20250901001511

ÅRSREDOVISNING
FÖR
ANTALIS AB

Org nr 556076-2022

2024-01-01 - 2024-12-31

Fastställelseintyg

Undertecknad styrelseledamot i Antalis AB intygar härmed att resultaträkning och balansräkning i årsredovisningen har fastställts på årsstämma 2025-06-30. Årsstämman beslutade att godkänna styrelsens förslag till att resultatet ska disponeras i ny räkning.
Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Ort och datum: Haninge, 2025-06-30

Robert Frankland
Styrelseledamot

20250901001152

Styrelsen och verkställande direktören för Antalis AB får härmed avge årsredovisning för räkenskapsåret 2024-01-01 – 2024-12-31.

Förvaltningsberättelse

Verksamhet

Antalis AB bedriver grossiströrelse inom finpapper, förpackningsemballage, tryckmedia och hårdvara (industriskrivare och annan maskinutrustning) för storformatstryck och förpackningar, logistiktjänster i form av transporter och lagerhållning i Sverige. Bolaget har sitt säte i Stockholms län, Haninge kommun. Huvudkontorets adress är; Box 553, 136 25 Haninge.

Antalis AB är dotterbolag till Antalis SAS, reg. nr. 410 336 069, med säte i Frankrike.

Försäljning och resultat

Under året har nettoomsättningen uppgått till 664 mkr (f.g. år 671 mkr). Resultatet efter finansnetto uppgår till -11,5 mkr (f.g. år 1,3 mkr).

Vi fortsätter att växa inom våra tillväxtsegment Packaging och Visual Communication medans vi minskar inom Papers.

Bolaget har inte erhållit någon utdelning från dotterbolaget Antalis AS år 2024.

Hållbarhetsrapport

Antalis AB upprättar inte hållbarhetrapport enligt ÅRL 6:10. Hållbarhetsrapport och ESG-rapport upprättas av koncernmoderbolaget KPP Group Holdings Co., Ltd med säte i Japan. Hållbarhetsredovisning finns publicerad på deras hemsida; https://www.kpp-gr.com/en/csr.html och https://www.antalis.com/strategy#esg-document

Investeringar

Bolagets investeringar i anläggningstillgångar uppgick under verksamhetsåret till 11 mkr (fg år 1 mkr).

Finansiell ställning och likviditet

Likvida medel uppgick vid utgången av året till 7 mkr (f.g. år 7 mkr).
För information om hantering av finansiella risker i företaget, se avsnittet redovisningsprinciper.

Miljö och personal

Bolaget bedriver ej sådan verksamhet som är tillstånds- eller anmälningspliktig enligt svensk lagstiftning 9 kap 6§ miljöbalken. Bolaget har tecknade kollektivavtal med Unionen gällande företagets tjänstemän och med Handelsanställdas förbund gällande kollektivanställda. Företaget följer de enligt kollektivavtalen gällande anställnings- och arbetsvillkoren.

Investering i nytt affärssystem

Under räkenskapsåret har bolaget påbörjat implementeringen av ett nytt affärssystem, SAP, I syfte att effektivisera och modernisera bolagets ekonomiska processer. De kostnader som direkt kan hänföras till utvecklingen och anpassningen av systemet har, i enlighet med Årsredovisningslagen och K3-regelverket, aktiverats som immateriella anläggningstillgångar. Aktiveringen uppgår per balansdagen till 11 152 tkr. Systemet förväntas tas i drift under juni och bedöms ge väsentliga operationella och administrativa förbättringar.

Väsentliga händelser under räkenskapsåret

Inga väsentliga händelser under räkenskapsåret.

Förväntad framtida utveckling

Företaget kommer att fortsätta lägga stor vikt vid expansion av affärsområden Packaging och Visual Communication och att vara ledande distributör inom alla affärsområden Packaging, Visual Comunication och Papers.

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20250901001153

Arbetet fortsätter under 2025 med att utnyttja Antalis globala styrka och samtidigt nyttja vår lokala närvaro och närhet till den lokala marknaden. Vi utvecklar ytterligare våra synergier inom e-strategi, marknadsföring, erbjudande, inköp, logistik, IT och administration.

Upplysning om händelser efter räkenskapsårets slut
Inga väsentliga händelser efter räkenskaps årets slut.

Risker
Trenden för finpapper i Europa har varit negativ i över ett decennium. Konkurrensen från andra media driver också utvecklingen mot en minskande pappersefterfrågan.
Antalis AB har i sin strategi under flera år utvecklat affärsområden utanför finpapper, industriförpackning samt media och maskinutrustning för Storformatstryck. Detta visar sig fortsatt vara lyckosamma satsningar och skall kompensera för den negativa finpapperstrenden och därmed behålla företagets kostnadseffektivitet och framtida lönsamhet.

Flerårsjämförelse

Kkr	2024	2023	2022	2021	2020
Nettoomsättning	663 753	670 506	710 674	569 252	532 684
Rörelseresultat	-6 618	5 080	16 273	4 758	-6 879
Resultat efter finansiella poster	-11 512	1 333	15 409	3 082	-2 158
Balansomslutning	298 833	236 706	236 935	235 846	296 758
Eget kapital	36 040	44 808	43 476	40 057	37 929
Soliditet	12%	19%	18%	17%	13%

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Eget kapital

	Aktie kapital	Fond för utvecklings-avgifter	Fritt eget kapital	Totalt eget kapital
Ingående balans 2023-01-01	**40 000**	**0**	**3 476**	**43 476**
Årets resultat			1 332	1 332
Aktieägartillskott			0	0
Eget kapital 2023-12-31	**40 000**	**0**	**4 808**	**44 808**
Årets resultat			-8 768	-8 768
Avsättning till fond för utvecklingsavgifter		11 152	-11 152	
Aktieägartillskott			0	0
Eget kapital 2024-12-31	**40 000**	**11152**	**-15 112**	**36 040**

Förslag till disposition av vinsten

Till årsstämmans förfogande står följande medel (kronor):

Balanserad vinst	4 807 771
Avsättning till fond för utveckingsavgifter	-11 152 130
Årets resultat	-8 768 251
	-15 112 610

Styrelsen föreslår att den till årsstämmans ansamlade förlusten disponeras enligt följande:

I ny räkning balanseras	-15 112 610
	-15 112 610

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Resultaträkning

20250901001553

Kkr	Not	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Nettoomsättning	3	663 753	670 506
Övriga rörelseintäkter	4	1 042	4 797
Aktiverat arbete för egen räkning	4	5 671	0
		670 466	**675 303**
Rörelsens kostnader			
Handelsvaror	5	-492 565	-501 134
Övriga externa kostnader	6,7	-80 606	-73 253
Personalkostnader	8	-95 976	-91 840
Avskrivningar av materiella och immateriella anläggningstillgångar		-1 465	-2 030
Övriga rörelsekostnader		-6 472	-1 966
Summa rörelsens kostnader		**-677 084**	**-670 223**
Rörelseresultat		**-6 618**	**5 080**
Finansiella intäkter och kostnader	9		
Övriga ränteintäkter och liknande resultatposter		49	47
Räntekostnader och liknande resultatposter		-4 943	-3 794
Summa resultat av finansiella poster		**-4 894**	**-3 747**
Resultat efter finansiella poster		**-11 512**	**1 333**
Bokslutsdispositioner			
Koncernbidrag		0	0
Summa bokslutsdispositioner		**0**	**0**
Resultat före skatt		**-11 512**	**1 333**
Skatt på årets resultat	10	2 744	-1
Årets resultat		**-8 768**	**1 332**

Balansräkning

20250901001156

Kkr	Not	2024-12-31	2023-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Goodwill	11	0	0
Balanserade utgifter för programvaror	12	1 898	2 780
Pågående nyanläggningar programvaror	13	11209	57
		13 107	**2 837**
Materiella anläggningstillgångar			
Inventarier	14	1 212	1 633
Pågående nyanläggningar materiella anläggn.tillg.	15	0	78
		1 212	**1 711**
Finansiella anläggningstillgångar			
Aktier och andelar i dotterföretag	16	48 572	48 572
Uppskjuten skatt	10	9 585	6 841
Andra långfristiga fordringar	17	9 516	8 341
		67 673	**63 754**
Summa anläggningstillgångar		**81 992**	**68 302**
Omsättningstillgångar			
Varulager			
Handelsvaror		86 817	97 728
		86 817	**97 728**
Kortfristiga fordringar			
Kundfordringar		83 032	22 421
Fordringar hos koncernföretag		24 744	24 154
Aktuella skattefordringar		0	178
Övriga fordringar		2843	1154
Förutbetalda kostnader och upplupna intäkter	18	12 839	16 214
		123 458	**64 121**
Kortfristiga placeringar			
Kassa och bank		6 566	6 555
		6 566	**6 555**
Summa omsättningstillgångar		**216 841**	**168 404**
SUMMA TILLGÅNGAR		**298 833**	**236 706**

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Balansräkning

20250901000157

Kkr	Not	2024-12-31	2023-12-31
Eget kapital och skulder			
Eget kapital	19, 20		
Bundet eget kapital			
Aktiekapital		40 000	40 000
Fond för utvecklingsutgifter		11 152	0
		51 152	**40 000**
Fritt eget kapital			
Balanserat resultat		-6344	3476
Årets resultat		-8 768	1 332
		-15 112	**4 808**
Summa eget kapital		**36 040**	**44 808**
Avsättningar			
Avsättningar för pensioner och liknande förpliktelser	21	13 992	12 233
Summa avsättningar		**13 992**	**12 233**
Långfristiga skulder			
Långfristiga skulder till koncernföretag		70 560	73 728
Summa långfristiga skulder		**70 560**	**73 728**
Kortfristiga skulder			
Leverantörsskulder		43 424	43 395
Skulder till koncernföretag		105 418	35 466
Skatteskulder		325	0
Övriga skulder		9 736	7 958
Upplupna kostnader och förutbetalda intäkter	22	19 338	19 118
Summa kortfristiga skulder		**178 241**	**105 937**
SUMMA EGET KAPITAL OCH SKULDER		**298 833**	**236 706**

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Kassaflödesanalys

Kkr	Not	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Den löpande verksamheten			
Rörelseresultat		-6 618	5 080
Justering för poster som inte ingår i kassaflödet, m m	23	1 823	1 534
Erhållen ränta		49	47
Erlagd ränta		-3883	-3394
Betald inkomstskatt		0	0
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		**-8 629**	**3 267**
Kassaflöde från förändringar i Rörelsekapitalet			
Förändring av varulager		10 911	11 449
Förändring av kortfristiga fordringar		-52 171	-9 187
Förändring av kortfristiga skulder		64 308	-685
Kassaflöde från den löpande verksamheten		**23 048**	**1 577**
Investeringsverksamheten			
Förvärv av immateriella anläggningstillgångar		-11153	-357
Förvärv av materiella anläggningstillgångar		-87	-869
Försäljning av materiella anläggningstillgångar		0	0
Aktieägartillskott		0	0
Kassaflöde från investeringsverksamheten		**-11 240**	**-1 226**
Finansieringsverksamheten			
Amortering av lån koncernföretag		-3168	-2748
Upptagande av lån		0	0
Kassaflöde från finansieringsverksamheten		**-3168**	**-2748**
Årets kassaflöde		11	870
Likvida medel vid årets början		**6 555**	**5 685**
Likvida medel vid årets slut		**6 566**	**6 555**

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Noter

Not 1 Redovisnings- och värderingsprinciper

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Allmänna upplysningar
Antalis AB:s årsredovisning har upprättats enligt Årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Redovisningsprinciperna är oförändrade i jämförelse med föregående år.

Koncernredovisning
Antalis AB upprättar inte koncernredovisning i enlighet med ÅRL 7:2. Koncernredovisning upprättas av koncernmoderbolaget KPP Group Holdings Co., Ltd, organisationsnummer 0100-01-048806, med säte i Japan. Koncernredovisningen finns publicerad på https://www.kpp-gr.com/en/ir.html.

Hållbarhetsrapport
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Fordringar och skulder i utländsk valuta
Fordringar och skulder i utländsk valuta värderas till balansdagens kurs. Transaktioner i utländsk valuta omräknas enligt transaktionsdagens avistakurs.

Intäkter
Försäljning av varor redovisas vid leverans av produkter till kunden, i enlighet med försäljnings-villkoren.
Försäljningen redovisas netto efter moms och rabatter. Övriga intäkter redovisas i den period intjänandet har skett.
Erhållen utdelning redovisas när rätten att erhålla utdelning bedöms som säker.

Inkomstskatter
Aktuella skatter värderas utifrån de skattesatser och skatteregler som gäller på balansdagen. Uppskjutna skatter värderas utifrån de skattesatser och skatteregler som är beslutade före balansdagen.
Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den utsträckning det är sannolikt att avdraget kan avräknas mot överskott vid framtida beskattning.

Fordringar och skulder nettoredovisas endast när det finns en legal rätt till kvittning. Aktuell skatt, liksom förändring i uppskjuten skatt, redovisas i resultaträkningen om inte skatten är hänförlig till en händelse eller transaktion som redovisas direkt i eget kapital. I sådana fall redovisas även skatteeffekten i eget kapital.

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Immateriella anläggningstillgångar
Programvaror av standardkaraktär kostnadsförs. Utgifter för programvaror som på ett omfattande sätt anpassats för bolagets räkning balanseras som immateriell tillgång om de har troliga ekonomiska fördelar som efter ett år överstiger kostnaden. Balanserade utgifter för förvärvade programvaror skrivs av linjärt under nyttjandetiden, dock högst fem år. Avskrivning påbörjas först efter driftstart.

Goodwill skrivs av på 5 år.

Materiella anläggningstillgångar
Materiella anläggningstillgångar redovisas till anskaffningsvärdet minskat med avskrivningar. I anskaffningsvärdet ingår utgifter som direkt kan hänföras till förvärvet av tillgången.

Antalis AB tillämpar inte komponentavskrivning.

Tillkommande utgifter läggs till anskaffningsvärdet till den del tillgångens prestanda ökar i förhållande till tillgångens värde vid anskaffningstidpunkten.

Utgifter för löpande reparation och underhåll redovisas som kostnader.

Realisationsvinst respektive realisationsförlust vid avyttring av en anläggningstillgång redovisas som övrig rörelseintäkt respektive övrig rörelsekostnad.

Materiella anläggningstillgångar skrivs av systematiskt över tillgångens bedömda nyttjandeperiod.
När tillgångarnas avskrivningsbara belopp fastställs, beaktas i förekommande fall tillgångens restvärde.
Linjär avskrivningsmetod används för samtliga typer av materiella tillgångar.

Pågående nyanläggning aktiveras för avskrivning vid driftsättning.

Följande avskrivningstider tillämpas:

Lagerinventarier	5-15 år
Kontorsinventarier	5-10 år
Installationer annans fastighet	5-20 år
Lastbilar och truckar	5-10 år
IT	3-10 år

Leasingavtal
Samtliga leasingavtal där företaget är leasingtagare redovisas som operationell leasing, oavsett om avtalen är finansiella eller operationella. Leasingavgiften redovisas som en kostnad linjärt över leasingperioden.

Varulager
Varulagret värderas, med tillämpning av först-in först-ut principen, till det lägsta av anskaffnings- eller återanskaffningsvärdet.

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Finansiella instrument
Finansiella instrument redovisas i enlighet med reglerna i K3 kapitel 11, vilket innebär att värdering sker utifrån anskaffningsvärde.

Finansiella instrument som redovisas i balansräkningen inkluderar värdepapper, kundfordringar och övriga fordringar, kortfristiga placeringar, leverantörsskulder, låneskulder och derivatinstrument. Instrumenten redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor.

Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut elle överförts och bolaget har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten.

Kundfordringar
Kundfordringar redovisas som omsättningstillgångar till det belopp som förväntas bli inbetalt efter avdrag för osäkra kundfordringar. Föregående år har kundfordringarna redovisas netto med skuld till factoringbolaget och i år har vi avslutat vårt samarbete med factoring bolaget .

Aktier och andelar i dotterföretag
Aktier och andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott och koncernbidrag läggs till anskaffningsvärdet när de lämnas. Utdelning från dotterföretag redovisas som intäkt.

Impairment test av aktier dotterföretag
Impairment test av aktier i dotterföretag görs årligen och innefattar bedömning av framtida kassaflöden. Det slutliga utfallet av uppskattningar och bedömningar kan komma att avvika från nuvarande uppskattningar och bedömningar. Effekten av ändringar i dessa redovisas i resultaträkningen under det räkenskapsår som ändringen görs samt framtida räkenskapsår om ändringen påverkar både aktuellt och kommande räkenskapsår.

Övriga fordringar, skulder och avsättningar
Övriga fordringar har upptagits till belopp varmed de beräknas inflyta. Övriga skulder har upptagits till nominellt belopp. Avsättningar har värderats enligt försiktighetsprincipen.

Kassaflödesanalys
Kassaflödesanalysen upprättas enligt indirekt metod. Det redovisade kassaflödet omfattar endast transaktioner som medför in- och utbetalningar.
Som likvida medel klassificeras, förutom kassa- och banktillgodohavanden inklusive utnyttjad checkräkningskredit, kortfristiga finansiella placeringar samt mellanhavande på koncernkonto.

Finansiella risker
Finans- och riskhanteringen sköts av en central finansavdelning hos Antalis enligt principer för att tillvarata stordriftsfördelar och synergieffekter samt för att minimera risker. Koncernfinans svarar för koncernens finansiering, valuta- och ränteriskhantering samt fungerar som internbank för koncernbolagen.

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Ersättningar till anställda
Företagets pensionsförpliktelser redovisas i enlighet med FARs rekommendation nr 4. Pensionsförpliktelserna säkerställs genom tecknande av pensionsförsäkring. Pensionsåtaganden för tjänstemän som är tryggade genom försäkring i Alecta, redovisas som en avgiftsbestämd plan.

Not 2 Uppskattningar och bedömningar

Osäkra kundfordringar
Reserven för osäkra kundfordringar är ett balanserat belopp med hänsyn tagen till den upplevda kreditrisken för enskilda konton samt våra historiska kreditförluster, i kombination med det skydd som vår nya kreditförsäkring ger oss.

Inkurans varulager
I bokslutet görs nedskrivning för inkurans för de varor som bedöms obrukbara eller saknar efterfrågan.

I övrigt finns inga uppskattningar eller bedömningar som innebär en betydande risk för väsentliga justeringar i redovisade värden för tillgångar och skulder under nästkommande år.

Noter till resultaträkning, balansräkning och kassaflödesanalys

Belopp i Kkr där ej annat anges.

Not 3 Nettoomsättningens fördelning på verksamhetsgrenar och geografiska marknader

Nettoomsättningen fördelar sig på geografiska marknader enligt följande

	2024	2023
Sverige	592 203	596 461
Norge	49 990	48 845
Danmark	14 948	17 947
Finland	4 267	5 001
Baltikum	2 340	2 235
Övriga Europa	5	17
	663 753	**670 506**

Av nettoförsäljningen utgör 10,78 % (fg år 11,04%) försäljning till koncernföretag.
Försäljning till koncernföretag sker enligt gällande Transferprissättning.

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Nettoomsättningen fördelar sig på verksamhetsgrenar enligt följande

	2024	2023
Papers	335 797	361 049
Packaging	188 555	176 111
Visual Communication	67 415	58 849
Solution	436	436
Försäljning inom koncernen	71 550	74 061
	663 753	**670 506**

Not 4

Övriga rörelseintäkter	**2024**	**2023**
Vinst vid avyttring av inventarier	0	710
Återvunna tidigare avskrivna kundfordringar	141	1566
Valutakursvinst	432	1873
Försäkringsersättningar inkl Covid-bidrag	344	584
Övriga rörelseintäkter	125	64
	1 042	**4 797**

Aktiverat arbete för egen räkning	**2024**	**2023**
Affärssystem SAP	5 671	0
	5 671	**0**

Not 5 Koncerninterna varuinköp handelsvaror

Av årets kostnader för inköp av handelsvaror avser 16 273 kkr (fg år 17 412 kkr) inköp från företag inom Antalis-koncernen. Vid transaktioner med koncernbolag används en metod för kostnadsbaserad prissättning med ett marknadsmässigt påslag.

Not 6 Ersättning till revisorerna	**2024**	**2023**
RSM Stockholm AB		
Revisionsuppdraget	427	330
Revisionsverksamhet utöver revisionsuppdraget	0	0
Skatterådgivning	16	0
Övriga tjänster	0	0
	443	**330**
Summa	**443**	**330**

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Not 7 Operationella leasingavtal	**2024**	**2023**
Framtida minimileaseavgifter som ska erläggas avseende icke uppsägningsbara leasingavtal		
Förfaller till betalning inom ett år	21 417	20 176
Förfaller till betalning senare än ett men inom fem år	17 443	16 300
Förfaller till betalning senare än fem år	0	0
Totalt	**38 860**	**36 476**
Under perioden kostnadsförda leasingavgifter	26 340	23 485

I redovisningen utgörs den operationella leasingen i allt väsentligt av hyrda fastigheter/lokaler.

Not 8 Personal m.m.

Medelantalet anställda	**2024**	**2023**
Sverige	93	103
varav män	69%	49%

Fördelning i företagsledningen	**2024**	**2023**
Styrelseledamöter		
Kvinnor	0	0
Män	4	4
	4	**4**
Verkställande direktör och övriga befattningshavare		
Kvinnor	2	2
Män	4	5
	6	**7**

Löner och ersättningar	**2024**	**2023**
Löner och andra ersättningar till VD 1)	1 902	1 994
Löner och andra ersättningar till övriga anställda	59 155	58 266
Pensionskostnader till VD	679	541
Pensionskostnader till övriga anställda	9 519	6 786
Övriga sociala kostnader	23 586	22 436
Övriga personalkostnader	1 135	1 817
	95 976	**91 840**
1) varav tantiem	378	498
Summa förpliktelser	378	498

Till VD finns avtal om avgångsvederlag motsvarande 6 månaders lön.

Not 9 Ränteintäkter och räntekostnader samt liknande resultatposter

	2024	**2023**
Ränteintäkter		
Ränteintäkter kundfordringar	43	34
Ränteintäkter moderbolag	0	0

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Ränteintäkter övriga	6	13
	49	**47**
Räntekostnader samt liknande resultatposter		
Dröjsmålsräntor leverantörsskulder	-14	-10
Räntekostnader skatter och avgifter	-11	-4
Räntekostnader moderbolag	-2 726	-1 478
Valutakursdifferens på övriga skulder	0	0
Räntekostnader övriga	-2 192	-2 302
	-4 943	**-3 794**
Summa	**-4 894**	**-3 747**

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Not 10 Skatt på årets resultat

	2024	2023
Årets skattekostnad		
Aktuell skatt	0	0
Uppskjuten skatt	2744	-1
Skatt på årets resultat	**2744**	**-1**

Avstämning av effektiv skatt	**2024**	**2023**
Redovisat resultat före skatt	-11 512	1 333
Skattekostnad 20,60% (fg år 20,6%)	**2 371**	**-275**
Skatteeffekt av:		
Ej avdragsgilla kostnader	-160	-151
Utbetalda direktpensioner	531	424
Övrigt	1	1
Summa effektiv skatt:	**2 744**	**-1**

Uppskjuten skattefordran	**2024**	**2023**
Lagerreserv	1 092	961
Befarade kundförluster	196	199
Löneskatt och pensioner	4 723	4 107
Outnyttjat underskott	3 574	1574
Summa uppskjuten skattefordran:	**9 585**	**6 841**

Not 11 Goodwill

	2024-12-31	2023-12-31
Ingående anskaffningsvärde	19 080	19 080
Inköp	0	0
Utgående ackumulerade anskaffningsvärde	**19 080**	**19 080**
Ingående avskrivningar	-19 080	-18 444
Årets avskrivningars	0	-636
Utgående ackumulerade avskrivningar	**-19 080**	**-19 080**
Utgående redovisat värde	**0**	**0**

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Not 12 Förvärvade programvaror	2024-12-31	2023-12-31
Ackumulerade anskaffningsvärden		
Ingående ackumulerade anskaffningsvärden	25 587	24 545
Årets aktiverade utgifter, inköp	0	1 042
Årets försäljning/utrangering	-3	0
Årets pågående projekt, immateriella	0	0
Utgående ackumulerade anskaffningsvärden	**25 584**	**25 587**
Ackumulerade avskrivningar		
Ingående ackumulerade avskrivningar	-22 807	-21 998
Årets avskrivningar	-879	-809
Årets försäljning/utrangering		
Utgående ackumulerade avskrivningar	**-23 686**	**-22 807**
Utgående balans	**1 898**	**2 780**

Not 13 Pågående nyanläggningar för programvaror	2024-12-31	2023-12-31
Ackumulerade anskaffningsvärden		
Ingående ackumulerade anskaffningsvärden	57	742
Årets aktiverade utgifter, inköp	0	-1 042
Årets pågående projekt, immateriella	11 152	357
Utgående ackumulerade anskaffningsvärden	**11 209**	**57**
Utgående balans	**11 209**	**57**

Not 14 Inventarier	2024-12-31	2023-12-31
Ackumulerade anskaffningsvärden		
Ingående ackumulerade anskaffningsvärden	14 323	16 768
Årets inköp	87	791
Årets aktiverade utgifter, inköp	78	
Årets försäljning/utrangeriing	-496	-3236
Utgående ackumulerade anskaffningsvärden	**13 992**	**14 323**
Ackumulerade avskrivningar		
Ingående ackumulerade avskrivningar	-12 690	-15 316
Försäljning/utrangering	496	3 236
Årets avskrivningar	-586	-610
Utgående ackumulerade avskrivningar	**-12 780**	**-12 690**
Utgående balans	**1 212**	**1 633**

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Not 15 Pågående nyanläggningar för Inventarier	2024-12-31	2023-12-31
Ackumulerade anskaffningsvärden		
Ingående ackumulerade anskaffningsvärden	78	0
Årets aktiverade utgifter, inköp	-78	0
Årets pågående projekt, inventarier	0	78
Utgående ackumulerade anskaffningsvärden	**0**	**78**
Utgående balans	**0**	**78**

Not 16 Aktier i dotterföretag	2024-12-31	2023-12-31
Anskaffningsvärde	1 100	1 100
Aktieägartillskott, ovillkorat	47 602	47 602
Ack nedskrivning av aktier	-130	-130
Utgående balans	**48 572**	**48 572**

Företag/säte	Kapitalandel	Röstandel	Antal andelar	Bokfört värde
Antalis AS, Oslo org nr NO 910 429 000 MVA	100%	100%	1 000	48 472
Pappershuset Fastighets AB, Haninge org nr 556692-9328	100%	100%	1 000	100
				48 572

Not 17 Andra långfristiga fordringar	2024-12-31	2023-12-31
Kapitalförsäkringar direktpension	9 516	8 341
	9 516	**8 341**

Not 18 Förutbetalda kostnader och upplupna intäkter	2024-12-31	2023-12-31
Upplupen ersättning från leverantörer	5 472	6 285
Förutbetalda hyreskostnader	4 615	4 553
Övriga förutbetalda kostnader och upplupna intäkter	2 752	5 376
	12 839	**16 214**

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Not 19 Eget kapital

Aktiekapitalet består av 400 000 aktier med kvotvärde 100 kr.
Fond för utvecklingsavgifter består av 11 152 kSEK och avser kostnader för nytt affärssystem.

Not 20 Resultatdisposition

Till årsstämmans förfogande står följande vinstmedel

Balanserat resultat	-6344
Årets resultat	-8 768
Kkr	**-15 112**

Styrelsen föreslår att vinstmedlen disponeras enligt följande:

I ny räkning balanseras	-3 960
Kkr	**-3 960**

Not 21 Avsättningar

	2024-12-31	2023-12-31
Kapitalförsäkringar Direktpension inkl löneskatt	13 992	12 233
	13 992	**12 233**

Not 22 Upplupna kostnader och förutbetalda intäkter

	2024-12-31	2023-12-31
Upplupna lönekostnader inkl semesterlöneskuld	7 995	9 144
Upplupna sociala avgifter	2 551	2 873
Upplupen ersättning till kunder	7 365	6 827
Övriga upplupna omkostnader	1427	274
	19 338	**19 118**

Not 23 Justeringar för poster som ej ingår i kassaflödet

	2024-12-31	2023-12-31
Planmässiga avskrivningar anläggningstillgångar	1 465	2 030
Orealiserade kursvinster av rörelsekaraktär	358	-521
Realiserad förlust vid försäljning anläggningstillgångar	0	25
	1 823	**1 534**

Not 24 Händelser efter balansdagens slut

Inga väsentliga händelser efter balansdagens slut.

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Underskrifter

20250901001701

Haninge den / 2025

Steen Leetmaa Murmann
Ordförande

Håkan Askenberger
Verkställande direktör

Robert Frankland

Koichi Fujisawa

Vår revisionsberättelse har lämnats den / 2025

RSM Stockholm AB

Anneli Richardson
Auktoriserad revisor

Verifikat

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Dokument

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Färdigställt 2025-06-27 08:25:07 CEST (+0200)

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REVISIONSBERÄTTELSE

Till bolagsstämman i Antalis Aktiebolag, org.nr 556076-2022

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Antalis Aktiebolag för räkenskapsåret 1 januari 2024 till 31 december 2024.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Antalis Aktiebolags finansiella ställning per den 31 december 2024 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Antalis Aktiebolag enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Antalis Aktiebolag för räkenskapsåret 1 januari 2024 till 31 december 2024 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman behandlar förlusten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Antalis Aktiebolag enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller

- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

den dag som framgår av vår elektroniska signatur.

RSM Stockholm AB

Anneli Richardson
Auktoriserad revisor

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Dokument

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KPP GROUP HOLDINGS CO., LTD.

Integrated Report 2024

2025090100176

THE NEXT 100 YEARS

As a leader in pulp and paper distribution, we have continuously responded to society's demands by supplying paper, an environmentally-responsible and renewable material, for the past 100 years.

Coexistence between people and nature will be the key to achieving a sustainable society, and paper will continue to play a role for the next 100 years.

"Paper Innovation for a Connected Future" will be our motto as we continue to contribute to the realization of a recycling-oriented society.

CONTENTS

About KPP Group

03 Philosophy of KPP Group
05 Message from the Chairman
11 History of KPP Group
13 KPP Group at a Glance

Value Creation by KPP Group

15 Message from the President
19 Long-term Management Vision
21 Value Creation Process
23 Business Model
25 Third Medium-term Business Plan

Regional Business Strategies

27 Overview
29 Northeast Asia: Kokusai Pulp & Paper
37 Europe/Americas: Antalis
41 Asia Pacific: Spicers

Sustainability Strategies

45 Sustainability Framework
47 Materiality
49 Environmental Management System
51 Disclosure on Climate Change Response (TCFD Framework)
53 Reduction of GHG Emissions
55 Biodiversity
57 Human Capital Management
61 Respect for Human Rights
63 Coexistence with Local Communities
65 Board of Directors
67 Message from Outside Directors
69 Corporate Governance
73 Risk Management
75 Compliance

Corporate Data

76 Financial Highlights
77 Non-Financial Highlights
78 Corporate Profile

Editorial Policy
Since 2018, we have been publishing an integrated report, which is also available on our corporate website. This report introduces our management vision, strategies, and business operations, alongside sustainability information, with the goal of fostering deeper dialogue and strengthening relationships with our stakeholders.

Date of Issue
This issue: November 2024
Next issue: October 2025

Reference Guidelines
GRI (Global Reporting Initiative) Standards
IIRC "International <IR> Framework"
Ministry of Economy, Trade and Industry "Guidance for Collaborative Value Creation"

Scope of Matters Reported
This report mainly describes the conditions of KPP Group in the fiscal year ending March 31, 2024 (the period from April 1, 2023 to March 31, 2024) with some statements on the Group's conditions in the period starting from April 2024.

Notes Concerning Performance Forecasts Statements
The future performance outlook and other forward-looking statements in this report are based on information currently available and contain assumptions deemed reasonable by the Group. Please note that future performance may vary significantly due to various factors.

Corporate Message

Paper Innovation for a Connected Future

The origins of writing can be traced back to 4000 BC.

Paper was invented after people added the written word to verbal communication,

and printing technology evolved.

The invention of the printing press played a pivotal role in cultural movements (the

Renaissance), the Scientific Revolution, and the Reformation in medieval Europe, and

paper, as a printing medium, has supported written and print culture, serving as a

means of communication that has facilitated the exchange of ideas and the expres-

sion of thoughts, thus contributing to humanity.

Today, paper is entering new domains as an environmentally-responsible material, with

its applications continuing to expand.

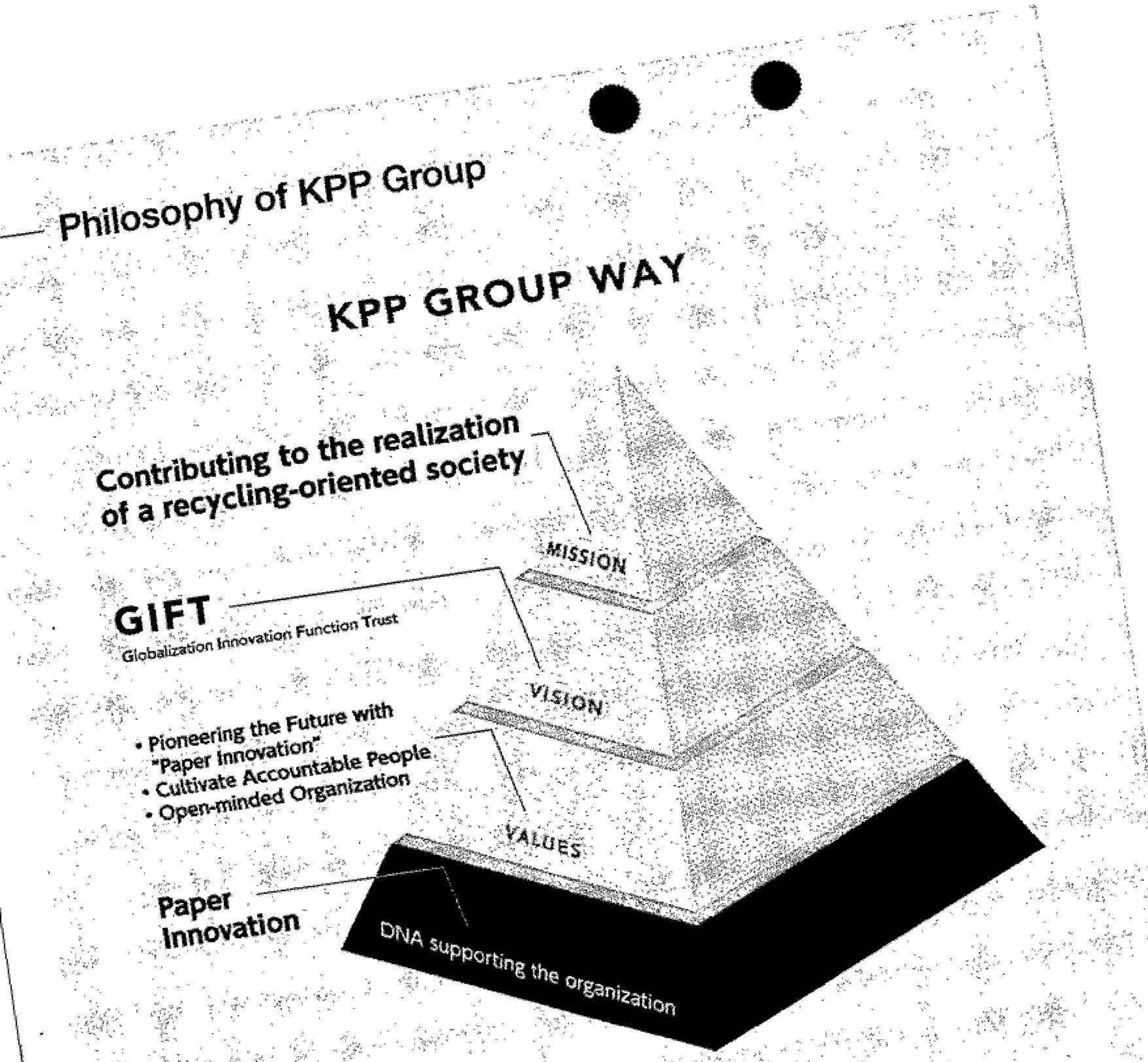
The KPP Group, as a key player for the distribution in the pulp and paper industry,

aims to find added value in paper as a material and contribute to the realization of a

recycling-oriented society.

Philosophy of KPP Group

KPP GROUP WAY



VISION	Globalization	Leverage our global network to become a leading pulp and paper company
GIFT	Innovation	Pioneer the future with "Paper Innovation" and contribute to society through green business in harmony with people and the planet
	Function	Promote e-commerce and take on the challenges of new business domains
	Trust	Continue working to be a reliable company trusted by stakeholders

What is the KPP Group Way?

The KPP Group Way is the guiding philosophy of the KPP Group, expressed as a three-layered pyramid: Mission, Vision, and Values. The Mission, rooted in purpose-driven management, articulates the KPP Group's raison d'être and objectives. The Vision is encapsulated in "GIFT," an acronym for Globalization, Innovation, Function, and Trust, which outlines the Group's ideal path and future direction. Building on this foundation, we established GIFT+1 2024 as a long-term management vision, in anticipation of our 100th anniversary in 2024. The Values summarize three fundamental principles that all KPP Group members share, reflecting the essence of who we are and what we stand for. At the heart of our identity lies paper innovation, the DNA that has driven our growth over the past century. Guided by the KPP Group Way, we are committed to advancing a recycling-oriented society and securing a sustainable future for our planet.

2025090100178

100 Years of Progress, and Onward to the Future

Challenging the Global Market with Our "Paper Innovation"

Madoka Tanabe

Representative Director of the Board, Chairman & Chief Executive Officer

Q **This year marks the 100th anniversary of the Company's founding. Could you reflect on its journey so far and share the current challenges it faces?**

The KPP Group was founded on November 27, 1924, shortly after the Great Kanto Earthquake, beginning its journey as Daido Yoshiten Ltd. in Osaka. Initially, we served as an exclusive distributor for Karafuto Kogyo and a specialty retailer for Fuji Paper, both of which went on to merge with Oji Paper. We quickly expanded overseas, establishing a presence not only in Japan (with a head office in Osaka and branches in Tokyo, Nagoya, and Kyoto) but also in China, Taiwan, and South Korea. In China alone, we operated in 15 cities at our peak, leading Japan's paper trading business until the end of World War II.

In the post-war era, paper production and consumption grew alongside Japan's economic recovery and GDP growth, positioning the country as the world's second-largest producer and consumer of paper. During this time, we expanded our operations significantly. Our merger with Oji Group Trading in 1973 marked a turning point, followed by the mergers of Taisei Papers in 1975 and Nichia, a major player in the industry, in 1999 during the reorganization of the paper distribution industry. This led to our rebranding as "Kokusai Pulp & Paper Co., Ltd." We conducted further mergers with Hattori Paper & Board (established in 1659) in 2006, Kashiwai Shigyo in 2007, and Sumisho Paper in 2013. These mergers allowed us to integrate and harmonize diverse corporate cultures, leading to the Group we are today.

Entering the 2000s, we began to see a slowdown in demand for graphic paper due to digitalization of information media, low birthrates and an aging population. In response to these challenges, we implemented bold regional strategies and business portfolio reform, driving the globalization of the company and successfully reforming our business model. This enabled us to develop into a global paper trading company.

Q **The fiscal year ending March 31, 2025 is the final year of the third medium-term business plan. How do you rate the progress and outcomes of the plan?**

We translated our Long-term Management Vision into three separate three-year medium-term business plans and carried out business reform over a nine-year period. The first plan (FYE March 2017–FYE March 2019) focused on "business structural reform"; the second (FYE March 2020–FYE March 2022) aimed at "business development"; and the third (FYE March 2023–FYE March 2025) as a period for "business completion." This transition was a major undertaking for our company, and involved a significant shift from a management strategy oriented on domestic demand, which was supported by Japan's post-war period of high economic growth, to an inorganic strategy through overseas M&As following our public listing.

The results have been encouraging. Cumulative net sales in the third medium-term business plan period are expected to reach 1.959 trillion yen (averaging 653.0 billion yen annually), marking a 1.73-fold increase compared to 1.1294 trillion yen (averaging 376.4 billion yen annually) during the first medium-term business plan; and operating income during the third plan is expected to reach 52.7 billion yen (averaging 17.5 billion yen annually), a 9.29-fold increase over the cumulative total of 5.6 billion yen (averaging 1.8 billion yen annually) in the first plan period; reflecting a strong increase in market capitalization (corporate value).

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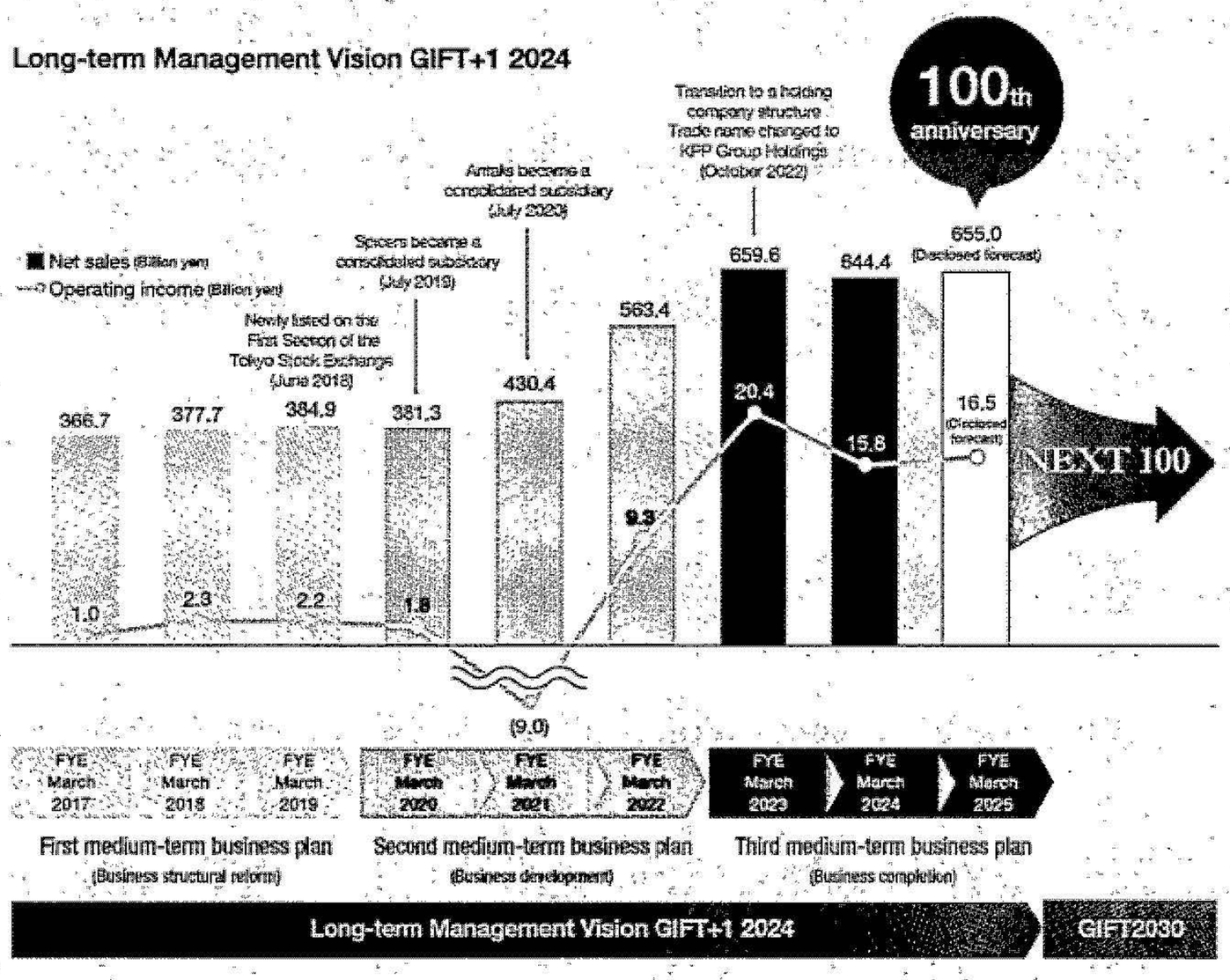
Long-term Management Vision GIFT+1 2024

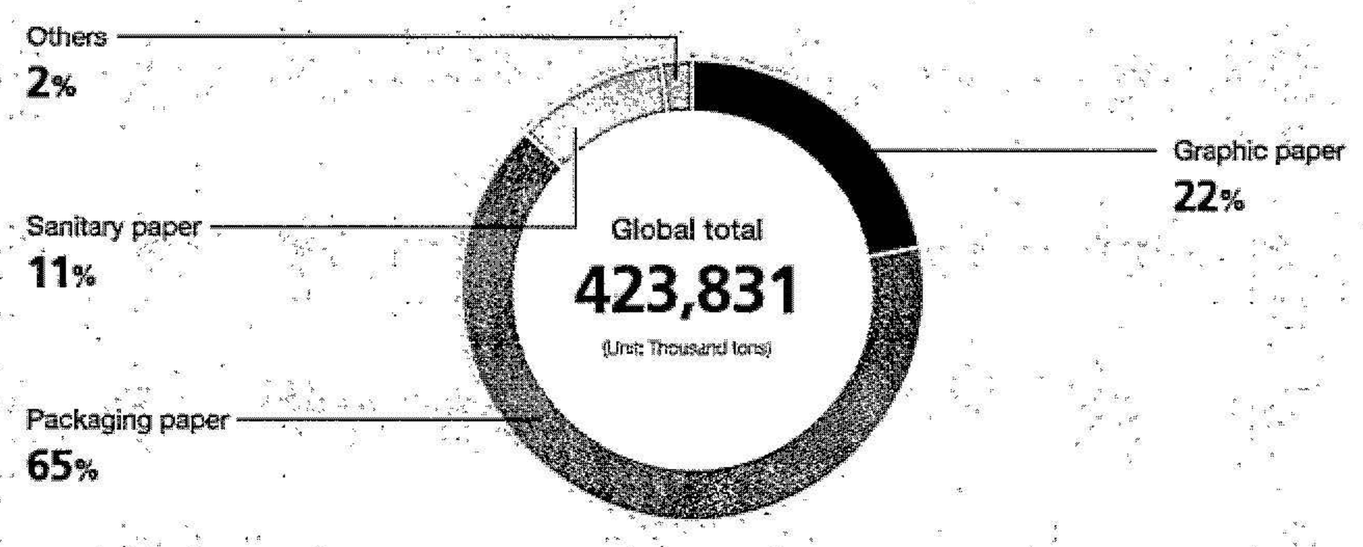


Q The digitalization, low birth rates, and the aging population have long highlighted a trend toward paperless solutions. What is the current state of the pulp and paper industry and how is the KPP Group responding?

The shift toward paperless solutions primarily affects graphic papers—specifically, paper used as information media. This phenomenon is occurring within a subset of paper products and does not encompass all paper products. In 2022, graphic paper accounted for just 22% of global paper consumption (34% in Japan), with China, the world's largest consumer, at 19%, and the US at just 18%. Thus, equating paperless trends with the decline of the pulp and paper industry tends to view a declining segment of products as the entirety of the industry. Historically, when we think of paper, we often think of newspapers, magazines, catalogs, flyers, and forms—applications where graphic paper was the industry's mainstay until the 20th century. Now, however, the composition of paper products has changed dramatically. Packaging paper and sanitary paper account for nearly 80% of total consumption globally, with projections indicating an annual growth rate of 1.7% for the paper/paperboard market until 2040. This indicates that the growth rate of packaging paper and sanitary paper exceeds the rate of decline of graphic paper.

In addition, paper is a renewable, aboveground resource made from inexhaustible plantation trees. Since trees absorb carbon dioxide, using paper supports the transition to a decarbonized society. We strive to address misconceptions about paper, emphasizing its potential as a sustainable alternative to plastic while continuing to contribute to building a sustainable future.

Global Paper/paperboard Consumption by Product Segment



Consumption in Major Countries

(Unit: Thousand tons)

	US		France		China		Japan		India	
	Volume	Ratio	Volume	Ratio	Volume	Ratio	Volume	Ratio	Volume	Ratio
Graphic paper	12,279	18%	2,355	27%	22,559	19%	7,742	34%	6,257	36%
Packaging paper	43,716	66%	5,142	59%	83,330	70%	12,321	54%	10,367	59%
Sanitary paper	9,137	14%	946	11%	11,582	10%	2,078	9%	199	1%
Others	1,349	2%	229	3%	888	1%	668	3%	632	4%
Total	66,481	100%	8,672	100%	118,360	100%	22,809	100%	17,455	100%

Source: RISI 2022

Q Since 2018, the KPP Group has been advancing its global presence through overseas M&As. What are your thoughts on future investment strategies?

In October 2022, we transitioned to a holding company structure, under which we established regional holding companies: Kokusai Pulp & Paper for Northeast Asia business, Spicers (Australia) for Asia-Pacific business, and Antalis (France) for European and American business. We have clearly defined the authority and responsibilities of each regional holding company and are working to maximize synergistic effects by promoting a mutual understanding of histories and cultures and sharing global challenges. At our Annual General Shareholders' Meeting held in June this year, the CEOs of Spicers and Antalis were appointed as directors of the Board, and our Board now consists of two foreign directors, four Japanese directors, and four outside directors including two women. As we celebrate the 100th anniversary of our founding, we have grown into a global company with 4,600 suppliers and 134,000 business partners in 47 countries and regions and 182 cities.

In our upcoming fourth medium-term business plan starting next fiscal year, we will focus on reinforcing our portfolios primarily through bolt-on M&A strategies. In particular, we see significant opportunities in the Global South markets, where demographic bonuses are anticipated, and believe trading businesses will be effective. In addition, investments in human capital and green transformation (GX) will be key initiatives driving our growth.

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Q | Ongoing conflicts in Ukraine and Israel present challenges alongside long-standing issues like climate change and energy concerns. Tell us about the KPP Group's approach to geopolitical risks and incident management.

Our European business forms the backbone of the KPP Group; however, Russia's invasion of Ukraine two years ago compelled us to liquidate our operations in Russia. Natural disasters such as wildfires in Canada and South America are becoming increasingly commonplace, and have impacted the pulp supply chain. Geopolitical conflicts and large-scale climate-related disasters pose significant risks for global companies like ours. In response, we are reinforcing our internal systems and incident management capabilities, including measures to address cyberattacks and prevent data tampering from unauthorized access.

In addition to the aforementioned risk factors, since our transition to a holding company structure, we have identified risks derived from politics, economy, and society, as well as challenges facing the pulp and paper industry, and are rebuilding our risk management system. We are also working as a Group to strengthen our response to emerging risks.

Q | Human capital management is garnering attention across industries; what initiatives does the KPP Group have in this area?

Our human capital management strategy focuses on three long-term pillars: diversity, reskilling, and engagement. To promote diversity, we aim to expand opportunities for women and senior employees, invigorating our workforce across the Group. As part of this effort, we will eliminate the general employee system and integrate all employees, regardless of gender, into the main career track to foster an environment that supports the development of female managers. With over 80% of the KPP Group's approximately 6,000 employees being foreign nationals, we offer opportunities to engage with female executives who can serve as role models.

For reskilling, we will align our efforts with the objectives of our Long-term Management Vision, GIFT2023, starting next fiscal year. Specifically, we plan to provide training programs focused on IT education and the development of global talent, both of which are critical for advancing portfolio reforms.

Lastly, regarding engagement, we have successfully transitioned from "Japan's KPP" to "Global KPP" in the paper distribution industry. This transformation has resulted in a workforce enriched by diverse cultural and historical backgrounds, making steady efforts to improve engagement essential. To foster connection across the Group, we distribute a multilingual 'KPP Group Report' featuring messages from management, success stories from Group companies, department introductions, gourmet recommendations, and volunteer activities. To commemorate our 100th anniversary, we introduced the 'KPP Group Awards,' an award system for all Group employees that recognizes efforts aligned with our philosophy. Additionally, posters of the 'KPP Group Way' are displayed in offices worldwide to emphasize our Group's shared values and social mission. While improving workplace environments and working conditions, we will continue to enhance employee engagement by leveraging insights from engagement surveys conducted by specialized organizations.

Q | To close, could you share your message looking toward the next 100 years?

The Long-term Management Vision looking toward our 100th anniversary, GIFT+1 2024, was formulated in 2012, during my time as Vice President. "GIFT" is an acronym for Globalization (thinking about management on a global scale), Innovation (challenging the potential of paper = Paper innovation), Function (evolution of distribution functions), and Trust (contributing to social development). The "+1" was later added to symbolize our environmental contributions.

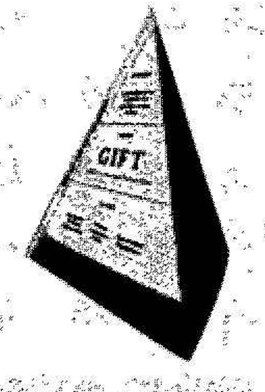
GIFT+1 2024 comprises "four management domains and three arrows." We divided management issues into four domains: "business and sales domain," "human resources and education domain," "environmental and social contribution domain," and "financial and investment domain," focusing on executing strategies for each. The three arrows specifically delve into the strategy for the "business and sales domain," setting "restructuring of domestic businesses," "development of new businesses," and "expansion of global businesses" as the three pillars, focusing on expanding our business domains and creating innovation to build the foundations for sustainable growth. Moreover, to ensure this management vision is practical and achievable, we have been pursuing business portfolio reforms and strengthening our management foundation.

The third medium-term business plan, which marks the 100th anniversary of our founding, will reach completion in the fiscal year ending March 31, 2025. At the same time, GIFT+1 2024 will also come to an end. I have been involved in this project for a total of 12 years—one year as Vice President, seven years as President, and four years as Chairman & Chief Executive Officer—and I believe we have achieved our first target of transforming from Japan's KPP to Global KPP.

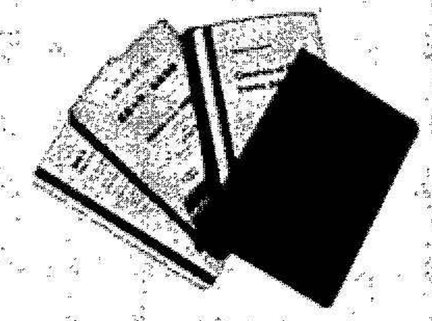
First invented in China, paper (Cai Hou paper) made its way to Japan via the Korean Peninsula during the Asuka period (550-710 AD), and it is said that Prince Shotoku improved it into the Japanese *washi* paper we know today. Since then, paper has supported the world's written and print culture for 1,400 years and expanded the realm of art. However, the next 100 years starting from FYE March 2026 awaits an entirely different market from the past 100 years. In other words, paper is required to play a role as a material for solving environmental and public health issues through uses such as carrying, wrapping, and wiping, rather than as a means of information transmission. Even amid such major changes in the business environment surrounding the pulp and paper industry, as long as graphic paper continues to hold value as a cultural identity, we will continue to pass on to the future our corporate message rooted in our founding: "Paper Innovation for a Connected Future."

Coalville Warehouse, Antalis UK

With employees at the Bangkok Office under Sekoro



KPP Group Way posters and tabletop displays found at offices worldwide



The Brand Book translated into English, Spanish, and Chinese, and distributed to all employees

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History of KPP Group

Since its founding in 1924, the KPP Group has continuously adapted to changing times while contributing to cultural development through the sale of paper products. Over the years, the Group has played a central role in the reorganization of paper distribution in Japan, merging with like-minded paper distributors to drive growth. Recently, the Group became the third-largest paper trading company in the world by acquiring major paper merchants in Oceania and Europe, expanding to capitalize on the growth of global markets. We will continue to explore the diverse possibilities of paper and focus on creating new business opportunities.

1924-1972
Founding

Daido Yoshiten, the predecessor of KPP Group, was established during the rise of modern paper manufacturing

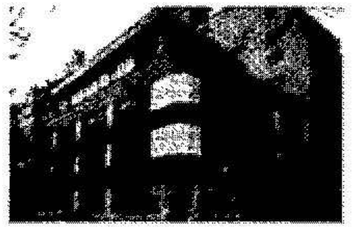
1924
Daido Yoshiten Ltd. established in Osaka
Capital: 2 million yen
Branch Office: Kyoto, Nagoya, Tokyo

1925
Opened Shanghai Branch as the first overseas branch
Subsequently opened multiple branches in China

1931
Became Japan's first exporter of paper to the United States
Successfully exported newsprint in collaboration with Karafuto Kogyo

1954
Capital: 100 million yen

1968
Head office moved to Tokyo



1971
Established the first overseas subsidiary in Australia

1973-2012
Growth

Played a central role in industry reorganization, driving business expansion through mergers and advancing global operations

1973
Merged with Oji Group Trading Co., Ltd., and renamed the company to DaiEi Papers Ltd.

1975
Merged with Taisei Papers Ltd.
To strengthen the management foundation and overcome the post-oil shock recession

1979
Sales surpassed 200 billion yen
Fiscal year ending March 31, 1980

1993
Launched Hanaomoi
A paper seal that extends the life of cut flowers simply by placing it in a vase

1999
Merged with Nichia Co., Ltd., taking the lead in reorganizing the paper distribution industry, and renamed the company to Kokusai Pulp & Paper Co., Ltd.

2000
Sales surpassed 300 billion yen
Fiscal year ending March 31, 2001

2006
Established Kokusai Pulp & Paper (China) Co., Ltd. in China
Later integrated operations with Keishin Papers Trade (Shanghai) Co., Ltd.

Merged with Hattori Paper & Board Ltd.
To enhance distribution capabilities and strengthen the management foundation

2007
Merged with Kashiwai Shigyo Co., Ltd.
To strengthen sales capabilities and expand the revenue base

Sales surpassed 400 billion yen
Fiscal year ending March 31, 2008

2011
Installed the first "ecomo" recovered paper recycling system in Takasaki City, Gunma Prefecture

2013-2019
Second Founding

Reformed its business structure and expanded its business domains, evolving into one of the world's leading pulp and paper trading companies

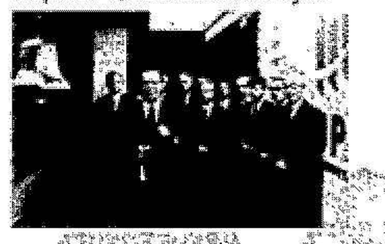
2013
Merged with Sumisho Paper Co., Ltd.
To strengthen the paper raw materials and packaging material divisions

2015
Established KPP ASIA-PACIFIC PTE. LTD. in Singapore
To oversee the corporate planning and management functions across the ASEAN, India, and Oceania regions, with the goal of driving business expansion

2016
Entered the thermal recycling business
Aim to become a totally recycling-oriented enterprise through the sale of biomass power generation fuel

Achieved the installation of the "ecomo" recovered paper recycling system at 400 stores

2018
Listed on the First Section of the Tokyo Stock Exchange
Capital: 4,723.53 million yen



2019
Acquired Spicers, a major paper distributor in Australia

2020-
Transition to Holding Company

Aiming to become the world's leading paper distributor, with our 100th anniversary in 2024 and beyond

2020
Acquired Antalis, Europe's largest paper distributor

2022
Established BM Ecomo Co., Ltd.
Aim to expand the sales of the biomass power plant operation support system, "BMecomo"

Transitioned to a holding company structure and renamed the company to KPP Group Holdings Co., Ltd.

Soared to the third highest sales in the world for a paper trading company

2024
Established KPP Agri Solutions Incorporated.

100th Anniversary
Net sales
655 billion yen
(forecast)

(billion yen)
600
400
200
Net sales

1924 1973 2013 2024

KPP Group at a Glance (Results for the fiscal year ending March 31, 2024)

Established

1924

We have evolved with the times to meet the needs of people through the sale of paper products and the development of products and services that help reduce environmental impact.

Domestic Rank

1st

*Based on consolidated net sales

Global Rank

3rd

(Estimated)

*Based on consolidated net sales

Consolidated Net Sales

644,435 million yen

Operating Income

15,819 million yen

ROE

14.2%

Equity Ratio

23.7%

Total Number of Employees

5,624

Group Network

47 countries and regions

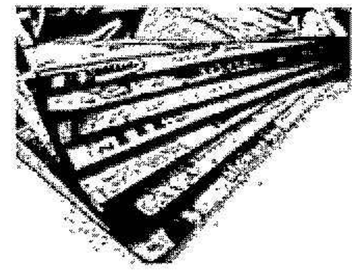
182 cities

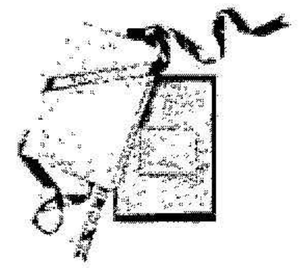
187 locations

Five Core Business Areas

Paper and Board Business

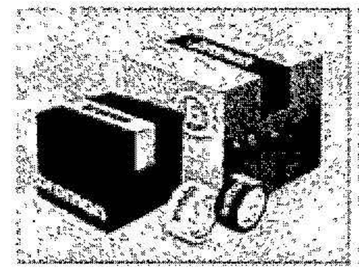
We cater to a wide range of applications, including graphic papers for newsprint, printing, and information-related uses, as well as containerboard, boxboard for various purposes such as snack and tissue boxes, and high-quality paperboard for card games.

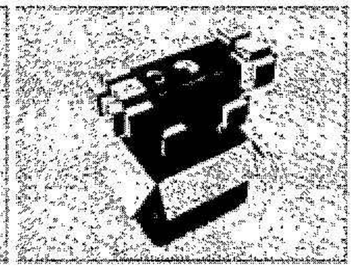




Packaging Business

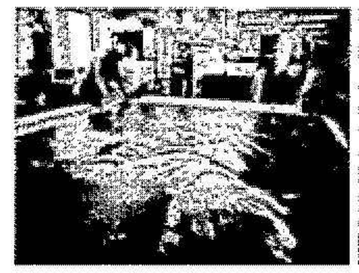
As customer needs diversify and the demand for environmental accountability grows, we offer a broad range of packaging solutions, including food containers, automotive parts, electronic components, cosmetics, and more.

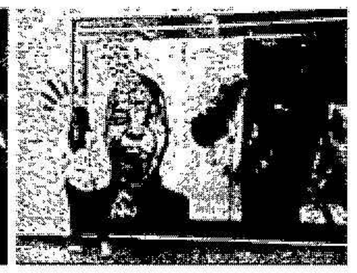




Visual Communications Business

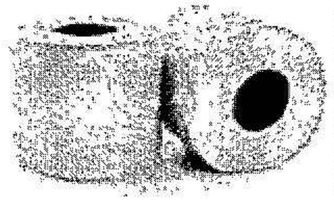
Focusing on original materials, we propose and support the creation of point-of-purchase advertising, signage, interior decorations, and wrapping. We also supply large-format inkjet printing services and consumables, including ink.

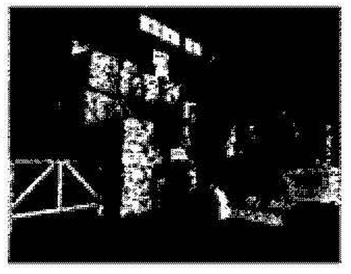




Paper Raw Materials (pulp and recovered paper) Business

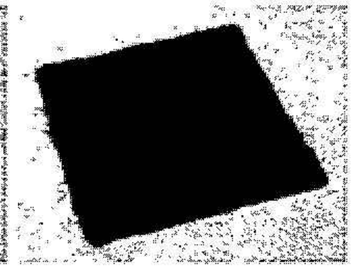
Approximately 40% of paper raw materials are pulp, while 60% are recovered paper. We source these materials globally and supply them to paper manufacturers. Notably, our domestic paper collection business supports the circular economy by recycling recovered paper into new products, such as hygiene paper.





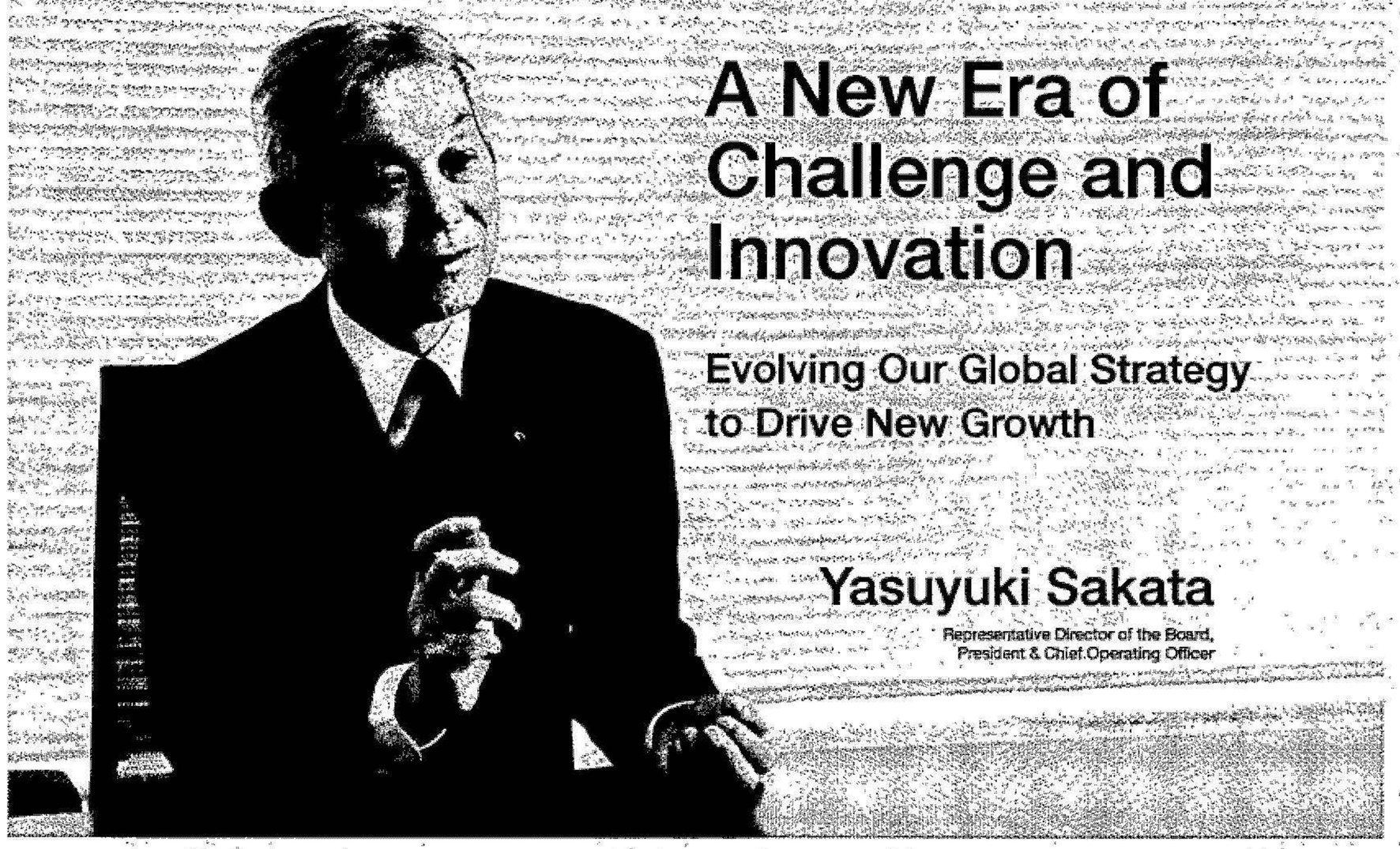
Environment-related Business

In Japan, we offer the "ecomo" series for recovered paper collection and develop products like paper-based artificial turf. Globally, we focus on creating and distributing environmentally responsible products and materials, including paper-based solutions as alternatives to plastic.



Other businesses

- Real estate business
- Paper converting machinery sales business
- Chemical products sales business, etc.



A New Era of Challenge and Innovation

Evolving Our Global Strategy to Drive New Growth

Yasuyuki Sakata
Representative Director of the Board,
President & Chief Operating Officer

In June 2024, I had the honor of being appointed President of KPP Group Holdings. After a career in banking and manufacturing, I joined Kokusai Pulp & Paper, the predecessor of our company, in 2017. As we celebrate our 100th anniversary, I am deeply mindful of the responsibility that comes with steering the organization through this pivotal moment in its history.

Three Changes Driven by Our Inorganic Strategy

Under our long-term management vision GIFT+1 2024, launched in the fiscal year ending March 31, 2017, we initiated a strategic shift in our business model. Instead of relying on the traditional horizontal expansion of our Japanese-style paper distribution business through trading, we adopted a new approach to achieve international growth. To boost our competitiveness in global markets and diversify our financing options, we listed on the First Section of the Tokyo Stock Exchange (now the Prime Market) on June 26, 2018. This listing marked a shift towards an inorganic growth strategy, leading to the acquisition of Spicers, a leading paper merchant in Australia, in 2019, and Antalis, Europe's largest paper merchant, in 2020.

These acquisitions brought about three transformative changes. First, they expanded our role from acting as an agent for paper manufacturers to becoming a merchant capable of handling a diverse range of products. Second, they widened our geographic reach from Northeast Asia to a truly global scale. Third, they enabled us to diversify our product and material offerings, positioning us to better meet evolving market needs. With Spicers and Antalis, each possessing unique strengths, joining the KPP Group, we have gained a substantial increase in the quality and quantity of information available to us, as well as insights into new fields such as packaging and visual communications. Moreover, we are embracing a corporate culture enriched by the diversity and values from outside Japan. Looking

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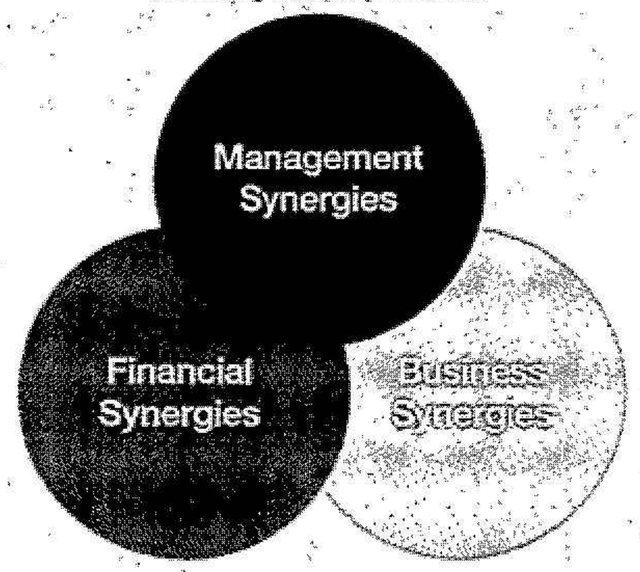

ahead, our goal is to further evolve into a more open and international organization, fostering and leveraging greater synergies within our Group.

The Role of the Holding Company in Leading the Group

In October 2022, we transitioned to our current holding company structure. Over the past two years, we have focused on laying the groundwork by clarifying the roles of the holding company and our operating companies—Kokusai Pulp & Paper, Spicers, and Antalis. With these foundations in place, each company is now poised to fulfill its distinct role.

As a publicly listed company on the Tokyo Stock Exchange Prime Market, the holding company is tasked with shaping the growth strategy for the entire Group. This involves not only outlining clear plans and pathways but also fostering close collaboration with all Group companies to ensure alignment and execution. At the same time, as a listed entity, it is our responsibility to go beyond enhancing profitability and actively meet shareholder expectations by strengthening our Environmental, Social, and Governance (ESG) initiatives. Currently, we are formulating GIFT2030, our long-term management vision for 2030. This vision will serve as a framework for uniting the efforts of approximately 6,000 employees across our global Group as we strive to achieve sustainable growth and shared success.

Review of Financial Performance for the Fiscal Year Ending March 2024

For the fiscal year ending March 31, 2024, we experienced a decline in both revenue and profits, reflecting adjustments following the strong performance of the previous year. In Europe and the Americas, falling product prices—particularly for paper—and inventory adjustments driven by the economic slowdown led to reduced demand, negatively impacting net sales and profits. In China, weak demand for paper and paperboard due to the ongoing real estate slump was compounded by the market entry of new large-scale machines, which drove prices further downward, resulting in sluggish net sales and profits.

Meanwhile, in Oceania, we expanded our market share for office paper, particularly in Australia, leading to increased net sales and profits. Our trading business in Southeast Asia and South Asia also remained strong, with the indent business in India performing particularly well.

Amid these developments, we further advanced our business portfolio transformation through M&A activities in the visual communications sector in Europe and the packaging sector in the Americas. These initiatives have already begun contributing to our net sales and profits.

On the cost side, the global rise in logistics expenses, including transportation costs, along with increased labor costs, has become more pronounced and exerted additional pressure on profitability. In response, we expanded our e-business, consolidated warehouses and offices, optimized workforce allocation, and implemented cost-reduction measures to mitigate these impacts.

Outlook for Fiscal Year Ending March 2025 and Medium-term Business Plan

Results for the fiscal year ending March 31, 2025, are projected to surpass the final-year targets outlined in our third medium-term business plan.

In terms of net sales, despite ongoing declines in demand for graphic paper, we have set a target to grow from the 563.4 billion yen achieved in the final year of the second medium-term business plan (fiscal year ending March 31, 2022) to 650.0 billion yen. This growth assumes the successful execution of strategies in the third medium-term business plan, including increasing market share, promoting e-business, and shifting our portfolio toward the packaging business and visual communications

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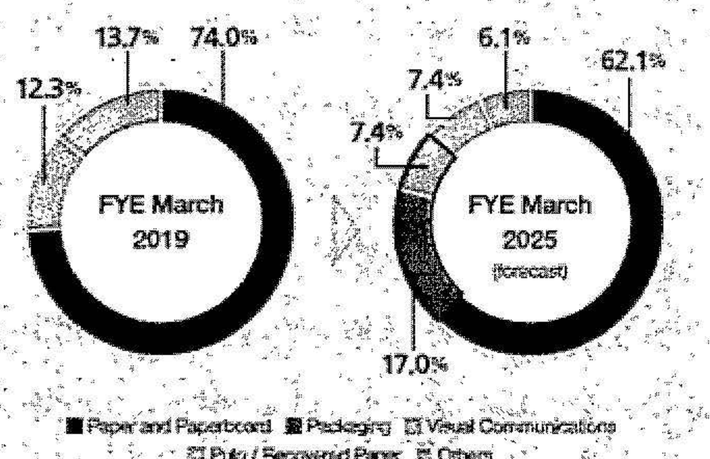
business. Although paper sales volumes have declined more than anticipated, we remain on track to achieve our targets, supported by sustained higher unit sales prices in certain regions and the positive impact of portfolio transformation driven by M&A activities in the packaging and visual communications businesses.

Operating income is also expected to exceed the targets set in the medium-term business plan. Our strategic shift to the higher-margin packaging business and visual communications business, coupled with maintaining fair pricing in the paper business, has strengthened our global earning power. While amortization of goodwill related to M&A activities has been recorded in accordance with Japanese accounting standards, profit contributions from these acquisitions remain robust. This fiscal year, we will continue to focus on transforming our portfolio and enhancing our earning power through both organic and inorganic strategies.

• Forecast for Fiscal Year Ending March 2025 against Medium-term Business Plan

KPP Group Consolidated (billion yen)	FYE March 2025 (forecast)	Medium-term Business Plan Targets
Net Sales	655.0	650.0
Operating Income	16.5	14.5

• Business Portfolio Transformation (net sales)



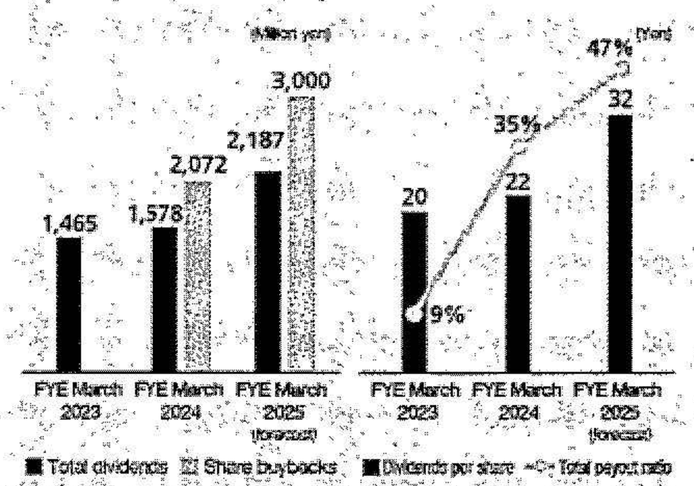
Cash Allocation in Third Medium-term Business Plan

The Group's approach to profit distribution focuses on a balanced allocation among growth investments, human resource development, and shareholder returns. Under our third medium-term business plan, we have outlined our priority to allocate operating cash flow toward growth investments. Of the projected 36.0 billion yen in operating cash flow over the three years, 20.0 billion yen is earmarked for inorganic growth investments, including M&A. To date, we have generated approximately 30.0 billion yen in operating cash flow and have already committed over 20.0 billion yen to this purpose. As demand for graphic paper continues to decline, we remain focused on transforming our business portfolio by shifting away from the paper business and further strengthening other sectors.

Enhancing Shareholder Returns

We are committed to enhancing shareholder returns through a progressive dividend policy aligned with our business growth. Over the course of the third medium-term business plan, we have planned total dividends amounting to approximately 5.0 billion yen. Complementing this, we executed share buybacks worth 2.0 billion yen between November 2023 and March 2024 as part of our flexible shareholder return strategy. Furthermore, in August 2024, we announced an additional share buyback program of up to 3.0 billion yen (3 million shares).

• Dividends, Share Buybacks, and Total Payout Ratio



Reduction of Cross-shareholdings

We conduct an annual review of our cross-shareholdings to evaluate their significance and profitability. Holdings deemed less meaningful or unprofitable are gradually divested. In the fiscal year ending March 31, 2023, we sold three stocks for a total of 103 million yen. In the fiscal year ending March 31, 2024, we divested one stock, resulting in proceeds of 1,183 million yen. For the current fiscal year, we plan to sell six stocks with an estimated value of approximately 2,500 million yen.

Growth Investments and M&As

The KPP Group is pursuing an inorganic growth strategy through M&A to uncover new opportunities. This approach aims to expand geographic reach and diversify our product portfolio.

In the fiscal year ending March 31, 2025, Spicers, our holding company for the Asia-Pacific region, acquired Signet, a leading Australian packaging company with a strong focus on e-business. This acquisition supports our efforts to grow our packaging product offerings and advance a digital-driven business model across the Spicers Group.

During the same fiscal year, Antalis, our holding company for the Europe/Americas region, acquired Tpf, a business division of Tecnoprimaf, an Italian company specializing in bespoke packaging solutions. Tpf's expertise in wooden packaging and anti-corrosion (VCI) products is expected to generate synergies with Antalis Italy.

This fiscal year has marked significant investments in the packaging business. In the previous fiscal year, which ended March 31, 2024, Antalis acquired Integart, a Poland-based company active in the visual communications business. This acquisition has already had a positive impact on our net sales and profits. We remain committed to pursuing similar acquisitions to ensure sustained growth and diversification of our business portfolio.

Management Indicators Focused on Financial Soundness and Capital Efficiency

Our financial management strategy emphasizes key metrics such as the equity ratio, net debt-to-equity (D/E) ratio, and return on equity (ROE).

We aim to maintain an equity ratio of approximately 25% and a net D/E ratio of around 1, focusing on efficient use of capital to generate profits while avoiding excessive internal reserves. For a wholesale business, with our current operations and asset scale, we believe an equity ratio of around 25% ensures sufficient financial stability.

The net D/E ratio serves as a guideline to uphold financial discipline. Growth requires ongoing investments, and we use this ratio to ensure that our total investments do not lead to an unsustainable level of interest-bearing debt. By combining the equity ratio and net D/E ratio, we continuously assess our overall financial soundness. This approach allows us to remain well-positioned to capitalize on significant investment opportunities without being constrained by financial limitations.

While ROE remains our primary profitability indicator, we are also considering the adoption of additional metrics that provide a more comprehensive evaluation of profitability, incorporating factors such as interest-bearing debt financing.

Group Management Governance

KPP Group Holdings leads our Group's efforts to strengthen global governance in collaboration with its three operating companies—Kokusai Pulp & Paper, Spicers, and Antalis.

At the General Shareholders' Meeting in June 2024, the CEOs of Spicers and Antalis were appointed as new Directors on our Board to advance globalization, foster Group synergies, and enhance the diversity and dynamism of the Board. By incorporating the perspectives of these new members, we aim to enrich Board discussions and further enhance its effectiveness.

In risk management, we identified and evaluated key risks based on risk analyses conducted by our three operating companies, establishing priority countermeasures. We have also implemented a system for regularly monitoring the progress of these measures and promoting information sharing among companies, thereby reinforcing the Group's overall risk management framework.

For internal audits, each operating company conducts its own audits and reports the results to our Group Internal Audit Office, which in turn reports to the Board of Directors. This approach allows for tailored audits that address the specific circumstances of each company, enhancing the Group's overall transparency and reliability.

To Our Stakeholders

We recognize that meaningful dialogue with stakeholders is essential for achieving sustainable growth. We are committed to transparent information disclosure and sincere communication to enhance corporate value for our shareholders. We deeply appreciate your continued understanding and support.

Long-term Management Vision

Striving for the World's No. 1 Paper Trading Company

The KPP Group has been executing its Long-term Management Vision, GIFT+1 2024, since the fiscal year ending March 31, 2017, in anticipation of its 100th anniversary in 2024. This vision outlines our strategic direction for 2024 and serves as a roadmap for sustainable growth over the next 100 years. The first medium-term business plan focused on business structural reforms, such as restructuring our overseas operations, updating personnel systems, and enhancing corporate governance. These efforts culminated in the achievement of our long-standing goal of listing on the First Section of the Tokyo Stock Exchange. The second medium-term business plan aimed at business development, with a focus on inorganic growth through overseas mergers and acquisitions. We welcomed major paper distributors Spicers and Antalis into the KPP Group, accelerating our global expansion. The third medium-term business plan is focused on business completion, with the final year of this three-year period aligning with our 100th anniversary. Building on the successes of the past nine years, we are preparing to enter the next phase of our journey, with the goal of becoming the world's leading paper trading company.

Long-term Management Vision

GIFT+1 2024

FYE March 2017 to FYE March 2025

Towards the 100th Anniversary and Paving the Way for the Next 100 Years

First medium-term business plan

FYE March 2017 to FYE March 2019

Business Structural Reform

Key Measures
- Business portfolio reform
- Expansion of recycling-oriented business model
- Restructuring of wholesale pulp and paper business at overseas locations

Achievements
- Newly listed on the First Section of the Tokyo Stock Exchange (now the Prime Market)
- Established one of Japan's largest recovered paper recycling systems
- Wholesale pulp and paper business at overseas locations returned to profitability
- Strengthened the total package and solution business

Issues
- Establishing profitability for the wholesale pulp and paper business at overseas locations
- Strengthening of profitability

Cumulative sales **1,129.4** billion yen

FYE March 2019 **384.9** billion yen

FYE March 2018 **377.7** billion yen

FYE March 2017 **366.7** billion yen

Second medium-term business plan

FYE March 2020 to FYE March 2022

Business Development

Key Measures
- Inorganic strategy through overseas M&As
- Development of solution business
- Expansion of pulp business

Achievements
- Significant growth in sales and gross profit margin
- Acquired Spicers, Australia's second-largest paper distributor
- Acquired Antalis, Europe's largest paper distributor
- Business portfolio reform
- Strengthened a totally recycling-oriented business
- Created solution businesses such as BMecomo

Issues
- Acceleration of digitalization
- Contraction of the graphic paper market

Cumulative sales **1,375.2** billion yen

FYE March 2022 **563.4** billion yen

FYE March 2021 **430.4** billion yen

FYE March 2020 **381.3** billion yen

Third medium-term business plan

FYE March 2023 to FYE March 2025

Business Completion

Key Measures
- Strengthening of global Group management
- Expansion of totally recycling-oriented business model
- Improvement of corporate value through business portfolio reform

Achievements
- Advanced to third place among global paper distributors
- Steadily executed M&A strategies, achieving entry into the Americas and expansion of the packaging and visual communications businesses
- Reformed business portfolio, resulting in a rise in gross profit margin to 18.6%

Issues
- Global economic recession
- Improvement of operating cash flow through expansion of high-margin products and reduction of SG&A expenses

Cumulative sales **1,959.0** billion yen

FYE March 2025 **655.0** billion yen (forecast)

FYE March 2024 **644.4** billion yen

FYE March 2023 **659.6** billion yen

NEXT100

Launch GIFT2030 globally, initiating growth for the next 100 years

GIFT 2030

Advancing to the next stage with a focus on GX, DX, SX, and startups

Creating environmental, social, and economic value to

Achieve Sustainable Growth

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Value Creation Process

Materiality Page 45-48

- Global expansion
- Response to DX
- Implementation of green business
- Climate change countermeasures
- Diversity & inclusion
- Enhancement of governance

Recognition of External Environment

World

- Increasing geopolitical risks
- Intensifying environmental problems
- Shift in the centers of population and economy
- Continuing urbanization
- Depletion of underground resources
- Technological advancement

Japan

- Advent of a super-aging society
- Dwindling birthrates and labor shortages
- Decline of regional economies
- Declining national economic status

Management Capital

Financial Capital

- Sound financial base with an equity ratio of 23.7%
- Total assets: 344.5 billion yen

Manufacturing Capital

Operating across 47 countries and regions with 187 locations in 182 cities, including 136 logistics centers, design centers, and more.

Intellectual Capital

- Extensive knowledge of the pulp and paper industry, including product and solution development capabilities
- Track record of building recycling-oriented business models
- Expertise and achievements in downstream fields (packaging solutions, visual communications, etc.) at our international locations

Human Capital

5,624 employees with diverse backgrounds.

Social and Relational Capital

- A solid customer base built over 100 years of trust, supported by a global sales network spanning 60 countries
- A network of approximately 4,600 suppliers and 130,000 customers
- Leading the paper recovery network, KPP RISANET, in Japan

Natural Capital

- Electricity consumption: 5,018,604 kWh*1
- Water consumption: 9,223m³*2

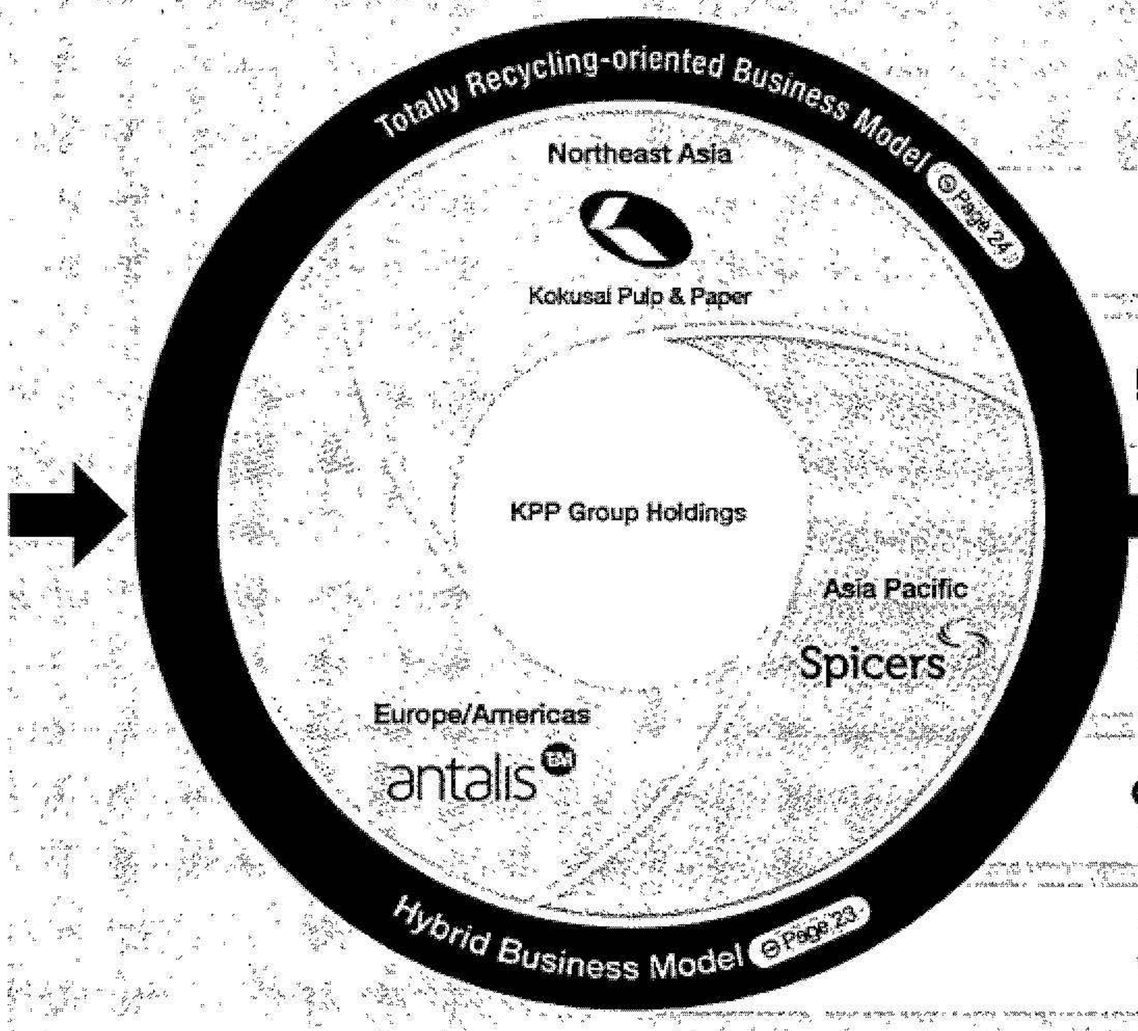
*1: KPPP Group Holdings and domestic consolidated subsidiaries
*2: Kokusai Pulp & Paper Tokyo Headquarters and Kansai Branch

Third Medium-term Business Plan Page 25-26

Establish and Deepen Revenue Base
×
Strengthen Global Group Management

Regional Business Strategies Page 27-44

- Northeast Asia
- Europe/Americas
- Asia Pacific



Output

- Paper and Board
- Packaging
- Visual Communications
- Paper Raw Materials
- Environment-related

Long-term Management Vision GIFT+1 2024

Page 19-20

Outcomes and Delivered Value

Society

- Promoting the transition to circular resources through the provision of plastic-free, paper-based solutions.
- Contributing to the development of a recycling-oriented society by utilizing sustainable forest resources and conducting the collection and recycling of used paper.

Partners & Customers

- Connecting producers and customers through an efficient supply chain to ensure a stable supply of paper products.
- Offering expertise on paper properties and applications to deliver solutions that meet customer needs.

Economy

- Contributing to regional economic development through job creation and partnerships with local businesses.

A Corporate Philosophy That Drives Value Creation

KPP GROUP WAY Page 3-4

Corporate Message
Paper Innovation for a Connected Future

Mission
Contributing to the realization of a recycling-oriented society

DNA supporting the organization
Paper Innovation

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Business Model

We have developed a totally recycling-oriented business model in Japan through paper sales, collection, and recycling. By integrating high value-added operations through overseas M&As, our business has expanded globally, allowing us to implement glocal strategies that leverage the unique characteristics of each region.

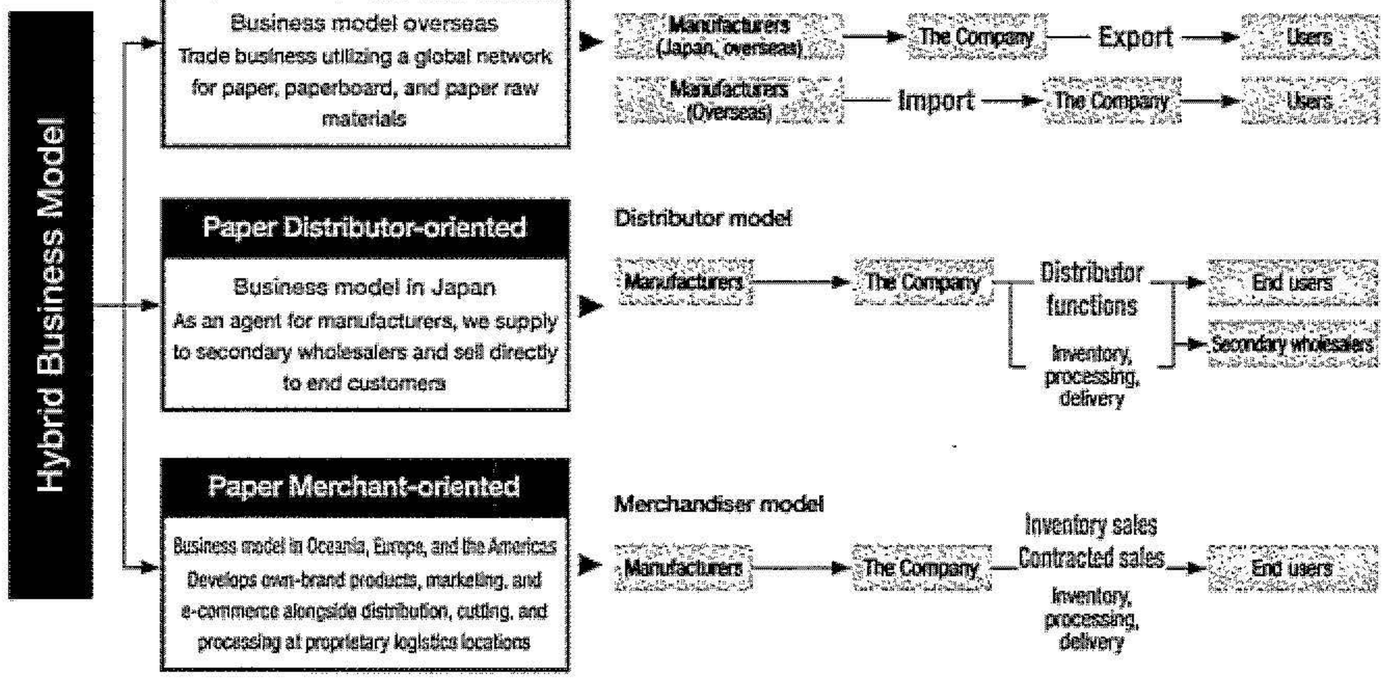
Global business maximizing profitability and efficiency

Hybrid Business Model

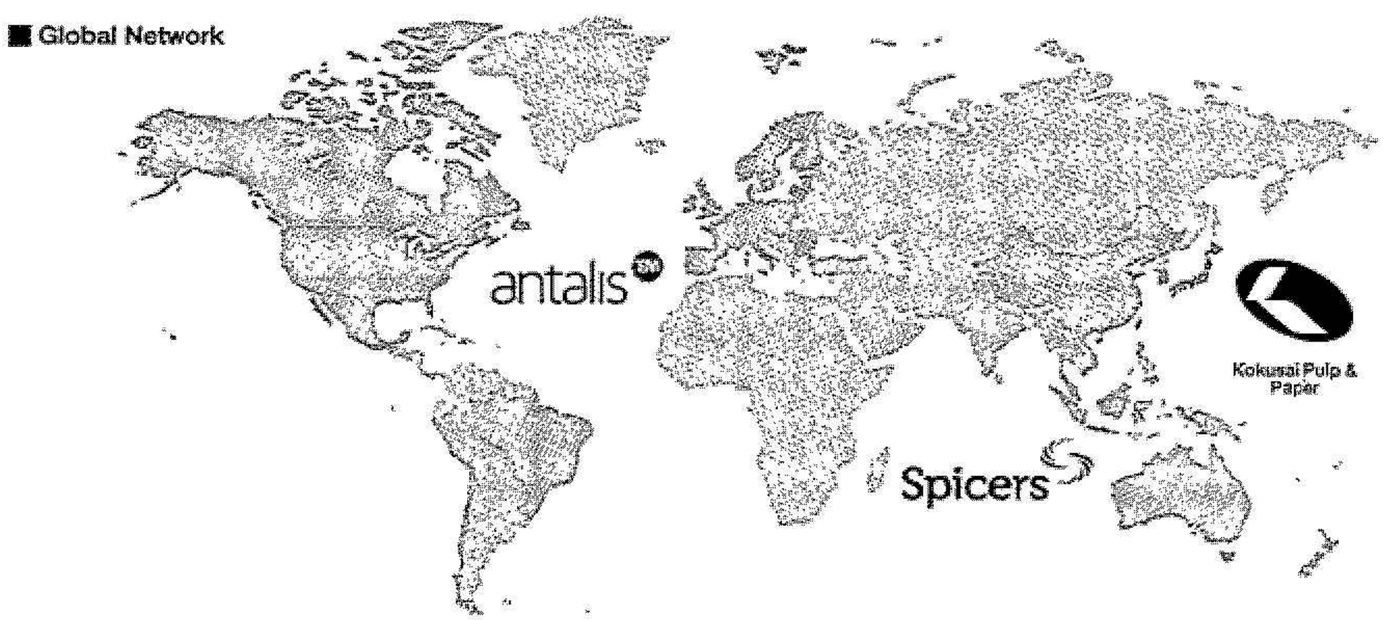
Our company continues to expand its sales network across five continents, actively tapping into the growth potential of diverse markets worldwide. Achieving success in a global business environment requires tailoring business models to suit regional characteristics and strategically integrating them to optimize profitability and efficiency. The hybrid business model addresses this challenge.

For instance, in Oceania and Europe, we are advancing e-commerce initiatives alongside post-paper ventures such as Visual Communications and Packaging businesses. In Southeast Asia, Spicers has integrated the Asian operations of Kokusai Pulp & Paper and Antalis, leveraging Group synergies for maximum impact. In China, we have transitioned to a localized paper distribution model, incorporating Antalis' fine paper business to create a new, region-specific approach tailored to the world's largest market for paper and paperboard, both in production and consumption.

■ Value Chain Model



■ Global Network



*Operations in the Americas (covering Central and South America, and Canada) are managed by Antalis, while the agent business in the United States is handled by Kokusai Pulp & Paper as of Fiscal Year ending March 2024.

Realizing environmentally sustainable growth

Totally Recycling-oriented Business Model

By combining our domestic paper and paperboard wholesale business with our recovered paper collection business, we realize recycling-oriented business models that contribute to a sustainable society. Our goal is to implement management practices that prioritize a circular economy, characterized by the material recycling business which supplies recovered paper and other recycled resources. We also develop and provide support systems for biomass power plant operations, supplying fuels to power plants that utilize factory by-products as their primary fuel source.

Material Recycling

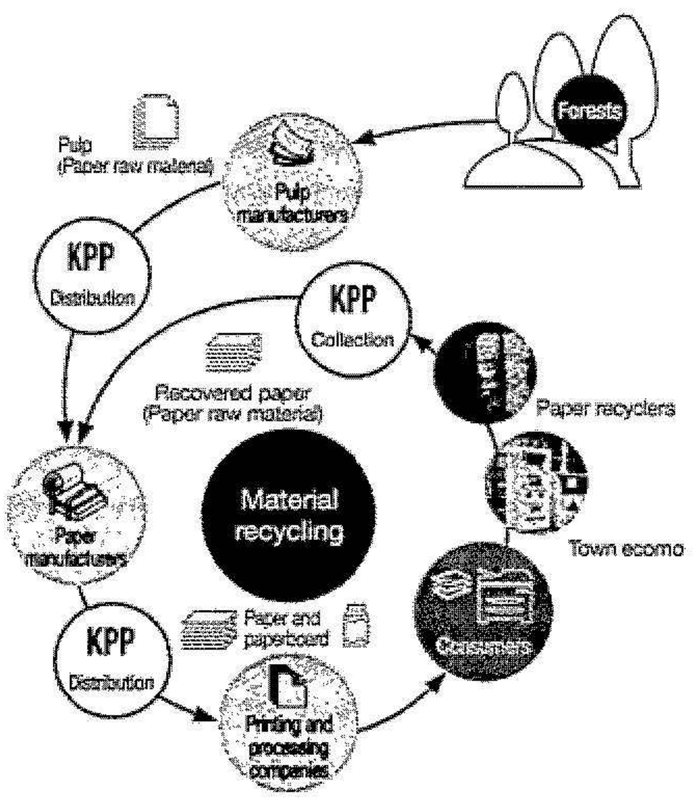
Contributing to the realization of a circular economy through a recycling-oriented business

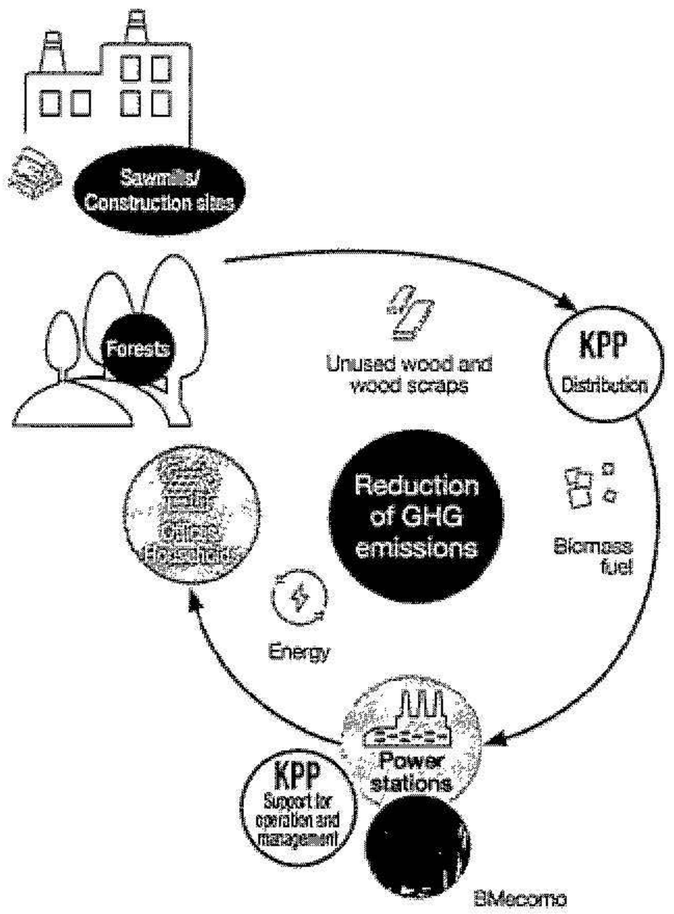
With a network of approximately 4,600 suppliers and 130,000 customers, we lead the industry in domestic paper sales and recovered paper collection volume. Drawing on over a century of expertise in paper and related materials, our paper sales business offers comprehensive solutions. In the recovered paper collection business, KPP RISANET, a nationwide recovered paper wholesaler network, and initiatives like Town ecomo, which offers paper recovery solutions for stores, play a key role in promoting paper recycling.

Reduction of GHG Emissions

Contributing to greenhouse gas reduction by supporting efficient biomass power plant operations

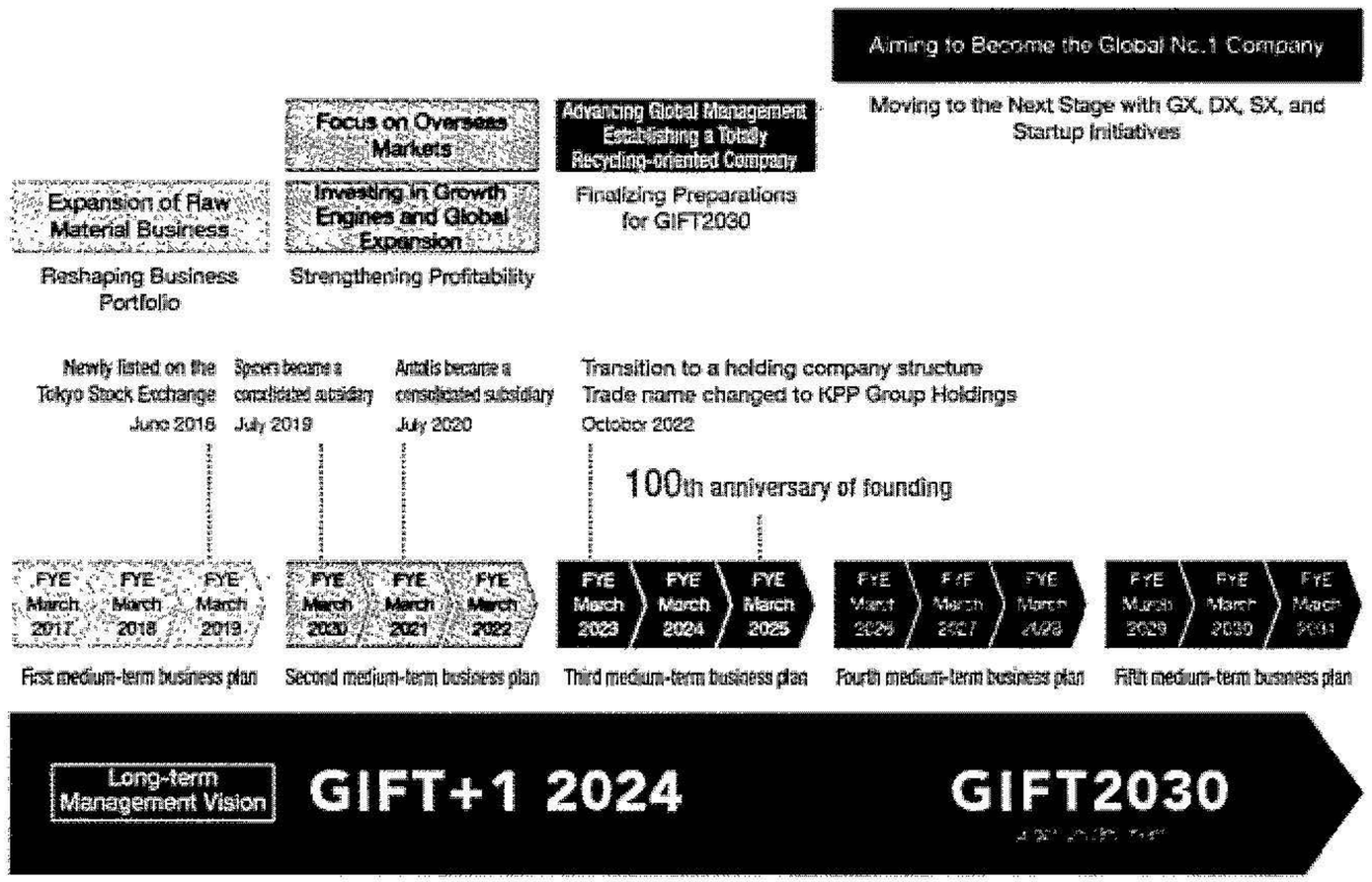
Biomass power generation is considered carbon-neutral, as the plants used as fuel absorb CO_2 during growth. Beyond supplying unused wood and wood scraps to biomass power plants, we have developed BMecomo, a system leveraging AI and IoT technologies to optimize power plant profitability. We also aim to contribute to the realization of a circular economy and a decarbonized society through power purchase agreements (PPA) using manufacturing by-products as fuel.





Third Medium-term Business Plan

The long-term management vision GIFT+1 2024, launched in the fiscal year ending March 2017, is set to conclude in the fiscal year ending March 2025, coinciding with our 100th anniversary. The final phase, the third medium-term business plan, serves as a culmination period leading toward the next long-term vision, GIFT2030. During this phase, we are advancing global expansion while striving to achieve a sustainable society through our totally recycling-oriented business model and reforming our business portfolio. The forthcoming GIFT2030, currently under development, focuses on GX (Green Transformation), DX (Digital Transformation), SX (Sustainability Transformation), and startup initiatives. With these pillars, we aim to become a global leader and further enhance corporate value.



Basic Policy of the Third Medium-term Business Plan for FYE March 2023 to FYE March 2025

In the third medium-term management plan, we focus on contributing to a sustainable society through recycling-oriented businesses and improving corporate value through business portfolio reform as we close in on the 100th anniversary of our founding, and to achieve our Long-term Management Vision Gift+1 2024. In addition, our basic policy during the three-year plan is to establish and deepen our revenue base and strengthen global Group management. Spicers and Antalis joined the KPP Group through cross-border M&As during the period of the second medium-term business plan, and we believe it is essential to maximize synergies among these Group companies, including Kokusai Pulp & Paper. To this end, we will effectively promote and strengthen communication and information sharing among Group companies even more than before under a strategic approach.

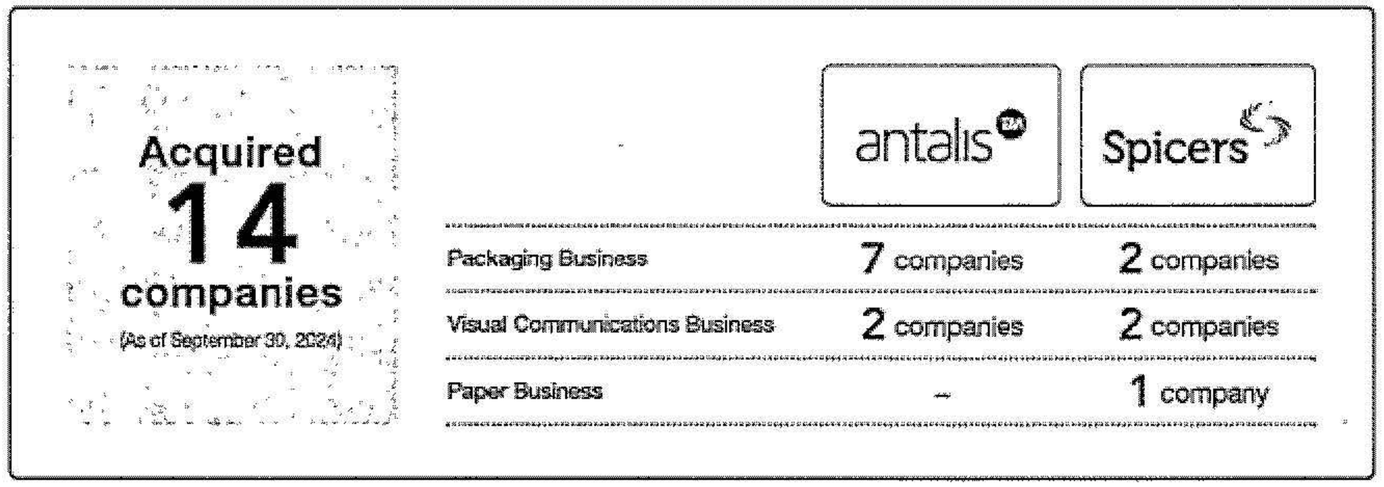
Progress in the Fiscal Year Ending March 31, 2024

In the third medium-term business plan, we are building a stable foundation through expansion of the recycling-oriented business and growth of internal management resources (organic) such as e-commerce and solution businesses, and accelerating growth through acquisition of external management resources (inorganic) through means such as M&As and alliances. Through these efforts, we aim to achieve sustainable growth and strengthen our competitiveness.

■ M&As in the Third Medium-term Business Plan Period

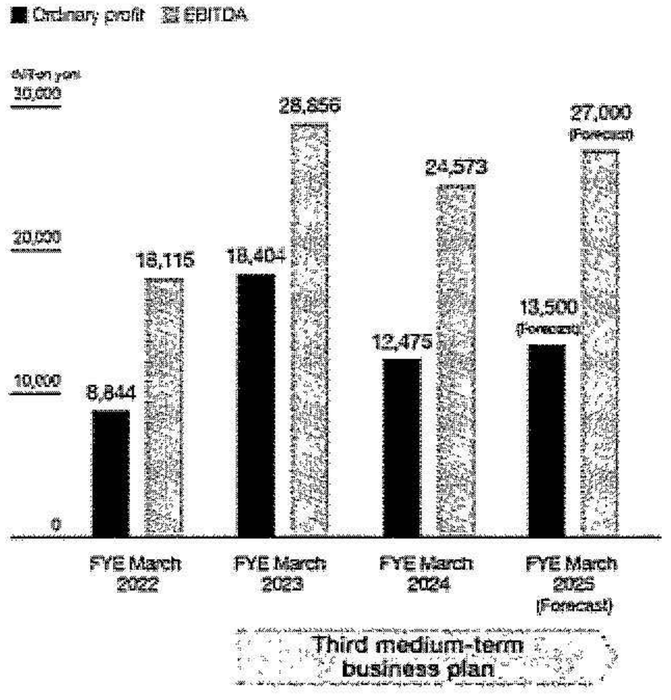
Spicers and Antalis, our overseas operating companies, are carrying out M&As in growth areas such as the Packaging Business and Visual Communications Business, making forays into downstream business areas, and expanding their high-margin businesses.

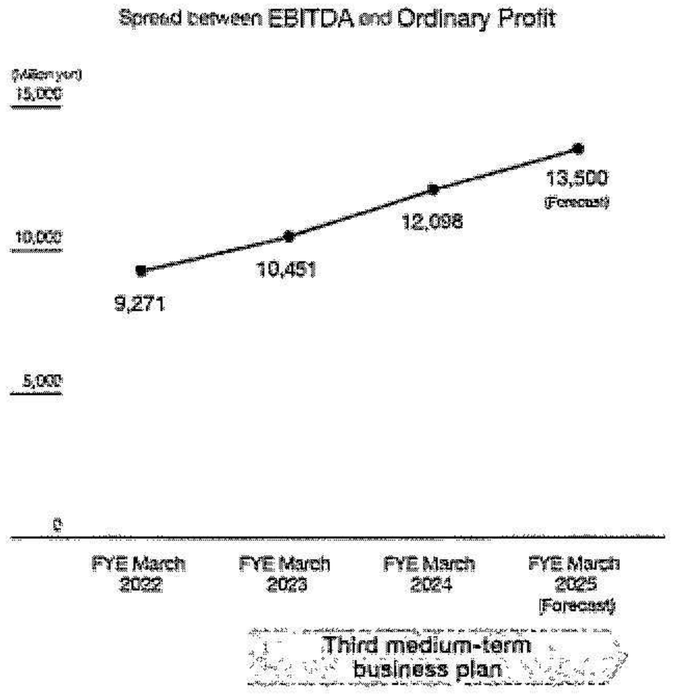
Since the start of the third medium-term business plan, we have acquired a total of 14 companies, consisting of nine in the Packaging Business, four in the Visual Communications Business, and one in the Paper Business, expanding our business and promoting portfolio reform.



■ Improving the Ability to Generate Stable Cash Post-M&As

EBITDA (ordinary profit + depreciation + amortization of goodwill + interest expenses, etc.), adjusted to exclude the impact of operating profit reductions from the amortization of goodwill and customer-related assets increased by M&As, has shown steady growth. The widening spread between ordinary profit and EBITDA reflects an improvement in cash earning capacity.





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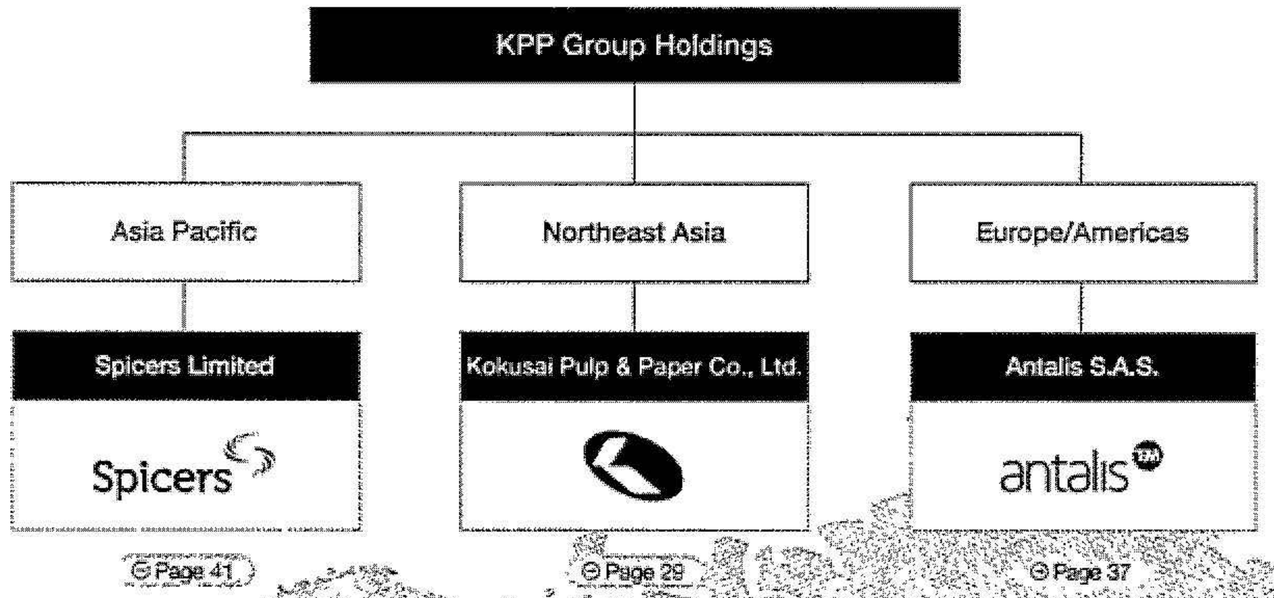
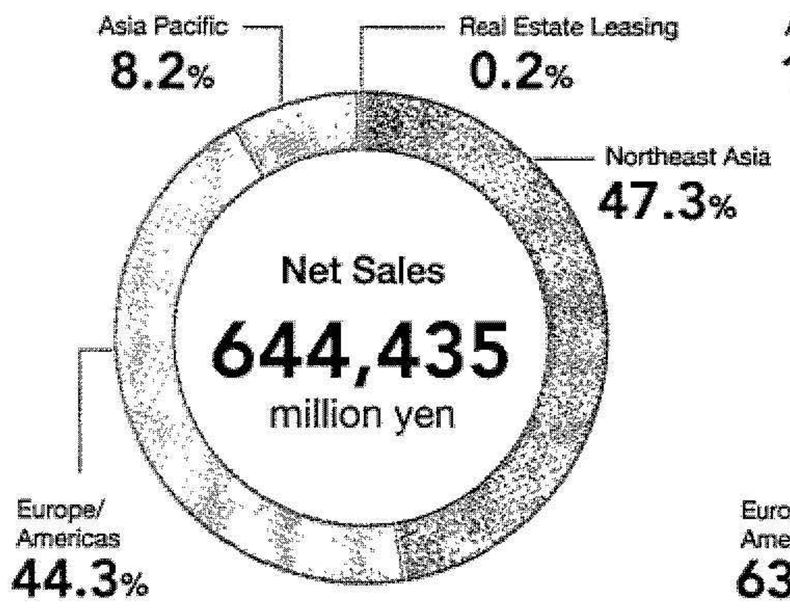
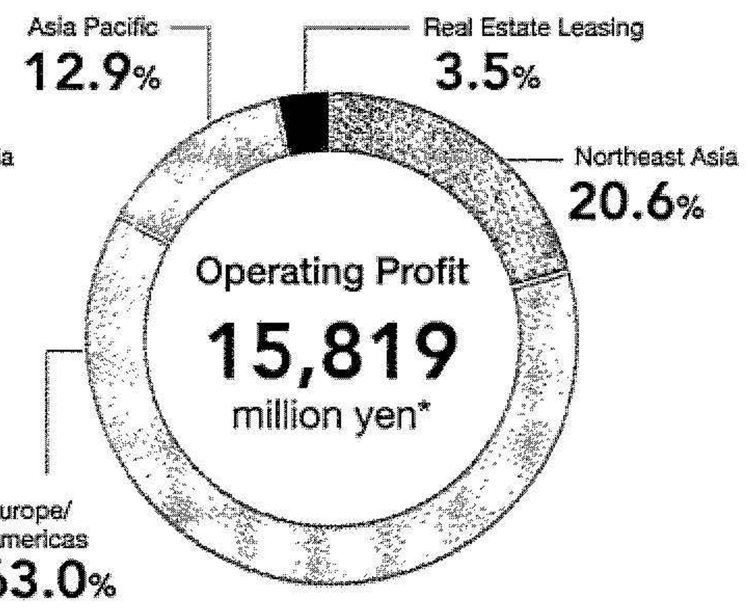
Regional Business Strategies

The KPP Group operates across 47 countries and regions in 182 cities, focusing on three main business areas: Paper, Packaging, and Visual Communications. The Group's three principal companies—Kokusai Pulp & Paper, Spicers, and Antalis—are responsible for comprehensive strategy planning and business operations in their respective regions. Our reporting segments consist of three regional segments: Northeast Asia, Asia Pacific, and Europe/Americas, as well as a Real Estate Leasing Business segment, making up four segments in total. Starting from the fiscal year ending March 2024, the business management region previously covering South America has been expanded to include North America, leading to the renaming of the "Europe/South America" segment to "Europe/Americas."



Sales and Profit by Segment (Fiscal Year Ending March 2024)





*The composition ratio is calculated based on operating profit before corporate expenses and other adjustments.

Northeast Asia

Turning Point for the Pulp and Paper Industry
Pioneering the Future through Business Reform and Environmental Solutions

KOKUSAI PULP&PAPER CO.,LTD.

Tadashi Kurihara

Representative Director of the Board,
President & Executive Officer
Kokusai Pulp & Paper Co., Ltd.

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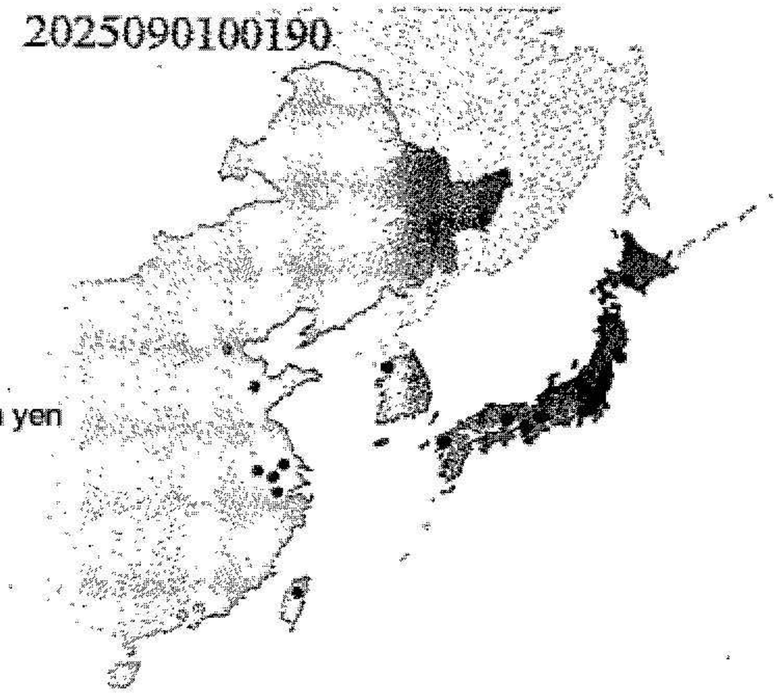


Net sales	Segment profit
304,594 million yen	3,421 million yen

Employees	Locations
962 (including subsidiaries at domestic and overseas locations)	33

Main Businesses and Products

- Purchase, sales, import, and export of paper, paper board, paper processed goods, pulp, recovered paper, chemical products, paper-related machinery, packaging materials, and other related products
- Holding and leasing of real estate; warehousing

Current State of the Pulp and Paper Industry

As an operating company of the KPP Group, Kokusai Pulp & Paper is responsible for business in the Northeast Asia region. In the Japanese market, structural factors such as digitalization and the declining population and birthrate, combined with selling price revisions driven by rising production and logistics costs, are accelerating the shift away from paper media. As a result, demand for graphic paper—including newsprint, printing, and information-related paper—continues to decline, impacting our core business.

On the other hand, while the paperboard business faced challenges such as reduced consumer spending and simplified packaging due to inflation, the decline was less pronounced compared to the graphic paper business. Packaging paper performance remained robust. Additionally, with the shift in preferences among foreign visitors to Japan from purchasing goods to seeking experiences, inbound demand for boxboard has been limited. However, there is strong demand for trading cards—one of our key strengths—which appear to be establishing themselves as a new category. While some may perceive the paper industry as declining or a sunset industry, the reality is different. Global demand continues to grow for household paper, packaging, visual communication materials, and more. Furthermore, the drive to promote paper solutions remains robust, particularly in response to the global movement toward de-plasticization.

Portfolio Transformation for Growth

In order to keep growing as a paper trading company, we need to shift our business portfolio toward areas that utilize and require the diverse functions of paper. As we aim to become a totally recycling-oriented enterprise, we are developing and commercializing environmental products, and we will also further focus on solution businesses such as closed recycling, which will be discussed later. In the graphic paper business—where paper's communication function has historically been in highest demand—we will establish a sustainable corporate structure by transforming our sales methods to maintain market share and improve profitability. Additionally, addressing the growing challenge of logistics efficiency is often beyond the capacity of a single company to resolve alone. Therefore, collaboration with like-minded companies that share common goals is essential. In this regard, industry restructuring may also become necessary.

Although the paper industry is undergoing a major transformation period, we are committed to overcoming issues and living up to the expectations of our customers and other stakeholders.

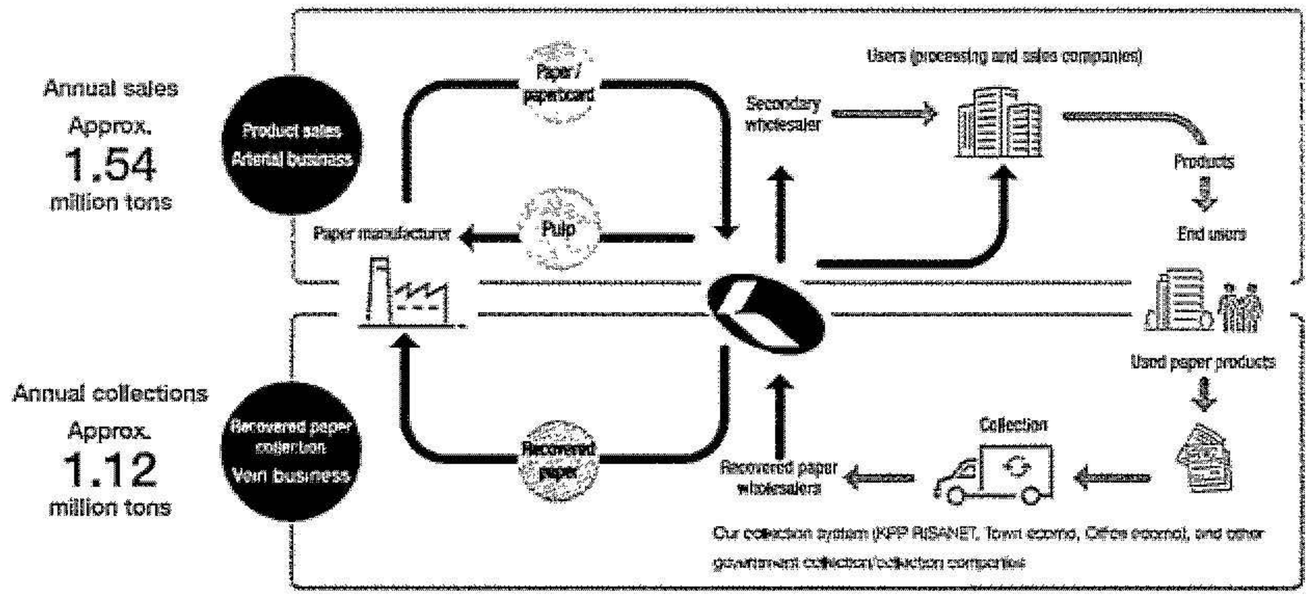
Trends in Our China Business

Although China is facing some impact from an economic slowdown, the paper market is growing, and production volumes for both graphic paper and paperboard are growing. Keishin Papers Trade, which is responsible for our Chinese operations, focuses on two businesses. In the trading business that mainly handles imports, there are many inquiries for functional products and environmentally conscious products from Japanese paper manufacturers, and we are prioritizing these categories. In the wholesale business for the Chinese domestic market, which is saturated with a multitude of paper distributors, we are working to differentiate ourselves from competitors by enhancing our offerings in paper for digital printing, a market that we expect will grow in the future.

Environmental Solutions Business as a Growth Strategy

One of the characteristics of Kokusai Pulp & Paper is its relatively high ratio of direct sales. Over many years, we have built relationships of trust with end-users, including manufacturers, publishers, and mail order companies, and have gained valuable insights by collaborating to address their challenges. A key initiative developed from these efforts is our closed recycling business, which creates customized recycling schemes. This process

Recycling Over 70% of the Base Paper We Sell



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involves collecting recovered paper generated from a company's products, converting it back into base paper, and reusing it to produce new products for the same company. Demand is growing for greater transparency in the recycling process. The closed recycling system not only facilitates recycling, but also enables the disclosure of data on what was recycled, how it was recycled, and in what quantities. This data meets the needs of companies striving to reduce their environmental impact, driving the adoption of this system. Our nationwide recovered paper collection network, KPP RISANET, plays an important role in tracking and managing the volume of recovered paper and its recycling destinations.

Expansion of Sales in Environmentally Responsible Products and Solutions

The Green Biz Project, launched in 2018 by young employees, is also on a growth trajectory. Aiming to develop and distribute environmentally responsible products, the project was initiated as a cross-organizational initiative focusing on the promotion of paper solutions, reduction of plastic use, and the use of bioplastics. Net sales from the project have been rising steadily from 0.4 billion yen in the fiscal year ending March 31, 2021 to 1.6 billion yen in the fiscal year ending March 31, 2023, and reaching 3.7 billion yen in the fiscal year ending March 31, 2024. Among the products, Paper Yarn OJO* manufactured and sold by our group company Oji Fiber, includes an indoor paper-based artificial turf, which has been adopted in various locations. Its media coverage has led to an increase in inquiries, and we are expediting the development of a roadmap to strengthen production capabilities. Starting this fall, we have regularly stocked cut and roll versions of the paper-based turf to meet customer needs. In addition, we are working to manufacture paper yarn from mixed paper that combines paper with food residue, opening a new frontier for paper applications.

Both closed recycling and environmentally responsible products are businesses that embody the KPP Group's mission of "contributing to the realization of a recycling-oriented society." Although there is a tendency to consider paper-free operations as a way to reduce environmental impact, unlike fossil fuels and other non-renewable resources, paper is an endlessly renewable resource that can be recycled under proper management. In Japan, approximately 80% of the paper consumed is collected and reused as a resource. The trees that serve as the raw material for paper grow by vigorously absorbing CO_2. Trees that mature and absorb less CO_2 are cut down and processed for use, while newly planted young trees absorb even more CO_2. Using paper produced from forest resources in this manner contributes to decarbonization, and against a backdrop of growing environmental awareness, the sales ratio of forest-certified paper sourced from properly managed forests has been increasing year by year.

Transforming Sales Methods with Digital Marketing

In March 2022, we launched the paper solutions proposal website SHIFT ON to accelerate our business portfolio shift. The number of page views for the site has sharply increased in 2024, and the number of business consultation, especially for environment-related products, has doubled compared to the previous year. Meanwhile, our e-commerce site, Paper Mall, although modest in sales, is expected to play a central role in boosting our online paper sales under the next medium-term business plan, through the renewal and reorganizing of the IT platform for paper sales.

Developing Human Resources That Provide Added Value

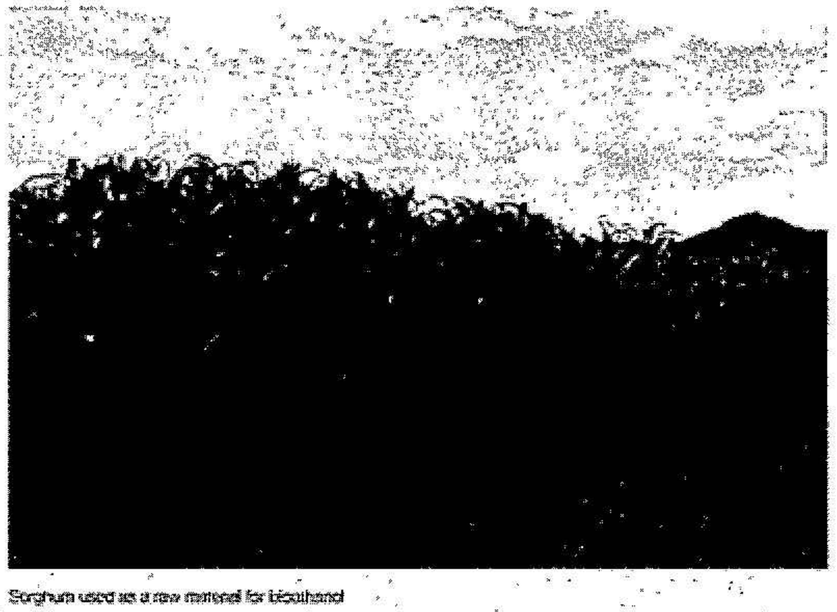
We have long been a company with strengths in proposal-based sales. As the largest paper distributor in Japan, we have excelled at recommending the best paper solutions to address the challenges faced by end-user companies. Recently, we have been building on this strength by focusing on shifting to solution-based sales that approach customer insights. Recognizing the need to transform our sales approach to one that derives solutions from data-driven hypotheses and effectively proposes and sells these solutions, we are encouraging employees to participate in data utilization training.

Paper Innovation by Young Employees Driving New Businesses

BM Ecomo Co., Ltd was created as an internal venture to provide solution services for environmental and energy-related businesses. BMecomo, developed by the company, provides services as a comprehensive platform designed to maximize the value of power plants through cutting-edge data analysis and thorough visualization, enabling improved utilization rates and optimized maintenance costs. Recently, we have invested in a non-FIT biomass power plant while also supplying fuel for their operations. This power plant aims to create 100%-domestically produced clean energy by not only using conventional woody fuels, but also biomass fuels derived from manufacturing by-products, such as mushroom bed waste (used culture medium), soft drink tea grounds, and coffee grounds—materials that have long been treated as waste. We will promote this recycling-oriented business model that responds to the social issue of waste reduction in an aim to contribute to the realization of a decarbonized society.

In addition, KPP Agri Solutions Inc., a startup established in Namie Town, Futaba County, Fukushima Prefecture in March this year, is engaged in the production and sale of sorghum, a grain in the grass family, used as domestic roughage and as a raw material for bioethanol, by consolidating land such as unused farmland left without successors. Both initiatives mentioned above are new businesses driven by the ingenuity of young employees, exemplifying our corporate culture of fostering "accountable individuals pioneering the future with 'paper innovation.'"

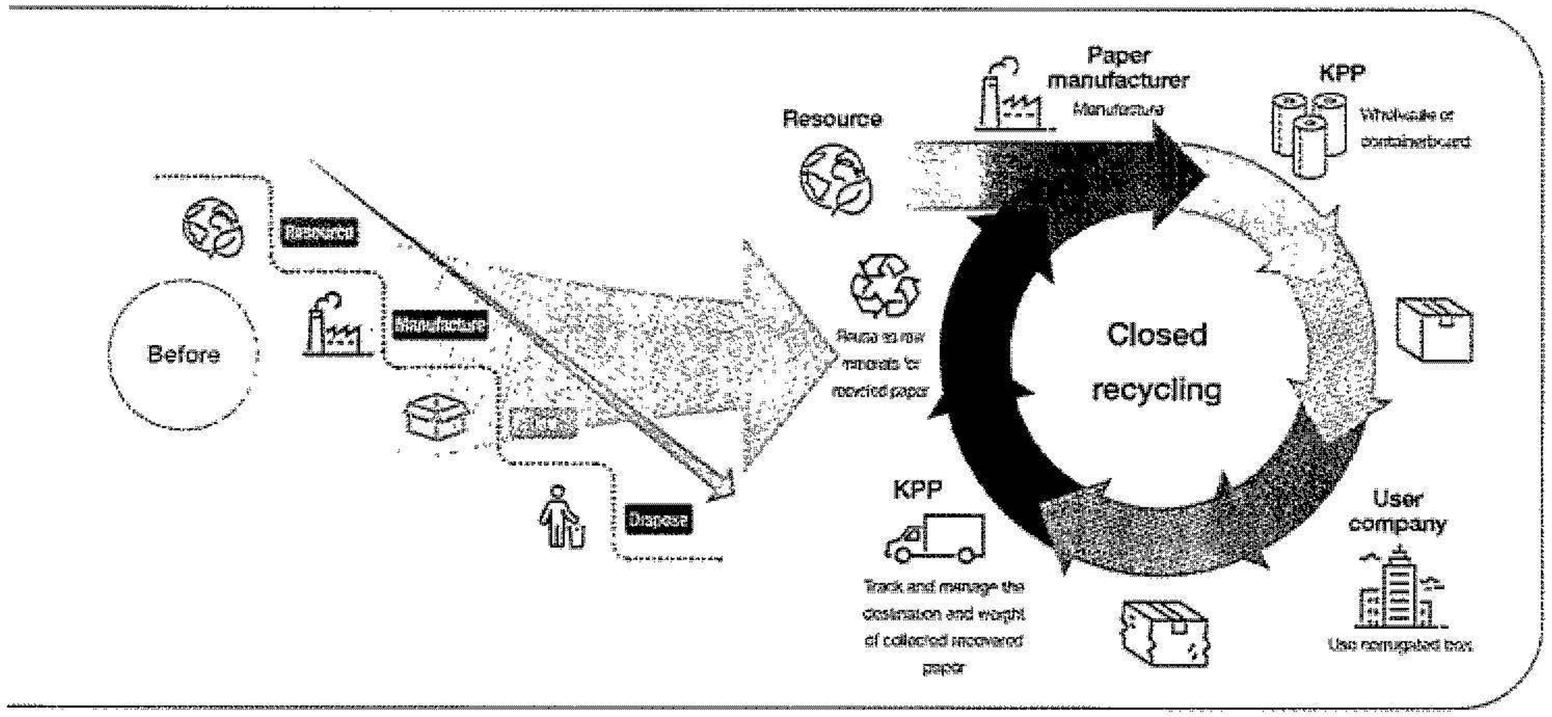
In FYE March 2024, we launched the Green Biz Project (GBP) training for salespeople to systematize the insights gained through the Green Biz Project and share them across the organization. This training provides an opportunity for employees to collaborate and learn across departmental boundaries while tackling the challenges of selling new and unfamiliar product categories. It has received positive feedback from participants. An open-minded culture that embraces free and lively exchanges of ideas is a core part of our corporate ethos. Building on our DNA of "paper innovation," we aim to explore new business domains and transform Kokusai Pulp & Paper into an even stronger organization.



Sorghum used as a raw material for bioethanol

The Company's Green Products and Green Solutions

Green Products	Promotion of paper solutions	• With growing concerns over plastic pollution in the oceans, global efforts to restrict disposable plastics are accelerating, driving increased demand for paper as an alternative material. • In recent years, research and development of alternative paper solutions, primarily led by paper manufacturers, have advanced significantly, resulting in a growing number of applications in food packaging, daily necessities, and stationery. Examples: Cutlery, lace covers, hangers, paper packaging materials, cushioning materials, packaging, etc.
	Reduction of plastic use	• These products reduce the use of oil-derived plastic by innovating manufacturing technologies and mixing in biomass-derived pulp and paper to an extent that does not detract from plastic characteristics such as barrier properties and processing suitability. Examples: Paper cold storage boxes, paper and film packaging materials, water and oil resistant paper, etc.
	Biomass materials	• Plastic's unique characteristics often make it challenging to replace with other materials. To address this, research into alternative materials is underway, focusing on reducing environmental impact. • Examples include biomass plastics made from renewable resources and biodegradable plastics that decompose naturally through bacterial action. Examples: In-store PCP, fishing tackle items, cutlery, etc.
Green Solutions	Town ecomo	• Town ecomo collects household paper through point-reward collection boxes placed in retail stores and other locations, recycling it into raw materials for paper production.
	Office ecomo	• Office ecomo collects confidential office documents in secure boxes, ensuring they are recycled into raw materials for paper production.
	ecomo Closed Recycling Service	• A solution service that visualizes the recycling loop of client companies by centrally managing the entire process from paper supply to the collection and recycling of recovered paper.
	BMecomo	• A system that supports the optimization of biomass power plant operation by utilizing the latest technologies such as big data analysis, AI, and IoT.



Closed Recycling: A Scheme for Realizing A Recycling-Oriented Society

What Is Closed Recycling?

Closed recycling is a process of recycling waste generated by corporate activities and reusing it as new products or materials for the same company. This recycling method makes it possible to circulate resources without waste, achieving waste reduction and effective use of resources.

We build recycling systems for recovered paper tailored to user companies and provide transparency in the recycling process. The Japanese government has set a goal of achieving carbon neutrality by 2050, prompting companies to disclose total CO_2 emissions (carbon footprint) throughout the product life cycle—from raw material procurement to production, use, and disposal. In this context, our closed recycling system, which enables precise data management on resource usage and reuse, is drawing increased attention.

Gakken's Initiatives to Recycle Recovered Paper into New Books

In February 2024, through collaboration with GAKKEN HOLDINGS CO., LTD.'s operating company, Gakken Inc., we achieved closed recycling that regenerates returned books from bookstores and used corrugated boxes into new publications. Gakken prioritizes sourcing paper from responsibly managed materials with clear traceability. This initiative aims to secure the traceability of recovered paper and accurately track the volume of collected and reused materials. The collected paper was used in the chipboard core of the cover for *Gakken's Illustrated Book LIVE: Animals (new edition)*, released on June 27, completing a recycling loop in which recovered paper is reborn as new books.

Reborn into a new illustrated book through closed recycling

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Benefits of Localized Recycling

Closed recycling is gaining traction across various industries, including major beverage manufacturers, pharmaceutical companies, and transportation businesses, with a growing number of inquiries from companies.

In resource-scarce Japan, recovered paper is a valuable raw material. To ensure a stable supply, the country has developed an efficient recovered paper collection infrastructure, supported by high public awareness of recycling, achieving an impressive collection rate of approximately 80%. However, the volume of recovered paper generated is steadily declining due to a shrinking population and increasing digitalization. Coupled with rising global prices for recovered paper, securing a stable supply has become an urgent challenge.

By utilizing closed recycling, stakeholders within the recycling loop can secure a stable supply of recovered paper. Additionally, studies have shown that exporting recovered paper generates approximately six times the greenhouse gas (GHG) emissions compared to domestic recycling. By keeping recovered paper circulation within companies, closed recycling not only ensures resource stability but also significantly reduces GHG emissions, making it a highly valued practice for environmental sustainability.

Expanding Closed Recycling to Include Diverse Paper Types

While closed recycling currently represents a small portion of our total recovered paper collection and sales volume, we aim for further expansion by leveraging our close connection to end users. Our primary focus remains on corrugated boxes, but as a business model that aligns with our corporate mission of realizing a recycling-oriented society, we are developing systems to accommodate a broader range of paper types, such as advertising paper, to meet future demands.

Dual Strengths: Recovered Paper Collection and Paper Raw Material Sales

The Company sells approximately 1.54 million tons of paper and paperboard annually while collecting around 1.12 million tons of recovered paper for recycling. In addition to our industry-leading sales performance, our ability to stably procure recovered paper as paper raw material is a key driver of success in our closed recycling initiatives. By leveraging the combined efforts of our Group companies' recovered paper collection operations, the nationwide KPP RISANET network, Town ecomo collection points, and the existing facilities of user companies and recycling contractors, we have significantly increased both the number of companies adopting closed recycling and the volume of materials recycled.

Column

Expanding Recycled Materials and Enhancing the ecomo App

In addition to recycling paper, we are broadening our efforts to include a wide range of materials such as aluminum cans, PET bottles, used clothing, and polypropylene strapping bands. Currently, we are developing a collecting machine that automatically sorts and compresses recyclable cans and PET bottles in an aim to improve transportation efficiency through compression.

Town ecomo, located at venues like supermarkets, provides a convenient service for households to recycle paper and earn reward points based on the quantity collected. Looking ahead, we plan to make it even easier to earn and use points through a dedicated app.

PET bottle and aluminum can collection machine that is under development

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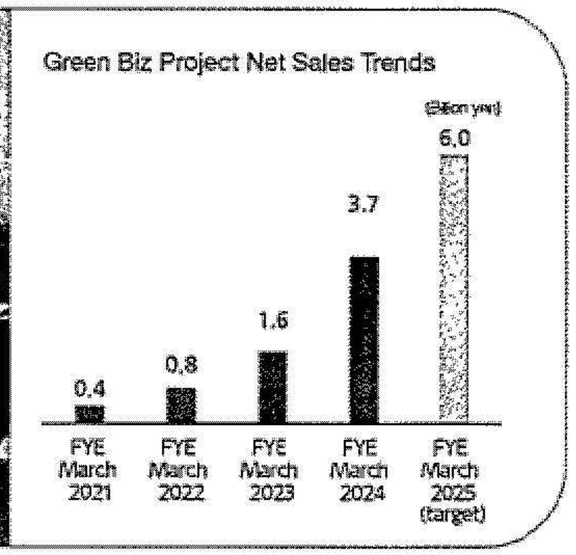


Green Biz Project Training for Evolving Sales Practices

From Selling Products to Selling Solutions

To build and strengthen the Company's recycling-oriented business model, our sales teams must become proficient in handling new environment-focused products. This shift requires more than R&D; it calls for creating application proposals, developing sales schemes, and adopting a solution-based sales approach instead of traditional product-centric methods. As part of this transformation, we launched the Green Biz Project Training (GBP Training) as a key reskilling initiative.

The Green Biz Project—Differentiation through Environmental Responsiveness

The Green Biz Project is a cross-organizational initiative started in 2018, led by young employees. Beyond conventional product sales, the project actively proposes environmentally conscious product plans to manufacturers, addresses evolving customer and market needs, and takes on the challenge of creating new value by leveraging the company's diverse resources.

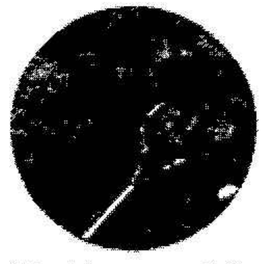
GBP Training focuses on equipping participants with solution sales skills and the ability to identify and address customer needs effectively. In August, GBP Training featured a hands-on session led by an instructor from Ranpak, the world's leading provider of paper cushioning materials, allowed participants to deepen their product knowledge and enhance their customer proposal capabilities through interactive discussions.

Success Stories in Customer Acquisition

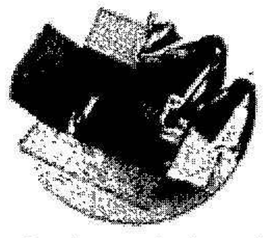
GBP Training has already delivered results. For example, there have been orders for Ranpak paper cushioning material from a major electronics manufacturer and adoption of PFAS-free oil resistant paper by a large coffee shop chain. These successes reflect our ability to align proposals with customers' environmental priorities, driving both increased sales and positive impact.

We will continue to embrace products that reduce environmental impact while contributing to business growth. GBP Training is an important measure supporting this growth strategy.

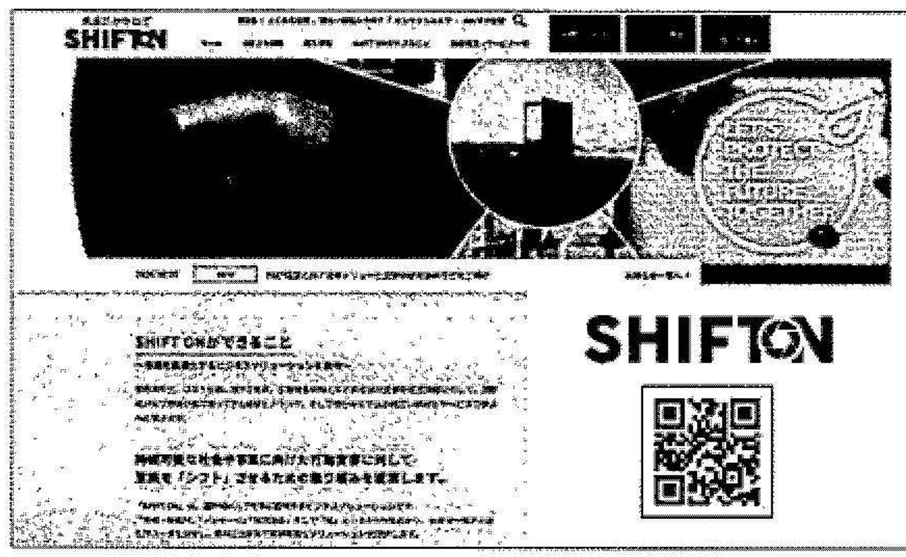
Key Environmental Products Promoted by the Green Biz Project



Turf made from paper yarn OJO®



Ranpak paper cushioning materials



Accelerating the Shift to Digital Marketing

SHIFT ON is a solution service site launched to drive growth in the digital age by integrating data-driven marketing automation. This platform enhances the efficiency of sales activities and unlocks new business opportunities.

Before launching our third medium-term business plan, we introduced three new businesses—Visual Communications, Environmental Solutions, and Packaging Solutions. However, these services struggled with low recognition. Traditional walk-in sales methods proved inefficient, leading us to adopt a pull-based sales approach to enhance visibility.

Previously, when a new product was introduced, salespeople manually compiled lists of potential customers and approached them one by one. With SHIFT ON, we adopted a data-driven approach to attract potential customers, allowing sales teams to focus on high-value tasks such as deal closures and customized solutions. The site launched in March 2022, and in 2023, we introduced inside sales, creating a system to pass high-quality leads—generated from hundreds of monthly conversions—to the sales team.

Acquiring New Users and Stimulating Demand Among Existing Customers

In the two and a half years since the launch of SHIFT ON, page views have increased tenfold, and conversions this year have tripled compared to the previous year.

While our main customers include publishers, printing and processing companies, and wholesalers, SHIFT ON has allowed us to attract leads from a wider range of industries, expanding our customer base. Additionally, we now receive inquiries directly from departments involved in product and service decision-making, such as corporate product planning and R&D, enabling more strategic sales activities.

Furthermore, we keep existing customers informed about new products and initiatives through regular email newsletters. This helps to uncover the hidden needs and generates additional sales opportunities.

The Future of Sales with SHIFT ON

SHIFT ON is set to transform our sales process fundamentally. By automating tasks traditionally handled by sales teams, the platform allows them to concentrate on high-value activities. It also enhances our customer touch-points and market reach through data-driven strategies, further improving the efficiency of sales activities.

This transformation is not just a change in sales methods but is directly related to the reform of our business portfolio. SHIFT ON aims to support the growth of our customers' businesses and achieve sustainable growth across all our business sectors through the use of digital technology and data.

Europe/Americas

Resilient and Ready: Antalis Targets Acquisitions after Weathering Market Turbulence in 2023

antalis EM

Hervé Poncin
CEO, Antalis S.A.S.

Consolidating the Transformation Thanks to Acquisitions

In line with its growth and transformation objectives, Antalis has completed several strategic acquisitions in 2023 and early 2024. These include the integration of Lovepac in Canada and Mexico, Gosuma in Spain, 100 metros in Portugal, Tecnoprimat in Italy and Pakella in Latvia, Lithuania and Estonia in the Packaging sector. We also expanded our Visual Communications segment with the acquisition of Integart in Poland and the Czech Republic. These acquisitions will significantly strengthen our operations in these countries, creating synergies in infrastructure utilisation and consolidating market positions.

Navigating Complex Market Dynamics

The European continent continues to face significant challenges, with political changes in major countries such as the UK and France, and ongoing conflicts in Ukraine and the Middle East. While inflation is finally showing signs of stabilising, European Central Bank interest rates remain high. Despite these macroeconomic uncertainties, the Olympic Games and Euro 2024 boosted activity and tourism during the summer months.

This environment was particularly positive for our Visual Communications business, as many indoor and outdoor signage products were used to promote these events. Our successful 'Wrap and Remix' vehicle wrapping competition across Europe contributed to a remarkable 30% sales growth in this segment.

Strengthening our ESG Commitment

The packaging sector offers exciting opportunities as consumer and industrial customers show a growing demand for sustainable solutions and fibre-based alternatives to traditional materials such as plastic and foam. This trend has led to an increased demand for kraft, paper stretch, foldable and non-glued corrugated boxes and paper tapes. The reusability and recyclability of materials is also being demanded by customers. In response, we have expanded our product and equipment offering, including the launch of our new "Korus" range of anti-corrosion papers and the continued success of our Master'In brand.

Our focus on ESG principles has been central to our strategy, reflected in the publication of our comprehensive ESG report. This report includes new KPIs, such as our Scope 1 and 2 carbon footprint, and demonstrates our commitment to driving sustainability across our business.

☑1 > Antalis ESG Report
https://www.antalis.com/responsibility/esg-strategy-and-governance/

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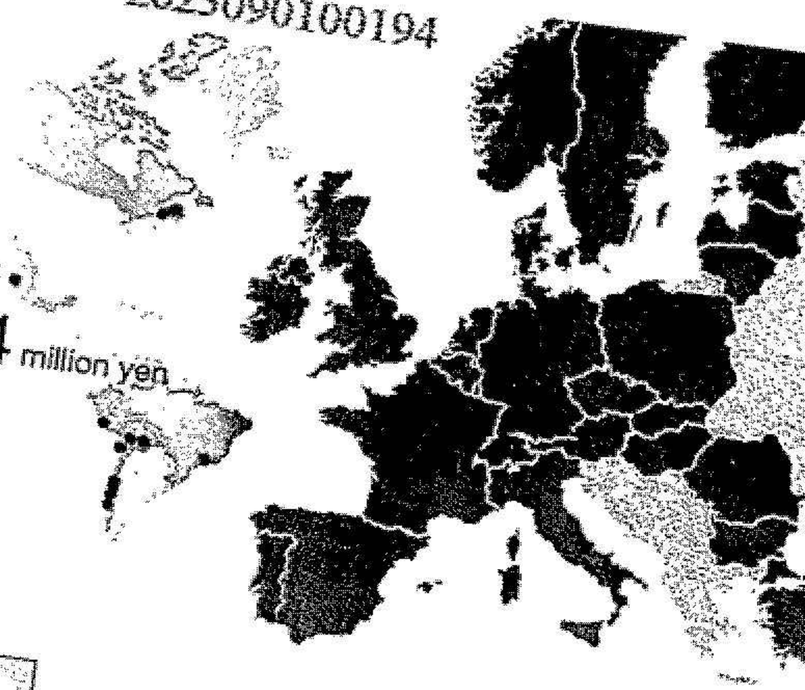

Net sales
285,726 million yen

Segment profit
10,474 million yen

Employees
4,154
(Including subsidiaries at domestic and overseas locations)

Locations
128

Main businesses and products

- Paper and paper-related products
- Packaging
- Visual communications

The efforts made in 2023 enabled us to achieve a Gold medal for our sustainability performance from EcoVadis in April 2024, placing us in the top 5% of groups assessed by EcoVadis over the past 12 months. We are very proud of this achievement.

Challenges in the Paper Market

Antalis faced a particularly challenging paper market in 2023, following a strong post-Covid recovery in 2022. Throughout the year, European paper markets experienced a sharp and sustained decline, with prices falling across all paper grades, putting significant pressure on printers, merchants and paper manufacturers. Our teams responded with agility and overcame these challenges by exploring alternative sourcing options and revitalising key product lines, including our fine papers under the Conqueror, Rives and Curious brands.

These efforts have helped to stabilise our market position and win profitable business from our weaker competitors, one of whom filed for bankruptcy in 2024. Going forward, Antalis will continue to focus on maintaining our margin rate while promoting our growing Fine Papers range, as well as our recycled products, for which customer demand remains strong.

E-business Focus

To support our initiatives in Papers, Packaging and Visual Communications, we have placed a strong emphasis on e-business, with the aim of achieving an e-turnover of over €400 million in 2024. Our Power-e digital approach, including updates to the web shop, has led to a significant increase in e-order lines penetration, which now represent 46% of total stock order lines.

In order to significantly increase the share of digital sales channels in all geographical areas and achieve exponential growth in online sales, Antalis is focusing on gaining a deeper understanding of customer expectations and digital behaviour. The company is committed to developing a digital strategy tailored to the specific needs of each industry sector. By designing innovative omni-channel customer journeys, Antalis aims to increase both sales and customer satisfaction.

Antalis is also committed to providing dynamic and accurate performance indicators to accelerate decision-making. Antalis promotes innovative working methods that improve development and testing, reduce time-to-market for new products and services, foster effective collaboration between all stakeholders (central and local, IT, Marketing and Sales) and build skills and expertise across the organisation.

With our sound strategy, innovative product offering and the commitment of our talented teams, Antalis is well positioned to seize the opportunities ahead and continue to deliver value to our stakeholders.

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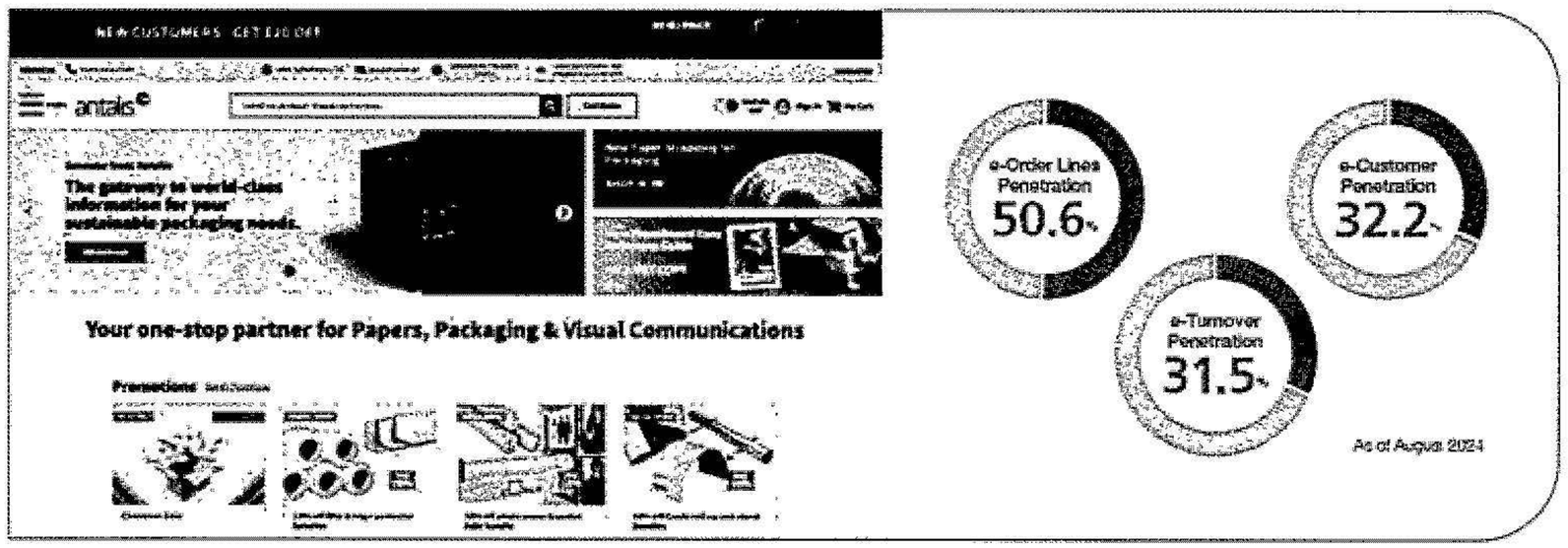


Antalis - Empowering Our Customers

Our customers demand more and more sustainable alternative products for their applications in order to move forward in their environmental transition.

For Antalis, it has become a key focus to identify alternative products in all different product categories that meet customers' expectations, not only in terms of performance and price, but also with a lower environmental footprint. One of the tools that helps to identify sustainable product alternatives is our Green Star System™ : an environmental product classification for each of our business sectors, and our Green Card for Packaging. These ratings of products based on environmental criteria guide customers to choose more responsible products.

Empowering Informed Decision-Making

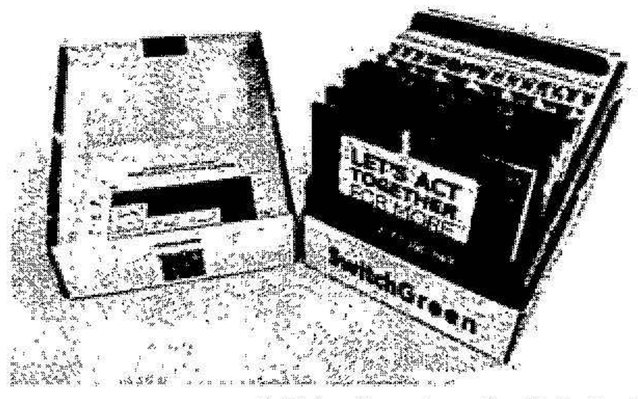
In this transition we believe it is our role to focus on how we can help our customers make informed decisions on environmental product selections. This is why we develop a range of tools including product and environmental brochures, swatches and sample books to empower our customers in making environmentally responsible choices to switch to more sustainable product alternatives.

In our Master'In range for Packaging, we recently launched products that have been identified as more sustainable product alternatives. This range will continue to grow in the future with new and innovative products.

Simplifying Eco-Responsible Choices in Visual Communications

In Visual Communications, the SwitchGreen Box tool is intended to simplify the selection of more eco-responsible materials with all the product alternatives to the main applications available in one box.

Besides our products and services we also focus on educating, informing and engaging through leadership articles, product education, interviews and customer case studies to engage the ecosystem.



SwitchGreen Box, a collection of sustainable alternatives

Driving Digital Growth: Antalis Group's Strategy

Antalis Group has set an ambitious goal of achieving €420 million in online sales revenue by 2024. To reach this target, the company is concentrating on increasing the number of existing customers who use its online platforms while also enhancing its websites to provide a superior user experience. These enhancements focus on improved web design, easier access to information, and expanded customer self-service options through the "My Account" menu.

Rapid Rollout of New Websites

Simultaneously, Antalis is advancing the rollout of new websites on a strict timeline. Recently, Antalis Packaging Germany went live in June 2024, followed by Bolivia in July, and Packaging Austria and Antalis Romania in September. The launch of the Chilean website is scheduled for early 2025. These developments are expected to drive the company's digital growth further. In addition to launching new sites, Antalis is committed to regular functional updates, introducing new features nearly every month and integrating complementary solutions.

Automation Boosts Efficiency with UI-Path

One such solution is the deployment of UI-Path across various countries. This technology automates repetitive tasks, significantly improving efficiency by recognizing offline orders and automatically entering them into the ERP system. UI-Path has already been implemented to automate order entries into SAP in countries like France, Benelux, Iberia, the UK, Ireland, Norway, Sweden, and Denmark, with recent additions including Slovakia and the Czech Republic. Since its introduction, over 7.600 customer orders have been automated, contributing nearly €5 million in e-turnover. Expansion plans include rolling out UI-Path in the BAFI countries, where Scala is used as the ERP.

Targeted Campaigns for Abandoned Carts

To boost customer engagement and increase revenue, Antalis has developed scenarios targeting abandoned carts. The e-shop flags inactive carts and shares the corresponding email addresses with Eloqua, the company's marketing automation platform. Eloqua then triggers targeted email campaigns, reminding users to complete their purchases. This feature is now active in almost all European countries. Future enhancements will include integrating product details from the abandoned cart into the email reminders, which is expected to increase conversion rates and online revenue.

Antalis' commitment to digital excellence is also reflected in its investments in SEO, SEA, and other strategies like competitive pricing and promotions to maintain its competitive edge in the digital landscape.

Asia Pacific

From Strength to Strength: Our 2024 Milestones and Vision to 2030

Spicers

David Martin

CEO, Spicers Limited

We are very pleased with the progress our business and people have made over the past five years. This progress is a testament to the significant investment from KPP, which our teams have respected by driving the business with a high level of personal commitment.

Our recent leadership meetings have resulted in a plan to 2030 that surpasses any of our previous strategies, positioning us to double the revenue mark. With the talented individuals we've welcomed through acquisitions, those who have been with us for years, and those we will continue to welcome in the future, we are confident that the strength of our entire team will drive our goals through 2030.

2023 Re-cap

Though some time has passed, 2023 delivered both sales and NPAT growth compared to 2022. Most of these gains were organic, with the acquisition of Domain Paper contributing during the last three quarters. Notably, the Paper and Packaging sectors saw the most significant improvements. Optimizing the paper business has been crucial, and its contribution to the region has been outstanding. While the majority of these gains occurred in our Australian operations, late-year successes in Asia have set the stage for strong results in 2024.

All forms of paper products grew during the year, which is remarkable given the organic decline in the market—a true testament to our strong commercial teams. A focused approach to portfolio selection, organic gains in A4 copy paper, and growth in Specialty Premium Fine Paper demonstrate that our sourcing, service, and promotion strategies across the group have been effective.

Our Visual Communications business remained steady, despite challenging retail conditions and some pricing pressures, along with operational challenges in New Zealand. The fundamentals for this sector are strong, and our 2024 strategies are designed to address any challenges faced in 2023. We recognize that investments will be necessary to drive stronger growth in both Visual Communications and Packaging, but we are pleased with the success we've achieved so far.

2024 Outlook

Our business strategy has been to diversify our revenue streams, with the expectation that our growth rate and profitability will be optimized for the future. It's essential that our core businesses continue to find ways to grow organically, and this has been the case as we head into 2024.

Print remains a crucial customer market for our business, delivering strong returns, with paper being the major revenue contributor to both the Print and Trading segments. Given the strong performance of our diversified revenue streams—particularly in Packaging and Visual Communications—Asia Pacific now has credible scale across these sectors. This enables us to focus more effectively on the distinct needs of each market, creating further opportunities for growth.

At just halfway through 2024, we are already seeing double-digit growth, primarily driven by the acquisition of Signet Packaging in April. Additionally, we've seen growth in our Visual Communications, Retail Packaging, and Trading businesses, which is very exciting. The shift toward a heavier focus on Packaging—now accounting for 22% of our revenue—is intentional, and we plan to strengthen our position in this sector even further in the coming years.

With the recent acquisition of Image Junction in Malaysia, our team in ASEAN is now developing a strong Visual Communications presence across the region. Image Junction will drive regional growth in Visual Communications, offering new opportunities to represent brands across the ASEAN region.

Signet's Impact

The Signet team has met our profit expectations in 2024, despite challenging trading conditions in the eCommerce sector. Asia Pacific has experienced year-on-year growth, thanks to the impact of Signet joining our group in April 2024, in a year where core business revenue growth faced challenges.

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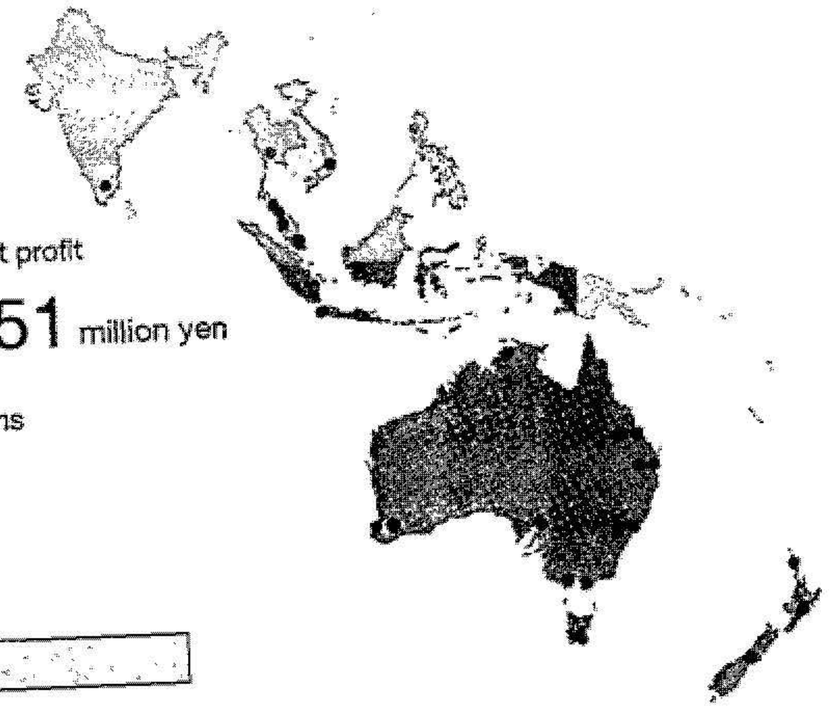

Net sales	Segment profit
52,593 million yen	2,151 million yen
Employees	**Locations**
456 (including subsidiaries at domestic and overseas locations)	26

Main businesses and products

- Commercial print
- Packaging
- Visual communications

We have confidence in Signet's business model within the Packaging sector, which we know fluctuates with eCommerce consumer demand. Beyond eCommerce, there is strong potential in the Face-to-Face B2B Corporate sector—a model that Spicers Group understands well. There is significant opportunity to expand within this customer base, and building on this will be a key focus for 2024.

Signet's expertise in eCommerce is incredibly strong and has direct applications to other sectors within Spicers Group, particularly in Visual Communications. This presents an opportunity to acquire and service new customers while improving retention on a customer-by-customer basis.

Oceania

Australia and New Zealand have delivered strong bottom-line results in 2024, although they are now entering a period of more challenging trading conditions as their governments attempt to curb economic spending to reduce interest rates. We are focusing on our share position in diversified sectors for growth while managing margins and overall productivity, particularly in our core paper and paperboard business. Maintaining a balanced inventory and efficient footprint is our single largest opportunity to stay competitive during this potentially challenging period. Our efforts to attract new customers in our Visual Communications and Packaging businesses will rely on an enhanced eCommerce model and a technical, business development-focused selling approach. This business delivers the majority of our returns in the region, and maintaining strong returns here is a top priority.

ASEAN and South Asia

Trading as KPP Asia-Pacific, our ASEAN and South Asia regions have made great strides in 2024, despite challenges posed by a slowing Chinese economy. Our trading business results have improved by seeking new supply sources and expanding our customer base.

Our merchant businesses, particularly in paper, have seen a recovery compared to 2023, although we did not meet our budgeted growth targets. With the addition of the new Visual Communications business, Image Junction, in Malaysia, we are looking for rapid growth in 2024 to build momentum.

In India, our team has grown substantially over 2023 and is now searching for distributors to partner with for our Specialty Paper business, while also considering the next steps for growth in the Trading business. High freight costs within the ASEAN/South Asia region have made it challenging to compete with local materials, but the opportunities here are vast. We will continue to explore sectors in high demand in India that could potentially serve as sources for the rest of our region.

Priorities to 2030

Supporting our values are four clear priorities for our Group through 2030. New capabilities will be crucial for us to thrive in the economies of the future, and the foundation of our success will be the talent we have and attract to our business. As we invest in acquisitions, we know we must also invest in our people to build these focus areas into strengths.

Further differentiating ourselves from the competition requires a deep understanding of our customers' true needs. As the demographic of our customer base changes and becomes more geographically diverse, our engagement strategies will need to evolve accordingly. We also need to function more as a regional team, as many of our businesses are increasingly aligned, and the synergy in doing so is becoming more apparent. While technology adoption will be critical, developing leaders who can capitalize on the commercial advantages of changing our approach is a key priority.

The opportunities for our business and the development of our people are exciting. As we move through 2024 and announce new initiatives and team members, our path forward will become even clearer. We are in a wonderful position.

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Spicers

Expanding Horizons: Spicers Group Welcomes Signet and Image Junction

In a strategic move to enhance its portfolio, Spicers Group is thrilled to announce the acquisition of two distinguished businesses: Signet and Image Junction. This expansion underscores Spicers Group dedication to broadening its market reach and delivering comprehensive solutions across various sectors.

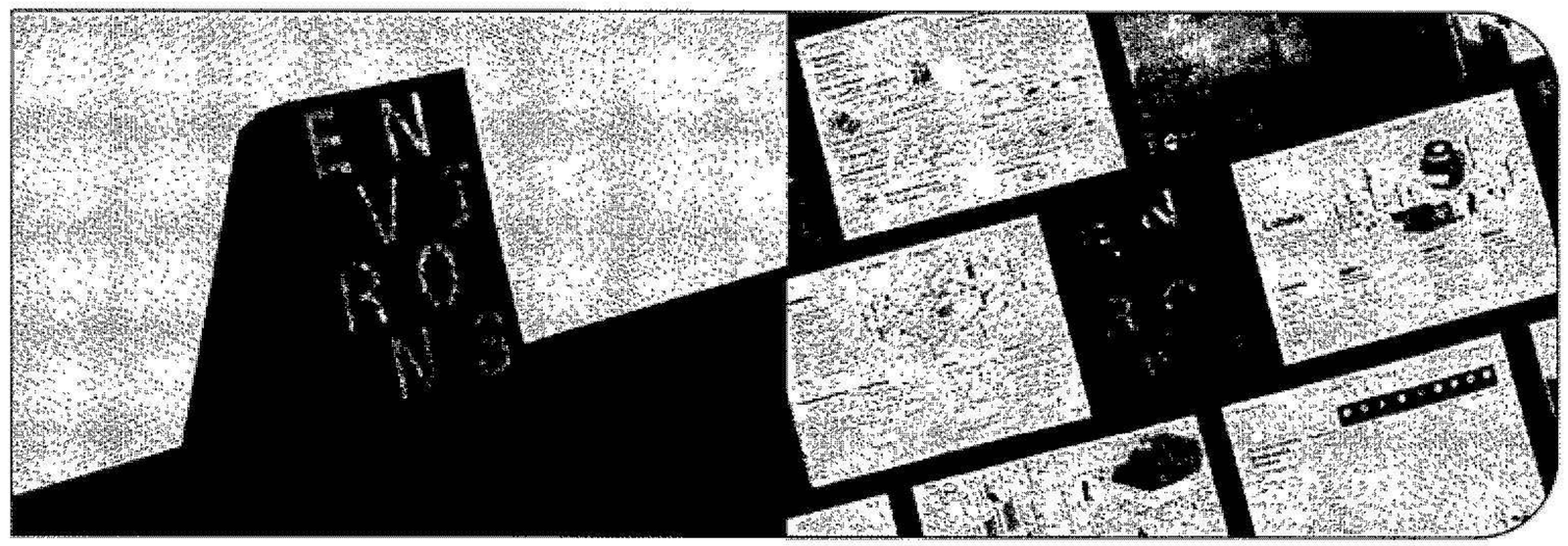
The Leader in the Packaging Industry

Signet stands out as a leader in the industrial and packaging domain, offering a diverse range of products including strapping, stretch film, and protective packaging materials. Their expertise in creating customised packaging systems has earned them a solid reputation. Notably, Signet is also a strong supporter of the Australian Olympic and Paralympic teams, playing a key role in bolstering national pride and supporting athletes on the global stage. This commitment highlights Signet's dedication not only to industry excellence but also to fostering community and national spirit.

Experts in Digital Printing and Visual Communications

On the other hand, Image Junction excels in the realm of digital print and visual communications. Known for its high-quality digital printing and large-format graphics, Image Junction specialises in delivering creative signage and graphic solutions that elevate brand visibility. Their innovative approach and advanced technology enable them to provide tailored solutions that meet diverse client needs, from striking displays to detailed graphic work.

The addition of Signet and Image Junction represents a significant advancement in the company's growth strategy. These acquisitions enhance Spicers Group's ability to offer a broader range of products and services, reinforcing its position as a leading player in the industry. By integrating these new capabilities with its existing offerings, Spicers Group is well-positioned to deliver exceptional value and continue driving innovation.



Packaging the Future: Spicers Unveils Environs Volume 3

Spicers proudly presents Environs Volume 3, the latest installment in its ongoing commitment to sustainable packaging solutions. This edition underscores Spicers' dedication to environmental stewardship and innovation, featuring a diverse Label and Packaging portfolio designed to meet the growing demand for eco-friendly materials.

Key Features of Environs Volume 3:

- **Sustainable Practices:** Environs Volume 3 highlights Spicers' collaboration with Greenfleet, a key aspect of their sustainability strategy. This partnership offsets carbon emissions through native reforestation projects across Australia, with Spicers staff actively participating in tree planting initiatives. Additionally, Spicers ensures carbon-neutral deliveries, reinforcing its role as a leader in sustainable packaging.
- **Industry-Leading Brands:** The portfolio includes a range of sustainable fibre-based self-adhesives and boards, all adhering to Spicers' rigorous standards for quality and sustainability.
- **Consumer Insights:** The edition reveals that 79% of consumers seek sustainable packaging, and 82% are willing to pay a premium for it, emphasizing the business imperative of adopting eco-friendly solutions.

Cyndi Setia, Spicers' Marketing & Design Manager, emphasizes, "Environs Volume 3 is a testament to our commitment to providing sustainable solutions that exceed industry standards. Our products are designed to help customers achieve their sustainability goals with ease."

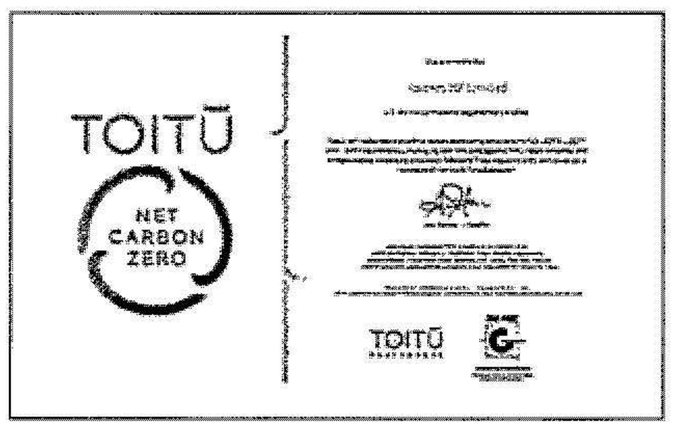
Spicers' dedication to sustainability is reflected in its certifications, with 95% of its print range FSC® or PEFC certified, 90% of the packaging range biodegradable, and 80% containing recycled content. The trusted FSC® label further enhances consumer confidence in Spicers' products.

Achieving Net Zero in New Zealand

As of February 2024, our Spicers New Zealand business successfully passed its first external greenhouse gas emissions audit with Toitū. Through the audit, greenhouse gas emissions were assessed and then offset by Spicers New Zealand to achieve Toitū 'net carbonzero' certification. In late 2024, Spicers New Zealand will undergo a second audit, with a view to set greenhouse gas emission reduction targets for future.

Signet, part of Spicers since April 2024, has had a strong focus on sustainability since 2019. As a supplier and manufacturer of packaging products, Signet is a long-term signatory to the Australian Packaging Covenant Organisation (APCO). As a signatory Signet is committed to improving the sustainability of packaging by working towards the 2025 National Packaging Targets. Through this commitment Signet is auditing the packaging used for its own branded product range – eliminating non-essential components, making sure components are recoverable after use and increasing the amount of recycled content used. In turn, this is helping Signet's customers reduce their waste footprints. Signet continues to review its carbon footprint and is undertaking its annual assessment through 'The EcoEfficiency Group'. This assessment will help evaluate the carbon in setting activities undertaken by the business as well as look to further reductions in the future. This assessment is in line with Signet's expansion of ESG strategy and focus.

Spicers Australia continues to offset measurable carbon emissions through 'Greenfleet', offsetting 1,962 tonnes and 4,042 tonnes since 2020. Offsetting through Greenfleet has contributed to planting of sustainable native Australian forests.



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Sustainability Framework

Environmental issues, such as climate change and marine plastic pollution, are global challenges that must be addressed. Mitigating the medium- to long-term impacts of these issues on the global economy requires improvements at the corporate level. Our company defines sustainability management as balancing environmental, social, and economic sustainability to ensure long-term profitability and business continuity. In 2022, we revamped the KPP Group Way and established a Basic Policy on Sustainability, aligning with our corporate message, "Paper Innovation for a Connected Future." Guided by this policy, the KPP Group's Sustainability Committee leads our group-wide sustainability efforts, while each company has appointed officers to ensure efficient information gathering and management.

Basic Policy

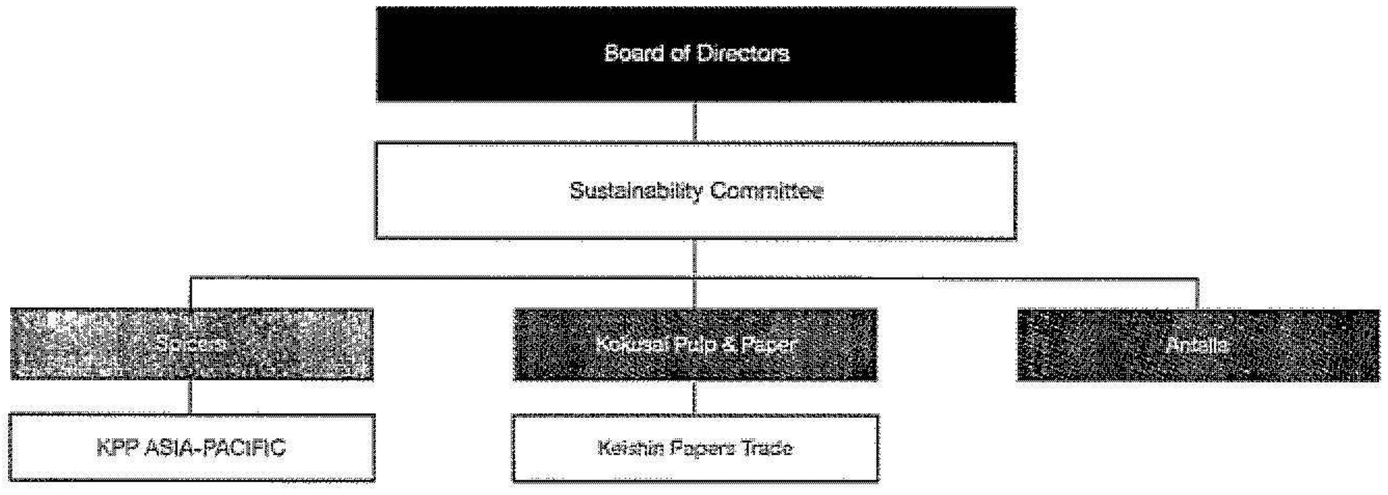
Based on the basic philosophy of the KPP Group Way, the KPP Group contributes to the realization of a sustainable society through the development of totally recycling-oriented management.

In addition, we regard environmental, social, and governance factors as key management priorities. We identify material issues related to our business activities and actively work to address them.

Sustainability Promotion System

In April 2022, the company established the Sustainability Committee, chaired by the Chairman and CEO. The Sustainability Committee receives reports from its five subcommittees and its operating companies, Kokusai Pulp & Paper, Antalis, and Spicers, and provides guidance, advice, and supervision. It also reports on the progress of sustainability issues to the Board of Directors. Each committee sets sustainability issues, action plans, and KPIs, and manages the progress of initiatives. The Sustainability Committee has been renamed the ESG Committee as of April 2024. For details on the activities of the Sustainability Committee and its subcommittees, please refer to our ESG Data Book.

▷ https://www.kpp-gr.com/ir/data/esgdata.html



Sustainability Strategy

To promote sustainability management, we first identified materiality as a guiding framework for creating new values sustainably. The identified materiality has been incorporated into our long-term management vision, which is based on our management vision, "GIFT." This integration underpins our business, financial, and sustainability strategies, driving the formulation of action plans and the implementation of specific initiatives to achieve our goals. In identifying materiality, an internal project team was established, and discussions were carried out following the process outlined below.

Material Issue Identification Process

STEP1 Identification of issues

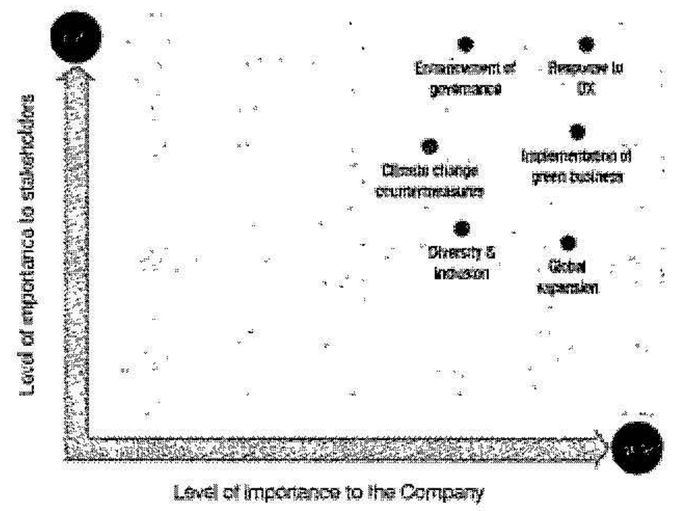
Taking into account domestic and international social issues, international guidelines and standards (ISO 26000, SDGs, GRI, IIRC, etc.), and evaluation items from ESG assessment organizations (MSCI, FTSE, etc.), we examined our strengths, weaknesses, opportunities, and threats, and identified general strategic issues to be addressed as we proceed with our corporate activities.

STEP2 Evaluation of materiality

These issues were mechanically mapped out as the first step by quantitatively selecting issues that were considered more important to each stakeholder and the Company through interviews with internal and external stakeholders, led by the project members.

STEP3 Evaluation of validity through discussion

The mapped issues were grouped based on similarity, and re-mapped after discussion among project members. After further discussion of the results, material issues were mapped as shown in the figure on the right. After approval by the Board of Directors, the material issues identified in this manner are incorporated into management strategies, action goals are set for these strategies, and the PDCA cycle is implemented.

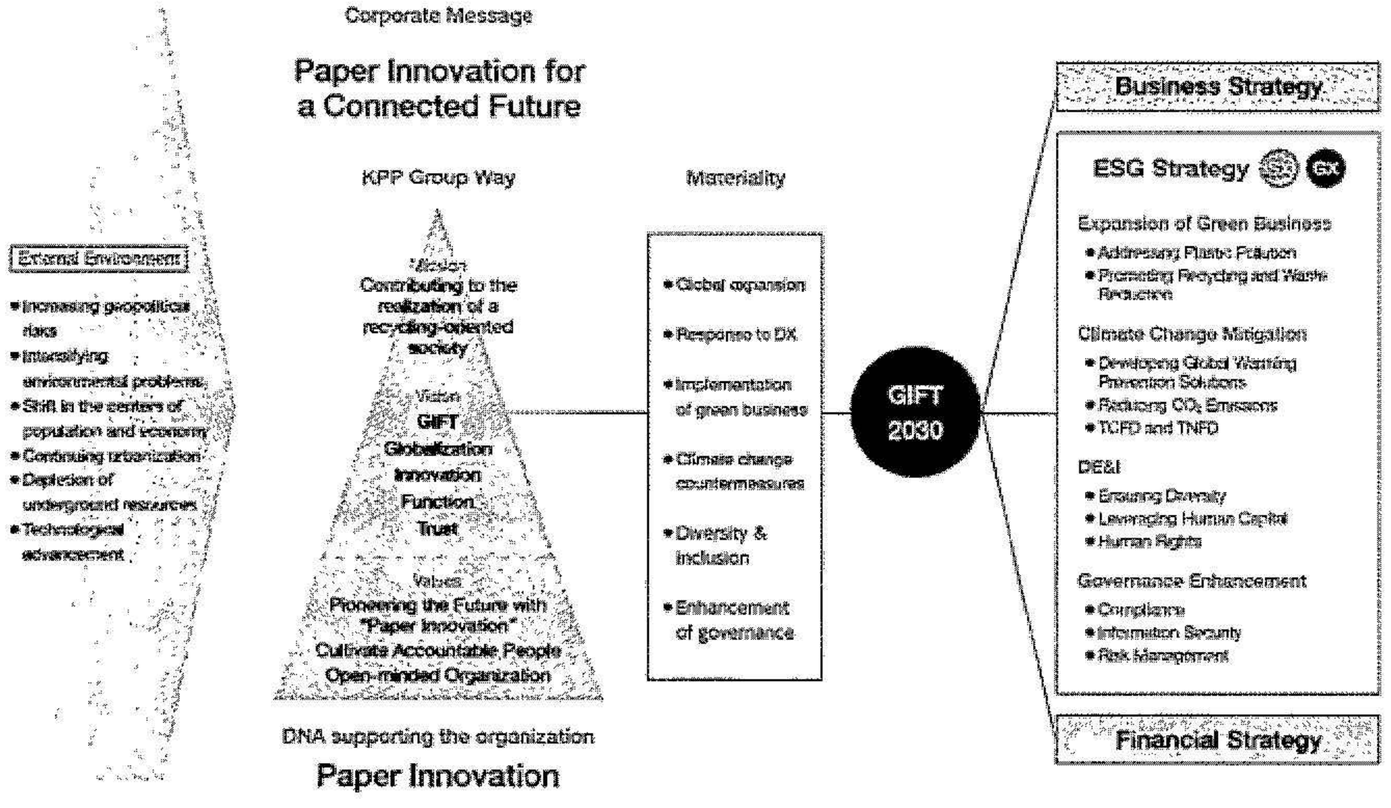


The Relationship Between Materiality and Performance

At our company, we use the KPP Group Way as a starting point and incorporate the identified materiality into our long-term management vision. This approach synchronizes the sustainability of society and our business, contributing to the enhancement of corporate value. Separating management from sustainability efforts would render them meaningless.

Therefore, we believe it is critically important to integrate the KPP Group Way, materiality, long-term management vision, sustainability strategy, and sustainability challenges to realize sustainability management that drives corporate value enhancement.

KPP Group Holdings Management Strategy Framework Diagram



Materiality

Material Issues of the KPP Group

Material issues		Key issues	Specific measures	Results for fiscal year ending March 31, 2024	Scope
Global expansion	Creation of Group synergies	• Global sharing of supplier and customer networks	• Implementation of cross-selling and other measures across the whole Group	• Centralized and shared market and supplier information across the Group globally	GRP
	Enhancement of internal communication	• Permeation of KPP Group Way	• Publish KPP Group Brand Book (during FYE March 2024)	• Completed and distributed KPP Group Brand Book to all employees (October 2023)	GRP
			• Establishment of the KPP Group Award system	• Shared objectives and evaluation criteria, and accepted entry submissions	GRP
			• Develop philosophy education (during FYE March 2026)	• Preparations under way to teach our philosophy through video content	GRP
		• Deepening of mutual understanding within the Group	• Produce video content in multiple languages	• Produced and deployed video content	GRP
			• Publish Group report	• Published Group report four times (in Japanese and English)	GRP
Response to DX	Expansion of e-commerce	• Expansion of global online sales	• Improve e-commerce ratio (Japan and overseas)	• Antalis sales: 386 million euros (up 3.5% year on year)	GRP
	Development of new systems	• Revamping of new core system in Japan	• Bring new core system live (scheduled for April 2025)	• Development of new core system underway	HD, KPP
Implementation of green business	Resolution of the marine plastic pollution problem	• Setting of global sales targets for eco-responsible products	• Target Green Biz Project sales of 6 billion yen (target for FYE March 2025)	• Net sales 3.8 billion yen (FYE March 2024)	KPP
	Reducing environmental impact	• Development and sales expansion of products and services with reduced environmental impact	• Develop and expand sales of products and services with reduced environmental impact	• Published catalogs of products with reduced environmental impact: *Green Products & Solutions* (KPP) and *Enworms* (Spicers) ; Developed and deployed Green Star System℠ (Antalis)	GRP
			• Sales expansion of forest-certified products (paper and pulp)	• Sales volume of FSC and PEFC certified products: 742,000 tons (Japan); Certified product ratio: 92% (Australia); Certification acquisition rate: 88% (Antalis)	GRP
	Recycling and waste reduction	• Promotion of recycling-oriented business in the domestic market	• Establishment of a paper recovery network and selling raw materials for recovered paper	• Collected and recycled more than 70% of the base paper sold	KPP
			• Increase recovered paper collection volume	• Operated RISANET, a nationwide network of recovered paper wholesalers in Japan	KPP[*1]
				• Operated ecomo series of recovered paper collection solution	KPP
Climate change countermeasures	Prevention of global warming	• Development of solutions to prevent global warming	• Develop and distribute a support system for optimizing biomass power plant operation	• Expanded sales of SMecomo, a support system for optimizing biomass power plant operation	KPP[*1]
		• Reduction of GHG emissions	• Expand calculation boundaries	• Included domestic consolidated subsidiaries and New Zealand locations in the calculation scope (Scope 1 and 2)	KPP, SPI
			• Expand calculation scopes	• Scope 3 upstream (Japan), Scope 1 and 2 (Australia, New Zealand)	HD, KPP, SPI
			• Set emission reduction targets to achieve carbon neutrality by 2050	• Set a target to reduce emissions by 3.3% annually compared to FYE March 2021 levels (Scope 1 and 2)	HD, KPP[*1]
				• Emissions calculation for upstream supply chain activities (Scope 3) is under evaluation, along with consideration of future target setting	HD, KPP
			• Set targets and promote activities for energy conservation	• Promoted energy-saving initiatives through measures such as introducing LED lighting, using GTL (diesel alternative) fuel, evaluating rail-based transportation alternatives, and participating in initiatives	GRP
			• Set targets and promote activities for the introduction of renewable energy	• Accepted renewable energy (Japan) and solar power systems (Oceania, Europe)	GRP
			• Carbon offset initiatives	• Continued carbon offset activities and supported/participated in forest restoration programs	SPI
	Enhancement of information disclosure	• Enhancement of information disclosure aligned with international frameworks	• Publication of an ESG data book based on GRI standards	• Published the ESG Data Book 2023 (in Japanese and English); the 2024 edition is scheduled for release	GRP
			• Improve CDP Climate Change score	• Responded to CDP Climate Change survey (score: B)	HD, KPP
			• Improve EcoVadis score	• Responded to EcoVadis surveys (HD, KPP) and achieved a Gold Medal (Antalis)	HD, KPP, ANT
Diversity & inclusion	Ensuring diversity	• Human resources development	• Expand in-house training system	• Supported self-development through e-learning platforms	GRP
				• Implemented career interviews for promoted employees and training by rank	HD, KPP
				• Considering new KPIs (e.g., hours of employee training)	GRP
			• Introduce fair personnel system and implement fair evaluation	• Implemented a mentorship program	HD, KPP
				• Provided appropriate feedback on evaluation	HD, KPP
		• Prevention of harassment	• Conduct harassment training	• Conducted training for all employees (100% participation rate) and provided training for managers on workplace harassment (power harassment, sexual harassment, and maternity harassment) with a 100% participation rate	HD, KPP
		• Development of an employee-friendly work environment	• Diversify work styles	• Operated teleworking system	HD, KPP
				• Operated leave of absence and shorter working hour system for childcare/nursing care	HD, KPP
				• Operated childcare leave system at the time of childbirth	HD, KPP
			• Correct long working hours by improving operations and increasing efficiency	• In progress	HD, KPP
			• Conduct appropriate time management by gaining an understanding on the actual status of overtime work	• In progress	HD, KPP
			• Prevent problems related to long working hours through interviews with industrial physicians	• Reinforced interviews with industrial physicians	HD, KPP
			• Promote the use of part leave	• Set paid leave utilization rate target (70% or more)	HD, KPP
	Utilization of diverse personnel	• Promotion of women's career advancement	• Formulate and implement the Action for Promoting Women's Career Advancement	—	HD, KPP
			• Increase ratio of women in managerial positions	• Ratio of women in managerial positions: 13.6% for KPP Group Holdings, 2.9% for Kokusai Pulp & Paper	HD, KPP
			• Increase ratio of female employees hired for the main career track	• Ratio of women hired for the main career track: 30.8%	HD, KPP
		• Diversification of hiring practices	• Employ foreign students, mid-career hires, persons with disabilities	• Ratio of mid-career hires: 100% for KPP Group Holdings, 82% for Kokusai Pulp & Paper. Hiring rate of persons with disabilities: 3.4% for KPP Group Holdings, 2.7% for Kokusai Pulp & Paper	HD, KPP
Enhancement of governance	Risk management & incident management	• Building of a global risk management system	• Establish stable implementation of a global risk management framework	• Established a system to identify and evaluate key risks in group management, determine priority countermeasures, and regularly monitor the implementation of these measures	GRP
		• Establishment of Group incident management structure	• Establish a robust incident reporting system	• Established an incident reporting system and facilitated information sharing on incidents among group companies	GRP
		• Strengthening of Business Continuity Plan (BCP)	• Strengthen organizational response capabilities for disasters and incidents	• Prepared various manuals to transition to an all-hazards BCP framework, considering risks beyond natural disasters, such as infectious diseases and cyberattacks	HD, KPP
			• Enhance emergency response training (e.g., disaster prevention drills)	• Conducted disaster prevention drills and safety confirmation system drills	HD, KPP
	Compliance	• Implementation of related education and training	• Implement compliance training and e-learning; training participation rate target: 100%	• Provided training to all employees (100% participation rate)	HD, KPP
		• Compliance with Antimonopoly Act	• Strengthen compliance systems and enforce corporate ethics, extending beyond Antimonopoly Act	• Developed "Antimonopoly Act Compliance Guidelines (Prohibition of Unfair Trade Restrictions)" in the compliance manual, conducted internal training, and reported to the Board of Directors	HD, KPP
	Information security	• Thorough information management	• Thoroughly manage information on IT assets and subsidiaries	• Collected and corrected IT assets and subsidiary information	GRP
		• Reinforcement of cybersecurity	• Deploy the standard system, KAEDE to Group companies	• Introduced at Kyushu Kami-shoji and Okayama Kami-shoji	HD, KPP

GRP: The entire KPP Group; HD: KPP Group Holdings; KPP: Kokusai Pulp & Paper Co., Ltd.; SPI: Spicers; ANT: Antalis

*1 Including domestic group companies

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Environmental Management System

Basic Approach

Our mission is to "contribute to the realization of a recycling-oriented society," and we are advancing a totally recycling-oriented business model in Japan. To fulfill this mission, we have obtained ISO 14001 certifications and established Environmental Management Systems (EMS) at our domestic and international sites. As part of our EMS goals, we actively develop and distribute products that address marine plastic pollution, reduce GHG emissions, and pursue other sustainability initiatives. Regarding climate change, we assess and analyze risks and opportunities based on TCFD recommendations, set targets, and implement a PDCA cycle to drive our measures. Furthermore, to support biodiversity conservation, we leverage forest certification systems to provide our customers with a reliable supply of certified materials sourced from responsibly managed forests.

Environmental Philosophy

KPP Group Holdings Co., Ltd. and Kokusai Pulp & Paper Co., Ltd. recognize that the sound preservation of the global environment is a noble issue affecting the survival of humanity for generations to come, and we will make every effort to realize sustainable development by coexisting and harmonizing with the natural environment.

Each and every employee shares our responsibility to take proactive action toward preserving the global environment as a good corporate citizen, under the effective organizational and management system of the Company.

Environmental Policy

As a paper distributor, we strive to reduce environmental impact through the sales activities of paper, paperboard, paper raw materials, and paper-related products, contributing to resource conservation and the establishment of a recycling-oriented society based on the following actions.

❶ We constantly recognize environmental aspects related to our business activities, products sold, and services, strive for continuous improvement by establishing an environmental management system, and work to prevent environmental pollution.

❷ We comply with environmental laws and regulations as well as other requirements that we agree to.

❸ Among the environmental aspects related to our activities, products, and services, we focus on the following items as priority items for environmental management, and review them in response to changing circumstances.

1) Promote a recovered paper collection and recycling business, promote sales of environmentally-responsible paper, and advance proposal-based sales activities for environmentally-responsible products.
2) Strive to conserve all resources used in our business activities and reduce energy consumption.
3) Prevent environmental pollution by actively engaging in waste reduction and the sorting and recycling of waste emitted from business activities and offices.
4) Promote green procurement and contribute to resource conservation.
5) Give consideration to biodiversity and strive to protect and improve biodiversity through business activities.
6) Strive to reduce greenhouse gas emissions and to improve society's climate change issues through our products and services.
7) Increase awareness of and work to conserve the water resources needed to develop forests and make paper.

❹ To achieve this environmental policy, we will train and educate all employees and all people working for the Company, and promote environmental management throughout the Company.

❺ We will build a sustainable mutually beneficial relationship in cooperation with partners who agree with our policies. In addition, we will continue to operate clean business without illegal transactions, while considering human rights, safety, and compliance.

ISO14001

We have constructed an environmental management system (EMS) in accordance with the international standard ISO 14001 in order to fulfill our duty of compliance with environment-related laws and regulations while carrying out both efforts to resolve social issues and business activities. Through the system, we continue our activities to achieve environment related KPIs. The results of our activities are regularly evaluated externally, and the evaluation results are disclosed in communication with stakeholders. In the fiscal year ending March 31, 2024, we have further clarified the targets toward the achievement of net zero emissions by 2050, and we are promoting activities that contribute to GHG emissions reduction, such as Scope 1 and 2 calculations and disclosures, and Scope 3 calculations. We are also improving internal tools to enhance the accuracy and timeliness of disclosed information, as well as to streamline data collection processes. Our environmental policy also reflects our commitment to strengthening sustainable and mutually beneficial relationships with our business partners while considering biodiversity and water resource conservation, human rights, safety, compliance, and the elimination of unfair practices. By integrating these priorities, we aim to promote more effective activities aligned with contemporary needs. For details about our ISO 14001 certification status, please refer to the ESG Data Book 2023 available at the following URL.

➤ https://www.kpp-gr.com/en/esg/esgdata.html

Kokusai Pulp & Paper Co., Ltd.

Acquired on June 26, 2002
Registration number: JP15V071544
Audit organization: SGS Japan Inc.
Scope of application:
Sales of paper, pulp, recovered paper, films, the materials, and related machinery
Locations under the scope of application:
Tokyo Head Office, Kansai Branch, Chubu Branch, Kyushu Branch, Sendai Sales Dept. of Kita Nihon Branch, and Sapporo Sales Dept. of Kita Nihon Branch

Forest Certification

Along with increasing environmental awareness comes greater demand for forest-certified paper. Forest certification systems are a kind of environmental labelling system whereby a certification label is attached to timber and other wood products produced from properly managed forests in order to manage them appropriately in all stages of production, processing, and distribution, and to promote the sustainable use and preservation of forests. These labels are now often seen in our daily lives. We have acquired the Forest Stewardship Council (FSC®) Certification and the Programme for the Endorsement of Forest Certification (PEFC). Both are the Chain-of-Custody (CoC) certification which certifies that we identify and separately manage forest-certified paper from general goods during the processing and distribution stages.

Result - FSC and PEFC Certified Paper and Pulp Sales Volume

Item	Scope	Unit	FYE March 2022	FYE March 2023	FYE March 2024
Sales volume of forest certified paper[*1]	KPP	ton	654,215	639,408	596,010
Sales volume of forest certified pulp[*2]	KPP	ton	172,581	145,607	152,580

*1 Result of total sales volume of KPP *2 Result of total sales volume of KPP

Result - FSC and PEFC Certification Acquisition Ratio

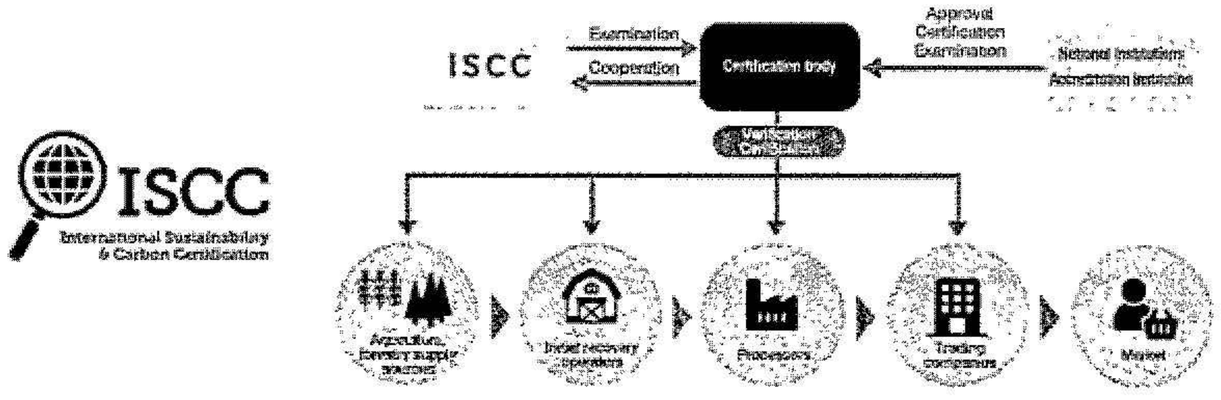
Item	Scope	Unit	FYE March 2022	FYE March 2023	FYE March 2024
FSC and PEFC certification acquisition rate[*1]	ANT	%	-	93[*3]	88
FSC and PEFC certification acquisition rate[*2]	SPI	%	85	87	92

*1 Calculation method: Number of trading subsidiaries in Europe that have obtained FSC and/or PEFC certification / Number of all trading subsidiaries in Europe
*2 Calculation method: Number of fiber-based products certified by FSC and/or PEFC / Total number of fiber-based products
*3 Results as of June 30, 2022

ISCC PLUS Certification

Our group company, Kokusai Pulp & Paper Co., Ltd., has obtained ISO 14001 certification and forest certifications, actively working to reduce the environmental impact of its business activities and promote the expansion of environmentally responsible products. To meet the growing demand for plastic reduction and alternative solutions, the company achieved ISCC PLUS certification in March 2024 for its headquarters, Kansai branch, and Chubu branch. This certification ensures the reliable delivery of biomass-derived products to customers. Through this initiative, we aim to guarantee the traceability of environmentally sustainable biomass-based products and deliver them responsibly to our customers.

*ISCC PLUS Certification: The International Sustainability and Carbon Certification (ISCC) is a global standard designed to ensure that biomass-derived products are reliably managed and delivered through a chain of custody by certified organizations.



Initiatives to Reduce Environmental Impact

Promotion of Green Biz Project

To solve the marine plastic pollution problem, Kokusai Pulp & Paper has launched the cross-divisional Green Biz Project to develop and distribute new Green Products based on the concept of 3Rs (reduce, reuse, and recycle) and renewable. In addition, we have been working on developing new solutions that contribute to reducing environmental impact, as Green Solutions, and have engaged in the development of BMecomo and other solutions. Through active discussions during project meetings, we are striving to develop and expand sales of the products. The sales of environmentally responsible products recognized within the company for the fiscal year ending March 31, 2024 totaled 3.8 billion yen. Moving forward, we will accelerate this initiative, including collaboration with our overseas subsidiaries. For products and services that contribute to reducing environmental impact at our overseas locations, please refer to pages 27-28 of the ESG Data Book 2023.

➤ https://www.kpp-gr.com/en/esg/esgdata.html

Disclosure on Climate Change Response (TCFD Framework)

KPP Group recognizes the impact of climate change on its business as a critical issue and has identified it as one of its key materialities. In June 2022, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and have since incorporated the assessment and analysis of risks and opportunities into our management strategy. Additionally, in 2023, we joined the GX League (GX: Green Transformation) led by the Ministry of Economy, Trade, and Industry. Moving forward, we will continue to advance our efforts to address climate change, promote sustainable social and economic development in harmony with the natural environment, and take steps toward achieving carbon neutrality by 2050.

TCFD TASK FORCE on CLIMATE-RELATED FINANCIAL DISCLOSURES

GX League

Governance

The Board of Directors is responsible for climate change-related issues and receives reports twice a year from the Sustainability Committee on sustainability matters, including our response to climate change.

In 2023, the Board received reports on the status of our response to climate change issues, such as reduction of GHG emissions and risk management (plans, progress, issues, future plans, etc.), and provided guidance and advice.

In April 2024, the Sustainability Committee was renamed the ESG Committee.

Strategy

With regard to the risks and opportunities posed by climate change, we anticipate risks and opportunities of transition to a decarbonized society, such as tighter regulations, innovations in low-carbon technology, and market changes in response to climate change, as well as physical risks and opportunities resulting from increased frequency and severity of disasters caused by the advance of climate change.

We have identified and organized risks and opportunities related to climate that could impact our business and finances, taking into consideration the 2°C scenario, which involves transitioning to a decarbonized society, and the 4°C scenario, in which climate change advances, based on the climate change scenarios provided by the International Energy Agency (IEA).

Assumed scenarios and main climate-related risk and opportunity factors that could impact the business

		2°C scenario	4°C scenario
		Scenario for a decarbonized society	Scenario as a result of dependence on fossil fuel
Transition risks	Regulations	• Stricter GHG emissions regulations such as carbon pricing	–
	Market	• Increased demand for environmentally certified products	–
	Reputation	• Stricter evaluation of efforts to address climate change issues, increased demand for information disclosure	–
	Technology	• Declining prices for competing renewable energy (solar, wind, etc.) • Shift in demand from woody biomass fuels due to increased demand for herbaceous biomass fuels	–
Physical risks	Acute	–	• More frequent and severe flooding (typhoons and torrential rains) • Deterioration of water quality (increased turbidity in intake rivers, etc.)
	Chronic	–	• Ecosystem changes, abnormal occurrence of pests and diseases • Drought, worsening forest fires • Changes in precipitation and weather patterns and increase in average temperature • Depletion of water resources (changes in water supply and demand) • Rising sea levels
Transition and opportunities	Products and services	• Expanding use of non-fossil energy • Expansion of e-commerce markets • Changes in consumer preferences • Spread of eco-friendly packaging • Formation of a recycling-oriented society • Spread of biomass material products	–

We evaluated the identified and organized factors from the perspectives of degree of impact on business and finances, timeframe for risk manifestation and opportunity realization, and likelihood of manifestation and realization. Accordingly, we organized the important risks and opportunities and the measures we will take to address them.

Transition risks and physical risks

Major risks			Impact on business	Period	Countermeasures
Transition risks	Regulations	Stricter GHG emissions regulations such as carbon pricing	• Introduction of carbon tax on operation • Increase in operation and procurement costs due to introduction of carbon tax, etc. on procurement goods or GHG reduction measures	Medium term	• Actively utilize renewable energy to thoroughly and strengthen energy conservation • Actively select products with reduced environmental impact and promote green purchasing in consideration of the global environment
			• Increase in transportation and storage costs due to introduction of carbon tax, etc. to logistics centers, offices, and delivery vehicles	Medium term	• Joint delivery with other companies, improve delivery efficiency • Improve business efficiency at logistics centers and offices
Physical risks	Acute	Increase in severe disasters (frequent typhoons and torrential rains)	• Increase in restoration costs due to damage to company facilities and equipment; decrease in procurement volume and sales due to the suspension of operations	Medium to long term	• Promote disaster prevention measures at high-risk locations • Reinforce collaboration among locations • Review and enhance BCP
			• Increase in procurement costs due to damage and the suspension of operations at suppliers • Decrease in procurement volume and sales due to supply chain disruptions	Short to medium term	• Improve business resilience by strengthening supply chain, etc.
	Chronic	Changes in precipitation and weather patterns and increase in average temperature	• Decrease in procurement volume due to the suspension of operations at paper manufacturers caused by changes in water supply and demand; increase in water usage fees and procurement prices	Medium term	

Opportunities

Opportunities			Impact on business	Period	Measures to capture opportunities
Transition and opportunities	Products and services	Spread of eco-friendly packaging	Increase in sales by switching from fossil fuel materials to paper materials for packaging	Medium term	Expand the Packaging Business according to market characteristics
		Changes in consumer preferences Changes in domestic and international laws and regulations	Increase in sales by switching to recyclable resources (e.g., introducing paper containers)	Medium term	Develop and distribute environment-friendly materials and products
		Formation of a recycling-oriented society	Increase in sales through increased business opportunities using various paper recovery services (ecomo)	Long term	Establish a recycling-oriented business model through product sales and paper recovery
		Expanding use of non-fossil energy	Increase in sales due to increased demand for wood for biomass power generation and operation support systems	Medium term	Develop a system to support the operation of biomass power plants

Future Initiatives Based on Analysis Results

Based on our scenario analysis, we have found that cost burden on pulp and paper manufacturers, who are our supplier, associated with GHG reduction measures through means such as carbon tax is not insignificant. The risk of increased procurement costs due to these increased costs to address reduction of GHG being passed on to purchase prices could have a significant strategic and financial impact. As a countermeasure, we will proactively consider the selection of products with reduced environmental impact that will have less impact arising from transition risks. We will also work on calculating and reducing GHG emissions from the entire supply chain.

In terms of physical risk, we found that the intensification and an increase in severe disasters such as typhoons and torrential rains lead to in damage and the suspension of operations at our own facilities and those of our business partners. This could have a significant strategic and financial impact in the event of a disruption in product supply. As a countermeasure, we will continuously work on securing a wide range of procurement sources.

As for opportunities, demand for paper materials as packaging materials is expected to increase due to the spread of eco-friendly packaging. We will continue to expand our business areas, including the Packaging Business. In addition, in anticipation of expanding the use of non-fossil energy and the formation of a recycling-oriented society, we will actively capture business opportunities, including the development and provision of BMecomo, a biomass power plant operation support system, and the establishment and expansion of a totally recycling-oriented business model through paper recovery solution, ecomo series.

Risk Management

We evaluate material issues in terms of their importance to our business and society. As a result, we have identified climate change countermeasures as one of the KPP Group's material issues.

In addition, in assessing climate change-related risks and opportunities, we assess their importance by taking into account their impact on our business and the likelihood of their occurrence. Risks of high importance assessed by the Environmental Management Committee are reported to the Risk Management Committee.

As a company-wide risk management system, risks that are judged to have a particularly significant impact on management are managed in accordance with the Risk Management Regulations through means such as establishing and controlling a response committee.

Indicators and Targets

We are implementing a totally recycling-oriented business model with the goal of realizing a sustainable society. To mitigate climate change, we aim to achieve net-zero greenhouse gas (GHG) emissions from our own business activities by 2050.

Target for Fiscal Year Ending March 2051
Reduce GHG emissions by the KPP Group (Scope1, 2 and 3) to net zero and achieve carbon neutrality by fiscal year ending March 2051.

Target for Fiscal Year Ending March 2031
Reduce GHG emissions (Scope 1 and 2) from all domestic facilities by 33% compared to fiscal year ending March 2021 levels by fiscal year ending March 2031.

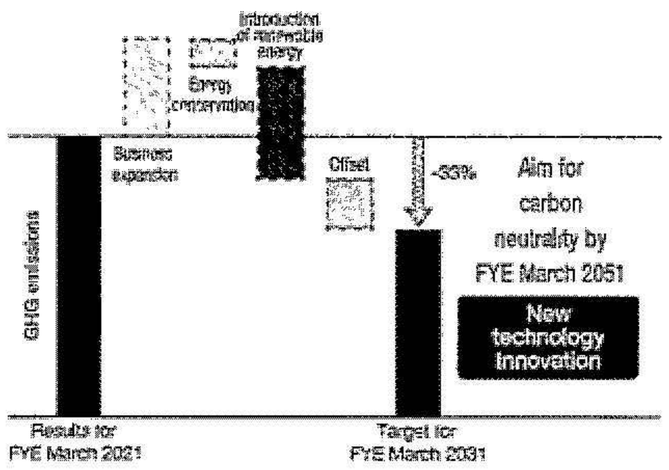
The KPP Group has set medium-term targets for reducing GHG emissions in each region where it operates. Moving forward, we will consider setting targets for the entire Group for fiscal year ending March 2031.

Reduction of GHG Emissions

Basic Approach to Reducing GHG Emissions

We are implementing a totally recycling-oriented business model with the goal of realizing a sustainable society. To mitigate climate change, we aim to achieve net-zero greenhouse gas (GHG) emissions from our own business activities by 2050. First, we aim to reduce our in-house domestic GHG emissions (Scope 1 and 2) by 33% by fiscal year ending March 2031, compared to that of fiscal year ending March 2021, thorough energy conservation and the introduction of renewable energy. In the future, we will set global GHG emission reduction targets that include the value chain (Scope 3) and overseas locations, and work to reduce GHG emissions throughout the entire value chain.

In-house GHG Emissions Reduction Concept (Scope 1 and 2)



GHG Emission Reduction Targets

Target for Fiscal Year Ending March 2051
Reduce GHG emissions by the KPP Group (Scope1, 2 and 3) to net zero and achieve carbon neutrality.
Target for Fiscal Year Ending March 2031
Reduce GHG emissions (Scope 1 and 2) from all domestic facilities by 33% from fiscal year ending March 2021 levels.

The KPP Group has set medium-term targets for reducing GHG emissions in each region where it operates. Moving forward, we will consider setting targets for the entire Group for fiscal year ending March 2031.

Target - GHG Emission Reduction (Scope 1 and 2)

Item	Scope	Units	Target Value	Target Fiscal Year	Base Year
Reduction of GHG emissions amount[*1]	HD, KPP	%	33	FYE March 2031	FYE March 2021
Reduction of GHG emissions intensity[*2]	ANT	kgCO_2e/k€	6.0	FYE March 2027	FYE March 2022
Reduction of GHG emissions intensity[*3]	SPI	kgCO_2e/kAUD	6.0	FYE March 2031	FYE March 2021

*1 Including KPP Group Holdings, Kokusai Pulp & Paper (the sales and administrative departments of the head office and branches in Japan), KPP Logistics and real estate owned by KPP
*2 CO_2e emissions (Scope 1 and 2, kg) / net turnover (thousands of euros)
*3 CO_2e emissions (Scope 1 and 2, kg) / net turnover (thousands of Australian dollars)

GHG Emission Performance

The KPP Group is working towards achieving the above-mentioned targets, with each entity actively involved in reducing GHG emissions. The GHG emission performance and progress towards the targets for the fiscal year ending March 2024 are as follows:

Results - GHG Emissions from Own Company (Scope 1 and 2)

Item	Scope	Units	Scope	FYE March 2022	FYE March 2023	FYE March 2024
GHG emissions[*1]	GRP	Tons of CO_2e	Scope 1	-	-	11,334
GHG emissions[*1]	GRP	Tons of CO_2e	Scope 2	-	-	9,493
GHG emissions[*1]	GRP	Tons of CO_2e	Total Scope 1 and 2	-	-	20,827
GHG emissions[*2]	HD, KPP	Tons of CO_2e	Scope 1[*4][*5]	305	286	1,748[*9]
		Tons of CO_2e	Scope 2[*6]	1,664	1,571	1,946[*9]
		Tons of CO_2e	Total Scope 1 and 2	1,968	1,857	3,694[*9]
GHG emissions	ANT	Tons of CO_2e	Scope 1[*7]	7,703	6,992	6,226
		Tons of CO_2e	Scope 2[*8]	8,266	7,010	6,224
		Tons of CO_2e	Total Scope 1 and 2	15,969	14,002	14,450
GHG emissions[*9]	SPI	Tons of CO_2e	Scope 1	-	1,058	1,360
		Tons of CO_2e	Scope 2	-	1,417	1,323
		Tons of CO_2e	Total Scope 1 and 2	871	2,474	2,684

*1 Includes GHG emissions from KPP Group Holdings, Kokusai Pulp & Paper and its domestic consolidated subsidiaries, Antalis and its consolidated subsidiaries, Spicers Australia, and Spicers New Zealand
*2 FYE March 2022 and 2023: Includes KPP Group Holdings, Kokusai Pulp & Paper (the sales and administrative departments of the head office and branches in Japan), and KPP Logistics; FYE March 2024: Includes all domestic consolidated subsidiaries
*3 For FYE March 2022 the GHG emissions were calculated based on the activity data submitted to Greenfleet, with the same amount offset by Greenfleet. This includes Spicers Australia. From FYE March 2023 onwards, GHG emissions from Spicers New Zealand have been included in the calculation scope, resulting in an increase in GHG emissions compared to FYE March 2022
*4 Gases included in the calculation of Scope 1: CO_2, CH_4, N_2O (other gases are not emitted). There are no bio-derived CO_2e emissions
*5 Source of emission factors: Scope 1 was calculated by multiplying the list of emission factors under the Calculation, Reporting and Publication System by the amount of activity
*6 Scope 2 was calculated by multiplying the activity amount by the emission factor based on the contract with the electric power company. (Market Based)
*7 GHG emissions from vehicle fuel usage are calculated by market-based approach
*8 GHG emissions from electricity usage are calculated by location-based approach
*9 From FYE March 2024 onwards, GHG emissions from Kokusai Pulp & Paper's domestic consolidated subsidiaries have been included in the calculation scope, resulting in an increase in GHG emissions compared to FYE March 2023

Progress in Reducing GHG Emissions (Scope 1 and 2) from Own Company

Item	Scope	Units	Target Value	FYE March 2024 Result	Target Achievement Rate
GHG emission reduction ratio[*1]	HD, KPP[*4]	%	33	32.4	23%
GHG emission intensity reduction ratio[*2]	ANT	kgCO_2e/k€	6.0	7.8	11.3%
Reduction of GHG emissions intensity[*3]	SPI	kgCO_2e /kAUD	6.0	4.0	100%

*1 Calculation method: GHG emission reduction ratio= (Base year GHG emissions — FYE March 2024 GHG emissions) / Base year GHG emissions ×100
Target Achievement Rate = FYE March 2024 GHG emission reduction ratio / 33% (FYE March 2031 target)
*2 Scope 1 and 2 emissions (kg) / net turnover (thousands of euros)
Target Achievement Rate = (Base year GHG emission intensity — FYE March 2024 GHG emission intensity) / (Base year GHG emission intensity — target value)×100
*3 Scope 1 and 2 emissions (kg) / net turnover (thousands of Australian dollars)
*4 Includes KPP Group Holdings, Kokusai Pulp & Paper and KPP Logistics

Specific Measures to Reduce GHG Emissions

The Group is reducing its own GHG emissions (Scope 1 and 2) in each region through the following initiatives.

- Replacement with LED Lighting

We are implementing LED lighting across all regions. In Japan, major facilities managed by Kokusai Pulp & Paper completed the transition to LED lighting in FYE March 2022, while 96% of major facilities in Australia have already adopted the system. In Europe, installation has been completed in the Netherlands, with ongoing implementation in France and Hungary.

- Improving the Efficiency of Air Conditioning Equipment

In FYE March 2023, we enhanced the efficiency of air conditioning systems at the Tokyo headquarters of Kokusai Pulp & Paper by over 20% through the replacement of chillers.

- Electrification of Forklifts

We are advancing the electrification of forklifts at warehouses and manufacturing sites across Europe, South America, and the Asia-Pacific region.

- Introduction of Renewable Energy

At Kokusai Pulp & Paper's Kyushu branch, we switched to electricity with virtually zero GHG emissions in June 2023. This is expected to reduce GHG emissions by 13 tons annually. We will continue to explore the introduction of renewable energy at other locations.

At Antalis Switzerland's Lupfig site, a solar power system consisting of 954 solar panels was completed in November 2023. The system, installed on the roof of a 1,840m² parking lot, is one of the largest in the region. It is expected to generate 378,000 kWh annually, enabling the company to power most of its warehouse operations with renewable energy.

Solar power generation facilities have been installed in 50% of Spicers Australia's major warehouses.

- Electrification of Vehicles

As of December 2022, 20% of the company's fleet in Australia has been converted to hybrid vehicles.

- Use of Diesel Alternative Fuels

At Musashino Paper Recycling Co., Ltd., a subsidiary of Kokusai Pulp & Paper, we use GTL (Gas-to-Liquid) fuel as an alternative to diesel. By using GTL fuel, which has a GHG emission intensity 8.5% lower than that of diesel, we expect to reduce GHG emissions by 16 tons annually.

GHG Emissions from the Supply Chain

Regarding GHG emissions from the supply chain, we first calculated the emissions from the supply chain of KPP Group Holdings and Kokusai Pulp & Paper. The results revealed that most emissions come from Category 1, which refers to GHG emissions associated with the purchase of goods and services. Moving forward, we will focus on improving the accuracy of our calculations, exploring reduction measures, and advancing Scope 3 calculations across the entire Group.

Result - GHG Emissions from Supply Chains by Category (Scope 3)[*1]

Item	Scope	Units	FYE March 2022	FYE March 2023	FYE March 2024
Category 1[*2]	HD, KPP	Tons of CO_2e	—	1,072,703	1,037,784
Category 2	HD, KPP	Tons of CO_2e	—	61,861	2,859
Category 3	HD, KPP	Tons of CO_2e	—	—	—
Category 4	HD, KPP	Tons of CO_2e	—	19,759	16,452
Category 5	HD, KPP	Tons of CO_2e	—	34	30
Category 6	HD, KPP	Tons of CO_2e	—	1,045	1,570
Category 7	HD, KPP	Tons of CO_2e	—	348	326
Category 8	HD, KPP	Tons of CO_2e	—	414	675
Category 9[*3]	HD, KPP	Tons of CO_2e	—	—	—
Category 10[*4]	HD, KPP	Tons of CO_2e	—	—	—
Category 11[*4]	HD, KPP	Tons of CO_2e	—	0	0
Category 12[*4]	HD, KPP	Tons of CO_2e	—	—	—
Category 13[*5]	HD, KPP	Tons of CO_2e	—	—	—
Category 14[*5]	HD, KPP	Tons of CO_2e	—	—	—
Category 15[*5]	HD, KPP	Tons of CO_2e	—	—	—
Total	HD, KPP	Tons of CO_2e	—	1,156,165	1,059,725

*1 The GHG emissions were calculated by using the audited financial indicators of the KPP Group Holdings as a whole as the activity volume and the values specified in the Ministry of the Environment's Input-Output Table as the emission coefficient
*2 Category 9 (transportation and delivery (downstream)) is included in the calculation results of Category 4 (transportation and delivery (upstream)) because it is difficult to distinguish between upstream and downstream
*3 Category 10 (processing of sold products) and Category 12 (disposal of sold products) are not calculated because it is difficult to set up a calculation model
*4 Category 11 (use of sold products) is not expected to generate GHG emissions
*5 Not applicable for Category 13 (Leased assets (downstream)), Category 14 (Franchise) and Category 15 (Investments)

Sustainability Strategies

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Biodiversity

Our business relies heavily on resources derived from forests. Conserving forest resources and using them appropriately is essential to our sustainable business growth. The pulp and paper industry as a whole is increasing its plantations worldwide, and the active use of forest-certified products will accelerate this trend. In addition to these business-based efforts, we are undertaking initiatives to contribute to biodiversity conservation, including at our overseas locations.

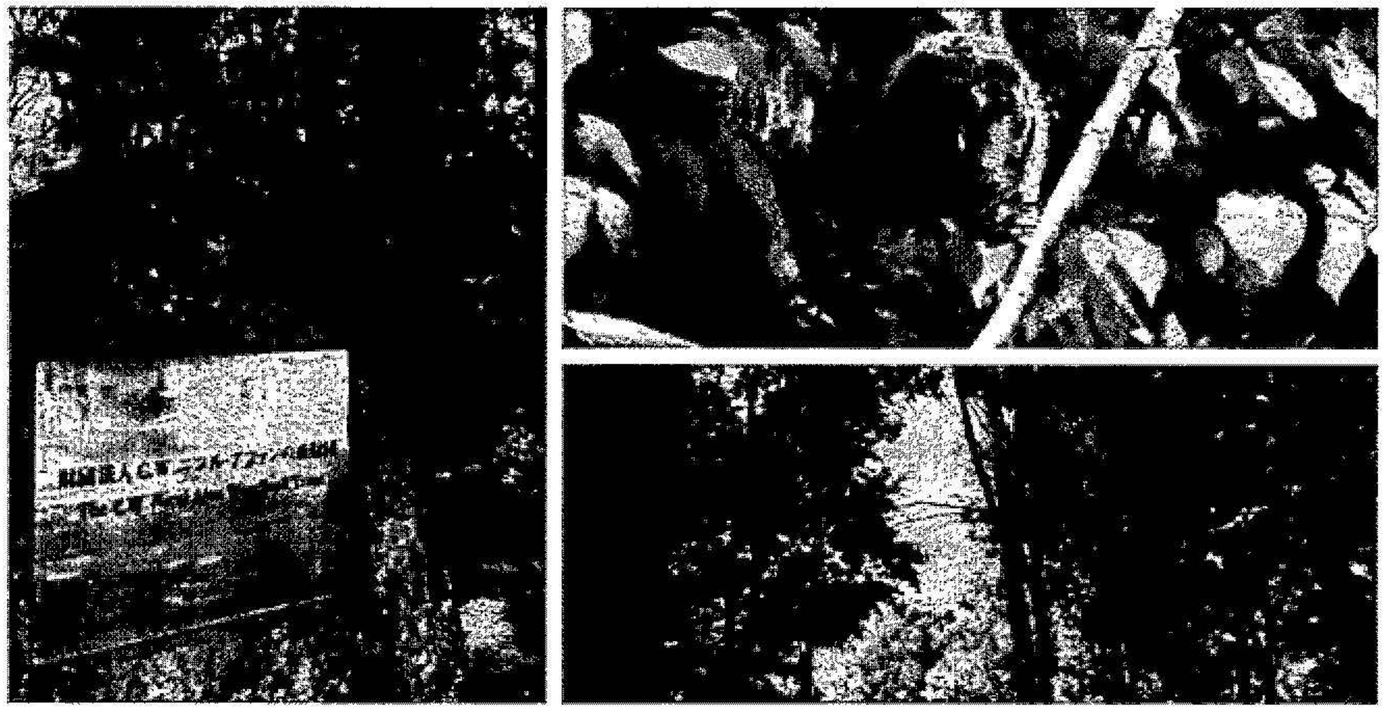
Support for the C.W. Nicol Afan Woodland Trust

We endorse C.W. Nicol's desire to restore the beautiful natural environment inherent to Japan as well as the Great East Japan Earthquake reconstruction project promoted by the trust, and have been supporting their activities as an official sponsor since 2015. The northern area of Afan Forest, which we have supported for many years, was recognized in 2024 by the Ministry of the Environment as a "Nationally Certified Sustainably Managed Natural Site," an area focused on biodiversity preservation through private initiatives. It is also set to be registered as an OECM* in the international database.

*OECM stands for Other Effective area-based Conservation Measures. It refers to areas where conservation is driven by private sector initiatives, or regions where land use, not initially intended for conservation, has contributed to environmental protection.

Regarding the results of the 2024 first-half " Nationally Certified Sustainably Managed Natural Sites" certification by Ministry of the Environment (in Japanese only)

> https://policies.env.go.jp/shizen/sustainable_2024/press_00150.html



Afan KPP Forest

Since February 2022, we have started supporting forest creation activities in the southern area of Afan Forest. This area, which has been gradually purchased through the trust fund to expand healthy forests, now spans approximately 18 hectares. In 2024, a new forest, "Afan KPP Forest," was created within this area, covering about 3.5 hectares.

Through these efforts, we aim to restore the original forest ecosystem of this area, reviving large-diameter old-growth trees over 100 years of age, which have largely been lost in Japan. We will work toward creating a "biodiversity-rich, sustainable forest" where trees of different ages and species coexist in a mosaic pattern.

Participation in the 30by30 Alliance for Biodiversity*

In February 2022, we joined the 30by30 Alliance for Biodiversity, an initiative aimed at stopping and reversing biodiversity loss toward the goal of nature positive. The Afan Woodland is gaining attention as a model case for this activity. We contribute to biodiversity conservation through support for the Afan Woodland Trust and its forest creation activities.

*Japan's initiative to effectively conserve over 30% of its terrestrial and marine areas as healthy ecosystems by 2030

30by30 Alliance by Ministry of the Environment

> https://policies.env.go.jp/nature/biodiversity/30by30alliance/documents/3030map.pdf

Support for Wildlife Conservation, Reforestation, and Forest Restoration Activities

Antalis UK actively supports reforestation projects, like the Lowther Estate initiative in Cumbria, which combines carbon capture with wildlife conservation. Their collaboration with the Forest Carbon charity has resulted in the planting of over 16,500 trees, restoring 13 hectares of the ecosystem.

Donations to 1% FOR THE PLANET

Antalis Olin Origins and Data Copy® brands donate 1% of their revenue to the organization "1% for the Planet" for global environmental causes that protect the planet. Through this membership they are able to support energy, environment, ocean, wildlife protection, education or social initiatives. Within its 1% for the Planet membership, Data Copy® chose to support several organizations across Europe, contributing to specific non-profit projects in collaboration with Inventons Nos Vies Bas Carbone and Coral Guardian in France, City to Sea in the United Kingdom, Chelonia in Spain, One Earth – One Ocean in Germany and Nordic Ocean Watch in Denmark, focusing on ocean protection, waste cleaning and restoration as well as educational purposes.

1% FOR THE PLANET

> https://www.onepercentfortheplanet.org/

Partnership with Greenfleet

Spicers Australia has partnered with Greenfleet, an Australian environmental NPO. For 25 years, Greenfleet has been working on creating biodiversity-rich forests in Australia and New Zealand, absorbing carbon dioxide emissions on behalf of its partner companies. These forests are legally protected, absorb carbon from the atmosphere, improve soil and water quality, and restore habitats for numerous wildlife species. Since 2022, Spicers Australia has been offsetting most of its direct operational GHG emissions through Greenfleet.

Greenfleet

> https://www.greenfleet.com.au/

Initiatives	KPP Group Holdings	Kokusai Pulp & Paper	Antalis	Spicers
Support for the C.W. Nicol Afan Woodland Trust	●	●		
Participation in the 30by30 Alliance for Biodiversity	●			
Support for Wildlife Conservation, Reforestation, and Forest Restoration Activities			●	
Donations to 1% FOR THE PLANET			●	
Partnership with Greenfleet				●

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Human Capital Management

We believe that a work environment where human resources—our most important asset—can fully realize their potential is essential for the company's sustainable growth and the success of our recycling-oriented business. Human resources are regarded as human capital, and the Human Resources Committee, composed of top executives, conducts research and analysis of the organization and formulates policies related to human capital. The Committee focuses on developing strategies to secure talent and enhance employee performance, including transparent hiring and performance evaluation systems, as well as human resources development aligned with our human capital strategy. Additionally, the Occupational Safety Committee works to improve the workplace environment, ensuring that all employees can work safely and with peace of mind, in line with the KPP Group Charter.

Occupational Safety and Health

Under the KPP Group Way, we have formulated the KPP Group Basic Policy on Sustainability and are working to enhance our corporate value by contributing to the creation of a sustainable society. Under the Sustainability Committee, which oversees the company-wide sustainability management, we have set up the Occupational Safety Committee as a subcommittee to manage and improve occupational safety across all domestic subsidiaries and affiliates.

*As of March 2024, the Sustainability Committee was renamed the ESG Committee in April 2024 to enhance global governance and clarify ESG initiatives. The Occupational Safety Committee, previously a subcommittee, was reorganized as an independent committee and will continue its activities.

Basic Policy

Promotion of occupational safety including domestic subsidiaries and affiliates

Activity Policy

1. Thorough management of overtime by people in managerial positions and efforts to achieve a 20% reduction compared to that of FYE March 2023
2. Five days of paid leave to be taken by all employees granted ten or more days of paid leave
3. Achieving a paid leave utilization rate of at least 70%
4. Promoting understanding and formulating support measures for the system for male employees to take childcare leave
5. Analysis and utilization of stress checks
6. 100% attendance in health checkups
7. Dissemination of information to Health and Safety Committee members and domestic affiliates

KPIs for Occupational Safety and Health

The lost time injury severity rate (LTISR) follows the calculation method used in the Survey on Industrial Accidents of the Ministry of Health, Labour and Welfare, and because it allows for the calculation of the time value of human capital lost due to these injuries by using the total number of lost workdays due to occupational injuries as the numerator, we plan to adopt it as a KPI related to occupational safety and health.

LTISR (Reference: FYE March 2024)

FYE March 2024	Lost time injury severity rate	0

Safety and Health Management

We have established a safety and health management system, elected members to the Health and Safety Committee, and held monthly meetings. These meetings include participation from industrial physicians and public health nurses. The Health and Safety Committee also monitors the status of our domestic subsidiaries and affiliates, promoting group-wide safety and health initiatives.

Promotion of Worker's Health

We provide annual health checkups for all employees to ensure they can continue working in good mental and physical condition. In addition, health checkups for lifestyle-related diseases are offered, with specific health guidance provided based on the results. Industrial physicians and public health nurses also provide individual guidance and conduct interviews based on the screening results to prevent employee illnesses.

Stress check implementation rate of 95% or more

FYE March 2024	KPP Group Holdings	93.9%
	Kokusai Pulp & Paper	94.3%

Percentage of employees with high stress levels below 10%

FYE March 2024	KPP Group Holdings	11.3%
	Kokusai Pulp & Paper	10.6%

Comprehensive health risk score by stress check below 120*

FYE March 2024	KPP Group Holdings	107
	Kokusai Pulp & Paper	99

*A score of 120 or higher indicates potential issues within the workplace environment.

Specific health guidance implementation rate of 5% or more

FYE March 2024	Specific health guidance implementation rate	2.6%

Initiatives

- Implementation of labor management to prevent long working hours
- Implementation of industrial physician and public health nurse interviews for health management

Diversity & Inclusion

Diversity Promotion Policies

1. Improvement of work-life balance
   We will develop an environment in which employees can continue working while achieving a sound balance between work and personal life including childrearing and nursing care, enabling them to take on the challenges of more difficult assignments.
2. Offering of opportunities for employees' active participation
   We will build a work environment that allows all employees to fully exert their skills and abilities by offering them development opportunities, irrespective of gender, age, position, disability, and nationality, which encourage them to proactively take on challenges.
3. Diversification of hiring practices
   We will continue our initiatives for promoting female employees to executive positions, hiring international graduates, and recruiting experienced mid-career personnel to further diversify human resources in an effort to improve our corporate value as a global corporation.
4. Introduction of mentor system
   We have implemented an employee mentor system to support new hires transitioning from student life to the workforce and adapting to life changes. Mentors guide them through dialogues, helping them organize their thoughts as working adults, which in turn supports employee retention.

Important KPIs

- Promoting Women's Career Advancement (ratio of women in managerial positions, ratio of women on the main career track, and ratio of women hired for the main career track)

We are committed to creating a workplace environment where women can thrive, with a goal of increasing the number of women on the main career track and in managerial positions. In April 2022, we set a target of achieving a 70% or higher utilization rate of paid leave, and starting from April 2023, we introduced an hourly paid leave system, supporting diverse and flexible work styles to help employees balance work with childcare, eldercare, and other responsibilities.

Ratio of women in managerial positions

FYE March 2024	KPP Group Holdings	13.6%
	Kokusai Pulp & Paper	2.9%

(Note: The percentage of female employees in managerial positions at major overseas subsidiaries is 35.8% for the Antalis Group and 27.0% for the Spicers Group.)

Ratio of women on the main career track to surpass 11%

FYE March 2024	KPP Group Holdings	30.7%
	Kokusai Pulp & Paper	11.7%

(Excluding post-retirement workers)

Ratio of women hired for the main career track to surpass 30%

FYE March 2024	KPP Group Holdings	—
	Kokusai Pulp & Paper	41.7%

(Excluding fixed-term employees)

Gender wage gap (ratio of women's wages to men's wages)

FYE March 2024	KPP Group Holdings	61.2%
	Kokusai Pulp & Paper	59.1%

(Including full-time employees other than dispatched workers, post-retirement workers, and fixed-term employees)

- Hiring rate of persons with disabilities

FYE March 2024	KPP Group Holdings	3.4%
	Kokusai Pulp & Paper	2.7%

Our hiring rate for persons with disabilities currently exceeds the legally mandated rate of 2.5%, thanks to our ongoing efforts to enhance the work environment and diversify job categories. We will continue to make efforts in anticipation of future revisions to the statutory employment rate.

Initiatives

- Introduction of Flexible Working Hours

To promote diverse and flexible working styles, we introduced a flextime system in October 2024. This initiative aims to create an environment where employees can work autonomously and proactively, fostering greater motivation and enabling them to maximize their potential.

- Implementation of Telework

In response to the spread of COVID-19 and to accommodate diverse work styles, we established detailed rules for telework that allow employees to work from home based on their workplace and job situations. Under the telework system, employees have the option to choose every six months whether they prefer to work as specified teleworkers, whose office days are limited to a maximum of eight days per month in principle. During the fiscal year ending in March 2024, a total of 131 employees chose to be specified teleworkers.

Human Resources Development

We actively nurture talent to create new value in a dynamic business environment and sustain our 100-year legacy of material recycling through paper sales and recovered paper collection. Our goal is to cultivate professionals who possess not only knowledge of paper and related materials but also the ability to provide solutions through sales. Aligned with the KPP Group's philosophy, the KPP Group Way, we prioritize developing accountable individuals who can "pioneer the future with paper innovation."

To achieve this, we offer training programs tailored to different career stages, from young professionals to mid-career employees, including business skill training and training sessions at the time of promotion. We also provide career development training, enabling employees to proactively plan and shape their careers based on their age and experience. Additionally, we support self-development through e-learning programs and qualification assistance to enhance specialized knowledge and management skills.

Important KPIs

For training, we set total training hours per employee per year as an important KPI. This reflects our focus on providing necessary training for all employees and targeted personnel, as well as improving the quality and impact of training programs. To achieve our human resources development policy, quantifying training hours will be one indicator to evaluate the effectiveness of our efforts in this area.

Training hours per employee

FYE March 2024	KPP Group Holdings	10.9 hours
	Kokusai Pulp & Paper	10.0 hours

Training costs per employee

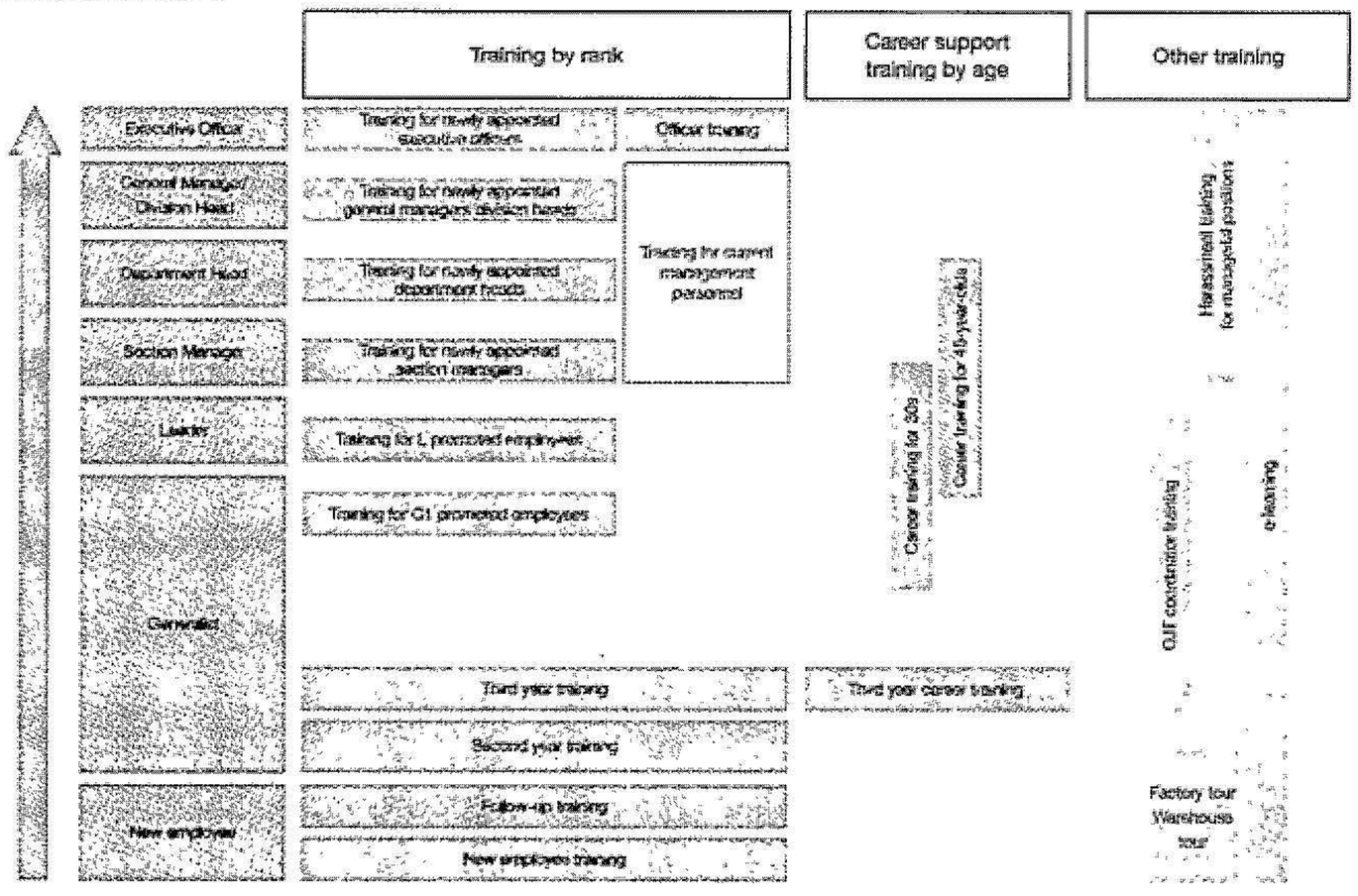
FYE March 2024	KPP Group Holdings	38 thousand yen
	Kokusai Pulp & Paper	28 thousand yen

Initiatives

We are enhancing the quality of various training programs such as training by rank, career support training by age, and other training. In addition, we plan to implement training for current management personnel and initiatives to develop the next generation of leaders.

- Career support training by age
  Career interviews and training for employees in their first four years of employment
- Other training
  Tutor training and factory tour training

Training system diagram



2025090100205

VOICE Insights from Employees Engaged in Cross-Group Personnel Exchanges

As part of the third medium-term business plan, we facilitate personnel exchanges among Group companies to enhance global group management. Here, three employees share their experiences and perspectives.

Seiji Ogawa
Portfolio Manager, Spicers

Spicers

A Key Lesson: The Impact of Committing to Results

I was transferred to the US in my fifth year at KPP, and later deployed to DAIEI AUSTRALASIA PTY LTD. I began working at Spicers in 2019, after the KPP's acquisition of the company. Australia has limited local paper manufacturers, with nearly all printing paper being imported. My experience working with paper manufacturers worldwide during my time in Japan, and my understanding of different companies' products and cultures, has proved highly useful.

The corporate culture at Spicers is one in which everyone has a strong commitment to results, and this is no doubt one reason for its continued strong performance. A focus on increasing added value to enhance profit margins is ingrained in their operations—a mindset I am willing to promote across our sites in Japan and other parts of Asia. To foster Group synergy, it is essential to further invigorate personnel exchanges among Group companies, where expats play a vital role. However, expats are not the sole solution. Regular meetings between counterparts, such as sales representatives and IT staff from Japan and Australia, to discuss their respective challenges can strengthen horizontal connections across the Group. Such efforts will be effective in driving future global expansion.

Natsumi Otsuki
SAP Project, Antalis

antalis

99.9% of My Experience Could Only Be Gained by Coming to France

I joined KPP as a mid-career hire, and in my fourth year, I was offered a position at Antalis. I chose to come to France because I wanted to challenge myself in a new environment. Currently, I am responsible for the rollout of core systems and am engaged in projects spanning Denmark, Norway, and Sweden. Having long aspired to work on core systems, I find my role rewarding.

The approach to project management here is remarkably different from Japan. Schedules and rules are clearly documented, and everyone progresses with a shared understanding of these guidelines. While I've been able to leverage the knowledge and experience I gained in Japan for IT-related matters, other aspects of work have been a continuous challenge. Meetings are conducted in English, but I find it challenging to keep up with daily conversations in French, making communication one of the biggest hurdles.

Despite these challenges, 99.9% of the experiences I've gained here are ones I would never have encountered in Japan, making this opportunity truly worthwhile. I hope for a system that allows anyone to step forward and take on overseas challenges. For example, short-term overseas training programs where employees independently navigate daily life without relying on company support could help them gain a clearer understanding of what it takes to live and work on a global stage.

Jordan Willet
Overseas Sales Division, Kokusai Pulp & Paper

KOKUSAI PULP&PAPER CO,LTD.

Overcoming Language Barriers with Colleague Support

In 2020, just two weeks before my planned relocation to Japan, the COVID-19 pandemic delayed my move. I finally arrived in June 2022, almost two and a half years later than expected. I studied business management and international business at university and had always aspired to work abroad, making this assignment a long-awaited opportunity.

In Australia, I worked as a sales representative at Spicers, visiting customers daily and recommending products for them. In Japan, my role shifted to export trading, where I negotiate with suppliers and collaborate with agents and subsidiaries across Asia. While learning the complexities of the trading business in a foreign language has been challenging, I received strong support from my colleagues, many of whom have worked overseas and understand the language barriers.

The first year was tough adjusting to life in Japan. It took four months to open a bank account, and settling in took time. However, I'm now enjoying life here, especially skiing. Entering my third year, my responsibilities have increased, and I've gained a deeper understanding of different business model and mindsets. I believe sharing my experiences will encourage more Australian colleagues to consider assignments in Japan.

2025090100206

Respect for Human Rights

Basic Policy

The KPP Group has established the KPP Group Charter as a guideline for its mission of contributing to the realization of a recycling-oriented society. The Charter emphasizes respect for the human rights of all individuals, without discrimination based on race, gender, religion, or creed. In March 2024, the KPP Group established the KPP Group Human Rights Policy ("the Policy") in accordance with the United Nations Human Rights Council's Guiding Principles on Business and Human Rights. All officers and employees are required to act in accordance with the Policy, respecting human rights throughout the value chain.

Specific Initiatives

KPP Group is implementing efforts across all operating companies to advance our approach to human rights.

KPP Group Holdings

- Establishment of the Policy

KPP Group Holdings established the Policy applicable to the entire Group.

KPP Group Holdings and Kokusai Pulp & Paper

- Human Rights Due Diligence

In fiscal year ending March 2024, we conducted Human Rights Due Diligence (Human Rights DD), targeting our employees and major subsidiaries. In implementing the Human Rights DD, we launched a project in which the President and Representative Director serves as the project owner. The project was examined not only by internal stakeholders but also by external experts, including the Japan Committee of CAUX ROUND TABLE.

- Human Rights Education for Employees

In December 2023, we provided human rights education and harassment prevention training for all employees. This training covered recent developments in "business and human rights," approach to human rights expected from companies, examples from the paper manufacturing industry, trading companies, and other sectors, and facilitated discussions to deepen understanding of why addressing "business and human rights" is essential.

Antalis

- Supplier Due Diligence Using Ecovadis and Sedex

Antalis, which operates in Europe and the Americas, is moving to internationally recognized due diligence platforms to manage and assess ethical risks in its supply chain. In this way, we are promoting sustainable business in cooperation with responsible suppliers. As of December 31, 2023, 70% of our strategic suppliers were registered with Sedex or Ecovadis.

- Whistleblowing Platform

Whistleblowing platform in 22 languages is available to all employees and stakeholders.

Spicers

- Compliance with National Human Rights Legislation

The "Modern Slavery & Human Trafficking Statement" and the "Whistleblowing Policy" have been established in line with Australian laws and are being applied to Australian bases. A long-standing "Equal Opportunity Policy" and related compliance training apply to our bases in Australia and New Zealand. This will also be extended to our bases in Asia from mid-2024.

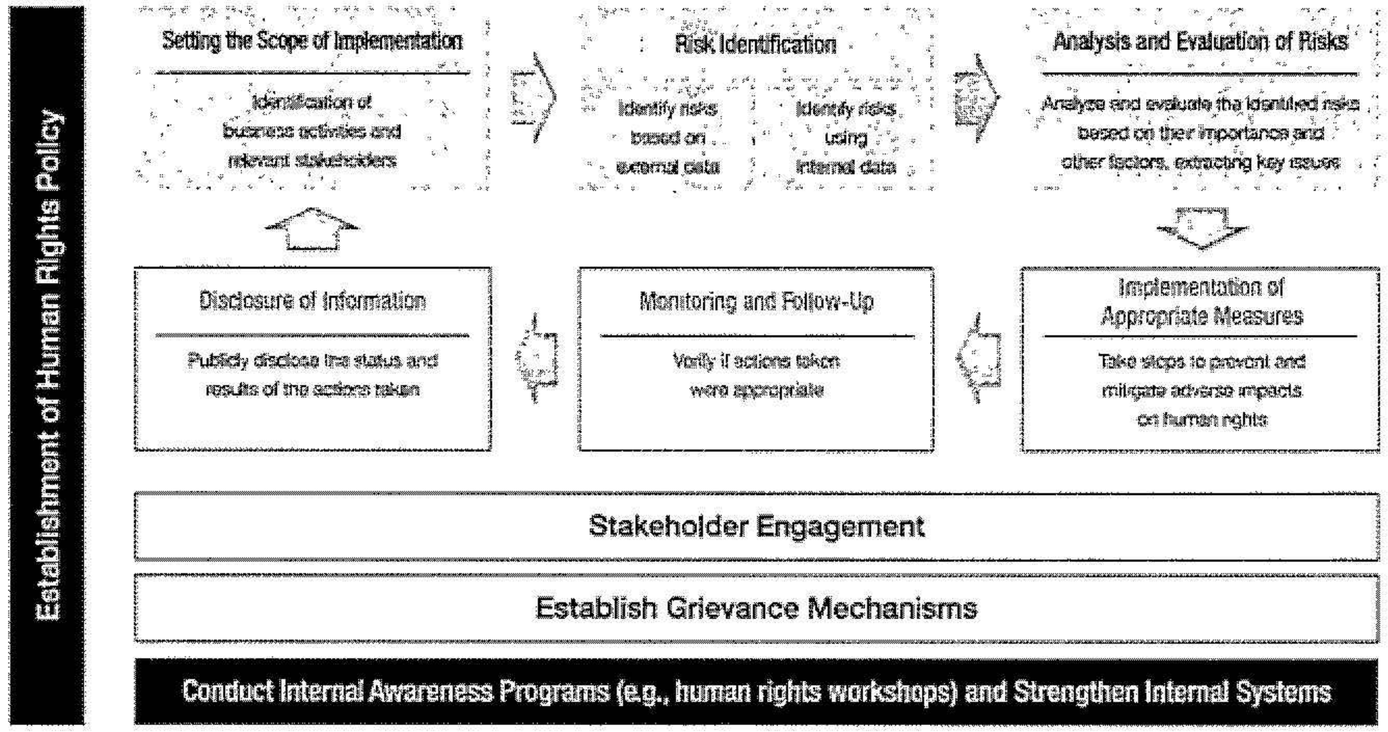
- PEFC and FSC Product Certification Audits

Completed in Australia and New Zealand annually, these externally facilitated audits consider compliance with Modern Slavery legislation.

Human Rights Due Diligence

Following the process of Human Rights DD, we set the scope of the Human Rights DD, identified risks, and analyzed and evaluated these risks in fiscal year ending March 2024.

Overview of Human Rights DD



Process for Identifying Key Human Rights Issues

To identify key human rights issues, we conducted a desktop research to assess human rights risks and internal interviews on business and human rights. Based on this, we identified the following key human rights themes.

Key Human Rights Themes*

- **Worker conditions in Group subsidiaries**
- **Worker conditions in suppliers**
- **Worker conditions at outsourced partners, including drivers**

*Among the issues raised through internal interviews, those with high potential risks and significant negative impacts on society were extracted by a third-party organization.

Initiatives in Fiscal Year Ending March 2024

In fiscal year ending March 2024, we focused on workers in our recycled paper collection subsidiaries, where there was room for improvement in understanding labor conditions, particularly in high-risk processing operations. Through interviews, it was confirmed that while no major human rights issues were found, management was aware of concerns raised by workers.

Moving forward, we plan to continue addressing human rights issues and establish systems for supply chain due diligence to cover other sustainability challenges.

Coexistence with Local Communities

The KPP Group actively engages in local community-based activities to fulfill its role as a responsible corporate citizen. In addition to delivering value through our business activities, we contribute to the development of local communities and society by promoting culture and arts, supporting sports, environmental conservation, and donations. These initiatives are also being promoted globally, including at our overseas locations.

Initiatives in Japan

Donations to Food Banks

To reduce food waste and support those in need, we donate disaster relief food supplies to food banks when updating our stockpiles. This initiative, which began in the fiscal year ending March 2022, is now in its fourth year. To date, we have provided a total of 7,886 emergency meals and 1,686 bottles of drinking water across the country.

Exhibition of Sendai Tanabata Decorations

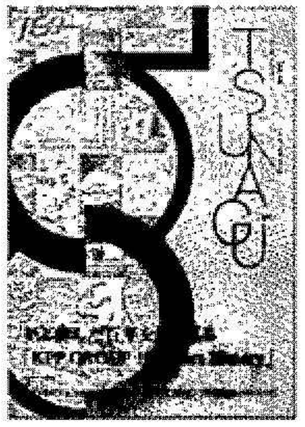
Our group company, Narumiya Kami-shoji, has long been involved in crafting Sendai Tanabata decorations, playing a key role in preserving and promoting local traditional culture. While Sendai is the original home of these decorations, Narumiya's creations are also displayed in Tokyo at locations such as Ginza Shochiku Square and Kyobashi Saiku, allowing a wider audience to appreciate their beauty. Alongside the exhibits, we highlight our commitment to sustainability by showcasing advanced materials made from paper and bamboo, which help reduce environmental impact.

Supporting Papermaking Classes at Miyanomori Elementary School in Miyagi

Since 2016, we have supported the C.W. Nicol Afan Woodland Trust's Great East Japan Earthquake reconstruction project by hosting papermaking classes at Miyanomori Elementary School in Higashi-Matsushima, Miyagi Prefecture. This year, we welcomed Rogier Uitenboogaart, a *washi* paper artisan from Kochi, as a guest instructor once again. The program, conducted as part of integrated studies for third graders, provided students with an opportunity to learn about the blessings of nature, sustainable forest use, and the traditional craft of Japanese *washi* paper.

Publication of "TSUNAGU"

TSUNAGU, our corporate magazine, was first published in April 2007 to showcase the appeal of paper. In 2013, it was revamped into a quarterly publication focused on the theme "Rediscovering the Charm of Paper." The magazine highlights stories about people, crafts, and traditions related to paper, including paper-based art and traditional craftsmanship. While many companies have moved away from print publications or transitioned to digital formats, we remain committed to celebrating the connection between paper and culture, business, and people. Through TSUNAGU, we aim to promote the beauty and potential of paper, contributing to the continued development of paper culture.



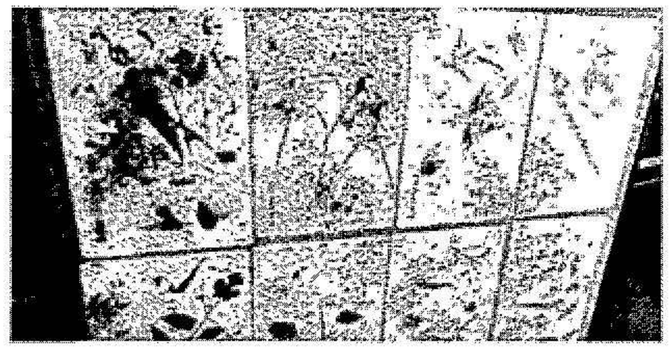
100th Anniversary Commemorative Project Cultivating *Washi* Raw Materials and Hosting Papermaking Workshops

As part of the KPP Group's 100th-anniversary commemorative projects, we have been cultivating kozo and mitsumata, the raw materials for traditional Japanese *washi* paper, in the sunken garden at our headquarters building. In July 2024, we harvested these plants and used them as raw materials for papermaking workshops held at Kyobashi Tsukiji Elementary School in Chuo Ward, Tokyo, Ginza Shochiku Square, and our company's employee cafeteria.

These workshops highlighted the appeal of *washi* paper, one of Japan's proud traditional crafts. Participants learned about its exceptional functionality, which has supported our lives for centuries, and its eco-friendliness as a material made entirely from natural resources.

Children who participated in the workshops marveled at the texture of tororo-aoi, a plant essential for papermaking, as they learned the process. Each created a unique piece of *washi* paper by incorporating their preferred plants, crafting one-of-a-kind original works.

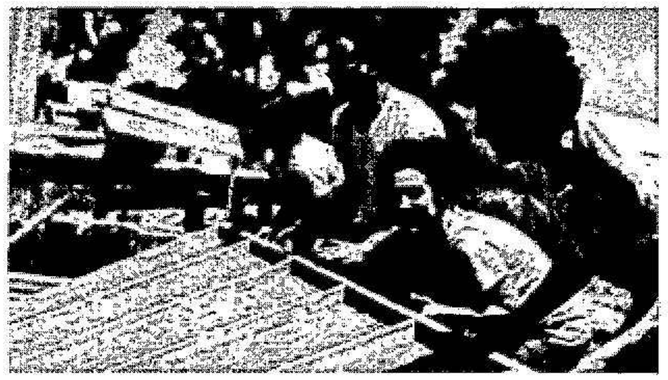
The children's handmade *washi* papers were transformed into lantern lampshades and showcased as part of the illumination display at Ginza Shochiku Square in December 2024, delighting visitors with their beauty.



Initiatives in Europe

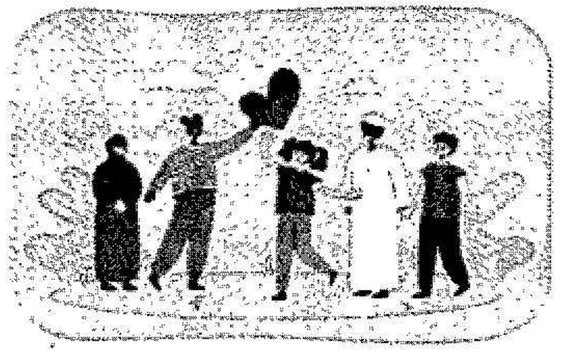
Participation in Give & Gain Days

Antalis Czech Republic regularly takes part in international Give & Gain Days, a worldwide initiative involving tens of thousands of volunteers. This project supports pro bono activities for the public benefit or for non-profit organizations. As part of this initiative, Antalis offers employees in the Czech Republic paid working days to pursue several different activities with charitable organizations. This opportunity allows our people to dedicate time and energy to gain personal experience of a public benefit environment, develop their personal values and deepen their positive relationship with their employer.



Donations and Support for Various Organizations

Antalis participates in a wide range of charitable activities and support initiatives across Europe. In Germany, the company donates to charities dedicated to improving the lives of children in need and organizations providing humanitarian aid to Ukrainian citizens. In Ireland, it raised money for Alzheimer's patients, while in Romania, it supported initiatives for children with autism. Antalis also engages in hands-on efforts such as tree planting in the United Kingdom, blood donation drives in collaboration with the Red Cross in Spain, and scholarships for students studying printing technology in Turkey.



Initiatives in Oceania

Support for Club Respect

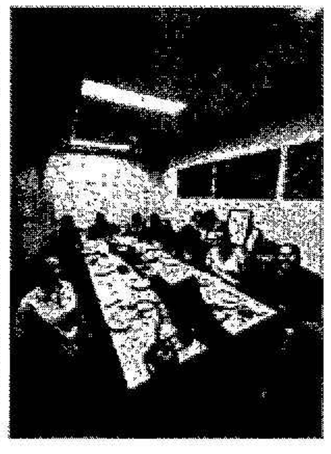
Since 2018, Spicers has been a proud partner of Club Respect, a non-profit organization dedicated to fostering inclusive and respectful cultures within community sports clubs across Australia. The program promotes environments free from bullying, discrimination, and violence, helping to create a positive and supportive atmosphere at all levels of community sports.

Women in Print

Spicers actively sponsors Women in Print, an Australian organization that hosts networking and educational events for women working in the printing, packaging, visual communication, and design industries.

Paid Volunteer Leave and Fundraising Activities

In 2023, Australia and New Zealand introduced a paid volunteer leave program, granting employees one paid day off per year for volunteer activities. Employees can use this program to participate in company-organized volunteer events or engage in volunteer activities of their choice. Company-organized events include Greenfleet tree planting activities and the charity fundraising walk "The Very Long Walk" in Australia, as well as charity golf days and volunteer work with Ronald McDonald House, supporting families of children with cancer, in New Zealand. Additionally, Spicers regularly hosts employee-led fundraising initiatives across all regions.



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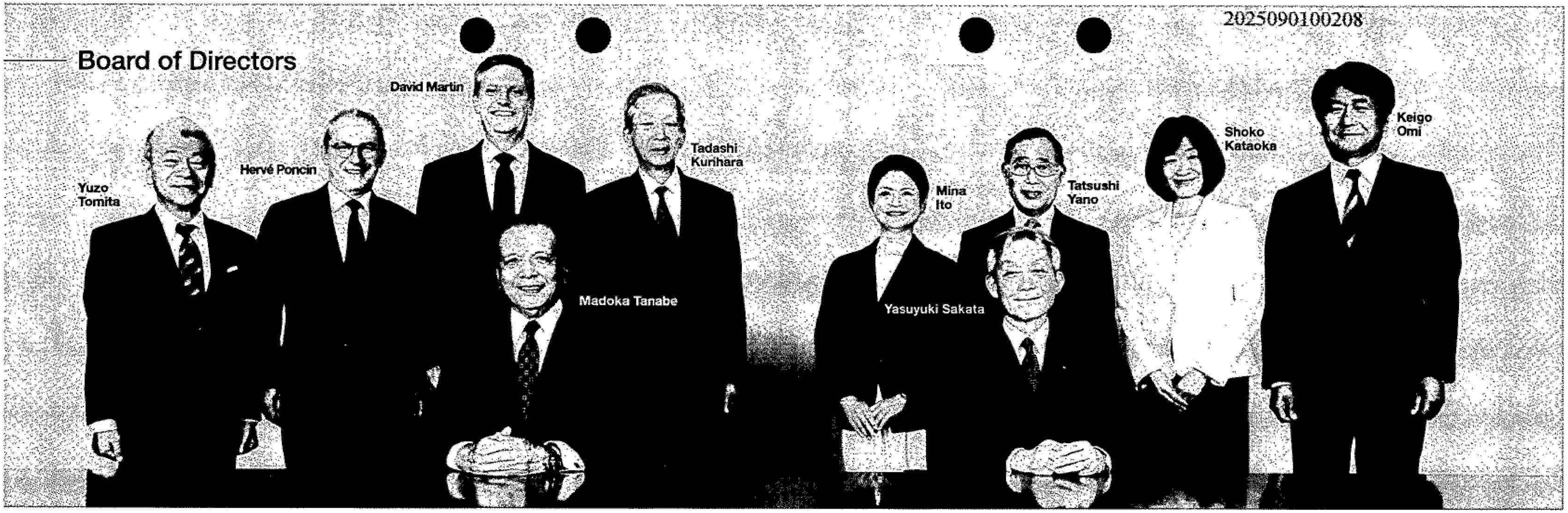
Board of Directors



Directors (as of June 30, 2024)

Name	Position and responsibility	Term of office as Director	Number of shares held	Career summary and important concurrent positions	Attendance of Board of Directors meetings (Fiscal year ending March 31, 2024)		Reason for appointment	Membership status of the Nomination / Compensation and Compensation Committee		Skill matrix							
								Nomination Committee	Compensation Committee	Corporate management	International experience	Business strategy	Finance and accounting	Legal affairs and compliance	ESG	Digital	Human resources and labor
Madoka Tanabe	Representative Director of the Board Chairman & Chief Executive Officer	20 years	70,000	2013 Representative Director of the Board, President 2015 Representative Director of the Board, President & Chief Executive Officer 2020 Representative Director of the Board, Chairman & Chief Executive Officer (to present)	16/16		Since June 2012, he has served as Representative Director, contributing to the Company's overall management. With extensive executive experience, strong leadership, and exceptional decision-making skills, he has successfully driven medium- to long-term strategies and spearheaded global business expansion.		Chairperson	●	●	●			●		●
Yasuyuki Sakata	Representative Director of the Board President & Chief Operating Officer	1 year	30,000	2023 Director of the Board, Vice President 2024 Representative Director of the Board, President & Chief Operating Officer (to present)	11/11		Having served as Head of the Business Strategy Office at the Company and Deputy CEO and CFO of Asahi S.A.S., he possesses extensive experience and a proven track record in areas such as M&A and managing overseas subsidiaries. His knowledge and discussions have guided the Company from a global perspective.	Chairperson		●	●	●	●				
Tadashi Kurihara	Director of the Board	10 years	30,000	2016 Director of the Board, Managing Executive Officer 2017 Representative Director of the Board, Senior Managing Executive Officer 2020 Representative Director of the Board, President 2021 Director of the Board (to present)	16/16		He has been involved in overall management of the Company as Representative Director since June 2017, bringing extensive experience as a top-class leader. As the President of our operating company Nakaoji Pulp & Paper, he has also demonstrated strong leadership in developing new businesses and promoting environmental initiatives.			●		●		●	●	●
David Martin Newly appointed	Director of the Board	—	—	2024 Director of the Board (to present)	—		Appointed CEO of Spicers in 2016, he successfully secured revenue streams in the commercial printing sector while expanding the business through the discovery of new markets and acquisition opportunities. Drawing on his track record as a business leader, he is expected to drive globalization, create group synergies, and enhance the diversity and vitality of the board.			●	●	●			●	●	●
Hervé Poncin Newly appointed	Director of the Board	—	—	2024 Director of the Board (to present)	—		Appointed CEO of Antalis in 2017, he worked to secure revenue in the commercial printing sector while actively driving the transformation of the business portfolio. Based on his track record, he is expected to promote globalization, create group synergies, and enhance and diversify the diversity of the board.			●	●	●			●	●	●
Tatsushi Yano Outside Independent	Director of the Board*	6 years	—	2019 Outside Director of the Board of the Company (to present) 2019 Outside Director, MARUI GROUP CO., LTD. (to present)	16/16		He has held officer positions along with experience as overseas head over the many years of operating companies (a trading company and a manufacturer). Based on his abundant experience with M&A, post-merger integration (PMI), business reorganization, and restructuring, he is expected to provide advice on management and supervise our business execution.	Member		●	●	●		●			
Mina Ito Outside Independent	Director of the Board*	3 years	—	2020 Special Advisor, Baker & McKenzie (to present) 2020 Executive and Member CEO of ZENKOKO Co., Ltd. (to present) 2020 Outside Corporate Auditor, CHOW CHOW COSMETICS Co., Ltd. (to present) 2021 Outside Director of the Board and Member of the Audit and Supervisory Committee of the Company 2022 Outside Director of the Board of the Company (to present) 2024 Independent Outside Director, DyDo Group Holdings, Inc. (to present)	15/16		She is well versed in corporate law in general as an international attorney and has extensive experience in M&A, global business strategy, and management support. She can be expected to supervise our business execution appropriately and provides advice on management from a global perspective based on her track record as a company owner with a mission to help solve global social issues.	Member		●	●		●	●			
Yuzo Tomita	Director of the Board Member of the Audit and Supervisory Committee	1 year	56,000	2023 Director of the Board, Member of the Audit and Supervisory Committee (to present	11/11		He has held various posts such as General Manager of Group Management Strategy Division, Deputy General Manager of Global Business Headquarters, and General Manager of Business Strategy Division, and possesses business experience and a proven track record in investment and business alliances, as well as management administration of Group companies.			●	●	●					
Shoko Kataoka Outside Independent	Director of the Board* Member of the Audit and Supervisory Committee	2 years	—	2020 Director and Audit and Supervisory Committee Member, COACH A Co., Ltd. (to present) 2021 Corporate Auditor, Prime Post Inc. (to present) 2022 Outside Director of the Board and Member of the Audit and Supervisory Committee of the Company (to present) 2023 Outside Director (Audit and Supervisory Committee Member), D.I. System Co., Ltd. (to present)	16/16		She is a qualified attorney with experience leading in-house legal departments at multiple companies. She has extensive expertise in supporting institutional decision-making and managing contracts related to M&As. Accordingly, she is expected to provide advice on management and supervise our business execution.		Member	●	●			●			
Keigo Omi Outside Independent	Director of the Board* Member of the Audit and Supervisory Committee	1 year	—	2015 Representative Partner, Shinnihon Audit Corporation (to present) 2019 Corporate Auditor, Nakanishi Chemical Inc. (to present) 2020 Representative Director, Medical Lumiere Co., Ltd. (to present) 2023 Outside Director of the Board and Member of the Audit and Supervisory Committee of the Company (to present)	11/11		He is a certified public accountant and has continuously held posts of representative partner of accounting firms. He possesses extensive business experience and a proven track record in corporate integration, IPO projects, and management of operating companies. He can be expected to provide advice on management and supervise our business execution.		Member	●	●		●	●			

*Independent outside director

Sustainability Strategies

20250901002O9

Messages from Outside Directors

We asked our outside directors about future challenges in raising corporate value.

Tatsushi Yano

Outside Director of the Board

April 1974	Joined Tomen Corporation
June 2003	Executive Officer, General Manager of North America, Tomen Corporation
April 2006	Director, Sanyo Chemical Industries, Ltd.
June 2006	Director and Executive Officer, Sanyo Chemical Industries, Ltd.
June 2010	Director and Managing Executive Officer, Sanyo Chemical Industries, Ltd.
June 2012	Director and Senior Managing Executive Officer, Sanyo Chemical Industries, Ltd.
June 2016	Company Advisor, Sanyo Chemical Industries, Ltd.
June 2018	Retired from Sanyo Chemical Industries, Ltd.
June 2019	Outside Director of the Board of the Company (to present)
November 2019	Outside Director, MANI, INC. (to present)

(As of June 2024)

Mina Ito

Outside Director of the Board

June 1995	Joined Baker & McKenzie
January 2004	Partner, Baker & McKenzie
January 2020	Special Advisor, Baker & McKenzie
May 2020	Established and became CEO of ZENMONDO Co., Ltd. (to present)
June 2020	Outside Corporate Auditor, C'BON COSMETICS Co., Ltd.
June 2021	Outside Director of the Board and Member of the Audit and Supervisory Committee of the Company
June 2022	Outside Director of the Board of the Company (to present)
April 2024	Outside Director, DyDo GROUP HOLDINGS, INC. (to present)
May 2024	Managing Partner, Mina Aoi-Ito Foreign law Office (to present)
June 2024	Outside Director, Sango Co., Ltd. (to present)

(As of August 2024)

The KPP Group has engaged in portfolio reforms and globalization through the implementation of its long-term management vision GIFT+1 2024, and has been rapidly expanding in scale and profitability through a proactive inorganic strategy that saw the acquisition of Spicers in 2019 and Antalis in 2020 as its subsidiaries. To respond to these changes, in October 2022 we transitioned to a holding company structure.

In recent years, we have also made steady progress with strengthening governance and sustainability management on a global scale. Moreover, in June this year the CEOs of Spicers and Antalis assumed the positions of Directors of the Board of KPP Group Holdings, and with Mr. Sakata as the new President, marking the start of a new management structure. While certain regions and departments still require business portfolio and management reforms, I am confident these changes will be implemented effectively under the strong leadership of the new team. We will then aim for further success ahead of the next medium-term business plan.

With such a diverse range of global operations in the KPP Group, the role of outside directors is becoming increasingly important. Utilizing my past overseas business experience in a trading company and a manufacturer, as well as my expertise in trade, distribution, and management, in addition to supervising business execution as an outside director, I will cooperate with management, engage in the discussions and provide advice. In doing so, I will work to contribute to the KPP Group's sustainable growth, greatly improve its corporate value, and transform it into an even better global company.

Guided by the long-term management vision GIFT+1 2024 for the 100th anniversary of our founding, we have sought to achieve inorganic growth through bold challenges. Through public listing and overseas M&As, we have grown into the world's third largest paper trading company in terms of net sales. Moreover, with the addition of two Directors of the Board from our overseas Group companies Spicers and Antalis in June this year, we have transitioned to a more diverse management structure that emphasizes the diverse perspectives, including those of foreign nationals and females to become a truly global company.

Looking ahead, a clear roadmap for sustainable growth into the next century is essential. As an outside director, I will focus on proactive governance by driving strategic risk-taking, strengthening oversight, promoting innovation, clarifying targets and visions, and fostering cultural transformation within the organization.

To fulfill our commitments—"contributing to a sustainable society through recycling-oriented businesses" and "enhancing corporate value through business portfolio reform"—organizational transformation is crucial. I will continue prioritizing diversity and investing in talent capable of succeeding in global markets.

Amid rapidly changing external environments, sustaining growth requires leveraging our paper innovation—an intangible asset cultivated over many years—while seeking opportunities in new domains. To achieve this, I aim to establish a framework that enables management, executive candidates, and employees to harness external expertise and deeply explore how we can best contribute to international society.

Shoko Kataoka

Outside Director of the Board and Member of the Audit and Supervisory Committee

April 1998	Joined Koichi Kitano Law Office
April 2000	Established DoSOLO! Law Office (joint management)
October 2001	Legal Division, Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)
November 2007	Leader, Legal Department, FAST RETAILING CO., LTD.
November 2012	General Manager, Legal Department, USJ Co., Ltd. (currently USJ LLC)
November 2018	Manager, Legal and Internal Controls, COACH A Co., Ltd.
December 2019	Outside Director, D.I. System Co., Ltd.
March 2020	Director and Audit and Supervisory Committee Member, COACH A Co., Ltd. (to present)
August 2021	Corporate Auditor, Prime Road Inc. (to present)
June 2022	Outside Director of the Board and Member of the Audit and Supervisory Committee of the Company (to present)
December 2023	Outside Director and Audit & Supervisory Committee Member, D.I. System Co., Ltd. (to present)

(As of June 2024)

Keigo Omi

Outside Director of the Board and Member of the Audit and Supervisory Committee

April 1965	Joined Fuji Bank, Limited (currently Mizuho Bank, Ltd.)
November 1988	Joined International Department of Chuo Audit Corporation
September 1993	Temporarily transferred to New York Office of Coopers & Lybrand
July 2005	Representative Partner, ChuoAoyama Audit Corporation
September 2006	Representative Partner, PricewaterhouseCoopers Aarata LLC (currently PricewaterhouseCoopers Japan LLC)
July 2016	Representative Partner, Chiyoda Audit Corporation (to present)
October 2018	Director, bitFlyer Holdings, Inc.
May 2019	Corporate Auditor, fanbase company Inc. (to present)
April 2020	Representative Director, Medical Labotics Co., Ltd. (to present)
June 2023	Outside Director of the Board and Member of the Audit and Supervisory Committee of the Company (to present)

(As of June 2024)

This year marks the 100th anniversary of our founding.

Despite my limited time in the role as an outside director, I am deeply honored to be able to celebrate this significant milestone and reflect on the organization's rich history and traditions with officers and employees, past and present, who have contributed to the Group's development. At the same time, I am truly fortunate to be able to stand with them as we set out to achieve further growth in the next century.

At the General Shareholders' Meeting held in June this year, David Martin, CEO of Spicers, and Hervé Poncin, CEO of Antalis, were appointed as Directors of the Board of KPP Group Holdings. According to the Japan Spencer Stuart Board Index 2023, only 29% of Japan's leading Nikkei 225 companies have foreign nationals on the board of directors. This appointment by the KPP Group shows its pioneering and forward-thinking approach. By combining diverse perspectives and experiences, we will enhance management's decision-making capabilities and the quality of management supervision to further reinforce our competitive advantage in global markets. Personally, I will continue to utilize my international perspectives and specialist legal expertise to focus on the promotion of women's participation and the strengthening of Group and global compliance.

I look forward to more support than ever before from our stakeholders as we take on the next 100 years.

I assumed the role of Outside Director of the Board and Member of the Audit and Supervisory Committee in June 2023. I would like to reflect on our activities over the past year.

In this past year, I have seen a bright and open atmosphere at the Board of Directors, with outside directors not only asking questions but presenting their frank opinions, having honest exchange of views among all Board members. Especially, amid a business environment marked by a structural issue—Japan's declining and aging population, which has led to the contraction of existing markets—we have discussed various measures and numerical targets to achieve the Group's mission of realizing a recycling-oriented society. Going forward, I will strive to ensure that the Group's progress and evaluation of its various measures are communicated more clearly to our shareholders and other stakeholders.

Meanwhile, amid drastic changes in global economies, the key to our success will be speed and implementation based on the collection of accurate information. The KPP Group conducts business in 47 countries and regions, and is proceeding with efforts to diversify its businesses and increase its market share in each country and region to achieve sustainable growth. Moreover, with the Group's recent inorganic growth over the past few years, our human capital has become increasingly diverse. Moving forward, a key challenge will be cultivating a diverse talent pool capable of driving further growth.

In the coming year, on top of the above perspectives, I will monitor the Group's initiatives aimed at improving corporate value from an ESG perspective and other diverse viewpoints.

Basic Stance toward Corporate Governance

The KPP Group regards corporate governance as a critical management priority to fulfill the trust placed in us by stakeholders, including shareholders, customers, business partners, local communities, and employees, and to achieve sustainable growth and enhance corporate value over the medium to long term.

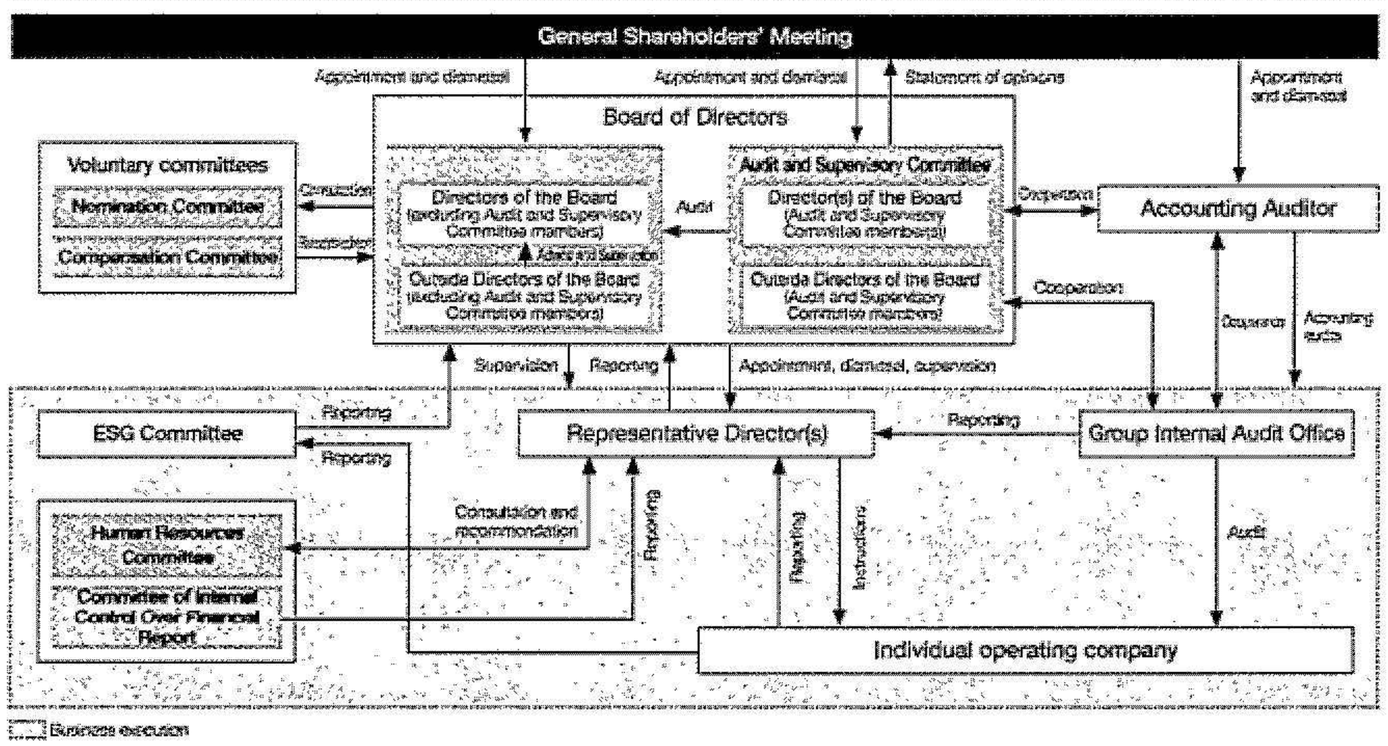
We strive to establish a corporate governance structure in accordance with our Basic Policy on Corporate Governance, aiming to ensure transparent, fair, swift, and decisive decision-making while maintaining a balance between management oversight and business execution.

Notably, we transitioned to a holding company structure in October 2022. Under this framework, decision-making and oversight functions are carried out by the Board of Directors of the holding company, which includes outside directors, while the primary responsibility for business execution lies with each operating company. This separation further clarifies the distinction between management decision-making and oversight functions and business execution.

History of Corporate Governance Enhancements

		FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019	FYE March 2020	FYE March 2021	FYE March 2022	FYE March 2023	FYE March 2024	FYE March 2025
Measures		Shifted to a company with an audit and supervisory committee		• Abolished the takeover defense system • Added three independent outside directors	• Abolition of retirement benefit for officers and introduction of performance-linked and stock-based compensation plan	• Increased the number of independent outside directors to four • Elected and appointed one female Director of the Board		Established the voluntary Nomination Committee and Compensation Committee	Transitioned to a holding company structure		Introduced the executive officer system
Director of the Board	Internal	3			5				4		5
	Outside					2					
	Total	8	8	8	9	7	7	7	6	6	7
Director of the Board Audit and Supervisory Committee member	Internal	2				1					
	Outside	3			2						
	Total	5	5	5	4	3	3	3	2	3	3

Corporate Governance Structure



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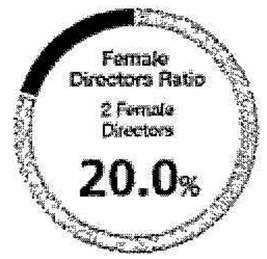
Functions of the Board of Directors

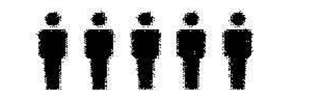
Ten directors, including four outside directors with diverse skills and experience, make decisions on important management matters and provide supervision of business execution. To achieve sustainable growth and medium- to long-term improvement in corporate value, we promote appropriate decision-making and management supervision by leveraging the extensive business experience of internal directors as well as the practical and specialized knowledge of outside directors.

Composition of Directors

The Board of Directors consists of 10 members, including 4 outside directors, two of whom are women. The outside directors bring a diverse range of expertise, including backgrounds as lawyers, certified public accountants, and corporate executives, contributing to the company's management from various perspectives.

When appointing outside directors, we prioritize their knowledge, experience, and areas of expertise, regardless of gender or nationality. The selection process involves mapping these qualifications in a skills matrix to ensure well-rounded governance capabilities.





Outside Directors excluding Audit and Supervisory Committee members

2 Outside Directors (1 male, 1 female)

Outside Directors, Members of the Audit and Supervisory Committee

2 Outside Directors (1 male, 1 female)

Main Topics of Discussion and Agenda for the Board of Directors Meeting for FYE March 2024

In accordance with the Board of Directors Regulations, the Board of Directors discusses and makes decisions on important matters related to overall management. A regular meeting of the Board of Directors is held once a month, and during the fiscal year ending March 2024, a total of 16 meetings were held to discuss and consider the following issues.

- Progress of the third medium-term business plan
- Strengthening of compliance framework and implementation status of measures
- Analysis and evaluation of the Board of Directors' effectiveness
- Review of the significance of cross-shareholdings ownership
- Matters Related to ESG Initiatives
- Audit and Supervisory Committee activities report and plans
- Internal control evaluation results and plans
- Sustainability Committee activities report
- Financial strategy, capital policy and policy for shareholder returns
- Measures for achieving management that is conscious of capital costs and the stock price, etc.

Independent Outside Directors' Roles and Selection Policy

Independent outside directors play a key role in providing objective advice on various matters, including revisions to the board structure and skills matrix, draft plans for the directors' compensation system (such as compensation levels and the ratio of fixed to performance-linked pay), and ensuring the fairness, transparency, and objectivity of board procedures. They also contribute to enhancing corporate governance and strengthening accountability. In addition to the requirements for independent directors stipulated by the Tokyo Stock Exchange, the Company has established its own criteria for determining the independence of candidates for independent outside directors and appoints those who will contribute to the enhancement and improvement of corporate governance.

Support System for Outside Directors

To ensure thorough understanding and sufficient time for deliberation on board agenda items, materials are distributed in advance of board meetings. When needed, preliminary explanations are provided by a full-time Audit and Supervisory Committee member or relevant department heads. Additionally, materials from the Company's important meetings are shared to facilitate effective information exchange.

Analysis and Evaluation of the Board of Directors' Effectiveness

The Company annually analyzes and evaluates the effectiveness of the Board of Directors to improve its functionality. For the fiscal year ending March 31, 2024, as in the previous fiscal year, the Company cooperated with an external organization to survey all directors, shared the survey results, and deliberated on the findings in a meeting of the Board of Directors. It was concluded that the overall effectiveness of the Board of Directors was maintained.

Specifically, we received high praise for our comprehensive and multifaceted review of critical agenda items, use of appropriate performance indicators, and alignment and balance between executive compensation and management strategy. Additionally, evaluations of our efforts toward sustainability-conscious management, including ESG perspectives, have shown improvement. However, areas for further enhancement were identified, such as leveraging data and digital technologies in products and services, transforming business models through digital transformation (DX), and improving feedback from shareholder engagement.

We will continue to work on these improvements to ensure greater effectiveness in the future.

Main Activities of the Voluntary Committees

Nomination Committee

The Nomination Committee provides recommendations to the Board of Directors to enhance fairness, transparency, and objectivity in procedures related to the nomination of candidates for director, the representative director succession plan, and the appointment and dismissal of directors (including representative directors). This helps to strengthen corporate governance and accountability.

Committee Composition	3 members (1 internal director and 2 outside directors)
Number of Meetings Held	3
Activities in the Reporting Period	Deliberations on the officer structure and announcement schedule, reporting of executive officer annual evaluation, proposal for the appointment of members of the Nomination Committee and Compensation Committee, and review of the proposed structure and skills matrix for the Board of Directors.

Compensation Committee

The Compensation Committee provides recommendations to the Board of Directors to enhance fairness, transparency, and objectivity in procedures related to the compensation of directors (compensation levels, the ratio of fixed compensation and performance-linked compensation). This helps to strengthen corporate governance and accountability.

Committee Composition	3 members (1 internal director and 2 outside directors)
Number of Meetings Held	4
Activities in the Reporting Period	Deliberations on the proposed directors' compensation system, the performance-linked stock compensation plan, and the compensation policy for appointing the CEO of an overseas subsidiary as a director.

Investment Committee

The Investment Committee, as a specialized body, conducts thorough research, evaluation, and judgment on key investments and divestitures aligned with the Group strategy, supporting the advancement of management policies and decisions. The committee's deliberations cover areas such as business acquisitions, divestitures, the creation of new operating companies for emerging businesses, and facilitating the exit from unprofitable ventures.

Committee Composition	4 members (4 internal directors)
Number of Meetings Held	10
Activities in the Reporting Period	The committee held seven discussions on overseas initiatives, with packaging and visual communications projects driving portfolio transformation. Domestically, three sessions focused on new business opportunities rooted in existing operations and aligned with the SDGs. These deliberations aim to strengthen the Group's presence through competitive advantages, while exploring business expansion in environmentally responsible products to support sustainable growth.

Group Governance

Internal Audit

The Internal Audit Office oversees the internal audit activities of the operating companies—Kokusai Pulp & Paper, Antalis, and Spicers. It reviews audit plans, results, and improvement progress from each company, and reports its findings to the representative directors and other officers after thorough evaluation. Additionally, a summary of the audit results from each company is reported to the Board of Directors once a year.

Internal Control

The Internal Audit Office has developed and is implementing an internal control system for financial reporting in compliance with J-SOX across the Group's three operating companies. Its responsibilities include formulating basic plans, assessing the maintenance and operation of internal controls, preparing internal control reports, and presenting the results of Group-wide internal control evaluations to the Committee of Internal Control Over Financial Report, management, and the Board of Directors.

Basic Approach to Information Security Management

Recognizing the importance of information security in corporate risk management, we restructured the Information Security Committee in April 2024, making it an independent, Group-wide committee, distinct from the ESG management framework.

The Committee evaluates the effectiveness of information security measures implemented by Group companies, ensuring they strengthen the Group's overall security and address potential vulnerabilities. By employing a thorough PDCA cycle, it ensures comprehensive planning, execution, and employee education. In October 2023, we also introduced a global IT security policy applicable to all Group companies.

While advancements in IT technology offer substantial benefits to our business, they also intensify the complexity and frequency of cyberattacks. Addressing these growing threats remains a top priority as we continue to reinforce our information security measures.

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Officer Compensation

Basic Policy regarding Compensation for Directors, etc.

i. The structure of compensation for directors, etc., takes into account not only their achievement of short-term performance targets but also their contributions to increasing corporate value in the medium to long term. The value they have provided shall be shared with shareholders.
ii. The amounts of compensation for directors, etc., are determined in consideration of a balance of factors such as their achievements and industry trends.
iii. The amount of compensation for an individual director is determined by the Board of Directors, with pertinent participation and advice from independent outside directors, within the scope of total remuneration determined at general shareholders' meetings.

Compensation System Overview

Compensation for directors (excluding Audit and Supervisory Committee members and outside directors) consists of the fixed compensation, bonuses, and performance-linked stock-based compensation. Compensation for outside directors and directors who are Audit and Supervisory Committee members comprises fixed compensation only.

The performance-linked stock-based compensation serves as a medium- to long-term incentive, with the amount determined by the achievement of performance targets each fiscal year. Funded by remuneration allocated to directors, etc., it provides compensation through a trust in the form of the company shares or cash equivalent to those shares.

For the remuneration of non-Japanese directors, we consider not only their roles within the company and its subsidiaries but also the market standards in their home countries. The Board of Directors approves internal regulations that incorporate the policy for determining the individual remuneration packages for non-Japanese directors.

Compensation Structure

Fiscal year ending March 31, 2025 (planned): Fixed compensation (62–65%), bonuses (23%), performance-linked stock-based compensation (13–15%)

Fiscal Year Ending March 31, 2024

Type of Compensation	Percentage of Compensation (Approximate) *Figures in [ ] indicate the percentages for the fiscal year ending March 31, 2025 *Assumes 100% target achievement for certain non-performance-based stock-based compensation		Process for determining compensation	
	Directors (excluding outside directors and directors who are Audit and Supervisory Committee members)	Outside directors and directors who are Audit and Supervisory Committee members		
Fixed compensation	62–64% [62–64%]	100% [100%]	Directors (excluding directors who are Audit and Supervisory Committee members)	• The amount paid to each individual is calculated based on internal rules for each position within the limit of the compensation amount, deliberated upon by the Compensation Committee, and determined by the Board of Directors
			Directors who are Audit and Supervisory Committee members	• Determined through discussion in the Audit and Supervisory Committee based on internal rules within the limit of the compensation amount
Bonuses	23% [23%]	–	• Performance-linked monetary compensation that varies according to the level of achievement of performance targets for each fiscal year as a short-term incentive • Amount paid = Monthly fixed compensation × Position multiplier× Performance-linked coefficient The performance-linked coefficient adjusts the amount (calculated as monthly fixed compensation × position multiplier) within a range of 0% to 200%, based on the achievement level of performance targets set at the beginning of each fiscal year • Indicators for determining the performance-linked coefficient: EBITDA, ROA, and consolidated sales	
Performance-linked stock-based compensation	13–15% [13–15%]	–	• Performance-linked stock-based compensation that varies according to the level of achievement of performance targets for each fiscal year as a medium- to long-term incentive. Positions and the degree of performance achievement are converted into points, and the Company's shares are granted based on the number of points • In consideration of job responsibilities and other factors, the payment ratio is structured so that the higher the position of the director, the higher the performance-linked compensation • Points granted = Basic points* × Performance-linked coefficient The points granted range from 0% to 200% of the basic points, depending on the achievement level of performance targets for each fiscal year, as disclosed in the financial results • Indicators for determining the performance-linked coefficient: Consolidated ROIC, profit attributable to owners of parent, and non-financial indicators (progress in developing and distributing products that reduce environmental impact, etc.)	

*Basic points are calculated as: Base amount specified for each position ÷ Average closing price of the Company's shares on the Tokyo Stock Exchange during the month prior to the start of the applicable period

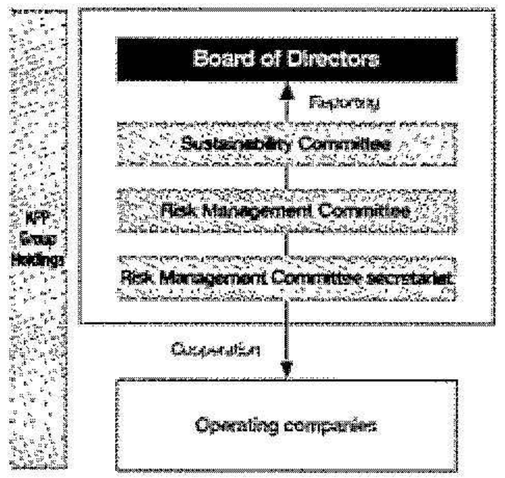
Risk Management System and Management Process

To maintain and enhance the KPP Group's risk management framework, we have established a Risk Management Committee, operating in accordance with the Risk Management Committee Rules. The Chair and Vice Chair of the committee are appointed by the Chair of the Sustainability Committee.

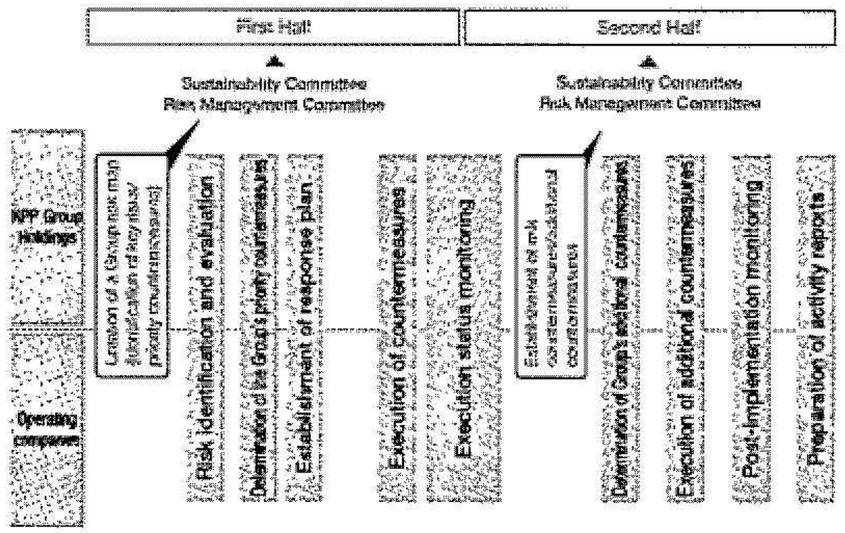
The Risk Management Committee identifies and evaluates significant risks associated with Group management, determines priority response measures, and regularly monitors the implementation of these measures. The results are reported to the Sustainability Committee.

As of March 31, 2024, the risk management system and process described above were in place. However, in April 2024, to enhance global governance and better align with our ESG initiatives, the Sustainability Committee was renamed the ESG Committee. At the same time, the Risk Management Committee transitioned from a subcommittee to an independent comittee, continuing its operations.

Our Risk Management System



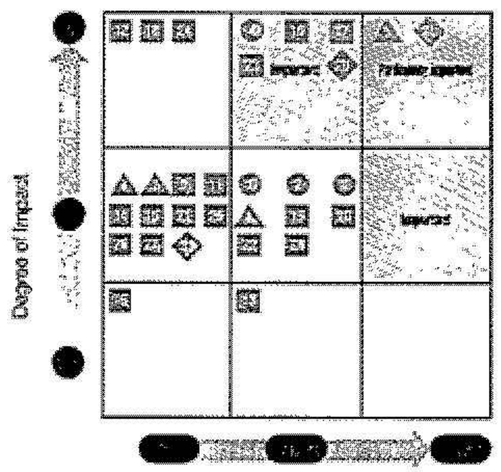
Our Risk Management Process



Business and Other Risks

Business and other risks that may affect the KPP Group's operating performance and financial position are outlined below. Each risk is assessed based on its potential impact and likelihood, and the results are summarized in the risk map below. Please note that any forward-looking statements reflect the Group's judgment as of the end of the previous consolidated fiscal year.

The key risks recognized by the Group are listed in the accompanying table on the next page. However, this is not an exhaustive list of all risks associated with the Group, and there may be unforeseen or currently less significant factors that could affect the Group in the future. While measures are in place to mitigate these risks, it is difficult to eliminate risks entirely.



Major category	Subcategory	
External factor risks	1. Natural disasters	2. Terrorism/conflicts/incidents
	3. Infectious diseases	4. Country risks
Management risks	5. Competitiveness/performance	6. Corporate defense
	7. Company and Group company management	8. Human resources
Operational risks	9. Violation of Subcontract Act	10. Violation of Antimonopoly Act
	11. Response to antisocial forces	12. Officer/employee misconduct
	13. Harassment	14. Environment
	15. Human rights	16. Local community
	17. Supply chain management (SCM)	18. Finance and accounting
	19. Taxes	20. Legal affairs
	21. Intellectual property rights	22. Labor management
	23. Information systems	24. Information security
	25. Information management	26. Business partner/contractor management
	27. Fires/accidents	28. Accidents resulting in death or injury
Financial risks	29. Credit risk	30. Market risk
	31. Liquidity risk	

Significant Risks and Responses

Type of risk	Details of risk	Main measures
External factor risks		
Country risks	• Occurrence of delays in payment collection and other business execution problems in the relevant countries due to the emergence of risks from political, economic, and social conditions in various regions of the world	• Implementation of risk hedging measures such as the use of trade credit insurance for accounts receivable • Implementation of credit management and thorough information gathering in the relevant countries
Management risks		
Competitiveness/ performance (overseas investment)	• Impairment loss on goodwill in the event that overseas investments are judged not to produce the expected results due to changes in the business environment and other factors	• The Board of Directors conducts thorough deliberations on the profitability of investments. It also regularly monitors performance trends, progress against plans, and collects and analyzes information on business environments
Operational risks		
Violation of Antimonopoly Act	• The Board of Directors provides regular guidance to ensure compliance with laws and regulations and to establish and maintain internal rules. However, there remains a risk of compliance violations, including breaches of the Antimonopoly Act	• Investigating the causes of violations, implementing measures to prevent recurrence, and developing compliance guidelines including those for adhering to the Antimonopoly Act (e.g., prohibition of unfair trade transactions), and conducting internal training programs. These efforts, along with reporting to the Board of Directors, aim to strengthen the compliance framework and reinforce corporate ethics
Supply chain management (dependence on major suppliers, etc.)	• Significant disruptions in the supply of products from major suppliers to the Company as a result of natural disasters or other factors	• Securing new procurement sources by developing domestic and overseas suppliers while continuing to expand transactions with existing major suppliers • Promoting reduced reliance on domestic transactions by expanding overseas operations and reforming the business portfolio, while advancing the development of new business domains and increasing the share of businesses outside traditional paper and cardboard sales
Information systems (development of core systems)	• Possibility of not achieving expected investment effects in core system development • Unexpected costs due to a delay in the development schedule, etc.	• Through analysis of necessary functions and requirements, and implementation of verification work • Regular progress management by development vendors and project members, along with evaluations to ensure alignment with investment effectiveness
Financial risks		
Credit risk (credit of business partners)	• Losses due to deterioration in creditworthiness or bankruptcy of business partners	• Establishment of credit limits for each business partner • Regular credit checks, the use of collateral and trade credit insurance
Market risk (impact of commodity market fluctuations)	① Paper and paperboard, etc. • Increase in product purchase prices due to rising prices of raw materials, fuel, etc. ② Paper raw materials (pulp and recovered paper), etc. • The pulp sector faces significant risk from global price volatility, while the recovered paper sector is highly susceptible to fluctuating prices driven by changes in demand from major consuming countries and domestic supply-demand imbalances ③ Packaging and visual communications, etc. • In material fields such as films for packaging applications, procurement costs are expected to rise due to factors such as increased fuel prices and overseas transportation costs	① Paper and paperboard, etc. • Continuous price negotiations with customers to ensure fair profit margins ② Paper raw materials (pulp and recovered paper), etc. • Expanding sales channels and securing suppliers, particularly in regions where demand is expected to increase in the future ③ Packaging and visual communications, etc. • Changes to the pricing process (setting sales prices based on procurement cost fluctuations) and diversification of procurement sources
Market risk (exchange rate fluctuations)	• Decrease in consolidated net profits in the consolidated financial statements due to the depreciation of the yen • Foreign exchange rate risk in cross-border transactions	• Reduction of exchange rate fluctuation risk through forward exchange transactions, etc.
Market risk (interest rate fluctuations)	• External factor risks associated with rising interest rates in debt financing, such as loans, bonds, and commercial paper issuance	• Reduction of interest rate fluctuation risk by raising funds at fixed interest rates through long-term debt and bonds, and incorporating interest rate swaps, etc.
Market risk (fluctuations in the market value of stockholdings)	• Stock price fluctuation risks stemming from market trends related to so-called cross-shareholdings and the performance of the respective companies whose shares are held	• Verification of the rationality of holdings by the Board of Directors and the promotion of reducing cross-shareholdings, as stated in the Corporate Governance Report and other documents
Market risk (retirement benefit obligations)	• Decline in discount rates and investment yields for retirement benefit expenses and obligations, decline in market value of shares held in trust, and amortization of significant actuarial gains and losses	• Implementation of continuous consideration of optimal portfolio, including periodic review of pension assets

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Compliance

Basic Policy

In practicing values that foster a corporate culture, the KPP Group has established the KPP Group Charter as a guiding principle for all decision-making. The Charter emphasizes compliance with laws and regulations as a priority. We view compliance not only as adherence to legal requirements but also as a behavioral standard grounded in ethics, enabling us to meet the diverse expectations of society as a responsible corporate citizen.

Compliance Framework

Our compliance framework is structured with several key elements to ensure adherence to laws and ethical conduct:

1. **Compliance Committee**
   We have established the Compliance Committee within the company to coduct compliance training, raise awareness about internal and external reporting channels, and discuss the status of responses to compliance-related issues.
2. **Internal Reporting Channels**
   To ensure a swift response to compliance violations, we have set up an internal reporting system managed by the Compliance Office, as well as an external reporting channel managed by an outsourced company. This system allows employees and business partners to consult and report concerns.
3. **Shared Awareness of Legal Compliance**
   We actively promote a shared commitment to upholding legal compliance across the organization to foster a culture of compliance at all levels.
4. **Strengthening Governance Systems**
   To ensure management efficiency, transparency, and soundness, we are committed to establishing and enhancing a robust corporate governance framework.

Through these efforts, the KPP Group strives to enhance corporate credibility and achieve sustainable growth.

Internal Reporting System

We have implemented an internal reporting system to prevent, detect early, and respond promptly and effectively to compliance violations.

- **Internal and External Reporting Channels**
  We provide reporting channels for employees, business partners, and their families to consult or report compliance violations.
- **Prohibition of Retaliation**
  Our internal regulations explicitly prohibit any adverse treatment of individuals for making a report.

Through these measures, we aim to maintain a high level of transparency in corporate management.

Response to Incidents

Upon receiving a report, the Compliance Committee delegates, as appropriate, the relevant department to investigate and respond to the problem depending on the nature of the problem. Any problems deemed significant by the Compliance Committee are immediately reported to the Board of Directors. The Compliance Committee will promptly investigate problems that require action from a broader perspective and make recommendations for measures to prevent recurrence. In the event of a serious legal compliance incident, we will promptly disclose information to the public and take accountability, investigate the cause, and implement strict measures to prevent recurrence.

Elimination of Antisocial Forces

As part of the KPP Group Charter, we are dedicated to systematic crisis management to address the threat posed by antisocial forces. To sever any ties with such groups, we maintain close cooperation with the police and other authorities. We take a firm stance against any demands from individuals or groups that threaten social order or disrupt sound corporate activities and categorically refuse to comply with their requests.

Compliance with Antimonopoly Act

In the KPP Group Charter, we are committed to conducting fair, free, and transparent business activities, which includes strict adherence to the Antimonopoly Act and related laws, with specific guidelines prohibiting private monopolization, undue restraint of trade, and unfair trade practices.

However, on March 14, 2024, the Japan Fair Trade Commission issued orders based on the Antimonopoly Act, subjecting the KPP Group Holdings to a surcharge payment order and our consolidated subsidiary, Kokusai Pulp & Paper Co., Ltd., to a cease-and-desist order regarding the tendering process for recycled roll paper commissioned by the National Printing Bureau. In response, our President has reiterated the importance of legal compliance. We have also updated the Antimonopoly Act-related sections of our compliance manual to include the Guidelines for Compliance with the Antimonopoly Act (Prohibition of Unreasonable Restraint of Trade) and conducted internal training on compliance matters, extending beyond the Antimonopoly Act. The progress of these training initiatives is regularly reported to the Board of Directors. We remain committed to strengthening our compliance framework and ensuring the thorough observance of corporate ethics.

Compliance Training

We place a strong emphasis on compliance education, implementing various initiatives to enhance employees' awareness of legal compliance. For all employees, we provide regular compliance training sessions, offering opportunities to stay up-to-date on laws and corporate ethics. Additionally, we offer a wide range of compliance-related programs through e-learning.

Financial Highlights (Five-Year Summary)

Unit: Million yen

	Fiscal year ending March 31, 2024	Fiscal year ending March 31, 2023	Fiscal year ending March 31, 2022	Fiscal year ending March 31, 2021	Fiscal year ending March 31, 2020
Balance sheet					
Current assets	**242,689**	243,596	210,523	200,672	136,546
Fixed assets	**101,872**	87,065	80,183	74,447	52,771
Current liabilities	**198,235**	207,947	170,164	190,993	121,293
Fixed liabilities	**64,426**	54,905	64,167	40,544	20,746
Interest-bearing liabilities	**86,029**	94,310	80,237	83,272	47,808
Net assets	**81,811**	67,730	56,291	43,469	47,184
ROE (%)	**14.19**	25.35	15.02	3.12	2.53
Total assets	**344,562**	330,662	290,707	275,119	189,317
ROA (%)	**3.14**	5.06	2.65	0.61	0.65
Equity ratio (%)	**23.7**	20.5	19.4	15.8	24.9
Profit and loss statement					
Net sales	**644,435**	659,656	563,414	430,404	361,397
Gross profit	**119,899**	120,584	92,951	51,915	23,708
- Ratio to net sales (%)	**18.61**	18.28	16.50	12.06	6.22
Operating income	**15,819**	20,401	9,379	(9,035)	1,850
- Ratio to net sales (%)	**2.45**	3.09	1.66	–	0.49
Ordinary income	**12,475**	18,404	8,844	(12,041)	2,194
- Ratio to net sales (%)	**1.94**	2.79	1.57	–	0.58
Profit attributable to owners of parent	**10,613**	15,722	7,497	1,416	1,232
- Ratio to net sales (%)	**1.65**	2.38	1.33	0.33	0.32
Statement of cash flows					
Operating cash flow	**19,817**	10,306	4,821	(6,472)	4,905
Investment cash flow	**(5,508)**	(8,530)	(2,678)	23,046	(5,400)
Financial cash flow	**(22,375)**	4,205	(11,803)	6,597	5,504
Ending balance of cash and cash-equivalents	**26,244**	30,699	22,631	30,543	7,775
Per-share data					
Net profits per share (Yen)	**149.24**	219.09	104.39	19.70	16.86
Net assets per share (Yen)	**1,188.92**	944.75	783.65	605.71	649.48
Annual dividend per share (Yen)	**22.00**	20.00	14.00	10.00	10.00
Other indices					
Total asset turnover (%)	**187.0**	199.5	193.8	156.4	201.5
Dividend payout ratio (%)	**14.7**	9.1	13.4	50.8	59.3
Debt-to-equity ratio (%)	**105.2**	139.2	142.5	191.5	101.3
Current ratio (%)	**122.4**	117.1	123.7	105.1	112.6

Notes: 1. Net assets reflect a total from which non-controlling interests have been deducted.
2. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of the fiscal year ending March 31, 2022, and the figures for the fiscal year ending March 31, 2022 onward are after the application of such accounting standards.
3. ROE is calculated based on an average of net assets in the current period and in the preceding period. *ROE (return on equity) = Profit attributable to owners of parent/Net assets
4. ROA is calculated based on an average of total assets in the current period and in the preceding period. *ROA (return on assets) = Profit attributable to owners of parent/Total assets

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Non-Financial Highlights (Five-Year Summary)

Personnel Data*1		Fiscal year ending March 31, 2024 KPP Group Holdings	Fiscal year ending March 31, 2024 Kokusai Pulp & Paper	Fiscal year ending March 31, 2023 KPP Group Holdings	Fiscal year ending March 31, 2023 Kokusai Pulp & Paper	Fiscal year ending March 31, 2022	Fiscal year ending March 31, 2021	Fiscal year ending March 31, 2020
Consolidated number of employees		5,624		5,457		5,354	5,530	1,289
Non-consolidated number of employees *Excluding fixed-term employees and post-retirement workers	Male	33	310	34	319	365	408	414
	Female	19	230	18	228	242	252	254
	Total	52	540	52	547	607	660	668
Gender ratio in management positions (%)*2	Male	86.4	97.1	91.3	97.2	97.0	97.4	97.3
	Female	13.6	2.9	8.7	2.8	3.0	2.6	2.7
Average years of service		12.0	19.0	12.8	18.8	17.9	18.1	17.8
Hiring rate of persons with disabilities (%)		3.4	2.7	3.2	2.5	2.4	2.8	2.6
Number of post-retirement workers		5	33	3	26	29	29	22
Number of new graduates hired		0	15	0	11	6	22	32
Number of mid-career employees hired		8	16	6	14	11	8	10
Total number of employees hired		8	31	6	25	17	30	42
Hiring rate of mid-career employees (%)		100	52	100	56	65	27	24
Work-Life Balance Data*1								
Number of employees on childcare leave		0	11	0	5	12	9	4
The ratio of childcare leave-takers who return to work (%)		0	100	0	89	100	100	100
Number of employees on childcare shortened work-hour system		0	13	0	15	12	19	11
Number of employees on staggered work hours (excluding off-peak commuting reasons)		1	17	0	20	19	18	15
Environmental data								
Forest-certified paper sales (tons)		596,010		639,405	654,215	607,498	615,931	
Forest-certified pulp sales (tons)		152,580		145,807	172,561	157,467	149,308	
GHG emissions from company operations*3 (tons CO_2e)	Scope 1+ Scope 2*4	20,827		18,334	18,829*11	2,048	2,001	
	Scope 1	11,334		8,336	8,008	289	—	
	Scope 2	9,493		9,998	9,950	1,759	—	
GHG emissions from the supply chain*5 (tons CO_2e)	Scope 3 Total	1,059,726		1,156,165	—	—	—	
Electricity consumption*7 (kWh)		5,018,604		3,699,048	3,822,649	3,903,665	4,192,156	
Electricity consumption from renewable sources*7 (kWh)		29,148		—	—	—	—	
Waste emissions*8 (kg)		91,437		101,756*9	105,867	119,756	130,482	
Waste recycled*9 (kg)		58,209		67,514	70,347	84,946	92,054	
Waste recycling rate*8,10 (%)		63.7		66.3	66.4	70.9	70.5	
Water consumption*6,11 (m^3)		9,223		9,290	8,074	8,290	11,308	

*1: Except for the consolidated number of employees, personnel and work-life balance data are presented on a non-consolidated basis for KPP Group Holdings and Kokusai Pulp & Paper.
*2: For reference, the proportion of female employees in managerial positions at major overseas subsidiaries is 35.5% in the Antalis Group and 27.0% in the Spicers Group.
*3: The scope for the fiscal year ending March 2024 includes KPP Group Holdings, Kokusai Pulp & Paper, domestic consolidated subsidiaries, as well as operations in Europe, South America, North America, Australia, and New Zealand. The calculation scope has been progressively expanded since March 2020, with overseas business sites included from the fiscal year ending March 2022, leading to a significant increase in GHG emissions. The calculation scope will continue to expand in the future. For details, please refer to our ESG Data Book.
*4: For details on emission factors, calculation methods, and the scope of calculations, please refer to our ESG Data Book.
*5: This figure includes 971 tons of CO_2e (Scope 1 and 2 combined) from Spicers in the fiscal year ending March 2022.
*6: The scope of calculations includes KPP Group Holdings and Kokusai Pulp & Paper. For calculation methods and category-specific breakdowns, please refer to our ESG Data Book.
*7: The scope of calculations includes KPP Group Holdings, Kokusai Pulp & Paper, and domestic consolidated subsidiaries.
*8: The scope of calculations includes KPP Group Holdings and Kokusai Pulp & Paper (sales and administrative divisions managed by domestic head and branch offices).
*9: The reported waste emissions for fiscal year ending March 2023 have been revised to include data from certain sites that were previously omitted, resulting in an increase compared to the figures in the previous year's Integrated Report.
*10: The waste recycling rate is calculated as: (Recycled waste volume ÷ Total waste emissions) × 100.
*11: The scope of calculations includes KPP Group Holdings and Kokusai Pulp & Paper (sales and administrative divisions managed by domestic head and branch offices), excluding shared-use areas of tenant properties.

Corporate Profile (as of March 31, 2024)

Company Overview

Trade name	KPP GROUP HOLDINGS CO., LTD.
Date of establishment	November 27, 1924
Representatives	Madoka Tanabe Representative Director of the Board, Chairman & Chief Executive Officer Yasuyuki Sakata Representative Director of the Board, President & Chief Operating Officer
Capital	4,723.53 million yen
Annual sales	644.4 billion yen *Consolidated
Number of employees	5,624 *Consolidated

Business Objectives

The purpose of the Company shall be to engage in the following businesses, and to control and manage the business activities of domestic and foreign companies engaged in the following or similar businesses, through the holding of shares or other equity interest in such companies.

- Purchase, sales, import, and export of paper and paper processed goods
- Purchase, sales, import, and export of pulp and recovered paper
- Purchase, sales, import, and export of chemical products, industrial chemicals, horticultural chemicals, paper-related machinery, packaging equipment, industrial electrical equipment, transportation equipment, electrical components, office equipment, construction materials, packing and packaging materials, printing-related supplies, miscellaneous daily necessities, sanitary and medical materials, fuel for paper mill boilers, industrial products for the manufacture of paper/paper products, and biomass fuels
- Buying and selling business of used materials and articles
- Collection, transport, and processing/disposal of industrial and general waste
- Wholesaling, brokerage, agency service, leasing, and processing related to the previously enumerated categories
- Processing, purchase, sales, import, and export of food items
- Holding, leasing, purchase, sales, management, and brokerage of real estate
- Contracting of construction work
- Supervision of construction and design of architectural structures
- Warehousing
- Agency service related to property insurance
- Owning of and investments in securities
- Any and all other legitimate businesses

Status of Shares

Total number of authorized shares 267,500,000
Total number of issued shares 73,244,406

Shareholders

- Oji Holdings Corporation
- The Master Trust Bank of Japan, Ltd. (Trust Account)
- Nippon Paper Industries Co., Ltd.
- Custody Bank of Japan, Ltd. (Hokuetsu Corporation Retirement Benefit Trust Account re-entrusted by Resona Bank, Limited.)
- KPP Group Holdings Employee Stock Ownership
- Mitsui Sumitomo Insurance Company, Limited
- Custody Bank of Japan, Ltd. (Trust Account)
- The Master Trust Bank of Japan, Ltd. (Board Incentive Plan Trust Account)
- Mizuho Bank, Ltd.
- MUFG Bank, Ltd.
- Sumitomo Mitsui Banking Corporation
- The Norinchukin Bank

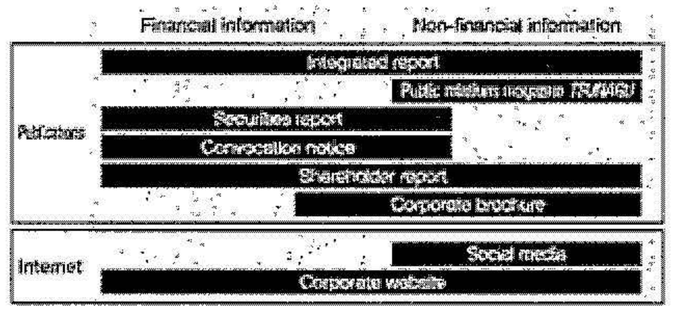
Main Banks

- Mizuho Bank, Ltd.
- The Norinchukin Bank
- MUFG Bank, Ltd.
- Sumitomo Mitsui Banking Corporation

Major Subsidiaries and Affiliates

Segment	Major consolidated subsidiaries and affiliates
Northeast Asia	Kokusai Pulp & Paper Co., Ltd., Daidou Paper Trading Co., Ltd., Musashino Paper Recycling Co., Ltd., KPP Logistics Co., Ltd., Keishin Papers Trade (Shanghai) Co., LTD., DaiEi Papers Taiwan Co., Ltd., ANTALIS (HONG KONG) LIMITED, DaiEi Papers Korea Company Limited
Europe/Americas	Antalis S.A.S., Antalis France, Antalis Ltd, Antalis GmbH, Antalis Verpackungen GmbH, Antalis AG, Lovepac Inc., Antalis Chile SpA
Asia Pacific	Spicers Limited, Spicers Australia Pty Ltd. Spicers(NZ)Limited, KPP ASIA-PACIFIC PTE. LTD., KPP-ANTALIS(SINGAPORE) PTE. LTD

Main Communication Tools



Integrated Report

We have been publishing the Integrated Report since 2016 to communicate financial and non-financial information in a comprehensive and integrated manner. (Published annually)
https://www.kpp-gr.com/en/ir/report.html

Public Relations Magazine *TSUNAGU*

We publish and distribute the public relations magazine *TSUNAGU* as a communication tool that acts as a bridge between stakeholders and us. This magazine highlights the attractive qualities of paper and provides the Company's latest updates. (Published quarterly)
https://www.kpp-gr.com/en/tsunagu.html

Corporate Website

Our official corporate website provides timely updates on corporate, investor relations, and other information. The "KPP Group at a Glance" section offers a clear and concise overview of our operations for a wider audience.
https://www.kpp-gr.com/en/

Social Media

We currently manage three social media accounts, where we share our initiatives from various perspectives and provide a wide range of information through videos and images.

YouTube　X (formerly Twitter)　Instagram

Contact
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*Printing process that contributes to reducing environmental load is used.

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