

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (unaudited) (Based on Japanese GAAP)

August 10, 2022

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
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 Quarterly securities report issuing date: August 10, 2022
 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, 2022 (April 1, 2022 – June 30, 2022)

(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, 2022	21,068	11.9	802	(31.3)	1,722	(6.5)	2,587	76.3
June 30, 2021	18,820	5.4	1,167	118.8	1,842	36.8	1,467	(39.7)

Note: Comprehensive income

Three Months ended June 30, 2022	1,057 million yen	(17.5)%
Three Months ended June 30, 2021	1,282 million yen	8.2%

	Basic earnings per share	Diluted earnings per share
Three Months ended	Yen	Yen
June 30, 2022	213.81	212.91
June 30, 2021	109.78	109.31

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	120,445	77,831	59.4
As of March 31, 2022	125,430	78,562	57.5

Reference: Equity	As of June 30, 2022	71,489 million yen
	As of March 31, 2022	72,129 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, 2022	—	50.00	—	70.00	120.00
March 31, 2023	—				
Fiscal year ending March 31, 2023 (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, 2023 (April 1, 2022 – March 31, 2023)

(% 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	87,000	7.8	3,100	(26.7)	4,000	(30.2)	3,900	(25.7)	294.12

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: | Yes |
| 3) Changes in accounting estimates: | Yes |
| 4) Retrospective restatements: | No |

[3] Number of issued shares (common shares)

- | | |
|--|-------------------|
| (i) Number of issued shares (including treasury shares) as of: | |
| June 30, 2022 | 14,900,000 shares |
| March 31, 2022 | 14,900,000 shares |
| (ii) Number of treasury shares as of: | |
| June 30, 2022 | 2,877,755 shares |
| March 31, 2022 | 2,635,724 shares |
| (iii) Average number of shares during the period: | |
| Three months ended June 30, 2022 | 12,102,768 shares |
| Three months ended June 30, 2021 | 13,366,040 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, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	12,058	9,484
Notes and accounts receivable - trade, and contract assets	26,280	27,342
Merchandise and finished goods	4,189	4,622
Work in process	772	966
Raw materials and supplies	5,437	5,130
Other	702	677
Allowance for doubtful accounts	(17)	(18)
Total current assets	49,423	48,205
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,067	16,891
Machinery, equipment and vehicles, net	29,036	28,523
Land	11,288	11,288
Other, net	1,495	1,861
Total property, plant and equipment	58,888	58,563
Intangible assets		
Goodwill	1,129	1,093
Other	359	337
Total intangible assets	1,488	1,431
Investments and other assets		
Investment securities	13,939	10,069
Deferred tax assets	593	1,115
Other	1,138	1,102
Allowance for doubtful accounts	(41)	(41)
Total investments and other assets	15,630	12,245
Total non-current assets	76,006	72,240
Total assets	125,430	120,445

(Millions of Yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,020	11,203
Short-term loans payable	10,615	8,615
Current portion of long-term loans payable	4,808	4,594
Current portion of bonds	70	70
Income taxes payable	939	479
Provision for bonuses	437	236
Other	7,038	6,244
Total current liabilities	34,930	31,444
Non-current liabilities		
Bonds payable	350	332
Long-term loans payable	8,949	8,196
Deferred tax liabilities	516	529
Provision for directors' retirement benefits	79	68
Provision for environmental measures	50	50
Net defined benefit liability	1,270	1,274
Asset retirement obligations	648	647
Other	73	69
Total non-current liabilities	11,937	11,169
Total liabilities	46,867	42,614
Net assets		
Shareholders' equity		
Capital stock	11,485	11,485
Capital surplus	10,922	10,915
Retained earnings	56,056	57,786
Treasury shares	(8,961)	(9,765)
Total shareholders' equity	69,502	70,421
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,636	1,071
Deferred gains or losses on hedges	—	(0)
Remeasurements of defined benefit plans	(10)	(3)
Total accumulated other comprehensive income	2,626	1,067
Share acquisition rights	164	117
Non-controlling interests	6,268	6,224
Total net assets	78,562	77,831
Total liabilities and net assets	125,430	120,445

(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, 2021	Three Months ended June 30, 2022
Net sales	18,820	21,068
Cost of sales	15,814	18,454
Gross profit	3,006	2,613
Selling, general and administrative expenses	1,838	1,811
Operating income	1,167	802
Non-operating income		
Interest income	0	0
Dividend income	136	143
Rent income	32	32
Insurance income	13	16
Share of profit of entities accounted for using equity method	496	705
Other	55	75
Total non-operating income	734	972
Non-operating expenses		
Interest expenses	35	35
Other	24	16
Total non-operating expenses	59	51
Ordinary income	1,842	1,722
Extraordinary income		
Gain on sales of non-current assets	3	0
Gain on sales of investment securities	—	1,758
National subsidies	84	—
Other	4	—
Total extraordinary income	92	1,759
Extraordinary losses		
Loss on sales of non-current assets	—	0
Loss on retirement of non-current assets	10	32
Total extraordinary losses	10	32
Profit before income taxes	1,924	3,449
Income taxes - current	246	672
Income taxes - deferred	183	160
Total income taxes	429	832
Profit	1,495	2,617
Profit (loss) attributable to non-controlling interests	27	29
Profit attributable to owners of parent	1,467	2,587

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three Months ended June 30, 2021	Three Months ended June 30, 2022
Profit	1,495	2,617
Other comprehensive income		
Valuation difference on available-for-sale securities	(225)	(1,565)
Deferred gains or losses on hedges	(0)	(0)
Remeasurements of defined benefit plans	7	6
Share of other comprehensive income of entities accounted for using equity method	4	(0)
Total other comprehensive income	(212)	(1,559)
Comprehensive income	1,282	1,057
Comprehensive income attributable to		
Owners of parent	1,255	1,028
Non-controlling interests	26	28

Segment Information

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

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	765	210	(144)	1,137	30	1,167

Three Months ended June 30, 2022

(Millions of yen)

	Industrial Material	Special Material	Household Products	Environment Related	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales							
Sales to outside	10,256	5,234	4,281	1,295	21,068	—	21,068
Intersegment sales and transfers	467	362	46	559	1,435	(1,435)	—
Total	10,723	5,597	4,327	1,855	22,503	(1,435)	21,068
Segment profit or loss	276	533	57	(98)	769	33	802

Notes:

1. "Adjustment" is due to intersegment elimination, etc.
2. Segment profit total was adjusted to be consistent with the operating income recorded on the Consolidated Statements of Income.