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November 14,2022

## Summary of Consolidated Financial Results for the Second 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 Second Quarter of the Year Ending March 31, 2023 (April 1, 2022 -September 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 Half of FY2022       | 100,364              | 16.9 | (435)            | - | 1,504                | 103.2 | (288)                                   | - |
| First Half of FY2021       | 85,874               | 9.2  | 288              | - | 740                  | -     | 256                                     | - |
| Note: Comprehensive income | First Half of FY2022 |      | ¥(707) million   |   | First Half of FY2021 |       | ¥1,921 million                          |   |

|                      | Profit per share | Diluted profit per share |
|----------------------|------------------|--------------------------|
|                      | Yen              | Yen                      |
| First Half of FY2022 | (6.51)           | -                        |
| First Half of FY2021 | 5.74             | -                        |

(2) Consolidated Financial Condition

|                            | Total assets         | Net assets      | Shareholders' equity ratio |
|----------------------------|----------------------|-----------------|----------------------------|
|                            | Million yen          | Million yen     | %                          |
| First Half of FY2022       | 226,622              | 68,807          | 30.4                       |
| Year ended March 2022      | 215,879              | 69,613          | 32.2                       |
| Note: Shareholders' equity | First Half of FY2022 | ¥68,789 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           | -                  | 0.00      | -         | -         | -      |
| FY2022(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, 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 | 215,000     | 18.2 | 2,500            | - | 3,500           | 78.2 | 1,500                                   | 36.8 | 33.74              |

Note : Revision to the financial results forecast announced most recently ... Yes

#### 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 Half of FY2022   | 44,741,433 shares |
| FY2021   | 44,741,433 shares |
| 2) Total number of treasury shares at the end of the period:                           |                   |
| First Half of FY2022   | 633,122 shares    |
| FY2021   | 288,324 shares    |
| 3) Average number of shares during the period:   |                   |
| First Half of FY2022   | 44,386,646 shares |
| First Half of FY2021   | 44,621,736 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 first half of FY2022, 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 prolongation of the situation in Ukraine and steep rises in raw material and fuel prices, as well as exchange rate fluctuations that may result from the rapid depreciation of the yen.

Sharp rises in the prices of fuels, such as crude oil, coal, and natural gas, affected the Group significantly while the environment surrounding the Group indicated a recovery in demand.

Under these circumstances, the Group worked to improve productivity by maintaining 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 also began executing the Mid-Term Management Plan (FY2022 to FY2024) in the ongoing fiscal year, adopting “Creation of a New Mitsubishi Paper Mills Group” as a slogan.

The basic policy of the Mid-Term Management Plan (FY2022 to FY2024) 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

On August 5, 2022, we have resolved to withdraw from the business at the Flensburg Mill of MPE, in line with the policies of our Med-Term Management Plan. We will continue to promote organizational rationalization as a measure to improve profitability.

As a result, consolidated net sales amounted to 100,364 million yen (up 16.9% year on year) in the first six months under review due to revision of product prices in response to a steep rise in the prices of raw materials and fuel.

The consolidated operating loss came to 435 million yen (compared with operating profit of 288 million yen in the first six months of the previous fiscal year), and consolidated ordinary profit reached 1,504 million yen (compared with consolidated ordinary profit of 740 million yen in the first six months of the previous fiscal year) due in part to foreign exchange gains, and a loss attributable to owners of parent of 288 million yen primarily due to extra retirement payments, 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.

Operating results by segment are as follows:

In the first three months, 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 Half of FY2021 | First Half of FY2022 | Change (%) | First Half of FY2021    | First Half of FY2022 | Change (%) |
| Reportable Segments | Paper materials      | 67,527               | 79,482               | 17.7       | (1,276)                 | (2,270)              | –          |
|                     | Functional materials | 24,167               | 28,909               | 19.6       | 1,666                   | 1,876                | 12.6       |
|                     | Total                | 91,695               | 108,391              | 18.2       | 389                     | (393)                | –          |
| Others              |                      | 2,953                | 2,991                | 1.3        | 1                       | 52                   | –          |
| Total               |                      | 94,648               | 111,382              | 17.7       | 390                     | (340)                | –          |
| Adjustment (Note)   |                      | (8,774)              | (11,018)             |            | (101)                   | (95)                 |            |
| Total               |                      | 85,874               | 100,364              | 16.9       | 288                     | (435)                | –          |

(Note) Adjustment is mainly related to internal transactions.

(Paper materials business)

In Japan, the sales volume fell below 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.

The selling price of commercial pulp was revised according to a steep rise in the international market prices. For domestic customers, demand for a change to domestic pulp increased, and both sales volume and value increased.

At European subsidiaries, while sales volume decreased year on year, selling prices were revised in response to sharp rises in the prices of raw materials and fuel such as natural gas and pulp, which resulted in higher sales value.

However, the above price revisions could not compensate for the rises in raw materials and fuel prices, and the paper materials business resulted in an increase in sales and a decrease in profit.

The Company announced price revisions of printing and communication paper and white paperboard in June and wrapping paper in August this year and has implemented the revisions since then. However, the prices of raw materials and fuel subsequently remained high, and the situation was aggravated by the continuous depreciation of the yen, resulting in an increase in manufacturing cost larger than the increase in prices. Consequently, the Company announced another revision of product prices in October. 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 site, while focusing on expanding the sales volume for exports, taking foreign exchange trends into consideration.

In addition, the Company is implementing the optimization of production system in line with trends in demand and streamlining of brands and continues its efforts, such as an increase in the product lines of new materials of craft paper and barrier paper with an aim to convert the product portfolio and stabilize revenue at an early stage.

European subsidiaries will also implement further revisions of product prices and continue to work on cost reduction by rebuilding production systems with an aim to ensure stable revenue.

(Functional materials business)

In functional materials business, sales rose steadily for water treatment membrane supporting bodies and tape base paper, etc. However, sales fell year on year for filters, decorative laminate base paper, backing paper for wallpaper. Sales of electronics-related products for overseas markets of battery separators and electronic industrial materials significantly increased year on year. We are expanding the melt-blown non-woven fabrics lineup, including for use in high-performance non-woven masks, and proposing unique products to local governments, etc. while utilizing designs and websites in alcohol disinfectants. Sales of imaging media-related products grew by recovery of decreased demand due to the prevention of the spread of COVID-19.

Consequently, functional materials business achieved growth in both sales and profit by price revisions and sales expansion of growth products, despite the impact of sharp rises in the prices of raw materials and fuel.

In the functional nonwoven fabric-related business, which is a priority area of the medium-term management plan, in addition to the acquisition of new users of water treatment membrane supports accurately grasping overseas water business demand and their development for special membrane, the Company will continue to focus on the expansion of sales of heat-resistant nonwoven fabrics, melt-blown nonwoven fabrics, etc. And, in electronics-related products, we also will continue to focus on the expansion of sales of battery separators for automobiles, energy saving, telecommunication equipment and electronic industrial materials including special dry film resist, and tape base paper performing well.

In the imaging media-related products, the Company continues to focus on expanding sales for exports by taking advantage of depreciation of the yen and improve its production system for products with declining demand, and so strives to grow revenue.

## (2) Explanation of Financial Position

Assets at the end of the first half of FY2022 under review amounted to 226,622 million yen, up 10,743 million yen from the end of the previous fiscal year, mainly due to increases in accounts receivable - trade and inventories.

Total liabilities came to 157,815 million yen, up 11,549 million yen from the end of the previous fiscal year, chiefly attributable to a growth in notes and accounts payable - trade and commercial papers.

Net assets decreased 806 million yen from the end of the previous fiscal year to 68,807 million yen, mainly reflecting a decrease in valuation difference on available-for-sale securities.

The equity ratio was 30.4%, down 1.8 percentage points from the end of the previous fiscal year.

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

In light of recent performance trends, the Company has revised the consolidated financial results forecast that it announced on May 12, 2022, for the fiscal year ending March 31, 2023, as follows.

Revisions to consolidated financial results forecasts for the current fiscal year (April 1, 2022, to March 31, 2023)

|   | Net sales   | Operating profit | Ordinary profit | Profit attributable to owners of parent | Earnings per share |
|---|-------------|------------------|-----------------|---|--------------------|
|   | Million yen | Million yen      | Million yen     | Million yen                             | Yen                |
| Previously announced forecasts (A)      | 200,000     | 2,500            | 3,500           | 1,500                                   | 33.74              |
| Revised forecasts (B)                   | 215,000     | 2,500            | 3,500           | 1,500                                   | 33.74              |
| Change (B-A)                            | +15,000     | —                | —               | —                                       | —                  |
| Change (%)                              | +7.5        | —                | —               | —                                       | —                  |
| (Reference) Results of FY Mar. 31, 2022 | 181,920     | (248)            | 1,964           | 1,096                                   | 24.62              |

(Reason for revision)

With regards to sales, we have increased the initial sales forecast by 15,000 million yen to 215,000 million yen, due to the revision of sales prices in each business due to the impact of soaring raw material and fuel prices.

In terms of profit, there is no change from the initial forecast, as the increase in sales will correspond to the surge in raw material and fuel prices.

## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Million yen)

|  | FY2021<br>Mar 31, 2022 | First Half /<br>FY2022<br>Sep 30, 2022 |
|--|------------------------|--|
| <b>Assets</b>                          |                        |  |
| Current assets                         |                        |  |
| Cash and deposits                      | 9,047                  | 6,211                                  |
| Notes receivable - trade               | 7,724                  | 8,464                                  |
| Accounts receivable - trade            | 33,879                 | 38,531                                 |
| Merchandise and finished goods         | 23,446                 | 25,830                                 |
| Work in process                        | 6,487                  | 6,214                                  |
| Raw materials and supplies             | 10,857                 | 17,481                                 |
| Other                                  | 3,969                  | 5,256                                  |
| Allowance for doubtful accounts        | (130)                  | (149)                                  |
| Total current assets                   | 95,282                 | 107,839                                |
| Non-current assets                     |                        |  |
| Property, plant and equipment          |                        |  |
| Buildings and structures, net          | 21,335                 | 20,561                                 |
| Machinery, equipment and vehicles, net | 37,694                 | 36,333                                 |
| Land                                   | 21,276                 | 20,793                                 |
| Construction in progress               | 1,638                  | 2,725                                  |
| Other, net                             | 2,646                  | 2,499                                  |
| Total property, plant and equipment    | 84,590                 | 82,913                                 |
| Intangible assets                      |                        |  |
| Other                                  | 1,864                  | 2,293                                  |
| Total intangible assets                | 1,864                  | 2,293                                  |
| Investments and other assets           |                        |  |
| Investment securities                  | 19,868                 | 19,308                                 |
| Other                                  | 14,343                 | 14,332                                 |
| Allowance for doubtful accounts        | (70)                   | (65)                                   |
| Total investments and other assets     | 34,141                 | 33,575                                 |
| Total non-current assets               | 120,596                | 118,782                                |
| <b>Total assets</b>                    | 215,879                | 226,622                                |

|   | (Million yen)          |  |
|---|------------------------|--|
|   | FY2021<br>Mar 31, 2022 | First Half /<br>FY2022<br>Sep 30, 2022 |
| <b>Liabilities</b>                                    |                        |  |
| Current liabilities                                   |                        |  |
| Notes and accounts payable - trade                    | 24,617                 | 29,229                                 |
| Electronically recorded obligations                   | 3,541                  | 4,180                                  |
| Short-term loans payable                              | 56,433                 | 58,834                                 |
| Commercial paper                                      | 6,000                  | 10,000                                 |
| Income taxes payable                                  | 475                    | 321                                    |
| Other   | 11,652                 | 11,595                                 |
| Total current liabilities                             | 102,720                | 114,162                                |
| Non-current liabilities                               |                        |  |
| Long-term loans payable                               | 29,960                 | 29,187                                 |
| Provision for share awards                            | 24                     | 40                                     |
| Provision for directors' retirement benefits          | 69                     | 43                                     |
| Net defined benefit liability                         | 9,277                  | 9,814                                  |
| Asset retirement obligations                          | 885                    | 885                                    |
| Other   | 3,329                  | 3,681                                  |
| Total non-current liabilities                         | 43,545                 | 43,653                                 |
| Total liabilities                                     | 146,265                | 157,815                                |
| <b>Net assets</b>                                     |                        |  |
| Shareholders' equity                                  |                        |  |
| Capital stock   | 36,561                 | 36,561                                 |
| Capital surplus                                       | 6,488                  | 6,524                                  |
| Retained earnings                                     | 13,962                 | 13,640                                 |
| Treasury shares                                       | (228)                  | (329)                                  |
| Total shareholders' equity                            | 56,784                 | 56,397                                 |
| Accumulated other comprehensive income                |                        |  |
| Valuation difference on available-for-sale securities | 4,688                  | 4,073                                  |
| Foreign currency translation adjustment               | 952                    | 1,485                                  |
| Remeasurements of defined benefit plans               | 7,182                  | 6,833                                  |
| Total accumulated other comprehensive income          | 12,824                 | 12,392                                 |
| Non-controlling interests                             | 5                      | 17                                     |
| Total net assets                                      | 69,613                 | 68,807                                 |
| <b>Total liabilities and net assets</b>               | 215,879                | 226,622                                |

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

|   | (Million yen)                               |   |
|---|---|---|
|   | First Half /<br>FY2021<br>Apr '21 - Sep '21 | First Half /<br>FY2022<br>Apr '22 - Sep '22 |
| Net sales   | 85,874                                      | 100,364                                     |
| Cost of sales   | 72,913                                      | 87,391                                      |
| Gross profit  | 12,961                                      | 12,973                                      |
| Selling, general and administrative expenses                  | 12,672                                      | 13,409                                      |
| Operating income(loss)  | 288   | (435)                                       |
| Non-operating income  |   |   |
| Interest income   | 14  | 11  |
| Dividend income   | 312   | 327   |
| Share of profit of entities accounted for using equity method | 391   | 363   |
| Foreign exchange gains  | 37  | 1,309                                       |
| Other   | 167   | 295   |
| Total non-operating income                                    | 923   | 2,307                                       |
| Non-operating expenses  |   |   |
| Interest expenses   | 302   | 288   |
| Other   | 169   | 78  |
| Total non-operating expenses                                  | 472   | 367   |
| Ordinary income   | 740   | 1,504                                       |
| Extraordinary income  |   |   |
| Gain on disposal of non-current assets                        | 48  | 8   |
| Subsidy income  | —   | 347   |
| Gain on sales of investment securities                        | 687   | —   |
| Other   | 128   | 4   |
| Total extraordinary income                                    | 864   | 359   |
| Extraordinary losses  |   |   |
| Loss on disposal of non-current assets                        | 199   | 226   |
| Loss on tax purpose reduction entry of non-current assets     | —   | 329   |
| Extra retirement payments                                     | 77  | 482   |
| Loss on valuation of investment securities                    | 598   | —   |
| Other   | 198   | 7   |
| Total extraordinary losses                                    | 1,074                                       | 1,045                                       |
| Profit before income taxes                                    | 529   | 818   |
| Income taxes  | 254   | 1,093                                       |
| Profit (loss)   | 275   | (275)                                       |
| Profit attributable to non-controlling interests              | 19  | 13  |
| Profit (loss) attributable to owners of parent                | 256   | (288)                                       |

Consolidated quarterly statements of comprehensive income

|  | (Million yen)                               |   |
|--|---|---|
|  | First Half /<br>FY2021<br>Apr '21 - Sep '21 | First Half /<br>FY2022<br>Apr '22 - Sep '22 |
| Profit (loss)  | 275   | (275)                                       |
| Other comprehensive income   |   |   |
| Valuation difference on available-for-sale securities                                | 1,295                                       | (616)                                       |
| Foreign currency translation adjustment  | 332   | 545   |
| Remeasurements of defined benefit plans, net of tax                                  | 17  | (349)                                       |
| Share of other comprehensive income of entities<br>accounted for using equity method | 1   | (11)  |
| Total other comprehensive income   | 1,646                                       | (432)                                       |
| Comprehensive income   | 1,921                                       | (707)                                       |
| Comprehensive income attributable to   |   |   |
| Comprehensive income attributable to owners of parent                                | 1,902                                       | (720)                                       |
| Comprehensive income attributable to non-controlling<br>interests                    | 19  | 13  |