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February 14,2024

## Summary of Consolidated Financial Results for the Third Quarter of the Year Ending March 2024 (unaudited)

Company name: **Mitsubishi Paper Mills Limited** (Code No.3864 Tokyo Stock Exchange)  
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(Amounts of less than one million yen are rounded down.)

### 1. Results for the Third Quarter of the Year Ending March 31, 2024 (April 1, 2023 -December 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Nine Months of FY2023	144,669	(6.4)	2,882	-	4,332	563.2	(459)	-
First Nine Months of FY2022	154,522	17.1	(1,325)	-	653	(45.6)	(4,818)	-

Note: Comprehensive income First Nine Months of FY2023 ¥437 million  
 First Nine Months of FY2022 ¥(2,880) million

	Profit per share	Diluted profit per share
	Yen	Yen
First Nine Months of FY2023	(10.51)	-
First Nine Months of FY2022	(109.02)	-

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First Nine Months of FY2023	223,098	72,302	32.4
Year ended March 2023	227,058	72,041	31.7

Note: Shareholders' equity First Nine Months of FY2023 ¥72,277 million  
 FY2022 ¥72,028 million

### 2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY2022	-	0.00	-	5.00	5.00
FY2023	-	0.00	-		
FY2023(Forecast)				5.00	5.00

Note : Revision to the forecast for dividends announced most recently … None

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024

(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	200,000	(4.6)	6,000	519.6	7,500	142.7	4,000	-	91.44

Note : Revision to the financial results forecast announced most recently … None

#### 4. Notes

- (1) Changes in significant subsidiaries during the period under review  
(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes  
New: - (Company name);  
Excluded: 1 company (Company name) Kitakami HiTec Paper Corp.
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- |  |      |
|--|------|
| 1) Changes in accounting policies due to the revision of accounting standards: | None |
| 2) Changes in accounting policies other than 1) above:                         | None |
| 3) Changes in accounting estimates:  | Yes  |
| 4) Retrospective restatement:  | None |
- (4) Total number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):
- |                             |                   |
|-----------------------------|-------------------|
| First Nine Months of FY2023 | 44,741,433 shares |
| FY2022                      | 44,741,433 shares |
- 2) Total number of treasury shares at the end of the period:
- |                             |                |
|-----------------------------|----------------|
| First Nine Months of FY2023 | 950,579 shares |
| FY2022                      | 997,361 shares |
- 3) Average number of shares during the period:
- |                             |                   |
|-----------------------------|-------------------|
| First Nine Months of FY2023 | 43,766,386 shares |
| First Nine Months of FY2022 | 44,200,630 shares |

Notes: The Company has adopted a BIP (Board Incentive Plan) trust, assuming the number of shares held by the trust are included in the number of treasury stock of “(4) Total number of issued shares (common shares)”.

\* This quarterly financial results report is exempt from quarterly review by Certified Public Accountants or an Audit Firm.

#### \* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently acquired by the Company and certain assumptions assessed to be reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors.

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operations Results

During the nine months ended December 31, 2023, the business environment surrounding the Group continued to recover, mainly due to the normalization of social activities and a recovery in inbound demand. Meanwhile, uncertainty remained elevated over matters such as the ongoing situation in Ukraine, rising tensions in the Middle East, remain high in raw material and fuel prices, and exchange rate fluctuations.

In this environment, the Group took steps to expand new business by improving productivity and reducing costs while maintaining product prices in sales.

In addition, the Group instituted the following initiatives in line with the basic policy of the “Medium-Term Management Plan” (for the fiscal year ended March 31, 2023 to the fiscal year ending March 31, 2025) in order to enhance its corporate value.

#### (i) Strengthen our earning capacity by “selection and concentration” strategies and “expansion of new business”

The Group implemented reorganization, effective as of April 1, 2023, mainly by integrating its sales agents, the Company and subsidiaries of Kitakami site, and subsidiaries of Hachinohe site. In addition, the Group decided on the integration of the Company and Shin-Hokuryo Forest Products Co., Ltd., Kyoryo Chemical Co., Ltd. and Takasago Paper Processing Co., Ltd. and the integration of subsidiaries on April 1, 2024 and the integration of the Company and KJ SPECIALTY PAPER Co., Ltd. on July 1, 2024 to reduce fixed costs and strengthen corporate governance through organizational rationalization.

Meanwhile, the Group also completed the sale of the business of the Flensburg Mill of the Germany subsidiary on September 1, 2023, executed the transfer of the thermal paper processing business, etc. of Katsumata Co., Ltd., the Company’s consolidated subsidiary (sub-subsidiary), on October 2, 2023, and decided to transfer the sports club business operated by Ryoshi Co., Ltd., the Company’s consolidated subsidiary, and its fixed assets (trust beneficiary interest). The Group will continue to proceed with its organizational change to bolster profitability.

#### (ii) Contribution to a green society

Aiming for the sustainable growth of the Group, the the medium- to long-term enhancement of its corporate value and contribution to society, the Group is promoting information disclosure in line with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) regarding both the risks and opportunities that climate change poses to its business.

With regard to its initiatives to reduce CO2 emissions, the Group participated in the GX League (GX: green transformation) to advance the initiatives to reach the target for 2030 that the Group has pledged to achieve in order to realize a carbon-neutral society. In terms of the sales expansion of environmentally friendly products, the Group is seeking to expand sales of kraft paper and barrier paper, which are in strong demand for use in paper bags for mail order and take-out meals. The Group will contribute to eliminating and reducing plastic usage and realizing a safe and comfortable sustainable society.

#### (iii) Organizational change to improve sustainability

In April 2023, the Group established the Mitsubishi Paper Mills Group Basic Sustainability Policy. The Group will strive to enhance its corporate value by earning trust and support from its customers, and will seek to contribute to the realization of a sustainable society by helping to address a range of social issues. Starting from the current fiscal year, the Group has issued an integrated report instead of a corporate report. The Group will update the contents of the corporate report and disclose more detailed information in order to help all the stakeholders understand the overall activities of the Group.

Consolidated net sales amounted to 144,669 million yen (down 6.4% year on year) in the first nine months under review.

Consolidated operating income came to 2,882 million yen (compared with an operating loss of 1,325 million yen in the first nine months of the previous fiscal year) due mainly to product price revisions in response to raw material and fuel price revisions and cost reductions, and consolidated ordinary income reached 4,332 million yen (compared with consolidated ordinary income of 653 million yen in the first nine months of the previous fiscal year). However, a loss attributable to owners of parent amounted to 459 million yen mainly due to the posting of accident related losses.

Operating results by segment are as follows:

(Million yen)

		Net sales			Operating income (loss)		
		Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change (%)	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change (%)
Reportable Segments	Functional materials	82,030	74,046	(9.7)	1,852	2,648	43.0
	Sustainable fiber materials	74,188	72,111	(2.8)	(3,351)	133	–
	Total	156,219	146,158	(6.4)	(1,498)	2,782	–
Others		4,160	3,875	(6.8)	96	129	33.9
Total		160,379	150,033	(6.5)	(1,402)	2,912	–
Adjustment (Note)		(5,857)	(5,364)		76	(30)	
Total		154,522	144,669	(6.4)	(1,325)	2,882	–

(Note) Adjustment is mainly related to internal transactions.

#### (Functional materials business)

In industrial materials-related products, the sales amount of water treatment base materials and rewrite media rose from the year-age level, but the sales amount of air filters, decorative laminate base paper, tape base paper and backing paper for wallpaper decreased from the year-age level.

In the imaging media-related business, revenue from inkjet paper fell below the level a year ago, reflecting a decrease of overseas sales volume. In special dry film resists, although the sales volume of products for overseas markets increased, the sales amount of equipment for the domestic market declined from a year ago.

In the information media-related business, revenue exceeded the level a year ago, attributable to the effect of price revisions in the previous fiscal year, despite lower sales volume compared to a year ago.

Regarding businesses operated in Germany, both sales volume and value declined, due mainly to the impact of decreasing demand caused by concerns about economic recession.

As a result, the functional materials business as a whole posted lower sales and higher profits.

In the industrial materials business, a key area in the Medium-Term Management Plan, the Group is advancing the water treatment membrane supporting body business, in which the Group is focusing on expanding sales given expected growth in global demand. The Group is also conducting sample evaluations for new customers in Europe and the United States in the filter business, which includes total heat exchanger elements. In the battery separators business, the Group will strive to capture automotive-related demand by further improving heat resistance.

In the imaging media-related business, the Group will work to expand sales of special dry film resists for in-vehicle related applications, in addition to communication applications. Regarding imaging media-related product business, demand for image output and printing is decreasing. In response, the Group will work to maintain sales volume by promoting sales in emerging countries in Asia and expanding sales of products for labeling and industrial inkjet, while seeking to improve profitability by continuing to review production systems.

In the information materials business, the Group will continue to work to stabilize revenue, increase sales of high value-added products such as FSC (Forest Stewardship Council)-certified paper products, and expand sales of thermal paper, where demand is strong due to recovery in the flow of people.

Regarding businesses operated in Germany, the Group will try to stabilize revenue by promoting the business structural reform at the Bielefeld Mill.

#### (Sustainable fiber materials business)

In the domestic market for printing paper, while sales volume decreased compared to a year ago due to a fall in demand, revenue increased owing to the effect of price revisions in the previous fiscal year. In terms of exports, sales volume increased from the year-age level, and the sales amount also rose compared to a year ago thanks to the effect of the weaker yen, in addition to the higher sales volume. At the same time, the Group has been working on a production system and inventory reduction in conformity with demand trends.

With respect to commercial pulp, both export sales volume and value decreased as sales were suppressed due to price declines in

overseas markets.

As a result, the sustainable fiber materials business as a whole posted lower sales and higher profits.

In the domestic market, the Group continued its efforts to maintain prices from the previous year and optimize the production system and inventory level. In addition, due to strong demand for plastic-free and reduced-plastic products against a backdrop of rising environmental awareness, the Group is expanding sales of kraft paper and building up a track record of adopting environmentally friendly wrapping paper with barrier and heat sealing properties (barricote® paper). For exports, the Group will continue to focus on the expansion of sales volume and profits in light of trends in exchange rates. In addition, the Group will aim to stabilize revenue in the sustainable fiber materials business by seeking to maximize synergies at both Hachinohe and Kitakami Mills and reduce costs at each factory.

## (2) Explanation of Financial Position

Assets at the end of the first nine months under review amounted to 223,098 million yen, down 3,959 million yen from the end of the previous fiscal year, mainly due to decreases in inventories and property, plant and equipment, despite increases in cash and deposits due to the effect of the holiday at the end of month and a valuation difference on investment securities, etc.

Total liabilities came to 150,795 million yen, down 4,220 million yen from the end of the previous fiscal year, chiefly attributable to decreases in loans payable and commercial paper, despite an increase in accrued expenses.

Net assets increased 260 million yen from the end of the previous fiscal year, to 72,302 million yen, mainly reflecting the posting of valuation difference on available-for-sale securities.

The equity ratio was 32.4%, up 0.7 percentage points from the end of the previous fiscal year.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Consolidated results forecasts for the fiscal year ending March 31, 2024 remain unchanged from the same forecasts announced on November 13, 2023.

## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Million yen)

	FY2022 Mar 31,2023	First Nine Months / FY2023 Dec 31,2023
<b>Assets</b>		
Current assets		
Cash and deposits	8,325	10,408
Notes receivable - trade	8,074	10,032
Accounts receivable - trade	38,470	37,585
Merchandise and finished goods	25,257	25,305
Work in process	6,322	7,060
Raw materials and supplies	18,498	13,299
Other	4,166	3,448
Allowance for doubtful accounts	(92)	(93)
<b>Total current assets</b>	<b>109,024</b>	<b>107,047</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,703	18,620
Machinery, equipment and vehicles, net	34,918	31,894
Land	20,625	20,686
Construction in progress	733	839
Other, net	2,274	1,944
<b>Total property, plant and equipment</b>	<b>78,256</b>	<b>73,984</b>
Intangible assets		
Other	2,379	2,104
<b>Total intangible assets</b>	<b>2,379</b>	<b>2,104</b>
Investments and other assets		
Investment securities	21,605	24,910
Other	15,856	15,129
Allowance for doubtful accounts	(64)	(78)
<b>Total investments and other assets</b>	<b>37,398</b>	<b>39,961</b>
<b>Total non-current assets</b>	<b>118,034</b>	<b>116,051</b>
<b>Total assets</b>	<b>227,058</b>	<b>223,098</b>

(Million yen)

	FY2022 Mar 31,2023	First Nine Months / FY2023 Dec 31,2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	28,710	26,421
Electronically recorded obligations	3,485	4,824
Short-term loans payable	61,467	66,581
Commercial paper	5,000	3,000
Income taxes payable	302	399
Provision for loss on transfer of business	1,614	—
Other	9,877	14,069
<b>Total current liabilities</b>	<b>110,457</b>	<b>115,296</b>
<b>Non-current liabilities</b>		
Long-term loans payable	32,603	24,549
Provision for share awards	53	102
Provision for directors' retirement benefits	49	38
Net defined benefit liability	7,603	6,573
Asset retirement obligations	885	939
Other	3,362	3,295
<b>Total non-current liabilities</b>	<b>44,559</b>	<b>35,499</b>
<b>Total liabilities</b>	<b>155,016</b>	<b>150,795</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	36,561	36,561
Capital surplus	6,524	6,523
Retained earnings	13,357	12,706
Treasury shares	(430)	(416)
<b>Total shareholders' equity</b>	<b>56,012</b>	<b>55,375</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,532	8,177
Foreign currency translation adjustment	1,111	844
Remeasurements of defined benefit plans	9,372	7,880
<b>Total accumulated other comprehensive income</b>	<b>16,015</b>	<b>16,902</b>
<b>Non-controlling interests</b>	<b>13</b>	<b>25</b>
<b>Total net assets</b>	<b>72,041</b>	<b>72,302</b>
<b>Total liabilities and net assets</b>	<b>227,058</b>	<b>223,098</b>

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

(Million yen)

	First Nine Months / FY2022 Apr '22 - Dec '22	First Nine Months / FY2023 Apr '23 - Dec '23
Net sales	154,522	144,669
Cost of sales	135,801	124,523
Gross profit	18,720	20,145
Selling, general and administrative expenses	20,046	17,263
Operating income(loss)	(1,325)	2,882
Non-operating income		
Interest income	20	6
Dividend income	556	478
Share of profit of entities accounted for using equity method	557	441
Foreign exchange gains	849	949
Other	501	317
Total non-operating income	2,485	2,192
Non-operating expenses		
Interest expenses	403	617
Other	103	125
Total non-operating expenses	506	742
Ordinary income	653	4,332
Extraordinary income		
Gain on disposal of non-current assets	22	0
Gain on sale of investment securities	—	690
Gain on sale businesses	—	225
Subsidy income	347	—
Other	4	—
Total extraordinary income	374	916
Extraordinary losses		
Loss on disposal of non-current assets	236	144
Accident related loss	—	2,687
Business restructuring costs	—	850
Loss on cancellation of contracts	—	443
Impairment losses	—	309
Loss on sale of businesses	—	114
Provision for loss on transfer of business	3,233	—
Extra retirement payments	493	35
Loss on tax purpose reduction entry of non-current assets	329	—
Other	11	20
Total extraordinary losses	4,304	4,607
Profit (loss) before income taxes	(3,277)	641
Income taxes	1,522	1,091
loss	(4,799)	(449)
Profit attributable to non-controlling interests	19	10
loss attributable to owners of parent	(4,818)	(459)

Consolidated quarterly statements of comprehensive income

	(Million yen)	
	First Nine Months / FY2022 Apr '22 - Dec '22	First Nine Months / FY2023 Apr '23 - Dec '23
loss	(4,799)	(449)
Other comprehensive income		
Valuation difference on available-for-sale securities	(207)	2,641
Foreign currency translation adjustment	652	(268)
Remeasurements of defined benefit plans, net of tax	1,485	(1,491)
Share of other comprehensive income of entities accounted for using equity method	(11)	7
Total other comprehensive income	1,919	887
Comprehensive income	(2,880)	437
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,899)	426
Comprehensive income attributable to non-controlling interests	19	11