

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (unaudited)

Name of Company Listed: **Nippon Paper Industries Co., Ltd.**
 Stock Exchange Listings: Tokyo
 Code Number: 3863
 URL: <https://www.nipponpapergroup.com/english/>
 Representative: Toru Nozawa, President
 Person in Charge of Contact: Hiromichi Matoba, General Manager of Accounting & Budgeting Dept.
 TEL +81-(0)3-6665-1111

Planned date of Financial Report submission: August 10, 2023
 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 Three Months Ended June 2023 (April 1, 2023–June 30, 2023)

(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	%
Three months ended June 30, 2023	287,424	8.6	812	–	362	-70.5	-5,267	–
Three months ended June 30, 2022	264,773	5.7	-2,924	–	1,227	-65.3	-8,197	–

Note: Comprehensive income

Three months ended June 30, 2023 7,153 million yen (-71.1 %)

Three months ended June 30, 2022 24,796 million yen (64.2 %)

	Net income per share	Net income per share after adjusting for dilution
	Yen	Yen
Three months ended June 30, 2023	-45.63	–
Three months ended June 30, 2022	-70.95	–

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	1,648,456	420,654	24.2
As of March 31, 2023	1,666,542	415,200	23.7

Reference: Shareholders' equity As of June 30, 2023 398,585 million yen

As of March 31, 2023 394,653 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, 2023	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Projection)		0.00	—	—	—

Note: Recent revisions to dividend projection / No

3. Projection of Consolidated Financial Results for the Fiscal Year Ending March 2024 (April 1, 2023–March 31, 2024)

(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	1,230,000	6.7	24,000	—	18,000	—	15,000	—	129.83

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? / No

(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:

June 30, 2023 116,254,892 Shares

March 31, 2023 116,254,892 Shares

(ii) Number of treasury stock as of:

June 30, 2023 887,255 Shares

March 31, 2023 715,494 Shares

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

Three months ended June 2023 115,454,525 Shares

Three months ended June 2022 115,532,899 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/>

(Appendices)

1. Consolidated Operating Results for the Three Months Ended June 2023 (April 1, 2023–June 30, 2023)

Operating results by business segment are as follows:

Paper and Paperboard:

Consolidated net sales	¥ 143,307 million	(up 8.5% year-on-year)
Consolidated operating income	¥ 159 million	(The result for the same period of previous year was ¥ -2,192 million)

Daily-life Products:

Consolidated net sales	¥ 106,852 million	(up 5.8% year-on-year)
Consolidated operating income	¥ -2,253 million	(The result for the same period of previous year was ¥ -2,624 million)

Energy:

Consolidated net sales	¥ 13,672 million	(up 66.1% year-on-year)
Consolidated operating income	¥ 460 million	(The result for the same period of previous year was ¥ -333 million)

Wood Products and Construction Related:

Consolidated net sales	¥ 16,710 million	(up 0.3% year-on-year)
Consolidated operating income	¥ 2,334 million	(up 24.2% year-on-year)

1. Supplementary Financial Results Presentation Materials for the Three Months Ended June 30, 2023

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	144,350	96,938
Notes and accounts receivable-trade	189,128	194,165
Merchandise and finished goods	116,273	119,126
Work in process	22,973	23,247
Raw materials and supplies	99,267	109,200
Other	56,459	62,336
Allowance for doubtful accounts	(747)	(772)
Total current assets	627,705	604,241
Non-current assets		
Property, plant and equipment		
Buildings and structures	553,627	554,517
Accumulated depreciation	(402,290)	(404,937)
Buildings and structures, net	151,336	149,579
Machinery, equipment and vehicles	2,347,209	2,354,654
Accumulated depreciation	(2,014,534)	(2,023,852)
Machinery, equipment and vehicles, net	332,675	330,801
Land	211,230	211,167
Construction in progress	48,277	50,268
Other	110,705	111,941
Accumulated depreciation	(57,404)	(58,652)
Other, net	53,300	53,288
Total property, plant and equipment	796,820	795,106
Intangible assets	22,540	22,424
Investments and other assets		
Investments in securities	166,626	168,377
Other	53,443	58,836
Allowance for doubtful accounts	(593)	(529)
Total investments and other assets	219,476	226,684
Total non-current assets	1,038,837	1,044,214
Total assets	1,666,542	1,648,456

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and account payable-trade	154,167	144,398
Short-term loans payable	214,383	209,972
Current portion of bonds	—	15,000
Commercial papers	30,000	—
Income taxes payable	3,269	2,355
Other	102,765	102,137
Total current liabilities	504,585	473,862
Non-current liabilities		
Bonds payable	50,000	65,000
Long-term loans payable	607,850	599,966
Provision for environmental measures	10,921	10,159
Net defined benefit liability	11,669	11,741
Other	66,315	67,071
Total non-current liabilities	746,755	753,939
Total liabilities	1,251,341	1,227,801
Net assets		
Shareholders' equity		
Capital stock	104,873	104,873
Capital surplus	216,416	216,416
Retained earnings	(15,765)	(21,033)
Treasury shares	(1,759)	(1,960)
Total shareholders' equity	303,765	298,296
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,475	13,289
Deferred gains or losses on hedges	10,294	15,591
Foreign currency translation adjustment	60,006	62,356
Remeasurements of defined benefit plans	9,110	9,050
Total accumulated other comprehensive income	90,887	100,288
Non-controlling interests	20,547	22,069
Total net assets	415,200	420,654
Total liabilities and net assets	1,666,542	1,648,456

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

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	264,773	287,424
Cost of sales	225,119	246,014
Gross profit	39,654	41,409
Selling, general and administrative expenses		
Freightage related expenses	20,664	19,072
Sales related expenses	2,873	2,815
Salaries and allowances	11,361	10,998
Other	7,679	7,710
Total selling, general and administrative expenses	42,578	40,597
Operating income (loss)	(2,924)	812
Non-operating income		
Interest income	59	135
Dividend income	1,017	975
Share of profit of entities accounted for using equity metho	1,978	992
Exchange gain	3,344	1,300
Other	766	442
Total non-operating income	7,166	3,847
Non-operating expenses		
Interest expense	1,758	2,315
Other	1,256	1,981
Total non-operating expenses	3,014	4,297
Ordinary income	1,227	362
Extraordinary income		
Gain on sales of investment securities	452	2,057
Other	51	98
Total extraordinary income	503	2,155
Extraordinary loss		
Loss on withdrawal from business of subsidiaries	—	4,881
Loss on retirement of non-current assets	435	777
Other	2,588	290
Total extraordinary loss	3,024	5,948
Profit (loss) before income taxes	(1,293)	(3,430)
Income taxes-current	1,472	1,814
Income taxes-deferred	4,710	(1,155)
Total income taxes	6,183	658
Profit (loss)	(7,476)	(4,089)
Profit attributable to non-controlling interests	720	1,178
Profit (loss) attributable to owners of parent	(8,197)	(5,267)

- Consolidated Statements of Comprehensive Income -

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit (loss)	(7,476)	(4,089)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,177)	1,772
Deferred gains or losses on hedges	9,153	6,032
Foreign currency translation adjustment	21,566	1,694
Remeasurements of defined benefit plans	195	(71)
Share of other comprehensive income of entities accounted for using equity method	2,535	1,815
Total other comprehensive income	32,273	11,243
Comprehensive income	24,796	7,153
(Details)		
Comprehensive income attributable to owners of parent	22,047	4,133
Comprehensive income attributable to non-controlling interests	2,748	3,020

(Significant Subsequent Events)

At the meeting of the Board of Directors of the Company held on August 7, 2023, the Company made the resolution in relation to domestic unsecured corporate bonds for subscription. The summary is as follows. President of the Company is authorized to decide necessary items within the scope described down below when the Company solicits persons who subscribe for the bonds.

- (1) Total amount of issue: maximum ¥50 billion (multiple issuances within this amount is allowed)
- (2) Interest rate: maximum 3.0% per annum
- (3) Maturity: from 3 years up to 20 years
- (4) Issue timing: from August 7, 2023 to August 1, 2024
- (5) Method of redemption: bullet repayment
- (6) Application of funds: capital investment, repayment of loans payable, etc.