

# NOTICE OF THE NINETY-NINTH ORDINARY GENERAL MEETING OF SHAREHOLDERS

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Date and Time June 29, 2023 (Thursday)  
10:00 a.m. (Reception desk to be opened at 9:00 a.m.)

Place The International Conference Hall  
2nd floor of The Keidanren (Japan Business Federation) Bldg.,  
3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

## Matters to be resolved

### Proposal 1

Election of Nine (9) Directors

### Proposal 2

Election of Two (2) Audit & Supervisory Board Members

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**Nippon Paper Industries Co., Ltd.**

**Ticker Code: 3863**

# Nippon Paper Group Mission

## Mission

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

## Vision

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A corporate group that meets the following requirements and is sustainably needed by society

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

## Values

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Challenge : Embrace new challenges  
Fairness : Be fair  
Teamwork : Champion teamwork

## Slogan

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**Shaping the future with trees**  
Constantly creating new value and contributing to better living and cultural progress, as a comprehensive biomass company shaping the future with trees.

Over many years, we have nurtured trees, made paper, and offered a wide range of products that support people’s life and culture.

We have managed forests in an appropriate manner, and pursued a variety of businesses by fully utilizing wood resources out of sustainably managed forests. Those businesses address social issues such as global warming and depletion of resources on earth, and contribute to running sustainable society.

Going forward, we will continue to provide a wide range of products and services that make the most of the outstanding properties of wood, as we strive to maximize the value of sustainable forest resources for the future.

## To Our Shareholders

June 2023  
Toru Nozawa  
President, Representative Director

We would like to express our appreciation for your continued support and patronage.  
You are cordially invited to attend the 99th Ordinary General Meeting of Shareholders of Nippon Paper Industries Co., Ltd. to be held on June 29, 2023 (Thursday).

The Nippon Paper Group aspires to be a corporate group that will continue to be trusted and needed by society, by contributing to better living and cultural progress of people all over the world through its business activities.

We ask for the further support of our shareholders in our endeavors.

(Ticker Code: 3863)

June 8, 2023

(Start date of measures for electronic provision: May 30, 2023)  
(Head Business Office) 4-1 Oji 1-chome, Kita-ku, Tokyo  
(Headquarters) 6 Kanda-surugadai 4-chome, Chiyoda-ku, Tokyo

**Nippon Paper Industries Co., Ltd.**

Toru Nozawa

President, Representative Director

Dear Shareholders:

**NOTICE OF THE NINETY-NINTH  
ORDINARY GENERAL MEETING OF SHAREHOLDERS**

This is to inform you that the 99th Ordinary General Meeting of Shareholders of Nippon Paper Industries Co., Ltd. will be held as set forth below.

In convening this Ordinary General Meeting of Shareholders, we take measures for electronic provision and post the matters subject to measures for electronic provision as the “NOTICE OF THE NINETY-NINTH ORDINARY GENERAL MEETING OF SHAREHOLDERS” on the following website on the Internet.

The Company’s website: <https://www.nipponpapergroup.com/english/ir/shareholder/meeting/>

In addition to the above, the matters subject to measures for electronic provision are posted on the following website on the Internet:

Tokyo Stock Exchange’s website (Listed Company Search):

TSE website: <https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the website above, enter and search for the Company’s name or ticker code, and select “Basic information” and then “Documents for public inspection/PR information” to view the information.

Aside from attending the meeting in person, you may exercise your voting rights either in writing or through electronic means (i.e., via the Internet, etc.). You are kindly requested to exercise your voting rights on or before 5:00 p.m. on June 28 (Wednesday), 2023, after examining the Reference Documents for the Ordinary General Meeting of Shareholders stated in the matters subject to measures for electronic provision and in accordance with the guidance on pages 5 through 9.

1. Date and Time	June 29, 2023 (Thursday), at 10:00 a.m. (Reception desk is scheduled to be opened at 9:00 a.m.)
2. Place	The International Conference Hall on the 2nd floor of the Keidanren (Japan Business Federation) Bldg., 3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo (Please see the attached access map.)
3. Purpose Matters to be reported  Matters to be resolved	(1) Report on the contents of the Business Report and the contents of the Consolidated Financial Statements, and the outcome of the audit conducted on the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 99th Fiscal Period (from April 1, 2022, to March 31, 2023). (2) Report on the contents of the Financial Statements for the 99th Fiscal Period (from April 1, 2022, to March 31, 2023) Proposal 1: Election of Nine (9) Directors Proposal 2: Election of Two (2) Audit & Supervisory Board Members

● Pursuant to laws and ordinances and Article 16-2 of the Company's Articles of Incorporation, among the matters subject to measures for electronic provision, the following items are not provided in the paper-based documents delivered to shareholders who have made a request for delivery of such documents.

- ① Basic Policy on Control of the Stock Company in the Business Report
- ② Consolidated Statement of Changes in Shareholders' Equity, etc., in the Consolidated Financial Statements
- ③ Notes to the Consolidated Financial Statement
- ④ Statement of Changes in Shareholders' Equity, etc., in the Non-Consolidated Financial Statements
- ⑤ Notes to the Non-consolidated Financial Statement

Accordingly, the paper-based documents delivered to shareholders who have made a request for delivery of such documents are only part of the subject matter audited by the Accounting Auditor, the Statutory Auditors and the Board of Statutory Auditors in preparation of the Audit Report.

● If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and original and revised matters will be posted on the below websites.

The Company's website: <https://www.nipponpapergroup.com/english/>

Tokyo Stock Exchange's website:

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

· Please understand that there will be no commemorative gift (small gift) on the day of general meeting of shareholders.  
· Shareholders' complimentary gifts are scheduled to be delivered around early-July this year.

Yours truly,

Toru Nozawa  
President, Representative Director  
Nippon Paper Industries Co., Ltd.

[End]

## Guidance Notes on the Exercise of Voting Rights

### **1. Exercising voting rights by attending the Ordinary General Meeting of Shareholders**

The date and time of the Ordinary General Meeting of Shareholders

June 29, 2023 (Thursday), at 10:00 a.m. (Reception desk is scheduled to be opened at 9:00 a.m.)

Please submit the Voting Form enclosed herewith at the reception desk.

### **2. Exercising voting rights in writing**

Voting Deadline: No later than June 28, 2023 (Wednesday), at 5:00 p.m.

Please indicate your approval or disapproval of each of the proposals on the Voting Form enclosed herewith, and return the Voting Form to the Company so that it reaches us by no later than the above-mentioned voting deadline. In the case that a Voting Form without indication of approval or disapproval for each Proposal is submitted, it will be treated as an indication of approval.

⇒ Please see page 6 for further information.

### **3. Exercising voting rights via the Internet**

Voting Deadline: No later than June 28, 2023 (Wednesday), at 5:00 p.m.

Please access the Company's designated website for exercising voting rights (<https://www.web54.net/>) and exercise your voting rights by entering your approval or disapproval of each of the proposals.

⇒ Please see pages 6 to 9 for further information.

## Guidance Notes on the Exercise of Voting Rights

### Guidance Notes on the Exercise of Voting Rights in writing

Please indicate your approval or disapproval of each of the proposals on the Voting Form.

#### Proposals 1 and 2

- ▶ Approval of all candidates ⇒ Enter ○ mark in 「賛」 column
- ▶ Disapproval of all candidates ⇒ Enter ○ mark in 「否」 column
- ▶ Indicating approval or disapproval of only some of the candidates  
⇒ Enter ○ mark in 「賛」 column or 「否」 column and enter the relevant candidate No. described in the Reference Document for the Ordinary General Meeting of Shareholders.

In the case that a Voting Form without indication of approval or disapproval for each Proposal is submitted, it will be treated as indication of approval.

The QR Code<sup>®</sup> for exercising voting rights via a smartphone is printed on the Voting Form. (Please see page 9)

### Guidance Notes on the Exercise of Voting Rights via the Internet, etc.

Exercising voting rights through the Internet is possible by using the company's website designated below for voting.

The Portal of Shareholders' Meeting

<https://www.soukai-portal.net/>

The URL of the website for voting

<https://www.web54.net/>

#### ■ For Institutional Investors

In addition to exercising voting rights through the Internet as described above, the electronic voting platform operated by ICJ Inc., a joint corporation established by the Tokyo Stock Exchange, Inc., etc., is available for nominal shareholders (including standing proxies) such as trust and custody banks when prior application for use of such platform has been made.

Exercise of voting rights via a smartphone, etc.

1. Scan the QR code® printed on the Voting Form.

\* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

2. Tap the “Exercise your voting right (議決権行使～)” button from the top screen of the The Portal of Shareholders’ Meeting.

3. The top screen of Smart Exercise® is displayed. Then, follow the instructions on the screen and enter your approval or disapproval of each of the proposals.

Exercise of voting rights via a PC, etc.

Access the portal by entering your login ID and password printed on the Voting Form from the following URL. Then, follow the instructions on the screen and enter your approval or disapproval of each of the proposals.

The Portal of Shareholders’ Meeting URL

▶<https://www.soukai-portal.net/>

You can also use the voting website as before.

▶<https://www.web54.net/>

**Cautions:**

- **If you wish to change your vote after exercising your voting rights, it is necessary that you enter the “Exercise of Voting Rights code” and the “Password” on the Voting Form.**
- When you exercise your voting rights both in writing and via the Internet, etc., only the last vote received shall be accepted as valid. Also, when you exercise your voting rights more than once via the Internet, etc., only the last vote exercised shall be accepted as valid.

For inquiries:

Sumitomo Mitsui Trust Bank, Ltd.

Web Support Dedicated Dial:

Stock Transfer Agency Web-Support Department

Telephone: 0120-652-031

(Operating Hours: 9:00 a.m. to 9:00 p.m.)



### **Cautions concerning the Exercise of Voting Rights via the Internet, etc.**

When you exercise your voting rights via the Internet, etc., please make sure to exercise your voting rights by no later than June 28, 2023 (Wednesday), at 5:00 p.m. When you attend the meeting in person, it is not necessary to return the Voting Form or exercise your voting rights via the Internet, etc.

### **Handling of the Exercise of Voting Rights**

- When you exercise your voting rights more than once via the Internet, etc., only the last vote exercised shall be accepted as valid.
- When you exercise your voting rights both in writing and via the Internet, etc., only the last vote received shall be accepted as valid.  
When both votes via the Internet, etc. and in writing arrive on the same day, only the vote via the Internet, etc. shall be accepted as valid.
- When you exercise your voting rights via the Internet, etc., please make sure to exercise your voting rights by no later than 5:00 p.m. on June 28, 2023 (Wednesday).

### **Handling of Password**

- Your password is a tool used to confirm that the person who is voting is in fact the shareholder himself/herself. Please keep it safe until this Ordinary General Meeting of Shareholders has ended. Please note that we will not reply to any inquiry about passwords by telephone.
- When you enter an incorrect password more than a certain number of times, the password will be locked and become invalid. If you wish your password to be reissued, please follow the instructions on the screen.

### **For Inquiries relating to Operation Method of Computer, etc.**

- If you have any question about computer operation method, etc., relating to the exercise of voting rights on the website, please contact the following:  
Web Support Dedicated Dial:  
Stock Transfer Agency Web-Support Department  
Sumitomo Mitsui Trust Bank, Ltd.  
Telephone: 0120-652-031  
(Operating Hours: 9:00 a.m. to 9:00 p.m.)
- For other inquiries, please contact the following:
  1. Shareholders with accounts at securities companies  
Please contact the securities company where you have your account.

2. Shareholders without accounts at securities companies (those with a special account)  
Stock Transfer Agency Services, Business Center  
Sumitomo Mitsui Trust Bank, Ltd.  
Telephone: 0120-782-031  
(Operating Hours: 9:00 a.m. to 5:00 p.m. excluding Sat., Sun. and Holidays)

## ■ Reference Documents for the Ordinary General Meeting of Shareholders

### Proposals and Reference Matters

#### Proposal 1. Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire as of the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests that the shareholders elect nine (9) Directors (three (3) of them to be Outside Directors).

The candidates were determined by the Board of Directors upon receiving a report by the Personnel & Remuneration Advisory Committee on the selection of candidates. Furthermore, three (3) candidates for Outside Director fulfill the requirements for an Independent Officer prescribed by the Tokyo Stock Exchange.

The candidates for Director are as follows:

No.	Name	Current title and responsibilities at the Company	Attendance at the Board of Directors meetings
1	[Reappointment] Fumio Manoshiro	Chairman & Director	13/13 (100%)
2	[Reappointment] Toru Nozawa	President, Representative Director, President Corporate Officer	13/13 (100%)
3	[Reappointment] Masanobu Iizuka	Director, Managing Corporate Officer CEO, Opal	13/13 (100%)
4	[New appointment] Atsumi Yasunaga	Managing Corporate Officer, General Manager of Iwakuni Mill	—
5	[New appointment] Mitsuhiro Sugino	Corporate Officer, General Manager of Biomass Material Business Div.	—
6	[Reappointment] Tomoyasu Itakura	Director, Corporate Officer, General Manager of Financial Div.	13/13 (100%)
7	[Reappointment] Makoto Fujioka [Outside] [Independent Officer]	Outside Director	13/13 (100%)
8	[Reappointment] Yoko Hatta [Outside] [Independent Officer]	Outside Director	13/13 (100%)
9	[Reappointment] Yutaka Kunigo [Outside] [Independent Officer]	Outside Director	13/13 (100%)

**Candidate****No. 1**      **FUMIO MANOSHIRO** (Date of Birth: Mar. 3, 1953)      **Reappointment****No. of shares in the  
Company held**

48,438 shares

**Brief personal history, title and responsibilities**

Apr. 1975	Joined Jujo Paper Co., Ltd.
Jul. 2001	General Manager of Forestry Dept. of Raw Material & Purchasing Div. of the Company
Jun. 2004	Deputy General Manager of Raw Material & Purchasing Div. of the Company
Jun. 2006	Director, Deputy General Manager of Raw Material & Purchasing Div. of the Company
Apr. 2007	Director, General Manager of Yatsushiro Mill of the Company
Jun. 2009	Director, General Manager of Raw Material & Purchasing Div. of the Company
Jun. 2010	Managing Director, General Manager of Raw Material & Purchasing Div. of the Company
Jun. 2012	Managing Director, General Manager of Corporate Planning Div. of the Company
Apr. 2013	Director, Managing Corporate Officer, General Manager of Corporate Planning Div. and in charge of Affiliates & Subsidiaries of the Company
Jun. 2014	President, Representative Director, President Corporate Officer of the Company
Jun. 2019	<b>Chairman &amp; Director of the Company</b> (currently serving)

Tenure as a Director

17 years

Attendance at the Board of Directors meetings

13/13 (100%)

**Reasons for selecting the candidate for Director**

From the perspective expected of the Chairman of the Board of Directors, Mr. Fumio Manoshiro has supervised the management as Chairman & Director of the Company and contributed to enhancing the corporate governance of the Company Group. During his tenure as President, he has promoted strengthening of the future-oriented corporate foundation of the Company and the Company Group through reform of the business structure, reinforcement of existing businesses and early commercialization of new businesses with his strong leadership. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation, and that we can expect him to supervise the management as a Chairman of Board of Directors and drive the Company in the pursuit of further development.

**Candidate**

<b>No. 2</b>	<b>TORU NOZAWA</b> (Date of Birth: Mar. 10, 1959)	<b>Reappointment</b>
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**No. of shares in the  
Company held**

29,357 shares

**Brief personal history, title and responsibilities**

Apr. 1981	Joined Jujo Paper Co., Ltd.
Jun. 2005	General Manager of Treasurer's Dept. of Financial Div. of the Company
Feb. 2008	General Manager of Accounting & Budgeting Dept. of Financial Div. of the Company
Jun. 2009	Deputy General Manager of Financial Div. of the Company
Apr. 2013	Corporate Officer, Deputy General Manager of Financial Div. of the Company
Jun. 2014	Director, Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates & Subsidiaries of the Company
Jun. 2017	Director, Managing Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates & Subsidiaries of the Company
Jun. 2018	Director, Managing Corporate Officer, General Manager of Corporate Planning Div. and Financial Div., in charge of Affiliates & Subsidiaries of the Company
Jun. 2019	<b>President, Representative Director, President Corporate Officer of the Company</b> (currently serving)

Tenure as a Director

9 years

Attendance at the Board of Directors meetings

13/13 (100%)

**Reasons for selecting the candidate for Director**

As President and Representative Director of the Company, Mr. Toru Nozawa demonstrates strong leadership and works to contribute to raising the corporate value of the Company and the Company Group. He has accelerated the reform of the business structure toward the achievement of the 2030 Vision and Medium-Term Business Plan 2025, aggressively addressed environmental and other issues including a reduction in GHG emissions, and thereby steadily achieved strengthening of the future-oriented corporate foundation of the Company and the Company Group. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline as a top management executive who fairly and precisely executes business administration and business operation, and that we can expect a leadership of him to drive the Company in the pursuit of further growth and development with a focus on business expansion in the growth fields and early commercialization of new businesses.

**Candidate****No. 3 MASANOBU IIZUKA (Date of Birth: Jan.17, 1960) Reappointment**

<b>No. of shares in the Company held</b>	<b>Brief personal history, title and responsibilities</b>	
12,449 shares	Apr. 1984	Joined Jujo Paper Co., Ltd.
	Feb. 2006	Vice President of Daishowa-Marubeni International Ltd.
	Oct. 2011	General Manager of Production Department of Yatsushiro Mill of the Company
	Jun. 2014	Deputy General Manager of Yatsushiro Mill of the Company
	Jul. 2015	Deputy General Manager of Corporate Planning Div. and General Manager of International Business Dept. of the Company
	Jun. 2017	Corporate Officer, General Manager of Hokkaido Mill of the Company
	Jun. 2019	Director, Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates & Subsidiaries of the Company
	Jun. 2020	Director, Corporate Officer of the Company, CEO of Opal
	Jun. 2021	<b>Director, Managing Corporate Officer of the Company, CEO of Opal (currently serving)</b>

Tenure as a Director

4 years

Attendance at the Board of Directors meetings

13/13 (100%)

**Reasons for selecting the candidate for Director**

Mr. Masanobu Iizuka aggressively drives the growth strategy of the international business toward the achievement of the 2030 Vision and Medium-Term Business Plan 2025 as Director and Managing Corporate Officer of the Company and CEO of Opal, contributing to raising the corporate value of the Company and the Company Group. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation as a top executive, and that we can expect him to drive the Company in the pursuit of further development.

**Candidate****No. 4** ATSUMI YASUNAGA (Date of Birth: Jan. 18, 1960) New appointment**No. of shares in the  
Company held**

12,049 shares

**Brief personal history, title and responsibilities**

Oct. 1990	Joined Jujo Paper Co., Ltd.
Oct. 2010	General Manager of Quality Assurance Dept. of Technical & Engineering Div. of the Company
Jul. 2013	Deputy General Manager of Hokkaido Mill and General Manager of Hokkaido Mill—Asahikawa of the Company
Jun. 2016	General Manager of Kushiro Mill of the Company
Jun. 2017	Corporate Officer, General Manager of Kushiro Mill of the Company
Jun. 2019	Corporate Officer, General Manager of Ishinomaki Mill and General Manager of Iwanuma Mill of the Company
Jun. 2020	Corporate Officer, General Manager of Ishinomaki Mill of the Company
Jun. 2021	<b>Managing Corporate Officer, General Manager of Iwakuni Mill of the Company</b> (currently serving)

**Reasons for selecting the candidate for Director**

Mr. Atsumi Yasunaga works to contribute to raising the corporate value of the Company and the Company Group as Managing Corporate Officer, General Manager of Iwakuni Mill. The Company appoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant management experience and good track record as a head of mills with an excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation as a member of the management, and that we can expect him to drive the Company in the pursuit of further development.

**Candidate****No. 5** MITSUHIRO SUGINO (Date of Birth: Jul. 30, 1963) New appointment

<b>No. of shares in the Company held</b>	<b>Brief personal history, title and responsibilities</b>	
9,937 shares	Apr. 1988	Joined Sanyo-Kokusaku Pulp Co., Ltd.
	Jun. 2014	General Manager of Corporate Planning Dept. of Corporate Planning Div. of the Company
	Jun. 2015	Deputy General Manager of Corporate Planning Div. and General Manager of Corporate Planning Dept. of the Company
	Jun. 2018	Corporate Officer, Deputy General Manager of Technical & Engineering Div. and General Manager of Production Dept. of the Company
	Jun. 2019	Corporate Officer, General Manager of Technical & Engineering Div., General Manager of Production Dept. and General Manager of Energy Business Div. of the Company
	Sep. 2019	Corporate Officer, General Manager of Technical & Engineering Div. and General Manager of Energy Business Div. of the Company
	Jun. 2021	Corporate Officer, General Manager of Biomass Material Business Div. and General Manager of Business Transformation Promotion Office of the Company
	Jan. 2022	<b>Corporate Officer, General Manager of Biomass Material Business Div. of the Company</b> (currently serving)

**Reasons for selecting the candidate for Director**

Mr. Mitsuhiro Sugino aggressively drives new businesses as Corporate Officer and General Manager of Biomass Material Business Div, contributing to raising the corporate value of the Company and the Company Group. The Company appoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record in corporate planning and technical & engineering divisions with an excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.



## Candidate

No. 6 TOMOYASU ITAKURA (Date of Birth: Apr. 8, 1964) Reappointment

No. of shares in the Company held	Brief personal history, title and responsibilities	
8,611 shares	Apr. 1988	Joined Jujo Paper Co., Ltd.
	Jun. 2015	General Manager of Accounting & Budgeting Dept. of Financial Div. of the Company
	Jun. 2017	Deputy General Manager of Financial Div. and General Manager of Accounting & Budgeting Dept. of the Company
	Jun. 2018	Deputy General Manager of Financial Div. of the Company
	Jun. 2019	Corporate Officer, General Manager of Financial Div. of the Company
	Jun. 2021	<b>Director, Corporate Officer, General Manager of Financial Div. of the Company</b> (currently serving)

Tenure as a Director

2 years

Attendance at the Board of Directors meetings

13/13 (100%)

### Reasons for selecting the candidate for Director

Mr. Tomoyasu Itakura works to contribute to raising the corporate value of the Company and the Company Group as Director, Corporate Officer and General Manager of Financial Div. He has a management sense accumulated through his years of experience and track record in the accounting division at mills and elsewhere. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline to fairly and precisely execute business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

**Candidate**

No. 7 MAKOTO FUJIOKA (Date of Birth: Mar. 27, 1950) Reappointment  
Independent Officer (Outside)

**No. of shares in the Company held**

1,000 shares

**Brief personal history, title and responsibilities**

Apr. 1972	Entered the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
Jun. 1975	Studied abroad at Harvard Business School in the U.S. (acquired MBA)
Jun. 1987	Energy Conservation Minister of International Energy Agency (resided in France)
Jun. 1996	Deputy Director-General of the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
Feb. 2001	Ambassador extraordinary and plenipotentiary to the United Arab Emirates
Sep. 2003	Retired from the Ministry of Economy, Trade and Industry
Oct. 2003	Full-time adviser of Nippon Light Metal Co., Ltd.
Jun. 2004	Director, Executive Officer of the same
Jun. 2007	Director, Senior Executive Officer of the same
Oct. 2012	Director of Nippon Light Metal Holdings Co., Ltd. (in charge of CSR & Auditing Administration Dept. (thru Jun. 2015))
Jun. 2013	Director, Executive vice president, Senior executive officer of Nippon Light Metal Co., Ltd. (thru Jun. 2015)
Jul. 2015	Senior Director of Japan Association for Chemical Innovation (thru Jun. 2019)
Jun. 2016	<b>Outside Director of Eagle Industry Co., Ltd.</b> (currently serving) <b>Outside Director of NOK CORPORATION</b> (currently serving) <b>Outside Director of the Company</b> (currently serving)

Tenure as a Director

7 years

Attendance at the Board of Directors meetings

13/13 (100%)

**Status of important concurrent offices in other entities**

Outside Director of NOK CORPORATION  
Outside Director of Eagle Industry Co., Ltd.

**Reasons for selecting the candidate for Outside Director and outline of expected roles**

By using his broad knowledge and international perspective based on his experiences both in the public and private sectors, Mr. Makoto Fujioka is expected to supervise and provide advice on the execution of duties of the Company's Directors from an objective standpoint and is therefore reappointed as a candidate for Outside Director.

**Candidate**

No. 8 YOKO HATTA (Date of Birth: Jun. 8, 1952) Reappointment  
Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
0 shares	Aug. 1988	Joined Peat Marwick Main & Co. (currently KPMG LLP New York Office)
	Aug. 1997	Partner of the same Office
	Sep. 2002	Partner of KPMG Peat Marwick Tax Corporation (currently KPMG Tax Corporation) (thru Sep. 2014)
	Jun. 2008	<b>Auditor of International Christian University</b> (currently serving)
	Jun. 2015	<b>Outside Audit &amp; Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.</b> (currently serving)
	Jun. 2016	Outside Audit & Supervisory Board Member of IHI Corporation (thru Jun. 2020) Outside Audit & Supervisory Board Member of the Company (thru Jun. 2019)
	Jun. 2019	<b>Outside Director of the Company</b> (currently serving)
	Jun. 2022	<b>Outside Director of Ajinomoto Co., Inc.</b> (currently serving) <b>Director (Audit &amp; Supervisory Committee Member) (Outside) of KOEI CHEMICAL COMPANY, LIMITED</b> (currently serving)

Tenure as a Director

4 years

Attendance at the Board of Directors meetings

13/13 (100%)

**Status of important concurrent offices in other entities**

Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.

Outside Director of Ajinomoto Co., Inc.

Director (Audit & Supervisory Committee Member) (Outside) of KOEI CHEMICAL COMPANY, LIMITED

**Reasons for selecting the candidate for Outside Director and outline of expected roles**

Although Ms. Yoko Hatta does not have experience of direct involvement in actual business operation, she is expected to supervise and provide advice on the execution of duties of the Company's Directors from an objective standpoint by drawing on her significant experience with international accounting firms and deep knowledge on international tax affairs, as well as her experience of serving as Outside Audit & Supervisory Board Member of the Company, and is therefore reappointed as a candidate for Outside Director.

**Candidate**

No. 9 YUTAKA KUNIGO (Date of Birth: Nov. 17, 1954) **Reappointment**  
Independent Officer (Outside)

No. of shares in the  
Company held  
0 shares

**Brief personal history, title and responsibilities**

Apr. 1977	Joined Tokyo Gas Co., Ltd.
Apr. 2007	Executive Officer and General Manager of Gas Resources Dept. of Energy Resources Business Div. of the same
Apr. 2010	Senior Executive Officer and Chief Executive of Energy Resources Business Div. of the same
Jun. 2013	Director, Senior Executive Officer and Chief Executive of Energy Production Div. of the same
Apr. 2014	Representative Director, Executive Vice President, Chief Executive of Energy Solution Div. of the same
Apr. 2015	Representative Director, Executive Vice President and in charge of Power Business Planning Dept., Business Restructuring Project Dept., and Sales Innovation Planning Dept. of the same
Apr. 2016	Representative Director, Executive Vice President, Head of Power Business, Chief Executive of Regasification & Power Generation Div. and in charge of Power Business Planning Dept. of the same (thru Mar. 2017)
Apr. 2017	Chairman & Director of Tokyo Gas Engineering Solutions Corporation (thru Mar. 2020)
Jun. 2020	<b>Outside Director of the Company</b> (currently serving)
Mar. 2022	<b>Outside Director of ISE CHEMICALS CORPORATION</b> (currently serving)
Jun. 2022	<b>External Director of Chiyoda Corporation</b> (currently serving)

Tenure as a Director

3 years

Attendance at the Board of Directors meetings

13/13 (100%)

**Status of important concurrent offices in other entities**

Outside Director of ISE CHEMICALS CORPORATION

External Director of Chiyoda Corporation

**Reasons for selecting the candidate for Outside Director and outline of expected roles**

Mr. Yutaka Kunigo has been involved in a wide range of fields including engineering, personnel affairs, procurement, sales and international business at Tokyo Gas Co., Ltd. By using his significant experience and broad knowledge based on his experience of operating said company as a member of the management team, Mr. Yutaka Kunigo is expected to supervise and provide advice on the execution of duties of the Company's Directors from an objective standpoint and is therefore reappointed as a candidate for Outside Director.

### **Special notes on the candidates for Director**

The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure the Company's Directors, Audit & Supervisory Board Members and Corporate Officers, as well as Directors and Statutory Auditors of Nippon Paper Crexia Co., Ltd., Nippon Paper Papyrus Co., Ltd., and Nippon Tokai Industrial Paper Supply Co., Ltd. The Company plans to renew the insurance contract in August this year. If candidates for Director are appointed or reelected, they will be included in the insurance contract as insured persons. The outline of the contract is as follows.

1. The insurance covers litigation expenses and legal damages for which the insureds became liable in the event where they received a claim for damages from shareholders, business partners or other third parties due to the performance of their duties.
2. The insurance does not cover any claim for damages due to any conduct committed by insureds while knowing that the conduct is in violation of laws and regulations.
3. The premiums for the insurance contract are fully paid by the Company.

### **Special notes on the candidates for Outside Director**

1. Mr. Makoto Fujioka, Ms. Yoko Hatta and Mr. Yutaka Kunigo are candidates for Outside Director as defined in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act.
2. In determining a candidate for Outside Director, the Company judges his or her independence by considering whether the candidate fulfills the standards of independence set by the Tokyo Stock Exchange, in addition to the statutory qualifications for being described as outside as stipulated by laws and regulations, and confirming whether there are any conflicts of interest with the general shareholders of the Company.
3. In light of the aforementioned standards and qualifications, the Company judges that Mr. Makoto Fujioka, Ms. Yoko Hatta and Mr. Yutaka Kunigo have the independence required to be independent officers, and the Company has filed them as Independent Officers of the Tokyo Stock Exchange under the provisions of said Exchange. If each of them is elected as originally proposed, he or she will continue to be an Independent Officer.
4. The Company has concluded contracts with Mr. Makoto Fujioka, Ms. Yoko Hatta and Mr. Yutaka Kunigo to limit the liability for damages as prescribed in Article 423, Paragraph 1, of the Companies Act to the amount stipulated by laws and regulations, in accordance with Article 427, Paragraph 1, of said Act. If their reappointment is approved, the Company intends to extend the relevant contracts with them.

### **Special notes on Mr. Makoto Fujioka, a candidate for Outside Director**

1. Mr. Makoto Fujioka had served as Director of Nippon Light Metal Co., Ltd. through June 2015. Although the Company has purchase transactions related to raw materials with Nippon Light Metal Co., Ltd., the amount of the transactions is negligible (the amount of the Company's purchases from Nippon Light Metal Co., Ltd. is less than 1% of the net sales of Nippon Light Metal Co., Ltd.).
2. Mr. Makoto Fujioka had served as Senior Director of Japan Association for Chemical Innovation through June 2019. Although the Company pays membership fees to said association, the amount of the fees is negligible (less than 1 million yen per year).
3. Mr. Makoto Fujioka currently serves as Outside Director of Eagle Industry Co., Ltd. Although the Company has purchase transactions related to equipment with Eagle Industry Co., Ltd., the amount of transactions is negligible (the amount of the Company's purchases from Eagle Industry Co., Ltd. is less than 1% of the net sales of Eagle Industry Co., Ltd.).

### **Special notes on Ms. Yoko Hatta, a candidate for Outside Director**

1. Ms. Yoko Hatta served as Outside Audit & Supervisory Board Member of IHI Corporation through June 2020. Although the Company has purchase transactions related to facilities with IHI Corporation, the amount of the transactions is negligible (the amount of the Company's purchases from IHI Corporation is less than 1% of the net sales of IHI Corporation).
2. Ms. Yoko Hatta served as Outside Audit & Supervisory Board Member of IHI Corporation through June 2020. In January 2019, it was discovered that inappropriate work had been performed in the

commercial aircraft engine maintenance business of the company. To address the incident, the company received an order to conduct repairs by authorized method pursuant to the Aircraft Manufacturing Industry Act from the Ministry of Economy, Trade and Industry in March 2019, and also received an operation improvement order in accordance with the Civil Aeronautics Act from the Ministry of Land, Infrastructure, Transport and Tourism in April 2019. Ms. Hatta had made proposals about the importance of legal compliance and internal control based on her wealth of experience and deep insight prior to the discovery of the fact, and after the event came to light, she has received reports on the progress in the investigation of the fact, ascertained the status and performed her duties, including the recommendation to immediately investigate the impact on safety, take appropriate recurrence preventive measures, and further strengthen and ensure compliance.

3. Ms. Yoko Hatta is currently serving as Outside Director of Ajinomoto Co., Inc. Although the Company has sales transactions of processed paper products and other products with Ajinomoto Co., Inc., the amount of the transactions is negligible (the amount of sales is less than 1% of the net sales of the Company).

**Special notes on Mr. Yutaka Kunigo, a candidate for Outside Director**

Mr. Yutaka Kunigo had served as Director of Tokyo Gas Co., Ltd. through March 2017. Although the Company has purchase transactions of fuels with Tokyo Gas Co., Ltd., the amount of the transactions is negligible (the amount of the Company's purchases from Tokyo Gas Co., Ltd. is less than 1% of the net sales of Tokyo Gas Co., Ltd.).

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Notes:

1. Candidate Masanobu Iizuka is scheduled to retire as CEO of Opal and assume the office of President of Nippon Tokai Industrial Paper Supply Co., Ltd. on June 20, 2023.
2. Candidate Atsumi Yasunaga is scheduled to assume the office of President of Nippon Paper Creca Co., Ltd. on June 21, 2023.
3. There are no special conflicts of interest between each of the candidates and the Company.
4. The number of shares in the Company held by each candidate includes the number of shares held through the Nippon Paper Officers Share Ownership.
5. The attendance at meetings of the Board of Directors represents the status of attendance in office in the fiscal year ended March 31, 2023.
6. Jujo Paper Co., Ltd., stated in the section of brief personal history, changed its trade name to Nippon Paper Industries Co., Ltd., as of April 1, 1993.
7. Sanyo-Kokusaku Pulp Co., Ltd., stated in the section of brief personal history, merged with the Company as of April 1, 1993.
8. Hokkaido Mill, stated in the section of brief personal history, was split into Asahikawa Mill and Shiraio Mill as of June 25, 2020.
9. Kushiro Mill, stated in the section of brief personal history, was abolished on October 1, 2021 and the Technical & Engineering Div. & Energy Business Div. Kushiro Mill was established.

[Reference: Skill Matrix of the Candidates for Director]

Positions	Name	Corporate management	ESG/ Sustainability	Finance/ Accounting	Human resource/ Labor	Risk management/ Governance	Technology/ R&D	Sales	Purchase/ Procurement	Internationality
Chairman & Director	Fumio Manoshiro	○	○		○				○	
President, Representative Director	Toru Nozawa	○	○	○		○				
Executive Vice President, Representative Director,	Masanobu Iizuka	○			○		○			○
Director	Atsumi Yasunaga	○			○		○			
Director	Mitsuhiro Sugino						○	○		○
Director	Tomoyasu Itakura	○		○		○				
Outside Director	Makoto Fujioka	○	○			○				
Outside Director	Yoko Hatta			○		○				○
Outside Director	Yutaka Kunigo	○	○						○	

(Note) The above list does not represent all the knowledge and experience held by each candidate.

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

## Proposal 2. Election of Two (2) Audit & Supervisory Board Members

Audit & Supervisory Board Members Kazunari Tatsu and Nanako Aono will expire as of the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests that the shareholders elect two (2) Audit & Supervisory Board Members (one (1) of them to be Outside Audit & Supervisory Board Member).

The candidates were determined by the Board of Directors upon receiving a report by the Personnel & Remuneration Advisory Committee on the selection of candidates.

The candidates for Audit & Supervisory Board Members are as follows:

This proposal has already received the consent of the Audit & Supervisory Board.

### Candidate

No. 1	KAZUNARI TATSU (Date of Birth: Apr. 28, 1960)	Reappointment
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### No. of shares in the Company held

8,119 shares

### Brief personal history, title and responsibilities

Apr. 1983	Joined Jujo Paper Co., Ltd.
Jun. 2013	General Manager of Treasurer's Dept., Financial Div. of the Company
Jun. 2015	Deputy General Manager of Financial Div. and General Manager of Treasurer's Dept. of the Company
Jun. 2017	Deputy General Manager of Corporate Planning Div. and General Manager of Subsidiaries and Affiliated Companies Dept. of the Company
Jun. 2019	Statutory Auditor of NP Trading Co., Ltd. (thru Jun. 2021)
Jun. 2021	Audit & Supervisory Board Member of the Company
	<b>Statutory Auditor of Nippon Paper Crecia Co., Ltd.</b> (currently serving)
	<b>Standing Audit &amp; Supervisory Board Member of the Company</b> (currently serving)

Tenure as a Director

4 years

Attendance at the Board of Directors meetings

13/13 (100%)

Attendance at the Audit & Supervisory Board meetings

14/14 (100%)

### Status of important concurrent offices in other entities

Statutory Auditor of Nippon Paper Crecia Co., Ltd.

### Reasons for selecting the candidate for Audit & Supervisory Board Member

The Company reappoints Mr. Kazunari Tatsu as a candidate for Standing Audit & Supervisory Board Member based on its judgment that he, as Audit & Supervisory Board Member of the Company, has an excellent personality and insights that contribute to an increase in soundness and transparency of management by auditing the Directors' execution of duties from a fair and objective standpoint, with many years of experience and good track record in the Company Group and his abundant knowledge regarding business administration and business operation.



**Candidate**

No. 2 NANAKO AONO (Date of Birth: Jan. 15, 1962) Reappointment  
Independent Officer (Outside)

No. of shares in the  
Company held  
0 shares

**Brief personal history, title and responsibilities**

Apr. 1984	Joined The Nikko Securities Co., Ltd (currently SMBC Nikko Securities Inc.)
Nov. 1995	Joined Chuo Aoyama Audit Corporation
Jul. 2002	Joined BUSICOM Co., Ltd. (currently OAG BUSICOM Co., Ltd.)
Mar. 2005	Director of OAG BUSICOM Co., Ltd.
Jun. 2008	Outside Audit & Supervisory Board Member of DUSKIN CO., LTD. (until June 2016)
May 2010	<b>Representative Director and President of GEN Co., Ltd.</b> (currently serving)
Jun. 2017	<b>Outside Audit &amp; Supervisory Board Member of MISUMI Group Inc.</b> (currently serving)
Jun. 2019	<b>Outside Audit &amp; Supervisory Board Member of the Company</b> (currently serving)
Mar. 2020	Outside Director of OPTEX GROUP Company, Limited (thru Mar. 2023)
Mar. 2021	Outside Corporate Auditor of MEIKO NETWORK JAPAN CO., LTD. (thru Nov. 2022)
Nov. 2022	<b>Outside Director (Audit and Supervisory Committee Member) of MEIKO NETWORK JAPAN CO., LTD.</b> (currently serving)

Tenure as a Director

4 years

Attendance at the Board of Directors meetings

13/13 (100%)

Attendance at the Audit & Supervisory Board meetings

14/14 (100%)

**Status of important concurrent offices in other entities**

Representative Director and President of GEN Co., Ltd.  
Outside Corporate Auditor of MISUMI Group Inc.  
Outside Director (Audit and Supervisory Committee Member) of MEIKO NETWORK JAPAN CO., LTD.

**Reasons for selecting the candidate for Outside Audit & Supervisory Board Member**

The Company reappoints Ms. Nanako Aono as a candidate for Outside Audit & Supervisory Board Member in expectation that she can contribute to an increase in soundness and transparency of management by auditing the Directors' execution of duties from a neutral and objective standpoint, drawing on her experience of serving as director and auditor at private sector in a wide range of industries and deep insight she cultivated as a certified public accountant.

### **Special notes on the candidates for Audit & Supervisory Board Members**

The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure the Company's Directors, Audit & Supervisory Board Members and Corporate Officers, as well as Directors and Statutory Auditors of Nippon Paper Creca Co., Ltd., Nippon Paper Papyrus Co., Ltd., and Nippon Tokai Industrial Paper Supply Co., Ltd. The Company plans to renew the insurance contract in August this year. If candidates for Audit & Supervisory Board Member are reelected, they will be included in the insurance contract as insured persons. The outline of the contract is as follows.

1. The insurance covers litigation expenses and legal damages for which the insureds became liable in the event where they received a claim for damages from shareholders, business partners or other third parties due to the performance of their duties.
2. The insurance does not cover any claim for damages due to any conduct committed by insureds while knowing that the conduct is in violation of laws and regulations.
3. The premiums for the insurance contract are fully paid by the Company.

### **Special notes on the candidate for Outside Audit & Supervisory Board Member**

1. Ms. Nanako Aono is a candidate for Outside Audit & Supervisory Board Member as defined in Article 2, Paragraph 3, Item 8, of the Ordinance for Enforcement of the Companies Act.
2. In determining a candidate for Outside Audit & Supervisory Board Member, the Company judges his or her independence by considering whether the candidate fulfills the standards of independence set by the Tokyo Stock Exchange, in addition to the statutory qualifications for being described as outside as stipulated by laws and regulations, and confirming whether there are any conflicts of interest with the general shareholders of the Company.
3. In light of the aforementioned standards and qualifications, the Company judges that Ms. Nanako Aono has the independence required to be an independent officer, and the Company has filed her as Independent Officer of the Tokyo Stock Exchange under the provisions of said Exchange. If Ms. Nanako Aono is elected as originally proposed, she will continue to be an Independent Officer.
4. The Company has concluded contracts with Ms. Nanako Aono to limit the liability for damages as prescribed in Article 423, Paragraph 1, of the Companies Act to the amount stipulated by laws and regulations, in accordance with Article 427, Paragraph 1, of said Act. If her reappointment is approved, the Company intends to extend the relevant contracts with her.
5. Ms. Nanako Aono currently serves as Outside Audit & Supervisory Board Member of MISUMI Group Inc. Although the Company has purchase transactions related to equipment with MISUMI Group Inc., the amount of transactions is negligible (the amount of the Company's purchases from MISUMI Group Inc. is less than 1% of the net sales of MISUMI Group Inc.).

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#### Notes:

1. There are no special conflicts of interest between each of the candidates and the Company.
2. The number of shares in the Company held by each candidate includes the number of shares held through the Nippon Paper Officers Share Ownership.
3. The attendance at meetings of the Board of Directors and the Audit & Supervisory Board represents the status of attendance in office in the fiscal year ended March 31, 2023.
4. Jujo Paper Co., Ltd., stated in the section of brief personal history, changed its trade name to Nippon Paper Industries Co., Ltd., as of April 1, 1993.

(Attachment)

## **Business Report (From April 1, 2022, through March 31, 2023)**

### **I. Status of the Company Group (a corporate group)**

#### 1. Business Progress and Results

The Japanese economy in the current fiscal year is seeing a gradual recovery, as restrictions of movement due to COVID-19 have been relaxed. The outlook still remains uncertain due to factors including a trend of raw material and fuel prices and concern about a possible global recession caused by monetary tightening in countries in Europe and the U.S.

Against this backdrop, during the current fiscal year, the Company stopped the operation of N6 paper machines in Ishinomaki Mill as planned for responding to decreasing demand of graphic papers. In addition, the Company stopped the operation of N1 paper machines in Akita Mill in March 2023 ahead of schedule for reorganizing the production system of graphic papers, expecting that future demand will decline.

As to the consolidated performance, net sales increased from the previous term thanks to increased net sales mainly in the Livelihood-related Business and a contribution from price revisions of various products undertaken from the previous term.

On the other hand, due to soaring raw material and fuel prices and the impact of weaker yen which significantly offset the effects of such increased revenue, the Company recorded operating loss for the current fiscal year. However, thanks to cost-cutting through a reduction in coal consumption and price revisions, operating loss bottomed out in the third quarter and the amount of loss significantly improved in the fourth quarter.

Also, loss attributable to owners of parent increased, since the Company recorded 19,705 million yen in extraordinary loss mainly due to impairment loss of non-current assets related to withdrawal by Opal from the graphic paper business.

The results are as shown below.

Net Sales	1,152,645 million yen (increase of 10.3% Y o Y)	Operating Loss	26,855 million yen
Ordinary Loss	24,530 million yen	Loss Attributable to Owners of Parent	50,406 million yen

Principal Businesses (As of March 31, 2023)

	Principal Products
Paper and Paperboard Business	Paper, paperboard, pulp, paper making materials
Livelihood-related Business	Household tissue, processed paper products, chemical products
Energy Business	Electric power
Lumber, Construction Materials, Civil Engineering and Construction-Related Business	Lumber, construction materials, civil engineering and construction
Other Business	Logistics, leisure, other

## Net Sales and Operating Income of Each Business Segment

Business Segment	Net Sales			Operating Income (Loss)		
	Current Fiscal year (million yen)	Comparison with the Previous Term		Current Fiscal year (million yen)	Comparison with the Previous Term	
		Change in Amount (million yen)	% of Change (%)		Change in Amount (million yen)	% of Change (%)
Paper and Paperboard Business	563,246	31,149	5.9	−29,221	−23,645	−
Livelihood-related Business	440,059	53,593	13.9	−7,818	−12,589	−
Energy Business	49,908	18,095	56.9	−1,734	−3,320	−
Lumber, Construction Materials, Civil Engineering and Construction Related Business	68,896	4,378	6.8	8,894	1,281	16.8
Other Business	30,534	342	1.1	2,488	371	17.5
Total	1,152,645	107,559	10.3	−27,391	−37,903	−
Adjustment	−	−	−	536	−1,042	−
Consolidated total	1,152,645	107,559	10.3	−26,855	−38,945	−

(Notes) 1. Adjustment is an elimination of inter-segment transactions.

2. Figures rounded down to nearest million yen.

The status of each business segment is as follows:

#### **Paper and Paperboard Business**

Net Sales: 563,246 million yen (increase of 5.9% Y o Y)

Domestic sales volume of newspapers fell below that of the previous term as a result of continued decline of circulation of newspapers. Domestic sales volume of printing and communication paper fell below that of the previous term as a result of overall weak demand. Domestic sales volume of paperboard products fell slightly below that of the previous term as a result of weak demand for automobiles and industrial products, despite the solid demand for beverages.

On the other hand, net sales exceeded those of the previous term due to a contribution from price revisions of products undertaken from the previous fiscal year.

#### **Livelihood-related Business**

Net Sales: 440,059 million yen (increase of 13.9% Y o Y)

In the household tissues business, sales volume slightly exceeded that of the previous term due to a recovery of demand for accommodations following the relaxation of movement restrictions, in addition to strong sales of long roll toilet paper and paper towels.

As to liquid-packaging carton, amid weak demand due to rising awareness of defensive spending caused by overall food price inflation, sales volume exceeded that of the previous term thanks to wider adoption of School POP® used for school lunch milk and expanded sales due to sales of filling machines.

Net sales of dissolving pulp (DP) exceeded those of the previous term as a result of firm demand and a contribution from price revisions of products.

As to overseas operations, net sales exceeded those of the previous term, due to a contribution from price revisions of products and the impact of weaker yen.

#### **Energy Business**

Net Sales: 49,908 million yen (increase of 56.9% Y o Y)

Net sales of the energy business exceeded those of the previous term thanks to commencement of commercial operation of biomass mono-fuel combustion power generator of Yufutsu Energy Center, LLC in February 2023, in addition to a rise in electricity rates caused by soaring raw material and fuel prices.

## Lumber, Construction Material, Civil Engineering and Construction-Related Business

Net Sales: 68,896 million yen (increase of 6.8% Y o Y)

As to the lumber and construction material business, net sales exceeded those of the previous term due to expanded sales of fuel chips for biomass generation and other products, in addition to steady product pricing, though the number of new housing construction projects was slightly lower than that of the previous term and global supply shortage of lumber continued from two years ago is about to peak out.

## Other Business

Net Sales: 30,534 million yen (increase of 1.1% Y o Y)

As to the consolidated results of the other business segment, the net sales increased by 342 million yen from the previous term to 30,534 million yen and operating income increased by 371 million yen from the previous term to 2,488 million yen.

## 2. Status of Capital Investment

The amount of capital investment of the Company Group during the current fiscal year reached a total of 85,900 million yen. The major capital investments were installation of facilities for increased production of household tissues and new installation and conversion of facilities of the energy business in Japan and construction of a new corrugated board mill overseas.

## 3. Status of Financing Activities

The Company Group procured funds through borrowings from financial institutions and issuance of commercial papers, etc.

## 4. Issues to be addressed

### ① Toward achieving the Medium-Term Business Plan 2025 (FY2021 – FY2025)

The global economy during FY2022 was significantly unstable due to soaring raw material and fuel prices including coal and inflation caused by the impact of Russia's invasion of Ukraine and other factors. For FY2023, recessions are expected mainly in Europe and the U.S. and we should continue to carefully watch the fluctuation risk of raw material and fuel prices. As to the domestic economy, although it is feared that rapidly

rising prices may affect consumer spending, positive effects are also expected to come from normalization of economic activities and a recovery of inbound demand.

Amid such a drastic change in the business environment, the Company Group promoted reduction in coal consumption, fuel conversion, and energy saving as measures against soaring raw material and fuel prices. As a result, coal consumption for FY2022 reduced by more than 20% versus that of FY2021, leading to a significant improvement in profitability. In addition, for increased costs which were not absorbed by our own efforts only, we revised prices of a broad range of products across the Group to recover profitability, obtaining understanding from customers. Also in the future, we will maintain appropriate prices and advance transformation of the business structure, ensuring investments effects in growth areas and thus achieve the goals of the Medium-Term Business Plan 2025.

Priority issues toward achieving our goals for the current fiscal year are to “strengthen profitability of growth areas,” “reorganize the graphic paper business in Japan and overseas,” and “accelerate reductions in GHG emissions.” The current fiscal year is the halfway point of the Medium-Term Business Plan 2025 and we will address each of the priority issues with a sense of speed. We will improve profitability through the effects of investments made to date in growth areas such as packaging, household paper, and chemicals. Also, Opal decided to withdraw from the graphic paper business. Going forward, it aims to increase profitability as an integrated package supplier, centering on the corrugated board business which is expected to grow. As for the graphic paper business in Japan, we will reduce production capacity by, for example, stopping the operation of the N1 paper machine at Akita Mill and improving efficiency to enhance our competitiveness. Meanwhile, as to reductions in GHG emissions, linking with improvements in profitability and reorganization of the production structure, we will further reduce coal consumption and promote fuel conversion and energy saving aggressively and set higher reduction targets.

In addition to the above priority issues, we will also speed up our responses to important management issues such as early development of new businesses, 2024 problem of logistics, and maximum utilization of human resources and strive toward the achievement of the goals of the Medium-Term Business Plan 2025.



## ② Accelerate transformation of business structure

### (a) Packaging

The liquid-packaging carton business achieved sales growth in Japan due to sales expansion of differentiated products. The straw-less paper containers for school catering, “School POP®,” which is highly assessed for its environmental performance and educational effect, are increasingly adopted and more than 200 municipalities in 15 prefectures are expected to adopt it in the current fiscal year. In the overseas market where growth can be expected, toward expanding sales of liquid-packaging cartons in the Oceanian region, we have established sales subsidiaries for liquid-packaging cartons and filling machines in Australia. We will grow the business by promoting cooperation with Elopak and Shikoku Kakoki Co., Ltd. across the entire Asia Pacific region. Nippon Dynawave Packaging Company, LLC in North America plans to expand sales of high value-added products through cooperation with the paper pack business in Japan, while securing stable profits through stable operation, cost reductions, and investment effects.

Opal has decided to withdraw from the graphic paper business, because supply of eucalyptus wood which is the main ingredient has been suspended. It plans to complete optimization of the production system at the Maryvale Mill in early current fiscal year and going forward, focus on the packaging business of which demand is expected to increase. We aim to return to the black during the second half of the current fiscal year by further strengthening our integrated structure from base paper to products through operation of a corrugated board mill that is under construction in Victoria, Australia.

### (b) Household paper and healthcare

Nippon Paper Crecia will establish a new production facility for household paper products in Crecia-Kasuga Co., Ltd. and the Company’s Ishinomaki Mill toward business expansion. Operation of the new facilities is scheduled to begin in August this year and May 2024, respectively. Capturing inbound demand which is expected to recover in the future, we will enhance our brand power through such initiatives as differentiating our various product lineup including “long-lasting rolls,” strengthening advertising activities, and creating our new corporate logo, aiming to offer products chosen by customers. At the same time, we will strive to improve profitability with thorough cost reduction measures

such as expanding the inter-group procurement of pulp and promoting energy-saving.

(c) Chemical and new materials

In the chemical business, we have been arranging the production system through appropriate capital investments to expand export. In addition, for responding to expansion of the lithium-ion battery (LiB) market worldwide, we have established a production and sales subsidiary for CMC for LiB in Hungary. The new mill is scheduled to commence operation in December 2024 and our supply chain will be strengthened with a two mill structure along with the Gotsu Mill.

Sales of CNF “CELLENPIA®” is steadily expanding. The adoption for food and cosmetics uses has significantly increased and entry into overseas markets is underway. For industrial uses, we started to consider application development of CNF-reinforced resin, jointly with Yamaha Motor Co., Ltd. As to other new material businesses, we plan to start efforts in western Japan for highly digestible cellulose for cattle “Genki Morimori®” of which adoption is increasing in the eastern Japan. In addition, regarding the bioethanol business which utilizes domestically grown wood, looking ahead to application to sustainable aviation fuel, we have started joint consideration with SUMITOMO CORPORATION and Green Earth Institute Co., Ltd.

We will continue to develop new materials and new products utilizing wood-derived cellulose to provide products that contribute to a circulation-oriented society.

(d) Energy and Wood

Yufutsu Energy Center, a biomass mono-fuel combustion power generator with the largest output in the nation boasting a power generation capacity of 75MW, commenced commercial operation in February this year. At Nippon Paper Ishinomaki Energy Center Ltd., conversion to increase the biomass cofiring ratio is underway and scheduled to complete in November this year. Through these initiatives, we will increase capacity for supply of renewable energy and strengthen our revenue base. Also, we will expand our fuel supply business by taking advantage of the Company Group’s domestic lumber procurement network and overseas biomass fuels procurement function.

(e) Paper and paperboard

As a part of reorganization of our production system of the domestic graphic paper business, we decided to stop the operations of the N1 paper machine in Akita Mill and No. 3 and No. 5 paper machines in Nippon Paper Papyrus Harada Mill. Demand for graphic papers such as newspapers, printing, and communication paper is expected to continue declining, so we will work on reorganizing our production system and further reducing costs in order to improve profitability. On the other hand, demand for products used for packaging as typified by corrugated board base paper and paper container base paper is expected to remain steady, due to a recovery of inbound demand and a plastic-free trend from an environmental aspect. We will make efforts to capture such demand in and outside Japan without fail.

③ Promote sustainability management

The Company Group will promote sustainability management that pursues both sustainability in society and environment as well as corporate growth.

(a) Green House gas reduction

The Company Group has aggressively promoted reduction in coal consumption, fuel conversion, and energy saving toward “GHG emissions: 45% reduction (compared to FY2013 level)” stated in the 2030 Vision. We are confident about achievement of the initial target through these efforts and after considering additional measures including reorganization of our production system, we see a clear path toward further GHG reductions. Therefore, we revised the FY2030 target of GHG emissions reductions to 54% (compared to FY2013 level). As demand in society for GHG emissions reductions is expected to continue growing, we will conduct consideration with a sense of speed for further reducing GHG emissions, linking with reorganization of the production system of the domestic graphic paper business. Toward the realization of carbon neutrality in 2050, we will contribute to realizing a circulation-oriented society by proactively introducing new decarbonizing technologies.

(b) Green strategy

Maximizing the value of forests and expanding products utilizing wood resources, we aim for both a circulation-oriented society and to strengthen our business foundation. We will enhance CO<sub>2</sub> fixation efficiency by improving the productivity of forests, using breeding, proliferation, and planting, technologies which the Company has developed over many years. In addition, for elite trees of Japanese cedar, Japanese cypress, etc. which have less pollen dispersal and grow faster with higher productivity, we will expand the seedlings business. Promoting reforestation through cooperation with governments and municipalities after tree felling, we will contribute to revitalizing the domestic forestry industry and solving the pollinosis issue. Meanwhile, as to company-owned forests in Japan, we will continue to make efforts to demonstrate public interest functions such as preservation of biodiversity and water resources through appropriate control and maintenance.

As to carbon credits derived from forests' ability to absorb and fix CO<sub>2</sub>, we will generate credits in cooperation with local municipalities and other forest-owning companies, carefully watching trends of governmental policies such as amendments to the nation's certification system called the J-Credit Scheme.

(c) Product recycling

For difficult-to-recycle used paper which had been disposed of or incinerated, we have been building a recycling chain and expanding recycling through our technologies and facilities. We have enabled recycling of release paper, which had been difficult with traditional technologies, by optimizing the operation. In addition, for unused used paper products for food and beverages such as paper cups and paper packs, we have installed a dedicated recycling facility at the Fuji Mill last year and started the operation. In recent years, an increasing number of customers want to recycle those paper containers. The Company has started the collection and recycling of paper cups used on flights in cooperation with Japan Airlines Co., Ltd. and thus is expanding collection of paper cups from supporting companies. In the future, we will collect a wider range of paper to respond to social demand and establish a new style of business together with supporting companies.

(d) Full utilization of human resources

“Instill pride in employees” is one of the requirements of the Vision under the Nippon Paper Group Mission. For this requirement, it is essential to increase employees’ engagement with the purpose of “growth of both employees and the company.”

Toward realizing this, the Company will take various measures with three pillars of our human resource strategy: “development of human resources aggressively tackling changes (development);” “utilization of human resources based on their skills and career plans (deployment);” and “introduction of treatment and systems satisfying employees’ needs (recruiting and retaining).”

As to the financial aspect, we will make sales of stocks held for strategic purposes and idle assets in a proactive manner and proceed with investments by carefully selecting the investments necessary to accelerate the transformation of our business structure while giving due consideration to financial discipline.

## 5. Changes of Assets and Profit/Loss Status

Category	96th Term (Ended March 2020)	97th Term (Ended March 2021)	98th Term (Ended March 2022)	99th Term (Current) (Ended March 2022)
Net sales (million yen)	1,043,912	1,007,339	1,045,086	1,152,645
Operating income (loss) (million yen)	35,048	19,233	12,090	(26,855)
Ordinary income (loss) (million yen)	30,524	12,276	14,490	(24,530)
Profit (loss) attributable to owners of parent (million yen)	14,212	3,196	1,990	(50,406)
Basic earnings (loss) per share (Yen)	122.89	27.67	17.23	(436.28)
Total assets (million yen)	1,363,469	1,547,326	1,639,286	1,666,542
ROE (Return on equity) (%)	3.7	0.8	0.5	(12.3)
ROA (Return on assets) (%)	2.7	1.3	1.3	(1.0)

- (Notes)
- Figures rounded down to nearest million yen.
  - ROE (Return on Equity) and ROA (Return on assets) were calculated using the following formula.  

$$\text{ROE (Return on Equity)} = \text{Profit attributable to owners of parent} / \text{average of the balance at the beginning of the term and the balance at the term-end of Shareholders' equity and Accumulated other comprehensive income}$$

$$\text{ROA (Return on assets)} = (\text{Ordinary income} + \text{Interest expense}) / \text{Total assets at the term-end}$$
  - The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the 98th fiscal period. The figures for the 98th and subsequent fiscal period are those after the application of the relevant accounting standards.

6. Status of Principal Subsidiaries, etc. (As of March 31, 2023)

(1) Status of Principal Subsidiaries

Company Name	Capital	The Company's voting rights ratio	Principal business operation
[Paper and paperboard business]		%	
Nippon Paper Papyrus Co., Ltd.	Million yen 3,949	100.0	Manufacture and sales of specialty paper
NP Trading Co., Ltd.	1,000	100.0	Sales of paper, pulp and chemicals
Nippon Tokai Industrial Paper Supply Co., Ltd.	350	65.0	Sales of paper and paperboard
[Livelihood-related business]			
Nippon Paper Crexia Co., Ltd.	Million yen 3,067	100.0	Manufacture and sales of household tissues
Opal	(1,000 AUD) 2,462,280	100.0	Manufacture and sales of base paper for cardboard, cardboard box, paper containers for general use and heavy-duty sack and paper bags; sales of packaging material and materials for industrial use
Nippon Dynawave Packaging Company LLC	(1,000 USD) 200,000	100.0	Manufacture, processing and sales of base paper for paper containers of liquid including soft drink and milk, and base paper for cup containers, etc., manufacture and sales of pulp
[Energy Business]			
Nippon Paper Ishinomaki Energy Center Ltd.	Million yen 6,000	70.0	Wholesale supply and sale of electricity
[Lumber, Construction Materials, Civil Engineering and Construction-Related Business]			
Nippon Paper Lumber Co., Ltd.	Million yen 440	100.0	Sales of lumber and sawed lumber

Company Name	Capital	The Company's voting rights ratio	Principal business operation
[Others]			
Nippon Paper Logistics Co., Ltd.	Million yen 70	100.0	Warehouse, transport, and freight shipment

- (Notes)
1. Figures rounded down to nearest million yen, nearest thousand Australian dollars and nearest thousand U.S. dollars.
  2. Nippon Paper Ishinomaki Energy Center Ltd. was newly included in principal subsidiaries due to the increased scale of the business.

(2) Status of Business Combinations

The number of consolidated subsidiaries for the current term is 55 companies and the number of equity method affiliates is 12 companies.



## 7. Primary Sales Offices and Mills (As of March 31, 2023)

Domestic	<p>Nippon Paper Industries Co., Ltd.: Head Office (Chiyoda-ku, Tokyo)  Sales Bases: Head Office, 5 sales branch offices and others  Production Bases:  Asahikawa Mill (Asahikawa-shi, Hokkaido), Shiraoi Mill (Shiraoi-cho, Hokkaido), Akita Mill (Akita-shi, Akita) Ishinomaki Mill (Ishinomaki-shi, Miyagi), Iwanuma Mill (Iwanuma-shi, Miyagi), Nakoso Mill (Iwaki-shi, Fukushima), Ashikaga Mill (Ashikaga-shi, Tochigi), Soka Mill (Soka-shi, Saitama), Fuji Mill (Fuji-shi, Shizuoka), Gotsu Mill (Gotsu-shi, Shimane), Otake Mill (Otake-shi, Hiroshima), Iwakuni Mill (Iwakuni-shi, Yamaguchi), Yatsushiro Mill (Yatsushiro-shi, Kumamoto), Kushiro Mill (Kushiro-shi, Hokkaido), Higashimatsuyama Mill (Higashimatsuyama-shi, Saitama)  Nippon Paper Liquid Package Product Co., Ltd.  Egawa Mill (Gokamachi, Ibaraki), Miki Mill (Miki-shi, Hyogo), Ishioka Mill (Ishioka-shi, Ibaraki)  Laboratories: Research Laboratory (Kita-ku, Tokyo), Packaging Research Laboratory (Kita-ku, Tokyo), Fuji Innovative Materials Research Laboratory (Fuji-shi, Shizuoka), Chemical Products Research Laboratory (Iwakuni-shi, Yamaguchi), Functional Materials Development Laboratory (Higashimatsuyama-shi, Saitama)</p>
	<p>Nippon Paper Papyrus Co., Ltd.: Head Office (Chiyoda-ku, Tokyo)  Sales bases: Head Office, 1 branch office  Production Bases:  Harada Mill (Fuji-shi, Shizuoka), Suita Mill (Suita-shi, Osaka), Kochi Mill (Ino-cho, Kochi)</p>
	<p>Nippon Paper Crecia Co., Ltd.: Head Office (Chiyoda-ku, Tokyo)  Sales bases: Head Office, 9 sales branch offices  Production Bases:  Tokyo Mill (Soka-shi, Saitama), Kaisei Mill (Kaisei-cho, Kanagawa), Koyo Mill (Fuji-shi, Shizuoka), Kyoto Mill (Fukuchiyama-shi, Kyoto)</p>
Overseas	Opal (Australia, New Zealand)
	Nippon Dynawave Packaging Company LLC (U.S.)

(Notes) Kanto Mill of Nippon Paper Industries Co., Ltd. was divided into Ashikaga Mill and Soka Mill as of June 29, 2022.

#### 8. Status of Employees (As of March 31, 2023)

Names by Business Segment	Number of employees	Comparison with the end of previous term
Paper and paperboard business	5,286	-195
Livelihood-related business	7,342	-22
Energy business	92	+8
Lumber, Construction Materials, Civil Engineering and Construction-Related Business	1,526	+82
Other Business	1,540	-33
All Companies (Cross-organization)	173	-10
Total	15,959	-170

(Notes) 1. Number of employees means the number of personnel who are actually working.

2. "All Companies (Cross-organization)" indicates employees who belong to the administrative department and cannot be classified by specific business segment.

#### 9. Status of Main Lenders (As of March 31, 2023)

Creditor	Balance of Borrowings
Mizuho Bank Ltd.	117,711 million yen
The Norinchukin Bank	66,309 million yen
Sumitomo Mitsui Banking Corporation	65,958 million yen
Japan Bank for International Cooperation	55,443 million yen
Development Bank of Japan, Inc.	44,500 million yen
Meiji Yasuda Life Insurance Company	28,500 million yen
Nippon Life Insurance Company	27,000 million yen
The Shizuoka Bank, Ltd	26,070 million yen
Sumitomo Mitsui Trust Bank, Ltd.	24,020 million yen
Mizuho Trust & Banking Co., Ltd.	23,500 million yen

(Notes) 1. In addition to the above, the Company procured syndicated loan which amounts to 168,615 million yen.

2. Figures rounded down to nearest million yen.

## II. Shares of the Company (As of March 31, 2023)

1. Total number of authorized shares      300,000,000 shares
2. Total number of issued shares            116,254,892 shares  
(including 367,645 treasury shares)
3. Number of shareholders                    173,808

### 4. Major shareholders (Top 10)

Name	Number of shares held	Percentage of shares held
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,953,800	13.77%
Custody Bank of Japan, Ltd. (Trust Account)	8,864,700	7.65%
Nippon Paper Industries Co., Ltd. Employee Share Ownership	3,229,329	2.79%
Nippon Life Insurance Company	2,473,165	2.13%
Nippon Paper Industries Co., Ltd. Business Partners Share Ownership	2,399,100	2.07%
TAIJU LIFE INSURANCE COMPANY LIMITED	2,258,900	1.95%
Mizuho Bank Ltd.	2,000,000	1.73%
DFA INTL SMALL CAP VALUE PORTFOLIO	1,844,846	1.59%
The Norinchukin Bank	1,700,065	1.47%
State Street Bank West Client Treaty 505234	1,552,500	1.34%

(Note) Percentage of shares held is calculated excluding the 367,645 treasury shares.

### 5. Status of shares granted to officers and directors during the current fiscal year as consideration for performance of duties

	Number of shares	No. of persons granted shares
Directors (excluding Outside Directors)	4,000 shares	1 person

(Note) The above states matters regarding shares granted to retired Director (excluding Outside Director) through the Board Benefit Trust.

### III. Officers and Directors of the Company

#### 1. Directors and Audit & Supervisory Board Members (As of March 31, 2023)

Title in the Company	Name	Areas of responsibility, important offices concurrently held in other companies or organizations
Chairman & Director	Fumio Manoshiro	
President, Representative Director	Toru Nozawa	President Corporate Officer
Executive Vice President, Representative Director	Kazumori Fukushima	Executive Vice President Corporate Officer, Aide to the President President of Nippon Paper Crecia Co., Ltd.
Director	Masanobu Iizuka	Managing Corporate Officer CEO, Opal
Director	Tomoyasu Itakura	Corporate Officer, General Manager of Financial Div.
Director	Tomomi Nojiri	Corporate Officer, General Manager of Sales Planning Div.
Outside Director	Makoto Fujioka	Outside Director of NOK CORPORATION Outside Director of Eagle Industry Co., Ltd.
Outside Director	Yoko Hatta	Auditor of International Christian University Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd. Outside Director of Ajinomoto Co., Inc. Director (Audit & Supervisory Committee Member) (Outside) of KOEI CHEMICAL COMPANY, LIMITED
Outside Director	Yutaka Kunigo	Outside Director of ISE CHEMICALS CORPORATION External Director of Chiyoda Corporation
Audit & Supervisory Board Member (full-time)	Kazunari Tatsu	Statutory Auditor of Nippon Paper Crecia Co., Ltd.
Audit & Supervisory Board Member (full-time)	Tomoyoshi Nishimoto	Statutory Auditor of NP Trading Co., Ltd.
Outside Audit & Supervisory Board Member	Takafumi Okuda	Special Counsel at Mori Hamada & Matsumoto
Outside Audit & Supervisory Board Member	Nanako Aono	Representative Director and President of GEN Co., Ltd. Outside Audit & Supervisory Board Member of MISUMI Group Inc. Outside Director (Audit and Supervisory Committee Member) of MEIKO NETWORK JAPAN CO., LTD.

- (Notes) 1. At the 98th Ordinary General Meeting of Shareholders held on June 29, 2022, Mr. Tomomi Nojiri was newly elected and assumed the office of Director.
2. As of the conclusion of the 98th Ordinary General Meeting of Shareholders held on June 29, 2022, Mr. Atsushi O'haru retired from the office of Director.

3. Changes of post, responsibilities and important concurrently holding offices of the Officers made during the current fiscal year are as follows:

Name	New post, responsibility, etc.	Former post, responsibility, etc.	Date of Change
Toru Nozawa	(Retired)	Chairman of Japan Paper Association	May 20, 2022
Yoko Hatta	Outside Director of Ajinomoto Co., Inc.	(Newly appointed)	June 23, 2022
	Director (Audit & Supervisory Committee Member) (Outside) of KOEI CHEMICAL COMPANY, LIMITED	(Newly appointed)	June 28, 2022
Yutaka Kunigo	External Director of Chiyoda Corporation	(Newly appointed)	June 23, 2022
Nanako Aono	Outside Director (Audit and Supervisory Committee Member) of MEIKO NETWORK JAPAN CO., LTD.	Outside Corporate Auditor of MEIKO NETWORK JAPAN CO., LTD.	November 18, 2022
	(Retired)	Outside Director of OPTEX GROUP Company, Limited	March 24, 2023

4. Mr. Makoto Fujioka, Ms. Yoko Hatta and Mr. Yutaka Kunigo are Outside Directors set forth in Article 2, Item 15 of the Companies Act.
5. Mr. Takafumi Okuda and Ms. Nanako Aono are Outside Audit & Supervisory Board Members as set forth in Article 2, Item 16 of the Companies Act.
6. Audit & Supervisory Board Member (full-time), Mr. Kazunari Tatsu successively held the positions General Manager of Treasurer's Dept. and Deputy General Manager of Financial Div., and has considerable expertise in finance and accounting.
7. Audit & Supervisory Board Member (full-time), Mr. Tomoyoshi Nishimoto has many years of experience in the accounting division and considerable expertise in finance and accounting.
8. Outside Audit & Supervisory Board Member, Ms. Nanako Aono is licensed as a certified public accountant, and has considerable expertise in finance and accounting.
9. The Company has filed Outside Director Mr. Makoto Fujioka, Outside Director Ms. Yoko Hatta, Outside Director Mr. Yutaka Kunigo, Outside Audit & Supervisory Board Member Mr. Takafumi Okuda and Outside Audit & Supervisory Board Member Ms. Nanako Aono as Independent Officers of the Tokyo Stock Exchange in accordance with the provisions thereof.

[For reference: Corporate Officers (as of March 31, 2023)]

Title in the Company	Name	Responsibilities
President Corporate Officer	Toru Nozawa	
Executive Vice President Corporate Officer	Kazumori Fukushima	Aide to the President (concurrently serving) President of Nippon Paper Crexia Co., Ltd.
Senior Managing Executive Officer	Yasuhito Obayashi	General Manager of Paper-Pak Sales Div.
Managing Corporate Officer	Atsumi Yasunaga	General Manager of Iwakuni Mill
Managing Corporate Officer	Masanobu Iizuka	CEO, Opal
Managing Corporate Officer	Yoshihide Kimura	General Manager of Nakoso Mill
Corporate Officer	Shinichiro Nakamura	General Manager of Ishinomaki Mill
Corporate Officer	Mitsuhiro Sugino	General Manager of Biomass Material Business Div.
Corporate Officer	Takashi Ochi	General Manager of Research & Development Div.
Corporate Officer	Yasuhito Murakami	General Manager of Technical & Engineering Div.
Corporate Officer	Kazuto Shimada	General Manager of Printing Paper Sales Div.
Corporate Officer	Tomoyasu Itakura	General Manager of Financial Div.
Corporate Officer	Kazunori Itaya	General Manager of Chemical Sales Div.
Corporate Officer	Yoshisada Yamabe	General Manager of Fuji Mill
Corporate Officer	Akira Sebe	General Manager of Corporate Planning Div. in charge of Affiliates & Subsidiaries of the Company and International Business Div.
Corporate Officer	Osamu Niwaguchi	General Manager of Business Communication Paper Sales Div.
Corporate Officer	Tomomi Nojiri	General Manager of Sales Planning Div.
Corporate Officer	Tetsuaki Taniguchi	General Manager of Newsprint Sales Div.
Corporate Officer	Daishiro Takigawa	General Manager of Duplex Board & Packaging Paper Sales Div.
Corporate Officer	Hideki Sugimura	Director of Nippon Tokai Industrial Paper Supply Co., Ltd.
Corporate Officer	Naohiro Isihioka	General Manager of Iwanuma Mill
Corporate Officer	Kazuyasu Yamamoto	Deputy General Manager of Technical & Engineering Div.

2. Amount of remuneration, etc., for Directors and Audit & Supervisory Board Members

(1) Policy, etc. for determination of the contents of remuneration, etc. for each Director

In order to ensure objectivity and transparency of its remuneration system, the Company, by resolution of the Board of Directors, determined the policy for determination of the contents of remuneration, etc. for each Director (hereinafter, “Determination Policy”) as follows based on deliberations by the Personnel & Remuneration Advisory Committee and advice from external experts.

- 1) In regard to monthly remuneration for Directors, the base amounts shall be determined according to their respective responsibilities in the Company. 70% of the base amount is to be paid as a fixed amount and 30% of it, in principle, is to be varied depending on the achievement level of the Medium-Term Business Plan. The base amount is determined by utilizing external objective survey data, and by taking into consideration factors such as the Company’s business performance, scale of business, and operating environment. Business performance indexes are established so that they may effectively function as an incentive for achieving the business performance targets, and are subject to review as necessary according to changes in the business environment. Part of each Director’s monthly remuneration shall be contributed to the Nippon Paper Officers Share Ownership to purchase shares of the Company. There are no bonuses or retirement benefits.
- 2) Stock remuneration in the form of the BBT is paid to Directors to make a clearer link between the compensation provided to Directors and the Company’s share value, and thereby increase their motivation to make contributions to improve the Company’s mid- to long-term performance and increase its corporate value by Directors sharing with shareholders not only the benefits of rising share prices but also the risks associated with falling share prices. Stock remuneration is a system under which the Company’s shares acquired through a trust using money contributed by the Company as a source and an amount of money equivalent to the market value of the Company’s shares will be delivered to the Directors through the trust. The number of shares to be delivered is calculated based on the number of points according to their respective responsibilities. Directors will receive delivery of the stock remuneration upon their retirement from office, in principle. The

ratio between fixed remuneration, performance-based remuneration, and stock remuneration paid to Directors is determined appropriately in light of the objectives of each type of remuneration.

- 3) In regard to Outside Directors and Audit & Supervisory Board Members, monthly remuneration is paid to them at fixed amounts. In light of the type of their responsibilities, contribution to the Nippon Paper Officers Share Ownership shall be voluntary.

[Remuneration for Internal Directors]

	Fixed remuneration	Performance-based remuneration	BBT (from the fiscal year ended March 31, 2020)
Method	Cash payment		Award points
Maximum remuneration	700 million yen per year		25,000 points per year (1 point is equivalent to 1 share)
Payment timing	Monthly (no bonuses or retirement benefits)		Upon retirement as Directors (Cumulative points are converted to shares and awarded)
Calculation method	Base amounts shall be determined according to their respective responsibilities, 70% of which is paid as a fixed amount.	Base amounts shall be determined according to their respective responsibilities, 30% of which in principle is paid after making adjustments according to the achievement level of the Medium-Term Business Plan.	Award the number of points as determined by their position
Performance standards	—	70%: Consolidated performance (net sales and operating income) 30%: Non-consolidated performance (net sales and operating income)	—
Other	Part of the remuneration is contributed to the Nippon Paper Officers Share Ownership		—

(Notes) Outside Directors and Audit & Supervisory Board Members receive fixed monthly remunerations only.



- (2) Reasons for the Board of Directors to have judged that contents of remuneration, etc. for each Director for the current fiscal year conform to the Determination Policy

At the Company, the Personnel & Remuneration Advisory Committee has confirmed that contents of remuneration, etc. for each Director for the current fiscal year conform to the Determination Policy. Procedure to determine remuneration is as follows.

- 1) To further strengthen corporate governance, the Company has established the Personnel & Remuneration Advisory Committee as an advisory body for the Board of Directors. The majority of this Committee shall consist of Independent Outside Directors.
- 2) The Personnel & Remuneration Advisory Committee, being consulted by the Board of Directors regarding the system for remuneration for Directors and Audit & Supervisory Board Members of the Company and other related matters, shall deliberate the appropriateness of such a system, etc., and provide advice based on the evaluation of business performance and other factors of the Company.
- 3) The Personnel & Remuneration Advisory Committee shall consist of the President and Representative Director, the General Manager of the Personnel & General Affairs Division and the Independent Outside Directors, and its secretariat shall be the General Manager of the Personnel Department.
- 4) The Personnel & Remuneration Advisory Committee shall deliberate, with the appropriate involvement of the Independent Outside Directors who are the members of the Committee, receiving their advice.
- 5) The Board of Directors shall determine the remuneration, etc. for Directors, receiving the opinions of the Personnel & Remuneration Advisory Committee.

3. Total amount of remuneration, etc., for Directors and Audit & Supervisory Board Members for the current fiscal year

	Number of Persons	Total amount of remuneration, etc. by type (million yen)			Total amount (million yen)
		Fixed remuneration	Performance-based remuneration	Stock remuneration	
Directors	10	290	71	30	392
(Outside Directors included in above)	[3]	[39]	[-]	[-]	[39]
Audit & Supervisory Board Members	4	58	-	-	58
(Outside Audit & Supervisory Board Members included in above)	[2]	[13]	[-]	[-]	[13]

- Notes:
1. Figures rounded down to the nearest million yen.
  2. The numbers above include one (1) Director who retired during the relevant business year.
  3. A resolution for the maximum total remuneration for Directors to be 700 million yen per fiscal year (60 million yen per fiscal year for Outside Directors) was adopted at the 95th Ordinary General Meeting of Shareholders held on June 27, 2019. Separately from the aforementioned amount, it was resolved to introduce a Stock Compensation Plan “Board Benefit Trust (BBT)” to Directors (excluding Outside Directors). The upper limit of the points to be awarded to the Directors based on the plan is 25,000 points per fiscal year (1 point is equivalent to 1 share of the Company stock). The number of Directors at the time of the closing of the Ordinary General Meeting of Shareholders was nine (of which, three were Outside Directors).
  4. A resolution for the maximum total remuneration for Audit & Supervisory Board Members to be 120 million yen per fiscal year was adopted at the 83rd Ordinary General Meeting of Shareholders held on June 22, 2007. The number of Audit & Supervisory Board Members at the time of the closing of the Ordinary General Meeting of Shareholders was four.
  5. Of the performance evaluation standards, net sales were selected to pursue expansion in topline and operating income was selected to improve profitability, respectively, as performance indicators.
  6. Results of indicators for performance-based remuneration during the current fiscal year were consolidated net sales of 1,045,000 million yen, non-consolidated net sales of 547,000 million yen, consolidated operating income of 12,000 million yen, and non-consolidated operating income of (3,700) million yen.
  7. The “Board Benefit Trust (BBT)” is a stock compensation plan under which shares of the Company will be acquired through a trust from the stock market using money contributed by the Company as a source within the amount approved by the 95th Ordinary General Meeting of Shareholders held on June 27, 2019, and the Company’s shares and the money equivalent to the market value of the Company’s shares will be delivered to the Directors, (excluding Outside Directors) and Corporate Officer other than Directors, etc. through the trust in accordance with the Officer Stock Benefit Regulations established by the Company. In principle, the Directors, etc. will receive delivery of the Company’s shares, etc. upon their retirement from office. The trust will not exercise voting rights pertaining to the Company’s shares held by the trust account based on the instructions from the trust administrator, who is independent from the Company.

#### 4. Matters regarding directors and officers liability insurance

The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure the Company's Directors, Audit & Supervisory Board Members and Corporate Officers, as well as Directors and Statutory Auditors of Nippon Paper Crexia Co., Ltd., Nippon Paper Papyrus Co., Ltd., and Nippon Tokai Industrial Paper Supply Co., Ltd. The Company plans to renew the insurance contract in August this year. The outline of the contract is as follows.

- (1) The insurance covers litigation expenses and legal damages for which the insureds became liable in the event where they received a claim for damages from shareholders, business partners or other third parties due to the performance of their duties.
- (2) The insurance does not cover any claim for damages due to any conduct committed by insureds while knowing that the conduct is in violation of laws and regulations.
- (3) The premiums for the insurance contract is fully paid by the Company.

## 5. Matters regarding Outside Officers

(1) Concurrently served executive posts, etc. in other entities, etc., and relationship between the Company and such entities, etc.

Title in the Company	Name	Concurrent Position	Relationship between the Company and Such Other Entities
Outside Director	Makoto Fujioka	Outside Director of NOK CORPORATION	No special relationship
		Outside Director of Eagle Industry Co., Ltd.	Although the Company has purchase transactions related to equipment with Eagle Industry Co., Ltd., the amount of transactions is negligible (The amount of the Company's purchases from Eagle Industry Co., Ltd. is less than 1% of the net sales of Eagle Industry Co., Ltd.).
Outside Director	Yoko Hatta	Auditor of International Christian University	No special relationship
		Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.	No special relationship
		Outside Director of Ajinomoto Co., Inc.	Although the Company has sales transactions of processed paper products, etc. with Ajinomoto Co., Inc., the amount of transactions is negligible (The amount of sales to Ajinomoto Co., Inc. is less than 1% of the net sales of the Company).
		Director (Audit & Supervisory Committee Member) (Outside) of KOEI CHEMICAL COMPANY, LIMITED	No special relationship
Outside Director	Yutaka Kunigo	Outside Director of ISE CHEMICALS CORPORATION	No special relationship
		External Director of Chiyoda Corporation	No special relationship
Outside Audit & Supervisory Board Member	Takafumi Okuda	Special Counsel at Law of Mori Hamada & Matsumoto	No special relationship

Title in the Company	Name	Concurrent Position	Relationship between the Company and Such Other Entities
Outside Audit & Supervisory Board Member	Nanako Aono	Representative Director and President of GEN Co., Ltd.	No special relationship
		Outside Audit & Supervisory Board Member of MISUMI Group Inc.	Although the Company has purchase transactions related to equipment with MISUMI Group Inc., the amount of transactions is negligible (The amount of the Company's purchases from MISUMI Group Inc. is less than 1% of the net sales of MISUMI Group Inc.).
		Outside Director (Audit and Supervisory Committee Member) of MEIKO NETWORK JAPAN CO., LTD.	No special relationship

(2) Major activities in the current fiscal year

Title in the Company	Name	Board of Directors Meeting Attendance	Board of Auditors Meeting Attendance	Main Activities
Outside Director	Makoto Fujioka	13 of 13 (100%)	—	The Company expects him to supervise and offer advice to the Directors' business operation from an objective standpoint, leveraging his extensive knowledge and international perspective cultivated through his experience in both public and private sectors. He asked suitable questions both on resolutions and on reports, as well as voiced his opinion from an independent perspective, as necessary, at the Board of Directors meetings. Specifically, he voiced his opinion at the Board of Directors meetings on reporting to the Board of Directors meetings about business performance with clearer awareness of the Medium-Term Business Plan, enhancement of cross-organizational functions by selecting chief officers, and thorough compliance in revising prices.

Title in the Company	Name	Board of Directors Meeting Attendance	Board of Auditors Meeting Attendance	Main Activities
Outside Director	Yoko Hatta	13 of 13 (100%)	—	The Company expects her to supervise and offer advice to the Directors' business operation from an objective standpoint, leveraging her extensive experience in international accounting firms, and deep insight on international taxation, etc. She asked suitable questions both on resolutions and on reports, as well as voiced her opinion from an independent perspective, as necessary, at the Board of Directors meetings. Specifically, she voiced her opinion at the Board of Directors meetings on appeal to investors about the medium- to long-term business measures, dissemination of the future vision to the Group's employees, and efforts for improving quality in consideration of the marketing strategies.
Outside Director	Yutaka Kunigo	13 of 13 (100%)	—	The Company expects him to supervise and offer advice to the Directors' business operation from an objective standpoint, leveraging his broad career at Tokyo Gas Co., Ltd., experience in leading the management as Representative Director, Executive Vice President, and deep insight accumulated in the international energy business. He asked suitable questions both on resolutions and on reports, as well as voiced his opinion from an independent perspective, as necessary, at the Board of Directors meetings. Specifically, he voiced his opinion at the Board of Directors meetings on cooperation among the group companies toward improving business results in growth areas, risk control in overseas projects, and thorough compliance at overseas subsidiaries.
Outside Audit & Supervisory Board Member	Takafumi Okuda	13 of 13 (100%)	14 of 14 (100%)	He asked suitable questions both on resolutions and on reports from the perspective of an expert as an attorney at law, as well as voiced his opinion from an independent perspective, as necessary. Further, at the Audit & Supervisory Board meetings, he discussed significant matters on audit, as well as asked suitable questions regarding audits conducted by other Audit & Supervisory Board Members, and voiced his opinions from an independent perspective, as necessary.

Title in the Company	Name	Board of Directors Meeting Attendance	Board of Auditors Meeting Attendance	Main Activities
Outside Audit & Supervisory Board Member	Nanako Aono	13 of 13 (100%)	14 of 14 (100%)	She asked suitable questions both on resolutions and on reports based on her extensive experience in the private sector and from the perspective of an expert as a certified public accountant, as well as voiced her opinion from an independent perspective, as necessary. Further, at the Audit & Supervisory Board meetings, she discussed significant matters on audit, as well as asked suitable questions regarding audits conducted by other Audit & Supervisory Board Members, and voiced her opinions from an independent perspective, as necessary.

(3) Outline of the Contract for Limitation of Liabilities

Pursuant to Article 427, Paragraph 1, of the Companies Act, the Company entered into a Contract for Limitation of Liabilities with Outside Director Mr. Makoto Fujioka, Outside Director Ms. Yoko Hatta, Outside Director Mr. Yutaka Kunigo, Outside Audit & Supervisory Board Member Mr. Takafumi Okuda and Outside Audit & Supervisory Board Member Ms. Nanako Aono, which limits the amount of their liability for damages under Article 423, Paragraph 1 of the Companies Act to the amount provided in laws and ordinances.

(4) Total amount of remuneration

	Number	Total Amount of Remuneration, etc.
Outside Officer	5	53 million yen

(Note) Figures rounded down to nearest million yen.

## IV. Status of Accounting Auditor

1. Name of Accounting Auditor Ernst & Young ShinNihon LLC

2. Amount of remuneration, etc. for the Accounting Auditor during the relevant fiscal year

	Amount
① Amount of remuneration, etc. to be paid to Accounting Auditor by the Company	207 million yen
② Total amount of cash and other financial benefits to be paid to accounting auditor by the company and subsidiaries of the Company	292 million yen

(Notes) 1. Figures rounded down to nearest million yen.

2. The Audit & Supervisory Board gave consent on the amount of remuneration, etc. to be paid to the Accounting Auditor as a result of the careful screening of details of the audit plan for the current fiscal year such as the number of audit days and the staff allocation, checking and evaluation of the audit performance for the preceding fiscal year, appropriateness of the Accounting Auditor's auditing operation concerning the business operation of the Company and the grounds for calculation of the estimates that become the basis of the amount of remuneration, etc.
3. Since the amounts of remuneration, etc. for audits under the Companies Act and that for audits under the Financial Instruments and Exchange Act are not explicitly distinguished in the audit contract between the Company and Accounting Auditor and cannot be practically distinguished, the amount in ① above includes remuneration, etc. for audits under the Financial Instruments and Exchange Act.
4. The Company pays compensation to Accounting Auditor for advisory services related to the application of "Accounting Standard for Revenue Recognition" which is a service other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan, which is included in the total amount of ②.
5. Certain subsidiaries of the Company are subject to statutory audits by audit firms, etc. other than Ernst & Young ShinNihon LLC.

3. Policy for determining Accounting Auditor dismissal or non-reappointment

- (1) If the Accounting Auditor falls under any of the items under Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board will dismiss the Accounting Auditor by the unanimous consent of all Audit & Supervisory Board Members pursuant to the provision of the same Article.
- (2) The Audit & Supervisory Board shall determine the contents of any proposal regarding dismissal or non-reappointment to be submitted to the General Meeting of Shareholders with due consideration for the independence and the qualifications of the accounting auditor provided in the related laws and regulations or standards, etc. (Business Accounting Council "Quality Control Standards for Audit" Oct. 28, 2005, etc.).



## **V. System to ensure the appropriateness of business operation and the status of operation of such system**

### **1. System to ensure the appropriateness of business operation**

The Company formulated the Basic Policies to Establish the Internal Control Systems by a resolution adopted at the Board of Directors meeting held on May 25, 2006, and has made necessary amendments as needed. The details of the Basic Policies are as follows:

“System to ensure execution of duties by Directors in conformity with laws and ordinances or the Articles of Incorporation”

- (1) For appropriate and sound execution of the Company’s business, the Board of Directors establishes an effective internal control system and establishes an organizational structure that complies with laws and ordinances or the Articles of Incorporation.
- (2) The Audit & Supervisory Board audits the effectiveness and function of the internal control systems.

“System to ensure the propriety of business operation of the Company and its subsidiaries”

- (1) System for preservation and management of information related to execution of duties by Directors

The statutory documents and any other documents related to execution of duties by Directors shall be appropriately preserved and managed in accordance with the rules for documents management, etc.

- (2) Rules and other systems related to the management of risks of loss of the Company and its subsidiaries

For risks related to execution of the business of the Company and its group companies, depending on the type of individual risk, the department in charge of such risk will endeavor to prevent risk by means such as implementing education and training under manuals, in addition to establishing necessary rules and guidelines. If any problem occurs, the parent company will, together with its subsidiaries, prevent enlargement of damage to the Company Group, and lay out a framework necessary to minimize such damage.

- (3) System to ensure efficient execution of duties by Directors of the Company and its subsidiaries

- ① Establish a system with which each body and organizations including the Board of Directors functions effectively and exercises its duties properly and efficiently in accordance with the rules for decision-making such as the rules

- of the Board of Directors, rules of approval, and rules for segregation of duties.
- ② Introduce the Corporate Officer System and separate the function of overall management supervision and decision making by the Board of Directors from the function of execution of each individual department's business by the Corporate Officers, to clarify where the responsibility and authority lay.
  - ③ Each business sector and each group company will not only establish a medium-term business plan and clarify its issues and goals, but also manage its performance thoroughly under such plan during each fiscal year.
  - ④ To pursue the development of the entire Company Group, the Company shall hold meetings of the Group Management Strategy Committee as needed to deliberate on important matters related to the Company Group such as management strategies for each business field.
- (4) System to ensure execution of duties by employees of the Company and its subsidiaries in conformity with laws and ordinances or the Articles of Incorporation
- ① Establish the "Nippon Paper Group Action Charter" and "Nippon Paper Codes of Conduct," and familiarize all employees with compliance thereto.
  - ② The Management Audit Office implements internal audits of the Company and its group companies pursuant to the Internal Audit Rules, etc.
  - ③ Establish "Nippon Paper Group Help Line" as an internal report system within the Company Group and operate this system strictly.
- (5) Systems related to the reporting of the matters concerning execution of duties by Directors, etc., of the Company's subsidiaries to the Company
- ① In order to ensure appropriate operation of business within the Group, the Company shall establish a fundamental policy for the Group companies' business management and operation rules for affiliated companies, and appropriately manage business operations in the Group according to such systems as application for approval, advance and ex post facto report to the Company, etc.
  - ② The Audit & Supervisory Board Members ensure appropriate operation of business within the Group through presiding over the "Nippon Paper Group Audit & Supervisory Board Member Liaison Committee," which consists of the Audit & Supervisory Board Members of the primary group companies of the Company, and the Audit & Supervisory Board of the Company, and have periodic discussions about audit policy and audit method, etc., and enhance mutual collaboration by exchanging information, etc.
  - ③ The Company shall hold Presidents' Meetings of associated companies to receive reports on the current situation and issues of the primary group

companies of the Company.

- (6) System related to employees who assist in execution of duties by the Audit & Supervisory Board Members, matters related to the independence of such employees from the Directors and matters related to ensuring the effectiveness of the instructions given to such employees
- ① Assign some employees of the Company as the assistants of the Audit & Supervisory Board Members who assist the Audit & Supervisory Board Members in executing their duties. For such assignment, prior consent by the Audit & Supervisory Board Members is required.
  - ② The Company's employees who assist the Audit & Supervisory Board Members in executing their duties shall follow the instructions from the Audit & Supervisory Board Members and prioritize performing the duties related to their instructions.
- (7) System for Directors and employees to report to the Audit & Supervisory Board Members; other system related to the report to the Audit & Supervisory Board Members; and system to ensure effective audit by the Audit & Supervisory Board Members
- ① Directors, Corporate Officers and employees will report to the Audit & Supervisory Board without delay when he/she becomes aware of any material breach of laws and ordinances or the Articles of Incorporation, concerning the execution of duties, any fact of wrongdoing or any possibility of material damage to the Company. And the Audit & Supervisory Board Members may, at any time, request that the Directors, Corporate Officers and employees make a report to them.
  - ② Further, in order to appropriately convey the Company's information to the Audit & Supervisory Board Members, without limiting to the reports from the Directors, Corporate Officers and employees, the Company shall facilitate an environment to allow the Audit & Supervisory Board Members to exchange information closely with the Accounting Auditor and legal advisors, etc.
  - ③ Representative Directors endeavor to communicate closely with the Audit & Supervisory Board Members through such means as holding meetings as often as possible with Audit & Supervisory Board Members, etc. Moreover, Representative Directors ensure, upon request by the Audit & Supervisory Board Members, attendance of the Audit & Supervisory Board Members at any material meetings.

- ④ At meetings of the Nippon Paper Group Audit & Supervisory Board Member Liaison Committee, the Audit & Supervisory Board Members of the Company shall receive explanation from the Audit & Supervisory Board Members of the group companies on the content of reports received from the officers and employees of such group companies.
- ⑤ The department in charge of the Company's Nippon Paper Group Help Line shall report regularly to the Company's Audit & Supervisory Board Members on the status of internal reporting from the officers and employees of the Company Group.
- ⑥ The Company shall provide rules for operation of the Nippon Paper Group Help Line, in which it is to be clearly stipulated that users of the internal reporting system should not suffer disadvantageous treatment and that an internal disciplinary measure might be imposed on those who give disadvantageous treatment to such users.
- ⑦ Based on the audit plans formulated by the Audit & Supervisory Board Members, the Company shall provide an annual budget for paying expenses and costs that are incurred by the execution of duties by the Audit & Supervisory Board Members.
- ⑧ When the Audit & Supervisory Board Members request the Company to make an advance payment of expenses based on Article 388 of the Companies Act that are necessary to execute their duties, the Company shall process such expenses or debts promptly.

(8) System to ensure the reliability of financial reports of the Company and its subsidiaries

In order to ensure the reliability of financial reports, the Company shall improve an internal control system for financial reporting and operate such system properly in accordance with rules of internal control for financial reports. Further, the Company shall evaluate the system's effectiveness on a continuing basis and take necessary measures to improve the system.

(9) System of the Company and its subsidiaries toward elimination of anti-social forces

The Company and its subsidiaries shall never have any relationship with any anti-social force or organization. The Company and its subsidiaries shall take a resolute stand against unreasonable demand and respond to such incident in coordination with outside specialized agencies, as needed.

## 2. Status of operation of the system to ensure the appropriateness of operation

The Company strives to ensure the appropriateness of operation through formulating and operating the Basic Policies to Establish the Internal Control Systems. The outline of the operation of the system to ensure the appropriateness of operation of the Company during the current fiscal year was as follows.

### (1) Risk management system

- ① The Company has established a Risk Management Committee chaired by President, Representative Director and made reports to the Board of Directors. At the Committee, risks projected by the Company Group were identified, and reports were made on the review of business continuity plan (BCP). Regarding those results, an opportunity was separately provided for exchanging opinions among Chairman, Outside Directors, Audit & Supervisory Board Members, and secretaries.
- ② The Company established the Environmental Committee, the Safety and Disaster Prevention Committee, the Product Safety Committee and the Raw Materials Committee to promote risk management activity across the entire Company Group. Each Committee was held during the current fiscal year to confirm efforts of each group company. In addition, regarding the environment, safety and disaster prevention, and product safety, internal audits were conducted on an ongoing basis.
- ③ The Company revised the Principles and Basic Policies Concerning Raw Materials Procurement to enable it to address issues such as human rights and climate change more effectively in procurement activities. For this revision, discussions were made for about one year at the review meeting in the Raw Materials Committee and opinions were exchanged with external experts in relevant sectors.

### (2) Compliance system

- ① The Company operates the Nippon Paper Group Help Line as its internal reporting system. The Compliance Office of the Risk Management Dept., which is in charge of this system, has responded to all the items reported and consulted via this system and addressed each issue appropriately in alliance with related departments, specialized external companies and attorneys. The status of such internal reporting was reported quarterly from the Compliance Office to the Management Execution Committee and the details were reported quarterly to the Audit & Supervisory Board Members. Also, to make a system of the Help Line and how to use it known to related parties once

again, the Company prepared and implemented a new e-learning training targeting officers and employees of the Company and its group companies.

(3) Audit & Supervisory Board Members' audit and internal audit

- ① The Audit & Supervisory Board Members attended important meetings such as Board of Directors meetings, and meetings of the Group Management Strategy Committee and Management Execution Committee. The Audit & Supervisory Board Members held fourteen meetings to share information, while performing onsite audits at each department and office of the Company, as well as group companies. The Audit & Supervisory Board Members held two meetings of the Nippon Paper Group Audit & Supervisory Board Member Liaison Committee, at which they received reports on audit activities at each group company.
- ② The Management Audit Office performed internal audits of the Company and the group companies and provided support for improvement as necessary, including introduction of external experts to the audited sites. The Office also made reports on the results to President and Representative Director and full-time Audit & Supervisory Board Members twice and Outside Directors and Outside Audit & Supervisory Board Members twice. The Management Audit Office also performed evaluation on validity of internal audits regarding financial reporting of the Company and the group companies. President and Representative Director reported summaries of the results of these internal audits, etc. to the Board of Directors.
- ③ The Audit & Supervisory Board Members and the Management Audit Office held an information exchange meeting once a month. In addition, the Management Audit Office attended meetings of the Nippon Paper Group Audit & Supervisory Board Member Liaison Committee to integrate Audit & Supervisory Board Members' audits and internal audits. Audit & Supervisory Board Members periodically received reports from the Accounting Auditor on the results of accounting audits and shared information.

(4) The Group companies' business management

- ① The Presidents' Meeting of associated companies was held among the Company and its 19 primary group companies, where each company reported the progress of the Medium-Term Business Plan 2025.
- ② The Group Management Strategy Committee consisting of major officers of the Company and presidents of five major group companies, engages in

discussion from a group-wide perspective, by facilitating information sharing within the Group, speedier decision making, and maximum utilization of the Group's management resources. With the attendance of Outside Directors and Outside Audit & Supervisory Board Members, the Committee deliberated on strategic projects and long-term vision, and asked opinions from outside officers based on their abundant experience and expertise and had active discussions.

(5) System of execution of duties

- ① The Board of Directors held thirteen regular meetings. Material matters are deliberated in advance at the Management Strategy Committee and Management Execution Committee and submitted to the Board of Directors.
- ② With regard to the effectiveness of the Board of Directors, self-evaluation was performed in the form of a questionnaire and deliberated at the Board of Directors meeting. It was confirmed that supervision functions of the Board of Directors have been increasing since important matters were followed up, discussions were enhanced for supporting measures toward achieving targets, overseeing the progress of the visions and the Medium-Term Business Plan, and opportunities for sharing opinions between Outside Directors and the Representative Directors increased.

## **VI. Stocks for strategic purposes**

[Policy for shareholdings]

The Company holds shares that are judged to be contributing to the improvement of corporate value, upon verifying the effects of holding individual stocks for strategic purposes in terms of medium- to long-term economic rationale for holding, and maintaining and reinforcing comprehensive relationships with business partners.

The significance of such shareholdings is verified at the Board of Directors meeting every year. If the Company deems there to be no good reason to hold certain stocks, the Company shall sell them in light of gains and losses, etc. from such stocks.

[Standard for exercising voting rights]

In exercising voting rights pertaining to stocks for strategic purposes, the Company shall examine the contents of each proposal, and exercise as appropriate upon judging whether or not the proposal will contribute to the improvement of the corporate value of the Company and the investee company.

The Company shall not vote for any proposal that would impair the corporate value of the Company and the investee company.

[Amount of deemed holdings of shares recorded on the consolidated balance sheet] (as of March 31, 2023)

The amount of deemed holdings of shares recorded on the consolidated balance sheet is 31,797 million yen as of March 31, 2023. If combined with stocks for strategic purposes, the total amount is 61,653 million yen, which accounts for 14.85% of net assets.



**Consolidated Financial Statements**  
**Consolidated Balance Sheet**

(As of March 31, 2023)

(Unit: million yen)

Category	Amount	Category	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>[627,705]</b>	<b>Current liabilities</b>	<b>[504,585]</b>
Cash and deposits	144,350	Notes and account payable-trade	154,167
Notes and accounts receivable-trade	189,128	Short-term loans payable	214,383
Merchandise and finished goods	116,273	Commercial papers	30,000
Work in process	22,973	Income taxes payable	3,269
Raw materials and supplies	99,267	Other current liabilities	102,765
Other current assets	56,459	<b>Non-current liabilities</b>	<b>[746,755]</b>
Allowance for doubtful accounts	(747)	Bonds payable	50,000
<b>Non-current assets</b>	<b>[1,038,837]</b>	Long-term loans payable	607,850
<b>(Property, plant and equipment)</b>	<b>[796,820]</b>	Deferred tax liabilities	41,303
Buildings and structures	151,336	Provision for environmental measures	10,921
Machinery, equipment and vehicles	332,675	Net defined benefit liability	11,669
Land	211,230	Other non-current liabilities	25,012
Mountain forests and plantations	27,041	<b>Total liabilities</b>	<b>1,251,341</b>
Construction in progress	48,277	<b>Net assets</b>	
Other property, plant and equipment	26,258	<b>Shareholders' equity</b>	<b>[303,765]</b>
<b>(Intangible assets)</b>	<b>[22,540]</b>	<b>Capital stock</b>	<b>104,873</b>
Intangible assets	22,540	<b>Capital surplus</b>	<b>216,416</b>
<b>(Investments and other assets)</b>	<b>[219,476]</b>	<b>Retained earnings</b>	<b>(15,765)</b>
Investments in securities	166,626	<b>Treasury shares</b>	<b>(1,759)</b>
Net defined benefit asset	15,486	<b>Accumulated other comprehensive income</b>	<b>[90,887]</b>
Deferred tax assets	9,624	<b>Valuation difference on available-for-sale securities</b>	<b>11,475</b>
Other investments and other assets	28,332	<b>Deferred gains or losses on hedges</b>	<b>10,294</b>
Allowance for doubtful accounts	(593)	<b>Foreign currency translation adjustment</b>	<b>60,006</b>
		<b>Remeasurements of defined benefit plans</b>	<b>9,110</b>
		<b>Non-controlling interests</b>	<b>[20,547]</b>
		<b>Total net assets</b>	<b>415,200</b>
<b>Total assets</b>	<b>1,666,542</b>	<b>Total liabilities and net assets</b>	<b>1,666,542</b>

## Consolidated Statement of Profit and Loss

(From April 1, 2022 through March 31, 2023)

(Unit: million yen)

Category	Amount	
<b>Net sales</b>		<b>1,152,645</b>
<b>Cost of sales</b>		<b>1,008,246</b>
<b>Gross profit</b>		<b>144,399</b>
Selling, general and administrative expenses		171,254
<b>Operating loss</b>		<b>26,855</b>
<b>Non-operating income</b>		
Interest income	502	
Dividend income	1,855	
Share of profit of entities accounted for using equity method	7,434	
Exchange gain	1,851	
Other	3,439	15,082
<b>Non-operating expenses</b>		
Interest expense	7,750	
Expenses of preparing for business	1,732	
Other	3,274	12,757
<b>Ordinary loss</b>		<b>24,530</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	13,719	
Gain on sales of non-current assets	2,440	
Other	635	16,795
<b>Extraordinary loss</b>		
Loss on withdrawal from business of subsidiaries	19,705	
Impairment loss	3,966	
Loss on retirement of non-current assets	3,404	
Other	6,554	33,630
<b>Loss before income taxes</b>		<b>41,365</b>
Income taxes-current	3,808	
Income taxes-deferred	3,473	7,282
<b>Loss</b>		<b>48,647</b>
Profit attributable to non-controlling interests		1,758
<b>Loss attributable to owners of parent</b>		<b>50,406</b>

## Financial Statements

### Balance Sheet

(As of March 31, 2023)

(Unit: million yen)

Category	Amount	Category	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>[478,511]</b>	<b>Current liabilities</b>	<b>[373,689]</b>
Cash and deposits	128,419	Notes payable	10,099
Notes receivable	1,982	Accounts payable-trade	62,430
Accounts receivable-trade	114,199	Short-term loans payable	165,255
Merchandise and finished goods	49,705	Commercial papers	30,000
Work in process	14,212	Account payable	89,652
Raw materials and supplies	57,187	Accrued expenses	5,622
Short-term loans receivable	94,035	Income taxes payable	
Other accounts receivable	16,693	Other current liabilities	555
Other current assets	9,339	<b>Non-current liabilities</b>	10,074
Allowance for doubtful accounts	(7,263)	<b>Bonds payable</b>	<b>[620,531]</b>
<b>Non-current assets</b>	<b>[767,956]</b>	Long-term loans payable	50,000
<b>(Property, plant and equipment)</b>	<b>[399,391]</b>	Provision for share-based remuneration for directors (and other officers)	536,193
Buildings	70,624	Provision for environmental measures	335
Structures	17,975	Deferred tax liabilities	9,198
Machinery and equipment	127,888	Deferred tax liabilities for revaluation	2,139
Vehicles	45	Other non-current liabilities	18,429
Tools, furniture and fixture	2,613	<b>Total liabilities</b>	<b>994,220</b>
Land	143,667	<b>Net assets</b>	
Mountain forests and plantations	17,819	<b>Shareholders' equity</b>	<b>[236,560]</b>
Leased assets	2,552	<b>Capital stock</b>	<b>104,873</b>
Construction in progress	16,203	<b>Capital surplus</b>	<b>130,227</b>
<b>(Intangible assets)</b>	<b>[3,703]</b>	Legal capital surplus	83,552
Software	2,437	Other capital surplus	46,674
Other intangible assets	1,266	<b>Retained earnings</b>	<b>2,905</b>
<b>(Investments and other assets)</b>	<b>[364,861]</b>	Legal retained earnings	432
Investments in securities	29,856	Other retained earnings	2,472
Shares in and investment in capital of affiliates	326,817	Reserve for reduction entry of non-current assets	3,212
Long-term prepaid expenses	809	Retained earnings carried forward	(739)
Prepaid pension cost	2,932	<b>Treasury shares</b>	<b>(1,444)</b>
Other investments and other assets	4,799	<b>Valuation and translation adjustments, etc.</b>	<b>[15,686]</b>
Allowance for doubtful accounts	(354)	<b>Valuation difference on available-for-sale securities</b>	<b>8,354</b>
		<b>Deferred gains or losses on hedges</b>	<b>(281)</b>
		<b>Revaluation difference on land</b>	<b>7,613</b>
		<b>Total net assets</b>	<b>252,247</b>
<b>Total assets</b>	<b>1,246,467</b>	<b>Total liabilities and net assets</b>	<b>1,246,467</b>

### Statement of Profit and Loss

(From April 1, 2022 through March 31, 2023)

(Unit: million yen)

Category	Amount	
<b>Net sales</b>		<b>527,328</b>
<b>Cost of sales</b>		<b>503,398</b>
<b>Gross profit</b>		<b>23,930</b>
Selling, general and administrative expenses		63,729
<b>Operating loss</b>		<b>39,799</b>
<b>Non-operating income</b>		
Interest and dividend income	14,342	
Other	3,346	17,689
<b>Non-operating expenses</b>		
Interest expense	5,222	
Expenses of preparing for business	1,649	
Other	3,344	10,215
<b>Ordinary loss</b>		<b>32,325</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	13,386	
Gain on sales of non-current assets	2,410	15,797
<b>Extraordinary loss</b>		
Impairment loss	3,699	
Loss on retirement of non-current assets	2,967	
Business restructuring expenses	1,900	
Loss on disaster	1,746	
Other	1,867	12,181
<b>Loss before income taxes</b>		<b>28,709</b>
Income taxes-current	(2,858)	
Income taxes-deferred	1,363	(1,495)
<b>Loss</b>		<b>27,214</b>

## **Audit Report**

Independent Auditor's Report on the Consolidated Financial Statements: True Copy

### **Independent Auditor's Report**

May 19, 2023

To: The Board of Directors  
Nippon Paper Industries Co., Ltd.

Ernst & Young ShinNihon LLC  
Tokyo Office

Designated Limited Liability Partner  
Executive Member CPA Kazuhiro Suzuki (Seal)  
Designated Limited Liability Partner  
Executive Member CPA Tatsuya Kushida (Seal)  
Designated Limited Liability Partner  
Executive Member CPA Takahiro Kawagishi (Seal)

#### **Opinion**

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of changes in shareholders' equity, etc. and the notes to the consolidated financial statements of Nippon Paper Industries Co., Ltd. (the "Company") for the fiscal year from April 1, 2022 through March 31, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

#### **Basis for the Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### **Emphasis of Matter**

As stated in the notes to significant subsequent events, Paper Australia Pty Ltd, a consolidated subsidiary of the Company, decided to withdraw from the graphic paper business on February 14, 2023, and is streamlining its workforce accordingly.

This matter does not affect our audit opinion.

#### **Other Information**

The Other Information comprises the business report and the related supplemental schedule. Management is responsible for the preparation and disclosure of the Other Information. In addition, the Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operation of the controls over the Group's reporting process of the Other Information.

Our audit opinion on the consolidated financial statements does not cover the Other Information, and we do not provide an opinion on the Other Information.

Our responsibility in conducting the audit of the consolidated financial statements is to read the Other Information and, in doing so, consider whether there are material inconsistencies between the Other Information and the consolidated financial statements or our knowledge obtained in the audit procedure and to pay attention to whether there are any indication of a material error in the Other Information besides such material differences.

If, based on the work we have performed, we conclude that there is a material misstatement in the Other Information, we are required to report such facts.

We have nothing to report in this regard.

#### Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

#### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board

regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

**Interest**

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

[END]

## Independent Auditor's Report

May 19, 2023

To: The Board of Directors  
Nippon Paper Industries Co., Ltd.

Ernst & Young ShinNihon LLC  
Tokyo Office

Designated Limited Liability Partner  
Executive Member CPA Kazuhiro Suzuki (Seal)  
Designated Limited Liability Partner  
Executive Member CPA Tatsuya Kushida (Seal)  
Designated Limited Liability Partner  
Executive Member CPA Takahiro Kawagishi (Seal)

### Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of profit and loss, the statement of changes in shareholders' equity, etc. and the related notes, and the accompanying supplementary schedules of Nippon Paper Industries Co., Ltd. (the "Company") for the 99th fiscal year from April 1, 2022 through March 31, 2023.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

### Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### Other Information

The Other Information comprises the business report and the related supplemental schedule. Management is responsible for the preparation and disclosure of the Other Information. In addition, the Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operation of the controls over the Group's reporting process of the Other Information.

Our audit opinion on the financial statements does not cover the Other Information, and we do not provide an opinion on the Other Information.

Our responsibility in conducting the audit of the financial statements is to read the Other Information and, in doing so, consider whether there are material inconsistencies between the Other Information and the financial statements or our knowledge obtained in the audit procedure and to pay attention to whether there are any indication of a material error in the Other Information besides such material differences.

If, based on the work we have performed, we conclude that there is a material misstatement in the Other Information, we are required to report such facts.

We have nothing to report in this regard.

### Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

#### Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

#### Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

[End]

## Audit Report

The Audit & Supervisory Board, upon deliberation based on the audit reports prepared by each of the Audit & Supervisory Board Members on execution of duties by the Directors during the 99<sup>th</sup> fiscal year, from April 1, 2022 through March 31, 2023, has prepared this Audit Report and presents as follows;

1. Method and detail of audit by Audit & Supervisory Board Members and the Audit & Supervisory Board
  - (1) The Audit & Supervisory Board determined the audit policy and the task division, and in addition to receiving reports about the status of implementation of audit and result thereof from each Audit & Supervisory Board Member, received reports from Directors, etc. and from the Accounting Auditor on the status of execution of their duties, and, when necessary, requested their explanations.
  - (2) In compliance with the Audit & Supervisory Board Members' audit standards which the Audit & Supervisory Board established, and in accordance with the audit policy and task division, each Audit & Supervisory Board Members endeavored to gather information and to improve audit environment through communicating well with the Directors, the management monitoring office, and other employees, etc. and conducted audits by the following methods;
    - (i) Attended the Board of Directors' meetings and other important meetings to receive reports from the Directors and employees, etc. on the status of execution of their duties and requested their explanations as needed; reviewed important documents of decision making, etc.; and examined the status of performance and assets at the Company's head office and primary business offices. As to the subsidiaries, we communicated with and exchanged information with the Directors and Audit & Supervisory Board Members, etc., of the subsidiaries, and visited the subsidiaries, etc. and received reports on their businesses as needed.
    - (ii) Received reports regularly, requested their explanations as necessary and expressed our opinion about the status of formation and operation of the systems (the internal control system), including the system to ensure execution of duties by Directors in conformity with laws or ordinances and the Articles of Incorporation described in the Business Report and the system formed in accordance with the resolutions and the substance thereof by the Board of Directors regarding formulation of other system which is provided in the paragraph 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act as a necessary system to ensure appropriate business operation of a corporate group consisting of the stock company and its subsidiaries.
    - (iii) As to the basic policy on suitability of person who controls the decision making over the financial and business policies of the Company stipulated in the Ordinance for Enforcement of the Companies Act, and each of its approach as described in the Business Report, we conducted study of the contents in view of the status, etc. of deliberation by the Board of Directors and other bodies.
    - (iv) Monitored and verified whether the Accounting Auditor maintained its independent position and implemented appropriate audits, and received reports from the Accounting Auditor on the status of execution of their duties, and, when necessary, requested explanation from them. We also received the notice from the Accounting Auditor to the effect that the firm has established the "system to ensure appropriate execution of their duties" (as stipulated in each Item in the Article 131 of the Corporate Accounting Rule) in accordance with the "Quality Control Standards for Audit" (Business Accounting Council, October 28, 2005), etc., and, when necessary, requested their explanations.

Through the methods above, we examined the Business Report and its Supplementary Schedule, the financial statements (the balance sheet, the statement of profit and loss, the statement of changes in shareholders' equity, etc., and the notes to the non-consolidated financial statements) and its supplementary schedule as well as the consolidated financial statement (the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of changes in shareholders' equity, etc., and the notes to the consolidated financial statement) for the current fiscal term.

2. Conclusion of the audit
  - (1) Conclusion of audit of the Business Report, etc.
    - (i) We find that the business report and its supplementary schedule fairly present the status of the Company in compliance with the laws or ordinances and the Articles of Incorporation.
    - (ii) We find that there is no material fact of misconduct or serious violation of laws or ordinances or the Articles of Incorporation by any Directors in executing of their duties.
    - (iii) We find that the substance of resolutions by the Board of Directors regarding the internal control system is appropriate. In addition, we find that there is no other item to be pointed out as to the entries in the Business

Report regarding the relevant internal control system or as to execution of duties by the Directors including the internal control system relating to the financial report.

(iv) We find that there is no item to be pointed out as to the entries in the business report regarding the basic policy and its initiatives on suitability of person(s) who controls the decision making over the financial and business policies of the Company stipulated in the Ordinance for Enforcement of the Companies Act.

(2) Conclusion of audit on the Financial Statement and its Supplementary Schedule

We find that the method and result of audit by the Ernst & Young Shin Nihon LLC are appropriate.

(3) Conclusion of audit on the Consolidated Financial Statement

We find that the method and result of audit by the Ernst & Young Shin Nihon LLC are appropriate.

May 19, 2023

Audit & Supervisory Board	
Nippon Paper Industries Co., Ltd.	
Standing Audit & Supervisory Board Member (full-time)	Kazunari Tatsu (Seal)
Audit & Supervisory Board Member (full-time)	Tomoyoshi Nishimoto (Seal)
Audit & Supervisory Board Member	Takafumi Okuda (Seal)
Audit & Supervisory Board Member	Nanako Aono (Seal)

(Note) Audit & Supervisory Board Member Takafumi Okuda and Audit & Supervisory Board Member Nanako Aono are the Outside Audit & Supervisory Board Members stipulated in the item 16 of Article 2 and the paragraph 3 of Article 335 of the Companies Act.

[End]