
3RD QUARTER FY2025/3 FINANCIAL REVIEW

February 7, 2025

3rd Quarter FY2025/3 Financial Results

Consolidated Statement

(¥billion)

	Total Q1-Q3 FY2024/3 Results	Total Q1-Q3 FY2025/3 Results	Y on Y changes	
			Amount	%
Net sales	874.5	886.3	11.8	1.3 %
Operating income	9.3	11.1	1.8	19.2%
Ordinary income	7.6	12.8	5.2	68.4%
Net income *	-8.3	0.1	8.4	-

Domestic/Overseas

Operating Income Trends

(¥billion)

	FY2025/3			
	Q1	Q2	Q3	Total
Domestic	8.0	7.6	9.0	24.6
Overseas	-3.9	-9.6	0.0	-13.5
Total	4.1	-2.0	9.0	11.1

* 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 increased year-on-year due to strong performance in the Daily-Life Products Business (domestic) and Energy Business.



3rd Quarter FY2025/3 Financial Results

Results by Segment

(¥billion)

	Total Q1-Q3 FY2024/3 Results	Net sales		Operating income		
		Total Q1-Q3 FY2025/3 Results	Y on Y changes	Total Q1-Q3 FY2024/3 Results	Total Q1-Q3 FY2025/3 Results	Y on Y changes
Paper and Paperboard	430.6	429.4	-1.2	8.1	6.8	-1.3
Daily-Life Products	328.5	343.1	14.6	-6.0	-6.9	-0.9
Energy	39.2	35.5	-3.7	-0.3	2.0	2.3
Wood Products and Construction Related	53.8	55.7	1.9	6.7	6.1	-0.6
Others	22.4	22.6	0.2	0.8	3.1	2.3
Total	874.5	886.3	11.8	9.3	11.1	1.8

3rd Quarter FY2025/3 Financial Results

Factors for Changes

(¥billion)

			Paper and Paperboard Business		Daily-Life Products Business	
	Volume, Sales Price	4.3	-1.5	—	5.8	—
	Raw material and fuel prices	-3.9	-2.0	Wood Chips -2.6, Wastepaper -5.3, Pulp -0.4 Oil -0.4, Coal 8.6, LNG 0.0, Chemicals, etc. -1.9 (Price 3.8, FOREX -5.8)	-1.9	Pulp -0.9, Coal 0.3, Chemicals, etc. -1.3
	Cost reductions,etc.	-1.8	-0.7	Cost reductions 4.4, Labor costs -1.7, Logistics costs -3.4	-1.1	Cost reductions 0.4, Labor costs -0.5, Logistics costs -1.0
	Others	-0.8	2.9	Overseas business 1.5,Depreciation 1.2, Retirement benefit expenses 3.0, Inventory value adjustment, etc. -2.8	-3.7	Overseas business -3.8, Depreciation -0.7 Inventory value adjustment, etc. 0.8
Total		-2.2	-1.3	Domestic business -2.8, Overseas business 1.5	-0.9	Domestic business 2.9, Overseas business -3.8
Other businesses		4.0	Energy 2.3,Wood Products and Construction Related -0.6, Others 2.3			
Operating income		1.8				
Non-operating income		3.4	Net financial revenue 1.3, Equity in net income of affiliates 4.7, Foreign exchange difference -3.3, Others 0.7			
Ordinary income		5.2				

3rd Quarter FY2025/3 Financial Results

Paper and Paperboard Business

(¥billion)

Net sales			Operating income		
Total Q1-Q3 FY2024/3 Results	Total Q1-Q3 FY2025/3 Results	Y on Y changes	Total Q1-Q3 FY2024/3 Results	Total Q1-Q3 FY2025/3 Results	Y on Y changes
430.6	429.4	-1.2	8.1	6.8	-1.3

- 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.

3rd Quarter FY2025/3 Financial Results

Daily-Life Products Business

(¥billion)

	Net sales			Operating income		
	Total Q1-Q3 FY2024/3 Results	Total Q1-Q3 FY2025/3 Results	Y on Y changes	Total Q1-Q3 FY2024/3 Results	Total Q1-Q3 FY2025/3 Results	Y on Y changes
Domestic	160.3	169.7	9.4	5.4	8.3	2.9
Overseas	168.2	173.4	5.2	-11.4	-15.2	-3.8
Total	328.5	343.1	14.6	-6.0	-6.9	-0.9

Package 0.5, Chemical 2.0,
Household paper and Healthcare 0.4

Opal -0.3, NDP -3.5, TSP 0.0

- 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
 - Although Opal saw a year-on-year decrease in profits due to the impact of exchange rates, etc., it made progress in cost improvement such as reduction of fixed costs. As a result, both Maryvale Mill and the packaging business saw improvements in quarterly earnings.
 - NDP saw a year-on-year decrease in profits due to the impact of cold wave and a long-term maintenance shutdown in the first half of the year. However, after the maintenance shutdown, the production system returned to normal in the third quarter and profits increased year-on-year.

3rd Quarter FY2025/3 Financial Results

Energy Business

(¥billion)

Net sales			Operating income		
Total Q1-Q3 FY2024/3 Results	Total Q1-Q3 FY2025/3 Results	Y on Y changes	Total Q1-Q3 FY2024/3 Results	Total Q1-Q3 FY2025/3 Results	Y on Y changes
39.2	35.5	-3.7	-0.3	2.0	2.3

▪ 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		
Total Q1-Q3 FY2024/3 Results	Total Q1-Q3 FY2025/3 Results	Y on Y changes	Total Q1-Q3 FY2024/3 Results	Total Q1-Q3 FY2025/3 Results	Y on Y changes
53.8	55.7	1.9	6.7	6.1	-0.6

▪ 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 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

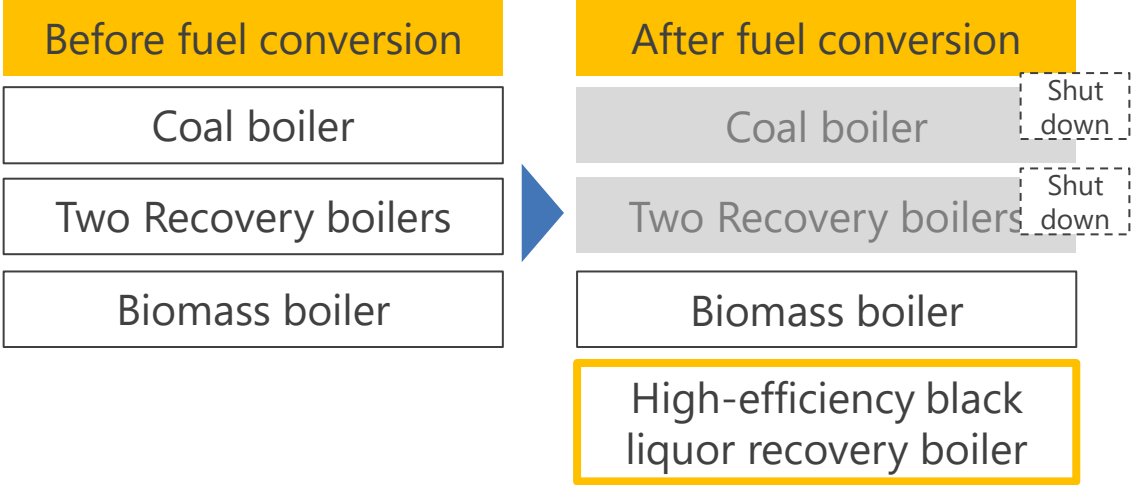
■ The forecast for FY2025/3 has not changed since the release of May 15, 2024.
(The forecast for the breakdown of operating income by segment has been revised in November 2024.)

Fuel conversion at Ishinomaki Mill

- Achieve a significant reduction in GHG emissions by shutting down the coal boiler and installing a high-efficiency black liquor recovery boiler.
- This project has been included in the ¥52 billion environmental investment plan for the 2030VISION.
- Establishment of infrastructure for expansion of low GHG biomass products.

Capital Investment

Facility to be installed	<u>A high-efficiency black liquor recovery boiler</u>
Start of operation	Q4 FY2028
GHG emission reduction	500,000t-CO ₂ e ^{*1} (794,000t-CO ₂ e → 294,000t-CO ₂ e) <u>10% of current company emission^{*2}</u>
Investment	¥55.5 billion (including ¥18.3 billion, the maximum amount of government support ^{*3})



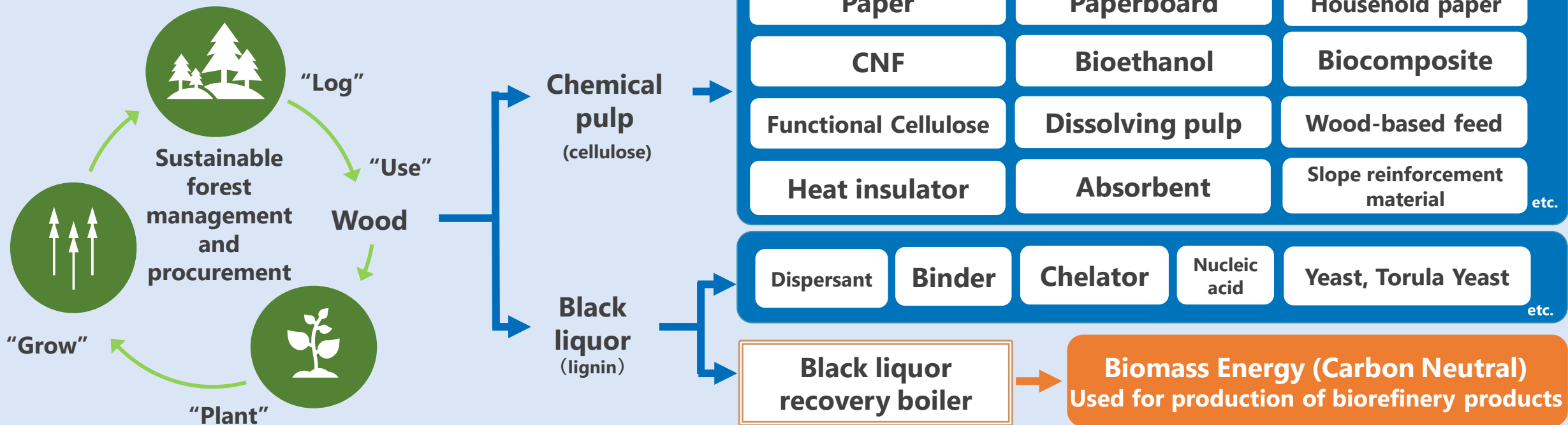
^{*1}Includes the reduction effect of shutting down existing coal boilers.
^{*2}Scope 1 and Scope 2 emissions related to product manufacturing
^{*3}Selected for “Support Program for Energy and Manufacturing Process Transformation in Industries with Difficulty in Emission Reductions” of METI (January 2025).

Biorefinery Concept of NIPPON PAPER GROUP



- Produce a wide range of biomass products utilizing domestic wood.
- Expand this system from Ishinomaki Mill to other domestic mills and overseas sites.

Biorefinery concept of NIPPON PAPER GROUP



Achieve ¥65 billion sales in new business as stated in the 2030VISION

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	10.0	-1.7
Daily-Life Products	436.8	480.0	43.2	-8.1	-2.0	6.1
Energy	53.7	50.0	-3.7	1.6	3.0	1.4
Wood Products and Construction Related	75.5	75.0	-0.5	9.8	8.5	-1.3
Others	31.1	30.0	-1.1	2.3	3.5	1.2
Total	1,167.3	1,200.0	32.7	17.3	23.0	5.7



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 Inventory value adjustment, 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			

Sales Volume (Paper & Paperboard) *

(volume: '000 tonnes)

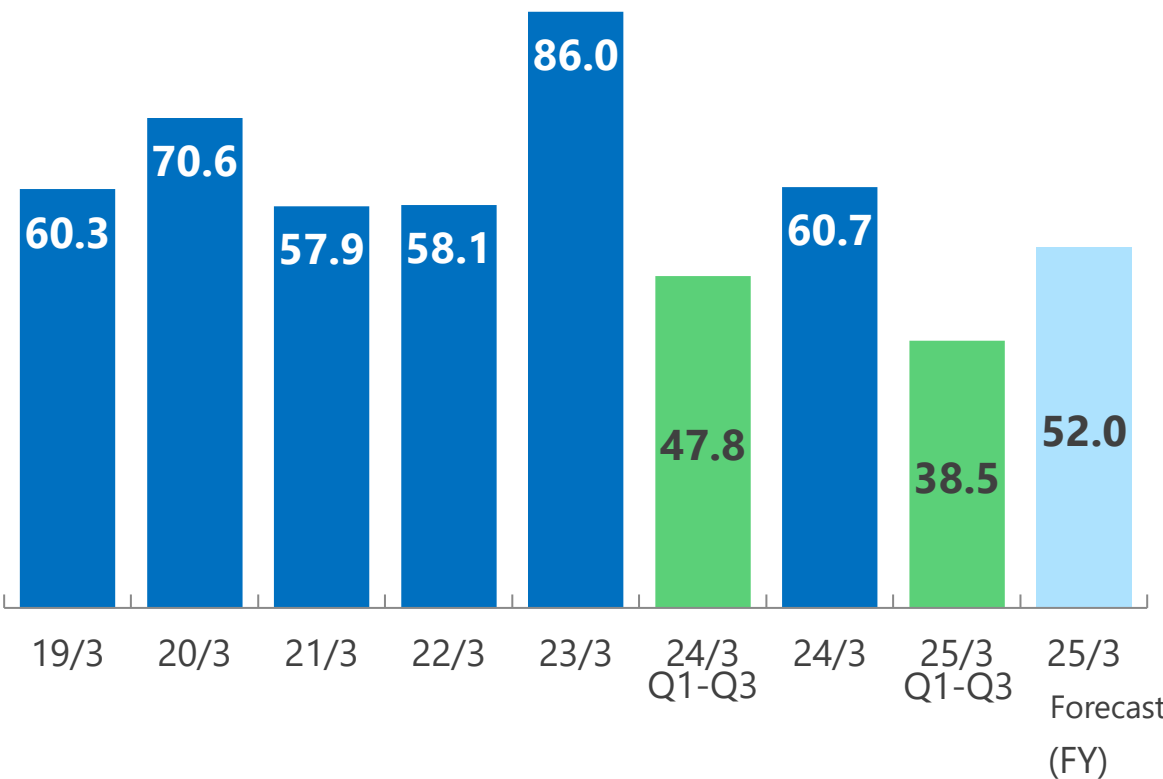
	Q1-Q3 FY2024/3	Q1-Q3 FY2025/3	against Q1-Q3 FY24/3
Newsprint	406	377	-7.3%
Printing paper	695	661	-4.9%
Business communication paper	285	273	-4.4%
Others	217	223	3.1%
Domestic sales (paper)	1,604	1,534	-4.4%
Export (paper)	133	156	17.7%
Paper total	1,736	1,690	-2.7%
Container board	1,179	1,160	-1.6%
Paperboard for paper container and others	242	236	-2.5%
Domestic sales (paperboard)	1,421	1,396	-1.7%
Export (paperboard)	87	85	-1.7%
Paperboard total	1,507	1,481	-1.7%
Grand total (paper and paperboard)	3,244	3,171	-2.2%

* 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

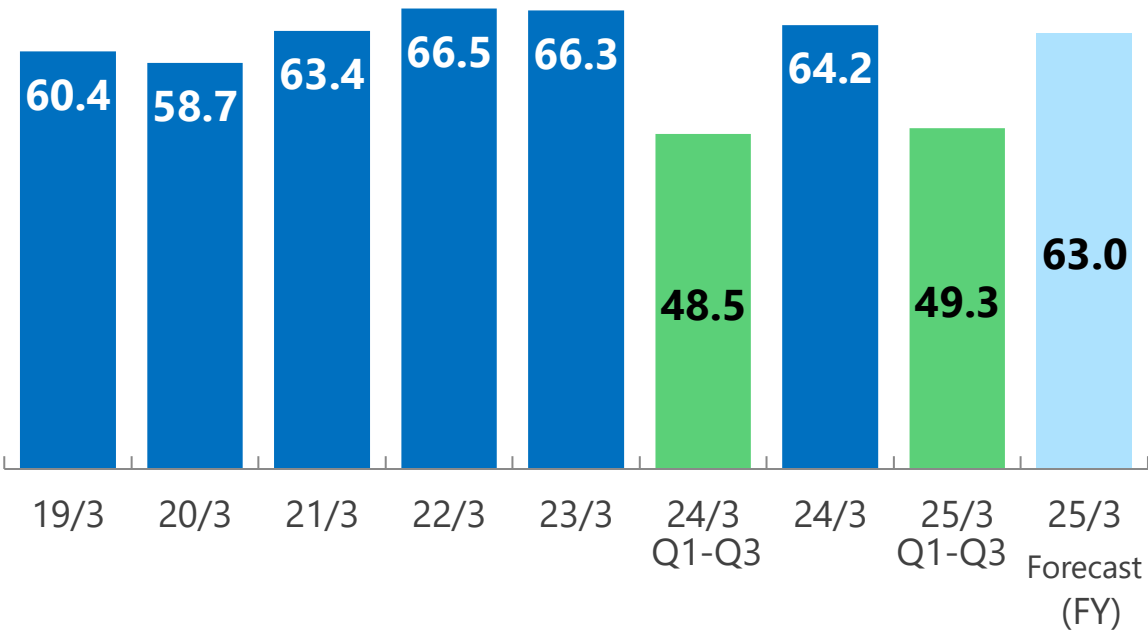
Capital expenditure *

(¥ billion)



Depreciation

(¥ billion)



* Including construction in progress

Net Sales Trends by Business Segment



(¥billion)

	FY2025/3			FY2025/3		
	Q1	Q2	Q3	H1 Results	H2 Forecast	Full year Forecast
Paper and Paperboard	141.9	141.2	146.3	283.1	281.9	565.0
Daily-Life Products	108.3	116.4	118.4	224.7	255.3	480.0
Energy	11.5	13.3	10.7	24.8	25.2	50.0
Wood Products and Construction Related	18.4	19.3	18.0	37.7	37.3	75.0
Others	6.9	7.3	8.4	14.2	15.8	30.0
Total	287.0	297.5	301.8	584.5	615.5	1,200.0



Operating Income Trends by Business Segment

	FY2025/3			FY2025/3		
	Q1	Q2	Q3	H1 Results	H2 Forecast	Full year Forecast
Paper and Paperboard	2.4	1.1	3.3	3.5	6.5	10.0
Daily-Life Products	-2.0	-7.1	2.2	-9.1	7.1	-2.0
Energy	0.5	1.2	0.3	1.7	1.3	3.0
Wood Products and Construction Related	2.2	1.8	2.1	4.0	4.5	8.5
Others	1.0	1.0	1.1	2.0	1.5	3.5
Total	4.1	-2.0	9.0	2.1	20.9	23.0

(¥billion)

Domestic Shipment and Import / Export Volume (Paper& Paperboard, Q3 FY2025/3 Results)

(volume: '000 tonnes)

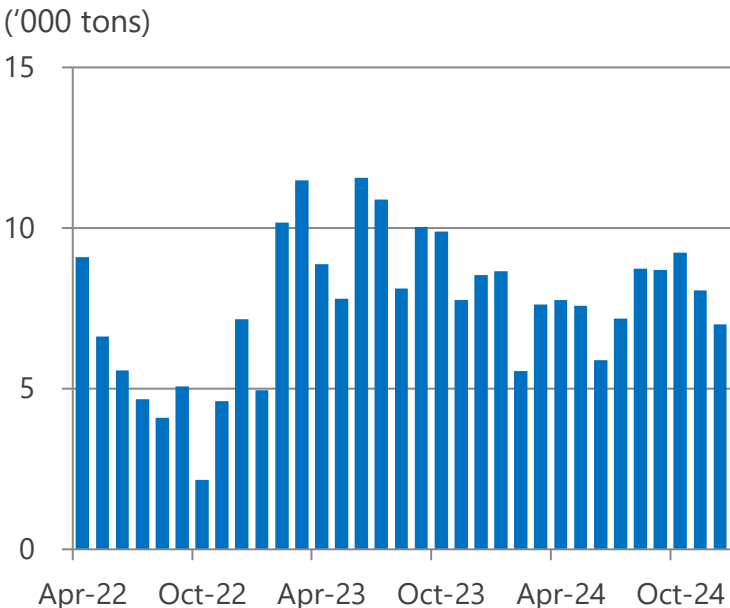
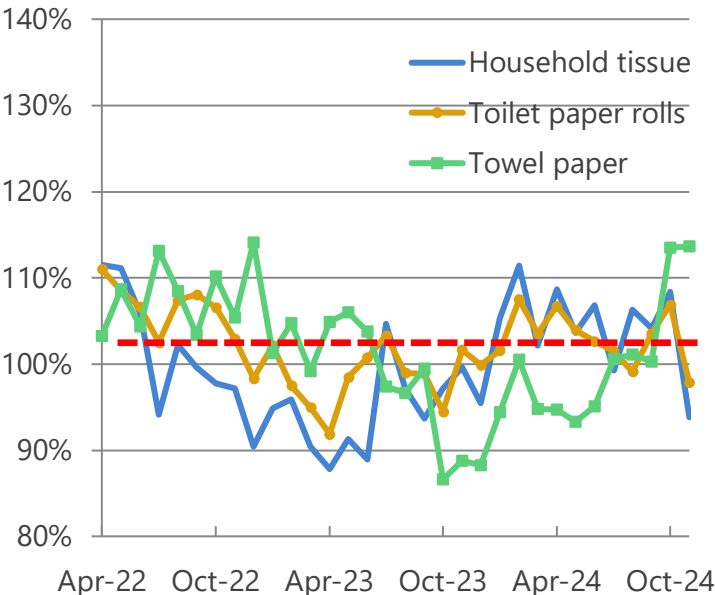
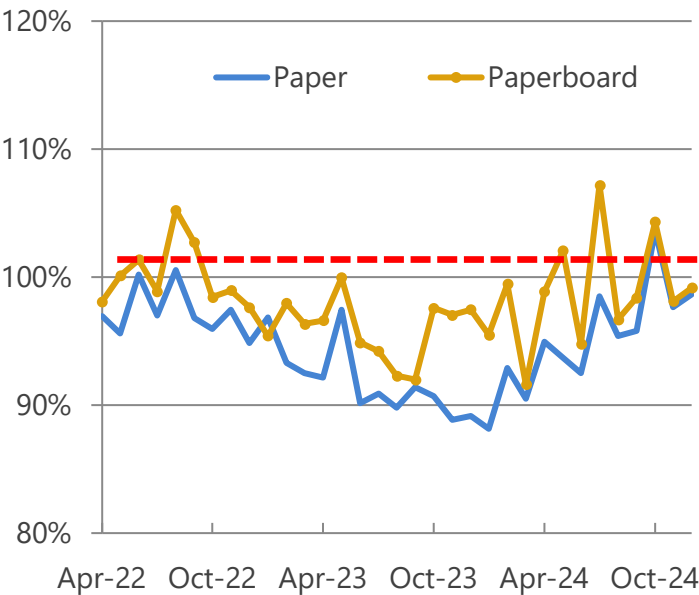
	Domestic shipments		Exports		Imports	
	volume	against FY24/3	volume	against FY24/3	volume	against FY24/3
Newsprint	1,137	-8.1%	0	—	1	0.0%
Printing & business communication paper	3,494	-4.8%	458	28.8%	385	-1.0%
Coated paper *	1,842	-5.7%	337	25.2%	70	-16.0%
Uncoated paper	945	-1.4%	82	19.1%	9	8.7%
Business communication paper	707	-6.6%	39	118.9%	306	3.0%
Other papers	2,273	2.3%	203	15.1%	30	-0.3%
Paper total	6,904	-3.1%	662	24.2%	416	-0.9%
Containerboard	6,622	-0.4%	562	-1.3%	18	7.2%
Folding box board and others	1,529	1.6%	34	11.3%	164	3.0%
Paperboard total	8,152	0.0%	596	-0.7%	182	3.4%
Paper and paperboard total	15,056	-1.5%	1,257	11.1%	597	0.3%

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

Source: Japan Paper Association, Trade Statistics of Japan

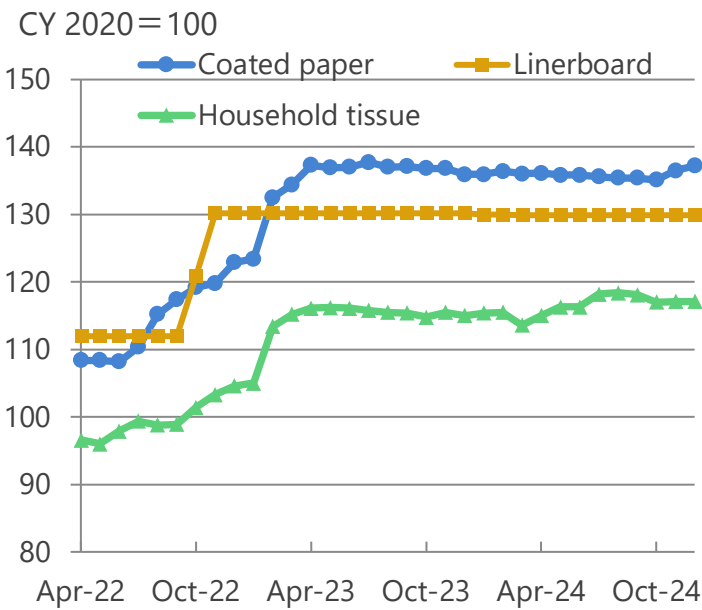
Reference (Domestic)

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

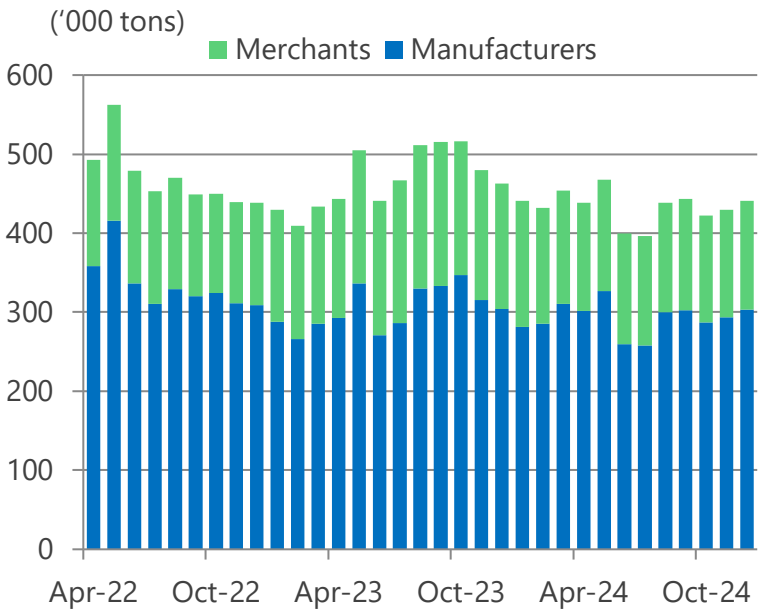


Source: Japan Paper Association, Current Survey of Production by the Ministry of Economy,
Trade Statistics of Japan

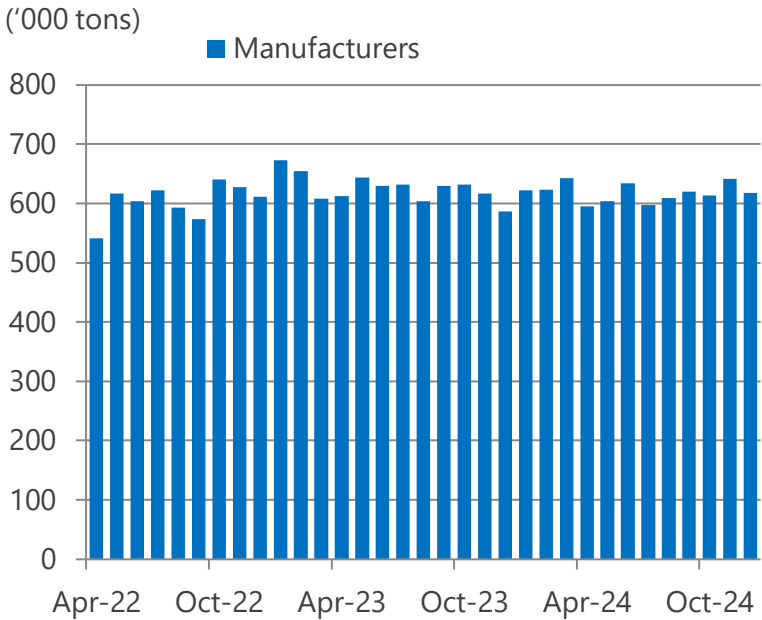
Price trends by products



Coated paper inventory



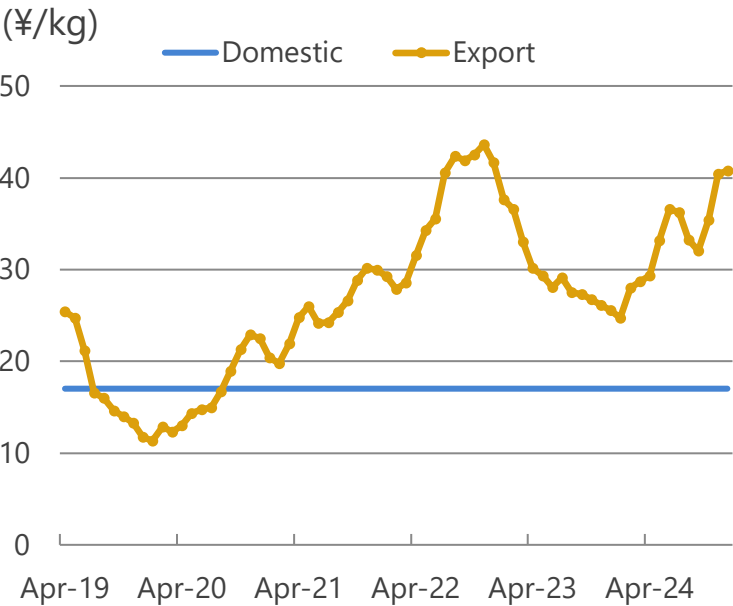
Containerboard inventory



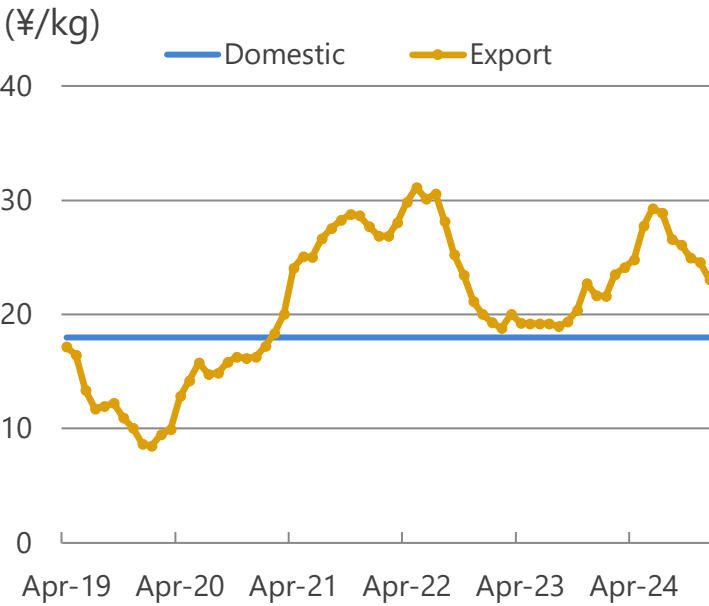
Source: Japan Paper Association, Bank of Japan(Corporate Goods Price Index)

Reference (Domestic, Global)

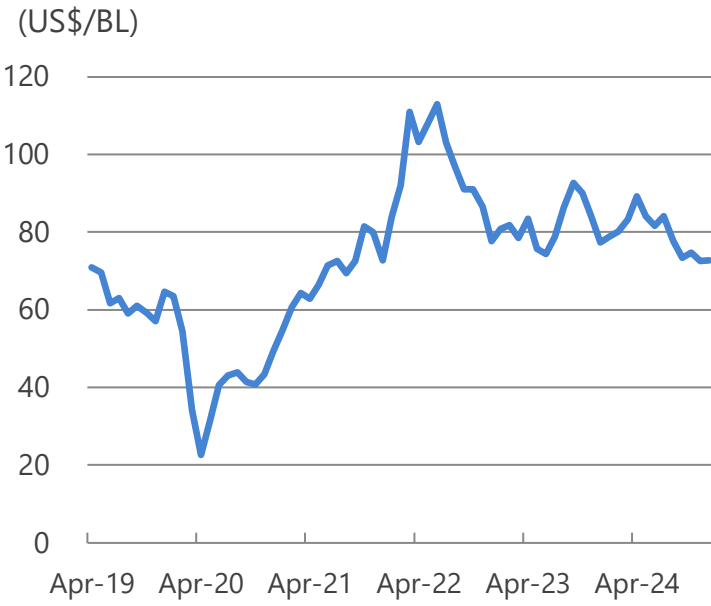
ONP



OCC



Crude oil



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

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