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November 13, 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: Hiroshi Tanaka, Executive Officer
Managing Executive Officer
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Notice Regarding Disposal of Treasury Shares Associated with the Introduction of a Stock Grant ESOP Trust System

Tokushu Tokai Paper Co., Ltd. (the “Company”) hereby announces that a resolution to dispose of treasury shares of the Company in connection with the introduction of a stock grant ESOP trust (hereinafter, the “Treasury Share Disposal”) was passed at a meeting of the Board of Directors held on November 13, 2025.

1. Outline of Disposal

(1) Date of disposal	December 1, 2025
(2) Class and number of shares to be disposed of	Common stock 288,000 shares
(3) Disposal price	1,517 yen per share
(4) Total value of disposal	436,896,000 yen
(5) Planned recipient	The Master Trust Bank of Japan, Ltd. (Stock grant ESOP trust account)
(6) Other	The Company has submitted an extraordinary report pursuant to the Financial Instruments and Exchange Act regarding the Treasury Share Disposal.

2. Purpose and Reason for Disposal

The Company aims to enhance the motivation of Group employees (hereinafter, the “Eligible Employees”, excluding domestic non-residents) and foster a sense of unity within the Group through this plan. It also seeks to raise awareness among employees about proactively contributing to the medium- to long-term improvement of business performance and corporate value from the same perspective as our shareholders. Ultimately, this will contribute to the realization of a sustainable corporate group and further enhancement of corporate value. Accordingly, at the Board of Directors meeting held on November 13, 2025, the Company resolved to introduce the stock grant ESOP trust (hereinafter, the “Plan”).

Under the Treasury Share Disposal, the Company, in conjunction with the introduction of the Plan, will dispose of treasury shares to The Master Trust Bank of Japan, Ltd. (stock grant ESOP trust account), a co-trustee under the stock grant ESOP trust agreement (hereinafter, the “Trust Agreement”; the trust established based on the Trust Agreement is referred to as the “Trust”) concluded between the Company and Mitsubishi UFJ Trust and Banking Corporation.

The number of shares to be disposed of is based on the number of shares expected to be delivered to eligible employees during the trust period under the share delivery regulations. The scale of dilution is 0.74% of the total number of issued shares, corresponding to 0.83% of the 347,779 voting rights outstanding as of September 30, 2025 (both rounded to the third decimal place). Please note that as of October 1, 2025, the Company executed a three-for-one stock split, and thus, the total number of issued shares and voting rights has been calculated by taking the stock split into account.

The treasury shares allocated through the Treasury Share Disposal will be delivered to the Eligible Employees in accordance with the share delivery regulations. Since it is not anticipated that these shares will flow out into the stock market all at once due to the disposal, the impact on the stock market is expected to be minimal. Therefore, the Company has determined that the number of shares to be disposed of and the scale of dilution are reasonable.

For an overview of the Plan, please refer to the “Notice Regarding the Introduction of a Stock Grant ESOP Trust” disclosed on November 13, 2025.

[Details of the Trust Agreement]

Type of trust	Money trust other than a specified individually-operated money trust (third-party beneficiary trust)
Purpose of trust	To grant incentives to the Eligible Employees
Settlor	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	The Eligible Employees satisfying beneficiary requirements
Trust administrator	Third party with no interest in the Company
Date of trust agreement	November 26, 2025
Trust period	November 26, 2025 to November 30, 2028 (Planned)
Commencement date of the Plan	November 26, 2025
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.

3. Basis for Calculation of Disposal Price and Specific Details Thereof

To ensure that the share disposal price is free from arbitrariness, and in light of recent share price trends, the price has been set at 1,517 yen, which is the closing price of the Company’s shares on the Tokyo Stock Exchange, Inc. (hereinafter, “Tokyo Stock Exchange”) on the business day immediately preceding the day of the Board of Directors’ resolution pertaining to the Treasury Share Disposal (November 12, 2025). The closing price of the Company’s shares on the Tokyo Stock Exchange on the business day immediately preceding the day of the Board of Directors’ resolution has been adopted because it represents the market value immediately prior to the Board of Directors’ resolution, and the Company has determined that it is highly objective and reasonable as a basis for calculation.

The Audit & Supervisory Committee of the Company has expressed the opinion that the basis for calculation of the disposal price is reasonable, and that the disposal price is legally compliant, as it does not correspond to a particularly advantageous price.

4. Procedures Pursuant to the Code of Corporate Conduct

As the dilution rate of the Treasury Share Disposal is less than 25% and there will be no change in the controlling shareholder, procedures for obtaining an opinion from an independent third party or for confirming the intent of shareholders, as provided in Rule 432 of the Securities Listing Regulations provided by the Tokyo Stock Exchange, are not required.