

(Reference Materials)

# Financial Results for the First Quarter of the Fiscal Year Ending March 2022

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August 2021

KOKUSAI PULP & PAPER CO., LTD.

Tokyo Stock Exchange 1<sup>st</sup> Section

**9274**

# Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 2022 : Significantly improved from the same period of the previous year



## Sales

- Antalis of France, which was acquired in July 2020, made a full contribution. Sales increased for over ¥53 billion from the same period of the previous year.
- Packaging business made up for stagnant paper business and visual communication business, which were affected by the spread of COVID-19.

## Operating profit

- Increased by acquired Spicers of Austalia / Antalis of France and price increase in paper materials.
- Restructuring of business in China progressed steadily. Favourable Chinese market also led to a rapid recovery in earnings.

(Million of Yen)	The first quarter of fiscal year ended March 2021		The first quarter of the fiscal year ending March 2022			
		Sales ratio		Sales ratio	Year-on-year comparison	Variance
<b>Sales</b>	82,118	100.0%	<b>129,687</b>	100.0%	<b>+47,569</b>	<b>+57.9%</b>
<b>Operating profit</b>	* (2,717)	-	<b>1,551</b>	1.2%	<b>+4,268</b>	-
<b>Ordinary profit</b>	* (2,515)	-	<b>1,797</b>	1.4%	<b>+4,312</b>	-
<b>Profit attributable to owners of parent</b>	* (2,690)	-	<b>1,412</b>	1.1%	<b>+4,102</b>	-

\* ¥2.7 billion were recorded as provision for doubtful accounts due to the occurrence of bad debt in China business. (All the provisions for bad debts was recorded in the previous fiscal year, and the processing has been already completed.)

\* As the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29) has been applied from the beginning of the fiscal year ending March 31, 2022, the above first quarter of fiscal year ending March 2022 is the amount after the application of the said accounting standard.



## Key points of the upward revision

### 1 Overseas M&As

- Antalis of France and Spicers of Australia will perform well. Overseas segment with higher profits will reverse domestic segment. (\*See page 5)

### 2 Restructuring China business

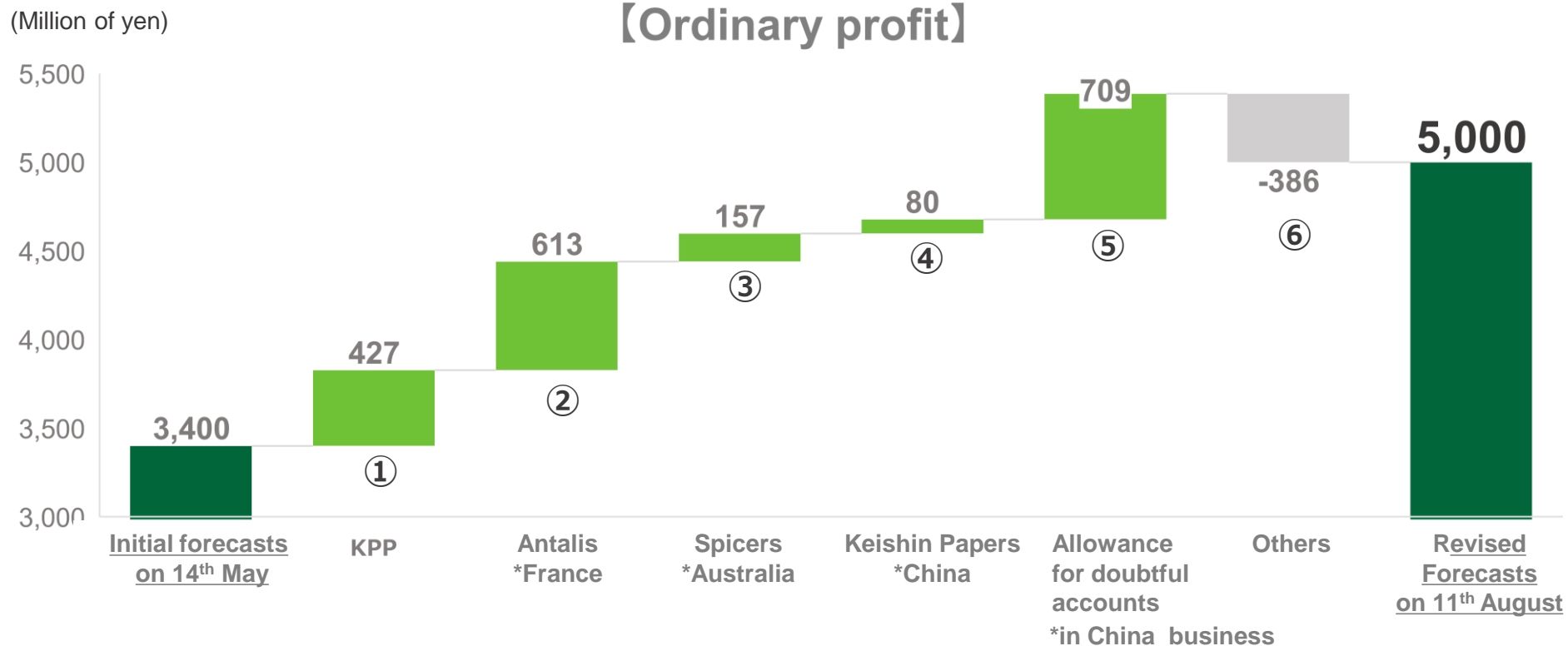
- New stock business has started six offices in China. Recovery in market conditions will also help. This will contribute to a greater-than-expected recovery in profitability. We also expect synergies with the Antalis China business.

### 3 Diverse business portfolio

- Packaging business will grow thanks to growing demand for stay-at-home and e-commerce demand. Paper business and visual communication business of overseas subsidiaries will perform well along with recovery of economic activities.

(Million of Yen)	Forecasts for the fiscal year ending March 2022 (announced in May 2021)		Revised forecasts for the fiscal year ending March 2022 (has announced in August 2021)			
		Sales ratio		Sales ratio	Change	Change %
<b>Sales</b>	534,000	100.0%	<b>545,000</b>	100.0%	<b>+11,000</b>	<b>+2.1%</b>
<b>Operating profit</b>	4,900	0.9%	<b>5,900</b>	1.1%	<b>+1,000</b>	<b>+20.4%</b>
<b>Ordinary profit</b>	3,400	0.6%	<b>5,000</b>	0.9%	<b>+1,600</b>	<b>+47.1%</b>
<b>Profit attributable to owners of parent</b>	2,300	0.4%	<b>4,200</b>	0.8%	<b>+1,900</b>	<b>+82.6%</b>

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① Improvement of paper materials prices and reduction of SG & A expenses

② Paper Business : Increasing thanks to higher prices  
 Package Business : Continuous and steady demand  
 Visual Communication Business : Recovery in demand  
 Financial Expenses : Significant improvement in interest rates.

③ Steady performance due to higher paper prices from March 2021

④ Strong sales at six regional offices. Although market prices rose in the first half of this year, there is a concern that prices would drop in the second half (factored in the forecast).

⑤ Collection of allowance for doubtful accounts recorded in the previous fiscal year (fixed).

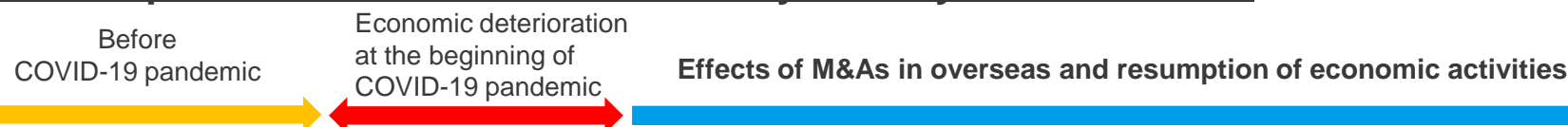
⑥ We anticipate a risk of lower sales due to the spread of the COVID-19 in Southeast Asia and other regions.

Supplement

# Overview of Financial Results for First Quarter of the Fiscal Year Ending March 2022 and Trends in Business Performance around COVID-19 Pandemic



## ■ The negative impact of COVID-19 on the economy is likely to settle down.



(Million of Yen)	First quarter of the fiscal year ended March 2020		First quarter of the fiscal year ended March 2021		First quarter of the fiscal year ending March 2022 (actual)			The fiscal year ending March 2022 (forecasts)		
		Sales ratio		Sales ratio	Sales ratio	Year-on-year comparison	Initial forecasts on 14 <sup>th</sup> May	Revised forecasts on 11 <sup>th</sup> Aug.	Change	
<b>Sales</b>	92,254	100.0%	82,118	100.0%	<b>129,687</b>	100.0%	<b>+47,569</b>	534,000	<b>545,000</b>	<b>+11,000</b>
<b>Gross profit</b>	5,203	5.6%	5,558	6.8%	<b>20,924</b>	16.1%	<b>+15,366</b>	82,000	<b>87,000</b>	<b>+5,000</b>
<b>SG &amp; A</b>	4,734	5.1%	8,276	10.1%	<b>19,372</b>	14.9%	<b>+11,096</b>	77,100	<b>81,100</b>	<b>+4,000</b>
<b>Operating profit</b>	469	0.5%	(2717)	(3.3%)	<b>1,551</b>	1.2%	<b>+4,268</b>	4,900	<b>5,900</b>	<b>+1,000</b>
<b>Allowance for doubtful accounts reversal</b>	13	-	15	-	<b>549</b>	-	<b>+534</b>	-	-	-
<b>Ordinary profit</b>	624	0.7%	(2515)	(3.1%)	<b>1,797</b>	1.4%	<b>+4,312</b>	3,400	<b>5,000</b>	<b>+1,600</b>
<b>Profit attributable to owners of parent</b>	606	0.7%	(2690)	(3.3%)	<b>1,412</b>	1.1%	<b>+4,102</b>	2,300	<b>4,200</b>	<b>+1,900</b>

\*The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29), etc. has been applied from the beginning of the FY ending March 31, 2022, the above-mentioned results for The first quarter of FY ending March 31, 2022, and the forecasts of FY2021 are the amounts after the application of them."

# Overview of Financial Results for First Quarter of the Fiscal Year Ending March 2022 and Trends in Business Performance around COVID-19 Pandemic [By segment]



■ The impact of bad debt in Hong Kong and China business that occurred in the previous fiscal year, has been resolved. **The effect of overseas M&As has become apparent.**

(Million of Yen)		Before COVID-19 pandemic	Economic deterioration at the beginning of COVID-19 pandemic	Effects of M&As in overseas and resumption of economic activities		
		First quarter of the fiscal year ended March 2020	First quarter of the fiscal year ended March 2021	First quarter of the fiscal year ending March 2022		
					Year-on-year comparison	Variance
<b>Wholesale pulp and paper, domestic locations</b>	Sales	73,556	58,082	<b>60,888</b>	<b>+2,806</b>	<b>+4.8%</b>
	Segment profit	998	467	<b>1,175</b>	<b>+708</b>	<b>+151.6%</b>
	Profit ratio	1.4%	0.8%	<b>1.9%</b>	<b>+1.1%</b>	-
<b>Wholesale pulp and paper, overseas locations</b>	Sales	18,399	23,724	<b>68,489</b>	<b>+44,765</b>	<b>+188.7%</b>
	Segment profit	4	(2710)	<b>1,035</b>	<b>+3,745</b>	-
	Profit ratio	0.0%	-	<b>1.5%</b>	-	-
<b>Real estate leasing</b>	Sales	297	311	<b>310</b>	<b>(1)</b>	<b>(0.3%)</b>
	Segment profit	144	168	<b>43</b>	<b>(125)</b>	<b>(74.4%)</b>
	Profit ratio	48.5%	54.0%	<b>13.9%</b>	<b>(40.1%)</b>	-
<b>Total</b>	Sales	92,254	82,118	<b>129,687</b>	<b>+47,569</b>	<b>+57.9%</b>
	Segment profit	1,147	(2073)	<b>2,253</b>	<b>+4,326</b>	-
	Adjustments	(677)	(643)	<b>(702)</b>	<b>(59)</b>	-
	Operating profit	469	(2717)	<b>1,551</b>	<b>+4,268</b>	-
	Profit ratio	0.5%	-	<b>1.2%</b>	-	-

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# Dividend Policy has revised

- Interim dividend of ¥5 (Fixed)
- Increasing annual dividend to ¥12



Dividend per share in the past 10 fiscal years



## Reason for the the payment of interim dividend and the dividend increase

The acquisition of Antalis of France and Spicers of Australia has led to make our profitability stable and robust.



We will increase the dividend to **¥12** (+ ¥2) based on our dividend policy that is stable and continuous with a dividend payout ratio of 30%.



- This document contains forward-looking statements, future plans, and management targets related to the Company. These forward-looking statements are based on current assumptions regarding future events and trends and are not guaranteed to be accurate. Actual results may differ materially from those presented herein due to various factors.
- Unless otherwise stated, the financial data presented herein are presented in accordance with accounting principles generally accepted in Japan.
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