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Matters Concerning Electronic Provision Measure for the Convocation Notice for the 161st Ordinary Shareholders' Meeting

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

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Mitsubishi Paper Mills Limited

The description of each of the items listed above in the document (document describing matters concerning the electronic provision measure) to be delivered to shareholders who request delivery of documents is omitted pursuant to the provisions of laws and regulations and Article 15 of the Articles of Incorporation of the Company.

Systems necessary to ensure the properness of operations

The following is the Company's basic policy on the system to ensure the conformity of the performance of duties of Directors to laws and regulations and the Company's Articles of Incorporation and the system to ensure the appropriateness of the Company's other operations and the operations of the corporate group consisting of the Company and its subsidiaries. (Last revised on: March 27, 2026)

1. System to ensure that the execution of the duties of Directors and employees conforms with laws, regulations, and the articles of incorporation

The Company has established the Code of Conduct of the Mitsubishi Paper Mills Group and Mitsubishi Paper Mills Group Compliance Conduct Standards. The President repeatedly explains the spirit of such standards to the executives and employees of the Company and carries out activities to promote a deeper understanding of corporate ethics, thereby ensuring that legal compliance is a precondition for all corporate activities.

- The Company has adopted the company with an Audit & Supervisory Board as its institutional design. The Company has appointed three Independent Outside Directors, accounting for more than one third of the Board of Directors, to create a system that allows the Board of Directors to adequately fulfill the roles required of it.
- The Company has created a Nomination and Compensation Committee, which is chaired by an Independent Outside Director and a majority of which comprises Independent Outside Directors, as an advisory body to the Board of Directors in order to ensure objectivity and transparency of the designation and remuneration of management.
- Under the Sustainability Promotion Committee, the Compliance Committee controlled by the Compliance Management Office of the Risk Management Dept. is established, and a group-wide compliance system which includes the implementation of training programs and whistleblowing systems is developed to raise awareness about the Compliance Code of Conduct and Compliance Conduct Standards across the Group and to instill a compliance mindset.
- Officers and employees promptly report any discovered compliance-related issues to the Compliance Management Office through the employment line or through the whistleblowing system which has internal hotlines and a contact to external lawyers. The division that must deal with the problem investigates the cause of the problem and proposes and implements recurrence prevention measures based on consultation with the Compliance Management Office, the Internal Audit Dept., and other relevant parties.
- The Company clearly sets out the Group's commitment to eliminate anti-social elements by specifying in its Compliance Code of Conduct and Compliance Code Standards that it will have no relationships with anti-social elements, and the Company also maintains a resolute stance against anti-social elements.
- The Internal Audit Dept. audits the status of compliance.
- The Compliance Management Office makes reports to the Board of Directors, summarizing such compliance activities and giving updates on the status of whistleblowing reports.

2. Systems to store and manage information on the execution of duties by Directors

To manage and maintain information related to the performance of duties of Directors, the Company records and preserves information related to their performance of duties as documents or electromagnetic information according to Document Management Regulations, Information Management Regulations, etc. Directors and Audit & Supervisory Board Members may inspect these documents, etc. at all times.

3. Regulations concerning the management of risk of loss and other systems

The Company has developed and operates systems for properly managing and addressing various risks surrounding its business activities in accordance with the Risk Management Basic Regulations.

- Under the Sustainability Promotion Committee, the Risk Management Committee is established to recognize and understand risks that affect operations, develop systems to address them, and report the risk management status to the Board of Directors.
- Head office departments, factories, and subsidiaries establish rules and prepare manuals to ensure appropriate operations, build advance preventive systems at normal times, and develop a system of promptly responding to an emergency.

4. System to ensure the efficient execution of duties by Directors

The Board of Directors establishes a consolidated basic plan in the Medium-term Management Plan. Directors in charge determine specific targets and efficient methods for achievement to be implemented by each department (including delegation of authority to Executive Officers and Mission Executives).

- By adopting the Executive Officer system, the Company separates the supervisory function and executive function, aiming to streamline the Board of Directors, accelerate management decision-making, and define the responsibility for the performance of duties.
- The Company has adopted a division system, and gives each business division responsibility for earnings and authority.
- The Company sets key performance indicators (KPIs) in each fiscal period, and the Board of Directors regularly evaluates the results and encourages improvement, including eliminating or mitigating factors hampering efficiency, to increase the probability of achievement.

5. System to ensure the proper business operation of the Group consisting of the Company and its subsidiaries

The Company properly manages its subsidiaries through the guidance and supervision of subsidiaries by the departments at head office managing them in accordance with the Subsidiary Management Regulations.

- The Company builds a system for departments to receive reports from subsidiaries under their management on a regular basis and as necessary and a system requiring subsidiaries to obtain the approval of departments controlling them for any important matters.
- The Risk Management Dept. oversees risk management of the Group as a whole including subsidiaries, while the Compliance Management Office oversees compliance of the Group as a whole, including subsidiaries.
- The Company has established an internal whistleblowing system that includes subsidiaries as a system of direct reporting to the Company's Compliance Management Office or external lawyers.
- In addition to Internal Audit Dept., relevant departments perform audits of subsidiaries as necessary according to the Subsidiary Management Regulations to ensure the appropriateness of the Group's operations.

6. Systems to ensure that audits by Audit & Supervisory Board Members are performed effectively

A. Matters related to employees when Audit & Supervisory Board Members request the assignment of employees to assist them in their duties, matters related to the independence of the employees from the Directors, and matters related to ensuring the effectiveness of the instructions issued to the employees

- The Company appoints assistants to the Audit & Supervisory Board Members, who assist Audit & Supervisory Board Members in their duties. Assistants of Audit & Supervisory Board Members shall follow the orders of the Audit & Supervisory Board Members, and Directors and the Board of Directors shall put in place the systems necessary to ensure that the independence of assistants of the Audit & Supervisory Board Members is not unreasonably limited.

B. System to report to the Audit & Supervisory Board Members by Directors and employees of the Company and its subsidiaries and the Audit & Supervisory Board Members of subsidiaries, and people who have received reports from them

- Audit & Supervisory Board Members supervise the decision-making process for the execution of important business and the status of execution by Directors by attending meetings of the Board of Directors and other important meetings, viewing important documents, and gathering information from the Directors, employees and other relevant parties.
- The Company develops systems through which the status of business execution is reported regularly and whenever necessary as requested by Audit & Supervisory Board Members. Reports cover the status of risk management, internal audits, internal whistleblowing reports and other compliance matters.
- Any matters that might be seriously damaging to the Company are reported to the Audit & Supervisory Board Members immediately.

C. System for ensuring that personnel who make a report under paragraph D. do not receive unfavorable treatment due to such report

- The Company has systems in place to prevent whistleblowers from suffering any disadvantage.

D. Policy on treatment of expenses incurred in the performance of the duties of Audit & Supervisory Board Members

- The Company promptly pays expenses upon receiving a request for payment from Audit & Supervisory Board Members.

E. Other systems to ensure that audits by Audit & Supervisory Board Members are performed effectively

- Audit & Supervisory Board Members hold regular meetings to improve their mutual understanding with the Representative Director about the Company's business issues, audit environment development, etc.
- Audit & Supervisory Board Members, Internal Audit Dept., and accounting auditors exchange opinions and establish effective cooperation.
- Cooperation with lawyers and other outside experts is also sought where necessary.

Outline of the situations of the operation of the systems necessary to ensure the properness of operations

The overview of the operation status of the system to ensure the appropriateness of operations implemented in the fiscal year ended March 31, 2026 is as follows.

(Systems for the execution of duties)

- During the fiscal year ended March 31, 2026, eight Directors (including three Independent Outside Directors) who make up the Board of Directors, four Audit & Supervisory Board Members (including two Audit & Supervisory Board Members) who make up the Audit & Supervisory Board, and eight Executive Officers (including five Executive Officers concurrently holding the position of Directors) and eleven Mission Executives performed their duties. A total of 14 ordinary meetings of the Board of Directors and 14 meetings of the Audit & Supervisory Board were held to make important decisions on the Company's management and supervise and audit the performance of duties from diverse perspectives, benefiting from the inclusion of two female Directors and one female Audit & Supervisory Board Member.
- The Company conducted management briefings for outside officers once or twice a month. These briefings aimed to explain the topics that would be discussed at Board meetings to Outside Directors and Outside Audit & Supervisory Board Members. The goal was to address subjects that the outside officers wished to discuss, enhance their understanding of their duties, and promote engaging discussions. The Directors held off-site meetings to exchange views and shared issues. This enabled the Board of Directors to work more actively.
- In addition, to evaluate the effectiveness of the Board of Directors, the Company surveys and interviews all Directors and Audit & Supervisory Board Members and discusses the results at meetings of the Board of Directors to share the understanding of the current condition and how to deal with issues among them in order to raise the effectiveness of the Board of Directors.

(Compliance structure)

- During the fiscal year ended March 31, 2026, the Compliance Committee, chaired by the President with the Compliance Management Office serving as its secretariat, met twice, primarily to develop a training plan and assess its implementation status, confirm trends related to business and human rights and conduct a study on the relationship between the Group and human rights, consider initiatives to address human rights issues, inspect the status of implementing procedures in accordance with laws and regulations, and confirm the status of reports made through the whistle-blowing system.
- The Group conducted training for all officers and employees (including part-time and dispatched employees) of the Group companies in Japan. The training focused on quality issues of the Group and harassment.
- The Group designates compliance promotion leaders at each workplace, including those within domestic Group companies. They develop initiatives to share information and raise compliance awareness, while working to elevate their skill levels. Additionally, they regularly provide information to all officers and employees at domestic Group companies through the intranet.

(Risk management structure)

- During the fiscal year ended March 31, 2026, the Risk Management Committee, chaired by the President with the Risk Management Dept. serving as its secretariat, met twice to oversee and promote activities related to the Group's risk management, including identifying, analyzing and evaluating risks that exist in the Group in response to changes in the business environment, formulating risk response measures, re-examining the business continuity plan (BCP), and reviewing the implementation status of training on emergency responses.
- Viewing responses to climate change as an important business issue, the Group has established a company-wide, cross-functional TCFD response project team. The project team examines climate change-related risks and discloses them in accordance with the TCFD recommendations.
- In response to the earthquake off the east coast of Aomori Prefecture on December 8, 2025, we set up a Disaster Response Headquarters led by the President. Through centralizing information regarding personnel damage, environmental impact, property damage, operation status and product supply, the Company minimized risks and realized an immediate recovery.

(Quality assurance system)

- In April 2025, the Company restructured its organizational structure by transferring the quality assurance responsibilities held by each mill to the Safety, Environment & Quality Assurance Dept. within the Technology Division of the head office for the purpose of establishing the independence of the quality assurance function from the mills.
- In the fiscal year ended March 31, 2026, a new quality assurance structure was established within the Quality Assurance Group of each mill, where the authority for product shipping approval was transferred from the individual mills to the head office organization. Under the leadership of the head office, a review of inspection standards was conducted. Weekly meetings involving Quality Assurance Group leaders from all the mills were held to verify the operational status of quality assurance procedures.
- The Company newly established a Technical Audit Dept. in the Technology Division, and conducted on-site quality audits at seven domestic mills based on the annual plan. By employing auditing methods designed to strengthen deterrence, such as unannounced interviews with workers, the Company verified that quality inspections and shipping decisions are being appropriately executed at each mill.

(Management of subsidiaries)

- The Company's relevant head office department provides subsidiaries with guidance and supervises them to rationalize and improve the Group's subsidiary management according to its Subsidiary Management Regulations. The Company began integrating its subsidiaries gradually in 2023, reducing the number from 25 to 11. As a result, the Company has strengthened the Group's integrated management promotion system, and the relevant departments in charge supervise subsidiaries to confirm that they are managed appropriately.

(Internal audits)

- The Internal Audit Dept. conducts internal audits of the Group based on an annual plan approved by the Board of Directors in order to monitor and provide guidance on the proper execution of business operations. The results of these internal audits are reported to the Board of Directors.

(Audit & Supervisory Board Members' audits)

- Full-time members of the Audit & Supervisory Board attend meetings of the Board of Directors as well as important meetings such as management meetings and confirm decision-making on business execution, etc. Outside Audit & Supervisory Board Members attend meetings of the Board of Directors and management briefings for outside officers to be informed about the content of management meetings.
- In addition, as an Audit & Supervisory Board meeting, opinion exchange workshops are held periodically with Representative Directors, the accounting auditor, in order to enhance the effectiveness of audits.

Basic policy for controlling the management of the Company

(i) Details of the Basic Policy

The shares of the Company, which is publicly listed, are available for unrestricted trading by shareholders and investors. The Company does not reject large-scale purchases if they are based on proposals that enhance the Company's corporate value and align with the common interests of the shareholders. The Company believes that it is ultimately the shareholders' decision whether to accept or reject tender offers. Meanwhile, the MPM Group has been doing business based on its management resources, including its human resources, with experience and expert knowledge which the Group has developed and evolved together with its customers, the trust that the Group has built, and the close relationship with its clients and various other stakeholders, with "Live up to the trust of its customers in the world market," "Be always on the leading edge of technology" and "Contribute to preserving the global environment and creating a recycling society" as the corporate philosophy. Each of these management resources has know-how and brand image that have been cultivated for many years, and has generated additional values by functioning together.

The Company believes that it has the responsibility to focus on improving corporate value over the medium- to long-term by generating values in this manner and to contribute to the achievement of a sustainable society. Fulfilling this social responsibility is not an overnight proposition but requires the establishment of a stable management foundation, and its importance has not changed since the introduction of the Policies. Even recently, the risk of large-scale purchases that may damage the Group's corporate value still remains, and the Board of Directors believes that it is necessary to ensure adequate preparedness to deal with risks to this responsibility and that the Company is responsible for providing appropriate information needed by shareholders in the event of such large-scale purchases.

In the event of a takeover proposal or a large-scale purchase that could harm the Group's corporate value and the common interests of shareholders, the Company will request that the potential buyer provide shareholders with sufficient time and information to evaluate the proposal. Additionally, the Company will respect the views of independent outside officers and take all measures that it deems appropriate within the limits allowed by the Companies Act, the Financial Instruments and Exchange Act, and other relevant laws and regulations to ensure that the Company's corporate value and the common interests of shareholders are not harmed.

(ii) Special initiatives to contribute to the realization of the Basic Policy

The Company is implementing initiatives described in its Medium-term Management Plan (covering the fiscal years ending March 31, 2026 to March 31, 2028) released on May 14, 2025 to enhance the corporate value and serve the common interests of shareholders, encouraging many investors to invest in the Company over the long term.

These initiatives are designed to enhance the Company's corporate value and align with the common interests of shareholders. They are consistent with (i) Basic Policy and the common interests of shareholders, and their goal is not for the Company's officers to retain their positions.

Consolidated statements of changes in shareholders' equity

From April 1, 2025 to March 31, 2026

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	36,561	6,524	21,233	(405)	63,914
Changes during period					
Dividends of surplus			(669)		(669)
Profit attributable to owners of parent			1,900		1,900
Disposal of treasury shares				31	31
Purchase of treasury shares				(85)	(85)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,230	(53)	1,176
Balance at end of period	36,561	6,524	22,464	(458)	65,091

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	8,039	1,100	12,201	21,341	26	85,282
Changes during period						
Dividends of surplus						(669)
Profit attributable to owners of parent						1,900
Disposal of treasury shares						31
Purchase of treasury shares						(85)
Net changes in items other than shareholders' equity	188	211	16,321	16,720	5	16,726
Total changes during period	188	211	16,321	16,720	5	17,903
Balance at end of period	8,228	1,311	28,523	38,062	31	103,185

(Note) The stated amounts are rounded down to the nearest million yen.

Notes to consolidated financial statements

(Significant matters that form the basis for preparing consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 11

Names of major consolidated subsidiaries	Mitsubishi Oji Paper Sales Co., Ltd. NAMITSU Co., Ltd. Mitsubishi Paper Holding (Europe) GmbH Mitsubishi HiTec Paper Europe GmbH
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2. Matters related to the application of the equity method

(1) Number of affiliates accounted for using equity method: 3

Names of major equity method companies	MPM Oji Eco Energy Co., Ltd. Hyogo Clay Co., Ltd. Forestal Tierra Chilena Ltda.
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(2) Names, etc. of affiliates to which the equity method does not apply

Name of major company	Sakurai Co., Ltd.
Reason for not applying the equity method	The profit/loss (corresponding to the equity owned by the Company), retained earnings (corresponding to the equity owned by the Company), and other factors of the companies (five companies) excluded from the application of the equity method have a negligible impact on the consolidated financial statements and lack overall significance.

(3) Matters deemed particularly important to be stated concerning the procedures for the application of equity method

The financial statements used for equity method companies having different accounting periods are based on the business years of the respective companies.

3. Fiscal years of consolidated subsidiaries

The period-end date of the following five consolidated subsidiaries is December 31.

Mitsubishi Paper Holding (Europe) GmbH
Mitsubishi HiTec Paper Europe GmbH
Mitsubishi Imaging (MPM), Inc.
MPE Real Estate GmbH & Co. KG
Zhuhai MPM Filter Limited

The consolidated financial statements incorporate financial statements as of the account closing date with adjustments necessary for consolidation for significant transactions arising during the period up to the date of consolidated settlement.

4. Notes regarding accounting policies

(1) Valuation standards and methods for important assets

(i) Securities

Available-for-sale securities

Securities other than shares, etc. without market value

Market value method (Valuation differences are reported as a component of shareholders' equity and the cost of securities sold is calculated using the moving average method.)

Shares, etc. without market value

Stated at cost determined by the moving-average method

(ii) Derivative transaction

Stated at market value

(iii) Inventories

Stated primarily at cost using the periodic average method and the moving-average method

(The value in the balance sheet is calculated by the method of book value devaluation based on lowering of profitability)

(2) Depreciation method for important depreciable assets

(i) Property, plant and equipment (excluding leased assets)

Buildings

Straight-line method

Property, plant and equipment excluding buildings

Straight-line method. The declining-balance method is used for the MPM head office and other offices and certain of its subsidiaries.

The straight-line method is applied for structures acquired from April 1, 2016.

(ii) Intangible assets (excluding leased assets)

The straight-line method is applied. Software (used in the Company) is amortized over the estimated useful life of the software (five years) in the Company.

(iii) Leased assets

Leased assets relating to finance leases wherein ownership of the leased asset does not transfer to the lessee

The straight-line method on the assumption that the lease term is the useful life and residual value is zero.

(iv) Long-term prepaid expenses

Amortized on a straight-line basis is applied.

(3) Accounting standards for significant allowances and provisions

(i) Allowance for doubtful accounts

To prepare for possible losses on uncollectible receivables held as of the end of the fiscal year, the Company and its domestic subsidiaries provide allowances equal to the estimated amount of uncollectible receivables for general receivables based on historical rates and for specific receivables, including doubtful receivables, based on consideration of their individual collectability.

Allowances for doubtful accounts at overseas subsidiaries are posted in accordance with applicable regulations of their respective countries.

(ii) Provision for disaster loss

To prepare for expenditures such as restoration costs for facilities damaged by the earthquake off the east coast of Aomori Prefecture that occurred during the current consolidated fiscal year, an estimated amount is recorded.

(iii) Provision for shareholder benefits

To prepare for expenses under the shareholder benefit program, the amount expected to be incurred in the following consolidated fiscal year is recorded.

(iv) Provision for share awards

To prepare for the issuance of the Company's shares pursuant to regulations for the stock-based compensation of Directors and Mission Executives, the portion of the estimated amount to be paid in the consolidated fiscal year under review is posted.

(4) Accounting standards for significant revenues and expenses

The Group recognizes revenues through the following five steps:

Step 1: Identify the contract with the customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the separate performance obligations in the contract.

Step 5: Recognize revenue when or as the entity satisfies the performance obligations.

The principal businesses of the MPM Group include the manufacturing and sale of products in its functional materials business and sustainable fiber materials business. In domestic sales, revenue is recognized when the control of products is transferred to customers normally upon the acceptance inspection of products performed by customers or upon the arrival of products at customers, which is considered the fulfillment of performance obligations. However, revenue is recognized upon shipment of products if the period between shipping and transfer of control of products to customers is the normal period. In export sales, the Group recognizes revenue when the risk burden is transferred to customers according to trade conditions specified by the Incoterms and other rules.

Transaction prices are calculated by subtracting sales incentives from the amount of promised consideration in contracts with customers.

Considerations for transactions are received within one year from the fulfillment of performance obligations and important financial factors are not included.

With respect to chargeable subcontracting corresponding to repurchase agreements, supplied goods remaining at subcontractors as financial transactions are recognized as inventories, and the amount equivalent to the ending inventory of supplied goods remaining at subcontractors is recognized as liabilities related to chargeable subcontracting. A transaction in which the Company's role in the sale of a product to a customer is that of an agent is recognized as a net amount determined by subtracting the amount paid to a third party from the total amount of the consideration for the transaction.

(5) Other important matters for the preparation of consolidated financial statements

(i) Standard for posting retirement benefit liability

To provide for employees' retirement benefits, the amount remaining after the deduction of pension plan assets (including retirement benefit trusts) from retirement benefit obligations based on estimated amounts as of the end of the consolidated fiscal year is posted as a net defined benefit liability.

If the amount of pension plan assets exceeds the amount of retirement benefit obligations, the excess amount is accounted for as a net defined benefit asset.

Prior service costs are expensed based on the straight-line method for a certain number of years (seven to nine years) within the average remaining years of service of employees when costs accrue from their service. Actuarial differences are expensed from the fiscal year following the year in which the expenses accrue, which are based on the straight-line method for a certain number of years (seven to nine years) within the average remaining years of service of employees when actuarial differences accrue.

Unrecognized actuarial differences and unrecognized prior service cost are posted in the remeasurement of defined benefits plans under accumulated other comprehensive income in the section of net assets after tax effect adjustment.

(ii) Standards for translating significant foreign currency-denominated assets or liabilities into Japanese yen

Foreign currency monetary assets and liabilities are translated into yen at the year-end spot exchange rate, and translation adjustments are accounted for as profit or loss.

Assets and liabilities of consolidated overseas subsidiaries are translated into Japanese yen at the exchange rates prevailing on the closing date of the consolidated overseas subsidiaries, their revenues and expenses are translated into Japanese yen at the average exchange rate for the period, and the resulting gains or losses are included in foreign currency translation adjustment and non-controlling interests in the section of net assets.

(iii) Significant hedge accounting

In cases where the interest rate swaps meet the conditions for hedge accounting, special treatment is adopted. Designated hedge accounting is applied to certain monetary receivables and payables denominated in foreign currencies hedged by forward exchange.

(iv) Application of the group tax sharing system

The Company applies the group tax sharing system.

(Notes to accounting estimates)

Items whose amounts are reserved in the consolidated financial reports for this consolidated fiscal year due to the accounting estimate and that may have a major impact on the consolidated financial reports for the following consolidated fiscal year are as follows:

1. Impairment losses on non-current assets (German operations)

(1) Amounts recorded in the consolidated financial statements for the consolidated fiscal year under review

Operating income from non-current assets of 7,213 million yen (6,458 million yen in the previous consolidated fiscal year), which is a cash-generating unit for Mitsubishi Paper Holdings (Europe) GmbH in the functional materials business segment, declined significantly compared to the plan despite the structural reforms, including restructuring and production consolidation in the German operations, that were implemented to address the decline in sales volume, which reflected worsening market conditions in Europe, as well as intensifying price competition, and yielded certain positive effects. As a result, the Group identified signs of impairment and conducted an impairment test in accordance with the International Financial Reporting Standards (IFRS). The recoverable value for the cash-generating unit was calculated, using the present value of estimated future cash flows, and compared with book value. As a result, the present discounted value was greater than the book value and no loss on impairment was recorded.

(2) Information about important accounting estimates related to items identified

The Group categorizes business assets primarily in units of paper mills being production bases.

The Group conducts impairment tests by comparing the discounted present value of estimated future cash flows from the cash-generating unit to its book value. If the discounted present value of estimated future cash flows is lower than the book value, the difference is recorded as an impairment loss.

Estimated future cash flows from the cash-generating unit are calculated based on plans for the next fiscal year and future business plans. Regarding the key assumptions for the plans for the next fiscal year, the Group assumed product, raw material, and fuel prices based on current market conditions. The Group expected that sales volumes of its main products will recover gradually. The key assumptions for the future business plans were a growth rate projection based on market forecasts for the major products in Europe and a certain operating income margin. The weighted average cost of capital (WACC) is taken into account when calculating the discount rate used to calculate present value.

While the estimates are based on information available at the time of preparing the consolidated financial statements, the assumptions used for the estimates are highly uncertain, and an impairment loss on non-current assets may be incurred in the next consolidated fiscal year if revision becomes necessary owing to factors such as changes in economic condition.

2. Impairment losses on non-current assets (Kitakami site)

(1) Amounts recorded in the consolidated financial statements for the consolidated fiscal year under review

Regarding the 3,867 million yen in property, plant and equipment at the Kitakami site (3,879 million yen in the previous consolidated fiscal year), centered on the Kitakami Mill in the sustainable fiber materials business, the Company had been working to reduce fixed costs and improve production efficiency, however, profitability did not fully recover and an operating loss continued to be recorded. Thus the Company determined that there were signs of impairment.

As a result of assessing the recognition of an impairment loss, the total amount of undiscounted future cash flows exceeded the book value of non-current assets in the asset group, and consequently no impairment loss was recognized.

(2) Information about important accounting estimates related to items identified

The Group categorizes business assets primarily in units of paper mills being production bases.

The recognition of impairment losses is assessed by comparing the book value of an asset group and the total amount of undiscounted future cash flow of that asset group. If the assessment finds that the total amount of undiscounted future cash flow falls below the book value and an impairment loss must be recognized, the book value is reduced to the recoverable amount (net selling price or value in use, whichever is higher) and the amount of decrease in the book value is recognized as an impairment loss.

Estimates of undiscounted future cash flows from the asset group are based on plans for the next fiscal year and future business plans, with adopting the economic remaining useful life of the primary assets as the estimation period.

Key assumptions in estimates of undiscounted future cash flows are a sales volume based on the pulp product production plan and the economic remaining useful life of the primary assets.

While the estimates are based on information available at the time of preparing the consolidated financial statements, the assumptions used for the estimates are highly uncertain, and an impairment loss on non-current assets may be incurred in the next consolidated fiscal year if revision becomes necessary owing to factors such as changes in economic condition.

3. Recoverability of deferred tax assets

(1) Amounts recorded in the consolidated financial statements for the consolidated fiscal year under review

Deferred tax liabilities (net)	9,094	million yen
Deferred tax assets before offsetting deferred tax liabilities	1,588	million yen

This is mainly posted by the companies to which the group tax sharing system is applied (“companies under the group tax sharing system”).

(2) Information about important accounting estimates related to items identified

The Group posts deferred tax assets based on the appropriateness of company category, feasibility of tax planning, adequacy of future taxable income, scheduling of future reversals of temporary differences, etc. presented in the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26).

Estimates of future taxable income of companies under the group tax sharing system are based on plans for the next fiscal year, future business plans and tax planning. The sales volumes of imaging-related products and functional materials-related products in the functional materials business are expected to remain stable in the future, while those of communication paper in the functional materials business and printing paper in the sustainable fiber materials business are projected to be affected by structural changes in the demand environment in the domestic market.

Key assumptions in estimates of future taxable income are projected sales volumes for printing paper and communication paper at the Hachinohe Mill based on domestic demand, a certain sales volume of pulp products at the Kitakami Mill projected based on the production plan, and the prices of raw materials and fuel based on the current market conditions.

While such estimates are based on information available at the time of preparing the consolidated financial statements, the assumptions used for the estimation are highly uncertain and any failure to ensure stable taxable income in the future owing to factors such as changes in economic conditions may have a significant impact on the amount of deferred tax assets in the following fiscal year.

(Additional information)

(Performance-linked stock compensation plan)

The Company has adopted a performance-linked stock compensation plan (“the Plan”) applicable to Directors, Executive Officers and Mission Executives (excluding Outside Directors, non-executive directors, and non-residents of Japan; collectively. “Directors, etc.”) as a transparent and objective executive compensation plan linked to the Company’s business performance and share value, for the purpose of facilitating medium- to long-term improvement in corporate performance, encouraging contribution to an increase in corporate value, and promoting profit and loss sharing with shareholders.

The accounting for the Plan is in line with the Practical Solution on Transactions of Delivering the Company’s Own Stock to employees through trusts (ASBJ PITF No. 30, March 26, 2015).

(1) Transaction overview

The Company has adopted a framework called Board Incentive Plan trust (“BIP Trust”) as a trust for the Plan. Like Performance Shares and Restricted Stock in Europe and North America, a BIP Trust is a system whereby shares in the Company and cash equivalent to the conversion amount of the Company’s shares will be delivered or provided to Directors, etc. in accordance with their rank, degree of achievement of financial targets, and other factors.

(2) Treasury shares remaining in the trust

The Company's shares remaining in the trust are recorded at the book value (excluding all incidental expenses) in the section of net assets as treasury shares in the trust. The book value and number of these treasury shares were 302 million yen and 842,924 shares, respectively, as of March 31, 2026.

(Notes to the consolidated balance sheet)

1. Collateral assets

(i) Assets pledged as collateral and collateralized loans are as follows:

Collateral assets

Machinery, equipment and vehicles 0 million yen

Collateralized loans

Long-term borrowings (including current portion) 446 million yen

(ii) Factory foundation revolving mortgage applies to the following assets, which, however, are not secured liabilities and are therefore not, in effect, pledged as collateral.

Buildings and structures 7,579 million yen

Machinery, equipment and vehicles 8,386 million yen

Land 9,462 million yen

Other 41 million yen

Total 25,469 million yen

2. Accumulated depreciation on property, plant and equipment totaled

418,877 million yen

3. Reduction entry of non-current assets

3,915 million yen

4. Liabilities on guarantee

Amount of debt guarantee for borrowings, etc. from financial institutions such as companies other than consolidated companies

Employees (property accumulation residence fund loans, etc.) 98 million yen

Other: 1 account 5 million yen

Total 103 million yen

5. Retroactive obligations for securitization of receivables

472 million yen

(Notes to consolidated statements of income)

1. Loss on disaster

Due to the earthquake off the east coast of Aomori Prefecture that occurred on December 8, 2025, direct damage amounts, including 414 million yen in restoration costs at the Hachinohe Mill and 287 million yen in a portion of fixed costs associated with the suspension of operations, were posted as a loss on disaster under extraordinary losses.

2. Business restructuring costs

As a result of the business structure reform of Mitsubishi HiTec Paper Europe GmbH, a German subsidiary, business restructuring costs, which mainly included special retirement benefits were posted under extraordinary losses.

3. Impairment losses

The Group posted an impairment loss in the asset groups below.

Location	Use	Type	Impairment losses
Fuji-shi, Shizuoka	Idle assets	Machinery and equipment	230 million yen
Nagaokakyo-shi, Kyoto	Idle assets	Buildings and structures, machinery and equipment, etc.	29 million yen
Takasago-shi, Hyogo	Idle assets	Machinery and equipment	6 million yen

Regarding idle assets, their book value was reduced to recoverable amounts and the reduced amounts were recognized as an impairment loss under extraordinary losses. The recoverable amount is measured by net sales value, and the book values have been reduced to the memorandum value.

(Notes to the consolidated statements of changes in equity)

1. Class and number of issued shares

Class of shares	At the beginning of the fiscal year ended March 31, 2026	Increase	Decrease	At the end of the fiscal year ended March 31, 2026
Common shares	44,741,433	–	–	44,741,433

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting on May 30, 2025	Common shares	669	15.00	March 31, 2025	June 9, 2025

(Note) The total amount of dividends includes dividends of 12 million yen for 822,756 shares of the Company held by the executive compensation BIP trust.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year.

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting on May 29, 2026	Common shares	Retained earnings	669	15.00	March 31, 2026	June 8, 2026

(Note) The total amount of dividends includes dividends of 12 million yen for 842,924 shares of the Company held by the executive compensation BIP trust.

(Notes to financial instruments)

1. Matters related to the status of financial instruments

(1) Policies on the use of financial instruments

The Group finances funds (primarily bank borrowings) necessary in light of its capital expenditure plans to operate, in principle, the functional materials business and the sustainable fiber materials business. The Group uses temporary surplus funds for short-term deposits, etc. and finances short-term working capital through bank borrowings and the issuance of commercial papers. Derivative trading is used to avoid the risk of interest-rate fluctuations of borrowings. The Group has a policy of not engaging in speculative transactions.

(2) Description of financial instruments and associated risks, and risk management structure

Notes and accounts receivable - trade, which are operating receivables, are exposed to customers' credit risk. The Group has established a system of managing the due dates and the balance of receivables for each customer according to its credit management regulations and monitoring the credit status of main customers at all times. Foreign currency-denominated operating receivables from the Group's global businesses are exposed to the risk of exchange fluctuations. Much of this risk is reduced by the balance of foreign currency-denominated accounts payable.

Stocks that are investment securities are exposed to the risk of fluctuations in market prices. They largely consist of shares in companies with which the Group has business relationships, whose market value is periodically checked. Notes and accounts payable - trade and electronically recorded obligations - operating, which are operating payables, mature in less than one year.

Among the borrowings, short-term borrowings are collected primarily for business transactions and long-term borrowings, bonds payable, and lease obligations in financial lease transactions are used to collect funds, in principle, for capital expenditure, and redemption dates for most of them are within five years after the settlement date. The interest rates of part of the long-term borrowings are floating rates, which are exposed to the risk of interest-rate fluctuations. The Group hedge the risk using derivative trading (Interest rate swaps).

The purpose of interest rate swap transactions is to hedge the risk of fluctuations in interest rates on borrowings. The method of assessing the effectiveness of hedging is omitted through the assessment of the fulfillment of requirements for interest swaps subject to specified hedge accounting treatment. The Group follows its internal rules specifying trading authority in the operation and management of derivative trading. The Group trades derivatives only with high-rated financial institutions to reduce the credit risk of its counterparts.

Operating liabilities and borrowings are exposed to liquidity risks, which the Group manages primarily by each company by preparing monthly financing plans.

(3) Supplemental explanation about the fair values of financial instruments

The Group factors in variables in the calculation of the fair values of financial instruments. The fair values vary depending on assumptions.

2. Matters related to the market prices of financial instruments, etc.

The balance sheet amount and fair value of each category of financial instruments, and the difference between them as of March 31, 2026 are shown in the table below. Stocks and others without a quoted market price are not included in the table below (see Note 2 below).

Notes to cash are omitted, and notes to deposits, notes receivable, accounts receivable, notes and accounts payable - trade, electronically recorded obligations - operating, short-term borrowings, and commercial paper are omitted due to the proximity between their market value and book value resulting from the short-term settlement of such instruments.

(Million yen)

	Consolidated balance sheet amount	Market value	Difference
(1) Investment securities			
Available-for-sale securities	16,615	16,615	–
Total assets	16,615	16,615	–
(2) Long-term borrowings (including the current portion of long-term borrowings) (Note 1)	27,694	27,276	(418)
Total liabilities	27,694	27,276	(418)
(3) Derivative transactions	–	–	–

(Note 1) The current portion of long-term borrowings (8,136 million yen on the consolidated balance sheet) is included.

(Note 2) Unlisted shares without market price (7,781 million yen on the consolidated balance sheet) are not included in (1) available-for-sale securities under investment securities due to the absence of market prices.

3. Breakdown of financial instruments by level of market value

The market values of financial instruments are classified into the following three levels according to the observability and importance of inputs used in the calculation of market values.

Level 1 market value: market value calculated using market prices, on an active market, of assets or liabilities whose market value is calculated of the observable inputs related to the calculation of market value

Level 2 market value: market value calculated using inputs other than the inputs used for Level 1 of the observable inputs related to the calculation of market value

Level 3 market value: market value calculated using inputs that are not observable related to the calculation of market value

If more than one input that has a significant effect on the calculation of market value is used, the market value is classified to the level of inputs whose priority is lowest in the calculation of market value.

(1) Financial assets and financial liabilities whose market prices are used as the value posted on the consolidated balance sheet

Classification	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	16,615	–	–	16,615
Total assets	16,615	–	–	16,615
Derivative transaction				
Related to interest rates	–	–	–	–
Derivative transaction	–	–	–	–

- (2) Financial assets and financial liabilities whose market prices are not used as the value posted on the consolidated balance sheet

Classification	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Long-term loans payable (including the current portion of long-term borrowings)	–	27,276	–	27,276
Total liabilities	–	27,276	–	27,276

(Note) Explanations about assessment techniques used in the calculation of market value and inputs related to the calculation of market value

Investment securities

Listed shares are assessed using market prices. Listed shares are traded on an active market and their market prices are categorized into level 1.

Derivative transaction

Interest swaps subject to specified hedge accounting treatment are treated as part of hedged long-term borrowings, and their market prices are included in the market prices of such long-term borrowings. (See “long-term borrowings” below)

Long-term loans payable

The market prices of floating rate long-term borrowings reflect market interest rates over a short period of time and the Group’s credit standing does not change significantly after execution. The market prices are, therefore, considered to approximate book value, which is used for floating rate long-term borrowings.

The market prices of fixed rate long-term borrowings are calculated using discounted present value based on an interest rate determined by adding the remaining period of the liabilities and credit risk to the total amount of the principal and interest.

Long-term borrowings to which interest swaps subject to specified hedge accounting treatment (see the above “derivative transaction”) apply are calculated using the total amount of the principal and interest treated together with the interest rate swaps.

These are classified to Level 2 market value.

(Notes to rental properties)

Notes to market prices, etc. of rental properties are omitted due to the low significance of such market prices.

(Notes to revenue recognition)

1. A breakdown of revenue generated from contracts with customers

(Million yen)

	Reportable Segments			Total
	Functional Materials Business	Sustainable Fiber Materials Business	Engineering Business	
Japan	40,164	70,036	921	111,122
Europe	19,436	–	–	19,436
Asia	6,482	7,928	–	14,410
North America	10,783	–	–	10,783
Other	1,579	8	–	1,587
Revenue from contracts with customers	78,446	77,972	921	157,341
Other revenue	–	114	–	114
Sales to external customers	78,446	78,086	921	157,455

2. Basic information for understanding revenue from contracts with customers

The information that becomes the basis of the understanding of revenue is provided in (4) Accounting standards for significant revenues and expenses, under 4. Notes regarding accounting policies in (Significant matters that form the basis for preparing consolidated financial statements).

3. The information that becomes the basis of the understanding of revenue for the consolidated fiscal year under review and the next consolidated year

(1) Balance, etc. of contract liabilities

The balance of contract liabilities of the company and its subsidiaries is omitted due to its negligible amount and the absence of significant changes. Revenue recognized in the fiscal year under review from performance obligations satisfied (or partly satisfied) in previous periods is not significant.

(2) Transaction prices allocated to outstanding performance obligations

The description of transaction prices allocated to remaining performance obligations is omitted by applying a practical expedient due to the absence of important contracts with an initially estimated term exceeding one year held by the Company or its subsidiaries. Further, consideration from contracts with customers does not contain a significant amount not included in the transaction price.

(Notes on per share information)

(1) Net assets per share	2,354.68 yen
(2) Profit per share	43.37 yen

Statements of changes in shareholders' equity

From April 1, 2025 to March 31, 2026

(Million yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	36,561	8,094	8,094	66	11,115	11,182
Changes during period						
Dividends of surplus				66	(736)	(669)
Profit					(314)	(314)
Disposal of treasury shares						
Purchase of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during period	-	-	-	66	(1,051)	(984)
Balance at end of period	36,561	8,094	8,094	133	10,063	10,197

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(360)	55,477	2,367	2,367	57,845
Changes during period					
Dividends of surplus		(669)			(669)
Profit		(314)			(314)
Disposal of treasury shares	31	31			31
Purchase of treasury shares	(85)	(85)			(85)
Net changes in items other than shareholders' equity			(439)	(439)	(439)
Total changes during period	(53)	(1,038)	(439)	(439)	(1,478)
Balance at end of period	(414)	54,439	1,928	1,928	56,367

(Note) The stated amounts are rounded down to the nearest million yen.

Notes to non-consolidated financial statements

(Notes on significant accounting policies)

1. Asset valuation standards and valuation method

(1) Valuation standards and valuation methods for securities

(i) Shares in subsidiary and affiliated companies

Stated at cost determined by the moving-average method

(ii) Other securities

Securities other than shares, etc. without market value

Market value method (Valuation differences are reported as a component of shareholders' equity and the cost of securities sold is calculated using the moving average method.)

Shares, etc. without market value

Stated at cost determined by the moving-average method

(2) Valuation standards and valuation methods for derivatives: Market value method

(3) Valuation standards and valuation methods for inventory assets

Merchandise and finished goods: Cost method through periodic average method

Work in process: Cost method through periodic average method

Raw materials and supplies: Cost method determined by the moving average method

(The value in the balance sheet is calculated by the method of book value devaluation based on lowering of profitability)

2. Depreciation method for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Buildings

Straight-line method

Property, plant and equipment excluding buildings

Straight-line method. The declining-balance method is used for the head office and other properties. The straight-line method is applied for structures acquired from April 1, 2016.

(2) Intangible assets

The straight-line method is applied. Software (used in the Company) is amortized over the estimated useful life of the software (five years) in the Company.

(3) Leased assets

Leased assets relating to finance leases wherein ownership of the leased asset does not transfer to the lessee

Calculated by assuming the lease term is the useful life and depreciating the remaining amount to zero using the straight-line method.

(4) Long-term prepaid expenses

Amortization on a straight-line basis is applied.

3. Standards on recognition of provisions

(1) Allowance for doubtful accounts

To prepare for possible losses on uncollectible receivables held as of the end of the fiscal year, the Company provides allowances equal to the estimated amount of uncollectible general receivables based on historical rates and for specific receivables, including doubtful receivables, based on an examination of their individual collectability.

(2) Provision for retirement benefits

To prepare retirement benefits for employees, this provision is posted based on the estimated size of retirement benefit obligations and pension assets (retirement benefit trusts) as of the end of the fiscal year under review.

Prior service costs are expensed based on the straight-line method for a certain number of years (8 years) within the average remaining years of service of employees when costs accrue from their service. Actuarial differences are expensed from the business year following the year in which the expenses accrue, which are based on the straight-line method for a certain number of years (8 years) within the average remaining years of service of employees when actuarial differences accrue.

Any amount of pension assets to be recognized at the end of the fiscal year under review in excess of the amount derived from subtracting unrecognized actuarial gain or loss, etc. from retirement benefit obligations is posted as prepaid pension costs in investments and other assets.

(3) Provision for disaster loss

To prepare for expenditures such as restoration costs for facilities damaged by the earthquake off the east coast of Aomori Prefecture that occurred during the current consolidated fiscal year, an estimated amount is recorded.

(4) Provision for shareholder benefits

To prepare for expenses under the shareholder benefit program, the amount expected to be incurred in the following consolidated fiscal year is recorded.

(5) Provision for share awards

To prepare for the issuance of shares of the Company's stock pursuant to regulations for the stock-based compensation of Directors, Executive Officers and Mission Executives, the portion of the estimated amount to be paid in the business year under review is posted.

4. Accounting standards for significant revenues and expenses

The Company recognizes revenues through the following five steps:

Step 1: Identify the contract with the customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the separate performance obligations in the contract.

Step 5: Recognize revenue when or as the entity satisfies the performance obligations.

The principal businesses of MPM include the manufacturing and sale of products in its functional materials business and sustainable fiber materials business. In domestic sales, revenue is recognized when the control of products is transferred to customers normally upon the acceptance inspection of products performed by customers or upon the arrival of products at customers, which is considered the fulfillment of performance obligations. However, revenue is recognized upon shipment of products if the period between shipping and transfer of control of products to customers is the normal period. In export sales, the Group recognizes revenue when the risk burden is transferred to customers according to trade conditions specified by the Incoterms and other rules.

Transaction prices are calculated by subtracting sales incentives from the amount of promised consideration in contracts with customers.

Considerations for transactions are received within one year from the fulfillment of performance obligations and important financial factors are not included.

With respect to chargeable subcontracting corresponding to repurchase agreements, supplied goods remaining at subcontractors as financial transactions are recognized as inventories, and the amount equivalent to the ending inventory of supplied goods remaining at subcontractors is recognized as liabilities related to chargeable subcontracting.

5. Hedge accounting method

In cases where the interest rate swaps meet the conditions for hedge accounting, special treatment is adopted.

6. Accounting treatment of retirement benefits

In the financial statements, the treatment of unrecognized actuarial gain or loss and unrecognized past service cost in the balance sheet is different from that in the consolidated financial statements. In the non-consolidated balance sheet, the amount after subtracting pension assets from the amount after adding and/or subtracting unrecognized actuarial gain or loss and unrecognized past service cost to or from retirement benefit obligations is posted as provision for retirement benefits.

7. Application of the group tax sharing system

The Company applies the group tax sharing system.

(Notes to accounting estimates)

Items whose amounts are reserved in the financial reports for this fiscal year due to the accounting estimate and that may have a major impact on the financial reports for the following fiscal year are as follows:

Items whose amounts are reserved in the financial reports for this fiscal year due to the accounting estimate and that may have a major impact on the financial reports for the following fiscal year are as follows:

1. Impairment losses on non-current assets (Kitakami Mill)

(1) Amounts recorded in the financial statements for the fiscal year under review

Regarding the 3,941 million yen in property, plant and equipment at the Kitakami site (3,951 million yen in the previous consolidated fiscal year), centered on the Kitakami Mill in the sustainable fiber materials business, the Company had been working to reduce fixed costs and improve production efficiency, however, profitability did not fully recover and an operating loss continued to be recorded. Thus the Company determined that there were signs of impairment.

As a result of assessing the recognition of an impairment loss, the total amount of undiscounted future cash flows exceeded the book value of non-current assets in the asset group, and consequently no impairment loss was recognized.

(2) Information about important accounting estimates related to items identified

Notes are omitted due to the inclusion of the same information in “2. Impairment losses on non-current assets (Kitakami site)” in the table of Notes to Consolidated Financial Statements (Notes to accounting estimates).

2. Recoverability of deferred tax assets

(1) Amounts recorded in the financial statements for the fiscal year under review

Deferred tax assets (net)	5,229 million yen
Deferred tax assets before offsetting deferred tax liabilities	6,115 million yen

The amount of deferred tax assets before offsetting deferred tax liabilities is obtained by deducting 13,634 million yen, the amount of valuation allowance, from 19,750 million yen, the total amount of deferred tax assets pertaining to deductible temporary differences and tax losses carried forward.

(2) Information about important accounting estimates related to items identified

Notes are omitted due to the inclusion of the same information in “3. Recoverability of deferred tax assets” in the table of Notes to Consolidated Financial Statements (Notes to accounting estimates).

(Additional information)

(Performance-linked stock compensation plan)

Notes are omitted due to the inclusion of the same information in “Additional information” in the table of Notes to Consolidated Financial Statements.

(Notes to balance sheet)

1. Collateral assets

Factory foundation revolving mortgage applies to the following assets, which, however, are not secured liabilities and, thus, not, in effect, pledged as collateral.

Buildings	6,244 million yen
Structures	1,334 million yen
Machinery and equipment	8,370 million yen
Vehicles	15 million yen
Tools, furniture and fixtures	41 million yen
Land	9,462 million yen
Total	25,469 million yen

2. Accumulated depreciation on property, plant and equipment totaled

311,057 million yen

3. Reduction entry of non-current assets

2,176 million yen

4. Liabilities on guarantee

(i) Guarantee for borrowings from financial institutions through asset-building savings system of the Company's employees 98 million yen

(ii) Guarantee for borrowings, etc. from financial institutions

Mitsubishi HiTec Paper Europe GmbH	1,283 million yen
MPM Operation Co., Ltd.	446 million yen
Other: 1 account	5 million yen
Total	1,735 million yen

5. Monetary claims and liabilities to affiliated companies

Short-term monetary claims	27,389 million yen
Long-term monetary claims	1,210 million yen
Short-term monetary obligations	10,569 million yen

(Notes to statement of income)

1. Transactions with subsidiaries and associates

Net sales	73,641 million yen
Cost of sales and selling, general and administrative expenses	11,370 million yen
Volume of trade arising from other than business transactions	4,742 million yen

2. Impairment losses

An impairment loss was posted for the following asset group.

Location	Use	Type	Impairment losses
Fuji-shi, Shizuoka	Idle assets	Machinery and equipment	230 million yen
Nagaokakyo-shi, Kyoto	Idle assets	Buildings and structures, machinery and equipment, etc.	29 million yen
Takasago-shi, Hyogo	Idle assets	Machinery and equipment	6 million yen

The book value of idle assets was reduced to a recoverable amount and the reduced amount was recognized as an impairment loss under extraordinary losses. The recoverable amount is measured by net sales value, and the book values has been reduced to the memorandum value.

(Notes on statements of changes in shareholders' equity)

Type and number of treasury shares at the end of the business year under review

Class of shares	At the beginning of the fiscal year ended March 31, 2026	Increase	Decrease	At the end of the fiscal year ended March 31, 2026
Common shares	900,051	127,518	105,632	921,937

(Notes) 1. The number of shares of the Company's common stock held as treasury shares includes shares of the Company's stock held by the executive compensation BIP trust (842,924 shares at the end of business year under review).

2. Overview of reason of change

The breakdown of the increase is as follows:

Increase due to demand for purchases of shares of less than one unit	1,718 shares
Increase due to the acquisition of treasury shares by the executive compensation BIP trust	125,800 shares

The breakdown of the decrease is as follows:

Decrease due to the issuance of treasury shares by the executive compensation BIP trust	105,632 shares
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(Notes to tax effect accounting)

1. Breakdown of key factors contributing to deferred tax assets and deferred tax liabilities

Deferred tax assets

Accrued expenses	282 million yen
Provision for retirement benefits	5,332 million yen
Accumulated impairment of non-current assets	1,080 million yen
Loss on valuation of investments in capital of subsidiaries and associates	10,067 million yen
Loss on valuation of shares of subsidiaries and associates	1,146 million yen
Tax losses carried forward	12 million yen
Other	1,828 million yen
Subtotal of deferred tax assets	19,750 million yen
Valuation allowance related to deductible temporary differences	(13,634) million yen
Valuation allowance subtotal	(13,634) million yen
Total deferred tax assets	6,115 million yen

Deferred tax liabilities

Gain on contribution of securities to retirement benefit trust	(8) million yen
Valuation difference on available-for-sale securities	(528) million yen
Other	(349) million yen
Total deferred tax liabilities	(886) million yen
Net deferred tax assets	5,229 million yen

(Notes to related party transactions)

1. Subsidiaries and associates

Type	Company name	Percentage of voting rights	Relationship with related party	Content of the transaction	Transaction value	Item	Balance at end of period
Subsidiary	Mitsubishi Oji Paper Sales Co., Ltd.	Direct: 99.9 Indirect: –	Sales agents. Lease a part of real estate. Executives may hold concurrent positions.	Sale of paper, printing-plate materials, chemicals, etc. (*Note 1)	65,910	Accounts receivable - trade	20,297
				Group finance transaction (*Notes 1 and 2)	3,363	Short-term loans payable	5,969
	Mitsubishi Paper Engineering Co., Ltd.	Direct: 100.0 Indirect: –	Design, installation and maintenance of machinery and equipment, etc. of the Company. Executives may hold concurrent positions.	Purchase and acquisition of non-current assets (*Note 1)	1,711	Non-current assets	–
	Mitsubishi Imaging (MPM), Inc.	Direct: 100.0 Indirect: –	Sales agents. Executives may hold concurrent positions.	Sale of printing sensitive materials, etc. (*Note 1)	3,544	Accounts receivable - trade	1,564
	Mitsubishi Paper Holding (Europe) GmbH	Direct: 100.0 Indirect: –	Executives may hold concurrent positions.	Collection of funds (*Note 1) Loans of funds (*Note 1)	1,780 2,014	Short-term loans receivable	2,014
	Mitsubishi HiTec Paper Europe GmbH	Direct: – Indirect: 100.0	Funding and technological assistance for business operation in Europe. Executives may hold concurrent positions.	Loans of funds (*Note 1)	1,834	Short-term loans receivable	1,834
MPM OJI Home Products Co., Ltd.	Direct: 70.0 Indirect: –	Purchase of products of Kitakami HiTec. Supply of raw materials. Executives may hold concurrent positions.	Collection of funds (*Note 1) Loans of funds (*Note 1)	242 –	Short-term loans receivable Long-term loans receivable	242 1,210	

(Note 1) Prices and other terms of business are determined in negotiations using market prices as a reference.

(Note 2) The transaction amount for group finances indicated is an increase or decrease between the end of the previous fiscal year and the end of the business year under review.

2. Sister companies

Type	Company name	Percentage of voting rights	Relationship with related party	Content of the transaction	Transaction value	Item	Balance at end of period
Subsidiaries of other associates	OCM Fiber Trading Co., Ltd.	Direct: 14.0 Indirect: –	Sale of imported chips to the Company	Purchase of imported chips (*Note)	14,920	Accounts payable - trade	1,581

(*Note) Prices and other terms of business are determined in negotiations using market prices as a reference.

(Notes to revenue recognition)

Basic information for understanding revenue from contracts with customers

Basic information for understanding revenue is provided in section, 4. Accounting standards for significant revenues and expenses in the Notes on significant accounting policies.

(Notes on per share information)

- (1) Net assets per share 1,286.35 yen
 (2) Loss per share (7.18) yen