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May 15, 2024

Summary of Consolidated Financial Results for the Fiscal Year Ended March 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: Hiromichi Matoba, General Manager of Accounting & Budgeting Dept.
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Planned date of Ordinary General Meeting of Shareholders: June 27, 2024
 Planned date of Financial Report submission: June 27, 2024
 Planned date of the commencement of dividend payments: June 28, 2024
 Availability of supplementary material on financial results: Yes
 Holding of 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 Fiscal Year Ended March 2024 (April 1, 2023–March 31, 2024)

(1) Consolidated Results of Operations

(Percentages indicate year-on-year changes.)

	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 2024	1,167,314	1.3	17,266	—	14,550	—	22,747	—
Fiscal Year ended March 2023	1,152,645	10.3	(26,855)	—	(24,530)	—	(50,406)	—

Note: Comprehensive income

Fiscal Year ended March 2024 82,102 million yen — %

Fiscal Year ended March 2023 (28,588) 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 2024	197.09	—	5.3	0.9	1.5
Fiscal Year ended March 2023	(436.28)	—	(12.3)	(1.5)	(2.3)

Reference: Equity in earnings of affiliates

Fiscal Year ended March 2024 5,494 million yen

Fiscal Year ended March 2023 7,434 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, 2024	1,731,245	495,648	27.1	4,062.19
As of March 31, 2023	1,666,542	415,200	23.7	3,415.75

Reference: Shareholders' equity As of March 31, 2024 468,788 million yen
 As of March 31, 2023 394,653 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 2024	90,283	(22,031)	(46,566)	164,858
Fiscal year ended March 2023	65,823	(68,018)	6,976	144,346

2. Dividend Status

	Dividends per share					Amount of total dividends (Annual)	Dividend payout ratio (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 2023	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended March 2024	—	0.00	—	10.00	10.00	1,158	5.1	0.3
Fiscal year ending March 2025 (Forecast)	—	0.00	—	10.00	10.00		38.5	

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

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] Changes in accounting policies, changes in accounting estimates, and restatement
(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None
- [3] Number of issued and outstanding shares (common stock)
(i) Number of issued and outstanding shares (including treasury stock) as of:
March 31, 2024 116,254,892 Shares
March 31, 2023 116,254,892 Shares
(ii) Number of treasury stock as of:
March 31, 2024 851,948 Shares
March 31, 2023 715,494 Shares
(iii) Average number of shares during the periods of:
March 31, 2024 115,415,096 Shares
March 31, 2023 115,538,852 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:

- 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.
- The support documentation will be posted on the following website.

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

(Appendices)

1. Consolidated Operating Results for the Fiscal Year Ended March 2024 (April 1, 2023–March 31, 2024)

Operating results by business segment are as follows:

	(Millions of yen)	(Percentages indicate year-on-year changes.)
Paper and Paperboard:		
Consolidated net sales	570,174	1.2%
Consolidated operating income (loss)	11,685	The result for the previous fiscal year: (29,221)
Daily-life Products:		
Consolidated net sales	436,762	(0.7)%
Consolidated operating income (loss)	(8,062)	The result for the previous fiscal year: (7,818)
Energy:		
Consolidated net sales	53,717	7.6%
Consolidated operating income (loss)	1,599	The result for the previous fiscal year: (1,734)
Wood Products and Construction Related:		
Consolidated net sales	75,510	9.6%
Consolidated operating income	9,796	10.1%

Note: The numbers parenthesized represent minus figures.

1. Supplementary Financial Results Presentation Materials for the Fiscal Year Ended March 2024

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	144,350	164,858
Notes and accounts receivable-trade	189,128	204,990
Merchandise and finished goods	116,273	116,454
Work in process	22,973	21,684
Raw materials and supplies	99,267	86,672
Other	56,459	44,394
Allowance for doubtful accounts	(747)	(442)
Total current assets	627,705	638,613
Non-current assets		
Property, plant and equipment		
Buildings and structures	553,627	560,032
Accumulated depreciation	(402,290)	(410,248)
Buildings and structures, net	151,336	149,784
Machinery, equipment and vehicles	2,347,209	2,240,355
Accumulated depreciation	(2,014,534)	(1,901,796)
Machinery, equipment and vehicles, net	332,675	338,558
Land	211,230	212,843
Mountain forests and plantations	27,041	29,461
Construction in progress	48,277	47,799
Other	83,663	84,278
Accumulated depreciation	(57,404)	(57,394)
Other, net	26,258	26,884
Total property, plant and equipment	796,820	805,331
Intangible assets	22,540	22,599
Investments and other assets		
Investments in securities	166,626	174,726
Net defined benefit asset	15,486	41,087
Deferred tax assets	9,624	10,844
Other	28,332	38,568
Allowance for doubtful accounts	(593)	(525)
Total investments and other assets	219,476	264,701
Total non-current assets	1,038,837	1,092,632
Total assets	1,666,542	1,731,245

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and account payable-trade	154,167	157,815
Short-term loans payable	214,383	207,176
Commercial papers	30,000	—
Current portion of bonds	—	15,000
Income taxes payable	3,269	7,246
Other	102,765	107,530
Total current liabilities	504,585	494,769
Non-current liabilities		
Bonds payable	50,000	65,000
Long-term loans payable	607,850	577,083
Deferred tax liabilities	41,303	52,745
Provision for environmental measures	10,921	9,567
Net defined benefit liability	11,669	10,984
Other	25,012	25,446
Total non-current liabilities	746,755	740,827
Total liabilities	1,251,341	1,235,597
Net assets		
Shareholders' equity		
Capital stock	104,873	104,873
Capital surplus	216,416	216,416
Retained earnings	(15,765)	7,102
Treasury shares	(1,759)	(1,904)
Total shareholders' equity	303,765	326,487
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,475	17,541
Deferred gains or losses on hedges	10,294	16,989
Foreign currency translation adjustment	60,006	79,535
Remeasurements of defined benefit plans	9,110	28,234
Total accumulated other comprehensive income	90,887	142,301
Non-controlling interests	20,547	26,859
Total net assets	415,200	495,648
Total liabilities and net assets	1,666,542	1,731,245

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

	(Millions of yen)	
	Fiscal Year ended March 2023	Fiscal Year ended March 2024
Net sales	1,152,645	1,167,314
Cost of sales	1,008,246	985,917
Gross profit	144,399	181,396
Selling, general and administrative expenses		
Freightage related expenses	85,001	75,892
Sales related expenses	11,683	11,661
Salaries and allowances	45,527	45,602
Other	29,043	30,973
Total selling, general and administrative expenses	171,254	164,130
Operating income (loss)	(26,855)	17,266
Non-operating income		
Interest income	502	681
Dividend income	1,855	1,620
Share of profit of entities accounted for using equity method	7,434	5,494
Exchange gain	1,851	2,700
Other	3,439	4,755
Total non-operating income	15,082	15,252
Non-operating expenses		
Interest expense	7,750	10,246
Other	5,007	7,721
Total non-operating expenses	12,757	17,968
Ordinary income (loss)	(24,530)	14,550
Extraordinary income		
Gain on sales of noncurrent assets	2,440	26,637
Gain on sales of investment securities	13,719	5,222
Other	635	550
Total extraordinary income	16,795	32,411
Extraordinary loss		
Loss on withdrawal from business of subsidiaries	19,705	10,268
Loss on retirement of non-current assets	3,404	1,843
Other	10,521	3,653
Total extraordinary loss	33,630	15,765
Profit (loss) before income taxes	(41,365)	31,196
Income taxes-current	3,808	7,452
Income taxes-deferred	3,473	(3,289)
Total income taxes	7,282	4,162
Profit (loss)	(48,647)	27,033
Profit attributable to non-controlling interests	1,758	4,286
Profit (loss) attributable to owners of parent	(50,406)	22,747

- Consolidated Statements of Comprehensive Income –

(Millions of yen)

	Fiscal Year ended March 2023	Fiscal Year ended March 2024
Profit (loss)	(48,647)	27,033
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,796)	5,862
Deferred gains or losses on hedges	2,912	8,941
Foreign currency translation adjustment	20,834	17,625
Remeasurements of defined benefit plans	(556)	19,150
Share of other comprehensive income of associates accounted for using equity method	3,665	3,489
Total other comprehensive income	20,059	55,068
Comprehensive income	(28,588)	82,102
(Details)		
Comprehensive income attributable to owners of parent	(31,825)	74,054
Comprehensive income attributable to non-controlling interests	3,237	8,047

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year ended March 2023	Fiscal Year ended March 2024
Operating Activities		
Profit (loss) before income taxes	(41,365)	31,196
Depreciation	66,279	64,184
Amortization of goodwill	1,049	1,075
Increase (decrease) in allowance for doubtful accounts	(62)	(397)
Increase (decrease) in net defined benefit liability	2,424	1,327
Increase (decrease) in provision for environmental measures	(1,729)	(1,481)
Interest and dividend income	(2,357)	(2,301)
Interest expense	7,750	10,246
Share of loss (gain) of entities accounted for using equity method	(7,434)	(5,494)
Loss (gain) on sales of investment securities	(13,630)	(5,211)
Loss on fixed asset retirement	3,404	1,843
Loss (gain) on sales of non-current assets	(2,440)	(26,637)
Loss on withdrawal from business of subsidiaries	19,705	10,268
Decrease (increase) in notes and accounts receivable - trade	59,158	(12,950)
Decrease (increase) in inventories	(42,867)	22,937
Increase (decrease) in notes and accounts payable - trade	10,544	1,263
Other	12,365	14,188
Subtotal	70,793	104,057
Interest and dividend income received	6,553	6,567
Interest expenses paid	(7,761)	(10,207)
Income taxes paid	(3,326)	(2,809)
Payments for loss on withdrawal from business of subsidiaries	—	(6,682)
Extra retirement payments	(434)	(641)
Net cash provided by (used in) operating activities	65,823	90,283
Investing Activities		
Purchases of noncurrent assets	(89,357)	(61,664)
Proceeds from sales of noncurrent assets	3,044	27,481
Purchase of investment securities	(2,314)	(534)
Proceeds from sales of investments securities	21,207	10,881
Decrease (increase) in short-term loans receivable	(2,939)	499
Payments of long-term loans receivable	(30)	(111)
Collection of long-term loans receivable	153	153
Other	2,217	1,263
Net cash provided by (used in) investing activities	(68,018)	(22,031)

(Millions of yen)

	Fiscal Year ended March 2023	Fiscal Year ended March 2024
Financing Activities		
Net increase (decrease) in short-term loans payable	2,430	(30,655)
Proceeds from long-term loans payable	68,143	58,849
Repayment of long-term loans payable	(41,720)	(67,067)
Proceeds from issuance of bonds	—	30,000
Increase (decrease) in commercial papers	(15,000)	(30,000)
Purchase of treasury shares	(5)	(206)
Proceeds from stock issuance to non-controlling interests	1,853	—
Cash dividends paid	(3,484)	—
Dividends paid to non-controlling interests	(798)	(1,499)
Repayments of finance lease obligations	(5,000)	(5,133)
Other	558	(854)
Net cash provided by (used in) financing activities	6,976	(46,566)
Effect of exchange rate changes on cash and cash equivalents	1,117	(1,172)
Net increase (decrease) in cash and cash equivalents	5,899	20,512
Cash and cash equivalents at beginning of period	136,216	144,346
Increase in cash and cash equivalents from newly consolidated subsidiary	2,231	—
Cash and cash equivalents at end of period	144,346	164,858