Financial Results Briefing Materials for the Six Months Ended September 30, 2026

Hokuetsu Corporation

Overview of Financial Results for the Six Months Ended September 30, 2026

- Net sales increased year-on-year mainly due to paper and paperboard price revisions in Japan and rising export prices that reflect the impact of exchange rate fluctuations.
- Operating profit declined year-on-year mainly due to soaring raw materials and fuel costs and a decline in pulp selling prices.
- Ordinary profit also declined year-on-year.
- Interim dividend was ¥13 per share, the same amount as initially planned.

Unit: Millions of yen

	2026/3 1H	2027/3 1H	Change	% Change
Net Sales	139,787	**147,564**	7,776	5.6%
Operating Profit	2,019	**–1,442**	–3,461	-
Ordinary Profit	3,006	**–405**	–3,411	-
Net Income Attributable to Owners of Parent Company	2,375	**654**	–1,721	–72.5%

Change from Earnings Forecast to Financial Results

Operating Profit

Previous Forecast (2026/5/15)	**–¥1.0 billion**	Forecast: FX ¥160/$ Dubai crude USD 100/bbl		
			Main Factors	
–¥0.4 billion	**Selling prices**	**¥0.5 billion**	Paper	¥0.2 billion
			Pulp	¥0.3 billion
	Raw materials and fuel costs	**–¥0.1 billion**	Woodchips	–¥0.6 billion
	Production and sales volume	**–¥0.5 billion**	Paper	–¥0.1 billion
			White paperboard	–¥0.1 billion
	Other factors	**–¥0.3 billion**	Internal factors	–¥1.1 billion
Results (2026/11/13)	**–¥1.4 billion**	Results: FX ¥160/$ Dubai crude USD 94/bbl		

Results by Segment for the Six Months Ended September 30, 2026

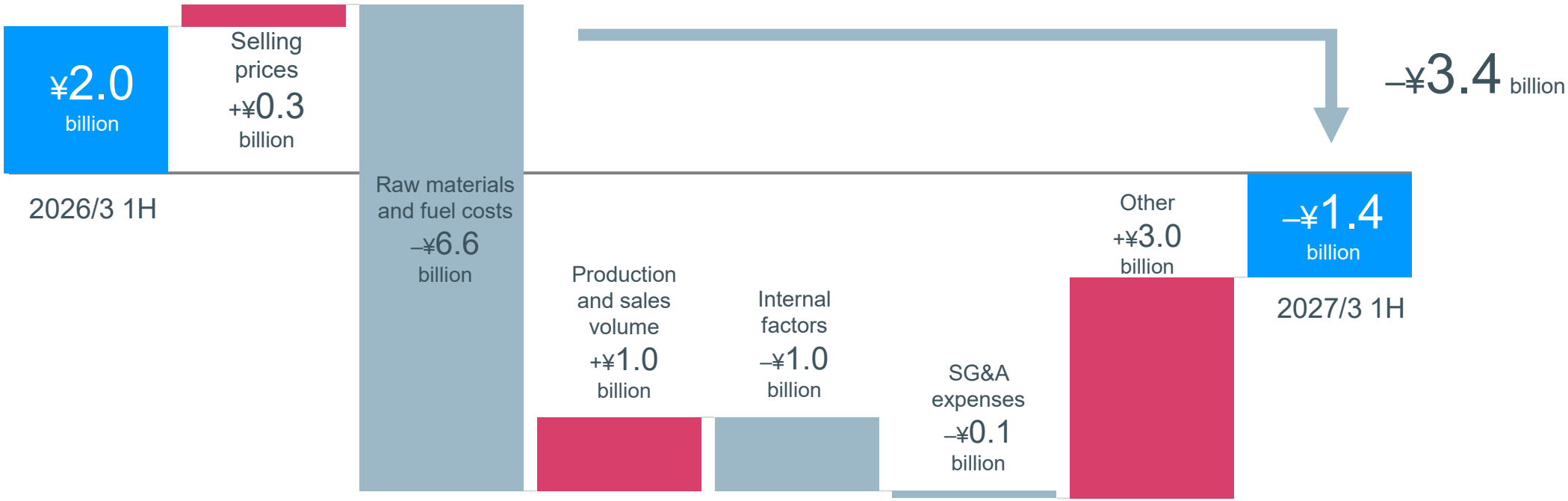
Unit: Millions of yen

	2026/3 1H		2027/3 1H		Change		% Change	
	Net Sales	Operating Profit	**Net Sales**	**Operating Profit**	Net Sales	Operating Profit	Net Sales	Operating Profit
Paper and Pulp Business	126,264	1,144	**133,213**	**–2,079**	6,949	–3,223	5.5%	-
Packaging and Paper Processing Business	8,840	233	**9,181**	**191**	341	–42	3.9%	–18.0%
Wood Material Business	2,436	202	**2,584**	**181**	148	–20	6.1%	–10.3%
Other Segments, etc.	2,246	439	**2,584**	**264**	337	–175	15.0%	–39.8%
Total	139,787	2,019	**147,564**	**–1,442**	7,776	–3,461	5.6%	-

Consolidated Sales Results for the Six Months Ended September 30, 2026

	2026/3 1H			2027/3 1H			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	482	138.2	66.7	**484**	**142.4**	**68.9**	2	4.2	2.2	0.3%	3.4%
Paperboard	178	113.1	20.1	**178**	**121.8**	**21.7**	1	8.8	1.6	0.4%	8.1%
Pulp	301	97.0	29.2	**320**	**96.0**	**30.7**	19	−1.0	1.5	6.2%	5.1%
Performance Materials			8.5			**9.5**			1.0		12.0%
Packaging and Paper Processing Business			8.8			**9.2**			0.3		3.9%

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



Selling prices

Paper	+¥1.8 billion
Paperboard	+¥1.4 billion
Pulp	−¥2.8 billion

Raw materials and fuel costs

Woodchips	−¥4.9 billion
Fuel	−¥0.7 billion
Chemicals	−¥1.0 billion
Pulp	+¥0.1 billion
Waste paper	+¥0.1 billion

Production and sales volume

Paper	+¥0.2 billion
Paperboard	±¥0.0 billion
Pulp	+¥0.8 billion
Sale of electricity	+¥0.2 billion

	2026/3 1H	2027/3 1H
Foreign Exchange	¥146/$	¥160/$
Dubai Crude	USD 69/bbl	USD 94/bbl
Depreciation	¥6.8 billion	¥7.2 billion
Capital Expenditure	¥9.0 billion	¥10.2 billion

Overview of Earnings Forecast for the Fiscal Year Ending March 2027

- No changes have been made to the full-year forecast.
- Net sales are expected to increase year-on-year due to paper and paperboard price revisions in Japan and rising export prices that reflect the impact of exchange rate fluctuations.
- Operating profit is expected to decline, reflecting soaring raw materials and fuel costs, which are partly due to the situation in the Middle East.
- Ordinary profit and subsequent items are expected to decline mainly due to the decline in operating profit.
- As for dividends, there is no change to the initial plan, and dividends are planned to be ¥26 per share, the same amount as in 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%

Change from the Previous Earnings Forecast to the Revised Earnings Forecast

Operating Profit

Previous Forecast (2026/5/15)	**¥3.0 billion**	Assumptions: FX ¥160/$ Dubai crude USD 90/bbl		
			Main Factors	
±¥0.0 billion	**Selling prices**	**¥3.6 billion**	Paper	¥4.0 billion
	Raw materials and fuel costs	**–¥2.5 billion**	Woodchips	–¥1.9 billion
	Production and sales volume	**¥0.5 billion**	Paper	¥0.7 billion
	Other factors	**–¥1.6 billion**	Internal factors	–¥1.7 billion
Revised Forecast (2026/11/13)	**¥3.0 billion**	Assumptions: FX ¥160/$ Dubai crude USD 97/bbl		

(2H Assumptions: FX ¥160/$ Dubai crude USD 100/bbl)

Earnings Forecast by Segment for the Fiscal Year Ending March 2027

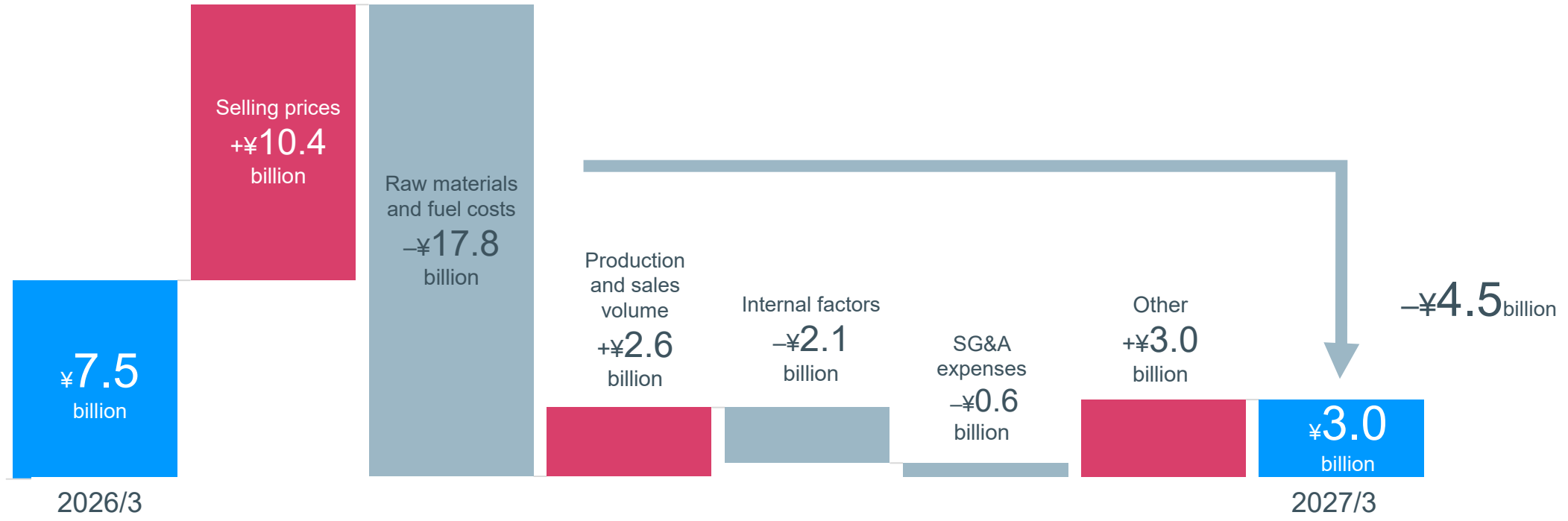
Unit: Millions of yen

	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	**275,000**	**1,400**	13,615	–4,563	5.2%	–76.5%
Packaging and Paper Processing Business	17,437	558	**18,000**	**600**	562	41	3.2%	7.5%
Wood Material Business	4,615	311	**5,000**	**300**	384	–11	8.3%	–3.6
Other Segments, etc.	4,299	706	**7,000**	**700**	2,700	–6	62.8%	–0.9%
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	**1,030**	**145.5**	**149.8**	23	7.7	11.0	2.3%	7.9%
Paperboard	368	114.8	42.3	**368**	**122.4**	**45.1**	0	7.6	2.8	0.0%	6.6%
Pulp	623	92.3	57.5	**679**	**99.4**	**67.5**	56	7.1	10.0	9.0%	17.3%
Performance Materials			16.4			**17.9**			1.6		9.6%
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	+¥7.3 billion
Paperboard	+¥2.4 billion
Pulp	+¥0.6 billion

Raw materials and fuel costs

Woodchips	−¥9.6 billion
Fuel	−¥4.2 billion
Chemicals	−¥3.6 billion
Pulp	+¥0.1 billion
Waste paper	±¥0.0 billion

Production and sales volume

Paper	+¥0.8 billion
Paperboard	±¥0.0 billion
Pulp	+¥1.9 billion
Sale of electricity	+¥0.1 billion

	2026/3	2027/3
Foreign Exchange	¥151/$	¥160/$
Dubai Crude	USD 72/bbl	USD 97/bbl
Depreciation	¥13.8 billion	¥15.0 billion
Capital Expenditure	¥19.5 billion	¥22.0 billion

Reference Materials

HOKUETSU GROUP

ZERO CO_2 2050

Capital Expenditure

HOKUETSUGROUP
ZERO CO_2 2050™

2027/3 1H Results

Total investment: ¥10.2 billion

(Depreciation: ¥7.2 billion)

Growth & Improvement Investment	Maintenance & Renewal Investment
¥1.6 billion	¥8.6 billion

Included in Growth & Improvement Investment and Maintenance & Renewal Investment



2027/3 Plan

Total investment: ¥22.0 billion

(Depreciation: ¥15.0 billion)

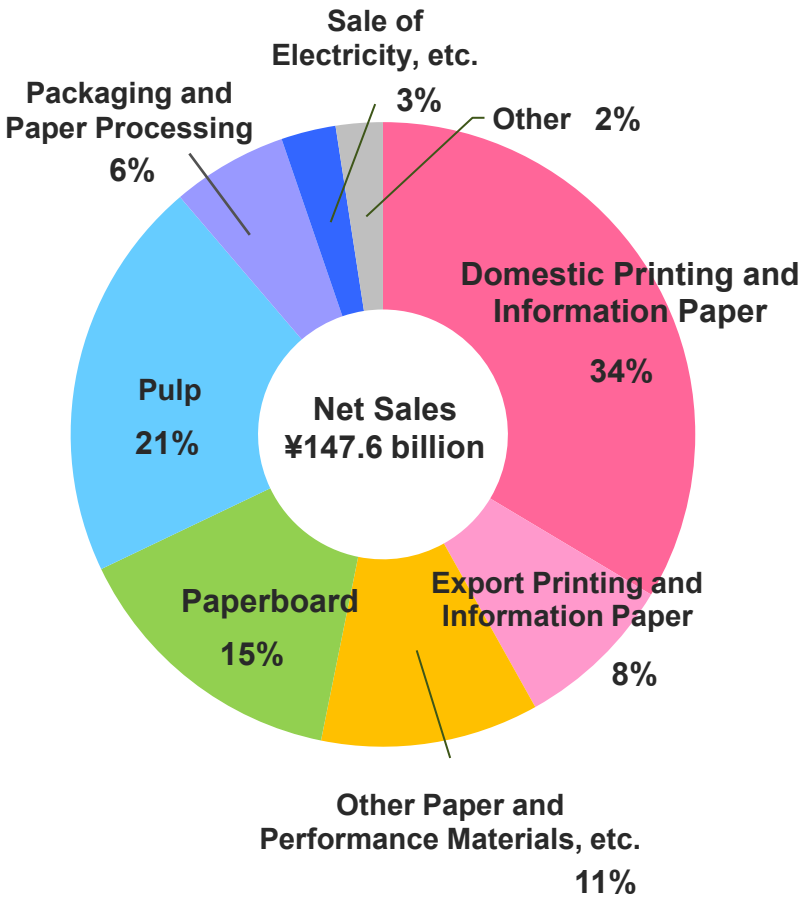
Growth & Improvement Investment	Maintenance & Renewal Investment
¥7.0 billion	¥15.0 billion

Included in Growth & Improvement Investment and Maintenance & Renewal Investment

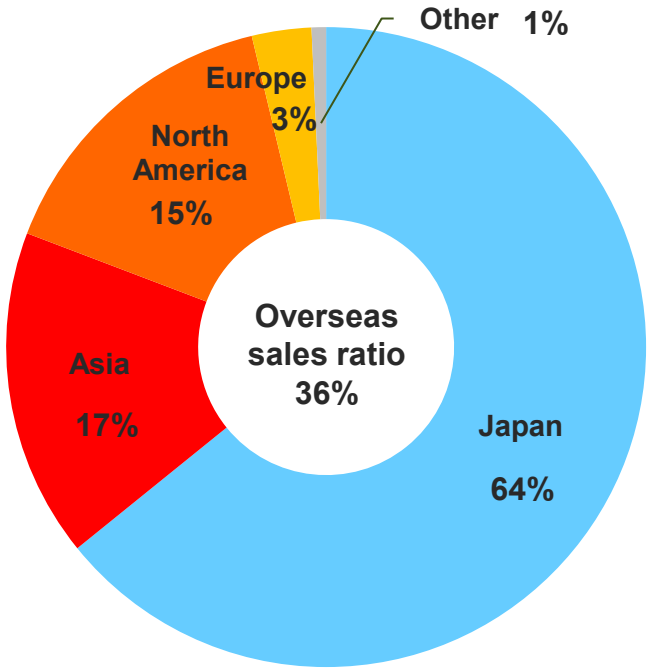


Sales Portfolio (Results for the Six Months Ended September 30, 2026)

Net Sales Composition by Product

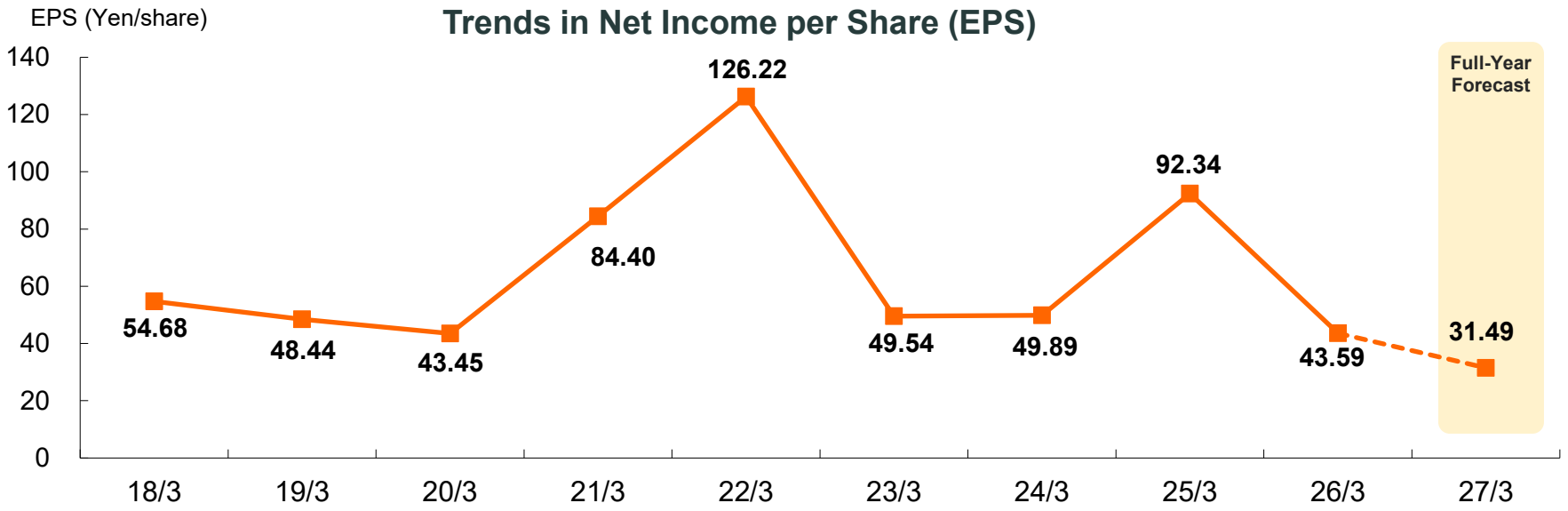


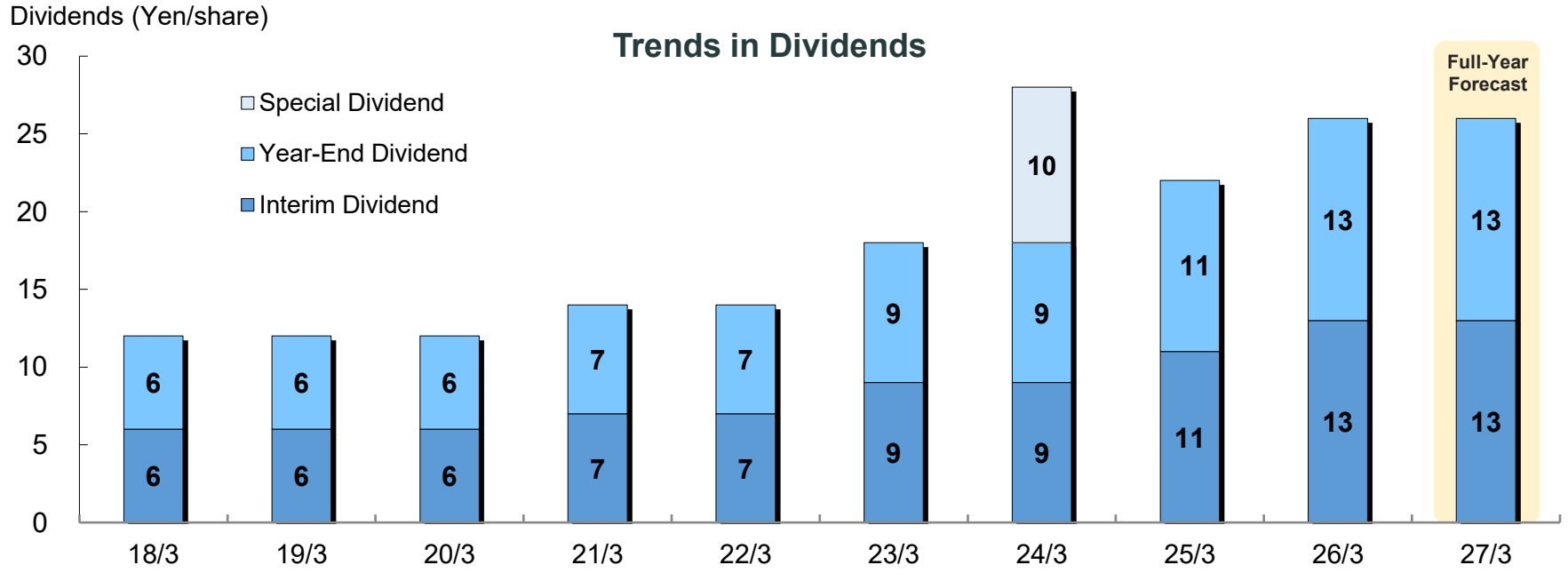
Net Sales Composition by Market



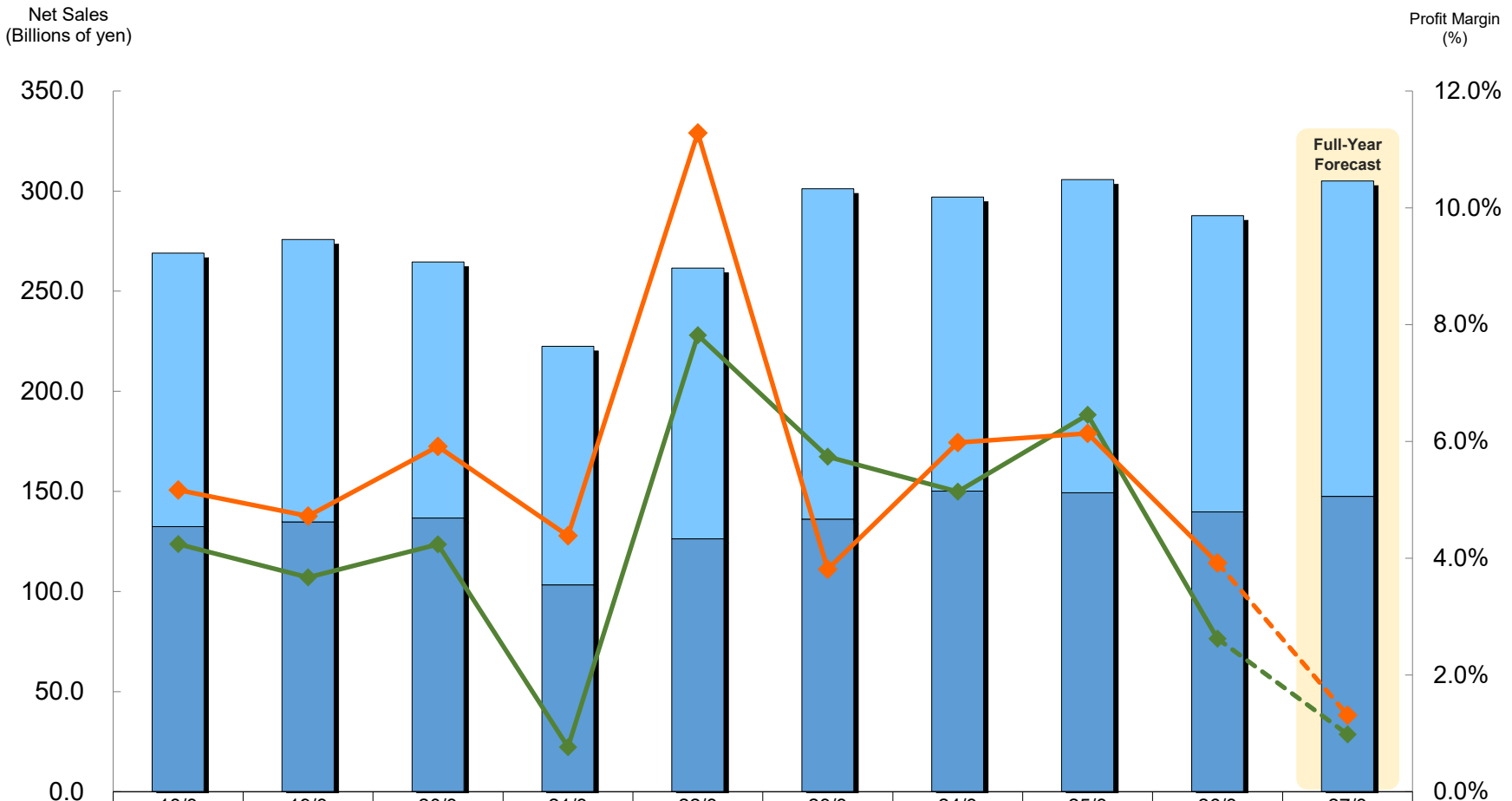
* This classification differs from the breakdown of earnings by segment.

Trends in Dividends



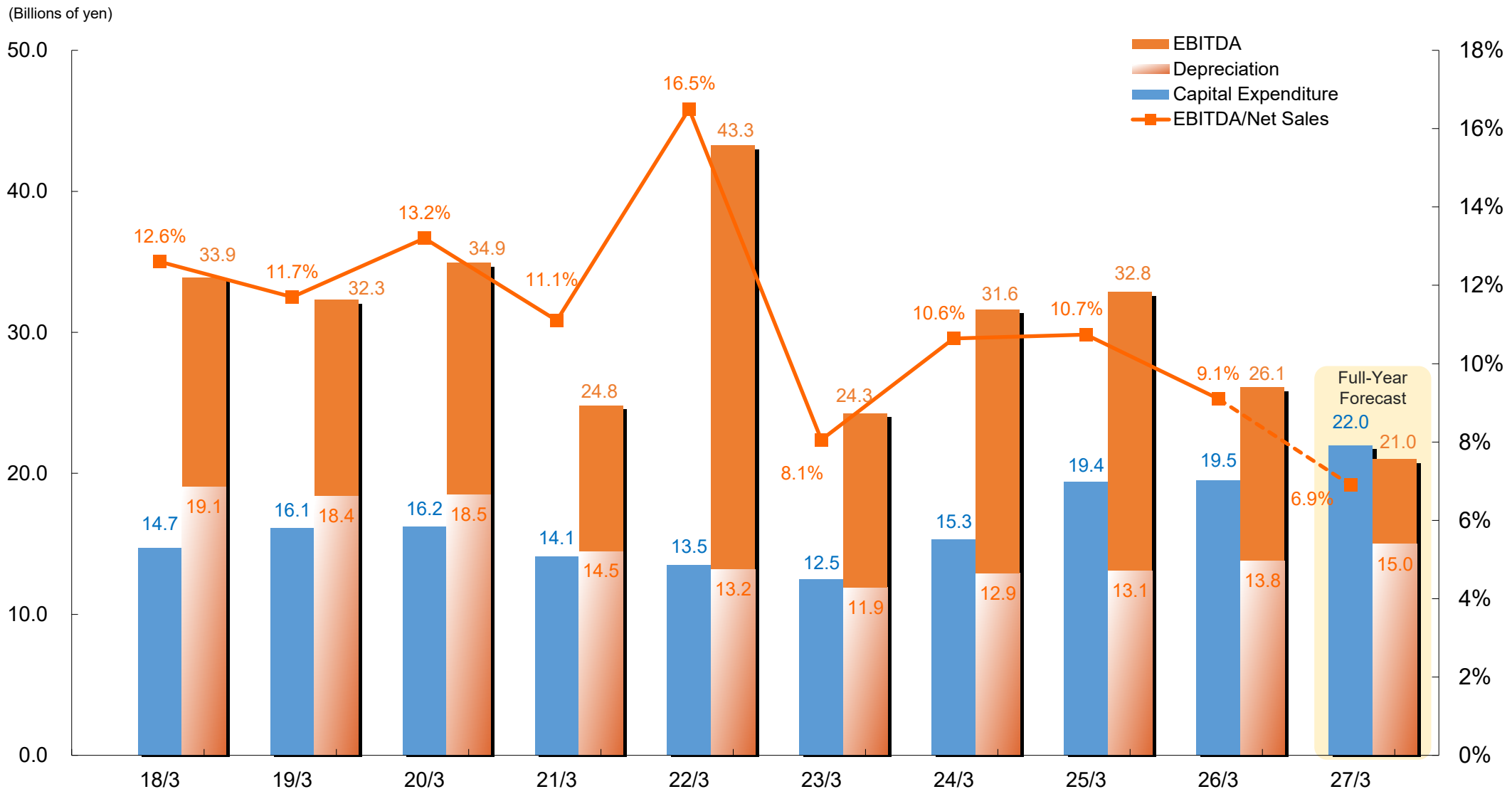


Trends in Consolidated Results (Net Sales, Profit Margins)



	18/3	19/3	20/3	21/3	22/3	23/3	24/3	25/3	26/3	27/3
Net Sales (2H)	136.7	141.0	127.9	119.2	135.2	165.0	146.9	156.4	147.9	157.4
Net Sales (1H)	132.4	134.8	136.7	103.3	126.4	136.2	150.2	149.4	139.8	147.6
Operating Profit Margin (Full-Year)	4.2%	3.7%	4.2%	0.8%	7.8%	5.7%	5.1%	6.5%	2.6%	1.0%
Ordinary Profit Margin (Full-Year)	5.2%	4.7%	5.9%	4.4%	11.3%	3.8%	6.0%	6.1%	3.9%	1.3%

Trends in Capital Expenditure and EBITDA



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

Trends in Key Consolidated Indicators

HOKUETSU GROUP
ZERO CO_2 2050™

(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%	1.0%
Net D/E Ratio (times)	0.49	0.49	0.47	0.43	0.32	0.38	0.33	0.23	0.27	0.30
Interest-Bearing Debt	108,240	109,725	106,832	113,991	99,088	103,725	104,362	88,972	97,350	100,000
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	21,000

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