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May 13, 2022

Summary of Consolidated Financial and Business Results for the Year Ended March 2022 (Japanese GAAP)

Company Name: Chuetsu Pulp & Paper Co., Ltd. (the “Company”)
 Code No./Stock Exchange: 3877/Tokyo
 Representative: Hisashi Uematsu, President & Chief Executive Officer
 Contact: Yoshio Akinaga, General Manager, Administrative Division
 URL: <https://www.chuetsu-pulp.co.jp/>
 Telephone: 0766-26-2404 (Overseas: +81-76-626-2424)
 Ordinary general meeting of shareholders to be held: June 24, 2022
 Statutory annual report to be presented: June 27, 2022
 Start of dividend payout: June 27, 2022
 Supplementary briefs for financial results to be presented: Yes
 Financial results briefing to be held: Yes

(All yen figures are rounded down to the nearest one million yen)

(Figures shown in percentage are ratios compared to the same period of the previous fiscal year)

1. Consolidated financial results for the Year Ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated Business Results

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	90,104	10.0	2,352	—	3,077	—	1,268	—
March 31, 2021	81,938	(13.9)	(347)	—	(319)	—	(1,052)	—

Note: Comprehensive income: Fiscal year ended March 31, 2022: 1,456 million yen (—%)

Fiscal year ended March 31, 2021: (674) million yen (—%)

Fiscal year ended	Profit per share	Diluted profit per share	Ratio of profit to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
March 31, 2022	95.02	—	2.6	2.5	2.6
March 31, 2021	(78.85)	—	(2.2)	(0.3)	(0.4)

Note: Equity in earnings of affiliates

Fiscal year ended March 31, 2022: 306 million yen

Fiscal year ended March 31, 2021: 51 million yen

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the current consolidated fiscal year.

The figures for the fiscal year ending March 31, 2022 are the figures after the application of the accounting standards.

(2) Consolidated Financial Condition

As of	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	122,029	48,620	39.8	3,639.20
March 31, 2021	123,490	47,455	38.4	3,550.96

Note: Shareholders' equity As of March 31, 2022: 48,584 million yen As of March 31, 2021: 47,408 million yen

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the current consolidated fiscal year.

The figures for the fiscal year ending March 31, 2022 are the figures after the application of the accounting standards.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	8,257	(3,150)	(5,894)	14,861
March 31, 2021	5,965	(3,898)	6,284	15,575

2. Cash Dividends

	Dividend per share					Total dividend (Annual) Millions of yen	Dividend payout ratio (Consolidated) %	Dividend on net assets (Consolidated) %
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
Fiscal year ended March 31, 2021	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended March 31, 2022	—	20.00	—	20.00	40.00	534	42.1	1.1
Fiscal year ending March 31, 2023 (Forecast)	—	20.00	—	20.00	40.00		48.5	

3. Consolidated Financial Forecasts for the Year Ending March 2023 (from April 1, 2022 to March 31, 2023)

(For figures shown in percentage, the full year ratios are compared to the previous fiscal year, and the quarterly ratios are compared to the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q (cumulative)	48,000	11.1	400	(63.9)	500	(64.6)	200	(75.1)	14.98
Full year	101,000	12.1	1,500	(36.2)	1,700	(44.8)	1,100	(13.3)	82.39

※Notes

(1) Changes in important subsidiaries during the period

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New (company name) Excluded (company name)

(2) Changes in accounting policies, changes in accounting estimates, and restatements

- 1) Changes in Accounting Policies due to Revision of Accounting Standards, etc. : Yes
- 2) Changes in accounting policies other than (1) No
- 3) Changes in accounting estimates No
- 4) Correction re-representation No

(3) Number of shares issued and outstanding (common stock)

- 1) Number of shares outstanding at end of period (including treasury stock)

As of March 31, 2022	13,354,688 shares	As of March 31, 2021	13,354,688 shares
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- 2) Number of own shares at end of period

As of March 31, 2022	4,314 shares	As of March 31, 2021	3,820 shares
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- 3) Average number of shares during the period

Fiscal year ended March 31, 2022	13,350,699 shares	Fiscal year ended March 31, 2021	13,351,001 shares
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Reference: Summary of Non-Consolidated Financial Results

1. Results for the Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(1) Non-consolidated Business Results

(Figures shown in percentage are ratios compared to the previous fiscal year)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	84,532	10.3	1,942	—	2,452	—	854	—
March 31, 2021	76,644	(14.0)	(641)	—	(577)	—	(1,204)	—

Fiscal year ended	Profit per share		Diluted profit per share	
	Yen		Yen	
March 31, 2022	63.98		—	
March 31, 2021	(90.22)		—	

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the current consolidated fiscal year.

The figures for the fiscal year ending March 31, 2022 are the figures after the application of the accounting standards.

(2) Non-consolidated financial position

As of	Total assets		Net assets		Shareholders' equity ratio	Net assets per share
	Millions of yen		Millions of yen		%	Yen
March 31, 2022	112,435		41,609		37.0	3,116.72
March 31, 2021	114,297		40,918		35.8	3,064.83

Note: Shareholders' equity As of March 31, 2022: 41,609 million yen As of March 31, 2021: 40,918 million yen

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the current consolidated fiscal year.

The figures for the fiscal year ending March 31, 2022 are the figures after the application of the accounting standards.

2. Non-Consolidated Forecast for the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(For figures shown in percentage, the full year ratios are compared to the previous fiscal year, and the quarterly ratios are compared to the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q (cumulative)	46,000	13.5	200	(79.6)	200	(81.6)	0	—	0.00
Full year	95,500	13.0	1,100	(43.4)	1,100	(55.2)	600	(29.8)	44.94

※ Financial statements are not subject to audit by a certified public accountant or auditing firm

※ Explanation of appropriate use of earnings forecasts and other special notes

The above forecasts are based on information available as of the date of publication of this document and on certain assumptions that we consider reasonable and are therefore subject to a number of uncertainties. Actual results may differ from the above forecasts due to changes in various factor.

3. Consolidated Financial Statements and Important Notes**(1) Consolidated Balance Sheet**

(Unit: Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	15,575	14,861
Notes and accounts receivable – trade	21,286	-
Notes and accounts receivable and contract assets	-	22,720
Merchandise and finished goods	8,586	8,124
Work in process	420	492
Raw materials and supplies	4,319	4,539
Other	2,855	2,564
Allowance for doubtful accounts	(2)	(2)
Total current assets	53,041	53,301
Non-current assets		
Property, plant and equipment		
Buildings and structures	51,753	52,044
Accumulated depreciation	(34,683)	(35,505)
Buildings and structures, net	17,070	16,539
Machinery, equipment and vehicles	239,809	240,663
Accumulated depreciation	(212,490)	(214,656)
Machinery, equipment and vehicles, net	27,318	26,007
Land	7,558	7,596
Leased assets	222	225
Accumulated depreciation	(147)	(144)
Leased assets, net	75	80
Construction in progress	1,900	1,984
Other	3,154	3,268
Accumulated depreciation	(2,784)	(2,787)
Other, net	370	480
Total property, plant and equipment	54,293	52,688
Intangible assets		
Other	246	386
Total intangible assets	246	386
Investments and other assets		
Investment securities	7,768	8,256
Long-term loans receivable from subsidiaries and affiliates	5,040	4,410
Deferred tax assets	2,680	2,554
Other	472	455
Allowance for doubtful accounts	(52)	(44)
Total investments and other assets	15,908	15,632
Total non-current assets	70,448	68,707
Deferred assets	-	20
Total assets	123,490	122,029

(Unit: Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable – trade	11,802	12,979
Short-term borrowings	30,568	27,328
Lease obligations	29	23
Income taxes payable	133	493
Allowance for bonuses	466	512
Other	4,425	5,232
Total current liabilities	47,425	46,569
Non-current liabilities		
Long-term borrowings	22,796	20,442
Lease obligations	52	60
Provisions for removal cost of property, plant and equipment	-	320
Provisions for environmental measures	2	159
Provisions for loss on business of subsidiaries and affiliates	49	47
Provisions for business restructuring	-	60
Retirement benefit liability	5,598	5,631
Other	109	118
Total non-current liabilities	28,608	26,839
Total liabilities	76,034	73,408
Net assets		
Shareholders' equity		
Share capital	18,864	18,864
Capital surplus	16,253	16,253
Retained earnings	11,929	12,905
Treasury shares	(7)	(7)
Total shareholders' equity	47,039	48,015
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	745	799
Foreign currency translation adjustment	(70)	31
Remeasurements of defined benefit plans	(306)	(262)
Total accumulated other comprehensive income	368	568
Non-controlling interests	47	35
Total net assets	47,455	48,620
Total liabilities and net assets	123,490	122,029

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

Consolidated Statements of Income

(Unit: Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	81,938	90,104
Cost of sales	68,126	76,235
Gross profit	13,811	13,869
Selling, general and administrative expenses		
Sales commissions	4,406	182
Transportation costs	4,785	6,046
Storage costs	1,589	1,603
Officer's compensation or remuneration	223	224
Employees' salaries and benefits	1,276	1,334
Retirement benefit expenses	105	110
R&D expenses	286	383
Depreciation	124	141
Other	1,360	1,488
Total selling, general and administrative expenses	14,159	11,516
Operating profit (loss)	(347)	2,352
Non-operating income		
Interest income	84	75
Dividend income	128	138
Commission received	5	4
Equipment rent	12	15
Gain on sale of scrap	14	27
Foreign exchange gains	133	453
Gain on insurance claims	7	11
Share of profit of entities accounted for using equity method	51	306
Other	19	19
Total non-operating income	456	1,052
Non-operating expenses		
Interest expenses	235	277
Commission paid	68	24
Depreciation and amortization	69	-
Other	54	26
Total non-operating expenses	427	328
Ordinary profit (loss)	(319)	3,077

(Unit: Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Extraordinary income		
Gain on sale of investment securities	0	6
Gain on sale of non-current assets	2	13
Insurance claim income	-	146
Gain on liquidation of subsidiaries and affiliates	-	64
Total extraordinary income	3	230
Extraordinary losses		
Loss on retirement of non-current assets	184	470
Impairment losses	482	337
Provision for fixed asset removal costs	-	320
Provision for environmental measures	-	156
Business restructuring expenses	-	164
Special retirement benefits	27	22
Loss on valuation of investment securities	0	-
Other	83	117
Total extraordinary losses	778	1,589
Profit (loss) before income taxes and minority interests	(1,093)	1,718
Income taxes – current	111	390
Income taxes – deferred	(152)	71
Total income taxes	(40)	461
Profit (loss)	(1,052)	1,256
Profit (loss) attributable to non-controlling interests	0	(11)
Profit (loss) attributable to owners of parent	(1,052)	1,268

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss)	(1,052)	1,256
Other comprehensive income		
Valuation difference on available-for-sale securities	274	125
Remeasurements of defined benefit plans, net of tax	43	44
Share of other comprehensive income of entities accounted for using equity method	59	30
Total other comprehensive income	377	199
Comprehensive income	(674)	1,456
(Breakdown)		
Comprehensive income attributable to owners of parent	(674)	1,468
Comprehensive income attributable to non-controlling interests	0	(11)

(3) Consolidated Statements of Changes in Net Assets

Previous Consolidated Fiscal Year (April 1, 2020 to March 31, 2021)

	(Unit: Millions of yen)										
	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities, net of taxes	Foreign currency translation adjustments	Accumulated retirement benefits	Total accumulated other comprehensive income (loss)		
Balance at the beginning of period	18,864	16,253	13,315	(7)	48,426	385	(48)	(345)	(8)	47	48,464
Cumulative effect of a change in accounting policy					—						—
Balance at beginning of period reflecting change in accounting policy	18,864	16,253	13,315	(7)	48,426	385	(48)	(345)	(8)	47	48,464
Changes during the period											
Dividends from surplus			(333)		(333)						(333)
Profit (loss) attributable to owners of parent			(1,052)		(1,052)						(1,052)
Purchase of treasury stock				(0)	(0)						(0)
Net changes of items other than shareholders' equity						360	(21)	39	377	0	378
Total changes during the period	—	—	(1,386)	(0)	(1,386)	360	(21)	39	377	0	(1,008)
Balance at the end of period	18,864	16,253	11,929	(7)	47,039	745	(70)	(306)	368	47	47,455

Consolidated Fiscal Year Under Review (April 1, 2021 to March 31, 2022)

	(Unit: Millions of yen)										
	Shareholders' equity					Accumulated other comprehensive income				Non-control ling interest s	Total net assets
	Capital stock	Capital surplus	Retain ed earnin gs	Treasu ry stock	Total shareh olders' equity	Net unrealiz ed gains (losses) on - 10 - vai lable- for-sale securitie s, net of taxes	Foreign currency translati on adjustm ents	Accumu lated retireme nt benefits	Total accumul ated other compreh ensive income (loss)		
Balance at the beginning of period	18,864	16,253	11,929	(7)	47,039	745	(70)	(306)	368	47	47,455
Cumulative effect of a change in accounting policy			(24)		(24)						(24)
Balance at beginning of period reflecting change in accounting policy	18,864	16,253	11,904	(7)	47,014	745	(70)	(306)	368	47	47,431
Changes of items during the period											
Dividends from surplus			(267)		(267)						(267)
Profit (loss) attributable to owners of parent			1,268		1,268						1,268
Purchase of treasury stock				(0)	(0)						(0)
Net changes of items other than shareholders' equity						54	101	43	199	(11)	188
Total changes during the period	—	—	1,001	(0)	1,001	54	101	43	199	(11)	1,189
Balance at the end of period	18,864	16,253	12,905	(7)	48,015	799	31	(262)	568	35	48,620

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes (-)	(1,093)	1,718
Depreciation	6,764	6,269
Impairment losses	482	337
Increase (decrease) in allowance for doubtful accounts	(55)	(7)
Increase (decrease) in allowance for environmental measures	-	156
Interest and dividend income	(212)	(214)
Interest expenses	235	277
Loss (gain) on sale of investment securities	(0)	(6)
Loss on retirement of non-current assets	53	127
Loss (gain) on valuation of investment securities	0	-
Loss (gain) on sale and disposal of property, plant and equipment, net	(2)	(13)
Business restructuring expenses	-	164
Decrease (increase) in trade receivables	(313)	(1,434)
Decrease (increase) in inventories	3,530	93
Decrease (increase) in other assets	(13)	(98)
Increase (decrease) in trade payables	(2,962)	1,177
Increase (decrease) in retirement benefit liability	227	95
Increase (decrease) in accrued bonuses	(11)	46
Increase (decrease) in provisions for fixed asset removal costs	-	320
Increase (decrease) in other liabilities	(146)	(8)
Increase (decrease) in consumption taxes payable or receivable	(60)	(194)
Share of loss (profit) of entities accounted for using equity method	(51)	(306)
Loss (gain) on liquidation of subsidiaries and affiliates	-	(64)
Increase (decrease) in provisions for loss on business of subsidiaries and affiliates	(1)	(2)
Other, net	44	(89)
Subtotal	6,412	8,346
Interest and dividends received	212	214
Interest paid	(233)	(270)
Income taxes paid	(425)	(32)
Net cash provided by (used in) operating activities	5,965	8,257
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,776)	(3,821)
Proceeds from sale of property, plant and equipment	3	19
Purchase of investment securities	(2)	(6)

(Unit: Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Proceeds from sale of investment securities	1	11
Net decrease (increase) in short-term loans receivable	324	170
Long-term loans advances	(0)	-
Proceeds from collection of long-term loans receivable	671	645
Proceeds from liquidation of subsidiaries and affiliates	-	74
Payments for fulfillment of asset retirement obligations	(0)	-
Other, net	(119)	(243)
Net cash provided by (used in) investing activities	(3,898)	(3,150)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,900	(1,850)
Proceeds from long-term borrowings	17,300	4,660
Repayments of long-term borrowings	(12,550)	(8,403)
Purchase of treasury shares	(0)	(0)
Dividends paid	(333)	(265)
Repayments of finance lease liabilities	(31)	(34)
Net cash provided by (used in) financing activities	6,284	(5,894)
Effect of exchange rate change on cash and cash equivalents	0	73
Net increase (decrease) in cash and cash equivalents	8,352	(713)
Cash and cash equivalents at beginning of period	7,222	15,575
Cash and cash equivalents at end of period	15,575	14,861

(Segment Information)

1. Overview of reportable segments

(1) Method of determining reportable segments

The Company's reportable segments are units constituting the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate their performance.

The Group's principal businesses are paper and pulp manufacturing and power generation, and runs businesses that are auxiliary to those principal businesses. The Company and its consolidated subsidiaries are engaged in single or multiple business activities as independent management units in each of those business segments.

Therefore, the Group has two reportable segments: "Paper and Pulp Manufacturing Business" and "Power Generation Business."

(2) Type of products and services belonging to each reportable segment

The Paper and Pulp Manufacturing Business is mainly engaged in the manufacture and sale of paper products, base paper for paper products, and pulp, while the "Power Generation Business" is mainly engaged in the sale of electricity. In addition, Others subsidize Paper and Pulp Manufacturing business and power generation business from various aspects including nanoforest business, manufacture of paper products, afforestation and greening business, purchase and sale of wood chips, transportation, design and construction (repair) of machinery and equipment, construction work, purchase, manufacture and sale of industrial chemicals, paper cutting and sorting and packaging, insurance agency, and Chuetsu Eco Products business.

(3) Matters concerning changes in reportable segments, etc.

There are no applicable items.

2. Method of calculating net sales, profit or loss, assets, and other items by reportable segment

The accounting method for reported business segments is generally the same as that described in "Important basic matters for Preparing Consolidated Financial Statements."

Profits of reportable segments are based on operating income. Intersegment sales and transfers are based on prevailing market prices.

3. Information on net sales, profit or loss and other items by reportable segment

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

(Unit: Millions of yen)

	Reportable Segment			Others (Note)	Total
	Paper and Pulp Manufacturing	Power Generation	Total		
Net sales					
Sales to external customers	67,360	7,131	74,491	7,446	81,938
Intersegment sales and transfers	3,219	—	3,219	9,715	12,935
Total	70,580	7,131	77,711	17,162	94,873
Segment profit (loss)	(2,150)	1,562	(587)	139	(448)

Note: “Others” is a business segment not included in the reportable segments and includes the nanoforest, paper products manufacturing, transportation, equipment design, construction and repair, raw materials, paper cutting, sorting and packaging, and Chuetsu Eco Products.

Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Reportable Segment			Other (Note)	Total
	Pulp and Paper Manufacturing	Power Generation	Total		
Net sales					
Sales to external customers	75,429	6,450	81,880	8,224	90,104
Intersegment sales and transfers	3,730	—	3,730	10,954	14,684
Total	79,159	6,450	85,610	19,179	104,789
Segment profit	1,301	717	2,018	246	2,264

“Others” is a business segment not included in the reportable segments and includes the nanoforest, paper products manufacturing, transportation, equipment design, construction and repair, raw materials, paper cutting, sorting and packaging, and Chuetsu Eco Products.

4. Difference between the total amount of reported segments and the amount recorded in the consolidated financial statements and the main details of such difference (matters related to difference adjustment)

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

(Unit: Millions of yen)

Net sales	Amount
Total of reportable segments	77,711
Net sales in “Other” segment	17,162
Elimination of intersegment transactions	(12,935)
Net sales in consolidated financial statements	81,938

(Unit: Millions of yen)

Profit (loss)	Amount
Total of reportable segments	(587)
Income in “Other” Segment	139
Elimination of intersegment transactions	84
Other adjustments	16
Operating loss in consolidated financial statements	(347)

Consolidated Fiscal Year Under Review (April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

Net sales	Amount
Total of reportable segments	85,610
Net sales in “Other” segment	19,179
Elimination of intersegment transactions	(14,684)
Net sales in consolidated financial statements	90,104

(Unit: Millions of yen)

Profit	Amount
Total of reportable segments	2,018
Income in “Other” Segment	246
Elimination of intersegment transactions	80
Other adjustments	7
Operating loss in consolidated financial statements	2,352