

Financial Results for the Three Months Ended June 30, 2023

Q&A Summary

- Q1 :** Can you tell me how the progress in Q1 compares to the forecast?
- A1 :** Looking at each business, there are areas that are better and areas that are worse than expected, but overall, we recognize that progress is almost in line with the plan.
- Q2 :** Opal posted an extraordinary loss in Q1. Will this have any impact on the future performance of Opal?
- A2 :** Opal is also generally progressing on schedule.
- Q3 :** There appears to be an exchange between Opal and the EPA, the Australian environmental authority, about reducing the number of pulp facilities from three to two, is it my understanding that this is included in your plan?
- A3 :** Yes. This is exactly what we are discussing now, and we would like to proceed without delay.
- Q4 :** I understand that in Q1, operating income of the paper and paperboard business emerged to a profit of JPY200 million in the black. Can you tell us whether the profitability situation of paper and paperboard each has returned properly or not?
- A4 :** In the segments of paper and paperboard, the underlying tone of both are increasing profits. Also, since we have been halting the paper machines to reduce fixed costs, overall efficiency has improved in this area.
- Q5 :** In Q1, the domestic daily-life products business saw an increase in profit in packaging, household paper and healthcare, and a decrease in chemical. How do you assess the Q1 situation in each of your businesses?
- A5 :** All of these businesses were affected by soaring raw material and fuel prices and the contribution of product price revisions. The Chemical business saw a decrease in profit due to the impact of lower sales volumes of functional films and functional coating resins.
- Q6 :** Opal incurred an extraordinary loss in Q1. Should we still be looking at the possibility of extraordinary losses in Q2 and beyond, such as those related to rationalization?
- A6 :** We posted an extraordinary loss of 4.9 billion yen in Q1, but it is not the end yet. I believe that additional extraordinary losses will emerge in the future. An impairment loss of 1.2 billion yen on fixed assets due to shut the M2 paper machine is also expected to be incurred in Q2.