

February 7, 2025

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 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/>
 Representative: Toru Nozawa, President and Representative Director
 Person in Charge of Contact: Ryo Koide, General Manager of Accounting & Budgeting Dept.
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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 2024 (April 1, 2024–December 31, 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	%
Nine Months Ended December 31, 2024	886,273	1.3	11,096	19.2	12,805	68.4	57	—
Nine Months Ended December 31, 2023	874,516	3.0	9,307	—	7,604	—	(8,297)	—

Note: Comprehensive income

Nine Months Ended December 31, 2024	3,041 million yen (87.6 %)
Nine Months Ended December 31, 2023	24,574 million yen 129.1 %

	Net income (loss) per share	Net income per share after adjusting for dilution
	Yen	Yen
Nine Months Ended December 31, 2024	0.50	—
Nine Months Ended December 31, 2023	(71.89)	—

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	1,714,872	496,308	27.3
As of March 31, 2024	1,731,245	495,648	27.1

Reference: Shareholders' equity	As of December 31, 2024	467,564 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 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: 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:

December 31, 2024 116,254,892 Shares

March 31, 2024 116,254,892 Shares

(ii) Number of treasury stock as of:

December 31, 2024 821,490 Shares

March 31, 2024 851,948 Shares

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

Nine Months Ended December 31, 2024 115,414,012 Shares

Nine Months Ended December 31, 2023 115,419,071 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 Nine Months Ended December 2024 (April 1, 2024– December 31, 2024)

Operating results by business segment are as follows:

Paper and Paperboard:	(Millions of yen)	
Consolidated net sales	429,439	(0.3% decrease year on year)
Consolidated operating income	6,815	(15.7% decrease year on year)
Daily-life Products:		
Consolidated net sales	343,084	(4.4% increase year on year)
Consolidated operating loss	6,912	(The same period of previous year: operating loss of 5,979 million yen)
Energy:		
Consolidated net sales	35,515	(9.3% decrease year on year)
Consolidated operating income	2,037	(The same period of previous year: operating loss of 269 million yen)
Wood Products and Construction Related:		
Consolidated net sales	55,693	(3.5% increase year on year)
Consolidated operating income	6,129	(8.6% 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 of this fiscal year. 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. Consolidated Financial Statements for the Nine Months Ended December 31, 2024

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	164,858	151,208
Notes and accounts receivable-trade	204,990	212,445
Merchandise and finished goods	116,454	111,515
Work in process	21,684	22,398
Raw materials and supplies	86,672	96,554
Other	44,394	45,861
Allowance for doubtful accounts	(442)	(313)
Total current assets	638,613	639,670
Non-current assets		
Property, plant and equipment		
Buildings and structures	560,032	568,867
Accumulated depreciation	(410,248)	(415,622)
Buildings and structures, net	149,784	153,245
Machinery, equipment and vehicles	2,240,355	2,269,998
Accumulated depreciation	(1,901,796)	(1,922,538)
Machinery, equipment and vehicles, net	338,558	347,459
Land	212,843	210,527
Construction in progress	47,799	22,679
Other	113,740	113,186
Accumulated depreciation	(57,394)	(58,754)
Other, net	56,345	54,431
Total property, plant and equipment	805,331	788,342
Intangible assets	22,599	20,530
Investments and other assets		
Investments in securities	174,726	176,590
Other	90,499	90,262
Allowance for doubtful accounts	(525)	(524)
Total investments and other assets	264,701	266,328
Total non-current assets	1,092,632	1,075,201
Total assets	1,731,245	1,714,872

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and account payable-trade	157,815	159,787
Short-term loans payable	207,176	174,251
Current portion of bonds payable	15,000	10,000
Income taxes payable	7,246	1,043
Other	107,530	103,375
Total current liabilities	494,769	448,457
Non-current liabilities		
Bonds payable	65,000	55,000
Long-term loans payable	577,083	618,511
Provision for environmental measures	9,567	8,508
Net defined benefit liability	10,984	10,679
Other	78,192	77,405
Total non-current liabilities	740,827	770,105
Total liabilities	1,235,597	1,218,563
Net assets		
Shareholders' equity		
Capital stock	104,873	104,873
Capital surplus	216,416	216,393
Retained earnings	7,102	7,066
Treasury shares	(1,904)	(1,841)
Total shareholders' equity	326,487	326,491
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,541	15,442
Deferred gains or losses on hedges	16,989	15,376
Foreign currency translation adjustment	79,535	84,320
Remeasurements of defined benefit plans	28,234	25,932
Total accumulated other comprehensive income	142,301	141,072
Non-controlling interests	26,859	28,744
Total net assets	495,648	496,308
Total liabilities and net assets	1,731,245	1,714,872

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

(Millions of yen)

	Nine Months ended December 31, 2023	Nine Months ended December 31, 2024
Net sales	874,516	886,273
Cost of sales	743,211	746,601
Gross profit	131,304	139,672
Selling, general and administrative expenses		
Freightage related expenses	57,069	60,930
Sales related expenses	8,714	9,362
Salaries and allowances	33,428	33,519
Other	22,784	24,763
Total selling, general and administrative expenses	121,996	128,576
Operating income	9,307	11,096
Non-operating income		
Interest income	522	906
Dividend income	1,505	1,678
Share of profit of entities accounted for using equity method	5,068	9,803
Foreign exchange gains	1,413	—
Other	2,196	2,749
Total non-operating income	10,706	15,137
Non-operating expenses		
Interest expense	7,367	6,695
Foreign exchange losses	—	1,894
Other	5,041	4,839
Total non-operating expenses	12,408	13,428
Ordinary income	7,604	12,805
Extraordinary income		
Gain on sales of investment securities	4,469	3,318
Insurance claim income	—	3,216
Other	1,517	820
Total extraordinary income	5,986	7,356
Extraordinary loss		
Impairment loss	25	6,490
Australian business structure improvement expenses	796	4,608
Loss on retirement of non-current assets	1,478	1,239
Other	10,478	1,018
Total extraordinary loss	12,778	13,356
Profit (loss) before income taxes	812	6,805
Income taxes-current	4,832	3,363
Income taxes-deferred	1,130	1,331
Total income taxes	5,962	4,694
Profit (loss)	(5,150)	2,110
Profit attributable to non-controlling interests	3,147	2,052
Profit (loss) attributable to owners of parent	(8,297)	57

- Consolidated Statements of Comprehensive Income -

	(Millions of yen)	
	Nine Months ended December 31, 2023	Nine Months ended December 31, 2024
Profit (loss)	(5,150)	2,110
Other comprehensive income		
Valuation difference on available-for-sale securities	2,849	(1,381)
Deferred gains or losses on hedges	5,334	2,408
Foreign currency translation adjustment	18,215	3,166
Remeasurements of defined benefit plans	(106)	(2,315)
Share of other comprehensive income of associates accounted for using equity method	3,432	(945)
Total other comprehensive income	29,725	931
Comprehensive income	24,574	3,041
(Details)		
Comprehensive income attributable to owners of parent	19,333	(468)
Comprehensive income attributable to non-controlling interests	5,241	3,510

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