



Financial Results Briefing Materials for the Fiscal Year Ended March 2026

Hokuetsu Corporation

Overview of Financial Results for the Fiscal Year Ended March 2026

- ◆ Net sales and operating profit declined year-on-year due to the global softening of pulp market conditions, a decline in domestic demand for paper, and a weakening export market.
- ◆ Operating profit fell slightly short of the forecast, as positive factors such as operational efficiency and raw material and fuel costs could not fully offset the negative impact of selling prices, but this slight downward trend was generally in line with expectations.
- ◆ Ordinary profit and subsequent items exceeded forecasts due to an increase in the share of profit of entities accounted for using the equity method.

Unit: Millions of yen

	2025/3	2026/3	Change	% Change
Net Sales	305,718	287,736	−17,981	−5.9%
Operating Profit	19,727	7,539	−12,188	−61.8%
Ordinary Profit	18,759	11,271	−7,487	−39.9%
Net Income Attributable to Owners of Parent Company	15,529	7,299	−8,230	−53.0%

Results by Segment for the Fiscal Year Ended March 2026

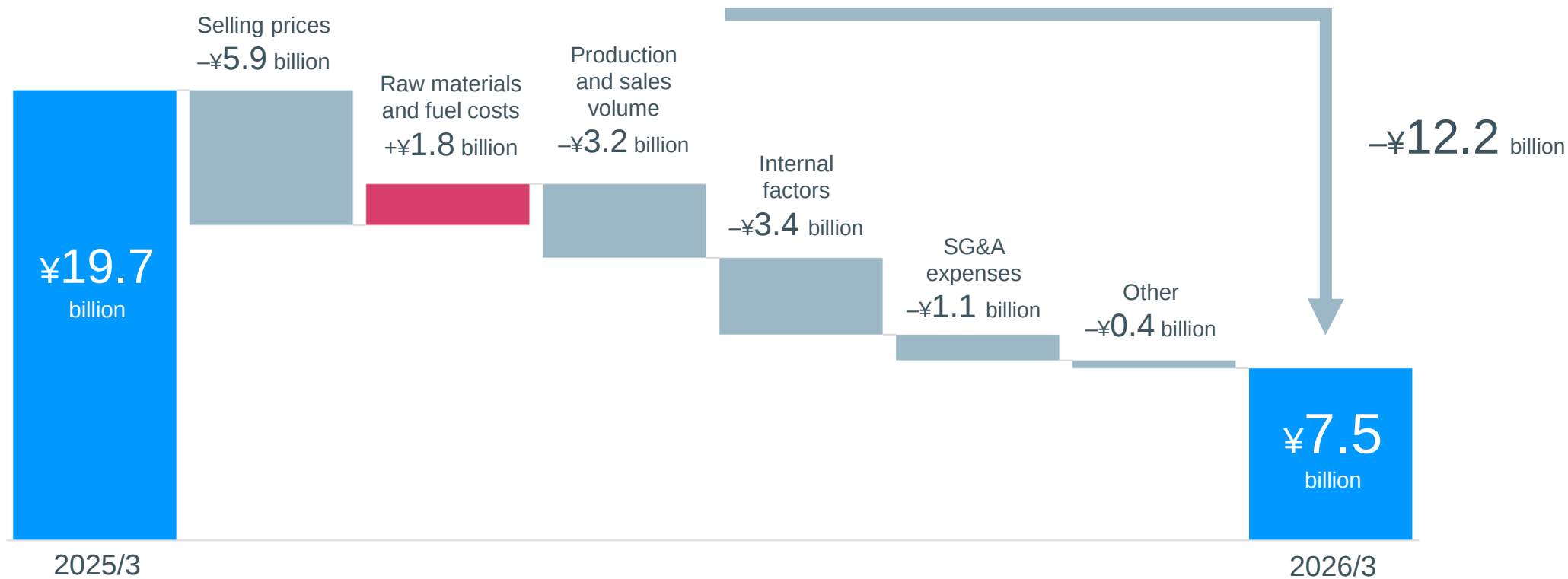
Unit: Millions of yen

	2025/3		2026/3		Change		% Change	
	<u>Net Sales</u>	<u>Operating Profit</u>	<u>Net Sales</u>	<u>Operating Profit</u>	<u>Net Sales</u>	<u>Operating Profit</u>	<u>Net Sales</u>	<u>Operating Profit</u>
Paper and Pulp Business	280,243	18,251	261,384	5,963	−18,858	−12,287	−6.7%	−67.3%
Packaging and Paper Processing Business	16,655	228	17,437	558	781	329	4.7%	144.0%
Other Segments, etc.	8,818	1,247	8,914	1,017	95	−230	1.1%	−18.4%
Total	305,718	19,727	287,736	7,539	−17,981	−12,188	−5.9%	−61.8%

Consolidated Sales Results for the Fiscal Year Ended March 2026

	2025/3			2026/3			Change			% Change	
	Volume (Thousands of tons)	Average Unit Price (¥/kg)	Amount (Billions of yen)	Volume (Thousands of tons)	Average Unit Price (¥/kg)	Amount (Billions of yen)	Volume (Thousands of tons)	Average Unit Price (¥/kg)	Amount (Billions of yen)	Volume	Amount
Paper	1,041	139.0	144.7	1,007	137.8	138.8	−34	−1.1	−5.9	−3.3%	−4.1%
Paperboard	370	113.3	41.9	368	114.8	42.3	−1	1.5	0.4	−0.4%	0.9%
Pulp	678	102.2	69.4	623	92.3	57.5	−56	−9.9	−11.9	−8.2%	−17.1%
Performance Materials			15.9			16.4			0.5		2.9%
Packaging and Paper Processing Business			16.7			17.4			0.8		4.7%

Factors Contributing to Changes in Consolidated Operating Profit Year-on-Year



Selling prices

Paper	-¥1.6 billion
Paperboard	+¥0.5 billion
Pulp	-¥4.8 billion

Raw materials and fuel costs

Woodchips	+¥1.3 billion
Fuel	+¥0.5 billion
Pulp	+¥0.3 billion
Chemicals	-¥0.1 billion
Waste paper	-¥0.1 billion

Production and sales volume

Paper	-¥1.1 billion
Paperboard	+¥0.1 billion
Pulp	-¥1.9 billion
Sale of electricity	-¥0.2 billion

	2025/3	2026/3
Foreign exchange	¥153/\$	¥151/\$
Dubai Crude	USD 79/bbl	USD 72/bbl
Depreciation	¥13.1 billion	¥13.8 billion
Capital Expenditure	¥19.4 billion	¥19.5 billion

Consolidated Balance Sheet

Unit: Billions of yen

	2025/3	2026/3	Change	Main Factors for Change
Cash and deposits	27.6	30.1	2.5	
Trade receivables	77.1	76.0	-1.1	
Inventories	69.5	76.0	6.5	Merchandise and finished goods +2.5, Raw materials and supplies +3.9
Other current assets	5.3	7.2	1.9	
Property, plant and equipment and intangible assets	125.2	131.8	6.6	Capital expenditure +19.5, Depreciation -13.8
Investments and other assets	114.2	99.5	-14.7	Decrease due to sale of Daio Paper shares -14.0
Total assets	418.9	420.6	1.7	
Trade payables	32.4	30.6	-1.8	
Interest-bearing debt	89.0	97.4	8.4	Bonds payable +15.0, Short-term borrowings -7.2
Other liabilities	31.7	39.9	8.2	Deferred tax liabilities +6.5
Total liabilities	153.0	167.8	14.8	
Total net assets	265.9	252.7	-13.1	Acquisition of treasury shares -11.0

Overview of Earnings Forecast for the Fiscal Year Ending March 2027

- ◆ For net sales, while domestic demand for paper continues to decline, we project a year-on-year increase in revenue driven by increased export sales as well as higher prices and sales volumes resulting from the recovery of the pulp market.
- ◆ Operating profit is expected to decline, reflecting margin pressure due to the anticipated impact of the situation in the Middle East.
- ◆ Ordinary profit and subsequent items will be negatively impacted by the exclusion of Daio Paper from application of the equity method, but for net income attributable to owners of parent company, this will be partially offset by a reduced corporate tax burden accompanying the decrease in profit.
- ◆ Dividends are planned to be ¥26 per share, the same amount as the fiscal year ended March 2026.

Unit: Millions of yen

	2026/3 Results	2027/3 Forecast	Change	% Change
Net Sales	287,736	305,000	17,263	6.0%
Operating Profit	7,539	3,000	−4,539	−60.2%
Ordinary Profit	11,271	4,000	−7,271	−64.5%
Net Income Attributable to Owners of Parent Company	7,299	5,000	−2,299	−31.5%

Earnings Forecast by Segment for the Fiscal Year Ending March 2027

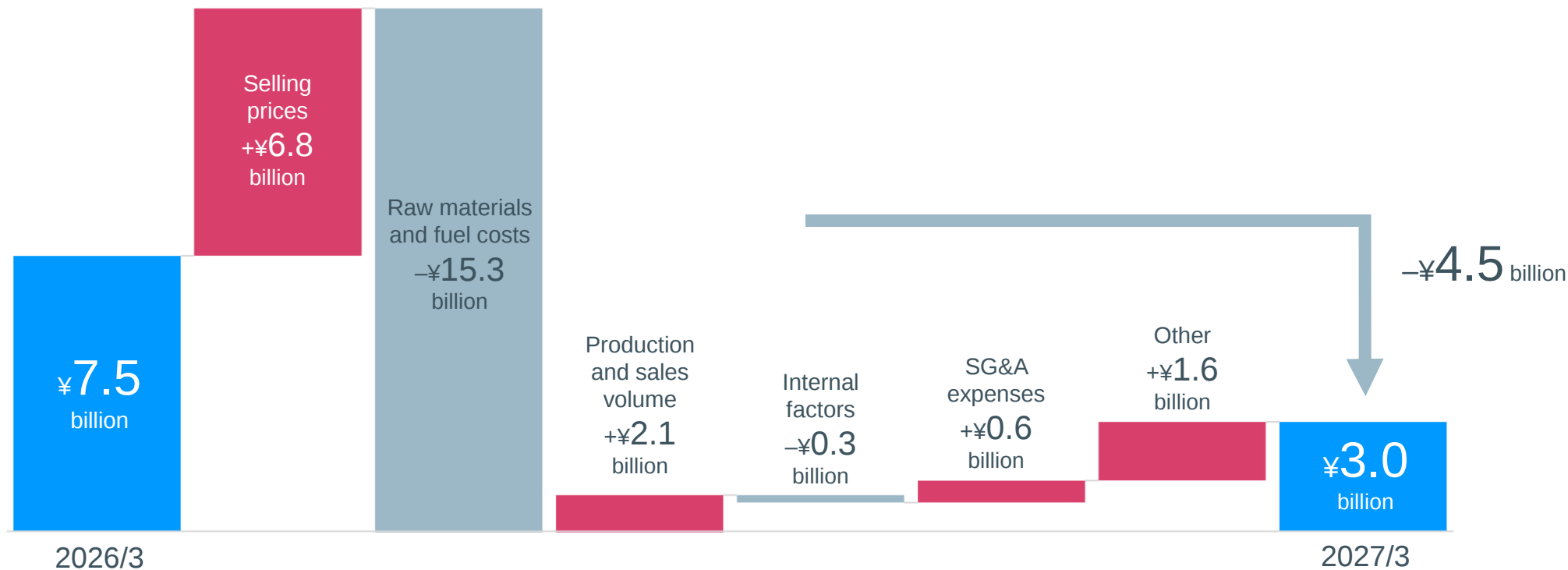
Unit: Millions of yen

	2026/3 Results		2027/3 Forecast		Change		% Change	
	Net Sales	Operating Profit	Net Sales	Operating Profit	Net Sales	Operating Profit	Net Sales	Operating Profit
Paper and Pulp Business	261,384	5,963	278,000	2,100	16,615	−3,863	6.4%	−64.8%
Packaging and Paper Processing Business	17,437	558	18,000	100	562	−458	3.2%	−82.1%
Other Segments, etc.	8,914	1,017	9,000	800	85	−217	1.0%	−21.4%
Total	287,736	7,539	305,000	3,000	17,263	−4,539	6.0%	−60.2%

Consolidated Sales Plan for the Fiscal Year Ending March 2027

	2026/3 Results			2027/3 Forecast			Change			% Change	
	Volume (Thousands of tons)	Average Unit Price (¥/kg)	Amount (Billions of yen)	Volume (Thousands of tons)	Average Unit Price (¥/kg)	Amount (Billions of yen)	Volume (Thousands of tons)	Average Unit Price (¥/kg)	Amount (Billions of yen)	Volume	Amount
Paper	1,007	137.8	138.8	1,032	139.0	143.5	25	1.2	4.7	2.5%	3.4%
Paperboard	368	114.8	42.3	375	120.0	45.0	7	5.2	2.7	1.9%	6.5%
Pulp	623	92.3	57.5	680	102.9	69.9	57	10.6	12.4	9.1%	21.6%
Performance Materials			16.4			17.7			1.4		8.3%
Packaging and Paper Processing Business			17.4			18.0			0.6		3.2%

Factors Contributing to Changes in Consolidated Operating Profit Forecast Year-on-Year for the Fiscal Year Ending March 2027



Selling prices

Paper	+¥3.3 billion
Paperboard	+¥2.2 billion
Pulp	+¥1.1 billion

Raw materials and fuel costs

Woodchips	-¥7.7 billion
Fuel	-¥4.5 billion
Chemicals	-¥2.7 billion
Pulp	-¥0.1 billion
Waste paper	±¥0.0 billion

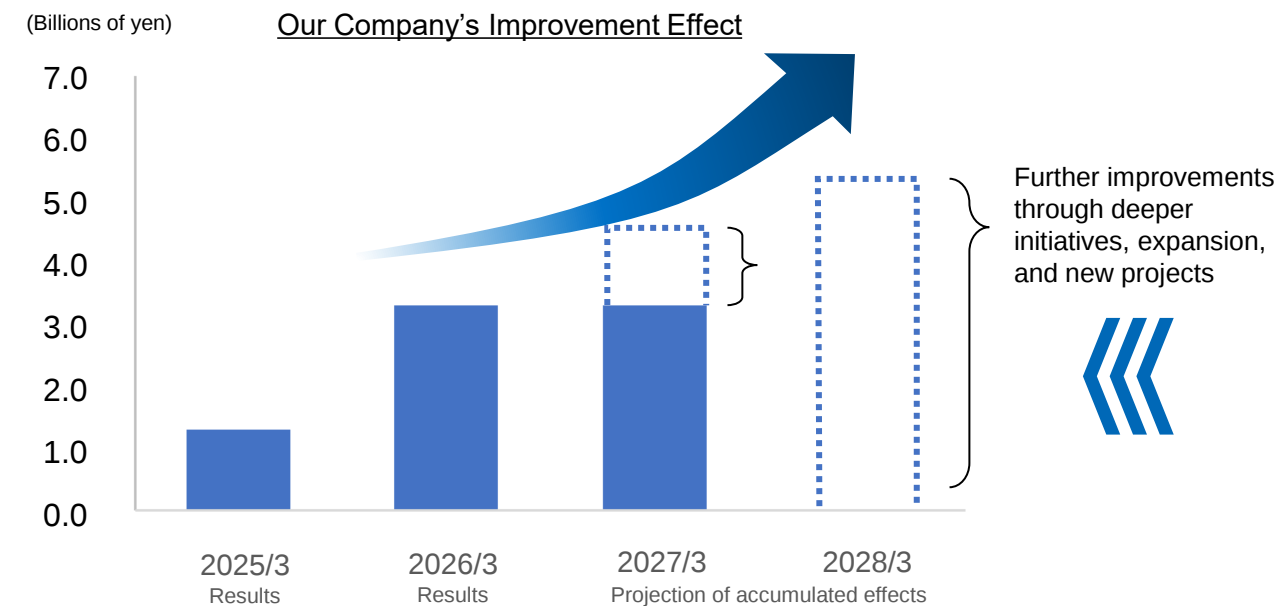
Production and sales volume

Paper	+¥0.1 billion
Paperboard	±¥0.0 billion
Pulp	+¥2.0 billion
Sale of electricity	+¥0.1 billion

	2026/3	2027/3
Foreign exchange	¥151/\$	¥160/\$
Dubai Crude	USD 72/bbl	USD 90/bbl
Depreciation	¥13.8 billion	¥15.0 billion
Capital Expenditure	¥19.5 billion	¥23.0 billion

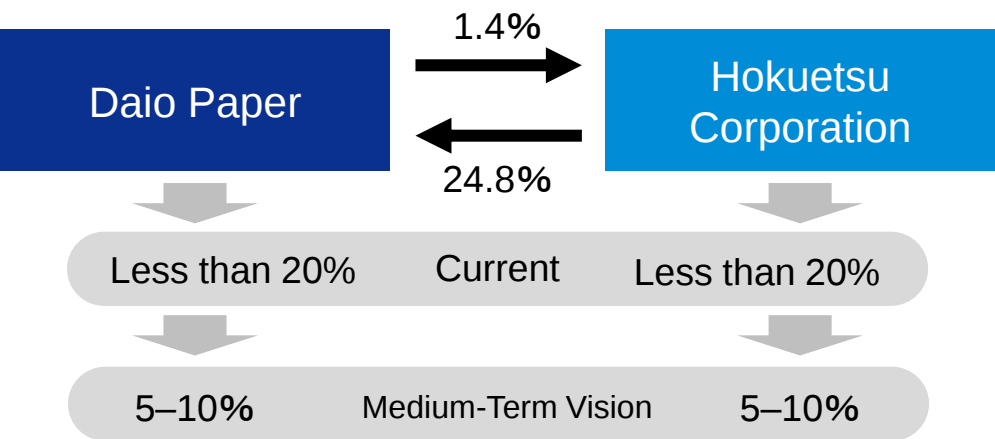
Results to Date

- ◆ Regular scheduling and route expansion of round-trip transportation between mutual bases
- ◆ Mutual use of chip carriers
- ◆ OEM production (coated paper, etc.)
- ◆ Joint purchasing of chemicals, etc.
- ◆ Reduction of equipment failures causing production losses through improved maintenance technology
- ◆ Information sharing on the utilization of AI and DX, etc.



Strengthening the Strategic Business Alliance

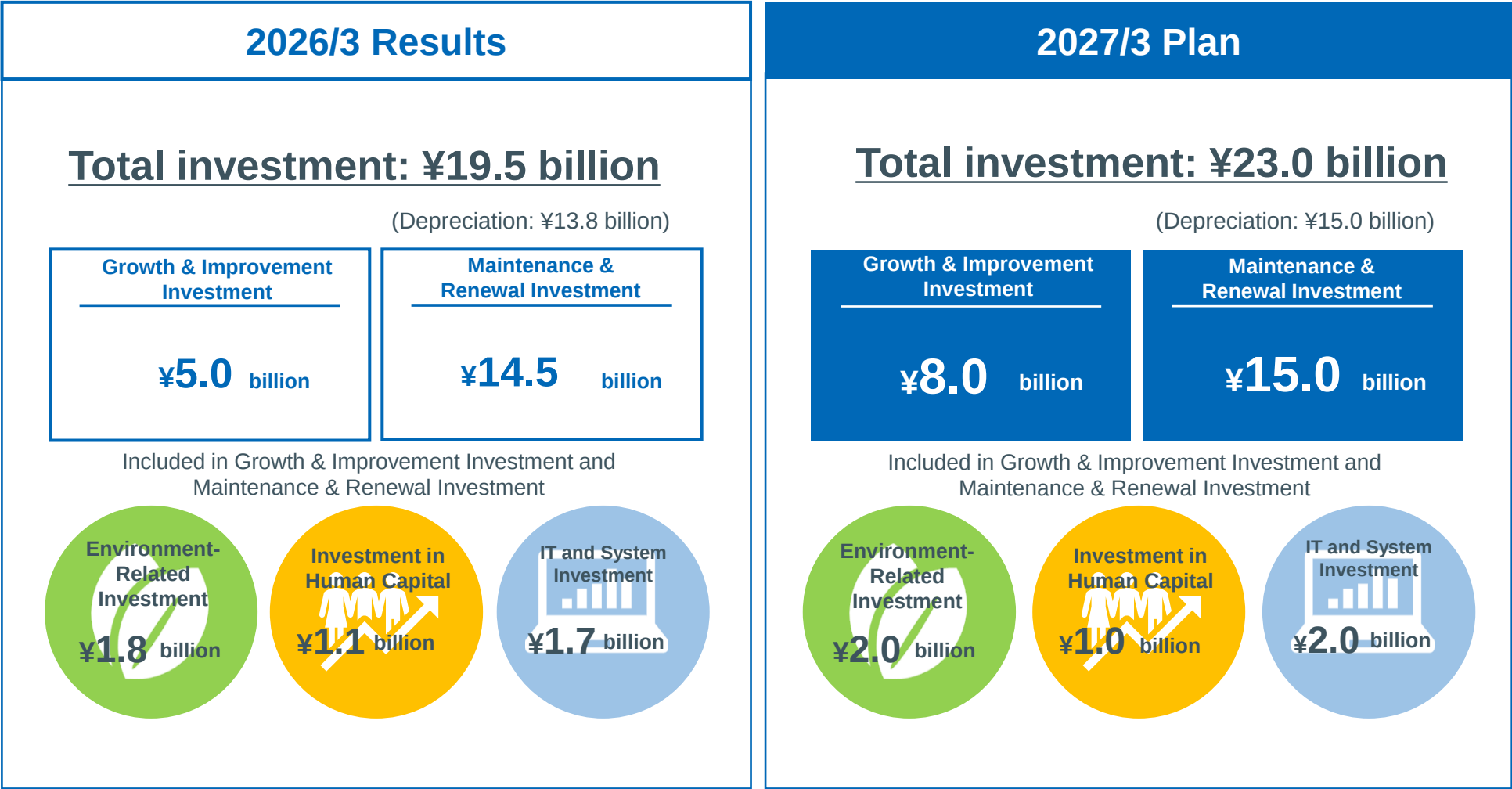
Capital relationship between the two companies



Exploring new initiatives by strengthening the business alliance

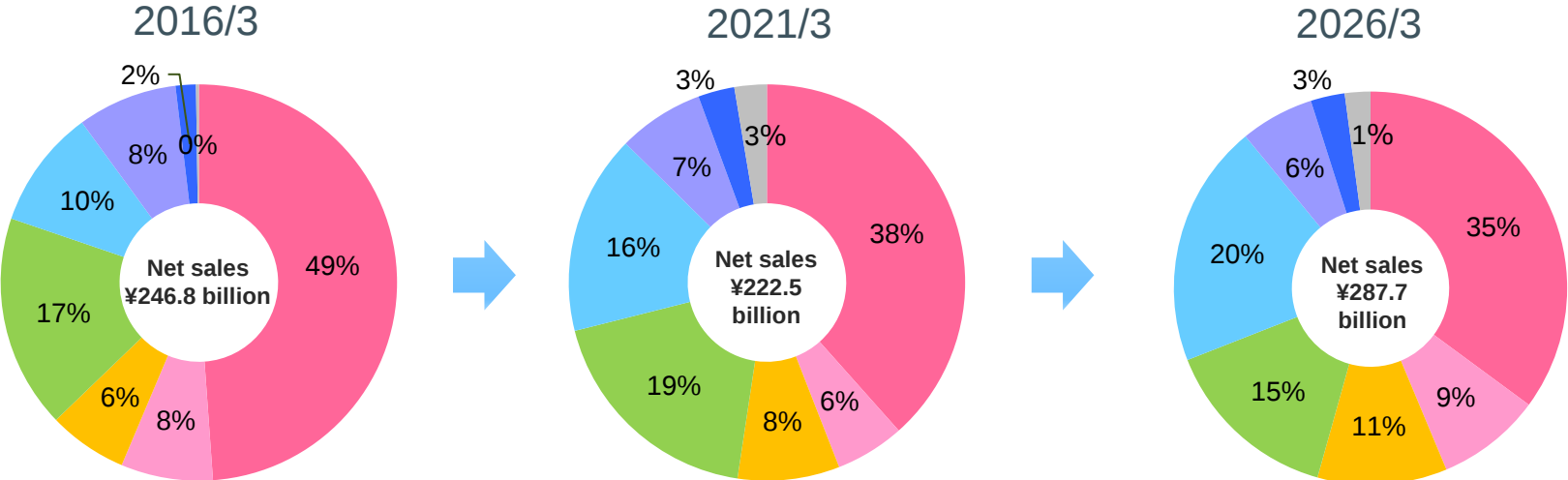
- ◆ Further route expansion of round-trip transportation
- ◆ Mutual use of ship allocation systems for chip carriers of both companies
- ◆ Maximization of OEM benefits (facility consolidation/integration, etc.)
- ◆ Furthering cost reductions in manufacturing processes and boilers
- ◆ Utilization of maritime and railway transportation
- ◆ Expansion of business alliance fields

Reference Materials

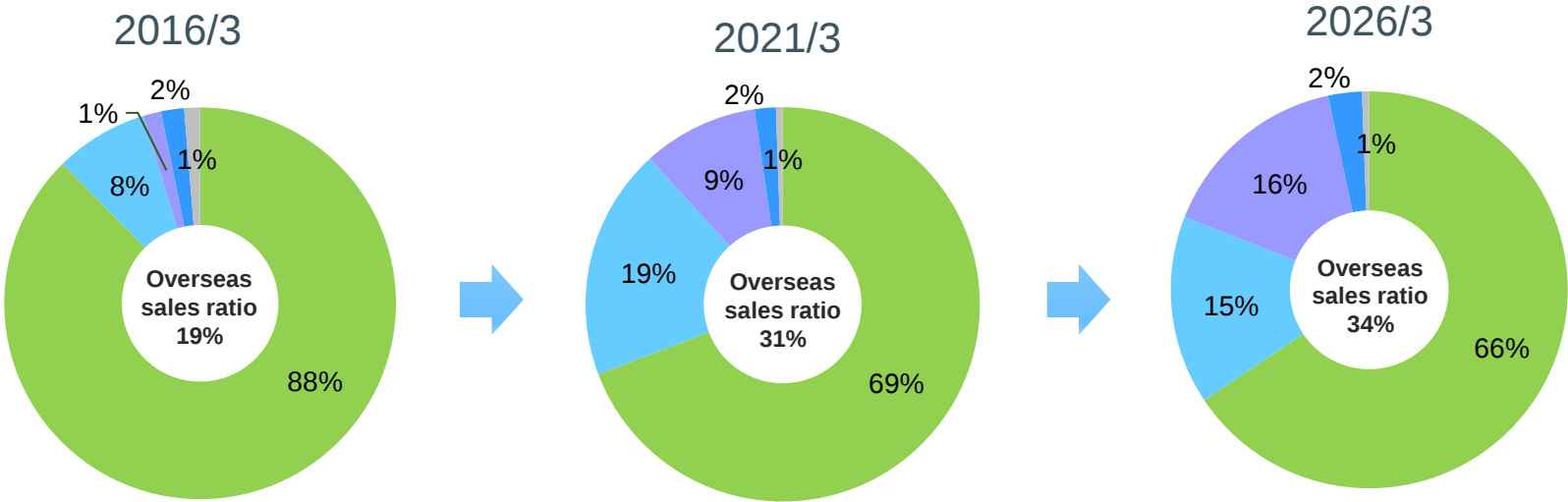


Sales Portfolio (2016/3 – 2026/3)

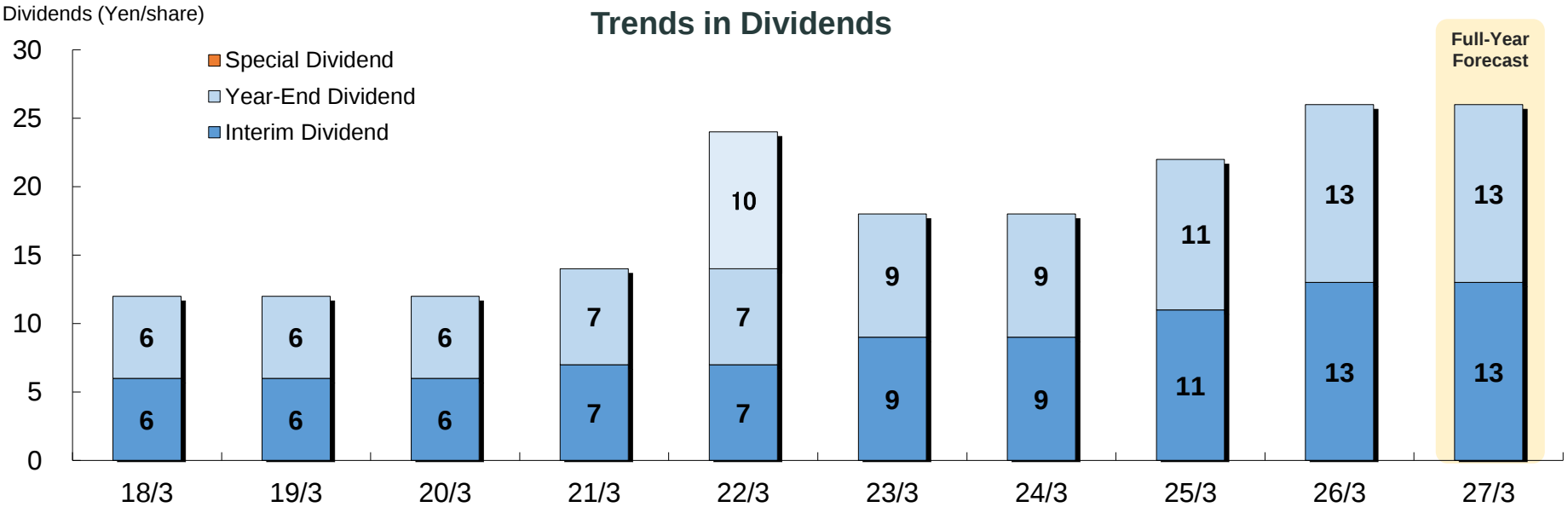
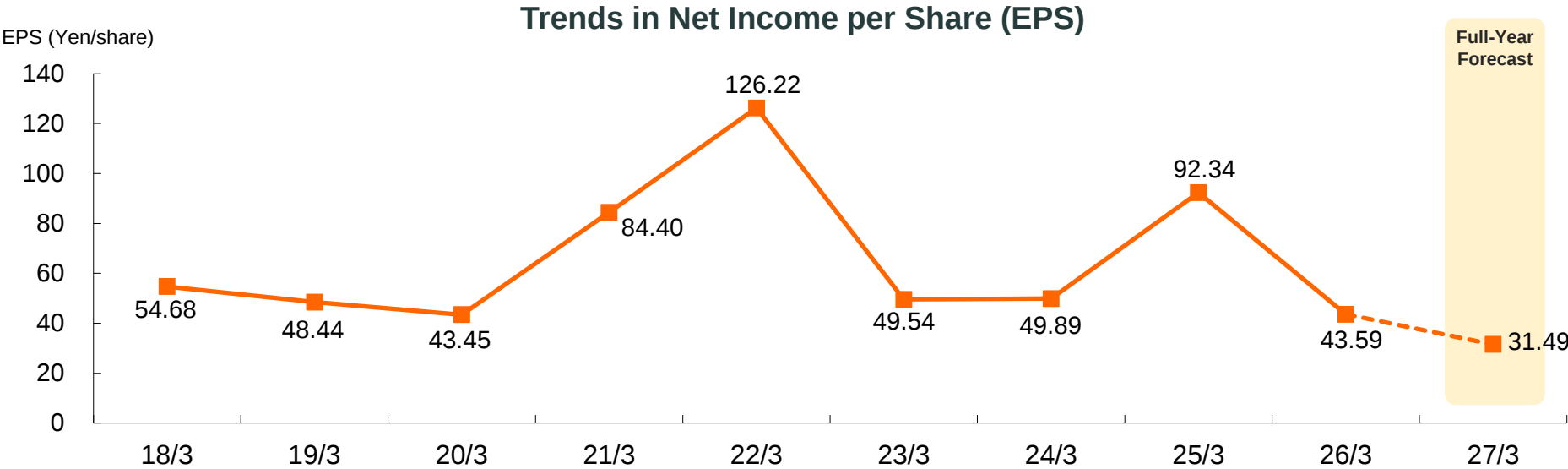
Net Sales Composition by Product



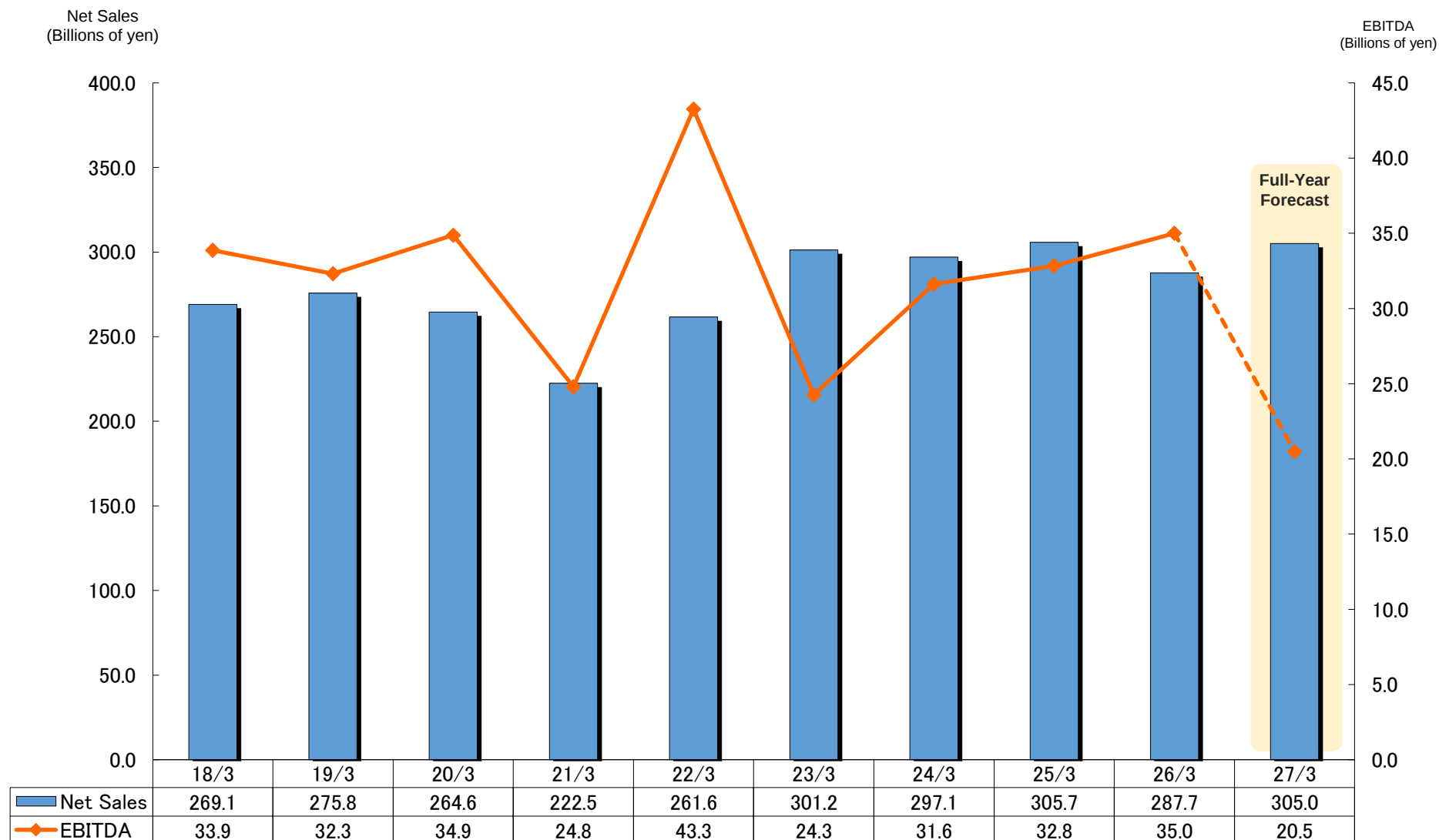
Net Sales Composition by Market



* This classification differs from the breakdown of earnings by segment.

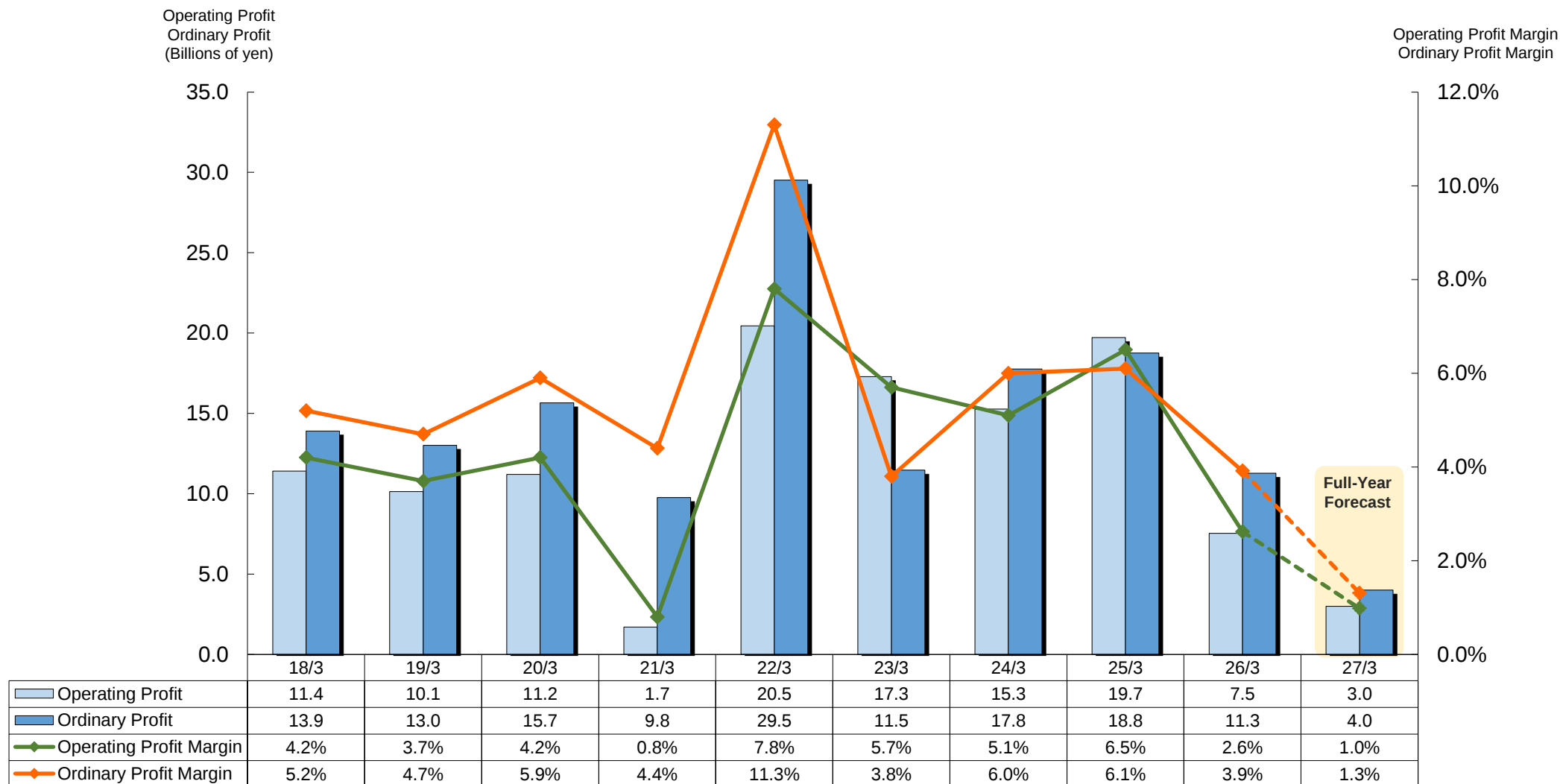


Trends in Consolidated Results (Net Sales and EBITDA)

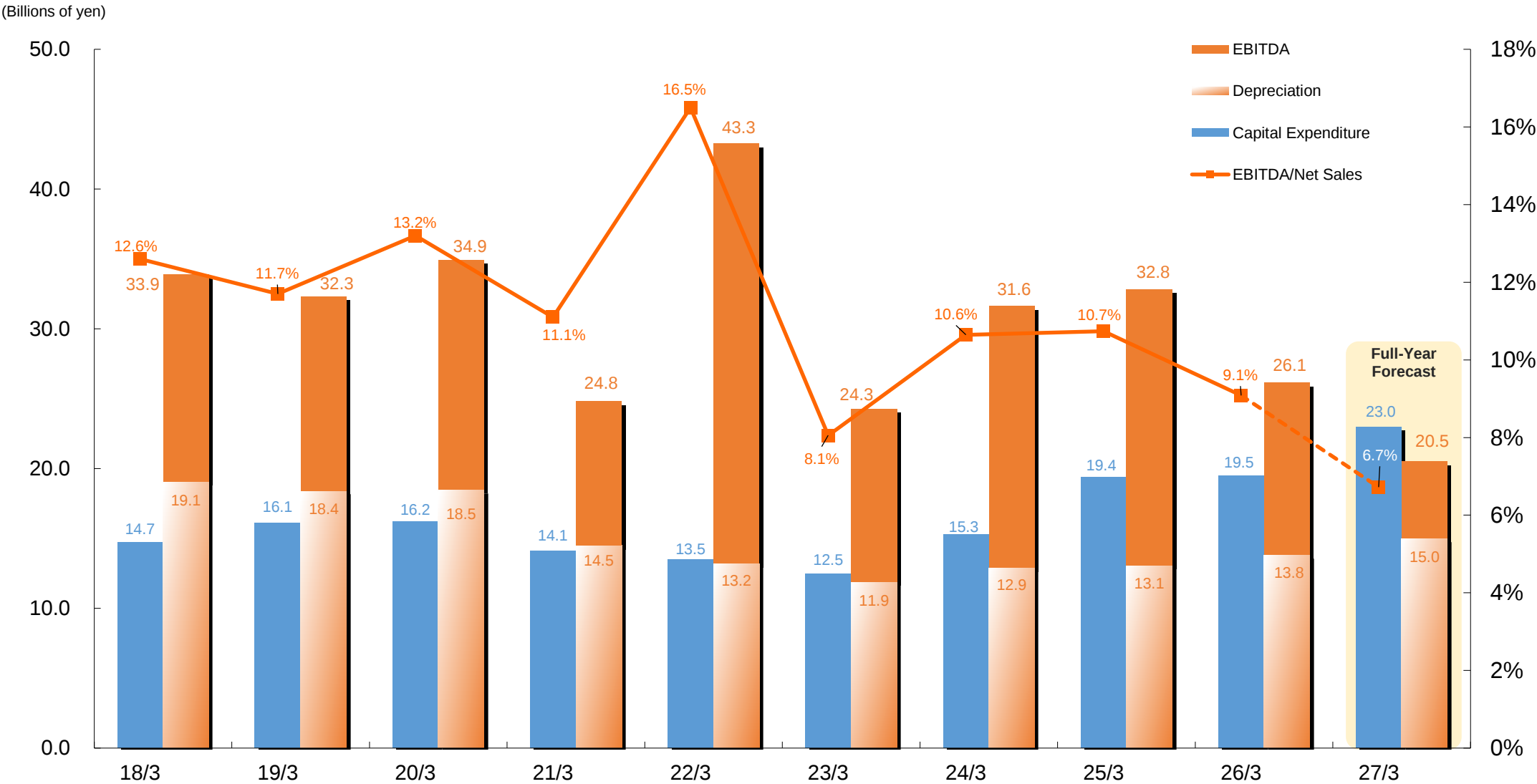


EBITDA = Ordinary Profit + Interest expenses + Depreciation + Amortization of goodwill – Amortization of negative goodwill

Trends in Consolidated Results (Operating Profit, Ordinary Profit, Operating Profit Margin, Ordinary Profit Margin)



Trends in Capital Expenditure and EBITDA



EBITDA = Ordinary Profit + Interest expenses + Depreciation + Amortization of goodwill – Amortization of negative goodwill

Trends in Key Consolidated Indicators

(Unit: Millions of yen)

	FY2017 (18/3)	FY2018 (19/3)	FY2019 (20/3)	FY2020 (21/3)	FY2021 (22/3)	FY2022 (23/3)	FY2023 (24/3)	FY2024 (25/3)	FY2025 (26/3)	FY2026 Full-Year Forecast
Net Sales	269,099	275,807	264,618	222,454	261,616	301,204	297,056	305,718	287,736	305,000
Operating Profit	11,414	10,130	11,208	1,701	20,455	17,288	15,267	19,727	7,539	3,000
(Operating Profit Margin)	(4.2%)	(3.7%)	(4.2%)	(0.8%)	(7.8%)	(5.7%)	(5.1%)	(6.5%)	(2.6%)	(1.0%)
Ordinary Profit	13,907	13,015	15,652	9,756	29,514	11,471	17,757	18,759	11,271	4,000
(Ordinary Profit Margin)	(5.2%)	(4.7%)	(5.9%)	(4.4%)	(11.3%)	(3.8%)	(6.0%)	(6.1%)	(3.9%)	(1.3%)
Net Income Attributable to Owners of Parent Company	10,327	9,155	8,072	14,172	21,206	8,325	8,387	15,529	7,299	5,000
EPS (Yen)	54.68	48.44	43.45	84.40	126.22	49.54	49.89	92.34	43.59	31.49
ROE	5.6%	4.8%	4.3%	7.6%	10.3%	3.8%	3.5%	6.0%	2.8%	2.0%
ROA (Ordinary Profit)	3.8%	3.5%	4.4%	2.8%	8.0%	3.0%	4.4%	4.5%	2.7%	0.9%
Net D/E Ratio (times)	0.49	0.49	0.47	0.43	0.32	0.38	0.33	0.23	0.27	0.29
Interest-Bearing Debt	108,240	109,725	106,832	113,991	99,088	103,725	104,362	88,972	97,350	99,000
Depreciation	19,065	18,390	18,450	14,482	13,213	11,854	12,864	13,142	13,833	15,000
EBITDA	33,868	32,311	34,881	24,799	43,253	24,262	31,617	32,834	26,142	20,500

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Inquiries regarding these materials

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