

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (unaudited) (Based on Japanese GAAP)

February 14, 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: February 14, 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 Nine Months Ended December 31, 2021 (April 1, 2021 – December 31, 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	
Nine Months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	59,794	5.9	3,366	67.9	4,728	18.2	4,610	(37.8)
December 31, 2020	56,455	(6.0)	2,005	16.4	4,000	15.9	7,416	241.0

Note: Comprehensive income

Nine Months ended December 31, 2021	4,475 million yen	(35.9)%
Nine Months ended December 31, 2020	6,981 million yen	184.5%

	Basic earnings per share	Diluted earnings per share
Nine Months ended	Yen	Yen
December 31, 2021	344.73	343.38
December 31, 2020	550.89	548.63

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2021	129,212	82,420	58.9
As of March 31, 2021	128,091	80,286	57.3

Reference: Equity	As of December 31, 2021	76,093 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	—	50.00	—		
Fiscal year ending March 31, 2022 (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, 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	4,000	23.9	5,000	(16.3)	4,000	(28.5)	299.09

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: | 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, 2021 | 14,900,000 shares |
| March 31, 2021 | 14,900,000 shares |
- (ii) Number of treasury shares as of:
- | | |
|-------------------|------------------|
| December 31, 2021 | 1,522,426 shares |
| March 31, 2021 | 1,534,775 shares |
- (iii) Average number of shares during the period:
- | | |
|-------------------------------------|-------------------|
| Nine months ended December 31, 2021 | 13,373,768 shares |
| Nine months ended December 31, 2020 | 13,462,532 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 December 31, 2021
Assets		
Current assets		
Cash and deposits	13,532	12,306
Notes and accounts receivable - trade	24,428	—
Notes and accounts receivable - trade, and contract assets	—	27,920
Merchandise and finished goods	4,241	3,815
Work in process	728	961
Raw materials and supplies	4,640	5,377
Other	921	835
Allowance for doubtful accounts	(15)	(16)
Total current assets	48,478	51,200
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,185	17,020
Machinery, equipment and vehicles, net	29,053	29,210
Land	12,134	12,201
Other, net	2,598	1,637
Total property, plant and equipment	60,971	60,070
Intangible assets		
Goodwill	1,271	1,164
Other	416	362
Total intangible assets	1,688	1,527
Investments and other assets		
Investment securities	15,593	14,684
Deferred tax assets	553	600
Other	847	1,169
Allowance for doubtful accounts	(41)	(41)
Total investments and other assets	16,952	16,413
Total non-current assets	79,612	78,012
Total assets	128,091	129,212

(Millions of Yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,075	11,038
Short-term loans payable	6,445	9,625
Current portion of long-term loans payable	4,156	4,934
Current portion of bonds	70	70
Income taxes payable	1,160	392
Provision for bonuses	422	227
Provision for environmental measures	35	38
Other	8,492	7,245
Total current liabilities	30,858	33,571
Non-current liabilities		
Bonds payable	420	367
Long-term loans payable	13,728	9,849
Deferred tax liabilities	725	896
Provision for directors' retirement benefits	64	75
Provision for environmental measures	52	51
Net defined benefit liability	1,230	1,251
Asset retirement obligations	658	654
Other	67	74
Total non-current liabilities	16,946	13,220
Total liabilities	47,804	46,792
Net assets		
Shareholders' equity		
Capital stock	11,485	11,485
Capital surplus	11,030	10,922
Retained earnings	52,476	55,415
Treasury shares	(5,000)	(4,960)
Total shareholders' equity	69,991	72,863
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,474	3,245
Deferred gains or losses on hedges	—	(0)
Remeasurements of defined benefit plans	(37)	(14)
Total accumulated other comprehensive income	3,436	3,230
Share acquisition rights	176	164
Non-controlling interests	6,681	6,161
Total net assets	80,286	82,420
Total liabilities and net assets	128,091	129,212

(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, 2020	Nine Months ended December 31, 2021
Net sales	56,455	59,794
Cost of sales	48,403	50,837
Gross profit	8,052	8,957
Selling, general and administrative expenses	6,046	5,590
Operating income	2,005	3,366
Non-operating income		
Interest income	0	0
Dividend income	326	251
Rent income	96	93
Insurance income	76	43
Share of profit of entities accounted for using equity method	1,595	963
Other	164	187
Total non-operating income	2,259	1,539
Non-operating expenses		
Interest expenses	156	103
Commission expenses	68	32
Other	39	41
Total non-operating expenses	264	178
Ordinary income	4,000	4,728
Extraordinary income		
Gain on sales of non-current assets	24	1,497
Gain on sales of investment securities	5,898	—
National subsidies	—	84
Gain on extinguishment of tie-in shares	—	57
Other	11	4
Total extraordinary income	5,934	1,643
Extraordinary losses		
Loss on sales of non-current assets	36	0
Loss on retirement of non-current assets	235	91
Provision for environmental measures	23	—
Other	10	9
Total extraordinary losses	306	100
Profit before income taxes	9,628	6,270
Income taxes - current	2,070	1,383
Income taxes - deferred	106	205
Total income taxes	2,176	1,589
Profit	7,451	4,681
Profit attributable to non-controlling interests	35	71
Profit attributable to owners of parent	7,416	4,610

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine Months ended December 31, 2020	Nine Months ended December 31, 2021
Profit	7,451	4,681
Other comprehensive income		
Valuation difference on available-for-sale securities	(516)	(234)
Deferred gains or losses on hedges	(0)	(0)
Remeasurements of defined benefit plans	46	23
Share of other comprehensive income of entities accounted for using equity method	0	5
Total other comprehensive income	(470)	(205)
Comprehensive income	6,981	4,475
Comprehensive income attributable to		
Owners of parent	6,944	4,404
Non-controlling interests	36	70

Segment Information

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

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

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	2,175	606	(151)	3,473	(106)	3,366

Notes:

1. “Adjustment” comprises the following:

Segment profit

	Nine Months ended December 31, 2020	Nine Months ended December 31, 2021
Corporate expenses	(192)	(209)
Elimination, etc.	96	103
Total	(95)	(106)

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