



Results of Operations for the Fiscal Year Ended March 31, 2023

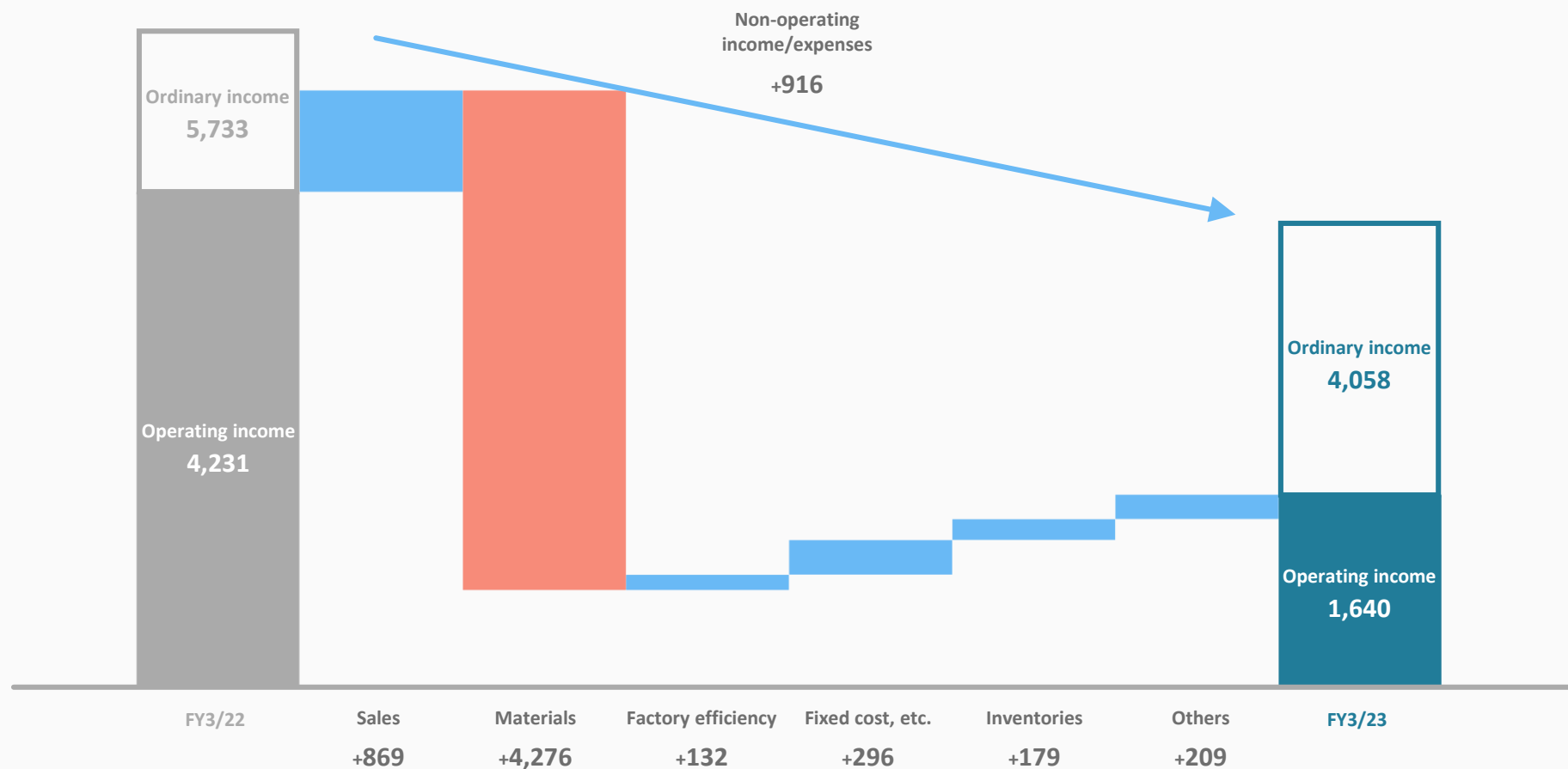
Tokushu Tokai Paper Co., Ltd. (TSE Prime, 3708)

- High prices of raw materials and fuel created a challenging business climate.
- Although the benefits of price revisions began to emerge, sales increased but earnings were lower.

	FY3/22	FY3/23	YoY	
Net sales	80,711	84,130	+3,419	+4.2%
Operating income	4,231	1,640	-2,591	-61.2%
Ordinary income	5,733	4,058	-1,675	-29.2%
Profit attributable to owners of parent	5,251	4,130	-1,121	-21.3%

Components of Changes in Earnings

(Millions of yen)



Segment Information

- Sales increased in the industrial materials and household products segments but were down in the specialty materials segment because of a decline in the sales volume.
- Environment-related sales and earnings increased as growth continues in this segment.

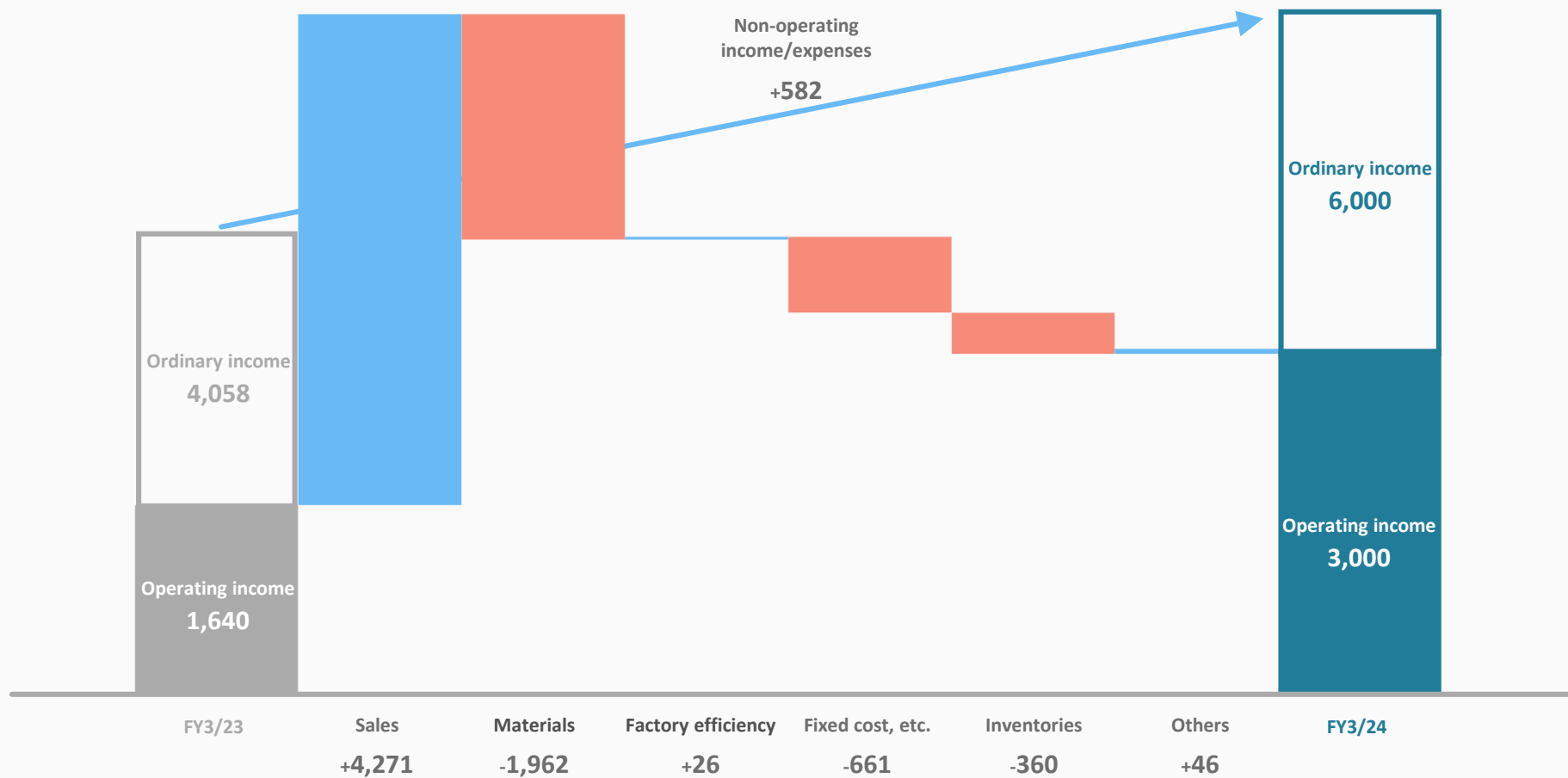
		FY3/22	FY3/23	YoY
Industrial Materials Business	Net sales	39,375	43,493	+4,118
	Operating income	1,154	977	-177
Specialty Materials Business	Net sales	21,275	20,661	-614
	Operating income	2,390	615	-1,775
Household Products Business	Net sales	16,859	17,358	+499
	Operating income	574	(139)	-713
Environment Related Business	Net sales	8,174	8,502	+328
	Operating income	2	84	+82
Elimination/ adjustment	Net sales	(4,974)	(5,884)	-910
	Operating income	109	101	-8
Total	Net sales	80,711	84,130	+3,419
	Operating income	4,231	1,640	-2,591

- Forecast a V-shaped recovery in FY3/24 due to the benefits of price revisions in all three paper segments.

	FY3/23	FY3/24	YoY	
Net sales	84,130	90,000	+5,870	+7.0%
Operating income	1,640	3,000	+1,360	+82.8%
Ordinary income	4,058	6,000	+1,942	+47.8%
Profit attributable to owners of parent	4,130	4,000	-130	-3.2%

Components in Change in FY3/24 Earnings

(Millions of yen)



Summary of the 6th Medium-term Management Plan

Tokushu Tokai Paper Co., Ltd. (TSE Prime, 3708)

* For details, please see “The 6th Medium-term Management Plan” released the same day.

Medium/long-term growth at the TTP Group of

Corporate Value =



Contributions to a sustainable society

In the past
In the future

To help create a society where resources are reused, we are concentrating on the **environment related business** in order to expand to new business domains other than the core paper business. We are dedicated to playing a role in achieving a sustainable society.

New Business Domains

**Expansion to Environment
Related Business**

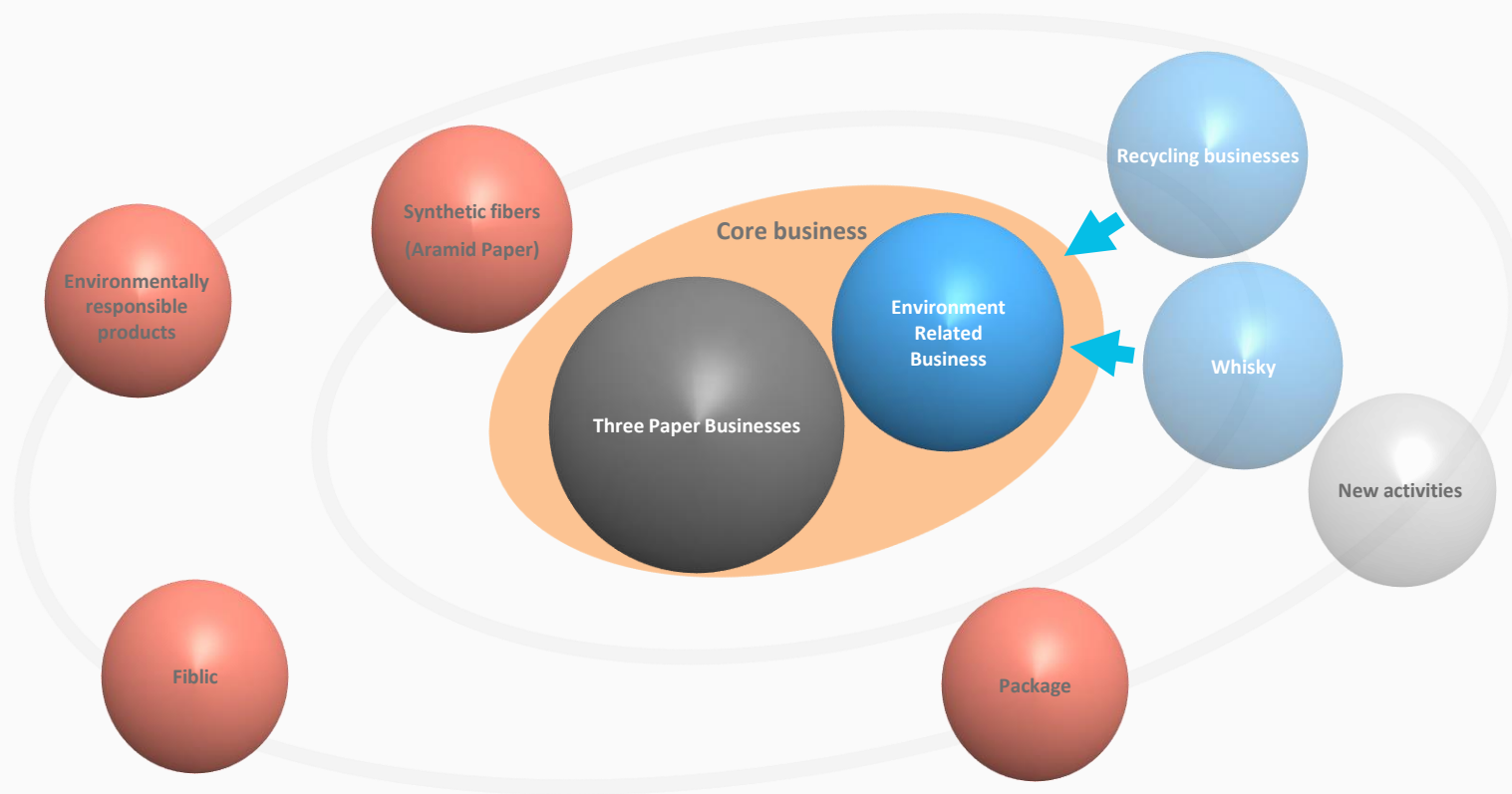
**A Stronger Infrastructure
for Business Operations**

**Growth of the Three Paper
Businesses**

Progress at TTP

Actions for the growth of corporate value

Business Portfolio Realignment and Innovation



Realignment and Innovation = Shift from the shrinking paper/pulp business to the **recycling sector**, where more growth is expected

Growth Centered on the Environment Related Business

Prior year results

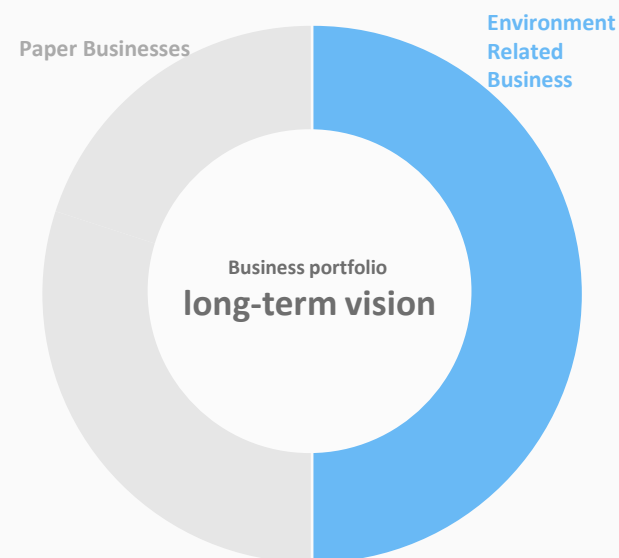
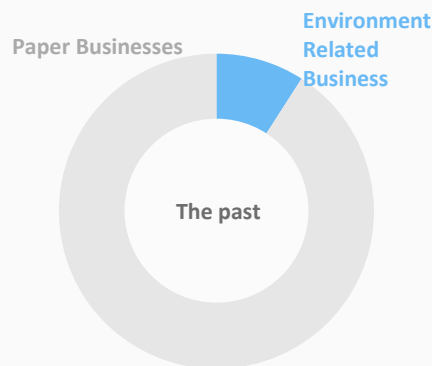
Operating income:	¥1.6 billion
Ordinary income:	¥4.0 billion
ROE	5.7%

Sixth Medium-term Management Plan Goals

Operating income:	¥5.0 billion
Ordinary income:	¥8.0 billion
ROE	7.0%

Long-term goals

Operating income:	¥10.0 billion
Ordinary income:	¥13.0 billion
ROE	8.0%



Slogan of the Sixth Medium-term Plan based on our long-term vision

Selections, Challenges and Innovations

Selections for assembling a new business portfolio

New Business Domains (Environment Related Business)

Growth of the Paper Businesses

Challenges

Growth of the Resource
Reuse businesses

Natural Environment Business
Effective use of TTP forests

Make the paper
businesses stronger

Innovations

Operate a diversified
recycling business

Make this business a
profit center

Create new satellite businesses

Investments for growth

Total of **¥8.7** billion

¥4.8 billion (55%)

¥0.4 billion (5%)

¥3.5 billion (40%)

Selection **1**

The challenge to expand the resource reuse business

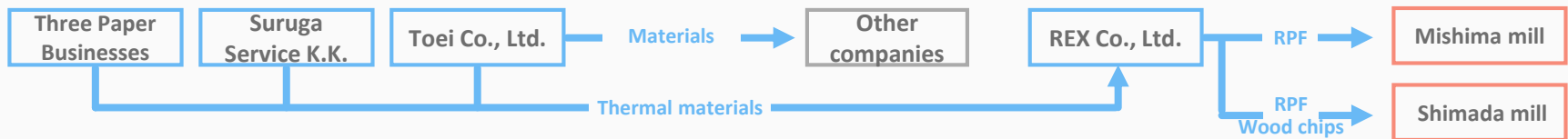


Innovation

Use R&D concerning advanced recycling technologies to
create a diversified recycling business

Material recycling

Thermal recycling

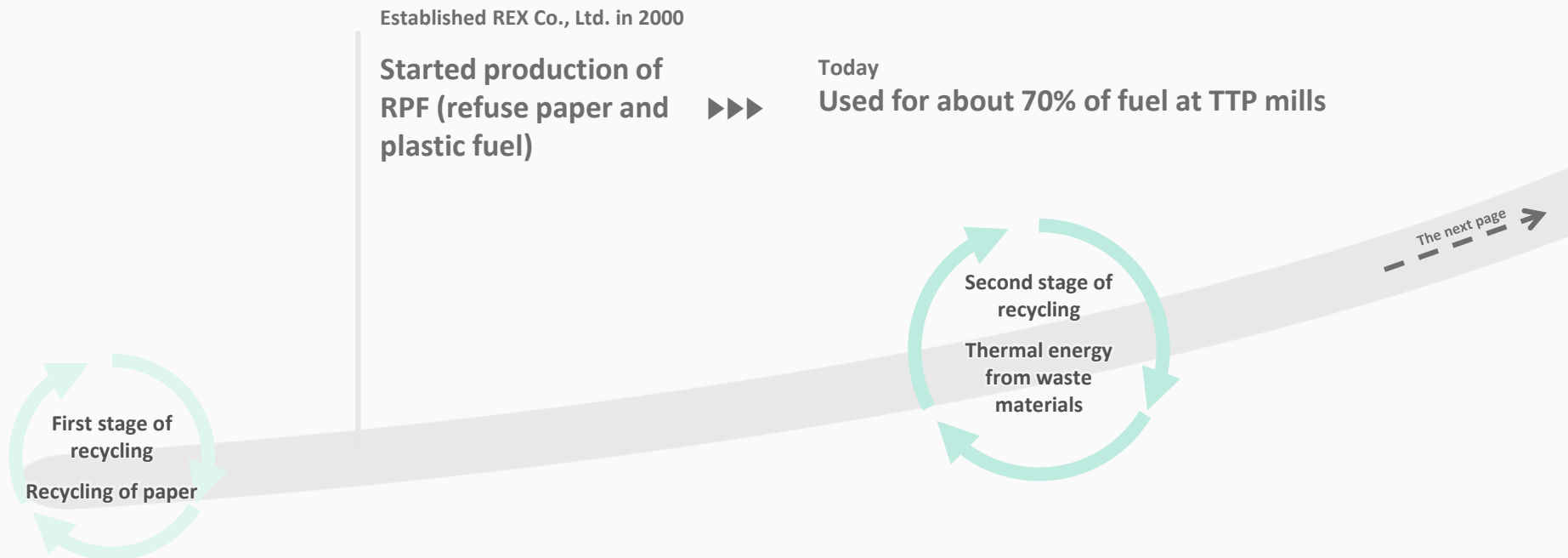


Sixth Medium-term Plan goal for the resource reuse business

Compared with the final year of the Fifth Medium-term Plan
operating income growth + **600** million

Due to large investments during the Fifth Medium-term Plan, the resource reuse business

Thermal energy from waste materials = Reached stage 2 of recycling



Acquired Suruga Service K.K. in 2020

Equity investment in Total Environmental Innovation Co., Ltd. (Toei)

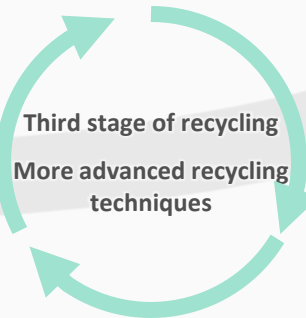
Acquired Suruga Service in 2020

Enlargement of recycling operations

▶▶▶ Able to collect even more waste materials



Today



Industrial and general waste materials
Waste material collection and transport capabilities

Home appliances, glass, etc.
Technologies for reuse as resources

Going beyond recycling
Knowledge encompassing many fields

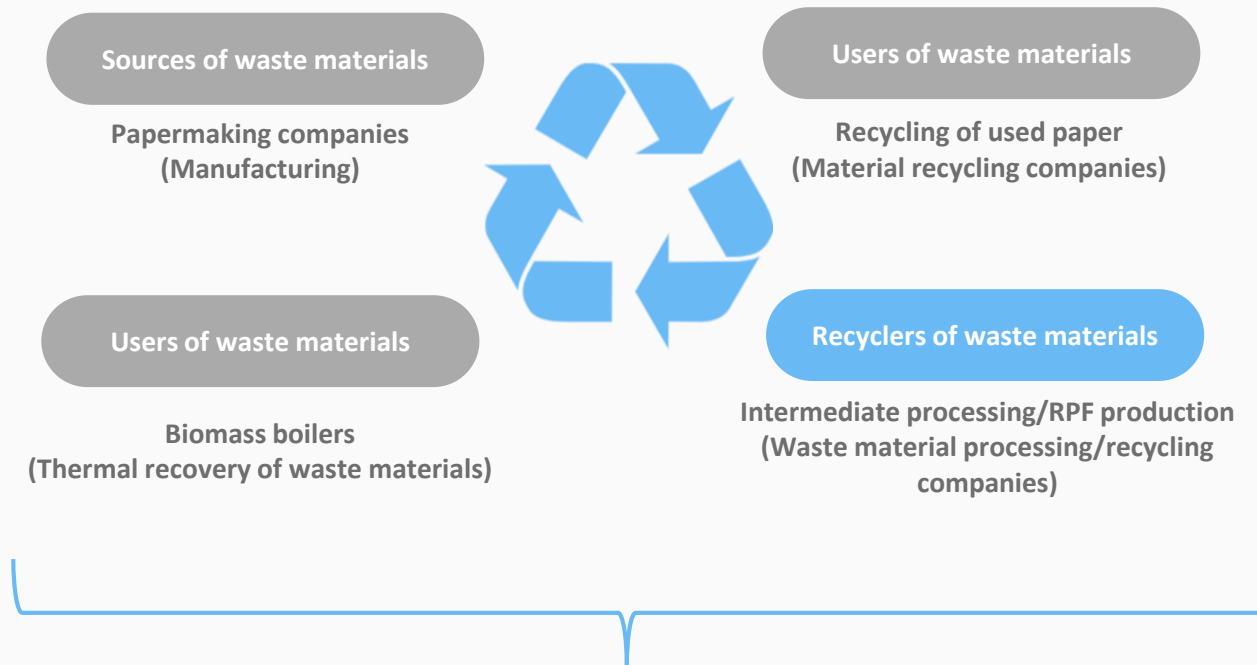
Toei
Total environmental innovation

Taking the resource reuse business to the

Material Recycling Stage

The additions of REX, Suruga Service and Toei

Greatly strengthen the TTP Group's resource recycling infrastructure



Complete coverage of resource recycling within the TTP Group

TTP will continue to use its resources to help create a society where materials are recycled

Selection

2

The **challenge** of creating businesses
that utilize nature, including the
effective use of TTP's forests



Innovation

Make this business a profit center

TTP's Ikawa Forest covers 24,430 hectares

The forest will be preserved as a central element of TTP's identity

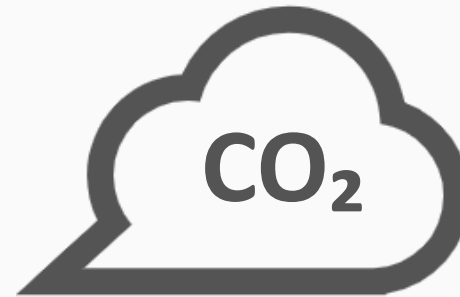
Theme

Return the value of the Ikawa Forest to society



Preserve biodiversity

- The forest prevents landslides
- The forest collects and retains water



Absorption, fixation and storage of CO₂

- The forest helps combat global warming

Using the value of the Ikawa Forest for

Growth of the Whisky Business

Theme

A whisky brand backed by nature and manufacturing artisans



- Whisky produced and aged over time amid nature including an abundance of alpine plants.
- Manufacturing expertise and craftsmanship acquired over many years of papermaking underpins an uncompromising commitment to quality (fabrication of a highly distinctive whisky).
- Production uses hydroelectric power, which generates no CO₂.

- Increase the value of the Ikawa Forest as a business resource of the TTP Group.
- Use the sale of whisky as one way to return the value of the forest to society.

Whisky business goal of the Sixth Medium-term Plan

Contribute to **earnings**

Selection **3**

The **challenge** of altering the
paper business product portfolio



Innovation

Create new satellite businesses

Closure of the Gifu Mill (Announced May 12)

Consolidation of fancy paper production



The Mishima Mill will produce all specialty paper in order to make manufacturing operations even more efficient.

➔ Expected to provide an even more stable supply of products

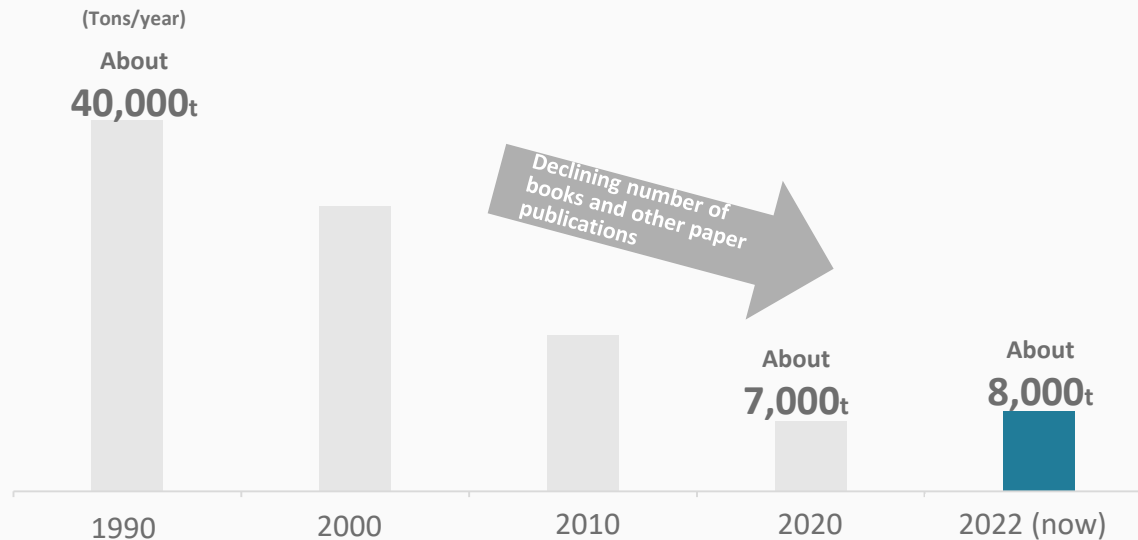


Also plan to relocate the Gifu Mill's mold production machinery to the Mishima Mill

➔ Continuation of mold production

Reason for closure

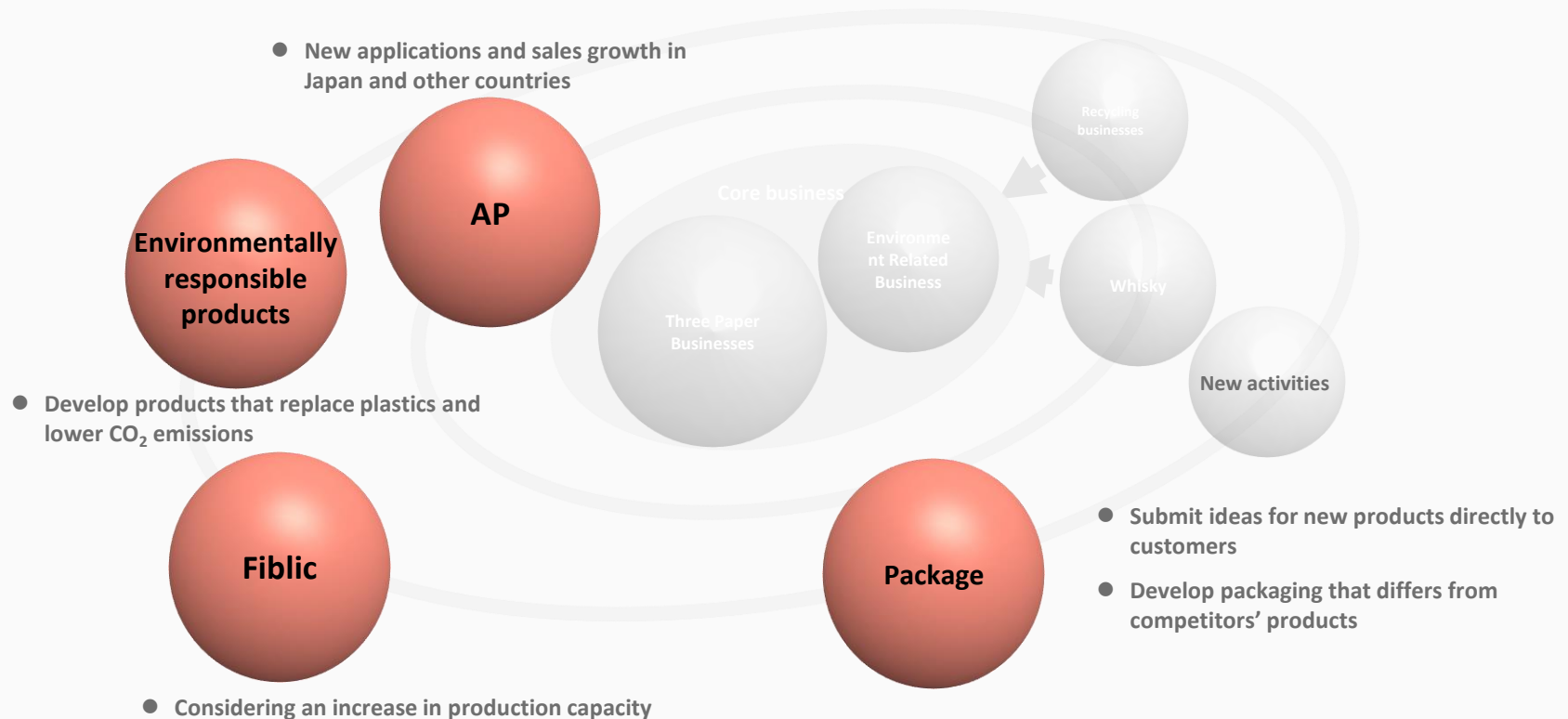
Declining size of the fancy paper market



*TTP fancy paper sales volume. Volume before 2010 includes the Yokoi Mill.

Use R&D and new market development activities to

Create new paper industry satellite businesses



Sixth Medium-term Plan goal for Fibric, synthetic fibers and other satellite businesses

Compared with the final year of the Fifth Medium-term Plan
operating income growth of ¥ **600** million

Studies and Actions

Applications for aramid paper



Studies are under way to devise new uses for aramid (aromatic polyamide) fiber, which has outstanding thermal and electrical resistance and dimensional stability.

Applications for value-added packaging



HITOTOKI brand stationery products of King Jim Co., Ltd. uses TTP molds.



MD Note of Designphil Inc. is made using a mold fabricated with the co-firing of waste materials.

Aiming to **continue creating new satellite businesses** by using marketing and research activities to identify opportunities for new businesses that can create new forms of value from the standpoint of customers

Selections for assembling a new business portfolio

New Business Domains (Environment Related Business) Growth of the Paper Businesses

Challenges

Growth of the Resource
Reuse businesses

Natural Environment Business
Effective use of TTP forests

Make the paper
businesses stronger

Innovations

Operate a diversified
recycling business

Make this business a
profit center

Create new satellite
businesses

Sixth
Medium-
term Plan
Goals

Compared with the final year of the Fifth
Medium-term Plan
operating income growth
+ ¥ **600** million

Become profitable
(improvement of ¥200 million)

Compared with the final year of the Fifth
Medium-term Plan
operating income growth
+ ¥ **600** million

To achieve the goals of the medium-term plan, even more actions for

Managing businesses based on the cost of capital and return on capital

Return on assets (ROA target) > Weighted average cost of capital (WACC)

Emphasis on profitability by using the ROA target as the hurdle for investment decisions

Efficiency

Business unit return on assets (ROA)

= Earnings contribution after taxes* / Total assets of business unit

*Business unit operating income before corporate expenses

Investment decisions

Return on investments (ROI) > Return on assets (ROA target)



This is consistent with the demands of the Tokyo Stock Exchange as explained in the exchange's March 31, 2023 press release "Request for Measures for Management with Emphasis on the Cost of Capital and Stock Prices."

Flexible decisions reflecting current conditions for dividend hikes and repurchasing stock

Improve the PBR and other indicators

Dividend

The basic policy is a stable and consistent dividend using a payout ratio of about 30% as the guideline.



Higher earnings from new business growth and other measures for

Decisions that may include a higher dividend based on the dividend policy

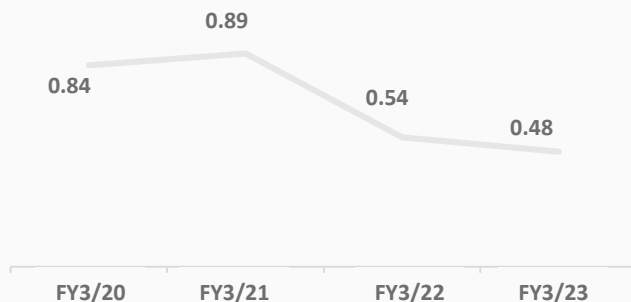
Stock repurchases

About ¥7.4 billion of stock was repurchased during the Fifth Medium-term Plan. Furthermore, based on the policy for holding treasury stock, a number of shares equal to about 10% of all shares issued have been retired.



Based on the current stock price and other factors
Stock repurchases are expected to continue in a timely manner

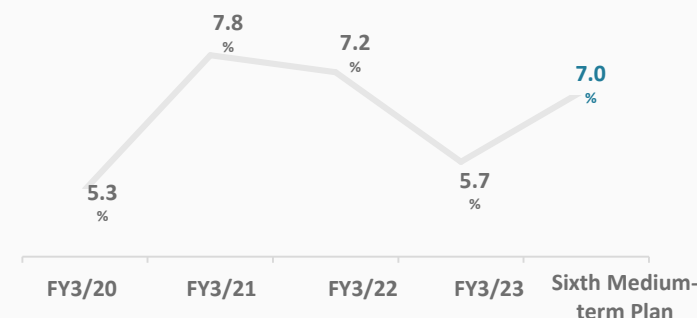
PBR (times)



*Calculated using the stock closing price at the end of each fiscal year.

Performance Indicators

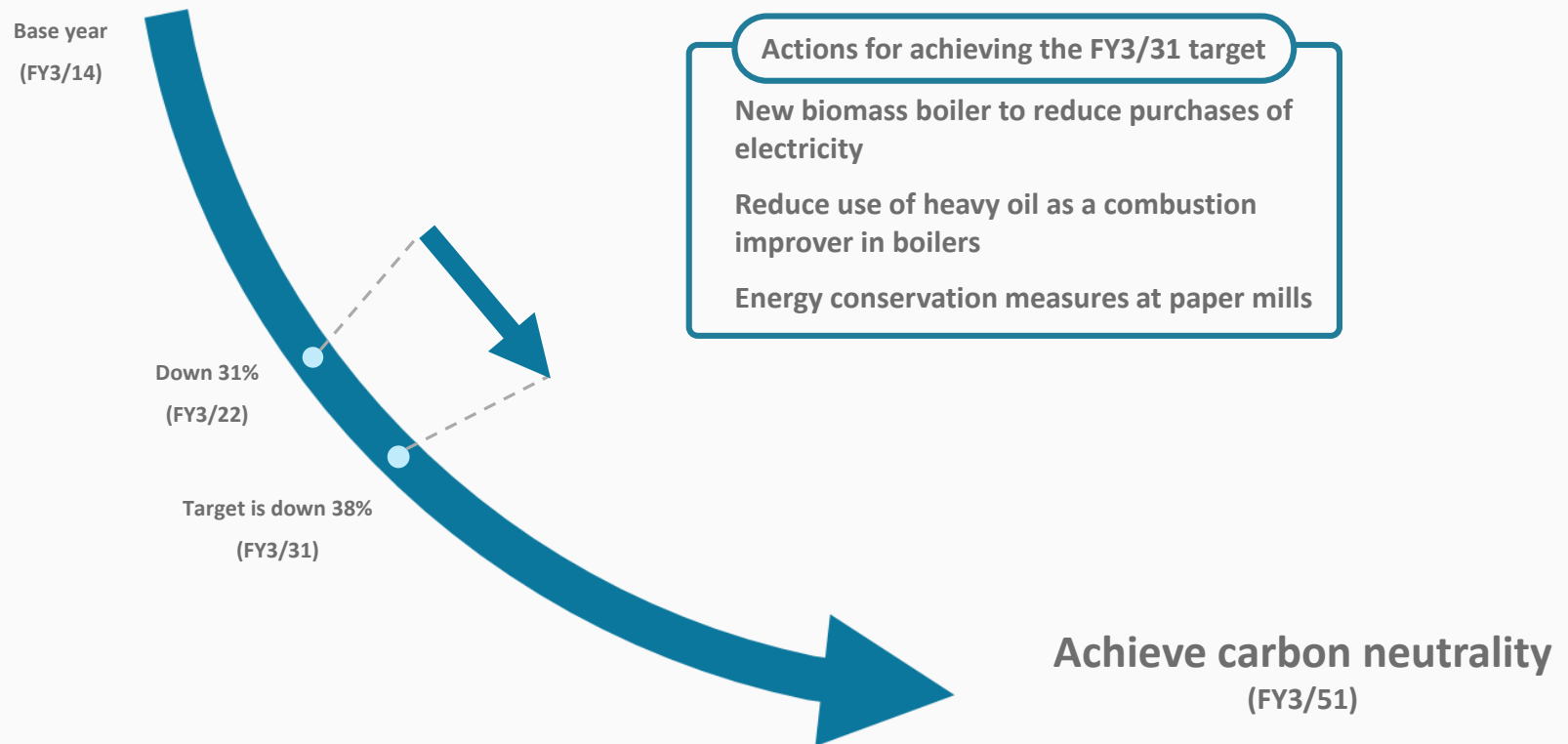
ROE (%)



Due to the new biomass boiler at Shin Tokai Paper (planned for FY3/27) and other actions

The target for the year ending March 2031 is within reach

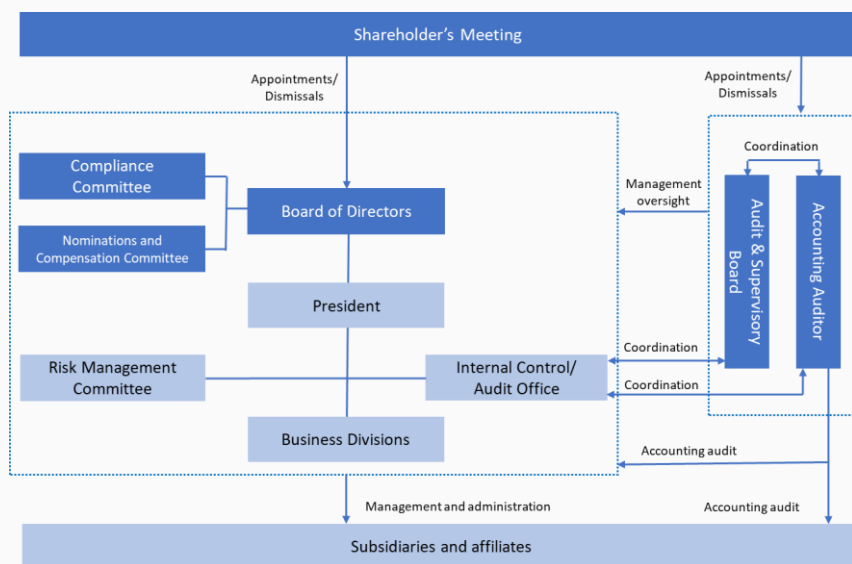
In 2021, TTP's fossil fuel energy CO₂ emission intensity declined to **1/4 of the average for the paper industry**.



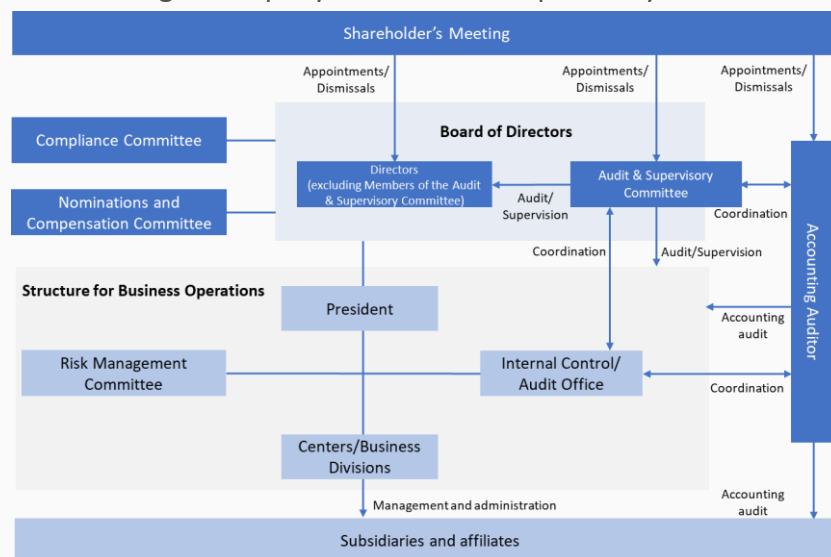
Changing to a new corporate governance system as one step for strengthening management

A shift to a Board of Directors that monitors management

Current: Company with the Audit & Supervisory Board



After change: Company with Audit & Supervisory Committee



The Board of Directors will have **five** internal directors and **six** outside directors, including outside directors who are members of the Supervisory Committee.

Medium/long-term growth at the TTP Group of

Corporate Value =



Contributions to a sustainable society

In the past
In the future

To help create a society where resources are reused, we are concentrating on the **environment related business** in order to expand to new business domains other than the core paper business. We are dedicated to playing a role in achieving a sustainable society.

New Business Domains

**Expansion to Environment
Related Business**

**A Stronger Infrastructure
for Business Operations**

Growth of the Three Paper Businesses

Progress at TTP



Contact

Inquiries:

TEKKO BUILDING 11F, 1-8-2 Marunouchi,
Chiyoda-ku, Tokyo

Tel: +81-3-5219-1816

* Plans, actions and other statements in this presentation are based on management decisions using information that was available as of the date of this presentation. As these statements include numerous risk factors and other uncertainties, actual results of operations may differ from the information in this presentation.

TOKUSHU TOKAI PAPER CO., LTD.