



Chapter

02



Introduction

Our Value Creation Story

Strategies and Strengths

Foundation for Sustainable Growth

Data

Strategies and Strengths

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Progress of OVOL Vision 2030 and Medium-term Business Plan 2023

OVOL Vision 2030

We formulated "OVOL Vision 2030" as our group vision for 2030, and aim to achieve consolidated ordinary profit of JPY25 billion.

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.

A Group That Contributes to a Sustainable Society and 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 global environment.

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.

Target Estimate for 2030

Consolidated ordinary profit of JPY**25** billion

Basic Policies of Medium-term Business Plan 2023

In Medium-term Business Plan 2023, we have set a target for solidifying core profitability in order to realize OVOL Vision 2030 and remain competitive in the paper industry. Under this plan, we will implement the following two basic policies and aim to achieve consolidated ordinary profit of JPY15 billion.

1 Creating Added Value in the New Normal

We will become a world-leading paper distribution group that continues to create new functions and added value.

- In addition to demonstrating the functions demanded in an era of new values, we will establish a business structure that matches changing needs in relation to manufacturing, sales, services, ICT systems, logistics, and working styles, and achieve our profit targets by FY2023.
- In this new era, we will create new business and new products by combining the technology, knowledge and expertise of our group with the assets of our diverse business partners, and contribute to the business development of these partners.
- In addition to functions such as information communication, wrapping, and wiping, paper and paper products have a sense of touch and texture that enriches and comforts people, and a presence as products that encourage people to own and collect them. We will deliver these values of paper and paper products to society through events and business activities, and expand the scope of demand.

Initial Target for the Final Year (FY2023) of Medium-term Business Plan

Consolidated ordinary profit: JPY**15** billion
(Consolidated Ordinary Profit Target for FY2023: JPY17 billion)

2 Evolving into a Group That Pursues Excellence Even Beyond the Paper Industry

We will continue to improve every aspect of our business to ensure we maintain a high level of satisfaction for all stakeholders, and work to further extend the scope of our trust and appeal as a corporate group.

- We will continue to thoroughly implement actions based on the group's corporate philosophy (integrity, fairness, and harmony), and contribute to the achievement of the SDGs through the businesses of each company in the group.
- We will proactively engage in cultural and educational support activities and global environmental conservation activities.
- We will respect diverse values and create an environment where it is easy to work and where individual abilities can be maximized.
- We will strengthen governance and compliance, and enhance engagement with stakeholders.

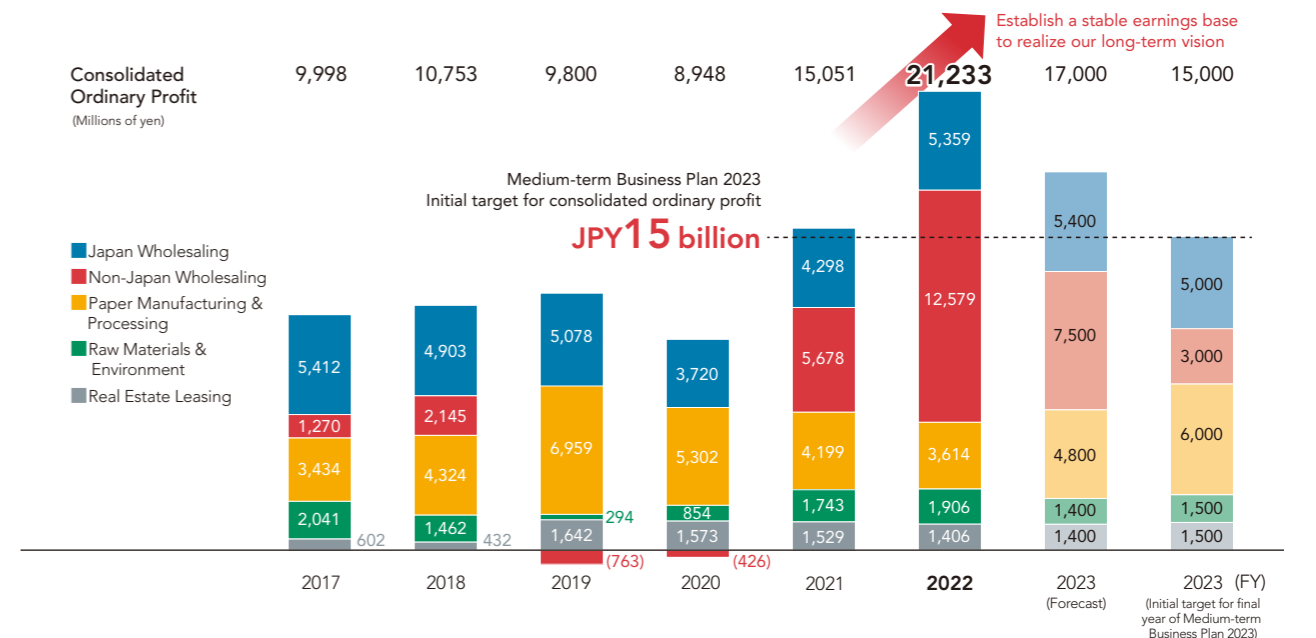
Medium-term Business Plan 2023: Progress toward Quantitative Targets

Regarding our progress toward consolidated ordinary profit of JPY15 billion, which is the quantitative target for the final year of Medium-term Business Plan 2023, we achieved JPY15.1 billion (year-on-year increase of 68.2%) in fiscal 2021, the first year of Medium-term Business Plan 2023. In fiscal 2022, consolidated ordinary profit was JPY21.2 billion (year-on-year increase of 41.1%), significantly higher than the previous year due to a recovery in demand and continued price revisions, especially in the Non-Japan Wholesaling segment. We exceeded the final year target of JPY15 billion for two consecutive years. In fiscal 2022, earnings reached record highs for each level of income, while the financial indicators of ROE, ROA, and the net D/E ratio also exceeded targets.

The forecast for consolidated ordinary income in fiscal 2023 is JPY17 billion, so we expect to exceed the quantitative target of ordinary income of JPY15 billion set in Medium-term Business Plan 2023 in a stable manner. By segment, we do not expect the Paper Manufacturing & Processing segment to achieve its initial target for the final year of the plan due to the impact of unexpectedly large increases in manufacturing costs, including energy costs such as gas and electricity, and a decline in final demand. However, we expect the Non-Japan Wholesaling segment to exceed the initial target for the final year of the plan due to successful rationalization at large bases and complementary M&As.

Initial Ordinary Profit Targets, Fiscal 2022 Results, and Fiscal 2023 Forecast by Segment

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 Forecast	Initial Target for Final Year of Medium-term Business Plan 2023
Japan Wholesaling	5,412	4,903	5,078	3,720	4,298	5,359	5,400	5,000
Non-Japan Wholesaling	1,270	2,145	(763)	(426)	5,678	12,579	7,500	3,000
Paper Manufacturing & Processing	3,434	4,324	6,959	5,302	4,199	3,614	4,800	6,000
Raw Materials & Environment	2,041	1,462	294	854	1,743	1,906	1,400	1,500
Real Estate Leasing	602	432	1,642	1,573	1,529	1,406	1,400	1,500
Adjustments	(2,761)	(2,513)	(3,410)	(2,075)	(2,396)	(3,632)	(3,500)	(2,000)
Consolidated	9,998	10,753	9,800	8,948	15,051	21,233	17,000	15,000



Consolidated Financial Indicator Targets and Fiscal 2022 Results

Management Indicator	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	Targets for Final Year of Plan
ROE	7.6%	4.5%	6.1%	4.5%	13.0%	24.0%	8.0%
ROA	3.2%	3.1%	2.8%	2.7%	4.6%	5.9%	4.0%
ROIC	3.7%	3.6%	3.6%	3.0%	4.9%	6.5%	5.0%
Net D/E ratio	1.28x	1.31x	1.50x	1.23x	1.06x	0.66x	1.40x or less

Financial Strategies

We focus on maintaining financial soundness, making investments necessary for growth, and ensuring shareholder returns. We will also continue to improve corporate value and work to resolve social issues.

Chihiro Katsuta

Representative Director
Senior Executive Vice President
CFO



Review of Financial Results

On a consolidated basis for fiscal 2022, the second year of Medium-term Business Plan 2023, we reached record highs for the second consecutive year for each level of income, with operating profit of JPY20.3 billion, ordinary profit of JPY21.2 billion, and profit attributable to owners of parent of JPY25.4 billion.

In particular, with regard to consolidated ordinary profit, which the group has set as a quantitative target, results significantly exceeded JPY15 billion—the target for the final year of the plan.

In terms of consolidated financial indicators, ROE was 24.0%, ROA was 5.9%, and ROIC was 6.5%. Each of these indicators exceeded the target we set for the final year of Medium-term Business Plan 2023.

The group has been working to strengthen the revenue base of each of its five business segments, and has stabilized profitability. We now have the ability to withstand economic fluctuations. As a result, in fiscal 2022 we were able to exceed the ordinary profit targets of Medium-term Business Plan 2023 in the three segments of Japan Wholesaling, Non-Japan Wholesaling, and Raw Materials & Environment.

In the Non-Japan Wholesaling segment in particular, in addition to the recovery in demand following normalization of socio-economic activities, we conducted multiple price increases amid tightening supply and demand and the profit margin increased temporarily. This led to results that greatly exceeded expectations, helping the group achieve strong results in fiscal 2022.

On the other hand, in the Paper Manufacturing & Processing segment, price revisions could not fully compensate for the increase in manufacturing costs due to soaring raw material, fuel, and electricity prices. This resulted in a decrease in profit, but due to our originality and ingenuity in improving

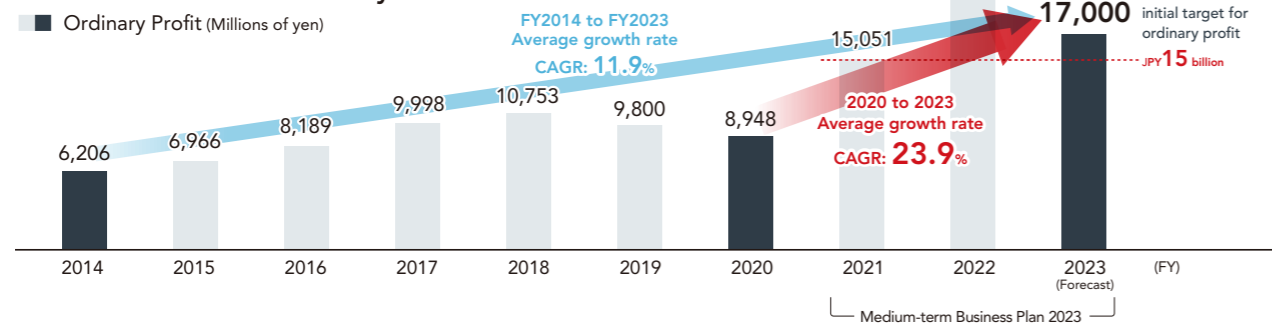
production efficiency, we were still able to secure solid earnings. In the Real Estate Leasing segment, ordinary profit decreased slightly due to the sale of some real estate, but the segment continues to contribute to the group's business performance.

Regarding cash flow in fiscal 2022, cash flows from operating activities decreased by JPY13.7 billion from the previous year due to a rapid increase in demand for working capital as a result of higher revenue and inventories in the Non-Japan Wholesaling segment, especially in the US, the UK, and Australia, where business performance was strong. However, a JPY27.8 billion increase in cash flows from investing activities due to the sale of non-current assets, investment securities, and other assets resulted in free cash flow increasing by JPY14 billion year on year to JPY24 billion. Part of the cash was used to repay interest-bearing debt, while a portion was reserved for future growth investments.

In fiscal 2023, we expect an increase in profit in the Paper Manufacturing & Processing segment as the impact of price revisions implemented in stages in the previous fiscal year will become evident. However, we expect that the leveling off of the profit margin, which temporarily increased and led to better-than-expected results in the Non-Japan Wholesaling segment in the previous fiscal year, will have a significant impact. As a result, we forecast consolidated ordinary profit of JPY17 billion (a 19.9% year-on-year decrease).

If we look at the compound annual growth rate (CAGR) for consolidated ordinary profit over the 10-year period from fiscal 2014 (JPY6.2 billion) to fiscal 2023 (JPY17 billion, forecast), it is 11.9%. However, if we look at it from fiscal 2020 (consolidated ordinary profit of JPY8.9 billion), which is before the start of Medium-term Business Plan 2023, to fiscal 2023 (JPY17 billion, forecast), CAGR is 23.9%. Therefore, the overall growth

CAGR of Consolidated Ordinary Profit



potential of the group has greatly increased during the period of Medium-term Business Plan 2023.

Under OVOL Vision 2030, the quantitative target for consolidated ordinary profit for fiscal 2030 is JPY25 billion. The CAGR from fiscal 2023, in which the group forecasts consolidated ordinary profit of JPY17 billion, to the fiscal 2030 target, is 5.7%. We expect to be able to meet the quantitative target of OVOL Vision 2030 by strengthening the foundation of each business segment.

Fiscal 2023 is the final year of Medium-term Business Plan 2023. In the first quarter of fiscal 2023, consolidated ordinary profit increased by 12.7% year on year to JPY5 billion due to, among other factors, higher selling prices in the Japan

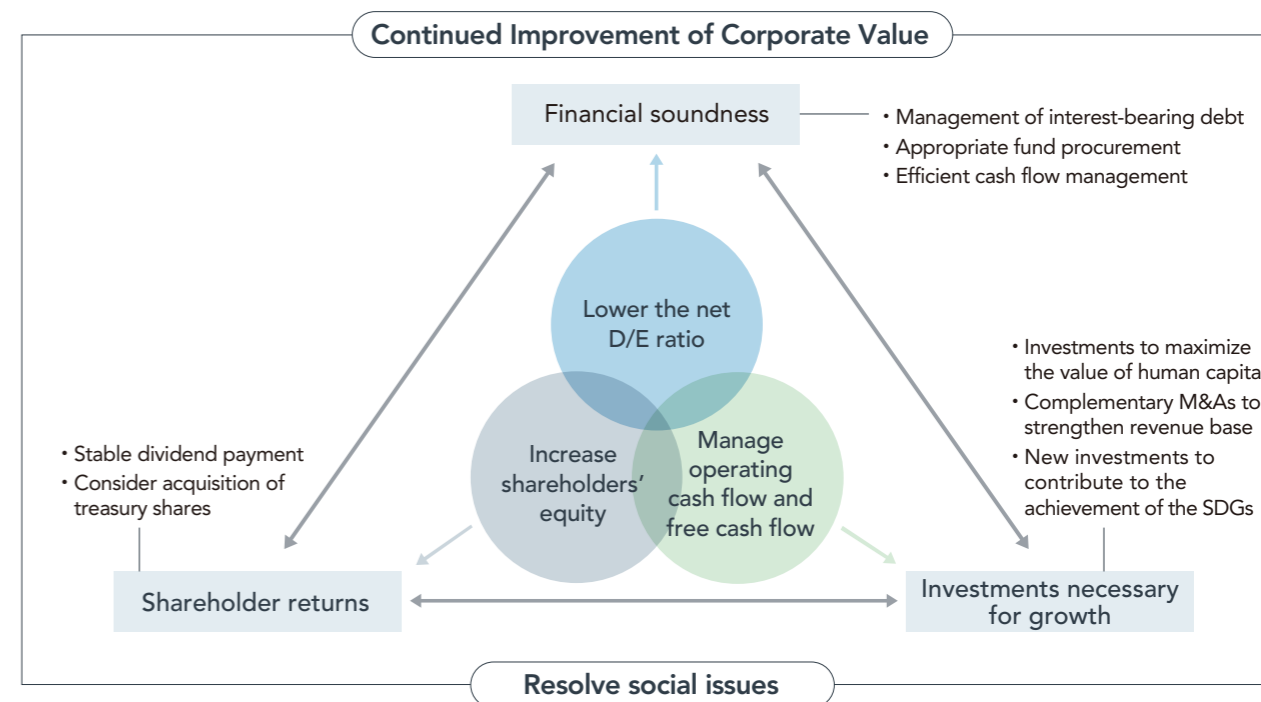
Wholesaling and Paper Manufacturing & Processing segments. This is a good start and an achievement rate of 29.4% toward the consolidated earnings forecast of JPY17 billion. Profit attributable to owners of parent decreased 79.6% year on year to JPY2.8 billion due to the absence of the gain on sale of non-current assets in the previous fiscal year. This is an achievement rate of 25.5% toward the full-year forecast of JPY11 billion—proceeding roughly according to plan. In fiscal 2023, we will further strengthen the revenue base of each business segment as we aim to achieve JPY17 billion in consolidated ordinary profit, exceeding the initial target of JPY15 billion that we set for the final year of Medium-term Business Plan 2023.

Review of FY2022

	FY2021	FY2022	Change	Comments
Total assets (Billions of yen)	338.9	385.1	46.2	• Increase in trade receivables and inventories due to higher selling prices, etc. • Increase in deposits due to proceeds from the transfer of non-current assets
Equity (Billions of yen)	92.8	118.4	25.6	• Increase in retained earnings due to a significant increase in profit resulting from an increase in ordinary profit and the recording of gain on sale of non-current assets
Capital adequacy ratio	27.4%	30.7%	3.3 points	
Net interest-bearing debt (Billions of yen)	97.9	78.3	(19.6)	• Increase in deposits due to proceeds from the transfer of non-current assets and decrease in interest-bearing debt such as commercial paper
Net D/E ratio	1.06x	0.66x	(0.40)x	• Increase in equity
Payout ratio	13.7%	6.5%	(7.2) points	• Although dividends increased, equity increased due to a significant increase in profit for the year
DOE	1.8%	1.6%	(0.2) points	
Ordinary profit (Billions of yen)	15.1	21.2	6.1	• Significantly increased due to higher operating profit and improved management efficiency • Achieved Medium-term Business Plan 2023 target of JPY15 billion (average of JPY13.2 billion over the last 5 years)
ROE	13.0%	24.0%	11.0 points	• Increase in net profit margin (2.6% → 4.7%) • 19.7% when one-time factors (gain on sale of non-current assets) is excluded
ROA	4.6%	5.9%	1.3 points	• Increase in ordinary profit margin (3.4% → 3.9%) • Achieved Medium-term Business Plan 2023 target of 4.0% (average of 3.8% over the last 5 years)
ROIC	4.9%	6.5%	1.6 points	• Increase in operating profit margin (3.2% → 3.7%) • Achieved Medium-term Business Plan 2023 target of 5.0% (average of 4.3% over the last 5 years)

Financial Strategies

Our basic financial strategy is to maintain financial soundness by appropriately managing interest-bearing debt, make investments necessary for growth, and pay stable dividends. The group will continue to focus on maintaining financial soundness, making investments necessary for growth, and ensuring shareholder returns as it works to improve corporate value and resolve social issues.



Financial Soundness

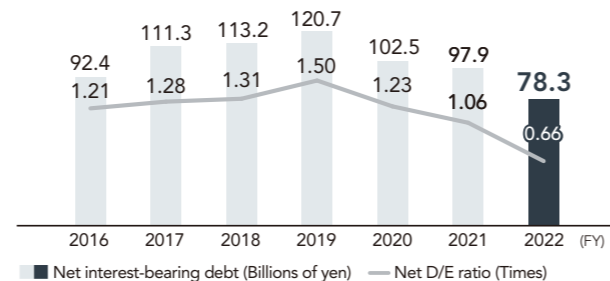
In Medium-term Business Plan 2023, we aim to continue to cap the net D/E ratio at 1.4 times or less, and reach the targeted consolidated financial indicators of ROE of 8%, ROA of 4%, and ROIC of 5%, all of which we achieved as of the end of fiscal 2022. We will continue working to meet these targets and achieve further growth.

In fiscal 2022, working capital requirements for the group increased rapidly in line with strong business performance. On the other hand, we used the proceeds from the sales of non-current assets to cover the strong demand for funds related to sales activities, and we were able to reduce net interest-bearing debt. As a result, the net D/E ratio in fiscal 2022 decreased to 0.66, further strengthening our financial foundation.

In February 2022, two credit rating agencies raised our credit rating to A, and this remains unchanged in 2023. We will further improve profitability while maintaining financial soundness and working to ensure that we are highly evaluated by stakeholders.

Net Interest-bearing Debt and Net D/E Ratio

	2016	2017	2018	2019	2020	2021	2022
Net interest-bearing debt (Billions of yen)	92.4	111.3	113.2	120.7	102.5	97.9	78.3
Net D/E ratio (Times)	1.21	1.28	1.31	1.50	1.23	1.06	0.66
Equity (Billions of yen)	76.1	87.0	86.6	80.3	83.5	92.8	118.4



Credit Ratings

Rating and Investment Information, Inc. (R&I)	Japan Credit Rating Agency, Ltd. (JCR)	Net D/E Ratio (Target of Medium-term Business Plan 2023)
A	A	1.4 times or less

Investment Strategies

Decisions on investments are based on the strategies of each business segment as well as qualitative and quantitative analyses and deliberation by the Executive Management Committee. Final decisions about important investment projects are made after further discussion by the Board of Directors.

The group's net D/E ratio in fiscal 2022 further improved to 0.66 times. Even if the figure were to reach 1.4 times, our management indicator for financial soundness, we estimate that we would still have an investment capacity of over JPY80 billion. Changes in operating capital have a significant impact on the group's capital requirements. Going forward,

we will conduct M&As to further strengthen the revenue base of each business segment, make investments to maintain and enhance the asset value of real estate and facilities, and invest in new businesses with potential and human capital, which is the most important form of management capital, while appropriately managing working capital requirements.

In addition, we have been re-examining assets and investments in each segment and disposing of and liquidating assets and investments that we have determined to have little potential of contributing to future profits. In terms of stocks held as cross-shareholdings, we conduct yearly reviews, and since the adoption of the Corporate

Overview of Recent Major Investments

Medium-term Business Plan Period (FY)	Amount	Major Investments
2014–2016	JPY22.9 billion	<ul style="list-style-type: none"> Construction of a mill for recycled household paper Upgrade of facilities at a containerboard manufacturing plant Construction of a solar power generation plant Construction of a biomass power generation plant
2017–2019	JPY41.6 billion	<ul style="list-style-type: none"> M&As in the Non-Japan Wholesaling segment Upgrade of facilities at a containerboard manufacturing plant Construction of a corrugated packaging manufacturing plant outside of Japan Redevelopment of real estate holdings
2020	JPY7.3 billion	<ul style="list-style-type: none"> M&As in the Non-Japan Wholesaling segment Upgrade of facilities at a containerboard manufacturing plant
2021–	JPY16.7 billion	<ul style="list-style-type: none"> M&As in the Non-Japan Wholesaling segment M&A of a corrugated packaging manufacturing plant and upgrade to its facilities

Governance Code in 2015, we have sold a total of 57 stocks (worth approximately JPY10.5 billion) resulting in a gain of approximately JPY4.2 billion (as of March 2023), and we will continue to improve the efficiency of our assets. Furthermore, we have inherited, invested in, and operated real estate in prime locations throughout our long history. The Real Estate Leasing segment underpins our revenue, and we select highly profitable and low-risk investments for redevelopment, maintenance, and renewal. In addition, we work to improve asset efficiency and low-profit investments

with little chance of being effectively utilized are sold instead of being redeveloped. The sale of some real estate in June 2022 was a decision made in consideration of real estate market conditions, with the aim of effectively utilizing management resources and improving asset efficiency.

Going forward, we will continue to re-examine low-profit assets and investments with little strategic feasibility from the standpoint of improving asset efficiency. We will also make investments necessary for growth, replace existing assets, and appropriately manage our balance sheet.

Reduction in Cross-Shareholdings

FY	2015	2016	2017	2018	2019	2020	2021	2022	Total Amount
Number of issues*	7	21	13	6	3	5	6	7	57
Selling price (Billions of yen)	1.9	5.2	0.2	0.9	0.0	0.4	1.1	0.8	10.5
Proceeds from sale (Billions of yen)	0.9	1.8	0.1	0.3	0.0	0.2	0.4	0.4	4.2

* The aggregate amount for each fiscal year does not equal the total amount as some issues were sold over several years.

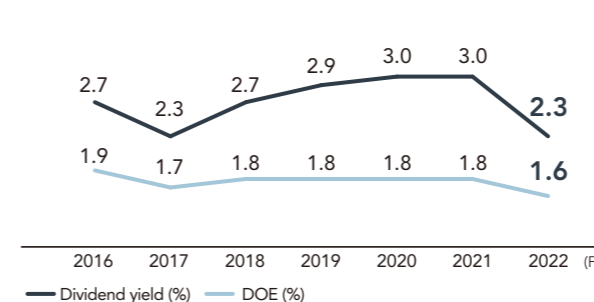
Shareholder Returns

Our basic policy for shareholder returns is to pay stable dividends, taking into account trends in consolidated performance, the dividend payout ratio, and the dividend on equity (DOE) ratio. Due to the increase in net income and shareholders' equity associated with the gain on sale of non-current assets (reported under extraordinary income) in fiscal 2022, each of the above indicators decreased. However, we have never changed the dividend amount based on fluctuations in business results caused by temporary factors, and have steadily raised dividends in line with growth in profitability. We have also never decreased dividends (not taking into account commemorative dividends). In fiscal 2022, our annual dividend per share was JPY120,

representing an increase of JPY5 per share (compared with the annual dividend per share of JPY115 in fiscal 2021). In fiscal 2023, we plan to increase the annual dividend by JPY10 to JPY130 per share. We will continue to promote a policy of ensuring stable dividends, which is the basis of our financial strategy.

Furthermore, we believe that the acquisition of treasury shares is a means of raising shareholder value per share, increasing shareholder returns, and enhancing corporate value through, for example, the improvement of ROE. We have acquired treasury shares in the past based on the stock price and financial conditions, and will continue to consider such measures in the future.

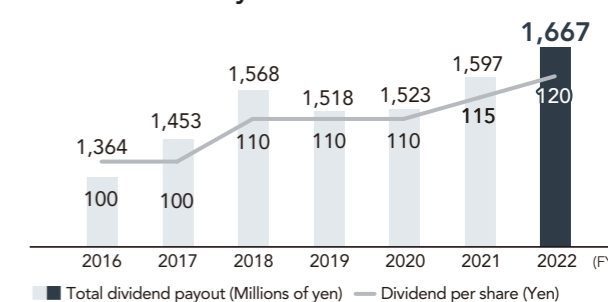
Dividend Yield and DOE



$$DOE = \frac{\text{Dividend per share}}{\text{Net assets per share (Average at the beginning and end of the fiscal year)}}$$

We aim to enhance shareholders' equity by continuing to improve profitability and ensure profits, and emphasize the payment of stable dividends that are not susceptible to temporary downturns in business performance.

Total Dividend Payout and Dividend Per Share



Note: Effective October 1, 2017, the company conducted a consolidation of shares in which 10 common shares were consolidated into one share. Dividends for fiscal 2016 and the interim dividend for fiscal 2017 take this consolidation into account.

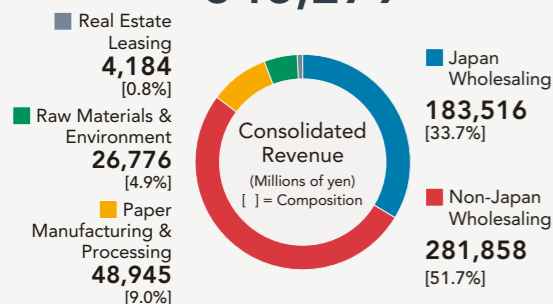
Business Overview

Since its establishment, the Japan Pulp & Paper Group has contributed to society through the supply of paper—a material necessary for daily life and the development of industry and culture—as a leader in paper distribution. Today, the group continues to expand its business fields, backed by its outstanding know-how in the paper and paperboard wholesaling business and its global network. We are working to enhance our diversified segments and create synergies with existing businesses to build a stable revenue base for the entire group.

Japan Pulp & Paper Group FY2022 Results

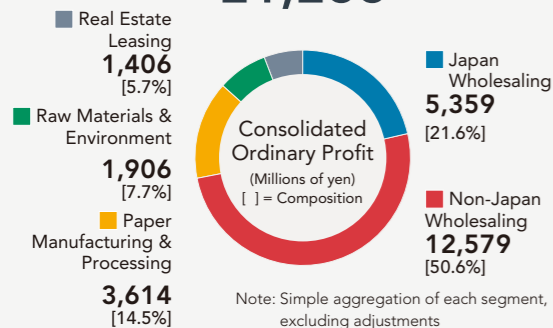
Consolidated Revenue

545,279



Consolidated Ordinary Profit

21,233



Consolidated Subsidiaries

77

Associated Companies (Equity-Method)

6

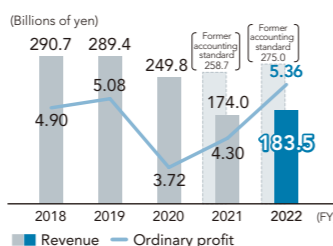
Japan Wholesaling



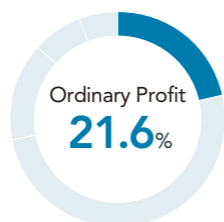
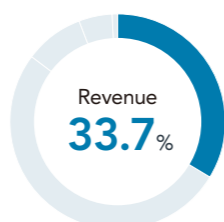
Main Businesses

- Sale of paper, paperboard, and related products
- Warehousing and transportation businesses
- ICT system development
- Sale of information equipment
- Information service business etc.

Revenue/Ordinary Profit



Composition



Number of Consolidated Subsidiaries

10

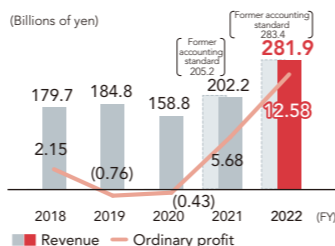
Non-Japan Wholesaling



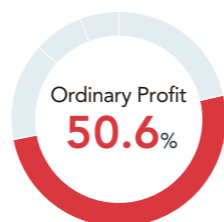
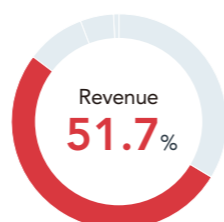
Main Businesses

- Sale of paper, paperboard, and related products
- Sign and display products, packaging, films, and related business etc.

Revenue/Ordinary Profit



Composition



Number of Consolidated Subsidiaries

49

Entities outside of Japan: **49**

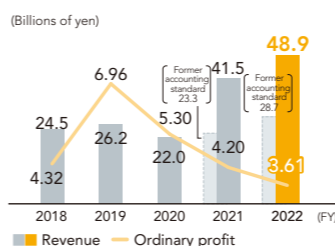
Paper Manufacturing & Processing



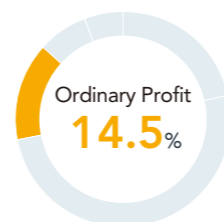
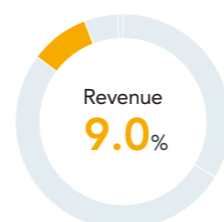
Main Businesses

- Manufacturing of household paper, containerboard, and printing paper using recycled wastepaper as a raw material
- Manufacturing of containerboard boxes and related products etc.

Revenue/Ordinary Profit



Composition



Number of Consolidated Subsidiaries

11

Entities outside of Japan: **2**

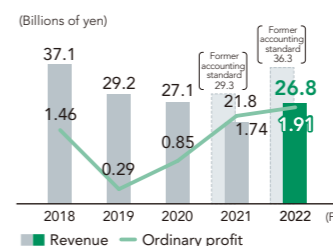
Raw Materials & Environment



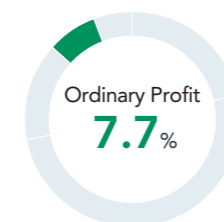
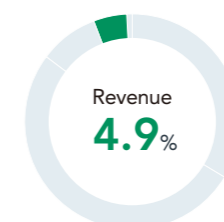
Main Businesses

- Sale of raw materials such as wastepaper and pulp as well as of biomass fuels and related products
- Comprehensive recycling business
- Renewable energy power generation business etc.

Revenue/Ordinary Profit



Composition

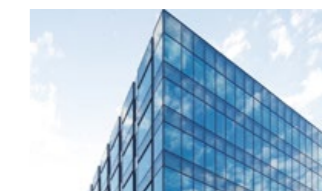


Number of Consolidated Subsidiaries

7

Entities outside of Japan: **3**

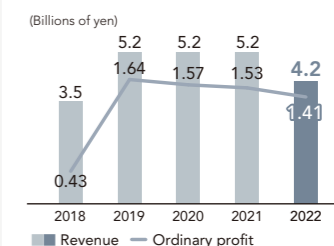
Real Estate Leasing



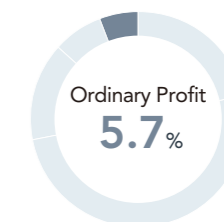
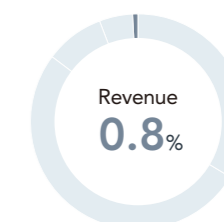
Main Businesses

- Leasing of real estate

Revenue/Ordinary Profit



Composition



Note: For purpose of comparison with previous years, figures for fiscal 2021 and fiscal 2022 are presented under the former accounting standard.

Business Segments

Japan Wholesaling

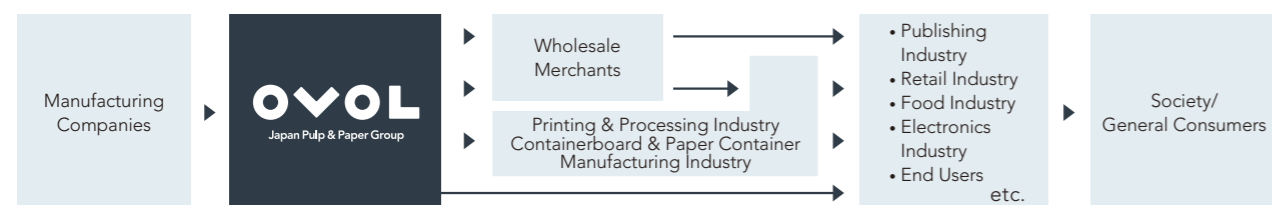
A Leading Company in Paper Distribution

Based on the expertise and trust it has accumulated since its founding 178 years ago, the Japan Pulp & Paper Group sells paper, paperboard, and related products as a distributor for manufacturers. Today, we are pursuing new possibilities in paper and peripheral fields. While we supply various materials, daily necessities, and industrial goods with a wide range of applications, we also handle paper products including more specialized functional materials for electronic components, ecofriendly films, and packaging materials.

In addition, we are mobilizing our nationwide distribution network and the group's collective capabilities to diversify our businesses. One example is our entry into the development and sale of ICT systems and AI services for the paper industry.

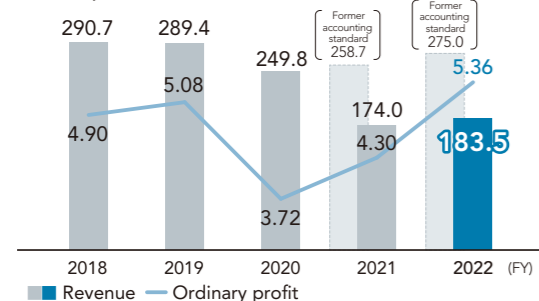


Business Flow



Fiscal 2022 Results

Revenue/Ordinary Profit



- Paper sales volume decreased year on year due to the significant impact of a decline in periodical magazine readership and lower sales of photo copying paper, although there was a recovery in demand for paper in some markets.
- Paperboard sales volume decreased year on year as sales for automotive and machinery-related applications remained sluggish. However, sales of products for e-commerce and processed food packaging were strong, and sales of products for souvenirs and gifts recovered.
- Sales volume of functional materials related to electronic components decreased year on year due to the impact of the zero-COVID policy in China and the resulting economic stagnation after the policy was lifted.
- Revenue increased year on year, reflecting higher selling prices due to price revisions for paper and paperboard.
- Ordinary profit increased year on year due to increased revenue and decreased personnel expenses, etc.

Strengths

- Relationships with business partners based on trust built over 178 years
- Human resources to support our position as an industry leading company
- Ability to make proposals based on advanced expertise and know-how in the paper business
- A nationwide distribution network that enables the stable supply of paper

Opportunities

- Return to paper from digital formats as people rediscover its enriching and comforting value and qualities
- Growing demand for environmentally friendly products
- Normalization of socio-economic activities due to the easing of restrictions on activities related to COVID-19

Risks

- Decreasing demand for paper due to the declining population and digitalization
- Changing trends in demand due to rising prices

Medium-term Business Plan 2023 Initiatives

Policy

Recover profits through structural reforms and rationalization

Ordinary Profit by Segment in Final Year of Plan **JPY5 billion**

1. Strengthen sales capabilities for paper and paperboard while focusing on profitability, and solidify our position as the No. 1 distributor in Japan
2. Raise the level of knowledge and expertise in all aspects of the supply chain, including knowledge of products, purchasing, sales, printing, processing, and logistics, and collaborate with business partners and stakeholders to create value and returns for our company

Progress Report

Strengthened domestic sales capabilities for paper and paperboard

Paper merchant Narumi-Kamiten (based in Aomori Prefecture) was made a group company in order to maintain regional paper distribution networks. In addition, containerboard manufacturers Misuzushigyo and Osaka Paperware Mfg. were added to the group in order to expand the sales volume of containerboard.

Promoted rationalization through structural reforms and optimization of logistics

Future Initiatives

Dedicate ourselves to creating added value

We will develop specific measures, systems, and mechanisms to raise the level of knowledge and expertise in all areas of the supply chain, including related to products, purchasing, sales, printing, processing, and logistics. In addition, we will dedicate ourselves to creating added value by promoting initiatives to reaffirm the unique value, functions, and role of paper.

Explore functions and added value demanded by new values

We will create new businesses and products by engaging in communication with diverse business partners and utilizing their assets. In October 2023, we plan to hold an event with the participation of managers from about 150 domestic wholesalers.

We will provide new functions and added value in order to be chosen by customers.



Tetsuo Izawa
Director of the Board
Senior Executive Vice President
Paper Sales & Marketing, Logistics

In the domestic market, particularly in the field of printing and communication paper, we expect demand to continue to decline due to the shift from paper media to digital media, and that manufacturing costs will remain high due to soaring raw material and fuel prices. Maintaining reproducible prices is a key issue in the pulp and paper industry.

Under these circumstances, the Japan Pulp & Paper Group continues to conduct sales activities that emphasize profit and efficiency rather than focusing solely on increasing sales volume and expanding market share. We will promote efficiency and strengthen our foundation as an organization. We will also provide new functions and added value in areas such as environmentally friendly products and logistics in order to be chosen by customers. As it is such a ubiquitous material, the functions and role of paper as well as the value created from it are not widely recognized. We are working to strengthen our communication activities so that our business partners and the rest of society can better understand the value of paper.

As I said last year, selling paper is our original business, and it will continue to be the core business of the Japan Pulp & Paper Group. I believe that the real value of the group is our ability to propose not only the best solutions, but the ones customers truly need, so they can rely on us even in difficult times. For that reason, I recognize that developing talented human resources is our most important task.

Non-Japan Wholesaling

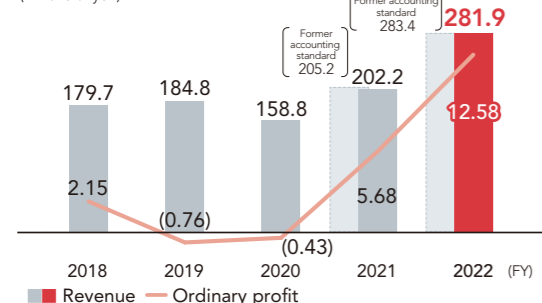
One of the World's Leading Paper Distribution Companies

Our first foray into the global arena dates back to our expansion into Shanghai, China in 1899. Since then, we have continued to do business in a number of countries and regions with differing cultures and business customs. We are building on our know-how as we continue to expand our business activities throughout the world. We currently have paper distribution operations with inventory and delivery functions in the US, the UK, Ireland, Australia, New Zealand, India, Hong Kong, Singapore, and Malaysia. We have established systems to enable the stable supply of products throughout each region. This has allowed us to extend our range of services beyond merely supplying printing and paper processing companies, to now include the delivery of products such as photo copying papers, labels, films, and sign and display products directly to consumers as we continue to promote the "glocalization" of our business. By maximizing the strengths rooted in each country and region, the group aims to create synergies on a global scale, and become the world's leading paper distribution group.



Fiscal 2022 Results

Revenue/Ordinary Profit



- In the US, the UK, and Australia, sales volume increased due to the recovery in demand in connection with the normalization of social activities. Selling prices increased as a result of multiple price revisions.
- Revenue increased significantly due to increased exports from Japan and the impact of foreign exchange conversion resulting from the depreciation of the yen.
- Ordinary profit increased significantly year on year, especially in the US and the UK.

Strengths

- Trust from business partners outside Japan built over 124 years since expanding into Shanghai in 1899
- Paper wholesaling business with locally rooted inventory, processing, and delivery functions
- A procurement and supply network that spans the globe (67 group companies in 21 countries outside of Japan)
- Global distribution sites
- Ability to make proposals utilizing procurement, supply, and information capabilities based on extensive experience

Opportunities

- Expansion of demand for high-value-added films, packaging, and sign and display products
- Increase in demand for environmentally friendly products
- Growth potential of the Asian market

Risks

- Supply and demand gap, fluctuation in market prices, and other related issues
- Trends of Chinese and Korean manufacturers
- Decline in paper demand due to structural issues such as the digitalization of information media

Medium-term Business Plan 2023 Initiatives

Policy

Strengthen existing platforms and build a stable revenue structure

Ordinary Profit by Segment in Final Year of Plan **JPY 3 billion**

1. Utilize OVOL's global network to strengthen sales of packaging, chemical products, functional products, and environmentally friendly products, in addition to conventional graphic paper while incorporating complementary M&A initiatives
2. Ensure stable earnings by streamlining unprofitable businesses and divisions, and improving efficiency through the development of logistics infrastructure and systems

Progress Report

• Successful transition to profitable structure through business restructuring

We successfully transitioned to a profitable structure through business restructuring that included the optimization of human resources, offices, and logistics facilities, all of which began at major operating bases before the COVID-19 pandemic. Setting aside the rapid growth in profit due to changes in demand and selling prices, we were able to successfully transition to a structure in which we can secure stable and consistent profit.

• Strengthened platform through complementary M&A initiatives

We conducted complementary M&A initiatives to strengthen sales of films, packaging, sign and display products, thermal transfer ribbons, functional products, and environmentally friendly products. We also promoted efforts to stabilize earnings.

Future Initiatives

• Effectively utilize our distribution network as a local and nationwide paper merchant

In light of the decline in demand for graphic paper in developed markets, we will continue to conduct complementary M&A initiatives to diversify the products we handle, including value-added products and growth products. We also aim to make effective use of assets, such as our distribution network, as a local and nationwide paper merchant.

• Promote a "glocal" strategy in Asia

We will promote a glocal strategy in order to demonstrate the various functions of the group, such as inventory, processing, and delivery, at several locations in Asia where business is centered on trading.

We will expand our lineup of high-value-added products and growth products.



Mitsutoshi Imamura
Executive Vice President
Global Business, Specialties

In fiscal 2022, continued tightening of global supply and demand for paper, and the increase in paper prices at our major bases in the US, the UK, Australia, New Zealand, and other countries led to a substantial improvement in results. This was due to our ability to perform the inventory, processing, and delivery functions as a paper distribution business rooted in local markets, rather than just trading. In terms of the financial results forecast for fiscal 2023, although we expect the profit margin, which expanded significantly as a result of price revisions in 2022, to shrink, we believe that we will be able to secure adequate profits.

In line with the basic policy of Medium-term Business Plan 2023, which is to "strengthen existing platforms and build a stable revenue structure," we will continue to expand our lineup of high-value-added products and growth products by conducting complementary M&A initiatives.

In fiscal 2022, we carried out M&As in the film, packaging, sign and display product, and thermal transfer ribbon converting businesses in the UK, Australia, New Zealand, and Singapore, and also expanded into Ireland. Going forward, we plan to conduct M&As to expand our business areas in response to declining demand for graphic paper in developed countries.

Non-Japan Wholesaling Segment Highlight



In the Non-Japan Wholesaling segment, as a basic policy of Medium-term Business Plan 2023, we are utilizing our existing sales network to actively conduct complementary M&A initiatives with the aim of strengthening sales of high-value-added products such as packaging, chemical products, and functional products. The following companies joined the Japan Pulp & Paper Group in 2022 and 2023.

UK

Zulu Packaging

(Premier Lamination Films)



In July 2022, Zulu Packaging, a successful laminating film specialist in the UK market, joined the Premier Paper Group (hereinafter "PPG"), which is a leading paper merchant in the country.

We have sold laminating films in many countries, and have utilized our experience and expertise to propose and provide new products (other than paper) to existing and new customers. With the acquisition of Zulu Packaging, the Japan Pulp & Paper Group has established a sales system that can flexibly respond to customer needs. This includes delivering a wide variety of laminating films together with paper. In the future, Zulu Packaging will provide products for a wide range of areas, such as flexible packaging films for food items, laminating films for packaging materials, and commercial printing operations as PPG's specialized laminating film division. In addition, it will work to create new value such as by providing customers with more choices and enhanced convenience.



UK

Wine Box Company



In December 2022, UK-based Wine Box Company (hereinafter "WBC"), a leading supplier of packaging materials for high-end beverages, food packaging, and POS products (packaging materials printed with barcodes for individual item management), joined PPG.

WBC currently offers over 1,600 products, including a wide selection of gift, transport, and premium beverage packaging options. In addition to display and packaging materials, it also offers cloth bags and tailor-made products. These operations complement the business of PPG, which itself operates as a traditional paper merchant. This addition will be a major step toward expanding sales of high-value-added products and other items. As part of PPG, WBC will be able to expand the variety of its services and product selection and improve quality by utilizing the extensive resources and logistical support and expertise of PPG. Going forward, we will work to develop and provide new products and services by sharing know-how and expertise with all divisions.

Singapore

Transam Industries



In September 2022, Singapore-based Transam Industries (hereinafter "Transam"), which has built a strong reputation as the largest thermal transfer ribbon processor in Southeast Asia, joined group company OVOL Singapore.

Since its founding, Transam has specialized in the thermal transfer ribbon processing business for barcode printing, and now offers more than 40 types of thermal transfer ribbons with a large production capacity of 70,000 rolls per month. In more than 50 countries in Asia, Africa, the Middle East, Australia, and Europe, it provides products for companies in the food, textile, pharmaceutical, hospital, semiconductor, and logistics industries, among others. Transam, as part of the Japan Pulp & Paper Group, will be able to utilize group resources to further improve its strengths in fully understanding customer needs, responding flexibly to those needs, and quickly completing all deliveries. Through these efforts, we will develop businesses that are not bound by preconceived notions, consider new ideas for entering markets, create and provide new products, cultivate potential new customers in various regions, and expand sales channels.



Introduction

Our Value Creation Story

Strategies and Strengths

Foundation for Sustainable Growth

Data

Australia



Conect Enterprises

In September 2022, Conect Enterprises (hereinafter "Conect"), a leading supplier in the Australian sign and display product market, joined group company Ball & Doggett (hereinafter "B&D").

With over 30 years of industry knowledge and experience, Conect has established a strong position in the sign and display product market. This includes serving as a distributor for global brands, including HP, Roland, Metamark, Avery, and SISER. It offers a wide range of media products such as adhesive films and thermal transfer films, as well as hardware, including wide format equipment. Until now, B&D has operated in the sign and display product market in the Oceania region. By welcoming Conect to the group, we have been able to complement our existing business portfolio and can now offer an even wider assortment of products. Going forward, B&D will leverage the strength of Conect's brand to enhance its position in the sign and display product market.



New Zealand

Caspak Products



In September 2022, New Zealand-based Caspak Products (hereinafter "Caspak"), which provides flexible packaging solutions with excellent barrier performance, joined group company BJ Ball Group.

As a leading provider of flexible packaging solutions with excellent barrier performance such as stretch packaging films, shrink packaging and skin packaging films, standing pouches, and compression bags, Caspak has earned a strong market reputation for its high level of product knowledge and excellent customer service. Up until now, we have been offering flexible packaging solutions with excellent barrier performance through similar products from the label business department of BJ Ball Group. By welcoming Caspak to the group, we were able to expand our product lineup and strengthen our ability to make proposals in that market. Currently, Caspak is focused on providing packaging with excellent barrier performance in meat-related industries and is striving to minimize food waste in the most sustainable way by using the latest technologies and materials to extend the shelf life of food. Going forward, it will work to further expand its business by utilizing the Japan Pulp & Paper Group's resources and networks.

Ireland

Graphic And Paper Merchants Holdings



In January 2023, Ireland-based Graphic And Paper Merchants Holdings (hereinafter "GPMI"), a leading paper merchant with operations covering all areas from paper to packaging, joined PPG.

GPMI is a leading paper merchant with a strong position in the (Republic of) Ireland and Northern Ireland markets for over 40 years. It offers paper, plastics and hardware, inks, consumables, and related technical services for commercial printing and sign and display products. For PPG, GPMI will provide it with a geographical advantage for new market development. For GPMI, based on PPG's foundation as a paper merchant, PPG will work to promote self-sustaining growth by conducting further complementary M&A initiatives and expanding its product lineup. GPMI, as part of the Japan Pulp & Paper Group, will work to further expand the variety of its services and product selection for customers in Ireland and Northern Ireland. It will also create new value in the printing and graphic communication market for both customers and suppliers.



Paper Manufacturing & Processing

Environmentally Conscious Paper Manufacturing and Processing

The Japan Pulp & Paper Group is contributing to resource conservation through its paper manufacturing and processing business, which uses recycled wastepaper as a raw material for containerboard, printing papers, and household paper.

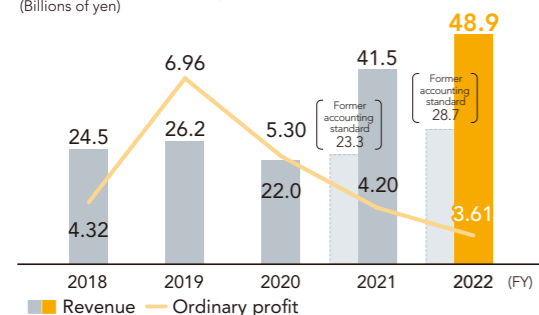
In our recycled household paper business, the Corelex Group, an industry leader in Japan, has established a stable supply structure for household paper including toilet paper. In the containerboard business, we are focusing on investment in production facilities for containerboard and boxes, and on building a structure capable of meeting diverse needs by adding corrugated packaging manufacturing companies to the group.

Throughout this segment, we are optimizing the group's internal supply chain from raw material procurement to manufacturing and sales, and are working to manage rising costs in order to further strengthen our competitiveness.



Fiscal 2022 Results

Revenue/Ordinary Profit (Billions of yen)



- In the containerboard manufacturing business and the recycled household paper manufacturing business in Japan, selling prices increased as a result of widespread price revisions.
- Revenue increased year on year due to price revisions in Japan, as well as higher sales volume in the containerboard box manufacturing business in Indonesia and the recycled household paper manufacturing business in Japan, despite lower sales volume in the containerboard manufacturing business.
- Ordinary profit decreased year on year because of the significant impact of an increase in manufacturing costs caused by rising prices for recovered paper raw materials and secondary materials and soaring energy costs, such as electricity and gas.

Strengths

- The group's value chain covering upstream to downstream operations ranging from the manufacturing of recovered paper, containerboard, and household paper to wholesaling
- A robust value chain based on trust that links raw material procurement and customers
- Difficult-to-recycle wastepaper processing technology of the Corelex Group

Opportunities

- Expanding need for wastepaper processing technology in response to rising environmental awareness and environmental measures
- Growing demand for environmentally friendly products, including plastic alternatives
- Initiatives for decarbonization

Risks

- Procurement of wastepaper and fluctuations in market conditions
- Rising manufacturing costs due to sharp increases in raw material and fuel prices

Medium-term Business Plan 2023 Initiatives

Policy

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

Ordinary Profit by Segment in Final Year of Plan **JPY6 billion**

1. Implement downstream strategies rooted in local communities in order to establish a system for supplying comprehensive packaging solutions
2. Ensure thorough management of safe operations and environmental responses, actively share the know-how of each company, and build frameworks for the management of environmental and safety issues at each company and throughout the group.

Progress Report

• Building a system for supplying comprehensive packaging solutions

As part of a downstream strategy rooted in local communities, containerboard manufacturers Misuzushigyo and Osaka Paperware Mfg. (both based in Osaka) were made group companies. Outside of Japan, the new plant of PT Oriental Asahi JP Carton Box in Indonesia began full-scale operation in response to the rapid growth of the domestic containerboard box market.

• Expanded sales of national brands in the recycled household paper business

We worked to develop and expand sales of national household paper product brands by taking advantage of the Corelex Group's difficult-to-recycle recovered paper recycling technology. In addition, we conducted public relations activities related to recycled toilet paper, including participation in events at commercial facilities.

Future Initiatives

• Further improve the collective strength of the group

By forging alliances within the industry and seeking synergies within the group, we will further enhance the collective strength of the group in terms of raw materials, cost, manufacturing, distribution, and sales.

• Build a framework for the management of environmental and safety issues

Ensure thorough management of safe operations and environmental responses, actively share the know-how of each company, and build frameworks for the management of environmental and safety issues at each company and throughout the group.

We will refine our technological strengths and grow into a strong paper manufacturing and processing business.



Kazuhiko Sakurai
Director of the Board
Senior Executive Vice President
Paperboard & Household Paper

In fiscal 2022, the Paper Manufacturing & Processing segment faced extremely challenging conditions as manufacturing costs increased due to the impact of soaring energy prices and other factors.

From the perspective of sustainability, the Japan Pulp & Paper Group has consistently promoted resource recycling through its paper manufacturing business that uses wastepaper as a raw material. We recognize the importance of the role this segment plays and that its presence within the group is steadily increasing. In order to be "a group that contributes to a sustainable society and global environment" as stated in OVOL Vision 2030, we must work to reduce greenhouse gases with the goal of achieving carbon neutrality by 2050. To achieve this, it will be necessary to consider new capital investments and deal with cost increases as well as to refine the technological strengths that are one of our advantages. We believe that growing into a strong paper manufacturing and processing business through these initiatives will enable us to realize both social and economic value.

We cannot conduct sustainable business activities unless we are a corporate group that responds to the changing needs of society and is indispensable to society. To that end, we will become a strong paper manufacturing and processing business and create synergies by leveraging our organizational capabilities that encompass the Japan Wholesaling, Paper Manufacturing & Processing, and Raw Materials & Environment segments and by utilizing our ability to make proposals.

Raw Materials & Environment

Building a Circular Economy by Recycling Resources

The Japan Pulp & Paper Group has been working since the 1970s to build a circular economy through the recycling of wastepaper, which is increasingly important as a raw material for paper manufacturing. The Japan Pulp & Paper Group is expanding the wastepaper recycling business in Japan and other countries, the comprehensive recycling business, which aims to efficiently recycle plastic and other waste, and the renewable energy power generation business, which includes solar and woody biomass power.

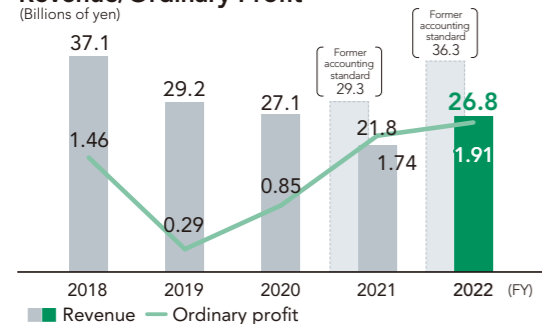
In the wastepaper recycling business, we further enhanced our nationwide wastepaper recovery network in Japan and bolstered procurement and supply with the acquisition of Fukudasansho in 2017, and with a presence in the United States and India we are continuing to expand our network outside of Japan.

In 2018 we established OVOL New Energy in Malaysia to strengthen our biomass fuel business. This company collects palm kernel shells (PKS), a fuel source for woody biomass power generation plants, and exports them to Japan and other countries. The company supplies PKS to woody biomass power generation plants in the Japan Pulp & Paper Group, as well as to outside companies.



Fiscal 2022 Results

Revenue/Ordinary Profit



- In the wastepaper recycling business in Japan, selling prices increased offsetting a decrease in sales volume due to less wastepaper being generated. In addition, sales volume increased in the US, and overall revenue in the wastepaper recycling business increased.
- Sales volume of pulp for paper manufacturers in Japan and other countries increased, as did selling prices. In addition, sales volume of fuel (PKS) for woody biomass power generation plants also grew, and revenue for the entire segment increased year on year.
- Ordinary profit was negatively impacted by soaring prices of fuel for woody biomass power generation, but it increased year on year due to higher revenue from other businesses such as the recovered paper business in the US.

Strengths

- Stable supplies to paper manufacturers in Japan with an emphasis on the quality of recovered paper
- Own wastepaper yards in Japan and other countries, and the ability to promote the reuse of recovered paper as a raw material for paper manufacturing with a global perspective
- A comprehensive recycling business that efficiently recycles wastepaper, plastic waste, and wood-based waste
- A pulp business linked to our original business of selling paper

Opportunities

- Expansion of the market and increase in demand for plastic recycling due to Japan's Plastic Resource Circulation Act, which came into force in April 2022

Risks

- Changes in market conditions related to wastepaper and wood biomass
- Change in the procurement environment due to a decrease in the generation of wastepaper

Medium-term Business Plan 2023 Initiatives

Policy

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

Ordinary Profit by Segment in Final Year of Plan **JPY1.5 billion**

1. Strengthen cooperation with business partners and experts, and accelerate the development of management personnel with operational and facility knowledge in various fields
2. Ensure both supply capacity for the group's paper manufacturing companies and a stable profit structure for the group's recovered paper operations
3. Further strengthen cooperation with our existing business partners to continue stable operations in each of our renewable energy power generation and comprehensive recycling businesses, and consider entering into new businesses
4. Ensure thorough management of safe operations and environmental responses, actively share the know-how of each company, and build frameworks for the management of environmental and safety issues at each company and throughout the group

Progress Report

• Made steady progress with initiatives in each business

Wastepaper recycling business: Prioritizing the stable supply of superior quality goods to paper manufacturers in Japan, we worked to improve earnings by reviewing profitability in the recovered paper business in Japan, and strengthened a material crushing business in our recovered paper operations outside of Japan.

Comprehensive recycling business: We strengthened measures to address the Plastic Resource Circulation Act.

Renewable energy power generation business: Although biomass power generation was impacted by soaring fuel prices, solar power generation initiatives made steady progress. The PKS export business in Malaysia expanded its scope of operations.

Future Initiatives

• Expand the scale of the comprehensive recycling business

In anticipation of the plastic-free movement as typified by the Plastic Resource Circulation Act, which came into force in April 2022, we are looking to expand the scale of our comprehensive recycling business in Kyushu, centered on group company Eco-Port Kyushu.

We will position the recovered paper and comprehensive recycling businesses and the renewable energy power generation business as important drivers, and work to expand our circular business model.



Makoto Shirovani
Executive Vice President
Raw Materials & Environment

In the wastepaper recycling business, which is at the core of the expansion of a circular business model, the amount of wastepaper generated is decreasing in Japan as the demand for paper declines. However, we still believe that the importance of our role in supplying Japan's paper manufacturers will not change. Japan's Plastic Resource Circulation Act came into force in April 2022, and in order for us to support the recycling of plastic waste, a movement that is expected to gain further momentum in the future, we are considering expanding the scale of the comprehensive recycling business, mainly through group company Eco-Port Kyushu.

In the renewable energy power generation business, we signed a new contract with a local forestry cooperative for the stable supply of fuel as a measure to deal with the tight supply and demand situation related to fuel procurement for our woody biomass power generation project in Iwate Prefecture. This contract was possible because we have been building solid and friendly relationships with people in the area since we started operations in 2016. In Malaysia, a new PKS yard started operation in July 2023, and we are working to build a stable supply system to meet increasing demand.

In order to continue being "a group that contributes to a sustainable society and global environment," we will position the recovered paper and comprehensive recycling businesses and the renewable energy power generation business as important drivers of this segment, and work to expand our circular business model.

Real Estate Leasing

Utilization of Community-based Real Estate

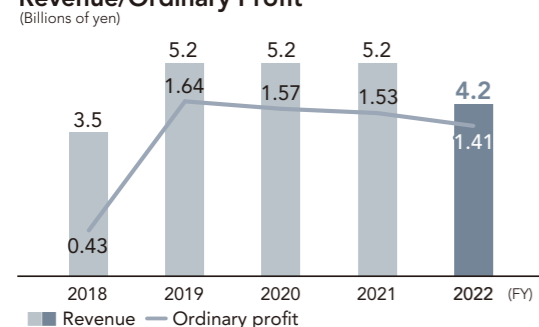
In our real estate leasing business, our properties in areas including Tokyo, Osaka and Kyoto are used as offices, multi-dwelling residences and hotels. In 2018, construction was completed on the OVOL Nihonbashi Building, which is one of the projects in the second phase of the Nihonbashi Revitalization Plan. Furthermore, the OVOL Kyoto Ekimae Building was completed in 2019. This building opened as a hotel, and is meeting the diverse needs of customers, from tourists to businesspersons.

The Japan Pulp & Paper Group will continue to make effective use of its real estate assets as a source of stable income while contributing to new urban development.



Fiscal 2022 Results

Revenue/Ordinary Profit



- Sold some real estate holdings in order to more effectively utilize management resources and improve asset efficiency
- Revenue decreased year on year due to lower rental income resulting from vacancies in major tenant buildings and the partial transfer of non-current assets.
- Ordinary profit decreased year on year due to a decrease in revenue, which exceeded the decrease in depreciation, real estate management, and other expenses associated with the partial transfer of non-current assets.

Strengths

- Business operations utilizing real estate assets in prime locations in major urban areas, including Tokyo, Osaka, and Kyoto
- Provision of office space for rent to meet the needs of diverse companies

Opportunities

- Fluctuations due to economic trends and real estate market conditions
- Prime locations in major urban areas

Risks

- Fluctuations due to economic trends and real estate market conditions
- Decrease in office demand and in rent levels due to changes in ways of working
- Major repairs of aged buildings

Medium-term Business Plan 2023 Initiatives

Policy

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

Ordinary Profit by Segment in Final Year of Plan **JPY1.5 billion**

1. Appropriately manage and maximize the value of major properties
2. Formulate redevelopment plans for older properties

Progress Report

Continued to contribute to the group's business performance

Our properties in Tokyo, Osaka, Kyoto, and other places are in prime locations. Rental income from office spaces and multi-dwelling residences and leasing to hotel operators continued to contribute to the group's business performance. Although there were temporary vacancies in fiscal 2022, new tenants moved in, and our tenant buildings maintained high occupancy rates.

Sold some real estate holdings

In June 2022, we sold some real estate holdings in Chuo-ku, Tokyo, in order to more effectively utilize management resources and improve asset efficiency.

Future Initiatives

Maximize the value of major properties

We will maximize the value of major properties by ensuring proper maintenance and through leasing.

Formulate redevelopment plans

We will promote optimization of the real estate portfolio, such as by formulating redevelopment plans for older properties.

Main Rental Properties

Name	Location	Number of Floors	Use
Cerulean Homes Kachidoki	Kachidoki, Chuo-ku, Tokyo	26 floors above ground and 1 below	Apartments, shops
Rio Frente	Kachidoki, Chuo-ku, Tokyo	8 floors above ground and 1 below	Apartments
Nihombashi Nichigin-Dori Building	Nihonbashihongokuchō, Chuo-ku, Tokyo	8 floors above ground	Offices, shops
OVOL Nihonbashi Building	Nihonbashimurōmachi, Chuo-ku, Tokyo	15 floors above ground and 3 below	Offices, hotel, shops
Osaka JP Building	Kawaramachi, Chuo-ku, Osaka	8 floors above ground and 2 below	Offices, shops
Kyoto Nakai Building	Sanjo-dori, Nakagyo-ku, Kyoto	6 floors above ground and 1 below	Offices, shops
OVOL Kyoto Ekimae Building	Kita-Fudondocho, Shimogyo-ku, Kyoto	10 floors above ground	Hotel
Azalea Heim Takamatsu	Takamatsu, Toshima-ku, Tokyo	6 floors above ground	Apartments
Dormitory Gyotoku	Kakemama, Ichikawa-shi, Chiba	3 floors above ground	Apartments



Nihombashi Nichigin-Dori Building



OVOL Nihonbashi Building



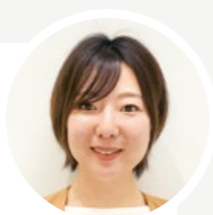
OVOL Kyoto Ekimae Building

Accounts from the Frontlines of Value Creation

Human capital is the most important form of management capital for achieving the group's goal of "evolving into a group that pursues excellence even beyond the paper industry." In this section, we introduce messages from executives and employees who create value in the Japan Wholesaling and Non-Japan Wholesaling, Paper Manufacturing & Processing, and Raw Materials & Environment segments.

Japan Wholesaling

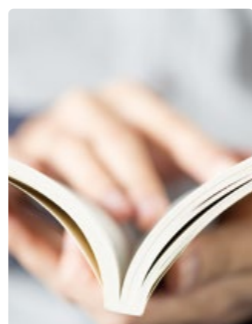
Eri Tomonaga
Newsprint & Publication Paper Sales Division
Japan Pulp & Paper Co., Ltd.



Promoting the Appeal of Paper in Daily Sales Activities

The paper used in books is carefully selected by writers, designers, and editors for its color, texture, and flexibility. As a sales representative, in order to meet the needs and realize the desired concept of designers and editors at publishing companies, I handle paper every day and choose and then propose the best option from among many different types. When the paper I propose is used in a book and I pick it up at a bookstore, and the finish of the print and the feeling of turning the pages are exactly what I imagined, it is very rewarding.

We live in an era in which many people read books online, but the feeling of turning the pages of a book by hand is a unique and satisfying experience. There are still many types of paper I do not know. I would like to further explore different paper and convey its quality to others.



Japan Wholesaling

Toru Sano
Leader
JP Transport Service Co., Ltd.



Supporting Paper Distribution by Practicing Eco-Driving

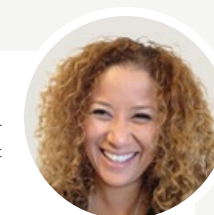
I have been involved in the delivery of paper for 20 years. Every time I see the paper delivered to printing companies transformed into publications and arranged in bookstores and convenience stores, I truly feel that my work is both connected and beneficial to society.

It is only natural to make deliveries according to the customer's requests to ensure that publications and leaflets are issued without delay. In addition, I always try to contribute to the prevention of global warming in my own way by practicing eco-driving. This is driving where I am conscious of reducing CO₂ emissions, such as those from fuel consumption, combined with safe driving. Going forward, I would like to continue to be involved in logistics operations, confident in the knowledge that I am supporting the foundation of paper distribution.



Non-Japan Wholesaling

Zaidee Jackson
National Business Development Manager
Ball & Doggett



Achieving Sustainability for Customers Through "ecoporium by Ball & Doggett"

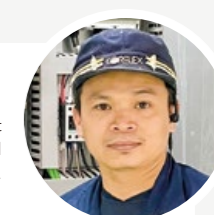
As the National Business Development Manager – Sustainable Packaging, the key has been the recent delivery of the ecoporium.com.au platform for the Australian market. Positioned as The Destination to Sustainable Packaging we created an educational platform for our Labels & Packaging range with sustainability in focus. We created an industry experience. Sharing interviews with industry, sustainability specialists and suppliers on how they view sustainable packaging through their lens. These are also available through a podcast.

I work with our national team supporting them in partnering with brands to drive decisions on their choice of materials towards their sustainable roadmaps meeting National Packaging Targets.



Paper Manufacturing & Processing

Nguyen Anh Tuan
General Manager, Production Engineering Department
Tokyo Mill
Corelex San-Ei Co., Ltd.



Responding to Change with Strong Motivation

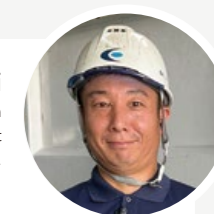
I work as the head of the electrical unit, and my job is very rewarding.

At our mill, we improve efficiency by automating production and introducing new technologies, and we are working to reduce production costs by reducing the use of raw materials, electricity, and gas. In addition, we also strive to protect the environment, such as by reducing CO₂ emissions and wastewater. Our director inspires us to constantly make improvements and progress, and we are always encouraged to learn and put those skills into practice. The world is changing rapidly now. The electrical unit and all employees are committed to responding to change while maintaining a high level of motivation at all times.



Raw Materials & Environment

Hirokazu Miyazaki
Manager, Resin Sorting Division
Materials Business Department
Eco-Port Kyushu Co., Ltd.



Promoting Waste Plastic Recycling as the Foundation for Realizing a Circular Economy

The Materials Business Department that I work for conducts its operations in line with the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging. We sort and process plastic containers and packaging with a "plastic" mark collected from households by municipalities, and produce pellets and other raw materials for plastic recycling.

Since I joined the company, my supervisors and senior colleagues have told me that the saying "If you mix it, it's waste; if you separate it, it's a resource" expresses the significance of our work. In recent years, society has come to expect more of companies in terms of contributing to sustainability, and I believe that plastic recycling will become even more important going forward. We will continue to promote waste plastic recycling, while recognizing that our work is where the plastic cycle begins and forms the foundation for realizing a circular economy.

