THE PACK CORPORATION

https://www.thepack.co.jp/en/

Company overview (as of December 31, 2025)

Headquarters	9-3, 2-chome, Higashiobase, Higashinari-ku, Osaka-shi, Osaka 537-8911, Japan Tel.: +81-6-4967-1221
Tokyo Head Office	2-8-4 Tomigaya, Shibuya-ku, Tokyo 151-0063, Japan Tel.: +81-3-3469-1221
Founded	1878
Incorporated	May 10, 1952
Capital	2,553,505,600 yen
Representative	Naoki Nakamura, President and CEO
Number of employees	1,223 (consolidated, as of December 2025); 850 (nonconsolidated, as of December 2025)
Annual sales	103.1 billion yen (consolidated, as of December 2025)
Shares traded on	Prime Market, the Tokyo Stock Exchange (securities code: 3950)
Lines of business	Planning, manufacturing, and sale of paper bags, paper cartons, corrugated boxes, film packaging, etc.
Offices and Plants	Headquarters: Osaka Tokyo Head Office: Tokyo Branches: Hokkaido, Tohoku, Kanto, Yokohama, Nagoya, Kyoto, Kobe, Okayama, Hiroshima, Shikoku, Fukuoka Sales offices: Aomori, Niigata, Shizuoka, Kanazawa, Matsumoto, Yonago, Takamatsu, Oita, Kumamoto, Kagoshima, Nagasaki, Okinawa Plants: Osaka, Nara, Tokyo, Ibaraki
Domestic subsidiaries:	Keihin Tokushu Printing Corporation Nikko Print Corporation* Pack Takeyama Co., Ltd. Nishinihon Printing Co., Ltd. Kannaru Printing Co., Ltd. Hikari Packs Ishikawa Co., Ltd.
Overseas subsidiaries:	The Pack America Corporation The Pack (Shanghai) Corp. The Pack (Changshu) Co., Ltd.

* Effective January 1, 2026, The Pack Corporation completed a merger by absorption of Nikko Print Corporation.

URL

Official website
https://www.thepack.co.jp/en/

IR information
https://www.thepack.co.jp/en/ir.html

The Pack Group Integrated Report 2026

THE PACK CORPORATION

The Pack Group

Integrated Report 2026

The Pack Group
Integrated Report 2025

2026

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Editorial Policy

This Integrated Report seeks to communicate The Pack Group's value creation story to a broad range of stakeholders, including shareholders and investors. This Report seeks to strengthen corporate value by enhancing communication with stakeholders.

Organization covered by this Report

The Pack Corporation and members of its Group of companies

Note that ESG data excludes information on Group companies.

Period covered by this Report

While this Report addresses FY2025 (January 1 – December 31, 2025), it also includes some information from before and after this period.

Published figures

Totals may not match the sum of their parts due to rounding.

Guidelines referenced

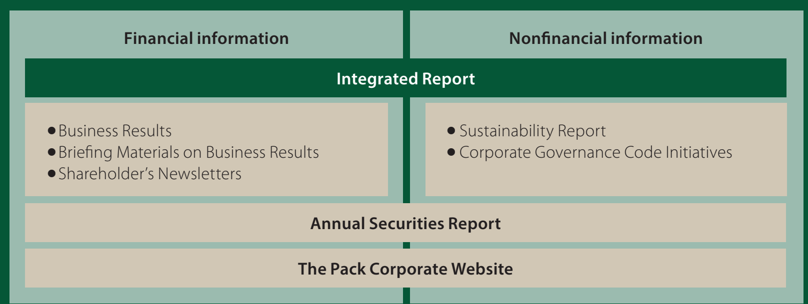
This Integrated Report was prepared with reference to the following frameworks and guidelines:

- IFRS Foundation, International Integrated Reporting Framework
- Ministry of Economy, Trade and Industry, Guidance for Collaborative Value Creation
- Final Report of the Task Force on Climate-Related Financial Disclosures (TCFD)

Forward-looking statements

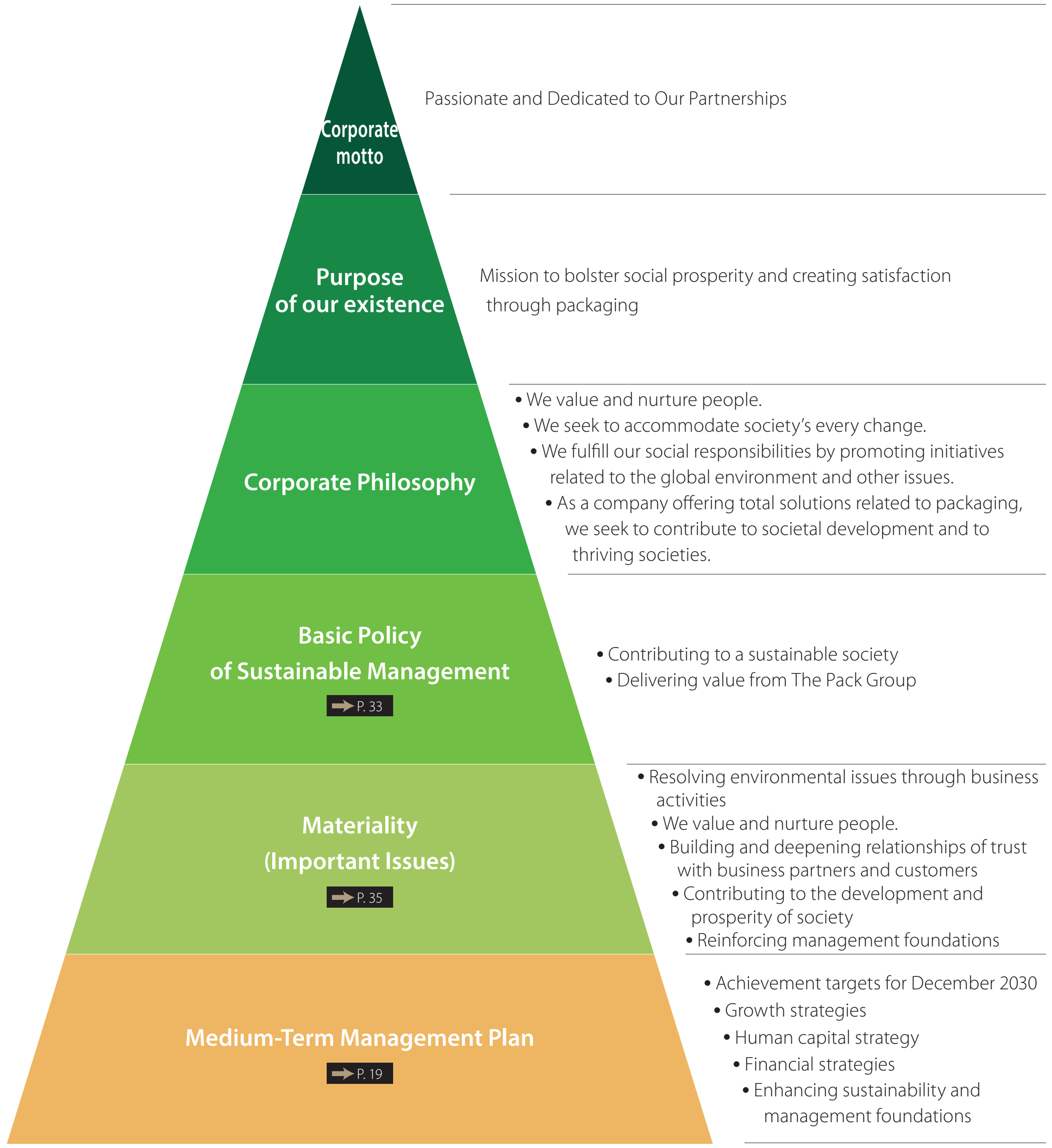
Forward-looking statements in this Report, including forecasts of business performance, are based on information available to the Company at the time of its preparation and on assumptions deemed reasonable. They may differ for various reasons from actual results.

Disclosure structure



Philosophy Structure of The Pack Group

Our founding President Shigenari Morita articulated the following corporate motto: Passionate and Dedicated to Our Partnerships.
Mr. Morita made heartfelt efforts to achieve conditions conducive to employee satisfaction.
In his words: *A company exists to make its employees happy.*
Over the more than 70 years since The Pack's founding, this corporate motto has permeated throughout the organization.
Today, it serves as the credo that drives the work of our numerous employees.
Based on this corporate motto, the Corporate Philosophy, which starts with the words *We value and nurture people*;
the Purpose, established in 2022 to promote sustainable management; and the Basic Policy of Sustainable Management
account for the remainder of our four-part corporate philosophy structure.



The Pack Group has developed numerous packaging and related services by focusing on customer needs while adapting to the changing times. The Group's progress is based on ceaseless product development efforts. Our history is truly one of developing products that meet customer needs.

Industry needs

Attractiveness, durability → Standardization, stable supply → Environment, quality → Sustainability

- Demand for resource and energy conservation in response to the oil crisis
- Specialized stores turning to chain stores and large stores
- Focus on excessive packaging and waste issues
- Labor shortages
- Collapse of Lehman Brothers
- Sustainable Development Goals adopted
- The COVID-19 pandemic
- Growth in food takeout and delivery demand

Period of rapid economic growth | Growth and collapse of the economic bubble

1950
Founding and rapid growth powered by postwar economic recovery

1952
Shigenari Morita founds Nippon Case Corporation in Osaka, Osaka Prefecture, and launches sales of paper cartons and apparel boxes.
1953
Sales expand nationwide, driven primarily by Yoshin color apparel boxes
1955
Hanazono Plant opens in Higashiosaka, Osaka Prefecture. Integrated in-house production begins for products ranging from corrugated boxes to apparel boxes.
1957
Production of paper shopping bags begins.
1959
Konoike Plant (now the Osaka Plant) opens in Higashiosaka; production facilities expanded; transformation to comprehensive packaging manufacturer.

1960
Opening branches nationwide to expand sales channel

1961
Tokyo Branch (now the Tokyo Head Office) opens in Chiyoda-ku, Tokyo.
1969
Nara Plant opens in Yamatokoriyama as a plant specializing in corrugated boxes. Urawa Plant, the first plant in the Kanto region, opens in Urawa, Saitama Prefecture, to serve the Tokyo market.

1970
Manufacturing facilities expand with emergence as a pioneering figure in the bag industry.

1971
Computer system introduced to begin the transition to digital management of customer and product information
1974
Mass production system for paper bags established with the adoption of roll-fed fully automatic paper bag machines at Osaka Plant
1979
Kanto Plant (soon renamed the Saitama Plant, now the Tokyo Plant) opens in Sakado, Saitama Prefecture to serve the eastern Japan market.

1980
Second start under the new company name, The Pack Corporation

1981
Packaging Museum (now the Package Laboratory Osaka) opens at Konoike Plant (now the Osaka Plant).
1983
Company renamed The Pack Corporation
1984
PAS system developed
1987
The Pack America Corp. (now a consolidated subsidiary) established in the United States

1990
Toward an organizational culture and system appropriate for a listed firm

1991
Ibaraki Plant opens to produce plastic bags in Hitachi, Ibaraki Prefecture.
Shares listed on second section of the Osaka Securities Exchange
1998
Osaka Plant No.1 Building completed, new Packaging Materials Center (now the Package Laboratory Osaka) opens.
1999
Headquarters and Ibaraki Plant earn ISO 14001 certification.

2000
Becoming an environmental, quality, and cost leader

2001
Osaka, Saitama (now Tokyo), and Ibaraki plants earn ISO 9001 (quality management) certification.
2003
Shares listed on first sections of Tokyo Stock Exchange and Osaka Securities Exchange
Keihin Tokushu Printing Corp. established
2006
The Pack (Shanghai) Corporation established in Shanghai, China
2007
Nikko Print Corporation made subsidiary
The Pack (Changshu) Co., Ltd. established in Changshu, China
Osaka and Saitama (now Tokyo) plants earn FSC® CoC certification (FSC® C020517).
2009
Pack Takeyama Co., Ltd. established

2010
Enhancing Group power to achieve medium-term targets

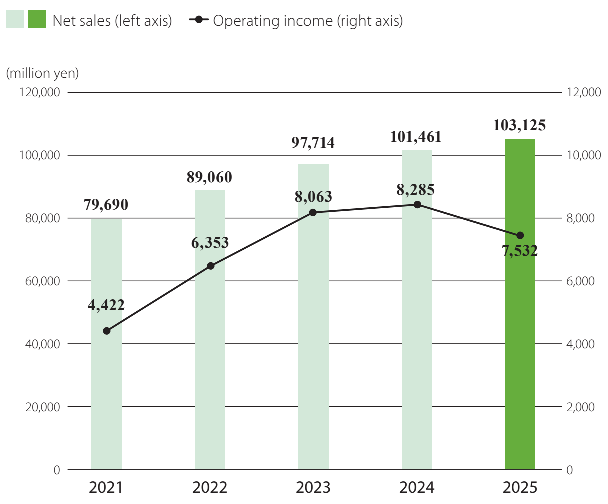
2011
Tokyo Plant opens in Hidaka, Saitama Prefecture.
2014
Nishinihon Printing Co., Ltd. made subsidiary
2018
Kannaru Printing Co., Ltd. made subsidiary
Related sections of Tokyo and Osaka plants earn FSSC 22000 (food safety) certification.

2020
Promoting sustainable management

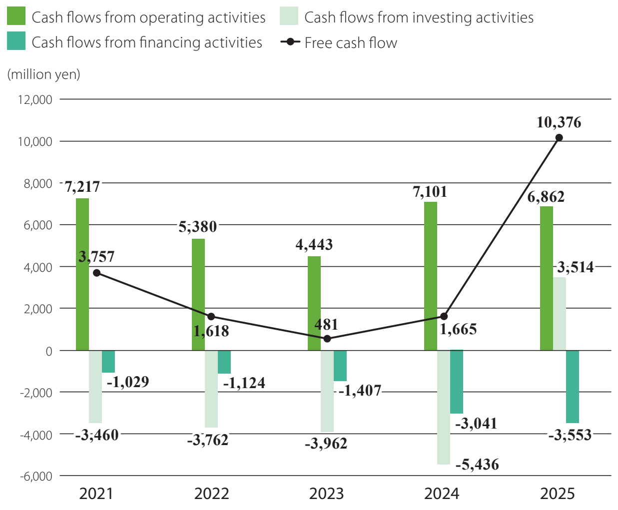
2021
Related sections of all plants in Japan earn FSC® CoC certification.
2022
Listing transferred to the Prime Market of the Tokyo Stock Exchange
2023
New headquarters building completed in Osaka
2025
Hikari Packs Ishikawa Co., Ltd. made subsidiary
2026
Merger by absorption of Nikko Print Corporation
Head office, procurement, and sales section environmental and quality management systems migrate from ISO 14001 (environment) and ISO 9001 (quality) certification to in-house management.

Financial and nonfinancial highlights

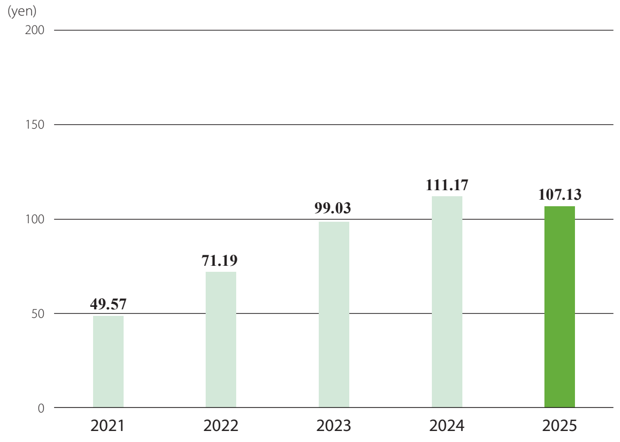
Trends in net sales and operating income Consolidated



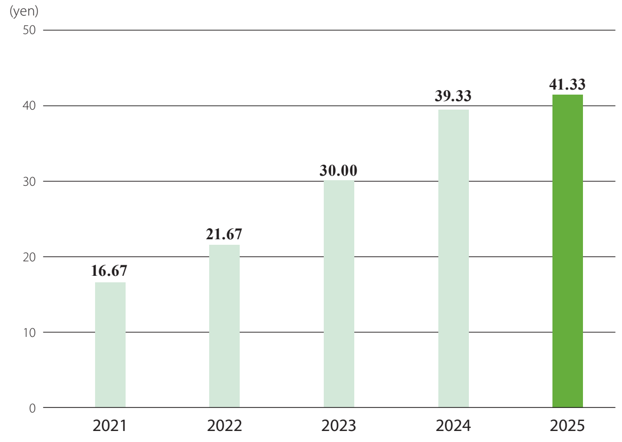
Trends in cash flows[*1] Consolidated



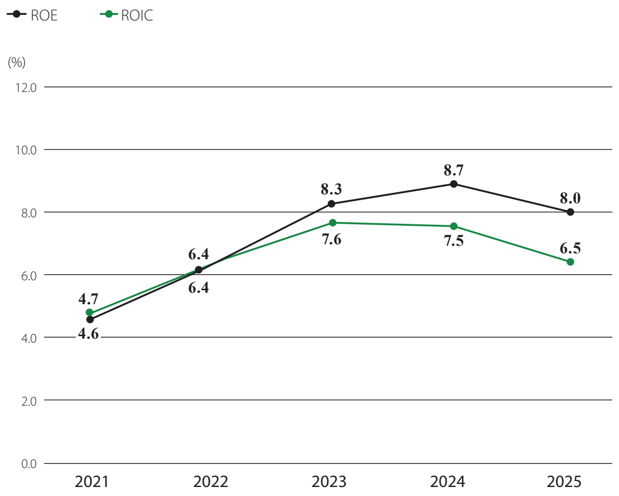
Basic earnings per share (EPS)[*2] Consolidated



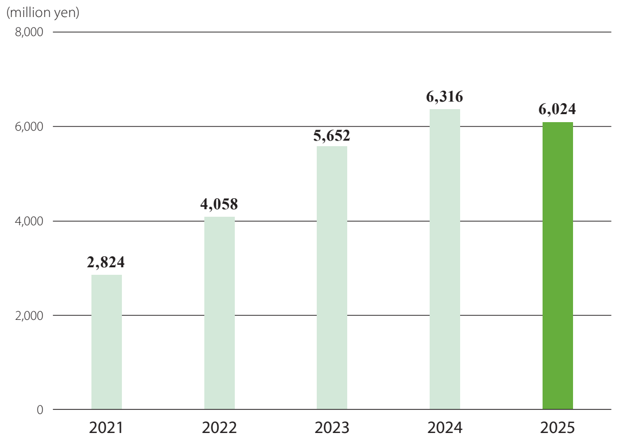
Dividends per share[*2] Consolidated



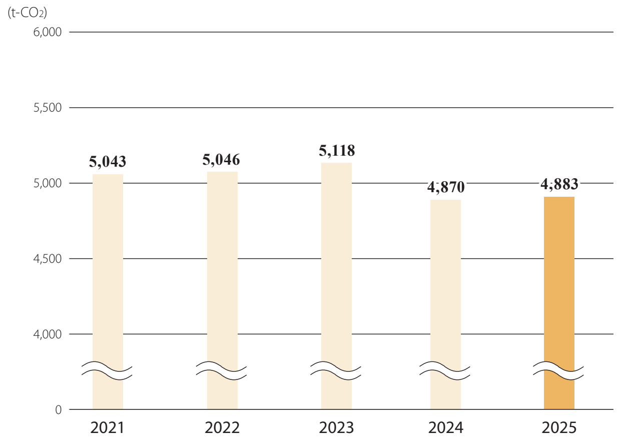
Trends in ROE and ROIC Consolidated



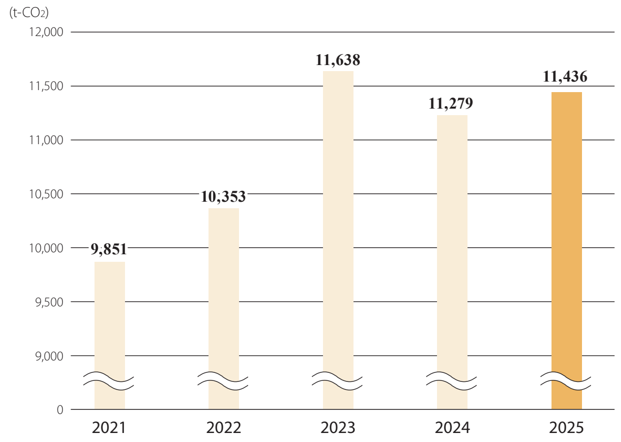
Profit attributable to owners of parent Consolidated



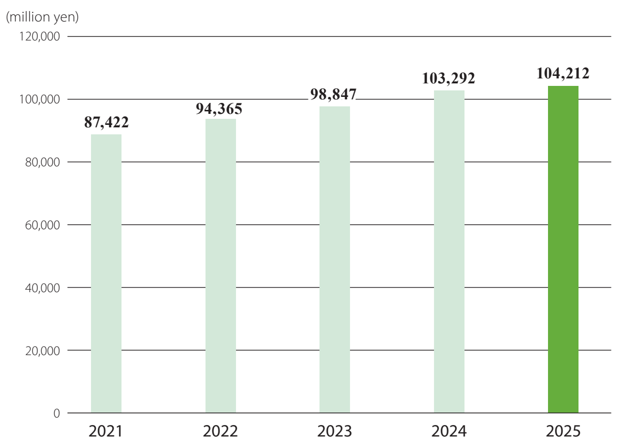
CO_2 emissions (Scope 1) Nonconsolidated



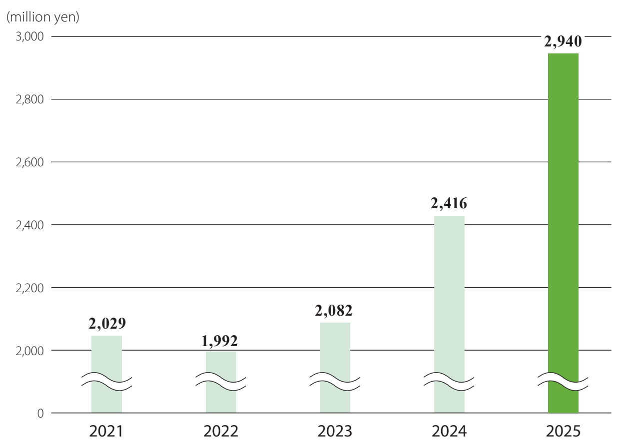
CO_2 emissions (Scope 2) Nonconsolidated



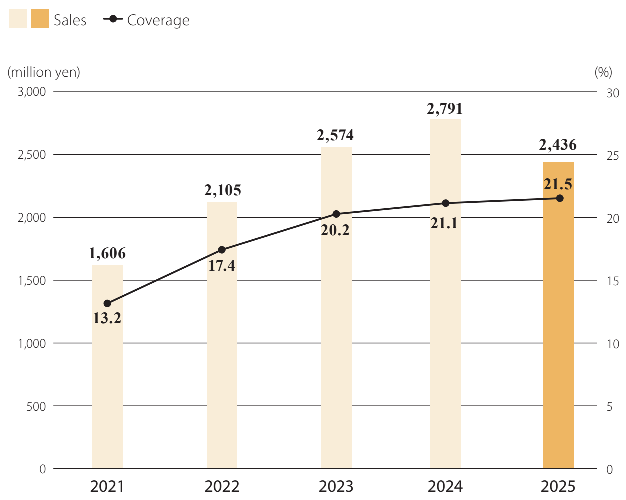
Total assets Consolidated



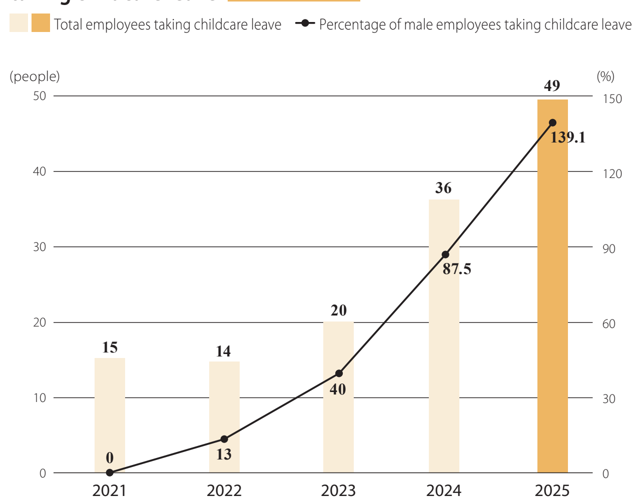
Depreciation Consolidated



Sales and coverage of FSC®-certified products[*3] Nonconsolidated



Employees taking childcare leave, percentage of male employees taking childcare leave Nonconsolidated



*1 Operating cash flow and interest payments represent cash flow from operating activities and interest paid on the consolidated statement of cash flows.

*2 The Company implemented a stock split at a ratio of three common shares to one with an effective date of July 1, 2025. Calculations are based on the assumption that the stock split took place at the beginning of the fiscal year ended December 31, 2021.
*3 Percentage of total sales of the paper products business of The Pack Corporation on a nonconsolidated basis

A provider of total packaging solutions

The Pack Group is a comprehensive packaging manufacturer engaged in handling a diverse range of packaging materials ranging from paper bags, paper cartons, and corrugated boxes to film packaging and wrapping materials made using other materials. The Pack Group handles a highly diverse range of packages, from apparel tote bags to packages for food, beverages, daily necessities, and sanitary products; paper bags for corporate and school use; and packaging materials for home deliveries. A key Group strength is its capacity to propose optimal packages and packaging solutions for a broad range of businesses and industries, not just single markets.

Percentage of net sales by segment/net sales/operating income

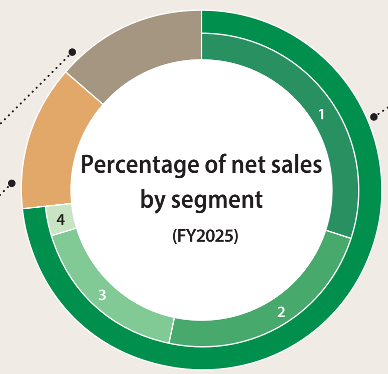
Net sales
103,125 million yen

Operating income*
7,207 million yen
*Including adjustments

Paper Products

Percentage of net sales	Net sales	Operating income
73.5%	75,797 million yen	5,297 million yen

	Percentage of net sales	Net sales	Operating income
1 Paper bags	31.1%	32,044 million yen	3,759 million yen
2 Paper cartons	26.1%	26,916 million yen	2,425 million yen
3 Corrugated boxes	14.3%	14,743 million yen	386 million yen
4 Printing	2.0%	2,049 million yen	-4 million yen



Film Packaging

12.9% / 13,303 million yen / 930 million yen

Other Businesses

13.6% / 14,025 million yen / 980 million yen

*Adjustments of (-1,354 million yen) to segment income include -2 million yen in cancellation of intersegment transactions not allocated to individual reporting segments and companywide expenses of -1,351 million yen. Companywide expenses consist mainly of expenses related to the administrative sections of the parent company.

Product examples / Product line examples

Paper bags

- Shopping bags
- Delivery bags
- Paper bags for food wrapping
- Wrapping bags

Paper cartons

- Primary food paper containers
- Product packages
- Gift boxes

Corrugated boxes

- Corrugated shipping boxes
- Large corrugated boxes
- Decorative corrugated boxes
- Reinforced corrugated boxes
- Cushioning materials

Printing

- Printing on paper bags, paper cartons, and corrugated product base paper
- Pamphlets
- Catalogs

Film packaging

- Sanitary product packages
- Takeout bags
- Film packaging

Promotional materials

- Reusable shopping bags
- Gift wrapping bags
- Wrapping paper, ribbons, stickers
- Garment bags

Supplies

- Office supplies
- Cleaning supplies

Eco-friendly products

The Pack can propose and produce eco-friendly products in each category.

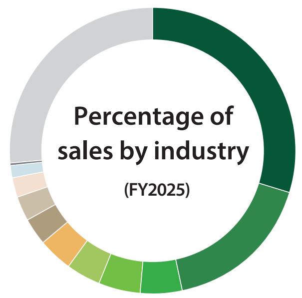
- FSC®-certified products
- Recycled paper
- Wood-free paper
- Replaces plastic with paper
- Monomaterial products
- Biomass materials
- Desing for resource conservation

etc.

Percentage of sales by industry

Customers
Approx. **15,000** companies

Food products	29.7%
Apparel	17.0%
Department stores	4.8%
Pharmaceuticals, cosmetics	4.7%
e-Commerce (mail order)*	4.0%
Supermarkets, drugstores	3.8%
Life care	3.0%
Home appliances, residential	2.9%
Sundries	2.1%
Convenience stores	1.3%
Automotive	0.3%
Other	26.3%



* The share of the e-commerce (mail order) industry consists of online malls. Sales for e-commerce by customers on their own websites are recorded under the customer's industry.

Main markets

Food products market

Our products include boxes for Japanese- and Western-style snacks, shopping bags, gift wrapping, and film packaging for individual items. We have an extensive track record in takeout packages for foods purchased directly from convenience stores and restaurants.

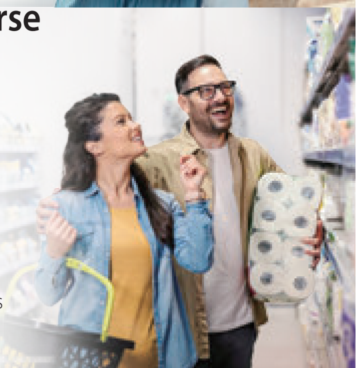
Apparel, sundries

We provide packaging to help increase the customer brand value, including shopping bags, wrapping materials, and sales promotion novelties for department stores and apparel and sundry brands.

Serving various markets with a diverse lineup of products

Living supplies

We have a track record in producing packages for a wide range of daily use items, including external packages for sanitary products, packaging materials for home appliances, and product packages for cosmetics and pharmaceuticals.



e-Commerce (mail order) market

We're quickly adding to our track record in the e-commerce market based on an extensive lineup of shipping materials used for mail-order items, including paper and plastic home delivery bags and corrugated delivery cartons.

Message from the President

Review of 2025 and the preceding Medium-Term Management Plan

In FY2025, the final year of the preceding Medium-Term Management Plan, although The Pack recorded record-high consolidated net sales of 103.1 billion yen (up 1.6% year on year), operating income was only 7.2 billion yen (down 10.0% YoY). We fell short of our targets: consolidated net sales of 107.0 billion yen and operating income of 8.3 billion yen. While we made progress on ROE, which reached 7.96% vs. a target of 8%, and ROIC at 6.48%, we continue to face challenges on improving capital efficiency.

The three years of the preceding Medium-Term Management Plan were marked by dramatic changes in the external environment. Growth drivers in FY2023 were rebound demand and recovering inbound demand associated with the end of the COVID-19 pandemic, along with demand related to the shift from plastic to paper packages. In 2023 and 2024, our manufacturing and sales sections worked together to normalize prices through negotiations with our customers, in response to a series of raw material price hikes. In FY2025, as these favorable tailwinds began to subside, progressive yen devaluation, rising costs of food and other products, and other factors led to reduced consumption. These changing external environmental conditions had a major impact on our plans.

At the same time, some markets continued to show steady growth. Leveraging the expanded production capacity and product lineup resulting from capital investments, M&As, and other initiatives, we boosted sales in the target markets of food products and e-commerce by 5.6% and 8.6%, respectively, from last year. We see this sustained growth as proof that products and services contributing solutions to labor shortages and logistics issues are earning the steady support of customers. The Food Packaging Facilities that opened in 2023 provide one-stop services ranging from package manufacture to the assortment of (individually wrapped) food products, helping to minimize customer workloads. In the e-commerce market, packaging automation proposals and thin shipping materials designed to contribute to labor savings and higher efficiency have been well-received and appear to be making a major impact on the market.

We develop our products and services based on needs ascertained through ongoing dialogue with our customers. We have focused on direct sales since our founding, and have built strong relationships with some 15,000 customer firms. I am confident that this customer base and our employees will provide the fundamental support needed to achieve sustained growth.

The management approach incorporated in the new Medium-Term Management Plan: Growth Strategy

This plan covers the five-year period from FY2026 through FY2030. This period was extended from the traditional three years because we needed more time to proceed systematically with large-scale investments in new business development, plant rebuilding, and other areas. During these five years, we will build the business foundations for the next generation and achieve high-quality growth.

Our business performance has grown steadily since our founding. Adapting to change is part of our DNA. But to realize sustained growth in today's dramatically changing environment, we must take a management approach that seeks to create change dynamically. For this reason, the new plan's growth strategies seek to grow sales of industry-leading products and services and set targets for sales activities by focusing on contributing solutions to the social challenges facing Japan.

The first target is net sales of 35.0 billion yen in the main market of paper bags. In addition to growing sales of delivery bags targeting the steadily growing e-commerce market, we will take on the challenge posed by overseas markets. We will enhance the workforces and logistics functions of our existing facilities in China and North America, seeking to grow sales in those and nearby markets.

In paper cartons, we will continue to grow our Food Packaging Facilities, leveraging their market impact to accelerate penetration into the food products market. We will grow sales of primary containers for food products, which require mass production and comprehensive quality control, by applying the equipment, products, and technologies introduced during the period of the previous Medium-Term Management Plan. Through these measures, we will significantly increase sales of paper cartons, growing them to 35.0 billion yen—a level on par with our flagship paper bags.

For corrugated boxes, in response to legal amendments and social concerns in the e-commerce market, we will grow sales of thin shipping materials and focus on cardboard shipping materials to replace wood and polystyrene foam materials, achieving net sales of 18.0 billion yen.

In the Film Packaging business, while promoting bundled sales of flexible packaging to existing customers centered on the food products market, we will consider entering undeveloped markets. We will target sales of 15.0 billion yen in the Film Packaging business in 2030 while striving to grow sales of flexible packaging from 2.6 billion yen in FY2025 to 5.0 billion yen in 2030.

Based on these strategies, we will achieve 120.0 billion yen in consolidated net sales and 10.0 billion yen in operating income.

The growing importance of strategies for human capital management and finances

With management striving to increase capital efficiency, human capital management strategy and financial strategy are becoming more important than ever before. Under our corporate motto, "Passionate and Dedicated to Our Partnerships," and a Corporate Philosophy that includes "We value and nurture people," we have built a corporate culture that identifies human resources as our most important management capital. To date, we have implemented numerous measures intended to make work more comfortable and improve wellbeing. During the period of the new Medium-Term Management Plan we will improve business performance and productivity by drawing out the motivation and abilities of employees to the fullest, focusing in particular on increasing engagement.

In addition to enhancing hiring activities and making work more comfortable, we are focusing on optimizing skills development, assigning human resources, and improving evaluation systems to build a structure better able to support the activities of individual employees. One difference from past measures is our plan to focus on two-way communication with employees as we seek to improve our overall engagement survey score from the current 57 points to 70 points by 2030. Through these initiatives, we will seek to grow net sales per employee by 16.7% to 98 million yen and operating income per employee by 37.3% to 8.1 million yen.

We emphasize capital allocation as the pillar of financial strategies directly linked to increasing capital efficiency. Specifically, we plan to build a structure to enable speedy management decision-making on shareholder returns and investment in growth, including use of debt. We will achieve sustained growth through management with a central focus on effect capital management based on returns on investment and capital costs, rather than merely pursuing sales and growth in scale. Together with steadily improving capital efficiency, we believe that it is essential to enhance the risk management structure and maintain flexible and sound financial foundations even in a dramatically changing business environment. We will accelerate our sustainable growth by promoting these strategies in an integrated manner.

To be the first choice

The new Medium-Term Management Plan was formulated with a strong consciousness of being the first choice. This means being a company trusted and supported over the long term by diverse stakeholders, including customers, business partners, employees, and local communities. Toward this end, we will analyze corporate value from multifaceted perspectives and promote not only growth strategy but also human capital strategy, financial strategy, and sustainable management in an integrated manner.

The five years of the period covered by the plan will demand dramatic market changes and execution of strategy with a sense of urgency. In such an environment, a lack of thorough quality and compliance in business activities could lead to a fatal loss of trust. During these five years we will strive to strengthen the quality control structure, enhance compliance systems, and advance risk management, including responding to natural disasters and cyber risk management. Of these, one of our greatest focuses is on supply chain risk management. Our diverse business partners range from major firms to SMEs, and we will strive to reduce risks throughout the supply chain by building management structures through communication with each business partner.

In addition, to grow dialogue in line with demands from overseas customers and major ones in Japan for ESG-related auditing and disclosure and with investors' expectations, in addition to our own autonomous activities we will seek to reflect in management a wide range of stakeholder opinions learned.

We will reward stakeholder trust and meet their expectations through financial and nonfinancial initiatives and disclosure. We ask for your support in these efforts.

Naoki Nakamura
President and CEO

Six types of capital and unique strengths to support value creation

We create new management capital based on the outputs and outcomes of incorporating (investing in) six types of management capital into our business model. The Pack Group's key management capital consists of its solid financial foundations, creative human resources and knowhow, extensive customer base, structures that facilitate joint efforts with manufacturing subcontractors, and forest resources and related conservation activities.

Financial capital

Solid financial foundations and investments to promote growth

The Group boasts the leading market share in Japan in paper shopping bags and has demonstrated growth mainly in areas like the manufacture and sale of paper products and film packaging. We strive to pay stable dividends while enhancing corporate growth through expanding facilities, primarily facilities that produce paper cartons and paper bags, and by increasing both ROE and ROIC.

FY2025 ROE	FY2025 ROIC	Total assets at end of FY2025	FY2025 capital investment costs
8.0%	6.5%	104,212 million yen	3,522 million yen

Human capital

Highly specialized and experienced human resources

We propose optimal package solutions for our customers by drawing on the wide-ranging package expertise of our sales sections, on the creative sections who handle graphic design and structural design, and on the planning and development sections who specialize in proposals and package-related development. Our manufacturing, quality control, and procurement sections support the provision of a diverse range of high-quality packages, applying the knowhow gained from direct sales to increase customer satisfaction while improving productivity and quality.

Employees as of the end of FY2025 (consolidated)	Sales employees as of the end of FY2025	Planning and development section employees as of the end of FY2025	Creators as of the end of FY2025
1,223	316	22	76

Intellectual capital

The Package Laboratories serving as a communication and R&D center, and an extensive database of proposals

Our Package Laboratories in Tokyo, Osaka and Fukuoka collect and exhibit materials on more than 100,000 packages in total. Their individual sections cooperate in R&D on state-of-the-art packages. They also are developing proposal databases to share Groupwide in leveraging the latest information on packages to support sales activities.

Collected case studies on packaging as of the end of FY2025	Patents held as of the end of FY2025	Design rights held as of the end of FY2025
Approx. 100,000	62	53

Social and relationship capital

A customer base that extends across various industries

The Group deals with about 15,000 companies who form its extensive customer base. To meet various customer needs, we cooperate with numerous suppliers in Japan and worldwide in addition to our own plants, to deliver a wide range of packages from apparel shopping bags through packages and packaging solutions services for food and sanitary products, delivery bags, and promotional materials. We also implement various CSR activities in cooperation with local governments, communities, and nonprofits.

Transaction counterparties in FY2025	Share of Japanese market for tote bags
Approx. 15,000	No. 1

Manufacturing capital

Alliances with domestic and overseas subcontractor plants and a network of logistics facilities across Japan

We maintain a manufacturing infrastructure capable of meeting diverse customer needs through our 10 plants in Japan and overseas and alliances with subcontractor plants. We also employ risk management to enable stable supply of products through readiness for potential disasters and accidents. Our nationwide network of logistics facilities, including logistics centers on the sites of four domestic plants, enables efficient delivery.

Plants in Japan and overseas (including Group plants) as of the end of FY2025	Logistics facilities in Japan as of the end of FY2025
10	21

Natural capital

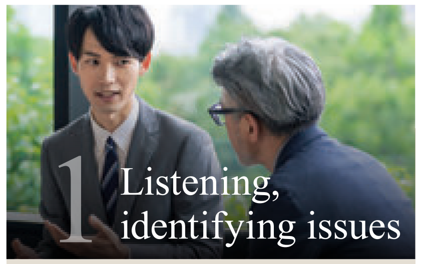
Effective use of natural resources and forest conservation activities

In light of the fact that the Group's businesses are based on natural resources such as timber (paper pulp), water, and petroleum (plastics), we strive to lessen our environmental impact through means including effective use of resources, controlling waste, and promoting recycling. We also have carried out continuous forest conservation activities since 2001 and contribute to cyclical use of wood pulp.

Forest conservation activities in FY2025 (nonconsolidated)	Trees planted in FY2025 (nonconsolidated)	Industrial waste recycling rate in FY2025 (nonconsolidated)
8	840	98.9%

Capable of integrated support from planning through delivery

The Pack Group's strengths include planning and proposal capabilities driven by specific customer needs and product development capabilities that track market trends. We deliver total solutions ranging from planning through production and logistics, leveraging our advanced technologies and extensive knowhow as a group of packaging professionals.



1 Listening, identifying issues

Sales

Ascertaining customer issues and identifying approaches to packaging solutions

- Ascertaining customer issues and visions by attentively listening to packaging inquiries at the earliest possible date through a nationwide network of business sites
- Knowledgeable, experienced sales personnel lead development of packaging solutions

2 Planning and development

Materials development | Package solutions | Technology development | Package Laboratories

Dedicated sections to plan, propose, and develop packaging solutions for customers

- Promoting R&D on new materials combining functions and features to meet diverse market needs
- Analyzing issues in customer packaging lines and proposing optimal solutions for efficiency and streamlining
- Establishing new product mass production structures through research on advanced technologies such as machinery and equipment
- Package Laboratories that improve employee specialization and provide learning opportunities in addition to package research and communication

3 Product development

Graphic design | Structural design

A group of packaging professionals

- A total of some 76 graphic designers and structural designers on staff nationwide
- A group of professional package developers highly knowledgeable on trends across a wide range of industries and businesses to develop high-quality packages to meet customer needs
- Support for customer sales strategies through the pursuit of optimal packages with consideration for processes ranging from product packages through in-store displays and consumer use

4 Procurement, production

Procurement | Production management | Production technology

A robust production structure based on joint efforts among our 10 plants in Japan and overseas and with subcontractor plants

- Our network of plants in Japan and overseas and subcontractor plants employs risk management to prepare for potential disasters and accidents.
- Our production facilities can meet delivery times and cut logistics costs.
- We meet diverse needs based on joint efforts and sharing technologies and knowhow among plants.

5 Quality control

Quality assurance / quality control

Stable supply of high quality products

- Maintaining and improving high quality levels through production process controls based on product standards and activities to check and improve the quality of finished products
- Certified under ISO 9001 (quality management) and FSSC 22000 (food safety), our operations meet international standards. We also deliver the high quality customers expected of products made in Japan.

6 Shipping, delivery

Logistics | Sales and services

Nationwide logistics network in Japan

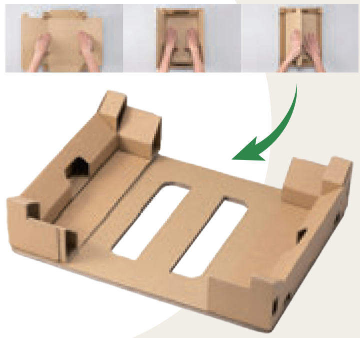
- Realizing efficient delivery through integrated management ranging from manufacturing through shipping at logistics centers located on the sites of four plants in Japan
- Enabling efficient delivery nationwide based on a network of 21 logistics facilities across Japan
- Enabling optimization of inventory and delivery timing through coordination with sales and service sections and manufacturing and logistics sections

Bringing brand new packages to the world

The Pack Group has worked diligently to offer solutions to various package-related challenges identified by talking with customers. In addition to approaches based on the packages themselves in aspects such as materials, processing methods, and structural and graphic design, we have established an extensive track record and expertise by enhancing solutions involving how the packages are used. This includes filling and wrapping lines. These pages introduce some of the solutions we offer as a provider of total packaging solutions.

Total packaging solutions

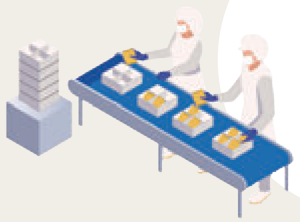
Solutions in the package use phase



More efficient work

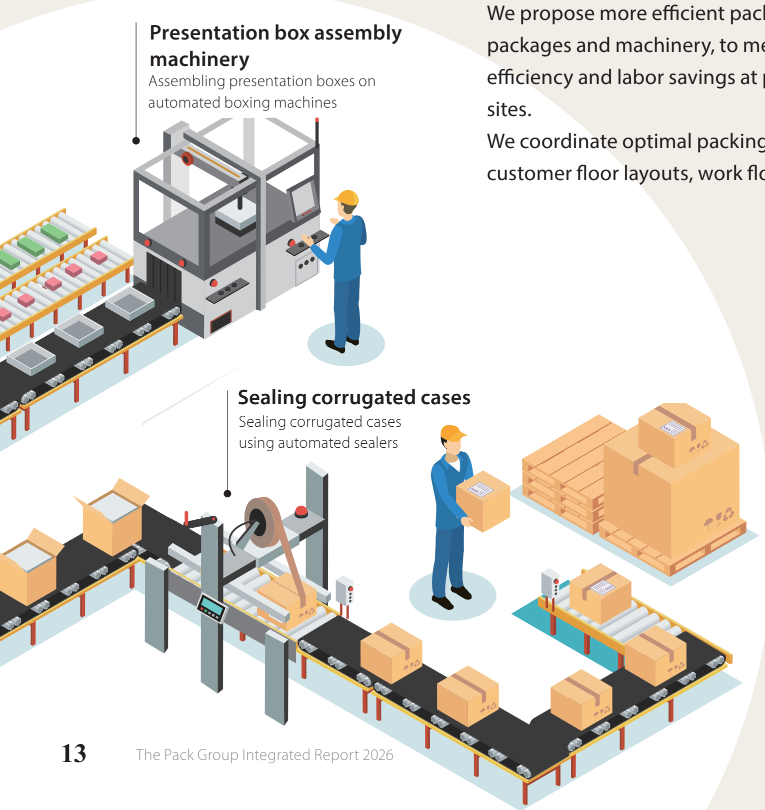
We offer a wealth of package ideas to make work more efficient, improve customer productivity, and reduce stress for package handling and use.

- Proposing packages with one-step assembly
- Proposing tools to simplify box assembly
- Proposing delivery of pre-assembled boxes (assembling boxes on behalf of customers)



Box assembly and product sorting services

We can handle labor-intensive work from box assembly to filling on behalf of our customers. By offering one-stop solutions from package production through product filling, we provide solutions for complex customer requirements for inventory and delivery management.



Streamlining packing lines

We propose more efficient packaging lines, including packages and machinery, to meet demands for work efficiency and labor savings at packing and logistics sites.
We coordinate optimal packing lines to account for customer floor layouts, work flows, and other factors.

Cost savings

We propose packaging measures to control costs in response to the rising cost of raw materials, logistics, and labor.

- Proposing designs and materials to control package costs
- Proposing designs that save delivery costs by considering the transportation fee structure, such as by reducing sizes and modifying shapes of delivery materials
- Proposing packages that allow for more efficient assembly and help control packing costs


Thin box for mailbox use

Solutions for the package production phase

Choosing materials and processes

We propose materials and processes that deliver the features required for packages based on their contents, uses, and other factors.

- Proposing oil-resistant paper and coatings for cartons used to directly hold greasy food products
- Proposing craft film packaging as eco-friendly food wrap
- Proposing special paper and surface treatments for packages that call for a premium look

Choosing optimal production sites and methods

Consisting of The Pack plants and subcontractors in Japan and overseas, our supply chain network proposes optimal production sites and methods based on production lot sizes, specifications, and other factors.

Structural design

We propose comprehensive structural designs to meet various needs, including the need for visual appeal and convenience, as well as product protection and other functional needs.

Graphic design

Our graphic designers help maximize customer brand value based on their extensive knowledge and experience with wide-ranging customers.

- Package design
- Production of in-store fixtures and displays
- Support for product planning and branding

Package Laboratories

Package Laboratories (Tokyo, Osaka, Fukuoka)

Package Laboratories gather materials on various packages from around the world and serves as a package research and communication center.

*Conceptual diagram

The Pack Group has established a purpose and basic policy for realizing sustainable management and incorporated this purpose and policy into its corporate philosophy structure. Its mission is to bolster social prosperity and creating satisfaction through packaging by adapting to external circumstances and delivering products, services, and value to stakeholders through its business activities.

Inputs

Management capital P. 11

Financial capital
- ROE: 8.0%
- ROIC: 6.5%
- Total assets: 104,212 million yen
- Capital investment: 3,522 million yen

Human capital
- Employees: 1,223
- Sales personnel: 316
- Planning and development section personnel: 22
- Creators: 76

Intellectual capital
- Approx. 100,000 collected case studies on packaging
- 62 patents
- 53 design rights

Social and relationship capital
- Approx. 15,000 customer firms
- No. 1 share of the Japanese market for tote bags

Manufacturing capital
- 10 plants in Japan and overseas
- 21 logistics facilities across Japan

Natural capital
- Eight forest conservation activities (nonconsolidated)
- 840 trees planted (nonconsolidated)
- 98.9% industrial waste recycling rate (nonconsolidated)

Business activities

Strategy

Medium-Term Management Plan P. 19

Building robust business and management foundations to achieve sustainable growth
Solidifying the groundwork to realize our purpose

Business model P. 12

1 **Identifying issues** Identifying courses of action for solutions

2 **Planning and development** Proposing package plans

3 **Product development** A group of packaging professionals

4 **Procurement, production** Robust production structure

5 **Quality control** Stable supply of high quality products

6 **Shipping, delivery** Nationwide logistics network in Japan

Delivering total solutions from planning through production and logistics as a group of packaging professionals

Corporate governance P. 41

Outputs

Products, services P. 07

Paper bags
Paper cartons
Corrugated boxes
Film packaging
Promotional items

+

×

Outcomes

Value provided to stakeholders P. 17

Shareholders and investors
Maintaining stable finances and dividends (payout ratios)

Employees
Maximizing employee engagement

Suppliers
Realizing and maintaining structures for partnership, coexistence, and shared prosperity

Customers
Cocreating brand value

Consumers
Providing functional and sensory value through packages

Global environment
Protecting the environment through business activities

Basic policies for sustainable management and materiality topics P. 33, 35

E Resolving environmental issues through business activities	**S** We value and nurture people. / Building and deepening relationships of trust with business partners and customers / Contributing to the development and prosperity of society	**G** Reinforcing management foundations	

Philosophy Structure of The Pack Group P. 02

External environment P. 34
Accelerating ESG and SDG initiatives, growing international and domestic economic uncertainty, difficulties securing human resources, accelerating digitalization, shift toward carbon neutrality, need to enhance governance, etc.

Realizing our purpose

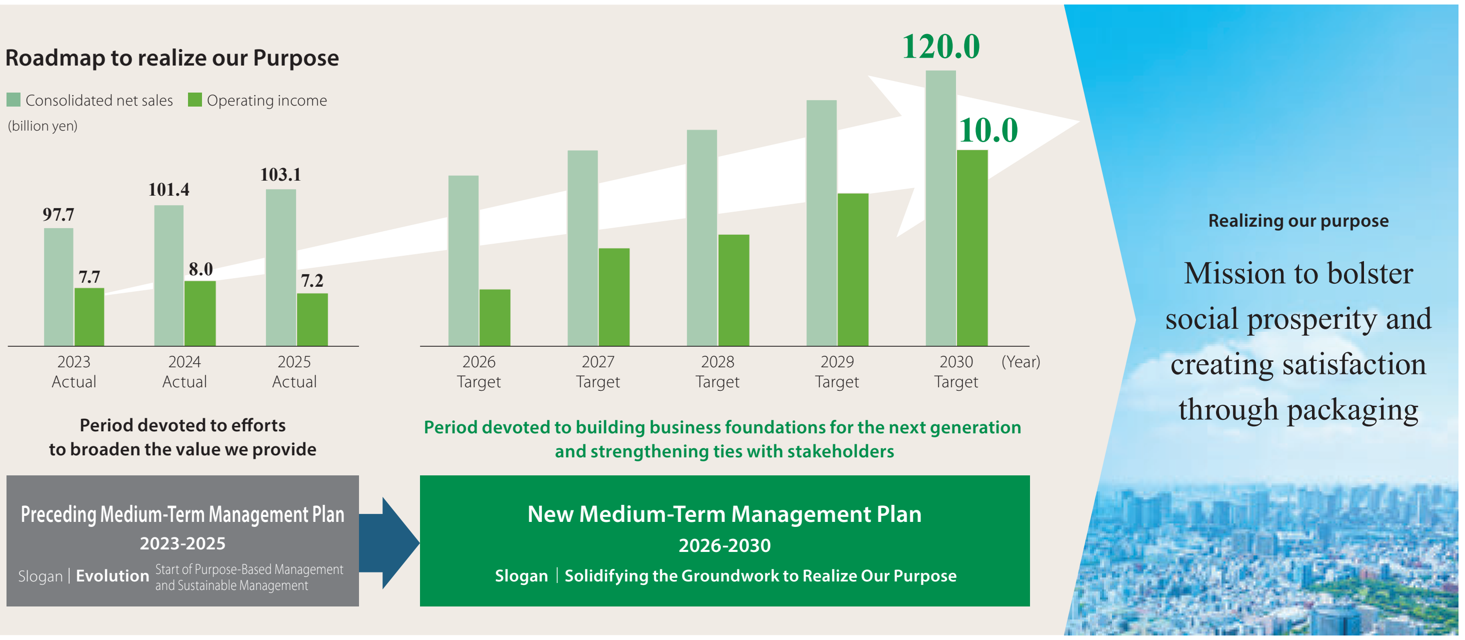
Mission to bolster social prosperity and creating satisfaction through packaging

The Pack Group recognizes the importance of building relationships based on trust with a diverse range of stakeholders. We understand the perspectives of individual stakeholders and propose environmental, social, and economic value based on carefully considered partnership roles. All members of the organization share the commitment to contributing to society through packages and packaging.

Shareholders and investors	**Maintaining stable finances and dividends (payout ratios)** The Pack Group makes decisions on dividends that account for maintenance of stable dividends and sufficient internal reserves. Internal reserves are intended to strengthen the financial constitution and meet funding demand for production facilities, R&D, and other needs. We believe they contribute to the stability and growth of shareholder dividends through future profits.
Employees	**Maximizing employee engagement (realizing rewarding work and career planning)** To broaden opportunities for diverse human resources to thrive, in addition to promoting improvements in working environments, forms, and systems, we seek to ensure appropriate assignments based on the effective use of our talent management system and other programs. We encourage individual and corporate growth and vitality through training and other opportunities for skills improvement and reskilling.
Suppliers	**Realizing and maintaining structures for partnership, coexistence, and shared prosperity** Announced in July 2022, The Pack Group's declaration of partnership building seeks to enhance coexistence, shared prosperity, and partnership throughout the supply chain. In addition to raising awareness of the content of the declaration both inside and outside the organization, we will also strive to increase value throughout the supply chain by smoothly putting it into practice.
Customers	**Cocreating brand value** As a group of packaging professionals, we propose optimal packages to customers. We propose solutions based on ascertaining customer needs and issues regarding not only the actual packages but also related aspects. Furthermore, we support customer environmental initiatives by offering eco-friendly products and we participate in product planning and sales methods, to cocreate brand value with customers.
Consumers	**Providing functional and sensory value through packages** The Pack Group develops products and services to meet ever-changing needs, based on planning and proposals reflecting the roles and values that consumers demand of packages. We supply packages that reduce consumer stress, such as shopping bags that make it easy to carry purchases and paper cartons and corrugated boxes that are easy to open and dispose of. We also add originality in design, materials, and forms, to propose packages that make products and brands more valuable. This creates sensory value and increases consumer satisfaction.
Global environment	**Protecting the environment through business activities** Based on our environmental philosophy—We will work to protect our irreplaceable environment and broadly contribute to society out of our deep respect for people and nature as well to inspire future generations—we have sought to reduce the environmental impact of production activities. We bring to life the environmental solutions demanded by society through the development and sale of eco-friendly products as well as forest conservation activities through The Pack Forest® Environment Fund.

Steps toward realizing our Purpose and the new Medium-Term Management Plan

The Pack Group is making progress toward realizing our Purpose. Under the preceding Medium-Term Management Plan (2023-2025), we expanded our product lineup and enhanced production capacity through proactive investments, based on the understanding that we needed to offer a more extensive range of products and services to contribute to society. Now, over the time covered by the new Medium-Term Management Plan (2026-2030), which we consider a time for solidifying the groundwork for future growth, we will secure sustained growth and future potential by continuing to strengthen the business foundations expanded under the preceding Medium-Term Management Plan. We will meet the expectations of our stakeholders by pursuing an approach to management aware of capital efficiency and steadily improving profitability to increase corporate value.



Review of the preceding Medium-Term Management Plan (2022-2025)

The period covered by the preceding Medium-Term Management Plan saw ceaseless changes in the external environment well beyond expectations, including the rising cost of raw materials and the rapid devaluation of the yen. We deeply regret that we proved unable to achieve the plan's initial targets. Still, we achieved steady results such as growth in the target markets of food products and e-commerce, while expanding the product lineup and increasing supply capacity through capital investments and M&As, centered on paper products. The issues specified in the new Medium-Term Management Plan clearly reflect these results.

Results of the preceding Medium-Term Management Plan and issues for enhancement

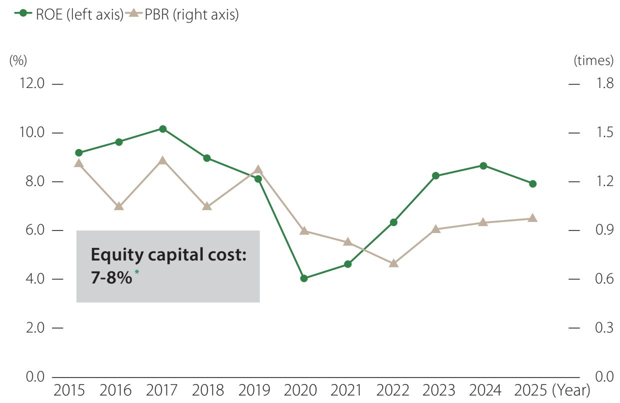
Consolidated net sales	Operating income	ROE	ROIC
FY2025 **103.1** billion yen	FY2025 **7.2** billion yen	FY2025 **7.96**%	FY2025 **6.48**%

		Results	Remaining issues
Growth strategy	Paper Products	• Expanded paper cartons lineup and contributed to sales channel expansion, centered on primary containers for food products. • Increased supply capacity for paper bags and met demand for large lots. • Grew sales of delivery materials for e-commerce. • Shifted from wood and plastic to cardboard packing materials.	• Further growth and supply chain enhancement through cutting costs and building QC systems for trays and molded containers • Sales expansion of reinforced cardboard
Growth strategy	Film Packaging	• Grew sales of flexible packaging in the food products market.	• Further business expansion
Human capital strategy		• Raised wages and enhanced employee welfare. • Continued new graduate and midcareer hiring.	• HR development • More refined evaluation system
Financial strategy		• ROE exceeded the cost of equity capital.	• Considerable room for improving asset and capital efficiency • Inadequate IR and SR activities for proper evaluation

Understanding of issues based on cost of capital and market valuation

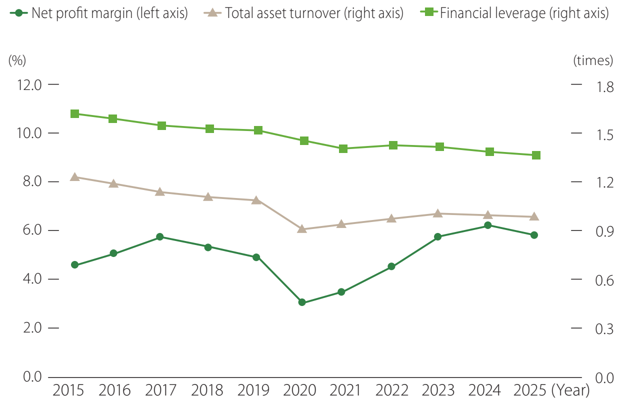
The Pack Group regards management based on an awareness of the cost of capital and stock price to be an important management topic. During the period covered by the preceding Medium-Term Management Plan, although ROE exceeded the cost of equity capital (7-8%), PBR merely trended around the level of one. This was due mainly to two factors: the fact that the trend in total asset turnover remained low and the decreasing trend in financial leverage. We see these as signs that there is room for improvement in both asset efficiency and the composition of capital. In addition, we see the PER trend at around 11-12 as an important sign that our growth strategies and potential are not fully communicated to the markets and that our dialogue activities to earn appropriate evaluations are inadequate. We take these evaluations from the capital markets very seriously and consider them important inputs to our planning.

ROE and ROIC trends



* Assumptions of equity capital cost: CAPM model, five-year beta

Trends in components of ROE



External environmental changes affecting business growth

Macro environment

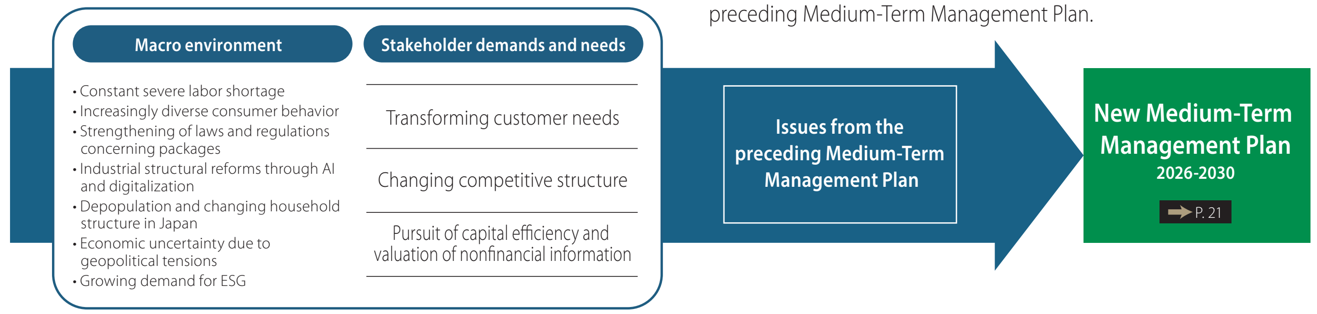
While technological progress generates new conveniences, society is currently in the middle of significant structural changes, including an increasingly dire labor shortage and rising geopolitical tensions. In addition, increasingly rigorous laws and regulations governing packages and growing demand for ESG management are important trends that directly impact our businesses. While these changes present risks that require reforming existing business models, we also see them as business opportunities capable of leading to the creation of new value through products and services for solutions to customer challenges.

Stakeholder demands and needs

Against the backdrop of a changing macro environment, stakeholder demands and needs are growing increasingly diverse and complex. Customer demand is also growing for a transition switching to eco-friendly products, services to help supplement labor shortages, and products to contribute to labor saving. Furthermore, the competitive structure is changing as it expands beyond the manufacture and sale of products to include the provision of one-stop services, including peripheral businesses and maintenance of global standards.

At the same time, demand is also growing among shareholders and investors for growth in the value of nonfinancial capital and management based on an awareness of capital efficiency.

The new Medium-Term Management Plan has been formulated based on these issues identified through analysis of the internal and external environments and results and issues identified from the preceding Medium-Term Management Plan.



New Medium-Term Management Plan (2026-2030)

The most important theme of the new Medium-Term Management Plan (2026-2030) is to implement high-quality management to establish a virtuous cycle of growth and capital efficiency. During the period covered by the plan, we will promote sustainability and a stronger management structure based on the three pillars of growth strategy, human capital strategy, and financial strategy. We will accelerate growth in corporate value by steadily implementing these strategies.

Overview of the Medium-Term Management Plan

Strategy	Main initiatives	Related KPIs
1 Growth strategy	• High value added • Productivity improvement • Expanding sales channels • M&A	Net sales Profit margin
2 Human capital strategy	• Introduction of RS incentives for managers • Human capital enhancement	Total asset turnover
3 Financial strategy	• Balance sheet management • Utilizing debt financing • Proactive shareholder returns (dividends, purchase of treasury shares) • Proactive dialogue with shareholders and investors • Enhanced disclosure	Financial leverage Expected growth rate
4 Sustainability, strengthening management foundations	• Making the Board of Directors more effective • Enhancing resilience • Environmental protection, contributing to society	Business risk reduction

Improved ROE
• Maintained at 8% or higher, targeting 10%

Improved PER

Increased corporate value
PBR of one or higher

Quantitative KPIs

The new Medium-Term Management Plan sets KPIs from the four perspectives of growth, profitability, efficiency, and shareholder returns. These targets assume increasing sales achieved through strategic investment in growth and improved profitability. We will also seek to realize an ROE at the 10% level at the earliest possible date while steadily maintaining its level above the cost of capital. At the same time, we will build a virtuous cycle of growth and returns by enhancing shareholder returns through improving the total payout ratio.

	KPIs	As of FY2025	FY2030	Issues based on results
Growth	Consolidated net sales	103.1 billion yen	120.0 billion yen	Strengthening the earnings foundations and establishing sustained growth through new customer development, sales channel expansion, and entry into growth markets
Profitability	Operating income	7.2 billion yen	10.0 billion yen	Enhancing earnings power through cost optimization, productivity improvements, and growing sales of high-value-added products

	KPIs	As of FY2025	Period covered by the plan	Issues based on results
Efficiency	ROE	7.96%	Maintained at 8% or higher, targeting 10%	To increase capital efficiency, in addition to enhancing earnings power, promoting management based on an awareness of capital costs, and advancing capital policies
Shareholder returns	Total payout ratio	54%	70%	Enhancing stable, sustained shareholder returns while maintaining a balance with investment in growth

1 Growth strategy

Growth strategy concept

The Pack sees the recent dramatic changes in our business environment, including increasingly advanced and diverse customer needs, to be opportunities to create new value. Today, the role we are expected to play has expanded from merely selling products to delivering solutions for the issues customers face in their business activities, such as the environment, labor saving, and logistics efficiency improvements. Based on this understanding of the business environment, we have identified the basic policy of "Providing value exceeding customer expectations by maximizing our strengths as a manufacturer engaged in direct sales." As a manufacturer combining strong customer contact points from direct sales and the development and manufacturing functions to support them, we will create new demand and improve earnings continually through optimal combinations of products and services that meet customer needs.

Basic philosophy

Providing value exceeding customer expectations by maximizing our strengths as a manufacturer engaged in direct sales

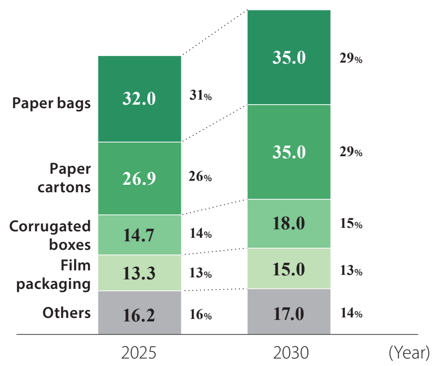
Growth pillars	
Enhancing bundled sales and one-stop proposals	• Proposals that combine products, processing, logistics, and services • Lessening customer workloads and increasing added value
Enhancing our functions as a manufacturer and productivity	• Increasing supply capacity through capital investment, labor saving, and digital transformation (DX) • Improving competitive strengths through stable supply and quality improvements
Investment concentrated on growth markets	• Allocation of management resources on the food products, e-commerce, and overseas markets • Steadily capturing long-term growth markets

Key performance indicators (KPIs)

We have identified net sales by product as a key performance indicator (KPI) in executing this growth strategy. We will grow sales in all four main product lines by leveraging our direct sales structure to the fullest to further strengthen bundled sales and solution proposals. For paper cartons in particular, we plan to grow sales to a scale rivaling sales of paper bags during the plan period through expected growth as a major product line powered by the results of past capital investment and R&D. In addition to this sales growth, through capital investments and investments in DX promotion and other areas, we will create added value and improve productivity to increase profitability.

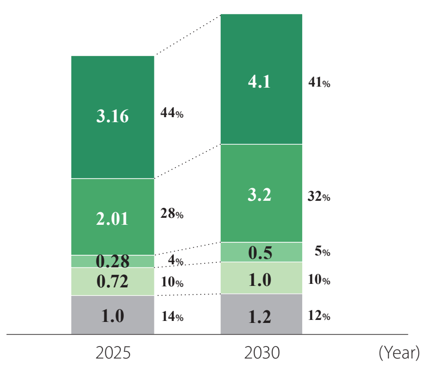
Consolidated net sales

FY2025 103.1 billion yen → FY2030 120.0 billion yen



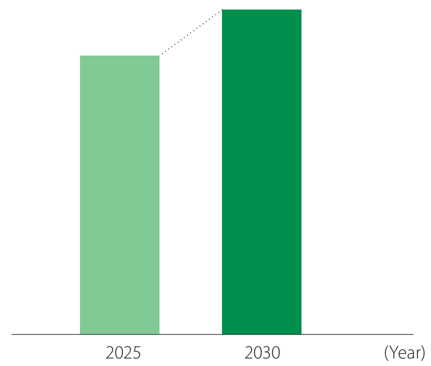
Operating income

FY2025 7.2 billion yen → FY2030 10.0 billion yen



Investment in growth

FY2025 16.9 billion yen → FY2030 35.0 billion yen



Overview of growth strategy measures

We will promote our growth strategy along two axes: expanding sales channels and improving profitability. In each product segment, we will ascertain market opportunities and our strengths, draft measures along these two axes, and optimally allocate management resources. The engines driving this strategy are the strengths of bundled sales and proposing solutions. We will break free from the business model of merely providing the products customers need and build stable, long-term revenue foundations by enhancing and expanding transactions with each customer by cross-selling across multiple product segments and proposing solutions to potential customer challenges. By doing so, we will target a sustainable, high-quality growth track not dependent on price competition.

	Growing market demands and needs	The Pack's strengths	Measures in each business
Paper bags	• Environmental needs • High-quality needs in overseas markets	• Lineup • Supply capacity • Product planning abilities • Overseas manufacturing facilities	• Sales channel expansion in food products, e-commerce, and retail markets • Pursuing productivity and efficiency • Enhancing staff and facilities to strengthen sales structures in overseas markets
Paper cartons	• Labor-saving and efficiency needs in the food products market • Package functional enhancement needs	• Extensive equipment • Extensive expertise • Lineup • Development capabilities	• Accelerating sales expansion of paper cartons through the logistics business • Broadening the scope of applications of water-based flexography printing • Expanding sales of primary containers for food products
Corrugated boxes	• Demand in the e-commerce market • Needs for shifting to paper materials and lessening workloads in the logistics field	• Structural design capabilities • Reinforced corrugated boxes • Labor-saving solutions	• Sales channel expansion in food products, e-commerce, and retail markets • Pursuing productivity and efficiency • Enhancing staff and facilities to strengthen sales structures in overseas markets
Film packaging	• Package functional enhancement needs • Needs for one-stop services	• High quality • Bundled sales	• Accelerating sales expansion of flexible packaging through the logistics business • Broadening the scope of applications of water-based flexography printing • Promoting the development of materials and products with low environmental impact
Others	• Needs for one-stop services • Demand for ecofriendly sewn products	• Integrated services from planning through delivery	• Enhancing logistics and order receipt/placement systems • Developing services to reduce customer workloads • New market development for the printing business

Growth strategy

Expanding sales channels

We will promote this strategy with a focus on the following four measures to maximize the value we supply to customers and to develop new contact points with the market. We will accelerate efforts to build a robust customer base and expand market share.

- Accelerating bundled sales
- Overseas market development
- New product development
- New business creation

Profitability improvement

We will promote this strategy with a focus on the following four measures to enhance business foundations and advance the revenue structure. By enhancing manufacturing and procurement as a direct sales manufacturer and providing services and solutions that exceed customer expectations, we will pursue highly profitable businesses across a broad range of markets.

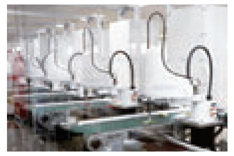
- Productivity improvement
- Cost optimization
- Strengthening manufacturer functions
- Expanding added value

Topics

Expanding business domains in the food products market

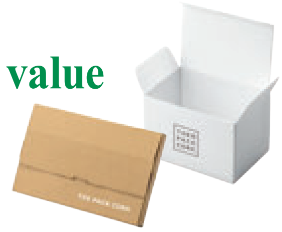
Sales KPI in the food products market FY2030
40.0 billion yen

The food products market is among our top priority markets. Backed by increasingly dire labor shortages, this market shows a growing need for comprehensive solutions to reduce manufacturing process workloads, rather than supplying packing materials alone. To meet these needs, we have opened Food Packaging Facilities in east and west Japan to handle tasks such as assembly of paper cartons and product assortment. By providing one-stop services ranging from the manufacture of cartons to product setup and delivery, we help customers achieve more efficient supply chains while freeing up time for them to concentrate on their core businesses. Through M&As and streamlining, we are also striving to establish manufacturing functions for flexible packages, which show room for further growth in this market. In these ways, by deploying comprehensive solutions from individual packages through peripheral services in the packaging field, we plan to establish a solid presence in the food products market and achieve sustainable sales growth.



Robotic arms in a food packaging facility

Enhancing supply structures and promoting higher added value in the e-commerce and packing materials fields



We are expanding our supply capacity and increasing added value to meet customer demands for safe, reliable transport in the continually growing e-commerce market and in the fields of home electronics and precision instruments. During the period covered by the plan, we will systematically update aged facilities to improve production efficiency and supply capacity at production facilities in Japan. We regard increasingly rigorous environmental regulations as a business opportunity and plan to enhance our development and supply capabilities for sustainable products such as paper cushioning materials and delivery materials and accelerate proposals of alternatives to plastic and wood-based products. Furthermore, to address pressing customer needs for labor saving solutions, we will propose optimal solutions, including automated packing lines. As a partner providing support in diverse markets, we will achieve high-quality growth by effectively promoting both stable supply and high added value.

Sales KPI in the e-commerce market FY2030
21.0 billion yen

Eco-friendly product development and sales channel expansion

We see the increasingly rigorous environmental regulations and growing interest in sustainability as opportunities for new growth. For this reason, we are promoting product development that pursues both functional enhancements and reduced environmental impact. In particular, we are developing the Kaisonaru® next-generation fluorine-free oil-resistant coating as a strategic product to develop new markets centered on food products, amid growing regulation of PFAS around the world. We are also promoting monomaterial containers to increase recyclability and jointly developing mixed paper made from recycled customer waste as part of our growing number of distinctive initiatives to increase the added value of our products. We plan to continue contributing to a sustainable society while targeting highly profitable growth based on enhancing environmental proposals that lead to solutions to society's challenges.

Enhancing sales structures and facilities in overseas markets

As the Japanese market enters a phase of structural change, we consider overseas market development to be an important strategy for realizing sustained growth. Since entering the US market in 1987 and the China market in 2006, we have steadily built a business base in overseas markets. During the period covered by the plan, we will expand manufacturing and logistics facilities by injecting human resources and establishing alliances. At the same time, we will launch full-scale development of sales networks in undeveloped markets like Southeast Asia and Europe. Drawing on our knowledge of regulations in each country, we will begin joint projects with Japan-affiliated firms in overseas markets while expanding transactions with local firms. Amid the trends toward more advanced industry and automation, the accuracy, consistency, and quality characteristic of Japanese quality control are highly regarded around the world. We will firmly leverage this business opportunity to achieve solid growth in overseas markets.

Overseas subsidiary sales KPI FY2030
9.0 billion yen

2 Human capital strategy

Human capital strategy concept

We consider our human capital to be the most important type of management capital for supporting corporate growth. To date, we have continually implemented measures to secure and develop diverse human resources and to give them the space and opportunities needed to demonstrate their capabilities, with the goal of increasing corporate value. During the period covered by the plan, we will accelerate these efforts while targeting four priority themes: hiring and placement; skills development; utilization; and comfortable work. Through these measures, as we move toward targets set for FY2030, we will strengthen employee engagement and cultivate human resources and organizations capable of higher productivity and added value.

Basic policy	Priority themes	
Inspiring the best of individual strengths to build a strong organization for continuous growth	Hiring, placement	• Enhancing the steady development of the next generation and strategically securing specialized human resources • Enhancing optimal placement through reskilling and talent management
	Skills development	• Support for autonomous career building • Making time available for creative work through DX • Enhancing training programs in each stage
	Utilization	• Enhancing opportunities for next-generation human resources to take on challenges • Shifting to evaluation systems with a focus on creating added value • Development of flexible employment environments to balance life events and careers
	Comfortable work	• Enhancing health management • Initiatives to move toward business standardization • Cultivating an approach to management focused on dialogue

Quantitative KPIs (human capital strategy KPIs)

	Results in period covered by the previous Medium-Term Management Plan (2023-2025)	Results in the period covered by the new Medium-Term Management Plan (2026-2030)
Investment in human capital	1.5 billion yen	➚ 4.0 billion yen
Breakdown of investments	• Skills development costs • Hiring costs • Digital transformation (DX), etc.	

	FY2025	FY2030
Engagement survey total score	57 pts.	➚ 70 pts.
Net sales/employee	84 million yen	➚ 98 million yen (16.7% improvement)
Operating profit/employee	5.9 million yen	➚ 8.1 million yen (37.3% improvement)

There is urgent need to adapt to the increasingly dire human capital environment, including shrinking working populations and skills advancement issues related to the rapidly changing business environment. We must improve profitability by developing more robust systems to achieve our targets. Accordingly, during the five-year period covered by this plan, we will invest 4.0 billion yen in human capital; enhance the skills development and hiring activities undertaken to date; promote digital transformation (DX); and enhance working environmental improvements. In addition, as we implement these measures, we will steadily improve the quality of these initiatives by focusing on two-way communication with employees and by making their efficacy visible through engagement surveys. Through these investments, we intend to achieve net sales per employee of 98 million yen and operating profit per employee of 8.1 million yen by FY2030.

Topics

Hiring and placement

Ensuring the stable hiring and strategic and optimal placement of human resources

To ensure stable hiring, in addition to hiring new graduates and midcareer hires, we are building environments in which employees under the continuous employment program can continue working over the long term. We will further strengthen the foundations needed to support growth by securing human resources who bring extensive experience and expertise and by increasing organizational diversity.

Midcareer hiring

Since the period covered by the preceding Medium-Term Management Plan, we have focused on midcareer hiring to secure capable human resources who possess practical experience and expert insights. At the same time, to prevent mismatches after hiring and hire people who can continue to perform over the long run, we have introduced a system of hiring through referrals from current employees.

Number of midcareer hires (nonconsolidated)

FY2021	FY2025
7	➚ 16

Continuous employment program

We have adopted a system of employment through the age of 65. As an important force supporting corporate progress, continuing employees draw on their extensive experience and knowledge to pass on skills to the next generation. Since 2020, we've steadily revised the specifics of our employment regulations to ensure that employees can continue to work with a strong sense of motivation.

Number of continuing employees (as of December 31, nonconsolidated)

FY2021	FY2025
41	➚ 104

Talent management system

The talent management system centralizes employee information, including personal information, qualifications, past positions, awards received, training completed, HR evaluations, and management by objectives to ascertain the strengths and qualities of each employee and allow the strategic placement of human resources based on individual abilities and aptitude.

Skills development

HR development based on management policies

Based on our Corporate Philosophy: "We value and nurture people," we have always focused on HR development. Going forward, we plan to further evolve our training and educational programs and pursue proactive new investments and diverse measures to enhance the competitive strength of the entire organization.

Skills improvement support program

To encourage employee self-improvement, we provide financial support for those seeking to learn English or Chinese, to earn qualifications including Microsoft Office Specialist and Nissho Bookkeeping Certificates, and to take Nikkei exams. For English and Chinese, we have concluded a corporate contract with a major language school operating across Japan. We also offer the option of online English lessons.

Users of the skills improvement support program (cumulative)

FY2021	FY2025
9	➚ 24

Tiered educational and training programs

We offer tiered educational programs to develop human resources capable of performing at every level. These programs are revised annually to reflect internal changes, results, and issues. To maintain high motivation, we also include skills improvement as goal setting and evaluation targets for semiannual management by objectives.

Topics

Education and training structure

	Training				Reports, tests	Systems
Core management	● Upper management training	Digital transformation (DX) training				
Officers and employees	● Manager training ● Evaluator training ● Training on seven types of practices ● Team leader training ● Field capability enhancement training ● Management training		Field improvement training (eligible sites only)	Career training (ages 30, 45, 55, 58 only)	● Management skills testing	Skills improvement support program
Midlevel	● Internal educational courses				● Book reports	
Young	● Year Three training ● Follow-up training					
New employees	● New employee training					

Digital transformation (DX) training

Promoting digital transformation (DX) is essential to making the organization more competitive. We launched DX training in 2023. That year, around 700 trainees improved their DX knowledge through a half-year e-learning program. In 2024 and 2025, around 130 DX promotion team members chosen from the previous year's assessment results learned more about DX literacy and skills and how to use generative AI. We plan to continue pursuing DX training as we seek to improve business efficiency, apply DX on the job, and develop DX promotion human resources.

Realizing a sustainable competitive organization

Building digital infrastructure for the future

Creating innovation

Improving business efficiency and creating new value ↕ **Organizational advancement**

Advancing new business models and customer experience ↕ **Individual growth**

Career design training

Since 2025, the career design training program, previously available only to employees aged 55 and 58 years, has been expanded to those aged 30 and 45 years as well, to support medium- to long-term career planning. In addition to providing opportunities to take stock of individual careers at each age and supporting the formulation of medium- to long-term action plans, this program fosters an awareness of asset-building. In this way, we help individual employees to visualize their own careers and realize sustained growth and reassuring work styles.

Training on seven types of practices

To cultivate leadership and grow employees and the organization, this training was launched in 2021 based on Franklin R. Covey's book, *The Seven Habits of Highly Effective People*. The goals include deepening communication within the workplace and mindfully seeking to establish win-win relationships. Training sessions for those in managerial positions began with 18 trainees in the first year and have continued with about 50-60 trainees each year since. This training focuses on managers newly appointed in 2026 to enhance leadership.

Study meetings

We hold regular study meetings, chiefly for young sales personnel. In these study meetings, which are intended to teach the skills needed in sales activities, participants learn in real-world settings about the distinguishing features of diverse products and key points for proposing them to customers. Through role-playing, the meetings also seek to strengthen proposal capabilities directly related to practical solutions and customer service capabilities, focused on having a deep understanding of the overall business flow and how to propose solutions to meet customer needs. This encourages growth among young employees and helps improve the sales capabilities of the entire organization.

R&D and Information Sharing Committee research meetings

To develop new products, we established research meetings for the three segments of paper cartons, bag production, and shipping packages. Participants are selected from the sales, creative, and manufacturing sections. Specific research topics are chosen based on factors like market trends, customer needs, and social issues, and research findings are shared and opinions exchanged twice a year at Companywide R&D and Information Sharing Committee meetings.
Working together across sectional boundaries allows members of the meetings to pursue research, discuss issues from different perspectives, and generate more practical results. Human resources from creative sections with specialized qualifications in package technologies make the most of their knowledge to contribute to the meetings. This research helps build the expertise needed to strengthen planning and proposal capabilities.

Holders of package management engineer qualifications
FY2025 **27**

Holders of package specialist qualifications
FY2025 **13**

Utilization

Building environments where diverse human resources can thrive

An environment in which diverse human resources can demonstrate their individuality and abilities freely is essential to sustained corporate growth. Through flexible work systems and multifaceted evaluation systems, we realize workplace environments that support employees who wish to pursue challenges.

Management by objectives interviews and talent development meetings

We hold semiannual interviews to identify courses of action for each individual's work and objectives. These objectives serve as the bases for performance reviews, which management evaluates fairly and thoroughly to provide practical feedback to improve individual growth and organizational power.
Talent development meetings are held across the company based on the results of performance reviews. At these meetings, we share information about top talent and discuss ways to evaluate employees fairly and appropriately. These meetings also serve as an opportunity to assess management abilities and to help nurture the organization as a whole.

Promoting the role of women in the workplace

We promote corporate management that leverages diversity by seeking to increase the numbers of women in permanent employee and managerial positions. Toward this end, we're developing workplace environments in which both men and women can work for the long term with peace of mind.

FY2025 **8.8**% ➚ FY2030 **15**% or higher

Comprehensive reduced working hours system

We've established a comprehensive reduced working hours system under which employees caring for children or other family members, undergoing outpatient treatment, supporting family members, or in similar situations can choose to work six or seven hours a day or staggered working hours.

Comprehensive reduced working hours system users
FY2021 **10** ➚ FY2030 **13**

Comfortable work

Building environments where people can experience rewarding work

We believe rewarding work experiences and increasing engagement for employees contribute to sustained corporate growth. Based on this perspective, we're deploying various measures and enhancing related systems. In addition to revising evaluation systems, we will boost employee motivation and improve productivity by building related environments.

Health management

Maintaining the mental and physical health of employees is essential to improving labor productivity. By promoting thorough participation in health checkups and stress checks, healthcare training, and smoking cessation programs, we're building an environment in which employees can perform at their best.

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

Engagement surveys

The Pack has undertaken engagement surveys of all employees. These surveys ask employees to candidly express opinions through questions in five categories, including work, compensation, and interpersonal relationships in the workplace. We strive to build comfortable working environments by evaluating and improving various measures based on the survey results.

The Pack's own maternity and paternity leave program

In 2022, we introduced our own maternity and paternity leave to make it easier for men to take paternity leave. In addition to parental leave, we've created an environment that makes it easier for employees to take leave.

Percentage of male employees taking paternity leave (as of December 31, nonconsolidated)
FY2021 **0**% ➚ FY2025* **139.1**%

* Figure exceeds 100% because it includes more than one fiscal year.

Continual improvements in compensation

We're currently revising various regulations, including various allowances and periodic raises, to improve compensation for all employees and to normalize remuneration. We pursue continual improvements in compensation to strengthen employee motivation and engagement and secure capable human resources.

Wage increase rate
FY2026 **5.09**%

3 Financial strategy

Assumptions underlying the financial strategy

To achieve sustained growth in corporate value, we established the basic financial strategy policy of "Improving capital efficiency while also investing in growth." We began shifting toward management in pursuit of capital efficiency more than during the period of the preceding Medium-Term Management Plan. This strategy is based on three themes that embody this basic policy.

The first theme is *Management conscious of capital costs*. The second is *Capital structure optimization*. The third is *Shareholder returns to optimize the balance sheet*. Actions based on these themes will contribute to profitability and ROE and improve the future rate of growth that serves as the source of market evaluations. During the five-year period of the plan, we plan to take practical action to increase corporate value.

Basic policy	Initiatives	
Improving capital efficiency while also investing in growth	**Management conscious of capital costs**	By increasing profitability and improving capital efficiency, maintaining ROE of 8% or more and continually creating value exceeding capital costs
	Capital structure optimization	Optimizing the capital structure by strategically using debt financing while maintaining a robust financial standing
	Shareholder returns to optimize the balance sheet	Seeing swift resolution of the PBR level of less than one as a top priority, shifting to a shareholder returns policy to increase corporate value and optimize the balance sheet

KPIs

ROE	Maintained at 8% or higher, with a target set of 10%
Purchase of treasury shares	Targeting purchase of 10.0 billion yen (five-year cumulative)
Dividend payout ratio	Progressive dividends 40%
Total payout ratio	70%

As a KPI of capital efficiency and profitability, we plan to maintain an ROE of 8% or higher while setting the future target of 10%. This speaks to the management commitment to efficient management to meet the expectations of the capital markets.

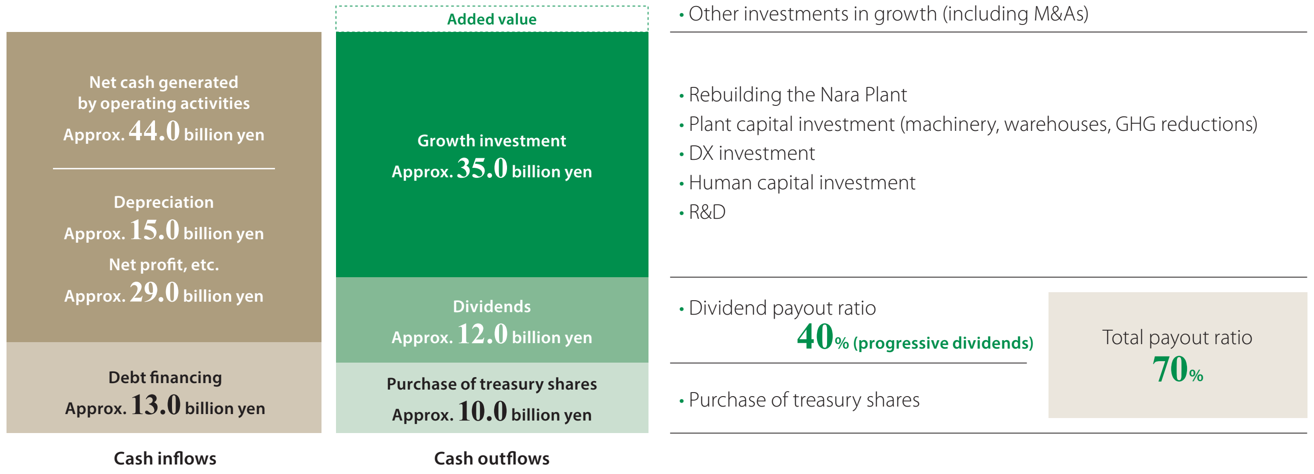
To provide shareholder returns on an unprecedented scale, we have set a target total payout ratio of 70%. Targeting a dividend payout ratio of 40%, we've adopted the progressive dividends policy to provide steady returns of profit to shareholders. This policy seeks to maintain or increase dividend levels without being affected by short-term fluctuations in profit, and it also demonstrates confidence in our future business growth.

To optimize the balance sheet and increase price per share, we will implement dynamic purchases of treasury shares, targeting a cumulative total of 10.0 billion yen over the next five years.

Capital allocation

The optimal allocation of funds generated is vital to achieving sustained growth in corporate value. We plan to strategically allocate funds to investment in medium- to long-term growth and stable shareholder returns, using net cash generated by operating activities and dynamic debt financing. The goal is to maximize corporate value with capital allocation in pursuit of the optimal balance between investment in growth and capital efficiency as a central part of management.

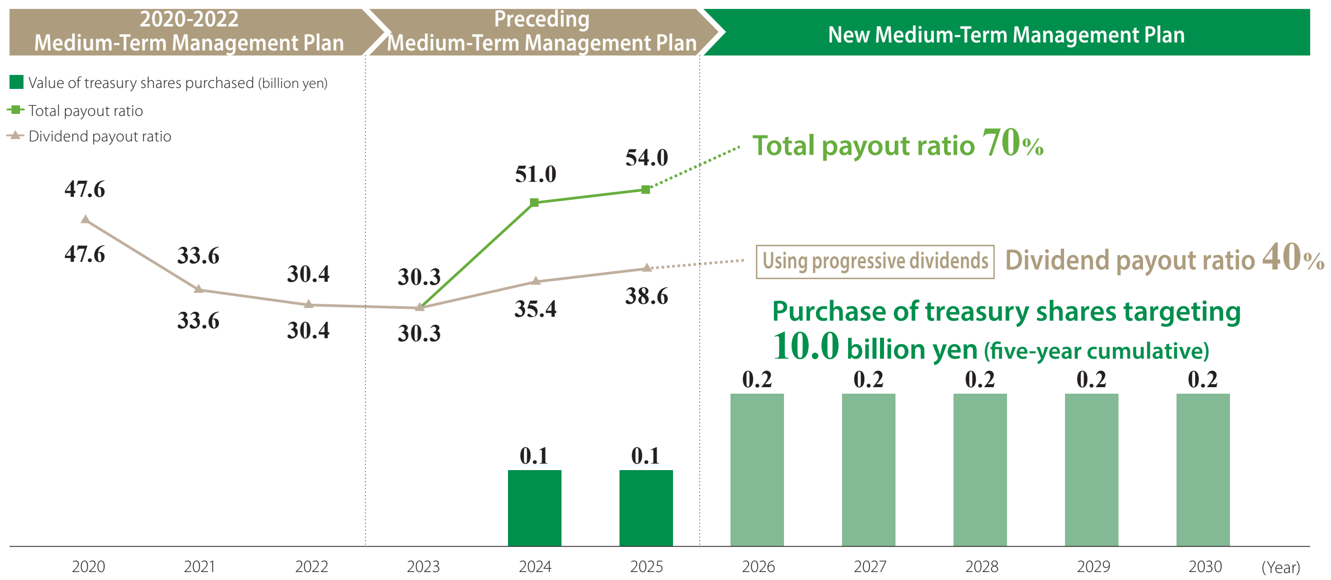
Period covered by the New Medium-Term Management Plan (2026-2030)



Enhancing shareholder returns

To build sustained relationships of trust with our shareholders, we have revised our policy on shareholder returns to clearly indicate a transformation to an approach to balance sheet management based on an awareness of capital costs and promote our highest-ever level of shareholder returns. While we were able to increase the total payout ratio from the 30% to the 50% level under the preceding Medium-Term Management Plan, this plan calls for even further progress. Specifically, it targets a total payout ratio of 70%. To reach this goal, we introduced a policy of progressive dividends for the first time ever to provide stable and continuous returns to shareholders. The target dividend payout ratio is 40%. We will increase corporate value continuously by optimizing the capital structure and increasing capital efficiency.

Trend in shareholder returns



4 Sustainability and management foundations

Enhancing sustainability and management foundations

To realize our corporate Purpose, we've identified specific materiality KPIs to achieve by FY2030. By addressing environmental, social, and governance (ESG) issues in addition to achieving these KPIs, we will enhance our sustainable management foundations and fulfill our social responsibilities. During the period covered by the plan, we plan to implement measures that link offensive (increased profitability) and defensive (reduced risk) approaches. We will further enhance management systems to enable swift and flexible management decision-making based on an appropriate understanding of risks and the dramatically changing business environment, thereby achieving sustainable growth and rewarding the trust of our stakeholders.

Basic policy	Initiatives		
Enhancing corporate systems to achieve sustained growth in corporate value	E Environment	Promoting eco-friendly product planning and technological development	• Proposing alternative surface processing technologies to replace plastic laminates • Developing eco-friendly plastic packaging
	S Society	Human capital strategy measures P. 25-28	
		Maintaining and improving quality through joint efforts with business partners	• Improving quality by enhancing quality control structures
	G Governance	Strengthening risk management	• Implementing a supply chain risk management structure • Formulating a Business Continuity Plan (BCP) and implementing business continuity management (BCM) • Enhancing information security • Promoting compliance education • Improving evaluations in CSR audits
		Making the Board of Directors more effective	Strengthening compliance systems

Topics

E Environment — Developing the Kaisonaru® next-generation oil-resistant coating

Eco-friendly product planning and technology development contributes to improving corporate sustainability. We're developing eco-friendly products across numerous product categories. In the food products market, in response to growing demand for food takeout packages, we examined products that might replace traditional plastic packages. Over a roughly two-year period starting in 2023, we developed the Kaisonaru® next-generation oil-resistant coating technology, which utilizes seaweed. This process coats the interior of paper trays and helps realize PFAS- and plastic-free paper primary containers with the same level of oil resistance as previous products.

In addition to reducing environmental impact, we will meet diverse and high-level needs in the food products market and continue contributing to a sustainable society through innovative technologies.

Sample packages (interior coating)

[Product strengths]
- Made using highly safe raw materials from seaweed
- Plastic-free and biodegradable
- PFAS, styrene, and acrylic free
- Oil resistance equivalent to petroleum-based products

Topics

S Society — Maintaining and improving quality together with partner companies

The Pack strives to strengthen customer satisfaction by improving quality across the supply chain. In 2025, we improved quality control structures and enhanced inspection and guidance, particularly for overseas subcontractors. For subcontractors in Japan, we undertook regular audits and worked to ensure thorough adherence to quality standards. By holding regular quality meetings with partner companies and materials suppliers to share quality information and raise awareness, we are enhancing our structures for cooperation with partners. We will continue these efforts to enhance the systems that deliver stable, high quality products throughout the supply chain.


Joint quality meeting with a partner company
Participating companies: 47 in total
Participants: 72 persons

G Governance — Enhancing risk management

Recognizing appropriate response to increasingly diverse and complex risks to be essential to sustained growth amid a changing business environment and business growth, we strive to enhance our risk management foundations by preventing and appropriately controlling risk, in addition to building structures capable of responding to any risks that do arise. Through these efforts, we seek to achieve sustained growth in corporate value.

Promotion structure

Under the oversight of the Sustainable Committee (chaired by the President), the Sustainable Committee Secretariat coordinates the promotion of each type of risk management. Specific measures are taken by choosing team members for each project, formulating policies and assessing risks, and studying execution plans and responses.

Supply chain risk management

The Pack's business activities are based on cooperation with numerous suppliers and partner companies. We recognize supplier-related risks as important risks. Based on this understanding, we are enhancing risk management across the entire supply chain. In 2026, we established policies concerning human rights and the environment based on our ethics policy to clearly express our thinking and decision-making standards. We also formulated a sustainable procurement policy based on these policies. In this way, we have clarified important topics and response policies for the supply chain. In addition to ensuring a deep understanding of these policies both inside and outside the organization, we will ascertain factual information through sustainability surveys of suppliers. Based on the survey results, we will review risk assessments and responses and make improvements through supplier dialogue and cooperation with the goal of making the supply chain still more sustainable.

Compliance training

We strive to promote compliance training and awareness by communicating information through our corporate intranet and conducting legal training and educational sessions as needed. In 2025, we held online training for all employees to promote compliance awareness. In addition to maintaining periodic training, we will carefully review the content of training in light of risks and actual conditions to promote highly effective compliance training.

FY2025 awareness training
Subjects: all employees

Theme	Participation (%)
Code of Conduct	99.4
Anticorruption	98.6
Harassment prevention	98.6

Business Continuity Plan (BCP)

The Pack is promoting a three-year BCP promotion project. In 2026, the project's first year, we plan to implement BCPs for head office functions. Project team members have been appointed. We plan to build a system that will allow the swift and appropriate issue of instructions in the event of a disaster, accident, or other emergency, with head office functions playing a central role in the chain of command. To do so, we plan to review risks, formulate initial action plans, and draft priority measures.

In its second and third year, we will expand this project in stages to branches and sales offices, to improve business continuity throughout the organization.

Strengthening the information security structure

The Pack is addressing information security as one theme in enhancing its management foundations. In 2026, we launched a project to strengthen the information security structure across related sections. In addition to enhancing organizational controls, including the preparation of information security policies and related regulations, the clarification of operational rules, and training employees, this project will implement in stages various priority technical measures for high-risk domains. To build an effective information security structure, we will ensure business continuity while strengthening the trust of customers and business partners.

Basic Policy of Sustainable Management

In 2023, we established the Basic Policy of Sustainable Management as a new management policy reflecting social and business environmental conditions.

We will deliver environmental, social, and economic value that only The Pack Group can offer, to realize a prosperous and sustainable society and bring satisfaction to people.

Basic Policy of Sustainable Management

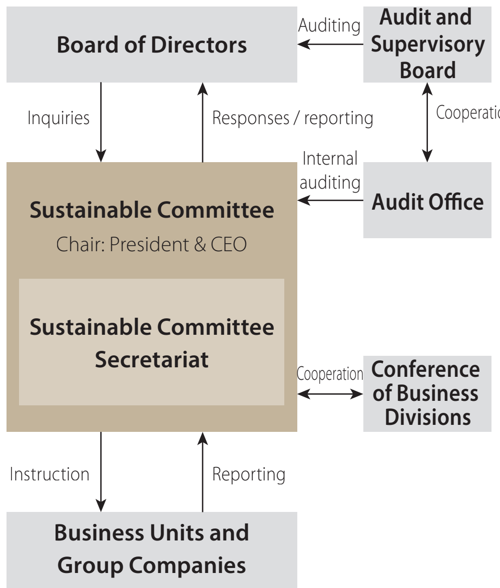
As is expressed in The Pack Group's corporate motto, we are passionate and dedicated to our partnerships in all our activities. Furthermore, we pursue sustainable management in keeping with the purpose of our existence (purpose): to provide packaging solutions to contribute to a prosperous society and 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.

Promotion structure

The Sustainable Committee (chaired by the President and CEO) addresses promotion of sustainable management within the Group.

In January 2023, we established the Sustainable Committee under the Board of Directors to address efforts to promote sustainable management within the Group. The Sustainable Committee and its executive body, the Sustainable Committee Secretariat, work with the Conference of Business Divisions, Business Units, and Group companies to advise and make decisions on the operation and promotion of sustainable management, the formulation of policies on key issues, management of the progress of initiatives, and the incorporation of these policies into the medium-term management plan. The Sustainable Committee Secretariat promotes action plans and manages KPIs in collaboration with the Business Units and Group companies.

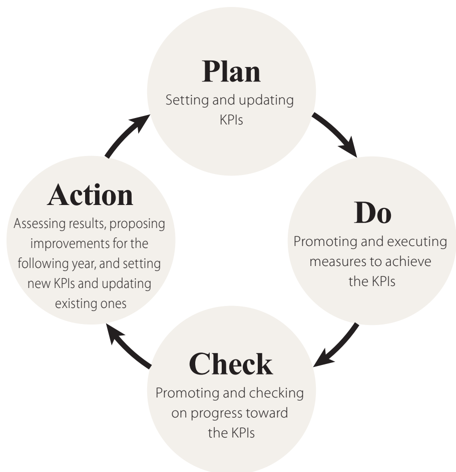
The Board of Directors consults with the Sustainable Committee to set policy and provide oversight. The Conference of Business Divisions will work with the Sustainable Committee to share information. Business Units and Group companies implement various measures and provide results and data. The Audit and Supervisory Board and the Audit Office provide supplemental audits related to these initiatives.



KPI management

The Sustainable Committee and the Sustainable Committee Secretariat, its executive arm, set and manage materiality KPIs. The Sustainable Committee Secretariat reports every half-year to the Sustainable Committee on progress toward the KPIs, ascertained in partnership with Business Units and Group companies. In addition, it assesses results each year, proposes improvements for the following year, and sets new KPIs and updates existing ones. The Sustainable Committee works together with the Conference of Business Divisions to promote practical efforts targeting the KPIs in individual business sections.

Each business section employs the plan-do-check-act (PDCA) cycle to improve productivity across the organization and strives to achieve the KPIs. A management structure has been established to promote and monitor progress toward the KPIs, striving toward fair assessment of individual business sections.



External environment (risks and opportunities)

To be able to adapt to any societal changes, the Group anticipates the following risks and opportunities. Corresponding materiality issues also are shown below.

○: Materiality issues corresponding to risks and opportunities

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

In 2022 the Group identified 12 materiality issues on five major themes. Specific materiality initiatives are shown below. We will promote and strengthen these activities and thereby contribute to a sustainable and prosperous society.

Identification process

A set of Materialities (important issues) was identified by the project members centering on the Sustainable Business Team established in January 2022. In July 2022, the Materialities were approved by the Board of Directors and finalized.

In September 2023, we established five materiality KPIs. We are promoting initiatives intended to achieve these KPIs by FY2030. We will strive toward sustained growth in corporate value by checking progress on, assessing, and updating these materiality issues and KPIs through the plan-do-check-act (PDCA) cycle.

Step 1 Organizing study meetings held by the Sustainable Business Team, which is a member of the project team that identifies materiality topics

The project team has at least one individual from each department responsible for topics such as sales, quality control, finance, legal affairs, human resources, general affairs, and business strategy. Multiple study meetings to date have strengthened the understanding of team members regarding terminology and sustainable management at other companies. Study meetings have also been held for executives to promote their understanding and discussion of initiatives to help build a narrative on sustainable management and value creation as well as initiatives related to the Task Force on Climate-related Financial Disclosures (TCFD).

Step 2 Reviewing the value chain and ascertaining our management capital (strengths)

We examined our value chain in great detail, identifying our unique qualities and points of differentiation from our competitors.
Based on the findings, we identified our management capital: financial capital, manufacturing capital, human capital, intellectual capital, social and relationship capital, and natural capital.

Step 3 Identifying themes (issues) for maintaining and growing our management capital and defining initiatives for each issue

We studied how to maintain and grow management capital comprising these six types of capital and identified related issues. We also defined initiatives for each issue as it relates to the environment, customers, people and labor, local communities and society, and management.

Step 4 Deciding on materiality topics based on their importance to stakeholders and to the Company

Step 5 Submitting the materiality topics through the Sustainable Committee to the Board of Directors for approval

List of Materiality issues organized from an ESG point of view

	Major themes	Materiality (Important Issues)	Initiatives		Association with SDGs
E	Theme 01 Delivering solutions to environmental issues through our business activities	Promoting eco-friendly product planning and technological development	• Developing, procuring, and supplying eco-friendly raw materials, including forestry-certified and mixed paper • Proposing packaging that requires reduced volumes of raw materials • Proposing solutions to improve work efficiency through use of our packaging	• Proposing alternative surface processing technologies to replace plastic laminates • Developing alternative paper packaging to replace plastic packaging • Developing reusable packaging • Developing eco-friendly plastic packaging	12, 13, 14, 15
		Reducing environmental impact throughout our business activities	• Purifying and reusing water used in manufacturing processes • Reducing CO_2 emissions (intensity)	• Transitioning to renewable energy • Appropriately managing industrial waste and reducing emissions; promoting recycling	6, 7, 12, 13
		Contributing to environmental conservation and preservation	• Preserving and restoring forest and mountain areas • Planting trees with consideration for ecosystems	• Establishing a new environment fund to support efforts such as the preservation and restoration of coasts and rivers • Investing in efforts that contribute to environmental conservation and preservation	7, 13, 14, 15
S	Theme 02 Valuing and nurturing people	Promoting employee health and safety	• Maintaining and improving the health of employees and their families as set forth in the Health and Productivity Management Declaration • Implementing safety measures at manufacturing sites	• Stockpiling disaster supplies to keep employees safe in the event of natural disasters	3, 5, 8, 10, 16
		Developing and cultivating the capacity to offer total solutions related to packaging	• Using the Packaging Laboratory to foster an organization of specialists who support The Pack as a company offering total solutions related to packaging • Developing and utilizing databases on packaging expertise	• Improving business efficiency and enhancing proposal capabilities through digital transformation (DX) • Promoting product development through training sessions in which manufacturing sites participate	
		Promoting diverse work styles that encourage all employees to thrive	• Developing environments for work styles suited to employee lifestyles • Promoting an action plan to empower women in the workplace • Designing remuneration schemes to allow employees to work with peace of mind and other systems to secure post-retirement plans	• Developing teleworking environments and adopting communication tools • Developing employee skills and optimizing assignments through job rotations • Building a more open human resource evaluation system	
	Theme 03 Building and enhancing relations of trust with our business partners and customers	Co-creating brand value with our customers	• Identifying and analyzing customer issues and providing solutions • Collecting information on packaging in Japan and overseas and communicating market developments and trends	• Providing multifaceted proposals on distribution and logistics solutions to achieve labor savings, automation, and mechanization • Proposing ways to participate in The Pack Forest® Environment Fund to preserve forests	4, 9, 10, 11, 12, 15
		Maintaining and improving quality through joint efforts with business partners	• Implementing joint development of production technologies and establishing mass production in partnership with production subcontractors • Improving quality by enhancing quality control structures	• Establishing eco-friendly logistics systems	
	Theme 04 Contributing to social development and prosperity	Contributing to developing future generations and fostering environmental awareness	• Holding visiting classes for elementary school students • Participating in educational content (including online)	• Investing in efforts that contribute to the development of future generations • Participating in and supporting activities that lead to increased environmental awareness	4, 9, 10, 11, 12
		Providing solutions to increasingly diverse social issues	• Achieving labor savings, automation, and reduced CO_2 emissions by promoting a PAS system • Developing packaging in a way that helps to address labor shortages • Proposing total solutions that combine packaging with packing and logistics equipment	• Support for activities that create jobs for people with disabilities and activities that assist them in becoming self-sufficient and finding employment • Supporting activities of children to support environmental protection	
G	Theme 05 Enhancing management foundations	Securing soundness, transparency, and efficiency in management	• Improving corporate governance structures • Disclosing information on the status of initiatives related to all principles of the Corporate Governance Code • Strengthening management soundness through the C-Line (compliance line as the internal whistleblowing system)	• Implementing fair and objective decision-making processes for management appointments • Improving the quality of disclosure to shareholders and other stakeholders • Securing diversity among the Board of Directors	16
		Promoting supply chain risk management	• Strengthening supply chains that can respond to various procurement, production, and sales risks	• Enhancing resilience to ensure the appropriate operation of business continuity planning • Countering information leaks and system failures associated with cybersecurity risks	

Disclosure in accordance with TCFD recommendations

Recognizing the major impacts climate change would have on the Company and its stakeholders, The Pack has identified reducing environmental impact throughout our business activities as a key materiality issue. The following disclosures reflect Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. The Pack will strive to provide appropriate disclosure to stakeholders by enhancing the content of disclosure in addition to further accelerating related initiatives.

Governance

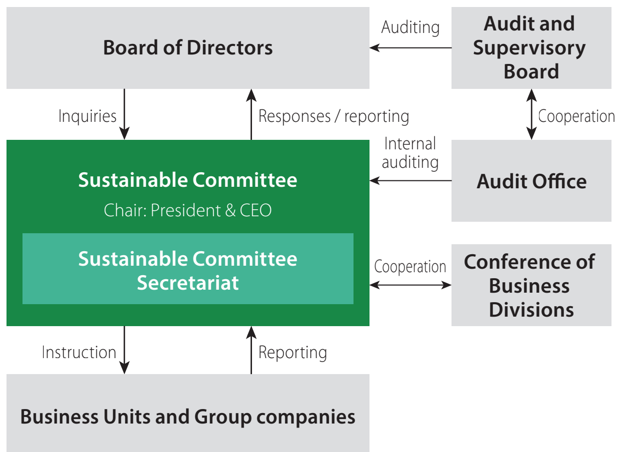
The Sustainable Committee (chaired by the President and CEO) under the Board of Directors manages and promotes response to climate change. The Sustainable Committee and the Sustainable Committee Secretariat, its executive arm, in partnership with the Conference of Business Divisions, Business Units, and Group companies, ascertain risks and opportunities associated with climate change, draft related targets, monitor and assess the state of related efforts, and submit reports and answers to the Board of Directors twice a year on the results of this process. While the Sustainable Committee meets twice annually in principle, it may meet at other times to address matters judged by the chairperson to be highly important or urgent.

The Board of Directors consults with and supervises the Sustainable Committee and makes decisions on targets.

Tasked with overseeing the executive organization, the Sustainable Committee Secretariat reviews anticipated risks and opportunities associated with climate change, identifies them and assesses their importance, and reviews their assessments. It also considers action plans and response policies and inspects and follows up on the state of execution periodically.

The Conference of Business Divisions consults with the Sustainable Committee to share information. Business Units and Group companies implement various measures and provide results and data.

The Audit and Supervisory Board and the Audit Office provide supplemental audits related to these initiatives.



Risk management

The Sustainable Committee reviews the risks and opportunities associated with climate change annually, assesses risks and opportunities based on various considerations, including their probability and impact and what recourses are available. In reviewing assessments of risks and opportunities, it refers to various scenarios provided by organizations such as the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), and interviews related business sections as necessary. Among the risks and opportunities associated with climate change, those considered to be highly important are reported to the Board of Directors through the Sustainable Committee. The Sustainable Committee drafts responses to risks and opportunities and manages the progress thereof in accordance with established guidelines.

Strategy

The Group has considered two scenarios, the 2°C scenario and 4°C scenario, for the year 2030, for a scope consisting of The Pack Corporation. In doing so, it referred to the scenarios of the IEA's World Energy Outlook, the IPPC's Shared Socioeconomic Pathways (SSPs) and Representative Concentration Pathways (RCPs) scenarios, and various forecasts and plans issued by the Japanese government and other parties. Analyzing each event along the two axes of probability and impact, it assessed business risks and opportunities at three levels: high, medium, and low. We will increase the resilience of business activities by promoting optimal initiatives based on the important business risks and opportunities clarified through this process.

Key business risks and opportunities

Item		Event	Potential impact	Business impact	Assessment
Transitional Risks Opportunities 2°C scenario	Policy, legal	Adopting carbon taxes	Risks Rising business costs, including the cost of fuel and raw materials, due to stricter regulations and carbon taxes	New tax burdens on emissions expected to be incurred with adoption of carbon taxes	High
	Policy, legal	More rigorous CO_2 emissions and energy conservation regulations	Opportunities Reducing CO_2 emissions intensity through the development of efficient logistics systems	Emissions intensity expected to be reduced by making the Company's logistics systems more efficient in partnership with leading logistics firms	Low
	Markets	Growing demand for low carbon products	Risks Declining demand for existing high carbon products	Projections suggest that customers and consumers would move away from existing high carbon products toward low carbon products.	Low
			Opportunities Increasing demand for low carbon products (paper products)		High
	Markets	Promotion of switching from plastic to paper products	Opportunities Increased demand for paper products (bags, cartons)	Growing consumer movement away from plastic products to more eco-friendly paper products due to expanding environmental awareness	High
	Markets	Growing demand for recycling materials	Risks Rising cost of used paper and other recycling materials	Projections suggest that market prices of used paper and other materials would rise as demand for recycling materials grows, leading to higher manufacturing costs.	Medium
	Reputation	Declining corporate brand value due to inadequate environmental measures	Risks Changes in evaluations by stakeholders	Projections suggest that failure to adapt to climate change may lead to exclusion from investments, chiefly by institutional investors, and less favorable lending conditions from financial institutions. Despite the risk of fundraising obstacles, the impact might be controlled by enhancing disclosure and implementing measures to adapt to climate change.	Low
Physical Risks Opportunities 4°C scenario	Acute	Increasing frequency and scale of weather-related disasters	Risks Suspension of operations due to damage to Company facilities and supply chains	Projections suggest that the procurement of raw materials, product deliveries, and other activities may be affected by interruptions of logistics chains due to weather-related disasters.	Low
	Chronic	Increasing numbers of days of fierce heat	Risks Inadequate electricity due to growing numbers of days of fierce heat Risks Rising air conditioning and other costs	Projections suggest that growth in demand for electricity due to growing numbers of days of fierce heat may threaten business continuity due to power failures and other consequences.	Low
	Chronic	Improved business sustainability through environmental measures	Opportunities Achieving differentiation from the competition and containing opportunity loss by ensuring a stable supply of products	Projections suggest that the Company can differentiate itself from the competition by increasing its business continuity by adapting to climate change to ensure a stable supply of products and to avoid shortages.	Low

Strengths and initiatives for addressing major opportunities

Event	Strengths and initiatives
Stricter regulations governing CO_2 emissions and energy conservation	• Establishing guidelines on adopting machinery and using machinery with a focus on efficiency • Adopting and expanding facilities to reduce environmental impact—for example, by installing solar power • Promoting the development of efficient logistics systems • Promoting contracts for CO_2-free electricity from renewables • Considering carbon offsets through the purchase of non-fossil-fuel certificates, etc. • Improving the energy efficiency of lighting, HVAC systems, boilers, and other equipment
Growth in demand for low carbon products Promoting the switch from plastic to paper products	• Together with boosting sales of FSC® and other Forest Products, actively proposing and expanding the lineup of other paper products • Moving ahead with the development of eco-friendly products and proposing their use as substitutes for plastic products
Increasing the sustainability of eco-friendly businesses	• Ensuring stable supplies and effective risk management for emergencies through joint efforts with our four plants in Japan, Group companies, and subcontractor plants • Promoting supply chain resiliency by developing new suppliers and strengthening relations with existing suppliers

Indicators and targets

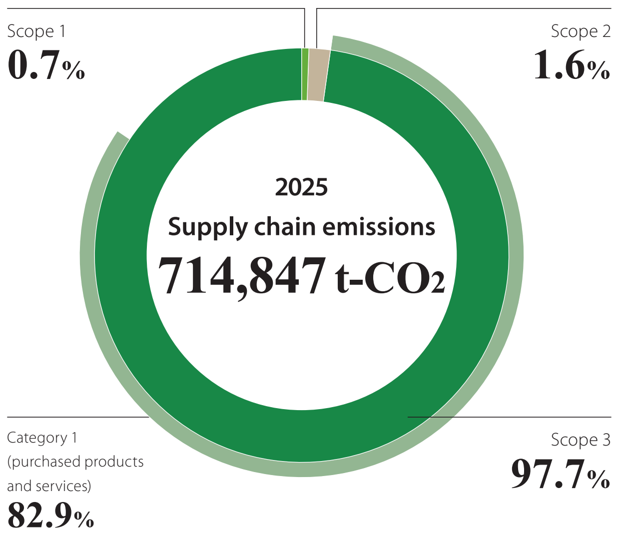
The Pack has established the following indicators and targets. Each business unit will strive to meet these targets under the oversight of the Sustainable Committee.

Supply chain CO_2 emissions results

We have determined that Scope 3, Category 1 emissions (from purchased products and services) account for 80.9% of total supply chain CO_2 emissions. In addition, we will consider ways to reduce total supply chain CO_2 emissions.

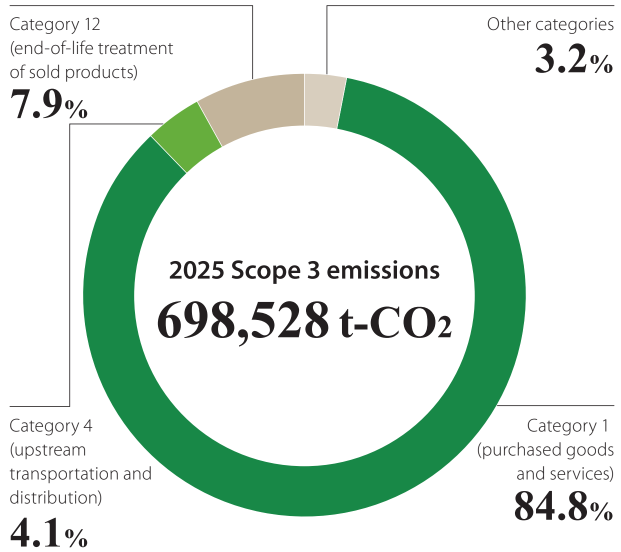
Emissions by scope

Scope	Emissions (t- CO_2)	Ratio
Scope 1	4,883	0.7%
Scope 2	11,436	1.6%
Scope 3	698,528	97.7%
Supply chain emissions	714,847	100.0%



Scope 3 emissions categories

	Category	Emissions (t- CO_2)	Share of Scope 3 emissions
1	Purchased goods and services	592,611	84.8%
2	Capital goods	10,083	1.5%
3	Activities related to fuel and energy not included in Scopes 1 and 2	3,069	0.5%
4	Upstream transportation and distribution	28,878	4.1%
5	Waste generated by operations	1,037	0.2%
6	Business travel	654	0.1%
7	Employee commuting	759	0.1%
8	Upstream leased assets	–	–
9	Downstream transportation and distribution	5,820	0.8%
10	Processing of sold products	250	0.0%
11	Use of sold products	–	–
12	End-of-life treatment of sold products	55,367	7.9%
13	Downstream leased assets	–	–
14	Franchises	–	–
15	Investments	–	–
	Total Scope 3 emissions	698,528	100.0%



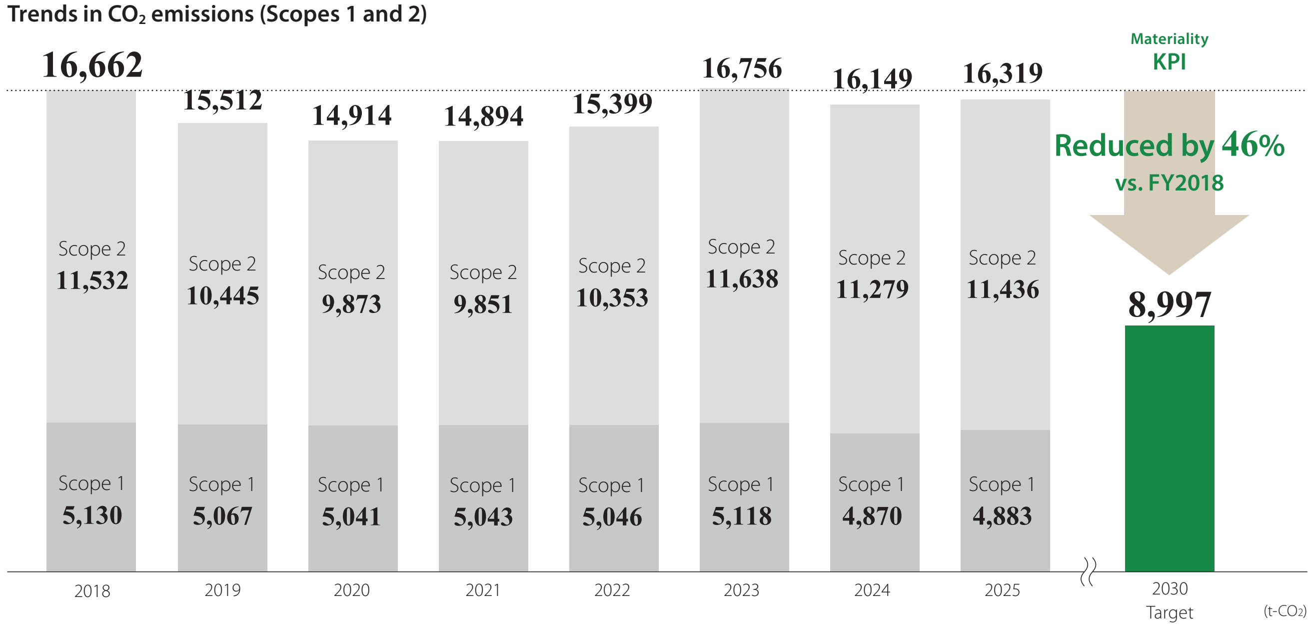
CO_2 emission reduction target (Scopes 1 and 2)

[Target] By 2030, we hope to reduce CO_2 emissions (Scopes 1 and 2) by 46% vs. FY2018.

[Scope 1 and 2 results] In 2025, emissions per yen of processing fell 2.4% year-on-year (CO_2 emissions intensity 1/66 g-CO_2 / processing value in yen) due to ongoing energy-conservation activities at the four plans in Japan.

We will continue such activities in 2026 and beyond. Additionally, we plan to promote various efforts to cut CO_2 emissions, including introducing high-efficiency machinery and considering the expanded use of CO_2-free electricity.

Trends in CO_2 emissions (Scopes 1 and 2)



Strengthening the management foundations

Basic policy on corporate governance

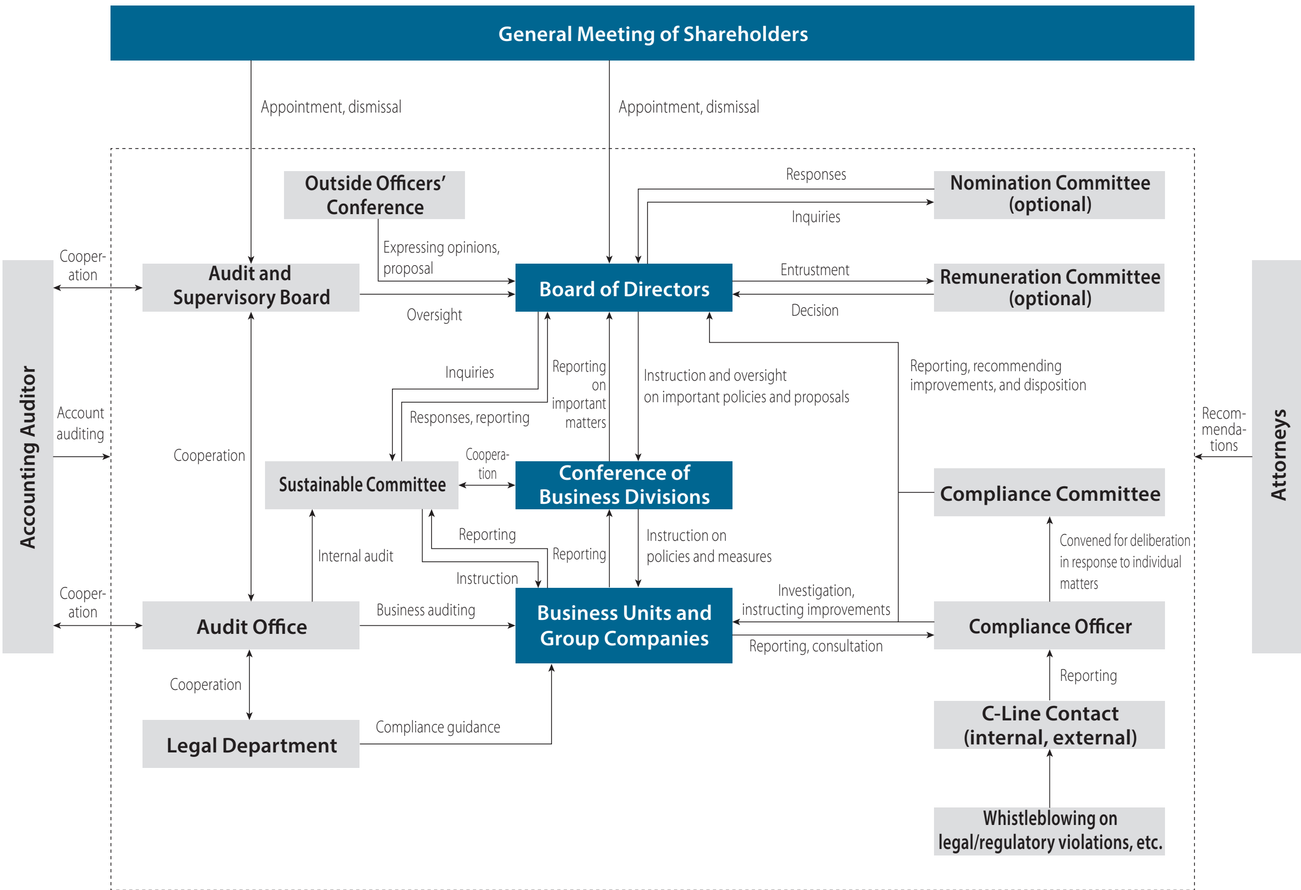
Based on strong recognition of the importance of corporate governance, The Pack Corporation has established basic policies for maintaining improving management efficiency, ensuring compliance with corporate ethics, and maintaining a structure capable of monitoring that management activities are carried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

As a company with an Audit and Supervisory Board, we ensure soundness and transparency in management through oversight of the performance of the duties of the Board of Directors by independent Corporate Auditors and the Audit and Supervisory Board.

To ensure fairness, transparency, and objectivity in procedures related to the nomination of Directors and Corporate Officers and decisions on matters such as remuneration, we have established the optional bodies of a Nomination Committee and a Remuneration Committee.

The membership of each committee consists of Directors appointed by the Board of Directors. Outside Directors, one of whom serves as chairperson, make up the majority of each committee. The Nomination Committee deliberates as an advisory body to the Board on matters related to the nomination of Directors and Corporate Officers. The Remuneration Committee is delegated authority by the Board for deliberations and decision-making on matters related to the remuneration of Directors and Corporate Officers.

Other efforts whereby we strive to enhance our corporate governance structure include the addition of a Corporate Officer system to improve management effciency and execute business through dynamic decision-making. We have also established an Outside Officers' Conference to allow the exchange of opinions among Outside Directors and Outside Corporate Auditors and recommendations to the Board of Directors, thereby enhancing Board oversight functions.



Roles of each organization

	Role	Personnel composition	Meetings in FY2025	Contents
Board of Directors	Making decisions on major management issues and overseeing the conduct of the business	Eight members (including three from outside the company)	17 times/year	Appropriate decision-making and management supervision are carried out based on the wealth of business experience of Internal Directors in the Company and the objective and professional perspectives of Outside Directors.
Audit and Supervisory Board	Monitoring and supervision of business execution of Directors and decision-making processes of the Board of Directors	Four members (including two from outside the company)	13 times/year	Management soundness is ensured from the perspective of full-time Corporate Auditors based on their experience in the Company and from the objective and professional perspectives of Outside Corporate Auditors.
Outside Officers' Conference	Information sharing and awareness raising among the independent Outside Officers	Three Outside Directors, two Outside Corporate Auditors	6 times/year	The exchange of information and awareness among independent Outside Directors provides effective supervision of management from an independent and objective perspective.
Nomination Committee	Deliberations and recommendations on matters related to the appointment or dismissal of Directors and Corporate Officers	Five directors (including three from outside the company)	4 times/year	With a majority of independent Outside Officers, including the Chairperson, the Committee deliberates on proposals for the appointment and removal of Directors and the selection of Representative Director and Corporate Directors. It also makes recommendations in response to requests from the Board.
Remuneration Committee	Deliberations and decision making on matters relating to the remuneration of Directors and Corporate Officers	Five directors (including three from outside the company)	4 times/year	With a majority of independent Outside Officers, including the Chairperson, the Committee deliberates and makes decisions concerning compensation for Directors and Corporate Officers.

Corporate governance initiatives history

The Pack is enhancing individual governance initiatives in response to the demands of the Tokyo Stock Exchange.

FY	Corporate governance initiatives (selected)
2006	C Line (internal whistleblowing system) introduced
2010	Maximum compensation amounts revised for all Directors and all Corporate Auditors
2015	Share-based remuneration stock option plan introduced Outside Directors system adopted
2016	Outside Officers' Conference established
2020	Countermeasures against large-scale purchases of Company stock (takeover-bid defense measures) abolished Transfer-restricted share-based remuneration program introduced to replace share-based remuneration stock option plan
2021	Resolution passed on policy on decisions concerning executive remuneration, etc. Optional bodies of a Nomination Committee and Remuneration Committee established
2022	Sustainable Business Team established Electronic voting system for shareholders and platform for electronic exercise of voting rights adopted (for exercise of voting rights via the Internet) Declaration of partnership building (on co-existence and shared prosperity with trading partners and measures barring attempts to shift the burden of transaction terms and conditions onto partners) English-language securities report introduced Skills matrix published in notice of convocation for regular general meeting of shareholders Female Director appointed; Outside Directors appointed as more than one-third of all Directors
2023	Sustainable Committee established

System for oversight by Outside Officers

The Company has appointed three Outside Directors and two Outside Corporate Auditors. All five have no personal, capital, or business relationships with our Company and are completely independent. The independence of Outside Directors is in accordance with the requirements of the Companies Act and the standards of the Tokyo Stock Exchange.

Based on their experience and sphere of expertise, Outside Directors contribute to increasing the efficacy of the Company's corporate governance through oversight from an objective, neutral point of view. One of the three Outside Directors are qualified as certified public accountants or tax accountants and possess specialized insights in these fields. Another Outside Director offers extensive business experience and insights with a company listed on the Tokyo Stock Exchange Prime Market from another industry. The other offers extensive experience and insights drawn from experience in finance.

Director skills and diversity

In light of the roles played by the Board of Directors in overseeing business operations and making important decisions, the Company deems it essential that the Board consist of members who possess a wide range of perspectives and advanced skills, based on their diverse experiences. Accordingly, it has established the following standards for the selection of Directors.

1. Directors must be able to make their best efforts to achieve sustained growth and medium- to long-term increases in corporate value based on the Group's corporate philosophy and policies.
2. They must possess outstanding character, insights, and ethical standing befitting Directors.
3. They must possess the drive and abilities needed to perform their duties as Directors with integrity.
4. Outside Directors must possess insights and a wealth of experience in fields such as corporate management, the law, or financial accounting and must satisfy the requirements of Outside Directors under Article 2, Paragraph 15 of the Companies Act and the independence criteria established by the Company.
5. Directors in executive positions (Representative Directors, the Chairperson, the President, Vice-Presidents, Executive Directors, and Managing Directors) must be chosen from among Directors who have career histories, abilities, leadership, medium- to long-term perspectives, and high ethical standing befitting representatives of the Company.
6. They must not be disqualified from serving as Directors under laws or regulations.

Candidates for Directors are chosen from among persons who satisfy the above standards and appointed by the Board of Directors following screening by the optional Nomination Committee.

Assessment of the efficacy of the Board of Directors

To improve the efficacy of the Board of Directors, we implement annual self-assessment surveys of all Directors and Corporate Auditors.

Assessment method	Questionnaires on the efficacy of the Board of Directors are distributed to all Directors and Corporate Auditors at a Board meeting each December. The efficacy of the Board is analyzed and assessed based on all answers collected from the completed questionnaires in a Board meeting in January of the following year. Efforts to make improvements are based on these findings.
Response format	Scoring, with spaces for freeform comments
Response method	Not anonymous

Executive remuneration structure

1. Basic policy

The Company's executive remuneration system is based on linking remuneration to stock price to incentivize efforts to strengthen corporate value. The basic policy calls for setting appropriate levels in light of the responsibilities of individual directors in deciding individual remuneration.

Accordingly, the structure consists of fixed remuneration and performance-linked remuneration for directors who participate in business execution and fixed remuneration only for outside directors, in light of the nature of their oversight functions. Fixed remuneration consists of both monetary and nonmonetary remuneration.

2. Fixed remuneration

Fixed remuneration is paid to executives as compensation for performing their duties. It consists of both monetary and nonmonetary remuneration.

1. Fixed monetary remuneration
   Paid as a fixed monthly amount determined in advance in consideration of post and duties.
2. Fixed nonmonetary remuneration
   Paid as share-based remuneration, through stock options and restricted shares.

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	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.

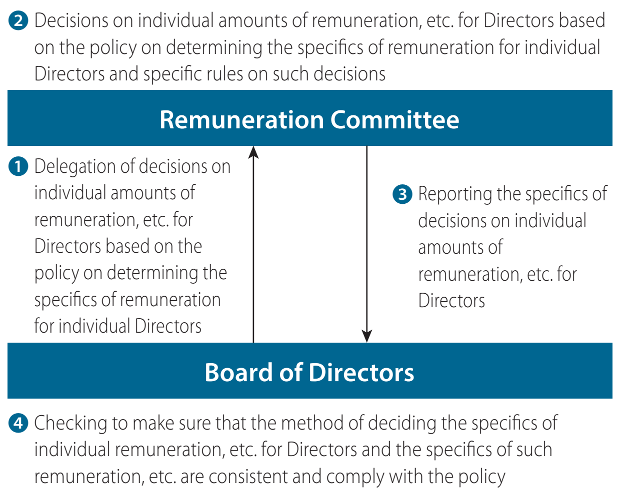
3. Performance-linked remuneration

Performance-linked remuneration is monetary compensation linked to business performance. Serving as an incentive to improve business results and increase corporate value over the short term, it is paid based on a fixed percentage of the indicator of annual consolidated operating income. The Remuneration Committee determines performance-linked remuneration after considering the contributions of each Director to the businesses of which he or she is in charge. The remuneration is paid at fixed times each year.

The executive compensation decision-making process

A policy on determining specific compensation figures for individual Directors was approved by a resolution of the Board of Directors at its December 26, 2022, meeting. In accordance with this policy and the rules governing it, the Board delegated to the Remuneration Committee decisions on individual amounts of remuneration, etc. for Directors for the business year under review. The Remuneration Committee makes decisions on individual amounts of remuneration, etc. for Directors while verifying consistency with this policy and specific rules on such decisions.

The Board also checks to make sure that the method of deciding the specifics of individual remuneration, etc., and the specifics of such remuneration, etc., for Directors are consistent with this policy. The Board has determined that this remuneration does comply with the policy.



For details, refer to the Securities Report or the Corporate Governance Report.

Policy, verification, and exercise of voting rights concerning cross-shareholdings

The Company's basic policy is to avoid cross-shareholdings except when they contribute to sustained business growth and strengthen transaction relationships through joint efforts with the issuer company. The Board of Directors reviews the propriety of individual holdings in detail on a quarterly basis and strives to reduce shareholdings if they are judged not to comply with this policy based on consideration of perspectives such as the economic value and capital cost of each issue, strategic relations, and importance.

Voting rights on cross-shareholdings are exercised appropriately based on a close examination of the specifics of resolutions to determine whether they would contribute to increased shareholder value. In principle, we exercise voting rights properly on all resolutions.

Dialogue with shareholders and investors

The Pack holds briefings on financial results, meets with individual institutional investors, and engages in other activities to deepen understanding of various matters, including its business activities, management strategies, and ESG initiatives. The views of shareholders and investors gathered through such dialogues are reflected in management with the aim of increasing corporate value.

Compliance structure

In addition to enhancing internal systems, we respond to legal issues based on consultations with outside advising attorneys as necessary in individual cases. The Legal Department in the Corporate Division strives to enhance structures for management and education regarding matters such as laws, regulations, social norms, and contracts with counterparties.

C-Line (internal whistleblowing system)

We established the C-Line (Compliance Line) as a contact point for whistleblowing and consultations regarding violations of laws and regulations and similar incidents inside the Company. This system is intended to ensure fair and sound corporate management by raising awareness of compliance among all employees; preventing inappropriate actions, such as violations of laws and regulations; and swiftly detecting and rectifying any improprieties or problems. We also established an external reporting channel (which connects to our internal channel and our legal counsel) and accept reports via phone, email, and in person.

We strive to protect the privacy of whistleblowers to ensure they do not face adverse treatment from the Company, and we handle all reports as confidential information with the utmost care.

Protection of personal information

We have established a Privacy Policy and Guidelines on the Protection of Personal Information, which concern matters including why and how we use personal information and how personal information is managed and safeguarded.

Compliance training and awareness raising

We draw on the corporate intranet and other means to communicate information for internal compliance training and to inform employees of legal information. We also strive to provide training on and to raise awareness of compliance through training and educational opportunities, including internal legal courses.

Corporate General Manager oversees compliance management in The Pack Group and maintains related systems. Corporate General Manager guides the Compliance Committee toward its goals to promote compliance at The Pack and its subsidiaries and appoints Committee members. In addition, Corporate General Manager maintains rules and implements periodic training on various topics to raise awareness of such topics among all related parties. These topics include harassment, mental health, and information security.

Internal controls

Pursuant to the Companies Act and the Enforcement Regulations to the Companies Act of Japan, we maintain the internal controls systems needed for efficient management by securing the propriety of business operations and pursuing business appropriately within the Company and at Group member companies.

➡ Basic Policy on Internal Controls
https://www.thepack.co.jp/en/company/basicpolicyoninternalcontrols.html

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.

➡ Code of Conduct
https://www.thepack.co.jp/en/company/codeofconduct.html

Promoting supply chain risk management

The Pack recognizes the importance of maintaining the continuity of production lines and supply chains in the face of uncertainty and unpredictability. We recognize external risks that threaten supply chain continuity and their impacts on the value chain and we consider such matters as part of important materiality topics. Touched on below are the related internal systems and efforts to promote supply chain risk management.

1 Recognition of external risks

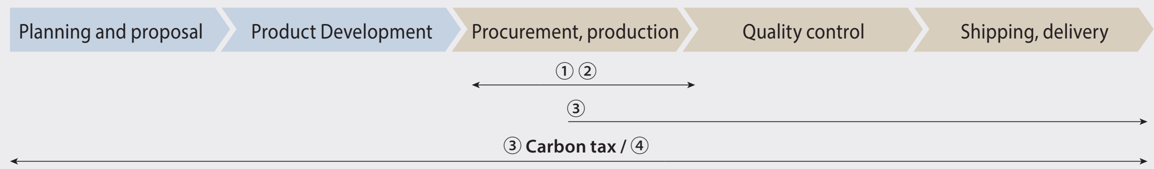
① Political risks
- Interruption or rising cost of imports of raw materials due to disputes or national security policies

② Raw material procurement risks
- Rising cost of raw materials, manufacturing, or shipping
- Rising cost of hedging in raw materials procurement

③ Environmental risks
- Supply chain interruptions or suspension of production associated with more frequent natural disasters
- Rising procurement costs due to climate-induced changes in forestry resources
- Rising tax burdens due to the introduction of carbon taxation, etc.

④ Legal risks
- Rising cost of responding to legal, regulatory, and litigation risks

Impacts on the value chain



2 Identification of materiality topics

Strengthening the supply chain to be ready for various risks in procurement, production, and sales

3 Company initiatives

Strengthening the supply chain
- Information sharing on and effective joint use of suppliers with Group companies in China and the United States
- Enhancing supply capabilities in accordance with demand forecasts (surveying, technical guidance, and periodic quality patrolling of partner firms in Japan and overseas)

Strengthening resilience
- Japan: Leveraging the strengths of our main plants in eastern (Saitama Prefecture) and western (Osaka Prefecture) Japan. Enhancing the strengths of the Osaka Plant through reconstruction.
- Overseas: Building supply chains across multiple countries to avoid geopolitical risks

Responding to cyber risks
- Reducing system downtime by updating the internal backbone system

List of executives (as of March 28, 2025)

Teruo Takinoue
Chair and CEO

Career history

April 1984	Joined the Company
January 2008	General Manager, Osaka Production Division
March 2011	Director
January 2012	Deputy Divisional General Manager, Production Division
April 2014	Divisional General Manager, Packaging Products Division
March 2015	Managing Director
January 2017	Divisional General Manager, Production Division
March 2018	Senior Managing Director
March 2022	Vice President
March 2025	Chair and CEO (to present)

Naoki Nakamura
President and CEO

Career history

April 1989	Joined the Company
January 2008	General Manager, Department No. 3, Tokyo Sales Division No. 1
January 2013	General Manager, Chugoku-Shikoku Sales Division
January 2017	Corporate Officer
January 2017	General Manager, Kansai Sales Division No. 2
January 2019	Managing Corporate Officer
January 2019	General Manager, Western Japan Sales Division
January 2021	General Manager, Kyushu Sales Division
March 2024	Managing Director
March 2025	President and CEO (to present)

Norio Ashida
Managing Director
Divisional General Manager, Production Division

Career history

April 1986	Joined the Company
January 2011	General Manager, Tokyo Sales Division No. 4
January 2015	Corporate Officer
January 2019	Managing Corporate Officer
January 2019	Divisional General Manager, Eastern Japan Sales Division
January 2019	Managing Director (to present)
March 2020	Deputy Divisional General Manager, Sales Division (to present)
March 2024	Divisional General Manager, Sales Division
March 2025	Divisional General Manager, Production Division (to present)

Ryuichi Watanabe
Managing Director
Divisional General Manager, Sales Division

Career history

April 1987	Joined the Company
January 2016	Corporate Officer
January 2016	General Manager, Tokyo Sales Division No. 1
January 2019	Head, Sales Management Division (to present)
January 2021	General Manager, Tokyo Sales Division No. 2
March 2022	Managing Corporate Officer
March 2022	Divisional General Manager, Eastern Japan Sales Division
March 2025	Managing Director (to present)
March 2025	Divisional General Manager, Sales Division (to present)

Ikuo Shimomura
Managing Director
Corporate General Manager

Career history

April 1989	Joined the Company
January 2009	General Manager, Department No. 3, Tokyo Sales Division No. 3
January 2016	General Manager, Tokyo Sales Division No. 2
January 2021	Corporate Officer
January 2023	Deputy Divisional General Manager, Corporate Division
March 2024	Director (to present)
March 2024	Corporate General Manager (to present)
March 2026	Managing Director (to present)

Uichiro Nishio
Outside Director

Career history

March 1982	Registered as certified public accountant
December 1983	Registered as certified tax accountant
July 1999	Representative Partner, Seiwa Audit & Accounting Firm
July 2002	Representative Partner, Deloitte Touche Tohmatsu LLC
April 2005	Professor, Institute of Business and Accounting, Professional Graduate School, Kwansei Gakuin University (to present)
March 2015	Corporate Auditor, the Company
June 2015	Outside Corporate Auditor, Araya Industrial Co., Ltd. (to present)
June 2016	Outside Corporate Auditor, KMEW Co., Ltd. (to present)
March 2018	Director (to present)

Kaoru Kasahara
Outside Director

Career history

March 1989	Joined Pigeon Corporation
February 2010	President and COO, Pigeonwill Corporation
February 2014	Corporate officer and Deputy Division Manager, Domestic Baby & Mother Care Business Division, Pigeon Corporation
February 2015	Corporate officer and Division Manager, Research and Development Division, Pigeon Corporation
February 2019	Director, Pigeon Manufacturing Ibaraki Corporation
March 2022	Director, the Company (to present)
April 2023	Outside Independent Director, Morozoff Ltd. (to present)

Reiji Domoto
Outside Director

Career history

April 1986	Joined Sumitomo Bank, Limited
April 2011	Head, Kinki Corporate Institutions, SMBC Nikko Securities Inc.
April 2013	Head, Semba Corporate Business Office, Sumitomo Mitsui Banking Corporation
April 2015	Executive Officer, Sumitomo Mitsui Banking Corporation
August 2019	Executive Officer, SMBC Nikko Securities Inc.
March 2021	Managing Executive Officer, SMBC Nikko Securities Inc.
August 2024	Established Two Wheels Consulting Co., Ltd.
	Representative Director, Two Wheels Consulting Co., Ltd. (to present)
March 2025	Director (to present)
June 2025	Standing Corporate Auditor, Hankyu Corporation (to present)
June 2025	Standing Corporate Auditor, Hankyu Hanshin Properties Corp. (to present)

Yasuhiro Takagi
Standing Corporate Auditor

Career history

April 1987	Joined the Company
January 2010	General Manager, Tokyo Purchasing Department, Purchasing Division
January 2012	General Manager, Purchasing Administration Department, Purchasing Division
January 2016	General Manager, Purchasing Division
March 2024	Standing Corporate Auditor (to present)

Haruyasu Ito
Standing Corporate Auditor

Career history

April 1984	Joined the Company
January 2016	General Manager, Section 2 of Tokyo Sales Division No. 2
January 2019	Managing Director, Kannaru Printing Co., Ltd.
March 2020	President and CEO, Kannaru Printing Co., Ltd
February 2022	Director, the Company (to present)
March 2022	Deputy Divisional General Manager, Production Division (to present)
January 2023	In charge of Quality Management Control Dept.
March 2024	General Manager, Nara Production Division
March 2025	Standing Corporate Auditor (to present)

Hisayoshi Tamakoshi
Outside Corporate Auditor

Career history

April 1992	Registered as attorney-at-law
August 1998	Established Tamakoshi Law Firm (to present)
June 2013	Outside Corporate Auditor, Tomoshia Holdings Co., Ltd. (to present)
March 2015	Corporate Auditor, the Company (to present)

Norimasa Iwase
Outside Corporate Auditor

Career history

April 1983	Joined Nisshin Audit Corporation
March 1986	Registered as certified public accountant
November 1989	Registered as certified tax accountant
May 1992	Established Iwase CPA Office (to present)
March 2018	Corporate Auditor, the Company (to present)

Skills matrix

Name	Current post	Independence	Gender	Corporate management	Management planning, M&A	Sales, marketing	Manufacturing, technological development	Finance, accounting	Personnel, HR development	Legal, risk management	Overseas businesses, international experience	Sustainability
Teruo Takinoue	Chair and CEO		M	●			●			●		●
Naoki Nakamura	President and CEO		M	●		●				●		●
Norio Ashida	Managing Director		M	●		●					●	●
Ryuichi Watanabe	Managing Director		M	●		●					●	●
Ikuo Shimomura	Managing Director		M	●	●	●		●	●	●		●
Uichiro Nishio	Outside Director	●	M		●			●		●		●
Kaoru Kasahara	Outside Director	●	F	●		●	●		●			●
Reiji Domoto	Outside Director	●	M	●	●	●		●				●

Definition of each category

Corporate management	Formulates and manages appropriate strategies and management policies to increase corporate value, based on assessments of business conditions subject to diverse change.
Management planning, M&A	Knowledgeable concerning markets and competitors or M&A activities; formulates and manages medium- to long-term management plans.
Sales, marketing	Highly knowledgeable concerning products and markets; accurately identifies customer needs and formulates and executes sales strategies to grow sales and earn profits.
Manufacturing, technological development	Possesses product knowledge and production knowhow and supervises productivity improvements and quality maintenance; promotes research and technology development.
Finance, accounting	Possesses extensive knowledge concerning finance, accounting, taxation, and related subjects and ascertains Company business conditions; solves related issues; formulates financial strategies.
Personnel, HR development	Highly experienced in organizational development and human resource training and development; promotes human-capital enhancement.
Legal, risk management	Knowledgeable of the law, governance, and compliance; promotes the establishment of appropriate governance systems to increase the efficacy of management oversight by the Board of Directors.
Overseas businesses, international experience	Possesses overseas work experience or overseas knowledge and formulates and oversees international business strategies.
Sustainability	Possesses sustainability management perspectives essential to sustained corporate growth and progress.

Financial data (consolidated)

		Unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Business results	Net sales	Million yen	89,174	90,313	93,126	95,502	78,445	79,690	89,060	97,714	101,461	103,125
	Operating profit	Million yen	6,484	7,273	6,924	6,850	3,275	4,144	5,972	7,743	8,009	7,207
	Ordinary profit	Million yen	6,825	7,589	7,212	7,199	3,606	4,422	6,353	8,063	8,285	7,532
	Profit attributable to owners of parent	Million yen	4,540	5,209	4,968	4,700	2,392	2,824	4,058	5,652	6,316	6,024
	Return on equity (ROE)	%	9.7	10.2	9.0	8.2	4.1	4.6	6.4	8.3	8.7	8.0
	Return on invested capital (ROIC)	%	9.0	9.4	8.4	8.2	3.8	4.7	6.4	7.6	7.5	6.5
Financial standing	Total assets	Million yen	76,291	81,928	86,495	88,446	83,556	87,422	94,365	98,847	103,292	104,212
	Net assets	Million yen	48,603	53,457	56,775	58,495	59,739	62,032	65,371	71,156	74,485	76,997
	Capital adequacy ratio *1	%	63.6	65.1	65.4	66.0	71.4	70.9	69.2	71.9	72.1	73.9
	Interest-bearing debt *2	Million yen	72	64	371	125	239	266	185	112	117	475
	Capital investment	Million yen	1,124	1,543	1,218	1,933	3,748	2,637	3,605	7,406	6,123	3,522
	Depreciation	Million yen	1,784	1,645	1,761	1,713	1,850	2,029	1,992	2,082	2,416	2,940
Cash flow	Cash flows from operating activities *3	Million yen	6,597	6,873	6,742	6,599	3,155	7,217	5,380	4,443	7,101	6,862
	Cash flows from investing activities	Million yen	-4,144	452	-4,705	-4,136	-5,013	-3,460	-3,762	-3,962	-5,436	3,514
	Cash flows from financing activities	Million yen	-995	-992	-2,059	-3,319	-1,214	-1,029	-1,124	-1,407	-3,041	-3,553
	Cash and cash equivalents at end of period	Million yen	12,900	19,228	19,181	18,307	15,224	18,067	18,653	17,812	16,656	23,551
Per-share information	Net assets per share (BPS) *4	yen	824.75	906.78	961.76	1,025.43	1,047.03	1,087.22	1,145.49	1,245.48	1,321.50	1,384.90
	Basic earnings per share (EPS) *4	yen	77.16	88.52	84.42	81.30	42.01	49.57	71.19	99.03	111.17	107.13
	Dividends per share *4	yen	16.67	16.67	16.67	18.33	20.00	16.67	21.67	30.00	39.33	41.33

Nonfinancial data (nonconsolidated)

		Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Environmental	CO_2 emissions (Scope 1)	t-CO_2	5,043	5,046	5,118	4,870	4,883
	CO_2 emissions (Scope 2)	t-CO_2	9,851	10,353	11,638	11,279	11,436
	CO_2 emissions (Scope 3)	t-CO_2	611,310	676,931	693,899	683,700	698,528
	CO_2 emissions intensity (four plants)	g-CO_2/yen	2.02	2.08	1.68	1.70	1.66
	Electricity use	MWh	24,232	26,543	26,739	27,635	27,370
	City gas use	Km^3	1,998	1,978	2,010	2,017	2,026
	LPG gas use	t	7.3	12.7	13.0	56.2	48.6
	Other fuel use (kerosene, forklift diesel, and gasoline at four plants)	kL	315	321	323	236	215
	Renewable energy use	MWh	307.426	556.663	661.811	662.236	624.305
	Water use	Km^3	79	69	74	85	88
	Industrial waste emissions	t	18,407	17,973	17,461	17,335	17,574
	Recycling	t	18,344	17,913	17,144	17,263	17,374
	Recycling rate	%	99.7	99.7	98.2	99.6	98.9
	Sales of Forest Products	Million yen	1,606	2,105	2,574	2,791	2,436
	Sales of FSC®-certified products	Million yen	6,630	9,421	12,155	13,351	13,833
	Participants in forest conservation activities	Persons	0	111	253	230	273
	Number of forest conservation activities	Times	0	4	9	8	8

*1 The equity ratio is (equity capital / total assets), using financial results figures on a consolidated basis.
*2 Interest-bearing debt represents all liabilities on the consolidated balance sheet on which interest is paid.
*3 Operating cash flow and interest payments represent cash flow from operating activities and interest paid on the consolidated statement of cash flows.
*4 The Company implemented a stock split at a ratio of three common shares to one with an effective date of July 1, 2025. Calculations are based on the assumption that the stock split took place at the beginning of the fiscal year ended December 31, 2016.

		Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Social	Full-time employees (of which, women)	Persons	841 (167)	835 (171)	840 (181)	862 (198)	850 (212)
	Women as a percentage of full-time employees	%	19.9	20.5	21.5	23.0	24.9
	Managerial personnel (of which, women)	Persons	206 (10)	209 (14)	206 (13)	194 (14)	181 (16)
	Women as a percentage of managerial personnel	%	4.9	6.7	6.3	7.2	8.8
	Gender pay gap (full-time employees)	%	71.0	74.7	75.1	73.7	74.4
	Percentage of employees with disabilities *1	%	1.8	1.6	2.1	1.9	2.0
	Percentage of employees taking annual paid vacation	%	46.0	58.3	56.5	62.7	69.4
	Percentage of employees undergoing regular health checkups *2	%	100.0	100.0	100.0	100.0	100.0
	Percentage of employees undergoing stress checks	%	97.4	96.9	96.0	98.6	98.7
	Number of employees using skills-improvement support programs (total)	Persons	9	23	21	20	24
	Number of employees using comprehensive reduced working hours programs (total)	Persons	10	9	12	10	13
	Number of employees taking childcare leave (of which, men)	Persons	15 (0)	14 (3)	20 (10)	36 (21)	49 (32)
	Percentage of male employees taking childcare leave	%	0	13.0	40.0	87.5	139.1
	Students participating in hands-on manufacturing classes	Persons	267	431	309	274	185

*1 As of March 31 *2 During the examination period of April 1 through March 31 of the following year

		Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Governance	Number of Directors (of which, women)	Persons	9 (1)	9 (1)	9 (1)	8 (1)	8 (1)
	Percentage of directors who are women	%	11.1	11.1	11.1	12.5	12.5
	Number of Outside Directors	Persons	2	3	3	3	3
	Percentage of Outside Directors	%	22.2	33.3	33.3	37.5	37.5

Company overview

Name	The Pack Corporation
Representative	Naoki Nakamura, President and CEO
Address	Headquarters: 9-3, 2-chome, Higashiobase, Higashinari-ku, Osaka-shi, Osaka 537-8911, Japan
Founded	1878
Incorporated	May 10, 1952
Capital	2,553,505,600 yen
Number of employees	1,223 (consolidated), 850 (nonconsolidated)
Lines of business	Planning, manufacturing, and sale of paper bags, paper cartons, corrugated boxes, film packaging, etc.

Manufacturing sites and subsidiaries

Subsidiaries in Japan

❶ **Keihin Tokushu Printing Corporation**
Lines of business: UV offset rotary printing for tote bags, cardboard presentation boxes, paper cartons; water-based gravure rotary printing

❷ **Nikko Print Corporation**
Lines of business: offset printing for paper bags, paper cartons, etc.

❸ **Pack Takeyama Co., Ltd.** * FSSC22000 certified for food products (relevant sections)
Lines of business: planning, manufacture, and sale of packaging, and catalog sales of ready-made products

❹ **Nishinihon Printing Co., Ltd.**
Lines of business: planning, manufacture, and sale of tote bags, wrapping paper, paper cartons, posters, pamphlets, catalogs, flyers, magazines, etc.

❺ **Kannaru Printing Co., Ltd.**
Lines of business: planning, manufacture, and sale of pharmaceutical and cosmetic packaging

❻ **Hikari Packs Ishikawa Co., Ltd.**
Lines of business: manufacture and sale of paper cartons and planning, manufacture, and sale of packaging supplies

The Pack Corporation manufacturing sites

⑩ **Osaka Plant** * FSSC22000 certified for food products (relevant sections)
Manufactures: paper bags, paper cartons, film packages

⑪ **Nara Plant**
Manufactures: cardboard boxes

⑫ **Tokyo Plant** * FSSC22000 certified for food products (relevant sections)
Manufactures: paper bags, paper cartons

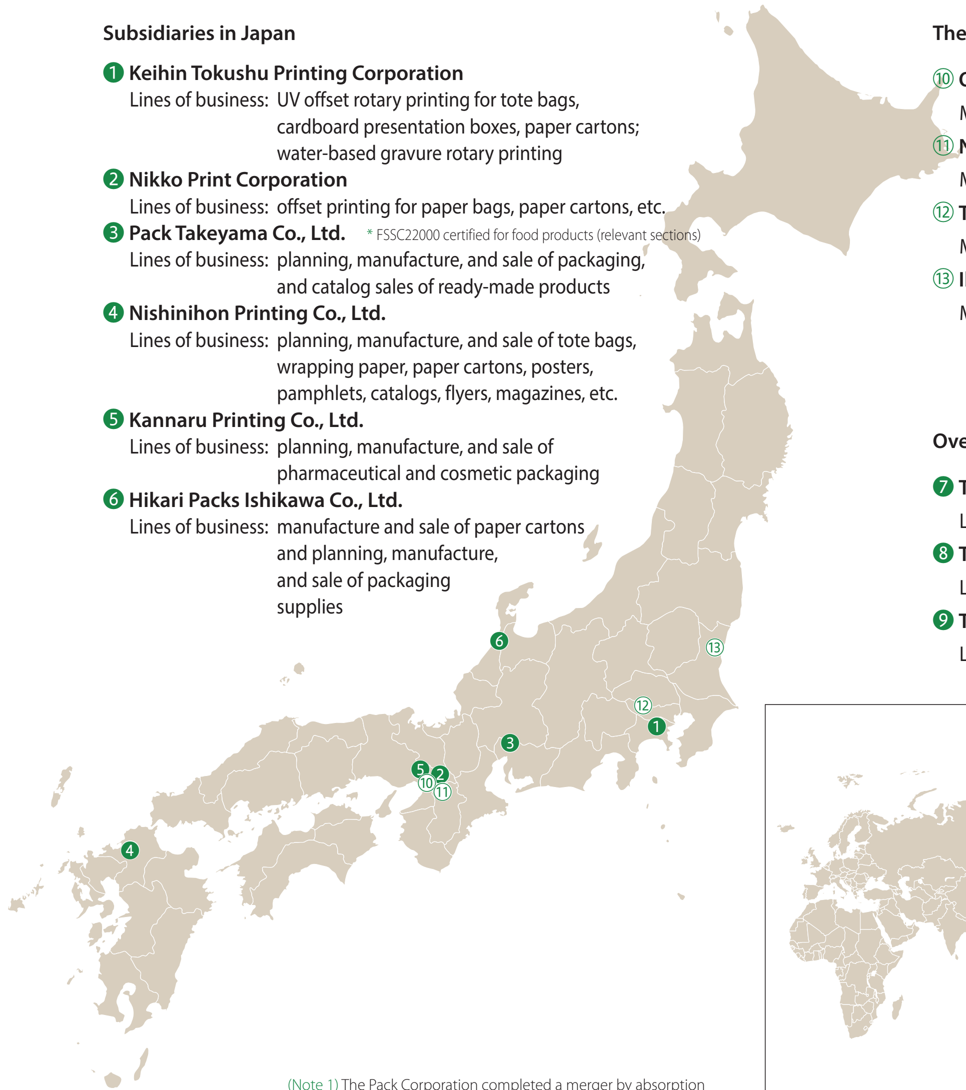
⑬ **Ibaraki Plant**
Manufactures: paper bags, paper cartons, film packages

Overseas subsidiaries

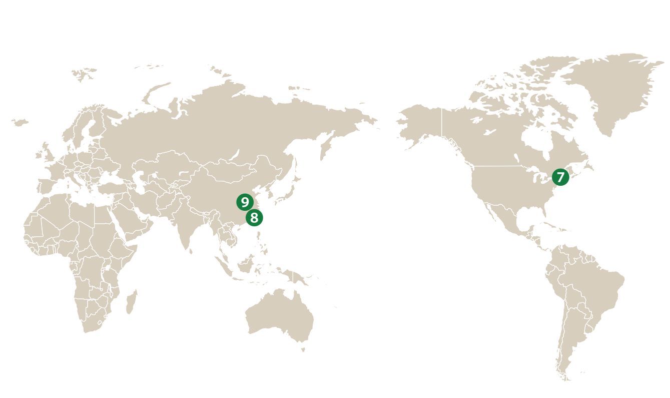
❼ **The Pack America Corporation**
Lines of business: planning and sale of packaging

❽ **The Pack (Shanghai) Corp.**
Lines of business: planning and sale of packaging

❾ **The Pack (Changshu) Co., Ltd.**
Lines of business: manufacture of paper bags



(Note 1) The Pack Corporation completed a merger by absorption of Nikko Print Corporation as of January 1, 2026.

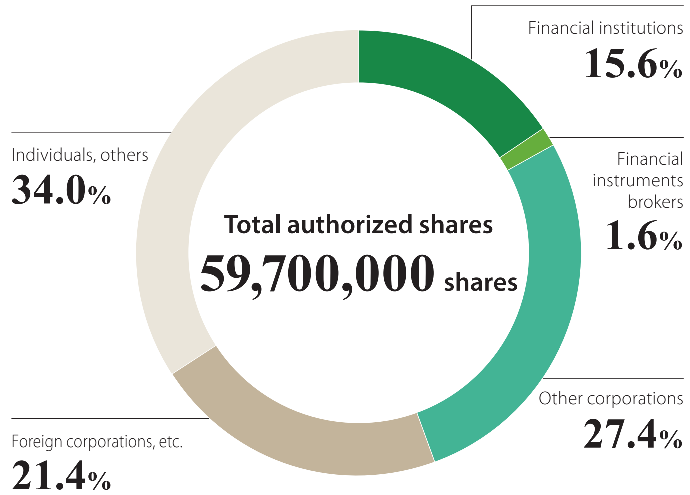


Share information

Listed exchange	Tokyo Stock Exchange Prime Market
Securities code	3950
Total authorized shares	230,000,000
Total shares issued and outstanding	59,700,000 (including 4,115,960 shares of treasury stock)
Shareholders	40,510
Basis date	December 31
Trading unit	100 shares

(Note 2) The Company implemented a stock split at a ratio of three common shares to one with an effective date of July 1, 2025.

Distribution of owners



Major shareholders

Shareholder name	Shares held (thousand)	Percentage of shares held (%)
Morita Kinen Fukushizaidan	6,243	11.24
The Pack Trading Partners Stock Ownership Plan	3,837	6.90
BBH for Fidelity Low-Priced Stock Fund (Principal All Sector Subportfolio) (Standing proxy: MUFG Bank, Ltd.)	3,647	6.56
The Master Trust Bank of Japan, Ltd. (Trust Account) *1	2,840	5.11
Custody Bank of Japan, Ltd. (re-entrusted by Resona Bank; Hokuetsu Corporation retirement benefits trust account)	2,189	3.94
Daio Paper Corporation	1,720	3.09
NIPPON ACTIVE VALUE FUND PLC (Standing proxy: HSBC Tokyo Branch)	1,597	2.87
NAVF SELECT LLC (Standing proxy: HSBC Tokyo Branch)	1,597	2.87
Shichijo Paper Trading Co., Ltd.	1,423	2.56
Custody Bank of Japan, Ltd. (other trust account) *2	1,273	2.29
Total	26,370	47.44

(Note 3) Numbers of shares are rounded to the nearest thousand.
(Note 4) Despite holding 4,115,930 shares of treasury stock, the Company is not included among the major shareholders above. Calculations of percentages of shares held exclude treasury shares.
(Note 5) Treasury shares are included under "Individuals, others" on the distribution of owners.
*1 In addition to the above trust account, the Master Trust Bank of Japan, Ltd. holds 909,000 shares in an investment trust account and 67,000 shares in a pension trust account.
*2 In addition to the above trust account, the Custody Bank of Japan, Ltd. holds 1,075,000 shares in an investment trust account and 26,000 shares in a pension trust account.