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Explanation of Business Strategies—Progress of OVOL Vision 2030 and OVOL Medium-term Business Plan 2026

OVOL Vision 2030: "Paper, and beyond"

We are working toward realizing the three key goals set forth in OVOL Vision 2030, and aim to achieve consolidated ordinary profit of JPY 25.0 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.

Objectives

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

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

In addition to our core paper and paperboard wholesaling business, through the recycling of wastepaper 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.

Objectives

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

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

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

Objectives

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

Quantitative target for FY2030

Consolidated ordinary profit of JPY 25.0 billion

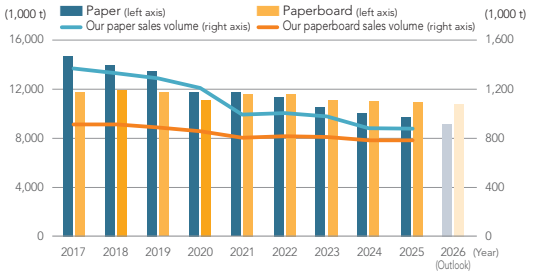
Explanation of Business Strategies—Progress of OVOL Vision 2030 and OVOL Medium-term Business Plan 2026

Business Environment

Japan

- Japan's annual consumption of paper and paperboard remains at approximately 20 million metric tons, ranking third in the world after China and the United States.
- Demand for graphic paper continues to decrease due to structural issues, mainly digitization and the declining population.
- Demand for packaging paper remains firm due to the spread of e-commerce and demand from visitors to Japan.
- Demand for paper-based alternatives to plastic packaging is increasing.

Paper and Paperboard Demand in Japan



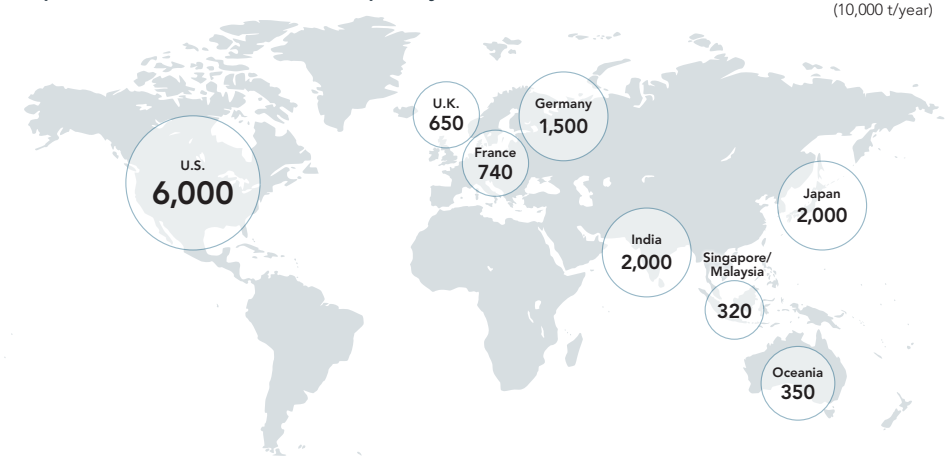
* Source: Japan Paper Association: 2026 Paper and Paperboard Domestic Demand Forecast

Outside Japan

- In developed countries, demand for graphic paper continues to decline, but demand for packaging paper remains strong.
- In emerging countries, paper and paperboard demand is expected to increase with rising living standards due to population growth and economic development, as well as changes in industrial structure due to industrialization.

Paper Demand Volume in the Group's Key Markets

(10,000 t/year)



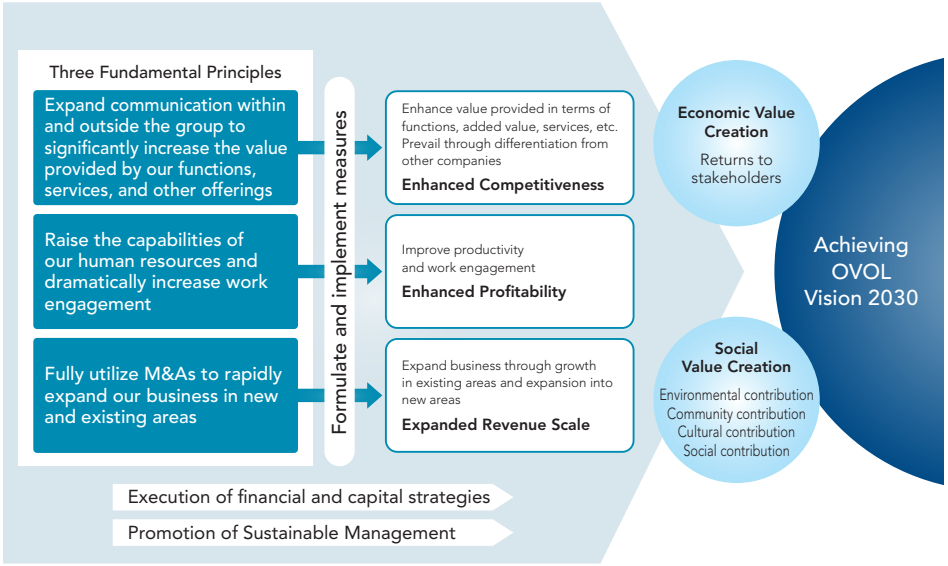
The group systematically assesses changes in the business environment from both risk and opportunity perspectives and translates them into sustainable growth. By accurately identifying diverse factors related to the environment, society, human resources, and governance, and by achieving both the minimization of impacts and the creation of new value, we will strengthen competitiveness and enhance corporate value.

	Risk Factors	Opportunities
Environment	• Growing impact on forest resources as climate change advances • Stricter environmental regulations related to logistics and manufacturing processes	• Growing demand for paper-based alternatives to plastic • Increase in demand for products and services that contribute to reducing CO_2 emissions
Society	• Rising societal demands for stable supply and responsible procurement • Increasing expectations for environmental impact reduction and economic and social contributions to local communities • Structural decrease in paper demand due to progress of digitization	• Greater sophistication of the supply structure through sustainable supply chain development • Creation of demand by proposing new value for paper in a digital society
Employees	• Increasing importance of working environment including providing stable employment and skill development opportunities • Increasing need to improve labor productivity and employee engagement	• Realization of high engagement and improved productivity through effective human capital management • Empowerment of diverse human resources and organizational strengthening through a deepened commitment to diversity and inclusion
Governance	• Growing demands for a transparent and effective management structure • Growing societal expectations regarding compliance risks • Increasingly sophisticated expectations and demands from stakeholders	• Enhancement of corporate value through the practice of fair and honest governance • Enhancement of corporate value through the transformation of compliance into a source of competitiveness • More sophisticated management that reflects stakeholder perspectives

Overview of the OVOL Medium-term Business Plan 2026

Fundamental Principles of OVOL Medium-term Business Plan 2026

We have positioned OVOL Medium-term Business Plan 2026 as a three-year period to develop specific mechanisms and measures to create economic value and social value toward the realization of OVOL Vision 2030. We are formulating and implementing measures based on the following three fundamental principles.



Consolidated Financial Targets

* For financial and capital strategies, ▸ please refer to page 35

- New record high for consolidated ordinary profit of JPY 22.0 billion
- Realize ROE of 8.0% or more, ROA of 5.0% or more, and ROIC of 7.0% or more through greater awareness of the cost of capital
- Maintain or improve "A" credit rating, secure funding capability, and utilize financial leverage while keeping the net D/E ratio at 1.0x or less

	FY2023 Results	FY2024 Results	FY2025 Results	FY2026 Quantitative Target
Consolidated Ordinary Profit	JPY 16.8 billion	JPY 15.8 billion	JPY 10.9 billion	JPY 22.0 billion
Return on Equity (ROE)*1	8.4%	5.8%	3.6%	8.0% or more
Return on Assets (ROA)*2	4.4%	4.1%	2.8%	5.0% or more
Return on Invested Capital (ROIC)*3	6.2%	5.7%	4.2%	7.0% or more
Net D/E Ratio*4	0.59x	0.60x	0.60x	1.0x or less

Regarding the fiscal 2026 target for the net D/E ratio:
The net D/E ratio improved to the 0.6x level largely due to income from the sale of fixed assets in fiscal 2022, and financial soundness improved substantially. We set the ratio target at 1.0x or less to allow for flexibility in growth investments while still maintaining financial soundness.

* Exchange rate assumptions for fiscal 2026: JPY 141.83 to USD 1, JPY 180.68 to GBP 1, JPY 96.94 to AUD 1 (as of December 31, 2023)
*1 Profit attributable to owners of parent ÷ Equity (average of beginning and ending balances) *2 Ordinary profit ÷ Total assets (average of beginning and ending balances) *3 NOPAT (Net ordinary profit after tax [before interest expense]) ÷ Invested capital (Interest-bearing debt + Equity [average of beginning and ending balances]) *4 (Interest-bearing debt – Cash and deposits) ÷ Equity

Policies by Segment and Ordinary Profit Targets

		FY2025 Results	FY2026 Forecast	FY2026 Quantitative Target
Japan Wholesaling	Maximize earnings by leveraging the group's collective strengths	JPY 5.7 billion	JPY 6.0 billion	JPY 7.0 billion
Non-Japan Wholesaling	Build a stable revenue structure and further diversify revenue sources	JPY (0.5) billion	JPY 4.2 billion	JPY 8.0 billion
Paper Manufacturing & Processing	Advance efforts to conserve the global environment and build a stable revenue base	JPY 7.3 billion	JPY 7.8 billion	JPY 7.5 billion
Raw Materials & Environment	Contribute to a sustainable society and the future of the Earth through a circular business model	JPY 0.6 billion	JPY 1.5 billion	JPY 2.0 billion
Real Estate Leasing	Continue to earn stable income from real estate holdings and optimize the real estate portfolio	JPY 1.5 billion	JPY 1.3 billion	JPY 1.5 billion
Adjustments		JPY (3.6) billion	JPY (5.8) billion	JPY (4.0) billion
Total		JPY 10.9 billion	JPY 15.0 billion	JPY 22.0 billion

OVOL Medium-term Business Plan 2026
https://www.kamipa.co.jp/wp/wp-content/themes/jp-2017/assets/img/company/pdf/20240603_eng.pdf

* For details on initiatives by segment, ▸ please refer to pages 43 to 51

Explanation of Business Strategies—Progress of OVOL Vision 2030 and OVOL Medium-term Business Plan 2026

Progress of OVOL Medium-term Business Plan 2026

Three Fundamental Principles

- Expand communication within and outside the group to significantly increase the value provided by our functions, services, and other offerings
- Raise the capabilities of our human resources and dramatically increase work engagement
- Fully utilize M&As to rapidly expand our business in new and existing areas

Formulate and implement measures

Expansion of Communication and Enhancement of the Value Provided

• Nationwide on-site classes	In collaboration with Gakken Inc., we promote on-site classes that convey the characteristics and value of paper to elementary school students. In fiscal 2025, we held multiple classes and events, with cumulative participation exceeding 200 people. Going forward, we will expand co-creation with external partners and pursue continuous nationwide rollout.
• Held workshops	In fiscal 2025, 48 people from 46 paper merchants nationwide participated in workshops, where they considered ideas and action plans to communicate the appeal of paper and promote its use. We will continue holding these workshops in fiscal 2026 as well, and strengthen initiatives to expand new possibilities for paper through co-creation with professionals who support the paper distribution industry.
• Study group activities promoting the value of paper	To disseminate the value of paper, we promote study group activities under a two-team structure: The "Value of Paper" team and the "Paper and the Global Environment" team. Through the group's activities we compile insights aimed at dispelling social perceptions regarding the appeal, history, and environmental aspects of paper, and strengthen internal and external communication by distributing research results to business partners through the Forum Letter, publishing them on the website, and presenting them at events.
• Participation in Expo 2025 Osaka, Kansai, Japan	We participated in the Future Life Experience at Expo 2025 Osaka, Kansai, Japan, held from April to October 2025, during which approximately 4,800 people visited our booth, where we introduced new possibilities of paper through exhibits and videos. We also realized a resource-circulation initiative in which paper waste at the venue was collected, recycled, and then used as toilet paper in certain parts of the venue.
• Development of environmentally friendly products	The Kami Eco® Craft+α received the highest JAPAN STAR Award, the Minister of Economy, Trade and Industry Award, at the Japan Packaging Contest 2026. For other awards, ▸ see page 52 Highlights
• Held company briefings for individual investors and established a web page for individual investors	
• DX initiatives and other measures	In order to create new competitive advantages and sustainably enhance corporate value, we formulated a DX grand design and are promoting it from both offensive and defensive perspectives. Details on ▸ page 53 Digital Transformation (DX) at Japan Pulp & Paper

Enhancement of Human Resources and Work Engagement (initiatives at the company level)

• Engagement initiatives	・In the surveys conducted in June and December 2025, we achieved a BBB score, meeting the targets of the Medium-term Business Plan. ・To strengthen the "coordination function" between management and employees on the ground, seminars were held for general managers, branch managers, and division managers. ・As opportunities for communication between management and employees, discussion sessions were held between the president and managers, as well as between the president and employees, at the head office and at each branch office.
• Health and productivity management initiatives	・Certified as one of the "2026 Outstanding Organizations of KENKO Investment for Health." ・Introduced a system for hourly paid leave. ・Held a walking rally for all executives and employees. ・Introduced the health support site "KENPOS," the work–caregiving balance support service platform "Wakaru Kaigo Biz," and the online obstetrics/gynecology and pediatrics service "Kids Public."
• Investment in human capital	・Aim to triple education and training expenses by fiscal 2026 compared to fiscal 2023; Introduced the online video training service "Udemy Business" for all executives and employees. ・Ratio of female employees among new hires for career-track positions in fiscal 2025: 19.4% (KPI: 30%). ・Continued operation of the Overseas Training Program aimed at developing personnel with practical communication skills abroad (fiscal 2025: 3 to China). ・Across-the-board base salary increases for four consecutive years. ・Introduction of a performance-based restricted stock incentive plan for the Employee Shareholding Association.

Expansion of Business Scale Through Promotion of M&As and Alliances

Details on ▸ page 43 Japan Wholesaling ▸ page 45 Non-Japan Wholesaling ▸ page 47 Paper Manufacturing & Processing

• Pursuing strategic M&As, complementary M&As, business transfers/disposals	・In Japan, promoting the integration of leading paper merchants into our group and advancing partnerships in the Paper Manufacturing & Processing field. ・Overseas, executing strategic M&A of meaningful scale, while also continuing complementary M&A in peripheral fields such as sign & display, flexible packaging materials, and industrial packaging materials; Expanding our product offerings and customer bases in each market, and pursuing the diversification of revenue sources and the expansion of global business scale.

Head Office Relocation Project

As part of growth investments and human capital investments toward realizing OVOL Vision 2030, it has been decided that the Head Office will relocate from Kachidoki, Tokyo to Yaesu in the second half of fiscal 2026. The relocation aims to strengthen relationships within the group and with business partners by improving accessibility and is being positioned as an important measure to enhance corporate value.

Progress of OVOL Medium-term Business Plan 2026

Sustainable Management Initiatives

Under OVOL Medium-term Business Plan 2026, we are steadily promoting various measures based on the following five key priorities: expanding human capital investment, initiatives toward achieving carbon neutrality, responding to business and human rights, strengthening compliance systems related to environmental and occupational safety, and strengthening risk management.

Strengthening Human Capital

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

For details, ▸ see page 72

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

KPI		FY2025 Results
Percentage of eligible male employees taking childcare leave	100%	**100% (achieved)**
Employee engagement rating	BBB or higher	**BBB (achieved)**
Training expenses compared to FY2023	3x or more	**2x**
Percentage of paid leave taken	80% or more	**82.8% (achieved)**
Average monthly overtime hours	10 hrs. or less	**12 hrs. 46 min.**
Ratio of female employees among new hires for career-track positions	30% or more	**19.4%**

* The ratio of female employees in career-track positions at the company was 11.7% as of April 1, 2026. We have set the above target to increase the ratio of female employees among new hires for career-track positions.

Toward Achieving Carbon Neutrality

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

Medium-term Target	Long-term Target
Achieve a 50% reduction from FY2019 levels by FY2030 * Scope of targets: Scope 1 and 2 emissions for Japan Pulp & Paper and its consolidated subsidiaries	Achieve carbon neutrality by 2050

Fiscal 2025 Initiative Results

- Promoted visualization of Group-wide GHG emissions (Scope 1 and 2) through the introduction of a cloud-based GHG calculation system.
- Fostered greater awareness of decarbonization across the group through the sharing of the latest trends regarding decarbonization and our progress toward GHG emissions reduction targets at the OVOL Environment & Safety Meetings.
- Enhanced the reliability of calculated emissions data by conducting third-party verification of Scope 1 and 2 emissions of consolidated group companies and Scope 3 emissions on a non-consolidated basis.
- Scope 1 and 2 emissions in fiscal 2025 reduced by approximately 41% compared with the base year of fiscal 2019.

Response to Business and Human Rights

1. Fostering and instilling a culture of respect for human rights
2. Implementation of human rights due diligence and identification and improvement of risks
3. Implementation of a grievance mechanism

Fiscal 2025 Initiative Results

- Formulated a group-wide human rights due diligence plan through FY2030
- Implemented monitoring using CSR procurement self-assessment questionnaires, covering major suppliers accounting for 85% of total procurement
- Conducted training and comprehension confirmation tests regarding the group's human rights issues (1,881 executives and employees of the company and group companies in Japan participated)

Strengthening Environmental and Occupational Safety Compliance Systems

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

Fiscal 2025 Initiative Results

- In cooperation with external experts, confirmed and followed up on improvements in the environmental and occupational safety compliance status of each group company
- On-site assessments conducted at three locations at Level 2 and five locations at Level 3
- Continued tracking, analysis, and sharing of occupational accident information at Group companies to promote accident prevention and recurrence prevention

Strengthening Risk Management

1. Use of risk assessment to identify risks that could impact business activities and formulate/implement countermeasures
2. Revision of the business continuity plan (BCP)
3. Enhancement of initiatives to ensure compliance

Fiscal 2025 Initiative Results

- Revised the business continuity plan (BCP)
- Created posters for compliance awareness and conducted internal training; created an Antimonopoly Act handbook and distributed it to executives and employees of group companies in Japan

Financial and Capital Strategy



We will steadily restore profitability and improve capital efficiency, aiming to sustainably enhance corporate value toward 2030 and beyond through disciplined growth investments.

Chihiro Katsuta
Representative Director
Senior Executive Vice President, CFO
Business Head - Raw Materials & Environment

Review of Fiscal 2025

* Second Year of OVOL Medium-term Business Plan 2026

Consolidated results for fiscal 2025 were operating profit of JPY 10.8 billion (down 28.0% year on year), ordinary profit of JPY 10.9 billion (down 31.2% year on year), and profit attributable to owners of parent of JPY 4.7 billion (down 37.6% year on year). Profit at every level declined compared to the previous period for the second consecutive fiscal year, making for very challenging results. Overall, we recognize that the year was characterized by upfront investments and growth-related expenses, with the anticipated results not materializing as quickly as expected. At the same time, it served to clearly identify the key issues that require further action and management attention.

On the other hand, when viewed by business segment, some areas made steady progress in improving profitability.

Consolidated ordinary profit of JPY 10.9 billion represents a 29.8% decrease from the initial forecast of JPY 15.5 billion. The main factors behind this decrease were deterioration in performance in the Non-Japan Wholesaling and the Raw Materials & Environment segments. In the Non-Japan Wholesaling segment, in addition to the delayed recovery of performance at our German subsidiaries, profitability also deteriorated due to intensified price competition in the key markets of Europe and Oceania, resulting in a segment ordinary loss of JPY 0.5 billion versus the initial forecast of ordinary profit of JPY 3.9 billion. We had expected profit contributions from the German subsidiaries beginning in the latter half of fiscal 2025 onward; however, their performance recovery is behind initial assumptions due to the impact from factors such as declining demand in Germany and customer attrition that exceeded expectations. In the Raw Materials & Environment segment, ordinary profit remained at JPY 0.6 billion, down 68.8% from the initial forecast of JPY 1.8 billion, primarily due to lower-than-planned sales volumes and sales prices for fuel used in woody biomass power generation, as well as equity-method investment losses resulting from impairment of fixed assets at equity-method affiliates.

On the other hand, all other segments progressed generally in line with plan. In the Japan Wholesaling segment, amid continued increases in labor costs and logistics costs, we absorbed the impact of rising costs through ongoing price revisions and finished at a level largely as expected. In the Paper Manufacturing & Processing segment, although there were cost increases, including labor costs, logistics costs, fuel costs, electricity costs, and auxiliary material costs, ongoing price revisions, mainly in the recycled household paper business, gained traction, resulting in performance exceeding the initial forecast. The Real Estate Leasing segment maintained stable earnings and continues to contribute to the performance of the group.

In addition, in fiscal 2025, we recorded an extraordinary loss of JPY 2.5 billion as business restructuring costs, including headcount reductions at group companies outside of Japan such as the German subsidiaries, and an extraordinary loss of JPY 1.8 billion in goodwill impairment losses reflecting the expected delay in realizing the profit contribution initially anticipated from the German subsidiaries. On the other hand, through the sale of investment securities accompanying the reduction of cross-shareholdings, we recorded gains on sale of JPY 4.7 billion as extraordinary income.

Status of Capital Efficiency

Capital efficiency indicators for fiscal 2025 declined for the second consecutive year, with ROE at 3.6% (down 2.2 points year on year), ROA at 2.8% (down 1.3 points year on year), and ROIC at 4.2% (down 1.5 points year on year).

In addition to significant losses at the German subsidiaries that joined the group through M&A in fiscal 2024, the main factors for this were the recording of ordinary losses in the Non-Japan Wholesaling segment amid declining demand in key markets outside Japan, as well as the recording of business restructuring costs and goodwill impairment losses at subsidiaries outside Japan. As a result, ordinary profit and profit attributable to owners of parent, which form the basis of the above indicators, declined.

Due to the decline in ordinary profit, NOPAT decreased, and ROIC declined year on year. In addition, asset growth

associated with ongoing complementary M&As outpaced earnings contributions, and the timing of those contributions was pushed back, reducing asset efficiency and resulting in a year-on-year decline in ROA. The decline in profitability and asset efficiency could not be fully offset by the reduction in equity through share repurchases, resulting in a decline in ROE year on year.

Segment ROIC for fiscal 2025, estimated based on invested capital on the operating side, is shown in the table below.

Looking at the principal year-on-year changes in ROIC by segment compared with fiscal 2024, ROIC in the Japan Wholesaling segment improved by 0.4 percentage points year on year because, although NOPAT declined year on year, this was more than offset by the reduction in invested capital resulting from the sale of cross-shareholdings related to the segment. In the Paper Manufacturing & Processing segment, ROIC improved by 1.1 percentage points due to an increase in NOPAT, as higher Japanese domestic demand for household paper was coupled with higher selling prices. Meanwhile, ROIC in the Non-Japan Wholesaling segment fell significantly year on year to 1.0% due to the deterioration in performance described above, resulting in a significant downward impact on overall ROIC.

Changes in ROIC by Segment

	FY2024	FY2025	Change (percentage points)
Japan Wholesaling	8.1%	8.5%	+0.4
Non-Japan Wholesaling	3.9%	1.0%	-2.9
Paper Manufacturing & Processing	9.7%	10.8%	+1.1
Raw Materials & Environment	5.7%	2.1%	-3.6
Real Estate Leasing	6.7%	6.7%	0.0
Consolidated Total	5.7%	4.2% (medium-term target: 7.0% or more)	-1.5

Outlook for Fiscal 2026

* Final Year of OVOL Medium-term Business Plan 2026

For fiscal 2026, the final year of OVOL Medium-term Business Plan 2026, we expect consolidated operating profit of JPY 15.5 billion (up 42.9% year on year), consolidated ordinary profit of JPY 15.0 billion (up 37.8% year on year), and profit attributable to owners of parent of JPY 8.0 billion (up 69.5% year on year).

Looking at ordinary profit by segment: in the Japan Wholesaling segment, while demand contraction for graphic paper is expected to continue, demand for packaging paper is expected to remain steady. Amid expectations of continued increases in logistics costs and labor costs, we aim to expand market share by differentiating ourselves from competitors. We also expect the price increases implemented in the previous fiscal year to enable the expansion of our revenue scale, and we forecast ordinary profit of JPY 6.0 billion (up 5.3% year on year).

In the Non-Japan Wholesaling segment, while demand for graphic paper is expected to continue contracting in key markets, we recognize that the recovery of earnings in the segment is critical to realizing profit growth and improved capital efficiency for the group as a whole, and we are therefore working to strengthen profitability. In particular, with respect to our German subsidiaries, which recorded significant losses in the previous fiscal year, we are implementing decisive business structure improvements in order to fundamentally turn their operations around, and will achieve stable profitability on a monthly basis within the fiscal year. In addition, the complementary M&As we have pursued in each region will begin to bear fruit, enabling further expansion of sales of high-value-added products. Through these measures, we aim to restore earnings and forecast a shift in ordinary profit to JPY 4.2 billion, representing a turnaround from a loss in the previous fiscal year.

In the Paper Manufacturing & Processing segment, although increases in manufacturing costs are expected to remain a concern, due to the effects of price increases and ongoing initiatives to improve production efficiency, we forecast ordinary profit of JPY 7.8 billion (up 7.4% year on year).

In the Raw Materials & Environment segment, we expect the solar power generation business and the comprehensive recycling business to remain strong. In the recovered paper business, although the decline in wastepaper generation is expected to continue, we are pursuing the development of new suppliers, backed by the group's overall capabilities, and expect handling volume to increase. In the fuel sales business for biomass power generation plants, we expect handling volume to increase due to the commencement of operations at a third yard in Malaysia. As a result, we forecast ordinary profit of JPY 1.5 billion (up 167.4% year on year).

In the Real Estate Leasing segment, while we expect stable rental income and upward rent revisions at contract renewals, we forecast ordinary profit of JPY 1.3 billion (down 14.0% year on year) due to the increase in the segment's apparent interest burden, resulting from an upward revision of the internally allocated interest rate.

Under OVOL Vision 2030, the group has set a quantitative target of achieving consolidated ordinary profit of JPY 25.0 billion in fiscal 2030. OVOL Medium-term Business Plan 2026 is positioned as the time to build mechanisms and measures to achieve OVOL Vision 2030. In light of the increasingly challenging business environment and the anticipated one-time costs associated with the relocation of our head office, achieving the final-year target of consolidated ordinary profit of JPY 22.0 billion under Medium-term Business Plan 2026 is expected to be difficult. However, in order to put the realization of OVOL Vision 2030 firmly within reach, we will accelerate our various initiatives and execute proactive growth investments.

Financial and Capital Strategy

Basic Approach to Financial and Capital Strategy

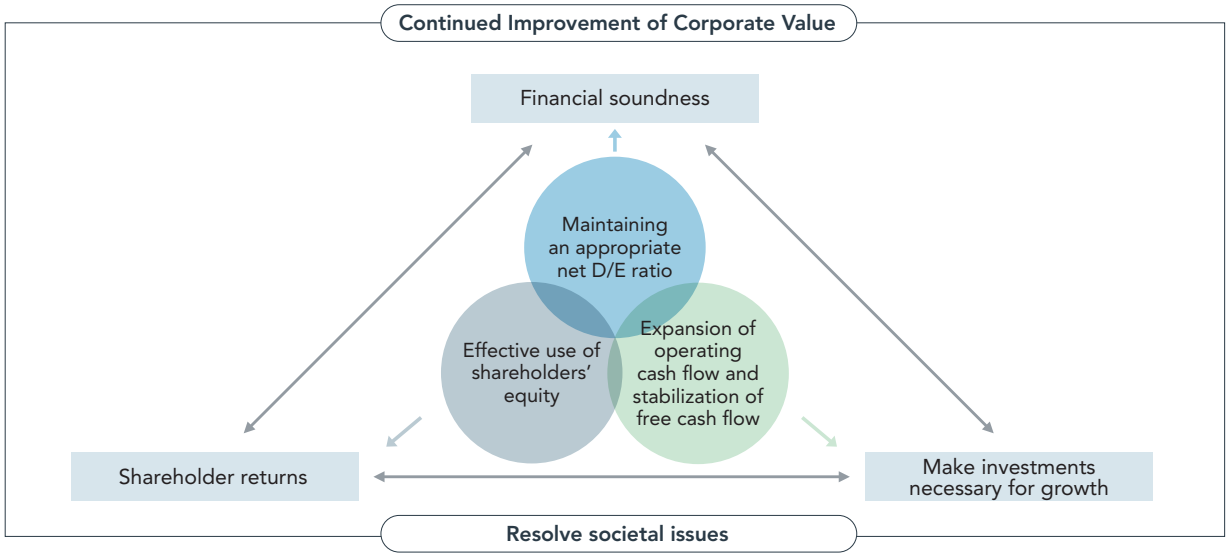
The group's financial strategy is based on the following three basic policies: maintaining financial soundness through proper management of interest-bearing debt, making aggressive growth investments, and providing proactive and stable shareholder returns. Under these policies, as part of OVOL Medium-term Business Plan 2026 we have focused on making growth investments and delivering proactive shareholder returns by expanding cash flow and utilizing financial leverage. Although achieving most of the final year (fiscal 2026) targets of consolidated ordinary profit of JPY 22.0 billion, ROE of 8% or more, ROA of 5% or more, ROIC of 7% or more, and net D/E ratio of 1.0× or less is currently challenging, by placing greater emphasis on the cost of capital and optimizing the allocation of management resources, the group will further enhance profitability and capital efficiency while continuing to execute proactive growth investments as concrete measures to build the framework necessary to achieve OVOL Vision 2030.

Maintaining Financial Soundness

At the end of fiscal 2025, the net D/E ratio was 0.6x, maintaining the financial target of "1.0x or lower" set in OVOL Medium-term Business Plan 2026. In addition, the equity ratio was 32.6%, and has remained above 30% in recent years. Going forward, we will continue to advance capital policies such as share repurchases in an agile manner, while conducting operations with due consideration for both financial soundness and capital flexibility.

Working capital requirements as of the end of fiscal 2025 amounted to JPY 107.8 billion, an increase of JPY 1.6 billion from the previous fiscal year, but remained at a stable level overall. Cash flow from operating activities increased by JPY 3.6 billion from the previous year to JPY 24.6 billion, and net interest-bearing debt decreased by JPY 3.2 billion from the previous fiscal year to JPY 76.8 billion. We recognize that, even as the group's business scale has expanded through M&A, we have been able to appropriately maintain financial soundness, with approximately 25% of working capital covered by equity.

In line with the policies set forth in OVOL Medium-term Business Plan 2026, and as a means of reflecting the proactive growth investments promoted by the group, we recognize that cash management will become increasingly important going forward. This will include increases in working capital requirements accompanying sales growth at companies and businesses acquired through M&A, as well as working capital requirements arising from further growth investments. In fiscal 2025, with the aim of strengthening the group's overall financial position and enhancing flexibility in financing, we carried out capital increases at consolidated companies outside Japan, thereby strengthening the management foundations of each subsidiary. Going forward, we will properly manage the group's cash flow while executing proactive growth investments. At the same time, we will optimize the allocation of management resources, enhance profitability and capital efficiency, increase operating cash flow, and maintain and improve financial soundness.



With respect to the group's financing methods, we select from a range of available options, taking into comprehensive consideration market conditions and other relevant factors at the time of financing before implementation. As a rule, working capital required for each business activity is procured through short-term borrowings from financial institutions or by issuing commercial paper, while funds for growth investments and capital expenditures are procured through equity, long-term borrowings from financial institutions, or the issuance of straight corporate bonds. We will continue striving to maintain a stable financing base and deploy agile capital policies. At present, financing conditions are tightening both in and outside of Japan, and the financing environment is undergoing change. As we continue to monitor these financial trends, the group will work to contain financing costs and ensure stability. At the same time, we will continue to accurately assess market conditions and develop flexible financing and capital policies in response.

As for the issuer credit rating on straight corporate bonds, we have maintained our "Single A (Stable)" issuer ratings since they were upgraded by two credit rating agencies in February 2022. While maintaining a sound financial position, we will continue working to enhance our earning power through growth investments and aim for further improvements in our credit rating.

Optimal Resource Allocation

In order to achieve sustainable growth and maximize capital efficiency, we place great importance on the optimal allocation of management resources from a company-wide perspective. With respect to our business portfolio, we review each segment, comprehensively assessing future earnings contributions, business synergies, the cost of capital, and other factors, and execute measures such as the reorganization and sale of unprofitable and non-core businesses. In fiscal 2025, we sold our European wastepaper recycling business, which was under the Raw Materials & Environment segment.

With respect to investment securities, including cross-shareholdings, we annually assess the rationale for holding such investments as well as their capital efficiency, and proceed with their sale as necessary. Since the introduction of the Corporate Governance Code, the group has sold a cumulative total of 63 stocks amounting to approximately JPY 21.9 billion as of March 2026. Funds obtained from such sales have been redirected to growth investments, reflecting the group's ongoing commitment to asset efficiency. When making investment decisions, in addition to ensuring that returns exceed the cost of capital, we comprehensively evaluate synergy effects with our existing businesses as well as with our long-term business strategy. Through this approach, we ensure disciplined capital allocation that leads to enhancing corporate value over the medium to long term.

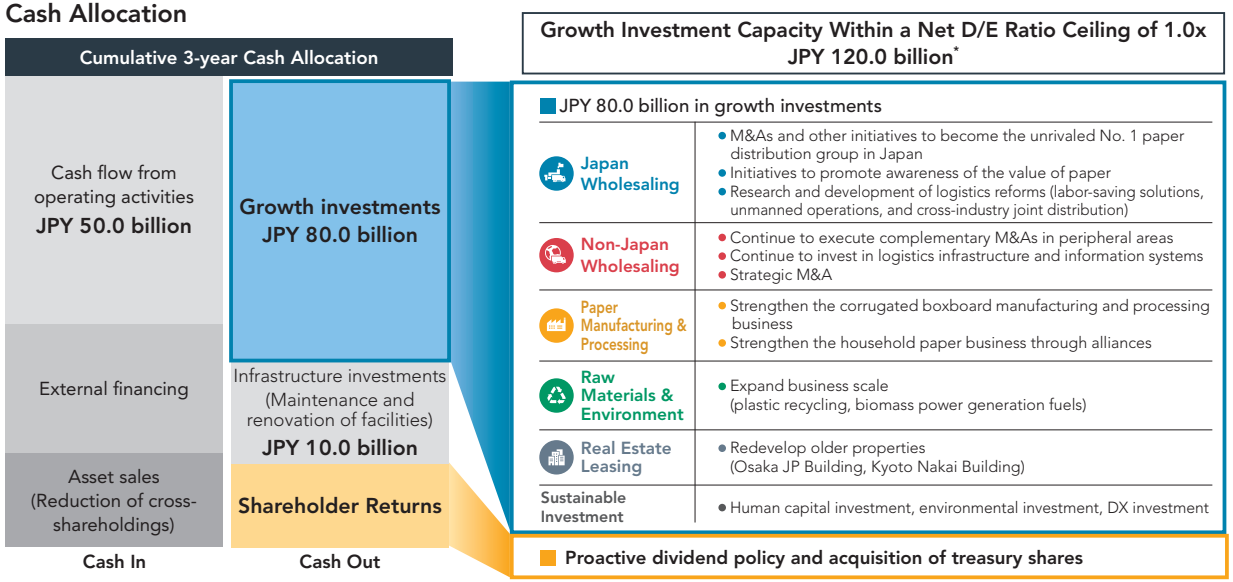
In addition, with respect to real estate, we carefully select our portfolio from the perspectives of both profitability and risk characteristics to secure stable earnings, while at the same time reviewing asset utilization to enhance capital efficiency. Certain properties we hold have experienced significant increases in market value amid strong real estate market conditions, and we are moving forward with the consideration of their sale from the standpoint of enhancing capital efficiency. Going forward, we aim to pursue sustainable growth and maximize capital efficiency while disciplining investment decision-making through improved asset efficiency, careful evaluation of profitability, and optimal capital allocation.

Cash Allocation

Regarding cash allocation over the three years of OVOL Medium-term Business Plan 2026, in addition to JPY 50.0 billion in cash flow from operating activities, cash inflows generated through external financing and asset sales are to be strategically allocated to a range of diverse capital needs, including JPY 80.0 billion in growth investments, JPY 10.0 billion in base investments, and proactive shareholder returns. In addition to this cash allocation policy, there has been no change to our view that the group can execute growth investments of up to JPY 120.0 billion by utilizing financial leverage until the upper limit of the net D/E ratio of 1.0×.

Cumulative cash allocation results for the two-year period from fiscal 2024 to fiscal 2025 totaled JPY 64.6 billion in cash inflows, comprising JPY 45.6 billion in cash flow from operating activities, JPY 2.4 billion in external financing, and

Cash Allocation



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

Cumulative Results for FY2024–FY2025

Cash In		Cash Out	
Cash flow from operating activities	JPY 45.6 billion	Growth investments	JPY 30.9 billion
External financing	JPY 2.4 billion	Infrastructure investments	JPY 9.7 billion
Asset sales, etc.	JPY 16.6 billion	Shareholder returns	JPY 16.1 billion
		Internal reserves	JPY 7.9 billion
Total	**JPY 64.6 billion**	**Total**	**JPY 64.6 billion**

Overview of Recent Major Investments

Japan Wholesaling | Non-Japan Wholesaling | Paper Manufacturing & Processing | Raw Materials & Environment | Real Estate Leasing

Medium-term Business Plan Period (FY)	Amount	Major Investments
2017–2019	JPY 41.6 billion	M&As in the Non-Japan Wholesaling segment Upgrading facilities at a containerboard manufacturing plant Construction of a corrugated boxboard manufacturing plant outside of Japan Redevelopment of real estate holdings
2020	JPY 7.3 billion	M&As in the Non-Japan Wholesaling segment Upgrading facilities at a containerboard manufacturing plant
2021–2023	JPY 21.9 billion	M&As in the Non-Japan Wholesaling segment Corrugated boxboard manufacturing plants M&As and upgrades to facilities
2024–	JPY 40.7 billion	Japan Wholesaling capital and business alliances M&As in the Non-Japan Wholesaling segment Paper Manufacturing & Processing capital and business alliances Acquisition of plant land for Raw Materials & Environment comprehensive recycling business

JPY 16.6 billion from asset sales and other sources. Meanwhile, cash outflows allocated JPY 30.9 billion to growth investments, JPY 9.7 billion to infrastructure investments, JPY 16.1 billion to shareholder returns, and JPY 7.9 billion retained internally. The breakdown of growth investments by segment is approximately JPY 0.5 billion in the Japan Wholesaling segment, approximately JPY 29.0 billion in the Non-Japan Wholesaling segment, and approximately JPY 1.5 billion in the Paper Manufacturing & Processing and the Raw Materials & Environment segments. In addition, the breakdown of shareholder returns comprised JPY 7.2 billion in dividends and JPY 8.9 billion in share repurchases.

Looking specifically at fiscal 2025, cash inflows consisted of JPY 24.6 billion in cash flow from operating activities against the backdrop of stable business operations, and JPY 8.1 billion from significant progress in asset sales, particularly sales of cross-shareholdings. For cash outflows, while growth investment results remained modest in scale at JPY 4.6 billion, we executed a total of seven complementary M&A transactions in the Non-Japan Wholesaling segment, while in the Raw Materials & Environment segment, we acquired land for a domestic recycling plant in Japan to expand our integrated recycling business and acquired a new fuel yard for the biomass power generation business. In other segments as well, we are continually exploring investments as well as capital and business alliances that will enable us to outlast the competition, and we are steadily executing investments toward future growth. Meanwhile, shareholder returns increased significantly from the previous year, reaching JPY 13.0 billion, driven by the revision of our dividend policy and the proactive implementation of share repurchases (consisting of JPY 4.1 billion in dividends and JPY 8.9 billion in share repurchases). As a result, fiscal 2025 was a year in which we maintained solid cash-generating capacity and executed carefully selected growth investments across each segment while expanding shareholder returns.

Of the JPY 80.0 billion growth investment framework under OVOL Medium-term Business Plan 2026, approximately JPY 30.0 billion has been invested over the first two years. As a result, the group continues to retain sufficient financial capacity to undertake large-scale investments.

In fiscal 2026 as well, we will steadily proceed with executing growth investments and strengthening our business foundation in line with the strategies of each segment. In the Japan Wholesaling segment, as part of an investment strategy for outlasting the competition, we made Aoi Fukuhara a subsidiary in April 2026 and are advancing initiatives to further strengthen distributor and trading functions and differentiate ourselves from competitors. In the Non-Japan Wholesaling segment, we will continue focusing on strengthening the earnings base of our existing businesses, primarily through complementary M&As, and aim to further enhance competitiveness. In the Paper Manufacturing & Processing segment, centered on the household paper business and the corrugated boxboard processing business, we will proceed with systematically identifying growth opportunities and pursuing new investments. In the Raw Materials & Environment segment, while advancing the reorganization of unprofitable businesses, we are proceeding with preparations for capital expenditure aimed at expanding existing businesses with strong growth potential.

With respect to the Real Estate Leasing segment, we are evaluating potential sales from the perspective of improving capital efficiency, and our policy is to make optimal asset management decisions based on future market trends and capital management considerations.

Improvement of Corporate Value

Under OVOL Medium-term Business Plan 2026, we have set a target of achieving a PBR above 1.0×, and since the previous fiscal year we have been working to enhance corporate value through six key initiatives. In fiscal 2025, these initiatives made steady progress and delivered measurable improvements in market evaluation. Specifically, these initiatives focused on (1) improving competitiveness and profitability, (2) expanding the market by promoting awareness of the value of paper, (3) strengthening IR activities and communicating our growth strategy, (4) management with an awareness of the cost of capital and asset efficiency improvement, (5) reducing cross-shareholdings, and (6) promoting proactive shareholder returns, and we have advanced these in an integrated manner. As a result, the share price rose to around the PBR 1.0x level, and the PER also rose to approximately 15x on a forecast basis for the current fiscal year, and we believe stable profitability and expectations for future growth are being increasingly priced into the share price. In particular, we believe that our initiatives strengthening IR activities, reducing cross-shareholdings, and pursuing proactive shareholder returns were well-received by the market and have contributed to the appreciation of our share price.

With respect to strengthening IR activities, we have worked to enhance dialogue with a broad range of investors with the aim of reducing the cost of capital, improving share liquidity, and expanding our investor base. In fiscal 2024, we held our first briefing for individual investors, and we continued to hold these sessions in fiscal 2025. Through various initiatives, including publishing briefing videos and establishing a dedicated webpage for individual investors, we have also worked to improve access to information. As a result, the number of individual shareholders doubled from 11,408 before the start of OVOL Medium-term Business Plan 2026 to 22,198 as of March 31, 2026.

With respect to reducing strategically held shares, in fiscal 2025 we sold nine different stocks, including unwinding approximately half of our cross-shareholdings with Oji Holdings, which had been a major shareholder. Each year, the Board of Directors determines whether to continue holding each stock after quantitatively and qualitatively examining its strategic rationale and capital efficiency. As a result, the ratio to consolidated net assets as of March 31, 2026, decreased to 15.8%. Going forward, through ongoing dialogue and verification of individual holdings, we will further accelerate initiatives to reduce cross-shareholdings.

In terms of shareholder returns as well, we incorporated feedback received from investors through our IR activities and insights gained from ongoing dialogue, leading to revisions in our dividend policy and the proactive implementation of share repurchases. We believe these initiatives led to a more stable shareholder base through an increase in individual investors, improved share liquidity, and ultimately contributed to enhanced corporate value.

At the same time, strengthening our efforts to improve ROE is essential to maintaining a PBR above 1.0×. Accordingly, going forward we will work more proactively on improving productivity and operational efficiency through DX promotion and digital transformation, expanding both internal and external communication, and enhancing the value we provide to business partners. Furthermore, in addition to cross-shareholdings, we will also focus on liquidating real estate assets and work to revise capital allocation and strengthen capital efficiency. In particular, with respect to improving earnings from fiscal 2026 onward, we recognize that the rebuilding and performance recovery of the German subsidiaries, which recorded significant losses in the previous

Reduction in Cross-shareholdings

FY		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Number of stocks sold*		7	21	13	6	3	5	6	7	5	9	**9**	63
Proceeds	(Billions of yen)	1.9	5.2	0.2	0.9	0.0	0.4	1.1	0.8	0.9	2.2	**8.2**	21.9
Gains/Losses	(Billions of yen)	0.9	1.8	0.1	0.3	0.0	0.2	0.4	0.4	0.1	0.6	**4.6**	9.5
Ratio of holdings to consolidated net assets	(%)	33.2	28.8	28.6	25.7	24.0	27.1	23.8	18.1	21.2	17.5	**15.8**	

* As some shares were sold over multiple years, totals by year and overall may not align.

fiscal year, is an urgent priority. Through such measures as recovering sales volume, reviewing unprofitable transactions, and reducing fixed costs through business structure reforms, we aim to strengthen their earnings base and maximize returns. With regard to promoting DX, based on the DX Grand Design formulated in January 2026, we are proceeding together as one company with initiatives that include maximizing human resource potential, strengthening sales capabilities, deepening and accelerating decision-making through data-driven management, transforming organizational and employee mindsets, and contributing to the industry. Going forward, through strengthening communication and creating new growth opportunities, we aim to further enhance corporate value. We will also work on investment decisions and capital allocation with an awareness of the cost of capital, while also pursuing organizational reform and the effective utilization of human capital, and will steadily promote further enhancement of ROE and corporate value.

Shareholder Returns and Dialogue with Investors

Shareholder Returns

In fiscal 2025, we steadily implemented specific measures in relation to shareholder returns aimed at achieving OVOL Medium-term Business Plan 2026.

With respect to the dividend policy, we have taken seriously the views we received over time from institutional investors through our IR activities, including calls for highly stable dividends, a long-term approach to shareholder returns, and management with a strong awareness of the cost of capital, and reviewed our dividend policy accordingly. In order to realize more stable and sustainable shareholder returns, we revised our dividend policy for the remaining period of the OVOL Medium-term Business Plan 2026 (the fiscal years ending March 2026 and March 2027) by incorporating consolidated dividend on equity (DOE) as an additional benchmark. Under the revised policy, the previous policy of maintaining progressive dividends targeting a consolidated payout ratio of at least 30% has been changed, with respect to annual dividends per share, to a policy of progressive dividends, with a consolidated payout ratio of at least 30% and DOE of at least 3%. Following this policy change, the year-end dividend for fiscal 2025 was increased from JPY 14 to JPY 20 per share. Together with the interim dividend of JPY 14 already paid, the annual dividend amounted to JPY 34, representing an increase of JPY 9 from the previous fiscal year. In addition, for fiscal 2026, we plan a further dividend increase of JPY 2, for an annual dividend of JPY 36, consisting of an interim dividend of JPY 18 and a year-end dividend of JPY 18.

As for share repurchases, we responded with agility from the perspectives of improving capital efficiency and enhancing shareholder value. In November 2025, we acquired 8,384,900 shares at a total acquisition cost of JPY 6.4 billion. As this further increased the ratio of treasury shares as a percentage of the total shares issued, which already stood at 18% as of the end of fiscal 2024, we canceled 30,000,000 treasury shares in the same month. In addition, in February 2026, we resolved to acquire treasury shares with an upper limit of 5,000,000 shares or an acquisition cost of JPY 5.5 billion, and conducted market purchases. The acquisition was completed with the purchase on June 1, with a total of 4,945,700 shares acquired for JPY 5.5 billion.

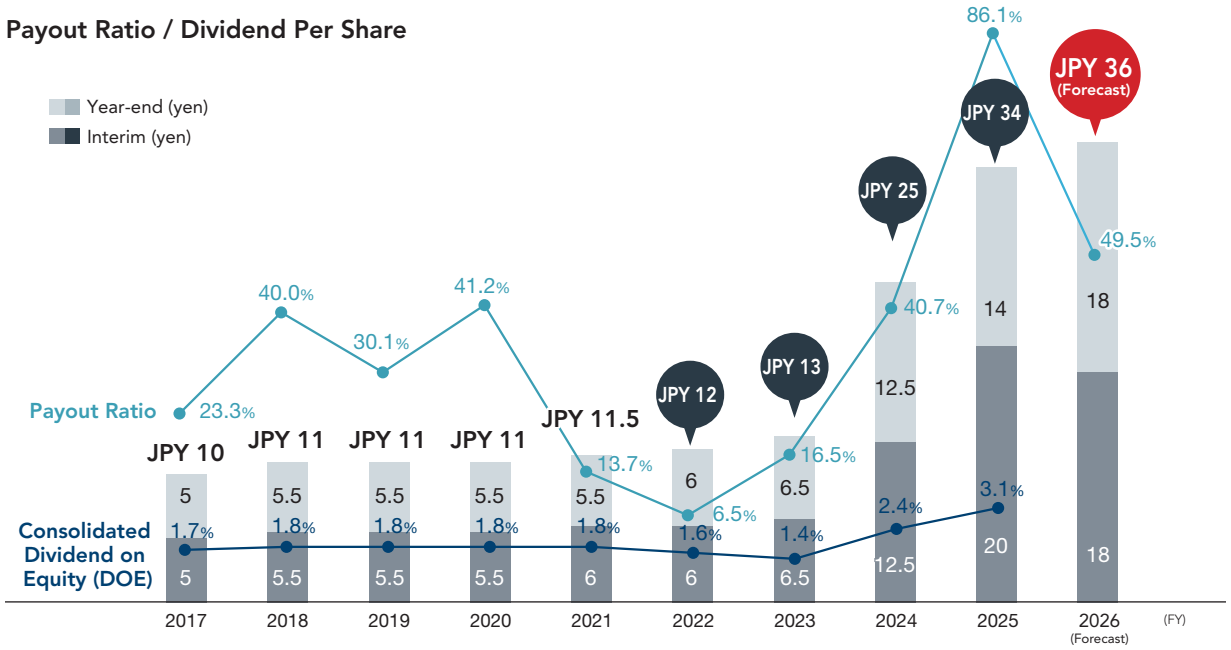
For fiscal 2025, the consolidated payout ratio was 86.1% (40.7% in the previous fiscal year), DOE was 3.1% (2.4% in the previous fiscal year), and the consolidated total payout

Financial and Capital Strategy

ratio was 274.9% (41.4% in the previous fiscal year). These figures are the result of enhancing shareholder return initiatives, despite a decline in profit attributable to owners of parent compared with the previous fiscal year.

We believe that the execution of these proactive shareholder return measures contributed to improving PBR. Going forward, we will continue to provide stable and consistent shareholder returns while maintaining an appropriate balance with investments for sustainable growth, thereby enhancing corporate value.

Payout Ratio / Dividend Per Share



* Figures for fiscal 2023 and earlier have been adjusted to reflect the share consolidation at a ratio of ten shares into one share effective October 1, 2017, and the share split at a ratio of one share into ten shares effective October 1, 2024.

Dialogue with Investors

Japan Pulp & Paper is focusing on enhancing sustainable growth and medium- to long-term corporate value through constructive dialogue with shareholders and investors. The Public & Investor Relations Office works closely with the General Affairs, Management Planning, and Finance departments on this, and valuable feedback and requests received through these dialogues are reported to the Board of Directors as appropriate. In our dialogues with shareholders and investors, we actively utilize the integrated report and other disclosure materials to clearly communicate our management strategies, financial position, and initiatives related to corporate governance and sustainability, among other information.

For institutional investors, in addition to the biannual financial results briefings, we hold individual meetings upon request. Furthermore, we have taken the feedback received through IR activities seriously, including calls for management with an awareness of the cost of capital, and have reflected this feedback in our dividend and capital policies.

For individual investors as well, we consider it essential to clearly explain Japan Pulp & Paper's growth strategy and initiatives to enhance corporate value and to deepen their understanding, and have therefore continued to strengthen our IR activities. In March 2025, we held our first in-person briefing session for individual investors, at which the president gave a presentation. This was followed by a second briefing in February 2026, and in March 2026 we participated in an online company briefing. Furthermore, through initiatives such as publishing briefing videos and launching a dedicated webpage for individual investors, we are working to create an environment where information about Japan Pulp & Paper is more accessible to a wider audience. We also listen closely to feedback from individual investors and incorporate it in our management practices. For example, in response to a request made at the previous year's General Meeting of Shareholders to avoid holding the meeting on the peak date for annual shareholder meetings, we scheduled this year's meeting on a different date.

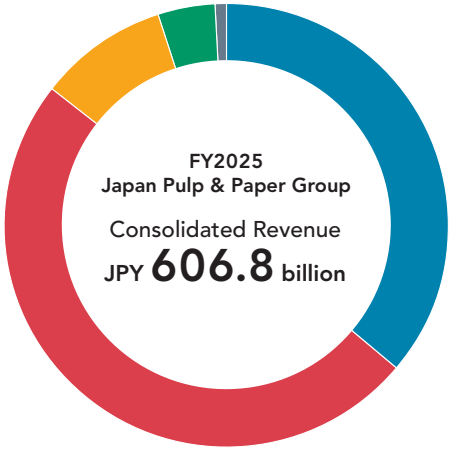
The aim in strengthening IR activities and dialogue is to build a two-way relationship with a broad range of investors, thereby leading to enhanced reputation and credibility in the capital markets, improved share liquidity, the expansion of our investor base, and an appropriate valuation of our corporate value. In fact, we recognize that shareholder return measures and strengthened IR activities contributed to a rise in our share price and the achievement of a PBR above 1.0×, and have linked the results of dialogue initiatives to enhancing corporate value. By continuing to build on this dialogue with shareholders and investors, we will further strengthen the trust of capital market participants and support an appropriate valuation of Japan Pulp & Paper's shares.

Business Overview

The Japan Pulp & Paper Group creates new value by organically linking its sales and manufacturing of paper, paperboard, and household paper with its Japan and non-Japan wholesaling segments, recycling business, renewable-energy-related business, sign & display business, and packaging business.

By combining the procurement capabilities, logistics functions, manufacturing and processing capabilities, and recycling functions of group companies with our extensive global network, we have established a circular value chain spanning raw material procurement, product supply, and the collection and recycling of used products.

Leveraging these cross-business synergies as a driving force for growth, we create both environmental and economic value. At the same time, with "the new power of paper" as a starting point, we will also enhance resource circulation and create new value, thereby contributing to a sustainable society while enhancing corporate value.



Consolidated Subsidiaries	Associated Companies (Equity-Method)
92	6

FY2025 Results by Segment	Main Businesses
[ ]: Composition	
Japan Wholesaling Revenue JPY 193.1 billion [31.8%] Ordinary Profit JPY 5.7 billion	• Paper, paperboard, and related products sales business • Warehousing and transportation businesses • Information service business etc.
Non-Japan Wholesaling Revenue JPY 338.1 billion [55.7%] Ordinary Profit JPY (0.5) billion	• Paper, paperboard, and related products sales business • Sign & display-related business • Packaging-related business etc.
Paper Manufacturing & Processing Revenue JPY 51.4 billion [8.5%] Ordinary Profit JPY 7.3 billion	• Recycled household paper manufacturing business • Containerboard manufacturing business • Printing and communication paper manufacturing business • Containerboard boxes and related products manufacturing business etc.
Raw Materials & Environment Revenue JPY 20.0 billion [3.3%] Ordinary Profit JPY 0.6 billion	• Resource recycling business • Wastepaper, pulp, and other raw materials supply business • Biomass fuel supply business • Comprehensive recycling business • Renewable energy power generation business etc.
Real Estate Leasing Revenue JPY 4.1 billion [0.7%] Ordinary Profit JPY 1.5 billion	• Real estate leasing business



Business Segments

Japan Wholesaling

Number of Consolidated Subsidiaries: 10

Major Group Companies

- JP Household Supply Co., Ltd.
- Gokura Co., Ltd.
- Cosmo Paper Trading Co., Ltd.
- JP Loginet Co., Ltd.
- OVOL ICT Solutions Co., Ltd., etc.



A Dominant Presence in the Industry and the Leading Share of Paper Distribution in Japan

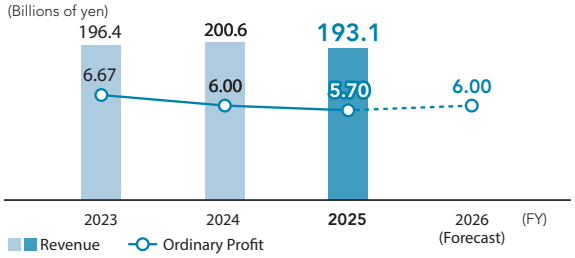
Based on the expertise and trust accumulated over more than 180 years since our founding, we have established Japan's top domestic share in paper and paperboard sales as a distributor for paper manufacturers.
In addition to paper and paperboard, we have expanded the product categories we handle to include high value-added materials, including chemical products such as films, packaging products, and functional materials for electronics-related applications, and currently provide solutions in response to diversifying customer needs.
We also leverage a nationwide logistics network and IT systems specialized for the paper industry to efficiently connect procurement, logistics, and sales, thereby building a sophisticated and stable supply system. As a core function supporting the group's businesses in Japan, we also contribute to creating synergies across a broad range of businesses.



Current Status of Japan Wholesaling Segment

Strengths	• Relationships of trust built with business partners through more than 180 years of business activities • Human resource foundation supporting our position as a leading company in our industry • Ability to make proposals based on advanced specialized knowledge and know-how in the paper business • Distribution network supporting a stable nationwide supply • IT systems specialized for the paper industry
Opportunities	• Creation of new demand by communicating the value and appeal of paper • Expanding demand for products and services that contribute to reducing environmental impact • Changes in demand structure accompanying the transition to a sustainable society
Risks	• Structural decline in demand for paper • Changes in the market environment due to rising raw material and distribution costs • Changes in consumer behavior and customer needs

Revenue/Ordinary Profit



Fiscal 2025 Segment Overview

Revenue	Decreased year on year due to a decrease in paper sales volume caused by shrinking demand, even while paperboard sales volume remained consistent year on year, and sales prices for paper and paperboard remained consistent.
Ordinary Profit	Decreased year on year due to a decline in gross profit and an increase in personnel expenses and logistics costs.

Paper	Sales volume decreased year on year due to a decrease in the circulation and format size of periodicals and catalogs, as well as a decline in demand caused by structural factors such as the ongoing shift toward digitization. Under a marketing policy that prioritizes profit over volume, we pursued price optimization with a focus on profitability, which temporarily drove down our market share.
Paper-board	Sales of containerboard remained consistent year on year backed by demand from inbound tourists, despite the sluggish performance of containerboard for industrial products. Sales of boxboard remained steady for trading card applications as well as pharmaceutical and cosmetic products. As a result, overall sales volume of paperboard remained consistent year on year.
Functional materials	Despite variations in demand for functional materials by region and sector, new orders kept sales volume at a level comparable to the previous fiscal year.

Japan Sales Volume and Revenue (Non-consolidated)

		FY2024	FY2025	Change from the Previous Period	Comparison with the Previous Period
Sales volume (10,000 metric tons)	Paper	87.7	81.0	(6.6)	92.4%
	Paperboard	79.5	80.1	+0.6	100.7%
Revenue (Billions of yen)	Paper	130.21	122.60	(7.62)	94.2%
	Paperboard	35.80	37.04	+1.24	103.5%

* For fiscal 2025, domestic demand* comparison with the previous period: Paper 96.1%, Paperboard 99.1%. Paper and Paperboard total was 97.7%.

* Domestic demand = Manufacturers' domestic shipments + Imports (Source: Japan Paper Association / Japan Paper Importers' Association)

Segment Policy Under OVOL Medium-term Business Plan 2026

Maximize Earnings by Leveraging the Group's Collective Strengths

FY2026 Quantitative Target Segment Ordinary Profit
JPY 7.0 billion

Ordinary Profit Results for FY2025
JPY 5.7 billion

• Differentiate ourselves from competitors and succeed by promoting our capabilities and value throughout the supply chain	➡ Invest in the digital transformation (DX) of the paper industry; invest in logistics reforms and promote awareness of the value of paper
• Expand sales of household paper and high-performance/high-value-added products	➡ Strengthen relationships with suppliers
• Carry out M&As to become the unrivaled No. 1 paper distribution group in Japan	➡ Use M&As and alliances to expand business areas and strengthen the supply chain
• Enhance organizational capabilities and ability to make proposals by promoting human capital investment	➡ Develop human resources well-versed in the 3Cs (Change, Challenge, Create) so that we can propose and implement new functions and services
• Improve productivity and profitability through DX initiatives	➡ Promote both "defensive DX" and "offensive DX"

Enhanced Competitiveness | **Enhanced Profitability** | **Expanded Revenue Scale**

Progress of OVOL Medium-term Business Plan 2026

Promotion of M&As	• Following the 2025 acquisitions of Seibunsha (Hyogo Prefecture) and Nishimura Yoshi, whose business was succeeded by Koyosha (Osaka), Aoi Fukuhara (Hiroshima Prefecture) joined the group in April 2026, further strengthening our sales network in western Japan.
Strengthening alliances	• With the cooperation of customer printing companies, we launched a scheduled shuttle service jointly with two other companies in the industry, with the three companies sharing deliveries. By consolidating transportation volumes and utilizing trailers, we achieved improved loading rates and eliminated waiting times, thereby promoting logistics efficiency and reductions in CO_2 emissions.
Three initiatives to promote awareness of the value of paper	• Please see page 25 for initiatives regarding the nationwide expansion of on-site classes, regular workshops, and the paper study group's activities aimed at spreading the value of paper.
Expansion of sales of household paper and high-performance/high-value-added products	• "Kami Eco® Display Packaging," which enables printing product information and designs on both the inside and outside of packages, received the Packaging Paper & Shopping Bag award at the Japan Packaging Competition 2026. The packaging can display the FSC® certification mark, the Plastic Smart mark, and Recyclability Rank B labeling, and it is also compatible with recycling as recovered paper. • Kami Eco® Craft+α received the Minister of Economy, Trade and Industry Award/JAPAN STAR Award at the Japan Packaging Contest 2026. While retaining the natural texture unique to paper, this highly durable material withstands machine washing and supports a wide range of processing methods, including sewing, printing, and wrinkle processing, enabling both brand expression and sophisticated design.
Promotion of DX	• In January 2026, Japan Pulp & Paper formulated its DX Grand Design, clarifying the six strategies that leverage its strengths, including maximizing human resource potential through AI and strengthening sales capabilities. • Based on the DX Certification Program established by the Ministry of Economy, Trade and Industry, we were certified as a DX-Certified Business as of May 1, 2026.

Group Companies

OVOL ICT Solutions Co., Ltd.

Head Office: Tokyo

Business: Development and sale of systems for paper merchants, integrated logistics systems, and other IT solutions

Realizing Competitive Advantage by Combining Paper Distribution Industry Expertise and IT



Hiroshi Kondo
Representative Director and President

As a member of the Japan Pulp & Paper Group, OVOL ICT Solutions makes the development and operation of ICT systems that support paper and paperboard distribution operations its core business and is responsible for building the digital foundation for the group as a whole. With our strengths in proposing and developing systems in line with the actual operations of Japan Pulp & Paper and companies in Japan's paper distribution industry, we have deep expertise and an extensive track record regarding business processes unique to the paper distribution industry, including order processing, inventory, and logistics management.

In the paper and paperboard market in Japan, demand for digitalization is growing in response to labor shortages and the need for greater operational efficiency. At the same time, the IT environment is undergoing significant transformation, driven by developments such as the adoption of AI, migration to the cloud, and enhanced cybersecurity. We view these changes as growth opportunities and support customers' DX promotion through solutions that integrate IT expertise with a deep understanding of the industry.

The source of our competitive advantage lies in our deep understanding of the paper distribution industry cultivated over many years, our strong collaboration with the Japan Pulp & Paper Group, and a customer network that extends throughout the industry. Our ability to develop proposals that address customers' challenges on the ground is a distinctive strength that sets us apart from other IT vendors.

As we enter the final year of the current medium-term business plan, we will further improve QCD (quality, cost, and delivery) and promote the sophistication of development and operations utilizing AI. In this way, as an ICT partner that supports the growth of group companies and our customers, we will contribute to sustainable growth and the realization of OVOL Vision 2030.

Business Segments

Non-Japan Wholesaling

Number of Consolidated Subsidiaries: 66

Major Group Companies

- Gould Paper Corporation
- Premier Paper Group Limited
- OVOL Papier Deutschland GmbH
- OVOL France, S.A.S.
- Ball & Doggett Group Pty Ltd, etc.



Global, Local and Cross Border Business Rooted in Many Countries and Regions as One of the World's Leading Paper Distribution Companies

Leveraging our know-how of business conducted outside Japan, which we have cultivated since our expansion into Shanghai in 1899, we have developed a global paper distribution business equipped with inventory and delivery functions. Through locally rooted supply structures tailored to the market characteristics and customer needs of each region, we ensure stable product supply around the world. In addition to graphic paper, we are expanding our business areas into high value-added materials such as sign & display, flexible packaging materials, and industrial packaging, thereby promoting the strengthening of our earnings base.
Furthermore, we continue to strengthen our global supply capabilities and competitiveness by enhancing procurement functions and expanding our sourcing network through collaboration with group companies.

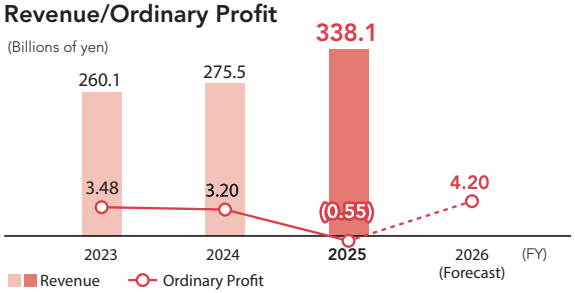


As of March 31, 2026

Current Status of Non-Japan Wholesaling Segment

Strengths	• Strong relationships of trust built with business partners outside Japan over more than 120 years • Global procurement and supply system supported by 76 group companies in Japan and 21 countries and regions outside Japan • Customer responsiveness that leverages locally based inventory, processing, and delivery capabilities • Ability to make proposals based on procurement, supply, and information capabilities that leverage our global network
Opportunities	• Growing demand for high value-added products such as sign & display, flexible packaging materials, and industrial packaging • Growing demand for products and services that contribute to resource circulation and decarbonization • Sustained growth in Asian markets • Increased demand to establish sustainable supply chains
Risks	• Decline in paper demand due to structural issues such as the digitization of information media • Changes in the business environment due to supply-demand imbalances and market fluctuations • Intensifying competition with Chinese and South Korean manufacturers in European and U.S. markets • Impact of geopolitical risks and exchange rate fluctuations on market conditions

Revenue/Ordinary Profit



Fiscal 2025 Segment Overview

Revenue	Increased year on year due to the effects of the strategic M&As implemented in France and Germany in the previous fiscal year, as well as complementary M&As in Oceania.
Ordinary Profit	Recorded an ordinary loss due to such factors as the delayed recovery in performance at the German subsidiaries, lower selling prices resulting from intensified sales competition in key markets, and foreign exchange losses.

Status of Key Markets	Demand for paper and paperboard in the U.S. slightly declined on a full-year basis in FY2025, reflecting a pullback after remaining steady in the first half due to the inventory-loaded demand that occurred ahead of tariffs. Demand continued to trend downward in Europe and Oceania.
Exports From Japan	Sales of paper and paperboard to China and other Asian countries declined year on year due to lower market prices.

Sales Volume by Business Within the Segment

(Unit: 10,000 metric tons)	FY2024	FY2025	Change from the Previous Period	Comparison with the Previous Period
U.S.	62.8	56.2	(6.6)	89.4%
Europe	17.4	43.1	+25.7	247.7%
Oceania	14.4	13.9	(0.5)	96.8%

Note: Sales volumes are simple totals of major subsidiaries.

Segment Policy Under OVOL Medium-term Business Plan 2026

Build a Stable Revenue Structure and Further Diversify Revenue Sources

FY2026 Quantitative Target Segment Ordinary Profit
JPY 8.0 billion

Ordinary Profit Results for FY2025
JPY (0.5) billion

• Continue to invest in logistics infrastructure and information systems in the graphic paper market.	
• Expand sales of high-value-added products such as sign & display-related items, packaging, flexible packaging, and environmentally friendly products.	➡ Expand revenue scale and engage in cross-selling.
• Continue to execute complementary M&As in peripheral business areas.	➡ Combine existing merchant functions with the value chains of peripheral products to diversify revenue sources and expand capabilities.
• Improve organizational strength and productivity by promoting investment in human capital.	➡ Implement training programs, secure/develop human resources with specialist knowledge.

Enhanced Competitiveness | **Enhanced Profitability** | **Expanded Revenue Scale**

Progress of OVOL Medium-term Business Plan 2026

Although the M&As in Germany are taking longer to contribute to earnings due to changes in the business environment, we are committed to pursuing strategic M&As as a key initiative for realizing OVOL Vision 2030.
Sales of adjacent materials acquired through complementary M&As in Europe and Oceania are expanding steadily, further strengthening our business foundation.

Investment (Strategic M&As)

Current status of deals implemented in 2024

Germany: OVOL Papier Deutschland, OVOL Packaging, OVOL ComPlott
- Although the recovery of sales revenue has struggled more than expected due to impacts such as customer attrition, decreased demand, and price declines, the loss is expected to narrow in the current fiscal year due to business structure reforms and a recovery in sales revenue.

France: OVOL France
- In addition to paper and paperboard sales, the company engages in sign & display-related businesses.
- Has contributed to consolidated results since joining the group. We expect it to continue contributing to performance in the current fiscal year as well.

Portugal: OVOL Shared Center (Non-consolidated)
- Provides shared services business within the European group. We expect it to further generate synergies going forward, through initiatives such as supporting ERP implementation at certain group companies.

Investment (Complementary M&As)

- Continued execution of complementary M&As to expand our business domains and increase our share in each market
- Increased earnings through expanded sales of high value-added products and strengthened logistics functions

Deals implemented in 2024

Sign & Display Business
- CAS Technology (Singapore)
- Sign Essentials (Australia)

Flexible Packaging Materials Business
- Caspak Products (Australia)
- Pacrite Industries (New Zealand)

Deals implemented in 2025

Flexible Packaging Materials Business
- Impak Films (Australia)
- Impak Films New Zealand (New Zealand)
- Impak Films US (U.S.)

Sign & Display Business
- Carter Consolidated (New Zealand)

Deals implemented in 2026

Development of logistics software / contract sales of systems / contract transportation services: January
- Shippers Resource Center (U.S.)

Sign & Display Business: March
- PPB (U.K.)

Packaging Business: April
- Transpack (U.K.)

Divestment (Transfers and Disposals, etc.)

Deals implemented in 2024

Wastepaper Recycling Business
- JRS Resources (U.S.)

Business suspended due to decreased sales volume to Chinese containerboard manufacturers.

Nut Harvesting Machinery Manufacturing Business
- Weiss McNair (U.S.)

Sold as part of the restructuring of non-core, unprofitable businesses.

Deals implemented in 2025

Wastepaper Recycling Business
- OVOL Fiber Europe (Netherlands)

Sold as part of the restructuring of unprofitable businesses.

Group Companies

Premier Paper Group Limited

Head Office: U.K./Birmingham
Business: Paper wholesaling business

Driving Sustainable Growth Through Market Diversification and Operational Excellence



Michael Beever
CEO

Premier Paper Group (“PPG”) is a leading distributor of paper, board, packaging and sign and display materials across the UK and Ireland. Leveraging an extensive sales and distribution network, the group combines national scale with local presence to deliver comprehensive market coverage and a differentiated customer proposition.

PPG operates in a market that continues to diversify beyond traditional print, with growing demand for applications across packaging and sign and display. Customers are increasingly seeking technical expertise, broader product portfolios and enriched services that support expansion into adjacent markets. PPG continues to commit strategic investments into both categories, strengthening product depth through close manufacturer partnerships, holistic innovation and complementary M&A activity.

Central to PPG’s offer is an integrated supply network spanning a dedicated vehicle fleet, including purpose-built vehicles for sign and display materials, conversion services and next-day delivery. The recent acquisitions of PPB and Transpack have further strengthened this foundation, building on the group’s existing presence in the sign and display and packaging markets.

Looking ahead, PPG will accelerate market penetration by realising synergies across these newly acquired businesses, further enhancing the value it delivers to customers. By responding proactively to evolving market needs, the group remains committed to achieving sustainable, profitable growth and increasing corporate value.

Business Segments

Paper Manufacturing & Processing

Number of Consolidated Subsidiaries: 10
(of which 1 is outside Japan)

Main Businesses

- Recycled household paper business
- Containerboard business

Major Group Companies

- Corelex Group
- Eco Paper JP Co., Ltd.
- Taiho Paper Co., Ltd.
- Showa Packaging Industry Co., Ltd.
- Misuzushigyo Co., Ltd., etc.



Optimizing the Group's Supply Chain (Raw Material Procurement → Manufacturing → Sales)

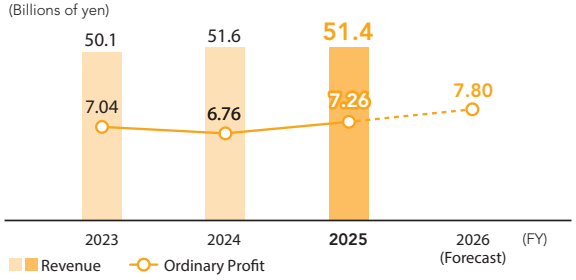
Through the manufacture of recycled household paper products, containerboard, corrugated packaging, and other products made from recovered paper, we contribute to the effective utilization of resources and the realization of a circular economy.
In the recycled household paper business, the Corelex Group, which holds a significant share of Japan's recycled toilet paper market, plays a central role in establishing a stable supply system for high-quality products, leveraging its unique technological and product development capabilities as key strengths.
In the containerboard business, we operate our paper manufacturing business, which produces containerboard, and our processing business, which manufactures corrugated packaging and other products, in an integrated manner, providing comprehensive packaging solutions tailored to customer needs.
In addition, by optimizing the supply chain within the group, from raw material procurement through to manufacturing and sales, we achieve both improved production efficiency and reduced CO_2 emissions. Furthermore, through collaboration with the recycling business, we promote the advancement of resource circulation, thereby enhancing environmental value and competitiveness.



Current Status of Paper Manufacturing & Processing Segment

Strengths	• An integrated group supply chain encompassing everything from wastepaper recycling to the manufacture and wholesale of household paper and containerboard. • Employing difficult-to-recycle wastepaper processing technology from the Corelex Group We have established proprietary technology for removing contaminants from recovered paper that is difficult to recycle and converting the recovered paper into new paper products. This technology enables both cost-effective and stable raw material procurement, giving us a competitive advantage.
Opportunities	• Increased demand for wastepaper processing and recycling amid growing environmental awareness • Growing demand for products that serve as plastic alternatives and contribute to resource circulation • Expanding market opportunities accompanying the transition to a decarbonized society
Risks	• Decrease in the availability of wastepaper and market fluctuations due to decline in paper demand • Rising manufacturing costs due to sharp price increases in raw materials and fuel

Revenue/Ordinary Profit



Fiscal 2025 Segment Overview

Revenue	In the containerboard & corrugated boxboard business, sales volume remained consistent year on year in the containerboard business and slightly increased year on year in the processing business. While sales prices remain consistent for both businesses, revenue declined year on year. On the other hand, the recycled household paper business saw a year-on-year increase in revenue, mainly due to the impact of ongoing price revisions, keeping the segment overall in line with the previous period.
Ordinary Profit	Increased year on year due to higher unit sales prices in the recycled household paper business, despite higher manufacturing costs, including labor, fuel, and auxiliary material costs.

Containerboard & Corrugated Boxboard Business	Sales volume remained consistent year on year in the containerboard business and slightly increased year on year in the processing business. Sales prices remained consistent year on year for both businesses.
Recycled Household Paper Business	Sales amount increased year on year mainly due to the penetration of ongoing price revisions.

Sales Volume by Business Within the Segment

	FY2024	FY2025	Change from the Previous Period	Comparison with the Previous Period
Containerboard business sales volume (10,000 metric tons)	22.7	**22.7**	0.0	99.9%
Corrugated boxboard processing business sales volume (10,000 m^2)	16,195	**16,516**	+320.5	102.0%
Recycled household paper business production volume (10,000 metric tons)	11.3	**11.3**	0.0	100.1%

In fiscal 2025, demand for corrugated containers in Japan was 99.7% year on year, while demand for household paper products, such as toilet paper, in Japan increased slightly to 102.2% year on year.
Demand for corrugated containers in Japan = consumption (input to the next process) + shipments (Japan Corrugated Case Association)
Demand for household paper products in Japan = shipments + imports (Nihon Kateishi Kougyokai [Japan Household Paper Manufacturers Association] and Ministry of Finance trade statistics)

Segment Policy Under OVOL Medium-term Business Plan 2026

Proactive Efforts to Conserve the Global Environment and Build a Stable Revenue Base

FY2026 Quantitative Target Segment Ordinary Profit
JPY 7.5 billion

Ordinary Profit Results for FY2025
JPY 7.3 billion

• Realize operation and sales at full capacity in the containerboard business	➡ Expand revenue scale and establish a procurement and facility management system that enables operation at full capacity
• Improve brand strength and expand sales in the recycled household paper business	➡ Reinforce procurement network through alliances, implement a branding strategy (advertising, events, etc.), and develop new products
• Reduce CO_2 emissions, conserve energy, and improve efficiency through DX utilization	➡ Introduce equipment with less environmental impact and reform business operations with DX
• Secure talent for business continuity with human capital investment	➡ Develop and secure management personnel in the manufacturing segment with knowledge of manufacturing

Enhanced Competitiveness | **Enhanced Profitability** | **Expanded Revenue Scale**

Progress of OVOL Medium-term Business Plan 2026

Expansion of revenue scale through promotion of M&As and alliances	• In 2025, with the aim of improving brand strength and expanding sales in the household paper business, as well as expanding our procurement network through alliances, we acquired 20% of the issued shares of Masukoh Paper (Shizuoka).
Improvement of production efficiency driven by DX	• Introduced a distributed control system (DCS) at Corelex San-Ei's Tokyo Mill for remotely controlling manufacturing processes in each department within the factory and automating manufacturing processes to improve production efficiency.
Implementation of branding strategy	• At Expo 2025 Osaka, Kansai, Japan, Corelex Shin-Ei collected paper waste generated within the venue and used it to manufacture toilet paper. By using the recycled toilet paper in part of the venue, we realized our resource circulation initiative.

Group Companies

Taiho Paper Co., Ltd.

Head Office: Gifu
Business: Production and sales of containerboard

Evolving Containerboard Manufacturing for the Decarbonization Era



Kenichi Kudo
Representative Director and President

Taiho Paper contributes to the realization of a circular economy through the manufacture of containerboard (corrugating medium and inner linerboard) using 100% recovered paper as a raw material. Our greatest strength lies in our production system that has an extremely low environmental impact. We utilize steam and electricity generated by a woody biomass boiler operated by our subsidiary, Kawabe Biomass Power Generation, together with electricity generated from hydropower, enabling us to operate our production processes using almost 100% renewable energy.

As a result, in fiscal 2024, our overall greenhouse gas emission intensity was reduced by 96.8% compared to fiscal 2021, achieving one of the highest levels of environmental performance in Japan's paper manufacturing industry. As the importance of decarbonizing operations grows, our products offer significant added value by helping customers reduce their Scope 3 emissions and carbon footprints (CFPs).

We expect that future expansion of emissions trading schemes and progress on emissions disclosure across entire supply chains will drive growing demand for low-carbon products. We will leverage this environmental advantage as a competitive strength and enhance our ability to visualize and communicate the environmental value of our products. Through these initiatives, we aim to create new demand and improve profitability, leading to sustainable profit growth and the realization of OVOL Vision 2030.

Business Segments

Raw Materials & Environment

Number of Consolidated Subsidiaries: 6
(of which 2 are outside Japan)

Main Businesses

- Wastepaper recycling business
- Comprehensive recycling business
- Renewable energy business

Major Group Companies

- Fukuda Sansho Inc.
- Eco-Port Kyushu Co., Ltd.
- Noda Bio Power JP Co., Ltd.
- OVOL New Energy Sdn. Bhd., etc.



Initiatives to Regenerate and Recycle Resources to Promote a Circular Economy

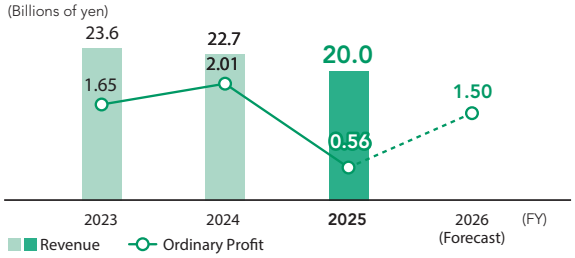
We have been working on the recycling of wastepaper since the 1970s and have contributed to the creation of a circular economy for many years. Currently, with Fukuda Sansho serving as the core operating company, we have established a wastepaper collection network and built a business foundation that supports the paper manufacturing industry and resource circulation through the stable supply of raw materials to paper manufacturers in Japan.
In addition, building on this foundation, we have expanded our business areas into waste plastics recycling and renewable energy power generation businesses, promoting the advancement of resource circulation and the creation of new value. Furthermore, by developing businesses encompassing collection, recycling, and energy utilization, we are contributing to the realization of a circular economy and the transition to a decarbonized society while strengthening our sustainable business foundation.



Current Status of Raw Materials & Environment Segment

Strengths	• Stable supply system for high-quality recovered paper used as a raw material by domestic Japanese paper manufacturers • Comprehensive recycling business utilizing wastepaper, plastic waste, and wood-based waste • Integrated business foundation spanning everything from the supply of woody biomass fuel through power generation • Development of the pulp business in collaboration with our original paper business
Opportunities	• Growing societal demand for resource circulation and decarbonization
Risks	• Change in the procurement environment due to a decrease in wastepaper generation • Rising prices for woody biomass fuel and raw materials • Supply-demand fluctuations in resource and energy markets

Revenue/Ordinary Profit



Fiscal 2025 Segment Overview

Revenue	Decreased year on year, significantly impacted by lower sales volume of recovered paper, as well as lower unit sales prices and sales volume of woody biomass fuel.
Ordinary Profit	Decreased year on year due to deteriorated profitability in the woody biomass generation business and the recognition of losses associated with the impairment of non-current assets at an equity-method affiliate.

Recovered Paper	Sales amount decreased year on year due to lower volume of wastepaper generation resulting from decreased demand for paper and paperboard, the transfer of three business sites in Japan, and a decline in the wastepaper export business in the U.S.
Pulp	Sales amount decreased year on year both inside and outside of Japan.
Comprehensive Recycling Business	Sales value increased year on year due to an increased processing volume.
Renewable Energy Business	Sales amounts in the solar and woody biomass power generation businesses remained consistent year on year. Profitability improved in the second half of the fiscal year for woody biomass fuel, but both sales volume and amount declined on a full-year basis compared with the previous fiscal year.

Revenue by Business within the Segment (Non-consolidated)

(Unit: Billions of yen)	FY2024	FY2025	Change from the Previous Period	Comparison with the Previous Period
Japan Pulp & Paper	8.85	7.60	(1.24)	86.0%
Wastepaper Recycling Business	8.79	7.66	(1.13)	87.1%
Renewable Energy Business	5.01	4.78	(0.23)	95.4%

Segment Policy Under OVOL Medium-term Business Plan 2026

Contribute to a Sustainable Society and the Future of the Earth Through a Circular Business Model

FY2026 Quantitative Target Segment Ordinary Profit
JPY 2.0 billion

Ordinary Profit Results for FY2025
JPY 0.6 billion

• Maximize existing businesses and enter new areas by strengthening cooperation with business partners.	➡ Develop new products in the fuel business and cultivate new suppliers and customers in the pulp business.
• Expand business scale with new investments.	➡ Plan the construction of a second factory at Eco-Port Kyushu and consider a third yard for the PKS business.
• Expand revenue through information sharing and mutual collaboration among group companies.	➡ Revenue opportunities and realization of group synergy
• Secure talent with diverse expertise through human capital investment.	➡ Develop and secure human resources at each operating company who are knowledgeable about operations and facilities.

Enhanced Competitiveness | **Enhanced Profitability** | **Expanded Revenue Scale**

Progress of OVOL Medium-term Business Plan 2026

Creation of income opportunities from promotion of a circular economy	• Building a circular supply chain within the group that connects wastepaper collection and recycling with paper manufacturing and product supply. Enhancing the stability and competitiveness of raw material procurement through more sophisticated resource circulation and promote the creation of new earnings opportunities.
Expansion of business scale through investment	• Promoting investment in the fields of resource circulation and renewable energy, including plastic recycling and biomass power generation fuel, in order to expand the business portfolio and strengthen the earnings base. • Established a third yard for the PKS business in Malaysia, which commenced operations in July 2026.

Group Companies

Fukuda Sansho Inc.

Fukuda Sansho Inc.

Head Office: Aichi

Business: Comprehensive paper recycling services, including wastepaper collection and confidential document disposal; recycled resin recycling

Driving Resource Circulation through the Wastepaper Recycling Business



Seiji Fujisawa
Representative Director and President

Since its founding in 1936, Fukuda Sansho has been contributing to the realization of a circular economy through its wastepaper recycling business for around 90 years. With a network spanning 20 sites nationwide and its expertise in collection, sorting, and supply cultivated over many years as strengths, we help drive the Japan Pulp & Paper Group's wastepaper recycling business.

In recent years, while the importance of waste reduction and resource circulation has increased both in Japan and across the globe, demand for paper and paperboard has been changing due to factors such as ongoing digitization, resulting in a declining supply of recovered paper. Despite these conditions, by maintaining and strengthening our resource collection structure and providing a stable supply of high-quality recovered paper to paper manufacturers both in Japan and throughout the world, we fulfill an important role in supporting a circular economy.

Our competitive advantage lies in our nationwide collection network centered on the Tokai region of Japan, a customer base built over many years, and operations that have been made highly efficient. By optimizing the entire process from collection and sorting through to supply in an integrated manner, we achieve high productivity and a stable supply.

In addition, interest in closed-loop recycling, in which used paper is circulated back into the same products, has been growing in recent years. By strengthening collaboration with group companies and providing high value-added circular solutions, we will help customers address their environmental challenges and contribute to sustainable growth, thereby contributing to the realization of OVOL Vision 2030.

Business Segments

Real Estate Leasing



Utilization of Community-Based Real Estate

By effectively utilizing real estate in prime locations in Tokyo, Osaka, Kyoto, and other areas that had been acquired and held as bases for our original paper wholesale business, we have developed a real estate leasing business encompassing office buildings, rental housing, and hotels.
We have established a stable earnings base by promoting the development and operation of properties tailored to regional characteristics and market needs, while maximizing the value of the assets we hold.
In addition, through effective utilization of real estate, we enhance the value of the group's assets and create a stable cash flow, functioning as a business foundation that supports the sustainable growth of the group as a whole.

Main Rental Properties

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

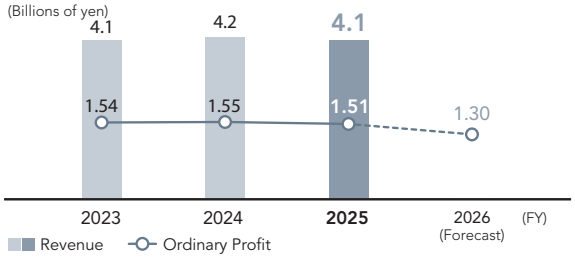

Nihombashi Nichigin-Dori Building


OVOL Nihonbashi Building


OVOL Kyoto Ekimae Building

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 diverse needs of companies
Opportunities	• Improvement in economic trends and real estate market conditions
Risks	• Fluctuations due to economic trends and real estate market conditions • Decrease in office demand and in rent levels due to changes in work styles • Major repairs of aged buildings

Revenue/Ordinary Profit



Fiscal 2025 Segment Overview

Revenue	Decreased year on year due to the departure of certain tenants.
Ordinary Profit	Decreased year on year due to an increase in property management and other expenses.

Segment Policy Under OVOL Medium-term Business Plan 2026

Continue to Earn Stable Income from Real Estate Holdings and Optimize Our Real Estate Portfolio

FY2026 Quantitative Target Segment Ordinary Profit
JPY 1.5 billion

FY2025 Results Ordinary Profit
JPY 1.5 billion

- Properly manage and maximize the value of key properties.
- Formulate and implement redevelopment plans for older properties.
- Optimize the real estate portfolio through selection and concentration.

Highlights

Highlight 1

Driving Sustainability in the UK Paper Distribution Industry Through PPG's Initiatives

Carbon Capture® is an innovative environmental contribution program developed by Premier Paper Group (hereinafter "PPG"), a major U.K. paper, paperboard, and packaging materials company that is a consolidated subsidiary of Japan Pulp & Paper. Under this program, greenhouse gas (hereinafter "GHG") emissions generated during the manufacturing and distribution of paper products are offset through donations to the U.K. forest conservation charity Woodland Trust. Donations are made based on customers' paper purchase volumes and are used directly to support tree planting and woodland restoration activities. Under the UK Woodland Carbon Code, a UK government-endorsed scheme, these efforts ensure measurable, long-term GHG emission reductions. Through this program, customers can accurately measure and effectively offset the GHG emissions associated with the manufacture and distribution of the products from PPG that they purchase, making environmental impact reduction both visible and actionable.

Since its launch in 2011, more than 600 companies have participated, steadily building a strong track record. By the end of 2025, total donations surpassed GBP 2.37 million, enabling the planting of approximately 570,000 trees, which are expected to absorb an estimated 132,000 metric tons of GHG over their growth cycle. Going forward, PPG plans to promote the digitalization of the program by automating related processes and developing a dedicated portal site, with the aim of enhancing convenience and transparency.

In addition to the Carbon Capture® initiative, PPG is working to enhance its overall business operations, including human rights and sustainable procurement, through the ESG assessment process of EcoVadis, an internationally recognized rating agency, with the aim of building long-term trust. PPG also plans to further reduce its own GHG emissions by introducing solar power generation systems at key sites and installing EV charging infrastructure.

The Japan Pulp & Paper Group promotes group-wide initiatives such as calculating GHG emissions, human rights education, and sustainable procurement through its cross-group OVOL Sustainability Promotion Meetings and OVOL Environment & Safety Meetings, as well as by sharing and communicating achievements and expertise. PPG's initiatives are also introduced and shared across the group under this framework, serving as a leading example of successfully integrating business activities and sustainability.

Highlight 2

Generating New Demand for Paper by Offering Unique Paperization Solutions

As the global trend toward reducing and eliminating plastic accelerates, reassessing the materials used in packaging, logistics, and everyday products has become an urgent issue for many companies. In response to these challenges, Japan Pulp & Paper's Paperization Business Group proposes solutions for reducing and eliminating plastics by switching to paper-based materials. For customers whose needs have yet to take concrete shape, such as those wondering where to begin when it comes to switching to paper, or how to balance environmental considerations with cost and functionality, the Paperization Business Group leverages our company's expertise and networks cultivated over many years as a paper trading company to provide proposals specializing in paperization. As a result, we have established a unique position that differentiates us from other companies.

In addition to disseminating information through the service site Paper & Green, the Paperization Business Group works to expand opportunities to connect with prospective customers by exhibiting at trade shows across diverse fields such as food, apparel, logistics, and agriculture. Furthermore, it is strengthening collaboration with partners inside and outside of the company, including manufacturers, processors, and companies in other industries, and jointly developing solutions to challenges that are difficult to solve independently.

Going forward, the Paperization Business Group intends to take on new challenges in agricultural materials and industrial packaging, as well as business areas utilizing new functional paper materials, thereby using paperization as an opportunity for new value creation and to further expand the possibilities of paper.

At the same time, challenges remain, including improving paper performance and processing technologies and optimizing costs. To address these issues, the Paperization Business Group will further deepen cooperation with material development and processing partners and work on enhancing paperization solutions that achieve both reduced environmental impact as well as business sustainability.

Value creation through paperization proposals	Discovering and redefining the potential of paper to expand its areas of application.	Enhancing product value through new ideas and proposals.	Developing new markets through collaboration both within and beyond the group.	Providing high-value-added products that combine environmental considerations with design appeal.

Awards Received

2024	Kami Eco® Kami-Air	Highest JAPAN STAR award, the Minister of Economy, Trade and Industry Award, at the 2024 Japan Packaging Contest
2025	Kami Eco® Kami-Air	AsiaStar Contest 2024 Eco Package Category AsiaStar Award
	Kami Eco® Coffee Pack	NEW PRODUCTS AWARD, Sustainable Product Award
2026	Kami Eco® Display Packaging	Packaging Paper & Shopping Bag Award at the 65th Japan Packaging Competition in 2026
	Kami Eco® Craft+α	Highest JAPAN STAR award, the Minister of Economy, Trade and Industry Award, at the 2026 Japan Packaging Contest



Kami Eco® Coffee Pack



Kami Eco® Craft+α

Notable Products

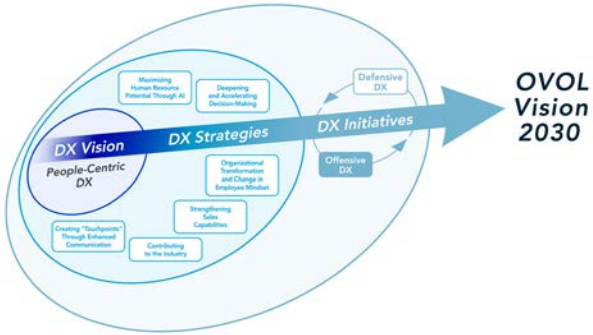
Kami Eco® Craft+α	While retaining the natural texture unique to paper, this highly durable material withstands machine washing and supports a wide range of processing methods, including sewing, printing, and wrinkle processing, enabling brand expression that also achieves sophisticated design.
Kami Eco® Coffee Pack	A barrier coating applied to the paper surface provides barrier properties comparable to packaging that uses aluminum-metallized film, enabling paperization and reduced plastic use.
Advantage StretchWrap	This is shrink-wrapping paper that serves as an alternative to plastic stretch film and is used for applications such as cargo packaging. It has high stretchability and strength, enabling packaging of irregular shapes and reducing the occurrence of tearing due to vibrations during transportation.

Paper & Green: Creating the Future with Paper
https://www.paperandgreen.com/

Digital Transformation (DX) at Japan Pulp & Paper

Formulating Our DX Grand Design

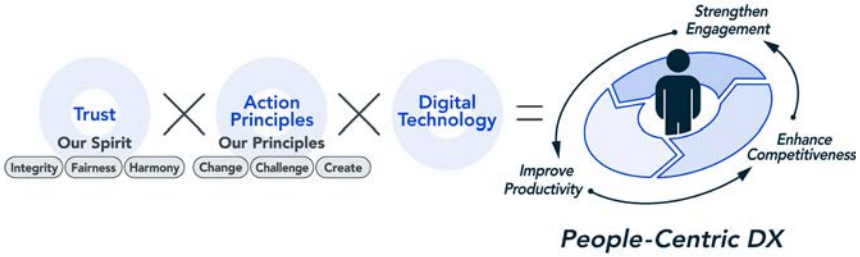
DX Grand Design Overview



Japan Pulp & Paper has positioned DX as one of its key approaches for realizing OVOL Vision 2030. In order to clarify the direction of DX and establish a roadmap for the future, as well as share and advance this information among all executives and employees, we formulated the “DX Grand Design” in January 2026. The DX Grand Design was formulated by assessing our current situation through interviews with management and a company-wide business process review survey, as well as by incorporating insights from external experts, in order to analyze our strengths and challenges. This design translates priority issues that the group should address at each company into concrete strategies, transcending the boundaries of sales and administrative divisions. It consists of three layers: DX Vision, DX Strategies, and DX Initiatives. The DX Grand Design serves as a guideline for promoting business transformation and operational reform through the use of digital technologies toward achieving the quantitative targets set forth in OVOL Vision 2030 and realizing the three future aspirations pursued by the group, which will enable us to rebuild corporate competitiveness. Going forward, our DX Grand Design will support the group's sustainable growth and new value creation.

DX Vision

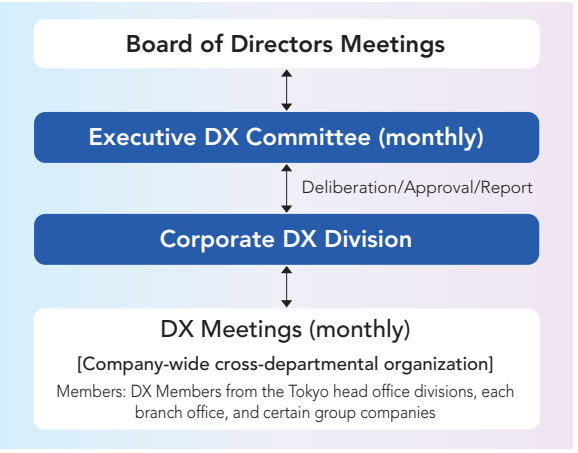
At the heart of the DX Grand Design promoted by Japan Pulp & Paper is the concept of “people-centric DX.” Our group’s executives and employees have consistently developed our business operations based on the trust cultivated by Our Corporate Spirit and by putting Our Principles into practice. Therefore, the DX we envision goes beyond simple digitalization and efficiency improvements, aiming instead to utilize digital technology in order to maximize the potential of our people and translate that potential into new value creation. By combining digital technologies with processes in which our people take the initiative, we will enhance competitiveness in ways that extend beyond productivity improvements alone. In addition, through operational reform and business transformation, we will foster the growth and greater engagement of each executive and employee while further strengthening our connections with all stakeholders, including customers, business partners, and local communities. By creating a virtuous cycle of improved productivity, enhanced competitiveness, and strengthened engagement, and by establishing an environment in which our people can thrive, we will achieve sustainable growth for the group.



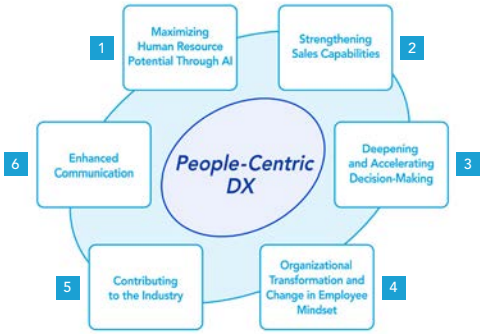
Promotion Framework

Japan Pulp & Paper regards the promotion of DX as an important management priority and has established a company-wide framework to advance initiatives across organizational boundaries. In April 2026, the Corporate DX Division was increased from 13 to 20 members, further strengthening our DX promotion framework. The Corporate DX Division consists of two core functions working in tandem: “DX Promotion,” which promotes the use of advanced digital technologies and data and supports transformation in both sales and administrative operations, and “IT Operations Management,” which is responsible for the operation of IT systems and digital tools, strengthening information security, and establishing governance frameworks. In addition, we established the Executive DX Committee, chaired by the president, in order to enable prompt and appropriate decision-making on important matters related to DX. We also established the DX Meetings, a cross-company organization that promotes initiatives from a company-wide optimization perspective and works to motivate every executive and employee to take ownership of DX and exercise initiative.

Going forward, led by the Corporate DX Division, we will further strengthen collaboration between each business division and accelerate business transformation and operational reform through the use of digital technologies and data, thereby enhancing corporate value.



DX Strategies



In order to realize OVOL Vision 2030, we formulated six DX strategies that leverage Japan Pulp & Paper's strengths, guided by our DX Vision of "people-centric DX" as our fundamental value.

1 Maximizing Human Resource Potential Through AI Utilization

We actively promote the use of AI, enabling us to focus on what only humans can do. This approach draws out the maximum potential of our greatest strength: our people.

2 Strengthening Sales Capabilities

In order to strengthen sales capabilities, we drive innovation in sales and logistics. By actively applying digital technologies, we build a robust support structure that enhances our ability to serve customers and advance the sophistication of our supply chain.

3 Deepening and Accelerating Data-Driven Decision-Making

We promote the integration of internal and external databases, using the insights gained from analyzing the visualized data to deepen and accelerate decision-making in both management and business operations.

4 Supporting DX Through Organizational Transformation and Change in Employee Mindset

By supporting the use of advanced technologies such as AI and providing DX-related educational and training opportunities, we develop human resources with digital knowledge and build a framework that enables the autonomous promotion of DX, thereby driving our organization's transformation to bring out the maximum potential of its people.

5 Contributing to the Industry

As a leading company in the paper distribution industry, we provide functions as a platform provider that support the entire industry and contribute to its development. To achieve this, we are further strengthening digital governance while fulfilling our social responsibilities.

6 Creating "Touchpoints" Through Enhanced Communication

By streamlining operations through the leveraging of digital technologies, we create an environment in which executives and employees can use the time saved to focus on higher-value-added activities, such as developing new customers and strengthening communication with stakeholders.

Securing Digital Talent

In the digital field, securing personnel with advanced expertise is essential. When establishing the DX Division in fiscal 2025, we hired specialized personnel through mid-career recruitment and also welcomed personnel from IT-related group companies. In addition, beyond recruiting specialists, we have begun to explore the design of a system in which contributions to DX promotion are reflected in performance evaluations.

The self-sustaining DX promotion that we aim for requires not only securing specialized talent but also improving the digital literacy of executives and employees. Following similar efforts in 2025, we plan to hold another seminar for all executives and employees this fiscal year featuring an external lecturer. We are also providing learning opportunities that respond to needs on the ground, including access to the online training service "Udemy Business."

Performance Indicators

In order to realize the three future aspirations set out in OVOL Vision 2030 and achieve consolidated ordinary profit of JPY 25.0 billion, the group is advancing business transformation and operational reform through the use of digital technologies. Under the DX Grand Design, we are translating our DX strategy into specific policies, while at the same time developing performance indicators to objectively assess the progress and outcomes of each initiative. One example focuses on the proportion of routine administrative tasks within the operational structure, identified through the workload survey conducted in fiscal 2024. We aim to reduce the proportion of these tasks by eight percentage points by fiscal 2026 and 15 percentage points by fiscal 2030. This initiative goes beyond merely improving operational efficiency. By reallocating the time freed up through the reduction of routine administrative tasks to higher-value-added operations such as decision-making, proposal development, and innovation, we aim to transform our operations into people-centric, value creating business processes. In doing so, we will create an environment in which each executive and employee can devote more time to the work that truly matters, thereby achieving both improved productivity and enhanced competitiveness.

Looking ahead, through advancing the digitalization and visualization of data from the group's diverse business activities, we will establish new indicators in order to measure not only operational efficiency but also contributions to enhanced corporate value and business growth. Sharing these performance indicators across the group will foster a common understanding of the objectives of DX and what we aspire to achieve while also enabling us to steadily implement initiatives with clearly defined targets.

Obtaining DX Certification

In recognition of our comprehensive efforts to establish a framework and implement initiatives to sustainably promote DX, including the formulation of the DX Grand Design, Japan Pulp & Paper was certified as a "DX Certified Business" on May 1, 2026, under the DX Certification Program established by the Ministry of Economy, Trade and Industry. The DX Certification Program evaluates whether companies have established the frameworks and systems necessary to advance DX toward the realization of their management vision. Certification is valid for two years.

Going forward, through the use of digital technologies and data, we will accelerate business transformation and operational reform with the aim of enhancing corporate competitiveness and realizing sustainable corporate value creation.

Digital Transformation Certification

Digital Transformation (DX) at Japan Pulp & Paper

DX Measures

To steadily promote the six DX strategies, we have established multiple initiatives linked to each strategy. Because these measures are closely related to our management strategy, we are refraining from uniformly disclosing them at this time. However, we position them as important initiatives toward realizing OVOL Vision 2030. We have organized each initiative based on two perspectives——"offensive DX" and "defensive DX"—and have formulated an execution roadmap through fiscal 2030. With respect to progress, we provide monthly reporting to the Executive DX Committee chaired by the president, enabling prompt decision-making as necessary and leading to the steady advancement of each initiative. We believe that defensive DX supports offensive DX and leads to new value creation. As we continue to pursue both more advanced business processes and value creation, we will also steadily implement initiatives based on our plan, and going forward, we will disclose these initiatives in a timely manner as appropriate.

Initiatives-1

Building mechanisms for lasting transformation

As an initiative that underpins our entire DX strategy, we are developing mechanisms to redesign communication infrastructure and enhance data utilization, starting at Japan Pulp & Paper. We believe that DX cannot be achieved simply by introducing systems and tools. Rather, it is essential for each executive and employee to positively embrace change and take initiative in using these resources. We are therefore also working to foster understanding of and engagement with our DX initiatives through posters, leaflets, and other communication tools. The redesigned communication infrastructure is scheduled for implementation during fiscal 2026. Through this infrastructure, we will strengthen connections between people, both within and beyond our company, and create an environment in which knowledge and information are more organically linked. We are also expanding the use of generative AI in the form of a dedicated ChatGPT environment for Japan Pulp & Paper, which was introduced in fiscal 2024 as one of the means of accelerating new value creation. The number of users increased from 299 in the previous fiscal year to 534*, and an analysis of usage patterns confirms that tangible results have been achieved.

Furthermore, during fiscal 2026, we plan to deploy advanced AI tools, including AI agents, to all executives and employees. By structuring and enhancing the knowledge, expertise, and ideas accumulated on the ground and promoting their use in business operations and decision-making, we aim to maximize the potential of our people and transform our business processes, leading to greater value for our customers. In addition, in order to promote the use of AI in a manner that balances safety and security with productivity, we will establish an AI governance framework and build a foundation for its sustainable use.

The outcomes of DX can only be maximized when all executives and employees take personal ownership of DX and exercise initiative. Accordingly, in March 2026, we held a DX Grand Design briefing at which the president personally presented the objectives of DX and what we aspire to achieve directly to all executives and employees. We have also been conducting face-to-face opinion exchanges between the Corporate DX Division and individual business divisions, providing opportunities to share their particular challenges and expectations. A strong commitment from management, along with a framework in which our business divisions and the Corporate DX Division work together as one to advance DX, is a key feature of our approach to DX, and serves as a driving force for integrating lasting transformation throughout the organization.

*As of June 1, 2026

Initiatives-2

Strengthening security and governance that support DX

In order to promote DX while ensuring the safety and continuity of business operations, Japan Pulp & Paper is working to strengthen IT security measures and advance IT governance and AI governance.

Specifically, we take a systematic approach to organizing our IT security measures with reference to the principles of the Cybersecurity Framework 2.0 published by the U.S. National Institute of Standards and Technology (NIST). We then prioritize these measures based on risk and importance and implement them in stages. In particular, we regard responding to external threats such as cyberattacks as a key priority and are developing a framework to minimize the impact of incidents as well as enable rapid recovery. In addition, with the aim of strengthening security across the entire supply chain, we have begun preparations in response to the SCS Evaluation System promoted by the Ministry of Economy, Trade and Industry and the National Cybersecurity Office. Once the system is launched, we aim to promptly obtain a three-star rating and then progress to four stars as we work to continuously enhance our security level. Furthermore, both Japan Pulp & Paper and OVOL ICT Solutions participate in the Nippon CSIRT Association under the Japan Pulp & Paper Group banner. As part of our ongoing cybersecurity efforts, we conduct education and awareness activities for executives and employees and maintain a framework that enables us to respond promptly and appropriately in the event of an incident.

Going forward, while maintaining security measures in accordance with the business characteristics of each company, we will advance the development of common group-wide standards and operating frameworks to further strengthen the group's IT governance. Strengthening IT security measures and IT governance cannot be achieved through one-time initiatives. Therefore, while responding to an evolving risk environment, the group will make continuous improvements with the aim of building a business foundation that earns the confidence of all stakeholders.

VOICE

Becoming a Company Where People Thrive and Deliver New Value



Fumiteru Kase
General Manager, Corporate DX Division

Our approach to DX at Japan Pulp & Paper is a people-centric transformation of our company that leverages digital technologies to further enhance the capabilities of our people. Using day-to-day challenges and opportunities for improvement identified by individual executives and employees on the ground as a starting point, we will address these issues from a company-wide perspective rather than limiting solutions to optimization within individual divisions.

Recent technological innovations, such as game-changing AI agents capable of reshaping the very rules of society, have the potential to drive not only operational transformation but also a broader transformation of the organization itself. At the same time, the safe and secure use of such advanced technologies requires further strengthening of cybersecurity measures against external threats, as well as IT controls, making this an urgent priority. We are steadily advancing these initiatives, which underpin the continuity of our business. Only with a solid foundation can we take on the challenge of new value creation.

DX will generate its full potential when every executive and employee takes personal ownership of it. We will ensure that the president's strong leadership and management's commitment are translated into transformation on the ground, enabling our people to devote the time freed up through these efforts to higher-value-added activities such as decision-making, proposing solutions, and creating new value. We aim to become a company where our people can thrive to an even greater extent and deliver new value to our customers and the industry.