

Oji Group Integrated Report 2024

Fiscal year ended March 2024



Editorial Policies

When preparing this Report, reference was made to the following.

- The 10 principles in four areas found in the United Nations Global Compact
- International Integrated Reporting Framework (IFRS Foundation)
- GRI Standards (Global Reporting Initiative)
- Guidance for Collaborative Value Creation (Ministry of Economy, Trade and Industry)
- Task Force on Climate-related Financial Disclosures (TCFD)



Ensuring Reliability

To ensure the reliability of this report, FY2023 figures marked with a star (★) have been assured in accordance with the International Standard for Assurance Engagements (ISAE) 3000 and ISAE 3410 by KPMG AZSA Sustainability Co., Ltd.

Boundaries of This Report

In general, this report covers Oji Holdings, 200 consolidated subsidiaries, and 20 equity-method affiliates (as of March 31, 2024). In cases where coverage differs, this is indicated. As a rule, the forest area includes Oji Uruguay Forest Company S.A.S., which acquired plantations in July 2024.

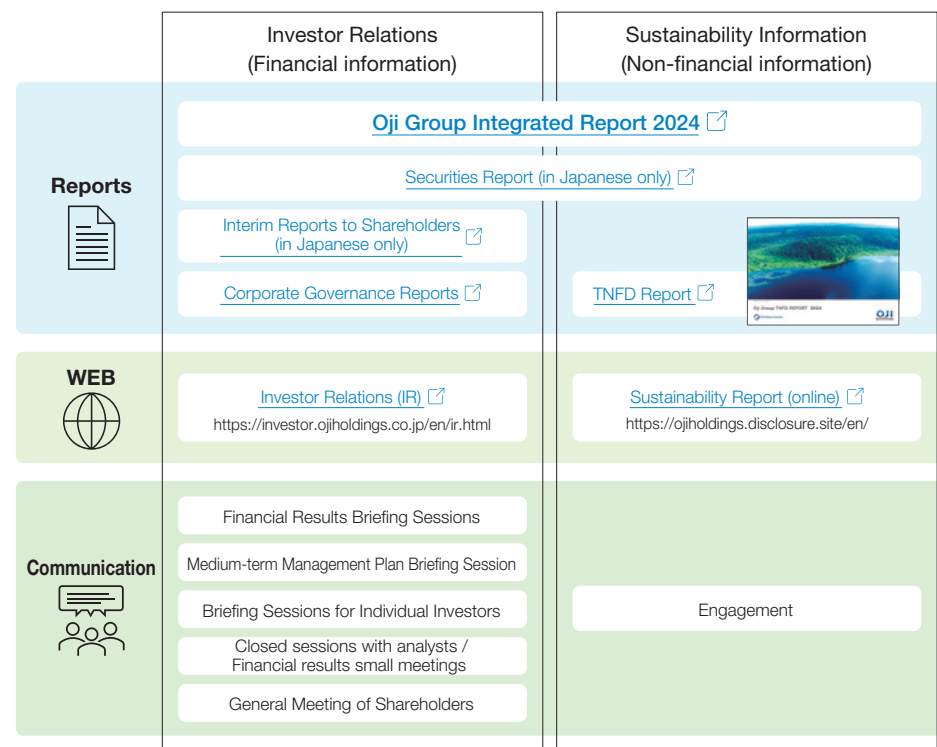
Reporting Period

The reporting period is from April 1, 2023, to March 31, 2024 (except for the lost time injury frequency rate and environmental data for certain overseas sites, for which the period is from January 1, 2023, to December 31, 2023). With the exception of numerical data, however, activities carried out from and after April 2024 are also referenced.

Disclaimer Regarding Forecasts and Other Forward-looking Statements

Forecasts and other forward-looking statements in this report represent projections by Oji Holdings based on information available at the time of publication and reasonable judgments and therefore contain uncertainties. Actual results might differ substantially due to various factors.

Communication Map



Cover Art: Nangoku no Umibe de (Tropical seaside)

Hiroo Isono (1945–2013)

We commissioned Hiroo Isono, a master painter who worked with a lifelong theme of "forests of life," to create 28 paintings using our Oji Forests in Japan and overseas as motifs. We used the paintings to publish the Oji no Mori no Nakamatachi Calendar [Calendar of Friends in Oji Forest] series for the period from FY1999 to FY2002. The setting of this report's cover art, titled Nangoku no Umibe de (Tropical seaside) is a company-owned forest in Meotoura, Miyazaki Prefecture. It depicts tropical flowers, including hibiscus, in bloom on the calm seashore prior to the rainy season, and birds in flight across the bright blue sky. A herd of grazing semi-wild horses play in the meadow, conveying the bustle of early summer flora and fauna.



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Regarding the Issuance of Integrated Report 2024 / CONTENTS

Regarding the Issuance of Integrated Report 2024

We started publishing the Oji Group Integrated Report in 2019 to present financial and non-financial information concerning the Group in an easy-to-understand manner to all of our stakeholders. In publishing this Report, we hope to provide stakeholders with a better understanding of the Group's value creation story, which entails maximizing our corporate value under our Long-term Vision for FY2030 while expanding our business operations rooted in forest resources, which has continued to evolve over our more than 150-year history.

At the same time, this Report is designed to deepen dialogue with stakeholders and build relationships of trust while conveying to readers the Group's efforts to progress toward further growth and evolution by looking beyond existing business boundaries and developing eco-friendly businesses as well as wood bio-businesses as next-generation core businesses.

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Management Philosophy, Purpose

Management Philosophy

Creation of Innovative Value

Innovation is essential for the Oji Group to make a big leap forward. Changes must take place in the research and technological development leading up to revolutionary new products. At the same time, our organizational systems and the behaviors of each and every employee need to be transformed. We will promote “challenging manufacturing” based on novel ideas and fulfill society’s latent needs.

Contribution to the Future and the World

The Oji Group comprises a diverse range of businesses. We have grown into a global corporate group, with an overseas sales ratio above 30%. The Group will continue to provide innovative value to all countries, regions, and societies and create a new future through proactive global expansion in Asian and other countries.

Harmony with Nature and Society

Resource circulation based on forest resources is the foundation of the Oji Group. We will advance our initiatives such that the business activities themselves contribute to a sustainable society. The initiatives include using vast areas of company-owned forest in and outside Japan for multiple purposes and reducing the environmental burden at manufacturing sites.

Corporate Slogan



“Beyond the Boundaries”

This slogan expresses the Oji Group’s commitment to actively go beyond the “boundaries” of business domains, countries, and the respective capabilities of individual employees to contribute to the future, society, and the world, as well as the determination of all Group members to maximize corporate value as a truly global company.

Grow and manage the sustainable forest,
Develop and deliver the products from
renewable forest
And
Oji will bring this world a brighter future
filled with hope

Purpose

The forest grown and managed sustainably not only absorbs and fixes carbon dioxide, but also mitigates floods, cultivates water sources such as water purification and prevents natural disaster in addition to its contribution to biodiversity, healing and health enhancement of people.

The products derived from wood utilizing forest resources are made of renewable materials and able to substitute for plastic, films and fuel derived from fossil resources.

Oji Group will confront global warming and environmental issues, and bring this world a brighter future filled with hope by growing and managing the sustainable forest and by developing and delivering the products utilizing renewable forest resources.

Oji Group at a Glance -Oji Forests in Japan-

Our forest
plantation started
over a century
ago.



Oji Forests in Japan
188,000 ha
(≒ Area of Osaka Prefecture)

Economic value*
**Approx.
¥550.0
billion/year**

Trees are a renewable resource that can replace petroleum. The forests in which these trees grow nurture a wide variety of plants and animals, purify water, and help build soil. All kinds of trees absorb carbon dioxide while releasing oxygen through the process of photosynthesis.

The Oji Group's forest plantation business began around 1893 in the Tenryu River basin (Shizuoka Prefecture). By 1914, it owned approximately 1,700 ha of forests. In the 1930s, before global environmental issues became a focus of attention, then-President Ginjiro Fujiwara advocated that "those who use trees are responsible for planting them." Based on this unwavering business philosophy, the Oji Group has continued to grow and manage sustainable forests.

Today, Oji Forests in Japan have grown to approximately 190,000 ha.



Ginjiro Fujiwara, then 86 years old, inspecting a company-owned forest in Hokkaido in 1955.

* Calculation based on the methodology used in the Forestry Agency of Japan's 2000 Valuation of the Public Benefit Functions of Forests (calculated by multiplying the Forestry Agency's estimated national valuation by the ratio of Oji Holdings' forest area to the national forest area). Some calculation units and evaluation methods were updated where possible (water resource cultivation function, biodiversity conservation function (wildlife conservation function), and air quality conservation function).

Oji Group at a Glance

-Oji Forests Expanding across the Globe-

With the growing dependence on overseas woodchips during the 1960s, the need for forest plantation businesses outside Japan had been growing in a bid to secure resources for the long term. Beginning with the establishment of Pan Pac Forest Products Ltd. in New Zealand, a company engaged in the manufacture of lumber materials and pulp, in 1971, the Oji Group took steps to expand its overseas network with the establishment of such companies as Celulose Nipo-Brasileira S.A. (CENIBRA) in Brazil and Quy Nhon Plantation Forest Company of Vietnam Ltd. (QPFL) in Vietnam. Today, Oji Forests have expanded both in Japan and across the globe to 640,000 ha.

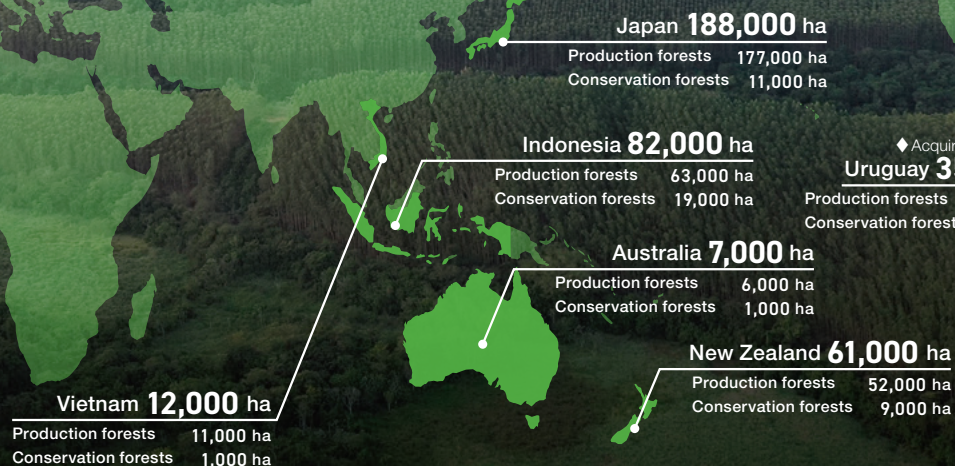
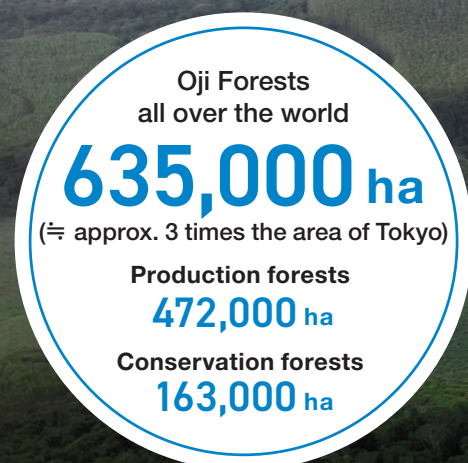
To make the most of the forest resources that have been carefully nurtured for more than a century, we will work to provide not only paper, our original business, but also new value through the supply of new products, including new materials derived from wood. At the same time, we will continue to cultivate healthy forests and put forward solutions to environmental and social issues.

**Job creation of forest plantation business
at overseas Group companies**

Approx. 13,000

**Forest maintenance and
management expenses in Japan and overseas**

¥16.3 billion/year



Note: Production forests: Forests primarily for producing forest products in consideration of environmental conservation.
Conservation forests: Forests primarily for environmental conservation, including protecting biodiversity and watershed.

Oji Group at a Glance -Paper and Paperboard Market Trends in Japan-

After peaking in 2000, domestic demand for paper and paperboard in Japan has continued to decline since the Lehman Shock. Domestic demand for newsprint, as well as printing and publication paper, which has been significantly impacted by the trend toward digitalization, has fallen to nearly half the peak level recorded in 2000. Going forward, the continued downturn in demand is inevitable. In contrast, trends in paperboard, including containerboard, remain firm owing to the stable demand for food and home electronics applications and the spread of e-commerce.

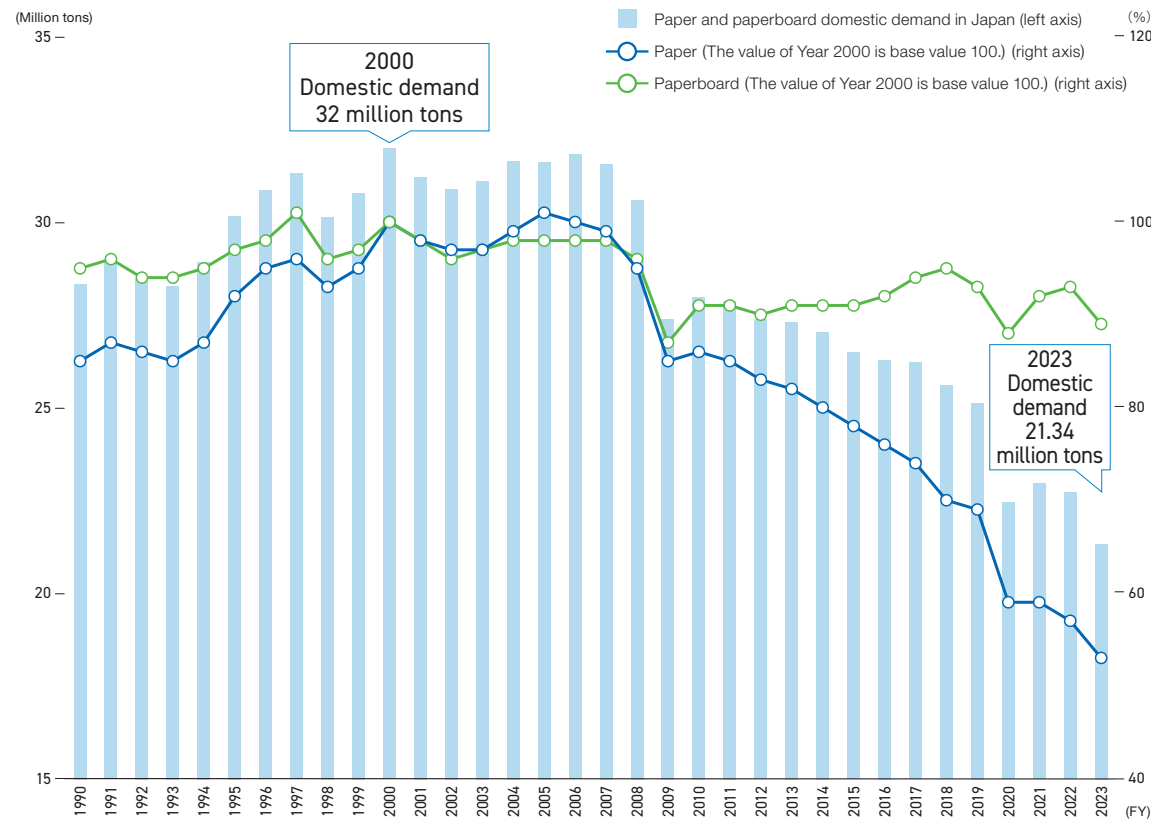
Recognized as the No. 1 paper and paperboard manufacturer in Japan in terms of total production volume, the Oji Group was quick to focus its attention on paperboard. Over an extended period, we have

worked to steadily expand this business and increase paperboard production volume through M&As and production system restructuring. The Group led the production volume of paperboard in Japan in 2022.

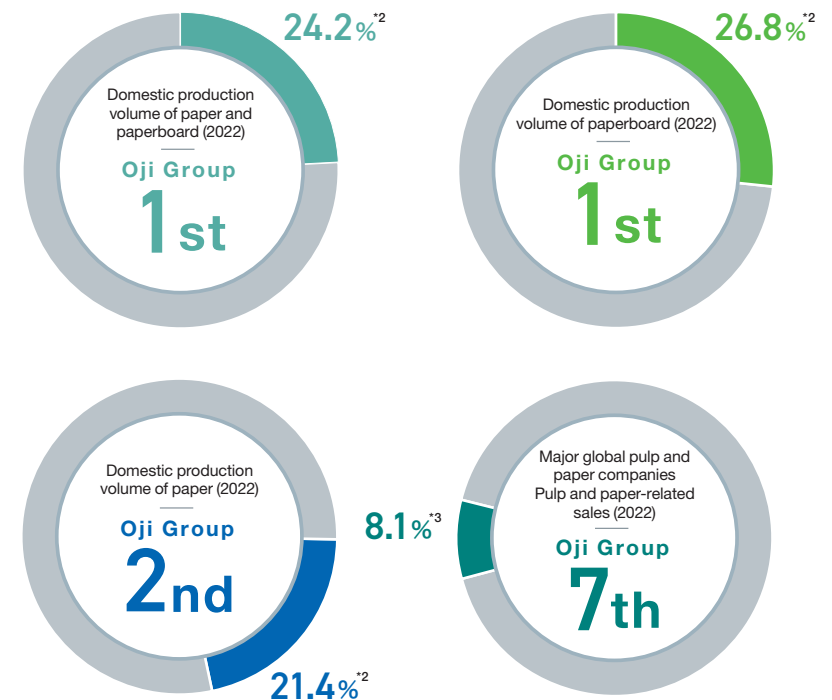
In recent years, sustainable materials have attracted increased interest with growing global awareness of the environment. Against this backdrop, demand for paper and paperboard is expected to expand especially in the packaging field.

Recognizing these changes in society as an opportunity for growth, the Oji Group will work to enter new fields through its carefully nurtured forest and human resources and innovation.

Paper and paperboard demand*¹ in Japan



Oji Group's share of domestic production volume and global sales



*¹ Domestic shipments + Imports

*² Percentage of the Company's production volume to total production volume

*³ Percentage out of top 10 companies

Source: Japan Paper Association, Paper360°

Oji Group at a Glance -Business Overview-

The Oji Group is building a business portfolio that is finely attuned to changes in the structure of demand.

We intend to strengthen our business foundation while continuing to improve our mainstay businesses. At the same time, we will work to expand into new domains and to appropriately transform our portfolio.

Others

Domestic **15**
companies

Overseas **2**
companies

- Trading, logistics, engineering, real estate, and liquid packaging carton businesses
- New business development

| | |
|---------------------------------|----------------|
| • Net sales | ¥316.1 billion |
| • Operating profit | ¥5.8 billion |
| • Capital investment | ¥12.5 billion |
| • R&D expenses | ¥6.3 billion |
| • Depreciation and amortization | ¥4.4 billion |

Printing and Communications Media

Domestic **7**
companies

Overseas **1**
company

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

| | |
|---------------------------------|----------------|
| • Net sales | ¥299.4 billion |
| • Operating profit | ¥16.8 billion |
| • Capital investment | ¥5.0 billion |
| • R&D expenses | ¥0.7 billion |
| • Depreciation and amortization | ¥7.6 billion |

Forest Resources and Environment Marketing

Domestic **19**
companies

Overseas **30**
companies

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

| | |
|---------------------------------|----------------|
| • Net sales | ¥359.6 billion |
| • Operating profit | ¥19.6 billion |
| • Capital investment | ¥54.8 billion |
| • R&D expenses | ¥0.5 billion |
| • Depreciation and amortization | ¥25.4 billion |



Household and Industrial Materials

Industrial Materials

Domestic **43**
companies

Overseas **44**
companies

- Corrugated container business
- Folding carton business
- Paper bag business

| | |
|---------------------------------|----------------|
| • Net sales | ¥798.7 billion |
| • Operating profit | ¥21.2 billion |
| • Capital investment | ¥36.6 billion |
| • R&D expenses | ¥0.4 billion |
| • Depreciation and amortization | ¥33.4 billion |

Household and Consumer Products

Domestic **1**
company

Overseas **6**
companies

- Household paper business
- Disposable diaper business

Functional Materials

Domestic **10**
companies

Overseas **22**
companies

- Specialty papers business
- Imaging media business
- Adhesive products business
- Film business

| | |
|---------------------------------|----------------|
| • Net sales | ¥227.5 billion |
| • Operating profit | ¥9.1 billion |
| • Capital investment | ¥10.5 billion |
| • R&D expenses | ¥2.6 billion |
| • Depreciation and amortization | ¥8.8 billion |

Notes:

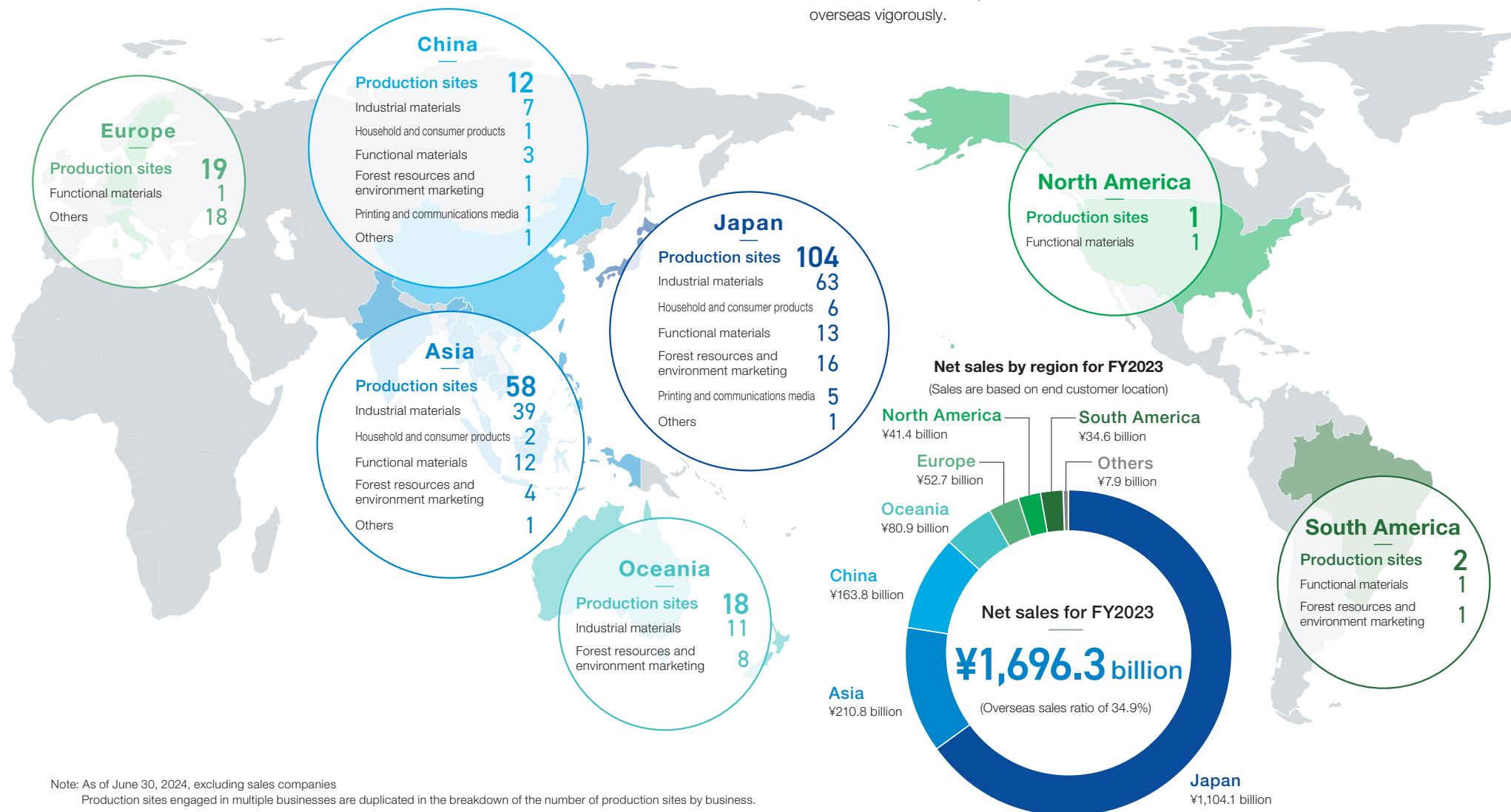
1. Business results and number of consolidated subsidiaries data as of March 31, 2024.

2. Total net sales include adjustments (primarily those for internal transactions).

Non-consolidated net sales, net sales composition ratio, and operating profit do not include adjustments (primarily those for internal transactions).

Oji Group at a Glance

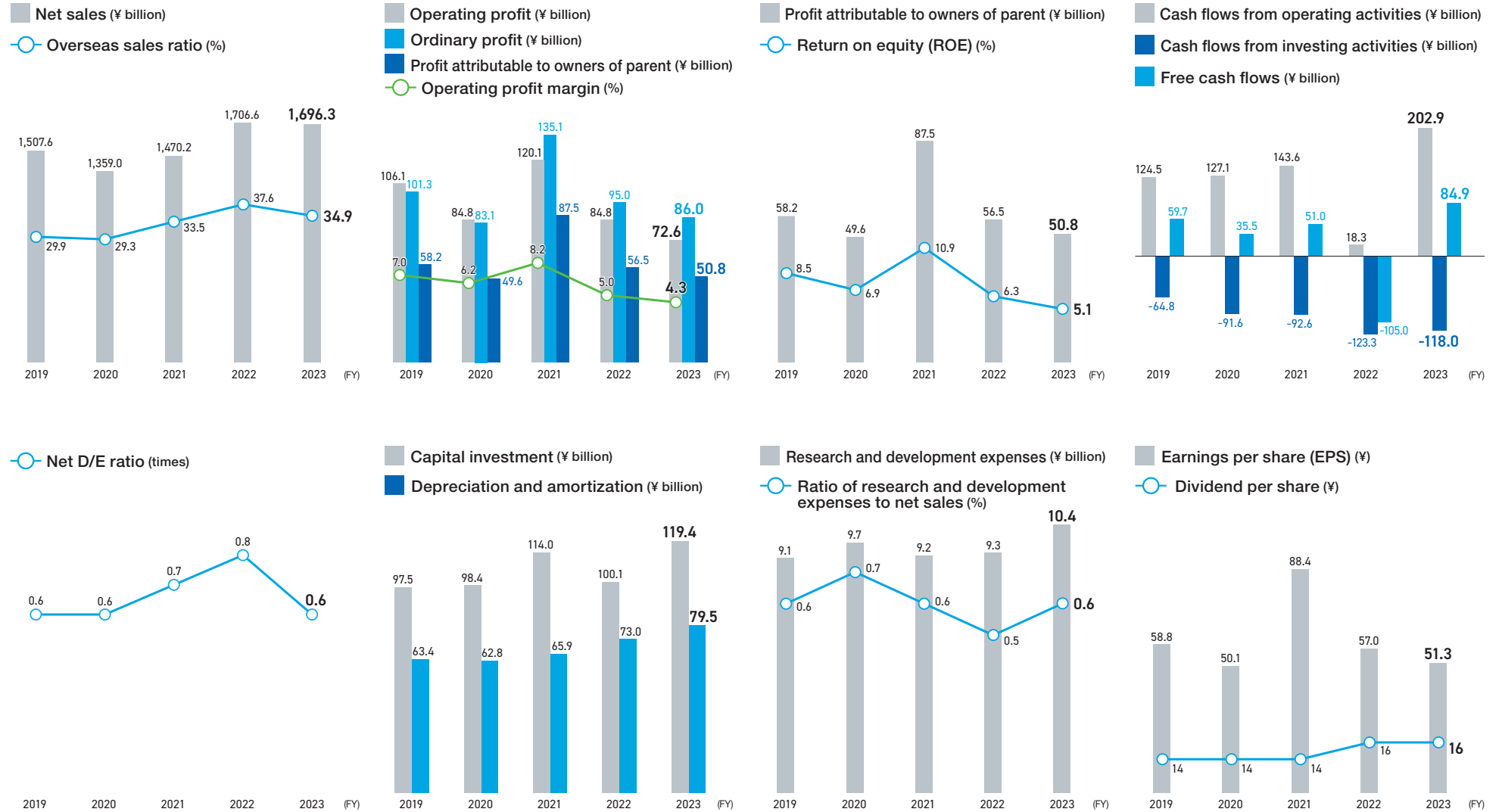
-Production Sites and Net Sales by Region-



Note: As of June 30, 2024, excluding sales companies

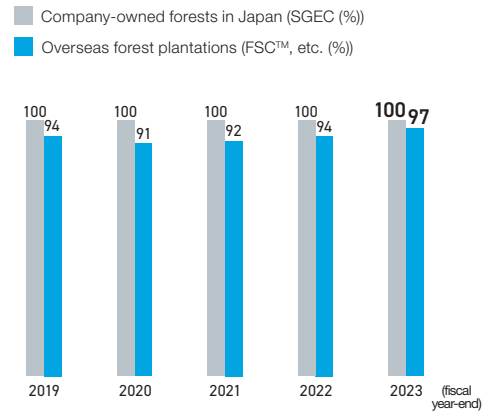
Production sites engaged in multiple businesses are duplicated in the breakdown of the number of production sites by business.

Oji Group at a Glance -Financial Highlights-

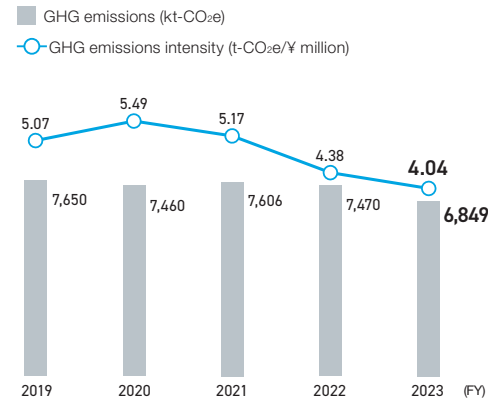


Oji Group at a Glance -Non-financial Highlights-

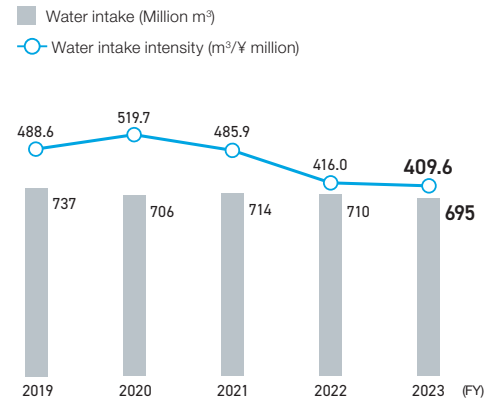
Forest certification acquisition rate*1



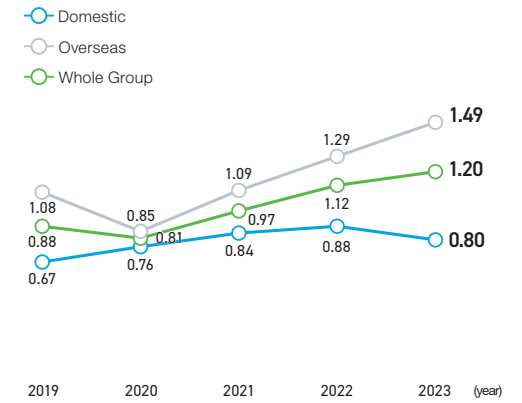
Greenhouse gas (GHG)



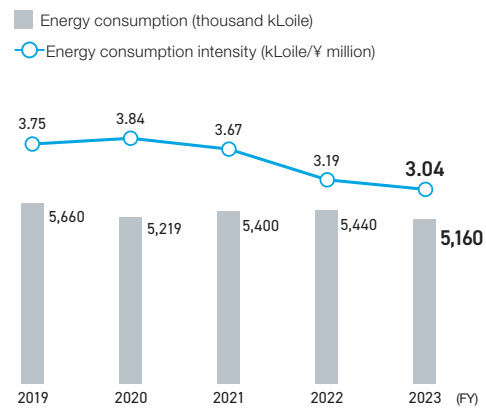
Water intake



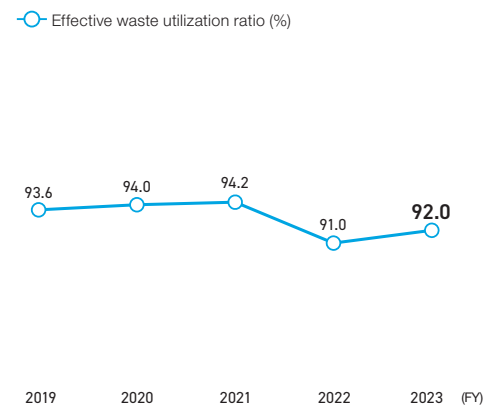
Lost time injury frequency rate (LTIFR)*2



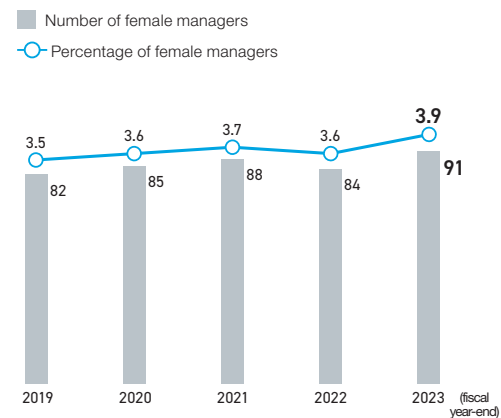
Energy consumption*2



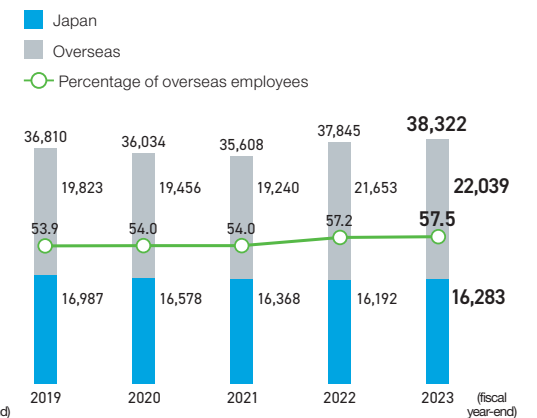
Effective waste utilization ratio*1



Percentage of female managers*2 (16 Group companies in Japan)



Number of employees (excluding temporary employees)



*1 For the calculation method (P.32 □)

*2 For the calculation method (P.98 □)

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

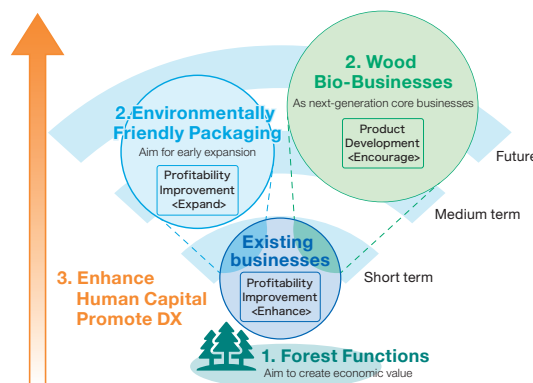
—A pioneer in resource recycling and sustainability management—

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 |

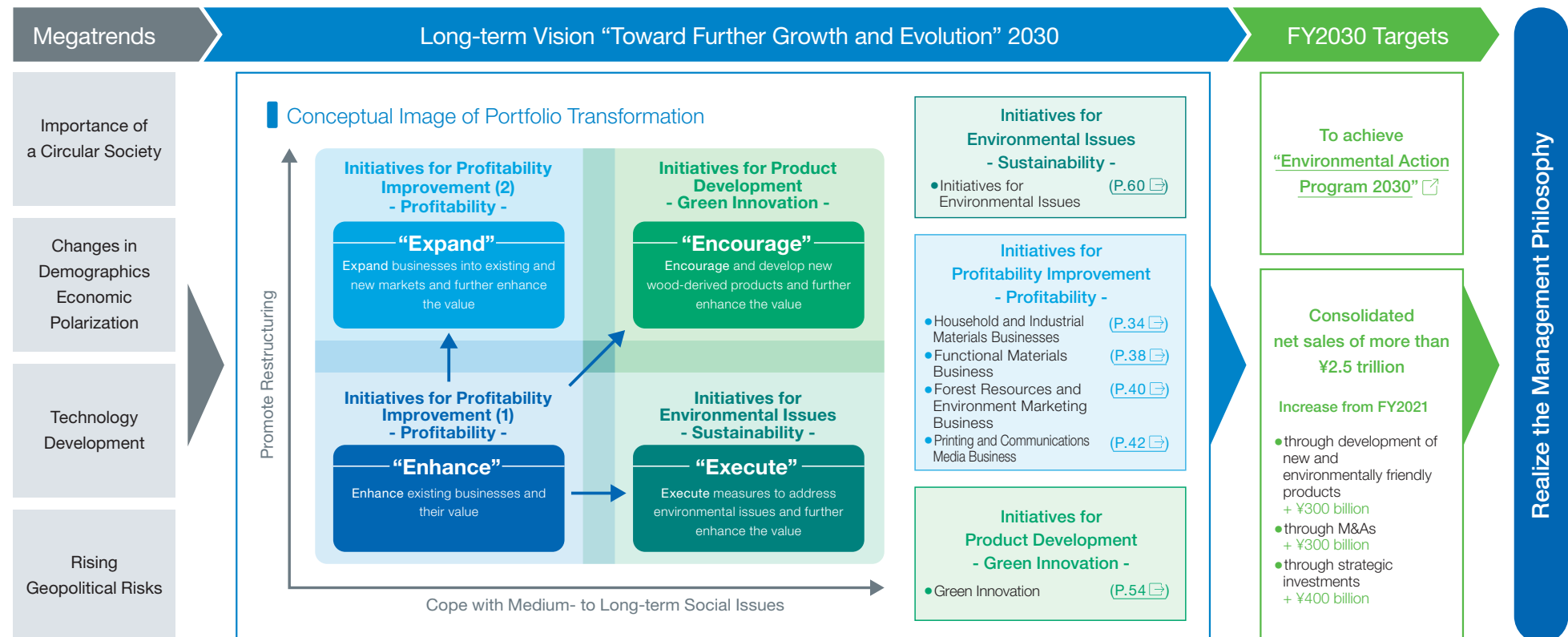
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The Oji Group has been developing business operations rooted in forest resources for more than 150 years. Amid the growing severity of such environmental issues as global warming, the need to halt the loss of ecosystems and pursue recovery is becoming 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.

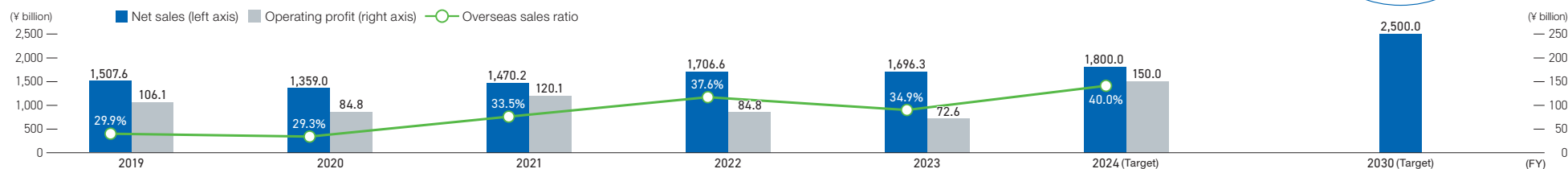
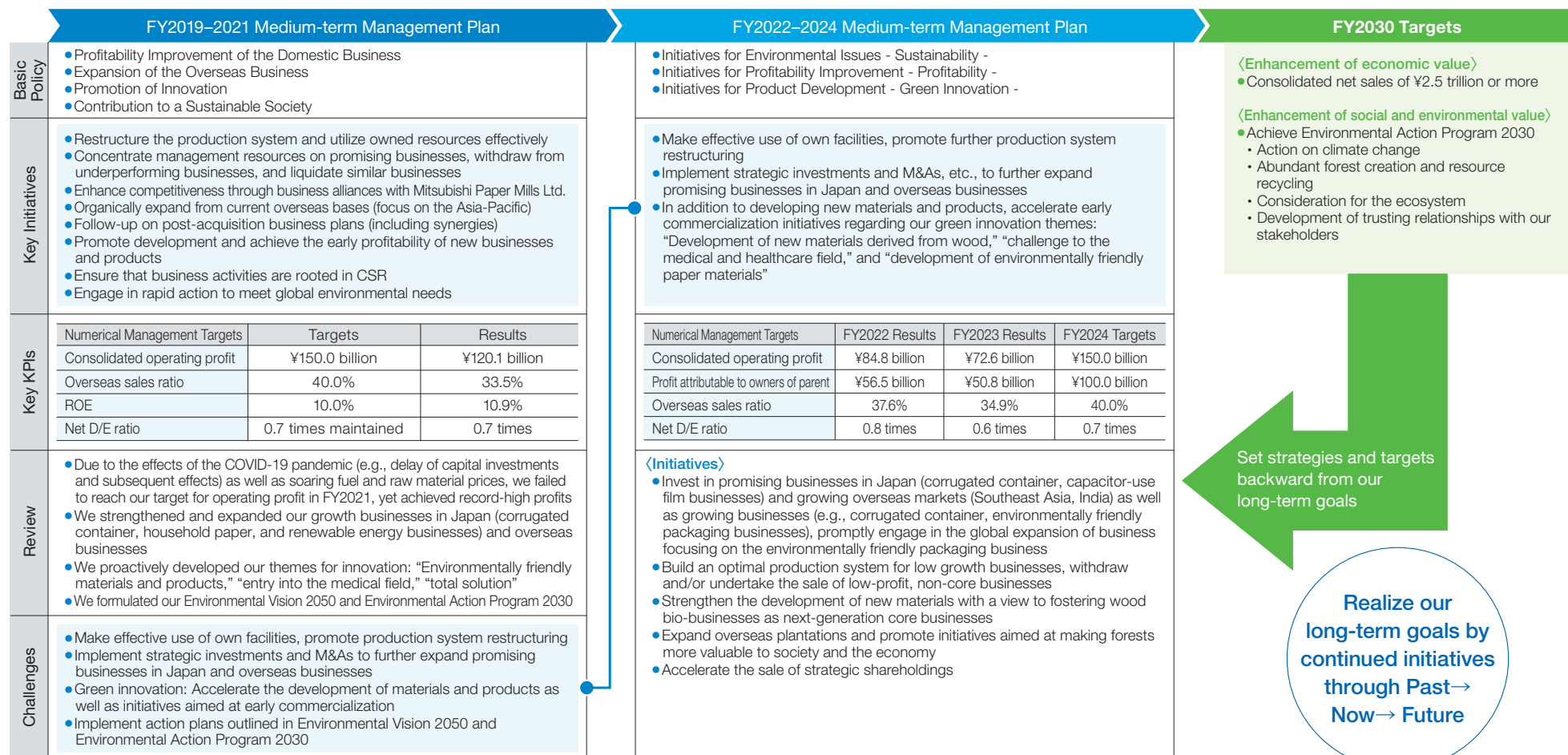


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FY2022–2024 Medium-term Management Plan and Progress

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 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

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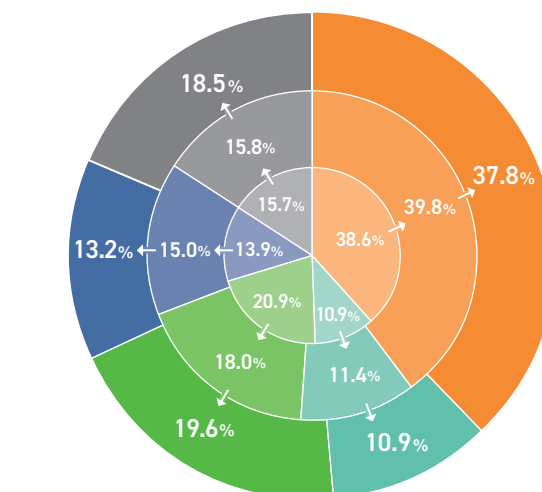
the temporary factors caused by the external environment mentioned above, I believe that there will be no deviation from our progress toward our Long-term Vision for the future, including 2030 and 2050.

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



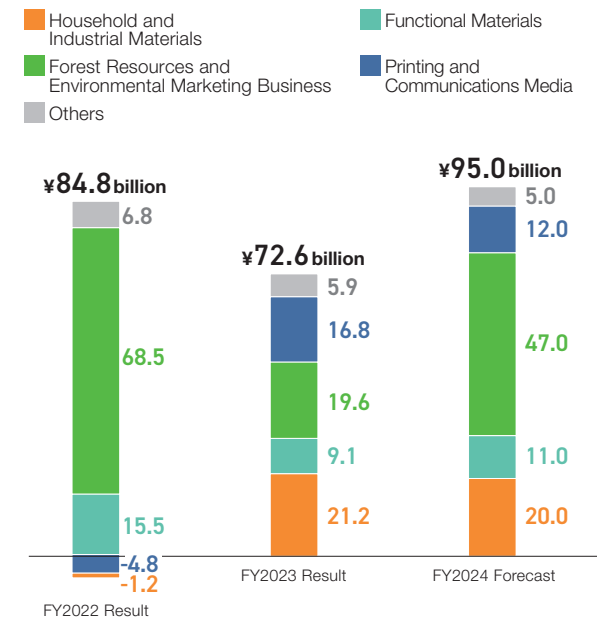
Note: The composition of sales by segment data does not include adjustments (primarily those for internal transactions).



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

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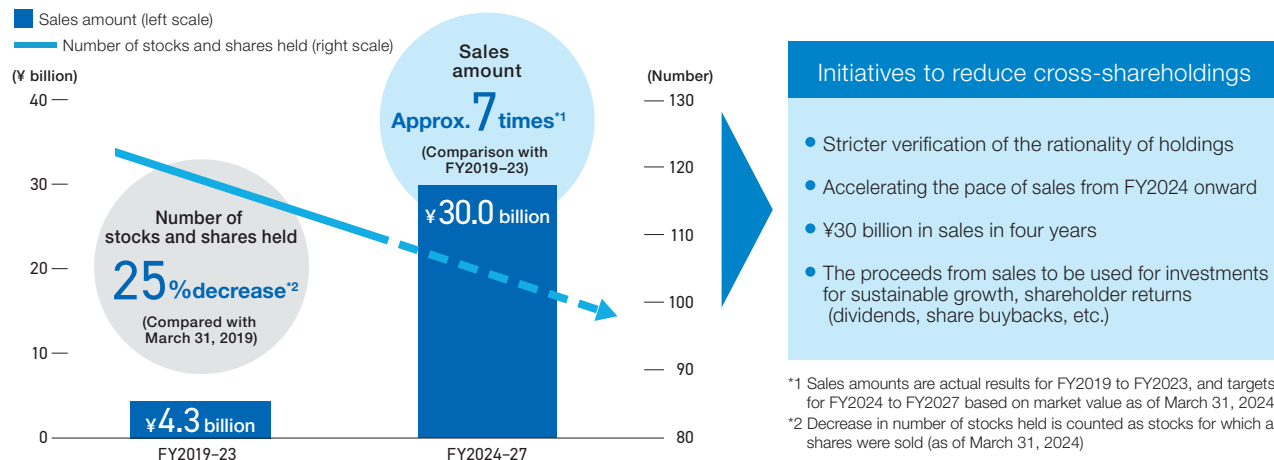
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we are conducting joint venture businesses with leading local companies in the areas of household paper and corrugated containers and, having achieved a certain level of success, are now jointly making additional capital investments.

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.

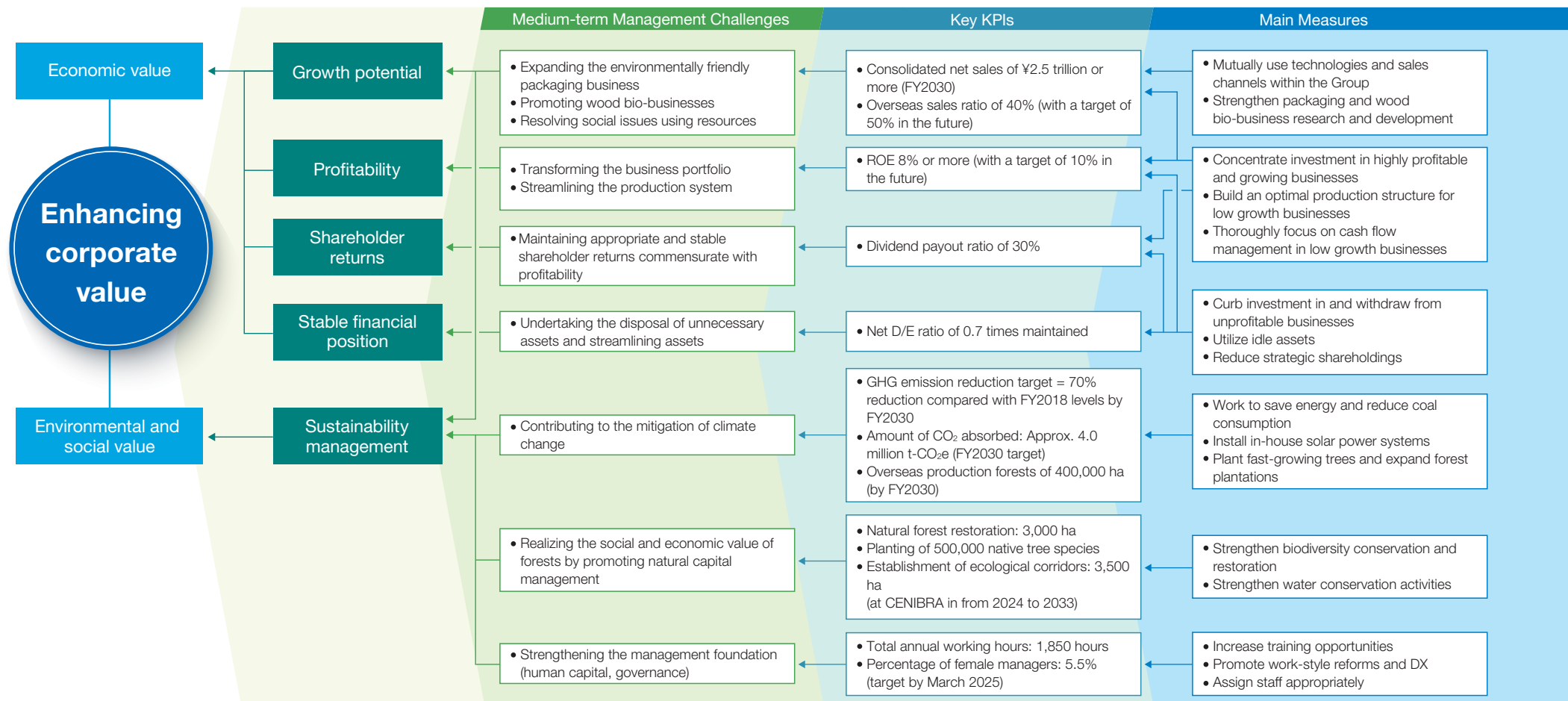


Oji Group's Logic Tree

The Oji Group's logic tree is a schematic representation of how the Group's management issues and strategies are linked to increases in corporate value.

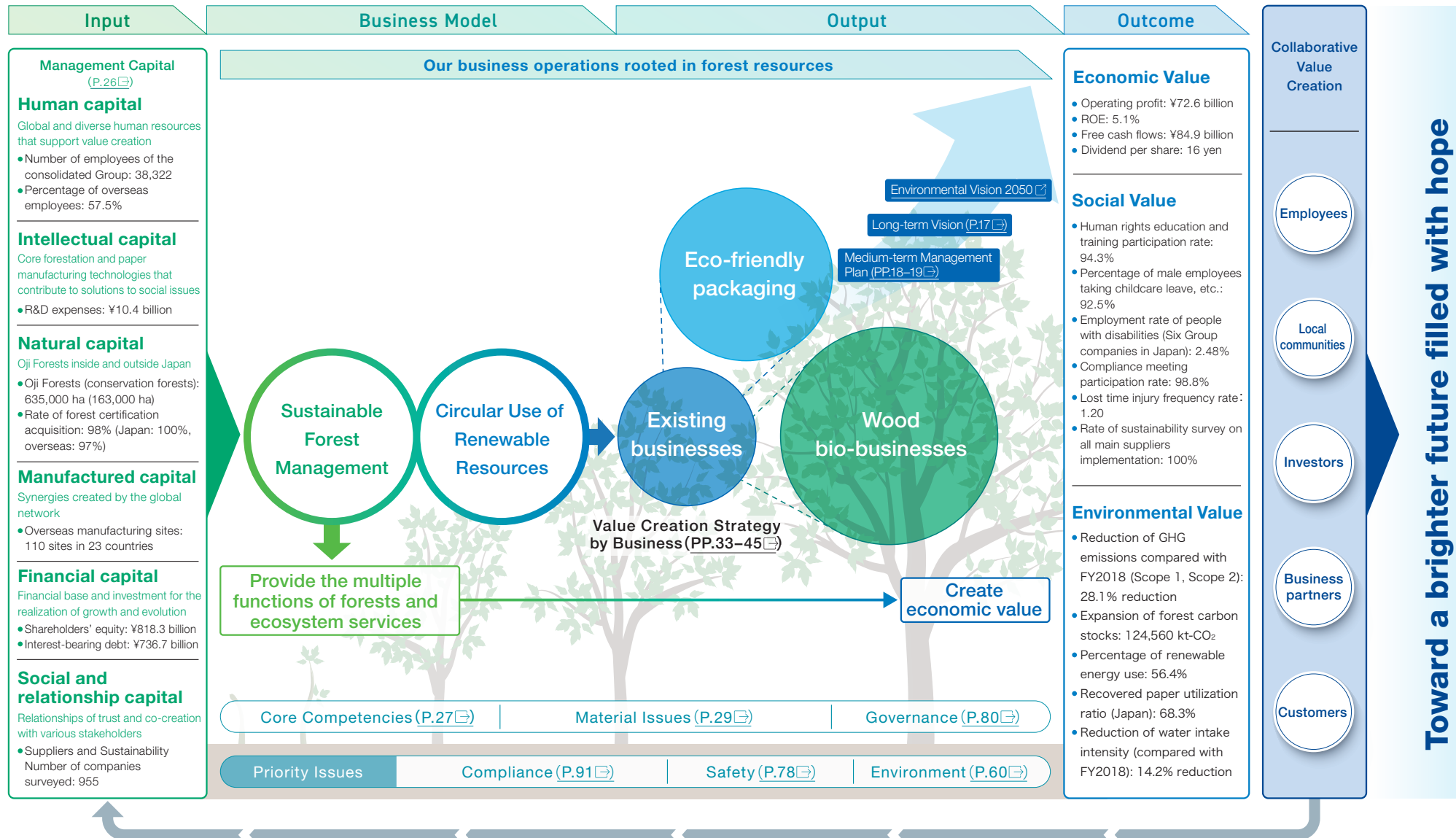
We believe that the Oji Group's corporate value is primarily derived from the economic value geared toward shareholders, customers, and business partners, as well as the environmental and social value for all stakeholders and the society as a whole.

We will work to increase economic value by expanding new businesses and transforming our business portfolio in a bid to enhance our growth potential and profitability, reducing capital costs by maintaining a stable financial position, and promoting shareholder returns based on an appropriate and stable dividend policy. At the same time, we will endeavor to increase both environmental and social value by engaging in sustainable management. This includes contributing to the mitigation of climate change, promoting natural capital management, and strengthening human capital and governance.



Value Creation Process

Drawing on its natural and other management capital, the Oji Group has engaged in its business operations rooted in forest resources for more than 150 years. We have developed a business model that nurtures renewable forest resources and uses them in a cyclical manner. We will continue to develop our business model and operations, work to resolve social and environmental issues while creating new value, and contribute to the realization of a brighter future filled with hope.



Management Capital and Our Strengths/Challenges

The Oji Group will work to create value by maximizing its inherent strength with the management capital that it has nurtured over a span of more than 150 years.

In addition, we will accurately identify the challenges that we need to address in each type of management capital and work to further pursue our strengths while putting forward solutions.

| Oji Group's Management Capital | Human Capital Global and diverse human resources that support value creation | Intellectual Capital Core technologies in forest plantation and paper manufacturing that contribute to solutions to social issues | Natural Capital Oji Forests inside and outside Japan | Manufactured Capital Synergies created by the global network | Financial Capital Financial base and investment for the realization of growth and evolution | Social and Relationship Capital Relationships of trust and co-creation with various stakeholders |
|--|--|---|---|---|---|---|
| INPUT | <ul style="list-style-type: none"> Number of employees of the consolidated Group: 38,322 Percentage of overseas employees: 57.5% | <ul style="list-style-type: none"> R&D expenses: ¥10.4 billion (top rank in the pulp and paper industry in Japan: Survey by WDB Co., Ltd.) Number of patents, utility models, and design patents/trademarks held Japan: 2,772/970 Overseas: 978/1,007 | <ul style="list-style-type: none"> Oji Forests (conservation forests): 635,000 ha (163,000 ha) Rate of forest certification acquisition: 98% (Japan: 100%, overseas: 97%) | <ul style="list-style-type: none"> Overseas manufacturing sites: 110 sites in 23 countries (P.8) Capital investment: ¥119.4 billion | <ul style="list-style-type: none"> Shareholders' equity: ¥818.3 billion Interest-bearing debt: ¥736.7 billion | <ul style="list-style-type: none"> Formulation and implementation of the Oji Group Sustainability Action Guidelines for Supply Chains (Number of companies covered by supplier sustainability surveys: 955) Oji Group companies: 357 in the world Brand power targeting general consumers typified by "nepia" |
| Strengths | <ul style="list-style-type: none"> On-site capabilities at all sites, including procurement, manufacturing, and sales Diverse human resources, including global bases (inclusion and diversity), consideration for human rights A corporate culture that respects, fosters and accepts other cultures and attributes Human resources with high ethical standards based on the Company's founding spirit and the relevant training system Depth of technical human resources engaged in R&D and training systems that lead to new businesses | <ul style="list-style-type: none"> Number of patents, utility models, and design patent applications Japan: 404 Overseas: 147 Number of published patents in Japan in 2023: 364 (top rank in the pulp and paper industry: Survey by Patent Result Co., Ltd.) Robust R&D system and facilities located at the mills of Group companies in Japan Ability to develop new materials, including biomanufacturing, CNF, and wood-derived pharmaceutical products through innovation using forest resources (P.54) More than 150 years of knowledge and a wide variety of core technologies | <ul style="list-style-type: none"> Sustainable forest management (P.64) Biodiversity conservation (P.67) Water source cultivation Soil conservation CO₂ absorption and subsequent contribution to climate change mitigation (P.60) Ability to supply wood resources on a sustainable basis | <ul style="list-style-type: none"> Pulp and paper-related sales: Ranked 7th globally and 1st in Japan (2022) Synergy effects with companies joining the Group in Japan and overseas Water treatment technologies born from the Group's know-how in paper manufacturing technologies, development technologies for water infrastructure in general through the application of water treatment technologies Facilities that enable the mass development of new technologies triggered by innovation Expanding production capacity overseas | <ul style="list-style-type: none"> Net D/E ratio 0.7 times maintained Stable dividend policy | <ul style="list-style-type: none"> Inclusion in various domestic and international indices such as FTSE, S&P, etc. Various social contribution activities outside and inside Japan Detailed communication response to product safety inquiries, including the provision of survey reports and product information sheets Number of countries where our products are sold: 125 |
| Challenges | <ul style="list-style-type: none"> Level of awareness toward the Group's Management Philosophy and Purpose / Thoroughgoing compliance and safety training Passing on of technical/technological capabilities Hiring and development of young human resources | <ul style="list-style-type: none"> Passing on the Group's wide-ranging accumulated know-how Developing breakthrough technologies that are vital for new business areas Selecting partners for external collaboration Resources that address changes in the market while meeting customers' needs | <ul style="list-style-type: none"> Utilizing company-owned forests in Japan | <ul style="list-style-type: none"> Incidence of occupational accidents Aging facilities, equipment renewal costs Reduction in fossil fuel consumption | <ul style="list-style-type: none"> Impact of foreign currency exchange rates as well as energy, pulp, and paper market conditions on earnings Transformation from a mature paper business | <ul style="list-style-type: none"> Information disclosure |
| Initiatives Aimed at Enhancing Our Strengths and Addressing Challenges | <ul style="list-style-type: none"> Ensuring workplace safety and health (P.78) Enhancing human capital (P.46), various human resource development training programs and systems, diverse working styles, and health management | <ul style="list-style-type: none"> Various training programs and systems | <ul style="list-style-type: none"> Quantitatively evaluate natural capital, introduce natural capital accounting for use in financial statements Quantification of biodiversity Expanding overseas production forests to 400,000 ha (Environmental Action Program 2030) | <ul style="list-style-type: none"> Utilizing excess production capacity and optimizing production systems Transition to the biorefinery business Promotion of DX | <ul style="list-style-type: none"> Concentrated investments in business with high profitability and growth potential | <ul style="list-style-type: none"> Initiatives with external consortiums, including industry, government, and academia, in the new wood-derived materials business Foundation of ISFC Developing environmental training programs using forest space |

Core Competencies

The Oji Group has identified five core competencies that it has cultivated over its more than 150-year history and that underpin its business operations rooted in forest resources.

Sustainable Forest Management (PP.64–70)

The Oji Group owns and manages extensive forests in Japan and overseas, amounting to 635,000 ha. In addition to cultivating renewable resources, we are working to take full advantage of the multifunctionality of forests while providing society with ecological services by practicing sustainable forest management that is conscious of environmental, social, and economic concerns.

Circular Use of Renewable Resources (P.65, PP.71–73)

The Oji Group is actively engaged in the cultivation, procurement, and cascading use of renewable forest resources. We also promote the recycling of paper that is used repeatedly as recovered paper to make effective use of valuable resources generated in the market. At the same time, we are putting in place a system to reduce the amount of water used by circulating and reusing water that is essential to paper manufacturing.

Development of New Materials Derived from Wood (PP.54–59)

The Oji Group is working to resolve a variety of social issues through the creation of new value. To this end, we are engaging in the research and development of cellulose nanofibers (CNF), where we are in turn undertaking the search for new applications while promoting practical use; wood-derived sugar solutions and ethanol, which are key substances in biomanufacturing; and pharmaceuticals that use sulfated hemicellulose, a by-product of pulp manufacturing.

Application of Fundamental Paper Manufacturing Technologies (PP.33–45)

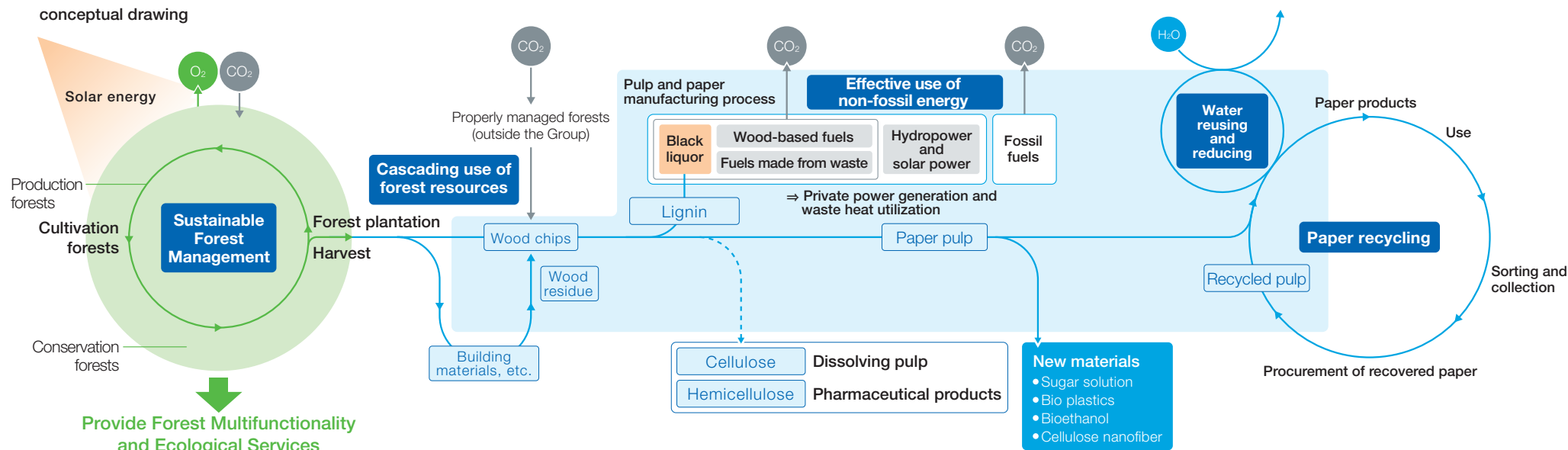
Utilizing the fundamental technologies we have cultivated in our paper manufacturing business, we aim to expand our businesses in various fields that will help reduce our environmental impact. This includes developing our renewable energy business with a focus on hydroelectric power generation and wood biomass

power generation, industrial water production, and industrial wastewater treatment businesses.

Global Network and Sales (P.8)


We are proactively developing our businesses on a global level, including our packaging business, which engages in the integrated manufacturing of folding cartons and corrugated containers from base paper, as well as our household paper, thermal paper, pulp, and other businesses. We are expanding our businesses in response to continuously growing overseas market needs.

Circular use of renewable resources conceptual drawing



Collaborative Value Creation with Various Stakeholders

We are engaging in a variety of measures in a bid to enhance our corporate value. Drawing on our dialogue with stakeholders (shareholders, investors, customers, suppliers, employees, and local communities), we are also working to meet expectations while fulfilling our required roles.

| | Shareholders and investors | Customers | Suppliers | Employees | Local communities |
|---|---|--|--|---|--|
| Expectations and Interests of Stakeholders | <ul style="list-style-type: none"> Enhance corporate value Engage in timely, appropriate, and fair information disclosure Engage in constructive dialogue | <ul style="list-style-type: none"> Offer safe and reassuring products and services Offer reliable information on products and services | <ul style="list-style-type: none"> Fair and equitable transactions Promote environmentally and socially friendly procurement | <ul style="list-style-type: none"> Respect human rights Promote diversity including work styles Secure, assign, develop, and ensure the active participation of human resources Ensure occupational safety and health | <ul style="list-style-type: none"> Conserve the local environment Contribute to the development of local communities |
| Roles of the Oji Group | <ul style="list-style-type: none"> Enhance corporate value Engage in timely, appropriate, and fair information disclosure Strengthen engagement | <ul style="list-style-type: none"> Offer safe and reliable products and services Build relationships of trust with customers by offering various forms of information and respond appropriately to inquiries | <ul style="list-style-type: none"> Promote responsible procurement of raw materials Expand environmentally and socially friendly sustainability procurement | <ul style="list-style-type: none"> Place the utmost importance on compliance, safety, and the environment Respect human rights, promote inclusion and diversity Leverage human resources (treat employees fairly based on merit and enhance engagement) Improve work-life management (diverse work styles and health and productivity management) | <ul style="list-style-type: none"> Conserve the local environment Create jobs Provide medical and education support Conduct environmental education for the next generation Promote cultural exchange |
| Initiatives of the Oji Group | <ul style="list-style-type: none"> General Meeting of Shareholders Financial results briefing sessions Medium-term Management Plan briefing session IR presentation/briefing sessions Domestic and overseas mill/plant tours Presentation/briefing sessions for individual investors Financial results small meetings Closed sessions with analysts/investors, engagement sessions Overseas investors road show Corporate Governance Reports Integrated Report Information disclosure on the Investor Relations website Assessments by external organizations Response to inquiries <p>Investor Relations website</p> | <ul style="list-style-type: none"> Day-to-day operating activities Monitor surveys Brand awareness surveys Exhibitions Seminars Active dissemination of information through various means, including websites, social media, TVCM, etc. Respond to inquiries to customer service offices of Group companies Respond to inquiries regarding product safety to each Group company and the Oji Holdings corporate website <p>Oji Holdings corporate website</p> | <ul style="list-style-type: none"> Formulate the Oji Group Sustainability Action Guidelines for Supply Chains and Wood Raw Material Procurement Guidelines and ensure that suppliers are fully apprised Conduct supplier sustainability surveys Achieve traceability at wood raw material suppliers Respond to inquiries from suppliers to each Group company and the Oji Holdings corporate website <p>Oji Group Sustainability Action Guidelines for Supply Chains</p> <p>Wood Raw Material Procurement Guidelines</p> | <ul style="list-style-type: none"> Formulate and promote the Oji Group's Occupational Safety and Health Promotion Plan Formulate the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard and ensure that employees are fully apprised Formulate the Oji Group Human Rights Policy and ensure that employees are fully apprised Promote inclusion and diversity Properly operate a role-based personnel grading system Implement a certified researcher system and a creative personnel development system Implement an open recruitment system within the Group Upgrade and expand training in line with the Oji Group Human Resource Philosophy and develop global human resources Conduct town hall meetings with the management team including the CEO Initiatives for health and productivity management <p>Oji Group Corporate Code of Conduct</p> <p>Oji Group Behavior Standard</p> <p>Oji Group Human Rights Policy</p> | <ul style="list-style-type: none"> Engage in cleaning/beautification activities in the areas around mills and plants Promote the creation of jobs by Group companies, engage in social contribution activities in such areas as community medical care Operate the Nepia SODATERASU nursery Conduct the Oji Forest Nature School Conduct environmental classes Engage in cultural and sporting activities (Oji Hall, Oji Baseball Team, etc.)  <p>Nursery Nepia SODATERASU</p> <p>Sustainability Report</p> |

Material Issues -Initiatives and Governance Structure-

Basic Policy on Sustainability Initiatives

Since its foundation in 1873, the Oji Group has achieved continuous growth through the expansion of its business fields over 150 years. Our Management Philosophy is “Creation of Innovative Value,” “Contribution to the Future and the World,” and “Harmony with Nature and Society.” By promoting sustainable initiatives based on this philosophy, we aim to become a corporate group that continues to grow, while responding to change and creating sustainable value for the future.

We aim to build a sustainable society through our business activities

The sustainable business model which serves as the foundation of the Oji Group is supported by sustainable forest management (growing, harvesting, and planting more trees), paper recycling (utilization of recovered paper as a raw material), the utilization of wood waste such as black liquor and scrap wood for energy, reducing the amount of water usage, and the purification of wastewater. By deploying this sustainable business model globally, we aim to build a sustainable society.

We aim to solve environmental and social issues

As a corporate group with global business operation, the Oji Group aims to contribute to the resolution of environmental and social issues in Japan and abroad. In particular, we consider “addressing climate change issues,” “conservation of biodiversity,” and “responsibility to respect human rights” to be important global standards of conduct. We will share the Oji Group’s policies not only with our employees but also throughout our supply chain to ensure that they are fully understood.

We create new sustainable value

Sustainability initiatives are also an opportunity for the Oji Group to grow. In response to growing awareness of environmental issues, the Oji Group will create new value and functions from wood resources by utilizing a range of core technologies accumulated from paper manufacturing and forestation, which are the roots of the Oji Group’s founding, in order to provide products with the sustainable value demanded by society.

The Oji Group will promote sustainability initiatives through its business activities, create social and economic value, and contribute to the realization of the genuine enriched society.

Governance Structures

We discuss matters that are material to fulfilling our commitment to sustainability through the Sustainability Committee (Chairperson: Group CEO, Members: All COMPANY Presidents and others) and monitored and supervised by our Board of Directors.

Chaired by the Representative Director of the Board, President of Oji Holdings Corporation (Group CEO), who is responsible for sustainability, and consisting of Directors of Oji Holdings Corporation (including Presidents of all COMPANIES and female outside directors), the Sustainability Committee meets biannually. Depending on their importance, the sustainability-related risks, opportunities, and responses discussed at these Committee meetings are referred for discussion and reported to the Group Management Meeting.

The matters decided upon are actioned by the Corporate Sustainability Division, which integrates the Group’s sustainability management. Identifying Group-wide risks and opportunities and working toward their dissemination throughout the Group, this division reports monthly to the responsible division director and twice a year to the Group Management Meeting. Significant risks and opportunities are reported to the Board of Directors based on the judgment of the division director.

Matters Discussed at Sustainability Committee Meetings

- Climate-related risks, opportunities, and the response to them
- Nature-related dependences, impacts, risks, and opportunities in the Oji Group's operations and value chain, responses to them, and the restoration and enhancement of natural capital
- Promotion of a circular economy
- Sustainable forest management
- Reduction of plastic use and pollution in the Oji Group's operations and supply chain
- Water-related risks, opportunities, and the response to them
- Supply chain sustainability risks, and the response to them
- Environmental risks, and the response to them
- Human rights risks, and the response to them
- Anti-corruption
- Promotion of inclusion and diversity
- Other important matters related to sustainability, and the response to them

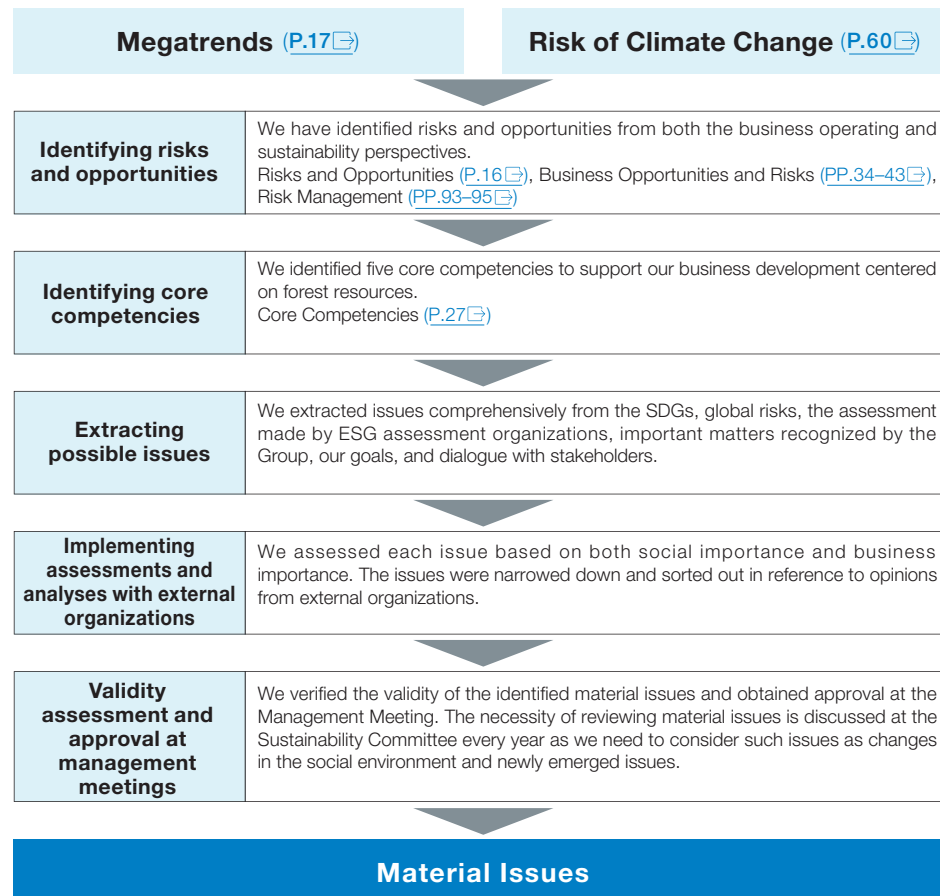


Material Issues -Specific Processes and Definitions-

Process for Identifying Material Issues

Taking into consideration ever-changing social trends, the Oji Group identified opportunities and risks associated with its business as well as material issues utilizing the following process in 2019.

In 2023, we took steps to renew our definition for and the components of material issues and revised the KPIs for enhancing human capital. More recently, in 2024, we added KPIs for biodiversity conservation.



Material Issues and Definitions

| Material issues | Definitions |
|--|--|
|  Mitigation and adaptation to climate change | Contribute to mitigation of climate change by reducing GHG emissions throughout the supply chain and promoting CO ₂ absorption and fixation by forests. |
|  Sustainable forest management and biodiversity conservation | In the forests we own and manage, practice sustainable forest management in harmony with the environment and local communities, utilize forest resources, and achieve the multi-functionality of forests, including biodiversity conservation. |
|  Circular use of resources | To prevent resource depletion, promote the effective use of paper and water, which we view as valuable reusable resources. |
|  Responsible raw materials procurement | In the supply chain for procurement of all raw materials, pay close attention to environmental and social issues, including human rights, and address them responsibly. |
|  Reduction of environmental burdens | Promote waste reduction and purification of wastewater and exhaust gases in the manufacturing process to minimize environmental impact on surrounding areas. |
|  Respect for human rights | Do not tolerate human rights violations in any of our business activities. |
|  Enhancing human capital | Secure and foster the diverse human resources (human capital) necessary for sustainable growth. Establish an environment in which every employee can fully demonstrate their potential and work comfortably. |
|  Ensuring workplace safety and health | Ensure the safety and health of all employees and relevant persons. |
|  Supply of safe and secure products | Supply safe and secure products worldwide. |

Oji Group's Logic Tree

Value Creation Process


























Management Capital and
Our Strengths/Challenges















Core Competencies

Collaborative Value Creation
with Various Stakeholders

Material Issues

Material Issues -KPIs-

| Material issues | Components | Key performance indicators (KPIs) (Unless otherwise specified, for FY2030) | Current value*1 | Major initiatives | Value provided to society | Corresponding SDGs |
|---|---|---|--|--|---|---|
|  Mitigation and adaptation to climate change (PP.60–63) | <ul style="list-style-type: none"> Reduce GHG emissions (Scope 1, Scope 2) Absorb and fix CO₂ by forests Reduce GHG emissions through collaboration with suppliers (e.g., Scope 3) Increase the usage of renewable energy Improve energy efficiency | <ul style="list-style-type: none"> Reduce GHG emissions by at least 70% compared with FY2018 (Scope 1, Scope 2) <ul style="list-style-type: none"> GHG emission reduction: 20% Net increment in carbon stocks by forests: 50% The actual carbon stocks in living biomass*2 expanded to at least 170,000 kt-CO₂ (calculated value) Renewable energy usage rate of at least 60% through reduction of coal consumption Improve energy consumption intensity by at least 1% per year for the 5-year average | <ul style="list-style-type: none"> 28.1% reduction <ul style="list-style-type: none"> 12.6% 15.5% 124,560 kt-CO₂ 56.4% 5.0% annual reduction (from FY2019 to FY2023) | <ul style="list-style-type: none"> Reduce GHG emissions through improving production efficiency, saving energy, and utilizing renewable fuel and waste fuel Absorb and fix CO₂ through sustainable forest management Expand the use of non-fossil fuels and biomass fuels as alternatives to fossil fuel Develop the biomass power generation business Develop environmentally friendly products | <ul style="list-style-type: none"> Mitigation of climate change Increase in the usage of renewable energy Improvement in energy efficiency Enhancement of environmentally friendly technologies |   7.2,7.3,7.a 12.2   9.4,9.5 13.1,13.2, 13.3 |
|  Sustainable forest management and biodiversity conservation (PP.64–70) | <ul style="list-style-type: none"> Properly manage and conserve forests Utilize forest resources Promote conservation of biodiversity and ecosystems Build relationships with local communities | <ul style="list-style-type: none"> Increase the rate of overseas forest certification acquisition*3 (Maintain the domestic rate at 100%) Expand overseas forest plantations to 400,000 ha Area of natural forest restored by CENIBRA (Brazil) on its land*4 At least 3,000 ha from 2024 to 2033 Number of native tree species planted by CENIBRA on its land*5 At least 500,000 seedlings from 2024 to 2033 Area of ecological corridors formed by CENIBRA outside its land*6 At least 3,500 ha from 2024 to 2033 | <ul style="list-style-type: none"> Japan 100%, Overseas 97% 295,000 ha (Including Uruguay) Starting in 2024 Starting in 2024 Starting in 2024 | <ul style="list-style-type: none"> Forest management based on the "Sustainable Forest Management Policy" Maintain and expand the multifunctionality of forests Promote forest plantation Regenerate and restore nature | <ul style="list-style-type: none"> Providing the multiple functions of forests and ecosystem services Conservation of biodiversity and ecosystems Job creation Employment, education, and medical support |   6.6 14.2   8.7 15.1,15.2,15.3, 15.4,15.5,15.c |
|  Circular use of resources (PP.71–73) | <ul style="list-style-type: none"> Promote utilization of recovered paper Reduce water risks | <ul style="list-style-type: none"> Recovered paper utilization ratio*7 (Japan): At least 70% Reduce water intake intensity by at least 6% compared with FY2018 | <ul style="list-style-type: none"> 68.3% 14.2% reduction | <ul style="list-style-type: none"> Paper recycling (improve the recovered paper utilization ratio) Reduce water intake Expand the water treatment business inside and outside Japan | <ul style="list-style-type: none"> Mitigation of climate change Prevention of resource depletion Reduction of waste Contribution to the solution of the water shortage issue Safe water supply |   6.4,6.5 14.1   12.4,12.5, 12.6 15.1,15.2,15.3, 15.4,15.5,15.c |
|  Responsible raw materials procurement (PP.74–75) | <ul style="list-style-type: none"> Environmental consideration in the supply chain Human rights consideration in the supply chain Compliance with laws and social standards and fair trade | <ul style="list-style-type: none"> Conduct sustainability surveys on all main suppliers*8 Achieve full traceability based on the Wood Raw Material Procurement Guidelines | <ul style="list-style-type: none"> 100% (FY2023, follow-up surveys) 100% | <ul style="list-style-type: none"> Promote 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 | <ul style="list-style-type: none"> Forms of responsible production and consumption Protection of the rights of workers and reduction of environmental burden through the entire supply chain |   8.7 15.1,15.2  12.1,12.4,12.6 |
|  Reduction of environmental burdens (Sustainability Report) | <ul style="list-style-type: none"> Effective waste utilization Purify wastewater Purify exhaust gases | <ul style="list-style-type: none"> Improve effective waste utilization ratios*9 Japan at least 99%, Overseas at least 95% Reduce emission intensity for substances of environmental concern in wastewater by 15% from FY2018 Reduce SOx emission intensity in exhaust gases by 15% from FY2018 | <ul style="list-style-type: none"> Japan 99.0%, Overseas 86.4% BOD: 40.7% reduction COD: 9.6% reduction SS: 29.4% reduction 27.8% reduction | <ul style="list-style-type: none"> Reduce and effectively use waste Develop environmentally friendly products and biodegradable materials Set voluntary management values that are stricter than the environmental regulatory standards Purify wastewater and control emissions of chemical substances in exhaust gases | <ul style="list-style-type: none"> Reduction of waste Safety and health Reduction of air and water pollution |    3.9 11.6 17.7,17.8   6.1,6.3, 6.4 14.1,14.2, 14.3 |

| Material issues | Components | Key performance indicators (KPIs) (Unless otherwise specified, for FY2030) | Current value* ¹ | Major initiatives | Value provided to society | Corresponding SDGs |
|---|---|--|---|--|--|---|
|  Respect for Human Rights (PP.76–77) | <ul style="list-style-type: none"> Consider human rights in all business activities Consider human rights in the workplace | <ul style="list-style-type: none"> Percentage of target people who get education and training in human rights: 100% | <ul style="list-style-type: none"> 94.3% (2,547 participants from March to May 2024) | <ul style="list-style-type: none"> Implement the Oji Group Corporate Code of Conduct, the Oji Group Behavior Standard, and the Oji Group Human Rights Policy Perform internal audits and implement the whistleblowing system Raise awareness of compliance and human rights through in-house training Assess risks associated with suppliers' respect for human rights Implement human rights due diligence | <ul style="list-style-type: none"> Respect for human rights |  5.1,5.4, 5.5,5.c  8.5,8.7,8.8  10.2,10.3, 10.4 |
|  Enhancing Human Capital (PP.46–49) | <ul style="list-style-type: none"> Improve work-life management Enhance employees' skills Inclusion & diversity Foster greater compliance awareness | <ul style="list-style-type: none"> Total working hours: less than 1,850 hours (26 companies in the Main Office region in Japan) Percentage of male employees taking childcare leave, etc.: 100% (16 companies in Japan*¹⁰) Percentage of female managers: at least 5.5% (16 companies in Japan*¹⁰, at the end of March 2025) Percentage of female new graduates hired for generalist-track positions*¹¹: at least 30% Employment rate of people with disabilities: at least 2.5% (83 companies in Japan*¹⁰, June 2024) Participation in compliance meetings: 100% (Oji Holdings and all subsidiaries in Japan) | <ul style="list-style-type: none"> 1,835 hours 92.5% 3.9% 40.6% (Joined the Company in 2024) Six applicable Group companies in Japan*¹⁰: 2.48%, 83 companies in Japan*¹⁰: 2.19% (June 2024) 98.8% (Second half of FY2023) | <ul style="list-style-type: none"> Implement human resource strategies and develop human resources Promote work-style reforms Promote diversity | <ul style="list-style-type: none"> Active participation of diverse human resources Realization of innovation Improvement in productivity |  5.1,5.4,5.5,5.c  8.2,8.5,8.8  10.2,10.3 |
|  Ensuring Workplace Safety and Health (PP.78–79) | <ul style="list-style-type: none"> Promote well-being of employees Prevent occupational accidents | <ul style="list-style-type: none"> Achieve zero fatal and serious work-related accidents*¹² (each fiscal year) Lost time injury frequency rate*¹⁰: 50% reduction compared with FY2018 (0.89) | <ul style="list-style-type: none"> Two accidents (from January 1 to December 31, 2023) 1.20 (from January 1 to December 31, 2023) | <ul style="list-style-type: none"> 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 (introduce VR risk experience education, etc.) Promote physical and mental well-being of employees Create comfortable work environments | <ul style="list-style-type: none"> Safety and health |  8.8 |
|  Supply of safe and secure products (Sustainability Report) | <ul style="list-style-type: none"> Stably supply products Ensure product quality | <ul style="list-style-type: none"> Zero product liability accidents (each fiscal year) | <ul style="list-style-type: none"> Zero accidents | <ul style="list-style-type: none"> 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 safety of raw materials (chemicals, materials) Supply of FSCTM certified products (FSCTM C014119, etc.) | <ul style="list-style-type: none"> Supply of safe and secure products Reduction of environmental burdens Dissemination of environmentally friendly technologies to developing countries |  9.4,9.b  12.4,12.6  17.7 |

*¹ Aggregation period: Unless otherwise specified, from April 2023 to March 2024 or as of March 31, 2024. Boundary of data aggregation: Unless otherwise specified, Japanese and overseas consolidated companies

*² The actual carbon stocks in living biomass (CO₂ tons)
 Production forest: Actual merchantable volume at the end of each fiscal year x Biomass expansion coefficient x (1 + underground / above-ground ratio) x Wood density x Carbon ratio x CO₂ conversion coefficient
 Conservation forest: Remaining area at the end of each fiscal year x above-ground biomass of natural forest x (1 + underground / above-ground ratio) x carbon ratio x CO₂ conversion coefficient

*³ Forest certification acquisition rate: [Overseas] Area ratio in company-owned production forests, [Japan] Area ratio in company-owned forests excluding shared forests

*⁴ The area where planting and other activities were carried out to restore natural forests lost due to windthrow, fire, etc.

*⁵ The number of trees planted within the natural forests owned.

*⁶ The area enclosed by fences to promote the revegetation of degraded lands between fragmented natural forests and to allow wildlife to move freely, in collaboration with landowners.

*⁷ Recovered paper utilization ratio = Volume of recovered paper consumed ÷ Total volume of fiber raw materials consumed (total consumption of recovered paper, wood pulp, and other fiber raw materials)

*⁸ Suppliers in top 75% of transaction amount

*⁹ Effective waste utilization ratio = (Amount of waste generated – Amount of landfill waste) ÷ Amount of waste generated x 100

*¹⁰ For the calculation method, see P.98.

*¹¹ Percentage of female new graduates hired for generalist-track positions: Hired by Oji Management Office Inc. (excluding sports recruits)

*¹² Serious accidents: The Oji Group considers accidents of Class 3 or higher as per the Appended Table of the Enforcement Regulation of the Workers' Accident Compensation Insurance Act to be serious accidents.

Overview and Initiatives by Business

| Segment | Subsegment | Segment overview (FY2023) | Net sales and operating profit | Company plan for FY2030 | | | | | | | | | | | | | | | | | | | | | |
|--|--|---|---|------------------------------|-----------------------|------------------------------|------|-------|------|------|-------|------|------|-------|------|------|-------|------|------|-------|------|-----------------|-------|------|---|
| Household and Industrial Materials | Industrial Materials | <p>YoY: Increase in Sales and Profit 【Industrial Materials Business】</p> <ul style="list-style-type: none">● Japan: While sales volumes of such products as corrugated containers and boxboards decreased due to the restraint on consumption attributable to inflation, net sales increased due to price revisions.● Overseas: Despite an increase in sales volumes of containerboards in Southeast Asia, net sales decreased due to deteriorating market conditions. Despite price revisions in Oceania, net sales of corrugated containers declined owing to sluggish demand in Southeast Asia. | <table><thead><tr><th>Year</th><th>Net sales (¥ billion)</th><th>Operating profit (¥ billion)</th></tr></thead><tbody><tr><td>2019</td><td>686.1</td><td>40.9</td></tr><tr><td>2020</td><td>647.5</td><td>38.1</td></tr><tr><td>2021</td><td>698.8</td><td>26.2</td></tr><tr><td>2022</td><td>780.5</td><td>-1.2</td></tr><tr><td>2023</td><td>798.7</td><td>21.2</td></tr><tr><td>2024 (FY Plans)</td><td>855.0</td><td>20.0</td></tr></tbody></table> | Year | Net sales (¥ billion) | Operating profit (¥ billion) | 2019 | 686.1 | 40.9 | 2020 | 647.5 | 38.1 | 2021 | 698.8 | 26.2 | 2022 | 780.5 | -1.2 | 2023 | 798.7 | 21.2 | 2024 (FY Plans) | 855.0 | 20.0 | <p>Sales target ¥1,250.0 billion</p> <p>Key Points</p> <ul style="list-style-type: none">● Further expand and enhance the packaging business in Southeast Asia and India and the corrugated container business in Japan● Enhance branding and expand sales of household paper products in Japan● Concentrate management resources of the disposable diaper business in Japan on adult use; expand sales and enhance the overseas disposable diaper business |
| | Year | Net sales (¥ billion) | | Operating profit (¥ billion) | | | | | | | | | | | | | | | | | | | | | |
| 2019 | 686.1 | 40.9 | | | | | | | | | | | | | | | | | | | | | | | |
| 2020 | 647.5 | 38.1 | | | | | | | | | | | | | | | | | | | | | | | |
| 2021 | 698.8 | 26.2 | | | | | | | | | | | | | | | | | | | | | | | |
| 2022 | 780.5 | -1.2 | | | | | | | | | | | | | | | | | | | | | | | |
| 2023 | 798.7 | 21.2 | | | | | | | | | | | | | | | | | | | | | | | |
| 2024 (FY Plans) | 855.0 | 20.0 | | | | | | | | | | | | | | | | | | | | | | | |
| Household and Consumer Products | <p>【Household and Consumer Products Business】</p> <ul style="list-style-type: none">● Japan: While sales volumes decreased due to the restraint on consumption, net sales of household paper increased as a result of price revisions. Although sales of disposable diapers for babies were essentially unchanged from the previous year, net sales of disposable diapers increased on the back of the upswing in sales volumes of disposable diapers for adult use as a result of acquisition of new customers.● Overseas: Net sales of disposable diapers increased owing to the upswing in sales volumes attributable to sales growth. | | | | | | | | | | | | | | | | | | | | | | | | |
| Functional Materials | | <p>YoY: Increase in Sales and Decrease in Profit</p> <ul style="list-style-type: none">● Japan: Despite a decline in sales volumes of release paper and its base paper owing to sluggish demand for electronic devices, net sales of specialty paper increased due to the growth in sales of strategic products, including heat-sealable paper for major online retailers and non-fluorine oil-resistant paper, and price revisions. Net sales of thermal paper increased due to price revisions.● Overseas: Despite the downturn in sales volumes of thermal paper owing to efforts to reduce inventories caused by such factors as rising interest rates and sluggish demand, net sales increased due to price revisions. | <table><thead><tr><th>Year</th><th>Net sales (¥ billion)</th><th>Operating profit (¥ billion)</th></tr></thead><tbody><tr><td>2019</td><td>214.7</td><td>15.4</td></tr><tr><td>2020</td><td>182.3</td><td>11.5</td></tr><tr><td>2021</td><td>184.7</td><td>15.3</td></tr><tr><td>2022</td><td>219.9</td><td>15.5</td></tr><tr><td>2023</td><td>227.5</td><td>9.1</td></tr><tr><td>2024 (FY Plans)</td><td>247.0</td><td>11.0</td></tr></tbody></table> | Year | Net sales (¥ billion) | Operating profit (¥ billion) | 2019 | 214.7 | 15.4 | 2020 | 182.3 | 11.5 | 2021 | 184.7 | 15.3 | 2022 | 219.9 | 15.5 | 2023 | 227.5 | 9.1 | 2024 (FY Plans) | 247.0 | 11.0 | <p>Sales target ¥400.0 billion</p> <p>Key Points</p> <ul style="list-style-type: none">● Actively develop high-function and eco-friendly products● Expand global sales of the imaging media business and enhance competitiveness including printing and converting |
| Year | Net sales (¥ billion) | Operating profit (¥ billion) | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | 214.7 | 15.4 | | | | | | | | | | | | | | | | | | | | | | | |
| 2020 | 182.3 | 11.5 | | | | | | | | | | | | | | | | | | | | | | | |
| 2021 | 184.7 | 15.3 | | | | | | | | | | | | | | | | | | | | | | | |
| 2022 | 219.9 | 15.5 | | | | | | | | | | | | | | | | | | | | | | | |
| 2023 | 227.5 | 9.1 | | | | | | | | | | | | | | | | | | | | | | | |
| 2024 (FY Plans) | 247.0 | 11.0 | | | | | | | | | | | | | | | | | | | | | | | |
| Forest Resources and Environment Marketing | | <p>YoY: Decrease in Sales and Profit</p> <ul style="list-style-type: none">● Japan: Against an increase in net sales owing to the steady performance of dissolving pulp and the start of operations at a biomass power plant in Tokushima from December 2022, results were essentially unchanged from the previous year owing to weak demand for construction and packaging in the lumber business.● Overseas: Net sales in the pulp and lumber businesses decreased due to the deterioration in pulp market conditions and restoration work under way at manufacturing facilities at Pan Pac Forest Products Ltd. in New Zealand following cyclone damage in February 2023. | <table><thead><tr><th>Year</th><th>Net sales (¥ billion)</th><th>Operating profit (¥ billion)</th></tr></thead><tbody><tr><td>2019</td><td>285.6</td><td>28.8</td></tr><tr><td>2020</td><td>245.3</td><td>16.7</td></tr><tr><td>2021</td><td>320.6</td><td>55.2</td></tr><tr><td>2022</td><td>423.8</td><td>68.5</td></tr><tr><td>2023</td><td>359.6</td><td>19.6</td></tr><tr><td>2024 (FY Plans)</td><td>442.0</td><td>47.0</td></tr></tbody></table> | Year | Net sales (¥ billion) | Operating profit (¥ billion) | 2019 | 285.6 | 28.8 | 2020 | 245.3 | 16.7 | 2021 | 320.6 | 55.2 | 2022 | 423.8 | 68.5 | 2023 | 359.6 | 19.6 | 2024 (FY Plans) | 442.0 | 47.0 | <p>Sales target ¥600.0 billion</p> <p>Key Points</p> <ul style="list-style-type: none">● Enhance and expand the pulp business● Promote the energy and lumber processing businesses |
| Year | Net sales (¥ billion) | Operating profit (¥ billion) | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | 285.6 | 28.8 | | | | | | | | | | | | | | | | | | | | | | | |
| 2020 | 245.3 | 16.7 | | | | | | | | | | | | | | | | | | | | | | | |
| 2021 | 320.6 | 55.2 | | | | | | | | | | | | | | | | | | | | | | | |
| 2022 | 423.8 | 68.5 | | | | | | | | | | | | | | | | | | | | | | | |
| 2023 | 359.6 | 19.6 | | | | | | | | | | | | | | | | | | | | | | | |
| 2024 (FY Plans) | 442.0 | 47.0 | | | | | | | | | | | | | | | | | | | | | | | |
| Printing and Communications Media | | <p>YoY: Increase in Sales and Decrease in Profit</p> <ul style="list-style-type: none">● Japan: Despite the continued decline in demand, net sales of newsprint, printing, and communication paper increased owing to price revisions.● Overseas: Net sales at Jiangsu Oji Paper Co., Ltd. in China were essentially unchanged from the previous year due to the slow economic recovery following the end of the Zero-COVID policy. | <table><thead><tr><th>Year</th><th>Net sales (¥ billion)</th><th>Operating profit (¥ billion)</th></tr></thead><tbody><tr><td>2019</td><td>292.7</td><td>11.3</td></tr><tr><td>2020</td><td>244.0</td><td>11.2</td></tr><tr><td>2021</td><td>244.5</td><td>17.8</td></tr><tr><td>2022</td><td>281.0</td><td>-4.8</td></tr><tr><td>2023</td><td>299.4</td><td>16.8</td></tr><tr><td>2024 (FY Plans)</td><td>298.0</td><td>12.0</td></tr></tbody></table> | Year | Net sales (¥ billion) | Operating profit (¥ billion) | 2019 | 292.7 | 11.3 | 2020 | 244.0 | 11.2 | 2021 | 244.5 | 17.8 | 2022 | 281.0 | -4.8 | 2023 | 299.4 | 16.8 | 2024 (FY Plans) | 298.0 | 12.0 | <p>Sales forecast ¥150.0 billion</p> <p>Key Points</p> <ul style="list-style-type: none">● Restructure the production system and enhance competitiveness through collaboration with other Group businesses |
| Year | Net sales (¥ billion) | Operating profit (¥ billion) | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | 292.7 | 11.3 | | | | | | | | | | | | | | | | | | | | | | | |
| 2020 | 244.0 | 11.2 | | | | | | | | | | | | | | | | | | | | | | | |
| 2021 | 244.5 | 17.8 | | | | | | | | | | | | | | | | | | | | | | | |
| 2022 | 281.0 | -4.8 | | | | | | | | | | | | | | | | | | | | | | | |
| 2023 | 299.4 | 16.8 | | | | | | | | | | | | | | | | | | | | | | | |
| 2024 (FY Plans) | 298.0 | 12.0 | | | | | | | | | | | | | | | | | | | | | | | |

Household and Industrial Materials Businesses -Industrial Materials Business-

Through offering innovative proposals using sustainable paper packaging materials to protect the environment while increasing profits, we will respond to the trust of our stakeholders.

Oji Holdings Corporation
Executive Officer
President, Industrial Materials COMPANY

Akio Hasebe



Awareness of the Business Environment

- Increasing consumer awareness about environmental issues
- Growing interest in renewable materials with the trend toward de-plasticization
- Economic development in emerging markets such as Southeast Asia and India
- Expansion of the e-commerce market
- Soaring raw material and fuel prices and large fluctuations in exchange rates
- Changes in consumer behavior post-COVID-19

Our Strengths

- Stable supply and quality control system enabled by integrating base paper manufacturing and converting/processing
- Reduced environmental burdens through efficient base paper transportation, including at two integrated corrugated container plants in Japan
- Corrugated container processing bases at many locations in Southeast Asia and a strong base paper sales structure around these bases

Business Opportunities

- Expanding sales by proposing a switch to paper packaging materials
- Creating sales opportunities in collaboration with Oji Group companies in Japan and overseas
- Increasing market share through capital investment and M&A to meet rising demand
- Soaring raw material and fuel prices and passing the cost increase on to product prices
- Fluctuation of base paper market conditions in China and Southeast Asia

Risks and Response

(Risks : ▲, Response : ○)

- ▲ Conflicts, political turmoil, and other geopolitical risks
⇒ ○ Engage in organic information sharing and cooperative framework building among Group companies
- ▲ Paradigm shift to IoT
⇒ ○ Use paper and packaging as a tool to appeal to customers and consumers
- ▲ Increasing environmental awareness
⇒ ○ Build energy-saving, high-efficiency production systems

Business Overview

The Industrial Materials Business has production and sales structures that integrate material and converting from base paper manufacturing to product processing and packaging design for the packaging materials that are essential to industry such as corrugated containers, folding cartons, and paper bags and responds in a timely manner to customer needs.

Corrugated Container Business

As well as corrugated containers used in foodstuffs, daily products, electronics, and other areas, we also offer heavy-duty packaging materials used for transporting mainly industrial parts. We also provide automatic packaging systems adjusting the packaging dimension in order to fit each product size inside.



Folding Carton Business

For folding cartons used in a range of fields including confectioneries, cosmetics, and pharmaceuticals, we are combining aesthetically outstanding base paper with applicable structural design and appealing graphics, thereby further enhancing the value of our customers' products.



Paper Bag Business

We handle a wide range of customer needs—such as heavy-duty sacks for packaging used for safe and secure transport of various products, paper bags that are used for packaging of retail products which also play a role in sales promotions, and bags for home delivery, which are used for online shopping.



Challenges in Achieving the Medium-term Management Plan and Priority Measures for FY2024

Business Strategy

- Further expand and enhance packaging business in Southeast Asia and India
- Expand and enhance corrugated container business in the Greater Tokyo area, Japan

Challenges

- (Overseas) Build new plant, accelerate M&A
- (Japan) Expand business through our own plants in the Greater Tokyo area and enhance our market share through M&A in other regions
- Maximize the value of human capital

Measures

- (Overseas) Build a new plant in India
- (Overseas) Promote proactive capital investment
- (Japan) Plan M&A
- Promote headcount optimization and multi-skilling

Construction of a Corrugated Container Plant in Sri City in Southern India

We are building a new facility in Sri City Industrial Park located in Andhra Pradesh in southern India as the Group's fifth corrugated container plant, and plan to commence operation in 2024.

We will work to further expand the business in India given the outlook for continued growth.



Conceptual image of the corrugated container plant under construction in Sri City in southern India

Acquisition of a Folding Carton Company in Vietnam

In June 2024, in cooperation with IMURA & Co., Ltd., the Group completed the acquisition of a part of shares of SONGLAM TRADING AND PACKAGING PRODUCTION JOINT STOCK COMPANY. This company has more than 20 years of experience in manufacturing and selling folding cartons and other products in Vietnam.

Based on the business strategy of further expansion and enhancement of the packaging business as part of the Medium-term Management Plan, we will continue to further grow the packaging business.



Collaboration Products with IMURA & Co., Ltd.

- Paper file folders with a transparent-processed window into the envelope (awarded Award-winning at Sustainable category at STATIONERY OF THE YEAR 2024 in Japan) (left photo)
- Paper net envelope that protects packaged items with a paper net (right photo)

Initiatives to Enhance Corporate Value

As an Integrated Packaging Company

The trays to package large commercial-use air conditioners used to be assembled by manual due to their size and complex structure. In response, we have developed industry's a-first-of-its-kind auto-assemble structure in Japan together with tray design which enables to assemble automatically, eventually has been successful to increase lots of efficiency at customer end. This innovation was awarded the WorldStar Winner in the Worldstar Awards 2024 organized by the World Packaging Organisation (WPO).

We also provide branding services for customers. In the example of Farm Okoshi Co., Ltd., a strawberry farm located in Utsunomiya, Tochigi, Japan, we designed a package for gift strawberries and one for in-store displays as part of our branding by forming and embracing their sentiment to the strawberries.

The Oji Group has established a 'material to converting' integrated packaging production system such as from paper production to converting with package design, through which we deliver products to our customers.



The packaging tray and auto-assemble machinery for large commercial-use air conditioner developed together with Daikin Industries, Ltd.



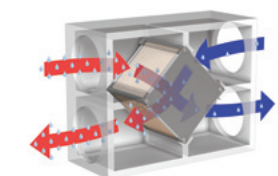
Packages for Farm Okoshi Co., Ltd.

Applying Paper Technology to Energy-saving Measures

Energy Recovery Ventilator (ERV) is a type of high-performance ventilation system which primarily is installed for air-conditioning in office and homes, and it is an energy-saving product by exchanging/collecting enthalpy (temperature and humid) from air-conditioning which is lost in ventilation. The performance of such system depends on the features of ERV element (mainly paper product) which is the core inside of ERV.

In addition to Nantong Oji Filter's plant in Jiangsu Province, China, we commenced operation at the Kadoma plant in Osaka in 2024 as a production facility for this element.

In Japan, Energy-Saving standard for housing will be required to comply with in 2025 and Net Zero Energy House (ZEH) will become the new standard in 2030. We will take initiative to respond to such growing environmental awareness.



Mechanism of ERV element
Energy-savings with the unique feature of paper by exchanging/collecting enthalpy (temperature and humidity) on the course of ventilation.



Kadoma Plant in Osaka commenced in January 2024

Household and Industrial Materials Businesses -Household and Consumer Products Business-

We will maximize the internal resources of the Oji Group to enhance the value of the “nepia” brand so that we can deliver products to our customers that respect people and the environment.

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

Takayuki Moridaira



Awareness of the Business Environment

- Low birth rate and super-aging society
- Economic development in emerging markets such as Southeast Asia
- Hygiene awareness established since the COVID-19 pandemic
- Increasing consumer awareness about environmental issues
- Soaring raw material and fuel prices and large fluctuations in exchange rates
- Change in consumer behavior due to successive price hikes of daily necessities

Our Strengths

- A wide range of environmentally friendly products, including FSC™-certified paper and filmless boxed tissues
- Stable supply and quality control system enabled by integrating base paper manufacturing and converting/processing
- Establishment of a finely woven product supply network with dedicated warehouses in the Greater Tokyo area

Business Opportunities

- Growing needs for environmentally friendly products
- Capturing firm demand mainly in the Greater Tokyo area in Japan by improving production and logistics systems and strengthening branding
- Improving competitiveness by optimizing the product lineup

Risks and Response

(Risks : ▲, Response : ○)

- ▲ Soaring raw material and fuel prices and passing the cost increase on to product prices
⇒ ○ Reprice tissue paper, toilet rolls, and other household paper products (Because it has become difficult to absorb the rise in manufacturing costs through independent efforts)
- ▲ Addressing logistics issues
⇒ ○ Reduce truck waiting times and drivers' burden by introducing pallet shipping, adopting scheduling systems, etc.

Business Overview

Oji Nepia has developed the “nepia” brand of household paper and conducts its business activities while pursuing a new normal with the aim of being a brand that stands by people’s lives and the environment under the slogan “Kind to both humans and the earth.”

“Environmental quality” as in the adoption of FSC™-certified paper for forest conservation and a tie-up with the WWF. “Perceived quality for life” as in the seeking of good texture, comfort, and functionality. Oji Nepia pursues these two qualities by integrating the sales, marketing, and production functions. (FSC™ C018118)

▶ Oji Nepia official website (in Japanese) “[Kind to both humans and the earth](#)”.

Household Paper Business

We manufacture and sell tissue paper, toilet rolls, kitchen towels, wet wipes, masks, and other products that are essential for everyday life.

And we pursue good texture and comfortable use by leveraging environmentally friendly materials.



Disposable Diaper Business

We manufacture and sell nursing care use, light incontinence care, and other types of disposable diapers for adults.

We provide disposable diapers designed specifically for hospitals and nursing care facilities, making them more convenient for those wearing them and for those providing care.



Challenges in Achieving the Medium-term Management Plan and Priority Measures for FY2024

Business Strategy

- Enhance branding and expand sales of household paper products in Japan
- Concentrate management resources on the domestic disposable diaper business of adult products
- Expand sales and enhance the overseas disposable diaper business

Challenges

- Develop products that respond to domestic demand fluctuations and further enhance the value of the “nepia” brand
- Respond to changes in the overseas disposable diaper market environment
- Strengthen cost competitiveness and sales capabilities

Measures

- Strengthen advertisement communication and in-store sales promotion
- Domestic household paper: Expand products using FSC™-certified materials, implement events for the 20th anniversary of “Hana-Celeb,” and renew existing household paper products
- Domestic disposable diaper: Further enhance quality and service, and promote sales through stronger tie-ups with partners
- Overseas disposable diaper: Develop products that meet the needs of local consumers, reduce costs thoroughly, and expand sales

Broadcasting the New Nationwide TV Commercial “The Episode of Forest Nepia”

As the only manufacturer of general consumer goods in the Oji Group, Oji Nepia formulated the new tagline in April 2024 “Kind to both humans and the earth.” This is because we are responsible for communicating to society the efforts of Oji Holdings in planting trees, growing forests, and appropriately using these as resources.

At the same time, the Company began regularly broadcasting television commercials in April 2024 under the theme of “Forest Nepia” to ensure that as many consumers as possible have the image that nepia products are “Kind to both humans and the earth.” The commercials feature Naomi Trauden along with synchronized images of the abundant forests grown by the Oji Group and the comfort offered by products borne from these forests. The commercials also feature an original arrangement of “All Living Things,” a grand yet delicate song written by Naotaro Moriyama, to express our passion for creating products that consider the global environment. Leveraging YouTube and other forms of digital media, we will seek to enhance the value of the nepia brand and aspire to a brand that is chosen by countless consumers.

- ▶ New TV commercial “[The Episode of Forest Nepia](#)”
(Oji Holdings official YouTube channel, in Japanese)



Initiatives to Enhance Corporate Value

Updating Packages and Formulating the nepia Environmental Mark System

Based on the environmental value, which provides environmentally friendly products, and the perceived value for life, which provides good texture and comfortable use, Oji Nepia aspires to be a company that improves people’s lives and the environment, and a commercial enterprise that embodies the purpose of Oji Holdings.

To embody these two values, Oji Nepia updated the packaging used for its tissue paper, toilet rolls, and kitchen towels in October 2023, and revised the design to emphasize a high-quality feel and attractive appearance by using gradations and color tones. Moreover, environmental value relies on product development that considers the environment in terms of everything from raw materials and packaging materials to product standards. The Nepia Environmental Mark is displayed on packages for products that meet these conditions.



The Nepia Environmental Mark



Products with the Nepia Environmental Mark

Launching YOSOIKI Moisturizing Soft Pack Pocket Tissue

Under the concept of “carry quality with you,” YOSOIKI was designed as a compact moisturizing soft-pack pocket tissue that is convenient for everyday life. And we make it usable without stress when on the go. Since the redesignation of COVID-19 to a Class 5 infectious disease, we have addressed the growing demand for carry-type pocket tissues as people increasingly go out. Made of a three-ply structure, these tissues are thick, silky, and have a smooth texture.



Launching the New KARADAOMOI Body-friendly 4-ply Toilet Roll

Targeting concerns over sensitive skin due to menstruation, diarrhea, and hemorrhoids, this delicate-care toilet roll launched in July 2024 is committed to providing a pleasant feel against the body.

With a smooth, comforting texture and a silky finish that minimizes friction, the four-ply structure, a first for the Company, quickly and fully absorbs moisture, allowing users to wipe themselves without placing a burden on their skin.



The KARADAOMOI Body-friendly 4-ply Toilet Roll

Functional Materials Business

Anticipating market needs, we aim to expand the business by developing value-added proprietary products and strengthening interaction with customers.

Oji Holdings Corporation
Executive Officer
President, Functional Materials COMPANY

Shigeki Aoki



Awareness of the Business Environment

- Progress of global shift to a decarbonized society
- Growing interest in highly functional paper products with the trend toward de-plasticization
- Economic development in emerging markets such as South America and Southeast Asia
- Soaring raw material and fuel prices and large fluctuations in exchange rates

Our Strengths

- We have high levels of core technologies in “papermaking,” “converting (functional and adhesive coatings),” and “film forming”
- Organizational structure for agile development of high-function, high-value-added products including environmentally friendly products
- Top global market share in the imaging media business
- Integrated production from base paper manufacturing to converting

Business Opportunities

- Increasing demand for capacitor-use OPP films due to the rapid popularization of electric vehicles
- Increasing demand for functional paper materials due to growing needs for environmentally friendly products for de-plasticization or reduced plastic use
- Growing demand for thermal paper in South America and for high-performance labels in the Southeast Asian region

Risks and Response

(Risks : ▲, Response : ○)

- ▲ Impact of fluctuations in foreign currency exchange rates and changes in domestic and overseas social and market conditions due to the diversity of production base locations
 - ⇒ ○ Expand operations in a wide range of countries
 - ⇒ ○ Establish regional headquarters and take proactive steps to address risks before they emerge

Business Overview

Functional Materials COMPANY handles specialty and functional paper that is distinguished by its wide range of added value. Utilizing the Oji Group’s core sheet development and coating technologies cultivated in the paper production industry, the COMPANY also manufactures a variety of films. We will lead the Oji Group’s efforts to become an “innovative value-creating company” by strengthening our comprehensive proposal capabilities through the integration of the research and development, manufacturing, and marketing functions and promoting the development of high-value-added products.

Specialty Papers Business

The Specialty Papers Business has a lineup of products with advanced special functions such as electrical material paper including insulation materials, dry pulp non-woven fabric excellent in bulkiness and liquid retention, and glass paper excellent in size stability and heat resistance.

Imaging Media Business

The Imaging Media Business at the Oji Group develops thermal recoding media that meet customer needs for household, industrial, logistic, medical, and other various uses, leveraging diverse coating technologies, boasting a top-class global market share.

Adhesive Products Business

Using proprietary adhesive force control technology, the Adhesive Products Business handles familiar products such as food/beverage labels, courier labels, adhesive tape for packaging, and wound dressings to less familiar, specialized applications such as aluminum tape for construction material and anti-tampering tape.

Film Business

The Film Business handles OPP films for film capacitors to be incorporated in the motor control PCUs of electric vehicles, developed based on its thin film technology that produces the world’s thinnest films, and optical double-sided adhesive films and hard-coated films that are adopted for smartphones and other precision devices.



Glass paper (Oji F-TeX)



Thermal paper for tickets (Oji Imaging Media)



Biodegradable pressure-sensitive adhesive paper for labels (Oji Tac)



Optical double-sided adhesive films (OCA) (New Tac Kasei)

Challenges in Achieving the Medium-term Management Plan and Priority Measures for FY2024

Business Strategy

- Actively develop high-function and environmentally friendly products
- Expand global sales of the imaging media business and enhance competitiveness including printing and converting

Challenges

- Accelerate the development of high-function, high-value-added, and environmentally friendly products
- Expand business in Japan and the Asian region through M&A

Measures

- Realize at an early stage the effects of investment in capacitor-use OPP film facilities (Japan) and thermal paper facilities (Overseas)
- Increase market share by adding more value to existing products, developing "Only One" products, and strengthen interaction with customers (Japan)
- Initiate collaboration with the Adampak Group (Overseas)
- Realize synergies from the inclusion of the Walki Group (Overseas)

Initiatives to Enhance Corporate Value

Actively Develop High-function and Environmentally friendly Products

In Japan, we have worked to develop high-function, high-value-added, eco-friendly products. In non-woven fabrics, we developed "kinarito LEAF," a biomass material, and in the field of thermal paper, we developed "Alcohol-resistant Thermal Paper" and "Semi-Through" translucent thermal paper. We have also developed "O-hajiki," a non-fluorine oil-resistant paper, in response to concerns surrounding per- and polyfluoroalkyl substances and regulations surrounding organic fluorine compounds (PFAS). (P.57)

Moreover, we have promoted the development of a wide range of new products, including "CALFRESH," an OPP fruit and vegetable packaging film that reduces industrial waste and food loss; "OJI Sustainable Mulching Sheet," an agricultural paper mulching sheet that biodegrades in the soil after agricultural use; and "HyBioth," a biodegradable, water soluble non-woven fabric made primarily from natural pulp.

In response to the rapid popularization of electric vehicles, new production equipment for capacitor-use OPP films used in motor drive controllers begins operation at the Oji F-Tex Shiga Mill in FY2024 to increase production capacity.



Biomass slipper "kinarito LEAF"



Non-fluorine oil-resistant paper "O-hajiki"



Agricultural paper mulching sheet "OJI Sustainable Mulching Sheet"

SILBIO Series

The SILBIO series is a paper packaging material that we developed as an alternative to plastic packaging. The series lineup is well-suited to packaging applications across a variety of fields, and includes products with high barrier and light-shielding properties comparable to aluminum deposited film, products with both transparency and barrier properties, and products that do not require sealant processing such as PE*¹.

In the "SILBIO EZ SEAL" lineup, we offer four products. "SILBIO BARRIER," which has oxygen barrier properties comparable to EVOH*² and moisture barrier properties equivalent to LDPE*³, prevents the diffusion of moisture and odor from contents. "SILBIO ALBA" aluminum deposited paper material boasts high oxygen barrier, moisture barrier, light-shielding, and heat-sealing properties. In addition to barrier and heat-sealing properties, "SILBIO CLEAR" offers transparency. Despite the lack of barrier properties, "SILBIO EZ SEAL" specializes in heat-sealing functions and is ideal for secondary and delivery packaging for food, and industrial material packaging. The SILBIO series of products can bear a paper identification mark and is used in a variety of packaging materials for food, daily necessities, and industrial applications.

*1 Polyethylene, *2 Ethylene vinyl alcohol copolymer, *3 Low-density polyethylene



Sustainable packaging "SILBIO" Series

Expanding Global Sales of the Imaging Media Business and Enhancing Competitiveness Including Printing and Converting

Overseas, in 2021, we completed construction to expand facilities in Brazil, practically doubling production capacity, to address strong demand for thermal paper in South America, and completed construction work to increase capacity at thermal paper production facilities in Europe in January 2024. In September 2022, the Adampak Group, a high-performance label printing and converting company with business bases in Southeast Asia and China, became a member of the Oji Group. This addition of the high-performance label business for electric and healthcare products to the thermal paper and adhesive paper business already operating in Thailand and the high-performance label printing/converting and cutting/converting business in Malaysia has enabled the integrated production from base paper manufacturing to converting. In the Asian market, which is also expected to experience growth going forward, we will propose a wide range of timely and optimal label products and increase customer value by capturing a broad range of customer needs and feeding them back to upstream businesses.

In April 2024, Walki Holding Oy, a packaging materials converter with operations in Europe, joined the Oji Group. We will now initiate steps to expand business portfolios and markets.



Aident Corporation in Malaysia, a subsidiary of the Adampak Group

Forest Resources and Environment Marketing Business

We are enhancing our business by making comprehensive use of forest resources, including pulp, forest plantations, lumber processing, and renewable energy.

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

Yuji Onuki



Awareness of the Business Environment

- Growing demand for pulp due to economic development in newly industrialized countries and the trend toward de-plasticization
- New, large-scale pulp facilities are coming online, but in contrast pulp manufacturers are going out of business due to difficulties in procuring raw material chips and the burden of high costs
- Normalization of cost inflation, encompassing raw material and fuel prices as well as labor, transportation, and other costs
- Intensifying competition in the acquisition of forest resources

Our Strengths

- Abundant and sustainable forest resources and know-how in forest management
- Integrated production from forest management to lumber processing and pulp
- Organization for production and sale of diverse types of pulp
- Accumulated operational techniques for pulp-related equipment
- Procurement and sales capabilities that leverage the Group's domestic and overseas bases

Business Opportunities

- Expanding and strengthening overseas business
- Business expansion and enhanced competitiveness through M&A and strategic investments
- Securing forest resources by expanding plantations
- Development of markets for highly functional, high-value-added pulp

Risks and Response

(Risks : ▲, Response : ○)

- ▲ Market fluctuation and cost increases
⇒ ○ Strengthen our competitiveness base, develop high-value-added products
- ▲ Competition for procurement of forest resources
⇒ ○ Promote more site acquisitions for forest plantations, improve growth rates for forest trees
- ▲ Natural disasters and geopolitical risks
⇒ ○ Implement production site disaster prevention measures, ensure diverse procurement sources/logistics

Business Overview

Starting with the forest plantation business, which aims to nurture healthy forests as well as produce sustainable forest resources, we are developing comprehensive businesses that utilize those resources, which include pulp manufacturing, lumber processing, and biomass power generation. We meet the needs of our customers with our domestic and international procurement, production, and sales networks and a diverse product lineup.

Pulp Business

We produce a diverse lineup of pulp grades, including hardwood and softwood kraft pulp, and dissolving pulp. With an annual production capacity of market pulp of 2.5 million tons, we sell our products globally, including in Asia, Europe, and North America.

Forest Plantation Business

In company-owned forests in Japan and overseas, we grow and manage sustainable forests. Harvested woods are supplied for pulp raw materials, as well as for a range of applications such as lumber, plywood materials, and biomass fuels.



KTH forest plantation (Indonesia)

Lumber Processing Business

We are expanding production capacity and strengthening the purchasing and selling of wood products, primarily in Asia and Oceania. In Japan, we are moving into the lumber production business and seeking to strengthen profitability through sales expansion into the building materials field.

Energy Business

We are promoting the electric power generation business by using renewable energy, including wood biomass, hydroelectric power, and solar power. Leveraging our sites in Japan and overseas, we are also working to strengthen the purchasing and market supply of biomass fuels.



Oji Green Energy Tokushima

Starch and Saccharification Business

We have been developing technologies for starch and saccharification products, primarily of corn, to provide products that meet the needs of our customers.

Fuels/Chemicals and Other Material Procurement Business

Centrally managing purchasing for the Oji Group as a whole, this business gives consideration to environmental and social aspects while promoting advantageous and stable procurement.

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Challenges in Achieving the Medium-term Management Plan and Priority Measures for FY2024

Business Strategy

- Enhance and expand the pulp business as a “comprehensive pulp manufacturer”
- Propel the renewable energy and other energy businesses
- Expand the lumber processing business

Challenges

Pulp Business

- Strengthening of our competitiveness base to enable better responses to market fluctuations

Energy Business

- Strengthening of cost competitiveness, renewable energy business expansion

Lumber Processing Business

- Strengthening of sales capabilities for lumber products, lumber production business expansion

Measures

- Ensure stable operation on the back of pulp facility modernization, promote cost reductions, and consider increases in production capacities
- Promote stable power plant operations and energy conservation, strengthen procurement capabilities for fuels, and conduct studies of wind power generation projects on company-owned sites
- Promote integrated business that utilizes domestic lumber from materials to processing, and expand sales into the building materials field

Enhancement and Expansion of the Pulp Business

To reinforce business foundations that are resilient to fluctuations in pulp markets, we are continuing to implement strategic profit measures at key business sites while working to strengthen sales.

CENIBRA (Brazil)

- Further enhancement of cost competitiveness through installation of most advanced/labor-saving manufacturing facilities
- Consideration of increases in production capacities
- Building of global direct sales system, promotion of customer service improvements



CENIBRA Mill

Dissolving pulp

- Increasing production and sales of dissolving pulp in light of increasing demand for apparel
- Promotion of development/sales of high-value-added products

Pan Pac (New Zealand)

- Investment in recovery from cyclone damage, response to disaster risks
- Early recovery of sales volumes as production resumes

Oji Fibre Solutions (New Zealand)

- Implementation of measures to stabilize operations, improve yields, and conserve energy by introduction of the Oji Group's operational techniques and management methods

Initiatives to Enhance Corporate Value

Addressing Improvements in Forestry Operations through Mechanization

Whereas forestry operations are still largely done by hand, the Oji Group is working to mechanize operations in its forests both in Japan and overseas to reduce costs, improve safety, and alleviate labor shortages.

One recent initiative by CENIBRA of Brazil has been the successful development, in collaboration with a heavy machinery manufacturer, of an automatic planting machine that performs six tasks, such as planting and fertilizing, that had previously been done by hand. This machine was custom-made for CENIBRA's operations, making it a cutting-edge initiative on a global scale. The operators who would perform tasks with the new machine were recruited from among the Company's employees, including those who had previously performed the tasks manually, which also contributed to improving employee engagement.



Automatic planting machine during plowing-in operations

Pan Pac (New Zealand)'s Recovery Project – PHOENIX Project –

On February 14, 2023, Pan Pac's entire factory sustained damaged from cyclone Gabrielle, causing operations to halt for more than a year. Under the PHOENIX Project, which aimed to restore operations, all Pan Pac employees, as well as the head office management and related departments, came together to work toward restoration so that products could be delivered to customers as quickly as possible.

They aimed to use repaired and updated equipment to improve productivity beyond what it had been before the disaster. Also, by working in cooperation with the local government on a project to reinforce and extend levees, taking measures to prevent flooding on the factory premises, and building a multistory main office, they strove to improve the site's resilience against disaster risks.



Pan Pac Mill the day after the cyclone hit



Pulp mill facilities immediately after the start of post-recovery operations



Managing Director Tony Clifford (right) and Deputy Managing Director Josh Hanayama (left) in front of the plaque commemorating reconstruction

Printing and Communications Media Business

We will strengthen cooperation within the Oji Group and thoroughly manage cash flow by promoting the building of an optimal production system.

Oji Holdings Corporation
Executive Officer President,
Printing and Communications Media COMPANY

Takayuki Moridaira



Business Overview

We handle a range of paper products used as information transmission media, including newsprint, as well as printing and communications paper. In addition to meeting the quality demanded by our customers, we strive to develop new products and technologies that will create newer value and enrich society.

Newsprint Business

One of the world's leading newsprint mills, Tomakomai Mill produces high-quality newsprint with features requested by customers, such as lighter weight and improved print reproducibility, making full use of a wide variety of pulp. We hold an approximately 30% share of the Japanese market with a stable supply to customers throughout the country, including the Greater Tokyo area. Newsprint production using a large amount of recovered paper also contributes to paper recycling.

Printing and Publication Paper Business

We offer a wide range of printing papers to meet various needs, including art paper used for photo albums and high-end catalogs, coated paper used for magazines and flyers, and wood-free paper used for books, each of which play a role in the day-to-day communication of information. We also offer a full lineup of environmentally friendly printing paper, including FSC™-certified paper and products compliant with the Green Purchase Act.

Communication Paper Business

We provide various output media to support information processing systems, including copying paper and continuous paper. Produced with our carefully built quality design and quality control system, they can be used on printers with different printing methods and models. We offer high-quality products not only superior in printability and workability in converting but also capable of meeting the needs for printing at ever-higher speeds for productivity improvement.



Awareness of the Business Environment

- Increasing consumer awareness about environmental issues such as the green transformation (GX) concept
- Structural decline in demand associated with the progress of digital transformation (DX) and the declining birth rate
- Large fluctuations in raw material prices and exchange rates

Our Strengths

- Ownership of large-scale infrastructure, including pulp production and biomass power generation facilities
- The Group's collective strengths (e.g., procurement, capabilities, the sharing of know-how on cost reductions, the development of new products through collaboration within the Group),
- Full lineup of environmentally friendly products, including FSC™-certified paper
- Capabilities to develop products meeting market needs

Business Opportunities

- Advantages of paper as an information medium (e.g., visibility, readability, reliability, preservability, texture unique to paper, reproducibility of photographs)
- Growing demand for environmentally friendly paper products due to growing environmental awareness
- Reassessment of the value of paper due to de-plasticization or reduced plastic use
- Strengthening competitiveness through cooperation within the Group that transcends the boundaries of businesses

Risks and Response

(Risks : ▲, Response : ○)

- ▲ Greater than expected decrease in demand for graphic paper
⇒ ○ Restructure the production system by utilizing the Group's collective strengths and assets owned, strengthen exports, and focus on China/sales for processing applications and a wide range of environmentally friendly products, including FSC™-certified paper
- ▲ Soaring raw material and fuel prices and large fluctuations in exchange rates
⇒ ○ Revise product prices
- ▲ Recruitment difficulties due to labor shortages throughout society
⇒ ○ Secure and retain personnel by improving employee engagement
- ▲ Increase in equipment malfunctions due to aging of equipment, etc.
⇒ ○ Renovate facilities and implement DX-based automation of operations/facility management

Challenges in Achieving the Medium-term Management Plan and Priority Measures for FY2024

Business Strategy

- Production system restructuring and enhancement of competitiveness through collaboration with other Group segments by maximizing the use of assets owned

Challenges

- Utilizing owned resources effectively
- Implementing thorough cash flow management

Measures

- Continue with thorough cost reduction
- Maintain reproducible product selling prices
- Strengthen cooperation with other segments

Production System Restructuring and Enhancement of Competitiveness

We are working to deepen cooperation within the Oji Group and utilize pulp manufacturing facilities, biomass boilers, and other assets to the maximum extent while improving profitability and competitiveness. At the Tomakomai Mill, we converted a newsprint machine to a machine for manufacturing containerboard in October 2021 and started operation of a special liner and special paperboard machine relocated from the Nayoro Mill of Oji Materia in April 2022. One machine producing newsprint and printing paper was shut down in 2024. Overseas, utilizing existing pulp manufacturing facilities and biomass boilers, etc., we built a new household base paper machine at Jiangsu Oji Paper in China and started operations in 2020. Taking into account structural changes in the environment and trends in demand, we will advance the building of an optimal production system, implement thorough cash flow management, reduce fixed costs, and improve production efficiency.

Building of a production system for 2020 onward

- In July 2020, started operation of household base paper machine in Jiangsu Oji Paper in China.
- In October 2021, we converted a newsprint machine to a containerboard machine at Tomakomai Mill.
- In April 2022, we started operation of a special liner and special paperboard machine relocated from Nayoro Mill of Oji Materia at the same mill.
- In February 2024, we shut down a newsprint and printing paper machine at Tomakomai Mill.



The #L-1 machine (converted from the #N-5 machine) at Tomakomai Mill



Jiangsu Oji Paper Household base paper machine (TM1)

Initiatives to Enhance Corporate Value

While working to strengthen the profitability and competitiveness of our existing businesses, we are also actively advancing our GX strategies. As part of our GX strategies, we are utilizing clean energy that is renewable and emits no greenhouse gas from power generation, produced by the Tomakomai Mill-owned industrial hydroelectric power plant that is the oldest in Japan. We have also begun joint studies with the Tokyo Gas Group on the production and use of e-methane, which utilizes green hydrogen produced using this renewable energy-derived electricity and carbon-neutral fuel-derived CO₂. (P.61) Usable as an alternative fuel to natural gas, e-methane will make a significant contribution to improving Japan's energy self-sufficiency because it is entirely domestically produced. We are looking ahead to full-scale capital investment for commercialization from 2030 onward. We will accelerate our efforts to realize a decarbonized society through sustainable energy solutions.



Tomakomai Mill-owned
Chitose No. 1 Hydroelectric Power Plant

VOICE

Message from a young employee

—Valuable experience gained from a production system restructuring project—

As part of a production system restructuring project, a special liner and special paperboard machine (#12 machine) was relocated from Oji Materia Nayoro Mill to the Tomakomai Mill in 2022. As a project member, I was involved in modifying the DCS (Distributed Control System) and adjusting various chemicals, but what made the biggest impression on me was the paper strengthening agent addition equipment. Because some of the equipment could not be relocated, it became necessary to review the dosing and control methods. To enable the chemicals to be added at stable concentrations and flow rates, the dilution method was changed and the dosing equipment modified. Also, because the machine and additive equipment were located far apart due to differences in building structure, we worked to automate the chemical additive and shutdown procedures and to implement remote operations via DCS to reduce the workload. Although there were some unfamiliar aspects to this new operation, we worked closely with the relevant parties and went through a process of trial and error. Accordingly, operations have been trouble-free since it began in April 2022.

Gaining knowledge about the board machine-related equipment through this project and deepening communication with the on-site operators and other related parties was a valuable experience. I would like to draw on this experience as I work toward cost reductions and facility improvements.



Tomakomai Mill Papermaking
Department (Joined in 2018):
Qu Tianrui



#12 machine prior to its relocation

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Feature: New Business Development Initiatives

**Driving innovation and creating technologies
for a sustainable, circular future.**

Director of the Board, General Manager,
Corporate Business Development Division
Oji Management Office Inc.

Toshiya Hirose



The Corporate Business Development Division underwent a reorganization in April 2024. As part of the structural reforms toward achieving the Long-term Vision goals, we are developing businesses that will contribute to building a sustainable society and growing those businesses into future earnings pillars. We will put in place a structure to promote new businesses from multiple perspectives in a bid to roll out and expand new businesses. This includes the Packaging Businesses Development Department that contributes to the reduction of plastic use, the Liquid Packaging Carton Department as part of our environmental response business, the Oji Forest Value-Creation & Promotion Department to maximize the value of company-owned forests, and the New Business Development Department to drive open innovation.

Acquisition of Walki Based in Finland

In April 2024, Oji Holdings acquired Walki Holding Oy, a packaging materials converter based in Finland, to solidify the Group's platform in the packaging business. Walki is a converter that specializes in sustainable packaging materials. Its core products comprise a range of paper-based environmentally friendly packaging materials that combine recyclability and barrier properties. The company is distinguished by its high profitability in the European market, where environmental regulations are becoming increasingly stringent. This acquisition will further strengthen the Group's business foundation as a global supplier to meet the worldwide demand for conversion to sustainable packaging materials.

With the PPWR* about to take effect, demand for recyclable, reusable, and compostable packaging materials is rising sharply in Europe. Walki is particularly strong in sustainable material conversion technologies and leading manufacturing know-how in packaging materials that comply with EU packaging regulations.

| Walki Holding Oy Overview | |
|---------------------------|--|
| Established | 1930 |
| Annual Sales | €705 million (¥111.4 billion FY2022) |
| Business Activities | Manufacturing and sales of coating on paper, lamination, printing and other processing |
| Location | Espoo city, Finland |
| Manufacturing Sites | 17 plants in 8 countries mainly in Europe |
| Number of Employees | Approx. 1,700 |

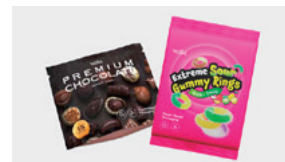
* Packaging and Packaging Waste Regulations (PPWR): EU regulation for a 50% recycling rate for packaging materials by 2025. Binding targets are proposed for the recycling rate for each material (85% by the end of 2030 for paper and cardboard).

▶ [Sustainable packaging / Packaging and Packaging Waste Regulation \(in Japanese only\)](#)

Walki's Three Businesses Areas

Consumer packaging

Recyclable paper packaging materials
with barrier properties for food and
FMCG*¹ products



Industrial packaging

Environmentally friendly paper packaging
for industrial products (e.g., functional
corrugated container)



Engineered materials

High-performance heat insulators for the
construction industry, automotive skin,
etc.



Walki has a competitive advantage in barrier paper packaging for direct food contact, applying a special coating to form an ultra-thin barrier layer on the paper. This ensures the necessary product protection while allowing brand owners to achieve fully recyclable paper packaging. Paper products processed with Walki's technologies are used by many leading European brand owners in a wide range of applications, mainly for food products. The Company is steadily increasing its share in the European environmentally friendly packaging material market.

The combination of Oji's barrier technologies and Walki's advanced technical lamination will accelerate the development of environmentally friendly fiber-based solutions.

*¹ FMCG: Fast Moving Consumer Goods

Business Promotion for Environmentally Friendly Paper Packaging

The implementation of packaging material regulations, which first took effect in Europe, is expected to reach Asia, India, and Oceania, where the Group's principal business bases are located, in earnest by 2030.

In anticipation of growing demand for reducing plastic use for container packaging, Oji Holdings invested in Deluxe Technology Group Co., Ltd., a high-end molded pulp packaging equipment and product manufacturer in Taiwan, in June 2024, and acquired global sales rights for Deluxe's products and equipment. The Oji Group will leverage Deluxe's manufacturing technology to produce premium quality sustainable packaging for a wide range of applications as an alternative to plastic molded products, particularly for electronics, cosmetics packaging, and food containers, which require rigid quality standards.

We will incorporate the industry-leading expertise of various companies into our packaging business. This includes the base paper conversion technologies of Walki that comply with the relevant EU regulations and the production technology capabilities of Deluxe that have earned the support of numerous global brand owners. In putting in place a business structure that spans a broad upstream (raw materials) to downstream (packaging materials conversion) range, we will lead the global market as a total packaging provider of sustainable materials.

Liquid Packaging Carton Business

Chilled Business

In the field of chilled cartons the establishment of a joint venture, Ishizuka-Oji Paper Packaging Co., Ltd., has enabled the Oji Group to achieve a fully integrated production system within the Group, covering the entire process from manufacturing base paper to carton conversion. We consistently supply high-quality products to customers in Japan and overseas.



Chilled cartons manufactured using base paper by the Oji Group

Aseptic Business

In 2023, Oji Holdings acquired IPI S.r.l. (Italy) in the field of aseptic packaging cartons, which can be stored for an extended period at room temperature. IPI S.r.l. manufactures and sells converted paper and filling machines for aseptic packaging and has customers mainly in Europe, Africa, and the Middle East.

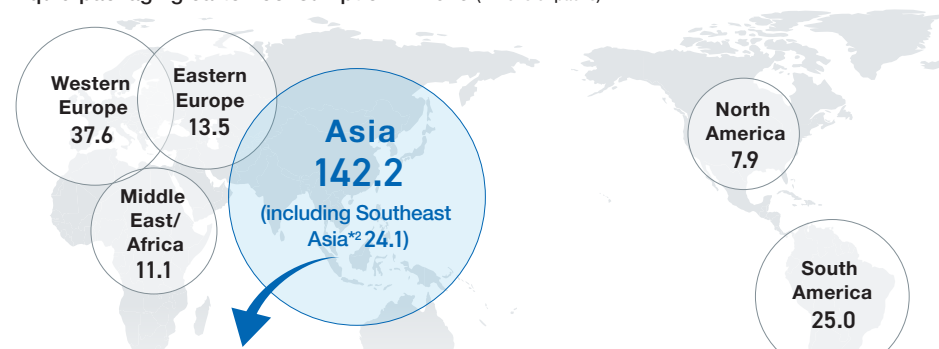


IPI S.r.l.'s filling machine

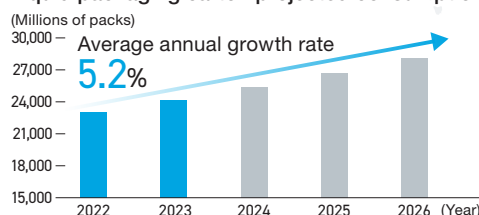


IPI S.r.l.'s aseptic product lineup

Liquid packaging carton consumption in 2023 (Billions of packs)*1



Liquid packaging carton projected consumption*3 in Southeast Asia*2



*1 Company aggregate value

*2 Scope of countries covered: Indonesia, Malaysia, Vietnam, Thailand, the Philippines, and Singapore; includes total consumption by major users in these countries.

*3 Actual data up to 2023; forecasts from 2024 onward

Expanding into Southeast Asia

Against the backdrop of growing global demand for liquid packaging carton, we are aiming to establish a production system, including setting up a new base, and strengthen sales activities in Southeast Asia. We anticipate substantial market growth in the region and are committed to expanding the chilled and aseptic businesses.

Product Development That Anticipates Needs

As for the aseptic business, we will develop and propose products that align with global environmental regulatory trends. Leveraging the Group's technological capabilities, this includes high-performance filling systems and environmentally friendly aluminum-less cartons that are easy to recycle. Through these efforts, we aim to contribute to the realization of a sustainable society.

Creating New Businesses through Start-up Collaborations

Oji Holdings is targeting net sales of more than ¥2.5 trillion under its Long-term Vision. To achieve this target, we are working to develop new materials and products from forest resources and to evolve our business through the structural transformation of our portfolio. We are also promoting the creation of an open innovation mechanism in collaboration with start-ups in Japan and overseas and are striving to create new businesses. By combining Oji's technologies, equipment, and resources with start-up companies' development technologies, we will acquire technologies in new areas and speed up the timeline from development to commercialization.

In kicking off these endeavors, we invested ¥500 million in the UMI III Fund, a venture capital fund specializing in the materials and chemical industries. Our goal is to create new businesses that leverage the resources of the Group through collaboration with start-ups and academia. Moreover, we will promote the development of human resources who are capable of promoting this activity by utilizing the secondment acceptance program provided by UMI.

