

COMPANY STATEMENT

April 16, 2025

Statement by Fujitaka Mizushima, Managing Director of Mitsubishi HiTec Paper Europe GmbH, regarding the planned restructuring and rumors in the press

To whom it may concern,

Since entering the German market in 1999, Mitsubishi Paper Mills Limited (hereinafter MPM) has supported the business of Mitsubishi HiTec Paper Europe GmbH (hereinafter MPE) in Germany through repeated investments, technical support and other measures to continue the business in Bielefeld. In recent years, the financial results were very poor due to intensifying international competition and soaring energy prices. Therefore, MPM have provided additional investment of more than 100 million euros to ensure business continuity.

Due to insufficient and inappropriate business management in the past, and under the given labor law requirements, MPE's financial results have remained at low levels. From 2024 after I come to MPE as managing director, we have been working to improve profitability by reviewing our inventory strategy, including the construction of a new warehouse for finish goods, and by reducing costs with reviewing various contracts. However, we are not yet in a position to secure profits due to intensifying international competition.

There are concerns that demand for thermal paper, our main product, will shrink. The new coalition government in Berlin has announced that it wants to abolish the compulsory issuance of receipts for retailers introduced in 2020. In addition, the future market conditions are uncertain, including the tariff policy in the United States. However, the productivity of the main paper machines and coating machines introduced after MPM's investment are competitive against other competitors. It is possible to revitalize the company into a profitable company by reducing costs and improving efficiency through a fundamental review of all operations, making effective use of competitive facilities, and focusing on profitable markets and products.

Unfortunately, the Flensburg plant, which was sold in 2023, went bankrupt in January this year. I believe that Bielefeld mill can be revitalized. My plan is to carry out the necessary restructuring in the most socially responsible manner possible, naturally taking all legal requirements into account, and I want a constructive dialogue with the works council and trade unions. With the understanding of the labor-management council and the labor union, we will transition to a new structure as soon as possible, revitalize it into a competitive and sustainable company, so that we can continue to contribute to the local community of Bielefeld. We will stay as a member of Bielefeld continuously.

I hope all stakeholders show us their understanding.

Yours sincerely,

Fujitaka Mizushima
Managing Director
Mitsubishi HiTec Paper Europe GmbH