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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 8, 2024

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

Listing: Tokyo

Securities code: 8032

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

Representative: Akihiko Watanabe President & CEO

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Scheduled date to file semi-annual securities report: November 14, 2024

Scheduled date to commence dividend payments: December 2, 2024

Preparation of supplementary material on financial results: Yes (available in Japanese only)

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

(Yen amounts are rounded to the nearest million, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

| | Revenue | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------------------------|-----------------|-----|------------------|-------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six months ended September 30, 2024 | 278,419 | 2.6 | 8,185 | (7.7) | 8,250 | (7.4) | 5,714 | 7.3 |
| September 30, 2023 | 271,375 | 1.9 | 8,867 | (7.0) | 8,909 | (13.3) | 5,324 | (70.1) |

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 10,201 million [(15.7)%]
Six months ended September 30, 2023: ¥ 12,106 million [(39.0)%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Six months ended September 30, 2024 | 46.38 | 46.28 |
| September 30, 2023 | 38.81 | 38.73 |

The Company conducted a stock split at a ratio of ten shares for every share of common stock on October 1, 2024. Basic earnings per share and diluted earnings per share have been calculated under the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|--------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of September 30, 2024 | 375,057 | 147,757 | 36.3 |
| March 31, 2024 | 372,645 | 138,347 | 34.2 |

(Reference) Equity: As of September 30, 2024: ¥ 135,995 million
As of March 31, 2024: ¥ 127,526 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, 2024 | - | 65.00 | - | 65.00 | 130.00 |
| Fiscal year ending March 31, 2025 | - | 125.00 | | | |
| Fiscal year ending March 31, 2025 (Forecast) | | | - | 12.50 | - |

(Note) Revision to the forecast for dividends announced most recently: None

The Company conducted a stock split at a ratio of ten shares for every share of common stock on October 1, 2024. Dividend per share forecast for FYE Mar. 2025 takes the impact of the stock split into account, and for the total annual dividends per share, “-” is shown. Without taking into account the stock split, the year-end dividend per share forecast and the annual dividends per share forecast for FYE Mar. 2025 would be 125.00 yen and 250.00 yen, respectively.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

| | 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 | 3.4 | 18,000 | 7.4 | 10,000 | (3.4) | 81.20 |

(Note) Revision to the financial results forecast announced most recently: None

The basic earnings per share in the consolidated financial forecasts for FYE Mar. 2025 takes the impact of the stock split into account. Without taking into account the stock split, basic earnings per share in the consolidated financial forecasts for FYE Mar.2025 would be 812.04 yen.

* Notes:

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - 2) Changes in accounting policies due to other reasons: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement: None
- (4) Number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):

| | |
|---------------------|--------------------|
| September 30, 2024: | 150,215,510 shares |
| March 31, 2024: | 150,215,510 shares |
 - 2) Number of treasury shares at the end of the period:

| | |
|---------------------|-------------------|
| September 30, 2024: | 27,024,607 shares |
| March 31, 2024: | 27,068,657 shares |
 - 3) Average number of shares outstanding during the period:

| | |
|--------------------------------------|--------------------|
| Six months ended September 30, 2024: | 123,186,302 shares |
| Six months ended September 30, 2023: | 137,176,744 shares |

The Company conducted a stock split at a ratio of ten shares for every share of common stock on October 1, 2024. Total number of issued shares at the end of the period, number of treasury shares at the end of the period and average number of shares outstanding during the period have been calculated under the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters
(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.

Because the Company conducted a stock split at a ratio of ten shares for every share of common stock on October 1, 2024, the basic earnings per share is calculated based on an average number of shares after the stock split.

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|---------------------------------------|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 17,806 | 17,541 |
| Notes and accounts receivable - trade | 143,449 | 140,929 |
| Inventories | 56,504 | 62,429 |
| Other | 7,216 | 8,257 |
| Allowance for doubtful accounts | (2,012) | (2,297) |
| Total current assets | 222,963 | 226,859 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 33,993 | 33,509 |
| Land | 29,002 | 29,069 |
| Other, net | 33,847 | 34,134 |
| Total property, plant and equipment | 96,842 | 96,712 |
| Intangible assets | | |
| Goodwill | 3,783 | 3,977 |
| Other | 2,814 | 3,034 |
| Total intangible assets | 6,598 | 7,011 |
| Investments and other assets | | |
| Investment securities | 39,949 | 37,797 |
| Retirement benefit asset | 194 | 193 |
| Other | 8,243 | 8,833 |
| Allowance for doubtful accounts | (2,185) | (2,379) |
| Total investments and other assets | 46,201 | 44,444 |
| Total non-current assets | 149,641 | 148,167 |
| Deferred assets | 41 | 31 |
| Total assets | 372,645 | 375,057 |

(Millions of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|---|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 99,470 | 100,890 |
| Short-term borrowings | 36,395 | 35,436 |
| Current portion of long-term borrowings | 4,206 | 3,508 |
| Commercial papers | 8,000 | - |
| Current portion of bonds payable | 20,000 | 20,000 |
| Income taxes payable | 2,910 | 2,889 |
| Provisions | 2,539 | 2,723 |
| Other | 15,818 | 17,905 |
| Total current liabilities | 189,337 | 183,352 |
| Non-current liabilities | | |
| Bonds payable | 10,000 | 10,000 |
| Long-term borrowings | 14,357 | 13,276 |
| Provisions | 831 | 872 |
| Retirement benefit liability | 1,899 | 2,153 |
| Other | 17,873 | 17,647 |
| Total non-current liabilities | 44,960 | 43,948 |
| Total liabilities | 234,297 | 227,300 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 16,649 | 16,649 |
| Capital surplus | 7,183 | 7,183 |
| Retained earnings | 98,398 | 103,296 |
| Treasury shares | (11,671) | (11,653) |
| Total shareholders' equity | 110,558 | 115,475 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 11,857 | 10,468 |
| Deferred gains or losses on hedges | (10) | 0 |
| Foreign currency translation adjustment | 5,136 | 10,069 |
| Remeasurements of defined benefit plans | (15) | (17) |
| Total accumulated other comprehensive income | 16,968 | 20,520 |
| Share acquisition rights | 76 | 76 |
| Non-controlling interests | 10,746 | 11,686 |
| Total net assets | 138,347 | 147,757 |
| Total liabilities and net assets | 372,645 | 375,057 |

Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income (For the six months)

(Millions of yen)

| | For the six months ended September 30, 2023 | For the six months ended September 30, 2024 |
|---|--|--|
| Revenue | 271,375 | 278,419 |
| Cost of sales | 227,743 | 232,480 |
| Gross profit | 43,633 | 45,939 |
| Selling, general and administrative expenses | 34,766 | 37,755 |
| Operating profit | 8,867 | 8,185 |
| Non-operating income | | |
| Interest income | 430 | 461 |
| Dividend income | 623 | 624 |
| Share of profit of entities accounted for using equity method | 189 | 178 |
| Other | 479 | 344 |
| Total non-operating income | 1,722 | 1,607 |
| Non-operating expenses | | |
| Interest expenses | 1,609 | 1,345 |
| Other | 71 | 196 |
| Total non-operating expenses | 1,681 | 1,541 |
| Ordinary profit | 8,909 | 8,250 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 604 | 675 |
| Gain on sale of investment securities | 34 | 469 |
| Gain on sale of golf club membership | 3 | 170 |
| Insurance claim income | - | 155 |
| Gain on extinguishment of tie-in shares | 22 | - |
| Other | - | 3 |
| Total extraordinary income | 663 | 1,472 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 60 | 368 |
| Other | 2 | 22 |
| Total extraordinary losses | 62 | 389 |
| Profit before income taxes | 9,509 | 9,333 |
| Income taxes - current | 3,095 | 3,301 |
| Income taxes - deferred | 507 | (385) |
| Total income taxes | 3,602 | 2,916 |
| Profit | 5,907 | 6,418 |
| Profit attributable to non-controlling interests | 583 | 704 |
| Profit attributable to owners of parent | 5,324 | 5,714 |

Semi-annual Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

| | For the six months ended September 30, 2023 | For the six months ended September 30, 2024 |
|--|--|--|
| Profit | 5,907 | 6,418 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,085 | (1,380) |
| Deferred gains or losses on hedges | 5 | 11 |
| Foreign currency translation adjustment | 3,053 | 5,164 |
| Remeasurements of defined benefit plans, net of tax | 1 | (3) |
| Share of other comprehensive income of entities accounted for using equity method | 55 | (8) |
| Total other comprehensive income | 6,199 | 3,784 |
| Comprehensive income | 12,106 | 10,201 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 11,388 | 9,266 |
| Comprehensive income attributable to non-controlling interests | 718 | 936 |

(Segment information)

1. Six-months period ended September 30, 2023 (consolidated)

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

(Millions of yen)

| | Reportable Segments | | | | | Total | Adjustments | To Semi-annual consolidated statements of income |
|---------------------------------------|---------------------|-----------------------|----------------------------------|-----------------------------|---------------------|---------|-------------|--|
| | Japan Wholesaling | Non-Japan Wholesaling | Paper Manufacturing & Processing | Raw Materials & Environment | Real Estate Leasing | | | |
| Revenue | | | | | | | | |
| Revenue from contracts with customers | 96,649 | 134,877 | 25,457 | 12,377 | — | 269,360 | — | 269,360 |
| Other revenue | — | — | — | — | 2,015 | 2,015 | — | 2,015 |
| Revenue from external customers | 96,649 | 134,877 | 25,457 | 12,377 | 2,015 | 271,375 | — | 271,375 |
| Intersegment revenue/transfers | 4,188 | 240 | 2,152 | 2,999 | 48 | 9,627 | (9,627) | — |
| Total | 100,836 | 135,117 | 27,609 | 15,377 | 2,063 | 281,002 | (9,627) | 271,375 |
| Segment income (loss) | 3,405 | 2,386 | 3,209 | 856 | 755 | 10,611 | (1,702) | 8,909 |

(Notes)

1. Segment income (loss) is adjusted with ordinary profit in the Semi-annual Consolidated Statements of Income.
2. Adjustments in segment income (loss) include intersegment eliminations of (1,478) million yen and profits/(losses) of (224) million yen that are not allocated to each relevant business segment.

2. Six-months period ended September 30, 2024 (consolidated)

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

(Millions of yen)

| | Reportable Segments | | | | | Total | Adjustments | To Semi-annual consolidated statements of income |
|---------------------------------------|---------------------|-----------------------|----------------------------------|-----------------------------|---------------------|---------|-------------|--|
| | Japan Wholesaling | Non-Japan Wholesaling | Paper Manufacturing & Processing | Raw Materials & Environment | Real Estate Leasing | | | |
| Revenue | | | | | | | | |
| Revenue from contracts with customers | 98,577 | 139,467 | 25,961 | 12,331 | — | 276,336 | — | 276,336 |
| Other revenue | — | — | — | — | 2,084 | 2,084 | — | 2,084 |
| Revenue from external customers | 98,577 | 139,467 | 25,961 | 12,331 | 2,084 | 278,419 | — | 278,419 |
| Intersegment revenue/transfers | 4,600 | 324 | 1,623 | 3,117 | 48 | 9,712 | (9,712) | — |
| Total | 103,177 | 139,791 | 27,584 | 15,448 | 2,131 | 288,131 | (9,712) | 278,419 |
| Segment income (loss) | 2,869 | 1,920 | 3,283 | 1,262 | 769 | 10,102 | (1,852) | 8,250 |

(Notes)

1. Segment income (loss) is adjusted with ordinary profit in the Semi-annual Consolidated Statements of Income.
2. Adjustments in segment income (loss) include intersegment eliminations of (2,203) million yen and profits/(losses) of 350 million yen that are not allocated to each relevant business segment.