

# Management Policies

## New Mid-Term Management Plan (FY2020 - FY2022)

Since April 2019, with “Strengthening and diversifying the business base for a new stage” as our basic principle, we have been taking initiatives under a New Mid-Term Management Plan, which aims to achieve sound and sustainable growth and maximize corporate value over the medium- to long-term. There was a sudden change in the business environment in the second year, that is fiscal 2020, due to the spread of the novel coronavirus, and it significantly impacted our businesses in the printing and communication paper field and the imaging field. In a New Mid-Term Management Plan, the following three key strategies are established:

- (1) Establish a robust management base through the alliance with the Oji Group;
- (2) Make structural reforms and enrich existing business; and
- (3) Diversify the business base by fostering new profit pillars.

We are aiming for a shift away from the conventional business structure based on printing and communication paper and the strengthening and diversification of our business foundation. We believe there is a need to further accelerate this change.

## Status of initiatives for priority strategies

### ■ Establish a robust management base through the alliance with the Oji Group

#### ◇ Centralization of the Carbonless Paper Business

In November 2019, it was agreed to transfer the carbonless paper production and sales business of Oji Imaging Media Co., Ltd. to Mitsubishi Paper Mills, and the business was officially transferred in July 2020 after adjustment of the sales network. We will expand market share and improve profitability through enhanced productivity. We will aim for at least a 35% share of the domestic market going forward.

#### ◇ Transfer of the Pressboard Business

In August 2020, we integrated our production systems for electrical insulation paper pressboard in Oji F-Tex Co., Ltd. and determined the transfer of the right of business (excluding the heat insulated pressboard business) to it. By integrating production systems in the Nakatsu factory of Oji F-Tex, which is superior in production capacity, we will increase earnings (scheduled to be implemented in October 2021).

#### ◇ Household and Consumer Paper Joint Venture

MPM Oji Home Products Co., Ltd., which engages in the household and consumer paper business, began commercial operation in April 2019. Amid robust demand for household and consumer paper, MPM Oji Home Products is using the Tohoku region where the brand is already established as a foundation to expand into Tokyo and other areas of the Kanto region. In fiscal 2021, we enhanced our product lineup by releasing twice volume toilet paper, kitchen towels, hand towels, an alcohol-free version of anti-bacterial wet wipes in addition to the alcohol-added version.



Twice volume toilet paper



Kitchen towel



Hand towel  
(Above: Pillow type)  
(Below: Box type)



Anti-bacterial wet wipes  
(Alcoholic type)



Anti-bacterial wet wipes  
(Non-alcoholic type)

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### ■ Restructuring and enhancing existing businesses

#### ◇ Merger of Group Companies (Reorganization of the Printing Photosensitive Material Business)

In June 2020, Diamic Co., Ltd. (surviving company) and Pictorico Co., Ltd. were integrated and the printing photosensitive material business of Mitsubishi Paper Mills was transferred to Diamic Co., Ltd. Overlapping and common operations will be optimized for the printing photosensitive material business and efforts will be made toward comprehensive business stability based on the maintenance of domestic business and business expansion in the Asian region. In the inkjet business, we will enhance the Pictorico brand, which was cultivated in the high-quality photography paper and photography output business aimed at professionals and advanced amateurs, and mutually cooperate in the fields of proofs, plate making and posters, thus expanding overall sales.

#### ◇ Reorganization of the Research and Development Base

In January 2020, we established the Research and Development Division, which oversees all the R&D divisions that had previously been under the umbrella of the business departments, creating an environment in which we can flexibly develop new products, provide technical support, and optimize human resources across all businesses. Under this system, we achieved results by formulating key research themes based on management challenges and by optimizing the allocation of research resources. Additionally, we are also focusing on the creation of future-oriented research themes.

Further, in order to accelerate development and ensure contribution to earnings, we reformed the development implementation system and closed the Tsukuba R&D Laboratory, which was located far away from the manufacturing site, and established the Takasago R&D Laboratory inside the Takasago Mill, which is related to major research themes. We also transferred some of the research themes related to the Kyoto Mill to the Kyoto R&D Laboratory. At the same time, analysis operations, which existed in both Tsukuba and Kyoto, will be integrated into the Kyoto R&D Laboratory and strategically operated as an organization under the direct control of the Research and Development Division.

### ■ Diversify the business base by fostering new profit pillars

#### ◇ Expand in Non-woven Fabric Growth Sectors

At the Takasago Mill, we will install new melt-blown non-woven fabric manufacturing equipment and add more wet non-woven fabric papermaking machines. In the field of speciality materials, we will develop high-performance functional filter materials and aim to expand its business, while taking steps to expand businesses with healthy demand, such as the businesses of water treatment membrane support substrates and battery separators.

We also relocated our filter business base from Yashio City, Saitama Prefecture to the Takasago Mill and transferred our R&D functions to the newly established Takasago R&D Laboratory in the same mill. The Takasago site was established as the base for comprehensive development and production of the Speciality Materials Business, and we continue to expand this business.

#### ◇ Environmentally Friendly Products

We are enhancing the lineup of environment-friendly products. In addition to barricote® and barrisherpa®, which are the plasticless packaging papers with high biodegradability and recyclability released in May 2020, we launched water-repellent, oil-proof paperboard with greatly improved water and oil resistance and anti-bacterial kraft paper with anti-bacterial properties.

#### ◇ Special-purpose Release/Casting Paper

At Kitakami HiTec Paper Corporation, manufacturing equipment for special-purpose release/casting paper, which has been remodeled from existing equipment, has begun operation and new businesses other than the photographic base paper business have started.

#### ◇ Electronic Industrial Materials

With the full-scale operation of the new coater at the Kyoto Mill, we are expanding the profitability of functional films, such as photosensitive resists for electronic industrial materials.