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August 6, 2026

Summary of Consolidated Financial Results for the First Quarter of the Year Ending March 2027 (unaudited)

Company name: **Mitsubishi Paper Mills Limited** (Code No.3864 Tokyo Stock Exchange)
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(Amounts of less than one million yen are rounded down.)

1. Results for the First Quarter of the Year Ending March 31, 2027 (April 1, 2026 - June 30, 2026)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Quarter of FY2026	38,620	(2.1)	393	-	611	-	2,159	-
First Quarter of FY2025	39,461	(12.3)	(1,221)	-	(1,093)	-	(1,316)	-

Note: Comprehensive income First Quarter of FY2026 ¥1,037 million
First Quarter of FY2025 ¥(2,225) million

	Profit per share	Diluted profit per share
	Yen	Yen
First Quarter of FY2026	49.29	-
First Quarter of FY2025	(30.04)	-

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
First Quarter of FY2026	224,564	103,566	46.1
Year ended March 2026	222,776	103,185	46.3

Note: Shareholders' equity First Quarter of FY2026 ¥103,534 million
FY2025 ¥103,154 million

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY2025	-	0.00	-	15.00	15.00
FY2026	-				
FY2026(Forecast)		7.00	-	13.00	20.00

Note : Revision to the forecast for dividends announced most recently ··· None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (April 1, 2026 to March 31, 2027)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	85,000	7.6	1,000	-	1,000	176.1	2,500	-	57.04
Full year	175,000	11.1	6,000	-	6,000	248.8	6,500	242.0	148.31

Note : Revision to the financial results forecast announced most recently ··· None

4. Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name);

Excluded: - (Company name);

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards:	None
2) Changes in accounting policies other than 1) above:	None
3) Changes in accounting estimates:	None
4) Retrospective restatement:	None

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

First Quarter of FY2026	44,741,433 shares
FY2025	44,741,433 shares

2) Total number of treasury shares at the end of the period:

First Quarter of FY2026	893,221 shares
FY2025	933,254 shares

3) Average number of shares during the period:

First Quarter of FY2026	43,817,981 shares
First Quarter of FY2025	43,838,007 shares

Notes: The Company has adopted a BIP (Board Incentive Plan) trust, assuming the number of shares held by the trust are included in the number of treasury stock of "(4) Total number of issued shares (common shares)".

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

<u>* Explanation of the proper use of financial results forecast and other notes</u>

The earnings forecasts and other forward-looking statements herein are based on information currently acquired by the Company and certain assumptions assessed to be reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors.

Contents of Attachments

1. Qualitative Information on Financial Results for the Period under Review

(1) Explanation of Operations Results

During the three months ended June 30, 2026, the Japanese economy as a whole experienced a gradual recovery, driven by improvements in corporate profits as well as employment and income conditions. At the same time, the prices of raw materials and fuels have been affected by rising prices, the fluctuation of interest and exchange rates, and ongoing geopolitical risks, such as the situation in the Middle East. As a result, the economic outlook remains uncertain.

Under these circumstances, the Group is implementing its Medium-term Management Plan (fiscal year ended March 2026 to fiscal year ending March 2028). The basic policy of the plan is "130 years as a 'SHINKA' company and ever evolving."

The following provides a basic policy of the Medium-term Management Plan and the Group's initiatives to enhance its corporate value.

1) SHINKA (sophistication) of technologies and research to expand our array of distinctive functional and environmentally friendly products and accelerate the enhancement of productivity.

The Group is utilizing its technologies and research and development capabilities to enhance added value and drive sales through the global expansion of the functional materials business, which is a growth business. The Group is increasing its sales of environmentally friendly products and improving productivity in the sustainable fiber materials business. The Group is generating synergies between both businesses in the areas of marketing and technology to expand them.

In April 2026, the Company moved its nonwoven fabric development division from the former Takasago R&D Center to the Takasago Mill. This relocation has allowed the Company to establish an integrated system that connects development and manufacturing. The goal is to enhance research and development capabilities, accelerate product development, and boost sales and profits at an early stage. The former Kyoto R&D Center has been renamed the Advanced Technology Center. This center will develop innovative products beyond those produced at the Kyoto Mill. In September 2026, the center will relocate to a renovated research facility at the Kyoto Mill and will be further enhanced as a hub of innovation.

In its functional materials business, the Group aims to boost sales and improve profitability, and to establish itself as a leader in functional materials, which include base materials for water treatment membrane support substrates, separators for energy storage devices, tape base paper, and filters. The Group is taking steps to achieve these goals, including focusing investments on growth areas and enhancing production efficiency at the Takasago, Kyoto, and Fuji Mills. In May 2026, at our core Takasago Mill, we launched the "Beyond" next-generation transformation project. We are considering and implementing specific initiatives to transform this mill into a global core plant that leverages its unique technological capabilities. Mitsubishi HiTec Paper Europe GmbH, a consolidated subsidiary in Germany, will enhance its earnings base as the impact of the structural reforms implemented in the previous fiscal year, including a voluntary retirement program, becomes evident.

In the sustainable fiber materials business, the Group focuses on high-efficiency production machinery and is consolidating administrative divisions at the Hachinohe and Kitakami mills to reduce costs and improve production efficiency. At the Hachinohe Mill, the Reborn60 Hachinohe project, a Hachinohe Mill remodeling plan, is being implemented. The mill is carefully considering strategic investments to enhance its competitiveness, along with investments to address aging and ensure business continuity, implemented in a step-wise fashion. An earthquake that occurred off the coast of Iwate Prefecture on June 25, 2026 registered an intensity of 6-minus on the Japanese seismic scale of zero to seven in Hachinohe, Aomori Prefecture. At the Hachinohe Mill, some equipment was damaged, which affected production. However, there were no injuries or environmental effects, and operations resumed after safety checks were completed.

2) SHINKA (evolution) in our contributions to the global environment

The Group is accelerating initiatives aimed at achieving carbon neutrality. This includes improving fossil fuel energy intensity and driving a green transformation. The Group is also contributing to creating a recycling-oriented society by utilizing forestry resources, increasing the recycling rate of plastic resources, expanding operations that help achieve the SDGs, and pursuing initiatives to address the climate change risks.

The Murabi Forest, which is owned by the Company, has been designated a Nature Symbiosis Site by the Ministry of the Environment, Ministry of Agriculture, Forestry and Fisheries, and Ministry of Land, Infrastructure, Transport and Tourism, under the new Act on the Promotion of Activities for Biodiversity Enhancement. The Group is committed to creating environmental value through various activities, including the maintenance and conservation of biodiversity, and contributing to the development of a sustainable global environment in line with the Mitsubishi Paper Mills Environmental Charter.

3) SHINKA (internalization) of governance and human capital management

The Group is undergoing a governance transformation and seeks to enhance its human capital and organizational capabilities.

After reflecting on the improper quality management of heat resistant electrically insulated pressboard products, the Company established a new division focused on quality control and developed a management system closely integrated with manufacturing sites. The Company seized this incident as an opportunity to establish a Credo, which outlines a set of behavioral standards that allow all employees to proactively make decisions and take action. This bottom-up initiative involves everyone in the organization. The Credo was published in May 2026.

The Company relocated certain head office functions (the Planning and Management Division) to the premises of the Kyoto Mill. The Kyoto Mill will be an innovation hub where research and development, production, planning, and management functions are integrated. It will play a central role in advancing future reforms.

To enhance capital efficiency and improve governance, the Company is reducing its cross-shareholdings in accordance with the Corporate Governance Code. In the first three months under review, the Company sold all the shares that it had contributed to the retirement benefit trust (deemed holdings). As a result, the ratio of cross-shareholdings to net assets fell to 16%. The Company achieved its goal of reducing its cross-shareholdings to 20% or less ahead of schedule.

To further improve capital efficiency, the Company is seeking advice from external experts about the return of part of its trust assets. The Company is currently discussing the timing of the return, which it aims to implement within this fiscal year. The Company will disclose the return of trust assets, including the amount, as soon as it is determined. The Company will consider utilizing the proceeds from doing so for growth investments or shareholder returns, among other purposes.

To show its appreciation for the ongoing support of its shareholders and to encourage them to hold the Company's stock over the medium to long term, the Company implements a shareholder benefit program (providing gifts of the Company's household paper products) and will work to provide appropriate returns to shareholders.

Consolidated net sales amounted to 38,620 million yen (down 2.1% year on year) in the first three months under review.

On the profitability side, the Company recorded a consolidated operating profit of 393 million yen (compared to a consolidated operating loss of 1,221 million yen in the previous fiscal year) and a consolidated ordinary profit of 611 million yen (compared with a consolidated ordinary loss of 1,093 million yen). These results are primarily attributable to cost reductions in the German business due to structural reforms. These gains were partially offset by the adverse effects of increasing raw materials and energy prices. Profit attributable to owners of parent was 2,159 million yen (compared to a loss attributable to owners of parent of 1,316 million yen in the previous fiscal year), supported by gains from the sale of cross-shareholdings and other factors.

Operating results by segment are as follows:

(Million yen)

		Net sales			Operating profit (loss)		
		Three months ended June 30, 2025	Three months ended June 30, 2026	Upper: Change Lower: % change	Three months ended June 30, 2025	Three months ended June 30, 2026	Upper: Change Lower: % change
Reportable Segments	Functional materials	19,633	18,562	(1,070)	24	832	808
				(5.5)			(Note 2) –
	Sustainable fiber materials	20,124	20,399	275	(1,218)	(453)	764
				1.4			–
	Engineering	1,547	838	(708)	42	27	(14)
				(45.8)			(34.5)
Total		41,304	39,800	(1,504)	(1,151)	(407)	1,558
				(3.6)			–
Adjustment (Note 1)		(1,842)	(1,179)		(70)	(13)	
Total		39,461	38,620	(841)	(1,221)	393	1,614
				(2.1)			–

(Note 1) Adjustment is mainly related to internal transactions.

(Note 2) The percentage change in operating profit for the functional materials business exceeds 1,000%.

(Functional materials business)

In domestic operations, within the functional materials-related product segment, sales of separators for energy storage devices increased year on year, while capacitor sales, where the Group is focusing its sales expansion efforts, also exceeded the previous year's level due to the capture of overseas demand. Sales of water treatment membrane support substrates increased from the previous fiscal year, despite intensifying competition in the Chinese market, due to proactive sales activities. The sales value of total heat exchange elements remained flat year on year, reflecting strong sales in the United States. The sales value of nonwoven fabric for building materials, decorative laminate base paper, and tape base paper increased from the previous year due to price revisions intended to offset rising raw material costs.

In the communication paper-related product segment, the sales value of thermal paper and copy paper remained flat from the previous year. Sales of carbonless paper were lower than the previous year in both volume and monetary terms. The sales value of rewritable media remained stable from the previous year, reflecting a recovery in overseas demand and a decline in domestic demand.

In the imaging-related product segment, sales value declined year on year following increased sales in Europe in the previous year.

The Group's business in Germany was affected by rising gas prices due to the situation in the Middle East. However, profits improved thanks to business restructuring initiatives implemented in the previous fiscal year. Sales declined from the previous year in both volume and monetary terms due to sluggish markets in Europe and neighboring countries.

As a result, the functional materials business posted lower sales but higher profits.

In domestic operations, the "Beyond" next-generation transformation project has commenced at the Takasago Mill this fiscal year. The project focuses on increasing market share of functional materials-related products and launching new sustainable products. The Group will integrate development, production, and sales, transforming its business portfolio to focus on growth areas. The Group will specifically focus on separators for power storage devices and water treatment membrane support substrates. We plan to invest in capital expenditures, increase our sales and development personnel, and establish a flexible staffing system in these growth areas. Through these initiatives, we aim to expand our global market share and expedite the launch of new products. The Group is focusing on increasing sales in the separator for power storage device segment by capturing strong demand for auxiliary power and automotive electrical applications. Recently, the Group has also focused on boosting sales of separators for information-processing facilities, especially for AI servers. In the water treatment membrane support substrate segment, the Group intends to launch sustainable products for seawater desalination applications. Additionally, the Group will focus on selling sustainable products, including total heat exchanger elements, and super heat-resistant glass fiber nonwoven fabric products, which are new offerings. In the tape base paper segment, the Group aims to boost sales in overseas markets, where growth is expected. The Group plans to create a flexible production system while considering capital expenditures. In the decorative laminate base paper segment, the Group is working to stabilize earnings by improving production efficiency at the Fuji Mill. The consolidation and elimination of brands is also being considered.

In the communication paper-related product segment, the Group prioritizes price revisions to offset rising raw material costs. In the Takasago Mill project, the Group aims to restructure its production lines to enhance efficiency in producing thermal paper and carbonless paper, thereby improving cost competitiveness. In the copy paper segment, the Group will focus on increasing sales to major mail-order businesses and enhancing cost efficiency.

In the imaging-related product segment, the Group aims to enhance production efficiency at the Kyoto Mill and its associated facilities to maintain or strengthen its competitiveness. The Group plans to enhance sales in emerging countries in Asia and in Europe and Africa. Additionally, the Group aims to increase exports of products designed for large posters and labels, industrial inkjet printing, and items that utilize sublimation transfer technology to the United States.

In overseas operations in Germany, the Group will first revise prices to address rising raw material costs. Additionally, the Group will focus on increasing sales outside of Europe by strengthening sales capabilities and optimizing production efficiency, which includes brand integration, to improve profitability. The Group will increase sales of domestically manufactured functional material-related products, focusing on items such as water treatment membrane support substrates and tape base paper, by utilizing its overseas bases in the U.S. and Germany.

(Sustainable fiber materials business)

In the printing paper segment, sales declined in both volume and monetary terms from the previous fiscal year due to weaker domestic demand and the impact of the situation in the Middle East on raw materials and energy procurement.

In the wrapping paper market, the Group increased sales of bleached kraft paper, especially in Japan, and expanded overseas sales channels. Consequently, both sales volume and value exceeded the previous year.

Domestic sales of commercial pulp were adversely affected by imported pulp as prices fell in foreign markets. However, the Group recently began exporting softwood pulp, resulting in increased exports. Both sales volume and value rose compared to the previous year.

Regular repairs at the Hachinohe Mill, which are conducted in June each year, will take place in November starting this fiscal year.

As a result, the sustainable fiber materials business posted higher sales and improved profits.

In the sustainable fiber materials business, the Group will offset the declining domestic demand for printing paper with exports, while maintaining sales volume by expanding wrapping paper and commercial pulp. The Group aims to improve profitability by improving production efficiency and reducing costs.

In the printing paper segment, the Group aims to optimize its production system and inventory levels while responding quickly to domestic and international supply and demand trends. The Group will appropriately adjust product prices to reflect rising raw material and energy costs resulting from the situation in the Middle East.

In wrapping paper, the Group plans to capture demand for reduced-or-zero plastic products, which is being driven by the growing awareness of the need for society to be sustainable, and the Group will seek to increase sales of distinctive products that meet customers' needs. Meanwhile, the Group aims to develop emerging markets in Asia that have significant growth potential.

The Group will focus on expanding sales of high value-added products to achieve the continued growth of business by leveraging the main feature of the pulp produced at the Kitakami Mill: pulp made exclusively from materials sourced in Japan.

The Group will integrate operations at the Hachinohe and Kitakami Mills and share personnel to pursue production efficiency and the reduction of costs.

The Group is implementing the Reborn60 Hachinohe project, a Hachinohe Mill remodeling plan, which was announced in December 2025. In this project, the Group will invest 25 billion yen by fiscal year 2030 to transform the Hachinohe Mill into a "next-generation sustainable factory" and a "world-leading competitive paper material production base."

(Engineering business)

Net sales stood at 838 million yen (down 45.8% year on year), reflecting a decrease in external construction sales at construction subsidiaries. Operating profit came to 27 million yen (down 34.5% year on year).

(2) Explanation of Financial Position

Assets at the end of the first three months under review amounted to 224,564 million yen, up 1,787 million yen from the end of the previous fiscal year, mainly due to an increase in deferred tax assets.

Liabilities came to 120,998 million yen, up 1,407 million yen from the end of the previous fiscal year, attributable to increases in interest-bearing debt and income taxes payable.

Net assets increased 380 million yen from the end of the previous fiscal year, to 103,566 million yen, mainly due to the posting of a profit attributable to owners of parent, partially offset by a decrease in remeasurements of defined benefit plans.

The equity ratio was 46.1%, down 0.2 percentage points from the end of the previous fiscal year.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Consolidated results forecasts for the fiscal year ending March 31, 2027 remain unchanged from the same forecasts announced on May 14, 2026.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	FY2025 Mar 31,2026	First Quarter / FY2026 Jun 30,2026
Assets		
Current assets		
Cash and deposits	4,895	5,506
Notes receivable - trade	223	29
Electronically recorded monetary claims - operating	5,933	5,059
Accounts receivable - trade	26,127	24,684
Merchandise and finished goods	20,680	21,507
Work in process	7,965	8,304
Raw materials and supplies	14,167	14,398
Other	2,017	2,403
Allowance for doubtful accounts	(49)	(52)
Total current assets	81,961	81,841
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,860	15,896
Machinery, equipment and vehicles, net	26,549	25,818
Land	20,829	20,812
Construction in progress	1,095	1,625
Other, net	1,334	1,369
Total property, plant and equipment	65,668	65,520
Intangible assets		
Other	882	782
Total intangible assets	882	782
Investments and other assets		
Investment securities	24,397	23,967
Retirement benefit asset	48,401	48,277
Other	1,519	4,229
Allowance for doubtful accounts	(54)	(54)
Total investments and other assets	74,263	76,419
Total non-current assets	140,814	142,722
Total assets	222,776	224,564

(Million yen)

	FY2025 Mar 31,2026	First Quarter / FY2026 Jun 30,2026
Liabilities		
Current liabilities		
Accounts payable - trade	17,596	18,087
Electronically recorded obligations - operating	2,906	2,078
Short-term borrowings	42,009	43,287
Commercial papers	3,000	6,000
Provision for shareholder benefit program	16	16
Provision for loss on disaster	12	12
Income taxes payable	4,538	10,341
Other	12,207	11,090
Total current liabilities	82,286	90,914
Non-current liabilities		
Long-term borrowings	19,558	19,521
Provision for share awards	178	195
Provision for retirement benefits for directors	4	4
Retirement benefit liability	5,332	5,328
Asset retirement obligations	940	941
Other	11,288	4,093
Total non-current liabilities	37,303	30,083
Total liabilities	119,590	120,998
Net assets		
Shareholders' equity		
Share capital	36,561	36,561
Capital surplus	6,524	6,524
Retained earnings	22,464	23,954
Treasury shares	(458)	(443)
Total shareholders' equity	65,091	66,596
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,228	8,191
Foreign currency translation adjustment	1,311	1,296
Remeasurements of defined benefit plans	28,523	27,450
Total accumulated other comprehensive income	38,062	36,938
Non-controlling interests	31	31
Total net assets	103,185	103,566
Total liabilities and net assets	222,776	224,564

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	First Quarter / FY2025 Apr '25 - Jun '25	First Quarter / FY2026 Apr '26 - Jun '26
Net sales	39,461	38,620
Cost of sales	35,615	33,653
Gross profit	3,845	4,967
Selling, general and administrative expenses	5,067	4,574
Operating profit(loss)	(1,221)	393
Non-operating income		
Interest income	1	1
Dividend income	301	286
Share of profit of entities accounted for using equity method	13	7
Foreign exchange gains	—	117
Other	112	84
Total non-operating income	428	498
Non-operating expenses		
Interest expenses	178	219
Foreign exchange losses	7	—
Other	114	60
Total non-operating expenses	300	280
Ordinary profit(loss)	(1,093)	611
Extraordinary income		
Gain on disposal of non-current assets	0	37
Gain on sale of investment securities	3	2,616
Total extraordinary income	4	2,653
Extraordinary losses		
Loss on disposal of non-current assets	64	41
Loss on disaster	—	131
Total extraordinary losses	64	173
Profit (loss) before income taxes	(1,153)	3,091
Income taxes	167	929
Profit (loss)	(1,321)	2,162
Profit (loss) attributable to non-controlling interests	(4)	2
Profit (loss) attributable to owners of parent	(1,316)	2,159

Consolidated Statements of Comprehensive Income

(Million yen)

	First Quarter / FY2025 Apr '25 - Jun '25	First Quarter / FY2026 Apr '26 - Jun '26
Profit (loss)	(1,321)	2,162
Other comprehensive income		
Valuation difference on available-for-sale securities	80	(38)
Foreign currency translation adjustment	(330)	(14)
Remeasurements of defined benefit plans, net of tax	(653)	(1,072)
Share of other comprehensive income of entities accounted for using equity method	0	1
Total other comprehensive income	(903)	(1,124)
Comprehensive income	(2,225)	1,037
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,220)	1,035
Comprehensive income attributable to non-controlling interests	(4)	2