 31, 2023)

	Within one year (¥ million)	Within more than one but no more than five years (¥ million)	Within more than five but no more than 10 years (¥ million)	Within more than 10 years (¥ million)
Deposits	16,295	-	-	-
Notes receivable	4,572	-	-	-
Accounts receivable – trade	20,081	-	-	-
Securities and investment securities				
Bonds held to maturity (e.g., commercial paper)	8,100	2,000	-	-
Total	49,049	2,000	-	-

Consolidated fiscal year under review (December 31, 2024)

	Within one year (¥ million)	Within more than one but no more than five years (¥ million)	Within more than five but no more than 10 years (¥ million)	Within more than 10 years (¥ million)
Deposits	15,140	-	-	-
Notes receivable	4,290	-	-	-
Accounts receivable – trade	21,055	-	-	-
Securities and investment securities				
Bonds held to maturity (e.g., commercial paper)	8,500	2,000	-	-
Total	48,986	2,000	-	-

Note 2: Planned repayment amounts of interest-bearing debt on long-term loans payable and lease obligations after the date of consolidated settlement of accounts

Previous consolidated fiscal year (December 31, 2023)

	Within one year (¥ million)	Within more than one but no more than two years (¥ million)	Within more than two but no more than three years (¥ million)	Within more than three but no more than four years (¥ million)	Within more than four but no more than five years (¥ million)	Within more than five years (¥ million)
Long-term loans payable	25	9	-	-	-	-
Lease obligations	43	30	4	-	-	-
Total	68	39	4	-	-	-

Consolidated fiscal year under review (December 31, 2024)

	Within one year (¥ million)	Within more than one but no more than two years (¥ million)	Within more than two but no more than three years (¥ million)	Within more than three but no more than four years (¥ million)	Within more than four but no more than five years (¥ million)	Within more than five years (¥ million)
Long-term loans payable	33	33	16	-	-	-
Lease obligations	30	4	-	-	-	-
Total	63	37	16	-	-	-

3. Breakdown of fair value of financial instruments by level, etc.

Fair values of financial instruments are divided into the following three levels in accordance with the observability and importance of inputs related to calculation thereof:

Level 1 fair value: Fair values calculated using current market values of assets or liabilities subject to fair value calculation on active markets, included among observable fair value calculation inputs

Level 2 fair value: Fair values calculated using inputs for calculations other than Level One inputs, included among observable fair value calculation inputs

Level 3 fair value: Fair value calculated using inputs for calculations of unobservable prices

When using multiple inputs that could have major impacts on calculations of fair value, fair value is assigned to the level having the lowest priority in calculations of fair value among the levels to which those inputs belong.

(1) Financial instruments recorded to the Consolidated Balance Sheet at fair value

Previous consolidated fiscal year (December 31, 2023)

Category	Fair value (¥ million)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Stocks	5,900	-	-	5,900
Total assets	5,900	-	-	5,900
Derivative transactions	-	(3)	-	(3)

Consolidated fiscal year under review (December 31, 2024)

Category	Fair value (¥ million)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Stocks	5,827	-	-	5,827
Total assets	5,827	-	-	5,827
Derivative transactions	-	5	-	5

(2) Financial instruments other than those recorded to the Consolidated Balance Sheet at fair value

Previous consolidated fiscal year (December 31, 2023)

Category	Fair value (¥ million)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Bonds held to maturity				
Bonds	-	9,584	-	9,584
Corporate debentures	-	499	-	499
Total assets	-	10,083	-	10,083

Consolidated fiscal year under review (December 31, 2024)

Category	Fair value (¥ million)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Bonds held to maturity				
Bonds	-	10,478	-	10,478
Corporate debentures	-	-	-	-
Total assets	-	10,478	-	10,478

Note: Explanation of evaluation techniques used in calculations of fair value and inputs related to calculations of fair value

Securities and investment securities

Since listed shares are valued at their prices on securities exchanges and traded in active markets, their fair value is assigned to Level 1. However, since the bonds and corporate debentures held by the Company are traded infrequently on the markets and no market prices on active markets are recognized for them, their fair value is assigned to Level 2.

Derivatives

Since fair values of forward foreign exchange contracts are calculated based on prices provided by the counterparty financial institutions, their fair value is assigned to Level 2.

Securities

1. Bonds held to maturity

Previous consolidated fiscal year (December 31, 2023)

Category	Carrying value on the consolidated balance sheet (¥ million)	Fair value (¥ million)	Gains/losses (¥ million)
Those for which fair value exceeds the carrying value on the consolidated balance sheet	2,500	2,502	2
Those for which fair value does not exceed the carrying value on the consolidated balance sheet	7,600	7,581	(18)
Total	10,100	10,083	(16)

Consolidated fiscal year under review (December 31, 2024)

Category	Carrying value on the consolidated balance sheet (¥ million)	Fair value (¥ million)	Gains/losses (¥ million)
Those for which fair value exceeds the carrying value on the consolidated balance sheet	1,000	1,001	1
Those for which fair value does not exceed the carrying value on the consolidated balance sheet	9,499	9,476	(23)
Total	10,499	10,478	(21)

2. Available-for-sale securities

Previous consolidated fiscal year (December 31, 2023)

Category	Carrying value on the consolidated balance sheet (¥ million)	Acquisition cost (¥ million)	Gains/losses (¥ million)
Those for which the carrying value on the consolidated balance sheet exceeds the acquisition cost			
Stocks	5,881	2,160	3,720
Other	-	-	-
Subtotal	5,881	2,160	3,720
Those for which the carrying value on the consolidated balance sheet does not exceed the acquisition cost			
Stocks	18	23	(4)
Other	-	-	-
Subtotal	18	23	(4)
Total	5,900	2,183	3,716

Note: Acquisition cost in the table above refers to the book value after asset impairment.

Consolidated fiscal year under review (December 31, 2024)

Category	Carrying value on the consolidated balance sheet (¥ million)	Acquisition cost (¥ million)	Gains/losses (¥ million)
Those for which the carrying value on the consolidated balance sheet exceeds the acquisition cost			
Stocks	5,766	2,557	3,209
Other	-	-	-
Subtotal	5,766	2,557	3,209
Those for which the carrying value on the consolidated balance sheet does not exceed the acquisition cost			
Stocks	60	90	(29)
Other	-	-	-
Subtotal	60	90	(29)
Total	5,827	2,648	3,179

Note: Acquisition cost in the table above refers to the book value after asset impairment.

3. Available-for-sale securities sold during the consolidated fiscal year

Previous consolidated fiscal year (December 31, 2023)

Category	Sale price (¥ million)	Total gains on sale (¥ million)	Total losses on sale (¥ million)
Stocks	1	0	-
Total	1	0	-

Consolidated fiscal year under review (December 31, 2024)

Category	Sale price (¥ million)	Total gains on sale (¥ million)	Total losses on sale (¥ million)
Stocks	988	852	-
Total	988	852	-

Derivative transactions

Derivative transactions subject to hedge accounting

Currency-related

Previous consolidated fiscal year (December 31, 2023)

(¥ million)

Hedge accounting method	Type of derivative transactions, etc.	Main subject of hedging	Contracted amount, etc.	Contracted amount, etc., with term of more than one year	Fair value
Principle processing	Forward foreign exchange contracts Buy USD	Accounts receivable-trade	89	-	(3)
Allotment	Forward foreign exchange contracts Buy USD	Accounts receivable-trade	84	-	(4)
Total			174	-	(7)

Hedge accounting method	Type of derivative transactions, etc.	Main subject of hedging	Contracted amount, etc.	Contracted amount, etc., with term of more than one year	Fair value
Principle processing	Forward foreign exchange contracts Buy USD	Accounts receivable-trade	79	-	5
Allotment	Forward foreign exchange contracts Buy USD	Accounts receivable-trade	123	-	4
Total			202	-	9

Retirement benefits

1. Overview of retirement benefits program employed

The Company and its consolidated subsidiaries employ savings-based and non-savings-based defined benefit programs to fund retirement benefits for employees. Some consolidated subsidiaries employ an SME retirement benefits mutual aid program and a defined contribution program.

The defined benefit program includes a defined benefit corporate pension plan and programs for lump sum retirement benefits. (Although these are non-savings-based programs, some are effectively savings-based programs due to the establishment of retirement benefit trusts.) The Company makes lump-sum and pension payments through a points-based program, while consolidated subsidiaries make such payments based on salary and service period.

Retirement benefit trusts have been established for certain lump sum retirement benefit programs.

The Company and certain consolidated subsidiaries are members of corporate pension fund programs for multiple employers. For such programs for which the amount of pension assets contributed by the Company is difficult to calculate, the same accounting treatment employed for defined contribution programs is employed.

When an employee retires, increased retirement benefits not subject to retirement benefit obligations may be paid through numerical calculations meeting the requirements of retirement benefit accounting.

Some consolidated subsidiaries employ the simplified method in calculations of retirement benefit obligations and costs.

2. Defined benefit program

(1) Adjustments of starting and ending balances of retirement benefit obligations (excluding those under (3))

(¥ million)

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Starting balance of retirement benefit obligations	5,044	4,696
Employment expenses	269	249
Interest expenses	13	30
Difference from numerical calculation	(180)	(2)
Amount of retirement benefits paid	(450)	(474)
Ending balance of retirement benefit obligations	4,696	4,499

(2) Adjustments of starting and ending balances of pension assets (excluding those under (3))

(¥ million)

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Starting balance of pension assets	3,086	5,082
Returns on investment during period	52	79
Difference from numerical calculation	169	112
Employer contribution	144	138
Contribution to employee retirement benefits trust	1,900	-
Amount of retirement benefits paid	(269)	(284)
Ending balance of pension assets	5,082	5,127

(3) Adjustments of starting and ending balances of obligations related to retirement benefits under programs subject to the simplified calculation method

(¥ million)

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Starting balance of obligations related to retirement benefits	336	343
Retirement benefit expenses	66	71
Amount of retirement benefits paid	(39)	(56)
Contributions to programs	(19)	(22)
Ending balance of obligations related to retirement benefits	343	335

(4) Adjustments of ending balances of retirement benefit obligations and pension assets and assets and liabilities related to retirement benefits shown on Consolidated Balance Sheet

(¥ million)

	Previous consolidated fiscal year (December 31, 2023)	Consolidated fiscal year under review (December 31, 2024)
Retirement benefit obligations under savings-based plans	4,947	4,741
Pension assets	(5,333)	(5,369)
	(385)	(627)
Retirement benefit obligations under non-savings-based plans	343	335
Net amount of assets and liabilities shown on Consolidated Balance Sheet	(41)	(292)
Retirement benefit liabilities	343	335
Retirement benefit assets	(385)	(627)
Net amount of assets and liabilities shown on Consolidated Balance Sheet	(41)	(292)

Note: Since retirement benefit trusts have been established for the lump sum retirement benefits program, retirement benefit obligations under savings-based plans include the lump sum retirement benefits program. Similarly, pension assets include retirement benefit trusts.

(5) Amounts of retirement benefit expenses and components thereof

(¥ million)

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Employment expenses	269	249
Interest expenses	13	30
Expected return on investment	(52)	(79)
Amount of difference from numerical calculation recorded as expenses	38	10
Amount of past employment expenses recorded as expenses	(50)	(50)
Costs of retirement benefits calculated using the simplified method	66	71
Other	6	4
Retirement benefit expenses related to defined benefit programs	291	237

(6) Adjustment amounts related to retirement benefits

A breakdown of items recorded as adjustment amounts related to retirement benefits (before deduction of tax effects) is given below.

(¥ million)

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Past employment expenses	(50)	(50)
Difference from numerical calculation	387	126
Total	337	75

(7) Cumulative adjustment amounts related to retirement benefits

A breakdown of items recorded as cumulative adjustment amounts related to retirement benefits (before deduction of tax effects) is given below.

(¥ million)

	Previous consolidated fiscal year (December 31, 2023)	Consolidated fiscal year under review (December 31, 2024)
Unrecognized past employment expenses	(304)	(254)
Unrecognized difference from numerical calculation	(225)	(352)
Total	(530)	(606)

(8) Pension assets

(i) Breakdown of main types of pension assets

Percentages of main types of assets included in total pension assets are presented below.

	Previous consolidated fiscal year (December 31, 2023)	Consolidated fiscal year under review (December 31, 2024)
Bonds	25%	25%
General account	16%	16%
Stocks	13%	12%
Other	46%	47%
Total	100%	100%

Note: Total pension assets include 38% in the consolidated fiscal year under review and 38% in the previous consolidated fiscal year of retirement benefit trusts for the lump sum retirement benefits program.

(ii) Method used to identify long-term expected rate of return on investment

The current and projected allocation of pension assets and current and expected future long-term rates of return on the diverse assets included in pension assets are taken into consideration to determine the long-term expected rate of return on investment for pension assets.

(9) Bases of numerical calculations

Bases of main numerical calculations (stated as weighted averages)

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Discount rate	1.2%	1.3%
Long-term expected rate of return on investment	1.5%	1.5%

3. Multiple employer program

This program is accounted for by processing similar to that of the defined contribution program. The amount of contributions to the corporate pension fund required under the multiple employer program was ¥160 million in the previous consolidated fiscal year and ¥165 million in the consolidated fiscal year under review.

(1) Most recent state of savings under the multiple employer program

(¥ million)

	Previous consolidated fiscal year (December 31, 2023)	Consolidated fiscal year under review (December 31, 2024)
Amount of pension assets	5,405	5,801
Total of numerical obligations under pension finance calculations and minimum amount of liability reserves	3,793	4,188
Difference	1,612	1,613

(2) The Group's share of contributions to the multiple employer program

Previous consolidated fiscal year: 45.1% (from April 1, 2022 to March 31, 2023)

Consolidated fiscal year under review: 44.5% (from April 1, 2023 to March 31, 2024)

(3) Supplementary explanation

Previous consolidated fiscal year (as of March 31, 2023)

The difference in amounts under (1) above was due to a ¥1,612 million surplus in the fiscal year.

The percentage under (2) above does not match the actual share of Group costs.

Consolidated fiscal year under review (as of March 31, 2024)

The difference in amounts under (1) above was due to a ¥1,613 million surplus in the fiscal year.

The percentage under (2) above does not match the actual share of Group costs.

4. Defined-contribution program

The contributions required to the defined contribution program for consolidated subsidiaries was ¥10 million in the previous consolidated fiscal year and ¥9 million in the consolidated fiscal year under review.

Stock options

1. Expenses recorded and accounts related to stock options

(¥ million)

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Share-based compensation expenses under selling, general, and administrative expenses	-	-

2. Amounts recorded as gains from expiration due to failure to exercise stock options

(¥ million)

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Gain on reversal of share acquisition rights	0	2

3. Stock options details, scale, and fluctuations

(1) Details of stock options

	First share acquisition rights	Second share acquisition rights	Third share acquisition rights	Fourth share acquisition rights	Fifth share acquisition rights
Company name	The Company				
Date of resolution	March 27, 2015	March 30, 2016	March 30, 2017	March 29, 2018	March 28, 2019
Category and number of person eligible for allotment	9 Company Directors 7 Company Executive Officers	10 Company Directors 7 Company Executive Officers	10 Company Directors 5 Company Executive Officers	9 Company Directors 7 Company Executive Officers	7 Company Directors 9 Company Executive Officers
Class and number of shares awarded	8,900 shares of common share	9,900 shares of common share	8,100 shares of common share	8,200 shares of common share	7,700 shares of common share
Date of allotment	May 11, 2015	May 10, 2016	May 10, 2017	May 10, 2018	May 9, 2019
Conditions of finalization of rights	None established	Same as at left	Same as at left	Same as at left	Same as at left
Eligible period of employment	None established	Same as at left	Same as at left	Same as at left	Same as at left
Period for exercise of rights	May 11, 2015 – May 10, 2040	May 10, 2016 – May 9, 2041	May 10, 2017 – May 9, 2042	May 10, 2018 – May 9, 2043	May 9, 2019 – May 8, 2044

(2) Scale of and fluctuations in stock options

The numbers of stock options in effect in the consolidated fiscal year under review (ended December 2024) are shown converted to numbers of shares.

(i) Numbers of stock options

	First share acquisition rights	Second share acquisition rights	Third share acquisition rights	Fourth share acquisition rights	Fifth share acquisition rights
Company name	The Company				
Date of resolution	March 27, 2015	March 30, 2016	March 30, 2017	March 29, 2018	March 28, 2019
Rights not yet finalized (shares)					
End of previous consolidated fiscal year	-	-	-	-	-
Awarded	-	-	-	-	-
Expired	-	-	-	-	-
Rights finalized	-	-	-	-	-
Balance not yet finalized	-	-	-	-	-
Rights finalized (shares)					
End of previous consolidated fiscal year	2,100	2,900	3,400	3,600	3,800
Rights finalized	-	-	-	-	-
Rights exercised	900	1,300	1,500	1,200	1,100
Expired	-	-	-	400	500
Balance not yet exercised	1,200	1,600	1,900	2,000	2,200

(ii) Unit prices

	First share acquisition rights	Second share acquisition rights	Third share acquisition rights	Fourth share acquisition rights	Fifth share acquisition rights
Company name	The Company				
Date of resolution	May 8, 2015	May 9, 2016	May 9, 2017	May 9, 2018	May 8, 2019
Exercise price (¥)	1	1	1	1	1
Average share price at time of exercise (¥)	3,764	3,760	3,776	3,793	3,785
Official assessed unit price on date of allotment (¥)	2,250	2,337	2,969	3,496	2,910

4. Estimating the number of stock options for which rights are finalized
Not applicable because rights are finalized at time of allotment.

Tax effect accounting

1. Details of deferred tax assets and deferred tax liabilities by major source

	(¥ million)	
	Previous consolidated fiscal year (December 31, 2023)	Consolidated fiscal year under review (December 31, 2024)
Deferred tax assets		
Allowance for doubtful accounts	19	20
Provision for bonuses	99	110
Accrued enterprise tax	88	91
Retirement benefit liability	603	537
Impairment loss	120	110
Tax loss carryforward (See Note 2.)	323	196
Other	349	292
Deferred tax assets (subtotal)	1,605	1,360
Valuation reserves related to tax loss carryforward (See Note 2.)	(318)	(175)
Valuation reserves related to totals of temporary differences in future deductions, etc.	(315)	(309)
Valuation reserves (subtotal) (See Note 1.)	(633)	(484)
Total deferred tax assets	971	875
Deferred tax liabilities		
Prepaid pension cost	(22)	(32)
Reserve for advanced depreciation of non-current assets	(34)	(32)
Valuation difference on available-for-sale securities	(1,073)	(919)
Difference on fair-market valuation of consolidated subsidiaries	(398)	(398)
Other	(0)	(2)
Total deferred tax liabilities	(1,529)	(1,386)
Deferred tax assets (liabilities), net	(557)	(510)

Notes:

- There has been a major change in an amount deducted from deferred tax assets (valuation reserves). This change consisted mainly of a decline in valuation reserves related to tax loss carryforward.
- Amounts of tax loss carryforward and deferred tax assets by deadline for deferral

Previous consolidated fiscal year (December 31, 2023)

	Within one year (¥ million)	Within more than one but no more than two years (¥ million)	Within more than two but no more than three years (¥ million)	Within more than three but no more than four years (¥ million)	Within more than four but no more than five years (¥ million)	Within more than five years (¥ million)	Total (¥ million)
Tax loss carryforward *1	72	71	-	-	-	179	323
Valuation reserves	(70)	(67)	-	-	-	(179)	(318)
Deferred tax assets	2	3	-	-	-	-	(*2)5

*1 Tax loss carryforward was multiplied by the statutory effective tax rate.

*2 Deferred tax assets of ¥5 million have been recorded on tax loss carryforward of ¥323 million. These deferred tax assets on tax loss carryforward are considered to be recoverable under expected future income tax.

Consolidated fiscal year under review (December 31, 2024)

	Within one year (¥ million)	Within more than one but no more than two years (¥ million)	Within more than two but no more than three years (¥ million)	Within more than three but no more than four years (¥ million)	Within more than four but no more than five years (¥ million)	Within more than five years (¥ million)	Total (¥ million)
Tax loss carryforward *1	71	-	-	-	106	18	196
Valuation reserves	(68)	-	-	-	(106)	-	(175)
Deferred tax assets	2	-	-	-	-	18	(*2)21

*1 Tax loss carryforward was multiplied by the statutory effective tax rate.

*2 Deferred tax assets of ¥21 million have been recorded on tax loss carryforward of ¥196 million. These deferred tax assets on tax loss carryforward are considered to be recoverable under expected future income tax.

2. Factors resulting in major differences between statutory effective tax rate and rate of income and other taxes paid after tax effect accounting, if any

	Previous consolidated fiscal year (December 31, 2023)	Consolidated fiscal year under review (December 31, 2024)
Statutory effective tax rate	30.4%	Notes are omitted because the difference between the statutory effective tax rate and the rate of income and other taxes paid after tax effect accounting is less than 5% of the statutory effective tax rate.
Adjustments:		
Items not included in losses permanently, such as entertainment expenses	0.3%	
Items not included in profits permanently, such as dividend income	(0.1%)	
Residents' tax per-capita rate, etc.	0.7%	
Valuation reserves	(0.1%)	
Tax exemption	(2.6%)	
Other	0.2%	
Rate of income and other taxes paid after tax effect accounting	28.8%	

Revenue recognition

1. Analysis of revenues from contracts with customers

Information on analysis of revenues from contracts with customers is described under “Notes: Segment and other information.”

2. Basic information for grasping revenue from contracts with customers

Basic information for grasping revenue from contracts with customers is described under “Important matters serving as bases for the preparation of the consolidated financial statements: 4. Accounting policies: (5) Accounting standards for significant revenues and expenses.”

3. Relationship between fulfillment of performance obligations based on contracts with customers and cash flows and amounts and periods of revenues from contracts with customers in effect at the end of the consolidated fiscal year expected to be recognized in the following consolidated fiscal year or beyond

(1) Balance of contractual obligations, etc.

Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)

	Previous consolidated fiscal year (¥ million)	
	Starting balance	Ending balance
Contractual obligations	207	237

Contractual obligations consist mainly of advances received from customers before delivery of products. These are transferred upon recognition of revenues. They are included under “Other” current liabilities on Consolidated Balance Sheet.

The revenues recognized in the previous consolidated fiscal year included in the balance of contract liabilities as of the start of the period was ¥207 million.

Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)

	Consolidated fiscal year under review (¥ million)	
	Starting balance	Ending balance
Contractual obligations	237	246

Contractual obligations consist mainly of advances received from customers before delivery of products. These are transferred upon recognition of revenues. They are included under “Other” current liabilities on the Consolidated Balance Sheet.

The revenue recognized in the consolidated fiscal year under review included in the balance of contract liabilities as of the start of the period was ¥237 million.

(2) Transaction prices allocated to remaining balance of performance obligations

The Group applies the practical method of omitting statements of transaction prices allocated to the remaining balance of performance obligations because it has no important contracts for which contracted amounts initially are expected to extend beyond one year. Additionally, the transaction prices include all important amounts arising from contracts with customers.

Segment and other information

Segment information

1. Segment overview

The reportable segments of The Pack Group are the smallest units for which separate financial information can be obtained and for which regular examinations are performed by the Board of Directors to determine resource allocation and evaluate operational results.

The Group is engaged primarily in the manufacture and sale of paper bags, folding paper cartons, corrugated boxes, and plastic bags.

Based on the nature of the products, there are two reportable segments: Paper Products and Film Packaging.

The Group’s major products are paper bags, folding paper cartons, corrugated boxes, and printing in the Paper Products segment and plastic bags and garment bags in the Film Packaging segment.

2. Determining net sales, profit or loss, assets, liabilities, and other items by reportable segment

Accounting methods used for the reportable segments are generally the same as those described under “Important matters serving as bases for the preparation of the consolidated financial statements.”

Profit for reportable segments is stated on an operating profit basis.

3. Net sales and profit or loss and breakdown of profit by reportable segment
Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)

(¥ million)

	Reportable segment			Other businesses (See Note 1.)	Total	Adjustment (See Note 2.)	Amount posted in Consolidated Statement of Income (See Note 3.)
	Paper Products	Film Packaging	Subtotal				
Net sales							
Paper bags	29,653	-	29,653	-	29,653	-	29,653
Folding paper cartons	25,000	-	25,000	-	25,000	-	25,000
Corrugated boxes	12,419	-	12,419	-	12,419	-	12,419
Printing	2,325	-	2,325	-	2,325	-	2,325
Film Packaging	-	13,798	13,798	-	13,798	-	13,798
Other	-	-	-	14,516	14,516	-	14,516
Revenue from contracts with customers	69,399	13,798	83,197	14,516	97,714	-	97,714
Other revenue	-	-	-	-	-	-	-
Sales to external customers	69,399	13,798	83,197	14,516	97,714	-	97,714
Intersegment sales and transfers	-	-	-	-	-	-	-
Subtotal	69,399	13,798	83,197	14,516	97,714	-	97,714
Segment profit	6,858	856	7,715	1,267	8,983	(1,239)	7,743
Segment assets	54,790	8,847	63,637	8,023	71,661	27,186	98,847
Other items							
Depreciation expense	1,537	364	1,901	142	2,044	38	2,082
Increase in tangible and intangible noncurrent assets	6,576	927	7,503	733	8,237	(830)	7,406

Notes:

1. “Other” includes supplies and other sundry items.
2. Adjustment amounts are reviewed below.
 - (1) The adjustment amount of -¥1,239 million to segment profit includes ¥12 million in elimination of intersegment transactions and -¥1,251 million in Companywide costs, which are not allocated to individual reporting segments. Companywide costs consist mainly of costs related to parent company administrative sections.
 - (2) The adjustment amount of ¥27,186 million to segment assets consists of Companywide assets, which are not allocated to individual reporting segments. Companywide assets consist mainly of surplus operating assets of the parent company (¥10,495 million in cash and deposits, ¥8,100 million in securities), long-term investment funds (¥7,564 million in investment securities), and ¥1,027 million in land and property belonging to the parent company.
 - (3) The adjustment amount to depreciation expenses and the increase in property, plant, and equipment and intangible noncurrent assets concern headquarters assets of the parent company.
3. Segment profit is adjusted against operating profit on the Consolidated Statement of Income.

Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)

(¥ million)

	Reportable segment			Other businesses (See Note 1.)	Total	Adjustment (See Note 2.)	Amount posted in Consolidated Statement of Income (See Note 3.)
	Paper Products	Film Packaging	Subtotal				
Net sales							
Paper bags	32,214	-	32,214	-	32,214	-	32,214
Folding paper cartons	25,882	-	25,882	-	25,882	-	25,882
Corrugated boxes	13,027	-	13,027	-	13,027	-	13,027
Printing	1,990	-	1,990	-	1,990	-	1,990
Film Packaging	-	13,499	13,499	-	13,499	-	13,499
Other	-	-	-	14,846	14,846	-	14,846
Revenue from contracts with customers	73,114	13,499	86,614	14,846	101,461	-	101,461
Other revenue	-	-	-	-	-	-	-
Sales to external customers	73,114	13,499	86,614	14,846	101,461	-	101,461
Intersegment sales and transfers	-	-	-	-	-	-	-
Subtotal	73,114	13,499	86,614	14,846	101,461	-	101,461
Segment profit	7,168	933	8,102	1,261	9,364	(1,354)	8,009
Segment assets	60,257	8,687	68,944	8,359	77,304	25,987	103,292
Other items							
Depreciation expense	1,947	338	2,285	90	2,376	39	2,416
Increase in tangible and intangible noncurrent assets	5,595	320	5,916	207	6,123	0	6,123

Notes:

1. “Other” includes supplies and other sundry items.
2. Adjustment amounts are reviewed below.
 - (1) The adjustment amount of -¥1,354 million to segment profit includes -¥2 million in elimination of intersegment transactions and -¥1,351 million in Companywide costs, which are not allocated to individual reporting segments. Companywide costs consist mainly of costs related to parent company administrative sections.
 - (2) The adjustment amount of ¥25,987 million to segment assets consists of Companywide assets, which are not allocated to individual reporting segments. Companywide assets consist mainly of surplus operating assets of the parent company (¥8,981 million in cash and deposits, ¥8,499 million in securities), long-term investment funds (¥7,528 million in investment securities), and ¥978 million in land and property belonging to the parent company.
 - (3) The adjustment amount to depreciation expenses and the increase in property, plant, and equipment and intangible noncurrent assets concern headquarters assets of the parent company.
3. Segment profit is adjusted against operating profit on the Consolidated Statement of Income.

Related information

Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)

1. Information on individual products and services

This is omitted because the same information is provided under segment information.

2. Information on individual regions

(1) Net sales

This is omitted because sales to external customers in Japan account for more than 90% of net sales on the Consolidated Statement of Income.

(2) Property, plant, and equipment

This is omitted because amounts of property, plant, and equipment located in Japan account for more than 90% of the amount of property, plant, and equipment on the Consolidated Balance Sheet.

3. Information on individual major customers

This is omitted because no counterparty in sales to external customers accounts for 10% or more of net sales on the Consolidated Statement of Income.

Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)

1. Information on individual products and services

This is omitted because the same information is provided under segment information.

2. Information on individual regions

(1) Net sales

This is omitted because sales to external customers in Japan account for more than 90% of net sales on the Consolidated Statement of Income.

(2) Property, plant, and equipment

This is omitted because amounts of property, plant, and equipment located in Japan account for more than 90% of the amount of property, plant, and equipment on the Consolidated Balance Sheet.

3. Information on individual major customers

This is omitted because no counterparty in sales to external customers accounts for 10% or more of net sales on the Consolidated Statement of Income.

Impairment loss on non-current assets by reporting segment

Not applicable

Amortization of goodwill and unamortized balance by reporting segment

Not applicable

Negative goodwill by reporting segment

Not applicable

Related parties
Not applicable

Per-share information

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Net assets per share	¥3,736.44	¥3,964.51
Basic earnings per share	¥297.07	¥333.52
Diluted earnings per share	¥296.86	¥333.34

1. Presented below are basic earnings per share, diluted earnings per share, and the basic assumptions underlying the calculations thereof.

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent (¥ million)	5,652	6,316
Amounts not available to common shareholders (¥ million)	-	-
Profit attributable to owners of parent related to common shares (¥ million)	5,652	6,316
Average number of common shares outstanding during the period (thousand shares)	19,027	18,937
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (¥ million)	-	-
Increase in number of common shares (thousand shares)	13	10
(Share acquisition rights included above [thousand shares])	(13)	(10)
Antidilutive securities excluded from diluted earnings per share calculations		-

2. Presented below are the basic assumptions underlying calculations of net assets per share.

	Previous consolidated fiscal year (from January 1, 2023 to December 31, 2023)	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Total net assets (¥ million)	71,156	74,485
Amounts deducted from total net assets (¥ million)	45	25
(Share acquisition rights included above [¥ million])	(45)	(25)
Ending net assets related to common shares (¥ million)	71,111	74,459
Ending number of common shares used to calculate net assets per share (thousand shares)	19,031	18,781

Material subsequent events

Acquisition of treasury share

In its meeting held February 12, 2025, the Company Board of Directors resolved as follows to acquire treasury share pursuant to the provisions of Article 156 of the Companies Act applicable, *mutatis mutandis*, under Article 165, Paragraph 3 of that Act.

1. Reason for acquisition of treasury share

The treasury share will be acquired for various purposes, including the enhancement of returns to shareholders and improvements in capital efficiency, as part of the capital policies of the Medium-Term Management Plan.

2. Details of acquisition

- | | |
|--|--|
| (1) Class of share to be acquired: | Company common share |
| (2) Maximum total number of shares to be acquired: | No more than 300,000 shares
(1.60% of total shares issued and outstanding [not including treasury share]) |
| (3) Total purchase price of treasury share: | Up to ¥1.0 billion |
| (4) Acquisition period: | February 13 – December 31, 2025 |
| (5) Acquisition method: | Market purchase on the Tokyo Stock Exchange |

(v) Details annexed to consolidated financial statements

Detailed statement of corporate debentures

Not applicable

Detailed statement of loans payable, etc.

Category	Starting balance (¥ million)	Ending balance (¥ million)	Average interest rate (%)	Repayment deadline
Short-term loans payable	-	-	-	-
Current portion of long-term loans payable	25	33	1.1	-
Lease obligations planned for repayment within one year	43	30	-	-
Long-term loans payable (excluding current portion)	9	49	1.1	June 2027
Lease obligations (excluding current portion)	34	4	-	October 2026
Other interest-bearing debts	-	-	-	-
Total	112	117	-	-

Notes:

1. Average interest rate indicates the weighted average of interest rates on balances of loans payable at the end of the period.

No average interest rate is shown for lease obligations because they are recorded on the Consolidated Balance Sheet in amounts before deducting the amount corresponding to the interest included in total lease charges.

2. The table below gives the planned repayment amounts of long-term loans payable and lease obligations (excluding current portions) within five years after the date of the consolidated settlement of accounts.

Category	Within more than one but no more than two years (¥ million)	Within more than two but no more than three years (¥ million)	Within more than three but no more than four years (¥ million)	Within more than four but no more than five years (¥ million)
Long-term loans payable	33	16	-	-
Lease obligations	4	-	-	-

Detailed statement of asset retirement obligations

This is omitted because the amounts of asset retirement obligations at the start and end of the consolidated fiscal year under review accounted for less than 1% of total liabilities and net assets at the start and end of the consolidated fiscal year under review.

(2) Other information

Quarterly information during the consolidated fiscal year under review, etc.

Cumulative period	Interim	FY under review
Net sales (¥ million)	46,617	101,461
Interim (current) profit before income taxes (¥ million)	4,381	9,160
Interim (current) profit attributable to owners of parent (¥ million)	2,999	6,316
Interim (current) basic earnings per share (¥)	157.69	333.52

2. Financial statements, etc.

(1) Financial statements

(i) Balance Sheet

(¥ million)

	Previous fiscal year (December 31, 2023)	Fiscal year under review (December 31, 2024)
Assets		
Current assets		
Cash and deposits	10,495	8,981
Notes receivable-trade	*2 3,871	*2 3,598
Accounts receivable-trade	*1 17,616	*1 18,003
Securities	8,100	8,499
Merchandise and finished goods	6,462	6,682
Work in process	855	1,047
Raw materials and supplies	773	761
Advances paid	*1 728	*1 711
Other	*1 814	*1 1,189
Allowance for doubtful accounts	(4)	(4)
Total current assets	49,711	49,470
Non-current assets		
Property, plant, and equipment		
Buildings	*3 7,183	*3 7,046
Structures	69	66
Machinery and equipment	5,288	7,594
Vehicles	6	15
Tools, furniture and fixtures	305	281
Land	9,393	9,750
Construction in progress	1,613	1,133
Total property, plant, and equipment	23,859	25,888
Intangible assets		
Leasehold rights	30	30
Software	86	1,712
Other	2,549	1,626
Total intangible assets	2,666	3,369
Investments and other assets		
Investment securities	7,605	7,573
Shares of subsidiaries and associates	2,116	2,116
Investments in capital of subsidiaries and associates	58	58
Long-term loans receivable	*1 1,374	*1 1,840
Claims provable in bankruptcy, claims provable in rehabilitation and other	8	11
Prepaid pension cost	74	108
Deferred tax assets	-	23
Other	609	428
Allowance for doubtful accounts	(181)	(196)
Total investments and other assets	11,664	11,963
Total non-current assets	38,191	41,221
Total assets	87,903	90,691

(¥ million)

	Previous fiscal year (December 31, 2023)	Fiscal year under review (December 31, 2024)
Liabilities		
Current liabilities		
Notes payable	*2 1,692	*2 1,524
Electronically recorded obligations-operating	6,230	6,197
Accounts payable-trade	*1 11,362	*1 11,473
Accounts payable-other	1,315	1,297
Income taxes payable	1,169	1,587
Consumption taxes payable	180	332
Provision for bonuses	288	325
Provision for bonuses for directors (and other officers)	45	49
Notes payable - facilities	342	728
Other	*1 1,186	*1 1,112
Total current liabilities	23,813	24,628
Non-current liabilities		
Provision for retirement benefits	219	86
Long-term accounts payable - other	3	-
Deferred tax liabilities	41	-
Other	34	4
Total non-current liabilities	299	90
Total liabilities	24,112	24,719
Net assets		
Shareholders' equity		
Capital stock	2,553	2,553
Capital surplus		
Legal capital surplus	2,643	2,643
Other capital surplus	500	505
Total capital surplus	3,143	3,148
Retained earnings		
Legal retained earnings	449	449
Other retained earnings		
Reserve for reduction entry of replaced property	78	73
General reserve	47,201	47,201
Retained earnings brought forward	10,506	14,008
Total retained earnings	58,235	61,732
Treasury shares	(2,593)	(3,536)
Total shareholders' equity	61,340	63,898
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,407	2,044
Deferred gains or losses on hedges	(2)	3
Total valuation and translation adjustments	2,405	2,047
Share acquisition rights	45	25
Total net assets	63,790	65,971
Total liabilities and net assets	87,903	90,691

(ii) Statement of Income

(¥ million)

	Previous fiscal year (from January 1, 2023 to December 31, 2023)	Fiscal year under review (from January 1, 2024 to December 31, 2024)
Net sales	85,485	88,345
Cost of sales	*1 63,992	*1 65,983
Gross profit	21,492	22,362
Selling, general, and administrative expenses	*1,*2 15,028	*1,*2 15,416
Operating profit	6,464	6,945
Non-operating income		
Interest income	*1 147	*1 121
Dividend income	*1 128	*1 142
Other	*1 91	*1 79
Total non-operating income	367	343
Non-operating expenses		
Interest expenses	0	0
Provision of allowance for doubtful accounts	67	11
Compensation for damage	0	0
Foreign exchange gains	40	61
Other	9	20
Total non-operating expenses	118	94
Ordinary profit	6,713	7,194
Extraordinary income		
Gain on sales of investment securities	0	834
Gain on sales of non-current assets	-	51
Government subsidy	49	-
Total extraordinary income	49	885
Extraordinary losses		
Loss on sales of non-current assets	-	2
Loss on retirement of non-current assets	121	16
Loss on depreciation of non-current assets	49	-
Total extraordinary losses	171	18
Profit before income taxes	6,592	8,061
Income taxes-current	1,893	2,455
Income taxes-deferred	28	76
Total income taxes	1,921	2,531
Profit	4,670	5,529

(iii) Statement of Changes in Equity

Previous fiscal year (from January 1, 2023 to December 31, 2024)

(¥ million)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of current period	2,553	2,643	510	3,153
Changes during period				
Dividends of surplus				-
Net profit				-
Transfers from reserve for reduction entry of replaced property				-
Purchase of treasury shares				-
Disposal of treasury shares			(9)	(9)
Changes during period in accounts other than shareholders' equity (net)				-
Total changes during period	-	-	(9)	(9)
Balance at end of current period	2,553	2,643	500	3,143

	Shareholders' equity						
	Retained earnings					Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings			Total retained earnings		
		Reserve for reduction entry of replaced property	General reserve	Retained earnings brought forward			
Balance at beginning of current period	449	84	47,201	7,162	54,897	(2,661)	57,942
Changes during period							
Dividends of surplus				(1,331)	(1,331)		(1,331)
Net profit				4,670	4,670		4,670
Transfers from reserve for reduction entry of replaced property		(5)		5	-		-
Purchase of treasury shares					-	(0)	(0)
Disposal of treasury shares					-	68	58
Changes during period in accounts other than shareholders' equity (net)					-		-
Total changes during period	-	(5)	-	3,344	3,338	68	3,397
Balance at end of current period	449	78	47,201	10,506	58,235	(2,593)	61,340

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	1,440	(3)	1,436	46	59,426
Changes during period					
Dividends of surplus					(1,331)
Net profit					4,670
Transfers from reserve for reduction entry of replaced property					-
Purchase of treasury shares					(0)
Disposal of treasury shares					58
Changes during period in accounts other than shareholders' equity (net)	967	1	968	(1)	967
Total changes during period	967	1	968	(1)	4,364
Balance at end of current period	2,407	(2)	2,405	45	63,790

Fiscal year under review (from January 1, 2024 to December 31, 2024)

(¥ million)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of current period	2,553	2,643	500	3,143
Changes during period				
Dividends of surplus				
Net profit				
Transfers from reserve for reduction entry of replaced property				
Purchase of treasury shares				
Disposal of treasury shares			4	4
Changes during period in accounts other than shareholders' equity (net)				
Total changes during period	-	-	4	4
Balance at end of current period	2,553	2,643	505	3,148

	Shareholders' equity						
	Retained earnings					Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings			Total retained earnings		
		Reserve for reduction entry of replaced property	General reserve	Retained earnings brought forward			
Balance at beginning of current period	449	78	47,201	10,506	58,235	(2,593)	61,340
Changes during period							
Dividends of surplus				(2,032)	(2,032)		(2,032)
Net profit				5,529	5,529		5,529
Transfers from reserve for reduction entry of replaced property		(5)		5	-		-
Purchase of treasury shares					-	(999)	(999)
Disposal of treasury shares					-	56	61
Changes during period in accounts other than shareholders' equity (net)					-		-
Total changes during period	-	(5)	-	3,502	3,496	(943)	2,558
Balance at end of current period	449	73	47,201	14,008	61,732	(3,536)	63,898

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	2,407	(2)	2,405	45	63,790
Changes during period					
Dividends of surplus					(2,032)
Net profit					5,529
Transfers from reserve for reduction entry of replaced property					-
Purchase of treasury shares					(999)
Disposal of treasury shares					61
Changes during period in accounts other than shareholders' equity (net)	(363)	6	(357)	(19)	(377)
Total changes during period	(363)	6	(357)	(19)	2,181
Balance at end of current period	2,044	3	2,047	25	65,971

[Notes]

Important accounting policies

1. Valuation standards and methods for assets

(1) Valuation standards and method for securities

Bonds held to maturity

Amortized cost method (straight line method)

Shares of stock in subsidiaries

..... Stated at cost by the moving average method

Available-for-sale securities

Those other than stocks, etc., with no market value

..... Mark-to-market (Valuation differences are charged or credited directly to owners' equity. The cost of securities sold is computed by the moving average method.)

Stocks, etc., with no market value

..... Stated at cost by the moving average method

Investments in investment limited liability partnerships and similar partnerships (those deemed securities under Article 2, Paragraph 2, of the Financial Instruments and Exchange Act) are valued based on the net amount equivalent to equity based on the most recent financial statements available in accordance with the reporting date of settlement of accounts stipulated in the partnership agreement.

(2) Valuation standards and methods for derivatives

Mark-to-market

(3) Valuation standards and methods for inventories

Merchandise and finished goods, work in process, raw materials

..... Stated at cost using the periodic average method (Amounts shown on the Balance Sheet reflect marking down book value based on decreases in profitability.)

Supplies

..... Stated at cost using the last purchase price method (Amounts shown on the Balance Sheet reflect marking down book value based on decreases in profitability.)

2. Depreciation methods for important noncurrent assets

(1) Property, plant, and equipment (excluding leased assets)

The declining-balance method is applied. However, for properties (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and structures acquired on or after April 1, 2016, the straight line method is applied.

Indicated below are the main useful lives.

Buildings and structures: 10-50 years

Machinery, equipment, and vehicles: 5-12 years

(2) Intangible noncurrent assets (excluding leased assets)

The straight line method is applied.

For software used by the Company, the straight line method is applied based on the estimated usable period at the Company (five years).

(3) Lease assets

Lease assets related to finance lease transactions not involving transfer of ownership

The straight line method is applied using the lease period as the useful life and zero as the residual value.

3. Accounting standards for reserves

(1) Allowance for doubtful accounts

In preparation for losses from default on claims, the anticipated amount of unrecoverable claims is booked based on the actual rate of unrecoverability for ordinary claims. The likelihood of recovery is determined on a claim by claim basis for claims deemed unlikely to be recovered.

- (2) Provision for bonuses
Set aside for employee bonuses, this is booked based on estimates of bonuses to be paid during the fiscal year.
- (3) Provision for executive bonuses
Set aside for executive and executive officer bonuses, this is booked based on estimates of bonuses to be paid at the end of the fiscal year.
- (4) Provision for retirement benefits
Set aside for employee retirement benefits, this is booked based on estimates of retirement benefit obligations and pension assets at the end of the fiscal year.
 - (i) Method for allocating estimated retirement benefits to fiscal periods
For calculations of retirement benefit obligations, benefit calculation formulas are applied to allocate estimated retirement benefits to the period extending to the end of the fiscal year.
 - (ii) Method for processing actuarial differences and past employment costs as expenses
Actuarial differences are expensed from the following fiscal year by the straight line method based on a fixed number of years (10 years) within the average remaining number of employee service years at the time the actuarial differences are incurred.
Past employment costs are expensed in the fiscal year in which they were incurred by the straight line method based on a fixed number of years (10 years) within the average remaining number of employee service years at the time they are incurred.

4. Accounting standards for revenues and expenses

Sale of finished goods and merchandise

The Company primarily manufactures and sells paper products and similar products. In sales of such finished goods and merchandise, performance obligations are deemed fulfilled when the customer secures control of the finished goods and merchandise at the point in time at which they are delivered to the customer. As such, revenues are recognized at the time of delivery of the finished goods and merchandise.

However, for cases involving typical times from shipment to delivery to the customer in domestic sales in Japan, revenues are recognized at the time of shipment.

In addition, revenues are measured as the price promised under the contract with the customer minus returns, discounts, rebates, and other such costs. In such cases, the transaction amounts are assumed to be received within one year after the fulfillment of performance obligations and pose no other material financial concerns.

5 Other important bases for preparing financial statements

(1) Hedge accounting methods

(i) Hedge accounting methods

Deferred hedge accounting is applied.

Designated hedge accounting is applied for foreign currency monetary obligations to which forward foreign exchange contracts are attached.

(ii) Hedging means and targets

Means of hedging: forward foreign exchange contracts

Hedging targets: foreign currency monetary obligations and anticipated foreign currency transactions

(iii) Hedging policy

Forward foreign exchange contracts are established within the scope of actual demand to reduce the risk of exchange rate fluctuations.

(iv) Methods for assessing hedging efficacy

Assessments of hedging efficacy on the date of settlement of accounts is omitted for forward foreign exchange contracts because we deem it more effective to employ the method of allocation in the same foreign currency and with the same maturity dates; this also ensures correlation under any future exchange rate fluctuation conditions.

- (2) Standards for conversion of foreign currency assets and liabilities to yen
Monetary claims and obligations denominated in foreign currency are converted to yen at the spot exchange rates in effect at the end of the period. Any translation differences are recorded as gains or losses.
- (3) Accounting methods for retirement benefits
Accounting methods for unrecognized actuarial differences and unrecognized past employment costs related to retirement benefits differ from those for the consolidated financial statements.

Balance Sheet

*1 Assets and liabilities of affiliate companies

Amounts of monetary claims or obligations on affiliate companies other than those stated separately are presented below.

	Previous fiscal year (December 31, 2023)	Fiscal year under review (December 31, 2024)
Short-term monetary claims	915	907
Long-term monetary claims	1,097	1,563
Short-term monetary obligations	248	232

(¥ million)

*2 In account processing of notes maturing on the ending date of the period, we process settlements of accounts based on the dates of exchange of the notes in question.

Since the ending date of the fiscal year was a holiday for financial institutions, notes maturing on the ending date of the next period include ending balances.

	Previous fiscal year (December 31, 2023)	Fiscal year under review (December 31, 2024)
Notes receivable	154	154
Notes payable	89	99

(¥ million)

*3 Shown below are the book value and a breakdown thereof of reduced-value entry through receipt of state subsidies on property, plant and equipment.

	Previous fiscal year (December 31, 2023)	Fiscal year under review (December 31, 2024)
Buildings	49	49

(¥ million)

Statement of Income

*1 Amounts included in each account that correspond to affiliate companies are presented below.

	Previous fiscal year (from January 1, 2023 to December 31, 2023)	Fiscal year under review (from January 1, 2024 to December 31, 2024)
Operating transactions	2,469	2,244
Transactions other than operating transactions	353	67

(¥ million)

*2 The main costs included in selling, general, and administrative expenses, and their amounts, are presented below.

	Previous fiscal year (from January 1, 2023 to December 31, 2023)	Fiscal year under review (from January 1, 2024 to December 31, 2024)
Freightage and packing expenses	3,964	3,970
Salaries and allowances	3,796	3,851
Provision for bonuses	158	181

(¥ million)

Provision for director bonuses	44	49
Retirement benefit expenses	210	179
Depreciation	443	544
Rent expenses	2,926	2,930
Provision of allowance for doubtful accounts	1	4
Rough percentages		
Selling expenses	77.7%	77.4%
General and administrative expenses	22.3%	22.6%

Securities

Previous fiscal year (December 31, 2023)

The amount recorded on the Balance Sheet of shares of stock, etc., with no market prices is given below.

Category	Previous fiscal year (¥ million)
Shares of subsidiaries	2,116

Fiscal year under review (December 31, 2024)

The amount recorded on the Balance Sheet of shares of stock, etc., with no market prices is given below.

Category	Fiscal year under review (¥ million)
Shares of subsidiaries	2,116

Tax effect accounting

1. Details of deferred tax assets and deferred tax liabilities by major source

(¥ million)

	Previous fiscal year (December 31, 2023)	Fiscal year under review (December 31, 2024)
Deferred tax assets		
Allowance for doubtful accounts	56	61
Provision for bonuses	88	99
Accrued enterprise tax	78	85
Provision for retirement benefits	646	605
Impairment loss	63	63
Other	566	520
Deferred tax assets (subtotal)	1,499	1,436
Valuation reserves	(533)	(540)
Total deferred tax assets	965	895
Deferred tax liabilities		
Prepaid pension cost	(22)	(32)
Reserve for advanced depreciation of non-current assets	(34)	(32)
Valuation difference on available-for-sale securities	(949)	(805)
Other	-	(1)
Total deferred tax liabilities	(1,007)	(872)
Deferred tax assets (liabilities), net	(41)	23

2. Factors leading to major differences between the statutory effective tax rate and rate of income and other taxes paid after tax-effect accounting, if any

(¥ million)

	Previous fiscal year (December 31, 2023)	Fiscal year under review (December 31, 2024)
Statutory effective tax rate	Notes are omitted because the difference between the statutory effective tax rate and the rate of income and other taxes paid after tax effect accounting is less than 5% of the statutory effective tax rate.	Notes are omitted because the difference between the statutory effective tax rate and the rate of income and other taxes paid after tax effect accounting is less than 5% of the statutory effective tax rate.
Adjustments:		
Items not included in losses permanently, such as entertainment expenses		
Items not included in profits permanently, such as dividend income		
Residents' tax per capita rate etc.		
Valuation reserves		
Other		
Rate of income and other taxes paid after tax-effect accounting		

Revenue recognition

Basic information for grasping revenue from contracts with customers is omitted here because it is identical to the information presented under “Notes: Revenue recognition” for the Consolidated Financial Statements.

Material subsequent events

Acquisition of treasury share

In its meeting held February 12, 2025, the Company Board of Directors resolved to acquire treasury share pursuant to the provisions of Article 156 of the Companies Act applicable, *mutatis mutandis*, under Article 165, Paragraph 3 of that Act. The specifics are provided under “Notes (Material subsequent events)” in “V. Accounts.”

(iv) Details annexed to the financial statements

Detailed statement of property, plant, and equipment

Asset type	Starting book value (¥ million)	Increase during period (¥ million)	Decrease during period (¥ million)	Redemption amount during period (¥ million)	Ending balance (¥ million)	Accumulated depreciation (¥ million)
Property, plant, and equipment						
Buildings	7,183	235	7	366	7,046	11,889
Structures	69	4	0	7	66	614
Machinery and equipment	5,288	3,529	2	1,220	7,594	18,311
Vehicles	6	16	0	7	15	87
Tools, furniture and fixtures	305	132	4	151	281	1,840
Land	9,393	357	-	-	9,750	-
Construction in progress	1,613	2,815	3,295	-	1,133	-
Total property, plant and equipment	23,859	7,092	3,309	1,754	25,888	32,742
Intangible assets						
Leasehold rights	30	-	-	-	30	-
Software	86	1,849	-	223	1,712	382
Other	2,549	1,111	2,034	0	1,626	2
Total intangible assets	2,666	2,961	2,034	224	3,369	384

Notes:

1. Major changes during the period are presented below.

Land	Tokyo Plant	¥357 million
Machinery and equipment	Osaka Plant Paper bag machinery	¥313 million
Machinery and equipment	Tokyo Plant Punching machinery	¥280 million
Construction in progress	Tokyo Plant Printing machinery	¥441 million
Software	Backbone system	¥1,827 million
Other (software in progress)	Development of backbone system	¥1,109 million

Detailed statement of reserves

Category	Starting balance (¥ million)	Increase during period (¥ million)	Decrease during period (¥ million)	Ending balance (¥ million)
Allowance for doubtful accounts	186	16	1	200
Provision for bonuses	288	325	288	325
Provision for executive bonuses	45	49	45	49

(2) Main details of assets and liabilities

Omitted because consolidated financial statements are prepared.

(3) Other

Not applicable

VI. Overview of stock administration by the Company

Business year	January 1 through December 31
Regular Meeting of Shareholders	Held in March
Basis date	December 31
Basis dates for dividends of surplus	June 30, December 31
Stock minimum trading unit	100 shares
Repurchase and increased purchase of shares in amounts of less than the minimum trading unit	
Location of handling	(Special account) Mitsubishi UFJ Trust and Banking Corporation Osaka Securities Agency Div. 6-3 Fushimicho 3-chome, Chuo-ku, Osaka
Administrator of shareholder list	(Special account) Mitsubishi UFJ Trust and Banking Corporation 4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Brokerage	-
Fee for repurchase and increased purchase	None
Method of public announcement	The Company's public announcements are announced electronically. However, they are published in the <i>Nihon Keizai Shimbun</i> if public announcements issued electronically are not possible. URL of public announcements: https://www.thepack.co.jp/
Special benefits for shareholders	Each year, the Company presents Quo Cards worth ¥1,000 each to shareholders as of December 31 and book cards worth ¥500 each to shareholders as of June 30.

Notes:

Restrictions on rights regarding shares in amounts of less than the minimum trading unit are described below.

Company shareholders cannot exercise rights other than the following for shares they own in amounts of less than the minimum trading unit:

- (i) The rights enumerated in Article 189, Paragraph 2 of the Companies Act
- (ii) The right to exercise put options for shares with put options
- (iii) The right to receive allotment of shares offered and share acquisition rights offered in accordance with numbers of shares held by shareholders
- (iv) The right to demand additional purchase for shares in amounts of less than the minimum trading unit

VII. Reference information on the Company

1. Information on the parent company of the Company

The Company has no parent company.

2. Other reference information

The Company has submitted the following documents from the first day of the consolidated fiscal year through the date submitted for the Annual Securities Report.

- (1) Annual Securities Report, attachments thereto, and confirmation letter
For Business Year 72nd term (from January 1, 2023 to December 31, 2023): Submitted to the Director of the Kinki Local Finance Bureau on March 28, 2024
- (2) Internal Controls Report and its attachments
Submitted to the Director of the Kinki Local Finance Bureau on March 28, 2024
- (3) Quarterly reports and confirmation letters
For the first quarter of 73rd term (from January 1, 2024 to March 31, 2024): Submitted to the Director of the Kinki Local Finance Bureau on May 13, 2024
- (4) Semiannual reports and confirmation letters
For the first half of the 73rd term (from January 1, 2024 to June 30, 2024): submitted to the Director of the Kinki Local Finance Bureau on August 9, 2024
- (5) Extraordinary Report
Extraordinary Report under the provisions of Article 19, Paragraph 2, Subparagraph 9, 2 of the Cabinet Directive on Disclosure of Corporate Details etc.
Submitted to the Director of the Kinki Local Finance Bureau on March 29, 2024
- (6) Report on status of purchase of treasury shares
Submitted to the Director of the Kinki Local Finance Bureau on March 7, 2024 for the reporting period (February 1 – 29, 2024).
Submitted to the Director of the Kinki Local Finance Bureau on April 11, 2024 for the reporting period (March 1 – 31, 2024).
Submitted to the Director of the Kinki Local Finance Bureau on May 13, 2024 for the reporting period (April 1 – 30, 2024).
Submitted to the Director of the Kinki Local Finance Bureau on June 12, 2024 for the reporting period (May 1 – 31, 2024).
Submitted to the Director of the Kinki Local Finance Bureau on July 11, 2024 for the reporting period (June 1 – 30, 2024).
Submitted to the Director of the Kinki Local Finance Bureau on August 9, 2024 for the reporting period (July 1 – 31, 2024).
Submitted to the Director of the Kinki Local Finance Bureau on September 6, 2024 for the reporting period (August 1 – 31, 2024).
Submitted to the Director of the Kinki Local Finance Bureau on October 11, 2024 for the reporting period (September 1 – 30, 2024).
Submitted to the Director of the Kinki Local Finance Bureau on November 11, 2024 for the reporting period (October 1 – 31, 2024).
Submitted to the Director of the Kinki Local Finance Bureau on December 4, 2024 for the reporting period (November 1 – 30, 2024).
- (7) Report on revisions of the report on status of purchase of treasury shares
Report on revisions of the report on status of purchase of treasury shares submitted on July 11, 2024
Submitted to the Director of the Kinki Local Finance Bureau on August 1, 2024

Part 2. Information on the Company's guarantors

Not applicable

Reports on Audit by Independent Auditor and Internal Controls Audit

March 26, 2025

To: The Board of Directors,

The Pack Corporation

Ernst & Young ShinNihon LLC

Osaka Office

Designated Limited Partner
Engagement Partner

Yasuhiro Kozaki,
Certified Public Accountant

Designated Limited Partner
Engagement Partner

Ryoichi Hayama,
Certified Public Accountant

<Audit of financial statements>

Auditor's opinion

We have audited the consolidated financial statements of The Pack Corporation for the consolidated fiscal year from January 1, 2024 through December 31, 2024, for the purposes of auditing and verification pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act. In so doing, we audited the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Shareholders' Equity, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows, Important Matters Serving as Bases for Preparation of the Consolidated Financial Statements, and other notes to the financial statements and attendant details.

In our opinion, the consolidated financial statements referred to above fairly and accurately present all material points on the financial state as of December 31, 2024, as well as business performance and cash flow in the fiscal year ending on that date of The Pack Corporation and its consolidated subsidiaries, in compliance with the principles of corporate accounting generally accepted in Japan.

Evidence for the auditor's opinion

We implemented our audit in accordance with audit principles generally accepted in Japan. Our responsibilities under these audit principles are described under "Auditor's responsibilities in auditing consolidated financial statements." In accordance with professional ethical standards in Japan, we are independent of the Company and its consolidated subsidiaries and fulfill all other ethical obligations that apply to auditors. We believe that we have obtained sufficient and appropriate grounds for the basis for the statement of our opinion on the audit.

Important matters considered in the audit

Important matters considered in the audit are those deemed as particularly important by the auditors, as professionals, in auditing the consolidated financial statements for this consolidated fiscal year. Important matters considered in the audit correspond to the process of auditing the consolidated financial statements as a whole and to the formation of the auditor's opinion. They are not intended to express our individual opinion on the matters in question.

The Pack Corporation's recognition of revenue in the ending month of the fiscal period	
Details of important matters to be considered in the audit and reasons underlying our decision	Handling in the audit
<p>The Pack Corporation ("Company" hereinafter) and its consolidated subsidiaries primarily manufacture and sell paper products, film packaging, and other finished goods and merchandise. While their primary customers belong to the distribution industry in Japan, they sell to numerous diverse counterparties from various industries.</p> <p>For the consolidated fiscal year under review, the Consolidated Statement of Income shows ¥101,461 million in net sales, while the Company's nonconsolidated Statement of Income shows ¥88,345 million in net sales. As such, net sales of the Company account for 87% of Group consolidated net sales.</p> <p>Viewed by quarter, consolidated net sales in the fourth quarter, at ¥31,421 million, account for 31% of annual consolidated net sales. Note that net sales tend to increase in the fourth quarter, particularly during December, due to demand growth driven by year-end sales and other factors.</p> <p>Net sales are one indicator emphasized by management and users of the financial statements. As such, net sales of the Company, which account for a large share of consolidated net sales, are especially important. Of these, there is relatively high risk of the incorrect attribution of net sales in December, when transaction volumes are high. As such, these sales figures need to be considered carefully during audits.</p> <p>We have determined that the Company's revenue recognition in the final month of the period qualifies as an important matter to be considered in the audit.</p>	<p>In considering the Company's revenue recognition in the final month of the period, we primarily employed the following audit procedures:</p> <ul style="list-style-type: none"> • We audited the status of the maintenance and operation of internal controls based on an understanding of the process of ensuring the propriety of allocation of net sales by period. • We considered whether any sales transactions at or above a certain amount or otherwise qualitatively important were recorded in December 2024 and checked such transactions against the documented evidence. • We compared sales transactions in December 2024 and January 2025 to those in the same months of the previous years on a daily basis. • We determined whether any discount or return transactions at or above a certain amount were recorded in January 2025 and checked such transactions against documented evidence. • We compared discount and return transactions in January 2025 to those in the same month of the previous year on a daily basis. • We looked for important adjustments between sales systems and accounting systems.

Other descriptions

Other descriptions refer to information included in the securities report other than that on the consolidated and nonconsolidated financial statements and the audit reports thereon. The responsibility of management is to prepare and disclose such other descriptions. The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the performance of the duties of the directors in maintaining and operating the reporting process for other descriptions.

Other descriptions are excluded from the scope of our audit opinions on the consolidated financial statements; we give no opinion on such other descriptions.

Our responsibilities in auditing the consolidated financial statements are to read through the other descriptions and, in so doing, to seek out any material discrepancies between the other descriptions and the consolidated financial statements or knowledge gained in the process of our audit and any signs of material errors in the other descriptions aside from such material discrepancies.

We are required to report on any material errors identified in the other descriptions through our work.

We found no matters worthy of report concerning the other descriptions.

Responsibilities of management, Corporate Auditors, and Board of Corporate Auditors regarding the consolidated financial statements
Management is responsible for the proper preparation of consolidated financial statements in accordance with the principles of corporate accounting generally accepted in Japan. This includes the development and operation of internal controls as deemed necessary by management for the purpose of preparing consolidated financial statements that present information accurately and are free of material misrepresentations due to malfeasance or error.

In preparing the consolidated financial statements, management is responsible for assessing the propriety of the consolidated financial statements prepared based on the going concern assumption and disclosing, as necessary, matters related to the going concern assumption in accordance with the principles of corporate accounting generally accepted in Japan.

The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the performance of the duties of the directors in maintaining and operating the financial reporting process.

Auditor's responsibilities in auditing consolidated financial statements

Our responsibilities are to secure, based on our audit, reasonable assurance as to whether the consolidated financial statements as a whole are free of material misrepresentations due to malfeasance or error and to state, in the audit report, an independent opinion on the consolidated financial statements. Misstatements may arise due to malfeasance or error and are deemed to constitute material misstatements if it can reasonably be expected to impact decision-making by users of the consolidated financial statements, either individually or in sum.

Based on the audit process in accordance with audit principles generally accepted in Japan, we implemented the following measures based on our judgment as specialists and in the spirit of professional and skeptical inquiry:

- Identification and assessment of the risks of material misrepresentation due to malfeasance or error; drafting and implementation of audit procedures appropriate given the risks of material misrepresentation; making judgments on selecting and applying audit procedures; and securing sufficient and appropriate audit evidence to serve as the basis for the statement of our opinion.
- While the purpose of a consolidated financial statements audit is not to offer an opinion on the efficacy of internal controls, in assessing risks, we do consider internal controls related to the audit for the purpose of proposing audit procedures appropriate to the circumstances.
- We assess the propriety of the accounting policies adopted by management and their methods for application, as well as the reasonableness of accounting estimates made by management and the propriety of related notes.
- We reach a conclusion on whether management's preparation of consolidated financial statements based on the going concern assumption is appropriate and whether, based on the audit evidence obtained, any material uncertainties can be identified with regard to phenomena or circumstances that could lead to material doubts regarding the going concern assumption. If any material uncertainties are recognized regarding the going concern assumption, attention must be drawn to the notes to the consolidated financial statements in the audit report. If the notes to the consolidated financial statements concerning material uncertainties are inappropriate, then an opinion must be expressed that mentions such exceptions to the consolidated financial statements. The auditor's conclusions are based on the audit evidence obtained through the date of the audit report, and there is a possibility that future events or conditions could make it impossible for the Company to continue as a going concern.
- We assess whether the presentation and notes in the consolidated financial statements conform to the principles of corporate accounting generally accepted in Japan; and the presentation, structures, contents of the consolidated financial statements, including related notes, and the consolidated financial statements accurately present the transactions and accounting facts on which they are based.
- We plan and implement audits of the consolidated financial statements to obtain sufficient and appropriate audit evidence concerning financial information for the Company and its consolidated subsidiaries, which then serves as the basis for the statement of our opinion on the consolidated financial statements. We are responsible for providing instructions and implementing oversight and inspections related to audits of the consolidated financial statements. We are responsible for expression of an independent audit opinion.

We report to the Corporate Auditors and to the Board of Corporate Auditors on the scope and timing of the planned audit; any material discoveries of the audit, including material deficiencies in internal controls systems identified in the process of auditing; and other matters required under auditing standards.

We report to the Corporate Auditors and to the Board of Corporate Auditors on measures to maintain independence in accordance with professional ethical standards in Japan, on any matters that might reasonably be deemed to affect the independence of auditors, and the nature and specifics of any measures taken to eliminate any such impediments or safeguards taken to mitigate them to tolerable levels. We identify as important matters to be considered in the audit matters deemed especially important in auditing the consolidated financial statements for this consolidated fiscal year from among those items we discussed with the Corporate Auditors and the Board of Corporate Auditors and describe these in the audit report. However, such items are not described in cases such as when their disclosure is prohibited under laws, regulations, etc. or the extremely rare cases in which we have determined that they should not be reported because the disadvantages of reporting them in the audit report would be reasonably considered to exceed any public benefit from their disclosure.

<Audit of internal controls>

Auditor's opinion

We have audited the Internal Controls Report of The Pack Corporation as of December 31, 2024, for the purposes of auditing and verification pursuant to the provisions of Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act.

In our opinion, the above Internal Controls Report indicating that the internal controls of The Pack Corporation are valid with regard to financial reporting as of December 31, 2024, conforms to the standards on assessments of internal controls related to financial reporting generally accepted in Japan and accurately presents the results of assessment of internal controls related to financial reporting on all material points.

Evidence for the auditor's opinion

We implemented our audit of internal controls in accordance with audit principles generally accepted for internal controls related to financial reporting in Japan. Our responsibilities under these audit principles of internal controls related to financial reporting are described under "Auditor's responsibilities in auditing internal controls." In accordance with professional ethical standards in Japan, we are independent of the Company and its consolidated subsidiaries and fulfill all other ethical obligations that apply to auditors. We believe that we have obtained sufficient and appropriate grounds for the basis for the statement of our opinion on the audit.

Responsibilities of management, Corporate Auditors, and Board of Corporate Auditors regarding the Internal Controls Report
Management is responsible for developing and operating internal controls on financial reporting and for proper preparation and disclosure of the Internal Controls Report conforming to the standards on assessments of internal controls related to financial reporting generally accepted in Japan.

The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring and verifying the status of the maintenance and operation of internal controls related to financial reporting.

Note that it is next to impossible to entirely prevent or detect misrepresentation in financial reports through internal controls on financial reporting.

Auditor's responsibilities in auditing internal controls

Our responsibilities are to secure, based on our audit, reasonable assurance as to whether the Internal Controls Report is free of material misrepresentations and to state, in the internal controls audit report, an independent opinion on the Internal Controls Report. Based on the audit process in accordance with audit principles generally accepted for internal controls related to financial reporting in Japan, we implemented the following measures based on our judgment as specialists and in the spirit of professional and skeptical inquiry:

- Audit procedures to obtain grounds for the audit regarding the results of assessment of internal controls related to financial reporting in the Internal Controls Report. The auditor has the option of choosing to apply and implement audit procedures for internal controls based on an assessment of the importance of their impact on the reliability of financial reporting.
- Consideration of the overall presentation of the Internal Controls Report, including the scope of assessment of internal controls related to financial reporting, assessment procedures, and management's description of the results of assessment
- Planning and implementing audits of internal controls to secure sufficient and appropriate audit evidence regarding the results of assessments of internal controls related to financial reporting in the Internal Controls Report. We are responsible for providing instructions and implementing oversight and inspections related to audits of the Internal Controls Report and for providing an independent audit opinion. We are responsible for expression of an independent audit opinion.

We report to the Corporate Auditors and to the Board of Corporate Auditors on the scope and timing of the planned internal controls audit; any material discoveries of the audit, including material deficiencies in internal controls systems identified in the process of auditing and results of correction measures for them; and other matters specified by internal controls auditing standards.

<Remuneration information>

Amounts of remuneration based on audit certification work for the Company and its subsidiaries and non-audit work paid to us and members of our network are described in "(3) Audits" under "Corporate Governance, etc.," included in Status of the Company.

Conflicts of interest

There are no conflicts of interest between the Company and consolidated subsidiaries and our firm or the Engagement Partners whose disclosure is required by the provisions of the Certified Public Accountants Act.

Notes:

1. The original of the above Auditor's Report is retained by the Company (Company submitting the Securities Report).
2. XBRL data are excluded from the scope of the audit.

Independent Auditor's Report

March 26, 2025

To: The Board of Directors,

The Pack Corporation

Ernst & Young ShinNihon LLC

Osaka Office

Designated Limited Partner
Engagement Partner

Yasuhiro Kozaki,
Certified Public Accountant

Designated Limited Partner
Engagement Partner

Ryoichi Hayama,
Certified Public Accountant

Auditor's opinion

We have audited the financial statements of The Pack Corporation for the 73rd fiscal year from January 1, 2024 through December 31, 2024, for the purposes of auditing and verification pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act. In so doing, we audited the Balance Sheet, the Statement of Income, the Statement of Changes in Shareholders' Equity, the Important Accounting Policies, and other notes to the financial statements and attendant details. In our opinion, the financial statements referred to above fairly and accurately present all material points on the financial state as of December 31, 2024, and the business performance in the fiscal year ending on that date of The Pack Corporation, in compliance with the principles of corporate accounting generally accepted in Japan.

Evidence for the auditor's opinion

We implemented our audit in accordance with audit principles generally accepted in Japan. Our responsibilities under these audit principles are described under "Auditor's responsibilities in auditing financial statements." In accordance with professional ethical standards in Japan, we are independent of the Company and fulfill all other ethical obligations that apply to auditors. We believe that we have obtained sufficient and appropriate grounds for the basis for the statement of our opinion on the audit.

Important matters considered in the audit

Important matters considered in the audit are ones deemed of particular importance by the auditors, as professionals, in auditing the financial statements for this fiscal year. Important matters considered in the audit correspond to the process of auditing the financial statements as a whole and to the formation of the auditor's opinion. They are not intended to express our individual opinion on the matters in question.

Revenue recognition in the final month of the fiscal period

This is omitted here because it remains unchanged from the description of important matters considered in the audit (The Pack Corporation's recognition of revenue in the ending month of the fiscal period) in the audit report on the consolidated financial statements.

Other descriptions

Other descriptions refer to information included in the securities report other than that on the consolidated and nonconsolidated financial statements and the audit reports thereon. The responsibility of management is to prepare and disclose such other descriptions. The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the performance of the duties of the directors in maintaining and operating the reporting process for other descriptions. Other descriptions are excluded from the scope of our audit opinions on the financial statements; we give no opinion on the other descriptions.

Our responsibilities in auditing the financial statements are to read through the other descriptions and, in so doing, to look for any material discrepancies between the other descriptions and the financial statements or information learned in the process of our audit and any signs of material errors in the other descriptions aside from such material discrepancies.

We are required to report on any material errors identified in the other descriptions through our work.

We found no matters worthy of report concerning the other descriptions.

Responsibilities of management, Corporate Auditors, and Board of Corporate Auditors regarding the financial statements

Management is responsible for the proper preparation and disclosure of financial statements in accordance with the principles of corporate accounting generally accepted in Japan. This includes the development and operation of internal controls as deemed necessary by management for the purpose of preparing financial statements that present information accurately and are free of material misrepresentations due to malfeasance or error.

In preparing the financial statements, management is responsible for assessing the propriety of preparing financial statements based on the going concern assumption and disclosing, as necessary, matters related to the going concern assumption in accordance with the principles of corporate accounting generally accepted in Japan.

The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the performance of the duties of the directors in maintaining and operating the financial reporting process.

Auditor's responsibilities in auditing financial statements

Our responsibilities are to secure, based on our audit, reasonable assurance as to whether the financial statements as a whole are free of material misrepresentations due to malfeasance or error and to state, in the audit report, an independent opinion on the financial statements. Misstatements may arise due to malfeasance or error and are deemed to constitute material misstatements if they can reasonably be expected to impact decision-making by users of the financial statements, either individually or in sum.

By following the audit process in accordance with audit principles generally accepted in Japan, we implemented the following measures based on our judgment as specialists and in the spirit of professional and skeptical inquiry:

- Identification and assessment of the risks of material misrepresentation due to malfeasance or error; drafting and implementation of audit procedures appropriate given the risks of material misrepresentation; making judgments on selecting and applying audit procedures; and securing sufficient and appropriate audit evidence to serve as the basis for the statement of our opinion.
- While the purpose of a financial statements audit is not to offer an opinion on the efficacy of internal controls, in assessing risks, we do consider internal controls related to the audit for the purpose of proposing audit procedures appropriate to the circumstances.
- We assess the propriety of the accounting policies adopted by management and their methods for application, as well as the reasonableness of accounting estimates made by management and the propriety of related notes.
- We reach a conclusion on whether management's preparation of financial statements based on the going concern assumption is appropriate and whether, based on the audit evidence obtained, any material uncertainties can be identified with regard to phenomena or circumstances that could lead to material doubts regarding the going concern assumption. If any material uncertainties are recognized regarding the going concern assumption, attention must be drawn to the notes to the financial statements in the audit report. If the notes to the financial statements concerning material uncertainties are inappropriate, then an opinion must be expressed that mentions such exceptions to the financial statements. The auditor's conclusions are based on the audit evidence obtained through the date of the audit report, and there is a possibility that future events or conditions could make it impossible for the Company to continue as a going concern.
- We assess whether the presentation and notes in the financial statements conform to the principles of corporate accounting generally accepted in Japan; and the presentation, structures, contents of the financial statements, including related notes, and the financial statements accurately present the transactions and accounting facts on which they are based.

We report to the Corporate Auditors and to the Board of Corporate Auditors on the scope and timing of the planned audit; any material discoveries of the audit, including material deficiencies in internal controls systems identified in the process of auditing; and other matters required under auditing standards.

We report to the Corporate Auditors and to the Board of Corporate Auditors on measures to maintain independence in accordance with professional ethical standards in Japan, on any matters that might reasonably be deemed to affect the independence of auditors, and the nature and specifics of any measures taken to eliminate any such impediments or safeguards taken to mitigate them to tolerable levels. We identify as important matters to be considered in the audit matters deemed especially important in auditing the financial statements for this fiscal year from among those items we discussed with the Corporate Auditors and the Board of Corporate Auditors and describe these in the audit report. However, such items are not described in cases such as when their disclosure is prohibited under laws, regulations, etc. or the extremely rare cases in which we have determined that they should not be reported because the disadvantages of reporting them in the audit report would be reasonably considered to exceed any public benefit from their disclosure.

<Remuneration information>

Remuneration information is covered in the audit report on the consolidated financial statements.

Conflicts of interest

There are no conflicts of interest between the Company and our firm or the Engagement Partners whose disclosure is required by the provisions of the Certified Public Accountants Act.

Notes:

1. The original of the above Auditor's Report is retained by the Company (Company submitting the Annual Securities Report).
2. XBRL data are excluded from the scope of the audit.

Cover sheet

Document submitted:	Internal Controls Report
Applicable provisions:	Article 24-4, Paragraph 1 of the Financial Instruments and Exchange Act
Submitted to:	Director, Kinki Local Finance Bureau
Date submitted:	March 27, 2025
Company name:	ザ・パック株式会社
Company name in English	The Pack Corporation
Name and title of representative:	Naoki Nakamura, President & CEO
Name and title of Chief Financial Officer:	Not applicable
Location of head office:	9-3 Higashiobase 2-chome, Higashinari-ku, Osaka, Japan
Location where available for public inspection:	The Pack Corporation 9-3 Higashiobase 2-chome, Higashinari-ku, Osaka, Japan Tokyo Stock Exchange Co., Ltd. 2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo

1. Matters related to the basic framework of internal controls related to financial reporting

President & CEO Naoki Nakamura is responsible for maintaining and operating the Company's internal controls related to financial reporting. The Company maintains and operates internal controls related to financial reporting in conformity with the basic framework for internal controls described in "Establishment of Standards for Evaluation and Auditing of Internal Controls related to Financial Reporting and Implementation Standards for Evaluation and Auditing of Internal Controls related to Financial Reporting (Opinion)," published by the Business Accounting Council.

Internal controls represent an attempt to achieve their objectives to a reasonable extent through functioning as an integrated system in which the basic elements thereof are linked organically to one another. As such, there is a risk that internal controls related to financial reporting are not fully able to prevent or detect misstatements in financial reporting.

2. Matters related to the scope of evaluation, basis date, and evaluation procedures

Evaluation of internal controls related to financial reporting is conducted using the last day of the fiscal year under review (December 31, 2024) as the basis date. The evaluation conforms with generally accepted standards for evaluation of internal controls related to financial reporting.

After assessing internal controls having a material impact on financial reporting as a whole on a consolidated basis (Companywide internal controls), business processes subject to evaluation are selected based on the results of such assessment. In evaluation of these business processes, after first analyzing the selected business processes the efficacy of internal controls is evaluated by identifying important control points that have material impacts on the reliability of financial reporting and assessing the status of the maintenance and operation regarding these important control points.

The scope of evaluation of internal controls related to financial reporting is determined as the scope necessary from the perspective of importance of impact on reliability of financial reporting, for the Company and consolidated subsidiaries. The importance of the impact on the reliability of financial reporting is determined with consideration for the importance of monetary and qualitative impacts, and the scope of evaluation of internal controls related to business processes is determined based on the results of assessment of companywide internal controls for the Company and four consolidated subsidiaries. Four consolidated subsidiaries are not included in the scope of evaluation of internal controls on a companywide basis because they have been judged to be of minor importance from monetary and qualitative perspectives.

The scope of evaluation of internal controls related to business processes is determined through totalization starting with the facilities with the highest amounts of planned net sales for the consolidated fiscal year under review (after eliminating transactions among consolidated companies), selecting as important business facilities those accounting for roughly two-thirds of planned consolidated net sales for the consolidated fiscal year under review. Business facilities selected as important are subjected to evaluation of business processes employed in deriving net sales, accounts receivable-trade, and inventories, as accounts strongly related to corporate business objectives. Furthermore, business processes related to important accounts involving estimates and forecasts, in which there is a high risk of material misstatement, and business processes related to businesses or operations engaging in high-risk transactions, have been added to the scope of evaluation as business processes especially important in consideration of their impact on financial reporting, including those at business sites other than those selected as important business sites.

3. Matters related to results of evaluation

As a result of the above evaluation, we have judged internal controls related to the Company's financial reporting to be valid as of the ending date of the fiscal year under review.

4. Addendum

Not applicable

5. Special notes

Not applicable

Cover sheet

Document submitted:	Confirmation letter
Applicable provisions:	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
Submitted to:	Director, Kinki Local Finance Bureau
Date submitted:	March 27, 2025
Company name:	ザ・パック株式会社
Company name in English:	The Pack Corporation
Name and title of representative:	Naoki Nakamura, President & CEO
Name and title of Chief Financial Officer:	Not applicable
Location of head office:	9-3 Higashiobase 2-chome, Higashinari-ku, Osaka, Japan
Location where available for public inspection:	The Pack Corporation 9-3 Higashiobase 2-chome, Higashinari-ku, Osaka, Japan Tokyo Stock Exchange Co., Ltd. 2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan

1. Matters concerning the accuracy of descriptions in the Annual Securities Report

Naoki Nakamura, the Company's President & CEO, has confirmed that the descriptions in the Company's Annual Securities Report for the 73rd term (January 1, 2024 – December 31, 2024) are presented accurately and in accordance with laws and regulations concerning the handling of financial instruments.

2. Special notes

No notable matters were identified in the confirmation process.