

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



Consolidated Financial Results for the Six Months Ended September 30, 2020 [Japanese GAAP]

November 10, 2020

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

Stock exchange listing: Tokyo

Code number: 8032

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

Representative: Akihiko Watanabe President

Contact: Kenichiro Fujii Executive Officer, Finance & Administration Division

Phone: 03(3534)8522

Scheduled date of filing quarterly securities report: November 13, 2020

Scheduled date of commencing dividend payments: December 01, 2020

Availability of supplementary briefing material on quarterly financial results: Yes (available in Japanese only)

Schedule of quarterly financial results briefing session: Yes (for institutional investors and analysts / available in Japanese only)

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2020 (April 01, 2020 to September 30, 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	%
Six months ended September 30, 2020	224,787	(15.0)	3,643	(34.3)	3,657	(29.0)	1,630	(51.3)
September 30, 2019	264,384	1.7	5,544	7.4	5,149	(3.5)	3,348	13.0

(Note) Comprehensive income: Six months ended September 30, 2020: ¥ 461 million [(53.1)%]
Six months ended September 30, 2019: ¥ 983 million [(75.3)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2020	119.23	118.85
September 30, 2019	238.54	237.48

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2020	314,568	81,780	24.1
March 31, 2020	341,939	87,246	23.5

(Reference) Equity: As of September 30, 2020: ¥ 75,823 million
As of March 31, 2020: ¥ 80,302 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, 2020	-	55.00	-	55.00	110.00
Fiscal year ending March 31, 2021	-	55.00			
Fiscal year ending March 31, 2021 (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, 2021 (April 01, 2020 to March 31, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	438,000	(18.1)	7,200	(34.1)	7,200	(26.5)	3,000	(40.6)	219.45

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2020

(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):

September 30, 2020: 15,021,551 shares

March 31, 2020: 15,021,551 shares

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

September 30, 2020: 1,348,843 shares

March 31, 2020: 1,371,182 shares

3) Average number of shares during the period:

Six months ended September 30, 2020: 13,671,699 shares

Six months ended September 30, 2019: 14,036,856 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 31,2020	As of September 30,2020
Assets		
Current assets		
Cash and deposits	7,627	11,571
Notes and accounts receivable - trade	127,748	102,869
Inventories	40,470	37,891
Other	3,858	3,548
Allowance for doubtful accounts	(1,243)	(1,036)
Total current assets	178,460	154,844
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	47,735	46,336
Land	33,075	32,499
Other, net	34,034	34,407
Total property, plant and equipment	114,844	113,241
Intangible assets		
Goodwill	6,705	5,546
Other	2,109	2,072
Total intangible assets	8,814	7,618
Investments and other assets		
Investment securities	31,771	31,679
Other	10,068	9,167
Allowance for doubtful accounts	(2,140)	(2,091)
Total investments and other assets	39,700	38,755
Total non-current assets	163,358	159,614
Deferred assets	120	110
Total assets	341,939	314,568

(Million yen)

	As of March 31,2020	As of September 30,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	91,209	77,150
Short-term borrowings	39,430	43,677
Current portion of long-term borrowings	13,385	5,084
Commercial papers	10,000	11,500
Current portion of bonds payable	23	23
Income taxes payable	2,693	1,300
Provisions	2,791	2,155
Other	11,217	10,239
Total current liabilities	170,747	151,127
Non-current liabilities		
Bonds payable	30,034	30,023
Long-term borrowings	35,418	33,951
Provisions	1,099	1,104
Retirement benefit liability	6,146	6,081
Other	11,248	10,503
Total non-current liabilities	83,945	81,662
Total liabilities	254,693	232,788
Net assets		
Shareholders' equity		
Share capital	16,649	16,649
Capital surplus	10,452	7,278
Retained earnings	54,243	54,401
Treasury shares	(5,207)	(5,118)
Total shareholders' equity	76,138	73,210
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,217	4,576
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	64	(933)
Remeasurements of defined benefit plans	(1,118)	(1,030)
Total accumulated other comprehensive income	4,164	2,613
Share acquisition rights	152	117
Non-controlling interests	6,792	5,840
Total net assets	87,246	81,780
Total liabilities and net assets	341,939	314,568

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Net sales	264,384	224,787
Cost of sales	231,272	194,684
Gross profit	33,111	30,102
Selling, general and administrative expenses	27,568	26,460
Operating profit	5,544	3,643
Non-operating income		
Interest income	36	143
Dividend income	390	415
Share of profit of entities accounted for using equity method	175	107
Other	410	424
Total non-operating income	1,012	1,089
Non-operating expenses		
Interest expenses	1,076	956
Other	331	118
Total non-operating expenses	1,407	1,074
Ordinary profit	5,149	3,657
Extraordinary income		
Gain on sales of investment securities	12	128
Gain on sales of non-current assets	259	19
Gain on bargain purchase	442	-
Gain on step acquisitions	83	-
Other	25	-
Total extraordinary income	821	147
Extraordinary losses		
Compensation for claims	-	147
Waste disposal expenses	-	133
Business restructuring expenses	-	124
Loss on disposal of non-current assets	74	45
Loss on sales of investment securities	-	5
Loss on valuation of investment securities	6	-
Other	3	4
Total extraordinary losses	84	458
Profit before income taxes	5,886	3,346
Income taxes - current	2,090	1,396
Income taxes - deferred	(200)	(108)
Total income taxes	1,891	1,287
Profit	3,995	2,059
Profit attributable to non-controlling interests	646	429
Profit attributable to owners of parent	3,348	1,630

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

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Profit	3,995	2,059
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,560)	(711)
Deferred gains or losses on hedges	(3)	(1)
Foreign currency translation adjustment	(510)	(1,076)
Remeasurements of defined benefit plans, net of tax	155	88
Share of other comprehensive income of entities accounted for using equity method	(93)	102
Total other comprehensive income	(3,011)	(1,598)
Comprehensive income	983	461
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	289	79
Comprehensive income attributable to non-controlling interests	695	382

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

1. Six-months period ended September 30, 2019 (consolidated)

(Million yen)

	Reportable Segments					Total	Adjustments	To Quarterly consolidated statements of income
	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Resources & Environment	Real Estate Leasing			
Net sales								
Sales to external customers	147,320	86,640	12,630	15,180	2,614	264,384	—	264,384
Intersegment sales/transfers	4,547	408	13,876	3,619	63	22,513	(22,513)	—
Total	151,867	87,048	26,506	18,799	2,677	286,897	(22,513)	264,384
Segment income (loss)	2,679	(277)	3,356	(28)	807	6,536	(1,387)	5,149

(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. Six-months period ended September 30, 2020 (consolidated)

(Million yen)

	Reportable Segments					Total	Adjustments	To Quarterly consolidated statements of income
	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Resources & Environment	Real Estate Leasing			
Net sales								
Sales to external customers	119,602	77,852	10,847	13,876	2,610	224,787	—	224,787
Intersegment sales/transfers	3,126	554	11,755	2,948	52	18,435	(18,435)	—
Total	122,728	78,406	22,602	16,824	2,662	243,222	(18,435)	224,787
Segment income (loss)	1,272	(411)	2,376	368	819	4,425	(767)	3,657

(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.