

Summary of Consolidated Financial and Business Results for the Third Quarter of the Year Ending March 2022

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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, 2022 (April 1, 2021 - December 31, 2021) (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 FY2021	1,085,614	8.2	95,283	70.6	100,839	111.5	66,645	154.9
First Nine Months of FY2020	1,003,755	(11.5)	55,846	(34.2)	47,676	(39.5)	26,146	(44.8)

Note: Comprehensive income
 First Nine Months of FY2021 93,501 million yen
 First Nine Months of FY2020 18,927 million yen

	Profit per share	Diluted profit per share
	Yen	Yen
First Nine Months of FY2021	67.29	67.25
First Nine Months of FY2020	26.41	26.39

Note: Oji Holdings has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the first quarter of the current consolidated fiscal year.

The figures for the first nine month of the fiscal year ending March 31, 2022 are the figures after the application of the accounting standards.

(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 FY2021	2,054,638	865,674	39.7	824.29
Year ended March 2021	1,981,438	865,606	37.9	758.28

Note: Shareholders' equity
 First Nine Months of FY2021 816,512 million yen
 FY2020 750,981 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
FY2020	—	7.00	—	7.00	14.00
FY2021	—	7.00	—	—	—
FY2021 (Forecast)	—	—	—	7.00	14.00

Note : Change in forecast of dividend ... None

3. Consolidated Forecasts for the Year Ending March 2022 (April 1, 2021-March 31, 2022)

(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	1,450,000	6.7	120,000	41.5	120,000	44.5	70,000	41.0	70.68

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

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|--|------|
| (i) Changes due to accounting standard changes : | Yes |
| (ii) Changes besides (i) : | None |
| (iii) Accounting estimate change : | None |
| (iv) Restatement : | None |

(Note) Please refer to “Consolidated Quarterly Financial Statements and Notes (Changes in accounting policies)” on page 8 of the attached document for more details.

(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 FY2021	1,014,381,817	FY2020	1,014,381,817
(ii) Outstanding balance of treasury shares at the end of fiscal year			
First Nine Months of FY2021	23,822,397	FY2020	24,002,558
(iii) Weighted average number of shares during fiscal year			
First Nine Months of FY2021	990,469,434	First Nine Months of FY2020	990,176,789

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 and Financial Situation

(1) Qualitative Information Concerning Business Performance

Business Performance for the First Nine Months of FY2021

	Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent	Profit Per Share
First Nine Months of FY2021	Billions of yen 1,085.6	Billions of yen 95.3	Billions of yen 100.8	Billions of yen 66.6	Yen 67.29
First Nine Months of FY2020	1,003.8	55.8	47.7	26.1	26.41
Increase (Decrease)	81.9	39.4	53.2	40.5	
Increase (Decrease)	8.2%	70.6%	111.5%	154.9%	

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. In regard to promoting innovation, we have promoted the development and the early commercialization of new businesses and new products that meet the needs of the environment and society, in order to actualize "Contribution to a Sustainable Society".

As the business environment has changed drastically due to the spread of COVID-19, consumption structure, lifestyles, and working styles have diversified, and many opportunities and risks are expected to expand. Meanwhile, we will continue to steadily implement strategic measures to improve our corporate value in line with our fundamental policies of management strategies in Medium-term Management Plan. We will also promptly and appropriately implement business structure reforms in light of environmental changes caused by COVID-19.

Consolidated net sales for the first nine months of FY2021 increased by ¥81.9 billion to ¥1,085.6 billion (year-on-year increase of 8.2%) due to a gradual recovery in demand resulting from the resumption of economic activities that had been stagnant due to the spread of COVID-19 and higher pulp sales prices. Overseas sales ratio increased by 4.0 points from the previous year to 32.3%.

Consolidated operating profit increased by ¥39.4 billion to ¥95.3 billion (year-on-year increase of 70.6%) due to increased sales volume, higher pulp sales prices, and cost reduction efforts throughout the Group, although raw materials and fuel prices have sharply increased. Ordinary profit increased by ¥53.2 billion to ¥100.8 billion (year-on-year increase of 111.5%) due in part to foreign exchange gains from revaluation of foreign currency-denominated receivables and payables as well as an increase in operating profit. Profit before taxes increased by ¥55.0 billion to ¥101.6 billion (year-on-year increase of 118.2%), and profit attributable to owners of parent increased by ¥40.5 billion to ¥66.6 billion (year-on-year increase of 154.9%).

Effective from the beginning of the first quarter of FY2021, Oji Holdings has applied "Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)" and has changed the accounting method for revenue recognition. Please refer to "Consolidated Quarterly Financial Statements and Notes (Changes in accounting policies)" on page 8 of the attached document for more details.

Overview of Business Performance for the First Nine Months of FY2021 by Segment

(I) Business Performance by Segment

(Unit: Billions of yen)

		Net Sales			Operating Profit (Loss)		
		First Nine Months of FY2020	First Nine Months of FY2021	Increase (Decrease)	First Nine Months of FY2020	First Nine Months of FY2021	Increase (Decrease)
Reporting Segment	Household & Industrial Materials	478.3	521.4	9.0%	25.9	23.1	(10.7%)
	Functional Materials	134.9	138.1	2.4%	8.1	11.7	44.9%
	Forest Resources & Environment Marketing	180.9	224.4	24.0%	10.9	39.9	266.6%
	Printing & Communications Media	180.0	180.4	0.2%	5.5	15.2	173.3%
	Total	974.1	1,064.3	9.3%	50.4	90.0	78.4%
Others		199.8	220.3	10.3%	4.8	5.7	20.3%
Total		1,173.9	1,284.6	9.4%	55.2	95.7	73.3%
Adjustment (*)		(170.1)	(199.0)		0.6	(0.4)	
Consolidated total		1,003.8	1,085.6	8.2%	55.8	95.3	70.6%

*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.

As stated in "Change in accounting policies", "Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)" has been adopted from the beginning of the first quarter of FY2021 and the accounting method for revenue recognition and the method used to calculate profit and loss for business segments have been changed.

As a result of this change, compared to the previous method, net sales in the first nine months of FY2021 decreased by ¥1.9 billion for Household and Industrial Materials segment, ¥10.2 billion for Functional Materials segment, ¥0.5 billion for Forest Resources and Environment Marketing segment, ¥20.1 billion for Printing and Communications Media segment, and ¥4.5 billion for Others. The effects on each segment's profit or loss is immaterial.

○Household and Industrial Materials

In the first nine months of FY2021, net sales amounted to ¥521.4 billion (year-on-year increase of 9.0%), and operating profit was ¥23.1 billion (year-on-year decrease of 10.7%).

Regarding domestic business, sales amount increased from the previous year due to continued steady sales of containerboard and corrugated containers for e-commerce industry as a result of a trend of staying home to prevent the spread of COVID-19, in addition to the overall recovery in demand of containerboard, corrugated containers, boxboard and packing paper. As for disposable diapers, sales amount decreased from the previous year. As for household paper, sales amount increased from the previous year.

Regarding overseas business, sales amount increased from the previous year. Although sales of disposable diapers at major retailers in Malaysia were not strong due to the spread of COVID-19, strong sales of containerboard and corrugated containers mainly in Southeast Asia and the penetration of price increases contributed to the increase in sales amount.

○Functional Materials

In the first nine months of FY2021, net sales amounted to ¥138.1 billion (year-on-year increase of 2.4%), and operating profit was ¥11.7 billion (year-on-year increase of 44.9%).

Regarding domestic business, sales amount decreased from the previous year due to the adoption of the “Accounting Standard for Revenue Recognition“. On the other hand, demands for tickets and fancy paper (textured paper) recovered following the lifting of the state of emergency, and demands for films for condensers used in electric vehicles, film separate for manufacturing smartphones' electronic components, and paper for manufacturing electronic components remained strong.

Regarding overseas business, sales amount increased from the previous year due to increased sales amount of thermal paper in North America, Southeast Asia and South America.

○Forest Resources and Environment Marketing

In the first nine months of FY2021, net sales amounted to ¥224.4 billion (year-on-year increase of 24.0%), and operating profit was ¥39.9 billion (year-on-year increase of 266.6%).

Regarding domestic business, sales amount increased from the previous year. Although sales volume of energy business decreased from the previous year due to regular inspections for facilities at MPM Oji Eco-Energy Co., Ltd, exports of dissolving pulp, mainly to China, showed a signs of recovery from the economic stagnation caused by the spread of COVID-19.

Regarding overseas business, sales volume of pulp business decreased from the previous year, while sales amount increased due to higher pulp sales prices.

○Printing and Communications Media

In the first nine months of FY2021, net sales amounted to ¥180.4 billion (year-on-year increase of 0.2%), and operating profit was ¥15.2 billion (year-on-year increase of 173.3%).

Regarding domestic business, sales volume increased from the previous year due to the rebound from the economic stagnation caused by the spread of COVID-19 in the previous year in printing paper for commercial printing use, although demands for newsprint and printing paper for publication use continued to decrease from the previous year. However, sales amount decreased from the previous year due to the adoption of the “Accounting Standard for Revenue Recognition“.

Regarding overseas business, sales amount increased from the previous year at Jiangsu Oji Paper Co., Ltd., as China is recovering from the economic stagnation caused by the spread of COVID-19.

2.Consolidated Quarterly Financial Statements and Notes

Consolidated quarterly balance sheets

(Unit : Millions of yen)

	FY2020	First Nine Months /
	Mar 31,2021	FY2021
		Dec 31,2021
Assets		
Current assets		
Cash and deposits	130,529	93,717
Notes and accounts receivable - trade	297,718	—
Notes and accounts receivable - trade, and contract assets	—	330,848
Securities	5,725	10,869
Merchandise and finished goods	86,440	92,785
Work in process	19,273	20,761
Raw materials and supplies	89,090	103,634
Other	41,667	40,678
Allowance for doubtful accounts	(1,675)	(1,647)
Total current assets	<u>668,770</u>	<u>691,648</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	191,231	189,467
Machinery, equipment and vehicles, net	298,937	326,615
Land	239,052	239,903
Other, net	312,192	338,935
Total property, plant and equipment	<u>1,041,413</u>	<u>1,094,921</u>
Intangible assets		
Goodwill	3,122	3,506
Other	9,049	8,046
Total intangible assets	<u>12,171</u>	<u>11,553</u>
Investments and other assets		
Investment securities	163,961	166,186
Other	96,073	91,303
Allowance for doubtful accounts	(952)	(975)
Total investments and other assets	<u>259,083</u>	<u>256,514</u>
Total non-current assets	<u>1,312,668</u>	<u>1,362,990</u>
Total assets	<u>1,981,438</u>	<u>2,054,638</u>

(Unit : Millions of yen)

	FY2020	First Nine Months /
	Mar 31,2021	FY2021
		Dec 31,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	197,950	234,622
Short-term borrowings	129,963	135,330
Income taxes payable	11,526	20,766
Provisions	4,874	4,337
Other	97,399	97,314
Total current liabilities	<u>441,713</u>	<u>492,371</u>
Non-current liabilities		
Bonds payable	155,000	155,000
Long-term borrowings	362,718	381,207
Provisions	4,991	4,603
Retirement benefit liability	54,010	54,914
Other	97,397	100,866
Total non-current liabilities	<u>674,117</u>	<u>696,592</u>
Total liabilities	<u>1,115,831</u>	<u>1,188,964</u>
Net assets		
Shareholders' equity		
Share capital	103,880	103,880
Capital surplus	109,100	104,287
Retained earnings	493,224	546,345
Treasury shares	(13,400)	(13,309)
Total shareholders' equity	<u>692,805</u>	<u>741,203</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,654	30,596
Deferred gains or losses on hedges	2,721	1,070
Revaluation reserve for land	5,684	5,681
Foreign currency translation adjustment	(6,418)	15,882
Remeasurements of defined benefit plans	24,533	22,078
Total accumulated other comprehensive income	<u>58,176</u>	<u>75,308</u>
Share acquisition rights	199	179
Non-controlling interests	114,426	48,982
Total net assets	<u>865,606</u>	<u>865,674</u>
Total liabilities and net assets	<u>1,981,438</u>	<u>2,054,638</u>

Consolidated quarterly statements of income

(Unit : Millions of yen)

	First Nine Months / FY2020 Apr '20 - Dec '20	First Nine Months / FY2021 Apr '21 - Dec '21
Net sales	1,003,755	1,085,614
Cost of sales	768,417	824,301
Gross profit	<u>235,337</u>	<u>261,312</u>
Selling, general and administrative expenses		
Freight and incidental costs	97,072	82,640
Employees' salaries	38,604	39,418
Other	43,813	43,970
Total selling, general and administrative expenses	<u>179,491</u>	<u>166,029</u>
Operating profit	<u>55,846</u>	<u>95,283</u>
Non-operating income		
Interest income	901	555
Dividend income	2,632	2,715
Foreign exchange gains	—	6,836
Share of profit of entities accounted for using equity method	—	1,812
Other	3,556	4,981
Total non-operating income	<u>7,091</u>	<u>16,901</u>
Non-operating expenses		
Interest expenses	4,771	5,048
Foreign exchange losses	2,946	—
Share of loss of entities accounted for using equity method	1,432	—
Other	6,110	6,296
Total non-operating expenses	<u>15,261</u>	<u>11,345</u>
Ordinary profit	<u>47,676</u>	<u>100,839</u>
Extraordinary income		
Gain on sale of non-current assets	134	2,079
Gain on return of assets from retirement benefits trust	—	1,049
Gain on sale of businesses	906	—
Other	3,273	1,138
Total extraordinary income	<u>4,315</u>	<u>4,267</u>
Extraordinary losses		
Loss on retirement of non-current assets	856	1,255
Loss on sale of investment securities	728	905
Other	3,857	1,381
Total extraordinary losses	<u>5,443</u>	<u>3,542</u>
Profit before income taxes	<u>46,547</u>	<u>101,565</u>
Income taxes - current	17,203	27,405
Income taxes - deferred	2,226	3,847
Total income taxes	<u>19,430</u>	<u>31,253</u>
Profit	<u>27,117</u>	<u>70,312</u>
Profit attributable to non-controlling interests	970	3,667
Profit attributable to owners of parent	<u>26,146</u>	<u>66,645</u>

Consolidated quarterly statements of comprehensive income

(Unit : Millions of yen)

	First Nine Months / FY2020 Apr '20 - Dec '20	First Nine Months / FY2021 Apr '21 - Dec '21
Profit	27,117	70,312
Other comprehensive income		
Valuation difference on available-for-sale securities	3,060	(1,667)
Deferred gains or losses on hedges	2,041	(1,670)
Foreign currency translation adjustment	(12,805)	27,766
Remeasurements of defined benefit plans, net of tax	(899)	(2,429)
Share of other comprehensive income of entities accounted for using equity method	413	1,189
Total other comprehensive income	<u>(8,189)</u>	<u>23,189</u>
Comprehensive income	<u>18,927</u>	<u>93,501</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,896	83,890
Comprehensive income attributable to non-controlling interests	(2,969)	9,610

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020. Hereinafter “Revenue Recognition Standard”) and related guidelines have been adopted from the beginning of the first quarter. In line with this adoption, revenue is recognized at the time of the transfer of controls for promised goods or services to customers in the amount that reflects the consideration to which they expect to be entitled in exchange for those goods or services. The main changes due to the adoption of the new accounting standard are in the accounting treatment of consideration paid to customers, such as sales incentives, and in the accounting treatment of transactions in which purchased goods are sold to customers. With respect to sales incentives and other consideration paid to customers, a portion of the expenses that were previously recorded in selling, general and administrative expenses are now reduced from sales. In addition, as for transactions in which purchased goods are sold to customers, revenue was previously recognized at the total amount of consideration received from the customer, but has partly changed to be recognized at the net amount received from the customer less the amount paid to the supplier.

In adopting the Revenue Recognition Standard, in accordance with the transitional treatment set forth in the proviso of Article 84 of the Revenue Recognition Standard, the cumulative effect of retrospective application of the standards prior to the beginning of the first quarter was added to or subtracted from retained earnings at the beginning of the first quarter. The new accounting policy was applied from the beginning balance of the first quarter.

However, Oji Holdings has applied the method prescribed in Article 86 of the Revenue Recognition Standard and has not retrospectively applied the new accounting policy to contracts in which almost all the revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the first quarter. In addition, Oji Holdings has applied the method prescribed in Article 86, Paragraph (1) of the Revenue Recognition Standard, and accounted for contract changes made prior to the beginning of the first quarter based on the contract terms after reflecting all contract changes, and added or subtracted the cumulative effect of such changes to retained earnings at the beginning of the first quarter.

As a result, for the period of first nine months, net sales decreased by ¥37,139 million, cost of sales decreased by ¥14,974 million, selling, general and administrative expenses decreased by ¥22,042 million, non-operating expenses decreased by ¥91 million, operating profit decreased by ¥122 million, and ordinary profit and profit before income taxes decreased by ¥30 million. In addition, the balance of retained earnings at the beginning of the current fiscal year increased by ¥110 million. The impact on information per share is immaterial.

Due to the adoption of the Revenue Recognition Standard, "Trade notes and accounts receivable" which was presented in "Current assets" of the consolidated balance sheet for the previous fiscal year, is included in "Trade notes and accounts receivable, and contract assets" from the first quarter of the current fiscal year. In accordance with the transitional treatment set forth in Article 89-2 of the Revenue Recognition Standard, consolidated financial statements for past periods have not been reclassified using the new presentation method.

(Application of Accounting Standard for Fair Value Measurement, etc.)

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019. Hereinafter “Fair Value Measurement Standard”) and other standards have been adopted from the beginning of the first quarter, and in accordance with the transitional treatment set forth in Article 19 of Fair Value Measurement Standard and Article 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), Oji Holdings will continue to apply new accounting policies prescribed by Fair Value Measurement Standard and other standards into the future. The effects of this adoption on the quarterly consolidated financial statements are immaterial.