

Financial Results for the Fiscal Year Ended March 31, 2025

Q&A Summary

- Q1 :** The progress seemed to be solid in Q3 FY25/3, but the full year operating profit for FY 25/3 was 19.7 billion yen, falling short of the planned 23 billion yen. Please explain the reason for this.
- A1 :** The recovery boiler at the Yatsushiro Mill blew up in December 2024 and has yet to be restored. As a result of this accident, production of kraft pulp stopped and led to cost increase due to external procurement of KP and an imbalance in the power balance at the Mill. It also affected sales volume of paper and paperboard including export, resulting in 10 billion yen decrease in profit only in Q4. In addition to this, sales volume of Daily-Life Products Business in Japan was weak, and it also caused a shortage for the planned profit.
- Q2 :** Impairment has occurred at Opal. What was it booked for?
- A2 :** It was booked for the goodwill recorded on acquisition of Opal (former Orora).
- Q3 :** Would you clarify the reason why Opal's packaging business return to the red in Q1 FY26/5?
- A3 :** Because of the labor disputes that occurred in Q1. It halted production at Maryvale Mill, and Opal's packaging business backed up the sales of base paper. It caused deterioration in sales mix and decrease in sales volume. Meanwhile, corrugated box sales have been declining slightly since around February. These factors are included in the guidance for FY26/3.
- Q4 :** What is your stance on price increases in the Paper and Paperboard Business?
- A4 :** Our forecast for FY26/3 does not include price increases for any products other than those we have already announced. However, it is necessary to determine the appropriate prices that allow continuous and stable production. Fixed costs can be relatively high in the future, so naturally we are considering raising prices.
- Q5 :** What is the impact of tariffs imposed by the U.S.?
- A5 :** We do not expect any major impact on direct transactions. Our biggest concern is the decline in the global economy. If overall demand declines, Paper and Paperboard Business may be affected. We will have to keep a close watch on future trends.
- Q6 :** You expect to increase the dividend by 5 yen for FY25/3. What is your policy for dividends?
- A6 :** Our basic policy is to maintain stable dividends, taking into account our financial situation and other factors. We decided to increase the dividend based on future earnings forecasts. However, we do not believe that we have completed the transformation of our business structure. We have taken this into consideration as well.
- Q7 :** NDP expects operating income to improve by 7.6 billion yen in FY26/3. Please tell me about the feasibility of the forecast.
- A7 :** We have not factored in any effort targets, and it is fully achievable by proceeding with production and sales as planned.

- Q8 :** In the domestic Daily-Life Products Business, the price increase will be the key as costs continue to rise. Please tell me about the progress of the current price increase.
- A8 :** We have already announced the price increase for liquid paper containers and household paper and are in the process of asking customers for their support. Therefore, we cannot discuss details, but we are working to gain the understanding of our customers.

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