

# Event Summary

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[Company Name]	Nippon Paper Industries Co., Ltd.	
[Company ID]	3863-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Q1 Financial Results Briefing for the Fiscal Year Ending March 2026	
[Fiscal Period]	FY2026 Q1	
[Date]	August 6, 2025	
[Time]	17:00 – 17:34 (Total: 34 minutes, Presentation: 10 minutes, Q&A: 24 minutes)	
[Venue]	Webcast	
[Number of Speakers]	Takanori Sano	Executive Officer, and General Manager, Corporate Planning Division
	Hiromichi Matoba	Executive Officer, and General Manager, Financial Division
	Takashi Yamaguchi	General Manager, Corporate Planning Department
	Ryo Koide	General Manager, Accounting and Budgeting Department
	Takuma Inamura	Senior Manager, Corporate Planning Department
	Kazuhisa Kondo	Deputy General Manager, Accounting and Budgeting Department

## 1st Quarter FY2026/3 Financial Results



### Consolidated Statement

(¥billion)

	1Q FY2025/3 Results	1Q FY2026/3 Results	Y on Y changes	
			Amount	%
Net sales	287.0	<b>292.6</b>	5.6	2.0%
Operating income	4.1	<b>5.5</b>	1.4	32.6%
Ordinary income	5.0	<b>5.6</b>	0.6	9.9%
Net income *	-1.1	<b>1.9</b>	3.0	—

\* Profit attributable to owners of parent

- Net sales increased year on year due to growth in sales of Daily-Life Products Business.
- Operating income increased year on year due to improvement in profit at Opal and NDP.

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**Matoba:** I am Matoba from the financial division. Thank you. I would like to present an overview of the financial results of Nippon Paper Industries Co., Ltd. for Q1 of FY2025.

Despite lower export sales volumes of paper and paperboard and lower sales in the Energy Business, sales in the domestic Daily-Life Products Business expanded, as sales from the Crecia Miyagi Mill, which began operations in FY2024, contributed to sales for the entire period. As a result, net sales increased JPY5.6 billion YoY to JPY292.6 billion.

As for profit and loss, operating income increased by JPY1.4 billion from the previous fiscal year to JPY5.5 billion due to improved profitability of Opal and NDP. As for extraordinary gains and losses, a gain on the sale of cross-shareholdings, insurance income, and other items, were recorded as extraordinary gains. On the other hand, the Company recorded extraordinary losses, including a loss on shutdown due to a labor dispute at the Maryvale Mill of Opal. As a result, ordinary income was JPY5.6 billion, and net income was JPY1.9 billion.

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# 1st Quarter FY2026/3 Financial Results



## Results by Segment

(¥billion)

	1Q FY2025/3 Results	Net sales		1Q FY2025/3 Results	Operating income	
		1Q FY2026/3 Results	Y on Y changes		1Q FY2026/3 Results	Y on Y changes
Paper and Paperboard	141.9	<b>138.2</b>	-3.7	2.4	<b>-0.9</b>	-3.3
Daily-Life Products	108.3	<b>116.7</b>	8.4	-2.0	<b>3.0</b>	5.0
Energy	11.5	<b>10.6</b>	-0.9	0.5	<b>0.6</b>	0.1
Wood Products and Construction Related	18.4	<b>19.6</b>	1.2	2.2	<b>3.0</b>	0.8
Others	6.9	<b>7.5</b>	0.6	1.0	<b>-0.2</b>	-1.2
Total	287.0	<b>292.6</b>	5.6	4.1	<b>5.5</b>	1.4
Domestic	222.4	<b>225.3</b>	2.9	8.0	<b>3.4</b>	-4.6
Overseas	64.6	<b>67.3</b>	2.7	-3.9	<b>2.1</b>	6.0

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See the table above for net sales and operating income by segment.

Net sales totaled JPY292.6 billion, with higher sales in the Daily-Life Products Business, Wood Products and Construction-related Business, and other businesses, and lower sales in the Paper and Paperboard Business and Energy Business.

Operating income was JPY5.5 billion, with higher income in the Daily-Life Products Business, Energy Business, and Wood Products and Construction-related Business, and lower income in the Paper and Paperboard Business and Other Businesses. Details will be explained later in the segment results section.

Net sales and operating income are shown separately for domestic and overseas operations, with domestic operations reporting higher sales and lower income, and overseas operations reporting higher sales and higher income.

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## Factors for Changes

(¥billion)

		Paper and Paperboard Business		Daily-Life Products Business	
Volume, Sales Price	1.1	-0.9	—	2.0	—
Raw material and fuel prices	-0.7	-0.2	Wood Chips 0.1, Wastepaper -1.6, Pulp 0.1 Oil -0.2, Coal 1.9, LNG 0.0, Chemicals, etc. -0.5 (Price -2.2, FOREX 2.0)	-0.5	Coal 0.1, Chemicals, etc. -0.6
Cost reductions, etc.	-2.7	-2.5	Cost reductions -0.9, Permanent machines' shutdown at the Shiraoi Mill and the Yatsushiro Mill 0.1 Labor costs -0.6, Logistics costs -1.1	-0.2	Cost reductions 0.3, Labor costs -0.2, Logistics costs -0.3
Others	4.0	0.3	Overseas business -0.5, Depreciation 0.2, Retirement benefit expenses -0.4, Inventory value adjustment, etc. 1.0	3.7	Overseas business 5.6, Inventory value adjustment, etc. -1.9
Total	1.7	-3.3	Domestic business -2.8, Overseas business -0.5	5.0	Domestic business -0.6, Overseas business 5.6
Other businesses	-0.3	Energy 0.1, Wood Products and Construction Related 0.8, Others -1.2			
Operating income	1.4				
Non-operating income	-0.8	Net financial revenue -0.3, Equity in net income of affiliates 0.5, Foreign exchange difference 0.0, Others -1.0			
Ordinary income	0.6				

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The breakdown of the factors for the increase/decrease is as shown above.

The Paper and Paperboard Business reported a decrease of JPY3.3 billion from the previous fiscal year. The volume and sales price decreased by JPY0.9 billion. The decline in export sales volume of paper and paperboard had an impact. Although prices of raw materials and fuels, such as coal, remained stable, costs increased due to higher prices of waste paper, resulting in a JPY0.2 billion decrease in profit.

As for cost reductions, a boiler trouble at the Yatsushiro Mill caused a negative impact, resulting in a decrease in Q1 income. In addition, labor costs and logistics costs, including ocean freight costs, continued to rise, causing an overall decrease in profits of JPY2.5 billion.

As for the Daily-Life Products Business, operating income increased by JPY5 billion YoY. In the domestic business, increased sales volume in package, household paper and healthcare, and chemical, had a positive impact, but this was not enough to cover cost increases in raw material prices, logistics costs, and labor costs, resulting in a YoY decrease in profit. In the overseas business, both Opal and NDP improved their earnings, resulting in a significant increase in profit.

The Energy Business reported an increase of JPY0.1 billion, while the Wood Products and Construction-related Business reported an increase of JPY0.8 billion. The JPY1.2 billion decrease in Others Business is mainly due to adjustments for the elimination of intersegment transactions and other factors.

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## Paper and Paperboard Business

(¥billion)

Net sales			Operating income		
1Q FY2025/3 Results	1Q FY2026/3 Results	Y on Y changes	1Q FY2025/3 Results	1Q FY2026/3 Results	Y on Y changes
141.9	<b>138.2</b>	-3.7	2.4	<b>-0.9</b>	-3.3

- Domestic
  - Sales volume of paper increased year on year due to competitor's withdrawal from paper business.
  - Export sales volume of paper and paperboard decreased year on year due to weak market conditions in Asia, etc.
  - Profits decreased year on year due to increase in labor and logistics cost.
- Overseas
  - Jujo Thermal (JTOy) saw a decline in profit due to the continued slump in demand for thermal paper in the European market.

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I will now explain the results by segment.

First, let me discuss the Paper and Paperboard Business.

Regarding the domestic business, sales volume of graphic paper increased YoY, mainly due to the impact of business withdrawal of a competitor in the industry. On the other hand, export sales volumes of both paper and paperboard were lower than the previous year, mainly due to the softening market conditions in Asia. Profit decreased YoY due to the significant impact of higher labor and logistics costs.

In the overseas business, Jujo Thermal reported a YoY decline in profit due to continued weak demand for thermal paper in the European market. As a result of the above, the Paper and Paperboard Business posted lower sales and profits YoY.

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## Daily-Life Products Business

(¥billion)

	Net sales			Operating income			
	1Q FY2025/3 Results	1Q FY2026/3 Results	Y on Y changes	1Q FY2025/3 Results	1Q FY2026/3 Results	Y on Y changes	
Domestic	52.7	<b>58.5</b>	5.8	3.0	<b>2.4</b>	-0.6	Package -0.3, Chemical 0.0, Household paper and Healthcare -0.3
Overseas	55.6	<b>58.2</b>	2.6	-5.0	<b>0.6</b>	5.6	Opal 3.5, NDP 2.1, TSP 0.0
Total	108.3	<b>116.7</b>	8.4	-2.0	<b>3.0</b>	5.0	

- Domestic
  - Sales volumes of functional film and toilet paper rolls increased.
  - Profits decreased year on year due to increase in raw material prices, labor cost and logistics cost, while net sales increased due to gradual emergence of the effect of product price revisions.
- Overseas
  - Opal saw an increase in profit due to improvements in production unit costs and reductions in fixed costs through personnel optimization at the Maryvale Mill, and price revisions in the packaging business. The impact of labor disputes was recorded almost entirely as extraordinary losses.
  - NDP saw an increase in profits year on year due to stable operations and increased sales volume.

Opal	Volume, Sales Price 1.1, Raw material and fuel prices -0.2, Cost reductions 2.3, Goodwill 0.2, Other 0.1
NDP	Volume, Sales Price 1.3, Raw material and fuel prices -0.8, Fixed costs 0.4, Other 1.2

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Next, I will explain the performance of our Daily-Life Products Business.

In the domestic business, sales volume of functional films and toilet rolls increased. Although the effects of price revisions in package and household paper and healthcare are beginning to emerge, at this point, they have not fully covered the cost increases in raw materials, labor, and logistics costs, resulting in a YoY increase in sales and a decrease in profit.

Among overseas businesses, Opal reported an increase of JPY3.5 billion YoY, mainly due to an improvement in the unit cost of sales by stabilizing operations at the Maryvale Mill, a reduction in fixed costs by personnel optimization, and the effect of price adjustments in the package business. The breakdown is shown in the table. The impact of the labor dispute is mainly higher fixed costs resulting from lower production volume. Almost the entire amount of this loss was recorded as a shutdown loss under extraordinary losses.

NDP in North America booked an increase of JPY2.1 billion YoY as sales volume increased this fiscal year due to continued stable operations, while a cold wave caused operational troubles in the previous fiscal year. The breakdown is shown in the table.

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## 1st Quarter FY2026/3 Financial Results



### Energy Business

(¥billion)

Net sales			Operating income		
1Q FY2025/3 Results	1Q FY2026/3 Results	Y on Y changes	1Q FY2025/3 Results	1Q FY2026/3 Results	Y on Y changes
11.5	<b>10.6</b>	-0.9	0.5	<b>0.6</b>	0.1

• Net sales decreased year on year due to factors such as a decline in power generation volume caused by output curtailment, but progress was generally in line with the plan.

### Wood Products and Construction Related Business

(¥billion)

Net sales			Operating income		
1Q FY2025/3 Results	1Q FY2026/3 Results	Y on Y changes	1Q FY2025/3 Results	1Q FY2026/3 Results	Y on Y changes
18.4	<b>19.6</b>	1.2	2.2	<b>3.0</b>	0.8

• AMCEL's sales in Europe were higher than in the previous year, resulting in increased revenue and profits. However, this increase was due to the timing of shipments, and full-year results are expected to be in line with the plan.

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In the Energy Business, although revenue declined due to decrease in amount of electricity generated as a result of the output curtailment order and other factors, the business generally progressed as planned, resulting in an increase in income YoY.

In the Wood Products and Construction-related Business, both sales and income increased due to higher sales of AMCEL to Europe than the previous fiscal year. However, this is due to vessel allocation, and we expect that it will be almost in line with the plan for the full year.

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## Consolidated Statement

(¥billion)

	FY2025/3 Results	FY2026/3 Forecast	Y on Y changes	
			Amount	%
Net sales	1,182.4	<b>1,205.0</b>	22.6	1.9%
Operating income	19.7	<b>34.0</b>	14.3	72.5%
Ordinary income	15.5	<b>26.0</b>	10.5	67.7%
Net income *	4.5	<b>12.0</b>	7.5	164.4%

\* Profit attributable to owners of parent

■ The financial forecast for FY 2026/3 remains unchanged from what was announced on May 15, 2025.

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There is no change to the full year forecast for FY2025 from the announcement on May 15.

This concludes my presentation on the Q1 financial results summary. Thank you.

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