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February 14, 2025

## Summary of Consolidated Financial Results for the Third Quarter of the Year Ending March 2025 (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 Third Quarter of the Year Ending March 31, 2025 (April 1, 2024 -December 31, 2024)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Nine Months of FY2024	132,655	(8.3)	2,413	(16.3)	2,704	(37.6)	2,401	-
First Nine Months of FY2023	144,669	(6.4)	2,882	-	4,332	563.2	(459)	-
Note: Comprehensive income	First Nine Months of FY2024		¥641 million		First Nine Months of FY2023		¥437 million	

	Profit per share	Diluted profit per share
	Yen	Yen
First Nine Months of FY2024	54.81	-
First Nine Months of FY2023	(10.51)	-

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First Nine Months of FY2024	226,264	91,145	40.3
Year ended March 2024	235,380	90,954	38.6
Note: Shareholders' equity	First Nine Months of FY2024		¥91,129 million
	FY2023		¥90,932 million

### 2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY2023	-	0.00	-	10.00	10.00
FY2024	-	0.00	-		
FY2024(Forecast)				15.00	15.00

Note : Revision to the forecast for dividends announced most recently ... Yes

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025

(April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	180,000	(7.0)	4,500	(16.8)	4,500	(36.6)	4,500	7.9	102.81

Note : Revision to the financial results forecast announced most recently ... Yes

#### 4. Notes

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

Newly included: - (Company name);

Excluded: 8 companies (Company name); KJ SPECIALTY PAPER Co., Ltd. etc.

(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: | Yes  |
| 2) Changes in accounting policies other than 1) above:                         | None |
| 3) Changes in accounting estimates:                                            | Yes  |
| 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 Nine Months of FY2024 44,741,433 shares

FY2023 44,741,433 shares

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

First Nine Months of FY2024 911,059 shares

FY2023 950,850 shares

3) Average number of shares during the period:

First Nine Months of FY2024 43,817,024 shares

First Nine Months of FY2023 43,766,386 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 Quarterly Financial Results for the Period under Review

### (1) Explanation of Operations Results

Looking at the environment surrounding the Group in the nine months ended December 31, 2024, there was a moderate recovery of social and economic activity driven by a turnaround of corporate earnings and in personal consumption and a rebound of inbound tourism demand. At the same time, the economic outlook remained uncertain due to sudden forex market fluctuations, geopolitical risks related to the prolonged war in Ukraine and the situation in the Middle East which have been affecting the prices of raw materials and fuels, increasing the policy uncertainty in developed countries and the slowdown of the Chinese economy due to the real estate recession.

Under these circumstances, the Group took steps to improve productivity and reduce costs, while in terms of sales, it sought to expand sales of new products.

In addition, the Group instituted the following initiatives in line with the basic policy of the Medium-Term Management Plan (for the fiscal year ended March 31, 2023 to the fiscal year ending March 31, 2025) in order to enhance its corporate value.

#### (i) Strengthen our earning capacity by “selection and concentration” strategies and “expansion of new business”

To improve the efficiency of its business, the Company merged subsidiaries on April 1, 2024 and July 1, 2024 and reorganized the Group through the merger of its subsidiaries. The Group will continue to proceed with its organizational transformation to bolster its profitability and strengthen corporate governance. It also decided to discontinue the operation of production equipment at the Kitakami Mill due to their falling operation rate and also discontinue the operation of production equipment at the Takasago Mill due to the aging and deterioration of the equipment. The Group is shifting production to high production efficiency machinery and working to reduce fixed costs and improve production efficiency.

For the next Medium-term Management Plan (FY2026/3-FY2028/3), the Group confirmed its policy of changing direction to seek growth based on increased sales in the functional materials business and a higher income margin. On December 23, 2024, it published a press release that outlined its next medium-term management plan.

#### (ii) Contribution to a green society

Aiming for the sustainable growth of the Group, the medium- to long-term enhancement of its corporate value and contribution to society, the Group is promoting information disclosure in line with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) regarding both the risks and opportunities that climate change poses to its business.

In its activities to maintain and conserve biodiversity, the Company’s Murabi Company Forest in Fukushima was certified as a Nationally Certified Sustainably Managed Natural Site by the Ministry of the Environment. The Company has also joined the 30by30 Alliance for Biodiversity and will continue to create environmental value and contribute to achieving a sustainable global environment.

In terms of the expansion of the sales of environmentally friendly products, the Group’s *barricote* barrier papers were selected for paper packages for paper cutlery. Going forward, the Group will contribute to eliminating and reducing plastic usage and realizing a safe and comfortable green society.

#### (iii) Organizational change to improve sustainability

Under the Mitsubishi Paper Mills Group Basic Sustainability Policy, which was established in April 2023, the Group strives to enhance its corporate value by earning the trust and support of its stakeholders while also helping to address a range of social issues with a view toward realizing a sustainable society. It offered shareholders the chance to participate in the Mitsubishi Paper Mill’s Forest with Nissy & Kassy program, aiming to increase their understanding of the Group’s sustainability efforts through tree planting experiences. Additionally, the Group worked to disclose more detailed information by publishing integrated reports to ensure that all stakeholders understand all of its corporate activities.

The Group renewed its core systems in the previous fiscal year. The Group will continue to push forward with the introduction of digital technologies, improving operational efficiency and increasing work safety while implementing digital transformation initiatives that will enhance corporate value.

Consolidated net sales amounted to 132,655 million yen (down 8.3% year on year) in the first nine months under review.

Consolidated operating income came to 2,413 million yen (down 16.3% year on year) and consolidated ordinary income to 2,704 million yen (down 37.6% year on year) in the first nine months of the fiscal year under review. This was due mainly to the decrease in the volume of sales of sustainable fiber materials to the Japanese market and functional materials for export as well as the sales quantity regarding the business in Germany, although the changes to the Group's organization reduced labor expenses and other costs. Profit attributable to owners of parent was 2,401 million yen.

Operating results by segment are as follows:

(Million yen)

		Net sales			Operating income		
		Nine months ended December 31, 2024	Nine months ending December 31, 2025	Difference (%)	Nine months ended December 31, 2024	Nine months ending December 31, 2025	Change (%)
Reportable Segments	Functional materials	74,046	69,599	(6.0)	2,648	2,509	(5.3)
	Sustainable fiber materials	72,111	64,265	(10.9)	133	39	(70.5)
	Total	146,158	133,864	(8.4)	2,782	2,549	(8.4)
Other		3,875	3,325	(14.2)	129	5	(96.1)
Total		150,033	137,189	(8.6)	2,912	2,554	(12.3)
Adjustment (Note)		(5,364)	(4,534)		(30)	(140)	
Total		144,669	132,655	(8.3)	2,882	2,413	(16.3)

(Note) Adjustment is mainly related to internal transactions.

(Functional materials business)

Sales of thermal paper increased from the previous year in both volume and monetary terms as the Group captured demand in the POS market. In communication paper-related products, both sales volume and value of carbonless paper and PPC paper were below the previous year due to a decline in demand.

Of imaging-related products, sales of products for inkjet printers were below the previous year in both volume and monetary terms due to a decline in demand for products related to image output and printing.

In functional materials-related products, the sales values of separators for power storage devices and glass fiber non-woven fabric increased from the previous year. Sales of tape base paper were solid both in Japan and abroad, exceeding the previous year in both volume and monetary terms. Sales of decorative laminate base paper stayed flat year on year following the dissemination of the price revisions. At the same time, sales of water treatment base materials fell year on year due to the intensifying competition in the Chinese market because of competitors' price offensives. Sales of rewritable media were also lower than in the same period of the preceding fiscal year due to demand dropping amid the slowing economic growth in China.

Sales from the business in Germany declined in both value and volume compared to the previous year, due to the sale of the Flensburg plant and deteriorating market conditions caused by the economic downturn in Europe and the inflow of foreign products.

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

In communication paper-related products, the Group will disseminate its ongoing price revisions and continuously promote the expansion of the sales of thermal paper for use in the POS market and eco-friendly, high value-added products such as FSC-certified PPC paper in a bid to stabilize profits.

For imaging-related products as well, the Group will expand its revision of product prices. It will also strive to increase sales of products for large posters, labels and industrial inkjet printing and continuously expand sales in strong emerging countries in Asia.

In functional materials-related products, the Group aims to increase its market shares by steadily fulfilling customers' quality requirements for water treatment base materials and it will strive to capture the growing demand for industrial products and products for seawater desalination. In separators for power storage devices, the Group will work to expand sales in the condenser market. In tape base paper, the Group will continue to focus on increasing overseas sales, while in decorative laminate base paper and backing paper for wallpaper, it will work to stabilize profits mainly by optimizing the product mix and improving production efficiency.

In the German business, the Group will reform its business structure to stabilize profits, such as further expanding sales outside of

Europe and improving production efficiency.

It came to light that, regarding the heat resistant electrically insulated pressboard products manufactured by Mitsubishi Paper Engineering Co., Ltd., a member of the Group, certain measurement data was falsified and that products were shipped out without implementing certain predetermined inspections. Regarding this incident, a special investigation committee has been established to clarify the entire picture of the incident, analyze causes and prevent reoccurrence.

(Sustainable fiber materials business)

In printing paper, the sales value dropped year on year amid a downward demand trend, although the Group revised product prices in the Japanese market.

Sales of commercial pulp climbed year on year as a result of the dissemination of product price revisions in the Japanese market and the expansion of the sales quantity for export.

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

In addition to the ongoing efforts to increase the penetration of the product price revisions, the Group will continue to work on initiatives to optimize production systems and inventories according to printing paper demand trends and focus on expanding the sales of profitable brands of commercial pulp based on market developments.

In view of the increasing public interest in a sustainable society, the Group will capture demand for wrapping paper with reduced- or zero-plastic content and increase sales of products matched to users' needs. In addition, it will increase its readiness to supply pulp produced solely from Japan-made materials since it has received numerous inquiries regarding this. In addition, the Group will create synergy and seek to reduce costs by restructuring production at the Hachinohe and Kitakami Mills, thereby continuously strengthening the foundation of its business.

## (2) Explanation of Financial Position

Assets at the end of the first nine months under review amounted to 226,264 million yen, down 9,115 million yen from the end of the previous consolidated fiscal year, mainly due to decreases in trade receivables, non-current assets and others.

Total liabilities came to 135,119 million yen, down 9,306 million yen from the end of the previous fiscal year, chiefly attributable to decreases in loans payable and notes and accounts payable - trade.

Net assets came to 91,145 million yen, up 191 million yen from the end of the previous fiscal year, chiefly attributable to a growth in retained earnings.

The equity ratio was 40.3%, up 1.6 percentage points from the end of the previous fiscal year.

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

For full-year consolidated results forecasts, please refer to the "Notice Regarding Revisions to Financial Results Forecast and Dividend Forecast for Fiscal Year Ending March 31, 2025" announced today (February 14, 2025).

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Million yen)

	FY2023 Mar 31,2024	First Nine Months / FY2024 Dec 31,2024
<b>Assets</b>		
Current assets		
Cash and deposits	10,009	12,973
Notes receivable - trade	10,493	7,094
Accounts receivable - trade	37,642	34,129
Merchandise and finished goods	23,092	21,527
Work in process	6,744	6,779
Raw materials and supplies	12,007	13,307
Other	1,981	2,617
Allowance for doubtful accounts	(40)	(44)
<b>Total current assets</b>	<b>101,930</b>	<b>98,384</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,327	16,221
Machinery, equipment and vehicles, net	30,866	27,796
Land	20,317	20,321
Construction in progress	1,018	1,102
Other, net	1,771	1,411
<b>Total property, plant and equipment</b>	<b>71,301</b>	<b>66,853</b>
Intangible assets		
Other	1,954	1,488
<b>Total intangible assets</b>	<b>1,954</b>	<b>1,488</b>
Investments and other assets		
Investment securities	26,376	27,563
Retirement benefit asset	31,680	30,265
Other	2,215	1,781
Allowance for doubtful accounts	(78)	(71)
<b>Total investments and other assets</b>	<b>60,194</b>	<b>59,538</b>
<b>Total non-current assets</b>	<b>133,450</b>	<b>127,880</b>
<b>Total assets</b>	<b>235,380</b>	<b>226,264</b>

(Million yen)

	FY2023 Mar 31,2024	First Nine Months / FY2024 Dec 31,2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	24,779	23,608
Electronically recorded obligations- operating	4,607	4,843
Short-term borrowings	62,026	58,378
Income taxes payable	1,261	1,667
Other	11,596	9,744
Total current liabilities	104,272	98,241
Non-current liabilities		
Long-term borrowings	22,281	20,835
Provision for share awards	114	151
Provision for directors' retirement benefits	36	5
Retirement benefit liability	6,855	5,506
Asset retirement obligations	939	940
Other	9,925	9,438
Total non-current liabilities	40,153	36,877
Total liabilities	144,425	135,119
<b>Net assets</b>		
Shareholders' equity		
Share capital	36,561	36,561
Capital surplus	6,523	6,524
Retained earnings	17,336	19,277
Treasury shares	(416)	(404)
Total shareholders' equity	60,005	61,958
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,399	9,871
Foreign currency translation adjustment	763	638
Remeasurements of defined benefit plans	20,763	18,660
Total accumulated other comprehensive income	30,926	29,170
Non-controlling interests	22	16
Total net assets	90,954	91,145
Total liabilities and net assets	235,380	226,264



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

(Million yen)

	First Nine Months / FY2023 Apr '23 - Dec '23	First Nine Months / FY2024 Apr '24 - Dec '24
Net sales	144,669	132,655
Cost of sales	124,523	114,587
Gross profit	20,145	18,068
Selling, general and administrative expenses	17,263	15,654
Operating profit	2,882	2,413
Non-operating income		
Interest income	6	18
Dividend income	478	475
Share of profit of entities accounted for using equity method	441	436
Foreign exchange gains	949	182
Other	317	241
Total non-operating income	2,192	1,355
Non-operating expenses		
Interest expenses	617	731
Loss on disaster	—	193
Other	125	140
Total non-operating expenses	742	1,065
Ordinary profit	4,332	2,704
Extraordinary income		
Gain on disposal of non-current assets	0	4,030
Gain on termination of retirement benefit plan	—	46
Gain on liquidation of subsidiaries and associates	—	72
Gain on sale of investment securities	690	—
Gain on sale businesses	225	—
Total extraordinary income	916	4,149
Extraordinary losses		
Loss on disposal of non-current assets	144	107
Accident related loss	2,687	—
Impairment losses	309	1,536
Business restructuring costs	850	59
Loss on cancellation of contracts	443	—
Loss on sale of businesses	114	—
Extra retirement payments	35	—
Special investigation related costs	—	191
Other	20	18
Total extraordinary losses	4,607	1,913
Profit before income taxes	641	4,940
Income taxes	1,091	2,543
Profit (loss)	(449)	2,397
Profit (loss) attributable to non-controlling interests	10	(4)
Profit (loss) attributable to owners of parent	(459)	2,401

Consolidated Statements of Comprehensive Income

	(Million yen)	
	First Nine Months / FY2023 Apr '23 - Dec '23	First Nine Months / FY2024 Apr '24 - Dec '24
Profit (loss)	(449)	2,397
Other comprehensive income		
Valuation difference on available-for-sale securities	2,641	471
Foreign currency translation adjustment	(268)	(126)
Remeasurements of defined benefit plans, net of tax	(1,491)	(2,102)
Share of other comprehensive income of entities accounted for using equity method	7	2
Total other comprehensive income	887	(1,755)
Comprehensive income	437	641
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	426	645
Comprehensive income attributable to non-controlling interests	11	(3)