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May 15, 2023

## Summary of Consolidated Financial and Business Results for the Year Ended March 2023 (Japanese GAAP)

Company Name: Chuetsu Pulp & Paper Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Stock Exchange Code: 3877  
 Representative: Hisashi Uematsu, President and Representative Director  
 Contact: Yoshio Akinaga, General Manager, Administrative Division  
 URL: <https://www.chuetsu-pulp.co.jp/>  
 Telephone: 0766-26-2404 (Overseas: +81-766-26-2404)  
 Ordinary general meeting of shareholders to be held: June 28 2023  
 Start of dividend payout: June 29 2023  
 Statutory annual report to be presented: June 29 2023  
 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, 2023 (from April 1, 2022 to March 31, 2023)

#### (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, 2023	105,668	17.3	2,594	10.3	3,397	10.4	3,050	140.5
March 31, 2022	90,104	10.0	2,352	—	3,077	—	1,268	—

Note: Comprehensive income: Fiscal year ended March 31, 2023: 3,947 million yen (171.0%)

Fiscal year ended March 31, 2022: 1,456 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, 2023	229.06	—	6.1	2.8	2.5
March 31, 2022	95.02	—	2.6	2.5	2.6

Note: Equity in earnings of affiliates Fiscal year ended March 31, 2023: 262 million yen

Fiscal year ended March 31, 2022: 306 million yen

#### (2) Consolidated Financial Condition

Fiscal year ended	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	122,751	51,633	42.0	3,985.64
March 31, 2022	122,029	48,620	39.8	3,639.20

Note: Shareholders' equity As of March 31, 2023: 51,614 million yen

As of March 31, 2022: 48,584 million yen

### (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, 2023	2,662	(5,124)	(4,795)	8,110
March 31, 2022	8,257	(3,150)	(5,894)	14,861

### 2. Cash Dividends

	Dividend per share					Total dividend (Annual)	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	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	–	20.00	–	20.00	40.00	534	42.1	1.1
March 31, 2023	–	20.00	–	30.00	50.00	655	21.8	1.3
Fiscal year ending March 31, 2024 (Forecast)	–	25.00	–	25.00	50.00		24.9	

### 3. Consolidated Financial Forecasts for the Year Ending March 2024 (from April 1, 2023 to March 31, 2024)

(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)	53,000	7.5	1,700	13.1	1,900	(25.3)	1,200	(32.6)	92.66
Full year	109,000	3.2	3,200	23.3	3,600	5.9	2,600	(14.8)	200.77

#### \*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.: No

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)	Fiscal year ended March 31, 2023	13,354,688 shares	Fiscal year ended March 31, 2022	13,354,688 shares
2) Number of own shares at end of period	Fiscal year ended March 31, 2023	404,486 shares	Fiscal year ended March 31, 2022	4,314 shares
3) Average number of shares during the period	Fiscal year ended March 31, 2023	13,319,536 shares	Fiscal year ended March 31, 2022	13,350,699 shares

## Reference: Summary of Non-Consolidated Financial Results

### 1. Results for the Year Ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

#### (1) Non-consolidated Business Results

(Figures shown in percentage are ratios compared to the same period of 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, 2023	100,166	18.5	2,265	16.6	2,874	17.2	2,619	206.7
March 31, 2022	84,532	10.3	1,942	–	2,452	–	854	–

Fiscal year ended	Profit per share	Diluted profit per share
	Yen	Yen
March 31, 2023	196.69	–
March 31, 2022	63.98	–

#### (2) Non-consolidated financial position

Fiscal year ended	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	111,815	43,970	39.3	3,395.36
March 31, 2022	112,435	41,609	37.0	3,116.72

Note: Shareholders' equity As of March 31, 2023: 43,970 million yen As of March 31, 2022: 41,609 million yen

### 2. Non-Consolidated Forecast for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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)	50,000	7.7	1,600	12.1	1,600	(33.5)	1,300	(22.6)	100.38
Full year	103,000	2.8	3,100	36.9	3,100	7.8	2,500	(4.6)	193.05

\* 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, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	14,861	8,110
Notes and accounts receivable – trade	22,720	27,317
Merchandise and finished goods	8,124	9,730
Work in process	492	621
Raw materials and supplies	4,539	5,746
Other	2,564	2,419
Allowance for doubtful accounts	(2)	(3)
Total current assets	53,301	53,943
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,044	52,222
Accumulated depreciation	(35,505)	(36,626)
Buildings and structures, net	16,539	15,595
Machinery, equipment and vehicles	240,663	239,073
Accumulated depreciation	(214,656)	(215,637)
Machinery, equipment and vehicles, net	26,007	23,435
Land	7,596	7,596
Leased assets	225	211
Accumulated depreciation	(144)	(143)
Leased assets, net	80	68
Construction in progress	1,984	4,984
Other	3,268	3,165
Accumulated depreciation	(2,787)	(2,766)
Other, net	480	399
Total property, plant and equipment	52,688	52,080
Intangible assets		
Other	386	291
Total intangible assets	386	291
Investments and other assets		
Investment securities	8,256	9,449
Long-term loans receivable from subsidiaries and affiliates	4,410	3,780
Deferred tax assets	2,554	2,761
Other	455	449
Allowance for doubtful accounts	(44)	(44)
Total investments and other assets	15,632	16,397
Total non-current assets	68,707	68,769
Deferred assets	20	38
Total assets	122,029	122,751

(Unit: Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	12,979	15,548
Short-term borrowings	27,328	26,175
Lease obligations	23	29
Income taxes payable	493	482
Allowance for bonuses	512	528
Other	5,232	4,474
Total current liabilities	46,569	47,239
Non-current liabilities		
Long-term borrowings	20,442	17,757
Lease obligations	60	52
Provisions for removal cost of property, plant and equipment	320	37
Provisions for environmental measures	159	127
Provisions for loss on business of subsidiaries and affiliates	47	47
Provisions for business restructuring	60	-
Retirement benefit liability	5,631	5,734
Other	118	122
Total non-current liabilities	26,839	23,878
Total liabilities	73,408	71,118
<b>Net assets</b>		
Shareholders' equity		
Share capital	18,864	18,864
Capital surplus	16,253	16,253
Retained earnings	12,905	15,422
Treasury shares	(7)	(408)
Total shareholders' equity	48,015	50,132
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	799	1,505
Foreign currency translation adjustment	31	120
Remeasurements of defined benefit plans	(262)	(143)
Total accumulated other comprehensive income	568	1,482
Non-controlling interests	35	18
Total net assets	48,620	51,633
Total liabilities and net assets	122,029	122,751

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

### Consolidated Statements of Income

(Unit: Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	90,104	105,668
Cost of sales	76,235	91,057
Gross profit	13,869	14,611
Selling, general and administrative expenses		
Sales commissions	182	140
Transportation costs	6,046	6,789
Storage costs	1,603	1,519
Officer's compensation or remuneration	224	228
Employees' salaries and benefits	1,334	1,353
Retirement benefit expenses	110	123
R&D expenses	383	210
Depreciation	141	162
Other	1,488	1,489
Total selling, general and administrative expenses	11,516	12,016
Operating profit	2,352	2,594
Non-operating income		
Interest income	75	66
Dividend income	138	189
Commission received	4	4
Equipment rent	15	16
Gain on sale of scrap	27	31
Foreign exchange gains	453	508
Gain on insurance claims	11	12
Share of profit of entities accounted for using equity method	306	262
Other	19	55
Total non-operating income	1,052	1,148
Non-operating expenses		
Interest expenses	277	248
Commission paid	24	18
Other	26	77
Total non-operating expenses	328	344
Ordinary profit	3,077	3,397

(Unit: Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Extraordinary income		
Gain on sale of investment securities	6	-
Gain on sale of non-current assets	13	23
Insurance claim income	146	-
Gain on liquidation of subsidiaries and affiliates	64	-
Total extraordinary income	230	23
Extraordinary losses		
Loss on retirement of inventories	-	50
Loss on retirement of non-current assets	470	32
Impairment losses	337	139
Provision for fixed asset removal costs	320	-
Provision for environmental measures	156	-
Business restructuring expenses	164	36
Special retirement benefits	22	43
Other	117	0
Total extraordinary losses	1,589	301
Profit before income taxes and minority interests	1,718	3,119
Income taxes – current	390	472
Income taxes – deferred	71	(386)
Total income taxes	461	85
Profit	1,256	3,034
Profit (loss) attributable to non-controlling interests	(11)	(16)
Profit attributable to owners of parent	1,268	3,050

## Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,256	3,034
Other comprehensive income		
Valuation difference on available-for-sale securities	125	692
Remeasurements of defined benefit plans, net of tax	44	109
Share of other comprehensive income of entities accounted for using equity method	30	112
Total other comprehensive income	199	913
Comprehensive income	1,456	3,947
(Breakdown)		
Comprehensive income attributable to owners of parent	1,468	3,964
Comprehensive income attributable to non-controlling interests	(11)	(16)



**(3) Consolidated Statements of Changes in Net Assets**

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

(Unit: Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	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		
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 during the period											
Dividends from surplus			(267)		(267)						(267)
Profit 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

## Consolidated Fiscal Year Under Review (April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	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		
Balance at the beginning of period	18,864	16,253	12,905	(7)	48,015	799	31	(262)	568	35	48,620
Cumulative effect of a change in accounting policy					–						–
Balance at beginning of period reflecting change in accounting policy	18,864	16,253	12,905	(7)	48,015	799	31	(262)	568	35	48,620
Changes during the period											
Dividends from surplus			(534)		(534)						(534)
Profit attributable to owners of parent			3,050		3,050						3,050
Purchase of treasury stock				(400)	(400)						(400)
Net changes of items other than shareholders' equity						705	89	119	913	(16)	897
Total changes during the period	–	–	2,516	(400)	2,116	705	89	119	913	(16)	3,013
Balance at the end of period	18,864	16,253	15,422	(408)	50,132	1,505	120	(143)	1,482	18	51,633

**(4) Consolidated Statements of Cash Flows**

(Unit: Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes and minority interests	1,718	3,119
Depreciation	6,269	5,823
Impairment losses	337	139
Increase (decrease) in allowance for doubtful accounts	(7)	0
Interest and dividend income	(214)	(255)
Interest expenses	277	248
Foreign exchange loss (gain)	(73)	(506)
Share of loss (gain) of entities accounted for using equity method	(306)	(262)
Loss (gain) on liquidation of subsidiaries and affiliates	(64)	-
Loss on retirement of non-current assets	127	35
Loss (gain) on sale and disposal of property, plant and equipment, net	(13)	(23)
Decrease (increase) in trade receivables	(1,434)	(4,596)
Decrease (increase) in inventories	93	(2,941)
Decrease (increase) in other assets	(98)	56
Increase (decrease) in trade payables	1,177	2,568
Increase (decrease) in other liabilities	(8)	(181)
Increase (decrease) in consumption taxes payable or receivable	(194)	(133)
Loss (gain) on sale of investment securities	(6)	0
Increase (decrease) in accrued bonuses	46	15
Increase (decrease) in retirement benefit liability	95	325
Increase (decrease) in provisions for fixed asset removal costs	320	(283)
Increase (decrease) in allowance for environmental measures	156	(31)
Increase (decrease) in provisions for loss on business of subsidiaries and affiliates	(2)	(0)
Business restructuring expenses	164	36
Other	(16)	(14)
<b>Subtotal</b>	<b>8,346</b>	<b>3,138</b>
Interest and dividends received	214	256
Interest paid	(270)	(254)
Income taxes paid	(32)	(476)
<b>Net cash provided by (used in) operating activities</b>	<b>8,257</b>	<b>2,662</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(3,821)	(5,979)
Proceeds from sale of property, plant and equipment	19	67
Purchase of investment securities	(6)	(3)
Proceeds from sale of investment securities	11	0
Net decrease (increase) in short-term loans receivable	170	222
Long-term loans advances	-	(0)
Proceeds from collection of long-term loans receivable	645	630
Proceeds from liquidation of subsidiaries and affiliates	74	-
Other	(243)	(61)
<b>Net cash provided by (used in) investing activities</b>	<b>(3,150)</b>	<b>(5,124)</b>

(Unit: Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,850)	(2,499)
Proceeds from long-term borrowings	4,660	5,200
Repayments of long-term borrowings	(8,403)	(6,538)
Purchase of treasury shares	(0)	(400)
Dividends paid	(265)	(532)
Repayments of finance lease liabilities	(34)	(24)
Net cash provided by (used in) financing activities	(5,894)	(4,795)
Effect of exchange rate change on cash and cash equivalents	73	506
Net increase (decrease) in cash and cash equivalents	(713)	(6,751)
Cash and cash equivalents at beginning of period	15,575	14,861
Cash and cash equivalents at end of period	14,861	8,110

## **(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, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Reportable Segment			Others (Note)	Total
	Paper and Pulp 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

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, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reportable Segment			Others (Note)	Total
	Paper and Pulp Manufacturing	Power Generation	Total		
Net sales					
Sales to external customers	93,754	7,340	101,095	4,572	105,668
Intersegment sales and transfers	491	—	491	11,970	12,462
Total	94,246	7,340	101,587	16,543	118,130
Segment profit	1,559	806	2,366	100	2,467

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.

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, 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 profit in consolidated financial statements	2,352

Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

Net sales	Amount
Total of reportable segments	101,587
Net sales in “Other” segment	16,543
Elimination of intersegment transactions	(12,462)
Net sales in consolidated financial statements	105,668

(Unit: Millions of yen)

Profit	Amount
Total of reportable segments	2,366
Income in “Other” Segment	100
Elimination of intersegment transactions	81
Other adjustments	45
Operating profit in consolidated financial statements	2,594