

Long-term Vision & Medium-term Management Plan

In order to continuously increase corporate value in an ever-changing society, the Oji Group has formulated and is implementing its FY2022–2024 Medium-term Management Plan as well as its Long-term Vision for FY2030 that promote the Group reaching its long-term goals based on its Management Philosophy and Purpose.

Long-term Vision



Targets We Aim to Achieve in FY2030

To Achieve Environmental Action Program 2030

In our Environmental Action Program 2030, we set a target of reducing our greenhouse gas (GHG) emissions by at least 70% in FY2030 compared to FY2018 levels, as a milestone for our target of net-zero carbon in 2050 per our Environmental Vision 2050. The breakdown of this 70% reduction consists of a 20% GHG emission reduction from increasing our usage rate of renewable energy such as reducing coal consumption and installation of private solar power panels; and the remaining 50% reduction will be achieved through increasing the net increment in carbon stocks by forests by expanding our forest plantations. By FY2030, we plan to invest 100.0 billion yen into each of these areas for a total investment of 200.0 billion yen.

In addition to our initiative to realize carbon neutrality, we will also be fully engaging in a wide range of initiatives indivisible from our business activities as outlined in our Environmental Action Program 2030.

Environmental Action Program 2030

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|--|---|
| <p>1 Action on Climate Change</p> <ul style="list-style-type: none"> Reduce greenhouse gas (GHG) emissions by at least 70% compared to FY2018 <p>3 Consideration for Ecosystem</p> <ul style="list-style-type: none"> Challenge for zero environmental impact Biodiversity conservation | <p>2 Abundant Forests Creation and Resource Recycling</p> <ul style="list-style-type: none"> Sustainable forest management (forest recycling) Resource recycling (paper and water recycling) <p>4 Development of Trusting Relationships with Our Stakeholders</p> <ul style="list-style-type: none"> Responsible raw materials procurement and manufacturing Expansion of products that contribute to a decarbonized society Zero environmental incidents and zero product liability incidents |
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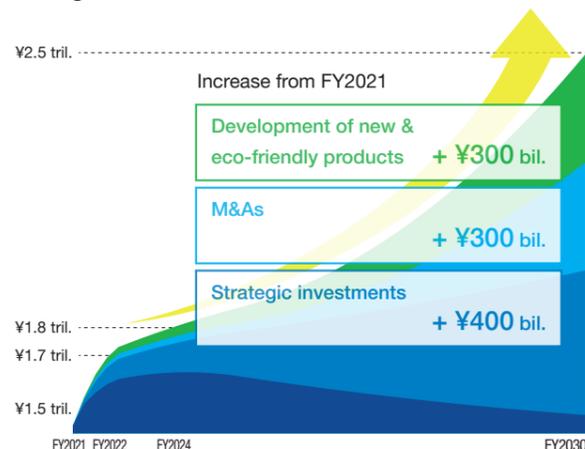
Environmental Action Program 2030
<https://ojiholdings.disclosure.site/en/themes/150/>

Consolidated Net Sales of 2.5 Trillion Yen or More

Based on our FY2021 results, we have increased our consolidated net sales target for FY2030 by over 1 trillion yen to 2.5 trillion yen or more.

Amid an anticipated contraction in demand for a portion of our products, we will improve our profit ratio through means such as cost reductions and improving operations. However, our goals go beyond that. In order to achieve further growth and evolution as the Group, we will expand promising businesses through strategic investment and M&As, including our corrugated container, household paper, disposable diaper, imaging media, and pulp businesses. At the same time, we will focus our efforts on developing, commercializing, and expanding the sale of new and eco-friendly products, including in our high performance film and renewable energy businesses. Further, through this process, we will aim to transform our portfolio into one which meets the demands of the times.

Changes in Consolidated Net Sales



Basic Policy of “Toward Further Growth and Evolution” to Achieve FY2030 Targets

1 Initiatives for Environmental Issues –Sustainability–

→ P25-34, 81-92

2 Initiatives for Profitability Improvement –Profitability–

→ P41-60

Household and Industrial Materials Businesses

Sales target for FY2030
 ¥1,250.0 billion

Long-term Goals:

Industrial materials business

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

Household and consumer products business

- Enhance branding & expand sales of household paper products in Japan
- Expand & enhance overseas disposable diaper business

Within our industrial materials business, demand for our corrugated container business remains robust. We aim to further expand and strengthen this business through M&As and new plant construction and, at the same time, by promoting restructuring of production systems and the integration of base paper processing. We will also be focusing our efforts on expanding our liquid packaging carton and filter businesses. In our household and consumer products business, we will expand our Japanese market share by increasing the value of our domestic household paper business, and expand and strengthen our disposable diaper business overseas.



United Kotak's new plant in Malaysia (commenced operation in July 2022)



Sales of “nepi eco” brand, eco-friendly products to be expanded

Functional Materials Business

Sales target for FY2030
 ¥400.0 billion

Long-term Goals:

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

We will aim to expand profitability by expanding sales of thin capacitor films for next-generation vehicles and other high-function and eco-friendly products; and by expanding our imaging media business, which is experiencing strong demand, through means such as construction to expand production.



Two film machines are currently being installed at the Oji F-TEX Shiga Mill (scheduled to commence operation in March 2023 and November 2024)

Forest Resources and Environment Marketing Business

Sales target for FY2030
 ¥600.0 billion

Long-term Goals:

- Expand & enhance pulp business as a “comprehensive pulp manufacturer”
- Expand renewable energy and other energy businesses
- Expand lumber processing business

In addition to expanding and strengthening our global pulp business, we will focus our efforts on expanding other businesses which leverage forest resources such as our lumber processing and biomass power generation businesses.



CENIBRA/Pulp Mill in Brazil

Printing and Communications Media Business

Sales forecast for FY2030
 ¥150.0 billion

Long-term Goals:

- Restructure production system and enhance competitiveness through collaboration with other group segments by maximizing the use of assets owned

We will strive for the optimum production system restructuring for the Group as a whole by assessing demand trends and continuing to implement thorough cost-cutting measures and, at the same time, by effectively utilizing owned assets such as pulp manufacturing facilities.



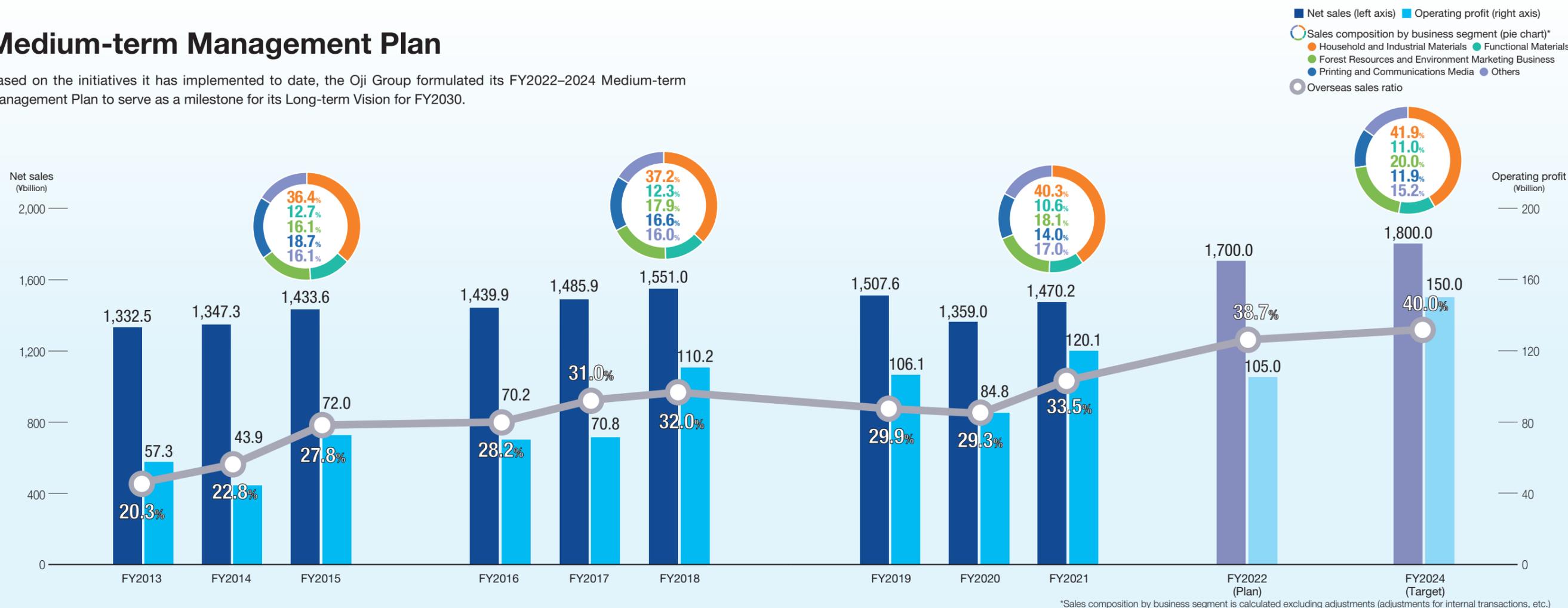
The #L-1 machine (for containerboard) at the Oji Paper Tomakomai Mill

3 Initiatives for Product Development –Green Innovation–

→ P35-40

Medium-term Management Plan

Based on the initiatives it has implemented to date, the Oji Group formulated its FY2022–2024 Medium-term Management Plan to serve as a milestone for its Long-term Vision for FY2030.



*Sales composition by business segment is calculated excluding adjustments (adjustments for internal transactions, etc.)

Review of Medium-term Management Plans and their Policies

FY2013–2015			FY2016–2018			FY2019–2021			FY2022–2024		
Numerical Management Targets	Targets	Results	Numerical Management Targets	Targets	Results	Numerical Management Targets	Targets	Results	Numerical Management Targets	Targets	FY2022 Plan
Consolidated operating profit	¥90.0 billion	¥72.0 billion	Consolidated operating profit	¥100.0 billion	¥110.2 billion	Consolidated operating profit	¥150.0 billion or more	¥120.1 billion	Consolidated operating profit	¥150.0 billion or more	¥105.0 billion
Overseas sales ratio	26.0%	27.8%	Overseas sales ratio	35.0%	32.0%	Overseas sales ratio	40.0%	33.5%	Overseas sales ratio	40.0%	38.7%
ROE	7.0%	2.1%	ROE	8.0%	7.7%	ROE	10.0%	10.9%	Profit attributable to owners of parent	¥100.0 billion or more	¥70.0 billion
Interest-bearing debts	¥700.0 billion	¥777.7 billion	Interest-bearing debts	¥700.0 billion	¥620.6 billion	Net D/E ratio	0.7 times maintained	0.7 times	Net D/E ratio	0.7 times maintained	0.7 times

Basic Policies

- 1 Deepening of the core businesses
- 2 Development of new businesses and products
- 3 Further expansion of overseas businesses

Review

- FY2015 operating profit increased significantly from FY2012 by 28.5 billion yen; however, in part due to increased raw material prices and impairment losses recorded in some overseas businesses, we did not achieve our targets for operating profit or ROE.
- After transitioning to a holding company structure in October 2012, we promoted business structure transformation. We particularly proactively developed overseas businesses, and our overseas sales ratio increased by 11.1 percentage points, from 16.7% in FY2012 to 27.8% in FY2015.
- In Japan, we focused on increasing profitability through cost reductions and production system restructuring, and on developing new added-value materials and new businesses, such as dissolving pulp (DP) and our energy business.

Basic Policies

- 1 Expansion of overseas businesses
- 2 Concentration / advancement of domestic businesses
- 3 Enhancement of financial foundation

Review

- We reached our target of 100.0 billion yen for operating profit in FY2018. We also achieved our target of reducing interest-bearing debts to 700.0 billion yen.
- We aimed to optimize and enhance production capacity and to expand overseas manufacturing sites with a focus on our packaging business, increasing our overseas sales ratio by 4.2 percentage points, from 27.8% in FY2015 to 32.0% in FY2018.
- In Japan, we continued to focus on increasing profitability through cost reductions and production system restructuring, and on developing new added-value materials and new businesses, such as cellulose nanofibers (CNF) and our water treatment business.

Basic Policies

- 1 Profitability improvement of domestic business
 - 2 Expansion of overseas business
 - 3 Promotion of innovation
- ★ Contribution to a sustainable society

Review

- Due to the effects of the COVID-19 pandemic (delay of capital investments and subsequent effects, etc.) as well as soaring raw material prices, we failed to reach our target for operating profit in FY2021, yet achieved record-high profits.
- We strengthened and expanded our growth businesses in Japan (corrugated container, household paper, and renewable energy businesses) and overseas businesses.
- We proactively developed our themes for innovation: "Eco-friendly materials and products," "entry into medical field," and "total solution."
- We formulated our Environmental Vision 2050 and Environmental Action Program 2030.

Basic Policies (Long-term Vision & Medium-term Management Plan)

- 1 Initiatives for environmental issues –Sustainability–
- 2 Initiatives for profitability improvement –Profitability–
- 3 Initiatives for product development –Green Innovation–

Key Initiatives

- In response to the increasing importance of addressing environmental issues, implement our Environmental Vision 2050 and Environmental Action Program 2030 action plans.
- Make effective use of own facilities, promote further production system restructuring.
- Implement strategic investments and M&As, etc. in order to further expand promising businesses in Japan and overseas businesses.
- In addition to developing new materials and products, accelerate rapid commercialization initiatives with regard to our green innovation themes: "Development of new materials derived from wood fiber," "challenge to the medical and healthcare field," and "development of eco-friendly paper materials."

Message from the Director in Charge of Finance

FY2022–2024 Medium-term Management Plan from a Financial Perspective

We will aim to achieve the new Medium-term Management Plan by optimizing the Group’s business portfolio through its financial strategy

Director of the Board, Executive Officer, Oji Holdings Corporation **Akio Hasebe**



A Review of the Previous Three-year Medium-term Management Plan

During the previous Medium-term Management Plan spanning from FY2019 to FY2021, the Oji Group positioned “profitability improvement of domestic business,” “expansion of overseas business,” and “promotion of innovation” as the basic policies of its management strategy and, through the policy of “contribution to a sustainable society,” the Group aimed to become a global corporate group that maintains stable consolidated operating profit of 100.0 billion yen or more. Under these basic policies, the Group has operated business with the performance targets for FY2021 of “consolidated operating profit of 150.0 billion yen or more”, “overseas sales ratio of 40%”, “ROE of 10.0%”, and “net D/E ratio of 0.7 times”.

Per our results for FY2021, our consolidated operating profit was 120.1 billion yen, our overseas sales ratio was 33.5%, our ROE was 10.9%, and our net D/E ratio was 0.7 times. In spite of stagnant economic activity and delayed recovery resulting from the spread of COVID-19, we enhanced our profitability through such means as continued cost reductions, production system restructuring in Japan, and effective utilization of facilities in our possession. As a result, we achieved our ROE target.

Cash flows from operating activities, generated through business management based on our basic policies, were proactively invested in promising businesses and research and development activities. While maintaining a net D/E ratio of 0.7 times, during the previous Medium-term Management Plan, capital investments and loans were 452.5 billion yen, and research and development costs were 28.0 billion yen.

Capital investments and loans were utilized in Japan to strengthen containerboard and its processing, household paper, and biomass power generation businesses, as well as in a business partnership with Mitsubishi Paper Mills Limited. Overseas, they were utilized to expand our packaging, disposable diaper, and thermal paper businesses, and for construction to increase the profitability of our pulp business. Further, through the acquisition of additional shares, we increased our voting rights ratio to 100% for CENIBRA in Brazil (engaged in pulp manufacturing and sales) and Oji FS in New Zealand (engaged in pulp and containerboard manufacturing, processing, and sales) in FY2021.

In our research and development activities, we proactively involved ourselves in the development of eco-friendly

materials and products and other initiatives in order to contribute to the resolution of global issues such as climate change and marine plastic pollution.

Financial Strategy under FY2022–2024 Medium-term Management Plan

Numerical Management Targets

The environment surrounding us is undergoing bewildering change. The changes occurring in the demand structure, ongoing since before the previous Medium-term Management Plan was formulated and implemented, became visibly more striking through the spread of COVID-19. This has required us to further transform our portfolio based on an assessment of promising businesses where demand is expected to increase and businesses where demand is forced to shrink. Additionally, increasing attention being paid to climate change and other environmental issues is creating even greater need for business activities which give thought to the global environment.

Against this backdrop, we formulated our new Long-term Vision for FY2030, as well as a new Medium-term Management Plan for the first three years of this vision spanning from FY2022 to FY2024. For FY2024, the final year of this new Medium-term Management Plan, we have set the following numerical management targets.

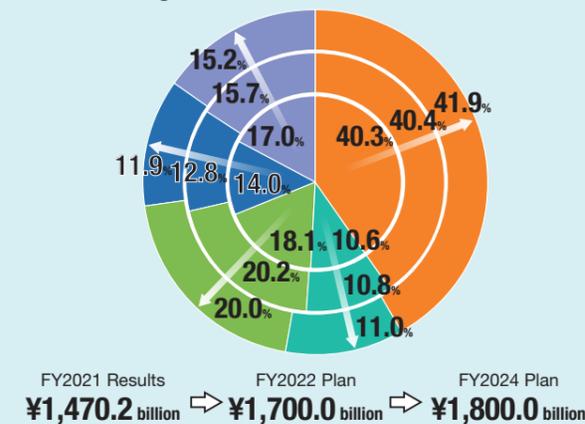
Consolidated operating profit	150.0 billion yen or more
Profit attributable to owners of parent	100.0 billion yen or more (Continue stable profit of 100.0 billion yen or more)
Overseas sales ratio	40% (With a target of 50% in the future)
Net D/E ratio	0.7 times maintained (End of March 2022: 0.7 times)

Capital Allocation

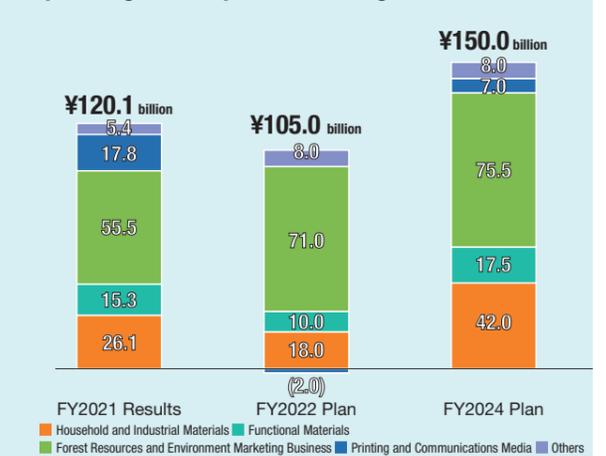
Intending to maintain our current net D/E ratio of 0.7 times, we will proactively allocate cash flows generated from business operations, etc. to environmental measures and investments in businesses with promising futures. More specifically, we are anticipating cash flows from the three-year period up to FY2024 of approximately 600.0 billion yen, of which approximately 400.0 billion yen, excluding dividends and upkeep CAPEX, will be used for strategic investments.

Of our 400.0 billion yen in strategic investments, we plan to invest 50.0 billion yen in environmental measures.

Consolidated Net Sales and Sales Composition by Business Segment



Operating Profit by Business Segment



In order to achieve our greenhouse gas reduction target (a reduction of at least 70% in FY2030 compared to FY2018 levels) in our Environmental Action Program 2030, we have announced that by FY2030, we will invest 100.0 billion yen each, for a total of 200.0 billion yen, in expanding our forest plantations, and in reducing emissions by converting coal-fired boilers to gas-fired ones and by installing private solar power systems. We plan on investing one fourth of this in the three-year period up until FY2024.

We will allocate the remaining 350.0 billion yen in promising businesses—such as our domestic and overseas corrugated container, high performance film, biomass power generation, and pulp businesses—to expand and strengthen them through M&As as well as construction of new facilities and plants. We will also allocate part of this amount to create new core businesses through the development of new materials and products.

The projects we have announced so far are only a part of the list, and we have also secured investment funds for other projects currently being considered or will be investigated moving forward.

Our Numerical Management Targets for FY2024 are already achievable solely through the measures in progress, and the measures to be implemented by the investment

under current Medium-term Management Plan are expected to be effective from the next Medium-term Management Plan onward. In order to achieve our long-term goals, what we do now is extremely important, and we will be implementing various measures based on our basic policies without delay.

For business investments, we confirm the profitability of an investment in consideration of our cost of capital and other factors, and make investment decisions through appropriate risk-taking. We will also focus on innovations that will open up the future of the Group, based on their future potential, although the effects of such investments cannot be expected to be realized overnight.

Note that the Group’s capital condition is being centrally managed by Oji Holdings. In accordance with the acceleration in our global expansion, the amount of funds generated from our overseas businesses and companies is increasing year by year. At the same time, the number of overseas business opportunities to invest in has also increased. We will be engaging in efficient, global fund management, allocating surplus funds from our overseas businesses and companies to investment in opportunities in their regions.

Corporate Communication as Financial Strategy

The Oji Group proactively shares and discloses information to investors, analysts, and its shareholders, including financial results and other financial information, and non-financial information such as ESG data through means which include its IR page, Integrated Reports, and Sustainability Reports (online). The Group also strives to build relationships of trust and achieve mutual understanding through engagement with institutional investors as well as interviews with analysts. Through these activities, the Oji Group promotes its activities.

With regard to returns to the shareholders who support the Oji Group, it is our fundamental policy to maintain stable dividends while at the same time giving consideration to internal reserves in order to prepare for future management measures. Based on this policy, we have decided to pay an ordinary dividend of 16 yen per share for FY2022, an increase of 2 yen over the previous fiscal year. We will also continue the shareholder benefits program we introduced in the previous fiscal year.

