New Mid-Term Management Plan


1. Name of the Plan: New Mid-Term Management Plan
2. Period of the Plan: April 2019 to March 2022 (3 years)
3. Basic Principles
   Fortification and diversification of the business foundation on its new stage
4. Fundamental Policies
   (1) Establish a sound business foundation through alliance with Oji Group
      a) Expand and enhance the effects brought by the capital and business alliance with Oji Group:
         Establish a firm cooperative relationship between Oji Group and our group through the utilization of management resources and expertise possessed by both of the companies. Then, in order to improve competitiveness, streamline and reduce costs as soon as possible in all business fields such as production, sales, raw material procurement, logistics, engineering, capital investment and R&D as well as indirect departments. Also, by fortifying the financial foundation, further stabilize the management base and curtail interest-bearing debts.
      b) Stabilize earnings in Paper Division:
         Paper Division endeavors to stabilize earnings by reducing supply and logistics costs through strengthened OEM with Oji Group, change in sales strategies and mutual usage of warehouses and distribution means, formulation of production systems that foresee demand trends, increase of production efficiency and cutdown of raw materials and fuels costs.
   (2) Reconstruct and strengthen our existing businesses
      a) Reconstruct and Imaging Division:
         Imaging Division strives to expand sales areas of its maturing existing products by actively conducting promotional activities overseas, while reinforcing business foundation through alliance with Fujifilm with respect to photographic materials base paper.
      b) Reconstruct and strengthen Speciality Materials Division:
         Speciality Materials Division strives to expand business related to water treatment membrane supporting bodies and other non-woven fabric, Thermo Rewrite, decorative laminate base paper and tape substrate in a steady manner, while securing more sales opportunities in Asian countries, particularly China, Europe and U.S by utilizing its unique technology.
(3) Diversify our business foundation by forming new pillars of earnings
   a) Achieve a stable positive figure in the collaborative business with Oji Group:
      Household and consumer paper business and biomass power generation business have
      been started at Hachinohe Mill in collaboration with Oji Group. Achieve a stable
      positive figure while transforming the business structure.

   b) Form new pillars of earnings and diversify them:
      Promote activities to expand business in growing areas, including functional films and
      Inkjet transfer paper with our imaging technology, battery separators and inorganic
      fiber paper which are superior in quality, various types of barrier paper to replace
      plastics, etc. as well as to establish diverse new businesses.

5. Consolidated Numerical Management Targets
(¥ Billion)

<table>
<thead>
<tr>
<th>Index</th>
<th>Target (FY2021)</th>
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<tbody>
<tr>
<td>Net sales</td>
<td>220.0</td>
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<tr>
<td>Operating income</td>
<td>5.5</td>
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<tr>
<td>Ordinary income</td>
<td>6.0</td>
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<tr>
<td>Interest-bearing debt</td>
<td>98.0</td>
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<tr>
<td>D/E ratio</td>
<td>1.3</td>
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</tbody>
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*Assumed conditions:
   Exchange rate: ¥110/USD, ¥130/€
   Crude oil price (Dubai): 65USD/bbl