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Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

November 08, 2022

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: November 14, 2022

Scheduled date of commencing dividend payments: December 01, 2022

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, 2022 (April 01, 2022 to September 30, 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	%
Six months ended September 30, 2022	266,324	28.0	9,537	51.0	10,273	54.2	17,830	110.9
September 30, 2021	208,029	-	6,316	73.4	6,661	82.1	8,454	418.6

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ 19,849 million [121.8%]
Six months ended September 30, 2021: ¥ 8,950 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	1,299.88	1,297.24
September 30, 2021	617.36	615.88

(Note)1. 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 Six months ended September 30, 2021 is not stated.

2. The rate of increase and decrease is shown as (-) for comprehensive income in the six months ended September 30, 2021 because the rate exceeds 1,000%.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
September 30, 2022	361,010	119,407	30.8
March 31, 2022	338,939	100,317	27.4

(Reference) Equity: As of September 30, 2022: ¥ 111,241 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: Yes

* Notes:

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

September 30, 2022: 15,021,551 shares

March 31, 2022: 15,021,551 shares

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

September 30, 2022: 1,303,028 shares

March 31, 2022: 1,319,240 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 13,716,673 shares

Six months ended September 30, 2021: 13,693,466 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 September 30,2022
Assets		
Current assets		
Cash and deposits	13,009	32,500
Notes and accounts receivable - trade	122,330	135,164
Inventories	45,360	54,354
Other	3,930	5,163
Allowance for doubtful accounts	(1,554)	(1,880)
Total current assets	183,075	225,300
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,594	33,512
Land	32,494	26,570
Other, net	31,286	31,804
Total property, plant and equipment	109,374	91,886
Intangible assets		
Goodwill	1,586	979
Other	2,043	2,051
Total intangible assets	3,629	3,029
Investments and other assets		
Investment securities	35,899	33,198
Retirement benefit asset	163	168
Other	8,990	9,864
Allowance for doubtful accounts	(2,272)	(2,506)
Total investments and other assets	42,781	40,724
Total non-current assets	155,784	135,640
Deferred assets	80	71
Total assets	338,939	361,010

(Million yen)

	As of March 31,2022	As of September 30,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	96,010	101,039
Short-term borrowings	39,024	38,824
Current portion of long-term borrowings	5,076	5,236
Commercial papers	8,000	1,000
Current portion of bonds payable	11	-
Income taxes payable	2,032	11,500
Provisions	2,409	2,471
Other	11,973	12,504
Total current liabilities	164,535	172,574
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	28,559	27,060
Provisions	1,272	621
Retirement benefit liability	1,237	1,477
Other	13,020	9,872
Total non-current liabilities	74,088	69,030
Total liabilities	238,623	241,604
Net assets		
Shareholders' equity		
Share capital	16,649	16,649
Capital surplus	6,999	6,998
Retained earnings	65,484	82,481
Treasury shares	(5,003)	(4,941)
Total shareholders' equity	84,129	101,188
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,438	6,280
Deferred gains or losses on hedges	(39)	(27)
Foreign currency translation adjustment	1,279	3,783
Remeasurements of defined benefit plans	15	17
Total accumulated other comprehensive income	8,692	10,053
Share acquisition rights	83	76
Non-controlling interests	7,412	8,090
Total net assets	100,317	119,407
Total liabilities and net assets	338,939	361,010

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 30,2021	For the six months ended September 30,2022
Revenue	208,029	266,324
Cost of sales	173,562	224,205
Gross profit	34,467	42,119
Selling, general and administrative expenses	28,151	32,582
Operating profit	6,316	9,537
Non-operating income		
Interest income	162	280
Dividend income	387	487
Share of profit of entities accounted for using equity method	271	300
Other	453	529
Total non-operating income	1,273	1,597
Non-operating expenses		
Interest expenses	824	795
Other	103	66
Total non-operating expenses	928	861
Ordinary profit	6,661	10,273
Extraordinary income		
Gain on sale of non-current assets	421	16,855
Gain on sale of investment securities	338	278
Gain on revision of retirement benefit plan	5,969	-
Other	4	-
Total extraordinary income	6,732	17,133
Extraordinary losses		
Loss on sale of shares of subsidiaries and associates	-	245
Loss on disposal of non-current assets	67	64
Loss on valuation of investment securities	-	10
Sublease loss	64	-
Other	23	0
Total extraordinary losses	154	318
Profit before income taxes	13,240	27,087
Income taxes - current	2,168	11,431
Income taxes - deferred	2,231	(2,577)
Total income taxes	4,399	8,854
Profit	8,840	18,233
Profit attributable to non-controlling interests	386	403
Profit attributable to owners of parent	8,454	17,830

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

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Profit	8,840	18,233
Other comprehensive income		
Valuation difference on available-for-sale securities	(965)	(1,024)
Deferred gains or losses on hedges	(1)	12
Foreign currency translation adjustment	1,480	2,756
Remeasurements of defined benefit plans, net of tax	(409)	3
Share of other comprehensive income of entities accounted for using equity method	5	(132)
Total other comprehensive income	110	1,616
Comprehensive income	8,950	19,849
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,468	19,191
Comprehensive income attributable to non-controlling interests	482	658

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

1. Six-months period ended September 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	85,042	89,777	20,599	9,978	—	205,396	—	205,396
Other revenue	—	—	—	—	2,632	2,632	—	2,632
Revenue to external customers	85,042	89,777	20,599	9,978	2,632	208,029	—	208,029
Intersegment revenue/transfers	3,562	585	2,515	3,068	55	9,786	(9,786)	—
Total	88,603	90,363	23,114	13,046	2,687	217,814	(9,786)	208,029
Segment income (loss)	2,061	1,537	2,368	754	832	7,552	(891)	6,661

(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, 2022 (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	88,415	139,514	22,621	13,548	—	264,098	—	264,098
Other revenue	—	—	—	—	2,226	2,226	—	2,226
Revenue to external customers	88,415	139,514	22,621	13,548	2,226	266,324	—	266,324
Intersegment revenue/transfers	3,484	244	2,014	2,850	48	8,639	(8,639)	—
Total	91,898	139,757	24,635	16,398	2,274	274,963	(8,639)	266,324
Segment income (loss)	2,424	6,116	1,917	1,070	606	12,133	(1,861)	10,273

(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.