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Disclosures through the Internet Concerning the Convocation Notice for the 157th Ordinary Shareholders' Meeting

(From April 1, 2021 to March 31, 2022)

Mitsubishi Paper Mills Limited

Information about the above items is provided to the shareholders of Mitsubishi Paper Mills Limited ("the Company") by posting it on the Company's website (https://www.mpm.co.jp/ir/general-meeting.html) pursuant to the provisions of laws and regulations and Article 15 of the Articles of Incorporation of the Company.

Systems necessary to ensure the properness of operations

The following is the Company's basic policy on the system to ensure the conformity of the performance of duties of Directors to laws and regulations and the Company's Articles of Incorporation and the system to ensure the appropriateness of the Company's other operations and the operations of the corporate group consisting of the Company and its subsidiaries. (Last revised on: March 31, 2022)

- Core approach to corporate governance -

The Company carries out corporate activities based on the corporate philosophy of the MPM Group, including "living up to the trust of its customers in the world market," "staying constantly on the leading edge of technology," and "contributing to preserving the global environment and creating a recycling society." With this philosophy, the Company implements corporate group management focusing on the sustainable growth of the MPM Group and society, raises its management transparency, and works to improve its corporate governance.
To take specific steps towards achieving these goals, the Company has established Mitsubishi Paper Mills Limited Basic Policies on Corporate Governance.

- Overview of corporate organization -

The Company has adopted the company with an Audit & Supervisory Board as its institutional design. The Company appoints multiple independent Outside Directors and has built a system sufficiently plays the roles required of the Board of Directors. It separates the supervisory function and executive function and has adopted the Executive Officer system to streamline the Board of Directors, accelerate management decision-making, and define the responsibility for the performance of duties.
The Company has created a Nomination and Compensation Committee with an independent Outside Director as the chairperson as an advisory body to the Board of Directors in order to ensure objectivity and transparency of the designation and remuneration of management.
In addition to monthly meetings, the Board of Directors holds extraordinary meetings of the Board of Directors as necessary to determine and supervise matters specified by laws and regulations and the Articles of Incorporation and the performance of important duties.
Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members have established the Audit & Supervisory Board and hold meetings of the Audit & Supervisory Board on a regular basis and as necessary.
Executive Officer and other executives hold management meetings, in principle, once a week to determine management policies and strategies and basic business strategies in an effort to ensure prompt and optimal decision-making, implement thorough group governance, and share important information.
In the performance of duties, the Company has adopted a business unit system to strengthen its operational structure by assigning responsibility and delegating authority to each business unit for revenue.
The Company defines the scope of organizational responsibility according to the rules for the division of duties and makes decisions appropriately based on its internal rules.
The Company appoints an executive responsible for sustainability to implement corporate group management focusing on sustainability and establishes a Group-wide Sustainability Promotion Committee headed by the President. The committee coordinates the entire sustainability promotion activities (legal compliance, risk management, human resource management, safety and health, the environment, product safety and quality, human rights and labor, information disclosure and public relation, social contribution, and more) and establishes basic policies for sustainability promotion and yearly plans. The Board of Directors deliberates on such policies and plans.

- Basic policy -

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

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

The Compliance Committee, which operates under the control of the Legal Dept. as a secretariat, will be placed under the Sustainability Promotion Committee. The Compliance Committee will carry out training and educational activities to disseminate the Code of Conduct and Standards and ensure legal compliance for penetration throughout the Group.

Executives and employees will promptly report any compliance problem discovered to a department responsible for handling the problem through their office organization or through a hotline (controlled by Internal Audit Dept.) inside or outside the Company. The department to handle such problem will determine measures to prevent recurrence after consultations with General Affairs & Personnel Dept., Legal Dept., or Internal Audit Dept.

The Internal Audit Dept. examines and evaluates the systems of management and operation in overall business activities and the status of implementation in view of lawfulness and rationality and ensures the reliability of financial reports and raises management efficiency.

The General Affairs & Personnel Dept. is responsible for preserving the Company's assets and manages the acquisition, use, and disposal of assets to ensure appropriate procedures taken and approval obtained.

The General Affairs & Personnel Dept. reports the overview of such compliance activities and the state of whistle-blowing to the Board of Directors.

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

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

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

The Company considers it important to appropriately manage various risks arising from corporate activities for the development of the Company and an increase in its corporate value.

Under the Sustainability Promotion Committee, Risk Management Committee controlled by General Affairs & Personnel Dept. is established to operate risk management of the entire Group. The Risk Management Committee recognizes and understands risks affecting corporate management, develops systems in response to such risks, and reports their status to the Board of Directors. Head office departments and factories establish rules and prepare manuals to ensure appropriate operations, build advance preventive systems at normal times, take measures to prevent recurrence when a problem has arisen, and develop a system of promptly responding to an emergency.

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

The Company establishes a consolidated basic plan as targets in its Mid-term Management Plan. Directors in charge determine specific targets and efficient methods for achievement to be implemented by each department (including delegation of authority to Executive Officers). The Company sets key performance indicators (KPIs) in each fiscal period and manages the progress. The Board of Directors regularly evaluates the results and promotes improvement such as the reduction or elimination of factors hindering efficiency, thereby building a system to raise company-wide operation efficiency.

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

According to its Subsidiary Management Regulations, the Company supervises and provides guidance to its subsidiaries to raise the appropriateness of the Group's subsidiary management based on a policy of placing importance on independence and respecting the autonomous decision-making of subsidiaries.

A. System to report matters concerning the execution of duties by the directors of subsidiaries to the Company

According to its Subsidiary Management Regulations, the Company builds a system for departments to receive reports from subsidiaries under their management on a regular basis and as necessary and a system requiring subsidiaries to obtain the approval of departments controlling them.

Key subsidiaries provide the Company's executives with regular management reports.

B. Rules and other systems for managing the risk of loss at subsidiaries

The Company has its subsidiaries participate in the Risk Management Committee and coordinates the Group's risk management.

C. System to ensure that Directors, etc. of subsidiaries efficiently perform their duties

The Company's departments in charge of subsidiaries supervise and provide them with guidance according to the Subsidiary Management Regulations to achieve the basic plan set as a target in its Mid-term Management Plan. The Company sets KPIs also for its subsidiaries and manages the progress.

D. System to ensure that subsidiaries' Directors, etc. and employees' performance of their duties conforms with laws, regulations and the Articles of Incorporation

The Company has established the Code of Conduct of the Mitsubishi Paper Mills Group and Mitsubishi Paper Mills Group Compliance Conduct Standards, has its subsidiaries participate in the Compliance Committee, and improves the legal compliance of the Group, including the subsidiaries.

The Company provides the entire Group, including subsidiaries, with compliance training every year to ensure legal compliance of the Group.

It establishes hotlines including subsidiaries as a system of direct reporting to the Company's Internal Audit Dept. or an external specialized company. In addition, relevant departments perform audits of subsidiaries as necessary according to the Subsidiary Management Regulations to ensure the appropriateness of the Group's operations.

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

The Company implements the following and builds a system of supporting the audits performed by Audit & Supervisory Board Members to ensure their effectiveness.

A. Matters concerning the system of ensuring the effectiveness of audits performed by Audit & Supervisory Board Members

The Company holds regular meetings for Audit & Supervisory Board Members to improve their mutual understanding with the President and Chief Executive Officer about the Company's business issues, the development of the audit environment of the Audit & Supervisory Board Members, etc.

Audit & Supervisory Board Members, Internal Audit Dept., and accounting auditors exchange opinions to establish effective cooperation.

The Company cooperates with the Audit & Supervisory Board Members in their performance of duties to facilitate communication with Directors of subsidiaries and the collection and exchange of information and develops an environment for cooperation with external experts such as lawyers and certified public accountants if deemed necessary by the Audit & Supervisory Board Members.

B. Matters concerning employees when an Audit and Supervisory Board member requests that employees assist with his/her duties
The Company may appoint assistants to the Audit & Supervisory Board Members, who assist the duties of the Audit & Supervisory Board Members, and have the Internal Audit Dept. or Finance & Accounting Dept. as assistant organizations. Audit & Supervisory Board Members may instruct employees in the Internal Audit Dept. and Finance & Accounting Dept. as necessary.
Internal Audit Dept. performs internal audits requested by Audit & Supervisory Board Members through consultations with them and reports the results to the Audit & Supervisory Board.

C. Matters concerning the independence of the employees specified in B from Directors, and matters intended to ensure the effectiveness of instructions given to such employees
The Company ensures that employees assisting the duties of Audit & Supervisory Board Members follow the orders of the Audit & Supervisory Board Members, and that Directors, supervisors, etc. do not unreasonably limit the orders of the Audit & Supervisory Board Members given to such employees.

D. Systems related to reporting to an Audit & Supervisory Board Member

- Systems of reporting to Audit & Supervisory Board Members by Directors and employees
  Directors of the Company report the following to the Audit & Supervisory Board to promote the effective performance of duties of the Audit & Supervisory Board: 1. Matters discussed or reported at management meetings, 2. Matters that may cause significant damage to the Company, 3. Matters important for the monthly management status, 4. Important matters concerning internal audits and risk management, 5. Serious violations of laws and regulations or the Articles of Incorporation, 6. The status and details of reporting through hotlines (a system in which reports to external liaisons are directly sent to Audit & Supervisory Board Members), and 7. Other matters important for legal compliance.
  Important decision-making documents of head office departments are delivered to Audit & Supervisory Board Members.

- System to report to the Audit & Supervisory Board Members by Directors, etc. and employees of the Company's subsidiaries, and people who have received reports from them
  According to the Subsidiary Management Regulations, the Company uses a system in which departments that have received important reports from subsidiaries also report to Audit & Supervisory Board Members. Subsidiaries may directly report to the Audit & Supervisory Board Members of the Company, and the Audit & Supervisory Board Members may also directly interview subsidiaries.

E. System for ensuring that personnel who make a report under paragraph D. do not receive unfavorable treatment due to such report
The Company clearly states in Mitsubishi Paper Mills Group Compliance Conduct Standards that the mere act of making a report would not place the reporter at any disadvantage and ensures that no reporter would be treated unfairly by the Company and its subsidiaries.

F. Policy on treatment of expenses incurred in the performance of the duties of Audit & Supervisory Board Members
The Company promptly handles expenses incurred in the performance of duties of Audit & Supervisory Board Members upon receiving a request for payment.

Outline of the situations of the operation of the systems to ensure the proper operation of the Company
The following outlines the operation status of the systems to ensure the appropriateness of operations conducted during the fiscal year under review.

(Systems for the execution of duties)
During the fiscal year under review, which ended March 31, 2022, eight Directors (including two independent Outside Directors) who make up the Board of Directors, four Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members) who make up the Audit & Supervisory Board, and 12 Executive Officers (including four Executive Officers concurrently holding the position of Directors) performed their duties. A total of 12 ordinary meetings of the Board of Directors , two extraordinary meetings of the Board of Directors, and 12 meetings of the Audit & Supervisory Board were held in the fiscal year under review to make important decisions on the Company's management and supervise and audit the performance of duties.
To evaluate the effectiveness of the Board of Directors, the Company surveys and interviews all Directors and Audit & Supervisory Board Members, discusses the results at meetings of the Board of Directors to share the understanding of the current condition among members, who further discuss issues identified to raise the effectiveness of the Board of Directors.

(Compliance structure)
The Compliance Committee met twice during the fiscal year under review, primarily to develop a training plan, ensure the implementation of the plan, communicate information about the revision of the Whistleblower Protection Act, share information about recent examples of corporate misconduct, and confirm the status of reports made through the hotline. The training was given to all employees, including part-time workers and temporary employees, of the Group companies in Japan, which consisted of compliance education to review the basics of legal compliance of companies and internal online seminars on basic knowledge of labor laws and personnel management, aiming to facilitate an understanding of the laws and regulations necessary for the business operation and ensure legal compliance.
The Company also uses the intranet to provide information to promote employees' awareness of legal compliance on a regular basis.

(Risk management structure)
The Risk Management Committee met twice during the fiscal year under review to coordinate and implement the Group's risk management, including the inspection of risks in the Group associated with changes in the business environment, a review of management techniques, examination of the business continuity plan (BCP), and training on emergency responses.
The Group considers responses to climate change an important business issue and established the TCFD response project led by the Risk Management Committee to disclose information related to climate change in line with the proposals of the Task Force on Climate-Related Financial Disclosures (TCFD).

(Management of subsidiaries)
The Company confirmed that the relevant department provided subsidiaries with guidance and supervised them to rationalize and improve the Group's subsidiary management according to its Subsidiary Management Regulations and that relevant departments audited subsidiaries to ensure appropriate operation.

(Audit & Supervisory Board Members' audits)
Based on the audit policy and audit plan established at the beginning of the fiscal year, the Company's Audit & Supervisory Board Members fulfilled their responsibility to establish a good corporate governance system by attending meetings of the Board of Directors, management meetings, and other important meetings,

reviewing documents, conducting on-site audits at factories, subsidiaries, and other offices, holding regular meetings with the President and Outside Directors, and interviewing department managers and representative directors of subsidiaries. They exchanged opinions and share information with accounting auditors, Internal Audit Dept. Finance & Accounting Dept., and auditors of subsidiaries to enhance coordination with them in an effort to raise the effectiveness and efficiency of auditing.

Basic Policy for controlling the management of the Company

(i) Details of the Basic Policy

The Company carries out corporate activities based on the corporate philosophy of the MPM Group, including “living up to the trust of its customers in the world market,” “staying constantly on the leading edge of technology,” and “contributing to preserving the global environment and creating a recycling society.” The Company’s duty is to contribute to society based on this philosophy and maximize its corporate value or the common interests of shareholders through sustainable growth from a medium- to long-term perspective, and its principle is to be supported by people who have become its shareholders through free market trading. However, the Company’s Basic Policy on a threat that such corporate value and/or the common interests of shareholders may be impaired by an individual and/or his/her group (“Hostile Bidders”) aiming to acquire shares of the Company having 20% or more of voting rights (“Controlling Shares”) is to take measures necessary to protect and increase the Company’s corporate value and the common interests of shareholders within the limit allowed by laws and regulations and the Articles of Incorporation by regarding such Hostile Bidders as unqualified to have control over decisions about the financial and business policies of the Company.

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

The Company is actively implementing measures under a new Mid-term Management Plan that started in FY2022 with the aim of achieving achieve sound and sustainable growth of the Company and maximizing its medium- to long-term corporate value in order to maintain the Company’s corporate value and/or the common interests of shareholders. In addition, the Company will implement corporate group management focusing on sustainability under the Basic Policies on Corporate Governance established in October 2015 to achieve sustainable growth for the Group and a medium- to long-term increase in corporate value, raise business transparency for clear management, and improve its corporate governance.

(iii) Activities to prevent decisions on the Company’s financial affairs and business policies from being controlled by an inappropriate party in light of the Basic Policy

At the Board of Directors’ meeting held on May 27, 2019, the Company passed a resolution to continue its policy on responses to large-scale purchases of the Company’s shares (the “Former Plan”), which had been approved by shareholders at the 151st Ordinary Shareholders’ Meeting held on June 28, 2016, as one of the activities to prevent decisions on the Company’s financial affairs and business policies from being controlled by an inappropriate party in light of the Basic Policy after a necessary revision (the “Plan”), which was approved by shareholders at the 154th Ordinary Shareholders’ Meeting held on June 26, 2019. Additionally, the Company appointed the same three Independent Committee members, Mr. Yoshihiro Kataoka, Mr. Tomohisa Shinagawa, and Mr. Somitsu Takehara, due to the continuation of the above plan.

The overview of the Plan is provided below. For more details, please read the press release, “Notice of Partial Amendments to the Response Policies on Large-Scale Purchases of MPM’s Shares (Takeover Defense Measures) and Continuance Thereof” dated May 27, 2019, on the Company’s website.

(URL for reference: https://www.mpm.co.jp/company/news/pdf/2019/20190527-2.pdf)

A. Objectives of this plan

The purpose of the Plan is to require the Large-Scale Purchaser to provide necessary information in advance and to have a period of consideration and examination, thereby enabling shareholders to make an appropriate decision on whether to accept such a large-scale purchase, enabling MPM’s Board of Directors to present its opinions on whether to accept such proposal to shareholders or an alternative proposal in response to a recommendation from the Independent Committee, or enabling the Board of Directors to negotiate with the Large-Scale Purchaser for the benefit of shareholders, thereby preventing decisions on the Company’s financial affairs and business policies from being controlled by an inappropriate party in light of the Basic Policy and ensuring and raising the Company’s corporate value or/and the common interests of shareholders.

B. Procedures for taking the countermeasures based on the Plan

(a) Large-scale purchases subject to the measures

The measures based on the Plan may be taken when an act corresponding to or that may correspond to the overview or any of the following 1 through 3 has been or will be conducted.

1. Purchase of shares of the Company that makes the percentage (the percentage of shares, etc. defined in paragraph 4, Article 27-23 of the Financial Instruments and Exchange Act; the same applies hereinafter) of shares held by a specific shareholder of the Company 20% or higher
2. Purchase of shares of the Company that makes the sum total of the percentage (the percentage of shares, etc. defined in paragraph 8, Article 27-2 of the Financial Instruments and Exchange Act; the same applies hereinafter) of shares held by a specific shareholder of the Company and the percentage of shares held by a specially related party of the specific shareholder of the Company 20% or higher
3. An act conducted by a specific shareholder of the Company and another shareholder of the Company, which results in an agreement or other acts making them joint holders of the Company's shares or an act of establishing a controlling or cooperative relationship between the two shareholders (limited to a case in which the sum total of the percentages of shares held by the two shareholders becomes 20% or higher)

(b) Request to Large-Scale Purchaser for information

The Large-Scale Purchaser must submit and provide a letter of intent and information about a large-scale purchase in advance of the start or implementation of an act of large-scale purchase.

(c) Establishment of assessment period for the Board of Directors

The Board of Directors establishes a period of up to 60 days for a purchase of all shares of the Company through a takeover bid accepting only cash (yen currency) as the consideration and up to 90 days for large-scale purchase in other forms, as the assessment period for the Board of Directors to evaluate, examine, raise opinions, develop an alternative plan, and negotiate with the Large-Scale Purchaser in view of ensuring and increasing the Company's corporate value and/or the common interests of shareholders.

(d) Recommendation of Independent Committee and resolution of the Board of Directors

The Independent Committee recommends that the Board of Directors to take measures against a large-scale purchase within, in principle, five business days following the demand of the Board of Directors to the Large-Scale Purchaser for correction if the Large-Scale Purchaser has committed a serious violation of the rules for large-scale purchase.

If, however, the Large-Scale Purchaser has complied with the rules for large-scale purchase, the Independent Committee recommends the Board of Directors, in principle, not to take measures against the large-scale purchase. However, the Independent Committee recommends that the Board of Directors take measures if the Large-Scale Purchaser is deemed to have certain characteristics, such as a so-called greenmailer.

The Board of Directors decides whether to take measures and resolves other issues while respecting the recommendation of the Independent Committee to the maximum extent possible.

(e) Specific details of countermeasures

The measures against large-scale purchases taken by the Company based on the Plan will, in principle, be the allotment of share acquisition rights without contribution.

C. Feature of the Plan

(a) Establishment of the Basic Policy

The Plan was adopted after the Basic Policy for the conditions of a party that controls the Company's financial affairs and business policy was established.

(b) Establishment of Independent Committee

The Company establishes the Independent Committee to ensure the necessity and appropriateness of the Plan. When calling for countermeasures, the Board of Directors must ensure the fairness of the decision and respects the recommendation of the Independent Committee to the maximum extent possible in order to eliminate any arbitrary decision by the Board of Directors.

(c) Approval for the Plan at Shareholders' Meeting

The continuation of the anti-takeover measures under the Plan was approved by the Company's shareholders at the 154th Ordinary Shareholders' Meeting held on June 26, 2019.

(d) Timely disclosure

The Board of Directors makes the timely and appropriate disclosure of the required information pursuant to the applicable laws and regulations and the rules of the financial instrument exchange.

(e) Effective term of the Plan

The term of the Plan shall expire at the conclusion of the Ordinary Shareholders' Meeting pertaining to the last business year ending within three (3) years after the conclusion of the 154th Ordinary Shareholders' Meeting held on June 26, 2019.

At a meeting held on May 30, 2022, the Board of Directors passed a resolution to, on condition of approval at the 157th Ordinary Shareholders' Meeting to be held on June 28, 2022, continue the Plan after partial revision and extend the effective period to the conclusion of the Ordinary Shareholders' Meeting for the final fiscal year ending within three years of the conclusion of the 157th Ordinary Shareholders' Meeting. (For details of the revised Plan, see Proposal No. 4, "Partial Amendments to the Response Policies on Large-Scale Purchases of MPM's Shares (Takeover Defense Measures) and Continuance Thereof" in the Notice of the 157th Ordinary General Meeting of Shareholders.)

D. Influence on our shareholders

(a) Impact of the revision of the Former Plan on shareholders

The revision of the Former Plan to the Plan has no direct and specific effect on the legal rights and economic interests of shareholders.

(b) Impact of issuing share acquisition rights on shareholders

While the per share value of MPM's shares held by the shareholders would be diluted when share acquisition rights are issued without contribution as a countermeasure, the value of all shares of MPM held by the shareholders would not be diluted. Therefore, no direct, specific impact on the legal rights and economic interests of the shareholders is expected to occur. However, the legal rights and economic interests of those who correspond to the exceptions specified in the Plan may be affected as a consequence of the countermeasures implemented.

(iv) Decision of the Board of Directors on the above activities and reason for the decision

The special activities contributing to the realization of the Basic Policy specified in the above section (ii) are specific measures for raising the corporate value of MPM and/or the common interests of shareholders, which are considered to be precisely in line with the Basic Policy of MPM.

As stated in the paragraph A in the above section (iii), the Board of Directors of MPM believes that the Plan was adopted for the purpose of ensuring and raising the corporate value and/or the common interests of shareholders and is in line with the Basic Policy. The Board of Directors of MPM does not believe that the Plan will impair the corporate value of MPM or the common interests of shareholders and will not act to maintain the positions of the executives of MPM, in particular due to 1, the Plan will be abolished immediately if a proposal to abolish the Plan is approved at a Shareholders' Meeting, and the intentions of shareholders are prioritized in the sense that the continuation of the Plan is contingent on shareholder approval, 2, the Plan requires the establishment of an Independent Committee maintaining a high level of independence, whose recommendation is required when taking countermeasures in all cases, and 3, the standards used to make decisions on whether to take, not to take, or to cancel a countermeasure has been established.

Consolidated statements of changes in shareholders' equity

From April 1, 2021 to March 31, 2022

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	36,561	8,555	10,967	(152)	55,932
Cumulative effects of changes in accounting policies			(168)		(168)
Restated balance	36,561	8,555	10,798	(152)	55,763
Changes during period					
Deficit disposition		(2,067)	2,067		–
Profit attributable to owners of parent			1,096		1,096
Purchase of treasury shares				(75)	(75)
Disposal of treasury stock			(0)	0	0
Net changes in items other than shareholders' equity					
Total changes during period	–	(2,067)	3,163	(75)	1,020
Balance at end of period	36,561	6,488	13,962	(228)	56,784

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	3,942	910	2,112	6,965	4	62,902
Cumulative effects of changes in accounting policies					(0)	(169)
Restated balance	3,942	910	2,112	6,965	4	62,733
Changes during period						
Deficit disposition						–
Profit attributable to owners of parent						1,096
Purchase of treasury shares						(75)
Disposal of treasury stock						0
Net changes in items other than shareholders' equity	745	42	5,069	5,858	0	5,859
Total changes during period	745	42	5,069	5,858	0	6,880
Balance at end of period	4,688	952	7,182	12,824	5	69,613

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

Notes to Consolidated Financial Statements

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

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 23

Names of major consolidated subsidiaries:	Mitsubishi Oji Paper Sales Co., Ltd. Kitakami HiTec Paper Corporation Diamic Co., Ltd. KJ Specialty Paper Co., Ltd. Mitsubishi Paper Holding (Europe) GmbH Mitsubishi HiTec Paper Europe GmbH

Hakuryo Paper Technology KK is excluded from the scope of consolidation due to its liquidation during the fiscal year under review.

(2) Names of major non-consolidated subsidiaries:

Names of major non-consolidated subsidiaries	MP Juarez, LLC.
Reason for exclusion from the scope of consolidation	The non-consolidated subsidiaries (7 companies) have been excluded from the scope of consolidation as they are all small in size and the amounts of total assets, net sales, profit or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest) do not materially impact the consolidated financial statements.

2. Matters related to the application of the equity method

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

Names of major equity method companies	MPM Oji Eco Energy Co., Ltd. Hyogo Clay Co., Ltd. Forestal Tierra Chilena Ltda.

(2) Names, etc. of non-consolidated subsidiaries and affiliates to which the equity method does not apply

Name of major company	MP Juarez, LLC.
Reason for not applying the equity method	The profit/loss (corresponding to the equity owned by the Company), retained earnings (corresponding to the equity owned by the Company), and other factors of the companies (12 companies) excluded from the application of the equity method have a negligible impact on the consolidated financial statements and lack overall significance.

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

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

3. Fiscal years of consolidated subsidiaries

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

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

The consolidated financial statements incorporate financial statements as of March 31 with adjustments necessary for consolidation for significant transactions arising during the period up to the date of consolidated settlement.

4. Notes regarding accounting policies

(1) Valuation standards and methods for important assets

(i) Securities

Available-for-sale securities

Securities other than shares, etc. without market value

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

Shares, etc. without market value

Stated at cost determined by the moving-average method

(ii) Derivative transaction

Stated at market value

(iii) Inventories

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

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

(2) Depreciation method for important depreciable assets

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

Buildings

Straight-line method

Property, plant and equipment excluding buildings

Straight-line method The declining-balance method is used for the MPM head office and other offices and certain of its subsidiaries. The straight-line method is applied for structures acquired from April 1, 2016.

(ii) Intangible assets (excluding leased assets)

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

(iii) Leased assets

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

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

(3) Accounting standards for significant allowances and provisions

(i) Allowance for doubtful accounts

To prepare for possible losses on uncollectible receivables held as of the end of fiscal year, the Company and its domestic subsidiaries provide allowances equal to the estimated amount of uncollectible receivables for general receivables based on historical rates and for specific receivables, including doubtful receivables, based on consideration of their individual collectability. Allowances for doubtful accounts at overseas subsidiaries are posted in accordance with applicable regulations of their respective countries.

(ii) Provision for share awards

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

(4) Accounting standards for significant revenues and expenses

The Group recognizes revenues through the following five steps:

Step 1: Identify the contract with the customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

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

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

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

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

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

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

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

(i) Standard for posting retirement benefit liability

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

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

Prior service costs are expensed based on the straight-line method for a certain number of years (eight to 15 years) within the average remaining years of service of employees when costs accrue from their service. Actuarial differences are expensed from the fiscal year following the year in which the expenses accrue, which are based on the straight-line method for a certain number of years (eight to 15 years) within the average remaining years of service of employees when actuarial differences accrue.

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

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

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

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

(iii) Significant hedge accounting

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

(iv) Application of a consolidated taxation system

The Company uses the consolidated taxation system.

(v) Application of tax effect accounting for transition from the consolidated taxation system to the group tax sharing system

The Company and certain of its domestic consolidated subsidiaries will shift from the consolidated taxation system to the group tax sharing system in the next fiscal year. However, in relation to the transition to the group tax sharing system, which is newly established under the Act for Partial Revision of the Income Tax Act and Other Acts (Act No. 8 of 2020) and the items regarding which the non-consolidated taxation system was reviewed in line with the transition to the group tax sharing system, the Company and certain of its domestic consolidated subsidiaries do not implement the provisions of Paragraph 44 of the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28; February 16, 2018) but comply with the provisions of the tax regulations prior to the revision with respect to amounts of deferred tax assets and deferred tax liabilities, in accordance with the treatment stipulated in Paragraph 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ PITF No.39; March 31, 2020).

From the beginning of the next fiscal year, the Company will apply “Handling of Accounting and Disclosure When Applying the Group Tax Sharing System” (Practical Issues Task Force No. 42, August 12, 2021), which specifies the handling of accounting treatment and disclose of income taxes and local income taxes when the group tax sharing system is applied.

(Changes of accounting policy)

(Adoption of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. since the beginning of the fiscal year under review and recognizes revenue in the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer.

A major change resulting from this is a change in the method of treating sales incentives from selling, general and administrative expenses to the amount determined by subtracting the estimated amount of change in a consideration for a transaction from the transaction price. For transactions in which the Group’s role in the sale of commodities or products to the customer is that of an agent, the Group previously recognized the total amount of the consideration received from the customer as revenue. However, the Group has changed to a method of recognizing revenue on a net basis deducting the amount paid to third parties from the total amount of the consideration.

The application of the Revenue Recognition Accounting Standard follows the provisional treatment provided for in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effects in case of retroactively applying the new accounting policy to before the beginning of the fiscal year under review are adjusted in retained earnings at the beginning of the fiscal year, and the new accounting policy is applied from this initial balance.

Notes and accounts receivable - trade, which was indicated under current assets in the consolidated balance sheets for the previous fiscal year, is included in notes receivable - trade and accounts receivable - trade and other indicated under current liabilities is included in contract liabilities and other from the fiscal year under review.

As a result, net sales, cost of sales, selling, general and administrative expenses, and non-operating expenses decreased 1,329 million yen, 1,162 million yen, 207 million yen, and 9 million yen, respectively, and operating profit, ordinary profit, and profit before income taxes increased 40 million yen, 49 million yen, and 49 million yen, respectively, in the consolidated statement of income for the fiscal year under review in comparison to those prior to the application of the Accounting Standard for Revenue Recognition.

With cumulative impacts reflected on net assets as of the beginning of the fiscal year under review, the initial balance of retained earnings in the consolidated statement of changes in equity decreased by 168 million yen.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company started applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the “Fair Value Measurement Accounting Standard”) and the implementation guidance on the Fair Value Measurement Accounting Standard from the beginning of the fiscal year under review. Accordingly, the Company will apply new accounting policies prescribed in the Fair Value Measurement Accounting Standard and the like in the future in accordance with transitional handling stipulated in Section 19 of the same Standard and Section 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application has no impact on the consolidated financial statements.

With respect to notes on financial instruments, the Company has decided to add notes including those regarding a breakdown of the fair value of financial instruments by fair value level.

(Changes in Method of Presentation)

(Consolidated Statements of Income)

"Insurance income" under "Extraordinary income," which was independently presented in the previous consolidated fiscal year, is included in "Other" in the current consolidated fiscal year, since it has become insignificant in terms of amount.

In addition, "Extra retirement payments," which was included in "Other" under "Extraordinary losses" in the previous consolidated fiscal year, is separately presented in the current consolidated fiscal year, since it has become significant in terms of amount.

(Notes to accounting estimates)

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

1. Whether recognition of Impairment loss on non-current assets is necessary

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

The Hachinohe site (property, plant and equipment of 44,795 million yen) centering on MPM's Hachinohe Mill in the paper and pulp business segment has recovered to a certain degree from a significant decrease in profit incurred in the previous fiscal year due to COVID-19.

However, a steep rise in prices of raw materials and fuel prevented a full recovery in profitability and consecutive operating losses were posted. Due to an indication of an impairment loss as a result, the Company has assessed the recognition of an impairment loss. As a consequence, the total amount of undiscounted future cash flow based on future business plans was estimated to exceed the book value of non-current assets in the asset group and consequently an impairment loss was not recognized.

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

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

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

Due to structural changes in the demand environment, the Company assumed that demand for key products would not return to the situation that prevailed prior to the COVID-19 pandemic and that sales volume would gradually decrease over the long run. Prices of raw materials and fuel are surging globally due in part to the Russian invasion of Ukraine and the estimates were made on the assumption that prices would remain at a high level after a decrease to a certain extent in the latter half of FY2022.

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

2. Recoverability of deferred tax assets

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

Deferred tax assets (net)	689 million yen

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

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

Estimation of future taxable income is based on future business plans.

The quantity of mainstay products sold in the paper and pulp business was estimated on the assumption that the condition would not return to that prior to the COVID-19 pandemic but would gradually decrease in the long run due to structural changes in the demand environment and that the impact of high prices raw materials and fuel would continue after some decrease in the latter half of FY2022.

The forecasts for sales volume in other businesses are based on assumptions that took into account trends in demand, economic conditions, and other factors.

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

(Notes on changes made to accounting estimates)

The Company changed the number of years in the expense period of actuarial differences in the accounting treatment of retirement benefits from 11 years to 10 years beginning in the fiscal year under review due to reduction of the average remaining years of service of employees.

As a result of this change, operating income, ordinary income and profit before income taxes each decreased 44 million yen in the fiscal year under review.

(Additional information)

(Solicitation for voluntary retirement)

At a meeting of the Board of Directors held on December 23, 2021, the Company passed a resolution to solicit voluntary retirement.

(1) Reason for solicitation for voluntary retirement

The Company faces particularly challenging circumstances due to a fall in demand for existing products and a surge in prices of raw materials and fuel. While it is currently striving to change its business structure by building new businesses and instituting a range of cost cutting measures, the market for its existing businesses is likely to continue to contract in the coming years. The Company, therefore, considers personnel rationalization inevitable and decided to solicit voluntary retirement.

(2) Outline of the solicitation for voluntary retirement

(1) Applicable Company:	Mitsubishi Paper Mills Limited
(2) Range of voluntary retirement:	Full-time employees aged 40 years and above (excluding blue-collar workers) as of April 1, 2022.
(3) Number of applicants solicited:	60
(4) Application Period:	June 1 through June 13, 2022 (tentative)
(5) Date of retirement:	July 20, 2022 (plan)
(6) Preferential treatment:	An additional amount will accompany the regular retirement allowance. The Company will support any who apply for assistance in their career transition via a re-employment support company.

(3) Future Outlook

The additional retirement benefits and other expenses incurred due to the solicitation will be posted as an extraordinary loss in the next consolidated fiscal year.

(Performance-linked stock remuneration plan)

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

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

(1) Transaction overview

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

(2) Treasury shares remaining in the trust

The Company's shares remaining in the trust are recorded at the book value (excluding all incidental expenses) in the section of net assets as treasury shares in the trust. The book value and number of these treasury shares were 75 million yen and 203,600 shares, respectively, as of March 31, 2022.

(Notes to the Consolidated Balance Sheet)

1. Collateral assets

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

Collateral assets

Machinery, equipment and vehicles	708 million yen

Collateralized loans

Long-term borrowings (including current portion)	708 million yen

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

Buildings and structures	11,074 million yen
Machinery, equipment and vehicles	10,799 million yen
Land	9,127 million yen
Others	41 million yen
Total	31,042 million yen

2. Accumulated depreciation on property, plant and equipment totaled 405,353 million yen

3. Reduction entry of non-current assets 1,740 million yen

4. Liabilities on guarantee

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

Employees (property accumulation residence fund loans, etc.)	256 million yen
Other: 1 account	8 million yen
Total	264 million yen

5. Retroactive obligations for securitization of receivables 1,405 million yen

(Notes to consolidated statements of income)

1. Impairment losses

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

Location	Use	Type	Impairment losses
Tsukuba, Ibaraki	Assets to be disposed of	Land and Buildings	626 million yen
Shirakawa, Fukushima	Idle assets	Buildings, machinery and equipment, etc.	492 million yen
Nagaokakyo, Kyoto	Idle assets	Machinery and equipment, etc.	186 million yen
Hachinohe, Aomori	Idle assets	Buildings and structures, etc.	12 million yen

The book value of assets to be disposed of and idle assets was reduced to a recoverable amount and the reduced amount was recognized as an impairment loss under extraordinary losses. The said recoverable amount is measured at the net sales value. The assets to be disposed of were assessed based on rational selling price estimates and the book value of the idle assets was reduced to the memorandum value.

(Notes to the consolidated statements of changes in equity)

1. Class and number of issued shares

Class of shares	At the beginning of the fiscal year ended March 31, 2022	Increase	Decrease	At the end of the fiscal year ended March 31, 2022
Common shares	44,741,433	–	–	44,741,433

2. Dividends

(1) Cash dividends paid

Not applicable.

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

Not applicable.

(Notes to financial instruments)

1. Matters related to the status of financial instruments

(1) Policies on the use of financial instruments

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

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

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

Stocks that are investment securities are exposed to the risk of fluctuations in market prices. They largely consist of shares in companies with which the Group has business relationships, whose market value is periodically checked.

Notes and accounts payable - trade and electronically recorded obligations - operating, which are operating payables, mature in less than one year.

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

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

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

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

The fair values of financial instruments are based on market prices, or if market prices are not available, are based on rational valuations. Since the calculations of fair values include variable factors, fair values could change when different assumptions are used.

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

The balance sheet amount and fair value of each category of financial instruments, and the difference between them as of March 31, 2022 are shown in the table below. Stocks and others without a quoted market price are not included in the table below. (Please refer to (Note 2))

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

(Million yen)

	Consolidated balance sheet amount	Market value	Difference
(1) Investment securities Available-for-sale securities	14,609	14,609	–
Total assets	14,609	14,609	–
(2) Long-term borrowings (including the current portion of long-term borrowings) (Note 1)	41,072	41,171	98
Total liabilities	41,072	41,171	98
(3) Derivative transactions	–	–	–

(Note 1) The current portion of long-term loans payable (11,112 million yen on the consolidated balance sheet) is included.

(Note 2) Unlisted shares without market price (5,259 million yen on the consolidated balance sheet) are not included in (1) available-for-sale securities under investment securities due to the absence of market prices.

3. Breakdown of financial instruments by level of market value

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

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

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

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

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

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

Classification	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities Available-for-sale securities Stocks	14,609	–	–	14,609
Total assets	14,609	–	–	14,609
Derivative transaction Related to interest rates	–	–	–	–
Derivative transaction	–	–	–	–

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

Classification	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (including the current portion of long-term borrowings)	–	41,171	–	41,171
Total liabilities	–	41,171	–	41,171

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

Investment securities

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

Derivative transaction

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

Long-term borrowings

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

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

Long-term borrowings to which interest swaps subject to specified hedge accounting treatment (see the above "derivative trading") apply are calculated using the total amount of the principal and interest treated together with the interest rate swaps. These are classified to Level 2 market value.

(Notes to rental properties)

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

(Notes to revenue recognition)

1. A breakdown of revenue generated from contracts with customers (Million yen)

	Reportable Segments					Others (Note)	Total
	Paper and pulp business	Imaging media business	Specialty materials business	Warehouse and transportation business	Total		
Japan	94,701	10,313	9,277	5,155	119,447	3,502	122,949
Europe	27,451	2,375	391	–	30,218	–	30,218
Asia	6,271	2,570	5,457	–	14,298	–	14,298
North America	0	11,825	205	–	12,031	–	12,031
Others	1,709	474	58	–	2,242	–	2,242
Revenue from contracts with customers	130,134	27,558	15,389	5,155	178,238	3,502	181,741
Other revenue	179	–	–	–	179	–	179
Sales to external customers	130,313	27,558	15,389	5,155	178,418	3,502	181,920

(Note) The category, others, is a business segment not included in reportable segments, which mainly includes the engineering business.

2. Basic information for understanding revenue from contracts with customers

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

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

(1) Balance, etc. of contract liabilities

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

(2) Transaction prices allocated to outstanding performance obligations

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

(Notes on per share information)

(1) Net assets per share 1,565.88 yen

(2) Profit per share 24.62 yen

Statements of changes in shareholders' equity

From April 1, 2021 to March 31, 2022

(Million yen)

	Shareholders' equity					
		Capital surplus		Retained earnings		
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of the period	36,561	10,161	10,161	17	(2,084)	(2,067)
Cumulative effects of changes in accounting policies					(74)	(74)
Restated balance	36,561	10,161	10,161	17	(2,158)	(2,141)
Changes during period						
Deficit disposition		(2,067)	(2,067)	(17)	2,084	2,067
Profit					1,793	1,793
Purchase of treasury shares						
Disposal of treasury stock					(0)	(0)
Net changes in items other than shareholders' equity						
Total changes during period	–	(2,067)	(2,067)	(17)	3,877	3,860
Balance at end of period	36,561	8,094	8,094	–	1,719	1,719

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the period	(108)	44,547	2,313	2,313	46,861
Cumulative effects of changes in accounting policies		(74)			(74)
Restated balance	(108)	44,473	2,313	2,313	46,786
Changes during period					
Deficit disposition		–			–
Profit		1,793			1,793
Purchase of treasury shares	(75)	(75)			(75)
Disposal of treasury stock	0	0			0
Net changes in items other than shareholders' equity			559	559	559
Total changes during period	(75)	1,718	559	559	2,277
Balance at end of period	(184)	46,191	2,873	2,873	49,064

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

Notes to specific items

(Notes on significant accounting policies)

1. Asset valuation standards and valuation method

(1) Valuation standards and valuation methods for securities

(i) Shares in subsidiary and affiliated companies

Stated at cost determined by the moving-average method

(ii) Other securities

Securities other than shares, etc. without market value

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

Shares, etc. without market value

Stated at cost determined by the moving-average method

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

(3) Valuation standards and valuation methods for inventory assets

Merchandise and finished goods:	Cost method through periodic average method
Work in process:	Cost method through periodic average method
Raw materials and supplies:	Cost method determined by the moving average method.

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

2. Depreciation method for non-current assets

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

Buildings

Straight-line method

Property, plant and equipment other than buildings: Straight-line method

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

(2) Intangible assets

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

(3) Leased assets

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

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

3. Standards on recognition of provisions

(1) Allowance for doubtful accounts

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

(2) Provision for retirement benefits

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

Prior service costs are expensed based on the straight-line method for a certain number of years (10 years) within the average remaining years of service of employees when costs accrue from their service. Actuarial differences are expensed from the business year following the year in which the expenses accrue, which are based on the straight-line method for a certain number of years (10 years) within the average remaining years of service of employees when actuarial differences accrue.

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

(3) Provision for share awards

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

4. Accounting standards for significant revenues and expenses

The Company recognizes revenues through the following five steps:

Step 1: Identify the contract with the customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

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

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

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

Transaction prices are calculated by subtracting sales incentives from the amount of promised consideration in contracts with customers. Considerations for transactions are received within one year from the fulfillment of performance obligations and important financial factors are not included.

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

5. Hedge accounting method

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

6. Accounting treatment of retirement benefits

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

7. Application of a consolidated taxation system

The Company uses the consolidated taxation system.

8. Application of tax effect accounting for transition from the consolidated taxation system to the group tax sharing system

The Company will shift from the consolidated taxation system to the group tax sharing system in the next business year. However, in relation to the transition to the group tax sharing system, which is newly established under the Act for Partial Revision of the Income Tax Act and Other Acts (Act No. 8 of 2020) and the items regarding which the non-consolidated taxation system was reviewed in line with the transition to the group tax sharing system, the Company and certain of its domestic consolidated subsidiaries do not implement the provisions of Paragraph 44 of the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28; February 16, 2018) but comply with the provisions of the tax regulations prior to the revision with respect to amounts of deferred tax assets and deferred tax liabilities, in accordance with the treatment stipulated in Paragraph 3 of the Practical Solution on the Treatment

of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ PITF No.39; March 31, 2020).
From the beginning of the next business year, the Company will apply Handling of Accounting and Disclosure When Applying the Group Tax Sharing System (Practical Issues Task Force No. 42, August 12, 2021), which specifies the handling of accounting treatments and the disclosure of income taxes and local income taxes when the group tax sharing system is applied.

(Changes of Accounting Policy)

(Adoption of the Accounting Standard for Revenue Recognition, etc.)

The Group has decided to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. from the beginning of the fiscal year under review and recognize revenue from goods or services which the Group promised to provide at an amount expected to be received in exchange for the goods or services at the time when control over the promised goods or services has been transferred to a customer.
A major change resulting from this is a change in the method of treating sales incentives from selling, general and administrative expenses to the amount determined by subtracting the estimated amount of change in a consideration for a transaction from the transaction price.
The application of the Revenue Recognition Accounting Standard follows the provisional treatment provided for in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effects in case of retroactively applying the new accounting policy to before the beginning of the fiscal year under review are adjusted in retained earnings at the beginning of the fiscal year, and the new accounting policy is applied from this initial balance.
Notes and accounts receivable - trade, which were indicated under current assets, are included in notes receivable - trade and accounts receivable - trade and advances received indicated under current liabilities are included in contract liabilities from the business year under review.
As a result, in comparison with the statements prior to the application of the Accounting Standards for Revenue Recognition, net sales increased 107 million yen and cost of sales and selling, general and administrative expenses decreased 45 million yen and 22 million yen, respectively, and operating income, ordinary income, and profit before income taxes increased 39 million yen each in the statement of income for the business year under review.
The initial balance of retained earnings in the statement of changes in equity decreased 74 million yen due to the application of cumulative effect to net assets as of the beginning of the business year under review.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. since the beginning of the business year under review and will apply the new accounting principles set forth in the Accounting Standard for Fair Value Measurement, etc. in the future by following the transitional treatment specified in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This will not affect the financial statements.

(Changes in Method of Presentation)

(Statements of Income)

"Provision of allowance for doubtful accounts for subsidiaries and associates," which was included in "Other" under "Extraordinary losses" in the previous fiscal year, is separately presented in the current fiscal year, since it has become significant in terms of amount.

(Notes to accounting estimates)

Items whose amounts are reserved in the financial reports for this fiscal year due to the accounting estimate and that may have a major impact on the financial reports for the following fiscal year are as follows:
1. Whether recognition of Impairment loss on non-current assets is necessary
(1) Amounts recorded in the financial statements for the current fiscal year

Property, plant and equipment (Hachinohe Mill)	39,858 million yen
Impairment loss	- million yen

(2) Information on accounting estimates

Notes are omitted due to the inclusion of the same information in Notes on changes made to accounting estimates in the table of

Notes to Consolidated Financial Statements.

2. Deferred tax assets

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

Deferred tax assets (net) 2,895 million yen

(2) Information on accounting estimates

Notes are omitted due to the inclusion of the same information in Notes on changes made to accounting estimates in the table of Notes to Consolidated Financial Statements.

(Notes on changes made to accounting estimates)

The Company changed the number of years in the expense period of actuarial differences in the accounting treatment of retirement benefits from 11 years to 10 years beginning in the business year under review due to a reduction in the average remaining years of service of employees.

This change resulted in operating income, ordinary income, and profit before income taxes all decreasing 44 million yen each.

(Additional information)

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

(Notes to balance sheet)

1. Collateral assets

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

Buildings	8,459 million yen
Structures	1,458 million yen
Machinery and equipment	10,396 million yen
Vehicles	15 million yen
Tools, furniture and fixtures	41 million yen
Land	8,855 million yen
Total	29,227 million yen

2. Accumulated depreciation on property, plant and equipment totaled 281,769 million yen

3. Guarantee obligations, etc.

(i) Guarantee for borrowings from financial institutions through asset-building savings system of the Company’s employees 256 million yen

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

Mitsubishi HiTec Paper Europe GmbH	6,096 million yen
Hachinohe Paper Processing Co., Ltd.	708 million yen
Mitsubishi Imaging (MPM), Inc.	122 million yen
Two other companies	48 million yen
Total	6,975 million yen

4. Monetary claims and liabilities to affiliated companies

Short-term monetary claims	40,906 million yen
Long-term monetary claims	3,393 million yen
Short-term monetary obligations	6,988 million yen

(Notes to statement of income)

1. Transactions with subsidiaries and associates

Net sales	63,004 million yen
Cost of sales and selling, general and administrative expenses	26,164 million yen
Volume of trade arising from other than business transactions	12,686 million yen

2. Impairment losses

An Impairment loss was posted for the following asset group.

Location	Use	Type	Impairment losses
Tsukuba, Ibaraki	Assets to be disposed of	Land and Buildings	626 million yen
Shirakawa, Fukushima	Idle assets	Buildings, machinery and equipment, etc.	476 million yen
Nagaokakyo, Kyoto	Idle assets	Machinery and equipment, etc.	186 million yen

The book value of assets to be disposed of and idle assets was reduced to a recoverable amount and the reduced amount was recognized as an impairment loss under extraordinary losses. The said recoverable amount is measured at the net sales value. The assets to be disposed of were assessed based on rational selling price estimates and the book value of the idle assets was reduced to the memorandum value.

(Notes on statements of changes in shareholders' equity)

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

Class of shares	At the beginning of the fiscal year ended March 31, 2022	Increase	Decrease	At the end of the fiscal year ended March 31, 2022
Common shares	72,439	204,641	73	277,007

(Notes) 1. The number of shares of the Company's common stock held as treasury shares includes shares of the Company's stock held by the Executive Compensation BIP Trust (203,600 shares at the end of business year under review).

2. Overview of reason of change

The breakdown of the increase is as follows:

Increase due to demand for purchases of shares of less than one unit	1,041 shares
Increase in the purchase of treasury shares by the Executive Compensation BIP Trust	203,600 shares

The breakdown of the decrease is as follows:

Decrease due to demand for increased purchase of shares of less than one unit	73 shares

(Notes to tax effect accounting)

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

Deferred tax assets	
Accrued expenses	137 million yen
Provision for retirement benefits	2,551 million yen
Accumulated impairment of non-current assets	781 million yen
Loss on valuation of investments in capital of subsidiaries and associates	5,278 million yen
Loss on valuation of shares of subsidiaries and associates	1,708 million yen
Tax losses carried forward	1,268 million yen
Others	1,936 million yen
Subtotal of deferred tax assets	13,661 million yen
Valuation allowance related to tax losses carried forward	-683 million yen
Valuation allowance related to deductible temporary differences	-9,298 million yen
Valuation allowance subtotal	-9,981 million yen
Total deferred tax assets	3,679 million yen
Deferred tax liabilities	
Gain on contribution of securities to retirement benefit trust	-15 million yen
Valuation difference on available-for-sale securities	-652 million yen
Others	-115 million yen
Total deferred tax liabilities	-783 million yen
Net deferred tax assets	2,895 million yen

(Notes to related party transactions)

1. Subsidiaries and associates

Type	Company name	Percentage of voting rights	Relationship with related party	Content of the transaction	Transaction value	Item	Balance at end of period
Subsidiary		%			Million yen		Million yen
	Mitsubishi Oji Paper Sales Co., Ltd.	Direct: 99.9 Indirect: –	Sales agency for paper Lease a part of real estate Executives may hold concurrent positions.	Sale of paper, pulp, pharmaceuticals, etc. (*Note 1)	51,570	Accounts receivable - trade	16,115
				Group finance transaction (*Notes 1 and 2)	4,273	Short-term loans receivable	4,273
	Kitakami HiTec Paper Corporation	Direct: 100.0 Indirect: –	Purchase of products of Kitakami HiTec Supply of raw materials Executives may hold concurrent positions.	Purchase of merchandise, etc. (*Note 1)	11,218	Accounts payable - trade	1,084
				Supply of raw materials (*Note 1)	7,242	Accounts receivable - other	1,136
				Collection of funds (*Note 1)	3,899	Short-term loans receivable	3,179
				Loans of funds (*Note 1)	3,179		
				Group finance transaction (*Notes 1 and 2)	1,123	Short-term loans receivable	1,665
	Mitsubishi HiTec Paper Europe GmbH (*Note 3)	Direct: – Indirect: 100	Funding and technological assistance for business operation in Europe Executives may hold concurrent positions.	Collection of funds (*Notes 1 and 4)	1,129	Short-term loans receivable	4,743
				Loans of funds (*Notes 1 and 4)	4,743		
	Mitsubishi Imaging (MPM), Inc.	Direct: 100.0 Indirect: –	Sale of the Company's photosensitive materials, print sensitive materials and IJ paper for North, Central, and South America Executives may hold concurrent positions.	Sale of paper and platemaking materials for photographs and printing (*Note 1)	5,514	Accounts receivable - trade	2,594
	MPM OJI Home Products Co., Ltd.	Direct: 70.0 Indirect: –	Purchase of products of Kitakami HiTec Supply of raw materials Executives may hold concurrent positions.	Collection of funds (*Note 1)	816	Short-term loans receivable	466
				Loans of funds (*Note 1)	224	Long-term loans receivable	2,178
Associates	MPM Oji Eco Energy Co., Ltd.	Direct: 45.0 Indirect: –	Loans, etc. provided by the Company Executives may hold concurrent positions.	Collection of funds (*Note 1)	450	Long-term loans receivable	1,215

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

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

(*Note 3) Mitsubishi HiTec Paper Europe GmbH is a subsidiary of Mitsubishi Paper Holding (Europe) GmbH.

(*Note 4) Allowance for doubtful accounts of 1,572 million is posted for loans receivable to Mitsubishi HiTec Paper Europe GmbH.
In addition, provision of an allowance for doubtful accounts of 1,572 million yen is posted in the fiscal year under review.

(Note 5) Guarantee obligations are listed in the notes to the balance sheet in the notes to specific items, and are operated under general terms of business.

2. Sister companies

Type	Company name	Percentage of voting rights	Relationship with related party	Content of the transaction	Transaction value	Item	Balance at end of period
Subsidiaries of other associates		%			Million yen		Million yen
	OCM Fiber Trading Co., Ltd.	Direct: 14.0 Indirect: –	Sale of imported chips to the Company	Purchase of imported chips (*Note 1)	13,114	Accounts payable - trade	–
	Oji F-Tex Co., Ltd.	None	A capital and business alliance has been established with the corporate group.	Business transfer (*Note 2)	840	–	–

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

(*Note 2) The business transfer is a transaction involving a press board business (excluding the A Board business using wholly aromatic polyamide as a raw material), and the consideration for the business is determined through considerations between the two companies using future estimated revenue as a reference.

(Notes to revenue recognition)

Basic information for understanding revenue from contracts with customers

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

(Notes on per share information)

(1) Net assets per share	1,103.46 yen
(2) Profit per share	40.26 yen