

Summary of Consolidated Financial Results for the Fiscal Year Ended March 2021(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:	Hikomichi Matoba, General Manager of Accounting & Budgeting Dept. TEL +81-(0)3-6665-1111
Planned date of Ordinary General Meeting of Shareholders:	June 29, 2021
Planned date of Financial Report submission:	June 29, 2021
Planned date of the commencement of dividend payments:	June 30, 2021
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 Fiscal Year Ended March 2021 (April 1, 2020–March 31, 2021)

(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	%
Fiscal Year ended March 2021	1,007,339	-3.5	19,233	-45.1	12,276	-59.8	3,196	-77.5
Fiscal Year ended March 2020	1,043,912	-2.3	35,048	78.7	30,524	27.7	14,212	—

Note: Comprehensive income

Fiscal Year ended March 2021	45,534 million yen	(- %)
Fiscal Year ended March 2020	-1,946 million yen	(- %)

	Net income per share	Net income per share after adjusting for dilution	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal Year ended March 2021	27.67	—	0.8	0.8	1.9
Fiscal Year ended March 2020	122.89	—	3.7	2.2	3.4

Reference: Equity in earnings of affiliates

Fiscal Year ended March 2021	4,728 million yen
Fiscal Year ended March 2020	4,230 million yen

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	1,547,326	424,721	26.7	3,570.15
As of March 31, 2020	1,363,469	386,577	27.5	3,248.53

Reference: Shareholders' equity

As of March 31, 2021	412,368 million yen
As of March 31, 2020	375,232 million yen

(3) Consolidated Cash Flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 2021	84,197	-182,945	113,696	69,698
Fiscal year ended March 2020	67,036	-70,113	-7,397	52,846

2. Dividend Status

	Dividends per share					Amount of total dividends (Annual)	Dividend payout (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1 st quarter end	2 nd quarter end	3 rd quarter end	End of fiscal year	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 2020	–	10.00	–	30.00	40.00	4,636	32.6	1.2
Fiscal year ended March 2021	–	10.00	–	30.00	40.00	4,635	144.5	1.2
Fiscal year ending March 2022 (Projection)	–	10.00	–	30.00	40.00		462.0	

3. Projection of Consolidated Financial Results for the Fiscal Year Ending March 2022 (April 1, 2021–March 31, 2022)

(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	1,030,000	2.2	25,000	30.0	19,000	54.8	1,000	-68.7	8.66

*From the beginning of the fiscal year ending March 31, 2022, the Company applies the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29). As a result, the figures in the above forecast of consolidated business results constitute the figures after application of said accounting standard.

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] 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

- [3] Number of issued and outstanding shares (common stock)
 (i) Number of issued and outstanding shares (including treasury stock) as of:
 March 31, 2021 116,254,892 Shares
 March 31, 2020 116,254,892 Shares
 (ii) Number of treasury shares as of:
 March 31, 2021 750,237 Shares
 March 31, 2020 746,679 Shares
 (iii) Average number of shares during the periods of:
 Fiscal year ended March 2021 115,508,022 Shares
 Fiscal year ended March 2020 115,656,889 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.
 This document is an English-language translation of the Japanese-language original.

*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 Fiscal Year Ended March 2021 (April 1, 2020–March 31, 2021)

Operating results by business segment are as follows:

Paper and Paperboard:

Consolidated net sales	¥ 568,255 million (down 12.1% year-on-year)
Consolidated operating income	¥ 2,482 million (down 59.6% year-on-year)

Daily-life Products:

Consolidated net sales	¥ 317,918 million (up 17.6% year-on-year)
Consolidated operating income	¥ 7,898 million (down 39.0% year-on-year)

Energy

Consolidated net sales	¥ 33,407 million (up 1.2% year-on-year)
Consolidated operating income	¥ 6,876 million (up 1.2% year-on-year)

Wood Products and Construction Related:

Consolidated net sales	¥ 59,917 million (down 2.8% year-on-year)
Consolidated operating income	¥ 6,499 million (up 10.1% year-on-year)

(Reference information)

1. Information on change in 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, Paper Australia Pty Ltd (hereinafter AP), which had previously been included in Paper and paperboard segment, has been included in Daily-life products segment as a part of Opal group since this consolidated fiscal year.

The segment information of the previous consolidated fiscal year is adjusted based on this change.

2. Information on assets by business segment

As a result of the purchase of Orora Limited's Paperboard and Fibre Based Packaging Business in Australia/New Zealand, the assets of "Daily-life products business" increased by JPY 175,540 million.

1. Supplementary Financial Results Presentation Materials for the Fiscal Year Ended March 2021

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	52,846	69,733
Notes and accounts receivable-trade	228,178	251,210
Merchandise and finished goods	86,985	84,596
Work in process	19,087	18,241
Raw materials and supplies	65,715	70,840
Other	44,589	39,993
Allowance for doubtful accounts	(530)	(851)
Total current assets	496,871	533,764
Non-current assets		
Property, plant and equipment		
Buildings and structures	509,606	535,112
Accumulated depreciation	(373,790)	(382,445)
Buildings and structures, net	135,815	152,666
Machinery, equipment and vehicles	2,222,315	2,325,630
Accumulated depreciation	(1,946,441)	(1,988,826)
Machinery, equipment and vehicles, net	275,873	336,803
Land	197,676	207,556
Mountain forests and plantations	25,953	24,183
Construction in progress	37,803	35,275
Other	49,121	72,154
Accumulated depreciation	(41,719)	(46,628)
Other, net	7,401	25,526
Total property, plant and equipment	680,524	782,012
Intangible assets	8,996	24,710
Investments and other assets		
Investments in securities	155,891	161,375
Net defined benefit asset	1,095	19,206
Deferred tax assets	4,776	7,134
Other	15,975	19,699
Allowance for doubtful accounts	(662)	(577)
Total investments and other assets	177,077	206,839
Total non-current assets	866,598	1,013,562
Total assets	1,363,469	1,547,326

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and account payable-trade	120,593	125,115
Short-term loans payable	191,719	199,009
Current portion of bonds	15,000	—
Income taxes payable	5,363	3,799
Other	101,531	98,762
Total current liabilities	434,209	426,687
Non-current liabilities		
Bonds payable	35,000	35,000
Long-term loans payable	444,677	574,846
Deferred tax liabilities	18,569	32,898
Provision for environmental measures	14,947	14,223
Net defined benefit liability	18,361	12,790
Other	11,128	26,159
Total non-current liabilities	542,683	695,918
Total liabilities	976,892	1,122,605
Net assets		
Shareholders' equity		
Capital stock	104,873	104,873
Capital surplus	216,414	216,417
Retained earnings	44,847	42,672
Treasury shares	(1,838)	(1,839)
Total shareholders' equity	364,296	362,124
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,804	23,407
Deferred gains or losses on hedges	(7,631)	140
Foreign currency translation adjustment	14,095	22,160
Remeasurements of defined benefit plans	(12,332)	4,536
Total accumulated other comprehensive income	10,936	50,244
Non-controlling interests	11,344	12,352
Total net assets	386,577	424,721
Total liabilities and net assets	1,363,469	1,547,326

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

	(Millions of yen)	
	Fiscal Year ended March 2020	Fiscal Year ended March 2021
Net sales	1,043,912	1,007,339
Cost of sales	832,151	803,686
Gross profit	211,760	203,653
Selling, general and administrative expenses		
Freightage related expenses	65,811	65,180
Sales related expenses	47,802	42,960
Salaries and allowances	35,072	41,115
Other	28,025	35,163
Total selling, general and administrative expenses	176,711	184,419
Operating income	35,048	19,233
Non-operating income		
Interest income	454	258
Dividend income	1,732	1,754
Share of profit of entities accounted for using equity method	4,230	4,728
Rent income	1,308	1,307
Subsidy income	174	1,052
Other	2,533	1,198
Total non-operating income	10,434	10,299
Non-operating expenses		
Interest expense	6,345	7,374
Foreign exchange losses	1,768	3,513
Expenses of preparing for business	805	2,094
Other	6,039	4,274
Total non-operating expenses	14,958	17,256
Ordinary income	30,524	12,276
Extraordinary income		
Gain on sales of investment securities	220	14,547
Compensation income	—	1,899
Gain on liquidation of subsidiaries and affiliates	2,519	—
Other	869	407
Total extraordinary income	3,609	16,855
Extraordinary loss		
Impairment loss	2,971	8,584
Loss on disaster	259	3,495
Loss on retirement of non-current assets	2,933	2,568
Loss on reduction of non-current assets	75	1,738
Other	6,245	2,086
Total extraordinary loss	12,485	18,474
Profit before income taxes	21,648	10,657
Income taxes-current	6,275	5,223
Income taxes-deferred	(1,745)	(717)
Total income taxes	4,530	4,505
Profit	17,118	6,151
Profit attributable to non-controlling interests	2,905	2,954
Profit attributable to owners of parent	14,212	3,196

- Consolidated Statements of Comprehensive Income –

	(Millions of yen)	
	Fiscal Year ended March 2020	Fiscal Year ended March 2021
Profit	17,118	6,151
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,221)	6,294
Deferred gains or losses on hedges	(6,125)	8,487
Foreign currency translation adjustment	(2,548)	9,106
Remeasurements of defined benefit plans	(7,781)	16,363
Share of other comprehensive income of entities accounted for using equity method	1,613	(867)
Total other comprehensive income	(19,064)	39,383
Comprehensive income	(1,946)	45,534
(Details)		
Comprehensive income attributable to owners of parent	(4,884)	42,506
Comprehensive income attributable to non-controlling interests	2,938	3,028

(3) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal Year ended March 2020	Fiscal Year ended March 2021
Operating Activities		
Profit before income taxes	21,648	10,657
Depreciation	58,705	63,357
Amortization of goodwill	1,840	2,338
Increase (decrease) in allowance for doubtful accounts	(59)	(51)
Increase (decrease) in net defined benefit liability	(1,431)	84
Increase (decrease) in provision for environmental measures	166	(777)
Interest and dividend income	(2,187)	(2,012)
Interest expense	6,345	7,374
Share of loss(gain) of entities accounted for using equity method	(4,230)	(4,728)
Loss (gain) on sales of investment securities	(220)	(14,547)
Loss on valuation of investment securities	2,562	189
Loss (gain) on liquidation of subsidiaries and affiliates	(2,519)	—
Impairment loss	2,971	8,584
Loss on retirement of non-current assets	2,933	2,568
Loss on reduction of non-current assets	75	1,738
Loss on disaster	259	3,495
Compensation income	—	(1,899)
Decrease (increase) in notes and accounts receivable - trade	6,231	(5,295)
Decrease (increase) in inventories	6,571	17,626
Increase (decrease) in notes and accounts payable - trade	(24,331)	(2,133)
Other	963	7,329
Subtotal	76,293	93,899
Interest and dividend income received	4,554	4,221
Interest expenses paid	(6,770)	(7,531)
Extra retirement payments	(166)	—
Income taxes (paid) refund	(6,856)	(7,949)
Proceeds from compensation	—	1,899
Payments for loss on disaster	(17)	(342)
Net cash provided by (used in) operating activities	67,036	84,197
Investing Activities		
Purchases of noncurrent assets	(67,676)	(61,475)
Proceeds from sales of noncurrent assets	1,227	649
Purchase of investment securities	(1,191)	(135)
Proceeds from sales of investments securities	572	18,119
Payments for investments in capital of subsidiaries and affiliates	(977)	(2,288)
Payments for transfer of business	—	(131,141)
Decrease (increase) in short-term loans receivable	(1,279)	(47)
Payments of long-term loans receivable	(849)	(209)
Collection of long-term loans receivable	104	184
Other	(43)	(6,601)
Net cash provided by (used in) investing activities	(70,113)	(182,945)

(Millions of yen)

	Fiscal Year ended March 2020	Fiscal Year ended March 2021
Financing Activities		
Increase (decrease) in short-term loans payable	(26,016)	10,140
Proceeds from long-term loans payable	106,978	191,372
Repayment of long-term loans payable	(69,838)	(63,559)
Redemption of bonds	(10,000)	(15,000)
Purchase of treasury shares	(411)	(8)
Cash dividends paid	(4,634)	(4,621)
Dividends paid to non-controlling interests	(1,778)	(2,196)
Repayments of finance lease obligations	(1,684)	(2,417)
Other	(11)	(14)
Net cash provided by (used in) financing activities	(7,397)	113,696
Effect of exchange rate changes on cash and cash equivalents	(135)	1,821
Net increase (decrease) in cash and cash equivalents	(10,609)	16,769
Cash and cash equivalents at beginning of period	63,455	52,846
Increase in cash and cash equivalents from newly consolidated subsidiary	—	82
Cash and cash equivalents at end of period	52,846	69,698