

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (unaudited) (Based on Japanese GAAP)

May 14, 2026

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 Takashi Kimura
 For inquiry: Executive Officer and Senior General Manager Kiyoshi Nakajima TEL +81-3-5219-1816
 Scheduled date of Ordinary General Meeting of Shareholders: June 26, 2026
 Scheduled date of filing financial report: June 24, 2026
 Dividend payment date: June 29, 2026
 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, 2026 (April 1, 2025–March 31, 2026)

(1) Consolidated Operating Results

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

Fiscal Year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	95,413	0.6	4,296	9.4	5,728	(8.0)	4,368	21.1
March 31, 2025	94,800	9.6	3,928	71.0	6,227	0.6	3,607	(21.4)

Note: Comprehensive income

Fiscal year ended March 31, 2026	7,004 million yen	67.5%
Fiscal year ended March 31, 2025	4,182 million yen	(36.0)%

Fiscal Year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
March 31, 2026	125.01	124.49	5.4	4.1	4.5
March 31, 2025	102.51	102.13	4.6	4.6	4.1

The Company conducted a stock split at a ratio of 3 shares for 1 common share on October 1, 2025. Basic earnings per share and diluted earnings per share have been calculated under the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(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, 2026	141,310	90,102	58.9	2,390.32
As of March 31, 2025	139,436	85,834	56.3	2,253.87

Reference: Equity
 As of March 31, 2026 83,298 million yen
 As of March 31, 2025 78,545 million yen

The Company conducted a stock split at a ratio of 3 shares for 1 common share on October 1, 2025. Net assets per share have been calculated under the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(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, 2026	9,894	(7,921)	(5,486)	7,085
March 31, 2025	8,773	(9,366)	(1,495)	10,599

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, 2025	—	60.00	—	60.00	120.00	1,405	39.0	1.8
March 31, 2026	—	65.00	—	32.00	—	1,879	42.9	2.3
Fiscal year ending March 31, 2027 (Forecast)	—	47.00	—	47.00	94.00		71.4	

The Company conducted a stock split at a ratio of 3 shares for 1 common share on October 1, 2025.

Accordingly, the year-end dividend per share for the fiscal year ended March 31, 2026 is stated taking into account the stock split, and the total annual dividend per share for the fiscal year is shown as “—”.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (April 1, 2026–March 31, 2027)

(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	100,000	4.8	3,200	(25.5)	5,800	1.2	4,600	5.3	131.65

4. Others

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

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New —

Eliminated —

[2] Changes in accounting principles, changes in accounting estimates and restatements

1) Changes in accounting policies due to the revision of accounting standards: No

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, 2026 39,000,000 shares
 - March 31, 2025 39,000,000 shares
- (ii) Number of treasury shares as of:
 - March 31, 2026 4,151,869 shares
 - March 31, 2025 4,150,911 shares
- (iii) Average number of shares during the period:
 - Fiscal year ended March 31, 2026 34,942,407 shares
 - Fiscal year ended March 31, 2025 35,189,256 shares

The Company has introduced Stock Benefit Trust (J-ESOP). The shares of the Company's stock held by the Stock Benefit Trust are included in treasury shares which are deducted when calculating the number of treasury shares at year-end and the average number of shares during the period.

The Company conducted a stock split at a ratio of 3 shares for 1 common stock on October 1, 2025. Number of issued shares at the end of the period, number of treasury shares at the end of the period and average number of shares during the period have been calculated under the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	11,381	7,806
Notes receivable - trade	106	19
Accounts receivable-trade	25,453	24,500
Electronically recorded monetary claims - operating	1,118	644
Contract assets	35	60
Merchandise and finished goods	5,527	6,696
Work in process	1,888	2,148
Raw materials and supplies	7,461	7,678
Other	1,448	1,451
Allowance for doubtful accounts	(24)	(23)
Total current assets	54,397	50,983
Non-current assets		
Property, plant and equipment		
Buildings and structures	53,122	54,434
Accumulated depreciation	(36,742)	(37,324)
Buildings and structures, net	16,380	17,109
Machinery, equipment and vehicles	175,406	177,261
Accumulated depreciation	(148,112)	(149,524)
Machinery, equipment and vehicles, net	27,293	27,737
Land	12,928	13,111
Construction in progress	6,252	6,674
Other	7,432	7,582
Accumulated depreciation	(5,841)	(5,887)
Other, net	1,591	1,694
Total property, plant and equipment	64,445	66,327
Intangible assets		
Goodwill	3,398	2,923
Other	355	435
Total intangible assets	3,754	3,359
Investments and other assets		
Investment securities	14,006	17,474
Retirement benefit asset	585	1,008
Deferred tax assets	670	768
Other	1,703	1,531
Allowance for doubtful accounts	(126)	(143)
Total investments and other assets	16,839	20,639
Total non-current assets	85,039	90,326
Total assets	139,436	141,310

(Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,388	8,581
Short-term loans payable	8,976	8,450
Current portion of long-term loans payable	5,539	5,819
Current portion of bonds	110	110
Income taxes payable	1,346	968
Provision for bonuses	559	611
Provision for business restructuring	385	—
Other	8,477	8,859
Total current liabilities	34,783	33,400
Non-current liabilities		
Bonds payable	195	80
Long-term loans payable	14,351	12,028
Deferred tax liabilities	454	1,716
Provision for directors' retirement benefits	99	102
Provision for environmental measures	47	47
Provision for business restructuring	28	31
Retirement benefit liability	995	1,054
Asset retirement obligations	606	607
Other	2,040	2,140
Total non-current liabilities	18,819	17,808
Total liabilities	53,602	51,208
Net assets		
Shareholders' equity		
Capital stock	11,485	11,485
Capital surplus	4,487	3,977
Retained earnings	64,213	67,129
Treasury shares	(4,723)	(4,834)
Total shareholders' equity	75,462	77,758
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,343	4,566
Deferred gains or losses on hedges	0	(0)
Remeasurements of defined benefit plans	739	973
Total accumulated other comprehensive income	3,082	5,539
Share acquisition rights	138	162
Non-controlling interests	7,150	6,641
Total net assets	85,834	90,102
Total liabilities and net assets	139,436	141,310

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

Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Net sales	94,800	95,413
Cost of sales	82,097	81,744
Gross profit	12,702	13,669
Selling, general and administrative expenses	8,774	9,372
Operating income	3,928	4,296
Non-operating income		
Interest income	8	16
Dividend income	269	379
Rent income	123	125
Insurance claim income	164	57
Share of profit of entities accounted for using equity method	1,544	844
Other	481	426
Total non-operating income	2,590	1,851
Non-operating expenses		
Interest expenses	203	293
Rental expenses	17	16
Other	70	108
Total non-operating expenses	291	418
Ordinary income	6,227	5,728
Extraordinary income		
Gain on sales of non-current assets	121	47
Gain on sales of investment securities	800	—
Reversal of provision for business restructuring	—	141
Insurance claim income	128	450
Other	—	85
Total extraordinary income	1,050	723
Extraordinary losses		
Loss on sales of non-current assets	4	1
Loss on retirement of non-current assets	181	139
Impairment loss	717	65
Loss on valuation of shares of subsidiaries and associates	33	—
Business restructuring expenses	620	—
Loss on disaster	57	—
Provision of allowance for doubtful accounts	85	17
Provision for loss on business of subsidiaries and associates	28	3
Other	69	—
Total extraordinary losses	1,797	226
Profit before income taxes	5,481	6,226
Income taxes - current	1,724	1,586
Income taxes - deferred	(171)	90
Total income taxes	1,553	1,677
Profit	3,927	4,548
Profit attributable to non-controlling interests	320	180
Profit attributable to owners of parent	3,607	4,368

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Profit	3,927	4,548
Other comprehensive income		
Valuation difference on available-for-sale securities	(165)	2,221
Deferred gains or losses on hedges	0	(0)
Remeasurements of defined benefit plans	425	233
Share of other comprehensive income of entities accounted for using equity method	(5)	1
Total other comprehensive income	254	2,456
Comprehensive income	4,182	7,004
Comprehensive income attributable to		
Owners of parent	3,862	6,824
Non-controlling interests	320	180

(3) Consolidated Statement of Changes in Equity

Previous 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	—
Disposal of treasury stock to stock granting trust					—
Acquisition of treasury stock by stock granting trust					—
Change in ownership interest of parent due to transactions with non-controlling interests					—
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							—
Disposal of treasury stock to stock granting trust							—
Acquisition of treasury stock by stock granting trust							—
Change in ownership interest of parent due to transactions with non-controlling interests							—
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

Consolidated fiscal year (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,485	4,487	64,213	(4,723)	75,462
Changes of items during period					
Dividends of surplus			(1,452)		(1,452)
Profit attributable to owners of parent			4,368		4,368
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares					—
Cancellation of treasury shares					—
Disposal of treasury stock to stock granting trust		109		327	436
Acquisition of treasury stock by stock granting trust				(436)	(436)
Change in ownership interest of parent due to transactions with non-controlling interests		(618)			(618)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(509)	2,916	(110)	2,296
Balance at end of current period	11,485	3,977	67,129	(4,834)	77,758

	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	2,343	0	739	3,082	138	7,150	85,834
Changes of items during period							
Dividends of surplus							(1,452)
Profit attributable to owners of parent							4,368
Purchase of treasury shares							(1)
Disposal of treasury shares							—
Cancellation of treasury shares							—
Disposal of treasury stock to stock granting trust							436
Acquisition of treasury stock by stock granting trust							(436)
Change in ownership interest of parent due to transactions with non-controlling interests							(618)
Net changes of items other than shareholders' equity	2,222	(0)	233	2,456	24	(509)	1,971
Total changes of items during period	2,222	(0)	233	2,456	24	(509)	4,267
Balance at end of current period	4,566	(0)	973	5,539	162	6,641	90,102

(4) Consolidated Statement of Cash Flows

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	5,481	6,226
Depreciation	6,243	6,607
Impairment loss	717	65
Amortization of goodwill	423	475
Increase (decrease) in allowance for doubtful accounts	83	15
Increase (decrease) in retirement benefit liability	94	(25)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	4	3
Increase (decrease) in provision for environmental measures	(3)	—
Increase (decrease) in provision for business restructuring	385	(385)
Interest and dividend income	(277)	(396)
Interest expenses	203	293
Share of loss (profit) of entities accounted for using equity method	(1,544)	(844)
Loss on retirement of property, plant and equipment	181	139
Loss (gain) on sales of property, plant and equipment	(117)	(46)
Loss (gain) on sales of investment securities	(800)	—
Reversal of provision for business restructuring	—	(141)
Insurance claim income	(292)	(507)
Business restructuring expenses	620	—
Decrease (increase) in trade receivables	(39)	1,488
Decrease (increase) in inventories	(1,896)	(1,646)
Increase (decrease) in trade payables	(637)	(807)
Increase (decrease) in accrued consumption taxes	(858)	270
Other, net	(405)	(180)
Subtotal	7,566	10,602
Interest and dividends income	1,880	1,163
Interest expenses	(206)	(290)
Proceeds from insurance income	292	507
Income taxes paid	(1,199)	(2,096)
Income taxes refund	439	7
Net cash provided by (used in) operating activities	8,773	9,894
Cash flows from investing activities		
Payments into time deposits	(768)	(720)
Proceeds from withdrawal of time deposits	788	781
Purchase of property, plant and equipment	(9,905)	(8,237)
Proceeds from sales of property plant and equipment	130	173
Purchase of intangible assets	(190)	(185)
Government subsidy	1,230	295
Purchase of investment securities	(20)	(0)
Proceeds from sales of investment securities	959	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,525)	—
Purchase of shares of subsidiaries and associates	—	(203)
Other, net	(65)	174
Net cash provided by (used in) investing activities	(9,366)	(7,921)

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(674)	(526)
Proceeds from long-term loans payable	6,900	3,900
Repayments of long-term loans payable	(5,265)	(5,943)
Redemption of bonds	(95)	(115)
Purchase of treasury shares	(672)	(1)
Cash dividends paid	(1,532)	(1,452)
Dividends paid to non-controlling interests	(84)	(96)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(1,211)
Other, net	(72)	(41)
Net cash provided by (used in) financing activities	(1,495)	(5,486)
Net increase (decrease) in cash and cash equivalents	(2,088)	(3,513)
Cash and cash equivalents at beginning of period	12,687	10,599
Cash and cash equivalents at end of period	10,599	7,085

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

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	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

FY2025 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Industrial Material	Special Material	Household Products	Environment Related	Total	Adjustment (Note 1)	Consolidated (Note 2,3)
Net sales							
Sales to outside	41,867	19,762	18,781	15,002	95,413	—	95,413
Intersegment sales and transfers	2,600	526	211	3,087	6,426	(6,426)	—
Total	44,467	20,288	18,993	18,089	101,839	(6,426)	95,413
Segment profit or loss	1,169	1,494	798	755	4,218	78	4,296
Segment assets	62,279	45,704	15,160	24,013	147,157	(5,847)	141,310
Other items							
Depreciation	3,459	1,101	1,074	970	6,607	—	6,607
Amortization of goodwill	—	—	—	475	475	—	475
Impairment loss	—	65	—	—	65	—	65
Investments in entities accounted for using equity method	6,658	—	—	—	6,658	—	6,658
Increase in tangible and intangible fixed assets	4,443	1,481	602	2,126	8,654	299	8,954

Notes:

1. "Adjustment" comprises the following:

(1) Segment profit (Millions of yen)

	FY2024	FY2025
Corporate expenses	(11)	(37)
Elimination, etc.	149	116
Total	137	78

(2) Segment assets (Millions of yen)

	FY2024	FY2025
Corporate assets	93,096	97,013
Elimination, etc.	(99,704)	(102,861)
Total	(6,608)	(5,847)

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

	FY2024	FY2025
Corporate assets	64	299
Total	64	299

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

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

FY2025 (April 1, 2025 to March 31, 2026)

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.	35,808	Industrial Material

Information on Impairment Loss of Fixed Assets of Each Reportable Segment

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

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

FY2025 (April 1, 2025 to March 31, 2026)

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

Information on Goodwill Amortization and Unamortized Balance of Each Reportable Segment

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

FY2025 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Industrial Material	Special Material	Household Products	Environment Related	Corporate/ Elimination	Total
Amortization during the period	—	—	—	475	—	475
Balance at the end of the period	—	—	—	2,923	—	2,923

Information on Gain on Negative Goodwill of Each Reportable Segment

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

Not applicable.

FY2025 (April 1, 2025 to March 31, 2026)

Not applicable.