

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.



November 9, 2023

## Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (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: +81-766-26-2404)  
 Scheduled date of filing of quarterly report: November 14, 2023  
 Start of dividend payout: December 1, 2023  
 Supplementary briefs for quarterly financial results to be presented: Yes  
 Quarterly financial results briefing to be held: Yes

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

### 1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (April 1 to September 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	%
Six months ended September 30, 2023	52,493	6.5	3,304	119.9	3,794	49.2	2,569	44.4
September 30, 2022	49,289	14.0	1,502	35.6	2,542	79.8	1,779	121.8

(Note) Comprehensive income: Six months ended September 30, 2023: 3,127 million yen (42.8%)

Six months ended September 30, 2022: 2,189 million yen (128.4%)

	Profit per share	Diluted profit per share
	Yen	Yen
Six months ended September 30, 2023	198.39	—
September 30, 2022	133.31	—

#### (2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	128,022	54,372	42.5	4,197.94
March 31, 2023	122,751	51,633	42.0	3,985.64

(Reference) Shareholders' equity As of September 30, 2023: 54,363 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	Yen —	Yen 20.00	Yen —	Yen 30.00	Yen 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: Yes

**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: 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 September 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 September 30, 2023	404,651 shares	As of March 31, 2023	404,486 shares
3) Average number of shares during the period	Six months ended September 30, 2023	12,950,116 shares	Six months ended September 30, 2022	13,350,338 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 September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	8,110	8,470
Notes and accounts receivable and contract assets	27,317	27,452
Merchandise and finished goods	9,730	11,030
Work in process	621	861
Raw materials and supplies	5,746	6,731
Other	2,419	2,545
Allowance for doubtful accounts	(3)	(2)
Total current assets	53,943	57,089
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,222	52,308
Accumulated depreciation	(36,626)	(37,170)
Buildings and structures, net	15,595	15,138
Machinery, equipment and vehicles	239,073	240,075
Accumulated depreciation	(215,637)	(215,615)
Machinery, equipment and vehicles, net	23,435	24,460
Other	15,958	17,654
Accumulated depreciation	(2,909)	(2,973)
Other, net	13,048	14,680
Total property, plant and equipment	52,080	54,278
Intangible assets		
Other	291	288
Total intangible assets	291	288
Investments and other assets		
Investment securities	9,449	10,245
Other	6,991	6,116
Allowance for doubtful accounts	(44)	(44)
Total investments and other assets	16,397	16,317
Total non-current assets	68,769	70,884
Deferred assets	38	48
Total assets	122,751	128,022

(Unit: Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable trade	15,548	18,115
Short-term borrowings	26,175	26,652
Income taxes payable	482	736
Allowance for bonuses	528	532
Other	4,504	5,356
Total current liabilities	47,239	51,393
Non-current liabilities		
Long-term borrowings	17,757	16,177
Provisions for removal cost of property, plant and equipment	37	—
Provisions for environmental measures	127	114
Provisions for loss on business of subsidiaries and affiliates	47	43
Retirement benefit liability	5,734	5,752
Other	174	167
Total non-current liabilities	23,878	22,255
Total liabilities	71,118	73,649
Net assets		
Shareholders equity		
Share capital	18,864	18,864
Capital surplus	16,253	16,253
Retained earnings	15,422	17,603
Treasury shares	(408)	(408)
Total shareholders equity	50,132	52,312
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,505	1,973
Foreign currency translation adjustment	120	213
Remeasurements of defined benefit plans	(143)	(135)
Total accumulated other comprehensive income	1,482	2,050
Non-controlling interests	18	9
Total net assets	51,633	54,372
Total liabilities and net assets	122,751	128,022

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)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	49,289	52,493
Cost of sales	41,878	43,574
Gross profit	7,411	8,919
Selling, general and administrative expenses		
Sales commissions	60	68
Transportation costs	3,280	2,990
Storage costs	753	757
Other	1,814	1,798
Total selling, general and administrative expenses	5,908	5,615
Operating profit	1,502	3,304
Non-operating income		
Interest income	34	29
Dividend income	91	93
Foreign exchange gains	914	397
Share of profit of entities accounted for using equity method	114	98
Other	36	41
Total non-operating income	1,192	660
Non-operating expenses		
Interest expenses	125	120
Other	27	49
Total non-operating expenses	153	170
Ordinary profit	2,542	3,794
Extraordinary income		
Gain on sale of non-current assets	18	1
Total extraordinary income	18	1
Extraordinary losses		
Loss on retirement of non-current assets	145	321
Impairment losses	77	—
Business restructuring expenses	36	—
Special retirement benefits	15	8
Other	50	11
Total extraordinary losses	325	342
Profit before income taxes	2,235	3,453
Income taxes - current	353	498
Income taxes - deferred	109	395
Total income taxes	462	894
Profit	1,772	2,559
Loss attributable to non-controlling interests	(7)	(9)
Profit attributable to owners of parent	1,779	2,569

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

(Unit: Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	1,772	2,559
Other comprehensive income		
Valuation difference on available-for-sale securities	263	419
Remeasurements of defined benefit plans, net of tax	12	5
Share of other comprehensive income of entities accounted for using equity method	141	143
Total other comprehensive income	417	568
Comprehensive income	2,189	3,127
(Breakdown)		
Comprehensive income attributable to owners of parent	2,196	3,137
Comprehensive income attributable to non- controlling interests	(7)	(9)

## 3) Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,235	3,453
Depreciation	2,920	2,905
Impairment losses	77	—
Increase (decrease) in allowance for doubtful accounts	0	(0)
Interest and dividend income	(126)	(123)
Interest expenses	125	120
Foreign exchange gain/loss	(499)	(186)
Share of loss (profit) of entities accounted for using equity method	(114)	(98)
Gains and losses on valuation of investment securities	—	11
Loss on retirement of non-current assets	27	35
Loss (gain) on sale and disposal of property, plant and equipment, net	(18)	(1)
Decrease (increase) in trade receivables	(391)	(134)
Decrease (increase) in inventories	(3,215)	(2,525)
Decrease (increase) in other assets	39	15
Increase (decrease) in trade payables	1,085	2,567
Increase (decrease) in other liabilities	(279)	268
Increase (decrease) in consumption taxes payable or receivable	(210)	(70)
Increase (decrease) in accrued bonuses	(1)	4
Increase (decrease) in retirement benefit liability	193	28
Increase (decrease) in provisions for fixed asset removal costs	(75)	(37)
Business restructuring expenses	36	—
Other, net	(114)	(10)
Subtotal	1,692	6,222
Interest and dividends received	126	123
Interest paid	(129)	(115)
Income taxes paid	(304)	(317)
Net cash provided by (used in) operating activities	1,384	5,913
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,988)	(4,178)
Proceeds from sale of property, plant and equipment	62	2
Purchase of investment securities	(0)	(0)
Proceeds from sale of investment securities	0	—
Net decrease (increase) in short-term loans receivable	17	(314)
Proceeds from collection of long-term loans receivable	315	315
Other, net	(48)	(55)
Net cash provided by (used in) investing activities	(2,641)	(4,231)

(Unit: Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(2,699)	340
Proceeds from long-term borrowings	4,100	1,500
Repayments of long-term borrowings	(3,384)	(2,944)
Purchase of treasury shares	(0)	(0)
Dividends paid	(265)	(386)
Repayments of finance lease liabilities	(9)	(17)
Net cash provided by (used in) financing activities	(2,259)	(1,507)
Effect of exchange rate change on cash and cash equivalents	499	186
Net increase (decrease) in cash and cash equivalents	(3,016)	360
Cash and cash equivalents at beginning of period	14,861	8,110
Cash and cash equivalents at end of period	11,845	8,470



## (Segment Information)

I Previous consolidated Six months ended (April 1, 2022 to September 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	42,867	3,774	46,641	2,648	49,289
Intersegment sales and transfers	487	—	487	5,732	6,220
Total	43,354	3,774	47,129	8,381	55,510
Segment profit (loss)	957	503	1,461	(38)	1,423

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	1,461
Income in "Other" Segment	(38)
Elimination of intersegment transactions	40
Inventory adjustments	30
Other adjustments	8
Operating profit in consolidated financial statements (quarterly)	1,502

## II Current consolidated Six months ended (April 1, 2023 to September 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	46,833	3,735	50,569	1,924	52,493
Intersegment sales and transfers	—	—	—	6,446	6,446
Total	46,833	3,735	50,569	8,370	58,940
Segment profit	2,891	309	3,201	110	3,312

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	3,201
Income in "Other" Segment	110
Elimination of intersegment transactions	17
Fixed asset adjustments	(20)
Other adjustments	(5)
Operating profit in consolidated financial statements (quarterly)	3,304