



Medium-term Business Plan 2026

Paper, and beyond

Japan Pulp & Paper Group

May 10, 2024

OVOL Vision 2030

Review of Medium-term Business Plan 2023

OVOL Medium-term Business Plan 2026

Positioning of Medium-term Business Plan 2026

Fundamental Principles

Strategies by Segment

Financial and Capital Strategies

Stock Price Valuation and Future Initiatives

Sustainability Management Initiatives



OVOL Vision 2030



The World's Leading Paper Distribution Group

We will refine our know-how and network cultivated over more than 170 years in the paper and paperboard wholesaling business to become recognized as the world's leading paper distribution group.

Objectives

- Demonstrate unparalleled reliability, presence and functionality in the supply chain of the paper and paperboard market worldwide.
- Help customers add value to their products and services, and enhance their corporate value.
- Operate platforms with a broad global reach that deliver the specialized functions required by the group's paper business.

A Group That Contributes to a Sustainable Society and the Global Environment

In addition to our core paper and paperboard wholesaling business, through the recycling of recovered paper and other materials, paper manufacturing, and our renewable energy businesses, we will become a corporate group with an acute awareness of the UN's Sustainable Development Goals (SDGs) that further contributes to a sustainable society and the global environment.

Objectives

- Work toward carbon neutrality and the minimization of environmental impact throughout the entire supply chain.
- Contribute to the restoration and preservation of biodiversity.
- Contribute to the creation of a circular economy through our paper and plastic recycling businesses and the manufacturing of paper using wastepaper as a raw material.

A Corporate Group That Strives to Be Considered a Trustworthy and Engaging Partner Both Within and Beyond the Paper Industry

We will strive to become widely recognized and well-thought of within society for our corporate excellence.

Objectives

- Continue to enhance corporate value through growth investment, including investment in sustainability.
- Continue to increase work engagement.
- Be highly valued by shareholders for ongoing improvements in growth potential, management transparency, financial soundness, and investment efficiency, backed by a robust governance structure.
- Ensure thorough compliance and environmental, health and safety management throughout the group.
- Contribute to the development of paper culture by raising awareness of the functions and value of paper.

Quantitative target for FY2030

Consolidated ordinary profit of JPY25 billion



Review of Medium-term Business Plan 2023



Three years of creating new value
Achieved consolidated ordinary profit of JPY15 billion, met all consolidated financial indicators,
and acquired three foundational elements toward realizing OVOL Vision 2030

	FY2020	FY2021	FY2022	FY2023	Medium-term Business Plan 2023 Initial Target	Status
Consolidated Ordinary Profit	JPY8.9 billion	JPY15.1 billion	JPY21.2 billion	JPY16.8 billion	JPY15.0 billion	Achieved
Return on Equity (ROE) ¹	4.5%	13.0%	24.0%	8.4%	8.0%	Achieved
Return on Assets (ROA) ²	2.7%	4.6%	5.9%	4.4%	4.0%	Achieved
Return on Invested Capital (ROIC) ³	3.7%	5.7%	7.5%	6.2%	5.0%	Achieved
Net D/E Ratio ⁴	1.23x	1.06x	0.66x	0.59x	1.40x or less	Achieved

1. Profit attributable to owners of parent ÷ Equity (average of beginning and ending balances)

2. Ordinary profit ÷ Total assets (average of beginning and ending balances)

3. Change in ROIC calculation method: For NOPAT (the numerator), the method was changed to a calculation method based on ordinary profit, the target consolidated financial indicator
 After change: NOPAT (Net ordinary profit after tax [before interest expense]) ÷ Invested capital (Interest-bearing debt + Equity [average of beginning and ending balances])

4. (Interest-bearing debt - Cash and deposits) ÷ Equity

Three elements achieved during Medium-term Business Plan 2023

Robust financial strength

- Free cash flow of JPY51.9 billion (3-year total)
- Issuer credit rating: A

Stable earning power

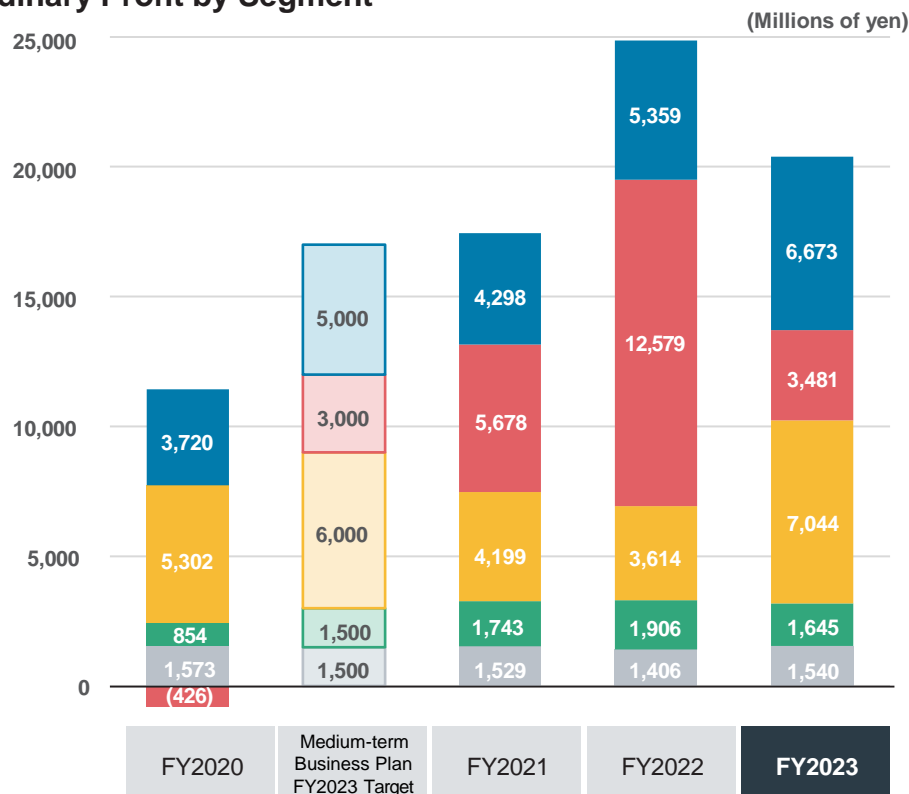
- Steadily achieved consolidated ordinary profit of JPY15 billion during the period of the plan, with growth in all five segments

A global platform

- Three companies inside and 12 companies outside Japan were added to the group
- Expanded business fields and enhanced resources

Achieved balanced growth in the five segments, and all reached their initial targets

Ordinary Profit by Segment



Consolidated ordinary profit	8,948	15,000	15,051	21,233	16,753
(Consolidation adjustments)	(2,075)	(2,000)	(2,396)	(3,632)	(3,630)

	Variance (Compared with initial target)	Factors in Variance from Target
<p>Japan Wholesaling</p>	+1,673	<p>External factors: Decreased sales volume of graphic paper Firm demand for paperboard</p> <p>Internal factors: Improved earnings due to price adjustments and rationalization</p>
<p>Non-Japan Wholesaling</p>	+481	<p>External factors: Improved market conditions due to loosening of pandemic-related restrictions</p> <p>Internal factors: Rationalization and complementary M&As</p>
<p>Paper Manufacturing & Processing</p>	+1,044	<p>External factors: Firm demand for paperboard due to expansion of online sales</p> <p>Internal factors: Higher raw material prices were offset by price adjustments and greater production efficiency</p>
<p>Raw Materials & Environment</p>	+145	<p>External factors: Decrease in generation and use of recovered paper</p> <p>Internal factors: Expansion of PKS handling volume and growth of comprehensive recycling business</p>
<p>Real Estate Leasing</p>	+40	<p>External factors: Higher maintenance costs</p> <p>Internal factors: Decrease in expenses due to sale of four Kachidoki properties Secured stable revenue from real estate holdings</p>

Policies by Segment

Results



Japan
Wholesaling

Recover profits through structural reform and rationalization

- Network expansion (Narumi-Kamiten became a group company)
- Rationalization and streamlining of distribution business (merger of JP Loginet and Hakozaki Kami Ryutsu Center)
- Stronger relationships with paper merchants nationwide (held OVOL Bridges 2023 forum)
- Began integration of procurement and accounting operations



Non-Japan
Wholesaling

Strengthen existing platforms and build a stable revenue structure

- Strengthened existing platforms with complementary M&As (Europe: four companies, Asia: four companies, Oceania: four companies)
- Successful transition to stable earnings structure through business restructuring



Paper Manufacturing
& Processing

Enhance the group's integrated strength in the paper manufacturing and processing business

- Built a system for supplying comprehensive packaging solutions (started up a new factory at Oriental Asahi JP Carton Box, and added Misuzushigyo and Osaka Paperware Mfg. to the group)
- Established the Household Paper Business Promotion Office and expanded a new alliance with a household paper manufacturer
- Optimized resource allocation (transfer of equity interest in JP CORELEX (Vietnam))
- Reduced CO₂ emissions (promoted renewable energy with Eco Paper JP and Taiho Paper)



Raw Materials &
Environment

Contribute to a sustainable society and the global environment through safe operations

- Obtained third-party verification of biomass fuel and expanded PKS handling volume
- Changed power generation business structure to achieve better operating efficiency (joint venture of Noda Bio Power JP and Noda Bio Fuel JP)
- Growth of comprehensive recycling business (Eco-Port Kyushu)



Real Estate
Leasing

Continue to generate stable income from real estate holdings and optimize the real estate portfolio

- Effective utilization of real estate in prime locations
- Optimization of real estate portfolio (sold four properties in Kachidoki)



Corporate
Management

Sustainability management

- Built a sustainability management structure (established Executive Sustainability Committee and Corporate Sustainability Division)
- Worked to improve engagement (visualization by conducting an engagement survey)
- Calculation and disclosure of CO₂ emissions (Scope 1, 2 and 3 for Japan Pulp & Paper and Scope 1 and 2 for consolidated subsidiaries)



OVOL Medium-term Business Plan 2026



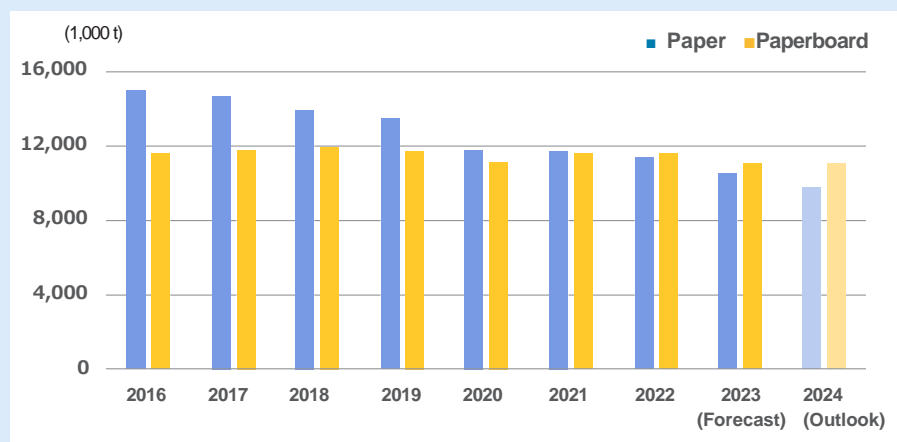
Declining demand for graphic paper, strong demand for packaging paper, and growth of paper products with high environmental value

Paper and Paperboard Trends

Japan

- Demand for graphic paper continues to decrease due to structural issues, mainly digitalization and the declining birthrate.
- Demand for packaging paper is firm due to the spread of e-commerce and increased demand from visitors to Japan.
- Japan's paper and paperboard market remains the world's third-largest, after China and the U.S. (paper and paperboard total: 20 million tons).
- Demand for switching to paper instead of plastic packaging is increasing

Paper and Paperboard Demand in Japan

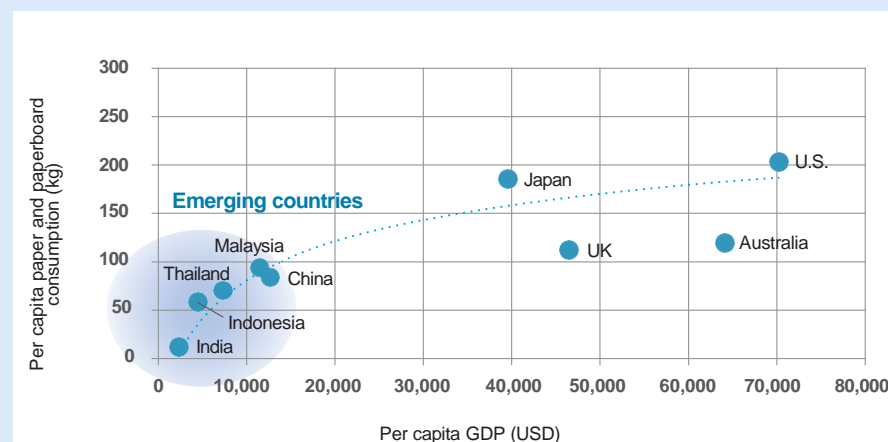


Source: Japan Paper Association: 2024 Paper and Paperboard Domestic Demand Forecast

Non-Japan

- Consumption in countries/regions where we have major operating bases was 60 million tons in the U.S., 7 million tons in the UK, and 4 million tons in Oceania.
- In developed countries, demand for graphic paper continues to decline, but demand for packaging paper is strong.
- Paper and paperboard demand is expected to increase with rising living standards due to population growth and economic development in emerging countries and changes in the industrial structure due to industrialization.

Per Capita Paper and Paperboard Consumption and GDP (2021)



Source: Company estimates

Factors and opportunities that will have a significant impact on the alignment of both economic and social value toward the realization of OVOL Vision 2030

Influencing Factors

Opportunities

Environment

- Increasing impact of climate change on forest resources
- Stricter environmental regulations related to logistics and factory operations

- Promotion of paper alternatives for plastic containers and packaging
- Increase in selling opportunities due to offering of products that contribute to CO₂ reduction

Society

- Increasing importance of stable supply and responsible procurement
- Growing demands for reduced environmental impact and economic and social contributions in local communities
- Decrease in paper demand due to progress of digitalization

- Establishment of a stable supply structure through ongoing supply chain development
- Creation of paper demand by proposing new value in a digital society

Employees

- Increasing importance of working environment including stable employment and skill development
- Increasing need to improve labor productivity and employee engagement
- Active participation of diverse human resources through diversity & inclusion initiatives

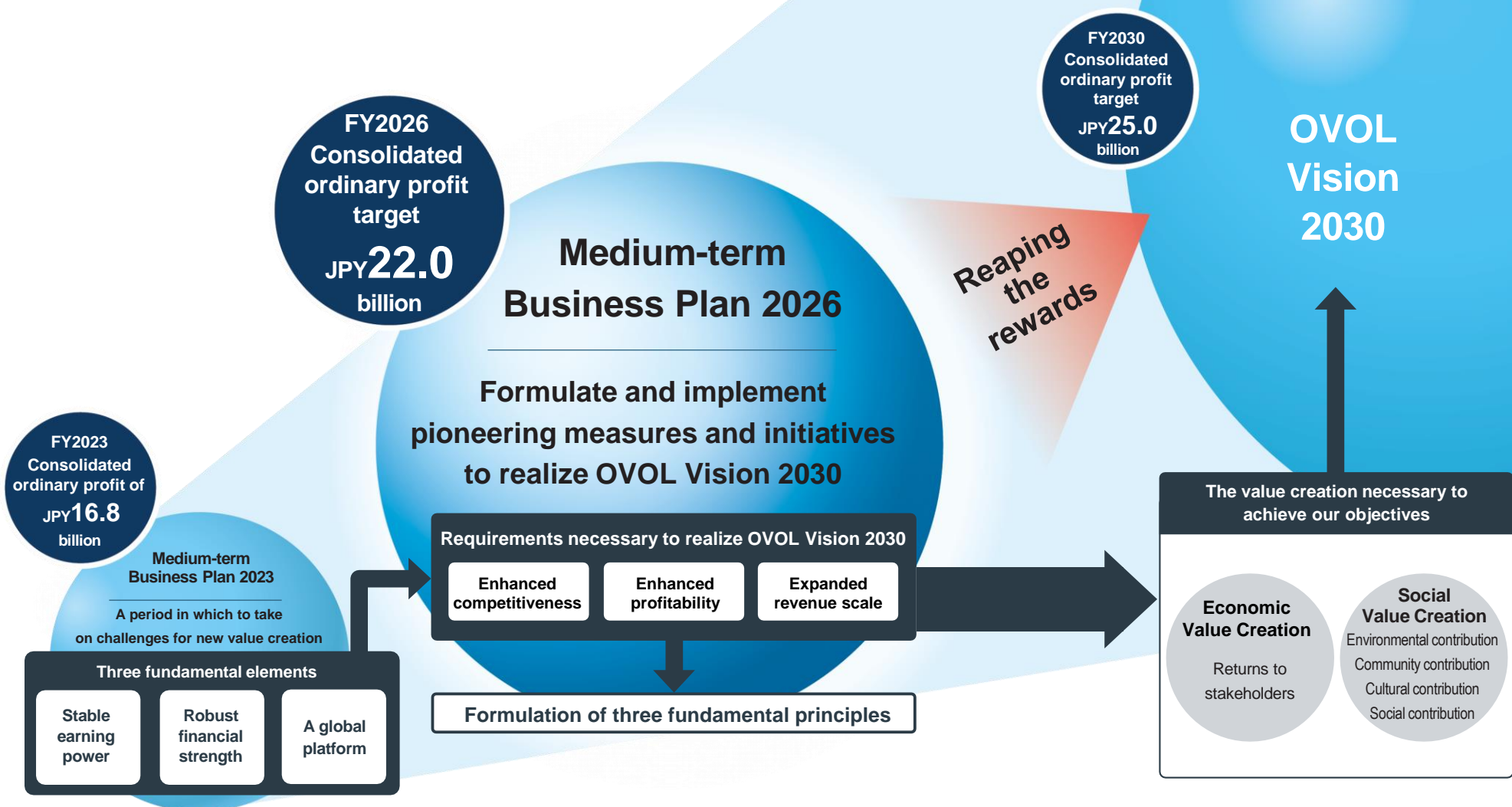
- Realization of high engagement, well-being, and improved productivity through effective human capital management
- Stronger competitiveness as a group through the sharing of diverse talents and ideas

Governance

- Increasing need for transparent and effective management structure
- Occurrence of compliance-related issues
- Expectations and demands from stakeholders

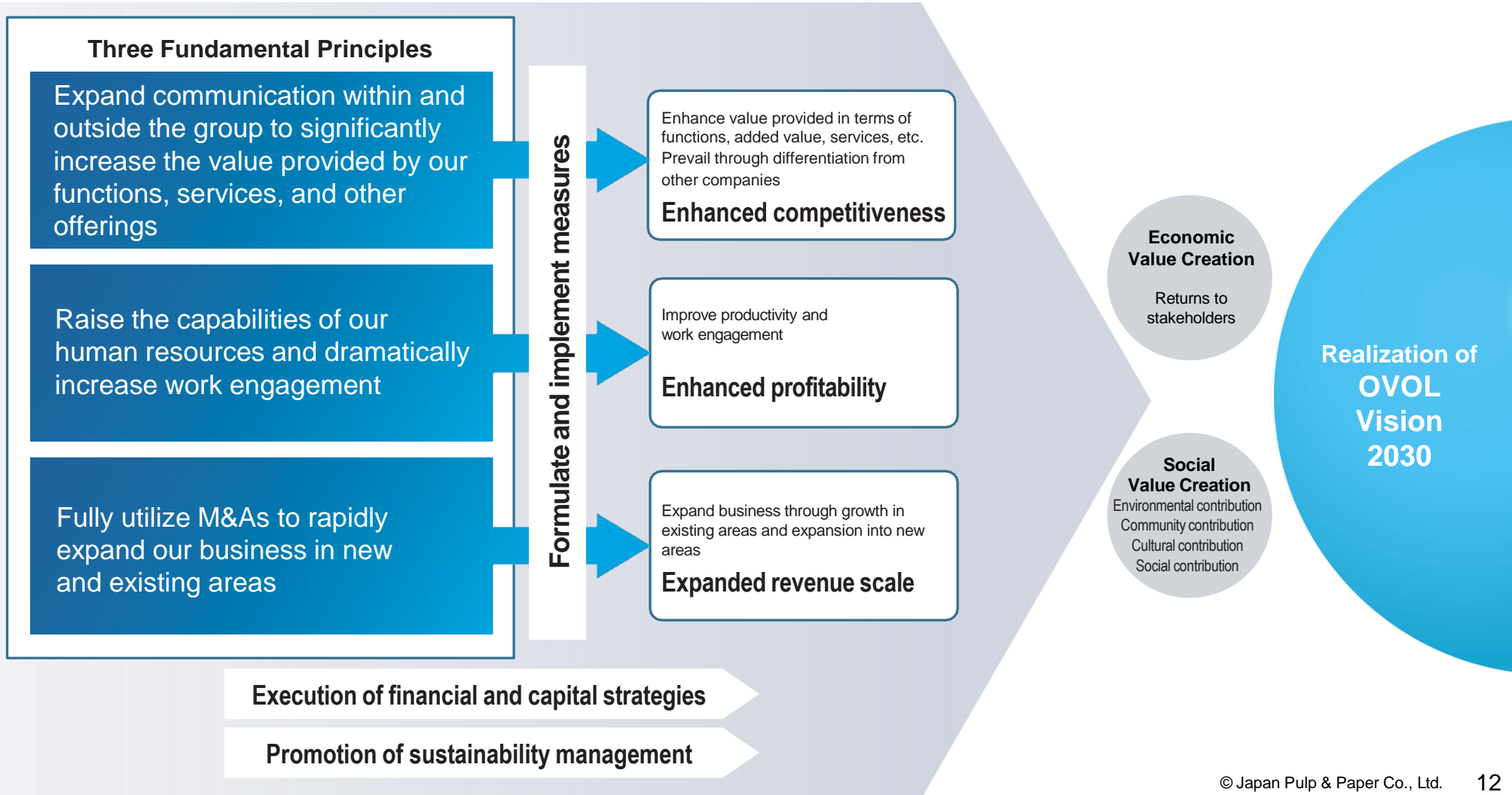
- Enhancement of corporate value through fair and honest governance
- Conduct of business activities with a strong sense of ethics and responsibility
- Reflection of expectations and requests from stakeholders in management

Three years of developing specific mechanisms and measures to create economic and social value toward the realization of OVOL Vision 2030



Aim to achieve OVOL Vision 2030 by formulating and implementing measures based on three fundamental principles

OVOL Medium-term Business Plan 2026



- **New record high for consolidated ordinary profit of JPY22 billion**
- **Realize ROE of 8% or more, ROA of 5% or more, and ROIC of 7% or more through greater awareness of the cost of capital**
- **Maintain or improve “A” credit rating, secure funding capability, and utilize financial leverage while keeping the net D/E ratio at 1.0x or less**

Consolidated Financial Targets

	FY2020	FY2021	FY2022	FY2023	FY2026 Target
Consolidated Ordinary Profit	JPY8.9 billion	JPY15.1 billion	JPY21.2 billion	JPY16.8 billion	JPY22.0 billion
Return on Equity (ROE) ¹	4.5%	13.0%	24.0%	8.4%	8.0% or more
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Net D/E Ratio ⁴	1.23x	1.06x	0.66x	0.59x	1.0x or less

Regarding the FY2026 target for the net D/E ratio:

The net D/E ratio improved to the 0.6x level largely due to income from the sale of fixed assets in FY2022, and financial soundness improved substantially.

We set the ratio target at 1.0x or less to allow for flexibility in growth investments while still maintaining financial soundness.

Exchange rate assumptions for FY2026: JPY141.83 to USD1, JPY180.68 to GBP1, JPY96.94 to AUD1 (as of December 31, 2023)

1. Profit attributable to owners of parent ÷ Equity (average of beginning and ending balances)

2. Ordinary profit ÷ Total assets (average of beginning and ending balances)

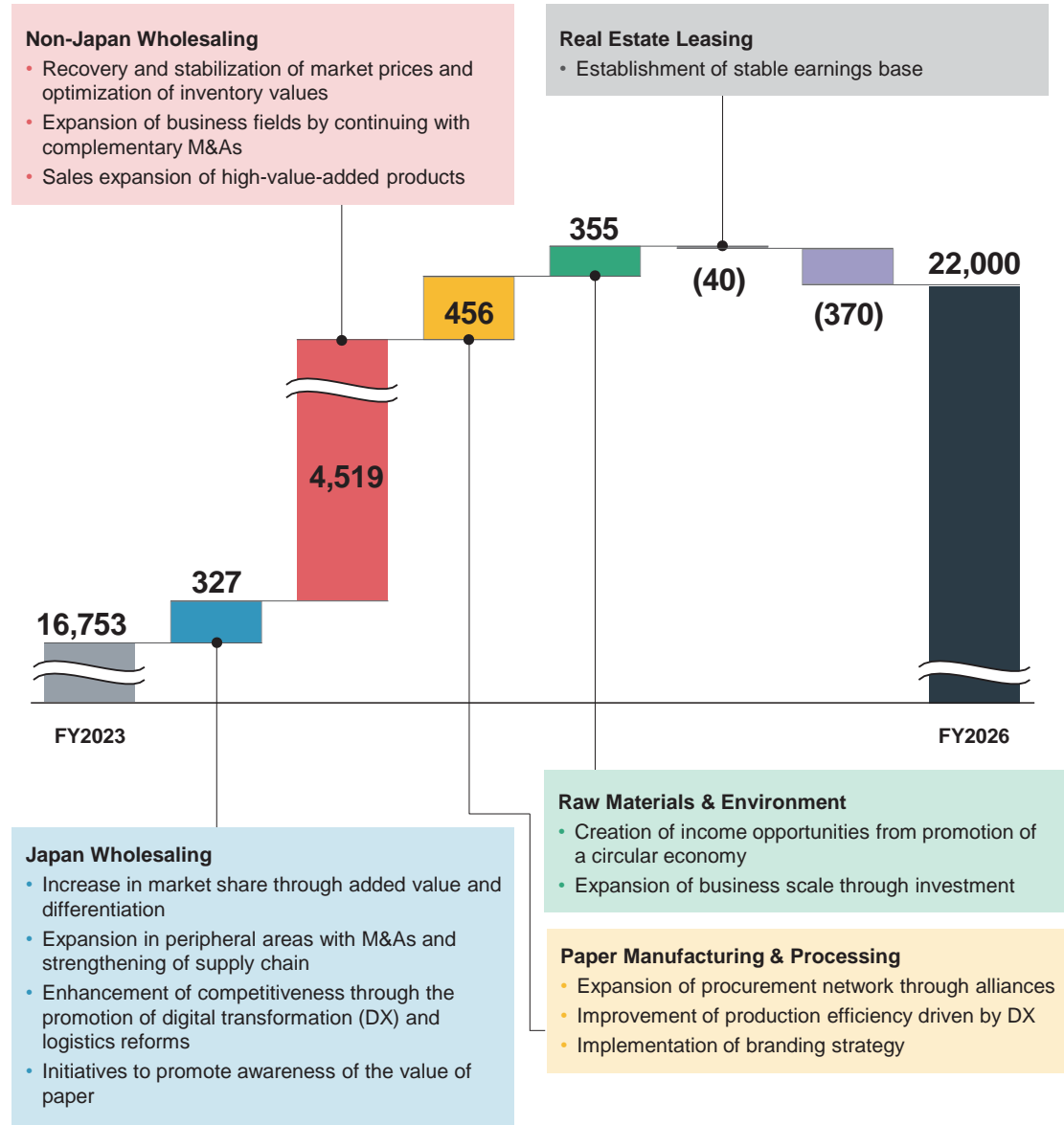
3. NOPAT (Net ordinary profit after tax [before interest expense]) ÷ Invested capital (Interest-bearing debt + Equity [average of beginning and ending balances])

4. (Interest-bearing debt – Cash and deposits) ÷ Equity

FY2026 Consolidated Ordinary Profit Targets		
	FY2023	FY2026
Japan Wholesaling	6,673	7,000
Non-Japan Wholesaling	3,481	8,000
Paper Manufacturing & Processing	7,044	7,500
Raw Materials & Environment	1,645	2,000
Real Estate Leasing	1,540	1,500
Adjustments	(3,630)	(4,000)
Total	16,753	22,000

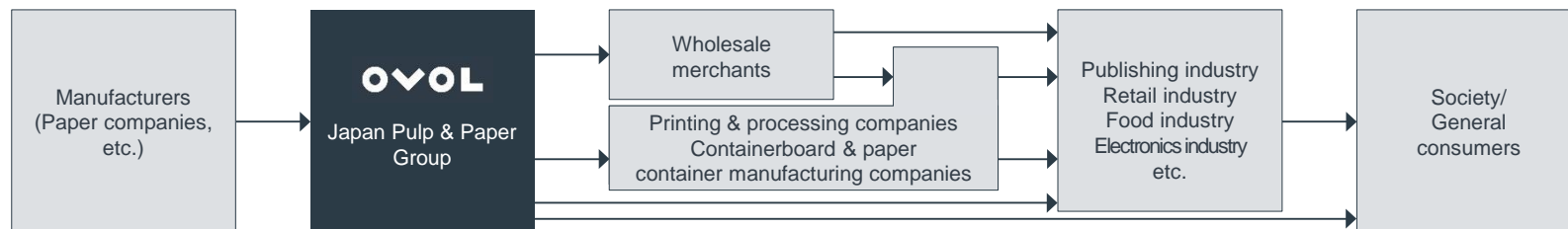
(Millions of yen)

FY2026 Ordinary Profit Target Change Analysis (Compared with FY2023)



A dominant presence in the industry and the leading share of paper distribution in Japan

Business Flow of Japan Wholesaling



Wholesale of Paper, Paperboard and Related Products

- The leading share in sales of paper and paperboard in Japan as a distributor for major domestic manufacturers
- Supply of a wide range of household and industrial goods and proposal of solutions, including for packaging materials, materials for electronic components, and environmentally friendly films

Logistics

- A network that achieves stable supplies of paper nationwide centered on the group and partner companies
- Planning and implementing rationalization and efficiency improvements that encompass shared storage and joint delivery

ICT System Development

- Sale and operation of business systems specifically for the paper industry, and development and sale of AI-driven services
- A leader in paper wholesaling system infrastructure, with a dominant industry share in the number of users of our systems for paper distributors and for paper logistics

Products Handled

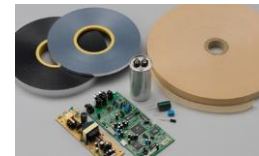
Graphic paper for books, publications, catalogs, flyers, etc.



Containerboard and other packaging papers
Packaging materials, including containerboard and films



Functional materials and industrial materials necessary in the production process



Paper products for offices and households



Three Initiatives to Promote Awareness of the Value of Paper

At OVOL Bridges 2023, a forum for executives of paper merchants in Japan, we presented three initiatives to promote awareness of the value of paper. We plan to take concrete action on these initiatives.

Initiatives with paper merchants in Japan

- On-site classes nationwide
- Regular workshops
- Start of paper study group



Environmentally Friendly Products

We propose and provide various environmentally friendly products according to the requests of customers to address environmental issues, including the reduction of CO₂ emissions and plastic use.



Reduction of Environmental Impact When Transporting Paper

We were the first in the paper transport industry to introduce small electric trucks that eliminate exhaust emissions during transport, enabling zero-emissions. The trucks are equipped with state-of-the-art technology to support safe driving.



紙と創る、ひとつ先の未来。



Paper & Green

We operate a website to sell environmentally friendly products and propose solutions.



Segment Policy

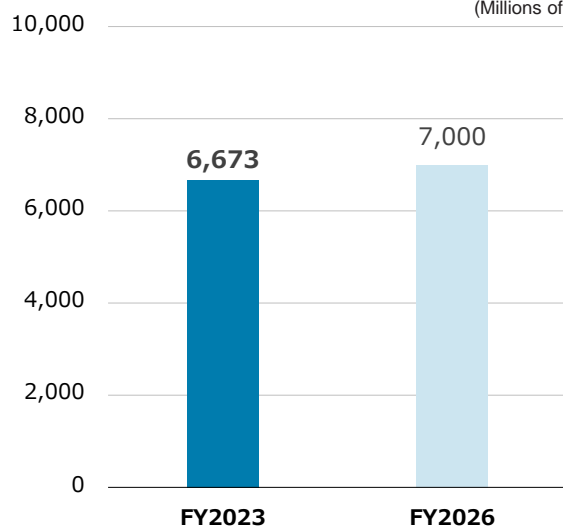
Maximize earnings by leveraging the group's collective strengths

FY2026 Quantitative Target

Segment Ordinary Profit

JPY **7.0** billionJapan Wholesaling
Segment Ordinary Profit

(Millions of yen)



Initiatives

- Differentiate ourselves from competitors by promoting our capabilities and value throughout the supply chain to prevail**
 - ⇒ Invest in DX of the paper industry, invest in logistics reforms and promote awareness of the value of paper
- Expand sales of household paper and high-performance/high-value-added product**
 - ⇒ Strengthen relationships with suppliers and expand sales of environmentally friendly products
- Carry out M&As to become the unrivaled No. 1 paper distribution group in Japan**
 - ⇒ Use M&As and alliances to expand business areas and strengthen the supply chain
- Enhance organizational capabilities and ability to make proposals by promoting human capital investment**
 - ⇒ Develop human resources versed in the 3Cs (Change, Challenge, Create) to propose and provide new functions and services

We held a forum on the topics of “Future challenges for paper merchant management” and “Reaffirming the value of paper,” and presented our plans to promote awareness of the value of paper.

OVOL Bridges 2023—The 2nd Paper Merchants Forum

We held “OVOL Bridges 2023—The 2nd Paper Merchants Forum” in October 2023. Executives of paper merchants from throughout Japan, who are both our customers and important business partners, were invited to the forum, which featured the themes of “Future challenges for paper merchant management” and “Reaffirming the value of paper.” 455 people attended, including the invited guests, visitors, and executives and employees of the Japan Pulp & Paper Group. Information was disseminated from a variety of perspectives, including through seminars by experts and a panel discussion by executives at companies that use paper in fields such as publishing, education, catalogs, and packaging. A symposium by paper wholesale executives was also held. To conclude the event, we presented our company’s planned initiatives to promote awareness of the value of paper.



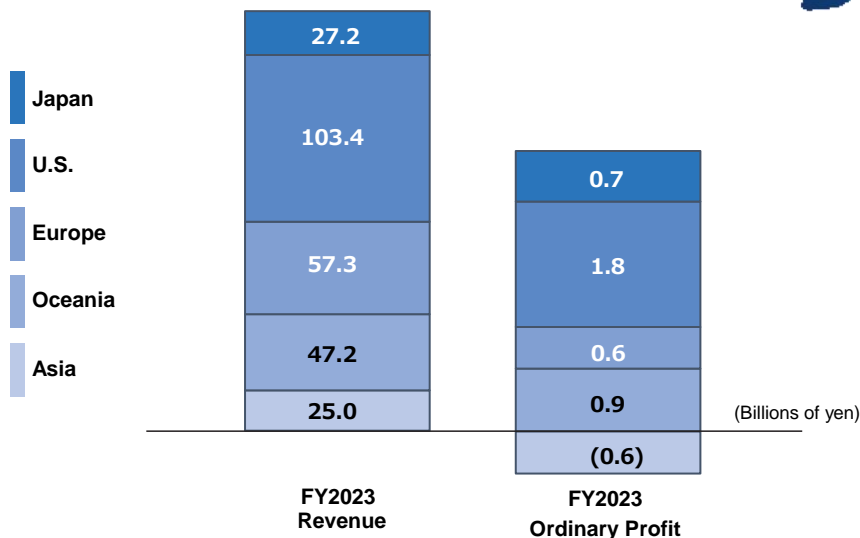
Our Nationwide Initiatives to Promote Awareness of the Value of Paper with Other Paper Merchants

On-site classes nationwide	Together with other paper merchants we will visit elementary schools nationwide to tell the students about the characteristics, appeal, and environmental advantages of paper in a lesson format.
Regular workshops	Together with other paper merchants we will take a future-oriented perspective and hold workshops to consider the paper industry of tomorrow.
Start of paper study group	Together with other paper merchants we will study social contribution activities and metrics that show the value of paper in quantitative terms in order to expand demand for paper.

Glocal and cross-border business rooted in many countries and regions as one of the world's leading paper distribution companies

Business Model of Non-Japan Wholesaling Business

We utilize global supply sources and are developing business by leveraging the inventory and distribution functions of our operating bases.



Notable Markets

Sign & Display Market

- Outdoor advertisements, wrap advertising on vehicles
- Facility information displays • POP advertising • Traffic signs



Items We Sell

- Printers • Technical services • Paper & film media
- Ink and other supplies

Packaging Market

- Light packaging • Heavy duty packaging
- Flexible packaging



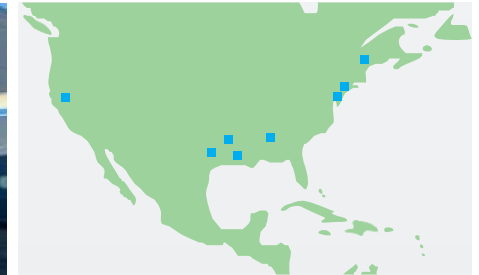
Items We Sell

- Paper products such as shipping boxes and decorative boxes
- Molded pulp containers and cushioning
- Flexible packaging film used in food, pharmaceuticals, etc.

The above figures are for Japan Pulp & Paper Co., Ltd on a non-consolidated basis and by business location, and differ from those disclosed in the "Revenue by Region" section of the Annual Securities Report, etc. U.S. operations also include the results of business locations outside the United States that are affiliated with the Japan Pulp & Paper (U.S.A.) Group.

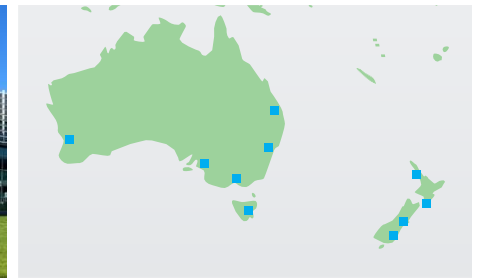
OVOL USA (Gould Paper Corporation)

Headquartered in New York, this is one of the leading paper distribution groups in the United States, with bases primarily on the East Coast and the South, as well as in countries including the UK and France. In 2023, the group acquired a company in France that handles communication and industrial papers, strengthening its sales network in Europe.



Ball & Doggett Group

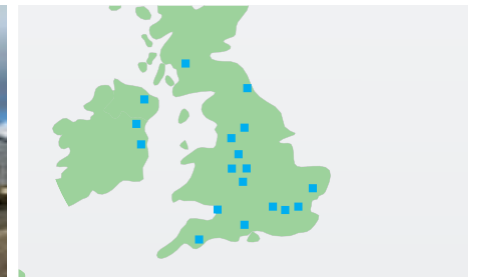
Based in Melbourne, this is the largest paper distribution group in Oceania. It conducts business as Ball & Doggett in Australia and BJ Ball in New Zealand and plays an important role in paper distribution. In both countries, the percentage of domestically produced paper and paperboard is low, so they rely on imports for most products, particularly in the field of printing and communication paper. The group is also expanding its business into markets such as signs and displays, and flexible packaging.



Premier Paper Group

With its head office located in Birmingham, Premier Paper is the leading paper distribution group in the UK.

Like Oceania, the UK largely relies on imports for paper and paperboard, and paper distributors with inventory and distribution functions play an important role. The group is expanding its business in ways such as strengthening its sign & display and flexible packaging offerings and entering package manufacturing and sales. In 2022, it acquired a company in Ireland, and is strengthening its supply capabilities using the Japan Pulp & Paper Group's procurement infrastructure.



Segment Policy

Build a stable revenue structure and further diversify revenue sources

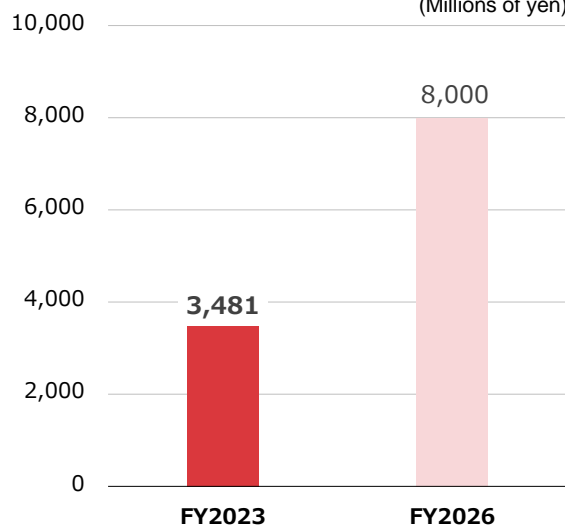
FY2026 Quantitative Target

Segment Ordinary Profit
JPY8.0 billion



Non-Japan Wholesaling
Segment Ordinary Profit

(Millions of yen)



Initiatives

- **Continue to invest in logistics infrastructure and information systems in the graphic paper market**

- **Expand sales of high-value-added products such as sign & display media and hardware, packaging, flexible packaging, and environmentally friendly products**
⇒ Expand revenue scale and engage in cross-selling

- **Continue to execute complementary M&As in peripheral areas**
⇒ Boost share in each market, and expand business domain

- **Improve organizational strength and productivity by promoting investment in human capital**
⇒ Implement training programs, and secure and develop human resources with expertise

Optimize the group's raw material procurement, manufacturing, and sales supply chain

Containerboard Business

A comprehensive packaging supplier from containerboard manufacturing to sheet and case processing

- Promoting the establishment of a comprehensive packaging supply structure by developing a paper manufacturing business that manufactures containerboard and a processing business that manufactures containerboard box products
- Pursuing development of environmentally friendly products using recovered paper as a raw material
In manufacturing, we are developing environmentally friendly businesses by utilizing renewable energy sources such as biomass power generation.
- Continuing investments for efficient production and ensuring safety



Recycled Household Paper Business

Contributing to the effective use of limited resources and the reduction of paper waste by recycling difficult-to-recycle wastepaper using superior recycling technology

- Manufacturing of household paper, including recycled toilet paper and recycled tissues
- Superior wastepaper recycling and processing technology enables the use of wastepaper that is difficult for other companies to recycle
- High domestic market share in recycled toilet paper owing to proprietary technology and product development strengths



Containerboard Business

Taiho Paper

(Paper manufacturing)

Based in Gifu Prefecture, Taiho Paper manufactures containerboard using recovered paper as its main raw material. The company has established a production system that uses steam and electricity from biomass power generation, using 100% renewable energy for electricity used in the mill.



Eco Paper JP

(Paper manufacturing)

In Aichi Prefecture, Eco Paper JP manufactures containerboard using recovered paper as a raw material, paper for publications, and bogus paper. The company is reducing CO₂ emissions in various ways, including biomass power generation, effective use of steam, and adoption of renewable energy.



Showa Packaging Industry

(Corrugated packaging manufacturing)

In Gifu and Aichi prefectures, Showa Packaging Industry conducts business as a total packaging manufacturer of containerboard sheets, boxes, paper containers, decorative corrugated cardboard, and more.



Misuzushigyo

(Corrugated packaging manufacturing)

In Osaka and Kanagawa prefectures, Misuzushigyo manufactures packaging materials such as containerboard sheets and boxes. At its head office/Osaka factory, it has boosted production speed and improved printing precision with the introduction of state-of-the-art, high-speed machines.



Oriental Asahi JP Carton Box

(Corrugated packaging manufacturing)

Oriental Asahi JP Carton Box supplies high-quality containerboard boxes to Japanese companies in Indonesia, with multi-product, small-lot, and just-in-time production. The company has further improved production with the start of operations at a new factory in 2021.



Recycled Household Paper Business

Corelex Group

(Recycled household paper manufacturing)

With production bases in Shizuoka, Kanagawa and Hokkaido prefectures, the Corelex Group manufactures recycled toilet rolls, recycled tissues and other household paper with its advanced wastepaper recycling and processing technology and its unique product development capabilities, including coreless toilet rolls. The group is reducing CO₂ emissions with aggressive energy-saving measures. In addition, it contributes to local communities in ways such as promoting the local production and consumption of paper and by providing stable supplies to affected areas in times of disaster, in cooperation with group companies and partner factories.



Smart Flower visualizes CO₂ emission reductions at Coreflex Shin-Ei

Toilet Trailer

When a disaster occurs, JP Household Supply sends the mobile toilet trailers it sells to affected areas through a mutual aid network with local governments and disaster relief organizations.

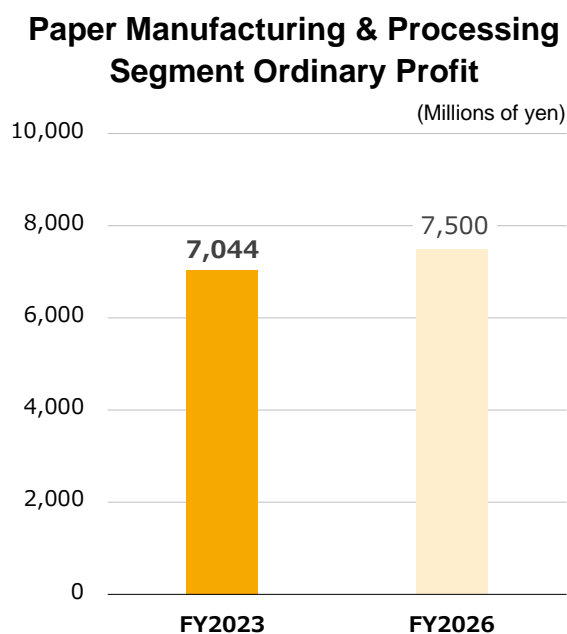


Segment Policy

Proactive efforts to conserve the global environment and build a stable revenue base

FY2026 Quantitative Target

Segment Ordinary Profit
JPY7.5 billion



Initiatives

- **Realization of operation and sales at full capacity in the containerboard business**

⇒ Expand revenue scale and establish a procurement and facility management system that enables operation at full capacity

- **Improve brand strength and expand sales in the household paper business**

⇒ Reinforce procurement network with alliances, implement a branding strategy (advertising, events, etc.), and develop new products

- **Reduce CO₂ emissions, conserve energy, and improve efficiency through DX utilization**

⇒ Introduce equipment with less environmental impact and reform business operations with DX

- **Secure talent for business continuity with human capital investment**

⇒ Develop and secure management personnel in the manufacturing segment with knowledge of manufacturing

Initiatives to recycle and circulate resources to promote a circular economy

Recovered Paper Recycling Business

Promoting recycling of recovered paper for use as a raw material for paper manufacturing

- A quality-focused recovered paper recycling business that delivers stable supplies to paper manufacturers in Japan
- Establishing a recovered paper business network covering all of Japan, centered on Fukudasansho
- Promoting the recycling of recovered paper as a raw material for paper manufacturing with a global perspective from operating bases outside Japan in the U.S. and India
- Promoting a circular economy together with group paper manufacturing companies



Comprehensive Recycling Business

Recycling plastic waste, wastepaper, and wood-based waste

- Automated sorting by optical sorters, washing, and pelletization of plastic waste that is difficult to separate
- Manufacturing of solid fuels from composite plastics, which are difficult to separate into different materials
- Manufacturing of wood fuel from wood-based waste and logging residues



Renewable Energy Power Generation Business

Providing stable supplies of clean and safe electric power

- Solar and woody biomass power generation business
- Collection and export of palm kernel shells (PKS) in Malaysia



Recovered Paper Recycling Business

Fukudasansho

A leading recovered paper trading company in Japan, Fukudasansho has created a wastepaper recovery network centered on the Chubu region. The company has established an extensive branch network to provide stable supplies of top-quality recovered paper resources.



Eco-Port Kyushu

Eco-Port Kyushu operates a comprehensive recycling business in Kumamoto Prefecture where it processes plastic containers, packaging, and confidential documents, and also manufactures RPF and wood pellets. It is one of Japan's leading facilities for material separation of plastic containers and packaging. Plans are in place to build a second factory to handle the increase in plastic waste recycling volume associated with the New Plastic Law in Japan.



Renewable Energy Business

Eco Power JP

Eco Power JP operates a solar power generation plant with a power output of 20MW located in Kushiro, Hokkaido, which has long hours of daylight in summer and a high percentage of sunny days.



Noda Bio Power JP

Noda Bio Power JP operates a woody biomass power generation plant located in the village of Noda in Iwate Prefecture. The company utilizes unused material from nearby forests, tree bark, PKS, etc., for fuel. As a business contributing to the reconstruction of Noda, which was devastated by the March 2011 earthquake and tsunami, it is contributing to the area through employment and the recovery of nearby forestry.



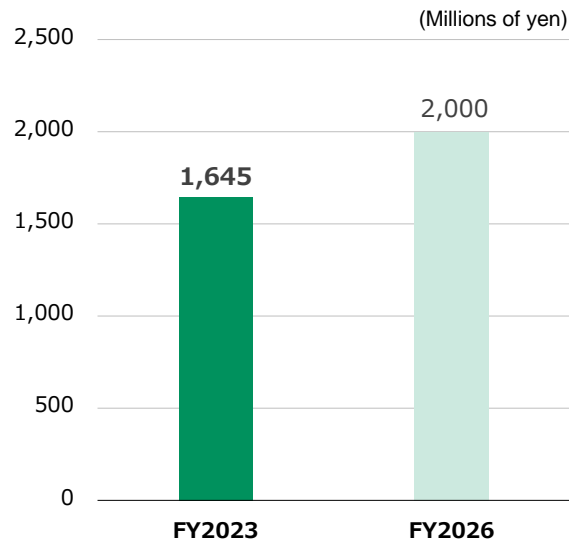
Segment Policy

Contribute to a sustainable society and the future of the Earth through a circular business model

FY2026 Quantitative Target

Segment Ordinary Profit
JPY2.0 billion

Raw Materials & Environment
 Segment Ordinary Profit



Initiatives

- **Maximize existing businesses and enter new areas by strengthening cooperation with business partners**

⇒ Develop new products in the fuel business and cultivate new suppliers and customers in the pulp business

- **Expand business scale with new investments**

⇒ Planning construction of a second factory at Eco-Port Kyushu and considering a third yard for the PKS business

- **Expand revenue through information sharing and mutual collaboration among group companies**

⇒ Revenue opportunities and realization of group synergy

- **Secure talent with diverse expertise through human capital investment**

⇒ Develop and secure human resources at each operating company who are knowledgeable about operations and facilities

**Creates a stable income base by effectively utilizing our real estate holdings in prime locations
in Tokyo, Osaka, Kyoto, and other major cities**

Main Rental Properties

Name	Location	Floors	Use	Completed
Nihombashi Nichigin-Dori Building	Nihonbashihongokucho, Chuo-ku, Tokyo	8 floors above ground	Offices, shops	September 2014
OVOL Nihonbashi Building	Nihonbashimuromachi, Chuo-ku, Tokyo	15 floors above ground and 3 below	Offices, hotel, shops	June 2018
OVOL Kyoto Ekimae Building	Kita-Fudondocho, Shimogyo-ku, Kyoto	10 floors above ground and 1 rooftop facility	Hotel	March 2019
Cerulean Homes Kachidoki	Kachidoki, Chuo-ku, Tokyo	26 floors above ground and 1 below	Apartments, shops	March 2001
Osaka JP Building	Kawaramachi, Chuo-ku, Osaka	8 floors above ground and 2 below	Offices, shops	October 1972



Nihombashi Nichigin-Dori
Building



OVOL Nihonbashi Building



OVOL Kyoto Ekimae Building



Cerulean Homes Kachidoki



Osaka JP Building

Segment Policy

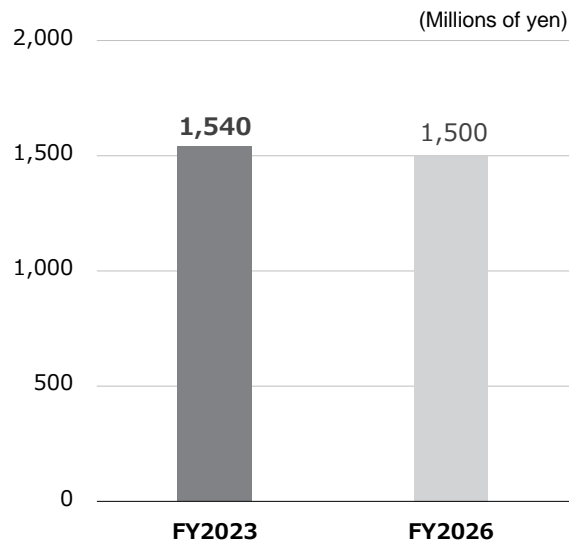
Continue to earn stable income from real estate holdings and optimize the real estate portfolio

FY2026 Quantitative Target

**Segment Ordinary Profit
JPY1.5 billion**



**Real Estate Leasing
Segment Ordinary Profit**








Initiatives

- Properly manage and maximize the value of key properties

- Formulate and implement plans for older properties

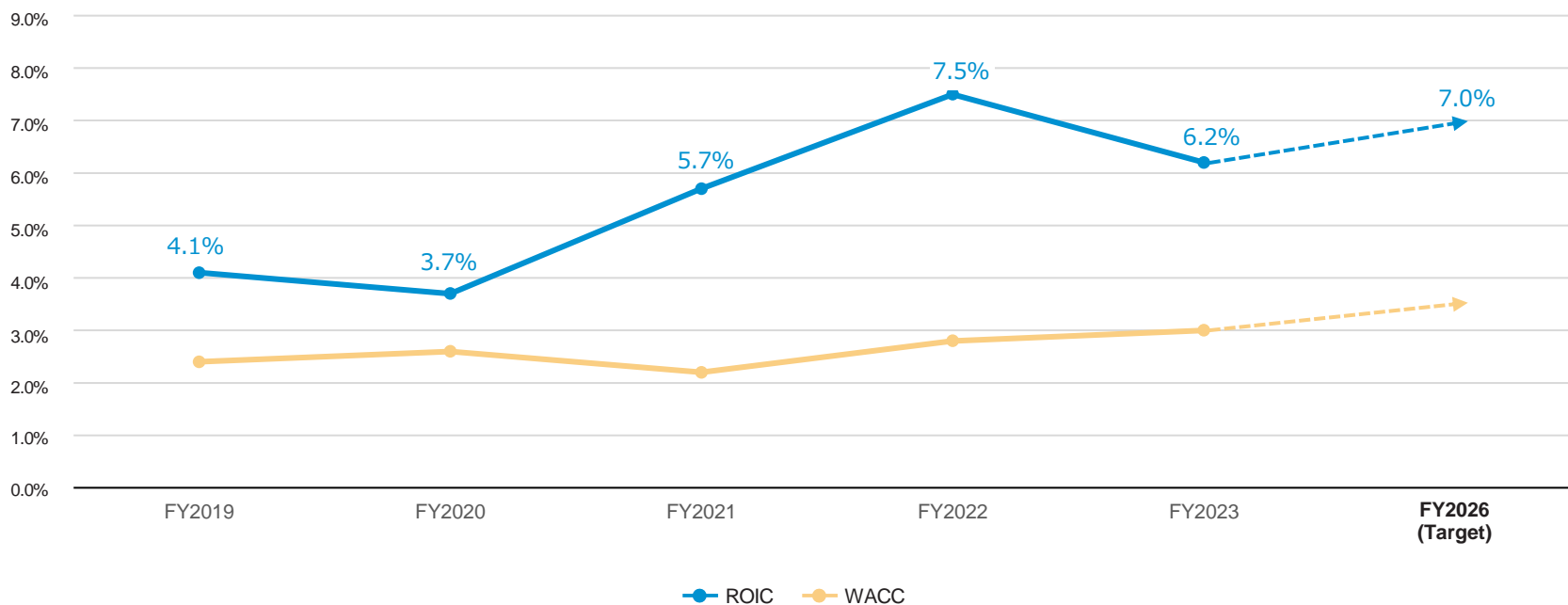
- Optimize the real estate portfolio through selection and concentration

	Expand business through growth in existing areas and expansion into new areas Expanded revenue scale	Enhance value provided in terms of functions, added value, services, etc. Prevail through differentiation from other companies Enhanced competitiveness	Improve productivity and work engagement Enhanced profitability
 Japan Wholesaling	Use M&As and alliances to expand business areas and strengthen the supply chain	Differentiate ourselves from competitors by promoting our capabilities and value Expand sales of household paper and high-performance/high-value-added products	Develop human resources versed in the 3Cs (Change, Challenge, Create)
 Non-Japan Wholesaling	Continue to execute complementary M&As	Expand sales of high-value-added products Continue to invest in logistics infrastructure and information systems	Implement training programs Secure/develop human resources with expertise
 Paper Manufacturing & Processing	Expand procurement network through alliances	Realization of operation and sales at full capacity in the containerboard business Improve brand strength and expand sales in the household paper business	Reduce CO ₂ emissions, conserve energy, and improve efficiency through DX utilization Develop and secure manufacturing management talent
 Raw Materials & Environment	Maximize existing businesses and enter new areas Expand business scale with new investments		Expand revenue through information sharing and mutual collaboration among group companies Develop and secure people who are knowledgeable about operations and facilities
 Real Estate Leasing	Formulate and implement plans for older properties		Optimize the real estate portfolio Properly manage and maximize the value of key properties

We will carry out optimal resource allocation from the perspectives of profitability and capital efficiency

The group has made ROIC one of its target consolidated financial indicators. During Medium-term Business Plan 2023, ROIC was higher than the WACC recognized by the company (2%-3% range), and we obtained excess returns of 2% or more. We will continue to carry out optimal resource allocation from the perspectives of profitability and capital efficiency.

ROIC and WACC Trends

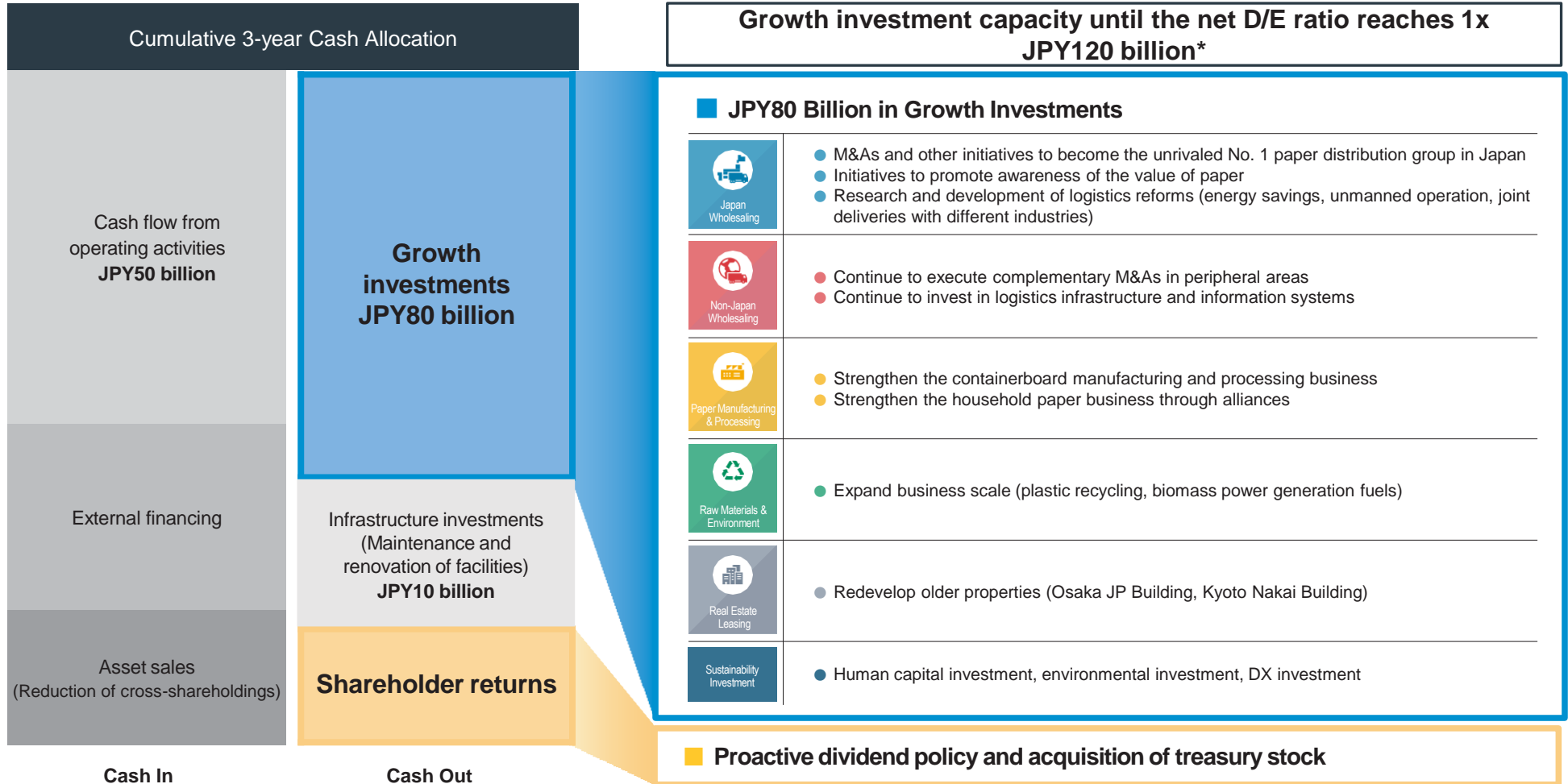


ROIC = NOPAT¹ ÷ Invested capital²

1. NOPAT: Net ordinary profit after tax (before interest expense)

2. Invested capital: Interest-bearing debt + Equity (average of beginning and ending balances)

Make growth investments and deliver proactive shareholder returns by expanding cash flow and utilizing financial leverage



* The group will respond with agility to growth investment opportunities such as M&As, utilizing financial leverage up to a net D/E ratio of 1.0x.

Deliver proactive shareholder returns that meet market expectations

Shareholder return policy during Medium-term Business Plan 2026

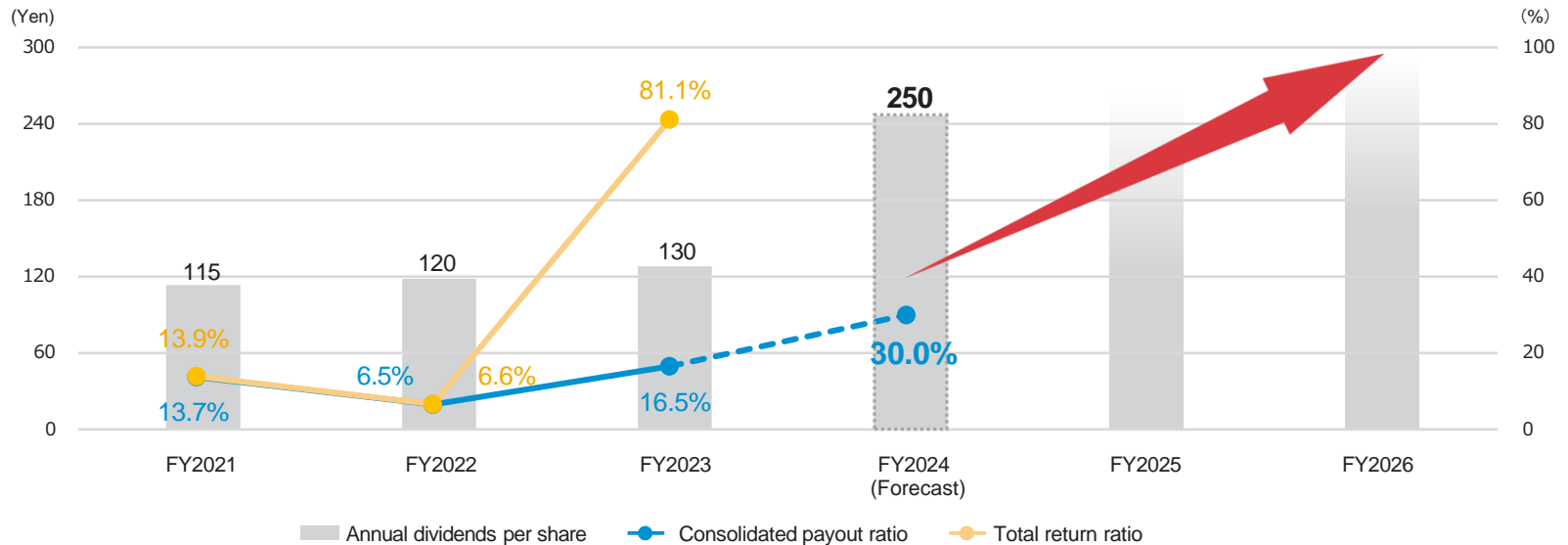
Dividends

- **Progressive dividends with a consolidated payout ratio of 30% or more**

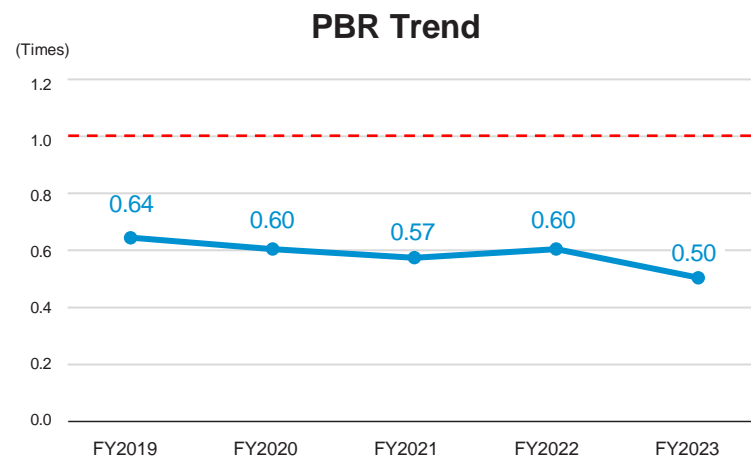
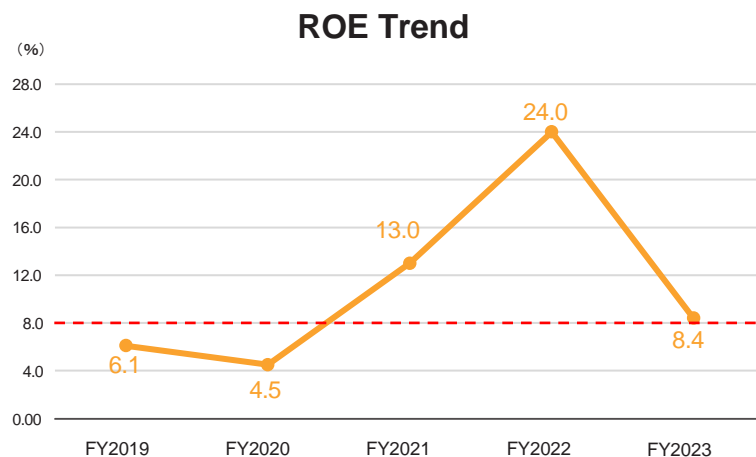
Stock buybacks

- **Implement with agility and flexibility**

Annual Dividends per Share and Consolidated Payout Ratio



Aiming for a PBR of 1 or more



Perception of Current Status

- ROE was up significantly in FY2021 and FY2022 because we recorded extraordinary income in addition to the increase in revenue from business activities. In FY2023, ROE also exceeded the consolidated financial indicator target of 8%.
- We believe that PBR has been hovering in the 0.5x-0.6x range in recent years because the growth strategy was not sufficiently communicated to capital markets, and that we did not fully deliver shareholder returns in line with market expectations.

Measures for Improvement

- Make strategic growth investments to enhance competitiveness, increase profitability, and expand the revenue scale
- Expand the market and broaden the customer base with measures to promote awareness of the value of paper
- Strengthen IR and communicate our growth strategy through IR activities
- Achieve stable generation of excess return by enhancing management that is mindful of the cost of capital
- Further reduce cross-shareholdings
- Take a more proactive approach to shareholder returns

Expand human capital investment to become a corporate group that strives to be considered a trustworthy and engaging business partner

Strengthen human capital, our greatest form of management capital, and foster a corporate culture in which diverse human resources can make the most of their individual qualities and continue to take on challenges

- Analyze the future talent gap, and carry out recruiting, development, and placement with a dynamic portfolio
- Increase employee engagement to energize our workforce and organization and raise productivity
- Raise the skill level of employees and enhance training to develop human resources with expertise

Human Resource-Related KPIs in Medium-term Business Plan 2026 (Japan Pulp & Paper)

Indicator	KPI
Percentage of eligible male employees taking childcare leave (includes the company's unique leave system)	100% (FY2023: 76.9%)
Employee engagement rating	BBB or higher (FY2023 rating: B) ¹
Training expenses	3 times or more (compared with FY2023)
Percentage of paid time off taken	80% or more (FY2023: 79.0%)
Monthly overtime hours	10 hours or less (FY2023: 13 hours)
Ratio of female employees in career-track positions	30% or more (25.2% average over last five years) ²

1. The current B rating is the sixth of the eleven engagement rating levels. Our target is a BBB rating, which is two levels higher.

2. The ratio of female employees in career-track positions at the company was 9.2% as of April 1, 2024. We have set the above target to increase the ratio of women in career-track positions.

Japan Pulp & Paper Group Medium- and Long-term Reduction Targets for Greenhouse Gas Emissions

Medium-term target: Achieve a 50% reduction from FY2019 levels by FY2030
Long-term target: Achieve carbon neutrality by 2050

Scope of targets: Scope 1 and 2 emissions for Japan Pulp & Paper and its consolidated subsidiaries

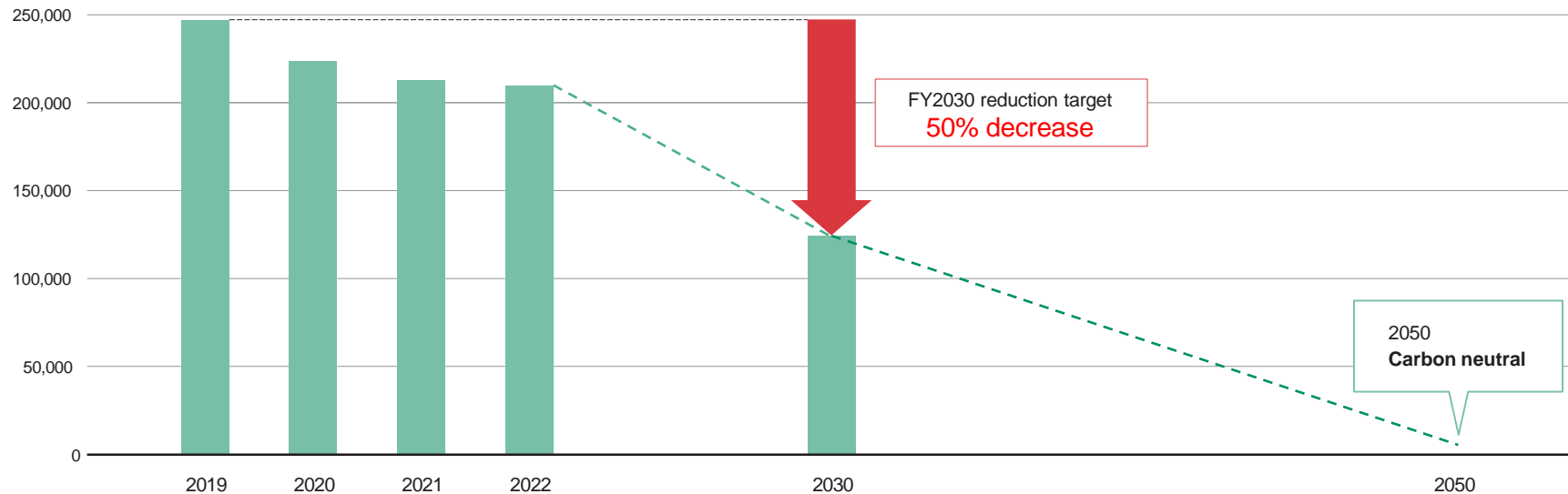
Priority Measures

- Pursue further improvement of production efficiency in Paper Manufacturing & Processing segment
- Promote thorough energy savings
- Switch to renewable energy

Note: We are also currently calculating and determining Scope 3 emissions for the whole group, and plan to reduce emissions in the future.

Reduction of Greenhouse Gas Emissions in the Group

Greenhouse Gas Emissions (t-CO₂)
(Scope 1 and 2)



Response to Business and Human Rights

- Fostering and instilling a culture of respect for human rights
- Implementation of human rights due diligence and identification and improvement of risks
- Implementation of complaint handling mechanism

Strengthen the Environmental and Occupational Safety Compliance Systems

- Establishment and operation of a three-tier supervisory system (group companies, the Environment & Safety Promotion Office, and external organizations)
- Enhancement of awareness of the environment and occupational safety among group employees through activities of OVOL Environment & Safety Meetings

Strengthen Risk Management

- Use of risk assessment to identify risks that could impact business activities and formulate/implement countermeasures
- Revision of the business continuity plan
- Enhancement of initiatives to ensure compliance

Notice

This document contains company-related projections, plans, and management targets to indicate the medium-to long-term goals of the Japan Pulp & Paper Group. These forward-looking statements are based on decisions made in light of information available to the company at the time this document was prepared, and are subject to a number of uncertainties. Therefore, this material does not guarantee the achievement of the stated goals or future business performance, and the company assumes no responsibility for any damages resulting from the use of this material. This English translation is prepared for the readers' convenience. In the case of any discrepancies between the original Japanese version and the English translation, the original Japanese version shall prevail.

OVOL

Japan Pulp & Paper Co.,Ltd.