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August 4, 2023

## Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024 (Japanese GAAP)

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 Code No./Stock Exchange: 3877/Tokyo  
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 Scheduled date of filing of quarterly report: August 10, 2023  
 Start of dividend payout: —  
 Supplementary briefs for quarterly financial results to be presented: None  
 Quarterly financial results briefing to be held: None

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

### 1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024 (April 1 to June 30, 2023)

#### (1) Consolidated Business Results (Cumulative)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	26,197	8.1	1,185	7.3	1,513	△15.5	1,040	△27.2
June 30, 2022	24,224	8.4	1,105	35.7	1,791	77.4	1,429	100.6

(Note) Comprehensive income: Three months ended June 31, 2023: 1,208 million yen (△20.7%)  
 Three months ended June 31, 2022: 1,523 million yen (148.6%)

	Profit per share	Diluted profit per share
	Yen	Yen
Three months ended June 30, 2023	80.32	—
June 30, 2022	107.04	—

#### (2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	121,794	52,453	43.1	4,049.34
March 31, 2023	122,751	51,633	42.0	3,985.64

(Reference) Shareholders' equity As of June 30, 2023: 52,439 million yen As of March 31, 2023: 51,614 million yen

### 2. Cash Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
Fiscal year ended March 31, 2023	—	20.00	—	30.00	50.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		25.00	—	25.00	50.00

(Note) Revisions to the most recently announced dividend forecast during the period: None

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

(% = year-on-year change for each quarter and full-year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	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

(Note) Revisions to the most recently announced financial forecast during the period: Yes

**\*Notes****(1) Changes in important subsidiaries during the period**

(changes in specified subsidiaries resulting in changes in scope of consolidation) : None

New — (company name)

Excluded — (company name)

**(2) Application of special accounting methods for preparing quarterly consolidated financial statements : None****(3) Changes in accounting policies, changes in accounting estimates, and restatements**

1) Changes in accounting policies due to revision of accounting standards, etc. : None

2) Changes in accounting policies other than (1) : None

3) Changes in accounting estimates : None

4) Correction re-representation : None

**(4) Number of shares issued and outstanding (common stock)**

1) Number of shares outstanding at end of period (including treasury stock)	As of June 30, 2023	13,354,688 shares	As of March 31, 2023	13,354,688 shares
2) Number of own shares at end of period	As of June 30, 2023	404,584 shares	As of March 31, 2023	404,486 shares
3) Average number of shares during the period	Three months ended June 30, 2023	12,950,161 shares	Three months ended June 30, 2022	13,350,364 shares

\* Quarterly financial results are not subject to audit by a certified public accountant or auditing firm.

\* Explanation of appropriate use of financial 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.

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

(Unit: Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	8,110	5,665
Notes and accounts receivable and contract assets	27,317	26,326
Merchandise and finished goods	9,730	7,965
Work in process	621	806
Raw materials and supplies	5,746	7,698
Other	2,419	2,534
Allowance for doubtful accounts	(3)	(2)
Total current assets	53,943	50,993
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,222	52,288
Accumulated depreciation	(36,626)	(36,908)
Buildings and structures, net	15,595	15,379
Machinery, equipment and vehicles	239,073	240,133
Accumulated depreciation	(215,637)	(215,399)
Machinery, equipment and vehicles, net	23,435	24,733
Other	15,958	16,869
Accumulated depreciation	(2,909)	(2,957)
Other, net	13,048	13,911
Total property, plant and equipment	52,080	54,023
Intangible assets		
Other	291	266
Total intangible assets	291	266
Investments and other assets		
Investment securities	9,449	9,693
Other	6,991	6,818
Allowance for doubtful accounts	(44)	(44)
Total investments and other assets	16,397	16,467
Total non-current assets	68,769	70,758
Deferred assets	38	43
Total assets	122,751	121,794

(Unit: Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable trade	15,548	12,713
Short-term borrowings	26,175	26,354
Income taxes payable	482	213
Allowance for bonuses	528	189
Other	4,504	7,264
Total current liabilities	47,239	46,735
Non-current liabilities		
Long-term borrowings	17,757	16,494
Provisions for removal cost of property, plant and equipment	37	37
Provisions for environmental measures	127	123
Provisions for loss on business of subsidiaries and affiliates	47	43
Retirement benefit liability	5,734	5,733
Other	174	172
Total non-current liabilities	23,878	22,605
Total liabilities	71,118	69,341
Net assets		
Shareholders equity		
Share capital	18,864	18,864
Capital surplus	16,253	16,253
Retained earnings	15,422	16,074
Treasury shares	(408)	(408)
Total shareholders equity	50,132	50,783
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,505	1,655
Foreign currency translation adjustment	120	139
Remeasurements of defined benefit plans	(143)	(139)
Total accumulated other comprehensive income	1,482	1,655
Non-controlling interests	18	14
Total net assets	51,633	52,453
Total liabilities and net assets	122,751	121,794

2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
 Quarterly Consolidated Statements of Income  
 For the Three -month Period

(Unit: Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	24,224	26,197
Cost of sales	20,103	22,192
Gross profit	4,121	4,005
Selling, general and administrative expenses		
Sales commissions	31	44
Transportation costs	1,652	1,450
Storage costs	391	400
Other	941	923
Total selling, general and administrative expenses	3,016	2,819
Operating profit	1,105	1,185
Non-operating income		
Interest income	17	14
Dividend income	90	92
Foreign exchange gains	573	242
Share of profit of entities accounted for using equity method	50	34
Other	25	26
Total non-operating income	757	411
Non-operating expenses		
Interest expenses	62	60
Other	8	22
Total non-operating expenses	71	83
Ordinary profit	1,791	1,513
Extraordinary income		
Gain on sale of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	35	268
Business restructuring expenses	35	—
Special retirement benefits	15	8
Other	—	11
Total extraordinary losses	86	289
Profit before income taxes	1,704	1,225
Income taxes - current	167	79
Income taxes - deferred	111	110
Total income taxes	279	190
Profit	1,425	1,035
Loss attributable to non-controlling interests	(3)	(4)
Profit attributable to owners of parent	1,429	1,040

Quarterly Consolidated Statements of Comprehensive Income  
For the Three -month Period

(Unit: Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	1,425	1,035
Other comprehensive income		
Valuation difference on available-for-sale securities	35	119
Remeasurements of defined benefit plans, net of tax	6	2
Share of other comprehensive income of entities accounted for using equity method	56	50
Total other comprehensive income	97	172
Comprehensive income	1,523	1,208
(Breakdown)		
Comprehensive income attributable to owners of parent	1,527	1,213
Comprehensive income attributable to non- controlling interests	(3)	(4)

## (Segment Information)

I Previous consolidated Three months ended (April 1, 2022 to June 30, 2022)

## 1. Information on net sales, profit or loss by reportable segment

(Unit: Millions of yen)

	Reportable Segment			Other (Note)	Total
	Paper and Pulp Manufacturing	Power Generation	Total		
Net sales					
Sales to external customers	20,749	1,803	22,553	1,671	24,224
Intersegment sales and transfers	482	—	482	2,772	3,254
Total	21,231	1,803	23,035	4,443	27,479
Segment profit	800	186	987	70	1,058

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.

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

(Unit: Millions of yen)

Profit	Amount
Total of reportable segments	987
Income in "Other" Segment	70
Elimination of intersegment transactions	19
Inventory adjustments	22
Other adjustments	4
Operating profit in consolidated financial statements (quarterly)	1,105

## II Current consolidated Three months ended (April 1, 2023 to June 30, 2023)

## 1. Information on net sales, profit or loss by reportable segment

(Unit: Millions of yen)

	Reportable Segment			Other (Note)	Total
	Paper and Pulp Manufacturing	Power Generation	Total		
Net sales					
Sales to external customers	23,467	1,752	25,219	978	26,197
Intersegment sales and transfers	—	—	—	2,955	2,955
Total	23,467	1,752	25,219	3,933	29,153
Segment profit	1,080	85	1,166	16	1,182

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.

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

(Unit: Millions of yen)

Profit (loss)	Amount
Total of reportable segments	1,166
Income in "Other" Segment	16
Elimination of intersegment transactions	8
Fixed asset adjustments	△5
Other adjustments	△0
Operating profit in consolidated financial statements (quarterly)	1,185