

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (unaudited)

Name of Company Listed: **Nippon Paper Industries Co., Ltd.**
 Stock Exchange Listings: Tokyo
 Code Number: 3863
 URL: <https://www.nipponpapergroup.com/english/>
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Planned date of Financial Report submission: August 13, 2019
 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 Three Months Ended June 2019 (April 1, 2019–June 30, 2019)

(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	%
Three months ended June 2019	260,968	0.0	7,313	8.7	7,113	-16.2	4,180	—
Three months ended June 2018	260,864	2.0	6,730	115.7	8,485	58.5	-6,510	—

Note: Comprehensive income

Three months ended June 2019	5,405 million yen	(- %)
Three months ended June 2018	-8,264 million yen	(- %)

	Net income per share	Net income per share after adjusting for dilution
	Yen	Yen
Three months ended June 30, 2019	36.13	—
Three months ended June 30, 2018	-56.25	—

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2019	1,380,636	395,495	28.0
As of March 31, 2019	1,390,814	395,343	27.7

Reference: Shareholders' equity	As of June 30, 2019	386,257 million yen
	As of March 31, 2019	385,158 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
Fiscal year ended March, 2019	Yen —	Yen 00.00	Yen —	Yen 30.00	Yen 30.00
Fiscal year ending March, 2020	—				
Fiscal year ending March, 2020 (Projection)		10.00	—	30.00	40.00

Note: Recent revisions to dividend projection /No

3. Projection of Consolidated Financial Results for the Fiscal Year Ending March 2020 (April 1, 2019–March 31, 2020)

(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	1,120,000	4.8	30,000	52.9	28,000	17.1	13,000	—	112.34

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? /Yes

(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:

June 30, 2019 116,254,892 Shares

March 31, 2019 116,254,892 Shares

(ii) Number of treasury stock as of:

June 30, 2019 533,195 Shares

March 31, 2019 531,879 Shares

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

Three months ended June 2019 115,722,180 Shares

Three months ended June 2018 115,728,732 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 Three Months Ended June 2019 (April 1, 2019–June 30, 2019)

Operating results by business segment are as follows:

Paper and Paperboard:

Consolidated net sales	¥ 182,301 million	(up 0.2% year-on-year)
Consolidated operating income	¥ 1,999 million	
		(The result for the same period of previous year was ¥-493 million)

Livelihood-Related:

Consolidated net sales	¥ 50,993 million	(up 3.7% year-on-year)
Consolidated operating income	¥ 3,043 million	(down 6.9% year-on-year)

Energy

Consolidated net sales	¥ 7,003 million	(down 19.1% year-on-year)
Consolidated operating income	¥ 1,048 million	(down 54.3% year-on-year)

Wood Products and Construction Related:

Consolidated net sales	¥ 13,538 million	(down 1.5% year-on-year)
Consolidated operating income	¥ 943 million	(down 4.2% year-on-year)

1. Supplementary Financial Results Presentation Materials for the Three Months Ended June 30, 2019

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	63,455	31,156
Notes and accounts receivable-trade	234,671	243,556
Merchandise and finished goods	87,025	89,885
Work in process	20,518	23,515
Raw materials and supplies	70,351	72,213
Other	39,933	44,706
Allowance for doubtful accounts	(550)	(556)
Total current assets	515,407	504,477
Non-current assets		
Property, plant and equipment		
Buildings and structures	504,094	504,427
Accumulated depreciation	(368,097)	(370,172)
Buildings and structures, net	135,997	134,254
Machinery, equipment and vehicles	2,217,462	2,223,612
Accumulated depreciation	(1,930,080)	(1,938,718)
Machinery, equipment and vehicles, net	287,382	284,893
Land	199,435	199,417
Construction in progress	22,096	25,887
Other	73,376	74,585
Accumulated depreciation	(40,674)	(40,945)
Other, net	32,701	33,639
Total property, plant and equipment	677,613	678,093
Intangible assets	11,137	10,586
Investments and other assets		
Investments in securities	159,198	159,802
Other	28,160	28,379
Allowance for doubtful accounts	(703)	(702)
Total investments and other assets	186,655	187,478
Total non-current assets	875,406	876,158
Total assets	1,390,814	1,380,636

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and account payable-trade	145,132	139,878
Short-term loans payable	224,227	185,562
Current portion of bonds	10,000	10,000
Commercial papers	—	50,000
Income taxes payable	5,156	1,789
Other	93,349	92,750
Total current liabilities	477,866	479,980
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	401,474	388,475
Provision for environmental measures	14,780	14,726
Net defined benefit liability	13,776	13,711
Other	37,571	38,246
Total non-current liabilities	517,603	505,160
Total liabilities	995,470	985,141
Net assets		
Shareholders' equity		
Capital stock	104,873	104,873
Capital surplus	216,414	216,414
Retained earnings	35,265	35,973
Treasury shares	(1,427)	(1,430)
Total shareholders' equity	355,125	355,830
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,274	21,427
Deferred gains or losses on hedges	(2,283)	(2,602)
Foreign currency translation adjustment	15,419	15,925
Remeasurements of defined benefit plans	(4,377)	(4,323)
Total accumulated other comprehensive income	30,033	30,427
Non-controlling interests	10,184	9,237
Total net assets	395,343	395,495
Total liabilities and net assets	1,390,814	1,380,636

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

(Millions of yen)

	Three months ended June 2018	Three months ended June 2019
Net sales	260,864	260,968
Cost of sales	209,769	209,394
Gross profit	51,095	51,573
Selling, general and administrative expenses		
Freightage related expenses	16,119	16,577
Sales related expenses	12,562	11,952
Salaries and allowances	8,802	8,785
Other	6,881	6,943
Total selling, general and administrative expenses	44,365	44,260
Operating income	6,730	7,313
Non-operating income		
Interest income	76	125
Dividend income	1,329	839
Share of profit of entities accounted for using equity method	1,875	814
Other	1,156	1,005
Total non-operating income	4,437	2,785
Non-operating expenses		
Interest expense	1,802	1,730
Other	880	1,253
Total non-operating expenses	2,682	2,984
Ordinary income	8,485	7,113
Extraordinary income		
Gain on sales of investment securities	76	56
Gain on sales of non-current assets	73	32
Other	30	15
Total extraordinary income	180	104
Extraordinary loss		
Loss on valuation of investment securities	—	536
Loss on retirement of non-current assets	717	393
Loss on reorganization of production structure	14,771	—
Other	680	226
Total extraordinary loss	16,169	1,156
Profit (loss) before income taxes	(7,503)	6,062
Income taxes—current	566	1,384
Income taxes—deferred	(2,126)	(330)
Total income taxes	(1,559)	1,053
Profit(loss)	(5,943)	5,008
Profit(loss) attributable to non-controlling interests	566	827
Profit(loss) attributable to owners of parent	(6,510)	4,180

- Consolidated Statements of Comprehensive Income -

	(Millions of yen)	
	Three months ended June 2018	Three months ended June 2019
Profit (loss)	(5,943)	5,008
Other comprehensive income		
Valuation difference on available-for-sale securities	2,709	241
Deferred gains or losses on hedges	2,472	(321)
Foreign currency translation adjustment	(6,224)	54
Remeasurements of defined benefit plans	(346)	6
Share of other comprehensive income of entities accounted for using equity method	(932)	415
Total other comprehensive income	(2,320)	396
Comprehensive income	(8,264)	5,405
(Details)		
Comprehensive income attributable to owners of parent	(9,300)	4,574
Comprehensive income attributable to non-controlling interests	1,035	830