

Key Takeaways from the Q&A Session of the Q3 FY3/2026 Financial Briefing

Date and Time	February 9, 2025, 1:00 PM - 1:45 PM (JST)	
Venue	Online	
Presenters	Yoshizumi Nishi,	Senior Managing Executive Officer, Member of the Senior Executives Meeting
	Hironobu Yamasaki,	Managing Executive Officer, Member of the Senior Executives Meeting

Questions and Answers

Question: Could you tell us about the progress and future outlook of price revisions in the Paperboard and Packaging-Related Business?

Answer: Although price revision negotiations are taking longer than initially anticipated, we expect progress to accelerate following the 10 yen increase for containerboard in the Nikkei's commodity market prices in February. While industry associations have released forecasts indicating that corrugated demand will decrease from the previous year for the second consecutive year, we do not anticipate that price revisions will directly lead to a further decline in demand. We believe the demand decrease seen in recent years is driven by sluggish real demand due to inflation, adoption of simplified packaging, and food loss reduction, and these trends may continue in the future.

Meanwhile, as fixed costs and logistics costs continue to rise, we will carefully explain the necessity of price revisions to our customers to gain their understanding.

Question: What is the outlook for the fourth quarter (January–March) of the Flexible Packaging-Related Business and for the next fiscal year?

Answer: Although there is pressure requiring adjustments to the sales prices of film materials, we expect the Group as a whole to maintain the robust performance seen through the third quarter. Order volumes for film materials are recovering from the sluggish performance of the previous fiscal year, while the annual total is not expected to fully recover. We forecast that order volumes will return to their normal levels next fiscal year; however, naphtha prices, which show correlation with film material sales prices, remain an uncertain factor. Depending on these trends, there is a risk that downward pressure on film material sales prices may increase. On the other hand, regarding the sales prices of film products, as we work on price revisions in response to the continuous rise in fixed costs and logistics costs, the correlation with naphtha prices has weakened compared to before.

Question: Could you describe the overseas business environment and the operational status of the new heavy duty packaging plant?

Answer: In China and Asia, although demand for corrugated packaging remains stagnant, the heavy duty packaging business is showing solidity; it is also performing well in North America. In the flexible packaging business, there was some impact from changing order flows from an overseas subsidiary to a domestic subsidiary, but the business itself remains steady.

In Europe, the business climate in the automotive industry, which constitutes our primary customer base, has deteriorated, and recovery is taking time. With the start of operations at the new plant, we are working to reduce costs through promoting in-house production of certain products, in addition to expanding sales into non-automotive sectors, including chemicals. We believe that performance has bottomed out and is gradually headed toward recovery.

Question: How much of an increase in fixed costs do you expect for the next fiscal year? Also, as the increase in expenses is exceeding the plan, are you considering passing on these cost increases through pricing?

Answer: Taking into account the comprehensive increase in repair expenses, logistics costs, and the continuous rise in personnel expenses due to inflation, fixed costs for the next fiscal year may increase to a level similar to the current year. Since the continuous rise in fixed costs is a common challenge across industries, we believe it will be relatively easy to gain the understanding of our customers.

Question: Is there a risk that the recovery period for free cash flow could be delayed due to lags in capital investment?

Answer: Although there are delays in the construction schedule in some projects, there is a possibility that the peak of capital expenditures will shift from the current to the next period. However, we expect free cash flow to improve as business performance turns upward in the coming fiscal year.

Question: Could you tell us about your future outlook regarding responses to activist investors and capital policy?

Answer: Rather than limiting our response to specific investors, we intend to sincerely address our capital policy by taking into account our past engagements with various investors and shareholders, feedback on Vision120 unveiled last year, and changes in the market environment. We will disclose specific measures in an appropriate and timely manner once they are decided.

Furthermore, we will explain the future progress and outlook of Vision120 at appropriate times as necessary, such as in conjunction with financial results announcements.

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