

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (unaudited) (Based on Japanese GAAP)

August 13, 2021

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, 2021
 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, 2021 (April 1, 2021 – June 30, 2021)

(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, 2021	18,820	5.4	1,167	118.8	1,842	36.8	1,467	(39.7)
June 30, 2020	17,854	(9.0)	533	95.0	1,347	2.7	2,434	142.9

Note: Comprehensive income

Three Months ended June 30, 2021	1,282 million yen	8.2%
Three Months ended June 30, 2020	1,185 million yen	268.0%

	Basic earnings per share	Diluted earnings per share
Three Months ended	Yen	Yen
June 30, 2021	109.78	109.31
June 30, 2020	178.20	177.53

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	124,697	80,505	59.1
As of March 31, 2021	128,091	80,286	57.3

Reference: Equity	As of June 30, 2021	73,714 million yen
	As of March 31, 2021	73,428 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, 2021	—	25.00	—	75.00	100.00
March 31, 2022	—				
Fiscal year ending March 31, 2022 (Forecast)		50.00	—	50.00	100.00

Note: Revision to dividend forecasts published most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(% 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	6.0	3,600	11.5	5,000	(16.3)	3,600	(35.7)	267.89

Note: Revision to financial forecasts published most recently: No

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: | Yes |
| 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, 2021 | 14,900,000 shares |
| March 31, 2021 | 14,900,000 shares |
- (ii) Number of treasury shares as of:
- | | |
|----------------|------------------|
| June 30, 2021 | 1,522,399 shares |
| March 31, 2021 | 1,534,775 shares |
- (iii) Average number of shares during the period:
- | | |
|----------------------------------|-------------------|
| Three months ended June 30, 2021 | 13,366,040 shares |
| Three months ended June 30, 2020 | 13,658,699 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, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	13,532	11,512
Notes and accounts receivable - trade	24,428	—
Notes and accounts receivable - trade, and contract assets	—	24,188
Merchandise and finished goods	4,241	4,359
Work in process	728	967
Raw materials and supplies	4,640	4,862
Other	921	1,026
Allowance for doubtful accounts	(15)	(15)
Total current assets	48,478	46,900
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,185	16,944
Machinery, equipment and vehicles, net	29,053	28,351
Land	12,134	12,134
Other, net	2,598	3,068
Total property, plant and equipment	60,971	60,499
Intangible assets		
Goodwill	1,271	1,236
Other	416	392
Total intangible assets	1,688	1,629
Investments and other assets		
Investment securities	15,593	14,288
Deferred tax assets	553	566
Other	847	855
Allowance for doubtful accounts	(41)	(41)
Total investments and other assets	16,952	15,668
Total non-current assets	79,612	77,797
Total assets	128,091	124,697

(Millions of Yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,075	10,115
Short-term loans payable	6,445	6,355
Current portion of long-term loans payable	4,156	4,096
Current portion of bonds	70	70
Income taxes payable	1,160	196
Provision for bonuses	422	210
Provision for environmental measures	35	41
Other	8,492	7,008
Total current liabilities	30,858	28,094
Non-current liabilities		
Bonds payable	420	402
Long-term loans payable	13,728	12,762
Deferred tax liabilities	725	833
Provision for directors' retirement benefits	64	67
Provision for environmental measures	52	52
Net defined benefit liability	1,230	1,256
Asset retirement obligations	658	653
Other	67	69
Total non-current liabilities	16,946	16,098
Total liabilities	47,804	44,192
Net assets		
Shareholders' equity		
Capital stock	11,485	11,485
Capital surplus	11,030	11,022
Retained earnings	52,476	52,941
Treasury shares	(5,000)	(4,959)
Total shareholders' equity	69,991	70,489
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,474	3,255
Deferred gains or losses on hedges	—	(0)
Remeasurements of defined benefit plans	(37)	(29)
Total accumulated other comprehensive income	3,436	3,225
Share acquisition rights	176	144
Non-controlling interests	6,681	6,646
Total net assets	80,286	80,505
Total liabilities and net assets	128,091	124,697

(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, 2020	Three Months ended June 30, 2021
Net sales	17,854	18,820
Cost of sales	15,339	15,814
Gross profit	2,515	3,006
Selling, general and administrative expenses	1,981	1,838
Operating income	533	1,167
Non-operating income		
Interest income	0	0
Dividend income	204	136
Rent income	33	32
Insurance income	2	13
Share of profit of entities accounted for using equity method	579	496
Other	55	55
Total non-operating income	875	734
Non-operating expenses		
Interest expenses	51	35
Other	10	24
Total non-operating expenses	62	59
Ordinary income	1,347	1,842
Extraordinary income		
Gain on sales of non-current assets	3	3
Gain on sales of investment securities	1,936	—
National subsidies	—	84
Other	—	4
Total extraordinary income	1,939	92
Extraordinary losses		
Loss on sales of non-current assets	32	—
Loss on retirement of non-current assets	159	10
Total extraordinary losses	192	10
Profit before income taxes	3,094	1,924
Income taxes - current	620	246
Income taxes - deferred	54	183
Total income taxes	675	429
Profit	2,418	1,495
Profit (loss) attributable to non-controlling interests	(15)	27
Profit attributable to owners of parent	2,434	1,467

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three Months ended June 30, 2020	Three Months ended June 30, 2021
Profit	2,418	1,495
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,246)	(225)
Deferred gains or losses on hedges	(0)	(0)
Remeasurements of defined benefit plans	15	7
Share of other comprehensive income of entities accounted for using equity method	(2)	4
Total other comprehensive income	(1,233)	(212)
Comprehensive income	1,185	1,282
Comprehensive income attributable to		
Owners of parent	1,198	1,255
Non-controlling interests	(13)	26

Segment Information

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

Three Months ended June 30, 2020

(Millions of yen)

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

Three Months ended June 30, 2021

(Millions of yen)

	Industrial Material	Special Material	Household Products	Environment Related	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales							
Sales to outside	8,755	4,965	3,997	1,101	18,820	—	18,820
Intersegment sales and transfers	465	99	49	535	1,149	(1,149)	—
Total	9,220	5,065	4,047	1,636	19,969	(1,149)	18,820
Segment profit or loss	305	829	210	(144)	1,201	(33)	1,167

Notes:

1. "Adjustment" comprises the following:

Segment profit

	Three Months ended June 30, 2020	Three Months ended June 30, 2021
Corporate expenses	(66)	(63)
Elimination, etc.	29	30
Total	(37)	(33)

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