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November 12, 2024

Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2025 (Japanese GAAP)

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 Scheduled date of filing of quarterly report: November 14, 2024
 Start of dividend payout: December 2, 2024
 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, 2025 (April 1 to September 30, 2024)

(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, 2024	55,572	5.9	3,126	(5.4)	2,997	(21.0)	2,044	(20.4)
Six months ended September 30, 2023	52,493	6.5	3,304	119.9	3,794	49.2	2,569	44.4

(Note) Comprehensive income: Six months ended September 30, 2024: 2,587 million yen (Δ 17.3%)

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

	Profit per share	Diluted profit per share
	Yen	Yen
Six months ended September 30, 2024	157.88	—
Six months ended September 30, 2023	198.39	—

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	123,978	57,799	46.6	4,464.39
March 31, 2024	128,923	55,601	43.1	4,293.67

(Reference) Shareholders' equity As of September 30, 2024: 57,810 million yen As of March 31, 2024: 55,601 million yen

2. Cash Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	30.00	—	30.00	60.00
Fiscal year ending March 31, 2025	—	35.00			
Fiscal year ending March 31, 2025 (Forecast)			—	35.00	70.00

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

3. Consolidated Financial Forecasts for the Year Ending March 2025 (from April 1, 2024 to March 31, 2025)

(% = 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	112,000	3.9	5,000	(19.0)	5,100	(25.2)	3,400	(8.2)	262.56

(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. : Yes
- 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, 2024	13,354,688 shares	As of March 31, 2024	13,354,688 shares
2) Number of own shares at end of period	As of September 30, 2024	405,483 shares	As of March 31, 2024	405,003 shares
3) Average number of shares during the period	Six months ended September 30, 2024	12,949,494 shares	Six months ended September 30, 2023	12,950,116 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, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	10,670	6,661
Notes and accounts receivable and contract assets	28,457	27,246
Merchandise and finished goods	10,064	9,813
Work in process	545	628
Raw materials and supplies	5,993	5,962
Other	2,209	2,336
Allowance for doubtful accounts	(2)	(3)
Total current assets	57,939	52,645
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,917	52,978
Accumulated depreciation	(37,682)	(38,236)
Buildings and structures, net	15,234	14,741
Machinery, equipment and vehicles	244,359	245,741
Accumulated depreciation	(217,385)	(217,919)
Machinery, equipment and vehicles, net	26,974	27,822
Other	14,917	15,152
Accumulated depreciation	(2,973)	(3,040)
Other, net	11,943	12,111
Total property, plant and equipment	54,152	54,675
Intangible assets		
Other	274	220
Total intangible assets	274	220
Investments and other assets		
Investment securities	10,792	11,268
Other	5,750	5,161
Allowance for doubtful accounts	(44)	(58)
Total investments and other assets	16,498	16,372
Total non-current assets	70,925	71,268
Deferred assets	58	64
Total assets	128,923	123,978

(Unit: Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable trade	17,644	14,923
Short-term borrowings	24,774	24,718
Income taxes payable	1,137	818
Allowance for bonuses	560	563
Provision for loss on disaster	96	23
Provisions for removal cost of property, plant and equipment	87	85
Other	6,102	5,499
Total current liabilities	50,404	46,632
Non-current liabilities		
Long-term borrowings	16,862	13,809
Provisions for environmental measures	106	87
Provisions for loss on business of subsidiaries and affiliates	43	43
Retirement benefit liability	5,742	5,411
Other	161	194
Total non-current liabilities	22,917	19,546
Total liabilities	73,322	66,178
Net assets		
Shareholders equity		
Share capital	18,864	18,864
Capital surplus	16,253	16,253
Retained earnings	18,347	20,003
Treasury shares	(409)	(410)
Total shareholders equity	53,056	54,711
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,387	2,536
Foreign currency translation adjustment	189	302
Remeasurements of defined benefit plans	(31)	259
Total accumulated other comprehensive income	2,545	3,098
Non-controlling interests	(0)	(10)
Total net assets	55,601	57,799
Total liabilities and net assets	128,923	123,978

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

(Unit: Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	52,493	55,572
Cost of sales	43,574	46,342
Gross profit	8,919	9,230
Selling, general and administrative expenses		
Sales commissions	68	58
Transportation costs	2,990	3,500
Storage costs	757	757
Other	1,798	1,787
Total selling, general and administrative expenses	5,615	6,104
Operating profit	3,304	3,126
Non-operating income		
Interest income	29	27
Dividend income	93	101
Foreign exchange gains	397	—
Share of profit of entities accounted for using equity method	98	182
Other	41	81
Total non-operating income	660	393
Non-operating expenses		
Interest expenses	120	138
Foreign exchange losses	—	341
Other	49	42
Total non-operating expenses	170	521
Ordinary profit	3,794	2,997
Extraordinary income		
Gain on sale of non-current assets	1	1
Total extraordinary income	1	1
Extraordinary losses		
Loss on retirement of non-current assets	321	179
Special retirement benefits	8	—
Other	11	1
Total extraordinary losses	342	181
Profit before income taxes	3,453	2,818
Income taxes - current	498	671
Income taxes - deferred	395	112
Total income taxes	894	783
Profit	2,559	2,034
Loss attributable to non-controlling interests	(9)	(10)
Profit attributable to owners of parent	2,569	2,044

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

(Unit: Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	2,559	2,034
Other comprehensive income		
Valuation difference on available-for-sale securities	419	225
Remeasurements of defined benefit plans, net of tax	5	291
Share of other comprehensive income of entities accounted for using equity method	143	36
Total other comprehensive income	568	553
Comprehensive income	3,127	2,587
(Breakdown)		
Comprehensive income attributable to owners of parent	3,137	2,597
Comprehensive income attributable to non- controlling interests	(9)	(10)

3) Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	3,453	2,818
Depreciation	2,905	3,062
Increase (decrease) in allowance for doubtful accounts	(0)	14
Interest and dividend income	(123)	(129)
Interest expenses	120	138
Foreign exchange gain/loss	(186)	111
Share of loss (profit) of entities accounted for using equity method	(98)	(182)
Gains and losses on valuation of investment securities	11	—
Loss on retirement of non-current assets	35	179
Loss (gain) on sale and disposal of property, plant and equipment, net	(1)	(1)
Decrease (increase) in trade receivables	(134)	1,211
Decrease (increase) in inventories	(2,525)	200
Decrease (increase) in other assets	15	(76)
Increase (decrease) in trade payables	2,567	(2,720)
Increase (decrease) in other liabilities	268	(470)
Increase (decrease) in consumption taxes payable or receivable	(70)	(103)
Increase (decrease) in accrued bonuses	4	3
Increase (decrease) in provision for loss on disaster	—	(72)
Increase (decrease) in retirement benefit liability	28	88
Increase (decrease) in provisions for fixed asset removal costs	(37)	—
Other, net	(10)	65
Subtotal	6,222	4,135
Interest and dividends received	123	129
Interest paid	(115)	(144)
Income taxes paid	(317)	(937)
Net cash provided by (used in) operating activities	5,913	3,183
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,178)	(3,659)
Proceeds from sale of property, plant and equipment	2	1
Purchase of investment securities	(0)	(0)
Net decrease (increase) in short-term loans receivable	(314)	(55)
Proceeds from collection of long-term loans receivable	315	315
Other, net	(55)	(171)
Net cash provided by (used in) investing activities	(4,231)	(3,570)

(Unit: Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	340	(0)
Proceeds from long-term borrowings	1,500	—
Repayments of long-term borrowings	(2,944)	(3,110)
Purchase of treasury shares	(0)	(0)
Dividends paid	(386)	(387)
Repayments of finance lease liabilities	(17)	(12)
Net cash provided by (used in) financing activities	(1,507)	(3,511)
Effect of exchange rate change on cash and cash equivalents	186	(111)
Net increase (decrease) in cash and cash equivalents	360	(4,009)
Cash and cash equivalents at beginning of period	8,110	10,670
Cash and cash equivalents at end of period	8,470	6,661

(Segment Information)

I Previous 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	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

II Current consolidated Six months ended (April 1, 2024 to September 30, 2024)

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	50,941	2,805	53,747	1,825	55,572
Intersegment sales and transfers	—	—	—	6,561	6,561
Total	50,941	2,805	53,747	8,387	62,134
Segment profit	2,555	314	2,869	235	3,104

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	2,869
Income in "Other" Segment	235
Elimination of intersegment transactions	18
Fixed asset adjustments	5
Other adjustments	(2)
Operating profit in consolidated financial statements (quarterly)	3,126