



Annual Report **2019**

Our company-owned forests at Nishigo-mura, Nishishirakawa-gun, Fukushima Pref.

Profile

Since its founding in 1898, Mitsubishi Paper Mills has constantly sought to employ its technological strengths to contribute to society. By developing and marketing value-added products that anticipate the needs of the next generation, the Company has played an important role in the development of information media in Japan in the publishing and printing industries, as well as in the development of photographic technology.

The Company manufactures and sells almost the entire range of media products and materials used in all information recording processes, including not only paper for offset printing, and materials for printing plates as well as printing systems, but also carbonless and thermal paper, digital photography materials, silver halide photographic paper, and paper for inkjet printing. We are also developing businesses that take advantage of the characteristics of paper (e.g., household and consumer paper and packages) in addition to information recording media.

Our Imaging Division handles a lineup of products that take advantage of our film coating technologies (e.g., electronics industry materials), IJ transfer paper and medical related products.

Meanwhile, our Speciality Materials Division provides a lineup of products that take advantage of our non-woven fabric technologies (e.g., water treatment membrane supporting body and battery separators) and thermo rewrite. Furthermore, we are also pouring our efforts into R&D in new business fields. We have adopted a position suitable for accessing the global market by establishing production bases and R&D bases in Japan, Germany, China and Mexico.

Dedicated to contributing to society by providing customers with products backed by advanced technological capabilities, we have the following three goals as a Group Philosophy:

- 1. A corporate group that lives up to the trust of its customers in the world market**
- 2. A corporate group that is always on the leading edge of technology**
- 3. A corporate group that contributes to preserving the global environment and creating a recycling society**

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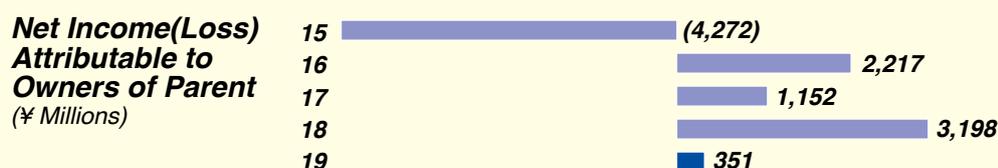
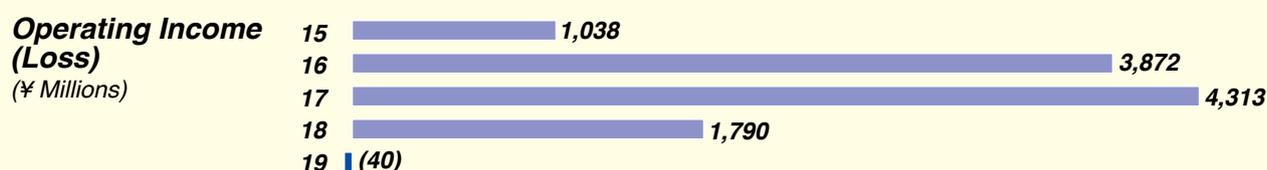
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Financial Highlights (Consolidated)

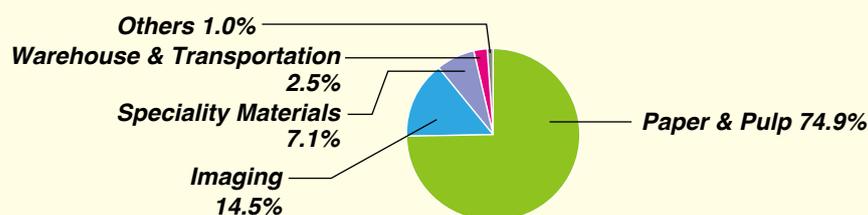
	Millions of yen (1)		Thousands of U.S. dollars (1) and (2)
	2019	2018	2019
For the years ended March 31			
Net sales	¥203,997	¥201,492	\$1,837,981
Operating income (loss)	(40)	1,790	(362)
Net income attributable to owners of parent	351	3,198	3,164
Net income per share (in yen and dollars)	10.04	93.57	0.09
Cash dividends per share (in yen and dollars)	5.00	5.00	0.05
As of March 31			
Total assets	¥232,758	¥237,379	\$2,097,114
Total net assets	67,004	61,077	603,698
Common stock	36,561	32,756	329,413
Net assets per share (in yen and dollars)	1,485.64	1,747.54	13.39
Number of shareholders	12,681	13,467	
Number of employees	3,668	3,723	

Notes: (1) In this annual report, Japanese yen (in millions) and U.S. dollars (in thousands) are indicated with fractions omitted.

(2) U.S. dollar amounts in this report represent translations of yen amounts at the rate of ¥110.99 = U.S.\$1, as of March 31, 2019.



Sales Composition



Message from the President



Yukibiro Tachifuji, President & C.E.O.

Overview of the Reporting Term

In FY 2019, there were uncertainties in the global economy, such as the trade friction between the U.S. and China, but the Japanese economy recovered gently, as the employment situation and the income environment improved. In the paper and pulp industry, the business environment, mainly that of the paper business, which is the mainstay of our company, was severe, due to the structural decline in demand caused by the digitization of information media, the rises in prices of raw materials and fuels, etc.

In this situation, our corporate group has been working on measures to establish and strengthen a revenue structure that will not be affected by the external environment under the 4 fundamental policies (1) Structural reform of paper business; (2) Improving profit base; (3) Developing new businesses; and (4) Strengthening business foundation and financial ground that will support the group's earning power based on the key concept of "stabilizing revenue through alliances" in accordance with the Second Mid-term Management Plan (from April 2016 to March 2019).

Meanwhile, we have formed alliances with Oji Group in biomass

power generating business, household and consumer paper business, etc. Both companies agreed that strengthening cooperative relationship in multiple businesses is essential for ensuring sustainable growth, and then we concluded a capital alliance agreement. On March 29, 2019, Oji Holdings Corporation became the largest shareholder and any other associated company holding 33% of voting rights for our company.

In FY 2019, consolidated net sales were ¥203,997 million (US\$1,837 million) (up 1.2% year on year) thanks to the increase in sales of subsidiaries in Europe, etc. despite the decline in domestic demand for paper and the drop in demand for existing products of the imaging business.

As for profits and losses, we adopted a transportation adjustment payments system for paper, revised prices, and so on, but could not make up for profit-decreasing factors, such as the rises in prices of raw materials and fuels and the decline in sales volume due to the weakening of domestic demand. Consequently, we incurred a consolidated operating loss of ¥40 million (-US\$0 million) and a consolidated ordinary loss of ¥914 million (-US\$8 million). Profit attributable to owners of parent was ¥351 million (US\$3 million), as gain on sale of investment securities was posted, the posting of deferred tax assets reduced adjustments to corporate tax, etc.

As for non-consolidated performance, net sales were ¥115,064 million (US\$1,036 million), operating loss ¥1,150 million (-US\$10 million), ordinary loss ¥347 million (-US\$3 million), and profit ¥1,289 million (US\$11 million).

Our Goals to Address

[Regarding the New Mid-term Management Plan]

During the period of "the Second Mid-term Management Plan" (April 2016 to March 2019), we implemented several measures under the key concept of "stabilizing revenue through alliances," proceeded with the businesses of biomass power generation and household and consumer paper in cooperation with the Oji Group, and concluded a capital alliance agreement with Oji Holdings Corporation, in order to make the alliance more comprehensive and constructive.

After obtaining clearances from competition authorities inside and outside Japan, we allocated new shares of our company to Oji Holdings in accordance with the above agreement, and Oji Holdings acquired the shares of our company from 5 companies of the Mitsubishi Group in March 2019. Accordingly, Oji Holdings became the largest shareholder and any other associated company holding 33% of voting rights of our company.

In "the New Mid-term Management Plan" (April 2019 to March 2022), the basic principle is to "strengthen and diversify the business base for a new stage," and we will try to achieve sound, sustainable growth and maximize our mid/long-term corporate value by establishing a robust management base through the alliance with Oji Group, making structural reforms and enriching existing businesses and diversifying the business base by fostering new profit pillars.

Period

April 2019 to March 2022 (3 years)

Basic Principle

Strengthening and diversifying the business base for a new stage

Key strategies

- 1 To establish a robust management base through the alliance with Oji Group
- 2 To make structural reforms and enrich existing businesses
- 3 To diversify the business base by fostering new profit pillars

[To establish a robust management base through the alliance with Oji Group]

- By mutually utilizing the managerial resources and know-how of the Oji Group and our corporate group, we will foster a firm cooperative relation in all business fields, including manufacturing, sale, procurement of raw materials, distribution, engineering, equipment investment, R&D, and back-office operation, to streamline our business operation and reduce costs as soon as possible and then enhance our competitiveness.
- Especially for the paper business, we will reinforce the mutual OEM with the Oji Group, shift sales systems, reduce distribution costs through the mutual utilization of warehouses and logistics facilities, develop manufacturing systems for foreseeing demand, improve production efficiency, cut down on the expenses for buying raw materials and fuels, and so on, in order to stabilize our revenue.

[To make structural reforms and enrich existing businesses]

- For the imaging business, while striving to strengthen the operation base through the alliance with Fujifilm for photographic materials base paper, etc., we will further enhance our existing products which are already maturing by actively expanding the business in foreign markets.
- For the speciality materials business, we strive to expand sales in Asia with focus on China, the U.S. and Europe and will make steady progress in the businesses of non-woven fabric which handles water treatment membrane supporting body, thermo rewrite, decorative laminate base paper and tape base paper by utilizing our own technologies.

[To diversify the business base by fostering new profit pillars]

- At Hachinohe Mill, we have launched the businesses of household and consumer paper and biomass power generation one by

one in cooperation with the Oji Group, and aim to make a profit and stabilize revenue while reforming the business structure.

- We will implement some measures for expanding our business and establishing a variety of new businesses in promising fields, including the production of functional films and IJ transfer paper based on the imaging technology, battery separators and inorganic fiber paper that have excellent quality, and barrier paper aimed at doing away with plastics.

[CSR (Corporate Social Responsibility)]

Our corporate group recognizes that the purpose of CSR is to improve our corporate value by winning the trust and sympathy of stakeholders and solve problems from the aspects of the environment, society, and finance, and considers CSR as an important management issue to address in our business activities.

In FY 2019, we worked on "enhancement of activity on safety and health," "customer-oriented product development," and "promoting policies to enhance employees' performance" as the most important missions. We also strived to enrich environmentally friendly products, including FSC forest-certified products, which would help attain UN Sustainable Development Goals (SDGs).

In the 155th term, we aim to keep improving our corporate value and carry out unique CSR activities, with the two important missions: "enhancement of activity on safety and health" and "product development for coexisting with society."

Forecast

The consolidated financial performance for the following term is forecasted to have net sales of ¥210,000 million (US\$1,909 million), operating income of ¥2,500 million (US\$22 million), ordinary income of ¥2,500 million (US\$22 million), and profit attributable to owners of parent of ¥1,500 million (US\$13 million).

The above forecast presumes 110 yen will equal 1 US dollar and 130 yen will be worth 1 euro.

The business forecast is based on our judgment and available information at the time of creation and contains risks and uncertain elements. It is possible that actual results and figures may differ from the estimates according to various factors.

June 2019

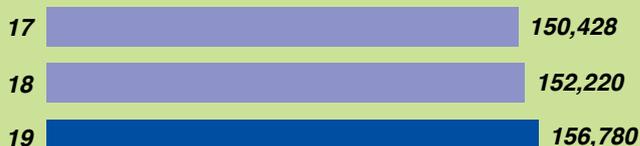
立藤 幸博
Y. Tachifuji

Yukihiko Tachifuji,
President & C.E.O.

Breakdown of Operations by Business

Paper and Pulp Business

Net sales (¥ Millions)



As for the domestic market, thanks to the effect of the alliance, etc. sales of communication paper have been continuously performing well. On the other hand, demand for printing paper further declined. Regarding exports, there has been an increase in sales volume of printing paper. However, it wasn't enough to cover the domestic decline. In this situation, we suspended the operation of the paper machine No. 4 at Hachinohe Mill in December 2018, adopted a transportation adjustment payments system, and revised product prices from the fourth quarter, in order to establish a manufacturing system for foreseeing demand and enhance productivity.

European subsidiaries saw a decline in sales volume of

mainly pressure-sensitive paper, but sales grew due to the rises in unit prices through price revisions and the effects of exchange rates.

As for commercial pulp, we promoted sales inside and outside Japan to meet healthy demand, and sales volume and amount increased.

As a result, the total net sales of the paper and pulp business were ¥156,780 million (US\$1,412 million), up 3.0% year on year, and we incurred an operating loss of ¥1,427 million (-US\$12 million). Profit decreased, due to the rises in prices of raw materials and fuels, the decline in domestic paper demand and the downturn of the domestic market.

Imaging Business

Net sales (¥ Millions)



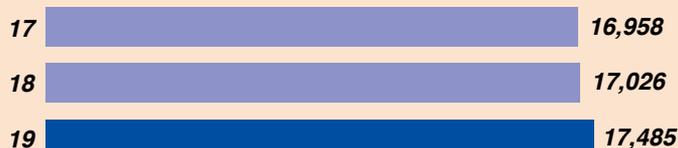
As for the domestic market, the demand for platemaking materials and inkjet paper declined. Therefore sales decreased.

In the overseas market, the purposes of use of inkjet paper diversified and demand for it grew in emerging countries, but sales amount decreased, due to the weakening of demand for existing products.

As a result, the total net sales of the imaging business were ¥35,287 million (US\$317 million), down 4.4% year on year, and operating income was ¥537 million (US\$4 million). Despite the decline in net sales due to the weakening of demand for existing products, the rises in prices of raw materials and fuels, etc., we strived to boost productivity and reduce costs, and grew profit.

Speciality Materials Business

Net sales (¥ Millions)



As for speciality materials, we increased the sales amounts of water treatment membrane supporting body, battery separators, and thermo rewrite. As for chemical paper, the performance of decorative laminate base paper, which is the mainstay product, was unchanged from the previous term, but the sales amount of tape base paper, etc. grew.

As a result, the total net sales of the speciality materials business were ¥17,485 million (US\$157 million), up 2.7% year on year, and operating income was ¥653 million (US\$5 million). We promoted sales of new products, revised product prices, and reduced costs, but could not cover profit-decreasing factors, such as the rises in prices of raw materials and fuels.

Warehouse and Transportation Business

Net sales (¥ Millions)



Net sales of the transportation and warehousing business were ¥8,333 million (US\$75 million), down 2.8% year on year.

Others

Net sales (¥ Millions)



Net sales were ¥6,508 million (US\$58 million), down 21.2% year on year, due to the decline in sales of engineering-related subsidiaries, etc.

Start of operation of a joint venture for household and consumer paper

MPM Oji Home Products Co., Ltd., a joint venture between our company and Oji Nepia Co., Ltd., completed the construction of equipment for household and consumer paper inside Hachinohe Mill of our company as planned, and started operation in April 2019.

The newly built equipment for household and consumer paper produces about 18,000 tons of tissue paper and toilet paper annually by utilizing the infrastructure and pulp at Hachinohe Mill, which is an integrated mill for paper and pulp, and our company and Oji Nepia sell the products mainly in the Tohoku region.



Establishment of Ho Chi Minh Representative Office of Diamic

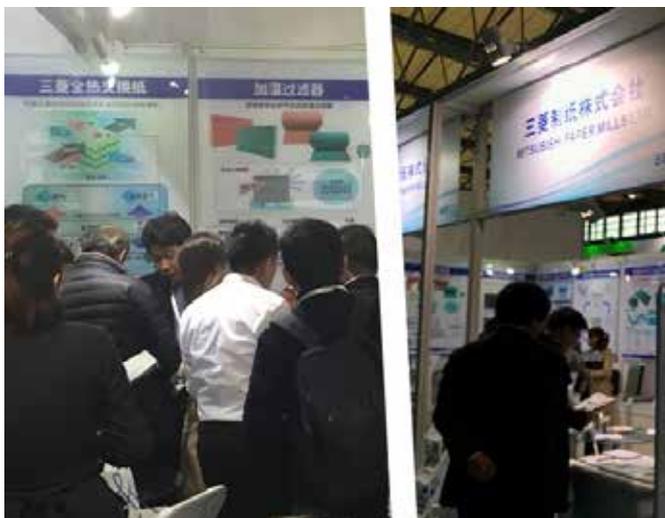
Diamic Co., Ltd., which is a distributor for the imaging business, established a representative office in Ho Chi Minh City, Vietnam as the first overseas foothold. As a new measure for overseas business expansion we have been promoted, we will promote the sales of products of the Mitsubishi Paper Mills Group and seek new business chances in not only Vietnam, but also other Southeast Asian countries based on this office.



Sale of filters in the Chinese market

In recent years, the interest in the indoor air environment has grown in China, and the market of “new electrical fans” equipped with the functions of air purifiers and total heat exchangers (energy-saving ventilation fans) is expanding.

Our company handles products with excellent performance, including high-performance dust-collecting deodorant filters, which are constituted by dust collecting parts with a low pressure loss property and special activated carbon, and total heat exchanging elements, which include special tissue paper and have high shielding effects for air intake and discharge. We focus on the expansion of sales in the Chinese market. We participated in an exhibition in Beijing in May and in Shanghai in December last year, and our products were highly evaluated.



Our Mills and Their Product Lines



SHIRAKAWA SITE

Address: 3, Maeyamanishi, Nishigo-mura,
Nishi-Shirakawa-gun,
Fukushima 961-8054
Telephone: +81-248-22-8111
Products: Transformer board



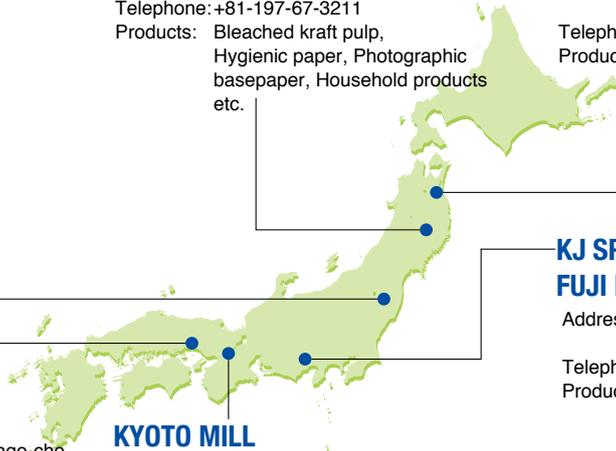
KITAKAMI HITEC PAPER CORP.

Address: 35, Sasanagane, Aisari-cho,
Kitakami-shi, Iwate 024-0051
Telephone: +81-197-67-3211
Products: Bleached kraft pulp,
Hygienic paper, Photographic
basepaper, Household products
etc.



HACHINOHE MILL

Address: Kawaragi-Aomoriyachi,
Hachinohe-shi,
Aomori 039-1197
Telephone: +81-178-29-2111
Products: Bleached kraft pulp,
Coated printing paper,
Uncoated printing paper,
White card board, Household products
etc.



TAKASAGO MILL

Address: 105, Sakae-machi, Takasago-cho,
Takasago-shi, Hyogo 676-8677
Telephone: +81-794-42-3101
Products: Carbonless paper, Thermal paper,
Inkjet paper, Specialty paper, Non
Woven Fabrics, etc.

KYOTO MILL

Address: 6-6, Kaiden 1-chome,
Nagaokakyo-shi, Kyoto 617-8666
Telephone: +81-75-951-1181
Products: Color photographic paper, Graphic arts
materials, Inkjet photo paper, etc.

KJ SPECIALTY PAPER CO., LTD. FUJI MILL

Address: 7-1, Shinbashicho, Fuji-shi,
Shizuoka 417-0004
Telephone: +81-545-52-4075
Products: Base paper for decorative
laminates, Impregnated
decorative sheet,
Base paper for wall paper,
Stencil paper



Overseas

Mitsubishi HiTec Paper Europe GmbH Bielefeld Mill

Address: Niedernholz 23, D-33699 Bielefeld,
Germany
Telephone: +49-521-2091-401
Products: Carbonless paper, Thermal paper,
Inkjet paper

(Bielefeld, Germany)



Mitsubishi HiTec Paper Europe GmbH Flensburg Mill

Address: Husumer Strasse 12 D-24941
Flensburg, Germany
Telephone: +49-461-8695-204
Products: Thermal paper, etc.
(Flensburg, Germany)



MP Juarez LLC

Address: Ave. Valle del Cedro #1551 Paraq. Ind Intermex
C.P. 32690 Cd. Juarez. Chih., Mexico
Telephone: +1-915-534-8230 (U.S. Head Office)
Products: Inkjet paper
(Juarez, Mexico)



Zhuhai MPM Filter, Ltd.

Address: #17 Yijing Lane, Pingsha Town, Jinwan District,
Zhuhai, Guangdong, China
Telephone: +86-756-8895033
Products: Various filters
(Zhuhai, China)

Five-Year Summary (Consolidated)

	Millions of yen					Thousands of U.S. dollars
	2019	2018	2017	2016	2015	2019
For the years ended March 31						
Net sales	¥203,997	¥201,492	¥201,955	¥216,340	¥214,944	\$1,837,981
Operating income (loss)	(40)	1,790	4,313	3,872	1,038	(362)
Net income (loss) attributable to owners of parent	351	3,198	1,152	2,217	(4,272)	3,164
Net income (loss) per share (in yen and dollars)	10.04	93.57	33.72	64.85	(124.96)	0.09
Diluted net income per share	-	-	-	-	-	-
As of March 31						
Total assets	¥232,758	¥237,379	¥234,891	¥240,681	¥252,620	\$2,097,114
Total net assets	67,004	61,077	56,631	51,492	55,094	603,698

Notes: (1) On October 1, 2016, the share consolidation was executed at a ratio of 1share per 10 shares.

Net income (loss) per share is calculated based on the assumption that the share consolidation was executed at the beginning of the fiscal year ended March 31, 2015.

(2) From the beginning of the current fiscal year, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting"(ASBJ Statement No.28, February 16, 2018), which has been applied to main management indicators of previous periods, retroactively.

Consolidated Balance Sheets

As of March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
ASSETS			
Current assets:			
Cash and deposits (Note 3 (12))	¥11,617	¥9,744	\$104,671
Receivables:			
Trade notes and accounts (Note 10)	37,686	46,330	339,551
Other	2,307	1,731	20,786
	39,993	48,062	360,338
Less: Allowance for doubtful accounts	(175)	(224)	(1,580)
	39,818	47,837	358,757
Inventories	44,557	43,989	401,450
Other	3,696	2,744	33,304
Total current assets	99,689	104,316	898,184
Non-current assets:			
Property, plant and equipment (Note 4):			
Land	21,913	22,147	197,438
Buildings and structures	95,872	96,267	863,791
Machinery, equipment and vehicles	365,551	366,704	3,293,556
Construction in progress	9,446	2,310	85,109
Leased assets	2,718	2,847	24,493
Other	9,349	9,794	84,240
	504,852	500,070	4,548,630
Less: Accumulated depreciation	(402,871)	(399,589)	(3,629,801)
Accumulated impairment losses	(789)	(749)	(7,113)
Net property, plant and equipment	101,191	99,732	911,715
Investments and other assets:			
Investment securities (Notes 4, 10 and 11)	16,479	20,354	148,474
Investments in unconsolidated subsidiaries and affiliated companies	1,262	1,317	11,374
Long-term loans receivable	2,118	1,448	19,083
Net defined benefit asset (Note 13)	5,331	5,263	48,038
Less: Allowance for doubtful accounts	(54)	(68)	(493)
Deferred tax assets (Note 14)	2,965	1,309	26,718
Other	3,775	3,705	34,018
Total investments and other assets	31,877	33,330	287,214
Total assets	¥232,758	¥237,379	\$2,097,114

The accompanying notes are an integral part of these financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term loans payable (Note 10)	¥49,599	¥51,195	\$446,885
Current portion of long-term debt (Note 10)	15,575	19,633	140,331
Commercial Paper (Note 10)	7,000	3,000	63,068
Lease obligations (Note 10)	367	375	3,311
Payables:			
Trade notes and accounts (Note 10)	25,347	26,870	228,380
Electronically recorded obligations (Note 10)	5,390	–	48,568
Other	989	3,238	8,914
Accrued expenses	7,185	7,358	64,736
Income taxes payable	366	397	3,302
Other	9,038	5,140	81,433
Total current liabilities	120,860	117,208	1,088,933
Non-current liabilities:			
Long-term debt (Note 10)	32,855	45,656	296,023
Lease obligations (Note 10)	424	691	3,823
Provision for directors' retirement benefits	60	56	549
Reserve for loss on dissolution of employee's fund	–	143	–
Net defined benefit liability (Note 13)	8,718	9,328	78,550
Deferred tax liabilities (Note 14)	696	1,152	6,273
Asset retirement obligations	882	888	7,955
Other	1,254	1,175	11,306
Total non-current liabilities	44,893	59,093	404,482
Total liabilities	¥165,754	¥176,302	\$1,493,415
NET ASSETS			
Shareholders' equity:			
Capital stock			
Authorized: 90,000,000 shares at March 31, 2019			
Issued: 44,741,433 shares at March 31, 2019	¥36,561	¥32,756	\$329,413
Capital surplus	9,682	6,132	87,240
Retained earnings	13,145	12,965	118,441
Treasury shares	(150)	(148)	(1,353)
Total shareholders' equity	59,240	51,706	533,742
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	3,635	5,204	32,756
Foreign currency translation adjustment	1,209	1,511	10,893
Remeasurements of defined benefit plans	2,265	1,309	20,412
Total accumulated other comprehensive income	7,110	8,025	64,062
Non-controlling interests	654	1,345	5,894
Total net assets	¥67,004	¥61,077	\$603,698
Total liabilities and net assets	¥232,758	¥237,379	\$2,097,114

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Operations

For the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Net sales	¥203,997	¥201,492	\$1,837,981
Cost of sales	174,602	169,221	1,573,138
Gross profit	29,394	32,270	264,842
Selling, general and administrative expenses	29,435	30,480	265,204
Operating income (loss)	(40)	1,790	(362)
Other income (expenses):			
Interest and dividend income	622	560	5,610
Interest expenses	(1,372)	(1,767)	(12,367)
Royalty income	168	175	1,519
Foreign exchange gains	89	59	804
Insurance income	497	138	4,484
Gain on sales of investment securities	1,562	846	14,077
Gain (loss) on disposal of non-current assets (Note 6)	(463)	1,144	(4,175)
Advisory fee	(275)	(64)	(2,483)
Special retirement expenses	(576)	(375)	(5,197)
Environmental expenses (Note 7)	–	(295)	–
Loss on disaster	(697)	–	(6,281)
Impairment loss (Note 8)	(124)	(209)	(1,124)
Other, net	(235)	(252)	(2,117)
Total	(804)	(40)	(7,251)
Net income (loss) before income taxes and non-controlling interests	(845)	1,749	(7,613)
Income taxes:			
Current	252	383	2,277
Deferred (Note 14)	(1,567)	(1,914)	(14,126)
Net income	470	3,280	4,235
Net income attributable to non-controlling interests	118	81	1,070
Net income attributable to owners of parent	¥351	¥3,198	\$3,164

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Net income	¥470	¥3,280	\$4,235
Other comprehensive income:			
Valuation difference on available-for-sale securities	(1,673)	(450)	(15,078)
Foreign currency translation adjustments	(307)	301	(2,772)
Remeasurements of defined benefit plans, net of tax	1,052	2,386	9,481
Share of other comprehensive income of entities accounted for using equity method	(15)	(24)	(140)
Total other comprehensive income	(944)	2,213	(8,510)
Comprehensive income	(474)	5,493	(4,275)
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	(564)	5,487	(5,083)
Comprehensive income attributable to non-controlling interests	¥89	¥6	\$808

	Yen		U.S. dollars (Note 2)
	2019	2018	2019
Amounts per share:			
Net income — basic (Note 3 (11))	¥10.04	¥93.57	\$0.09
Cash dividends applicable to the year	5.00	5.00	0.05

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2019 and 2018

	Millions of yen											
	Shareholders' equity						Total accumulated other comprehensive income					
	Number of shares in issue	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2017	34,258,433	¥32,756	¥7,438	¥8,599	¥ (147)	¥48,647	¥5,506	¥1,245	¥ (1,015)	¥5,736	¥2,247	¥56,631
Changes during the year:												
Issurance of new shares						–						–
Dividends of surplus						–						–
Deficit disposition			(1,167)	1,167		–						–
Net income attributable to owners of parent				3,198		3,198						3,198
Acquisition of treasury stock					(1)	(1)						(1)
Change in treasury shares of parent arising from transactions with non-controlling shareholders			(138)			(138)						(138)
Changes in items other than shareholders' equity							(302)	265	2,325	2,289	(901)	1,387
Total changes during the year		–	(1,305)	4,365	(1)	3,058	(302)	265	2,325	2,289	(901)	4,446
Balance at March 31, 2018	34,258,433	¥32,756	¥6,132	¥12,965	¥ (148)	¥51,706	¥5,204	¥1,511	¥1,309	¥8,025	¥1,345	¥61,077
Changes during the year:												
Issurance of new shares	10,483,000	3,805	3,805			7,610						7,610
Dividends of surplus				(170)		(170)						(170)
Deficit disposition						–						–
Net income attributable to owners of parent				351		351						351
Acquisition of treasury stock					(1)	(1)						(1)
Change in treasury shares of parent arising from transactions with non-controlling shareholders			(255)			(255)						(255)
Changes in items other than shareholders' equity							(1,568)	(302)	955	(915)	(691)	(1,600)
Total changes during the year	10,483,000	3,805	3,549	180	(1)	7,534	(1,568)	(302)	955	(915)	(691)	5,927
Balance at March 31, 2019	44,741,433	¥36,561	¥9,682	¥13,145	¥ (150)	¥59,240	¥3,635	¥1,209	¥2,265	¥7,110	¥654	¥67,004

	Thousands of U.S. dollars											
	Shareholders' equity						Total accumulated other comprehensive income					
	Number of shares in issue	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2018	34,258,433	\$295,128	\$55,256	\$116,817	\$(1,340)	\$465,861	\$46,892	\$13,617	\$11,801	\$72,311	\$12,123	\$550,296
Changes during the year:												
Issurance of new shares	10,483,000	34,285	34,285			68,570						68,570
Dividends of surplus				(1,540)		(1,540)						(1,540)
Deficit disposition						–						–
Net income attributable to owners of parent				3,164		3,164						3,164
Acquisition of treasury stock					(13)	(13)						(13)
Change in treasury shares of parent arising from transactions with non-controlling shareholders			(2,300)			(2,300)						(2,300)
Changes in items other than shareholders' equity							(14,135)	(2,723)	8,610	(8,248)	(6,229)	(14,477)
Total changes during the year	10,483,000	34,285	31,984	1,624	(13)	67,880	(14,135)	(2,723)	8,610	(8,248)	(6,229)	53,402
Balance at March 31, 2019	44,741,433	\$329,413	\$87,240	\$118,441	\$(1,353)	\$533,742	\$32,756	\$10,893	\$20,412	\$64,062	\$5,894	\$603,698

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

For the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
I Cash flows from operating activities:			
Net income (loss) before income taxes and non-controlling interests	¥(845)	¥1,749	\$(7,613)
Depreciation	10,116	10,474	91,151
Loss on disaster	697	–	6,281
Impairment loss (Note 8)	124	209	1,124
Decrease (increase) in net defined benefit asset (Note 13)	632	(149)	5,697
Increase (decrease) in net defined benefit liability (Note 13)	238	312	2,151
Increase (decrease) in provision for directors' retirement benefits	4	(9)	41
Interest and dividend income	(622)	(560)	(5,610)
Interest expense	1,372	1,767	12,367
Loss (gain) on sales of short-term and long-term investment securities	(1,562)	(846)	(14,077)
Loss (gain) on disposal of non-current assets (Note 6)	463	(1,144)	4,175
Decrease (increase) in trade notes and accounts receivable	8,533	(29)	76,888
Decrease (increase) in inventories	(1,469)	(1,935)	(13,236)
Increase (decrease) in trade notes and accounts payable	4,190	2,041	37,757
Other, net	(1,795)	2,710	(16,178)
Sub-total	20,080	14,589	180,918
Payments for business restructuring cost	–	(131)	–
Payments for loss on disaster	(84)	–	(760)
Interest and dividend income received	619	566	5,583
Interest expenses paid	(1,378)	(1,771)	(12,416)
Income taxes paid	(171)	(442)	(1,540)
Net cash provided by (used in) operating activities	19,066	12,809	171,784
II Cash flows from investing activities:			
Purchase of property, plant and equipment and intangible assets	(10,223)	(7,822)	(92,112)
Proceeds from sales of property, plant and equipment and intangible assets	12	1,872	112
Purchase of investment securities	(22)	(25)	(200)
Proceeds from sales of investment securities	2,633	1,136	23,729
Purchase of shares of subsidiaries and associates	–	(0)	–
Payments of loans receivable	(1,035)	(902)	(9,328)
Collection of loans receivable	14	23	132
Other, net	(359)	(276)	(3,237)
Net cash provided by (used in) investing activities	(8,979)	(5,994)	(80,903)
III Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	(1,370)	1	(12,346)
Net increase (decrease) in commercial paper	4,000	3,000	36,039
Proceeds from long-term debt	2,775	7,740	25,002
Repayments of long-term debt	(19,618)	(17,441)	(176,760)
Repayments of lease obligations	(374)	(362)	(3,370)
Proceeds from issuance of shares	7,610	–	68,570
Proceeds from share issuance to non-controlling shareholders	–	48	–
Purchase of treasury shares	(1)	(1)	(13)
Dividends paid	(170)	–	(1,540)
Dividends paid to non-controlling shareholders	(112)	(237)	(1,016)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(922)	(854)	(8,312)
Net cash provided by (used in) financing activities	(8,185)	(8,107)	(73,747)
IV Effect of exchange rate change on cash and cash equivalents	(28)	196	(255)
V Net increase (decrease) in cash and cash equivalents	1,873	(1,096)	16,877
VI Cash and cash equivalents at beginning of period	9,744	10,840	87,794
VII Cash and cash equivalents at end of period (Note 3 (12))	¥11,617	¥9,744	\$104,671

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements of Mitsubishi Paper Mills Limited (the "Company") and its subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau (a regional branch organization of the Ministry of Finance in Japan) have been reclassified for the convenience of readers outside Japan.

2. United States Dollar Amounts

The Company maintains its accounting records in yen. The dollar amounts included in the accompanying consolidated financial statements and notes thereto represent the arithmetical results of translating yen to dollars on the basis of ¥110.99 = U.S.\$1, the exchange rate prevailing as of March 31, 2019. The inclusion of such U.S. dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that rate or any other rate.

3. Summary of Significant Accounting Policies

(1) Scope of consolidation

The Company had 33 subsidiaries as of March 31, 2019 (33 as of March 31, 2018). The accompanying consolidated financial statements include the accounts of the Company and 26 (26 for 2018) of its subsidiaries for the year ended March 31, 2019 (together, hereinafter referred to as the "Companies").

The accounts of the remaining 7 (7 for 2018) unconsolidated subsidiaries for the year ended March 31, 2019 have been excluded from consolidation since the aggregate amounts of these subsidiaries in terms of combined assets, net sales, retained earnings and net income were immaterial in relation to those of the consolidated financial statements of the Companies.

The fiscal year end of Mitsubishi Paper Holding (Europe) GmbH and other 5 (5 for 2018) consolidated subsidiaries is December 31. For the purpose of preparing the consolidated financial statements, the Company used their financial statements as of their respective fiscal year end. The Company made adjustments for the purpose of consolidation as necessary for the material transactions that occurred between such fiscal year-end dates and the consolidated account closing date.

(2) Consolidation and elimination

For the purposes of preparing the accompanying consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits among the Companies have been eliminated.

Elimination of investments in shares of consolidated subsidiaries, together with the underlying equity in net assets of such subsidiaries, has been made to include equity in net income of subsidiaries subsequent to the respective dates of acquisition in the consolidated statements of income. Any difference between the cost of an investment in a subsidiary and the amount of underlying equity in net assets of the subsidiary, unless specifically identified and reclassified to the applicable accounts from which the value originates, is treated as goodwill or negative goodwill. Goodwill and negative goodwill (only incurred before March 31, 2010) are amortized over five years on a straight line basis.

Assets and liabilities of subsidiaries are remeasured based on their fair value at the date of acquisition of control of the subsidiaries.

(3) Investments in unconsolidated subsidiaries and affiliates

The Company had 10 affiliates as of March 31, 2019 (10 for 2018). 3 affiliated companies were accounted for by the equity method.

However, the remaining 7 (7 for 2018) subsidiaries and 7 (7 for 2018) affiliates did not have a material effect on net income and retained earnings in the accompanying consolidated financial statements and, therefore, these investments have been carried at cost.

(4) Financial instruments

(i) Derivatives

All derivatives are stated at fair value, with changes in fair value included in net income or loss for the year in which they arise, except for those that are designated as "hedging instruments."

(ii) Securities

Securities other than equity securities issued by subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Marketable securities classified as other securities are carried at fair value with changes in

unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(iii) Hedge Accounting

Unrealized gains or losses arising from changes in fair value of derivative financial instruments designated as “hedging instruments” are carried as an asset or a liability until the losses or gains on the hedged items or transactions are recognized.

In accordance with the exceptional measure under the Japanese Accounting Standard for Foreign Currency Translations, the Companies do not record certain forward exchange contracts at market value but translate the underlying foreign currency denominated assets or liabilities using the contractual rate under these contracts as long as such contracts meet the criteria for applying hedge accounting under the Japanese Accounting Standard for Financial Instruments.

Furthermore, in accordance with the special measure under the Accounting Standard for Financial Instruments, the Companies do not record certain interest rate swap arrangements at market value but charge or credit net cash flows arising from the swap arrangements to interest arising from the hedged borrowings, as long as these arrangements meet the specific criteria under the standard.

(5) Inventories

Finished products, merchandise and work in process are primarily stated at lower of cost or market, cost being determined by the weighted average method and other inventories are stated at lower of cost or market, cost being determined by the moving average method.

(6) Property, plant and equipment

Depreciation of buildings (excluding for leased assets) is computed by the straight-line method. Depreciation of other property, plant and equipment (excluding for leased assets) is mainly computed by the straight-line method, but in part, the declining-balance method is used at the head office of the Company and certain consolidated subsidiaries. However, depreciation of structures acquired after April 1, 2016 is computed by the straight-line method.

Estimated useful lives of assets used in computing depreciation are as follows:

Buildings and structures.....	31 to 47 years
Machinery and equipment.....	12 years

Leased assets under finance lease agreements of the Company and its domestic consolidated subsidiaries, which do not stipulate the transfer ownership of the leased assets to the lessee, are depreciated principally over the lease term by the straight-line method with no residual value except for the following transactions.

(7) Allowance for doubtful accounts

The Company and the domestic consolidated subsidiaries provide the allowance for doubtful accounts based on the bad debt loss ratio derived from their own loss history plus the amount of uncollectible receivables estimated on an individual basis.

Overseas consolidated subsidiaries provide the allowance for doubtful accounts based on methods prescribed by their respective countries' regulations.

(8) Accounting method for retirement benefits

(i) Method of attributing the projected benefits to periods of service

As for the calculation of retirement benefit obligation, the benefit formula basis is used for including estimated retirement benefits in a period till the end of this consolidated fiscal year. Some consolidated subsidiaries adopt the simplified method for calculating the liabilities and costs for retirement benefits, while defining the term-end privately necessary payment for retirement benefits as retirement benefit obligation for the lump-sum severance pay plan, and defining the actuarial obligation in the latest pension finance calculation as retirement benefit obligation for the corporate pension plan.

(ii) Amortization of unrecognized prior service cost

Unrecognized prior service cost is amortized on a straight-line basis over a term that does not exceed the average remaining service period of the employees who are expected to receive benefits under the plans (9 to 15 years).

(iii) Amortization of unrecognized net actuarial gain or loss

Unrecognized net actuarial gains or losses are amortized from the year following the year in which such gains or losses are recognized on a straight-line basis over a term that does not exceed the average remaining service period of the employees who are expected to receive benefits under the plans (9 to 15 years).

(9) Reserve for loss on dissolution of employee pension fund

The Company and certain domestic consolidated subsidiaries reserve for loss on dissolution of employee pension fund.

(10) Translation of foreign currency financial statements (accounts of overseas subsidiaries and affiliates)

The financial statements of overseas consolidated subsidiaries are translated into Japanese yen at the exchange rates prevailing at the respective balance sheet dates of those subsidiaries for assets and liabilities, and at the historical exchange rate for capital accounts and retained earnings. All income and expense accounts are translated at the average rates of exchange during the fiscal year of those subsidiaries. The resulting translation adjustments are included in net assets.

(11) Net income or loss per share

Net income or loss per share is based on the weighted average-number of common shares outstanding less the number of treasury stock during each year, appropriately adjusted for subsequent free distributions of common shares.

(12) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits that are able to be withdrawn on demand and short-term investments with original maturities of three months or less that are exposed to a minor risk of fluctuation in value.

A reconciliation of cash and cash equivalents in the accompanying consolidated statements of cash flows and cash and bank deposits in the accompanying consolidated balance sheets at March 31, 2019 and 2018 is shown below:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Cash and bank deposits	¥11,617	¥9,744	\$104,671
Cash and cash equivalents	¥11,617	¥9,744	\$104,671

(13) Dividends

The Companies Act of Japan (the "Law") provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock amount. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, however neither the capital reserve nor the legal reserve is available for distributions.

(14) Changes in presentation methods

From the beginning of the current fiscal year, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018). Therefore, "Deferred tax assets" is included in "Investments and other assets", and "Deferred tax liabilities" is included in "Non-current liabilities." Furthermore, it is also applied to the amounts presented for the previous fiscal year.

(15) Reclassification

Certain reclassification have been made to the prior year's consolidated financial statements to conform to the presentation for the year ended March 31, 2019.

4. Assets Pledged as Collateral

Assets pledged as collateral primarily for short-term loans, long-term debt and debentures at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Buildings and structures	¥13,974	¥14,993	\$125,907
Machinery and equipment	19,215	23,249	173,126
Land	10,408	10,497	93,778
Investment securities	4,269	4,676	38,463
Other	49	54	442
	¥47,916	¥53,471	\$431,718

5. Contingent Liabilities

As of March 31, 2019 the Companies were contingently liable for guarantees of loans, primarily of their employees and unconsolidated subsidiaries and affiliates, in the aggregate amount of ¥423 million (\$3,811 thousand), and also liable for a recourse obligation of credit securitization in the aggregate amount of ¥1,835 million (\$16,540 thousand).

6. Disposal of Property, Plant and Equipment

(1) Gains on disposal of property, plant and equipment

Main items under gains on disposal of property, plant and equipment were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Land	¥0	¥1,049	\$0
Buildings and structures	–	482	–
Machinery and equipment	7	13	71

(2) Losses on disposal of property, plant and equipment

Main items under gains on disposal of property, plant and equipment were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Scrapping and removal expenses	¥254	¥214	\$2,295
Machinery and equipment	195	81	1,761
Land	–	74	–
Buildings and structures	7	19	65

7. Environmental Expenses

Previous consolidated fiscal year (April 1, 2017 – March 31, 2018)

Expenses associated with the disposal of PCB (polychlorinated biphenyl) waste

8. Impairment Loss

Consolidated fiscal year under review (April 1, 2018 – March 31, 2019)

Application	Location	Category	Millions of yen	Thousands of U.S. dollars
			Impairment loss	
Idle assets	Aomori	Land	¥61	\$551
Idle assets	Aomori	Machinery and equipment, etc.	41	373
Idle assets	Tochigi	Land	22	199

Our group's main business assets are the factories that are used as production bases. Idle assets are grouped per individual unit. The book values of assets to be disposed of and idle assets are reduced to recoverable values. Such loss is reported as an impairment loss under extraordinary losses. Furthermore, the recoverable value is measured with the net sale value. Land is evaluated based on the values by real estate appraisers, and other assets are reduced their book value to the residual value.

Previous consolidated fiscal year (April 1, 2017 – March 31, 2018)

Application	Location	Category	Millions of yen
			Impairment loss
Idle assets	Ibaraki	Buildings, etc	¥132
Idle assets	Aomori	Buildings	40
Rental property	Osaka	Land	26
Idle assets	Fukushima, etc.	Machinery and equipment, etc.	8

Our group's main business assets are the factories that are used as production bases. Idle assets are grouped per individual unit. The book values of assets to be disposed of and idle assets are reduced to recoverable values. Such loss is reported as an impairment loss under extraordinary losses. Furthermore, the recoverable value is measured with the net sale value. Land is evaluated based on the values by real estate appraisers, and other assets are reduced their book value to the residual value.

9. Other Comprehensive Income

The following table shows reclassification adjustment for each component of other comprehensive income for the year ended March 31, 2019:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Net unrealized gain (loss) on available-for-sale securities			
Amount arising during the year	¥(1,036)	¥(199)	\$(9,339)
Reclassification adjustments for gain and losses included in net income	(1,404)	(779)	(12,652)
Amount before tax effect	(2,440)	(979)	(21,991)
Tax effect	767	529	6,912
Total	¥(1,673)	¥(450)	\$(15,078)
Foreign currency translation adjustment			
Amount arising during the year	¥(307)	¥301	\$(2,772)
Remeasurements of defined benefit plans			
Amount arising during the year	¥953	¥3,828	\$8,588
Reclassification adjustments for gains and losses included in net income	310	(369)	2,797
Amount before tax effect	1,263	3,459	11,385
Tax effect	(211)	(1,072)	(1,904)
Total	¥1,052	¥2,386	\$9,481
Share of other comprehensive income of affiliates accounted for by the equity method			
Amount arising during the year	(15)	(24)	(140)
Total other comprehensive income	¥(944)	¥2,213	\$(8,510)

10. Financial Instruments

(1) Summary of financial instruments

(i) Policy regarding financial instruments

To carry out its capital expenditure plans to develop its paper, pulp, photosensitive material products and other manufacturing activities, the Group raises the funds it needs principally through bank loans and issuance of corporate bonds. Temporary surpluses are managed as short-term deposits, and temporary working capital is procured through bank loans and issuance of commercial paper. The Company has a policy of not entering into any speculative derivative transactions and only enters into derivative transactions to avoid exposure to interest-rate risk on loans.

(ii) Details of financial instruments and related risk and management of risk

Trade notes and accounts receivable are exposed to the credit risk of customers. In accordance with the internal policy for credit risk management regulations, the Group manages both the due dates and balance of such transactions by customer, and has systems to accurately assess the credit status of its major customers at any time.

Receivables in foreign currencies originating overseas businesses are exposed to foreign exchange-rate risk. The majority of these risks are diminished through the use of a balance of accounts payable denominated in foreign currencies.

Investment securities are exposed to risks of changes in market prices. However, market prices of the shares held for operational purposes are periodically reviewed.

Trade notes and accounts payable are obligations due within one year.

Short-term borrowings are raised mainly in connection with business activities, while long-term debt, corporate bonds and lease obligations related to finance lease transactions are the main means for procurement of funds needed for capital expenditures. In most cases, the repayment date is within five years from the balance sheet date. For some long-term debt with floating interest rates exposed to interest-rate fluctuation risk, the Company uses derivative transactions (interest-rate swaps) for hedging purposes.

For derivative transactions, the Company uses forward exchange contracts to hedge against exchange-rate risk affecting trade notes and accounts receivable and payable denominated in foreign currencies, and interest rate swap transactions to hedge interest rate fluctuation risks on loans. We do not assess the effectiveness of our hedging strategies, since all derivative transactions meet the conditions for special accounting treatment for interest rate swaps. For carrying out and managing derivative transactions, the Company adheres closely to internal policies delimiting the authority for engaging in such transactions. To reduce credit risk in using derivatives, the Company works only with the financial institutions with good credit-ratings.

The Company is exposed to liquidity risk in its payables and borrowings. Risk-management methods including compilation of a monthly cash flow plan are used to mitigate the risks by each Group company.

(iii) Additional notes on the fair value of financial instruments, etc.

Calculations of the fair value of financial instruments are based on their quoted market prices, as well as their reasonably estimated fair value when the quoted market prices are not available. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the contract values of derivatives in Note 12. Derivatives are not necessarily indicative of the actual market risk involved in derivative transactions.

(2) Fair value of financial instruments

Book value, fair values and differences between them as of March 31, 2019 are as follows. The following table does not include financial instruments for which the fair value is extremely difficult to determine (please refer to note below).

	Millions of yen		
	2019		
	Book value	Fair value	Difference
Trade notes and accounts receivable	¥37,686	¥37,686	¥-
Investment securities			
Available-for-sale securities	15,822	15,822	-
Total of assets	53,509	53,509	-
Trade notes and accounts payable	25,347	25,347	-
Electronically recorded obligations	5,390	5,390	-
Short-term loans payable (excluding current portion of long-term debt)	49,599	49,599	-
Commercial Paper	7,000	7,000	-
Long-term debt (including current portion of long-term debt)	48,431	49,041	610
Total of liabilities	135,769	136,380	610
Derivative transactions	¥-	¥-	¥-
	Thousands of U.S. dollars		
	2019		
	Book value	Fair value	Difference
Trade notes and accounts receivable	\$339,551	\$339,551	\$-
Investment securities			
Available-for-sale securities	142,558	142,558	-
Total of assets	482,109	482,109	-
Trade notes and accounts payable	228,380	228,380	-
Electronically recorded obligations	48,568	48,568	-
Short-term loans payable (excluding current portion of long-term debt)	446,885	446,885	-
Commercial Paper	63,068	63,068	-
Long-term debt (including current portion of long-term debt)	436,355	441,857	5,501
Total of liabilities	1,223,258	1,228,760	5,501
Derivative transactions	\$-	\$-	\$-
	Millions of yen		
	2018		
	Book value	Fair value	Difference
Trade notes and accounts receivable	¥46,330	¥46,330	¥-
Investment securities			
Available-for-sale securities	19,690	19,690	-
Total of assets	66,020	66,020	-
Trade notes and accounts payable	26,818	26,818	-
Electronically recorded obligations	-	-	-
Short-term loans payable (excluding current portion of long-term debt)	51,195	51,195	-
Commercial Paper	3,000	3,000	-
Long-term debt (including current portion of long-term debt)	65,289	66,149	860
Total of liabilities	146,302	147,163	860
Derivative transactions	¥-	¥-	¥-

(i) Trade notes and accounts receivable

Because these are settled in a short period of time, fair value approximates book value. Accordingly, fair value is recognized as book value.

(ii) Investment securities

Fair value of investment securities is based on quoted share prices at stock exchanges, and bond prices are based on indicative published prices in the papermaking sector.

(iii) Trade notes and accounts payable, (iv) Electronically recorded obligations

Because these are settled in a short period of time, fair value approximates book value. Accordingly, fair value is recognized as book value.

(v) Short-term loans payable

Because these are settled in a short period of time, fair value approximates book value. Accordingly, fair value is recognized as book value.

(vi) Commercial Paper

Because these are settled in a short period of time, fair value approximates book value. Accordingly, fair value is recognized as book value.

(vii) Long-term debt

The fair value of long-term debt is calculated by discounting the total principal and interest using the assumed interest rate given equivalent new borrowings.

For long-term debt with floating interest rates, loans are subject to special settlement for interest swaps. The fair value is calculated by discounting the total principal and interest (including interest-rate swap) using the interest rate reasonably estimated given equivalent new borrowings. The amount also includes the total current portion of long-term debt of ¥15,575 million (\$140,331 thousand).

(viii) Derivatives

Please see Note 12.

Unlisted equity securities (in the amount of ¥1,919 million (\$17,290 thousand) on the consolidated balance sheet) are not included in available-for-sale securities, due to the difficulty of measuring their fair value as the stock has no quoted share price and future cash flow cannot be predicted.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unlisted equity securities	¥1,919	¥1,981	\$17,290

Planned repayment of debentures, long-term debt, lease obligations and other interest-bearing liabilities after the balance sheet date (consolidated basis)

	Millions of yen					
	2019					
	Due within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term loans payable	¥49,599	¥-	¥-	¥-	¥-	¥-
Long-term debt	15,575	13,963	10,798	5,882	742	1,467
Lease obligations	367	118	98	83	60	63
Other interest-bearing debt	7,000	-	-	-	-	-
Total	¥72,542	¥14,082	¥10,897	¥5,965	¥803	¥1,530

	Thousands of U.S. dollars					
	2019					
	Due within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term loans payable	\$446,885	\$-	\$-	\$-	\$-	\$-
Long-term debt	140,331	125,811	97,296	53,001	6,690	13,223
Lease obligations	3,311	1,072	890	748	544	568
Other interest-bearing debt	63,068	-	-	-	-	-
Total	\$653,597	\$126,883	\$98,186	\$53,749	\$7,235	\$13,792

	Millions of yen					
	2018					
	Due within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term loans payable	¥51,195	¥-	¥-	¥-	¥-	¥-
Long-term debt	19,633	15,575	13,600	10,155	5,238	1,086
Lease obligations	375	354	92	73	59	111
Other interest-bearing debt	3,000	-	-	-	-	-
Total	¥74,203	¥15,930	¥13,692	¥10,228	¥5,298	¥1,198

11. Investment Securities

The acquisition cost, carrying amount, gross unrealized holding gains and gross unrealized holding losses for securities with fair value by security type at March 31, 2019 and 2018 are summarized as follows:

Available-for-sale securities:

	Millions of yen			
	2019			
	Acquisition	Carrying amount	Gross unrealized holding gains	Gross unrealized holding losses
Equity securities	¥10,594	¥15,822	¥5,644	¥416
	¥10,594	¥15,822	¥5,644	¥416
	Thousands of U.S. dollars			
	2019			
	Acquisition	Carrying amount	Gross unrealized holding gains	Gross unrealized holding losses
Equity securities	\$95,451	\$142,558	\$50,857	\$3,749
	\$95,451	\$142,558	\$50,857	\$3,749
	Millions of yen			
	2018			
	Acquisition	Carrying amount	Gross unrealized holding gains	Gross unrealized holding losses
Equity securities	¥12,020	¥19,690	¥8,053	¥384
	¥12,020	¥19,690	¥8,053	¥384

12. Derivatives

(1) Transactions not subject to hedge accounting

No applicable transactions

(2) Transactions subject to hedge accounting

(i) Currency-related

No applicable transactions

(ii) Interest-rate related

	Hedge accounting method	Type of derivative transaction, etc.	Main targets of hedging	Contract value	Contract value of instruments due within more than a year
2019	Special settlement of interest rate swap	Interest rate swap transactions, fixed payments, variable receivables	Long-term debt	¥12,210 million	¥3,883 million
				\$110,009 thousand	\$34,988 thousand
2018	Special settlement of interest rate swap	Interest rate swap transactions, fixed payments, variable receivables	Long-term debt	¥21,410 million	¥12,210 million

Transactions subject to special settlement for interest rate swaps are settled as a combined sum with the long-term debt being hedged so the fair value is included in the fair value of the long-term debt.

13. Retirement and Pension Plans

(1) Outline of retirement benefit plan

The Company and consolidated subsidiaries adopt reserve-type and non-reserve-type defined benefit and defined contribution plans for the retirement benefits of our employees.

In the defined benefit pension plan (reserve-type), employees will receive lump-sum payments or pensions, which are calculated based on their salaries and employment periods.

In the lump-sum retirement benefit plan (non-reserve-type), employees will receive lump-sum retirement benefits, which are calculated based on their salaries and employment periods. The Company and some consolidated subsidiaries establish retirement benefit trusts for the lump-sum retirement benefit plan to make it reserve-type.

In addition, additional retirement benefits may be paid, at the time of the retirement, etc. of our employees.

In the defined benefit pension and lump-sum retirement benefit plans adopted by some consolidated companies, the simplified method is used for calculating the liabilities and costs for retirement benefits.

As for defined contribution plans, the Company and some consolidated subsidiaries establish the defined contribution pension plan, while the other consolidated subsidiaries subscribe to Smaller Enterprise Retirement Allowance Mutual Aid System.

(2) Defined benefit plans

(i) The schedule of the defined benefit obligation at 2019 and 2018, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Balance at the beginning of the year	¥22,882	¥22,467	\$206,168
Current service cost	1,052	1,083	9,486
Interest cost	125	113	1,130
Actuarial gain and loss	43	(264)	395
Retirement benefit paid	(1,263)	(1,076)	(11,380)
Other	(351)	557	(3,165)
Balance at the end of the year	¥22,490	¥22,882	\$202,634

(ii) The schedule of the pension assets at 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Balance at the beginning of the year	¥19,516	¥16,174	\$175,839
Expected return on pension assets	14	14	133
Actuarial gain and loss	931	3,703	8,396
Contributions by the employer	53	53	484
Retirement benefit paid	(697)	(429)	(6,283)
Balance at the end of the year	¥19,819	¥19,516	\$178,569

(iii) The schedule of the net defined benefit liability for simplified method at 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Balance at the beginning of the year	¥698	¥649	\$6,296
Periodic benefit cost	105	92	948
Retirement benefit paid	(71)	(26)	(644)
Contribution to systems	(17)	(16)	(153)
Balance at the end of the year	¥715	¥698	\$6,446

- (iv) The reconciliation of the defined benefit obligations and pension assets to the liabilities and assets on retirement benefits recognized in the consolidated balance sheet as of 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Funded defined benefit obligations	¥15,211	¥15,145	\$137,057
Pension assets	(20,181)	(19,872)	(181,828)
	(4,969)	(4,727)	(44,771)
Unfunded defined benefit obligations	8,355	8,792	75,282
Net amount of liabilities and assets recognized in consolidated balance sheet	3,386	4,065	30,511
Retirement benefit liabilities	8,718	9,328	78,550
Retirement benefit asset	(5,331)	(5,263)	(48,038)
Net amount of liabilities and assets recognized in consolidated balance sheet	¥3,386	¥4,065	\$30,511

- (v) The profits and losses related to retirement benefits for fiscal period ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Current service cost	¥1,052	¥1,083	\$9,486
Interest cost	125	113	1,130
Expected return on pension assets	(14)	(14)	(133)
Actuarial gain and loss recognized in the year	345	(334)	3,109
Prior service cost recognized in the year	(34)	(34)	(312)
Periodic benefit cost in simplified method	105	92	948
Periodic benefit costs of retirement benefit plan	¥1,579	¥906	\$14,228

In addition to the above, the premium severance payment has been reported as extraordinary losses of ¥576 million (\$5,197 thousand), and ¥375 million for the consolidated fiscal year ended March 31, 2019 and 2018, respectively.

- (vi) The breakdown of items in other comprehensive income for fiscal period ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Actuarial gain and loss	¥1,298	¥3,494	\$11,697
Prior service cost	(34)	(34)	(312)
Total	¥1,263	¥3,459	\$11,385

- (vii) The breakdown of items in accumulated other comprehensive income for fiscal period ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unrecognized actuarial gain and loss	¥3,333	¥2,034	\$30,030
Unrecognized prior service cost	28	63	258
Total	¥3,361	¥2,097	\$30,288

(viii) The breakdown of pension assets by major category as of March 31, 2019 and 2018 were as follows:

	2019	2018
Equities	36%	38%
Bonds	39%	37%
General account of life insurance	23%	23%
Other	2%	2%
	100%	100%

(ix) The items of actuarial assumptions as of fiscal period ended March 31, 2019 and 2018 were as follows:

	2019	2018
Discount rate	0.0~2.1%	0.0~2.0%
Expected long-term return on plan assets	0.0~2.1%	0.0~2.0%

(3) Defined contribution plan

The necessary contribution to the defined contribution plan of our company and consolidated subsidiaries is ¥351 million (\$3,168 thousand) and ¥359 million for the consolidated fiscal year ended March 31, 2019 and 2018, respectively.

(4) Multi-employer pension plan

As for the multi-employer pension plan (comprehensive employees' pension system) used by some consolidated subsidiaries, its importance is not significant, and so its notes are omitted.

14. Deferred Income Taxes

(1) At March 31, 2019 and 2018, significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Deferred tax assets:			
Accrued enterprise taxes	¥69	¥77	\$626
Accrued expenses	551	587	4,965
Net defined benefit liability	2,313	2,378	20,841
Allowance for doubtful accounts	33	75	304
Accumulated impairment loss of fixed assets	324	357	2,922
Unrealized gains on property, plant and equipment	135	175	1,223
Net operating loss carry forward	9,918	6,231	89,363
Other	2,325	7,713	20,954
Gross deferred tax assets	15,671	17,596	141,201
Valuation allowance for tax loss carry forward	(7,946)	-	(71,594)
Valuation allowance for total deductible temporary difference	(2,548)	-	(22,958)
Gross valuation allowance	(10,494)	(13,585)	(94,553)
Total deferred tax assets	5,177	4,011	46,647
Deferred tax liabilities:			
Gain on securities contributed to retirement benefit trust	(1,121)	(1,121)	(10,100)
Return of securities contributed to retirement benefit trust	(163)	(316)	(1,474)
Reserve based on Special Taxation Measures Law	(15)	(16)	(139)
Unrealized gains on available-for-sale securities	(1,343)	(2,110)	(12,103)
Other	(264)	(289)	(2,385)
Total deferred tax liabilities	(2,908)	(3,854)	(26,203)
Net deferred tax assets	¥2,269	¥156	\$20,444

(2) For the year ended March 31, 2019 and 2018, a reconciliation of the statutory tax rate to the effective tax rates was as follows:

	2019	2018
Statutory tax rate	-	30.9%
Permanently non-deductible expenses	-	3.1
Permanently non-taxable income	-	(3.2)
Per capita inhabitants' taxes	-	3.1
Valuation allowance	-	(119.4)
Unrealized gains (losses)	-	(1.5)
Other	-	(0.3)
Effective tax rates	-	(87.4)%

For the year ended March 31, 2019, notes were omitted due to the posting of loss before income taxes and non-controlling interests.

15. Asset Retirement Obligations

Asset retirement obligations recorded in the consolidated balance sheets

(1) Summary of the asset retirement obligations

The Company recognized the asset retirement obligations with regard to the obligations to remove asbestos which was used in property, plant and equipment.

(2) Method of calculating the amount of the asset retirement obligations

The asset retirement obligations are calculated based on the expected period of use of 12 years and at a discount rate of 1.3%, mainly.

(3) Increase or Decrease of the amount of the asset retirement obligations

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Balance at the beginning of the year	¥888	¥888	\$8,003
Adjustment of the passage of time	0	0	6
Effect of the execution of the asset retirement obligations	(6)	(0)	(54)
Balance at the end of the year	¥882	¥888	\$7,955

16. Real Estate for Lease

The importance of the amount of real estate for lease is not significant, and so its notes are omitted.

17. Segment Information

(1) Reportable segment information

The Company's reportable segments are components for which discrete financial information is available and which are regularly reviewed by the Board of Directors to determine resource allocation and evaluate business results.

The Company's businesses are divided into segments, which handle specific products and carry out comprehensive strategy planning in Japanese and overseas markets.

The Company consists of four reportable segments, identified by product portfolio, which are classified as the "Paper and Pulp Segment," the "Imaging Segment," the "Speciality Materials Segment," and the "Warehouse and Transportation Segment."

The "Paper and Pulp Segment" develops writing and printing paper, premium-quality paper and pulp. The "Imaging Segment" handles product portfolios, including photo-sensitive printing plates, inkjet paper, photographic materials. The "Speciality Materials Segment" handles speciality and other product portfolios. The "Warehouse and Transportation Segment" handles warehousing and carrying service.

Consolidated fiscal year under review (April 1, 2018–March 31, 2019)

Year ended March 31, 2019	Millions of yen								
	Reportable segments				Total	Other	Total	Adjustments	Consolidated
	Paper and Pulp	Imaging	Speciality Materials	Warehouse and Transportation					
Net sales									
Sales to third parties	¥152,860	¥29,499	¥14,449	¥5,093	¥201,903	¥2,093	¥203,997	¥–	¥203,997
Inter-segment sales and transfers	3,919	5,787	3,035	3,239	15,982	4,414	20,396	(20,396)	–
Total sales	156,780	35,287	17,485	8,333	217,886	6,508	224,394	(20,396)	203,997
Segment income (loss)	¥(1,427)	¥537	¥653	¥184	¥(51)	¥98	¥46	¥(87)	¥(40)
Segment assets	¥165,791	¥37,987	¥17,724	¥4,528	¥226,032	¥9,561	¥235,593	¥(2,834)	¥232,758
Depreciation and amortization	7,597	1,753	610	123	10,085	133	10,218	(101)	10,116
Investment in equity-method affiliates	1,456	–	–	–	1,456	262	1,719	–	1,719
Increase in tangible and intangible fixed assets	9,618	1,823	985	137	12,565	44	12,609	(127)	12,481

Year ended March 31, 2019	Thousands of U.S. dollars								
	Reportable segments				Total	Other	Total	Adjustments	Consolidated
	Paper and Pulp	Imaging	Speciality Materials	Warehouse and Transportation					
Net sales									
Sales to third parties	\$1,377,248	\$265,788	\$130,188	\$45,892	\$1,819,118	\$18,862	\$1,837,981	\$–	\$1,837,981
Inter-segment sales and transfers	35,312	52,144	27,349	29,190	143,996	39,776	183,772	(183,772)	–
Total sales	1,412,561	317,932	157,537	75,083	1,963,115	58,638	2,021,753	(183,772)	1,837,981
Segment income (loss)	\$(12,861)	\$4,845	\$5,891	\$1,658	\$(465)	\$888	\$422	\$(785)	\$(362)
Segment assets	\$1,493,755	\$342,261	\$159,690	\$40,802	\$2,036,510	\$86,143	\$2,122,654	\$(25,539)	\$2,097,114
Depreciation and amortization	68,455	15,794	5,504	1,112	90,866	1,200	92,066	(915)	91,151
Investment in equity-method affiliates	13,125	–	–	–	13,125	2,363	15,488	–	15,488
Increase in tangible and intangible fixed assets	86,662	16,433	8,875	1,242	113,213	398	113,611	(1,152)	112,459

(i) The engineering business and others are included in "Other." They are not included in the reportable segments.

(ii) Adjustments are:

- Adjustments and eliminations for segment income include ¥(61) million (\$555 thousand) of elimination of inter-segment income and loss and ¥(25) million (\$230 thousand) of corporate expenses, which are general and administrative expenses and are not allocable to the reportable segments.
- Adjustments and eliminations for segment assets include ¥14,633 million (\$131,844 thousand) of corporate assets and ¥(17,468) million (\$157,383 thousand) of elimination of inter-segment assets.
- Adjustments and eliminations for amortization of ¥(101) million (\$915 thousand) is elimination of inter-segment.
- Adjustments and eliminations for increase in tangible and intangible fixed assets include ¥(127) million (\$1,152 thousand) of elimination of inter-segment increase in tangible and intangible fixed assets.

(iii) Segment income (loss) is adjusted with consolidated operating loss.

Previous consolidated fiscal year (April 1, 2017 – March 31, 2018)

Year ended March 31, 2018	Millions of yen									
	Reportable segments					Total	Other	Total	Adjustments	Consolidated
	Paper and Pulp	Imaging	Speciality Materials	Warehouse and Transportation						
Net sales										
Sales to third parties	¥148,508	¥31,756	¥14,090	¥5,208	¥199,563	¥1,928	¥201,492	¥–	¥201,492	
Inter-segment sales and transfers	3,712	5,151	2,936	3,367	15,166	6,333	21,500	(21,500)	–	
Total sales	152,220	36,907	17,026	8,575	214,730	8,262	222,992	(21,500)	¥201,492	
Segment income	¥98	¥449	¥952	¥258	¥1,759	¥135	¥1,895	¥(104)	¥1,790	
Segment assets	¥174,439	¥38,784	¥17,090	¥4,607	¥234,921	¥8,207	¥243,129	¥(5,750)	¥237,379	
Depreciation and amortization	7,613	2,089	608	122	10,434	138	10,572	(98)	10,474	
Investment in equity-method affiliates	1,554	–	–	–	1,554	323	1,878	–	1,878	
Increase in tangible and intangible fixed assets	5,292	1,625	478	140	7,536	19	7,556	(117)	7,438	

(i) The engineering business and others are included in "Other." They are not included in the reportable segments.

(ii) Adjustments are:

- Adjustments and eliminations for segment income include ¥(75) million of elimination of inter-segment income and loss and ¥(29) million of corporate expenses, which are general and administrative expenses and are not allocable to the reportable segments.
- Adjustments and eliminations for segment assets include ¥12,664 million of corporate assets and ¥(18,414) million of elimination of inter-segment assets.
- Adjustments and eliminations for amortization of ¥(98) million is elimination of inter-segment.
- Adjustments and eliminations for increase in tangible and intangible fixed assets include ¥(117) million of elimination of inter-segment increase in tangible and intangible fixed assets.

(iii) Segment income is adjusted with consolidated operating income.

(2) Geographical information

(i) Net sales to third parties by countries or areas grouped according to geographical classification for the years ended March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Japan	¥131,855	¥137,787	\$1,187,994
Europe	36,755	32,809	331,160
Asia	16,390	13,308	147,675
North America	15,205	13,923	136,994
Other	3,791	3,663	34,156
Consolidated	¥203,997	¥201,492	\$1,837,981

Net sales information above are based on customer location.

(ii) Property, plant and equipment by countries or geographical areas at March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Japan	¥92,148	¥89,704	\$830,243
Europe	8,621	9,545	77,681
Asia	337	370	3,039
North America	83	113	751
Consolidated	¥101,191	¥99,732	\$911,715

(3) Impairment loss on fixed assets by reportable segments

Consolidated fiscal year under review (April 1, 2018 – March 31, 2019)

	Millions of yen								
	Reportable segments							Corporate and Adjustments	Consolidated
	Paper and Pulp	Imaging	Speciality Materials	Warehouse and Transportation	Total	Other	Total		
Year ended March 31, 2019									
Impairment loss	¥124	¥–	¥–	¥–	¥124	¥–	¥124	¥–	¥124

	Thousands of U.S. dollars								
	Reportable segments							Corporate and Adjustments	Consolidated
	Paper and Pulp	Imaging	Speciality Materials	Warehouse and Transportation	Total	Other	Total		
Year ended March 31, 2019									
Impairment loss	\$1,124	\$–	\$–	\$–	\$1,124	\$–	\$1,124	\$–	\$1,124

Previous consolidated fiscal year (April 1, 2017 – March 31, 2018)

	Millions of yen								
	Reportable segments							Corporate and Adjustments	Consolidated
	Paper and Pulp	Imaging	Speciality Materials	Warehouse and Transportation	Total	Other	Total		
Year ended March 31, 2018									
Impairment loss	¥47	¥1	¥–	¥26	¥76	¥–	¥76	¥132	¥209

Independent Auditor's Report



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Independent Auditor's Report

The Board of Directors
Mitsubishi Paper Mills Limited

We have audited the accompanying consolidated financial statements of Mitsubishi Paper Mills Limited and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mitsubishi Paper Mills Limited and its consolidated subsidiaries as at March 31, 2019, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 26, 2019

Board of Directors, Executive Officers and Audit & Supervisory Board Members

Managing Executive Officers



Kunio Suzuki
Director, Chairman



Yukihiro Tachifuji
President and Chief Executive Officer



Kanji Morioka
Director and Senior Managing Executive Officer



Junji Harada
Director and Senior Managing Executive Officer



Masaki Shuto
Director and Managing Executive Officer



Makoto Fujita
Managing Executive Officer



Naoki Okawa
Director and Managing Executive Officer



Nobuhiro Sato
Director and Managing Executive Officer



Shimpei Yamada
Managing Executive Officer



Kazuyoshi Ando
Director and Managing Executive Officer

Director, Chairman
Kunio Suzuki

President and Chief Executive Officer
Yukihiro Tachifuji

Director and Senior Managing Executive Officers
Kanji Morioka
In charge of Raw Materials & Purchasing Dept. and Internal Audit Dept.

Junji Harada
Supervisor, Imaging Div., Energy Business Dept., Speciality Materials R&D Laboratory, Product Development Dept., Intellectual Property Dept., Technology & Environmental Dept. and Kitakami Div.; In charge of Speciality Materials Div.; General Manager, Speciality Materials Div.

Director and Managing Executive Officers
Masaki Shuto
In charge of Finance & Accounting Dept.

Naoki Okawa
In charge of General Affairs & Personnel Dept., Legal Dept. and Shirakawa Office

Nobuhiro Sato
In charge of Paper Div. and German Operations; General Manager, Paper Div.

Kazuyoshi Ando
In charge of President's Office; General Manager, President's Office; Director responsible for Corporate Social Responsibility

Managing Executive Officers
Makoto Fujita
In charge of Energy Business Dept., Speciality Materials R&D Laboratory, Product Development Dept., Intellectual Property Dept. and Technology & Environmental Dept.; General Manager, Product Development Dept.

Shimpei Yamada
In charge of Imaging Div. and Kitakami Div.
;General Manager, Imaging Div.
;Deputy charge of German Operations

Outside Directors
Soumitsu Takehara

Yoshihiro Kataoka

Senior Executive Officers
Akira Inoue
Director and Managing Executive Officer, Mitsubishi Paper Sales Co., Ltd.

Koji Hayashi
President, Mitsubishi Paper Holding (Europe) GmbH

Takeshi Sunakawa
President & CEO, KJ Specialty Paper Co., Ltd.

Executive Officers
Keiichi Sato
President & CEO, MPM Operation Co., Ltd.; Head, Hachinohe Mill; Deputy General Manager, Paper Div.;

Masaya Sawada
Deputy General Manager, Speciality Materials Div.

Teiji Ota
Head, Kyoto Mill; Deputy General Manager, Imaging Div.

Yuji Takagami
Deputy General Manager, Imaging Div.
General Manager, Graphic & Development Dept.

Audit & Supervisory Board Member
Koichi Nakayama

Outside Audit & Supervisory Board Members
Hiroaki Tonooka
Takayuki Nakazato
Takeshi Kobayashi

(as of June 26, 2019)

Company Data

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April 1, 1898

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- +81-3-5600-1464 (*Sales Administration Dept. Paper Division*)
- +81-3-5600-1536 (*International Sales Dept. Paper Division*)
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- +81-3-5600-1489 (*Information*)
- +81-3-5600-1489 (*President's Office*)
- +81-3-5600-1467 (*Commercial Printing & Business Communication Paper Sales Dept. Paper Division*)
- +81-3-5600-1467 (*Home & Industry Products Sales Dept. Paper Division*)
- +81-3-5600-1469 (*Sales Administration Dept. Paper Division*)
- +81-3-5600-1539 (*International Sales Dept. Paper Division*)
- +81-3-5600-1418 (*Imaging Media Dept. Imaging Division*)
- +81-3-5600-1413 (*Graphic & Development Dept. Imaging Division*)
- +81-3-5600-1419 (*Speciality Materials Division*)
- +81-3-5600-1451 (*Raw Materials & Purchasing Dept.*)

Sales Branch:

Osaka

Corporate Research Center:

Speciality Materials R&D Laboratory
Kyoto R&D Laboratory
Process Development Laboratory

Mills:

Takasago
Kyoto
Hachinohe

Major Affiliates:

Domestic

Mitsubishi Paper Sales Co., Ltd.
Toho Tokushu Pulp Co., Ltd.
MPM OJI Home Products Co., Ltd.
MPM Operation Co., Ltd.
Hachinohe Paper Processing Co., Ltd.
Hachiryō Co., Ltd.
Takasago Paper Processing Co., Ltd.
Hakuryo Paper Technology Co., Ltd.
Shin-Hokuryo Forest Products Co., Ltd.
Kitakami HiTec Paper Corp.
Kyoryo Chemical Co., Ltd.
Pictorico Co., Ltd.
Diamic Co., Ltd.
Hokuryo Co., Ltd.
KJ Specialty Paper Co., Ltd.
NAMITSU Co., Ltd.
Mitsubishi Paper Engineering Co., Ltd.
Ryoko Co., Ltd.
Ryoshi Co., Ltd.
MPM CAE Center Co., Ltd.

Overseas

Mitsubishi Paper Holding (Europe) GmbH (Germany)
Mitsubishi HiTec Paper Europe GmbH (Germany)
Mitsubishi Imaging (MPM), Inc. (U.S.A.)
MP Juarez LLC (Mexico)
Zuhai MPM Filter, Ltd. (China)
MPM Hong Kong Limited

Disclaimer Regarding Forward-Looking Statements

This material contains forward-looking statements relating to the businesses and prospects of the Company. These statements are based on our expectations at MAY 2019, and are subject to the risks and uncertainties that may affect our businesses, which could cause actual results to differ materially from those anticipated.

We will not be liable for any damage or loss incurred by you arising out of or in connection with this material.

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Tokyo 130-0026, JAPAN
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