Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (unaudited) (Based on Japanese GAAP)

August 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	
For inquiry:	Executive Officer and Senior General Manager	Hiro Mochizuki	TEL +81-3-5219-1816
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, 2024 (April 1, 2024 – June 30, 2024)

(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	
Three Months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	22,702	10.4	1,049	350.0	1,971	41.4	1,408	12.2
June 30, 2023	20,558	(2.4)	233	(70.9)	1,394	(19.1)	1,254	(51.5)

Note: Comprehensive income

Three Months ended June 30, 2024	1,822 million yen	1.8%
Three Months ended June 30, 2023	1,790 million yen	69.2%

	Basic earnings per share	Diluted earnings per share
Three Months ended	Yen	Yen
June 30, 2024	119.38	118.93
June 30, 2023	105.51	105.16

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	135,515	84,840	57.4
As of March 31, 2024	132,978	83,927	57.8

Reference: Equity	As of June 30, 2024	77,821 million yen
	As of March 31, 2024	76,866 million yen

2. Dividends

	Annual Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	End of fiscal year	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2024	—	50.00	—	70.00	120.00
March 31, 2025	—				
Fiscal year ending March 31, 2025 (Forecast)		60.00	—	60.00	120.00

Note: Revision to dividend forecasts published most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(% 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	93,000	7.5	3,100	35.0	5,500	(11.1)	4,300	(6.3)	363.42

Note: Revision to financial forecasts published most recently: No

4. Others

[1] Significant changes in the scope of consolidation during the period: Yes

New Takafuji Holdings Co., Ltd.
Takafuji Co., Ltd.

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:

June 30, 2024 13,000,000 shares
March 31, 2024 13,300,000 shares

(ii) Number of treasury shares as of:

June 30, 2024 1,197,838 shares
March 31, 2024 1,504,938 shares

(iii) Average number of shares during the period:

Three months ended June 30, 2024 11,795,374shares
Three months ended June 30, 2023 11,894,314 shares

*Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: No

*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, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	13,433	10,543
Notes and accounts receivable - trade, and contract assets	26,201	28,940
Merchandise and finished goods	5,568	5,825
Work in process	1,127	1,258
Raw materials and supplies	6,259	6,432
Other	1,585	1,693
Allowance for doubtful accounts	(26)	(28)
Total current assets	54,151	54,666
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,207	17,006
Machinery, equipment and vehicles, net	27,281	27,000
Land	12,640	13,012
Other, net	3,843	3,977
Total property, plant and equipment	59,972	60,996
Intangible assets		
Goodwill	2,590	3,768
Other	256	273
Total intangible assets	2,847	4,041
Investments and other assets		
Investment securities	14,449	13,938
Deferred tax assets	641	564
Other	958	1,349
Allowance for doubtful accounts	(41)	(41)
Total investments and other assets	16,007	15,810
Total non-current assets	78,827	80,848
Total assets	132,978	135,515

(Millions of Yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,831	10,764
Short-term loans payable	9,550	10,648
Current portion of long-term loans payable	4,634	4,812
Current portion of bonds	80	110
Income taxes payable	740	314
Provision for bonuses	482	307
Other	8,271	6,752
Total current liabilities	33,590	33,710
Non-current liabilities		
Bonds payable	230	272
Long-term loans payable	12,420	13,337
Deferred tax liabilities	438	715
Provision for directors' retirement benefits	95	96
Provision for environmental measures	47	47
Retirement benefit liability	936	957
Asset retirement obligations	642	639
Other	648	897
Total non-current liabilities	15,460	16,964
Total liabilities	49,050	50,674
Net assets		
Shareholders' equity		
Capital stock	11,485	11,485
Capital surplus	5,503	4,487
Retained earnings	62,140	62,722
Treasury shares	(5,089)	(4,051)
Total shareholders' equity	74,038	74,644
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,514	2,864
Deferred gains or losses on hedges	(0)	1
Remeasurements of defined benefit plans	313	311
Total accumulated other comprehensive income	2,827	3,177
Share acquisition rights	144	121
Non-controlling interests	6,916	6,897
Total net assets	83,927	84,840
Total liabilities and net assets	132,978	135,515

(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, 2023	Three Months ended June 30, 2024
Net sales	20,558	22,702
Cost of sales	18,357	19,560
Gross profit	2,200	3,142
Selling, general and administrative expenses	1,967	2,093
Operating income	233	1,049
Non-operating income		
Interest income	0	1
Dividend income	116	136
Rent income	37	32
Insurance income	24	68
Share of profit of entities accounted for using equity method	945	601
Other	87	135
Total non-operating income	1,211	976
Non-operating expenses		
Interest expenses	36	41
Other	14	12
Total non-operating expenses	50	54
Ordinary income	1,394	1,971
Extraordinary income		
Gain on sales of non-current assets	2	4
Gain on sales of investment securities	―	1
Compensation for forced relocation	255	―
Total extraordinary income	257	5
Extraordinary losses		
Loss on sales of non-current assets	―	2
Loss on retirement of non-current assets	29	16
Impairment losses	105	―
Business restructuring expenses	―	24
Total extraordinary losses	134	42
Profit before income taxes	1,517	1,934
Income taxes - current	113	251
Income taxes - deferred	124	211
Total income taxes	237	462
Profit	1,279	1,472
Profit (loss) attributable to non-controlling interests	24	64
Profit attributable to owners of parent	1,254	1,408

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three Months ended June 30, 2023	Three Months ended June 30, 2024
Profit	1,279	1,472
Other comprehensive income		
Valuation difference on available-for-sale securities	492	347
Deferred gains or losses on hedges	(0)	1
Remeasurements of defined benefit plans	13	(2)
Share of other comprehensive income of entities accounted for using equity method	5	3
Total other comprehensive income	510	349
Comprehensive income	1,790	1,822
Comprehensive income attributable to		
Owners of parent	1,765	1,757
Non-controlling interests	24	64

Segment Information

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

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

Three Months ended June 30, 2024

(Millions of yen)

	Industrial Material	Special Material	Household Products	Environment Related	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales							
Sales to outside	10,151	5,116	4,483	2,951	22,702	—	22,702
Intersegment sales and transfers	635	138	36	837	1,647	(1,647)	—
Total	10,787	5,254	4,520	3,788	24,350	(1,647)	22,702
Segment profit or loss	221	520	150	109	1,001	48	1,049

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.