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February 9, 2024

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

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 Scheduled date of filing of quarterly report: February 14, 2024
 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 Third Quarter of the Fiscal Year Ending March 31, 2024 (April 1 to December 31, 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	%
Nine months ended December 31, 2023	79,899	3.8	4,426	504.7	4,772	229.0	3,178	219.0
December 31, 2022	76,950	16.9	731	(62.1)	1,450	(40.2)	996	(16.3)

(Note) Comprehensive income: Nine months ended December 31, 2023: 3,755 million yen (108.8%)

Nine months ended December 31, 2022: 1,798 million yen (34.9%)

	Profit per share	Diluted profit per share
	Yen	Yen
Nine months ended December 31, 2023	245.47	—
December 31, 2022	74.65	—

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2023	127,121	54,612	43.0	4,216.84
March 31, 2023	122,751	51,633	42.0	3,985.64

(Reference) Shareholders' equity As of December 31, 2023: 54,607 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	—	30.00	—		
Fiscal year ending March 31, 2024 (Forecast)				30.00	60.00

(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
Full year	106,000	0.3	4,800	85.0	5,500	61.9	3,600	18.0	277.99

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

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 December 31, 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 December 31, 2023	404,800 shares	As of March 31, 2023	404,486 shares
3) Average number of shares during the period	Nine months ended December 31, 2023	12,950,065 shares	Nine months ended December 31, 2022	13,350,327 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	8,110	5,258
Notes and accounts receivable and contract assets	27,317	30,084
Merchandise and finished goods	9,730	9,550
Work in process	621	1,099
Raw materials and supplies	5,746	6,907
Other	2,419	2,852
Allowance for doubtful accounts	(3)	(3)
Total current assets	53,943	55,749
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,222	52,508
Accumulated depreciation	(36,626)	(37,431)
Buildings and structures, net	15,595	15,076
Machinery, equipment and vehicles	239,073	240,471
Accumulated depreciation	(215,637)	(216,441)
Machinery, equipment and vehicles, net	23,435	24,029
Other	15,958	18,753
Accumulated depreciation	(2,909)	(2,957)
Other, net	13,048	15,795
Total property, plant and equipment	52,080	54,902
Intangible assets		
Other	291	260
Total intangible assets	291	260
Investments and other assets		
Investment securities	9,449	10,286
Other	6,991	5,913
Allowance for doubtful accounts	(44)	(44)
Total investments and other assets	16,397	16,155
Total non-current assets	68,769	71,318
Deferred assets	38	53
Total assets	122,751	127,121

(Unit: Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable trade	15,548	17,259
Short-term borrowings	26,175	26,430
Income taxes payable	482	539
Allowance for bonuses	528	168
Other	4,504	6,990
Total current liabilities	47,239	51,387
Non-current liabilities		
Long-term borrowings	17,757	15,027
Provisions for removal cost of property, plant and equipment	37	—
Provisions for environmental measures	127	112
Provisions for loss on business of subsidiaries and affiliates	47	43
Retirement benefit liability	5,734	5,775
Other	174	163
Total non-current liabilities	23,878	21,122
Total liabilities	71,118	72,509
Net assets		
Shareholders equity		
Share capital	18,864	18,864
Capital surplus	16,253	16,253
Retained earnings	15,422	17,824
Treasury shares	(408)	(408)
Total shareholders equity	50,132	52,533
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,505	1,966
Foreign currency translation adjustment	120	235
Remeasurements of defined benefit plans	(143)	(128)
Total accumulated other comprehensive income	1,482	2,074
Non-controlling interests	18	4
Total net assets	51,633	54,612
Total liabilities and net assets	122,751	127,121

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

(Unit: Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	76,950	79,899
Cost of sales	67,228	66,978
Gross profit	9,722	12,921
Selling, general and administrative expenses		
Sales commissions	94	95
Transportation costs	5,074	4,563
Storage costs	1,137	1,137
Other	2,683	2,699
Total selling, general and administrative expenses	8,990	8,494
Operating profit	731	4,426
Non-operating income		
Interest income	50	44
Dividend income	187	168
Foreign exchange gains	486	175
Share of profit of entities accounted for using equity method	158	136
Other	73	72
Total non-operating income	956	596
Non-operating expenses		
Interest expenses	188	181
Other	49	68
Total non-operating expenses	237	250
Ordinary profit	1,450	4,772
Extraordinary income		
Gain on sale of non-current assets	21	2
Gain on sale of investment securities	—	12
Total extraordinary income	21	15
Extraordinary losses		
Loss on retirement of non-current assets	179	430
Impairment losses	77	—
Business restructuring expenses	35	—
Special retirement benefits	23	8
Other	50	11
Total extraordinary losses	366	450
Profit before income taxes	1,105	4,336
Income taxes - current	80	577
Income taxes - deferred	41	595
Total income taxes	121	1,172
Profit	984	3,164
Loss attributable to non-controlling interests	(12)	(14)
Profit attributable to owners of parent	996	3,178

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

(Unit: Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	984	3,164
Other comprehensive income		
Valuation difference on available-for-sale securities	608	407
Remeasurements of defined benefit plans, net of tax	18	12
Share of other comprehensive income of entities accounted for using equity method	187	171
Total other comprehensive income	814	591
Comprehensive income	1,798	3,755
(Breakdown)		
Comprehensive income attributable to owners of parent	1,810	3,770
Comprehensive income attributable to non- controlling interests	(12)	(14)

(Segment Information)

I Previous consolidated Nine months ended (April 1, 2022 to December 31, 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	67,968	5,339	73,307	3,642	76,950
Intersegment sales and transfers	487	—	487	8,761	9,248
Total	68,455	5,339	73,794	12,404	86,198
Segment profit	70	520	590	35	626

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	590
Income in "Other" Segment	35
Elimination of intersegment transactions	61
Inventory adjustments	30
Other adjustments	12
Operating profit in consolidated financial statements (quarterly)	731

II Current consolidated Nine months ended (April 1, 2023 to December 31, 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	71,661	5,248	76,909	2,989	79,899
Intersegment sales and transfers	—	—	—	9,535	9,535
Total	71,661	5,248	76,909	12,524	89,434
Segment profit	3,992	279	4,271	166	4,438

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	4,271
Income in "Other" Segment	166
Elimination of intersegment transactions	25
Fixed asset adjustments	(33)
Other adjustments	(4)
Operating profit in consolidated financial statements (quarterly)	4,426