

February 9, 2024

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (unaudited) (Under Japanese GAAP)

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 quarterly Financial Report submission: February 13, 2024
 Planned date of the commencement of dividend payments: -
 Availability of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial result briefing: Yes (for institutional investors and investment analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results of Operations for the Nine Months Ended December 2023 (April 1, 2023–December 31, 2023)

(1) Consolidated Results of Operations

(Percentages indicate year-on-year changes.)

	Net sales		Operating income (loss)		Ordinary income (loss)		Profit (loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine Months Ended December 31, 2023	874,516	3.0	9,307	—	7,604	—	(8,297)	—
Nine Months Ended December 31, 2022	849,400	9.7	(22,766)	—	(19,541)	—	(25,700)	—

Note: Comprehensive income

Nine Months Ended December 31, 2023	24,574 million yen	129.1%
Nine Months Ended December 31, 2022	10,724 million yen	(23.9 %)

	Net income (loss) per share	Net income per share after adjusting for dilution
	Yen	Yen
Nine Months Ended December 31, 2023	(71.89)	—
Nine Months Ended December 31, 2022	(222.44)	—

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	1,680,916	438,358	24.6
As of March 31, 2023	1,666,542	415,200	23.7

Reference: Shareholders' equity	As of December 31, 2023	414,067 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
Fiscal year ended March 31, 2023	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Fiscal year ending March 31, 2024	—	0.00	—		
Fiscal year ending March 31, 2024 (Forecast)				—	—

Note: Recent revisions to dividend forecast /None

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

(Percentages indicate year-on-year changes.)

	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	1,170,000	1.5	19,000	—	15,000	—	15,000	—	129.83

Note: Recent revisions to forecast of consolidated financial results / Yes

4. Others

[1] Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: — (Company name:)

Excluded: — (Company name:)

[2] Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

[3] Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

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

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

December 31, 2023 116,254,892 Shares

March 31, 2023 116,254,892 Shares

(ii) Number of treasury stock as of:

December 31, 2023 851,375 Shares

March 31, 2023 715,494 Shares

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

Nine Months Ended December 31, 2023 115,419,071 Shares

Nine Months Ended December 31, 2022 115,538,446 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 Nine Months Ended December 2023 (April 1, 2023–December 31, 2023)**

Operating results by business segment are as follows:

(Percentages indicate year-on-year changes.)

Paper and Paperboard:

(Millions of yen)

Consolidated net sales	430,599	3.5%
Consolidated operating income (loss)	8,084	The result for the same period of previous year: (21,975)

Daily-life Products:

Consolidated net sales	328,548	0.0%
Consolidated operating income (loss)	(5,979)	The result for the same period of previous year: (6,619)

Energy:

Consolidated net sales	39,175	21.5%
Consolidated operating income (loss)	(269)	The result for the same period of previous year: (2,243)

Wood Products and Construction Related:

Consolidated net sales	53,818	5.8%
Consolidated operating income	6,707	6.4%

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

Forecast of consolidated financial results for the fiscal year ending March 2024 has been revised as below.

Previous forecast was released on May 15, 2023.

	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
Previous Forecast (A)	1,230,000	24,000	18,000	15,000	129.83
Revised Forecast (B)	1,170,000	19,000	15,000	15,000	129.83
Amount of increase/decrease (B-A)	(60,000)	(5,000)	(3,000)	—	—
Change (%)	(4.9)	(20.8)	(16.7)	—	—
(Reference) Consolidated Financial Results for the Fiscal Year Ended March 2023	1,152,645	(26,855)	(24,530)	(50,406)	(436.28)

* This forecast is revised based on the information available at present. The actual results may change substantially due to various factors.

1. Supplementary Financial Results Presentation Materials for the Nine Months Ended December 31, 2023

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	144,350	122,601
Notes and accounts receivable-trade	189,128	208,287
Merchandise and finished goods	116,273	114,769
Work in process	22,973	23,811
Raw materials and supplies	99,267	100,983
Other	56,459	47,642
Allowance for doubtful accounts	(747)	(808)
Total current assets	627,705	617,288
Non-current assets		
Property, plant and equipment		
Buildings and structures	553,627	562,582
Accumulated depreciation	(402,290)	(410,395)
Buildings and structures, net	151,336	152,187
Machinery, equipment and vehicles	2,347,209	2,394,239
Accumulated depreciation	(2,014,534)	(2,049,459)
Machinery, equipment and vehicles, net	332,675	344,780
Land	211,230	213,095
Construction in progress	48,277	42,065
Other	110,705	114,835
Accumulated depreciation	(57,404)	(57,655)
Other, net	53,300	57,180
Total property, plant and equipment	796,820	809,308
Intangible assets	22,540	23,364
Investments and other assets		
Investments in securities	166,626	173,472
Other	53,443	58,020
Allowance for doubtful accounts	(593)	(538)
Total investments and other assets	219,476	230,954
Total non-current assets	1,038,837	1,063,628
Total assets	1,666,542	1,680,916

	(Millions of yen)	
	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and account payable-trade	154,167	158,763
Short-term loans payable	214,383	201,952
Current portion of bonds	—	15,000
Commercial papers	30,000	—
Income taxes payable	3,269	4,199
Other	102,765	113,931
Total current liabilities	504,585	493,846
Non-current liabilities		
Bonds payable	50,000	65,000
Long-term loans payable	607,850	591,557
Provision for environmental measures	10,921	8,886
Net defined benefit liability	11,669	11,720
Other	66,315	71,547
Total non-current liabilities	746,755	748,711
Total liabilities	1,251,341	1,242,558
Net assets		
Shareholders' equity		
Capital stock	104,873	104,873
Capital surplus	216,416	216,416
Retained earnings	(15,765)	(23,942)
Treasury shares	(1,759)	(1,904)
Total shareholders' equity	303,765	295,442
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,475	14,507
Deferred gains or losses on hedges	10,294	15,194
Foreign currency translation adjustment	60,006	79,883
Remeasurements of defined benefit plans	9,110	9,039
Total accumulated other comprehensive income	90,887	118,625
Non-controlling interests	20,547	24,290
Total net assets	415,200	438,358
Total liabilities and net assets	1,666,542	1,680,916

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

	(Millions of yen)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	849,400	874,516
Cost of sales	742,872	743,211
Gross profit	106,528	131,304
Selling, general and administrative expenses		
Freightage related expenses	64,279	57,069
Sales related expenses	8,651	8,714
Salaries and allowances	34,588	33,428
Other	21,775	22,784
Total selling, general and administrative expenses	129,294	121,996
Operating income (loss)	(22,766)	9,307
Non-operating income		
Interest income	194	522
Dividend income	1,747	1,505
Share of profit of entities accounted for using equity method	7,198	5,068
Exchange gain	1,479	1,413
Other	2,076	2,196
Total non-operating income	12,697	10,706
Non-operating expenses		
Interest expense	5,516	7,367
Other	3,955	5,041
Total non-operating expenses	9,472	12,408
Ordinary income (loss)	(19,541)	7,604
Extraordinary income		
Gain on sales of investment securities	12,126	4,469
Other	1,141	1,517
Total extraordinary income	13,267	5,986
Extraordinary loss		
Loss on withdrawal from business of subsidiaries	—	9,557
Loss on retirement of non-current assets	2,476	1,478
Other	7,530	1,743
Total extraordinary loss	10,007	12,778
Profit (loss) before income taxes	(16,281)	812
Income taxes-current	3,350	4,832
Income taxes-deferred	5,037	1,130
Total income taxes	8,388	5,962
Profit (loss)	(24,669)	(5,150)
Profit attributable to non-controlling interests	1,031	3,147
Profit (loss) attributable to owners of parent	(25,700)	(8,297)

- Consolidated Statements of Comprehensive Income -

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit (loss)	(24,669)	(5,150)
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,601)	2,849
Deferred gains or losses on hedges	5,237	5,334
Foreign currency translation adjustment	32,922	18,215
Remeasurements of defined benefit plans	726	(106)
Share of other comprehensive income of entities accounted for using equity method	3,109	3,432
Total other comprehensive income	35,394	29,725
Comprehensive income	10,724	24,574
(Details)		
Comprehensive income attributable to owners of parent	8,109	19,333
Comprehensive income attributable to non-controlling interests	2,615	5,241

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