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For Immediate Release

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Formulation of the Medium-Term Management Plan (FY2026/3-FY2028/3)

Mitsubishi Paper Mills Limited (the "Company") hereby announces that it has formulated a medium-term management plan for FY2026/3-FY2028/3 as detailed below.

Details:

1. Basic policy of the Medium-Term Management Plan (FY2026/3-FY2028/3)

130 years as a SHINKA company and ever evolving

Note: Mitsubishi Paper Mills will celebrate its 130th anniversary in April 2028.

- 1) *SHINKA* (sophistication) of technologies and research to expand our array of distinctive functional and environmentally friendly products and accelerate productivity improvement
- 2) *SHINKA* (evolution) in our contributions to the global environment
- 3) *SHINKA* (internalization) of governance and human capital management

2. Management targets


Consolidated indicators	Targets (FY2028/3)
Net sales	250 billion yen
Operating income	20 billion yen
D/E ratio	0.7 times
ROE	10%

<Precondition>

Exchange rates: 145 yen/US\$,

Crude oil price (Dubai): 70US\$/barrel, Coal price (Australia): 100US\$/ton

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



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Medium-term Management Plan

(FY2026/3-FY2028/3)

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	•Increase the Price Book-Value Ratio (PBR)	
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I. Review of Medium-term Management Plan (FY2023/3-FY2025/3)

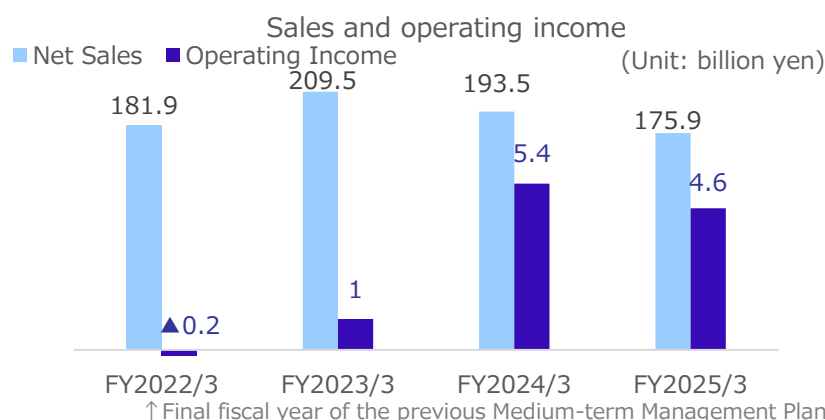
State of Achievement of the Management Targets and Issues

(State of achievement) Sales and operating income targets were not achieved, but the D/E ratio target was achieved.

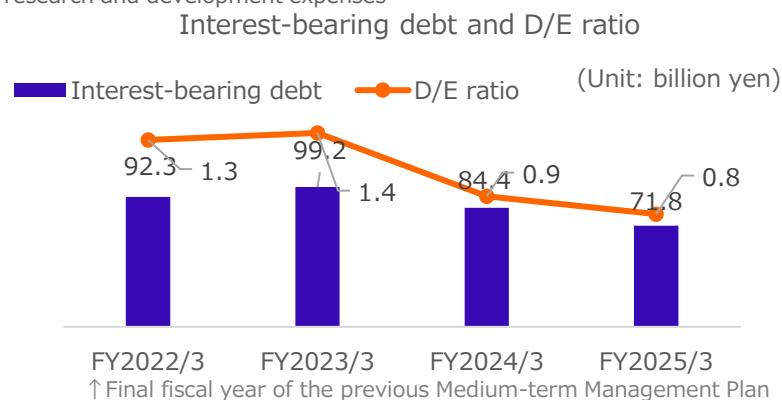
(Issue) Increase sales in the highly-profitable functional materials business and invest in increasing them

Management targets for FY2025/3

	Medium-term Management Plan	Results	Medium- and long-term aspiration
Net sales	195.0 billion yen	175.9billion yen	200.0 billion yen
Sales ratio(Functional materials: Sustainable fiber materials)	1:2.5	1 : 1	1 : 1
Operating income	7.5 billion yen	4.6 billion yen	15.0 billion yen
Operating income margin	3.5% or more	2.6%	7.5%
Functional materials	7.5%	3.8%	10.0%
Sustainable fiber materials	2.0%	1.5%	5.0%
D/E ratio	1.0times	0.8times	0.5times
Investments (approved)	22.0 billion yen	25.2billion yen	—



*Including research and development expenses

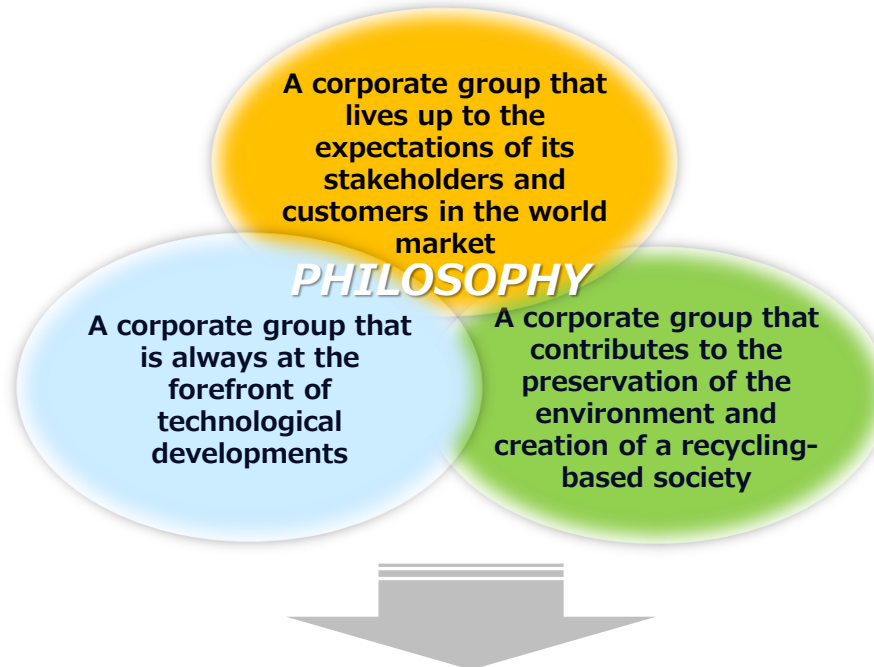


Basic policy	Achievements	Issues
<p>Strengthen our earning capacity by "Selection and concertation" strategies and "Expansion of new business"</p>	<p>Selection and concentration:</p> <ul style="list-style-type: none"> • Reorganization of divisions • Streamlining of organization (Subsidiary: 25 →11) • Sale of non-core businesses and assets • Concentration of production <p>Expansion of new business:</p> <ul style="list-style-type: none"> • Enhancement of the research structure • Expansion of sales (Functional Materials: separators for power storage devices and masking tape backing; Sustainable Fiber Materials: packaging materials) 	<p>Expansion of businesses:</p> <ul style="list-style-type: none"> • Expand sales of products in the Functional Materials Business • Increase export by overseas bases • Step up the development of new products • Invest in growing and strategic areas <p>Improvement of profitability:</p> <ul style="list-style-type: none"> • Establish an optimal production structure • Carry out digital transformation (DX)
<p>Contribution to green society</p>	<p>Initiatives for carbon neutrality:</p> <ul style="list-style-type: none"> • Implementation of energy saving initiatives (22% reduction) <p>Disclosure of information regarding environmental and social contribution:</p> <ul style="list-style-type: none"> • Implementation of TCFD-compliant information disclosure and SDG activities 	<p>Initiatives for carbon neutrality:</p> <ul style="list-style-type: none"> • Implement fuel transition and energy conservation <p>Enhancement of disclosure of information regarding environmental and social contribution</p>
<p>Organizational change to promote sustainability</p>	<p>Sustainability improvement</p> <ul style="list-style-type: none"> • Strengthening of governance (introduction of briefings for outside officers, Increase in number of full-time auditors [1→2]) (Increase in the number of outside directors [2→3, over 1/3]) • Implementation of sustainability activities (establishment of a subcommittee and formulation of a basic policy) • Strict compliance (response to misconduct regarding heat resistant electrically insulated pressboard, harassment elimination declaration and human rights due diligence) • Enhancement of diversity and inclusion initiatives (appointment of women officers and others and recruitment of mid-carrier workers, foreign nationals and workers with disabilities) • Implementation of workstyle reforms (enhancement of the remote working program and introduction of a super flextime program) 	<p>Enhancement of governance:</p> <ul style="list-style-type: none"> • Change the corporate culture • Increase compliance awareness (Focus on integrity) <p>Investment in human resources for expansion:</p> <ul style="list-style-type: none"> • Step up diversity and inclusion initiatives • Reinforce workstyle reforms • Increase productivity through DX • Increase engagement

II. Overview of Medium-term Management Plan (FY2026/3-FY2028/3)

«Corporate Philosophy»

We aim to contribute positively to society through our activity in the global market, maximizing our technological capabilities and helping protect the environment around the world



«Mitsubishi Paper Mills Vision»

- Develop and provide useful, safe products and services to society through advanced technology and innovation
- Contribute to the realization of a sustainable society and our own sustainable growth



130 years as a “**SHINKA**” company ^{NEXT} and
ever evolving

Note: Mitsubishi Paper Mills will celebrate its 130th anniversary in April 2028

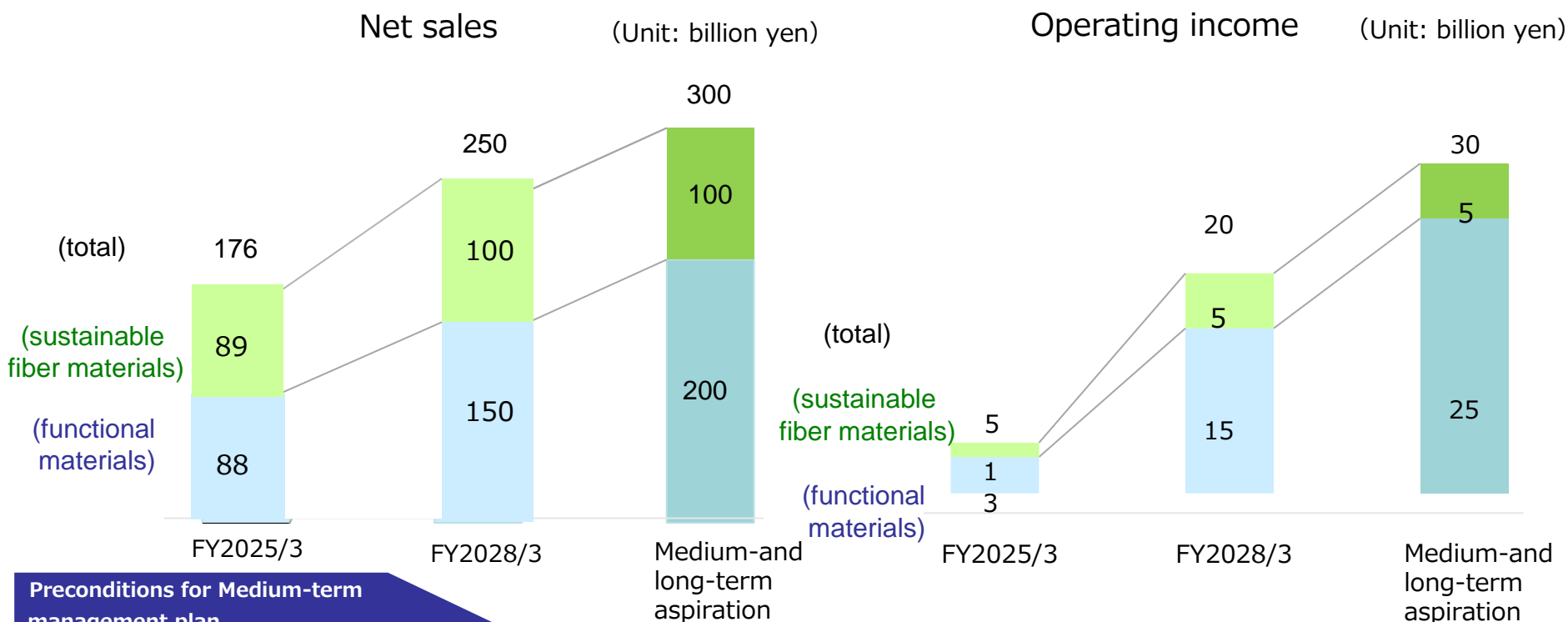


- 1) “**SHINKA**” (sophistication) of technologies and research to expand our array of distinctive functional and environmentally friendly products and accelerate productivity improvement
- 2) “**SHINKA**” (evolution) in our contributions to the global environment
- 3) “**SHINKA**” (internalization) of governance and human capital management

- The medium-and long-term aspiration sets a sales target of 300 billion yen and an operating income margin target of 10% to be achieved by doubling sales in the functional materials business
- The next Medium-term Management Plan envisions sales increasing to 250 billion yen and the operating income margin increasing to 8% in FY2028/3

In the functional materials business, increase sales and income by expanding the size of the business.

In the sustainable fiber materials business, increase income by increasing revenue



- Forex : 145yen/US \$
- Dubai Crude Oil : 70US \$ /barrel
- Coal : 100US \$ /ton

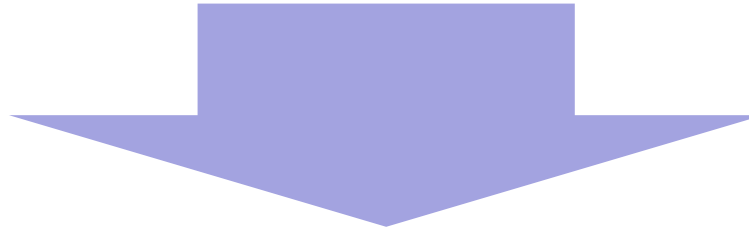
- We keep the D/E ratio at 0.7 and appropriate to achieve ROE of 10% and ROIC of 11% for Medium-and-long-term aspiration
- We keep the D/E ratio at 0.7 and improve profitability to achieve an ROE of 10% and achieve ROIC of 9% through more efficient management investment

	FY2025/3	FY2028/3	Medium-and-long term Aspiration
D/E ratio	0.8times	0.7times	0.7times
ROE	5%	10%	Over 10%
ROIC	2%	9%	11%

- Management investments funded by cash flows from operating activities
- Stable shareholder return

Capital allocation in the three-year period of the Medium-term Management Plan

**Cash flows from operating activities:
Approx. 37 billion yen in the three-year period**



**Management Investment
Approx. 32 billion yen**

**Shareholder return
Approx. 5 billion yen**

Sustainably develop our growth path through approx. 52 billion yen/three years of management investment planned to be initiated during the period of the medium-term management plan

Proactive strategic investment of approx. 33 billion yen [(1) to (3)]

(1) Business strategy investments: Approx. 25 billion yen

Increase functional
materials

Increase environmentally
-friendly products

R&D Investment

(2) Environmental strategy investments: Approx. 5 billion yen

Carbon-neutral

(3) Personnel strategy investments: Approx. 3 billion yen

Human capital
(workplace environment and welfare)

DX and labor
reduction

(4) Business continuity investments: Approx. 19 billion yen

Ⅲ. Initiatives and measures for “130 years as a “*SHINKA*” company and ever evolving”

Contributing to the realization of a sustainable society
and our own sustainable growth

01 Initiatives for Achieving Management Targets

“SHINKA” (sophistication) of technologies and research to expand our array of distinctive functional and environmentally friendly products and accelerate productivity improvement

Achieve “SHINKA” by increasing added Value and expanding globally

**Functional
Materials
Business**

Achieve “SHINKA” by promoting sales of environmentally friendly products and increasing productivity

**Sustainable
Fiber
Materials
Business**

Increase the corporate value of Mitsubishi Paper Mills through “SHINKA”

**Technologies
and Research
Development**

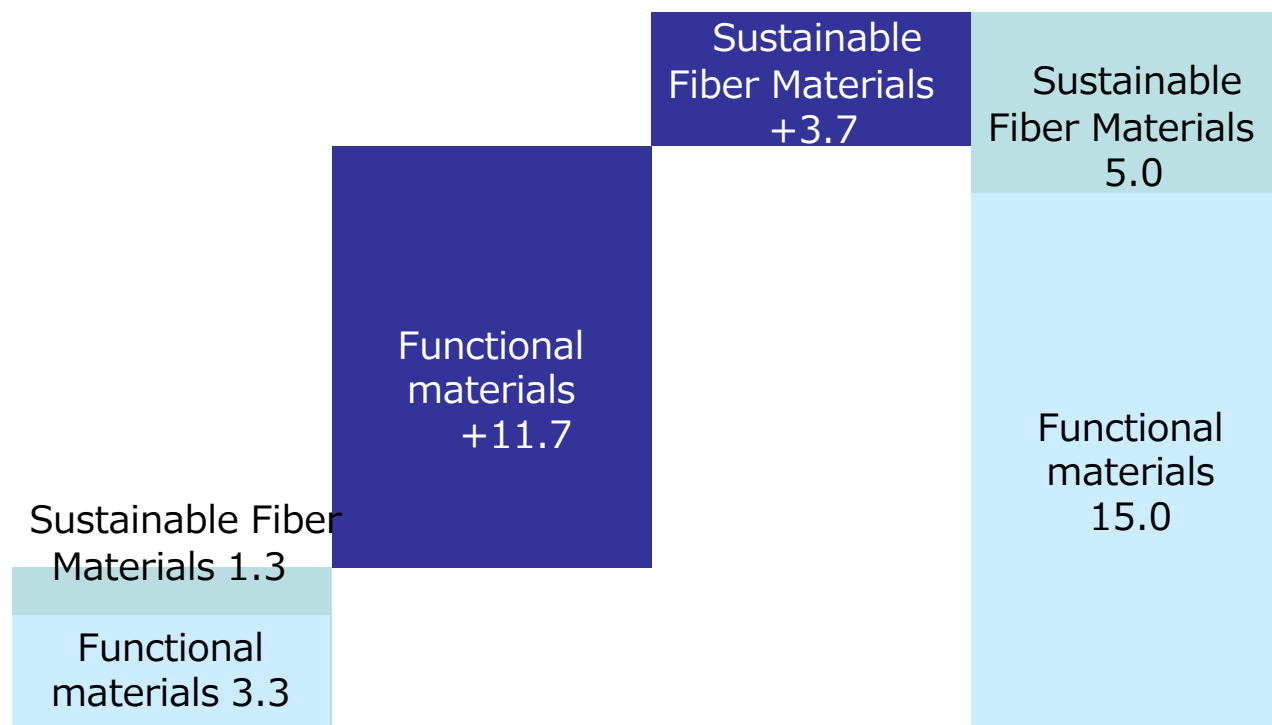
Operating Income

(Unit: billion yen)

FY2025/3 **+ 15.4 billion yen** **FY2028/3**

4.6 billion yen

20.0 billion yen



Achieve “SHINKA” by increasing added value and expanding globally

Increase Market Share in information and image media^{*1}

(^{*1}) : Thermal paper and other on-demand printing-ready products

- Market : 23 billion yen
- Our company : Expand in register roll applications

★Initiatives for this mid-term management plan

- Increase Market Share through superior quality
- Expand Sales by high added-value products (such as environmentally-friendly thermal paper for labels)

Enhance the quality superiority of thermal paper



- Market(Inkjet paper for photo-grade) : 30 billion yen
- Our company : Strength in high-grade paper, high market share in Japan

★Initiatives for this mid-term management plan

- Expand sales by expanding grade development
- Expanding overseas market share by enhancing sales in the U.S.
- Further increase cost competitiveness and expand into Southeast Asia, the Middle East, and Africa, where market growth is expected

Strengthen global sales of inkjet paper



- Improve quality by capitalizing on research and development strength
- Consolidate the production structure to increase competitiveness

Achieve “SHINKA” by increasing added value and expanding globally

Be a leader in functional materials^{*1}

(^{*1}) : Base Materials for water treatment membrane, separators for power storage devices, masking tape backing, filters and other materials

- Market(water treatment membrane): 20 billion yen (CAGR6%)
- Our company : Sales decline due to intensified manufacturer competition in the key market of China Approach new customers in Europe and the U.S.

★Initiatives for this mid-term management plan

- Increase market share through superior quality
- Expand applications by introducing developed products (industrial use → seawater desalination)
- Expansion of sales channels to Europe and the U.S.

Increase adoption of base materials for water treatment membrane



- Market(separators for capacitor, global) : 25 billion yen (CAGR10%)
- Our company : Steady expansion in EDLC^{*2} and capacitor applications

★Initiatives for this mid-term management plan

- Expand sales by introducing higher performance products (with lower thickness and enhanced functionality)

Improve quality of separators for power storage devices



- Market(Japanese paper-type masking tape, global) : 13 billion yen (CAGR4%)
- Our company : Japanese type masking tape with high market share

★Initiatives for this mid-term management plan

- Increased sales due to facility expansion
- Acquired demand for switching from crepe type to Japanese paper type in Europe and the U.S.

Sales expansion of tape base paper



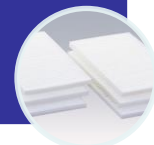
- Market(total enthalpy heat exchanges)^{*3} : 2 billion yen (CAGR8%)

Shrinking Demand for Filters for Home Appliances, Expansion of the market for total heat exchanger elements and other sustainable products

★Initiatives for this mid-term management plan

- Expand sales by introducing total enthalpy heat exchanges and other products with sustainability features

Expand sales of sustainable filtermodels



^{*2}: Electric Double Layer Capacitor

^{*3}: Devices mounted in energy-efficient ventilation systems that control room temperature and humidity

- Improve quality by capitalizing on research and development strength
- Invest capital to increase production capacity

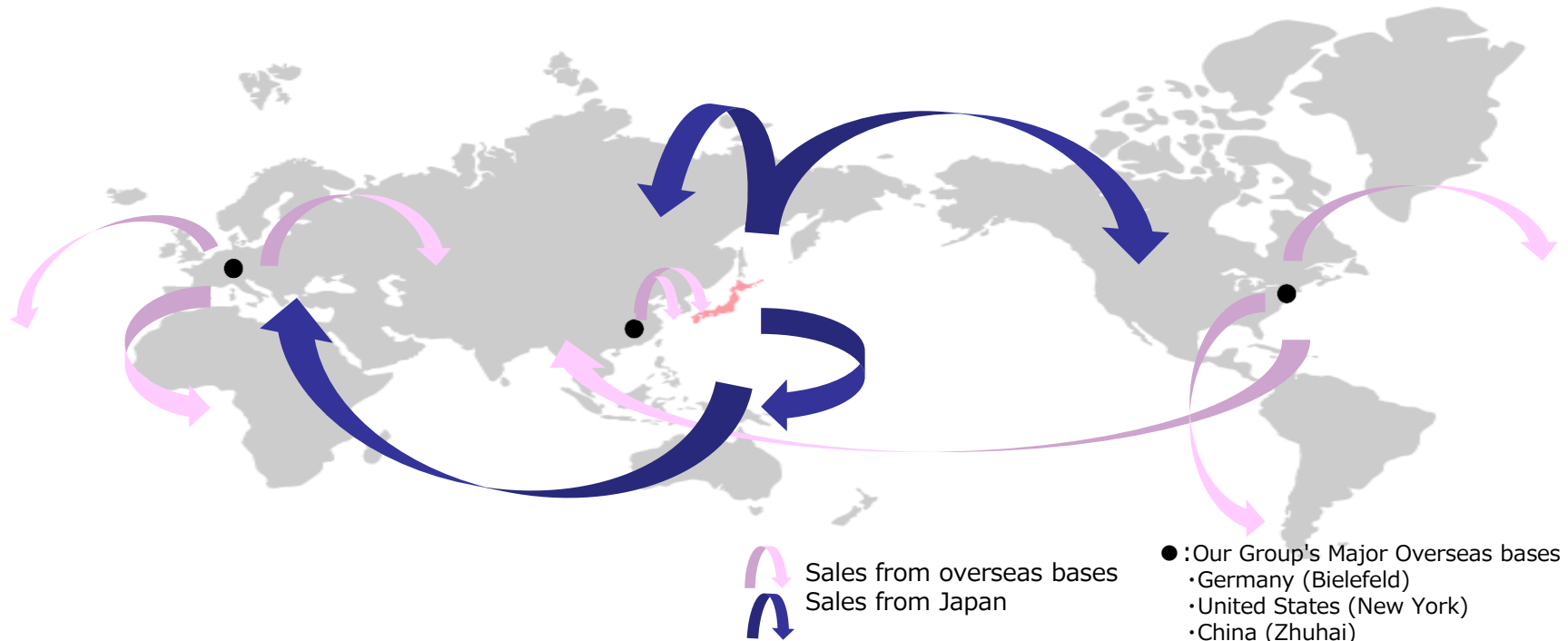
Achieve “SHINKA” by increasing added value and expanding globally

Strengthen the overseas production and sales structure

★Initiatives for this mid-term management plan

Strengthen global expansion into Europe, the US, Asia and other regions by utilizing the manufacturing base in Germany in Europe and the sales base in the US.

- From Japan, sales expansion to Europe and the US.
- From Germany, expand sales of products outside Europe.
- Expansion of exports from the Chinese base.



The sustainable fiber materials business achieves “*SHINKA*” by expanding sales of environmentally-friendly products and increasing productivity

Expand applications for packaging materials and pulp made from 100% wood grown in Japan

- Market : Steady in Japan, Sluggish export prices
- Our company : Expand adoption in Japan

★ **Initiatives for this mid-term management plan**

- Increase sales of environmentally friendly FSC*-certified
- Enrich the lineup of bleached kraft products
- Expand the <<Barricote>> product line that has high recyclability and high barrier property

Expand sales of packaging paper to eliminate or reduce plastics



- Our company : Japan's only lineup of pulp made from 100% wood grown in Japan

★ **Initiatives for this mid-term management plan**

- Include pulp made from hardwood and softwood in Japan in the lineup
- Concentration on pulp production due to paper machine outage

Expand sales of pulp produced at the Kitakami Mill from 100% wood grown in Japan



*: Forest Stewardship Council

- **A distinctive lineup** of packaging paper
- Use of wood grown in Japan to **contribute to the region and the environment**

The sustainable fiber materials business achieves “*SHINKA*” by expanding sales of environmentally-friendly products and increasing productivity

Integration of the operation of the Hachinohe and Kitakami Mills

- Our company : Increased export sales of packaging materials and printing and information paper

★Initiatives for this mid-term management plan

- Initiatives of Productivity Improvement
 - Increase production system efficiency through DX and labor-saving investments and increase production by integrating production brands and consolidating production
- Increase production for export
- Increase competitiveness

Increase production by improving productivity at Hachinohe Mill



- Our company : Increase sales of pulp made from 100% wood grown in Japan

★Initiatives for this mid-term management plan

- Consolidation of paper production to Hachinohe and streamlining of the Kitakami Mill organization through integrated operation with the Hachinohe Mill
- Renovate the Kitakami Mill to operate mainly for the pulp business

Rebuild the production structure of the Kitakami Mill

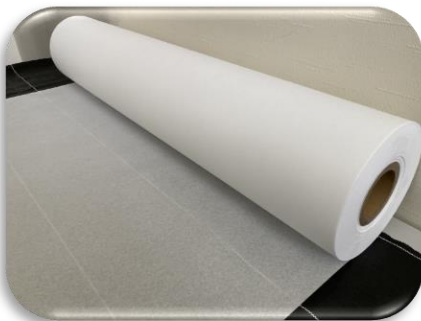


Increase the corporate value of Mitsubishi Paper Mills by “SHINKA”(sophistication, fusion and evolution) of technologies and research



Steadily expand core technologies and obtain new value

Sophistication & evolution



Highly functional
nonwoven products



Base-paper used for masking tape

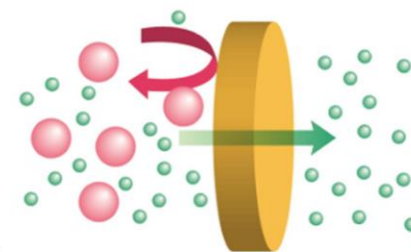


Utilization of paper materials
(environmentally friendly
packaging materials)



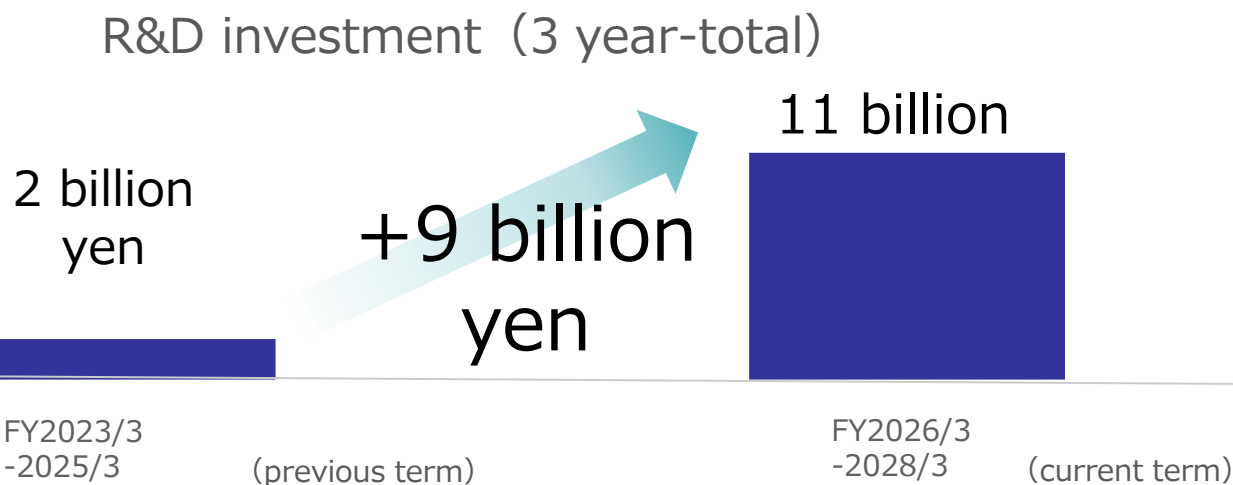
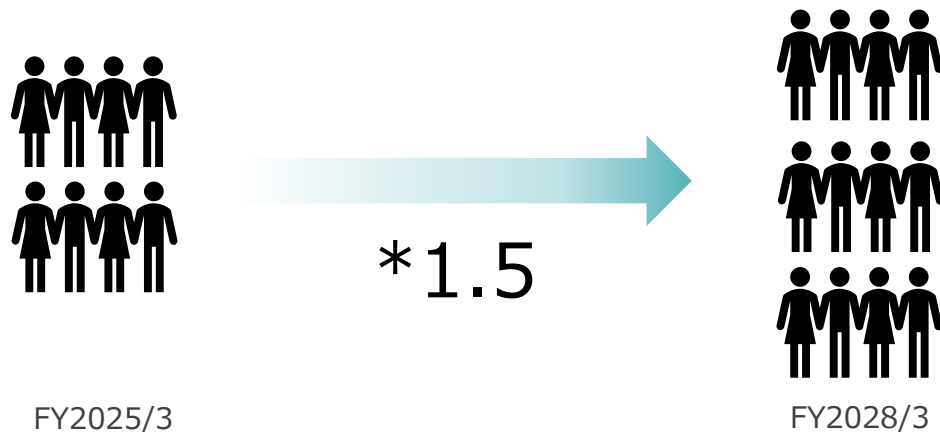
Various inkjet papers

Fusion

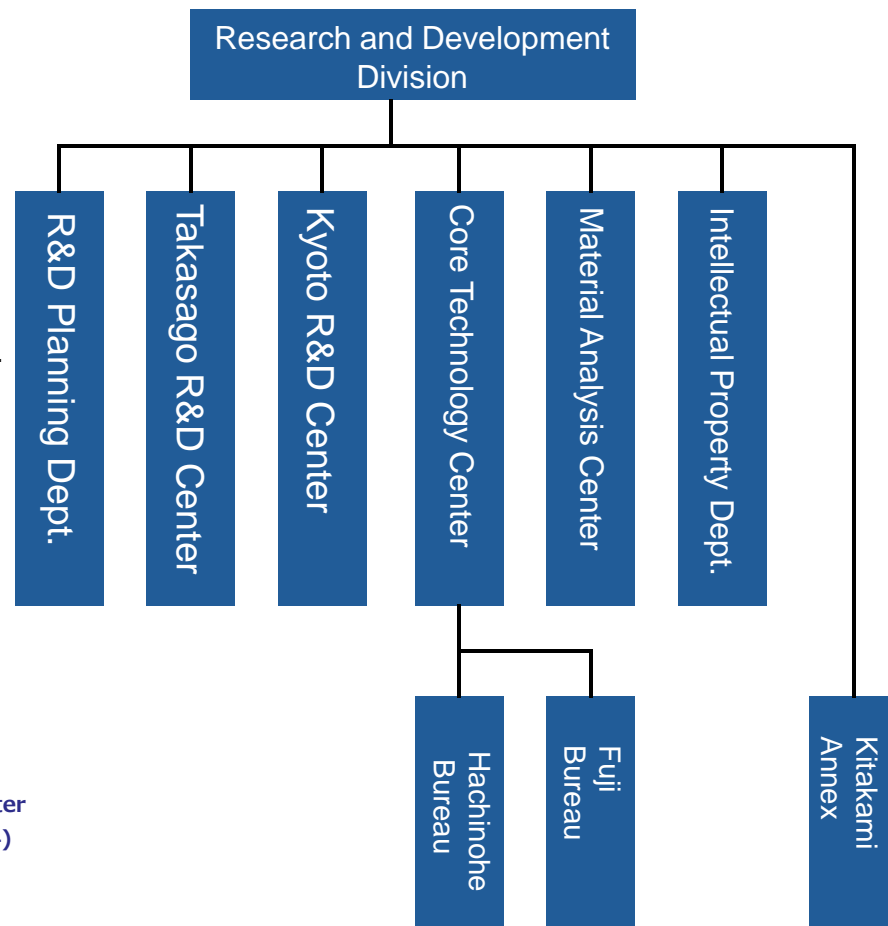
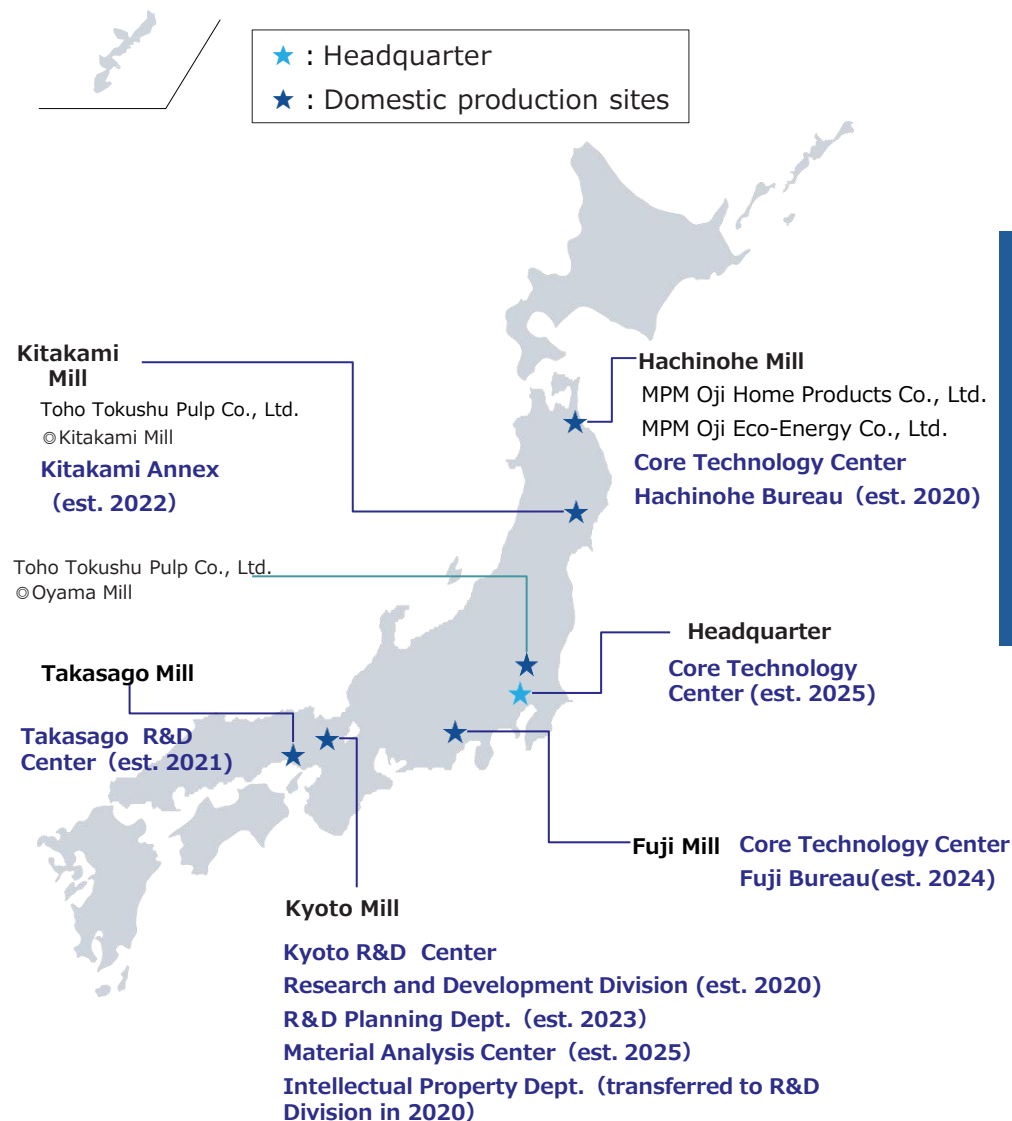


Investigation of functional
separation membranes

- Number of researchers: 1.5 times that of FY2025/3
- R&D investment: increased by 9 billion yen from the previous term



•R&D departments to be located at all domestic production sites



02

Initiatives for Conserving the Global Environment

“SHINKA” (evolution) in our
contributions to the global
environment

Accelerate initiatives for achieving carbon neutrality (Strategic Environment Investment 5 billion yen)



Build a foundation for improving fossil fuel energy intensity

Interim target: 40% reduction of CO2 emissions*1 in FY2031/3
from the FY2014/3 level

Initiatives

- Change the fuel for coal-fired boilers (from coal to LNG)
- Introduce ICP*2 to accelerate investment in decarbonization
- Fully use green energy (such as solar and biomass energy)
- Purchase CO2 emissions-free electricity, etc.

*1 CO2 from fossil fuels

*2 Internal Carbon Pricing



Green transformation (GX) endeavors

Act in response to the CO2 emissions trading system
Consider possibilities of next-generation energy and CCS *3
technologies in collaboration with regions and other industries

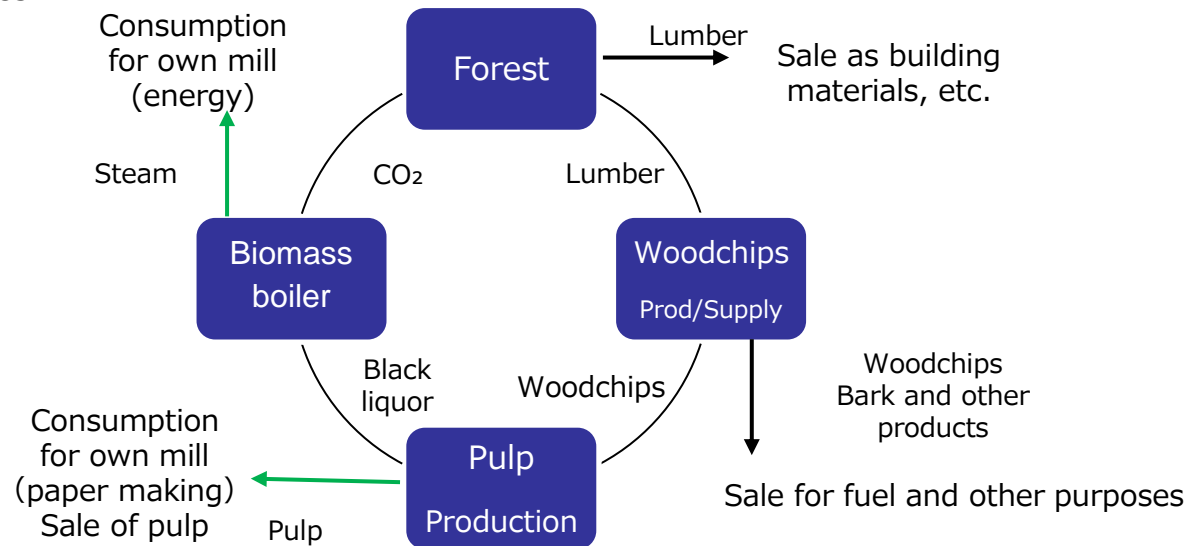
*3 carbon capture and storage

Contribution to a recycling-based society (1)

Actively use forestry resources

Use energy and forest resources without waste to help create a recycling-based society (Selling as wood, chip and pulp product, Use as energy)

- Encourage the use of wood grown in Japan : Foundation for the collection of woodchips produced from wood grown in Japan and pulp production in the northern Tohoku region established 60 years ago, in 1965
- Utilization of company-owned forests : Organize hands-on learning opportunities in forest environments, including the observation of nature in forests, the measurement of trees and paper-milling experiences



Contribution to a recycling-based society (2)

Increase the recycling rate of plastic resources

Recycling rate: 97.1% in FY2024/3, 98.8% in FY2025/3 (estimated),
100% to be achieved in FY2028/3

Expand businesses that help achieve the SDGs to deliver greater value to society

Expand environmentally-friendly products (packaging materials and pulp made from 100% wood grown in Japan) and products that aid convenient and comfortable environments and lifestyles (base materials for water treatment membranes, separators and masking tape backing)

Accelerate initiatives to address climate change risks that will increase corporate value

Increase transparency through the GX*1 League and environmental information disclosure programs such as the CDP and TCFD*2

*1 GX League : League for Promoting Transition to a Decarbonized, Growth-Oriented Economic Structure

*2 CDP : Carbon Disclosure Project, TCFD : Taskforce on Climate-related Financial Disclosures

03

Initiatives for Governance and Human Resources

“SHINKA” (internalization) of
governance and human capital
management

“SHINKA” (internalization) of governance and human capital management

Developing a system to strengthen governance

Governance
Transformation



Improve the quality management system

Ensure the independence of the quality management organization and strengthen the auditing structure



Improve stakeholder engagement

Increase communication with people outside the Group and change the corporate culture, enrich dialogue with shareholders investors, etc



Respond to required viewpoint as prime-listed companies

Improve corporate governance standards,
enhance data and information collection and utilization



Improving risk management systems

Capturing business opportunities and minimizing losses when risks emerge through proper risk-taking

Acquisition of human resources and fulfillment of their potential

Diversity & Inclusion



Recruit personnel from diverse backgrounds

Increase the hiring of experienced personnel through referrals, the welcome-back program and scouting



Creating an environment for diverse people to perform

Flexible work system (Super-flextime, etc.), healthy workplace environment (improve office environment), help achieve work-life balance, increase the number of managers that are women, expand the range of work for workers with handicap



Obtain and develop personnel to perform in global business

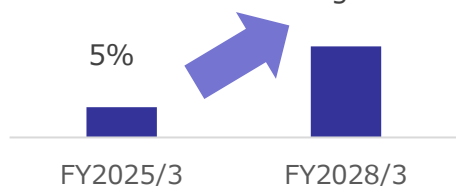
Recruit and train overseas personnel and enhance the system for accepting them



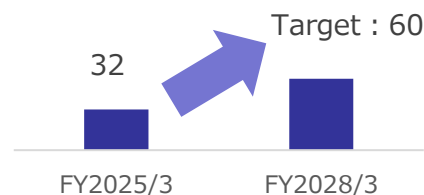
Accelerate the securing of personnel for operations

Improve working conditions to develop a local workforce

% of Managers
that are women(*)
Target : 15%



Number of overseas
employee(*)



*Mitsubishi Paper Mills Limited
(non-consolidated)

Strengthening Human Capital and Organizational Capability through Transformation of Corporate Culture



Establish a corporate culture that emphasizes integrity

Ensure that the vision and values are shared by all employees and create a corporate culture that values compliance (formulate a corporate credo* and improve compliance training) *Action code for executives and employee



Provide training to employees and increase their awareness

Offer career development and continuous learning opportunities
Increase employee motivation and develop skills to improve the performance of the organization



Ensure Safety First

Thoroughly prevent disasters not only at the company itself, but also at subcontractors and temporary contractors



Achieve worker-friendliness and increase productivity thorough DX

Introduce digital tools to automate operations (encourage the use of generative AI, develop IT literacy training and a mobile communication environment and other measures), business structure reformation (rationalization of logistics and inventory management, etc.)

Culture Change
& Employee
Growth

HR Expenses

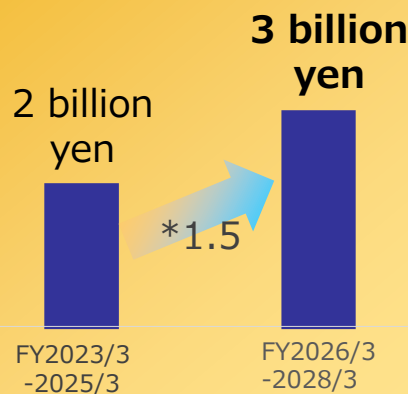
- Strategic Investment in Human Capital, DX and Labor reduction
- Reinforcement in hiring and training



Strategic Investment in Human Capital

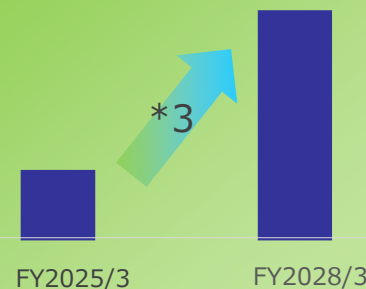
Improving Workplace
Environment

DX・Labor Reduction



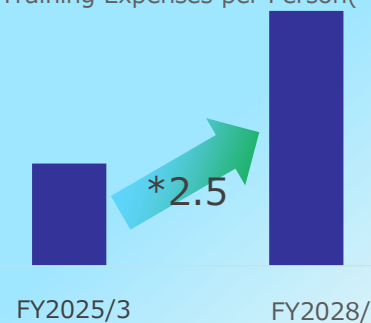
Recruitment

Recruit Expenses



Training

Training Expenses per Person(*)



*Mitsubishi Paper Mills Limited
(non-consolidated)

IV. Actions for Implementing Management that is Conscious of the Cost of Capital and the Stock Price

The accomplishment of the Medium-term Management Plan will lead to the increase of return on equity (ROE), price earnings ratio (PER) and PBR.

$$\text{PBR} = \text{ROE} \times \text{PER}$$

$\frac{\text{Profit}}{\text{Equity Capital}}$
 \times
 $\frac{\text{Market capitalization}}{\text{Profit}}$

$$\left(\frac{\text{Higher profitability}}{\frac{\text{Profit}}{\text{Net Sales}}} \times \frac{\text{Higher efficiency}}{\frac{\text{Net Sales}}{\text{Net Asset}}} \times \frac{\text{Proper financial leverage}}{\frac{\text{Net Asset}}{\text{Equity Capital}}} \right)$$

Initiatives under
Medium-term
Management
Plan

Descriptions are found on the
pages shown in parentheses ()

Increase operating income

- Expand the highly-profitable functional materials business (pp. 8 & 16-18)
- Increase revenue from the sustainable fiber materials business (pp. 8 & 19-20)

Expand sales

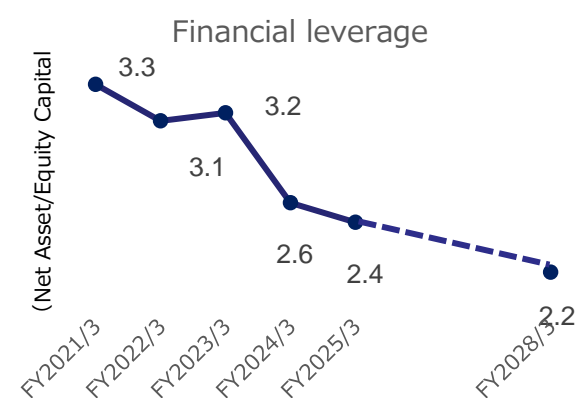
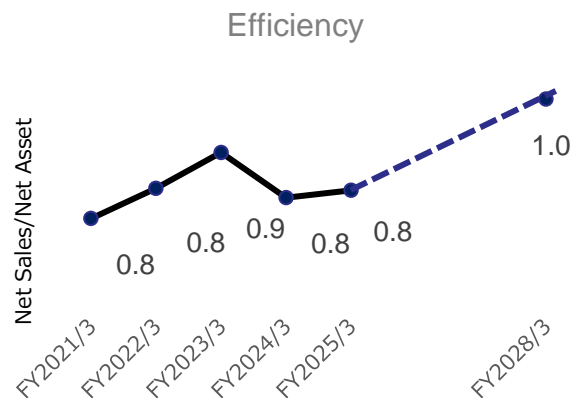
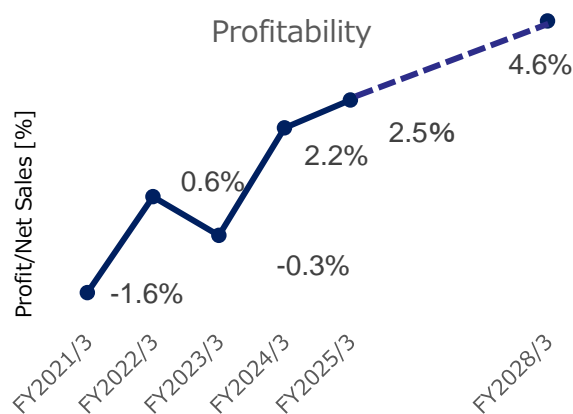
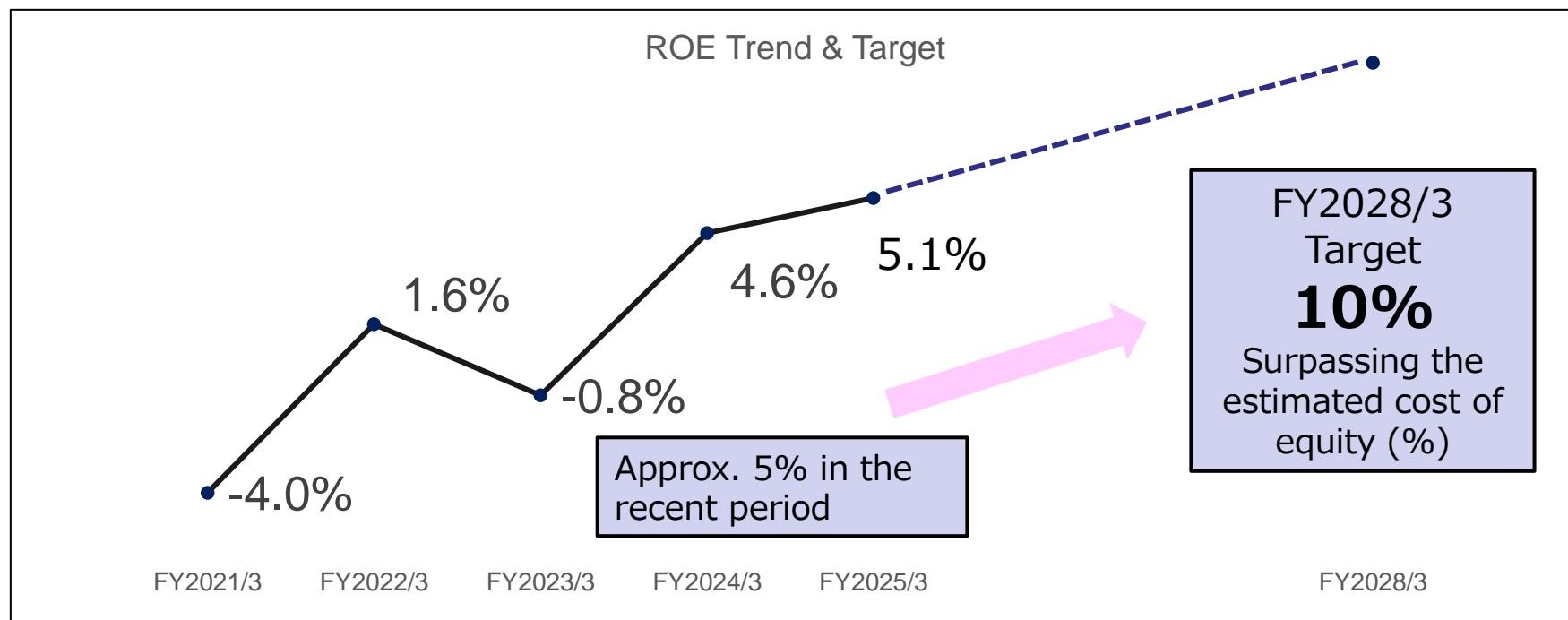
- Expand the functional materials business (pp. 8 & 16-18)
- ### Optimize assets
- Concentrate production facilities (p.16, 18 & 20)

Make effective management investments

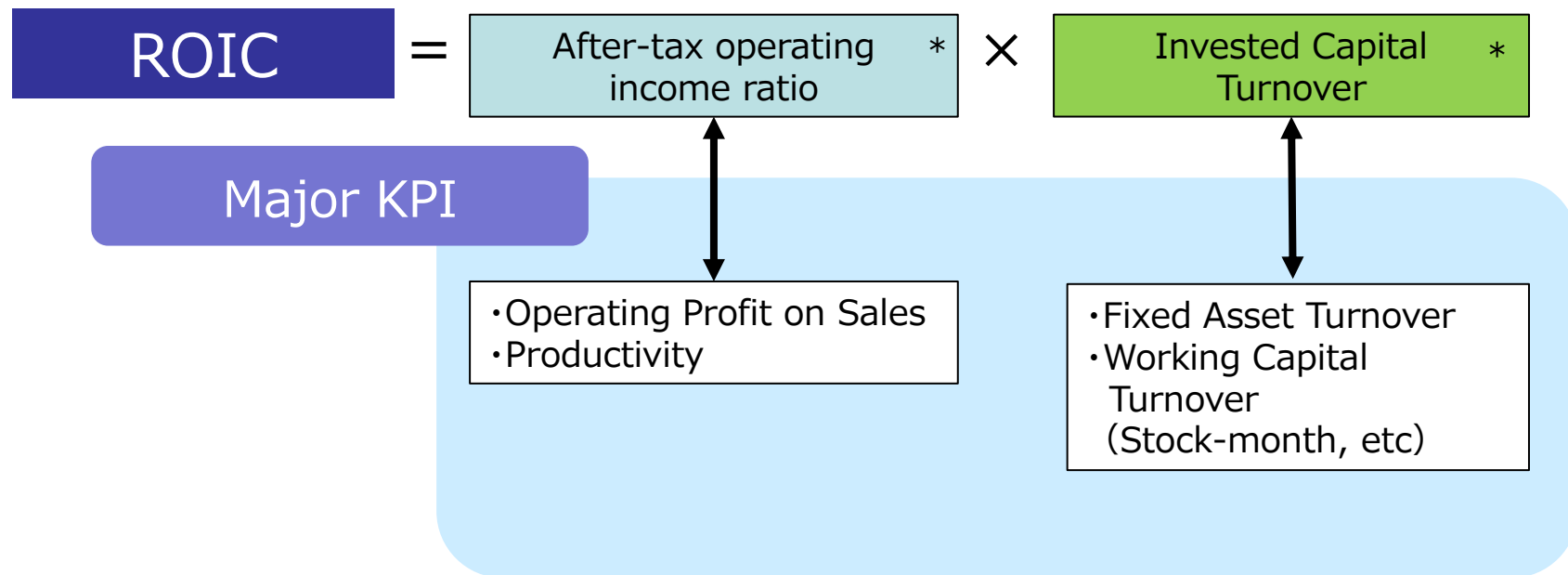
- Maintain the D/E ratio (p.9)
- Increase ROIC (p.9 & 37)

- Implement stable shareholder returns (P.10)
- Improve information disclosure (p. 26 & 28)
- Contribute to the global environment (pp. 26-28)
- Contribute to a recycling-based society (pp. 27-28)
- Implement human capital management (pp. 29-33)

ROE to increase from around 5% to 10% by FY2028/3



Promote management awareness of cost of capital and share price and introduce ROIC management
Strengthen analysis and management of KPIs (operating margin, turnover of invested capital, etc.) by business area, and achieve the profit and loss targets of the medium-term management plan.



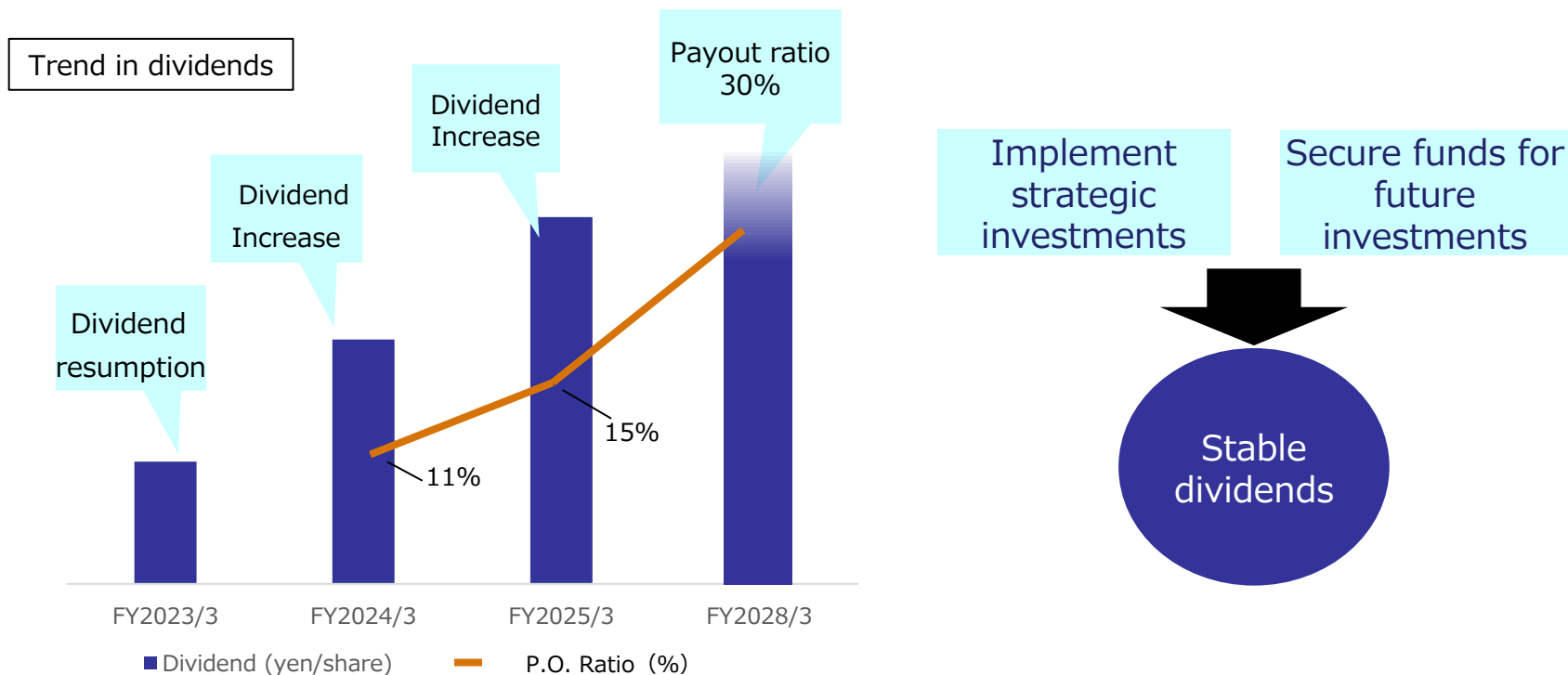
*After tax operating income ratio = After tax operating income/Net Sales
Invested Capital Turnover = Net Sales/Invested Capital

Basic policy

The Company will define distribution of profit to shareholders as a key management issue and will stably and continuously pay dividends while considering business performance in each business year and the internal reserves necessary to prepare for future management initiatives.

Target in the Medium-term Management Plan

Pay stable dividends while strategically investing and securing funds for future investments ⇒ Aim to achieve a payout ratio of 30%



The statements of projected figures and earnings forecasts in this document are based on projections of future economic conditions and the information available at the time of its creation. Actual financial results and performance in the future may differ from these forecasts.