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August 5, 2026

Consolidated Financial Results for the Three Months Ended June 30, 2026 (Under Japanese GAAP)

Company name: Nippon Paper Industries Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 3863
URL: https://www.nipponpapergroup.com/
Representative: Akira Sebe, President and Representative Director
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Telephone: +81-3-6665-1111
Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and investment analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	314,466	7.5	2,909	(47.0)	2,509	(54.8)	(233)	-
June 30, 2025	292,629	2.0	5,485	32.6	5,551	9.9	1,905	-

Note: Comprehensive income
For the three months ended June 30, 2026: ¥ 10,274 million [-%]
For the three months ended June 30, 2025: ¥ (12,450) million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	(2.02)	-
June 30, 2025	16.50	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	1,759,255	547,597	29.3
March 31, 2026	1,738,479	540,507	29.2

Reference: Equity
As of June 30, 2026: ¥ 515,256 million
As of March 31, 2026: ¥ 508,467 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	-	5.00	-	10.00	15.00
Fiscal year ending March 31, 2027	-				
Fiscal year ending March 31, 2027 (Forecast)		5.00	-	10.00	15.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	-	-	-	-	-	-	-	-	-

Note: Revisions to the financial result forecast most recently announced: Yes

The full year consolidated financial results forecast is currently undetermined, as it is difficult to reasonably calculate the forecast at this time. We will promptly disclose the forecast once a reasonable estimate becomes possible. For details, please refer to Section 2 of the Appendices.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 2 companies(Diamond Trading Inc. and Nippon Paper Chemicals Europe Zrt.)

Excluded: - companies( )

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2026	116,254,892 shares
As of March 31, 2026	116,254,892 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2026	947,450 shares
As of March 31, 2026	946,389 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2026	115,307,880 shares
Three months ended June 30, 2025	115,433,905 shares

*We introduced the "Board Benefit Trust (BBT)", 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.

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

* Proper use of earnings forecasts, and other special matters

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 website.
   https://www.nipponpapergroup.com/english/ir/library/

(Appendices)

1. Consolidated Operating Results for the Three Months Ended June 30, 2026 (April 1, 2026 to June 30, 2026)

Operating results by business segment are as follows:

	(Millions of yen)	(Percentages indicate year-on-year changes.)
Paper and Paperboard:		
Consolidated net sales	153,312	10.9%
Consolidated operating income (loss)	(144)	The same period of previous year: (920)
Daily-life Products:		
Consolidated net sales	126,637	8.5%
Consolidated operating income (loss)	279	(90.7) %
Energy:		
Consolidated net sales	8,482	(19.9) %
Consolidated operating income (loss)	13	(97.8) %
Wood Products and Construction Related:		
Consolidated net sales	18,382	(6.2) %
Consolidated operating income (loss)	2,019	(32.9) %

Note: The numbers parenthesized represent minus figures.

2. Consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

We are currently assessing the circumstances relating to the collapse of a tank at Nippon Dynawave Packaging on May 26, 2026, and the extent of damage to our Yatsushiro Mill as a result of the 2026 Kumamoto Earthquake on July 28, 2026. However, as it is currently difficult to reasonably estimate the impact of these events on the Group's financial results, we have revised our full-year financial forecast for the fiscal year ending March 31, 2027, and designated it as "undetermined." We will promptly disclose an updated forecast once a reasonable estimate becomes possible.

For further details, please refer to the "Notice of Revision to Consolidated Financial Results Forecast" released today, August 5, 2026.

(Reference information)

Significant Subsequent Events

1. Incident at a Consolidated Subsidiary

At approximately 7:00 a.m. local time on May 26, 2026, a chemical tank used in pulp production collapsed at our consolidated subsidiary, Nippon Dynawave Packaging (Washington, U.S.A.). The incident involved 11 fatalities and 8 injuries. Production at the subsidiary has been suspended following the incident.

2. Impact on Yatsushiro Mill

Due to the 2026 Kumamoto Earthquake that occurred on July 28, 2026, 9 fatalities have been confirmed at our Yatsushiro Mill (Yatsushiro, Kumamoto). Operations at the mill have been suspended following the incident, and we are currently assessing its impact.

3. Domestic unsecured corporate bonds for subscription

At the meeting of the Board of Directors of the Company held on August 5, 2026, the Company made the resolution in relation to domestic unsecured corporate bonds for subscription. The summary is as follows. President of the Company is authorized to decide necessary items within the scope described down below when the Company solicits persons who subscribe for the bonds.

(1) Total amount of issue: maximum ¥50 billion (multiple issuances within this amount is allowed)
(2) Interest rate: maximum 4.5% per annum
(3) Maturity: from 2 years up to 10 years
(4) Issue timing: from August 5, 2026 to August 1, 2027
(5) Method of redemption: bullet repayment
(6) Application of funds: capital investment, repayment of loans payable, etc.

4. Transfer of Bag Manufacturing Business at Consolidated Subsidiary

The Company decided on August 5, 2026 (today) to transfer the Bag Manufacturing Business (the "Business") of its consolidated subsidiary, Paper Australia Pty Ltd. ("Opal") to A.C.N. 700 735 575 Pty Ltd (the "Buyer"), an affiliate of The Magan Group, a U.S. family office exclusively focused on investing in corporate divestitures.

(1) Overview of the Transferee

①Company name

A.C.N. 700 735 575 Pty Ltd

②Overview of the Business

Manufacture and sale of heavy-duty paper sacks for food products (including milk powder and flour) and industrial applications (including cement), paper bags for sugar and other products, and retail paper bags

③Reasons for the Business Transfer

In the Medium-Term Management Plan 2030 announced on May 28, 2026, the Company identified “Balance Sheet Optimization,” “Decisive Execution of Structural Reform,” and “Profitability Improvement” as its core strategies and has been implementing initiatives to improve capital efficiency and achieve sustainable growth.

The reform of Opal is one of the key measures under “Decisive Execution of Structural Reform.” To achieve profitability at an early stage, Opal plans to concentrate its management resources on its integrated containerboard manufacturing and corrugated packaging converting business in Australia and New Zealand (the “Integrated Corrugated Packaging Business”).

In these circumstances, the Buyer proposed acquiring the Business, which is a non-core business, and Opal has now reached an agreement with the Buyer on the Business Transfer. Going forward, in line with the reform's core policy of business selection and concentration, Opal will continue to focus its management resources on the Integrated Corrugated Packaging Business.

The Company will continue to implement the measures set out in the Medium-Term Management Plan 2030, including the reform of Opal, to enhance the corporate value of the Group.

④Scheduled date of the Business Transfer

September 1, 2026 (scheduled)

⑤Legal form

Business transfer where the consideration is limited to cash.

(2) Applicable reporting segment

Daily-life Products segment

Consolidated Financial Statements

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	207,411	160,132
Notes and accounts receivable - trade	181,228	212,280
Merchandise and finished goods	119,966	119,784
Work in process	21,542	23,582
Raw materials and supplies	95,755	102,812
Other	40,221	42,304
Allowance for doubtful accounts	(1,056)	(1,135)
Total current assets	665,069	659,760
Non-current assets		
Property, plant and equipment		
Buildings and structures	574,323	581,652
Accumulated depreciation	(427,837)	(431,702)
Buildings and structures, net	146,486	149,950
Machinery, equipment and vehicles	2,254,128	2,269,801
Accumulated depreciation	(1,919,540)	(1,929,947)
Machinery, equipment and vehicles, net	334,588	339,854
Land	209,404	211,198
Construction in progress	42,321	52,050
Other	121,966	133,896
Accumulated depreciation	(65,849)	(69,026)
Other, net	56,116	64,869
Total property, plant and equipment	788,917	817,922
Intangible assets	11,647	11,805
Investments and other assets		
Investment securities	179,647	176,230
Other	93,455	93,794
Allowance for doubtful accounts	(258)	(258)
Total investments and other assets	272,844	269,766
Total non-current assets	1,073,409	1,099,494
Total assets	1,738,479	1,759,255

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	135,711	155,368
Short-term borrowings	192,341	210,688
Current portion of bonds payable	30,000	-
Income taxes payable	5,319	3,190
Other	99,169	105,476
Total current liabilities	462,541	474,722
Non-current liabilities		
Bonds payable	25,000	25,000
Long-term borrowings	610,911	606,567
Provision for environmental measures	5,905	4,719
Retirement benefit liability	7,921	8,057
Other	85,691	92,590
Total non-current liabilities	735,429	736,935
Total liabilities	1,197,971	1,211,658
Net assets		
Shareholders' equity		
Share capital	104,873	104,873
Capital surplus	216,393	216,393
Retained earnings	21,554	18,567
Treasury shares	(1,972)	(1,974)
Total shareholders' equity	340,848	337,859
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,059	15,882
Deferred gains or losses on hedges	15,142	15,114
Foreign currency translation adjustment	102,866	113,528
Remeasurements of defined benefit plans	33,550	32,871
Total accumulated other comprehensive income	167,618	177,396
Non-controlling interests	32,040	32,341
Total net assets	540,507	547,597
Total liabilities and net assets	1,738,479	1,759,255

Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Net sales	292,629	314,466
Cost of sales	243,519	265,370
Gross profit	49,110	49,095
Selling, general and administrative expenses		
Freight and incidental costs	20,066	21,008
Direct and indirect selling expenses	3,495	3,452
Salaries and allowances	11,497	12,518
Other	8,566	9,206
Total selling, general and administrative expenses	43,624	46,186
Operating profit	5,485	2,909
Non-operating income		
Interest income	337	443
Dividend income	1,053	1,166
Share of profit of entities accounted for using equity method	2,554	1,381
Foreign exchange gains	458	1,029
Other	740	598
Total non-operating income	5,144	4,619
Non-operating expenses		
Interest expenses	2,462	3,115
Long-term borrowings related expenses	1,165	-
Other	1,450	1,904
Total non-operating expenses	5,078	5,019
Ordinary profit	5,551	2,509
Extraordinary income		
Gain on sale of investment securities	463	1,759
Insurance claim income	2,469	-
Other	156	665
Total extraordinary income	3,090	2,424
Extraordinary losses		
Loss on retirement of non-current assets	137	981
Loss on suspension of operations	1,959	-
Other	921	1,068
Total extraordinary losses	3,019	2,050
Profit before income taxes	5,622	2,883
Income taxes - current	1,764	1,170
Income taxes - deferred	1,233	1,350
Total income taxes	2,997	2,520
Profit	2,624	363
Profit attributable to non-controlling interests	719	596
Profit (loss) attributable to owners of parent	1,905	(233)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Profit	2,624	363
Other comprehensive income		
Valuation difference on available-for-sale securities	1,547	(199)
Deferred gains or losses on hedges	(3,094)	120
Foreign currency translation adjustment	(11,198)	11,258
Remeasurements of defined benefit plans, net of tax	(721)	(688)
Share of other comprehensive income of entities accounted for using equity method	(1,607)	(579)
Total other comprehensive income	(15,075)	9,911
Comprehensive income	(12,450)	10,274
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(12,140)	9,544
Comprehensive income attributable to non-controlling interests	(310)	730