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Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese GAAP]

May 17, 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

Contact: Kenichiro Fujii

Executive Officer, Finance & Administration Division

Phone: 03(3534)8522

Scheduled date of Annual General Meeting of Shareholders: June 28, 2021

Scheduled date of commencing dividend payments: June 29, 2021

Scheduled date of filing annual securities report: June 28, 2021

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

Schedule of annual 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 Fiscal Year Ended March 31, 2021 (April 01, 2020 to March 31, 2021)

(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, 2021	462,922	(13.4)	8,896	(18.6)	8,948	(8.7)	3,649	(27.8)
March 31, 2020	534,782	(0.1)	10,924	1.1	9,800	(8.9)	5,053	30.5

(Note) Comprehensive income: Fiscal year ended March 31, 2021: ¥ 9,627 million [203.7%]
Fiscal year ended March 31, 2020: ¥ 3,170 million [71.6%]

	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
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2021	266.92	266.08	4.5	2.7	1.9
March 31, 2020	365.01	363.44	6.1	2.8	2.0

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2021: ¥ 296 million
Fiscal year ended March 31, 2020: ¥ 314 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, 2021	321,986	89,872	25.9	6,103.84
March 31, 2020	341,939	87,246	23.5	5,882.75

(Reference) Equity: As of March 31, 2021: ¥ 83,451 million
As of March 31, 2020: ¥ 80,302 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, 2021	28,382	(4,440)	(19,899)	11,587
March 31, 2020	22,488	(13,239)	(9,712)	7,589

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, 2020	-	55.00	-	55.00	110.00	1,518	30.1	1.8
March 31, 2021	-	55.00	-	55.00	110.00	1,523	41.2	1.8
Fiscal year ending March 31, 2022 (Forecast)	-	55.00	-	55.00	110.00		16.0	

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) From the beginning of the year ending March 31, 2022, the Company applies “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29). Financial forecasts above include the effects of the new standards.

* 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: No

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, 2021: 15,021,551 shares

March 31, 2020: 15,021,551 shares

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

March 31, 2021: 1,349,600 shares

March 31, 2020: 1,371,182 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2021: 13,672,032 shares

Fiscal Year ended March 31, 2020: 13,843,655 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 01, 2020 to March 31, 2021)

(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, 2021	271,736	(13.0)	2,070	(27.2)	4,725	(11.7)	3,782	(12.8)
March 31, 2020	312,194	(3.0)	2,843	24.2	5,349	32.3	4,337	73.5

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2021	276.13	275.26
March 31, 2020	312.72	311.38

(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, 2021	234,217	71,691	30.6	5,225.89
March 31, 2020	235,608	66,848	28.3	4,877.36

(Reference) Equity: As of March 31, 2021: ¥ 71,574 million
As of March 31, 2020: ¥ 66,695 million

* This report is not subject to audits 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.

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of March 31,2020	As of March 31,2021
Assets		
Current assets		
Cash and deposits	7,627	11,643
Notes and accounts receivable - trade	127,748	111,389
Inventories	40,470	34,778
Other	3,858	3,908
Allowance for doubtful accounts	(1,243)	(1,308)
Total current assets	178,460	160,410
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	47,735	46,933
Machinery, equipment and vehicles, net	24,829	24,813
Tools, furniture and fixtures, net	1,010	1,057
Land	33,075	32,420
Leased assets, net	273	247
Right of use assets, net	6,811	6,071
Construction in progress	1,111	142
Total property, plant and equipment	114,844	111,683
Intangible assets		
Goodwill	6,705	4,869
Other	2,109	2,113
Total intangible assets	8,814	6,982
Investments and other assets		
Investment securities	31,771	36,290
Deferred tax assets	3,294	2,629
Retirement benefit asset	13	6
Other	6,761	5,976
Allowance for doubtful accounts	(2,140)	(2,090)
Total investments and other assets	39,700	42,811
Total non-current assets	163,358	161,476
Deferred assets	120	100
Total assets	341,939	321,986

(Million yen)

	As of March 31,2020	As of March 31,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	91,209	85,523
Short-term borrowings	39,430	36,324
Current portion of long-term borrowings	13,385	5,288
Commercial papers	10,000	9,000
Current portion of bonds payable	23	23
Lease obligations	1,650	1,488
Income taxes payable	2,693	1,231
Provision for bonuses	1,919	1,955
Provision for bonuses for directors (and other officers)	166	260
Provision for waste disposal expense	706	169
Other	9,566	10,419
Total current liabilities	170,747	151,679
Non-current liabilities		
Bonds payable	30,034	30,011
Long-term borrowings	35,418	33,412
Lease obligations	6,475	5,753
Deferred tax liabilities	678	1,845
Provision for retirement benefits for directors (and other officers)	811	831
Provision for share awards for directors (and other officers)	287	358
Retirement benefit liability	6,146	4,237
Other	4,095	3,987
Total non-current liabilities	83,945	80,435
Total liabilities	254,693	232,114
Net assets		
Shareholders' equity		
Share capital	16,649	16,649
Capital surplus	10,452	7,280
Retained earnings	54,243	55,661
Treasury shares	(5,207)	(5,123)
Total shareholders' equity	76,138	74,467
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,217	8,702
Deferred gains or losses on hedges	1	(7)
Foreign currency translation adjustment	64	(107)
Remeasurements of defined benefit plans	(1,118)	397
Total accumulated other comprehensive income	4,164	8,985
Share acquisition rights	152	117
Non-controlling interests	6,792	6,304
Total net assets	87,246	89,872
Total liabilities and net assets	341,939	321,986

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Net sales	534,782	462,922
Cost of sales	464,615	399,442
Gross profit	70,167	63,480
Selling, general and administrative expenses	59,243	54,584
Operating profit	10,924	8,896
Non-operating income		
Interest income	229	284
Dividend income	650	649
Share of profit of entities accounted for using equity method	314	296
Other	798	973
Total non-operating income	1,992	2,202
Non-operating expenses		
Interest expenses	2,373	1,833
Other	742	316
Total non-operating expenses	3,115	2,150
Ordinary profit	9,800	8,948
Extraordinary income		
Gain on sale of non-current assets	293	400
Gain on sale of investment securities	18	278
Reversal of provision for waste disposal expenditure	958	164
Gain on bargain purchase	443	-
Gain on step acquisitions	83	-
Gain on sale of shares of subsidiaries and associates	34	-
Other	25	-
Total extraordinary income	1,854	841
Extraordinary losses		
Business restructuring expenses	-	378
Loss on extinguishment of tie-in shares	-	339
Sublease loss	-	311
Waste disposal expenses	-	212
Loss on disposal of non-current assets	164	151
Compensation for claims	-	147
Provision for waste disposal expense	524	-
Impairment losses	208	-
Loss on valuation of shares of subsidiaries and associates	16	-
Loss on valuation of investment securities	14	-
Other	9	36
Total extraordinary losses	934	1,574
Profit before income taxes	10,720	8,215
Income taxes - current	4,576	3,388
Income taxes - deferred	(174)	(68)
Total income taxes	4,403	3,321
Profit	6,317	4,895
Profit attributable to non-controlling interests	1,264	1,245
Profit attributable to owners of parent	5,053	3,649

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Profit	6,317	4,895
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,794)	2,843
Deferred gains or losses on hedges	(1)	(9)
Foreign currency translation adjustment	118	(302)
Remeasurements of defined benefit plans, net of tax	(253)	1,515
Share of other comprehensive income of entities accounted for using equity method	(218)	685
Total other comprehensive income	(3,147)	4,733
Comprehensive income	3,170	9,627
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,801	8,470
Comprehensive income attributable to non-controlling interests	1,368	1,157

Consolidated Statements of Changes in Net Assets

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

For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,649	10,452	54,243	(5,207)	76,138
Changes during period					
Dividends of surplus			(1,518)		(1,518)
Profit attributable to owners of parent			3,649		3,649
Purchase of treasury shares				(259)	(259)
Disposal of treasury shares		(13)		343	329
Capital increase of consolidated subsidiaries		(75)			(75)
Decrease by corporate division - split-off type			(438)		(438)
Change in scope of consolidation			(276)		(276)
Purchase of shares of consolidated subsidiaries		(3,085)			(3,085)
Net changes in items other than shareholders' equity					
Total changes during period	-	(3,172)	1,417	84	(1,671)
Balance at end of period	16,649	7,280	55,661	(5,123)	74,467

	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	5,217	1	64	(1,118)	4,164	152	6,792	87,246
Changes during period								
Dividends of surplus								(1,518)
Profit attributable to owners of parent								3,649
Purchase of treasury shares								(259)
Disposal of treasury shares								329
Capital increase of consolidated subsidiaries								(75)
Decrease by corporate division - split-off type								(438)
Change in scope of consolidation								(276)
Purchase of shares of consolidated subsidiaries								(3,085)
Net changes in items other than shareholders' equity	3,485	(9)	(171)	1,515	4,821	(36)	(488)	4,297
Total changes during period	3,485	(9)	(171)	1,515	4,821	(36)	(488)	2,626
Balance at end of period	8,702	(7)	(107)	397	8,985	117	6,304	89,872

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Cash flows from operating activities		
Profit before income taxes	10,720	8,215
Depreciation	7,720	7,797
Amortization of goodwill	1,637	1,917
Gain on bargain purchase	(443)	-
Impairment losses	208	-
Increase (decrease) in retirement benefit liability	447	427
Increase (decrease) in allowance for doubtful accounts	206	40
Increase (decrease) in provision for bonuses	150	71
Increase (decrease) in provision for waste disposal expense	(1,716)	(537)
Increase (decrease) in other provisions	(52)	187
Interest and dividend income	(879)	(933)
Interest expenses	2,373	1,833
Share of loss (profit) of entities accounted for using equity method	(314)	(296)
Loss (gain) on sale of property, plant and equipment	(293)	(400)
Loss (gain) on valuation of investment securities	30	-
Loss (gain) on sale of investment securities	(52)	(273)
Loss on retirement of property, plant and equipment	164	151
Loss (gain) on step acquisitions	(83)	-
Loss (gain) on extinguishment of tie-in shares	-	339
Sublease Loss	-	311
Decrease (increase) in trade receivables	21,678	15,121
Decrease (increase) in inventories	1,067	5,263
Increase (decrease) in trade payables	(14,552)	(5,189)
Decrease (increase) in other current assets	1,052	323
Increase (decrease) in other current liabilities	(1,256)	93
Other, net	607	(364)
Subtotal	28,417	34,098
Interest and dividends received	950	1,006
Interest paid	(2,312)	(1,830)
Income taxes refund (paid)	(4,567)	(4,892)
Net cash provided by (used in) operating activities	22,488	28,382
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,082)	(5,092)
Proceeds from sale of property, plant and equipment	1,173	954
Purchase of intangible assets	(329)	(174)
Purchase of investment securities	(76)	(432)
Proceeds from sale of investment securities	143	465
Long-term loan advances	(6)	(4)
Proceeds from collection of long-term loans receivable	246	275
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,969)	(125)
Payments for acquisition of businesses	(416)	(459)
Other, net	77	152
Net cash provided by (used in) investing activities	(13,239)	(4,440)

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,474)	(9,839)
Increase (decrease) in commercial papers	(4,500)	(1,000)
Proceeds from long-term borrowings	23,192	3,405
Repayments of long-term borrowings	(20,262)	(5,791)
Proceeds from issuance of bonds	20,000	-
Redemption of bonds	(10,023)	(23)
Purchase of treasury shares	(1,723)	(259)
Proceeds from sale of treasury shares	12	261
Dividends paid	(1,543)	(1,518)
Dividends paid to non-controlling interests	(159)	(322)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(8,223)	(3,670)
Other, net	(1,010)	(1,143)
Net cash provided by (used in) financing activities	(9,712)	(19,899)
Effect of exchange rate change on cash and cash equivalents	(78)	(74)
Net increase (decrease) in cash and cash equivalents	(541)	3,969
Cash and cash equivalents at beginning of period	7,788	7,589
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	295	(113)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	47	141
Cash and cash equivalents at end of period	7,589	11,587

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

a. Segment Information

1. Prior 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.

2. Current consolidated Fiscal Year (April 01, 2020 to March 31, 2021)

(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	249,825	158,772	21,977	27,142	5,206	462,922	-	462,922
Intersegment sales/transfers	6,484	984	23,474	5,997	99	37,038	(37,038)	-
Total	256,309	159,756	45,451	33,140	5,305	499,960	(37,038)	462,922
Segment income (loss)	3,720	(426)	5,302	854	1,573	11,023	(2,075)	8,948
Segment assets	101,972	64,594	56,032	34,929	36,330	293,858	28,128	321,986
Other								
Depreciation and amortization	388	1,427	2,578	1,667	1,629	7,690	107	7,797
Interest income	8	236	5	6	0	255	29	284
Interest expenses	417	1,040	290	322	987	3,055	(1,222)	1,833
Equity in earnings (losses) of affiliated companies	180	(28)	68	76	-	296	-	296
Increase in property, plant, and equipment and intangible fixed assets	253	268	3,876	417	302	5,116	150	5,266
Amortization of goodwill	-	1,904	-	13	-	1,917	-	1,917
Unamortized balance of goodwill	-	4,869	-	-	-	4,869	-	4,869

(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, 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

Current consolidated Fiscal Year (April 01, 2020 to March 31, 2021)

1. Products and services

(Millions of Yen)

	Paper	Paper Board	Pulp	Recovered Paper	Others	Total
Sales to external customers	272,639	89,990	4,896	18,404	76,993	462,922

2. Geographic information

(1)Net sales

(Millions of Yen)

Japan	Asia	North America	Oceania	Europe	Other	Total
285,967	54,963	47,432	32,362	38,505	3,693	462,922

(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
96,118	7,723	777	6,531	533	1	111,683