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September 11, 2025

To whom it may concern

Company name: Tokushu Tokai Paper Co., Ltd.
Name of representative: Takashi Kimura, President
and Chief Executive Officer
(Securities code: 3708; TSE Prime Market)
Contact: Hiro Mochizuki, Executive Officer
and Senior General Manager
(Tel: +81-3-5219-1816)

Notice Concerning Absorption Merger of Wholly-Owned Subsidiary

Tokushu Tokai Paper Co., Ltd. (the "Company") hereby announces that at a meeting of the Board of Directors held on August 8, 2025, a resolution was passed concerning that it has resolved at the Board of Directors meeting held today to implement an absorption-type merger (the "Merger") with TT Trading Co., Ltd., a wholly owned subsidiary of Our Company. The effective date of the Merger is April 1, 2026. Since this merger is between our consolidated subsidiaries, some disclosure items and content have been omitted.

1. Purpose of the Merger

Our Group is transforming its business portfolio in order to increase its corporate value over the medium to long term through growth in both the Paper Business and the Environment Related Business.

As one of these initiatives, we have decided to merge TT Trading Co., Ltd., with the aim of consolidating management resources, efficiently operating the organization, and further growing and expanding the Functional Materials Business.

In addition, the specialty paper trading company function of TT Trading Co., Ltd., will be taken over by the Specialty Materials Business HD. in Our Company.

2. Summary of the Merger

(1) The Merger Schedule

Resolution Date of Board of Directors	September 11, 2025
Date of Agreement	September 11, 2025
Scheduled Merger Date (Effective Date)	April 1, 2026

(2) Method of the Merger

An absorption-type merger will be carried out with Our Company as the surviving company and TT Trading Co., Ltd., as the disappearing company. Since the Merger falls under a simplified merger as set forth in Article 796, Paragraph 2 of the Companies Act with respect to Our Company, and a short-form merger as set forth in Article 784, Paragraph 1 of the same Act with respect to the Absorbed Company, both of them will be implemented without a general meeting of shareholders at which an absorption-type merger agreement will be approved.

(3) Allocation Details Related to the Merger

Since this merger is an absorption merger between our wholly-owned subsidiaries, there will be no allocation of shares or other monetary compensation.

(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Related to the Merger

There are no applicable matters.

3. Overview of the Companies Involved in the Merger

	Surviving Company	Dissolving Company
(1) Name	Tokushu Tokai Paper Co., Ltd.	TT Trading Co., Ltd.
(2) Location	4379 Mukaijima-cho, Shimada-shi, Shizuoka, JAPAN	1-8-2 Marunouchi, Chiyoda-ku, Tokyo, JAPAN
(3) Representative's Position and Name	President Takashi Kimura	President Tomoyoshi Aono
(4) Business Description	Manufacturing, processing and sales of paper products.	Sales of special functional paper, protective paper, paper used in electronics industries, etc.
(5) Capital	11,485 million yen	50 million yen
(6) Date of Establishment	April 2, 2007	April 23, 1963
(7) Number of Issued Shares	13,000,000 shares	67,757 shares
(8) Fiscal Year-End	March 31	March 31
(9) Major Shareholder and Shareholding Ratio (As of March 31, 2025) Note: Shareholding ratios for Our Company are calculated excluding Treasury shares.	The Master Trust Bank of Japan, Ltd. (Trust Account) 9.42% Chuo Building Co., Ltd. 3.87% Shinsei Pulp & Paper Co., Ltd. 2.70% The Shizuoka Bank, Ltd. 2.62% TAKEO Co., Ltd. 2.27% Tomoku Co., Ltd. 2.07% The Dai-ichi Life Insurance Company, Limited 2.02% Heiwa Paper Co., Ltd. 1.90% Custody Bank of Japan, Ltd. (Trust Account) 1.73% Oji Holdings Corporation 1.72%	Tokushu Tokai Paper Co., Ltd. 100%
(10) Financial position and operating results for the previous fiscal year		
Fiscal Year-End	March 31, 2025 (consolidated basis)	March 31, 2025 (non-consolidated basis)
Net Assets	85,834 million yen	1,569 million yen
Total Assets	139,436 million yen	5,660 million yen
Net Assets Per Share	6,761.61 yen	23,166.67 yen
Net Sales	94,800 million yen	11,474 million yen
Operating Income	3,928 million yen	389 million yen
Ordinary Income	6,227 million yen	391 million yen
Profit attributable to owners of parent	3,607 million yen	258 million yen
Basic earnings per share	307.52 yen	3,807.77 yen

4. Post-Merger Situation

There will be no changes to the name, location, title and name of representative, business description, stated capital, or fiscal year-end of Our Company following the Merger.

5. Future Outlook

Since the Merger is a merger with a wholly-owned subsidiary, the impact on Our Company's consolidated financial results is immaterial.

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