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August 7, 2025

Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2026 (Japanese GAAP)

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 Code No./Stock Exchange: 3877/Tokyo
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 Start of dividend payout: —
 Supplementary briefs for quarterly financial results to be presented: Yes
 Quarterly financial results briefing to be held: None

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2026 (April 1 to June 30, 2025)

(1) Consolidated Business Results (Cumulative)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	26,727	1.2	(53)	—	50	(94.3)	(60)	—
June 30, 2024	26,404	0.8	446	(62.3)	882	(41.7)	515	(50.4)

(Note) Comprehensive income: Three months ended June 30, 2025: (27) million yen (—%)

Three months ended June 30, 2024: 1,267 million yen (4.9%)

	Profit per share	Diluted profit per share
	Yen	Yen
Three months ended June 30, 2025	(4.86)	—
June 30, 2024	39.81	—

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2025	116,730	55,474	48.3	4,496.68
March 31, 2025	121,888	55,941	46.7	4,533.15

(Reference) Shareholders' equity As of June 30, 2025: 56,428 million yen As of March 31, 2025: 56,886 million yen

2. Cash Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
Fiscal year ended March 31, 2025	Yen —	Yen 35.00	Yen —	Yen 35.00	Yen 70.00
Fiscal year ending March 31, 2026	—				
Fiscal year ending March 31, 2026 (Forecast)		40.00	—	40.00	80.00

(Note) Revisions to the most recently announced dividend forecast during the period: None

3. Consolidated Financial Forecasts for the Year Ending March 2026 (from April 1, 2025 to March 31, 2026)

(% = year-on-year change for each quarter and full-year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	55,000	(1.0)	1,900	(39.2)	2,100	(29.9)	1,400	(31.5)	111.56
Full year	112,000	0.9	4,900	1.2	5,200	1.7	3,500	98.7	278.91

(Note) Revisions to the most recently announced financial forecast during the period: None

Notes*(1) Changes in important subsidiaries during the period**

(changes in specified subsidiaries resulting in changes in scope of consolidation) : None

New — (company name)

Excluded — (company name)

(2) Application of special accounting methods for preparing quarterly consolidated financial statements : None**(3) Changes in accounting policies, changes in accounting estimates, and restatements**

1) Changes in accounting policies due to revision of accounting standards, etc. : None

2) Changes in accounting policies other than (1) : None

3) Changes in accounting estimates : None

4) Correction re-representation : None

(4) Number of shares issued and outstanding (common stock)

1) Number of shares outstanding at end of period (including treasury stock)	As of June 30, 2025	13,354,688 shares	As of March 31, 2025	13,354,688 shares
2) Number of own shares at end of period	As of June 30, 2025	805,686 shares	As of March 31, 2025	805,627 shares
3) Average number of shares during the period	Three months ended June 30, 2025	12,549,025 shares	Three months ended June 30, 2024	12,949,656 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes

* Explanation of appropriate use of financial forecasts and other special notes.

The above forecasts are based on information available as of the date of publication of this document and on certain assumptions that we consider reasonable and are therefore subject to a number of uncertainties. Actual results may differ from the above forecasts due to changes in various factor.

Quarterly Consolidated Financial Statements and Important Notes**(1) Quarterly Consolidated Balance Sheet**

(Unit: Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	9,005	3,936
Notes and accounts receivable and contract assets	26,090	25,738
Merchandise and finished goods	10,353	8,859
Work in process	654	623
Raw materials and supplies	6,179	7,034
Other	2,333	2,620
Allowance for doubtful accounts	(3)	(3)
Total current assets	54,612	48,810
Non-current assets		
Property, plant and equipment		
Buildings and structures	53,780	53,861
Accumulated depreciation	(38,753)	(39,038)
Buildings and structures, net	15,026	14,823
Machinery, equipment and vehicles	246,642	247,536
Accumulated depreciation	(219,929)	(220,546)
Machinery, equipment and vehicles, net	26,713	26,990
Other	12,261	12,663
Accumulated depreciation	(3,106)	(3,134)
Other, net	9,154	9,528
Total property, plant and equipment	50,894	51,342
Intangible assets		
Other	192	170
Total intangible assets	192	170
Investments and other assets		
Investment securities	11,651	11,844
Other	4,595	4,620
Allowance for doubtful accounts	(58)	(58)
Total investments and other assets	16,188	16,407
Total non-current assets	67,275	67,919
Total assets	121,888	116,730

(Unit: Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable trade	16,928	13,691
Short-term borrowings	28,603	28,062
Income taxes payable	569	90
Allowance for bonuses	572	205
Provision for loss on disaster	124	112
Other	5,304	6,055
Total current liabilities	52,103	48,216
Non-current liabilities		
Long-term borrowings	8,494	7,679
Provisions for environmental measures	80	72
Provisions for loss on business of subsidiaries and affiliates	43	43
Retirement benefit liability	5,057	5,078
Other	166	164
Total non-current liabilities	13,843	13,038
Total liabilities	65,946	61,255
Net assets		
Shareholders equity		
Share capital	18,864	18,864
Capital surplus	16,253	16,253
Retained earnings	19,267	18,767
Treasury shares	(1,014)	(1,014)
Total shareholders equity	53,370	52,870
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,687	2,800
Foreign currency translation adjustment	275	211
Remeasurements of defined benefit plans	552	546
Total accumulated other comprehensive income	3,515	3,558
Non-controlling interests	(945)	(953)
Total net assets	55,941	55,474
Total liabilities and net assets	121,888	116,730

2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
Quarterly Consolidated Statements of Income
For the Three -month Period

(Unit: Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	26,404	26,727
Cost of sales	23,063	23,734
Gross profit	3,341	2,992
Selling, general and administrative expenses		
Sales commissions	29	28
Transportation costs	1,585	1,721
Storage costs	395	404
Other	884	891
Total selling, general and administrative expenses	2,894	3,045
Operating profit(loss)	446	(53)
Non-operating income		
Interest income	13	15
Dividend income	99	122
Foreign exchange gains	298	—
Share of profit of entities accounted for using equity method	60	89
Other	39	42
Total non-operating income	512	269
Non-operating expenses		
Interest expenses	67	84
Foreign exchange losses	—	66
Other	8	15
Total non-operating expenses	76	166
Ordinary profit	882	50
Extraordinary income		
Gain on sale of non-current assets	0	3
Total extraordinary income	0	3
Extraordinary losses		
Loss on retirement of non-current assets	176	96
Impairment losses	—	10
Other	1	—
Total extraordinary losses	178	106
Profit(loss) before income taxes	704	(52)
Income taxes - current	31	99
Income taxes - deferred	160	(82)
Total income taxes	192	16
Profit(loss)	512	(69)
Loss attributable to non-controlling interests	(3)	(8)
Profit(loss) attributable to owners of parent	515	(60)

Quarterly Consolidated Statements of Comprehensive Income
For the Three -month Period

(Unit: Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit(loss)	512	(69)
Other comprehensive income		
Valuation difference on available-for-sale securities	422	109
Remeasurements of defined benefit plans, net of tax	293	(5)
Share of other comprehensive income of entities accounted for using equity method	39	(61)
Total other comprehensive income	755	42
Comprehensive income	1,267	(27)
(Breakdown)		
Comprehensive income attributable to owners of parent	1,271	(18)
Comprehensive income attributable to non- controlling interests	(3)	(8)

(Segment Information)

I Previous consolidated Three months ended (April 1, 2024 to June 30, 2024)

1. Information on net sales, profit or loss by reportable segment

(Unit: Millions of yen)

	Reportable Segment			Other (Note)	Total
	Paper and Pulp Manufacturing	Power Generation	Total		
Net sales					
Sales to external customers	24,226	1,287	25,514	890	26,404
Intersegment sales and transfers	—	—	—	3,123	3,123
Total	24,226	1,287	25,514	4,013	29,528
Segment profit	269	90	359	76	436

Note: “Others” is a business segment not included in the reportable segments and includes the nanoforest, paper products manufacturing, transportation, equipment design, construction and repair, raw materials, paper cutting, sorting and packaging.

2. Difference between the total amount of reported segments (profits and loss) and the amount recorded in the quarterly consolidated financial statements and the main details of such difference (matters related to difference adjustment)

(Unit: Millions of yen)

Profit	Amount
Total of reportable segments	359
Income in “Other” Segment	76
Elimination of intersegment transactions	10
Fixed asset adjustments	(1)
Other adjustments	1
Operating profit in consolidated financial statements (quarterly)	446

II Current consolidated Three months ended (April 1, 2025 to June 30, 2025)

1. Information on net sales, profit or loss by reportable segment

(Unit: Millions of yen)

	Reportable Segment			Other (Note)	Total
	Paper and Pulp Manufacturing	Power Generation	Total		
Net sales					
Sales to external customers	24,482	1,259	25,741	985	26,727
Intersegment sales and transfers	—	—	—	3,293	3,293
Total	24,482	1,259	25,741	4,279	30,021
Segment profit(loss)	(172)	27	(145)	74	(71)

Note: “Others” is a business segment not included in the reportable segments and includes the nanoforest, paper products manufacturing, transportation, equipment design, construction and repair, raw materials, paper cutting, sorting and packaging.

2. Difference between the total amount of reported segments (profits and loss) and the amount recorded in the quarterly consolidated financial statements and the main details of such difference (matters related to difference adjustment)

(Unit: Millions of yen)

Profit (loss)	Amount
Total of reportable segments	(145)
Income in “Other” Segment	74
Elimination of intersegment transactions	12
Fixed asset adjustments	3
Other adjustments	1
Operating profit in consolidated financial statements (quarterly)	(53)