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## Consolidated Financial Results for the Year Ended March 31, 2020 [Japanese GAAP]

May 20, 2020

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  
 Phone: 03(3534)8522  
 Scheduled date of Annual General Meeting of Shareholders: June 29, 2020  
 Scheduled date of commencing dividend payments: June 30, 2020  
 Scheduled date of filing annual securities report: June 29, 2020  
 Availability of supplementary briefing material on annual financial results: No  
 Schedule of annual financial results briefing session: No

(Amounts are rounded to the nearest million yen)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 01, 2019 to March 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2020	534,782	(0.1)	10,924	1.1	9,800	(8.9)	5,053	30.5
March 31, 2019	535,495	2.7	10,805	6.7	10,753	7.5	3,871	(37.6)

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥ 3,170 million [ 71.6%]  
 Fiscal year ended March 31, 2019: ¥ 1,847 million [ (83.8)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2020	365.01	363.44	6.1	2.8	2.0
March 31, 2019	274.69	273.12	4.5	3.1	2.0

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2020: ¥ 314 million  
 Fiscal year ended March 31, 2019: ¥ 437 million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2020	341,939	87,246	23.5	5,882.75
March 31, 2019	349,656	94,745	24.8	6,143.16

(Reference) Equity: As of March 31, 2020: ¥ 80,302 million  
 As of March 31, 2019: ¥ 86,575 million

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2020	22,488	(13,239)	(9,712)	7,589
March 31, 2019	13,660	(14,355)	1,735	7,788

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2019	-	55.00	-	55.00	110.00	1,568	40.0	1.8
March 31, 2020	-	55.00	-	55.00	110.00	1,518	30.1	1.8
Fiscal year ending								
March 31, 2021 (Forecast)	-	55.00	-	55.00	110.00		-	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 01, 2020 to March 31, 2021)

The forecast for the Fiscal year ending March 31, 2021 will be disclosed when it is possible to make rational calculations in the future.

### \* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) 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
- (3) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
 

March 31, 2020:	15,021,551 shares
March 31, 2019:	15,021,551 shares
  - 2) Total number of treasury shares at the end of the period:
 

March 31, 2020:	1,371,182 shares
March 31, 2019:	928,575 shares
  - 3) Average number of shares during the period:
 

Fiscal Year ended March 31, 2020:	13,843,655 shares
Fiscal Year ended March 31, 2019:	14,093,448 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 01, 2019 to March 31, 2020)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	312,194	(3.0)	2,843	24.2	5,349	32.3	4,337	73.5
March 31, 2019	321,693	0.7	2,289	2.3	4,043	(5.3)	2,500	(18.2)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2020	312.72	311.38
March 31, 2019	177.07	176.06

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2020	235,608	66,848	28.3	4,877.36
March 31, 2019	241,439	68,376	28.2	4,828.12

(Reference) Equity: As of March 31, 2020: ¥ 66,695 million  
As of March 31, 2019: ¥ 68,159 million

\* This report is not subject to audits by certified public accountants or auditing firms.

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Million yen)

	As of March 31,2019	As of March 31,2020
<b>Assets</b>		
Current assets		
Cash and deposits	7,855	7,627
Notes and accounts receivable - trade	141,424	127,748
Inventories	38,049	40,470
Other	5,168	3,858
Allowance for doubtful accounts	(943)	(1,243)
Total current assets	191,553	178,460
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	49,757	47,735
Machinery, equipment and vehicles, net	25,601	24,829
Tools, furniture and fixtures, net	882	1,010
Land	32,480	33,075
Leased assets, net	308	273
Right of use assets, net	-	6,811
Construction in progress	542	1,111
Total property, plant and equipment	109,570	114,844
Intangible assets		
Goodwill	3,647	6,705
Other	2,212	2,109
Total intangible assets	5,859	8,814
Investments and other assets		
Investment securities	35,633	31,771
Deferred tax assets	2,600	3,294
Retirement benefit asset	7	13
Other	6,623	6,761
Allowance for doubtful accounts	(2,229)	(2,140)
Total investments and other assets	42,633	39,700
Total non-current assets	158,062	163,358
Deferred assets	41	120
Total assets	349,656	341,939

(Million yen)

	As of March 31,2019	As of March 31,2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	100,770	91,209
Short-term borrowings	45,249	39,430
Current portion of long-term borrowings	5,355	13,385
Commercial papers	14,500	10,000
Current portion of bonds payable	10,000	23
Lease obligations	160	1,650
Income taxes payable	2,455	2,693
Provision for bonuses	1,744	1,919
Provision for bonuses for directors (and other officers)	298	166
Provision for waste disposal expense	2,434	706
Other	14,380	9,566
Total current liabilities	197,344	170,747
Non-current liabilities		
Bonds payable	10,000	30,034
Long-term borrowings	35,837	35,418
Lease obligations	173	6,475
Deferred tax liabilities	1,343	678
Provision for retirement benefits for directors (and other officers)	772	811
Provision for share-based remuneration for directors (and other officers)	212	287
Retirement benefit liability	5,123	6,146
Other	4,107	4,095
Total non-current liabilities	57,566	83,945
Total liabilities	254,911	254,693
Net assets		
Shareholders' equity		
Share capital	16,649	16,649
Capital surplus	15,258	10,452
Retained earnings	50,878	54,243
Treasury shares	(3,625)	(5,207)
Total shareholders' equity	79,160	76,138
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,206	5,217
Deferred gains or losses on hedges	3	1
Foreign currency translation adjustment	78	64
Remeasurements of defined benefit plans	(871)	(1,118)
Total accumulated other comprehensive income	7,416	4,164
Share acquisition rights	217	152
Non-controlling interests	7,952	6,792
Total net assets	94,745	87,246
Total liabilities and net assets	349,656	341,939

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Net sales	535,495	534,782
Cost of sales	471,426	464,615
Gross profit	64,068	70,167
Selling, general and administrative expenses	53,264	59,243
Operating profit	10,805	10,924
Non-operating income		
Interest income	65	229
Dividend income	591	650
Share of profit of entities accounted for using equity method	437	314
Other	866	798
Total non-operating income	1,960	1,992
Non-operating expenses		
Interest expenses	1,825	2,373
Other	186	742
Total non-operating expenses	2,012	3,115
Ordinary profit	10,753	9,800
Extraordinary income		
Reversal of provision for waste disposal expenditure	-	958
Gain on bargain purchase	321	443
Gain on sales of non-current assets	182	293
Gain on step acquisitions	-	83
Gain on sales of shares of subsidiaries and associates	-	34
Gain on sales of investment securities	288	18
Gain on liquidation of investment securities	51	-
Gain on donation of non-current assets	38	-
Other	-	25
Total extraordinary income	880	1,854
Extraordinary losses		
Provision for waste disposal expense	2,434	524
Impairment loss	-	208
Loss on disposal of non-current assets	228	164
Loss on valuation of shares of subsidiaries and associates	-	16
Loss on valuation of investment securities	241	14
Loss on withdrawal from pension fund	366	-
Loss on sales of investment securities	25	-
Other	2	9
Total extraordinary losses	3,296	934
Profit before income taxes	8,337	10,720
Income taxes - current	3,829	4,576
Income taxes - deferred	(356)	(174)
Total income taxes	3,473	4,403
Profit	4,864	6,317
Profit attributable to non-controlling interests	993	1,264
Profit attributable to owners of parent	3,871	5,053

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Profit	4,864	6,317
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,355)	(2,794)
Deferred gains or losses on hedges	6	(1)
Foreign currency translation adjustment	(1,275)	118
Remeasurements of defined benefit plans, net of tax	52	(253)
Share of other comprehensive income of entities accounted for using equity method	(445)	(218)
Total other comprehensive income	(3,018)	(3,147)
Comprehensive income	1,847	3,170
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,049	1,801
Comprehensive income attributable to non-controlling interests	798	1,368

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2019

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,649	15,200	48,503	(3,623)	76,729
Changes during period					
Dividends of surplus			(1,496)		(1,496)
Profit attributable to owners of parent			3,871		3,871
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares				4	4
Purchase of shares of consolidated subsidiaries		58			58
Net changes in items other than shareholders' equity					
Total changes during period	-	58	2,375	(2)	2,431
Balance at end of period	16,649	15,258	50,878	(3,625)	79,160

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	9,964	(3)	1,195	(918)	10,238	217	7,551	94,735
Changes during period								
Dividends of surplus								(1,496)
Profit attributable to owners of parent								3,871
Purchase of treasury shares								(6)
Disposal of treasury shares								4
Purchase of shares of consolidated subsidiaries								58
Net changes in items other than shareholders' equity	(1,758)	6	(1,116)	47	(2,822)	-	401	(2,421)
Total changes during period	(1,758)	6	(1,116)	47	(2,822)	-	401	10
Balance at end of period	8,206	3	78	(871)	7,416	217	7,952	94,745



For the fiscal year ended March 31,2020

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,649	15,258	50,878	(3,625)	79,160
Cumulative effects of changes in accounting policies			(139)		(139)
Restated balance	16,649	15,258	50,739	(3,625)	79,020
Changes during period					
Dividends of surplus			(1,543)		(1,543)
Profit attributable to owners of parent			5,053		5,053
Purchase of treasury shares				(1,721)	(1,721)
Disposal of treasury shares		(32)		139	107
Change in scope of consolidation			(6)		(6)
Purchase of shares of consolidated subsidiaries		(4,774)			(4,774)
Net changes in items other than shareholders' equity					
Total changes during period	-	(4,806)	3,505	(1,582)	(2,883)
Balance at end of period	16,649	10,452	54,243	(5,207)	76,138

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	8,206	3	78	(871)	7,416	217	7,952	94,745
Cumulative effects of changes in accounting policies							(134)	(273)
Restated balance	8,206	3	78	(871)	7,416	217	7,819	94,472
Changes during period								
Dividends of surplus								(1,543)
Profit attributable to owners of parent								5,053
Purchase of treasury shares								(1,721)
Disposal of treasury shares								107
Change in scope of consolidation								(6)
Purchase of shares of consolidated subsidiaries								(4,774)
Net changes in items other than shareholders' equity	(2,989)	(1)	(14)	(247)	(3,252)	(65)	(1,027)	(4,343)
Total changes during period	(2,989)	(1)	(14)	(247)	(3,252)	(65)	(1,027)	(7,226)
Balance at end of period	5,217	1	64	(1,118)	4,164	152	6,792	87,246

## Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	8,337	10,720
Depreciation	6,435	7,720
Amortization of goodwill	922	1,637
Gain on bargain purchase	(321)	(443)
Impairment loss	-	208
Increase (decrease) in retirement benefit liability	469	447
Increase (decrease) in allowance for doubtful accounts	(1,310)	206
Increase (decrease) in provision for bonuses	62	150
Increase (decrease) in provision for waste disposal expense	2,434	(1,716)
Increase (decrease) in other provisions	257	(52)
Interest and dividend income	(654)	(879)
Interest expenses	1,825	2,373
Share of loss (profit) of entities accounted for using equity method	(437)	(314)
Loss (gain) on sales of property, plant and equipment	(143)	(293)
Loss (gain) on valuation of investment securities	241	30
Loss (gain) on sales of investment securities	(263)	(52)
Loss on retirement of property, plant and equipment	173	164
Loss (gain) on step acquisitions	-	(83)
Decrease (increase) in trade receivables	(1,166)	21,678
Decrease (increase) in inventories	(1,546)	1,067
Increase (decrease) in trade payables	1,082	(14,552)
Decrease (increase) in other current assets	(1,223)	1,052
Increase (decrease) in other current liabilities	686	(1,256)
Other, net	1,822	607
Subtotal	17,681	28,417
Interest and dividends received	716	950
Interest paid	(1,834)	(2,312)
Income taxes (paid) refund	(2,902)	(4,567)
Net cash provided by (used in) operating activities	13,660	22,488
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(13,027)	(8,082)
Proceeds from sales of property, plant and equipment	882	1,173
Purchase of intangible assets	(287)	(329)
Purchase of investment securities	(505)	(76)
Proceeds from sales of investment securities	901	143
Long-term loan advances	(462)	(6)
Collection of long-term loans receivable	319	246
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,704)	(5,969)
Payments for acquisition of businesses	(953)	(416)
Other, net	483	77
Net cash provided by (used in) investing activities	(14,355)	(13,239)

(Million yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	2,177	(5,474)
Increase (decrease) in commercial papers	(7,500)	(4,500)
Proceeds from long-term borrowings	22,003	23,192
Repayments of long-term borrowings	(12,882)	(20,262)
Proceeds from issuance of bonds	-	20,000
Redemption of bonds	-	(10,023)
Purchase of treasury shares	(11)	(1,723)
Proceeds from sales of treasury shares	0	12
Dividends paid	(1,496)	(1,543)
Dividends paid to non-controlling interests	(187)	(159)
Dividends and other payments for former shareholders of newly consolidated subsidiaries	(325)	-
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(20)	(8,223)
Other, net	(24)	(1,010)
Net cash provided by (used in) financing activities	1,735	(9,712)
Effect of exchange rate change on cash and cash equivalents	(90)	(78)
Net increase (decrease) in cash and cash equivalents	951	(541)
Cash and cash equivalents at beginning of period	6,837	7,788
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	295
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	47
Cash and cash equivalents at end of period	7,788	7,589

## Notes to consolidated financial statements

### (Change in accounting policies)

Some of our overseas subsidiaries have applied IFRS 16 *Leases* since the first quarter of the fiscal year ended March 31, 2020. The standard requires a lessee to recognize in principle all leases as assets and liabilities on the balance sheet.

In accordance with transitional treatment, the Company has recognized the impact of this accounting standard cumulatively as of the date of adoption for balances at the beginning of the first quarter of the current consolidated fiscal year.

Consequently, as at the end of the current consolidated fiscal year, "Other of Current assets" increased ¥72 million, "Right of use assets, net of Property, plant and equipment" increased ¥6,811 million, "Lease obligations of Current liabilities" increased ¥1,478 million, "Lease obligations of Non-current liabilities" increased ¥6,360 million, and "Other of Current liabilities" decreased ¥437 million. Also, as at the beginning of the first quarter of the current consolidated fiscal year, "Retained earnings" decreased ¥139 million, and "Non-controlling interests" decreased ¥134 million.

The effect of this change on the consolidated statements of income is not significant.

## Information related to net sales, profit (loss) by reportable segment

### a. Segment Information

#### 1. Prior consolidated Fiscal Year (April 01, 2018 to March 31, 2019)

(Millions of yen)

	Reportable Segments					Total	Adjustments	To consolidated financial statements
	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Resources & Environment	Real Estate Leasing			
Net sales								
Sales to external customers	290,724	179,664	24,455	37,141	3,510	535,495	-	535,495
Intersegment sales/transfers	8,620	251	25,813	8,130	125	42,939	(42,939)	-
Total	299,343	179,914	50,268	45,272	3,636	578,433	(42,939)	535,495
Segment income (loss)	4,903	2,145	4,324	1,462	432	13,266	(2,513)	10,753
Segment assets	119,960	70,218	54,645	42,524	38,639	325,985	23,671	349,656
Other								
Depreciation and amortization	343	373	2,440	1,835	1,350	6,341	93	6,435
Interest income	8	3	6	7	0	24	41	65
Interest expenses	417	928	266	374	953	2,937	(1,112)	1,825
Equity in earnings (losses) of affiliated companies	235	43	66	93	-	437	(0)	437
Increase in property, plant, and equipment and intangible fixed assets	169	593	4,997	873	7,687	14,320	133	14,453
Amortization of goodwill	1	869	-	52	-	922	-	922
Unamortized balance of goodwill	-	3,582	-	65	-	3,647	-	3,647

#### (Notes)

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

2. Current consolidated Fiscal Year (April 01, 2019 to March 31, 2020)

(Millions of yen)

	Reportable Segments					Total	Adjustments	To consolidated financial statements
	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Resources & Environment	Real Estate Leasing			
Net sales								
Sales to external customers	289,378	184,763	26,185	29,230	5,226	534,782	-	534,782
Intersegment sales/transfers	8,008	925	26,987	6,897	125	42,943	(42,943)	-
Total	297,386	185,688	53,172	36,128	5,352	577,725	(42,943)	534,782
Segment income (loss)	5,078	(763)	6,959	294	1,642	13,210	(3,410)	9,800
Segment assets	110,646	79,637	56,653	38,639	37,446	323,021	18,918	341,939
Other								
Depreciation and amortization	314	1,328	2,591	1,749	1,633	7,616	104	7,720
Interest income	8	171	7	6	0	193	36	229
Interest expenses	449	1,453	329	345	1,020	3,597	(1,224)	2,373
Equity in earnings (losses) of affiliated companies	175	(2)	58	84	-	314	-	314
Increase in property, plant, and equipment and intangible fixed assets	247	532	4,508	465	2,491	8,243	169	8,411
Impairment loss	-	208	-	-	-	208	-	208
Amortization of goodwill	-	1,585	-	52	-	1,637	-	1,637
Unamortized balance of goodwill	-	6,692	-	13	-	6,705	-	6,705

(Notes)

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

b. Other Information

Prior consolidated Fiscal Year (April 01, 2018 to March 31, 2019)

1. Products and services

(Millions of Yen)

	Paper	Paper Board	Pulp	Recovered Paper	Others	Total
Sales to external customers	328,792	87,845	10,002	26,607	82,249	535,495

## 2. Geographic information

### (1)Net sales

(Millions of Yen)

Japan	Asia	North America	Oceania	Europe	Other	Total
329,780	65,652	59,555	40,494	24,352	15,661	535,495

(Note) Net sales are categorized by country or region, according to the location of the customer.

### (2)Property, plant and equipment

Information has been omitted since the amount of property, plant and equipment in Japan exceeds 90% of the total property, plant and equipment indicated on the consolidated balance sheet.

Current consolidated Fiscal Year (April 01, 2019 to March 31, 2020)

## 1. Products and services

(Millions of Yen)

	Paper	Paper Board	Pulp	Recovered Paper	Others	Total
Sales to external customers	328,645	94,636	7,710	20,162	83,628	534,782

## 2. Geographic information

### (1)Net sales

(Millions of Yen)

Japan	Asia	North America	Oceania	Europe	Other	Total
329,539	62,235	58,681	36,891	37,521	9,915	534,782

(Note) Net sales are categorized by country or region, according to the location of the customer.

### (2)Property, plant and equipment

(Millions of Yen)

Japan	Asia	North America	Oceania	Europe	Other	Total
100,070	6,095	852	7,255	571	1	114,844