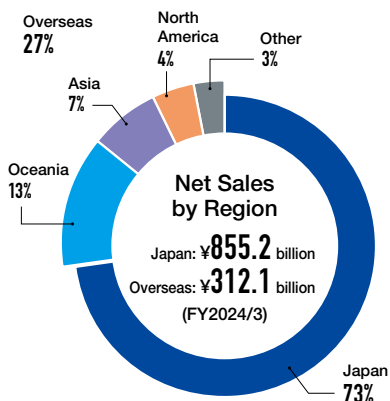
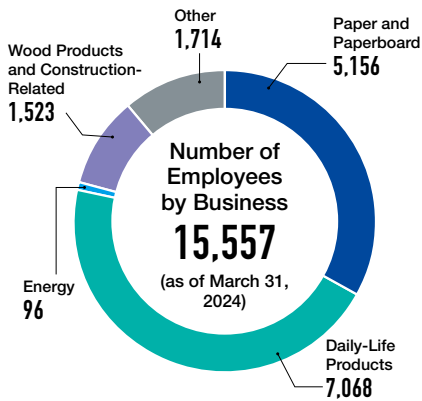
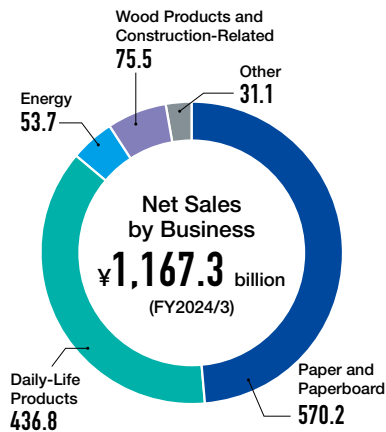


# At a Glance

## FY2024/3 Results

Net sales **¥1,167.3 billion**

Operating income **¥17.3 billion**



### Paper and Paperboard Business

[Paper] Not only develops and sells products that pursue the function of paper as a means of conveying information, but environmentally-friendly products that take advantage of paper's recyclability and biodegradability. [Paperboard] Through product development in line with changing times and using the latest, environmentally-friendly manufacturing technologies, offers products with outstanding safety, lamination properties and workability.

FY2024/3	Net sales	¥570.2 billion
	Operating income	¥11.7 billion



### Daily-Life Products Business

[Packaging] In Japan, is involved in everything from processing of liquid packaging board to sales and maintenance of filling machines. Overseas, produces and processes packaging materials and related products at Opal and NDP. [Household Paper and Healthcare] Offers a wide variety of products, including household products under the Kleenex® and SCOTTIE® brands, as well as products in the healthcare, industrial and commercial fields. [Chemicals] Provides chemical and other products utilizing technologies that turn wood resources into a variety of materials, and leverages coating technologies developed in papermaking.

FY2024/3	Net sales	¥436.8 billion
	Operating income	¥(8.1) billion



### Energy Business

Engages in power generation business using woody biomass fuels and other resources, leveraging expertise from in-house power generation accumulated at its paper mills. Is also pushing to further expand its ability to supply renewable energy toward building a carbon neutral society.

FY2024/3	Net sales	¥53.7 billion
	Operating income	¥1.6 billion



### Wood Products and Construction-Related Business

In Japan and overseas, purchases and sells wood and lumber products, and utilizing NIPPON PAPER GROUP's domestic and imported wood procurement networks, supplies wood chips used as fuel and other products. Conducts plantation businesses in Brazil, producing and selling wood chips.

FY2024/3	Net sales	¥75.5 billion
	Operating income	¥9.8 billion



### Other Businesses

The leisure business manages ski resorts, campgrounds, golf practice ranges and other types of facilities. The logistics business transports products shipped from Group mills and other facilities, and handles storage operations at its warehouses.

FY2024/3	Net sales	¥31.1 billion
	Operating income	¥2.3 billion



# Progress and Achievements of the Medium-Term Business Plan 2025

NIPPON PAPER GROUP's Medium-Term Business Plan 2025 is a five-year action plan from FY2022/3 to FY2026/3 to resolve and achieve the management issues necessary to realize its vision for 2030.

In FY2024/3, the progress on the plan resulted in a net sales increase of ¥14.7 billion compared to the previous year. The effect of price revisions was manifested in various products including newsprint, printing and business communication paper and containerboard.

Operating income increased significantly, bringing the Group back to profitability. That said, while domestic business improved by more than ¥50.0 billion through the contribution of cost cutting and the effects of price revisions, overseas business deteriorated by more than ¥10.0 billion compared to the previous year due to increasingly severe business conditions, including worsening earnings associated with Opal's withdrawal from the Graphic Paper Business.

\* 2030VISION: Guidelines established to clarify NIPPON PAPER GROUP's vision for 2030 and the management tasks required to achieve it, and to realize the Group Mission.

Net interest-bearing debt was reduced to ¥723.5 billion as of the end of FY2024/3, progressing generally on plan toward the target of ¥710.0 billion by the end of FY2026/3.

To achieve the targets of the Medium-Term Business Plan 2025, the Group is working on improving the profitability of its Daily-Life Products Business. For FY2026/3, targets for net sales and operating income margin are set for each business, and the Daily-Life Products Business aims at sales of ¥500.0 billion. For domestic business, the Group continues to make capital investments and ensure the realization of its effects while aiming for sales expansion in overseas markets. For overseas business, the Group focuses on structural reforms at Opal's Maryvale Mill and the enhancement of the foundation of its Packaging Business. Through these measures, the Group aims to achieve the goals of the Medium-Term Business Plan 2025 and realize its 2030VISION\*.

## Progress on Medium-Term Business Plan 2025, 2030VISION

Items set as targets of Medium-Term Business Plan 2025

FY	2023/3 Results	2024/3 Results	2025/3 Plan	2026/3 Plan	2027/3–2031/3
Net sales (¥ billion)	1,152.6	1,167.3	1,200.0	¥1,200.0 billion or more	
Percentage of Daily-Life Products Business among total net sales	38%	37%	40%	—	
Overseas sales ratio	29.4%	26.7%	—	—	
Operating income (¥ billion)	(26.9)	17.3	23.0	¥40.0 billion or more at an early stage	
Operating income margin in the Daily-Life Products Business	(1.8)%	(1.8)%	(0.4)%	—	
EBITDA (¥ billion)	42.8	84.8	90.0	Stably ¥100.0 billion	
ROE	(12.3)%	5.3%	—	5.0% or more	
Net debt/equity ratio	2.25	1.95	—	1.7-1.79 times	
Net interest-bearing debt (¥ billion)	780.1	723.5	—	710.0	
GHG emissions (Scope 1+2) (vs. FY2014/3)	(30)%	(37)%	—	—	

### Measures to reduce GHG emissions

- ▶ Improve productivity through reorganization of production structure
- ▶ Shut down coal boilers along with reorganization of production structure
- ▶ Fuel conversion and maximization of the use of black liquor
- ▶ Energy saving measures

## Initiatives for Profitability Improvement of the Daily-Life Products Business

FY2026/3 Target

Net sales **¥500.0** billion or more

FY2031/3 Target

Net sales **¥650.0** billion or more

Upper row: Net sales (¥ billion) Lower row: Operating income margin (%)

Business	Measures	FY2024/3 Results	FY2026/3 Target
Liquid packaging cartons and bag-making	<ul style="list-style-type: none"> <li>Promotion of differentiation strategy utilizing the total system</li> <li>Global development through collaboration with NDP, Elopak, and Shikoku Kakoki</li> </ul>	103.8 2.3%	120.0 5%
Household Paper and Healthcare	<ul style="list-style-type: none"> <li>Expansion of domestic market share by differentiating products and strengthening sales functions</li> <li>Expansion of production capacity and enhancement of competitiveness through operation of new paper machines</li> <li>Expansion of overseas sales through collaboration with global partners</li> </ul>	104.8 3.0%	130.0 5%
Chemical	<ul style="list-style-type: none"> <li>Expansion of sales (including exports) through the realization of investment effects on facilities for functional cellulose and functional coating resin products</li> </ul>	55.0 3.8%	60.0 9%
Opal	<ul style="list-style-type: none"> <li>Structural reforms and improvement of profitability at Maryvale Mill</li> <li>Strengthening the foundation of the Packaging Business and expanding its sales</li> </ul>	173.2 (8.1)%	190.0 1%
Total		436.8	500.0

## Change in Operating Income (Domestic / Overseas)

	FY2022/3 results	FY2023/3 results (a)	FY2024/3 results (b)	FY2025/3 plan (c)	(b-a)	(c-b)
Operating income	12.1	(26.9)	17.3	23.0	44.2	5.7
Domestic business	11.1	(24.1)	30.4	30.0	54.5	(0.4)
Overseas business	1.0	(2.8)	(13.1)	(7.0)	(10.3)	6.1

## 2030VISION

< Basic Policies >

- ◆ Reallocate management resources to growing businesses
- ◆ Respond to the rapidly changing social landscape, including GHG emissions reduction and environmental issues

Net sales	<b>¥1,300.0</b> billion
Of which, Daily-Life Products Business	<b>50%</b> or more
New businesses	<b>¥65.0</b> billion
Overseas sales ratio	<b>30%</b> or more
Operating income margin in the Daily-Life Products Business	<b>7%</b> or more
ROE	<b>8.0%</b> or more
GHG emissions (Scope 1+2) (vs. FY2014/3)	<b>54%</b> reduction

# Strategy by Business



## Paper Business

[Main products] Newsprint, printing paper, business communication paper, industrial paper, functional specialty paper, functional paper

### Strengthening Competitiveness through Production System Reorganization and Expanding Sales of Differentiated Products

The market for newsprint, printing paper, copy paper, and other types of graphic paper is encountering an accelerated decline in demand amid digitalization as well as entrenchment of remote work and other new lifestyles.

NIPPON PAPER GROUP is addressing the issue of receding demand by maintaining and increasing its market share in Japan through differentiation strategies, such as rolling out new environmentally-friendly products that reduce GHG emissions in the production process by 20% compared to previous levels. At the same time, the Group is strategically expanding sales in overseas markets by reinforcing its organization and human resources.

Moreover, the Group is continuously optimizing its production structure to match the level of demand. The Group seeks to consolidate its graphic paper production sites in Japan to around three locations by FY2029/3, while simultaneously enhancing operational efficiency of its mills by maintaining its utilization rate through a shift to products for packaging and expanding new businesses utilizing pulp and other existing resources. The Group aims to serve as an enterprise that is the preferred choice of customers. This involves placing top priority on reducing GHG emissions when considering options for reorganizing the production structure. It also involves enhancing its cost competitiveness and reducing GHG emissions by significantly reducing its coal consumption in part through fuel conversion of its coal boilers.

Link strengths to opportunities	
<b>Strengths</b> <ul style="list-style-type: none"> <li>▶ Technical capabilities and know-how to produce various products</li> <li>▶ Stable supply system and sales channel network covering the entire country</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>▶ Rising awareness of environmental issues, including carbon neutrality, and deplasticization (trend toward using paper)</li> </ul>
Address challenges and threats	
<b>Weaknesses</b> <ul style="list-style-type: none"> <li>▶ High percentage of coal in fuel composition</li> <li>▶ High fixed costs due to extensive facilities</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>▶ Accelerating decline in demand for graphic paper due to remote work and other lifestyle changes as well as digitalization</li> <li>▶ Price hikes implemented to compensate for rising costs of labor and logistics, etc., during phases of waning demand</li> </ul>



## Paperboard Business

[Main products] Containerboards, white paperboards

### Expand Sales by Maximizing Utilization of Kraft Pulp Facilities

Whereas the domestic market is poised to encounter robust demand for corrugated boxes associated with e-commerce, food, and beverages, it is also prone to effects of diminished consumer spending attributable to a prevailing surge in prices. There has also been an ensuing trend of manufacturers seeking lightweight and compact packaging with the aim of scaling back on packaging material costs. In overseas markets, the prospect of escalating demand is likely particularly in Southeast Asia, yet recently deteriorating market conditions in China have resulted in a sluggish export market. In Europe, meanwhile, a certain level of demand is expected amid a transition to paper from plastic packaging due to environmental regulations.

NIPPON PAPER GROUP will tap into demand in Japan and overseas with respect to its strengths in high value-added products containing a high proportion of kraft pulp manufactured in-house, in part by expanding such sales and also by rolling out new products. The Group is also seeking product differentiation by focusing on developing and extending sales of base paper that addresses environmental issues and logistics challenges. When it comes to addressing logistics challenges in particular, the Group will expedite actions such as improving transportation efficiency by promoting collaborative logistics and modal shift solutions, while also securing product supply capacity by increasing inventories at consumption points. Moreover, the Group seeks to ensure stable supply and secure competitiveness by strengthening its stable procurement system for wastepaper, which serves as a raw material.

Link strengths to opportunities	
<b>Strengths</b> <ul style="list-style-type: none"> <li>▶ Development of high value-added products using kraft pulp manufactured in-house</li> <li>▶ New product development and sales structure based on an integrated efforts of sales and development divisions</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>▶ Stable demand related to beverages, food, and e-commerce</li> </ul>
Address challenges and threats	
<b>Weaknesses</b> <ul style="list-style-type: none"> <li>▶ Stability of operations</li> <li>▶ Maintaining sales prices</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>▶ Falling demand due to economic deterioration in Japan and overseas</li> <li>▶ Increasing logistics costs (the 2024 Problem of driver shortage and delays in logistics)</li> <li>▶ Surging raw materials and fuel prices</li> </ul>



## Liquid Packaging Carton Business

[Main products] Liquid packaging cartons, liquid packaging boards

### Rigorous Implementation of Differentiation Strategy Leveraging Group Strengths and External Collaboration

Whereas the domestic market has been subject to a trend of contraction attributable to population decline, there has been rising demand with respect to new cartons and filling machines for high value-added beverages. In contrast to the prospect of escalating paper carton demand in worldwide markets prompted by a trend of deplasticization, the shift to paper cartons remains limited in Japan as of yet.

NIPPON PAPER GROUP will rigorously promote its differentiation strategy by collaborating with strategic partners and leveraging its base paper production technologies and packaging development capabilities to provide high value-added paper cartons to markets in Japan and overseas. At the same time, the Group will enhance its cost competitiveness through the procurement of base paper manufactured in-house. In Japan, the Group is striving to further extend sales of environmentally-friendly products such as "School POP®," strawless milk cartons for schools, "Non-Aluminum FUJIPAK," and "LiterLyte®," (lightweight product) as they are being increasingly adopted. In worldwide markets, the Group aims to expand its Paper-Pak Business centered on the collaboration of Elopak ASA and Shikoku Kakoki Co., Ltd. with the Group, including NDP. Moreover, the Group will intensively drive the trend of deplasticization and replacing plastic with paper by promoting recycling of paper cartons that contain aluminum ("PakUpcycle®").

Link strengths to opportunities	
<b>Strengths</b> <ul style="list-style-type: none"> <li>▶ World-class technology for developing paper cartons and filling machines</li> <li>▶ Presence of powerful strategic partners</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>▶ Rising needs for filling systems capable of handling various types of beverages and cartons</li> <li>▶ Rising needs for environmentally-friendly products both in Japan and overseas</li> </ul>
Address challenges and threats	
<b>Weaknesses</b> <ul style="list-style-type: none"> <li>▶ Developing and securing personnel for overseas expansion</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>▶ Uncertainty regarding supply of paper carton base paper due to factors such as conflicts and natural disasters around the world</li> <li>▶ Intensifying competition in the paper carton market</li> </ul>



## Opal

[Main products] Corrugated boxes, containerboards

### Achieving Business Growth by Strengthening Competitiveness and Maximizing Customer Value

The GDP and population of Australia have been steadily increasing, and this growth is expected to continue. The corrugated box market is also expected to achieve stable growth, driven by these factors. However, Opal has been subject to sluggish growth in sales volume due to a slump in consumption caused by factors such as weather anomalies, inflation, and interest rate hikes.

The Maryvale Mill switched its pulp manufacturing facilities to a continuous digester in March 2024 and has been proceeding with efforts to achieve productivity improvements and workforce optimization. Moreover, by leveraging characteristics of its integrated operations extending from containerboard to finished products, Opal has been scaling up internal consumption through base paper development, thereby mitigating the effects of export market volatility. In its packaging operations, Opal has achieved improvements in labor productivity as a result of installing cutting-edge facilities at its new corrugated box plant that began operating in August 2023. Additionally, Opal has been striving to increase profitability through productivity improvements and cost cutting by actively updating deteriorating facilities at other sites. Furthermore, it is reducing costs through workforce downsizing implemented on a company-wide basis. Through such initiatives, Opal seeks to enhance competitiveness and increase productivity, aiming for growth as an integrated operation.

Link strengths to opportunities	
<b>Strengths</b> <ul style="list-style-type: none"> <li>▶ Providing diverse products and solutions to meet customer needs</li> <li>▶ Product development capabilities leveraging the integrated operations of manufacturing and selling base paper and packaging</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>▶ Increasing market population and stable GDP growth</li> <li>▶ Rising demand for paper packaging due to regulations on plastics</li> </ul>
Address challenges and threats	
<b>Weaknesses</b> <ul style="list-style-type: none"> <li>▶ Deterioration of papermaking and processing facilities</li> <li>▶ High-cost structure</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>▶ Further dampening of market sentiment and consumer spending</li> <li>▶ Surging prices of containerboard wastepaper and diminished capacity to source it due to export regulations and other factors</li> <li>▶ Increased compliance-related costs due to stricter regulations on the environment, CO<sub>2</sub> emissions, etc.</li> </ul>





## Household Paper and Healthcare Business

[Main products] Facial tissues, toilet rolls, paper towels, adult diapers

### Expanding the Lineup of Products That Address Environmental Issues in Anticipation of Diversifying Needs

The domestic market has been experiencing diversifying consumer needs and purchasing behavior due to factors such as an increasing number of single elderly households, rising employment rates among women and elderly people, and growing inbound demand. Additionally, demand has been rising for emergency supplies stockpiled as a means of preparing for natural disasters attributable to climate change, amid a growing awareness of hygiene prompted by the COVID-19 pandemic.

Nippon Paper Crecia cites “maintaining and expanding a hygienic environment” as its purpose, aiming to enable all people to continue leading hygienic lives under all circumstances. It seeks to expand its product lineup to address diversifying needs by developing products suitable for various use scenarios and applications. This includes offering absorbent care products and adult diapers integral to the daily lives of active seniors, universal design products that accommodate inbound tourism needs, and items recommended for inclusion as rolling stock. At the same time, Nippon Paper Crecia is striving to achieve differentiation by further penetrating the market for “long-lasting & compact” products, which help reduce GHG emissions through greater transportation efficiency and less material consumption. On the cost front, it is increasing the volume of pulp procured in-house to mitigate the effects of market volatility and promoting a shift to digital transformation (DX) in its operations.

Link strengths to opportunities	
Strengths	Opportunities
<ul style="list-style-type: none"><li>▶ Technological capabilities and brand power as a pioneer in household paper</li><li>▶ Development of sustainable products from wood resources</li></ul>	<ul style="list-style-type: none"><li>▶ Heightened awareness of environment and hygiene</li><li>▶ Demand for products that are friendly to environment</li></ul>
Address challenges and threats	
Weaknesses	Threats
<ul style="list-style-type: none"><li>▶ Operations and logistics which are partially inefficient</li><li>▶ Room to increase amount of pulp procurement within the Group</li></ul>	<ul style="list-style-type: none"><li>▶ Increasing logistics costs (the 2024 Problem of driver shortage and delays in logistics)</li><li>▶ Labor shortage</li><li>▶ Exchange rate volatility</li><li>▶ Intensifying competition due to reinforcement of facilities by competitors</li></ul>



## Chemical Business

[Main products] Dissolving pulp, functional cellulose, functional chemicals, functional coating resins, functional films

### Multifaceted Expansion of Environmentally-friendly Products to Promote Business Growth

Demand for environmentally-friendly products is rising amid growing awareness of environmental issues worldwide. In the Chemical Business, the Group has long developed business by comprehensively utilizing sustainable wood resources such as dissolving pulp, lignin, fermentation processes, carboxymethyl cellulose (CMC), etc. In the burgeoning market for electric vehicles (EVs), the Group has been working to expand facilities for highly-functional CMC used in lithium-ion batteries. Furthermore, it will ensure a robust supply system by fully establishing a production site in Hungary in December 2024. Meanwhile, the Group has increasingly been encountering inquiries regarding lignin from wood resources for use as a binding agent, as an alternative to petrochemical and edible binders. Beyond wood-derived products, the Group is also promoting a shift to high value-added products that meet the increasing environmental requirements of customers. This includes functional coating resin products used for coatings on plastic car parts and inks for packaging film, as well as functional films used in mobile displays, which are experiencing strong sales. Going forward, the Group will focus on developing wood-derived products in response to mounting environmental awareness. By integrating efforts in sales, R&D and production, the Group aims to provide these solutions to both domestic and overseas markets.

Link strengths to opportunities	
Strengths	Opportunities
<ul style="list-style-type: none"><li>▶ Product lineup with high shares in niche markets and technological capabilities</li><li>▶ Extensive lineup of wood-derived products that contribute to achieving a circulation-oriented society</li></ul>	<ul style="list-style-type: none"><li>▶ Global trend toward converting to electric vehicles</li><li>▶ Increasing demand for environmentally-friendly products amid mounting environmental awareness</li></ul>
Address challenges and threats	
Weaknesses	Threats
<ul style="list-style-type: none"><li>▶ Investment cost to upgrade production facilities</li><li>▶ Production with small scale but high cost</li></ul>	<ul style="list-style-type: none"><li>▶ Growing quality requirements and declining value of existing products due to changes in the market environment</li><li>▶ Offensive maneuvers by overseas manufacturers</li></ul>



## Energy Business

[Main products] Electricity sales

### Securing Stable Profit by Enhancing Renewable Energy Supply Capacity

The environment surrounding Japan's electricity market is undergoing rapid change due to factors such as the launch of the nation's capacity market system in April 2024, amid mounting global demand for renewable energy. Meanwhile, whereas coal prices have come down after a surge in FY2023/3, fuel prices have been trending higher due to an increase in the number of biomass power plants in Japan. NIPPON PAPER GROUP has been striving to secure profit by flexibly adapting to systemic changes and societal transformation, while continually reducing its GHG emissions and cutting costs through fuel conversion of its coal boilers and energy saving efforts.

In response to escalating demand for renewable energy, the Yufutsu Energy Center began commercial operations in February 2023 as a biomass power generation facility with a generation capacity of 75 MW. In December 2023, the Group also completed modifications to its Nippon Paper Industries Ishinomaki Energy Center, increasing its woody biomass co-firing ratio to 42%. As a result of these initiatives, renewable energy capacity of facilities dedicated to power sales has increased to approximately 270 MW. The Group aims to secure stable profit over the medium to long term by maximizing the capabilities in power generation and wood resource procurement that it has cultivated through its existing businesses.

Link strengths to opportunities	
Strengths	Opportunities
<ul style="list-style-type: none"><li>▶ Technological capabilities in power generation and infrastructure cultivated over many years</li><li>▶ Woody biomass fuel procurement capabilities</li></ul>	<ul style="list-style-type: none"><li>▶ Rising demand for renewable energy toward carbon neutrality in 2050</li></ul>
Address challenges and threats	
Weaknesses	Threats
<ul style="list-style-type: none"><li>▶ High percentage of fossil fuels in energy composition</li><li>▶ Issues of cost and social reputation due to use of coal</li></ul>	<ul style="list-style-type: none"><li>▶ Growing opposition to coal consumption</li><li>▶ Movement to introduce carbon pricing</li></ul>



## Wood/Building Material Business

[Main products] Logs, building materials, raw materials and fuel

### Further Strengthen Domestic Wood Procurement Foundation and Expand Profitability of the Fuel Business

In Japan, the wood materials-related industry continues to endure challenging conditions amid sluggish demand for newly constructed single-family homes, despite robust demand for wood materials due to redevelopment and rebuilding of housing complexes. In the North American market, the number of housing starts is low due to rising interest rates, but attention is focused on the timing of potential recovery in demand attributable to interest rate cuts. Meanwhile, the price of fuel wood chips is trending higher amid expanding demand due to an increase in the number of biomass power plants in Japan.

NIPPON PAPER GROUP is further strengthening its domestic wood materials procurement foundation by maximizing its nationwide wood sourcing network, which is one of its strengths. The Group will flexibly adapt to changes in market conditions for wood materials while pursuing its aims of promoting replacement of imported items with domestic wood products and expanding sales routes of domestic logs and wood products in Japan and overseas, keeping in mind prospective future demand in overseas markets. In the field of fuel, the Group aims to increase profitability of its fuel business by seizing sales opportunities with external customers and developing new fuels, while consistently supplying wood chips used as fuel to biomass power generation facilities in the Group's Energy Business.

Link strengths to opportunities	
Strengths	Opportunities
<ul style="list-style-type: none"><li>▶ Top-class handling volume of domestic wood in Japan</li><li>▶ Procurement and supply system for wood chips used as fuel</li></ul>	<ul style="list-style-type: none"><li>▶ Movement to expand self-sufficiency of domestic wood</li><li>▶ Rising demand for biomass fuel due to the increase in biomass power generation facilities</li></ul>
Address challenges and threats	
Weaknesses	Threats
<ul style="list-style-type: none"><li>▶ Weakening procurement network of raw materials for paper manufacturing due to declining paper demand</li></ul>	<ul style="list-style-type: none"><li>▶ Lack of forestry workers and low productivity in the forestry industry</li><li>▶ Decline in the number of housing starts due to rising interest rates</li></ul>