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February 12, 2025

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

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 Code No./Stock Exchange: 3877/Tokyo
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 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, 2025 (April 1 to December 31, 2024)

(1) Consolidated Business Results (Cumulative)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	83,156	4.1	3,324	(24.9)	3,776	(20.9)	2,565	(19.3)
December 31, 2023	79,899	3.8	4,426	504.7	4,772	229.0	3,178	219.0

(Note) Comprehensive income: Nine months ended December 31, 2024: 3,202 million yen ($\triangle 14.7\%$)

Nine months ended December 31, 2023: 3,755 million yen (108.8%)

	Profit per share	Diluted profit per share
	Yen	Yen
Nine months ended		
December 31, 2024	198.12	—
December 31, 2023	245.47	—

(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, 2024	125,569	57,961	46.2	4,477.20
March 31, 2024	128,923	55,601	43.1	4,293.67

(Reference) Shareholders' equity As of December 31, 2024: 57,976 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				35.00	70.00
(Forecast)					

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

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: None

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 December 31, 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 December 31, 2024	405,495 shares	As of March 31, 2024	405,003 shares
3) Average number of shares during the period	Nine months ended December 31, 2024	12,949,404 shares	Nine months ended December 31, 2023	12,950,065 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes

* 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 December 31, 2024
Assets		
Current assets		
Cash and deposits	10,670	5,815
Notes and accounts receivable and contract assets	28,457	29,684
Merchandise and finished goods	10,064	8,425
Work in process	545	762
Raw materials and supplies	5,993	7,239
Other	2,209	2,714
Allowance for doubtful accounts	(2)	(3)
Total current assets	57,939	54,638
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,917	54,160
Accumulated depreciation	(37,682)	(38,476)
Buildings and structures, net	15,234	15,683
Machinery, equipment and vehicles	244,359	246,262
Accumulated depreciation	(217,385)	(218,802)
Machinery, equipment and vehicles, net	26,974	27,459
Other	14,917	14,281
Accumulated depreciation	(2,973)	(3,087)
Other, net	11,943	11,194
Total property, plant and equipment	54,152	54,338
Intangible assets		
Other	274	216
Total intangible assets	274	216
Investments and other assets		
Investment securities	10,792	11,526
Other	5,750	4,841
Allowance for doubtful accounts	(44)	(58)
Total investments and other assets	16,498	16,310
Total non-current assets	70,925	70,864
Deferred assets	58	66
Total assets	128,923	125,569

(Unit: Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable trade	17,644	17,902
Short-term borrowings	24,774	28,706
Income taxes payable	1,137	181
Allowance for bonuses	560	175
Provision for loss on disaster	96	9
Provisions for removal cost of property, plant and equipment	87	14
Other	6,102	6,386
Total current liabilities	50,404	53,377
Non-current liabilities		
Long-term borrowings	16,862	8,484
Provisions for environmental measures	106	86
Provisions for loss on business of subsidiaries and affiliates	43	43
Retirement benefit liability	5,742	5,444
Other	161	171
Total non-current liabilities	22,917	14,231
Total liabilities	73,322	67,608
Net assets		
Shareholders equity		
Share capital	18,864	18,864
Capital surplus	16,253	16,253
Retained earnings	18,347	20,071
Treasury shares	(409)	(410)
Total shareholders equity	53,056	54,779
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,387	2,741
Foreign currency translation adjustment	189	197
Remeasurements of defined benefit plans	(31)	257
Total accumulated other comprehensive income	2,545	3,196
Non-controlling interests	(0)	(14)
Total net assets	55,601	57,961
Total liabilities and net assets	128,923	125,569

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, 2023	Nine months ended December 31, 2024
Net sales	79,899	83,156
Cost of sales	66,978	70,682
Gross profit	12,921	12,473
Selling, general and administrative expenses		
Sales commissions	95	86
Transportation costs	4,563	5,218
Storage costs	1,137	1,140
Other	2,699	2,703
Total selling, general and administrative expenses	8,494	9,148
Operating profit	4,426	3,324
Non-operating income		
Interest income	44	41
Dividend income	168	207
Foreign exchange gains	175	111
Share of profit of entities accounted for using equity method	136	249
Other	72	109
Total non-operating income	596	719
Non-operating expenses		
Interest expenses	181	209
Other	68	58
Total non-operating expenses	250	267
Ordinary profit	4,772	3,776
Extraordinary income		
Gain on sale of non-current assets	2	2
Gain on sale of investment securities	12	—
Total extraordinary income	15	2
Extraordinary losses		
Loss on retirement of non-current assets	430	217
Special retirement benefits	8	—
Other	11	1
Total extraordinary losses	450	218
Profit before income taxes	4,336	3,560
Income taxes - current	577	663
Income taxes - deferred	595	345
Total income taxes	1,172	1,009
Profit	3,164	2,550
Loss attributable to non-controlling interests	(14)	(14)
Profit attributable to owners of parent	3,178	2,565

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

(Unit: Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	3,164	2,550
Other comprehensive income		
Valuation difference on available-for-sale securities	407	424
Remeasurements of defined benefit plans, net of tax	12	288
Share of other comprehensive income of entities accounted for using equity method	171	(62)
Total other comprehensive income	591	651
Comprehensive income	3,755	3,202
(Breakdown)		
Comprehensive income attributable to owners of parent	3,770	3,216
Comprehensive income attributable to non- controlling interests	(14)	(14)

(Segment Information)

I Previous consolidated Nine months ended (April 1, 2023 to December 31, 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	71,661	5,248	76,909	2,989	79,899
Intersegment sales and transfers	—	—	—	9,535	9,535
Total	71,661	5,248	76,909	12,524	89,434
Segment profit	3,992	279	4,271	166	4,438

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	4,271
Income in “Other” Segment	166
Elimination of intersegment transactions	25
Fixed asset adjustments	(33)
Other adjustments	(4)
Operating profit in consolidated financial statements (quarterly)	4,426

II Current consolidated Nine months ended (April 1, 2024 to December 31, 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	76,118	4,099	80,218	2,938	83,156
Intersegment sales and transfers	—	—	—	9,746	9,746
Total	76,118	4,099	80,218	12,685	92,903
Segment profit	2,596	295	2,892	403	3,296

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	2,892
Income in “Other” Segment	403
Elimination of intersegment transactions	27
Fixed asset adjustments	6
Other adjustments	(5)
Operating profit in consolidated financial statements (quarterly)	3,324