



December 19, 2023
Japan Pulp & Paper Co., Ltd.

Notice of Change in Subsidiary (Transfer of Equity Interest)

Japan Pulp & Paper Co., Ltd. (Head Office: Tokyo, Japan; Representative Director President & CEO: Akihiko Watanabe; hereinafter “the Company”) hereby announces that it resolved at a meeting of the Board of Directors on November 8, 2023, to conclude a sale agreement to transfer the equity interest it held in consolidated subsidiary JP CORELEX (Vietnam) Co., Ltd. (hereinafter referred to as “JCV”) along with the stake in JCV held by another consolidated subsidiary Corelex San-Ei Co., Ltd. (hereinafter referred to as “San-Ei”), resulting in a transfer of the entire equity interest in JCV. The Company decided to disclose the decision as the amount of share capital of JCV accounts for ten percent or more of the Company’s share capital due to foreign exchange fluctuations. JCV will no longer be a consolidated subsidiary or specified subsidiary of the Company following the transfer of equity.

1. Reason for the share transfer

JCV, which is a consolidated subsidiary of the Company, was established in Hung Yen Province in Vietnam in November 2006, and is engaged in the manufacture and distribution of recycled household paper made primarily from wastepaper. The Company has been carefully considering the changes in the business environment of JCV and its prospects such as future business profitability, and decided, from the perspective of efficiently managing the management resources of the Japan Pulp & Paper Group without damaging the corporate values of the Group and JCV, to transfer the entire equity interest held by the Company and San-Ei in JCV to Stavian Pulp & Paper Joint Stock Company, which operates a pulp and paper business in Vietnam, and an individual.

2. Profile of the subsidiary subject to change

(1)	Name	JP CORELEX (Vietnam) Co., Ltd.
(2)	Location	Road B1, Section B, Pho Noi A Industrial Park, Lac Hong Commune, Van Lam District, Hung Yen Province, Vietnam
(3)	Name and title of representative	Hiroshi Matsushita, General Director
(4)	Description of business	Manufacture and distribution of household paper
(5)	Share capital	USD 17.005 million (JPY 1,414 million) *Calculated using the exchange rate at the time of acquisition
(6)	Date of establishment	November 2006
(7)	Major shareholders	Japan Pulp & Paper Co., Ltd.: 29%

and ownership ratios	Corelex San-Ei Co., Ltd.: 71% (the Company's subsidiary)		
(8) Relationship between the parities	Capital relationship	JCV is the Company's consolidated subsidiary.	
	Personnel relationship	Two of the Company's executives / employees are concurrently serving as officers of JCV.	
	Business relationship	JCV purchases raw materials, etc. from the Company and sells products to the Company.	
(9) Operating results and financial positions for the last three years			
Fiscal year ended	December 2020	December 2021	December 2022
Net assets	USD 9.214 million (JPY 1,388 million)	USD 7.024 million (JPY 1,058 million)	USD 2.107 million (JPY 318 million)
Total assets	USD 25.932 million (JPY 3,907 million)	USD 25.164 million (JPY 3,791 million)	USD 16.987 million (JPY 2,559 million)
Net sales	USD 17.466 million (JPY 2,632 million)	USD 12.415 million (JPY 1,871 million)	USD 8.992 million (JPY 1,355 million)
Operating profit	USD 1.242 million (JPY 187 million)	-USD 2.191 million (-JPY 330 million)	-USD 4.916 million (-JPY 741 million)
Profit before income taxes	USD 1.218 million (JPY 184 million)	-USD 2.191 million (-JPY 330 million)	-USD 4.916 million (-JPY 741 million)
Profit	USD 1.218 million (JPY 184 million)	-USD 2.191 million (-JPY 330 million)	-USD 4.916 million (-JPY 741 million)

(Note): Foreign exchange rate: USD 1=JPY 150.67 (as of November 8, 2023)

3. Profile of the counterparts of the equity transfer

The transferees are one corporation and one individual. The Company would like to refrain from disclosing detailed information regarding the transaction with the individual transferee.

There is no capital, personnel, business, or related party relationship between Japan Pulp & Paper Group and the transferees that needs to be described.

(1)	Name	Stavian Pulp & Paper Joint Stock Company
(2)	Location	Road F2, Block F, Pho Noi A Expansion Industrial Park, Minh Hai Commune, Van Lam District, Hung Yen Province, Vietnam
(3)	Relationship between the parties	Not applicable

4. Transfer price, profit on transfer, etc. and the status of the stake before and after the transfer

(1)	Equity interest before the change	Japan Pulp & Paper Co., Ltd.: 29% Corelex San-Ei Co., Ltd.: 71% (the Company's subsidiary)
(2)	Equity interest subject to change	The entire stake held by the Company and San-Ei
(3)	Equity interest after the change	—%

*The Company would like to refrain from disclosing the transfer price in accordance with the confidentiality obligation. The profit on transfer, etc. have not been finalized as of this announcement.

5. Future outlook

The Company will be driving forward various procedures towards completing the transfer of equity. The entire equity transfer will result in the removal of JCV from the scope of consolidation of the Company. The impact of the equity transfer on the Company's consolidated financial performance has not been determined as of this announcement. The Company will promptly announce if any event that requires disclosure occurs in the future.

Enquiries

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