Event Summary

[Company Name]	Nippon Paper Industries Co., Ltd.	
[Company ID]	3863-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Results and Management Briefing for the Fiscal Year Ended March 2025	
[Fiscal Period]	FY26/3Annual	
[Date]	May 15, 2025	
[Number of Pages]	39	
[Time]	17:00 – 18:27 (Total: 87 minutes, Presentation: 46 minutes, Q&A: 41 minutes)	
[Venue]	Webcast	
[Number of Speakers]	Toru Nozawa	President & Representative Director
	Tomoyasu Itakura	Director, Managing Executive Officer, and General Manager, Financial Division
	Akira Sebe	Managing Executive Officer, and General Manager, Corporate Planning Division
	Takanori Sano	General Manager, Corporate Planning Department

FY2025/3 Financial Results

Consolidated Statement

(¥billion)

	FY2024/3 Result	FY2025/3 Results	Y on Y changes Amount	%
Net sales	1,167.3	**1,182.4**	15.1	1.3%
Operating income	17.3	**19.7**	2.4	14.1%
Ordinary income	14.6	**15.5**	0.9	6.6%
Net income *	22.7	**4.5**	-18.2	-80.0%

* Profit attributable to owners of parent

- Net sales increased YoY due to growth in sales of household paper&healthcare and chemicals.
- Operating income increased year-on-year due to strong performance in the Daily-Life Products Business (domestic) and Energy Business.
- Despite impairment losses related to assets scheduled for shutdown at the Shiraoi and Yatsushiro plants and Opal, net income exceeded the initial forecast due to the sale of cross-shareholdings and fixed assets.

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Itakura: I am Itakura from the Financial Division. Thank you very much for your time. I would like to present a summary of the financial results for FY25/3.

Net sales increased by JPY15.1 billion YoY to JPY1,182.4 billion, mainly due to price adjustments for various products and the impact of yen depreciation, despite a decrease in sales volume due to the impact of lower demand for graphic papers and lower sales in the energy business.

Despite the impact of the large-scale maintenance work performed by Nippon Dynawave Packaging Company, or NDP, operating income increased by JPY2.4 billion YoY to JPY19.7 billion due to strong performance in the domestic Daily-Life Products Business and Energy Business.

In non-operating income or loss, foreign exchange gains have been turned into foreign exchange losses.

As for extraordinary gains or losses, gains on the sale of cross-shareholdings, fixed assets, etc., and gains on the return of retirement benefit trusts were recorded as extraordinary gains.

On the other hand, business restructuring costs such as special retirement payments at Opal, assets scheduled for shutdown at the Shiraoi and Yatsushiro mills, and impairment losses related to Opal were recorded as extraordinary losses.

As a result, ordinary income was JPY15.5 billion, and net income was JPY4.5 billion, exceeding the initial forecast of JPY3 billion.

FY2025/3 Financial Results

Results by Segment

(¥billion)

	Net sales			Operating income		
	FY2024/3 Results	FY2025/3 Results	Y on Y changes	FY2024/3 Results	FY2025/3 Results	Y on Y changes
Paper and Paperboard	570.2	**565.9**	-4.3	11.7	**8.3**	-3.4
Daily-Life Products	436.8	**457.9**	21.1	-8.1	**-6.1**	2.0
Energy	53.7	**48.3**	-5.4	1.6	**3.6**	2.0
Wood Products and Construction Related	75.5	**78.8**	3.3	9.8	**9.6**	-0.2
Others	31.1	**31.5**	0.4	2.3	**4.3**	2.0
Total	1,167.3	**1,182.4**	15.1	17.3	**19.7**	2.4
Domestic	913.4	**913.9**	0.5	30.4	**31.6**	1.2
Overseas	253.9	**268.5**	14.6	-13.1	**-11.9**	1.2

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Net sales and operating income by segment are as shown here.

Net sales was JPY1,182.4 billion, with higher sales in the Daily-Life Products Business, Wood Products and Construction Related Business, and others business, and lower sales in the Paper and Paperboard Business and Energy Business.

Operating income was JPY19.7 billion, with higher income in the Daily-Life Products Business, Energy Business, and others business, and lower income in the Paper and Paperboard Business and Wood Products and Construction Related Business. Details will be explained later in the segment results section.

The lower part of the table shows net sales and operating income by domestic and overseas operations, and both domestic and overseas operations have seen an increase in both sales and income.

FY2025/3 Financial Results

Factors for Changes

(¥billion)

		Paper and Paperboard Business		Daily-Life Products Business	
Volume, Sales Price	**4.9**	-2.4	–	7.3	–
Raw material and fuel prices	**-7.8**	-4.5	Wood Chips -3.2, Wastepaper -8.3, Pulp -0.5 Oil -0.5, Coal 10.5, LNG 0.0, Chemicals, etc. -2.5 (Price 2.6, FOREX -7.1)	-3.3	Pulp -1.2, Chemicals, etc. -2.1
Cost reductions,etc.	**-3.3**	-1.6	Cost reductions 4.3, Labor costs -1.8, Logistics costs -4.1	-1.7	Cost reductions 0.5, Labor costs -0.8, Logistics costs -1.4
Others	**4.8**	5.1	Overseas business 1.4,Depreciation 1.6, Retirement benefit expenses 4.0, Inventory value adjustment, etc. -1.9	-0.3	Overseas business 0.0, Depreciation -0.9 Inventory value adjustment, etc. 0.6
Total	**-1.4**	-3.4	Domestic business -4.8, Overseas business 1.4	2.0	Domestic business 2.0, Overseas business 0.0
Other businesses	**3.8**	Energy 2.0,Wood Products and Construction Related -0.2, Others 2.0			
Operating income	**2.4**				
Non-operating income	**-1.5**	Net financial revenue 1.9, Equity in net income of affiliates 3.8, Foreign exchange difference -6.4, Others -0.8			
Ordinary income	**0.9**				

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Here are factors for changes.

First, on the left side, the Paper and Paperboard Business reported a decrease of JPY3.4 billion in income YoY. Volume and sales price recorded minus JPY2.4 billion. The decrease in sales volume was due to lower demand for graphic papers.

Despite stable prices for coal and other fuels, the raw material and fuel prices increased due to the weak yen and price hikes mainly in wood chips and wastepaper, causing a decrease of JPY4.5 billion in income.

As for cost reductions, boiler trouble at the Yatsushiro Mill occurred at the end of December, which almost offset the effects of cost improvement in Q4.

In addition, labor costs and logistics costs including ocean freight increased, resulting in an overall negative impact.

The Daily-Life Products Business on the right shows an increase of JPY2 billion in income YoY. The domestic business saw the effects of price revisions in the packaging business, and increased sales volume and price revisions in the household paper and healthcare, and chemical.

As for overseas business, although NDP was affected by major maintenance in H1, both Opal and NDP saw significant YoY gains in H2, resulting in an unchanged performance for the full year compared to the same period of the previous fiscal year.

As for the others, the Energy Business reported an increase of JPY2 billion in income, while the Wood Products and Construction Related Business reported a decrease of JPY0.2 billion.

The JPY2 billion increase in the others business was due to adjustments resulting from intersegment eliminations and other factors.

FY2025/3 Financial Results

Paper and Paperboard Business

(¥billion)

Net sales			Operating income		
FY2024/3 Results	FY2025/3 Results	Y on Y changes	FY2024/3 Results	FY2025/3 Results	Y on Y changes
570.2	**565.9**	-4.3	11.7	**8.3**	-3.4

● Domestic
- Domestic sales volume of paper and paperboard products decreased year on year due to sluggish demand.
- Despite the stable price of coal and other fuels and the positive effect of cost improvements, profits decreased year on year due to increase in labor and logistics cost.

● Overseas
- Jujo Thermal (JTOy) saw its deficit shrink compared to the same period last year, despite the continued slump in demand for thermal paper in the European market.

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I will explain our performance by segment. First, let me discuss the Paper and Paperboard Business.

In the domestic business, demand for both paper and paperboard remained sluggish, and domestic sales volume was lower YoY.

Despite stable fuel prices, such as coal, and efforts to improve cost of sales, profit decreased due to the significant impact of higher labor and logistics costs.

In the overseas business, Jujo Thermal's deficit narrowed due to a recovery in sales volume YoY, although demand for thermal paper remained sluggish in the European market.

As a result, the Paper and Paperboard Business posted lower sales and income YoY.

FY2025/3 Financial Results

Daily-Life Products Business

(¥billion)

	Net sales			Operating income			
	FY2024/3 Results	**FY2025/3 Results**	Y on Y changes	FY2024/3 Results	**FY2025/3 Results**	Y on Y changes	
Domestic	210.8	**224.2**	13.4	7.3	**9.3**	2.0	Package -0.2, Chemical 2.3, Household paper and Healthcare -0.1
Overseas	226.0	**233.7**	7.7	-15.4	**-15.4**	0.0	Opal 2.5, NDP -2.5, TSP 0.0
Total	436.8	**457.9**	21.1	-8.1	**-6.1**	2.0	

● Domestic
- Sales volumes of functional coating resins, and toilet paper rolls increased.
- Sales volumes of facial tissue and liquid packaging cartons decreased.
- Net sales and operating income increased due to product price revisions.

● Overseas
- Opal has improved its operating efficiency and reduced fixed costs, and both Maryvale Mill and the packaging business have seen profits improve each quarter, resulting in an increase in profits compared to the same period last year.
- NDP saw a year-on-year decrease in profits due to the impact of cold wave and a long-term maintenance shutdown in the first half of the year. However, after the maintenance shutdown, the production system returned to normal in the second half and profits increased year-on-year.

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This is the performance of the Daily-Life Products Business.

First, in domestic operation, sales volumes of functional coating resins and toilet paper rolls increased, but sales volumes of facial tissue and liquid packaging cartons decreased.

Overall, higher raw materials, labor and logistics costs were offset by increased sales volume, product price revisions, and cost improvements, resulting in higher sales and income.

Of the overseas operations, Opal has made progress in improving operating efficiency and reducing fixed costs, and both the Maryvale Mill and the packaging business have improved their quarterly profits. For the full year, profits increased YoY.

As for NDP in North America, although the cold wave and a long-term suspension of production in H1 caused a YoY decrease in profit for the full year, H2, when the long-term suspension was over and the production system returned to normal, saw a significant YoY increase in profit.

FY2025/3 Financial Results

Energy Business

(¥billion)

Net sales			Operating income		
FY2024/3 Results	FY2025/3 Results	Y on Y changes	FY2024/3 Results	FY2025/3 Results	Y on Y changes
53.7	**48.3**	-5.4	1.6	**3.6**	2.0

・Net sales decreased year on year due to a fall in electricity sales prices in line with a fall in coal prices.

Wood Products and Construction Related Business

(¥billion)

Net sales			Operating income		
FY2024/3 Results	FY2025/3 Results	Y on Y changes	FY2024/3 Results	FY2025/3 Results	Y on Y changes
75.5	**78.8**	3.3	9.8	**9.6**	-0.2

・ Net sales increased due to factors such as an increase in the volume of fuel chips handled, despite a decrease in the number of new housing starts.

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In the Energy Business, net sales decreased due to an increase in the number of days off for maintenance and a decline in the electricity sales price due to the fall in coal prices, but operations were generally stable, resulting in an increase in profit YoY.

In the Wood Products and Construction Related Business, although the number of new housing starts decreased, the volume of fuel chips handled increased, resulting in an increase in net sales.

Consolidated Balance Sheets

	Mar.31, 2024	Mar.31, 2025	Variance
Total assets	1,731.2	1,703.3	-27.9
Cash and time deposit	164.8	185.9	21.1
Inventories	224.8	230.0	5.2
Other current assets	248.9	222.2	-26.7
Property, equipment, and intangible fixed asset	827.9	797.1	-30.8
Investment and other assets	264.7	267.8	3.1
Total liabilities	1,235.5	1,192.8	-42.7
Interests bearing liabilities	888.3	880.8	-7.5
Other liabilities	347.2	312.0	-35.2
Total net assets	495.6	510.4	14.8
Shareholder's equity	326.4	330.9	4.5
Total liabilities and net assets	1,731.2	1,703.3	-27.9
Net interest-bearing debt	723.5	694.9	-28.6
Adjusted Net D/E ratio * (times)	1.95	1.84	-0.11

* Adjusted Net D/E ratio= (Net interest-bearing debt- Equity—type debt)/(Shareholders' 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)

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The balance sheet is as shown here.

Total assets as of March 31, 2025, were JPY1,703.3 billion, a decrease of JPY27.9 billon YoY.

This was mainly due to a decrease in property, equipment, and intangible fixed assets by impairment losses, and also because the end of March 2024 of the previous year was a holiday.

As of March 31, 2025, net interest-bearing debt was JPY694.9 billion, and the net D/E ratio was 1.84 times.

In H2, in addition to expanding operating income, the Company made steady progress in selling assets, including cross-shareholdings and fixed assets. As a result, net interest-bearing debt was less than JPY700 billion, achieving the goal of less than JPY710 billion set in the Medium-Term Business Plan 2025 one year ahead of schedule.

In FY26/3, we will continue to work toward the goals of the Medium-Term Business Plan 2025, or net interest-bearing debt of JPY710 billion or less and a net D/E ratio of 1.7 times.

FY2026/3 Forecast

Consolidated Statement

(¥billion)

	FY2025/3 Results	FY2026/3 Forecast	Y on Y changes Amount	%
Net sales	1,182.4	**1,205.0**	22.6	1.9%
Operating income	19.7	**34.0**	14.3	72.5%
Ordinary income	15.5	**26.0**	10.5	67.7%
Net income *	4.5	**12.0**	7.5	164.4%

* Profit attributable to owners of parent

- Increased sales and profits are expected compared to the same period last year due to increased sales volume and price adjustments in the Daily-Life Products Business (domestic) , and improved profitability in overseas businesses such as Opal and NDP.
- Opal expects to record an extraordinary loss due to the labor dispute and suspension of operations that occurred in the first quarter.

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From here, I will explain our forecast for FY26/3.

Net sales are expected to increase by 1.9% YoY to JPY1,205 billion, mainly due to the full-year contribution of the Crecia Miyagi Mill in the Daily-Life Products Business and the impact of increased sales volume of chemical products.

Overall operating income is expected to increase by 72.5% YoY to JPY34 billion, due to a significant improvement in the earnings of overseas business such as Opal and NDP, as well as expected earnings growth in the domestic Daily-Life Products Business, including paper cartons, household paper and healthcare, and chemical.

Ordinary income and net income are expected to be JPY26 billion and JPY12 billion, respectively.

As for extraordinary gains or losses, we have factored in an estimated extraordinary losses due to the labor dispute and shutdown that occurred at Opal in Q1.

FY2026/3 Forecast

Results and Forecasts by Business Segment

	Net sales			Operating income		
	FY2025/3 Results	FY2026/3 Forecast	Y on Y Changes	FY2025/3 Results	FY2026/3 Forecast	Y on Y Changes
Paper and Paperboard	565.9	**555.0**	-10.9	8.3	**5.0**	-3.3
Daily-Life Products	457.9	**500.0**	42.1	-6.1	**15.0**	21.1
(Overseas)				(-15.4)	**(1.4)**	(16.8)
Energy	48.3	**45.0**	-3.3	3.6	**3.0**	-0.6
Wood Products and Construction Related	78.8	**75.0**	-3.8	9.6	**8.5**	-1.1
Others	31.5	**30.0**	-1.5	4.3	**2.5**	-1.8
Total	1,182.4	**1,205.0**	22.6	19.7	**34.0**	14.3
Domestic	913.9	**932.0**	18.1	31.6	**30.5**	-1.1
Overseas	268.5	**273.0**	4.5	-11.9	**3.5**	15.4

1st Half ：11.6
2nd Half：5.2

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Net sales and operating income by segment are as shown here.

Both net sales and operating income are expected to increase YoY in the Daily-Life Products Business. Also, both domestic and overseas sales are expected to increase YoY.

Operating income is expected to improve significantly in the overseas business, and is projected to be in the black for the full year in the overseas business.

In particular, as you can see in the table, our overseas operations, including NDP and Opal in the Daily-Life Products Business, are expected to return to profitability from a significant loss. Since the NDP's large maintenance shutdown in H1 of last fiscal year will be eliminated and Opal has been improving over time since H2 of last fiscal year, we expect a significant YoY improvement in H1, as shown in the table.

Domestic business is expected to be slightly lower YoY, but generally on track with the medium-term business plan.

The impact of the US trade policy has not been factored into the earnings forecast due to the uncertain outlook.

FY2026/3 Forecast

Major Assumptions

■ Annual change in domestic sales volume (YoY)

	1st Half	2nd Half	Full year
Newsprint	7%	2%	5%
Printing	1%	-5%	-2%
Business communication	-4%	-3%	-4%
Containerboard	-1%	0%	-1%

■Major raw material prices and FOREX

	Full year
FOREX (USD)	JPY 152/USD
FOREX sensitivity	+0.65 billion yen/year due to 1 yen appreciation against USD
Coal	USD 130/t (Considering the impact of inventory conditions at the end of March 2025 and the risk of future price fluctuations)
Crude oil	USD 75/BL (Dubai)
Wastepaper	Considering current price trends

■ Daily-Life Products Business（Domestic）

- **Volume** ：Crecia Miyagi Mill operates year-round. Increase in sales volume of chemical products.
- **Sales Price** ：Price adjustments for household paper and paper cartons.
- **Cost** ：Rising raw material, labor, and logistics costs.

■ Daily-Life Products Business（Overseas）

- **Opal (Maryvale Mill)** ・Increased production through stable operations and cost reductions through improved operational efficiency.
- **Opal (packaging business)** ・Increase in volume due to capital investment effects ・Effect of streamlining through consolidation of bases, etc.
- **NDP** ・Return to normal operations will lead to increased sales volume and reduced repair costs

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The main assumptions used in the forecast are as shown here.

As for the domestic sales volume of the paper and paperboard shown on the upper left, although there is a slight difference between H1 and H2 for newsprint and printing, the trend of declining demand for graphic paper, including business communication, is expected to continue, resulting in a negative YoY comparison.

Newsprint is positive, but this includes the temporary impact of the production stoppage at Marusumi Paper Co.Ltd. We expect containerboard to be slightly below the previous fiscal year's level for the full year. Price revisions have not been factored in except for those already announced.

Prices of major raw materials and foreign exchange rates are basically based on the current trends. As for the exchange rate, we estimate at JPY152 for the full year as shown in the table. The sensitivity to exchange rate fluctuations is estimated to be a positive effect of JPY650 million per year for JPY1 appreciation against the US dollar. Coal prices are assumed in consideration of the current procurement plan. The Australian coal benchmark price for FY26/3 is set at USD130. The Company has contracted for a certain amount at this benchmark price, while other portions are priced using other methods, such as spot prices.

I would like to touch on the Daily-Life Products Business, whose earnings will improve significantly. Please refer to the section written at the bottom of the table.

First, in domestic operation, as shown on the left side, Crecia Miyagi Mill will make a full-year contribution, and an increase in the sales volume of chemical products will boost the effect of the volume difference. As for the household paper products and paper carton products, we have factored in the effects of price revisions, such as the difference in selling prices, as a factor for increased profits, but we have also taken into account increased costs in raw material and fuel prices, labor costs, and logistics costs.

Overseas, on the right side, Opal will see increased production due to stable operations at the Maryvale Mill and cost reductions such as unit cost improvements through improved operating efficiencies. In the packaging business, we are updating converting machines, etc., and we have factored in the effects of these capital investments on volume growth and rationalization through the consolidation and elimination of bases.

Regarding NDP, we conducted large-scale maintenance last year, but this year we will return to normal operations, so we expect an increase in volume and a decrease in repair costs due to a decrease in the number of days of shutdown.

FY2026/3 Forecast

Forecast for Changes (FY2026/3 Forecast vs FY2025/3 Results)

		Paper and Paperboard Business		Daily-Life Products Business	
Volume, Sales Price	**8.7**	-0.3	–	9.0	–
Raw material and fuel prices	**-2.7**	-1.2	Wood chips -2.4, Wastepaper -3.3, Pulp -0.1, Oil -1.5, Coal 8.0, LNG 0.5, Chemicals, etc. -2.4 (Price -1.0, FOREX -0.2)	-1.5	Wood chips -0.3, Chemicals, etc. -1.2
Cost reductions,etc.	**-1.1**	-0.1	Cost reductions 3.0, Permanent machines' shutdown at the Shiraoi Mill and the Yatsushiro Mill 0.5 Labor costs -2.2, Logistics costs -1.4	-1.0	Cost reductions 1.1, Labor costs -1.5, Logistics costs -0.6
Others	**12.9**	-1.7	Overseas business -0.5, Depreciation 0.5, Retirement benefit expenses -1.3, Others -0.4	14.6	Overseas business 16.8, Others -2.2
Total	**17.8**	-3.3	Domestic -2.8, Overseas -0.5	21.1	Domestic 4.3, Overseas 16.8
Other businesses	**-3.5**	Energy -0.6, Wood products and construction related -1.1, Others -1.8			
Operating income	**14.3**				

Domestic: Package 0.9, Chemical 0.9, Household paper and Healthcare 2.5
Overseas: Opal 9.2, NDP 7.6, TSP 0.0

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This page shows factors for changes based on that assumption.

First, in the Paper and Paperboard Business on the left, we expect a JPY3.3 billion decrease in profit YoY. The volume and sales price will cause minus JPY300 million. The raw material and fuel prices are assumed to cause minus JPY1.2 billion due to wastepaper price effects, as the exchange rate is assumed to be JPY152, almost the same as the previous fiscal year.

The cost reductions, etc. are expected to cause minus JPY0.1 billion. We have factored in efficiency gains through operational innovations, energy savings, fuel conversion and other cost improvements, and machines' shutdown at the Shiraoi Mill and Yatsushiro Mill, but we also expect cost increases due to higher labor and logistics costs.

As a result, although we will continue our cost reduction efforts, etc., we expect a decrease in profit, as cost increases due to higher raw material prices, labor costs, and logistics costs will outweigh these efforts.

The Daily-Life Products Business on the right is expected to increase profit by JPY21.1 billion YoY. As mentioned earlier in our assumptions, for our domestic business, we have factored in the effects of sales volume expansion and price revisions against cost increases in raw material and fuel prices, labor costs, and logistics costs.

As for overseas business, as mentioned earlier, Opal is expected to improve by JPY9.2 billion due to cost reductions at the Maryvale Mill and increased volume in the packaging business. At NDP, we have factored in an improvement of JPY7.6 billion due to an increase in volume and a decrease in repair costs as a result of the return to normal operations.

The outlook for the Energy Business and the Wood Products and Construction Related Business is based on consideration of the current business environment.

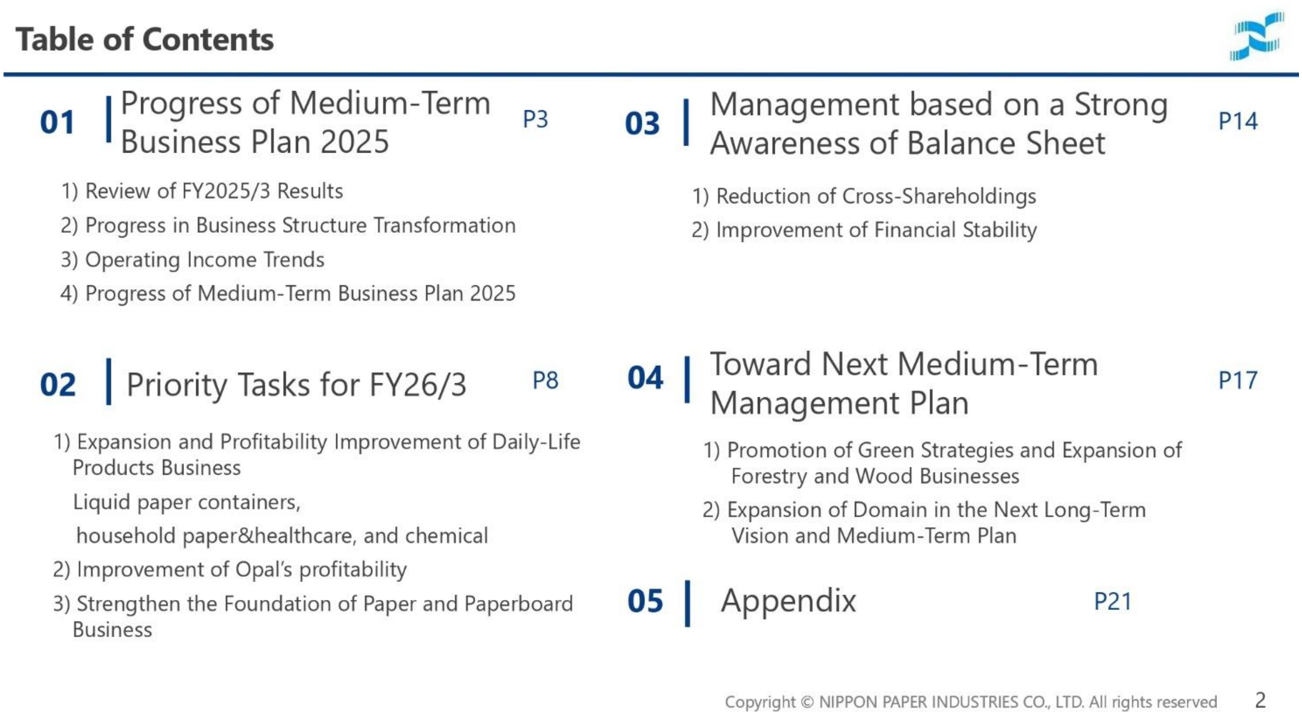
In the others business, we are expecting a negative impact from the elimination of intersegment transactions, which in the previous fiscal year resulted in a large positive amount.

Then, I would like to mention the dividend, which has been announced in the summary report.

As shown on the first page and also on page four of the summary report, we will pay a year-end dividend of JPY10 per share for the current fiscal year, as planned.

As for the dividend forecast for the next fiscal year, we would like to increase the dividend by JPY5 to JPY15 per share, taking into consideration the business performance trends for the current fiscal year, and the next fiscal year and beyond. The interim dividend is JPY5 per share.

This concludes my explanation. Thank you very much.



Sebe: I am Sebe from the Corporate Planning Division. Thank you for your time.

As our strategy presentation, I will explain the progress of the Medium-Term Business Plan 2025, the priority tasks for FY26/3 to achieve the plan, and our initiatives for the next medium-term management plan.

01 Progress of Medium-Term Business Plan 2025

1) Review of FY2025/3 Results

Domestic business generally maintained the trajectory of the Medium-Term Business Plan 2025. Overseas business remains an issue, but is on a recovery track and returned to profitability in the second half of FY25/3.

(Billions of yen)

	FY24/3 Results	FY25/3 Results			FY26/3 Forecast
		1H	2H	Full year	
Net sales	1,167.3	584.5	597.9	**1,182.4**	**1,205.0**
Operating income	17.3	2.1	17.6	**19.7**	**34.0**
Paper and Paperboard	11.7	3.5	4.8	**8.3**	**5.0**
Daily-Life Products	-8.1	-9.1	3.0	**-6.1**	**15.0**
Energy	1.6	1.7	1.9	**3.6**	**3.0**
Wood Products and Construction Related	9.8	4.0	5.6	**9.6**	**8.5**
Other	2.3	2.0	2.3	**4.3**	**2.5**
Domestic	30.4	15.6	16.0	**31.6**	**30.5**
Overseas	-13.1	-13.5	1.6	**-11.9**	**3.5**

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First, as a review of our FY25/3 results, here are again our net sales and operating income for FY25/3.

Operating income for FY25/3 was JPY2.1 billion for H1 and JPY17.6 billion for H2, for a total of JPY19.7 billion for the fiscal year.

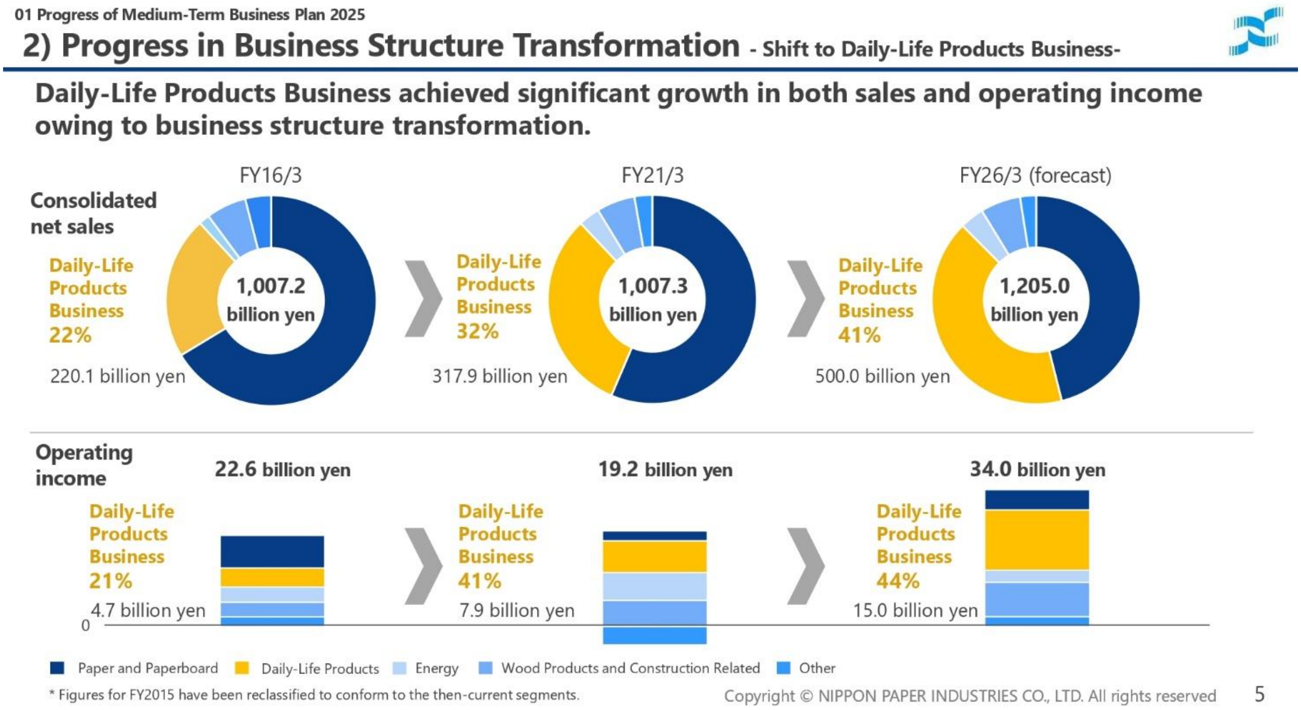
As I would like you to refer to the situation by segment, I will once again talk about the figures broken down into domestic and overseas in the bottom row.

Operating income for the domestic business in FY25/3 was JPY15.6 billion for H1 and JPY16 billion for H2, for a total of JPY31.6 billion for the fiscal year, generally maintaining the trajectory planned in the Medium-Term Business Plan 2025.

On the other hand, the overseas business posted a significant loss of JPY13.5 billion in H1, but turned to a profit of JPY1.6 billion in H2, resulting in a total loss of JPY11.9 billion for the fiscal year. The deficit in H1, again, was affected by major maintenance work at NDP in North America, as well as Opal.

In H2, NDP returned to profitability due to continued steady production and sales after the major maintenance and a certain degree of profit improvement at Opal. However, we recognize the need to continue to address the Opal issue, as I will explain later.

As for the forecast for FY26/3, we are projecting an operating income of JPY34 billion, and we expect the overseas business to turn to a profit of JPY3.5 billion for the full year.



This page shows the progress of our business structure transformation over the past 10 years, particularly in the expansion of the Daily-Life Products Business. The pie charts show consolidated net sales and the bar graphs show operating income, with the yellow area representing the Daily-Life Products Business.

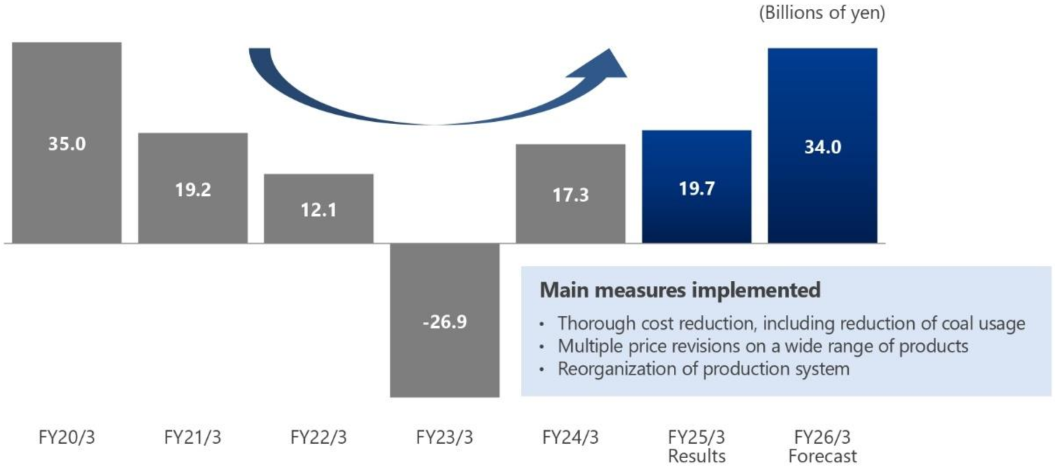
In view of the changing business environment of declining demand for graphic paper, the Group has been working to change its business structure by shifting management resources to the Daily-Life Products Business, which is a growth business.

As a result, in FY26/3, the Daily-Life Products Business is expected to account for more than 40% of total net sales and operating income, more than doubling in net sales and tripling in operating income compared to FY16/3, 10 years ago.

01 Progress of Medium-Term Business Plan 2025

3) Operating Income Trends

Steady recovery in operating income, overcoming the COVID-19 and surging raw material and fuel prices



Average FOREX (Yen/USD)	108.7	106.1	112.4	135.5	144.6	152.6	152

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This chart shows operating income trends in recent years. Looking back over the past several years, we have faced major changes in the external environment, including the COVID-19 pandemic and the resulting accelerated decline in demand for graphic paper, as well as exchange rate fluctuations.

In particular, in FY23/3, the unprecedented rise in raw material and fuel prices led to a crisis that resulted in an operating loss for the first time since the Company was listed on the stock exchange.

As a countermeasure, the entire group has been working to improve profitability by thoroughly reducing costs through measures such as reducing coal usage, implementing multiple price revisions for various products, and reorganizing production systems.

Due in part to the effects of the business restructuring that we have been implementing in parallel, operating income has been on an improving trend since FY24/3, and is expected to recover to the FY20/3 level in FY26/3.

This is a review of our efforts to date.

4) Progress of Medium-Term Business Plan 2025

- **Domestic business and NDP returned to the track of the Medium-Term Business Plan; progress in Opal was behind expectations .**
- **Targets will be achieved for net sales, EBITDA, and net D/E ratio, but not for operating income and ROE.**

Progress toward Medium-Term Business Plan 2025

(Billion yen)	Medium-Term Business Plan 2025 Target	FY26/3 forecast
Net sales	**1,200.0**	1,205.0
Operating income	**40.0**	34.0
Paper and Paperboard	**5.0**	5.0
Daily-Life Products	**20.0**	15.0
Energy	**3.0**	3.0
Wood Products and Construction Related	**8.0**	8.5
Other	**4.0**	2.5
EBITDA	**100.0**	100.0
ROE	**5.0% or more**	2-3%
Net D/E Ratio	**1.7-1.79 times**	1.7-1.79 times

Concept for FY26/3

1. Ensure implementation of priority tasks for FY26/3
   ▶ Achieve FY26/3 financial forecast
2. Consider and implement measures to further improve profitability
   ▶Achieve Medium-Term Business Plan 2025 targets

Additional profitability improvement measures under consideration

- Measures against cost increases such as higher wages and prices
  →Further cost reductions and price revisions
- Early realization of investment effects
  →Thorough post-investment follow-up, including verification of the effects of the investment
- Additional measures to bring Opal back to profitability at an early stage
  →Refer to p.12

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Here I will explain our efforts in FY26/3, the final year of the Medium-Term Business Plan 2025.

As mentioned earlier, the domestic business and NDP are generally back on track with the medium-term plan, while Opal is improving but is lagging behind expectations.

Comparing the forecast for FY26/3 with the targets of the medium-term plan, we expect to achieve the medium-term plan targets for net sales, EBITDA, and net D/E ratio. However, operating income is projected to fall short of the JPY40 billion target with JPY34 billion and ROE is projected to fall short of the 5% target with 2% to 3%.

The main reasons for these shortfalls are overall cost increases due to higher labor and logistics costs and other price increases, as well as slower than expected improvement in Opal's earnings.

Our policy for FY26/3 is to ensure the implementation of the priority tasks for FY26/3, which I will explain later, and to achieve the performance forecast as a matter of course, while aiming to increase earnings to achieve the operating income of JPY40 billion set forth in the Medium-Term Business Plan 2025.

There are three main additional profitability improvement measures currently under consideration. First is to promote cost reductions and price adjustments as a response to rising costs associated with wage and price increases. Second, in order to realize the effects of the investment as early as possible, the effects of the investment should be constantly verified and thorough follow-up should be conducted after the investment.

And third is the implementation of measures to bring Opal back into the black as soon as possible. The Opal measures will be explained again later on page 12.

1) Expansion and Profitability Improvement of Daily-Life Products Business

Trends in net sales and operating margin of Daily-Life Products Business

Upper row: net sales (billion yen) Lower row: operating margin (%)

Business	FY24/3 Results	FY25/3 Results	FY26/3 Forecast	*FY26/3 Target
Liquid paper containers Heavy bags, paper cups, etc.	103.8 2.3%	107.3 0.1%	-	120.0 5%
Household paper & health care	104.8 3.0%	115.3 2.5%	-	130.0 5%
Chemical, Biomass materials	55.0 3.8%	58.3 7.8%	-	60.0 9%
Opal	173.2 -8.1%	177.0 -6.5%	-	190.0 1%
Total amount	436.8 -1.8%	457.9 -1.3%	500.0 3%	500.0 4%

* Target for FY26/3 has been shown "Strategies Presentation Material" disclosed in November 2024.

Progress toward the FY26/3 Target

- Net sales
  - Each business expanded generally as expected due to higher sales volume and price revisions.
- Operating margin
  - Liquid paper containers, household paper & healthcare, and chemical progressed generally as planned.
  - On the other hand, Opal failed to achieve its goal.

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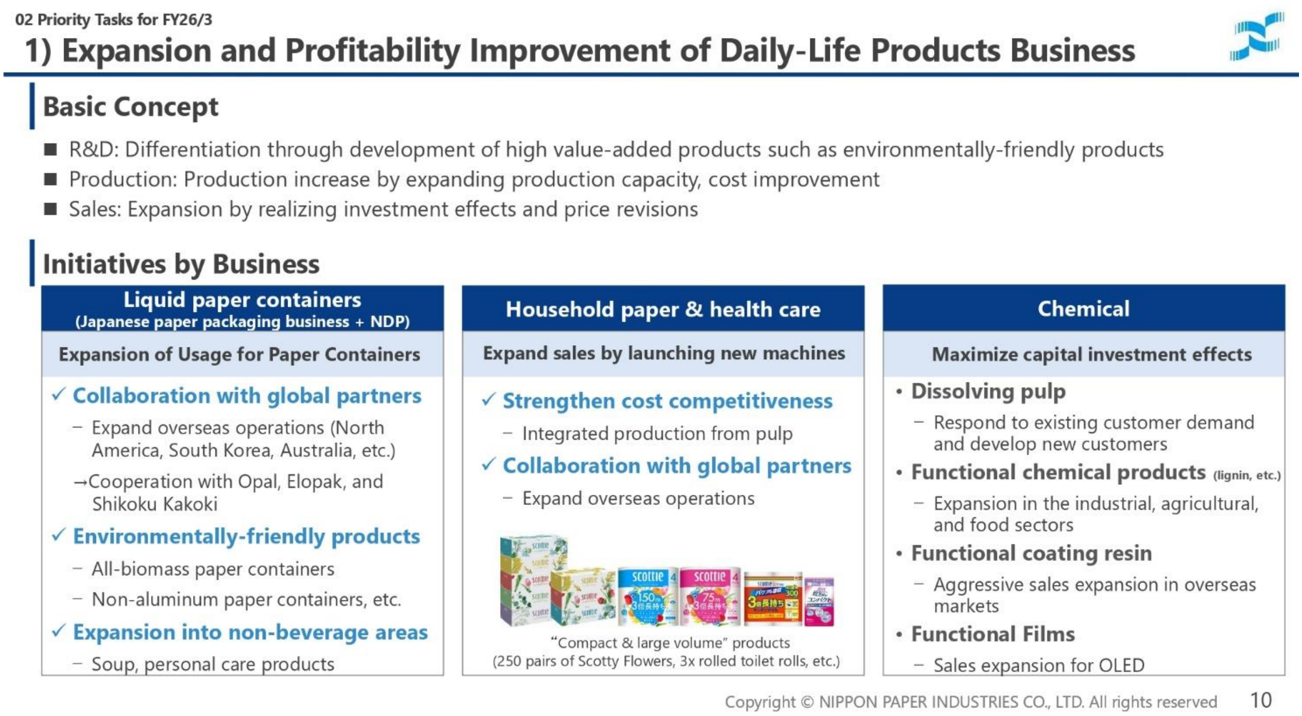
Here are the details of the priority tasks for FY26/3. We are focusing on expanding the Daily-Life Products Business and improving its profitability, improving the profitability of Opal, and strengthening the foundation of the Paper and Paperboard Business, all of which are ongoing initiatives.

First, I will explain the expansion of the Daily-Life Products Business and the improvement of its profitability. This slide shows trends in net sales and operating income margin of the Daily-Life Products Business.

Here you can see the results of FY24/3 and FY25/3, and the forecast for FY26/3. Also, the right-hand side is the image of the target for FY26/3, which was included in the strategies presentation material of last November.

As for progress toward the target image for FY26/3, net sales in each business are generally expanding as expected due to the effects of increased sales volume and price revisions.

On the other hand, while operating margin for liquid paper containers, household paper & healthcare, and chemical is generally favorable, it is expected to be only 3%, less than the projected 4% due to Opal’s failure to achieve the goal.



In this slide, I will explain our initiatives in each business in the Daily-Life Products Business.

As a basic concept common to each business, we will further promote differentiation by developing high value-added products such as environmentally-friendly products, and utilizing the wide range of technologies we have cultivated in our development.

With regard to production, we will increase production by expanding production capacity and promote cost improvement. In terms of sales, we will promote sales expansion by realizing the benefits of our investments.

And for those areas that cannot be covered based on these efforts, we will implement price revisions commensurate with cost increases.

As for initiatives by business, with respect to the liquid paper containers, which is a combination of Nippon Paper Industries' paper packaging business and NDP in North America, we will aim to expand the usage for paper containers.

Specifically, we will work to expand overseas sales through collaboration with global partners, develop and expand sales of environmentally-friendly products such as all-biomass paper containers, and expand into areas other than beverages.

In the household paper and healthcare, we will focus on expanding sales by launching new machines. We will strengthen our cost competitiveness through integrated production utilizing the Group's own pulp, and expand our overseas operations from a medium- to long-term perspective through collaboration with our global partners.

In the chemical, we aim to maximize the manifestation of capital investment effects. As for dissolving pulp, we will focus on meeting demand from existing customers and expanding new customers.

As for functional cellulose and functional coating resin, for which we have increased capacity, we will work to expand sales fields and overseas sales. As for functional films, we will expand sales for OLED applications.

02 Priority Tasks for FY26/3

2) Opal's Profitability Improvement

Overview of FY25/3 and Current Situation

■ **Maryvale Mill**

- Opal has completed the transition to dedicated packaging paper operations, following the shutdown of two paper machines, reducing the number from five to three. Kraft pulp production was transitioned from batch to continuous digesters.
- Despite improvements in operational efficiency and fixed cost reductions, production challenges and soft export market conditions resulted in continued operating losses in FY25/3.
- Following a one-month industrial action in Q1 FY26/3, an agreement in principle on labor terms suited to the current production structure was reached.

■ **Packaging Business**

- A combination of increased corrugated box sales, driven by expanded production capacity, and production cost reductions through site rationalization and other efficiency improvements enabled Opal to achieve profitability in the second half of FY25/3.

■ **FY26/3 Forecast**

- Due to the impact of the Q1 labor dispute and the broader economic slowdown in Australia, Opal is expected to remain in deficit in the first half of FY26/3, with a return to profitability anticipated in the second half.

(A$ Million)

Operating profit	FY24/3 Result	FY25/3 Result			FY26/3 Forecast		
		1H	2H	Full year	1H	2H	Full year
Maryvale Mill	-128	-65	-42	-107	-30	-20	-50
Packaging Business	-23	-17	9	-8	-10	25	15
Opal total	-151	-82	-33	-115	-40	5	-35

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From this point on, I will explain how to improve Opal's profitability.

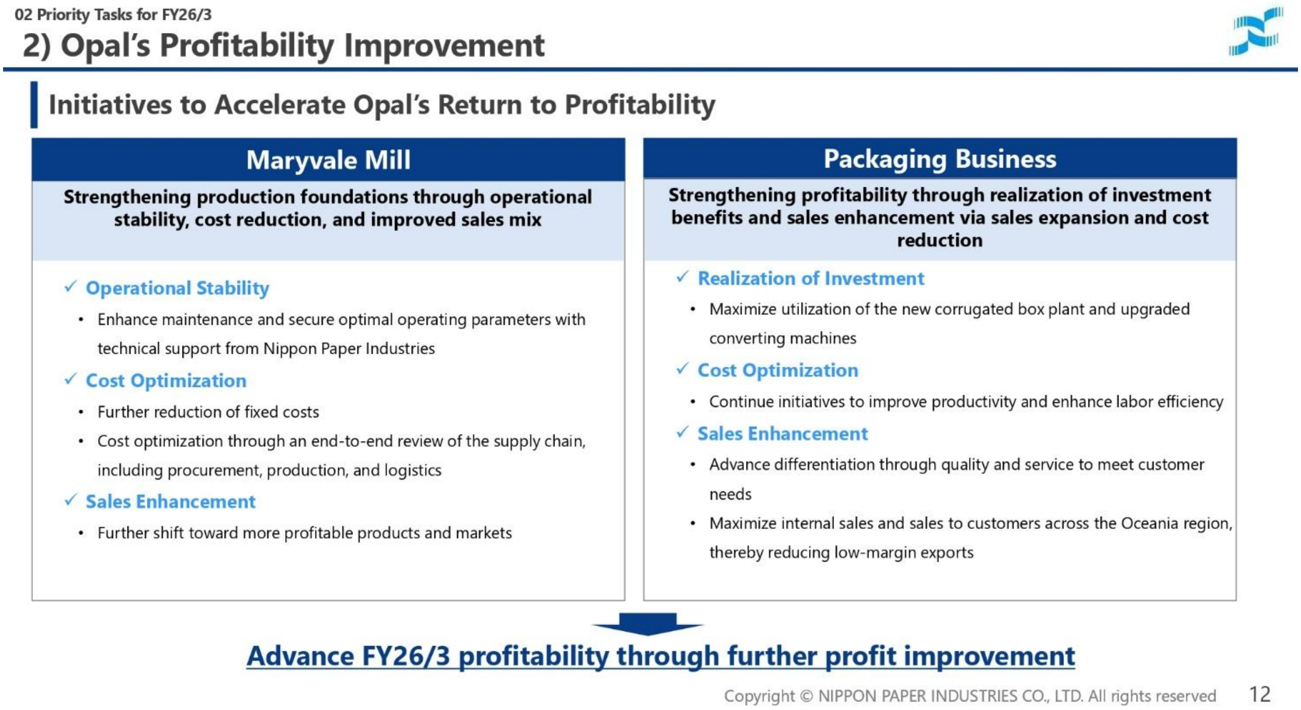
First, in FY25/3 and most recently, operating income for FY25/3 improved by AUD36 million YoY, but the Maryvale Mill recorded a loss of AUD107 million and the packaging business a loss of AUD8 million, for a total loss of AUD115 million.

The Maryvale Mill has completed the transition to dedicated packaging paper operations by reducing the number of paper machines in FY24/3 and converting to continuous digesters in FY25/3, and has made steady progress in improving operational efficiency and reducing fixed costs. However, production troubles and a sluggish export market have resulted in continued large losses.

Meanwhile, in FY26/3, after a month-long labor dispute and shutdown in January and February, we reached a basic agreement with the labor union to conclude a flexible labor-management agreement that corresponds to the production system. We see this as a very significant step toward strengthening our competitiveness and laying the groundwork for the future.

In the packaging business, Opal returned to profitability in H2 of FY25/3 by expanding corrugated box sales through increased production capacity and improving cost of sales through site rationalization and efficiency improvements.

Opal as a whole is expected to remain in the red in H1 of FY26/3 due to the impact of the labor dispute in Q1 and the stagnant Australian economy, but we expect Opal as a whole to return to profitability in H2. In the execution phase, we recognize the importance of accelerating the timing of achieving this profitability as much as possible.



Next, I will explain the specific initiatives for FY26/3 to achieve the early return to profitability that I have just mentioned.

Maryvale Mill has been strengthening maintenance and establishing optimum operating conditions through technical support, including the dispatch of specialized engineers from Nippon Paper Industries. The Mill's recent track record shows that operations are steadily stabilizing.

As for cost improvement, as I explained earlier, we will promote further fixed cost reductions starting in H2 following the basic agreement on a new labor-management agreement.

In addition, we are once again reviewing all procurement, production, and shipping processes to further reduce costs.

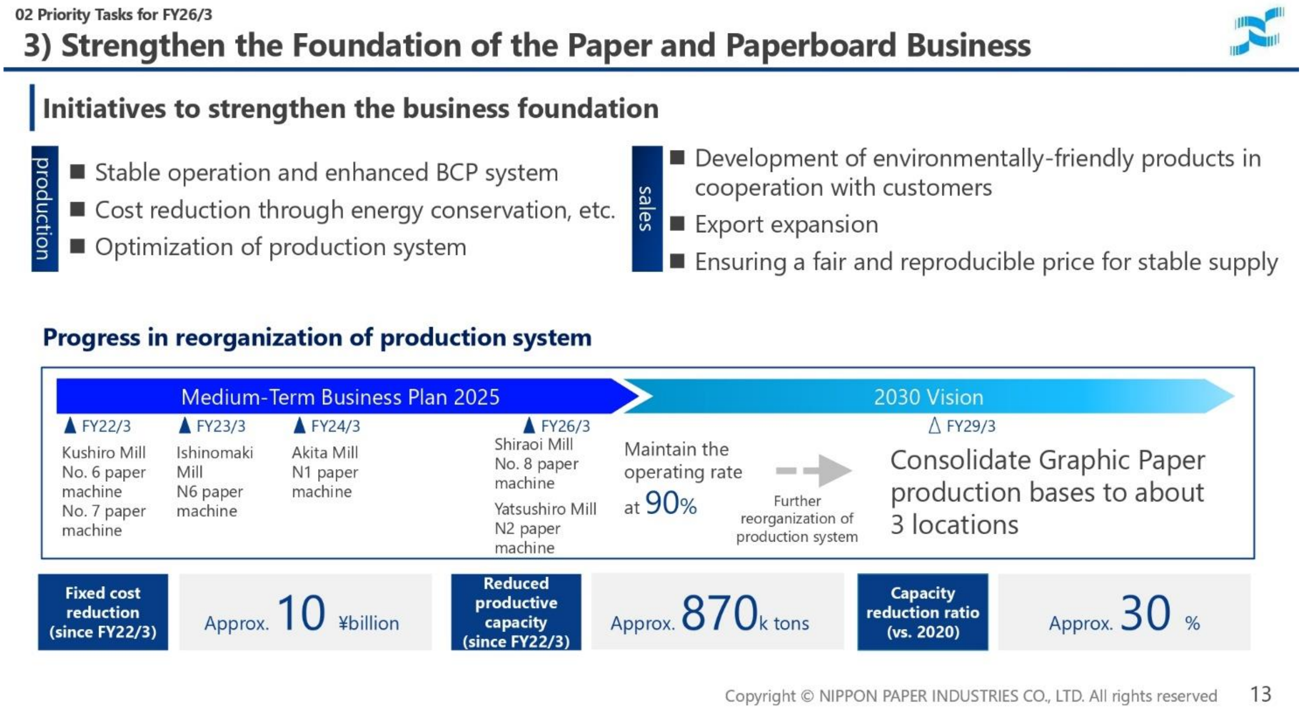
In terms of sales, we will further promote the shift to high-margin products and regions with stable market conditions.

Then, in the packaging business, the effects of the capital investments we have been making, such as a new corrugated box plant and renewal of aging converting machines, are steadily showing results, and we will continue to maximize the effects of these investments.

And we will continue our efforts of productivity improvement including the effect of investment, and labor saving, to improve cost of sales.

On the sales front, we will promote a differentiation strategy with quality and services that meet customers' demands through a strengthened sales structure, while maximizing internal sales of paper and sales to the domestic market to improve the sales mix.

Through these efforts, we intend to further improve Opal's overall profitability in FY26/3 and accelerate the timing of its return to profitability as much as possible.



Next, I will explain how we are strengthening the foundation of the Paper and Paperboard Business. In the Paper and Paperboard Business, we will first increase productivity through stable operations and strengthen our BCP system to ensure a stable supply.

In addition, we will continue to implement cost reductions through energy conservation and other measures, while systematically optimizing our production system from a long-term perspective.

The production capacity will be reduced by approximately 870,000 tons, or approximately 30% from the 2020 level through the shutdown of six paper machines during the five-year period of the medium-term plan, and the fixed cost reduction due to the shutdown will be approximately JPY10 billion, mainly in the area of depreciation and repair expenses.

Even as demand for graphic paper declines, we will continue to maintain and strengthen our competitiveness by consolidating our production bases while maintaining a utilization rate of around 90% and simultaneously improving productivity and reducing GHG emissions.

In terms of sales, we will strive to secure volume by developing environmentally-friendly products in cooperation with our customers and expanding exports.

We will also make every effort to respond to various cost increases through self-help measures such as cost improvement, and if cost increases cannot be covered, we will ensure a fair and reproducible price in order to maintain a stable supply of our products.

These are the priority tasks for FY26/3.

1) Reduction of Cross-Shareholdings

Work toward the goal of "total abolition in principle"

Target of cross-shareholdings reduction

Subject	Listed shares held as cross-shareholdings (including deemed shares contributed to a retirement benefit trust)
Period	From FY26/3 to the end of FY28/3
Reduction target	15 billion yen (based on sales value)
Use of fund acquired	Investments for sustainable growth with a focus on growth and environmental investments

Status of cross-shareholdings (Amount shown on Balance Sheet)

Number of Issues	212	210	193	183	173

FY24/3-25/3 Amount sold

30 billion yen

Main Use of Funds
- Reduction of interest-bearing debt
- Capital investment

FY26/3-28/3 Reduction target

15 billion yen

Main Use of Funds
- Growth investment: Yatsushiro Mill's household paper business development, etc.
- Environmental investment: Installation of black liquor recovery boiler at Ishinomaki Mill, etc.

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From here, I will explain management based on a strong awareness of the balance sheet.

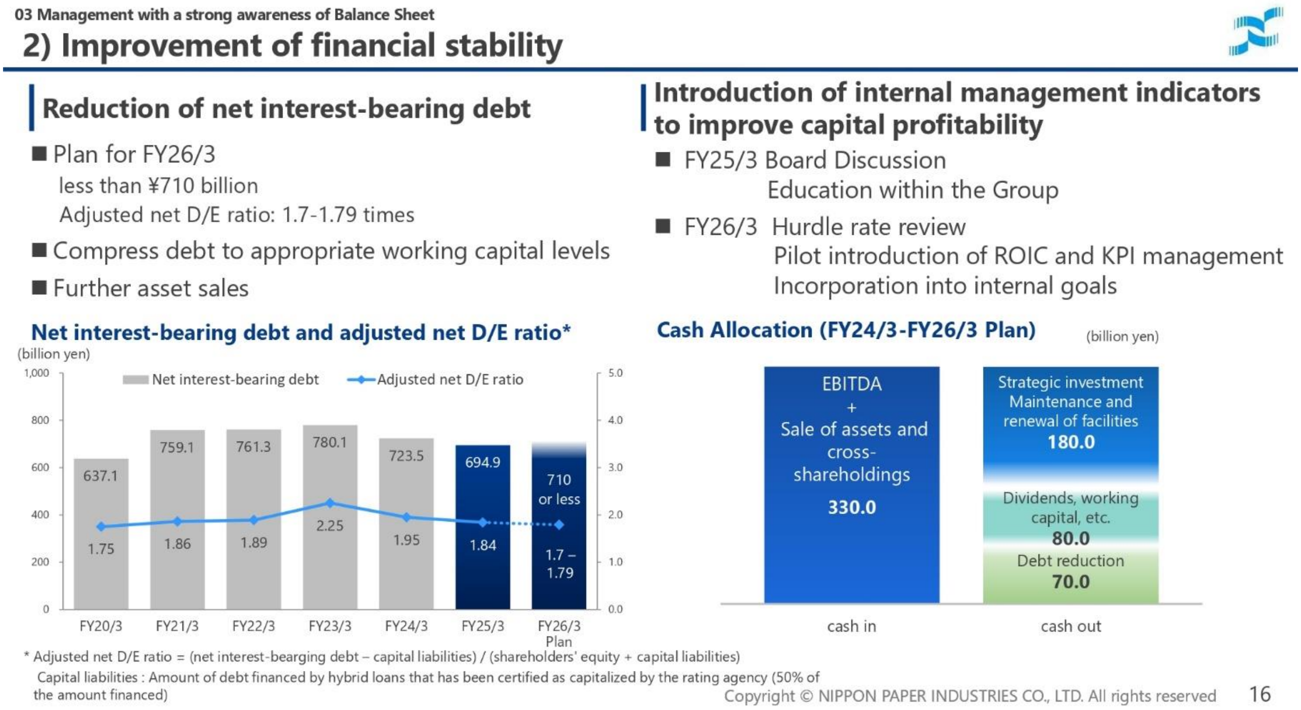
Today, the Company announced its efforts to reduce its cross-shareholdings. We have been actively reducing our cross-shareholdings. The sale for the two-year period from FY24/3 to FY25/3 amounted to approximately JPY30 billion, and the funds acquired was used to reduce interest-bearing debt and for capital investments.

Based on the opinions we have received from our shareholders and investors, as well as from our outside directors, we have once again reviewed our such efforts and will work to further reduce our cross-shareholdings, with the goal of eliminating all cross-shareholdings in principle.

Specifically, we have set a target of JPY15 billion for the reduction of listed shares held as cross-shareholdings, including deemed shares contributed to a retirement benefit trust, from FY26/3 to FY28/3.

We intend to use the funds acquired through the reduction of cross-shareholdings for investments aimed at sustainable growth, mainly as growth and environmental investments, such as the development of the household paper business at the Yatsushiro Mill and the construction of a new black liquor recovery boiler at the Ishinomaki Mill.

We will continue to promote efforts to reduce cross-shareholdings.



Next, I will explain the improvement of financial stability.

Net interest-bearing debt was JPY694.9 billion at the end of FY25/3, and the net D/E ratio was 1.84 times.

We will continue to reduce working capital, further utilize and sell idle fixed assets, as well as secure earnings, aiming for a net interest-bearing debt balance of JPY710 billion or less and a net D/E ratio of 1.7 times or higher at the end of FY26/3.

The introduction of internal management indicators to improve capital profitability has been discussed by the Board of Directors in FY25/3, and the Group has been working to educate its employees in various ways, including through internal newsletters.

In FY26/3, we have a plan for hurdle rate review, pilot introduction of ROIC and KPI management, and their incorporation into internal targets in preparation for the next medium-term plan starting in FY27/3.

That's all for management with a strong focus on the balance sheet.

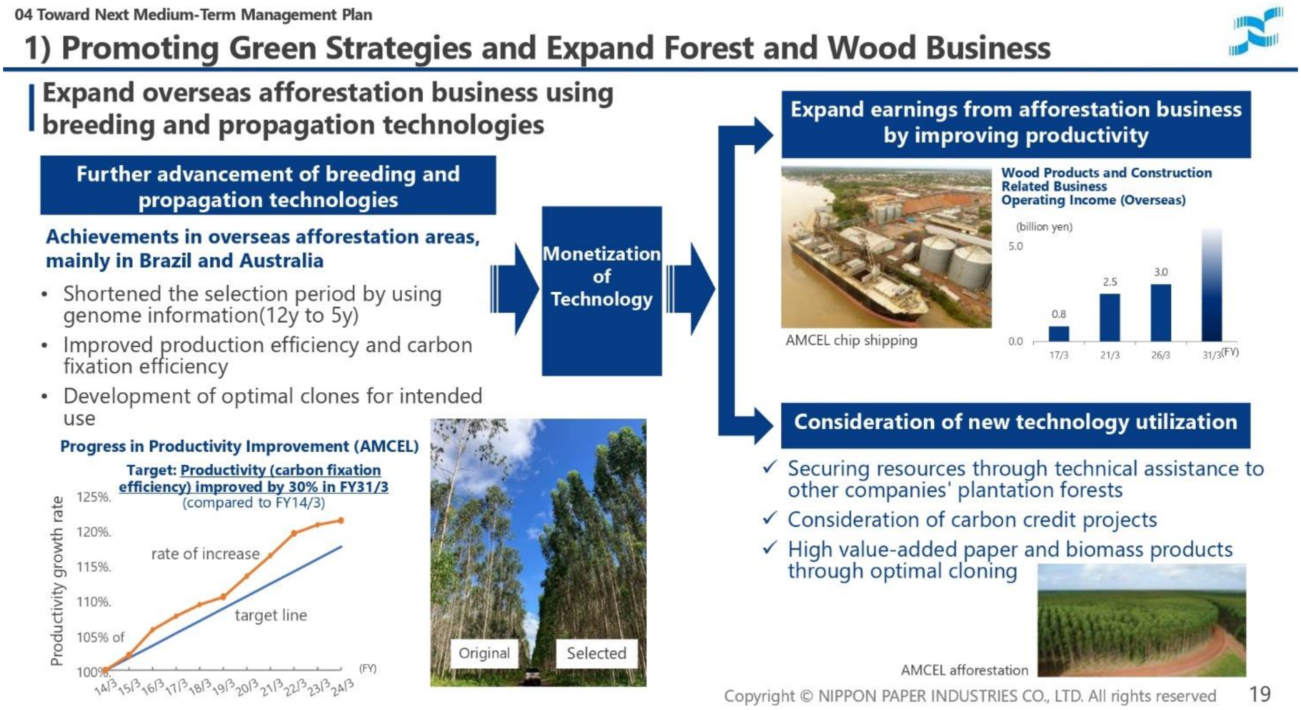
From here, I would like to introduce the direction toward the next medium-term management plan, including the promotion of green strategies, the expansion of forest and wood business, and the expansion of domain under the next long-term vision and the medium-term plan.

Please move on to page 18. First, as the first step in promoting green strategies and expanding forest and wood business, I would like to explain our support for the domestic forestry industry and the expansion of the domestic wood business.

As you know, the domestic forestry industry is facing various challenges, such as a lack of skilled workers and low productivity. The Group is supporting the cycle of cutting, using, planting, and nurturing through its elite tree business, logging and hauling operations, use of company-owned forests as forestry support fields, and collaboration with the long-established supply chain for papermaking materials. By doing so, we will contribute to the stable supply of domestic timber, which in turn will lead to the stable procurement of domestic raw materials and the expansion of the domestic wood distribution business.

Our domestic procurement ratio of papermaking raw materials is 36%, well above the industry average, and we intend to further increase this ratio and utilize more domestic timber in our biomass material projects and other areas.

In the domestic wood distribution business, the volume of domestic wood handled by Nippon Paper Lumber is expected to reach 1 million cubic meters in FY26/3, and we intend to further increase this volume to expand earnings from the domestic Wood Products and Construction Related Business as shown in the graph on the right.



Continuing on, I would like to introduce the expansion of overseas afforestation business utilizing breeding and propagation technologies as another pillar of our green strategy promotion and expansion of the forest and wood related business.

We have established our own breeding and propagation technologies in overseas afforestation areas in Brazil and Australia, and we aim to further advance these technologies and make higher-order use of them in the future.

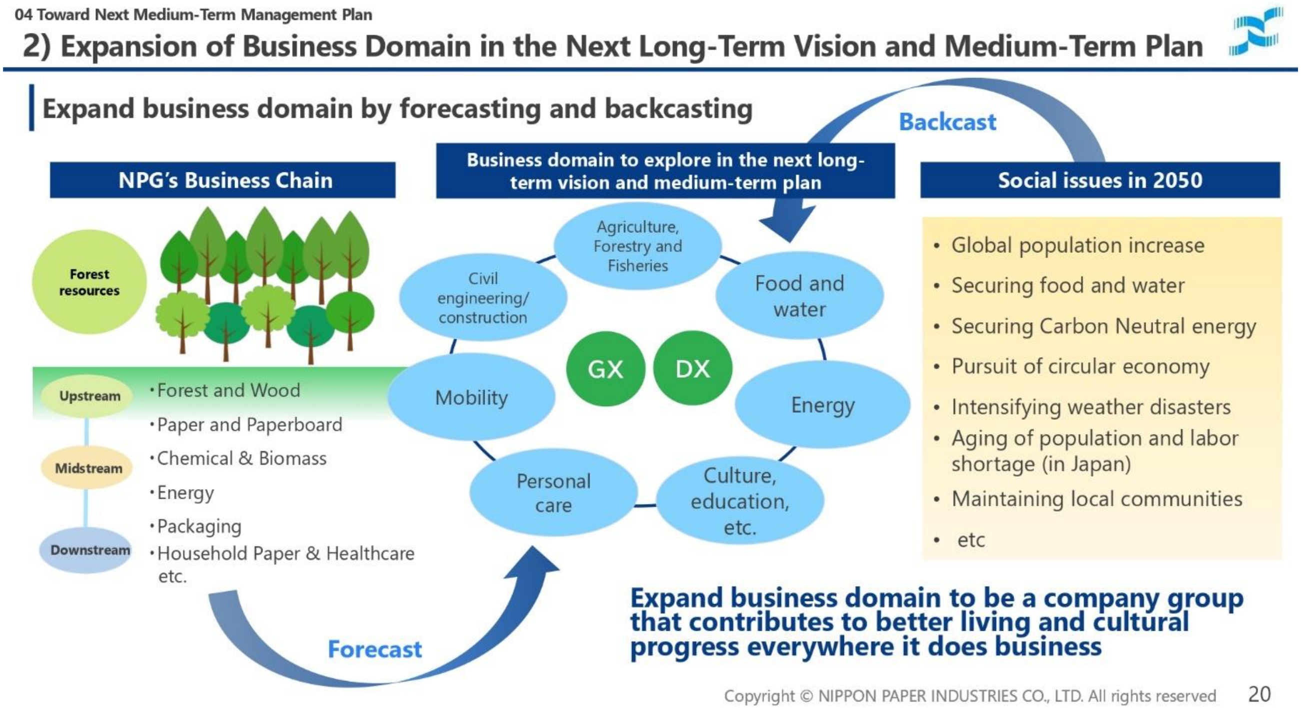
Specifically, by using genome information, we are working to significantly shorten the selection period for superior trees, improve productivity and carbon fixation efficiency in a shorter period of time, and develop clones with optimal physical properties according to the purpose of use.

AMCEL's plantations in Brazil are making good progress toward the goal of improving carbon fixation efficiency by 30% by 2030.

These technologies have made it possible to produce more competitive lumber, which is also shown in the graph on the right, and overseas profits in the Wood Products and Construction Related Business are growing steadily.

In the future, we intend to use these technologies to consider new ways to generate earnings, such as securing resources through technical assistance to other companies' plantation forests, developing carbon credit projects, or adding higher value to paper and biomass products through optimal cloning.

That's all for the promotion of green strategies and the expansion of the forest and wood business.



Lastly, I would like to discuss our approach to the formulation of the next long-term vision and medium-term plan, which will begin in FY27/3, and the business domain that we would like to expand within that plan.

If we think of forest resources as the starting point, our group has businesses directly related to forests and wood upstream, the paper and paperboard, chemical & biomass, and energy businesses midstream, and the packaging, and household paper & healthcare businesses closer to consumers downstream.

We would like to clarify the overall picture of the business chain from upstream to downstream, sort out strengths and weaknesses, and reexamine which domain should be expanded and in which direction.

At that time, we would like to not only forecast but also recall the social issues of 2050 as described, such as demographics, food problems, and environmental issues, and back cast from there to consider what domain we will expand in the next five to ten years and how this will lead to corporate growth.

As for ideas at this time, as noted, we are focusing on the areas of agriculture, forestry, and fisheries, food and water, civil engineering and construction, mobility, energy, personal care, and culture and education.

In the next long-term vision and medium-term plan, we intend to expand our business domain into these fields to realize our corporate philosophy and become a corporate group that is consistently profitable. We would greatly appreciate your continued attention to Nippon Paper Group.

This concludes the explanation of the strategies. Thank you for your attention.

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