
1ST QUARTER FY2025/3 FINANCIAL REVIEW

August 7, 2024

1st Quarter FY2025/3 Financial Results

Consolidated Statement

(¥billion)

	1Q FY2024/3 Results	1Q FY2025/3 Results	Y on Y changes	
			Amount	%
Net sales	287.4	287.0	-0.4	-0.1%
Operating income	0.8	4.1	3.3	409.3%
Ordinary income	0.4	5.0	4.6	1,292.1%
Net income *	-5.3	-1.1	4.2	-

* Profit attributable to owners of parent

- Net sales remained at the same level as the same period of the previous fiscal year despite the demand decline in Paper and Paperboard Business because of expansion of exports.
- Operating income increased due to price revisions and cost reduction.
- Extraordinary losses were recorded for the business structure improvement expenses at Opal.



1st Quarter FY2025/3 Financial Results

Results by Segment

(¥billion)

	Net sales			Operating income		
	1Q FY2024/3 Results	1Q FY2025/3 Results	Y on Y changes	1Q FY2024/3 Results	1Q FY2025/3 Results	Y on Y changes
Paper and Paperboard	143.3	141.9	-1.4	0.2	2.4	2.2
Daily-Life Products	106.8	108.3	1.5	-2.3	-2.0	0.3
Energy	13.7	11.5	-2.2	0.5	0.5	0.0
Wood Products and Construction Related	16.7	18.4	1.7	2.3	2.2	-0.1
Others	6.9	6.9	0.0	0.1	1.0	0.9
Total	287.4	287.0	-0.4	0.8	4.1	3.3

1st Quarter FY2025/3 Financial Results

Factors for Changes

(¥billion)

			Paper and Paperboard Business		Daily-Life Products Business	
	Volume, Sales Price	1.7	0.0	—	1.7	—
	Raw material and fuel prices	1.2	1.1	Wood Chips -1.4, Wastepaper -0.7, Pulp -0.1 Oil -0.5, Coal 3.8, LNG 0.2, Chemicals, etc. -0.2 (Price 4.9, FOREX -3.8)	0.1	Pulp -0.1, Coal 0.2, Chemicals, etc. 0.0
	Cost reductions,etc.	-0.3	-0.3	Cost reductions 0.8, Labor costs -0.3, Logistics costs -0.8	0.0	—
	Others	-0.1	1.4	Overseas business 1.3,Depreciation 0.5, Retirement benefit expenses 0.9, Inventory value adjustment 0.4, Others -1.7	-1.5	Overseas business -1.3, Depreciation -0.3 Inventory value adjustment, etc. 0.1
Total		2.5	2.2	Domestic business 0.9, Overseas business 1.3	0.3	Domestic business 1.6, Overseas business -1.3
Other businesses		0.8	Energy 0.0,Wood Products and Construction Related -0.1, Others0.9			
Operating income		3.3				
Non-operating income		1.3	Net financial revenue 0.3, Equity in net income of affiliates 1.1, Foreign exchange difference -0.8, Others 0.7			
Ordinary income		4.6				

Paper and Paperboard Business

(¥billion)

Net sales			Operating income		
1Q FY2024/3 Results	1Q FY2025/3 Results	Y on Y changes	1Q FY2024/3 Results	1Q FY2025/3 Results	Y on Y changes
143.3	141.9	-1.4	0.2	2.4	2.2

- Domestic
 - Domestic sales volume of paper and paperboard products decreased year on year due to sluggish demand.
 - Operating income increased year on year due to decline in coal prices, cost improvement, and other factors.
- Overseas
 - Operating income of Jujo Thermal (JTOy) turned to profitability due to recovery of the demand for thermal paper in Europe.

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Daily-Life Products Business

(¥billion)

	Net sales			Operating income		
	1Q FY2024/3 Results	1Q FY2025/3 Results	Y on Y changes	1Q FY2024/3 Results	1Q FY2025/3 Results	Y on Y changes
Domestic	50.3	52.7	2.4	1.4	3.0	1.6
Overseas	56.5	55.6	-0.9	-3.7	-5.0	-1.3
Total	106.8	108.3	1.5	-2.3	-2.0	0.3

Package 0.1, Chemical 1.2,
Household paper and Healthcare 0.3

Opal -1.0, NDP -0.4, TSP 0.1

- Domestic
 - Sales volumes of dissolving pulp (DP) and functional coating resins increased.
 - Sales volumes of facial tissue, toilet paper rolls, and liquid packaging cartons decreased.
 - Net sales and operating income increased due to product price revisions.
- Overseas
 - Opal recorded lower earnings year-on-year due to decrease in sales prices for exports and impact of fluctuations in foreign exchange rate.
 - Nippon Dynawave Packaging (NDP) recorded lower earnings because of operational failure caused by the cold weather.

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Energy Business

(¥billion)

Net sales			Operating income		
1Q FY2024/3 Results	1Q FY2025/3 Results	Y on Y changes	1Q FY2024/3 Results	1Q FY2025/3 Results	Y on Y changes
13.7	11.5	-2.2	0.5	0.5	0.0

- Net sales decreased year on year due to decline in sales prices of energy caused by decline in coal prices.

Wood Products and Construction Related Business

(¥billion)

Net sales			Operating income		
1Q FY2024/3 Results	1Q FY2025/3 Results	Y on Y changes	1Q FY2024/3 Results	1Q FY2025/3 Results	Y on Y changes
16.7	18.4	1.7	2.3	2.2	-0.1

- Net sales and operating income increased despite a decrease in the number of new housing starts, due to factors such as increase in handling volume of fuel wood chips.



Consolidated Statement

(¥billion)

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

* Profit attributable to owners of parent

■ The forecast for FY2025/3 has not changed since the release of May 15.

Reorganization of Production System

Location		Facility	Annual Production capacity (tons)	Products	Schedule
Shiraoi Mill	Shutdown	No.8 Paper machine	64,000	Fine paper Bleached kraft paper	End of September 2025
	Shutdown	N2 Paper machine	232,000	Newsprint	End of June 2025
Yatsushiro Mill	Shutdown	No.9 coal-fired boiler	-	-	End of November 2025
	Operation start	Paper machine	-	Household paper	FY 2027

- The Company decided on a new production system reorganization plan in response to the acceleration of demand decline in graphic paper. It also decided launching household paper business that primarily targets exports.
- Effects and impacts of machine shutdown
 - Impairment loss: currently under examination (to be recorded in the second quarter of FY 2025/3)
 - Personnel: the employees involved in the machines that will be shut down basically continue to be employed within their respective mills.
 - Fixed cost reduction: approx. 2 billion yen
(to be realized by the end of FY 2027/3 when the abovementioned plan will be completed)
 - GHG emissions reduction: coal consumption in Yatsushiro Mill will be reduced to zero
(after the shutdown of No.9 boiler)
 - Production: manufacturing of the products of these machines will continue at the Company's facilities including the abovementioned mills.

REFERENCE MATERIALS

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	565.0	-5.2	11.7	13.0	1.3
Daily-Life Products	436.8	480.0	43.2	-8.1	-2.0	6.1
Energy	53.7	50.0	-3.7	1.6	2.0	0.4
Wood Products and Construction Related	75.5	75.0	-0.5	9.8	7.5	-2.3
Others	31.1	30.0	-1.1	2.3	2.5	0.2
Total	1167.3	1,200.0	32.7	17.3	23.0	5.7



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

Forecast for Changes (FY2025 Forecast vs FY2024 Results)

(¥billion)

			Paper and Paperboard Business		Daily-Life Products Business	
	Volume, Sales Price	7.3	-2.1	–	9.4	–
	Raw material and fuel prices	-8.8	-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.	2.1	3.3	Cost reductions 8.2, Labor costs -2.3, Logistics costs -2.6	-1.2	–
	Others	6.8	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	7.4	1.3	Domestic -1.6, Overseas 2.9	6.1	Domestic 1.7, Overseas 4.4
Other businesses		-1.7	Energy 0.4, Wood products and construction related -2.3, Others 0.2			
Operating income		5.7	Domestic: Package 0.1, Chemical 1.6, Household paper and Healthcare 0.0 Overseas: Opal 5.9, NDP -1.5, TSP 0.0			

Sales Volume (Paper & Paperboard) *

volume: '000 tonnes

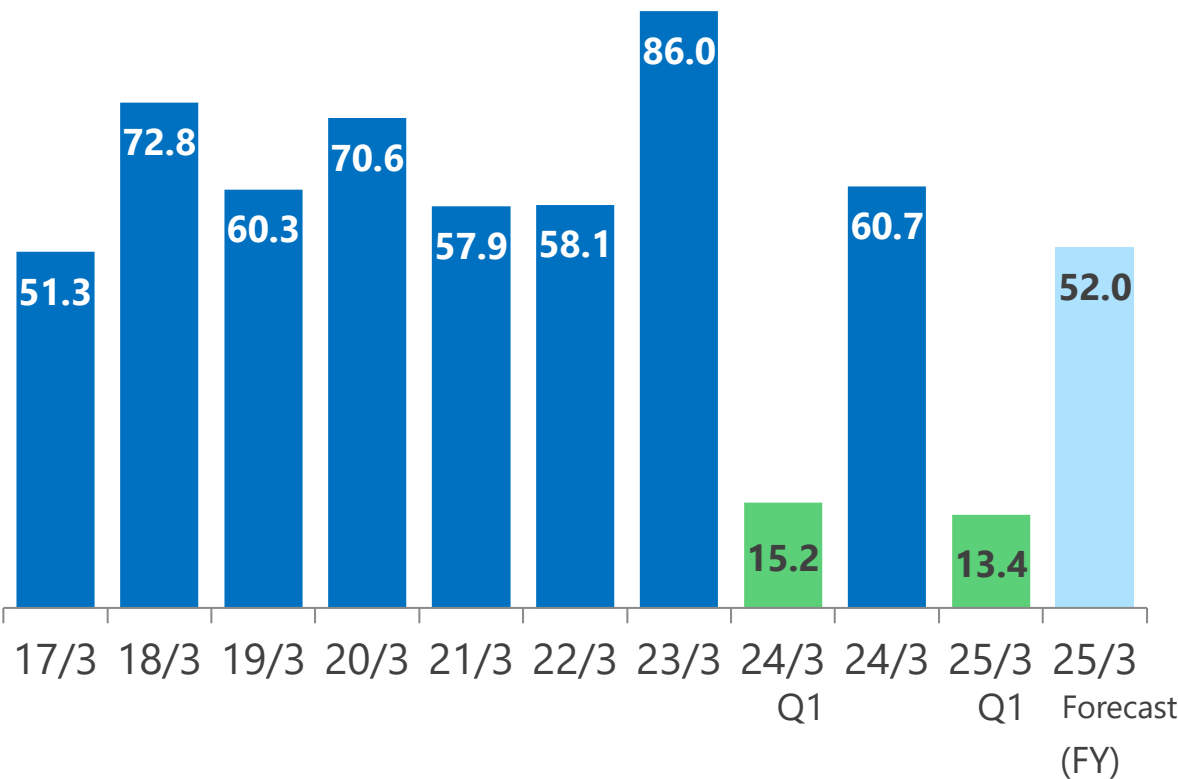
	Q1 FY2024/3	Q1 FY2025/3	against Q1 FY24/3
Newsprint	136	120	-12.1%
Printing paper	236	204	-13.5%
Business communication paper	96	93	-3.6%
Others	73	74	1.0%
Domestic sales (paper)	542	491	-9.4%
Export (paper)	40	58	45.9%
Paper total	581	549	-5.7%
Container board	400	387	-3.3%
Paperboard for paper container and others	81	78	-3.5%
Domestic sales (paperboard)	481	465	-3.3%
Export (paperboard)	32	31	-2.4%
Paperboard total	512	496	-3.3%
Grand total (paper and paperboard)	1,094	1,044	-4.5%

* 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

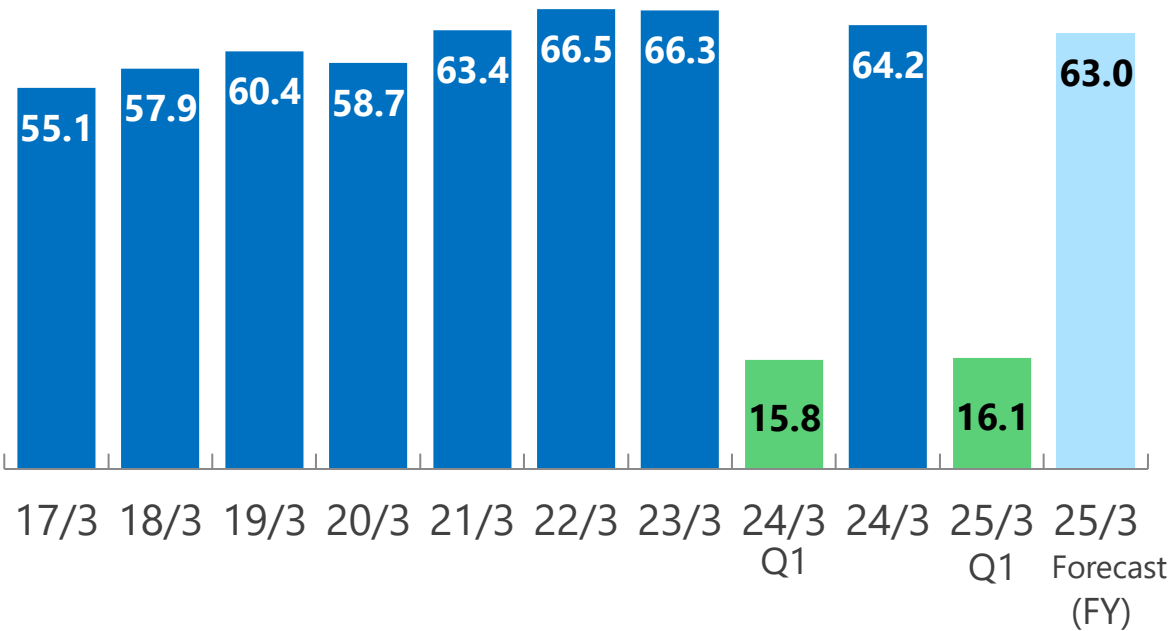
Capital expenditure *

(¥ billion)



Depreciation

(¥ billion)



* Including construction in progress

Net Sales Trends by Business Segment



(¥billion)

	FY2024/3				FY2025/3	
	Q1	Q2	Q3	Q4	Q1	Full year forecast
Paper and Paperboard	143.3	143.1	144.2	139.6	141.9	565.0
Daily-Life Products	106.8	111.7	110.0	108.3	108.3	480.0
Energy	13.7	14.6	10.9	14.5	11.5	50.0
Wood Products and Construction Related	16.7	19.5	17.6	21.7	18.4	75.0
Others	6.9	7.6	7.9	8.7	6.9	30.0
Total	287.4	296.5	290.6	292.8	287.0	1,200.0



Operating Income Trends by Business Segment

(¥billion)

	FY2024/3				FY2025/3	
	Q1	Q2	Q3	Q4	Q1	Full year forecast
Paper and Paperboard	0.2	3.7	4.2	3.6	2.4	13.0
Daily-Life Products	-2.3	-2.7	-1.0	-2.1	-2.0	-2.0
Energy	0.5	-0.3	-0.5	1.9	0.5	2.0
Wood Products and Construction Related	2.3	2.9	1.5	3.1	2.2	7.5
Others	0.1	0.5	0.2	1.5	1.0	2.5
Total	0.8	4.1	4.4	8.0	4.1	23.0

Domestic Shipment and Import / Export Volume (Paper& Paperboard, FY2025/3 Q1 Results)

volume: '000 tonnes

	Domestic shipments		Exports		Imports	
	volume	against Q1 FY24/3	volume	against Q1 FY24/3	volume	against Q1 FY24/3
Newsprint	371	-10.3%	0	—	0	-63.7%
Printing & business communication paper	1,128	-9.5%	164	49.0%	128	-3.7%
Coated paper *	581	-12.7%	123	45.6%	21	-24.8%
Uncoated paper	307	-5.5%	28	36.4%	3	-0.7%
Business communication paper	240	-6.0%	13	161.5%	105	2.1%
Other papers	739	1.5%	67	18.1%	11	-6.9%
Paper total	2,237	-6.3%	230	38.5%	139	-4.1%
Containerboard	2,185	-1.9%	203	11.4%	6	31.4%
Folding box board and others	495	0.4%	11	8.4%	56	4.5%
Paperboard total	2,681	-1.5%	214	11.2%	62	6.7%
Paper and paperboard total	4,918	-3.7%	444	23.9%	201	-1.0%

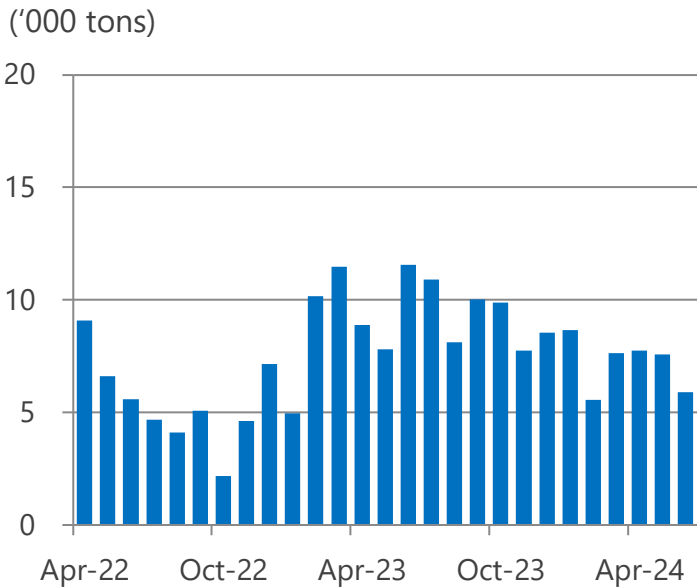
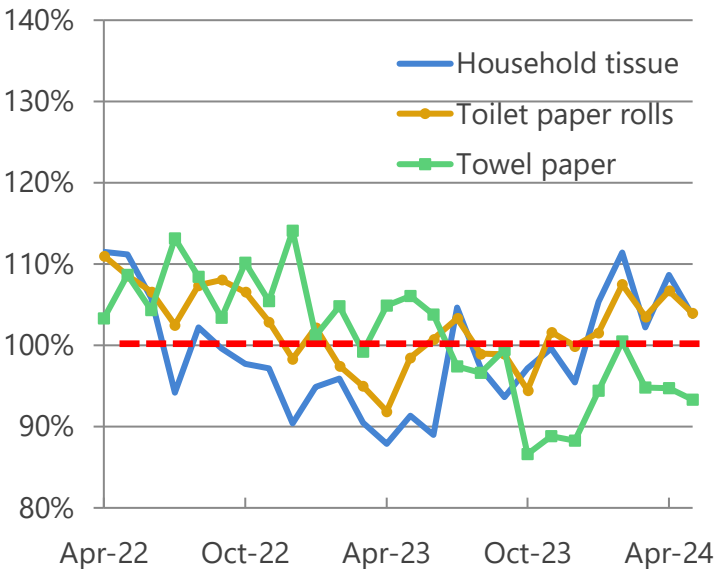
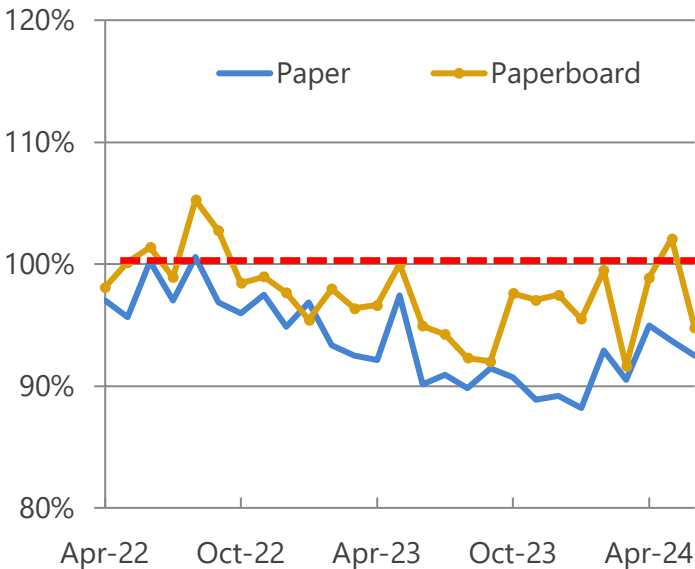
* "Bitoko-shi" paper is included in coated paper.

Source: Japan Paper Association, Trade Statistics of Japan

Domestic shipment of paper industry (YOY)

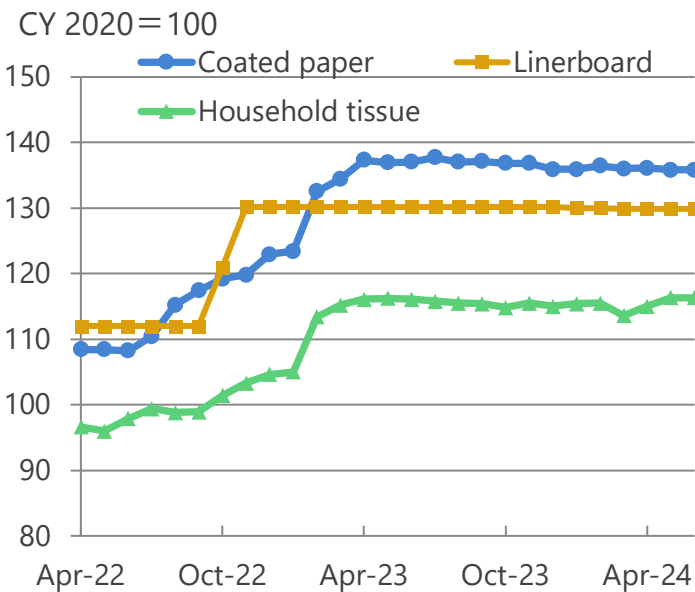
Production of sanitary paper (YOY)

Imports of Coated Paper

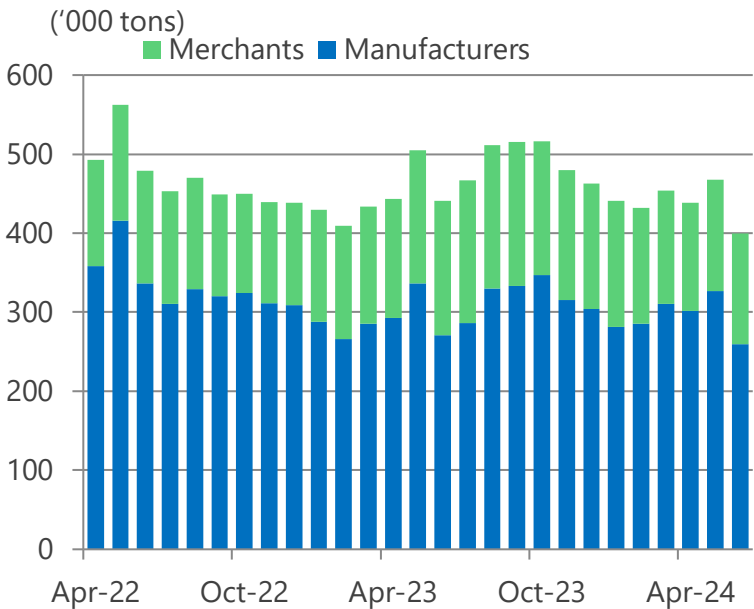


Source: Japan Paper Association, Current Survey of Production by the Ministry of Economy,
Trade Statistics of Japan

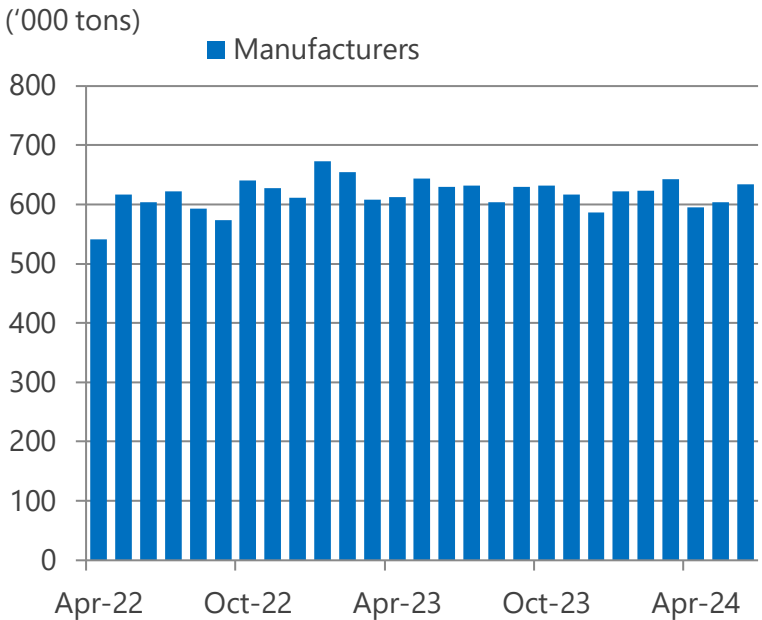
Price trends by products



Coated paper inventory



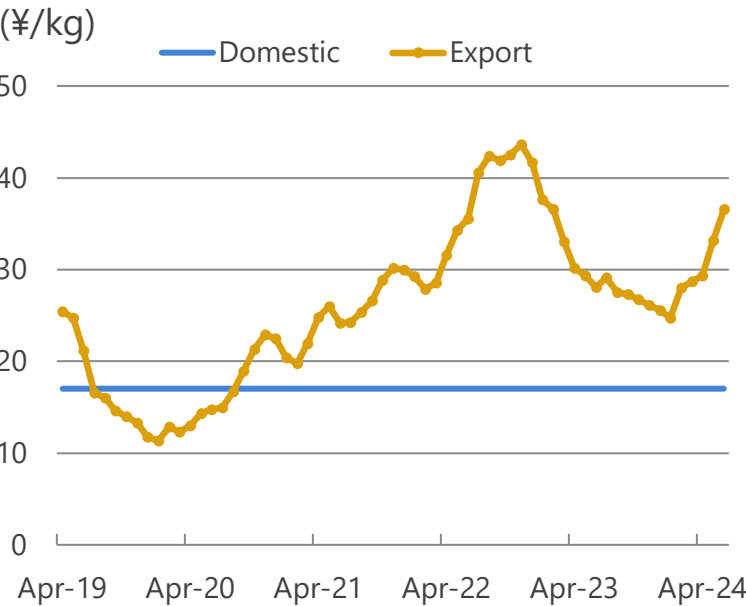
Containerboard inventory



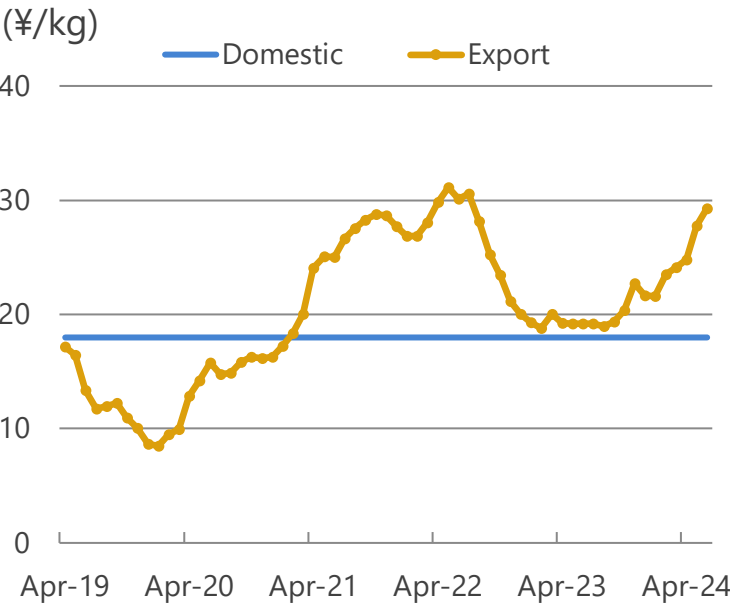
Source: Japan Paper Association, Bank of Japan(Corporate Goods Price Index)

Reference (Domestic, Global)

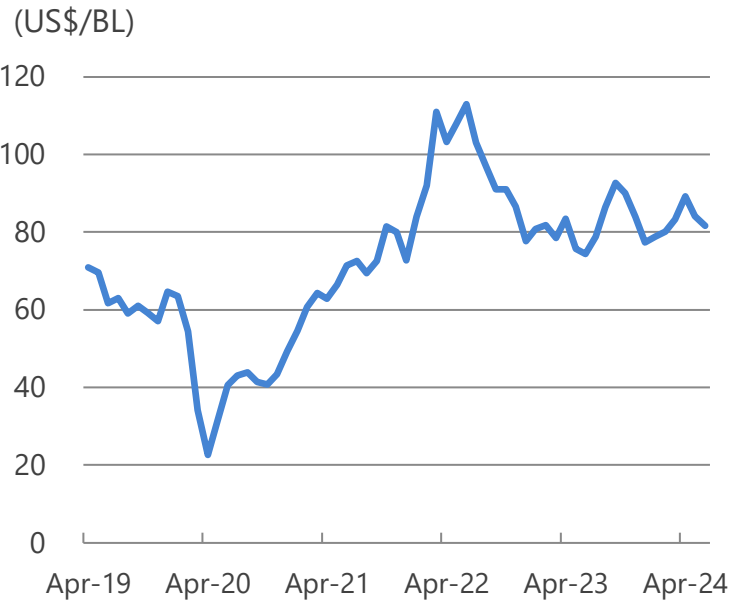
ONP



OCC



Crude oil



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

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