

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (unaudited) (Based on Japanese GAAP)

August 10, 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: August 10, 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 Three Months Ended June 30, 2023 (April 1, 2023 – June 30, 2023)

(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, 2023	20,558	(2.4)	233	(70.9)	1,394	(19.1)	1,254	(51.5)
June 30, 2022	21,068	11.9	802	(31.3)	1,722	(6.5)	2,587	76.3

Note: Comprehensive income

Three Months ended June 30, 2023	1,790 million yen	69.2%
Three Months ended June 30, 2022	1,057 million yen	(17.5)%

	Basic earnings per share	Diluted earnings per share
Three Months ended	Yen	Yen
June 30, 2023	105.51	105.16
June 30, 2022	213.81	212.91

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	129,884	80,102	56.4
As of March 31, 2023	123,347	78,576	58.5

Reference: Equity	As of June 30, 2023	73,278 million yen
	As of March 31, 2023	72,102 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, 2023	—	50.00	—	50.00	100.00
March 31, 2024	—				
Fiscal year ending March 31, 2024 (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, 2024 (April 1, 2023 – March 31, 2024)

(% 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	90,000	7.0	3,000	82.8	6,000	47.8	4,000	(3.2)	334.57

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: | 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, 2023 | 13,300,000 shares |
| March 31, 2023 | 13,300,000 shares |
| (ii) Number of treasury shares as of: | |
| June 30, 2023 | 1,404,360 shares |
| March 31, 2023 | 1,405,700 shares |
| (iii) Average number of shares during the period: | |
| Three months ended June 30, 2023 | 11,894,314 shares |
| Three months ended June 30, 2022 | 12,102,768 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, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	10,298	12,206
Notes and accounts receivable - trade, and contract assets	26,698	26,820
Merchandise and finished goods	5,057	5,573
Work in process	955	1,406
Raw materials and supplies	7,234	7,056
Other	1,253	1,525
Allowance for doubtful accounts	(17)	(26)
Total current assets	51,479	54,560
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,422	16,673
Machinery, equipment and vehicles, net	27,593	27,118
Land	11,066	12,069
Other, net	2,026	2,560
Total property, plant and equipment	57,108	58,422
Intangible assets		
Goodwill	986	2,868
Other	285	260
Total intangible assets	1,272	3,129
Investments and other assets		
Investment securities	11,029	11,218
Deferred tax assets	1,313	1,042
Other	1,184	1,552
Allowance for doubtful accounts	(41)	(41)
Total investments and other assets	13,486	13,771
Total non-current assets	71,867	75,323
Total assets	123,347	129,884

(Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,068	10,458
Short-term loans payable	10,065	13,526
Current portion of long-term loans payable	3,904	4,399
Current portion of bonds	70	80
Income taxes payable	447	157
Provision for bonuses	436	296
Other	6,602	6,095
Total current liabilities	31,594	35,013
Non-current liabilities		
Bonds payable	280	292
Long-term loans payable	10,088	11,282
Deferred tax liabilities	446	608
Provision for directors' retirement benefits	72	107
Provision for environmental measures	52	52
Retirement benefit liability	1,349	1,373
Asset retirement obligations	596	645
Other	289	404
Total non-current liabilities	13,176	14,768
Total liabilities	44,771	49,782
Net assets		
Shareholders' equity		
Capital stock	11,485	11,485
Capital surplus	5,502	5,503
Retained earnings	58,734	59,394
Treasury shares	(4,755)	(4,750)
Total shareholders' equity	70,967	71,632
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,158	1,657
Deferred gains or losses on hedges	(0)	(1)
Remeasurements of defined benefit plans	(23)	(10)
Total accumulated other comprehensive income	1,135	1,645
Share acquisition rights	129	124
Non-controlling interests	6,344	6,699
Total net assets	78,576	80,102
Total liabilities and net assets	123,347	129,884

(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, 2022	Three Months ended June 30, 2023
Net sales	21,068	20,558
Cost of sales	18,454	18,357
Gross profit	2,613	2,200
Selling, general and administrative expenses	1,811	1,967
Operating income	802	233
Non-operating income		
Interest income	0	0
Dividend income	143	116
Rent income	32	37
Insurance income	16	24
Share of profit of entities accounted for using equity method	705	945
Other	75	87
Total non-operating income	972	1,211
Non-operating expenses		
Interest expenses	35	36
Other	16	14
Total non-operating expenses	51	50
Ordinary income	1,722	1,394
Extraordinary income		
Gain on sales of non-current assets	0	2
Gain on sales of investment securities	1,758	—
Compensation for forced relocation	—	255
Total extraordinary income	1,759	257
Extraordinary losses		
Loss on sales of non-current assets	0	—
Loss on retirement of non-current assets	32	29
Impairment losses	—	105
Total extraordinary losses	32	134
Profit before income taxes	3,449	1,517
Income taxes - current	672	113
Income taxes - deferred	160	124
Total income taxes	832	237
Profit	2,617	1,279
Profit (loss) attributable to non-controlling interests	29	24
Profit attributable to owners of parent	2,587	1,254

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three Months ended June 30, 2022	Three Months ended June 30, 2023
Profit	2,617	1,279
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,565)	492
Deferred gains or losses on hedges	(0)	(0)
Remeasurements of defined benefit plans	6	13
Share of other comprehensive income of entities accounted for using equity method	(0)	5
Total other comprehensive income	(1,559)	510
Comprehensive income	1,057	1,790
Comprehensive income attributable to		
Owners of parent	1,028	1,765
Non-controlling interests	28	24

Segment Information

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

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

Three Months ended June 30, 2023

(Millions of yen)

	Industrial Material	Special Material	Household Products	Environment Related	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales							
Sales to outside	10,010	4,780	4,390	1,376	20,558	—	20,558
Intersegment sales and transfers	667	140	49	740	1,597	(1,597)	—
Total	10,678	4,920	4,440	2,116	22,156	(1,597)	20,558
Segment profit or loss	246	(55)	141	(131)	201	31	233

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.