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August 6, 2025

Summary of Consolidated Financial Results for the First Quarter of the Year Ending March 2026 (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, 2026 (April 1, 2025 - June 30, 2025)

(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 FY2025 | 39,461 | (12.3) | (1,221) | - | (1,093) | - | (1,316) | - |
| First Quarter of FY2024 | 45,003 | (8.7) | (70) | - | 354 | (77.2) | (23) | - |

Note: Comprehensive income
First Quarter of FY2025 ¥(2,225) million
First Quarter of FY2024 ¥266 million

| | Profit per share | Diluted profit per share |
|-------------------------|------------------|--------------------------|
| | Yen | Yen |
| First Quarter of FY2025 | (30.04) | - |
| First Quarter of FY2024 | (0.54) | - |

(2) Consolidated Financial Condition

| | Total assets | Net assets | Shareholders' equity ratio |
|-------------------------|-----------------|-----------------|----------------------------|
| | Millions of yen | Millions of yen | % |
| First Quarter of FY2025 | 199,416 | 82,394 | 41.3 |
| Year ended March 2025 | 208,217 | 85,282 | 40.9 |

Note: Shareholders' equity
First Quarter of FY2025 ¥82,374 million
FY2024 ¥85,256 million

2. Dividends

| | Dividend per share | | | | |
|------------------|--------------------|-----------|-----------|-----------|--------|
| | End of 1Q | End of 2Q | End of 3Q | End of FY | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| FY2024 | - | 0.00 | - | 15.00 | 15.00 |
| FY2025 | - | | | | |
| FY2025(Forecast) | | 0.00 | - | 15.00 | 15.00 |

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% 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 | 88,000 | (0.5) | 2,000 | 114.0 | 2,000 | 343.5 | (1,500) | - | (34.23) |
| Full year | 180,000 | 2.3 | 8,000 | 75.2 | 8,000 | 75.9 | 3,500 | (19.4) | 79.87 |

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 FY2025 44,741,433 shares

FY2024 44,741,433 shares

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

First Quarter of FY2025 879,536 shares

FY2024 911,368 shares

3) Average number of shares during the period:

First Quarter of FY2025 43,838,007 shares

First Quarter of FY2024 43,796,576 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

* Explanation of the proper use of financial results forecast and other notes

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.


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

(1) Explanation of Operations Results

During the three months ended June 30, 2025, the Japanese economy experienced a gradual recovery, driven by improvements in personal income and the employment environment resulting from a rebound in corporate profits. At the same time, the economic outlook remained uncertain due to fluctuations in the forex market, rising prices, increasing personnel expenses, the prolonged materialization of geopolitical risks in various regions, and concerns about a potential economic slowdown caused by U.S. trade policy, among other factors.

Under these circumstances, the Group has begun implementing its new Medium-term Management Plan (fiscal year ending 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 an overview 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 productivity improvement

The Group intends to utilize its technologies and research and development capabilities, which were established during the previous Medium-term Management Plan, to enhance added value and drive sales through global expansion in the functional materials business. The Group aims to increase the sales of environmentally friendly products and improve productivity in the sustainable fiber materials business. The Group will generate synergies between the functional materials business and the sustainable fiber materials business in marketing and technology to expand both businesses.

The Group aims to enhance profitability at its overseas subsidiaries. Mitsubishi HiTec Paper Europe GmbH, a consolidated subsidiary in Germany, has decided to offer voluntary retirement, and approximately 140 employees will be retiring. The Group will continue to advance business structure reforms.

In April 2025, the Core Technology Center was established to enhance research and development capabilities. The center will focus on developing sustainable fiber materials, as well as masking tape backing and medical-grade paper for sterilization. The center aims to strengthen core technologies.

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

The Group is committed to protecting the global environment by accelerating initiatives aimed at achieving carbon neutrality. This includes improving fossil fuel energy intensity and driving a green transformation. The Group aims to contribute 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.

Additionally, the Group considers investing in energy savings and fuel conversion. It uses its owned forests to promote biodiversity conservation.

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

The Group is undergoing a governance transformation. This includes enhancing the quality management system, improving stakeholder engagement, meeting the higher standards required for companies listed on the Prime Market, and strengthening risk management practices. Additionally, the Group seeks to enhance its human capital and organizational capabilities by hiring and cultivating a diverse workforce while creating an environment for this. It is committed to fostering a corporate culture that emphasizes integrity, supporting employee growth and awareness, prioritizing safety, and driving digital transformation.

On May 14, the Company received and made public an investigation report from a special investigative committee that looked into improper quality management related to heat resistant electrically insulated pressboard products. These products were manufactured by Mitsubishi Paper Engineering Co., Ltd., a subsidiary of the Company, at the Shirakawa Production Facility. The Company held briefings at all production facilities and subsidiaries nationwide to raise awareness of the importance of quality management and compliance. To restore stakeholders’ confidence, the Company ensures that it implements measures to prevent recurrence and makes significant efforts to improve operations.

Consolidated net sales amounted to 39,461 million yen (down 12.3% year on year) in the first three months under review.

On the profitability side, the Company recorded a consolidated operating loss of 1,221 million yen (compared to a consolidated operating loss of 70 million yen in the previous fiscal year) and a consolidated ordinary loss of 1,093 million yen (compared to a consolidated ordinary income of 354 million yen in the previous fiscal year) due to a decline in sales volume, despite a reduction in raw material and fuel costs. Profit attributable to owners of parent was 1,316 million yen (compared with a loss attributable to owners of parent of 23 million yen in the previous fiscal year).

In domestic operations, the Group seeks to enhance performance by increasing sales volumes in each segment and consolidating production. In Germany, the market continued to deteriorate, leading to a decline in sales volumes due to stagnation in the European economy. The Group plans to reduce the workforce and is offering voluntary retirement. The Group is restructuring its production and sales systems to better align with the current market conditions. The Group aims to improve earnings by executing these initiatives and other structural reforms.

Operating results by segment are as follows:

| | | | | | (Million yen) | | |
|---------------------|-----------------------------|----------------------------------|----------------------------------|------------|----------------------------------|----------------------------------|------------|
| | | Net sales | | | Operating income (loss) | | |
| | | Three months ended June 30, 2024 | Three months ended June 30, 2025 | Change (%) | Three months ended June 30, 2024 | Three months ended June 30, 2025 | Change (%) |
| Reportable Segments | Functional materials | 22,778 | 19,633 | (13.8) | 830 | 24 | (97.0) |
| | Sustainable fiber materials | 22,786 | 20,124 | (11.7) | (860) | (1,218) | — |
| | Total | 45,565 | 39,757 | (12.7) | (29) | (1,193) | — |
| Other | | 1,087 | 1,547 | 42.3 | (12) | 42 | — |
| Total | | 46,652 | 41,304 | (11.5) | (42) | (1,151) | — |
| Adjustment (Note) | | (1,648) | (1,842) | | (28) | (70) | |
| Total | | 45,003 | 39,461 | (12.3) | (70) | (1,221) | — |

(Note) Adjustment is mainly related to internal transactions.

(Functional materials business)

In the communication paper-related product segment, demand for thermal paper was strong, but both sales volume and value declined year on year following the rise in sales in the year-ago period. Sales of carbonless paper and PPC paper were lower than the previous year in both volume and monetary terms.

In the imaging-related product segment, sales increased from the level of a year ago in both volume and monetary terms, reflecting product price revisions, successful demand capture, and active efforts to boost exports in the inkjet-related product sector.

In the functional materials-related product segment, sales volumes of glass fiber nonwoven fabric and decorative laminate base paper declined following a fall in demand in the building materials market. However, the sales value remained flat from the previous year. The sales value of tape base paper remained unchanged from a year ago as the domestic market showed a steady performance. The Group clearly explained the inadequate quality management of heat resistant electrically insulated pressboard products and took steps to restore confidence. Consequently, sales value exceeded the year-ago level. The sales volume in the water treatment base materials declined due to intensifying competition in the Chinese market. The sales value of separators for power storage devices decreased year on year due to a temporary drop in demand, resulting from changes in specifications for certain applications.

In the Group's business in Germany, both volumes and sales amounts were lower than the year-ago level, reflecting sluggish economies in Germany and across Europe as well as intensified price competition in North America, among other factors.

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

In the communication paper-related product segment, the Group plans to improve the thermal paper production system at the Takasago Mill to expand sales of thermal paper for applications in the POS market. Additionally, the Group will strive to capture new demand for eco-conscious thermal paper, including linerless thermal label products. In the PPC paper segment, the Group will aim at capturing large amounts of demand from major mail-order businesses and at stabilizing earnings by expanding transactions of eco-conscious, high-value-added products such as FSC® forest-certified paper.

The Group aims to increase sales of imaging-related products to existing customers by enhancing the efficiency of the paper finishing

system at Kyoto Mill. It will also focus on boosting sales of products designed for large posters, labels and industrial inkjet printing. The Group also plans to actively leverage its overseas business sites to boost sales in emerging countries in Asia and in Europe. In the functional materials-related product segment, the Group aims to consistently sell existing glass fiber nonwoven fabric products and increase sales of super heat-resistant glass fiber nonwoven fabric products. In the tape base paper segment, the Group will focus on developing products that match market needs and especially on capturing new demand in overseas sales. It will strive to stabilize earnings by optimizing balance by product for decorative laminate base paper, improving production efficiency in Fuji Mill, etc. The Group aims to expand sales in Europe and America by steadily fulfilling customers' quality requirements for water treatment base materials and will strive to capture the growing demand for industrial products and products for applications in seawater desalination plants, which are growth sectors. In the separators for power storage device segment, the Group will continue to work on expanding sales of auxiliary power applications and automotive electrical applications in the market for capacitors. In the filter segment, the Group is taking steps to boost sales of sustainable products, including total heat exchanger elements. Regarding businesses operated in Germany, the Group will seek to stabilize earnings by promoting business restructuring, including sales expansion and production efficiency improvement outside Europe, as well as voluntary retirement.

(Sustainable fiber materials business)

In the printing paper segment, despite efforts to maintain product prices and promote replacement with products with higher market demand in Japan where general declines in demand persist, sales amounts decreased year on year.

In the wrapping paper market, particularly for bleached kraft paper in Japan, sales volume increased. However, the sales value declined from the same period of the previous fiscal year due to a weaker yen and reduced exports resulting from downturns in Asian markets. Sales quantities of commercial pulp in Japan remained stable from a year ago while product prices remained unchanged. However, sales value decreased due to selective export restrictions caused by downturns in foreign markets.

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

By maintaining product prices revised in the previous year, the Group will, in the printing paper segment, continue to pursue initiatives for the optimization of production structure, promptly responding to supply and demand trends, while maintaining its efforts to normalize the inventory level. In the commercial pulp segment, it will focus on expanding sales of high-value-added products such as softwood pulp with an eye on trends in market conditions.

In wrapping paper, the Group plans to capture the demand for reduced-or zero-plastic products that is being driven by the growing awareness of the need for a sustainable society, and will seek to increase sales of distinctive products that meet customer needs. Meanwhile, it will expand its supply system for pulp made exclusively from materials sourced in Japan, which is produced at the Kitakami Mill. The Group has received numerous business inquiries regarding this. Through these initiatives, the Group aims to develop emerging markets in Asia that show significant growth potential and achieve further growth in this business. The Group will discontinue the operation of paper machine at the Kitakami Mill and concentrate on high-efficiency production equipment at Hachinohe Mill. The Group aims to integrate the operations of both mills to improve production efficiency and reduce costs and bolster its business foundations.

(2) Explanation of Financial Position

Assets at the end of the first three months under review amounted to 199,416 million yen, down 8,800 million yen from the end of the previous consolidated fiscal year, mainly due to decreases in accounts receivable - trade and others.

Liabilities came to 117,022 million yen, down 5,912 million yen from the end of the previous fiscal year, chiefly attributable to decreases in trade payables and income taxes payable.

Net assets came to 82,394 million yen, down 2,888 million yen from the end of the previous fiscal year, chiefly attributable to a decrease in retained earnings.

The equity ratio was 41.3%, up 0.4 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, 2026 remain unchanged from the same forecasts announced on May 14, 2025.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

| | FY2024 Mar 31,2025 | First Quarter / FY2025 Jun 30,2025 |
|--|-----------------------|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,239 | 7,222 |
| Notes receivable - trade | 7,948 | 5,268 |
| Accounts receivable - trade | 31,724 | 26,137 |
| Merchandise and finished goods | 21,737 | 21,407 |
| Work in process | 6,736 | 7,100 |
| Raw materials and supplies | 13,547 | 13,154 |
| Other | 3,618 | 2,872 |
| Allowance for doubtful accounts | (40) | (43) |
| Total current assets | 91,512 | 83,119 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 16,443 | 16,121 |
| Machinery, equipment and vehicles, net | 27,589 | 27,138 |
| Land | 20,420 | 20,369 |
| Construction in progress | 840 | 1,585 |
| Other, net | 1,391 | 1,341 |
| Total property, plant and equipment | 66,684 | 66,555 |
| Intangible assets | | |
| Other | 1,338 | 1,184 |
| Total intangible assets | 1,338 | 1,184 |
| Investments and other assets | | |
| Investment securities | 24,813 | 24,845 |
| Retirement benefit asset | 22,379 | 22,243 |
| Other | 1,557 | 1,535 |
| Allowance for doubtful accounts | (69) | (67) |
| Total investments and other assets | 48,681 | 48,556 |
| Total non-current assets | 116,704 | 116,296 |
| Total assets | 208,217 | 199,416 |

| | (Million yen) | |
|---|------------------------|---|
| | FY2024 Mar 31, 2025 | First Quarter / FY2025 Jun 30, 2025 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 21,258 | 17,947 |
| Electronically recorded obligations- operating | 3,221 | 3,508 |
| Short-term borrowings | 42,014 | 42,014 |
| Commercial papers | 10,000 | 8,000 |
| Income taxes payable | 2,026 | 475 |
| Other | 10,361 | 11,376 |
| Total current liabilities | 88,882 | 83,322 |
| Non-current liabilities | | |
| Long-term borrowings | 19,864 | 19,852 |
| Provision for share awards | 152 | 174 |
| Provision for directors' retirement benefits | 5 | 5 |
| Net defined benefit liability | 5,559 | 5,461 |
| Asset retirement obligations | 940 | 940 |
| Other | 7,529 | 7,265 |
| Total non-current liabilities | 34,052 | 33,699 |
| Total liabilities | 122,934 | 117,022 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 36,561 | 36,561 |
| Capital surplus | 6,524 | 6,524 |
| Retained earnings | 21,233 | 19,246 |
| Treasury shares | (405) | (395) |
| Total shareholders' equity | 63,914 | 61,936 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 8,039 | 8,121 |
| Foreign currency translation adjustment | 1,100 | 768 |
| Remeasurements of defined benefit plans | 12,201 | 11,547 |
| Total accumulated other comprehensive income | 21,341 | 20,437 |
| Non-controlling interests | 26 | 19 |
| Total net assets | 85,282 | 82,394 |
| Total liabilities and net assets | 208,217 | 199,416 |

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

| | (Million yen) | |
|---|--|--|
| | First Quarter / FY2024 Apr '24 - Jun '24 | First Quarter / FY2025 Apr '25 - Jun '25 |
| Net sales | 45,003 | 39,461 |
| Cost of sales | 39,804 | 35,615 |
| Gross profit | 5,198 | 3,845 |
| Selling, general and administrative expenses | 5,269 | 5,067 |
| Operating loss | (70) | (1,221) |
| Non-operating income | | |
| Interest income | 4 | 1 |
| Dividend income | 226 | 301 |
| Share of profit of entities accounted for using equity method | 62 | 13 |
| Foreign exchange gains | 297 | — |
| Other | 96 | 112 |
| Total non-operating income | 687 | 428 |
| Non-operating expenses | | |
| Interest expenses | 225 | 178 |
| Foreign exchange losses | — | 7 |
| Other | 36 | 114 |
| Total non-operating expenses | 262 | 300 |
| Ordinary profit(loss) | 354 | (1,093) |
| Extraordinary income | | |
| Gain on disposal of non-current assets | 68 | 0 |
| Gain on termination of retirement benefit plan | 50 | — |
| Gain on sale of investment securities | — | 3 |
| Total extraordinary income | 118 | 4 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 45 | 64 |
| Business restructuring costs | 58 | — |
| Other | 43 | — |
| Total extraordinary losses | 147 | 64 |
| Profit (loss) before income taxes | 325 | (1,153) |
| Income taxes | 346 | 167 |
| loss | (20) | (1,321) |
| Profit (loss) attributable to non-controlling interests | 2 | (4) |
| loss attributable to owners of parent | (23) | (1,316) |

Consolidated Statements of Comprehensive Income

| | (Million yen) | |
|--|--|--|
| | First Quarter / FY2024 Apr '24 - Jun '24 | First Quarter / FY2025 Apr '25 - Jun '25 |
| loss | (20) | (1,321) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 650 | 80 |
| Foreign currency translation adjustment | 80 | (330) |
| Remeasurements of defined benefit plans, net of tax | (446) | (653) |
| Share of other comprehensive income of entities accounted for using equity method | 2 | 0 |
| Total other comprehensive income | 287 | (903) |
| Comprehensive income | 266 | (2,225) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 263 | (2,220) |
| Comprehensive income attributable to non-controlling interests | 3 | (4) |