

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020(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: February 12, 2021
 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 Nine Months Ended December 2020 (April 1, 2020–December 31, 2020)

(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	%
Nine months ended December 31, 2020	738,867	-5.8	10,697	-51.1	2,975	-85.4	2,336	-77.5
Nine months ended December 31, 2019	784,243	-2.2	21,872	92.7	20,391	41.0	10,392	–

Note: Comprehensive income

Nine months ended December 2020 11,057 million yen (-15.5 %)
 Nine months ended December 2019 13,079 million yen (– %)

	Net income per share	Net income per share after adjusting for dilution
	Yen	Yen
Nine months ended December 31, 2020	20.22	–
Nine months ended December 31, 2019	89.82	–

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	1,571,067	390,255	24.1
As of March 31, 2020	1,363,469	386,577	27.5

Reference: Shareholders' equity As of December 31, 2020 378,764 million yen
 As of March 31, 2020 375,232 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, 2020	—	10.00	—	30.00	40.00
Fiscal year ending March, 2021	—	10.00	—		
Fiscal year ending March, 2021 (Projection)				30.00	40.00

Note: Recent revisions to dividend projection /No

3. Projection of Consolidated Financial Results for the Fiscal Year Ending March 2021 (April 1, 2020–March 31, 2021)

(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	1,000,000	-4.2	20,000	-42.9	12,000	-60.7	3,000	-78.9	25.97

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:

December 31, 2020 116,254,892 Shares

March 31, 2020 116,254,892 Shares

(ii) Number of treasury stock as of:

December 31, 2020 748,558 Shares

March 31, 2020 746,679 Shares

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

Nine months ended December 31, 2020 115,508,898 Shares

Nine months ended December 31, 2019 115,705,911 Shares

*We introduced the "Board Benefit Trust (BBT)" from the fiscal year ended March 31, 2020, 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 Nine Months Ended December 2020 (April 1, 2020–December 31, 2020)

Operating results by business segment are as follows:

Paper and Paperboard:

Consolidated net sales	¥ 421,407 million	(down 14.2% year-on-year)
Consolidated operating income	¥ -170 million	(The result for the same period of previous year was ¥2,279 million)

Daily-life Products

Consolidated net sales	¥ 232,192 million	(up 14.8% year-on-year)
Consolidated operating income	¥ 6,714 million	(down 27.8% year-on-year)

Energy

Consolidated net sales	¥ 24,066 million	(up 1.9% year-on-year)
Consolidated operating income	¥ 5,173 million	(up 17.5% year-on-year)

Wood Products and Construction Related:

Consolidated net sales	¥ 41,568 million	(down 6.6% year-on-year)
Consolidated operating income	¥ 3,841 million	(down 1.1% year-on-year)

(Reference information)

1. Information on the consolidated financial forecast for the fiscal year ending March 31, 2021

The forecast of consolidated financial results remains unchanged from the content announced on August 6, 2020. In the future, we will promptly disclose any necessary revisions to our financial forecasts.

2. Information on assets by business segment

The Group completed the purchase of Orora Limited's Paperboard and Fibre Based Packaging Business in Australia/New Zealand through our consolidated subsidiary, AP on April 30, 2020. We incorporate the acquired business with AP into the newly established group, "Opal". As a result, the assets of "Daily-life products business" increased by JPY 173,741 million.

3. Information on change in business segment

As a result of the purchase of Orora Limited's Paperboard and Fibre Based Packaging Business in Australia/New Zealand, Paper Australia Pty Ltd (hereinafter AP), which had previously been included in Paper and paperboard segment, have been included in Daily-life products segment as a part of Opal group since this Q1.

The segment information for the nine months ended December 31, 2019 and of the end of the previous consolidated fiscal year is adjusted based on this change.

1. Supplementary Financial Results Presentation Materials for the Nine Months Ended December 31, 2020

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	52,846	101,754
Notes and accounts receivable-trade	228,178	260,572
Merchandise and finished goods	86,985	86,591
Work in process	19,087	25,061
Raw materials and supplies	65,715	72,449
Other	44,589	47,558
Allowance for doubtful accounts	(530)	(639)
Total current assets	496,871	593,348
Non-current assets		
Property, plant and equipment		
Buildings and structures	509,606	527,740
Accumulated depreciation	(373,790)	(380,132)
Buildings and structures, net	135,815	147,608
Machinery, equipment and vehicles	2,222,315	2,308,727
Accumulated depreciation	(1,946,441)	(1,976,711)
Machinery, equipment and vehicles, net	275,873	332,015
Land	197,676	198,919
Construction in progress	37,803	42,530
Other	75,075	93,538
Accumulated depreciation	(41,719)	(45,479)
Other, net	33,355	48,059
Total property, plant and equipment	680,524	769,132
Intangible assets		
Goodwill	1,718	21,596
Other	7,278	8,005
Total intangible assets	8,996	29,602
Investments and other assets		
Investments in securities	155,891	152,398
Other	21,848	27,200
Allowance for doubtful accounts	(662)	(614)
Total investments and other assets	177,077	178,984
Total non-current assets	866,598	977,719
Total assets	1,363,469	1,571,067

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and account payable-trade	120,593	137,121
Short-term loans payable	191,719	209,634
Current portion of bonds	15,000	—
Commercial papers	—	57,000
Income taxes payable	5,363	2,315
Other	101,531	102,807
Total current liabilities	434,209	508,878
Non-current liabilities		
Bonds payable	35,000	35,000
Long-term loans payable	444,677	554,762
Provision for environmental measures	14,947	13,768
Net defined benefit liability	18,361	17,324
Other	29,697	51,077
Total non-current liabilities	542,683	671,933
Total liabilities	976,892	1,180,811
Net assets		
Shareholders' equity		
Capital stock	104,873	104,873
Capital surplus	216,414	216,412
Retained earnings	44,847	41,812
Treasury shares	(1,838)	(1,837)
Total shareholders' equity	364,296	361,260
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,804	18,375
Deferred gains or losses on hedges	(7,631)	(4,050)
Foreign currency translation adjustment	14,095	14,583
Remeasurements of defined benefit plans	(12,332)	(11,405)
Total accumulated other comprehensive income	10,936	17,503
Non-controlling interests	11,344	11,491
Total net assets	386,577	390,255
Total liabilities and net assets	1,363,469	1,571,067

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

(Millions of yen)

	Nine months ended December 2019	Nine months ended December 2020
Net sales	784,243	738,867
Cost of sales	629,371	592,944
Gross profit	154,871	145,922
Selling, general and administrative expenses		
Freightage related expenses	49,578	45,762
Sales related expenses	36,292	32,192
Salaries and allowances	26,237	30,243
Other	20,891	27,026
Total selling, general and administrative expenses	132,999	135,224
Operating income	21,872	10,697
Non-operating income		
Interest income	350	134
Dividend income	1,645	1,596
Share of profit of entities accounted for using equity method	3,303	3,429
Other	2,678	2,485
Total non-operating income	7,977	7,646
Non-operating expenses		
Interest expense	4,866	5,406
Exchange loss	1,148	4,512
Other	3,443	5,449
Total non-operating expenses	9,458	15,368
Ordinary income	20,391	2,975
Extraordinary income		
Gain on sales of investment securities	145	14,540
Gain on liquidation of subsidiaries	1,337	—
Other	672	257
Total extraordinary income	2,154	14,797
Extraordinary loss		
Loss on fixed asset retirement	1,847	5,288
Loss on infectious diseases-related	1,561	1,904
Other	3,059	2,221
Total extraordinary loss	6,468	9,414
Profit before income taxes	16,078	8,358
Income taxes—current	3,393	3,664
Income taxes—deferred	498	86
Total income taxes	3,891	3,751
Profit	12,186	4,607
Profit attributable to non-controlling interests	1,793	2,271
Profit attributable to owners of parent	10,392	2,336

- Consolidated Statements of Comprehensive Income -

	(Millions of yen)	
	Nine months ended December 2019	Nine months ended December 2020
Profit	12,186	4,607
Other comprehensive income		
Valuation difference on available-for-sale securities	4,971	1,281
Deferred gains or losses on hedges	845	4,330
Foreign currency translation adjustment	(5,081)	2,065
Remeasurements of defined benefit plans	101	768
Share of other comprehensive income of entities accounted for using equity method	55	(1,994)
Total other comprehensive income	892	6,450
Comprehensive income	13,079	11,057
(Details)		
Comprehensive income attributable to owners of parent	11,224	8,904
Comprehensive income attributable to non-controlling interests	1,854	2,153