



OVOL Vision 2030
“Paper, and beyond”

Medium-term Business Plan 2023

Japan Pulp & Paper Co.,Ltd.

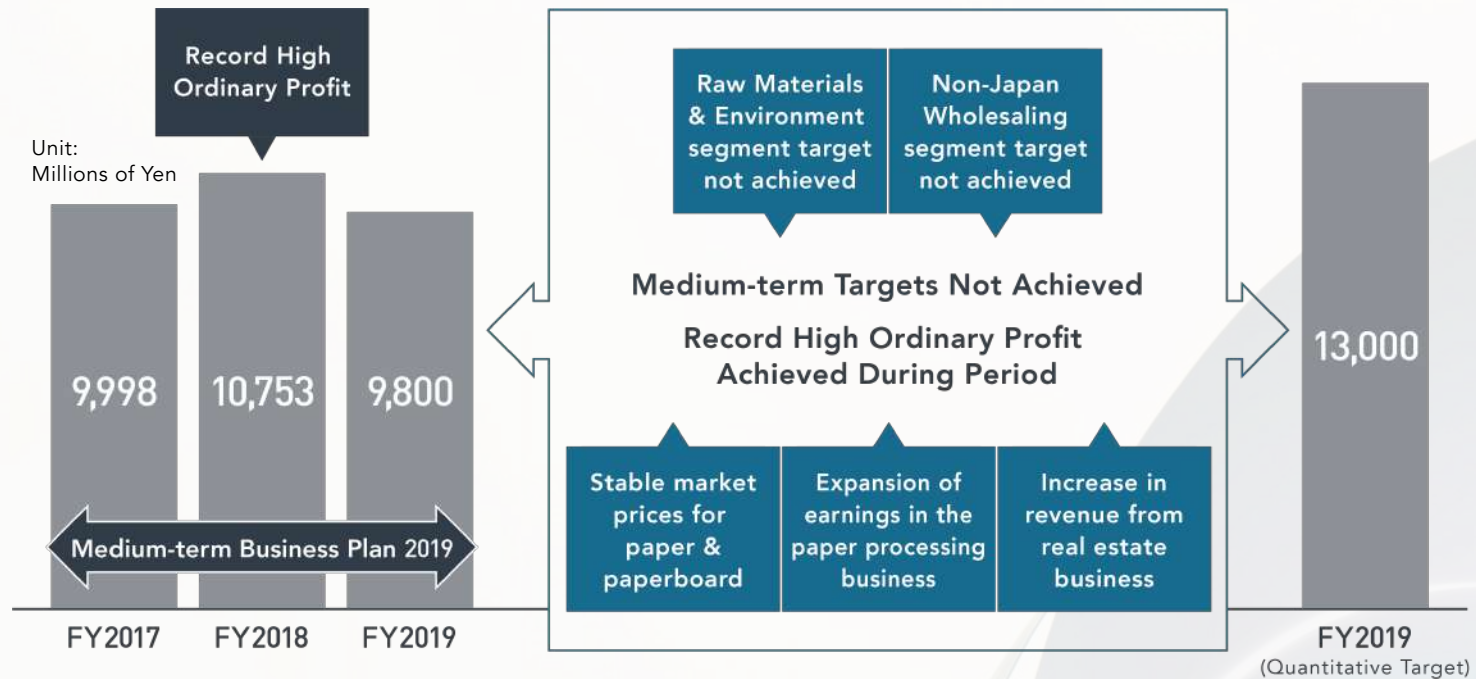
May 2021

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Japan Wholesaling, Non-Japan Wholesaling, Paper Manufacturing & Processing, Raw Materials & Environment*, Real Estate Leasing	
*Name of reporting segment changed from the fiscal year ending March 31, 2022.	
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Review of the Medium-term Business Plan 2019

Changes in Consolidated Ordinary Profit



Overall, the consolidated ordinary profit target for the final fiscal year of the medium-term business plan was not achieved.

In the Japan Wholesaling segment, the company revised and maintained sales prices for paper and paperboard; in the Paper Manufacturing & Processing segment, sales of recycled household papers were strong, while profits improved in the containerboard manufacturing business; and the Real Estate Leasing segment also saw an increase in rental income from tenanted buildings completed during the period.

However, sales for the Non-Japan Wholesaling segment decreased due to a global decline in demand for paper and paperboard, as well as the impact of trade friction between the United States and China. The Raw Materials & Environment segment also saw a decrease in profits for fiscal 2019 due to a decline in the international market for recovered paper resulting from continued restrictions on waste imports in China.

New Initiatives During the Medium-term Business Plan 2019

2017	Apr.	Ho Chi Minh Representative Office opened in Vietnam.
	Apr.	Fukudasansho, a major Japanese recovered paper trading company, joins the group.
	Jul.	Ball & Doggett Group, a merged entity of two of the largest paper merchants in Oceania, joins the group.
	Dec.	Wastepaper recycling company, OVOL Fibre Solution India, established in India.
2018	Mar.	Ball & Doggett Group acquires Aarque Group, strengthening its sales structure in the sign and display market in Oceania.
	Jun.	Construction of OVOL Nihonbashi Building in Tokyo completed.
	Jul.	US group member Western-BRW enters the Jan-San* business (*cleaning services and sales and repairs of related equipment).
	Jul.	OVOL New Energy established in Malaysia to collect and sell PKS, strengthening our supply of biomass fuels to Japan.
	Dec.	Southeast Asian paper merchants Spicers Paper (Singapore) and Spicers Paper (Malaysia) join the group.
2019	Jan.	Work was completed on a new stock preparation facility and other equipment installations after which operations recommenced at Taiho Paper.
	Mar.	Construction of OVOL Kyoto Ekimae Building in Kyoto completed.
	Jun.	The Japan Pulp & Paper Group Environment & Safety Committee established to create a group-wide system to manage environmental and safety issues in response to the improper disposal of industrial waste at Noda Bio Power JP.
	Jul.	We established the "Guidelines for Identifying Risks in New Businesses, etc." and the "Guidelines for Handling Healthcare Products & Products that Come in Direct Contact with the Human Mouth or Foodstuffs," the latter to address risks associated with paper and biodegradable plastic, which are attracting attention as sustainable materials, for food containers and packaging applications.
	Sep.	Premier Paper Group, a leading paper merchant in the UK, joins the group.
	Sep.	Launch of Paper & Green, an e-commerce site specializing in environmentally conscience products.
2020	Jul.	Paper merchant Fuchikami, which has a high market share in paper sales in the Kagoshima and Okinawa regions, joins the group.

OVOL Vision 2030

Paper, and beyond

Japan Pulp & Paper Co., Ltd. was founded in 1845 as a merchant of Japanese washi paper, and has since grown into OVOL, a corporate group with 112 group companies, 4,000 consolidated employees, and diversified business operations in 21 countries and regions around the world. This vision, drawn up in 2021, details the group's aspirations for the 10-year period to 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.

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 JPY25 billion**

Medium-term Business Plan 2023

Basic Policy

Final Target

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.

- 1 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.
- 2 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.
- 3 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.

Medium-term Business Plan 2023

Basic Policy

Final Target

**Consolidated ordinary
profit of JPY15 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.

- 1 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.
- 2 We will proactively engage in cultural and educational support activities and global environmental conservation activities.
- 3 We will respect diverse values and create an environment where it is easy to work and where individual abilities can be maximized.
- 4 We will strengthen governance and compliance, and enhance engagement with stakeholders.

Medium-term Business Plan 2023

Quantitative Targets

Consolidated Ordinary Profit – JPY15 billion

Unit: Millions of Yen

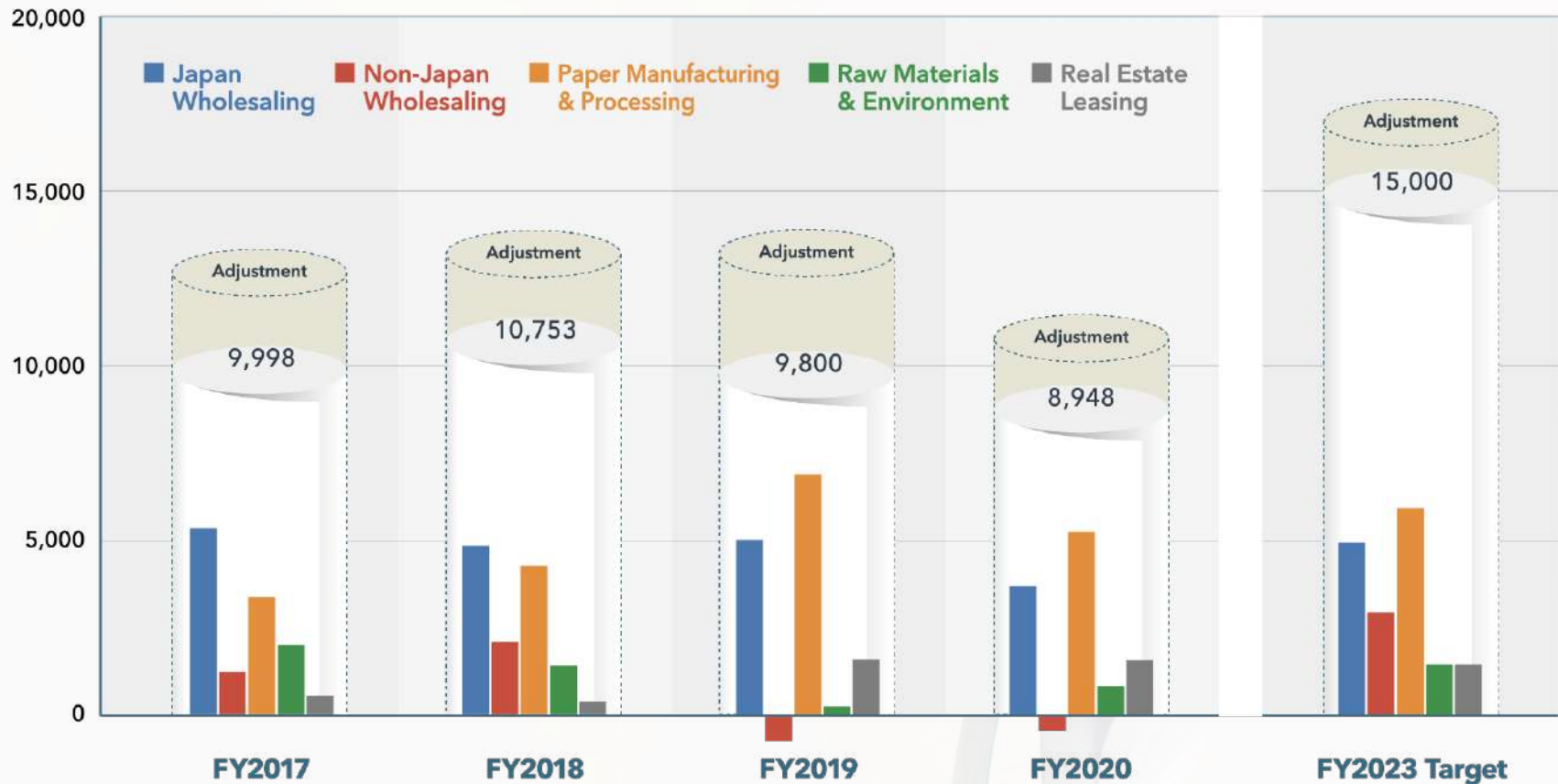
Fiscal Year	2017	2018	2019	2020	2023 Target
Japan Wholesaling	5,412	4,903	5,078	3,720	5,000
Non-Japan Wholesaling	1,270	2,145	-763	-426	3,000
Paper Manufacturing & Processing	3,434	4,324	6,959	5,302	6,000
Raw Materials & Environment	2,041	1,462	294	854	1,500
Real Estate Leasing	602	432	1,642	1,573	1,500
Adjustment	-2,761	-2,513	-3,410	-2,075	-2,000
Total	9,998	10,753	9,800	8,948	15,000

Medium-term Business Plan 2023

Quantitative Targets

Consolidated Ordinary Profit – JPY15 billion

Unit: Millions of Yen

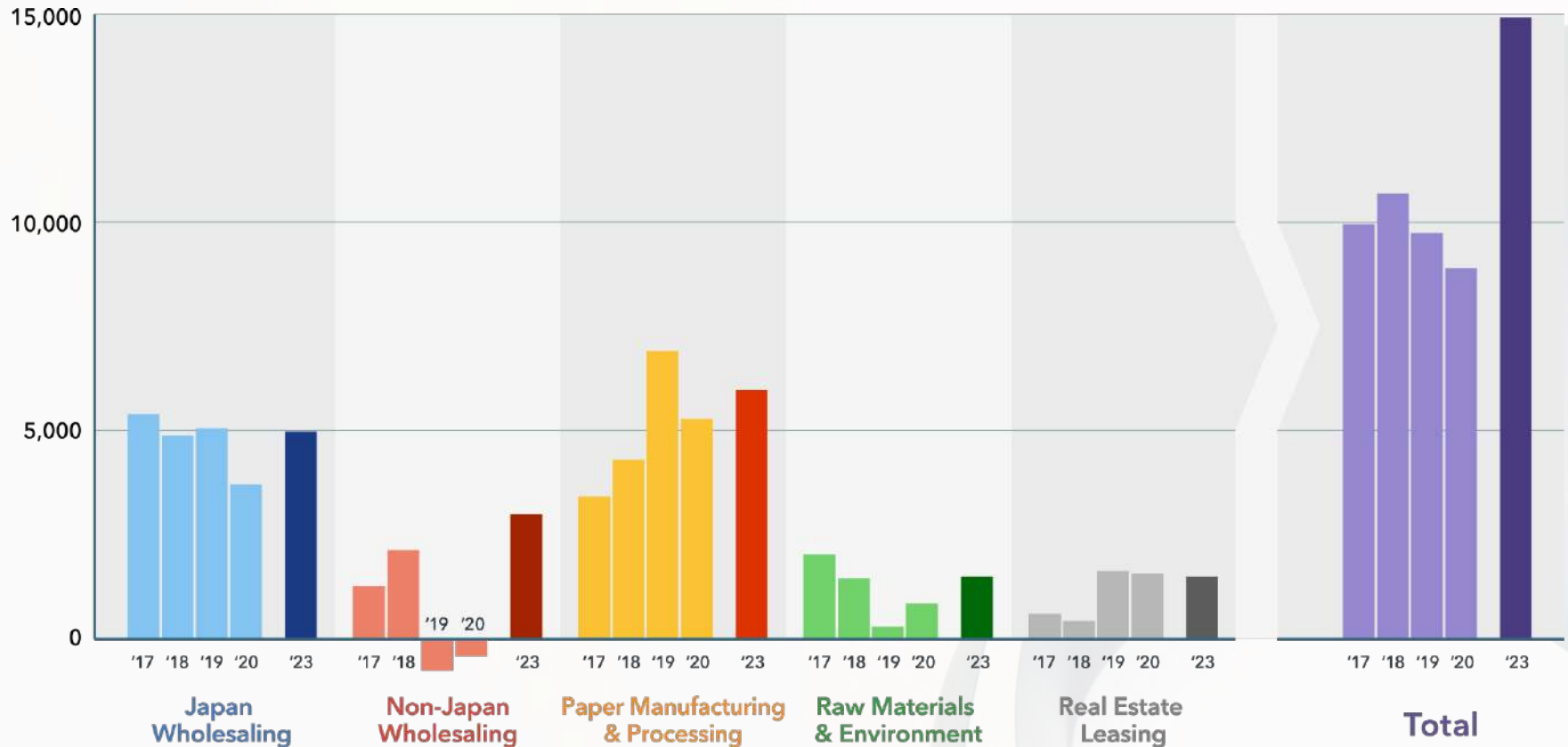


Medium-term Business Plan 2023

Quantitative Targets

Consolidated Ordinary Profit – JPY15 billion

Unit: Millions of Yen



Business Policy by Segment

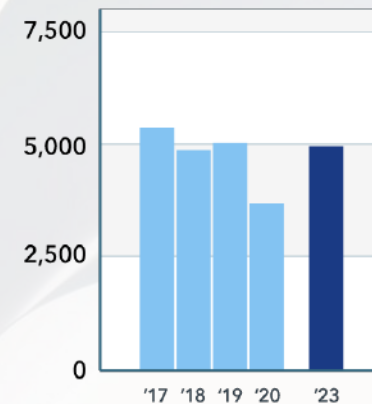
Japan Wholesaling

Policy

Recover profits through structural reform and rationalization

- Promote the speedy innovation of our workforce, organizations, sales methods, and logistics structure, and the use of and return to the level of earnings achieved before the COVID-19 pandemic.
- Strengthen sales capabilities for paper and paperboard while focusing on profitability, and solidify our position as the No. 1 distributor in Japan.
- 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.

Unit: Millions of Yen



Ordinary Profit by Segment:
JPY5 billion

Business Policy by Segment

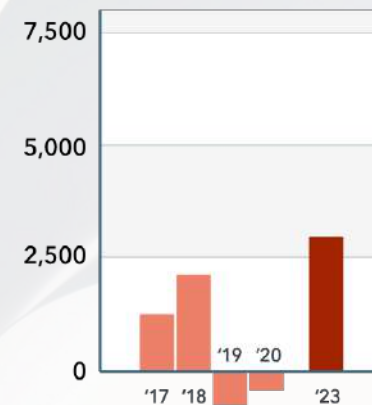
Non-Japan Wholesaling

Policy

Strengthen existing platforms and build a stable revenue structure

- 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 activities.
- Create synergies by leveraging the human resources and sales strategies of group companies in the OVOL global network.
- Ensure stable earnings by streamlining unprofitable businesses and divisions, and improving efficiency through the development of logistics infrastructure and systems.

Unit: Millions of Yen



Ordinary Profit by Segment:
JPY3 billion

Business Policy by Segment

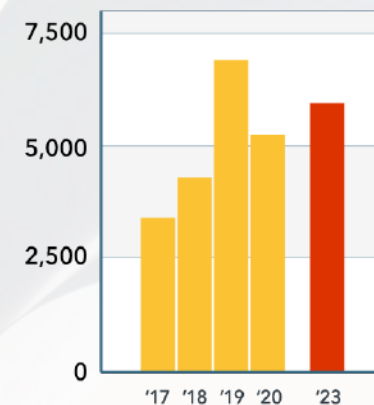
Paper Manufacturing & Processing

Policy

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

- Implement downstream strategies rooted in local communities in order to establish a system to supply comprehensive packaging solutions.
- Focus on the planning and development of corrugated packaging products and the establishment of a sales structure for such products, and expand sales of national brand products in the household paper category.
- Achieve stable raw material procurement for the group's paper manufacturing companies by strengthening cooperation with wastepaper recycling companies.
- 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.

Unit: Millions of Yen



Ordinary Profit by Segment:
JPY6 billion

Business Policy by Segment

Raw Materials & Environment

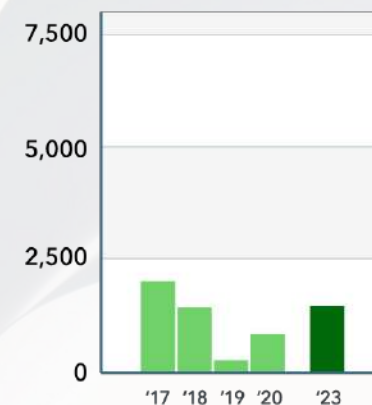
Policy

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

- Strengthen cooperation with business partners and experts, and accelerate the development of management personnel with operational and facility knowledge in various fields.
- Raw materials
 - Give priority to the stable supply of recovered paper raw materials to paper manufacturers in Japan, and contribute to an increase in the recovered paper recovery rate and utilization rate to improve the recovered paper recycling system in Japan.
 - Ensure both supply capacity to the group's paper manufacturing companies and a stable profit structure for the group's recovered paper operations.
 - Develop our pulp business to meet the needs of the market.
- Environment

Further strengthen cooperation with our existing business partners to continue stable operations in each of our renewable energy power generation and integrated recycling businesses, and consider entering into new businesses.
- 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.

Unit: Millions of Yen



Ordinary Profit by Segment:
JPY1.5 billion

Business Policy by Segment

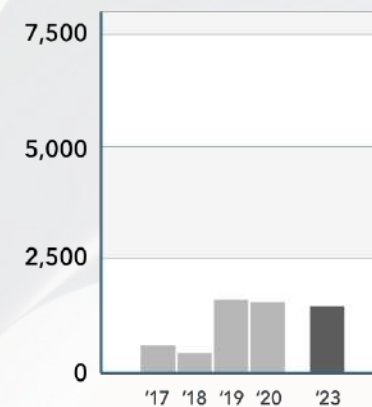
Real Estate Leasing

Policy

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

- Appropriately manage and maximize the value of major properties.
- Formulate redevelopment plans for older properties.
- Review real estate portfolio and consider new real estate business possibilities.

Unit: Millions of Yen

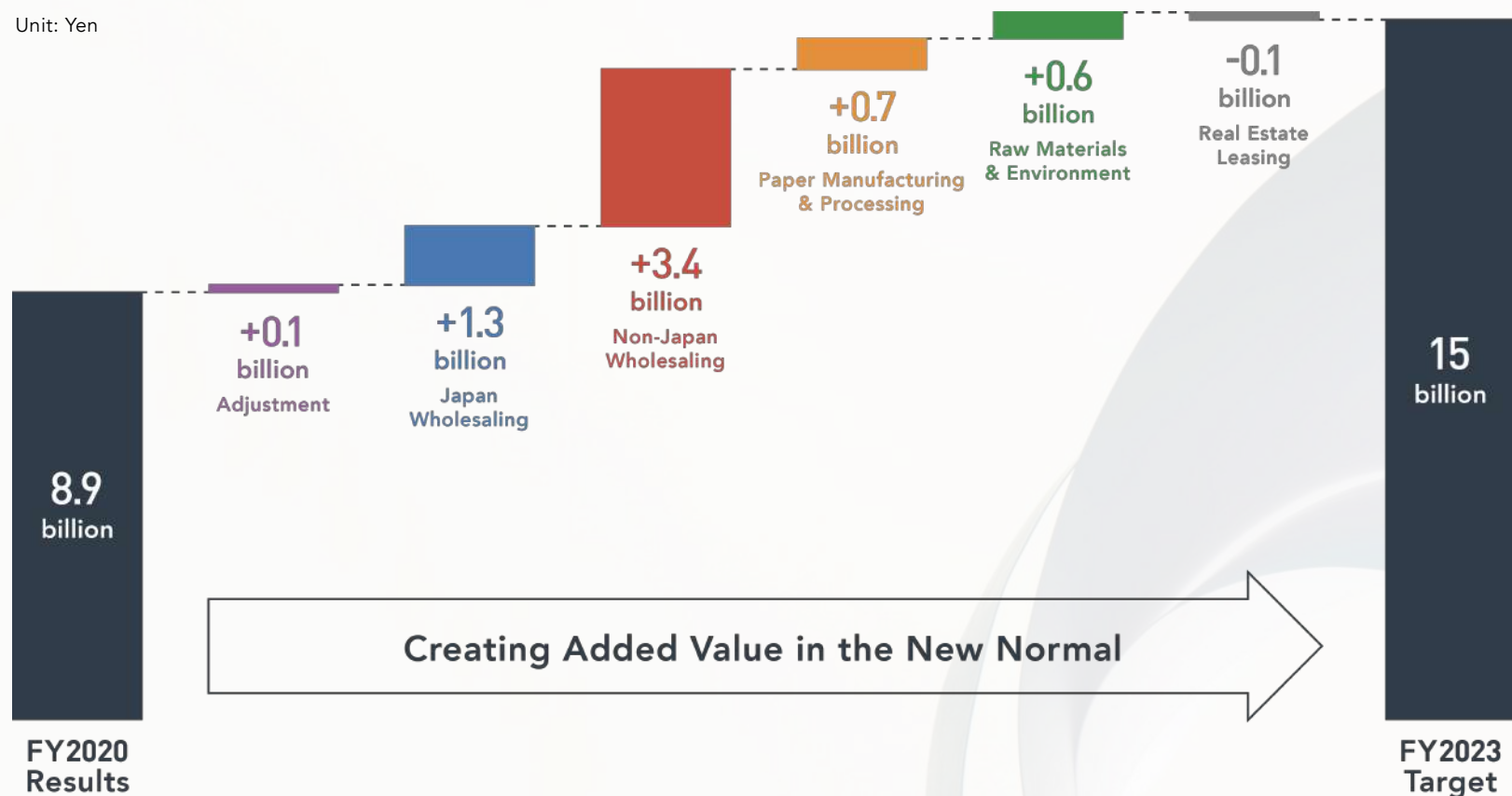


Ordinary Profit by Segment:
JPY1.5 billion

Breakdown of Changes in Consolidated Ordinary Profit by Segment

Plan to increase profit by
JPY6.1 billion compared to FY2020 results

Unit: Yen



Strengthening of the Financial Base

Targets for Consolidated Financial Indicators					
Control Indicator	FY2017	FY2018	FY2019	FY2020	FY2023 Target
Return on Equity (ROE)	7.6%	4.5%	6.1%	4.5%	8.0%
Return on Assets (ROA)	3.2%	3.1%	2.8%	2.7%	4.0%
Return on Invested Capital (ROIC)	3.7%	3.6%	3.6%	3.0%	5.0%
Net D/E Ratio	1.28x	1.31x	1.50x	1.23x	1.40x or less

- Improve ROA by employing assets more efficiently, swiftly boosting ROE to 8%.
- Improve ROIC by conducting detailed evaluations of the effectiveness of new and existing investments to optimize our business portfolio.
- Cap net D/E ratio at 1.4 times and strike a healthy balance between investing in new business and ensuring strong financial health.

Notice

This document contains projections, plans and management targets related to the company 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 report 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.



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