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November 13, 2025

To whom it may concern

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and Chief Executive Officer
(Securities code: 3708; TSE Prime Market)
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Notice Regarding the Introduction of a Stock Grant ESOP Trust

Tokushu Tokai Paper Co., Ltd. (the “Company”) hereby announces that a resolution was passed at a meeting of the Board of Directors held on November 13, 2025 to introduce an employee incentive plan in the form of a “stock grant ESOP trust” (hereinafter, the “Plan”) for employees of the Company and its Group companies (hereinafter, the “Eligible Employees”, excluding domestic non-residents).

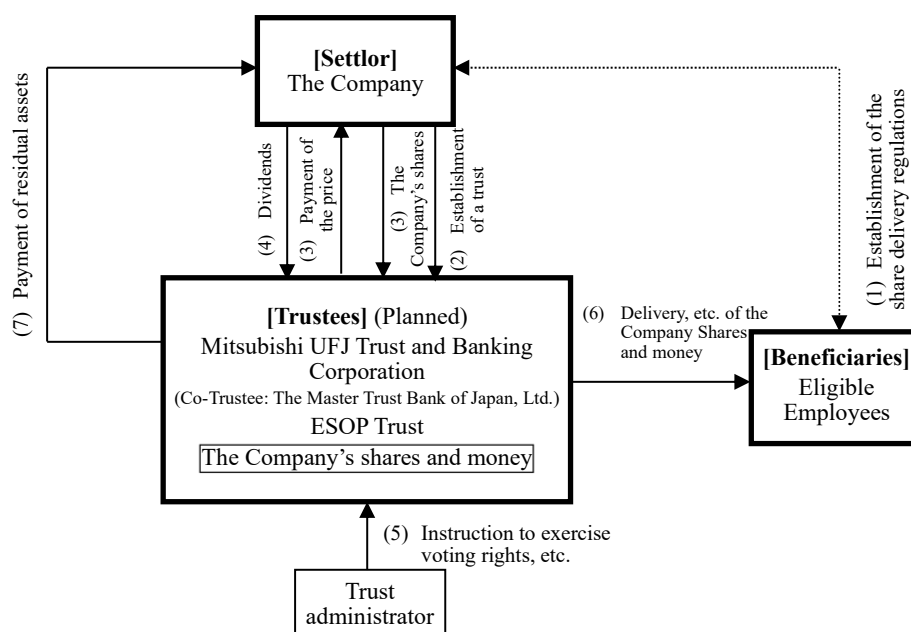
1. Purpose of Introduction of the Plan, Etc.

- (1) The Group believes that, in order to sustainably enhance its corporate value, it is essential for each employee to regard such enhancement as their own initiative and for the Group as a whole to work together to implement relevant measures. We position our people as our most important management resource. By supporting each employee in growing and embracing challenges, we strive to enhance engagement and strengthen retention. As part of these efforts, we will introduce an employee stock compensation plan to enable the Eligible Employees to share in their own achievements as well as in the growth of the Group. Through the Plan, our employees are expected to increase their awareness about proactively contributing to the medium- to long-term improvement of business performance and corporate value from the same perspective as our shareholders, thereby enhancing their motivation and fostering a stronger sense of unity within the Group. Through these initiatives, we will continue to aim for the realization of a sustainable corporate group and further enhancement of corporate value.
- (2) Under the Plan, the Company will adopt a scheme referred to as a Stock Grant ESOP (Employee Stock Ownership Plan) Trust (hereinafter, the “ESOP Trust”). The Plan is an employee incentive plan modeled after ESOP plans in the United States. Under the Plan, shares of the Company* and cash equivalent to the proceeds from the sale of such shares acquired by the ESOP Trust (hereinafter, the “Company Shares, etc.”) will be delivered and paid (hereinafter, the “Delivery, etc.”) to the Eligible Employees who satisfy certain requirements, in accordance with predetermined share delivery regulations.
- (3) Through the introduction of the Plan, the Eligible Employees will be able to enjoy the economic benefits arising from the appreciation of the Company’s share price, which is expected to encourage the Eligible Employees to perform their duties with greater awareness of the share price and enhance their motivation to work. Furthermore, voting rights pertaining to the Company’s shares held in the trust property of the ESOP Trust will be exercised in a manner that reflects the intentions of the Eligible Employees who are beneficiary

candidates. This ensures the effectiveness of the Plan as a measure to enhance corporate value by promoting the participation of the Eligible Employees in management.

(Note) In connection with the introduction of the Plan, the Company has resolved to dispose of 288,000 shares (436,896,000 yen) of the 4,151,385 treasury shares held by the Company as of September 30, 2025 (note: the total number of issued shares and voting rights has been calculated by taking into account the three-for-one stock split of common stock that took effect on October 1, 2025), to the ESOP Trust. For details, please refer to the “Notice Regarding the Disposal of Treasury Shares Associated with the Introduction of a Stock Grant ESOP Trust System” announced today.

2. Scheme of the Plan



- (1) The Company and its Group companies will establish share delivery regulations in connection with the introduction of the Plan.
- (2) The Company will establish the ESOP Trust (hereinafter, the "Trust") by contributing cash for the Eligible Employees who satisfy the beneficiary requirements.
- (3) The Trust will acquire the Company's shares from the Company (through the disposal of treasury shares) as instructed by the Trust Administrator, using the funds contributed in step (2).
- (4) Dividends on the Company's shares within the Trust will be distributed in the same manner as dividends on other Company shares.
- (5) Regarding the Company's shares within the Trust, throughout the trust period, the Trust will exercise shareholder rights, including voting rights, in accordance with the instructions issued by the Trust Administrator.
- (6) The Eligible Employees will be granted points during the trust period in accordance with the share delivery regulations, and those points will accumulate. The Eligible Employees who satisfy the beneficiary requirements will be granted the Company's shares corresponding to a specified percentage of the accumulated points. For the shares corresponding to any remaining points, they will be converted into their cash equivalent within the Trust, in accordance with the terms of the trust agreement, and the employees will receive the cash.
- (7) Upon the liquidation of the ESOP Trust, any residual assets remaining after the Delivery, etc. of the Company Shares, etc. to the beneficiaries will be attributed to the Company, as the holder of vested rights.

(Note) The Trust will be terminated before the expiration of the trust period if no Company shares remain in the Trust due to the Delivery, etc. of the Company Shares, etc. to the Eligible Employees satisfying beneficiary requirements.

(Reference)

[Outline of the Trust Agreement]

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| (1) Type of trust | Money trust other than a specified individually-operated money trust (third-party beneficiary trust) |
| (2) Purpose of trust | To grant incentives to the Eligible Employees |
| (3) Settlor | The Company |
| (4) Trustee | Mitsubishi UFJ Trust and Banking Corporation
(Co-trustee: The Master Trust Bank of Japan, Ltd.) |
| (5) Beneficiaries | The Eligible Employees satisfying beneficiary requirements |
| (6) Trust administrator | Third party with no interest in the Company (certified public accountant) |
| (7) Trust agreement date | November 26, 2025 |
| (8) Trust period | November 26, 2025 to November 30, 2028 (Planned) |
| (9) Start date | November 26, 2025 |
| (10) Exercise of voting rights | The trustee will exercise voting rights attached to the Company's shares by following the trust administrator's instructions that reflect the exercise of voting rights by the beneficiary candidates. |
| (11) Type of shares to be acquired | Common stock of the Company |
| (12) Amount of trust money | 439 million yen (including trust fees and expenses) |
| (13) Date of acquisition of shares | December 1, 2025 |
| (14) Method of acquiring shares | Acquisition from the Company (disposition of treasury shares) |
| (15) Holder of vested rights | The Company |
| (16) Residual assets | The residual assets that can be received by the Company, as the holder of vested rights, shall be limited to the trust expense reserve. |

(Note) The above schedule is subject to change as appropriate in light of applicable laws and regulations.