



PRESS RELEASE

May 14, 2021
Hokuetsu Corporation

Notice of decision to start a household paper business and expand our reverse osmosis membrane (RO membrane) backings business

Hokuetsu Corporation hereby announces that the Board of Directors resolved today to establish new household paper production facilities in our Niigata Mill, and to construct a production site for reverse osmosis membrane (RO membrane) backings via a subsidiary in Thailand. The details are as follows.

1. Background and purpose

Hokuetsu is proactively promoting environmental management based on the Group's Environmental Charter more than ever before. In April 2020, we set out the Medium-term Management Plan 2023, and are focusing our efforts on transforming our business portfolio in accordance with the reduced demand for printing and writing paper. We started producing containerboard using a rebuilt paper production machine in April 2020, and are also going ahead with restructuring paper production capabilities, etc.

In parallel with the reconstruction of our existing paper business, we are expanding our business into new growth fields through a household paper business and our RO membrane backings business.

2. Overview of new business

(1) Household paper business

Hokuetsu will make use of our technology and knowledge of high-quality, low-cost, high-efficiency operations that we have developed to date to establish new household paper production facilities in our Niigata Mill, and engage in the production and sale of household paper products. More than 70% of our household paper products will be produced with zero CO₂ energy, and we will contribute to the realization of a carbon-neutral society through the provision of these household paper products.

Moreover, household paper products such as bathroom tissues, facial tissues, and paper towels are items necessary for everyday life, and demand for these is expected to remain stable in the future. We will produce and sell household paper products by taking advantage of the location of our Niigata Mill, which is positioned close to the Kanto area, an area of mass consumption.

Overview of production facilities

- Location: Niigata City, Niigata Prefecture (Niigata Mill)
- Capital investment: Paper-making facilities, converting facilities, product warehouses, etc.
- Product types: Bathroom tissues, facial tissues, paper towels, etc.
- Production capacity: 25,000 t/year
- Expected capital investment: Approx. 15 billion yen
- Production start date: December 2023 (scheduled)

(2) RO membrane backings business

As public health environments improve, industries develop, and populations grow, RO membranes are being used for a variety of environmental purposes, including industrial water treatment, ocean water desalinization, and reusing sewage and wastewater, as well as for filters for consumer use. Consequently, demand for RO membrane backings is expanding as demand for these membranes is growing.

Hokuetsu will establish a mill for the production and sale of RO membrane backings on a greenfield site in Thailand using the technology we have developed in our Nagaoka Mill over many years of production, and we will set up a global supply chain that can respond to the growing worldwide demand through our Nagaoka Mill and Thai Mill.

Overview of production site

- Name of subsidiary: HOKUETSU CORPORATION (THAILAND), LTD. (tentative)
- Location: Thailand
- Capital investment: Buildings, paper-making facilities, processing facilities, etc.
- Product type: RO membrane backings
- Production capacity: 5,000 t/year
- Expected capital investment: Approx. 6 billion yen
- Production start date: December 2023 (scheduled)

3. Expectations for the future

The effects of these projects on our consolidated earnings in the year ending March 2022 will be slight.

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