

Financial Results for the Nine Months Ended December 31, 2024

Q&A Summary

- Q1 :** At the Q2 financial results and management briefing, it was explained that the overseas business would turn a profit in the third quarter. Did it actually turn out as you expected?
- A1 :** The overseas business progressed largely as expected in Q3 and turned profitable despite a financial adjustment at Opal.
- Q2 :** The adjusted net D/E ratio at the end of September 2024 was 2.07. What was it at the end of December?
- A2 :** Net interest-bearing debt at the end of December 2024 was approximately 730 billion yen, and the adjusted net D/E ratio was 1.96. Progress is on track with our plan. We will further reduce net interest-bearing debt toward the end of March through asset sales such as cross-shareholdings.
- Q3 :** Opal is expected to make a significant contribution in Q4. I would like to hear about the current progress.
- A3 :** I'd rather not go into the details, but looking at each quarter, at least the trend of improvement is continuing from quarter to quarter. Also, looking at year-on-year comparisons, the trend of improvement is continuing.
- Q4 :** With the Ministry of Economy, Trade and Industry reviewing the scope of its support for renewable energy, and with the price of biomass fuel rising, what steps will you take in the future with regard to Energy Business?
- A4 :** As for electricity sales prices, we understand that the FIT prices we have already contracted for will continue to be maintained. In addition, the fuel we procure from overseas is based on long-term contracts, and we have also hedge against exchange rate fluctuations in most cases. At present, we do not expect our biomass power generation business to incur significant losses in the future.
- Q5 :** Looking at operating income for Q3 alone, it comes to around 9 billion yen. Do you think you will be able to maintain this level of profit in Q4 and next fiscal year?
- A5 :** All segments were profitable in Q3. We would like to maintain this level of profit going forward. However, the current level of profit in the Daily-Life Products Business is not yet sufficient, so we would like to work to increase it further.
- Q6 :** Has the price of waste paper increased from Q2 to Q3?
- A6 :** The price of waste paper has been increasing overall. We will continue to cope with it while carefully monitoring the market conditions.

- Q7 :** Regarding the cost improvements in the Paper and Paperboard Business, is it correct to say that the effects of cost improvements appeared as expected in Q3? Demand seems to be a little weak, but will the effects continue to appear steadily into Q4?
- A7 :** In Q3 alone, cost improvements had an effect of 2.3 billion yen. This is because operations have stabilized and basic unit consumption has improved. After all, stable operation is the key. If we can ensure this, I think the effects of cost improvements will also be seen in Q4.
- Q8 :** I think that the recovery of the Chemical Business is a major factor in the improvement of the Daily-Life Products Business, but can we expect to see an increase in profits in the Chemical business next fiscal year as well?
- A8 :** The chemical business is seeing stable volumes, particularly in exports. We see the current situation as relatively favorable, so we would like to see growth in each product next fiscal year as well.

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