

Message from the President



With Forest, For the Planet

What is forest? What are its functions? And what value do forests provide?

For a long time, we have been using wood from forests to manufacture paper for communication.

However, this role is diminishing with the growing shift to digital media.

Despite this headwind, paper remains an essential item in household products, such as toilet rolls.

In addition, the use of paper's wrapping function for packaging is becoming increasingly important due to the move toward environmentally friendly products.

Moreover, wood can be used to manufacture plastics and fuel.

The potential of wood is immeasurable.

Unlike fossil resources forests are renewable and sustainable.

Forests are harvested but replanted. And regenerated.

Papers are also recycled into paper.

All these actions are from so many years ago!

With Forest, For the Planet.

Business activities considering the global environment.

Up till now and from now on, Oji will continue.

Representative Director of the Board
President and Group CEO
Oji Holdings Corporation

Hiroyuki Isono

A History of Business Activities Rooted in Forest Resources

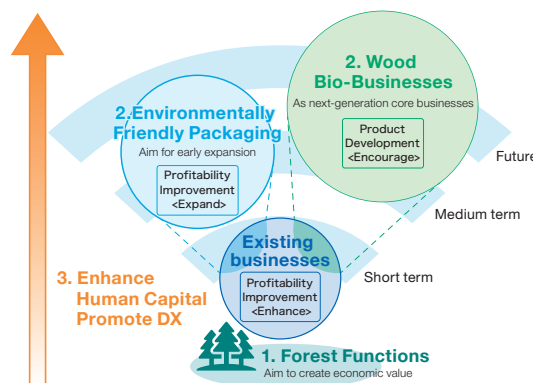
—A pioneer in resource recycling and sustainability management—

In 1873, the Group's predecessor, Shoshi Kaisha, was established. At the time, the raw materials used were the rags of used clothes collected in urban areas. Recycling valuable resources and delivering products to society is the wellspring from which the Oji Group was founded. Thereafter, the Group opened Keta Mill (1889) in the Tenryu River basin in Shizuoka Prefecture and Chubu Mill (1899) to manufacture paper from wood resources to meet growing demand. The Group's forest plantation business began around 1893 in the same basin, and by 1914 it owned approximately 1,700 ha of forests.

Ginjiro Fujiwara, who served as the company's president from 1920, advocated "those who use trees are responsible for planting them." Drawing its motivation from these words, the Oji Group has continued to strengthen its forest plantation business. The trees that we plant blossom into lush forests that nurture clean water and air, provide habitats for a variety of organisms, prevent landslides, and bring well-being to people.

Long before the word "sustainable" became mainstream,

The Oji Group's initiatives for sustainable growth



the Oji Group engaged in the development and maintenance of businesses deeply rooted in forest resources. I strongly believe that these business activities, grounded in "sustainable forest management" and the "circular use of renewable resources" are the mainstay strengths of today's Oji Group. I am convinced that in continuing to follow this path, we can make a significant contribution to the realization of carbon neutrality, nature positivity, and circular economy.

In 2022, we codified our Purpose, clarifying our commitment to "grow and manage the sustainable forest, develop and deliver the products from these renewable forests, and Oji will bring this world a brighter future filled with hope." Against this and the backdrop of an extensive history since our founding, I feel there is ample potential to bring extremely important value through coexistence with the environment and society going forward, and to solve environmental problems on a global scale, or simply put, to make a significant contribution to the earth and its future by continuing to do what is often taken for granted.

The question then is how to make the most of the potential of forests. Looking back on our history to date, I would therefore like to comment on the path to sustainable growth to which we aspire.

[1. Forest Functions]

Up Till Now and From Now On Nature Positive Management

An increasingly harsh global environment and shifting conditions that surround forests

In considering the future of our business, it would be imprudent to ignore that the burden humankind has imposed on the environment might have reached a saturation point. There is an undeniable concern that we are entering a crisis period during which we will exceed planetary boundaries* and have reached certain limits with respect to climate change and biodiversity loss. Against the backdrop of a world destabilized by social and ecological change, the concept of businesses as going concerns is in jeopardy. Here, the future of humanity is dependent on growth within a safe

functional environment (within the confines of critical threshold values).

Amid the increasingly severe global environment, the impact placed on forests by environmental change has accelerated over the past few years. As such, deliberations on forests are at an all-time global high. Triggered by the adoption of the Kunming-Montreal Global Biodiversity Framework at the 15th meeting of the Conference of the Parties (COP15) to the Convention on Biological Diversity held in December 2022, we are witnessing the full-fledged flow of nature positive-related funds. Growth within the confines of planetary boundaries does not limit our efforts to promote innovation. Rather, it is an opportunity to demonstrate the uniqueness and characteristics of our business.

Toward forest value demonstration and quantitative assessment of natural capital value

— Economic value of company-owned forests in Japan approximately ¥550 billion annually —

In addition to their economic contribution through the manufacture of timber and specialty forest products, forests serve multifaceted functions. Through the absorption and fixation of CO₂, forests contribute to carbon neutrality. As a habitat for a broad range of flora and fauna, this contribution extends beyond biodiversity conservation to play a major role in promoting the nature positive concept.

Those who believe that these represent the principal functions of forests are not insignificant in number. However, there are in fact additional important functions. These encompass the elements of "soil" and "water." Soil is formed over a long period of time by the activities of living organisms, which in turn helps to support and nourish these same organisms. Forest soil is rich in pore space. The forest floor itself is protected by fallen leaves, branches, and vegetation, ensuring that rainwater does not collect on the surface, but seeps into the ground. Tree roots also help to tie the surface layer of soil together. In this manner, forests serve an "erosion management function," which can be assessed in such individual terms as "soil conservation" and "landslide prevention." Forest soil therefore facilitates the flow

* Planetary boundaries: A concept that identifies the environmental thresholds for safe activities within which humanity can survive.

of rainwater into the ground as well as slow runoff, thereby mitigating the risk of floods while stabilizing river flows. Moreover, water that flows out of forests is less turbid, contains a moderate amount of minerals, and is close to neutral. Accordingly, water has a “water resource cultivation function” that alters the volume and quality of water in rivers, a role that is indispensable for humans and other living organisms.

Even with the aforementioned in mind, forests offer immeasurable potential, facilitating the circulation of substances through the decomposition of soil organisms. Taking all of these factors into consideration, the Oji Group will advance businesses that can maximize the value of forests, paying particular attention to the five key elements of CO₂, biodiversity, nutrition, soil, and water. In October 2022, we established the Oji Forest Value-Creation & Promotion Department to develop new businesses based on company-owned forests. In concert with academia and start-ups, we will quantitatively evaluate the value of our natural capital (capital formed by nature, such as forests, soil, water, atmosphere, and biological resources), and promote measures with a view to introducing natural capital accounting. To quantitatively evaluate the value of natural capital, we first calculated the economic value of the multifaceted functions of the 190,000 ha of forests owned by the Company in Japan using the Forestry Agency of Japan's methodology, which came to approximately ¥550 billion annually. Looking ahead, we will take up the challenge of reflecting regional characteristics, improving accuracy, and adding value from various new perspectives, not only for our forests in Japan but also those overseas. We will also tackle the issue of creating new natural capital credits following CO₂ and strive to influence the formulation of global standards.

Global collaboration aimed at solving global issues

Based on these initiatives, we recognize the importance of working with global partners to formulate standards for the introduction of natural capital accounting. In FY2023, Oji Holdings endorsed the statement on climate-related disclosure standards issued by the International Financial Reporting Standards (IFRS) Foundation

and the International Sustainability Standards Board (ISSB) in the lead-up to the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28) in November 2023. Running in parallel, we joined the International Sustainable Forestry Coalition (ISFC) with other global forestry-related companies in September 2023. ISFC member companies manage more than 13.1 million ha of forest in 33 countries around the world. Working with global companies that share forest-related issues, we will endeavor to bring the ISFC's vision of to see forests and forestry become central to the global transition to a sustainable and growing circular bioeconomy.

Transcending industries and countries, coupled with lateral collaboration on a global scale, is critical to resolving global issues. I participated in several international forums during FY2023, which again brought home the importance of global collaboration. Entering 2024, I took part in a special meeting of the World Economic Forum in April and the UN Forum on Forests in May. Each was an opportunity to deepen discussions on worldwide issues surrounding forests from a global perspective. The Oji Group is also deepening personal exchanges with companies and organizations in various countries. In addition to the development of business, I believe that these initiatives provide a conduit for creating new value on a global scale. I would hope that by sending Group executives from Japan and overseas to international



Speech at COP28 (November 2023)

conferences, we will be better placed to grasp opportunities.

[2. Environmentally Friendly Packaging and Wood Bio-Businesses]

Working toward the Early Expansion of Environmentally Friendly Packaging and Nurturing the Wood Bio-Businesses into a Core Segment

Changes in the business environment and Long-term Vision

Looking at the Company's current operating environment, domestic demand for newsprint, as well as printing and publication paper, which have long served as the backbone of its business, continues to exhibit a sharp decline owing to the growing interest in digitalization. In FY2023, demand for newsprint was 60% lower than the peak in 2005. And in similar fashion, demand for printing and publication paper has declined 53% compared with the peak recorded in 2006. Amid the overall downturn in Japan's population, we recognize the need to accelerate the pace of overseas business expansion, while capturing the demand for industrial material application paper, including corrugated containers and packaging paper where interest remains relatively firm, as well as for such household applications as tissue and toilet paper.

Casting an eye outside Japan, in Southeast Asia, an area of particular focus, China has gained momentum over the past few years. Unlike in the past when we could capture a share simply by increasing investments and expanding facilities, the questions now are how to best secure profitability while maintaining a competitive advantage amid an increasingly competitive environment, how to carefully identify promising markets over the long term and make timely investment decisions, and how to deal with soaring raw material prices, fluctuations in foreign currency exchange rates, and geopolitical risks that could lead to disruptions in the supply chain. To expand our business in growing overseas markets, it is therefore vital that we become increasingly sensitive to shifts in global conditions.

Message from the
PresidentRisks and
Opportunities

Long-term Vision

Initiatives That Link the
Past to the FutureFY2022–2024 Medium-term
Management Plan and ProgressMessage from the Director in
Charge of Finance

As a stepping stone toward achieving its Long-term Vision for FY2030, Oji Holdings formulated a medium-term management plan covering the period from FY2022 to FY2024. Currently, we are experiencing a succession of megatrends, including the shift to a recycling-oriented society, declining birth rates and aging populations in developed countries, and mounting international political and social risks. Against this backdrop, Oji Holdings, which maintains large facilities and operates in the equipment sector, requires two to three years from the strategic investment decision-making phase and restructuring of its production system to securing a return on its investment. Taking into consideration these features, we formulated a vision that looks further into the future and backcasted to identify specific measures for the medium-term management plan. Guided by this plan, we will move forward in earnest.

The overarching slogan of our Long-term Vision is “Toward Further Growth and Evolution.” All living organisms age after they stop growing, which one could argue is an analogy for the continuing decline in demand for newsprint and printing paper. As such, “Growth” alone in the same type of business will eventually reach its limit. Meanwhile, organisms adapt to their environment by “Evolution,” changing from one generation to the next to become a new species. Again, drawing from this analogy, companies must also change and enhance their capabilities while expanding into new areas. Rallying to the slogan “Toward Further Growth and Evolution,” we will carry out the three basic initiatives of profitability improvement, environmental issues, and product development in a bid to secure consolidated net sales of ¥2.5 trillion or more and achieve our “Environmental Action Program 2030.” Based on the forests that are the core of our business, we will enter new fields that transcend existing businesses, such as environmentally friendly packaging, and while looking even further into the future, steadily nurture next-generation core business through the development of new materials derived from wood. Environmentally friendly paper products and new materials such as ethanol and biomass plastics have the potential to replace fossil resource-derived materials and products. With this

in mind, we believe we can make a significant contribution to the transition to a sustainable society through our business.

Issues and measures aimed at achieving our vision

<Profitability improvement initiatives –Environmentally friendly packaging>

To improve profitability, we are increasing value by enhancing our operations through productivity improvements and cost reductions (“Enhance”). At the same time, we are undertaking strategic investments, including M&As, and expanding the scale of our operations (“Expand”). The effects of investments undertaken under our Medium-term Management Plan are beginning to emerge. In addition to the corrugated container business growth in Southeast Asia and India, positive steps are being taken to expand the Group’s business in Europe, where our profile has been historically low. This includes the acquisitions of IPI S.r.l. and Walki Holding Oy and the establishment of a regional headquarters in Europe.

Walki Holding Oy, in particular, plays a major role in the Group, serving as a foothold for the global expansion of environmentally friendly products. The Japanese market, where price remains an important factor in how packaging is perceived, trails the trends in Europe and other regions that focus on plastic- and fossil fuel-free packaging in the environmentally friendly domain. Under these circumstances, we will put forward environmentally friendly sustainable packaging solutions that combine the Group’s technologies with those of Walki Holding Oy, a leading packaging materials converter that stands at the forefront of efforts to address environmental regulations in Europe and work to expand global sales.

Furthermore, we will continue to refine our competitive advantage by putting in place an integrated materials and processing system for corrugated containers while also leveraging synergies between businesses and bases in the label printing and packaging businesses. In Japan, we will engage in concentrated investments to improve profitability. This includes expanding new machine capacity for the films used in EV capacitors.

Complementing these endeavors, we will undertake the

disposal of unnecessary assets while streamlining other assets. Meanwhile, we will provide appropriate and stable shareholder returns in line with our profitability.

<Product development initiatives – Wood bio-businesses>

The Oji Group is working to “Encourage” and develop new products in a bid to further enhance value. In specific terms, we are engaging in product development (green innovation). New materials derived from wood are taken from inedible, sustainable timber and as such are not directly related to food issues, and are manufactured using the existing process of making pulp from wood. We have developed the necessary technologies at the laboratory level and have a picture of how to employ existing assets, including plants and plant operators. The question now is how to undertake the capital investments needed to proceed to commercialization in the pursuit of scale economies. Plans are in place to commence operations at a pilot facility to manufacture sugar solutions and ethanol derived from wood within FY2024. Here, we will continue to focus on this initiative as a key step to entering a new area of business.

<Environmental issue initiatives>

The Oji Group recognizes that the need to “Execute” measures aimed at addressing environmental issues and further enhancing value is critical in efforts to contribute to a sustainable society. While previously detailing how the Oji Group is addressing environmental issues by strengthening and expanding the multifaceted functions of forests, we are also engaging in various supplementary activities. For example, we acquired a forest plantation in Uruguay in July 2024 with a view to expanding overseas forest plantations. With the 2023 extensive forest fires in Canada still very much in mind, our Group company based in Brazil, Celulose Nipo-Brasileira S.A. (CENIBRA), is taking all preparatory steps to mitigate the risk of forest fires associated with global warming by installing and operating a 24-hour monitoring system that can oversee entire forests.

[3. Enhancing Human Capital and Promoting DX]

Maximizing the Ability of Employees to Help Realize the Group’s Purpose

Priority management issues

With offices in countries and regions around the world, the Oji Group is prioritizing compliance, safety, and the environment as its most important management issues rather than the pursuit of profit. Since assuming the position of president, I have consistently reiterated this importance to officers and employees. From a compliance perspective, an incident involving accounting irregularities by a Group company regrettably surfaced in 2023. As far as safety is concerned, the Group is yet to totally eradicate the occurrence of serious accidents, including fatalities, on an annual basis. Turning to the environment, we are also yet to reduce to zero the number of environmental accidents that exceed regulatory limits. Taking the aforementioned into consideration, the Oji Group has positioned efforts to establish a structure and systems and conduct training aimed at preventing a recurrence, as well as improvement initiatives, as its most important management priority.

Promoting DX and developing human resources who can play an active role on the world stage

From a human resource perspective, labor shortages have become rapidly apparent in recent years. Securing skilled staff who match the Company’s needs and can assume responsibility over plant operations is also becoming increasingly difficult. To address these issues, we are cognizant of the need to push forward initiatives designed to improve productivity, including the automation of operations using AI. Despite the integral role that paper plays and its value within our corporate culture, we are acutely aware of the urgency surrounding efforts to secure human resources to promote digitalization and DX. Over and above the streamlining of administrative operations through AI based on data obtained from DX promotion, we will look to link digitalization and DX to the automation of forward-looking

estimates of production equipment failure and the status of conditions at production sites.

Furthermore, we understand that an approach based solely on domestic considerations runs the risk of falling well behind global trends. In addition to keeping a keen eye on overseas markets and gathering global information, we will place considerable emphasis on developing human resources who can work together to resolve global issues and play an active role on the world stage.

Toward a corporate culture that encourages us to jump at opportunities

In today’s environment of dramatic change, we recognize that the Group’s self-transformation is directly linked to new business opportunities. “Opportunities, Jump at them Intentionally”—we are fostering a corporate culture in which each and every employee develops this kind of mindset. To further motivate employees, we recognize the importance of an open and positive corporate culture that places a premium on communication, in addition to creating a comfortable environment from every aspect including systems. As president, I have stressed that communication is not a “top-down” endeavor, but one that entails dialogue between equals. With a view to promoting increased employee peace-of-mind, I will work to actively interact with employees and create opportunities for dialogue both in Japan and overseas. Overseas employees have reacted positively to the Group’s Purpose, which we codified two years ago. Drawing from a survey conducted this year, I am gratified by the degree to which Our Purpose has taken hold among employees across a broad range of positions in Japan. Of course, this is not to ignore areas of employee engagement improvement that we have identified. Because it is not easy for me alone to change a corporate group with a longstanding history and tradition comprising more than 38,000 employees in Japan and overseas, we will focus on dialogue to evolve our corporate culture, in which each employee takes the initiative to think, propose, and act.

To Our Stakeholders

With a heart filled with our founding spirit and deep sense of history

The origin of the Oji Group can be traced back to 1873, when Eiichi Shibusawa advocated that the domestic production of modern paper was necessary for the development of Japan’s cultural progress, and established Shoshi Kaisha, which would eventually become the Company as it stands today, in what is now Oji, Kita-ku, Tokyo.

Memoirs of Eiichi Shibusawa document his struggles at the time operations commenced. Undeterred, he was determined not to fail for the sake of Japan’s industrial development. I deeply respect this determination and his efforts to procure equipment from overseas, employ foreign engineers, and develop manufacturing technologies. Overcoming enormous difficulty, the Company successfully developed technologies to manufacture paper from wood resources. Over the more than 150 years that have followed, the Oji Group has continued to expand while accumulating tangible and intangible assets, including paper manufacturing technology, know-how, intellectual property, and human resources. We should always keep in mind the indescribable efforts of our predecessors such as Eiichi Shibusawa, the support and cooperation of stakeholders over many years, and the daily dedication of employees, all of which have made us what we are today.

A bright future full of hope for future generations

With a history of coexistence with such natural capital as forests and water, the Oji Group must never forget its reverence for nature. The Oji Group’s mission is to nurture healthy forests as longstanding natural capital, utilize forest resources, create new value, put forward measures to help resolve social and environmental issues, and have a positive impact on nature. In fulfilling this mission, we will realize the Planet shining blue and covered in green, and leave behind a bright future full of hope for future generations. With stakeholders who empathize with this mission, we will work firmly to realize our goal. Progressing steadfastly forward, we humbly ask for your continued support and understanding.

Risks and Opportunities

Having nurtured healthy forests for more than 100 years, the Oji Group recognizes that changes in its environment present both risks and significant opportunities. Against this backdrop, we will maximize our strengths to further enhance our corporate value. In 2019, we reviewed risks and opportunities in the process of identifying material issues (P.29 .

Material issues	Related risks and opportunities (▲ Risks ○ Opportunities)	Major initiatives designed to mitigate risks and maximize opportunities	
Mitigation and adaptation to climate change Sustainable forest management and biodiversity conservation	▲ Greater natural disasters caused by extreme weather ▲ An increase in costs due to the strengthening and introduction of the carbon tax, introduction of an emissions trading system, etc. ▲ Impact on sales from changes in the evaluation of corporate activities and market values ○ An increase in the importance of nature positive ○ An increase in demand for low-carbon products ○ An increase in the value of company-owned forests through trading carbon credits associated with the carbon absorbed by the forests	● Reduce GHG emissions by improving production efficiency, saving energy, and utilizing renewable fuels and waste fuels ● Expand the use of non-fossil fuels and biomass fuels as alternatives to fossil fuels ● Employ sustainable forest management such as the promotion of forest plantation and conservation of company-owned forests ● Maintain and expand the multifaceted functions of forests, including conserving biodiversity, cultivating water resources, and preserving soil	● Absorb and fix CO ₂ through sustainable forest management ● Develop biomass power generation business ● Develop eco-friendly products ● Take advantage of the introduction of carbon pricing (especially emissions trading)
Circular use of resources	▲ Impact of resource depletion on core businesses ○ Deployment of water treatment technology	● Use wood resources based on sustainable forest management ● Paper recycling (improve the recovered paper utilization ratio) ● Reduce consumption by reusing water resources	● Expand the water treatment business overseas
Responsible raw materials procurement	▲ Occurrence of cases lacking consideration for the environment and society in the supply chain ○ An increase in demand for environmentally friendly products owing to changes in consumer awareness and the tightening of regulations in Europe and other regions	● Work to upgrade and expand CSR procurement, taking into consideration the environment and society following the Oji Group Sustainability Action Guidelines for Supply Chains and the Wood Raw Material Procurement Guidelines ● Apply central management for appropriate procurement of major raw materials	● Manage the supply chain thoroughly (e.g., appropriate procurement through supplier monitoring, risk assessment, securing various suppliers) ● Supply FSC™-certified products (e.g., FSC™ C014119)
Reduction of environmental burdens	▲ Adverse effects on society due to pollution and the resulting decline in the trust of stakeholders ○ An increase in demand for environmentally friendly products owing to changes in consumer awareness and the tightening of regulations in Europe and other regions	● Set voluntary management values that are stricter than the environmental regulatory standards ● Purify wastewater and save emissions of chemical substances in exhaust gases	● Reduce and effectively use waste ● Develop environmentally friendly products and biodegradable materials (from fossil resource-derived to wood-derived)
Respect for human rights	▲ A decline in the trust of stakeholders due to the lack of consideration for human rights ○ An improvement in engagement	● Formulate and implement the Oji Group Corporate Code of Conduct, the Oji Group Behavior Standard, and the Oji Group Human Rights Policy ● Perform internal audits ● Implement the whistleblowing system	● Raise awareness of compliance and human rights through in-house training ● Assess risks associated with suppliers' respect for human rights
Enhancing human capital	▲ Occurrence of non-compliance ○ Securing outstanding human resources	● Thoroughly conduct compliance training ● Promote work-style reforms	● Promote diversity
Ensuring workplace safety and health	▲ Occupational accidents ▲ Health of employees hindered by the spread of infectious diseases ○ An increase in the trust of stakeholders resulting from the prompt response to disasters and infectious diseases	● Establish safety and health management structures and promote activities aimed for safety and health ● Thoroughly ensure safety in the handling of machines and equipment and in other operations ● Promote safety education (e.g., introduce VR risk experience education)	● Promote physical and mental well-being of employees ● Create comfortable work environments ● Respond to infectious diseases
Supply of safe and secure products	▲ A decline in the trust of stakeholders due to the spread of negative rumors ○ Contribution to society through the stable supply of safe and secure products, and the resulting increase in corporate value	● Stably supply own products ● Ensure safe quality design and management in compliance with relevant laws and regulations and stricter voluntary management values	● Provide customers with information on the safety of raw materials (chemicals, materials) ● Supply hygiene products such as masks and gowns to prevent the spread of infectious diseases

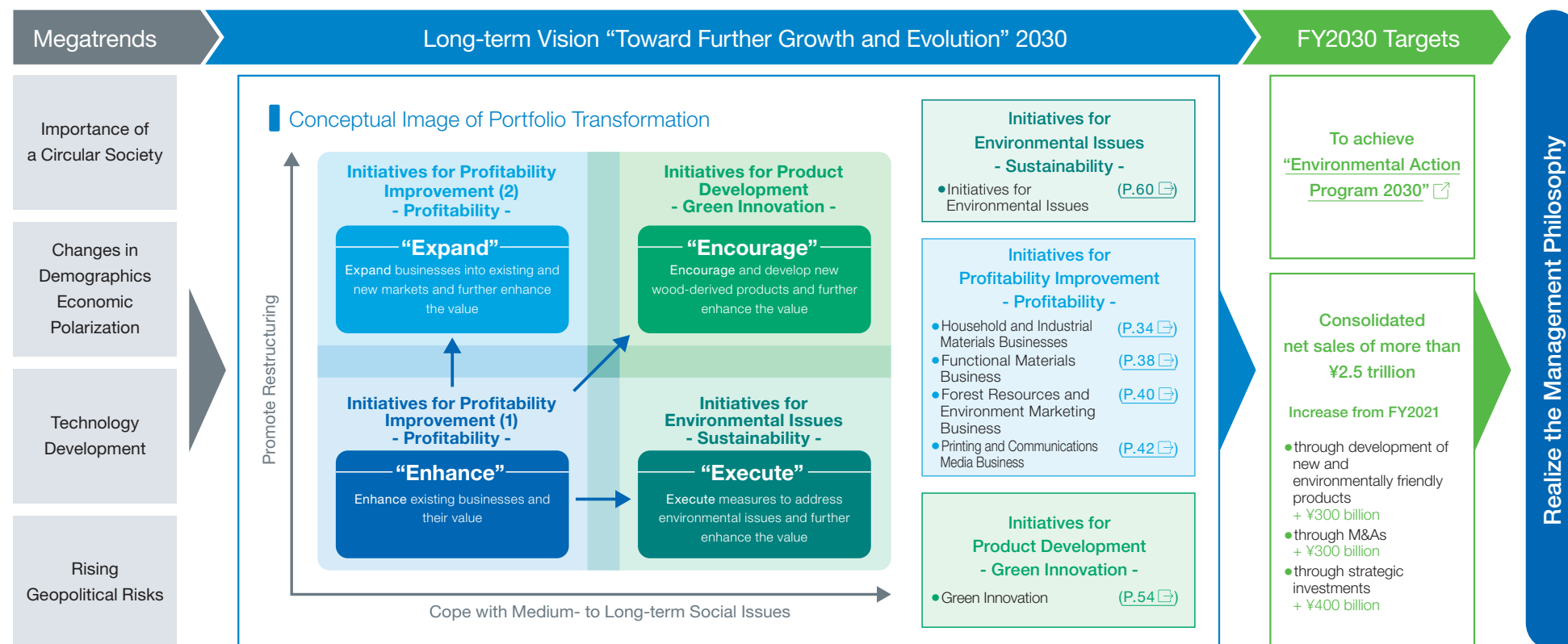
Long-term Vision

The Oji Group has been developing business operations rooted in forest resources for more than 150 years. Amid the growing severity of such environmental issues as global warming, the need to halt the loss of ecosystems and pursue recovery is becoming increasingly important. The appropriate cultivation and management of forests not only produces renewable forest resources but also helps to enhance the multifunctional role of forests.

In addition, through products that utilize forest resources, we are able to replace fossil resource-derived materials and products, while supporting and enriching the lives of people around the world. In this manner, solving environmental problems based on nature is our *raison d'être*. We will continue to strengthen our business foundation while advancing Green Transformation (GX). Moreover, certain printing paper and other markets have been shrinking due to the rapid progress of digitization and the

shift to a paperless society. Rather than merely pursue growth through the same business model, we recognize the critical need to enter new business fields that are in tune with the times and to transform the portfolio to better reflect changes in the demand structure in order to enhance corporate value.

We have identified “Toward Further Growth and Evolution” as the Group’s basic policy under our Long-term Vision for 2030. Guided by this policy, we will work to secure the sustained improvement of our mainstay businesses, expand into new areas in a bid to increase our corporate value, secure sustainable growth, and realize our Management Philosophy. In addition, we have set targets to achieve “Environmental Action Program 2030” and consolidated net sales of more than ¥2.5 trillion by 2030.

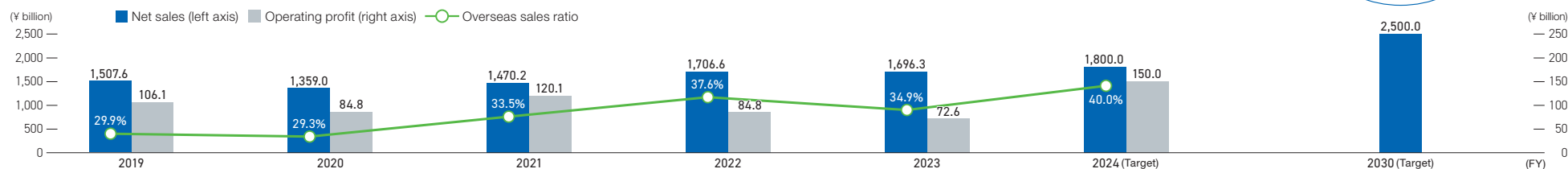
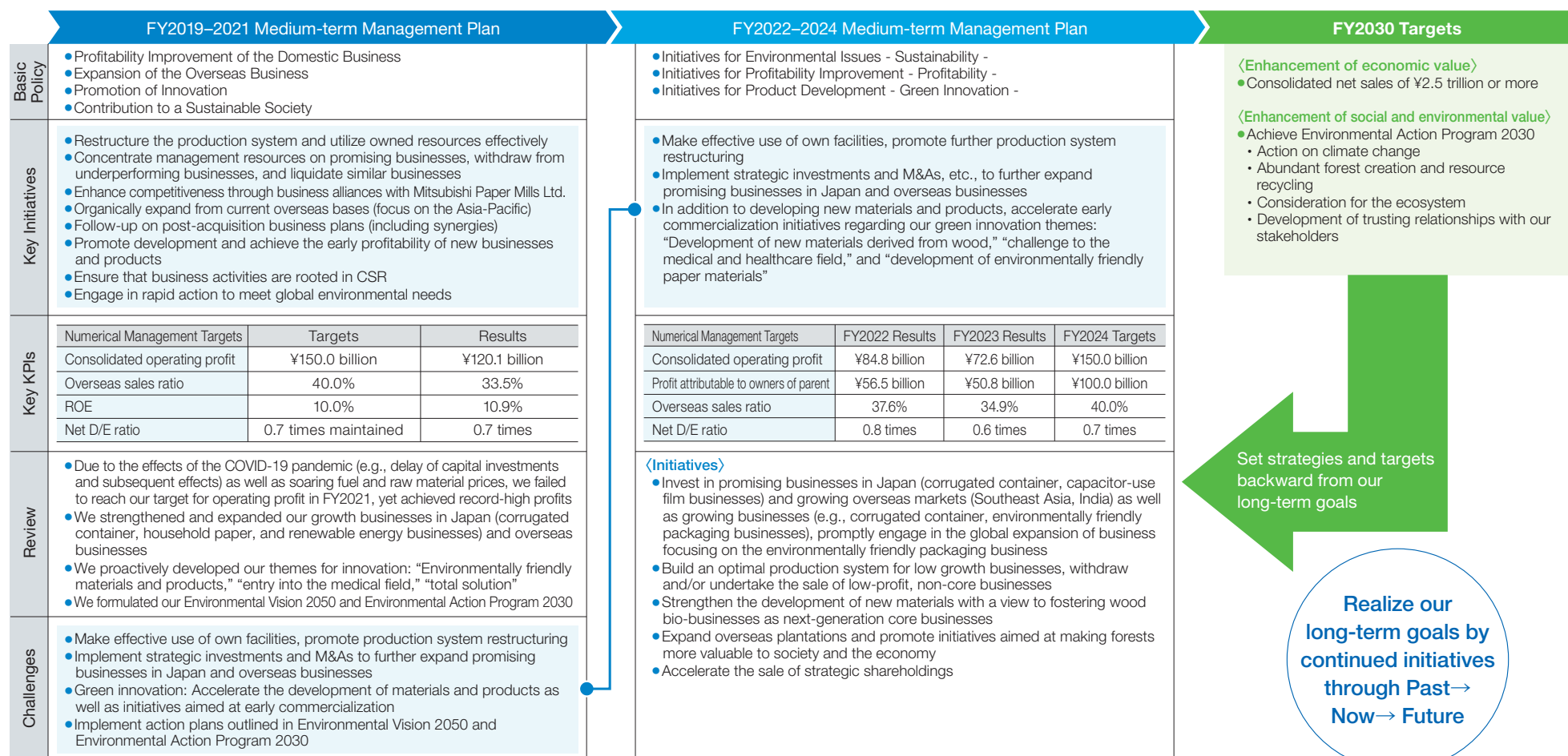


Message from the
PresidentRisks and
Opportunities

Long-term Vision

Initiatives That Link the
Past to the FutureFY2022–2024 Medium-term
Management Plan and ProgressMessage from the Director in
Charge of Finance

Initiatives That Link the Past to the Future



Message from the
PresidentRisks and
Opportunities

Long-term Vision

Initiatives That Link the
Past to the Future**FY2022–2024 Medium-term
Management Plan and Progress**Message from the Director in
Charge of Finance

FY2022–2024 Medium-term Management Plan and Progress

Overview of the FY2022–2024 Medium-term Management Plan

In the FY2022–2024 Medium-term Management Plan, we have set numerical management targets to serve as milestones on the way to achieving our Long-term Vision for 2030. Taking into consideration recent changes in the market environment and other factors, we set forecasts for FY2024 operating profit and profit attributable to owners of parent below the targets identified under the Medium-term Management Plan. Nevertheless, we will continue to implement initiatives aimed at increasing corporate value as we work toward our Long-term Vision. [\(P.20\)](#)

Numerical management targets	Numerical management targets for FY2024	FY2024 forecasts*
Consolidated operating profit	¥150.0 billion or more	¥95.0 billion
Profit attributable to owners of parent	¥100.0 billion or more (Continue stable profit of ¥100.0 billion or more)	¥75.0 billion
Overseas sales ratio	40% (With a target of 50% in the future)	41.6%
Net D/E ratio	0.7 times maintained (End of March 2022: 0.7 times)	0.7 times

* Announced on May 14, 2024

Key Initiatives

Initiatives for Environmental Issues - Sustainability -

- In response to the increasing importance of addressing environmental issues, implement action plans outlined in Environmental Vision 2050 and Environmental Action Program 2030

Initiatives for Profitability Improvement - Profitability -

- Make effective use of own facilities, promote further production system restructuring
- Implement strategic investments and M&As, etc. to further expand promising businesses in Japan and overseas businesses

Initiatives for Product Development - Green Innovation -

- In addition to developing new materials and products, accelerate rapid commercialization initiatives regarding our green innovation themes: "Development of new materials derived from wood," "challenge to the medical and healthcare field," and "development of environmentally friendly paper materials"

FY2022–2024 Investment Plan

- Strategic investments: ¥400 billion
- Upkeep CAPEX: ¥150 billion

Examples of Expanded Investments to Growing Segments

- Build corrugated container plants in Japan/overseas
- Install adult disposable diaper machines
- Install film facilities for next-generation automobiles
- Install biomass power plants
- Construction to improve pulp business profitability
- Acquire packaging business, etc.

	Initiatives for Environmental Issues - Sustainability -	Initiatives for Profitability Improvement - Profitability -	Initiatives for Product Development - Green Innovation -
Main FY2023 Results	August Acquire forest plantation (Embetsu, Hokkaido) September Acquire forest plantation (Mohaka Bridge, New Zealand) September Participate in the International Sustainable Forestry Coalition (ISFC) as a founding member February Acquire forest plantation (Brain and Oldham, Australia) February Jointly establish a recycling system for liquid paper packages to corrugated container	May Acquire IPI, a company that operates a liquid packaging carton business in Italy July Start operation of the third ultrathin OPP film machine at Oji F-Tex Shiga Mill October Start operation of the seventh corrugated container plant in Vietnam January Expand thermal paper production facilities in Germany	May Invest in a venture capital fund specializing in the materials and chemical fields October Invest additionally in ReqMed Company, Ltd., in a bid to pursue wood-derived pharmaceutical R&D January Start operation of a bench plant for the polymerization of wood-derived lactic acid inside the Edogawa Mill March Develop "polymer electrolyte membrane" for fuel cells using cellulose nanofiber
Main FY2024 Priority Measures	May Start joint studies into domestic e-methane production July Acquire forest plantation (Tacuarembó and Rivera, Uruguay)	April Acquire Walki, a packaging materials converter in Europe May Invest jointly in a folding carton packaging company in Vietnam June Invest in a molded pulp packaging company in Taiwan July Complete construction of a new warehouse in Funabashi, Chiba October Start operation at the fourth corrugated container plant in India November Start operation at the fourth ultrathin OPP film machine at Oji F-Tex Shiga Mill	May Successfully synthesize "wood-derived polylactic acid" on a bench plant scale May Develop wood-based biomass photoresists for cutting-edge semiconductors May Introduce equipment for the mass production prototype of cellulose nanofiber and natural rubber composites May Invest in a start-up that engages in the development of inedible biomass-derived chemical product technology Second half Start operation at a wood-derived ethanol and sugar solution pilot plant

Message from the
PresidentRisks and
Opportunities

Long-term Vision

Initiatives That Link the
Past to the FutureFY2022–2024 Medium-term
Management Plan and ProgressMessage from the Director in
Charge of Finance

Message from the Director in Charge of Finance



**We will work to improve ROE
and capital efficiency while
valuing dialogue
with stakeholders.**

Kazuhiko Kamada

Oji Holdings Corporation
Director of the Board, Senior Executive Officer

Basic Approach Toward the Group's Financial and Capital Policy

At the root of all the Oji Group's business activities lies its Purpose. Although it has only been two years since our Purpose was established, its essential principles have been continued without interruption for 150 years and are firmly ingrained throughout the entire Group. In addition to monitoring progress against financial indicators so that the Oji Group realizes its Purpose and increases its corporate value. As the director in charge of finance, it is my duty to responsibly manage the financial situation, including aspects such as funds. The Oji Group is currently working to transform its business portfolio and increase profitability, and one of the financial disciplines that will support this is a net D/E ratio of 0.7 times. While maintaining this level will be our basic stance—for example, when new business developments, investments, or acquisitions arise that will lead to the future growth of our Group in line with our Purpose—I believe it is acceptable to make strategic investments while keeping this financial discipline in mind.

Our financing policy is to obtain the minimum amount of funds necessary as and when required, with the best possible terms and means. We have been strengthening our funds management to prevent an increase in interest-bearing debt not only net but also gross. Particularly as our overseas businesses have expanded in recent years, I have been seeking to improve capital efficiency by implementing financing arrangements between regional Group companies and paying dividends to the parent company as necessary to prevent excess funds from remaining overseas. Engaging in thorough dialogue with overseas companies, I receive monthly reports on their financial status and plans. Based on these reports, we have been building a proven track record in quickly expediting the allocation of funds. Through these efforts, I have been able to foster strong relationships of trust with our Group companies, which number approximately 200 on a consolidated basis. I believe that careful advance preparation and relationships of trust based on a proven track

record are of the utmost importance in implementing the Group's financial and capital policies.

Review of FY2023

Looking back at FY2023, the mid-point of the current Medium-term Management Plan, domestically, we made up for the decline in sales volume caused by consumption restraints due to rising prices by means of our sales price adjustments and cost reductions. Overseas, however, we were impacted by the slump in demand associated with the slow economic recovery, a worsening pulp market, and the effects of the cyclone that hit Pan Pac Forest Products Ltd. in New Zealand, so consolidated operating profit was ¥72.6 billion, down from the previous year. The operating cash flow generated by business activities was actively allocated to promising businesses, such as overseas packaging businesses and environmentally friendly products, as well as to research and development activities. In continuing to reduce costs and making efforts to reconstruct an optimal production system, thereby strengthening profitability, the net D/E ratio was 0.6 times.

In FY2024, the final year of the plan, we will continue to focus investments on businesses with high profitability and growth potential, while thoroughly conducting cash flow management in low-growth businesses by curbing investment and cutting costs. In light of the growing global geopolitical risks, the delay in economic recovery, and the increases in costs due to interest rate hikes, we would like to strengthen the reviews of, for example, the profitability of our capital investments and M&As while continuing to deepen discussions with our Outside Directors and make appropriate decisions.

Operating profit is expected to reach ¥95 billion in FY2024. Looking at the performance figures alone, we have not achieved our initial plan (P.19), but we have made advances in the development of our overseas businesses and forward-looking investments, and, viewed from a broader, Purpose-driven perspective, these are progressing according to plan. Excluding

Message from the
PresidentRisks and
Opportunities

Long-term Vision

Initiatives That Link the
Past to the FutureFY2022–2024 Medium-term
Management Plan and ProgressMessage from the Director in
Charge of Finance

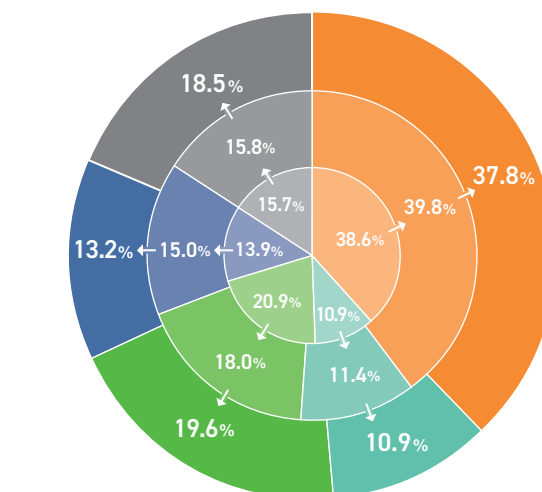
the temporary factors caused by the external environment mentioned above, I believe that there will be no deviation from our progress toward our Long-term Vision for the future, including 2030 and 2050.

Capital Allocation

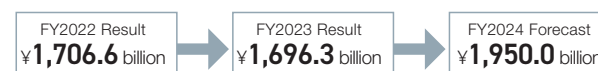
As far as capital allocation is concerned, our current Medium-term Management Plan calls for us to make strategic investments of ¥400 billion over the three-year period from FY2022 to FY2024 while maintaining financial discipline with a net D/E ratio of 0.7 times. Focusing investments on businesses with high profitability and growth potential, we will thoroughly focus on cash flow management to secure funds for low-growth businesses, thereby shifting to a business portfolio with future potential. First, in FY2024 we acquired Walki Holding Oy, a packaging materials processing company in Finland, with the aim of building the foundation for an environmentally friendly packaging business in Europe, where advances in environmental regulations are being made. In FY2024, we will focus on Walki's post-merger integration and work to strengthen the foundation of our de-plasticization business in Europe. At the same time, in addition to environmental investments aimed at achieving our Environmental Action Program 2030, we will also invest in promising businesses, such as building new facilities and factories, and strengthen and expand existing businesses through M&As, as investments necessary for growth, and invest in creating core businesses through the development of new materials and products. To secure cash, we will proceed with withdrawals from or sales of low-profit and non-core businesses as well as the reduction of cross-shareholdings.

When considering investments in countries that we have yet to enter or new acquisitions in countries where we already maintain an operational presence, we will make decisions after careful consideration and discussion as to whether they will dovetail with the Oji Group's culture not only from financial, tax,

Net sales by business segment FY2022 → FY2024



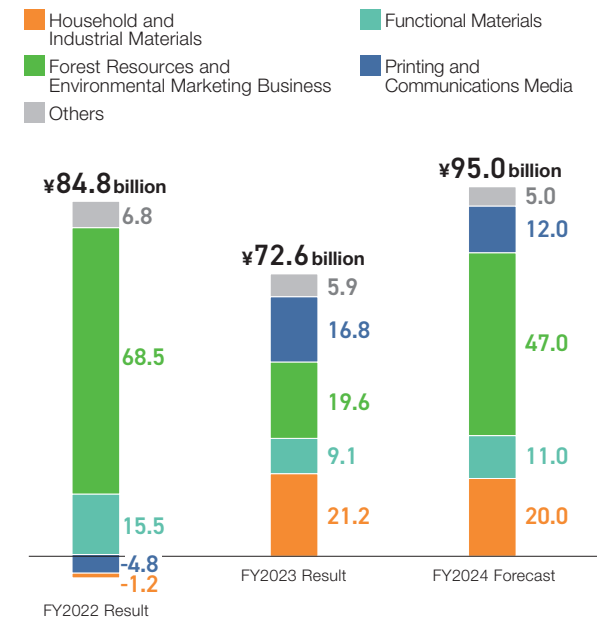
Note: The composition of sales by segment data does not include adjustments (primarily those for internal transactions).



and legal perspectives but also from safety, environmental, and compliance standpoints. In Southeast Asia, where the Oji Group conducts a wide range of business operations, we started to assign human resources dedicated to internal audits in FY2023 to strengthen internal controls.

The Group's capital investment and loan plans are discussed and deliberated twice a year at an Oji Holdings' Group Management Meeting, which is attended by executives not only from the relevant divisions but also from a wide range of other divisions. From a strategic investment perspective, we verify the effectiveness of the investment after a certain period of time and impose reporting obligations on any project where delayed progress is obvious. To reduce the risks of investing overseas,

Operating profit by business segment FY2022 → FY2024



we have established a regional headquarters in each region and are endeavoring to collect information on political, economic, and social conditions. In addition to our existing bases in China and Southeast Asia (Malaysia), we established new management companies in Europe (Italy) and India in 2023. Although activities in Europe and India have only just begun, the management companies will also be responsible for creating synergies among the Group companies under their jurisdiction, sharing information and human resources, and developing new business, including M&As. In certain cases, we have also formed joint ventures with leading local companies to expand our business and are working to further improve our information-gathering capabilities while diversifying our investment risks. For example, in Indonesia

Message from the
PresidentRisks and
Opportunities

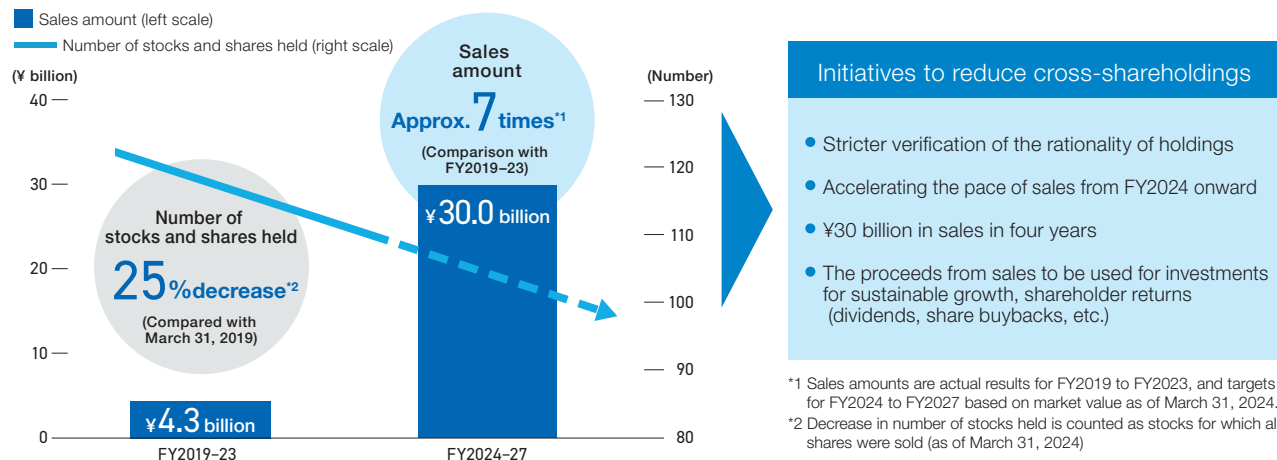
Long-term Vision

Initiatives That Link the
Past to the FutureFY2022–2024 Medium-term
Management Plan and ProgressMessage from the Director in
Charge of Finance

we are conducting joint venture businesses with leading local companies in the areas of household paper and corrugated containers and, having achieved a certain level of success, are now jointly making additional capital investments.

On the subject of capital investment, in addition to our environmentally friendly packaging business, new materials for which wood resources are utilized—such as wood-derived sugar solution, bioethanol, biomass plastics, and cellulose nanofiber (CNF)—are increasing in importance amid the increasingly serious nature of global environmental issues. We will therefore actively invest in business development. In the case of forest plantations, which form the core of our business, we will also invest in expanding plantations and improving breeding and cultivation techniques to ensure a stable supply of wood resources while also creating economic value for natural capital. Turning to expanding plantations in particular, we have set a target of 400,000 ha of overseas production forest by FY2030, which we expect to be worth hundreds of billions of yen.

Sales amount of cross-shareholdings and number of stocks and shares held



Toward Improved Profitability/ Enhanced Corporate Value

In December 2023, we announced our Initiatives to Enhance Corporate Value. To improve PBR, which remains at a low level, we will work to improve return on capital and achieve sustainable growth. Regarding ROE, we aim to achieve a stable ROE of 8% or more, with a goal of 10% or more in the future. To achieve this, we will accelerate the transformation of our business portfolio to concentrate funds in the businesses and regions where we as a Group would like to grow. In terms of regional expansion, we aim to achieve an overseas sales ratio of 50% as soon as possible. We will make decisions after conducting thorough investigations for cases of additional investment in businesses with declining demand. In the meantime, we will shift financial and human resources to the environmentally friendly packaging and wood biomass businesses, which are key focus areas.

Aiming to expand our environmentally friendly packaging business in the short to medium term, we acquired Italian

company IPI S.r.l. in May 2023 and Walki Holding Oy in April 2024 to expand and upgrade our portfolio of sustainable packaging solutions. By combining Walki's customer proposal capabilities, which cover Europe, the world leader in terms of environmental regulations, with our product development capabilities, we plan to establish a solid position in the de-plasticization markets in Europe and Japan and then expand our business to such areas as Southeast Asia, India, and Oceania. To secure funds for these businesses, we need to thoroughly manage cash flow in low-growth businesses and sell or withdraw from low-profit and non-core businesses. Rather than injecting capital into low-growth businesses and proceeding with restructuring, we will keep investment to a minimum by restructuring the production system to match demand trends and secure cash through cost reductions.

As mentioned above, we are streamlining our assets while also transforming our business portfolio. Although we have not set quantitative targets for the reuse and sale of idle assets, we are proceeding in a way that will leave no stone unturned. For

example, amid a continuing shrinking market due to Japan's declining birth rate, we decided to withdraw from the domestic disposable baby diaper business, which had been experiencing a loss for a long time. We will also give added impetus to the reduction of cross-shareholdings. I sense that the tide of public opinion has clearly turned with regard to cross-shareholdings, and sales proposals from both our side and the other parties concerned are now starting to proceed smoothly. As of the end of FY2023, we had reduced the number of stocks held by 25% compared with the end of FY2018, selling the equivalent of ¥4.3 billion, and we will accelerate this from FY2024 onward, selling ¥30 billion worth of stocks over the next four years. The intention is to utilize the funds obtained from the assets left to us by our predecessors for growth investments that will lead to the transformation of our business portfolio and shareholder returns, including the purchase of treasury shares.

As far as shareholder returns are concerned, we have set 30% as the new dividend payout ratio target, which had previously remained in the 20% range, so that we can continue to provide stable returns while also providing returns commensurate with our profitability. Through these efforts, we are targeting stable ROE of 8% or more and aim to achieve 10% or more in the future.

While maintaining communications with investors both in Japan and overseas, in the years to come I would like us to ensure that the Group's efforts are understood. This is precisely the area in which I would like to draw on the experience I gained in my previous position at a trading company.

Harmony with Nature and Society

For the Oji Group, which has been growing its business together with forests over its 150-year history, harmony with the environment is indispensable. In recent years, legislation requiring disclosure of sustainability information has been progressing

globally. In the United States, a roadmap for incorporating natural capital into the national balance sheet was announced in January 2023, while in the United Kingdom, net biodiversity gain was introduced in January 2024, requiring that biodiversity be increased by 10% or more after development compared with the level prior to construction. The advancement of regulations aimed at realizing a sustainable society represents an opportunity for the Oji Group, which has been coexisting with the environment on an ongoing basis for more than 150 years.

In contrast, when it comes to our efforts in the field of sustainability and the value those efforts represent, I feel there are still many areas in which we have not been able to fully communicate to external investors and other stakeholders. I feel that this can also be seen when looking at the changes in the Company's PBR. So that our corporate value can be fully understood from both financial and non-financial perspectives, I would like to explain how our response to natural capital, including biodiversity conservation, leads to business opportunities and the creation of economic value for the Oji Group even as we take on the challenge of maximizing the use of natural capital through our businesses.

As one of our financial initiatives to demonstrate symbiosis with the environment, we formulated the Green Finance Framework in January 2023. Green bonds do not necessarily offer advantages in terms of costs and labor hours compared to regular corporate bonds, but these projects are important in terms of realizing the social and economic value of forests through the promotion of natural capital management. If these efforts are recognized by external organizations, I believe that this will also have an effect that goes beyond being merely a means of fundraising. In March 2024, we also raised funds through positive impact finance. Although there seems to be a backlash, with anti-ESG sentiment growing especially in the United States, the Oji Group's policy of steadily realizing our Purpose relative to forests will remain unchanged.

Providing Greater Value to Stakeholders

Moving toward the targets adopted under the current Medium-term Management Plan, we will steadily promote the initiatives, announced in December 2023, geared toward improving return on capital and achieving sustainable growth, which will lead to the formulation and implementation of our next Medium-term Management Plan. I place great importance on opportunities to communicate with shareholders and investors. Through repeated meetings and dialogue both in Japan and overseas, I have been receiving frank opinions about the Oji Group's initiatives. I always share the content of my discussions with everyone, as well as opinions and comments, with other members of the management team. Looking ahead, I would like to carefully provide an explanation of how the Oji Group's business is based on a long-term perspective. As we continue to pursue the further improvement of the Group's financial and capital policies, I gratefully and humbly ask for your continued support.

