

August 5,2022

## Summary of Consolidated Financial Results for the First Quarter of the Year Ending March 2023 (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 First Quarter of the Year Ending March 31, 2023 (April 1, 2022 - June 30, 2022)

(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 Quarter of FY2022 | 48,604      | 16.4 | (769)            | - | 668             | 99.6 | (557)                                   | - |
| First Quarter of FY2021 | 41,746      | 1.4  | (1)              | - | 335             | -    | (1,161)                                 | - |

Note: Comprehensive income  
 First Quarter of FY2022 ¥(919) million  
 First Quarter of FY2021 ¥(580) million

|                         | Profit per share | Diluted profit per share |
|-------------------------|------------------|--------------------------|
|                         | Yen              | Yen                      |
| First Quarter of FY2022 | (12.53)          | -                        |
| First Quarter of FY2021 | (26.01)          | -                        |

(2) Consolidated Financial Condition

|                         | Total assets | Net assets  | Shareholders' equity ratio |
|-------------------------|--------------|-------------|----------------------------|
|                         | Million yen  | Million yen | Million yen                |
| First Quarter of FY2022 | 219,801      | 68,696      | 31.3                       |
| Year ended March 2022   | 215,879      | 69,613      | 32.2                       |

Note: Shareholders' equity  
 First Quarter of FY2022 ¥68,693 million  
 FY2021 ¥69,608 million

### 2. Dividends

|                  | Dividend per share |           |           |           |        |
|------------------|--------------------|-----------|-----------|-----------|--------|
|                  | End of 1Q          | End of 2Q | End of 3Q | End of FY | Annual |
|                  | Yen                | Yen       | Yen       | Yen       | Yen    |
| FY2021           | -                  | 0.00      | -         | 0.00      | 0.00   |
| FY2022           | -                  |           |           |           |        |
| FY2022(Forecast) |                    | 0.00      | -         | 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, 2023

(April 1, 2022 to March 31, 2023)

(% 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     | 9.9 | 2,500            | - | 3,500           | 78.2 | 1,500                                   | 36.8 | 33.74              |

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): None  
New: - (Company name); Excluded: - (Company name)
- (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: | Yes  |
| 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 Quarter of FY2022 | 44,741,433 shares |
| FY2021                  | 44,741,433 shares |
- 2) Total number of treasury shares at the end of the period:
- |                         |                |
|-------------------------|----------------|
| First Quarter of FY2022 | 288,549 shares |
| FY2021                  | 288,324 shares |
- 3) Average number of shares during the period:
- |                         |                   |
|-------------------------|-------------------|
| First Quarter of FY2022 | 44,453,009 shares |
| First Quarter of FY2021 | 44,657,546 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

Forward-looking statements supplied below are forecasts Mitsubishi Paper Mills Limited and its consolidated subsidiaries (the “Group”) made as of the last day of the period under review.

#### (1) State of Operating Results

In the three months ended June 30, 2022, economic activities continued to recover to a certain extent, assisted by efforts to prevent COVID-19’s spread consistent with those activities. Meanwhile, uncertainties remained high over matters such as steep rises in raw material and fuel prices, as well as exchange rate fluctuations that may result from the rapid depreciation of the yen, amid concern over the possible prolongation of the situation in Ukraine.

Looking at conditions surrounding the Group, a demand recovery was observed mainly due to the easing of restrictions on outings and events. However, sharp rises in the prices of fuels, such as crude oil, coal and natural gas, affected the Group significantly.

Under these circumstances, the Group worked to improve productivity by to continue production systems in line with demand trends in each business and, in term of sales, strived to revise product prices and expand sales of new products.

The Group began executing the Mid-Term Management Plan (for the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025) in the ongoing fiscal year, adopting “Creation of a New Mitsubishi Paper Mills Group” as a slogan.

The outline of the Mid-Term Management Plan (for the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025) is as follows.

(i) Strengthen our revenue base through selection and concentration strategies and expansion of new business

(ii) Contribution to a green society

(iii) Organizational change to improve sustainability

Consolidated net sales amounted to 48,604 million yen (up 16.4% year on year) in the first three months under review.

The consolidated operating loss came to 769 million yen (compared with an operating loss of 1 million yen in the first three months of the previous fiscal year), and consolidated ordinary income reached 668 million yen (compared with ordinary income of 335 million yen in the first three months of the previous fiscal year), reflecting the strong effects of steep raw material and fuel price increases, despite the cost-cutting effects produced by product price revisions, fixed cost reduction, carbon intensity improvement and the like. Loss attributable to owners of parent was 557 million yen.

Operating results by segment are as follows:

In the first three months under review, the Company changed reportable segments to match its internal organization. Specifically, the Company added the warehouse and transportation business to the paper and pulp business to create the paper materials business segment and set up the functional materials business segment by integrating the imaging media business with the specialty materials business.

(Million yen)

|                     |                      | Net sales               |                         |            | Operating income (loss) |                         |            |
|---------------------|----------------------|-------------------------|-------------------------|------------|-------------------------|-------------------------|------------|
|                     |                      | First Quarter of FY2021 | First Quarter of FY2022 | Change (%) | First Quarter of FY2021 | First Quarter of FY2022 | Change (%) |
| Reportable Segments | Paper materials      | 32,935                  | 38,828                  | 17.9       | (1,124)                 | (1,811)                 | –          |
|                     | Functional materials | 11,651                  | 14,010                  | 20.2       | 1,219                   | 1,081                   | (11.3)     |
|                     | Total                | 44,587                  | 52,839                  | 18.5       | 95                      | (730)                   | –          |
| Others              |                      | 1,518                   | 1,465                   | (3.5)      | (2)                     | 18                      | –          |
| Total               |                      | 46,105                  | 54,304                  | 17.8       | 93                      | (712)                   | –          |
| Adjustment (Note)   |                      | (4,359)                 | (5,700)                 |            | (94)                    | (57)                    |            |
| Total               |                      | 41,746                  | 48,604                  | 16.4       | (1)                     | (769)                   | –          |

(Note) Adjustment is mainly related to internal transactions.

(Paper materials business)

In Japan, the sales volume remained at the previous fiscal year's level. However, the sales value increased given the positive effects of price revisions. Both sales volume and value also increased in exports. In terms of production, the Company continued production systems in line with demand trends.

Both sales volume and value increased in European subsidiaries.

Meanwhile, the soaring prices of raw materials and fuels heavily affected costs in Japan and Europe.

As a result, net sales for the paper materials business increased and profits for the business decreased.

Under these circumstances, the Company announced product price revisions again to deal with further cost increases attributable to factors such as raw material and fuel prices, which remained unprecedented levels, and a continued upward trend in logistics expenses. The Company is advancing initiatives based on the revisions. Regarding commercial pulp, the Company will work to launch and expand the production and sales of bleached kraft pulp that exclusively uses home-grown conifers as a raw material at Kitakami Hitec Paper Corp. while focusing on expanding the sales volume for exports, taking foreign exchange trends into consideration.

As self-help efforts, the Company will also continue initiatives for optimizing production systems and normalizing inventory levels according to demand trends, stepping up cooperation with the Oji Group and expanding the lineup of new materials centered on pulp and wrapping paper in a sustained attempt to convert its product portfolio and stabilize its revenue at an early stage.

(Functional materials business)

Sales rose steadily for water treatment membrane supporting bodies, battery separators and tape base paper. However, sales fell year on year for filters, decorative laminate base paper, backing paper for wall paper and the like.

Both the sales volume and the sales value increased for electronics-related products, reflecting the acquisition of new customers.

Sales for imaging media-related products stayed at the previous fiscal year's level.

Meanwhile, the soaring prices of raw materials and fuels affected costs heavily.

As a result, net sales for the functional materials business rose and profits for the business fell.

The Company will keep focusing on expanding the sales of battery separators, heat-resistant non-woven fabrics, tape base paper, electronics-related products and newly launched melt-blown non-woven fabrics, in addition to acquiring users for water treatment membrane supporting bodies and applying the bodies to membrane bio-reactors (MBRs).

The Company is continuing production system reviews for imaging media-related products and strengthening the revenue base for those products. The Company will take initiatives for improving revenue in Japan and overseas, including efforts for expanding sales to new customers.

## (2) Explanation of Financial Position

Assets at the end of the first three months under review amounted to 219,801 million yen, up 3,922 million yen from the end of the previous fiscal year, mainly due to increases in accounts receivable - trade and inventories.

Total liabilities came to 151,105 million yen, up 4,840 million yen from the end of the previous fiscal year, chiefly attributable to a growth in short-term loans payable.

Net assets decreased 917 million yen from the end of the previous fiscal year, to 68,696 million yen, mainly reflecting the posting of loss attributable to owners of parent.

The equity ratio was 31.3%, down 0.9 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, 2023 remain unchanged from the same forecasts announced on May 12, 2022.

## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Million yen)

|  | FY2021<br>Mar 31,2022 | First Quarter /<br>FY2022<br>Jun 30,2022 |
|--|-----------------------|--|
| <b>Assets</b>                              |                       |  |
| Current assets                             |                       |  |
| Cash and deposits                          | 9,047                 | 6,275                                    |
| Notes receivable - trade                   | 7,724                 | 8,327                                    |
| Accounts receivable - trade                | 33,879                | 35,802                                   |
| Merchandise and finished goods             | 23,446                | 23,503                                   |
| Work in process                            | 6,487                 | 6,572                                    |
| Raw materials and supplies                 | 10,857                | 14,198                                   |
| Other                                      | 3,969                 | 4,920                                    |
| Allowance for doubtful accounts            | (130)                 | (150)                                    |
| <b>Total current assets</b>                | <b>95,282</b>         | <b>99,450</b>                            |
| Non-current assets                         |                       |  |
| Property, plant and equipment              |                       |  |
| Buildings and structures, net              | 21,335                | 20,938                                   |
| Machinery, equipment and vehicles, net     | 37,694                | 36,457                                   |
| Land                                       | 21,276                | 21,789                                   |
| Construction in progress                   | 1,638                 | 2,750                                    |
| Other, net                                 | 2,646                 | 2,597                                    |
| <b>Total property, plant and equipment</b> | <b>84,590</b>         | <b>84,533</b>                            |
| Intangible assets                          |                       |  |
| Other                                      | 1,864                 | 2,026                                    |
| <b>Total intangible assets</b>             | <b>1,864</b>          | <b>2,026</b>                             |
| Investments and other assets               |                       |  |
| Investment securities                      | 19,868                | 19,742                                   |
| Other                                      | 14,343                | 14,115                                   |
| Allowance for doubtful accounts            | (70)                  | (66)                                     |
| <b>Total investments and other assets</b>  | <b>34,141</b>         | <b>33,791</b>                            |
| <b>Total non-current assets</b>            | <b>120,596</b>        | <b>120,351</b>                           |
| <b>Total assets</b>                        | <b>215,879</b>        | <b>219,801</b>                           |

(Million yen)

|   | FY2021<br>Mar 31,2022 | First Quarter /<br>FY2022<br>Jun 30,2022 |
|---|-----------------------|--|
| <b>Liabilities</b>                                    |                       |  |
| Current liabilities                                   |                       |  |
| Notes and accounts payable - trade                    | 24,617                | 24,702                                   |
| Electronically recorded obligations                   | 3,541                 | 3,823                                    |
| Short-term loans payable                              | 56,433                | 60,167                                   |
| Commercial paper                                      | 6,000                 | 6,000                                    |
| Income taxes payable                                  | 475                   | 116                                      |
| Other   | 11,652                | 12,480                                   |
| Total current liabilities                             | 102,720               | 107,290                                  |
| Non-current liabilities                               |                       |  |
| Long-term loans payable                               | 29,960                | 29,943                                   |
| Provision for share awards                            | 24                    | 32                                       |
| Provision for directors' retirement benefits          | 69                    | 71                                       |
| Net defined benefit liability                         | 9,277                 | 9,556                                    |
| Asset retirement obligations                          | 885                   | 885                                      |
| Other   | 3,329                 | 3,325                                    |
| Total non-current liabilities                         | 43,545                | 43,814                                   |
| Total liabilities                                     | 146,265               | 151,105                                  |
| <b>Net assets</b>                                     |                       |  |
| Shareholders' equity                                  |                       |  |
| Capital stock   | 36,561                | 36,561                                   |
| Capital surplus                                       | 6,488                 | 6,524                                    |
| Retained earnings                                     | 13,962                | 13,372                                   |
| Treasury shares                                       | (228)                 | (228)                                    |
| Total shareholders' equity                            | 56,784                | 56,229                                   |
| Accumulated other comprehensive income                |                       |  |
| Valuation difference on available-for-sale securities | 4,688                 | 4,463                                    |
| Foreign currency translation adjustment               | 952                   | 993                                      |
| Remeasurements of defined benefit plans               | 7,182                 | 7,006                                    |
| Total accumulated other comprehensive income          | 12,824                | 12,463                                   |
| Non-controlling interests                             | 5                     | 3  |
| Total net assets                                      | 69,613                | 68,696                                   |
| Total liabilities and net assets                      | 215,879               | 219,801                                  |

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

|   | (Million yen)                                  |  |
|---|--|--|
|   | First Quarter /<br>FY2021<br>Apr '21 - Jun '21 | First Quarter /<br>FY2022<br>Apr '22 - Jun '22 |
| Net sales   | 41,746   | 48,604   |
| Cost of sales   | 35,496   | 42,792   |
| Gross profit  | 6,250  | 5,811  |
| Selling, general and administrative expenses                  | 6,251  | 6,581  |
| Operating loss  | (1)  | (769)  |
| Non-operating income  |  |  |
| Interest income   | 6  | 5  |
| Dividend income   | 288  | 295  |
| Share of profit of entities accounted for using equity method | 157  | 198  |
| Foreign exchange gains  | 39   | 1,006  |
| Other   | 88   | 119  |
| Total non-operating income                                    | 580  | 1,625  |
| Non-operating expenses  |  |  |
| Interest expenses   | 154  | 139  |
| Other   | 89   | 47   |
| Total non-operating expenses                                  | 243  | 187  |
| Ordinary income   | 335  | 668  |
| Extraordinary income  |  |  |
| Gain on disposal of non-current assets                        | 1  | 1  |
| Subsidy income  | —  | 292  |
| Other   | 0  | 0  |
| Total extraordinary income                                    | 1  | 295  |
| Extraordinary losses  |  |  |
| Loss on disposal of non-current assets                        | 126  | 132  |
| Loss on tax purpose reduction entry of non-current assets     | —  | 278  |
| Extra retirement payments                                     | 77   | 479  |
| Loss on valuation of shares of subsidiaries and associates    | 646  | —  |
| Other   | 163  | 1  |
| Total extraordinary losses                                    | 1,013  | 891  |
| Profit (loss) before income taxes                             | (677)  | 72   |
| Income taxes  | 484  | 630  |
| loss  | (1,161)  | (558)  |
| Profit attributable to non-controlling interests              | 0  | 1  |
| loss attributable to owners of parent                         | (1,161)  | (557)  |

Consolidated quarterly statements of comprehensive income

|   | (Million yen)                                  |  |
|---|--|--|
|   | First Quarter /<br>FY2021<br>Apr '21 - Jun '21 | First Quarter /<br>FY2022<br>Apr '22 - Jun '22 |
| loss  | (1,161)  | (558)  |
| Other comprehensive income  |  |  |
| Valuation difference on available-for-sale securities                             | 420  | (225)  |
| Foreign currency translation adjustment   | 152  | 55   |
| Remeasurements of defined benefit plans, net of tax                               | 4  | (176)  |
| Share of other comprehensive income of entities accounted for using equity method | 2  | (14)   |
| Total other comprehensive income  | 580  | (360)  |
| Comprehensive income  | (580)  | (919)  |
| Comprehensive income attributable to  |  |  |
| Comprehensive income attributable to owners of parent                             | (581)  | (917)  |
| Comprehensive income attributable to non-controlling interests                    | 0  | (1)  |