

# Overview of Business Segments



## Printing Paper Business

### Business Results

In the domestic market, although the product price level was maintained, the demand declined significantly mainly in the first half due to the impact of the Corona disaster, and both the sales volume and the amount decreased. Regarding exports, both sales volume and amount decreased. Under these circumstances, we have continued to reduce production in order to tighten supply and demand, and have been working to establish a production system in anticipation of future declines in demand.

As for our European subsidiaries, the supply-demand relationship for each main product deteriorated due to COVID-19, and sales revenue decreased following a decline in sales volume, lower prices, and impact of exchange rates.

As a result, net sales for all paper and pulp businesses was ¥125,340 million, down 14.4 % year over year. Operating income decreased ¥2,440 million from ¥1,140 million in the previous fiscal year to a loss of ¥1,299 million. Although there were effects of lower raw material and fuel prices and cost reductions, they were not enough to offset the negative impact of the decrease in production and sales volume.

### Business Strategies

Under the three key strategies of the “New Mid-Term Management Plan” (April 2019 to March 2022), which is now in its second year, we are working to “strengthening and diversifying the business base for a new stage.”

#### (1) Establish a robust management base through the alliance with the Oji Group

We are promoting shared inter-regional OEM with the Oji Group and reducing logistics expenses, including mutual use of warehouses and distribution. Also, we are implementing shared OEM in printing and communication paper, joint storage at warehouses in consumption areas, and transportation of products by Oji Logistics dedicated ships.

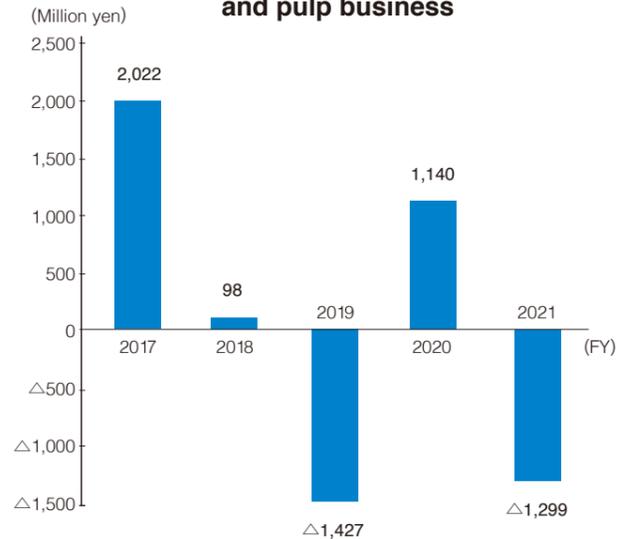
#### (2) Make structural reforms and enrich existing business

We will optimize the production system according to demand trends, organize production brands and optimize inventories, and maintain prices.

#### (3) Diversify the business base by fostering new profit pillars

We are working to shift its product portfolio by expanding sales of bleached kraft paper and functional paperboard, and expanding the lineup of barrier coated paper, which contributes to the elimination of plastics.

Trends in operating income of the paper and pulp business



### Business Topics

#### 《Launch of water-repellent and oil-resistant paperboard》

As we are transforming our product portfolio, we have launched water- and oil-resistant paperboard as a new product in the packaging field, which will increase the product ratio in the future.

This paperboard has a special aqueous coating that gives it the ability to withstand take-away containers without plastic film, which used to be laminated with plastic film. This material has begun to be used in various take-away containers as a material that can contribute to the reduction of plastic.



## Product introduction

### Printing Paper



Used for catalogs, books, copy paper, copy slips, etc.

### Communication Paper



Used for copy paper, copy slips, receipts, etc.

### Household and Consumer Paper



It has a reputation as a household paper with a high-class texture.

### Heat-resistant Pressboard



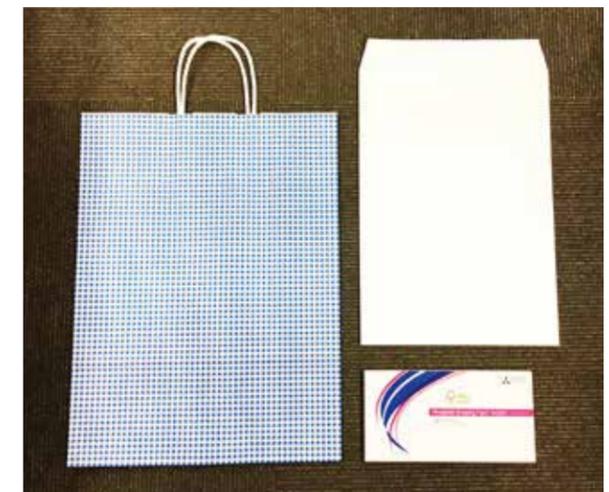
Used as an insulator for transformers.

### barricote® and barrisherpa®



Barrier paper that can contribute to reducing the amount of plastic used

### Bleached Kraft Paper



Used for paper bags, shopping bags, etc.