News Release

Japan Credit Rating Agency, Ltd.

26-D-0999
November 9, 2026

Nippon Paper Industries Announces FY2026 Forecast—Limited Impact on the Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the announcement of financial results forecast for the fiscal year ending March 2027 by Nippon Paper Industries Co., Ltd. (security code: 3863).

(1) Nippon Paper Industries Co., Ltd. (the "Company") announced on November 6 its full-year financial results forecast for the fiscal year ending March 2027 (FY2026). It had previously not provided the forecast because of the tank collapse at Nippon Dynawave Packaging Company ("NDP"), a U.S. subsidiary, in May and the damage to the Yatsushiro Mill caused by the Kumamoto Earthquake in July. According to the recently announced forecast, the Company now expects 5 billion yen in operating loss and 40 billion yen in loss attributable to owners of parent, as opposed to 25 billion yen in operating profit and 10 billion yen in profit attributable to owners of parent as per the May 2026 forecast. The deterioration in operating income is attributable to a decline in earnings from the overseas business, including the suspension of operations at NDP. Net loss is primarily due to the recognition of losses related to the NDP incident, losses related to the Kumamoto Earthquake and business restructuring expenses including those associated with the reform of Paper Australia Pty Ltd.

(2) Equity capital as of the end of the second quarter of FY2026 was 523.5 billion yen, providing a certain degree of loss-absorbing capacity. Moreover, the Company sold the shares of equity-method affiliate LINTEC Corporation during the second quarter and secured approximately 95 billion yen in funds. Therefore, JCR assumes that losses, as far as disclosed as of now, will have only a limited impact on the Company's creditworthiness. As regards the Yatsushiro Mill, the Company has decided to terminate graphic paper and pulp production; however, as it has already been pursuing a strategy of consolidating graphic paper production sites, JCR concludes that the decision has a minor impact on the earnings base of the Nippon Paper Group as a whole. Meanwhile, NDP is gradually resuming operations and aims to restart pulp production facilities in December. That said, the impact of incident-related litigation and regulatory investigations cannot be reasonably estimated at this stage and is thus not factored into the latest forecast. JCR will monitor future developments and assess their impact on earnings and finances.

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<Reference>
Issuer: Nippon Paper Industries Co., Ltd.
Long-term Issuer Rating: A- Outlook: Stable

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