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Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]

February 08, 2023

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
 Contact: Kenichiro Fujii Executive Officer, Finance & Administration Division
 URL <https://www.kamipa.co.jp/eng/contact/>
 Scheduled date of filing quarterly securities report: February 14, 2023
 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, 2022 (April 01, 2022 to December 31, 2022)

(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, 2022	421,854	31.0	16,338	57.7	17,186	57.4	21,934	156.9
December 31, 2021	321,941	-	10,362	48.5	10,918	53.7	8,536	198.4

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥ 24,706 million [174.2%]
 Nine months ended December 31, 2021: ¥ 9,011 million [104.5%]

	Basic earnings per share	Diluted earnings per share
Nine months ended December 31, 2022	Yen 1,598.97	Yen 1,595.72
December 31, 2021	623.23	621.77

(Note) From the beginning of the year ended 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 for Nine months ended December 31, 2021 is not stated.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
December 31, 2022	379,465	123,119	30.2
March 31, 2022	338,939	100,317	27.4

(Reference) Equity: As of December 31, 2022: ¥ 114,642 million
 As of March 31, 2022: ¥ 92,821 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, 2022	-	55.00	-	60.00	115.00
Fiscal year ending March 31, 2023	-	60.00	-		
Fiscal year ending March 31, 2023 (Forecast)				60.00	120.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% 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	19,000	35.1	19,000	26.2	23,000	100.0	1,676.79

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

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2022

(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: No

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, 2022: 15,021,551 shares

March 31, 2022: 15,021,551 shares

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

December 31, 2022: 1,303,199 shares

March 31, 2022: 1,319,240 shares

3) Average number of shares during the period:

Nine months ended December 31, 2022: 13,717,268 shares

Nine months ended December 31, 2021: 13,696,590 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 31,2022	As of December 31,2022
Assets		
Current assets		
Cash and deposits	13,009	25,918
Notes and accounts receivable - trade	122,330	154,869
Inventories	45,360	56,526
Other	3,930	8,050
Allowance for doubtful accounts	(1,554)	(1,960)
Total current assets	183,075	243,403
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,594	33,251
Land	32,494	26,707
Other, net	31,286	31,320
Total property, plant and equipment	109,374	91,277
Intangible assets		
Goodwill	1,586	1,501
Other	2,043	1,998
Total intangible assets	3,629	3,499
Investments and other assets		
Investment securities	35,899	33,662
Retirement benefit asset	163	171
Other	8,990	9,888
Allowance for doubtful accounts	(2,272)	(2,502)
Total investments and other assets	42,781	41,220
Total non-current assets	155,784	135,997
Deferred assets	80	66
Total assets	338,939	379,465

(Million yen)

	As of March 31,2022	As of December 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	96,010	109,205
Short-term borrowings	39,024	44,062
Current portion of long-term borrowings	5,076	13,039
Commercial papers	8,000	1,000
Current portion of bonds payable	11	-
Income taxes payable	2,032	11,914
Provisions	2,409	1,360
Other	11,973	14,171
Total current liabilities	164,535	194,751
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	28,559	19,141
Provisions	1,272	656
Retirement benefit liability	1,237	1,589
Other	13,020	10,209
Total non-current liabilities	74,088	61,595
Total liabilities	238,623	256,346
Net assets		
Shareholders' equity		
Share capital	16,649	16,649
Capital surplus	6,999	6,988
Retained earnings	65,484	85,751
Treasury shares	(5,003)	(4,942)
Total shareholders' equity	84,129	104,446
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,438	6,126
Deferred gains or losses on hedges	(39)	5
Foreign currency translation adjustment	1,279	4,047
Remeasurements of defined benefit plans	15	18
Total accumulated other comprehensive income	8,692	10,196
Share acquisition rights	83	76
Non-controlling interests	7,412	8,401
Total net assets	100,317	123,119
Total liabilities and net assets	338,939	379,465

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 31,2021	For the nine months ended December 31,2022
Revenue	321,941	421,854
Cost of sales	268,853	355,937
Gross profit	53,088	65,917
Selling, general and administrative expenses	42,727	49,578
Operating profit	10,362	16,338
Non-operating income		
Interest income	244	445
Dividend income	615	749
Share of profit of entities accounted for using equity method	379	357
Other	686	765
Total non-operating income	1,924	2,316
Non-operating expenses		
Interest expenses	1,226	1,378
Other	141	90
Total non-operating expenses	1,367	1,468
Ordinary profit	10,918	17,186
Extraordinary income		
Gain on sale of non-current assets	474	16,857
Gain on sale of investment securities	380	278
Gain on revision of retirement benefit plan	5,969	-
Other	4	-
Total extraordinary income	6,827	17,136
Extraordinary losses		
Loss on sale of shares of subsidiaries and associates	-	245
Loss on disposal of non-current assets	76	91
Loss on valuation of investment securities	776	10
Impairment losses	1,779	-
Sublease loss	64	-
Other	23	0
Total extraordinary losses	2,719	346
Profit before income taxes	15,026	33,976
Income taxes - current	2,979	13,377
Income taxes - deferred	2,579	(2,229)
Total income taxes	5,558	11,149
Profit	9,468	22,828
Profit attributable to non-controlling interests	932	894
Profit attributable to owners of parent	8,536	21,934

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

(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Profit	9,468	22,828
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,060)	(1,143)
Deferred gains or losses on hedges	3	44
Foreign currency translation adjustment	1,124	3,142
Remeasurements of defined benefit plans, net of tax	(409)	5
Share of other comprehensive income of entities accounted for using equity method	(115)	(169)
Total other comprehensive income	(458)	1,878
Comprehensive income	9,011	24,706
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,977	23,437
Comprehensive income attributable to non-controlling interests	1,034	1,269

(Segment information)

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 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.

Nine-months period ended December 31, 2022 (consolidated)

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	135,913	225,616	35,713	21,413	—	418,655	—	418,655
Other revenue	—	—	—	—	3,199	3,199	—	3,199
Revenue to external customers	135,913	255,616	35,713	21,413	3,199	421,854	—	421,854
Intersegment revenue/transfers	5,448	366	2,594	4,502	71	12,981	(12,981)	—
Total	141,361	225,982	38,306	25,915	3,270	434,835	(12,981)	421,854
Segment income (loss)	3,870	10,457	2,788	1,734	994	19,843	(2,657)	17,186

(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.