

Summary of Consolidated Financial and Business Results
for the First Quarter of the Year Ending March 2024
(Japanese GAAP)

Company Name: **Oji Holdings Corporation** (Code No. 3861 Tokyo Stock Exchange)
URL: <https://www.ojiholdings.co.jp/>
Representative: Hiroyuki Isono, President & Chief Executive Officer
Contact: Tadashi Oshima, Corporate 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, 2024 (April 1, 2023 - June 30, 2023)

(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 FY2023	420,317	5.3	21,775	39.8	28,949	(12.3)	17,599	(24.4)
First Quarter of FY2022	399,177	16.5	15,578	(44.5)	32,992	(4.6)	23,285	13.0

Note: Comprehensive income First Quarter of FY2023 28,748 million yen First Quarter of FY2022 54,644 million yen

	Profit per share	Diluted profit per share
	Yen	Yen
First Quarter of FY2023	17.76	17.75
First Quarter of FY2022	23.51	23.50

(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 FY2023	2,318,786	987,963	41.4	967.82
Year ended March 2023	2,296,018	964,564	40.8	945.27

Note: Shareholders' equity First Quarter of FY2023 959,328 million yen FY2022 936,949 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
FY2022	—	8.00	—	8.00	16.00
FY2023	—				
FY2023 (Forecast)		8.00	—	8.00	16.00

Note : Change in forecast of dividend ... None

3. Consolidated Forecasts for the Year Ending March 2024 (April 1, 2023 - March 31, 2024)

(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	860,000	2.7	45,000	11.4	43,000	(28.6)	28,000	(26.2)	28.25
Full year	1,800,000	5.5	100,000	17.9	100,000	5.3	65,000	15.1	65.58

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

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|--|------|
| (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 FY2023	1,014,381,817	FY2022	1,014,381,817
(ii) Outstanding balance of treasury shares at the end of fiscal year			
First Quarter of FY2023	23,160,293	FY2022	23,179,622
(iii) Weighted average number of shares during fiscal year			
First Quarter of FY2023	991,212,039	First Quarter of FY2022	990,616,209

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 Quarter of FY2023 (April 1, 2023 - June 30, 2023)

	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 FY2023	420.3	21.8	28.9	17.6	17.76
1st Quarter of FY2022	399.2	15.6	33.0	23.3	23.51
Increase (Decrease)	21.1	6.2	(4.0)	(5.7)	
Increase (Decrease)	5.3%	39.8%	(12.3%)	(24.4%)	

The Oji Group has set the basic policy of "Toward Further Growth and 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-". As the milestones of the Long-term vision, we have set FY2022-2024 Medium-term Management Plan, which aims 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.

Specifically, 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 FY2023 increased by ¥21.1 billion to ¥420.3 billion (year-on-year increase of 5.3%) due to the price revision exercise in response to the rise in raw material and fuel prices.

Consolidated operating profit increased by ¥6.2 billion to ¥21.8 billion (year-on-year increase of 39.8%) due to the price revision and cost reduction exercise. Ordinary profit decreased by ¥4.0 billion to ¥28.9 billion (year-on-year decrease of 12.3%) due to a decrease in foreign exchange gains from revaluation of foreign currency-denominated receivables and payables. Profit before taxes decreased by ¥5.1 billion to ¥27.9 billion (year-on-year decrease of 15.6%), and profit attributable to owners of parent decreased by ¥5.7 billion to ¥17.6 billion (year-on-year decrease of 24.4%) .

Overseas sales ratio decreased by 3.3 points from the previous year to 33.6%.

Overview of Business Performance for the First Quarter of FY2023 by Segment

(I) Business Performance by Segment

(Unit: Billions of yen)

		Net Sales			Operating Profit (Loss)		
		1st Quarter of FY2022	1st Quarter of FY2023	Increase (Decrease)	1st Quarter of FY2022	1st Quarter of FY2023	Increase (Decrease)
Reporting Segment	Household & Industrial Materials	187.1	197.6	5.6%	(0.3)	1.0	-
	Functional Materials	52.5	55.4	5.7%	3.7	2.7	(28.7%)
	Forest Resources & Environment Marketing	93.5	91.6	(2.0%)	13.1	14.3	9.2%
	Printing & Communications Media	63.7	74.3	16.7%	(1.6)	2.0	-
	Total	396.8	418.9	5.6%	15.0	20.0	33.6%
Others		79.2	78.2	(1.2%)	2.1	2.1	(0.8%)
Total		476.0	497.2	4.5%	17.0	22.0	29.4%
Adjustment (*)		(76.8)	(76.9)		(1.4)	(0.2)	
Consolidated total		399.2	420.3	5.3%	15.6	21.8	39.8%

*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 units 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 into "Forest Resources and Environment Marketing". Year-on-year comparisons are made with the previous year figures under the reclassified segments.

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:

Trading business, logistics, engineering, real estate etc.

○Household and Industrial Materials

In the first quarter of FY2023, net sales amounted to ¥197.6 billion (year-on-year increase of 5.6%), and operating profit was ¥1.0 billion (year-on-year increase of ¥1.3 billion).

Regarding domestic business, although sales volumes of containerboard, corrugated container, packing paper, and household paper decreased from the previous year due to consumption restraint caused by inflation, net sales increased as a result of the price revision exercise. As for disposable diapers, net sales almost remained unchanged from the previous year.

Regarding overseas business, in line with our strategy to further expand business in Southeast Asia and Oceania, the sales volume of containerboard in Southeast Asia increased due to improved operating rate of the new containerboard machine started in October 2021, and sales volume of corrugated container also increased in Australia. On the other hand, net sales decreased from the previous year due to sluggish demand for corrugated container mainly in Malaysia and deteriorating market conditions for containerboard in Oceania.

○Functional Materials

In the first quarter of FY2023, net sales amounted to ¥55.4 billion (year-on-year increase of 5.7%), and operating profit was ¥2.7 billion (year-on-year decrease of 28.7%).

Regarding domestic business, sales volume of specialty paper decreased from the previous year due to decrease in release paper and its base paper in response to sluggish demand for electronic devices, despite increase in strategic products such as interleaving paper for glass and heat-sealable paper for major online retailers. On the other hand, net sales increased due to the price revision exercise. As for thermal paper, both sales volume and net sales decreased from the previous year as demand declined from the second half of FY2022 in reaction to customers' inventory buildup in the first half of FY2022 due to the global logistics turmoil.

Regarding overseas business, sales volume of thermal paper decreased from the previous year due to inventory reduction caused by rising interest rates, but net sales increased due to the price revision exercise.

○Forest Resources and Environment Marketing

In the first quarter of FY2023, net sales amounted to ¥91.6 billion (year-on-year decrease of 2.0%), and operating profit was ¥14.3 billion (year-on-year increase of 9.2%).

Regarding domestic business, net sales of pulp business almost remained unchanged from the previous year. Net sales of energy business increased compared to the previous year due to the start of operation of a new biomass power plant in Tokushima Prefecture from December 2022 as a part of investment in growing areas towards decarbonization.

Regarding overseas business, net sales of pulp business and lumber business decreased from the previous year as Pan Pac Forest Products Ltd. in New Zealand was damaged by a cyclone in February 2023 and its manufacturing facilities are still under restoration.

○Printing and Communications Media

In the first quarter of FY2023, net sales amounted to ¥74.3 billion (year-on-year increase of 16.7%), and operating profit was ¥2.0 billion (year-on-year increase of ¥3.6 billion).

Regarding domestic business, net sales of newsprint, printing and communication paper increased from the previous year due to the price revision exercise, although demand continued to decline.

Regarding overseas business, net sales at Jiangsu Oji Paper Co., Ltd., increased from the previous year as prices improved due to a recovery in economic activity with the end of the Zero-COVID policy, despite a decline in sales volume.

2. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated quarterly balance sheets

(Unit : Millions of yen)

	FY2022 Mar 31,2023	First Quarter / FY2023 Jun 30,2023
Assets		
Current assets		
Cash and deposits	50,774	66,891
Notes and accounts receivable - trade, and contract assets	377,368	358,463
Securities	6,299	5,880
Merchandise and finished goods	117,473	122,504
Work in process	23,510	27,999
Raw materials and supplies	140,337	142,526
Other	74,696	66,355
Allowance for doubtful accounts	(1,791)	(2,223)
Total current assets	788,670	788,397
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	216,045	219,274
Machinery, equipment and vehicles, net	407,869	410,330
Land	242,287	242,672
Other, net	342,031	349,843
Total property, plant and equipment	1,208,234	1,222,120
Intangible assets		
Goodwill	11,868	15,191
Other	14,119	14,001
Total intangible assets	25,988	29,193
Investments and other assets		
Investment securities	180,067	185,420
Other	95,029	95,679
Allowance for doubtful accounts	(1,972)	(2,024)
Total investments and other assets	273,124	279,075
Total non-current assets	1,507,347	1,530,389
Total assets	2,296,018	2,318,786

(Unit : Millions of yen)

	FY2022	First Quarter /
	Mar 31,2023	FY2023
		Jun 30,2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	251,176	243,024
Short-term borrowings	226,739	225,101
Commercial papers	86,000	87,000
Income taxes payable	16,643	10,665
Provisions	7,337	7,696
Other	99,174	99,497
Total current liabilities	687,070	672,985
Non-current liabilities		
Bonds payable	155,000	155,000
Long-term borrowings	320,599	330,220
Provisions	6,344	6,281
Retirement benefit liability	53,537	53,927
Other	108,900	112,407
Total non-current liabilities	644,383	657,838
Total liabilities	1,331,453	1,330,823
Net assets		
Shareholders' equity		
Share capital	103,880	103,880
Capital surplus	85,892	85,892
Retained earnings	607,593	619,991
Treasury shares	(12,949)	(12,938)
Total shareholders' equity	784,418	796,826
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,573	47,650
Deferred gains or losses on hedges	474	197
Revaluation reserve for land	5,716	5,716
Foreign currency translation adjustment	85,253	89,905
Remeasurements of defined benefit plans	19,514	19,032
Total accumulated other comprehensive income	152,531	162,501
Share acquisition rights	134	130
Non-controlling interests	27,480	28,504
Total net assets	964,564	987,963
Total liabilities and net assets	2,296,018	2,318,786

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

	(Unit : Millions of yen)	
	First Quarter / FY2022	First Quarter / FY2023
	Apr '22 - Jun '22	Apr '23 - Jun '23
Net sales	399,177	420,317
Cost of sales	321,969	334,748
Gross profit	<u>77,207</u>	<u>85,568</u>
Selling, general and administrative expenses		
Freight and incidental costs	31,105	31,351
Employees' salaries	13,726	14,787
Other	16,796	17,653
Total selling, general and administrative expenses	<u>61,628</u>	<u>63,792</u>
Operating profit	<u>15,578</u>	<u>21,775</u>
Non-operating income		
Interest income	323	526
Dividend income	1,428	1,625
Foreign exchange gains	15,322	8,358
Share of profit of entities accounted for using equity method	555	900
Other	3,415	1,081
Total non-operating income	<u>21,044</u>	<u>12,492</u>
Non-operating expenses		
Interest expenses	1,816	1,777
Other	1,814	3,541
Total non-operating expenses	<u>3,630</u>	<u>5,319</u>
Ordinary profit	<u>32,992</u>	<u>28,949</u>
Extraordinary income		
Insurance claim income	352	1,080
Other	165	293
Total extraordinary income	<u>517</u>	<u>1,374</u>
Extraordinary losses		
Loss on disaster	18	1,664
Other	473	781
Total extraordinary losses	<u>491</u>	<u>2,445</u>
Profit before income taxes	<u>33,018</u>	<u>27,877</u>
Income taxes - current	8,163	8,720
Income taxes - deferred	1,003	738
Total income taxes	<u>9,166</u>	<u>9,459</u>
Profit	<u>23,851</u>	<u>18,418</u>
Profit attributable to non-controlling interests	566	818
Profit attributable to owners of parent	<u>23,285</u>	<u>17,599</u>

Consolidated quarterly statements of comprehensive income

	(Unit : Millions of yen)	
	First Quarter / FY2022	First Quarter / FY2023
	Apr '22 - Jun '22	Apr '23 - Jun '23
Profit	23,851	18,418
Other comprehensive income		
Valuation difference on available-for-sale securities	2,098	5,589
Deferred gains or losses on hedges	(1,980)	(277)
Foreign currency translation adjustment	30,996	5,003
Remeasurements of defined benefit plans, net of tax	(655)	(393)
Share of other comprehensive income of entities accounted for using equity method	332	408
Total other comprehensive income	<u>30,792</u>	<u>10,330</u>
Comprehensive income	<u>54,644</u>	<u>28,748</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	53,820	27,712
Comprehensive income attributable to non-controlling interests	824	1,035

(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