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## Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 15, 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 Annual General Meeting of Shareholders: June 23, 2023

Scheduled date of commencing dividend payments: June 26, 2023

Scheduled date of filing annual securities report: June 23, 2023

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 millions of yen.)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 01, 2022 to March 31, 2023)

#### (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	545,279	22.6	20,264	44.1	21,233	41.1	25,392	120.8
March 31, 2022	444,757	-	14,064	58.1	15,051	68.2	11,499	215.1

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 28,287 million [ 126.2%]  
Fiscal year ended March 31, 2022: ¥ 12,506 million [ 29.9%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to revenue ratio
Fiscal year ended March 31, 2023	Yen 1,851.04	Yen 1,847.27	% 24.0	% 5.9	% 3.7
March 31, 2022	839.50	837.56	13.0	4.6	3.2

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ 407 million  
Fiscal year ended March 31, 2022: ¥ 548 million

(Notes) From the beginning of the year ending 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 is not stated.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of March 31, 2023	Millions of yen 385,129	Millions of yen 128,295	% 30.7	Yen 8,627.79
March 31, 2022	338,939	100,317	27.4	6,774.14

(Reference) Equity: As of March 31, 2023: ¥ 118,356 million  
As of March 31, 2022: ¥ 92,821 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	304	23,673	(10,086)	30,550
March 31, 2022	14,007	(4,078)	(9,833)	12,731

### 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	Millions of yen	%	%
March 31, 2022	-	55.00	-	60.00	115.00	1,597	13.7	1.8
March 31, 2023	-	60.00	-	60.00	120.00	1,667	6.5	1.6
Fiscal year ending								
March 31, 2024 (Forecast)	-	65.00	-	65.00	130.00		16.2	

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 01, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	18,000	(11.2)	17,000	(19.9)	11,000	(56.7)	801.87

#### \* 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, 2023: 15,021,551 shares

March 31, 2022: 15,021,551 shares

2) Number of treasury shares at the end of the period:

March 31, 2023: 1,303,560 shares

March 31, 2022: 1,319,240 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 13,717,473 shares

Fiscal Year ended March 31, 2022: 13,698,052 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 01, 2022 to March 31, 2023)

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

Fiscal year ended	Revenue		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	225,597	9.1	2,556	(8.6)	5,582	13.6	16,160	582.1
March 31, 2022	206,742	-	2,796	35.1	4,914	4.0	2,369	(37.4)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	1,176.10	1,173.71
March 31, 2022	172.66	172.26

(Notes) From the beginning of the year ending 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 is not stated.

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	240,839	85,777	35.6	6,237.06
March 31, 2022	230,783	71,570	31.0	5,207.93

(Reference) Equity: As of March 31, 2023: ¥ 85,702 million  
As of March 31, 2022: ¥ 71,486 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

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	13,009	31,141
Notes and accounts receivable - trade	122,330	139,528
Inventories	45,360	65,430
Other	3,930	5,759
Allowance for doubtful accounts	(1,554)	(1,830)
Total current assets	183,075	240,028
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,594	34,706
Machinery, equipment and vehicles, net	23,817	24,914
Tools, furniture and fixtures, net	989	1,129
Land	32,494	28,870
Leased assets, net	203	216
Right of use assets, net	6,147	8,736
Construction in progress	131	651
Total property, plant and equipment	109,374	99,222
Intangible assets		
Goodwill	1,586	3,197
Other	2,043	2,389
Total intangible assets	3,629	5,586
Investments and other assets		
Investment securities	35,899	32,893
Deferred tax assets	2,660	2,691
Retirement benefit asset	163	181
Other	6,330	6,834
Allowance for doubtful accounts	(2,272)	(2,366)
Total investments and other assets	42,781	40,233
Total non-current assets	155,784	145,041
Deferred assets	80	61
Total assets	338,939	385,129

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	96,010	104,714
Short-term borrowings	39,024	48,400
Current portion of long-term borrowings	5,076	12,469
Commercial papers	8,000	-
Current portion of bonds payable	11	-
Lease liabilities	1,380	2,007
Income taxes payable	2,032	10,890
Provision for bonuses	1,936	2,270
Provision for bonuses for directors (and other officers)	304	350
Provision for waste disposal expense	169	168
Other	10,593	11,189
Total current liabilities	164,535	192,456
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	28,559	18,018
Lease liabilities	5,884	8,292
Deferred tax liabilities	3,379	2,737
Provision for retirement benefits for directors (and other officers)	884	291
Provision for share awards for directors (and other officers)	388	430
Retirement benefit liability	1,237	1,511
Other	3,757	3,099
Total non-current liabilities	74,088	64,378
Total liabilities	238,623	256,834
Net assets		
Shareholders' equity		
Share capital	16,649	16,649
Capital surplus	6,999	6,988
Retained earnings	65,484	89,717
Treasury shares	(5,003)	(4,944)
Total shareholders' equity	84,129	108,410
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,438	6,947
Deferred gains or losses on hedges	(39)	(6)
Foreign currency translation adjustment	1,279	2,998
Remeasurements of defined benefit plans	15	7
Total accumulated other comprehensive income	8,692	9,946
Share acquisition rights	83	76
Non-controlling interests	7,412	9,864
Total net assets	100,317	128,295
Total liabilities and net assets	338,939	385,129

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Revenue	444,757	545,279
Cost of sales	372,303	458,955
Gross profit	72,454	86,324
Selling, general and administrative expenses	58,390	66,060
Operating profit	14,064	20,264
Non-operating income		
Interest income	379	637
Dividend income	662	809
Compensation income	-	674
Share of profit of entities accounted for using equity method	548	407
Other	981	635
Total non-operating income	2,569	3,163
Non-operating expenses		
Interest expenses	1,405	2,028
Other	177	167
Total non-operating expenses	1,582	2,194
Ordinary profit	15,051	21,233
Extraordinary income		
Gain on sale of non-current assets	478	16,861
Insurance claim income	-	2,195
Gain on sale of investment securities	395	434
Gain on revision of retirement benefit plan	5,969	-
Other	24	-
Total extraordinary income	6,866	19,490
Extraordinary losses		
Loss on disaster	-	708
Loss on sale of shares of subsidiaries and associates	3	245
Loss on disposal of non-current assets	133	186
Loss on valuation of investment securities	789	9
Impairment losses	1,779	8
Sublease loss	66	-
Other	62	4
Total extraordinary losses	2,833	1,159
Profit before income taxes	19,084	39,563
Income taxes - current	3,967	14,098
Income taxes - deferred	2,423	(1,359)
Total income taxes	6,389	12,740
Profit	12,695	26,824
Profit attributable to non-controlling interests	1,196	1,432
Profit attributable to owners of parent	11,499	25,392

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	12,695	26,824
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,021)	(369)
Deferred gains or losses on hedges	(32)	33
Foreign currency translation adjustment	1,504	1,925
Remeasurements of defined benefit plans, net of tax	(377)	(9)
Share of other comprehensive income of entities accounted for using equity method	(263)	(117)
Total other comprehensive income	(189)	1,463
Comprehensive income	12,506	28,287
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,207	26,645
Comprehensive income attributable to non-controlling interests	1,300	1,641

Consolidated Statements of Changes in Equity  
For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,649	7,280	55,661	(5,123)	74,467
Changes during period					
Dividends of surplus			(1,527)		(1,527)
Profit attributable to owners of parent			11,499		11,499
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		(14)		124	110
Change in scope of consolidation		(238)	(82)		(320)
Decrease by merger			(66)		(66)
Sale of shares of consolidated subsidiaries		(29)			(29)
Net changes in items other than shareholders' equity					
Total changes during period	-	(281)	9,824	120	9,663
Balance at end of period	16,649	6,999	65,484	(5,003)	84,129



	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	8,702	(7)	(107)	397	8,985	117	6,304	89,872
Changes during period								
Dividends of surplus								(1,527)
Profit attributable to owners of parent								11,499
Purchase of treasury shares								(4)
Disposal of treasury shares								110
Change in scope of consolidation								(320)
Decrease by merger								(66)
Sale of shares of consolidated subsidiaries								(29)
Net changes in items other than shareholders' equity	(1,264)	(32)	1,386	(383)	(293)	(33)	1,108	782
Total changes during period	(1,264)	(32)	1,386	(383)	(293)	(33)	1,108	10,445
Balance at end of period	7,438	(39)	1,279	15	8,692	83	7,412	100,317

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,649	6,999	65,484	(5,003)	84,129
Changes during period					
Dividends of surplus			(1,667)		(1,667)
Profit attributable to owners of parent			25,392		25,392
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		(2)		63	61
Change in scope of consolidation			508	2	510
Purchase of shares of consolidated subsidiaries		(9)			(9)
Net changes in items other than shareholders' equity					
Total changes during period	-	(11)	24,233	59	24,281
Balance at end of period	16,649	6,988	89,717	(4,944)	108,410

	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	7,438	(39)	1,279	15	8,692	83	7,412	100,317
Changes during period								
Dividends of surplus								(1,667)
Profit attributable to owners of parent								25,392
Purchase of treasury shares								(6)
Disposal of treasury shares								61
Change in scope of consolidation								510
Purchase of shares of consolidated subsidiaries								(9)
Net changes in items other than shareholders' equity	(491)	33	1,720	(8)	1,254	(8)	2,452	3,698
Total changes during period	(491)	33	1,720	(8)	1,254	(8)	2,452	27,978
Balance at end of period	6,947	(6)	2,998	7	9,946	76	9,864	128,295

## Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	19,084	39,563
Depreciation	8,102	8,138
Amortization of goodwill	1,884	1,140
Impairment losses	1,779	8
Increase (decrease) in retirement benefit liability	(319)	232
Increase (decrease) in allowance for doubtful accounts	28	147
Increase (decrease) in provision for bonuses	(48)	333
Increase (decrease) in provision for waste disposal expense	(0)	(0)
Increase (decrease) in other provisions	126	(505)
Interest and dividend income	(1,040)	(1,446)
Interest expenses	1,405	2,028
Insurance claim income	-	(2,195)
Share of loss (profit) of entities accounted for using equity method	(548)	(407)
Loss (gain) on sale of property, plant and equipment	(478)	(16,861)
Loss (gain) on valuation of investment securities	789	9
Loss (gain) on sale of investment securities	(391)	(189)
Loss on retirement of property, plant and equipment	133	186
Loss on disaster	-	708
Gain on revision of retirement benefit plan	(5,969)	-
Sublease loss	66	-
Decrease (increase) in trade receivables	(7,821)	(12,650)
Decrease (increase) in inventories	(8,801)	(15,751)
Increase (decrease) in trade payables	9,057	5,464
Decrease (increase) in other current assets	(48)	(53)
Increase (decrease) in other current liabilities	466	(49)
Other, net	(54)	(953)
Subtotal	17,404	6,896
Interest and dividends received	1,078	1,624
Interest paid	(1,455)	(1,970)
Income taxes refund (paid)	(3,021)	(6,245)
Net cash provided by (used in) operating activities	14,007	304
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,256)	(8,072)
Proceeds from sale of property, plant and equipment	862	34,652
Purchase of intangible assets	(242)	(244)
Purchase of investment securities	(1,633)	(103)
Proceeds from sale of investment securities	1,163	1,660
Long-term loan advances	(5)	(3)
Proceeds from collection of long-term loans receivable	239	268
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(179)	(2,847)
Payments for acquisition of businesses	-	(1,514)
Other, net	(26)	(125)
Net cash provided by (used in) investing activities	(4,078)	23,673

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(94)	6,162
Increase (decrease) in commercial papers	(1,000)	(8,000)
Proceeds from long-term borrowings	-	741
Repayments of long-term borrowings	(5,686)	(5,665)
Redemption of bonds	(23)	(11)
Purchase of treasury shares	(4)	(6)
Proceeds from sale of treasury shares	14	10
Dividends paid	(1,527)	(1,667)
Dividends paid to non-controlling interests	(315)	(316)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(18)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	39	-
Other, net	(1,238)	(1,316)
Net cash provided by (used in) financing activities	(9,833)	(10,086)
Effect of exchange rate change on cash and cash equivalents	826	979
Net increase (decrease) in cash and cash equivalents	922	14,870
Cash and cash equivalents at beginning of period	11,587	12,731
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	217	2,949
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	6	-
Cash and cash equivalents at end of period	12,731	30,550

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

Prior consolidated Fiscal Year (April 01, 2021 to March 31, 2022)

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

(Millions of yen)

	Reportable Segments					Total	Adjustments	To consolidated financial statements
	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Raw Materials & Environment	Real Estate Leasing			
Revenue								
Revenue to customers	173,967	202,211	41,545	21,828	-	439,551	-	439,551
Other revenue	-	-	-	-	5,206	5,206	-	5,206
Revenue to external customers	173,967	202,211	41,545	21,828	5,206	444,757	-	444,757
Intersegment revenue/transfers	7,443	1,226	5,318	6,053	102	20,142	(20,142)	-
Total	181,410	203,437	46,863	27,881	5,309	464,899	(20,142)	444,757
Segment income (loss)	4,298	5,678	4,199	1,743	1,529	17,448	(2,396)	15,051
Segment assets	105,963	78,726	56,536	35,224	35,120	311,570	27,370	338,939
Other								
Depreciation and amortization	348	1,524	2,821	1,672	1,637	8,001	101	8,102
Interest income	8	335	6	7	0	357	22	379
Interest expenses	400	622	303	295	944	2,564	(1,159)	1,405
Equity in earnings (losses) of affiliated companies	366	48	93	41	-	548	(0)	548
Increase in property, plant, and equipment and intangible fixed assets	50	381	2,718	504	679	4,332	166	4,498
Amortization of goodwill	-	1,884	-	-	-	1,884	-	1,884
Unamortized balance of goodwill	-	1,586	-	-	-	1,586	-	1,586

(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. 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.

Current consolidated Fiscal Year (April 01, 2022 to March 31, 2023)

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

(Millions of yen)

	Reportable Segments					Total	Adjustments	To consolidated financial statements
	Japan Wholesaling	Non-Japan Wholesaling	Paper Manufacturing & Processing	Raw Materials & Environment	Real Estate Leasing			
Revenue								
Revenue to customers	183,516	281,858	48,945	26,776	-	541,095	-	541,095
Other revenue	-	-	-	-	4,184	4,184	-	4,184
Revenue to external customers	183,516	281,858	48,945	26,776	4,184	545,279	-	545,279
Intersegment revenue/transfers	8,194	571	4,258	6,145	95	19,263	(19,263)	-
Total	191,711	282,429	53,203	32,921	4,279	564,542	(19,263)	545,279
Segment income (loss)	5,359	12,579	3,614	1,906	1,406	24,864	(3,632)	21,233
Segment assets	116,679	107,308	66,297	36,302	22,976	349,561	35,568	385,129
Other								
Depreciation and amortization	89	1,755	3,216	1,600	1,193	7,853	285	8,138
Interest income	8	574	25	9	0	616	20	637
Interest expenses	450	1,195	347	272	511	2,775	(747)	2,028
Equity in earnings of affiliated companies	249	53	76	30	-	407	-	407
Increase in property, plant, and equipment and intangible fixed assets	100	638	6,039	377	933	8,087	229	8,316
Amortization of goodwill	-	1,140	-	-	-	1,140	-	1,140
Unamortized balance of goodwill	-	3,197	-	-	-	3,197	-	3,197

(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.