

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (unaudited) (Based on Japanese GAAP)

May 15, 2025

Company name: Tokushu Tokai Paper Co., Ltd.
 Stock exchange listing: 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
 Scheduled date of Ordinary General Meeting of Shareholders: June 26, 2025
 Scheduled date of filing financial report: June 24, 2025
 Dividend payment date: June 27, 2025
 Availability of support documentation: Yes
 Holding of financial result briefing: Yes

(All yen figures are rounded down to the nearest one million yen)

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

(1) Consolidated Operating Results

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Fiscal Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	94,800	9.6	3,928	71.0	6,227	0.6	3,607	(21.4)
March 31, 2024	86,517	2.8	2,296	40.0	6,188	52.5	4,590	11.1

Note: Comprehensive income

Fiscal year ended March 31, 2025	4,182 million yen	(36.0)%
Fiscal year ended March 31, 2024	6,532 million yen	134.3%

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets	Operating income to net sales
Fiscal Year ended	Yen	Yen	%	%	%
March 31, 2025	307.52	306.38	4.6	4.6	4.1
March 31, 2024	387.95	386.53	6.2	4.8	2.7

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	139,436	85,834	56.3	6,761.61
As of March 31, 2024	132,978	83,927	57.8	6,516.86

Reference: Equity	As of March 31, 2025	78,545 million yen
	As of March 31, 2024	76,866 million yen

(3) Consolidated Cash Flow

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	8,773	(9,366)	(1,495)	10,599
March 31, 2024	11,397	(6,101)	(2,582)	12,687

2. Dividends

	Annual Dividends per share					Total dividends	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	1 st quarter end	2 nd quarter end	3 rd quarter end	End of fiscal year	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2024	—	50.00	—	70.00	120.00	1,415	30.9	1.9
March 31, 2025	—	60.00	—	60.00	120.00	1,405	39.0	1.8
Fiscal year ending March 31, 2026 (Forecast)	—	65.00	—	65.00	130.00		31.1	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025–March 31, 2026)

(The percentages indicate the percentage increase or decrease compared to the same period of 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	99,000	4.4	5,000	27.3	7,000	12.4	4,900	35.8	417.74

4. Others

[1] Changes in significant subsidiaries during the period under review

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New Takafuji Co., Ltd.

Eliminated Toei Holdings Co., Ltd.

Our consolidated subsidiaries, Takafuji Holdings Co., Ltd. and Takafuji Co., Ltd., have conducted an absorption-type merger, effective August 1, 2024, with Takafuji Co., Ltd. as the surviving company and Takafuji Holdings Co., Ltd. as the dissolving company. Also, our consolidated subsidiaries, Toei Holdings Co., Ltd. and Toei Co., Ltd., have conducted an absorption-type merger, effective November 1, 2024, with Toei Co., Ltd. as the surviving company and Toei Holdings Co., Ltd. as the dissolving company.

[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:

March 31, 2025 13,000,000 shares

March 31, 2024 13,300,000 shares

(ii) Number of treasury shares as of:

March 31, 2025 1,383,637 shares

March 31, 2024 1,504,938 shares

(iii) Average number of shares during the period:

Fiscal year ended March 31, 2025 11,729,756 shares

Fiscal year ended March 31, 2024 11,832,038 shares

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024–March 31, 2025)

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	314.60	313.44
March 31, 2024	185.69	185.01

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	84,441	61,322	72.5	5,267.11
As of March 31, 2024	79,622	60,013	75.2	5,075.76

*These financial results are outside the scope of audit by certified public accountants or accounting auditors.

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.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	13,433	11,381
Notes receivable - trade	1,634	1,224
Accounts receivable-trade	23,805	25,453
Contract assets	761	35
Merchandise and finished goods	5,568	5,527
Work in process	1,127	1,888
Raw materials and supplies	6,259	7,461
Other	1,585	1,448
Allowance for doubtful accounts	(26)	(24)
Total current assets	54,151	54,397
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,568	53,122
Accumulated depreciation	(36,361)	(36,742)
Buildings and structures, net	16,207	16,380
Machinery, equipment and vehicles	172,058	175,406
Accumulated depreciation	(144,777)	(148,112)
Machinery, equipment and vehicles, net	27,281	27,293
Land	12,640	12,928
Construction in progress	2,312	6,252
Other	7,420	7,432
Accumulated depreciation	(5,889)	(5,841)
Other, net	1,530	1,591
Total property, plant and equipment	59,972	64,445
Intangible assets		
Goodwill	2,590	3,398
Other	256	355
Total intangible assets	2,847	3,754
Investments and other assets		
Investment securities	14,449	14,006
Retirement benefit asset	—	585
Deferred tax assets	641	670
Other	958	1,703
Allowance for doubtful accounts	(41)	(126)
Total investments and other assets	16,007	16,839
Total non-current assets	78,827	85,039
Total assets	132,978	139,436

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,831	9,388
Short-term loans payable	9,550	8,976
Current portion of long-term loans payable	4,634	5,539
Current portion of bonds	80	110
Income taxes payable	740	1,346
Provision for bonuses	482	559
Provision for business restructuring	—	385
Other	8,271	8,477
Total current liabilities	33,590	34,783
Non-current liabilities		
Bonds payable	230	195
Long-term loans payable	12,420	14,351
Deferred tax liabilities	438	454
Provision for directors' retirement benefits	95	99
Provision for environmental measures	47	47
Retirement benefit liability	936	995
Asset retirement obligations	642	606
Other	648	2,068
Total non-current liabilities	15,460	18,819
Total liabilities	49,050	53,602
Net assets		
Shareholders' equity		
Capital stock	11,485	11,485
Capital surplus	5,503	4,487
Retained earnings	62,140	64,213
Treasury shares	(5,089)	(4,723)
Total shareholders' equity	74,038	75,462
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,514	2,343
Deferred gains or losses on hedges	(0)	0
Remeasurements of defined benefit plans	313	739
Total accumulated other comprehensive income	2,827	3,082
Share acquisition rights	144	138
Non-controlling interests	6,916	7,150
Total net assets	83,927	85,834
Total liabilities and net assets	132,978	139,436

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Net sales	86,517	94,800
Cost of sales	76,150	82,097
Gross profit	10,366	12,702
Selling, general and administrative expenses	8,069	8,774
Operating income	2,296	3,928
Non-operating income		
Interest income	5	8
Dividend income	228	269
Rent income	122	123
Insurance claim income	135	164
Share of profit of entities accounted for using equity method	3,227	1,544
Other	416	481
Total non-operating income	4,136	2,590
Non-operating expenses		
Interest expenses	155	203
Rental expenses	19	17
Other	70	70
Total non-operating expenses	245	291
Ordinary income	6,188	6,227
Extraordinary income		
Gain on sales of non-current assets	30	121
Gain on sales of investment securities	60	800
Compensation for forced relocation	255	—
National subsidies	129	—
Insurance claim income	281	128
Total extraordinary income	756	1,050
Extraordinary losses		
Loss on sales of non-current assets	2	4
Loss on retirement of non-current assets	170	181
Impairment loss	207	717
Restoration expenses on facilities	281	—
Loss on valuation of shares of subsidiaries and associates	55	33
Business restructuring expenses	279	620
Loss on disaster	—	57
Provision of allowance for doubtful accounts	—	85
Provision for loss on business of subsidiaries and associates	—	28
Other	38	69
Total extraordinary losses	1,035	1,797
Profit before income taxes	5,909	5,481
Income taxes - current	1,168	1,724
Income taxes - deferred	(98)	(171)
Total income taxes	1,070	1,553
Profit	4,838	3,927
Profit attributable to non-controlling interests	248	320
Profit attributable to owners of parent	4,590	3,607

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Profit	4,838	3,927
Other comprehensive income		
Valuation difference on available-for-sale securities	1,346	(165)
Deferred gains or losses on hedges	0	0
Remeasurements of defined benefit plans	337	425
Share of other comprehensive income of entities accounted for using equity method	10	(5)
Total other comprehensive income	1,693	254
Comprehensive income	6,532	4,182
Comprehensive income attributable to		
Owners of parent	6,283	3,862
Non-controlling interests	249	320

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,485	5,502	58,734	(4,755)	70,967
Changes of items during period					
Dividends of surplus			(1,184)		(1,184)
Profit attributable to owners of parent			4,590		4,590
Purchase of treasury shares				(339)	(339)
Disposal of treasury shares		0		4	5
Cancellation of treasury shares					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	3,405	(334)	3,071
Balance at end of current period	11,485	5,503	62,140	(5,089)	74,038

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	1,158	(0)	(23)	1,135	129	6,344	78,576
Changes of items during period							
Dividends of surplus							(1,184)
Profit attributable to owners of parent							4,590
Purchase of treasury shares							(339)
Disposal of treasury shares							5
Cancellation of treasury shares							—
Net changes of items other than shareholders' equity	1,355	0	337	1,692	15	572	2,280
Total changes of items during period	1,355	0	337	1,692	15	572	5,351
Balance at end of current period	2,514	(0)	313	2,827	144	6,916	83,927

Consolidated fiscal year (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,485	5,503	62,140	(5,089)	74,038
Changes of items during period					
Dividends of surplus			(1,533)		(1,533)
Profit attributable to owners of parent			3,607		3,607
Purchase of treasury shares				(672)	(672)
Disposal of treasury shares		(1)		24	22
Cancellation of treasury shares		(1,014)		1,014	—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(1,015)	2,073	366	1,423
Balance at end of current period	11,485	4,487	64,213	(4,723)	75,462

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	2,514	(0)	313	2,827	144	6,916	83,927
Changes of items during period							
Dividends of surplus							(1,533)
Profit attributable to owners of parent							3,607
Purchase of treasury shares							(672)
Disposal of treasury shares							22
Cancellation of treasury shares							—
Net changes of items other than shareholders' equity	(170)	0	425	255	(6)	234	482
Total changes of items during period	(170)	0	425	255	(6)	234	1,906
Balance at end of current period	2,343	0	739	3,082	138	7,150	85,834

(4) Consolidated Statement of Cash Flows

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	5,909	5,481
Depreciation	6,166	6,243
Impairment loss	207	717
Amortization of goodwill	284	423
Increase (decrease) in allowance for doubtful accounts	6	83
Increase (decrease) in retirement benefit liability	37	94
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(8)	4
Increase (decrease) in provision for environmental measures	(1)	(3)
Increase (decrease) in provision for business restructuring	—	385
Interest and dividend income	(234)	(277)
Interest expenses	155	203
Share of loss (profit) of entities accounted for using equity method	(3,227)	(1,544)
Loss on retirement of property, plant and equipment	170	181
Loss (gain) on sales of property, plant and equipment	(28)	(117)
Loss (gain) on sales of investment securities	(60)	(800)
Insurance claim income	(417)	(292)
Compensation for forced relocation	(255)	—
Subsidy income	(129)	—
Restoration expenses on facilities	281	—
Business restructuring expenses	279	620
Decrease (increase) in trade receivables	867	(39)
Decrease (increase) in inventories	378	(1,896)
Increase (decrease) in trade payables	(274)	(637)
Increase (decrease) in accrued consumption taxes	683	(858)
Other, net	(401)	(405)
Subtotal	10,388	7,566
Interest and dividends income	1,734	1,880
Interest expenses	(151)	(206)
Proceeds from insurance income	417	292
Income taxes paid	(1,320)	(1,199)
Income taxes refund	74	439
Proceeds from compensation for forced relocation	255	—
Net cash provided by (used in) operating activities	11,397	8,773
Cash flows from investing activities		
Payments into time deposits	(680)	(768)
Proceeds from withdrawal of time deposits	589	788
Purchase of property, plant and equipment	(6,310)	(9,905)
Proceeds from sales of property plant and equipment	74	130
Purchase of intangible assets	(74)	(190)
Government subsidy	341	1,230
Purchase of investment securities	(0)	(20)
Proceeds from sales of investment securities	150	959
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(589)	(1,525)
Other, net	397	(65)
Net cash provided by (used in) investing activities	(6,101)	(9,366)

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,264)	(674)
Proceeds from long-term loans payable	4,968	6,900
Repayments of long-term loans payable	(4,604)	(5,265)
Redemption of bonds	(80)	(95)
Purchase of treasury shares	(339)	(672)
Cash dividends paid	(1,183)	(1,532)
Dividends paid to non-controlling interests	(60)	(84)
Other, net	(17)	(72)
Net cash provided by (used in) financing activities	(2,582)	(1,495)
Net increase (decrease) in cash and cash equivalents	2,713	(2,088)
Cash and cash equivalents at beginning of period	9,974	12,687
Cash and cash equivalents at end of period	12,687	10,599

Segment Information, etc.

Segment Information

1. Summary of Reportable Segments

Tokushu Tokai's reportable segments refer to the business components of Tokushu Tokai that provide separate financial data to the board of directors for decisions on allocation of management resources and evaluation of business results on a regular basis.

Tokushu Tokai mainly engages in production, processing and sales of paper, adopts the independent business unit system so that a comprehensive business strategy can be planned for each type of paper product handled and is developing business activities under the endowed decision-making authority. Therefore, Tokushu Tokai consists of segments based on unit organization classified by the type of products produced by each unit, and discloses financial information about three reportable segments, namely Industrial Material, Special Material and Household Products.

"Industrial Material" mainly produces, processes and sells paper for containerboard and packaging paper, and also engages in power sales business.

"Special Material" produces, processes, and sells high value added special printing paper and functional paper.

"Household Products" produces, processes, and sells mainly paper towels and toilet paper.

"Environment Related" engages in the business utilizing natural environment for the purpose of effectively utilizing our own property forests located in the Minami-Alps. It also engages in the business reusing resources for the purpose of expanding the recycling business that designates our supply chain as our starting point.

2. Net Sales, Profit/Loss, Asset/Liabilities and Others of Each Reportable Segment and Calculation Method

Accounting treatment for business segment reporting is the same as the accounting policies used in the preparation of consolidated financial statements.

3. Information on Net Sales, Profit/Loss, Assets/Liabilities and Others of Each Reportable Segment

FY2023 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Industrial Material	Special Material	Household Products	Environment Related	Total	Adjustment (Note 1)	Consolidated (Note 2,3)
Net sales							
Sales to outside	39,899	19,644	17,963	9,009	86,517	—	86,517
Intersegment sales and transfers	2,555	782	188	2,866	6,392	(6,392)	—
Total	42,455	20,427	18,151	11,875	92,909	(6,392)	86,517
Segment profit	1,282	495	567	122	2,467	(170)	2,296
Segment assets	57,127	45,575	16,600	18,335	137,639	(4,660)	132,978
Other items							
Depreciation	3,238	1,301	1,019	606	6,166	—	6,166
Amortization of goodwill	—	—	—	284	284	—	284
Impairment loss	—	207	—	—	207	—	207
Investments in entities accounted for using equity method	6,653	—	—	—	6,653	—	6,653
Increase in tangible and intangible fixed assets	3,573	800	617	1,791	6,782	286	7,068

FY2024 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Industrial Material	Special Material	Household Products	Environment Related	Total	Adjustment (Note 1)	Consolidated (Note 2,3)
Net sales							
Sales to outside	42,080	20,796	18,467	13,455	94,800	—	94,800
Intersegment sales and transfers	2,712	670	179	3,328	6,891	(6,891)	—
Total	44,793	21,467	18,646	16,783	101,692	(6,891)	94,800
Segment profit or loss	1,089	1,638	532	529	3,790	137	3,928
Segment assets	61,268	45,337	16,137	23,301	146,045	(6,608)	139,436
Other items							
Depreciation	3,246	1,122	1,047	826	6,243	—	6,243
Amortization of goodwill	—	—	—	423	423	—	423
Impairment loss	—	717	—	—	717	—	717
Investments in entities accounted for using equity method	6,582	—	—	—	6,582	—	6,582
Increase in tangible and intangible fixed assets	5,957	1,602	1,055	1,578	10,193	64	10,258

Notes:

1. “Adjustment” comprises the following:

(1) Segment profit (Millions of yen)

	FY2023	FY2024
Corporate expenses	(290)	(11)
Elimination, etc.	119	149
Total	(170)	137

(2) Segment assets (Millions of yen)

	FY2023	FY2024
Corporate assets	90,234	93,096
Elimination, etc.	(94,895)	(99,704)
Total	(4,660)	(6,608)

(3) Increase in tangible and intangible fixed (Millions of yen)

	FY2023	FY2024
Corporate assets	286	64
Total	286	64

2. Segment profit total was adjusted to be consistent with the operating income recorded on the Consolidated Statements of Income.

3. Of general administrative expenses, expenses that are common to each business segment are allocated to each business segment according to the internal distribution standard.

Related Information

FY2023 (April 1, 2023 to March 31, 2024)

1. Information by Product/Service

This information is not presented because similar information is available in “Segment Information.”

2. Geographic Information

(1) Net sales

This information is not presented because sales to outside customers in Japan exceed 90% of net sales on the consolidated statements of income.

(2) Property, plants and equipment

This information is not presented because the amount of property, equipment and plant in Japan exceeds 90% of the amount on the consolidated balance sheet.

3. Major Customer Information

(Millions of yen)		
Company	Net sales	segment
Nippon Tokai Industrial Paper Supply Co., Ltd.	33,962	Industrial Material

FY2024 (April 1, 2024 to March 31, 2025)

1. Information by Product/Service

This information is not presented because similar information is available in “Segment Information.”

2. Geographic Information

(1) Net sales

This information is not presented because sales to outside customers in Japan exceed 90% of net sales on the consolidated statements of income.

(2) Property, plants and equipment

This information is not presented because the amount of property, equipment and plant in Japan exceeds 90% of the amount on the consolidated balance sheet.

3. Major Customer Information

(Millions of yen)		
Company	Net sales	segment
Nippon Tokai Industrial Paper Supply Co., Ltd.	36,058	Industrial Material

Information on Impairment Loss of Fixed Assets of Each Reportable Segment

FY2023 (April 1, 2023 to March 31, 2024)

This information is not presented because similar information is available in “Segment Information.”

FY2024 (April 1, 2024 to March 31, 2025)

This information is not presented because similar information is available in “Segment Information.”

Information on Goodwill Amortization and Unamortized Balance of Each Reportable Segment

FY2023 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Industrial Material	Special Material	Household Products	Environment Related	Corporate/ Elimination	Total
Amortization during the period	—	—	—	284	—	284
Balance at the end of the period	—	—	—	2,590	—	2,590

FY2024 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Industrial Material	Special Material	Household Products	Environment Related	Corporate/ Elimination	Total
Amortization during the period	—	—	—	423	—	423
Balance at the end of the period	—	—	—	3,398	—	3,398

Information on Gain on Negative Goodwill of Each Reportable Segment

FY2023 (April 1, 2023 to March 31, 2024)

Not applicable.

FY2024 (April 1, 2024 to March 31, 2025)

Not applicable.