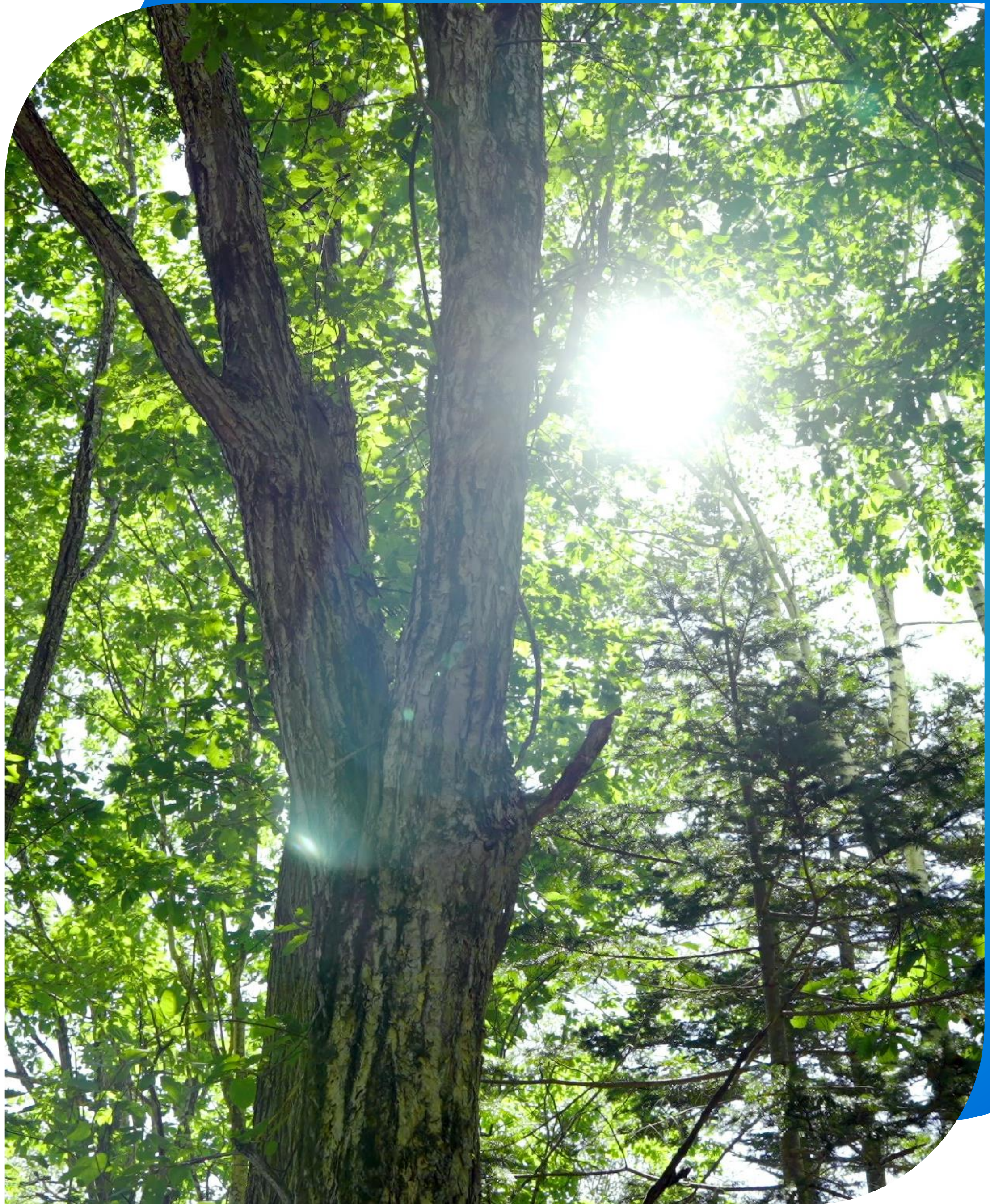
NIPPON PAPER

Q1 FY2027/3
FINANCIAL REVIEW

August 5, 2026



NIPPON PAPER INDUSTRIES CO.,LTD.

TSE 3863

Executive Summary

Key Points of Q1 FY2027/3 Results

- Q1 performance was generally in line with our plan.
- Net sales increased year-on-year, driven by the addition of consolidated subsidiaries and the positive impact of foreign exchange translation due to the yen's depreciation.
- Operating profit decreased overall, as the year-on-year profit growth in the Domestic business was offset by a decline in the Overseas business*.

(¥billion)

Net sales	Operating profit
314.5	**2.9**
〔Y on Y changes: **+7.5**%〕	〔Y on Y changes: **-47.0**%〕

FY2027/3 Forecast

- We have revised our full-year financial forecast for the fiscal year ending March 31, 2027, and designated it as undetermined. This decision follows an assessment of the circumstances relating to the tank collapse at the Nippon Dynawave Packaging (NDP) on May 26, 2026, and the extent of damage to the Nippon Paper Yatsushiro Mill due to the 2026 Kumamoto Earthquake on July 28, 2026.

* Our overseas consolidated subsidiaries have a fiscal year-end of December 31. Accordingly, the results for the first quarter of fiscal year 2026 reflect their performance from January to March.

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Consolidated Statement

- Net sales increased year-on-year, driven by the addition of consolidated subsidiaries and the positive impact of foreign exchange translation resulting from the yen's depreciation.
- Operating profit declined overall. While the Domestic business achieved year-on-year profit growth due to cost reductions and price revisions implemented since the previous fiscal year, the Overseas business was negatively impacted by earnings declines at Opal and NDP.
- Despite recording a gain on the sale of investment securities, we reported a net loss of 0.2 billion yen

(¥billion)

	Q1 FY2026/3 Results	Q1 FY2027/3 Results	Y on Y changes	
			Amount	%
Net sales	292.6	**314.5**	21.9	7.5%
Operating profit	5.5	**2.9**	-2.6	-47.0%
Ordinary profit	5.6	**2.5**	-3.1	-54.8%
Net income *	1.9	**-0.2**	-2.1	—

*** Profit attributable to owners of parent**

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Results by Business Segment

- The Daily-Life Products Business, Energy Business, and Wood Products and Construction-Related Business saw decrease in profit.

(¥billion)

	Net sales			Operating profit		
	Q1 FY2026/3 Results	Q1 FY2027/3 Results	Y on Y changes	Q1 FY2026/3 Results	Q1 FY2027/3 Results	Y on Y changes
Paper and Paperboard	138.2	**153.3**	15.1	-0.9	**-0.1**	0.8
Daily-Life Products	116.7	**126.6**	9.9	3.0	**0.3**	-2.7
Energy	10.6	**8.5**	-2.1	0.6	**0.0**	-0.6
Wood Products and Construction-Related	19.6	**18.4**	-1.2	3.0	**2.0**	-1.0
Other	7.5	**7.7**	0.2	-0.2	**0.7**	0.9
Total	292.6	**314.5**	21.9	5.5	**2.9**	-2.6
Domestic	225.3	**238.5**	13.2	3.4	**5.8**	2.4
Overseas	67.3	**76.0**	8.7	2.1	**-2.9**	-5.0

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Factors for Changes

(¥billion)

		Paper and Paperboard Business		Daily-Life Products Business	
Volume, Sales Price	4.2	3.4	–	0.8	–
Raw material and fuel prices	-2.3	-1.5	Wood Chips -1.0, Wastepaper 0.5, Pulp 0.0, Oil -0.3, Coal 0.0, LNG 0.1, Chemicals, etc. -0.8 (Price 0.4, FOREX -1.9)	-0.8	Wood Chips 0.0, Pulp 0.1, Coal -0.1, Chemicals, etc. -0.8
Cost reductions, etc.	0.2	0.6	Cost reductions 0.6、Permanent machines' shutdown at the Shiraoi Mill and the Yatsushiro Mill 0.2, Labor costs -0.6, Logistics costs 0.4	-0.4	Cost reductions -0.1, Labor costs -0.3, Logistics costs 0.0
Others	-4.0	-1.7	Overseas business 0.0, Depreciation 0.2, Retirement benefit expenses 0.1, Inventory value adjustment, etc. -2.0	-2.3	Overseas business -4.1, (Opal -1.7, NDP -2.3, TSP 0.1, NPCE -0.2), Inventory value adjustment, etc. 1.8
Total	-1.9	0.8	Domestic business 0.8, Overseas business 0.0	-2.7	Domestic business 1.4, Overseas business -4.1
Other businesses	-0.7	Energy -0.6, Wood Products and Construction Related -1.0, Others 0.9			
operating profit	-2.6				

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Paper and Paperboard Business

Domestic

- Net sales increased due to the addition of consolidated subsidiaries.
- Operating profit increased, despite headwinds from higher raw material and fuel costs due to the weak yen and rising labor costs, driven by cost reductions and the realized benefits of price revisions.

Overseas

- JTOy saw a slight year-on-year decline in profit, despite a recovery trend in sales volume, due to factors such as rising electricity costs caused by the cold wave.

(¥billion)

Net sales			Operating profit		
Q1 FY2026/3 Results	Q1 FY2027/3 Results	Y on Y changes	Q1 FY2026/3 Results	Q1 FY2027/3 Results	Y on Y changes
138.2	**153.3**	15.1	-0.9	**-0.1**	0.8

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Daily-Life Products Business

Domestic

- Household paper & Healthcare achieved growth in both revenue and profit, driven by solid sales volume and the realized benefits of price revisions.
- The Packaging Processing and Chemicals reported a decline in revenue due to lower sales volume.

Overseas

- Net sales increased, primarily due to the positive impact of foreign exchange translation resulting from the yen's depreciation.
- Opal experienced a decline in profit, as rising costs for raw materials, fuel, and labor outpaced the initial benefits of the price revisions that were implemented.
- NDP reported a decline in profit due to the deteriorating supply-demand balance in the North American market.

(¥billion)

	Net sales			operating profit		
	Q1 FY2026/3 Results	Q1 FY2027/3 Results	Y on Y changes	Q1 FY2026/3 Results	Q1 FY2027/3 Results	Y on Y changes
Domestic	58.5	**58.8**	0.3	2.4	**3.8**	1.4
Overseas	58.2	**67.8**	9.6	0.6	**-3.5**	-4.1
Total	116.7	**126.6**	9.9	3.0	**0.3**	-2.7

Operating profit (domestic)

Y on Y changes:	**1.4**
Packaging processing	0.2
Chemical	0.3
Household paper & Healthcare	0.9

Operating profit (overseas)

Y on Y changes:	**-4.1**
Opal	-1.7
NDP	-2.3
TSP	0.1
NPCE*	-0.2

Opal:

Volume & price	0.5
Raw material & fuel	-0.8
Cost reduction	0.2
Fixed costs	-1.2
Other	-0.4

NDP:

Volume & price	-1.0
Raw material & fuel	-0.2
Fixed costs	-0.7
Other	-0.4

* Nippon Paper Chemicals Europe

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Energy Business / Wood Products and Construction Related Business

Energy Business

- Revenue and profit declined due to the early maitenance shutdown of the Nippon Paper Ishinomaki Energy Center.

(¥billion)

Net sales			Operating profit		
Q1 FY2026/3 Results	Q1 FY2027/3 Results	Y on Y changes	Q1 FY2026/3 Results	Q1 FY2027/3 Results	Y on Y changes
10.6	**8.5**	-2.1	0.6	**0.0**	-0.6

Wood Products and Construction Related Business

(¥billion)

- Revenue and profit declined due to fluctuations in vessel deployment at AMCEL.

Net sales			Operating profit		
Q1 FY2026/3 Results	Q1 FY2027/3 Results	Y on Y changes	Q1 FY2026/3 Results	Q1 FY2027/3 Results	Y on Y changes
19.6	**18.4**	-1.2	3.0	**2.0**	-1.0

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Consolidated Statement

- 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 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.

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Revitalizing Opal

Progress on Key Initiatives to Accelerate Opal's Return to Profitability

① Rationalization of Low-Profitability Businesses

- Decided to exit the non-core bag business through a divestiture.

Overview of the Bag Business

Business Activities	Manufacture and sale of heavy-duty paper sacks and other paper bags used to package milk powder, flour, cement and other products, as well as retail paper bags
Net sales	Approx. AUD 55 million (FY2025/12)
Operating profit	Approx. AUD -8 million (FY2025/12)

- Accelerate the allocation of resources to the integrated corrugated packaging business.

② Workforce Restructuring at the Maryvale Mill

- On July 30, 2026, Opal announced its intention to undertake an organizational restructuring at the Maryvale Mill.
- Under the applicable enterprise agreement, consultations have begun with unions and affected employees on the proposed reduction of 84 positions.
- The related employee departures are expected by December 2026.

- This restructuring is expected to generate annual fixed-cost savings of approximately AUD 12 million.*1

③ Workforce Restructuring Across Opal

- The decision was made and implementation began in March 2026.
- As part of a company-wide organizational restructuring, Opal is evaluating and implementing workforce reductions totaling approximately 60 positions, with completion targeted by the end of 2026.
- As of June 30, 2026, 50 employees had departed.

- This restructuring is expected to generate annual fixed-cost savings of approximately AUD 12 million.*1

*1 Excludes one-time costs and expenditures, including severance payments.

Reference Materials

Sales Volume (Paper & Paperboard) *

volume: '000 tonnes

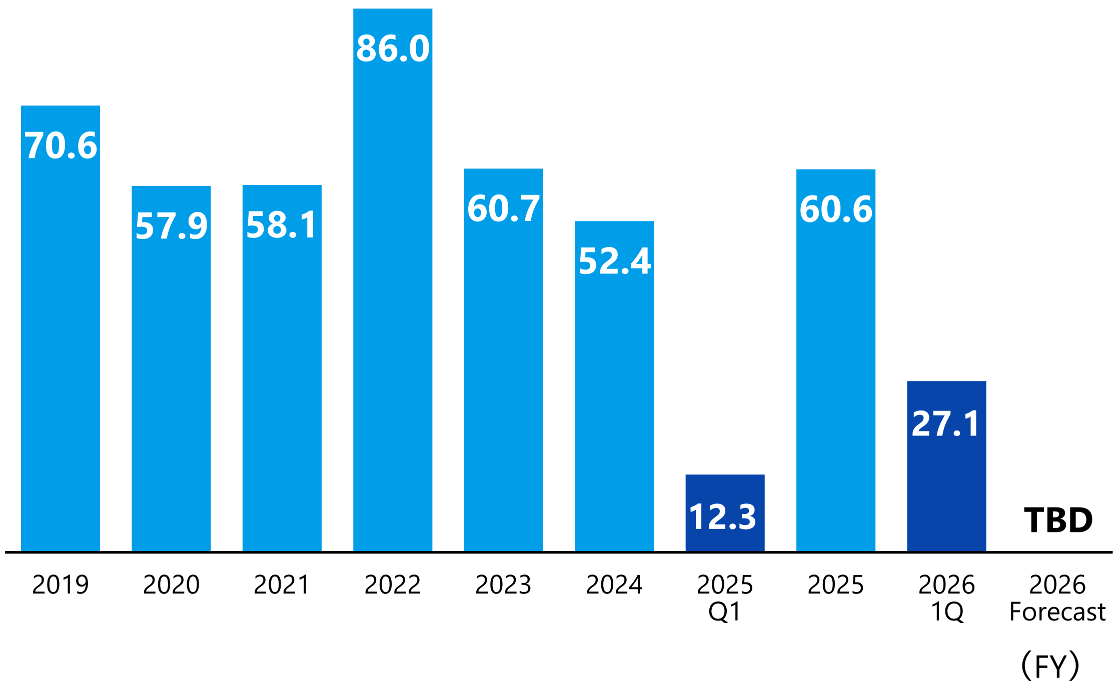
	FY2026/3 1Q	FY2027/3 1Q	Against FY26/3 1Q
Newsprint	127	120	-6.1%
Printing paper	216	202	-6.4%
Business communication paper	88	84	-4.3%
Others	76	79	3.9%
Domestic sales (paper)	507	484	-4.4%
Export (paper)	43	41	-4.8%
Paper total	549	525	-4.4%
Container board	378	395	4.5%
Paperboard for paper container and others	78	76	-2.6%
Domestic sales (paperboard)	456	471	3.3%
Export (paperboard)	28	40	41.0%
Paperboard total	484	511	5.5%
Grand total (paper and paperboard)	1,034	1,036	0.2%

* Sales Volume Total of Nippon Paper Industries Co., Ltd., Nippon Paper Papylia Co., Ltd., Nippon Paper Crecia Co., Ltd., and Shin Tokai Paper Co., Ltd. (excluding sanitary paper)

Capital expenditure, Depreciation

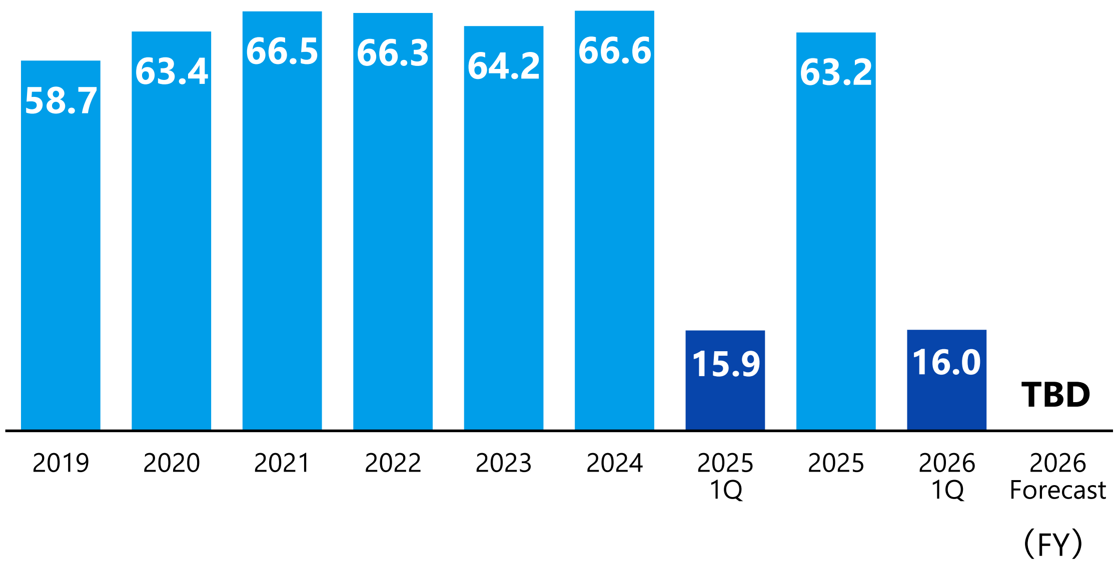
Capital expenditure*

(¥billion)



Depreciation

(¥billion)



* Including construction in progress.

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Net Sales Trends by Business Segment

(¥billion)

	FY2026/3				FY2027/3
	Q1	Q2	Q3	Q4	Q1
Paper and Paperboard	138.2	136.0	144.5	139.2	153.3
Daily-Life Products	116.7	122.5	121.2	121.6	126.6
Energy	10.6	12.2	8.6	11.8	8.5
Wood Products and Construction Related	19.6	18.3	17.8	20.8	18.4
Others	7.5	7.6	8.2	9.7	7.7
Total	292.6	296.6	300.3	303.1	314.5

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Operating profit Trends by Business Segment

(¥billion)

	FY2026/3				FY2027/3
	Q1	Q2	Q3	Q4	Q1
Paper and Paperboard	-0.9	-0.6	1.3	0.8	-0.1
Daily-Life Products	3.0	-0.6	1.8	3.0	0.3
Energy	0.6	1.1	0.1	1.5	0.0
Wood Products and Construction Related	3.0	2.3	1.6	3.1	2.0
Others	-0.2	1.3	1.2	1.8	0.7
Total	5.5	3.5	6.0	10.2	2.9

Reference (Domestic)

Domestic Shipment and Import / Export Volume(Paper& Paperboard, Q1 FY2027/3 Results)

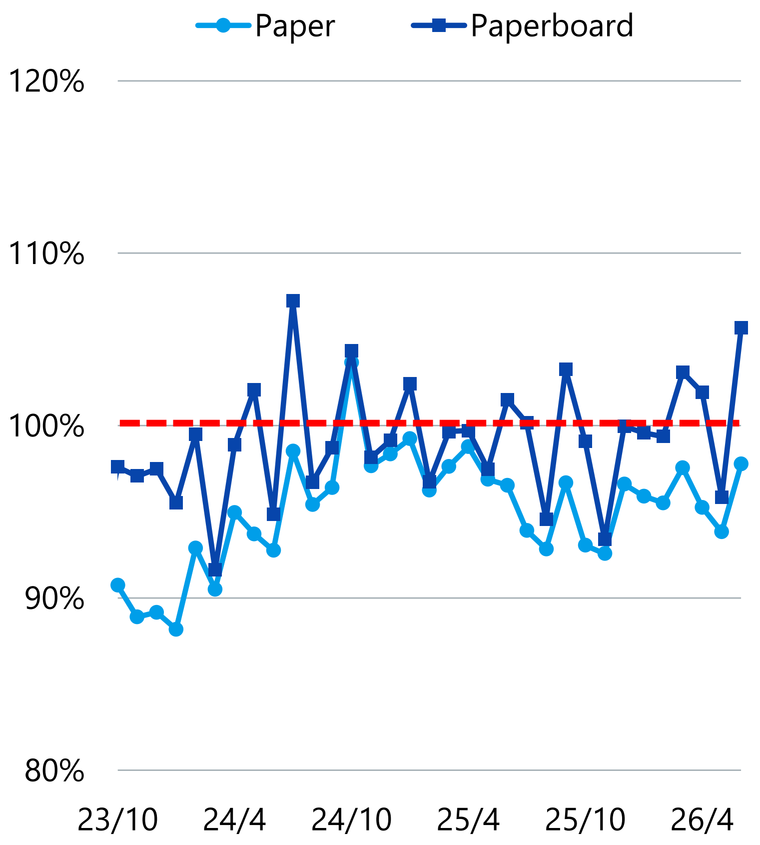
volume: '000 tonnes

	Domestic shipments		Exports		Imports	
	volume	against Q1 FY26/3	volume	against Q1 FY26/3	volume	against Q1 FY26/3
Newsprint	309	-8.3%	0	—	0	-65.4%
Printing & business communication paper	1,016	-7.5%	119	-11.2%	142	1.7%
Coated paper *	527	-8.2%	82	-14.7%	35	21.4%
Uncoated paper	272	-9.0%	24	-2.9%	4	15.7%
Business communication paper	217	-3.9%	12	-0.8%	103	-4.1%
Other papers	760	1.9%	60	7.3%	11	-3.7%
Paper total	2,085	-4.4%	179	-5.8%	153	1.2%
Containerboard	2,221	2.0%	219	19.9%	5	-33.7%
Folding box board and others	480	-2.3%	8	20.5%	46	-9.6%
Paperboard total	2,702	1.2%	228	20.0%	51	-12.8%
Paper and paperboard total	4,787	-1.3%	407	7.1%	204	-2.7%

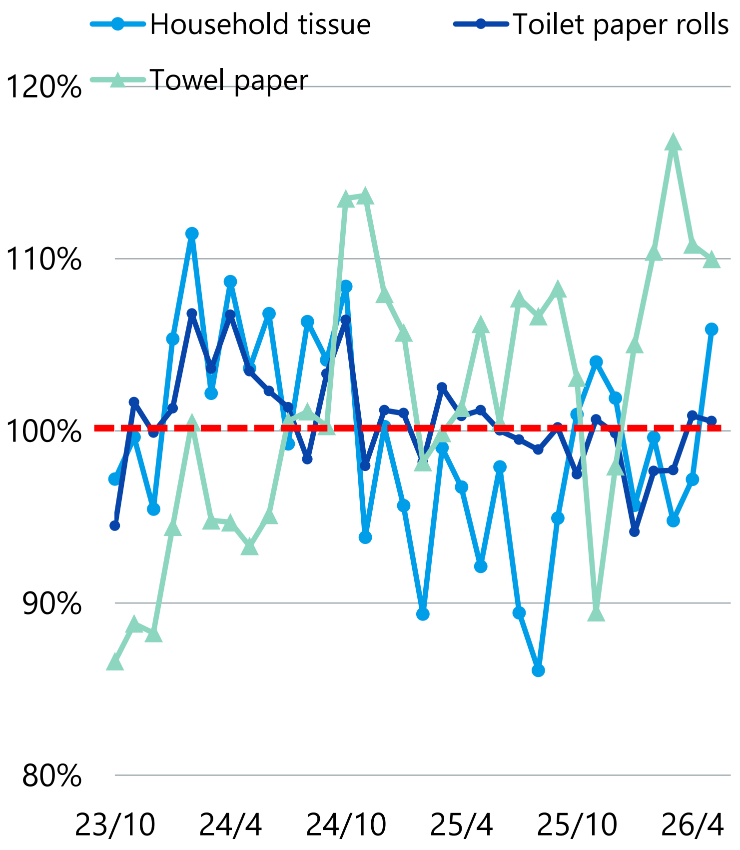
* "Bitoko-shi" paper is included in coated paper.
Source: Japan Paper Association, Current Survey of Production by the Ministry of Economy, Trade Statistics of Japan

Reference (Domestic)

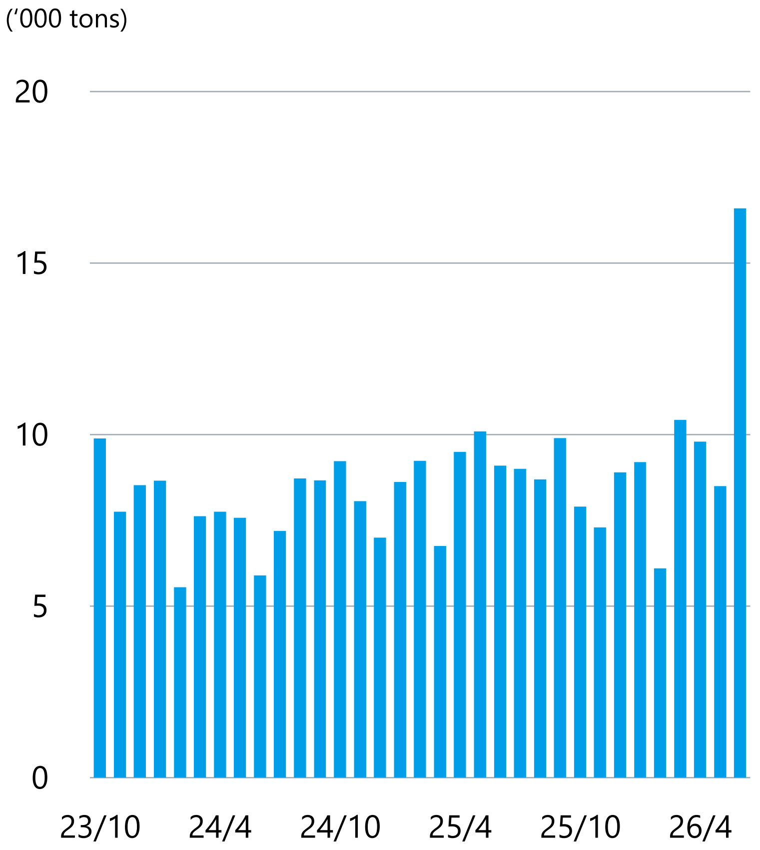
Domestic shipment of paper industry (YOY)



Production of sanitary paper (YOY)



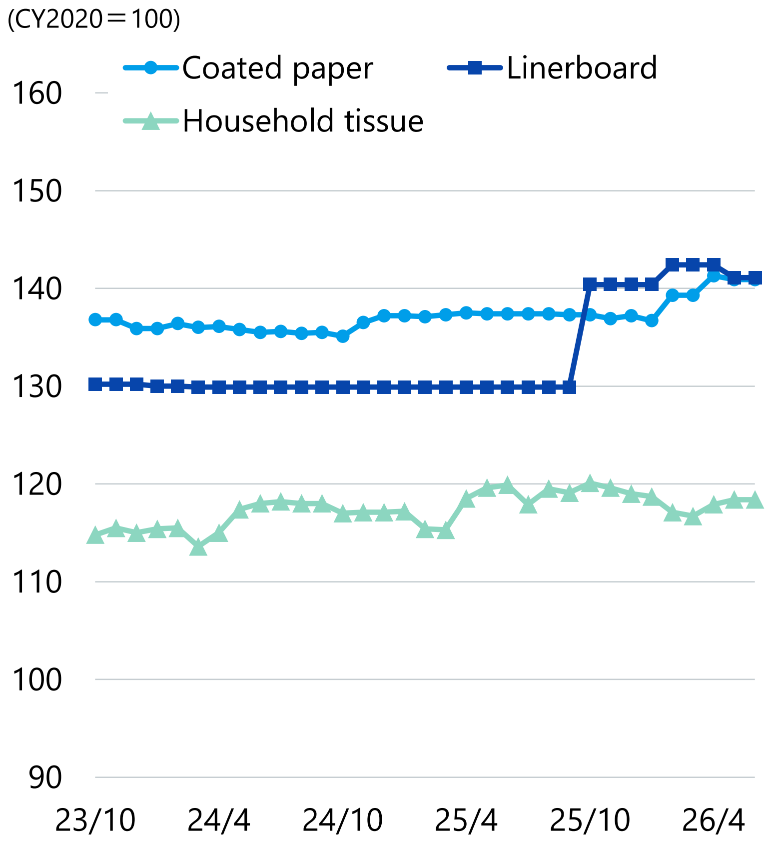
Imports of Coated Paper



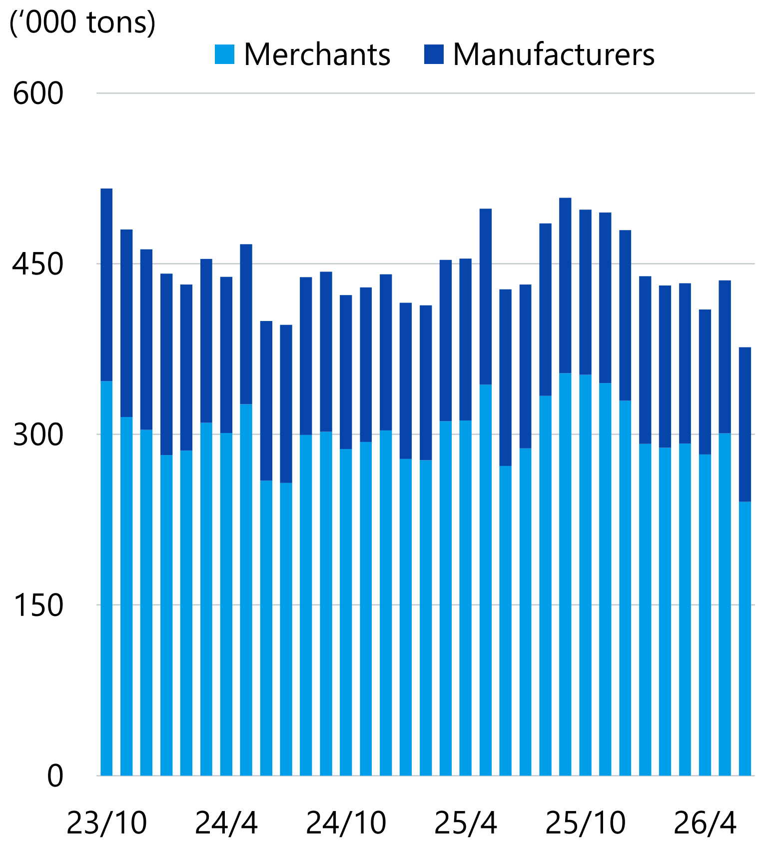
Source: Japan Paper Association, Current Survey of Production by the Ministry of Economy, Trade Statistics of Japan

Reference (Domestic)

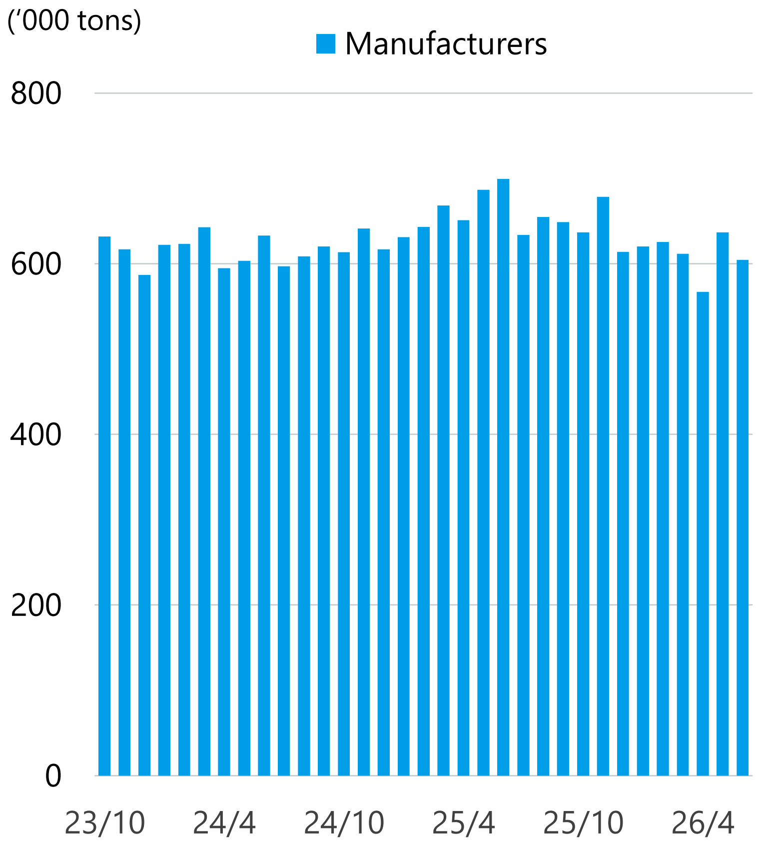
Price trends by products



Coated paper inventory



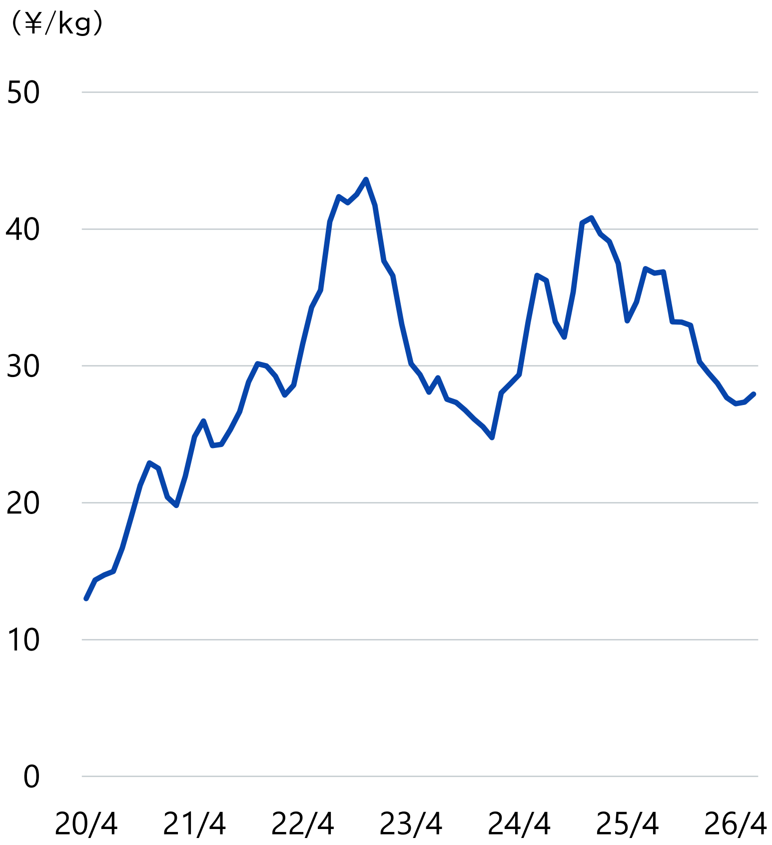
Containerboard inventory



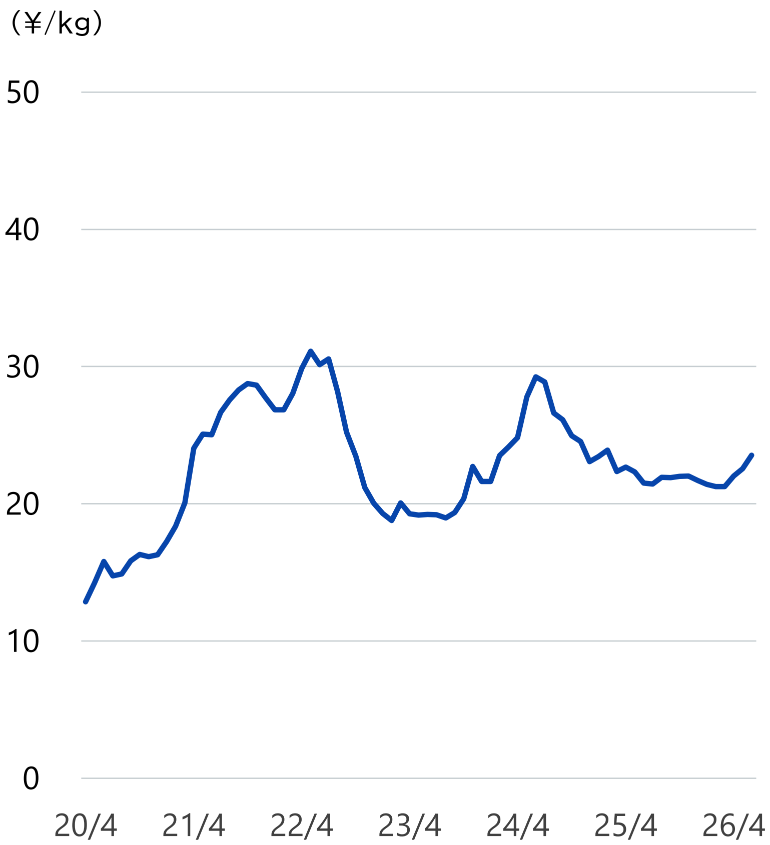
Source: Japan Paper Association, Bank of Japan(Corporate Goods Price Index)

Reference

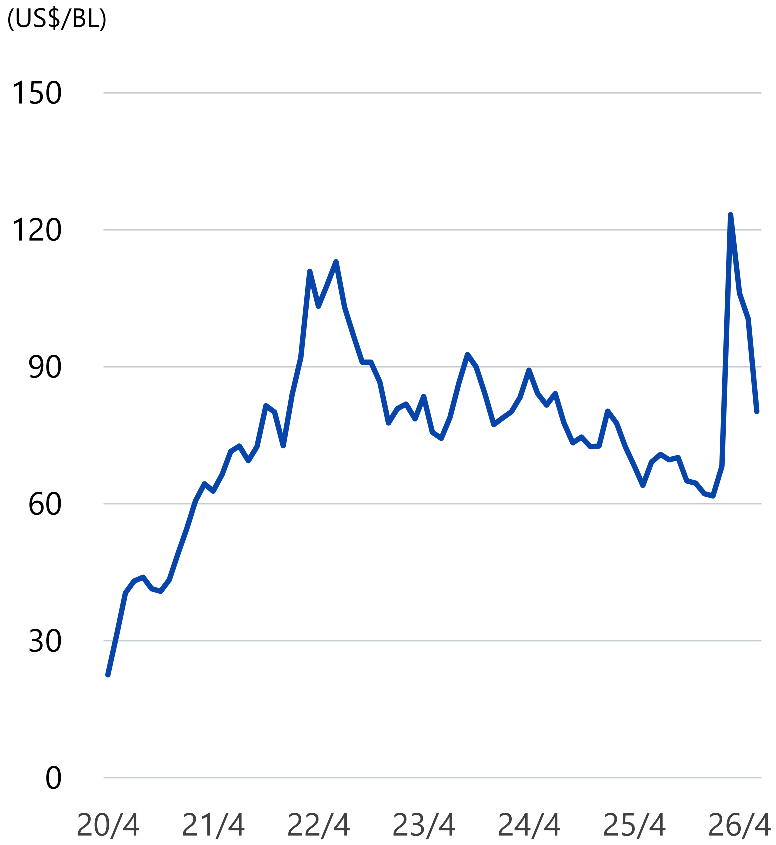
ONP(Export)



OCC (Export)



Crude oil



Source: Wastepaper Revitalization Promotion Centre, Trade Statistics of Japan, Nihon Keizai Shimbun

The NIPPON PAPER GROUP aims to contribute to better living and cultural progress everywhere it does business.

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