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Financial Results for FY2025 (May 14, 2026)

(1) FY2025 Financial Results Overview

(Unit: ¥ billion)

	FY2025 results	YoY	vs. Forecast (*1)
Net sales	157.5	▲18.4	▲2.5
Operating profit	0.3	▲4.3	▲1.7
Profit	1.9	▲2.4	+0.4

(*1) FY2025 "Forecast" refers to the forecast value as of February 13, 2026, when the financial results for the first 9 months were reported. The same applies hereinafter.

- Net sales and profits dropped due to decreases in production and sales after the earthquake(*2), equipment failures and increases in regular repairs, and a decrease in demand in the German Business reflecting the stagnation of the European economy.
- Profit attributable to owners of parent ended higher than forecast following the posting of gain on sale of cross-shareholdings following reduction of these holdings.

(*2) The adverse impacts of the damage to the Hachinohe Mill caused by the earthquake off the east coast of Aomori Prefecture on December 8, 2025. The same applies hereinafter.

(3) Shareholder Return

- For FY2025, a year-end dividend of ¥15 per share will be paid.
- For FY2026, an annual dividend of **¥20 per share** (comprising an interim dividend of ¥7 per share and a year-end dividend of ¥13 per share) is forecast.

It is forecast that the annual dividend will increase following an increase in profit attributable to owners of parent.

It is expected that an interim dividend will be paid in anticipation of the stabilization of profit in the first half after the postponement of the regular repair of the Hachinohe Mill to the second half.

- Introduce a shareholder benefit program (providing the Company's household paper products)

(2) FY2026 Financial Results Forecasts

(Unit: ¥ billion)

	FY2026 forecast	YoY
Net sales	175.0	+17.5
Operating profit	6.0	+5.7
Profit	6.5	+4.6

- Net sales and profits are expected to rise, reflecting the positive effects of structural reforms in the German Business, the expansion of sales of functional materials(*3) and other products and the stabilization of operations at the Hachinohe Mill.
- Prices of raw materials and fuels are expected to increase due to the situation in the Middle East.

(*3) Water treatment membrane support substrates, separators for energy storage devices, tape base paper and other products

(4) Initiatives for the Final Fiscal Year of Medium-Term Management Plan

Functional Materials Business

- Expand sales of information and image media and functional materials globally
- Make management investments to expand business (e.g., Takasago Mill's Beyond project)

Sustainable Fiber Materials Business

- Expand sales of environmentally friendly products (pulp and packaging paper)
- Make management investments to stabilize and streamline mill operations (e.g., Hachinohe Mill's Reborn 60 Hachinohe project)

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Operating Results

1) Financial Results for FY2025

FY2025 Consolidated Profit and Loss



Net sales

Domestic: Net sales fell (by ¥10.5 billion) due to a decrease in production following equipment failures at the Hachinohe Mill caused by the earthquake and two regular repairs^(*4) (normally one regular repair per year).
Overseas: Net sales in the German Business decreased (by ¥5.7 billion) due to the shrinkage of demand amid the stagnation of the European economy.

Operating profit

Domestic: Operating profit dropped (by ¥2.8 billion), reflecting the decrease in production and sales due to the earthquake.
Overseas: Operating profit in the German Business rose (by ¥1.6 billion) as a result of structural reforms.

Profit

Foreign exchange gains of ¥0.9 billion and share of profit of entities accounted for using equity method of ¥0.7 billion were posted as non-operating income.
In extraordinary income and losses, expenses of ¥1.7 billion for structural reforms in the German Business and gain on sale of investment securities of ¥4.1 billion were posted.

(*4) Two regular repairs took place in FY2025 because the timing of regular repairs was changed (from June to November), and a statutory inspection was required within one year.

(Unit: ¥ billion)

	FY2025 Results (a)	FY2024 Results (b)	Change (a)-(b)	FY2025 forecast (c) ^(*5)	Change (a)-(c)
Net sales	157.5	175.9	▲18.4	160.0	▲2.5
Functional Materials Business	78.4	88.2	▲9.8	79.0	▲0.6
(Domestic business only)	(47.8)	(50.8)	(▲3.0)	(50.0)	(▲2.2)
(Overseas business only)	(30.6)	(37.4)	(▲6.8)	(29.0)	(1.6)
Sustainable Fiber Materials Business	80.0	89.2	▲9.2	82.0	▲2.0
Operating profit	0.3	4.6	▲4.3	2.0	▲1.7
Functional Materials Business	2.4	3.3	▲0.9	2.5	▲0.1
(Domestic business only)	(4.3)	(5.8)	(▲1.5)	(4.5)	(▲0.2)
(Overseas business only)	(▲1.9)	(▲2.5)	(0.6)	(▲2.0)	(0.1)
Sustainable Fiber Materials Business	▲2.1	1.3	▲3.4	▲0.5	▲1.6
Ordinary profit	1.7	4.5	▲2.8	3.5	▲1.8
Profit attributable to owners of parent	1.9	4.3	▲2.4	1.5	0.4

(*5) FY2025 "Forecast" refers to the forecast value as of February 13, 2026, when the financial results for the first 9 months were reported. The same applies hereinafter. 4

FY2025 Consolidated Operating Profit (YoY)



Functional Materials Business

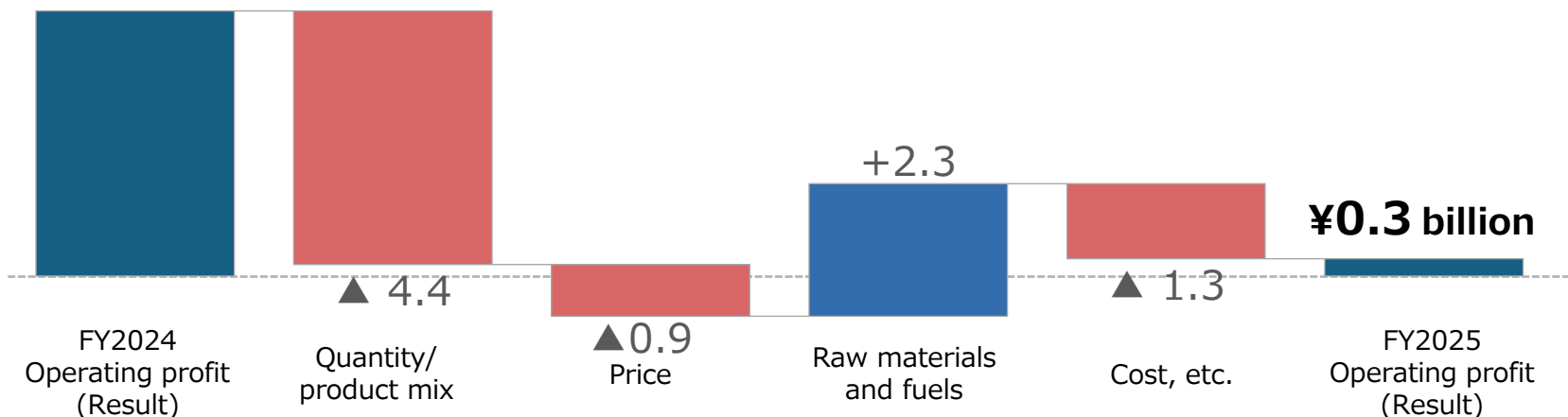
Domestic: Operating profit decreased due to a decrease in sales of (and demand for) communication paper, although inkjet paper sales grew (through the expansion of sales for Europe and others).
Overseas: Operating profit rose, positively affected by structural reforms in the German Business, despite the negative impact of the sluggish European economy.

Sustainable Fiber Materials Business

Operating profit decreased due mainly to equipment failures caused by the earthquake and the two regular repairs at the Hachinohe Mill.

¥4.6 billion

▲ ¥4.3 billion



[Preconditions (FY2024 → FY2025)]

Forex: 153 → 150 JPY/USD, Coal: 130 → 109 USD/MT, Crude oil (Dubai): 79 → 71 USD/BBL

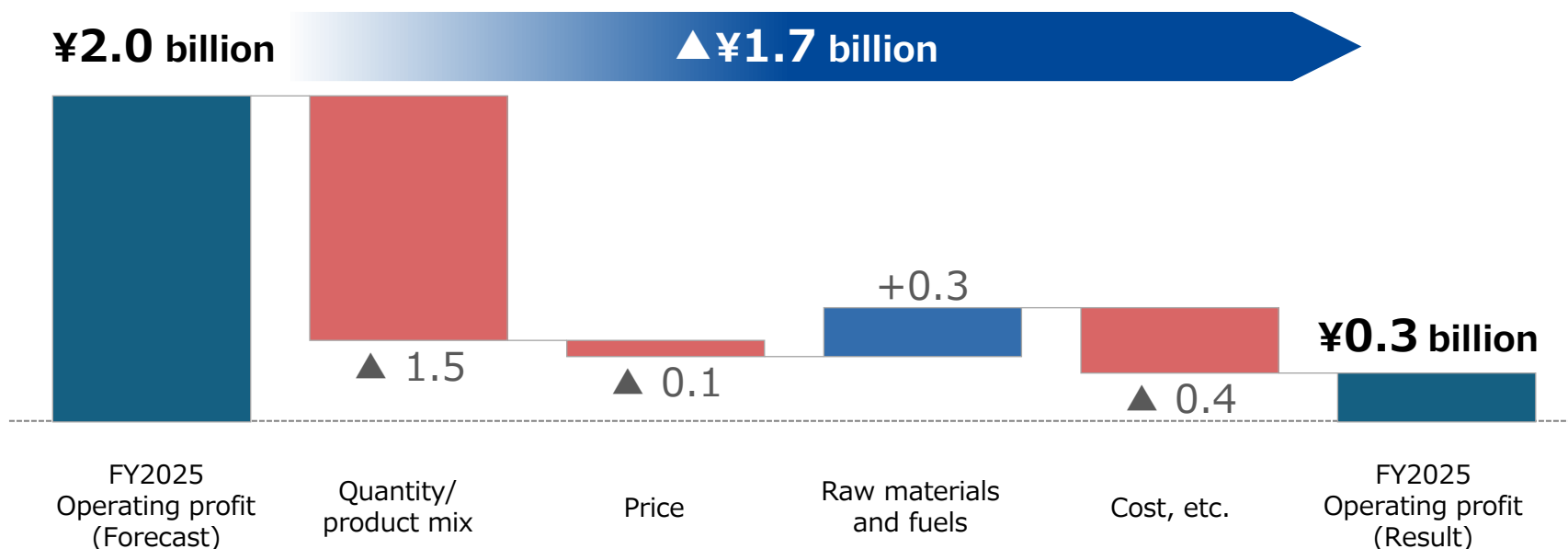
(Unit: ¥ billion)

		Quantity/product mix	Price	Raw materials and fuels	Cost, etc.	Total
Functional materials	Japan	▲ 1.3 Increase in inkjet paper Decrease in communication paper (carbonless copy paper, PPC), etc.	+0.7 Inkjet paper (forex) Building materials, etc.	+0.3	▲ 1.2 Intensity (impact of the earthquake, etc.) ▲ 0.5 Repair expenses ▲ 0.2, etc.	▲ 1.5
	Overseas	▲ 0.8 Germany (thermal paper)	▲ 1.8 Germany (thermal paper)	+0.8 Pulp +1.0, etc.	+2.4 Structural reforms in Germany, cost reduction, etc.	+0.6
	Total	▲ 2.1	▲ 1.1	+1.1	+1.2	▲ 0.9
Sustainable fiber materials	▲ 2.3	Decrease in production (impact of the earthquake), etc.	+0.2	+1.2 Coal +1.1, etc.	▲ 2.5 Intensity (impact of the earthquake, etc.) ▲ 1.1 Repair expenses ▲ 1.1, etc.	▲ 3.4
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total	▲ 4.4	▲ 0.9	+2.3	▲ 1.3	▲ 4.3	▲ 4.3

FY2025 Consolidated Operating Profit (vs. Forecast)



In both the functional materials business and the sustainable fiber materials business, operating profit fell short of the forecast due to prolongation of the equipment failures caused by the earthquake.



(Unit: ¥ billion)

		Quantity/product mix	Price	Raw materials and fuels	Cost, etc.	Total
Functional materials	Japan	▲0.3 Decrease in production (impact of the earthquake), etc.	+0.2	0.0	▲0.1 Intensity (impact of the earthquake, etc.) ▲0.1	▲0.2
	Overseas	▲0.1	▲0.2	+0.2	+0.2	+0.1
	Total	▲0.4	0.0	+0.2	+0.1	▲0.1
Sustainable fiber materials	▲1.1 Decrease in production (impact of the earthquake), etc.	▲0.1	+0.1	+0.1	▲0.5 Intensity (impact of the earthquake, etc.) ▲0.2 Repair expenses ▲0.2, etc.	▲1.6
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total	▲1.5	▲0.1	+0.3	▲0.4	▲1.7	

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Operating Results

2) Financial Results Forecast for FY2026

FY2026 Financial Results Forecast



Net sales

Domestic: Net sales are expected to grow alongside the expansion of the sales of functional materials and the stabilization of operations at the Hachinohe Mill.
Overseas: Net sales in the German Business are expected to increase as a result of measures to expand sales outside Europe.

Operating profit

Domestic: Operating profit is forecast to increase due to measures to increase revenue (leading to a ¥2.7 billion increase), such as the consolidation of facilities and the expansion of sales of functional materials, and due to the stabilization of operations at the Hachinohe Mill (leading to a ¥2.8 billion increase).
Overseas: Operating profit will increase, following positive effects of the structural reforms in the German Business (leading to a ¥1.6 billion increase).
The first half figure is expected to fall by ¥1.4 billion year on year in anticipation of a delay in the increase in the prices of raw materials and fuels due to the situation in the Middle East being incorporated into product prices.

Profit

Gain on sale of cross-shareholdings of ¥2.6 billion is anticipated.

(Unit: ¥ billion)

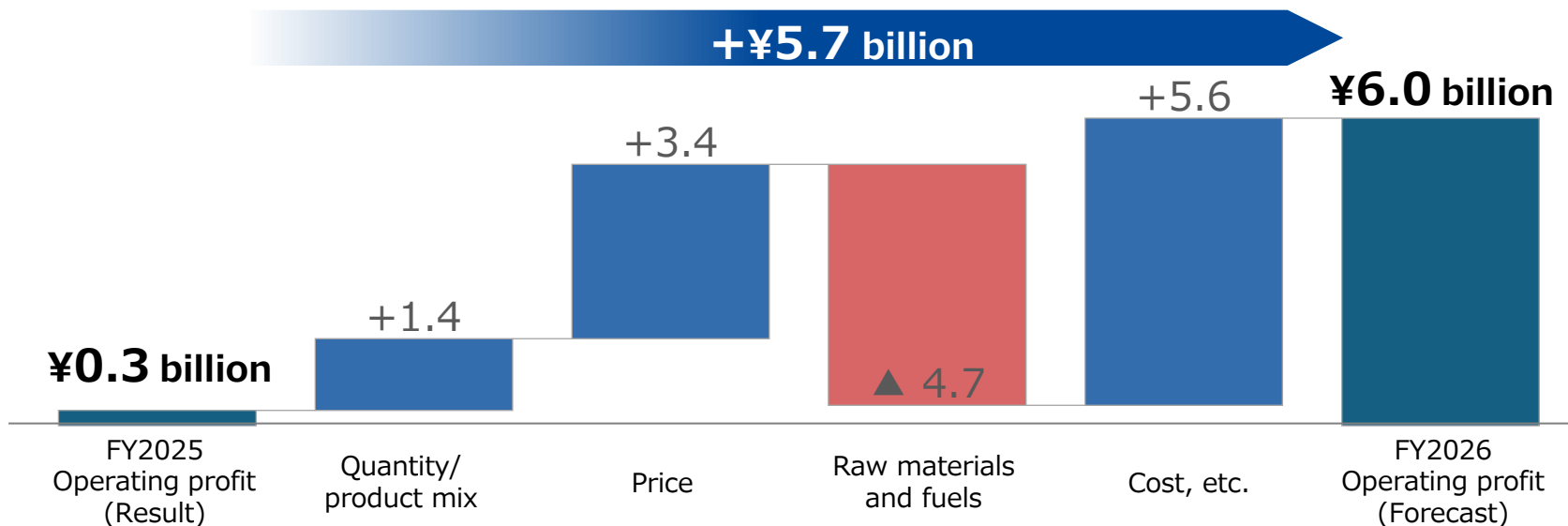
	FY2026 forecast			FY2025 Full-year Result (b)	Change (a)-(b)
	First Half	Second Half	Full-year (a)		
Net sales	85.0	90.0	175.0	157.5	17.5
Functional Materials Business	40.0	44.0	84.0	78.4	5.6
(Domestic business only)	(24.0)	(26.0)	(50.0)	(47.8)	(2.2)
(Overseas business only)	(16.0)	(18.0)	(34.0)	(30.6)	(3.4)
Sustainable Fiber Materials Business	45.0	46.0	91.0	80.0	11.0
Operating profit	1.0	5.0	6.0	0.3	5.7
Functional Materials Business	1.0	3.5	4.5	2.4	2.1
(Domestic business only)	(2.0)	(3.0)	(5.0)	(4.3)	(0.7)
(Overseas business only)	(▲1.0)	(0.5)	(▲0.5)	(▲1.9)	(1.4)
Sustainable Fiber Materials Business	0.0	1.5	1.5	▲2.1	3.6
Ordinary profit	1.0	5.0	6.0	1.7	4.3
Profit attributable to owners of parent	2.5	4.0	6.5	1.9	4.6

FY2026 Consolidated Operating Profit (YoY)



Functional Materials Business Domestic: Operating profit will climb following the expansion of sales of functional materials and increases in product prices.
Overseas: Operating profit in the German Business is expected to increase as it fully benefits from the structural reforms.

Sustainable Fiber Materials Business Operating profit is forecast to grow due to the stabilization of operations at the Hachinohe Mill.



[Preconditions (forecasts for FY2026)]

Forex: 160 JPY/USD, Coal: 128 USD/MT in full year (135 in the first half, 120 in the second half),
Crude oil (Dubai): 90 USD/BBL (100 in the first half, 80 in the second half)

(Unit: ¥ billion)

		Quantity/product mix		Price		Raw materials and fuels		Cost, etc.		Total
Functional materials	Japan	+0.7	Expansion of sales of functional materials, etc.	+1.1	Product price increases, etc.	▲ 1.4	Market price increase ▲0.8 Impact from Middle East situation ▲0.6	+0.3	Effects of structural reforms +1.6	+0.7
	Overseas	0.0		▲0.7		+0.2	Market price decrease +0.9 Impact from Middle East situation ▲0.7	+1.9		+1.4
	Total	+0.7		+0.4		▲ 1.2		+2.2		+2.1
Sustainable fiber materials		+0.7	Growth of sales following the stabilization of operations at the Hachinohe Mill	+3.0	Impact of price revisions in the previous fiscal year, etc.	▲ 3.5	Market price increase ▲1.5 Impact from Middle East situation ▲2.0	+3.4	Intensity +2.3 (stabilization of operations at the Hachinohe Mill: +1.5, consolidation of facilities: +0.8)	+3.6
Other		0.0		0.0		0.0		0.0		0.0
Total		+1.4		+3.4		▲ 4.7		+5.6		+5.7

FY2026 Consolidated Operating Profit (YoY)

[Reference: Breakdown of ▲ ¥4.7 billion in raw materials and fuels]

	FY2025 results	FY2026 forecast	Impact on profit and loss (¥ billion)
Forex	150 JPY/USD	160 JPY/USD	▲2.1
Coal	109 USD/MT	128 USD/MT	▲0.8
Crude oil (Dubai)	71 USD/BBL	90 USD/BBL	▲1.2
Other			▲0.6
Total			▲4.7

[Sensitivity]

Forex: The yen weakening by 1 JPY/USD results in profit decreasing by ▲¥0.04 billion.
(▲¥0.21 billion in raw materials and fuels, +¥0.17 billion in selling prices)

Coal: The price increasing by 1 USD/MT results in profit decreasing by ▲¥0.04 billion.

Crude oil (Dubai): The price increasing by 1 USD/BBL results in profit decreasing by
▲¥0.06 billion.

Initiatives to achieve the Medium-term Management Plan

- 1) Progress on Medium-Term Management Plan

Progress on Medium-Term Management Plan

- The net sales and operating profit targets set in the plan were not reached due to delays in the expansion of sales in the functional materials business and the improvement of profitability in the sustainable fiber materials business.
- Initiatives for achieving the Medium-Term Management Plan include global expansion for the growth of the functional materials business and the achievement of stable operations at mills in the sustainable fiber materials business. (See the next page for the operating profit roadmap.)

(Unit: ¥ billion)

	FY2025		FY2026	FY2027
	Results	Difference from Medium-Term Management Plan	Forecast	Medium-Term Management Plan
Net sales	157.5	▲22.5	175.0	250.0
Sales ratio (Functional materials: Sustainable fiber materials)	1:1	—	1:1	1.5:1
Operating profit	0.3	▲7.7	6.0	20.0
Operating profit margin	0.2%		3.4%	8.2%
Functional materials	1.5%	▲5%	5.4%	9.9%
Sustainable fiber materials	▲1.3%		1.6%	5.0%
ROE	1.8%	▲4.3%	6.2%	10%
ROIC	0.2%	▲4.4%	3.0%	9%
D/E ratio	0.6	▲0.1	0.6	0.7

Operating Profit Roadmap under Medium-Term Management Plan

- : Functional materials business
- : Sustainable fiber materials business

(Unit: ¥ billion)

¥20.0 billion

- Increase in prices of raw materials and fuels due to the situation in the Middle East (▲0.7)
- Increase in prices of raw materials and fuels due to the situation in the Middle East (▲0.7)

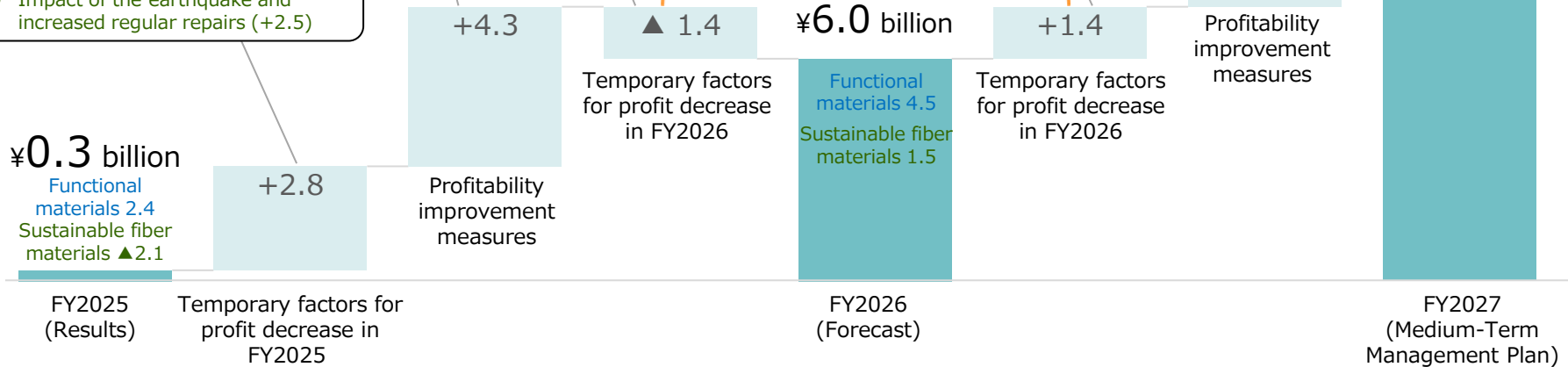
- Global expansion of sales of thermal paper, inkjet paper and functional materials
Management investments to expand business (e.g., the Takasago Mill's Beyond project)
Cost reduction through the consolidation of facilities, etc. (Total +9.8)
- Expansion of sales of pulp and packaging paper
Management investments to stabilize and streamline mill operations (e.g., the Hachinohe Mill's Reborn 60 Hachinohe renovation project) (Total +2.8)

- Structural reforms in the German Business (+1.6)
Consolidation of facilities at the Fuji Mill (+0.2)
Expansion of sales of functional materials, etc. (+0.7)
(Total +2.5)
- Cost reduction at the Kitakami Mill, etc. (+0.8)
Price increases from the previous fiscal year and the expansion of sales of pulp and packaging paper (+1.0)
(Total +1.8)

- Increase in prices of raw materials and fuels due to the situation in the Middle East (+0.7)
- Increase in prices of raw materials and fuels due to the situation in the Middle East (+0.7)

Increasing prices to reflect increased costs and offset Middle East risks

- Impact of the earthquake (+0.3)
- Impact of the earthquake and increased regular repairs (+2.5)



Initiatives to achieve the Medium-term Management Plan

- 2) Statuses of Individual Initiatives
 - (1) Initiatives for Achieving Management Targets

Initiatives for Achieving Management Targets



Achieve *SHINKA* by increasing added value and expanding globally

Functional Materials Business

Net sales
(FY2027)

¥150.0 billion

Operating profit
(FY2027)

¥15.0 billion

		Results as of FY2025	Initiatives for FY2026	Initiatives to achieve the Medium-term Management Plan
Increase market share in information and image media	Thermal paper	Year-on-year change in net sales Focus on capturing demand to achieve sales comparable with the previous year	Year-on-year change in net sales Closer collaboration with partner companies to expand sales	<ul style="list-style-type: none"> Enhancing quality and cost competitiveness and introducing new products to markets to increase market share
	Inkjet paper	Year-on-year change in net sales Expansion of sales to Europe and Africa	Year-on-year change in net sales Increase in domestic and overseas market share leveraging overseas bases	<ul style="list-style-type: none"> Using overseas bases to increase sales of inkjet paper
Be a leader in functional materials	Base materials for water treatment membranes	Year-on-year change in net sales Intensification of competition in the Chinese market Delay in the expansion of sales to Europe and the United States	Year-on-year change in net sales Expansion of sales to China and start of sales to Europe and the United States	<ul style="list-style-type: none"> Fully entering the market for products for Europe and the United States Fully entering the seawater desalination product market
	Separators for power storage devices	Year-on-year change in net sales Expanded sales of separators for fast-charging LiBs Decrease in EDLC sales in the Chinese market	Year-on-year change in net sales Increase in sales channels for high-performance products with solid-state capacitor applications in the electronics sector	<ul style="list-style-type: none"> Increasing market share by developing high-performance products for EDLC and solid-state capacitor applications
	Masking tape backing	Year-on-year change in net sales Continued strong sales of Japanese paper-type backing	Year-on-year change in net sales Expansion of sales of Japanese paper-type backing	<ul style="list-style-type: none"> Expanding the lineup of products to further expand sales to the domestic market and to the European and American markets
Overseas business		<ul style="list-style-type: none"> Decline in sales of thermal paper amid a sluggish European economy Structural reforms in the German Business Implemented (restructuring and production consolidation) (Effect for FY2025: ¥1.6 billion) 	<ul style="list-style-type: none"> Increase in sales channels of thermal paper to South America and other areas outside Europe Sales of functional materials (domestic business) at overseas bases 	<ul style="list-style-type: none"> Accelerating collaboration between the domestic business and the overseas business Strengthening local sales structures
Takasago Mill's Beyond project		<ul style="list-style-type: none"> Launch of the project 	The start of the project was announced on May 12. Its goal is to transform the mill into a global core plant centered on functional materials.	<ul style="list-style-type: none"> Heavily investing in growing markets Reorganizing manufacturing lines Investing in human capital and coexisting with local communities

Initiatives for Achieving Management Targets



Achieves *SHINKA* by expanding sales of environmentally-friendly products and increasing productivity

Sustainable Fiber Materials Business

Net sales
(FY2027)

¥**100.0** billion

Operating profit
(FY2027)

¥**5.0** billion

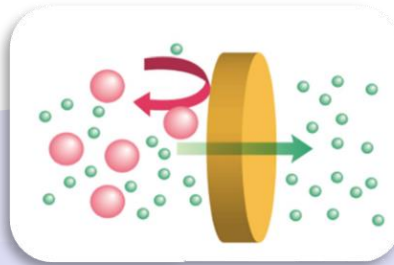
	Results as of FY2025	Initiatives for FY2026	Initiatives to achieve the Medium-term Management Plan
Expand sales of packaging paper to eliminate or reduce plastics	<p>Year-on-year change in net sales</p> <p>Increase in the sales volume for existing domestic customers</p>	<p>Year-on-year change in net sales</p> <p>Expansion of sales mainly in Asian markets</p>	<ul style="list-style-type: none"> Advertising superior printability and the environmental friendliness of FSC-certified paper to increase the share of the domestic bleached kraft paper market
Expansion of sales of Kitakami pulp made from 100% wood grown in Japan (increase in the percentage of wood grown in Japan used at the Hachinohe and other mills)	<p>Year-on-year change in net sales</p> <p>Sales volume was below the level set in the plan, partly because of weakening export market conditions. (percent of wood grown in Japan (*6): 32%) (*6) Ratio of woodchips grown in Japan to the total volume of collected woodchips</p>	<p>Year-on-year change in net sales</p> <p>Expansion of (domestic and export) sales of softwood pulp (percent of wood grown in Japan: 32% or more)</p>	<ul style="list-style-type: none"> Establishing a structure for increasing production of softwood pulp and expanding sales to domestic and overseas markets Collecting more woodchips produced in Japan (percent of wood grown in Japan: 35%)
Integration of the Hachinohe and Kitakami Mills	<ul style="list-style-type: none"> Shutdown of the N1 papermaking machine at the Kitakami Mill Transfer to the Hachinohe Mill 	<ul style="list-style-type: none"> Kitakami Mill: Increase in pulp production Hachinohe Mill: Increase in base paper production after the transfer Back office: Integration of general affairs, accounting and operational functions for streamlining 	<ul style="list-style-type: none"> Fully integrating back-office operations Reorganizing to optimize production
Hachinohe Mill's Reborn 60 Hachinohe renovation project	<ul style="list-style-type: none"> Launch of the project announced with the goal of increasing competitiveness and addressing the aging of equipment 	<ul style="list-style-type: none"> Equipment repairs and the replacement of aging equipment to ensure stable operations and increase productivity Establishment of the Hachinohe Renewal Project Department and drafting of specific initiative plans 	<ul style="list-style-type: none"> Switch to the latest equipment to streamline production processes, reduce labor and improve specific energy consumption Reducing CO₂ emissions by 40% (from the FY2013 level) by FY2030 Conducting well-being initiatives to improve engagement and secure competent personnel

Increasing the value of Mitsubishi Paper Mills through *SHINKA* Technologies and Research and Development

Results as of FY2025	Initiatives for FY2026	Initiatives to achieve the Medium-term Management Plan
<ul style="list-style-type: none"> ● Enhancement of the quality of unwoven fabrics and paper products (unwoven fabrics: water treatment membrane substrates, etc.; paper products: transfer of base paper from the Kitakami Mill to the Hachinohe Mill, etc.) ● Transfer of the nonwoven fabric development team to the mill's engineering department to increase the speed of product development 	<ul style="list-style-type: none"> ● Strengthening of newly developed products (separation membranes, Polymer Membrane Core, pulp-based products, etc.) ● Reform of the Kyoto R&D Center (To be completed in August) 	<ul style="list-style-type: none"> ● Global roll out of high-quality products ● Leveraging of developed products to enter peripheral and new markets



Base materials for water treatment membranes



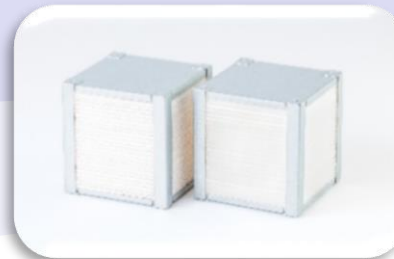
Separation membrane



Pulp



Inkjet paper




Total heat exchanger elements

Initiatives to achieve the Medium-term Management Plan

- 2) Statuses of Individual Initiatives
 - (2) Initiatives for Conserving the Global Environment

SHINKA (Progress) in Our Contributions to the Global Environment




Targets in the Medium-Term Management Plan		Results of initiatives in FY2025	Initiatives for FY2026
<p>Accelerate initiatives for achieving carbon neutrality</p>	<p>Build a foundation for improving fossil fuel energy intensity</p>	<ul style="list-style-type: none"> ● 27% reduction in CO₂ emissions from the FY2013 level through energy conservation initiatives 	<ul style="list-style-type: none"> ● 2% reduction in CO₂ emissions from the previous fiscal year
<p>Contribution to a recycling-based society</p> 	<p>Actively use forestry resources</p>	<ul style="list-style-type: none"> ● Use of company forests Ecosystem Academy activities <p>(Hands-on learning in a forest environment Ecosystem survey Registration as a nature symbiosis site)</p> <ul style="list-style-type: none"> ● Use of wood grown in Japan Percent of wood grown in Japan: 32% ● Household paper made from 100% wood grown in Japan <i>nacre</i> won a 2026 Social Products Award 	<ul style="list-style-type: none"> ● Use of company forests Ecosystem Academy activities <p>(Hands-on learning in a forest environment Ecosystem survey Maintaining registration as a nature symbiosis site Strengthening collaboration with external parties)</p> <ul style="list-style-type: none"> ● Use of wood grown in Japan Percent of wood grown in Japan: 32% or more
	<p>Increase the recycling rate of plastic resources</p>	<ul style="list-style-type: none"> ● 100% of plastic waste recycled 	<ul style="list-style-type: none"> ● Continuing to recycle 100% of plastic waste by completely segregating mixed waste and using thermal recycling processes
	<p>Accelerate initiatives to address climate change risks that will increase corporate value</p>	<ul style="list-style-type: none"> ● TCFD-compliant climate change disclosures 	<ul style="list-style-type: none"> ● Continuing to be TCFD-compliant in the disclosure of information on climate change ● Being TNFD-compliant in the disclosure of information on biodiversity



Initiatives to achieve the Medium-term Management Plan

- 2) Statuses of Individual Initiatives
- (3) Initiatives for Corporate
Governance and Human Resources

SHINKA (Entrenchment) of Governance and Human Capital Management

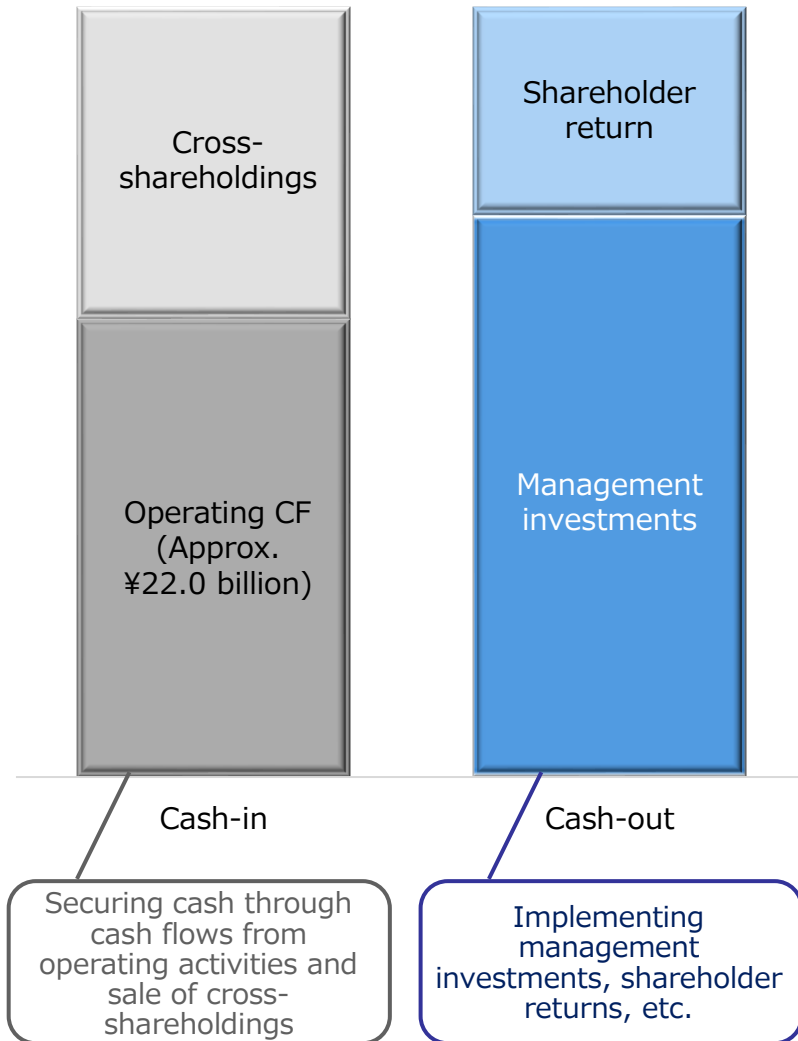
Targets in the Medium-Term Management Plan		Results of initiatives in FY2025	Initiatives for FY2026
 <p>Governance Transformation</p>	<p>Improving the quality management system</p>	<ul style="list-style-type: none"> Ensuring the independence of quality assurance divisions Change of the quality management teams at mills into organizations under control of the Safety, Environment & Quality Assurance Department at the head office 	<ul style="list-style-type: none"> Establishing the Quality Assurance Department dedicated to quality management at the head office Facilitating hands-on management on worksites (mills)
	<p>Response to higher standards expected of companies listed on the TSE Prime market</p>	<ul style="list-style-type: none"> Deciding introduce shareholder benefits made Enhancing financial results reports and presentation materials 	<ul style="list-style-type: none"> Improving the disclosure of information to shareholders and investors Paying closer attention to investors' viewpoints than ever before in the creation of integrated reports
	<p>Strengthening of risk management</p>	<ul style="list-style-type: none"> Establishing the Risk Management Department to handle increasingly diverse risks Establishing an Earthquake off the Eastern Coast of Aomori Prefecture response headquarters 	<ul style="list-style-type: none"> Establishing a Middle East situation impact response headquarters Enhancing the crisis response manual
 <p>Diversity and inclusion</p>	<p>Developing an environment to facilitate diverse personnel being able to perform at a high level</p>	<ul style="list-style-type: none"> Establishing the Diversity Promotion Office Increasing the recruitment of foreign nationals and people with disabilities and in the percentage of female managers Institutionalizing enhanced leave programs, etc. facilitated by the Women's Empowerment Promotion Committee 	<ul style="list-style-type: none"> Increasing the percentage of female managers (to 15% at the end of FY2027) Increasing the number of foreign nationals employed at major mills Creating a workplace environment that is friendly to workers with disabilities (regular on-site patrols and training)
 <p>Transforming corporate culture and employee growth</p>	<p>Establishing a corporate culture that emphasizes integrity</p>	<ul style="list-style-type: none"> Providing compliance training and distributing information to accelerate the establishment of a sound workplace culture 	<ul style="list-style-type: none"> Formulating the Credo (action code for executives and employees) Appointing leaders at individual bases and divisions as compliance promotion managers and upgrading the implementation structure to include the entire company
	<p>Achieving worker-friendliness and increasing productivity through the implementation of DX</p>	<ul style="list-style-type: none"> Introducing generative AI and encouragement of use Introducing dataless PCs to facilitate flexible workstyles and increase work efficiency 	<ul style="list-style-type: none"> Incorporating generative AI into systems to automate back-office operations and monitor work Standardizing and streamlining back-office operations using no-code tools



**Initiatives to
achieve the
Medium-term
Management Plan**

3) Capital Allocation

Cumulative total cash flows during the period of the Medium-Term Management Plan (FY2025-FY2027)

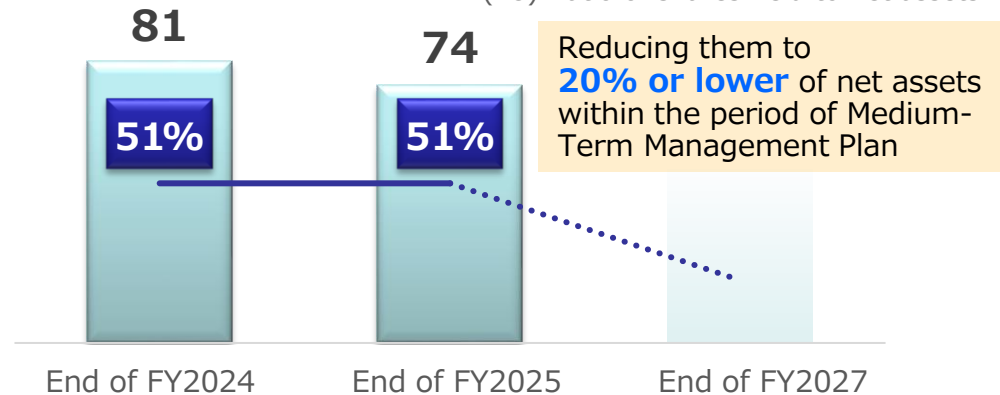


Reduction of cross-shareholdings (including deemed holdings (*7))

(*7) The treatment of the trust assets for retirement benefits after sale of deemed holdings is being examined.

— Number of stocks — Holding ratio(*8)

(*8) Ratio of shares held to net assets



Principal management investments

- ◆ Takasago Mill's Beyond project (capital investments to expand the functional materials business)
- ◆ Hachinohe Mill's Reborn 60 Hachinohe renovation project (replacement of equipment with the latest equipment, etc.)
- ◆ Structural reforms in Germany
- ◆ Reform of the Kyoto R&D Center
- ◆ Establishment of the Kyoto satellite office

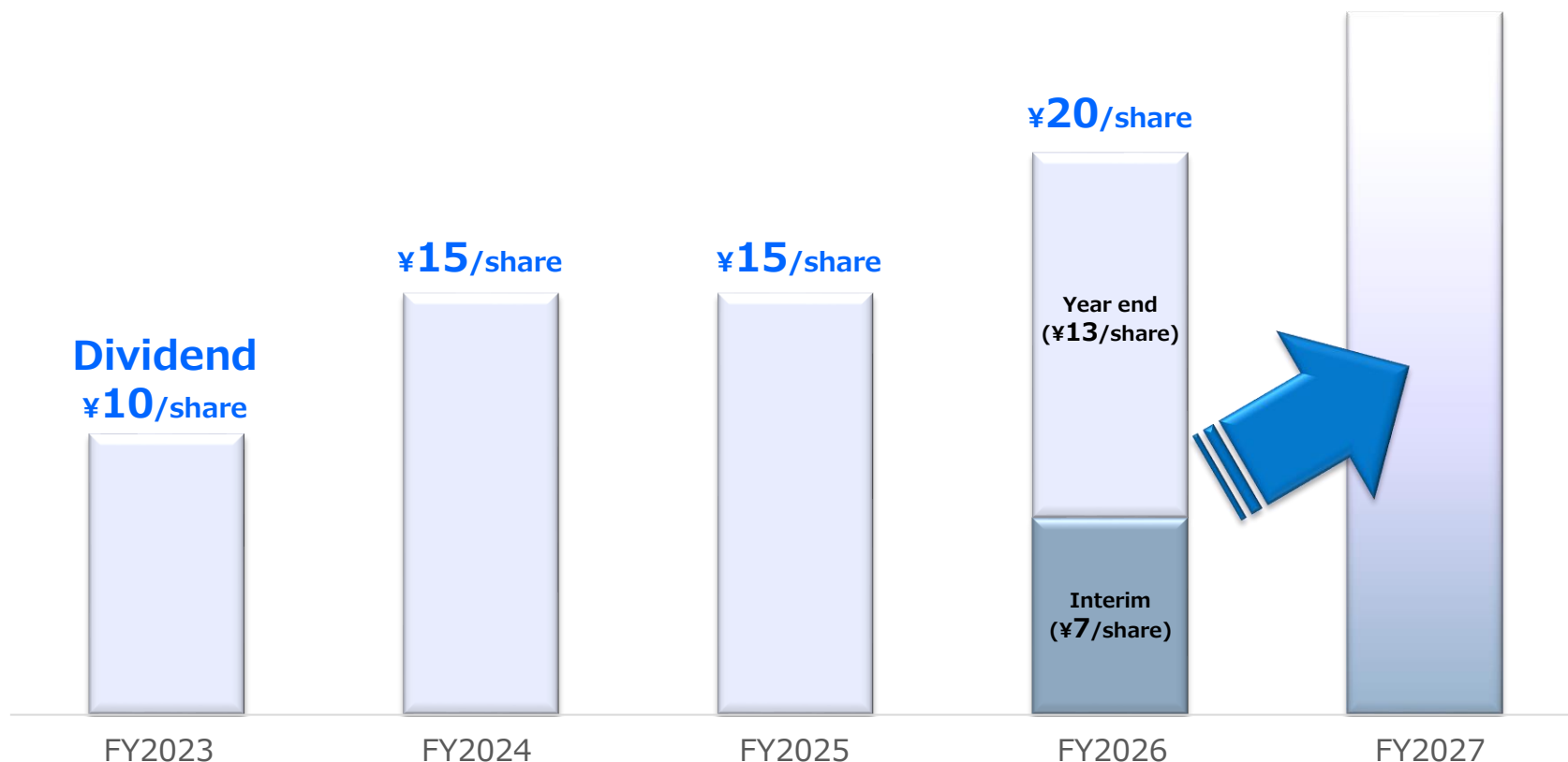


Dividend policy

We define returning profits to shareholders as a priority management issue. Our policy is to provide stable and consistent dividends in comprehensive consideration of our financial results in individual fiscal years and our investments in growth for the future.

- For FY2025, a year-end dividend of ¥15 per share will be paid.
- For FY2026, an annual dividend of ¥20 per share (comprising an interim dividend of ¥7 per share and a year-end dividend of ¥13 per share) is forecast.

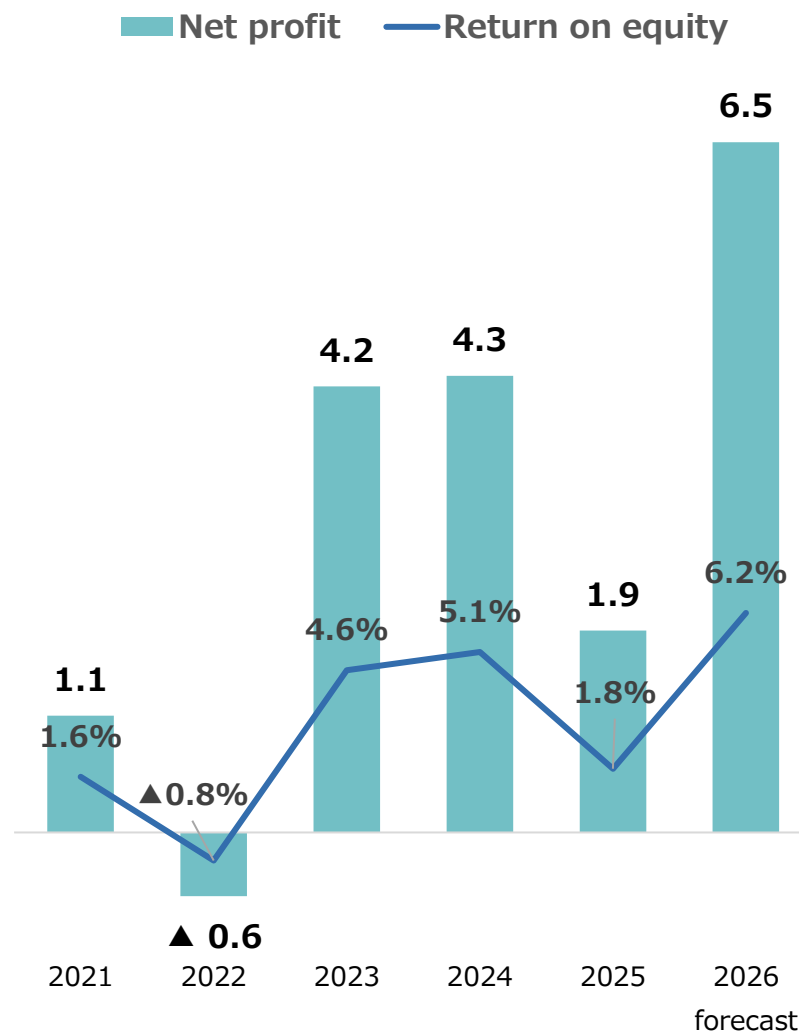
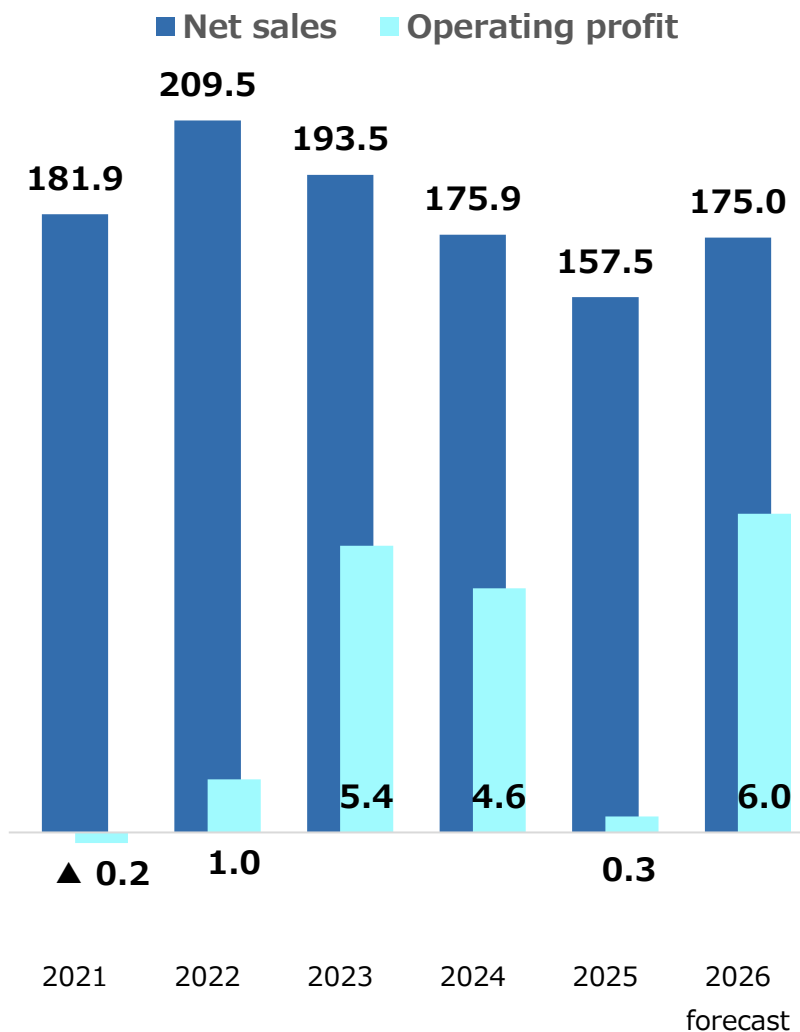
We expect to increase the annual dividend following an increase in profit attributable to owners of parent. By rescheduling the regular repair of the Hachinohe Mill to the second half to stabilize profit in the first half, we will be paying an interim dividend.



<Reference> Financial Data

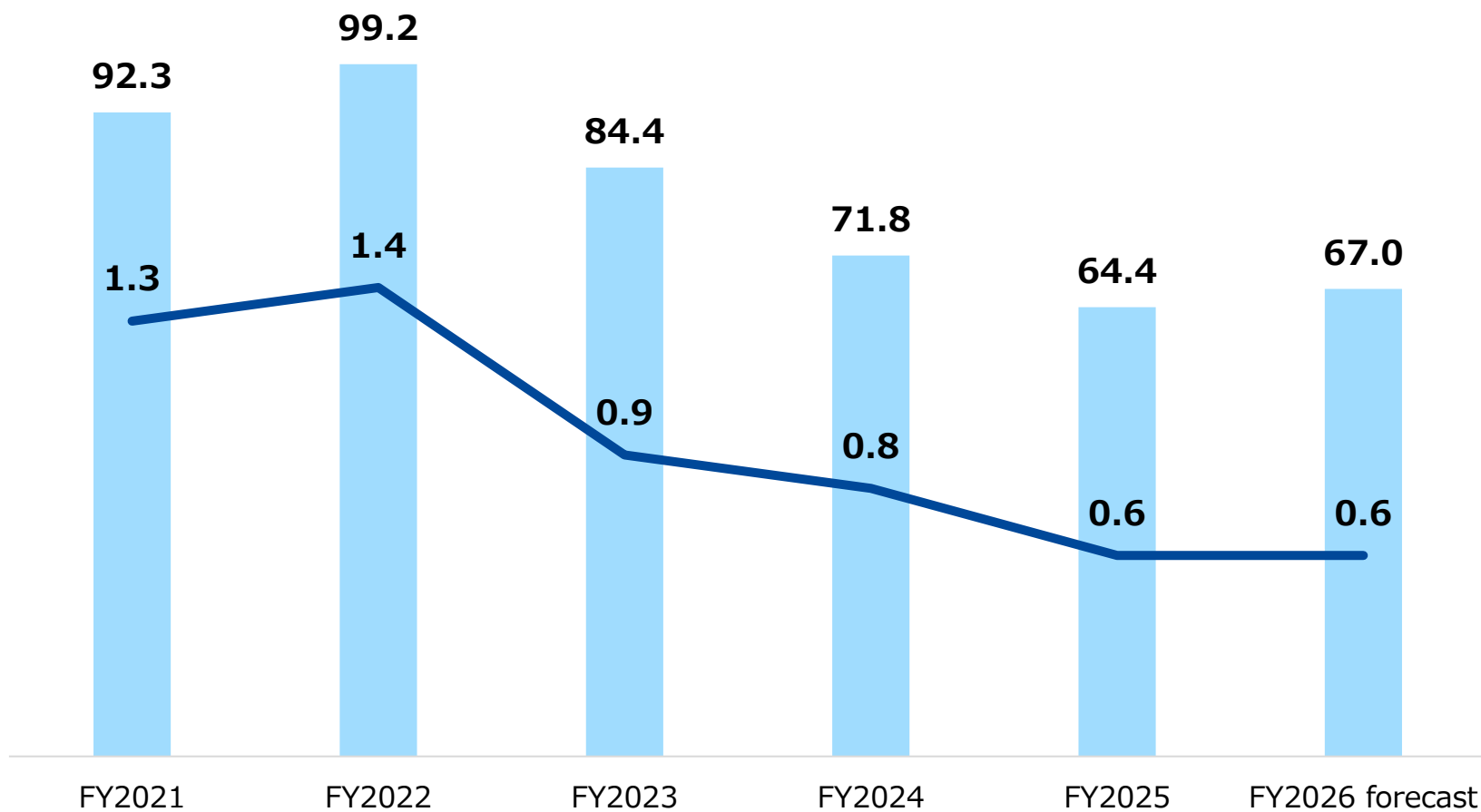


(¥ billion)



<Reference> Financial Data

Interest-bearing debt D/E ratio (¥ billion)



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