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May 14, 2024

Summary of Consolidated Financial and Business Results for the Year Ended March 2024 (Japanese GAAP)

Company Name: Chuetsu Pulp & Paper Co., Ltd.
Stock exchange listing: First Section of the Tokyo Stock Exchange
Stock Exchange Code: 3877
Representative: Hisashi Uematsu, President and Representative Director
Contact: Yoshio Akinaga, General Manager, Administrative Division
URL: https://www.chuetsu-pulp.co.jp/
Telephone: 0766-26-2404 (Overseas: +81-766-26-2404)

Ordinary general meeting of shareholders to be held: June 26, 2024
Start of dividend payout: June 27, 2024
Statutory annual report to be presented June 27, 2024
Supplementary briefs for financial results to be presented: Yes
Financial results briefing to be held: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated Business Results

(Figures shown in percentage are ratios compared to the same period of the previous fiscal year)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	107,826	2.0	6,172	137.9	6,820	100.7	3,701	21.3
March 31, 2023	105,668	17.3	2,594	10.3	3,397	10.4	3,050	140.5

Note: Comprehensive income: Fiscal year ended March 31, 2024: 4,745 million yen (20.2%)
Fiscal year ended March 31, 2023: 3,947 million yen (171.0%)

	Profit per share	Diluted profit per share	Ratio of profit to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	285.85	–	6.9	5.4	5.7
March 31, 2023	229.06	–	6.1	2.8	2.5

Note: Equity in earnings of affiliates Fiscal year ended March 31, 2024: 94 million yen
Fiscal year ended March 31, 2023: 262 million yen

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal year ended	Millions of yen	Millions of yen	%	Yen
March 31, 2024	128,923	55,601	43.1	4,293.67
March 31, 2023	122,751	51,633	42.0	3,985.64

Note: Shareholders' equity As of March 31, 2024: 55,601 million yen
As of March 31, 2023: 51,614 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	13,564	(7,905)	(3,102)	10,670
March 31, 2023	2,662	(5,124)	(4,795)	8,110

2. Cash Dividends

	Dividend per share					Total dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend on net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	–	20.00	–	30.00	50.00	655	21.8	1.3
March 31, 2024	–	30.00	–	30.00	60.00	777	21.0	1.4
Fiscal year ending March 31, 2025 (Forecast)	–	30.00	–	30.00	60.00		24.3	

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

(For figures shown in percentage, the full year ratios are compared to the previous fiscal year, and the quarterly ratios are compared to the same period of the previous fiscal year)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q (cumulative)	54,000	2.9	2,300	(30.4)	2,400	(36.8)	1,600	(37.7)	123.56
Full year	112,000	3.9	4,600	(25.5)	4,900	(28.2)	3,200	(13.6)	247.11

*Notes

(1) Changes in important subsidiaries during the period

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New (company name) Excluded (company name)

(2) Changes in accounting policies, changes in accounting estimates, and restatements

1) Changes in Accounting Policies due to Revision of Accounting Standards, etc.: No
2) Changes in accounting policies other than (1): No
3) Changes in accounting estimates: No
4) Correction re-representation: No

(3) Number of shares issued and outstanding (common stock)

1) Number of shares outstanding at end of period (including treasury stock)	Fiscal year ended March 31, 2024	13,354,688 shares	Fiscal year ended March 31, 2023	13,354,688 shares
2) Number of own shares at end of period	Fiscal year ended March 31, 2024	405,003 shares	Fiscal year ended March 31, 2023	404,486 shares
3) Average number of shares during the period	Fiscal year ended March 31, 2024	12,949,995 shares	Fiscal year ended March 31, 2023	13,319,536 shares

Reference: Summary of Non-Consolidated Financial Results

1. Results for the Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated Business Results

(Figures shown in percentage are ratios compared to the same period of the previous fiscal year)

	Net Sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	102,360	2.2	5,704	151.8	6,297	119.1	3,686	40.7
March 31, 2023	100,166	18.5	2,265	16.6	2,874	17.2	2,619	206.7

	Profit per share	Diluted profit per share
Fiscal year ended	Yen	Yen
March 31, 2024	284.64	–
March 31, 2023	196.69	–

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal year ended	Millions of yen	Millions of yen	%	Yen
March 31, 2024	117,605	47,650	40.5	3,679.66
March 31, 2023	111,815	43,970	39.3	3,395.36

Note: Shareholders' equity As of March 31, 2024: 47,650 million yen
As of March 31, 2023: 43,970 million yen

2. Non-Consolidated Forecast for the Fiscal Year Ending March 31, 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		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q (cumulative)	52,000	4.4	2,100	(32.6)	2,100	(40.5)	1,400	(48.5)	108.11
Full year	107,000	4.5	4,200	(26.4)	4,200	(33.3)	2,600	(29.5)	200.78

* Financial statements are not subject to audit by a certified public accountant or auditing firm
* Explanation of appropriate use of earnings 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.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheet

(Unit: Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	8,110	10,670
Notes and accounts receivable – trade	27,317	28,457
Merchandise and finished goods	9,730	10,064
Work in process	621	545
Raw materials and supplies	5,746	5,993
Others	2,419	2,209
Allowance for doubtful accounts	(3)	(2)
Total current assets	53,943	57,939
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,222	52,917
Accumulated depreciation	(36,626)	(37,682)
Buildings and structures, net	15,595	15,234
Machinery, equipment and vehicles	239,073	244,359
Accumulated depreciation	(215,637)	(217,385)
Machinery, equipment and vehicles, net	23,435	26,974
Land	7,596	7,600
Leased assets	211	217
Accumulated depreciation	(143)	(169)
Leased assets, net	68	47
Construction in progress	4,984	3,903
Others	3,165	3,195
Accumulated depreciation	(2,766)	(2,803)
Other, net	399	391
Total property, plant and equipment	52,080	54,152
Intangible assets		
Others	291	274
Total intangible assets	291	274
Investments and other assets		
Investment securities	9,449	10,792
Long-term loans receivable from subsidiaries and affiliates	3,780	3,150
Deferred tax assets	2,761	2,187
Others	449	412
Allowance for doubtful accounts	(44)	(44)
Total investments and other assets	16,397	16,498
Total non-current assets	68,769	70,925
Deferred assets	38	58
Total assets	122,751	128,923

(Unit: Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable – trade	15,548	17,644
Short-term borrowings	26,175	24,774
Lease obligations	29	26
Income taxes payable	482	1,137
Allowance for bonuses	528	560
Provision for loss on disaster	-	96
Provisions for removal cost of property, plant and equipment	-	87
Others	4,474	6,075
Total current liabilities	47,239	50,404
Non-current liabilities		
Long-term borrowings	17,757	16,862
Lease obligations	52	29
Provisions for removal cost of property, plant and equipment	37	-
Provisions for environmental measures	127	106
Provisions for loss on business of subsidiaries and affiliates	47	43
Retirement benefit liability	5,734	5,742
Others	122	132
Total non-current liabilities	23,878	22,917
Total liabilities	71,118	73,322
Net assets		
Shareholders' equity		
Share capital	18,864	18,864
Capital surplus	16,253	16,253
Retained earnings	15,422	18,347
Treasury shares	(408)	(409)
Total shareholders' equity	50,132	53,056
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,505	2,387
Foreign currency translation adjustment	120	189
Remeasurements of defined benefit plans	(143)	(31)
Total accumulated other comprehensive income	1,482	2,545
Non-controlling interests	18	(0)
Total net assets	51,633	55,601
Total liabilities and net assets	122,751	128,923

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	105,668	107,826
Cost of sales	91,057	90,217
Gross profit	14,611	17,608
Selling, general and administrative expenses		
Sales commissions	140	123
Transportation costs	6,789	6,218
Storage costs	1,519	1,471
Officer's compensation or remuneration	228	227
Employees' salaries and benefits	1,353	1,353
Retirement benefit expenses	123	104
R&D expenses	210	195
Depreciation	162	161
Others	1,489	1,580
Total selling, general and administrative expenses	12,016	11,435
Operating profit	2,594	6,172
Non-operating income		
Interest income	66	58
Dividend income	189	170
Commission received	4	4
Equipment rent	16	18
Gain on sale of scrap	31	25
Foreign exchange gains	508	433
Gain on insurance claims	12	-
Share of profit of entities accounted for using equity method	262	94
Subsidy income	-	102
Others	55	53
Total non-operating income	1,148	963
Non-operating expenses		
Interest expenses	248	239
Commission paid	18	16
Others	77	58
Total non-operating expenses	344	314
Ordinary profit	3,397	6,820

(Unit: Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Extraordinary income		
Gain on sale of investment securities	-	12
Gain on sale of non-current assets	23	4
Total extraordinary income	23	17
Extraordinary losses		
Loss on retirement of inventories	50	-
Loss on retirement of non-current assets	32	557
Impairment losses	139	958
Business restructuring expenses	36	-
Special retirement benefits	43	8
Loss on valuation of investment securities	-	11
Loss on disaster	-	279
Others	0	-
Total extraordinary losses	301	1,816
Profit before income taxes and minority interests	3,119	5,022
Income taxes – current	472	1,076
Income taxes – deferred	(386)	263
Total income taxes	85	1,339
Profit	3,034	3,682
Profit (loss) attributable to non-controlling interests	(16)	(19)
Profit attributable to owners of parent	3,050	3,701

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	3,034	3,682
Other comprehensive income		
Valuation difference on available-for-sale securities	692	795
Remeasurements of defined benefit plans, net of tax	109	69
Share of other comprehensive income of entities accounted for using equity method	112	198
Total other comprehensive income	913	1,062
Comprehensive income	3,947	4,745
(Breakdown)		
Comprehensive income attributable to owners of parent	3,964	4,764
Comprehensive income attributable to non-controlling interests	(16)	(19)

(3) Consolidated Statements of Changes in Net Assets

Previous Consolidated Fiscal Year (April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities, net of taxes	Foreign currency translation adjustments	Accumulated retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of period	18,864	16,253	12,905	(7)	48,015	799	31	(262)	568	35	48,620
Changes during the period											
Dividends from surplus			(534)		(534)						(534)
Profit attributable to owners of parent			3,050		3,050						3,050
Purchase of treasury stock				(400)	(400)						(400)
Net changes of items other than shareholders' equity						705	89	119	913	(16)	897
Total changes during the period	-	-	2,516	(400)	2,116	705	89	119	913	(16)	3,013
Balance at the end of period	18,864	16,253	15,422	(408)	50,132	1,505	120	(143)	1,482	18	51,633

Consolidated Fiscal Year Under Review (April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities, net of taxes	Foreign currency translation adjustments	Accumulated retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of period	18,864	16,253	15,422	(408)	50,132	1,505	120	(143)	1,482	18	51,633
Changes during the period											
Dividends from surplus			(777)		(777)						(777)
Profit attributable to owners of parent			3,701		3,701						3,701
Purchase of treasury stock				(0)	(0)						(0)
Net changes of items other than shareholders' equity						882	68	111	1,062	(19)	1,043
Total changes during the period	-	-	2,924	(0)	2,923	882	68	111	1,062	(19)	3,967
Balance at the end of period	18,864	16,253	18,347	(409)	53,056	2,387	189	(31)	2,545	(0)	55,601

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes and minority interests	3,119	5,022
Depreciation	5,823	5,926
Impairment losses	139	958
Increase (decrease) in allowance for doubtful accounts	0	(0)
Interest and dividend income	(255)	(229)
Interest expenses	248	239
Foreign exchange loss (gain)	(506)	(3)
Share of loss (gain) of entities accounted for using equity method	(262)	(94)
Loss on retirement of non-current assets	35	557
Loss (gain) on sale and disposal of property, plant and equipment, net	(23)	(4)
Decrease (increase) in trade receivables	(4,596)	(1,140)
Decrease (increase) in inventories	(2,941)	(505)
Decrease (increase) in other assets	56	(14)
Increase (decrease) in trade payables	2,568	2,096
Increase (decrease) in other liabilities	(181)	665
Increase (decrease) in consumption taxes payable or receivable	(133)	303
Loss (gain) on sale of investment securities	0	(12)
Loss (gain) on valuation of investment securities	-	11
Increase (decrease) in accrued bonuses	15	32
Increase (decrease) in provision for loss on disaster	-	96
Increase (decrease) in retirement benefit liability	325	150
Increase (decrease) in provisions for fixed asset removal costs	(283)	-
Increase (decrease) in allowance for environmental measures	(31)	(20)
Increase (decrease) in provisions for loss on business of subsidiaries and affiliates	(0)	(3)
Business restructuring expenses	36	-
Others	(14)	8
Subtotal	3,138	14,040
Interest and dividends received	256	229
Interest paid	(254)	(237)
Income taxes paid	(476)	(467)
Net cash provided by (used in) operating activities	2,662	13,564
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(5,979)	(8,036)
Proceeds from sale of property, plant and equipment	67	5
Purchase of investment securities	(3)	(1)
Proceeds from sale of investment securities	0	27
Net decrease (increase) in short-term loans receivable	222	29
Long-term loans advances	(0)	(2)
Proceeds from collection of long-term loans receivable	630	630
Others	(61)	(557)
Net cash provided by (used in) investing activities	(5,124)	(7,905)

(Unit: Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,499)	429
Proceeds from long-term borrowings	5,200	5,200
Repayments of long-term borrowings	(6,538)	(7,925)
Purchase of treasury shares	(400)	(0)
Dividends paid	(532)	(773)
Repayments of finance lease liabilities	(24)	(32)
Net cash provided by (used in) financing activities	(4,795)	(3,102)
Effect of exchange rate change on cash and cash equivalents	506	3
Net increase (decrease) in cash and cash equivalents	(6,751)	2,560
Cash and cash equivalents at beginning of period	14,861	8,110
Cash and cash equivalents at end of period	8,110	10,670

(Segment Information)

1. Overview of reportable segments

(1) Method of determining reportable segments

The Company's reportable segments are units constituting the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate their performance.

The Group's principal businesses are paper and pulp manufacturing and power generation, and runs businesses that are auxiliary to those principal businesses. The Company and its consolidated subsidiaries are engaged in single or multiple business activities as independent management units in each of those business segments.

Therefore, the Group has two reportable segments: "Paper and Pulp Manufacturing Business" and "Power Generation Business."

(2) Type of products and services belonging to each reportable segment

The Paper and Pulp Manufacturing Business is mainly engaged in the manufacture and sale of paper products, base paper for paper products, and pulp, while the "Power Generation Business" is mainly engaged in the sale of electricity.

In addition, Others subsidize Paper and Pulp Manufacturing business and power generation business from various aspects including nanoforest business, manufacture of paper products, afforestation and greening business, purchase and sale of wood chips, transportation, design and construction (repair) of machinery and equipment, construction work, purchase, manufacture and sale of industrial chemicals, paper cutting and sorting and packaging, and insurance agency.

(3) Matters concerning changes in reportable segments, etc.

There are no applicable items.

2. Method of calculating net sales, profit or loss, assets, and other items by reportable segment

The accounting method for reported business segments is generally the same as that described in "Important basic matters for Preparing Consolidated Financial Statements."

Profits of reportable segments are based on operating income. Intersegment sales and transfers are based on prevailing market prices.

3. Information on net sales, profit or loss and other items by reportable segment

Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reportable Segment			Others (Note)	Total
	Paper and Pulp Manufacturing	Power Generation	Total		
Net sales					
Sales to external customers	93,754	7,340	101,095	4,572	105,668
Intersegment sales and transfers	487	—	487	11,977	12,464
Total	94,242	7,340	101,583	16,549	118,132
Segment profit	1,547	806	2,354	112	2,467

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, and sorting and packaging.

Consolidated fiscal year under review (April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

	Reportable Segment			Others (Note)	Total
	Paper and Pulp Manufacturing	Power Generation	Total		
Net sales					
Sales to external customers	96,826	7,039	103,866	3,959	107,826
Intersegment sales and transfers	—	—	—	13,077	13,077
Total	96,826	7,039	103,866	17,036	120,903
Segment profit	5,512	410	5,922	279	6,201

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, and sorting and packaging.

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

Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

Net sales	Amount
Total of reportable segments	101,583
Net sales in “Other” segment	16,549
Elimination of intersegment transactions	(12,464)
Net sales in consolidated financial statements	105,668

(Unit: Millions of yen)

Profit (loss)	Amount
Total of reportable segments	2,354
Income in “Other” Segment	112
Elimination of intersegment transactions	81
Other adjustments	45
Operating profit (loss) in consolidated financial statements	2,594

Consolidated fiscal year under review (April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

Net sales	Amount
Total of reportable segments	103,866
Net sales in “Other” segment	17,036
Elimination of intersegment transactions	(13,077)
Net sales in consolidated financial statements	107,826

(Unit: Millions of yen)

Profit (loss)	Amount
Total of reportable segments	5,922
Income in “Other” Segment	279
Elimination of intersegment transactions	34
Other adjustments	(64)
Operating profit (loss) in consolidated financial statements	6,172