



Consolidated Financial Results for the Nine Months Ended December 31, 2021 [Japanese GAAP]

February 08, 2022

Company name: Japan Pulp & Paper Co., Ltd.

Stock exchange listing: Tokyo

Code number: 8032

URL: <https://www.kamipa.co.jp/eng/>

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Scheduled date of filing quarterly securities report: February 14, 2022

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: No

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2021 (April 01, 2021 to December 31, 2021)

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

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2021	321,941	-	10,362	48.5	10,918	53.7	8,536	198.4
December 31, 2020	345,141	(13.9)	6,978	(23.5)	7,102	(16.0)	2,861	(47.9)

(Note) Comprehensive income: Nine months ended December 31, 2021: ¥ 9,011 million [104.5%]
 Nine months ended December 31, 2020: ¥ 4,406 million [(16.7) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2021	623.23	621.77
December 31, 2020	209.25	208.60

(Notes) From the beginning of the year ending March 31, 2022, “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29) etc. have been adopted. Therefore, the rate of increase and decrease concerning sales compared to the previous year is not stated. In addition, the account name has been changed from “Net sales” to “Revenue”.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of December 31, 2021	336,000	97,098	26.8
March 31, 2021	321,986	89,872	25.9

(Reference) Equity: As of December 31, 2021: ¥ 89,913 million
 As of March 31, 2021: ¥ 83,451 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	55.00	-	55.00	110.00
Fiscal year ending March 31, 2022	-	55.00	-		
Fiscal year ending March 31, 2022 (Forecast)				55.00	110.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022(April 01, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	13,500	51.8	14,000	56.5	10,000	174.0	730.11

(Note) 1.Revision to the financial results forecast announced most recently: Yes

2. From the beginning of the year ending March 31, 2022, “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29) etc. have been adopted. Financial forecasts above reflect the effect of such new standards.

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2021

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

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(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: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2021: 15,021,551 shares

March 31, 2021: 15,021,551 shares

2) Total number of treasury shares at the end of the period:

December 31, 2021: 1,318,916 shares

March 31, 2021: 1,349,600 shares

3) Average number of shares during the period:

Nine months ended December 31, 2021: 13,696,590 shares

Nine months ended December 31, 2020: 13,672,001 shares

*This report is not subject to quarterly reviews by certified public accountants or auditing firms.

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

(Note Concerning Forward-Looking Statements)

The forecasts and other forward-looking statements in this report are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual business and other results may significantly differ from these forecasts due to various factors.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of December 31,2021
Assets		
Current assets		
Cash and deposits	11,643	11,918
Notes and accounts receivable - trade	111,389	127,891
Inventories	34,778	38,064
Other	3,908	4,233
Allowance for doubtful accounts	(1,308)	(1,412)
Total current assets	160,410	180,693
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	46,933	45,311
Land	32,420	32,476
Other, net	32,331	31,232
Total property, plant and equipment	111,683	109,019
Intangible assets		
Goodwill	4,869	1,874
Other	2,113	2,087
Total intangible assets	6,982	3,961
Investments and other assets		
Investment securities	36,290	35,680
Retirement benefit asset	6	107
Other	8,605	8,648
Allowance for doubtful accounts	(2,090)	(2,195)
Total investments and other assets	42,811	42,240
Total non-current assets	161,476	155,221
Deferred assets	100	85
Total assets	321,986	336,000

	As of March 31,2021	As of December 31,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	85,523	94,911
Short-term borrowings	36,324	38,622
Current portion of long-term borrowings	5,288	4,889
Commercial papers	9,000	10,000
Current portion of bonds payable	23	23
Income taxes payable	1,231	1,557
Provisions	2,383	1,213
Other	11,907	11,353
Total current liabilities	151,679	162,567
Non-current liabilities		
Bonds payable	30,011	30,000
Long-term borrowings	33,412	30,032
Provisions	1,189	1,215
Retirement benefit liability	4,237	1,419
Other	11,585	13,668
Total non-current liabilities	80,435	76,334
Total liabilities	232,114	238,902
Net assets		
Shareholders' equity		
Share capital	16,649	16,649
Capital surplus	7,280	7,236
Retained earnings	55,661	62,603
Treasury shares	(5,123)	(5,001)
Total shareholders' equity	74,467	81,487
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,702	7,534
Deferred gains or losses on hedges	(7)	(5)
Foreign currency translation adjustment	(107)	908
Remeasurements of defined benefit plans	397	(12)
Total accumulated other comprehensive income	8,985	8,425
Share acquisition rights	117	83
Non-controlling interests	6,304	7,102
Total net assets	89,872	97,098
Total liabilities and net assets	321,986	336,000

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Million yen)

	For the nine months ended December 31,2020	For the nine months ended December 31,2021
Revenue	345,141	321,941
Cost of sales	298,372	268,853
Gross profit	46,769	53,088
Selling, general and administrative expenses	39,791	42,727
Operating profit	6,978	10,362
Non-operating income		
Interest income	203	244
Dividend income	616	615
Share of profit of entities accounted for using equity method	225	379
Other	637	686
Total non-operating income	1,682	1,924
Non-operating expenses		
Interest expenses	1,400	1,226
Other	157	141
Total non-operating expenses	1,558	1,367
Ordinary profit	7,102	10,918
Extraordinary income		
Gain on revision of retirement benefit plan	-	5,969
Gain on sale of non-current assets	90	474
Gain on sale of investment securities	159	380
Other	-	4
Total extraordinary income	249	6,827
Extraordinary losses		
Impairment losses	-	1,779
Loss on valuation of investment securities	-	776
Loss on disposal of non-current assets	106	76
Sublease loss	-	64
Loss on extinguishment of tie-in shares	353	-
Business restructuring expenses	260	-
Compensation for claims	147	-
Waste disposal expenses	134	-
Provision for waste disposal expense	60	-
Other	11	23
Total extraordinary losses	1,071	2,719
Profit before income taxes	6,279	15,026
Income taxes - current	2,267	2,979
Income taxes - deferred	166	2,579
Total income taxes	2,434	5,558
Profit	3,846	9,468
Profit attributable to non-controlling interests	985	932
Profit attributable to owners of parent	2,861	8,536

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Million yen)

	For the nine months ended December 31,2020	For the nine months ended December 31,2021
Profit	3,846	9,468
Other comprehensive income		
Valuation difference on available-for-sale securities	637	(1,060)
Deferred gains or losses on hedges	(0)	3
Foreign currency translation adjustment	(716)	1,124
Remeasurements of defined benefit plans, net of tax	132	(409)
Share of other comprehensive income of entities accounted for using equity method	507	(115)
Total other comprehensive income	560	(458)
Comprehensive income	4,406	9,011
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,480	7,977
Comprehensive income attributable to non-controlling interests	926	1,034

Changes in accounting policies

(Application of Accounting Standard for Revenue Recognition, etc.)

From the beginning of the year ending March 31, 2022, “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29 March 31, 2020) etc. have been adopted and the Company recognized revenue as the amount expected to be received in exchange for promised goods or services at the time the control of such goods or services is transferred to the customer.

Regarding the application of the Accounting Standard for Revenue Recognition, etc., the Company follows the transitional treatment stipulated in the proviso of Article 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospectively adopting the new accounting policy to the periods prior to the beginning of the first quarter to the current fiscal year is reflected in the balance of retained earnings at the beginning of the first quarter of the current fiscal year, and the Company has adopted the new accounting policy from the beginning of the current period.

As a result, revenue for the first nine months of the current fiscal year decreased by ¥57,017 million, but operating profit, ordinary profit, and profit before income taxes had no change. Also, there was no effect on the balance of retained earnings at the beginning of the current fiscal year.

In addition, the account name has been changed from “Net sales” to “Revenue”.

In accordance with the transitional treatment stipulated in the Article 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12, March 31, 2020), the Company has not provided information on the breakdown of revenues arising from contracts with customers for the first nine months of the previous fiscal year.

(Segment information)

Nine-months period ended December 31, 2020 (consolidated)

Information related to revenue, profit (loss) by reportable segment

(Million yen)

	Reportable Segments					Total	Adjustments	To Quarterly consolidated statements of income
	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Raw Materials & Environment	Real Estate Leasing			
Revenue								
Revenue to external customers	186,218	117,741	16,689	20,586	3,907	345,141	—	345,141
Intersegment revenue/transfers	4,813	759	18,003	4,538	75	28,189	(28,189)	—
Total	191,031	118,501	34,692	25,124	3,983	373,330	(28,189)	345,141
Segment income (loss)	2,446	25	3,995	708	1,179	8,353	(1,251)	7,102

(Notes)

1. Segment income (loss) is adjusted with ordinary profit in the Quarterly Consolidated Statements of Income.
2. Adjustments in segment income (loss) include corporate expenses that are not allocated to each relevant business segment.

Nine-months period ended December 31, 2021 (consolidated)

1. Information related to revenue, profit (loss), and disaggregation of revenue by reportable segment

(Million yen)

	Reportable Segments					Total	Adjustments	To Quarterly consolidated statements of income
	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Raw Materials & Environment	Real Estate Leasing			
Revenue								
Revenue to customers	130,411	140,219	31,679	15,662	—	317,970	—	317,970
Other revenue	—	—	—	—	3,971	3,971	—	3,971
Revenue to external customers	130,411	140,219	31,679	15,662	3,971	321,941	—	321,941
Intersegment revenue/transfers	5,418	949	3,796	4,725	79	14,966	(14,966)	—
Total	135,829	141,167	35,475	20,387	4,050	336,907	(14,966)	321,941
Segment income (loss)	3,231	2,907	3,557	1,327	1,269	12,292	(1,374)	10,918

(Notes)

1. Segment income (loss) is adjusted with ordinary profit in the Quarterly Consolidated Statements of Income.
2. Adjustments in segment income (loss) include corporate expenses that are not allocated to each relevant business segment.

2. Information on changes in the reportable segment, etc.

(Changes in segment name)

From the beginning of the year ending March 31, 2022, the name of the reporting segment previously presented as “Resources & Environment” has been changed to “Raw Materials & Environment”. This change is merely a change in segment name and has no impact

on segment information.

In addition, the segment information for the third quarter of previous consolidated fiscal year is presented under the altered name.

(Adoption of the Accounting Standard for Revenue Recognition)

In Accordance with the Changes in Accounting Policies stated above, from the beginning of the year ending March 31, 2022, “Accounting Standard for Revenue Recognition” etc. have been adopted, and because the accounting method for revenue recognition has been changed, the method used to measure profit or loss in each reportable segment has been similarly changed.

As a result of these changes, the revenue to external customers through the third quarter of the current consolidated fiscal year decreased by ¥63,732 million in Japan Wholesaling segment, decreased by ¥1,964 million in Non-Japan Wholesaling segment, increased by ¥14,247 million in Paper Manufacturing & Processing segment and decreased by ¥5,568 million in Raw Materials & Environment segment. However, there was no impact on the profit or loss in each reportable segment.

3. Information regarding impairment loss of non-current assets or goodwill for each reportable segment

(Significant impairment loss of non-current assets)

“Non-Japan Wholesaling” segment recognized goodwill impairment loss of 1,779 million yen related to RADMS Paper Limited, a consolidated subsidiary.

(Significant fluctuation in the amount of goodwill)

“Non-Japan Wholesaling” segment recognized goodwill impairment loss. Goodwill decreased by 1,779 million yen for the nine-months period under review due to the said event.