

## **Summary of Consolidated Financial and Business Results** **for the First Quarter of the Year Ending March 2021**

Company Name: **Oji Holdings Corporation** (Code No. 3861 Tokyo Stock Exchange)  
 URL: <https://www.ojiholdings.co.jp/>  
 Representative: Masatoshi Kaku, President & Chief Executive Officer  
 Contact: Ryuichi Kisaka, Director of the Board, Senior Executive Officer  
 Telephone: 03-3563-1111 +81-3-3563-1111(overseas)

(All yen figures are rounded down to the nearest one million yen)

### **1. Results for the First Quarter of the Year Ending March 31, 2021 (April 1, 2020 - June 30, 2020)** **(Unaudited)**

#### (1) Consolidated Business Results

(Figures shown in percentage are ratios compared to the same period of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Quarter of FY2020	321,869	(14.3)	10,984	(54.5)	5,933	(74.8)	2,146	(82.1)
First Quarter of FY2019	375,510	(1.0)	24,147	(12.5)	23,516	(15.7)	12,003	(30.6)

Note: Comprehensive income  
 First Quarter of FY2020 (11,065) million yen  
 First Quarter of FY2019 13,786 million yen

	Profit per share	Diluted profit per share
	Yen	Yen
First Quarter of FY2020	2.17	2.17
First Quarter of FY2019	12.13	12.12

#### (2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First Quarter of FY2020	1,877,969	815,000	36.1	685.51
Year ended March 2020	1,885,280	831,657	36.7	699.12

Note: Shareholders' equity  
 First Quarter of FY2020 678,665 million yen  
 FY2019 692,135 million yen

### **2. Cash Dividends**

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY2019	—	7.00	—	7.00	14.00
FY2020	—				
FY2020 (Forecast)		7.00	—	7.00	14.00

Note : Change in forecast of dividend ... None

### **3. Consolidated Forecasts for the Year Ending March 2021 (April 1, 2020-March 31, 2021)**

(Figures shown in percentage for the full year are ratios compared to the previous year,

Figures shown in percentage for the first half are ratios compared to the same period of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	682,000	(10.3)	34,000	(38.8)	25,000	(51.3)	16,000	(44.5)	16.16
Full year	1,400,000	(7.1)	90,000	(15.2)	80,000	(21.0)	50,000	(14.1)	50.50

Note : Change in consolidated forecasts ... No

#### 4. Notes

- (1) Changes in important subsidiaries  
(changes regarding specified subsidiaries accompanying changes in the scope of consolidation) : None
- (2) Application of simple accounting methods and quarterly peculiar accounting methods : None
- (3) Changes in accounting methods compared with recent consolidated accounting periods
- |  |      |
|--|------|
| (i) Changes due to accounting standard changes : | None |
| (ii) Changes besides (i) :                       | None |
| (iii) Accounting estimate change :               | None |
| (iv) Restatement :                               | None |
- (4) Outstanding balance of issued shares (common stock)
- |  |               |                         |               |
|--|---------------|-------------------------|---------------|
| (i) Outstanding balance of issued shares at the end of fiscal year (Including treasury shares) |               |                         |               |
| First Quarter of FY2020  | 1,014,381,817 | FY2019                  | 1,014,381,817 |
| (ii) Outstanding balance of treasury shares at the end of fiscal year                          |               |                         |               |
| First Quarter of FY2020  | 24,369,659    | FY2019                  | 24,368,163    |
| (iii) Weighted average number of shares during fiscal year                                     |               |                         |               |
| First Quarter of FY2020  | 990,012,407   | First Quarter of FY2019 | 989,618,899   |

#### NOTICE

- This document is exempt from audit procedures required by Financial Instruments and Exchange Act.
- Forecasts released are based on expectations of future economic conditions as of the date of publication. The actual results may differ drastically from these forecasts due to various factors that may arise in the future.
- This document is an excerpt translation of the Japanese original and is only for reference purposes. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

## 1. Qualitative Information Concerning Business Performance and Financial Situation

### (1) Qualitative Information Concerning Business Performance

#### Business Performance for the First Quarter of FY2020 (April 1, 2020 - June 30, 2020)

	Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent	Profit Per Share
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	Yen
<b>1st Quarter of FY2020</b>	321.9	11.0	5.9	2.1	2.17
<b>1st Quarter of FY2019</b>	375.5	24.1	23.5	12.0	12.13
Increase (Decrease)	(53.6)	(13.1)	(17.6)	(9.9)	
Increase (Decrease)	(14.3%)	(54.5%)	(74.8%)	(82.1%)	

The Oji Group has set "Profitability Improvement of Domestic Business", "Expansion of Overseas Business" and "Promotion of Innovation" as the fundamental policies of its FY2019-2021 Medium-term Management Plan. Through "Contribution to a Sustainable Society", we aim to become a global corporate group which stably maintains consolidated operating profit of more than ¥100.0 billion.

Based on the fundamental policies, in the domestic business, we have focused on restructuring our production system to respond to the structural changes in demand, and worked to improve capital efficiency while concentrating management resources on promising businesses to strengthen our ability to generate cash flow. In regard to overseas business, we have organically expanded the existing operations by expanding the number of overseas operations as well as developing new businesses utilizing existing infrastructure. We have also worked to create synergies among our businesses as well as operations.

The worldwide spread of the Coronavirus Disease 2019 (COVID-19) has slowed down the domestic and overseas economies, and both domestic and overseas demand for our products, especially printing paper, is currently declining. While we expect a gradual recovery in demand in the future, we will continue to steadily implement various measures in line with our group management strategy, and strive to strengthen profitability and enhance our corporate value over the medium to long term.

Consolidated net sales for the first quarter of FY2020 decreased by ¥53.6 billion to ¥3,219 billion (year-on year decrease of 14.3%) as both domestic and overseas businesses were affected by the spread of COVID-19. Overseas sales ratio decreased by 2.7 points from the previous year to 28.7%.

Consolidated operating profit decreased by ¥13.2 billion to ¥11.0 billion (year-on-year decrease of 54.5%) due to decreased profit in both domestic and overseas businesses.

Non-operating profit and loss decreased by ¥4.4 billion year-on-year due in part to an increase in exchange loss, and ordinary profit decreased by ¥17.6 billion to ¥5.9 billion (year-on-year decrease of 74.8%).

Extraordinary profit and loss increased by ¥3.0 billion year-on-year due in part to an increase in insurance proceeds. As a result, profit before taxes decreased by ¥14.6 billion to ¥6.6 billion (year-on-year decrease of 68.8%), and profit attributable to owners of parent decreased by ¥9.9 billion to ¥2.1 billion (year-on-year decrease of 82.1%).

## Overview of Business Performance for the First Quarter of FY2020 by Segment

### (I) Business Performance by Segment

(Unit: Billions of yen)

		Net Sales			Operating Profit(Loss)		
		1st Quarter of FY2019	1st Quarter of FY2020	Increase (Decrease)	1st Quarter of FY2019	1st Quarter of FY2020	Increase (Decrease)
Reporting Segment	Household & Industrial Materials	168.9	152.2	(9.9%)	7.4	5.3	(27.7%)
	Functional Materials	54.1	48.6	(10.1%)	3.4	3.3	(3.9%)
	Forest Resources & Environment Marketing	75.3	58.5	(22.2%)	10.9	1.3	(88.4%)
	Printing & Communications Media	71.6	56.2	(21.4%)	0.5	(1.0)	—
	Total	369.8	315.6	(14.7%)	22.2	8.9	(60.2%)
Others		72.6	63.1	(13.1%)	2.3	1.2	(45.8%)
Total		442.4	378.7	(14.4%)	24.5	10.1	(58.8%)
Adjustment (*)		(66.9)	(56.8)		(0.4)	0.9	
Consolidated total		375.5	321.9	(14.3%)	24.1	11.0	(54.5%)

\*Adjustment is mainly those concerning internal transactions.

### (ii) Overview of Business Performance by Segment

The Oji Group's four reporting segments are: "Household and Industrial Materials", "Functional Materials", "Forest Resources and Environment Marketing", and "Printing and Communications Media". Each of the reporting segment consists of those that are recognized to be similar in terms of economic characteristics, manufacturing methods or processes of products, markets in which products are sold, and types of customers, among the constituent units of the Oji Group.

Business segments that are not included in the reporting segments are classified as "Others".

Major business lineup for the segments are as follows.

- Household and Industrial Materials:  
Containerboard/corrugated containers, boxboard/folding cartons, packing paper/paper bags, household paper, disposable diapers, etc.
- Functional Materials:  
Specialty paper, thermal paper, adhesive materials, film, etc.
- Forest Resources and Environment Marketing:  
Pulp, energy, forest plantation/lumber processing, etc.
- Printing and Communications Media:  
Newsprint, printing/publication/communication paper, etc.
- Others:  
Real estate, engineering, trading business, logistics, etc.

## ○Household and Industrial Materials

In the first quarter of FY2020, net sales amounted to ¥152.2 billion (year-on-year decrease of 9.9%), and operating profit was ¥5.3 billion (year-on-year decrease of 27.7%) mainly due to a decrease in domestic sales of products.

Regarding domestic business, sales volume of containerboard and corrugated containers decreased from the previous year due to the impact of economic stagnation caused by the spread of COVID-19 (hereinafter referred to as “the COVID-19 impact”), whereas sales to processed food customers performed steadily as a result of a trend of staying home in order to prevent the spread of COVID-19.

As for boxboard, domestic sales volume decreased from the previous year due in part to a decrease in demand for souvenirs and gifts on account of the trend of staying home. Export sales volume decreased from the previous year due to a decline in demand as a result of implementation of lockdowns in Southeast Asia and Oceania. As for packing paper, domestic sales volume decreased from the previous year as a demand for paper bags declined due in part to the trend of staying home, whereas export sales volume remained static from the previous year.

As for disposable diapers for babies, domestic sales volume decreased, but export sales volume increased. As a result, overall sales volume increased from the previous year, but sales amount decreased due to weakening market conditions. Sales volume of disposable diapers for adults decreased from the previous year. As for household paper which comprises tissue paper and toilet rolls, sales volume increased from the previous year, mainly for kitchen towels, as the use of disposable wipes has diversified due to a greater hygiene awareness accompanying the spread of COVID-19.

Regarding overseas business, sales volume of containerboard in Southeast Asia, decreased from the previous year due to the COVID-19 impact. In Oceania, sales volume remained static from the previous year. As for corrugated container business, in Southeast Asia, sales volume increased from the previous year as new plants started operation in Vietnam and Cambodia, while sales amount decreased from the previous year due to weakening market conditions. In Oceania, sales volume remained static from the previous year.

As for disposable diaper business, sales volume increased significantly from the previous year in each of the three countries where we have business locations, due to sales expansion of disposable diapers for babies "White" and strong sales on online shopping sites in China, penetration of our own brands in Malaysia, and our continual efforts for sales expansion in Indonesia.

## ○Functional Materials

In the first quarter of FY2020, net sales amounted to ¥48.6 billion (year-on-year decrease of 10.1%), and operating profit was ¥3.3 billion (year-on-year decrease of 3.9%).

Regarding domestic business, sales volume of specialty paper, particularly for industrial materials use, decreased from the previous year mainly due to the COVID-19 impact despite efforts for developing new products and cultivating new customers. Export sales volume decreased from the previous year due to the slowdown of the global economy and weakening market conditions, which led to suspension of orders. Sales volume of thermal paper decreased from the previous year due to the COVID-19 impact.

Regarding overseas business, as for thermal paper, sales volume decreased in South America and Southeast Asia from the previous year due in part to the COVID-19 impact but increased in Europe from the previous year as a result of customers' trends to secure inventories. In North America, sales volume decreased from the previous year.

## ○Forest Resources and Environment Marketing

In the first quarter of FY2020, net sales amounted to ¥58.5 billion (year-on-year decrease of 22.2%), and operating profit was ¥1.3 billion (year-on-year decrease of 88.4%) mainly due to effects of weakening pulp market.

Regarding domestic business, sales volume of pulp business decreased from the previous year mainly due to a decrease in the export volume of dissolving pulp to China caused by the COVID-19 impact. Sales volume of energy business increased from the previous year due to the operation commencement of a biomass power generation facility by MPM Oji Eco-Energy Co., Ltd. in Hachinohe City, Aomori Prefecture last year.

Regarding overseas business, sales volume of pulp business increased from the previous year, but sales amount decreased mainly due to effects of weakening pulp market. As for lumber business, sales volume decreased from the previous year due to the suspension of production in April following the lockdown in New Zealand.

## ○Printing and Communications Media

In the first quarter of FY2020, net sales amounted to ¥56.2 billion (year-on-year decrease of 21.4%), and operating loss was ¥1.0 billion (year on-year decrease of ¥1.5 billion) mainly due to a decrease in domestic sales .

Regarding domestic business, sales volume of newsprint decreased from the previous year due to the reduced circulation and total number of pages caused by the COVID-19 impact.

As for printing paper, sales volume decreased significantly from the previous year due to the COVID-19 impact. In regard to those for publication use, sales volume decreased mainly due to reduced circulation and total number of pages of women's magazines, travel magazines, sports magazines, etc., whereas there was an increase in demand for comic books accompanying the trend of staying home. In regard to those for commercial printing use, sales volume decreased significantly due to a decrease in demand for catalogs, posters, flyers, etc. as a result of the trend of refraining from attracting customers and holding events.

As for communication paper, sales volume decreased from the previous year due to a decrease in demand in offices as a result of the spread of working from home.

Regarding overseas businesses, at Jiangsu Oji Paper Co., Ltd., sales volume of printing paper decreased from the previous year mainly due to a decreasing demand for commercial printing, including advertising, and a decrease in demand for printed materials overseas.

## Consolidated quarterly balance sheets

(Unit : Millions of yen)

	<b>FY2019</b>	<b>First Quarter /</b>
	<b>Mar 31,2020</b>	<b>FY2020</b>
		<b>Jun 30,2020</b>
Assets		
Current assets		
Cash and deposits	73,943	99,201
Notes and accounts receivable - trade	301,682	276,901
Securities	10,381	9,597
Merchandise and finished goods	98,483	91,766
Work in process	23,467	27,484
Raw materials and supplies	94,946	94,771
Other	39,390	36,841
Allowance for doubtful accounts	(1,811)	(1,840)
Total current assets	<u>640,484</u>	<u>634,724</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	188,286	187,451
Machinery, equipment and vehicles, net	297,632	290,751
Land	235,700	239,112
Other, net	294,174	298,619
Total property, plant and equipment	<u>1,015,794</u>	<u>1,015,934</u>
Intangible assets		
Goodwill	4,672	3,648
Other	8,388	8,538
Total intangible assets	<u>13,060</u>	<u>12,186</u>
Investments and other assets		
Investment securities	150,831	150,898
Other	66,020	65,142
Allowance for doubtful accounts	(910)	(917)
Total investments and other assets	<u>215,941</u>	<u>215,123</u>
Total non-current assets	<u>1,244,796</u>	<u>1,243,244</u>
Total assets	<u>1,885,280</u>	<u>1,877,969</u>

(Unit : Millions of yen)

	<b>FY2019</b>	<b>First Quarter /</b>
	<b>Mar 31,2020</b>	<b>FY2020</b>
		<b>Jun 30,2020</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	209,669	197,588
Short-term borrowings	172,027	172,375
Commercial papers	14,000	59,000
Current portion of bonds payable	20,000	20,000
Income taxes payable	22,984	4,925
Provisions	3,627	4,041
Other	90,668	83,346
Total current liabilities	<u>532,976</u>	<u>541,277</u>
Non-current liabilities		
Bonds payable	80,000	80,000
Long-term borrowings	295,647	295,270
Provisions	5,096	5,390
Retirement benefit liability	54,213	54,500
Other	85,690	86,530
Total non-current liabilities	<u>520,647</u>	<u>521,691</u>
Total liabilities	<u>1,053,623</u>	<u>1,062,969</u>
<b>Net assets</b>		
Shareholders' equity		
Share capital	103,880	103,880
Capital surplus	110,750	110,750
Retained earnings	457,568	452,756
Treasury shares	(13,577)	(13,578)
Total shareholders' equity	<u>658,623</u>	<u>653,809</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,004	24,587
Deferred gains or losses on hedges	(957)	5
Revaluation reserve for land	5,813	5,813
Foreign currency translation adjustment	2,390	(10,426)
Remeasurements of defined benefit plans	5,261	4,875
Total accumulated other comprehensive income	<u>33,512</u>	<u>24,855</u>
Share acquisition rights	216	216
Non-controlling interests	139,305	136,119
Total net assets	<u>831,657</u>	<u>815,000</u>
<b>Total liabilities and net assets</b>	<u>1,885,280</u>	<u>1,877,969</u>



## Consolidated quarterly statements of income

(Unit : Millions of yen)

	First Quarter / FY2019 Apr '19 - Jun '19	First Quarter / FY2020 Apr '20 - Jun '20
Net sales	375,510	321,869
Cost of sales	285,751	251,319
Gross profit	89,758	70,550
Selling, general and administrative expenses		
Freight and incidental costs	36,040	31,915
Employees' salaries	13,158	12,920
Other	16,411	14,729
Total selling, general and administrative expenses	65,610	59,565
Operating profit	24,147	10,984
Non-operating income		
Interest income	585	386
Dividend income	1,435	1,439
Insurance claim income	39	961
Other	1,584	948
Total non-operating income	3,645	3,735
Non-operating expenses		
Interest expenses	1,779	1,498
Share of loss of entities accounted for using equity method	8	1,635
Foreign exchange losses	229	3,364
Other	2,258	2,289
Total non-operating expenses	4,276	8,787
Ordinary profit	23,516	5,933
Extraordinary income		
Insurance claim income	118	1,815
Profit on subsidiary status change from equity method affiliate to consolidated subsidiary	-	808
Other	15	251
Total extraordinary income	133	2,875
Extraordinary losses		
Loss on disaster	2,191	1,201
Other	235	985
Total extraordinary losses	2,427	2,187
Profit before income taxes	21,222	6,621
Income taxes - current	5,782	3,693
Income taxes - deferred	520	1,886
Total income taxes	6,303	5,580
Profit	14,918	1,041
Profit (loss) attributable to non-controlling interests	2,915	(1,105)
Profit attributable to owners of parent	12,003	2,146

## Consolidated quarterly statements of comprehensive income

(Unit : Millions of yen)

	First Quarter / FY2019 Apr '19 - Jun '19	First Quarter / FY2020 Apr '20 - Jun'20
Profit	14,918	1,041
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,660)	3,344
Deferred gains or losses on hedges	(197)	962
Foreign currency translation adjustment	1,383	(15,421)
Remeasurements of defined benefit plans, net of tax	(339)	(433)
Share of other comprehensive income of entities accounted for using equity method	(317)	(557)
Total other comprehensive income	(1,132)	(12,107)
Comprehensive income	13,786	(11,065)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,618	(6,509)
Comprehensive income attributable to non-controlling interests	3,168	(4,556)