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# FY2024/3 FINANCIAL REVIEW

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May 15, 2024



# FY2024/3 Financial Results

## Consolidated Statement

(¥billion)

	FY2023/3 Results	FY2024/3 Results	Y on Y changes	
			Amount	%
Net sales	1,152.6	<b>1,167.3</b>	14.7	1.3%
Operating income	-26.9	<b>17.3</b>	44.2	—
Ordinary income	-24.5	<b>14.6</b>	39.1	—
Net income *	-50.4	<b>22.7</b>	73.1	—

\* Profit attributable to owners of parent

- Net sales increased year-on-year due to price revisions and other factors.
- Operating income returned to profitability due to cost reductions and product price revisions.
- Extraordinary gains were recorded due to the gain on sales of noncurrent assets, i.e., land and buildings. Extraordinary losses were recorded due to the loss on withdrawal from graphic paper business of Opal.



# FY2024/3 Financial Results

## Results by Segment

(¥billion)

	Net sales			Operating income		
	FY2023/3 Results	FY2024/3 Results	Y on Y changes	FY2023/3 Results	FY2024/3 Results	Y on Y changes
Paper and Paperboard	563.2	<b>570.2</b>	7.0	-29.2	<b>11.7</b>	40.9
Daily-Life Products	440.1	<b>436.8</b>	-3.3	-7.8	<b>-8.1</b>	-0.3
Energy	49.9	<b>53.7</b>	3.8	-1.7	<b>1.6</b>	3.3
Wood Products and Construction Related	68.9	<b>75.5</b>	6.6	8.9	<b>9.8</b>	0.9
Others	30.5	<b>31.1</b>	0.6	2.9	<b>2.3</b>	-0.6
<b>Total</b>	<b>1,152.6</b>	<b>1,167.3</b>	<b>14.7</b>	<b>-26.9</b>	<b>17.3</b>	<b>44.2</b>



# FY2024/3 Financial Results

## Factors for Changes

(¥billion)

		Paper and Paperboard Business		Daily-Life Products Business	
Volume, Sales Price	<b>69.5</b>	54.1	—	15.4	—
Raw material and fuel prices	<b>-8.2</b>	-2.2	Wood chips -6.3, Wastepaper 2.4 Pulp -0.3, Oil -0.8, Coal 9.6, LNG 1.9, Chemicals, etc. -8.7 (Price 10.7, FOREX -12.9)	-6.0	Pulp -1.9, Wood chips -0.6, Chemicals, etc. -3.5
Cost reductions, etc.	<b>5.9</b>	5.4	Cost reductions 2.3, Permanent machine shutdown at the Akita Mill and the Ishinomaki Mill 1.0, Labor costs 1.6, Others 0.5	0.5	—
Others	<b>-26.6</b>	-16.4	Overseas business -2.0, Depreciation 2.9, Retirement benefit expenses 1.5, Inventory value adjustment, etc. -18.8	-10.2	Overseas business -8.9, Inventory value adjustment, etc. -1.3
Total	<b>40.6</b>	40.9	Domestic 42.9, Overseas -2.0	-0.3	Domestic 8.6, Overseas -8.9
Other businesses	<b>3.6</b>	Energy 3.3, Wood Products and Construction Related 0.9, Others -0.6			
Operating income	<b>44.2</b>				
Non-operating income	<b>-5.1</b>	Net financial cost -2.5, Equity in earnings of affiliates -1.9, FOREX 0.8, Others -1.5			
Ordinary income	<b>39.1</b>				



# FY2024/3 Financial Results

## Paper and Paperboard Business

(¥billion)

Net sales			Operating income		
FY2023/3 Results	FY2024/3 Results	Y on Y changes	FY2023/3 Results	FY2024/3 Results	Y on Y changes
563.2	<b>570.2</b>	7.0	-29.2	<b>11.7</b>	40.9

- Domestic
  - Domestic sales volume of paper and paperboard products decreased year-on-year due to sluggish demand.
  - Despite the impact of higher prices for raw materials and fuels such as wood chips and chemicals, operating income returned to profitability due to cost reductions and product price revisions.
- Overseas
  - Operating loss was recorded at Jujo Thermal (JTOy) due to sluggish demand for thermal paper in Europe and higher prices for raw materials and fuels.



# FY2024/3 Financial Results

## Daily-Life Products Business

(¥billion)

	Net sales			Operating income		
	FY2023/3 Results	FY2024/3 Results	Y on Y changes	FY2023/3 Results	FY2024/3 Results	Y on Y changes
Domestic	191.9	<b>210.8</b>	18.9	-1.3	<b>7.3</b>	8.6
Overseas	248.2	<b>226.0</b>	-22.2	-6.5	<b>-15.4</b>	-8.9
Total	440.1	<b>436.8</b>	-3.3	-7.8	<b>-8.1</b>	-0.3

Package 3.3, Chemical 0, Household paper and Healthcare 5.3

Opal -6.4, NDP -2.6, TSP 0.1

- Domestic
  - Sales volume of healthcare products increased.
  - Sales volume of functional films, facial tissues, and liquid-packaging cartons decreased.
  - Despite the impact of soaring raw materials and fuels prices, net sales and operating income increased due to product price revisions.
- Overseas
  - Opal recorded lower sales and earnings year-on-year, mainly due to lower sales volume following the withdrawal from graphic paper business.
  - Nippon Dynawave Packaging (NDP) saw a decline in sales and profits compared to last fiscal year. This is because sales volume decreased due to sluggish demand in the North American market.



# FY2024/3 Financial Results

## Energy Business

(¥billion)

FY2023/3 Results	Net sales		FY2023/3 Results	Operating income	
	FY2024/3 Results	Y on Y changes		FY2024/3 Results	Y on Y changes
49.9	<b>53.7</b>	3.8	-1.7	<b>1.6</b>	3.3

- Both net sales and operating income increased mainly due to the commencement of commercial operation of Yufutsu Energy Center.

## Wood Products and Construction Related Business

(¥billion)

FY2023/3 Results	Net sales		FY2023/3 Results	Operating income	
	FY2024/3 Results	Y on Y changes		FY2024/3 Results	Y on Y changes
68.9	<b>75.5</b>	6.6	8.9	<b>9.8</b>	0.9

- The sales volume of logs and building materials declined year-on year due to decrease in the number of new housing starts. On the other hand, the sales volume of fuel wood chips increased. As a result, net sales and operating income increased.



## FY2024/3 Financial Results

### Consolidated Balance Sheets

	Mar.31, 2023	Mar.31, 2024	Variance
Total assets	1,666.5	1,731.2	64.7
Cash and time deposit	144.3	164.8	20.5
Inventories	238.5	224.8	-13.7
Other current assets	244.8	248.9	4.1
Property, equipment, and intangible fixed asset	819.3	827.9	8.6
Investment and other assets	219.4	264.7	45.3
Total liabilities	1,251.3	1,235.5	-15.8
Interests bearing liabilities	924.4	888.3	-36.1
Other liabilities	326.9	347.2	20.3
Total net assets	415.2	495.6	80.4
Shareholder's equity	303.7	326.4	22.7
Total liabilities and net assets	1,666.5	1,731.2	64.7
Net interest-bearing debt	780.1	723.5	-56.6
Adjusted Net D/E ratio * (times)	2.25	1.95	-0.30

\* Adjusted Net D/E ratio= (Net interest-bearing debt- Equity—type debt)/(Shareholders' Equity + Equity-type debt)  
Equity-type debt : The amount of debt procured by hybrid loans that has been recognized as equity credit by rating agencies (50% of the financed amount)



# FY2025/3 Forecast

## Consolidated Statement

(¥billion)

	FY2024/3 Results	FY2025/3 Forecast	Y on Y changes	
			Amount	%
Net sales	1,167.3	<b>1,200.0</b>	32.7	2.8%
Operating income	17.3	<b>23.0</b>	5.7	33.2%
Ordinary income	14.6	<b>19.0</b>	4.4	30.6%
Net income *	22.7	<b>3.0</b>	-19.7	-86.8%

\* Profit attributable to owners of parent

- Sales and profits will increase as sales volume is expected to grow with operation of new facilities such as Opal's corrugated board factory and Crecia Miyagi Mill. Improvement of profitability in overseas business through Opal's structural reforms and JTOy's sales volume recovery will also contribute to the increase.
- However, most of the profits are expected to be recorded in the second half. This is because NDP will implement a large-scale outage in the first half, which will be longer than usual, and also because the effects of structural reforms at Opal's Maryvale Mill are expected to be realized in stages.
- Opal will record extraordinary losses due to structural reforms.



# FY2025/3 Forecast

## Results and Forecasts by Business Segment

(¥billion)

	Net sales			Operating income		
	FY2024/3 Results	FY2025/3 Forecast	Y on Y Changes	FY2024/3 Results	FY2025/3 Forecast	Y on Y Changes
Paper and Paperboard	570.2	<b>565.0</b>	-5.2	11.7	<b>13.0</b>	1.3
Daily-Life Products	436.8	<b>480.0</b>	43.2	-8.1	<b>-2.0</b>	6.1
Energy	53.7	<b>50.0</b>	-3.7	1.6	<b>2.0</b>	0.4
Wood Products and Construction Related	75.5	<b>75.0</b>	-0.5	9.8	<b>7.5</b>	-2.3
Others	31.1	<b>30.0</b>	-1.1	2.3	<b>2.5</b>	0.2
<b>Total</b>	<b>1167.3</b>	<b>1,200.0</b>	<b>32.7</b>	<b>17.3</b>	<b>23.0</b>	<b>5.7</b>



# FY2025/3 Forecast

## Major Assumptions

### ■ Annual decline in domestic sales volume (YoY)

	1st Half	2nd Half	Full year
Newsprint	-9%	-8%	-9%
Printing	-12%	-3%	-8%
Business communication	-5%	-3%	-4%
Containerboard	-1%	3%	1%

### ■ Major raw material prices and FOREX

	Full year
FOREX (USD)	JPY 155/USD
FOREX sensitivity	+0.7 billion yen/year due to 1 yen appreciation against USD
Coal	USD 145.95/t (Considering the impact of inventory conditions at the end of March 2024 and the risk of future price fluctuations)
Crude oil	USD 90/BL (Dubai)
Wastepaper	Considering current price trends



# FY2025/3 Forecast

## Forecast for Changes (FY2025 Forecast vs FY2024 Results)

(¥billion)

		Paper and Paperboard Business		Daily-Life Products Business	
Volume, Sales Price	<b>7.3</b>	-2.1	—	9.4	—
Raw material and fuel prices	<b>-8.8</b>	-6.0	Wood chips -8.0, Wastepaper -2.2, Pulp -0.2, Oil -1.5, Coal 9.7, LNG -0.2, Chemicals, etc. -3.6 (Price 1.9, FOREX -7.9)	-2.8	Wood chips 0.2, Pulp -1.3, Chemicals, etc. -1.7
Cost reductions, etc.	<b>2.1</b>	3.3	Cost reductions 8.2, Labor costs -2.3, Logistics costs -2.6	-1.2	—
Others	<b>6.8</b>	6.1	Overseas business 2.9, Depreciation 1.6, Retirement benefit expenses 3.9, Others -2.3	0.7	Overseas business 4.4, Others -3.7
Total	<b>7.4</b>	1.3	Domestic -1.6, Overseas 2.9	6.1	Domestic 1.7, Overseas 4.4
Other businesses	<b>-1.7</b>	Energy 0.4, Wood products and construction related -2.3, Others 0.2		Domestic: Package 0.1, Chemical 1.6, Household paper and Healthcare 0.0 Overseas: Opal 5.9, NDP -1.5, TSP 0.0	
Operating income	<b>5.7</b>				

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# REFERENCE MATERIALS

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# Key indicators

		FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3
Net Sales	¥ billion	1,043.9	1,007.3	1,045.1	1,152.6	1,167.3
Operating Income (Loss)	¥ billion	35.0	19.2	12.1	-26.9	17.3
Operating Income Margin	%	3.4	1.9	1.2	-2.3	1.5
Profit (Loss) attributable to owners of parent	¥ billion	14.2	3.2	2.0	-50.4	22.7
EBITDA *1	¥ billion	97.8	86.9	81.5	42.8	84.8
ROE *2	%	3.7	0.8	0.5	-12.3	5.3
Net interest-bearing debt	¥ billion	637.1	759.1	761.3	780.1	723.5
Adjusted net D/E ratio *3	times	1.75	1.86	1.89	2.25	1.95
Earnings (Loss) per share	¥	122.89	27.67	17.23	-436.28	197.09
Dividends per share	¥	40	40	40	0	10
Number of employees	persons	12,592	16,156	16,129	15,959	15,557

\*1: EBITDA=Operating income + Depreciation + Dividend income + Interest income + Amortization of goodwill

\*2: ROE=Profit (loss) attributable to owners of parent Total assets/ [Average of balances at the beginning and end of fiscal year (Shareholders' equity + Accumulated other comprehensive income)] ×100

\*3: Adjusted Net D/E ratio= (Net interest-bearing debt- Equity—type debt)/(Shareholders' Equity + Equity-type debt)

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



## Sales Volume(Paper & Paperboard) \*

('000 tonnes)

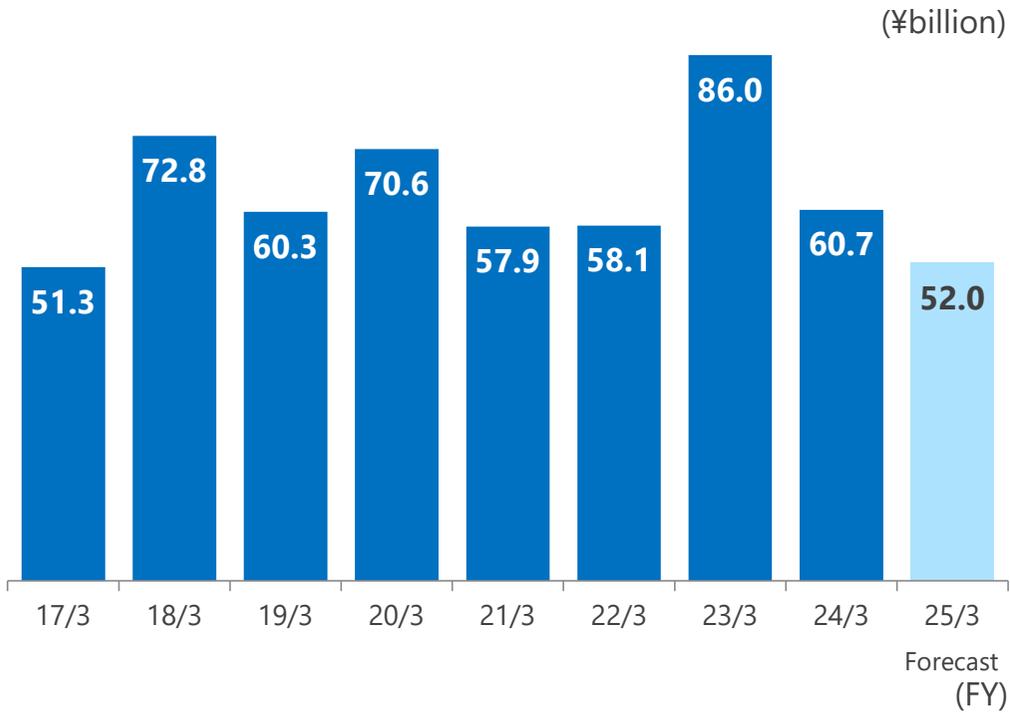
	FY2023/3	FY2024/3	against FY23/3
Newsprint	603	536	-11.1%
Printing paper	1,085	909	-16.2%
Business communication paper	411	378	-8.1%
Others	317	292	-7.8%
Domestic sales (paper)	2,416	2,116	-12.4%
Export (paper)	219	189	-13.5%
<b>Paper total</b>	<b>2,635</b>	<b>2,305</b>	<b>-12.5%</b>
Container board	1,612	1,528	-5.2%
Paperboard for paper container and others	329	320	-2.6%
Domestic sales (paperboard)	1,941	1,848	-4.8%
Export (paperboard)	158	115	-27.3%
<b>Paperboard total</b>	<b>2,099</b>	<b>1,963</b>	<b>-6.5%</b>
<b>Grand total (paper and paperboard)</b>	<b>4,734</b>	<b>4,268</b>	<b>-9.8%</b>

\* Sales Volume Total of Nippon Paper Industries Co., Ltd., Nippon Paper Papyrus Co., Ltd., Nippon Paper Crexia Co., Ltd., and Shin Tokai Paper Co., Ltd. (excluding sanitary paper)

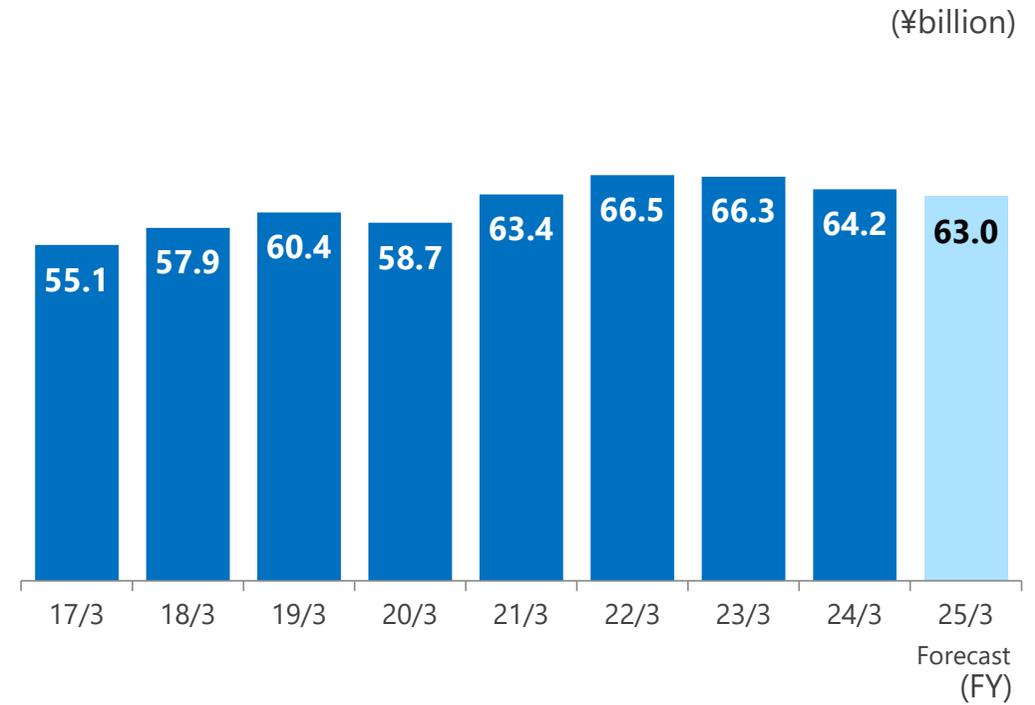


# Capital expenditure, Depreciation

## Capital expenditure \*



## Depreciation



\* Including construction in progress



## Net Sales Trends by Business Segment

(¥billion)

	FY2024/3				FY2024/3		
	Q1	Q2	Q3	Q4	1st Half	2nd Half	Full year
Paper and Paperboard	143.3	143.1	144.2	139.6	286.4	283.8	570.2
Daily-Life Products	106.8	111.7	110.0	108.3	218.5	218.3	436.8
Energy	13.7	14.6	10.9	14.5	28.3	25.4	53.7
Wood Products and Construction Related	16.7	19.5	17.6	21.7	36.2	39.3	75.5
Others	6.9	7.6	7.9	8.7	14.5	16.6	31.1
Total	287.4	296.5	290.6	292.8	583.9	583.4	1,167.3



## Operating Income Trends by Business Segment

(¥billion)

	FY2024/3				FY2024/3		
	Q1	Q2	Q3	Q4	1st Half	2nd Half	Full year
Paper and Paperboard	0.2	3.7	4.2	3.6	3.9	7.8	11.7
Daily-Life Products	-2.3	-2.7	-1.0	-2.1	-5.0	-3.1	-8.1
Energy	0.5	-0.3	-0.5	1.9	0.2	1.4	1.6
Wood Products and Construction Related	2.3	2.9	1.5	3.1	5.2	4.6	9.8
Others	0.1	0.5	0.2	1.5	0.6	1.7	2.3
Total	0.8	4.1	4.4	8.0	4.9	12.4	17.3



# Consolidated Statements of Cash Flows

(¥billion)

	FY2023/3	FY2024/3	Variance
Operating activities	65.8	90.2	24.4
Investing activities	-68.0	-22.0	46.0
Free cash flows	-2.2	68.2	70.4
Financing activities	7.0	-46.5	-53.5
Other	1.1	-1.1	-2.2
Increase (decrease) in cash and cash equivalents	5.9	20.5	14.6
Increase in cash and cash equivalents from newly consolidated subsidiary	2.2	0.0	-2.2
Cash and cash equivalent at the end of period	144.3	164.8	20.5
Depreciation	66.3	64.2	-2.1
Capital expenditure	86.0	60.7	-25.3

**Domestic Shipment and Import / Export Volume(Paper& Paperboard, FY2024/3 Results)**

('000 tonnes)

	Domestic shipments		Exports		Imports	
	volume	against FY23/3	volume	against FY23/3	volume	against FY23/3
Newsprint	1,632	-10.7%	0	—	1	57.8%
Printing & business communication paper	4,878	-11.3%	500	-3.6%	518	-1.7%
Coated paper *	2,577	-12.2%	376	-2.1%	105	39.1%
Uncoated paper	1,286	-12.3%	99	-11.0%	9	-35.9%
Business communication paper	1,015	-7.5%	25	8.3%	404	-7.7%
Other papers	2,974	-3.6%	239	-14.5%	39	-23.2%
<b>Paper total</b>	<b>9,483</b>	<b>-8.9%</b>	<b>739</b>	<b>-7.4%</b>	<b>559</b>	<b>-3.6%</b>
Containerboard	8,675	-4.3%	786	-12.1%	23	-39.0%
Folding box board and others	1,987	-5.1%	40	-15.8%	206	-16.5%
<b>Paperboard total</b>	<b>10,662</b>	<b>-4.4%</b>	<b>826</b>	<b>-12.3%</b>	<b>230</b>	<b>-19.5%</b>
<b>Paper and paperboard total</b>	<b>20,146</b>	<b>-6.6%</b>	<b>1,564</b>	<b>-10.0%</b>	<b>789</b>	<b>-8.8%</b>

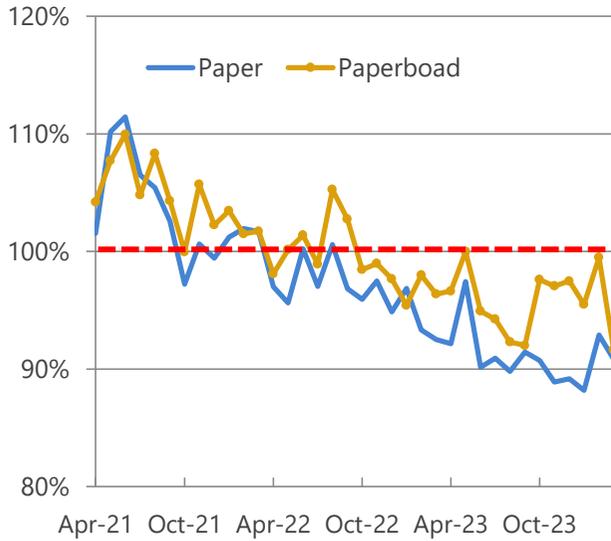
\* "Bitoko-shi" paper is included in coated paper.

Source: Japan Paper Association, Trade Statistics of Japan

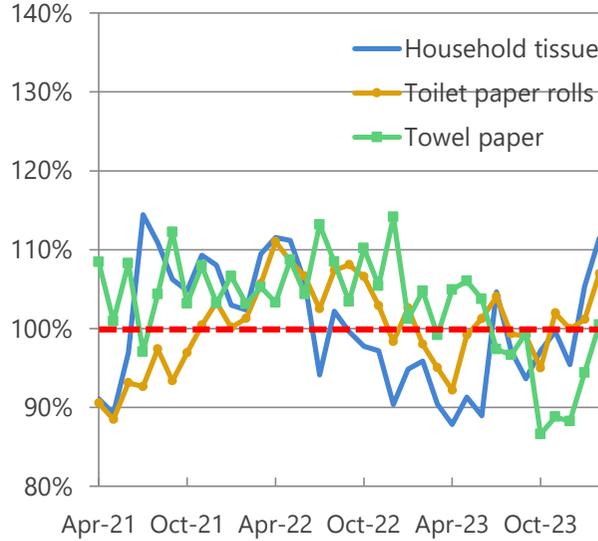


# Reference (Domestic)

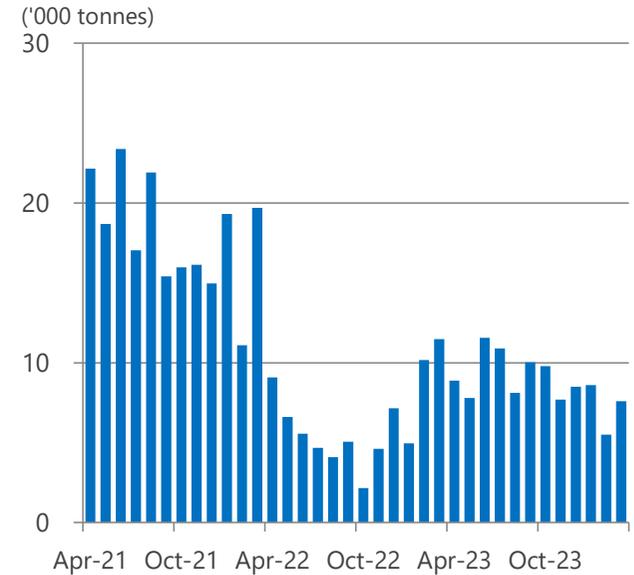
### Domestic shipment of paper industry (YOY)



### Production of sanitary paper (YOY)



### Imports of Coated Paper

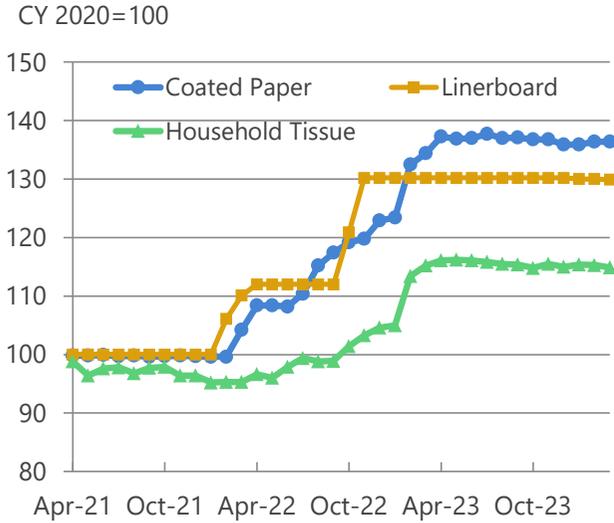


Source: Japan Paper Association, Current Survey of Production by the Ministry of Economy, Trade Statistics of Japan

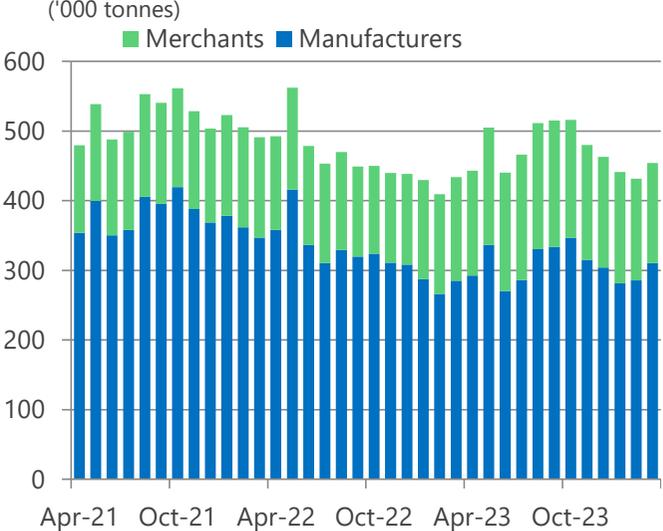


# Reference (Domestic)

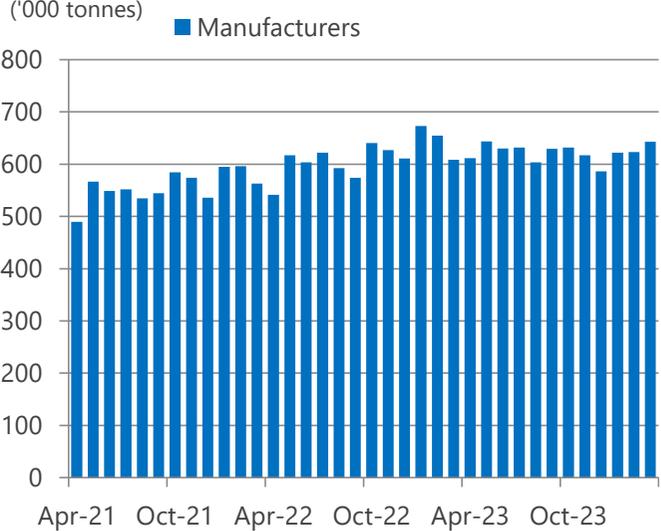
## Price trends by products



## Coated paper inventory



## Containerboard inventory

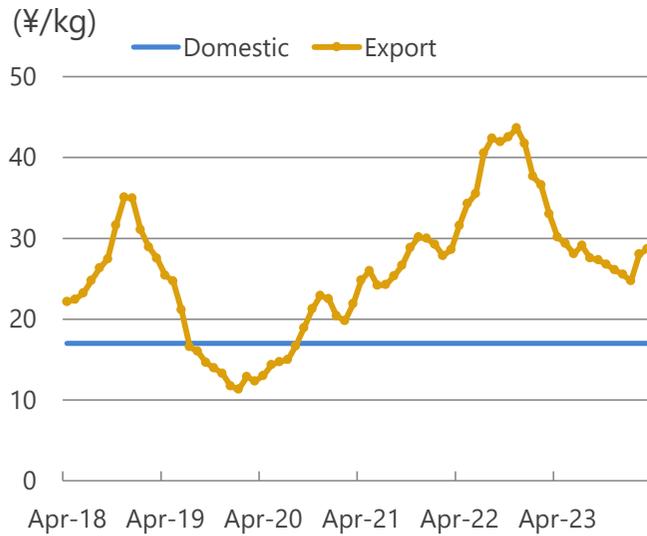


Source: Japan Paper Association, Bank of Japan(Corporate Goods Price Index)

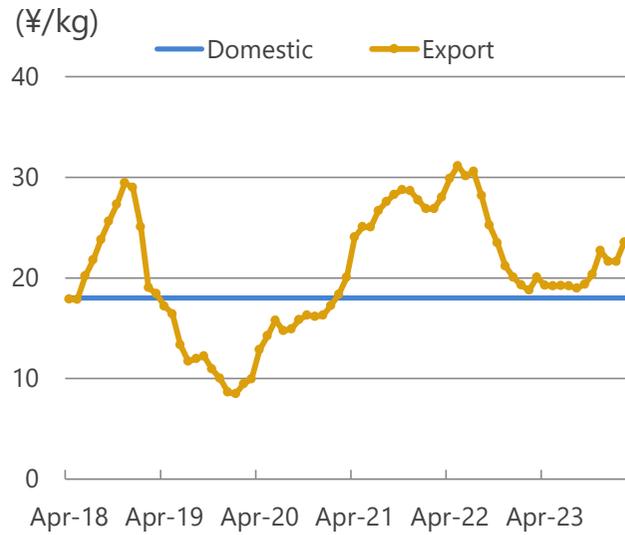


# Reference (Domestic, Global)

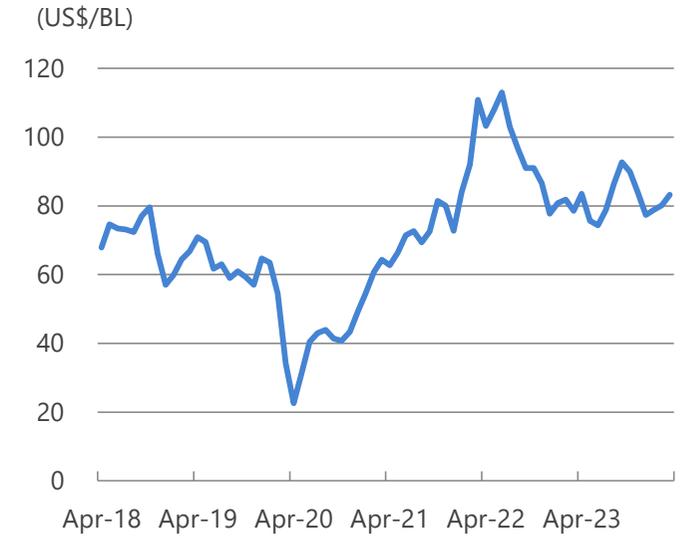
## ONP



## OCC



## Crude oil



Source: Wastepaper Revitalization Promotion Centre, Trade Statistics of Japan, Nihon Keizai Shimbun



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