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Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 10, 2024

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&CEO

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 26, 2024

Scheduled date of commencing dividend payments: June 27, 2024

Scheduled date of filing annual securities report: June 26, 2024

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, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024	534,230	(2.0)	17,403	(14.1)	16,753	(21.1)	10,357	(59.2)
March 31, 2023	545,279	22.6	20,264	44.1	21,233	41.1	25,392	120.8

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 18,795 million [(33.6)%]
Fiscal year ended March 31, 2023: ¥ 28,287 million [126.2%]

	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	Yen	Yen	%	%	%
March 31, 2024	788.61	786.94	8.4	4.4	3.3
March 31, 2023	1,851.04	1,847.27	24.0	5.9	3.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ 329 million
Fiscal year ended March 31, 2023: ¥ 407 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	372,645	138,347	34.2	10,355.60
March 31, 2023	385,129	128,295	30.7	8,627.79

(Reference) Equity: As of March 31, 2024: ¥ 127,526 million
As of March 31, 2023: ¥ 118,356 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, 2024	20,891	(2,917)	(31,678)	17,387
March 31, 2023	304	23,673	(10,086)	30,550

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, 2023	-	60.00	-	60.00	120.00	1,667	6.5	1.6
March 31, 2024	-	65.00	-	65.00	130.00	1,718	16.5	1.4
Fiscal year ending								
March 31, 2025 (Forecast)	-	125.00	-	125.00	250.00		30.8	

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

(% 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	3.4	18,000	7.4	10,000	(3.4)	812.04

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New - (Company name:)

Exclusion: 1 (Company name:JP CORELEX(Vietnam)Co.,Ltd.)

(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, 2024: 15,021,551 shares

March 31, 2023: 15,021,551 shares

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

March 31, 2024: 2,706,866 shares

March 31, 2023: 1,303,560 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 13,133,138 shares

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

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024	231,421	2.6	3,393	32.8	6,869	23.0	5,052	(68.7)
March 31, 2023	225,597	9.1	2,556	(8.6)	5,582	13.6	16,160	582.1

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	384.03	383.22
March 31, 2023	1,176.10	1,173.71

(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, 2024	235,566	86,825	36.8	7,031.39
March 31, 2023	240,839	85,777	35.6	6,237.06

(Reference) Equity: As of March 31, 2024: ¥ 86,749 million
As of March 31, 2023: ¥ 85,702 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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	31,141	17,806
Notes and accounts receivable - trade	139,528	143,449
Inventories	65,430	56,504
Other	5,759	7,216
Allowance for doubtful accounts	(1,830)	(2,012)
Total current assets	240,028	222,963
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,706	33,993
Machinery, equipment and vehicles, net	24,914	22,887
Tools, furniture and fixtures, net	1,129	1,293
Land	28,870	29,002
Leased assets, net	216	228
Right of use assets, net	8,736	9,222
Construction in progress	651	218
Total property, plant and equipment	99,222	96,842
Intangible assets		
Goodwill	2,916	3,783
Other	2,670	2,814
Total intangible assets	5,586	6,598
Investments and other assets		
Investment securities	32,893	39,949
Deferred tax assets	2,691	2,795
Retirement benefit asset	181	194
Other	6,834	5,449
Allowance for doubtful accounts	(2,366)	(2,185)
Total investments and other assets	40,233	46,201
Total non-current assets	145,041	149,641
Deferred assets	61	41
Total assets	385,129	372,645

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	104,714	99,470
Short-term borrowings	48,400	36,395
Current portion of long-term borrowings	12,469	4,206
Commercial papers	-	8,000
Current portion of bonds payable	-	20,000
Lease liabilities	2,007	2,276
Income taxes payable	10,890	2,910
Provision for bonuses	2,270	2,267
Provision for bonuses for directors (and other officers)	350	272
Provision for waste disposal expense	168	-
Other	11,189	13,542
Total current liabilities	192,456	189,337
Non-current liabilities		
Bonds payable	30,000	10,000
Long-term borrowings	18,018	14,357
Lease liabilities	8,292	8,681
Deferred tax liabilities	2,737	5,512
Provision for retirement benefits for directors (and other officers)	291	298
Provision for share awards for directors (and other officers)	430	533
Retirement benefit liability	1,511	1,899
Other	3,099	3,680
Total non-current liabilities	64,378	44,960
Total liabilities	256,834	234,297
Net assets		
Shareholders' equity		
Share capital	16,649	16,649
Capital surplus	6,988	7,183
Retained earnings	89,717	98,398
Treasury shares	(4,944)	(11,671)
Total shareholders' equity	108,410	110,558
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,947	11,857
Deferred gains or losses on hedges	(6)	(10)
Foreign currency translation adjustment	2,998	5,136
Remeasurements of defined benefit plans	7	(15)
Total accumulated other comprehensive income	9,946	16,968
Share acquisition rights	76	76
Non-controlling interests	9,864	10,746
Total net assets	128,295	138,347
Total liabilities and net assets	385,129	372,645

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Revenue	545,279	534,230
Cost of sales	458,955	446,824
Gross profit	86,324	87,406
Selling, general and administrative expenses	66,060	70,003
Operating profit	20,264	17,403
Non-operating income		
Interest income	637	810
Dividend income	809	1,059
Compensation income	674	70
Share of profit of entities accounted for using equity method	407	329
Other	635	613
Total non-operating income	3,163	2,881
Non-operating expenses		
Interest expenses	2,028	3,120
Other	167	411
Total non-operating expenses	2,194	3,532
Ordinary profit	21,233	16,753
Extraordinary income		
Gain on sale of non-current assets	16,861	617
Gain on liquidation of subsidiaries	-	270
Insurance claim income	2,195	242
Gain on sale of investment securities	434	164
Gain on extinguishment of tie-in shares	-	22
Other	-	3
Total extraordinary income	19,490	1,317
Extraordinary losses		
Impairment losses	8	190
Loss on disposal of non-current assets	186	124
Waste disposal expenses	-	37
Loss on disaster	708	-
Loss on sale of shares of subsidiaries and associates	245	-
Loss on valuation of investment securities	9	-
Other	4	5
Total extraordinary losses	1,159	356
Profit before income taxes	39,563	17,714
Income taxes - current	14,098	5,341
Income taxes - deferred	(1,359)	627
Total income taxes	12,740	5,968
Profit	26,824	11,746
Profit attributable to non-controlling interests	1,432	1,389
Profit attributable to owners of parent	25,392	10,357

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	26,824	11,746
Other comprehensive income		
Valuation difference on available-for-sale securities	(369)	4,874
Deferred gains or losses on hedges	33	(4)
Foreign currency translation adjustment	1,925	2,104
Remeasurements of defined benefit plans, net of tax	(9)	(28)
Share of other comprehensive income of entities accounted for using equity method	(117)	103
Total other comprehensive income	1,463	7,048
Comprehensive income	28,287	18,795
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	26,645	17,379
Comprehensive income attributable to non-controlling interests	1,641	1,416

Consolidated Statements of Changes in Equity

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
Increase by merger					-
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
Increase by merger								-
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

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,649	6,988	89,717	(4,944)	108,410
Changes during period					
Dividends of surplus			(1,736)		(1,736)
Profit attributable to owners of parent			10,357		10,357
Purchase of treasury shares				(6,989)	(6,989)
Disposal of treasury shares		41		262	302
Change in scope of consolidation			35		35
Increase by merger		1	24		25
Purchase of shares of consolidated subsidiaries		154			154
Net changes in items other than shareholders' equity					
Total changes during period	-	195	8,680	(6,728)	2,148
Balance at end of period	16,649	7,183	98,398	(11,671)	110,558

	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	6,947	(6)	2,998	7	9,946	76	9,864	128,295
Changes during period								
Dividends of surplus								(1,736)
Profit attributable to owners of parent								10,357
Purchase of treasury shares								(6,989)
Disposal of treasury shares								302
Change in scope of consolidation								35
Increase by merger								25
Purchase of shares of consolidated subsidiaries								154
Net changes in items other than shareholders' equity	4,910	(4)	2,138	(22)	7,022	-	882	7,904
Total changes during period	4,910	(4)	2,138	(22)	7,022	-	882	10,052
Balance at end of period	11,857	(10)	5,136	(15)	16,968	76	10,746	138,347

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	39,563	17,714
Depreciation	8,138	8,859
Amortization of goodwill	1,140	1,177
Impairment losses	8	190
Increase (decrease) in retirement benefit liability	232	279
Increase (decrease) in allowance for doubtful accounts	147	(397)
Increase (decrease) in provision for bonuses	333	(6)
Increase (decrease) in provision for waste disposal expense	(0)	(168)
Increase (decrease) in other provisions	(505)	32
Interest and dividend income	(1,446)	(1,869)
Interest expenses	2,028	3,120
Insurance claim income	(2,195)	(242)
Share of loss (profit) of entities accounted for using equity method	(407)	(329)
Loss (gain) on sale of property, plant and equipment	(16,861)	(604)
Loss (gain) on valuation of investment securities	9	-
Loss (gain) on sale of investment securities	(189)	(163)
Gain on Liquidation of subsidiaries	-	(270)
Loss on retirement of property, plant and equipment	186	124
Loss on disaster	708	-
Loss (gain) on extinguishment of tie-in shares	-	(22)
Decrease (increase) in trade receivables	(12,650)	1,565
Decrease (increase) in inventories	(15,751)	12,950
Increase (decrease) in trade payables	5,464	(8,246)
Decrease (increase) in other current assets	(53)	314
Increase (decrease) in other current liabilities	(49)	(696)
Other, net	(953)	2,201
Subtotal	6,896	35,512
Interest and dividends received	1,624	1,877
Interest paid	(1,970)	(3,109)
Income taxes refund (paid)	(6,245)	(13,389)
Net cash provided by (used in) operating activities	304	20,891
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,072)	(3,673)
Proceeds from sale of property, plant and equipment	34,652	1,241
Purchase of intangible assets	(244)	(593)
Purchase of investment securities	(103)	(665)
Proceeds from sale of investment securities	1,660	1,073
Long-term loan advances	(3)	(2)
Proceeds from collection of long-term loans receivable	268	1,564
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,847)	(1,327)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	172
Payments for acquisition of businesses	(1,514)	(211)
Other, net	(125)	(496)
Net cash provided by (used in) investing activities	23,673	(2,917)

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,162	(16,223)
Increase (decrease) in commercial papers	(8,000)	8,000
Proceeds from long-term borrowings	741	255
Repayments of long-term borrowings	(5,665)	(12,745)
Redemption of bonds	(11)	-
Purchase of treasury shares	(6)	(6,989)
Proceeds from sale of treasury shares	10	302
Dividends paid	(1,667)	(1,736)
Dividends paid to non-controlling interests	(316)	(326)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(18)	(53)
Other, net	(1,316)	(2,164)
Net cash provided by (used in) financing activities	(10,086)	(31,678)
Effect of exchange rate change on cash and cash equivalents	979	474
Net increase (decrease) in cash and cash equivalents	14,870	(13,231)
Cash and cash equivalents at beginning of period	12,731	30,550
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	2,949	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	68
Cash and cash equivalents at end of period	30,550	17,387

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

Prior consolidated Fiscal Year (April 1, 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 from contracts with customers	183,516	281,858	48,945	26,776	—	541,095	—	541,095
Other revenue	—	—	—	—	4,184	4,184	—	4,184
Revenue from 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
Amortization of goodwill	—	1,140	—	—	—	1,140	—	1,140
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
Unamortized balance of goodwill	—	2,916	—	—	—	2,916	—	2,916

(Notes)

1. Segment income (loss) is adjusted with ordinary profit in the Consolidated Statements of Income.
2. Adjustments in segment income (loss) include corporate expenses of (1,765) million yen that are not allocated to each relevant business segment.
3. Adjustments in segment assets include corporate assets of 67,166 million yen that are not allocated to each relevant business segment.

Current consolidated Fiscal Year (April 1, 2023 to March 31, 2024)

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 from contracts with customers	196,359	260,104	50,051	23,641	—	530,155	—	530,155
Other revenue	—	—	—	—	4,075	4,075	—	4,075
Revenue from external customers	196,359	260,104	50,051	23,641	4,075	534,230	—	534,230
Intersegment revenue/transfers	8,335	491	6,104	5,972	95	20,998	(20,998)	—
Total	204,695	260,595	56,155	29,613	4,170	555,228	(20,998)	534,230
Segment income (loss)	6,673	3,481	7,044	1,645	1,540	20,382	(3,630)	16,753
Segment assets	122,425	103,502	65,318	35,951	22,540	349,737	22,908	372,645
Other								
Depreciation and amortization	136	2,194	3,518	1,655	1,046	8,549	310	8,859
Amortization of goodwill	—	1,177	—	—	—	1,177	—	1,177
Interest income	5	745	37	12	—	799	11	810
Interest expenses	550	2,252	391	250	583	4,025	(905)	3,120
Equity in earnings of affiliated companies	214	(0)	89	26	—	329	—	329
Increase in property, plant, and equipment and intangible fixed assets	185	818	1,805	561	655	4,023	242	4,265
Impairment losses	—	—	5	185	—	190	—	190
Unamortized balance of goodwill	—	3,783	—	—	—	3,783	—	3,783

(Notes)

1. Segment income (loss) is adjusted with ordinary profit in the Consolidated Statements of Income.
2. Adjustments in segment income (loss) include intersegment eliminations of (2,473) million yen and corporate expenses of (1,156) million yen that are not allocated to each relevant business segment.
3. Adjustments in segment assets include intersegment eliminations of (30,974) million yen and corporate assets of 53,882 million yen that are not allocated to each relevant business segment.
4. Japan Pulp & Paper Group finalized the provisional accounting treatment for the business combination in the year ended March 31, 2024. Consolidated financial statements for the year ended March 31, 2023 reflect the revision of the initially allocated amounts of acquisition cost as the result of the finalization of the provisional accounting treatment.