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## Consolidated Financial Results for the Three Months Ended June 30, 2021 [Japanese GAAP]

August 11, 2021

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

Stock exchange listing: Tokyo

Code number: 8032

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

Representative: Akihiko Watanabe      President

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Scheduled date of filing quarterly securities report: August 12, 2021

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 Three Months Ended June 30, 2021 (April 01, 2021 to June 30, 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	%
Three months ended June 30, 2021	102,230	-	3,075	60.6	3,360	61.4	6,484	516.4
June 30, 2020	118,042	(11.9)	1,914	(29.4)	2,082	(19.7)	1,052	(49.1)

(Note) Comprehensive income: Three months ended June 30, 2021:      ¥            7,368 million [      -% ]  
 Three months ended June 30, 2020:      ¥            (448) million [      -% ]

	Basic earnings per share	Diluted earnings per share
Three months ended June 30, 2021	Yen 473.76	Yen 472.55
June 30, 2020	76.95	76.71

(Note) 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
As of June 30, 2021	Million yen 326,572	Million yen 96,486	% 27.5
March 31, 2021	321,986	89,872	25.9

(Reference) Equity: As of June 30, 2021:      ¥            89,741 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	-				
Fiscal year ending March 31, 2022 (Forecast)		55.00	-	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	9,800	10.2	9,300	3.9	9,400	157.6	687.54

(Note) Revision to the financial results forecast announced most recently: No

(Note) 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 include the effects of the new standards.

### \* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 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):

June 30, 2021: 15,021,551 shares

March 31, 2021: 15,021,551 shares

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

June 30, 2021: 13,693,502 shares

March 31, 2021: 13,671,951 shares

3) Average number of shares during the period:

Three months ended June 30, 2021: 13,686,438 shares

Three months ended June 30, 2020: 13,670,638 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 June 30,2021
<b>Assets</b>		
Current assets		
Cash and deposits	11,643	12,263
Notes and accounts receivable - trade	111,389	112,992
Inventories	34,778	35,334
Other	3,908	4,522
Allowance for doubtful accounts	(1,308)	(1,297)
Current assets	160,410	163,815
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	46,933	46,440
Land	32,420	32,282
Other, net	32,331	32,688
Property, plant and equipment	111,683	111,409
Intangible assets		
Goodwill	4,869	4,749
Other	2,113	2,135
Intangible assets	6,982	6,884
Investments and other assets		
Investment securities	36,290	35,260
Retirement benefit asset	6	2,541
Other	8,605	8,755
Allowance for doubtful accounts	(2,090)	(2,188)
Investments and other assets	42,811	44,369
Non-current assets	161,476	162,662
Deferred assets	100	95
Assets	321,986	326,572

(Million yen)

	As of March 31,2021	As of June 30,2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	85,523	86,454
Short-term borrowings	36,324	36,874
Current portion of long-term borrowings	5,288	5,183
Commercial papers	9,000	8,500
Current portion of bonds payable	23	23
Income taxes payable	1,231	962
Provisions	2,383	1,389
Other	11,907	12,448
Current liabilities	151,679	151,833
Non-current liabilities		
Bonds payable	30,011	30,011
Long-term borrowings	33,412	32,324
Provisions	1,189	1,184
Retirement benefit liability	4,237	1,220
Other	11,585	13,514
Non-current liabilities	80,435	78,253
<b>Liabilities</b>	<b>232,114</b>	<b>230,086</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	16,649	16,649
Capital surplus	7,280	7,236
Retained earnings	55,661	61,315
Treasury shares	(5,123)	(5,039)
Shareholders' equity	74,467	80,162
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,702	8,227
Deferred gains or losses on hedges	(7)	(1)
Foreign currency translation adjustment	(107)	1,365
Remeasurements of defined benefit plans	397	(11)
Valuation and translation adjustments	8,985	9,579
Share acquisition rights	117	83
Non-controlling interests	6,304	6,661
<b>Net assets</b>	<b>89,872</b>	<b>96,486</b>
<b>Liabilities and net assets</b>	<b>321,986</b>	<b>326,572</b>

Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income (For the three months)

(Million yen)

	For the three months ended June 30,2020	For the three months ended June 30,2021
Revenue	118,042	102,230
Cost of sales	102,299	85,374
Gross profit	15,742	16,856
Selling, general and administrative expenses	13,828	13,781
Operating profit	1,914	3,075
Non-operating income		
Interest income	88	84
Dividend income	352	328
Share of profit of entities accounted for using equity method	72	104
Other	241	267
Total non-operating income	753	782
Non-operating expenses		
Interest expenses	516	418
Other	69	80
Total non-operating expenses	585	497
Ordinary profit	2,082	3,360
Extraordinary income		
Gain on revision of retirement benefit plan	-	5,969
Gain on sale of non-current assets	5	419
Total extraordinary income	5	6,388
Extraordinary losses		
Loss on disposal of non-current assets	14	34
Loss on sale of investment securities	5	-
Other	3	1
Total extraordinary losses	22	35
Profit before income taxes	2,065	9,713
Income taxes - current	558	906
Income taxes - deferred	236	2,138
Total income taxes	794	3,044
Profit	1,270	6,669
Profit attributable to non-controlling interests	218	185
Profit attributable to owners of parent	1,052	6,484

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

(Million yen)

	For the three months ended June 30,2020	For the three months ended June 30,2021
Profit	1,270	6,669
Other comprehensive income		
Valuation difference on available-for-sale securities	(223)	(620)
Deferred gains or losses on hedges	(0)	6
Foreign currency translation adjustment	(1,576)	1,580
Remeasurements of defined benefit plans, net of tax	44	(409)
Share of other comprehensive income of entities accounted for using equity method	37	142
Total other comprehensive income	(1,718)	699
Comprehensive income	(448)	7,368
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(860)	7,079
Comprehensive income attributable to non-controlling interests	412	289

#### 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 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 quarter decreased by ¥18,489 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 quarter of the previous fiscal year.

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

1. Three-months period ended June 30, 2020 (consolidated)

(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	59,509	44,652	5,838	6,737	1,306	118,042	—	118,042
Intersegment revenue/transfers	1,688	338	5,910	1,538	28	9,502	(9,502)	—
Total	61,197	44,989	11,749	8,276	1,334	127,544	(9,502)	118,042
Segment income (loss)	618	238	1,165	47	396	2,464	(382)	2,082

(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. Three-months period ended June 30, 2021 (consolidated)

(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	42,565	43,104	10,432	4,823	—	100,924	—	100,924
Other revenue	—	—	—	—	1,306	1,306	—	1,306
Revenue to external customers	42,565	43,104	10,432	4,823	1,306	102,230	—	102,230
Intersegment revenue/transfers	1,963	264	1,126	1,529	28	4,909	(4,909)	—
Total	44,528	43,367	11,558	6,352	1,334	107,139	(4,909)	102,230
Segment income (loss)	959	561	1,287	415	427	3,649	(289)	3,360

(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.

(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 first 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 first quarter of the current consolidated fiscal year decreased by ¥20,823 million in Japan Wholesaling segment, decreased by ¥566 million in Non-Japan Wholesaling segment, increased by ¥4,723 million in Paper Manufacturing & Processing segment and decreased by ¥1,823 million in Raw Materials & Environment segment. Also, there was no impact on the profit or loss in each reportable segment.