

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (unaudited)

Name of Company Listed: **Nippon Paper Industries Co., Ltd.**
 Stock Exchange Listings: Tokyo
 Code Number: 3863
 URL: <http://www.nipponpapergroup.com/english/>
 Representative:
 Title of Representative Person: President
 Name of Representative Person: Fumio Manoshiro
 Person in Charge of Contact:
 Title of Contact Person: General Manager of Accounting & Budgeting Dept.
 Name of Contact Person: Tomoyasu Itakura
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 Planned date of Financial Report submission: November 13, 2017
 Planned date of the commencement of dividend payments: December 1, 2017
 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 Six Months Ended September 2017 (April 1, 2017–September 30, 2017)

(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	%
Six months ended September 30, 2017	513,882	8.2	5,096	-51.4	6,801	-49.6	5,105	-
Six months ended September 30, 2016	475,069	-4.9	10,488	24.5	13,493	-16.7	-3,871	-

Note: Comprehensive income

Six months ended September 2017	10,470 million yen	(- %)
Six months ended September 2016	-10,722 million yen	(- %)

	Net income per share	Net income* per share after adjusting for dilution
	Yen	Yen
Six months ended September 30, 2017	44.12	—
Six months ended September 30, 2016	-33.44	—

*Profit attributable to owners of parent

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	1,421,677	442,961	30.8
As of March 31, 2017	1,388,885	434,911	31.0

Reference: Shareholders' equity As of September 30, 2017 437,208 million yen
As of March 31, 2017 429,920 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, 2017	—	30.00	—	30.00	60.00
Fiscal year ending March, 2018	—	30.00			
Fiscal year ending March, 2018 (Projection)			—	30.00	60.00

Note: Recent revisions to dividend projection /No

3. Projection of Consolidated Financial Results for the Fiscal Year Ending March 2018 (April 1, 2017–March 31, 2018)

(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	1,050,000	5.8	15,000	-36.9	18,000	-33.3	8,000	-4.8	69.12

Note: Recent revisions to consolidated financial results /Yes

4. Others

- [1] Has the Company made any important changes in its subsidiaries (changes in specified subsidiaries which results 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)? /Yes
 (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:
 - September 30, 2017 116,254,892 Shares
 - March 31, 2017 116,254,892 Shares
 - (ii) Number of treasury stock as of:
 - September 30, 2017 521,828 Shares
 - March 31, 2017 517,900 Shares
 - (iii) Average number of shares during the periods of:
 - Six months ended September 30, 2017 115,735,413 Shares
 - Six months ended September 30, 2016 115,745,521 Shares

* The quarterly review for quarterly consolidated financial statements is exempt.

*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.
<http://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 Six Months Ended September 2017 (April 1, 2017–September 30, 2017)

Operating results by business segment are as follows:

Pulp and Paper:

Consolidated net sales	¥426,001 million	(up 8.3% year-on-year)
Consolidated operating income	¥ -1,553 million	(¥4,735 million for the same period of previous year)

Paper-Related:

Consolidated net sales	¥ 48,370 million	(up 7.2% year-on-year)
Consolidated operating income	¥ 3,583 million	(up 51.9% year-on-year)

Wood Products and Construction Related:

Consolidated net sales	¥29,902 million	(up 7.4% year-on-year)
Consolidated operating income	¥1,728 million	(down 18.5% year-on-year)

2. Revisions to Projections for Consolidated Financial Results for the Fiscal Year Ending March 2018 (April 1, 2017–March 31, 2018)

	Net Sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previously announced projection (A)	Millions of yen 1,050,000	Millions of yen 30,000	Millions of yen 30,000	Millions of yen 15,000	Yen 129.60
Revised projection (B)	1,050,000	15,000	18,000	8,000	69.12
Change (B-A)	—	-15,000	-12,000	-7,000	—
Rate of change (%)	—	-50.0	-40.0	-46.7	—
(Reference) Fiscal Year Ended March 2017	992,428	23,764	26,994	8,399	72.57

3. Supplementary Financial Results Presentation Materials for the Six Months Ended September 30, 2017

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	90,514	48,285
Notes and accounts receivable-trade	200,440	212,024
Merchandise and finished goods	83,357	84,556
Work in process	17,890	23,280
Raw materials and supplies	57,432	62,558
Other	37,169	46,705
Allowance for doubtful receivables	(600)	(513)
Total current assets	486,205	476,898
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	489,397	489,056
Accumulated depreciation	(358,767)	(359,793)
Buildings and structures, net	130,630	129,263
Machinery, equipment and vehicles	2,191,073	2,185,546
Accumulated depreciation	(1,909,252)	(1,905,991)
Machinery, equipment and vehicles, net	281,820	279,554
Land	219,360	219,011
Construction in progress	20,461	56,476
Other	74,644	75,249
Accumulated depreciation	(40,103)	(40,885)
Other, net	34,540	34,364
Total property, plant and equipment	686,813	718,670
Intangible assets	15,543	14,910
Investments and other assets		
Investments in securities	183,591	190,333
Other	17,285	21,411
Allowance for doubtful receivables	(553)	(547)
Total investments and other assets	200,323	211,198
Total noncurrent assets	902,680	944,779
Total assets	1,388,885	1,421,677

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and account payable-trade	128,926	148,571
Short-term loans payable	262,391	309,324
Current portion of bonds	10,000	—
Income taxes payable	5,369	1,781
Other	87,806	96,482
Total current liabilities	494,493	556,159
Long-term liabilities		
Bonds payable	50,000	60,000
Long-term loans payable	354,353	307,473
Accrued environmental costs	381	358
Net defined benefit liability	24,371	21,593
Other	30,374	33,129
Total long-term liabilities	459,480	422,556
Total liabilities	953,974	978,716
Net assets		
Shareholders' equity		
Common stock	104,873	104,873
Capital surplus	216,531	216,531
Retained earnings	73,479	75,020
Treasury stock, at cost	(1,398)	(1,407)
Total shareholders' equity	393,486	395,018
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	22,249	27,390
Net deferred gain on hedges	626	(450)
Translation adjustments	20,260	20,117
Remeasurements of defined benefit plans	(6,702)	(4,866)
Total accumulated other comprehensive income	36,434	42,190
Non-controlling interests	4,990	5,753
Total net assets	434,911	442,961
Total liabilities and net assets	1,388,885	1,421,677

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

	(Millions of yen)	
	Six months ended September 2016	Six months ended September 2017
Net sales	475,069	513,882
Cost of sales	375,754	417,655
Gross profit	99,314	96,226
Selling, general and administrative expenses		
Freightage related expenses	29,655	33,162
Sales related expenses	27,781	26,437
Salaries and allowances	18,448	18,629
Other	12,940	12,900
Total selling, general and administrative expenses	88,826	91,129
Operating income	10,488	5,096
Other income		
Interest income	434	334
Dividend income	1,219	1,332
Equity in earnings of affiliates	3,802	4,408
Other	4,338	1,567
Total other income	9,795	7,642
Other expenses		
Interest expense	4,588	3,998
Other	2,201	1,939
Total other expenses	6,789	5,937
Ordinary income	13,493	6,801
Extraordinary income		
Gain on sales of investment securities	7,308	867
Gain on sales of non-current assets	1,167	800
Other	169	79
Total extraordinary income	8,645	1,747
Extraordinary loss		
Impairment loss	353	2,218
Loss on retirement of non-current assets	936	1,096
Loss on business withdrawal	16,978	—
Other	2,295	509
Total extraordinary loss	20,564	3,823
Income before income taxes and minority interests in consolidated subsidiaries	1,574	4,725
Income taxes—current	4,087	430
Income taxes—deferred	1,388	886
Total income taxes	5,476	1,316
Profit (Loss)	(3,902)	3,408
Profit (Loss) attributable to non-controlling interests	(30)	(1,696)
Profit (Loss) attributable to owners of parent	(3,871)	5,105

- Consolidated Statements of Comprehensive Income -

(Millions of yen)

	Six months ended September 2016	Six months ended September 2017
Income before minority interests	(3,902)	3,408
Other comprehensive income		
Net unrealized holding gain (loss) on other securities	(4,020)	5,042
Net deferred gain (loss) on hedges	405	48
Translation adjustments	(6,808)	(386)
Remeasurements of defined benefit plans, net of tax	962	1,779
Share of other comprehensive income of affiliates accounted for using the equity method	2,640	577
Total other comprehensive income	(6,820)	7,061
Comprehensive income	(10,722)	10,470
(Details)		
Comprehensive income attributable to owners of parent	(10,561)	12,065
Comprehensive income attributable to non-controlling	(161)	(1,594)

(3) Consolidated statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Operating Activities		
Income (loss) before income taxes and minority interests in consolidated subsidiaries	1,574	4,725
Depreciation	26,873	28,243
Increase (decrease) in net defined benefit liability	(651)	(1,069)
Interest and dividend income	(1,654)	(1,666)
Interest expense	4,588	3,998
Share of (profit) loss of entities accounted for using equity method	(3,802)	(4,408)
Loss (gain) on sales of investment securities	(7,308)	(867)
Loss (gain) on sales of non-current assets	(1,167)	(800)
Loss on business withdrawal	16,978	—
Loss on retirement of non-current assets	936	1,096
Impairment loss	353	2,218
Decrease (increase) in receivables	6,765	(11,323)
Decrease (increase) in inventories	(701)	(11,902)
Increase (decrease) in payables	(1,876)	19,551
Other	358	(1,424)
Subtotal	41,267	26,369
Interest and dividends received	2,342	2,868
Interest paid	(4,722)	(4,006)
Payments for supplementary retirement benefits	(112)	—
Income taxes paid	(751)	(9,501)
Net cash provided by (used in) operating activities	38,022	15,729
Investing Activities		
Purchases of noncurrent assets	(18,748)	(29,787)
Proceeds from sales of noncurrent assets	1,452	2,250
Purchases of investments in other securities	(9,349)	(799)
Proceeds from sales of investments in other securities	9,331	1,685
Payments for transfer of business	(30,177)	—
Loss on business withdrawal	—	(6,307)
Decrease (increase) in short-term loans receivable	(52)	(25)
Payments of long-term loans receivable	(62)	(21)
Collection of long-term loans receivable	44	37
Other	313	(769)
Net cash provided by (used in) investing activities	(47,247)	(33,738)
Financing Activities		
Increase (decrease) in short-term loans payable	(1,693)	5,744
Proceeds from long-term loans payable	—	5,739
Repayment of long-term loans payable	(38,515)	(33,264)
Proceeds from issuance of bonds	—	10,000
Redemption of bonds	—	(10,000)
Cash dividends paid	(3,470)	(3,470)
Finance lease principal payments	(455)	(488)
Other	(15)	917
Net cash provided by (used in) financing activities	(44,150)	(24,821)
Effect of exchange rate changes on cash and cash equivalents	(1,035)	471
Increase (decrease) in cash and cash equivalents	(54,411)	(42,359)
Cash and cash equivalents at beginning of year	112,510	90,514
Increase in cash and cash equivalents from newly consolidated subsidiary	5,454	130
Cash and cash equivalents at end of period	63,553	48,285