

# Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (unaudited) (Based on Japanese GAAP)

February 14, 2024

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, 2024  
 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, 2023 (April 1, 2023 – December 31, 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	%
Nine Months ended								
December 31, 2023	64,908	2.9	1,612	15.4	4,713	48.6	3,649	(0.9)
December 31, 2022	63,104	5.5	1,397	(58.5)	3,171	(32.9)	3,680	(20.2)

Note: Comprehensive income

Nine Months ended December 31, 2023	4,473 million yen	89.0%
Nine Months ended December 31, 2022	2,366 million yen	(47.1)%

	Basic earnings per share	Diluted earnings per share
Nine Months ended	Yen	Yen
December 31, 2023	308.10	306.99
December 31, 2022	307.37	306.27

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	131,723	81,890	56.9
As of March 31, 2023	123,347	78,576	58.5

Reference: Equity	As of December 31, 2023	74,982 million yen
	As of March 31, 2023	72,102 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, 2023	—	50.00	—	50.00	100.00
March 31, 2024	—	50.00	—		
Fiscal year ending March 31, 2024 (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, 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: |                   |
| December 31, 2023  | 13,300,000 shares |
| March 31, 2023   | 13,300,000 shares |
| (ii) Number of treasury shares as of:                          |                   |
| December 31, 2023  | 1,504,687 shares  |
| March 31, 2023   | 1,405,700 shares  |
| (iii) Average number of shares during the period:              |                   |
| Nine months ended December 31, 2023                            | 11,844,245 shares |
| Nine months ended December 31, 2022                            | 11,975,423 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	10,298	10,982
Notes and accounts receivable - trade, and contract assets	26,698	28,596
Merchandise and finished goods	5,057	5,226
Work in process	955	1,538
Raw materials and supplies	7,234	6,764
Other	1,253	1,666
Allowance for doubtful accounts	(17)	(28)
Total current assets	51,479	54,746
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,422	16,300
Machinery, equipment and vehicles, net	27,593	27,444
Land	11,066	12,640
Other, net	2,026	2,708
Total property, plant and equipment	57,108	59,093
Intangible assets		
Goodwill	986	2,673
Other	285	257
Total intangible assets	1,272	2,930
Investments and other assets		
Investment securities	11,029	13,126
Deferred tax assets	1,313	906
Other	1,184	960
Allowance for doubtful accounts	(41)	(41)
Total investments and other assets	13,486	14,952
Total non-current assets	71,867	76,977
Total assets	123,347	131,723

(Millions of Yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	10,068	9,989
Short-term loans payable	10,065	10,212
Current portion of long-term loans payable	3,904	4,845
Current portion of bonds	70	80
Income taxes payable	447	342
Provision for bonuses	436	302
Provision for business restructuring	—	145
Other	6,602	7,409
Total current liabilities	31,594	33,328
Non-current liabilities		
Bonds payable	280	252
Long-term loans payable	10,088	13,164
Deferred tax liabilities	446	490
Provision for directors' retirement benefits	72	96
Provision for environmental measures	52	47
Retirement benefit liability	1,349	1,402
Asset retirement obligations	596	647
Other	289	403
Total non-current liabilities	13,176	16,505
Total liabilities	44,771	49,833
<b>Net assets</b>		
Shareholders' equity		
Capital stock	11,485	11,485
Capital surplus	5,502	5,503
Retained earnings	58,734	61,199
Treasury shares	(4,755)	(5,088)
Total shareholders' equity	70,967	73,098
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,158	1,893
Deferred gains or losses on hedges	(0)	0
Remeasurements of defined benefit plans	(23)	(10)
Total accumulated other comprehensive income	1,135	1,883
Share acquisition rights	129	144
Non-controlling interests	6,344	6,763
Total net assets	78,576	81,890
Total liabilities and net assets	123,347	131,723

## (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, 2022	Nine Months ended December 31, 2023
Net sales	63,104	64,908
Cost of sales	56,446	57,381
Gross profit	6,657	7,527
Selling, general and administrative expenses	5,260	5,915
Operating income	1,397	1,612
Non-operating income		
Interest income	0	4
Dividend income	235	210
Rent income	92	91
Insurance income	24	116
Share of profit of entities accounted for using equity method	1,415	2,618
Other	210	232
Total non-operating income	1,977	3,274
Non-operating expenses		
Interest expenses	100	114
Commission expenses	45	—
Other	57	58
Total non-operating expenses	203	173
Ordinary income	3,171	4,713
Extraordinary income		
Gain on sales of non-current assets	4	23
Gain on sales of investment securities	1,835	57
Compensation for forced relocation	—	255
National subsidies	—	129
Total extraordinary income	1,840	464
Extraordinary losses		
Loss on sales of non-current assets	0	—
Loss on retirement of non-current assets	90	105
Impairment losses	57	105
Loss on disaster	44	—
Restoration expenses on facilities	—	281
Loss on valuation of shares of subsidiaries and associates	—	45
Business restructuring expenses	—	181
Total extraordinary losses	192	719
Profit before income taxes	4,819	4,458
Income taxes - current	960	696
Income taxes - deferred	123	37
Total income taxes	1,084	733
Profit	3,735	3,725
Profit attributable to non-controlling interests	54	76
Profit attributable to owners of parent	3,680	3,649

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine Months ended December 31, 2022	Nine Months ended December 31, 2023
Profit	3,735	3,725
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,385)	728
Deferred gains or losses on hedges	(0)	0
Remeasurements of defined benefit plans	20	13
Share of other comprehensive income of entities accounted for using equity method	(2)	5
Total other comprehensive income	(1,368)	747
Comprehensive income	2,366	4,473
Comprehensive income attributable to		
Owners of parent	2,314	4,397
Non-controlling interests	52	75

## Segment Information

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

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

Nine Months ended December 31, 2023

(Millions of yen)

	Industrial Material	Special Material	Household Products	Environment Related	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales							
Sales to outside	30,110	14,634	13,754	6,409	64,908	—	64,908
Intersegment sales and transfers	1,985	644	155	2,228	5,013	(5,013)	—
Total	32,095	15,279	13,909	8,637	69,922	(5,013)	64,908
Segment profit	824	139	523	199	1,686	(74)	1,612

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.