

22<sup>nd</sup> October, 2021

Kokusai Pulp & Paper Co., Ltd.  
President & Executive Officer: Tadashi Kurihara  
(For inquiries)  
Corporate Planning Division  
Division Head: Takaharu Nakane  
Tel. +81 3 3542 9925

## **Notice of Commencement of Consideration of Transition to a Holding Company Structure**

Kokusai Pulp & Paper (“KPP”), at the meeting of Board of Directors held on 22<sup>nd</sup> October 2021, has resolved to start considering the transition to a holding company structure by October 2022 as written below, subject to approval at the General Meeting of Shareholders at the end of June 2022.

### 1. Background

KPP has been growing through sales of paper/paperboard and related business. However, the Japanese paper market has been shrinking over the long term due to declining population and advancing digitization.

Under such circumstances, KPP has been expanding its global market share and actively pursuing overseas M&As for the purpose of maximizing profits through business portfolio reforms. KPP also has been working to maximize synergies by restructuring group companies in China, the world's largest market, and the promising ASEAN market with its potentiality.

According to our current forecasts, KPP's overseas sales ratio is expected to rise to 54% in the fiscal year ending March 31, 2022. In terms of sales, KPP has entered a new stage as a global company of the world's three largest paper trading companies (\*1). In 2024, KPP will celebrate its 100th anniversary.

Based on this background, KPP has decided to consider shifting to a holding company structure in order to strengthen its global governance, reform our portfolio, expand new businesses, and promote sustainability management in line with expansion of its business scale.

※1 According to our research (paper trading company = trading company specializing in wholesale of paper, pulp, and packaging-related products as main business).

## 2. Purpose

### (1) Strengthening global governance

- ① Establish a management control system that respects the independence of group companies by transferring authority and clarifying responsibilities
- ② Implement centralized information management and appropriate group management
- ③ Develop IT infrastructure and establish a rapid management system
- ④ Build a strong internal control and internal audit system
- ⑤ Strengthen corporate communication

### (2) Portfolio improvement and new business expansions

- ① Implement global market analysis and digital marketing
- ② Support carbon neutrality and promote e-commerce
- ③ Inorganic growth such as M&As
- ④ Hybrid management with recurring revenue model and indent business to be compatible

### (3) Promoting sustainability management

- ① Examine corporate behavior with an emphasis on ESG matters
- ② Identify materiality (diversity, DX, climate change measures etc.) and set their KPIs.

## 3. Prospects

The way to transition to a holding company is to separate KPP into a holding company and an operating company. Under the umbrella of the holding company, there will be an operating company that controls the domestic business and existing core companies that control each region, such as Antalis S.A.S. (Europe and South America), Spicers Limited (Oceania), etc. The details will be announced once they have been decided

(Notice)

This document has been translated from the Japanese-language original for reference purposes only. In the event of any conflict or discrepancy between this document and the Japanese-language original, the Japanese-language original shall prevail in all aspects.