September 7, 2026

To: All concerned parties

Company Name:	Nippon Paper Industries Co., Ltd.
	(Stock Code: 3863, Prime, TSE)
Representative:	Akira Sebe
	President and Representative Director
Contact Person:	Kenji Nagaya
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Notice Concerning the Recognition of an Extraordinary Loss Resulting from the Temporary Suspension of Business at a Hungarian Consolidated Subsidiary

Nippon Paper Industries Co., Ltd. ("the Company") announced that it has decided today to temporarily suspend the business of Nippon Paper Chemicals Europe Zrt. ("NPCE"), its consolidated subsidiary in Hungary. As a result, the Company expects to recognize an extraordinary loss for the expenses associated with the temporary suspension of business.

1. Reasons for the Temporary Suspension of Business

In its Medium-Term Business Plan 2030 announced on May 28, 2026, the Company set forth three basic strategies: balance sheet optimization, decisive structural reforms, and profitability improvement. Under these strategies, the Company is working to improve capital efficiency and achieve sustainable growth.

NPCE was established in Hungary in 2022 to produce and sell CMC (carboxymethyl cellulose, product name: SUNROSE MAC®) for lithium-ion batteries ("LiBs") used in electric vehicles ("EV"), and began local production in 2025.

However, around the time local production started, the external environment surrounding the EV market has grown increasingly challenging, with successive reviews of environmental regulations by countries in Europe and North America, changes in policies to promote EV adoption, and revisions to subsidy systems. Together with the slowing growth of the EV market in those regions, this has left NPCE facing fiercer competition than ever before on a global scale.

The Company has worked to develop new customers for NPCE while strengthening its cost competitiveness. However, with changes in the market environment that were difficult to anticipate, under current conditions, securing stable earnings for the time being is likely to prove difficult, and returns commensurate with the investment can no longer be expected. Accordingly, under the basic strategies set out in the Medium-Term Business Plan 2030, the Company has decided to temporarily suspend the business of NPCE in order to prevent the further losses and deterioration in cash flows that continued operation would entail.

The Company will consolidate production of CMC at its Gotsu Mill in Japan and strengthen its competitiveness by improving production efficiency. It will also continue to implement the initiatives set out in the Medium-Term Business Plan 2030, thus enhancing the corporate value of the Nippon Paper Group.

2. Overview of the Consolidated Subsidiary

<table>
<tr><td>(1) Name</td><td colspan="2">Nippon Paper Chemicals Europe Zrt.</td></tr>
<tr><td>(2) Location</td><td colspan="2">Harasztipuszta 17, Vácrátót, Hungary</td></tr>
<tr><td>(3) Title and name of representative</td><td colspan="2">Yuji Kikkawa, Managing Director</td></tr>
<tr><td>(4) Description of business</td><td colspan="2">Production and sale of CMC for LiBs (SUNROSE MAC®)</td></tr>
<tr><td>(5) Share capital</td><td colspan="2">14 million euros</td></tr>
<tr><td>(6) Date of establishment</td><td colspan="2">September 27, 2022</td></tr>
<tr><td>(7) Number of employees</td><td colspan="2">24 (as of August 31, 2026)</td></tr>
<tr><td>(8) Major shareholders and ownership ratios</td><td colspan="2">Nippon Paper Industries Co., Ltd.: 100%</td></tr>
<tr><td rowspan="4">(9) Relationship between the Company and said company</td><td>Capital relationship</td><td>The Company holds 100% of the voting rights of the said company.</td></tr>
<tr><td>Personnel relationship</td><td>Two employees of the Company serve as local officers of the said company.</td></tr>
<tr><td>Business relationship</td><td>There is an agreement concerning debt guarantees and other matters.</td></tr>
<tr><td>Related party relationship</td><td>The said company is a consolidated subsidiary of the Company.</td></tr>
<tr><td>(10) Net sales</td><td colspan="2">74,000 euros (year ended December 31, 2025)</td></tr>
<tr><td>(11) Operating income</td><td colspan="2">-5,981,000 euros (year ended December 31, 2025)</td></tr>
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3. Date of Temporary Suspension of Business

December 31, 2026

4. Impact on Operating Performance

The Company expects to recognize an extraordinary loss of approximately 5.0 billion yen, including an impairment loss on non-current assets, for the fiscal year ending March 31, 2027. This amount is only a current estimate and may change through the subsequent closing process. The Company is currently assessing the impact of this matter and other factors on its consolidated financial results forecast for the same fiscal year, and will promptly announce any new matters that require disclosure.