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February 10, 2023

Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2023 (Japanese GAAP)

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 Scheduled date of filing of quarterly report: February 14, 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 Third Quarter of the Fiscal Year Ending March 31, 2023 (April 1 to December 31, 2022)

(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, 2022	76,950	16.9	731	△62.1	1,450	△40.2	996	△16.3
December 31, 2021	65,850	12.5	1,931	—	2,424	—	1,190	—

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

Nine months ended December 31, 2021: 1,333 million yen (—%)

	Profit per share	Diluted profit per share
	Yen	Yen
Nine months ended December 31, 2022	74.65	—
December 31, 2021	89.18	—

(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, 2022	123,876	49,884	40.3	3,734.90
March 31, 2022	122,029	48,620	39.8	3,639.20

(Reference) Shareholders' equity As of December 31, 2022: 49,861 million yen As of March 31, 2022: 48,584 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, 2022	—	20.00	—	20.00	40.00
Fiscal year ending March 31, 2023	—	20.00	—		
Fiscal year ending March 31, 2023 (Forecast)				20.00	40.00

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

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

(% = 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	106,500	18.2	1,300	(44.7)	2,500	(18.8)	1,500	18.2	112.36

(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 December 31, 2022	13,354,688 shares	As of March 31, 2022	13,354,688 shares
2) Number of own shares at end of period	As of December 31, 2022	4,391 shares	As of March 31, 2022	4,314 shares
3) Average number of shares during the period	Nine months ended December 31, 2022	13,350,327 shares	Nine months ended December 31, 2021	13,350,771 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, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	14,861	8,199
Notes and accounts receivable and contract assets	22,720	28,188
Merchandise and finished goods	8,124	8,677
Work in process	492	635
Raw materials and supplies	4,539	6,782
Other	2,564	2,817
Allowance for doubtful accounts	(2)	(3)
Total current assets	53,301	55,298
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,044	52,156
Accumulated depreciation	(35,505)	(36,348)
Buildings and structures, net	16,539	15,807
Machinery, equipment and vehicles	240,663	241,170
Accumulated depreciation	(214,656)	(216,743)
Machinery, equipment and vehicles, net	26,007	24,427
Other	13,074	14,749
Accumulated depreciation	(2,932)	(2,979)
Other, net	10,141	11,769
Total property, plant and equipment	52,688	52,004
Intangible assets		
Other	386	317
Total intangible assets	386	317
Investments and other assets		
Investment securities	8,256	9,311
Other	7,420	6,954
Allowance for doubtful accounts	(44)	(44)
Total investments and other assets	15,632	16,221
Total non-current assets	68,707	68,543
Deferred assets	20	34
Total assets	122,029	123,876

(Unit: Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable trade	12,979	17,414
Short-term borrowings	27,328	23,996
Income taxes payable	493	86
Allowance for bonuses	512	162
Other	5,255	5,603
Total current liabilities	46,569	47,264
Non-current liabilities		
Long-term borrowings	20,442	20,273
Provisions for removal cost of property, plant and equipment	320	244
Provisions for environmental measures	159	130
Provisions for loss on business of subsidiaries and affiliates	47	47
Provisions for business restructuring	60	-
Retirement benefit liability	5,631	5,831
Other	178	199
Total non-current liabilities	26,839	26,727
Total liabilities	73,408	73,991
Net assets		
Shareholders equity		
Share capital	18,864	18,864
Capital surplus	16,253	16,253
Retained earnings	12,905	13,368
Treasury shares	(7)	(8)
Total shareholders equity	48,015	48,478
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	799	1,406
Foreign currency translation adjustment	31	217
Remeasurements of defined benefit plans	(262)	(241)
Total accumulated other comprehensive income	568	1,383
Non-controlling interests	35	23
Total net assets	48,620	49,884
Total liabilities and net assets	122,029	123,876

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, 2021	Nine months ended December 31, 2022
Net sales	65,850	76,950
Cost of sales	55,468	67,228
Gross profit	10,382	9,722
Selling, general and administrative expenses		
Sales commissions	139	94
Transportation costs	4,358	5,074
Storage costs	1,213	1,137
Other	2,739	2,683
Total selling, general and administrative expenses	8,450	8,990
Operating profit	1,931	731
Non-operating income		
Interest income	57	50
Dividend income	137	187
Foreign exchange gains	179	486
Share of profit of entities accounted for using equity method	312	158
Other	59	73
Total non-operating income	745	956
Non-operating expenses		
Interest expenses	213	188
Other	39	49
Total non-operating expenses	252	237
Ordinary profit	2,424	1,450
Extraordinary income		
Gain on sale of non-current assets	2	21
Insurance claim income	75	-
Total extraordinary income	77	21
Extraordinary losses		
Loss on retirement of non-current assets	389	179
Impairment losses	221	77
Provision for environmental measures	156	-
Business restructuring expenses	-	35
Special retirement benefits	22	23
Other	86	50
Total extraordinary losses	876	366
Profit before income taxes	1,625	1,105
Income taxes - current	226	80
Income taxes - deferred	217	41
Total income taxes	443	121
Profit	1,182	984
Loss attributable to non-controlling interests	(8)	(12)
Profit attributable to owners of parent	1,190	996

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

(Unit: Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	1,182	984
Other comprehensive income		
Valuation difference on available-for-sale securities	114	608
Remeasurements of defined benefit plans, net of tax	16	18
Share of other comprehensive income of entities accounted for using equity method	19	187
Total other comprehensive income	151	814
Comprehensive income	1,333	1,798
(Breakdown)		
Comprehensive income attributable to owners of parent	1,341	1,810
Comprehensive income attributable to non- controlling interests	(8)	(12)

(Segment Information)

I Previous consolidated Nine months ended (April 1, 2021 to December 31, 2021)

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	54,955	4,780	59,735	6,114	65,850
Intersegment sales and transfers	2,844	—	2,844	8,018	10,863
Total	57,800	4,780	62,580	14,133	76,714
Segment profit	1,162	516	1,679	184	1,863

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.

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	1,679
Income in "Other" Segment	184
Elimination of intersegment transactions	60
Inventory adjustments	(7)
Other adjustments	14
Operating profit in consolidated financial statements (quarterly)	1,931

II Current 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	8,755	9,243
Total	68,455	5,339	73,794	12,398	86,193
Segment profit	80	520	600	25	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, and Chuetsu Eco Products.

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	600
Income in "Other" Segment	25
Elimination of intersegment transactions	61
Inventory adjustments	30
Other adjustments	12
Operating profit in consolidated financial statements (quarterly)	731