

November 6, 2024

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (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 Financial Report submission: November 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 Six Months Ended September 2024 (April 1, 2024–September 30, 2024)

(1) Consolidated Results of Operations

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Profit (loss) attributable to owners of parent | |
|-------------------------------------|-----------------|-----|------------------|--------|-----------------|--------|--|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six Months Ended September 30, 2024 | 584,539 | 0.1 | 2,056 | (57.6) | 1,790 | (69.0) | (12,353) | — |
| Six Months Ended September 30, 2023 | 583,942 | 6.0 | 4,852 | — | 5,777 | — | (9,370) | — |

Note: Comprehensive income

| | | |
|-------------------------------------|--------------------|----------|
| Six Months Ended September 30, 2024 | 10,550 million yen | (55.9 %) |
| Six Months Ended September 30, 2023 | 23,936 million yen | (6.3 %) |

| | Net income (loss) per share | Net income per share after adjusting for dilution |
|-------------------------------------|-----------------------------|---|
| | Yen | Yen |
| Six Months Ended September 30, 2024 | (107.04) | — |
| Six Months Ended September 30, 2023 | (81.18) | — |

(2) Consolidated Financial Status

| | Total assets | Net assets | Equity ratio |
|--------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of September 30, 2024 | 1,739,118 | 503,820 | 27.5 |
| As of March 31, 2024 | 1,731,245 | 495,648 | 27.1 |

| | | |
|---------------------------------|--------------------------|---------------------|
| Reference: Shareholders' equity | As of September 30, 2024 | 478,048 million yen |
| | As of March 31, 2024 | 468,788 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, 2024 | — | 0.00 | — | 10.00 | 10.00 |
| Fiscal year ending March 31, 2025 | — | 0.00 | | | |
| Fiscal year ending March 31, 2025 (Forecast) | | | — | 10.00 | 10.00 |

Note: Recent revisions to dividend forecast /None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 2025 (April 1, 2024–March 31, 2025)

(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 | 1,200,000 | 2.8 | 23,000 | 33.2 | 19,000 | 30.6 | 3,000 | (86.8) | 26.00 |

Note: Recent revisions to forecast of consolidated financial results / None

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 half-year 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: Yes

(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:

September 30, 2024 116,254,892 Shares

March 31, 2024 116,254,892 Shares

(ii) Number of treasury stock as of:

September 30, 2024 834,482 Shares

March 31, 2024 851,948 Shares

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

Six Months Ended September 30, 2024 115,410,067 Shares

Six Months Ended September 30, 2023 115,426,526 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 Company's website.

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

(Appendices)

1. Consolidated Operating Results for the Six Months Ended September 2024 (April 1, 2024–September 30, 2024)

Operating results by business segment are as follows:

| Paper and Paperboard: | | (Millions of yen) |
|---|---------|--|
| Consolidated net sales | 283,091 | (1.1% decrease year on year) |
| Consolidated operating income | 3,542 | (8.8% decrease year on year) |
| Daily-life Products: | | |
| Consolidated net sales | 224,653 | (2.8% increase year on year) |
| Consolidated operating loss | 9,134 | (The same period of previous year: operating loss of 5,016 million yen) |
| Energy: | | |
| Consolidated net sales | 24,799 | (12.5% decrease year on year) |
| Consolidated operating income | 1,664 | (659.2% increase year on year) |
| Wood Products and Construction Related: | | |
| Consolidated net sales | 37,649 | (4.0% increase year on year) |
| Consolidated operating income | 4,044 | (22.2% decrease year on year) |

(Reference information)

1. Changes in accounting policies

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”) effective from beginning of the first quarter of the fiscal year under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Implementation Guidance 2022”). The new accounting policies are applied from that beginning of the current fiscal year. The cumulative effect of retrospective application of new accounting policies prior to the beginning of the first quarter of the current fiscal year is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The corresponding amounts are added to or subtracted from the appropriate category of capital surplus or accumulated other comprehensive income. As a result, retained earnings at the beginning of the first quarter of the current fiscal year increased by 702 million yen and unrealized gains on available-for-sale securities decreased by the same amount.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first quarter ended September 30, 2024. This change in accounting policies is applied retrospectively, and quarterly consolidated financial statements and consolidated financial statements for the previous year are after retrospective application. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

1. Supplementary Financial Results Presentation Materials for the Six Months Ended September 30, 2024

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|--|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 164,858 | 166,410 |
| Notes and accounts receivable-trade | 204,990 | 195,675 |
| Merchandise and finished goods | 116,454 | 111,238 |
| Work in process | 21,684 | 22,776 |
| Raw materials and supplies | 86,672 | 95,743 |
| Other | 44,394 | 41,522 |
| Allowance for doubtful accounts | (442) | (375) |
| Total current assets | 638,613 | 632,991 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 560,032 | 574,254 |
| Accumulated depreciation | (410,248) | (416,246) |
| Buildings and structures, net | 149,784 | 158,007 |
| Machinery, equipment and vehicles | 2,240,355 | 2,291,808 |
| Accumulated depreciation | (1,901,796) | (1,930,121) |
| Machinery, equipment and vehicles, net | 338,558 | 361,687 |
| Land | 212,843 | 213,820 |
| Construction in progress | 47,799 | 26,050 |
| Other | 113,740 | 118,051 |
| Accumulated depreciation | (57,394) | (60,884) |
| Other, net | 56,345 | 57,166 |
| Total property, plant and equipment | 805,331 | 816,732 |
| Intangible assets | 22,599 | 22,494 |
| Investments and other assets | | |
| Investments in securities | 174,726 | 179,129 |
| Other | 90,499 | 88,295 |
| Allowance for doubtful accounts | (525) | (524) |
| Total investments and other assets | 264,701 | 266,899 |
| Total non-current assets | 1,092,632 | 1,106,126 |
| Total assets | 1,731,245 | 1,739,118 |

(Millions of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|---|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and account payable-trade | 157,815 | 145,498 |
| Short-term loans payable | 207,176 | 206,387 |
| Current portion of bonds payable | 15,000 | 10,000 |
| Income taxes payable | 7,246 | 3,140 |
| Provisions | 17,661 | 18,820 |
| Other | 89,869 | 87,455 |
| Total current liabilities | 494,769 | 471,301 |
| Non-current liabilities | | |
| Bonds payable | 65,000 | 55,000 |
| Long-term loans payable | 577,083 | 612,225 |
| Provision for environmental measures | 9,567 | 8,814 |
| Other provisions | 2,381 | 2,675 |
| Net defined benefit liability | 10,984 | 10,846 |
| Other | 75,811 | 74,435 |
| Total non-current liabilities | 740,827 | 763,996 |
| Total liabilities | 1,235,597 | 1,235,298 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 104,873 | 104,873 |
| Capital surplus | 216,416 | 216,416 |
| Retained earnings | 7,102 | (5,345) |
| Treasury shares | (1,904) | (1,875) |
| Total shareholders' equity | 326,487 | 314,068 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 17,541 | 17,204 |
| Deferred gains or losses on hedges | 16,989 | 12,732 |
| Foreign currency translation adjustment | 79,535 | 107,321 |
| Remeasurements of defined benefit plans | 28,234 | 26,720 |
| Total accumulated other comprehensive income | 142,301 | 163,979 |
| Non-controlling interests | 26,859 | 25,771 |
| Total net assets | 495,648 | 503,820 |
| Total liabilities and net assets | 1,731,245 | 1,739,118 |

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

(Millions of yen)

| | Six Months ended September 30, 2023 | Six Months ended September 30, 2024 |
|---|--|--|
| Net sales | 583,942 | 584,539 |
| Cost of sales | 497,930 | 497,883 |
| Gross profit | 86,012 | 86,655 |
| Selling, general and administrative expenses | | |
| Freightage related expenses | 38,081 | 39,893 |
| Sales related expenses | 5,864 | 6,047 |
| Salaries and allowances | 22,263 | 22,297 |
| Other | 14,951 | 16,360 |
| Total selling, general and administrative expenses | 81,159 | 84,599 |
| Operating income | 4,852 | 2,056 |
| Non-operating income | | |
| Interest income | 382 | 621 |
| Dividend income | 1,093 | 1,218 |
| Share of profit of entities accounted for using equity method | 4,095 | 7,318 |
| Foreign exchange gains | 2,360 | — |
| Other | 1,435 | 1,276 |
| Total non-operating income | 9,367 | 10,435 |
| Non-operating expenses | | |
| Interest expense | 4,829 | 4,335 |
| Foreign exchange losses | — | 3,163 |
| Other | 3,611 | 3,202 |
| Total non-operating expenses | 8,441 | 10,701 |
| Ordinary income | 5,777 | 1,790 |
| Extraordinary income | | |
| Gain on sales of investment securities | 2,572 | 677 |
| Gain on sale of non-current assets | 138 | 263 |
| Other | 1 | — |
| Total extraordinary income | 2,712 | 940 |
| Extraordinary loss | | |
| Impairment loss | 21 | 6,490 |
| Australian business structure improvement expenses | 786 | 4,147 |
| Loss on retirement of non-current assets | 1,132 | 809 |
| Other | 9,087 | 790 |
| Total extraordinary loss | 11,027 | 12,237 |
| Profit (loss) before income taxes | (2,537) | (9,506) |
| Income taxes-current | 4,411 | 2,022 |
| Income taxes-deferred | 64 | (439) |
| Total income taxes | 4,475 | 1,582 |
| Profit (loss) | (7,013) | (11,089) |
| Profit attributable to non-controlling interests | 2,357 | 1,264 |
| Profit (loss) attributable to owners of parent | (9,370) | (12,353) |

- Consolidated Statements of Comprehensive Income -

| | (Millions of yen) | |
|---|--|--|
| | Six Months ended September 30, 2023 | Six Months ended September 30, 2024 |
| Profit (loss) | (7,013) | (11,089) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,054 | 437 |
| Deferred gains or losses on hedges | 7,952 | (2,870) |
| Foreign currency translation adjustment | 16,758 | 26,457 |
| Remeasurements of defined benefit plans | (96) | (1,537) |
| Share of other comprehensive income of associates accounted for using equity method | 3,279 | (846) |
| Total other comprehensive income | 30,949 | 21,639 |
| Comprehensive income | 23,936 | 10,550 |
| (Details) | | |
| Comprehensive income attributable to owners of parent | 18,989 | 10,026 |
| Comprehensive income attributable to non-controlling interests | 4,947 | 523 |

END