Strategy by Business Segment

The Oji Group is improving the profitability of its existing businesses and building a strong earnings base for future evolution, by positioning the Medium-term Management Plan 2027 as a preparatory phase toward achieving the Long-term Vision. In this chapter, we introduce the direction of our strategies, the progress and issues in the Medium-term Management Plan 2027, and initiatives under the plan, in light of our awareness of the environment surrounding each business.

Household and Industrial Materials Businesses





Industrial Materials Business

(1) Steady price pass-through

In the domestic market, which makes up around half of production sites, we will steadily increase selling prices against rising raw materials, labor, logistic, and other input costs.

(2) Creating sales opportunities by strengthening collaboration within COMPANY as well as among other COMPANIES

We will create sales opportunities and contribute to enhancing overall profits of Oji Group through cross-divisional collaboration with other COMPANIES (synergies) in addition to mutual collaboration between the wide range of businesses in the Industrial Materials COMPANY.

(3) Creating new business models by promoting sustainability

In addition to expanding sustainable packaging, we will deploy a new business model centered on Walki and others in Europe, where environmental regulations are becoming more stringent.

Household and Consumer Products Business

(1) Home care business (Household paper)

We will strive to enhance our brand value by focusing on shifting from quantity to quality and ensuring profitability, revising our product lineup and quality, and conducting objective assessments.

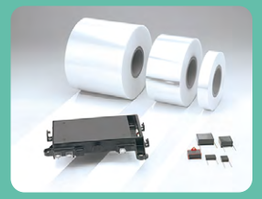
(2) Wellness care business (Adult diapers and nursing care products)

We will enhance our range of nursing care products and develop sales channels for home-visit nurses and nursing care business sites by positioning this business, which is focused on adult diapers, as our second growth domain.

(3) Healthcare business

We position this business as our third growth domain, and we will work toward profitability by expanding our lineup of products by leveraging the Hana-Celeb brand and forest resources.

Functional Materials Business



(1) Enhance an environmentally friendly product lineup

We will develop and expand sales of high-performance, high-value-added environmentally friendly products, such as packaging materials that comply with PFAS regulations, and paper agricultural materials that decompose in the ground.

(2) Expansion of the high-performance label business

South America and Europe: We will expand our high functional label thermal paper business, for which demand is expected to expand, utilizing expanded thermal coating facilities in South America and Europe.

Southeast Asia: We will invest in highly profitable fields and advance sales collaborations by capturing customer needs with a focus on high-performance labels, an area that is expected to grow steadily.

Forest Resources and Environment Marketing Business



(1) Developing new domains at existing business sites

Overseas: While strengthening the competitiveness of our existing businesses, we will develop promising businesses by leveraging our advantages in operations directly connected to our forest plantation sites and by newly utilizing wood biomass, such as biochar.

Domestic: We will promote a shift to high-value-added products and enhance profitability through the development of specialty dissolving pulp products and other measures.

(2) Expanding forest plantations and improving their value

We will expand sustainably managed forests and improve forest growth and forestry operations, thereby enhancing value by increasing forest resources and CO_2 absorption. We will also enter new businesses, such as carbon credit business and lumber processing business.

Printing and Communications Media Business



(1) Contribution to business portfolio transformation

We will further enhance cooperation with other COMPANIES to restructure the optimal production system for the Group, and at the same time, transform our business portfolio by making maximum use of pulp production facilities, power generation facilities, and other equipment that we own, as part of efforts to ensure business continuity.

(2) Profitability enhancement

We will leverage our technological expertise, product development capabilities, and stable supply capacity supported by outstanding human capital to achieve stable operations, improve production efficiency, reduce costs, and strengthen profitability.

(3) Appropriate price pass-through

We will address the soaring raw material and fuel prices, labor costs, and logistic service expenses by appropriately reflecting these cost increases in our prices, while thoroughly enforcing cash flow management and enhancing capital efficiency.

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Household and Industrial Materials Businesses / Industrial Materials Business



Kazutaka Sekino

Oji Holdings Corporation
Executive Officer
Industrial Materials
COMPANY President

Business fields/ domains

- Paperboard business
- Corrugated containers business
- Folding carton business
- Paper bag business
- Filter business
- Sustainable packaging business
- Liquid packaging carton business

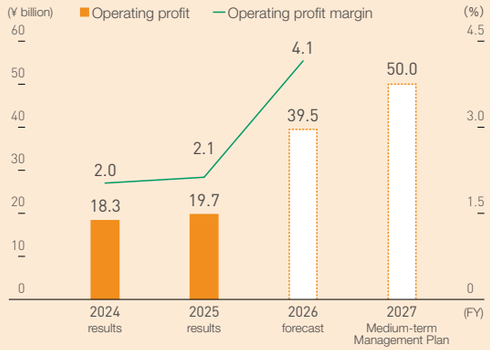
Results Highlights*

Net sales	¥943.3 billion
Operating profit	¥19.7 billion
Capital investment	¥33.6 billion
Research and development expenses	¥1.4 billion
Depreciation and amortization	¥41.2 billion

Group Companies (Consolidated)

Japan	43 companies
Overseas	65 companies

Trend in operating profit*



* Total of Industrial Materials Business and Household and Consumer Products Business

– Awareness of the Business Environment

Strengths

- A broad range of resources for realizing sustainable packaging, supported by numerous production and sales sites in Southeast Asia, India, and Europe
- Stable revenue base supported by a high market share in the domestic industry, from upstream to downstream
- Stable supply and quality control system enabled by organic collaboration in Japan and overseas

Opportunities

- Creating sales opportunities by proposing a switch to paper packaging materials and containers to address heightening awareness for the environment in the market
- Increasing market share through capital investment and M&A to meet market demand

Weaknesses

- Long-term investment payback periods due to large-scale capital expenditures inherent to equipment-intensive industries
- Difficulties in adding value to versatile products

Threats (Risks)

- Geopolitical volatility risks including political chaos and conflicts
- Shrinking domestic market

– Toward Medium-term Management Plan 2027

Progress

- Price pass-through activities in Japan
- Capital efficiency management through business restructuring
  Example: Oji Fibre Solutions
  (discontinuation of the paperboard business, sale of the packaging business in Australia)
- Decision made to construct a new liquid packaging carton plant in Vietnam for the global expansion of sustainable packaging (completion planned in 2028)

Issues and initiatives

- Continuing to reduce costs and implement price pass-through to products to address the greater-than-expected increases of prices (of raw materials)
- Promoting further capital efficiency through fundamental portfolio transformation, including optimal capital investment and business restructuring
- Developing and increasing sales of high-value-added products, leveraging expertise from Europe, where environmental regulations are strict

– Key Driver — Toward strengthening the management of the paperboard business —

Oji Materia Co., Ltd., is the core company of the Industrial Materials Business, and it supports people's lives by supplying containerboard, paper for paper bags, and packaging base paper for food and daily goods as Japan's leading manufacturer of paperboard and packaging paper.

Above all, we are focusing on the field of high-grade paperboard, which is growing due to the demand for trading cards. Our high quality and the market's high evaluation of us have enabled us to establish a large market share. It is forecasted that the global trading card game market will expand to more than twice its current size over the next five years.

We are also expanding base paper for liquid packaging cartons in Japan with a focus on products for chilled applications. At the same time, we are also developing products for aseptic applications in sight of overseas business expansion.

Keigo Shindo,
President, Oji Materia Co., Ltd.

For liquid packaging cartons, we will also advance sustainable packaging through our base paper.



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Household and Industrial Materials Businesses / Household and Consumer Products Business



Takayuki Moridaira

Oji Holdings Corporation
Senior Executive Officer
Household and Consumer Products COMPANY
President

Business fields/ domains

- Home care business
- Wellness care business
- Healthcare business

Brand

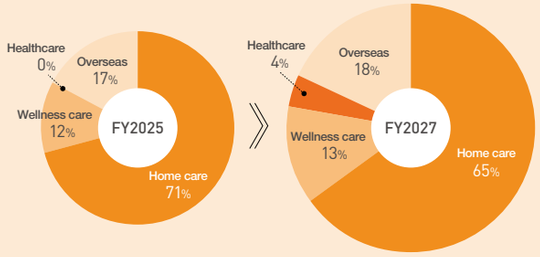
nepia
nepia 鼻セレブ
大人用 紙おむつ ネピアテンダー



Group Companies

Japan	1 company
Overseas	6 companies

Sales composition by business



Oji Nepia official website
Nepia Tender brand website (Japanese only)

– Awareness of the Business Environment

Strengths

- A lineup of high-quality and environmentally friendly products, and a strong image of contributing to the SDGs
- Capabilities to propose products and services based on long-standing relationships with stakeholders
- nepia, Hana-Celeb, and nepia tender brands

Opportunities

- Expansion in demand for environmentally friendly products due to heightening awareness of the environment
- Rising demand for adult diapers due to the arrival of a super-aging society
- Economic development in emerging markets such as Southeast Asia
- Creating demand through differentiation in the sensitive skincare and ethical skincare fields

Weaknesses

- Aging of the "nepia" brand, which has been used for many years
- Difficulty of establishing a competitive advantage in the commodity markets

Threats (Risks)

- Maturity and saturation of the domestic household paper market
- Intensifying price competition in the commodity markets
- Soaring raw material and fuel prices, labor costs, and logistic service expenses

– Toward Medium-term Management Plan 2027

Progress

Home care business: The revision of the lineup of products and measures to enhance the brand value have been implemented steadily under a policy of shifting from quantity to quality
Wellness care business: Providing products designed with consideration for nursing care and nursing settings under the philosophy of "nursing care based on the co-creation of value"
Healthcare business: The second product, a sheet mask, has been launched leveraging the Hana-Celeb brand, as we work to establish this business as a third pillar

Issues and initiatives

Home care business: Continuing to invest in marketing activities, including the use of a big-name entertainer, and developing differentiated/value-added products
Wellness care business: Refreshing products to improve usability and comfort and enhancing buttock care pads and other peripheral products
Healthcare business: Strengthening touchpoints with younger people using social media, increasing the visibility of SKINLISM, and establishing a foundation for the business

Voice **Our skincare efforts**

- **Motivations for development:** We used the discussion of the creation of Group synergies as an opportunity to begin considering our entry into the skincare domain. Accordingly, we began to work to enter the skincare business leveraging our research on medicinal plants and our knowledge of cosmetics raw materials.
- **Difficulties faced in development:** We started our development efforts by acquiring knowledge. We moved forward with the project through repeated trial and error, with a particular focus on how the products feel in use. In terms of sales, it was difficult to find new customers and answer specialized questions, but we leveraged our close collaborations with related departments and the high visibility of the Hana-Celeb brand to successfully secure product placements at major retailers such as Hands and Tomod's.





From left: Kanae Yogo, Product Development Department; Eiko Ohori, Product Planning Department; and Ryuichi Saito, Metropolitan Areas Supervising Department

- **Future outlook:** SKINLISM has been designed as a brand that values the harmony between the skin, mind, and environment with a focus on comfort, including lather and how the products feel in use. We plan to roll out basic skincare products in the autumn of 2027. We will move forward with the full-scale expansion of SKINLISM.

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Functional Materials Business



Shigeki Aoki
Oji Holdings Corporation
Senior Executive Officer
Functional Materials
COMPANY President

Business fields/ domains

- Specialty papers business
- Thermal paper business
- Adhesive products business
- Film business

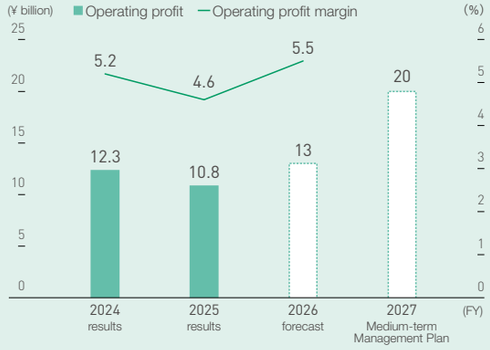
Results Highlights

Net sales	¥236.0 billion
Operating profit	¥10.8 billion
Capital investment	¥7.8 billion
Research and development expenses	¥2.4 billion
Depreciation and amortization	¥9.8 billion

Group Companies (Consolidated)

Japan	9 companies
Overseas	20 companies

Trend in operating profit



– Awareness of the Business Environment

Strengths

- High levels of core technologies in “paper making,” “paper converting (coating and adhesive processing),” and “film forming”
- Sales, marketing, and development are integrated into a rapid development system for high functionality and high-value-added products
- Integrated production from base paper manufacturing to converting

Opportunities

- Increasing demand for functional paper materials due to growing needs for sustainable products that reduce plastic use
- Increasing demand for capacitor-use OPP films due to the popularization of electric vehicles
- Growing demand for thermal paper in South America and for high-performance labels in the Southeast Asian region

Weaknesses

- Difficulty in alternative production associated with making one-of-a-kind products
- Commoditization of the product lineup

Threats (Risks)

- Geopolitical risks such as exchange rate fluctuations and shifts in demand stemming from conflicts, political turmoil, and similar factors
- Continued increase in raw material and fuel prices, labor costs, and logistic service expenses

– Toward Medium-term Management Plan 2027

Progress

- High-performance, high-value-added environmentally friendly products developed, such as packaging materials that comply with PFAS regulations and paper agricultural materials that decompose in the ground, and sales of them increased
- Expansion of OPP film production facilities for capacitors used in motor drive control equipment started in anticipation of the rapid spread of electric vehicles amid the shift to a decarbonized society
- High-performance label business expanded. Demand for high-performance labels expected to increase in South America, Europe and Southeast Asia

Issues and initiatives

- Continuing to implement price pass-through to reflect soaring raw material and fuel prices, labor costs, and logistic service expenses in product prices
- Implementing initiatives to break away from commoditization and product-out approaches to the product lineup and shift to a market-in business model
- Strengthening cooperation with other departments through actions centered on the CxO system and enhancing cross-divisional strategy formulation and execution capabilities
- Pushing forward with the transformation to a business portfolio focusing on profitability

Voice — Toward expanding sales of “O-hajiki” non-fluorine oil resistant paper!

We identified the trend toward restricting PFAS use and gave a timely proposal to major restaurant chains. The sales division’s quick response and the early establishment of formulation design and mass-production systems in the development and manufacturing divisions led to the adoption of the product and sales expansion. Business negotiations are also underway with domestic fast food and convenience store companies. We will continue to contribute to the achievement of both the medium- to long-term growth of the Oji Group and the realization of a sustainable society through proposal-based sales activities that are a step ahead of customer issues under the shared concept of ending the use of PFASs.





Yuino Niwa,
Oji F-Tex Co., Ltd. Sales Division Food Medical Product Sales Department

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Forest Resources and Environment Marketing Business



Kazuyoshi Ando

Oji Holdings Corporation
Executive Officer
Forest Resources and Environment Marketing COMPANY President

Business fields/ domains

- Forest plantation business
- Pulp business
- Lumber processing business
- Energy business
- Starch and saccharification business

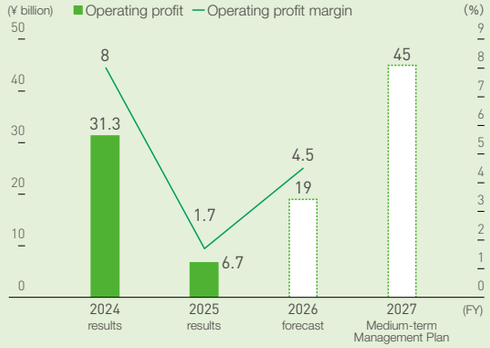
Results Highlights

Net sales	¥389.7 billion
Operating profit	¥6.7 billion
Capital investment	¥50.2 billion
Research and development expenses	¥0.3 billion
Depreciation and amortization	¥28.8 billion

Group Companies (Consolidated)

Japan	19 companies
Overseas	24 companies

Trend in operating profit



– Awareness of the Business Environment

Strengths

- Abundant forest resources both in Japan and overseas
- Integrated production from forest management to lumber processing and pulp
- Accumulated know-how related to mill operations, forestry practices, and sales infrastructure

Opportunities

- Growing demand for pulp due to economic development in emerging countries and the trend toward reducing plastic use
- Progress in monetizing the economic value of the multifaceted functions of forests
- Development of high-value-added products utilizing wood resources and rollout of new businesses

Weaknesses

- Earnings instability due to sales centered on market-driven commodities
- Increased financial burdens due to aging infrastructure renewal and long-term strategic investments

Threats (Risks)

- Fluctuations in exchange rates and market conditions
- Soaring raw material and fuel prices, labor costs, and logistic service and forest plantation expenses
- Large-scale new facility expansion by pulp competitors

– Toward Medium-term Management Plan 2027

Progress

- Cost reduction through operational improvements and the optimization of workforce productivity amid fluctuations in operating profit mainly due to changes in the pulp and lumber markets
- Low-profitability businesses restructured (e.g., profitability improved by transforming the Kinleith Mill of Oji Fibre Solutions into a facility exclusively for pulp production)
- New businesses and high-value-added products expanded (investments in new forest plantation business and biocarbon business in Brazil, carbon credit creation in Australia, and the expansion of sales of high-value-added products in the domestic dissolving pulp business)

Issues and initiatives

- Increasing the competitiveness of existing businesses by drastically reducing costs, including strategic investments, to address market fluctuations and cost inflation
- Transforming the portfolio by developing high-value-added products and new businesses, including new applications for wood biomass, and other initiatives
- Acquiring commercially viable new forest plantation sites and enhancing the value of forests

– Key Driver — example initiative improving forest productivity —

The Oji Group has been committed to the development and practical application of forest-related technologies for many years. In the company-owned forests in Indonesia—one of the operational areas of our Asia Agriculture and Forestry Technology Center (AFTEC)— forest growth has been improved significantly in recent years. It was confirmed that the mean annual increment (MAI)* of wood logged in 2025 was improved by more than 30% from the previous harvest period (2018 to 2019). The development of breeding and silviculture technologies is a long-term initiative that involves a repeated cycle of basic testing and evaluation, experimental planting at project sites, and ongoing monitoring and analysis until logging, and then progressing on to the next test. The expertise we have cultivated in these fields over many years is a promising valuable asset that will improve the productivity of our company-owned forests and be a source of revenue for the Group.


Seedling root system improvement test


Survey of grown samples of selected clones

* Mean annual increment is the average growth per year (m^3/ha/year)

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Printing and Communications Media Business



Atsushi Sekiguchi
Oji Holdings Corporation
Executive Officer
Printing and Communications Media COMPANY President

Business fields/domains

- Newsprint business
- Printing and publication paper business
- Communications paper business

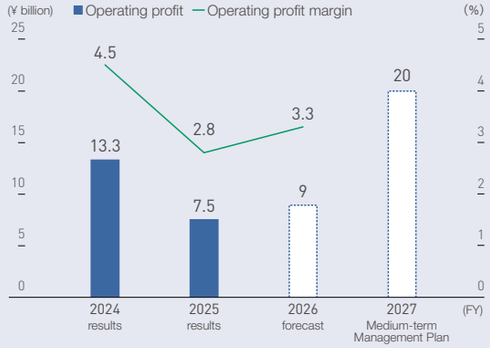
Results Highlights

Net sales	¥272.1 billion
Operating profit	¥7.5 billion
Capital investment	¥9.8 billion
Research and development expenses	¥0.1 billion
Depreciation and amortization	¥7.9 billion

Group Companies (Consolidated)

Japan	7 companies
Overseas	1 company

Trend in operating profit



– Awareness of the Business Environment

Strengths

- Ownership of large-scale infrastructure, including pulp production facilities and power generation facilities
- Full lineup of environmentally friendly products, including FSC™-certified paper
- Capabilities to develop products meeting market needs
- Advanced technological capabilities, and stable supply capabilities supported by outstanding human capital

Weaknesses

- Increase in equipment malfunctions due to aging of equipment
- Difficulty in hiring due to labor shortages in society as a whole resulting from the aging population/declining birth rate

Opportunities

- Increasing consumer awareness about environmental issues, such as SDGs and GX
- Reassessment of the value of paper due to reducing plastic use
- The advantages of paper as an information medium (readability, accuracy, familiarity)

Threats (Risks)

- Declining demand due to structural changes resulting from the shift to new work styles, such as digitalization and remote work
- Large fluctuations in exchange rates
- Soaring raw material and fuel prices, labor costs, and logistic service expenses

– Toward Medium-term Management Plan 2027

Progress

- Operating profit in FY2025 decreased year on year due to the rising prices of recovered paper and other raw materials
- In March 2025, one coated and lightly coated paper machine at the Tomakomai Mill was shut down as part of efforts to restructure and optimize the production system in response to structural environmental changes. In addition, in March 2026, we shut down a newsprint production facility at the same mill

Issues and initiatives

- Identifying demand trends and rigorously pursuing continuous cost reductions, based on the assumption that demand for newsprint and printing paper will decline
- Increasing profitability and competitiveness by rebuilding an optimal production system throughout the Group, and rigorously implementing cash flow management
- Pursuing growth by effectively utilizing pulp production facilities, biomass power generation facilities, and other equipment and implementing business portfolio transformation using forest resources and existing business resources

Voice

Initiatives to use AI to reduce equipment troubles

Among operational and equipment-related problems, boiler-related issues are a critical concern because of their significant impact on business earnings. Inspection standards being inconsistent from mill to mill, business operations dependent on specific individuals, and the insufficient sharing of information and other issues underlie the problems arising during inspections and maintenance, and the progress in the aging of skilled workers and the labor shortage has made immediate action imperative.

Reflecting on this situation, we will create an AI agent for industrial use in FY2026 to support and increase the sophistication of maintenance work. Specifically, we aim to optimize repair and replacement plans based on the standardization of inspections and remaining life assessments, use data on past problems to help prevent their recurrence, and formulate a maintenance plan in a timely manner. In addition, we will continue to introduce video versions of work standard manuals in the current fiscal year to build a frontline environment that supports stable operations with fewer personnel, enhances on-site capabilities, and sustainably strengthens the foundation of the business.



Yuta Kobayashi
Production Technology Division
Production Technology Department

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