

Representative Director of the Board, President, CEO

Hiroyuki Isono

CEO Message

Steward the Forest, Unlock Its Untapped Potential

Oji's Commitment to Underpinning Global Sustainability

Our Starting Point: Oji Forests developed for more than 100 years

Growing and managing sustainable forests, fully utilizing their immeasurable blessings, and delivering new value to society. This, in a nutshell, is Oji's Purpose: to create a brighter, hope-filled future for the world and drive progress forward.

We have been continuously growing forests for more than 100 years—ever since Ginjiro Fujiwara, who served as President from 1920, advocated that "those who use trees have the responsibility to plant trees." Now we practice sustainable forest management in extensive company-owned forests known as Oji Forests. These forests cover a total area of 637,000 ha, which is equivalent to around three times the area of Tokyo.

We live in an era defined by rising geopolitical risk and increasing instability of resource and energy supply. The Oji Group owns and manages its own renewable natural capital upstream in its value chain, and I firmly believe this gives us an unshakable management foundation that will boost the resilience of our globally expanding business.

To date, we have used these abundant forest resources primarily to produce paper. Yet the potential of forests extends far beyond this. For example, the wood used as a raw material for paper can be used to make products such as bioethanol as well as biomass films and biomass plastics. We will use forest resources to manufacture products derived from wood as alternatives to products made from fossil resources. This is the noble mission the Oji Group has been given—one that will contribute significantly to global sustainability.

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Business portfolio transformation for moving beyond the boundaries of paper manufacturing and creating new value

The potential of forest resources is the potential for growth that will forge the Oji Group's future. With the paper manufacturing business at a major turning point and grappling with falling paper demand, we have gone back to our origins in forest resources and are implementing bold business portfolio transformation to stay ahead of the curve and ensure sustainable growth. Pivotal to this business portfolio transformation are the forest biomass and sustainable packaging businesses. This is our challenge for the future, one we have fully taken on under Medium-term Management Plan 2027.

Forest Biomass Business: Maximizing resource value and realizing a circular society

To build the forest biomass business into a core business, we have made progress toward commercialization in Japan through the start-up of a pilot plant for wood-derived sugar solutions and ethanol at the Oji Paper Yonago Mill. Furthermore, in our overseas operations, we acquired Austria-based AustroCel, which has established an advanced biorefinery model, in January 2026.

AustroCel uses wood not only to produce dissolving pulp (DP) for clothing but also to manufacture products such as bioethanol and hydrogel for soil moisture retention. In addition, AustroCel has established a circular zero waste model for maximizing the value of forest resources, including supplying bioenergy to local regions. Rolling out this advanced know-how across the Group will no doubt be an extremely significant step in our shift toward the forest biomass business.

Sustainable Packaging: Opening up new markets and accelerating the circulation of resources

Another focus of our business portfolio transformation is the sustainable packaging business. In Europe, which leads the world in environmental regulation, we acquired Walki in 2024, integrating its advanced environmental technologies and giving us faster insight into the latest regulation and market trends in Europe. We will use this knowledge across the Group to strengthen our competitiveness.

Meanwhile, in the liquid packaging carton business, which is a new area for us, we leveraged Italy-based IPI, which we acquired in 2023, to accelerate expansion into the rapidly growing Southeast Asia market. In December 2025, we established Oji Liquid Pak in Vietnam, and decided to build a new plant to manufacture converted paper for aseptic carton packages designed for long-term storage at room temperature.

More importantly, we will realize the circulation of resources that goes beyond supplying products. In markets like Vietnam where environmental regulations are being tightened, we will combine our Renewa technology, proven in Japan, for recycling difficult-to-process recovered paper with our expertise in collaboration to build a sustainable liquid packaging carton collection and recycling system in cooperation with local customers and local communities.

Through these wide-ranging initiatives, we are steadily making progress toward the goal of business portfolio transformation set out in Long-term Vision 2035 and the shift toward a profit structure less susceptible to fluctuations in overseas pulp market conditions.

Overcoming difficulties and getting on a steady growth track

Our financial results for FY2025 were by no means satisfactory, with operating profit reaching only around half the initially targeted level. Our performance mainly reflects rising costs including higher labor and logistics expenses and the slow penetration of price increases. However, learning from this experience, we have set out the following priority initiatives for the period from FY2026 through the final year of Medium-term Management Plan 2027, charting a clear path to achieving our targets. These are "differentiation of products," "acceleration of the shift to high-value-added products," "thorough implementation of price increases," "stable operation and reliable product supply," "pursuit of further cost reduction," and "restructuring of low-profitability businesses."

Especially important is the restructuring of low-profitability businesses. The effects of New Zealand–based Oji Fibre



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Solutions' withdrawal from the paperboard business and Australian packaging business and the reconstruction of the Nepia production system in Japan will emerge in FY2026. We will continue reviewing performance, including profitability, across the Group based on consistent judgment criteria, and we aim to set out a clear future course during FY2026, never hesitating to implement the necessary reforms.

In terms of asset slimming, which is pivotal to business portfolio transformation, during FY2025, the reduction of shareholdings and the sale of real estate both proceeded according to plan. We identified non-core assets across the Group, including properties owned by subsidiaries, and the process of considering sale, including the sale of rental properties, is still underway in FY2026. We will continue steadily implementing our asset slimming strategy to ensure achievement of our 8% ROE target under Medium-term Management Plan 2027 and to bring about improvement in our PBR.

The power of human capital underpinning transformation and Group unity

Eiichi Shibusawa, our Group's founder, advocated that business requires both capital and human capital. I also believe that the fulfillment of human capital potential is extremely important for accomplishing transformation.

The Oji Group is now a truly global company operating around the world, where people of diverse nationalities and backgrounds play active roles. Going forward, we need to further increase the comprehensive power of human capital across the Group. Especially in the forest biomass business, through our existing business alone, we have not yet accumulated sufficient knowledge and expertise about the kind of products that can be made from wood. The key to realizing our goal of business portfolio transformation lies in figuring out how to organically utilize the knowledge and expertise of the entire Oji Group including newly acquired companies.

To this end, fostering a sense of Group unity, including instilling our Purpose, is increasingly vital. The establishment of the Oji Group's new global brand mark in October 2025 was also aimed at fostering this sense of unity. The tie I am wearing today also features the three colors of the brand mark in the hope that our philosophy will resonate with employees around the world and that we will produce great results through cooperation.

Over the past three years or so, the presidents of each COMPANY and I have actively gone out to sites and gotten involved in activities such as town hall meetings where we engage in direct dialogue with employees. I feel that these initiatives have helped create workplaces with an open culture, and this has also been clearly evidenced by improvement in the employee engagement index.

On the other hand, the rapid advancement and spread of AI will require us to actively embrace DX in all our activities including those aimed at the development and utilization of human capital. Routine tasks will be done efficiently by computer systems, freeing up humans for more creative tasks. At our operational sites, where we continue to face labor shortages, a certain level of automation using AI will also no doubt be essential. We will also continue to focus on the development of human capital to drive this digitalization.

Governance reforms strengthening the management foundation

In terms of strengthening corporate governance, we introduced the CxO system in April 2025. The CxO system builds upon our existing vertical structure made up of each COMPANY to establish a cross-functional framework for overseeing the Group as a whole from specialist viewpoints. We introduced the system because we believed that an execution structure enabling important decisions to be made from a Group-wide perspective under the leadership of the CEO is essential to achieving fast, accurate decision-making and optimized management across the Group.

It is now just over a year since the CxO system was introduced, and a framework is taking shape that enables decisions on the restructuring of low-profitability businesses and the realignment of production sites to be made based on consistent criteria. In my capacity as CEO, I am responsible for making decisions, but the premise for this is that I am always willing to listen to diverse opinions. Similarly, at management meetings, I make final decisions after exhaustive discussion based on multifaceted viewpoints. My management approach is based on the belief that this ultimately leads to more accurate, quicker decision-making and in turn helps enhance corporate value.

As well as strengthening the executive side, the CxO system also clarified the division of roles, specifically, that the Board of Directors is responsible for strictly monitoring and supervising business execution. We are tirelessly strengthening governance in regard to the Board of Directors. For example, in June 2026, we transitioned to a Board with the same number of Outside Directors as Internal Directors and with an Outside Director serving as Chair of the Board. Governance reforms are never-ending. We will continue constantly striving to do our best.

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Our Commitment: Underpinning Global Sustainability

In September 2025, the Oji Baseball Club won the Intercity Baseball Tournament for the second time, 21 years after its first victory. The team's slogan was "Beyond the Boundaries—Everything to Win Five Consecutive Games." Determined to overcome the disappointment of the previous year's tournament, the team rallied behind the words "Beyond the Boundaries" and seized the crown with a superb performance.

The Oji Group is now approaching a major turning point and, like our baseball team, we need to move beyond the boundaries of the paper manufacturing business in order to achieve our great ambition of business portfolio transformation. However, this determination is by no means a rejection of the paper manufacturing business that has underpinned the Oji Group to date. We will continue further expanding the possibilities of paper while at the same time boldly taking on the challenge of creating new value rooted in wood resources.

This business portfolio transformation is, in essence, a further advancement of the resource circulation initiatives we have been developing for many years. These initiatives rooted in forest resources span everything from the development of resources through sustainable forest management to the maximization of resource value through the utilization of biorefinery technology and the realization of a circular society through sustainable packaging and its collection and recycling. We will seamlessly integrate these initiatives across our value chain and develop and maximize the value we provide.

"Steward the Forest, Unlock Its Untapped Potential"—these words encapsulate our unwavering resolve.

Nurturing trees and steadily "stewarding the forest" will help protect the environment and increase national resilience through the conservation of biodiversity, absorption of CO_2, recharge of abundant water sources, and prevention of landslides. At the same time, this will solidify a thriving foundation at the local level: the revitalization and development of regional economies through forestry and related industries.

Fully "unlocking the untapped potential" of the forest's blessings will help society break away from its dependence on fossil resources. Promotion of local production and local consumption of renewable resources helps reduce dependence on energy and material imports, leading directly to more robust economic security at a national and regional level.

We will steadily steward the forest at the local level and utilize forest resources at the regional level. It is precisely the cumulative effect of such down-to-earth activities that offers the most reliable response to urgent issues at a global level. In other words, this will significantly contribute to the three global sustainability goals of reaching carbon neutrality, becoming nature positive, and building a resource circular society.

This is precisely "Oji's Commitment to Underpinning Global Sustainability."

The Oji Group will push forward with this ambitious transformative path, never giving up, and we will emphatically achieve both the realization of a sustainable society and enhancement of our corporate value. As partners in shaping the future of the planet, we hope to resonate deeply with our stakeholders and work together to fulfill this commitment.

CEO's Note

The true value of paper brought to light by the AI era

In a modern era characterized by the rapid spread of AI and digital technology, I am confident in the enduring value of paper.

While digital technology enables information to be saved and shared more efficiently, the act of putting pen to paper and letting one's thoughts unfold is an irreplaceable source of deep human creativity.

Paper and digital are partners rather than enemies, complementing each other's characteristics to enable the creation of even greater value. It is precisely because we live in times of incessant change that paper will continue to play an extremely important role as a material that supports the uniquely human thought process.

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