

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

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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, 2024 (April 1, 2023 - December 31, 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 Nine Months of FY2023	1,292,397	(0.3)	56,363	(5.3)	65,446	(4.5)	42,330	8.2
First Nine Months of FY2022	1,296,723	19.4	59,515	(37.5)	68,522	(32.0)	39,122	(41.3)

Note: Comprehensive income
 First Nine Months of FY2023 120,733 million yen [(13.7%)]
 First Nine Months of FY2022 139,954 million yen [49.7%]

	Profit per share	Diluted profit per share
	Yen	Yen
First Nine Months of FY2023	42.70	42.69
First Nine Months of FY2022	39.48	39.46

Note: The Company finalized the provisional accounting treatment for the business combination in the year ended March 31, 2023, and each figure for the first nine months ended December 31, 2023 reflects the results of the finalization of the provisional accounting treatment.

(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 FY2023	2,440,422	1,071,047	42.7	1,050.39
FY2022	2,296,018	964,564	40.8	945.27

Note: Shareholders' equity
 First Nine Months of FY2023 1,041,214 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	—	8.00	—		
FY2023 (Forecast)				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 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	1,760,000	3.1	82,000	(3.3)	90,000	(5.3)	57,000	0.9	57.51

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 FY2023 | 1,014,381,817 | FY2022 | 1,014,381,817 |
| (ii) Outstanding balance of treasury shares at the end of fiscal year | | | |
| First Nine Months of FY2023 | 23,113,255 | FY2022 | 23,179,622 |
| (iii) Weighted average number of shares during fiscal year | | | |
| First Nine Months of FY2023 | 991,234,026 | First Nine Months of FY2022 | 990,910,132 |

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 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 FY2023 (April 1, 2023 - December 31, 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
First Nine Months of FY2023	1,292.4	56.4	65.4	42.3	42.70
First Nine Months of FY2022	1,296.7	59.5	68.5	39.1	39.48
Increase (Decrease)	(4.3)	(3.2)	(3.1)	3.2	
Increase (Decrease)	(0.3%)	(5.3%)	(4.5%)	8.2%	

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. In October 2023, as part of "Initiatives for Profitability Improvement -Profitability-", we signed a share transfer agreement to acquire all shares of Walki (Head Office: Finland), a leading company with advanced technologies in material conversion especially for paper-based sustainable solutions. The purpose of the acquisition is to build and expand a platform for our packaging business in Europe as one of the leaders in the packaging sector. 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 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". In addition, in December 2023, we announced our "Initiatives to Enhance Corporate Value". We will improve return on capital, promote initiatives that lead to sustainable growth, and strengthen information dissemination in order to enhance long-term corporate value and fulfil our social mission based on our Purpose.

Consolidated net sales for the first nine months of FY2023 decreased by ¥4.3 billion to ¥1,292.4 billion (year-on-year decrease of 0.3%) mainly due to the impact of the cyclone damage at Pan Pac Forest Products Ltd. in New Zealand and deteriorating pulp market conditions, despite the price revision and other measures taken in Japan.

Consolidated operating profit decreased by ¥3.2 billion to ¥56.4 billion (year-on-year decrease of 5.3%) mainly due to deteriorating overseas pulp market conditions, though in Japan, the price revision and cost reduction made up for a decline in sales volumes as a result of consumption restraint caused by inflation, etc. Ordinary profit decreased by ¥3.1 billion to ¥65.4 billion (year-on-year decrease of 4.5%). Profit before taxes increased by ¥2.6 billion to ¥66.8 billion (year-on-year increase of 4.0%), and profit attributable to owners of parent increased by ¥3.2 billion to ¥42.3 billion (year-on-year increase of 8.2%).

Overseas sales ratio decreased by 4.1 points from the same periods in the previous year to 34.5%.

Overview of Business Performance for the First Nine Months of FY2023 by Segment

(I) Business Performance by Segment

(Unit: Billions of yen)

		Net Sales			Operating Profit (Loss)		
		First Nine Months of FY2022	First Nine Months of FY2023	Increase (Decrease)	First Nine Months of FY2022	First Nine Months of FY2023	Increase (Decrease)
Reporting Segment	Household & Industrial Materials	594.5	612.4	3.0%	0.4	15.5	3,714.2%
	Functional Materials	167.6	173.9	3.8%	12.0	7.0	(41.7%)
	Forest Resources & Environment Marketing	324.0	271.2	(16.3%)	47.7	17.1	(64.2%)
	Printing & Communications Media	207.7	226.5	9.1%	(4.7)	12.1	-
	Total	1,293.7	1,283.9	(0.8%)	55.4	51.7	(6.8%)
Others		242.3	237.6	(2.0%)	6.7	4.7	(30.1%)
Total		1,536.1	1,521.5	(0.9%)	62.2	56.4	(9.3%)
Adjustment (*)		(239.4)	(229.1)		(2.7)	(0.0)	
Consolidated total		1,296.7	1,292.4	(0.3%)	59.5	56.4	(5.3%)

*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".

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, liquid packaging cartons, etc.

○Household and Industrial Materials

In the first nine months of FY2023, net sales amounted to ¥612.4 billion (year-on-year increase of 3.0%), and operating profit was ¥15.5 billion (year-on-year increase of 3,714.2%).

Regarding domestic business, although sales volumes of containerboard, corrugated container, boxboard, 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. As for disposable diapers, net sales of those for babies remained almost unchanged, while sales of those for adults increased from the previous year.

Regarding overseas business, in line with our strategy to further expand business in Southeast Asia and Oceania, sales volume of containerboard increased in Southeast Asia due to improved operating rate of the new containerboard machine started in October 2021. However, net sales decreased from the previous year due to deteriorating market conditions. Net sales of corrugated container also decreased due to sluggish demand in Southeast Asia despite the price revision in Oceania. As for disposable diapers, net sales increased due to sales expansion in Malaysia.

○Functional Materials

In the first nine months of FY2023, net sales amounted to ¥173.9 billion (year-on-year increase of 3.8%), and operating profit was ¥7.0 billion (year-on-year decrease of 41.7%).

Regarding domestic business, as for specialty paper, despite a decline in sales volume of release paper and its base paper in response to sluggish demand for electronic devices, net sales increased from the previous year due to sales expansion of strategic products, such as heat-sealable paper for major online retailers, and the price revision. As for thermal paper, net sales increased from the previous year due to the price revision, although sales volume decreased due to the ongoing inventory adjustment since the second half of FY2022.

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

○Forest Resources and Environment Marketing

In the first nine months of FY2023, net sales amounted to ¥271.2 billion (year-on-year decrease of 16.3%), and operating profit was ¥17.1 billion (year-on-year decrease of 64.2%).

Regarding domestic business, net sales almost remained unchanged from the previous year due to weak demand for lumber for construction and packaging in the lumber business, despite the steady sales of dissolving pulp and the start of operation of a new biomass power plant in Tokushima Prefecture from December 2022.

Regarding overseas business, net sales of pulp business and lumber business decreased from the previous year due to a decline in pulp market, as well as the impact of the cyclone damage at Pan Pac Forest Products Ltd. in New Zealand in February 2023 now still under restoration stage of its manufacturing facilities.

○Printing and Communications Media

In the first nine months of FY2023, net sales amounted to ¥226.5 billion (year-on-year increase of 9.1%), and operating profit was ¥12.1 billion (year-on-year increase of ¥16.8 billion).

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

Regarding overseas business, net sales at Jiangsu Oji Paper Co., Ltd., remained almost unchanged from the previous year due to the slow economic recovery following the end of the Zero-COVID policy.

2. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated quarterly balance sheets

(Unit : Millions of yen)

	FY2022 Mar 31,2023	First Nine Months / FY2023 Dec 31,2023
Assets		
Current assets		
Cash and deposits	50,774	80,237
Notes and accounts receivable - trade, and contract assets	377,368	389,099
Securities	6,299	6,471
Merchandise and finished goods	117,473	121,942
Work in process	23,510	25,939
Raw materials and supplies	140,337	142,326
Other	74,696	56,161
Allowance for doubtful accounts	(1,791)	(2,422)
Total current assets	788,670	819,756
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	216,045	222,625
Machinery, equipment and vehicles, net	407,869	425,062
Land	242,287	244,700
Other, net	342,031	399,567
Total property, plant and equipment	1,208,234	1,291,956
Intangible assets		
Goodwill	11,868	19,203
Other	14,119	15,483
Total intangible assets	25,988	34,686
Investments and other assets		
Investment securities	180,067	195,670
Other	95,029	100,190
Allowance for doubtful accounts	(1,972)	(1,837)
Total investments and other assets	273,124	294,023
Total non-current assets	1,507,347	1,620,666
Total assets	2,296,018	2,440,422

(Unit : Millions of yen)

	FY2022	First Nine Months /
	Mar 31,2023	FY2023
		Dec 31,2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	251,176	268,161
Short-term borrowings	226,739	177,275
Commercial papers	86,000	75,000
Income taxes payable	16,643	14,689
Provisions	7,337	8,560
Other	99,174	114,658
Total current liabilities	<u>687,070</u>	<u>658,345</u>
Non-current liabilities		
Bonds payable	155,000	155,000
Long-term borrowings	320,599	370,800
Provisions	6,344	7,321
Retirement benefit liability	53,537	55,253
Other	108,900	122,653
Total non-current liabilities	<u>644,383</u>	<u>711,028</u>
Total liabilities	<u>1,331,453</u>	<u>1,369,374</u>
Net assets		
Shareholders' equity		
Share capital	103,880	103,880
Capital surplus	85,892	85,728
Retained earnings	607,593	636,768
Treasury shares	(12,949)	(12,911)
Total shareholders' equity	<u>784,418</u>	<u>813,465</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,573	53,722
Deferred gains or losses on hedges	474	1,220
Revaluation reserve for land	5,716	5,716
Foreign currency translation adjustment	85,253	149,404
Remeasurements of defined benefit plans	19,514	17,684
Total accumulated other comprehensive income	<u>152,531</u>	<u>227,748</u>
Share acquisition rights	134	111
Non-controlling interests	27,480	29,721
Total net assets	<u>964,564</u>	<u>1,071,047</u>
Total liabilities and net assets	<u>2,296,018</u>	<u>2,440,422</u>

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

	(Unit : Millions of yen)	
	First Nine Months / FY2022	First Nine Months / FY2023
	Apr '22 - Dec '22	Apr '23 - Dec '23
Net sales	1,296,723	1,292,397
Cost of sales	1,044,241	1,045,220
Gross profit	<u>252,482</u>	<u>247,176</u>
Selling, general and administrative expenses		
Freight and incidental costs	103,879	93,511
Employees' salaries	42,014	44,827
Other	47,072	52,473
Total selling, general and administrative expenses	<u>192,966</u>	<u>190,813</u>
Operating profit	<u>59,515</u>	<u>56,363</u>
Non-operating income		
Interest income	1,013	1,856
Dividend income	3,105	3,324
Foreign exchange gains	10,407	10,225
Share of profit of entities accounted for using equity method	—	2,336
Other	7,229	5,567
Total non-operating income	<u>21,756</u>	<u>23,310</u>
Non-operating expenses		
Interest expenses	4,875	5,242
Share of loss of entities accounted for using equity method	782	—
Other	7,091	8,984
Total non-operating expenses	<u>12,749</u>	<u>14,227</u>
Ordinary profit	<u>68,522</u>	<u>65,446</u>
Extraordinary income		
Insurance claim income	417	4,651
Other	1,124	4,823
Total extraordinary income	<u>1,541</u>	<u>9,475</u>
Extraordinary losses		
Loss on disaster	52	6,297
Provision for loss on litigation	2,007	—
Loss on liquidation of subsidiary	1,352	—
Other	2,443	1,836
Total extraordinary losses	<u>5,856</u>	<u>8,133</u>
Profit before income taxes	<u>64,208</u>	<u>66,788</u>
Income taxes - current	19,177	20,544
Income taxes - deferred	4,745	2,437
Total income taxes	<u>23,923</u>	<u>22,981</u>
Profit	<u>40,284</u>	<u>43,806</u>
Profit attributable to non-controlling interests	1,162	1,476
Profit attributable to owners of parent	<u>39,122</u>	<u>42,330</u>

Consolidated quarterly statements of comprehensive income

	(Unit : Millions of yen)	
	First Nine Months / FY2022 Apr '22 - Dec '22	First Nine Months / FY2023 Apr '23 - Dec '23
Profit	40,284	43,806
Other comprehensive income		
Valuation difference on available-for-sale securities	8,295	11,141
Deferred gains or losses on hedges	(975)	703
Foreign currency translation adjustment	92,372	65,467
Remeasurements of defined benefit plans, net of tax	(1,965)	(1,375)
Share of other comprehensive income of entities accounted for using equity method	1,942	989
Total other comprehensive income	99,669	76,927
Comprehensive income	139,954	120,733
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	137,015	117,690
Comprehensive income attributable to non-controlling interests	2,938	3,043

(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