

## Summary of Consolidated Financial Results for the Year Ended March 31, 2025 [Japanese GAAP]

May 15, 2025

 Company: **Hokuetsu Corporation**

Stock Exchange Listing: Tokyo

Stock Code: 3865

 URL: <https://www.hokuetsucorp.com>

Representative: Sekio Kishimoto, President &amp; CEO

Contact: Tomonari Maruyama, General Manager, Corporate Management Department TEL: +81-3-3245-4500

Scheduled date of ordinary general meeting of shareholders: June 27, 2025

Scheduled date of commencement of dividend payments: June 30, 2025

Scheduled date of filing annual securities reports: June 27, 2025

Supplementary documents for financial results: Yes

Results briefing: Yes (for institutional investors and analysts)

(Figures rounded down to the nearest million yen)

### 1. Consolidated financial results for the year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

#### (1) Consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2025	305,718	2.9	19,727	29.2	18,759	5.6	15,529	85.1
Year ended March 31, 2024	297,056	(1.4)	15,267	(11.7)	17,757	—	8,387	—

(Note 1) Comprehensive income: Year ended March 31, 2025: 17,676 million yen (-41.6%)

Year ended March 31, 2024: 30,275 million yen (-%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2025	92.34	92.26	6.0	4.5	6.5
Year ended March 31, 2024	49.89	49.84	3.5	4.4	5.1

(Reference) Investment income by equity method: Year ended March 31, 2025: -2,703 million yen

Year ended March 31, 2024: 1,280 million yen

(Note 2) The figures pertaining to the fiscal year ended March 31, 2024 have been revised to retroactively reflect changes in the accounting policy implemented from the start of the fiscal year ending March 31, 2025.

(Note 3) The percentage change from the previous period for the fiscal year ended March 31, 2024 is not shown because of retroactive adjustments due to a change in accounting policy.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	418,882	265,870	63.3	1,575.90
As of March 31, 2024	415,692	252,464	60.6	1,496.93

(Reference) Equity: As of March 31, 2025: 265,052 million yen

As of March 31, 2024: 251,709 million yen

(Note) The figures pertaining to the fiscal year ended March 31, 2024 have been revised to retroactively reflect changes in the accounting policy implemented from the start of the fiscal year ending March 31, 2025.

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2025	40,932	(18,816)	(19,121)	25,148
Year ended March 31, 2024	22,320	(15,494)	(3,801)	22,140

### 2. Dividends

	Annual dividend per share					Total dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2024	—	9.00	—	9.00	18.00	3,037	36.1	1.3
Year ended March 31, 2025	—	11.00	—	11.00	22.00	3,712	23.8	1.4
Year ending March 31, 2026 (forecast)	—	13.00	—	13.00	26.00		29.2	

### 3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2026 (April 1, 2025 through March 31, 2026)

(% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q (Accumulated)	150,000	0.4	8,000	(11.2)	9,000	(0.4)	6,000	(4.5)	35.67
Full year	303,000	(0.9)	18,000	(8.8)	21,000	11.9	15,000	(3.4)	89.18

**\* Notes**

(1) Significant changes in the scope of consolidation during the period: No

New - None

Excluded - None

(2) Changes in accounting policies, accounting estimates and restatement of prior period financial statements

(i) Changes in accounting policies due to amendment to accounting standards: Yes

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement of prior period financial statements: None

(3) Shares outstanding (common stock)

(i) Number of shares outstanding at the end of the period (treasury stock included):

As of March 31, 2025 188,053,114 shares As of March 31, 2024 188,053,114 shares

(ii) Number of treasury stock at the end of the period:

As of March 31, 2025 19,862,254 shares As of March 31, 2024 19,902,054 shares

(iii) Average number of shares during the year:

For the year ended March 31, 2025 168,175,699 shares For the year ended March 31, 2024 168,124,865 shares

(Reference) Overview of non-consolidated financial results

**1. Non-consolidated financial results for the year ended March 31, 2025 (April 1, 2024 through March 31, 2025)**

(1) Non-consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2025	199,616	2.7	8,219	(21.4)	12,348	(14.7)	11,596	217.4
Year ended March 31, 2024	194,279	3.8	10,457	251.1	14,484	28.2	3,653	(50.9)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2025	68.72	68.66
Year ended March 31, 2024	21.66	21.64

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	278,848	148,375	53.2	878.70
As of March 31, 2024	288,146	141,206	49.0	836.41

(Reference) Equity: As of March 31, 2025: 148,299 million yen  
As of March 31, 2024: 141,128 million yen

**\* The summary of financial results is exempt from audits conducted by certified public accountants or an audit corporation.**

**\* Explanation regarding appropriate use of business forecasts and other special instructions**

(Caution regarding forward-looking statements)

The forward-looking statements such as forecasts of financial results contained in this material are based on information available to the Company at the time of the publication of this document and certain assumptions that the Company considers to be reasonable, and may differ materially from the actual results due to various factors. For assumptions of business forecasts and a note about the use of business forecasts, please refer to page 6 “1. Summary of Operating Results (4) Future outlook.”

**\* This document is an excerpt translation of the original in Japanese and is for reference purposes only. In case of any discrepancy between this document and the original in Japanese, the latter shall take precedence.**

## 1. Summary of Operating Results

### (1) Summary of operating results during the year

#### (Operating results during the year)

Both sales and profit increased in the current fiscal year due to an increase in volume and higher prices for export sales and higher selling prices of pulp at overseas subsidiaries, despite the ongoing decline in domestic paper demand and increased costs, including raw material and fuel. The Group's consolidated financial results for the current fiscal year were as follows:

Net sales	305,718 million yen	(up 2.9% year on year)
Operating profit	19,727 million yen	(up 29.2% year on year)
Ordinary profit	18,759 million yen	(up 5.6% year on year)
Profit attributable to owners of parent	15,529 million yen	(up 85.1% year on year)

The performance of major segments is as follows:

#### (i) Pulp and paper business

(Million yen)

	Previous year	Current year	Difference
Net sales	272,972	280,243	7,271
Operating profit	13,681	18,251	4,569

In the pulp and paper business, both sales and profit increased due to an increase in volume and higher sales for export sales, and higher selling prices of pulp at overseas subsidiaries. By product type, sales prices of paper increased overall following the implementation of price revisions. Domestic sales volume decreased due to sluggish demand and other factors, but export sales volume increased, resulting in an increase in sales.

In the paperboard business, sales volume increased, leading to higher sales. By grade, sales volumes of specialty white paperboards and coated white boards increased due to strong sales for food take-out applications and efforts to expand sales, including a new adoption by a major publisher for front cover applications. Meanwhile, while sales volumes of high-grade white boards decreased due to lower demand for point-of-purchase (POP) and various postcard applications. Sales of containerboard base paper increased due to higher prices in export sales, although sales volume decreased because of the sluggish demand.

Looking at performance materials, in functional paper, demand for chip carrier tape base paper used for transporting electronic components continued to recover. In special paper and communication paper, demand for food packaging materials for convenience stores remained sluggish. However, sales increased due to efforts to secure large orders of OCR paper for government agencies and to expand sales of crimped postcard paper.

Pulp sales and profit increased due to higher sales prices at overseas subsidiaries.

#### (ii) Packaging/Paper processing business

(Million yen)

	Previous year	Current year	Difference
Net sales	15,697	16,655	957
Operating profit	282	228	(53)

In the packaging/paper processing business, profit decreased due to the effects of soaring converting paper costs, an increased burden from outsourced processing expenses, and other factors, despite an increase in sales attributable mainly to an increase in orders received for the paper container and packaging material businesses.

## (iii) Other businesses

(Million yen)

	Previous year	Current year	Difference
Net sales	8,387	8,818	431
Operating profit	866	856	(9)

In other businesses, including the wood material business, construction business, logistics business and used paper wholesale business, sales increased due to a rise in external orders, especially in the wood material business. However, profit declined chiefly due to sharply rising logistics costs.

## (2) Summary of financial conditions during the fiscal year

(Million yen)

	End of previous year	End of current year	Change
Total assets	415,692	418,882	3,189
Net assets	252,464	265,870	13,405
Equity ratio	60.6%	63.3%	2.7%
Net assets per share	1,496.93 yen	1,575.90 yen	78.98 yen
Interest-bearing debt at year-end	104,362	88,972	(15,389)

Total assets increased 3,189 million yen from the end of the previous fiscal year, to 418,882 million yen. This was mainly due to increases of 5,504 million yen in cash and deposits, 1,532 million yen in merchandise and finished goods, and 5,477 million yen in property, plant and equipment, although there were decreases of 9,290 million yen in notes and accounts receivable - trade, and contract assets.

Total liabilities decreased 10,215 million yen from the end of the previous year, to 153,012 million yen. This was attributable primarily to a decrease of 15,389 million yen in interest-bearing liabilities, despite increases of 1,294 million yen in notes and accounts payable - trade and 3,702 million yen in income taxes payable.

Net assets increased 13,405 million yen from the end of the previous fiscal year, to 265,870 million yen. This was mainly due to an increase of 11,344 million yen in retained earnings, which was contributed by net income attributable to owners of the parent, and an increase of 3,246 million yen in foreign currency translation adjustment, despite a decrease of 1,411 million yen in valuation difference on available-for-sale securities.

## (3) Summary of cash flow during the fiscal year

(Million yen)

	Previous year	Current year	Change
Net cash provided by (used in) operating activities	22,320	40,932	18,611
Net cash provided by (used in) investing activities	(15,494)	(18,816)	(3,321)
Cash flows from financing activities	(3,801)	(19,121)	(15,319)
Translation (loss) gain on cash and cash equivalents	1,052	14	(1,038)
Net increase (decrease) in cash and cash equivalents	4,076	3,008	(1,068)
Cash and cash equivalents at beginning of period	18,063	22,140	4,076
Cash and cash equivalents at end of the year	22,140	25,148	3,008

Cash and cash equivalents as of the end of current year increased 3,008 million yen year on year, to 25,148 million yen.

## (Cash flow from operating activities)

Net cash provided by operating activities was 40,932 million yen (up 83.4% year on year.)

The main cash inflows were profit before income taxes of 21,538 million yen, depreciation of 13,142 million yen, decrease in trade

receivables of 9,108 million yen, interest and dividends received totaling 2,487 million yen. Main cash outflows were 1,766 million yen in increased inventories and 1,198 million yen in accrued consumption taxes.

(Cash flow from investing activities)

Net cash used in investing activities was 18,816 million yen (outflow of 15,494 million yen in the previous year).

The main cash outflows were 3,571 million yen in purchases of investment securities, 17,653 million yen in purchases of property, plant and equipment, and 2,481 million yen in payments into time deposits. Main cash inflows included 7,145 million yen in proceeds from sale of investment securities.

(Cash flow from financing activities)

Net cash used in financing activities was 19,121 million yen (outflow of 3,801 million yen in the previous year).

The main cash outflows were a 7,000 million yen decrease in commercial paper, 16,990 million yen in repayments of long-term borrowings, and 3,373 million yen in dividends paid. The main cash inflows were 8,000 million yen in proceeds from long-term borrowings.

#### (4) Future outlook

##### (i) Forecast on financial results for the next fiscal year

Although the Japanese economy is expected to support a gradual recovery due to improvements in the employment and income environment and the effects of government policies, the outlook remains uncertain due to the growing risk of an economic downturn caused by the impact of U.S. trade policies.

In these circumstances, the business environment surrounding the pulp and paper industry is expected to remain difficult due to the continued decline of demand for domestic paper and the soaring raw material prices and logistics expenses. Although the Group expects continued measures to strengthen export sales, rising pulp selling prices and a decline in raw material costs due to the strengthening yen and lower crude oil prices, a decline in domestic paper sales volume and various cost increases including logistics expenses are anticipated. The following business forecast was prepared by considering these circumstances comprehensively.

The following forecast was based on information currently available to the Company at the time of the release of these materials. Actual result may differ from the above forecast due to various factors.

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
<b>Year ending March 31, 2026 (forecast)</b>	303,000	18,000	21,000	15,000	89.18
Year ended March 31, 2025 (actual)	305,718	19,727	18,759	15,529	92.34
% change from the previous corresponding period	(0.9%)	(8.8%)	11.9%	(3.4%)	

##### (ii) Forecast on dividends for the next fiscal year

The Company continues to make investments for growth to boost its corporate value consistently and from a long-term perspective. With this in mind, it established the basic guidelines for capital policy with an emphasis on the implementation of continuous and stable dividend payments based on the capital policy of maintaining a balance between financial soundness, capital efficiency and shareholder returns.

Our dividend forecast for the next fiscal year is for ongoing dividend increases, with an interim dividend of 13 yen per share and a year-end dividend of 13 yen per share, giving a total annual dividend of 26 yen per share.

## 2. Our Basic Philosophy on the Selection of Accounting Standards

Taking into account the period comparability of consolidated financial statements, the Group currently prepares consolidated financial statements based on Japanese GAAP. With respect to the International Financial Reporting Standards (IFRSs) the Company will address the issue appropriately with consideration to the various circumstances in Japan and overseas.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Million yen)

	As of March 31, 2024	As of March 31, 2025
(Assets)		
Current assets		
Cash and deposits	22,140	27,644
Notes and accounts receivable - trade, and contract assets	76,984	67,694
Electronically recorded monetary claims - operating	8,844	9,381
Merchandise and finished goods	29,881	31,414
Work in process	3,252	3,320
Raw materials and supplies	34,080	34,716
Other	4,709	5,378
Allowance for doubtful accounts	(15)	(64)
Total current assets	179,879	179,486
Non-current assets		
Property, plant and equipment		
Buildings and structures	86,500	87,747
Accumulated depreciation	(57,231)	(58,718)
Buildings and structures, net	29,268	29,029
Machinery, equipment and vehicles	445,517	457,172
Accumulated depreciation	(386,003)	(393,475)
Machinery, equipment and vehicles, net	59,513	63,696
Tools, furniture and fixtures	7,357	8,152
Accumulated depreciation	(5,809)	(6,233)
Tools, furniture and fixtures, net	1,547	1,919
Land	17,746	17,789
Leased assets	192	193
Accumulated depreciation	(147)	(155)
Leased assets, net	45	38
Right-of-use assets	2,304	2,388
Accumulated depreciation	(882)	(1,075)
Right-of-use assets, net	1,421	1,312
Construction in progress	4,533	5,781
Forestland	2,435	2,420
Total property, plant and equipment	116,511	121,988
Intangible assets	2,540	3,232
Investments and other assets		
Investment securities	31,926	30,608
Shares of subsidiaries and associates	65,999	63,555
Long-term loans	2,946	202
Asset for retirement benefits	11,235	12,152
Deferred tax assets	1,513	1,557
Other	6,145	6,305
Allowance for doubtful accounts	(3,006)	(205)
Total investments and other assets	116,761	114,175
Total non-current assets	235,813	239,396
Total assets	415,692	418,882

(Million yen)

	As of March 31, 2024	As of March 31, 2025
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	22,900	24,194
Electronically recorded obligations - operating	7,578	8,181
Short-term loans	25,889	27,170
Commercial papers	7,000	–
Lease obligations	357	357
Income taxes payable	845	4,548
Accrued consumption taxes	1,384	187
Contract liabilities	357	320
Provision for bonuses	2,999	3,143
Provision for directors' bonuses	68	72
Provision for environmental measures	38	46
Provision for loss on disaster	351	98
Provision for reforestation	251	265
Notes payable - facilities	1,801	1,659
Other	10,370	11,758
Total current liabilities	82,197	82,005
Non-current liabilities		
Bonds payable	25,000	25,000
Long-term loans	44,718	35,198
Lease obligations	1,395	1,246
Deferred tax liabilities	1,979	1,820
Provision for environmental measures	1,371	1,379
Provision for reforestation	393	400
Retirement benefit liability	3,755	3,467
Asset retirement obligations	2,226	2,243
Other	189	251
Total non-current liabilities	81,030	71,006
Total liabilities	163,228	153,012
Net assets		
Shareholders' equity		
Share capital	42,020	42,020
Capital surplus	44,953	44,957
Retained earnings	140,480	151,825
Treasury shares	(9,593)	(9,575)
Total shareholders' equity	217,861	229,228
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,152	9,741
Deferred gains or losses on hedges	(21)	59
Foreign currency translation adjustment	16,390	19,637
Remeasurements of defined benefit plans	6,326	6,385
Total accumulated other comprehensive income	33,847	35,824
Share acquisition rights	78	76
Non-controlling interests	676	741
Total net assets	252,464	265,870
Total liabilities and net assets	415,692	418,882

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

## Consolidated Statements of Income

(Million yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Net sales	297,056	305,718
Cost of sales	236,908	236,920
Gross profit	60,148	68,798
Selling, general and administrative expenses	44,880	49,070
Operating profit	15,267	19,727
Non-operating income		
Interest income	788	826
Dividends income	825	983
Share of profit of entities accounted for using equity method	1,280	—
Foreign exchange gains	—	628
Other	1,160	793
Total non-operating income	4,054	3,232
Non-operating expenses		
Interest expenses	841	766
Share of loss of entities accounted for using equity method	—	2,703
Rental expenses	210	84
Other	513	646
Total non-operating expenses	1,564	4,201
Ordinary profit	17,757	18,759
Extraordinary income		
Gain on sales of non-current assets	934	34
Gain on sales of investment securities	9	4,108
Subsidy income	31	1
Insurance claim income	79	183
Total extraordinary income	1,054	4,327
Extraordinary losses		
Loss on sales and retirement of non-current assets	1,221	1,371
Impairment loss	403	175
Loss on disaster	1,484	—
Loss on tax purpose reduction entry of non-current assets	30	1
Loss on sale of shares of subsidiaries and associates	4,469	—
Loss on waiver of debt of subsidiaries and associates	2,603	—
Provision of allowance for doubtful accounts	2,735	—
Other	1	—
Total extraordinary losses	12,950	1,548
Profit before income taxes	5,860	21,538
Income taxes - current	1,691	5,617
Income taxes - deferred	(4,332)	244
Total income taxes	(2,641)	5,862
Profit	8,501	15,676
Profit attributable to non-controlling interests	113	147
Profit attributable to owners of parent	8,387	15,529



Consolidated Statements of Comprehensive Income

(Million yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Profit	8,501	15,676
Other comprehensive income		
Valuation difference on available-for-sale securities	6,171	(1,385)
Deferred gains or losses on hedges	(8)	51
Foreign currency translation adjustment	7,957	1,802
Remeasurements of defined benefit plans, net of tax	4,463	(238)
Share of other comprehensive income of entities accounted for using equity method	3,189	1,770
Total other comprehensive income	21,773	2,000
Comprehensive income:	30,275	17,676
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	30,252	17,506
Comprehensive income attributable to non-controlling interests	22	170

### (3) Consolidated statement of changes in equity

For the year ended March 31, 2024

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	42,020	45,342	135,489	(9,625)	213,226
Cumulative effects of changes in accounting policies			72		72
Adjustment for hyperinflation of equity method affiliates			(442)		(442)
Balance at beginning of period reflecting changes in accounting policies and hyperinflation adjustments	42,020	45,342	135,119	(9,625)	212,856
Changes during period					
Dividends of surplus			(3,026)		(3,026)
Profit attributable to owners of parent			8,387		8,387
Disposal of treasury shares		0		35	36
Purchase of treasury shares				(3)	(3)
Additional purchase of shares of consolidated subsidiaries		(14)			(14)
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Changes in equity in affiliates accounted for by the equity method, etc.		(374)			(374)
Net changes in items other than shareholders' equity					
Total changes during period	—	(388)	5,361	32	5,005
Balance at end of period	42,020	44,953	140,480	(9,593)	217,861

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	4,418	79	5,907	1,576	11,982	91	649	225,950
Cumulative effects of changes in accounting policies								72
Adjustment for hyperinflation of equity method affiliates								(442)
Balance at beginning of period reflecting changes in accounting policies and hyperinflation adjustments	4,418	79	5,907	1,576	11,982	91	649	225,579
Changes during period								
Dividends of surplus								(3,026)
Profit attributable to owners of parent								8,387
Disposal of treasury shares								36
Purchase of treasury shares								(3)
Additional purchase of shares of consolidated subsidiaries								(14)
Change in treasury shares arising from change in equity in entities accounted for using equity method								(0)
Changes in equity in affiliates accounted for by the equity method, etc.								(374)
Net changes in items other than shareholders' equity	6,733	(101)	10,483	4,749	21,864	(12)	27	21,879
Total changes during period	6,733	(101)	10,483	4,749	21,864	(12)	27	26,884
Balance at end of period	11,152	(21)	16,390	6,326	33,847	78	676	252,464

For the year ended March 31, 2025

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	42,020	44,953	140,480	(9,593)	217,861
Cumulative effects of changes in accounting policies			1		1
Adjustment for hyperinflation of equity method affiliates			(822)		(822)
Balance at beginning of period reflecting changes in accounting policies and hyperinflation adjustments	42,020	44,953	139,659	(9,593)	217,040
Changes during period					
Dividends of surplus			(3,363)		(3,363)
Profit attributable to owners of parent			15,529		15,529
Disposal of treasury shares		4		20	24
Purchase of treasury shares				(2)	(2)
Net changes in items other than shareholders' equity					
Total changes during period	—	4	12,165	17	12,187
Balance at end of period	42,020	44,957	151,825	(9,575)	229,228

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	11,152	(21)	16,390	6,326	33,847	78	676	252,464
Cumulative effects of changes in accounting policies	(1)				(1)			—
Adjustment for hyperinflation of equity method affiliates								(822)
Balance at beginning of period reflecting changes in accounting policies and hyperinflation adjustments	11,151	(21)	16,390	6,326	33,846	78	676	251,642
Changes during period								
Dividends of surplus								(3,363)
Profit attributable to owners of parent								15,529
Disposal of treasury shares								24
Purchase of treasury shares								(2)
Net changes in items other than shareholders' equity	(1,410)	81	3,246	59	1,977	(1)	64	2,040
Total changes during period	(1,410)	81	3,246	59	1,977	(1)	64	14,227
Balance at end of period	9,741	59	19,637	6,385	35,824	76	741	265,870

#### (4) Consolidated Statement of Cash Flows

(Million yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	5,860	21,538
Depreciation	12,864	13,142
Impairment loss	403	175
Amortization of goodwill	155	167
Insurance claim income	(79)	(183)
Decrease (increase) in retirement benefit asset	(63)	388
Interest and dividend income	(1,613)	(1,810)
Interest expenses	841	766
Share of loss (profit) of entities accounted for using equity method	(1,280)	2,703
Loss (gain) on sale of investment securities	(9)	(4,108)
Loss on tax purpose reduction entry of non-current assets	30	1
Net loss (gain) on sales and retirement of non-current assets	287	1,336
Decrease (increase) in trade receivables	(29)	9,108
Decrease (increase) in inventories	(3,079)	(1,766)
Decrease (increase) in consumption taxes refund receivable	648	(602)
Increase (decrease) in notes and accounts payable - trade	1,407	1,788
Increase (decrease) in accrued consumption taxes	1,237	(1,198)
Loss on sale of shares of subsidiaries and associates	4,469	—
Loss on waiver of debt of subsidiaries and associates	2,603	—
Increase (decrease) in allowance for doubtful accounts	2,733	(16)
Other	(1,261)	(1,807)
Subtotal	26,128	39,624
Interest and dividend income received	2,283	2,487
Interest paid	(868)	(772)
Income taxes paid	(5,301)	(590)
Proceeds from insurance income	79	183
Net cash provided by (used in) operating activities	22,320	40,932
Cash flows from investing activities		
Payments into time deposits	—	(2,481)
Payments for purchases of investment securities	(1,122)	(3,571)
Proceeds from sales of investment securities	51	7,145
Payments for purchases of property, plant and equipment	(13,494)	(17,653)
Payments for retirement of property, plant and equipment	(1,057)	(1,180)
Proceeds from sales of property, plant and equipment	1,545	43
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(872)	—
Payments of loans receivable	(44)	(4)
Collection of loans receivable	19	70
Other	(519)	(1,184)
Net cash provided by (used in) investing activities	(15,494)	(18,816)

	(Million yen)	
	For the year ended March 31, 2024	For the year ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(691)	633
Net increase (decrease) in commercial papers	(3,000)	(7,000)
Proceeds from long-term loans	7,000	8,000
Repayments of long-term loans	(8,700)	(16,990)
Proceeds from issuance of bonds	15,000	—
Redemption of bonds	(10,000)	—
Dividends paid	(3,035)	(3,373)
Dividends paid to non-controlling interests	(99)	(105)
Other	(274)	(285)
Net cash provided by (used in) financing activities	(3,801)	(19,121)
Translation (loss) gain on cash and cash equivalents	1,052	14
Net increase (decrease) in cash and cash equivalents	4,076	3,008
Cash and cash equivalents at beginning of period	18,063	22,140
Cash and cash equivalents at end of the year	22,140	25,148

## (5) Notes to Quarterly Consolidated Financial Statements

### (Notes to Going Concern Assumption)

Not applicable.

### (Changes in Accounting Policies)

#### (Application of the Accounting Standard for Current Income Taxes)

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”) effective from beginning of the current fiscal year.

Accordingly, the amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) complies with the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022, and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the “Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter called the “Revised Implementation Guidance 2022”).” When the new accounting policy is retroactively applied before the beginning of an applicable fiscal year, the cumulative amount of impact in the first applicable fiscal year is added to or subtracted from retained earnings at the beginning of the applicable fiscal year and the corresponding amount is added to or subtracted from the accumulated other comprehensive income. As a result, in the current consolidated fiscal year, the balance of retained earnings at the beginning of period increased one million yen, while the balance of valuation difference on available-for sale securities at the beginning of period decreased by the same amount.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the current fiscal year. This change in accounting policy is applied retrospectively, and consolidated financial statements for the previous year are after retrospective application. As a result, “share of profit of entities accounted for using equity method” in the consolidated financial statements for the previous fiscal year decreased by 8 million yen compared to those before retrospective application. Additionally, due to the cumulative effects of changes in the prior fiscal year, the opening balance of “retained earnings” increased by 72 million yen. The balances of “retained earnings” and “shares of subsidiaries and associates” as of the end of the prior fiscal year each increased by 63 million yen.

### (Changes in presentation methods)

#### (Notes to consolidated statements of cash flows)

“Decrease (increase) in retirement benefit assets,” which was included in “Other” under “cash flows from operating activities” in the previous consolidated fiscal year, is presented separately in the current fiscal year due to its increased importance. “Increase (decrease) in retirement benefit liability,” which was presented separately in the previous consolidated fiscal year, is included in “Other” under “cash flows from operating activities” in the current fiscal year due to its reduced importance. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year (April 1, 2023 - March 31, 2024) have been amended.

As a result, the (1,243) million yen that had been presented in “Other” and the (81) million yen that had been presented in “Increase (decrease) in retirement benefit liability” under cash flows from operating activities in the consolidated statements of cash flows for the previous fiscal year has been restated as (63) million yen in decrease (increase) in retirement benefit assets, and (1,261) million yen in “Other.”

(Segment Information)

1. Overview of reportable segments

The Company's reportable segments are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate their performance.

The Company evaluates the performance of the Company and each of its consolidated subsidiaries, which are the units that make up its business segments. The Company has two reportable segments, "Pulp and paper business" and "Packaging/paper processing business," which are based on the economic characteristics of each business segment and similarities in the manufacturing methods and sales markets of the products.

The "Pulp and paper business" segment manufactures and sells paper and pulp products. The Packaging/Paper processing business segment is engaged in the manufacture and sale of paper containers and liquid containers, as well as the manufacture, processing, and sale of processed paper products.

2. Information on Amounts of Sales, Profit or Loss, Assets, and Other Items by Reportable Segment

Fiscal year ended March 31, 2024

(Million yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amounts recorded in consolidated financial statements (Note 3)
	Pulp and paper business	Packaging/ Paper processing business	Total				
Net sales							
Sales to outside customers	272,972	15,697	288,669	8,387	297,056	–	297,056
Intersegment sales or transfers	2,775	12	2,788	23,063	25,852	(25,852)	–
Total	275,748	15,710	291,458	31,450	322,909	(25,852)	297,056
Segment profit	13,681	282	13,964	866	14,830	437	15,267
Segment assets	391,769	15,415	407,185	18,206	425,392	(9,699)	415,692
Other items							
Depreciation	12,164	602	12,766	478	13,244	(380)	12,864
Impairment loss	403	–	403	–	403	–	403
Investment for affiliates accounted for by the equity method	64,315	–	64,315	–	64,315	–	64,315
Increase in property, plant and equipment and intangible assets	14,491	722	15,214	417	15,631	(318)	15,313

- (Notes) 1. "Other" includes business segments which are not included in the reportable segments, and includes wood material business, construction business, logistics business, and used paper wholesale business.  
2. Adjustments of 437 million yen in segment profit mainly represent the elimination of intersegment transactions.  
3. The segment profit has been adjusted to the operating profit stated in the consolidated statements of income.

For the year ended March 31, 2025

(Million yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amounts recorded in consolidated financial statements (Note 3)
	Pulp and paper business	Packaging/ Paper processing business	Total				
Net sales							
Sales to outside customers	280,243	16,655	296,899	8,818	305,718	–	305,718
Intersegment sales or transfers	2,819	11	2,831	24,289	27,120	(27,120)	–
Total	283,063	16,666	299,730	33,108	332,838	(27,120)	305,718
Segment profit	18,251	228	18,480	856	19,337	390	19,727
Segment assets	397,432	16,708	414,140	18,610	432,751	(13,868)	418,882
Other items							
Depreciation	12,476	526	13,002	516	13,519	(377)	13,142
Impairment loss	175	–	175	0	175	–	175
Investment for affiliates accounted for by the equity method	61,870	–	61,870	–	61,870	–	61,870
Increase in property, plant and equipment and intangible assets	17,424	1,624	19,049	665	19,714	(358)	19,356

- (Notes) 1. “Other” includes business segments which are not included in the reportable segments, and includes wood material business, construction business, logistics business, and used paper wholesale business.
2. Adjustments of 390 million yen in segment profit mainly represent the elimination of intersegment transactions.
3. The segment profit has been adjusted to the operating profit stated in the consolidated statements of income.