

May 15, 2026

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Notice Regarding the Formulation of the Medium-term Management Plan

The Hokuetsu Group (the “Group”) announces the formulation of a new Medium-term Management Plan, as detailed below.

1. Name of the Plan

Medium-term Management Plan 2030

2. Period

April 1, 2026 through March 31, 2030 (4 years)

3. Target Consolidated Management Indicators (FY2029)

Net sales:	350 billion yen
Operating profit:	24 billion yen
Profit attributable to owners of parent:	17 billion yen
ROE:	8.0%
Net D/E ratio:	0.7 or lower

4. Investment Plan

Total Investment: 150 billion yen

(Growth & Improvement Investment: 40 billion yen; Maintenance & Renewal Investment: 60 billion yen; Strategic Investment: 50 billion yen)

5. Basic Policy

- Accelerating the business portfolio shift
 - We will accelerate the business portfolio shift decisively, focusing on developing new businesses that could become future core pillars and expanding exports, with the aim of achieving sustainable growth for the Group.
 - We will proactively explore domestic and international M&A opportunities and new business development to expand the scale of our operations.

- Establishing competitive advantages by strengthening competitiveness
 - Our key strategies for strengthening competitiveness are centered on reinforcing the foundations of our existing businesses and commercializing our environmental initiatives. Even amid the declining domestic printing and communication paper market, we will aim to secure profitability, pursue a stable production system, and expand our market share.
 - We will strengthen our industry-leading environmental initiatives, pursue competitive advantages primarily through CO₂ emission reductions and cutting-edge environmental businesses, and establish our position as a preferred partner for customers in the paper manufacturing industry.

- Value creation through sustainable management
 - We will promote initiatives to address climate change and advance the environmental business, while integrating sustainability efforts directly into business operations to maximize corporate value.
 - As a people-focused business group, we will promote diversity and enhance organizational creativity. At the same time, through business activities that respect human rights, we will build a resilient organization capable of turning changes in the business environment into opportunities to drive corporate evolution.
 - We will aim to maximize our earning capabilities and enhance corporate value by strengthening corporate governance.

<p>Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.</p>
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Medium-term Management Plan 2030

Hokuetsu Corporation

- 01 Review of Medium-term Management Plan 2026
- 02 Overview of Medium-term Management Plan 2030
- 03 Basic Policy
- 04 Capital Policy and Financial Strategy



01 Review of Medium-term Management Plan 2026

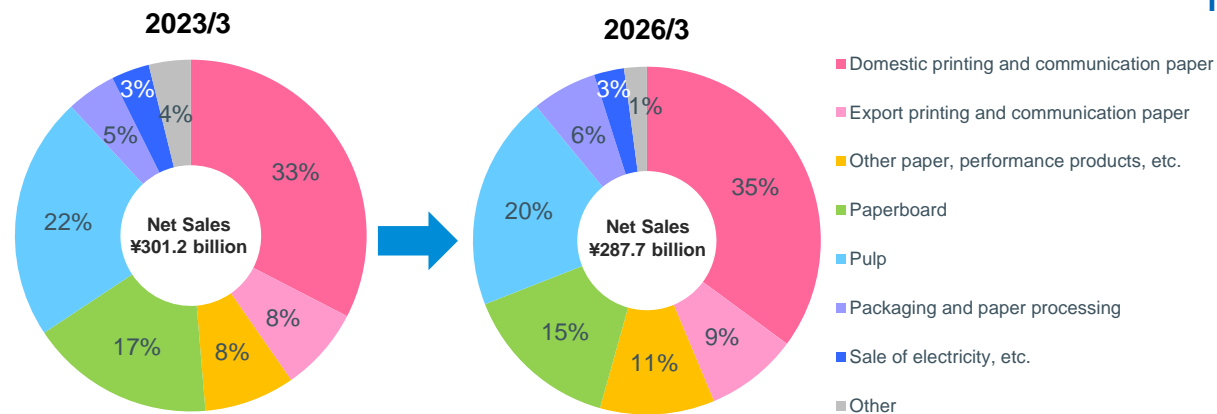
Review of Medium-term Management Plan 2026

- ◆ An operating profit of ¥20 billion was largely achieved in the fiscal year ended March 2025.
- ◆ Profits declined significantly in the final year of Medium-term Management Plan 2026.

Medium-term Management Plan 2026 Consolidated Management Indicators		2024/3	2025/3	2026/3
Net Sales	¥330 billion	¥297 billion	¥305.7 billion	¥287.7 billion
Operating Profit	¥20 billion	¥15.2 billion	¥19.7 billion	¥7.5 billion
Ordinary Profit	¥24 billion	¥17.7 billion	¥18.7 billion	¥11.2 billion
Net Income Attributable to Owners of Parent Company	¥20 billion	¥8.3 billion	¥15.5 billion	¥7.2 billion
ROE	8.0%	3.5%	6.0%	2.8%
EBITDA	¥39 billion	¥31.6 billion	¥32.8 billion	¥26.1 billion
Total Capital Expenditure	¥70 billion	¥15.3 billion	¥19.4 billion	¥19.5 billion
Foreign exchange Dubai Crude	¥135/\$ USD 90/bbl	¥145/\$ USD 82/bbl	¥153/\$ USD 79/bbl	¥151/\$ USD 72/bbl

Business Portfolio Shift

- ◆ Developed new businesses that could become future core pillars through initiatives such as developing new products, expanding applications for existing products, and focusing on high-value-added products
- ◆ Established the International Paper Export Department to capture growth opportunities in the global market



Topics

- Developed recycled kraft paper using a paperboard machine
- Acquired exclusive domestic manufacturing and sales rights for the high-performance paper container “Halopack®” (Hokuetsu Package)
- Began commercial operation of the Aizu Komorebi Biomass Power Generation Plant (Hokuetsu Material)
- Restructured Sales Division
- Established internal group operations for processes from base paper production to paper cup production
- Provisionally decided to adopt electromagnetic absorber for JAXA project
- Developed filter mediums for air filters not using PFAS



Strengthening Competitiveness

- ◆ We have worked to build a management foundation for achieving sustainable growth and enhancing corporate value by strengthening our competitiveness in the three key areas of the environment, cost, and safety.



Topics

- Began optimal production control by the Profit Management Office
- Concluded strategic business alliance with Daio Paper for round-trip transportation of products, mutual use of chip carriers, OEM production, etc.
- Launched cross-industry round-match transportation for paper and automobiles using railways
- Implemented multiple price revisions for various products
- Withdrew from the white paperboard business in China
- Reduced costs through changes in chip procurement
- Optimized loading efficiency through AI-driven loading planning

Promotion of Sustainability (ESG) Activities

- ◆ We have implemented various initiatives to promote sustainable growth with the aim of becoming a company trusted by our stakeholders.

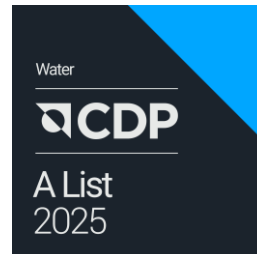
Topics

- Commissioned to carry out design work and related tasks for the FY2024 advanced CCS project in the Higashi-Niigata region.
- Began demonstration tests for CO₂ separation and recovery technology at the Niigata Mill
- Selected as a constituent of the FTSE Blossom Japan Sector Relative Index
- Began construction of a new biomass boiler (Dumas scheduled to begin operation in FY2027)
- Awarded the Eco Rail Mark Excellent Business Award
- Established new Sustainability Promotion Division
- Achieved Leadership Level in all three categories of the CDP 2025
- Reduced Director terms from 2 years to 1 year
- Revised employee performance evaluation system
- Introduced share delivery trust for the employee stock ownership plan



Compact CO₂ separation and recovery device
(CO₂MPACT™ Mobile, Mitsubishi Heavy Industries, Ltd.)

Achieved the highest rating of A in
forest and water security



Key factors contributing to unmet targets in Medium-term Management Plan 2026

Business Portfolio Shift

- Strategic investments (M&A, new businesses, etc.)
- New product development

Strengthening Competitiveness

- Rising costs of raw materials, fuels, etc.
- Deterioration of global pulp market conditions
- Exchange rate volatility

Promotion of Sustainability (ESG) Activities

- Delays in environment-related investments



Future challenges for achieving Long-term Vision 2030

- Promoting strategic investment and establishing new product development systems
 - Pursuing optimal production systems
 - Building a portfolio with minimized risk
 - Promoting strategic business alliances
 - Ensuring appropriate selling prices
 - Developing the environmental business
 - Exploring optimal capital structures conscious of capital efficiency
- ,etc.

02

Overview of Medium-term Management Plan 2030

As the final step toward Long-term Vision 2030, we have formulated Medium-term Management Plan 2030 (April 2026 to March 2030).



Long-term Management Vision

Vision 2030

- ◆ A business group that contributes to sustainable social development based on environmental management
- ◆ A business group that makes use of diverse human resources and the latest technology to challenge ourselves in new business fields in step with the times
- ◆ A business group made up of people working proactively with dreams, hopes, and pride



Hokuetsu Group Zero CO₂ 2050

Medium-term Management Plan 2030 Basic Policy



Accelerating the business portfolio shift



Establishing competitive advantages by strengthening competitiveness



Value creation through sustainable management

Revenue Targets

Net Sales

¥350 billion

Operating
Profit

¥24 billion or
more

Net Income

Attributable to owners of
parent company

¥17 billion or
more

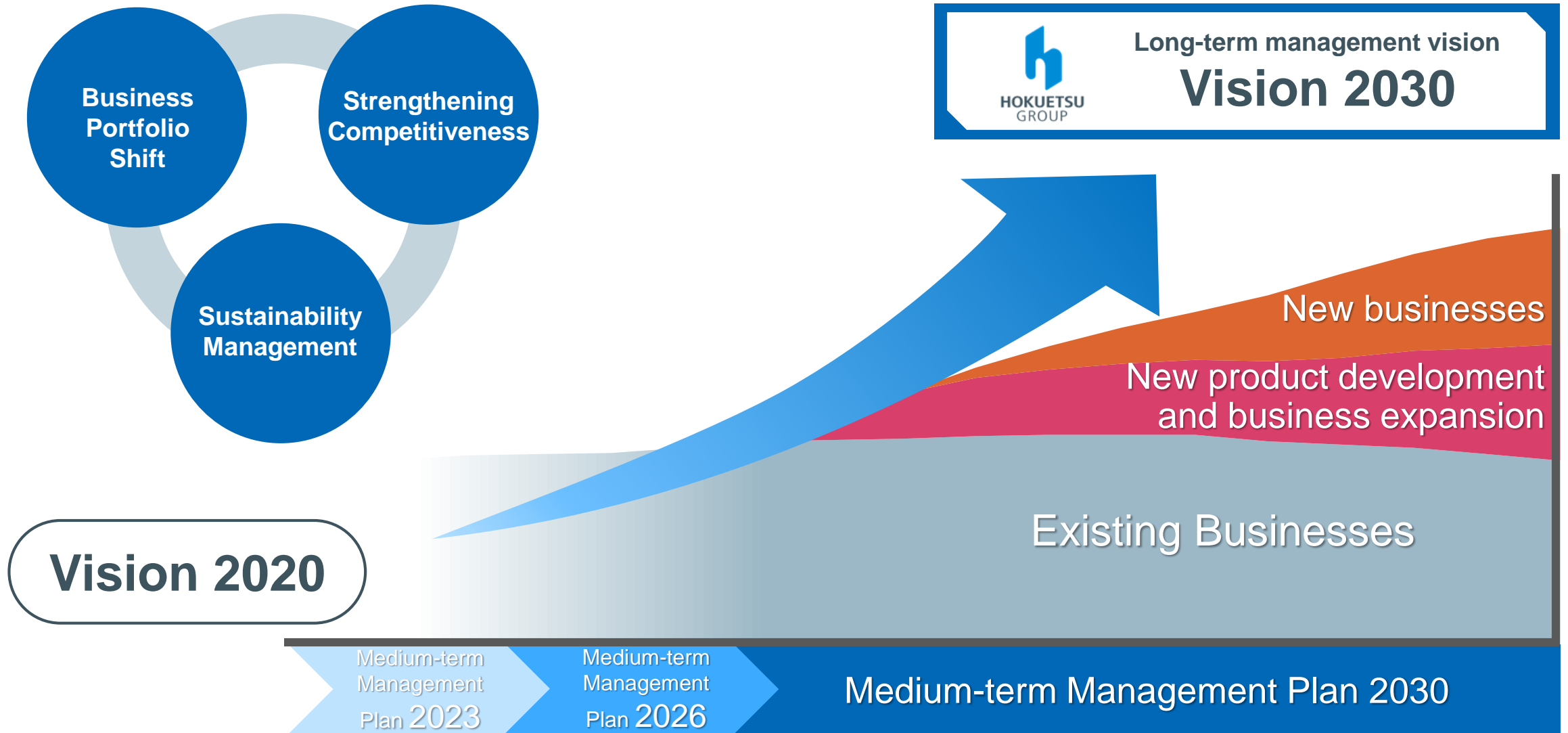
Capital efficiency

ROE
8.0%

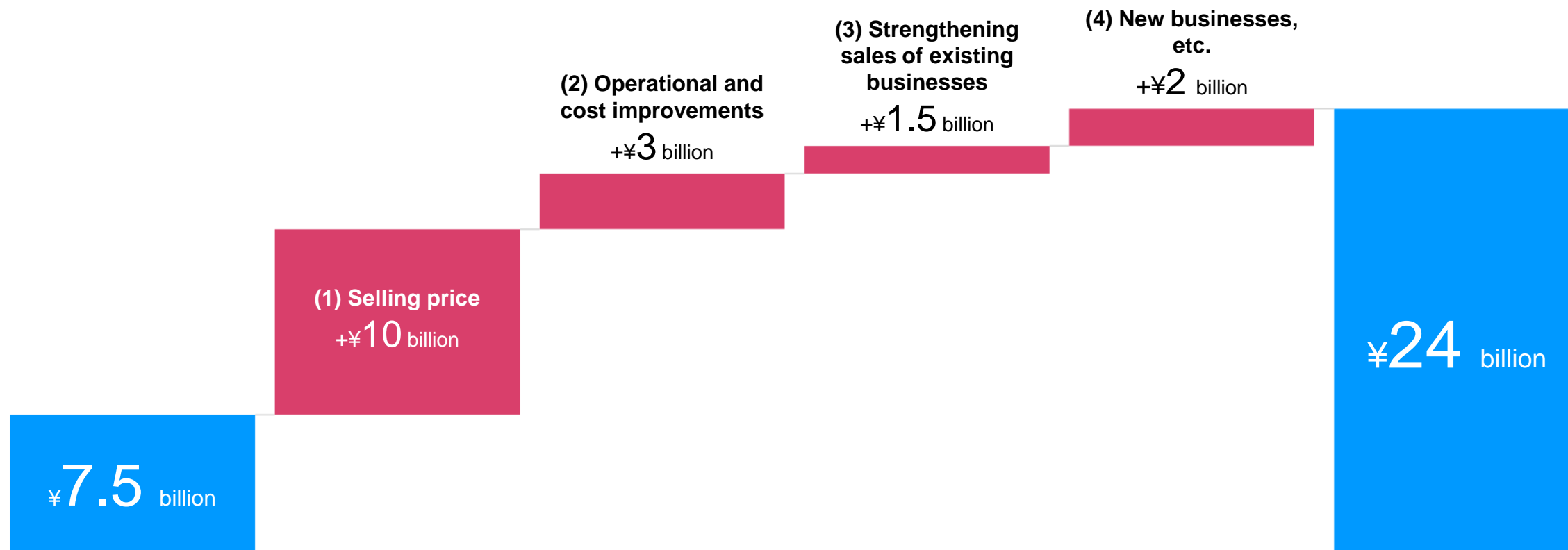
Financial Goals

Net D/E ratio: **0.7** or lower

Roadmap for Achieving Vision 2030



Medium-term Management Plan 2030: Forecast for Target Consolidated Operating Profit



2026/3

(1) Selling price

- Price revisions for paperboard
- Recovery of the pulp market

(2) Operational and cost improvements

- Stable operations and improved efficiency
- Cost reduction

(3) Strengthening sales of existing businesses

- Expansion of the packaging business
- Restructuring of white paperboard business

(4) New businesses, etc.

- New business through M&A
- New product development, etc.

2030/3

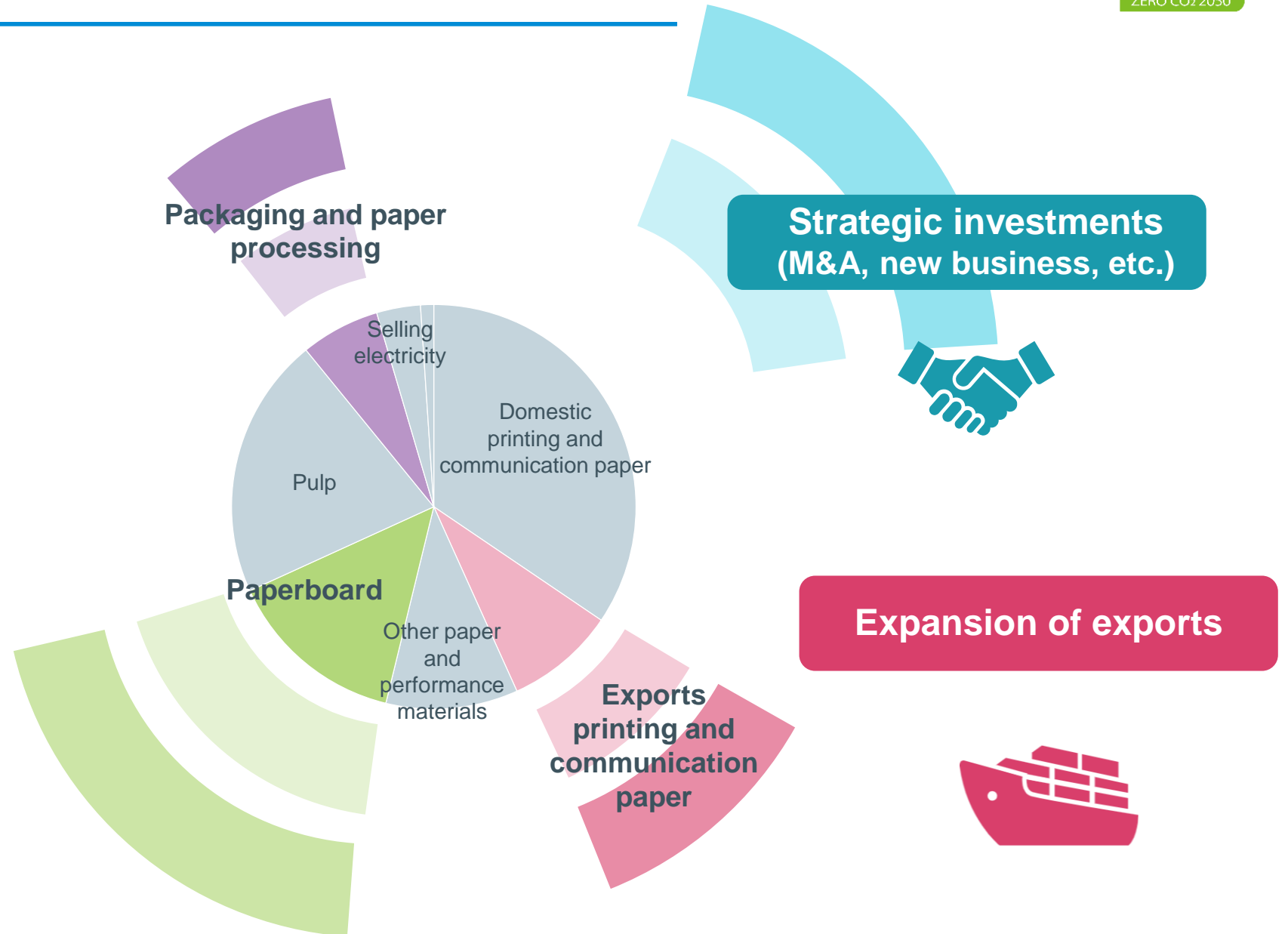
03 Basic Policy

Accelerating the Business Portfolio Shift

Expansion of packaging business



Reconstruction of white paperboard



Strengthening profitability of existing businesses

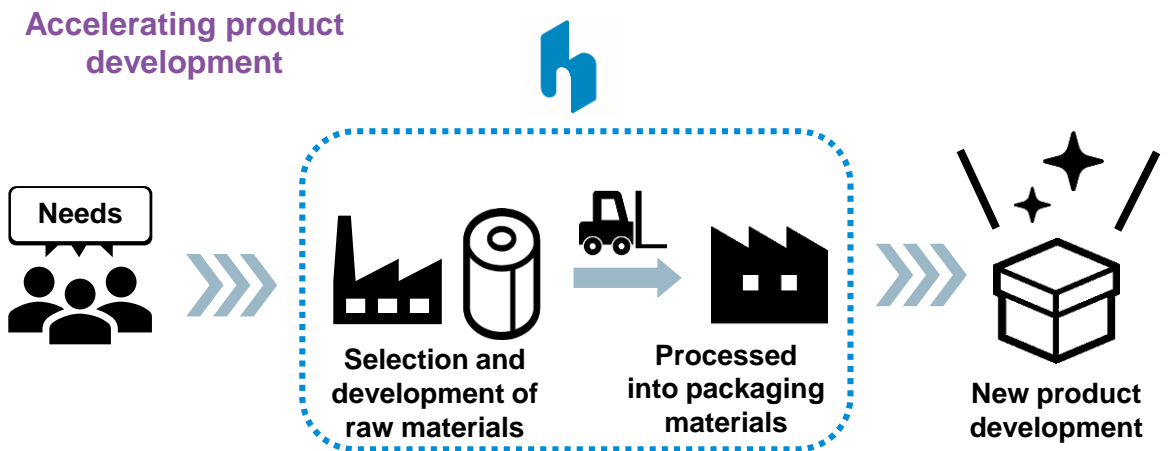
- ◆ Expanding orders in the packaging materials business
 - ➔ Exploring production capacity expansion
- ◆ Regaining market share in the liquid container business
- ◆ Commercialization of “Halopack®” and paper cup businesses

In-house production within the group and stronger collaboration

- ◆ Increasing the ratio of in-house production within the group for raw materials
- ◆ Collaborating from the raw material development phase to establish quality that meets customer needs

Development of new products

- ◆ Enhancing the capacity and speed of product development to meet diversifying needs for paper containers
- ◆ Exploring new products from a global perspective
- ◆ Promoting products through participation in various exhibitions and continuously monitoring customer needs



Shift toward products in growth sectors

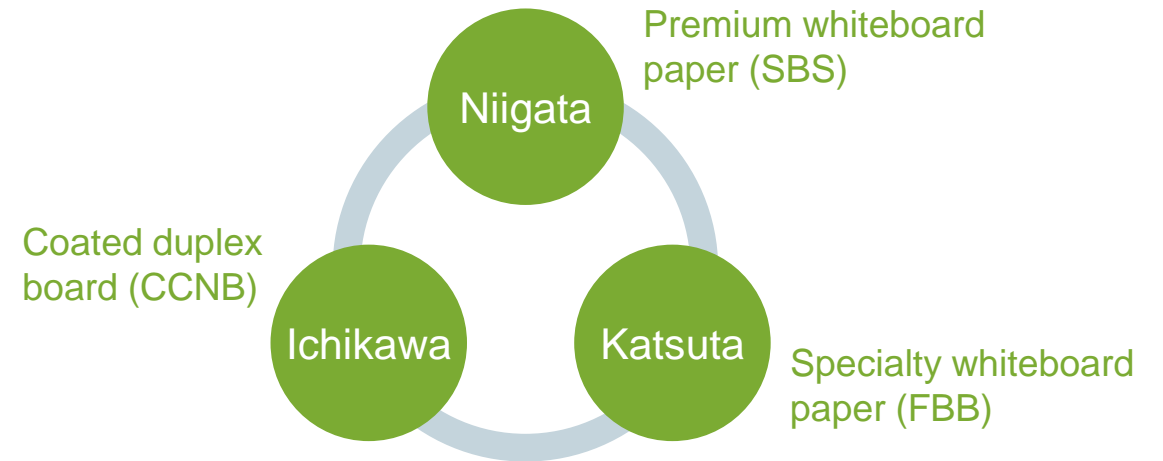
- ◆ Focusing on product categories where demand is expected to grow, such as primary food containers and trading cards

- ➔ Quickly identifying user needs
Meeting demands for high quality
- ➔ Strengthening collaboration between the Performance Materials Development Office, the Paper Cup Business Development Office, and Hokuetsu Package



Optimization of production sites

- ◆ Production sites and product mix



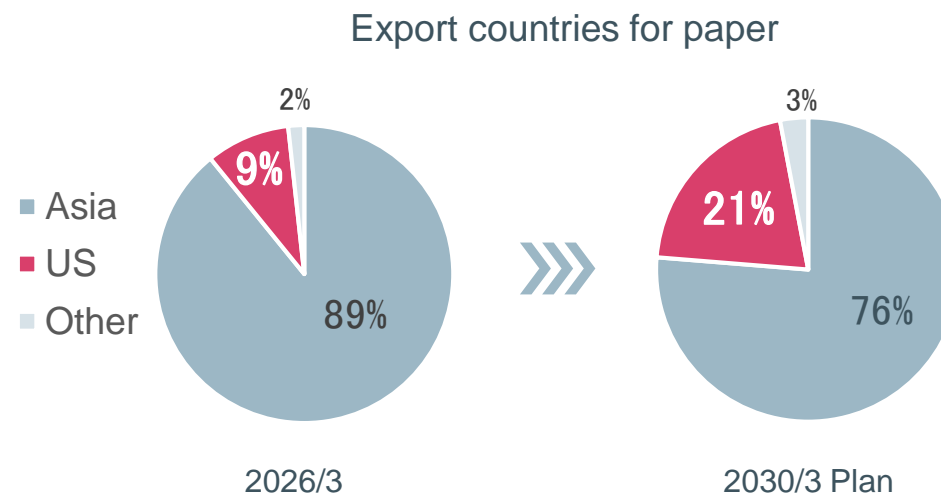
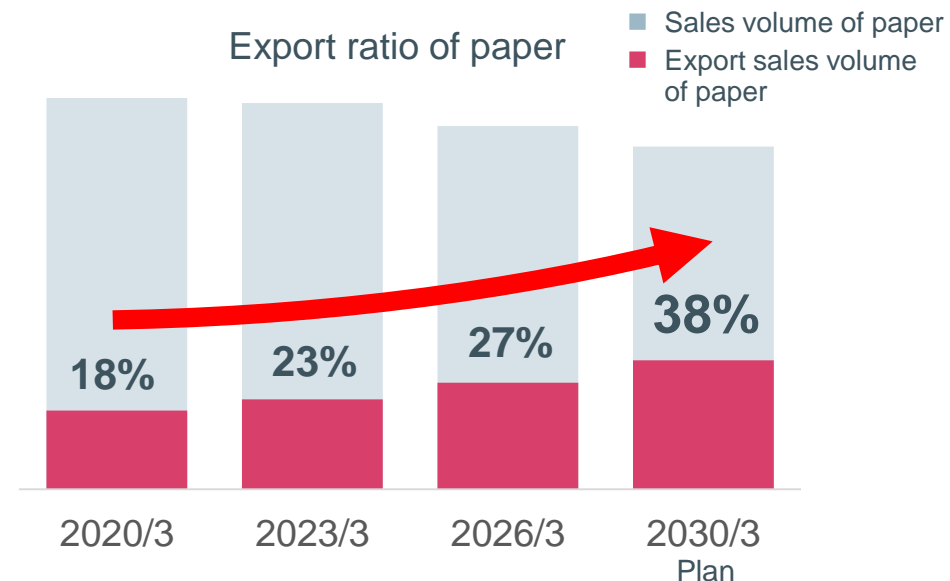
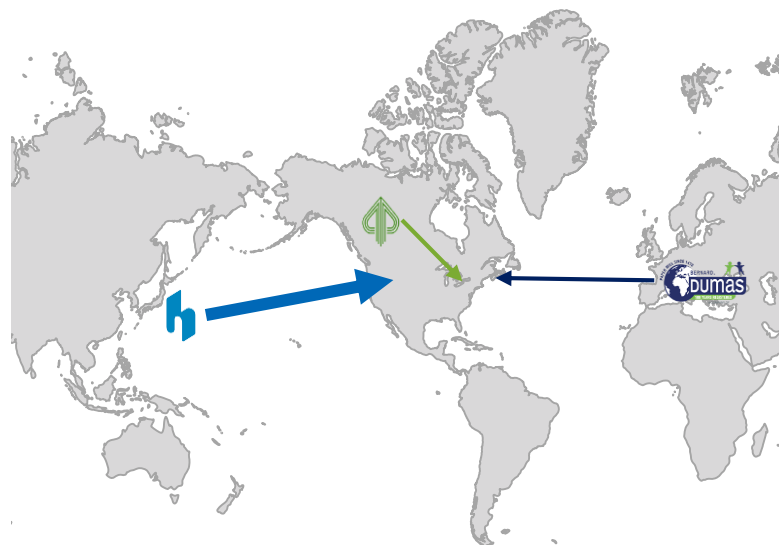
- ➔ Pursuit of efficient production
- ➔ Exploring production increases
- ➔ Diversification of waste paper procurement
- ➔ Exploring product line consolidation

Establishment of the International Paper Export Sales Division

- ➔ Increase the export ratio of paper to 38%
- ➔ Strengthen flat-sheet cutting capabilities and upgrade vaning facilities

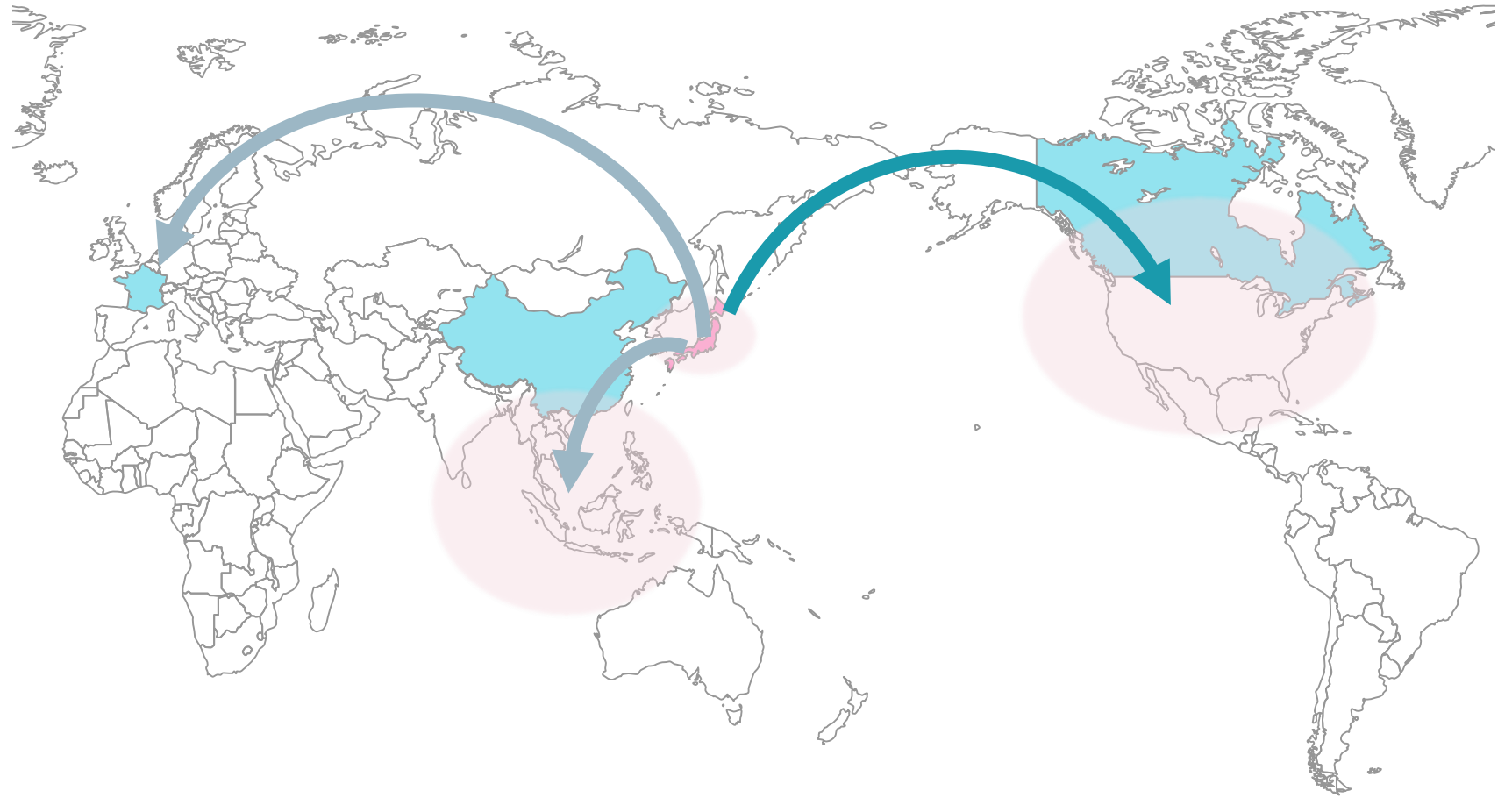
Expanding sales to the U.S. Market

- ➔ Increase the sales ratio to the U.S. to 21%
- ➔ Strengthen sales to India and other regions with strong demand (Reduce the weight of East Asia)
- ➔ Shift from commodity products to customized products (Improve profitability and ensure stable supply)



Strategic investments (M&A, new business, etc.)

- ◆ Exploring domestic and international projects, primarily in the performance materials and paper processing sectors
- ◆ Key regions: Japan and North America
- ◆ Aiming to achieve profit contributions from Day One
- ◆ Examining investments during the four-year period covered by Medium-term Management Plan





Strengthening the foundation of existing businesses



Paper pulp × Environmental business

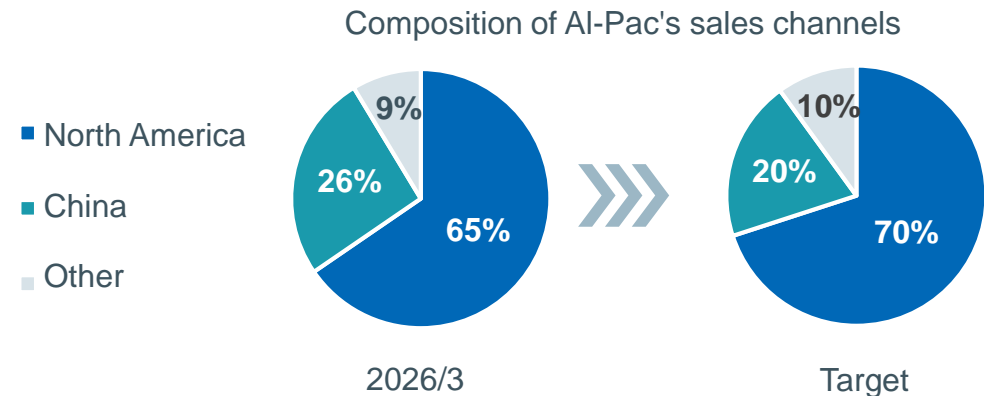


Domestic (Paper business)

- ◆ Securing production volume by strengthening exports
 - Maintain and continue efficient production
 - Mitigate the rise in raw material and fuel costs caused by exchange rate fluctuations, to a certain extent
- ◆ Capital expenditure
 - Factory Automation: Field-work support robots, unmanned delivery vehicles used in plants, etc.
 - ➔ Addressing the challenge of securing workforce
 - AI applications: AI for operational status prediction and control, AI for production planning
 - DX promotion: Assistant AI for paper and pulp plants
 - ➔ Pursuit of production efficiency
- ◆ Review of product lineup
 - Proposal-based sales
 - Strengthening the OEM business
 - Consideration of consolidating product varieties
- ◆ Strengthening the strategic business alliance with Daio Paper

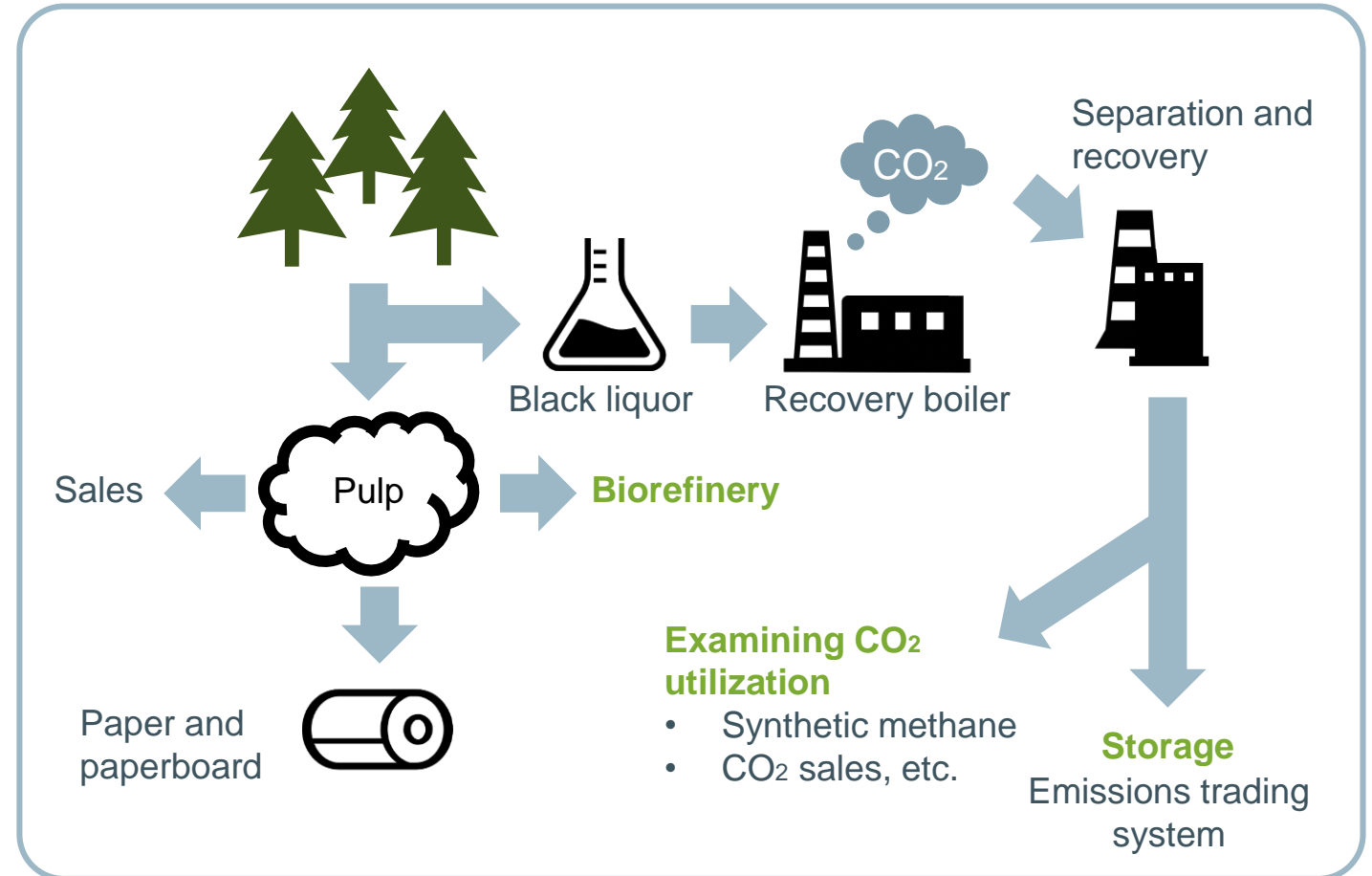
Overseas (Pulp business)

- ◆ Maximizing the ratio of coniferous pulp
 - ➔ From the current 17% to 20%
 - ➔ Leveraging profitability differences
- ◆ Increasing the ratio of sales to North America
 - ➔ From the current 65% to 70%
 - ➔ Reducing the sales ratio to China
- ◆ Examining diversification of business, including CCS operations



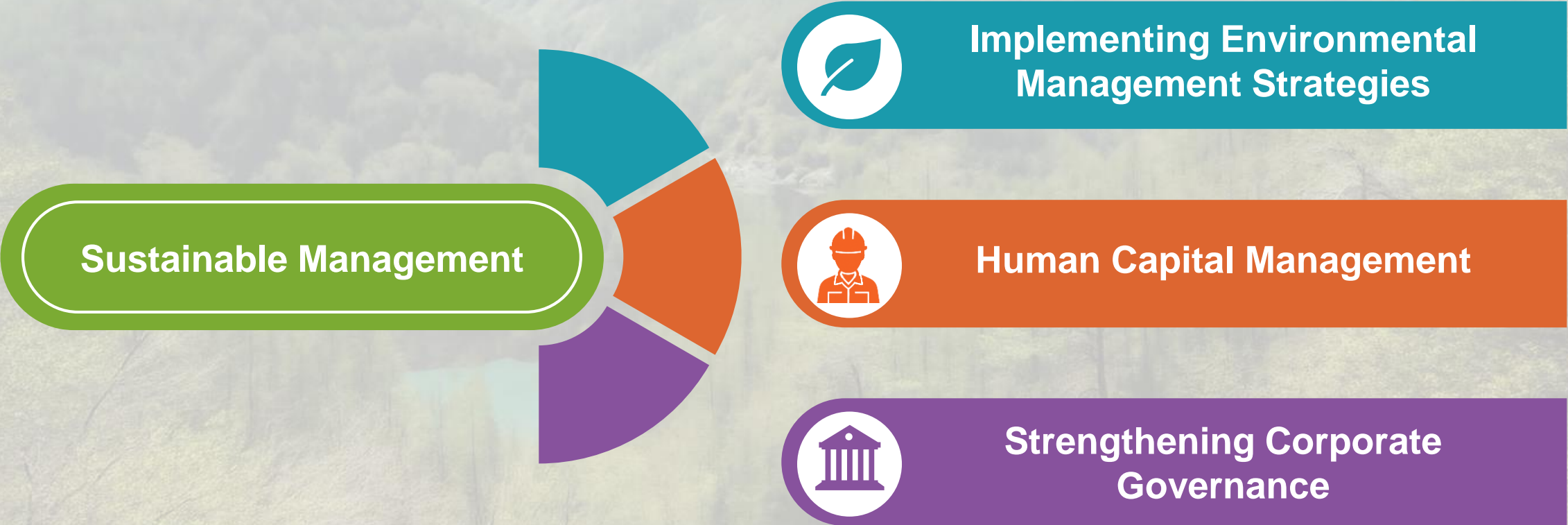


- ◆ Response to the emissions trading system
- ◆ Utilization of negative CO₂ emissions
 - ➔ Achieving profitability in environmental business
- ◆ Enhancing disclosure of climate-related initiatives (CDP, etc.)
- ◆ Examining renewable energy
 - Biorefinery
 - Synthetic methane
 - Methanol, etc.
- ◆ Commercialization of renewable materials (cellulose-based materials)



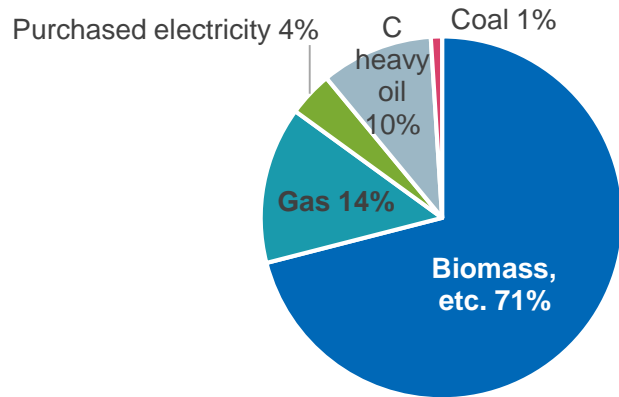
»»» Exploring new business models

Value Creation Through Sustainable Management





Accelerating CO₂ emission reductions through energy-saving initiatives

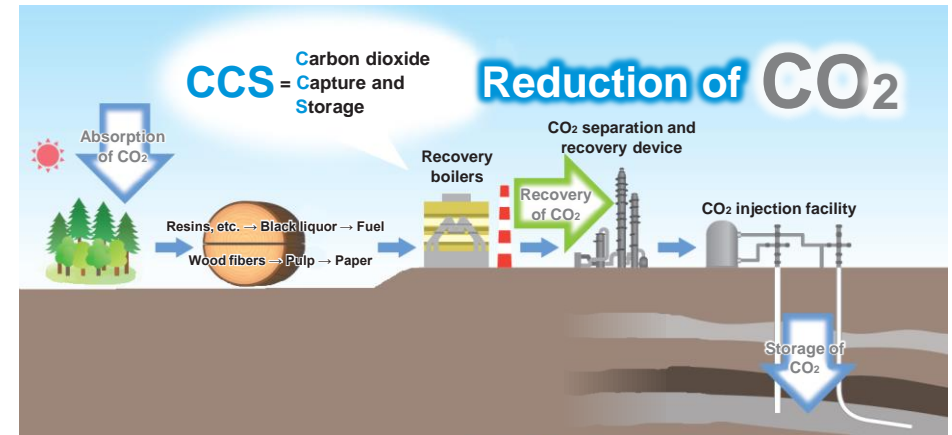


Energy composition ratio for FY2024 (non-consolidated)

- ◆ **Promotion of fuel transition (heavy oil → gas)**
Transition of kiln and recovery boiler combustion aid fuel
- ◆ **Energy conservation**
Improving the thermal efficiency of heat recovery equipment, resizing drive units, etc.
- ◆ **Expanding the use of renewable energy**
Use of biomass fuels
- ◆ **Preparing for achievement of Zero CO₂ 2050 ahead of schedule**

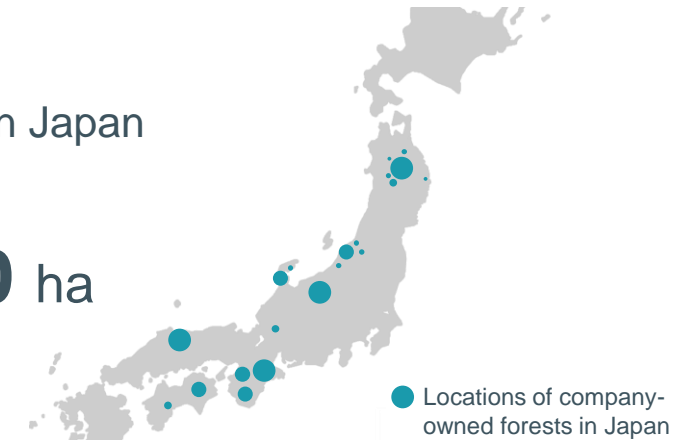
Taking on the challenge of achieving negative emissions

◆ CCS business



Accumulating and expanding expertise in the CCS business

- ◆ **Company-owned forests in Japan**
Exploring effective use of approximately **12,170** ha





Human Capital Management

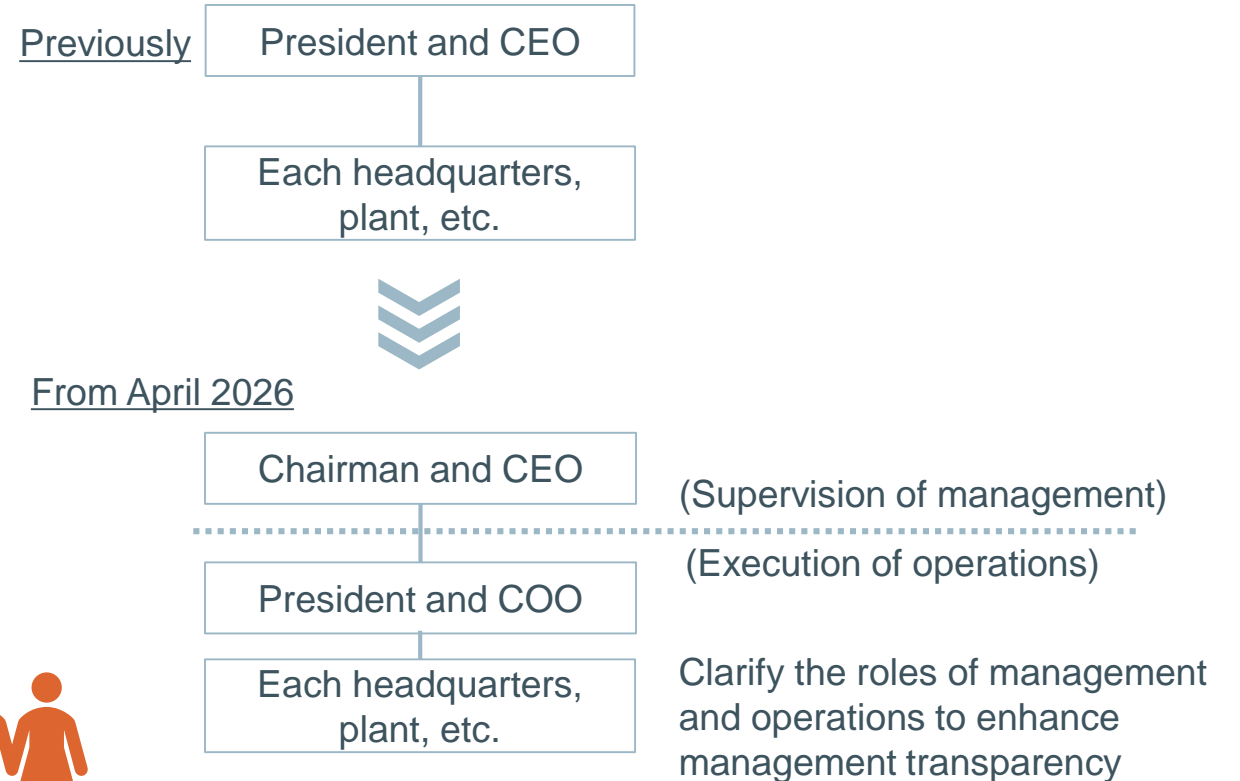
Active investment in human resources

- ◆ Verifying the effectiveness of human resources initiatives through engagement surveys
- ◆ Providing employee benefits based on a multi-stakeholder policy
- ◆ Improving IT literacy through training
- ◆ Reducing employee workload through DX
- ◆ Considering the introduction of a self career check-up system
- ◆ Health management (increasing the rate of follow-up medical examinations, etc.)
- ◆ Enhancing employee benefits
- ◆ Revising work systems
- ◆ Improving infrastructure for women at plants
- ◆ Improving plant working environments (heat-related measures, etc.)
- ◆ Review of systems, including a work improvement proposal program

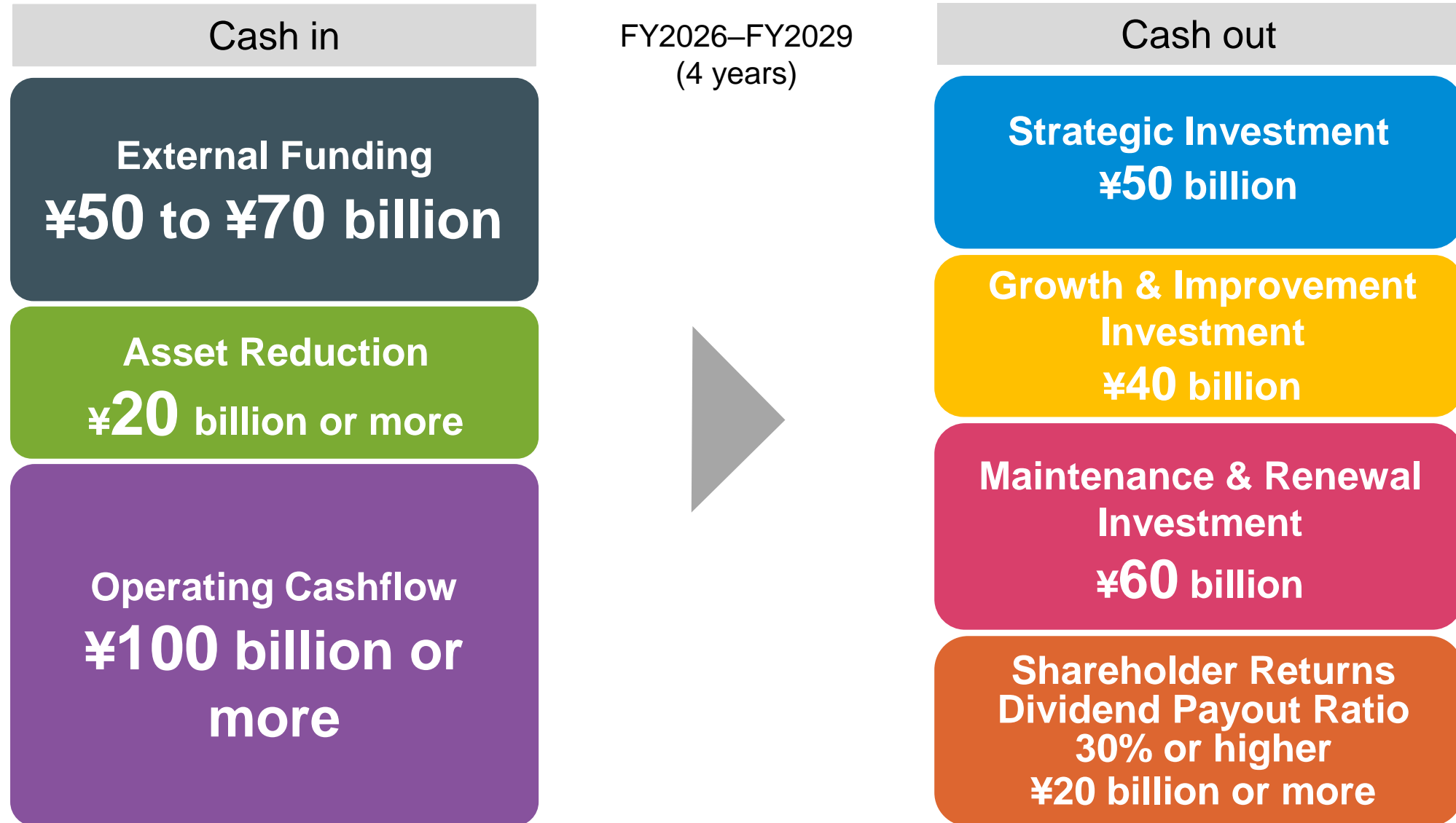


Strengthening Corporate Governance

Appointment of a CEO and COO



04 Capital Policy and Financial Strategy



Cash in

Key strategies

Cumulative targets over four years

External Funding

- ◆ Improvement in financial leverage through favorable financing, with consideration for the balance with shareholders' equity

¥50 to ¥70 billion

Asset Reduction

- ◆ Review of the Cash Conversion Cycle (CCC)
 - ◆ Sale of strategic shareholdings
 - ◆ Review of machinery and equipment
- ➔ **Reducing assets totaling over ¥20 billion over four years**

¥20 billion or more

Operating Cashflow

- ◆ Generating ¥25 billion or more in operating cashflow each quarter
- ◆ Improving profitability and accelerating the business portfolio shift

¥100 billion or more

Cash out

Key strategies

Cumulative targets over four years

Strategic Investment

- ◆ Building new revenue pillars through M&A and investments in new businesses

¥50 billion

Growth & Improvement Investment

- ◆ Human capital investment

¥40 billion

Maintenance & Renewal Investment

- ◆ Planned investment to ensure business continuity and maintain productivity

¥60 billion

Shareholder Returns

- ◆ Enhancing shareholder value through stable dividends and flexible share buybacks
- ◆ Dividend payout ratio of 30% or higher
- ◆ Return of surplus funds to shareholders after growth investments

¥20 billion or more

The goals and statements in this document are based on multiple assumptions at the time of planning and their feasibility is not guaranteed. Please use these materials as points of consideration to inform decision making. No liability is assumed in the event of losses that may occur from investment decisions. The company has no responsibility to revise these projections based on new information.

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