

Financial Results for the Fiscal Year Ended March 2025 and Long-Term Management Vision「GIFT 2030」 and the Fourth Medium-Term Business Plan (FY2026/3-FY2028/3) Presentation Materials

KPP GROUP HOLDINGS CO., LTD.

Tokyo Stock Exchange Prime Market **9274**

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KPPグループホールディングス株式会社
KPP GROUP HOLDINGS CO., LTD.

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01

Summary of Financial Results for the Fiscal Year Ended March 2025
and Earnings Forecast for the Fiscal Year Ending March 2026

Consolidated Financial Summary

- 1. In the Paper & Paperboard Business, both net sales and gross profit declined year-on-year due to a decrease in sales volume, stemming from sluggish global demand.
- 2. Meanwhile, through the promotion of M&A activities in Australia and Europe, we strengthened our Packaging and Visual Communication businesses, resulting in year-on-year increases in both consolidated net sales and gross profit.
- 3. Operating profit declined due to an increase in selling, general and administrative expenses, as well as higher amortization of goodwill and customer-related assets resulting from M&A activities. However, EBITDA increased year-on-year.

(JPY million)	FYE March 2024 Full-year results	FYE March 2025 Full-year results	year on year	
Net sales	644,435	670,042	+ 25,606	+ 4.0%
Gross profit	119,899	129,116	+ 9,217	+ 7.7%
SG&A	104,079	115,572	+ 11,492	+ 11.0%
Operating profit	15,819	13,544	△ 2,275	△ 14.4%
Ordinary profit	12,475	9,712	△ 2,762	△ 22.1%
Profit attributable to owners of parent	10,613	7,986	△ 2,627	△ 24.8%
EBITDA	24,573	25,157	+ 583	+ 2.4%

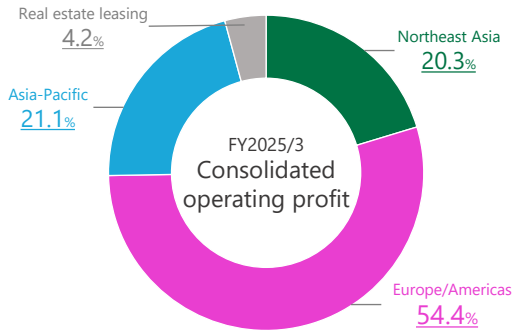
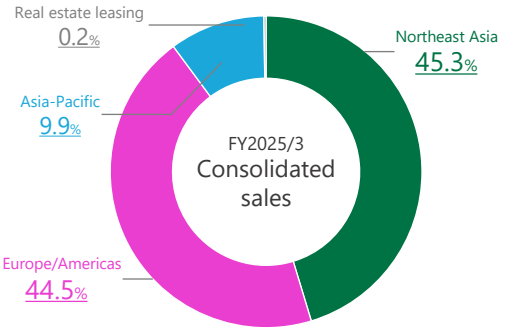
Note: EBITDA = Ordinary Profit + Depreciation + Amortization of Goodwill + Interest Expenses, etc.

Results by Regional Segment

(JPY million)		FYE March 2024 Full-year results	FYE March 2025 Full-year results	year on year	
Northeast Asia	Net Sales	304,594	303,649	△944	△0.3%
	Segment Profit	3,421	2,895	△526	△15.4%
Europe/Americas	Net Sales	285,726	298,460	+ 12,733	+ 4.5%
	Segment Profit	10,474	7,757	△2,716	△25.9%
Asia Pacific	Net Sales	52,593	66,428	+ 13,834	+ 26.3%
	Segment Profit	2,151	3,000	+ 849	+ 39.5%
Real Estate Leasing	Net Sales	1,521	1,504	△17	△1.1%
	Segment Profit	579	602	+ 23	+ 4.0%
Total	Net Sales	644,435	670,042	+ 25,606	+ 4.0%
	Segment Profit (after adjustment of corporate expenses, etc.)	15,819	13,544	△2,275	△14.4%

Note: Corporate expenses, etc. are general and administrative expenses at headquarters not allocated to reportable segments.

【Composition Ratio by Regional Segment】



Note: The composition ratio of consolidated operating profit is calculated based on consolidated operating profit before adjustment for corporate expenses, etc.

Results by Business Portfolio (Northeast Asia Segment)

- Summary of Business (Japan)
- In the paper segment, sales volume, revenue, and profit all declined year on year due to the structural decline in demand for graphic paper.
 - In the paperboard segment, revenue and profit increased for containerboard due to solid demand in the beverage sector. However, overall revenue for the segment declined due to a decrease in sales of high-grade paperboard, resulting in an overall decline in revenue but an increase in profit.
 - In the recovered paper and pulp segment, revenue and profit from recovered paper exceeded the previous year’s levels due to stable market prices. In contrast, the pulp business posted a loss as a result of a significant market downturn and foreign exchange impacts.
- (China)
- In China, a full recovery in performance was not achieved, as demand for paper did not rebound within the year and there was no significant improvement in the supply-demand balance.

(JPY million)		Net sales			Gross profit		
		FYE March 2024 Full-year results	FYE March 2025 Full-year results	year on year	FYE March 2024 Full-year results	FYE March 2025 Full-year results	year on year
Paper	Print	121,586	122,319	+0.6%	10,339	9,148	△11.5%
	Office	23,997	19,175	△20.1%	1,744	1,729	△0.9%
	Total	145,583	141,495	△2.8%	12,083	10,878	△10.0%
Paperboard		68,728	66,848	△2.7%	3,340	3,357	+0.5%
recovered paper and Pulp		45,255	51,832	+14.5%	4,036	4,196	+4.0%
Others		45,026	43,473	△3.4%	3,944	3,843	△2.6%
Total		304,594	303,649	△0.3%	23,405	22,276	△4.8%

Results by Business Portfolio (Europe/Americas Segment)

Summary of Business

- The European economy remains sluggish, and coupled with ongoing political instability, consumer sentiment has further deteriorated.
- In the Paper business, sluggish demand and intensified price competition prevented price increases from taking hold. On the contrary, selling prices declined, resulting in lower sales and profits year on year.
- In the Packaging business, despite the downturn in the manufacturing and retail sectors caused by the economic recession—particularly in Germany—both revenue and profit increased year on year, supported by the strong performance of three newly acquired companies during the fiscal year ended March 2025.
- In the Visual Communication business, both revenue and profit increased year on year, driven by steady demand and contributions from two companies acquired in the previous and current fiscal years. Meanwhile, in the Americas—including South America—solid economic conditions supported strong sales in packaging, resulting in higher revenue and profit compared to the previous year.

		Net sales			Gross profit		
upper row : JPY million lower row : EUR million		FYE March 2024 Full-year results	FYE March 2025 Full-year results	year on year	FYE March 2024 Full-year results	FYE March 2025 Full-year results	year on year
Paper	Print	111,812 (729)	112,290 (683)	+0.4% (△6.4%)	31,047 (202)	30,519 (185)	△1.7% (△8.4%)
	Office	43,382 (283)	41,817 (254)	△3.6% (△10.2%)	11,947 (78)	11,668 (71)	△2.3% (△9.0%)
	Total	155,194 (1,013)	154,107 (937)	△0.7% (△7.5%)	42,994 (280)	42,188 (256)	△1.9% (△8.6%)
Packaging		95,895 (626)	103,785 (631)	+8.2% (+0.9%)	30,388 (198)	34,480 (209)	+13.5 (5.7%)
Visual Communication		34,635 (226)	40,566 (246)	+17.1% (+9.2%)	10,660 (69)	12,589 (76)	+18.1% (+10.1%)
Total		285,726 (1,865)	298,460 (1,816)	+4.5% (△2.6%)	84,044 (548)	89,258 (543)	+6.2% (△1.0%)

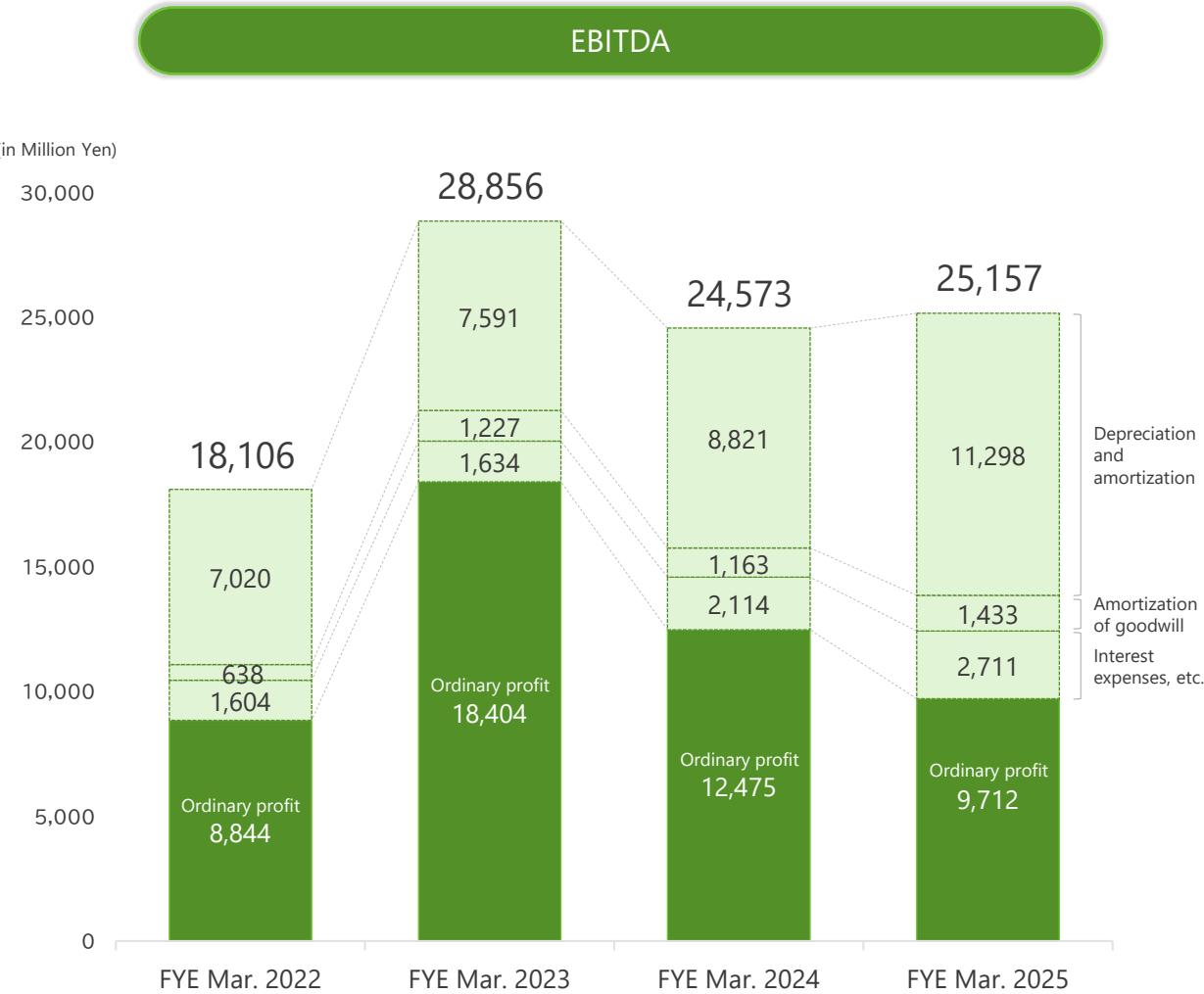
Results by Business Portfolio (Asia Pacific Segment)

- Summary of Business**
- In the Paper & Paperboard business, although the office and digital sectors performed well, sales and profit declined year on year due to the downturn in the commercial printing and paperboard markets in the Oceania region.
 - In the Packaging business, the performance of Signet, acquired in April, remained solid, resulting in a significant year-on-year increase in both sales and profit.
 - In the Visual Communication business, continued strong sales of hardware and roll media contributed to performance, resulting in year-on-year increases in both sales and profit.
 - In the Trading business, strong performance in regions such as Southeast and South Asia led to year-on-year increases in both sales and profit.

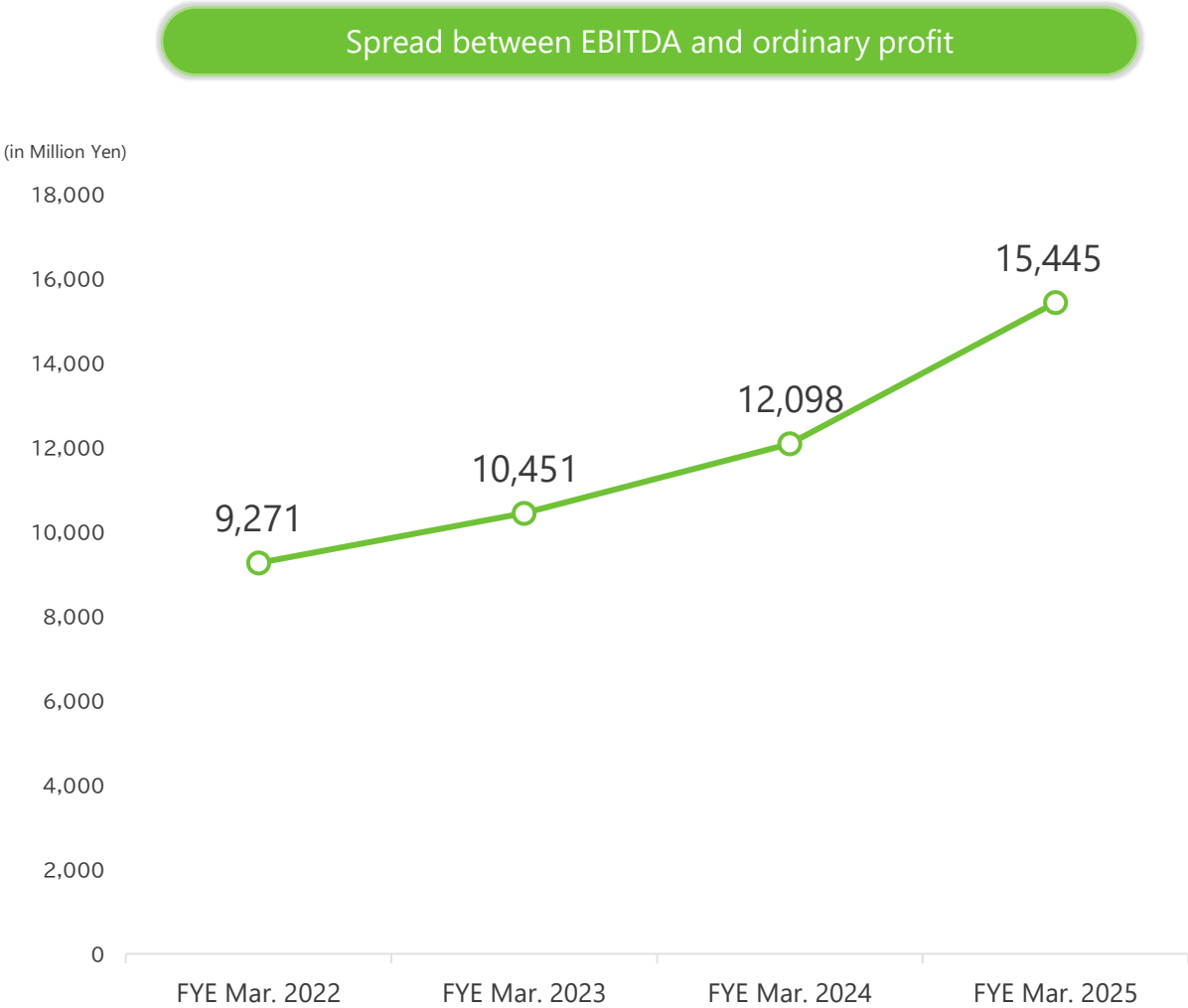
		Net sales			Gross profit		
upper row : JPY million lower row : AUD million		FYE March 2024 Full-year results	FYE March 2025 Full-year results	year on year	FYE March 2024 Full-year results	FYE March 2025 Full-year results	year on year
Paper	Print	22,338 (238)	23,853 (238)	+ 6.8% (Δ0.2%)	5,417 (57)	5,778 (57)	+ 6.8% (Δ0.2%)
	Office	4,794 (51)	6,300 (62)	+ 31.4% (+ 22.9%)	477 (5)	620 (6)	+ 30.0% (+ 21.6%)
	Tostal	27,133 (289)	30,153 (301)	+ 11.1% (+ 3.9%)	5,889 (62)	6,399 (63)	+ 8.7% (+ 1.6%)
Paperboard		6,084 (64)	4,892 (48)	Δ19.6% (Δ24.8%)	1,254 (13)	1,091 (10)	Δ13.0% (Δ18.7%)
Packaging		3,766 (40)	14,777 (147)	+ 292.3% (+ 266.8%)	1,217 (13)	5,327 (53)	+ 337.7% (+ 309.2%)
Visual Communication		9,757 (104)	10,843 (108)	+ 11.1% (+ 3.9%)	2,921 (31)	3,164 (31)	+ 8.3% (+ 1.3%)
Others		5,850 (62)	5,761 (57)	Δ1.5% (Δ7.9%)	861 (9)	971 (9)	+ 12.8% (+ 5.4%)
Total		52,593 (561)	66,428 (663)	+ 26.3% (+ 18.1%)	12,145 (129)	16,955 (169)	+ 39.6% (+ 30.5%)

EBITDA Trend

EBITDA, excluding the impact of increased amortization and interest expenses resulting from M&A activities, continued to grow steadily.



Note: EBITDA = Ordinary profit + Depreciation and amortization (including depreciation of right-of-use assets) + Amortization of goodwill + Interest expenses, etc.



Change in Balance Sheet (Compared to the End of the Previous Fiscal Year)

(JPY million)	End of March 2024	End of March 2025	Change from Previous Fiscal Year
Current assets	242,689	231,312	△11,377
Cash and cash equivalents	26,286	11,319	△14,966
Accounts receivable (Notes and accounts receivable, electronically recorded monetary claims)	141,441	137,069	△4,372
Merchandise and manufactured goods	66,126	72,493	+6,367
Tangible fixed assets	41,692	52,651	+10,958
Right-of-use assets, net	19,878	29,684	+9,805
Intangible fixed assets	18,670	29,870	+11,200
Goodwill and customer- related assets	10,704	17,124	+6,420
Investments and other assets	41,510	38,201	△3,308
Total assets	344,562	352,035	+7,473

Main factors of change

【Cash and cash equivalents】Decreased due to strengthened cash management at each group company.

【Right-of-use assets, net】Increased due to new lease contracts associated with warehouse reorganization and M&A activities.

【Goodwill and customer-related assets】Increased due to M&A activities.

Financial strength and profitability indicators

- Net D/E ratio 0.9times
- Equity ratio 24.5%

(JPY million)	End of March 2024	End of March 2025	Change from Previous Fiscal Year
Current liabilities	198,235	194,130	△4,105
Accounts payable (Notes and accounts payable - trade, electronically recorded obligations - operating)	100,652	95,399	△5,253
Short-term borrowings (including commercial paper)	50,862	54,086	+3,224
Fixed liabilities	64,426	71,688	+7,262
Long-term debt (Including bonds)	35,167	32,701	△2,465
Lease obligations	15,838	24,750	+8,911
Total liabilities	262,662	265,818	+3,156
Shareholders' equity	70,848	75,028	+4,180
Accumulated other comprehensive income	10,963	11,093	+129
Total net assets	81,900	86,216	+4,316
Total liabilities and net assets	344,562	352,035	+7,473

【Lease obligations】

Increased due to an increase in lease contracts for warehouses and other facilities associated with M&A activities.

【Shareholders' equity】

Increase in profit +7,986, Decreased due to dividend payments and share buybacks △3,882

Change in Cash Flows (Year-on-Year)

(JPY million)	FYE March 2024 Full-year results	FYE March 2025 Full-year results	Main breakdowns
Cash flows from operating activities	19,817	11,169	• Profit attributable to owners of parent + 11,466
Cash flows from investing activities	△5,508	△16,644	• Acquisition of shares based on an inorganic strategy △13,236
Cash flows from financing activities	△22,375	△11,190	• Repayment of Lease Liabilities △7,041 • Shareholder Returns △3,882 (Share Buybacks △1,998, Dividends △1,883)
Translation difference for cash and cash equivalents	3,610	1,737	• Foreign currency translation adjustments of cash, etc.
Increase (decrease) in cash and cash equivalents	△4,454	△14,928	—
Cash and cash equivalents at the beginning of the period	30,699	26,244	—
Cash and cash equivalents at the end of the period	26,244	11,316	—

Consolidated Earnings Forecast

- ✓ In the Paper Business, demand for graphic paper is expected to decline across all segments; however, profits are projected to be maintained at a certain level by sustaining selling prices.
- ✓ In the Packaging and Visual Communication businesses in Europe, the Americas, and Oceania, the performance of companies acquired through M&A is expected to contribute. In addition, new demand is projected to offset the decline in the Paper Business.
- ✓ Exchange rate assumptions underlying the earnings forecast: EUR = 156 JPY, AUD = 88 JPY

(JPY million)	FYE March 2025 Full-year results	FYE March 2026 earnings forecast	year on year	
Net sales	670,042	675,000	+ 4,957	+ 0.7%
Operating profit	13,544	13,500	△44	△0.3%
Ordinary profit	9,712	9,500	△212	△2.2%
Profit attributable to owners of parent	7,986	8,000	+ 13	+ 0.2%
EBITDA	25,157	26,000	842	+ 3.4%

Note: EBITDA = Ordinary profit + Depreciation and amortization (including depreciation of right-of-use assets) + Amortization of goodwill + Interest expenses, etc.

02

The Third Medium-Term business Plan Results Review (FY2023/3~FY2025/3)

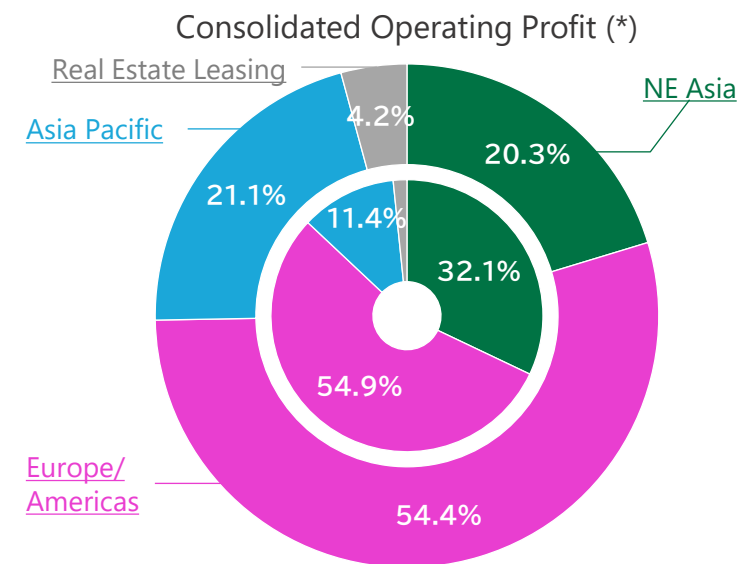
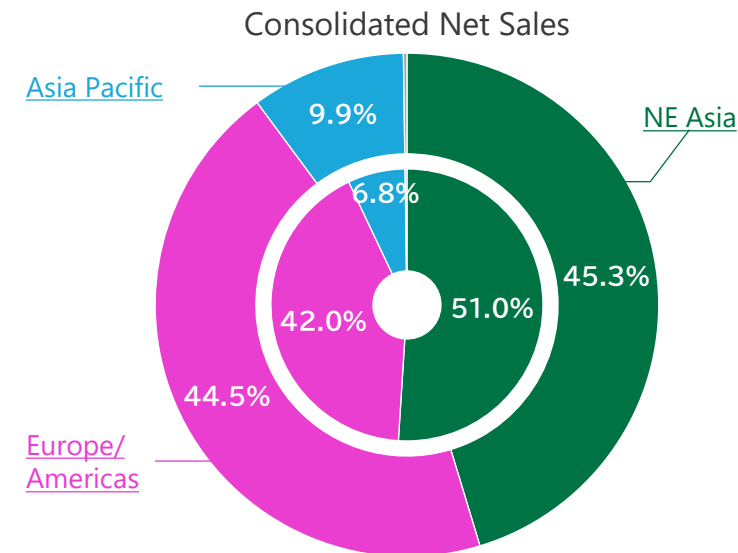
Results by Regional Segment (Compared with the Second Medium-Term Business Plan)

- Successful global expansion contributed to increases in both revenue and profit for the Group overall.
- Europe, the Americas, and the Asia-Pacific region achieved revenue and profit growth, while expansion into North America, Southeast Asia, and South Asia remains underway.

(JPY million)		FYE March 2022 Full-year results (Final Year of 2nd Mid-Term Plan)	FYE March 2025 Full-year results (Final Year of 3rd Mid-Term Plan)	Increase/Decrease	
Northeast Asia	Net Sales	287,390	303,649	+16,258	+5.7%
	Segment Profit	3,479	2,895	△584	△16.8%
Europe/Americas	Net Sales	236,383	298,460	+62,076	+26.3%
	Segment Profit	5,961	7,757	+1,796	+30.1%
Asia Pacific	Net Sales	38,409	66,428	+28,018	+72.9%
	Segment Profit	1,234	3,000	+1,766	+143.2%
Real Estate Leasing	Net Sales	1,230	1,504	+273	+22.3%
	Segment Profit	176	602	+426	+242.3%
Total	Net Sales	563,414	670,042	+106,627	+18.9%
	Segment Profit (after adjustment of corporate expenses, etc.)	9,379	13,544	+4,165	+44.4%

Note: As the Company had not yet transitioned to a holding company structure in FY 2022/3, certain expenses attributable to the holding company were not included in segment profit.

FY2022/3 (Inner) → FY2025/3 (Outer)



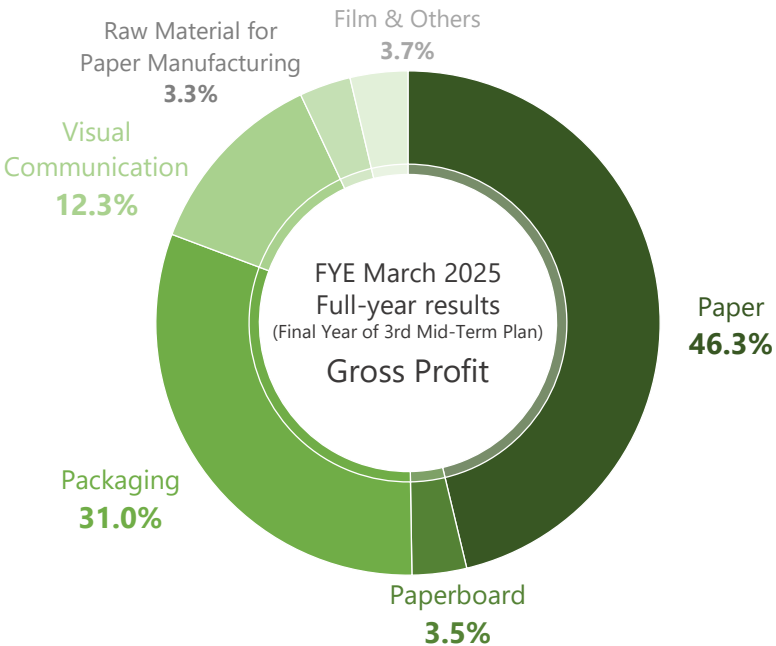
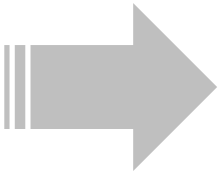
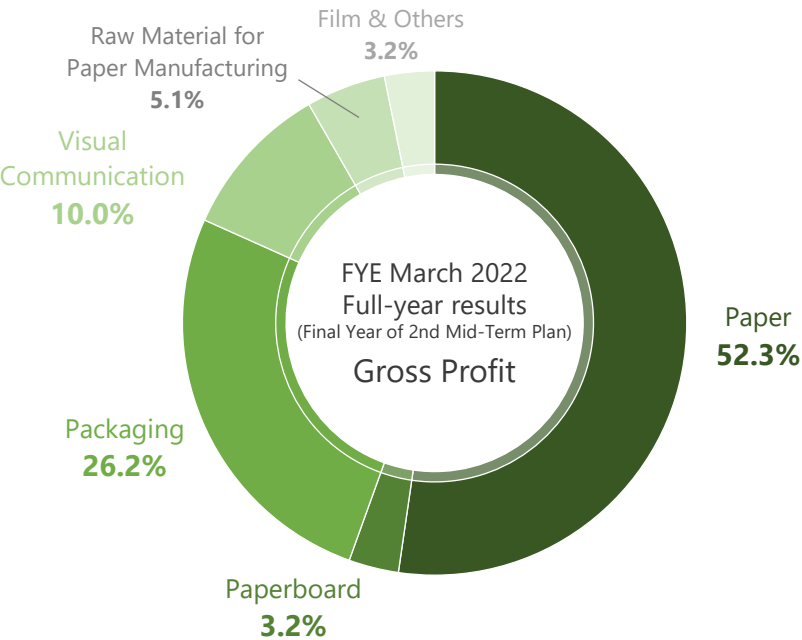
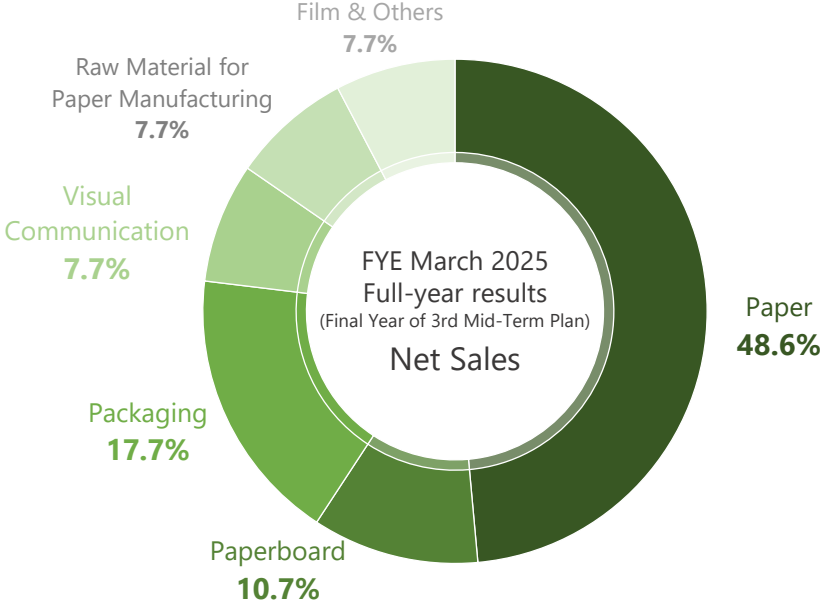
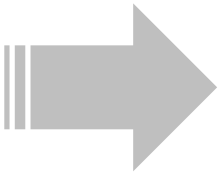
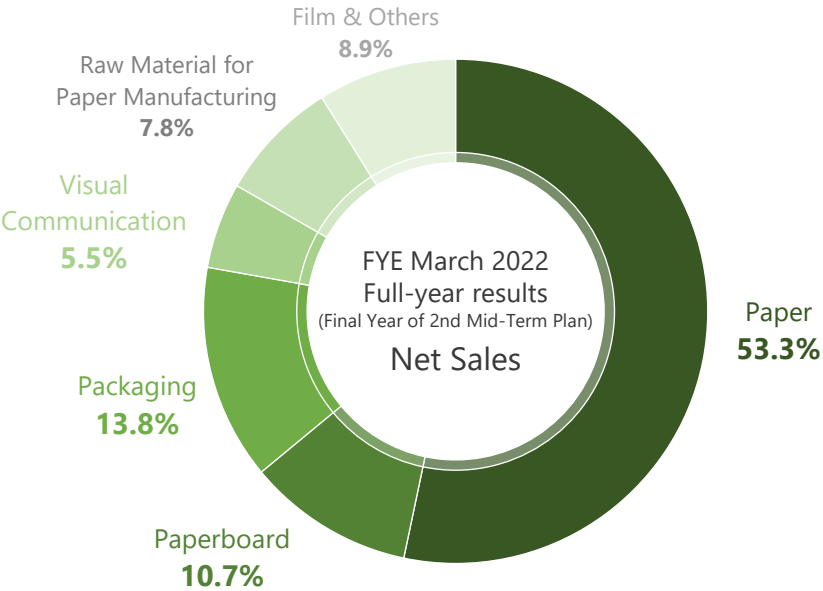
* Before Adjustment for Corporate Expenses, etc.

Results by Business Portfolio (Compared with the Second Medium-Term Plan)

- As a result of proactive M&A activities in the Packaging and Visual Communication businesses, the composition ratio of these two segments increased, while the proportion of the Paper business declined.
- Further transformation of the business portfolio remains an ongoing key challenge.

(JPY million)		Net sales				Gross profit			
		FYE March 2022 Full-year results (Final Year of 2nd Mid-Term Plan)	Composition	FYE March 2025 Full-year results (Final Year of 3rd Mid-Term Plan)	Composition	FYE March 2022 Full-year results (Final Year of 2nd Mid-Term Plan)	Composition	FYE March 2025 Full-year results (Final Year of 3rd Mid-Term Plan)	Composition
Paper	Print	—	—	258,139	38.5%	—	—	45,666	35.4%
	Office	—	—	67,302	10.0%	—	—	14,086	10.9%
	Total	300,568	53.3%	325,441	48.6%	48,580	52.3%	59,752	46.3%
Paperboard		60,469	10.7%	71,406	10.7%	2,993	3.2%	4,467	3.5%
Packaging		77,582	13.8%	118,829	17.7%	24,384	26.2%	40,013	31.0%
Visual Communication		30,922	5.5%	51,525	7.7%	9,296	10.0%	15,836	12.3%
Raw Material for Paper Manufacturing		43,877	7.8%	51,565	7.7%	4,737	5.1%	4,210	3.3%
Film & Others		49,996	8.9%	51,273	7.7%	2,961	3.2%	4,834	3.7%
Total		563,414	100.0%	670,042	100.0%	92,951	100.0%	129,116	100.0%

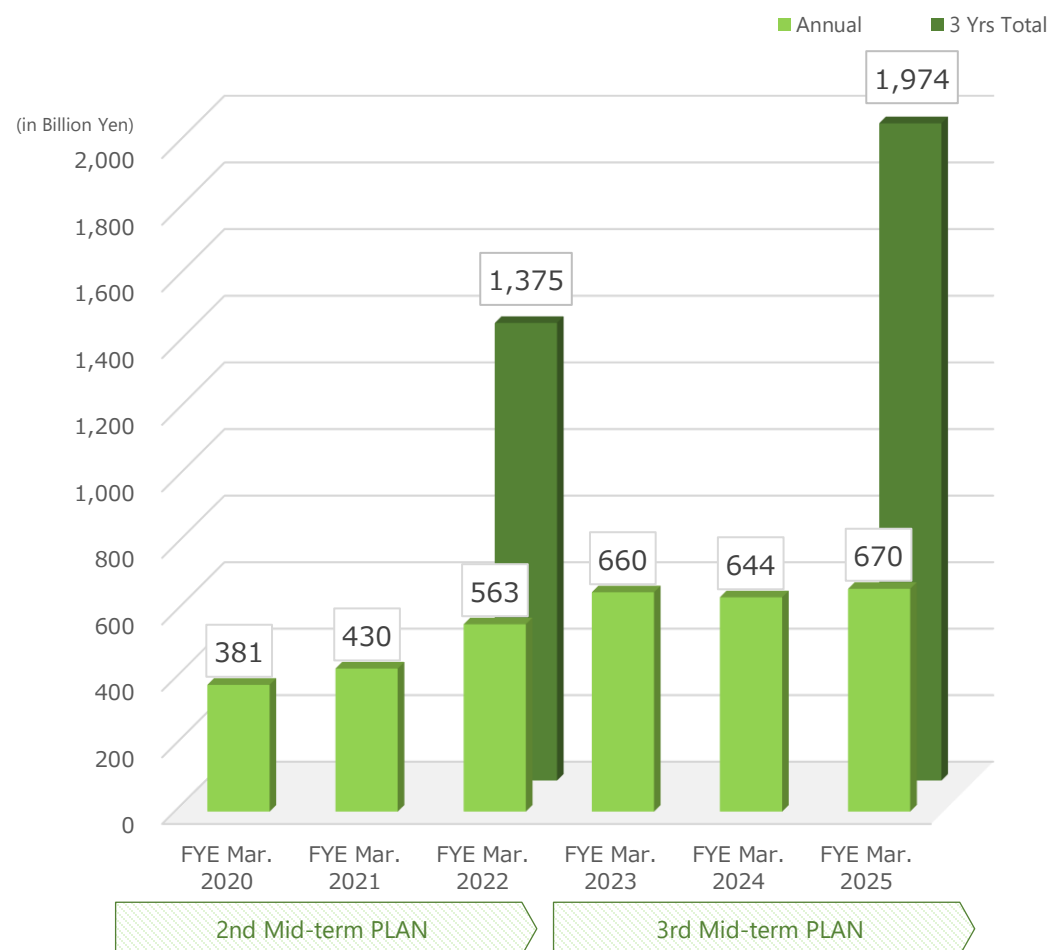
Results by Business Portfolio (Compared with the Second Medium-Term Plan)



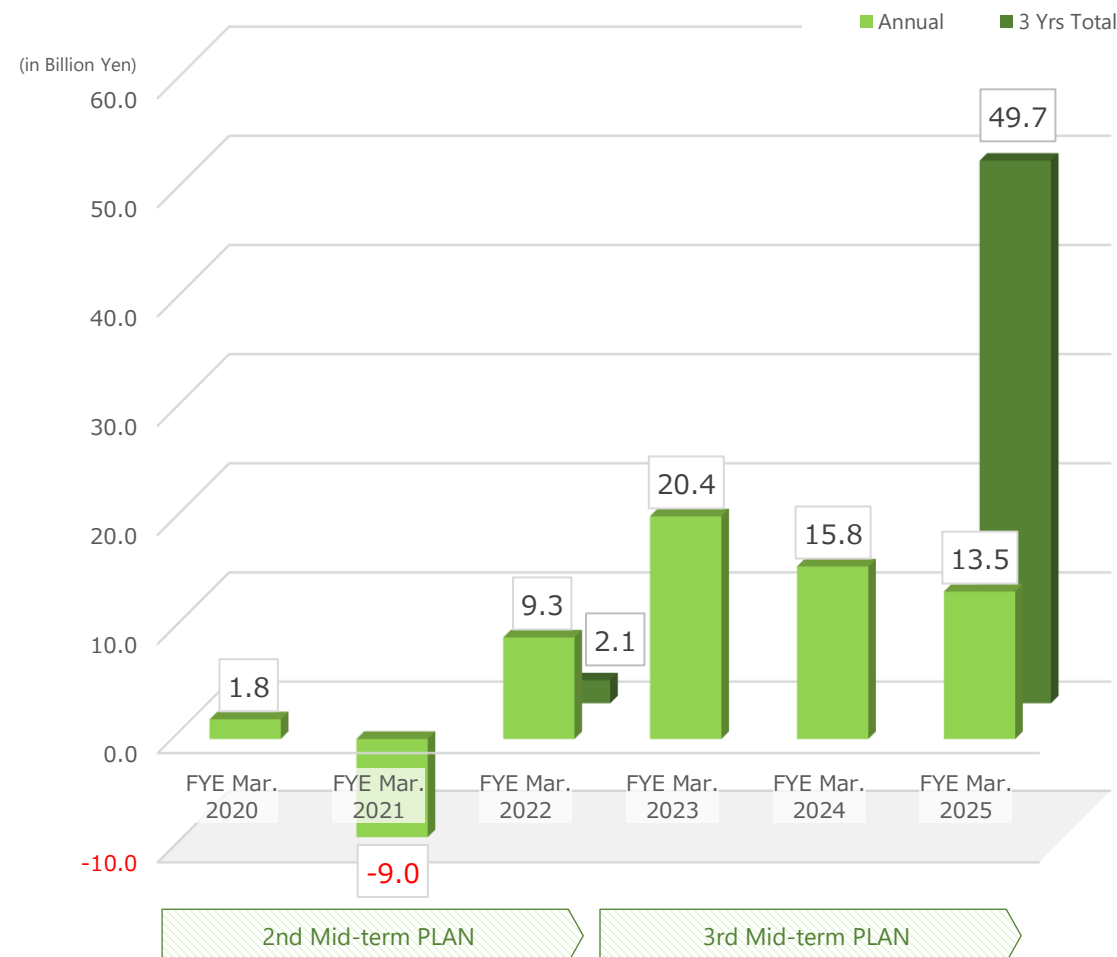
Net Sales and Operating Profit Results (Compared with the Second Medium-Term Plan)

- The proactive overseas expansion undertaken during the Second Medium-Term Business Plan contributed to higher sales and profit levels in the Third Plan period.
- While operating profit recorded a significant increase in the fiscal year ended March 2023, results for the fiscal year ended March 2025 are expected to fall short of target levels due to a deterioration in the external environment.

Net Sales



Operating Profit



- While net sales met the target, profitability and capital efficiency indicators fell short of their respective goals.
- Financial soundness indicators remained roughly in line with target levels.

Announced on June 13, 2022

	FYE March 2022 Full-year results (Final Year of 2nd Mid-Term Plan)	FYE March 2025 Target Figures (Final Year of 3rd Mid-Term Plan)	FYE March 2025 Full-year results (Final Year of 3rd Mid-Term Plan)
Net Sales (billions of yen)	563.4	650.0	670.0
Operating Profit (billions of yen)	9.3	14.5	13.5
Operating Profit Margin	1.7%	2.2%	2.0%
Profit attributable to owners of parent (billions of yen)	7.4	9.0	7.9
ROE	15.0%	12.0% above	9.5%
ROA	2.7%	2.5% above	2.3%
D/E Ratio	1.4x	1.0x hereinafter	1.0x
Equity Ratio	19.4%	25.0% above	24.5%

Key Strategies

- Among the key initiatives set forth in the Medium-Term Business Plan, progress was made in enhancing profitability and advancing ESG-oriented management.
- On the other hand, challenges remained in strengthening group capabilities through global collaboration and promoting digital transformation (DX).

Establishment and Strengthening of the Earnings Base

○:Achievements △:Challenges

Key Priorities	Evaluation
Maximization of profits for each group company	【○】 Business portfolio diversification (Packaging, Visual Communication, Raw Material for Paper Manufacturing) and expansion into e-business
Promotion of Strategic Alliances and M&A	【○】 Pursuit of bolt-on M&A 【△】 Expansion into the North American market remains incomplete due to environmental constraints.
Pursuit of Global Synergies	【△】 While some individual financial synergies were realized, group-wide strategic integration remains incomplete.
Promotion of Digital Transformation (DX)	【△】 Progress in system implementation and productivity improvement measures varied across group companies.

Strengthening Global Group Management

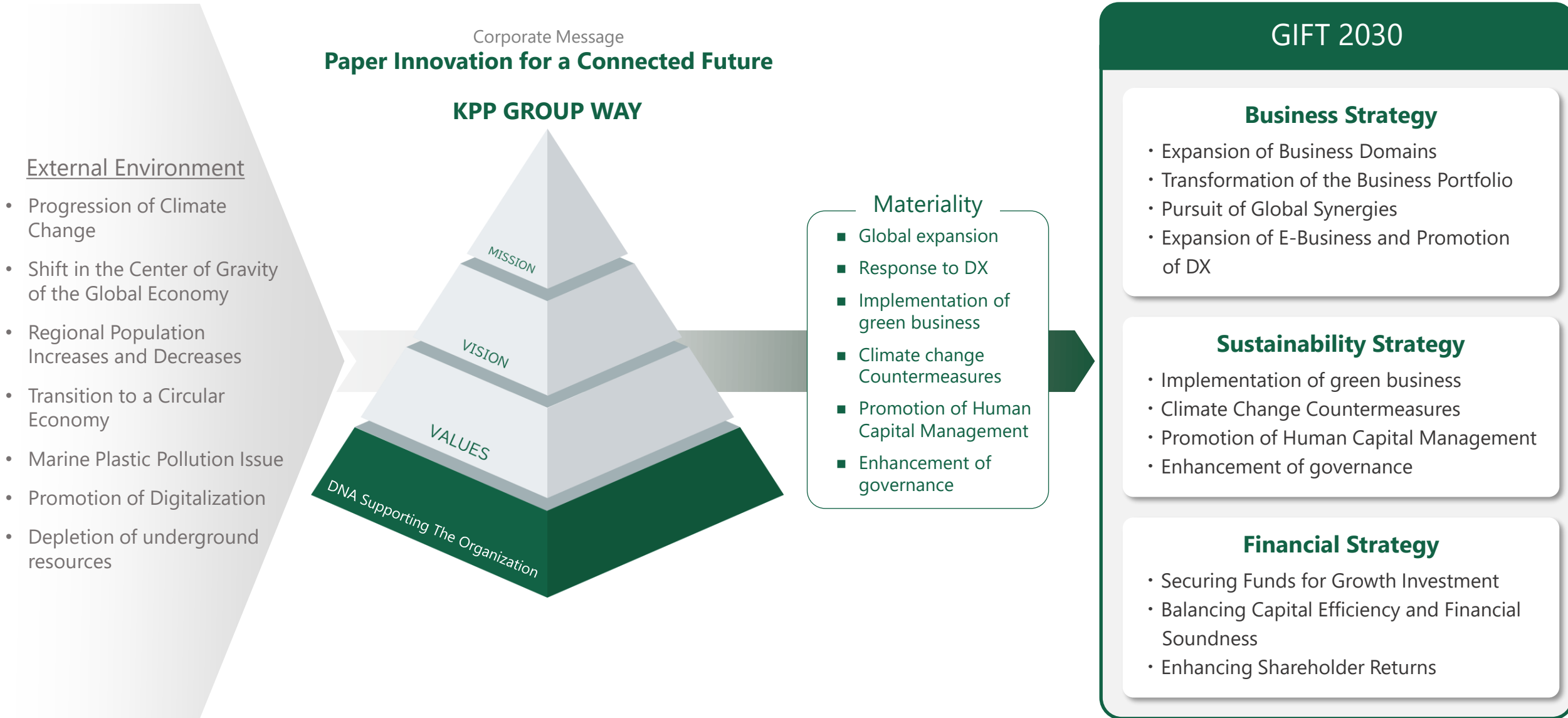
○:Achievements △:Challenges

Key Priorities	Evaluation
Realization of ESG Management	【○】 Each group company promoted environmental, social, and governance initiatives; recycling business expanded in Japan.
Development of a Global Operational Structure	【○】 Implemented holding company structure and regional segment reorganization; enhanced diversity by appointing business company CEOs as HD directors.
Enhancement of global communication	【△】 Group cohesion improved through internal newsletters and portal tools, but further engagement is needed.
Optimal Allocation of Management Resources	【○】 Reorganized underperforming businesses at group companies; optimized interest payment control through long-term financing by the holding company.

Note: Bolt-on M&A refers to mergers and acquisitions aimed at complementing or strengthening existing businesses to create synergies.

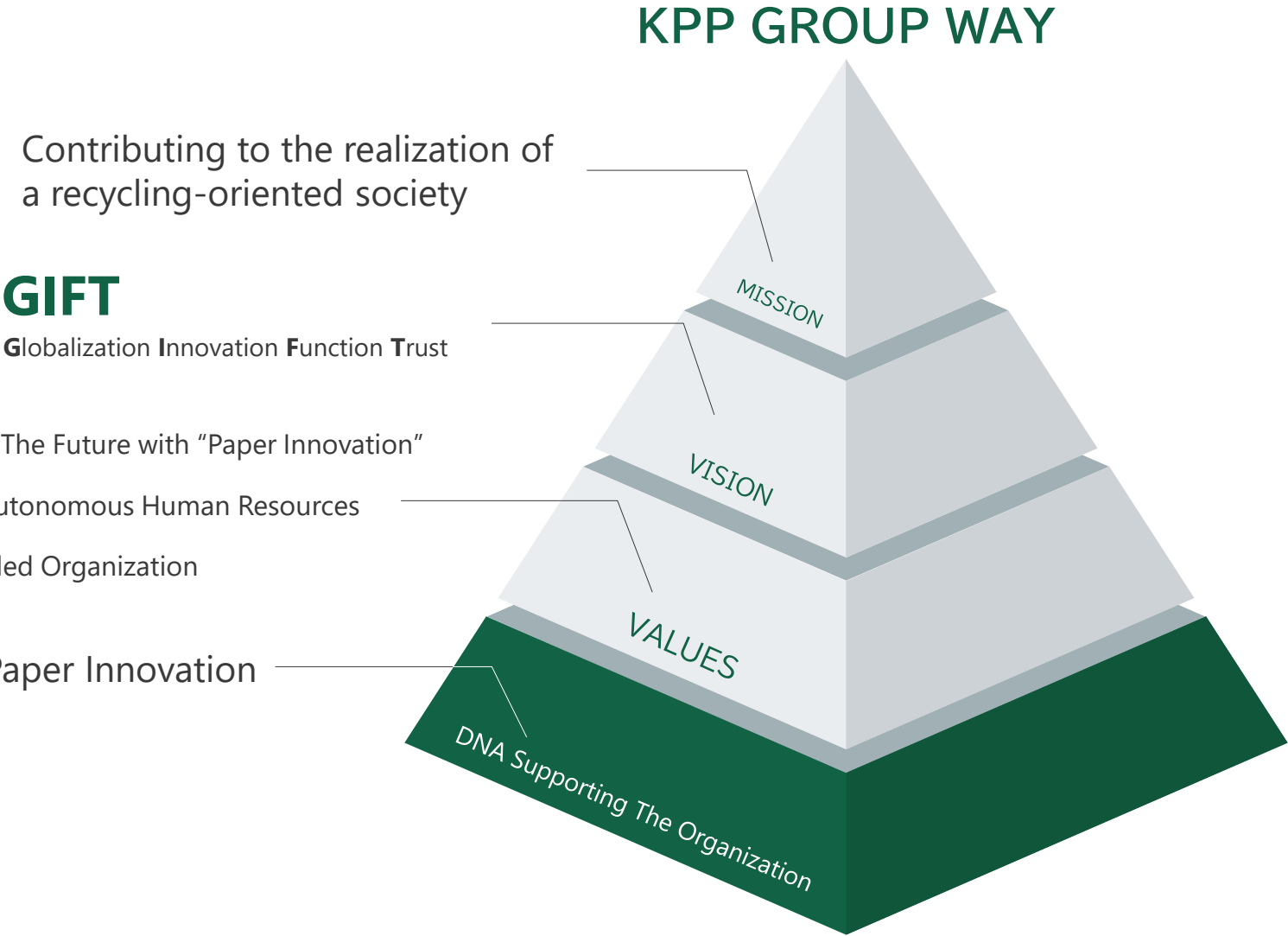
03

Long-Term Management Vision 「GIFT 2030」



The corporate philosophy of KPP Group, expressed in a three-tier pyramid of 'Mission,' 'Vision,' and 'Values,' is called the 'KPP GROUP WAY.'

- Within this framework, the Mission incorporates the concept of purpose-driven management, representing the company's reason for existence and core mission.

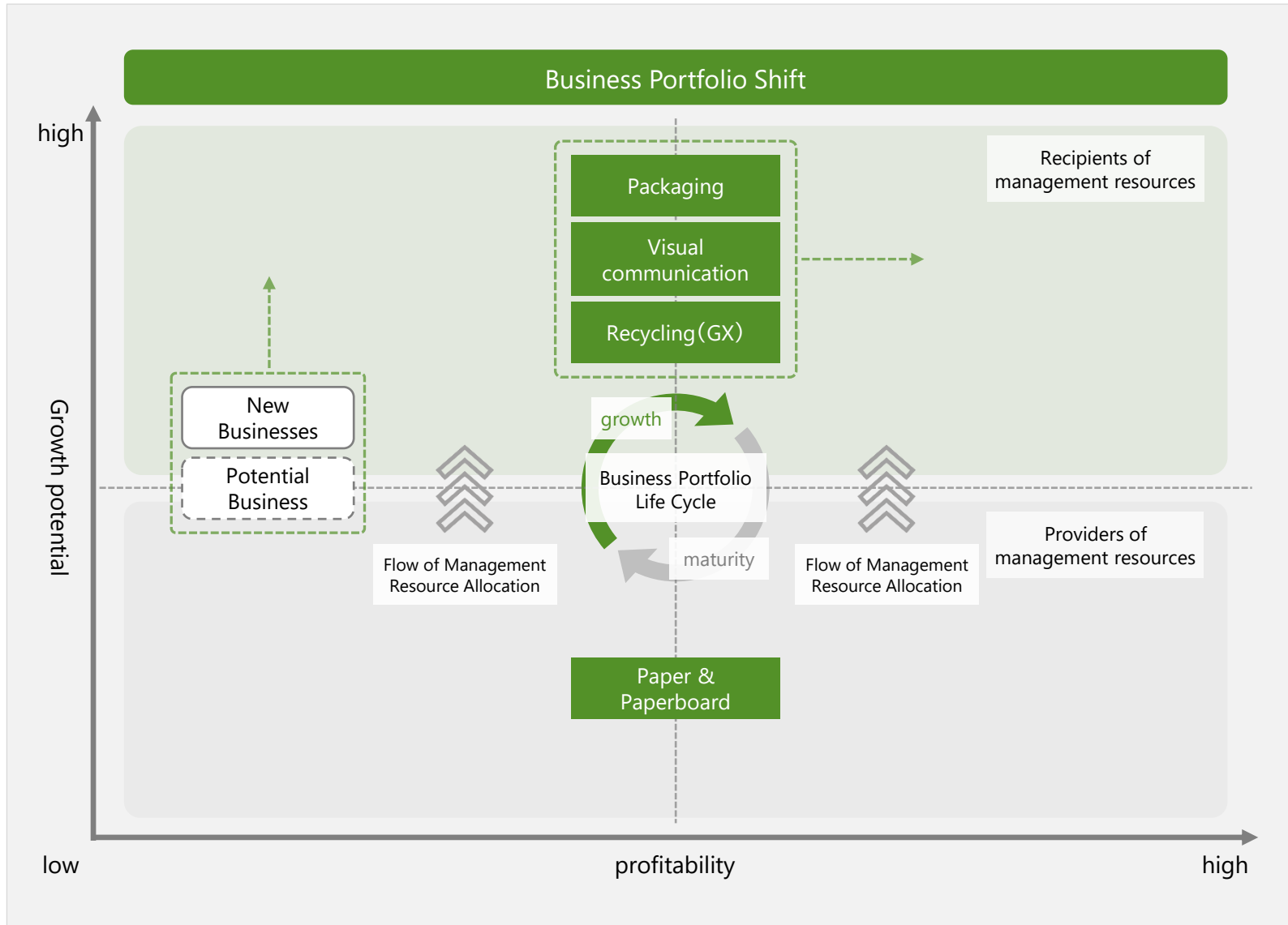


Business Environment Outlook (Macro Environment)

- Toward 2030, we assume increasing uncertainty in the political, social, and economic landscape, alongside a growing awareness of environmental issues. In this context, promoting digital transformation (DX) in response to technological innovation will be a critical strategic focus.

	Key Trends Toward 2030		Threats (T) & Opportunities (O)
Politics and Society	<ul style="list-style-type: none">■ Regional Population Increases and Decreases■ Rising Global Uncertainty	<ul style="list-style-type: none">- Population Growth and Urbanization- Progress of Low Birthrate and Aging Population in Developed Countries- Policy Management under the Trump Administration in the U.S.- Political Instability in Europe, the Ukraine Crisis, Middle East Situations, and U.S.-China Tensions	<ul style="list-style-type: none">■ (T) Shrinking paper market size in developed countries■ (T) Supply Chain Fragmentation Due to Stricter Regulations and Economic Security Measure■ (O) Expansion of the Paper Market in Developing Countries
Economy	<ul style="list-style-type: none">■ Shift in the Center of Gravity of the Global Economy■ Transition to a Circular Economy	<ul style="list-style-type: none">- High Economic Growth in South and Southeast Asia; Low Growth in the U.S. and Europe- Heightened Awareness of Human Rights	<ul style="list-style-type: none">■ (O) Increased Demand for Paper Driven by Lifestyle Changes
Environment	<ul style="list-style-type: none">■ Progression of Climate Change■ Marine Plastic Pollution Issues	<ul style="list-style-type: none">- Progression of Climate Change and Growing Environmental Awareness- Expansion of Renewable Energy Utilization	<ul style="list-style-type: none">■ (T) Increased Costs Due to Environmental Regulations■ (O) Growing Demand for Plastic Alternatives■ (O) Expansion of Low-Environmental-Impact Businesses
Technology	<ul style="list-style-type: none">■ Advancement of Digitalization■ Progress in New Technologies Addressing Environmental Issues	<ul style="list-style-type: none">- Evolution of Digital Transformation (DX)- Social Implementation of Environmental Impact Reduction Technologies	<ul style="list-style-type: none">■ (T) Decline in Demand for Graphic Paper■ (T) Advancement of Direct Transactions Between Customers and Suppliers■ (O) Differentiation Through the Use of New Technologies

Business Portfolio Realignment



Note: GX refers to Green Transformation

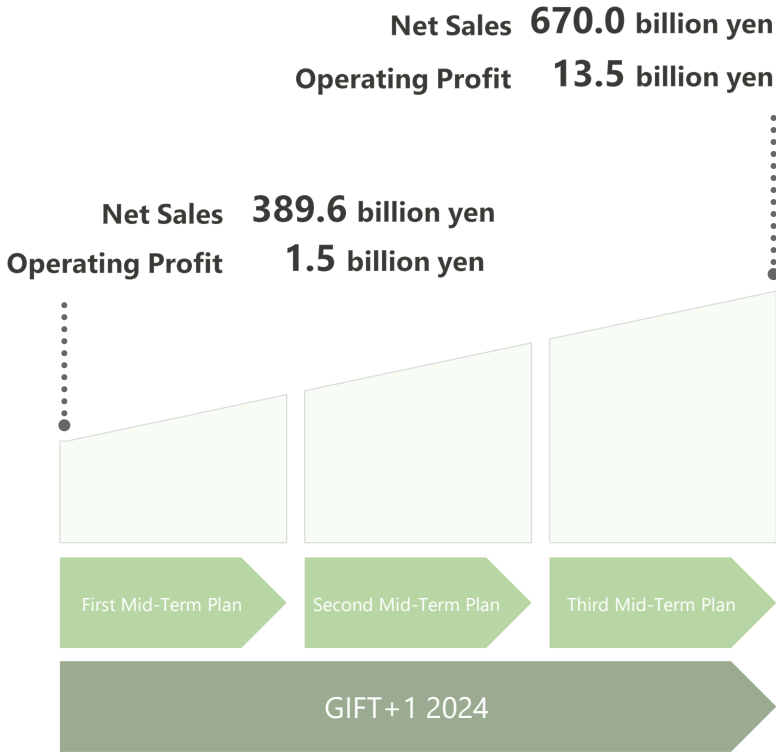
- While the Paper and Paperboard business is currently generating stable cash flow, the market is expected to shrink over the medium to long term.
- We will allocate the stable cash flow and human resources generated from the paper and paperboard segment to business areas with higher growth potential and profitability.
- In addition to existing businesses, we will also invest management resources into new business areas, aiming to build new revenue bases and realign our business portfolio.

The Vision of the KPP Group

While pursuing the potential of paper -our founding business- we are also advancing the transformation of our business portfolio and striving to create new businesses and expand into new domains. We aim to become a world-class global company by continuing to deliver high-quality, value-added products, services, and solutions that meet the evolving needs of our customers.

Net Sales 1 trillion yen
Operating Profit 30 billion yen

We are advancing our strategic initiatives with the above numerical targets as our goals.

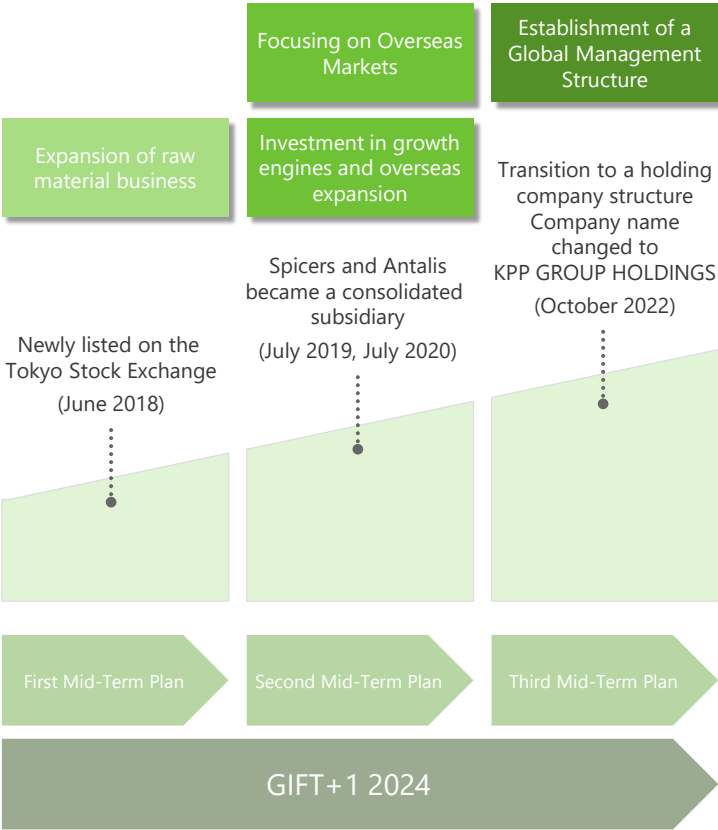
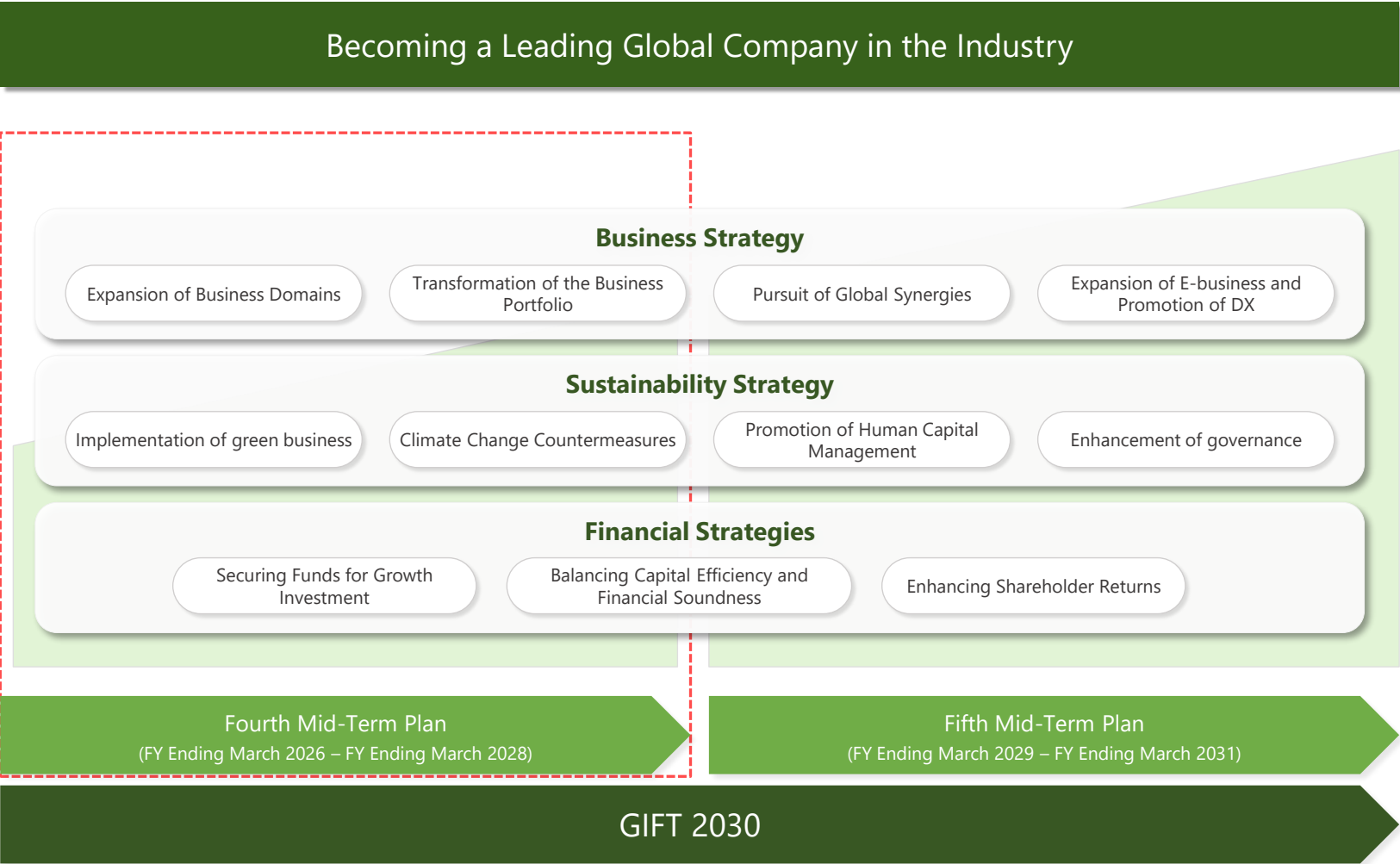


04

The Fourth Medium-Term Business Plan (FY2026/3-FY2028/3)

Positioning of the Fourth Medium-Term Business Plan

- Under the Fourth Medium-Term Business Plan, we are promoting the transformation of our business portfolio, the creation of new businesses, and the expansion of our business domains.



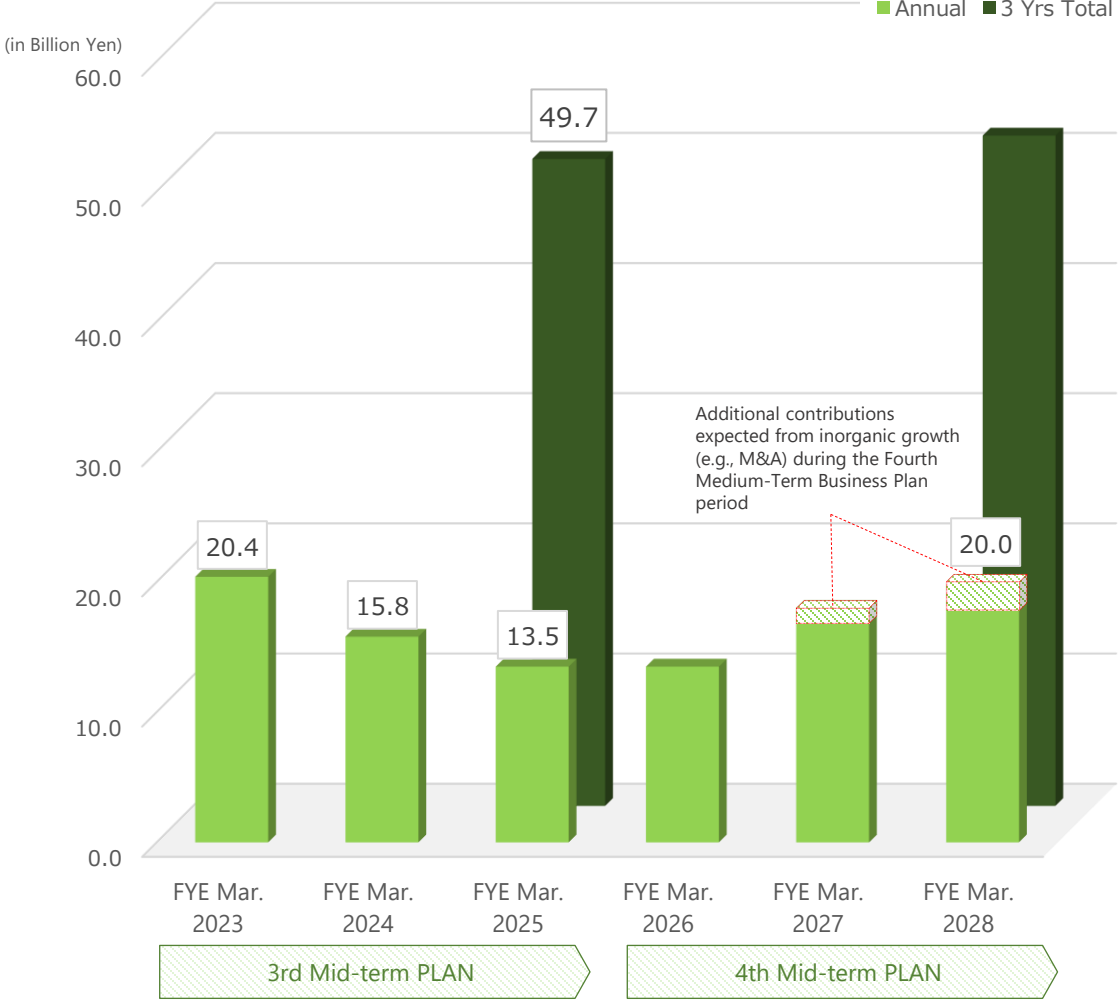
Net Sales and Operating Profit (Compared to the Third Medium-Term Business Plan)

- To achieve the profit targets set in the Fourth Medium-Term Business Plan, we will enhance our underlying earning power through inorganic strategies.

Net Sales



Operating Profit



- Under the Fourth Medium-Term Business Plan, we have defined four key initiatives to pursue business development beyond our existing operations.

Expansion of Business Domains

- New Products
- New market
- New Business Models

Transformation of the Business Portfolio

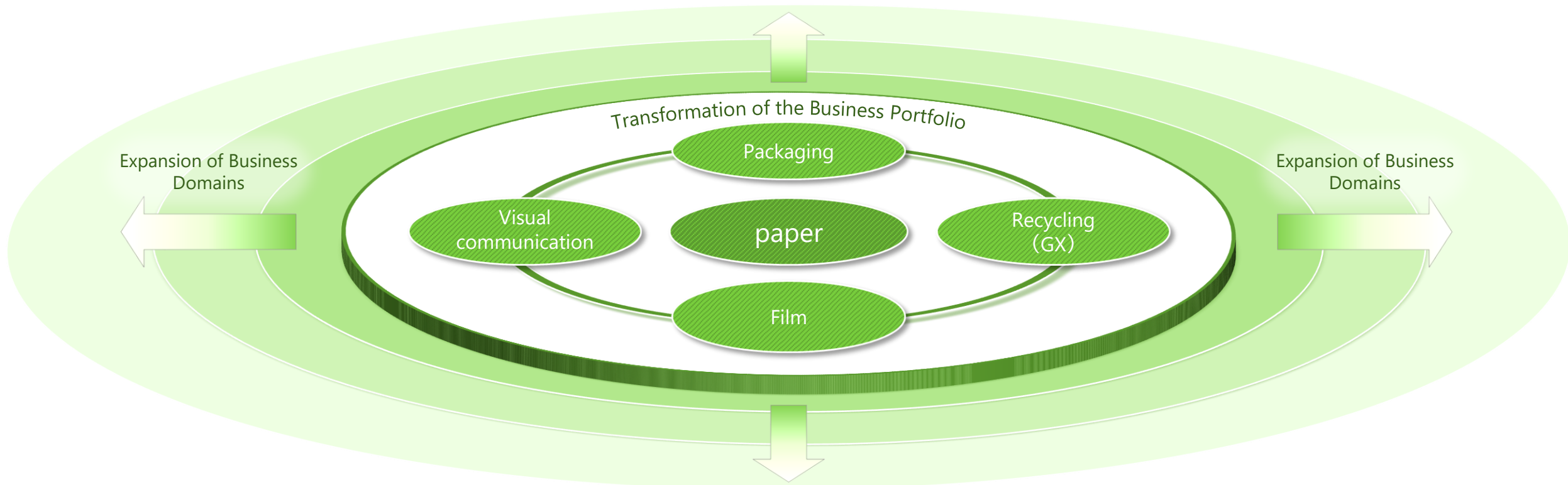
- Promotion of Bolt-on M&A
- Creation of New Businesses

Pursuit of Global Synergies

- Purchasing Information
- Sales Information
- Marketing

Expansion of E-Business and Promotion of DX

- Enhancing business operations and systems through DX
- Expansion of the Web shop



Note: Bolt-on M&A refers to mergers and acquisitions aimed at complementing or strengthening existing businesses to create synergies. Note: GX refers to Green Transformation

Priority Measures under the Business Strategy (Expansion of Business Domains and Transformation of the Business Portfolio)

- We develop and implement strategies based on a thorough analysis of conditions by region and business segment. M&A will continue to play a key role in our overall strategy.
- Based on the development status of business segments in each region, we will advance our operations under the following three strategic approaches.

[○] Expansion of existing businesses [⊙] Promotion of bolt-on M&A related to existing fields [✓] Strategy centered on M&A in new business

		Japan	Northeast Asia	Asia Pacific	Europe and Latin America	North America
Business Fields	Paper & Paperboard	○	○	○	○	
	Packaging	✓		⊙	⊙	✓
	Visual Communication	✓		⊙	⊙	✓
	Recycling(GX)	⊙				
	Chemical Film	⊙				

Note: GX refers to Green Transformation

Priority Measures under the Business Strategy (Pursuit of Global Synergies)

- Certain financial synergies were realized during the period of the Third Medium-Term Business Plan. Under the Fourth Plan, we aim to create added value by strengthening business synergies.

- Strategy: Sharing strategies, tactics, and management methods across regions
- Human Resources: Optimizing global allocation of human resources

- Credit: Leveraging Creditworthiness
- Capital: Utilizing surplus funds

Management Synergies

Financial Synergies

Business Synergies

Provision of Support Functions by the Holdings Company

- Data Management
- Mechanisms to Promote Collaboration (e.g., Evaluation Systems)



- Purchasing: Realizing economies of scale through joint product sourcing
- Sales: Sharing expertise, skills, and customer needs
- SCM (Supply Chain Management): Global sharing of logistics networks and product inventory
- Brand: Brand recognition and strength
- Marketing: Enhancing market analysis through the aggregation of regional information

Priority Measures under the Business Strategy (Expansion of E-business and Promotion of DX)

- Through the promotion of digital transformation (DX), we aim to achieve significant improvements and advancements in existing business systems, processes, and business models.
- In promoting E-business initiatives, each group company positions the expansion of its customer base and the enhancement of productivity as key strategic priorities, and will work to enhance customer engagement.



Our Vision

A Global Environmental Value-Creating Company that Responds to the Demands of Sustainability

Long-Term Goals Toward 2050

Achieving Net-Zero Greenhouse Gas Emissions for Scope 1 and 2 on a Consolidated Group Basis

Environment

- Aiming to measure and set reduction targets for Scope 3 emissions across the entire Group.
- developing a variety of circular businesses to reduce environmental impact.

Society

- Promoting human capital management, including DE&I, through the recruitment and active engagement of diverse talent.
- Fulfilling essential corporate responsibilities such as ensuring occupational health and safety.

Governance

- Establishing compliance and risk management as the foundation of our business to address uncertainty.
- Optimizing group governance to generate group synergies.

Data Management & Disclosure

- Implementing a global data management system to enhance disclosure capabilities.
- Complying with international standards to earn high evaluations, leading to increased investment and stronger branding.

Fourth Medium-Term Business Plan Final-Year Targets

Profitability	Capital Efficiency	Financial Soundness/ Shareholder Returns
<div>Operating Profit</div> <div>20 billion</div>	<div>ROE</div> <div>8.0% or more</div>	<div>Equity Ratio</div> <div>within the range of</div> <div>20% to 25%</div>
<div>EBITDA</div> <div>32 billion</div>	<div>ROIC</div> <div>ROIC > WACC</div>	<div>Consolidated Dividend Payout Ratio</div> <div>Target of 30%</div> <div>(with a minimum threshold of DOE 3.0%)</div>

Note: EBITDA = Ordinary Profit + Depreciation + Amortization of Goodwill + Interest Expenses, etc.

Financial Strategy (Cash Allocation)

- We will utilize operating cash flow, the sale of strategic shareholdings, and interest-bearing debt to carry out growth investments—primarily through M&A—as well as shareholder returns.

Cumulative Cash Inflows over Three Years

After Deducting Lease Repayment Outflows
Operating Cash Flow (*)
Approximately **40** billion yen

Sale of Strategic Shareholdings
Approximately **5** billion yen

Financing through Interest-Bearin Debt
(Maintaining an Equity Ratio within the 20%-25% Range)



Cumulative Cash Outflows over Three Years

Growth Investment

- M&A and Alliances
- Creation of New Businesses
- nvestments in DX and Human Capital

Within the Range of **50** billion yen

Shareholder Returns

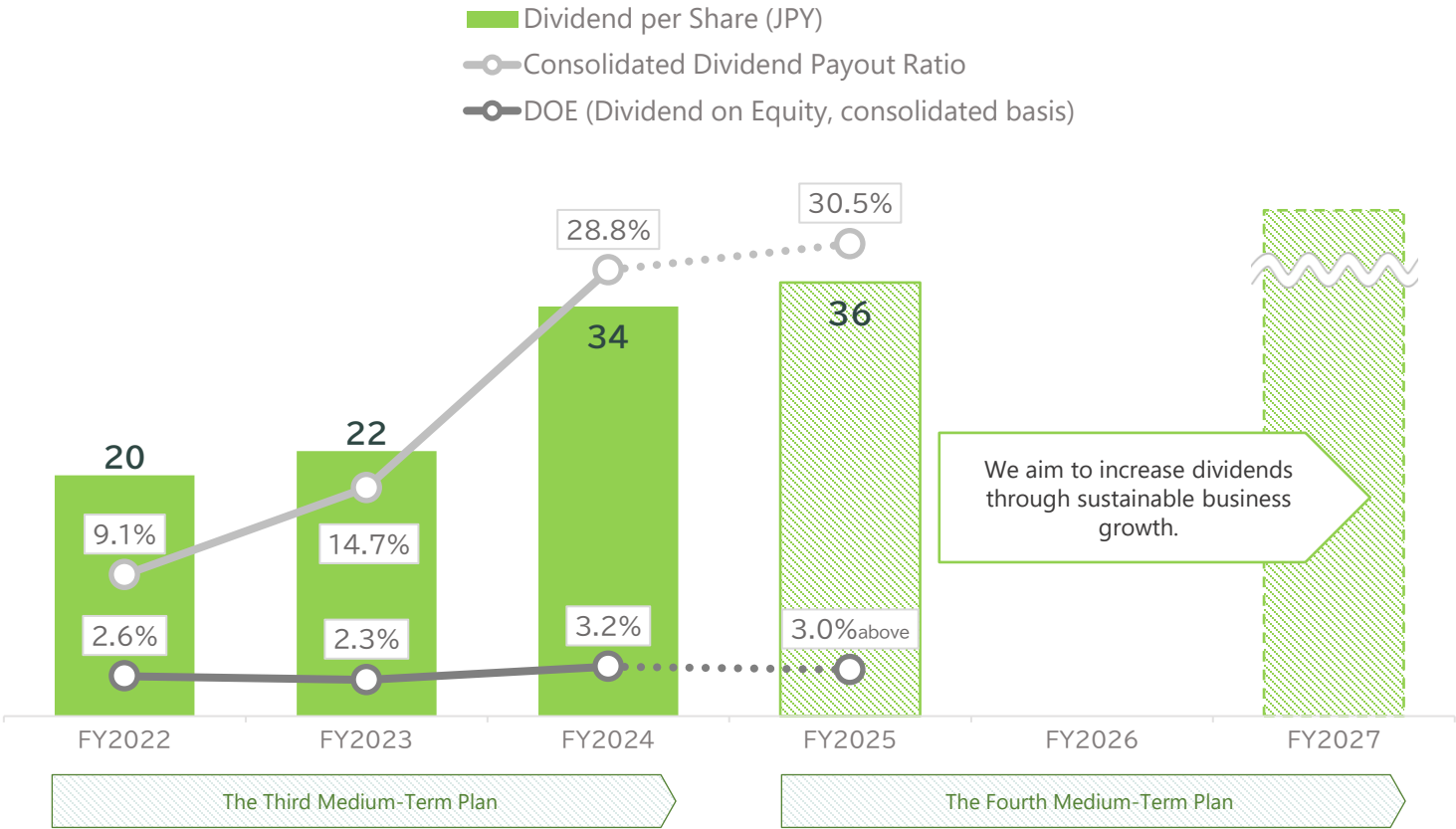
Share Buybacks
In addition to a portion of the proceeds from the sale of strategic shareholdings, any surplus funds remaining after allocating resources for growth investments will be used to finance share buybacks.

Consolidated Dividend Payout Ratio: 30%
(with a minimum threshold of DOE 3.0%)

(*) Note: Operating Cash Flow after Deducting Lease Repayment Outflows
(Financing Activities, Approx. ¥20.0 Billion)

Shareholder Returns (Dividends and Share Buybacks)

- To enhance shareholder returns, the Company has revised its dividend policy effective from the fiscal year ending March 2025. In addition to providing stable and continuous dividends, we will return profits in line with business performance by targeting a consolidated dividend payout ratio of 30%, while setting a minimum threshold of 3.0% for the dividend on equity (DOE).
- With regard to share buybacks, the Company intends to use a portion of the proceeds from the sale of strategic shareholdings, and, in cases where surplus funds remain after allocating capital for growth investments, the equivalent amount will be allocated for share repurchases.



* DOE (Dividend on Equity) = (Total Annual Dividends ÷ Consolidated Shareholders' Equity) × 100
Based on consolidated shareholders' equity excluding other comprehensive income that fluctuates due to stock market and foreign exchange movements.

Policy on Management Conscious of Capital Costs and Share Price

- ❑ We aim to continuously achieve ROE of 8% or higher (ROE for the fiscal year ended March 2025: 9.5%) and maintain ROIC above WACC (WACC: 3.2%, ROIC: 4.8% for FY2025), thereby realizing sustainable value creation for shareholders.
- ❑ To enhance shareholder returns, we will provide dividends targeting a consolidated payout ratio of 30% and a minimum DOE (Dividend on Equity) of 3.0%, along with flexible share buybacks.*Please refer to the previous page for details.
 - With regard to share buybacks, the Company intends to allocate a portion of the proceeds from the sale of strategic shareholdings, along with any surplus funds remaining after growth investments, as a source of funding for repurchasing its own shares.

Initiatives to Improve ROE and ROIC and Reduce Capital Costs

- ❑ Expanding high-margin businesses—such as Packaging and Visual Communication—through M&A strategies based on the Fourth Medium-Term Business Plan, and investing in businesses that exceed the cost of capital or have strong growth potential.
- ❑ Reducing capital costs by building an optimal capital structure and downsizing strategic shareholdings (planned reduction of approximately 30%, or around ¥5.0 billion, by the end of FY2028 compared to the end of FY2025).
- ❑ Promoting Sustainability and ESG-Oriented Management, and Enhancing Information Disclosure.

05

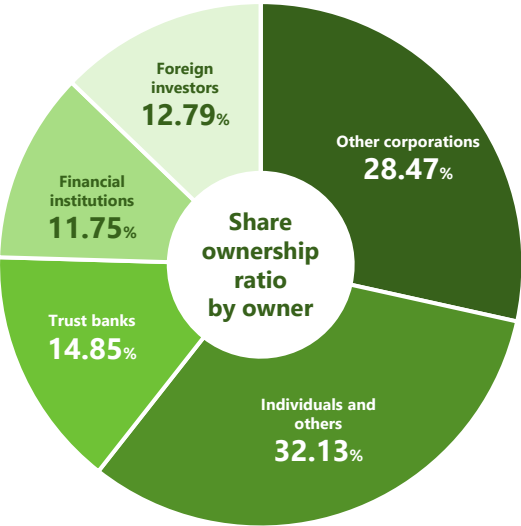
Reference Materials

Overview of the KPP Group

Company Overview

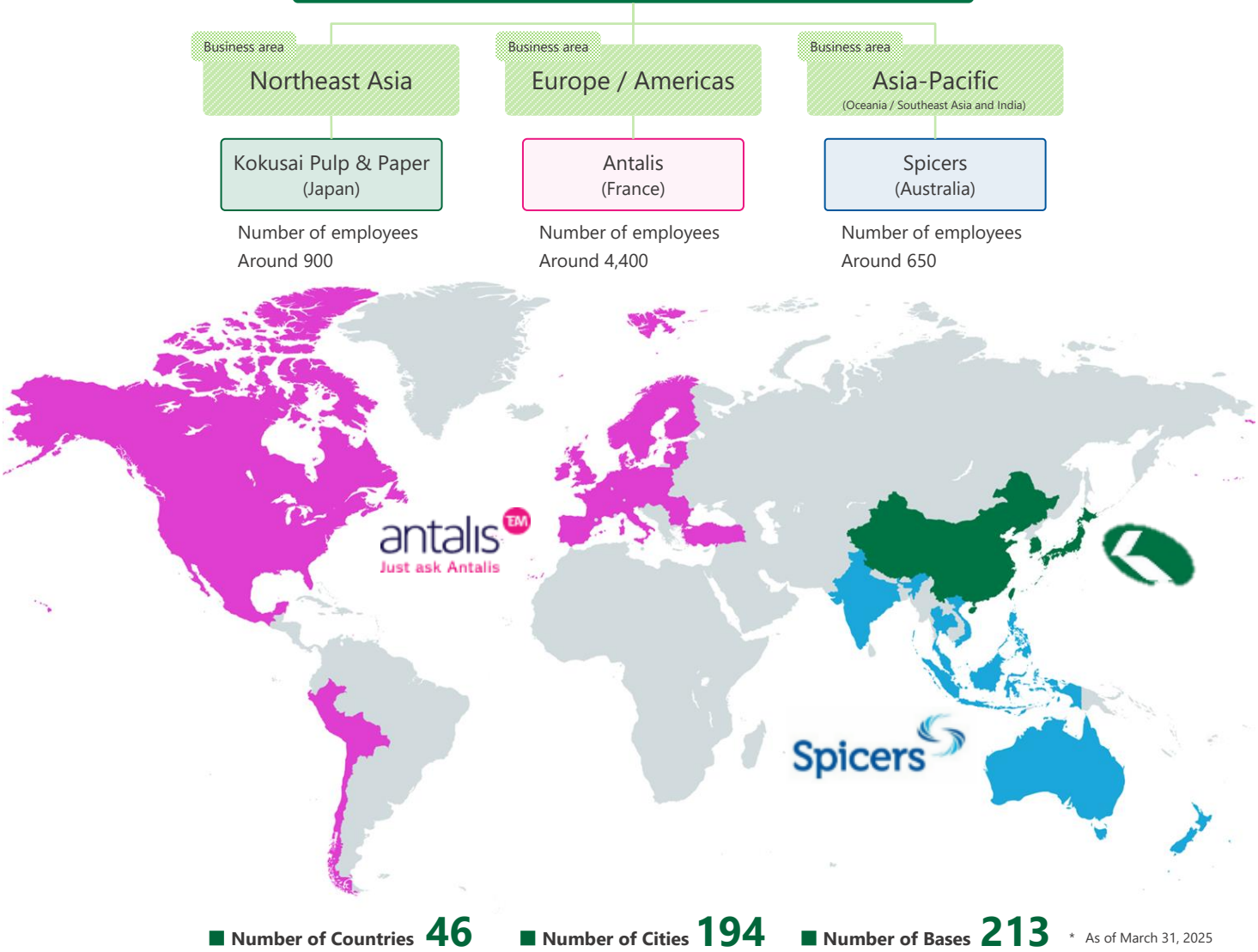
Company Name	KPP GROUP HOLDINGS CO., LTD.
Established	November 1924
Representative	Madoka Tanabe, Chairman & Chief Executive Officer Yasuyuki Sakata, President
Head Office Address	6-24 Akashi-cho, Chuo-ku, Tokyo
Capital	JPY 4,723 million
Employees	5,974 (consolidated) * As of March 31, 2025

Status of shareholders



* As of March 31, 2025

KPP GROUP HOLDINGS



Paper

There is a wide range of paper types, and we make proposals that match the properties and characteristics of each type of paper depending on the application. There are various uses, such as for 'print paper' used for books, magazines, textbooks, reference books, publications, flyers, catalogs, pamphlets, instruction manuals, etc., and PPC paper used as 'office paper' for copy paper in offices and schools.

- print paper



- office paper



Paperboard

"Container board" is the base paper used to make corrugated boxes, and accounts for about 80% of all paperboard.

"Folding box board" is the base paper for paper boxes such as candy, tissues, cards, etc.

- Container board



- Folding box board



Customized solutions (Antalis)

Experts who provide **customized solutions** that meet customer needs for a wide range of packaging material Providing services in a wide range of industrial fields, including automobiles, electronics, high-tech, machinery, metals, food, chemicals and so on.



Inquiries from Customers

We have products that need protection, but we can't find a standard packaging solution to meet our needs.



Expert

- ✓ What protection does the product need?
- ✓ What are the transportation modes and routes, and the situation of on-site inventory?
- ✓ What do your internal logistics look like?
- ✓ What about the disposal after use?



- Carefully consider customers unique cases and develop a solution that meets their requirements
- Procurement of the highest quality packaging materials at competitive prices through a broad network of suppliers and manufacturers

Packaging Design Center



Providing a variety of packaging materials (examples)



Corrugated cardboard



Air cushion



Honeycomb panel



Bag-type air cushioning material



Foam cushion



Paper cushion



Gap filling buffer material



Firm packaging material



Corrugated foam



We provide solutions and products ranging from large-format inkjet printers to inks and other consumables, and materials for indoor and outdoor signage, displays, and car wrapping

- Experienced marketing teams provide high-level user support

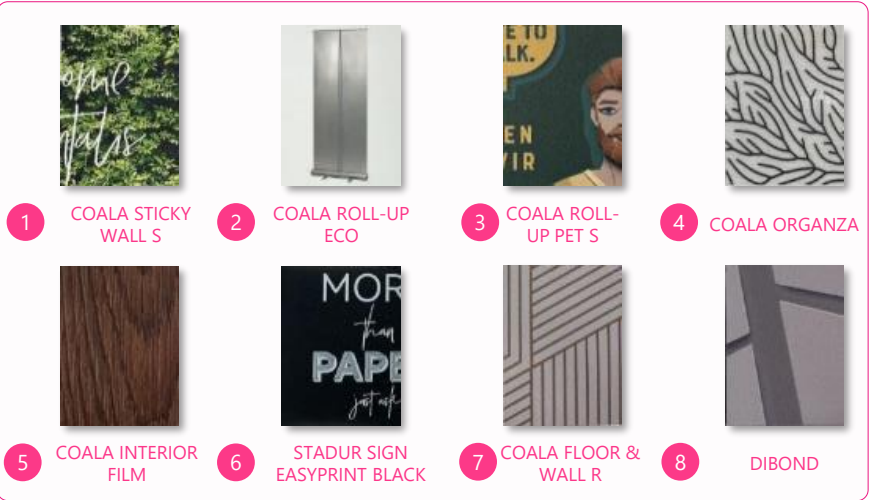
Examples of indoor and outdoor signage, display, wrapping, etc.



* Examples of projects in which products of Antalis' visual communication series were delivered in collaboration with architects, interior designers, printers and advertising agencies.

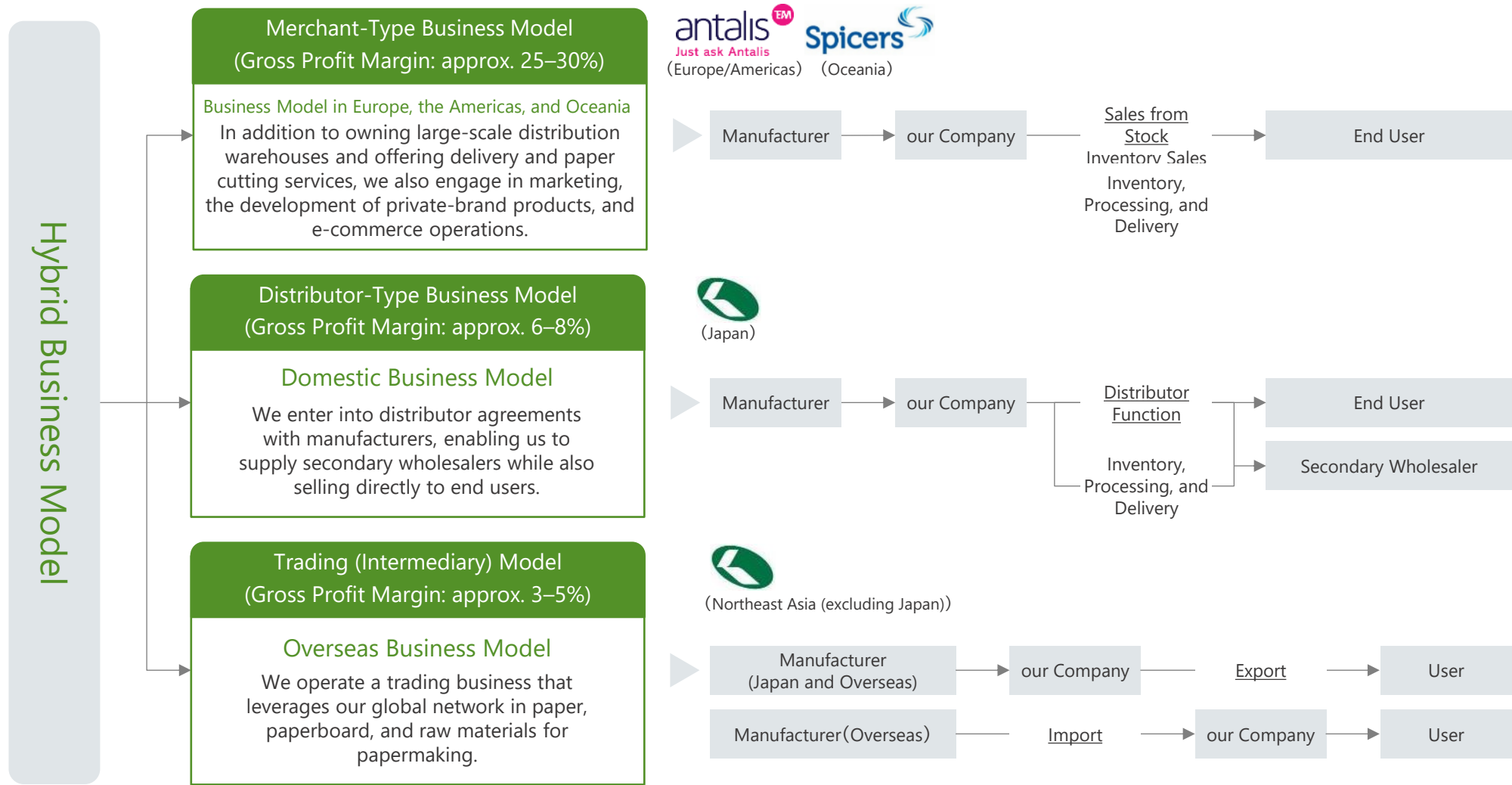
Adhesive Label

- Providing services in all fields, including daily necessities, food and beverage, medical and pharmaceutical, logistics and distribution, and industrial-related fields.



Hybrid Business Model – Expansion of the Merchant-Type Business Model

To maximize profitability and efficiency, we are developing optimized business models tailored to each region. In Europe, the Americas, and Oceania, we are expanding our merchant-type business model through proactive M&A, aiming to enhance the overall profitability of the Group.



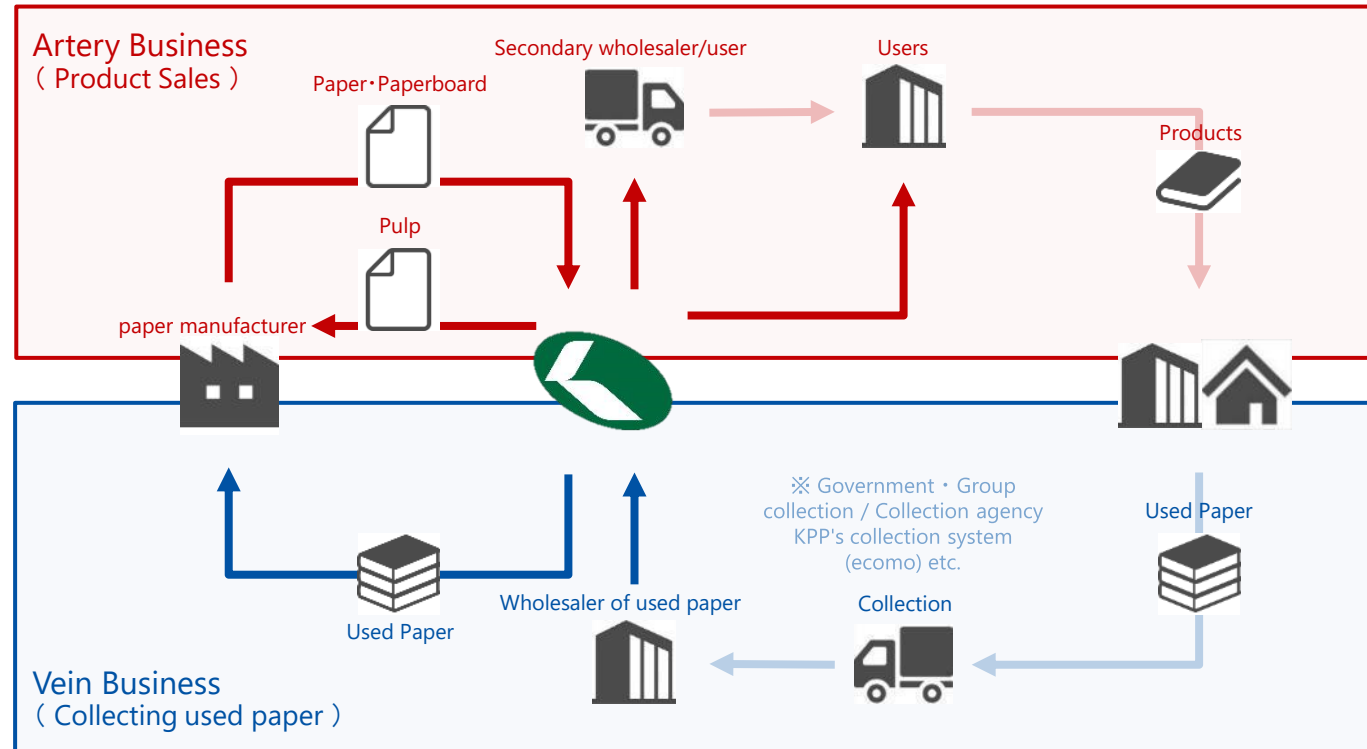
Paper raw material (pulp and used paper)

Currently, approximately 40% of the raw material consumed by the entire paper industry is pulp, and the remaining 60% is used paper.

We use our domestic and international network to procure pulp and used paper, and to sell them to paper manufacturers.



Approximately 60% of the base paper we sell is recovered and recycled.



- **Recycling industry through recycling of used paper**
 - Japan's paper industry is characterized by the recycling of used paper.
 - Kokusai Pulp & Paper plays an important function in this process and has been working for many years toward the realization of a sustainable society.

Promotion of Recycling-oriented Business and Environment-related Business

- We **collect** and **recycle about 60%** of paper sold annually in Japan. This is one of the largest paper sales and used paper collection volumes in the Japanese industry, and approximately 20% of gross profit in our domestic business comes from the recovered paper sales business.
- Used paper is collected through “**KPP RISANET Network**,” the nationwide network of recovered paper wholesalers, “**Town ecom**,” among others. Collected paper is delivered to paper manufacturers as paper raw materials (recycled raw materials).

- In addition to containerboard and paper, we have developed and provided the **Closed Recycling** service tailored to the needs of individual companies in various fields, including film and plastics. Our Closed Recycling service has been adopted by a wide range of industries, including major beverage manufacturers, pharmaceutical companies and transportation companies, and inquiries from companies are increasing.

* Closed Recycling ... A process in which waste generated by a company's activities is recycled into new products and reused as materials by the same company.

- Engage in the **development and distribution of environment-related products** (products and materials that contribute to the reduction of environmental impact through **paper solutions** and **reduction of plastic use**).

Town ecom

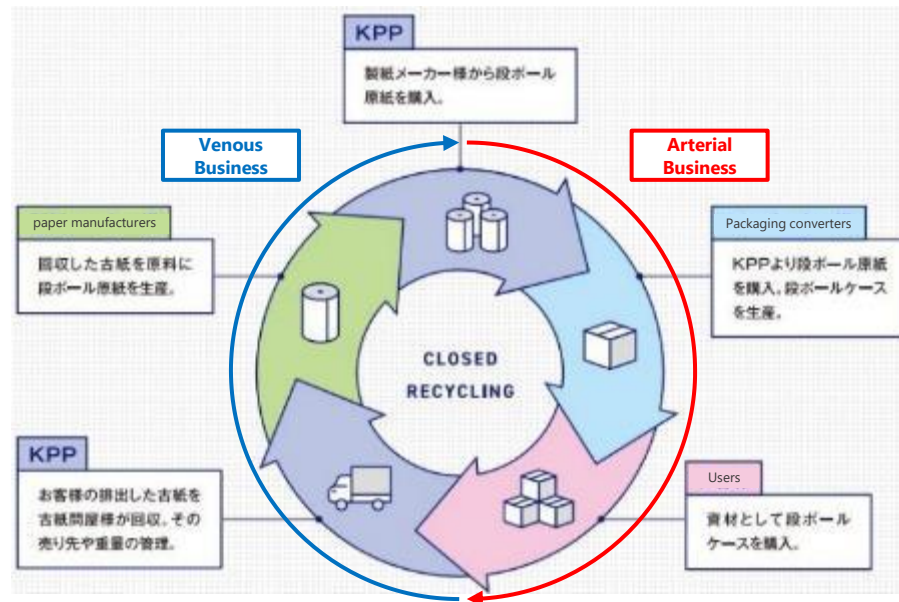


Used paper such as old newspapers and magazines is collected in collection boxes. Points are given according to the weight, and people can use their points for shopping. More than 400 units are being installed in 45 prefectures.



Developed a new model capable of collecting both PET bottles and aluminum cans.

Closed Recycling



Sales and delivery of base paper (**arterial business**) and collection and recycling of used paper (**venous business**) are both achieved.

Development and distribution of environment-related products

- Paper yarn “OJO+” (developed in-house)



- Paper threads made from Manila hemp. It is used in the manufacture of various products such as clothing, socks, and daily necessities.
- Artificial turf made of OJO+ has excellent water absorption, is quick-drying and provides deodorization. Used outdoors, it lowers the surface temperature. A solution to environmental problems (microplastics, etc.) caused by plastic artificial turf.

- Fluorine-free oil-resistant paper “O-hajiki” (manufactured by Oji F-Tex Co., Ltd.)



- Environmentally friendly non-fluorine type oil-resistant paper that does not use fluorine-based oil-resistant agents. With the same level of oil resistance as paper using fluorine-based agents, it can be widely used for packaging and wrapping food containing a large amount of oil. Contributing to the elimination and reduction of plastic use.
- Adopted by major coffee chain stores through our introduction.

- Paper package SILBIO CLEAR (manufactured by Oji F-Tex Co., Ltd.)



- Paper packaging material that shows the contents. It has high barrier performance and transparency comparable to barrier films. Can be used in a wide range of applications from food to daily necessities.
- Utilizing highly transparent paper contributes to the reduction of plastic use.
- After receiving a consultation from a major EC mall via Spicers in Australia, we introduced this product from Japan, and it was adopted.

Domestic Environmental Initiatives: Artificial Turf Made from “OJO+” Paper Yarn

We propose artificial turf made of OJO+ paper thread as a solution to the problem of environmental impact caused by microplastics.

Features of artificial turf made of OJO+



- Our artificial turf uses OJO+, which is made of threads obtained by slitting and twisting strong Manila hemp paper.
- Artificial turf made of 100% paper thread is **lighter than conventional plastic turf**, has **excellent water absorption**, is **quick-drying** and provides **deodorization**. Used outdoors, it **lowers the surface temperature**.
- Unlike conventional artificial turf, the piles are made of paper, which **reduces the amount of plastic used** and provides a solution to the problem of **microplastics**.
- It **causes less frictional heat**, so it is safer for children who run barefoot or fall on the turf.

Market size of artificial turf *Survey of the Company

- Current artificial turf market
 - Worldwide: JPY 500 billion
 - Japan: JPY 18.8 billion (for sports competition: 13.8 billion, for exterior: 5 billion)
- Target market for OJO+ paper thread
 - Carpet market: JPY 190 billion
 - Plastic flooring materials market: JPY 64.5 billion
 - Proposal for indoor use such as public facilities (educational facilities): JPY 52.2 billion
 - For sports competition: JPY 13.8 billion (Soccer, baseball, athletics, etc.)
 - Exhibition: JPY 3.5 billion

➤ Potential market of about JPY 300 billion

Problems and legal regulations concerning plastic (synthetic fiber) artificial turf

- Problems
 - Generates microplastics which are feared to affect the human body and environment.
 - Contains harmful chemical substances such as PFAS (organic fluorine compounds).
 - Under the blazing sun of midsummer, the temperature of artificial turf rises to 70°C in 30 minutes, increasing the risk of heatstroke.
- Overseas legal regulations
 - New York State: The Carpet Collection Program Law will come into effect on December 28. The sale of carpets using PFAS is banned.
 - Colorado State: From January 1, 2026, no artificial turf using PFAS will be allowed to be laid in the state.



Nakamuraminami Sports Exchange Center in Nerima City



ECORU Togoshi



Retail store

Current status of initiatives

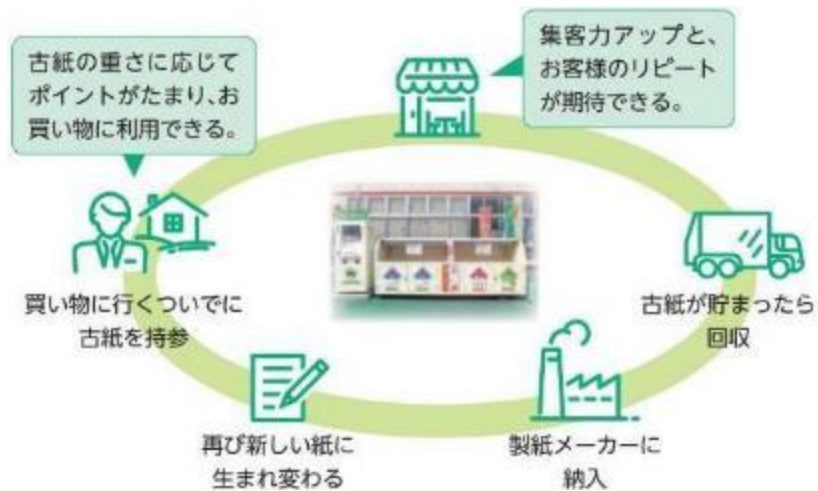
- Proposing artificial turf as a solution for environmental problems and advertising the functionality unique to paper (breathability, quick-drying nature, deodorization, surface temperature control effect, etc.), we have already received many inquiries from government agencies and companies.
- Installation examples
 - ECORU Togoshi, Environmental Learning Exchange Facility in Shinagawa, Tokyo; Nakamuraminami Sports Exchange Center in Nerima, Tokyo; retail stores; company offices, etc.

We distribute OJO+ artificial turf as a solution to the problem of microplastics caused by plastic artificial turf flowing into the ocean, and contribute to the construction of a healthy ecosystem, which is a goal under “30 by 30.”

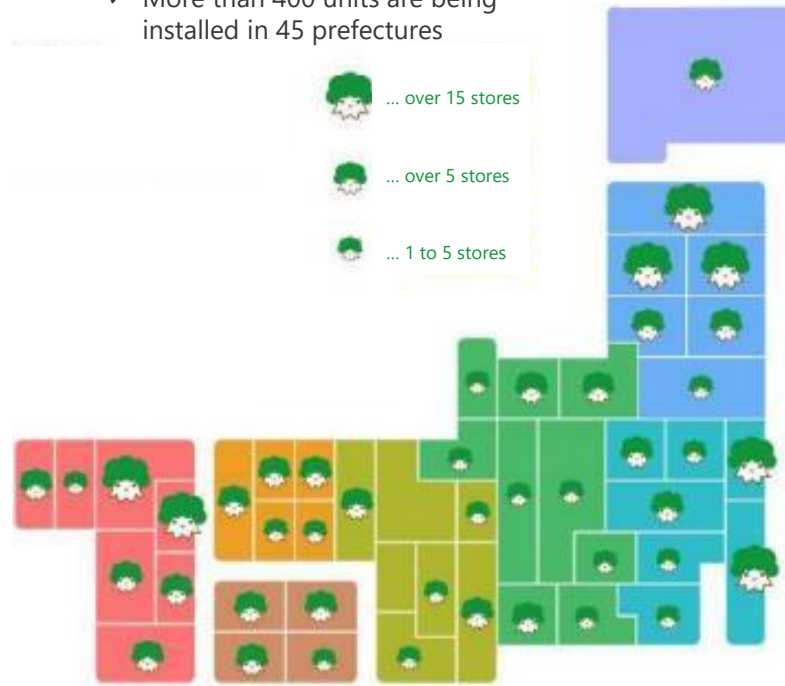
Examples of Initiatives in Related Businesses

Town ecomο

(Point-reward type recovered paper collection box)

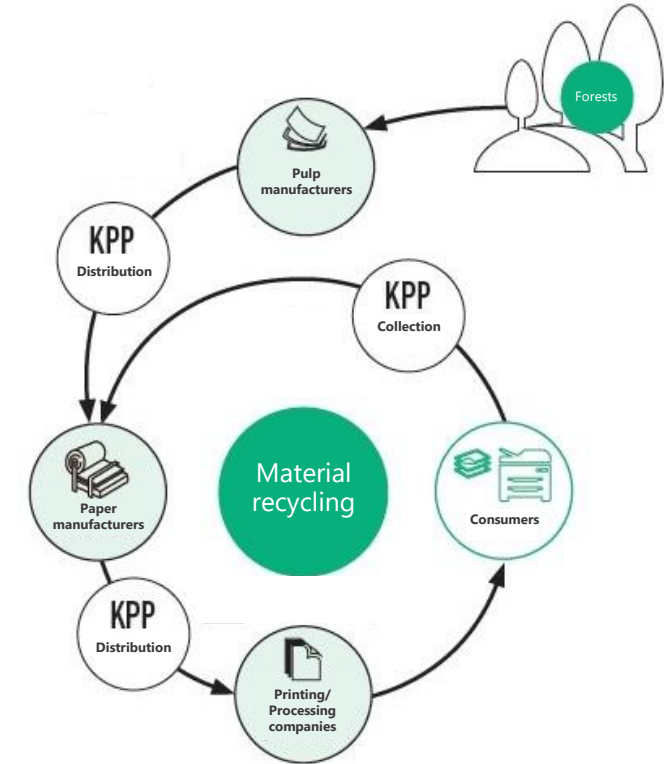


- ✓ More than 400 units are being installed in 45 prefectures



<https://www.kpp-gr.com/kpp/ja/ecomο/town-1.html>

- "Town ecomο" is a system to collect used paper such as old newspapers and magazines generated at home in collection boxes installed at retail stores, etc. Points are given according to the weight, and people can use their points for shopping.
- Used paper can be disposed of at any time even in areas where a collection service is not so frequently provided by the local government. With this system, used paper accumulated in households would not be incinerated but used as recycled raw material.



- By utilizing "Town ecomο" and the nationwide network of used paper dealers, the "KPP RISANET Network," used paper is collected and delivered to paper manufacturers as raw material for papermaking (recycled resources).
- Provision of the ecomο Closed Recycling Service, which visualizes resource emissions, recycling routes, and recycling volumes.

Service site “SHIFT ON”

- Part of our digital marketing initiatives. The goal is to create customer contacts and prospects. At the same time, we will introduce marketing automation (MA) tools to sophisticate marketing.

 Environmental and new functional materials solutions



To address environmental management challenges such as the SDGs, plastic reduction, and carbon neutrality, we provide comprehensive solutions encompassing the development of new materials, recycling, and upcycling.

 Packaging solution



We propose packaging optimization to manufacturing, logistics, and e-commerce customers to address business challenges such as reducing environmental impact, improving operational efficiency, and cutting costs.

 Total solution for sales promotion



We provide comprehensive support for customers in the retail, mass merchandising, food service, and event industries, covering everything from material selection to the delivery of promotional tools such as posters, POP displays, banners, advertising curtains, and flag banners.

 Total solution for paper



We not only provide paper as a medium but also address various issues related to paper, such as product coordination and solutions to environmental challenges.

Customer concerns and issues

- Improving operational efficiency

Standardizing of operation

Green efforts
- ✓ Sales are slow because of limited daily shipments
 - ✓ Packing is a bottleneck and shipping is not progressing smoothly
 - ✓ Too much cushioning
 - ✓ Different workers put in different amounts of cushioning material. Quality of service is not standardized.
 - ✓ The speed of the packing work is different from line to line, complicating management
 - ✓ Want to improve the packing skills of temporary workers hired during the busy season
 - ✓ Do not know what to start with in terms of environmental initiatives
 - ✓ Packing is a bottleneck and shipping is not progressing smoothly
 - ✓ Looking for alternative packaging that can contribute to SDGs



Operational improvement proposal



Improving operational efficiency and leveling operations through the introduction of automated machines for packaging

Green material proposal



Achieve plastic-free operations by changing some of the packaging materials from petroleum-derived materials to paper





Our website “Paper Mall” offers approx. **1,000 types of general paper, specialty paper and paper products**, which can be **purchased from a single sheet of paper**.

Samples and sample books can be ordered free of charge, and we also offer a **processing service to cut general paper into desired sizes** to meet a wide range of customer needs.

We have strengthened the lineup of our **“Green Products” series of environmentally friendly products** (see below) to help all stakeholders who are working on **SDGs**.

This is **a comprehensive paper-related website** that makes the most of **the strengths of our company, a paper specialist**, such as the ability to make **prompt deliveries** through the network of KOKUSAI PULP & PAPER CO., LTD., the ability to check **the latest paper-related information** such as paper industry news, and the ability to receive questions and consultations about paper.

■ Green Products: Environmentally friendly products



<https://www.kpps.jp/papermall/greenproducts/>



■ Promotion of paper solutions

Microplastics are a cause of marine pollution. There is a need to develop materials that can replace plastic. We are working to change to paper, i.e., switching to products made from paper.



■ Plastic Reduction

We will reduce the amount of plastic used by mixing in other materials while maintaining the properties of the plastic. We are developing materials and products to reduce the amount of plastic used.



■ Bioplastics

Plastics that return to the soil as compost and do not remain after being decomposed by microorganisms and other natural elements. We are developing materials and products in search of the possibilities of biodegradable plastics and biomass plastics.

Integrated Report



The report has been published since 2016 in order to provide comprehensive and integrated financial and non-financial information on our activities.

<https://www.kpp-gr.com/ja/ir/library/integrated.html>

TSUNAGU (Public relations magazine)



The magazine is distributed as a communication tool that acts as a bridge between stakeholders and the KPP Group. It provides the latest KPP news while highlighting the various potential and attractive qualities of paper.

<https://www.kpp-gr.com/ja/tsunagu.html>

Contact
Corporate Communications Office
TEL:03-3542-4169

<https://www.kpp-gr.com/ja/contact/contact1.html>

SNS

▶ YouTube



▶ X(旧Twitter)



▶ Instagram



To our stakeholders, we provide a wide range of information on our initiatives from various angles with a mixture of video and images through these social media accounts as needed.

Disclaimer

- 🍃 This document contains forward-looking statements, including projections of future performance and business plans. These statements are based on information available to the Company and certain assumptions that it deems reasonable at the time of preparation. However, they involve risks and uncertainties, and actual results may differ materially from these projections due to various factors.
- 🍃 The forward-looking statements in this document reflect the Company's views as of the date of its preparation. The Company undertakes no obligation to update, revise, or correct the contents of this document in response to new information, future events, or other developments.
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Contact Information

KPP Group Holdings Co., Ltd.IR Contact Desk
<https://www.kpp-gr.com/ja/contact/contact5.html>