

# 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 |        |
|-------------------|-----------------|-------|------------------|--------|-----------------|--------|---|--------|
| Nine Months ended | Millions of yen | %     | Millions of yen  | %      | Millions of yen | %      | Millions of yen                         | %      |
| 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 <sup>st</sup> quarter end | 2 <sup>nd</sup> quarter end | 3 <sup>rd</sup> 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<br>December 31, 2019 | Nine Months ended<br>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<br>December 31, 2019 | Nine Months ended<br>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<br>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<br>Material | Special<br>Material | Household<br>Products | Environment<br>Related | Total  | Adjustment<br>(Note 1) | Consolidated<br>(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<br>Material | Special<br>Material | Household<br>Products | Environment<br>Related | Total  | Adjustment<br>(Note 1) | Consolidated<br>(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<br>December 31, 2019 | Nine Months ended<br>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.