

Summary of Consolidated Financial and Business Results for the Third Quarter of the Year Ending March 2023

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

1. Results for the Third Quarter of the Year Ending March 31, 2023 (April 1, 2022 - December 31, 2022)

(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 Nine Months of FY2022	1,296,723	19.4	59,507	(37.5)	68,514	(32.1)	39,104	(41.3)
First Nine Months of FY2021	1,085,614	8.2	95,283	70.6	100,839	111.5	66,645	154.9

Note: Comprehensive income
 First Nine Months of FY2022 139,936 million yen
 First Nine Months of FY2021 93,501 million yen

	Profit per share	Diluted profit per share
	Yen	Yen
First Nine Months of FY2022	39.46	39.45
First Nine Months of FY2021	67.29	67.25

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First Nine Months of FY2022	2,373,538	999,423	41.0	981.20
Year ended March 2022	2,053,752	875,470	41.4	859.29

Note: Shareholders' equity
 First Nine Months of FY2022 972,545 million yen
 FY2021 851,232 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
FY2021	—	7.00	—	7.00	14.00
FY2022	—	8.00	—		
FY2022 (Forecast)				8.00	16.00

Note : Change in forecast of dividend ... None

3. Consolidated Forecasts for the Year Ending March 2023 (April 1, 2022 - March 31, 2023)

(Figures shown in percentage are ratios compared to 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
Full year	1,800,000	22.4	105,000	(12.6)	110,000	(18.6)	70,000	(20.0)	70.66

Note : Change in consolidated forecasts ... None

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 Nine Months of FY2022 | 1,014,381,817 | FY2021 | 1,014,381,817 |
| (ii) Outstanding balance of treasury shares at the end of fiscal year | | | |
| First Nine Months of FY2022 | 23,204,493 | FY2021 | 23,764,570 |
| (iii) Weighted average number of shares during fiscal year | | | |
| First Nine Months of FY2022 | 990,910,132 | First Nine Months of FY2021 | 990,469,434 |

NOTICE

- This document is exempt from audit procedures required by Financial Instruments and Exchange Act.
- The statements regarding future mentioned in this document are based on the information currently available and the premise deemed reasonable. 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

Business Performance for the First Nine Months of FY2022

	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
First Nine Months of FY2022	1,296.7	59.5	68.5	39.1	39.46
First Nine Months of FY2021	1,085.6	95.3	100.8	66.6	67.29
Increase (Decrease)	211.1	(35.8)	(32.3)	(27.5)	
Increase (Decrease)	19.4%	(37.5%)	(32.1%)	(41.3%)	

In its FY2022-2024 Medium-term Management Plan, the Oji Group has set the basic policy of "Growth to Evolution" as the Long-term Vision for 2030, and is promoting "Initiatives for Environmental Issues -Sustainability-", "Initiatives for Profitability Improvement -Profitability-" and "Initiatives for Product Development -Green Innovation-" to achieve the consolidated operating profit of ¥150.0 billion or more by FY2024 and stably maintain consolidated profit attributable to owners of parent of ¥100.0 billion or more.

Based on this basic policy, we will continue our efforts on environmental issues by promoting greenhouse gas reduction and expanding net CO2 absorption by forests, as countermeasures against climate change. At the same time, we will enhance the value of our business by deepening the existing businesses through the establishment of an optimal production system, and expanding the highly-expected businesses including overseas packaging business and eco-friendly products. Furthermore, we will develop and quickly commercialize new wood-derived products and materials such as eco-friendly materials and products, based on a range of core technologies we have cultivated through paper manufacturing and forestation. We will continue to contribute to society as a company that "grows and manages the sustainable forest, develops and delivers the products from renewable forest and brings this world a brighter future filled with hope".

Consolidated net sales for the first nine months of FY2022 increased by ¥211.1 billion to ¥1,296.7 billion (year-on-year increase of 19.4%) due to a recovery in demand, resulting from the resumption of economic activities that had been stagnant due to the spread of COVID-19, a rise in the pulp market, and the implementation of price revision in response to the impact of the recent sharp rise in raw material and fuel prices. Overseas sales ratio increased by 6.4 points from the previous year to 38.7%.

Consolidated operating profit decreased by ¥35.8 billion to ¥59.5 billion (year-on-year decrease of 37.5%) due to the significant impact of higher raw material and fuel prices in spite of the price revision mentioned above and an increase in sales volume. Ordinary profit decreased by ¥32.3 billion to ¥68.5 billion (year-on-year decrease of 32.1%) despite foreign exchange gains from revaluation of foreign currency-denominated receivables and payables. Profit before taxes decreased by ¥37.4 billion to ¥64.2 billion (year-on-year decrease of 36.8%), and profit attributable to owners of parent decreased by ¥27.5 billion to ¥39.1 billion (year-on-year decrease of 41.3%) .

Overview of Business Performance for the First Nine Months of FY2022 by Segment

(I) Business Performance by Segment

(Unit: Billions of yen)

		Net Sales			Operating Profit (Loss)		
		First Nine Months of FY2021	First Nine Months of FY2022	Increase (Decrease)	First Nine Months of FY2021	First Nine Months of FY2022	Increase (Decrease)
Reporting Segment	Household & Industrial Materials	519.8	594.5	14.4%	23.2	0.4	(98.3%)
	Functional Materials	138.1	167.6	21.3%	11.7	12.0	2.3%
	Forest Resources & Environment Marketing	228.5	324.0	41.8%	39.6	47.7	20.6%
	Printing & Communications Media	180.4	207.7	15.1%	15.2	(4.7)	-
	Total	1,066.9	1,293.7	21.3%	89.7	55.4	(38.2%)
Others		216.9	242.3	11.7%	6.0	6.7	12.8%
Total		1,283.8	1,536.1	19.6%	95.7	62.2	(35.0%)
Adjustment (*)		(198.2)	(239.4)		(0.4)	(2.7)	
Consolidated total		1,085.6	1,296.7	19.4%	95.3	59.5	(37.5%)

*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".

From the first half of FY2022, some businesses that had been classified under "Household and Industrial Materials" and "Others" have been reclassified under "Forest Resources and Environment Marketing". Year-on-year comparisons are made with figures for the previous year after reclassification into the new segment classifications.

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 nine months of FY2022, net sales amounted to ¥594.5 billion (year-on-year increase of 14.4%), and operating profit was ¥0.4 billion (year-on-year decrease of 98.3%).

Regarding domestic business, sales amount increased from the previous year due to ongoing price revision for containerboard, corrugated containers and boxboard. As for disposable diapers, sales amount decreased from the previous year. As for household paper, sales amount remained stable from the previous year.

Regarding overseas business, sales amount increased from the previous year due to the strong sales and the penetration of price increases of containerboard and corrugated containers mainly in Southeast Asia and India, in addition to the start of operation of a new containerboard machine in Malaysia in October 2021.

○Functional Materials

In the first nine months of FY2022, net sales amounted to ¥167.6 billion (year-on-year increase of 21.3%), and operating profit was ¥12.0 billion (year-on-year increase of 2.3%).

Regarding domestic business, sales amount increased from the previous year. A recovery trend in demand for thermal paper, which had declined due to the spread of COVID-19, and the implementation of price revision resulted in an increase in the overall sales, although sales amount of specialty papers decreased from the previous year.

Regarding overseas business, sales amount of thermal paper increased from the previous year due to the recovery trend in demand similarly in the domestic market, as well as the completion of enhancement and expansion work in Brazil, which started operation in January 2022.

○Forest Resources and Environment Marketing

In the first nine months of FY2022, net sales amounted to ¥324.0 billion (year-on-year increase of 41.8%), and operating profit was ¥47.7 billion (year-on-year increase of 20.6%).

Regarding domestic business, sales amount of pulp business increased from the previous year due to a rise in the pulp market. Sales amount of energy business increased from the previous year due to the start of operation of a new biomass power plant in Tokushima Prefecture in December 2022.

Regarding overseas business, sales amount of pulp business increased from the previous year due to a rise in the pulp market in addition to the strong sales. Sales amount of lumber processing business increased from the previous year due to steady sales.

○Printing and Communications Media

In the first nine months of FY2022, net sales amounted to ¥207.7 billion (year-on-year increase of 15.1%), and operating loss was ¥4.7 billion (year-on-year decrease of ¥19.9 billion).

Regarding domestic business, sales amount increased from the previous year. While demand for newsprint continued to decline, sales of printing paper increased due to higher demand for domestic products resulting from a decline in imported paper, in addition to price revision.

Regarding overseas business, sales amount increased from the previous year at Jiangsu Oji Paper Co., Ltd..

2. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated quarterly balance sheets

(Unit : Millions of yen)

	FY2021 Mar 31,2022	First Nine Months / FY2022 Dec 31,2022
Assets		
Current assets		
Cash and deposits	44,749	80,263
Notes and accounts receivable - trade, and contract assets	324,442	409,067
Securities	11,074	3,084
Merchandise and finished goods	98,616	110,427
Work in process	20,294	24,779
Raw materials and supplies	106,266	144,547
Other	42,140	63,504
Allowance for doubtful accounts	(1,790)	(1,885)
Total current assets	645,795	833,787
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	196,448	212,054
Machinery, equipment and vehicles, net	338,946	421,849
Land	240,765	242,732
Other, net	351,154	353,486
Total property, plant and equipment	1,127,315	1,230,122
Intangible assets		
Goodwill	3,472	19,369
Other	8,079	7,693
Total intangible assets	11,552	27,063
Investments and other assets		
Investment securities	168,545	178,477
Other	101,526	105,069
Allowance for doubtful accounts	(982)	(982)
Total investments and other assets	269,089	282,564
Total non-current assets	1,407,956	1,539,750
Total assets	2,053,752	2,373,538

(Unit : Millions of yen)

	FY2021	First Nine Months /
	Mar 31,2022	FY2022
		Dec 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	234,650	288,380
Short-term borrowings	166,445	229,523
Commercial papers	—	96,000
Income taxes payable	23,993	11,824
Provisions	6,574	7,369
Other	101,355	99,787
Total current liabilities	<u>533,020</u>	<u>732,885</u>
Non-current liabilities		
Bonds payable	155,000	155,000
Long-term borrowings	329,062	307,539
Provisions	4,623	6,569
Retirement benefit liability	54,022	55,212
Other	102,553	116,909
Total non-current liabilities	<u>645,261</u>	<u>641,229</u>
Total liabilities	<u>1,178,282</u>	<u>1,374,115</u>
Net assets		
Shareholders' equity		
Share capital	103,880	103,880
Capital surplus	99,163	99,162
Retained earnings	567,150	590,218
Treasury shares	(13,277)	(12,964)
Total shareholders' equity	<u>756,918</u>	<u>780,297</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,500	38,892
Deferred gains or losses on hedges	2,076	1,105
Revaluation reserve for land	5,728	5,719
Foreign currency translation adjustment	29,593	121,547
Remeasurements of defined benefit plans	26,415	24,982
Total accumulated other comprehensive income	<u>94,314</u>	<u>192,247</u>
Share acquisition rights	157	144
Non-controlling interests	24,080	26,733
Total net assets	<u>875,470</u>	<u>999,423</u>
Total liabilities and net assets	<u>2,053,752</u>	<u>2,373,538</u>

(2) Consolidated quarterly statements of income and comprehensive income
Consolidated quarterly statements of income

(Unit : Millions of yen)

	First Nine Months / FY2021 Apr '21 - Dec '21	First Nine Months / FY2022 Apr '22 - Dec '22
Net sales	1,085,614	1,296,723
Cost of sales	824,301	1,044,241
Gross profit	<u>261,312</u>	<u>252,482</u>
Selling, general and administrative expenses		
Freight and incidental costs	82,640	103,879
Employees' salaries	39,418	42,014
Other	43,970	47,080
Total selling, general and administrative expenses	<u>166,029</u>	<u>192,974</u>
Operating profit	<u>95,283</u>	<u>59,507</u>
Non-operating income		
Interest income	555	1,013
Dividend income	2,715	3,105
Foreign exchange gains	6,836	10,407
Share of profit of entities accounted for using equity method	1,812	—
Other	4,981	7,229
Total non-operating income	<u>16,901</u>	<u>21,756</u>
Non-operating expenses		
Interest expenses	5,048	4,875
Share of loss of entities accounted for using equity method	—	782
Other	6,296	7,091
Total non-operating expenses	<u>11,345</u>	<u>12,749</u>
Ordinary profit	<u>100,839</u>	<u>68,514</u>
Extraordinary income		
Gain on sale of investment securities	629	958
Insurance claim income	497	417
Gain on return of assets from retirement benefits trust	1,049	—
Other	2,090	165
Total extraordinary income	<u>4,267</u>	<u>1,541</u>
Extraordinary losses		
Provision for loss on litigation	—	2,007
Loss on liquidation of subsidiary	—	1,352
Loss on retirement of non-current assets	1,255	1,310
Other	2,287	1,186
Total extraordinary losses	<u>3,542</u>	<u>5,856</u>
Profit before income taxes	<u>101,565</u>	<u>64,200</u>
Income taxes - current	27,405	19,177
Income taxes - deferred	3,847	4,755
Total income taxes	<u>31,253</u>	<u>23,933</u>
Profit	<u>70,312</u>	<u>40,266</u>
Profit attributable to non-controlling interests	<u>3,667</u>	<u>1,162</u>
Profit attributable to owners of parent	<u>66,645</u>	<u>39,104</u>

Consolidated quarterly statements of comprehensive income

	(Unit : Millions of yen)	
	First Nine Months / FY2021	First Nine Months / FY2022
	Apr '21 - Dec '21	Apr '22 - Dec '22
Profit	70,312	40,266
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,667)	8,295
Deferred gains or losses on hedges	(1,670)	(975)
Foreign currency translation adjustment	27,766	92,372
Remeasurements of defined benefit plans, net of tax	(2,429)	(1,965)
Share of other comprehensive income of entities accounted for using equity method	1,189	1,942
Total other comprehensive income	<u>23,189</u>	<u>99,669</u>
Comprehensive income	<u>93,501</u>	<u>139,936</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	83,890	136,997
Comprehensive income attributable to non-controlling interests	9,610	2,938

(3)Notes to consolidated quarterly financial statements

(Notes related to going concern assumption)

No applicable items

(Notes on occurrence of significant changes to shareholders' equity)

No applicable items