

# **Results of Operations for the First Half of the Fiscal Year Ending March 31, 2024**

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

## Financial Information

## Higher sales and ordinary income due to price revisions

(Millions of yen)	1H FY3/23	1H FY3/24	YoY	
Net sales	42,071	42,615	+544	+1.3%
Operating income	1,337	783	-554	-41.4%
Ordinary income	2,549	2,949	+400	+15.7%
Profit attributable to owners of parent	3,150	2,328	-822	-26.1%

## Segment Information

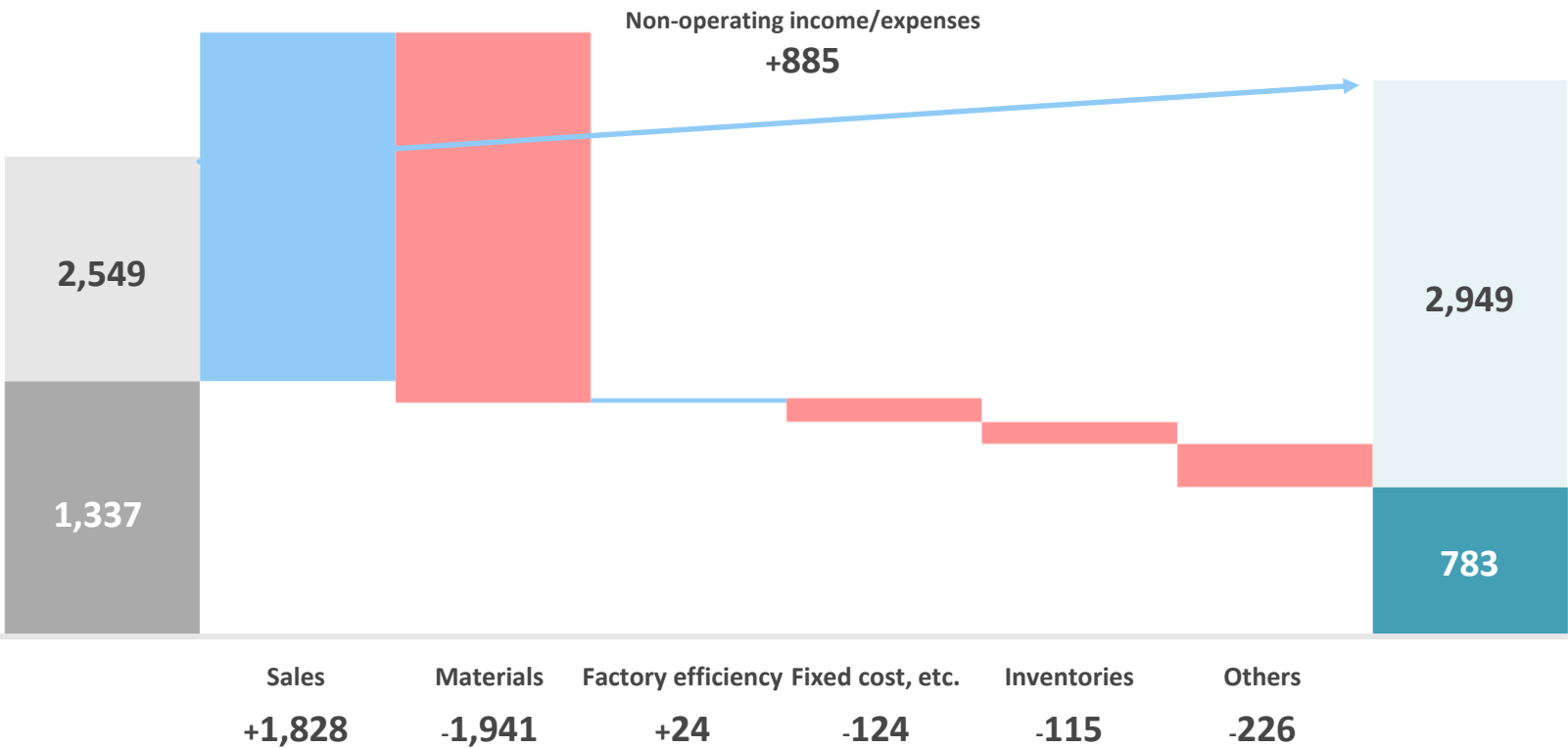
Focus on the environment related business in order to expand to new business domains

(Millions of yen)		1H FY3/23	1H FY3/24	YoY
Industrial Materials Business	Net sales	21,846	21,372	-474
	Operating income	520	521	+1
Specialty Materials Business	Net sales	10,543	10,342	-201
	Operating income	718	(71)	-789
Household Products Business	Net sales	8,576	9,022	+446
	Operating income	61	258	+197
Environment Related Business	Net sales	3,995	5,290	+1,295
	Operating income	(34)	23	+57
Elimination/ adjustment	Net sales	(2,890)	(3,412)	-522
	Operating income	73	51	-22
Total	Net sales	42,071	42,615	+544
	Operating income	1,337	783	-554

Components of Change in First Half Earnings

Price revisions were implemented, but operating income decreased due to sluggish sales volume.  
Ordinary income increased because of equity-method income.

(Millions of yen)



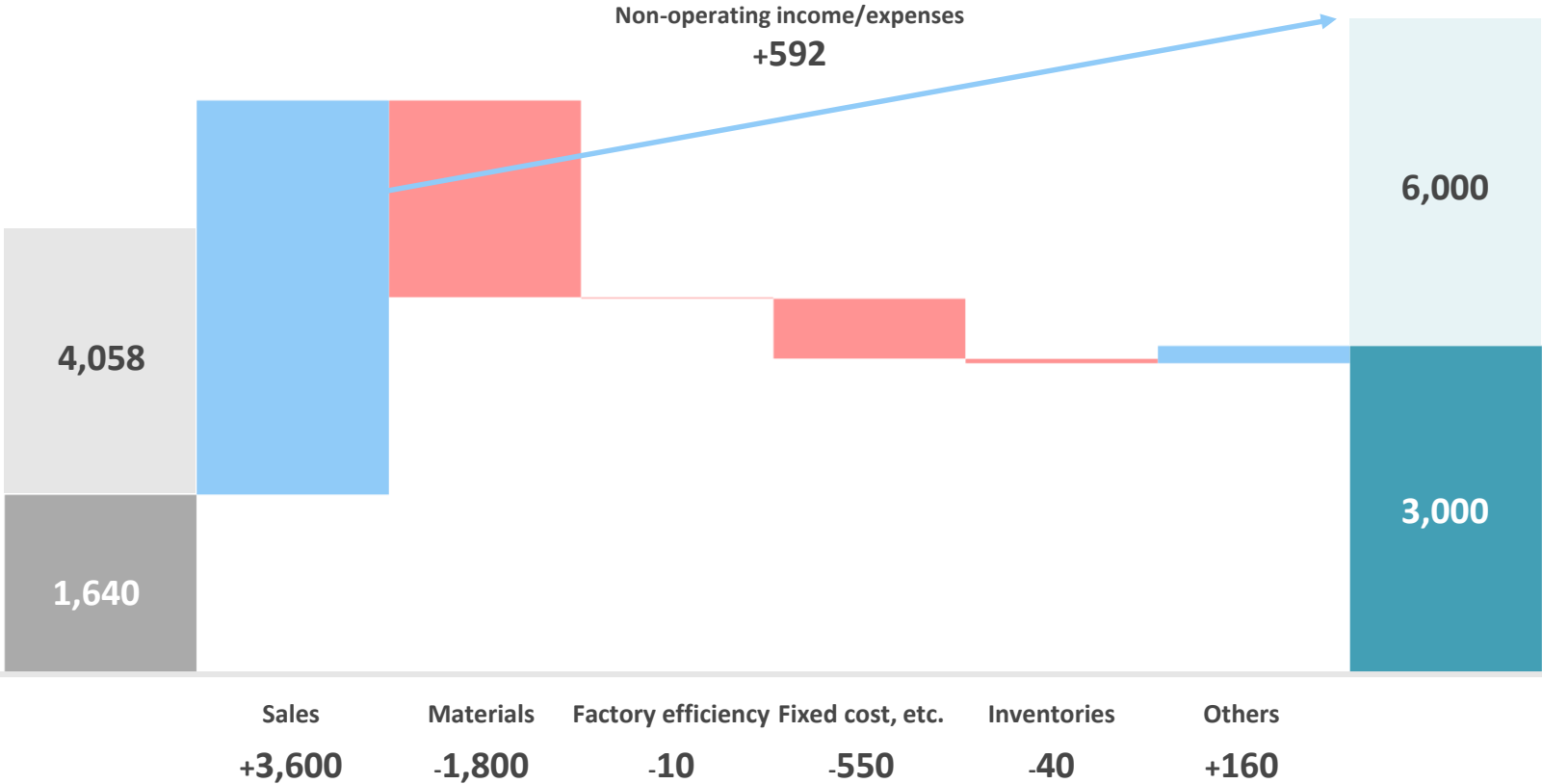
## No change from the initial forecasts

(Millions of yen)	FY3/23	FY3/24 forecasts	YoY	
Net sales	84,130	90,000	+5,870	+7.0%
Operating income	1,640	3,000	+1,360	+82.9%
Ordinary income	4,058	6,000	+1,942	+47.9%
Profit attributable to owners of parent	4,130	4,000	-130	-3.1%

Components of Change in FY3/24 Earnings

Forecast fiscal year sales and earnings growth as the full fiscal-year contribution of price revisions offsets slow sales volume growth

(Millions of yen)



# Business Strategies

# Medium/Long-term Strategies of the Tokushu Tokai Paper Group

Since its inception, TTP has contributed to society and protecting the environment by converting many materials to paper and biomass products

Large TTP forests  
Expertise for use of wood resources  
Biomass energy

Papermaking/processing technologies  
Quality assurance expertise  
Know-how about recycling

Valuable assets created by core businesses

Growth backed by both businesses

Growth of the Paper Business

Realign the product portfolio

Create new satellite businesses

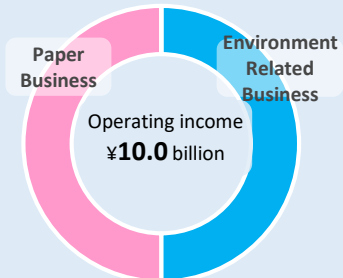
Environment Related Business

Advancement of the recycling business

Effective use of TTP forests

Long-term goals

Future business portfolio



Value for society

Coexisting with the environment

- Contributions for decarbonization
- Value as source of natural capital
- Effective use of resources
- Helping reduce the use of plastic
- Products/services that accurately meet specific needs

Coexisting with communities/society

- Support for cultural activities
- Safety and health
- Utilization of a diverse workforce
- Improve productivity

Current business portfolio



Needs of customers and society

Social issues

Climate change

Biodiversity

Resource recycling

Supply chain management

Use of digital technologies

Health and safety

Seven components of materiality at TTP

Corporate governance and human resources strategies

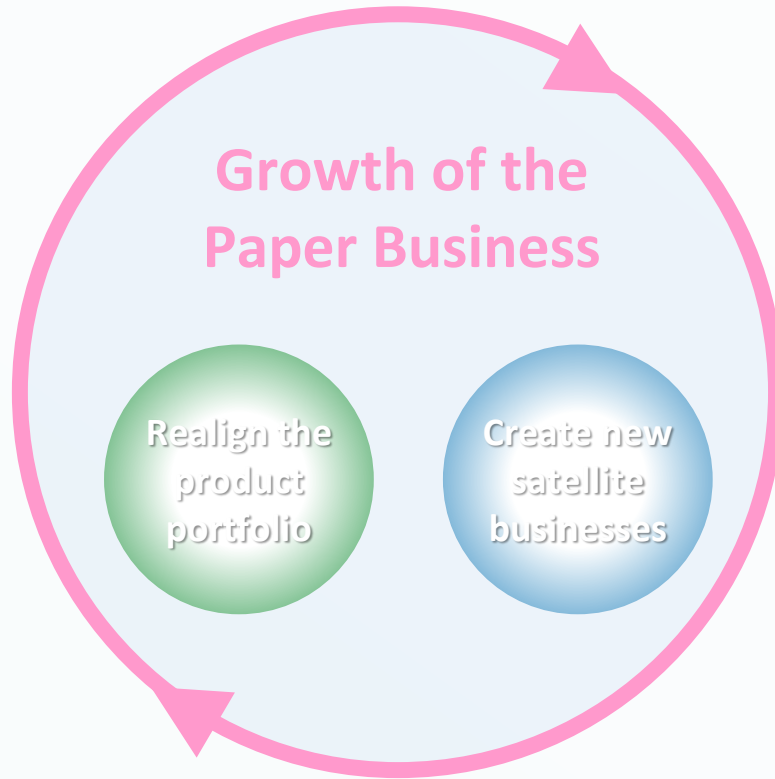
Business philosophy

Unique paper maker with high uniqueness and originality

## Growth of the Paper Business

Realign the  
product  
portfolio

Create new  
satellite  
businesses



## Significant changes in the paper/pulp industry due to digital technologies

Conversion of products to paper/biomass since TTP's inception

Increasing use of digital technologies



Firm demand for paper as an industrial material and in household products but soft demand for specialty materials

Issue

Declining demand for paper as an information communication medium

Response

Shift from products with declining demand to products with growth potential

In the paper business, **realign the product portfolio and create new satellite businesses**

**Realign the product portfolio**

**Products affected by digital technologies**

Bank books

MICR paper

Fancy paper (for  
publications)

OCR paper

Pressure seal  
postcard paper

**New environmentally  
responsible products**

TOKYO™

FSC®-certified products

**New products with strong  
demand despite use of  
digital technologies**

New germ-resistant paper

Fluorine-free oil-resistant paper

**Create new satellite businesses**



New customer needs due to the growing  
public interest in protecting the environment



**Satellite businesses originating from papermaking skills**



Fiblic



Package



Aramid Paper

## Higher profitability by consolidating manufacturing, realigning the product portfolio and revising prices

### Streamline the product portfolio

Gifu Mill

Shift of some operations

Mishima Mill

- Production capacity is about 19 tons/day  
Most output is colored fancy paper
- Studies to determine products to continue making and stop making while preparing for the shift of some operations to Mishima

- Consolidation of fancy paper production is expected to make more efficient use of assets and lower fixed expenses



### Price revisions

- Price revisions resulting from continuous negotiations with customers were implemented in the first quarter

## New ideas and sales activities for sheet+3D molded products in the package business

### Demands of end users

#### Trade fairs



#### Create sales opportunities



**216** interactions  
with end users  
in 1H FY3/24

### New products

#### Second group of general-purpose products

- Silky mold cocoon  
EC sales started in June 2023
- Features a soft texture that is smooth and like a cocoon

#### Example of applications



Package for “ink mazeru”  
(ink with an original blend) at  
Isetan Shinjuku Department Store  
(Sakai Co., Ltd.)

## R&D and market development using customer perspectives to create paper satellite businesses



I want a smaller food tray to reduce the volume of trash.



I want a paper remote control case, but can it be strong enough?



I want to reduce the amount of oil-based materials in packaging.

Wishes of end users

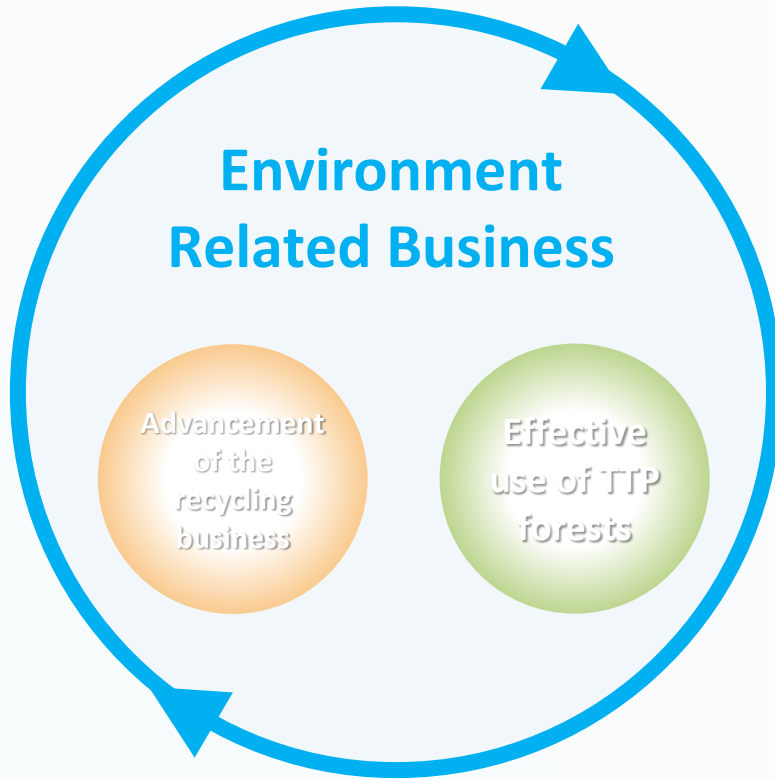
**Solve problems = Constantly create new satellite businesses**

TTP technologies and knowledge not yet used to make products

## Environment Related Business

Advancement  
of the  
recycling  
business

Effective  
use of TTP  
forests



Paper and the **addition of new business domains** will both be essential for growth

Environment Related Business Goals

Fourth Medium-term Plan

Make this business a reportable segment

Fifth Medium-term Plan

Addition of Suruga Service K.K. to the TTP Group  
Start of the whisky business

Sixth Medium-term Plan

**Addition of Toei Co., Ltd. to the TTP Group**

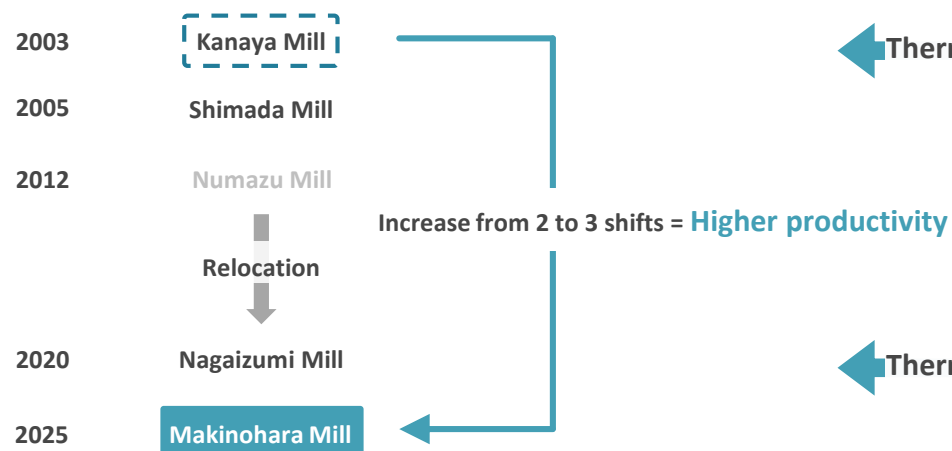
New business domains due to constantly taking on new challenges = Environment Related Business

Use corporate resources originating from papermaking to target **needs associated with the ongoing transition to a society where resources are recycled and reused**

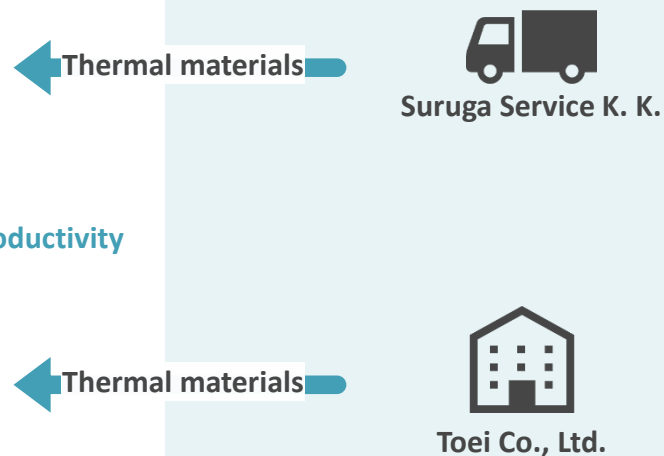
## More growth of the key thermal recycling business backed by a higher production capacity

### Relocation of the REX Kanaya Mill for higher RPF output

Improve productivity by revising the work schedule



### Higher capacity for collection of waste plastics



Acquired **Suruga Service** and **Toei** for growth of the recycling business

(2020)

(2023)

Industrial resources and waste plastics



Intermediate processing  
(Sorting, pulverizing, etc.)



Reuse as resources

Home appliances



CRT TVs, flat-panel TVs

Disassembly



Reuse as resources

Glass



Colored glass  
that usually goes to a landfill



Conversion to **Sand Wave G**,  
a recycled granular glass sand  
product that is permeable to  
water and helps prevent the  
growth of weeds

Small size home appliances



Mobile phones

Sorting/  
classification



Recovery of metals

Gravestones



Gravestones and other stones

Crushed stones for  
highway construction  
and other applications

**Toei operates many businesses with close ties to communities other than recycling.**

**Aircraft business**

**Advanced skills involving sealing,  
a process that cannot be  
automated**



- Provision of specialists to factories
- Sealing of fuel tanks for connection of the front and rear fuselage sections

**Water infrastructure maintenance business**

**Increasing demand for  
maintenance services for aging  
sewer systems**



- Repairs to sewer lines and cleaning/inspections of septic tanks

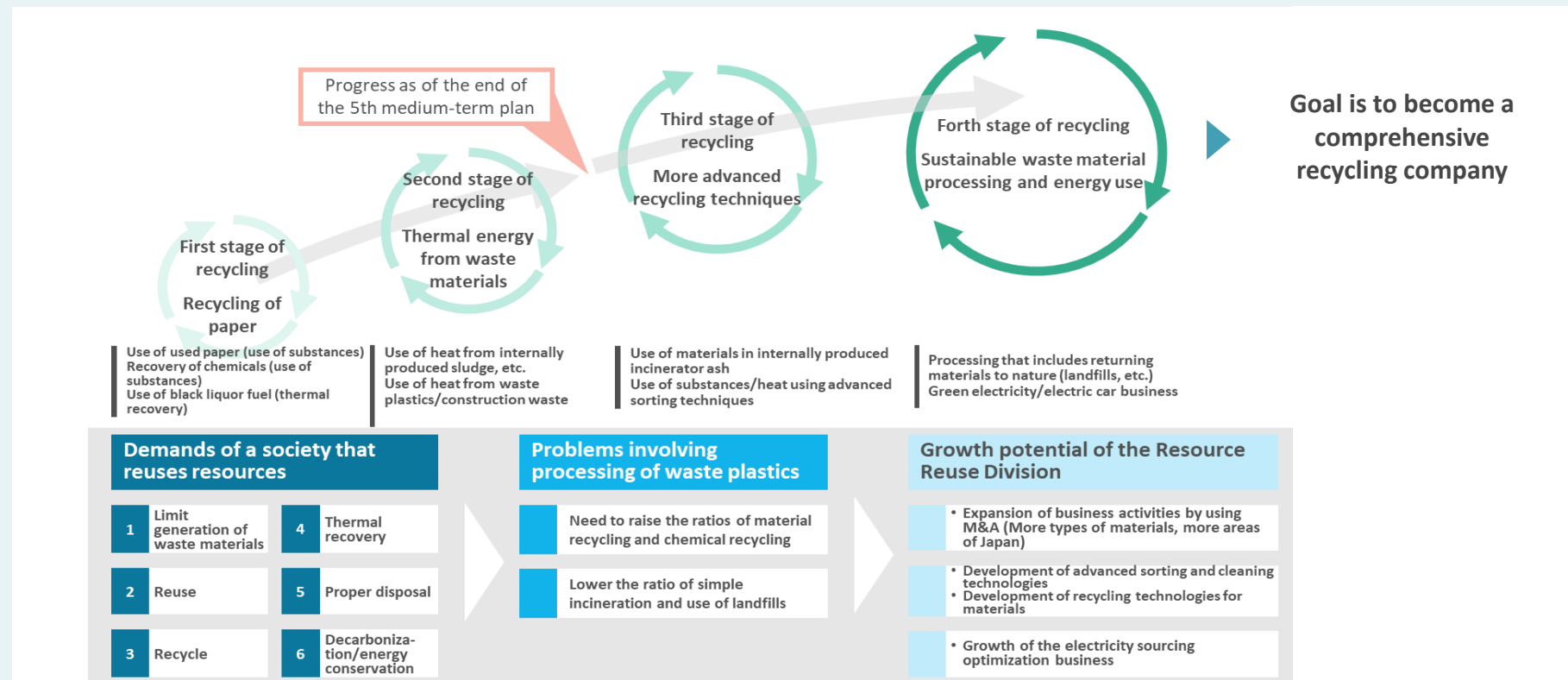
**Solar power generation business**

**Solar power facilities near TTP  
Group business sites**



- Total output is currently about 2 megawatts
- All electricity is sold to external users

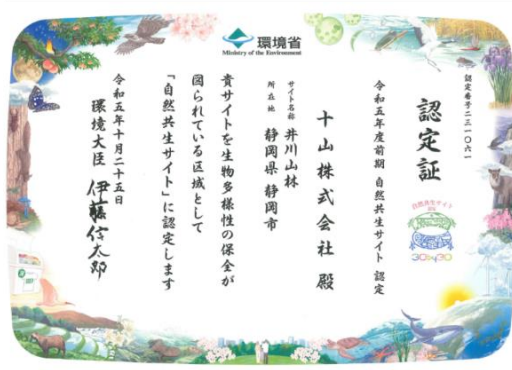
Newly acquired Toei will contribute to sales growth and is expected to **become another profit center** for the TTP Group



## Make the **value** of the Ikawa Forest accessible to the public

### Value as a wildlife habitat

- The Ikawa Forest has been certified by the Japanese Ministry of the Environment as a **Nature Coexistence Site**, which is a location where private-sector and other activities are used to preserve biodiversity.



The certification ceremony

### Value for the absorption and fixation of CO2

- Work is under way to determine the amount of CO2 absorbed by the Ikawa Forest that can be certified based on the forest J-Credit Scheme in FY3/24.



## Production of whisky by using the natural resources of the forest

As whisky distilling operations enter the third year in 2024, preparations are moving forward for the full-scale start of whisky sales

### Branding

- Three types of newborn whisky were sold in 2023

The primary goal was to raise awareness of this whisky at bars in Tokyo and Shizuoka



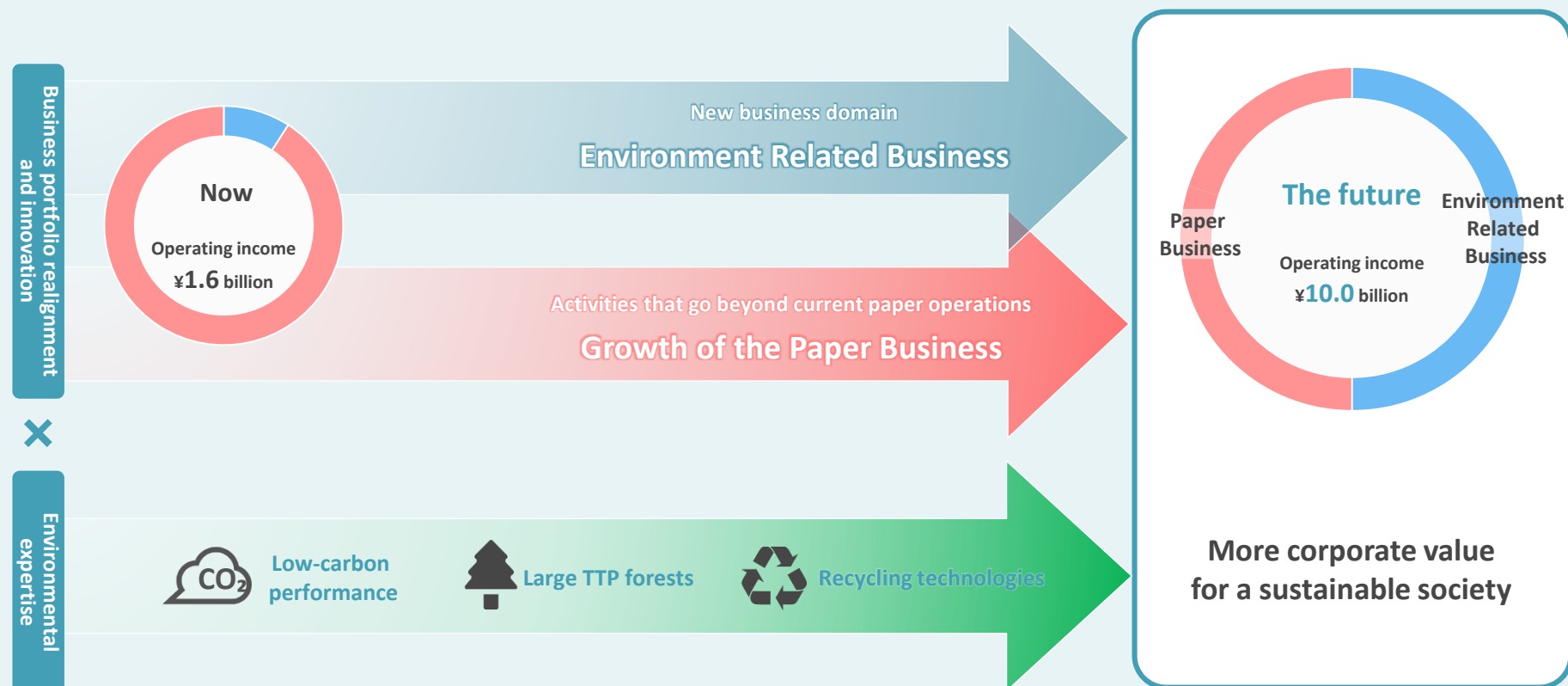
### Expansion of the distillery

- Preparing to enlarge the aging warehouse as production operations continue as planned



## Our vision for the TTP Group

Business portfolio realignment and innovation to become a corporate group with an even greater commitment to sustainability



## Selections, challenges and innovations as the midway point to accomplishing long-term goals



# Actions for Growth of Corporate Value

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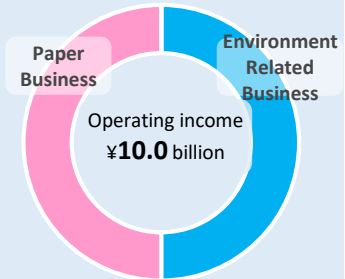
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**\* Plans, actions and other statements in this presentation are based on management decisions using information that was available as of the date of this presentation. As these statements include numerous risk factors and other uncertainties, actual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

**TOKUSHU TOKAI PAPER CO., LTD.**