

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020(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: November 12, 2020
 Planned date of the commencement of dividend payments: December 1, 2020
 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 2020 (April 1, 2020–September 30, 2020)

(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, 2020	467,403	-10.9	3,971	-73.9	-2,128	-	-8,048	-
Six months ended September 30, 2019	524,876	-0.1	15,195	29.0	15,361	17.6	9,645	-

Note: Comprehensive income

Six months ended September 2020	-2,029 million yen	(- %)
Six months ended September 2019	8,005 million yen	(- %)

	Net income per share	Net income per share after adjusting for dilution
	Yen	Yen
Six months ended September 30, 2020	-69.68	—
Six months ended September 30, 2019	83.35	—

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	1,563,970	378,331	23.5
As of March 31, 2020	1,363,469	386,577	27.5

Reference: Shareholders' equity	As of September 30, 2020	367,506 million yen
	As of March 31, 2020	375,232 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, 2020	—	10.00	—	30.00	40.00
Fiscal year ending March, 2021	—	10.00			
Fiscal year ending March, 2021 (Projection)			—	30.00	40.00

Note: Recent revisions to dividend projection /No

3. Projection of Consolidated Financial Results for the Fiscal Year Ending March 2021 (April 1, 2020–March 31, 2021)

(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	1,000,000	-4.2	20,000	-42.9	12,000	-60.7	3,000	-78.9	25.97

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? /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

[4] Number of issued and outstanding shares (common stock)

(i) Number of issued and outstanding shares (including treasury stock) as of:

September 30, 2020 116,254,892 Shares

March 31, 2020 116,254,892 Shares

(ii) Number of treasury stock as of:

September 30, 2020 744,056 Shares

March 31, 2020 746,679 Shares

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

Six months ended September 30, 2020 115,509,504 Shares

Six months ended September 30, 2019 115,721,434 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.

*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/>

This document is an English-language translation of the Japanese-language original.

(Appendices)

1. Consolidated Operating Results for the Six Months Ended September 2020 (April 1, 2020–September 30, 2020)

Operating results by business segment are as follows:

Paper and Paperboard:

Consolidated net sales	¥ 272,514 million	(down 17.0% year-on-year)
Consolidated operating income	¥ -2,020 million	(The result for the same period of previous year was ¥2,365 million)

Daily-life Products

Consolidated net sales	¥ 140,489 million	(up 2.8% year-on-year)
Consolidated operating income	¥ 5,957 million	(up 2.5% year-on-year)

Energy

Consolidated net sales	¥ 16,415 million	(up 1.0% year-on-year)
Consolidated operating income	¥ 3,372 million	(up 6.8% year-on-year)

Wood Products and Construction Related:

Consolidated net sales	¥ 25,546 million	(down 10.3% year-on-year)
Consolidated operating income	¥ 2,405 million	(down 4.6% year-on-year)

(Reference information)

1. Information on the consolidated financial forecast for the fiscal year ending March 2021

The forecast of consolidated financial results remains unchanged from the content announced on August 6, 2020. In the future, we will promptly disclose any necessary revisions to our financial forecasts.

2. Information on assets by 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, the assets of "Daily-life products business" increased by JPY 170,767 million.

3. Information on change in business segment

As a result of the purchase of Orora Limited's Paperboard and Fibre Based Packaging Business in Australia/New Zealand, Paper Australia Pty Ltd (hereinafter AP), which had previously been included in Paper and paperboard segment, have been included in Daily-life products segment as a part of Opal group since this Q1.

The segment information of the previous 1H period and the end of the previous consolidated fiscal year is adjusted based on this change.

1. Supplementary Financial Results Presentation Materials for the Six Months Ended September 30, 2020

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	52,846	115,050
Notes and accounts receivable-trade	228,178	234,386
Merchandise and finished goods	86,985	93,118
Work in process	19,087	26,203
Raw materials and supplies	65,715	75,103
Other	44,589	40,367
Allowance for doubtful accounts	(530)	(621)
Total current assets	496,871	583,608
Non-current assets		
Property, plant and equipment		
Buildings and structures	509,606	524,966
Accumulated depreciation	(373,790)	(377,817)
Buildings and structures, net	135,815	147,149
Machinery, equipment and vehicles	2,222,315	2,295,895
Accumulated depreciation	(1,946,441)	(1,964,621)
Machinery, equipment and vehicles, net	275,873	331,274
Land	197,676	199,102
Construction in progress	37,803	43,116
Other	75,075	92,420
Accumulated depreciation	(41,719)	(44,198)
Other, net	33,355	48,222
Total property, plant and equipment	680,524	768,863
Intangible assets		
Goodwill	1,718	19,716
Other	7,278	7,739
Total intangible assets	8,996	27,455
Investments and other assets		
Investments in securities	155,891	156,385
Other	21,848	28,317
Allowance for doubtful accounts	(662)	(660)
Total investments and other assets	177,077	184,041
Total non-current assets	866,598	980,361
Total assets	1,363,469	1,563,970

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and account payable-trade	120,593	117,885
Short-term loans payable	191,719	204,810
Current portion of bonds	15,000	15,000
Commercial papers	—	69,000
Income taxes payable	5,363	3,639
Other	101,531	101,500
Total current liabilities	434,209	511,835
Non-current liabilities		
Bonds payable	35,000	35,000
Long-term loans payable	444,677	556,751
Provision for environmental measures	14,947	14,320
Net defined benefit liability	18,361	17,821
Other	29,697	49,909
Total non-current liabilities	542,683	673,803
Total liabilities	976,892	1,185,638
Net assets		
Shareholders' equity		
Capital stock	104,873	104,873
Capital surplus	216,414	216,413
Retained earnings	44,847	32,585
Treasury shares	(1,838)	(1,832)
Total shareholders' equity	364,296	352,039
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,804	18,153
Deferred gains or losses on hedges	(7,631)	(3,798)
Foreign currency translation adjustment	14,095	12,824
Remeasurements of defined benefit plans	(12,332)	(11,712)
Total accumulated other comprehensive income	10,936	15,466
Non-controlling interests	11,344	10,825
Total net assets	386,577	378,331
Total liabilities and net assets	1,363,469	1,563,970

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

(Millions of yen)

	Six months ended September 2019	Six months ended September 2020
Net sales	524,876	467,403
Cost of sales	421,234	374,522
Gross profit	103,642	92,880
Selling, general and administrative expenses		
Freightage related expenses	33,167	29,580
Sales related expenses	23,949	20,906
Salaries and allowances	17,513	19,069
Other	13,815	19,352
Total selling, general and administrative expenses	88,446	88,909
Operating income	15,195	3,971
Non-operating income		
Interest income	266	94
Dividend income	1,178	1,416
Share of profit of entities accounted for using equity method	2,335	2,297
Other	1,756	1,699
Total non-operating income	5,536	5,507
Non-operating expenses		
Interest expense	3,294	3,509
Exchange loss	179	4,117
Other	1,896	3,981
Total non-operating expenses	5,370	11,608
Ordinary income	15,361	(2,128)
Extraordinary income		
Gain on sales of investment securities	64	5,869
Other	559	93
Total extraordinary income	624	5,963
Extraordinary loss		
Loss on fixed asset retirement	919	5,288
Loss on infectious diseases-related	1,039	1,273
Other	1,013	1,668
Total extraordinary loss	2,972	8,231
Profit (loss) before income taxes	13,013	(4,396)
Income taxes—current	2,249	2,462
Income taxes—deferred	(57)	(314)
Total income taxes	2,191	2,148
Profit(loss)	10,822	(6,545)
Profit(loss) attributable to non-controlling interests	1,176	1,502
Profit(loss) attributable to owners of parent	9,645	(8,048)

- Consolidated Statements of Comprehensive Income -

	(Millions of yen)	
	Six months ended September 2019	Six months ended September 2020
Profit (loss)	10,822	(6,545)
Other comprehensive income		
Valuation difference on available-for-sale securities	322	1,109
Deferred gains or losses on hedges	(89)	3,991
Foreign currency translation adjustment	(2,518)	(506)
Remeasurements of defined benefit plans	52	513
Share of other comprehensive income of entities accounted for using equity method	(584)	(591)
Total other comprehensive income	(2,816)	4,516
Comprehensive income	8,005	(2,029)
(Details)		
Comprehensive income attributable to owners of parent	6,822	(3,516)
Comprehensive income attributable to non-controlling interests	1,182	1,487

(Significant Subsequent Events)

At the meeting of the Board of Directors of the Company held on November 5, 2020, the Company and its subsidiaries decided to conclude a share repurchase agreement under which the Company and its subsidiaries will transfer all shares held in Japan Brazil Paper and Pulp Resources Development Co., Ltd.

The share transfer is planned to be implemented upon completion of the prescribed procedures, including an extraordinary meeting of shareholders of Japan Brazil Paper and Pulp Resources Development Co., Ltd., and upon satisfaction of certain terms and conditions.

- (1) Investment securities to be transferred by the Company and its subsidiaries
All shares held by the Company and its subsidiaries in Japan Brazil Paper and Pulp Resources Development Co., Ltd.
- (2) Gain on sale of investment securities
8.5 billion yen
- (3) Transferee
Japan Brazil Paper and Pulp Resources Development Co., Ltd.