

Company Name: Oji Holdings Corporation
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Code No: (3861, Tokyo Stock Exchange Prime Market)
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Notice of Acquisition of 100% Ownership of Moriha Shigyo Co., Ltd.
through Simplified Share Exchange

Oji Holdings Corporation (hereinafter the “Company”) hereby announces that at today’s Board of Directors meeting, it resolved to implement a share exchange whereby the Company will become the wholly-owning parent company in a share exchange and Moriha Shigyo Co., Ltd. (“Moriha Shigyo”) will become the wholly-owned subsidiary in a share exchange (the “Share Exchange”), and a share exchange agreement (the “Share Exchange Agreement”) has been executed between the two companies.

The Share Exchange is scheduled to take place effective as of February 1, 2024 without obtaining the approval of the Company’s General Meeting of Shareholders by following the simplified share exchange procedure pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act, and after obtaining approval for the Share Exchange Agreement at Moriha Shigyo’s Extraordinary General Meeting of Shareholders scheduled to be held on January 9, 2024.

1. Purpose of the Share Exchange

The Oji Group has set “Toward Further Growth and Evolution,” the Long-term Vision for 2030, as the basic policy, and through “Initiatives for Environmental Issues –Sustainability–,” “Initiatives for Profitability Improvement – Profitability–,” and “Initiatives for Product Development –Green Innovation–,” strives to achieve consolidated operating profit of 150.0 billion yen or more by FY2024, and stably maintains profit attributable to owners of parent of 100.0 billion yen or more, in our FY2022–2024 Medium-Term Management Plan.

With regards to our corrugated container business, which is one of the Oji Group’s business segments and for which demand remains robust, we strive to further expand and strengthen this business by promoting restructuring of production systems and the integration of base paper processing, at the same time, through new plant construction and M&As.

Moriha Shigyo, as a corrugated container company in the Tsugaru district of Aomori Prefecture, has been engaged in locally-oriented activities, and the Company has decided to proceed with the Share Exchange based on its expectation that Moriha Shigyo’s participation in the Oji Group will contribute to further strengthening our business foundation and bring synergy effects to the Group’s corrugated container business in the same district.

2. Overview of the Share Exchange

(1) Schedule for the Share Exchange

Date of the Board of Directors' resolution for execution of the Share Exchange Agreement (both companies)	December 25, 2023
Execution date of the Share Exchange Agreement (both companies)	December 25, 2023
Date of the Extraordinary General Meeting of Shareholders for approving the Share Exchange (Moriha Shigyo)	January 9, 2024 (scheduled)
Scheduled date of the Share Exchange (effective date)	February 1, 2024 (scheduled)

Note 1: The Share Exchange corresponds to a simplified share exchange that does not require the approval of the Company's General Meeting of Shareholders pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act.

Note 2: The above schedule may be changed upon agreement between both companies if necessary to proceed with the procedure for the Share Exchange or for any other reason.

(2) Method of the Share Exchange

The Share Exchange will make the Company the wholly-owning parent company in a share exchange and Moriha Shigyo the wholly-owned subsidiary in a share exchange. The Share Exchange is scheduled to take place effective as of February 1, 2024, for the Company, which becomes a wholly-owning parent company, without obtaining the approval of its General Meeting of Shareholders, following the simplified share exchange procedure pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act, and for Moriha Shigyo, which becomes a wholly-owned subsidiary, upon obtaining approval for the Share Exchange Agreement at its Extraordinary General Meeting of Shareholders scheduled to be held on January 9, 2024.

(3) Details of Allotment in the Share Exchange

Company Name	Oji Holdings Corporation (Wholly-owning parent company in share exchange)	Moriha Shigyo Co., Ltd. (Wholly-owned subsidiary in share exchange)
Share exchange ratio	1	1,803
Number of shares to be delivered upon share exchange	1,983,300 shares (scheduled)	

Note 1: Share allotment ratio

One thousand eight hundred three common shares of the Company will be allotted and delivered per common share of Moriha Shigyo. The Company plans to allocate 1,983,300 treasury shares held by it as the common shares of the Company to be delivered upon the Share Exchange, and does not plan to issue any new shares.

The allotment ratio for the Share Exchange specified in the above table (the "Share Exchange Ratio") may be changed upon agreement between both companies if any material change occurs in the conditions underlying the calculation of the Share Exchange Ratio pursuant to the Share Exchange Agreement.

Note 2: Treatment of shares constituting less than one unit

If the Share Exchange will result in new shareholders who will hold shares of the Company constituting less than one unit (i.e., 100 shares), the shareholders of Moriha Shigyo who will hold shares of the Company constituting less than one unit will be entitled to use the following systems concerning shares of the Company.

- (i) Buyback system for shares constituting less than one unit (sale of shares constituting less than 100 shares)

Pursuant to the provisions of Article 192, Paragraph 1 of the Companies Act, this system allows a shareholder holding shares of the Company constituting less than one unit to sell such shares by demanding that the Company purchase them.

- (ii) Additional purchase system for shares constituting less than one unit (additional purchase of shares to constitute 100 shares)

Pursuant to the provisions of Article 194, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, this system allows a shareholder holding shares of the Company constituting less than one unit to purchase additional common shares of the Company in the number that will constitute one unit (i.e., 100 shares) together with the number of shares constituting less than one unit held by the shareholder, by demanding that the Company sell such common shares of the Company.

- (4) Treatment of Subscription Rights to Shares and Bonds with Subscription Rights to Shares in the Share Exchange
Moriha Shigyo has not issued any subscription rights to shares or bonds with subscription rights to shares.

3. Grounds for the Details of Allotment in the Share Exchange

(1) Grounds and Reasons for the Details of Allotment

In order to ensure fairness and validity in determining the Share Exchange Ratio, the Company appointed EY Strategy and Consulting Co., Ltd. ("EY"), an independent third-party valuation institution, for the calculation of the share values of and the share exchange ratio between the Company and Moriha Shigyo.

The Company has determined that the Share Exchange Ratio is at an appropriate level within the share exchange ratio range calculated by EY as stated in (2), (ii) "Overview of Calculations" below. Taking into consideration Moriha Shigyo's share valuation calculated by EY, as well as the financial condition, asset status, and future prospects such as financial forecasts of Moriha Shigyo, both companies engaged in careful discussions and reached a conclusion that the implementation of the Share Exchange using the Share Exchange Ratio will be beneficial to the interests of both companies' shareholders.

(2) Matters Relating to Calculations

(i) Name of the Valuation Institution and Its Relationships with the Listed Company and the Other Company

In order to ensure the fairness and validity of the Share Exchange Ratio in the Share Exchange, the Company appointed EY, a third-party valuation institution which is independent from both the Company and Moriha Shigyo, and obtained valuation reports on the share values of the Company and Moriha Shigyo dated December 22, 2023.

EY is not a related party to the Company or Moriha Shigyo and does not have any material interest with the Company or Moriha Shigyo.

(ii) Overview of Calculations

Because the Company's shares are listed on the Tokyo Stock Exchange's Prime Market and their market prices are available, EY calculated the Company's share value by using the market share price method (in which the valuation reference date was set as December 22, 2023 to reflect the recent stock market conditions, and which was based on the closing price of the Company's shares on the valuation reference date and on the averages of their closing prices for the one-month, three-month, and six-month periods preceding the valuation reference date). The calculated valuation range per common share of the Company is as follows.

Method used	Calculation result (yen)
Market share price method	537 to 588

EY calculated Moriha Shigyo's share value by using the discounted cash flow (DCF) method, considering that Moriha Shigyo is a non-listed company without market share prices, that it is a going concern without plans for future liquidation, and that focusing on the net assets in the balance sheet, which serves as objective documentation, is useful for determining the share value. No significant fluctuations in earnings were expected for the fiscal years covered by the financial forecast used as the premise for the calculation. Furthermore, in determining Moriha Shigyo's share value, EY also employed a comparable company analysis to conduct an empirical valuation using market share prices and financial data of similar listed companies. However, given the difference in company size between Moriha Shigyo and the similar listed companies, it considered the analysis for reference purposes only.

The valuation per common share of Moriha Shigyo, as calculated by EY using the above-mentioned methods, is as follows.

Method used	Calculation result (yen)
DCF method	1,017,818 to 1,075,980
Reference: Comparable company analysis	1,267,789 to 1,418,067

On the basis of the above, if a value of one is assigned to the value per common share of the Company, the calculation result of the share exchange ratio is as follows.

Calculation result of stock exchange ratio	
DCF method	1,731 to 2,004
Reference: Comparable company analysis	2,156 to 2,641

In calculating the share exchange ratio, EY used information provided by both companies and publicly available information on an as-is basis in principle, on the assumptions that all the information is accurate and complete, and did not independently verify the accuracy and completeness of such information.

(3) Prospect for Delisting and Reasons Therefor

There is no prospect that the Company will be delisted as a result of the Share Exchange. Since Moriha Shigyo, which will become the wholly-owned subsidiary in share exchange, is a non-listed company, there are no relevant matters in this regard.

4. Overview of the Parties to the Share Exchange

	Wholly-owning parent company	Wholly-owned subsidiary
(1) Trade name	Oji Holdings Corporation	Moriha Shigyo Co., Ltd.
(2) Description of business	Control and management of business activities of companies engaged in the manufacture, processing, and purchase and sale of paper, pulp, and their by-products, as well as those of foreign companies engaged in equivalent businesses, through holding shares or interests of such companies	Manufacture and sale of corrugated container products, paperboard containers, paper products, and packaging materials
(3) Date of establishment	August 1, 1949	April 2, 1971
(4) Head office location	7-5, Ginza 4-chome, Chuo-ku, Tokyo, Japan	28-1, Aza Sakuragi, Oaza Ubayachi, Goshogawara-shi, Aomori, Japan
(5) Name and title of representative	Hiroyuki Isono, President & Chief Executive Officer	Toru Hasegawa, Representative Director

	Wholly-owning parent company	Wholly-owned subsidiary																				
(6) Capital	103,880,897,478 yen (as of March 31, 2023)	11,000,000 yen (as of December 25, 2023)																				
(7) Number of issued shares	1,014,381,817 shares (as of March 31, 2023)	1,100 shares (as of December 25, 2023)																				
(8) Fiscal year-end	March 31	July 20																				
(9) Number of employees	38,021 (consolidated) (as of September 30, 2023)	38 (non-consolidated) (as of July 20, 2023)																				
(10) Major business partners	Not applicable	Morishigyo Co., Ltd., Aomori Prefectural Headquarters of National Federation of Agricultural Cooperative Associations																				
(11) Major shareholders and shareholding ratios	<table border="0"> <tr> <td>The Master Trust Bank of Japan, Ltd. (trust account)</td> <td>14.3%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (trust account)</td> <td>7.6%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (trust account 4)</td> <td>3.4%</td> </tr> <tr> <td>Sumitomo Mitsui Banking Corporation</td> <td>3.2%</td> </tr> <tr> <td>Nippon Life Insurance Company</td> <td>2.6%</td> </tr> <tr> <td>Oji Group Employee Stock-holding Association</td> <td>2.1%</td> </tr> <tr> <td>Mizuho Bank, Ltd.</td> <td>1.8%</td> </tr> <tr> <td>STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing proxy: Mizuho Bank, Ltd. Settlement & Cleaning Services Department)</td> <td>1.7%</td> </tr> <tr> <td>The Norinchukin Bank</td> <td>1.7%</td> </tr> <tr> <td>STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd. Settlement & Cleaning Services Department)</td> <td>1.6%</td> </tr> </table> <p>(as of September 30, 2023) Note: The shareholding ratios are calculated after deducting treasury shares (21,368 thousand shares).</p>	The Master Trust Bank of Japan, Ltd. (trust account)	14.3%	Custody Bank of Japan, Ltd. (trust account)	7.6%	Custody Bank of Japan, Ltd. (trust account 4)	3.4%	Sumitomo Mitsui Banking Corporation	3.2%	Nippon Life Insurance Company	2.6%	Oji Group Employee Stock-holding Association	2.1%	Mizuho Bank, Ltd.	1.8%	STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing proxy: Mizuho Bank, Ltd. Settlement & Cleaning Services Department)	1.7%	The Norinchukin Bank	1.7%	STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd. Settlement & Cleaning Services Department)	1.6%	<p>4 individuals 100% (as of December 25, 2023)</p> <p>Based on an agreement between the Company and Moriha Shigyo, the names of the individuals are not disclosed.</p>
The Master Trust Bank of Japan, Ltd. (trust account)	14.3%																					
Custody Bank of Japan, Ltd. (trust account)	7.6%																					
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STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd. Settlement & Cleaning Services Department)	1.6%																					
(12) Main banks	Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., The Norinchukin Bank, Sumitomo Mitsui Trust Bank, Limited	The Aomori Bank, Ltd., The Shoko Chukin Bank, Ltd., The Norinchukin Bank																				

(13) Relationship between the parties	Capital relationship	There is no capital relationship to be stated between the Company and Moriha Shigyo. Additionally, there is no noteworthy capital relationship between related persons or affiliates of the Company and those of Moriha Shigyo.
	Personal relationship	There is no personal relationship to be stated between the Company and Moriha Shigyo. Additionally, there is no noteworthy personal relationship between related persons or affiliates of the Company and those of Moriha Shigyo.
	Transactional relationship	There is no transactional relationship to be stated between the Company and Moriha Shigyo. Additionally, there is no noteworthy transactional relationship between related persons or affiliates of the Company and those of Moriha Shigyo.
	Applicability to related parties	Moriha Shigyo is not a related party of the Company. Additionally, related persons and affiliates of Moriha Shigyo are not related parties of the Company.

(14) Business results for the past three years						
	Oji Holdings Corporation (consolidated)			Moriha Shigyo Co., Ltd.		
Fiscal year	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended July 2021	Fiscal year ended July 2022	Fiscal year ended July 2023
Net assets (millions of yen)	865,606	875,470	964,564	1,009	1,047	1,117
Total assets (millions of yen)	1,981,438	2,053,752	2,296,018	1,605	1,629	1,745
Net assets per share (yen)	758.28	859.29	945.27	917,481	952,639	1,015,876
Net sales (millions of yen)	1,358,985	1,470,161	1,706,641	1,938	1,799	2,010
Operating profit (millions of yen)	84,793	120,119	84,818	88	58	104
Ordinary profit (millions of yen)	83,061	135,100	95,008	92	61	105
Profit attributable to owners of parent (millions of yen) (Note)	49,635	87,509	56,483	63	39	70
Profit per share (yen)	50.13	88.35	57.00	57,522	36,158	64,236
Dividend per share (yen)	14.00	14.00	16.00	1,000	1,000	1,000

Note: For Moriha Shigyo, the amount of “profit” is indicated.

5. Status after the Share Exchange

	Wholly-owning parent company in share exchange
(1) Name	Oji Holdings Corporation
(2) Location	7-5, Ginza 4-chome, Chuo-ku, Tokyo, Japan
(3) Name and title of representative	Hiroyuki Isono, President & Chief Executive Officer
(4) Description of business	Control and management of business activities of companies engaged in the manufacture, processing, and purchase and sale of paper, pulp, and their by-products, as well as those of foreign companies engaged in equivalent businesses, through holding shares or interests of such companies
(5) Capital	103,880,897,478 yen
(6) Fiscal year	End of March
(7) Net assets	Not determined at present.
(8) Total assets	Not determined at present.

6. Overview of Accounting Treatment

The accounting treatment associated with the Share Exchange is expected to fall under “acquisition” under the Accounting Standards for Business Combinations.

7. Future Prospects

The impact of the Share Exchange on the Company’s consolidated business results for the fiscal year ending March 31, 2024 is expected to be minor. If any matters that should be disclosed arise in the future, they will be promptly announced.

(Reference) The Company’s Current Consolidated Earnings Forecast and Previous Consolidated Results

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Consolidated results forecast (Fiscal year ending March 31, 2024)	1,760,000	82,000	90,000	57,000
Previous consolidated results (Fiscal year ended March 31, 2023)	1,706,641	84,818	95,008	56,483

END