

# Annual Securities Report

From January 1, 2025 to December 31, 2025  
(74th Term)

**© THE PACK CORPORATION**

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# Annual Securities Report

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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.

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## 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 25, 2026  |
| Business year:                    | 74th Term (January 1 – December 31, 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   |
| Head office:                      | 9-3 Higashiobase, Higashinari-ku, Osaka, Japan  |
| Tel.:                             | +81-6-4967-1221   |
| Administrative contact:           | Ikuo Shimomura, Director, Corporate General Manager   |
| Nearest contact address:          | 9-3 Higashiobase, Higashinari-ku, Osaka, Japan  |
| Tel.:                             | +81-6-4967-1221   |
| Administrative contact:           | Ikuo Shimomura, Director, Corporate General Manager   |
| Viewing locations:                | The Pack Corporation<br>9-3 Higashiobase, Higashinari-ku, Osaka, Japan<br>Tokyo Stock Exchange, Inc.<br>2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan |

## Part 1. Company information

### I. Company overview

#### 1. Trends in KPIs, etc.

##### (1) Indicators of consolidated business performance

| Fiscal year   |             | 70th          | 71st          | 72nd          | 73rd          | 74th          |
|---|-------------|---------------|---------------|---------------|---------------|---------------|
| Fiscal year ended   |             | December 2021 | December 2022 | December 2023 | December 2024 | December 2025 |
| Net sales   | (¥ million) | 79,690        | 89,060        | 97,714        | 101,461       | 103,125       |
| Ordinary income   | (¥ million) | 4,422         | 6,353         | 8,063         | 8,285         | 7,532         |
| Profit attributable to owners of parent                     | (¥ million) | 2,824         | 4,058         | 5,652         | 6,316         | 6,024         |
| Comprehensive income  | (¥ million) | 3,325         | 4,362         | 7,059         | 6,319         | 5,794         |
| Net assets  | (¥ million) | 62,032        | 65,371        | 71,156        | 74,485        | 76,997        |
| Total assets  | (¥ million) | 87,422        | 94,365        | 98,847        | 103,292       | 104,212       |
| Net assets per share  | (¥)         | 1,087.22      | 1,145.49      | 1,245.48      | 1,321.50      | 1,384.90      |
| Net income per share  | (¥)         | 49.57         | 71.19         | 99.03         | 111.17        | 107.13        |
| Diluted net income per share                                | (¥)         | 49.51         | 71.13         | 98.95         | 111.11        | 107.09        |
| Capital adequacy ratio                                      | (%)         | 70.9          | 69.2          | 71.9          | 72.1          | 73.9          |
| Return on equity  | (%)         | 4.6           | 6.4           | 8.3           | 8.7           | 8.0           |
| Price-to-earnings ratio                                     | (times)     | 18.1          | 11.3          | 11.4          | 10.7          | 12.1          |
| Cash flows from operating activities                        | (¥ million) | 7,217         | 5,380         | 4,443         | 7,101         | 6,862         |
| Cash flows from investing activities                        | (¥ million) | (3,460)       | (3,762)       | (3,962)       | (5,436)       | 3,514         |
| Cash flows from financing activities                        | (¥ million) | (1,029)       | (1,124)       | (1,407)       | (3,041)       | (3,553)       |
| Ending balance of cash and cash equivalents                 | (¥ million) | 18,067        | 18,653        | 17,812        | 16,656        | 23,551        |
| Employees   | (persons)   | 1,198         | 1,183         | 1,183         | 1,196         | 1,223         |
| [average number of temporary employees, not included above] |             | [468]         | [472]         | [515]         | [510]         | [545]         |

Notes:

- 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.
- On July 1, 2025, the Company executed a share split at a ratio of three shares per share of common stock. Calculations of net assets per share, net income per share, and diluted net income per share are based on the assumption that this share split took place at the start of the 70th fiscal year.

## (2) Indicators for the Company

| Fiscal year   |                   | 70th          | 71st          | 72nd          | 73rd          | 74th             |
|---|-------------------|---------------|---------------|---------------|---------------|------------------|
| Fiscal year ended   |                   | December 2021 | December 2022 | December 2023 | December 2024 | December 2025    |
| Net sales   | (¥ million)       | 69,557        | 77,117        | 85,485        | 88,345        | 88,437           |
| Ordinary income   | (¥ million)       | 3,748         | 5,214         | 6,713         | 7,194         | 6,572            |
| Net income  | (¥ million)       | 2,175         | 3,268         | 4,670         | 5,529         | 5,403            |
| 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        | 59,700           |
| Net assets  | (¥ million)       | 57,053        | 59,426        | 63,790        | 65,971        | 67,590           |
| Total assets  | (¥ million)       | 79,172        | 85,299        | 87,903        | 90,691        | 90,022           |
| Net assets per share  | (¥)               | 1,000.08      | 1,041.24      | 1,116.47      | 1,170.41      | 1,215.67         |
| Dividends per share   |                   | 50.00         | 65.00         | 90.00         | 118.00        | 80.00            |
| [interim dividend per share, included above]                | (¥)               | [25.00]       | [30.00]       | [35.00]       | [52.00]       | [58.00]          |
| Net income per share  | (¥)               | 38.17         | 57.33         | 81.82         | 97.33         | 96.09            |
| Diluted net income per share                                | (¥)               | 38.13         | 57.28         | 81.76         | 97.28         | 96.05            |
| Capital adequacy ratio                                      | (%)               | 72.0          | 69.6          | 72.5          | 72.7          | 75.1             |
| Return on equity  | (%)               | 3.9           | 5.6           | 7.6           | 8.5           | 8.1              |
| Price-to-earnings ratio                                     | (times)           | 23.6          | 14.0          | 13.8          | 12.3          | 13.4             |
| Dividend payout ratio                                       | (%)               | 43.7          | 37.8          | 36.7          | 40.4          | 43.0             |
| Employees   | (persons)         | 841           | 835           | 840           | 862           | 850              |
| [average number of temporary employees, not included above] |                   | [390]         | [393]         | [436]         | [431]         | [438]            |
| Total returns to shareholders                               |                   | 71            | 65            | 92            | 100           | 153              |
| [Indicator for comparison: TOPIX including dividends]       | (%)               | [121]         | [118]         | [151]         | [182]         | [213]            |
| Highest share price   | (¥)               | 3,270         | 2,817         | 3,450         | 4,145         | 1,315<br>(3,648) |
| Lowest share price  | (¥)               | 2,537         | 2,107         | 2,355         | 3,205         | 1,079<br>(2,781) |

## Notes:

- On July 1, 2025, the Company executed a share split at a ratio of three shares per share of common stock. Calculations of net assets per share, net income per share, diluted net income per share, and total returns to shareholders are based on the assumption that this share split took place at the start of the 70th fiscal year.
- 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. Share prices for the 74th fiscal year refer to highest and lowest share prices following the share split; highest and lowest share prices before the share split are indicated in parentheses.
- Of the 80 yen in dividends per share for the 74th fiscal year, the year-end dividend of 22 yen is subject to a decision to be made at the Regular General Meeting of Shareholders scheduled for March 26, 2026.
- Without the share split, the year-end dividend would be 66 yen and the annual dividend 124 yen per share in the 74th fiscal year.

## 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<br>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 Nishinohon 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   |
| February 2025  | Acquired stock in Hikari Packs Ishikawa Co., Ltd. (now a consolidated subsidiary), making it a subsidiary.  |

### 3. Lines of business

The Pack Group consists of ten companies, the Pack Corporation and nine 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.

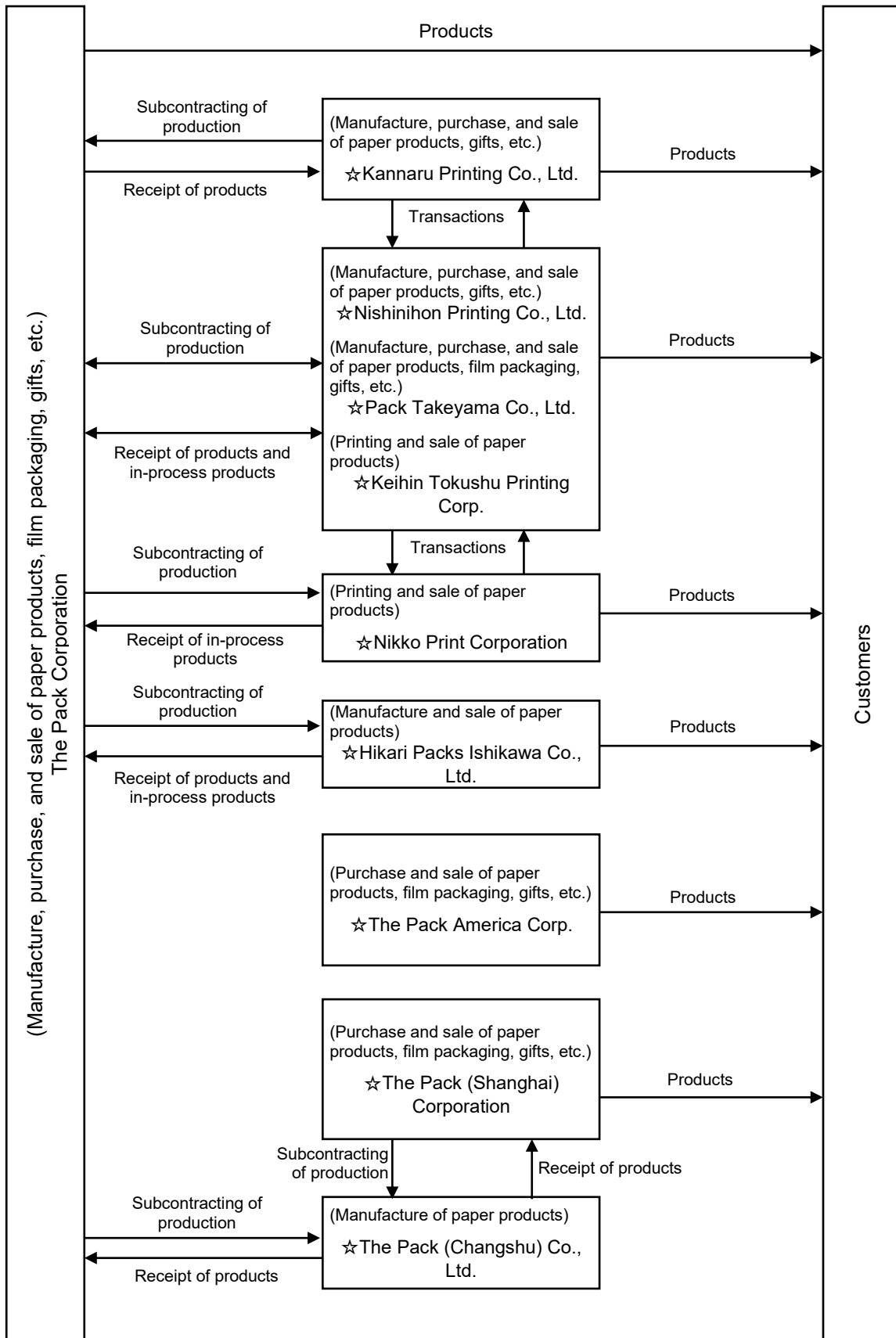
| Segment          | Lines of business  | Companies   |
|------------------|--|---|
| Paper Products   | Manufacture, purchase, and sale of paper bags, printed folding paper cartons, corrugated boxes, etc.             | The Pack Corporation<br>Keihin Tokushu Printing Corp.<br>Nikko Print Corporation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

The Company acquired stock in Hikari Packs Ishikawa Co., Ltd. and made it a consolidated subsidiary effective February 26, 2025.

The Company absorbed consolidated subsidiary Nikko Print Corporation through a merger by absorption effective January 1, 2026.

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)<br>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<br>Film Packaging business<br>Other Businesses | 100.0                                | Sale of our products; purchase of paper products; concurrent posting of officers; secondment of employees; payment agency services |
| Nishinohon Printing Co., Ltd.                              | Higashinari-ku, Osaka             | 45                                | Paper Products business<br>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<br>Other Businesses                            | 100.0                                | Concurrent posting of officers; secondment of employees; lending of funds  |
| Hikari Packs Ishikawa Co., Ltd.                            | Kaga, Ishikawa                    | 1                                 | Paper Products business  | 100.0                                | Purchase of paper products; concurrent posting of officers; secondment of employees  |
| The Pack America Corp.                                     | New York, N.Y., U.S.A.            | US\$1,000,000                     | Paper Products business<br>Film Packaging business<br>Other Businesses | 100.0                                | Concurrent posting of officers; secondment of employees  |
| The Pack (Shanghai) Corporation                            | Shanghai, China                   | US\$500,000                       | Paper Products business<br>Film Packaging business<br>Other Businesses | 100.0                                | Concurrent posting of officers; secondment of employees  |
| The Pack (Changshu) Co., Ltd.<br>(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.
4. The Company acquired stock in Hikari Packs Ishikawa Co., Ltd. and made it a consolidated subsidiary effective February 26, 2025.
5. The Company absorbed consolidated subsidiary Nikko Print Corporation through a merger by absorption effective January 1, 2026.

## 5. Employees

### (1) Employees of consolidated companies

As of December 31, 2025

| Segment                 | Employees   |
|-------------------------|-------------|
| Paper Products business | 912 (448)   |
| Film Packaging business | 112 (63)    |
| Other Businesses        | 38 (5)      |
| Companywide             | 161 (29)    |
| Total                   | 1,223 (545) |

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 14 executive officers.

### (2) Employees of the Company

As of December 31, 2025

| Employees | Average age (years) | Average years of continuous service (years) | Average annual salary (¥) |
|-----------|---------------------|---|---------------------------|
| 850 (438) | 40.4                | 16.3  | 7,091,442                 |

| Segment                 | Employees |
|-------------------------|-----------|
| Paper Products business | 539 (341) |
| Film Packaging business | 112 (63)  |
| Other Businesses        | 38 (5)    |
| Companywide             | 161 (29)  |
| Total                   | 850 (438) |

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, 2025

| Name                         | Union members | Superior organization |
|------------------------------|---------------|-----------------------|
| Kannaru Printing Labor Union | 49            | 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 (%)<br>(See Note 1.) | Percentage of male employees taking childcare leave (%)<br>(See Note 2.) | Male-female wage disparities (%)<br>(See Note 1.) |   |  |
|  |  | All workers                                       | Permanent full-time employees<br>(included among all workers) | Part time and fixed-term employees<br>(included among all workers) |
| 8.8  | 139.1  | 59.2  | 74.4  | 56.9   |

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 (%)<br>(See Note 1.) | Percentage of male employees taking childcare leave (%)<br>(See Note 2.) |
| Pack Takeyama Co., Ltd.  | 0.0  | 100.0  |

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 and 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<sup>®</sup> 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<sup>®</sup> CoC certification (FSC<sup>®</sup> C020517); the manufacturing lines for folding paper containers for food products at the Tokyo and Osaka plants have earned FSCC22000 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


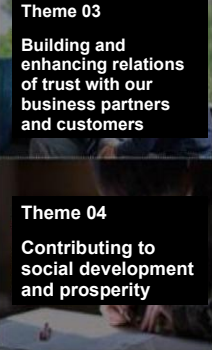
To identify materiality topics, we began by identifying management capital (financial capital, manufacturing capital, human capital, intellectual capital, social and relationship capital, and natural capital) in line with our value chain. We then formulated themes for maintaining and growing this management 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><b>Theme 01</b><br/>Delivering solutions to environmental issues through our business activities</p>  | <b>Promoting eco-friendly product planning and technological development</b> <ul style="list-style-type: none"> <li>Developing, procuring, and supplying eco-friendly raw materials, including forestry-certified and mixed paper</li> <li>Proposing packaging that requires reduced volumes of raw materials</li> <li>Proposing solutions to improve work efficiency through use of our packaging</li> </ul>    | <ul style="list-style-type: none"> <li>Proposing alternative surface processing technologies to replace plastic laminates</li> <li>Developing alternative paper packaging to replace plastic packaging</li> <li>Developing reusable packaging</li> <li>Developing eco-friendly plastic packaging</li> </ul> |
|  |  | <b>Reducing environmental impact throughout our business activities</b> <ul style="list-style-type: none"> <li>Purifying and reusing water used in manufacturing processes</li> <li>Reducing CO<sub>2</sub> emissions (intensity)</li> </ul>   | <ul style="list-style-type: none"> <li>Transitioning to renewable energy</li> <li>Appropriately managing industrial waste and reducing emissions; promoting recycling</li> </ul>  |
|  |  | <b>Contributing to environmental conservation and preservation</b> <ul style="list-style-type: none"> <li>Preserving and restoring forest and mountain areas</li> <li>Planting trees with consideration for ecosystems</li> </ul>  | <ul style="list-style-type: none"> <li>Establishing a new environment fund to support efforts such as the preservation and restoration of coasts and rivers</li> <li>Investing in efforts that contribute to environmental conservation and preservation</li> </ul>   |
| Society (S)  |  <p><b>Theme 02</b><br/>Valuing and nurturing people</p>   | <b>Promoting employee health and safety</b> <ul style="list-style-type: none"> <li>Maintaining and improving the health of employees and their families as set forth in the Health and Productivity Management Declaration</li> <li>Implementing safety measures at manufacturing sites</li> </ul>   | <ul style="list-style-type: none"> <li>Stockpiling disaster supplies to keep employees safe in the event of natural disasters</li> </ul>  |
|  |  | <b>Developing and cultivating the capacity to offer total solutions related to packaging</b> <ul style="list-style-type: none"> <li>Using the Packaging Laboratory to foster an organization of specialists who support The Pack as a company offering total solutions related to packaging</li> <li>Developing and utilizing databases on packaging expertise</li> </ul>  | <ul style="list-style-type: none"> <li>Improving business efficiency and enhancing proposal capabilities through digital transformation (DX)</li> <li>Promoting product development through training sessions in which manufacturing sites participate</li> </ul>   |
|  |  <p><b>Theme 03</b><br/>Building and enhancing relations of trust with our business partners and customers</p>  | <b>Promoting diverse work styles that encourage all employees to thrive</b> <ul style="list-style-type: none"> <li>Developing environments for work styles suited to employee lifestyles</li> <li>Promoting an action plan to empower women in the workplace</li> <li>Designing remuneration schemes to allow employees to work with peace of mind and other systems to secure post-retirement plans</li> </ul>  | <ul style="list-style-type: none"> <li>Developing teleworking environments and adopting communication tools</li> <li>Developing employee skills and optimizing assignments through job rotations</li> <li>Building a more open human resource evaluation system</li> </ul>                                  |
|  |  | <b>Co-creating brand value with our customers</b> <ul style="list-style-type: none"> <li>Identifying and analyzing customer issues and providing solutions</li> <li>Collecting information on packaging in Japan and overseas and communicating market developments and trends</li> </ul>  | <ul style="list-style-type: none"> <li>Providing multifaceted proposals on distribution and logistics solutions to achieve labor savings, automation, and mechanization</li> <li>Proposing ways to participate in The Pack Forest® Environment Fund to preserve forests</li> </ul>                          |
|  |  | <b>Maintaining and improving quality through joint efforts with business partners</b> <ul style="list-style-type: none"> <li>Implementing joint development of production technologies and establishing mass production in partnership with production subcontractors</li> <li>Improving quality by enhancing quality control structures</li> </ul>  | <ul style="list-style-type: none"> <li>Establishing eco-friendly logistics systems</li> </ul>   |
|  <p><b>Theme 04</b><br/>Contributing to social development and prosperity</p> | <b>Contributing to developing future generations and fostering environmental awareness</b> <ul style="list-style-type: none"> <li>Holding visiting classes for elementary school students</li> <li>Participating in educational content (including online)</li> </ul>  | <ul style="list-style-type: none"> <li>Investing in efforts that contribute to the development of future generations</li> <li>Participating in and supporting activities that lead to increased environmental awareness</li> </ul>   |   |
|  | <b>Providing solutions to increasingly diverse social issues</b> <ul style="list-style-type: none"> <li>Achieving labor savings, automation, and reduced CO<sub>2</sub> emissions by promoting a PAS system</li> <li>Developing packaging in a way that helps to address labor shortages</li> <li>Proposing total solutions that combine packaging with packing and logistics equipment</li> </ul> | <ul style="list-style-type: none"> <li>Support for activities that create jobs for people with disabilities and activities that assist them in becoming self-sufficient and finding employment</li> <li>Supporting activities of children to support environmental protection</li> </ul>   |   |
| Governance (G)   |  <p><b>Theme 05</b><br/>Enhancing management foundations</p>  | <b>Securing soundness, transparency, and efficiency in management</b> <ul style="list-style-type: none"> <li>Improving corporate governance structures</li> <li>Disclosing information on the status of initiatives related to all principles of the Corporate Governance Code</li> <li>Strengthening management soundness through the C-Line (compliance line as the internal whistleblowing system)</li> </ul> | <ul style="list-style-type: none"> <li>Implementing fair and objective decision-making processes for management appointments</li> <li>Improving the quality of disclosure to shareholders and other stakeholders</li> <li>Securing diversity among the Board of Directors</li> </ul>                        |
|  |  | <b>Promoting supply chain risk management</b> <ul style="list-style-type: none"> <li>Strengthening supply chains that can respond to various procurement, production, and sales risks</li> </ul>   | <ul style="list-style-type: none"> <li>Enhancing resilience to ensure the appropriate operation of business continuity planning</li> <li>Countering information leaks and system failures associated with cybersecurity risks</li> </ul>  |



(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  | 2021     | 2022     | 2023     | 2024     | 2025     |
|--|---|--|----------|----------|----------|----------|----------|
| Theme 01<br>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 <sup>*1</sup><br><ul style="list-style-type: none"> <li>Enhancing proposals to switch to paper packages</li> <li>Expanding range of FSC®-certified suppliers</li> <li>Accelerating the development of new materials and products using paper-based materials</li> </ul>                    | 13.2%    | 17.4%    | 20.2%    | 21.1%    | 21.5%    |
|  | Reducing environmental impact throughout our business activities      | Reducing CO2 emissions (Scopes 1 and 2) by 46% vs. FY2018 (from 16,662 t in FY2018 to a target of 8,997 t in FY2030)<br><ul style="list-style-type: none"> <li>Switching to highly energy-efficient machinery</li> <li>Switching electricity use to renewables (including purchases of renewable energy)</li> <li>Expanding use of solar panels</li> </ul>   | 14,894 t | 15,399 t | 16,756 t | 16,149 t | 16,319 t |
|  | Contributing to environmental conservation and preservation           | Implementing 15 The Pack Forest® Environment Fund activities, with 500 participants per year<br><ul style="list-style-type: none"> <li>Increasing the potential number of activities through new development of activity sites</li> <li>Enhancing activities to raise awareness among local residents and seeking participants from the general public</li> <li>Enhancing activities to which customers are invited</li> </ul> | 0<br>0   | 4<br>111 | 9<br>253 | 8<br>230 | 8<br>273 |
| Theme 02<br>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<br><ul style="list-style-type: none"> <li>Targeting a percentage of at least 35% of new graduate hires being women</li> <li>Developing programs and environments in which women can continue their careers over the long term</li> </ul>  | 4.9%     | 6.7%     | 6.3%     | 7.2%     | 8.8%     |
| Theme 03<br>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 <sup>*2</sup><br><ul style="list-style-type: none"> <li>Seeking support by enhancing tools for raising awareness of activities</li> </ul>   | 67       | 94       | 123      | 158      | 177      |

\*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.

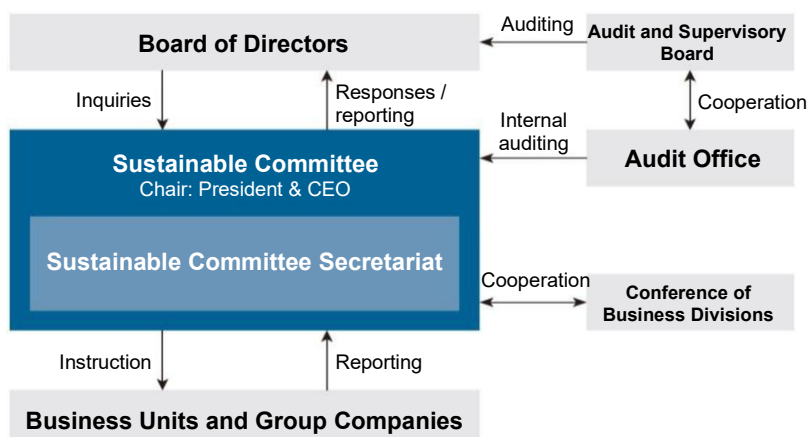
(URL: <https://www.thepack.co.jp/en/sustainability/materiality.html>)

(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 CO<sub>2</sub> emissions.

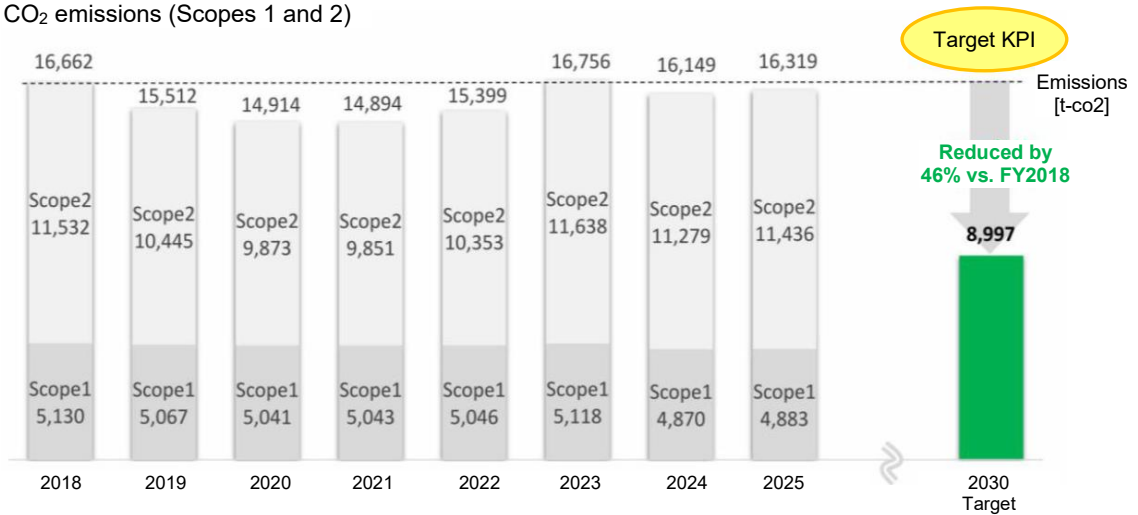
[Target]

By 2030, we hope to reduce CO<sub>2</sub> emissions (Scopes 1 and 2) by 46% vs. FY2018.

[Scope 1 and 2 results]

In 2025, Scope 1 and Scope 2 emissions increased 1.1% year-on-year. We will maintain activities that conserve energy, including efficiency improvements in manufacturing and logistics sections.

CO<sub>2</sub> emissions (Scopes 1 and 2)



[CO<sub>2</sub> emissions (Scopes 1, 2, and 3) across the supply chain]

A look at our CO<sub>2</sub> emissions across the supply chain shows that Category 1 (purchased goods and services) of Scope 3 accounted for 82.9% of total emissions. We will continue to study ways to reduce supply chain emissions.

| Scope / Category       |  | Emissions<br>(t-CO <sub>2</sub> ) | Percentage |                |
|------------------------|--|-----------------------------------|------------|----------------|
|                        |  |                                   | Scope 3    | Scopes 1, 2, 3 |
| Supply chain emissions |  | 714,847                           | –          | 100.0%         |
| Scope 1                |  | 4,883                             | –          | 0.7%           |
| Scope 2                |  | 11,436                            | –          | 1.6%           |
| Scope 3                |  | 698,528                           | 100.0%     | 97.7%          |
| Category 1             | Purchased goods and services   | 592,611                           | 84.8%      | 82.9%          |
| Category 2             | Capital goods  | 10,083                            | 1.5%       | 1.4%           |
| Category 3             | Fuel- and energy-related activities not included in Scope 1 or Scope 2 | 3,069                             | 0.5%       | 0.4%           |
| Category 4             | Upstream transportation and distribution                               | 28,878                            | 4.1%       | 4.0%           |
| Category 5             | Waste generated in operations  | 1,037                             | 0.2%       | 0.2%           |
| Category 6             | Business travel  | 654                               | 0.1%       | 0.1%           |
| Category 7             | Employee commuting   | 759                               | 0.1%       | 0.1%           |
| Category 8             | Upstream leased assets   | –                                 | –          | –              |
| Category 9             | Downstream transportation and distribution                             | 5,820                             | 0.8%       | 0.8%           |
| Category 10            | Processing of sold products  | 250                               | 0.0%       | 0.0%           |
| Category 11            | Use of sold products   | –                                 | –          | –              |
| Category 12            | End-of-life treatment of sold products                                 | 55,367                            | 7.9%       | 7.8%           |
| Category 13            | Downstream leased assets   | –                                 | –          | –              |
| Category 14            | Franchises   | –                                 | –          | –              |
| Category 15            | Investments  | –                                 | –          | –              |

(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<br>March 2026 | Results<br>(FY under review) | Results<br>(Consolidated FY<br>under review) |
|--|--------------------------|------------------------------|--|
| Women as a percentage of permanent full-time employees                       | 25% or more              | 24.9%                        | 26.7%  |
| Women as a percentage of permanent full-time employees hired (new graduates) | 35% or more              | 41.2%                        | 42.9%  |
| Women as a percentage of those in managerial positions (managers and above)  | 10% or more              | 8.8%                         | 11.5%  |

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.

The Group is adding to its competitive strengths by developing products that feature high quality and high value added and by enhancing its sales capabilities. It has responded to declining domestic demand by differentiating itself from the competition via bundled sales and by venturing into niche markets not served by major players. In overseas markets, we plan to ensure stable supplies by actively expanding sales channels, cultivating appropriate business partners, and providing technical guidance.

(2) Risk of seasonal weights

The packaging materials handled by the Group are vulnerable to fluctuations in consumer traffic due to major sales campaigns and leisure and business travel. Since major sales campaigns and other initiatives are successively held from October through the year-end/New Year period and numbers of domestic and international travelers grow during these longer vacations, both Group sales and profit tend to be weighted toward the fourth quarter. This means that changing customer demand or natural disasters, outbreaks of infectious disease, or other such events may impair the Group's financial standing and business results.

The Group has sought to minimize seasonal fluctuations in various ways, including handling products for diverse uses and efforts to enhance relations with a wide range of business partners to avoid overdependence on specific businesses and industries. We will continue to focus on expanding sales of primary containers for food products for which we anticipate year-round demand under normal conditions and some demand even during times of recovery from disasters or pandemics.

(3) 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.

The Group strives to minimize this risk by calling for compliance with laws, regulations, etc. in the Code of Conduct, by promoting awareness among its officers and employees through training and education, and by fostering an organizational culture that emphasizes compliance. We ensure preparedness for changing business environments associated with revision of laws and regulations or other factors through the ceaseless gathering of information by corporate and quality control sections.

(4) 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.

The Group's quality policy calls for strengthening quality to improve customer satisfaction. A precondition for doing so is satisfying legal and regulatory requirements; we also grasp the importance of meeting customer requirements. In addition to ongoing improvements in quality management systems not just in manufacturing sections but in development, sales, and other sections, we strive to respond to any incidents swiftly and appropriately and prevent circumstances that may lead to claims for damages.

(5) 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.

The Group strives to reduce the risk of price fluctuations by closely monitoring trends in raw fuel and material costs and in exchange rates, by expanding its pool of potential suppliers, and by revising the terms of procurement as needed. We also minimize risk by reducing the sales costs through capital investments to increase productivity, and help conserve energy and other resources.

(6) Asset-impairment accounting

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

The Group applies the Accounting Standard for Impairment of Fixed Assets to ensure appropriate handling in the event of lower than anticipated profitability of fixed assets due to declining business conditions or similar causes.

(7) 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.

The Group carefully reviews financial conditions and credit information prior to the commencement of transactions to identify high-risk business partners in advance, and strives to reduce risk of nonrecovery by collecting prepayments when it deems necessary. For existing business partners, in addition to reassessing business conditions and credit limits through regular credit reviews, we maintain close communication between sections responsible for managing accounts receivable and sales sections for sharing information to quickly identify potential issues.

(8) 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.

The Company strives to achieve transparency in its IR and SR activities. We seek to allow markets to make fair evaluations of our corporate value through the attentive communication of information to investors concerning growth strategies, business advantages, future potential, investment plans, and other matters through various opportunities, including briefings on financial results and one on one meetings. We engage in English-language disclosure on an ongoing basis as part of efforts to provide fair and good faith disclosure to a broad range of investors.

(9) 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.

In addition to maintaining systems to ascertain employee safety in emergencies, the Group is striving to develop and maintain backup systems related to the supply of products and systems. At manufacturing facilities in particular, since we have plants both in East and West Japan, we're working to build systems to fulfill our supply responsibilities by enabling the supply of products from other facilities in the event of suspended operations at the affected facility.

#### 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, Japan’s economy maintained a course of gentle recovery, driven mainly by improving income conditions and government economic policies. Support from demand related to tourism from abroad had a limited impact. The recovery in consumer spending remained relatively weak compared to wage and income growth due to chronic inflation, which affected food and other consumer goods. Given these circumstances, the negative effects of rising US tariffs pose major direct and indirect downside risks to the Japanese economy.

In the United States, despite the effects of inflation on consumer behavior, the labor market supply and demand remained largely balanced. While these conditions continued to support consumer spending, concerns persist that pressure from tariff policies on corporate earnings may dampen corporate and consumer economic activity.

In China, while government economic policies and social welfare measures provided underlying support for domestic consumption, the unemployment rate remained flat and growth in disposable income was sluggish. The real estate market also remained in a slump, and uncertainty spurred by trade frictions with the United States dampened consumption.

Under these circumstances, in line with the Medium-Term Management Plan slogan, “Evolution—Start of purpose-based management and Sustainable Management,” the Group sought to achieve consolidated net sales of 107,000 million yen and operating profit of 8,300 million yen in the fiscal year ending December 31, 2025. Group companies worked as a team to strengthen earnings in various ways, including efforts to venture into new markets and improve quality management. Additionally, we proceeded to make aggressive capital and human resource investments. During the consolidated fiscal year under review, net sales grew by 1.6% year on year to 103,125 million yen; operating profit declined by 10.0% to 7,207 million yen; ordinary profit declined by 9.1% to 7,532 million yen; and profit attributable to owners of parent fell by 4.6% to 6,024 million yen.

### Factors Underlying Changes in Operating Profit

Despite strong sales volume and sale prices, operating profit shrunk due to prior investments.



- ◆ Although higher sales volumes and sale prices of paper products contributed to higher revenue, the effects were lower than initially expected.
- ◆ Shifting to appropriate pricing and exerting additional efforts to sell high value added products increased the average sale price of paper products (prices for paper bags, paper cartons, and corrugated boxes rose 0.8%, 0.6%, and 1.4%, respectively).
- ◆ The key factor underlying higher other manufacturing expenses was depreciation for capital investments in machinery to increase supply capacity and productivity.
- ◆ The key factor underlying higher logistics costs was a contract for external warehouses intended to enhance logistics functions.
- ◆ The key factor behind higher other selling, general, and administrative costs was depreciation related to investments for renovations of the backbone system.

Given below is the business performance for each segment.

#### Paper Products Segment

During the consolidated fiscal year under review, the paper products segment accounted for 73.5% of consolidated sales. For sales of paper bags, which accounted for 31.1% of consolidated sales, despite growing sales to overseas markets, domestic market sales were slow, driving sales down 0.5% year on year to 32,044 million yen.

Sales of paper cartons, which accounted for 26.1% of consolidated sales, grew by 4.0% year on year to 26,916 million yen. Contributing factors included strong sales to the souvenir market, chiefly in cartons for food products, as well as strong sales of cartons for takeout/delivery food products and packages for the e-commerce market.

Robust sales of packages for e-commerce and corrugated boxes for shipping in the manufacturing sector drove sales of corrugated boxes, which rose 13.2% year on year to 14,743 million yen, accounting for 14.3% of consolidated sales. Sales in the printing business, which accounted for 2.0% of consolidated sales, grew by 3.0% year on year to 2,049 million yen, thanks to efforts to respond to new demand centered on packaging printing. Overall, sales in the paper products segment grew by 3.6% year on year to 75,754 million yen, while segment operating profit fell by 8.4% to 6,567 million yen.



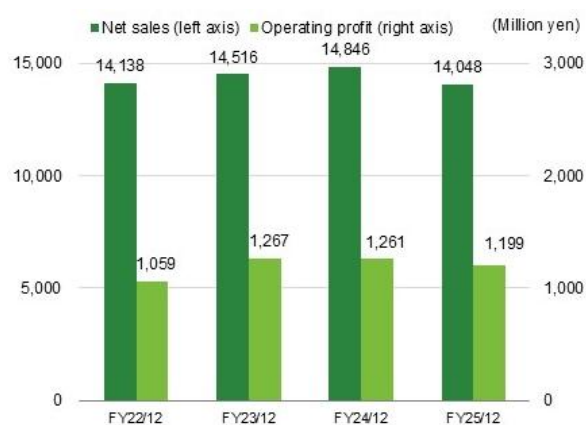
#### Film Packaging Segment

The film packaging segment accounted for 12.9% of consolidated sales during the consolidated fiscal year under review. Segment sales were down 1.3% year on year to 13,322 million yen. Sales of diverse film packaging for food products grew; sales of plastic takeout bags and sanitary product packages fell. Operating profit in this segment was down 11.2% to 829 million yen.



#### Other Businesses Segment

Other businesses accounted for 13.6% of consolidated sales during the consolidated fiscal year under review. Reduced sales of supplies for the Pack Assortment Service (PAS) System (an integrated outsourcing system designed to handle tasks from manufacturing and procurement through inventory control and delivery of packaging materials) resulted in a year-on-year decline of 5.4% in segment sales, to 14,048 million yen. Operating income fell by 4.9% to 1,199 million yen.



Turning to financial position, assets totaled ¥104,212 million at the end of the consolidated fiscal year under review, up ¥920 million from ¥103,292 million at the end of the previous consolidated fiscal year. Liabilities declined by ¥1,591 million, from ¥28,806 million at the end of the previous consolidated fiscal year, to ¥27,214 million. Net assets grew by ¥2,511 million to ¥76,997 million from ¥74,485 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 up 41.4% year on year, or 6,894 million yen, to 23,551 million yen.

Cash flows from operating activities

Cash flows related to operating activities during the consolidated fiscal year under review resulted in net cash provided of 6,862 million yen (down 3.4% from net cash provided of 7,101 million yen in the previous consolidated fiscal year). Factors contributing to this figure include the recording of 8,859 million yen in profit before income taxes and 2,940 million yen in depreciation, along with 3,013 million yen in income taxes paid and 1,377 million yen in gain on sales of investment securities.

Cash flows from investing activities

Cash flows related to investment activities during the consolidated fiscal year under review resulted in net cash provided of 3,514 million yen (compared to net cash used of 5,436 million yen in the previous consolidated fiscal year). This figure reflects various factors, including 9,500 million yen in proceeds from sales of securities and 1,777 million yen in gain on sales of investment securities, despite 3,500 million yen used in the purchase of securities, 2,794 million yen used in the purchase of property, plant, and equipment, and 1,157 million yen used in the purchase of intangible assets.

Cash flows from financing activities

Cash flows related to financing activities during the consolidated fiscal year under review resulted in net cash used of 3,553 million yen (compared to net cash used of 3,041 million yen in the previous consolidated fiscal year). This figure reflects various factors, including cash dividends paid of 2,329 million yen and purchase of 1,001 million yen in treasury shares.

(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 | 30,118                 | 103.8          |
| Film Packaging business | 2,751                  | 92.9           |
| Other Businesses        | –                      | –              |
| Total                   | 32,869                 | 102.8          |

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 | 75,671                      | 104.5          | 6,536                         | 98.7           |
| Film Packaging business | 12,880                      | 94.9           | 754                           | 63.1           |
| Other Businesses        | 14,019                      | 95.7           | 88                            | 75.3           |
| Total                   | 102,571                     | 101.9          | 7,379                         | 93.0           |

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 | 75,754            | 103.6          |
| Film Packaging business | 13,322            | 98.7           |
| Other Businesses        | 14,048            | 94.6           |
| Total                   | 103,125           | 101.6          |

(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 1.6% year on year to ¥103,125 million.

b. Gross profit

Cost of sales in the consolidated fiscal year under review was up 2.4% year on year to ¥77,674 million thanks to increased sales.

Gross profit declined by ¥151 million (0.6%) year on year over the same period to ¥25,451 million as a result of efforts to improve costs through increased productivity.

c. Operating profit

Selling, general, and administrative expenses rose by 3.7% year on year to ¥18,243 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.

As a result, operating profit in the consolidated fiscal year under review declined by ¥801 million (10.0%) from the previous year to ¥7,207 million.

d. Ordinary profit

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

As a result, ordinary profit was down ¥753 million (9.1%) year on year to ¥7,532 million.

e. Profit attributable to owners of parent

Profit attributable to owners of parent was down ¥291 million (4.6%) year on year to ¥6,024 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 ¥104,212 million, up ¥920 million from the end of the previous consolidated fiscal year. Major contributing factors included increases of ¥8,893 million in cash and deposits and ¥671 million in machinery, equipment, and vehicles, net, and decreases of ¥6,499 million in securities and ¥1,944 million in investment securities.

b. Liabilities

Liabilities in the consolidated fiscal year under review fell by ¥1,591 million from the end of the previous consolidated fiscal year to ¥27,214 million. Major contributing factors included decreases of ¥1,134 million in electronically recorded obligations-operating and ¥373 million in notes and accounts payable-trade.

c. Net assets

Net assets at the end of the consolidated fiscal year under review stood at ¥76,997 million, up ¥2,511 million from the end of the previous consolidated fiscal year. Key contributing factors included increases of ¥3,695 million in retained earnings and ¥949 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 ¥462 million, while the balance of cash and cash equivalents was ¥23,551 million.

5. Important 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 ¥457 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 CO<sub>2</sub> 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.
  - (vii) To meet growing demand for food takeout packages and the obligation to reduce environmental impact, we have developed the Kaisonal® oil-resistance coating process using materials derived from seaweed and are proposing its application to primary paper containers. Coating paper tray interiors in this way creates eco-friendly primary paper containers that offer oil resistance equivalent to previous products incorporating oil-based coatings.
- (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. By launching a product assortment subcontracting service, we established a system capable of providing one-stop solutions for tasks ranging from the manufacture of packaging materials to assortment. In the development of packaging solutions, we're introducing systems to help save labor across packaging lines as a whole and to make them more efficient, including the deployment of robotic arms at sorting sites.
  - (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 CO<sub>2</sub> 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 paper carton containers with a window that can be produced using automated box-making equipment to balance strong carton corners with high productivity.
  - (x) We patented a structure for protecting the contents inside boxes to stabilize cakes and other fragile products.
  - (xi) 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 (property, plant, and equipment and intangible assets) during the consolidated fiscal year under review totaled ¥3,522 million. Major capital investments in each business segment are reviewed below.

##### Paper Products

###### Paper bags

We invested ¥959 million in paper bag production equipment at our Tokyo Plant, investment intended to enhance production capacity and production efficiency.

###### Paper cartons

We invested ¥253 million in paper carton production equipment at our Osaka Plant, investment intended to enhance production capacity and improve production efficiency.

##### Common to all businesses

We invested ¥1,191 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, 2025

| Site name<br>(location)   | Segment   | Details of<br>equipment   | Book value (¥ million)         |  |   |       |       | Number of<br>employees |
|---|---|---|--------------------------------|--|---|-------|-------|------------------------|
|   |   |   | Buildings<br>and<br>structures | Machinery,<br>equipment,<br>and vehicles | Land<br>(thousand<br>square meters<br>of surface<br>area) | Other | Total |                        |
| Headquarters<br>(Higashinari-ku,<br>Osaka)  | Paper Products<br>Business<br>Film Packaging<br>Business<br>Other Businesses<br>Companywide | Other equipment   | 2,133                          | 329                                      | 1,179<br>(16)<br>[0]                                      | 107   | 3,749 | 38 (6)                 |
| Tokyo Head Office<br>building and 23 other<br>sites<br>(Shibuya-ku, Tokyo<br>and elsewhere) | Paper Products<br>Business<br>Film Packaging<br>Business<br>Other Businesses                | Sales equipment   | 957                            | 11                                       | 2,578<br>(1)  | 37    | 3,584 | 407 (63)               |
| Osaka Plant<br>(Higashiosaka, Osaka<br>Prefecture)  | Paper Products<br>Business  | Production equipment<br>for paper bags, paper<br>cartons, and other<br>paper products | 556                            | 2,662                                    | 1,850<br>(30)   | 491   | 5,560 | 136 (142)              |
|   | Film Packaging<br>Business  | Production equipment<br>for plastic bags  | 56                             | 351                                      | 201<br>(9)  | 10    | 619   | 36 (22)                |
| Nara Plant<br>(Yamatokoriyama,<br>Nara Prefecture)  | Paper Products<br>Business  | Production equipment<br>for corrugated boxes  | 106                            | 467                                      | 394<br>(38)   | 36    | 1,005 | 77 (33)                |
| Tokyo Plant<br>(Hidaka, Saitama<br>Prefecture)  | Paper Products<br>Business  | Production equipment<br>for paper bags, paper<br>cartons, and other<br>paper products | 2,830                          | 4,021                                    | 2,672<br>(62)   | 149   | 9,673 | 122 (140)              |
| Ibaraki Plant<br>(Hitachi, Ibaraki<br>Prefecture)   | Film Packaging<br>Business  | Production equipment<br>for plastic bags  | 259                            | 520                                      | 210<br>(10)   | 15    | 1,006 | 34 (32)                |
| Keihin Tokushu<br>Printing Corp.<br>(Seya-ku, Yokohama)                                     | Paper Products<br>Business  | Printing equipment  | 4                              | 0  | 663<br>(6)  | 0     | 667   | - (-)                  |

## (2) Domestic subsidiaries

As of December 31, 2025

| 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   | 644                      | 229                                | - (-)   | 17    | 891   | 33 (4)              |
| Nikko Print Corporation (Higashiosaka, Osaka Prefecture) | Paper Products Business | Printing equipment   | 12                       | 368                                | - (-)   | 1     | 382   | 30 (6)              |
| Pack Takeyama Co., Ltd. (Tsushima, Aichi Prefecture)     | Paper Products Business | Rebuilding the warehouse/office                                      | 133                      | 617                                | 75 (5)  | 28    | 855   | 95 (20)             |
| Nishinohon Printing Co., Ltd. (Hakata-ku, Fukuoka)       | Paper Products Business | Expansion to boost the capacity of printing and production equipment | 108                      | 48                                 | 1,080 (15)                                    | 3     | 1,240 | 45 (21)             |
| Kannaru Printing Co., Ltd. (Yodogawa-ku, Osaka)          | Paper Products Business | Production equipment for paper bags, etc.                            | 351                      | 64                                 | 275 (0) [1]                                   | 29    | 720   | 65 (28)             |
| Hikari Packs Ishikawa Co., Ltd.                          | Paper Products Business | Production equipment for paper bags, etc.                            | 179                      | 89                                 | 57 (9)  | 2     | 328   | 38 (27)             |

Notes:

- “Other” under book value represents the total for tools, furniture and fixtures and construction in progress accounts.
- 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 ([ ]).
- The Company owns some of the fixed assets of Keihin Tokushu Printing Corp., which are indicated above.
- The Company and its domestic subsidiaries rent some building properties. Annual rent paid on buildings was ¥471 million for the Company and ¥49 million for domestic subsidiaries.
- 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 Tokyo Plant (Hidaka, Saitama Prefecture)                     | Paper Products Business | Expansion of production equipment for paper bags | 70                                    | -            | Funds on hand      | September 2025        | September 2026                     | See Note.                       |
|   |                         | Expansion of platemaking equipment               | 198                                   | -            | Funds on hand      | July 2026             | May 2027                           | See Note.                       |
| The Pack Corporation Western Japan Sales Division (Wakayama, Wakayama Prefecture) | Paper Products Business | Expansion of production equipment for paper bags | 125                                   | 14           | Funds on hand      | November 2025         | April 2026                         | See Note.                       |
| Pack Takeyama Co., Ltd. (Tsushima, Aichi Prefecture)                              | Paper Products Business | Expansion of production equipment for paper bags | 173                                   | 21           | Funds on hand      | July 2025             | November 2026                      | See Note.                       |
| The Pack (Changshu) Co., Ltd. (China)   | Paper Products Business | Expansion of production equipment for paper bags | 89                                    | 28           | Funds on hand      | December 2025         | March 2026                         | 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 | 230,000,000                       |
| Total        | 230,000,000                       |

##### (ii) Shares issued and outstanding

| Class        | Shares issued and outstanding at end of business year (December 31, 2025) | Shares issued and outstanding at date of submission (March 25, 2026) | Name of listed financial instruments exchange or association of financial instruments business operators at which registration is authorized | Details                                    |
|--------------|---|--|--|--|
| Common share | 59,700,000  | 59,700,000   | Prime Market, Tokyo Stock Exchange   | The authorized trading unit is 100 shares. |
| Total        | 59,700,000  | 59,700,000   | –  | –  |

Note: On July 1, 2025, pursuant to a May 30, 2025 Board of Directors resolution, the Company executed a share split at a ratio of three shares per share of common stock. This increases the number of shares by 39,800,000 to a total of 59,700,000 shares issued and outstanding.

#### (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<br>Corporate Officers 7   | Company Directors 10<br>Corporate Officers 7                        | Company Directors 10<br>Corporate Officers 5                        | Company Directors 9<br>Corporate Officers 7                           | Company Directors 7<br>Corporate Officers 9                         |
| Number of share acquisition rights*  | 8<br>See Note 1.  | 12<br>See Note 1.   | 14<br>See Note 1.   | 15<br>See Note 1.   | 16 (14)<br>See Note 1.  |
| Class, details, and number of shares subject to share acquisition rights (shares)*                                     | Common share<br>2,400<br>See Note 2.  | Common share<br>3,600<br>See Note 2.                                | Common share<br>4,200<br>See Note 2.                                | Common share<br>4,500<br>See Note 2.                                  | Common share<br>4,800 (4,200)<br>See Note 2.                        |
| Pay-in amount on exercise of share acquisition rights (¥)*   | 1   |   |   |   |   |
| Exercise period of share acquisition rights*   | May 11, 2015 –<br>May 10, 2040  | May 10, 2016 –<br>May 9, 2041                                       | May 10, 2017 –<br>May 9, 2042                                       | May 10, 2018 –<br>May 9, 2043   | May 9, 2019 –<br>May 8, 2044  |
| Issue price of shares and amount allocated to capital when issuing shares on exercise of share acquisition rights (¥)* | Issue price: 750<br>Amount allocated to capital: 375<br>See Note 3.   | Issue price: 779<br>Amount allocated to capital: 390<br>See Note 3. | Issue price: 990<br>Amount allocated to capital: 495<br>See Note 3. | Issue price: 1,165<br>Amount allocated to capital: 583<br>See Note 3. | Issue price: 970<br>Amount allocated to capital: 485<br>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 fiscal year under review (December 31, 2025). For specifics that have changed from the end of the fiscal year under review to the end of the month before the date of submission (February

28, 2026), details as of the end of the month before the submission date are shown in parentheses. Specifics concerning other matters remain unchanged from those as of the end of the fiscal year under review.

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 300 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) |
|---------------------------|---|--|-------------------------------------|--------------------------------------|---------------------------------------|--|
| July 1, 2025<br>See Note. | 39,800  | 59,700   | –                                   | 2,553                                | –                                     | 2,643                                  |

Note: On July 1, 2025, pursuant to a May 30, 2025 Board of Directors resolution, the Company executed a share split at a ratio of three shares per share of common stock. This resulted in an increase of 39,800,000 shares in total shares issued and outstanding.

(5) Shareholders

As of December 31, 2025

| 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                  | –   | 15                     | 23                           | 425                | 100                        | 64          | 39,883            | 40,510  | –   |
| Shares held (trading units)   | –   | 92,871                 | 9,704                        | 163,377            | 127,647                    | 101         | 202,924           | 596,624 | 37,600                                    |
| Percentage of shares held (%) | –   | 15.6                   | 1.6                          | 27.4               | 21.4                       | 0.0         | 34.0              | 100     | –   |

Note: Treasury share of 4,115,930 shares is included under “Individuals, etc.” (41,159 trading units) and “Shares in less than trading unit” (30 trading units).

## (6) Major shareholders

As of December 31, 2025

| 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  | 6,243                   | 11.24  |
| The Pack Trading Partners Stock Ownership Plan  | 9-9 Higashiobase 2-chome, Higashinari-ku, Osaka, Japan  | 3,837                   | 6.90   |
| 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)                | 3,647                   | 6.56   |
| The Master Trust Bank of Japan, Ltd. (Other trust accounts) (Note 1)  | Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo, JAPAN   | 2,840                   | 5.11   |
| Custody Bank of Japan, Ltd. (re-entrusted by Resona Bank; Hokuetsu Corporation retirement benefits trust account) | 1-8-12 Harumi, Chuo-ku, Tokyo, Japan  | 2,189                   | 3.94   |
| Daio Paper Corporation  | 2-60 Mishimakamiyacho, Shikokuchuo, Ehime Prefecture, Japan   | 1,720                   | 3.09   |
| NIPPON ACTIVE VALUE FUND PLC (Standing proxy: HSBC Tokyo Branch)  | 1ST FLOOR, SENATOR HOUSE, 85 QUEEN VICTORIA STREET, LONDON, EC4V 4AB (11-1 Nihonbashi 3-chome, Chuo-ku, Tokyo, Japan) | 1,597                   | 2.87   |
| NAVF SELECT LLC (Standing proxy: HSBC Tokyo Branch)   | 251 LITTLE FALLS DR, WILMINGTON, DE, USA, 19808 (11-1 Nihonbashi 3-chome, Chuo-ku, Tokyo, Japan)                      | 1,597                   | 2.87   |
| Shichijo Paper Trading Co., Ltd.  | 20-10 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan   | 1,423                   | 2.56   |
| Custody Bank of Japan, Ltd. (Other trust accounts) (Note 2)   | 1-8-12 Harumi, Chuo-ku, Tokyo, Japan  | 1,273                   | 2.29   |
| Total   | -   | 26,370                  | 47.44  |

## Notes:

1. In addition to the trust account shown above, the Master Trust Bank of Japan owns 909,000 shares in an investment trust account and 67,000 shares in an annuity trust account.
2. In addition to the trust account shown above, the Custody Bank of Japan owns 1,075,000 shares in an investment trust account and 26,000 shares in an annuity trust account.

## (7) Voting rights

## (i) Shares issued and outstanding

As of December 31, 2025

| 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)<br>Common share 4,115,900 | –                       | –  |
| Shares with full voting rights (other)                       | Common share 55,546,500                     | 555,465                 | –  |
| Shares in less than one trading unit                         | Common share 37,600                         | –                       | This shall refer to shares in lots numbering fewer than 100 shares (one trading unit). |
| Total shares issued and outstanding                          | 59,700,000                                  | –                       | –  |
| Total shareholder voting rights                              | –   | 555,465                 | –  |

Note: The shares of common share under “Shares in less than one trading unit” include 30 shares of treasury share owned by the Company.

## (ii) Treasury shares, etc.

As of December 31, 2025

| 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)<br>The Pack Corporation | 9-3 Higashiobase<br>2-chome, Higashinari-ku,<br>Osaka, Japan | 4,115,900                         | –                                    | 4,115,900                   | 6.89   |
| Total  | –  | 4,115,900                         | –                                    | 4,115,900                   | 6.89   |

## 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 12, 2025) resolution (acquisition period: February 13 – December 31, 2025) | 900,000 | 1,000,000,000   |
| Treasury shares acquired before this period   | –       | –               |
| Treasury shares acquired during this period   | 808,700 | 999,973,800     |
| Total number of shares and total price remaining under the resolution   | 91,300  | 26,200          |
| Percentage not yet exercised as of the end of this period (%)   | 10.1    | 0.0             |
| Treasury shares acquired during this period   | –       | –               |
| Percentage not yet exercised as of the submission date (%)  | 10.1    | 0.0             |

| Category  | Shares    | Total price (¥) |
|---|-----------|-----------------|
| Status of Board of Directors (February 13, 2025) resolution (acquisition period: February 13 – December 31, 2026) | 1,800,000 | 2,000,000,000   |
| Treasury shares acquired during this period   | –         | –               |
| Percentage not yet exercised as of the submission date (%)  | 100.0     | 100.0           |

Note: On July 1, 2025, the Company executed a share split at a ratio of three shares per share of common stock. The numbers of shares above have been adjusted to reflect this share split.

(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 | 408    | 35,760          |
| Treasury share acquired during the current period             | 252    | –               |

Notes:

- 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, 2026, to the date of submission of this Annual Securities Report.
- On July 1, 2025, the Company executed a share split at a ratio of three shares per share of common stock. The numbers of treasury shares above have been adjusted to reflect this share split.

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

| Category  | Business year under review |                             | Current period |                             |
|---|----------------------------|-----------------------------|----------------|-----------------------------|
|   | Shares                     | Total disposal price<br>(¥) | Shares         | Total disposal price<br>(¥) |
| 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)   | 6,600                      | 6,956,620                   | 300            | 326,928                     |
| Other (disposal of treasury share through transfer-restricted share-based remuneration)                           | 41,670                     | 43,921,593                  | 18,761         | 20,444,973                  |
| Shares of treasury share held   | 4,115,930                  | –                           | 4,097,121      | –                           |

Notes:

1. Treasury share disposed of and held during the current period does not include shares disposed of from March 1, 2026, 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, 2026 to the date of submission of this Annual Securities Report.
3. On July 1, 2025, the Company executed a share split at a ratio of three shares per share of common stock. The numbers of shares above have been adjusted to reflect this share split.

## 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.

At the 74th Regular General Meeting of Shareholders scheduled for March 26, 2026, the Company will submit Resolution No. 1, Disposal of Surplus, as a resolution (decision) concerning year-end dividends per share in the fiscal year under review. We plan to pay a year-end dividend of ¥22 per share if this resolution is approved as submitted. Combined with the interim dividend of ¥58 per share already paid, the scheduled total annual dividend would be ¥80 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<br>(¥ million) | Dividends per share<br>(¥) |
|--|--|----------------------------|
| August 12, 2025,<br>Board of Directors resolution                        | 1,090                                    | 58                         |
| March 26, 2026,<br>Regular General Meeting of<br>Shareholders resolution | 1,239                                    | 66                         |

Note: On July 1, 2025, the Company executed a share split at a ratio of three shares per share of common stock. The year-end dividend per share in the fiscal year under review reflects this share split. Absent the share split, the planned year-end dividend would be ¥66 per share, while the annual dividend would be ¥124 per share.

## 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.

As of the date this Report was submitted (March 25, 2026), the Company had eight Directors, three of whom were 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.

\* The Company will submit a resolution concerning the Appointment of Eight Directors as a resolution (decision) to the 74th Regular General Meeting of Shareholders scheduled for March 26, 2026. If the resolution is approved as submitted, the Company will continue to have eight Directors, including three External Directors. The names of the Directors are given under “IV. Status of the Company: 4. Corporate governance: (2) Executives: (i) List of executives: b.”

#### Members of the Board of Directors

The Board of Directors met 17 times during the business year under review. Shown below is the attendance of individual directors and corporate auditors.

| Title                      | Name                | Meetings held | Meetings attended |
|----------------------------|---------------------|---------------|-------------------|
| Director                   | Hideaki Yamashita   | 4             | 4                 |
| Director                   | Teruo Takinoue      | 17            | 17                |
| Director                   | Naoki Nakamura      | 17            | 17                |
| Director                   | Norio Ashida        | 17            | 17                |
| Director                   | Ryuichi Watanabe    | 13            | 13                |
| Director                   | Haruyasu Ito        | 4             | 4                 |
| Director                   | Ikuo Shimomura      | 17            | 17                |
| External Director          | Hirofumi Hayashi    | 4             | 4                 |
| External Director          | Uichiro Nishio      | 17            | 17                |
| External Director          | Kaoru Kasahara      | 17            | 17                |
| External Director          | Reiji Domoto        | 13            | 13                |
| Standing Corporate Auditor | Shinji Noda         | 4             | 4                 |
| Standing Corporate Auditor | Yasuhiro Takagi     | 17            | 17                |
| Standing Corporate Auditor | Haruyasu Ito        | 13            | 13                |
| External Corporate Auditor | Hisayoshi Tamakoshi | 17            | 16                |
| External Corporate Auditor | Norimasa Iwase      | 17            | 17                |

Notes:

1. The attendance data for Hideaki Yamashita, Haruyasu Ito, Hirofumi Hayashi, and Shinji Noda 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 26, 2025.
2. Attendance data for Ryuichi Watanabe, Reiji Domoto, and Haruyasu Ito 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 26, 2025.

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), actual and projected dividends
- Selection of representative directors and managing executive directors, important personnel matters
- Payment of bonuses
- Fund investment
- Verification of the propriety of holding cross-shareholdings
- Sales of shares, share splits, and changes in shareholder benefit programs
- Merger by absorption of Nikko Print Corporation
- Changes in settlement conditions in response to an amendment of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors
- Tax audit report
- Other important matters related to management

(Status of the Nomination Committee)

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

| Title             | Name              | Meetings held | Meetings attended |
|-------------------|-------------------|---------------|-------------------|
| Director          | Hideaki Yamashita | 2             | 2                 |
| Director          | Teruo Takinoue    | 4             | 4                 |
| Director          | Naoki Nakamura    | 2             | 2                 |
| External Director | Hirofumi Hayashi  | 2             | 2                 |
| External Director | Uichiro Nishio    | 4             | 4                 |
| External Director | Kaoru Kasahara    | 4             | 4                 |
| External Director | Reiji Domoto      | 2             | 2                 |

Notes:

1. The attendance data for Hideaki Yamashita and Hirofumi Hayashi 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 26, 2025.
2. The attendance data for Naoki Nakamura and Reiji Domoto 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, 2025.

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 |
|-------------------|-------------------|---------------|-------------------|
| Director          | Hideaki Yamashita | 4             | 4                 |
| Director          | Naoki Nakamura    | 2             | 2                 |
| Director          | Ikuo Shimomura    | 4             | 4                 |
| External Director | Hirofumi Hayashi  | 4             | 4                 |
| External Director | Uichiro Nishio    | 4             | 4                 |
| External Director | Kaoru Kasahara    | 4             | 4                 |
| External Director | Reiji Domoto      | 2             | 2                 |

Notes:

1. The attendance data for Hideaki Yamashita and Hirofumi Hayashi 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 26, 2025.
2. The attendance data for Naoki Nakamura and Reiji Domoto 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, 2025.

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.

(Status of the Sustainable Committee)

The Sustainable Committee met three times during the business year under review. Shown below is the attendance of individual directors and corporate auditors.

| Title                      | Name             | Meetings held | Meetings attended |
|----------------------------|------------------|---------------|-------------------|
| Director                   | Teruo Takinoue   | 3             | 3                 |
| Director                   | Naoki Nakamura   | 3             | 3                 |
| Director                   | Norio Ashida     | 3             | 3                 |
| Director                   | Ryuichi Watanabe | 3             | 3                 |
| Director                   | Ikuo Shimomura   | 3             | 3                 |
| Standing Corporate Auditor | Yasuhiro Takagi  | 3             | 3                 |
| Standing Corporate Auditor | Haruyasu Ito     | 3             | 3                 |

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.

The Company has four Corporate Auditors, of whom two are External Corporate Auditors. The External Corporate Auditors have no transactional relationships with or other interests in the Company. The Audit and Supervisory Board is covered under (3) Audits.

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.



- 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

a. Executives as of March 25, 2026 (date of submission of the Securities Report) are indicated below.

Male: 11 members; female: one member (women account for 8.3% 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<br>January 2008<br>March 2011<br>January 2012<br><br>April 2014<br><br>March 2015<br>January 2017<br><br>March 2018<br>March 2022<br>March 2025 | Joined the Company<br>General Manager, Osaka Production Division<br>Director<br>Deputy Divisional General Manager, Production Division<br>Divisional General Manager, Packaging Products Division<br>Managing Director<br>Divisional General Manager, Production Division (to present)<br>Senior Managing Director<br>Vice President<br>Chairman and Representative Director (to present)  | See Note 4.    | 74                     |
| President & CEO  | Naoki Nakamura   | June 5, 1965      | April 1989<br>January 2008<br><br>January 2013<br><br>January 2017<br>January 2017<br>January 2019<br>January 2019<br><br>March 2024<br>March 2025         | Joined the Company<br>General Manager, Department No. 3, Tokyo Sales Division No. 1<br>General Manager, Chugoku-Shikoku Sales Division<br>Corporate Officer<br>General Manager, Kansai Sales Division No.2<br>Managing Corporate Officer<br>General Manager, Western Japan Sales Division<br>Managing Director<br>President & CEO (to present)   | See Note 4.    | 24                     |
| Managing Director<br>Divisional General Manager, Production Division | Norio Ashida     | November 20, 1963 | April 1986<br>January 2011<br>January 2015<br>January 2019<br>January 2019<br><br>January 2019<br>March 2024<br>March 2025                                 | Joined the Company<br>General Manager, Tokyo Sales Division No. 4<br>Corporate Officer<br>Managing Corporate Officer<br>Divisional General Manager, Eastern Japan Sales Division<br>Managing Director (to present)<br>Divisional General Manager, Sales Division<br>Divisional General Manager, Production Division (to present)   | See Note 4.    | 29                     |
| Managing Director<br>Divisional General Manager, Sales Division      | Ryuichi Watanabe | January 9, 1964   | April 1987<br>January 2016<br>January 2016<br>January 2019<br><br>January 2021<br>March 2022<br>March 2023<br><br>March 2025<br>March 2025                 | Joined the Company<br>Corporate Officer<br>General Manager, Tokyo Sales Division No. 1<br>Manager, Sales Coordination Section (to present)<br>General Manager, Tokyo Sales Division No. 2<br>Corporate Officer<br>General Manager, Eastern Japan Sales Division<br>Managing Director (to present)<br>Divisional General Manager, Sales Division (to present)   | See Note 4.    | 19                     |
| Director<br>Corporate General Manager                                | Ikuo Shimomura   | November 11, 1965 | April 1989<br>January 2009<br><br>January 2016<br>January 2021<br>January 2023<br><br>March 2024<br>March 2024   | Joined the Company<br>General Manager, Department No. 3, Tokyo Sales Division No. 3<br>General Manager, Tokyo Sales Division No. 2<br>Corporate Officer<br>Deputy Divisional General Manager, Corporate Division<br>Director (to present)<br>Divisional General Manager, Corporate Division (to present)   | See Note 4.    | 11                     |
| Director   | Uichiro Nishio   | March 7, 1955     | March 1982<br>December 1983<br>July 1999<br><br>July 2002<br><br>April 2005<br><br>March 2015<br>June 2015<br><br>June 2016<br><br>March 2018              | Registered as certified public accountant<br>Registered as certified tax accountant<br>Representative Partner, Seiwa Audit & Accounting Firm<br>Representative Partner, Deloitte Touche Tohmatsu LLC<br>Professor, Institute of Business and Accounting, Professional Graduate School, Kwasei Gakuin University<br>Corporate Auditor, the Company<br>External Auditor, Araya Industrial Co., Ltd. (to present)<br>External Auditor, KMEW Co., Ltd. (to present)<br>Director (to present) | See Note 4.    | 16                     |

| Title                      | Name                | Date of birth     | Career history   |  | Term of office | Shares held (thousand) |
|----------------------------|---------------------|-------------------|--|--|----------------|------------------------|
| Director                   | Kaoru Kasahara      | December 14, 1961 | March 1989<br>February 2010<br>February 2014<br><br>February 2015<br><br>February 2019<br><br>March 2022<br>April 2023   | Joined Pigeon Corporation<br>President and COO, Pigeonwill Corporation<br>Corporate officer and Deputy Division Manager, Domestic Baby & Mother Care Business Division, Pigeon Corporation<br>Corporate officer and Division Manager, Research and Development Division, Pigeon Corporation<br>Director, Pigeon Manufacturing Ibaraki Corporation<br>Director, the Company (to present)<br>Outside Independent Director, Morozoff Ltd. (to present)  | See Note 4.    | 2                      |
| Director                   | Reiji Domoto        | May 29, 1963      | April 1986<br>April 2011<br><br>April 2013<br><br>April 2015<br><br>August 2019<br><br>March 2021<br><br>August 2024<br><br>March 2025<br>June 2025<br><br>June 2025 | Joined Sumitomo Bank, Ltd.<br>General Manager, Kinki Corporate Sales Division, SMBC Nikko Securities Inc.<br>General Manager, Semba Corporate Sales Division, Sumitomo Mitsui Banking Corporation<br>Executive Officer, Sumitomo Mitsui Banking Corporation<br>Executive Officer, SMBC Nikko Securities Inc.<br>Managing Executive Officer, SMBC Nikko Securities Inc.<br>Founded Two Wheels Consulting, Ltd.<br>Representative Director, Two Wheels Consulting, Ltd. (to present)<br>Director (to present)<br>External Audit and Supervisory Board Member, Hankyu Corporation (to present)<br>External Audit and Supervisory Board Member, Hankyu Hanshin Properties Corp. (to present) | See Note 4.    | -                      |
| Standing Corporate Auditor | Yasuhiro Takagi     | January 13, 1965  | April 1987<br>January 2010<br><br>January 2012<br><br>January 2016<br>March 2024   | Joined the Company<br>General Manager, Tokyo Purchasing Department, Purchasing Division<br>General Manager, Purchasing Administration Department, Purchasing Division<br>General Manager, Purchasing Division<br>Standing Corporate Auditor (to present)   | See Note 5.    | 4                      |
| Standing Corporate Auditor | Haruyasu Ito        | November 30, 1961 | April 1984<br>January 2016<br><br>January 2019<br><br>March 2020<br>February 2022<br>March 2022<br><br>January 2023<br><br>March 2024<br>March 2025                  | Joined the Company<br>General Manager, Section 2 of Tokyo Sales Division No. 2<br>Managing Director, Kannaru Printing Co., Ltd.<br>President & CEO, Kannaru Printing Co., Ltd<br>Director, the Company<br>Deputy Divisional General Manager, Production Division<br>In charge of Quality Management Control Dept.<br>General Manager, Nara Production Division<br>Standing Corporate Auditor, the Company (to present)   | See Note 7.    | 9                      |
| Corporate Auditor          | Hisayoshi Tamakoshi | August 25, 1964   | April 1992<br>August 1998<br>June 2013<br><br>March 2015   | Registered as attorney-at-law<br>Established Tamakoshi Law Firm (to present)<br>External Auditor, Tomoshia Holdings Co., Ltd. (to present)<br>Corporate Auditor, the Company (to present)  | See Note 7.    | 11                     |
| Corporate Auditor          | Norimasa Iwase      | November 20, 1958 | April 1983<br>March 1986<br>November 1989<br>May 1992<br>March 2018  | Joined Nisshin Audit Corporation<br>Registered as certified public accountant<br>Registered as certified tax accountant<br>Established Iwase CPA Office (to present)<br>Corporate Auditor, the Company (to present)  | See Note 6.    | 6                      |
|                            |                     |                   |  |  |                | 209                    |

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; Yoshihisa Tanaka, General Manager, Logistics Management Division / General Manager, Quality Management Control Department / General Manager, Tokyo Logistics Department, Tokyo Production Division; 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; Shigeki Tsukamoto, General Manager, Tokyo Production Division; and Daisuke Yamada, General Manager, Tokyo Sales Division No. 1.

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.
  8. On July 1, 2025, the Company executed a share split at a ratio of three shares per share of common stock. The indicated numbers of shares held reflect this share split.
- b. The Company will submit resolutions concerning the Appointment of Eight Directors and the Appointment of Two Corporate Auditors as resolutions (decisions) at the 74th Regular General Meeting of Shareholders scheduled for March 26, 2026. If these resolutions are approved as submitted, Company executives will be as indicated below. Titles and career histories include those subject to decisions to be made at the Board of Directors meeting scheduled to be held immediately following the 74th Regular General Meeting of Shareholders.

Male: 11 members; female: one member (women account for 8.3% 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<br>January 2008<br>March 2011<br>January 2012<br><br>April 2014<br><br>March 2015<br>January 2017<br><br>March 2018<br>March 2022<br>March 2025 | Joined the Company<br>General Manager, Osaka Production Division<br>Director<br>Deputy Divisional General Manager, Production Division<br>Divisional General Manager, Packaging Products Division<br>Managing Director<br>Divisional General Manager, Production Division (to present)<br>Senior Managing Director<br>Vice President<br>Chairman and Representative Director (to present) | See Note 4.    | 74                     |
| President & CEO  | Naoki Nakamura | June 5, 1965      | April 1989<br>January 2008<br><br>January 2013<br><br>January 2017<br>January 2017<br>January 2019<br>January 2019<br><br>March 2024<br>March 2025         | Joined the Company<br>General Manager, Department No. 3, Tokyo Sales Division No. 1<br>General Manager, Chugoku-Shikoku Sales Division<br>Corporate Officer<br>General Manager, Kansai Sales Division No.2<br>Managing Corporate Officer<br>General Manager, Western Japan Sales Division<br>Managing Director<br>President & CEO (to present)  | See Note 4.    | 24                     |
| Managing Director<br>Divisional General Manager, Production Division | Norio Ashida   | November 20, 1963 | April 1986<br>January 2011<br>January 2015<br>January 2019<br>January 2019<br><br>January 2019<br>March 2024<br>March 2025                                 | Joined the Company<br>General Manager, Tokyo Sales Division No. 4<br>Corporate Officer<br>Managing Corporate Officer<br>Divisional General Manager, Eastern Japan Sales Division<br>Managing Director (to present)<br>Divisional General Manager, Sales Division<br>Divisional General Manager, Production Division (to present)  | See Note 4.    | 29                     |

| Title  | Name             | Date of birth     | Career history   |  | Term of office | Shares held (thousand) |
|--|------------------|-------------------|--|--|----------------|------------------------|
| Managing Director<br>Divisional General<br>Manager, Sales Division | Ryuichi Watanabe | January 9, 1964   | April 1987<br>January 2016<br>January 2016<br>January 2019<br><br>January 2021<br>March 2022<br>March 2023<br><br>March 2025<br>March 2025                           | Joined the Company<br>Corporate Officer<br>General Manager, Tokyo Sales Division No. 1<br>Manager, Sales Coordination Section (to present)<br>General Manager, Tokyo Sales Division No. 2<br>Corporate Officer<br>General Manager, Eastern Japan Sales Division<br>Managing Director (to present)<br>Divisional General Manager, Sales Division (to present)   | See Note 4.    | 19                     |
| Director<br>Corporate General<br>Manager                           | Ikuo Shimomura   | November 11, 1965 | April 1989<br>January 2009<br><br>January 2016<br>January 2021<br>January 2023<br><br>March 2024<br>March 2024   | Joined the Company<br>General Manager, Department No. 3, Tokyo Sales Division No. 3<br>General Manager, Tokyo Sales Division No. 2<br>Corporate Officer<br>Deputy Divisional General Manager, Corporate Division<br>Director (to present)<br>Divisional General Manager, Corporate Division (to present)   | See Note 4.    | 11                     |
| Director   | Uichiro Nishio   | March 7, 1955     | March 1982<br>December 1983<br>July 1999<br><br>July 2002<br><br>April 2005<br><br>March 2015<br>June 2015<br><br>June 2016<br><br>March 2018                        | Registered as certified public accountant<br>Registered as certified tax accountant<br>Representative Partner, Seiwa Audit & Accounting Firm<br>Representative Partner, Deloitte Touche Tohmatsu LLC<br>Professor, Institute of Business and Accounting, Professional Graduate School, Kwasei Gakuin University<br>Corporate Auditor, the Company<br>External Auditor, Araya Industrial Co., Ltd. (to present)<br>External Auditor, KMEW Co., Ltd. (to present)<br>Director (to present)   | See Note 4.    | 16                     |
| Director   | Kaoru Kasahara   | December 14, 1961 | March 1989<br>February 2010<br>February 2014<br><br>February 2015<br><br>February 2019<br><br>March 2022<br>April 2023   | Joined Pigeon Corporation<br>President and COO, Pigeonwill Corporation<br>Corporate officer and Deputy Division Manager, Domestic Baby & Mother Care Business Division, Pigeon Corporation<br>Corporate officer and Division Manager, Research and Development Division, Pigeon Corporation<br>Director, Pigeon Manufacturing Ibaraki Corporation<br>Director, the Company (to present)<br>Outside Independent Director, Morozoff Ltd. (to present)  | See Note 4.    | 2                      |
| Director   | Reiji Domoto     | May 29, 1963      | April 1986<br>April 2011<br><br>April 2013<br><br>April 2015<br><br>August 2019<br><br>March 2021<br><br>August 2024<br><br>March 2025<br>June 2025<br><br>June 2025 | Joined Sumitomo Bank, Ltd.<br>General Manager, Kinki Corporate Sales Division, SMBC Nikko Securities Inc.<br>General Manager, Semba Corporate Sales Division, Sumitomo Mitsui Banking Corporation<br>Executive Officer, Sumitomo Mitsui Banking Corporation<br>Executive Officer, SMBC Nikko Securities Inc.<br>Managing Executive Officer, SMBC Nikko Securities Inc.<br>Founded Two Wheels Consulting, Ltd.<br>Representative Director, Two Wheels Consulting, Ltd. (to present)<br>Director (to present)<br>External Audit and Supervisory Board Member, Hankyu Corporation (to present)<br>External Audit and Supervisory Board Member, Hankyu Hanshin Properties Corp. (to present) | See Note 4.    | -                      |
| Standing Corporate<br>Auditor                                      | Yasuhiro Takagi  | January 13, 1965  | April 1987<br>January 2010<br><br>January 2012<br><br>January 2016<br>March 2024   | Joined the Company<br>General Manager, Tokyo Purchasing Department, Purchasing Division<br>General Manager, Purchasing Administration Department, Purchasing Division<br>General Manager, Purchasing Division<br>Standing Corporate Auditor (to present)   | See Note 5.    | 4                      |

| Title                      | Name                | Date of birth     | Career history  |   | Term of office | Shares held (thousand) |
|----------------------------|---------------------|-------------------|---|---|----------------|------------------------|
| Standing Corporate Auditor | Haruyasu Ito        | November 30, 1961 | April 1984<br>January 2016<br><br>January 2019<br><br>March 2020<br>February 2022<br>March 2022<br><br>January 2023<br><br>March 2024<br>March 2025 | Joined the Company<br>General Manager, Section 2 of Tokyo Sales Division No. 2<br>Managing Director, Kannaru Printing Co., Ltd.<br>President & CEO, Kannaru Printing Co., Ltd<br>Director, the Company<br>Deputy Divisional General Manager, Production Division<br>In charge of Quality Management Control Dept<br>General Manager, Nara Production Division<br>Standing Corporate Auditor, the Company (to present) | See Note 7.    | 9                      |
| Corporate Auditor          | Hisayoshi Tamakoshi | August 25, 1964   | April 1992<br>August 1998<br>June 2013<br><br>March 2015  | Registered as attorney-at-law<br>Established Tamakoshi Law Firm (to present)<br>External Auditor, Tomoshia Holdings Co., Ltd. (to present)<br>Corporate Auditor, the Company (to present)   | See Note 7.    | 11                     |
| Corporate Auditor          | Norimasa Iwase      | November 20, 1958 | April 1983<br>March 1986<br>November 1989<br>May 1992<br>March 2018   | Joined Nisshin Audit Corporation<br>Registered as certified public accountant<br>Registered as certified tax accountant<br>Established Iwase CPA Office (to present)<br>Corporate Auditor, the Company (to present)   | See Note 6.    | 6                      |
|                            |                     |                   |   |   |                | 209                    |

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; Yoshihisa Tanaka, General Manager, Logistics Management Division / General Manager, Quality Management Control Department / General Manager, Tokyo Logistics Department, Tokyo Production Division; 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; Shigeki Tsukamoto, General Manager, Tokyo Production Division; and Daisuke Yamada, General Manager, Tokyo Sales Division No. 1.
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.
8. On July 1, 2025, the Company executed a share split at a ratio of three shares per share of common stock. The indicated numbers of shares held reflect this share split.

(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.

The Company will submit a resolution concerning the Appointment of Two Corporate Auditors as a resolution (decision) to the 74th Regular General Meeting of Shareholders scheduled for March 26, 2026. If this resolution is approved as submitted, the Audit and Supervisory Board will continue to have four members, including two External Corporate Auditors, as indicated 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         | 3/3 meetings  |
| Standing Corporate Auditor | Yasuhiro Takagi     | 12/13 meetings  |
| Standing Corporate Auditor | Haruyasu Ito        | 10/10 meetings  |
| External Corporate Auditor | Hisayoshi Tamakoshi | 13/13 meetings  |
| External Corporate Auditor | Norimasa Iwase      | 13/13 meetings  |

Notes:

1. The attendance data for Shinji Noda 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 26, 2025.
2. The attendance data for Haruyasu Ito 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 26, 2025.

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                               |
| Yasuhiro Takagi     | ○ 17/17 meetings   | ○ 12/12 meetings                 | ○ 13/13 meetings    | –                                   |
| Haruyasu Ito        | ○ 13/13 meetings   | ○ 11/12 meetings                 | ○ 10/10 meetings    | –                                   |
| Hisayoshi Tamakoshi | ○ 16/17 meetings   | ○ 12/12 meetings                 | –                   | External Officers' Conference, etc. |
| Norimasa Iwase      | ○ 17/17 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 Haruyasu Ito 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 26, 2025.

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
- 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 three 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  
Nine certified public accountants and 12 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               | 40   | –  | 40   | 2  |
| Consolidated subsidiaries | –  | –  | –  | –  |
| Total                     | 40   | –  | 40   | 2  |

Note: Non-audit operations for the Company in the consolidated fiscal year under review refer to the preparation of a comfort letter, an operation not included in those under Article 2, Paragraph 1, of the Certified Public Accountants Act.

- 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.
- \* To promote the sharing of the benefits and risks of share price fluctuations among Directors and shareholders and to strengthen Director motivation to increase share price and corporate value, the Company will submit to the 74th Regular General Meeting of Shareholders scheduled for March 26, 2026 a resolution concerning a partial revision of the specifics of the transfer-restricted share-based remuneration system. This revision of the initial resolution will change eligibility for allotment, annual amount of monetary remuneration claims paid to eligible Directors for the allotment of transfer-restricted shares, and total number of shares of Company common stock issued or disposed of through the transfer-restricted share-based remuneration system, as indicated below.

|                                      | Before                                       | After                                    |
|--------------------------------------|--|--|
| Persons eligible for allotment       | Directors (not including External Directors) | Directors (including External Directors) |
| Maximum monetary remuneration claims | Up to ¥30 million/year                       | Up to ¥100 million/year                  |
| Maximum total number of shares       | No provision                                 | Up to 80,000 shares/year                 |

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 ¥7,207 million in FY2025.

- 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 Naoki Nakamura, Director and Corporate General Manager Ikuo Shimomura, and External Directors, Uichiro Nishio, Kaoru Kasahara, and Reiji Domoto) because they are considered appropriate personnel to assess the sections overseen by each Director from the perspective of Companywide business results.

The Company will submit a resolution concerning the Appointment of Eight Directors as a resolution (decision) to the 74th Regular General Meeting of Shareholders scheduled for March 26, 2026. If this resolution is approved as submitted, the five persons named above will remain the delegates.

(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)                   | 259                                  | 207  | 34    | 17   | 7                            |
| Corporate Auditors (excluding External Corporate Auditors) | 43                                   | 43   | –     | –  | 3                            |
| External Officers  | 43                                   | 43   | –     | –  | 6                            |

(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 | 51               | 4,248                                     |

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 | 14               | 27   | Acquisition of shares via the Trading Partners Stock Ownership Plan or other means to create business opportunities<br>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                | 1,777  |

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) |  |                                |
| Daiwa House Industry Co., Ltd.          | 159,000                             | 159,000                             | 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.  | Y                              |
|   | 826                                 | 772                                 |  |                                |
| Hokuetsu Corporation                    | 782,400                             | 782,400                             | 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                              |
|   | 700                                 | 1,196                               |  |                                |
| 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<br>(See Note 1.)             |
|   | 498                                 | 369                                 |  |                                |
| Sumitomo Realty & Development Co., Ltd. | 105,000                             | 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.<br>* The increase in numbers of shares was due to a stock split. | Y                              |
|   | 412                                 | 259                                 |  |                                |
| 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                              |
|   | 277                                 | 255                                 |  |                                |
| Marui Group Co., Ltd.                   | 75,561                              | 75,561                              | 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.                                       | N                              |
|   | 243                                 | 189                                 |  |                                |
| 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                              |
|   | 206                                 | 184                                 |  |                                |

| 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) |  |                                |
| Aeon Co., Ltd.                        | 65,889                              | 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.<br>* The increase in numbers of shares was due to a stock split.   | N                              |
|                                       | 163                                 | 81                                  |  |                                |
| Fuji Maxvalu Nishinohon Co., Ltd.     | 42,727                              | 41,935                              | (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                              |
|                                       | 91                                  | 86                                  |  |                                |
| 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                              |
|                                       | 72                                  | 45                                  |  |                                |
| Sumitomo Mitsui Financial Group, Inc. | 12,690                              | 12,690                              | 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<br>(See Note 1.)             |
|                                       | 63                                  | 47                                  |  |                                |
| Aoki Holdings Inc.                    | 33,844                              | 31,761                              | (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                              |
|                                       | 61                                  | 42                                  |  |                                |
| Heiwado Co., Ltd.                     | 18,600                              | 17,802                              | (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                              |
|                                       | 53                                  | 40                                  |  |                                |

| 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) |   |                                |
| Chiyoda Co., Ltd.                  | 47,770                              | 43,076                              | (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.<br>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                              |
|                                    | 52                                  | 56                                  |   |                                |
| Japan Pulp & Paper Company Limited | 56,890                              | 56,890                              | 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                              |
|                                    | 50                                  | 38                                  |   |                                |
| Eat&Holdings Co., Ltd.             | 19,782                              | 18,506                              | (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.<br>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                              |
|                                    | 40                                  | 40                                  |   |                                |
| Sumitomo Mitsui Trust Group, Inc.  | 8,294                               | 8,294                               | To maintain and enhance financial transaction relationships.<br>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.<br>* The increase in numbers of shares was due to a stock split.  | N<br>(See Note 1.)             |
|                                    | 39                                  | 30                                  |   |                                |
| Rock Field Co., Ltd.               | 26,808                              | 25,706                              | (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.<br>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                              |
|                                    | 36                                  | 39                                  |   |                                |
| 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                              |
|                                    | 35                                  | 29                                  |   |                                |
| Gyet Co., Ltd.<br>(See Note 2.)    | 220,270                             | 203,021                             | (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.<br>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                              |
|                                    | 32                                  | 44                                  |   |                                |

| 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) |  |                                |
| 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                              |
|                                 | 26                                  | 31                                  |  |                                |
| 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                              |
|                                 | 24                                  | 18                                  |  |                                |
| 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                              |
|                                 | 19                                  | 21                                  |  |                                |
| Seven & I Holdings Co., Ltd.    | 8,481                               | 8,481                               | 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                              |
|                                 | 19                                  | 21                                  |  |                                |
| Tenmaya Store Co., Ltd.         | 15,892                              | 15,164                              | (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                              |
|                                 | 15                                  | 15                                  | 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.  |                                |
| 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                              |
|                                 | 15                                  | 12                                  |  |                                |
| Superbag Co., Ltd.              | 5,000                               | 5,000                               | 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.    | Y                              |
|                                 | 13                                  | 10                                  |  |                                |
| 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                              |
|                                 | 12                                  | 11                                  |  |                                |

| 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) |   |                                |
| 4°C Holdings Co., Ltd.              | 6,756                               | 5,874                               | (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.<br>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                                  | 11                                  |   |                                |
| Jins Holdings Inc.                  | 2,178                               | 1,990                               | (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.<br>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                                  | 12                                  |   |                                |
| Royal Holdings Co., Ltd.            | 8,712                               | 4,356                               | To maintain and enhance transaction relationships involving Company products, etc. (sales).<br>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.<br>* The increase in numbers of shares was due to a stock split.   | N                              |
|                                     | 11                                  | 10                                  |   |                                |
| Kintetsu Department Store Co., Ltd. | 6,200                               | 6,200                               | To maintain and enhance transaction relationships involving Company products, etc. (sales).<br>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                                  | 12                                  |   |                                |
| Izutsuya Co., Ltd.                  | 24,499                              | 22,831                              | (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.<br>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                                  | 9                                   |   |                                |
| Edion Corporation                   | 5,050                               | 5,050                               | To maintain and enhance transaction relationships involving Company products, etc. (sales).<br>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                                  | 9                                   |   |                                |
| Oji Holdings Corporation            | 12,304                              | 12,304                              | To maintain and enhance transaction relationships involving Company products, etc. (purchasing).<br>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                              |
|                                     | 10                                  | 7                                   |   |                                |

| 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) |  |                                |
| 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                              |
|                            | 10                                  | 11                                  |  |                                |
| Okuwa Co., Ltd.            | 11,581                              | 10,697                              | (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                                   | 9                                   |  |                                |
| 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                              |
|                            | 7                                   | 8                                   |  |                                |
| 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                              |
|                            | 6                                   | 5                                   |  |                                |
| 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                                   | 5                                   |  |                                |
| 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                                   | 4                                   |  |                                |
| 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                                   |  |                                |

| 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) |  |                                |
| Takara Standard Co., Ltd.       | 823                                 | 321,767                             | (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. As a result, some share holdings were sold during the business year under review. | N                              |
|                                 | 2                                   | 544                                 |  |                                |
| Scroll Corporation              | 1,600                               | 1,622                               | (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. 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                              |
|                                 | 2                                   | 1                                   |  |                                |
| Shimojima 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                                   |  |                                |
| 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                                   |  |                                |
| 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                              |
|                                 | 1                                   | 0                                   |  |                                |
| 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                              |
|                                 | 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                                   |  |                                |

| 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) |   |                                |
| 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                                   |   |                                |
| Marubeni Corporation      | -                                   | 253,000                             | The purpose was to maintain and enhance transaction relationships involving Company products, etc. (purchasing); however, all holdings were sold during the business year under review, based on assessments of the reasons for holding them.   | Y                              |
|                           | -                                   | 605                                 |   |                                |
| Aeon Delight Co., Ltd.    | -                                   | 9,750                               | The purpose was 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                              |
|                           | -                                   | 42                                  |   |                                |
| Morito Co., Ltd.          | -                                   | 16,000                              | The purpose was to maintain and enhance transaction relationships involving Company products, etc. (purchasing); however, all holdings were sold during the business year under review, based on assessments of the reasons for holding them.   | Y                              |
|                           | -                                   | 24                                  |   |                                |

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. Mac House Co., Ltd. was renamed Gyet Co., Ltd. effective September 17, 2025.
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, 2025 to December 31, 2025) and nonconsolidated financial statements for the fiscal year under review (from January 1, 2025 to December 31, 2025) 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<br>(December 31, 2024) | Fiscal year under review<br>(December 31, 2025) |
|---|---|---|
| <b>Assets</b>                           |   |   |
| Current assets                          |   |   |
| Cash and deposits                       | 15,167                                      | 24,061  |
| Notes receivable-trade                  | *1 4,290                                    | *1 3,997  |
| Accounts receivable-trade               | 21,055                                      | 20,812  |
| Securities                              | 8,499                                       | 2,000   |
| Merchandise and finished goods          | 7,121                                       | 7,271   |
| Work in process                         | 1,260                                       | 1,139   |
| Raw materials and supplies              | 986   | 1,033   |
| Other                                   | 1,671                                       | 1,384   |
| Allowance for doubtful accounts         | (11)  | (32)  |
| Total current assets                    | 60,043                                      | 61,667  |
| Non-current assets                      |   |   |
| Property, plant, and equipment          |   |   |
| Buildings and structures, net           | *3 8,399                                    | *3 8,338  |
| Machinery, equipment, and vehicles, net | 9,114                                       | 9,786   |
| Tools, furniture and fixtures, net      | 339   | 329   |
| Land                                    | 11,180                                      | 11,238  |
| Construction in progress                | 1,133                                       | 659   |
| Total property, plant and equipment     | *4 30,166                                   | *4 30,352                                       |
| Intangible assets                       | 3,384                                       | 4,310   |
| Investments and other assets            |   |   |
| Investment securities                   | *2 8,058                                    | *2 6,114  |
| Retirement benefit asset                | 627   | 1,017   |
| Deferred tax assets                     | 110   | 123   |
| Other                                   | 955   | 679   |
| Allowance for doubtful accounts         | (55)  | (52)  |
| Total investments and other assets      | 9,697                                       | 7,881   |
| Total non-current assets                | 43,248                                      | 42,544  |
| Total assets                            | 103,292                                     | 104,212   |

(¥ million)

|  | Previous fiscal year<br>(December 31, 2024) | Fiscal year under review<br>(December 31, 2025) |
|--|---|---|
| <b>Liabilities</b>                                       |   |   |
| Current liabilities                                      |   |   |
| Notes and accounts payable-trade                         | *1 13,966                                   | *1 13,593                                       |
| Electronically recorded obligations-operating            | *1 7,149                                    | *1 6,014  |
| Current portion of long-term loans payable               | 33  | 33  |
| Income taxes payable                                     | 1,774                                       | 1,510   |
| Provision for bonuses                                    | 358   | 309   |
| Provision for bonuses for directors (and other officers) | 56  | 50  |
| Other  | *5 4,427                                    | *5 4,313  |
| Total current liabilities                                | 27,766                                      | 25,824  |
| Non-current liabilities                                  |   |   |
| Long-term loans payable                                  | 49  | 429   |
| Retirement benefit liability                             | 335   | 306   |
| Deferred tax liabilities                                 | 620   | 623   |
| Other  | 34  | 30  |
| Total non-current liabilities                            | 1,040                                       | 1,390   |
| <b>Total liabilities</b>                                 | <b>28,806</b>                               | <b>27,214</b>                                   |
| <b>Net assets</b>  |   |   |
| Shareholders' equity                                     |   |   |
| Capital stock  | 2,553                                       | 2,553   |
| Capital surplus  | 3,161                                       | 3,164   |
| Retained earnings  | 69,259                                      | 72,954  |
| Treasury shares  | (3,536)                                     | (4,485)   |
| Total shareholders' equity                               | 71,437                                      | 74,186  |
| Accumulated other comprehensive income                   |   |   |
| Valuation difference on available-for-sale securities    | 2,035                                       | 1,624   |
| Deferred gains or losses on hedges                       | 3   | –   |
| Foreign currency translation adjustment                  | 561   | 625   |
| Remeasurements of defined benefit plans                  | 421   | 541   |
| Total accumulated other comprehensive income             | 3,022                                       | 2,791   |
| Share acquisition rights                                 | 25  | 18  |
| <b>Total net assets</b>                                  | <b>74,485</b>                               | <b>76,997</b>                                   |
| <b>Total liabilities and net assets</b>                  | <b>103,292</b>                              | <b>104,212</b>                                  |

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

(¥ million)

|  | Previous fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Fiscal year under review<br>(from January 1, 2025<br>to December 31, 2025) |
|--|--|--|
| Net sales                                    | *1 101,461   | *1 103,125   |
| Cost of sales                                | *2, *4 75,858  | *2, *4 77,674  |
| Gross profit                                 | 25,603   | 25,451   |
| Selling, general and administrative expenses | *3, *4 17,593  | *3, *4 18,243  |
| Operating profit                             | 8,009  | 7,207  |
| Non-operating income                         |  |  |
| Interest income                              | 126  | 138  |
| Dividend income                              | 160  | 169  |
| Rent income                                  | 39   | 40   |
| Other  | 25   | 49   |
| Total non-operating income                   | 353  | 398  |
| Non-operating expenses                       |  |  |
| Interest expenses                            | 3  | 7  |
| Cost of lease revenue                        | 5  | 6  |
| Foreign exchange losses                      | 46   | 28   |
| Commission for purchase of treasury shares   | 13   | 1  |
| Other  | 7  | 29   |
| Total non-operating expenses                 | 77   | 74   |
| Ordinary profit                              | 8,285  | 7,532  |
| Extraordinary income                         |  |  |
| Gain on sales of investment securities       | 852  | 1,377  |
| Gain on sales of non-current assets          | *5 51  | *5 2   |
| Total extraordinary income                   | 903  | 1,379  |
| Extraordinary losses                         |  |  |
| Loss on sales on non-current assets          | *6 10  | *6 0   |
| Loss on reduction of non-current assets      | *7 18  | *7 10  |
| Loss on valuation of investment securities   | –  | 41   |
| Total extraordinary losses                   | 28   | 52   |
| Profit before income taxes                   | 9,160  | 8,859  |
| Income taxes-current                         | 2,764  | 2,772  |
| Income taxes-deferred                        | 79   | 62   |
| Total income taxes                           | 2,844  | 2,834  |
| Profit                                       | 6,316  | 6,024  |
| Profit attributable to owners of parent      | 6,316  | 6,024  |

Consolidated Statement of Comprehensive Income

(¥ million)

|   | Previous fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Fiscal year under review<br>(from January 1, 2025<br>to December 31, 2025) |
|---|--|--|
| Profit  | 6,316  | 6,024  |
| Other comprehensive income                            |  |  |
| Valuation difference on available-for-sale securities | (381)  | (410)  |
| Deferred gains or losses on hedges                    | 6  | (3)  |
| Foreign currency translation adjustment               | 326  | 64   |
| Remeasurements of defined benefit plans, net of tax   | 52   | 119  |
| Total other comprehensive income                      | *1 3   | *1 (230)   |
| Comprehensive income                                  | 6,319  | 5,794  |
| Comprehensive income attributable to                  |  |  |
| Comprehensive income attributable to owners of parent | 6,319  | 5,794  |

## (iii) Consolidated Statement of Changes in Equity

Previous fiscal year (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           |

Fiscal year under review (from January 1, 2025 to December 31, 2025)

(¥ million)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period               | 2,553                | 3,161           | 69,259            | (3,536)         | 71,437                     |
| Changes in items during period                       |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (2,329)           |                 | (2,329)                    |
| Profit attributable to owners of parent              |                      |                 | 6,024             |                 | 6,024                      |
| Purchase of treasury shares                          |                      |                 |                   | (1,000)         | (1,000)                    |
| Disposal of treasury shares                          |                      | 3               |                   | 50              | 54                         |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 | -                          |
| Total changes in items during period                 | -                    | 3               | 3,695             | (949)           | 2,749                      |
| Balance at end of current period                     | 2,553                | 3,164           | 72,954            | (4,485)         | 74,186                     |

|  | 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               | 2,035   | 3                                  | 561                                     | 421                                     | 3,022  |
| 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 | (410)   | (3)                                | 64                                      | 119                                     | (230)  |
| Total changes in items during period                 | (410)   | (3)                                | 64                                      | 119                                     | (230)  |
| Balance at end of current period                     | 1,624   | -                                  | 625                                     | 541                                     | 2,791  |

|  | Share acquisition rights | Total net assets |
|--|--------------------------|------------------|
| Balance at beginning of current period               | 25                       | 74,485           |
| Changes in items during period                       |                          |                  |
| Dividends of surplus                                 |                          | (2,329)          |
| Profit attributable to owners of parent              |                          | 6,024            |
| Purchase of treasury shares                          |                          | (1,000)          |
| Disposal of treasury shares                          |                          | 54               |
| Net changes in items other than shareholders' equity | (6)                      | (237)            |
| Total changes in items during period                 | (6)                      | 2,511            |
| Balance at end of current period                     | 18                       | 76,997           |

## (iv) Consolidated Statement of Cash Flows

(¥ million)

|   | Previous fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Fiscal year under review<br>(from January 1, 2025<br>to December 31, 2025) |
|---|--|--|
| Cash flows from operating activities  |  |  |
| Profit before income taxes  | 9,160  | 8,859  |
| Depreciation  | 2,416  | 2,940  |
| Amortization of goodwill  | –  | 14   |
| Increase (decrease) in allowance for doubtful accounts                        | 3  | 17   |
| Increase (decrease) in provision for bonuses                                  | 36   | (49)   |
| Increase (decrease) in provision for bonuses for directors and other officers | 3  | (6)  |
| Increase (decrease) in retirement benefit liability                           | 67   | (319)  |
| Decrease (increase) in net defined benefit asset                              | (242)  | 50   |
| Interest and dividend income  | (287)  | (308)  |
| Interest expenses   | 3  | 7  |
| Commission for purchase of treasury shares                                    | 13   | 1  |
| Loss (gain) on sales of non-current assets                                    | (41)   | (1)  |
| Loss on retirement of non-current assets                                      | 18   | 10   |
| Loss (gain) on sales of investment securities                                 | (852)  | (1,377)  |
| Loss (gain) on valuation of investment securities                             | –  | 41   |
| Decrease (increase) in notes and accounts receivable-trade                    | (553)  | 738  |
| Decrease (increase) in inventories  | (275)  | 21   |
| Increase (decrease) in notes and accounts payable-trade                       | (104)  | (1,583)  |
| Other, net  | (130)  | 503  |
| Subtotal  | 9,237  | 9,560  |
| Interest and dividend income received   | 288  | 322  |
| Interest expenses paid  | (3)  | (7)  |
| Income taxes paid   | (2,421)  | (3,013)  |
| Net cash provided by (used in) operating activities                           | 7,101  | 6,862  |
| Cash flows from investing activities  |  |  |
| Payments into time deposits   | –  | (500)  |
| Purchase of securities  | (10,500)   | (3,500)  |
| Proceeds from sales of securities   | 10,100   | 9,500  |
| Purchase of property, plant, and equipment                                    | (4,768)  | (2,794)  |
| Proceeds from sales of property, plant, and equipment                         | 84   | 7  |
| Purchase of intangible assets   | (919)  | (1,157)  |
| Purchase of investment securities   | (609)  | (30)   |
| Proceeds from sales of investment securities                                  | 988  | 1,777  |
| Payments for leasehold and guarantee deposits                                 | (15)   | (12)   |
| Other, net  | 204  | 224  |
| Net cash provided by (used in) investment activities                          | (5,436)  | 3,514  |
| Cash flows from financing activities  |  |  |
| Proceeds from long-term loans   | 97   | –  |
| Repayments of long-term loans payable   | (48)   | (173)  |
| Cash dividends paid   | (2,032)  | (2,329)  |
| Purchase of treasury shares   | (1,013)  | (1,001)  |
| Other, net  | (43)   | (48)   |
| Net cash provided by (used in) financing activities                           | (3,041)  | (3,553)  |
| Effect of exchange rate change on cash and cash equivalents                   | 219  | 71   |
| Net increase (decrease) in cash and cash equivalents                          | (1,156)  | 6,894  |
| Cash and cash equivalents at beginning of period                              | 17,812   | 16,656   |
| Cash and cash equivalents at end of period                                    | *1 16,656  | *1 23,551  |

**[Notes]**

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

1. Scope of consolidation

- (1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 9 companies

Names of major consolidated subsidiaries

Names of major consolidated subsidiaries are omitted because they are indicated under "I. Company information: 4. Affiliate companies."

- (2) Names and other information on major nonconsolidated subsidiaries

Names of major nonconsolidated subsidiaries

The Company has no major nonconsolidated subsidiaries.

Reasons for exclusion from scope of consolidation

Nonconsolidated subsidiaries are excluded from the scope of consolidation due to the small scale of their operations and because their total assets, net sales, net profit/loss, retained earnings, and other figures had no significant impact on the consolidated financial statements.

2. Application of equity method accounting

- (1) Number of nonconsolidated subsidiaries to which the equity method is applied and names of major companies

Not applicable

- (2) Names and other information concerning nonconsolidated subsidiaries to which the equity method is not applied

Names of major companies

The Company has no major nonconsolidated subsidiaries.

Reasons for not applying the equity method

Nonconsolidated subsidiaries to which the equity method is not applied are excluded from the application of the equity method because their exclusion from the scope of the equity method would have negligible impact on the consolidated financial statements with respect to net profit/loss and retained earnings and due to their overall lack of significance.

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) Method and timing of amortization of goodwill
  - Goodwill is amortized by the straight-line method over a period of five years.
- (9) 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.

## Notes on Changes in Accounting Policies

### Application of the Accounting Standard for Current Income Taxes and other applicable standards

We have applied the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan [ASBJ] Statement No. 27, October 28, 2022; “2022 Revised Accounting Standard” hereinafter) and related standards from the start of the consolidated fiscal year under review.

Revisions of income categories for tax purposes (taxation of other comprehensive income) are in accordance with the transitional treatment specified in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and with the transitional treatment specified in the proviso to paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; “2022 Revised Implementation Guidance” hereinafter). This change in accounting policy does not affect the consolidated financial statements.

In addition, we applied the provisions of the 2022 Revised Implementation Guidance from the start of the consolidated fiscal year under review with regard to revised treatment on the consolidated financial statements in cases involving deferred tax on gains or losses arising from the sale of shares of subsidiaries and other securities among consolidated companies. This change in accounting policy has been applied retroactively. Consolidated financial statements for the previous fiscal year have been restated to reflect this retroactive application.

This change in accounting policy does not affect consolidated financial statements for the previous fiscal year.

## Accounting standards, etc., not applied

### 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 Income

Due to its decreased financial importance, loss on Investments in Partnership, which in the previous consolidated fiscal year was presented separately under Non-operating Expenses, is included under Other in the consolidated fiscal year under review. The consolidated financial statements of the previous consolidated fiscal year have been restated to reflect this change in presentation methods.

As a result, ¥0 million that had been presented under Loss on Investments in Partnership under Non-operating Expenses on the Consolidated Statement of Cash Flows for the previous consolidated fiscal year has been restated under 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<br>(December 31, 2024) | Consolidated fiscal year under<br>review<br>(December 31, 2025) |
|---|--|---|
| Notes receivable                                  | 283  | 408   |
| Notes payable                                     | 110  | 10  |
| Electronically recorded obligations-<br>operating | 245  | 946   |

(¥ million)

\*2 The figures for nonconsolidated subsidiaries and affiliates are indicated below.

|                                | Previous consolidated fiscal year<br>(December 31, 2024) | Consolidated fiscal year under<br>review (December 31, 2025) |
|--------------------------------|--|--|
| Investment securities (stocks) | -  | 10   |

(¥ 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 consolidated fiscal year<br>(December 31, 2024) | Consolidated fiscal year under<br>review<br>(December 31, 2025) |
|-----------|--|---|
| Buildings | 49   | 49  |

(¥ million)

\*4 Cumulative depreciation of property, plant, and equipment

|  | Previous consolidated fiscal year<br>(December 31, 2024) | Consolidated fiscal year under<br>review<br>(December 31, 2025) |
|--|--|---|
|  | 40,737   | 43,340  |

(¥ million)

\*5 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.

|  | Previous consolidated fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Consolidated fiscal year under<br>review<br>(from January 1, 2025<br>to December 31, 2025) |
|--|---|--|
|  | 40  | 19   |

(¥ million)

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

|  | (¥ million)   |  |
|--|---|--|
|  | Previous consolidated fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Consolidated fiscal year under<br>review<br>(from January 1, 2025<br>to December 31, 2025) |
| Freightage and packing expenses              | 4,228   | 4,234  |
| Salaries and allowances                      | 4,751   | 4,812  |
| Director compensation                        | 489   | 535  |
| Provision of allowance for doubtful accounts | 5   | 29   |
| Provision for bonuses                        | 195   | 178  |
| Provision for director bonuses               | 55  | 50   |
| Retirement benefit expenses                  | 202   | 205  |
| Depreciation                                 | 577   | 781  |
| Rent expenses                                | 3,135   | 3,390  |

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

|  | (¥ million)   |  |
|--|---|--|
|  | Previous consolidated fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Consolidated fiscal year under<br>review<br>(from January 1, 2025<br>to December 31, 2025) |
|  | 464   | 457  |

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

|                                    | (¥ million)   |  |
|------------------------------------|---|--|
|                                    | Previous consolidated fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Consolidated fiscal year under<br>review<br>(from January 1, 2025<br>to December 31, 2025) |
| Machinery, equipment, and vehicles | 51  | 2  |
| Total                              | 51  | 2  |

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

|                                    | (¥ million)   |  |
|------------------------------------|---|--|
|                                    | Previous consolidated fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Consolidated fiscal year under<br>review<br>(from January 1, 2025<br>to December 31, 2025) |
| Buildings and structures           | 2   | -  |
| Machinery, equipment, and vehicles | 7   | 0  |
| Tools, furniture and fixtures      | 0   | 0  |
| Total                              | 10  | 0  |

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

|                                    | (¥ million)   |  |
|------------------------------------|---|--|
|                                    | Previous consolidated fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Consolidated fiscal year under<br>review<br>(from January 1, 2025<br>to December 31, 2025) |
| Buildings and structures           | 5   | 0  |
| Machinery, equipment, and vehicles | 2   | 7  |
| Tools, furniture and fixtures      | 0   | 0  |
| Removal costs                      | 10  | 2  |
| Total                              | 18  | 10   |

## Consolidated Statement of Comprehensive Income

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

(¥ million)

|   | Previous consolidated fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Consolidated fiscal year under<br>review<br>(from January 1, 2025<br>to December 31, 2025) |
|---|---|--|
| Valuation difference on available-for-sale securities |   |  |
| Amount arising during the period                      | 315   | 792  |
| Adjustment amounts                                    | (850)   | (1,336)  |
| Before income taxes and tax effects                   | (535)   | (543)  |
| Income taxes and tax effects                          | 153   | 132  |
| Valuation difference on available-for-sale securities | (381)   | (410)  |
| Deferred gains or losses on hedges                    |   |  |
| Amount arising during the period                      | 9   | (5)  |
| Adjustment amounts                                    | –   | –  |
| Before income taxes and tax effects                   | 9   | (5)  |
| Income taxes and tax effects                          | (2)   | 1  |
| Deferred gains or losses on hedges                    | 6   | (3)  |
| Foreign currency translation adjustment               |   |  |
| Amount arising during the period                      | 326   | 64   |
| Remeasurements of defined benefit plans               |   |  |
| Amount arising during the period                      | 115   | 227  |
| Adjustment amounts                                    | (39)  | (46)   |
| Before income taxes and tax effects                   | 75  | 181  |
| Income taxes and tax effects                          | (22)  | (62)   |
| Remeasurements of defined benefit plans               | 52  | 119  |
| Total other comprehensive income                      | 3   | (230)  |

## Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (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)<br>(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       |  |                         | -                                     | -        | -        | -                                   | -  |

### 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 fiscal year under review (from January 1, 2025 to December 31, 2025)

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                            | 39,800,000 | –        | 59,700,000                          |

Note: On July 1, 2025, the Company executed a share split at a ratio of three shares per share of common stock. The increase in the number of shares of common stock issued and outstanding is due to this share split.

2. Treasury share

| Class of share                       | Start of the consolidated fiscal year | Increase  | Decrease | End of the consolidated fiscal year |
|--------------------------------------|---------------------------------------|-----------|----------|-------------------------------------|
| Common share (shares)<br>(See Note.) | 1,118,364                             | 3,013,666 | 16,090   | 4,115,930                           |

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

- Increase due to share split 2,204,632 shares
- Increase under Board of Directors resolutions: 808,700 shares
- Increase due to gratis acquisition of restricted shares 294 shares
- Increase due to purchase of shares in less than the trading unit 30 shares
- Decrease due to exercise of stock options 2,200 shares
- Decrease due to transfer-restricted share-based remuneration 13,890 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 | –                       | –                                     | –        | –        | –                                   | 1  |
|             | Share acquisition rights as 2016 stock options | –                       | –                                     | –        | –        | –                                   | 2  |
|             | Share acquisition rights as 2017 stock options | –                       | –                                     | –        | –        | –                                   | 4  |
|             | Share acquisition rights as 2018 stock options | –                       | –                                     | –        | –        | –                                   | 5  |
|             | Share acquisition rights as 2019 stock options | –                       | –                                     | –        | –        | –                                   | 4  |
| Total       |  |                         | –                                     | –        | –        | –                                   | 18   |

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 26, 2025 | Common share   | 1,239                       | 66.00                   | December 31, 2024 | March 27, 2025    |
| Board of Directors meeting held August 12, 2025             | Common share   | 1,090                       | 58.00                   | June 30, 2025     | September 2, 2025 |

Note: On July 1, 2025, the Company executed a share split at a ratio of three shares per share of common stock. The amounts of dividends per share indicated above are before this share split.

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

The Company plans to submit the following resolution to the Regular General Meeting of Shareholders scheduled for March 26, 2026:

| 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, 2026 | Common share   | Retained earnings        | 1,222                       | 22.00                   | December 31, 2025 | March 27, 2026 |

### 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<br>(from January 1, 2024<br>to December 31, 2024) | Consolidated fiscal year under<br>review<br>(from January 1, 2025<br>to December 31, 2025) |
| Cash and deposits   | 15,167  | 24,061   |
| Time deposits with deposit terms of more than three months          | (10)  | (510)  |
| Securities redeemable within three months from the date of purchase | 1,499   | -  |
| Cash and cash equivalents   | 16,656  | 23,551   |

### 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, 2024)

|  | Carrying value on the consolidated balance sheet<br>(¥ million) | Fair value<br>(¥ million) | Gains/losses<br>(¥ million) |
|--|---|---------------------------|-----------------------------|
| (1) Securities and investment securities<br>*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<br>(¥ 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 as net amounts. Amounts in parentheses indicate those for which the total amount is a net obligation.

Consolidated fiscal year under review (December 31, 2025)

|  | Carrying value on the consolidated balance sheet<br>(¥ million) | Fair value<br>(¥ million) | Gains/losses<br>(¥ million) |
|--|---|---------------------------|-----------------------------|
| (1) Securities and investment securities<br>*1, *2 |   |                           |                             |
| (i) Bonds held to maturity                         | 3,000   | 2,979                     | (20)                        |
| (ii) Other securities                              | 4,870   | 4,870                     | –                           |
| Total assets                                       | 7,870   | 7,849                     | (20)                        |

\*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<br>(¥ million) |
|-----------------|--|
| Unlisted shares | 196  |

\*2 Investments in investment limited liability partnerships and similar partnerships are omitted. The carrying value on the consolidated balance sheet of such investments is ¥47 million.

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, 2024)

|   | Within one year<br>(¥ million) | Within more than one but no more than five years<br>(¥ million) | Within more than five but no more than 10 years<br>(¥ million) | Within more than 10 years<br>(¥ 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   | –  | –  |

Consolidated fiscal year under review (December 31, 2025)

|   | Within one year<br>(¥ million) | Within more than one but no more than five years<br>(¥ million) | Within more than five but no more than 10 years<br>(¥ million) | Within more than 10 years<br>(¥ million) |
|---|--------------------------------|---|--|--|
| Deposits  | 24,037                         | –   | –  | –  |
| Notes receivable                                | 3,997                          | –   | –  | –  |
| Accounts receivable – trade                     | 20,812                         | –   | –  | –  |
| Securities and investment securities            |                                |   |  |  |
| Bonds held to maturity (e.g., commercial paper) | 2,000                          | 1,000   | –  | –  |
| Total   | 50,846                         | 1,000   | –  | –  |

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, 2024)

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

Consolidated fiscal year under review (December 31, 2025)

|                         | Within one year<br>(¥ million) | Within more than one but no more than two years<br>(¥ million) | Within more than two but no more than three years<br>(¥ million) | Within more than three but no more than four years<br>(¥ million) | Within more than four but no more than five years<br>(¥ million) | Within more than five years<br>(¥ million) |
|-------------------------|--------------------------------|--|--|---|--|--|
| Long-term loans payable | 128                            | 108  | 72   | 63  | 39   | 50   |
| Lease obligations       | 11                             | 0  | 0  | –   | –  | –  |
| Total                   | 140                            | 108  | 73   | 63  | 39   | 50   |

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, 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     |

Consolidated fiscal year under review (December 31, 2025)

| Category                             | Fair value (¥ million) |         |         |       |
|--------------------------------------|------------------------|---------|---------|-------|
|                                      | Level 1                | Level 2 | Level 3 | Total |
| Securities and investment securities |                        |         |         |       |
| Available-for-sale securities        |                        |         |         |       |
| Stocks                               | 4,870                  | –       | –       | 4,870 |
| Total assets                         | 4,870                  | –       | –       | 4,870 |
| Derivative transactions              | –                      | –       | –       | –     |

(2) Financial instruments other than those recorded to the Consolidated Balance Sheet at fair value  
Previous consolidated fiscal year (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 |
| Total assets                         | –                      | 10,478  | –       | 10,478 |

Consolidated fiscal year under review (December 31, 2025)

| Category                             | Fair value (¥ million) |         |         |       |
|--------------------------------------|------------------------|---------|---------|-------|
|                                      | Level 1                | Level 2 | Level 3 | Total |
| Securities and investment securities |                        |         |         |       |
| Bonds held to maturity               |                        |         |         |       |
| Bonds                                | –                      | 2,979   | –       | 2,979 |
| Total assets                         | –                      | 2,979   | –       | 2,979 |

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, 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)                     |

Consolidated fiscal year under review (December 31, 2025)

| 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         | –  | –                      | –                        |
| Those for which fair value does not exceed the carrying value on the consolidated balance sheet | 3,000  | 2,979                  | (20)                     |
| Total   | 3,000  | 2,979                  | (20)                     |

### 2. Available-for-sale securities

Previous consolidated fiscal year (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.

Consolidated fiscal year under review (December 31, 2025)

| 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  | 4,081  | 1,344                        | 2,737                    |
| Other   | –  | –                            | –                        |
| Subtotal  | 4,081  | 1,344                        | 2,737                    |
| Those for which the carrying value on the consolidated balance sheet does not exceed the acquisition cost |  |                              |                          |
| Stocks  | 788  | 929                          | (141)                    |
| Other   | –  | –                            | –                        |
| Subtotal  | 788  | 929                          | (141)                    |
| Total   | 4,870  | 2,274                        | 2,596                    |

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, 2024)

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

Consolidated fiscal year under review (December 31, 2025)

| Category | Sale price (¥ million) | Total gains on sale (¥ million) | Total losses on sale (¥ million) |
|----------|------------------------|---------------------------------|----------------------------------|
| Stocks   | 1,777                  | 1,377                           | –                                |
| Total    | 1,777                  | 1,377                           | –                                |

4. Securities subjected to impairment processing

In the consolidated fiscal year under review, the Company undertook impairment processing for ¥41 million in shares of stock having current market value included among the available-for-sale securities.

In this impairment processing, shares whose current market value at the end of the period had declined by 50% or more from their acquisition cost were fully impaired, while those whose current market value at the end of the period had declined by approximately 30–50% from their acquisition cost were impaired to the amounts judged appropriate in light of recoverability and other considerations.

## Derivative transactions

Derivative transactions subject to hedge accounting

Currency-related

Previous consolidated fiscal year (December 31, 2024)

(¥ 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<br>Buy<br>USD | Accounts receivable-trade | 79                      | -  | 5          |
| Allotment               | Forward foreign exchange contracts<br>Buy<br>USD | Accounts receivable-trade | 123                     | -  | 4          |
| Total                   |  |                           | 202                     | -  | 9          |

Consolidated fiscal year under review (December 31, 2025)

(¥ 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<br>Buy<br>USD | Accounts receivable-trade | -                       | -  | -          |
| Allotment               | Forward foreign exchange contracts<br>Buy<br>USD | Accounts receivable-trade | 5                       | -  | 0          |
| Total                   |  |                           | 5                       | -  | 0          |

## 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<br>fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Consolidated fiscal year<br>under review<br>(from January 1, 2025<br>to December 31, 2025) |
| Starting balance of retirement benefit obligations | 4,696  | 4,499  |
| Employment expenses                                | 249  | 247  |
| Interest expenses                                  | 30   | 33   |
| Difference from numerical calculation              | (2)  | (204)  |
| Amount of retirement benefits paid                 | (474)  | (565)  |
| Ending balance of retirement benefit obligations   | 4,499  | 4,010  |

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

|                                       | (¥ million)  |  |
|---------------------------------------|--|--|
|                                       | Previous consolidated<br>fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Consolidated fiscal year<br>under review<br>(from January 1, 2025<br>to December 31, 2025) |
| Starting balance of pension assets    | 5,082  | 5,127  |
| Returns on investment during period   | 79   | 79   |
| Difference from numerical calculation | 112  | 23   |
| Employer contribution                 | 138  | 136  |
| Amount of retirement benefits paid    | (284)  | (338)  |
| Ending balance of pension assets      | 5,127  | 5,028  |

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

|  | (¥ million)  |  |
|--|--|--|
|  | Previous consolidated<br>fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Consolidated fiscal year<br>under review<br>(from January 1, 2025<br>to December 31, 2025) |
| Starting balance of obligations related to retirement benefits | 343  | 335  |
| Retirement benefit expenses                                    | 71   | 84   |
| Amount of retirement benefits paid                             | (56)   | (35)   |
| Contributions to programs                                      | (22)   | (21)   |
| Ending balance of obligations related to retirement benefits   | 335  | 363  |

(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<br>fiscal year<br>(December 31, 2024) | Consolidated fiscal year<br>under review<br>(December 31, 2025) |
| Retirement benefit obligations under savings-based plans                 | 4,741   | 4,260   |
| Pension assets   | (5,369)   | (5,277)   |
|  | (627)   | (1,017)   |
| Retirement benefit obligations under non-savings-based plans             | 335   | 306   |
| Net amount of assets and liabilities shown on Consolidated Balance Sheet | (292)   | (710)   |
| Retirement benefit liabilities   | 335   | 306   |
| Retirement benefit assets  | (627)   | (1,017)   |
| Net amount of assets and liabilities shown on Consolidated Balance Sheet | (292)   | (710)   |

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<br>fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Consolidated fiscal year<br>under review<br>(from January 1, 2025<br>to December 31, 2025) |
| Employment expenses  | 249  | 247  |
| Interest expenses  | 30   | 33   |
| Expected return on investment  | (79)   | (79)   |
| Amount of difference from numerical calculation recorded as expenses | 10   | 4  |
| Amount of past employment expenses recorded as expenses              | (50)   | (50)   |
| Costs of retirement benefits calculated using the simplified method  | 71   | 84   |
| Other  | 4  | 6  |
| Retirement benefit expenses related to defined benefit programs      | 237  | 246  |

(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<br>fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Consolidated fiscal year<br>under review<br>(from January 1, 2025<br>to December 31, 2025) |
| Past employment expenses              | (50)   | (50)   |
| Difference from numerical calculation | 126  | 232  |
| Total                                 | 75   | 181  |

(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<br>fiscal year<br>(December 31, 2024) | Consolidated fiscal year<br>under review<br>(December 31, 2025) |
| Unrecognized past employment expenses              | (254)   | (203)   |
| Unrecognized difference from numerical calculation | (352)   | (584)   |
| Total  | (606)   | (787)   |

(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<br>fiscal year<br>(December 31, 2024) | Consolidated fiscal year<br>under review<br>(December 31, 2025) |
|-----------------|---|---|
| Bonds           | 25%   | 19%   |
| General account | 16%   | 16%   |
| Stocks          | 12%   | 15%   |
| Other           | 47%   | 50%   |
| Total           | 100%  | 100%  |

Note: Total pension assets include 38% in the consolidated fiscal year under review and 39% 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<br>fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Consolidated fiscal year<br>under review<br>(from January 1, 2025<br>to December 31, 2025) |
|---|--|--|
| Discount rate                                   | 1.3%   | 2.0%   |
| 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<br>fiscal year<br>(December 31, 2024) | Consolidated fiscal year<br>under review<br>(December 31, 2025) |
| Amount of pension assets   | 5,801   | 5,960   |
| Total of numerical obligations under pension finance calculations and minimum amount of liability reserves | 4,188   | 4,347   |
| Difference   | 1,613   | 1,613   |

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

Previous consolidated fiscal year: 44.5% (from April 1, 2023 to March 31, 2024)

Consolidated fiscal year under review: 44.5% (from April 1, 2024 to March 31, 2025)

(3) Supplementary explanation

Previous consolidated fiscal year (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.

Consolidated fiscal year under review (as of March 31, 2025)

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 ¥9 million in the previous consolidated fiscal year and ¥10 million in the consolidated fiscal year under review.

**Stock options**

1. Expenses recorded and accounts related to stock options

(¥ million)

|   | Previous consolidated fiscal year<br>(from January 1, 2024 to December 31, 2024) | Consolidated fiscal year under review<br>(from January 1, 2025 to December 31, 2025) |
|---|--|--|
| 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<br>(from January 1, 2024 to December 31, 2024) | Consolidated fiscal year under review<br>(from January 1, 2025 to December 31, 2025) |
|--|--|--|
| Gain on reversal of share acquisition rights | 2  | 0  |

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<br>7 Company Executive Officers | 10 Company Directors<br>7 Company Executive Officers | 10 Company Directors<br>5 Company Executive Officers | 9 Company Directors<br>7 Company Executive Officers | 7 Company Directors<br>9 Company Executive Officers |
| Class and number of shares awarded                   | 26,700 shares of common share                       | 29,700 shares of common share                        | 24,300 shares of common share                        | 24,600 shares of common share                       | 23,100 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                           |

Note: On July 1, 2025, the Company executed a share split at a ratio of three shares per share of common stock. The numbers of shares above have been adjusted to reflect this share split.

(2) Scale of and fluctuations in stock options

The numbers of stock options in effect in the consolidated fiscal year under review (ended December 2025) 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 | 3,600                          | 4,800                           | 5,700                          | 6,000                           | 6,600                          |
| Rights finalized                         | -                              | -                               | -                              | -                               | -                              |
| Rights exercised                         | 1,200                          | 1,200                           | 1,500                          | 1,200                           | 1,500                          |
| Expired                                  | -                              | -                               | -                              | 300                             | 300                            |
| Balance not yet exercised                | 2,400                          | 3,600                           | 4,200                          | 4,500                           | 4,800                          |

Note: On July 1, 2025, the Company executed a share split at a ratio of three shares per share of common stock. The numbers of shares above have been adjusted to reflect this share split.

(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 (¥)           | 1,117                          | 1,117                           | 1,117                          | 1,117                           | 1,117                          |
| Official assessed unit price on date of allotment (¥) | 750                            | 779                             | 990                            | 1,165                           | 970                            |

Note: On July 1, 2025, the Company executed a share split at a ratio of three shares per share of common stock. The above amounts have been converted to the amounts after this share split.

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

|  | Previous consolidated<br>fiscal year<br>(December 31, 2024) | Consolidated fiscal year<br>under review<br>(December 31, 2025) |
|--|---|---|
|  | (¥ million)   |   |
| Deferred tax assets  |   |   |
| Allowance for doubtful accounts  | 20  | 27  |
| Provision for bonuses  | 110   | 95  |
| Accrued enterprise tax   | 91  | 84  |
| Retirement benefit liability   | 537   | 457   |
| Impairment loss  | 110   | 105   |
| Tax loss carryforward (See Note 2.)  | 196   | 190   |
| Other  | 292   | 322   |
| Deferred tax assets (subtotal)   | 1,360   | 1,283   |
| Valuation reserves related to tax loss carryforward (See Note 2.)                        | (175)   | (155)   |
| Valuation reserves related to totals of temporary differences in future deductions, etc. | (309)   | (323)   |
| Valuation reserves (subtotal) (See Note 1.)  | (484)   | (479)   |
| Total deferred tax assets  | 875   | 804   |
| Deferred tax liabilities   |   |   |
| Prepaid pension cost   | (32)  | (71)  |
| Reserve for advanced depreciation of non-current assets                                  | (32)  | (31)  |
| Valuation difference on available-for-sale securities                                    | (919)   | (787)   |
| Difference on fair-market valuation of consolidated subsidiaries                         | (398)   | (414)   |
| Other  | (2)   | (0)   |
| Total deferred tax liabilities   | (1,386)   | (1,305)   |
| Deferred tax assets (liabilities), net   | (510)   | (501)   |

#### Notes:

1. 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.
2. Amounts of tax loss carryforward and deferred tax assets by deadline for deferral

#### Previous consolidated fiscal year (December 31, 2024)

|                          | Within one<br>year<br>(¥ million) | Within more<br>than one but<br>no more than<br>two years<br>(¥ million) | Within more<br>than two but<br>no more than<br>three years<br>(¥ million) | Within more<br>than three but<br>no more than<br>four years<br>(¥ million) | Within more<br>than four but<br>no more than<br>five years<br>(¥ million) | Within more<br>than five<br>years<br>(¥ million) | Total<br>(¥ 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.

Consolidated fiscal year under review (December 31, 2025)

|                          | Within one year<br>(¥ million) | Within more than one but no more than two years<br>(¥ million) | Within more than two but no more than three years<br>(¥ million) | Within more than three but no more than four years<br>(¥ million) | Within more than four but no more than five years<br>(¥ million) | Within more than five years<br>(¥ million) | Total<br>(¥ million) |
|--------------------------|--------------------------------|--|--|---|--|--|----------------------|
| Tax loss carryforward *1 | –                              | –  | –  | 89  | 25   | 75   | 190                  |
| Valuation reserves       | –                              | –  | –  | (89)  | (25)   | (40)                                       | (155)                |
| Deferred tax assets      | –                              | –  | –  | –   | –  | 34   | *2 34                |

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

\*2 Deferred tax assets of ¥34 million have been recorded on tax loss carryforward of ¥190 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<br>(December 31, 2024)   | Consolidated fiscal year under review<br>(December 31, 2025) |
|--|--|--|
| 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. | 30.4%  |
| 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.                                     |  | 0.6%   |
| Valuation reserves   |  | (0.2)%   |
| Tax exemption  |  | (0.1)%   |
| Other  |  | 0.8%   |
| Rate of income and other taxes paid after tax effect accounting          |  | 0.3%   |

3. Revisions of deferred tax assets and deferred tax liabilities due to changes in tax law

The Act on Partial Amendment of the Income Tax Act, etc. (Act No. 13 of 2025) was passed by parliament on March 31, 2025. As a result, a special defense tax will be assessed for consolidated fiscal years starting on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in consolidated fiscal years starting on or after January 1, 2027, are calculated by applying a statutory effective tax rate that has been revised from 30.4% to 31.3%.

In the consolidated fiscal year under review, this change resulted in an increase of ¥19 million in the amount of deferred tax liabilities (amount after deducting the amount of deferred tax assets) and decreases of ¥9 million in income taxes-deferred, ¥22 million in valuation difference on available-for-sale securities, and ¥6 million in remeasurements of defined benefit plans.

## 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, 2024 to December 31, 2024)

|                         | Previous consolidated fiscal year (¥ 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 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 ¥237 million.

Consolidated fiscal year under review (from January 1, 2025 to December 31, 2025)

|                         | Consolidated fiscal year under review (¥ million) |                |
|-------------------------|---|----------------|
|                         | Starting balance                                  | Ending balance |
| Contractual obligations | 246   | 294            |

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 ¥246 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, 2024 to December 31, 2024)

(¥ million)

|   | Reportable segment |                |          | Other businesses<br>(See Note 1.) | Total   | Adjustment<br>(See Note 2.) | Amount posted in Consolidated Statement of Income<br>(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 -1,354 million yen adjustment of segment profit includes the elimination of intersegment transactions of -2 million yen not allocated to reportable segments and corporate expenses of -1,351 million yen. Corporate expenses primarily involve the parent company’s Administrative Department.
  - (2) The 25,987 million yen adjustment of segment assets represents corporate assets not allocated to reportable segments. Corporate assets include mainly the parent company’s surplus assets under management (cash and deposits of 8,981 million yen and securities of 8,499 million yen), long-term investments (investment securities of 7,528 million yen), and parent company land of 978 million yen.
  - (3) Adjustments to depreciation are related to the parent company’s head office assets.
3. Segment profit is adjusted against operating profit on the Consolidated Statement of Income.

Consolidated fiscal year under review (from January 1, 2025 to December 31, 2025)

(¥ million)

|   | Reportable segment |                |          | Other businesses<br>(See Note 1.) | Total   | Adjustment<br>(See Note 2.) | Amount posted in Consolidated Statement of Income<br>(See Note 3.) |
|---|--------------------|----------------|----------|-----------------------------------|---------|-----------------------------|--|
|   | Paper Products     | Film Packaging | Subtotal |                                   |         |                             |  |
| Net sales   |                    |                |          |                                   |         |                             |  |
| Paper bags  | 32,044             | –              | 32,044   | –                                 | 32,044  | –                           | 32,044   |
| Folding paper cartons                                 | 26,916             | –              | 26,916   | –                                 | 26,916  | –                           | 26,916   |
| Corrugated boxes                                      | 14,743             | –              | 14,743   | –                                 | 14,743  | –                           | 14,743   |
| Printing  | 2,049              | –              | 2,049    | –                                 | 2,049   | –                           | 2,049  |
| Film Packaging  | –                  | 13,322         | 13,322   | –                                 | 13,322  | –                           | 13,322   |
| Other   | –                  | –              | –        | 14,048                            | 14,048  | –                           | 14,048   |
| Revenue from contracts with customers                 | 75,754             | 13,322         | 89,076   | 14,048                            | 103,125 | –                           | 103,125  |
| Other revenue   | –                  | –              | –        | –                                 | –       | –                           | –  |
| Sales to external customers                           | 75,754             | 13,322         | 89,076   | 14,048                            | 103,125 | –                           | 103,125  |
| Intersegment sales and transfers                      | –                  | –              | –        | –                                 | –       | –                           | –  |
| Subtotal  | 75,754             | 13,322         | 89,076   | 14,048                            | 103,125 | –                           | 103,125  |
| Segment profit  | 6,567              | 829            | 7,396    | 1,199                             | 8,596   | (1,388)                     | 7,207  |
| Segment assets  | 62,558             | 8,547          | 71,106   | 7,929                             | 79,036  | 25,175                      | 104,212  |
| Other items   |                    |                |          |                                   |         |                             |  |
| Depreciation expense                                  | 2,422              | 358            | 2,781    | 114                               | 2,896   | 44                          | 2,940  |
| Increase in tangible and intangible noncurrent assets | –                  | –              | –        | –                                 | –       | 14                          | 14   |
|   | 2,977              | 329            | 3,307    | 215                               | 3,522   | –                           | 3,522  |

Notes:

1. “Other” includes supplies and other sundry items.
2. Adjustment amounts are reviewed below.
  - (1) The -1,388 million yen adjustment of segment profit includes the elimination of intersegment transactions of -82 million yen not allocated to reportable segments and corporate expenses of -1,305 million yen. Corporate expenses primarily involve the parent company’s Administrative Department.
  - (2) The 25,175 million yen adjustment of segment assets represents corporate assets not allocated to reportable segments. Corporate assets include mainly the parent company’s surplus assets under management (cash and deposits of 17,312 million yen and securities of 1,500 million yen), long-term investments (investment securities of 5,429 million yen), and parent company land of 933 million yen.
  - (3) Adjustments of depreciation are related to the parent company’s head office assets.
  - (4) Adjustments of amortization of goodwill represent amortization related to corporate goodwill not allocated to reportable segments.
3. Segment profit is adjusted against operating profit on the Consolidated Statement of Income.

Related information

Previous consolidated fiscal year (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.

Consolidated fiscal year under review (from January 1, 2025 to December 31, 2025)

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

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

Not applicable

Consolidated fiscal year under review (from January 1, 2025, to December 31, 2025)

(¥ million)

|                              | Reportable segment |                |          | Others | Corporate/<br>elimination<br>(See Note.) | Total |
|------------------------------|--------------------|----------------|----------|--------|--|-------|
|                              | Paper Products     | Film Packaging | Subtotal |        |  |       |
| Amortization in current year | –                  | –              | –        | –      | 14                                       | 14    |
| Ending balance               | –                  | –              | –        | –      | 83                                       | 83    |

Note: The amounts under “Corporate/elimination” represent amortization and unamortized balances of corporate goodwill not allocated to reportable segments.

Negative goodwill by reporting segment

Not applicable

Related parties

Not applicable

**Per-share information**

|                            | Previous consolidated fiscal year<br>(from January 1, 2024 to December 31, 2024) | Consolidated fiscal year under review<br>(from January 1, 2025 to December 31, 2025) |
|----------------------------|--|--|
| Net assets per share       | ¥1,321.50  | ¥1,384.90  |
| Basic earnings per share   | ¥111.17  | ¥107.13  |
| Diluted earnings per share | ¥111.11  | ¥107.09  |

Notes:

- On July 1, 2025, the Company executed a share split at a ratio of three shares per share of common stock. Calculations of net assets per share, basic earnings per share, and diluted earnings per share are based on the assumption that this stock split occurred at the start of the previous fiscal year.
- The basic assumptions for calculating basic earnings per share and diluted earnings per share are as follows:

|   | Previous consolidated fiscal year<br>(from January 1, 2024 to December 31, 2024) | Consolidated fiscal year under review<br>(from January 1, 2025 to December 31, 2025) |
|---|--|--|
| Basic earnings per share  |  |  |
| Profit attributable to owners of parent (¥ million)                             | 6,316  | 6,024  |
| Amounts not available to common shareholders (¥ million)                        | –  | –  |
| Profit attributable to owners of parent related to common shares (¥ million)    | 6,316  | 6,024  |
| Average number of common shares outstanding during the period (thousand shares) | 56,813   | 56,238   |
|   |  |  |
| Diluted earnings per share  |  |  |
| Adjustment to profit attributable to owners of parent (¥ million)               | –  | –  |
| Increase in number of common shares (thousand shares)                           | 30   | 21   |
| (Share acquisition rights included above [thousand shares])                     | (30)   | (21)   |
| Antidilutive securities excluded from diluted earnings per share calculations   |  | -  |

- The basic assumptions for calculating net assets per share are as follows:

|   | Previous consolidated fiscal year<br>(from January 1, 2024 to December 31, 2024) | Consolidated fiscal year under review<br>(from January 1, 2025 to December 31, 2025) |
|---|--|--|
| Total net assets (¥ million)  | 74,485   | 76,997   |
| Amounts deducted from total net assets (¥ million)                                      | 25   | 18   |
| (Share acquisition rights included above [¥ million])                                   | (25)   | (18)   |
| Ending net assets related to common shares (¥ million)                                  | 74,459   | 76,978   |
| Ending number of common shares used to calculate net assets per share (thousand shares) | 56,344   | 55,584   |

## Material subsequent events

### Acquisition of treasury share

In its meeting held February 13, 2026, the Company Board of Directors resolved to purchase treasury shares as outlined below, pursuant to Article 156 of the Companies Act, as applied under Article 165, Paragraph 3 of that Act.

1. Reason for treasury shares purchase

As part of the capital policies established in the Medium-Term Management Plan, the Company will purchase treasury shares for purposes including enhancing returns to shareholders and improving capital efficiency.

2. Details of this purchase

- |   |   |
|---|---|
| (1) Class of shares to be purchased:        | Company common stock  |
| (2) Total number of shares to be purchased: | Up to 1,800,000 shares<br>(3.24% of total shares issued and outstanding<br>[not including treasury shares]) |
| (3) Total price of purchase of shares:      | Up to 2,000 million yen   |
| (4) Period of purchase:                     | February 13 – December 31, 2026   |
| (5) Method of purchase:                     | 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<br>(¥ million) | Ending balance<br>(¥ million) | Average interest<br>rate (%) | Repayment deadline |
|---|---------------------------------|-------------------------------|------------------------------|--------------------|
| Short-term loans payable                                | –                               | –                             | –                            | –                  |
| Current portion of long-term loans payable              | 33                              | 128                           | 1.0                          | –                  |
| Lease obligations planned for repayment within one year | 30                              | 11                            | –                            | –                  |
| Long-term loans payable (excluding current portion)     | 49                              | 334                           | 1.1                          | September 2034     |
| Lease obligations (excluding current portion)           | 4                               | 0                             | –                            | June 2028          |
| Other interest-bearing debts                            | –                               | –                             | –                            | –                  |
| Total   | 117                             | 475                           | –                            | –                  |

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<br>(¥ million) | Within more than two but no more than three years<br>(¥ million) | Within more than three but no more than four years<br>(¥ million) | Within more than four but no more than five years<br>(¥ million) |
|-------------------------|--|--|---|--|
| Long-term loans payable | 108  | 72   | 63  | 39   |
| Lease obligations       | 0  | 0  | –   | –  |

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)   | 47,385  | 103,125         |
| Interim (current) profit before income taxes (¥ million)              | 3,524   | 8,859           |
| Interim (current) profit attributable to owners of parent (¥ million) | 2,428   | 6,024           |
| Interim (current) basic earnings per share (¥)                        | 43.07   | 107.13          |

Note: On July 1, 2025, the Company executed a share split at a ratio of three shares per share of common stock.

Calculations of interim (current) basic earnings per share above are based on the assumption that this share split took place at the start of the consolidated fiscal year under review.

2. Financial statements, etc.

(1) Financial statements

(i) Balance Sheet

(¥ million)

|  | Previous fiscal year<br>(December 31, 2024) | Fiscal year under review<br>(December 31, 2025) |
|--|---|---|
| <b>Assets</b>  |   |   |
| Current assets   |   |   |
| Cash and deposits  | 8,981                                       | 17,312  |
| Notes receivable-trade   | *2 3,598                                    | *2 3,270  |
| Accounts receivable-trade  | *1 18,003                                   | *1 17,663                                       |
| Securities   | 8,499                                       | 1,500   |
| Merchandise and finished goods   | 6,682                                       | 6,571   |
| Work in process  | 1,047                                       | 842   |
| Raw materials and supplies   | 761   | 788   |
| Advances paid  | *1 711                                      | *1 757  |
| Other  | *1 1,189                                    | *1 1,413  |
| Allowance for doubtful accounts  | (4)   | (27)  |
| Total current assets   | 49,470                                      | 50,093  |
| Non-current assets   |   |   |
| Property, plant, and equipment   |   |   |
| Buildings  | *3 7,046                                    | *3 6,845  |
| Structures   | 66  | 59  |
| Machinery and equipment  | 7,594                                       | 8,356   |
| Vehicles   | 15  | 7   |
| Tools, furniture and fixtures  | 281   | 281   |
| Land   | 9,750                                       | 9,750   |
| Construction in progress   | 1,133                                       | 611   |
| Total property, plant, and equipment                                       | 25,888                                      | 25,912  |
| Intangible assets  |   |   |
| Leasehold rights   | 30  | 30  |
| Software   | 1,712                                       | 1,368   |
| Other  | 1,626                                       | 2,817   |
| Total intangible assets  | 3,369                                       | 4,215   |
| Investments and other assets   |   |   |
| Investment securities  | 7,573                                       | 5,477   |
| Shares of subsidiaries and associates                                      | 2,116                                       | 2,454   |
| Investments in capital of subsidiaries and associates                      | 58  | 58  |
| Long-term loans receivable   | *1 1,840                                    | *1 1,107  |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 11  | 9   |
| Prepaid pension cost   | 108   | 229   |
| Deferred tax assets  | 23  | 155   |
| Other  | 428   | 408   |
| Allowance for doubtful accounts  | (196)                                       | (99)  |
| Total investments and other assets   | 11,963                                      | 9,801   |
| Total non-current assets   | 41,221                                      | 39,928  |
| Total assets   | 90,691                                      | 90,022  |

(¥ million)

|  | Previous fiscal year<br>(December 31, 2024) | Fiscal year under review<br>(December 31, 2025) |
|--|---|---|
| <b>Liabilities</b>                                       |   |   |
| Current liabilities                                      |   |   |
| Notes payable  | *2 1,524                                    | *2 1,136  |
| Electronically recorded obligations-operating            | 6,197                                       | 5,117   |
| Accounts payable-trade                                   | *1 11,473                                   | *1 11,205                                       |
| Accounts payable-other                                   | 1,297                                       | 1,070   |
| Income taxes payable                                     | 1,587                                       | 1,322   |
| Consumption taxes payable                                | 332   | 550   |
| Provision for bonuses                                    | 325   | 275   |
| Provision for bonuses for directors (and other officers) | 49  | 44  |
| Notes payable - facilities                               | 728   | 652   |
| Other  | *1 1,112                                    | *1 1,057  |
| Total current liabilities                                | 24,628                                      | 22,432  |
| Non-current liabilities                                  |   |   |
| Provision for retirement benefits                        | 86  | —   |
| Other  | 4   | —   |
| Total non-current liabilities                            | 90  | —   |
| Total liabilities  | 24,719                                      | 22,432  |
| <b>Net assets</b>  |   |   |
| Shareholders' equity                                     |   |   |
| Capital stock  | 2,553                                       | 2,553   |
| Capital surplus  |   |   |
| Legal capital surplus                                    | 2,643                                       | 2,643   |
| Other capital surplus                                    | 505   | 508   |
| Total capital surplus                                    | 3,148                                       | 3,152   |
| Retained earnings  |   |   |
| Legal retained earnings                                  | 449   | 449   |
| Other retained earnings                                  |   |   |
| Reserve for reduction entry of replaced property         | 73  | 68  |
| General reserve  | 47,201                                      | 47,201  |
| Retained earnings brought forward                        | 14,008                                      | 17,087  |
| Total retained earnings                                  | 61,732                                      | 64,806  |
| Treasury shares  | (3,536)                                     | (4,485)   |
| Total shareholders' equity                               | 63,898                                      | 66,026  |
| Valuation and translation adjustments                    |   |   |
| Valuation difference on available-for-sale securities    | 2,044                                       | 1,544   |
| Deferred gains or losses on hedges                       | 3   | —   |
| Total valuation and translation adjustments              | 2,047                                       | 1,544   |
| Share acquisition rights                                 | 25  | 18  |
| Total net assets   | 65,971                                      | 67,590  |
| <b>Total liabilities and net assets</b>                  | <b>90,691</b>                               | <b>90,022</b>                                   |

## (ii) Statement of Income

(¥ million)

|   | Previous fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Fiscal year under review<br>(from January 1, 2025<br>to December 31, 2025) |
|---|--|--|
| Net sales                                     | 88,345   | 88,437   |
| Cost of sales                                 | *1 65,983  | *1 66,398  |
| Gross profit                                  | 22,362   | 22,038   |
| Selling, general, and administrative expenses | *1 *2 15,416   | *1 *2 15,737   |
| Operating profit                              | 6,945  | 6,300  |
| Non-operating income                          |  |  |
| Interest income                               | *1 121   | *1 135   |
| Dividend income                               | *1 142   | *1 150   |
| Other   | *1 79  | *1 74  |
| Total non-operating income                    | 343  | 360  |
| Non-operating expenses                        |  |  |
| Interest expenses                             | 0  | 0  |
| Provision of allowance for doubtful accounts  | 11   | 52   |
| Compensation for damage                       | 0  | -  |
| Foreign exchange gains                        | 61   | 30   |
| Other   | 20   | 5  |
| Total non-operating expenses                  | 94   | 89   |
| Ordinary profit                               | 7,194  | 6,572  |
| Extraordinary income                          |  |  |
| Gain on sales of investment securities        | 834  | 1,377  |
| Gain on sales of non-current assets           | 51   | 0  |
| Total extraordinary income                    | 885  | 1,377  |
| Extraordinary losses                          |  |  |
| Loss on sales of non-current assets           | 2  | 0  |
| Loss on retirement of non-current assets      | 16   | 9  |
| Loss on valuation of investment securities    | -  | 41   |
| Total extraordinary losses                    | 18   | 51   |
| Profit before income taxes                    | 8,061  | 7,897  |
| Income taxes-current                          | 2,455  | 2,438  |
| Income taxes-deferred                         | 76   | 55   |
| Total income taxes                            | 2,531  | 2,494  |
| Profit  | 5,529  | 5,403  |

## (iii) Statement of Changes in Equity

Previous fiscal year (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           |

Fiscal year under review (from January 1, 2025 to December 31, 2025)

(¥ 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                 | 505                   | 3,148                 |
| 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   |                      |                       | 3                     | 3                     |
| Changes during period in accounts other than shareholders' equity (net) |                      |                       |                       |                       |
| Total changes during period   | -                    | -                     | 3                     | 3                     |
| Balance at end of current period  | 2,553                | 2,643                 | 508                   | 3,152                 |

|   | 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                     | 73   | 47,201          | 14,008                            | 61,732                  | (3,536)         | 63,898                     |
| Changes during period   |                         |  |                 |                                   |                         |                 |                            |
| Dividends of surplus  |                         |  |                 | (2,329)                           | (2,329)                 |                 | (2,329)                    |
| Net profit  |                         |  |                 | 5,403                             | 5,403                   |                 | 5,403                      |
| Transfers from reserve for reduction entry of replaced property         |                         | (4)  |                 | 4                                 | -                       |                 | -                          |
| Purchase of treasury shares   |                         |  |                 |                                   | -                       | (1,000)         | (1,000)                    |
| Disposal of treasury shares   |                         |  |                 |                                   | -                       | 50              | 54                         |
| Changes during period in accounts other than shareholders' equity (net) |                         |  |                 |                                   | -                       |                 | -                          |
| Total changes during period   | -                       | (4)  | -               | 3,078                             | 3,074                   | (949)           | 2,128                      |
| Balance at end of current period  | 449                     | 68   | 47,201          | 17,087                            | 64,806                  | (4,485)         | 66,026                     |

|   | 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                                  | 2,044   | 3                                  | 2,047                                       | 25                       | 65,971           |
| Changes during period   |   |                                    |   |                          |                  |
| Dividends of surplus  |   |                                    |   |                          | (2,329)          |
| Net profit  |   |                                    |   |                          | 5,403            |
| Transfers from reserve for reduction entry of replaced property         |   |                                    |   |                          | -                |
| Purchase of treasury shares   |   |                                    |   |                          | (1,000)          |
| Disposal of treasury shares   |   |                                    |   |                          | 54               |
| Changes during period in accounts other than shareholders' equity (net) | (499)   | (3)                                | (503)                                       | (6)                      | (510)            |
| Total changes during period   | (499)   | (3)                                | (503)                                       | (6)                      | 1,618            |
| Balance at end of current period  | 1,544   | -                                  | 1,544                                       | 18                       | 67,590           |

**[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.

### Changes in Accounting Policies

Application of the Accounting Standard for Current Income Taxes and other applicable standards

We have applied the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan [ASBJ] Statement No. 27, October 28, 2022; “2022 Revised Accounting Standard” hereinafter) and related standards from the start of the fiscal year under review. Revisions of categories for the purpose of recording taxes are in accordance with the transitional treatment specified in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard.

This change in accounting policies had no effect on the 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.

|                                 | (¥ million)                                 |   |
|---------------------------------|---|---|
|                                 | Previous fiscal year<br>(December 31, 2024) | Fiscal year under review<br>(December 31, 2025) |
| Short-term monetary claims      | 907   | 1,234   |
| Long-term monetary claims       | 1,563                                       | 1,107   |
| Short-term monetary obligations | 232   | 250   |

#### \*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.

|                  | (¥ million)                                 |   |
|------------------|---|---|
|                  | Previous fiscal year<br>(December 31, 2024) | Fiscal year under review<br>(December 31, 2025) |
| Notes receivable | 154   | 240   |
| Notes payable    | 99  | 9   |

#### \*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.

|           | (¥ million)                                 |   |
|-----------|---|---|
|           | Previous fiscal year<br>(December 31, 2024) | Fiscal year under review<br>(December 31, 2025) |
| Buildings | 49  | 49  |

## Statement of Income

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

|  | Previous fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Fiscal year under review<br>(from January 1, 2025<br>to December 31, 2025) |
|--|--|--|
| Operating transactions                         | 2,244  | 2,119  |
| Transactions other than operating transactions | 67   | 60   |

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

|  | Previous fiscal year<br>(from January 1, 2024<br>to December 31, 2024) | Fiscal year under review<br>(from January 1, 2025<br>to December 31, 2025) |
|--|--|--|
| Freightage and packing expenses              | 3,970  | 3,960  |
| Salaries and allowances                      | 3,851  | 3,796  |
| Provision for bonuses                        | 181  | 152  |
| Provision for director bonuses               | 49   | 44   |
| Retirement benefit expenses                  | 179  | 179  |
| Depreciation                                 | 544  | 740  |
| Rent expenses                                | 2,930  | 3,178  |
| Provision of allowance for doubtful accounts | 4  | 27   |
| Rough percentages                            |  |  |
| Selling expenses                             | 77.4%  | 77.8%  |
| General and administrative expenses          | 22.6%  | 22.2%  |

## Securities

Previous fiscal year (December 31, 2024)

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

| Category               | Previous fiscal year<br>(¥ million) |
|------------------------|-------------------------------------|
| Shares of subsidiaries | 2,116                               |

Fiscal year under review (December 31, 2025)

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

| Category               | Fiscal year under review<br>(¥ million) |
|------------------------|---|
| Shares of subsidiaries | 2,454                                   |

## Tax effect accounting

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

|   | (¥ million)                                 |   |
|---|---|---|
|   | Previous fiscal year<br>(December 31, 2024) | Fiscal year under review<br>(December 31, 2025) |
| Deferred tax assets                                     |   |   |
| Allowance for doubtful accounts                         | 61  | 39  |
| Provision for bonuses                                   | 99  | 84  |
| Accrued enterprise tax                                  | 85  | 78  |
| Provision for retirement benefits                       | 605   | 596   |
| Impairment loss   | 63  | 65  |
| Other   | 520   | 606   |
| Deferred tax assets (subtotal)                          | 1,436                                       | 1,471   |
| Valuation reserves                                      | (540)                                       | (593)   |
| Total deferred tax assets                               | 895   | 878   |
| Deferred tax liabilities                                |   |   |
| Prepaid pension cost                                    | (32)  | (71)  |
| Reserve for advanced depreciation of non-current assets | (32)  | (31)  |
| Valuation difference on available-for-sale securities   | (805)                                       | (619)   |
| Other   | (1)   | -   |
| Total deferred tax liabilities                          | (872)                                       | (722)   |
| Deferred tax assets (liabilities), net                  | 23  | 155)  |

### 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<br>(December 31, 2024) | Fiscal year under review<br>(December 31, 2025) |
| Statutory effective tax rate                         | Notes are omitted because                   | Notes are omitted because                       |
| Adjustments:   | the difference between the                  | the difference between the                      |
| Items not included in losses permanently, such as    | statutory effective tax rate                | statutory effective tax rate                    |
| entertainment expenses                               | and the rate of income and                  | and the rate of income and                      |
| Items not included in profits permanently, such as   | other taxes paid after tax                  | other taxes paid after tax                      |
| dividend income                                      | effect accounting is less                   | effect accounting is less                       |
| Residents' tax per capita rate etc.                  | than 5% of the statutory                    | than 5% of the statutory                        |
|  | effective tax rate.                         | effective tax rate.                             |
| Valuation reserves                                   |   |   |
| Other  |   |   |
| Rate of income and other taxes paid after tax-effect |   |   |
| accounting   |   |   |

### 3. Revisions of deferred tax assets and deferred tax liabilities due to changes in tax law

The Act on Partial Amendment of the Income Tax Act, etc. (Act No. 13 of 2025) was passed by parliament on March 31, 2025. As a result, a special defense tax will be assessed for fiscal years starting on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in fiscal years starting on or after January 1, 2027, are calculated by applying a statutory effective tax rate that has been revised from 30.4% to 31.3%.

In the fiscal year under review, this change resulted in an increase of ¥1 million in deferred tax liabilities (amount after deducting the amount of deferred tax assets) and decreases of ¥15 million in income taxes-deferred and ¥17 million in valuation difference on available-for-sale securities.

## 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 13, 2026, 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<br>(¥ million) | Increase during period<br>(¥ million) | Decrease during period<br>(¥ million) | Redemption amount during period<br>(¥ million) | Ending balance<br>(¥ million) | Accumulated depreciation<br>(¥ million) |
|-------------------------------------|------------------------------------|---------------------------------------|---------------------------------------|--|-------------------------------|---|
| Property, plant, and equipment      |                                    |                                       |                                       |  |                               |   |
| Buildings                           | 7,046                              | 174                                   | 0                                     | 374  | 6,845                         | 12,254                                  |
| Structures                          | 66                                 | 1                                     | –                                     | 7  | 59                            | 622                                     |
| Machinery and equipment             | 7,594                              | 2,274                                 | 7                                     | 1,505  | 8,356                         | 19,534                                  |
| Vehicles                            | 15                                 | –                                     | 0                                     | 8  | 7                             | 87                                      |
| Tools, furniture and fixtures       | 281                                | 150                                   | 0                                     | 150  | 281                           | 1,952                                   |
| Land                                | 9,750                              | –                                     | –                                     | –  | 9,750                         | –                                       |
| Construction in progress            | 1,133                              | 1,512                                 | 2,034                                 | –  | 611                           | –                                       |
| Total property, plant and equipment | 25,888                             | 4,113                                 | 2,041                                 | 2,046  | 25,912                        | 34,452                                  |
| Intangible assets                   |                                    |                                       |                                       |  |                               |   |
| Leasehold rights                    | 30                                 | –                                     | –                                     | –  | 30                            | –                                       |
| Software                            | 1,712                              | 60                                    | –                                     | 405  | 1,368                         | 722                                     |
| Other                               | 1,626                              | 1,249                                 | 58                                    | 0  | 2,817                         | 2                                       |
| Total intangible assets             | 3,369                              | 1,310                                 | 58                                    | 405  | 4,215                         | 724                                     |

#### Notes:

##### 1. Major changes during the period are presented below.

|                              |                                |                     |                |
|------------------------------|--------------------------------|---------------------|----------------|
| Machinery and equipment      | Tokyo Plant                    | Printing machinery  | ¥538 million   |
| Machinery and equipment      | Tokyo Plant                    | Paper bag machinery | ¥421 million   |
| Machinery and equipment      | Osaka Plant                    | Punching machinery  | ¥253 million   |
| Other (software in progress) | Development of backbone system |                     | ¥1,191 million |

##### Detailed statement of reserves

| Category                        | Starting balance<br>(¥ million) | Increase during period<br>(¥ million) | Decrease during period<br>(¥ million) | Ending balance<br>(¥ million) |
|---------------------------------|---------------------------------|---------------------------------------|---------------------------------------|-------------------------------|
| Allowance for doubtful accounts | 200                             | 24                                    | 97                                    | 127                           |
| Provision for bonuses           | 325                             | 275                                   | 325                                   | 275                           |
| Provision for executive bonuses | 49                              | 44                                    | 49                                    | 44                            |

#### (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)<br>Mitsubishi UFJ Trust and Banking Corporation<br>Osaka Securities Agency Div.<br>6-3 Fushimicho 3-chome, Chuo-ku, Osaka   |
| Administrator of shareholder list  | (Special account)<br>Mitsubishi UFJ Trust and Banking Corporation<br>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.<br>URL of public announcements: <a href="https://www.thepack.co.jp/">https://www.thepack.co.jp/</a> |
| 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 73rd term (from January 1, 2024 to December 31, 2024): Submitted to the Director of the Kinki Local Finance Bureau on March 27, 2025
- (2) Internal Controls Report and its attachments  
Submitted to the Director of the Kinki Local Finance Bureau on March 27, 2025
- (3) Semiannual reports and confirmation letters  
For the first half of the 74th term (from January 1, 2025 to June 30, 2025): submitted to the Director of the Kinki Local Finance Bureau on August 13, 2025
- (4) 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 27, 2025
- (5) Report on status of purchase of treasury shares  
Submitted to the Director of the Kinki Local Finance Bureau on April 9, 2025 for the reporting period (March 1 – 31, 2025).  
Submitted to the Director of the Kinki Local Finance Bureau on May 12, 2025 for the reporting period (April 1 – 30, 2025).  
Submitted to the Director of the Kinki Local Finance Bureau on June 11, 2025 for the reporting period (May 1 – 31, 2025).  
Submitted to the Director of the Kinki Local Finance Bureau on July 9, 2025 for the reporting period (June 1 – 30, 2025).  
Submitted to the Director of the Kinki Local Finance Bureau on August 13, 2025 for the reporting period (July 1 – 31, 2025).  
Submitted to the Director of the Kinki Local Finance Bureau on September 11, 2025 for the reporting period (August 1 – 31, 2025).  
Submitted to the Director of the Kinki Local Finance Bureau on October 7, 2025 for the reporting period (September 1 – 30, 2025).  
Submitted to the Director of the Kinki Local Finance Bureau on November 10, 2025 for the reporting period (October 1 – 31, 2025).  
Submitted to the Director of the Kinki Local Finance Bureau on December 8, 2025 for the reporting period (November 1 – 30, 2025).  
Submitted to the Director of the Kinki Local Finance Bureau on January 13, 2026 for the reporting period (December 1 – 31, 2025).  
Submitted to the Director of the Kinki Local Finance Bureau on March 11, 2026 for the reporting period (February 1 – 28, 2026).

## Part 2. Information on the Company's guarantors

Not applicable

# Reports on Audit by Independent Auditor and Internal Controls Audit

March 25, 2026

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, 2025 through December 31, 2025, 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, 2025, 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 (including standards applicable to auditing of financial statements of businesses having high social impacts) 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 ¥103,125 million in net sales, while the Company's nonconsolidated Statement of Income shows ¥88,437 million in net sales. As such, net sales of the Company account for 85% of Group consolidated net sales.</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 demand grows in the run-up to major sales and other activities during the New Year period. 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"> <li>• 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.</li> <li>• We considered whether any sales transactions at or above a certain amount or otherwise qualitatively important were recorded in December 2025 and checked such transactions against the documented evidence.</li> <li>• We compared sales transactions in December 2025 and January 2026 to those in the same months of the previous years on a daily basis.</li> <li>• We determined whether any discount or return transactions at or above a certain amount were recorded in January 2026 and checked such transactions against documented evidence.</li> <li>• We compared discount and return transactions in January 2026 to those in the same month of the previous year on a daily basis.</li> <li>• We looked for important adjustments between sales systems and accounting systems.</li> </ul> |

#### 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, 2025, 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, 2025, 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 (including standards applicable to auditing of financial statements of businesses having high social impacts) 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.

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#### 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 25, 2026

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 74th fiscal year from January 1, 2025 through December 31, 2025, 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, 2025, 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 (including standards applicable to auditing of financial statements of businesses having high social impacts) 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.

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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 25, 2026   |
| 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<br>9-3 Higashiobase 2-chome, Higashinari-ku, Osaka, Japan<br>Tokyo Stock Exchange Co., Ltd.<br>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 internal controls related to financial reporting for the Company and consolidated subsidiaries. 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, 2025) 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. Five 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.

Regarding the scope of evaluation of internal controls related to business processes, since the Group’s main businesses are the manufacture and sale of paper bags, paper cartons, corrugated boxes, and plastic bags, it has determined that it would be appropriate to use net sales in the consolidated fiscal year under review (after eliminating transactions among consolidated companies) as an indicator of the scale of each business facility. Since Companywide internal controls were evaluated favorably, net sales is totaled starting with facilities associated with the highest net sales for the consolidated fiscal year under review (after eliminating transactions among consolidated companies). One facility that accounted for roughly two-thirds of consolidated net sales for the consolidated fiscal year under review was selected as an important business facility. Given the distinguishing features of the Group’s businesses, the business facility selected as important is subject to evaluations 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, which pose a relatively 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 of business processes related to taxes, tax effects, and impairment of fixed assets as business processes with special significance due to their impact on financial reporting, including processes at business sites other than that selected as an important business site.

### 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 25, 2026  |
| 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<br>9-3 Higashiobase 2-chome, Higashinari-ku, Osaka, Japan<br>Tokyo Stock Exchange Co., Ltd.<br>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 74th term (January 1, 2025 – December 31, 2025) 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.