

Financial Results for Fiscal Year Ended March 2022 and the Third Medium-Term Plan (Fiscal Year Ending March 2023 - March 2025)

Briefing Materials

13th June 2022

KOKUSAI PULP & PAPER CO., LTD.

Tokyo Stock Exchange Prime Market 9274

- Contents -

I Significant Changes through Large Scale M&A

II Summary of Financial Results for Fiscal Year Ended March 2022 Forecast for Fiscal Year Ending March 2023

III The Third Medium-Term Plan (Fiscal Year March 2023 - March 2025)

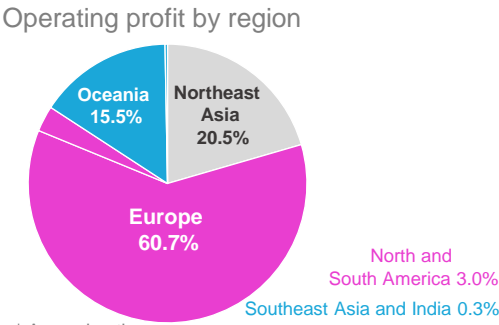
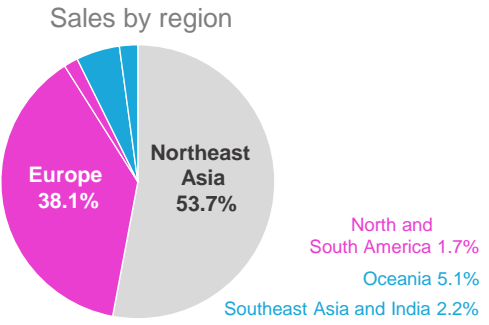
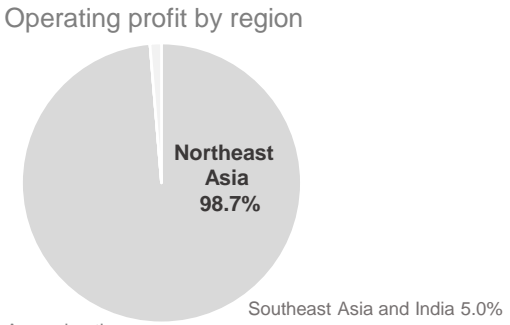
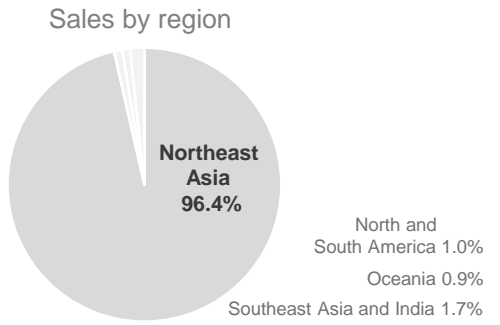
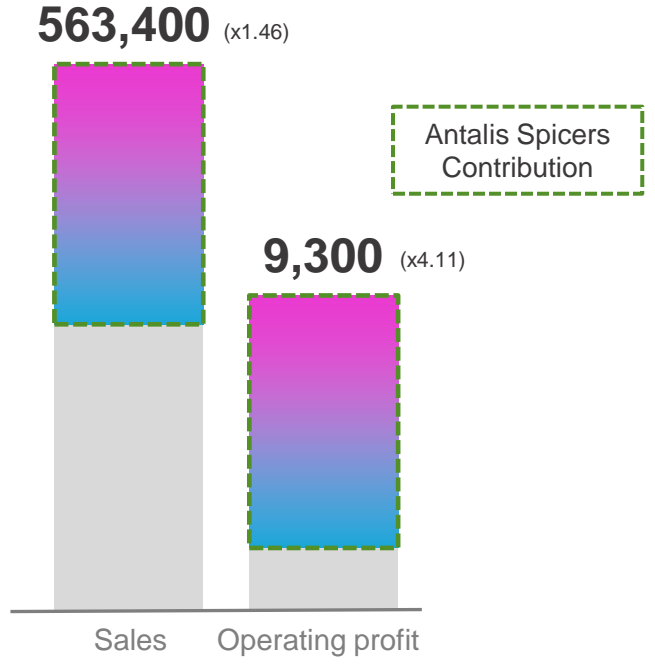
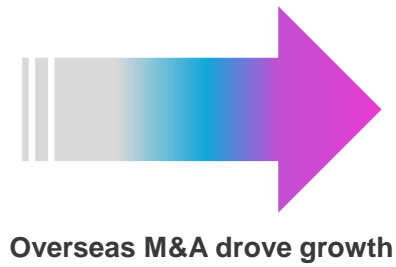
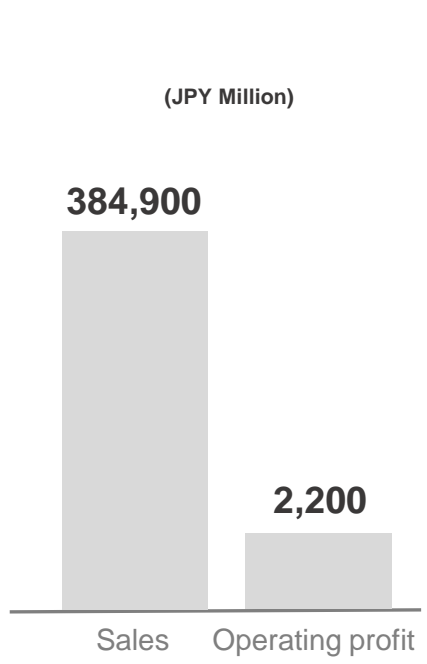
IV Reference Materials

I Significant Changes through Large Scale M&A

Regional strategy and portfolio reform through acquisition of overseas companies

Final year of the first medium-term plan
March 2019

Final year of the second medium-term plan
March 2022

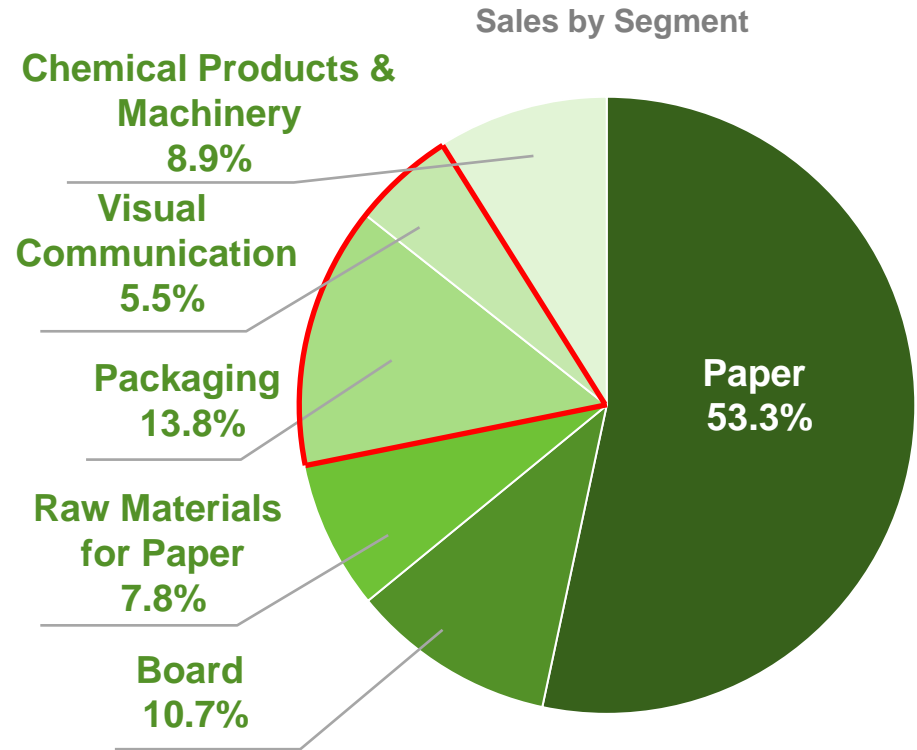
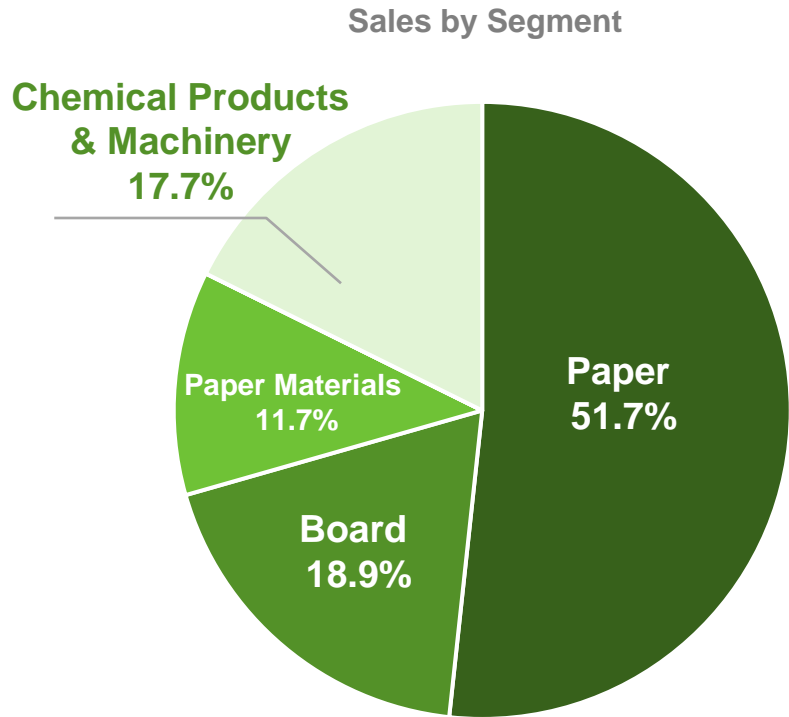


Changes in Sales by Segment

Capture new business and expand outside paper/ board segments

Final year of the first medium-term plan
March 2019

Final year of the second medium-term plan
March 2022

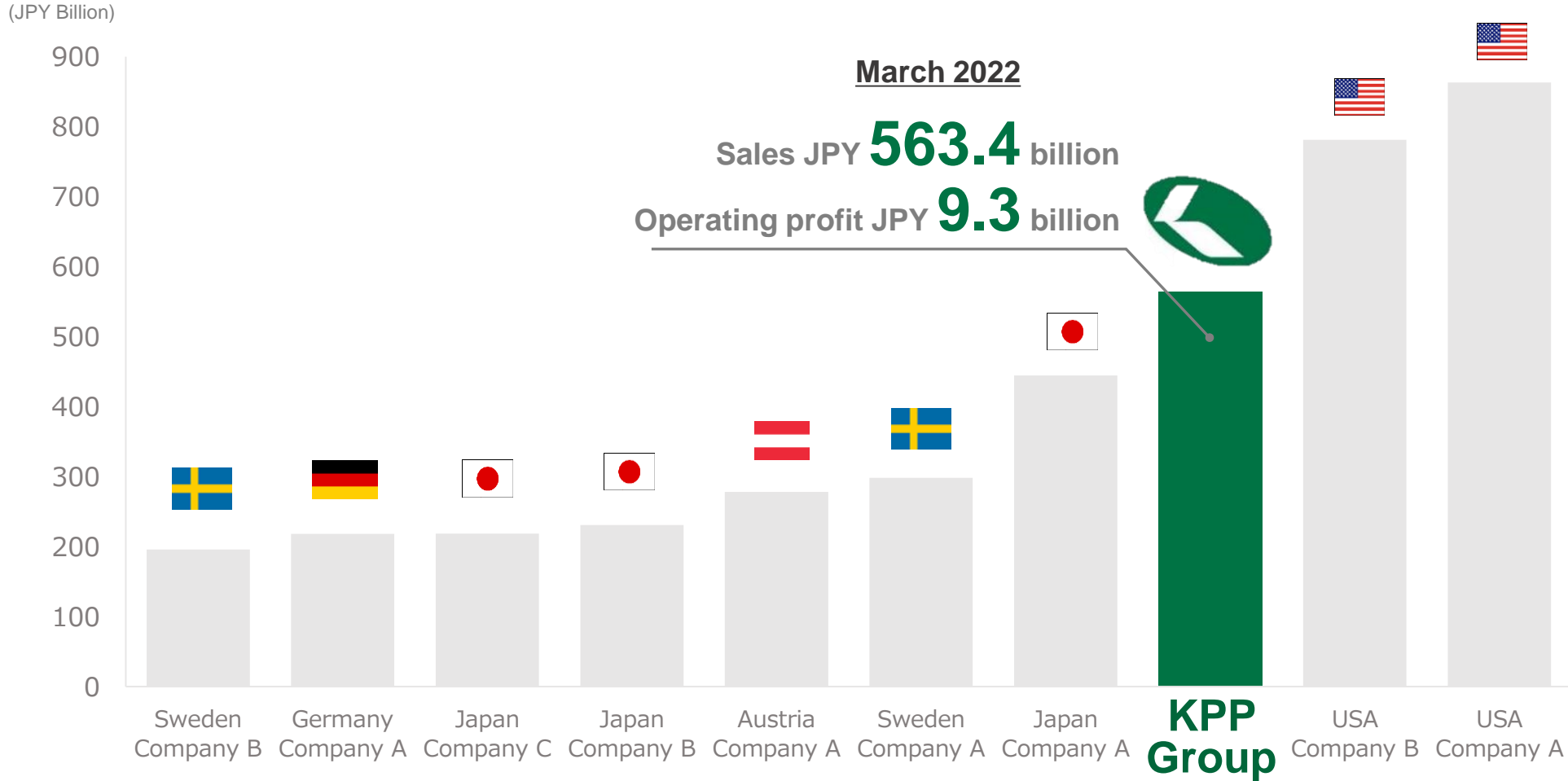


Significant changes in sales composition ratio by segment

Diversifying business portfolio by incorporating packaging and visual communication businesses

KPP Group Positioning in the World

As a result of aggressive overseas M&A in Australia and Europe, KPP Group have become the third largest in the world in terms of business scale (* Based on our own research)



* Net sales ... Actual or forecast figures for the fiscal year ended/ending March 2022 are used.

* Paper trading companies ... Trading company specializing in wholesale of pulp and paper products and packaging-related products.

Ranked 29th in the sales ranking of domestic listed companies in the wholesale industry

Rank	Security code	Company Name	Net Sales (100million JPY)	Operating Profit (100million JPY)	Operating Profit Ratio (%)	Fiscal Year Ended (22.Mar)
1	8058	Mitsubishi Corporation	172,648	7,594	4.4	22.Mar
2	8001	ITOCHU Corporation	122,933	7,864	6.4	22.Mar
3	8031	MITSUI & CO., LTD.	117,575	5,640	4.8	22.Mar
4	8002	Marubeni Corporation	85,085	2,675	3.1	22.Mar
5	8015	Toyota Tsusho Corporation	80,280	2,941	3.7	22.Mar
⋮						
25	8098	Inabata & Co., Ltd.	6,809	200	2.9	22.Mar
26	2692	ITOCHU-SHOKUJIN Co.,Ltd.	6,126	58	1.0	22.Mar
27	8097	SAN-AI OBBLI CO.,LTD.	5,987	120	2.0	22.Mar
28	3151	VITAL KSK HOLDINGS, INC.	5,772	29	0.5	22.Mar
29	9274	KOKUSAI PULP&PAPER CO.,LTD.	5,634	93	1.7	22.Mar
30	8060	Canon Marketing Japan Inc.	5,520	396	7.2	22.Mar
31	3360	SHIP HEALTHCARE HOLDINGS, INC	5,143	205	4.0	22.Mar
32	7130	YAMAE GROUP HOLDINGS CO.,LTD.	5,036	68	1.4	22.Mar
33	8051	YAMAZEN CORPORATION	5,018	171	3.4	22.Mar

Source : Weekly Toyo Keizai (4th June 2022, Toyo Keizai)



II Summary of Financial Results for Fiscal Year Ended March 2022

Forecast for Fiscal Year Ending March 2023

1

Summary of Financial Results for Fiscal Year Ended March 2022

Achieved the highest sales and profits ever. Operating profit increased remarkably (JPY +18.4 billion).

Sales

- Antalis, acquired in the previous fiscal year, contributed to the full-year results (JPY +133,010 million). Significant increase in sales.

Operating profit

- The impact of the provision of allowance for doubtful accounts in Hong Kong and China (JPY -11,475 million), which occurred in the previous fiscal year, was eliminated, and the business turned profitable.
- In addition to the full-year contribution from Antalis, a sharp recovery in demand and higher sales prices in the Australian/ New Zealand markets led to a significant increase in profit.

Ordinary profit

- The net increase from the previous year exceeded operating profit partly due to a positive factor of JPY 937 million in reversal of allowance for doubtful accounts in Hong Kong and China.

(JPY Million)	March 2021	March 2022		
	Full-year results	Full-year results	Variance in amount	Variance in %
Sales	430,404	563,414	+133,010	+30.9%
Gross profit	51,915	92,951	+41,036	+79.0%
Selling, general and administrative expenses	60,950	83,571	+22,621	+37.1%
Operating profit	(9,035)	9,379	+18,414	-
Ordinary profit	(12,041)	8,844	+20,885	-
Profit attributable to owners of parent	1,416	7,497	+6,080	+429.3%

Overseas sales increased dramatically to JPY 305 billion (+72.8%)

Domestic bases

Overseas bases

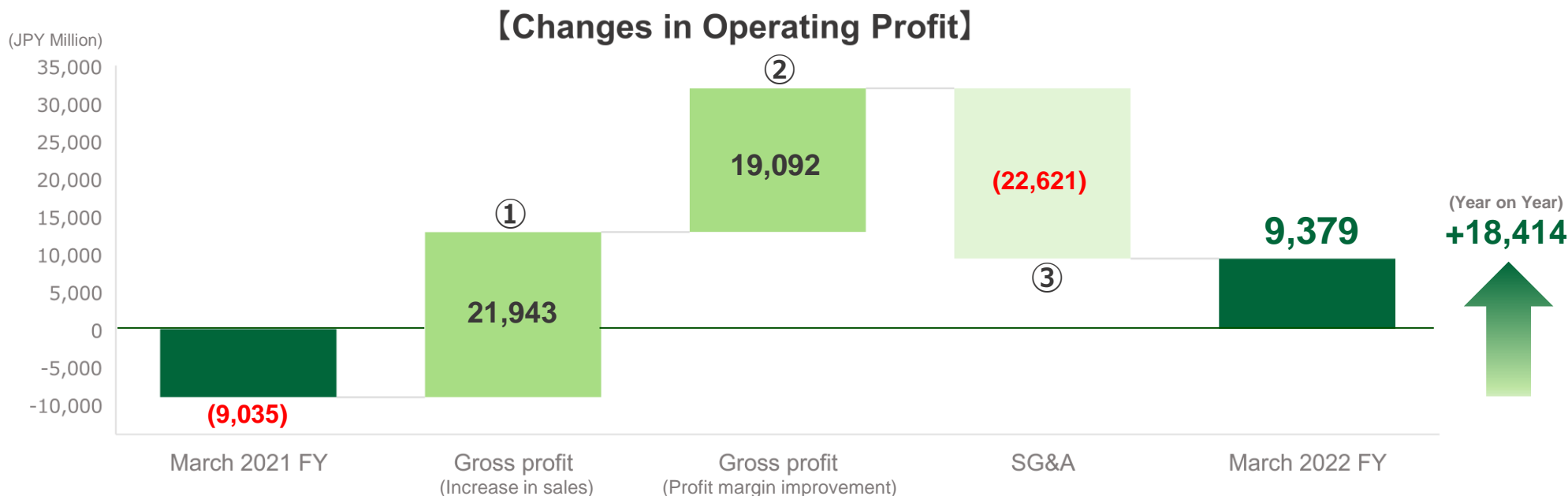
Real estate leasing

- Sales of paper increased from the previous fiscal year which was largely affected by the spread of Covid-19, however failed to recover to the pre-corona disaster level.
- Sales of paperboard increased from the previous year due to firm demand and higher prices for used paper and pulp.
- Significant increases in sales and profit due to the full-year contribution of Antalis acquisition and the strong performance brought by the new normal policy in Europe, Australia and New Zealand.
- Although one of the main property, KPP Yaesu Building continued to operate at fully occupancy, profits decreased due to lower rental revenues from the redevelopment of owned properties.

		March 2021	March 2022		
		Full-year results	Full-year results	Variance in amount	Variance in %
(JPY Million)					
Domestic base paper and pulp wholesale business	Sales	252,104	256,282	+4,178	+1.7%
	Segment profit	3,710	4,982	+1,272	+34.3%
	Profit ratio	1.5%	1.9%	-	+0.5 pp
Overseas bases paper and pulp wholesale business	Sales	177,052	305,901	+128,848	+72.8%
	Segment profit	(10,557)	7,160	+17,718	-
	Profit ratio	-	2.3%	-	-
Real estate leasing business	Sales	1,247	1,230	(16)	(1.3%)
	Segment profit	629	176	(453)	(72.0%)
	Profit ratio	50.5%	14.3%	-	(36.2 pp)
Total	Sales* ¹	430,404	563,414	+133,010	+30.9%
	Operating profit* ²	(9,035)	9,379	+18,414	-
	Profit ratio	-	1.7%	-	-

* 1 Internal and inter-company sales in the segments are deducted.

* 2 Corporate expenses: general administrative expenses in the administrative divisions of the head office that do not belong to the above segments.



Increase/ Decrease Factors in Operating Profits (year on year)

Antalis contributed to both sales and profit margins remarkably.

① **Gross profit (effect of sales increase) +21,943**

- (Increase in net sales) Domestic operations +4,178 (Change: 1.7%) / Overseas operations +128,849 (+72.8%) : Antalis +132,084, Spicers +8,440, etc.

② **Gross profit (effect of improved gross margin) + 19,092**

- Consolidated gross margin increased from 12.1% to 16.5% (+4.4 pp) thanks to the full-year contribution of Antalis which have a high gross margin ratio (26.8%).

* Increase gross margin rate from 5.7% to 16.5% (+10.8 pp) from the start of the second medium-term plan (fiscal year ended March 2019).
Changed to a highly gross margin structure.

③ **SG&A +22,621** (Increase in SG&A due to changes in profit structure and business model resulting from M&A).

- Salaries and benefits +13,742 (Antalis +14,105 and Spicers +615), Freight +5,957 (Antalis +5,574), Other Antalis SG&A +11,180,
Provision of allowance for doubtful accounts -11,371 (Hong Kong Daiei -8,358, Keishin -3,132 and others) and etc.

Change in Balance Sheet (Year on Year)

(JPY Million)	End of March 2021	End of March 2022	Variation in amount
Current assets	200,672	210,523	9,851
Cash and cash equivalents	30,546	22,634	(7,912)
Accounts receivable <small>(Notes and accounts receivable, electronically recorded monetary claims)</small>	125,710	126,965	1,254
Merchandise and manufactured goods	40,012	51,250	11,238
Tangible fixed assets	34,845	34,196	(649)
Intangible fixed assets	8,777	9,248	470
Investments and other assets	30,824	36,738	5,913
Total assets	275,119	290,707	15,587

■ Main factors for increase/ decrease

- Inventory: 11,238 increase > Increase due to growing market condition (Spicers 5,910, KPP 1,998, Antalis 1,518, etc.).
- Investments and other assets: 5,913 increase > Antalis net defined benefit asset 7,418, etc.
- Net assets: 12,792 increase > Net income 7,497 Accumulated adjustments for Antalis net defined benefit 6,481, etc.

(JPY Million)	End of March 2021	End of March 2022	Variation in amount
Current liabilities	190,993	170,164	(20,829)
Accounts payable <small>(Notes and accounts payable - trade, electronically recorded obligations - operating)</small>	85,224	94,503	9,279
Short-term borrowing <small>(including commercial paper)</small>	67,999	37,615	(30,384)
Fixed liabilities	40,544	64,167	23,622
Long-term debt	15,272	42,622	27,349
Total liabilities	231,537	234,332	2,794
Total net assets	43,581	56,374	12,792
Total liabilities and net assets	275,119	290,707	15,587

■ Improvement of financial position

- D/E ratio^{*1}
Improved from **1.9** to **1.4**
 - Capital adequacy ratio improved from **15.8%** to **19.4%**
- ✓ Net D/E ratio^{*2} improved from **1.2** to **1.0**

* 1 DE ratio : Interest-bearing debt/ net assets

* 2 Net DE ratio : (Interest-bearing debt - cash and deposits) / Net assets

Cash Flows Increase/ Decrease

(JPY Million)	March 2021	March 2022	Main factors for change
Cash flows from operating activities	(6,472)	4,821	<ul style="list-style-type: none"> • Income before income taxes +9,227 • Depreciation +7,226 • Increase (decrease) in inventories (9,982) • Increase (decrease) in trade payables +7,498 • Corporate income taxes paid (9,950) <p>* Increase in income taxes paid in the fiscal year ended March 2022 due to the sale of real estate and gain on debt waiver in the fiscal year ended March 2021.</p>
Cash flows from investing activities	23,046	(2,678)	<ul style="list-style-type: none"> • Acquisition of tangible and intangible fixed assets (3,182) • Sale of tangible and intangible fixed assets +1,795 • Purchase of shares of subsidiaries resulting in change in scope of consolidation (1,247)
Cash flows from financing activities	6,597	(11,803)	<ul style="list-style-type: none"> • Net change in short-term loans payable (44,357) • Net change in commercial paper +11,000 • Proceeds from long-term loan payable +28,310 • Repayments of lease obligations (4,783)
Translation difference for cash and cash equivalents	(403)	1,748	<ul style="list-style-type: none"> • Foreign currency translation adjustments of cash and parent-child loans
Increase (decrease) in cash and cash equivalents	22,768	(7,912)	—
Cash and cash equivalents at the beginning of the year	7,775	30,543	—
Cash and cash equivalents at the end of the year	30,543	22,631	—

2

Forecast for Fiscal Year Ending March 2023

External environment

- ✓ The impact of Covid-19 will continue in some areas, and the emergence of the new variants has been taken into consideration.
- ✓ Disruptions in the global logistics network (lack of containers and workers at ports) will continue.
- ✓ Raw material and fuel prices will continue to rise due to the rebound of economical activities and the influence of the situation in Ukraine, etc. Possible increase in pulp and paper prices.
- ✓ Depreciation of JPY will remain at a certain level (our assumed exchange rates : USD ¥117, EUR ¥128, AUD ¥85).

Domestic bases

【 Paper 】

The demand expected to drop by 2.8% compared with the previous year.

【 Paperboard 】

The demand to increase due to the growth of e-commerce market and recovery of human mobility in Japan.

【 Used paper 】

Prices to remain flat due to a decrease in the amount of used paper generated.

【 Pulp 】

Global supply chain expected to be disturbed due to the situation in Russia and Ukraine, resulting in higher prices.

【 In-Organic 】

Considering and pursuing M&A mainly in the environmental business.

Overseas bases

【 Paper 】

(1st half) Demand remains steady, and prices are maintained.
(2nd half) Supply and demand are improved, and prices are stable.

【 Packaging 】

The market is revitalized by the further recovery of human mobility. Sales increase both in Europe and Australia/New Zealand.

【 Visual Communication 】

The same as packaging.

【 In-Organic 】

Acquire packaging and visual communication companies in each of regions.

Forecast Summary

Operating profit JPY 12 billion (+27.9%). The highest profits ever due to increased sales.

Sales

- As in the previous year, overseas subsidiaries in Europe and Australia are expected to continue to perform well. In Japan, the decline in demand for paper will be covered by price revisions for paper/ paperboard and higher prices for used paper and pulp. The consolidated sales is expected to reach the highest ever.

Operating profit

- SG&A expenses are expected to increase mainly due to selling and personnel expenses, however operating profit is expected to increase significantly due to sales growth.

Ordinary profit

- Despite an increase in interest expenses due to higher borrowings in line with business expansion and other factors, record-high ordinary profit is expected.

(JPY Million)	March 2022	March 2023		
	Full-year results	Full-year forecast	Variation in amount	Variation in %
Sales	563,414	590,000	+26,585	+4.7%
Gross profit	92,951	97,000	+4,048	+4.4%
Selling, general and administrative expenses	83,571	85,000	+1,428	+1.7%
Operating profit	9,379	12,000	+2,620	+27.9%
Ordinary profit	8,844	9,400	+555	+6.3%
Profit attributable to owners of parent	7,497	7,500	+2	+0.0%

Forecast by Segment

Overseas operations to continue to perform well. Sales to increase dramatically to JPY 328 billion (+7.4%).

Domestic bases

- Although paper demand is expected to decline, paperboard demand is expected to remain firm. Higher sales and profits are expected to increase due to price revisions and increased sales of used paper and pulp.

Overseas bases

- Continued strong sales in Europe and Australia. Selling price of paper is expected to remain high and the profit ratio is expected to remain flat. Packaging and visual communication businesses to grow through an in-organic strategy in addition to expanding the markets.

Real estate leasing

- Even though one of our main properties, KPP Yaesu Building will continue to be fully occupied, however the profits will decrease due to increase in repair costs for other properties. Preparations are underway for the acquisition of new rental properties.

		March 2022	March 2023		
		Full-year results	Full-year forecast	Variation in amount	Variation in %
(JPY Million)					
Domestic bases paper and pulp wholesale business	Sales	256,282	267,000	+10,117	+4.2%
	Segment profit	4,982	5,400	+417	+8.4%
	Profit ratio	1.9%	2.0%	-	+0.1 pp
Overseas bases paper and pulp wholesale business	Sales	305,901	328,000	+22,098	+7.4%
	Segment profit	7,160	9,600	+2,439	+34.1%
	Profit ratio	2.3%	2.9%	-	+0.6 pp
Real estate leasing business	Sales	1,230	1,200	(30)	(2.5%)
	Segment profit	176	30	(146)	(83.0%)
	Profit ratio	14.3%	2.5%	-	(11.8 pp)
Total	Sales ^{*1}	563,414	590,000	+26,585	+4.7%
	Operating profit ^{*2}	9,379	12,000	+2,620	+27.9%
	Profit ratio	1.7%	2.0%	-	+0.4pp

* 1 Internal and inter-company sales in the segments are deducted.

* 2 Corporate expenses: general administrative expenses in the administrative divisions of the head office that do not belong to the above segments.

III The Third Medium-Term Plan (Fiscal Year March 2023 - March 2025)

1

The Second Medium-Term Plan Review

The Second Medium-Term Plan Summary

- Both sales and profits grew significantly, and the company became highly profitable. ROE rose from 5.1% to 15.0%.
- The acquisitions of Antalis and Spicers have led to a significant increase in overseas business performance.
- Promote portfolio reform by integrating new business areas such as visual communication and packaging in Europe.
- Restructuring of China business is progressing well, and profitability is improving.

(JPY Million)

Fiscal year ended March 2022
(Final fiscal year of the Second Medium-Term Plan)

	Final year of the first medium-term plan Fiscal year ended March 2019 actual	Second Medium-Term Plan		Change in % from original plan
		Original plan value	Fiscal year ended March 2022 actual	
Sales	384,973	430,000	563,414	+31.0%
Operating profit	2,280	3,000	9,379	+212.6%
Net profit	2,497	2,000	7,497	+274.9%
ROE	5.1%	-	15.0%	-
ROA	1.3%	-	2.7%	-



Domestic Business Summary

- Faced a shrinking market for graphic paper (driven by digitalization and Covid-19 pandemic)
- Strengthened and promoted comprehensive recycling-oriented businesses
- Created solution businesses such as BMecomco

Overseas Business Summary

- Achieved large-scale M&A (Spicers, Antalis)
- Reformed business portfolio (packaging, visual communication)
- Implemented business and organizational restructuring (China business, etc.)

Completed large-scale overseas M&A

1. Became a consolidated subsidiary in July 2019



- Net sales: JPY 30,300 million (fiscal year ended December 2021)
- Number of employees: 337 (as of March 2022)
- Business details : Commercial printing and digital media, label packaging, industrial packaging, sign and display, consumables and hardware, architecture and interior design, etc.
- A leading company in Australia and New Zealand in the wholesale business of commercial printing paper, packaging materials and paper-related products
- **Strong in visual communication business**

2. Became a consolidated subsidiary in July 2020



- Net sales: JPY 236,700 million (fiscal year ended December 2021)
- Number of employees: 3,839 (as of March 2022)
- Business details : Paper and paper-related products, packaging, visual communication
- Positioned as a market leader in the distribution of paper and paper-related products, as well as in the packaging and visual communications businesses with high profitability and growth
- **Strong presence in packaging and visual communication businesses**

Total results of Antalis and Spicers * Fiscal year ended March 2022

Net sales: JPY **267,100** million Operating profit: JPY **7,500** million

Hybrid and global deployment of three business models in different regions



Paper Trading

Overseas business model

Mission

Trading business utilizing global network in paper, paperboard and paper materials

Gross margin ratio

approx. **3%**



Paper Distribution

Domestic business model

Mission

Paper-related wholesale business combining indent business (consignment sales) with stock business (inventory sales)

Gross margin ratio

approx. **6%**



Paper Merchant

Business models in the US and Europe

Mission

High-value-added business through cutting and processing and sales of own-brand products with large-scale logistics and delivery functions

Gross margin ratio

approx. **25%**



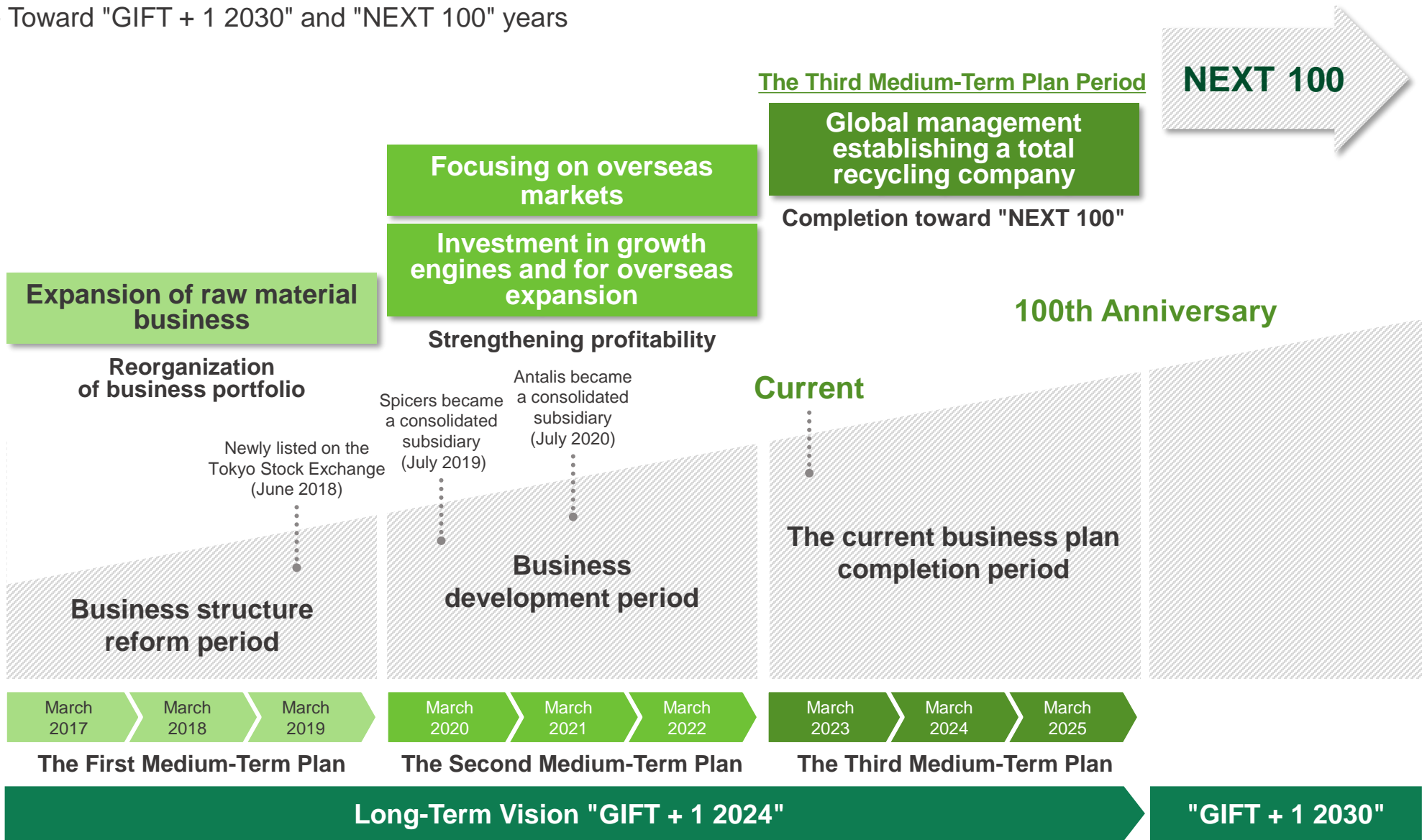
Maximizing profitability and efficiency by developing various business models appropriate for each region

2

The Third Medium-Term Plan Basic Policy

The Third Medium-Term Plan is the final stage of the long-term vision "GIFT + 1 2024"

- Toward "GIFT + 1 2030" and "NEXT 100" years



Theme

Achieving the Long-Term Vision "GIFT + 1 2024" and for the 100th Anniversary of the Company

Messages

Contributing to a sustainable society through recycling-enhancing business and increasing corporate value through business portfolio reform

Establish and deepen profit base

- Maximize profits of each operating company
- Promote strategic alliances and M&A
- Pursue global synergies
- Promote DX (Digital Transformation)



Strengthen global group management

- Realization of ESG management
- Establish a global operations system
- Strengthen group communication
- Appropriate allocation of management resources

Formed on “Management Philosophy,” “Group Corporate Conduct Guidelines,” and “Management Vision”.
- Shared by all Group employees. The concept that serves as the basis for all activities as a common set of values.

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

Our management vision GIFT+1

Globalization

Expanding our business on a global scale

Innovation

Pioneering new future of paper with imagination and creativity

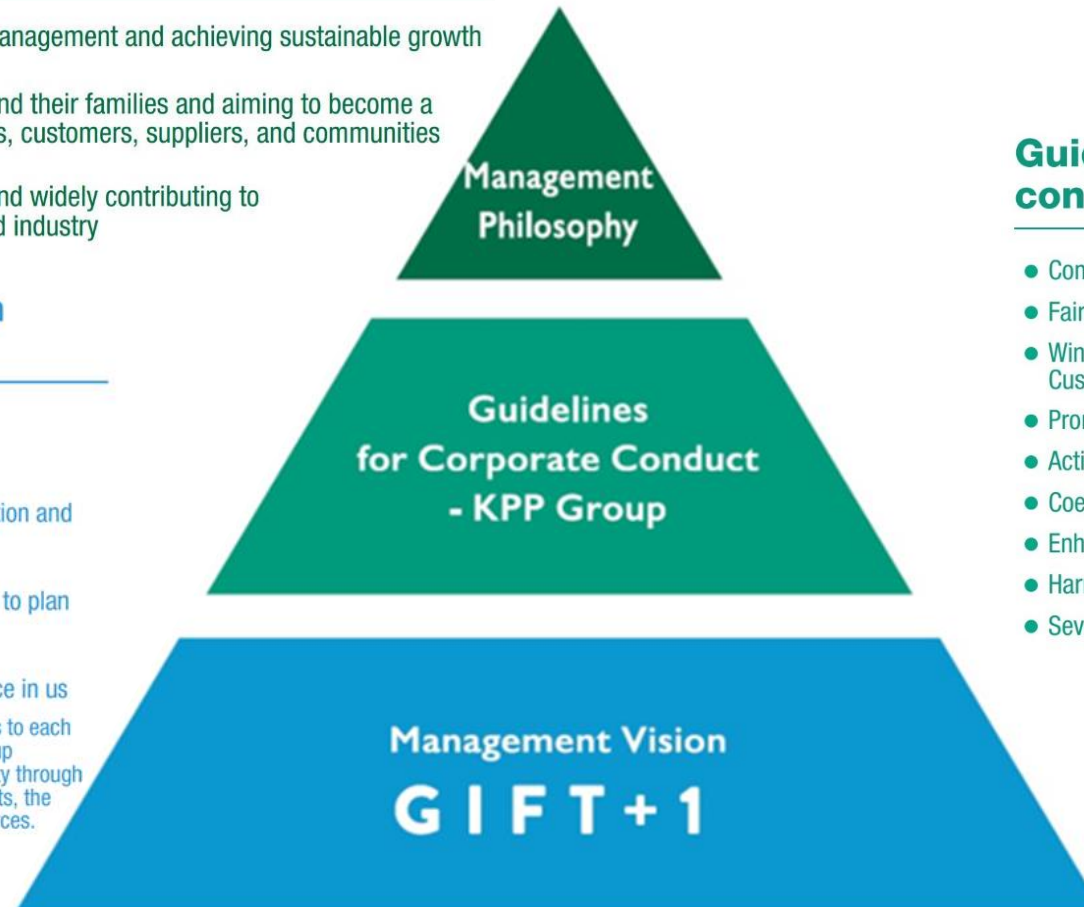
Function

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 environmental initiatives to each element of this management vision, KPP Group endeavors to build a recycling-oriented society through proposals for environmentally friendly products, the recovery of paper, and the recycling of resources.



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

KPP Group Basic Sustainability Policy

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.

Material Issues of the KPP Group

Global Expansion

- Creation of group synergies
- Internal communication

Climate Change Countermeasures

- Development of solutions to prevent global warming
- Reduction of CO2 emissions

Response to DX

- Expansion of e-commerce
- Development of new systems

Diversity & Inclusion

- Ensuring diversity
- Utilization of diverse personnel

Implementation of Green Business

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

Enhancement of Governance

- Compliance
- Information security
- Risk management

ESG Management Initiatives

Reduction of GHG Emissions

We have established a method for measuring emissions and started measuring them globally. Gradually broaden the scope and set goals for the entire group.

Development of Green Business

In addition to Green Products, we aim to achieve global results in Europe and Oceania.

Expansion of Environmentally Friendly Businesses)

Development of recycling-oriented businesses is stated in the management philosophy, and we are promoting both materials and thermal recycling-oriented businesses in Japan.



Utilization and Development of Diverse Human Resources * Targets for KPP

Continue to respect work-life balance, employ people with disabilities, foreigners, and mid-career employees. Continue various training (by level, harassment, etc.) and education. Promote business activities with consideration for forests and biodiversity. Creating a safe, healthy and fulfilling work environment that takes into accounts of the circumstances of each region.



Risks and Incidents Development of Management

Develop global management rules, global risk maps, and risk action plans.

Risk-based Implementation of Internal Audits

Examination, preparation and construction of risk-based internal audits based on awareness of global risks. Based on the above, we introduced and implemented audit plans and methods, and upgraded audit methods.

Strengthening Compliance

Promote surveys of core operating companies and establish a reporting system equivalent to risks and incidents. Strongly promote compliance education at overseas sites, as necessary.



Strengthening Information Security

We will strive to strengthen risk management by identifying the responses to risks revealed in risk assessments conducted by core operating companies and the status of responses.

Capital and business alliance with Amica Terra Co., Ltd., engaged in the sale and manufacturing of non-plastic products.

In February 2022, formed a capital and business alliance with Amica Terra Co., Ltd., which is engaged in plastic substitute materials (modo-cell®) made mainly from plant fibers (cellulose).

Characteristics of modo-cell®

- ✔ Plants are the main raw material, plant residues that were previously discarded can be used as raw materials.
- ✔ The main raw material is plants, it is completely biodegraded on the ground and in the soil.
- ✔ No special mold is required for molding, and products can be manufactured using general plastic molding machines.
- ✔ Effective in disposing of abandoned bamboo forests and agricultural waste
- ✔ Possible to reflect the characteristics of plants used as raw materials in products.



modo-cell®

Examples of products using modo-cell®



<https://amica-terra.com/>



Oji Fiber Co., Ltd., which manufactures and processes paper yarn and other textile products made from paper, became a subsidiary.

In March 2022, Oji Fiber Co., Ltd. became a subsidiary, which manufactures paper yarn "Kami no Ito OJO +" made from Manila hemp.

Features of Kami no Ito OJO +

- ✔ Lightweight and excellent in water absorption, quick drying, toughness, deodorization, dyeability and biodegradability.
- ✔ Wide range of applications including artificial grass, apparel, night wear and daily necessities



Examples of products using Kami no Ito OJO +

Artificial grass made of paper yarn that contributes to the resolution of river and ocean pollution



<http://ojifiber.co.jp/>



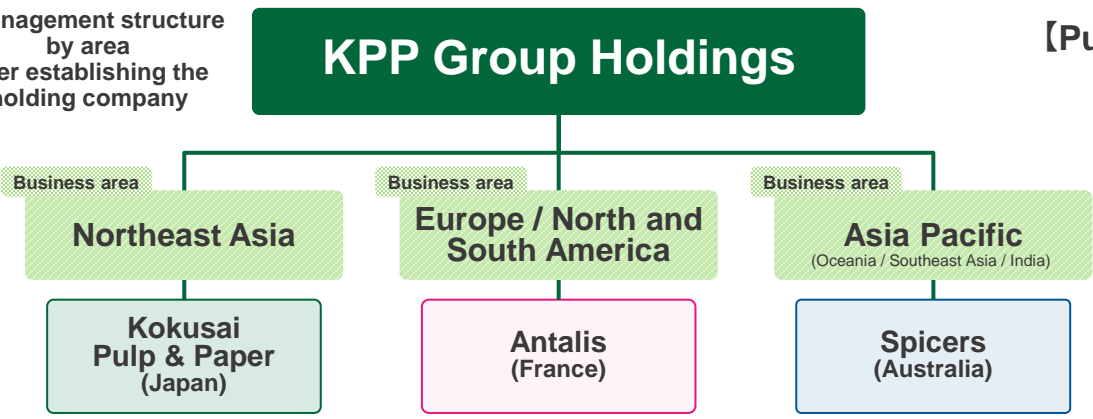
✔ Continue to promote initiatives to realize a sustainable recycling-oriented society

3

Group Strategy (Kokusai Pulp & Paper/ Antalis/ Spicers)

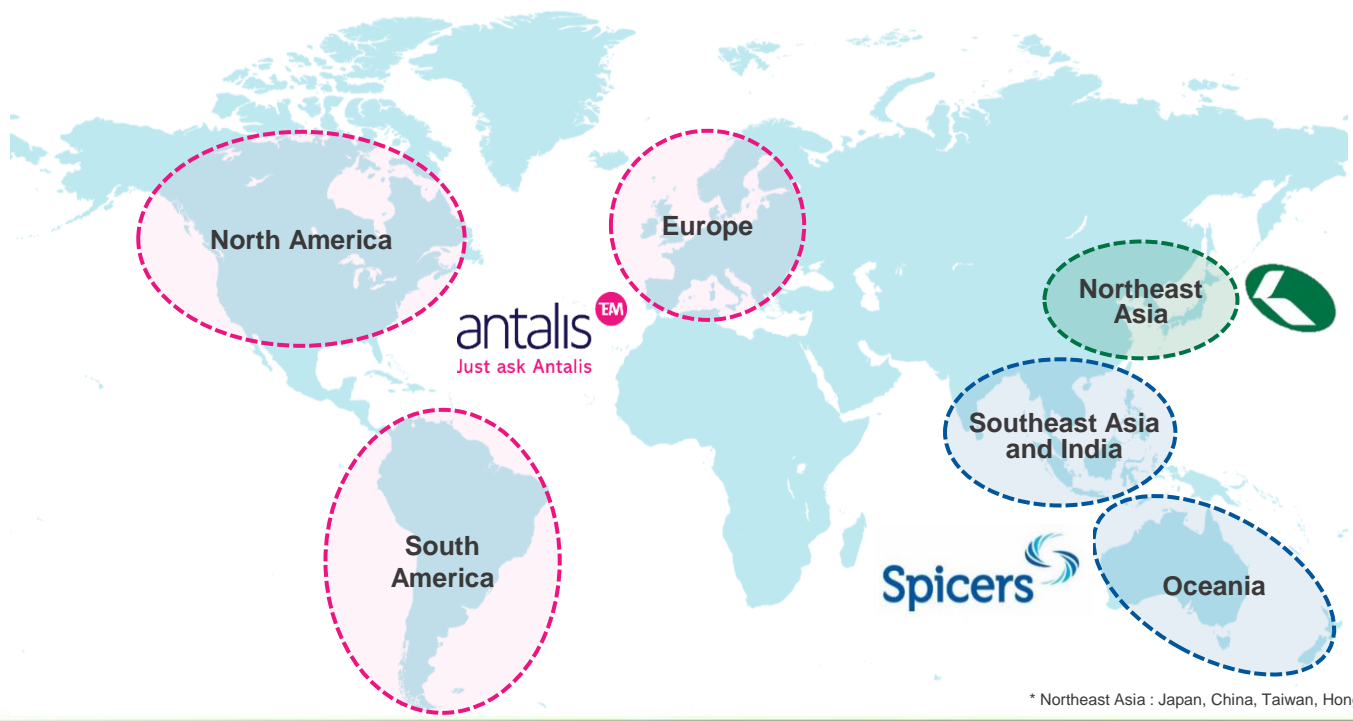
Transition to a holding company structure is scheduled in October 2022.
 Establishing the system to manage the group companies in three regions by area of operation.

* Management structure by area after establishing the holding company



[Purpose of transition to the holding company structure]

1. Strengthening global governance in line with business scale expansion
2. Business portfolio reform and new business expansions
3. Promoting sustainability management

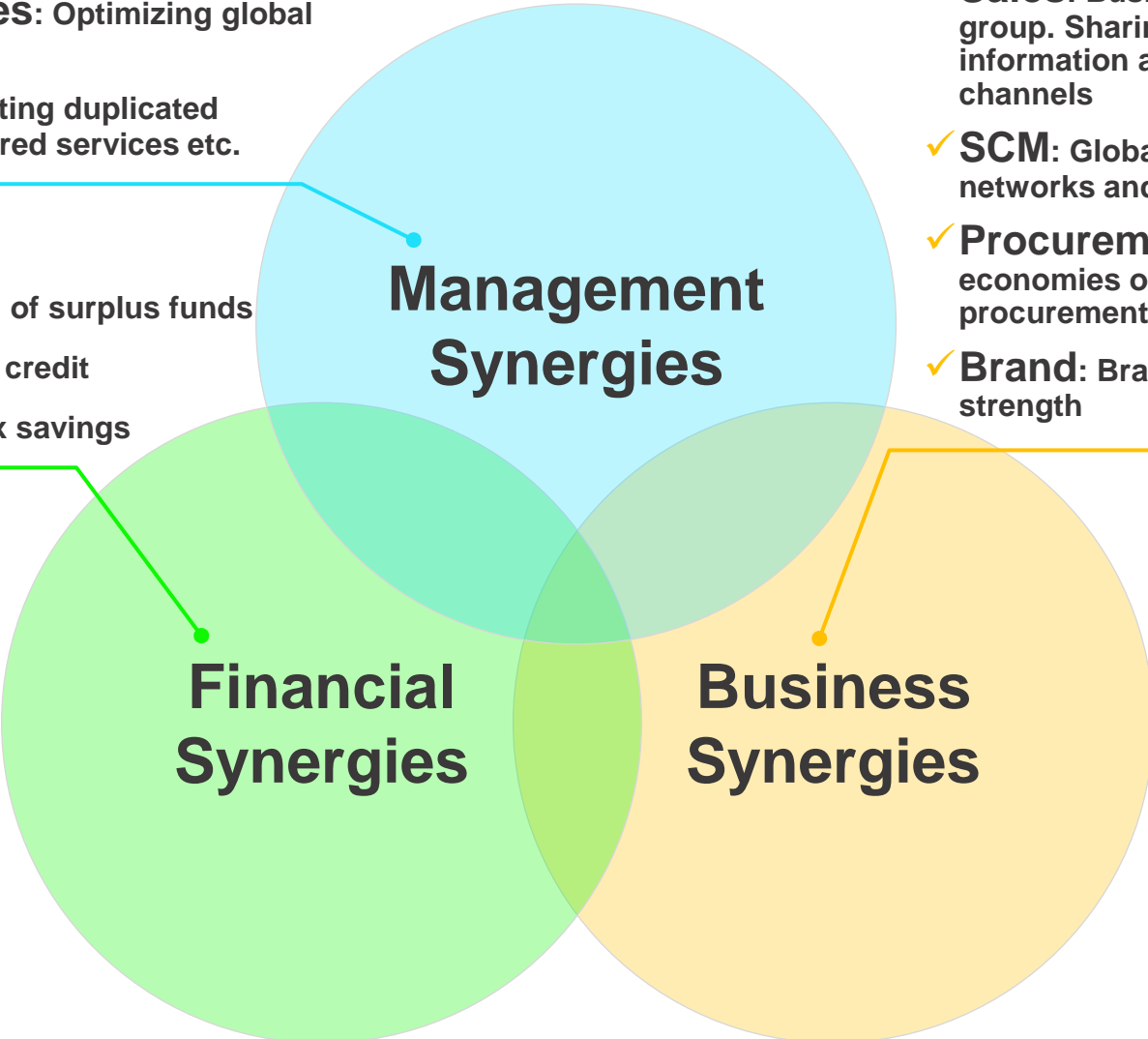


* Northeast Asia : Japan, China, Taiwan, Hong Kong and Korea

- ✓ **Strategy:** Share strategies, tactics, and management methods across regions
- ✓ **Human Resources:** Optimizing global staffing
- ✓ **Functions:** Eliminating duplicated functions through shared services etc.

- ✓ **Funding:** Utilization of surplus funds
- ✓ **Credit:** Utilization of credit
- ✓ **Taxation:** Global tax savings

- ✓ **Sales:** Business matching within the group. Sharing know-how, skill market information and sales organizations/ channels
- ✓ **SCM:** Global sharing of distribution networks and product inventories
- ✓ **Procurement:** Achieving economies of scale through joint procurement of products
- ✓ **Brand:** Brand awareness and brand strength



Achieving sustainable growth by acquiring external management resources (in-organic) in addition to growth from internal management resources (organic)

Organic Growth

Expansion of recycling-based business models

1. Further expansion of recycling-oriented businesses by balancing used paper business with product sales
2. Strengthen pulp business, including raw materials for sanitary paper
3. Maximize profits by expanding the share of the paper and paperboard wholesale business, and promoting e-commerce, while reducing expenses
4. Expansion of solution businesses



In-organic Growth

Expanding business domains by acquiring external management resources

Total amount: JPY **20** billion (in three years)

➤ Target markets for M&A

Visual Communication	Packaging	Other Processing Businesses
----------------------	-----------	-----------------------------

➤ Management resources to be acquired

Portfolio	Human Resources	Management Know-how	Locations and Facilities
-----------	-----------------	---------------------	--------------------------

Sustainable Growth

4

The Third Medium-Term Plan Numerical Targets

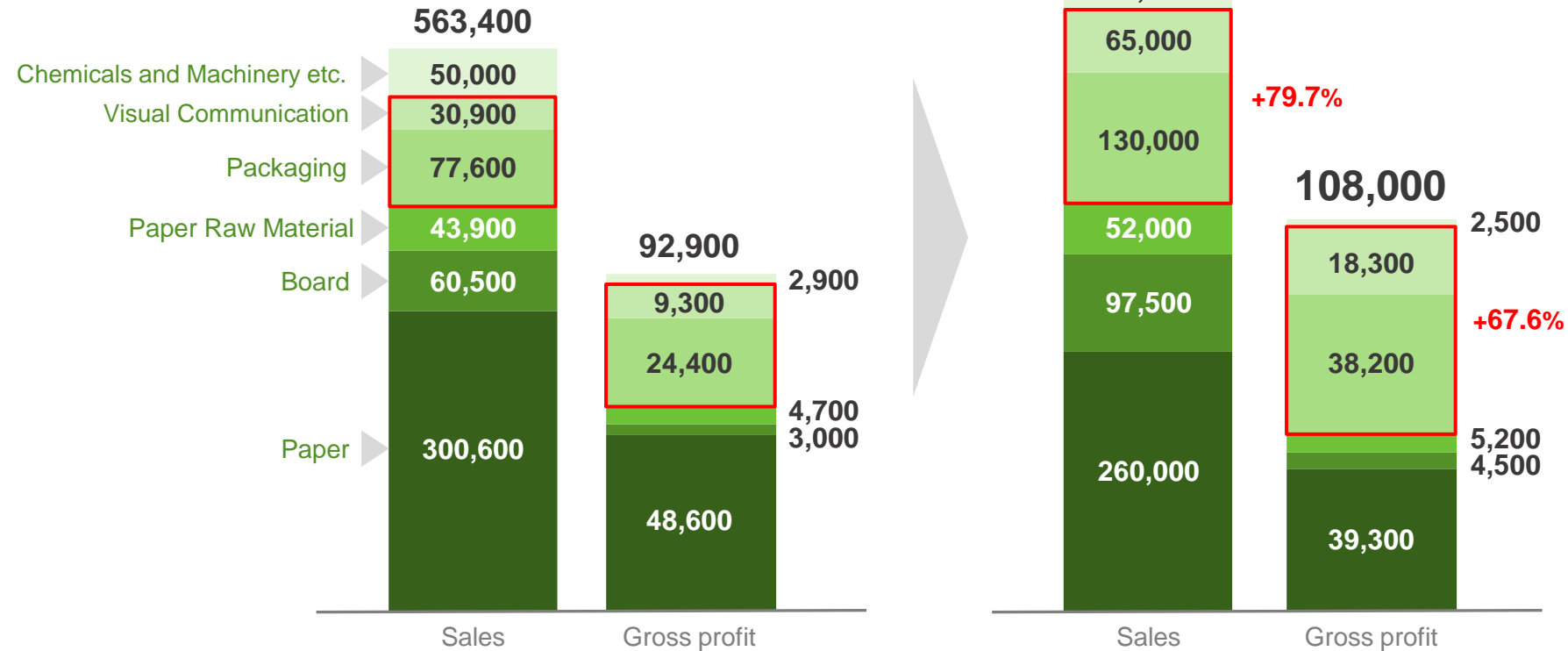
Net Sales and Gross Profit by Business Segment

Continue to promote business portfolio reforms under the Third Medium-Term Plan

Final year of the Second
Medium-Term Plan
March 2022

Final year of the Third
Medium-Term Plan (Target)
March 2025

(JPY million)



Ratio of visual communications and packaging businesses
with higher gross margins to rise

Overseeing the global operations by the three pillars: KPP, Antalis and Spicers, North and South America, Southeast Asia and India businesses will be fully developed through the Third Medium-Term Plan.

(JPY Billion)

Company in charge	Area in charge	March 2025 Sales Target	Strategy Overview
Kokusai Pulp & Paper (KPP)	Northeast Asia	320	<ul style="list-style-type: none"> Expand sales of paper and board by reviewing marketing methods focusing on e-commerce while ensuring sales share and profits. Promote comprehensive recycling-oriented business. In China, increase both sales and profit by expanding sales volume in line with market expansion.
	Europe	250	<ul style="list-style-type: none"> For paper & board, maintain the number 1 position in the region, and secure revenue and profit growth. Packaging and visual communication businesses will make good use of the in-organic strategy to expand while capturing market expansion. Promote e-commerce in all three businesses for further improvement of profit margin ratio.
Antalis	North and South America	20	<ul style="list-style-type: none"> Consider full-scale entry into North America and implement in-organic strategy.
	Oceania	35	<ul style="list-style-type: none"> Increase profitability by maintaining the market share in paper and board in the region and promoting e-commerce. Go-on in-organic strategy for packaging and visual communication and pursue M&A actively. Further promote adhesive labels as a product segment.
Spicers	Southeast Asia and India	25	<ul style="list-style-type: none"> Complete organizational restructuring. Promote business by utilizing know-how under the control of Spicers. Aim for growth by capturing market expansion in the area of paper and board, packaging and visual communication.

Aiming to increase both sales and profits with more profitability.

(JPY million or %)	March 2022
Sales	563,414
Operating profit	9,379
Operating profit	1.7%
Net profit	7,497
ROE	15.0%
ROA	2.7%



March 2025	Growth rate
650,000	+18.2%
14,500	+54.6%
2.2%	+0.5pp
9,000	+20.0%
12.0% or more	-
2.5% or more	-

Measures to achieve targets

- Improvement in profitability: Increase in sales and operating profit ratio, etc.
- Improvement of asset efficiency: Group business management through ROIC, etc.

Targets for improving financial position

	March 2022
Debt to equity ratio **1	1.4x
Capital adequacy ratio	19.4%



March 2025
1.0x or less
25.0% or more

* 1 Debt to equity ratio : Interest-bearing debt/ net assets

5

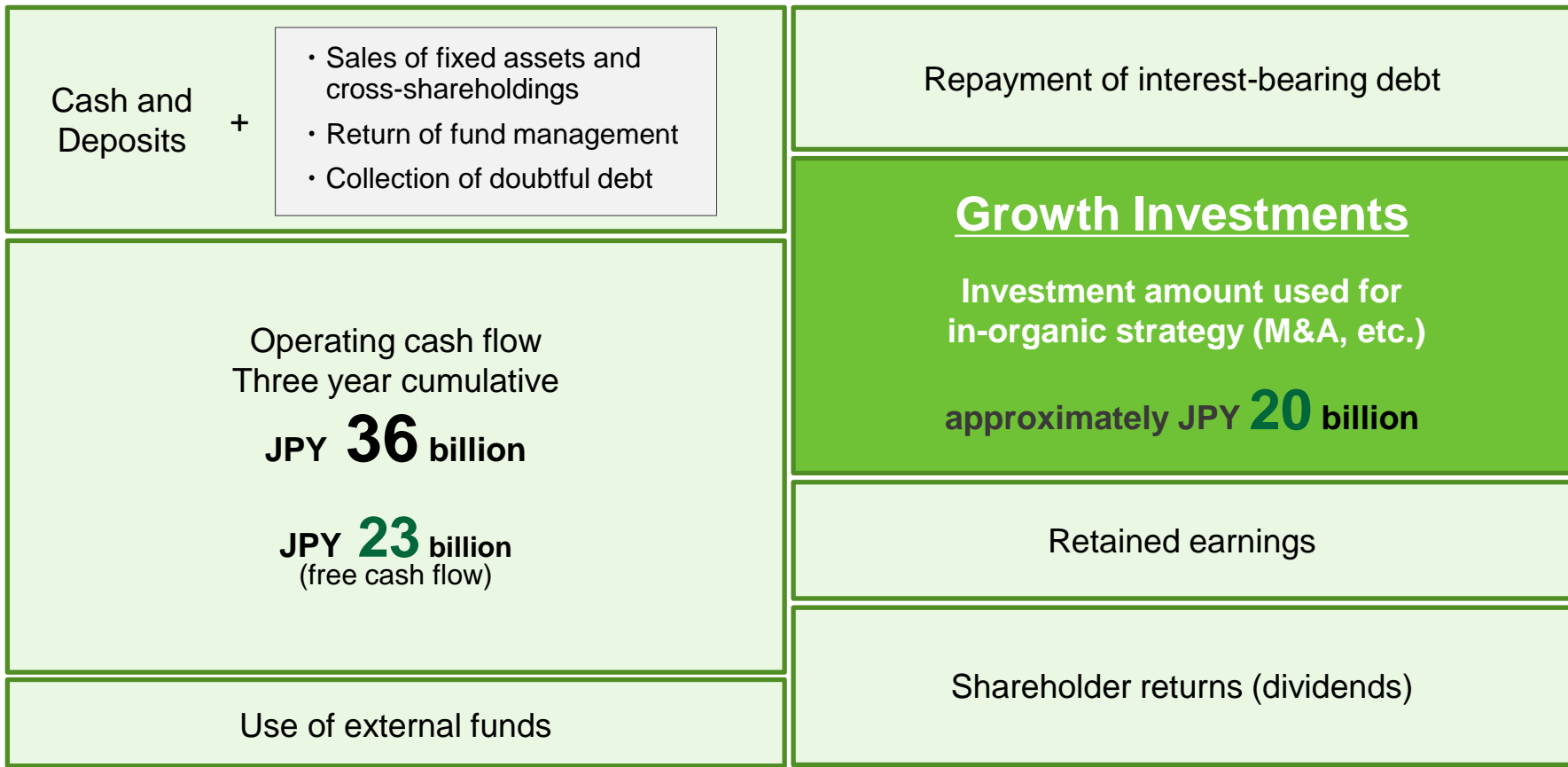
Financial and Capital Strategy

Cash Flow Allocation

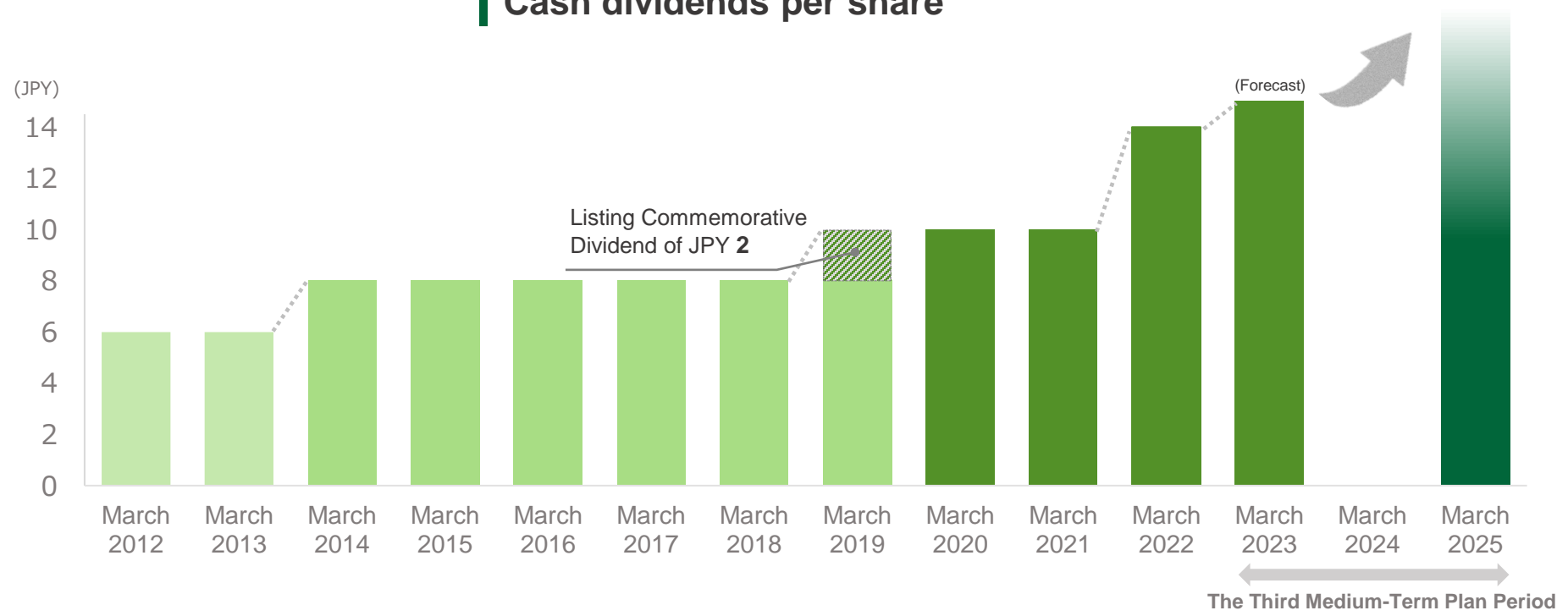
- | Increasing corporate value by growth investment within operating cash flow.
- | Improving our financial position by accumulating retained earnings.
- | Maintaining a net debt-to-equity ratio of less than 1 x and increase equity ratio to 25% or more.
- | Shareholder returns are based on an appropriate amount of retained earnings.

Cash in

Cash out



Cash dividends per share



FY March 2022: Upward revision of dividend forecast in August 2021 and February 2022.

Acquisitions of Spicers and Antalis contributed significantly to the Group's earnings, for solid earning base.

➤ **The first interim dividend** was paid, and the foreseen annual dividend was increased to JPY **14** per share.

FY March 2023

We expect the solid business environment to continue, and both sales and profits are expected to increase as in the previous fiscal year. Annual dividend forecast has increased to JPY **15** per share.

Aiming to increase dividends as a result of profit growth while considering a balance between investments and shareholder returns

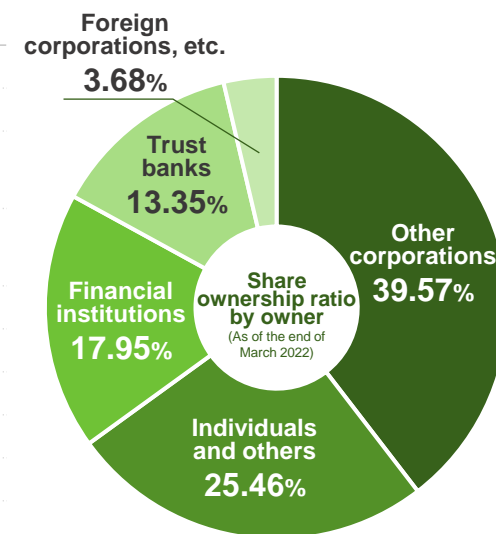
IV Reference Materials

Company Profile (as of the End of March 2022)

Paper wholesale distributor with 97-year history

Company Name	Kokusai Pulp & Paper Co., Ltd.
Established	November 1924
Representative	Madoka Tanabe, Chairman & Chief Executive Officer Tadashi Kurihara, President & Executive Officer
Head Office Address	6-24 Akashi-cho, Chuo-ku, Tokyo
Capital	4,723 million yen
Employees	5,354 (Consolidated)

Principle Shareholders (End of Mar. 2022)	Oji Holdings Corporation	17.3%
	Nippon Paper Industries Co., Ltd.	9.2%
	The Master Trust Bank of Japan, Ltd. (trust account)	6.8%
	Kokusai Pulp & Paper Co., Ltd. (Stock ownership Association)	3.6%
	Hokuetsu Corporation	3.4%
	Mizuho Bank, Ltd.,	2.5%
	Mitsui Sumitomo Insurance Company, Limited	2.4%
	MUFG Bank, Ltd.,	2.3%
	Sumitomo Mitsui Banking Corporation	2.3%
	The Norinchukin Bank	2.3%



Major affiliated companies of our Group (91 subsidiaries and 6 affiliated companies)

Domestic bases Wholesale business of pulp and paper, etc.		Overseas bases Wholesale business of pulp and paper, etc.
Consolidated subsidiaries	Equity-method affiliates	Consolidated subsidiaries
Narumiya Kami-shoji Co., Ltd.	Green Remake Co., Ltd.	Antalis S. A. S. * Consolidated subsidiary in July 2020.
Daidou Paper Trading Co., Ltd.	Green Fujikawa Co., Ltd.	Spicers Limited * Consolidated subsidiary in July 2019
Kyushu Kami-shoji Co., Ltd.	Mikasa Shikougyo Co., Ltd.	KPP ASIA-PACIFIC PTE. LTD.
Okayama Kami-shoji Co., Ltd.	Takaoka Co., Ltd.	DaiEi Papers (USA) Corp.
Kikyoya Kami-shoji Co., Ltd.		DaiEi Papers Korea Company Limited
Musashino Paper Recycling Co., Ltd.		DaiEi Papers Taiwan Co., Ltd
Green Sanai Co., Ltd.		ANTALIS (HONG KONG) LIMITED
KPP Logistics Co., Ltd.		Keishin Papers Trade (Shanghai) Co., Ltd
BMecomo Co., Ltd.		
Oji Fiber Co., Ltd.		

Expansion status



Paper and Paperboard Business (Domestic)

Paper

Deals in newsprint, printing paper, and information-related 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.

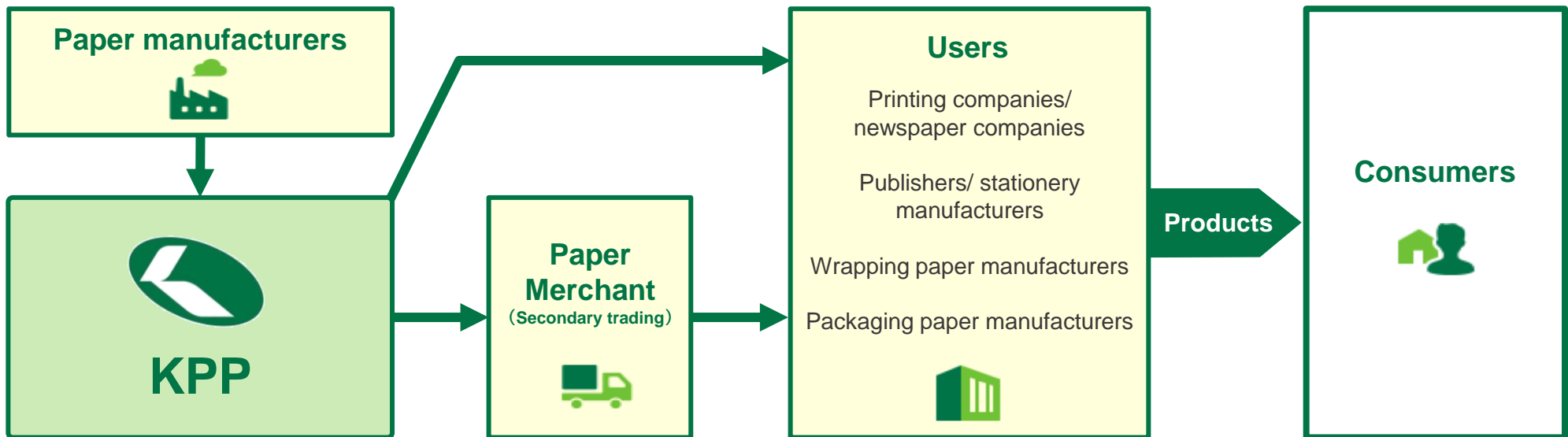


Paperboard

Paperboard is mainly classified into “container board”, “folding box board” and is widely used for packaging.

“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, tissue, cards, etc.



• Independent common distributors

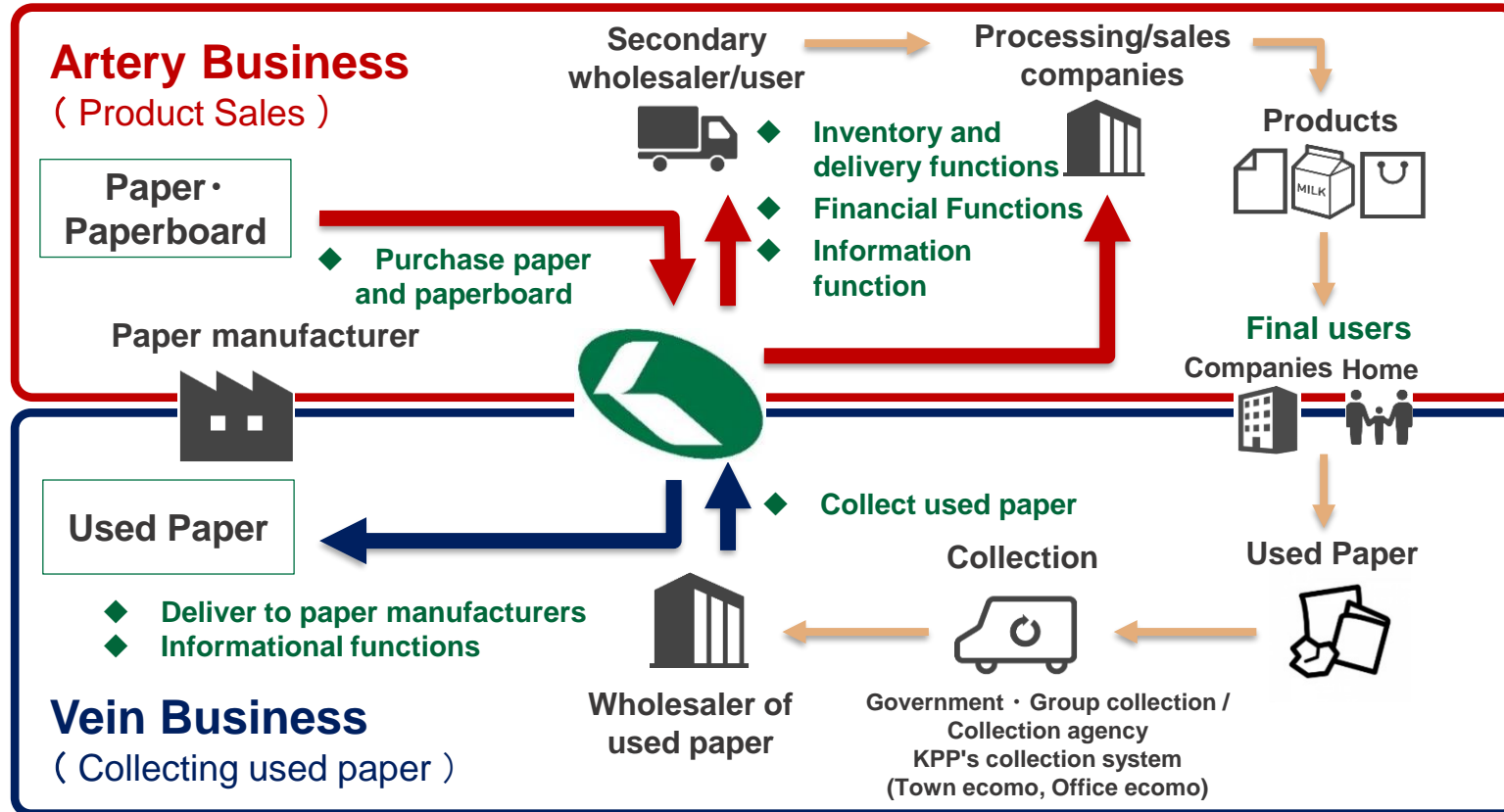
- Primary paper distribution is mainly classified into paper manufacturer affiliates, general trading company affiliates, and independent common distributors

Paper Manufacturing Materials (Pulp, Used Paper) Business (Domestic)

Paper manufacturing materials

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

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



Recycling industry through recycling of used paper

- The Japan's paper industry is characterized by the recycling of used paper.
- Our company plays an important function in this process, and we have been working for many years toward the realization of a sustainable society.



Customized solutions (Antalis)

- Experts who handle a wide range of packaging materials **customized solutions** that meet customer needs
 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?
- What are the on-site inventory conditions?
- What does 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	Film packaging material
			
		Corrugated foam	



Visual Communication Business

Collaboration with visually appealing (i.e., visual communication) businesses such as in-store advertising, signage, wrapping, and buildings. The demand is growing in Europe and Australia.

Consistent supply coordination of consumables such as ink large format inkjet printers (LFPs) and, as well as supply of media for signage, interior decoration, and car wrapping. Securing high profit margins.

Outdoor advertisements



Vehicle graphics



Retail



Home textiles



Hotel



Restaurant



Retail



Hospital



Nursing home



A view of the work



* Projects created by architects, interior designers, printers or advertising agencies, using at least one product from the Antalis Visual Communication range as part of the Antalis Interior design award."

Visual Communication Business (Examples of Installations)

Various examples of installation in visual communication business



1 COALA STICKY WALL S



2 COALA ROLL-UP ECO



3 COALA ROLL-UP PET S



4 COALA ORGANZA



5 COALA INTERIOR FILM



6 STADUR SIGN EASYPRINT BLACK



7 COALA FLOOR & WALL R



8 DIBOND

Adhesive Label Business in Oceania

- Providing services in all fields, including daily necessities, food and beverage, medical and pharmaceutical, logistics and distribution, and industrial-related fields
 - Propose customers the best combination of surface materials, adhesives, release paper and release film for various different applications.
 - Wide range of supply sources, especially in Asia and Europe
 - A large selection of approx. 100 different products.
 - In-house slitting process provides added value, responding flexibly to customer specifications.



Daily Necessities



Logistics



Medical Care



Food & Beverage



Others





Building a Totally Recycling-Oriented Business Model Contributing to the Realization of a Sustainable Society

• Composed of both **Material Recycling** and **Thermal Recycling**

Material Recycling

Recovery of recycled resources

Features & Services

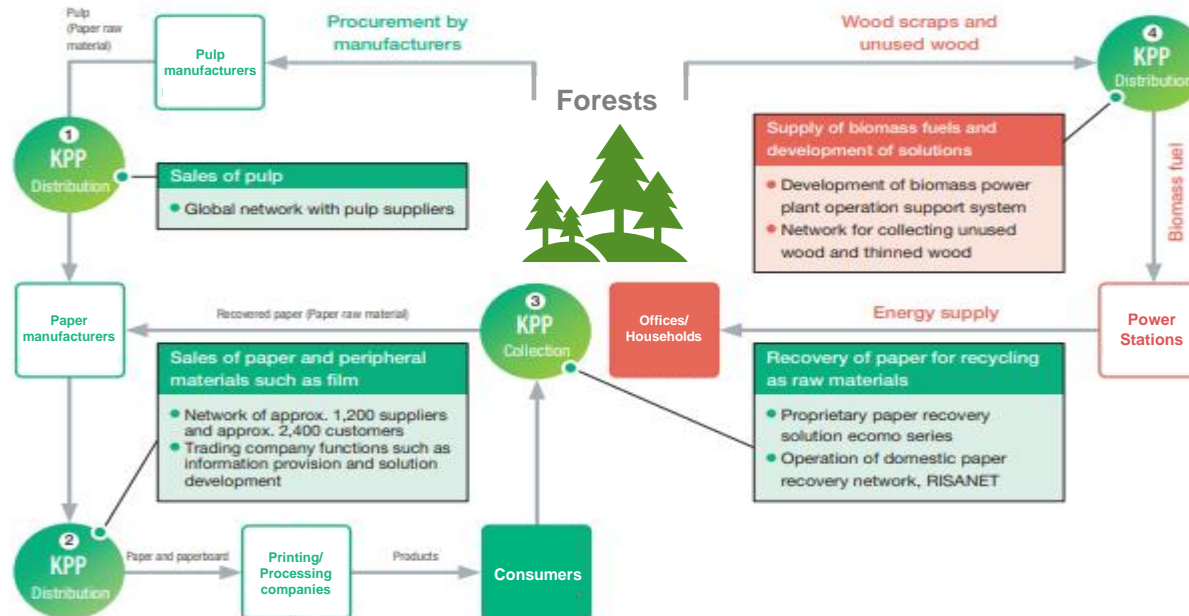
- Utilizing the collection network of used paper wholesalers throughout Japan.
- Used paper collection solution business using our originally developed "Town ecom" and "Office ecom".
- Closed recycling service that visualizes the entire process of "use, discard, and recycle".

Thermal Recycling

Supply of renewable energy through support for biomass power plant operation, etc.

Features & Services

- Power generation business using biomass resources such as waste wood and unused wood, etc.
- Development of BMecom, an operation support system for biomass power plants using IoT technology



KPP Group's Green Products

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, Artificial grass made of paper yarn

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

Paper-based clear folders



Try-on face cover for clothes shop



Reduced plastic cutlery



Artificial grass made of paper yarn

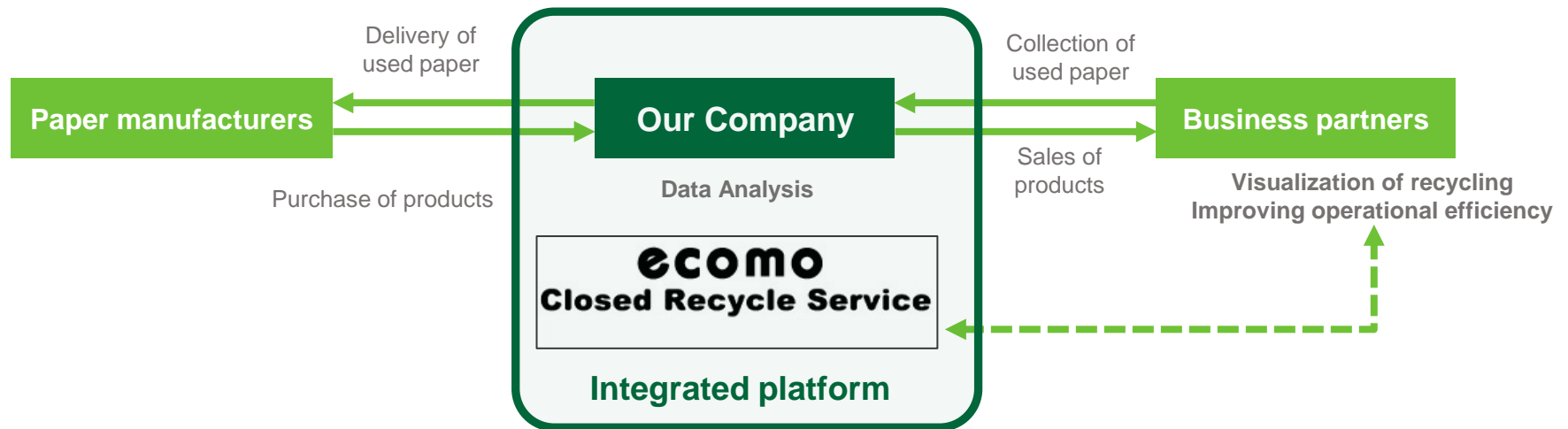




ecom Closed Recycle Service

<https://ecom.closedrecycle.jp/>

- Our recycling brand, the "ECOMO" series
- Provides closed recycling from proposal to construction
- Centralized management of data for used paper collection and delivery (=visualization)



Strengthen profitability by providing customers with added value such as real time visualization of their recycling and convenience.



An operation support system that aims to support biomass power plant operation management, facility management, and business management by utilizing the latest technologies such as big data analysis, AI and IoT.



BM ecomo

Biomass Meister

<https://bmecomom.com>

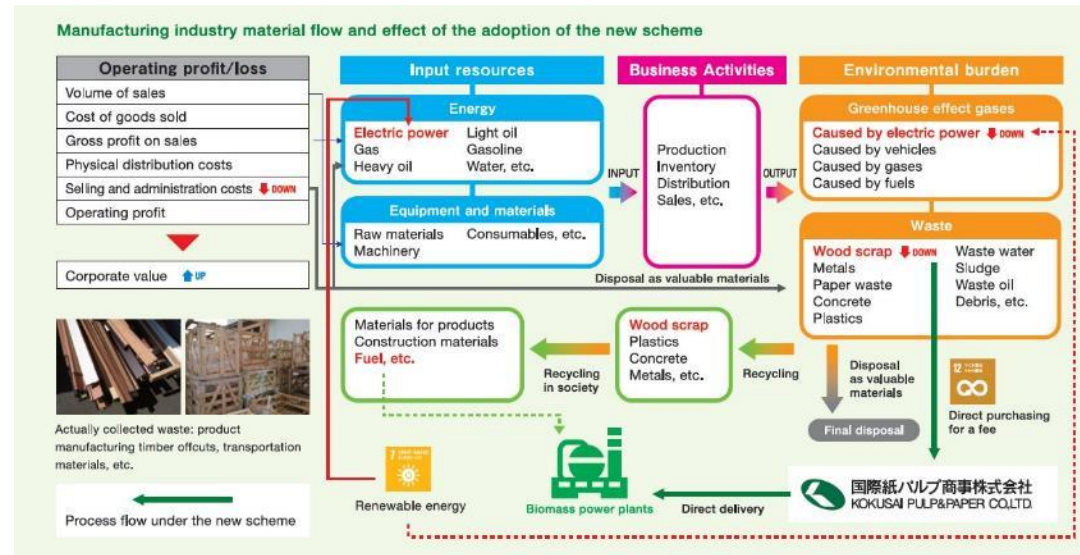
【Biomass power plant operation support system conceived by our company】

- October 2019: Start of demonstration operation
- November 2021: Conclude agreement on service use
- March 2022: Spin off to further expand business and increase efficiency

Features of BMecomom

- ① Information sharing and visualization through remote monitoring
- ② Equipment maintenance
- ③ Improving combustion efficiency (inheriting operating expertise)

Provide a service to purchase waste wood and use it as biomass fuel



Optimization and rationalization of operation technology

×

Optimize revenues and costs

Maximizing revenue of biomass power plant



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~



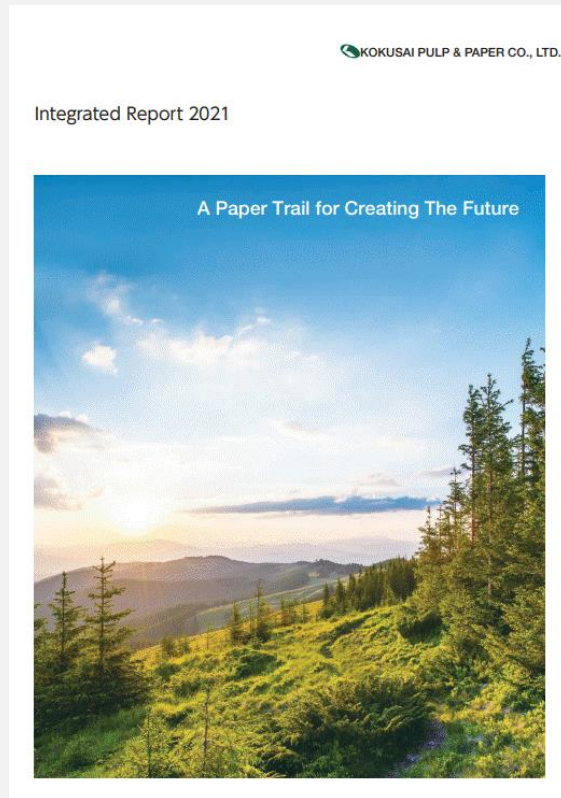
<https://www.kpps.jp/papermall/greenproducts/>



- Change to Papers**
 Microplastics are a cause of marine pollution. There is a need to develop materials that can replace plastic. We are working on a "change to paper", switching to products made from paper.
- Plastic Reduction**
 We will reduce the amount of plastic used by mixing 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 (published in October 2021)

A report that integrates our financial and non-financial information, with a wealth of information on ESG and sustainability strategies.



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

TSUNAGU (published in May 2022)

In addition to our company's news, we will introduce various topics related to paper, such as artists and traditional crafts that use paper, to show you the appeal of paper.



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

CONTACT

Corporate Communications Office
KOKUSAI PULP & PAPER CO.,LTD.
Phone +81(0)3-3542-4169

URL : <https://cloud.swcms.net/kppcPublic/ja/contact/inquiry1.html>

Disclaimer

- This document contains forward-looking statements, future plans, and management targets related to the Company. These forward-looking statements are based on current assumptions regarding future events and trends and are not guaranteed to be accurate. Actual results may differ materially from those presented herein due to various factors.
- Unless otherwise stated, the financial data presented herein are presented in accordance with accounting principles generally accepted in Japan.
- The Company does not necessarily make any revisions to the forward-looking statements it has made, regardless of the occurrence of future events, etc., except when required by the Disclosure Rules.
- Information relating to other companies is based on publicly known information.
- This document contains information on solicitation of offers to acquire, offer to sell, or offer to buy any securities (hereinafter referred to as "solicitation"). It is not intended to constitute conduct solicitation activities, nor can it be the basis for any contract or obligation.
- This English document is just a translation of the Japanese document. Therefore, please use this English document only for convenience and refer to the original Japanese document as appropriate.

Contact

Corporate Planning Section
KOKUSAI PULP & PAPER CO., LTD.

E-Mail : kpp_ir@kpp-gr.com

URL : <https://cloud.swcms.net/kppcPublic/ja/contact/inquiry1.html>



A Paper Trail
for Creating the Future.