

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (unaudited) (Based on Japanese GAAP)

February 12, 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
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 Quarterly securities report issuing date: February 12, 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 Nine Months Ended December 31, 2020 (April 1, 2020 – December 31, 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	%
Nine Months ended December 31, 2020	56,455	(6.0)	2,005	16.4	4,000	15.9	7,416	241.0
December 31, 2019	60,065	(0.6)	1,722	(34.3)	3,450	(15.8)	2,175	(17.0)

Note: Comprehensive income

Nine Months ended December 31, 2020	6,981 million yen	184.5%
Nine Months ended December 31, 2019	2,454 million yen	55.1%

	Basic earnings per share	Diluted earnings per share
Nine Months ended	Yen	Yen
December 31, 2020	550.89	548.63
December 31, 2019	156.64	156.05

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	134,804	81,388	55.4
As of March 31, 2020	132,655	77,678	53.5

Reference: Equity	As of December 31, 2020	74,652 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	—	25.00	—		
Fiscal year ending March 31, 2021 (Forecast)				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	76,000	(5.7)	2,400	(16.4)	4,600	(14.6)	6,800	84.0	504.32

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: | 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: | |
| December 31, 2020 | 14,900,000 shares |
| March 31, 2020 | 15,412,000 shares |
| (ii) Number of treasury shares as of: | |
| December 31, 2020 | 1,534,646 shares |
| March 31, 2020 | 1,522,662 shares |
| (iii) Average number of shares during the period: | |
| Nine months ended December 31, 2020 | 13,462,532 shares |
| Nine months ended December 31, 2019 | 13,886,126 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 December 31, 2020
Assets		
Current assets		
Cash and deposits	10,175	14,301
Notes and accounts receivable - trade	25,109	26,795
Merchandise and finished goods	4,369	4,331
Work in process	793	652
Raw materials and supplies	5,519	5,368
Other	1,256	1,104
Allowance for doubtful accounts	(23)	(15)
Total current assets	47,200	52,538
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,346	18,064
Machinery, equipment and vehicles, net	30,015	30,422
Land	13,060	13,013
Other, net	3,416	3,194
Total property, plant and equipment	63,839	64,695
Intangible assets		
Goodwill	1,426	1,307
Other	350	437
Total intangible assets	1,776	1,745
Investments and other assets		
Investment securities	18,314	14,525
Deferred tax assets	565	489
Other	1,001	853
Allowance for doubtful accounts	(41)	(41)
Total investments and other assets	19,839	15,826
Total non-current assets	85,455	82,266
Total assets	132,655	134,804

(Millions of Yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,913	10,526
Short-term loans payable	11,405	11,765
Current portion of long-term loans payable	7,267	3,969
Current portion of bonds	70	70
Income taxes payable	474	787
Provision for bonuses	425	235
Provision for environmental measures	0	20
Other	8,166	8,896
Total current liabilities	38,723	36,270
Non-current liabilities		
Bonds payable	508	437
Long-term loans payable	11,506	13,224
Deferred tax liabilities	1,253	1,081
Provision for directors' retirement benefits	55	60
Provision for environmental measures	53	54
Provision for business structure improvement	557	26
Net defined benefit liability	1,636	1,579
Asset retirement obligations	621	615
Other	60	66
Total non-current liabilities	16,254	17,145
Total liabilities	54,977	53,416
Net assets		
Shareholders' equity		
Capital stock	11,485	11,485
Capital surplus	12,698	11,030
Retained earnings	47,910	54,298
Treasury shares	(4,494)	(4,999)
Total shareholders' equity	67,599	71,814
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,657	3,139
Deferred gains or losses on hedges	0	—
Remeasurements of defined benefit plans	(348)	(301)
Total accumulated other comprehensive income	3,309	2,838
Share acquisition rights	146	176
Non-controlling interests	6,622	6,559
Total net assets	77,678	81,388
Total liabilities and net assets	132,655	134,804

(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, 2019	Nine Months ended December 31, 2020
Net sales	60,065	56,455
Cost of sales	52,399	48,403
Gross profit	7,666	8,052
Selling, general and administrative expenses	5,943	6,046
Operating income	1,722	2,005
Non-operating income		
Interest income	0	0
Dividend income	372	326
Rent income	80	96
Insurance income	123	76
Share of profit of entities accounted for using equity method	1,328	1,595
Other	193	164
Total non-operating income	2,098	2,259
Non-operating expenses		
Interest expenses	140	156
Commission expenses	166	68
Other	63	39
Total non-operating expenses	370	264
Ordinary income	3,450	4,000
Extraordinary income		
Gain on sales of non-current assets	11	24
Gain on sales of investment securities	—	5,898
Compensation for expropriation	67	—
Insurance income	109	—
Other	—	11
Total extraordinary income	188	5,934
Extraordinary losses		
Loss on sales of non-current assets	3	36
Loss on retirement of non-current assets	348	235
Loss on valuation of investment securities	3	—
Provision for environmental measures	34	23
Business restructuring expenses	480	—
Other	—	10
Total extraordinary losses	870	306
Profit before income taxes	2,768	9,628
Income taxes - current	342	2,070
Income taxes - deferred	114	106
Total income taxes	457	2,176
Profit	2,311	7,451
Profit attributable to non-controlling interests	136	35
Profit attributable to owners of parent	2,175	7,416

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine Months ended December 31, 2019	Nine Months ended December 31, 2020
Profit	2,311	7,451
Other comprehensive income		
Valuation difference on available-for-sale securities	115	(516)
Deferred gains or losses on hedges	—	(0)
Remeasurements of defined benefit plans	26	46
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	142	(470)
Comprehensive income	2,454	6,981
Comprehensive income attributable to		
Owners of parent	2,317	6,944
Non-controlling interests	136	36

Segment Information

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

Nine Months ended December 31, 2019

(Millions of yen)

	Industrial Material	Special Material	Household Products	Environment Related	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales							
Sales to outside	28,075	15,734	13,370	2,884	60,065	—	60,065
Intersegment sales and transfers	1,457	604	217	1,585	3,865	(3,865)	—
Total	29,533	16,339	13,587	4,470	63,930	(3,865)	60,065
Segment profit or loss	700	773	406	(89)	1,791	(68)	1,722

Nine Months ended December 31, 2020

(Millions of yen)

	Industrial Material	Special Material	Household Products	Environment Related	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales							
Sales to outside	26,089	13,100	12,548	4,716	56,455	—	56,455
Intersegment sales and transfers	1,441	440	156	1,572	3,611	(3,611)	—
Total	27,531	13,541	12,704	6,289	60,067	(3,611)	56,455
Segment profit or loss	807	699	678	(84)	2,100	(95)	2,005

Notes:

1. “Adjustment” comprises the following:

Segment profit

	Nine Months ended December 31, 2019	Nine Months ended December 31, 2020
Corporate expenses	(223)	(192)
Elimination, etc.	154	96
Total	(68)	(95)

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