
1ST HALF FY2025/3 FINANCIAL REVIEW

November 6, 2024

1st HALF FY2025/3 Financial Results

Consolidated Statement

(¥billion)

	1st Half FY2024/3 Results	1st Half FY2025/3 Results	Y on Y changes	
			Amount	%
Net sales	583.9	584.5	0.6	0.1 %
Operating income	4.9	2.1	-2.8	-57.6%
Ordinary income	5.8	1.8	-4.0	-69.0%
Net income *	-9.4	-12.4	-3.0	-

* Profit attributable to owners of parent

- Net sales increased year on year, despite the impact of a decrease in demand for graphic paper, due to growth in sales of household paper & healthcare products and chemicals.
- Operating income decreased year on year due to the impact of large scale maintenance work carried out at Nippon Dynawave Packaging (NDP).
- Extraordinary income and loss includes Opal's business structure improvement expenses and impairment losses related to the planned shutdown of the Shiraoi Mill and Yatsushiro Mill.



1st HALF FY2025/3 Financial Results

Results by Segment

(¥billion)

	Net sales			Operating income		
	1st Half FY2024/3 Results	1st Half FY2025/3 Results	Y on Y changes	1st Half FY2024/3 Results	1st Half FY2025/3 Results	Y on Y changes
Paper and Paperboard	286.4	283.1	-3.3	3.9	3.5	-0.4
Daily-Life Products	218.5	224.7	6.2	-5.0	-9.1	-4.1
Energy	28.3	24.8	-3.5	0.2	1.7	1.5
Wood Products and Construction Related	36.2	37.7	1.5	5.2	4.0	-1.2
Others	14.5	14.2	-0.3	0.6	2.0	1.4
Total	583.9	584.5	0.6	4.9	2.1	-2.8

1st HALF FY2025/3 Financial Results

Factors for Changes

(¥billion)

			Paper and Paperboard Business		Daily-Life Products Business	
	Volume, Sales Price	1.9	-1.7	—	3.6	—
	Raw material and fuel prices	-0.2	0.3	Wood Chips -2.3, Wastepaper -2.6, Pulp -0.2 Oil -0.5, Coal 6.8, LNG 0.1, Chemicals, etc. -1.0 (Price 4.9, FOREX -4.6)	-0.5	Pulp -0.4, Coal 0.2, Chemicals, etc. -0.3
	Cost reductions,etc.	-1.3	-1.0	Cost reductions 2.1, Labor costs -0.9, Logistics costs -2.2	-0.3	—
	Others	-4.9	2.0	Overseas business 1.8,Depreciation 0.8, Retirement benefit expenses 2.0, Inventory value adjustment, etc. -2.6	-6.9	Overseas business -6.9, Depreciation -0.5 Inventory value adjustment, etc. 0.5
Total		-4.5	-0.4	Domestic business -2.2, Overseas business 1.8	-4.1	Domestic business 2.8, Overseas business -6.9
Other businesses		1.7	Energy 1.5,Wood Products and Construction Related -1.2, Others1.4			
Operating income		-2.8				
Non-operating income		-1.2	Net financial revenue 0.8, Equity in net income of affiliates 3.2, Foreign exchange difference -5.6, Others 0.4			
Ordinary income		-4.0				

Paper and Paperboard Business

(¥billion)

Net sales			Operating income		
1st Half FY2024/3 Results	1st Half FY2025/3 Results	Y on Y changes	1st Half FY2024/3 Results	1st Half FY2025/3 Results	Y on Y changes
286.4	283.1	-3.3	3.9	3.5	-0.4

- Domestic
 - Domestic sales volume of paper and paperboard products decreased year on year due to sluggish demand.
 - Despite the stable price of coal and other fuels and the positive effect of cost improvements, profits decreased year on year due to increase in labor and logistics cost.
- Overseas
 - Jujo Thermal (JTOy) saw a recovery in sales volume and an increase in profits compared to the same period last year, despite the continued slump in demand for thermal paper in the European market.

1st HALF FY2025/3 Financial Results

Daily-Life Products Business

(¥billion)

	Net sales			Operating income			
	1st Half FY2024/3 Results	1st Half FY2025/3 Results	Y on Y changes	1st Half FY2024/3 Results	1st Half FY2025/3 Results	Y on Y changes	
Domestic	103.6	110.3	6.7	3.0	5.8	2.8	Package 0.7, Chemical 1.7, Household paper and Healthcare 0.4
Overseas	114.9	114.4	-0.5	-8.0	-14.9	-6.9	Opal -0.8, NDP -6.1, TSP 0.0
Total	218.5	224.7	6.2	-5.0	-9.1	-4.1	

- Domestic
 - Sales volumes of dissolving pulp (DP), functional coating resins, and toilet paper rolls increased.
 - Sales volumes of facial tissue and liquid packaging cartons decreased.
 - Net sales and operating income increased due to product price revisions.
- Overseas
 - Opal carried out its planned workforce reduction. On the other hand, it took time to establish optimal operating conditions at the Maryvale Mill, and the market conditions for base paper export to Asia continued to be sluggish.
 - Nippon Dynawave Packaging (NDP) saw a year on year decrease in profits due to the implementation of large scale maintenance.

1st HALF FY2025/3 Financial Results

Energy Business

(¥billion)

Net sales			Operating income		
1st Half FY2024/3 Results	1st Half FY2025/3 Results	Y on Y changes	1st Half FY2024/3 Results	1st Half FY2025/3 Results	Y on Y changes
28.3	24.8	-3.5	0.2	1.7	1.5

- Net sales decreased year on year due to a fall in electricity sales prices in line with a fall in coal prices.

Wood Products and Construction Related Business

(¥billion)

Net sales			Operating income		
1st Half FY2024/3 Results	1st Half FY2025/3 Results	Y on Y changes	1st Half FY2024/3 Results	1st Half FY2025/3 Results	Y on Y changes
36.2	37.7	1.5	5.2	4.0	-1.2

- Net sales increased due to factors such as an increase in the volume of fuel chips handled, despite a decrease in the number of new housing starts.

Consolidated Balance Sheets

	Mar.31, 2024	Sep.30, 2024	Variance
Total assets	1,731.2	1,739.1	7.9
Cash and deposit	164.8	166.4	1.6
Inventories	224.8	229.7	4.9
Other current assets	248.9	236.8	-12.1
Tangible and intangible fixed asset	827.9	839.2	11.3
Investment and other assets	264.7	266.8	2.1
Total liabilities	1,235.5	1,235.2	-0.3
Interest-bearing liabilities	888.3	908.7	20.4
Other liabilities	347.2	326.5	-20.7
Total net assets	495.6	503.8	8.2
Shareholder's equity	326.4	314.0	-12.4
Total liabilities and net assets	1,731.2	1,739.1	7.9
Net interest-bearing debt	723.5	742.3	18.8
Adjusted Net D/E ratio * (times)	1.95	2.07	0.12

* 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)

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, 2024.
- However, the forecast for the breakdown of operating income by segment has been revised to take into account the trends in the first half of the year.

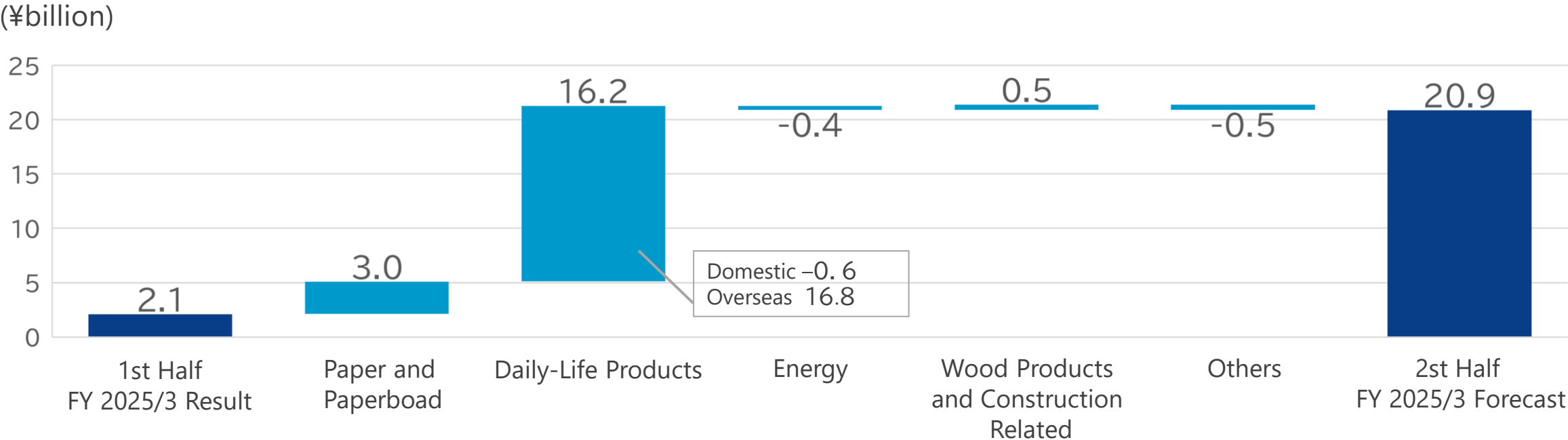


Results and Forecasts by Business Segment

(¥billion)

	Net sales			Operating income				
	FY2024/3 Results	FY2025/3 Forecast	Y on Y Changes	FY2024/3 Results	1st Half FY2025/3 Results	FY2025/3 2st Half FY2025/3 Forecast	FY2025/3 Forecast	Y on Y Changes
Paper and Paperboard	570.2	565.0	-5.2	11.7	3.5	6.5	10.0	-1.7
Daily-Life Products	436.8	480.0	43.2	-8.1	-9.1	7.1	-2.0	6.1
Energy	53.7	50.0	-3.7	1.6	1.7	1.3	3.0	1.4
Wood Products and Construction Related	75.5	75.0	-0.5	9.8	4.0	4.5	8.5	-1.3
Others	31.1	30.0	-1.1	2.3	2.0	1.5	3.5	1.2
Total	1167.3	1,200.0	32.7	17.3	2.1	20.9	23.0	5.7

Factors for Changes (H1 FY2025/3 Results vs. H2 FY2025/3 Forecast)



■ Paper and Paperboard

- As in previous years, many Mills were closed for maintenance during the first half of the year. In the second half of the year, the burden of fixed costs such as repair costs will be reduced.

■ Daily-Life Products(Domestic)

- We expect a slight decrease in profits, taking into account the seasonal fluctuations in sales volumes of household paper & healthcare products and liquid packaging cartons.

■ Daily-Life Products(Overseas)

- Opal reduced its deficit in the first half of the year by promoting structural reform at the Maryvale Mill and improving the profitability of its packaging business.
- NDP expects to see an improvement of over 10 billion yen compared to the first half of the year due to an increase in sales volume and a decrease in repair cost as a large scale maintenance work was finished in the first half.



Major Assumptions

■ Annual decline in domestic sales volume (YoY)

	2nd Half	Full year
Newsprint	-8%	-9%
Printing	-3%	-7%
Business communication	-4%	-4%
Containerboard	1%	-1%

■ Major raw material prices and FOREX

	2nd Half
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 85/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	8.4	-1.3	–	9.7	–
	Raw material and fuel prices	-10.3	-6.2	Wood chips -5.0, Wastepaper -6.4, Pulp -0.8, Oil -1.3, Coal 10.1, LNG -0.1, Chemicals, etc. -2.7 (Price 1.5, FOREX -7.7)	-4.1	Pulp -1.5, Coal 0.2, Chemicals, etc. -2.8
	Cost reductions, etc.	0.2	1.3	Cost reductions 7.6, Labor costs -2.1, Logistics costs -4.2	-1.1	–
	Others	6.1	4.5	Overseas business 1.9, Depreciation 1.6, Retirement benefit expenses 4.1, Others -3.1	1.6	Overseas business 2.4, depreciation -0.8 Retirement benefit expenses etc.0.0
Total		4.4	-1.7	Domestic -3.6, Overseas 1.9	6.1	Domestic 3.7, Overseas 2.4
Other businesses		1.3	Energy 1.4, Wood products and construction related -1.3, Others 1.2			
Operating income		5.7	Domestic: Package 0.6, Chemical 2.7, Household paper and Healthcare 0.4 Overseas: Opal 3.8, NDP -1.4, TSP 0.0			

REFERENCE MATERIALS

Sales Volume (Paper & Paperboard) *

(volume: '000 tonnes)

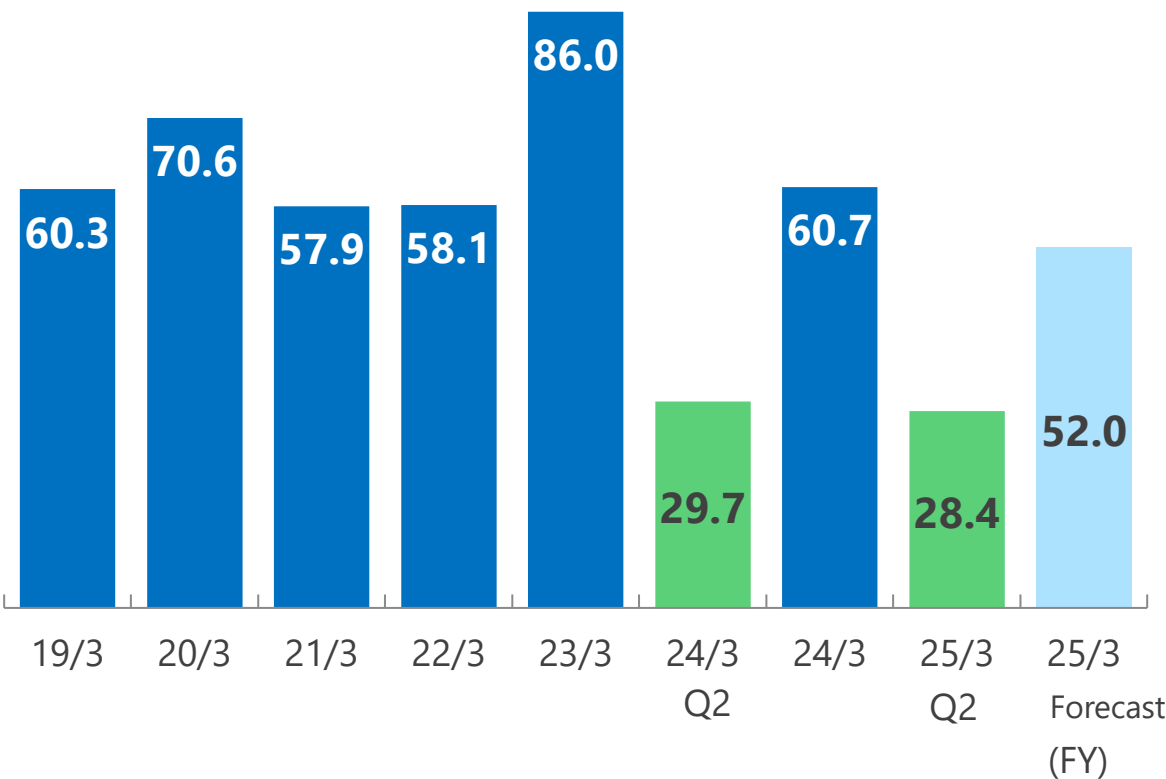
	H1 FY2024/3	H1 FY2025/3	against H1 FY24/3
Newsprint	270	245	-9.5%
Printing paper	471	420	-10.8%
Business communication paper	188	180	-4.0%
Others	144	149	3.2%
Domestic sales (paper)	1,074	994	-7.4%
Export (paper)	79	107	34.9%
Paper total	1,153	1,101	-4.5%
Container board	786	769	-2.2%
Paperboard for paper container and others	159	155	-2.4%
Domestic sales (paperboard)	945	924	-2.2%
Export (paperboard)	57	63	10.3%
Paperboard total	1,003	988	-1.5%
Grand total (paper and paperboard)	2,156	2,089	-3.1%

* 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

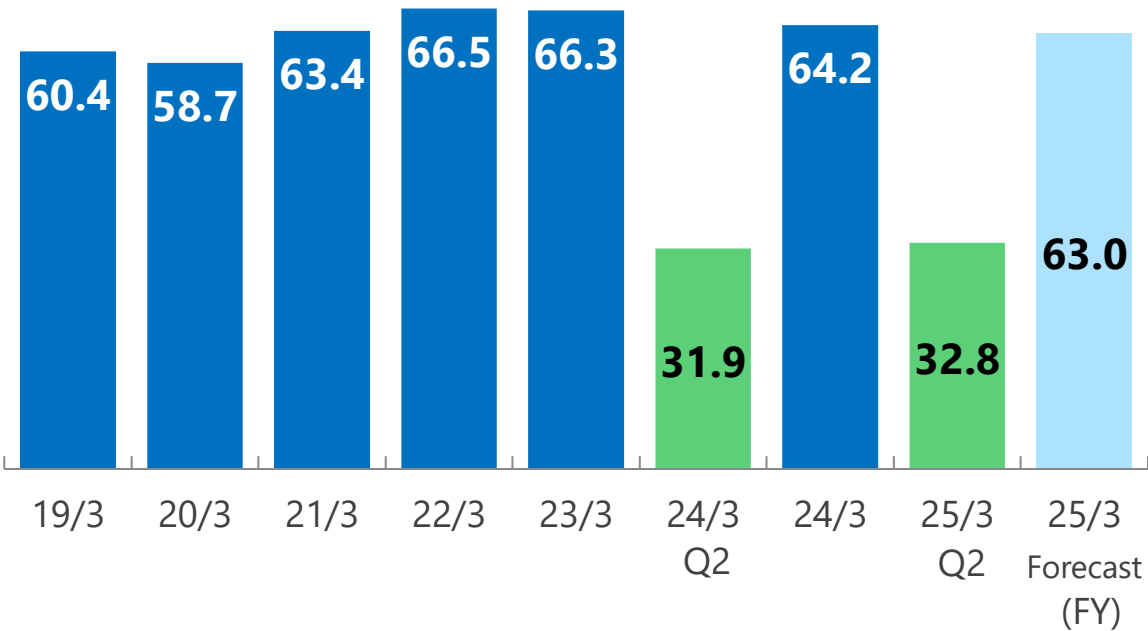
Capital expenditure *

(¥ billion)



Depreciation

(¥ billion)



* Including construction in progress

Net Sales Trends by Business Segment



	(¥billion)							
	FY2024/3				FY2025/3		FY2025/3	
	Q1	Q2	Q3	Q4	Q1	Q2	H1 Results	H2 Forecast
Paper and Paperboard	143.3	143.1	144.2	139.6	141.9	141.2	283.1	281.9
Daily-Life Products	106.8	111.7	110.0	108.3	108.3	116.4	224.7	255.3
Energy	13.7	14.6	10.9	14.5	11.5	13.3	24.8	25.2
Wood Products and Construction Related	16.7	19.5	17.6	21.7	18.4	19.3	37.7	37.3
Others	6.9	7.6	7.9	8.7	6.9	7.3	14.2	15.8
Total	287.4	296.5	290.6	292.8	287.0	297.5	584.5	615.5



Operating Income Trends by Business Segment

	(¥billion)							
	FY2024/3				FY2025/3		FY2025/3	
	Q1	Q2	Q3	Q4	Q1	Q2	H1 Results	H2 Forecast
Paper and Paperboard	0.2	3.7	4.2	3.6	2.4	1.1	3.5	6.5
Daily-Life Products	-2.3	-2.7	-1.0	-2.1	-2.0	-7.1	-9.1	7.1
Energy	0.5	-0.3	-0.5	1.9	0.5	1.2	1.7	1.3
Wood Products and Construction Related	2.3	2.9	1.5	3.1	2.2	1.8	4.0	4.5
Others	0.1	0.5	0.2	1.5	1.0	1.0	2.0	1.5
Total	0.8	4.1	4.4	8.0	4.1	-2.0	2.1	20.9

Domestic Shipment and Import / Export Volume (Paper& Paperboard, FY2025/3 H1 Results)

(volume: '000 tonnes)

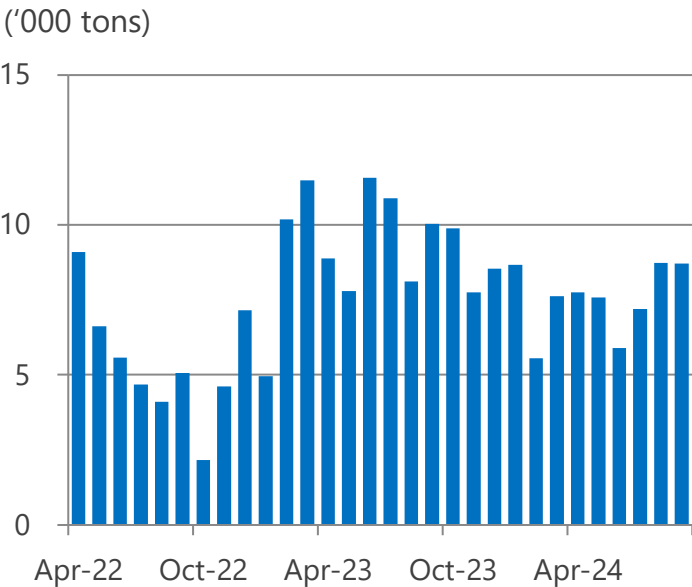
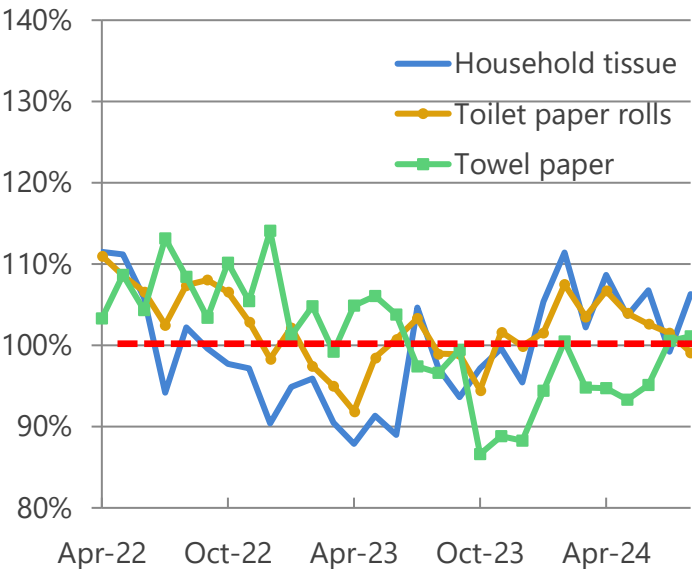
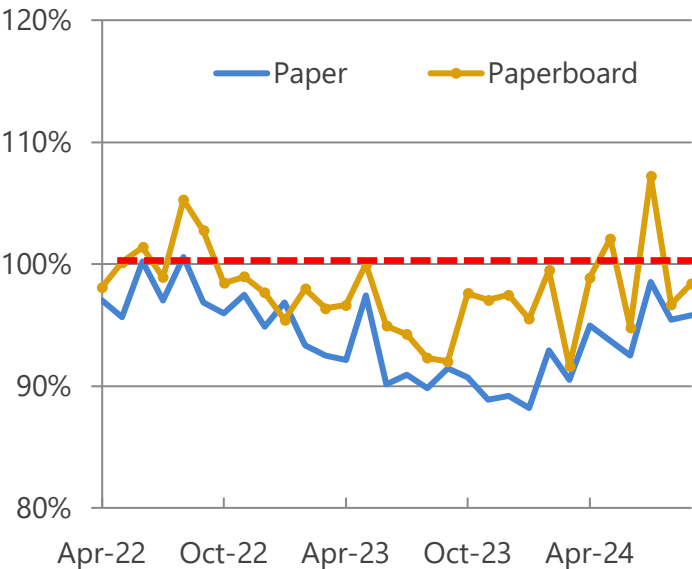
	Domestic shipments volume against H1 FY24/3		Exports volume against H1 FY24/3		Imports volume against H1 FY24/3	
Newsprint	748	-9.5%	0	—	0	-100.0%
Printing & business communication paper	2,277	-7.2%	316	50.3%	259	-1.6%
Coated paper *	1,189	-9.2%	235	46.8%	46	-20.0%
Uncoated paper	621	-3.7%	54	38.0%	7	28.5%
Business communication paper	468	-6.4%	27	145.2%	206	2.8%
Other papers	1,484	2.1%	139	22.4%	21	3.7%
Paper total	4,509	-4.8%	455	40.5%	280	-1.5%
Containerboard	4,324	-0.7%	388	11.0%	13	19.9%
Folding box board and others	999	1.5%	24	20.6%	113	5.0%
Paperboard total	5,323	-0.3%	412	11.5%	126	6.3%
Paper and paperboard total	9,833	-2.4%	867	25.0%	406	0.8%

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

Source: Japan Paper Association, Trade Statistics of Japan

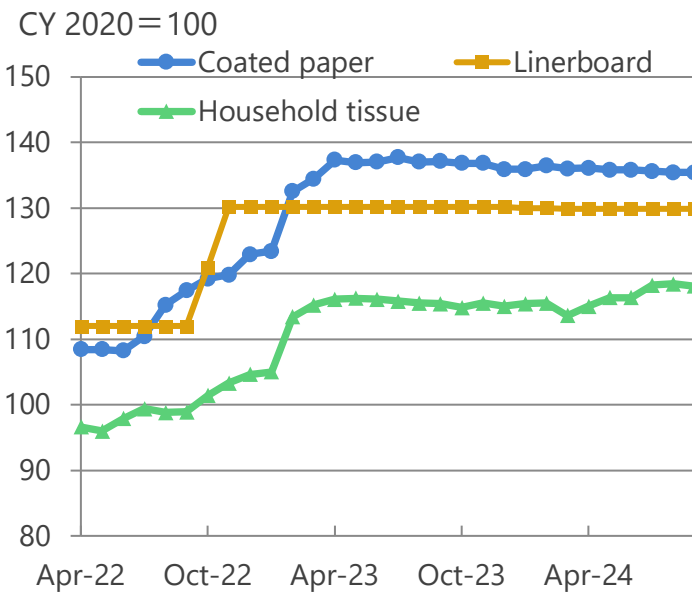
Reference (Domestic)

Domestic shipment of paper industry (YOY) Production of sanitary paper (YOY) Imports of Coated Paper

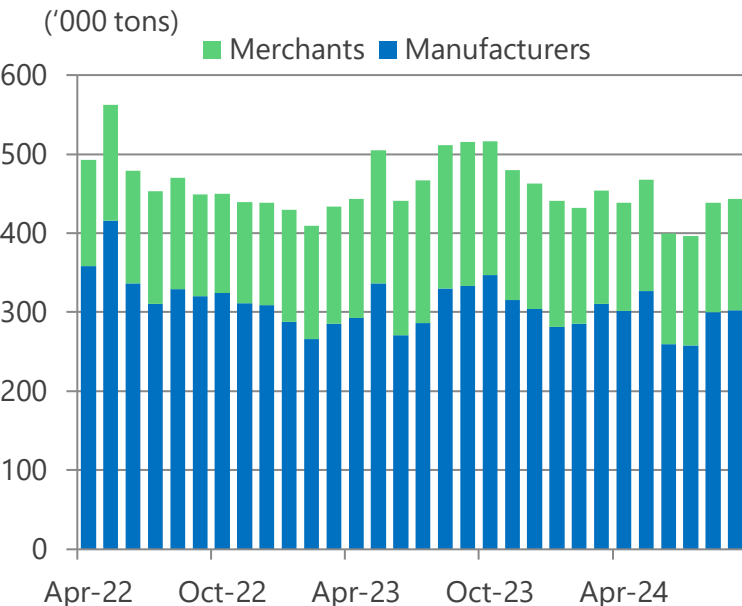


Source: Japan Paper Association, Current Survey of Production by the Ministry of Economy,
Trade Statistics of Japan

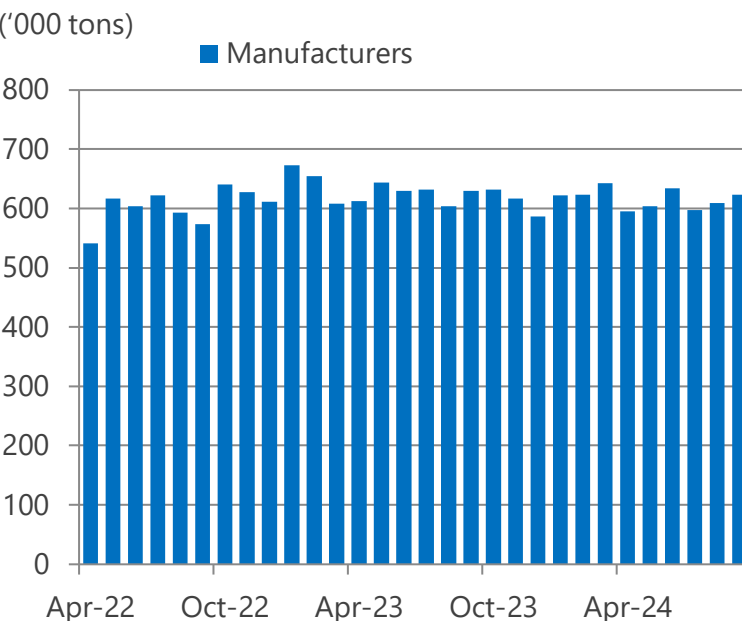
Price trends by products



Coated paper inventory



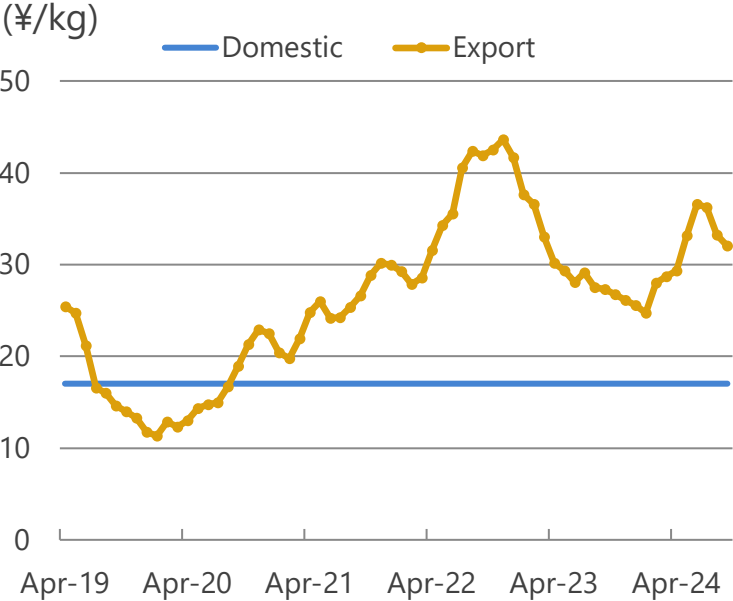
Containerboard inventory



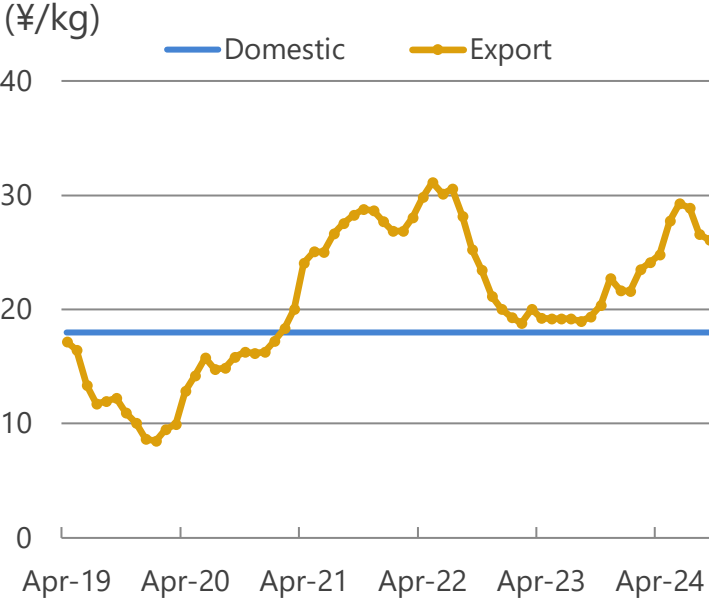
Source: Japan Paper Association, Bank of Japan(Corporate Goods Price Index)

Reference (Domestic, Global)

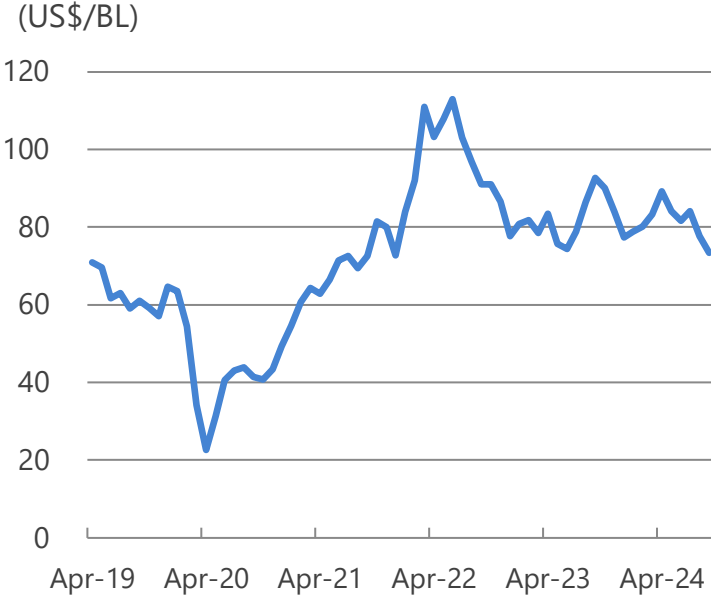
ONP



OCC



Crude oil



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

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