

Summary of Consolidated Financial and Business Results for the First 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 First Quarter of the Year Ending March 31, 2023 (April 1, 2022 - June 30, 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 Quarter of FY2022	399,177	16.5	15,578	(44.5)	32,992	(4.6)	23,285	13.0
First Quarter of FY2021	342,721	6.5	28,054	155.4	34,569	482.6	20,610	860.0

Note: Comprehensive income
 First Quarter of FY2022 54,644 million yen
 First Quarter of FY2021 45,125 million yen

	Profit per share	Diluted profit per share
	Yen	Yen
First Quarter of FY2022	23.51	23.50
First Quarter of FY2021	20.81	20.80

(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 FY2022	2,162,956	922,755	41.5	906.62
Year ended March 2022	2,053,752	875,470	41.4	859.29

Note: Shareholders' equity
 First Quarter of FY2022 898,115 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	—				
FY2022 (Forecast)		8.00	—	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 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	800,000	12.9	37,000	(41.9)	43,000	(37.5)	27,000	(40.8)	27.26
Full year	1,700,000	15.6	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 Quarter of FY2022	1,014,381,817	FY2021	1,014,381,817
(ii) Outstanding balance of treasury shares at the end of fiscal year			
First Quarter of FY2022	23,766,772	FY2021	23,764,570
(iii) Weighted average number of shares during fiscal year			
First Quarter of FY2022	990,616,209	First Quarter of FY2021	990,380,364

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 Quarter of FY2022 (April 1, 2022 - June 30, 2022)

	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
1st Quarter of FY2022	399.2	15.6	33.0	23.3	23.51
1st Quarter of FY2021	342.7	28.1	34.6	20.6	20.81
Increase (Decrease)	56.5	(12.5)	(1.6)	2.7	
Increase (Decrease)	16.5%	(44.5%)	(4.6%)	13.0%	

In its FY2022-2024 Medium-term Management Plan, the Oji Group has set "Growth to Evolution", which is long-term vision for 2030, as the basic policy, 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 FY 2024 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 quarter of FY2022 increased by ¥56.5 billion to ¥399.2 billion (year-on-year increase of 16.5%) 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 4.5 points from the previous year to 37.0%.

Consolidated operating profit decreased by ¥12.5 billion to ¥15.6 billion (year-on-year decrease of 44.5%) 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 ¥1.6 billion to ¥33.0 billion (year-on-year decrease of 4.6%) despite foreign exchange gains from revaluation of foreign currency-denominated receivables and payables. Profit before taxes decreased by ¥0.9 billion to ¥33.0 billion (year-on-year decrease of 2.6%), and profit attributable to owners of parent increased by ¥2.7 billion to ¥23.3 billion (year-on-year increase of 13.0%) due to a decrease in profit attributable to non-controlling interests as a result of the acquisition of treasury stock by a consolidated subsidiary and the additional acquisition of shares of a subsidiary.

Overview of Business Performance for the First Quarter of FY2022 by Segment

(I) Business Performance by Segment

(Unit: Billions of yen)

		Net Sales			Operating Profit (Loss)		
		1st Quarter of FY2021	1st Quarter of FY2022	Increase (Decrease)	1st Quarter of FY2021	1st Quarter of FY2022	Increase (Decrease)
Reporting Segment	Household & Industrial Materials	167.3	187.7	12.2%	8.6	(0.3)	–
	Functional Materials	45.1	52.5	16.2%	3.4	3.7	11.2%
	Forest Resources & Environment Marketing	66.8	91.3	36.5%	9.7	13.1	35.4%
	Printing & Communications Media	57.8	63.7	10.1%	4.8	(1.6)	–
	Total	337.1	395.1	17.2%	26.5	14.9	(43.6%)
Others		71.4	81.8	14.5%	2.0	2.1	6.2%
Total		408.5	476.8	16.7%	28.5	17.0	(40.2%)
Adjustment (*)		(65.8)	(77.7)		(0.4)	(1.4)	
Consolidated total		342.7	399.2	16.5%	28.1	15.6	(44.5%)

*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 FY2022, net sales amounted to ¥187.7 billion (year-on-year increase of 12.2%), and operating loss was ¥0.3 billion (year-on-year decrease of ¥8.9 billion).

Regarding domestic business, sales amount increased from the previous year due to the implementation of price revision in addition to the overall recovery in demand of 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 of containerboard and corrugated containers in Southeast Asia and India, the penetration of price increases and the operation of a new containerboard machine in Malaysia from October 2021.

○Functional Materials

In the first quarter of FY2022, net sales amounted to ¥52.5 billion (year-on-year increase of 16.2%), and operating profit was ¥3.7 billion (year-on-year increase of 11.2%).

Regarding domestic business, sales amount increased from the previous year due to a recovery trend in demand for thermal and adhesive paper, which had declined due to the spread of COVID-19, as well as steady sales of films for condensers used in electric vehicles and general industrial use and packaging films for foods and general goods, 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 quarter of FY2022, net sales amounted to ¥91.3 billion (year-on-year increase of 36.5%), and operating profit was ¥13.1 billion (year-on-year increase of 35.4%).

Regarding domestic business, pulp business remained steady as in the previous year. Sales amount of energy business increased from the previous year due to a shorter period of facility shutdown for periodic inspections at MPM Oji Eco-Energy Co., Ltd.

Regarding overseas business, sales volume of pulp business increased from the previous year due to a rise in the pulp market.

○Printing and Communications Media

In the first quarter of FY2022, net sales amounted to ¥63.7 billion (year-on-year increase of 10.1%), and operating loss was ¥1.6 billion (year-on-year decrease of ¥6.4 billion).

Regarding domestic business, sales amount increased from the previous year. While demand for newsprint continued to decline, demand for printing paper has increased because a decline in imported paper increased the demand for domestic products.

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

2. Consolidated Quarterly Financial Statements and Notes

Consolidated quarterly balance sheets

(Unit : Millions of yen)

	FY2021 Mar 31,2022	First Quarter / FY2022 Jun 30,2022
Assets		
Current assets		
Cash and deposits	44,749	53,601
Notes and accounts receivable - trade, and contract assets	324,442	353,061
Securities	11,074	5,110
Merchandise and finished goods	98,616	105,515
Work in process	20,294	23,223
Raw materials and supplies	106,266	120,919
Other	42,140	44,337
Allowance for doubtful accounts	(1,790)	(1,707)
Total current assets	645,795	704,060
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	196,448	204,974
Machinery, equipment and vehicles, net	338,946	364,926
Land	240,765	241,522
Other, net	351,154	358,590
Total property, plant and equipment	1,127,315	1,170,013
Intangible assets		
Goodwill	3,472	3,717
Other	8,079	8,041
Total intangible assets	11,552	11,758
Investments and other assets		
Investment securities	168,545	172,233
Other	101,526	105,957
Allowance for doubtful accounts	(982)	(1,066)
Total investments and other assets	269,089	277,124
Total non-current assets	1,407,956	1,458,895
Total assets	2,053,752	2,162,956

(Unit : Millions of yen)

	FY2021	First Quarter /
	Mar 31,2022	FY2022
		Jun 30,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	234,650	241,351
Short-term borrowings	166,445	183,553
Commercial papers	—	49,000
Income taxes payable	23,993	9,213
Provisions	6,574	6,941
Other	101,355	98,589
Total current liabilities	533,020	588,649
Non-current liabilities		
Bonds payable	155,000	155,000
Long-term borrowings	329,062	330,150
Provisions	4,623	4,718
Retirement benefit liability	54,022	54,440
Other	102,553	107,242
Total non-current liabilities	645,261	651,550
Total liabilities	1,178,282	1,240,200
Net assets		
Shareholders' equity		
Share capital	103,880	103,880
Capital surplus	99,163	99,224
Retained earnings	567,150	583,391
Treasury shares	(13,277)	(13,278)
Total shareholders' equity	756,918	773,218
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,500	32,456
Deferred gains or losses on hedges	2,076	92
Revaluation reserve for land	5,728	5,728
Foreign currency translation adjustment	29,593	60,903
Remeasurements of defined benefit plans	26,415	25,715
Total accumulated other comprehensive income	94,314	124,896
Share acquisition rights	157	157
Non-controlling interests	24,080	24,482
Total net assets	875,470	922,755
Total liabilities and net assets	2,053,752	2,162,956

Consolidated quarterly statements of income

(Unit : Millions of yen)

	First Quarter / FY2021 Apr '21 - Jun'21	First Quarter / FY2022 Apr '22 - Jun'22
Net sales	342,721	399,177
Cost of sales	259,713	321,969
Gross profit	<u>83,007</u>	<u>77,207</u>
Selling, general and administrative expenses		
Freight and incidental costs	26,400	31,105
Employees' salaries	13,064	13,726
Other	15,488	16,796
Total selling, general and administrative expenses	<u>54,953</u>	<u>61,628</u>
Operating profit	<u>28,054</u>	<u>15,578</u>
Non-operating income		
Interest income	174	323
Dividend income	1,256	1,428
Foreign exchange gains	2,844	15,322
Share of profit of entities accounted for using equity method	444	555
Other	4,934	3,415
Total non-operating income	<u>9,654</u>	<u>21,044</u>
Non-operating expenses		
Interest expenses	1,646	1,816
Other	1,492	1,814
Total non-operating expenses	<u>3,139</u>	<u>3,630</u>
Ordinary profit	<u>34,569</u>	<u>32,992</u>
Extraordinary income		
Insurance claim income	—	352
Other	56	165
Total extraordinary income	<u>56</u>	<u>517</u>
Extraordinary losses		
Loss on retirement of non-current assets	276	343
Business restructuring expenses	17	100
Other	437	47
Total extraordinary losses	<u>731</u>	<u>491</u>
Profit before income taxes	<u>33,894</u>	<u>33,018</u>
Income taxes - current	7,365	8,163
Income taxes - deferred	2,901	1,003
Total income taxes	<u>10,267</u>	<u>9,166</u>
Profit	<u>23,627</u>	<u>23,851</u>
Profit attributable to non-controlling interests	<u>3,016</u>	<u>566</u>
Profit attributable to owners of parent	<u>20,610</u>	<u>23,285</u>

Consolidated quarterly statements of comprehensive income

(Unit : Millions of yen)

	First Quarter / FY2021 Apr '21 - Jun'21	First Quarter / FY2022 Apr '22 - Jun'22
Profit	23,627	23,851
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,096)	2,098
Deferred gains or losses on hedges	(896)	(1,980)
Foreign currency translation adjustment	24,610	30,996
Remeasurements of defined benefit plans, net of tax	(720)	(655)
Share of other comprehensive income of entities accounted for using equity method	600	332
Total other comprehensive income	21,497	30,972
Comprehensive income	45,125	54,644
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	36,069	53,820
Comprehensive income attributable to non-controlling interests	9,055	824