

Consolidated Financial Results

for the Six Months Ended September 30, 2025 [Japanese GAAP]

November 14, 2025

Company: **Hokuetsu Corporation**

Stock Exchange Listing: Tokyo

Stock Code: 3865

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

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Scheduled date of filing semi-annual report: November 14, 2025

Scheduled date of commencement of dividend payments: December 2, 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 Business Results for the Six Months Ended September 30, 2025

(April 1, 2025 through September 30, 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	%
Six months ended September 30, 2025	139,787	(6.4)	2,019	(77.6)	3,006	(66.7)	2,375	(62.2)
Six months ended September 30, 2024	149,358	(0.5)	9,004	(25.5)	9,040	(34.4)	6,281	(33.2)

(Note) Comprehensive income: Six months ended September 30, 2025: 338 million yen [(97.5) %]
Six months ended September 30, 2024: 13,699 million yen [(36.9) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2025	14.12	14.11
Six months ended September 30, 2024	37.35	37.32

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2025	412,539	264,408	63.9
As of March 31, 2025	418,882	265,870	63.3

(Reference) Equity: As of September 30, 2025: 263,610 million yen
As of March 31, 2025: 265,052 million yen

2. Dividends

	Annual dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2025	—	11.00	—	11.00	22.00
Year ending March 31, 2026	—	13.00			
Year ending March 31, 2026 (forecast)			—	13.00	26.00

(Note) Revisions to dividend forecasts published most recently: None

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
Full year	292,000	(4.5)	8,000	(59.4)	10,000	(46.7)	6,000	(61.4)	35.67

(Note) Revisions to business forecasts published most recently: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of the consolidated semi-annual financial statements: None

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

(i) Changes in accounting policies due to amendment to accounting standards: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement of prior period financial statements: None

(4) Shares outstanding (common stock)

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

As of September 30, 2025	188,053,114 shares	As of March 31, 2025	188,053,114 shares
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(ii) Number of treasury stock at the end of the period:

As of September 30, 2025	19,819,355 shares	As of March 31, 2025	19,862,254 shares
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(iii) Average number of shares during period:

Six months ended September 30, 2025	168,214,508 shares	Six months ended September 30, 2024	168,162,386 shares
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*** Consolidated Semi-annual Financial Results are exempted from review performed by a certified public accountant 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. Refer to “1. Qualitative Information on Consolidated Operating Results for the First Half; (3) Qualitative Information Concerning Consolidated Earnings Forecasts” on page 2 of the accompanying materials for matters related to results forecasts.

*** 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.**

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1. Qualitative Information on Consolidated Operating Results for the First Half

(1) Qualitative Information Concerning Consolidated Operating Results

During the first six months of the current fiscal year, net sales, operating profit, ordinary profit and profit attributable to owners of parent came to 139,787 million yen (down 6.4% year on year), 2,019 million yen (down 77.6% year on year), 3,006 million yen (down 66.7% year on year) and 2,375 million yen (down 62.2% year on year), respectively, partly reflecting a fall in pulp sales volume in overseas markets and reduced sales volume of paper and paperboard.

The performance of major segments is as follows:

(i) Pulp and paper business

In the pulp and paper business, both sales and profits decreased due to a decline in the sales volume of pulp in overseas markets and a decrease in the sales volume of paper and paperboard.

As a result, the results of the pulp and paper business were as follows.

Net sales	126,264 million yen (down 7.6% year on year)
Operating profit	1,144 million yen (down 86.3% year on year)

(ii) Packaging/Paper processing business

In the packaging/paper processing business, sales and profit increased mainly due to price revisions and increased sales volume of liquid containers.

As a result, the results of the packaging/paper processing business were as follows.

Net sales	8,840 million yen (up 7.0% year on year)
Operating profit	233 million yen (up 941.6% year on year)

(iii) Other businesses

In other businesses, including the wood material business, construction business, logistics business and used paper wholesale business, sales and profits increased due to a rise in external orders, especially in the construction business.

As a result, the results of other businesses were as follows.

Net sales	4,683 million yen (up 3.9% year on year)
Operating profit	521 million yen (up 6.9% year on year)

(2) Qualitative Information Concerning Consolidated Financial Position

Total assets decreased 6,342 million yen from the end of the previous fiscal year, to 412,539 million yen. This was mainly due to decreases of 4,960 million yen in cash and deposits and 5,545 million yen in notes and accounts receivable - trade, and contract assets, and increases of 2,643 million yen in merchandise and finished goods and 1,131 million yen in property, plant and equipment.

Total liabilities decreased 4,881 million yen from the end of the previous year, to 148,131 million yen. This was mainly due to decreases of 4,814 million yen in notes and accounts payable-trade and 3,208 million yen in income taxes payable, while interest-bearing debt increased by 666 million yen and accrued expenses included in other current liabilities increased by 1,655 million yen.

Net assets fell 1,461 million yen from the end of the previous fiscal year, to 264,408 million yen. This was mainly due to a decrease of 4,048 million yen in foreign currency translation adjustments and an increase of 2,638 million yen in valuation difference on available-for-sale securities.

(3) Qualitative Information Concerning Consolidated Earnings Forecasts

No change has been made to the full-year financial forecasts announced on October 28, 2025.

2. Semi-annual Consolidated Financial Statements and Key Notes

(1) Semi-annual Consolidated Balance Sheet

(Million yen)

	As of March 31, 2025	As of September 30, 2025
(Assets)		
Current assets		
Cash and deposits	27,644	22,683
Notes and accounts receivable - trade, and contract assets	67,694	62,149
Electronically recorded monetary claims - operating	9,381	8,828
Merchandise and finished goods	31,414	34,057
Work in process	3,320	3,473
Raw materials and supplies	34,716	34,122
Other	5,378	5,706
Allowance for doubtful accounts	(64)	(65)
Total current assets	179,486	170,957
Non-current assets		
Property, plant and equipment		
Buildings and structures	87,747	88,347
Accumulated depreciation	(58,718)	(59,670)
Buildings and structures, net	29,029	28,677
Machinery, vehicles, tools, furniture and fixtures	465,325	471,366
Accumulated depreciation	(399,709)	(402,805)
Machinery, vehicles, tools, furniture and fixtures, net	65,616	68,560
Other, net	27,342	25,881
Total property, plant and equipment	121,988	123,119
Intangible assets	3,232	3,177
Investments and other assets		
Investment securities	30,608	32,754
Shares of subsidiaries and associates	63,555	62,840
Other	20,217	19,894
Allowance for doubtful accounts	(205)	(203)
Total investments and other assets	114,175	115,285
Total non-current assets	239,396	241,582
Total assets	418,882	412,539

(Million yen)

	As of March 31, 2025	As of September 30, 2025
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	24,194	19,380
Electronically recorded obligations - operating	8,181	8,185
Short-term loans	27,170	8,683
Commercial papers	—	13,000
Current portion of bonds payable	—	15,000
Income taxes payable	4,548	1,339
Provision	3,626	3,124
Other	14,283	16,376
Total current liabilities	82,005	85,090
Non-current liabilities		
Bonds payable	25,000	10,000
Long-term loans	35,198	41,440
Provision	1,779	1,767
Retirement benefit liability	3,467	3,423
Asset retirement obligations	2,243	2,209
Other	3,318	4,200
Total non-current liabilities	71,006	63,041
Total liabilities	153,012	148,131
Net assets		
Shareholders' equity		
Share capital	42,020	42,020
Capital surplus	44,957	44,964
Retained earnings	151,825	152,437
Treasury shares	(9,575)	(9,555)
Total shareholders' equity	229,228	229,868
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,741	12,379
Deferred gains or losses on hedges	59	(13)
Foreign currency translation adjustment	19,637	15,589
Remeasurements of defined benefit plans	6,385	5,787
Total accumulated other comprehensive income	35,824	33,742
Share acquisition rights	76	60
Non-controlling interests	741	737
Total net assets	265,870	264,408
Total liabilities and net assets	418,882	412,539

(2) Semi-annual Consolidated Statements of Income and Semi-annual Consolidated Statements of Comprehensive Income

Semi-annual Consolidated Statements of Income

(Million yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Net sales	149,358	139,787
Cost of sales	116,242	114,388
Gross profit	33,115	25,399
Selling, general and administrative expenses	24,111	23,380
Operating profit	9,004	2,019
Non-operating income		
Interest income	431	286
Dividends income	570	613
Share of profit of entities accounted for using equity method	–	1,096
Other	467	318
Total non-operating income	1,468	2,315
Non-operating expenses		
Interest expenses	361	379
Foreign exchange losses	69	611
Share of loss of entities accounted for using equity method	797	–
Other	204	337
Total non-operating expenses	1,432	1,328
Ordinary profit	9,040	3,006
Extraordinary income		
Gain on sales of non-current assets	5	12
Gain on sales of investment securities	855	1,025
Total extraordinary income	861	1,037
Extraordinary losses		
Loss on sales and retirement of non-current assets	825	693
Loss on disaster	–	174
Total extraordinary losses	825	867
Profit before income taxes	9,076	3,175
Income taxes - current	2,505	497
Income taxes - deferred	221	236
Total income taxes	2,727	734
Profit	6,349	2,441
Profit attributable to non-controlling interests	68	66
Profit attributable to owners of parent	6,281	2,375

Semi-annual Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Profit	6,349	2,441
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,026)	2,242
Deferred gains or losses on hedges	2	(54)
Foreign currency translation adjustment	6,278	(2,113)
Remeasurements of defined benefit plans, net of tax	(598)	(586)
Share of other comprehensive income of entities accounted for using equity method	2,693	(1,591)
Total other comprehensive income	7,349	(2,102)
Comprehensive income	13,699	338
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,603	293
Comprehensive income attributable to non-controlling interests	95	45

(3) Semi-annual Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Cash flows from operating activities		
Profit before income taxes	9,076	3,175
Depreciation	6,550	6,747
Amortization of goodwill	84	83
Increase (decrease) in net defined benefit liability	9	(38)
Interest and dividend income	(1,001)	(900)
Interest expenses	361	379
Share of loss (profit) of entities accounted for using equity method	797	(1,096)
Loss (gain) on sale of investment securities	(855)	(1,025)
Net loss (gain) on sales and retirement of non-current assets	819	681
Decrease (increase) in trade receivables	9,490	5,633
Decrease (increase) in inventories	(645)	(2,766)
Increase (decrease) in notes and accounts payable - trade	(800)	(4,677)
Increase (decrease) in accrued consumption taxes	(1,117)	138
Other	(239)	1,140
Subtotal	22,528	7,476
Interest and dividend income received	1,393	1,242
Interest paid	(367)	(358)
Income taxes paid	(611)	(4,820)
Net cash provided by (used in) operating activities	22,943	3,539
Cash flows from investing activities		
Payments into time deposits	(2,491)	(2,285)
Proceeds from withdrawal of time deposits	—	1,482
Payments for purchases of investment securities	(33)	(501)
Proceeds from sales of investment securities	2,480	2,645
Payments for purchases of property, plant and equipment	(7,900)	(7,946)
Proceeds from sales of property, plant and equipment	8	12
Payments of loans receivable	(1)	(7)
Collection of loans receivable	12	34
Other	(1,114)	(931)
Net cash provided by (used in) investing activities	(9,041)	(7,497)

(Million yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(2,822)	(9,456)
Net increase (decrease) in commercial papers	(4,000)	13,000
Proceeds from long-term loans	–	9,500
Repayments of long-term loans	(2,518)	(12,322)
Dividends paid	(1,518)	(1,858)
Dividends paid to non-controlling interests	(105)	(49)
Other	(36)	(33)
Net cash provided by (used in) financing activities	(11,001)	(1,220)
Translation (loss) gain on cash and cash equivalents	830	(695)
Net increase (decrease) in cash and cash equivalents	3,730	(5,873)
Cash and cash equivalents at beginning of period	22,140	25,148
Cash and cash equivalents at end of period	25,870	19,275

(4) Notes to Semi-annual Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Segment Information)

I. For the six months ended September 30, 2024

Information on amounts of net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amounts recorded in semi-annual consolidated statements of income (Note 3)
	Pulp and paper business	Packaging/ Paper processing business	Total				
Net sales							
Sales to outside customers	136,588	8,260	144,848	4,509	149,358	–	149,358
Intersegment sales or transfers	1,426	4	1,430	12,174	13,605	(13,605)	–
Total	138,014	8,265	146,279	16,684	162,964	(13,605)	149,358
Segment profit	8,356	22	8,378	488	8,866	137	9,004

(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 137 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 semi-annual consolidated statements of income.

II. For the six months ended September 30, 2025

Information on amounts of net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amounts recorded in semi-annual consolidated statements of income (Note 3)
	Pulp and paper business	Packaging/ Paper processing business	Total				
Net sales							
Sales to outside customers	126,264	8,840	135,104	4,683	139,787	–	139,787
Intersegment sales or transfers	1,468	6	1,474	12,569	14,044	(14,044)	–
Total	127,732	8,846	136,579	17,253	153,832	(14,044)	139,787
Segment profit	1,144	233	1,377	521	1,898	120	2,019

(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 120 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 semi-annual consolidated statements of income.