

**Summary of Consolidated Financial Results
for the Three Months Ended June 30, 2020 (unaudited)
(Based on Japanese GAAP)**

August 13, 2020

Company name: Tokushu Tokai Paper Co., Ltd.
 Stock exchange listings: Tokyo
 Code number: 3708 URL <https://www.tt-paper.co.jp>
 Representative: President and Chief Executive Officer Yuji Matsuda
 For inquiry: Director, Managing Executive Officer, CFO Tsuneo Sekine TEL +81-3-3281-8581
 Quarterly securities report issuing date: August 13, 2020
 Dividend payment date: —
 Availability of support documentation: No
 Holding of financial result briefing: No

(All yen figures are rounded down to the nearest one million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2020 (April 1, 2020 – June 30, 2020)

(1) Consolidated Operating Results

(% represents the change from the same period in the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three Months ended June 30, 2020	17,854	(9.0)	533	95.0	1,347	2.7	2,434	142.9
June 30, 2019	19,619	0.3	273	(73.3)	1,312	(17.9)	1,001	(8.9)

Note: Comprehensive income

Three Months ended June 30, 2020	1,185 million yen	268.0%
Three Months ended June 30, 2019	322 million yen	(79.4)%

	Basic earnings per share	Diluted earnings per share
Three Months ended	Yen	Yen
June 30, 2020	178.20	177.53
June 30, 2019	72.19	71.90

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	134,237	75,894	51.6
As of March 31, 2020	132,655	77,678	53.5

Reference: Equity	As of June 30, 2020	69,241 million yen
	As of March 31, 2020	70,908 million yen

2. Dividends

	Annual Dividends per share				
	1 st quarter end	2 nd quarter end	3 rd quarter end	End of fiscal year	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2020	—	25.00	—	50.00	75.00
March 31, 2021	—				
Fiscal year ending March 31, 2021 (Forecast)		25.00	—	25.00	50.00

Note: Revision to dividend forecasts published most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(% represents the change from the same period in the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	81,000	0.5	2,000	(30.3)	—	—	—	—	—

Note: Revision to financial forecasts published most recently: No

Tokushu Tokai is not disclosing forecasts of both ordinary income and profit attributable to owners of parent for the fiscal year ending March 31, 2021, as the effects of the global spread of COVID-19 present challenges in preparing reasonable estimates for such figures. Tokushu Tokai will disclose such figures promptly after they can be reasonably estimated.

4. Others

[1] Changes in significant subsidiaries during the period under review
(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New —
Eliminated —

[2] Changes in accounting principles, changes in accounting estimates and restatements

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 restatements: No

[3] Number of issued shares (common shares)

(i) Number of issued shares (including treasury shares) as of:
June 30, 2020 15,412,000 shares
March 31, 2020 15,412,000 shares
(ii) Number of treasury shares as of:
June 30, 2020 2,046,420 shares
March 31, 2020 1,522,662 shares
(iii) Average number of shares during the period:
Three months ended June 30, 2020 13,658,699 shares
Three months ended June 30, 2019 13,879,141 shares

*These financial results are outside the scope of audit by certified public accountants or accounting auditors.

*Explanations pertaining to appropriate use of information concerning future forecasts

The operating results forecasts and certain other statements contained in this document are forward-looking statements, which are rationally determined based on information available to the company at the time the results were announced. Actual performance may differ substantially from these projections due to fluctuations in the economy or a variety of other known and unknown factor.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	10,175	16,847
Notes and accounts receivable - trade	25,109	23,166
Merchandise and finished goods	4,369	4,965
Work in process	793	974
Raw materials and supplies	5,519	5,727
Other	1,256	1,027
Allowance for doubtful accounts	(23)	(15)
Total current assets	47,200	52,692
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,346	17,693
Machinery, equipment and vehicles, net	30,015	29,946
Land	13,060	13,017
Other, net	3,416	3,734
Total property, plant and equipment	63,839	64,391
Intangible assets		
Goodwill	1,426	1,390
Other	350	334
Total intangible assets	1,776	1,724
Investments and other assets		
Investment securities	18,314	13,930
Deferred tax assets	565	597
Other	1,001	941
Allowance for doubtful accounts	(41)	(42)
Total investments and other assets	19,839	15,427
Total non-current assets	85,455	81,544
Total assets	132,655	134,237

(Millions of Yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,913	9,799
Short-term loans payable	11,405	17,885
Current portion of long-term loans payable	7,267	7,021
Current portion of bonds	70	88
Income taxes payable	474	230
Provision for bonuses	425	297
Provision for environmental measures	0	0
Other	8,166	8,354
Total current liabilities	38,723	43,677
Non-current liabilities		
Bonds payable	508	472
Long-term loans payable	11,506	10,599
Deferred tax liabilities	1,253	803
Provision for directors' retirement benefits	55	55
Provision for environmental measures	53	53
Provision for business structure improvement	557	408
Net defined benefit liability	1,636	1,602
Asset retirement obligations	621	606
Other	60	62
Total non-current liabilities	16,254	14,666
Total liabilities	54,977	58,343
Net assets		
Shareholders' equity		
Capital stock	11,485	11,485
Capital surplus	12,698	12,698
Retained earnings	47,910	49,650
Treasury shares	(4,494)	(6,666)
Total shareholders' equity	67,599	67,167
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,657	2,406
Deferred gains or losses on hedges	0	—
Remeasurements of defined benefit plans	(348)	(332)
Total accumulated other comprehensive income	3,309	2,074
Share acquisition rights	146	143
Non-controlling interests	6,622	6,509
Total net assets	77,678	75,894
Total liabilities and net assets	132,655	134,237

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of Yen)

	Three Months ended June 30, 2019	Three Months ended June 30, 2020
Net sales	19,619	17,854
Cost of sales	17,372	15,339
Gross profit	2,247	2,515
Selling, general and administrative expenses	1,973	1,981
Operating income	273	533
Non-operating income		
Interest income	0	0
Dividend income	258	204
Rent income	25	33
Insurance income	26	2
Share of profit of entities accounted for using equity method	707	579
Other	85	55
Total non-operating income	1,104	875
Non-operating expenses		
Interest expenses	47	51
Other	18	10
Total non-operating expenses	65	62
Ordinary income	1,312	1,347
Extraordinary income		
Gain on sales of non-current assets	8	3
Gain on sales of investment securities	—	1,936
Insurance income	100	—
Total extraordinary income	108	1,939
Extraordinary losses		
Loss on sales of non-current assets	0	32
Loss on retirement of non-current assets	46	159
Provision for environmental measures	34	—
Business restructuring expenses	148	—
Total extraordinary losses	229	192
Profit before income taxes	1,191	3,094
Income taxes - current	56	620
Income taxes - deferred	77	54
Total income taxes	134	675
Profit	1,057	2,418
Profit (loss) attributable to non-controlling interests	55	(15)
Profit attributable to owners of parent	1,001	2,434

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three Months ended June 30, 2019	Three Months ended June 30, 2020
Profit	1,057	2,418
Other comprehensive income		
Valuation difference on available-for-sale securities	(745)	(1,246)
Deferred gains or losses on hedges	—	(0)
Remeasurements of defined benefit plans	8	15
Share of other comprehensive income of entities accounted for using equity method	1	(2)
Total other comprehensive income	(735)	(1,233)
Comprehensive income	322	1,185
Comprehensive income attributable to		
Owners of parent	268	1,198
Non-controlling interests	53	(13)

Segment Information

Information on Net Sales, Profit/Loss of Each Reportable Segment

Three Months ended June 30, 2019

(Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Industrial Material	Special Material	Household Products	Total				
Net sales								
Sales to outside	9,465	5,274	4,288	19,028	591	19,619	—	19,619
Intersegment sales and transfers	472	209	72	754	498	1,253	(1,253)	—
Total	9,937	5,484	4,360	19,782	1,089	20,872	(1,253)	19,619
Segment profit or loss	132	115	85	333	(41)	291	(17)	273

Three Months ended June 30, 2020

(Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Industrial Material	Special Material	Household Products	Total				
Net sales								
Sales to outside	8,620	3,921	4,001	16,543	1,310	17,854	—	17,854
Intersegment sales and transfers	471	148	52	671	511	1,183	(1,183)	—
Total	9,091	4,069	4,053	17,214	1,822	19,037	(1,183)	17,854
Segment profit or loss	255	181	182	619	(48)	571	(37)	533

Notes:

1. "Others" consists of operating segments not included in the reportable segments, which is the environment related operations.
2. "Adjustment" comprises the following:

Segment profit

	Three Months ended June 30, 2019	Three Months ended June 30, 2020
Corporate expenses	(80)	(66)
Elimination, etc.	63	29
Total	(17)	(37)

3. Segment profit total was adjusted to be consistent with the operating income recorded on the Consolidated Statements of Income.