

Medium-Term Business Plan 2030

May 28, 2026

NIPPON PAPER INDUSTRIES CO.,LTD.

TSE 3863

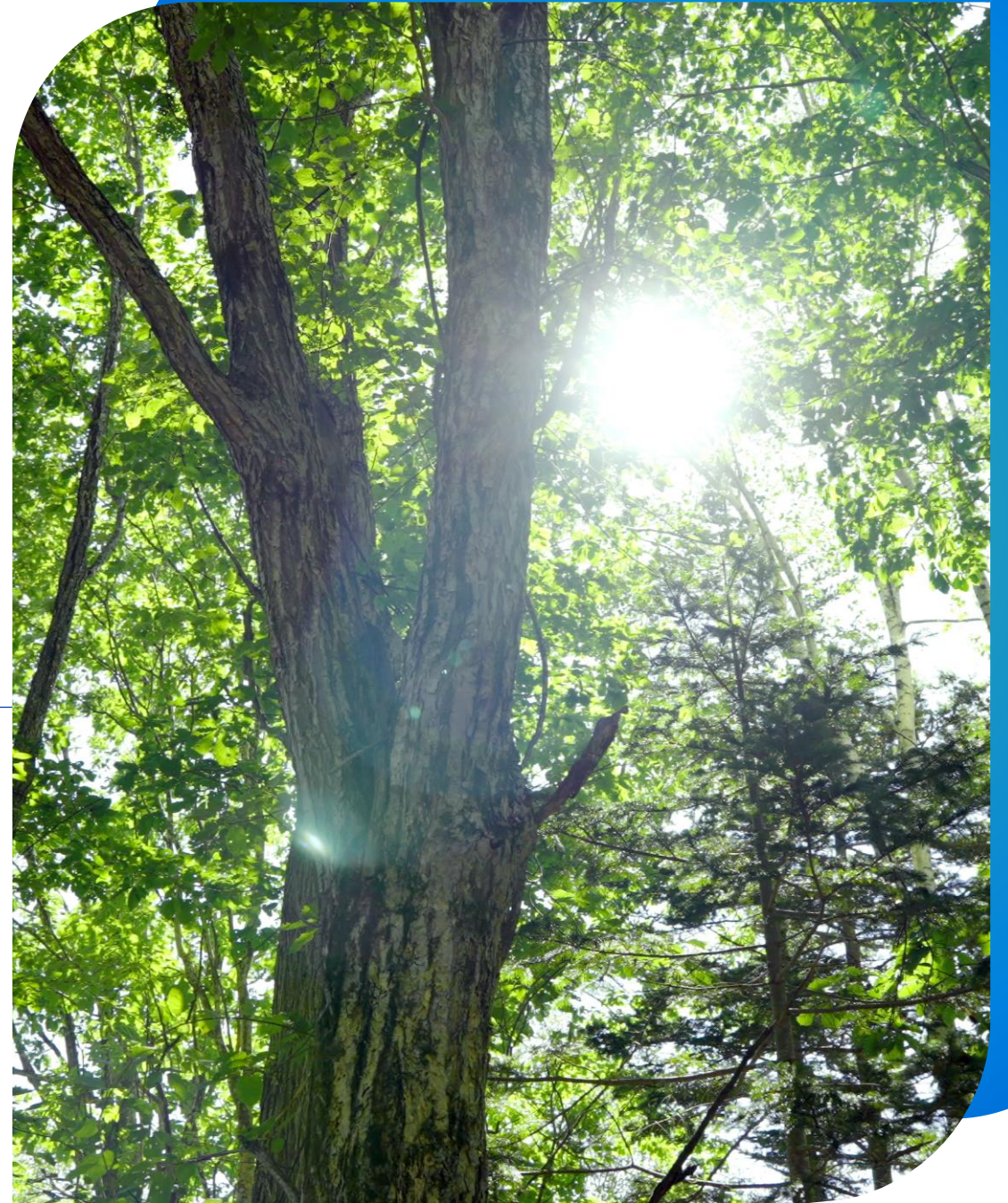


Table of Contents

1 Review of the Medium-Term Business Plan 2025

2 Medium-Term Business Plan 2030 —Basic Strategies and Key Initiatives—

Overview

Financial Targets (KGI)

Future Direction

Operating Profit Targets by Segment

Breakdown of Changes by Initiative

Basic Strategies and Key Challenges

(1) Balance Sheet Optimization

(2) Decisive Execution of Structural Reforms

(3) Profitability Improvement

3 Vision for 2035

4 Strengthening the Management Foundation (Non-Financial Strategies)

Human Capital Strategy

Natural Capital Strategy

Intellectual Capital Strategy

Corporate Governance

Appendix

Notes on Abbreviations

NPI: Nippon Paper Industries Co., Ltd.

NDP: Nippon Dynawave Packaging Co.

NTI: Nippon Tokai Industrial Paper Supply Co., Ltd.

Key Messages

Review of the Medium-Term Business Plan 2025

- Domestic operations remained on track with the plan since FY2023. However, the overseas business performance has been sluggish, and the overall revenue target was not achieved.
- While the business structure transformation and strengthening of existing business foundations yielded certain results, challenges remain in profitability and capital efficiency.

Vision for 2035

- A corporate group that maximizes the potential of forest resources to pursue corporate value enhancement and the creation of a sustainable society

Medium-Term Business Plan 2030

**Improving
capital
efficiency**

**Basic
Strategies**

KGI

- (1) Balance Sheet Optimization: Enhance the soundness and efficiency of the financial base by asset optimization and reduction of interest-bearing debt.
 - (2) Decisive Execution of Structural Reforms: Strengthen and rationalize low-profit businesses through the consolidation of graphic paper production sites and review of unprofitable operations.
 - (3) Profitability Improvement: Expanding businesses with high-profitability and high-capital-efficiency. (Daily-Life Products Business and Forest and Wood-Related Business)
- ROIC 4% or higher, ROE 8% or higher, Net D/E ratio less than 1.0x, Operating profit ¥60 billion or more

1 Review of the Medium-Term Business Plan 2025



Medium-Term Business Plan 2025 Progress toward Targets

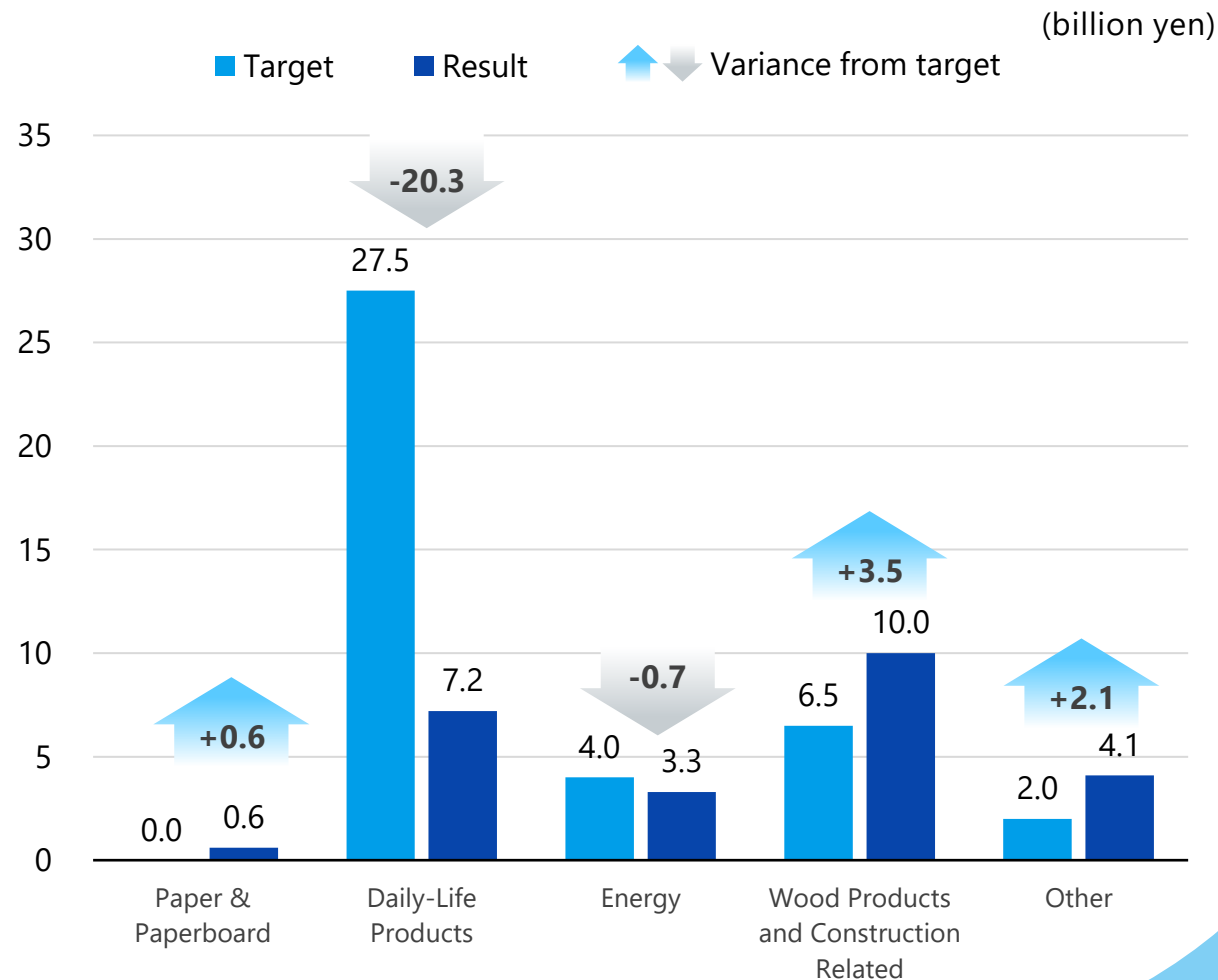
■ Targets and Results

(billion yen)

Item	Medium-Term Business Plan 2025 Target*	FY 2026/3 Result
Sales	1,200 or more	1,192.6
Operating profit	40 At an early stage	25.2
EBITDA	Steady 100	92.0
Net D/E ratio (based on shareholder's equity)	1.7 to 1.79 x	1.74 x
Net interest-bearing debt	710	675.2
ROE	5.0% or higher	2.4%

*Some targets were revised in May 2023.

■ Operating profit by segment (targets vs. results)



Medium-Term Business Plan 2025 Operating Profit by Segment and Financial Indicators Trends

(billion yen)

	FY2021	FY 2022	FY 2023	FY 2024	FY 2025
Paper and Paperboard	-5.6	-29.2	11.7	8.3	0.6
Daily-Life Products	4.8	-7.8	-8.1	-6.1	7.2
Energy	1.6	-1.7	1.6	3.6	3.3
Wood Products and Construction-Related	7.6	8.9	9.8	9.6	10.0
Other	3.7	2.9	2.3	4.3	4.1
Domestic	11.1	-24.1	30.4	31.6	28.7
Overseas	1.0	-2.8	-13.1	-11.9	-3.5
Total	12.1	-26.9	17.3	19.7	25.2
ROE (%)	0.5	-12.3	5.3	1.0	2.4
Net D/E Ratio (times) (Based on shareholders' equity)	1.89	2.25	1.95	1.84	1.74
ROIC (%)	1.6	-0.8	1.6	2.1	2.3

Medium-Term Business Plan 2025 Achievements and Challenges

- While the business structure transformation and strengthening of existing business foundations yielded certain results, challenges remain in profitability and capital efficiency.

Theme	Review	Achievements and Challenges
Acceleration of business structure transformation	△	Daily-Life Products Business sales ratio expanded (FY2020: 32% → FY2025: 40%); overseas business profitability enhancement remains a challenge.
Strengthening the foundation of existing businesses	△	Domestic graphic paper capacity cut by 30%, maintained 90% operating rate; demand decline requires further action.
	△	Cost reductions and price revisions implemented against rising raw material, fuel, and fixed costs; stable operations remain a challenge.
Enhancing profitability	△	While domestic businesses largely achieved operating profit targets, further enhancement of profitability is required.
	×	Operating profit from overseas operations fell short of targets due to the low performance of companies such as Opal.
Improving capital efficiency	○	Asset sales, including fixed assets and cross-shareholdings, were executed at a pace exceeding plans.
	△	While targets of Net D/E ratio in the 1.7x range and net interest-bearing debt below ¥710 billion were achieved, optimizing the capital structure remains an ongoing challenge.
	×	ROE remained at a low level due to a low OPM and the incurrence of extraordinary losses associated with structural reforms.
Reducing GHG emissions	○	Progress is steady towards the FY2030 target of a 54% reduction, with FY2025 results at 43% (provisional).

Actions to be taken under the Medium-Term Business Plan 2030

Balance Sheet Optimization

Decisive Execution of Structural Reforms

Profitability Improvement

Capital Efficiency Improvement

2 Medium-Term Business Plan 2030



Overview

Basic Strategies

Balance Sheet Optimization

- Enhance the soundness and efficiency of the financial base.

Decisive Execution of Structural Reforms

- Rationalize low-profit businesses.
- Establish competitive advantage by leveraging resilience.

Profitability Improvement

- Expand key focus businesses.
- Optimize invested capital efficiency.

Key Challenges

- Asset optimization
- Reduction of interest-bearing debt

- Consolidation of graphic paper production sites
- Review of unprofitable businesses

- Expansion of Forest and Wood-Related Business
- Promotion of downstream strategy in Packaging Business
- Enhancement of Daily-Life Products Business profitability
- Expansion of new biomass material business

Capital Efficiency Improvement

Medium-Term
Business Plan 2030
Target

ROIC

4% or higher

ROE

8% or higher

**Net D/E
ratio***

less than **1.0** x

**Operating
profit**

¥60 B or more

Introduction of capital market discipline and proactive dialogue

* Calculation of the Net D/E ratio is based on equity starting from FY2026.

Net D/E ratio (equity basis) = (net interest-bearing debt - equity-type debt) / (equity + equity-type debt)

Equity-type debt : The amount of debt procured by hybrid loans that has been recognized as equity credit by rating agencies (50% of the financed amount)

Financial Targets (KGI)

Item		FY2025 Actual	Medium-Term Business Plan 2030 Target
Capital Efficiency	ROIC	2.3%	4% or higher
	ROE	2.4%	8% or higher
Financial Soundness	Net D/E ratio (Equity basis)*	1.20x	1.0x or less
	(Reference) Net D/E ratio (Shareholders' equity basis)*	1.74x	1.3x or less
Business Growth	Sales ratio of Wood Products and Construction-Related Business and Daily-Life Products Business	46.8%	55.0%
Profitability	Operating profit	¥25.2 billion	¥60 billion or more
	Operating margin	2.1%	5% or higher
Cash Generation Capacity	EBITDA	¥92 billion	¥140 billion or more

- Target ROE of 8% or higher with balance sheet optimization and profitability improvement.
- Reduce interest-bearing debt and aim for a Net D/E ratio of 1.0x or less.
- Grow the Forest and Wood-Related Business* as well as the Daily-Life Products Business to increase the overall operating margin.

* Refers to businesses related to forestry, timber, and building materials among the Wood Products and Construction-Related Business.

* Net D/E Ratio (Starting FY2026, KGI is calculated on an equity basis)

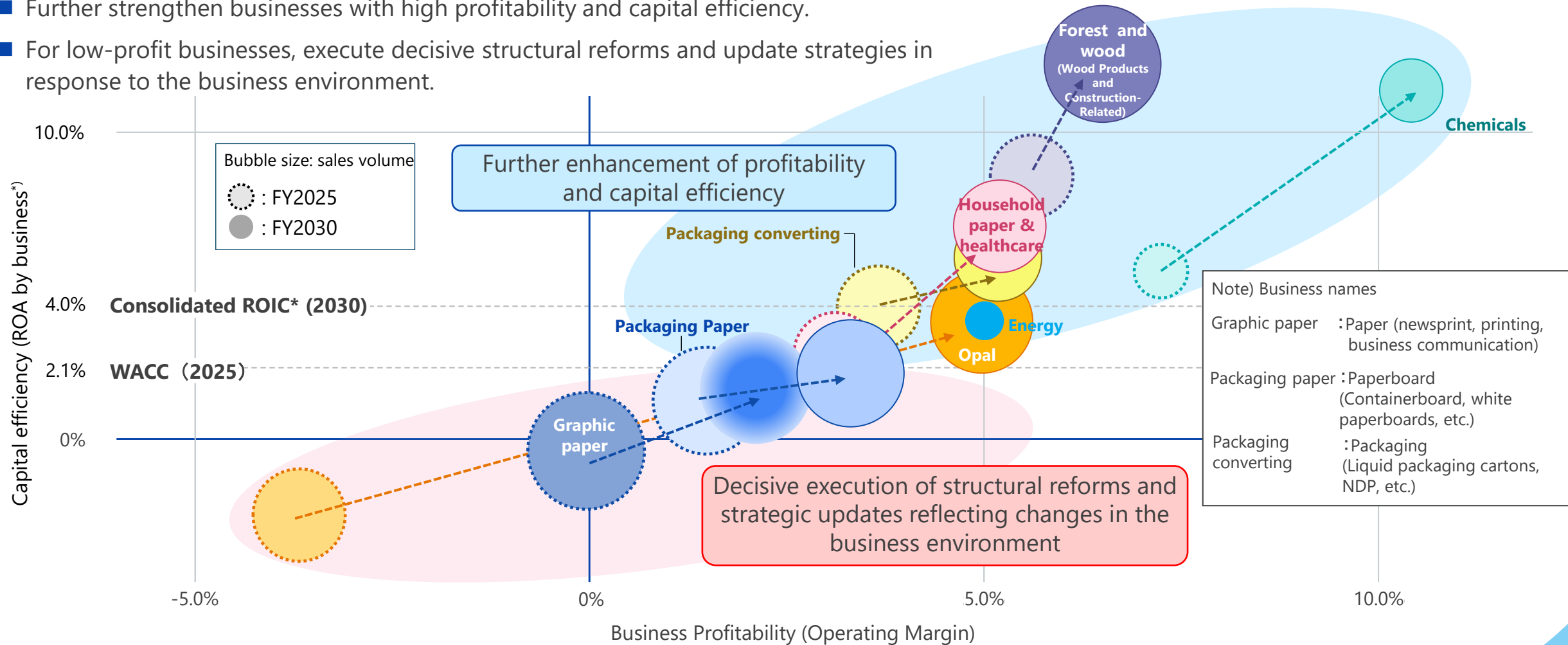
Equity basis: $(\text{Net interest-bearing debt} - \text{Equity-like debt}) / (\text{Equity} + \text{Equity-like debt})$

Shareholders' equity basis: $(\text{Net interest-bearing debt} - \text{Equity-like debt}) / (\text{Shareholders' equity} + \text{Equity-classified debt})$

Equity-like debt: The portion of debt raised through hybrid loans that has been recognized as equity-like by rating agencies (50% of the amount raised)

Future Direction

- Further strengthen businesses with high profitability and capital efficiency.
- For low-profit businesses, execute decisive structural reforms and update strategies in response to the business environment.



*ROA by business: NOPAT / Business assets

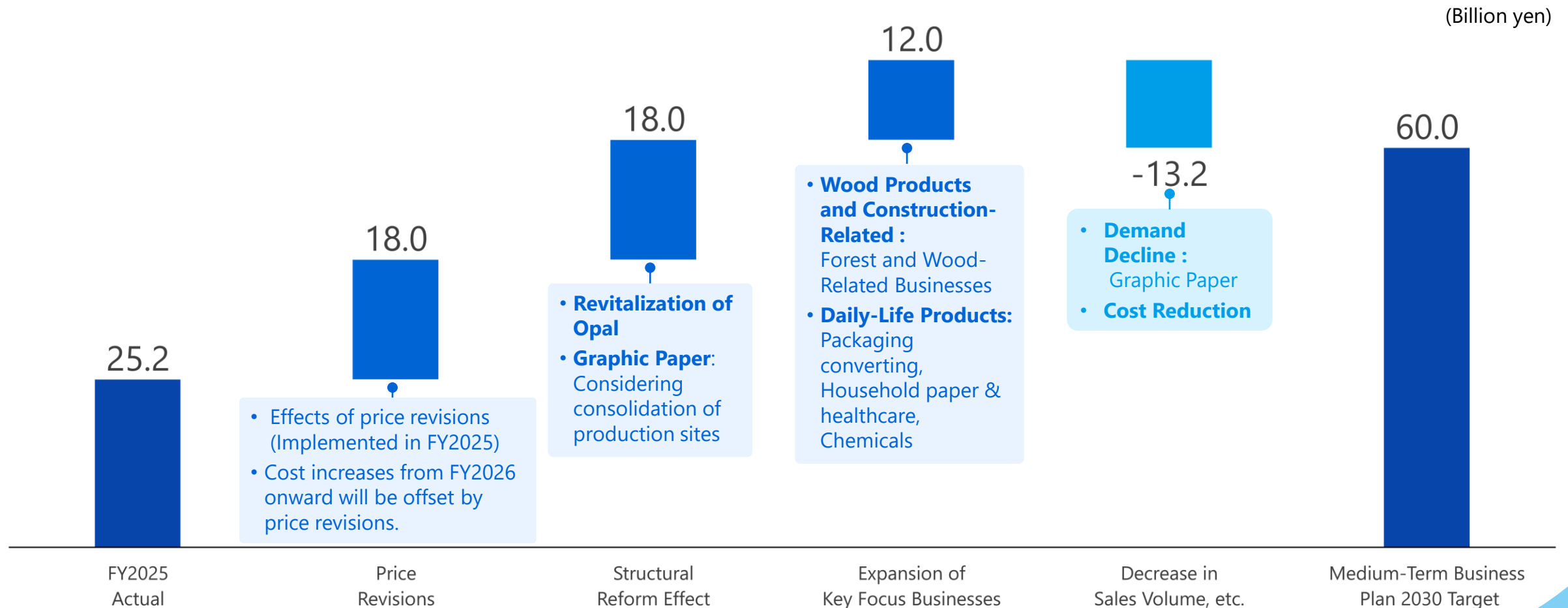
*Consolidated ROIC: NOPAT (operating profit after tax + dividends received + equity in earnings of affiliates) / Invested capital (net interest-bearing debt + equity capital)

Operating Profit Targets by Segment

		(billion yen)				Key Initiatives
		FY2025 Actual		Medium-Term Business Plan 2030 Targets		
		Operating profit	Operating Margin*	Operating profit	Operating Margin*	
Wood Products and Construction-Related		10.0	5.8%	15.0	6%	•Expand the domestic and overseas wood distribution business. •Increase profitability in the plantation business and expand operations utilizing the breeding and propagation technologies.
Daily-Life Products	Packaging Converting	7.2	4.3%	30.0 or more	5%	•Grow the business in Japan and overseas through collaboration with business partners. •Increase revenue through accelerated global expansion and the development of new markets.
	Household Paper & Healthcare		3.7%		5%	
	Chemicals		8.5%		10%	
	Opal		-4.8%		5%	•Focus on the integrated packaging business. (base paper + converting) •Rationalize low-profit businesses
Paper and Paperboard		0.6		10.0		•Optimize the production systems and maintain capacity utilization rates in anticipation of demand decline. •Expand the packaging business by promoting collaboration between paper and converting operations.
Energy		3.3		2.0		•Strengthen business and organizational capabilities with a focus on efficiency, and optimize the organization.
Other (Logistics, etc.)		4.1		3.0		
Total		25.2		60.0 or more		* Operating margins are shown on a simple aggregate basis (before consolidation adjustments).

Breakdown of Changes by Initiative

- Aim for ¥60 billion in operating profit through execution of decisive structural reforms and expansion of key focus businesses.



Basic Strategies and Key Challenges



① Balance Sheet Optimization

- Asset optimization
- Reduction of interest-bearing debt



② Decisive Execution of Structural Reforms

- Consolidation of graphic paper production sites
- Review of unprofitable businesses
(Revitalization of Opal, rationalization of low-profit businesses, etc.)



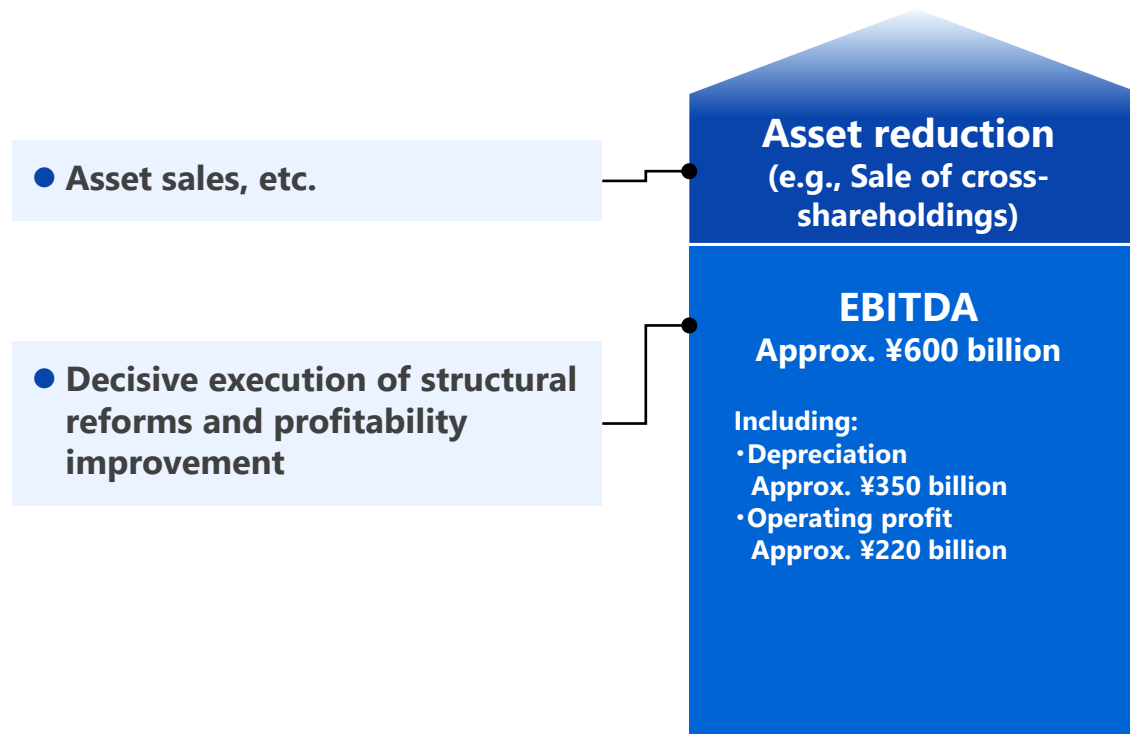
③ Profitability Improvement

- Expansion of Forest and Wood-Related Business with the Green Strategy
- Downstream strategy in the Packaging Business (Promoting collaboration between base paper and converting)
- Enhancement of Daily-Life Products Business profitability
- Expansion of new biomass material business

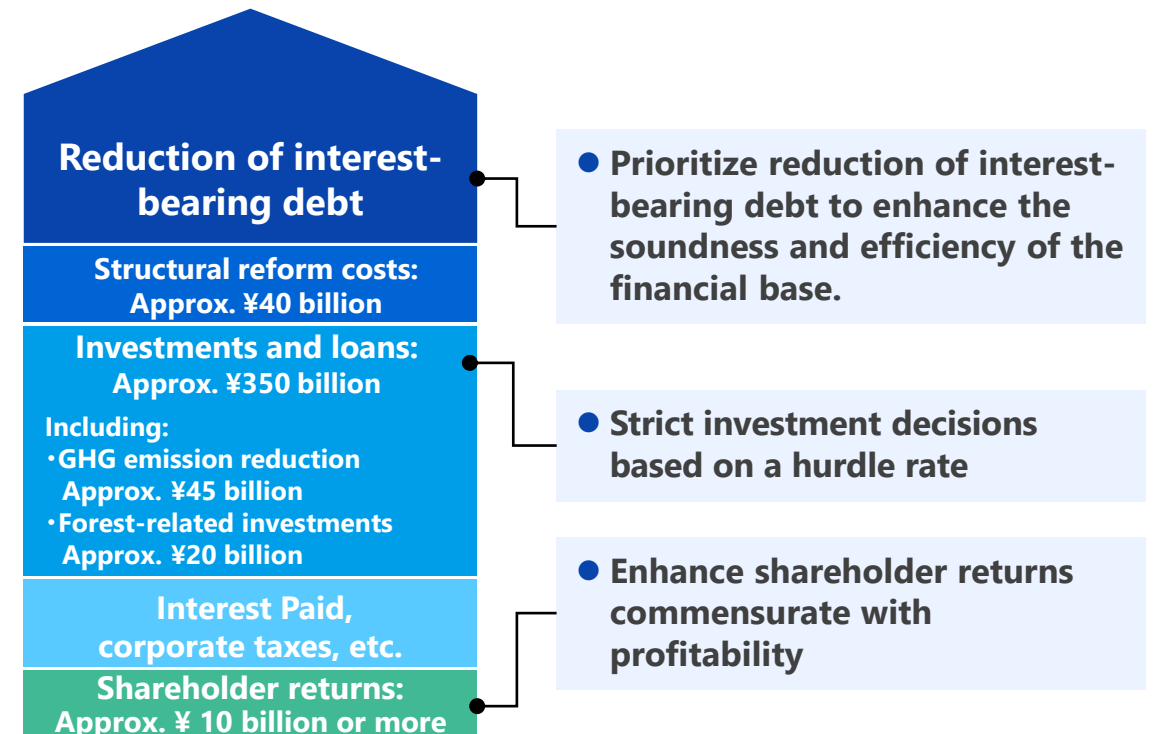
(1) Balance Sheet Optimization | Cash Allocation

- Cash generation through decisive execution of structural reforms, profitability improvement, and asset sales, etc.
- Prioritize reduction of interest-bearing debt to enhance the soundness and efficiency of the financial base.

Cash Generation (2026-2030)



Cash Outflow (2026-2030)



(1) Balance Sheet Optimization | Reduction of Cross-Shareholdings

- The Board of Directors annually reviews the rationale for and benefits of the Company's cross-shareholdings.
- In 2025, the Company announced a policy of, in principle, fully eliminating cross-shareholdings and has accelerated efforts to reduce it.
- Following the early achievement of the previous reduction target, a new reduction target has been set.

Previous Reduction Target

Period : FY2025-2027

Amount : ¥15.0 billion

FY2025 Actual: ¥16.1 billion

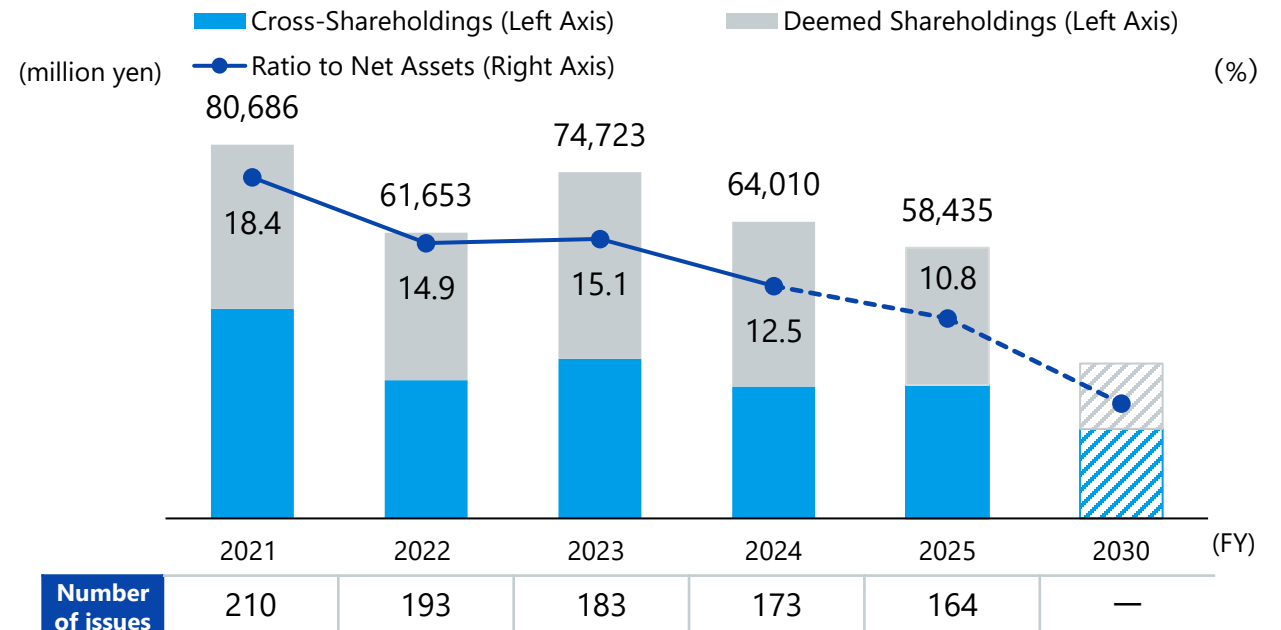
**Achieved
the previous
reduction
target**

New Reduction Target

Period : FY2026-2030

Amount : ¥25.0 billion

Status of Cross-Shareholdings (Amount shown on B/S)

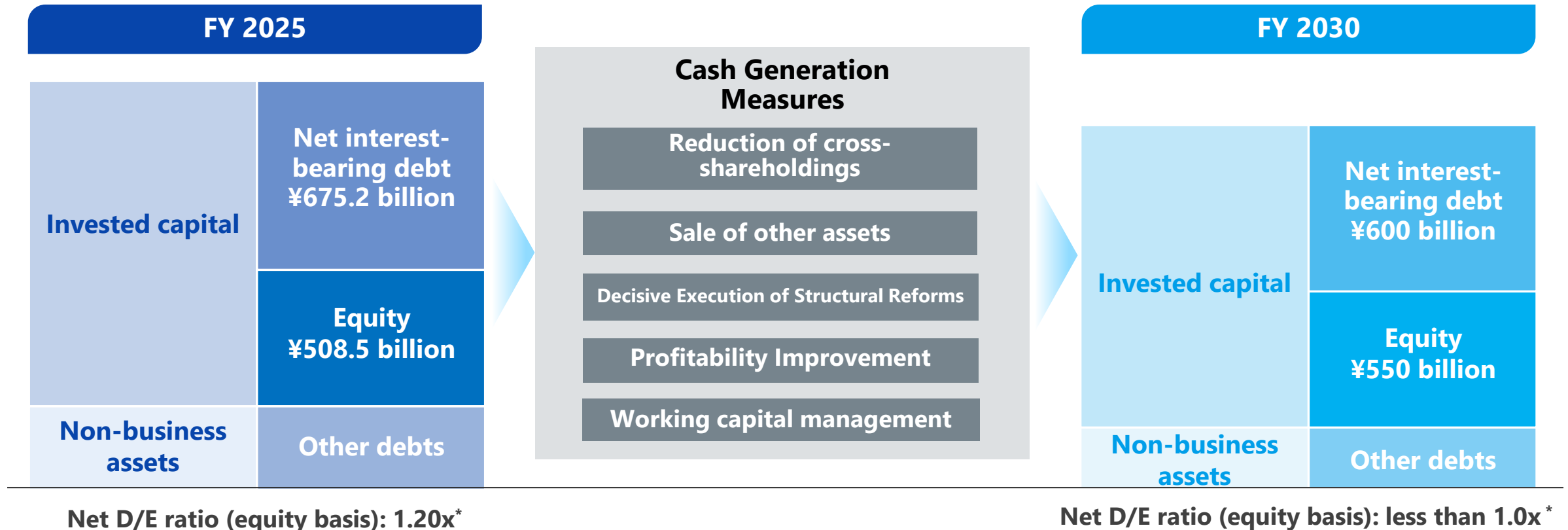


*FY2030 amount is estimated based on the book value as of March 31, 2026.

(1) Balance Sheet Optimization | Financial Strategy to Improve Capital Efficiency

B/S Management Policy

- Ensure the execution of cash generation initiatives and target a Net D/E ratio of 1.0x or lower.



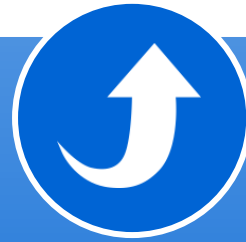
*Net D/E ratio figures are calculated including equity-like debt.

Basic Strategies and Key Challenges



① Balance Sheet Optimization

- Asset optimization
- Reduction of interest-bearing debt



② Decisive Execution of Structural Reforms

- Consolidation of graphic paper production sites
- Review of unprofitable businesses
(Revitalization of Opal, rationalization of low-profit businesses, etc.)



③ Profitability Improvement

- Expansion of Forest and Wood-Related Business with the Green Strategy
- Downstream strategy in the Packaging Business (Promoting collaboration between base paper and converting)
- Enhancement of Daily-Life Products Business profitability
- Expansion of new biomass material business

(2) Decisive Execution of Structural Reforms | Consolidation of Graphic Paper Production Sites

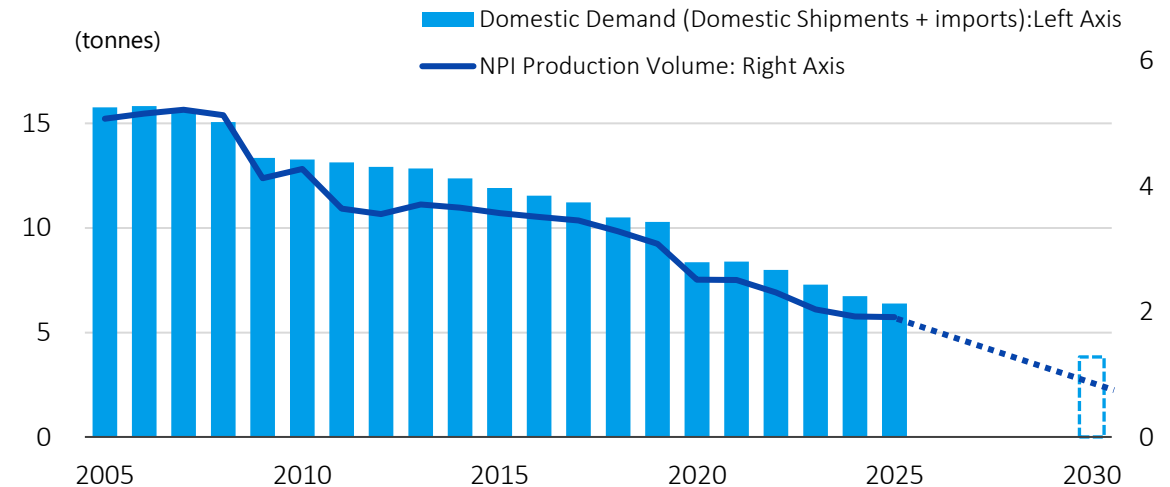
Basic Policy

- ▶ Strengthen the Graphic Paper Business and improve profit margins.
- ▶ Optimize production systems in anticipation of demand decline and maintain capacity utilization rate.

Key Strategic Points

- **Timely reduction of production capacity in anticipation of declining demand**
 - Domestic demand is expected to decline by more than 30% over the five years through FY2030.
- **Consideration of production site consolidation**
 - Consider early consolidation into Ishinomaki, Iwanuma, and Iwakuni Mill.
 - Establish a supply system sourced from core, competitive mills in Eastern and Western Japan.
 - Other mills will maximize resources and drive transformation of business structure.
 - Maintain a capacity utilization rate of 90% or higher
- **Strengthening of competitiveness through GHG reduction**
 - Reduce emissions by 65% by FY2040 (compared to FY2013)

- Reduction of production capacity to maintain operating rates in anticipation of demand decline



Ishinomaki

- Main hub in Eastern Japan which also covers household paper and new businesses
- Transition to a low-GHG factory through installation of a new recovery boiler

Iwanuma

- The largest newsprint supply hub in Japan

Iwakuni

- A highly cost-competitive mill in Western Japan
- Low-GHG mill

(2) Decisive Execution of Structural Reforms | Revitalization of Opal

Basic Policy

Strategic Direction: Sharpening Business Focus

- ▶ Prioritize resources toward the Integrated packaging business (brown paper and corrugated packaging) as our primary growth engine.
- ▶ Expedite the EBITDA turnaround at the Maryvale Mill.
- ▶ Rationalize businesses with limited profit potential.

Rapidly Achieve Positive Operating Profit

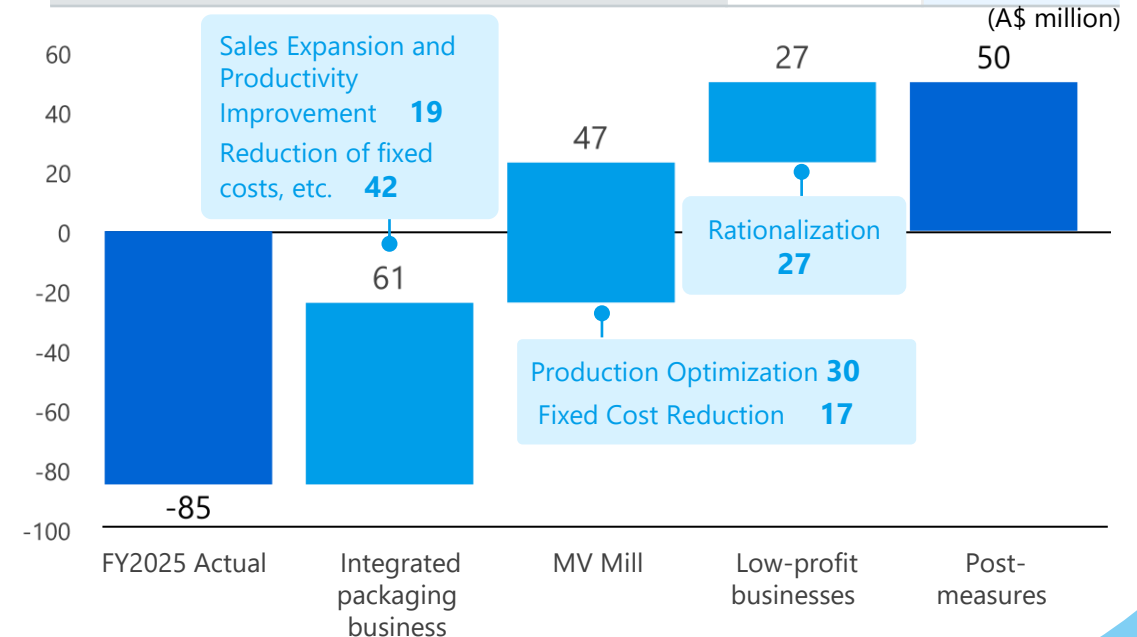
Immediate Measures to Achieve Positive Operating Profit

- Strengthen Profitability in the Integrated Corrugated Packaging Business
 - ➡ Sales expansion, strategic pricing, and enhanced operational competitiveness
- Deliver positive EBITDA at the Maryvale Mill
 - ➡ Execute further intensive production optimization and structural fixed-cost reduction
- Rationalize businesses with limited profit potential:
 - ➡ Rigorous portfolio assessment across selected businesses
- Optimize workforce structures and reduce overhead costs
 - ➡ Organizational restructuring initiatives*
- Improve procurement and logistics efficiency
 - ➡ Drive centralization and end-to-end optimization

FY2025 Actual: -A\$85 million ➡ **Post-measures: A\$50 million**

*Decided and launched in March 2026

Operating profit (A\$ million)	FY2025	Post-measures
Integrated Packaging Business (brown paper and corrugated packaging)	4	65
Maryvale Mill	- 67	- 20
Other Processing Operations (Other than corrugated boxes)	- 22	5
Opal Total	- 85	50



(2) Decisive Execution of Structural Reforms | Revitalization of Opal

Profitability in the Integrated Corrugated Packaging Business

- ▶ Outpacing market growth in the Australian corrugated packaging market
- ▶ Enhancing operational competitiveness through productivity gains and cost reductions

■ Initiatives to Expand Sales

- Expansion of high-value, differentiated products leveraging the integrated brown paper and corrugated packaging platform
- Providing high service levels through disciplined delivery management
- Capturing growing demand for paper-based alternatives to plastic

■ Initiatives to Strengthen Competitiveness

- Fully realizing the benefits of the new Wodonga plant and recent asset investments
- Ongoing organizational and workforce optimization, and procurement and logistics efficiency improvements



Corrugated Base Paper Machine
(Botany Mill B9)



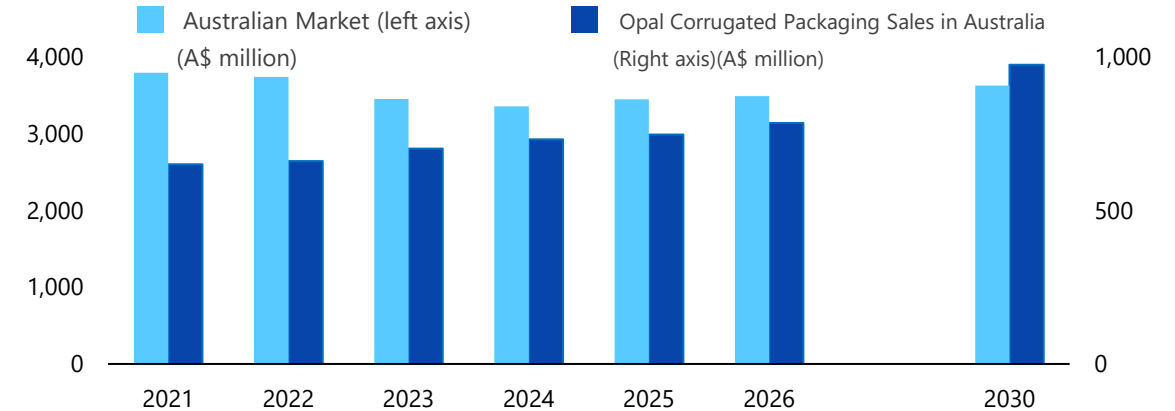
Wodonga Corrugated Box Plant
(Operational since 2023)
*Image courtesy of Wodonga City Council.



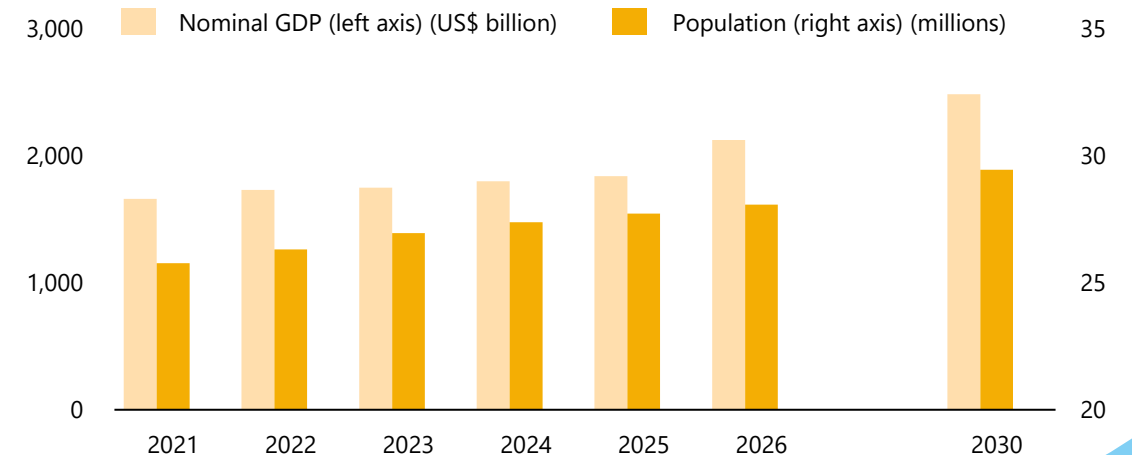
Growing Demand for
Paper Punnet

[Trends in the Australian Corrugated Packaging Market and Opal Sales]

Source: Australian Market Overall: IBIS World 2025



[Trends in Australia's Nominal GDP and Population] (IMF Forecast)



Basic Strategies and Key Challenges



1 Balance Sheet Optimization

- Asset optimization
- Reduction of interest-bearing debt



2 Decisive Execution of Structural Reforms

- Consolidation of graphic paper production sites
- Review of unprofitable businesses
(Revitalization of Opal, rationalization of low-profit businesses, etc.)



3 Profitability Improvement

- Expansion of Forest and Wood-Related Business with the Green Strategy
- Downstream strategy in the Packaging Business (Promoting collaboration between base paper and converting)
- Enhancement of Daily-Life Products Business profitability
- Expansion of new biomass material business

(3) Profitability Improvement | Expansion of Forest and Wood-Related Business with the Green Strategy

Basic Policy

Maximize the potential of forest resources to expand Forest and Wood-Related Business and contribute to the resolution of social issues

The Nippon Paper Group's Strengths Enabling the Green Strategy

- **Technology** ▶ World-class **breeding and propagation technologies**, and **forest management expertise**
- **Procurement Capabilities** ▶ **Robust** domestic and international **wood resource supply chains** cultivated through the procurement of paper raw materials
- **Assets** ▶ 160,000 hectares of **company-owned forests** in Japan and overseas, as well as **personnel and networks** involved in forest management, procurement, and distribution



Expansion of Forest and Wood-Related Businesses

- Expanding forest management and wood resource distribution operations domestically and abroad
- Expanding the forest tech business* that monetizes technology
- Creating New Value from Forest Resources

Contributing to the resolution of social issues

- Revitalizing the domestic forestry industry
- Improving forest productivity
- Preserving the public benefits of forests (biodiversity, water conservation, etc.)
- Achieving nature positive

*Forest tech business

A business that utilizes the breeding and propagation technologies, as well as various forestry industry techniques, to increase forest stock volume and enhance productivity and the value of forest resources. While aiming to generate profits across a wide range of sectors—including the timber market, carbon market, and natural capital market—we will focus in the short term on expanding revenue through our elite tree business and overseas plantation business.

(3) Profitability Improvement | Expansion of Forest and Wood-Related Business with the Green Strategy

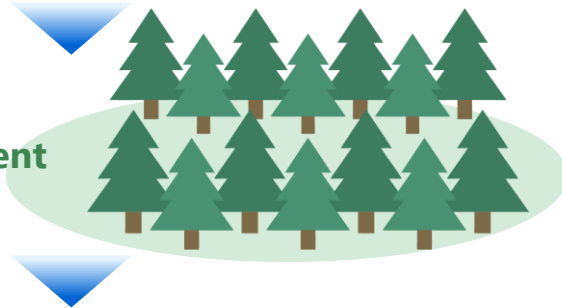
Key Strategic Points

- Supporting the revitalization of the domestic forestry industry
- Strengthening domestic and international supply chains
- Advanced utilization of cutting-edge technologies
- Monetizing the diverse functions of forests

Stable Supply

Productivity Improvement

Creation of New Value



Realize the expansion of Forest and Wood-Related Business

- Expanding domestic and overseas wood distribution business
- Improving productivity and increasing profits in forest management and plantation business
- Business expansion utilizing the breeding and propagation technologies
- Monetizing forest resources in the carbon and natural capital markets

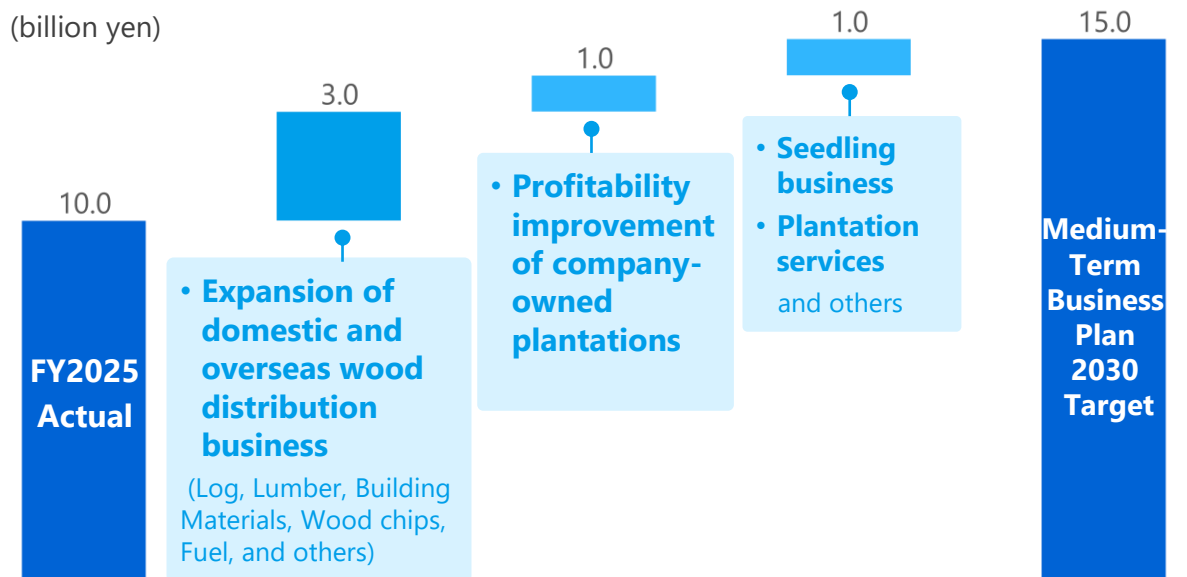
Medium-Term Business Plan 2030 Targets

(Operating profit for Wood Products and Construction-Related Businesses)

FY2025: ¥10 billion

FY2030: ¥15 billion

(billion yen)



(3) Profitability Improvement | Expansion of Forest and Wood-Related Business with the Green Strategy

Specific Initiatives of the Medium-Term Business Plan 2030

Domestic

Supporting the forestry industry in “harvesting, utilizing, planting, and nurturing”. Strengthening the supply chain in collaboration with the forestry and wood Industries.

Utilize company-owned forests



Introduce & promote advanced technologies for the forestry industry



*Image created by the Company from "Annual Report on Forest and Forestry in Japan Fiscal Year 2021"

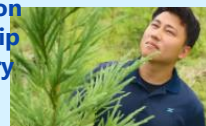
Strengthen harvesting capacity and improve productivity



Supply of Elite Tree seedlings



Collaboration & partnership with forestry and wood industries



- **Expanding the volume of domestic wood handled**
2025: 1 million m³ → 2030: 1.3 million m³ (No. 1 in Japan)
- **Expanding the production system for elite tree seedlings**
2025: 4.6 million seedlings → 2030: 10 million seedlings
- **Stable supply of domestic wood with low LCA**
→ To be used in bioethanol and other applications
- **Expanding the carbon credit supply system in company-owned forests**

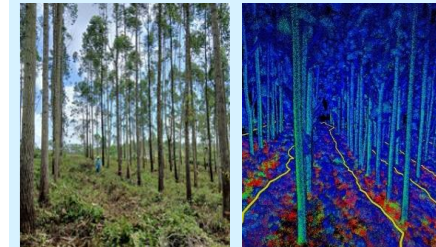
Overseas

Utilizing proprietary breeding and propagation technologies. Promoting activities to maximize the value of forest resources.

Improving forest productivity



Plantation Services



Forest analysis technology

Expanding the volume of overseas resources handled



- **Revenue increase from the overseas plantation business through the development of high-quality clones**
30% increase in AMCEL's productivity by 2030 (compared to FY2013)
- **Expansion of plantation services**
→ Support for improving productivity in third-party plantation sites
- **Expansion of the distribution business for overseas resources**
Increase the volume of wood chips and biomass fuel handled
- **Establishing methodologies for monetizing forest resources in the carbon and natural capital markets**

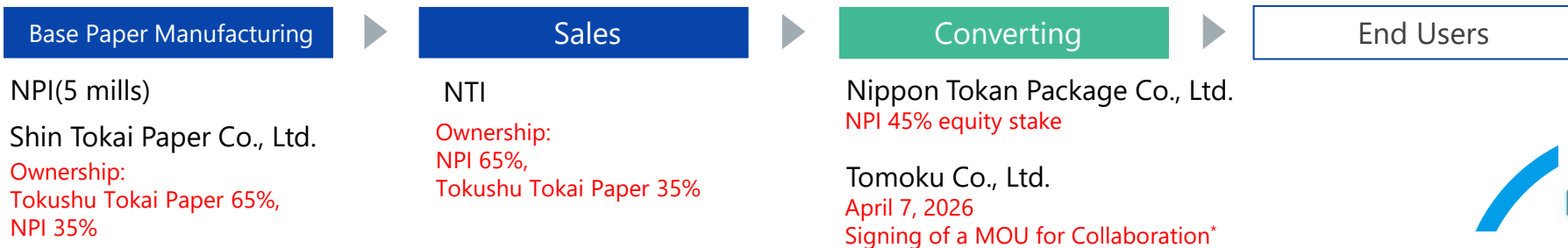
(3) Profitability Improvement | Downstream Strategy for the Packaging Business (Promoting Collaboration Between Base Paper and Converting)

Packaging Paper Business (Base Paper Manufacturing)

Basic Policy

- ▶ Generate synergies and profitability improvement at an early stage through collaboration with packaging converting companies both within and outside the Group.

- Further expansion of collaboration with specialized corrugated box manufacturers to share base paper production, corrugated box converting, sales know-how, and other resources.



*Summary of the MOU on Collaboration: Tomoku, Tokushu Tokai Paper, NTI, and NPI

[Purpose of Collaboration: Explore multifaceted collaboration aimed at reducing environmental impact]
Collaboration Promotion Committee will be established by the four companies

- Joint development of products and technologies: Development of high-value-added and differentiated products
- Cost reduction by leveraging resources: Cost optimization through improved production and logistics efficiency, etc.
- Marketing collaboration: Joint implementation of promotional activities for customers to enhance brand value
- Generating synergies through collaboration in areas other than those listed above (e.g., Waste paper collection)



(3) Profitability Improvement | Downstream Strategy for the Packaging Business (Promoting Collaboration Between Base Paper and Converting)

Packaging Converting Business (Integrated Base Paper and Converting Business)

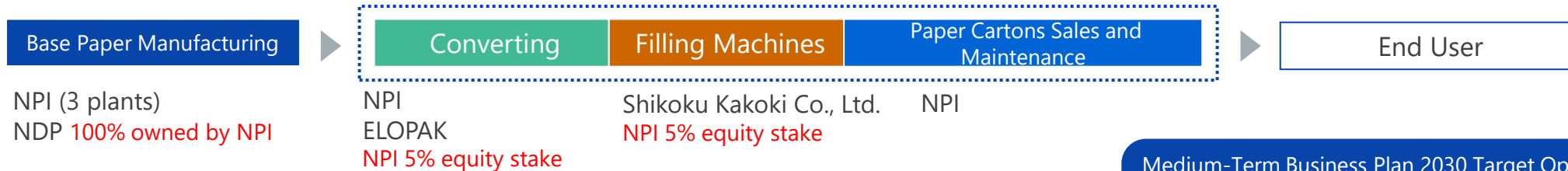
Basic Policy

- ▶ Develop and launch differentiated containers utilizing the Group base paper.
(expanding base paper sales through expansion of the converting business)
Ratio of differentiated containers*1 : 20% (2025) → 30% (2030)
- ▶ Expand business in the Asia-Oceania region through collaboration with ELOPAK and Shikoku Kakoki
Overseas Sales Ratio*2 : 1% (2025) → 4% (2030) → 12% (2035)



Key Strategic Points

- Liquid Packaging Business Flow:
Collaboration with business partners (Nippon Paper Group investee companies) to provide total packaging solutions.



- Overseas Expansion (Pacific Rim Region)
Australia: Collaborate with ELOPAK, Shikoku Kakoki, and Opal to expand sales.
Asia: Increasing exports of differentiated containers (South Korea and Southeast Asia).
North and Central America: Strengthening sales of NDP-coated base paper to ELOPAK's North American operations.

Medium-Term Business Plan 2030 Target Operating Margin

Packaging Converting Business
(Liquid packaging cartons, NDP, etc.)

4.3%
FY2025 Actual

5%
Medium-Term Business
Plan 2030 Target

*1 Differentiated containers: New beverage containers developed by the Company + new paper cartons for non-beverage applications

*2 Overseas Sales Ratio: Overseas sales ratio for the Liquid Packaging Carton Business

(3) Profitability Improvement | Enhancement of Daily-Life Products Business Profitability

Household Paper and Healthcare Business

Basic Policy

- ▶ Develop business in response to social structural changes, including an aging population.
- ▶ Accelerate global expansion through collaboration with business partners.

Key Strategic Points

- Development of high-value-added products and expansion of sales in growth markets.
 - Household Goods: Continuous introduction of differentiated products and product development utilizing new paper machines
 - Healthcare: Expansion of production facilities and sales in anticipation of market growth
- Increasing exports in collaboration with global partners.
 - Accelerating expansion in the Pacific Rim region, including East Asia, Oceania, and the U.S. West Coast.
Overseas Sales Ratio: 3% (2025) → 7% (2030)
- Diversification and expansion of sales channels (e-commerce, D2C).
E-commerce Sales Ratio: 10% (2025) → 15% (2030)
- Strengthening cost competitiveness by maximizing the use of Group resources, such as raw material procurement.



Medium-Term Business Plan 2030 Target Operating Margin

Household Paper & Healthcare

3.7%
FY2025 Actual



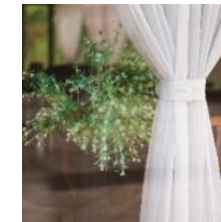
5%
Medium-Term Business
Plan 2030 Target

(3) Profitability Improvement | Enhancement of Daily-Life Products Business Profitability

Chemicals Business

Basic Policy

- ▶ Expand sales of products for growth markets such as automotive and display industries.
- ▶ Develop new products and applications, and strengthening of overseas expansion.
- ▶ Improve production systems and capacity to support the growth of each business.



Key Strategic Points

- Steady profit increase in growth markets
<FY2030 Sales Target: 20% increase (compared to FY2025)>
 Functional coating resin products: Aggressive sales promotion in overseas markets.
 Functional films: Expanding adoption for OLED displays.
- Strengthening competitiveness and profitability of the core facility: Gotsu Mill.
<FY2030 Sales Target: 20% increase (compared to FY2025)>
 Dissolving Pulp: Strengthening sales of high-value-added products for pharmaceuticals, food, and other applications.
 Functional Cellulose: Expand sales of resin fillers and LiB applications in overseas markets.
 Lignin-related products: Expand sales by strengthening applications in civil engineering and construction and introducing new products.

Medium-Term Business Plan 2030 Target Operating Margin

Chemicals Business

8.5%
FY2025 Actual



10%
Medium-Term Business
Plan 2030 Target

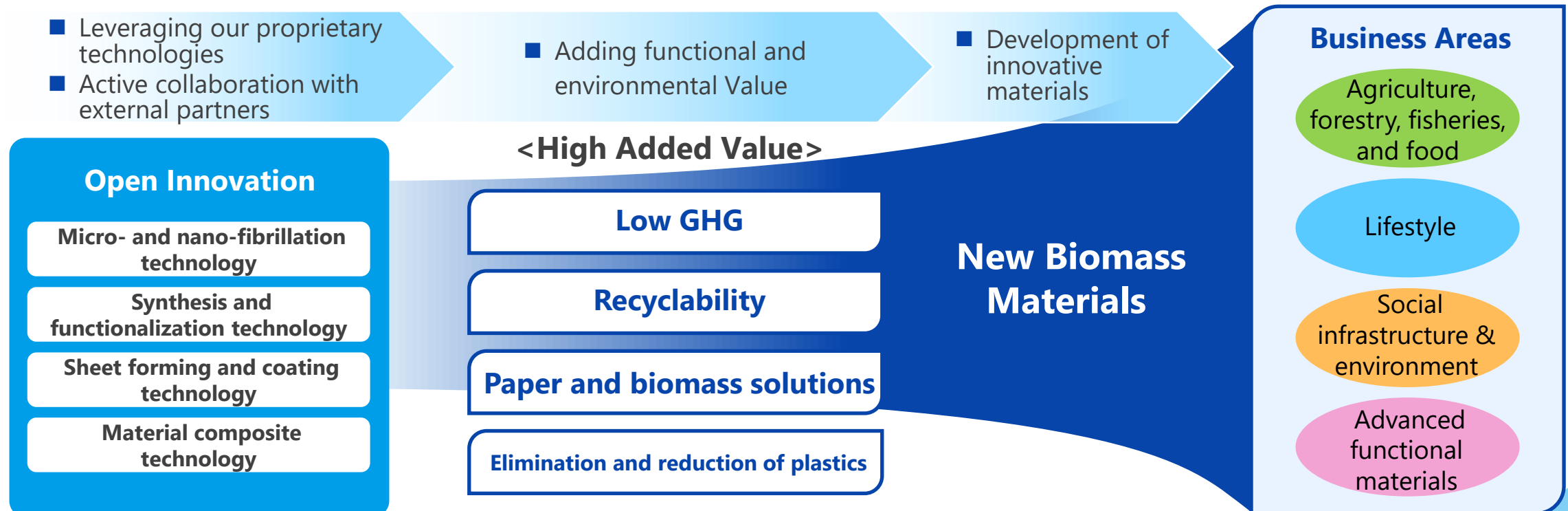
(3) Profitability Improvement | Expansion of New Biomass Materials Business

New Biomass Materials Business

Basic Policy

- ▶ Expand the new biomass materials business to contribute to creating carbon-neutral and circular society.










Key Strategic Points



(3) Profitability Improvement | Expansion of New Biomass Material Business

Current Initiatives and Progress

- Speed up early ramp-up and intensify creation and cultivation of new business themes.

			2030	2035	
Agriculture, forestry, fisheries, and food	Cattle feed		Sale to a major compound feed manufacturer	Sales volume: 10,000 BDt/year	Sales volume 50,000 BDt/year
	Torura Plus®		Sale as a livestock supplement (for cattle and pigs)	Sales volume: 400 tons/year	Sales volume 550 t/year
Lifestyle	Carboxymethylated CNF*		Expansion into cosmetics and food applications (strengthening overseas sales)	Sales volume: 75 tons/year	Overseas expansion Sales volume 100 t/year
	Bio-composite		Expanding applications to cutlery, building materials, and home appliances	Sales volume: 400 tons/year	Mobility, building materials, home appliances, etc. Cellulose sales: 1,600 t/ year
Social infrastructure & environment	Specialty modified lignin		Accumulating construction portfolio and promoting environmental value	Sales volume: 230 tons/year	Sales expansion in Japan & overseas Sales volume 1,000 t/year
	Bioethanol		Basic technology development, semi-commercial production	1,000 KL/year	Start of commercial production Sales volume: Tens of thousands of KLs
	Biocarbon		Full-scale technology development	Commercialization scheme established	Sale of bio-carbon to steelmakers Sales volume 250,000 t/year
Advanced functional materials	CNF* energy storage material		Industry-academia collaboration, advancement of production technology	Reach commercial-grade quality	Commercialization Social implementation
	CNF*- reinforced resin		Automotive manufacturer-industry-academia collaborative development	Finalize formulation, begin testing for major mobility companies	Manufacturing 600 t/year

Identification and Addition of New Business Themes

Identification and Addition of
New Business Themes

* Cellulose nanofiber

(3) Profitability Improvement | Expansion of New Biomass Material Business

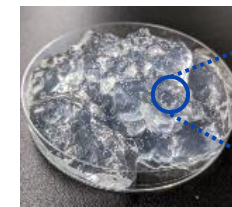
The Future Enabled by Cellulose Nanofiber (CNF) 'Cellenpia®'

■ The “Added Value” of CNF

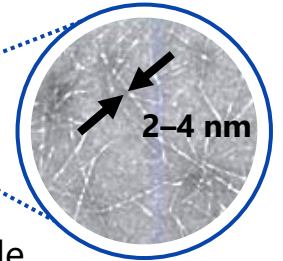
(1) Biomass (2) Sustainable (3) Self-sufficient



Powder



Water-dispersible



■ From Development to Commercialization

**Reinforced Resin:
Mobility & Structural Materials**
<Lightweight, High Strength, Recyclable>

CNF resin pellets



**Energy Storage Devices:
Capacitors and Solid-State Batteries**
<Safety, Lightweight, Thin Film, Economic Security>

CNF sheets



Charge

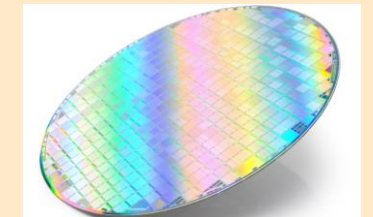
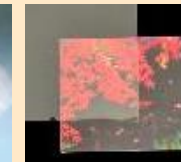
Discharge



CNF energy storage materials

Electronic Components and Medical Applications
<Fine, Clean, Barrier, Protective>

CNF materials, films



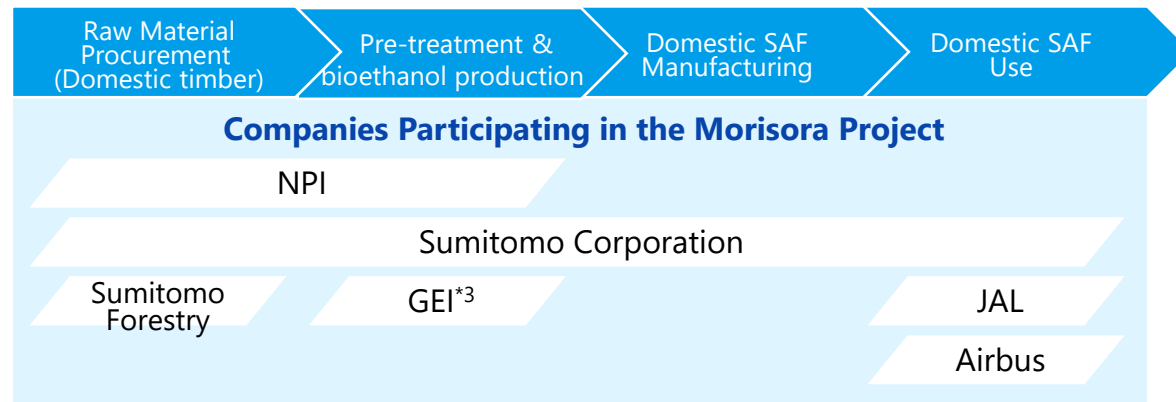
*Certain images were created using generative AI.

(3) Profitability Improvement | Expanding New Biomass Materials Business

Bioethanol (from 100% domestically sourced wood)

- ▶ Promote the “Morisora Project[®]” to realize biorefinery concept^{*1}.
- ▶ Aim for the widespread adoption of wood-derived bioethanol for SAF (Sustainable Aviation Fuel).

100% domestically produced ATJ -SAF^{*2} supply chain : Target of “Morisora Project[®]”



^{*1} A system for producing biofuels and chemicals using biomass derived from sustainable forest resources.

^{*2} ATJ (Alcohol to Jet)-SAF: Technology and processes for manufacturing SAF (Sustainable Aviation Fuel) from ethanol and other sources.

^{*3} Green Earth Institute Co., Ltd.

Features

- Made from 100% domestically sourced wood
 - Supplying low-GHG SAF material.
 - Contributing to improved energy self-sufficiency.

Future Initiatives

- Start pilot production at Iwanuma Mill in 2027.^{*4}
- Plan for commercial production of tens of thousands of kiloliters per year starting around 2030
- Started joint study with Idemitsu Kosan, aiming at building a fully domestic ATJ-SAF supply chain^{*5}

<Scope of Study>

- Logistics
- Communication regarding domestic ATJ-SAF
- Development of systems and infrastructure for societal implementation

^{*4} Conducted under NEDO's (New Energy and Industrial Technology Development Organization) Bio-Manufacturing Revolution Promotion Project.

^{*5} MOU for joint research signed between Idemitsu Kosan and Morisora Biorefinery LLC (Announcement dated May 27, 2026).

3 Vision for 2035



Vision for 2035 and Approach to Formulating the Medium-Term Business Plan



MISSION

The reason for the Group's existence and its significance to society. Guiding principles that remain unchanged regardless of the era.

Materiality

Key challenges the Group must address to achieve its Mission.

Vision for 2035

Guidelines clarifying the Group's vision for 2035 and the management challenges to achieve it.

Medium-Term Business Plan 2030

Developing Vision for 2035 Based on Materiality

- Reviewed our Materiality in response to changes in the external environment surrounding the Group.

MISSION

Nippon Paper Group aims to contribute to better living and cultural progress everywhere it does business.

VISION

1. Drive social sustainability through our business
2. Delight our customers
3. Instill pride in employees
4. Give back to society

VALUES

Challenge, Fairness, Teamwork

SLOGAN

Shaping the Future with Trees
~ Nippon Paper Group ~

VISION

Drive social sustainability through our business

Delight our customers

Instill pride in employees

Give back to society

Materiality

Sustainable use and conservation of natural capital, such as forests and water.
Promoting decarbonization and circular manufacturing.

R&D, and creation of products and services that contribute to solving social issues.
Establishing a resilient business foundation to support stable supply and business continuity.

Creating a workplace that supports safety, security, and job satisfaction.
Strengthening human capital to support transformation and growth.

Business expansion through promotion of a circular economy.
Building a business portfolio that generates stable profits.

Vision and Basic Policy

Vision

A corporate group that maximizes the potential of forest resources to pursue corporate value enhancement and creation of a sustainable society.

Basic Policy

Transformation of business structure

- Expansion of high-profit businesses
- Creation and development of new businesses
- Establishing competitive advantages in existing businesses

Improvement of capital efficiency

- Optimization of capital structure
- Efficient utilization of assets

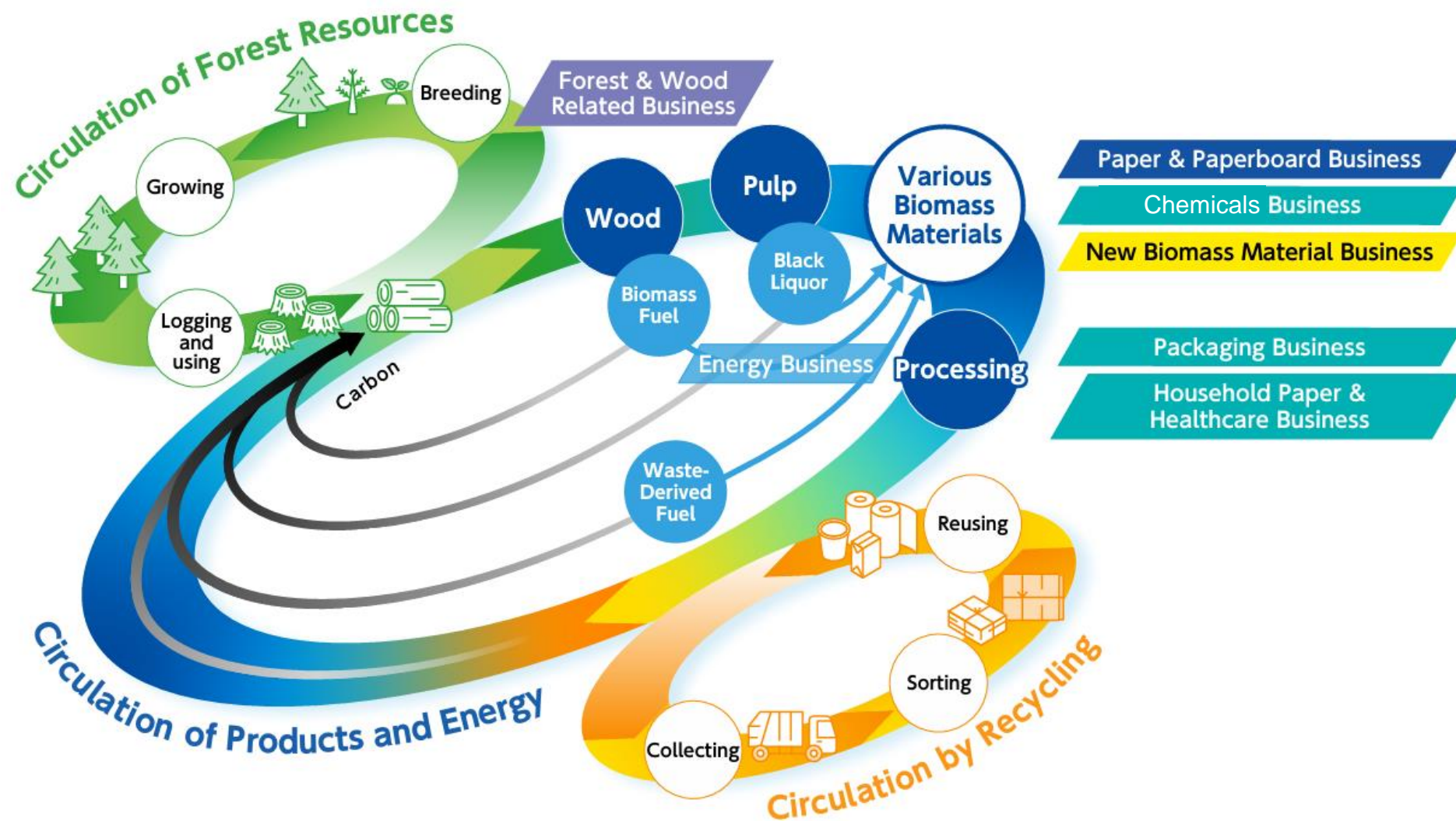
Contributing to creation of a sustainable society

- Expanding business in key focus areas based on the "Three Circulations," a circular business model
- Pursuing nature-positive
- Promoting carbon neutrality

Establishing human resources foundation to support transformation

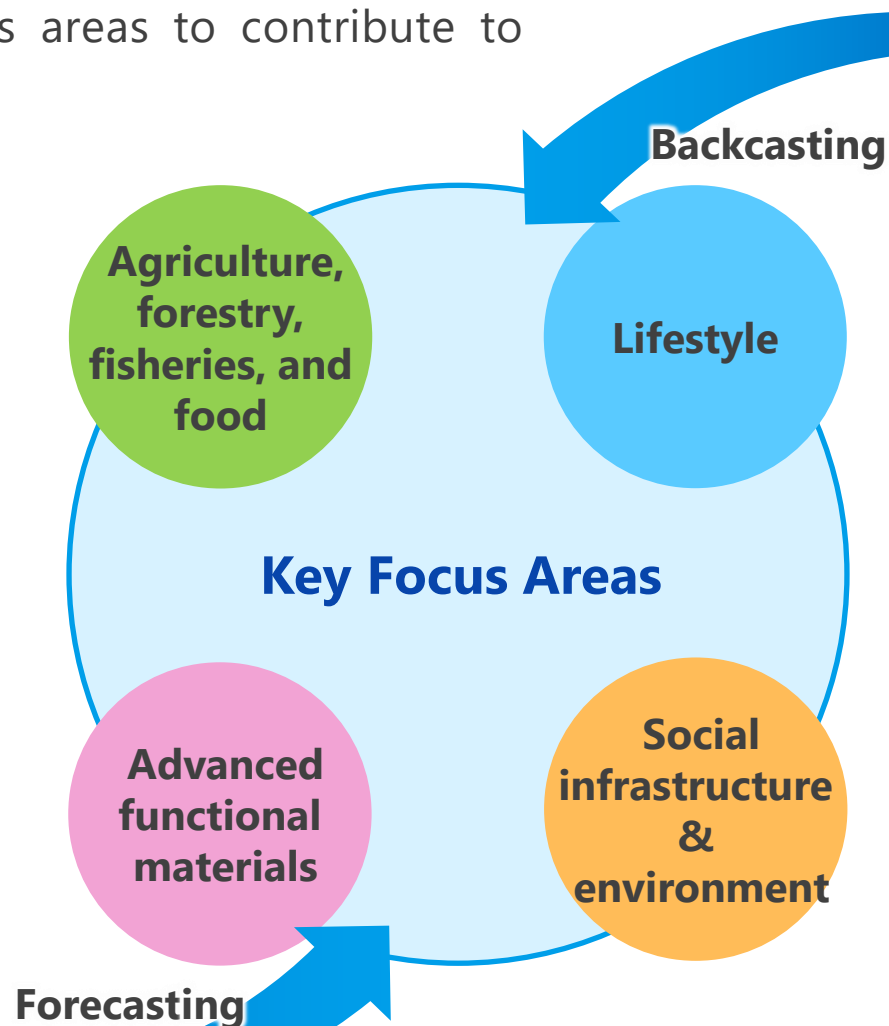
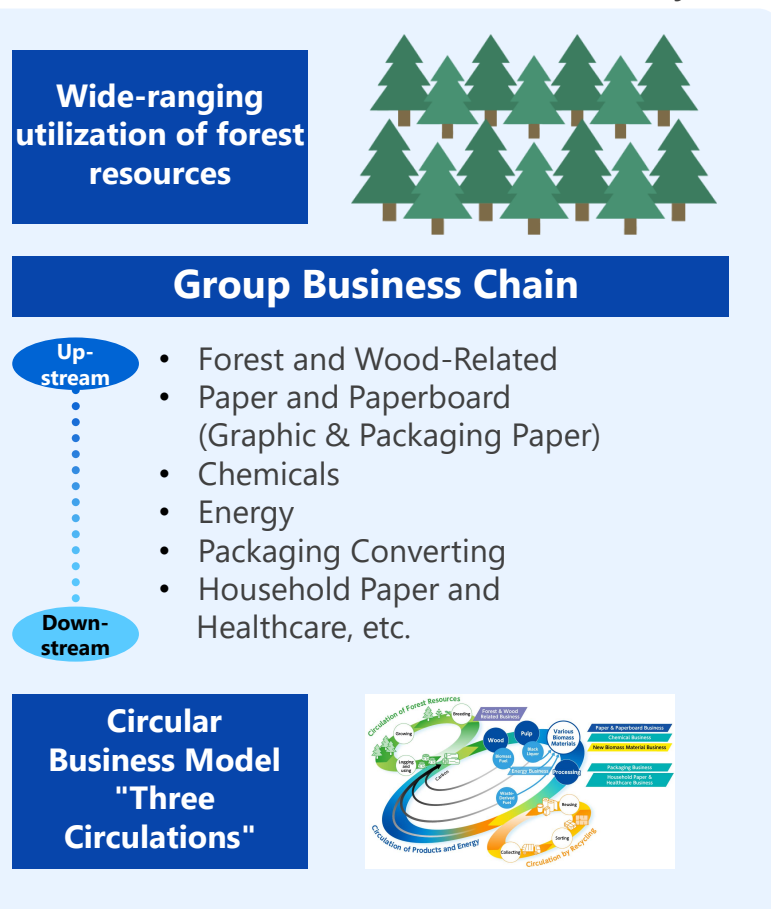
- Strengthening human resource and career development
- Clarifying the ideal candidate profile and deepening human resource management
- Fostering a corporate culture in which employees find their work rewarding

Circular Business Model: "Three Circulations"



Expansion of Business Areas

- Expand our business in key focus areas to contribute to creation of a sustainable society.

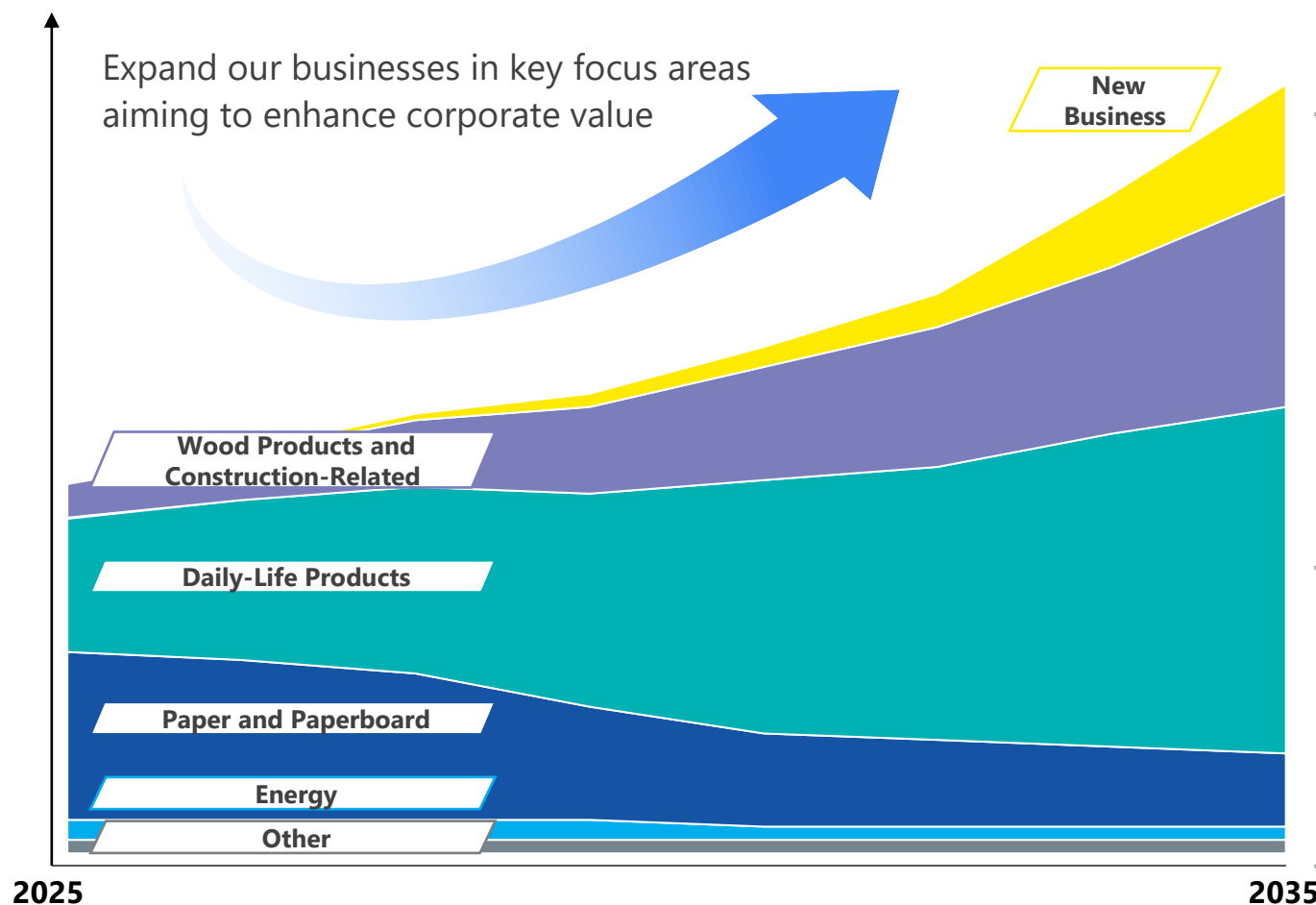


Society in 2050

- Intensified climate change and meteorological disasters
- Pursuit of a carbon-neutral and circular society
- Global population growth and resource shortages
- The progression of an aging society
- Shifts in the global economic landscape
- Arrival of the era of advanced artificial intelligence
- Revolutionary advances in communications and mobility
- Advanced utilization of biological resources
- Growing interest in health and welfare and others

Concept for Future Business Structure

Business Overview of Nippon Paper Group



Creation, development, and early commercialization

New Business

Business expansion and profitability improvement

Wood Products and Construction-Related

Daily-Life Products

Optimization and establishment of competitive advantage

Paper and Paperboard

Energy

Other

Key Focus Areas

Agriculture, forestry, fisheries, and food

Lifestyle

Social infrastructure & environment

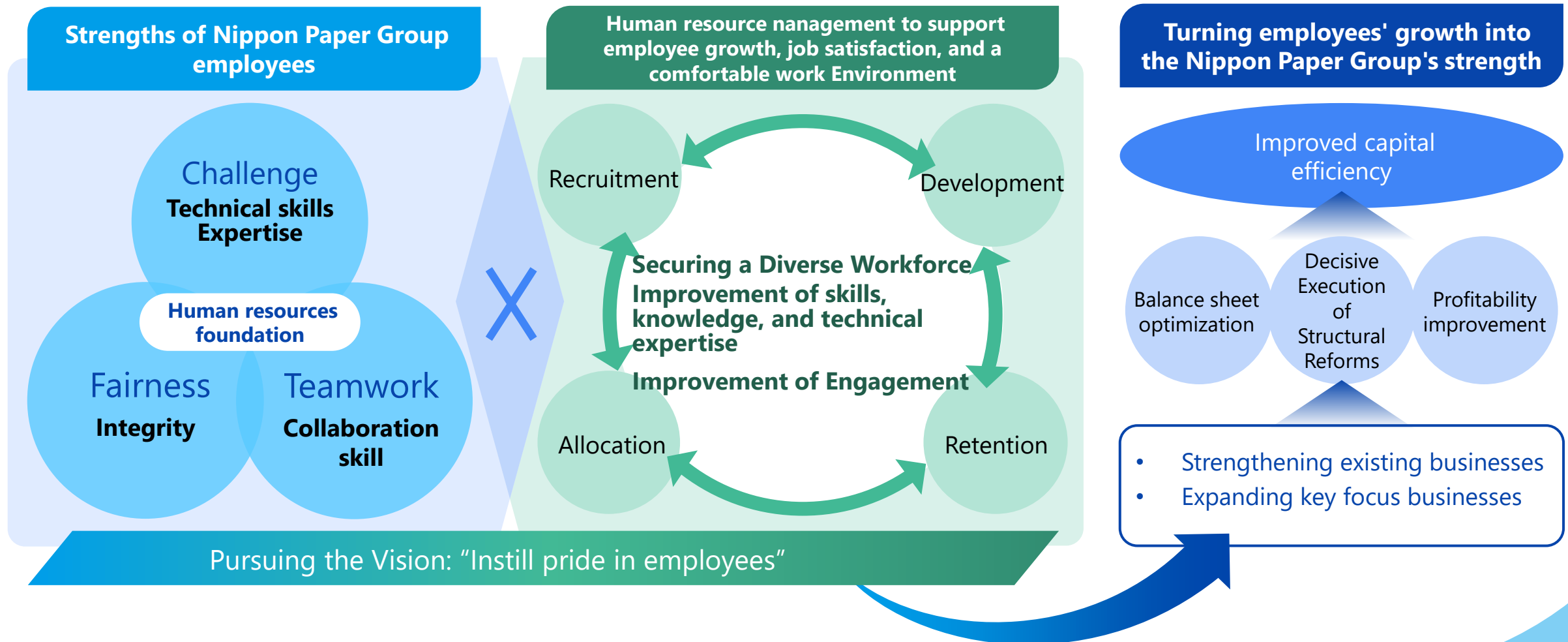
Advanced functional materials

Strengthening the Management Foundation (Non-Financial Strategies)



Human Capital Strategy

Human Resource Management that Links Employees' Growth to the Nippon Paper Group's Growth



Natural Capital Strategy

Three pillars for realizing a “sustainable society where nature and people coexist.”

Carbon Neutrality

Promoting decarbonization
(Reduction of GHG Emissions)

Circular Economy

Expanding resource circulation
(Waste reduction and promotion of recycling)

Nature Positive

Biodiversity conservation and restoration
(Sustainable forest management,
reduction of environmental impact)

Formulated “**NIPPON PAPER GROUP Environmental Targets 2035,**”
Medium-term targets for achieving the NIPPON PAPER GROUP Environmental Vision 2050

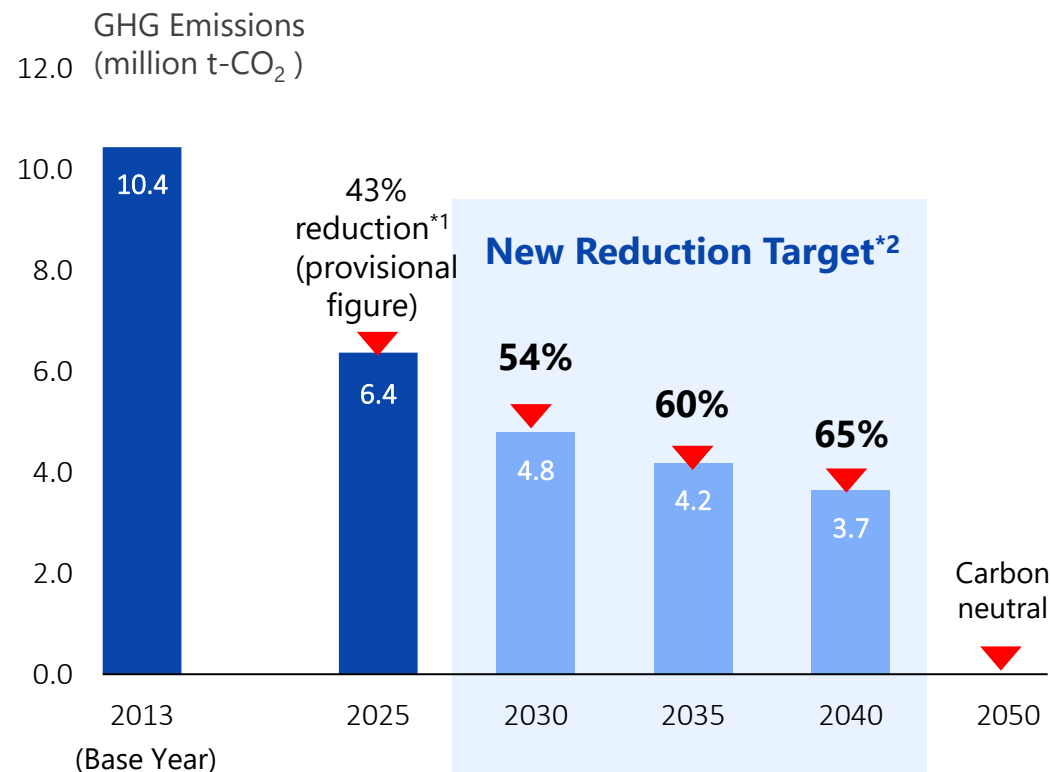


Natural Capital Strategy

Reduction of GHG Emissions

- Setting reduction targets for FY2035 and FY2040 (Scope 1 + Scope 2)

GHG Reduction Plan



Key Measures (GHG Reduction Plan for FY2026–2040: 26%*²)

- Installation of a high-efficiency black liquor recovery boiler at Ishinomaki Mill 4%
- Permanent shutdown of coal boilers (production system reorganization, etc.) 14%
- Promotion of fuel conversion 5%
- Promotion of energy conservation 1%
- Other 2%

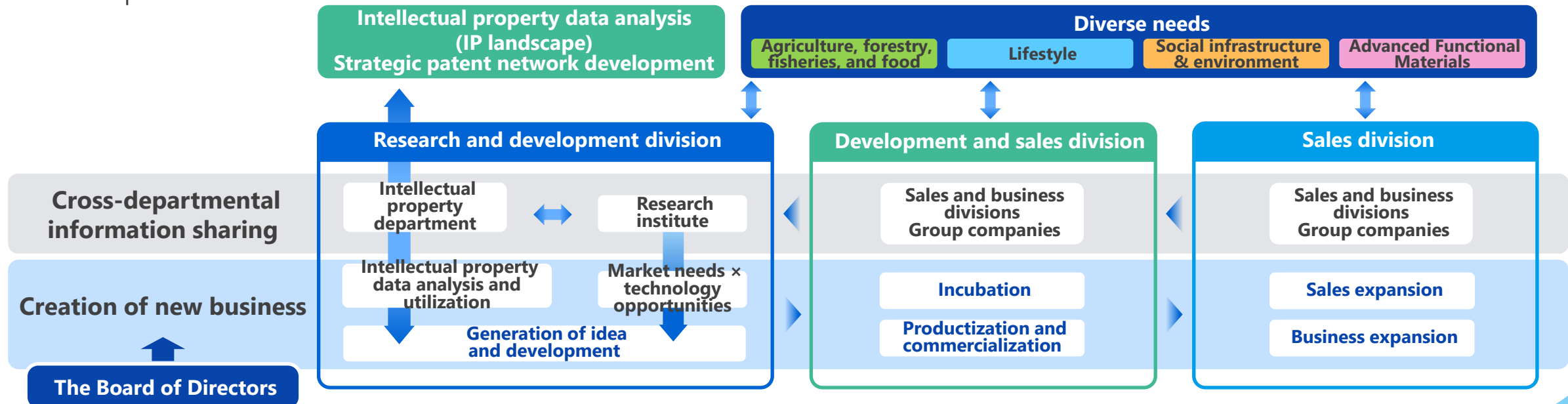
(GHG emission calculation criteria)

	Scope	Base year	Emissions in the base year
*1	Emissions related to manufacturing, <u>excluding</u> the Energy Business sector	FY2013	8.4 million t-CO ₂
*2	Emissions <u>including</u> the Energy Business sector	FY2013	10.4 million t-CO ₂

Intellectual Capital Strategy | Research and Development

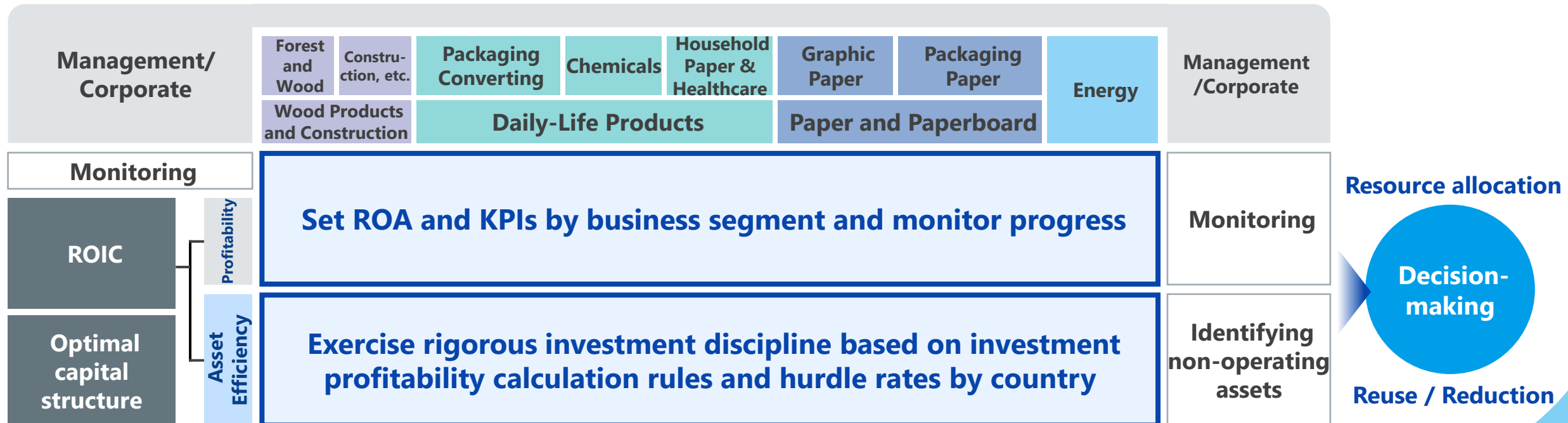
Creation and Development of New Businesses

- Streamline new business development and planning strategies by gathering and sharing diverse market needs and utilizing intellectual property data analysis
- Strictly enforce transition from research, development to commercialization through gate reviews and the Group Management Strategy Meetings, and thoroughly reallocating resources to priority development themes
- Accelerate R&D through open innovation
- Progress monitoring at the Board Meetings



Corporate Governance | Introduction of a Capital Efficiency Management System

- Implement with KPI the ROIC management on consolidated and independent basis (including NPI), and the ROA management by business.
 - ⇒ Efficient management of business assets (accounts receivable, inventory, fixed assets, investment securities, and stocks of subsidiaries and affiliates, etc.)
 - ⇒ Reutilization, sale, and reduction of non-operating assets, including reduction of cross-shareholdings
- Report progress to the Board of Directors on a quarterly basis



● Appendix



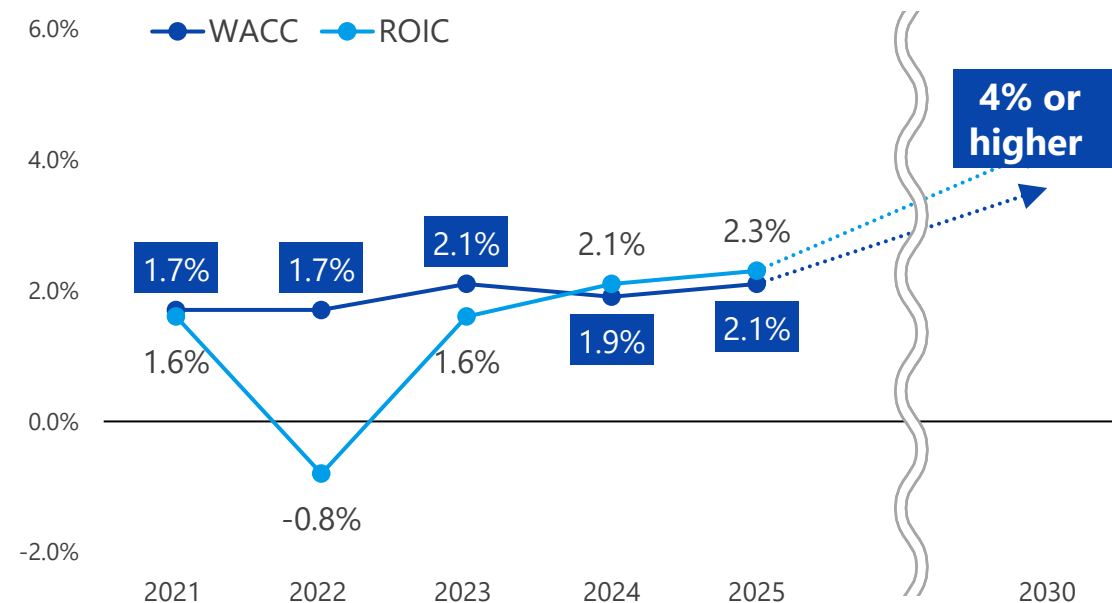
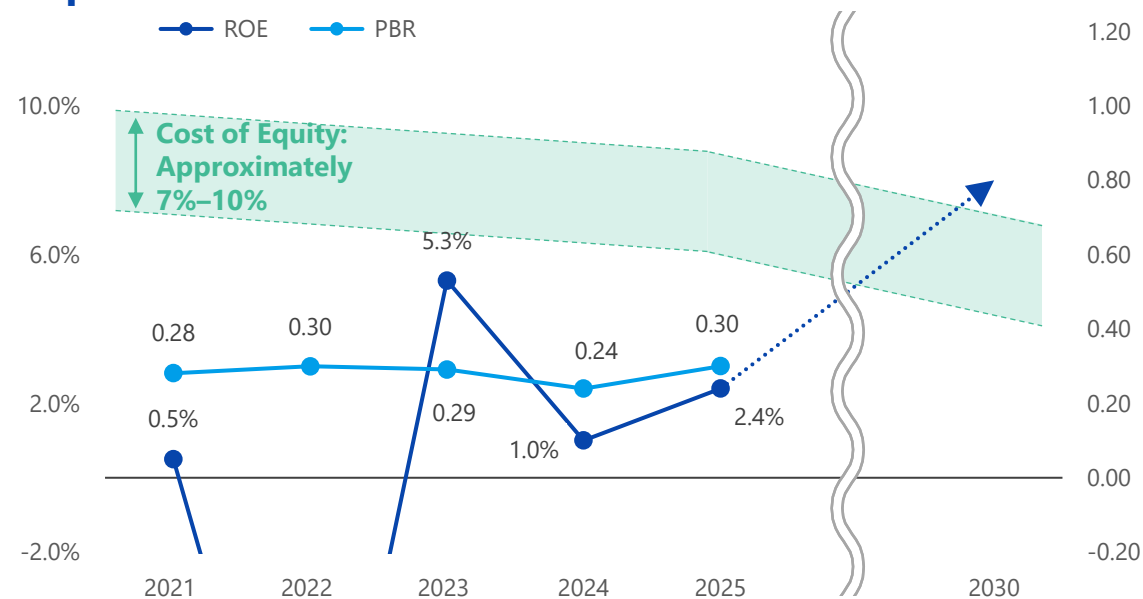
Financial Strategy for Improving Capital Efficiency

- The ROE remains low due to the recognition of extraordinary losses associated with the business structure transformation.

Improve capital efficiency through business restructuring (to turn the ROE and ROIC spread positive).

Review the capital structure to optimize the Net D/E ratio, aiming to enhance corporate value by reducing the cost of capital and improving capital efficiency.

Trends in ROE, PBR, and ROIC, and Projected Future Improvements



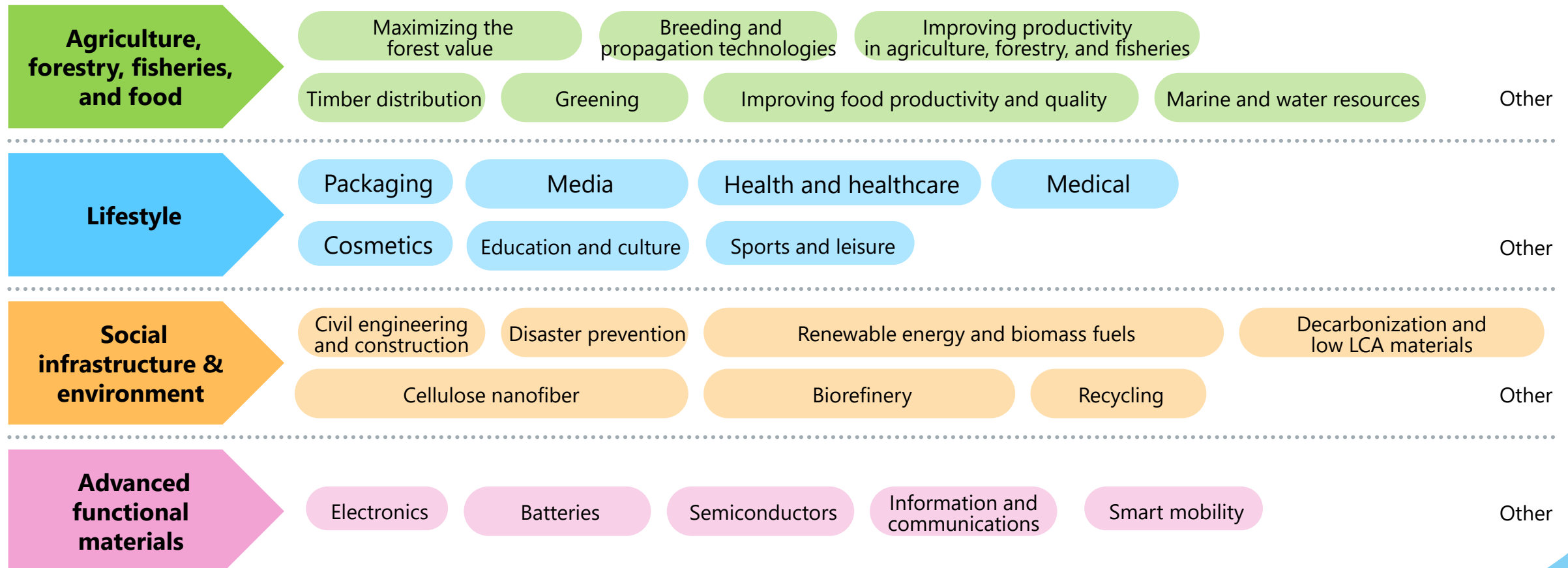
*ROIC: After-tax operating profit (after-tax operating profit + dividends received + equity in earnings of affiliates) / Capital employed (net interest-bearing debt + equity)

*WACC: Cost of debt-interest expense for each fiscal year, Cost of equity-7% (CAPM) based on market capitalization

Four Key Focus Areas

- Identify the areas to leverage the Group's strengths and enhance its presence in each of these areas.

Concept of Business Sectors (Keywords)



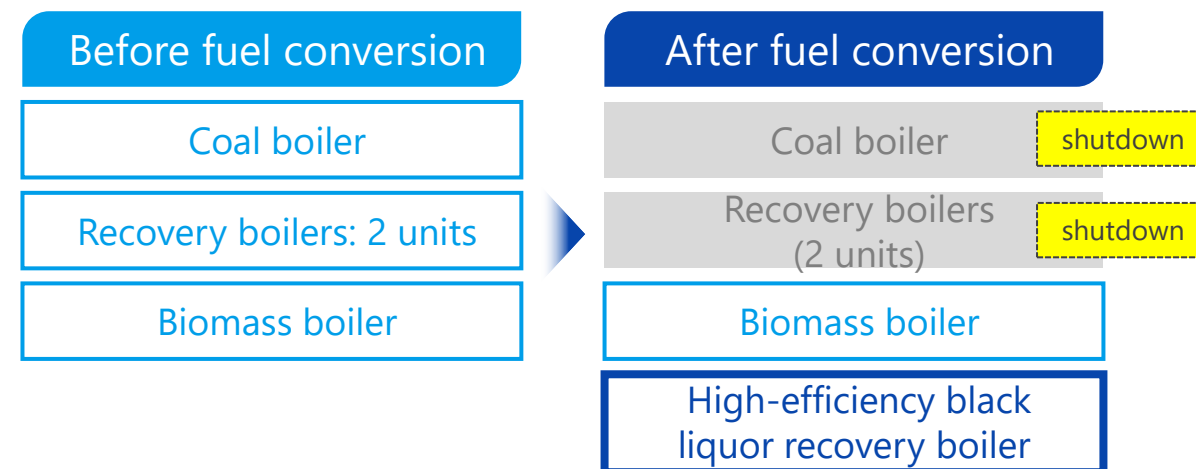
An Example of GHG Emissions Reduction Initiatives

Fuel Conversion at Ishinomaki Mill

- Achieve significant reduction in GHG emissions through installation of a high-efficiency black liquor recovery boiler and permanent shutdown of coal boilers.
- This project lays the foundation for expanding low-GHG biomass products.

Capital Investment Plan

Operational facilities	<u>High-efficiency black liquor recovery boiler</u>
Start of operation	FY2028, 4th Quarter
GHG emissions reduction	500,000 t-CO ₂ e* ¹ <u>10% of the Company's emissions*²</u> (794,000 t-CO ₂ e → 294,000 t-CO ₂ e)
Investment scale	55.5 billion yen (Including government support of up to ¥18.3 billion* ³)



*1 Includes reduction effects from the permanent machine shutdown of existing coal boilers.

*2 Scope 1 and Scope 2 emissions related to product manufacturing.

*3 Selected for the Ministry of Economy, Trade and Industry's "Project to Support Energy and Manufacturing Process Transformation in Industries Where Emission Reductions Are Difficult" (January 2025)

Revision of the Nippon Paper Group Logo

NIPPON PAPER GROUP reviewed its group logo in order to communicate the Group brand more clearly and consistently, with a view to its next phase of growth.

Old Group Logo



New Group Logo



KEY
POINTS
OF THE
REVIEW

To improve visibility and to communicate the Group brand more clearly and consistently to a wide range of stakeholders, including those overseas, the logos of NIPPON PAPER GROUP and Nippon Paper Industries will be standardized to the English wordmark "NIPPON PAPER." In addition, the lettering will adopt the UD (Universal Design) font "Frutiger." This typeface is widely used in signage at airports and railway stations around the world and will help make communications clearer and easier to understand.

The NIPPON PAPER GROUP aims to contribute to better living and cultural progress everywhere it does business.

〈Disclaimer〉

Any statements in this presentation document, other than those of historical fact, are forward-looking statements about the future performance of Nippon Paper Industries Co., Ltd., and its Group companies. These statements are based on management's assumptions and beliefs in light of information currently available and involve risks and uncertainties. Actual results may differ materially from these forecasts.

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