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ÅRSREDOVISNING

FÖR

ANTALIS AB

Org nr 556076-2022

2021-01-01 – 2021-12-31

Undertecknad styrelseledamot i Antalis AB intygar, dels att denna kopia av årsredovisningen stämmer överens med originalet, dels att resultaträkningen och balansräkningen har fastställts på årsstämma 2022-06-30. Årsstämman beslutade att godkänna styrelsens förslag till hur resultatet ska fördelas.

Haninge den 29 juli 2022

Håkan Askenberger
VD och styrelseledamot

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ÅRSREDOVISNING

FÖR

ANTALIS AB

Org nr 556076-2022

2021-01-01 – 2021-12-31

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Antalis AB
Org nr 556076-2022

Styrelsen och verkställande direktören för Antalis AB får härmed avge årsredovisning för räkenskapsåret 2021-01-01 – 2021-12-31.

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 Participations, reg. nr. 410 336 069, med säte i Frankrike.

Försäljning och resultat

Den svenska marknaden var som övriga marknader påverkad av pandemin även under 2021. Vi kunde dock se en förbättring under andra halvåret. Den svenska finpappersförbrukningen till den grafiska industrin vart väldigt likt 2020 och hamnade på plus 1 % medans kontorspapper minskade med ca 11% under 2021 jämfört med 2020. Inom Storformatstryck såg vi pga restriktioner en fortsatt svag marknad även om den ökade med 5-10% jämfört 2020. Inom emballage och industriförpackningar, i de produktsegment som Antalis verkar på, var det dock en tillväxt med 3-5%.

Under året har nettoomsättningen uppgått till 569 mkr (f.g. år 533 mkr). Resultatet efter finansnetto uppgår till 3,1 mkr (f.g. år -2,2 mkr).

Bolaget har inte erhållit någon utdelning från dotterbolaget Antalis AS år 2021.

Hållbarhetsrapport

Antalis AB upprättar inte hållbarhetrapport enligt ÅRL 6:10. Hållbarhetsrapport upprättas av koncernmoderbolaget Kokusai Pulp & Paper Co., LTD med säte i Japan. Hållbarhetsredovisning finns publicerad på deras hemisda; https://www.kppc.co.jp/en/top.html.

Investeringar

Bolagets investeringar i anläggningstillgångar uppgick under verksamhetsåret till 3 mkr (fg år 1 mkr).

Finansiell ställning och likviditet

Likvida medel uppgick vid utgången av året till 14,0 mkr (f.g. år 21,4 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.

Väsentliga händelser under räkenskapsåret

Inga väsentliga händelser under räkenskapsåret.

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Förväntad framtida utveckling

Företaget kommer i framtiden att lägga stor vikt vid en fortsatt expansion av affärsområden som emballage- och förpackningsmaterial samt media till storformatstryck.

Arbetet fortsätter under 2022 med att utnyttja de synergier som finns i den nordiska regionen, Sverige, Norge, och Danmark. Synergier finns inom områden som logistik, utveckling av produktsortiment, marknadsföring, IT och administration.

Upplysning om händelser efter räkenskapsårets slut

Inga händelser efter räkenskaps årets slut.

Risker

Trenden för finpapper i Europa har varit negativ i över ett decennium. 2021 var i nivå med 2020 men då var 2020 ett väldigt svagt år. Vi ser dock i hela Europa en återhämtning under framförallt sista kvartalet 2021.
Sedan hösten 2021 råder det också för första gången, på minst 35 år en pappersbrist i Europa som skapar problem för återhämtningen av nedgången under pandemin.
Konkurrensen från andra media driver utvecklingen mot en minskande pappersefterfrågan. Den svenska grafiska marknaden påverkas också av konkurrens från närliggande marknader, framförallt Baltikum.
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	**2021**	**2020**	**2019**	**2018**	**2017**
Nettoomsättning	569 252	532 684	651 088	684 393	599 811
Rörelseresultat	4 758	-6 879	-17 612	-9 016	3 905
Resultat efter finansiella poster	3 082	-2 168	-18 214	-9 685	4 399
Balansomslutning	235 846	296 758	285 241	347 999	247 109
Eget kapital	40 057	37 929	26 684	35 98	41 279
Soliditet	17%	13%	9%	10%	17%

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Antalis AB
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Eget kapital

	Aktie-kapital	Reservfond	Balanserat resultat	Summa eget kapital
Ingående balans 2020-01-01	**40 000**	**0**	**-13 317**	**26 683**
Årets resultat			-1 753	-1 753
Aktieägartillskott			13 000	13 000
Eget kapital 2020-12-31	**40 000**	**0**	**-2 070**	**37 930**
Årets resultat			2 127	2 127
Aktieägartillskott			0	0
Eget kapital 2021-12-31	**40 000**	**0**	**57**	**40 057**

Förslag till disposition av vinsten

Till årsstämmans förfogande står följande medel (kronor):

Balanserad vinst	-2 069 756
Årets resultat	2 126 684
	56 928

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

I ny räkning balanseras	56 928
	56 928

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Resultaträkning

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Kkr	Not	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Nettoomsättning	3	569 252	532 684
Övriga rörelseintäkter	4	7 822	10 742
		577 074	**543 426**
Rörelsens kostnader			
Handelsvaror	5	-415 629	-397 870
Övriga externa kostnader	6,7	-64 221	-60 443
Personalkostnader	8	-85 562	-85 694
Avskrivningar av materiella och immateriella anläggningstillgångar		-4 493	-4 670
Övriga rörelsekostnader		-2 411	-1 628
Summa rörelsens kostnader		**-572 316**	**-550 305**
Rörelseresultat		**4 758**	**-6 879**
Finansiella intäkter och kostnader	9		
Övriga ränteintäkter och liknande resultatposter		43	6 049
Räntekostnader och liknande resultatposter		-1 719	-1 338
Summa resultat av finansiella poster		**-1 676**	**4 711**
Resultat efter finansiella poster		**3 082**	**-2 168**
Koncernbidrag		0	0
Summa bokslutsdispositioner		**0**	**0**
Resultat före skatt		**3 082**	**-2 168**
Skatt på årets resultat	10	-955	415
Årets resultat		**2 127**	**-1 753**

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Balansräkning

Kkr	Not	2021-12-31	2020-12-31
Tillgångar			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Goodwill	11	4 452	8 268
Balanserade utgifter för programvaror	12	2 861	344
Pågående nyanläggningar programvaror	13	366	459
		7 679	**9 071**
Materiella anläggningstillgångar			
Inventarier	14	1 220	1 297
Pågående nyanläggningar materiella anläggn.tillg.	15	205	0
		1 425	**1 297**
Finansiella anläggningstillgångar			
Aktier och andelar i dotterföretag	16	48 572	48 572
Uppskjuten skatt	10	7 764	8 719
Andra långfristiga fordringar	17	10 683	9 814
		67 019	**67 105**
Summa anläggningstillgångar		**76 123**	**77 473**
Omsättningstillgångar			
Varulager			
Handelsvaror		76 802	73 900
		76 802	**73 900**
Kortfristiga fordringar			
Kundfordringar		32 906	60 353
Fordringar hos koncernföretag		18 922	53 523
Aktuella skattefordringar		296	0
Övriga fordringar		0	4
Förutbetalda kostnader och upplupna intäkter	18	16 731	10 100
		68 855	**123 980**
Kortfristiga placeringar			
Kassa och bank		14 066	21 405
		14 066	**21 405**
Summa omsättningstillgångar		**159 723**	**219 285**
SUMMA TILLGÅNGAR		**235 846**	**296 758**

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Balansräkning

Kkr	Not	2021-12-31	2020-12-31
Eget kapital och skulder			
Eget kapital	19,20		
Bundet eget kapital			
Aktiekapital		40 000	40 000
		40 000	**40 000**
Fritt eget kapital			
Balanserat resultat		-2 070	-316
Årets resultat		2 127	-1 753
		57	**-2 069**
Summa eget kapital		**40 057**	**37 931**
Avsättningar			
Avsättningar för pensioner och liknande förpliktelser	21	15 635	13 730
Summa avsättningar		**15 635**	**13 730**
Långfristiga skulder			
Långfristiga skulder till koncernföretag		66 285	66 007
Summa långfristiga skulder		**66 285**	**66 007**
Kortfristiga skulder			
Leverantörsskulder		53 696	45 225
Skulder till koncernföretag		28 884	49 525
Aktuella skatteskulder		0	216
Övriga skulder		7 776	64 651
Upplupna kostnader och förutbetalda intäkter	22	23 513	19 473
Summa kortfristiga skulder		**113 869**	**179 090**
SUMMA EGET KAPITAL OCH SKULDER		**235 846**	**296 758**

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Kassaflödesanalys

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Kkr	Not	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Den löpande verksamheten			
Rörelseresultat		4 758	-6 879
Justering för poster som inte ingår i kassaflödet, m m	23	4 292	4 673
Erhållen ränta		43	659
Erlagd ränta		-1 302	-1 044
Betald inkomstskatt		0	0
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		**7 791**	**-2 591**
Kassaflöde från förändringar i rörelsekapitalet			
Förändring av varulager		-2 902	3 934
Förändring av kortfristiga fordringar		51 696	29 037
Förändring av kortfristiga skulder		-60 972	-6 151
Kassaflöde från den löpande verksamheten		**-4 387**	**24 229**
Investeringsverksamheten			
Förvärv av immateriella anläggningstillgångar		-2 708	-498
Förvärv av materiella anläggningstillgångar		-522	-152
Försäljning av materiella anläggningstillgångar		0	158
Aktieägartillskott		0	-24 136
Kassaflöde från investeringsverksamheten		**-3 230**	**-24 628**
Finansieringsverksamheten			
Amortering av lån koncernföretag		0	-3 822
Upptagande av lån		278	
Kassaflöde från finansieringsverksamheten		**278**	**-3 822**
Årets kassaflöde		-7 339	-4 221
Likvida medel vid årets början		**21 405**	**25 626**
Likvida medel vid årets slut		**14 066**	**21 405**

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Noter

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Not 1 Redovisnings- och värderingsprinciper

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

Under 2021 har bolaget gjort en ändrad bedömning avseende skuld till koncernföretag varför en del av skulderna till koncernföretag redovisas som långfristig skuld för både 2020 och 2021
Under 2021 har avtal med factoringföretaget skrivits om. Bolaget har för 2021 nettoredovisat kundfordringar och skuld till factoringföretag. Tidigare år har bolaget bruttoredovisat kundfordringar och skuld till factoringföretag.
Ändrad bedömning har under räkenskapsåret gjorts avseende redovisning av kapitalförsäkring som tecknats för pensionsförpliktelse. Den ändrade bedömningen innJaebär även att jämförelsesiffrorna 2020-12-31 har räknats om.
Redovisningsprinciperna i övrigt är oförändrade i jämförelse med föregående år.

Koncernredovisning
Antalis AB upprättar inte koncernredovisning i enlighet med ÅRL 7:2. Koncernredovisning upprättas av koncernmoderbolaget Kokusai Pulp & Paper Co., LTD, organisationsnummer 0100-01-048806, med säte i Japan. Koncernredovisningen finns publicerad på https://www.kppc.co.jp/en/top.html.

Hållbarhetsrapport
Antalis AB upprättar inte hållbarhetrapport enligt ÅRL 6:10. Hållbarhetsrapport upprättas av koncernmoderbolaget Kokusai Pulp & Paper Co., LTD med säte i Japan. Hållbarhetsredovisning finns publicerad på deras hemisda; https://www.kppc.co.jp/en/top.html.

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.

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

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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.

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.

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Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller 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.

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 hanteringsrisker. Koncernfinans svarar för koncernens lånefinansiering, valuta- och ränteriskhantering samt fungerar som internbank för koncernbolagens finansiella transaktioner.

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.

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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.

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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

	2021	2020
Sverige	508 111	478 196
Norge	36 680	34 712
Danmark	14 180	10 684
Finland	6 695	6 790
Baltikum	3 586	2 302
Övriga Europa	0	0
	569 252	**532 684**

Av nettoförsäljningen utgör 10,74 % (fg år 10,28%) försäljning till koncernföretag.
Försäljning till koncernföretag sker enligt gällande Transferprissättning.

Nettoomsättningen fördelar sig på verksamhetsgrenar enligt följande

	2021	2020
Print	275 519	272 368
Office	79 739	81 496
Packaging	115 599	93 620
Viscom	36 692	29 762
Solution	562	968
Försäljning inom koncernen	61 141	54 470
	569 252	**532 684**

Not 4 Övriga rörelseintäkter	**2021**	**2020**
Vinst vid avyttring av inventarier	0	157
Återvunna tidigare avskrivna kundfordringar	6	835
Valutakursvinst	753	1137
Försäkringsersättningar inkl Tillväxtverket	5712	8581
Övriga rörelseintäkter	1 351	32
	7 822	**10 742**

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20220729126699

Not 5 Koncerninterna varuinköp handelsvaror

Av årets kostnader för inköp av handelsvaror avser 10 351 kkr (fg år 8 851 kkr) inköp från företag inom Antalis-koncernen. Vid prissättning för inköpen från koncernföretag tillämpas samma principer som vid transaktioner med externa parter.

Not 6 Ersättning till revisorerna	2021	2020
PricewaterhouseCoopers AB		
Revisionsuppdraget	65	523
	65	**523**
RSM Stockholm AB		
Revisionsuppdraget	504	0
	504	**0**
Summa	**569**	**523**

Not 7 Operationella leasingavtal	2021	2020
Framtida minimileaseavgifter som ska erläggas avseende icke uppsägningsbara leasingavtal		
Förfaller till betalning inom ett år	16 213	20 410
Förfaller till betalning senare än ett men inom fem år	41 561	43 435
Förfaller till betalning senare än fem år	0	140
Totalt	**57 774**	**63 985**
Under perioden kostnadsförda leasingavgifter	19 758	21 120

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

Förutom hyra av lokaler, avser avtalen leasing av bilar, lastbilar, truckar, inventarier samt en server. Bilar leasas på 3 år, lastbilar och truckar leasas på 3 år, och inventarier leasas på mellan 1-3 år.

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Not 8 Personal m.m.

Medelantalet anställda	**2021**	**2020**
Sverige	101	115
varav män	77%	74%

Fördelning i företagsledningen	**2021**	**2020**
Styrelseledamöter		
Kvinnor	0	0
Män	4	5
	4	5
Verkställande direktör och övriga befattningshavare		
Kvinnor	5	5
Män	6	8
	11	13

Löner och ersättningar		**2021**	**2020**
Löner och andra ersättningar till styrelse och VD	1)	1 698	1 560
Löner och andra ersättningar till övriga anställda		53 778	55 310
Pensionskostnader till styrelse och VD		545	608
Pensionskostnader till övriga anställda		7 574	6 161
Övriga sociala kostnader		21 349	21 341
Övriga personalkostnader		618	714
		85 562	**85 694**

1) varav tantiem	290	167
Summa förpliktelser	290	167

Till VD finns avtal om avgångsvederlag motsvarande 6 månaders lön.

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Not 9 Ränteintäkter och räntekostnader samt liknande resultatposter

	2021	2020
Ränteintäkter		
Ränteintäkter kundfordringar	43	183
Ränteintäkter moderbolag	0	5 862
Ränteintäkter övriga	0	4
	43	**6 049**
Räntekostnader samt liknande resultatposter		
Dröjsmålsräntor leverantörsskulder	-55	-83
Räntekostnader skatter och avgifter	-307	-368
Räntekostnader moderbolag	-1 350	-884
Räntekostnader övriga	-7	-3
	-1 719	**-1 338**
Summa	**-1 676**	**4 711**

Not 10 Skatt på årets resultat

	2021	2020
Årets skattekostnad		
Aktuell skatt	0	0
Uppskjuten skatt	-955	415
Skatt på årets resultat	**-955**	**415**

Avstämning av effektiv skatt	**2021**	**2020**
Redovisat resultat före skatt	3 082	-2 168
Skattekostnad 20,60% (fg år 21,40%)	-635	464
Skatteeffekt av:		
Ej avdragsgilla kostnader	-1 286	-96
Skattepliktiga intäkter	135	47
Omvärderingseffekt vid byte av skattesats	831	0
Summa effektiv skatt:	**-955**	**415**

Uppskjuten skattefordran	**2021**	**2020**
Lagerreserv	903	995
Befarade kundförluster	311	207
Löneskatt och pensioner	5 224	4 292
Outnyttjat underskott	1 326	3 225
Summa uppskjuten skattefordran:	**7 764**	**8 719**

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20220729127O2

Not 11 Goodwill	**2021-12-31**	**2020-12-31**
Ingående anskaffningsvärde	19 080	19 080
Utgående ackumulerade anskaffningsvärde	**19 080**	**19 080**
Ingående avskrivningar	-10 812	-6 996
Årets avskrivningars	-3 816	-3 816
Utgående ackumulerade avskrivningar	**-14 628**	**-10 812**
Utgående redovisat värde	**4 452**	**8 268**

Not 12 Förvärvade programvaror	**2021-12-31**	**2020-12-31**
Ackumulerade anskaffningsvärden		
Ingående ackumulerade anskaffningsvärden	24 919	24 777
Årets aktiverade utgifter, inköp	2 801	142
Årets försäljning/utrangering	-3514	
Utgående ackumulerade anskaffningsvärden	**24 206**	**24 919**
Ackumulerade avskrivningar		
Ingående ackumulerade avskrivningar	-24 575	-24 376
Årets avskrivningar	-284	-199
Årets försäljning/utrangering	3 514	
Utgående ackumulerade avskrivningar	**-21 345**	**-24 575**
Utgående balans	**2 861**	**344**

Not 13 Pågående nyanläggningar för programvaror	**2021-12-31**	**2020-12-31**
Ackumulerade anskaffningsvärden		
Ingående ackumulerade anskaffningsvärden	459	103
Årets aktiverade utgifter, inköp	-2 764	-103
Årets pågående projekt, immateriella	2 671	459
Utgående ackumulerade anskaffningsvärden	**366**	**459**
Utgående balans	**366**	**459**

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20220729127O3

Not 14 Inventarier	2021-12-31	2020-12-31
Ackumulerade anskaffningsvärden		
Ingående ackumulerade anskaffningsvärden	24 247	28 428
Årets inköp	297	473
Årets försäljning/utrangeriing	-8 459	-4 654
Utgående ackumulerade anskaffningsvärden	**16 085**	**24 247**
Ackumulerade avskrivningar		
Ingående ackumulerade avskrivningar	-22 930	-26 992
Försäljning/utrangering	8 459	4 654
Årets avskrivningar	-394	-592
Utgående ackumulerade avskrivningar	**-14 865**	**-22 930**
Utgående balans	**1 220**	**1 317**

Not 15 Pågående nyanläggningar för Inventarier	2021-12-31	2020-12-31
Ackumulerade anskaffningsvärden		
Ingående ackumulerade anskaffningsvärden	0	0
Årets pågående projekt, inventarier	205	0
Utgående ackumulerade anskaffningsvärden	**205**	**0**
Utgående balans	**205**	**0**

Not 16 Aktier i dotterföretag	2021-12-31	2020-12-31
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%	10 000	48 472
Pappershuset Fastighets AB, Haninge org nr 556692-9328	100%	100%	1 000	100
				48 572

Not 17 Andra långfristiga fordringar	2021-12-31	2020-12-31
Kaptitalförsäkringar direktpension	10 683	9 814
	10 683	**9 814**

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20220729127O4

Not 18 Förutbetalda kostnader och upplupna intäkter	2021-12-31	2020-12-31
Upplupen ersättning från leverantörer	5 910	6 312
Förutbetalda hyreskostnader	3 890	164
Övriga förutbetalda kostnader och upplupna intäkter	6 931	3 624
	16 731	**10 100**

Not 19 Eget kapital

Aktiekapitalet består av 400 000 aktier med kvotvärde 100 kr.

Not 20 Resultatdisposition

Till årsstämmans förfogande står följande vinstmedel

Balanserat resultat	-2 070
Årets resultat	2 127
Kkr	**57**

Styrelsen föreslår att vinstmedlen disponeras enligt följande:

I ny räkning balanseras	57
Kkr	**57**

Not 21 Avsättningar

	2021-12-31	2020-12-31
Kapitalförsäkringar Direktpension inkl löneskatt	15 635	13 730
	15 635	**13 730**

Not 22 Upplupna kostnader och förutbetalda intäkter	2021-12-31	2020-12-31
Upplupna lönekostnader inkl semesterlöneskuld	10 385	8 317
Upplupna sociala avgifter	3 263	2 613
Upplupen ersättning till kunder	6 510	5 308
Övriga upplupna omkostnader	3 354	3 235
	23 512	**19 473**

Not 23 Justeringar för poster som ej ingår i kassaflödet	2021-12-31	2020-12-31
Bokföringsmässigt resultat vid försäljning av inventarier	0	-158
Planmässiga avskrivningar anläggningstillgångar	4 493	4 670
Orealiserade kursvinster av rörelsekaraktär	-201	161
	4 292	**4 673**

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Not 24 Händelser efter balansdagens slut

Inga väsentliga händelser efter balansdagens slut.

Underskrifter

Haninge den / 2022

Murmann Steen Leetmaa
Ordförande

Håkan Askenberger
Verkställande direktör

Robert Frankland

Pontus Svanström

Vår revisionsberättelse har lämnats den / 2022

RSM Stockholm AB

Anneli Richardsson
Auktoriserad revisor

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20220729127O6

Verifikat

Transaktion 09222115557472322877

Dokument

Årsredovisning 2021-12-31 Antalis AB 220628
Huvuddokument
19 sidor
Startades 2022-06-28 10:04:38 CEST (+0200) av Louise Thuresson (LT)
Färdigställt 2022-06-29 22:15:14 CEST (+0200)

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Anneli Richardson (AR)
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REVISIONSBERÄTTELSE

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

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Antalis AB för år 2021.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Antalis AB:s finansiella ställning per den 31 december 2021 och av dess finansiella resultat och kassaflöden 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 AB 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.

Övriga upplysningar

Revisionen av årsredovisningen för 2020 har utförts av en annan revisor vars uppdrag upphörde i förtid och som lämnat en revisionsberättelse daterad 30 juni 2021 med omodifierade uttalanden i Rapport om årsredovisningen.

Tidigare revisor har inte upprättat anmälan om sitt förtida utträde enligt 9 kap. 23 § aktiebolagslagen eller underrättelse enligt 9 kap. 23 a § aktiebolagslagen.

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 AB för år 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten 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 AB 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. Den 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.

Stockholm den dag som framgår av den elektroniska signeringen

RSM Stockholm AB

Annell Richardson
Auktoriserad revisor

Transaktion 09222115557472324078 Signerat AR

Verifikat

Transaktion 09222115557472324078

Dokument

Revisionsberättelse Antalis 2021
Huvuddokument
1 sida
Startades 2022-06-28 10:09:47 CEST (+0200) av Louise Thuresson (LT)
Färdigställt 2022-06-30 06:27:19 CEST (+0200)

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KOKUSAI PULP & PAPER CO., LTD.

Integrated Report 2021

A Paper Trail for Creating The Future



2022111001924

Corporate Message

A Paper Trail for Creating Future

The origins of writing can be traced back to as early as 4,000 BC.
With writing being added to verbal communication, paper was invented, and printing technology also evolved.
In particular, the printing press greatly contributed to the Renaissance, the Reformation, and the Scientific Revolution, which began in Europe.
Alongside writing and print, paper could be considered to be a great innovator that has supported the advancement of humankind.
Now, paper is opening the way to a new culture to protect our rich natural environment.
Using environmentally friendly paper as material leads to the creation of a better future.



KOKUSAI PULP&PAPER CO.,LTD

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KPP GROUP WAY

The meaning of our existence/our mission

- Targeting the enhancement of global management and achieving sustainable growth
- Pursuing the happiness of employees and their families and aiming to become a company that is trusted by shareholders, customers, suppliers, and communities
- Realizing a recycling-oriented society and widely contributing to the promotion of education, culture, and industry



Guidelines for corporate conduct to fulfill our CSR

- Compliance with Laws and Regulations
- Fair, Free, and Transparent Business Activities
- Winning Confidence of Society, Suppliers, and Customers
- Promoting Social Contribution Activities
- Active Disclosure of Company Information
- Coexistence with International Society
- Enhancement of Workplace Environment
- Harmony with Natural Environment
- Severing Relations with Antisocial Forces

Our management vision GIFT+1

Globalization
Expanding our business on a global scale

Innovation
Pioneering the new future of paper with *imagination and creativity*

Function
Creating added value by utilizing our abilities to plan and propose

Trust
Responding to the trust our stakeholders place in us

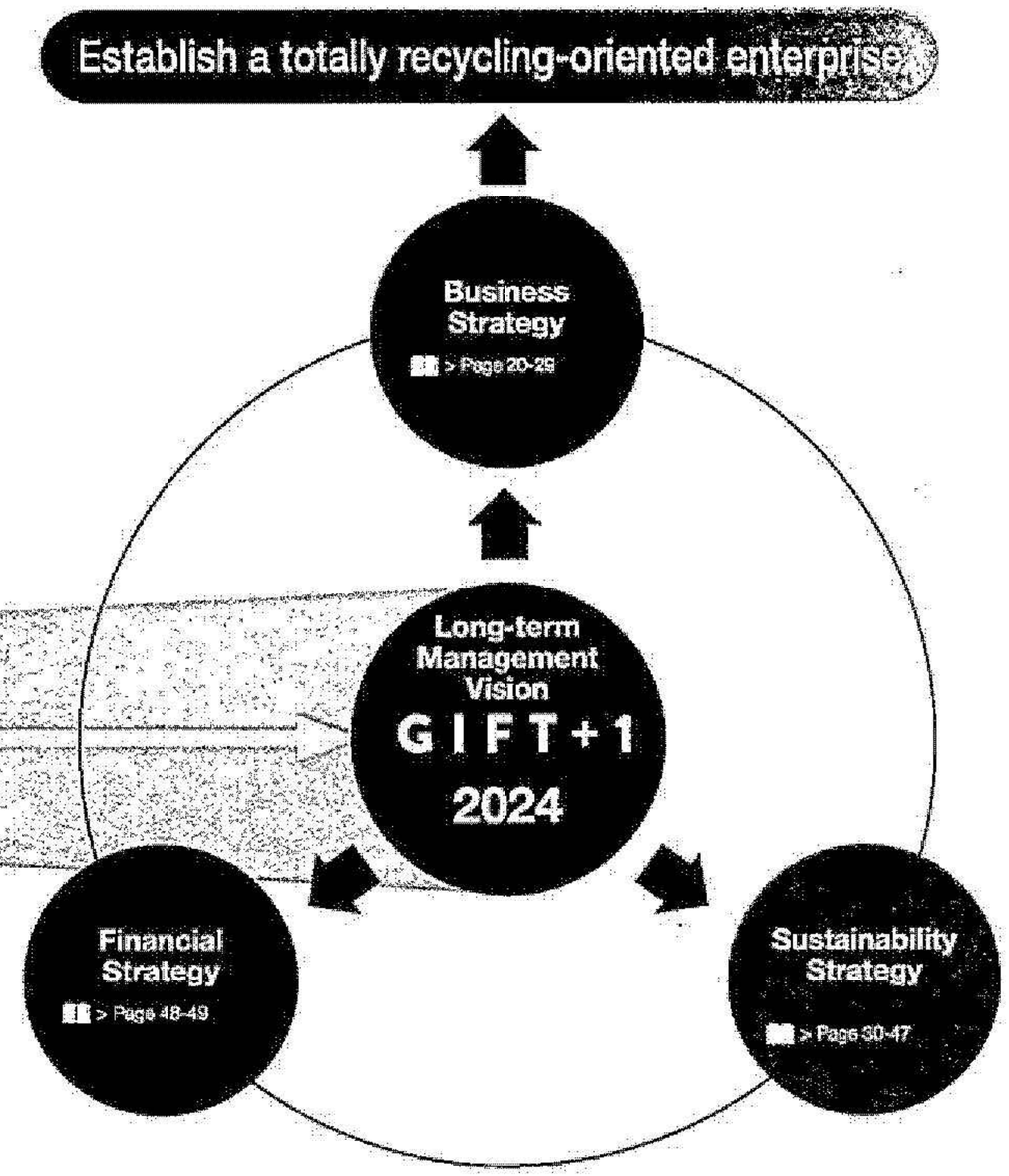
+1 (Plus One) By adding +1 in the form of initiatives to address the environment, society, governance and other areas to each element of this management vision.

What Is KPP Group Way?

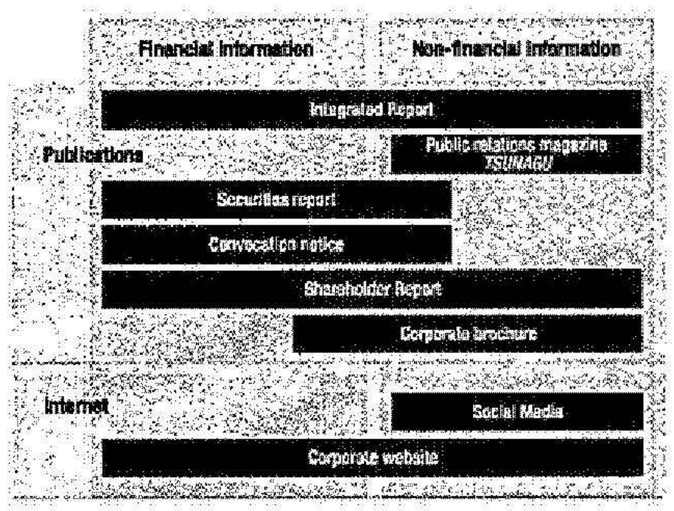
KPP Group Way is a basic concept that is shared by all employees of the KPP Group and underlies all our activities as shared values. It consists of three layers comprising the Management Philosophy, the Guidelines for Corporate Conduct, and the Management Vision.

Of these three components, the Management Philosophy represents the meaning of our existence as a company and our mission, while the Guidelines for Corporate Conduct set out the guidelines for the actions that should be taken by the Company and its employees. Our Management Vision is summarized as GIFT+1. "GIFT" is an acronym for Globalization, Innovation, Function, and Trust, and our Group will contribute to the realization of a sustainable society by adding environmental, social and governance initiatives as "+1" to each element of the management vision. Based on GIFT+1, we have established GIFT+1 2024 as a Long-term Management Vision towards our 100th anniversary.

Value Creation Approach



Communication Tool Chart



Editorial Policy
The KPP Group publishes the Integrated Report to help stakeholders in and outside of Japan to understand its business model and initiatives to achieve sustainable society. This Integrated Report is also posted on our website.

As in past Reports, the 2021 Report incorporates current trends, with a focus on "Guidance for Collaborative Value Creation." In order to build good relationships with all stakeholders, we will continue to strive to make our Integrated Report even better.

Scope and Period of Report
The Report mainly describes the conditions of the Group in the fiscal year ended March 31, 2021 (the period from April 1, 2020 to March 31, 2021) with some statements on the Group's conditions in the period starting from April 2021.

Date of Issue
This issue: October 2021
Next scheduled issue: October 2022

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History of the Kokusai Pulp & Paper Group

Foundation period (1924–1972)

Daido Yoshiten, the predecessor of Kokusai Pulp & Paper, was established during the rise of modern paper manufacturing

Daido Yoshiten, the predecessor of Kokusai Pulp and Paper, was founded in Osaka in 1924, and opened its first overseas branch in Shanghai in 1925. Later, it opened representative offices in Singapore in 1956 and Melbourne in 1969, actively expanding overseas from the early days of the Company. Rapid growth of the Company driven by the increasing demand for paper during the postwar reconstruction period and the high economic growth period.

Development period (1973–2012)

Expanded business through mergers and proceeded to operate globally at the center of industry reorganization

At the time, mergers and integration of manufacturers and trading companies were being repeated as industry reorganization progressed. The Company also merged with trading company of pulp Oji Group Trading in 1973 and was renamed to DaiEi Papers. It later merged with major paper distributor Nichia in 1999 and was renamed to the current name of Kokusai Pulp & Paper. The Company also merged with Hattori Paper & Board in October 2006. It also expanded overseas into various areas in Asia during this period.

Second period of expansion (2013–2019)

Proceeded with business structural reform and expansion of business domains, evolving into one of the world's leading pulp and paper trading companies

The Company absorbed Sumisho Paper in 2013, and expanded business portfolio to include raw materials. It also achieved its longstanding goal of being listed on the First Section of the Tokyo Stock Exchange in 2018, obtaining social credibility and strengthening its business foundation. After being listed, the Company adopted a global inorganic strategy, and acquired Spicers, a major paper distributor in Australia in 2019.

Evolution into one of the world's leading pulp and paper companies (2020–)

Aiming to become the top paper distributor in the world while looking to the 100th anniversary in 2024 and beyond

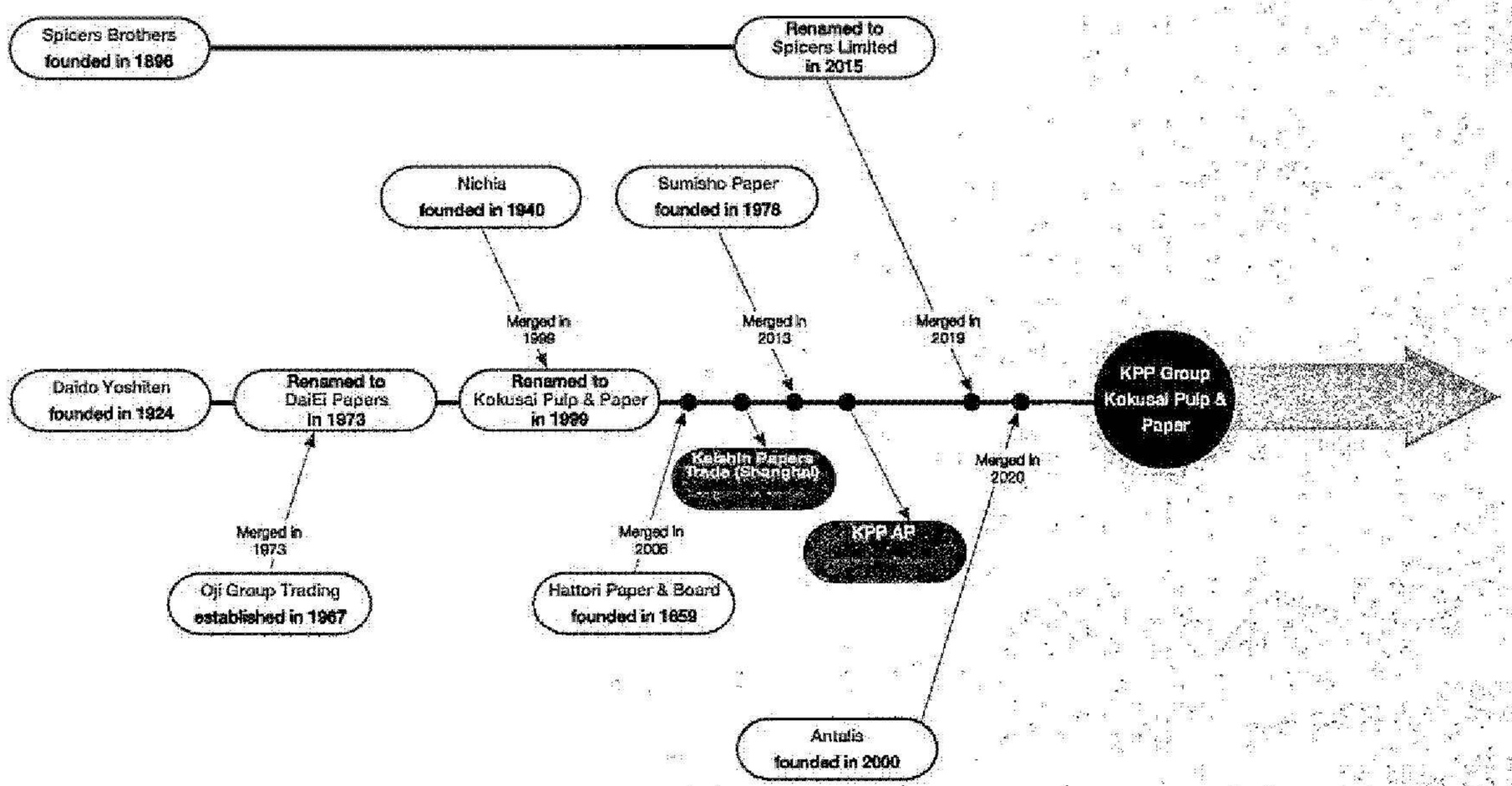
The Company acquired Antalis, the top paper distributor in Europe, in 2020, resulting in the expansion of the Group's network to 133 cities in 45 countries and territories. It entered a new stage by becoming a global paper distributor with around 50% of sales from overseas and 5,530 employees on a consolidated basis.

Going forward, we will create synergies through collaboration with overseas Group companies and transform our business portfolio. The KPP Group will continue to evolve as it moves toward its 100th anniversary in 2024 and across the century beyond that.

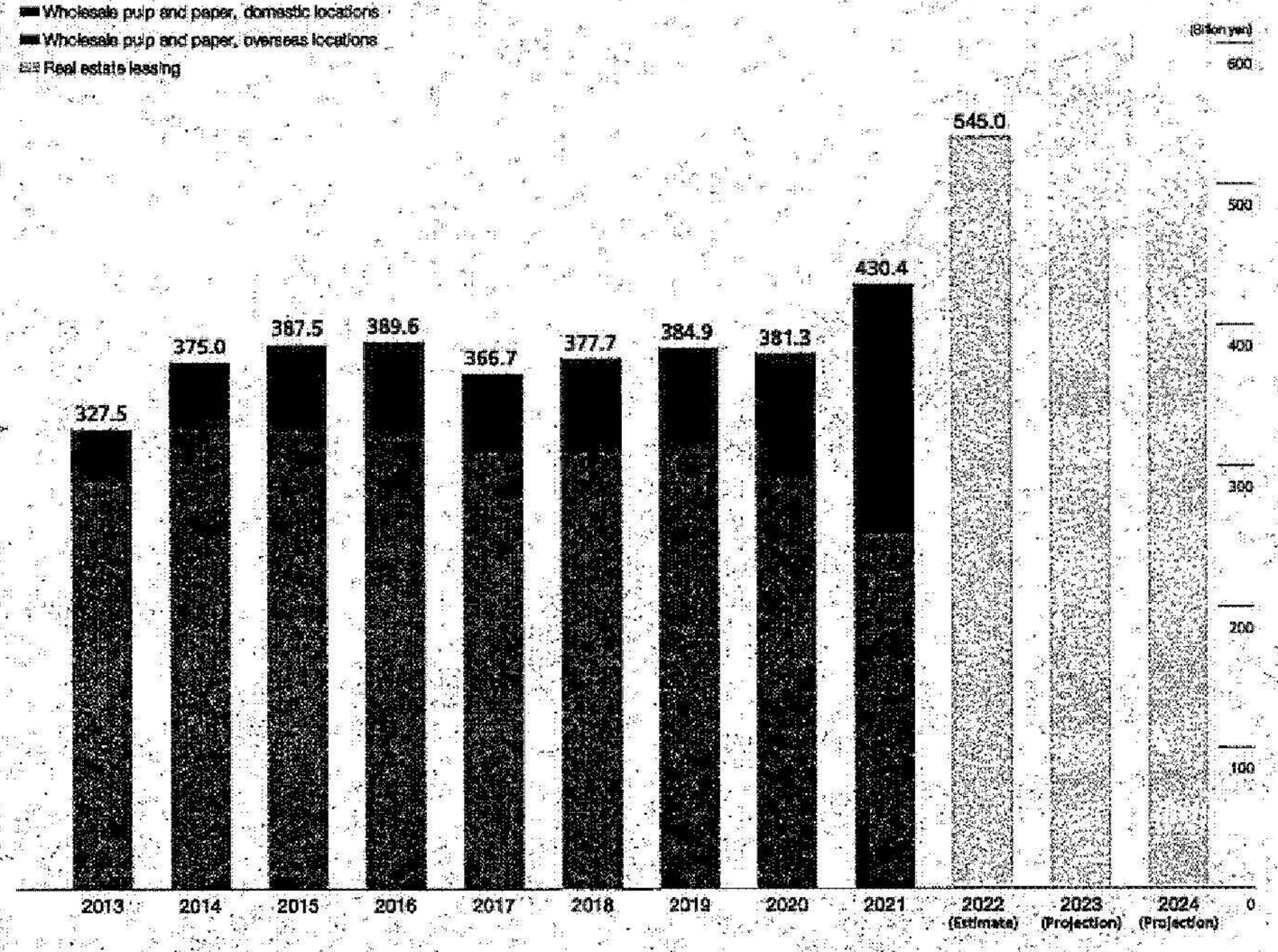
Events in society

- High economic growth period
- Stable growth period
- Bubble economy
- Collapse of bubble
- Recession
- Emerging countries and resources boom
- Rapid progress in the fourth industrial revolution

History of KPP



Consolidated Net Sales



Value Creation Model

We pursue the goal of achieving a recycling-oriented society as our management philosophy. Our management vision also adds the ESG management perspective as "+1." Totally recycling-oriented business model originates from our management philosophy and management vision. We have to cherish, use wisely, and recycle limited resources to realize a sustainable society. This is the KPP Group's Value Creation Model.

Capital input

Social capital
- 8 consolidated subsidiaries in Japan, 92 consolidated subsidiaries overseas
- A global network of approx. 1,200 suppliers and approx. 2,400 customers
- Sales network capable of reaching approx. 80 countries around the world

Human capital
- 6,530 employees on a consolidated basis
- Specialists in paper and peripheral materials such as film
- Global and diverse employees capable of providing wide-ranging solutions

Natural capital
- Forests and other sustainable natural resources
- Stable climate, biodiversity and sound ecosystem

*As of March 31, 2021

Analysis of external environment

External environment

World
- Spread of infectious diseases
- Intensifying environmental problems
- Shift in the centers of population and economy
- Continuing urbanization
- Technological advancement
- Depletion of resources

Japan
- Spread of infectious diseases
- Advent of a super-aging society
- Dwindling birthrates and labor shortages
- Declining national economic status
- Long-term deflation
- Decline of regional economies

Risks and opportunities

Risks (Negative impact)
- Economic stagnation due to the spread of COVID-19
- Shrinking domestic market due to changes in national demographics (population decline, declining birthrate and aging population)
- Growth of paper-free operations, especially in offices, due to the progress of computerization

Opportunities (Positive impact)
- Development of new paper applications triggered by environmental issues
- Growing demand for paper for packaging applications due to the expansion of the e-commerce market
- Increase in demand due to expansion of emerging markets

Material issues of the KPP Group

- Creation of Group synergies
  Internal communication
- Resolution of the marine plastic pollution problem
  Recycling and waste reduction
- Ensuring diversity
  Utilization of diverse personnel
- Expansion of e-commerce
  Development of new systems
- Development of solutions to prevent global warming
  Reduction of CO_2 emissions
- Compliance
  Information security
  Risk management

Develop a long-term vision

Sustainable growth engine

Business Strategy > Page 20-23

GIFT+1 2024

Financial Strategy > Page 48-49

Sustainability Strategy > Page 30-47

Second medium-term management plan 2019–2021

Value creation driver

Hybrid business model × Totally recycling-oriented business model

> Page 8-9

Provision of value to society

Creation of a recycling-oriented society

Response to climate change

Response to preservation of biodiversity

Response to the marine plastic pollution problem

Response to demand for packaging and visual communication

Promotion of paper culture and book culture

Support for the eradication of hunger

A Paper Trail for Creating the Future

Establish a totally recycling-oriented enterprise

- Material recycling that collects and recycles approx. 60% of the paper we sell into raw materials
- Thermal recycling that collects wood scraps and unused wood as thermal energy
- Development and provision of various solutions for the realization of a recycling-oriented society

Forecasts for the year ending March 2022

Net sales
545.0 billion yen

Operating income
5.9 billion yen

Business Models

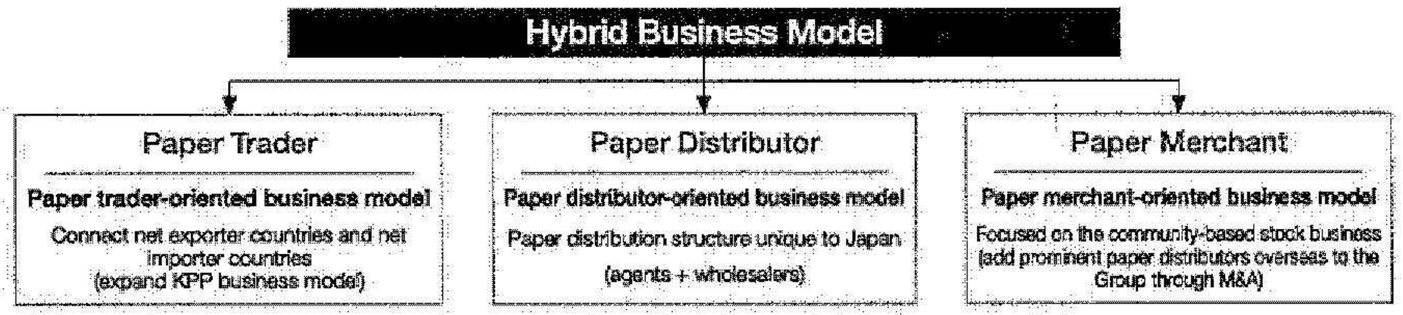
With the progress of the KPP Group's inorganic strategy overseas, diversity has been created in its business models in Japan and overseas. The Group is deploying a hybrid business model to match local markets overseas and a totally recycling-oriented business model for the realization of a recycling-oriented society in line with the management philosophy in Japan.

Global strategy maximizing profitability and efficiency

Hybrid Business Model

The KPP Group is expanding its sales network on five continents and actively capturing the growth of markets worldwide. In order to operate a global business, it is necessary to create business models according to each region (Japan, China, Europe, Oceania, Southeast Asia, and India), and appropriately combine them to maximize profitability and efficiency. The hybrid business model resolves this issue.

As specific examples of operating business according to the region, we are further promoting businesses that transcend traditional paper and e-commerce in Oceania and Europe. In Southeast Asia, we will integrate the Asian businesses of KPP and Antalis to maximize synergies. China is the world's largest paper and paperboard market in terms of both production and consumption, and the KPP Group's China business is steadily expanding after transitioning to a localized paper distribution business.



Global Network



Antalis

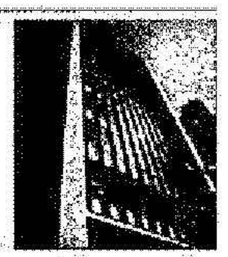
Company name: Antalis S.A.S.
Established: 2000
Employees: 4,158
Locations: 72
Businesses: Paper and paper-related products, packaging, and visual communication

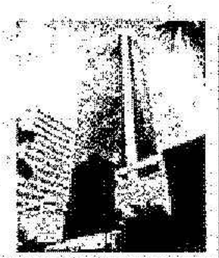


KPP

Company name: Kokusai Pulp & Paper Co., Ltd.
Established: 1924
Employees: 660
Locations: Consolidated subsidiaries 100*
Affiliates 8
Businesses: Purchase, sales, import, and export of paper, paperboard, paper processed goods, pulp, recovered paper, chemical products, paper-related machinery, packaging materials, and other related products; holding and leasing of real estate; warehousing

*Including overseas subsidiaries of Spicers, Antalis, etc.





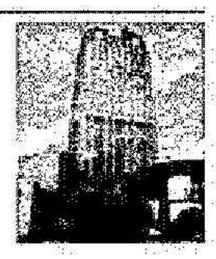
KPP AP

Company name: KPP ASIA-PACIFIC PTE. LTD.
Established: 2015
Employees: 31*
Locations: 4
Businesses: Regional management company in Southeast Asia

*Total employees in Group locations

Keishin

Company name: Keishin Papers Trade (Shanghai) Co., LTD.
Established: 2010
Employees: 128
Locations: 1
Businesses: Processing and sale of papers



Spicers

Company name: Spicers Limited
Established: 1898
Employees: 290
Locations: 10
Businesses: Commercial printing, digital media, label packaging, industrial packaging, signs and displays, consumables and hardware, building and interior design



Realization of environmentally friendly sustainable growth

Totally Recycling-oriented Business Model

The KPP Group is now building a recycling-oriented business model so that the Group's business activities themselves are contributions to the creation of a sustainable society. We are expanding our business through the promotion of two ways of recycling: material recycling that supplies recycled resources such as recovered paper, and thermal recycling that supplies renewable energy mainly through our biomass power plant operation support services.

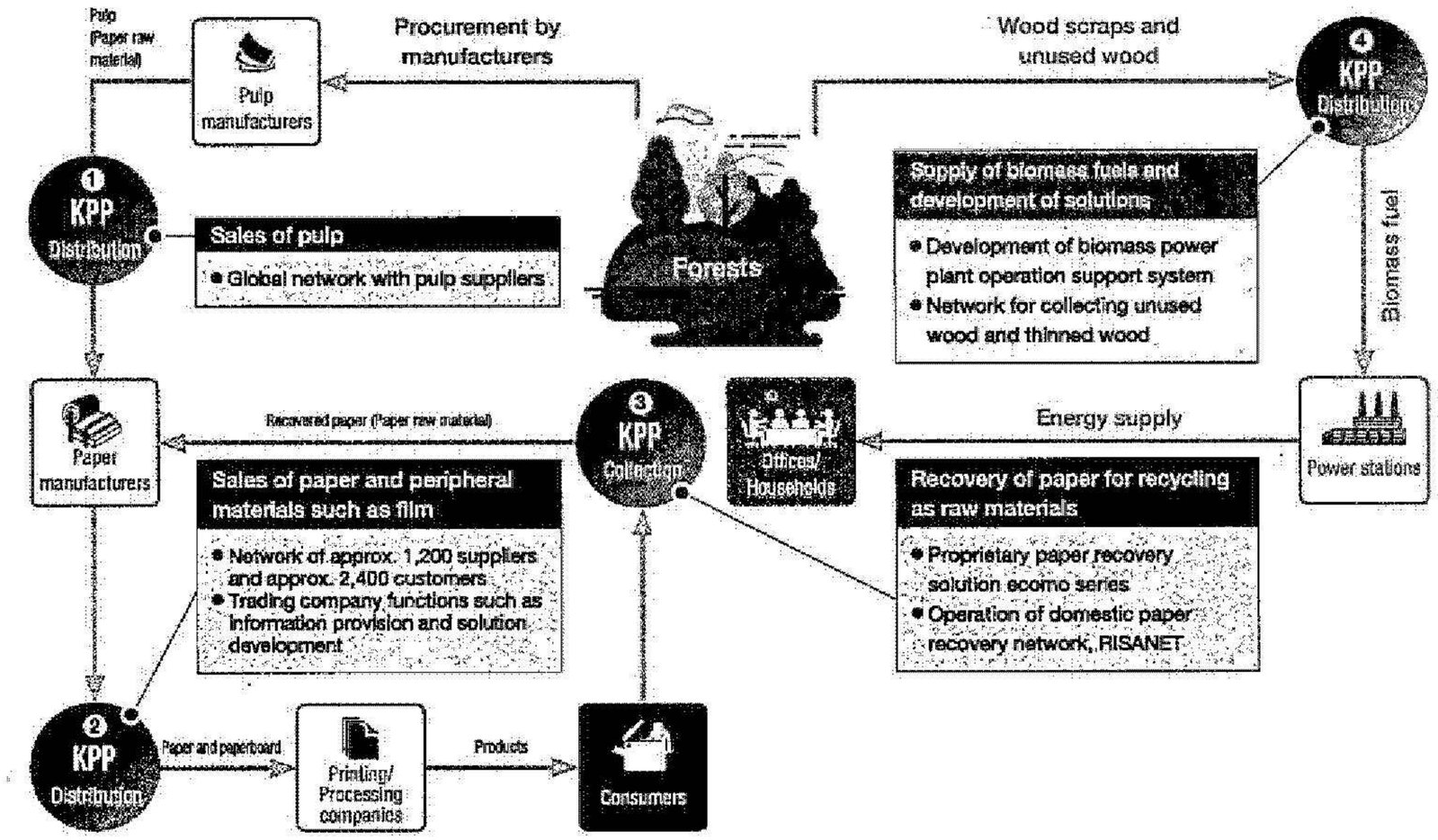
If we compare the Group's business model to the flow of blood, the flow of paper manufactured from forest resources to consumers can be regarded as arteries, and the flow of paper collected after the paper completed its initial role and is delivered to manufacturers as recovered paper to be used as raw materials as veins. In order to realize a sustainable society, it is important to circulate the flows of arteries and veins without stagnation. The Group plays the role of the heart that controls the flow of blood circulating through the arteries and veins.

Material Recycling

With a global network of approximately 1,200 suppliers and some 2,400 customers, we boast industry-leading paper sales and collection volume of recovered peper domestically. In the paper sales business, we leverage the vast knowledge in paper and peripheral materials that has been cultivated throughout our nearly 100-year history to propose wide-ranging solutions. We also utilize our nationwide supply network of recovered paper wholesalers and paper recovery solutions such as Town ecomo and Office ecomo.

Thermal Recycling

In addition to paper recycling, in 2017, we started thermal recycling that supplies, collects, and uses thermal energy generated when wood scraps and unused wood are incinerated. As part of the thermal recycling business, in October 2019, we started a demo test of BMecomo, an operation support system utilizing IoT technology for biomass power plants, and plan to commence service in November 2021. We will continue to expand our thermal recycling business in an effort to promote the utilization of unused resources and the revitalization of local industries.



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Madoka Tanabe

Director of the Board, Chairman & Chief Executive Officer

The global spread of COVID-19 that has continued since January last year has had an impact on the global economy in excess of that caused by the global financial crisis. What kind of impact do you think COVID-19 will have on the world in the future?

Humankind has a history of being in an endless battle with bacteria and viruses. There are no signs of containment of COVID-19 even after a year and a half since its outbreak last year, and it has grown to become a global pandemic with 200 million people infected and over 4 million people succumbing to the disease. I think the delay in the initial response may have been caused by complacency due to SARS and MERS not spreading in Japan. Kokusai Pulp & Paper Co., Ltd. (KPP) has placed the highest priority on the safety and peace of mind of employees by launching an internal response headquarters at the same time the government declared a state of emergency, implementing measures to prevent infection such as shifting to working from home, restrictions on behavior, and securing masks, sanitizer, and acrylic boards. Furthermore, as the brakes are being put on paper demand on a global scale, we have secretly been working on an M&A deal with Antalis, and struggled with steering management. Measures to address the pandemic are a new priority issue presenting an economic crisis that differs from a financial crisis or large-scale natural disaster, and we need to adopt a sustainable strategy for the Company assuming life with COVID-19.

What kind of impact does such change in the external environment have on the pulp and paper industry?

Computerization of offices and online services will further progress due to the impact of COVID-19, and a decline in demand for printing and communication paper is unavoidable. Meanwhile, packaging applications have been bolstered by the expansion of e-commerce and stay-at-home demand, in addition to biomass-based paper products, resulting in solid performance. Demand for sanitary paper has also been boosted by products such as paper towels due to heightened awareness of measures to combat viral infections. In order to respond to such changes in the structure of demand, the world's papermaking companies are changing the products produced by paper machines or suspending operation of the machines, while also engaging in the development of new products utilizing biomass resources.

Although hidden in the shadow of news coverage of the recent pandemic, the global structure is about to change significantly along the lines of conflict between the United States and China. What is your outlook for future global trends?

During the postwar period, the United States has been a global leader in the expansion of liberalism and capitalism, but the world is becoming polarized with the institution of China's Belt and Road Initiative, and supply chain interruptions have been seen due to the battle for hegemony between the United States and China. In that respect, political and economic globalization may be coming to an end. Furthermore, the United States expected China to operate under the framework of liberalism such as democratization and human rights issues upon entry into the World Trade Organization (WTO), but this has not eventuated and the battle for hegemony between the United States and China is likely to continue for some time. As can be seen from the above perspective, determining "globalization that has come to an end" and "globalization that is beginning anew" will be an important key.

The external environment is undergoing rapid change, but the form of the KPP Group has also changed significantly. Going forward, what changes will be made to the KPP Group Way providing a guide for the Group as a whole? Also, what kind of values would you like all employees of the Group to embrace?

The KPP Group Way is structured in three layers: the Management Philosophy, the Guidelines for Corporate Conduct, and the "GIFT+1" Long-term Management Vision. However, I think the main point for implementing the KPP

KPP Group Way



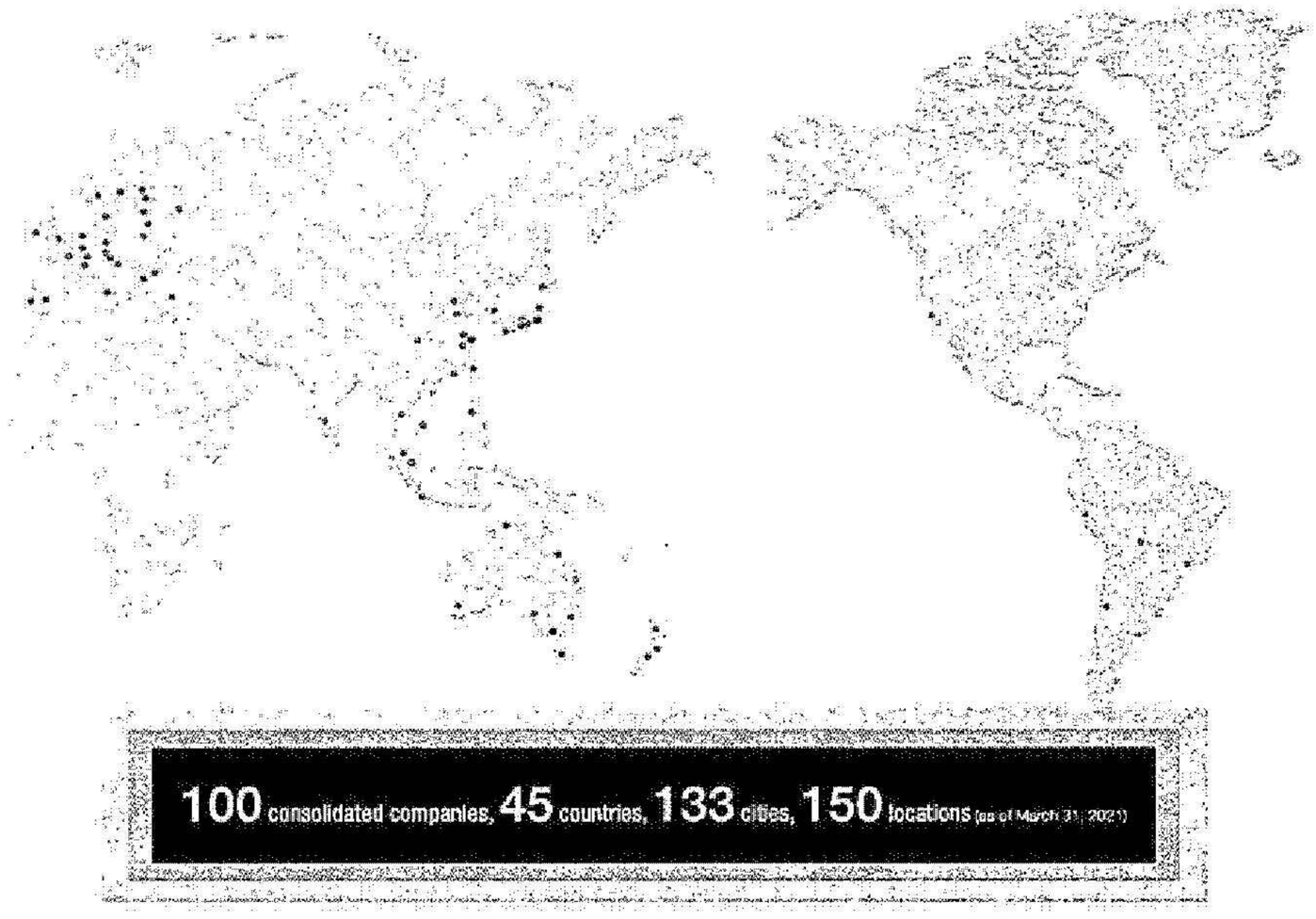
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Group Way in the future will be sustainability. Specifically, it is vital how ESG elements are applied to management. In addition, rather than thinking of financial information and non-financial information separately, it is necessary to clarify how non-financial information affects financial information. Through the mission, vision, and values indicated in the KPP Group Way, we will incorporate a sustainability strategy taking these into account into the third medium-term management plan starting next fiscal year.

Telework and remote working have become normalized for the avoidance of risk of becoming infected with COVID-19. We have also introduced a remote work system, expanding options for work locations. The hiring format is also being switched to a combination of periodically hiring new graduates at once (membership-based hiring) and hiring emphasizing skills according to the content of the job (job-based hiring), and the percentage of job-based hiring is around 40%. It is also necessary to review business processes in order to form a consensus in workplaces with such diversified work styles and diverse personnel. In this respect, the contribution of the "KAEDE Project" by the IT team has been enormous. Furthermore, KPP has dramatically expanded business through a series of business reforms starting with the Company's listing in 2018, and acquired particularly influential overseas companies for two years in succession, transforming into a multinational corporation with over 5,000 employees operating in 133 cities within 45 countries. As the business environment surrounding us undergoes significant change, we are entering an era requiring each person to be adaptable.

Overseas, the labor market has become fluid over many years, and skills and compensation have become systematically organized. As the labor market in Japan becomes more fluid, I think there will be a double standard between the compensation for job-type hiring and the compensation for membership-based hiring according to internal evaluations. In any case, human resources required in these uncertain times need to be T-shaped talent in terms of having a horizontal axis of being cultured and a vertical axis of expertise, and they are expected to have the entrepreneurial spirit brimming with founding spirit.

Global Network



The goals set forth in the Long-term Management Vision GIFT+1 2024 that began in fiscal 2016 were achieved ahead of schedule through the success of a variety of initiatives such as listing on the First Section of the Tokyo Stock Exchange in 2018 and M&As overseas. You have passed the halfway mark, so what is your outlook for the landing?

This fiscal year is the final year of the second medium-term management plan, and the three year third medium-term management plan that will provide the finishing touches will begin in April 2022. In recent performance, Antalis based in France began to contribute to full-year performance, and Spicers in Australia and Keishin Papers Trade in China are also performing well. Furthermore, the domestic business is recovering, and we are engaged in the reduction of selling, general and administrative expenses through business reforms. Last year, we were forced to make difficult decisions in the face of situations such as the COVID-19 pandemic, the bankruptcy of a company that has been our partner for four decades in the Hong Kong and China business, and the disposal of loans, but the Group worked as one to overcome these and the outlook is very good for our 100th anniversary in three years. Furthermore, I am satisfied with the progress of the recycling-oriented business model in the domestic business and the corporate value acquired through overseas M&As, and high level of skill of personnel including the CEO and CFO.

I think specific numerical targets need to be applied to the workplace in order to achieve the Long-term Management Vision, but what kind of KPIs have you established?

The third medium-term management plan will be announced next June, but it has a different business portfolio and regional strategy than the first medium-term management plan and the second medium-term management plan, with greater weighting being placed on both revenue and income overseas. A common issue faced not only by the Group but all Japanese companies is said to be earning power. As indicated in the Ito Review, the low ROE of Japanese companies compared with European and American companies is caused not by leverage or turnover, but rather by the gross profit ratio. In that sense, the percentage of overseas sales will increase and gross profit will also rapidly rise, so I think we have obtained a significant advantage particularly in sustainability. KPIs are set based on the three elements of business strategy, financial strategy, and sustainability strategy.

The Board of Directors has passed resolutions on sustainability concerning the Basic Policy on Sustainability and material issues to create a framework for the Group to globally engage in sustainability issues. Major overseas locations such as Spicers and Antalis will also participate in the CSR Committee meetings as observers from November 2021. ESG elements will be steadily incorporated into the third medium-term management plan currently being formulated through active discussions including overseas locations.

The Company is about to proceed with the establishment of its third medium-term management plan. What moves will be taken concerning growth strategy (portfolio strategy and regional strategies) aimed at the achievement of the Long-term Management Vision?

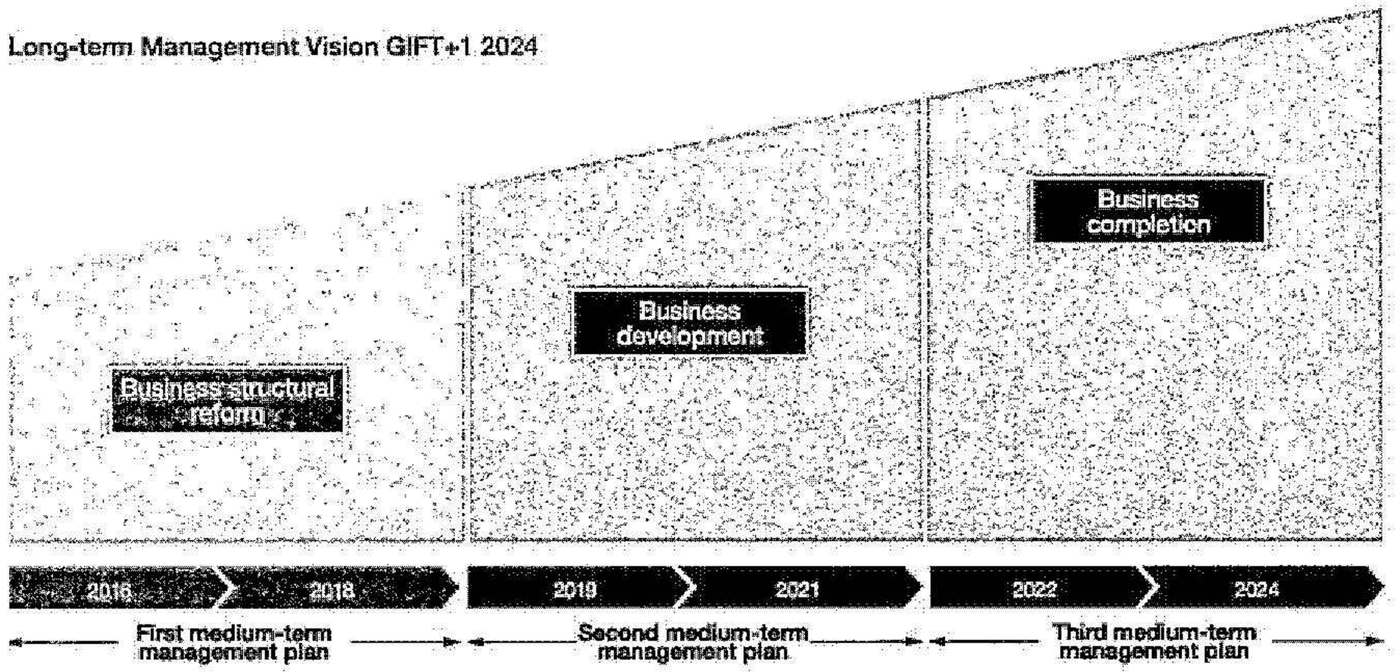
Many of the Group's companies have conducted pulp and paper wholesale business, but the environment surrounding us has already changed significantly and we need to be able to adapt. Also, it is not wise to have the same business model domestically and overseas. The domestic paper and paperboard business will be differentiated from other companies by strengthening the recycling-oriented business through the sale of products and recovery of paper. We are also looking at M&As in this area. Furthermore, in household paper, which is expected to grow, we will work to expand supply sources in the pulp business providing raw materials and also strengthen the ecomo series in the environmental business.

Meanwhile, the overseas business has a different growth strategy than the domestic model. Furthermore, we are considering a developed country model, an ASEAN model, and a China model for the overseas business. The economic environment, social systems, and political background of each region differ, and we will conduct business suitable to each region accordingly. Businesses that transcend traditional paper and the implementation of e-commerce have advanced in Australia and Europe, and we will promote these further. In ASEAN, we will integrate the Asian business of KPP (KPP AP) and the Asian business of Antalis to maximize the synergies produced by the businesses. ASEAN is a region with great potential, and we will aim to become top in the region with an eye to business

alliances and M&A deals with influential local companies. Finally, we come to the Chinese business. China is the largest market in terms of both production and consumption of paper and paperboard. KPP went through a difficult ordeal last year, but performance is steadily improving thanks to switching the finance business of the past to a localized paper distribution business. In the meantime, we will aim to sell 200,000 tons of base paper centered on paper, white paperboard, and copying paper (PPC paper).

In this manner, KPP is steadily drawing nearer to forming one of the largest corporate groups in the industry with a sales network spanning five continents worldwide.

Long-term Management Vision GIFT+1 2024



In order to create Group synergies globally and maximize Group value, I think defensive aspects will also be important. What is your view of Group governance including overseas companies?

The Corporate Governance Code of Japan was revised for the first time in three years this June. One of the key points of the revision was the strengthening of the functions of boards of directors, and it particularly calls for companies listed on the new Prime Market to have a governance system where independent directors represent at least one-third of the structure as well as to establish a nomination committee and a compensation committee. KPP has already met these requirements. Furthermore, we are aware that initiatives aimed at long-term sustainability including ESG elements and support for the TCFD recommendations are key issues.

The "+1" in the "GIFT+1" management vision refers to sustainability initiatives based on the premise of the environment, society, and governance. Furthermore, our response to the revised Corporate Governance Code which is yet to be implemented is being considered mainly in the CSR Committee, and we intend to disclose this as needed. We are strengthening the internal audit team for Group governance and particularly governance of overseas operating companies, establishing a system for the prevention of misconduct.

Since the beginning of this fiscal year, you have been preparing a succession plan. What do you require of the next generation of management?

The Nomination Committee made up of the President and outside directors is currently devising a successor development plan and a proposal is scheduled to be discussed by the Board of Directors. On the other hand, a training program has been provided for managers selected in Antalis, and for the time being we will start with a plan to develop executives in Japan.

My personal view is that the most important condition for being able to adapt to uncertain times is having a broad perspective. Other important aspects are having a strong heart to face adversity and the drive and fortitude to take the chosen path to success. We are continuously faced with yes-or-no questions in the execution of our business, but the correct answer is not determined at the beginning. An answer of "Yes" is only reached once the path taken eventually leads to success.

Furthermore, KPP is transforming into a global company. The common language used in multinational Antalis is English. The same applies to KPP AP. In addition, I would like preparations to be made for digital transformation (DX) and also efforts to be made to enhance financial and legal knowledge by taking e-learning and other training courses. If possible, I think it is also important to become cultured as more internationally minded people. I think *books*, *people*, and *travel* provide hints as keywords for innovation.

In the past, you were responsible for the development division and you have worked to develop personnel with emphasis on the development division in the Long-term Management Vision. What roles and functions will KPP perform moving forward?

KPP's role is to deliver products to every corner of the market. In addition, it is important to maximize the ability to communicate with producers and users, and evolve their functions. In downstream distribution, many platformers have achieved success with business models utilizing IT. The products handled by KPP use a B2B model centered on materials, but e-commerce will also advance in this area in the future, and the provision of a unique platform is also an important issue in our differentiation strategy. We have an advantage here because there is much to learn from Spicers and Antalis.

Further, we also want to develop business models through collaboration with National KPP Association*. KPP has abundant management resources. The KPP Group will continue to contribute to a sustainable society by collaborating with other companies, developing new businesses through DX, and expanding recycling-oriented business.

*A paper wholesale merchant network organized by KPP.



2022111001932



Tadashi Kurihara

Director of the Board
President & Executive Officer

Two years have passed since you were appointed as President. What are your impressions?

Last fiscal year, my first year since being appointed, was a year in which we were fraught by a variety of issues such as the delay of development of new IT systems, the occurrence of bad debt in China, and the still ongoing COVID-19 pandemic. We addressed all of these issues by forming response teams. I think an unintended by-product of the various issues we experienced last fiscal year is that the KPP Group has been able to show its high level of resilience.

With regard to processing the bad debt in China, appropriate accounting was completed and we were able to shift the business in China to a paper distributor able to conduct stock business through the resolution of the bad debt issue. Keishin Papers Trade established a Shenzhen branch office in July, and currently operates in six locations throughout the country, producing new business opportunities. In addition, following on from Spicers in Australia, Europe-based Antalis will make a full contribution to performance from this fiscal year. Although we caused concern for our stakeholders, in this second year, we would like to go on the counterattack while also monitoring the COVID-19 situation.

Fiscal 2020 was a year severely affected by COVID-19. What are your thoughts looking back over the previous fiscal year and your outlook for this fiscal year?

COVID-19 wreaked havoc from January last year in and out of Japan, and had an impact on the global economy in excess of that caused by the global financial crisis. Although more countries are returning to normal as a result of the progress of vaccination, I think it will still take some time before we see the end of COVID-19. Infectious diseases will continue to have an impact on not only the pulp and paper industry, but the Japanese economy as a whole, for some time to come. Since the formulation of the Long-term Management Vision GIFT+1 2024, the KPP Group has foreseen the limitations of conducting business centered on paper in Japan, and has proceeded to alter our business portfolio to incorporate the areas of packaging and visual communication, which are expected to grow. We have also successfully conducted M&As overseas such as with Spicers and Antalis, and implemented a totally recycling-oriented business model and a solution business. With digitization advancing ahead of schedule due to the recent COVID-19 pandemic, we are also accelerating our inorganic strategy globally.

In the Japanese pulp and paper industry the trend of paper decreasing and paperboard slightly increasing is continuing. I think this trend has become clearer during the COVID-19 pandemic. Could you explain the possibilities for paper going forward?

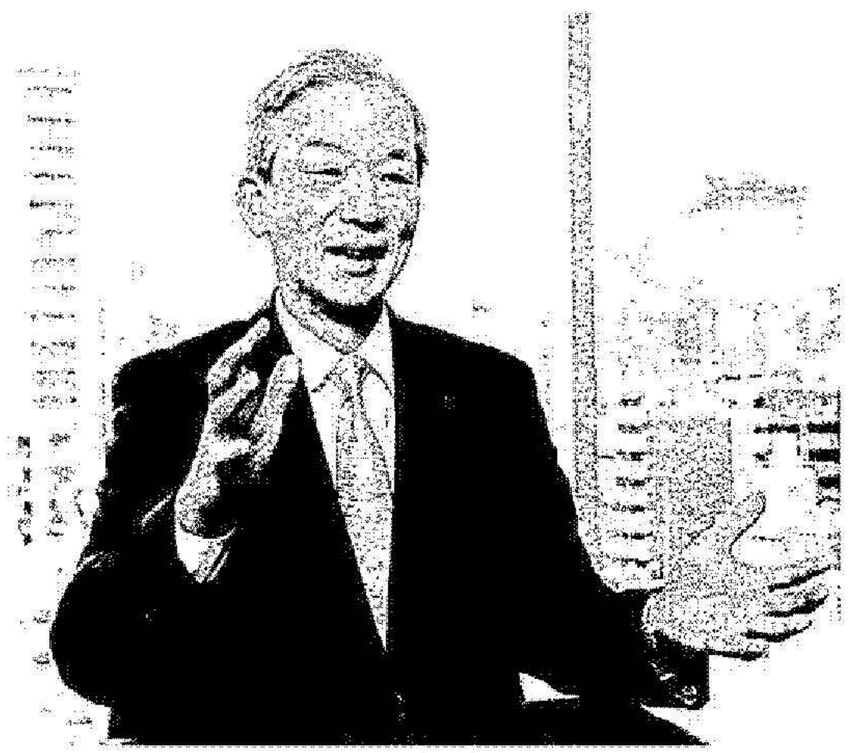
Firstly, no other product is as deeply ingrained in people's everyday lives as paper. Demand for paper is decreasing mainly for graphic applications in developed countries, but paperboard for packaging and sanitary paper demand still has future potential. In packaging applications, e-commerce will grow further, and demand will also increase in the future in connection with this trend. With regard to sanitary paper, sanitary concepts have changed in and out of Japan during the COVID-19 pandemic, and we will steadily sell the pulp used as raw material to meet this demand. Furthermore, even looking at graphic applications, paper is an indispensable element in the content businesses conducted by publishers and also the cross-media strategies adopted when advertising agencies conduct promotions.

As far as the future possibilities of paper are concerned, movements such as promotion of paper solutions and reduction of plastic use that have been sparked by the marine plastic pollution problem are also very important for us. We launched the Green Biz Project as a cross-divisional project two years ago, and have proposed and practically implemented new Green Products contributing to reducing environmental impact for major retailers and major apparel companies. Recently, the entire Group has been working on the development and distribution of new products by exchanging information on products with reduced environmental impact among Group companies.

The KPP Group's Green Products and Green Solutions

Green Products	Promotion of paper solutions	● Due to the marine plastic pollution problem, moves to restrict disposable plastic are accelerating in countries around the globe, and demand for paper as an alternative material is rising. In recent years, research and development has been progressed mainly by paper manufacturers, and there has been an increase in examples of food packaging and daily necessities. Examples: Paper-based clear folders, snack packages, shopping bags
	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: Store POP film, face covers for trying on apparel, cutlery
	Biomass materials	● As it is often difficult to switch plastic to other materials due to its various characteristics, research is being conducted with the aim of reducing the environmental impact. Biomass plastic manufactured using biomass materials and biodegradable plastic that is broken down by bacteria are some examples. Examples: Checkout bags, food trays, straws
Green Solutions	Town ecomo	● A system in which paper from households is brought into collection boxes in supermarkets and retail stores to be recycled as paper raw material. Some stores have initiatives offering points that can be used for shopping according to the weight of the paper brought in.
	Office ecomo	● A system for safely and securely collecting confidential documents from offices in dedicated boxes to be recycled as paper raw material. It is an environmentally friendly system for the disposal of confidential documents that eliminates the time and effort required for shredding.
	ecomo Closed Recycle Service	● A service spanning from the proposal to development of sustainable, rational, and feasible closed recycling schemes with thorough understanding of the customer's business content, business format, and needs.
	BMecomo	● The KPP Group offers a system aimed to help operation control, facilities management, and business administration of biomass power plants through the utilization of advanced technologies such as AI and IoT and thorough visualization.

"ecomo means "eco" and "to bring" (*mottekuru* in Japanese) and expresses the idea of "eco + model (in other words, a new eco model)."



What do you have planned for this fiscal year, which is the final year of the second medium-term management plan?

The Japanese pulp and paper market has continued to contract since the global financial crisis of 2008, and determining how to rebuild our domestic business is a major challenge. We have expanded our business portfolio previously centered on paper to include paper raw material and packaging material through the merger with Sumisho Paper, and are further expanding on our totally recycling-oriented business model. Meanwhile, in response to the contraction of the market for graphic applications, I do not think we will have any growth in the future unless we have a change in mind-set large enough to upend our past experiences of success. Specifically, there are two aspects of how to increase added value and how to achieve efficient operation.

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For increasing added value, proposing a mechanism for selling by utilizing e-commerce is one point. Furthermore, Group companies in Oceania and Europe have accumulated profit in new markets closer to downstream such as visual communication and packaging solution, and we are considering whether we can do the same in the Japanese market. Also, the green products and green solutions contributing to reduction of environmental impact that we have focused on for the past two years are each beginning to produce concrete results, so we have created an organization called the Advanced Business Development Division to enable these to be expanded throughout the entire Company.

Next was the Operational Reform Project we started last year, and we identified several issues for improving Company-wide business efficiency. By resolving a variety of issues, we have been able to establish a system that matches the new way of living after COVID-19. Even in the new core system development project that we are currently engaged in, we are proceeding with visualization of business processes on a workplace level, but we will not be able to achieve efficient operation unless we proceed with further improvement of business processes. I think there is still much room for improvement in the back office such as examining existing work processes throughout the Company, and organizing redundant operations across divisions.

In order to implement the totally recycling-oriented business model, what steps will you take in the future with the ecomo series of systems for efficiently recovering paper generated in households and offices and recycling it as paper raw material?

In contrast to the green products I mentioned earlier, the ecomo series is positioned as green solutions. In addition to the system for recovering paper from households and offices, we have recently developed the ecomo Closed Recycle Service and BMecomo, and actually commercialized them. I will explain the ecomo Closed Recycle Service first. Specific indicators for realizing a sustainable society, such as SDGs, have been adopted worldwide, and efforts to contribute to the reduction of environmental impact have begun in a variety of companies. Recycling of waste is a significant challenge for companies that produce large volumes of waste, and the ecomo Closed Recycle Service provides a mechanism for visualizing and managing the entire flow of use, discard, and recycle. The scope of this system is gradually expanding to cardboard boxes used by beverage manufacturers and also applications other than paper such as the waste materials of building material manufacturers and materials of packaging material manufacturers. We will continue to respond to movements aimed at reducing the environmental impact of various companies such as manufacturers and further accelerate the promotion of sales of this system. BMecomo has already started to be used in actual biomass power plants, and we plan to expand sales to areas such as Southeast Asia and India in the future.

Could you provide a message to stakeholders?

The KPP Group has recently updated the definition of our Management Vision GIFT+1 within the KPP Group Way. Until now, "+1" meant "add the element of the environment to all of GIFT," but we changed this to "environmental, social, and governance initiatives" and will contribute to the realization of a sustainable society. As I have mentioned earlier, we will continue with initiatives to reduce environmental impact such as the development and distribution of green products and green solutions, and preservation of forests through the C.W. Nicol Afan Woodland Trust.

Furthermore, with regard to "Globalization" in GIFT+1, we have gained access to enormous markets such as Oceania, Europe, and Latin America thanks to Spicers and Antalis joining the KPP Group. In addition, we are building relationships with suppliers not only in Japan, but worldwide, and have completed preparations for steadily incorporating growth of the global market both upstream and downstream. The KPP Group will continue to embrace the challenges presented in Japan and global markets.

In closing, I appreciate the continued support of our shareholders, investors, and all of our other valued stakeholders.

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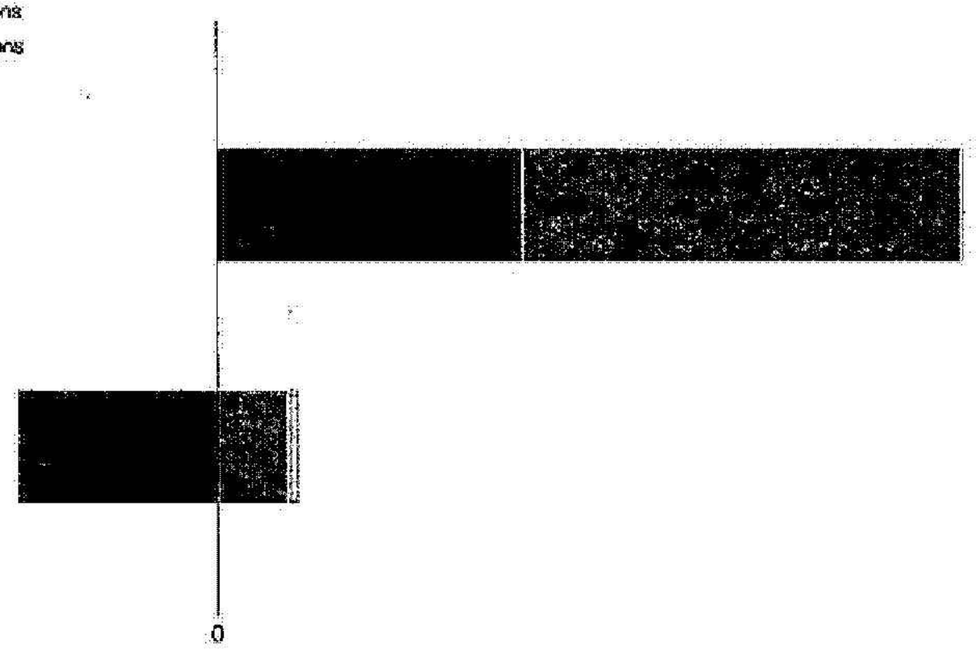
Consolidated Financial Data

Results Breakdown by Segment (FY2020)

■ Wholesale pulp and paper, overseas locations
■ Wholesale pulp and paper, domestic locations
□ Real estate leasing

Net sales
430,404 million yen

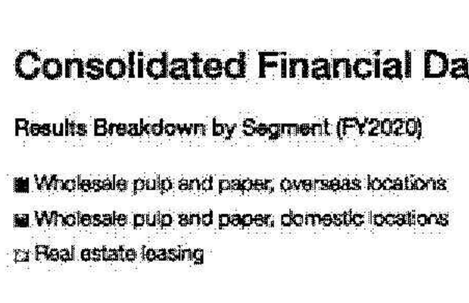
Segment income
-6,217 million yen



Wholesale Pulp and Paper, Overseas Locations

Net sales
177,052 million yen

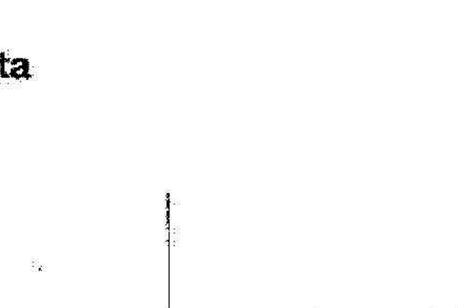
Segment income
-10,557 million yen



Wholesale Pulp and Paper, Domestic Locations

Net sales
252,104 million yen

Segment income
3,710 million yen



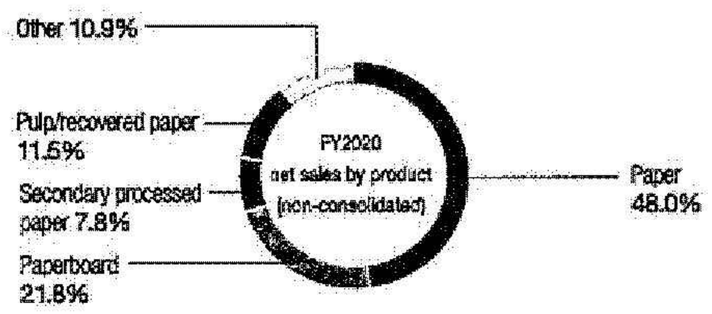
Real Estate Leasing

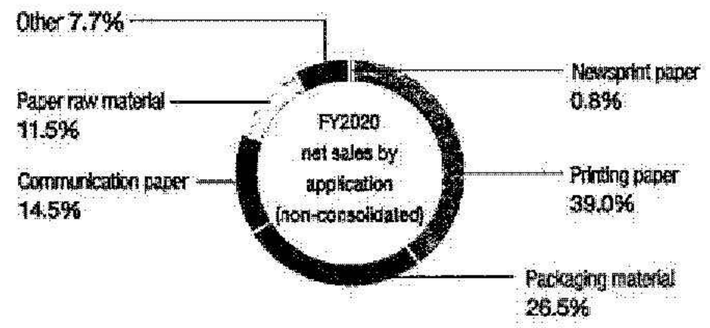
Net sales
1,247 million yen

Segment income
629 million yen

Net sales	Operating income
430,404 million yen (12.8% YoY)	**-9,035** million yen (- YoY)
Ordinary income	**Profit attributable to owners of parent**
-12,041 million yen (- YoY)	**1,416** million yen (15.0% YoY)

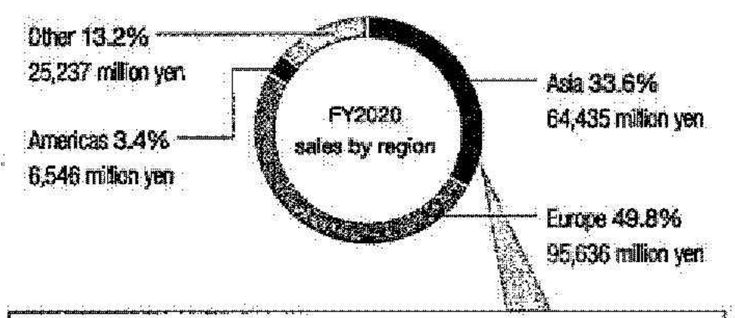
Wholesale Pulp and Paper, Domestic Locations

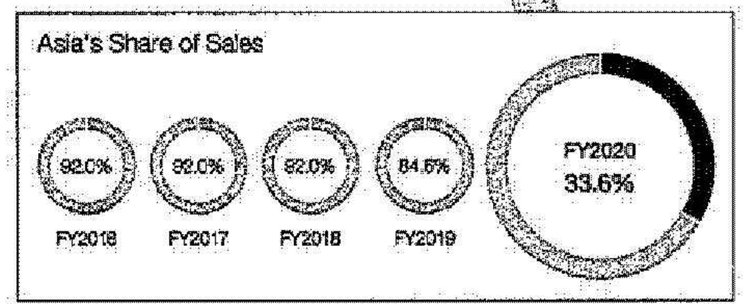




Paper	As a move away from paper-based media due to progress in digitization, although comic sales increased and sales for study-aid books associated with stay-at-home demand performed solidly, there was a decrease in demand for flyers, etc. as a result of cancellation of events, which led to net sales falling year on year. Net sales **121,447** million yen (-17.4% YoY)
Paperboard	Although containerboard performed comparatively well mainly for beverage packaging materials in Japan and exports to Asian countries increased, sales of white paperboard decreased due to the disappearance of inbound demand, resulting in a slight decrease in net sales. Net sales **55,268** million yen (-6.7% YoY)
Secondary processed paper	In addition to smaller sales of thermal paper and non-carbon paper, sales of inkjet paper and magnetic recording paper also decreased due to the impact of voluntary restraint caused by the spread of COVID-19, resulting in a decrease in net sales. Net sales **19,773** million yen (-20.3% YoY)
Pulp/ recovered paper	Net sales of recovered paper fell year on year due to a decrease in the volume produced as a result of the decline in paper demand, and the impact of the lack of containers caused by disruption to shipping. The volume of pulp exceeded the previous year due to an increase in demand for household paper in spring, but net sales fell year on year due to a fall in market prices. Net sales **28,982** million yen (-5.7% YoY)
Other	Net sales decreased due to smaller sales of packaging products, although net sales of biomass material grew thanks to a biomass power generation business the KPP Group invests in. Net sales **27,638** million yen (-1.9% YoY)

Wholesale Pulp and Paper, Overseas Locations





Europe	In Europe, net sales increased considerably year on year due to the acquisition of Antalis S.A.S.
Asia	A recovery in sales due to capturing increased demand for containerboard was seen due to economic recovery in China, which was first to escape the impact of COVID-19. However, net sales in Asia decreased significantly overall as the region was affected by the slump in the economy caused by the spread of COVID-19 and the impact of the container shortage caused by disruption of shipping similar to other regions.
Other	In Australia, net sales increased considerably year on year due to the full-year contribution this fiscal year of sales by Spicers Limited, which was acquired last year. Net sales of magnetic recording paper decreased due to smaller sales volume.

Real Estate Leasing

In the office building market of major cities throughout Japan, the average vacancy rate rose due to downscaling of office floor space from summer with changes in work styles such as telework arising as a result of the impact of the spread of COVID-19. Consequently, average rents fell in Tokyo, and other regions also need to be monitored.

Under such conditions, revenue increased year on year because the KPP Group kept its mainstay KPP Yaesu Building fully occupied and also raised the rent unit price due to the replacement of some tenants.

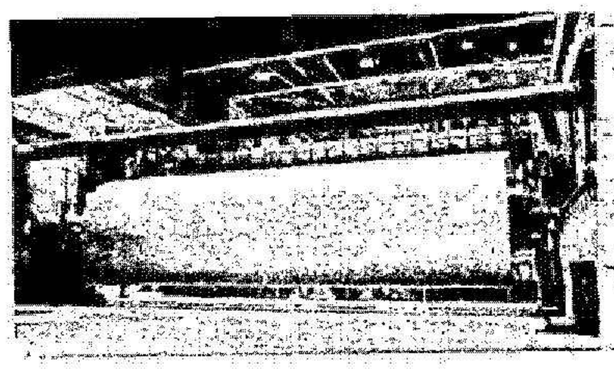
Kokusai Pulp & Paper — Domestic Business Strategy —

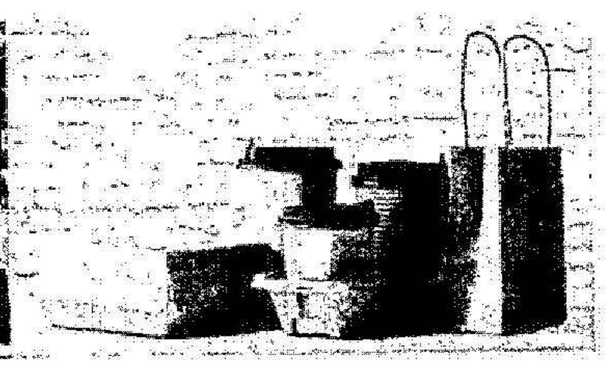


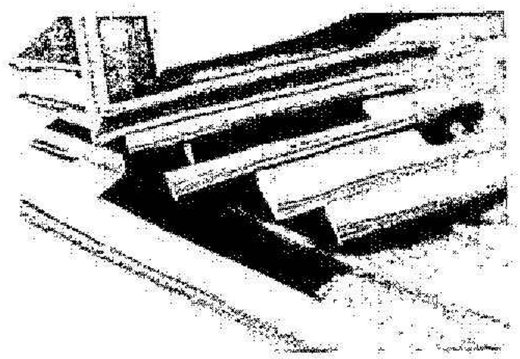
In the domestic wholesale business, as graphic paper decreases rapidly due to the advancement of IT and the impact of COVID-19, a plastic-free trend has become widespread globally, and we will work to promote and expand the environmental business while utilizing our broad supply and sales networks, in addition to conducting low-cost management through the streamlining of operations.

Masatoshi Ikeda

Director of the Board
Managing Executive Officer
Head of the National Sales Headquarters







Business Strengths	Analysis of External Environment
● Position as a common agent ● Large scale ● Breadth of supply and sale networks ● Extensive product lineup	**Opportunities** ● Green products & solutions ● Heightened demand related to e-commerce (packaging, etc.) **Risks** ● Advancement of digitization, decline in paper demand due to the COVID-19 pandemic ● Market changes

Future of the Domestic Business

In the domestic business, as demand for graphic paper rapidly declines, we will seek to maximize profits by expanding our share while securing the necessary volume required as a paper and paperboard wholesale business. A plastic-free trend is spreading worldwide backed by the UN resolution on SDGs, and the movements to reduce environmental impact are accelerating. The Green Biz Project launched across divisions within the Company is working to develop and distribute alternative materials and products that consider various viewpoints such as promotion of paper solutions, reduction of plastic use, and introduction of bio plastics. This initiative has produced results such as environmentally friendly materials being adopted in face covers for trying on apparel and specific in-store promotion initiatives in convenience stores. Under such circumstances, we will develop high-value-added products and strengthen efforts aimed at plastic-free demand. We also work to implement systems for operational workflows and establish telework to realize low-cost organizational operation through the streamlining of business processes and logistics. With regard to logistics, the function of strategy development has been transferred to KPP Logistics, which will serve as the command center for the supply chain nationwide in an effort to enhance "earning power" and strengthen the earnings structure.

Growth Strategies

1 Expanding share in paper and paperboard wholesale business
- Maximizing profit by securing volume

2 Promoting and expanding the environment-related business
- Strengthening of initiative aimed at plastic-free demand

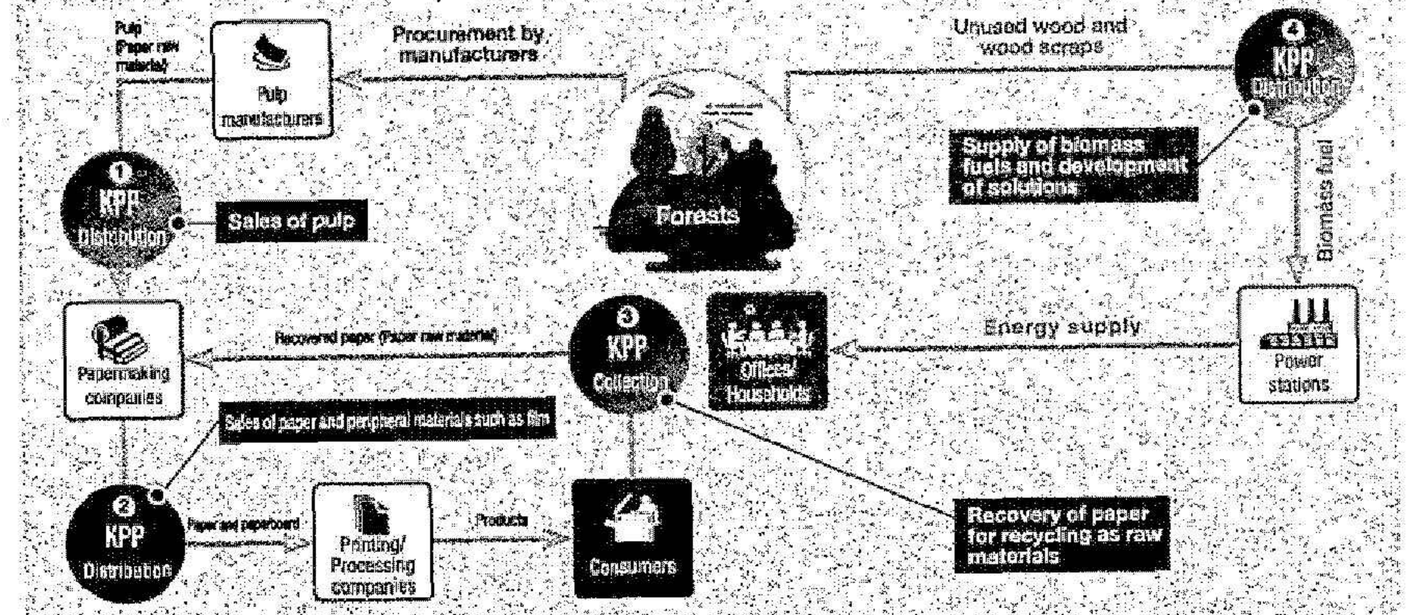
3 Expanding the totally recycling-oriented business
- Balancing of recovered paper business and product sales

4 Low-cost management through streamlining of operations
- Strengthening of earning power through reduction of expenses

Specific Initiatives

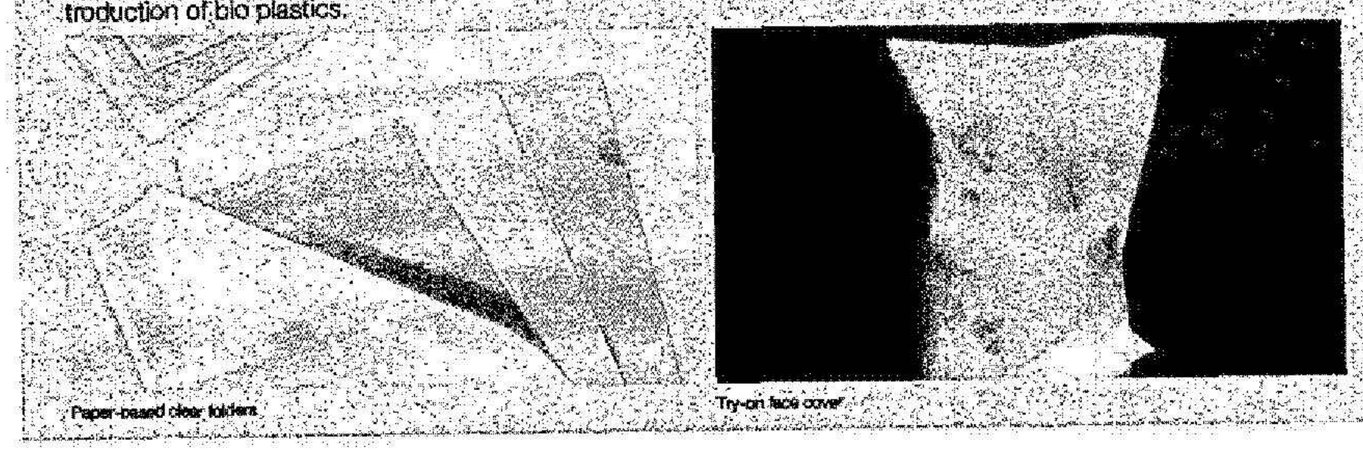
Promotion of a Totally Recycling-oriented Enterprise

We will support the realization and visualization of a resource recycling loop with the recycling-oriented business model through product sales and recovery of paper as a pillar of our management, thereby helping the environmental activities of customers and contributing to the realization of a sustainable recycling-oriented society.



Promoting and Expanding the Environmental Business

Centered on the cross-divisional Green Biz Project, we will work to develop and distribute alternative materials and products that consider various viewpoints such as promotion of paper solutions, reduction of plastic use, and introduction of bio plastics.

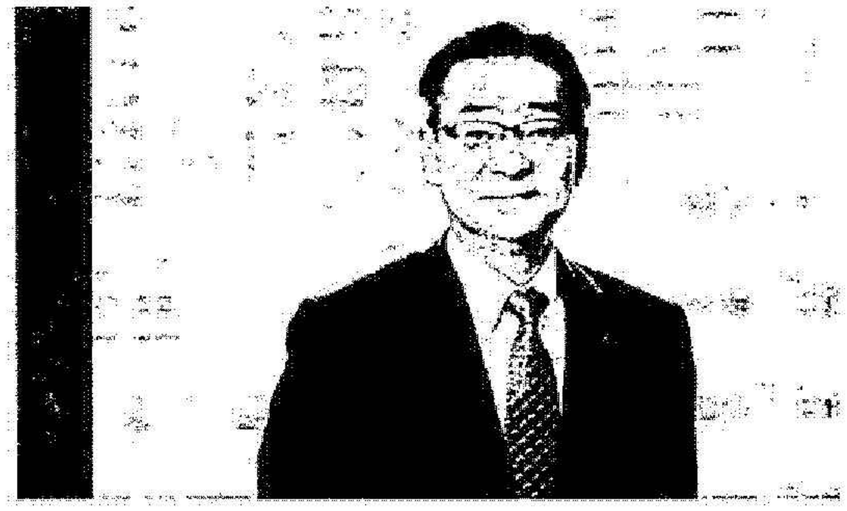


Paper-based clear folders

Try-on face cover

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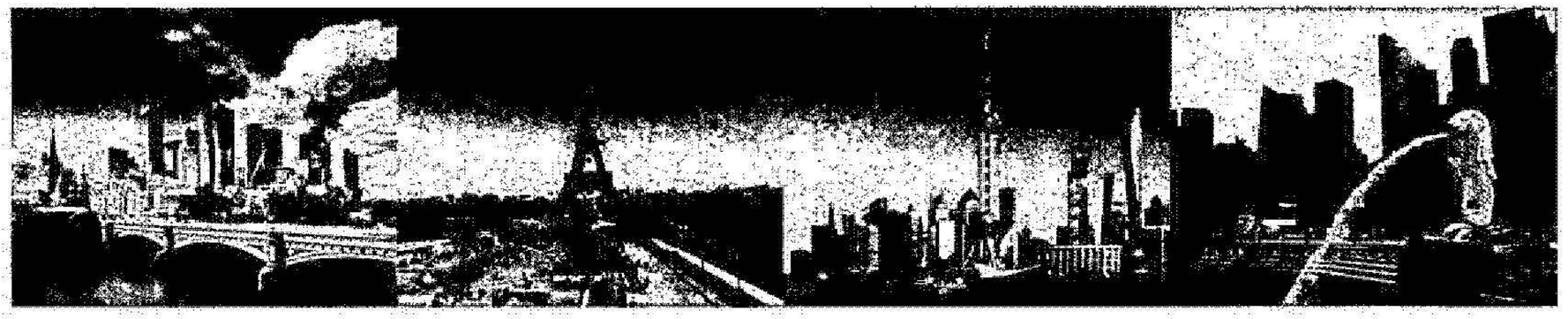
Kokusai Pulp & Paper — Overseas Business Strategy —



In the overseas wholesale business, as heightened environmental awareness and an increase in demand for packages have been seen worldwide, we will leverage our many years of experience and our overseas network while proceeding to shift our business model toward synergies with overseas subsidiaries and business between overseas locations. Furthermore, we have established a Shenzhen branch office in China to expand business in South China and will utilize this to drive business in the Chinese market.

Makoto Ikuta

Director of the Board
Managing Executive Officer
Head of the Global Business Headquarters



Business Strengths	Analysis of External Environment
● Sales network spanning over 60 countries ● Network of suppliers spanning from upstream to downstream	**Opportunities** ● Heightened demand related to the environment ● Heightened demand related to e-commerce (packaging) ● Heightened demand for paper in developing countries **Risks** ● Market changes ● Decline in demand for paper in developed countries due to the impact of COVID-19

The Future of the Overseas Business

In the overseas wholesale business, we will conduct business more globally due to Spicers and Antalis, a new member of the Group, making a full contribution to performance. Firstly, we will aim to further develop synergies with overseas subsidiaries such as deploying packaging solutions utilizing the know-how of Antalis, which boasts strength in the area of packaging, with a view to the global shift in demand for paper and paperboard to the area of packaging backed by the rapid expansion of the e-commerce market. Furthermore, as the trend of requiring companies to conduct environmentally friendly management expands globally backed by the UN resolution on SDGs, we are proceeding with initiatives to further deepen the creation of a recycling-oriented enterprise. Furthermore, we established a branch office in Shenzhen to increase business in the South China region, establishing an organization covering the entire coastal region driving China's economy from North China to South China. Until now, the overseas business of the KPP Group has mainly conducted trading business such as importing and exporting, but we will encourage business between overseas business locations and sales aimed downstream in an effort to further transform our business model.

Growth Strategies

1 Collaboration and synergy with overseas group companies
- Producing synergies by conducting business that suits the characteristics of the market

2 Business reorganization in China and ASEAN
- Expanding business to cover the entire coast including South China in addition to the five locations of Shanghai, Wuxi, Hangzhou, Beijing, and Jinan

3 Expanding market share through bolt-on M&A deals

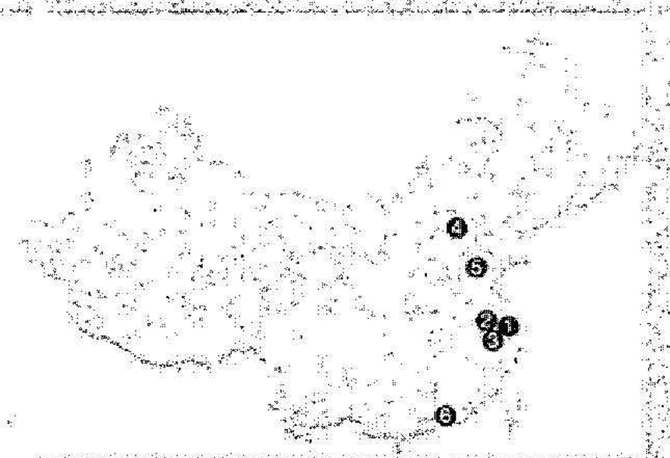
Specific Initiatives

Keishin Papers Trade (Shanghai) Co., Ltd. (Keishin Papers Trade), which conducts the Group's business in China, has conducted a paper distributor business deeply rooted in the area since last October and has steadily produced results by launching five locations in Shanghai, Wuxi, Hangzhou, Beijing, and Jinan. It launched a new location in Shenzhen this July. China is the world's largest market for paper and paperboard, and Keishin Papers Trade will aim to make further advancements as a key company in the overseas business of the KPP Group.

About Keishin Papers Trade

Company name Keishin Papers Trade (Shanghai) Co., LTD. Established 2010 Business lines Processing and sale of papers

Locations in China



1. Shanghai
Established in September 2020 (acquired as a subsidiary in May 2021). Mainly handles domestically produced coated paper, white card, printing paper, and PPC paper, mainly for the Shanghai market. Has a logistics center and a processing center.

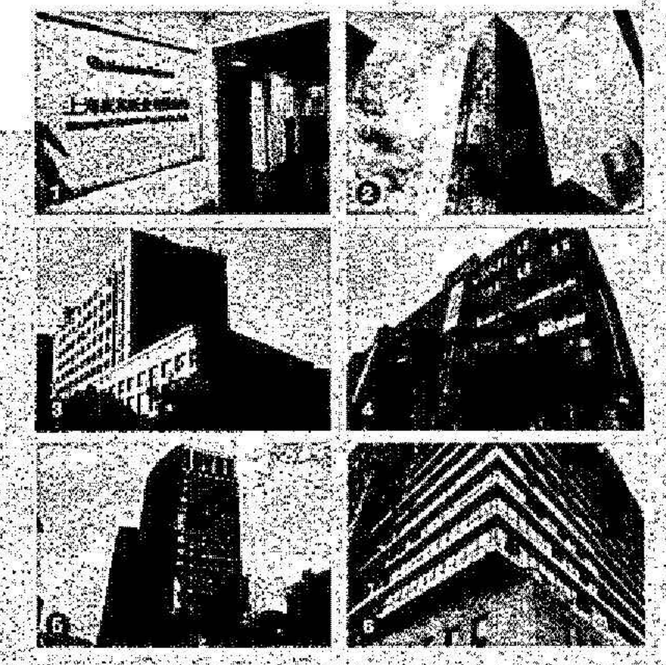
2. Wuxi
Established in September 2020. Mainly sells products for major paper manufacturers. Has expanded its sales network in Jiangsu Province and has built its own logistics and delivery system. It provides services such as warehouse storage, cutting, and delivery.

3. Hangzhou
Established in October 2020. Mainly sells paper for publication printing and paper for packaging (including packaging paper for food) to printing companies and paper product processing plants. Its main suppliers are major paper manufacturers.

4. Beijing
Established in November 2020. Handles various domestically produced products of major manufacturers. Its main market is Beijing and the surrounding region. Its main target is the high-end market such as publishers and magazine companies.

5. Jinan
Established in September 2020. Mainly sells white card and white paperboard. Its end users are the drug package printing plants of major pharmaceutical companies. Its strength is the ability to provide split delivery services in small lots.

6. Shenzhen
Established in July 2021. Mainly conducts sales activities targeting the South China market (Shenzhen, Dongguan, Huizhou, and Guangzhou). It handles products spanning from middle range to high end because there are many major exporters in the South China market.

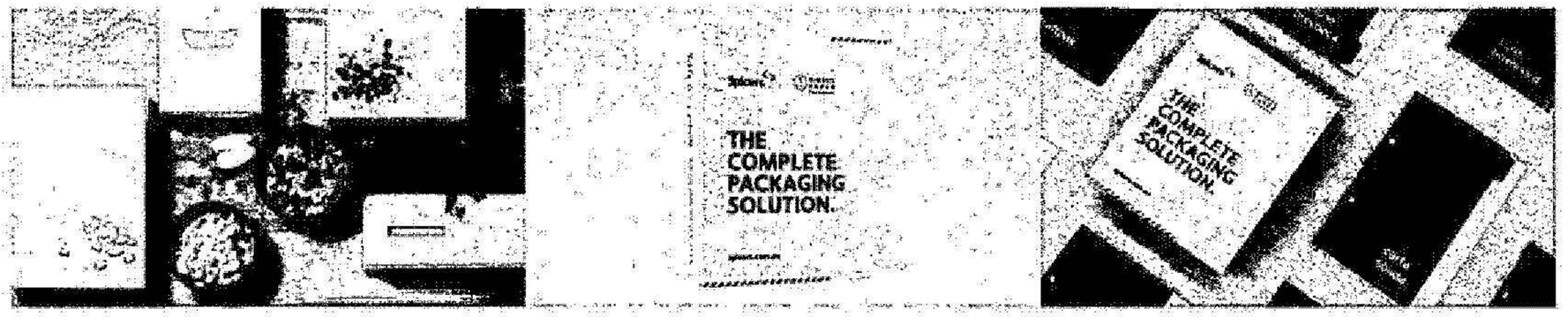




The organic growth of Spicers in the Asia-Pacific region is a result of the skill of the staff and the knowledge in various market segments where the company provides services. Through M&A, we will increase our adaptability in each region with a sense of speed to achieve the goals set for 2024. Our business is currently going through an exciting period, but we will secure returns for the KPP Group and provide further opportunities for growth to staff while giving consideration to efficiency.

David Martin

CEO, Spicers and KPP ASIA-PACIFIC



Business Strengths

- Our strength is our familiarity with eight major markets in the Asia-Pacific region. In order to enter into these areas, our staff needs to provide powerful support in collaboration with each region. We will continue to grow by collaborating with the aim of achieving these goals.

Analysis of External Environment

Opportunities

- I think many customers, regardless of country, want to grow their business in a new different direction. We are all searching for new customers, and the extensive range of products and deep knowledge we possess can support the growth of customers.

Risks

- The world has been significantly affected by COVID-19, but it is important that we learn to conduct business and find new opportunities. When the market undergoes significant change, we must act dynamically to fill the gaps in the market with new opportunities.

Future of the Business

It is always necessary to maintain a balance between cost and value in order to provide appropriate services to customers in all regions. To achieve a high level of organic growth, we must expand our share by launching new products, improving services, and conducting valuable acquisitions. We will constantly look toward available and environmentally sustainable resources.

In the Asia-Pacific region, we must expand the business and new customers that had previously been limited. Spicers, Antalis, and DaiEi have very broad customer bases, and we will expand with customers who show the highest growth rates through the most appropriate service model of distribution and trading. The KPP Group's profit is brought about by the talented personnel fostered by our company over many years to achieve individual goals. We think this is a great time for Spicers to be welcomed as a member into the KPP Group.

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Growth Strategies

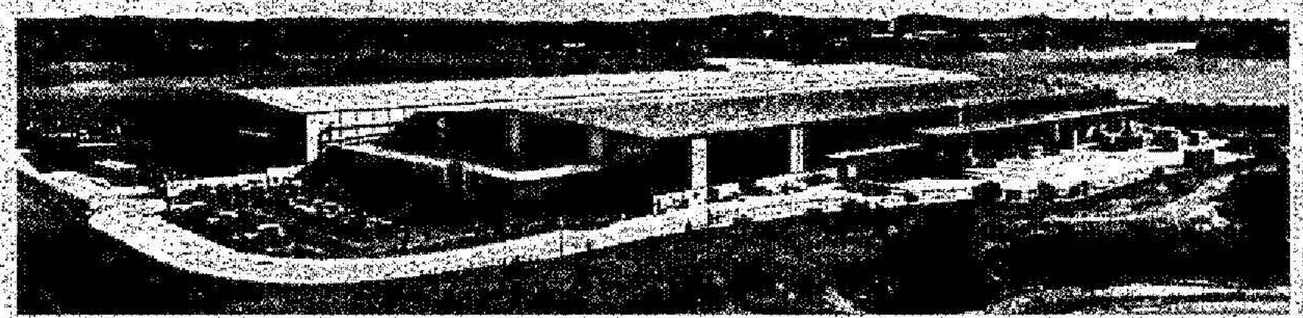
1. Expanding related areas in the Asia-Pacific region
2. Merger integration and team coordination
3. Efficient growth through digitization and automation
4. Human resources development

Specific Initiatives

Business in Australia and New Zealand has grown through successful M&As, and we have been able to acquire talented human resources. Cultural convergence is vital for both the staff and the business, and we are taking great strides forward toward the goal of growth with greater profit under the banner of a powerful brand. Recently, companies such as Direct Paper, Rojo Pacific, and Blueprint have partnered with Spicers to expand the business, and very talented personnel have provided vitality to the business. We will continue with this strategy and approach in the future, and expand into all regions.

Spicers DIRECT PAPER RojoPacific BLUEPRINT

The distribution and trading business made up of DaiEi and Antalis locations in Asia presents a significant growth opportunity for KPP AP. Members with different backgrounds achieve powerful collaboration in the same office, and are searching for new opportunities with the aim of obtaining market share in countries with great latent potential. In regions where organic growth is appealing, we will focus on obtaining a better position in areas where we have expertise. Like the Spicers business, KPP AP will invest in enhancing our position in the market. At the same time, organically providing new ideas from other regions to existing customers also has great potential. Our potential in this region is very high, and our strength is that we have a plan to provide greater value to existing customers and new customers.



Auckland Site of Spicers NZ

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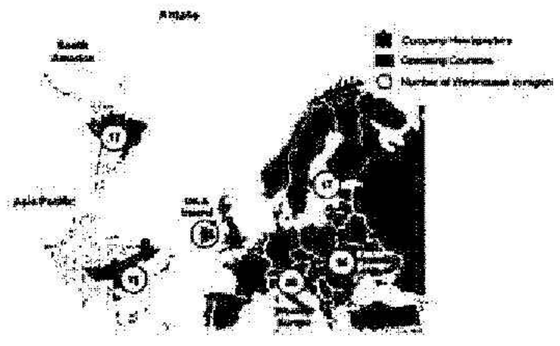
antalis
Just ask Antalis

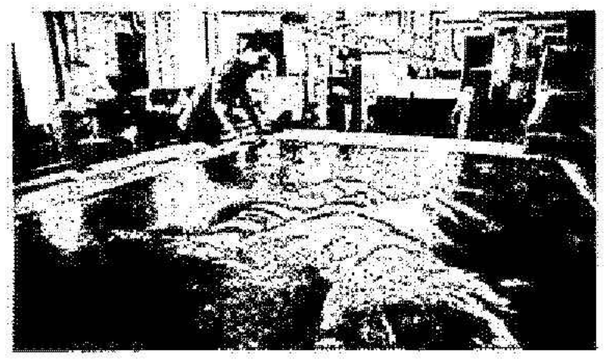


Faced with a global economy in an unpredictable and difficult situation, with the support of the KPP Group, Antalis will focus on three key businesses (paper, packaging, and visual communication) to produce high returns and aim to accelerate growth through the development of e-business. In order to achieve our ambitious goal, it is essential that we have a team with a high level of expertise and commitment, customer satisfaction, and a reliable supplier network.

Hervé Poncin
CEO, Antalis S.A.S.







Business Strengths

- Has recently received a high score of 8.5 out of 10 in a customer satisfaction survey
- Has secured a position as a market leader in paper distribution and the packaging and visual communication areas with high rates of profitability and growth
- Has reliable and innovative information system infrastructure
- The e-business at the front line of strategy is producing sales in excess of 300 million euros per year

Analysis of External Environment

Opportunities

- There is heightened interest in ESG and responsible products, and customer demand for recycled paper and textile-based packaging is increasing. Antalis has provided a new and powerful line-up to meet such demand.

Risks

- The rapid decrease in consumption of paper presents a risk that may affect the industry as a whole from paper manufacturers to retailers and also end users. Antalis is flexibly utilizing many resources and supply chains to mitigate this risk.

Future of the Business

The European and Latin American markets were seriously affected by the pandemic from 2020 to the beginning of 2021, and much integration took place amid an intensely competitive environment. However, with expectations for economic growth and the needle moving toward inflation, we think the market will gradually rebound as customer demand returns. Furthermore, the significant increase in remote working has led to new sales techniques, demand forecasting, and the introduction of various tools, and sales teams and marketing teams are now required to have new skillsets. ESG elements are important as criteria for customers to select products. Regardless of whether B2C or B2B, they have an impact on more environmentally friendly products, reduction of energy consumption in the supply chain, and consideration for society and governance.

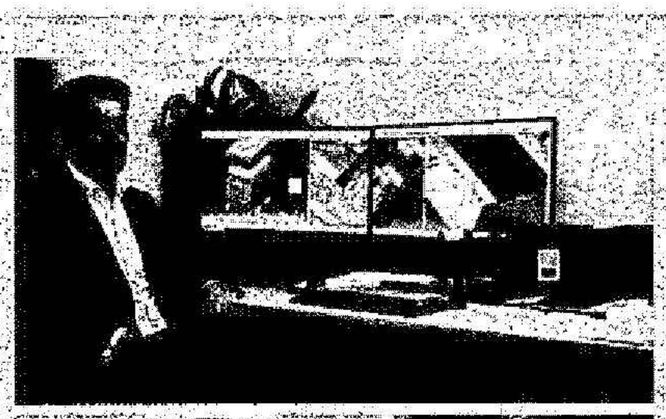
Under such circumstances, Antalis is implementing a strategy focused on the business development of the three areas of paper, packaging, and visual communication through the utilization of e-commerce. This will enable Antalis to leverage its presence in the entire European market for international customers, provide powerful products and services, and take highly profitable share from competitors. In Latin America, we are dealing with an increase in customers introducing packaging lines and the disposables required in association with these.

By deploying a powerful next-generation online store and CRM software tools in most countries, Antalis has obtained a vital competitive advantage in the growing digital world. Furthermore, Antalis has created an efficient supply chain utilizing a comprehensive network of warehouses and transportation, and customers expect these to provide "next-day delivery service." Antalis is establishing a system adequate for further growth through the support of the KPP Group and the funding made available by this. Furthermore, we are also considering future M&As for strengthening our presence particularly in the area of packaging.

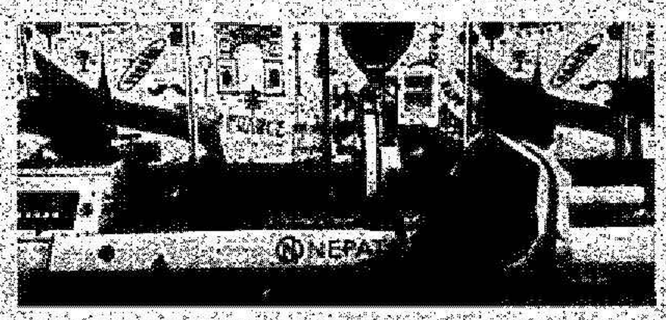
Growth Strategies

1 Disposables for packaging **2 Visual communication** **3 Services**
4 Sales via web shop **5 M&A**

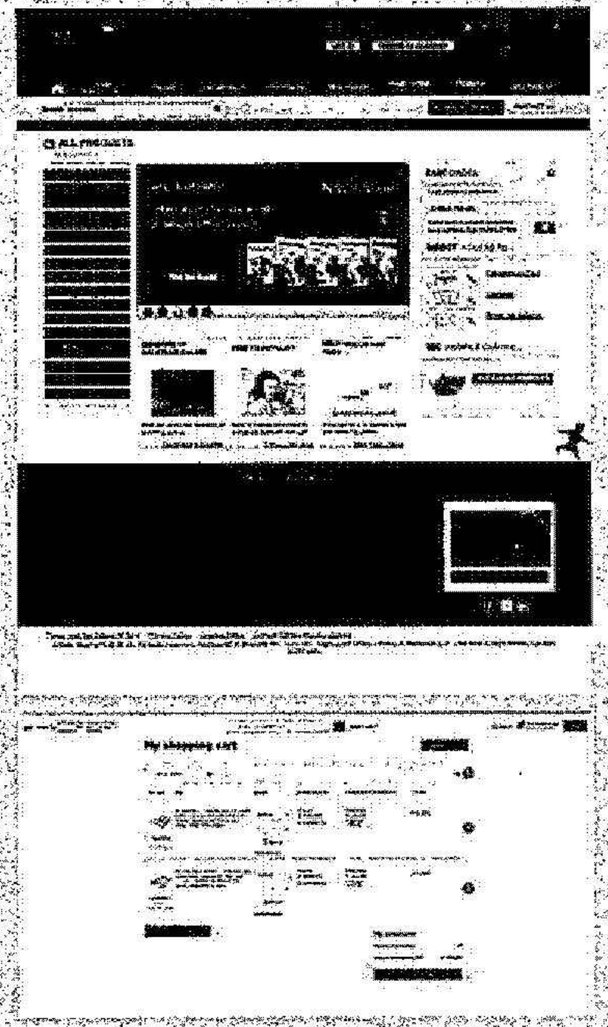
Specific Initiatives



⬆ In the custom package design center in Poland, we are introducing design expertise on custom packages with high added value for industrial customers.



⬆ The European CAD/CAM Conversion Center of Antalis GmbH providing services providing services to all of Europe



⬆ MI2 online shop: Antalis website

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Sustainability Framework

The KPP Group Way formed in three layers of the Management Philosophy, the Guidelines for Corporate Conduct, and the Management Vision includes many elements that underpin sustainability management such as sustainable growth, compliance with laws and regulations, and ESG. This fiscal year, we established the KPP Group Basic Policy on Sustainability, identifying material issues. The Group will continue to engage in the resolution of global sustainability issues by leveraging the KPP Group Way.

KPP Group Way



KPP Group Basic Policy on Sustainability

The KPP Group will contribute to the realization of a sustainable society through the operation of a totally recycling-oriented enterprise based on the basic philosophy of the KPP Group Way.

Furthermore, we perceive the environment, society, and governance to be important aspects of management and will engage in the resolution of material issues related to business activities.

Material Issues of the KPP Group

Global expansion
- Creation of Group synergies
- Internal communication

Response to DX
- Expansion of e-commerce
- Development of new systems

Implementation of green business
- Resolution of the marine plastic pollution problem
- Recycling and waste reduction

Climate change countermeasures
- Development of solutions to prevent global warming
- Reduction of CO_2 emissions

Diversity & inclusion
- Ensuring diversity
- Utilization of diverse personnel

Enhancement of governance
- Compliance
- Information security
- Risk management

Initiatives to Resolve Social Issues

Initiative	Related SDGs	Examples of Initiatives	
Creation of a recycling-oriented society		• Creation of a network for the collection and sale of recovered paper • ecomo Closed Recycle Service • Engagement in thermal recycling business	
Response to climate change		• Development and sale of BMecomo	P.32-33
Response to preservation of biodiversity		• Cosponsoring of the C. W. Nicol Afan Woodland Trust	
Response to the marine plastic pollution problem		• Promotion of Green Biz Project • Development and sale of Green Products • Joining in the Japan Clean Ocean Material Alliance (CLOMA) and Plastics Smart Forum	
Response to demand for packaging and visual communication		• Strengthening of businesses that transcend traditional paper, establishment of dedicated department • Coordination with overseas Group companies	P.36
Development of paper culture and book culture		• Publication of public relations magazine *TSUNAGU* and operating TSUNAGU GALLERY • Holding Japanese papermaking workshops	P.37
Support for the eradication of hunger		• Support for United Nations WFP • Provision of food for Second Harvest	—

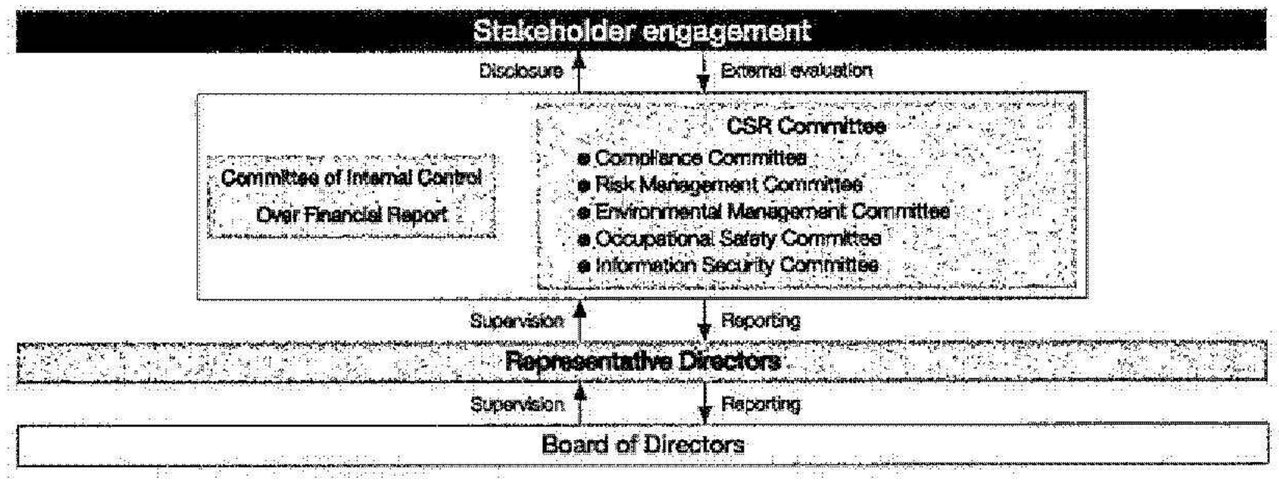
Initiatives to Strengthen Business Foundation

Initiative	Related SDGs	Examples of Initiatives	
Diversity & inclusion		• Improvement of work-life balance • Diversification of hiring practices • Promotion of women's career advancement	P.34
Development of an employee-friendly work environment		• Acquisition of childcare leave • Introduction of telework • Response to long work hours	P.34-35
Human resources development		• Fair evaluation • Personnel system • Education and training system	
Enhancement of corporate governance		• Company with an audit and supervisory committee • Increase of outside directors	P.42-47

Sustainability Management

The KPP Group has established the Basic Policy on Sustainability based on the KPP Group Way made up of the three layers of the Management Philosophy, the Guidelines for Corporate Conduct, and the Management Vision. We will contribute to the creation of a sustainable society and strive to enhance corporate value. We have set issues related to sustainability in the CSR Committee and its subcommittees, and are working to make ongoing improvements globally, including overseas Group companies.

Framework to Promote Sustainability



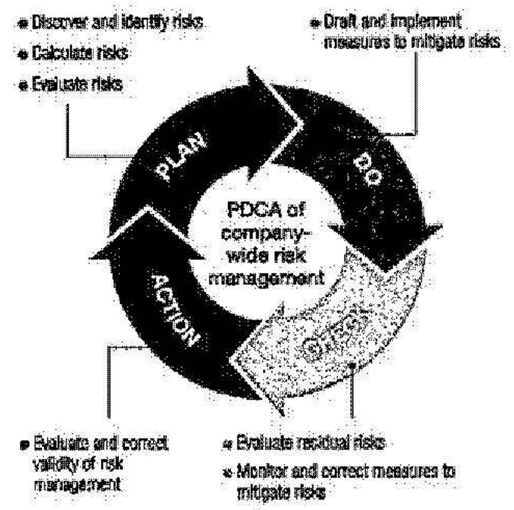
CSR Committee

Name of subcommittee	Task
Compliance Committee	• Raise compliance awareness among employees and provision of other educational activities throughout the Group
Risk Management Committee	• Monitor and improve risk identification, analysis, evaluation, and response • Evaluate and improve the company-wide BCP system
Environmental Management Committee	• Measures to address climate change • Evaluate and improve environmental management system
Occupational Safety Committee	• Manage occupational safety including at domestic subsidiaries and affiliates
Information Security Committee	• Enhance IT governance of the entire Group and take measures to mitigate IT risks • Conduct activities to increase employees' security awareness

Basic Policy and System on Risk Management

KPP has established the Risk Management Committee as a sub-organization of the CSR Committee pursuant to the Risk Management Regulations, and is making efforts to properly manage the various risks surrounding the business, thereby eliminating and mitigating profit constraints. When it is determined that there is a risk having a particularly significant impact on management, a response committee is established pursuant to the Risk Management Regulations to work toward to resolution of the crisis and take steps to prevent recurrences.

Since fiscal 2020, a risk map plotted along the two axes of frequency and impact has been updated for the entire company to strengthen the risk management system.



Stakeholder Engagement

Stakeholders	Examples of measures taken
All stakeholders	• Issuance of Integrated Reports, corporate brochures, and the *TSUNAGU* public relations magazines, and information dissemination through the corporate website
Customers	• Solving challenges through daily sales activities, conducting product briefings, offering samples, holding and participating in exhibitions, producing and distributing product catalogues, and selling paper and paper-related products through the Paper Mall e-commerce site
Suppliers	• Performing fair business transactions, strengthening collaboration through regular information exchange, holding business meetings, conducting plant tours, and actively disclosing information
Community and environment	• Holding community events, holding workshops on paper culture, making donations upon the occurrence of disasters, acquiring ISO 14001 certification, acquiring forest certification (CoC certification), sponsoring forest conservation activities, and supporting the World Food Programme (WFP)
Employees	• Distributing messages from top management, offering various human resources development programs, providing health counselling sessions by occupational physicians, implementing and analyzing stress checks, issuing Group and internal newsletters, providing a whistleblowing system, and conducting employee satisfaction surveys
Shareholders and investors	• Disclosing materials for General Shareholders' Meetings and financial results briefings, issuing annual reports and interim reports, disseminating and disclosing information on the corporate website in a timely manner

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Environmental Initiatives

Management Approach

The KPP Group is implementing a totally recycling-oriented business model with the aim of realizing a sustainable society. We are also striving to develop and distribute products that will help solve the marine plastic pollution problem. The KPP Group sets goals based on external challenges such as climate change and marine pollution, applies the PDCA cycle using the environmental management system, and works to reduce the impact on the environment.

> Please see the Company's website for further information on our environmental philosophy and environmental policy.
https://www.kppc.co.jp/en/csr/action/PhilosophyPolicy.html

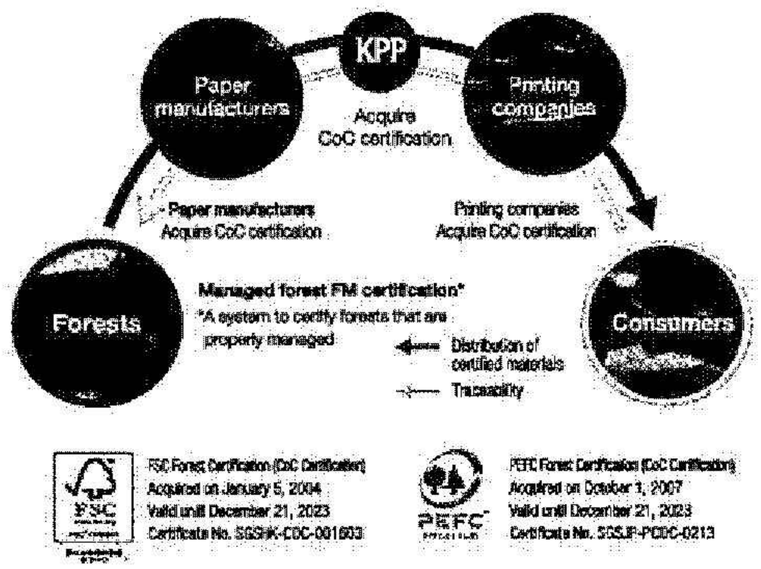
Maintaining and Managing ISO 14001 Certification

We have constructed an environmental management system (EMS) in accordance with international standard ISO 14001 in order to fulfill its duty of compliance with environment-related laws and regulations and improve the performance of the Group's business activities. We routinely evaluate our business and environmental activity results, establish environmental targets that incorporate aspects such as SDGs and ESG, and continue efforts to achieve them.

- Acquired on June 28, 2002 ● Valid until June 28, 2023 ● Registration number: JP18/071544 ● 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

Maintaining and Managing Forest Certification (CoC Certification)

Along with increasing environmental awareness comes greater demand for forest-certified paper produced from properly managed forests. 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 from the Forest Stewardship Council® (FSC) and the Programme for the Endorsement of Forest Certification (PEFC) the Chain-of-Custody (CoC) certifications which certify that we identify and separately manage forest-certified paper from other paper during the processing and distribution stages.



FSC Forest Certification (CoC Certification)
Acquired on January 5, 2004
Valid until December 21, 2023
Certificate No. SGSHK-COC-001603

PEFC Forest Certification (CoC Certification)
Acquired on October 1, 2007
Valid until December 21, 2023
Certificate No. SGSJP-PCOC-0213

Initiatives to Resolve Social Issues

Creation of a Recycling-oriented Society

■ Material Recycling

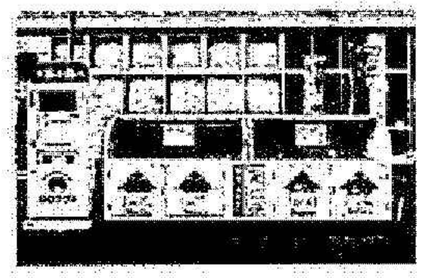
Paper that has been consumed as a variety of products such as newspapers, magazines, and copying paper is recovered and reborn as paper. The utilization of recovered paper not only saves precious forest resources, but also leads to the reduction of waste. Recycling of paper is indispensable for reducing the environmental burden.

Operation of domestic paper recovery network, RISANET

We recover paper through a nationwide network and supply the recovered paper to paper manufacturers as recycled material. The volume is in the top class in Japan.

Proprietary paper recovery solution ecomo

Town ecomo is a system for recovering paper from households and recycling them. Dedicated collection boxes are installed at supermarkets, retail stores, and other locations to collect recovered paper brought into the locations. Some stores grant points that can be used for shopping according to the weight of paper recovered in a system where customers can be expected to continue visiting stores. The ecomo Closed Recycle Service analyzes the customer's business content, business format, needs, and requirements, and develops a tailor-made recycling scheme that is sustainable, rational, and feasible.



■ Thermal Recycling (Biomass Power Generation)

Biomass power generation has become recognized as a method of generating electricity from renewable energy. The collection and use of thermal energy generated when wood scraps and unused wood are incinerated rather than simply incinerating them is called thermal recycling.

Development and provision of BM ecomo biomass power plant operation support system

We have developed an operation support system utilizing IoT technology for biomass power plants, and have begun providing it after conducting a demo test from October 2019. We help the biomass power plant to maximize its profitability by utilizing advanced technologies and fully visualizing its operations.



Supply of fuel for biomass power plants

We have built a network for the collection of unused wood and thinned wood, and supply this for biomass power plants.

Response to Climate Change

Activities to Conserve Forests

Plants absorb carbon dioxide and emit oxygen through photosynthesis, playing a significant role in the prevention of global warming. The pulp and paper industry contributes to the creation of a sustainable society through the forest circulation, the paper circulation, and the energy circulation. The KPP Group has begun efforts aimed at announcing its support for the TCFD recommendations, and is preparing a project for the announcement next year.

Cosponsoring of the C. W. Nicol Afan Woodland Trust



We began supporting the C. W. Nicol Afan Woodland Trust in 2015 in support of Mr. Nicol's desire to bring back the beautiful natural environment inherent to Japan. After moving to Japan, he purchased a dilapidated forest in Kurohime, Nagano, and continued to work on it for over 30 years, rejuvenating it into a forest with abundant biodiversity. Mr. Nicol passed away last year at the age of 79, but he was aiming to create a future a century from now. Cherishing Mr. Nicol's desire to spread nature with abundant biodiversity throughout Japan, we will continue to support the C. W. Nicol Afan Woodland Trust and promote environmental management for the realization of a sustainable society.

Response to the Marine Plastic Waste Problem

Promotion of 3R+Renewable

We are promoting the recycling of plastic resources according to the basic principle of "3R+Renewable" made up of reduce, reuse, recycle, and renewable in order to address the marine plastic waste problem.

Promotion of Green Biz Project

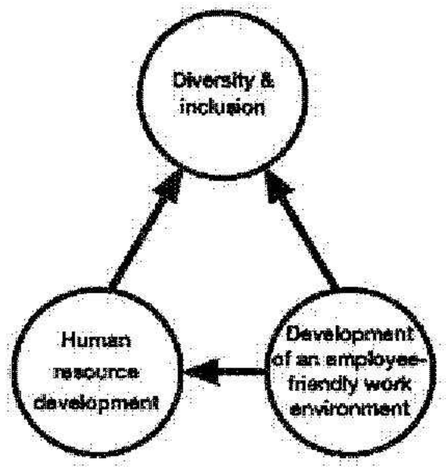
We have launched the cross-divisional Green Biz Project within the Company to resolve the marine plastic pollution problem, and are actively exchanging opinions from various perspectives. We are promoting the development and distribution of new products and materials and the creation of new business models based on the 3R+Renewable concept. The project's achievements are growing including the adoption and market launch of products jointly developed with users, and we will expand its activities by making full use of the KPP Group's sales, procurement, and processing networks.

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Human Resources Initiatives

Management Approach

KPP considers that employees are the most important asset of a trading company and that an environment which lets them fully unleash their potential provides the very foundation for sustainable growth. The Human Resources Committee comprising our top executives investigates, proposes, and makes decisions on matters related to our organization and human resources in order to develop transparent hiring and performance evaluation systems. Further, the Occupational Safety Committee focuses on improving the workplace environment based on the Guidelines for Corporate Conduct to enable all our employees to work safely with peace of mind. Furthermore, we conduct employee satisfaction surveys and publish the survey results for employees to increase employees' motivation, moral, and skills and be utilized for establishing an environment in which they can fulfill their potential.



Topics
Penetration of management philosophy/Engagement/Workplace environment/communication/personnel system/compensation/benefits/education and training, etc.

Promoting Diversity

Under its Diversity Promotion Policies, KPP respects the gender, age, nationality, race, ethnicity, religion, and social status of each employee, and has established a system that enables all employees to play active roles in their workplaces.

Diversity Promotion Policies

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.

Promotion of Diversity
We will offer opportunities to all employees, irrespective of gender, age, position, disability, and nationality, for ability development through which they can proactively take on challenges so that we can build a work environment that allows all employees to fully exert their skills and abilities.

Diversification of Hiring Practices
We will continue our initiatives for promoting female employees to executive positions and securing ready-to-work personnel thorough hiring foreign students as well as mid-career candidates to further diversify human resources in an effort to improve the value of our Company as a global corporation.

The percentage of employees with disabilities is above the mandatory rate of 2.3%.
We will continue to establish an employment environment and jobs in an effort to promote their employment.

FY2020 Persons with disabilities employed 2.80%

Plan of Action for Promoting Women's Career Advancement
Plan period: From April 1, 2019 to March 31, 2022
The Company's task: Because of the low percentage of women on the main career track, there is a low percentage of women in managerial positions.

Target 1	Maintain the ratio of new female graduates hired for the main career track at 20% or more.
Target 2	Increase the ratio of women on the main career track to over 11%.
Initiative 1	Showcase the Company widely to job-seeking students using videos and websites developed for them.
Initiative 2	Prevent mismatch by having candidates understand the details of our Company's businesses and operations at briefings and interviews.
Initiative 3	Promote the use of the career-track change system.
Initiative 4	Interview female employees on the main career track to allow them to share their career development visions with the Company.

We are currently working on the provision of a workplace environment where women play active roles by raising the number of women on the main career track and in managerial positions, regardless of type of employment or hiring format.

FY2020 Ratio of women in managerial positions 2.60%

FY2020 Ratio of new female graduates hired for the main career track 22.0%

Development of an Employee-Friendly Work Environment

First Instances of Acquisition of Childcare Leave by Male Employees
We offer programs that allow our employees to choose different work styles that suit their individual circumstances and needs, including those for leave of absence and shorter working hours for childcare or nursing care. In August 2020, a male employee took childcare leave for the first time at KPP, and two others later took such leave in December. We are currently encouraging male employees to take childcare leave and participate in childcare through efforts centered on reaching out to employees who have provided notification of their spouse being pregnant or giving birth.

Introduction of Telework
KPP has established the necessary infrastructure and introduced telework in response to the recent COVID-19 pandemic. Although this was initially an emergency measure, we established detailed rules on the implementation of telework in January 2021 for the purpose of business continuity in the event of potential future emergencies and work-style reform, and are encouraging all employees to adopt telework.

We also conducted telework training for people in managerial positions on the necessity for telework, in addition to management and utilization of online communication while teleworking.



Response to Long Working Hours
It is necessary to deal with long working hours (overtime) from the perspective of improving productivity and health management. KPP is tracking overtime including that of personnel in managerial positions, making improvements for appropriate time management through reporting, and strengthening meetings with industrial physicians to avoid the risk of health problems occurring.

Furthermore, we are improving and streamlining operations by introducing mobile PCs and new groupware and creating workflows for existing operations through a business improvement project being implemented by the IT Division.

Health Management
We offer annual health checkups for all employees so that they can continue working in good mental and physical conditions. For employees who are 30 years old and above, we offer health checkups for lifestyle-related diseases and offer advice on healthcare based on their test results. At the head office, industrial physicians conduct individual interviews with employees about their health status twice a month under a system to prevent issues before they occur.

We will continue to consider work styles suitable for child care, nursing care, and the new normal, and strive to develop an environment in which employees can continue to work without worries while striking a good work-life balance.

General Employers Action Plan
Plan period: From April 1, 2020 to March 31, 2023
Details of the Plan:

Target 1	Carry out awareness-raising activities and education for realizing work-life balance for each employee
Target 2	Develop an environment where employees can embrace diverse work styles and fully demonstrate their abilities
Target 3	Promote work-style reform to maintain and improve organizational productivity

FY2020 Ratio of employees who return to work after taking childcare leave 100%

Ratio of employees who returned to work after using childcare shortened work-hour system 100% (Used by a total of 19 people in fiscal 2020)

Measures to Prevent the Spread of COVID-19

Establishment of a COVID-19 Response Headquarters
The following steps are being taken to prevent infection.
- Handwashing, gargling, wearing masks, ensuring social distancing, hand sanitizer, installation of acrylic panels and thermography, staggered working hours, implementation of health checks, reduction of attendance through working from home, reviewing behavior standards as needed according to declarations of a state of emergency or issuance of priority measures to prevent the spread of the disease

Responses to Infected Employees and Their Family Members, and People Suspected of Infection
- Implementation of the necessary work such as coordination with the relevant public health center to investigate the route of infection, confirmation of close contacts with the infected employees, disinfection of the floors used and other relevant locations

Human Resource Development

Fair Evaluation and Personnel Systems
We believe that it is important to build a system which encourages all employees to work with motivation and allows them to contribute to the sustainable development of the Company, and have introduced a system to fairly evaluate employees who have produced results by utilizing their abilities and skills. To boost employees' motivation while transforming their awareness and actions, the system provides them with accurate feedback to increase transparency, fairness, and satisfaction of evaluation and offers opportunities not only for the pursuit of results but also improvement in both abilities and corporate activities.

Education and Training System for Human Resource Development
We have introduced e-learning programs to support employees' self-development to maximize individual capability and draw out the ability to flexibly respond to new business environments. Personnel development starts with new employee training and encourages employees' autonomous growth through education corresponding to each step such as on-the-job training in the frontline and training by rank. We also encourage employees to participate in training for improving their specialized skills.

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Social Initiatives

Basic Approach

The KPP Group proactively engages in local community-based activities to fulfill its role as a good corporate citizen. Based on the Group's Guidelines for Corporate Conduct, we will strive to return profit to society through our corporate activities and widely contribute to the development of community and society.

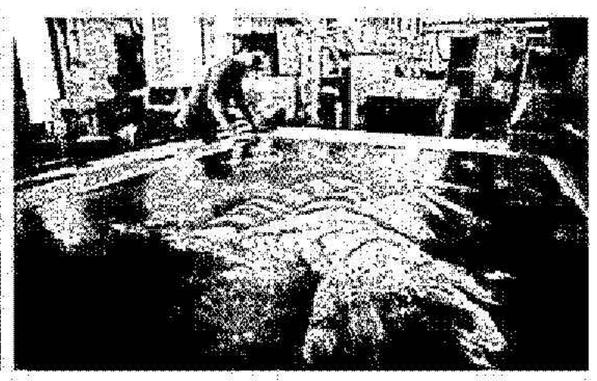
Item	Activities	Expected Impact
Protect environment	● Cosponsoring activities of the C. W. Nicol Afan Woodland Trust	● Forest and river restoration, protection of ecosystem
	● Participation in a Rooftop Greening Project in Ginza	● Contribution to urban greening
Promote sports	● Cosponsoring activities of the Japan Rugby Football Union	● Contribution to the development of a healthy and vibrant society through promoting sports
Develop human resources	● Exchange with local children	● Creation of opportunities for children to learn and experience
	● Papermaking class at Miyanomori Elementary School, Higashi-Matsushima City	
Culture, art, tradition	● Publication of public relations magazine *TSUNAGU* TSUNAGU GALLERY exhibition	● Understanding and handing down of culture, art, and tradition primarily related to paper
Support disaster recovery	● Donations for natural disasters	● Restoration and reconstruction of local communities
	● Announcement of providing company buildings as a local evacuation site in the event of an emergency	● Contribution to the lives of local residents
Provide food assistance	● Support for United Nations WFP activities	● Eradication of hunger
	● Donation of disaster food stock to the Second Harvest food bank	● Reduction of food loss ● Food assistance

Initiatives to Resolve Social Issues

Response to Demand for Packaging and Visual Communication

Since the listing of the Company, the KPP Group has implemented an inorganic strategy, and acquired companies with strengths in the packaging business and the visual communication business, such as Spicers and Antalis. Antalis serves the world's leading brand owners, and has six design centers in Germany, the United Kingdom, Poland, and the Netherlands. In Japan, we have newly established the Advanced Business Development Division, and also established the Visual Communications Section and Packaging Solutions Section to encourage businesses that transcend traditional paper and coordination with overseas Group companies.

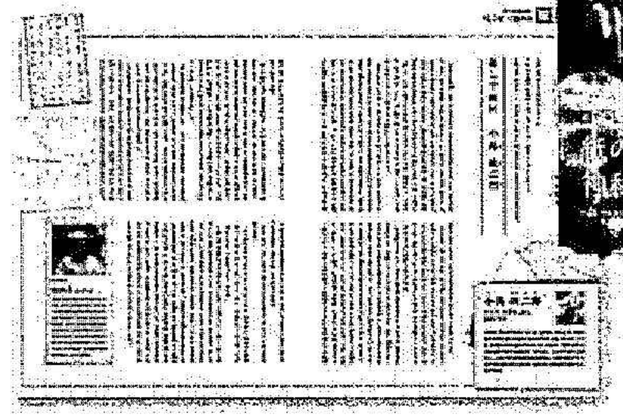




Promotion of Paper Culture and Book Culture

Publication of Public Relations Magazine *TSUNAGU* and Exhibition of Works of Art in TSUNAGU GALLERY

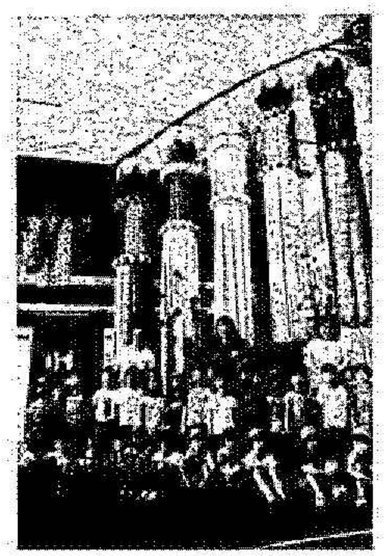
TSUNAGU (a Japanese word meaning connect) is a public relations magazine that connects paper with culture, paper with business, and paper with people based on the theme of rediscovering the appeal of paper. In the series "Letters Speak" that is in its seventh year, essayist Tomone Uemura writes about the merits of handwriting while introducing letters from prominent people that he has on hand. We have established TSUNAGU GALLERY on the entrance of the first floor of the head office, and provide opportunities to actually see artists' works of art and paper products covered in the public relations magazine.





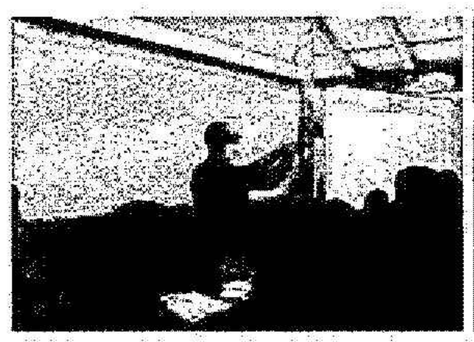
Interaction with Local children

Every year, KPP subsidiary Narumiya Kami-shoji Co., Ltd., which is involved in Sendai's Tanabata festival, displays Tanabata decorations at the entrance of our head office as an opportunity for local residents to actually see its activities. Children of the Pocket Land Akashi Nursery School and the Akashi Kindergarten near our head office visited and enjoyed viewing the Tanabata bamboo decorations, heard a talk on Tanabata, and wrote their wishes on the *tanzaku* papers and tied them to the bamboo trees. During Halloween, children dressed in costumes visit our head office and are given candy by our employees. Such interaction has been suspended due to the impact of COVID -19, but we will continue to provide local children with opportunities to come in contact with tradition and culture.

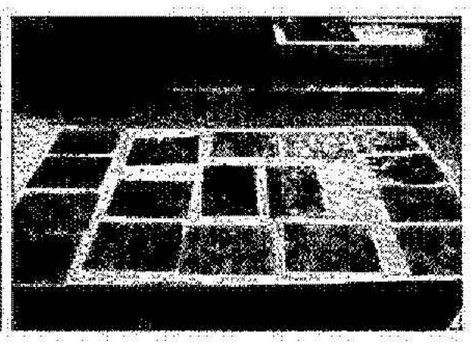


Papermaking Class at Miyanomori Elementary School, Higashi-Matsushima City

The Group endorses the Great East Japan Earthquake reconstruction project promoted by the C. W. Nicol Afan Woodland Trust. As part of this, we support the cultivation and harvesting of raw materials for Japanese paper and Japanese papermaking lessons at the Miyanomori Elementary School, Higashi-Matsushima City. We invited Mr. Rogier Uitenboogaart, an artist of Japanese handmade paper with a close relationship with our public relations magazine *TSUNAGU* and TSUNAGU GALLERY, as a lecturer. The students collected *kozo* (paper mulberry) and *mitsumata* (Oriental paper bush) planted in the forest at the back of the school building and made Japanese paper using them as raw materials along with local plants and seaweed. Through the experience of making Japanese paper, students learned about traditional Japanese culture and the environment in Higashi-Matsushima where they live.







Members of Directors of the Board



Haruyoshi Asada

Director of the Board
Managing Executive Officer
Head of Corporate Administration Headquarters

2020 Director of the Board
Managing Executive Officer (to present)

Makoto Ikuta

Director of the Board
Managing Executive Officer
Head of the Global Business Headquarters

2017 Director of the Board
Senior Executive Officer
2018 Director of the Board
Managing Executive Officer (to present)

Toshiro Kobayashi

Outside Director of the Board
Audit and Supervisory Committee Member

2010 Establishes and becomes Member of Toshiro Kobayashi Certified Public Accountant Office (to present)
2015 Outside Director of the Board Audit and Supervisory Committee Member of the Company (to present)

Mina Ito

Outside Director of the Board
Audit and Supervisory Committee Member

2020 Special Advisor, Baker & McKenzie (to present)
2020 Establishes and becomes CEO of ZENMONDO Co., Ltd. (to present)
2020 Corporate Auditor, C'BON COSMETICS Co.,Ltd. (to present)
2021 Outside Director of the Board Audit and Supervisory Committee Member of the Company (to present)

Kazuyuki Takiguchi

Director of the Board
Audit and Supervisory Committee Member

2021 Director of the Board
Audit and Supervisory Committee Member (to present)

Masatoshi Ikeda

Director of the Board
Managing Executive Officer
Head of the National Sales Headquarters

2020 Director of the Board
Managing Executive Officer (to present)

Madoka Tanabe

Director of the Board
Chairman & Chief Executive Officer

2013 President & Chief Executive Officer
2015 Director of the Board
President & Chief Executive Officer
2020 Director of the Board
Chairman & Chief Executive Officer (to present)

Tadashi Kurihara

Director of the Board
President & Executive Officer

2016 Director of the Board
Managing Executive Officer
2017 Director of the Board
Senior Managing Executive Officer
2020 Director of the Board
President & Executive Officer (to present)

Mari Sagiya

Outside Director of the Board

2019 Outside Director of the Board
Audit and Supervisory Committee Member (to present)

Tatsushi Yano

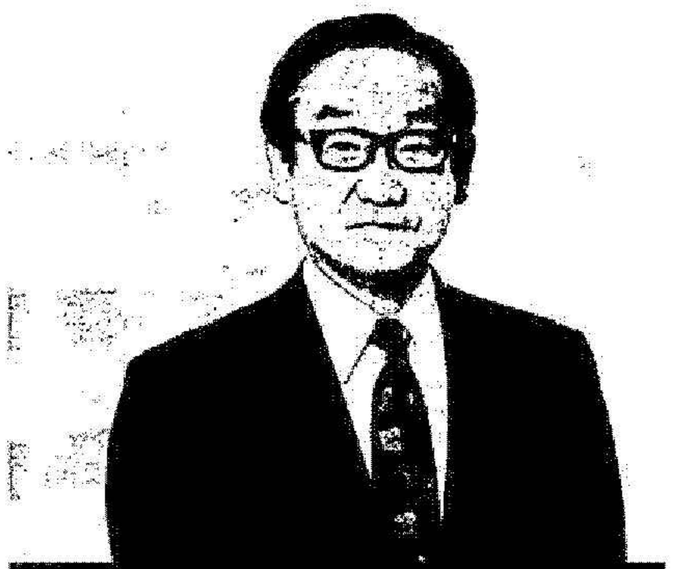
Outside Director of the Board

2019 Outside Director of the Board of the Company (to present)
2019 Outside Director
MAMI, INC. (to present)

(As of June 30, 2021)

Messages from Outside Directors

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



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

October 1977	Joined Tetsuzo Ota & Co.
April 1982	Registered as Certified Public Accountant
July 1991	Joined Maruyama & Kobayashi Tax Accounting Office
August 1991	Registered as Certified Tax Accountant
June 2005	Outside Corporate Auditor of the Company
January 2010	Established and became Member of Toshiro Kobayashi Certified Public Accountant Office (to present)
June 2015	Outside Director of the Board and Audit and Supervisory Committee Member of the Company (to present)

(As of June 30, 2021)



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

June 1998	Joined Baker & McKenzie
January 2004	Partner, Baker & McKenzie
January 2020	Special Advisor, Baker & McKenzie (to present)
May 2020	Established and became CEO of ZENMONDO Co., Ltd. (to present)
June 2020	Corporate Auditor, C'BON COSMETICS Co.,Ltd. (to present)
June 2021	Outside Director of the Board and Audit and Supervisory Committee Member of the Company (to present)

(As of June 30, 2021)

In the 147th fiscal year that could only be described as tumultuous, the KPP was able to obtain a global business foundation as a paper trading company as a result of successfully acquiring Antalis, and, albeit with great sacrifice, freeing itself from the China business reliant on the Samson Group to create its own sales offices.

It is my view that the key management issues faced by the Group are solidifying its global business foundation, building a management structure capable of providing Group synergies, and rebuilding the growth strategy of KPP itself in the contracting paper market.

As an Audit and Supervisory Committee Member, I would like to closely share information with the auditing firm and the internal audit department and pay particular attention to risk management (financial risks).

I joined the management and employees of the KPP Group as an Outside Director of the Board and Audit and Supervisory Committee Member in 2021. Something I have noticed with my fresh perspective shortly after being appointed is that KPP is an appealing company that has both a long history spanning back to being founded in the Taisho Period, and also an image of boldly facing challenges such as being listed and acquiring Spicers and Antalis in recent years. I think this balance of tradition and innovation may be the secret to contributing to society as an excellent company over the next hundred years.

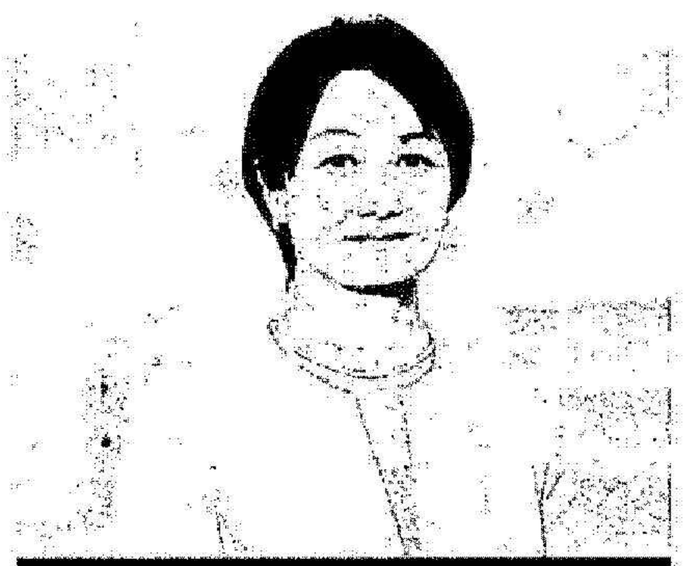
As an Outside Director of the Board and Audit and Supervisory Committee Member serving as both a director and a corporate auditor, I will aim for not only routine compliance, but living and breathing governance and management that is deeply rooted in the workplace. I would like to play a role in making everyone's story by asking why, with questions such as "What is the purpose of the Company?" "What message will be sent to society?" and "Why is each employee doing this work?"



Tatsushi Yano
Outside Director of the Board

April 1974	Joined Toman Corporation
June 2003	Executive Officer, General Manager of North America, Toman 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 30, 2021)



Mari Sagiya
Outside Director of the Board

April 1985	Joined IBM Japan, Ltd.
July 2002	Director, IBM Japan, Ltd.
July 2005	Executive Officer, IBM Japan, Ltd.
July 2014	Retired from IBM Japan, Ltd.
July 2014	Managing Executive Officer, SAP Japan Co., Ltd.
December 2015	Retired from SAP Japan Co., Ltd.
January 2016	Managing Executive Officer, Salesforce.com, Inc.
June 2019	Outside Director, IBJ Leasing Company, Limited (currently, Mizuho Leasing Co., Ltd.) (to present)
June 2019	Outside Director of the Board of the Company (to present)
August 2019	Retired as Managing Executive Officer, Salesforce.com, Inc.
March 2020	Outside Director, MonotaRO Co., Ltd. (to present)
June 2021	Outside Director, JBCC Holdings Inc. (to present)

(As of June 30, 2021)

I have served as Outside Director since June 2019. Over these two years, KPP has quickly steered toward inorganic growth with the acquisition of Spicers and Antalis, accelerating global expansion. Meanwhile, we have also been busy dealing with a variety of issues such as the occurrence of bad debt associated with the failure of the Samson Group in Hong Kong and China, and incorporating the business covered by Samson into Keishin Papers Trade in China. The overseas business has reached the same scale as that of the original domestic business, making global governance the most important issue. At the same time, it is also vital to strengthen internal control including that abroad to minimize risk. Furthermore, in order to aim for the Prime Market, we must strengthen governance, ensure transparency through the voluntary Nomination Committee and Compensation Committee, and take initiatives aimed at sustainability. To address these issues, I will utilize my past business management experience in a trading company and a manufacturer to not only engage in supervising business execution but also thinking and discussing these management issues together as an outside director to contribute to the KPP Group's sustainable growth and thus improve its corporate value.

With the completion for the acquisitions of Spicers in Australia and Antalis in Europe, the employees and business portfolio of the KPP Group have changed significantly. I am certain we can take this opportunity for Group companies to introduce each other's best practices and learn from each other to find many hints for future business growth. This must be premised upon further fostering of a corporate culture that emphasizes diversity and inclusion.

The Nomination Committee has begun working. As digitization and DX progress, and competition intensifies, we will assume that the experience and skills required of the management team are not the same as in the past, and proceed to discuss this as an important matter for consideration.

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Corporate Governance

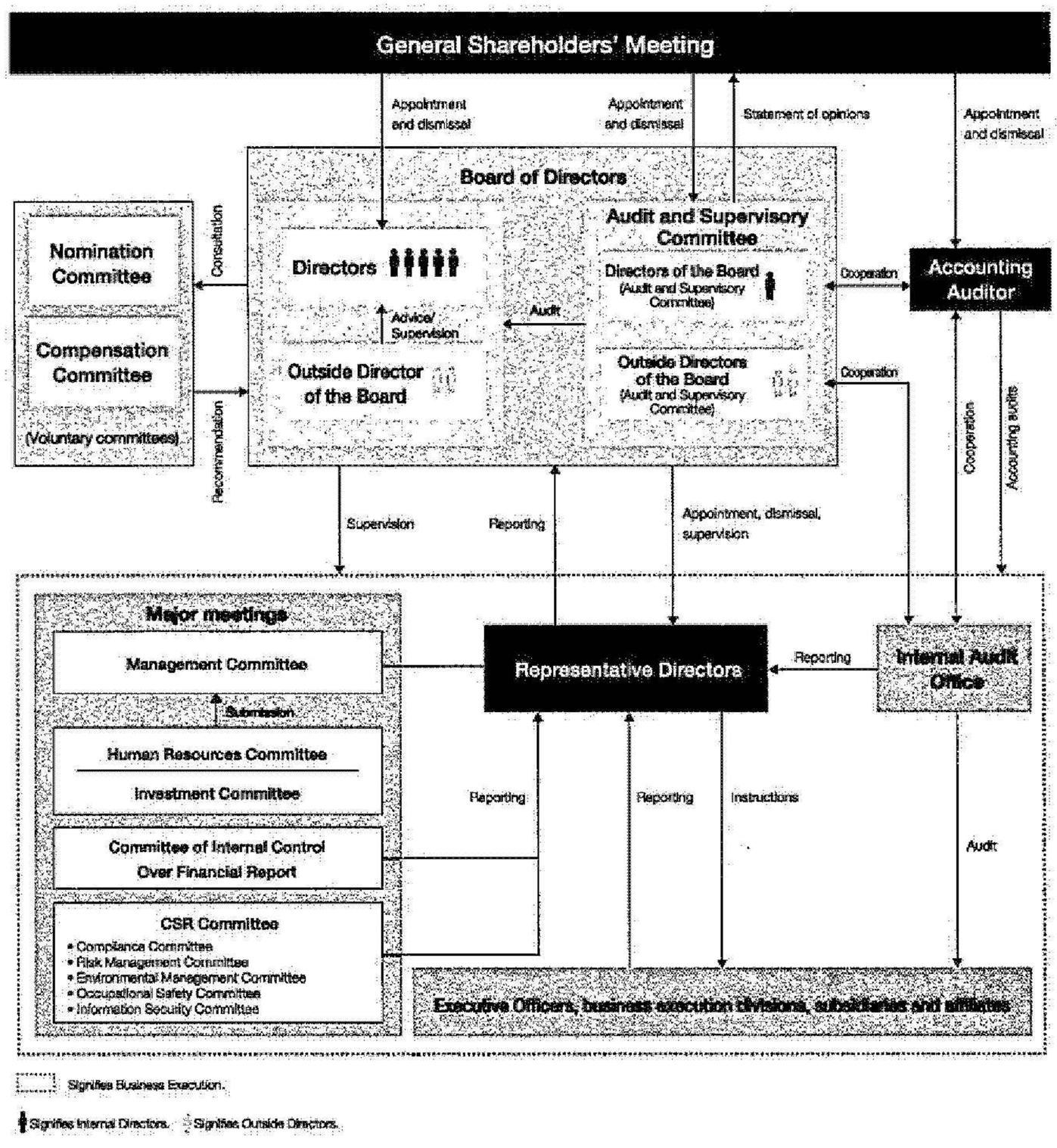
The KPP Group has prioritized the construction and continual enhancement of corporate governance systems in order to fulfill the mandate we have received from our stakeholders—including shareholders, customers, suppliers, local communities, and employees—which is to deliver sustainable growth and medium- to long-term improvement of its corporate value. In June 2015, we shifted our governance structure to that of a company with an audit and supervisory committee, moving toward management with greater transparency and improved mobility.

Our Audit and Supervisory Committee, of which outside directors comprise a majority, performs auditing and supervision of the legality and appropriateness of business execution. Also, we employ an executive officer system in which directors, who are members of the Board of Directors, handle decision-making and supervision functions while executive officers handle business execution functions.

Through this we have clearly differentiated management decision-making and supervisory functions from business execution functions.

In May 2021, the Nomination Committee and the Compensation Committee were established as voluntary advisory bodies to the Board of Directors to further enhance corporate governance and strengthen accountability.

Corporate Governance Structure



History of Corporate Governance Enhancements

April 2012	Introduced the executive officer system
June 2015	Shifted to a company with an audit and supervisory committee
June 2017	Abolished the advisor/consultant system
June 2017	Increased the number of independent outside directors to three
June 2019	Increased the number of independent outside directors to four
June 2019	Elected and appointed a female Director of the Board
May 2021	Established the voluntary Nomination Committee and Compensation Committee

Management Committee

The Company has set up the Management Committee to supplement the Board of Directors. The Committee is made up of the internal Directors of the Board (excluding Audit and Supervisory Committee members), and Executive Officers ranked Managing Executive Officers and above, to discuss business challenges more promptly and in greater detail.

Number of meetings in fiscal 2020: **37**

CSR Committee

We have established a CSR Committee chaired by the Chairman & CEO to improve the transparency and reliability of our business activities. It has five subcommittees: the Compliance Committee, Risk Management Committee, Environmental Management Committee, Occupational Safety Committee, and Information Security Committee, which consider various issues and offer proposals for improvement.

Nomination Committee

The committee was newly established in May 2021 with independent outside directors making up the majority of its members. Its role is to provide recommendations to the Board of Directors on increasing the fairness, transparency, and objectivity of procedures related to nomination of candidates for director, the representative director succession plan, and the appointment and dismissal of directors (including representative directors).

Board of Directors

Ten directors, including four outside directors, make determinations on important management matters and provide supervision on business execution. In order to achieve sustainable growth and medium- to long-term improvement of corporate value, we are taking advantage of the abundant business experience of our internal directors, as well as the practical and specialized perspectives of our outside directors, working toward the realization of appropriate decision-making and management supervision.

Number of meetings in fiscal 2020: **20**

Audit and Supervisory Committee

The three Audit and Supervisory Committee members with voting rights in the Board of Directors—including two outside directors— work to verify the circumstances and operating conditions of governance, as well as to optimize the functioning of the Board of Directors. Audit and Supervisory Committee members who are employed full-time attend important meetings and offer auditing and supervision of the directors' performance, including providing their opinions on management in general, or on individual matters, from a fair and impartial standpoint. Further, Audit and Supervisory Committee members hold briefing sessions on a regular basis with the Internal Audit Office, which serves as the internal audit department, and provide instructions as necessary in response to reports on internal control assessment regarding internal audits and financial reporting. They also coordinate with the Accounting Auditor on a regular basis and receive reports on the progress of audits, and proactively offer opinions and exchange information as needed.

Number of meetings in fiscal 2020: **14**

Business Execution Structure

We have introduced an executive officer system in order to enhance the decision-making and supervisory functions of the Board of Directors, as well as to streamline and expedite business execution. Designated duties are performed under the instruction and supervision of the Director of the Board (President & Executive Officer).

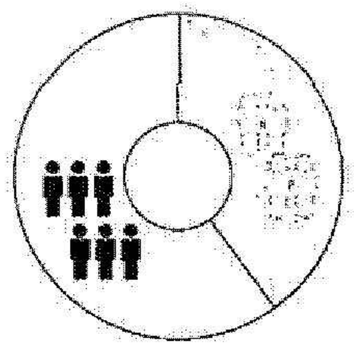
Compensation Committee

The committee was newly established in May 2021 with independent outside directors making up the majority of its members. Its role is to provide recommendations to the Board of Directors on increasing the fairness, transparency, and objectivity of procedures related to the compensation, etc. of directors (compensation levels, ratio of fixed compensation and performance-linked compensation).

The KPP Group has constructed a corporate governance system to ensure that decision-making is conducted in a transparent, fair, expeditious, and decisive manner with a balance between management supervision and business execution.

Outside Directors

The KPP Group considers securing managerial independence to be of great importance for the protection of general shareholders. Accordingly, we have formulated our own Criteria for Assessing the Independence of Outside Directors. At present, we have appointed four independent outside directors.



4/10
(As of June 30, 2021)

Roles of Independent Outside Directors

The KPP Group's independent outside directors have several primary roles. One is to provide as-needed verification and evaluation of management performance and the status of activities undertaken by the management team with reference to the management strategy and management plan determined by the Board of Directors. They also judge the propriety and announce their findings of entrusting management of KPP to the current management team from a viewpoint considering shareholders' common interests.

Name	Reason for appointment
Tatsushi Yano Outside Director	Mr. Yano has held officer positions along with experience in overseas business for many years at operating companies (trading companies and manufacturers). We deemed him to be well-qualified as an outside director whose advice on KPP's management and supervision of our business execution will be beneficial due to his abundant experience with M&A, post-merger integration (PMI), business reorganization, and restructuring.
Mari Sagiya Outside Director	Ms. Sagiya has held officer positions along with experience in the business sector at the forefront of the IT industry. We deemed her to be well-qualified as an outside director whose advice on KPP's management and supervision of our business execution will be beneficial due to her specialized perspective in promoting and expanding the introduction of IT, such as digital transformation.
Toshiro Kobayashi Outside Director and Audit and Supervisory Committee Member	Mr. Kobayashi is a certified public accountant and tax accountant, and he possesses considerable knowledge in finance, taxation, and accounting. We deemed him to be well-qualified as an outside director and Audit and Supervisory Committee member based on his abundant business experience and achievements.
Mina Ito Outside Director and Audit and Supervisory Committee Member	Ms. Ito 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. We deemed her to be well-qualified as an outside director and Audit and Supervisory Committee member because she can be expected to audit and supervise our business execution.

Analysis and Evaluation of the Board of Directors' Efficiency

The KPP Group has analyzed and evaluated the Board of Directors' efficiency in order to improve the functioning of the Board of Directors as described below:

In the fiscal year ended March 31, 2021, as in the prior fiscal year, the KPP Group cooperated with an outside organization to survey all directors, shared the survey results and deliberated on the findings at a meeting of the Board of Directors. As a result, the evaluation was made that the Board of Directors' efficiency was sufficiently ensured as a whole.

An issue was raised on how agendas were set for board meetings in the analysis and evaluation conducted in the prior fiscal year. To secure sufficient time to deliberate on topics of greater importance, we reduced the items resolved at and reported to the Board of Directors and Management Committee and made efforts such as summarizing and reducing monthly report materials. However, it was pointed out that there is still room for improvement in areas such as the introduction of key management indicators in reporting materials.

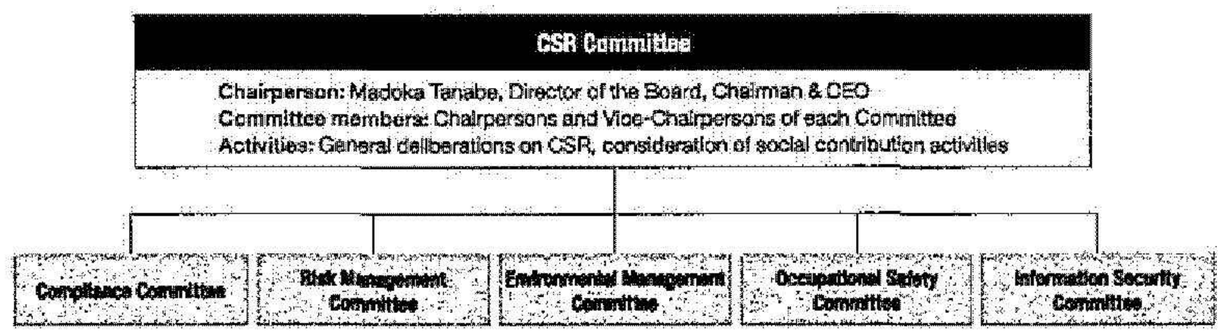
Furthermore, it was also pointed out that it is necessary to further improve the objectivity and transparency of the processes for nominating directors and determining compensation. We have taken steps to make improvements such as establishing a Nomination Committee and Compensation Committee with outside directors making up the majority of their members, and introducing short-term incentive compensation linked to performance for directors' compensation.

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CSR Committee

The KPP Group established a CSR Committee in 2013. It is chaired by the Chairman & CEO and has the chairpersons and vice-chairpersons of its subcommittees as members. The CSR Committee receives annual reports and information on the status of activities by its subcommittees—the Compliance Committee, Risk Management Committee, Environmental Management Committee, Occupational Safety Committee, and Information Security Committee—and considers topics for improvement on an as-needed basis, working to improve and energize CSR activities comprehensively. In the event that a serious situation were to occur regarding compliance with laws and regulations, the Chairman & CEO would undertake himself appropriate disclosure of information to society and demonstrate accountability by working to promptly resolve the issue. Also striving to identify the cause and prevent recurrence of the issue, he would clarify where authority and responsibility lies, and respond rigorously without excluding himself.

CSR Organizational Structure



Compliance Committee
- **Themes for the fiscal year under review:** Ensure compliance with laws, regulations, and company rules by embedding an awareness of the importance of compliance.
- **Activities in the fiscal year under review:** Provide ongoing training for employees to raise their awareness of compliance, including education on the prevention of insider trading and harassment. Continue efforts to raise compliance awareness and provision of other educational activities including at subsidiaries and affiliates. In addition, further raise awareness of the internal reporting counter set up to promote an early discovery of and expeditious response to compliance violations.

Risk Management Committee
- **Themes for the fiscal year under review:** Maintain a company-wide BCP (assuming situations such as disasters, wind and water damage, and pandemics) in addition to identifying, analyzing, and evaluating risks.
- **Activities in the fiscal year under review:** Review the measures taken in response to the identification, analysis, and evaluation of risks conducted last fiscal year. Also, revise the risk map, organize a BCP manual, and continue managing product complaints and providing safe driving training as in the previous years.

Environmental Management Committee
- **Themes for the fiscal year under review:** Incorporate external challenges such as reduction of greenhouse gas emissions into the environment management system (EMS) established under ISO 14001 and further enhance the EMS.
- **Activities in the fiscal year under review:** Conduct a review of quantified reporting methods for greenhouse gas emissions and absorption volume, and the introduction of third-party reviews. Also revise the EMS manual and proceed to introduce it in fiscal 2021. Hold internal workshops on environmental topics.

Occupational Safety Committee
- **Themes for the fiscal year under review:** Promote activities aimed at improving the safety and quality of the workplace environment, including in domestic subsidiaries and affiliates. Examine the results of such activities and apply the PDCA cycle.
- **Activities in the fiscal year under review:** Hold periodic meetings of the Safety and Health Committee, based on the frameworks ensuring safety and health at each location, and implement measures to strengthen management of overtime labor and encourage employees to take paid leave. Continue providing stress checks and interviews with industrial physicians. Provide labor and safety management support from the head office to domestic subsidiaries and affiliates.

Information Security Committee
- **Themes for the fiscal year under review:** Enhance IT governance over Group companies and implement measures to address IT risks through the KAEDE Project* that encompasses the entire KPP Group.
- **Activities in the fiscal year under review:** Deploy the KAEDE Project introduced in KPP to Group companies. Also conduct targeted e-mail attack drills and provide content leading to heightened awareness of security for employees.

*KAEDE Project: A project promoting security enhancement in the entire KPP Group, building of information communication infrastructure, and improvements to the environment in line with the growing use of ICT and diverse work styles. KAEDE is an acronym of "KPP Advanced Exploration Development Enterprise System."

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Officer Compensation

Basic Policy Regarding Compensation for Directors, etc.

1. The structure of compensation for directors, etc., takes into account not only their short term business achievements but also their contributions to increasing corporate value. The value they have provided will also be shared with shareholders.
2. The amounts of compensation for directors, etc., are determined in consideration of a balance of various factors such as their achievements and industry trends.
3. The amount of compensation 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 Structure

1. Compensation for directors (not including outside directors, or directors who are Audit and Supervisory Committee members) consists of three categories: the "fixed compensation," "bonuses," and "performance-linked stock-based compensation."
2. Compensation for outside directors and directors who are Audit and Supervisory Committee members consists of the "fixed compensation" only.

Based on compensation limits for directors (excluding those who are Audit and Supervisory Committee members) and directors who are Audit and Supervisory Committee members that were approved by a resolution of the 144th Ordinary General Shareholders' Meeting held on June 28, 2018, KPP has established the total amount of compensation, etc., for each category of officer, the total amount of compensation, etc. by type, and number of applicable officers during fiscal 2020 as follows:

Officer classifications	Compensation totals	Compensation totals by type			Number of applicable officers
		Monetary compensation		Non-monetary compensation	
		Fixed compensation	Bonuses	Performance-linked stock-based compensation	
Directors Excluding Audit and Supervisory Committee members and Outside Directors	187	158	10	18	7
Audit and Supervisory Committee members[*2] Excluding outside directors	19	19	–	–	1
Outside directors[*2]	28	28	–	–	4
			Unit: Million yen		Unit: Persons

Notes 1. The compensation, etc. paid above does not include the employee salary portion of directors who concurrently serve as employees.
2. The numbers above include two directors (not Audit and Supervisory Committee members or Outside Directors) who retired during the fiscal year under review. The compensation, etc. paid above includes the amounts of compensation for two Directors (not Audit and Supervisory Committee members or Outside Directors) for the period they held their positions during the fiscal year under review.
3. At the 144th Ordinary General Shareholders' Meeting held on June 28, 2018, the Company resolved to introduce performance-linked stock-based compensation (officer compensation BIP trust) for directors (excluding Audit and Supervisory Committee members and outside directors) and executive officers who have entered into delegation agreements. The above performance-linked stock-based compensation is the amount recorded under expenses pertaining to share points granted during the fiscal year under review in relation to the officer compensation BIP trust.
4. The Company's directors offered to decline receipt of part of the above compensation in light of the Company's performance during the fiscal year under review and the situation the Company is in, and the above amounts reflect this reduction. (Persons who decline receipt of part of compensation and details thereof)
Representative Directors: 50% reduction of monthly fixed compensation for three months
Directors (excluding Representative Directors, Audit and Supervisory Committee members, and outside directors): 10% reduction of monthly fixed compensation for three months
Directors who are Audit and Supervisory Committee members (excluding outside directors): 10% reduction of monthly fixed compensation for three months

Review of Content of Compensation System and Procedures Related to Determination Thereof from Fiscal 2021

As part of the review of the content of the compensation system and procedures related to determination thereof according to the basic policy on the compensation system, we conducted a review of the level and design of bonuses from fiscal 2021 and established a Compensation Committee for the purpose of increasing the linkage between compensation of directors (excluding outside directors and directors who are Audit and Supervisory Committee members) and performance and enhancing the objectivity and transparency of the process for determining compensation. The Compensation Committee was newly established in May 2021 with independent outside directors making up the majority of its members. Furthermore, the level and design of bonuses from fiscal 2021 were confirmed by the Board of Directors to be in line with the basic policy on the compensation system, and determined with reference to the opinion of an external expert organization.

Structure of Compensation from Fiscal 2021

Type of compensation, etc.	Percentage of compensation (approximate) *The figures in square brackets indicate the percentages for fiscal 2020		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	64~66% [71~72%]	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 maximum 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 maximum amount.
Bonuses	24~25% [17~18%]	–	● Performance-linked monetary compensation that varies according to the level of achievement of performance targets each fiscal year as a short-term incentive ● Amount paid = monthly amount of fixed compensation × multiplier for position × performance-linked coefficient (Changes the amount calculated by monthly amount of fixed compensation × multiplier for position within a range of 0 to 200% according to the level of achievement of performance targets for each fiscal year set at the start of the fiscal year) ● Indicators for determining the performance-linked coefficient: EBITDA, ROA, consolidated net sales
Performance-linked stock-based compensation	10~11% [11~12%]	–	● Performance-linked stock-based compensation that varies according to the level of achievement of performance targets each fiscal year as a medium- to long-term incentive (Positions and achievement of targets are converted into points, and the Company's shares are granted according to the number of points) ● In consideration of job responsibilities, etc., the payment ratio is determined 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 are provided within the range of 0 to 200% of the basic points according to the level of achievement of performance targets each fiscal year as published in the financial results.) ● Indicators for determining the performance-linked coefficient: consolidated operating income, consolidated net sales, profit attributable to owners of parent

* Equation for calculation of basic points: Base amount specified for each position ÷ average closing price of the Company's shares on the Tokyo Stock Exchange the month prior to the month in which the calculation period begins

Succession Plan

The Company does not currently conduct planning for the successor of the Chief Executive Officer, etc. or oversee such planning in the Board of Directors. However, it established a Nomination Committee with independent outside directors making up the majority of its members in May 2021 to perform an advisory role to the Board of Directors, and has begun considering a succession plan for Representative Directors.

Initiatives to Strengthen Group Governance

Since it was listed in 2018, KPP has acquired Spicers, which is the largest European paper distributor, in Australia, in 2019, and Antalis, which is a major European paper distributor, in 2020. As a result, the importance of global group governance has increased to a level incomparable with the past. This fiscal year, which is the preparation period for the third medium-term management plan, we will globally expand the CSR Committee and strengthen governance systems. Furthermore, we have formulated risk maps for each location for risk management, and are making preparations to formulate a risk map for the entire Group in the future. The Internal Audit Office, which serves as the third line of defense in governance of the entire Group, has hired personnel with extensive experience in the Internal Audit Office at the head office, and assigned key personnel in overseas locations to put in place a comprehensive system.

Message from Head of Corporate Administration



Haruyoshi Asada
Director of the Board
Managing Executive Officer
Head of Corporate Administration Headquarters

In the fiscal year ended March 31, 2021, the Group's business results in the second year of the second medium-term management plan were net sales of 430,404 million yen (up 12.8% year on year). With regard to operating margin, although gross profit increased significantly due to the acquisition of overseas subsidiaries in the previous fiscal year and the fiscal year under review, as a result of posting a provision of allowance for doubtful accounts of 11,627 million yen due to delays in the recovery of trade receivables related to the application of provisional liquidation procedures in a business partner in Hong Kong and China, the Group posted an operating loss of 9,035 million yen (operating income of 1,850 million yen in the previous fiscal year) and ordinary loss of 12,041 million yen (ordinary income of 2,194 million yen in the previous fiscal year). Profit attributable to owners of parent was 1,416 million yen (up 15.0% year on year) as a result of gain on the sale of real estate holdings.

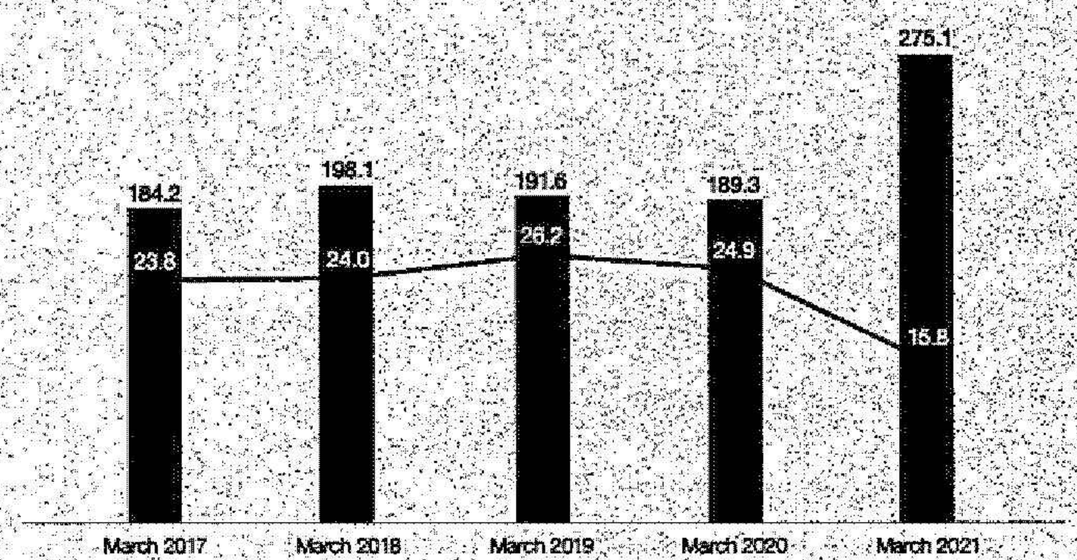
Furthermore, the equity ratio decreased by 9.1 percentage points compared with the end of the previous fiscal year to 15.8%, but this was primarily due to an increase in total assets resulting from the acquisition of Antalis S.A.S.

In the second medium-term management plan, our basic growth strategy is inorganic growth, and we intend to increase our earning capacity by operating a hybrid business model utilizing our global network.

The KPP Group's basic stance on capital policy is to seek to improve corporate value and provide stable returns to shareholders. We aim to increase dividends through growth in earnings while considering the balance between investment and shareholder returns with a target dividend payout ratio of 30% or more.

Going forward, we will strive to achieve dramatic growth as we approach the 100th anniversary of the Company's founding by strengthening overseas business and executing portfolio reform.

Total assets and equity ratio



Financial Highlights (Five-Year Summary)

Unit: Million yen

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017
Balance sheet					
Current assets	**200,672**	136,546	137,757	141,961	137,577
Fixed assets	**74,447**	52,771	53,853	56,205	46,668
Current liabilities	**190,993**	121,293	126,484	134,589	128,615
Fixed liabilities	**40,544**	20,746	14,900	15,881	11,586
Interest-bearing liabilities	**83,272**	47,808	41,357	49,693	43,596
Net assets	**43,489**	47,184	50,117	47,546	43,927
ROE (%)	**3.12**	2.53	5.12	5.32	5.22
Total assets	**275,119**	189,317	191,610	198,166	184,245
ROA (%)	**0.61**	0.65	1.28	1.27	1.20
Equity ratio (%)	**15.8**	24.9	26.2	24.0	23.8
Profit and loss statement					
Net sales	**430,404**	381,397	384,973	377,714	366,777
Gross profit	**51,915**	23,708	22,064	22,008	21,115
Ratio to net sales (%)	**12.06**	6.22	5.73	5.83	5.76
Operating income	**(9,035)**	1,850	2,280	2,362	1,031
Ratio to net sales (%)	**–**	0.49	0.59	0.63	0.28
Ordinary income	**(12,041)**	2,194	2,518	3,086	1,114
Ratio to net sales (%)	**–**	0.58	0.65	0.82	0.30
Profit attributable to owners of parent	**1,416**	1,232	2,497	2,433	2,215
Ratio to net sales (%)	**0.33**	0.32	0.65	0.64	0.60
Statement of cash flows					
Operating cash flow	**(6,472)**	4,905	4,217	4,019	1,114
Investment cash flow	**23,046**	(5,400)	1,130	(7,920)	5,596
Financial cash flow	**6,597**	5,504	(6,623)	5,760	(6,791)
Ending balance of cash and cash-equivalents	**30,543**	7,775	2,838	4,135	2,291
Per-share data					
Net profits per share (Yen)	**19.70**	16.86	34.74	36.55	33.27
Net assets per share (Yen)	**605.71**	649.48	685.21	714.05	659.69
Annual dividend per share (Yen)	**10.00**	10.00	10.00	8.00	8.00
Other indices					
Total asset turnover (%)	**156.4**	201.5	200.9	190.6	199.1
Dividend payout ratio (%)	**50.8**	59.3	28.8	21.9	24.0
Debt-to-equity ratio (%)	**191.5**	101.3	82.5	104.5	99.2
Current ratio (%)	**105.1**	112.6	108.9	105.5	107.0

Notes: 1. Net assets reflects a total from which non-controlling interests have been deducted.
2. Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) have been applied since the beginning of the fiscal year ended March 31, 2019. Indices for the fiscal year ended March 31, 2018, reflect the retroactive application of the accounting standard.
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		FY2020	FY2019	FY2018	FY2017	FY2016
[Consolidated] Number of employees (persons)		5,530	1,288	1,005	956	976
[Non-consolidated] Number of employees (persons) *Excluding fixed-term employees and post-retirement workers	Male	408	414	413	423	449
	Female	252	254	245	242	250
	Total	660	668	658	665	699
Men and women in management positions (%)	Male	97.4	97.3	97.2	96.3	95.7
	Female	2.6	2.7	2.8	3.7	4.3
Average length of continuous service (years)		18.1	17.8	18.2	18.3	17.7
Persons with disabilities employed (%)		2.8	2.6	2.6	2.2	1.9
Continued employment system users (persons)		29	22	26	25	20
Number of new graduates hired		22	32	16	–	–
Number of mid-career employees hired		8	10	21	–	–
Total number of employees hired		30	42	37	–	–
Mid-career employees hired (%)		27	24	57	–	–

Work-Life Balance Data*1	FY2020	FY2019	FY2018	FY2017	FY2016
Childcare leave system users (persons)	9	4	10	12	8
Employees who return to work after taking childcare leave (%)	100	100	100	85.7	100
Childcare shortened work-hour system users (persons)	19	11	10	6	6
Staggered work hours users (persons)	18	15	14	14	15

Environmental Data	FY2020	FY2019	FY2018	FY2017	FY2016
Environmentally friendly paper sales (tons)	736,562	772,484	695,032	566,503	334,384
Forest-certified pulp sales (tons)	157,467	149,308	152,251	128,428	111,284
CO_2 emissions based on the ton-kilometer method (t-CO_2)*2	9,635	10,476	11,593	11,572	11,836
Energy consumption by business operators (kl)*3	1,008	1,086	1,177	1,180	1,821
CO_2 emissions by business operators (t-CO_2)	1,854	2,001	2,247	2,355	3,594

*1: "Personnel Data" and "Work-Life Balance Data" are on a non-consolidated basis, except for "[Consolidated] Number of employees."
*2: Ton-kilometer is a unit for values obtained by multiplying the weight of each freight cartage in tons by the distance traveled in kilometers.
*3: Figures are crude oil equivalents in kiloliters of the sums of electricity, city gas, LP gas, and kerosene used annually.

Corporate Profile (as of March 31,2021)

Company Overview

Trade name	KOKUSAI PULP & PAPER CO., LTD.
Date of establishment	November 27, 1924
Representatives	**Madoka Tanabe** Director of the Board, Chairman & Chief Executive Officer **Tadashi Kurihara** Director of the Board, President & Executive Officer
Capital	4,723.53 million yen
Annual sales	430.4 billion yen (the fiscal year ended March 31, 2021) *Consolidated
Number of employees	5,530 (as of March 31, 2021) *Consolidated

Business Objectives

- 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 businesses ancillary to the previously enumerated categories

Shareholdings

Total number of authorized shares ——— 267,500,000
Total number of issued shares ——— 73,244,408
(As of October 1, 2021)

Shareholders

- Oji Holdings Corporation
- Nippon Paper Industries Co., Ltd.
- Mizuho Bank, Ltd.
- KPP Employee Stock Ownership
- The Master Trust Bank of Japan, Ltd.
- MUFG Bank, Ltd.
- Sumitomo Mitsui Banking Corporation
- The Norinchukin Bank

Main Banks

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

Subsidiaries and Affiliates

Domestic (Japan)

- Narumiya Kami-shoji Co., Ltd.
- Daidou Paper Trading Co., Ltd.
- Kikyoya Kami-shoji Co., Ltd.
- Okayama Kami-shoji Co., Ltd.
- Kyushu Kami-shoji Co., Ltd.
- Musashino Paper Recycling Co., Ltd.
- Green Sanai Co., Ltd.
- KPP Logistics Co., Ltd.

Overseas

- DaiEI Papers (USA) Corp.
- Keishin Papers Trade (Shanghai) Co., LTD.
- KOKUSAI PULP & PAPER (CHINA) CO., Ltd.
- DaiEI Papers (H.K.) Limited
- DaiEI Papers Korea Company Limited
- DAIEI PAPERS TRADING INDIA PRIVATE LTD
- DAIEI PAPERS (S) PTE LTD
- DAIEI PAPERS (THAILAND) CO., LTD.
- DAIEI PAPERS (M) SDN. BHD.
- DAIEI AUSTRALASIA PTY LTD
- KPP ASIA-PACIFIC PTE. LTD.
- Spicers Limited
- Antalis S.A.S.

Communication Tools

Integrated Report

The KPP Group began publishing the Integrated Report in 2016 to communicate financial and non-financial information regarding its corporate activities in a comprehensive manner. (Published annually)

https://www.kppc.co.jp/en/ir/report.html

Public relations magazine *TSUNAGU*

The KPP Group distributes a public relations magazine called *TSUNAGU* as a communication tool that acts as a bridge between stakeholders and KPP. This magazine offers the latest information about the Company, and also highlights the attractive qualities of paper. (Published quarterly)

https://www.kppc.co.jp/en/tsunagu.html

TSUNAGU GALLERY

We have established a gallery on the first floor of our head office. It is a space where different works, paper products, and other items featured in the *TSUNAGU* magazine are on display for viewing. It is appreciated by many of our business partners and members of the local community

Corporate website

This is the official KPP website. We distribute information, such as corporate information and investor relations information, in a timely manner on this website. It has a section called "What is KPP?" that is designed to provide the general public with an easy-to-understand look at our operations.

https://www.kppc.co.jp/en/

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

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