

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (unaudited) (Based on Japanese GAAP)

February 14, 2023

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: February 14, 2023
 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 Nine Months Ended December 31, 2022 (April 1, 2022 – December 31, 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	%
Nine Months ended								
December 31, 2022	63,104	5.5	1,397	(58.5)	3,171	(32.9)	3,680	(20.2)
December 31, 2021	59,794	5.9	3,366	67.9	4,728	18.2	4,610	(37.8)

Note: Comprehensive income

Nine Months ended December 31, 2022	2,366 million yen	(47.1)%
Nine Months ended December 31, 2021	4,475 million yen	(35.9)%

	Basic earnings per share	Diluted earnings per share
Nine Months ended	Yen	Yen
December 31, 2022	307.37	306.27
December 31, 2021	344.73	343.38

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	124,560	78,156	57.6
As of March 31, 2022	125,430	78,562	57.5

Reference: Equity	As of December 31, 2022	71,778 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	—	50.00	—		
Fiscal year ending March 31, 2023 (Forecast)				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	1,600	(62.2)	4,000	(30.2)	3,900	(25.7)	324.57

Note: Revision to financial forecasts published most recently: Yes

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: | |
| December 31, 2022 | 13,300,000 shares |
| March 31, 2022 | 14,900,000 shares |
| (ii) Number of treasury shares as of: | |
| December 31, 2022 | 1,405,367 shares |
| March 31, 2022 | 2,635,724 shares |
| (iii) Average number of shares during the period: | |
| Nine months ended December 31, 2022 | 11,975,423 shares |
| Nine months ended December 31, 2021 | 13,373,768 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 December 31, 2022
Assets		
Current assets		
Cash and deposits	12,058	9,798
Notes and accounts receivable - trade, and contract assets	26,280	29,008
Merchandise and finished goods	4,189	4,692
Work in process	772	1,049
Raw materials and supplies	5,437	6,564
Other	702	1,740
Allowance for doubtful accounts	(17)	(19)
Total current assets	49,423	52,835
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,067	16,503
Machinery, equipment and vehicles, net	29,036	27,756
Land	11,288	11,207
Other, net	1,495	2,101
Total property, plant and equipment	58,888	57,569
Intangible assets		
Goodwill	1,129	1,022
Other	359	300
Total intangible assets	1,488	1,322
Investments and other assets		
Investment securities	13,939	10,618
Deferred tax assets	593	1,027
Other	1,138	1,227
Allowance for doubtful accounts	(41)	(41)
Total investments and other assets	15,630	12,832
Total non-current assets	76,006	71,724
Total assets	125,430	124,560

(Millions of Yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,020	11,346
Short-term loans payable	10,615	10,965
Current portion of long-term loans payable	4,808	4,008
Current portion of bonds	70	70
Income taxes payable	939	169
Provision for bonuses	437	235
Other	7,038	6,031
Total current liabilities	34,930	32,827
Non-current liabilities		
Bonds payable	350	297
Long-term loans payable	8,949	10,511
Deferred tax liabilities	516	496
Provision for directors' retirement benefits	79	69
Provision for environmental measures	50	52
Net defined benefit liability	1,270	1,281
Asset retirement obligations	648	596
Other	73	269
Total non-current liabilities	11,937	13,576
Total liabilities	46,867	46,404
Net assets		
Shareholders' equity		
Capital stock	11,485	11,485
Capital surplus	10,922	5,502
Retained earnings	56,056	58,284
Treasury shares	(8,961)	(4,754)
Total shareholders' equity	69,502	70,518
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,636	1,250
Deferred gains or losses on hedges	—	(0)
Remeasurements of defined benefit plans	(10)	9
Total accumulated other comprehensive income	2,626	1,259
Share acquisition rights	164	129
Non-controlling interests	6,268	6,248
Total net assets	78,562	78,156
Total liabilities and net assets	125,430	124,560

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

Quarterly Consolidated Statements of Income

(Millions of Yen)

	Nine Months ended December 31, 2021	Nine Months ended December 31, 2022
Net sales	59,794	63,104
Cost of sales	50,837	56,446
Gross profit	8,957	6,657
Selling, general and administrative expenses	5,590	5,260
Operating income	3,366	1,397
Non-operating income		
Interest income	0	0
Dividend income	251	235
Rent income	93	92
Insurance income	43	24
Share of profit of entities accounted for using equity method	963	1,415
Other	187	210
Total non-operating income	1,539	1,977
Non-operating expenses		
Interest expenses	103	100
Commission expenses	32	45
Other	41	57
Total non-operating expenses	178	203
Ordinary income	4,728	3,171
Extraordinary income		
Gain on sales of non-current assets	1,497	4
Gain on sales of investment securities	—	1,835
National subsidies	84	—
Gain on extinguishment of tie-in shares	57	—
Other	4	—
Total extraordinary income	1,643	1,840
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	91	90
Impairment losses	—	57
Loss on disaster	—	44
Other	9	—
Total extraordinary losses	100	192
Profit before income taxes	6,270	4,819
Income taxes - current	1,383	960
Income taxes - deferred	205	123
Total income taxes	1,589	1,084
Profit	4,681	3,735
Profit attributable to non-controlling interests	71	54
Profit attributable to owners of parent	4,610	3,680

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine Months ended December 31, 2021	Nine Months ended December 31, 2022
Profit	4,681	3,735
Other comprehensive income		
Valuation difference on available-for-sale securities	(234)	(1,385)
Deferred gains or losses on hedges	(0)	(0)
Remeasurements of defined benefit plans	23	20
Share of other comprehensive income of entities accounted for using equity method	5	(2)
Total other comprehensive income	(205)	(1,368)
Comprehensive income	4,475	2,366
Comprehensive income attributable to		
Owners of parent	4,404	2,314
Non-controlling interests	70	52

Segment Information

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

Nine Months ended December 31, 2021

(Millions of yen)

	Industrial Material	Special Material	Household Products	Environment Related	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales							
Sales to outside	27,672	15,413	12,700	4,007	59,794	—	59,794
Intersegment sales and transfers	1,448	467	143	1,615	3,675	(3,675)	—
Total	29,121	15,881	12,843	5,622	63,469	(3,675)	59,794
Segment profit or loss	842	1,966	606	(151)	3,263	103	3,366

Nine Months ended December 31, 2022

(Millions of yen)

	Industrial Material	Special Material	Household Products	Environment Related	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales							
Sales to outside	30,928	14,596	13,045	4,534	63,104	—	63,104
Intersegment sales and transfers	1,650	819	148	1,677	4,296	(4,296)	—
Total	32,578	15,416	13,194	6,211	67,400	(4,296)	63,104
Segment profit	509	701	13	71	1,296	101	1,397

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.