

Summary of Consolidated Financial Results for the Fiscal Year Ended March 2018(unaudited)

| | |
|---|---|
| Name of Company Listed: | Nippon Paper Industries Co., Ltd. |
| Stock Exchange Listings: | Tokyo |
| Code Number: | 3863 |
| URL: | http://www.nipponpapergroup.com/english/ |
| Representative: | Fumio Manoshiro, President |
| Person in Charge of Contact: | Tomoyasu Itakura, General Manager of Accounting & Budgeting Dept. TEL +81-(0)3-6665-1111 |
| Planned date of Ordinary General Meeting of Shareholders: | June 28, 2018 |
| Planned date of Financial Report submission: | June 28, 2018 |
| Planned date of the commencement of dividend payments: | June 29, 2018 |
| 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 2018 (April 1, 2017–March 31, 2018)

(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 2018 | 1,046,499 | 5.4 | 17,613 | -25.9 | 18,649 | -30.9 | 7,847 | -6.6 |
| Fiscal Year ended March 2017 | 992,428 | -1.5 | 23,764 | 5.0 | 26,994 | 57.6 | 8,399 | 246.4 |

Note: Comprehensive income

| | | |
|------------------------------|--------------------|-----------|
| Fiscal Year ended March 2018 | 15,285 million yen | (-40.7 %) |
| Fiscal Year ended March 2017 | 25,795 million yen | (- %) |

| | Net income per share | Net income per share after adjusting for dilution | Return on equity | Ordinary income to gross capital | Operating income to net sales |
|------------------------------|----------------------|---|------------------|----------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal Year ended March 2018 | 67.80 | — | 1.8 | 1.3 | 1.7 |
| Fiscal Year ended March 2017 | 72.57 | — | 2.0 | 1.9 | 2.4 |

Reference: Income from equity in earnings of affiliates

| | |
|------------------------------|-------------------|
| Fiscal Year ended March 2018 | 5,731 million yen |
| Fiscal Year ended March 2017 | 4,623 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, 2018 | 1,433,036 | 443,398 | 30.5 | 3,776.26 |
| As of March 31, 2017 | 1,388,885 | 434,911 | 31.0 | 3,714.63 |

| | | |
|---------------------------------|----------------------|---------------------|
| Reference: Shareholders' equity | As of March 31, 2018 | 437,024 million yen |
| | As of March 31, 2017 | 429,920 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 2018 | 44,944 | -62,731 | -12,548 | 59,003 |
| Fiscal year ended March 2017 | 87,087 | -65,278 | -49,694 | 90,514 |

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 2017 | — | 30.00 | — | 30.00 | 60.00 | 6,956 | 82.7 | 1.6 |
| Fiscal year ended March 2018 | — | 30.00 | — | 30.00 | 60.00 | 6,955 | 88.5 | 1.6 |

Note: Amount of dividends for the fiscal year ending March 2019 is undecided.

3. Projection of Consolidated Financial Results for the Fiscal Year Ending March 2019 (April 1, 2018–March 31, 2019)

Nippon Paper Group is currently in the process of formulating its sixth medium-term business plan (April 1, 2018 – March 31, 2021) to promote the transformation of business structure as a comprehensive biomass company by allocating its resources to growth areas and new businesses while demand for paper continues to fall.

As a result, there is no projection of consolidated financial results for the fiscal year ending March 2019 as it is difficult to make a forecast at this point. The company will disclose it promptly when it becomes possible to make reasonable forecast.

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, 2018 116,254,892 Shares

March 31, 2017 116,254,892 Shares

(ii) Number of treasury stock as of:

March 31, 2018 525,310 Shares

March 31, 2017 517,900 Shares

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

Fiscal year ended March 2018 115,733,309 Shares

Fiscal year ended March 2017 115,742,808 Shares

* 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.

<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 Fiscal Year Ended March 2018 (April 1, 2017–March 31, 2018)

Operating results by business segment are as follows:

Pulp and Paper:

| | | |
|-------------------------------|-------------------|---------------------------|
| Consolidated net sales | ¥ 868,487 million | (up 5.9% year-on-year) |
| Consolidated operating income | ¥ 3,254million | (down 70.0% year-on-year) |

Paper-Related:

| | | |
|-------------------------------|------------------|-------------------------|
| Consolidated net sales | ¥ 94,666 million | (up 6.1% year-on-year) |
| Consolidated operating income | ¥ 7,087 million | (up 35.1% year-on-year) |

Wood Products and Construction Related:

| | | |
|-------------------------------|------------------|--------------------------|
| Consolidated net sales | ¥ 62,777 million | (down 1.2% year-on-year) |
| Consolidated operating income | ¥ 4,481 million | (down 5.9% year-on-year) |

1. Supplementary Financial Results Presentation Materials for the Fiscal Year Ended March 2018

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2017 | As of March 31, 2018 |
|--|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 90,514 | 59,003 |
| Notes and accounts receivable-trade | 200,440 | 220,766 |
| Merchandise and finished goods | 83,357 | 82,180 |
| Work in process | 17,890 | 17,176 |
| Raw materials and supplies | 57,432 | 66,541 |
| Deferred tax assets | 6,743 | 6,150 |
| Other | 30,426 | 45,323 |
| Allowance for doubtful receivables | (600) | (511) |
| Total current assets | 486,205 | 496,630 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 489,397 | 499,132 |
| Accumulated depreciation | (358,767) | (360,867) |
| Buildings and structures, net | 130,630 | 138,264 |
| Machinery, equipment and vehicles | 2,191,073 | 2,224,884 |
| Accumulated depreciation | (1,909,252) | (1,912,493) |
| Machinery, equipment and vehicles, net | 281,820 | 312,390 |
| Land | 219,360 | 218,318 |
| Mountain forests and plantations | 29,030 | 27,508 |
| Construction in progress | 20,461 | 15,721 |
| Other | 45,613 | 45,823 |
| Accumulated depreciation | (40,103) | (40,099) |
| Other, net | 5,509 | 5,724 |
| Total property, plant and equipment | 686,813 | 717,927 |
| Intangible assets | 15,543 | 13,868 |
| Investments and other assets | | |
| Investment securities | 183,591 | 178,550 |
| Net defined benefit asset | 1,618 | 6,048 |
| Deferred tax assets | 2,217 | 2,502 |
| Other | 13,449 | 18,034 |
| Allowance for doubtful receivables | (553) | (524) |
| Total investments and other assets | 200,323 | 204,610 |
| Total noncurrent assets | 902,680 | 936,406 |
| Total assets | 1,388,885 | 1,433,036 |

(Millions of yen)

| | As of March 31, 2017 | As of March 31, 2018 |
|---|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and account payable-trade | 128,926 | 142,275 |
| Short-term loans payable | 262,391 | 288,063 |
| Current portion of bonds | 10,000 | - |
| Accrued income taxes | 5,369 | 1,968 |
| Other | 87,806 | 97,409 |
| Total current liabilities | 494,493 | 529,717 |
| Long-term liabilities | | |
| Bonds payable | 50,000 | 60,000 |
| Long-term loans payable | 354,353 | 343,334 |
| Deferred tax liability | 21,889 | 32,710 |
| Accrued environmental costs | 381 | 314 |
| Net defined benefit liability | 24,371 | 12,925 |
| Other | 8,484 | 10,635 |
| Total long-term liabilities | 459,480 | 459,921 |
| Total liabilities | 953,974 | 989,638 |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 104,873 | 104,873 |
| Capital surplus | 216,531 | 216,420 |
| Retained earnings | 73,479 | 73,506 |
| Treasury stock, at cost | (1,398) | (1,414) |
| Total shareholders' equity | 393,486 | 393,386 |
| Accumulated other comprehensive income | | |
| Net unrealized holding gain on other securities | 22,249 | 23,243 |
| Net deferred gain on hedges | 626 | (1,566) |
| Translation adjustments | 20,260 | 23,338 |
| Remeasurements of defined benefit plans | (6,702) | (1,376) |
| Total accumulated other comprehensive income | 36,434 | 43,638 |
| Non-controlling interests | 4,990 | 6,373 |
| Total net assets | 434,911 | 443,398 |
| Total liabilities and net assets | 1,388,885 | 1,433,036 |

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

| | (Millions of yen) | |
|--|---------------------------------|---------------------------------|
| | Fiscal year ended March 2017 | Fiscal year ended March 2018 |
| Net sales | 992,428 | 1,046,499 |
| Cost of sales | 787,464 | 846,109 |
| Gross profit | 204,963 | 200,390 |
| Selling, general and administrative expenses | | |
| Freightage related expenses | 61,910 | 66,670 |
| Sales related expenses | 56,352 | 53,429 |
| Salaries and allowances | 36,784 | 36,232 |
| Other | 26,152 | 26,444 |
| Total selling, general and administrative expenses | 181,199 | 182,776 |
| Operating income | 23,764 | 17,613 |
| Other income | | |
| Interest income | 900 | 528 |
| Dividend income | 1,795 | 2,055 |
| Equity in earnings of affiliates | 4,623 | 5,731 |
| Commissioning electricity sales revenue | — | 2,709 |
| Foreign exchange gains | 3,987 | — |
| Other | 4,896 | 4,246 |
| Total other income | 16,204 | 15,271 |
| Other expenses | | |
| Interest expense | 8,944 | 7,826 |
| Commissioning costs | — | 2,448 |
| Other | 4,029 | 3,959 |
| Total other expenses | 12,974 | 14,235 |
| Ordinary income | 26,994 | 18,649 |
| Extraordinary income | | |
| Gain on contribution of securities to retirement benefit trust | — | 6,923 |
| Gain on sales of noncurrent assets | 16,959 | 2,637 |
| Gain on sales of investment securities | 7,811 | 2,414 |
| Gain on transfer of benefit obligation relating to employees' pension fund | 6,944 | — |
| Other | 484 | 80 |
| Total extraordinary income | 32,198 | 12,055 |
| Extraordinary loss | | |
| Impairment loss | 4,997 | 4,797 |
| Loss on retirement of noncurrent assets | 4,091 | 2,433 |
| Loss on valuation of investment securities | 148 | 1,731 |
| Loss on business withdrawal | 23,712 | — |
| Other | 3,458 | 3,411 |
| Total extraordinary loss | 36,408 | 12,373 |
| Income before income taxes and minority interests in consolidated subsidiaries | 22,784 | 18,332 |
| Income taxes—current | 7,089 | 1,106 |
| Income taxes—deferred | 7,945 | 10,430 |
| Total income taxes | 15,035 | 11,536 |
| Profit | 7,748 | 6,795 |
| Loss attributable to non-controlling interests | (650) | (1,051) |
| Profit attributable to owners of parent | 8,399 | 7,847 |

- Consolidated Statements of Comprehensive Income -

(Millions of yen)

| | Fiscal year ended March 2017 | Fiscal year ended March 2018 |
|---|---------------------------------|---------------------------------|
| Income before minority interests | 7,748 | 6,795 |
| Other comprehensive income | | |
| Net unrealized holding gain (loss) on other securities | 3,170 | 792 |
| Net deferred gain (loss) on hedges | 1,781 | (1,167) |
| Translation adjustments | 1,516 | 1,734 |
| Remeasurements of defined benefit plans, net of tax | 6,794 | 5,349 |
| Share of other comprehensive income of affiliates accounted for using the equity method | 4,783 | 1,781 |
| Total other comprehensive income | 18,047 | 8,489 |
| Comprehensive income | 25,795 | 15,285 |
| (Details) | | |
| Comprehensive income attributable to owners of parent | 26,469 | 16,255 |
| Comprehensive income attributable to non-controlling interests | (673) | (970) |

(3) Consolidated Statements of Cash Flows

(Millions of yen)

| | Fiscal year ended March 2017 | Fiscal year ended March 2018 |
|---|---------------------------------|---------------------------------|
| Operating Activities | | |
| Income (loss) before income taxes and minority interests in consolidated subsidiaries | 22,784 | 18,332 |
| Depreciation | 55,083 | 57,892 |
| Amortization of goodwill | 2,029 | 2,049 |
| Increase (decrease) in allowance for doubtful receivables | 34 | (143) |
| Increase (decrease) in net defined benefit liability | (7,356) | (1,822) |
| Increase (decrease) in accrued environmental costs | (89) | (66) |
| Interest and dividend income | (2,695) | (2,583) |
| Interest expense | 8,944 | 7,826 |
| Share of (profit) loss of entities accounted for using equity method | (4,623) | (5,731) |
| Loss (gain) on sales of property, plant and equipment | (16,959) | (2,637) |
| Loss (gain) on sales of investment securities | (7,811) | (2,414) |
| Loss (gain) on valuation of investment securities | 148 | 1,731 |
| Gain on contribution of securities to retirement benefit trust | — | (6,923) |
| Loss on business withdrawal | 23,712 | — |
| Impairment loss | 4,997 | 4,797 |
| Loss on retirement of non-current assets | 4,091 | 2,433 |
| Decrease (increase) in receivables | (3,319) | (19,641) |
| Decrease (increase) in inventories | 5,884 | (6,808) |
| Increase (decrease) in payables | 13,990 | 12,942 |
| Other | (2,544) | 665 |
| Subtotal | 96,301 | 59,896 |
| Interest and dividends received | 4,117 | 4,524 |
| Interest paid | (9,214) | (7,800) |
| Payments for supplementary retirement benefits | (178) | — |
| Income taxes paid | (3,938) | (11,677) |
| Net cash provided by (used in) operating activities | 87,087 | 44,944 |
| Investing Activities | | |
| Purchases of time deposits | — | (620) |
| Purchases of noncurrent assets | (49,589) | (67,981) |
| Proceeds from sales of noncurrent assets | 18,882 | 4,214 |
| Purchases of investments in other securities | (18,210) | (1,493) |
| Proceeds from sales of investments securities | 15,391 | 10,319 |
| Payments for transfer of business | (31,432) | — |
| Payments for business withdrawal | — | (6,890) |
| Decrease (increase) in short-term loans receivable | 203 | (150) |
| Payments of long-term loans receivable | (70) | (96) |
| Collection of long-term loans receivable | 103 | 132 |
| Other | (555) | (165) |
| Net cash provided by (used in) investing activities | (65,278) | (62,731) |

(Millions of yen)

| | Fiscal year ended March 2017 | Fiscal year ended March 2018 |
|--|---------------------------------|---------------------------------|
| Financing Activities | | |
| Increase (decrease) in short-term loans payable | 10,746 | (778) |
| Proceeds from long-term loans payable | 25,350 | 53,556 |
| Repayment of long-term loans payable | (64,920) | (58,396) |
| Proceeds from issuance of bonds | — | 10,000 |
| Redemption of bonds | (13,000) | (10,000) |
| Purchase of treasury shares | (20) | (18) |
| Proceeds from share issuance to non-controlling shareholders | — | 930 |
| Cash dividends paid | (6,941) | (6,939) |
| Dividends paid to non-controlling interests | (7) | 0 |
| Finance lease principal payments | (901) | (898) |
| Other | 0 | (3) |
| Net cash provided by (used in) financing activities | (49,694) | (12,548) |
| Effect of exchange rate changes on cash and cash equivalents | 435 | (1,305) |
| Increase (decrease) in cash and cash equivalents | (27,450) | (31,641) |
| Cash and cash equivalents at beginning of year | 112,510 | 90,514 |
| Increase due to inclusion of certain subsidiaries in consolidation | 5,454 | 130 |
| Cash and cash equivalents at end of period | 90,514 | 59,003 |