

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (unaudited)

Name of Company Listed: **Nippon Paper Industries Co., Ltd.**
 Stock Exchange Listings: Tokyo
 Code Number: 3863
 URL: <https://www.nipponpapergroup.com/english/>
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Planned date of Financial Report submission: November 11, 2022
 Planned date of the commencement of dividend payments: -
 Availability of support documentation: Yes
 Holding of financial result briefing: Yes (for institutional investors and investment analysts)

(Amounts indicated are displayed with amounts of less than one million yen rounded off.)

1. Consolidated Financial Results of Operations for the Six Months Ended September 2022 (April 1, 2022–September 30, 2022)

(1) Consolidated Results of Operations

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2022	550,918	8.4	-11,981	-	-7,376	-	-22,076	-
Six months ended September 30, 2021	508,402	8.8	8,113	104.3	9,696	-	2,196	-

Note: Comprehensive income

Six months ended September 30, 2022	25,534 million yen	(27.4 %)
Six months ended September 30, 2021	20,048 million yen	(- %)

	Net income per share	Net income per share after adjusting for dilution
	Yen	Yen
Six months ended September 30, 2022	-191.08	-
Six months ended September 30, 2021	19.01	-

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	1,697,344	469,337	26.4
As of March 31, 2022	1,639,286	438,604	26.0

Reference: Shareholders' equity	As of September 30, 2022	448,390 million yen
	As of March 31, 2022	426,931 million yen

2. Dividend Status

	Dividends per share				
	1 st quarter end	2 nd quarter end	3 rd quarter end	End of fiscal year	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	10.00	—	30.00	40.00
Fiscal year ending March 31, 2023	—	0.00			
Fiscal year ending March 31, 2023 (Projection)			—	0.00	0.00

Note: Recent revisions to dividend projection /No

3. Projection of Consolidated Financial Results for the Fiscal Year Ending March 2023 (April 1, 2022–March 31, 2023)

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	1,100,000	5.3	-20,000	—	-20,000	—	-25,000	—	-216.39

Note: Recent revisions to projection of consolidated financial results/ No

4. Others

[1] Has the Company made any important changes in its subsidiaries (changes in specified subsidiaries which result in changes in the scope of consolidation)? /No

New — (Company name:)

Eliminated — (Company name:)

[2] Has the Company adopted a specific accounting method for preparation of quarterly consolidated financial statements? /No

[3] Changes in Accounting principles, changes in accounting estimates, or restatements

(i) Has the Company made any changes in accounting principles following the revision of the Accounting Standard and others? /Yes

(ii) Has the Company made any changes in accounting principles other than those described in (i)? /No

(iii) Has the Company made any changes in accounting estimates? /No

(iv) Has the Company made any restatements? /No

[4] Number of issued and outstanding shares (common stock)

(i) Number of issued and outstanding shares (including treasury stock) as of:

September 30, 2022 116,254,892 Shares

March 31, 2022 116,254,892 Shares

(ii) Number of treasury stock as of:

September 30, 2022 712,820 Shares

March 31, 2022 721,288 Shares

(iii) Average number of shares during the periods of:

Six months ended September 30, 2022 115,536,958 Shares

Six months ended September 30, 2021 115,516,848 Shares

*We introduced the "Board Benefit Trust (BBT)", and have included our shares held by this trust in treasury stock, which is deducted from the calculation of the number of treasury shares at the end of the period and the average number of shares during the period.

* This "Summary of Consolidated Financial Results" is not subject to auditing.

*Disclaimer regarding forward-looking statement and other remarks:

1. Any statement in this document regarding future performance of the Company is based on the information available at the time of the announcement and certain assumptions judged to be reasonable. Actual performance may differ from forecasts due to a variety of factors.

2. The support documentation will be posted on the following our website.

<https://www.nipponpapergroup.com/english/ir/library/>

This document is an English-language translation of the Japanese-language original.

(Appendices)

1. Consolidated Operating Results for the Six Months Ended September 2022 (April 1, 2022–September 30, 2022)

Operating results by business segment are as follows:

Paper and Paperboard:

Consolidated net sales	¥ 271,390 million	(up 3.8% year-on-year)
Consolidated operating income	¥ -9,905 million	(The result for the same period of previous year was ¥ -150 million)

Daily-life Products

Consolidated net sales	¥ 212,362 million	(up 12.0% year-on-year)
Consolidated operating income	¥ -5,346 million	(The result for the same period of previous year was ¥ 1,772 million)

Energy

Consolidated net sales	¥ 19,729 million	(up 33.7% year-on-year)
Consolidated operating income	¥ -1,923 million	(The result for the same period of previous year was ¥ 1,124 million)

Wood Products and Construction Related:

Consolidated net sales	¥ 33,380 million	(up 16.9% year-on-year)
Consolidated operating income	¥ 3,861 million	(up 10.3% year-on-year)

1. Supplementary Financial Results Presentation Materials for the Six Months Ended September 30, 2022

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	136,845	93,501
Notes and accounts receivable-trade	245,205	224,555
Merchandise and finished goods	93,938	105,577
Work in process	18,206	25,208
Raw materials and supplies	78,639	107,921
Other	45,911	63,490
Allowance for doubtful accounts	(813)	(804)
Total current assets	617,934	619,450
Non-current assets		
Property, plant and equipment		
Buildings and structures	541,086	547,255
Accumulated depreciation	(392,091)	(397,972)
Buildings and structures, net	148,994	149,282
Machinery, equipment and vehicles	2,356,608	2,386,149
Accumulated depreciation	(2,023,476)	(2,046,887)
Machinery, equipment and vehicles, net	333,131	339,262
Land	208,719	211,728
Construction in progress	34,694	57,902
Other	101,196	107,948
Accumulated depreciation	(51,747)	(55,603)
Other, net	49,448	52,345
Total property, plant and equipment	774,989	810,521
Intangible assets	23,278	24,200
Investments and other assets		
Investments in securities	180,356	179,899
Other	43,300	63,788
Allowance for doubtful accounts	(572)	(514)
Total investments and other assets	223,085	243,172
Total non-current assets	1,021,352	1,077,894
Total assets	1,639,286	1,697,344

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and account payable-trade	141,435	144,409
Short-term loans payable	185,703	149,188
Commercial papers	45,000	43,000
Income taxes payable	2,182	3,488
Other	94,813	107,329
Total current liabilities	469,135	447,415
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	597,259	632,955
Provision for environmental measures	12,535	11,814
Net defined benefit liability	12,495	12,651
Other	59,256	73,170
Total non-current liabilities	731,546	780,591
Total liabilities	1,200,682	1,228,006
Net assets		
Shareholders' equity		
Capital stock	104,873	104,873
Capital surplus	216,416	216,416
Retained earnings	38,365	12,576
Treasury shares	(1,776)	(1,756)
Total shareholders' equity	357,879	332,109
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,227	16,829
Deferred gains or losses on hedges	5,810	21,296
Foreign currency translation adjustment	37,054	69,705
Remeasurements of defined benefit plans	7,959	8,448
Total accumulated other comprehensive income	69,052	116,281
Non-controlling interests	11,672	20,947
Total net assets	438,604	469,337
Total liabilities and net assets	1,639,286	1,697,344

(2) Consolidated Statements of Operations and Statements of Comprehensive Income
- Consolidated Statements of Operations –

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	508,402	550,918
Cost of sales	420,993	477,023
Gross profit	87,409	73,894
Selling, general and administrative expenses		
Freightage related expenses	35,958	41,998
Sales related expenses	5,790	5,728
Salaries and allowances	22,909	23,122
Other	14,638	15,026
Total selling, general and administrative expenses	79,295	85,875
Operating income (loss)	8,113	(11,981)
Non-operating income		
Interest income	126	107
Dividend income	1,061	1,234
Share of profit of entities accounted for using equity method	4,577	4,992
Exchange gain	805	3,072
Other	1,461	1,387
Total non-operating income	8,033	10,793
Non-operating expenses		
Interest expense	3,760	3,560
Other	2,688	2,628
Total non-operating expenses	6,449	6,189
Ordinary income (loss)	9,696	(7,376)
Extraordinary income		
Gain on sales of investment securities	5,395	2,284
Other	47	672
Total extraordinary income	5,442	2,956
Extraordinary loss		
Impairment loss	1,468	3,922
Loss on fixed asset retirement	1,112	1,941
Loss on disaster	2,534	1,691
Other	2,486	1,799
Total extraordinary loss	7,602	9,355
Profit (loss) before income taxes	7,536	(13,774)
Income taxes-current	3,112	2,558
Income taxes-deferred	1,261	5,123
Total income taxes	4,374	7,681
Profit (loss)	3,162	(21,456)
Profit attributable to non-controlling interests	966	619
Profit (loss) attributable to owners of parent	2,196	(22,076)

- Consolidated Statements of Comprehensive Income -

	(Millions of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit (loss)	3,162	(21,456)
Other comprehensive income		
Valuation difference on available-for-sale securities	573	(1,419)
Deferred gains or losses on hedges	1,888	13,612
Foreign currency translation adjustment	12,563	30,247
Remeasurements of defined benefit plans	1,306	412
Share of other comprehensive income of entities accounted for using equity method	553	4,138
Total other comprehensive income	16,885	46,990
Comprehensive income	20,048	25,534
(Details)		
Comprehensive income attributable to owners of parent	19,086	21,897
Comprehensive income attributable to non-controlling interests	961	3,636