

Summary of Consolidated Financial Results for the Three Months Ended June 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: August 12, 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 Three Months Ended June 2022 (April 1, 2022–June 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	%
Three months ended June 30, 2022	264,773	5.7	-2,924	-	1,227	-65.3	-8,197	-
Three months ended June 30, 2021	250,460	11.9	4,828	13.5	3,536	-	1,871	-

Note: Comprehensive income

Three months ended June 30, 2022	24,796 million yen	(64.2 %)
Three months ended June 30, 2021	15,097 million yen	(- %)

	Net income per share	Net income per share after adjusting for dilution
	Yen	Yen
Three months ended June 30, 2022	-70.95	-
Three months ended June 30, 2021	16.20	-

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	1,687,593	466,723	26.6
As of March 31, 2022	1,639,286	438,604	26.0

Reference: Shareholders' equity	As of June 30, 2022	448,519 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	—				
Fiscal year ending March 31, 2023 (Projection)		0.00	—	0.00	0.00

Note: Recent revisions to dividend projection /Yes

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/ Yes

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:

June 30, 2022 116,254,892 Shares

March 31, 2022 116,254,892 Shares

(ii) Number of treasury stock as of:

June 30, 2022 722,599 Shares

March 31, 2022 721,288 Shares

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

Three months ended June 2022 115,532,899 Shares

Three months ended June 2021 115,504,199 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 Three Months Ended June 2022 (April 1, 2022–June 30, 2022)

Operating results by business segment are as follows:

Paper and Paperboard:

Consolidated net sales	¥ 132,028 million	(up 0.7% year-on-year)
Consolidated operating income	¥ -2,192 million	(The result for the same period of previous year was ¥165 million)

Daily-life Products

Consolidated net sales	¥ 101,020 million	(up 9.9% year-on-year)
Consolidated operating income	¥ -2,624 million	(The result for the same period of previous year was ¥1,417 million)

Energy

Consolidated net sales	¥ 8,232 million	(up 28.4% year-on-year)
Consolidated operating income	¥ -333 million	(The result for the same period of previous year was ¥491 million)

Wood Products and Construction Related:

Consolidated net sales	¥ 16,660 million	(up 17.5% year-on-year)
Consolidated operating income	¥ 1,880 million	(up 0.0% year-on-year)

1. Supplementary Financial Results Presentation Materials for the Three Months Ended June 30, 2022

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	136,845	97,657
Notes and accounts receivable-trade	245,205	234,036
Merchandise and finished goods	93,938	101,933
Work in process	18,206	22,230
Raw materials and supplies	78,639	99,184
Other	45,911	62,464
Allowance for doubtful accounts	(813)	(828)
Total current assets	617,934	616,679
Non-current assets		
Property, plant and equipment		
Buildings and structures	541,086	545,238
Accumulated depreciation	(392,091)	(395,449)
Buildings and structures, net	148,994	149,788
Machinery, equipment and vehicles	2,356,608	2,384,509
Accumulated depreciation	(2,023,476)	(2,044,246)
Machinery, equipment and vehicles, net	333,131	340,262
Land	208,719	211,123
Construction in progress	34,694	54,245
Other	101,196	106,640
Accumulated depreciation	(51,747)	(54,054)
Other, net	49,448	52,586
Total property, plant and equipment	774,989	808,007
Intangible assets	23,278	24,395
Investments and other assets		
Investments in securities	180,356	178,621
Other	43,300	60,425
Allowance for doubtful accounts	(572)	(537)
Total investments and other assets	223,085	238,510
Total non-current assets	1,021,352	1,070,914
Total assets	1,639,286	1,687,593

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and account payable-trade	141,435	145,713
Short-term loans payable	185,703	152,847
Commercial papers	45,000	44,000
Income taxes payable	2,182	1,967
Other	94,813	109,089
Total current liabilities	469,135	453,617
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	597,259	621,666
Provision for environmental measures	12,535	12,181
Net defined benefit liability	12,495	12,653
Other	59,256	70,751
Total non-current liabilities	731,546	767,253
Total liabilities	1,200,682	1,220,870
Net assets		
Shareholders' equity		
Capital stock	104,873	104,873
Capital surplus	216,416	216,416
Retained earnings	38,365	26,455
Treasury shares	(1,776)	(1,777)
Total shareholders' equity	357,879	345,967
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,227	17,065
Deferred gains or losses on hedges	5,810	17,201
Foreign currency translation adjustment	37,054	60,079
Remeasurements of defined benefit plans	7,959	8,204
Total accumulated other comprehensive income	69,052	102,551
Non-controlling interests	11,672	18,203
Total net assets	438,604	466,723
Total liabilities and net assets	1,639,286	1,687,593

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

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	250,460	264,773
Cost of sales	206,100	225,119
Gross profit	44,360	39,654
Selling, general and administrative expenses		
Freightage related expenses	17,878	20,664
Sales related expenses	2,875	2,873
Salaries and allowances	11,435	11,361
Other	7,342	7,679
Total selling, general and administrative expenses	39,532	42,578
Operating income(loss)	4,828	(2,924)
Non-operating income		
Interest income	39	59
Dividend income	962	1,017
Share of profit of entities accounted for using equity method	915	1,978
Foreign exchange gain	—	3,344
Other	700	766
Total non-operating income	2,617	7,166
Non-operating expenses		
Interest expense	1,875	1,758
Exchange loss	915	—
Other	1,117	1,256
Total non-operating expenses	3,908	3,014
Ordinary income	3,536	1,227
Extraordinary income		
Gain on sales of investment securities	5,003	452
Other	15	51
Total extraordinary income	5,018	503
Extraordinary loss		
Loss on disaster	2,210	1,292
Loss on fixed asset retirement	606	435
Impairment loss	1,317	—
Other	1,354	1,296
Total extraordinary loss	5,489	3,024
Income(loss) before income taxes	3,066	(1,293)
Income taxes-current	1,476	1,472
Income taxes-deferred	(939)	4,710
Total income taxes	537	6,183
Profit(loss)	2,529	(7,476)
Profit attributable to non-controlling interests	657	720
Profit(loss) attributable to owners of parent	1,871	(8,197)

- Consolidated Statements of Comprehensive Income -

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit(loss)	2,529	(7,476)
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,511)	(1,177)
Deferred gains or losses on hedges	407	9,153
Foreign currency translation adjustment	14,431	21,566
Remeasurements of defined benefit plans	503	195
Share of other comprehensive income of entities accounted for using equity method	736	2,535
Total other comprehensive income	12,568	32,273
Comprehensive income	15,097	24,796
(Details)		
Comprehensive income attributable to owners of parent	14,386	22,047
Comprehensive income attributable to non-controlling interests	711	2,748

(Significant Subsequent Events)

At the meeting of the Board of Directors of the Company held on August 5, 2022, 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 5, 2022 to August 1, 2023
- (5) Method of redemption: bullet repayment
- (6) Application of funds: capital investment, repayment of loans payable, etc.