

OJI HOLDINGS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

**For the fiscal year ended March 31, 2020**

OJI HOLDINGS CORPORATION

## CONSOLIDATED BALANCE SHEETS

### As of March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note1)
	2020	2019	2020
<b>ASSETS</b>			
Current assets			
Cash and deposits (Note 9 (2))	73,943	¥ 78,756	\$679,438
Notes and accounts receivable-trade (Notes 9 (2), (9))	301,682	334,852	2,772,053
Marketable securities	10,381	9,471	95,391
Merchandise and finished goods (Note 9 (2))	98,483	101,940	904,933
Work in process (Note 9 (2))	23,467	20,094	215,637
Raw materials and supplies (Note 9 (2))	94,946	94,758	872,433
Short-term loans receivable (Note 9 (2))	3,749	6,294	34,456
Accounts receivable-other	20,232	14,531	185,910
Other (Note 9 (2))	15,407	14,603	141,573
Allowance for doubtful accounts	(1,811)	(1,838)	(16,648)
<b>Total current assets</b>	<b>640,484</b>	<b>673,465</b>	<b>5,885,180</b>
Non-current assets			
Property, plant and equipment			
Buildings and structures	670,400	662,001	6,160,068
Accumulated depreciation (Note 9 (7))	(482,113)	(473,139)	(4,429,971)
<b>Buildings and structures (Net)</b> (Notes 9 (2), (8))	<b>188,286</b>	<b>188,861</b>	<b>1,730,097</b>
Machinery, equipment and vehicles	2,376,088	2,369,868	21,833,024
Accumulated depreciation (Note 9 (7))	(2,078,455)	(2,051,165)	(19,098,184)
<b>Machinery, equipment and vehicles (Net)</b> (Notes 9 (2), (8))	<b>297,632</b>	<b>318,702</b>	<b>2,734,839</b>
Tools, furniture and fixtures	60,765	59,894	558,354
Accumulated depreciation (Note 9 (7))	(55,205)	(54,979)	(507,263)
<b>Tools, furniture and fixtures (Net)</b> (Notes 9 (2))	<b>5,560</b>	<b>4,914</b>	<b>51,090</b>
Land (Notes 9 (2), (5))	235,700	235,975	2,165,771
Forests (Note 9 (2))	109,664	110,882	1,007,669
Plantations (Notes 9 (2), (8))	85,858	89,719	788,926
Leased assets	50,587	9,012	464,832
Accumulated depreciation (Note 9 (7))	(15,738)	(6,715)	(144,617)
<b>Leased assets (Net)</b>	<b>34,849</b>	<b>2,296</b>	<b>320,215</b>
Construction in progress (Notes 9 (2))	58,241	33,404	535,159
<b>Total property, plant and equipment</b>	<b>1,015,794</b>	<b>984,759</b>	<b>9,333,770</b>
Intangible assets			
Goodwill	4,672	6,682	42,934
Other (Note 9 (2), (8))	8,388	9,903	77,077
<b>Total intangible assets</b>	<b>13,060</b>	<b>16,586</b>	<b>120,012</b>

OJI HOLDINGS CORPORATION

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
Investments and other assets			
Investment securities (Notes 9 (1), (2))	150,831	186,287	1,385,935
Long-term loans receivable (Note 9 (2))	7,558	7,398	69,454
Long-term prepaid expenses	3,998	21,336	36,741
Net defined benefit asset	32,019	37,115	294,216
Deferred tax assets	7,184	10,732	66,016
Other (Note 9 (2))	15,258	14,806	140,208
Allowance for doubtful accounts	(910)	(1,119)	(8,362)
Total investments and other assets	215,941	276,558	1,984,209
Total non-current assets	1,244,796	1,277,904	11,437,992
Total assets	¥1,885,280	¥ 1,951,369	\$17,323,172

OJI HOLDINGS CORPORATION

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
<b>LIABILITIES</b>			
Current liabilities			
Notes and accounts payable-trade (Notes 9 (2), (9))	¥209,669	¥ 253,929	\$ 1,926,577
Short-term loans payable (Note 9 (2))	172,027	193,175	1,580,697
Commercial paper	14,000	3,000	128,640
Current portion of bonds	20,000	20,000	183,772
Accounts payable-other (Note 9 (2))	16,330	16,705	150,051
Accrued expenses	48,485	48,912	445,518
Income taxes payable	22,984	17,941	211,192
Other	29,479	22,705	270,874
<b>Total current liabilities</b>	<b>532,976</b>	<b>576,369</b>	<b>4,897,326</b>
Non-current liabilities			
Bonds	80,000	70,000	735,091
Long-term loans payable (Note 9 (2))	295,647	334,402	2,716,595
Deferred tax liabilities	48,412	62,486	444,847
Deferred tax liabilities for land revaluation (Note 9 (5))	7,803	7,806	71,705
Net defined benefit liability	54,213	52,874	498,147
Long-term deposits	7,492	7,728	68,844
Other	27,078	24,295	248,813
<b>Total non-current liabilities</b>	<b>520,647</b>	<b>559,593</b>	<b>4,784,044</b>
<b>Total liabilities</b>	<b>¥ 1,053,623</b>	<b>¥ 1,135,963</b>	<b>\$9,681,370</b>
<b>NET ASSETS</b>			
Shareholders' equity			
Common stock	103,880	103,880	954,524
Capital surplus	110,750	110,474	1,017,650
Retained earnings	457,568	413,023	4,204,433
Treasury stock	(13,577)	(13,753)	(124,754)
<b>Total shareholders' equity</b>	<b>658,623</b>	<b>613,625</b>	<b>6,051,853</b>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	21,004	32,981	193,000
Deferred gains (losses) on hedges	(957)	317	(8,795)
Revaluation reserve for land (Note 9 (5))	5,813	5,816	53,414
Foreign currency translation adjustment	2,390	13,223	21,965
Remeasurements of defined benefit plans	5,261	11,428	48,344
<b>Total accumulated other comprehensive income</b>	<b>33,512</b>	<b>63,767</b>	<b>307,930</b>
Share acquisition rights	216	222	1,985
Non-controlling interests	139,305	137,790	1,280,032
<b>Total net assets</b>	<b>831,657</b>	<b>815,406</b>	<b>7,641,802</b>
<b>Total liabilities and net assets</b>	<b>¥1,885,280</b>	<b>¥ 1,951,369</b>	<b>\$ 17,323,172</b>

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENTS OF INCOME

Fiscal years ended March 31, 2020 and 2019

(Consolidated Statements of Income)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
Net sales	¥ 1,507,607	¥ 1,550,991	\$ 13,852,870
Cost of sales (Notes 10 (1), (2))	1,143,665	1,175,093	10,508,734
Gross profit	363,942	375,897	3,344,135
Selling, general and administrative expenses			
Freight expenses	141,674	149,421	1,301,797
Warehouse expenses	7,006	6,652	64,382
Salaries and wages	52,360	52,886	481,119
Retirement benefit expenses	1,214	883	11,158
Depreciation and amortization	5,582	5,151	51,291
Other	49,978	50,689	459,235
Total selling, general and administrative expenses (Note 10 (1))	257,816	265,685	2,368,985
Operating income	106,125	110,212	975,150
Non-operating income			
Interest income	2,172	2,081	19,966
Dividends income	3,146	3,386	28,914
Equity in earnings of affiliates (Note 10 (3))	2,889	12,593	26,552
Other	6,096	9,535	56,014
Total non-operating income	14,305	27,596	131,448
Non-operating expenses			
Interest expenses	6,948	6,419	63,843
Exchange loss	4,797	4,046	44,084
Other	7,396	8,973	67,961
Total non-operating expenses	19,142	19,439	175,889
Ordinary Profit	101,289	118,370	930,709
Extraordinary income			
Gain on sales of investment securities	5,070	2,091	46,594
Insurance claim income	1,513	904	13,905
Gain on return of assets from retirement benefits trust (Note 10 (4))	—	11,224	—
Other	508	1,271	4,669
Total extraordinary income	7,092	15,492	65,169
Extraordinary losses			
Loss on business restructuring (Note 10 (6))	2,758	1,348	25,350
Loss on disaster	2,583	3,716	23,739
Loss on disposal of non-current assets (Note 10 (5))	1,910	1,933	17,551
Impairment loss (Note 10 (6))	1,728	34,141	15,879
Other	1,262	1,925	11,596
Total extraordinary losses	10,242	43,065	94,117
Profit before income taxes	98,138	90,797	901,761
Income taxes-current	35,018	31,227	321,775
Income taxes-deferred	(1,380)	(6,560)	(12,688)
Total income taxes	33,637	24,667	309,087
Profit	64,500	66,130	592,673
Profit attributable to non-controlling interests	6,319	14,152	58,067

OJI HOLDINGS CORPORATION

Profit attributable to owners of parent	¥ 58,181	¥ 51,977	\$ 534,606
---	----------	----------	------------

The accompanying notes are an integral part of these financial statements.

**(Consolidated Statements of Comprehensive Income)**

**For the years ended March 31, 2020 and 2019**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
Profit	¥ 64,500	¥ 66,130	\$ 592,673
Other comprehensive income			
Valuation difference on available-for-sale securities	(11,030)	(5,054)	(101,357)
Deferred gains on hedges	(1,284)	501	(11,805)
Foreign currency translation adjustment	(11,565)	(21,945)	(106,270)
Remeasurements of defined benefit plans	(5,000)	(6,089)	(45,948)
Share of other comprehensive (loss)income of entities accounted for using equity method	(2,268)	(1,042)	(20,841)
Total other comprehensive (loss)income (Note 11(1))	(31,149)	(33,630)	(286,222)
Comprehensive income	¥ 33,351	¥ 32,499	\$ 306,451
(Breakdown)			
Comprehensive (loss)income attributable to owners of parent	¥ 28,020	¥ 22,603	\$ 257,474
Comprehensive income attributable to non-controlling interests	5,330	9,896	48,976

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

### Fiscal years ended March 31, 2020 and 2019

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2018	¥ 103,880	¥ 112,086	¥ 377,801	¥ (14,465)	¥ 579,303
Changes of items during the year					
Cash dividends	—	—	(10,900)	—	(10,900)
Profit attributable to owners of parent	—	—	51,977	—	51,977
Purchase of treasury stock	—	—	—	(50)	(50)
Disposal of treasury stock	—	(15)	—	41	25
Change in treasury stock arising from changes in equity in affiliates	—	—	—	68	68
Change of scope of consolidation	—	—	273	—	273
Transfer to capital surplus from retained earnings	—	15	(15)	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	(1,611)	—	—	(1,611)
Change in scope of equity method	—	—	(6,130)	651	(5,479)
Reversal of revaluation reserve for land	—	—	18	—	18
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	—	(1,611)	35,222	711	34,321
Balance at April 1, 2019	¥ 103,880	¥ 110,474	¥ 413,023	¥ (13,753)	¥ 613,625
Cumulative effects of changes in accounting policies	—	—	¥ (752)	—	¥ (752)
Restated balance	¥ 103,880	¥ 110,474	¥ 412,271	¥ (13,753)	¥ 612,872
Changes of items during the year					
Cash dividends	—	—	(12,883)	—	(12,883)
Profit attributable to owners of parent	—	—	58,181	—	58,181
Purchase of treasury stock	—	—	—	(582)	(582)
Disposal of treasury stock	—	(8)	—	758	750
Change in treasury stock arising from changes in equity in affiliates	—	—	—	0	0
Change of scope of consolidation	—	—	92	—	92
Increase by merger of consolidated subsidiaries	—	—	(88)	—	(88)
Transfer to capital surplus from retained earnings	—	8	(8)	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	276	—	—	276
Reversal of revaluation reserve for land	—	—	3	—	3
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	—	276	45,297	176	45,750
Balance at March 31, 2020	¥ 103,880	¥ 110,750	¥ 457,568	¥ (13,577)	¥ 658,623

OJI HOLDINGS CORPORATION

Millions of yen

	Accumulated other comprehensive income								
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2018	¥ 39,287	¥ (170)	¥ 5,835	¥ 31,973	¥ 17,412	¥ 94,338	¥ 246	¥ 136,122	¥ 810,011
Changes of items during the year									
Cash dividends	—	—	—	—	—	—	—	—	(10,900)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	51,977
Purchase of treasury stock	—	—	—	—	—	—	—	—	(50)
Disposal of treasury stock	—	—	—	—	—	—	—	—	25
Change in treasury stock arising from changes in equity in affiliates	—	—	—	—	—	—	—	—	68
Change of scope of consolidation	—	—	—	—	—	—	—	—	273
Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	(1,611)
Change in scope of equity method	—	—	—	—	—	—	—	—	(5,479)
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	18
Net changes of items other than shareholders' equity	(6,306)	487	(18)	(18,749)	(5,983)	(30,570)	(24)	1,668	(28,926)
Total changes of items during the year	(6,306)	487	(18)	(18,749)	(5,983)	(30,570)	(24)	1,668	5,395
Balance at April 1, 2019	¥ 32,981	¥ 317	¥ 5,816	¥ 13,223	¥ 11,428	¥ 63,767	¥ 222	¥ 137,790	¥ 815,406
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	¥ (504)	¥ (1,257)
Restated balance	¥ 32,981	¥ 317	¥ 5,816	¥ 13,223	¥ 11,428	¥ 63,767	¥ 222	¥ 137,286	¥ 814,149
Changes of items during the year									
Cash dividends	—	—	—	—	—	—	—	—	(12,883)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	58,181
Purchase of treasury stock	—	—	—	—	—	—	—	—	(582)
Disposal of treasury stock	—	—	—	—	—	—	—	—	750
Change in treasury stock arising from changes in equity in affiliates	—	—	—	—	—	—	—	—	0
Change of scope of consolidation	—	—	—	—	—	—	—	—	92



OJI HOLDINGS CORPORATION

Increase by merger of consolidated subsidiaries	—	—	—	—	—	—	—	—	(88)
Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	276
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	3
Net changes of items other than shareholders' equity	(11,976)	(1,274)	(3)	(10,832)	(6,167)	(30,255)	(6)	2,019	(28,242)
<b>Total changes of items during the year</b>	<b>(11,976)</b>	<b>(1,274)</b>	<b>(3)</b>	<b>(10,832)</b>	<b>(6,167)</b>	<b>(30,255)</b>	<b>(6)</b>	<b>2,019</b>	<b>17,507</b>
Balance at March 31, 2020	¥ 21,004	¥ (957)	¥ 5,813	¥ 2,390	¥ 5,261	¥ 33,512	¥ 216	¥ 139,305	¥ 831,657

Thousands of U.S. dollars (Note 1)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2019	\$ 954,524	\$ 1,015,114	\$ 3,795,129	\$ (126,380)	\$ 5,638,388
Cumulative effects of changes in accounting policies	—	—	\$ (6,918)	—	\$ (6,918)
Restated balance	\$ 954,524	\$ 1,015,114	\$ 3,788,211	\$ (126,380)	\$ 5,631,470
Changes of items during the year					
Cash dividends	—	—	(118,378)	—	(118,378)
Profit attributable to owners of parent	—	—	534,606	—	534,606
Purchase of treasury stock	—	—	—	(5,348)	(5,348)
Disposal of treasury stock	—	(74)	—	6,973	6,899
Change in treasury stock arising from changes in equity in affiliates	—	—	—	0	0
Change of scope of consolidation	—	—	848	—	848
Increase by merger of consolidated subsidiaries	—	—	(815)	—	(815)
Transfer to capital surplus from retained earnings	—	74	(74)	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	2,536	—	—	2,536
Reversal of revaluation reserve for land	—	—	35	—	35
Net changes of items other than shareholders' equity	—	—	—	—	—
<b>Total changes of items during the year</b>	<b>—</b>	<b>2,536</b>	<b>416,221</b>	<b>1,625</b>	<b>420,383</b>
Balance at March 31, 2020	\$ 954,524	\$ 1,017,650	\$ 4,204,433	\$ (124,754)	\$ 6,051,853

OJI HOLDINGS CORPORATION

Thousands of U.S. dollars (Note 1)

Accumulated other comprehensive income

	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controllin g interests	Total net assets
Balance at April 1, 2019	\$ 303,052	\$ 2,915	\$ 53,449	\$ 121,504	\$ 105,016	\$ 585,938	\$ 2,044	\$ 1,266,110	\$ 7,492,481
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	\$ (4,633)	\$ (11,551)
Restated balance	\$ 303,052	\$ 2,915	\$ 53,449	\$ 121,504	\$ 105,016	\$ 585,938	\$ 2,044	\$ 1,261,476	\$ 7,480,930
Changes of items during the year									
Cash dividends	—	—	—	—	—	—	—	—	(118,378)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	534,606
Purchase of treasury stock	—	—	—	—	—	—	—	—	(5,348)
Disposal of treasury stock	—	—	—	—	—	—	—	—	6,899
Change in treasury stock arising from changes in equity in affiliates	—	—	—	—	—	—	—	—	0
Change of scope of consolidation	—	—	—	—	—	—	—	—	848
Increase by merger of consolidated subsidiaries	—	—	—	—	—	—	—	—	(815)
Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	2,536
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	35
Net changes of items other than shareholders' equity	(110,051)	(11,710)	(35)	(99,538)	(56,671)	(278,007)	(59)	18,555	(259,511)
Total changes of items during the year	(110,051)	(11,710)	(35)	(99,538)	(56,671)	(278,007)	(59)	18,555	160,871
Balance at March 31, 2020	\$ 193,000	\$ (8,795)	\$ 53,414	\$ 21,965	\$ 48,344	\$ 307,930	\$ 1,985	\$ 1,280,032	\$ 7,641,802

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
Cash flows from operating activities			
Profit before income taxes	¥98,138	¥ 90,797	\$901,761
Depreciation and amortization	63,379	69,527	582,372
Impairment loss	1,728	34,141	15,879
Amortization of goodwill	1,898	1,685	17,447
Depletion of standing timber	8,656	8,457	79,540
Increase (decrease) in allowance for doubtful accounts	(211)	74	(1,942)
(Increase) decrease in net defined benefit asset	(2,468)	(3,490)	(22,684)
Increase in net defined benefit liability	1,750	2,192	16,086
Interest and dividend income	(5,319)	(5,468)	(48,880)
Interest expenses	6,948	6,419	63,843
Exchange loss (gain)	2,475	3,825	22,745
Equity in (earnings) losses of affiliates	(2,889)	(12,593)	(26,552)
Loss (gain) on sales of investment securities	(4,867)	(1,521)	(44,726)
Loss (gain) on revaluation of investment securities	287	56	2,637
Loss (gain) on return of assets from retirement benefits trust	—	(11,224)	—
Loss on disposal of non-current assets	1,910	1,933	17,551
Loss (gain) on sales of non-current assets	(231)	(132)	(2,123)
Business structure improvement expenses	2,758	1,348	25,350
(Increase) decrease in trade receivables	31,729	(14,005)	291,554
(Increase) decrease in inventories	(1,968)	(16,365)	(18,092)
Increase (decrease) in trade payables	(42,609)	6,381	(391,525)
Other	(7,092)	(6,134)	(65,172)
<b>Subtotal</b>	<b>154,002</b>	<b>155,905</b>	<b>1,415,070</b>
Interest and dividend income received	6,231	6,372	57,258
Interest paid	(5,892)	(6,366)	(54,140)
Income taxes paid	(29,850)	(15,339)	(274,282)
<b>Net cash provided by operating activities</b>	<b>124,491</b>	<b>140,571</b>	<b>1,143,905</b>
Cash flows from investing activities			
Proceeds from sales and redemption of marketable securities	2,730	70	25,093
Payment for acquisition of property, plant, equipment and intangible assets	(92,454)	(59,197)	(849,535)
Proceeds from sales of property, plant, equipment and intangible assets	594	530	5,460
Payment for acquisition of investment securities	(1,190)	(11,246)	(10,940)
Proceeds from sales and redemption of investment securities	25,543	5,131	234,714
Payment for loans receivable	(1,113)	(1,858)	(10,232)
Proceeds from collection of loans receivable	2,383	1,038	21,902
Other	(1,295)	(1,104)	(11,903)

OJI HOLDINGS CORPORATION

Net cash used in investing activities	(64,801)	(66,636)	(595,441)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	17,715	(21,047)	162,780
Net increase (decrease) in commercial paper	11,000	2,000	101,075
Proceeds from long-term loans payable	4,203	26,897	38,619
Repayment of long-term loans payable	(80,650)	(21,004)	(741,067)
Proceeds from issuance of bonds	29,789	29,795	273,721
Payment for redemption of bonds	(20,000)	(40,000)	(183,772)
Payments from changes in ownership interests in subsidiaries that do not result in change of scope of consolidation	(172)	(10,424)	(1,587)
Repayments of lease obligations	(4,770)	(1,031)	(43,838)
Payment for purchase of treasury stock	(548)	(50)	(5,037)
Proceeds from disposal of treasury shares	577	1	5,302
Dividends paid	(12,883)	(10,900)	(118,378)
Dividends paid to non-controlling interests	(2,215)	(728)	(20,360)
Other	(192)	953	(1,767)
Net cash used in financing activities	(58,148)	(45,539)	(534,310)
Effect of exchange rate change on cash and cash equivalents	(1,737)	(2,241)	(15,963)
Net increase (decrease) in cash and cash equivalents	(196)	26,152	(1,809)
Cash and cash equivalents at the beginning of the year	82,794	58,343	760,768
Increase in cash and cash equivalents resulting from mergers of subsidiaries	9	20	89
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(216)	(1,722)	(1,993)
Cash and cash equivalents at the end of the year (Note 13 (1))	¥ 82,390	¥ 82,794	\$ 757,054

The accompanying notes are an integral part of these financial statements.

## Notes to Consolidated Financial Statements

### 1. Basis of Preparation

- (1) The accompanying consolidated financial statements of Oji Holdings Corporation (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects to the application and disclosure requirements of International Financial Reporting Standards, and which are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.
- (2) Certain amounts in the financial statements as of and for the fiscal year ended March 31, 2019 have been reclassified to conform to the presentation in the financial statements as of and for the fiscal year ended March 31, 2020.
- (3) The accompanying consolidated financial statements are expressed in yen, and solely for the convenience of the reader, have been translated into U.S. dollars at the rate of ¥ 108.83 to U.S. \$ 1.00, the approximate rate of exchange prevailing at March 31, 2020. This translation should not be construed as a representation that the yen amounts shown could be converted into U.S. dollars at the above or any other rate.

### 2. Scope of Consolidation

- (1) Number of consolidated subsidiaries: 189 (190 in the year ended March 31, 2019)

Main consolidated subsidiaries include:

Oji Container Co., Ltd., Oji Materia Co., Ltd., Oji Seitai Co., Ltd., Oji Packaging Co., Ltd., Oji Nepia Co., Ltd., Morishigyo Co., Ltd., Oji Interpack Co., Ltd., Chuetsu Package Co., Ltd., Oji Adba Co., Ltd., Oji Asia Packaging Sdn. Bhd., GS Paperboard & Packaging Sdn. Bhd., Oji Asia Household Product Sdn. Bhd., Harta Packaging Industries Sdn. Bhd., People & Grit (M) Sdn. Bhd., S. Pack & Print Public Co., Ltd., Ojtex Haiphong Co., Ltd., Ojtex (Vietnam) Co., Ltd., Oji Packaging (Shanghai) Co., Ltd., Suzhou Oji Packaging Co., Ltd., Oji Tac Co., Ltd., Oji Kinocloth Co., Ltd., Oji F-TEX Co., Ltd., Oji Imaging Media Co., Ltd., New Tac Kasei Co., Ltd., Chuetsu Co., Ltd., Shinomura Chemical Industry Co., Ltd., Oji Papéis Especiais Ltda., Kanzaki Specialty Papers Inc., KANZAN Spezialpapiere GmbH, Oji Paper (Thailand) Ltd., Tele-Paper (M) Sdn. Bhd., Oji Label (Thailand) Ltd., Hyper-Region Labels Sdn. Bhd., Oji Kinocloth (Shanghai) Co., Ltd., Japan Brazil Paper and Pulp Resources Co., Ltd., Oji Cornstarch Co., Ltd., MPM Oji Eco-Energy Co., Ltd., Oji Green Resources Co., Ltd., Oji Forest & Products Co., Ltd., Oji Green Energy Ebetsu Co., Ltd., Oji Green Energy Nichinan Co., Ltd., Celulose Nipo-Brasileira S.A., Pan Pac Forest Products Ltd., Oji Paper Co., Ltd., Jiangsu Oji Paper Co., Ltd., Oji Fibre Solutions (NZ) Ltd., Oji Oceania Management Co., Ltd., Oji Oceania Management (NZ) Ltd., Oji Logistics Co., Ltd., Kyokuyo Co., Ltd., Oji Engineering Co., Ltd., Oji Real Estate Co., Ltd., Ginpo Pack Co., Ltd., Hotel New Oji Co., Ltd., Oji Management Office Inc., and 134 other companies

Changes in the consolidated subsidiaries during the year ended March 31, 2020 are as follows:

The Company has newly added 1 company into the scope of consolidation effective from the fiscal year ended March 31, 2020. The reason for this was the establishment. In addition, 2 companies have been excluded from the scope of consolidation due to a decrease in materiality.

- (2) Main unconsolidated subsidiaries:  
PT. Korintiga Hutani, Tomakomai Energy Kosha Co., Ltd. and DHC Ginza Co., Ltd.
- (3) Reasons for excluding from the consolidation scope:  
These companies are excluded from the scope of consolidation, as all are small-sized companies and their total assets, net sales, profit (corresponding to equity share), retained earnings (corresponding to equity

share), etc., do not have significant impact on the consolidated financial statements.

### 3. Application of the Equity Method

- (1) Unconsolidated subsidiaries and affiliates to which the equity method was applied: 1 (1 in the year ended March 31, 2019)

Company name: PT. Korintiga Hutani

Number of affiliates under the equity method: 23 (23 in the year ended March 31, 2019)

Main affiliates accounted for using the equity method include:

Mitsubishi Paper Mills Limited, Chuetsu Pulp & Paper Co., Ltd., Okayama Paper Industries Co., Ltd., Sunshine Oji (Shouguang) Specialty Paper Co., Ltd., PT Oji Indo Makmur Perkasa, and other 18 companies.

- (2) Main unconsolidated subsidiaries and affiliates to which the equity method was not applied: Tomakomai Energy Kosha Co., Ltd. and DHC Ginza Co., Ltd.

- (3) Reasons for exclusion from application of the equity method:

Unconsolidated subsidiaries and affiliates have not been included in scope of the equity method application as their total profit (corresponding to equity share), retained earnings (corresponding to equity share), etc., do not have significant impact on the consolidated financial statements.

### 4. Matters Concerning the Fiscal Year of Consolidated Subsidiaries

The fiscal year-end of the Company's following consolidated subsidiaries is December 31:

Oji Papéis Especiais Ltda., Celulose Nipo-Brasileira S.A., Jiangsu Oji Paper Co., Ltd., Oji Fibre Solutions (NZ) Ltd. and 82 other companies.

For the purpose of preparing the consolidated financial statements, the above companies' financial statements as of the end of their respective fiscal years were used.

Adjustments were made as necessary for the purpose of consolidation in respect of the material transactions that occurred between such fiscal year-end dates and the consolidated account closing date. For some of these consolidated subsidiaries, the Company used financial statements, prepared on a provisional basis at the Company's closing date using the same close process as used for the preparation of the full-year accounts.

### 5. Matters Concerning Accounting Policies

- (1) Method of valuation of significant assets

- (i) Securities

Held-to-maturity debt securities:

Stated at cost using the amortized cost method.

Available-for-sale securities

Securities with market quotations:

Stated at fair value based on the market price as of the end of the fiscal period (the valuation difference is accounted for as a separate component of net assets and securities sold calculated using the moving-average method).

Securities without market quotations:

Stated at cost using the moving-average method.

- (ii) Derivatives

Stated at fair value

- (iii) Inventories

Mainly stated at cost using the periodic average method

(The balance sheets amount is calculated by writing down amounts to the net realizable value based on any decline in profitability)

## (2) Depreciation method of significant depreciable assets

## (i) Property, plant and equipment (excluding leased assets)

Declining balance method (however, the straight-line method is applied to buildings acquired on or after April 1, 1998 (excluding improvements), improvements of buildings and structures acquired on or after April 1, 2016 and for certain consolidated subsidiaries)

## (ii) Leased assets

Depreciation of leased assets is calculated by using the straight-line method over the period of the lease contract term with no residual value.

## (3) Significant provisions

## Allowance for doubtful accounts

In order to prepare for potential credit losses on receivables outstanding at the end of the fiscal year, a provision is recorded in respect of an estimated uncollectible amount based on the historical rate of credit loss with respect to normal receivables as well as an amount determined after consideration of the specific collectability of individual accounts receivable and certain other receivables.

## (4) Accounting treatment for retirement benefits

## (i) Method of allocating projected retirement benefit obligation to periods

The benefit formula method is used for attributing the estimated amount of the retirement benefit obligation to periods up to the end of the fiscal year under review in the calculation of net defined benefit liability.

## (ii) Amortization of actuarial gains and losses and prior service costs

Prior service costs are amortized as incurred using the straight-line method over a period reflecting the average remaining service period (11 – 19 years) of the employees in service during the period in which costs arise. Actuarial gains and losses are amortized from the fiscal year following recognition using the straight-line method over a period reflecting the average remaining service period (11 – 20 years) of the employees in service during the period in which they arise.

## (iii) Adoption of simplified method at small-scale companies, etc.

Certain consolidated subsidiaries use a simplified method, which uses the net defined benefit liability to be the benefits payable assuming the voluntary retirement of all employees at the fiscal year-end, to calculate the net defined benefit liability and retirement benefit expenses.

## (5) Standards for translation of significant foreign-currency denominated assets and liabilities into Japanese yen

Foreign-currency denominated monetary claims and obligations are translated into yen using the spot exchange rate on the account closing date, and translation differences are recorded in the consolidated statements of income. The assets, liabilities, income and expenses of overseas subsidiaries, etc., are translated into yen using the spot exchange rate on the account closing date, and translation differences are recorded in foreign currency translation adjustments and non-controlling interests under net assets.

## (6) Significant method for hedge accounting

## (i) Hedge accounting method

In principle the Group adopts the deferred hedge accounting method for hedging instruments whereby any gains or losses arising from the instrument are deferred over the period of the hedging contract and are offset against the deferred losses or gains on the related hedged items. However, when an interest rate swap contract meets certain conditions, the net amount to be paid or received under the contract is added to or deducted from the interest on the hedged items (special treatment). Foreign currency transactions hedged by forward exchange contracts which meet certain conditions for hedge accounting are reported at the forward rate and the resulting differences between the spot rate and the forward rate amortized over the life of the contract (appropriate treatment). Transactions hedged by interest and

currency swaps which meet certain conditions for integrated treatment (special treatment, appropriate treatment) are accounted for using the integrated treatment.

(ii) Hedging instruments and hedged items

<u>Hedging instruments</u>	<u>Hedged items</u>
Foreign exchange forward contracts	Monetary assets/liabilities denominated in foreign currencies
Currency options	Monetary assets denominated in foreign currencies
Interest rate and currency swaps	Foreign-currency denominated loans payable
Interest rate swaps	Loans payable
Commodity swaps	Electricity

(iii) Hedging policy

The risk management policy of the Group requires hedging against foreign exchange risk, interest rate risk and raw material price risk arising in the normal course of the business.

(iv) Method for assessing the hedge effectiveness

At the end of each fiscal year, hedge effectiveness with respect to the hedging instruments and hedged items is assessed for each hedging transaction. This annual assessment excludes any transaction where important terms and conditions such as principal, interest rate and duration are identical between the assets/liabilities of hedging instruments and hedged items.

(7) Method and period for amortizing goodwill

Goodwill is amortized using the straight-line method over a period reflecting the estimated useful life of each acquisition capped at a maximum of 20 years. If the value of goodwill is immaterial, the aggregate amount is written off in the fiscal year in which it arises.

(8) Scope of funds in consolidated statements of cash flows

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash on hand, demand deposits, and short-term liquid investments that mature within three months from the purchase date and can be readily converted into cash with little risk of change in value.

(9) Other significant fundamental matters for preparing the consolidated financial statements

(i) Accounting for consumption tax

Consumption tax and local consumption taxes are accounted for under the tax exclusion method with transactions being recorded at amounts exclusive of such taxes.

(ii) Application of consolidated taxation system

Consolidated taxation system is applied.

(The application of the treatment of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system)

Concerning items which transitioned to the group tax sharing system and those for which the non-consolidated tax payment system were reviewed in tandem with the transition to the group tax sharing system, which has been established under the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 8 of 2020), the Company and some of its consolidated domestic subsidiaries have not applied the provisions of Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), in accordance with Paragraph 3 of “Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ Practical Issues Task Force No.39, March 31, 2020). As a result, the amounts of deferred tax assets and deferred tax liabilities are reported based on the provisions of the tax act before the amendment.

## 6. Changes in Accounting Policies



**(Application of IFRS 16 “Leases”)**

The Oji Group’s IFRS-compliant subsidiaries have applied IFRS 16 “Leases” from the beginning of the current consolidated fiscal year. Accordingly, right-of-use assets and lease liabilities are recognized at the initial application date, in principle, for all leases. As a transitional measure upon the application, the subsidiaries have adopted a method, permitted as the transition provisions of IFRS 16, to recognize the cumulative effect as an adjustment to the beginning balance at the date of initial adoption.

As a result, the consolidated balance sheet for the current consolidated fiscal year includes an increase in “Leased assets, net” in “Property, plant and equipment” of 15,720 million (\$ 144,450 thousand), an increase in “Other” in “Current liabilities” of 2,353 million (\$ 21,621 thousand), and an increase in “Other” in “Non-current liabilities” of 15,932 million (\$ 146,398 thousand). In addition, land-use rights of 16,440 million (\$ 151,066 thousand), which were previously included in “Long-term prepaid expenses” in “Investment and other assets”, are included in “Leased assets, net” in “Property, plant and equipment” as right-of-use assets.

In the consolidated statement of cash flows for the current consolidated fiscal year, cash flow from operating activities increased by 3,913 million (\$ 35,959 thousand) and cash flow from financing activities decreased by the same amount.

As the cumulative effect on net assets at the beginning of the current consolidated fiscal year was reflected, the consolidated statement of changes in net assets includes a decrease in the beginning balance of “Retained earnings” of 752 million (\$ 6,918 thousand) and a decrease in the beginning balance of “Non-controlling interests” of 504 million (\$ 4,633 thousand).

The impact of the application of this accounting standard on the consolidated statement of income and the per share information for the current consolidated fiscal year is immaterial.

**(Application of Financial Accounting Standards Board Accounting Standards Update (ASU) No.2014-09 "Revenue from Contracts with Customers (Topic 606)")**

The Oji Group’s US GAAP-compliant subsidiaries have applied ASU No. 2014-09 "Revenue from Contracts with Customers (Topic 606)" from the beginning of the current consolidated fiscal year. The impact of the application of this accounting standard on the consolidated financial statement for the current consolidated fiscal year is immaterial.

**(Accounting Standard, etc., Issued but Not Yet Applied)****1. The Company and domestic subsidiaries and affiliates**

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, Accounting Standards Board of Japan)
- Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 31, 2020, Accounting Standards Board of Japan)
- Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020, Accounting Standards Board of Japan)

**(1) Overview**

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States jointly developed comprehensive accounting standards for revenue recognition and published Revenue from Contracts with Customers (IFRS 15 in the IASB and Topic 606 in the FASB) in May 2014. In line with this development, the Accounting Standards Board of Japan (ASBJ) has developed comprehensive accounting standards for revenue recognition and published them together with the implementation guidance.

The basic policy of the ASBJ in developing the accounting standard for revenue recognition was to incorporate the basic principles of IFRS 15 as a starting point, and thereby aid the comparability of financial statements, while also adding alternative accounting treatments to reflect the Japanese market and practices to the extent that these do not detract from the overall comparability of the financial statements.

**(2) Planned application date**

To be applied from the beginning of the fiscal year ending March 31, 2022

**(3) Impact of the application of the above accounting standard, etc.**

The amount of the impact on the consolidated financial statements from the application of the

Accounting Standard for Revenue Recognition, etc. is currently being assessed.

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, Accounting Standards Board of Japan)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 4, 2019, Accounting Standards Board of Japan)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019, Accounting Standards Board of Japan)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019, Accounting Standards Board of Japan)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020, Accounting Standards Board of Japan)

(1) Overview

The ASBJ has promoted an initiative to enhance the comparability of the requirements of Japanese and international accounting standards, primarily in the areas of guidance on the fair value of financial instruments and their disclosure. To this end, ASBJ has issued the Accounting Standard for Fair Value Measurement, etc., in consideration of the fact that the IASB and the FASB have prescribed similarly detailed guidance (IFRS No.13 Fair Value Measurement issued by IASB and Accounting Standard Codification Topic 820 Fair Value Measurement issued by FASB).

The ASBJ's fundamental policies for developing the Accounting Standard for Fair Value Measurement, etc. are to include all requirements of IFRS No.13 so as to enhance the comparability of financial statements of domestic and overseas companies by prescribing uniform measurement methods, and exceptional treatments in consideration of established accounting conventions in Japan without compromising the comparability of financial statements.

(2) Planned application date

To be applied from the beginning of the fiscal year ending March 31, 2022

(3) Impact of the application of the above accounting standard, etc.

The amount of the impact on the consolidated financial statements from the application of the Accounting Standard for Fair Value Measurement, etc. is currently being assessed.

- Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020, Accounting Standards Board of Japan)

(1) Overview

With regard to the disclosure of sources of estimation uncertainty required by paragraph 125 International Accounting Standards (IAS) 1 Presentation of Financial Statements (IAS 1) issued in 2003 by the International Accounting Standards Boards (IASB), because this information is of value to users of the financial statements, there were requests to consider disclosing this under Japanese GAAP as information included in explanatory notes, and the ASBJ developed and issued the Accounting Standard for Disclosure of Accounting Estimates.

The basic approach taken by the ASBJ in the development of Accounting Standard for Disclosure of Accounting Estimates was, rather than to expand individual notes, to state the general principle (disclosure objectives), and then to allow the company to make decision on specific content to be disclosure in light of disclosure objectives. In the development, the ASBJ also made it its policy to make a reference to the provisions of paragraph 125 of IAS 1.

(2) Planned application date

To be applied at the end of the fiscal year ending March 31, 2021

- Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections (ASBJ Statement No. 24, March 31, 2020, Accounting Standards Board of Japan)

(1) Overview

Having been presented with a proposal that consideration should be given to enriching the information in the explanatory notes on the principles and procedures for accounting treatments adopted in cases where the provisions of relevant accounting standards and regulations are not clear, the ASBJ performed the necessary revisions to the standard, and issued the revised standard as the Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections.

In addition, when seeking to enrich the information in the explanatory notes on the principles and procedures for accounting treatments adopted in cases where the provisions of relevant accounting standard and regulations are not clear, in order to avoid affecting business that has been conducted under conditions where the provisions of relevant accounting standards and regulations are clear, it is assumed to inherit the provisions of the Annotations on the Corporate Accounting Principles (Annotation No. 1-2).

(2) Planned application date

To be applied at the end of the fiscal year ending March 31, 2021

2. Overseas subsidiaries and affiliates

As of March 31, 2020, of those newly established or revised accounting standards the Group has not applied the following standards:

The amount of the impact from the application of the accounting standards noted below is currently being assessed.

Name of accounting standards, etc.	Outline	Fiscal year in which Company will apply standard, etc.
Leases ASU 2016-02	Revisions to accounting for leases	Fiscal year ending March 31, 2023

## 7. Changes in Presentation Method

(1) Consolidated Statements of Income

“Insurance claim income,” which was included in “Other” in “Extraordinary income” for the fiscal year ended March 31, 2019, has increased in materiality and is presented separately for the fiscal year ended March 31, 2020. To reflect this change in the method of presentation, the consolidated statement of income for the fiscal year ended March 31, 2019 has been restated.

As a result, ¥ 2,175 million that had been presented as “Other” in “Extraordinary income” in the consolidated statement of income for the fiscal year ended March 31, 2019 is now reclassified, and ¥ 904 million is presented in “Insurance claim income” and ¥ 1,271 million is presented in “Other.”

“Loss on business restructuring,” “Loss on disaster,” and “Loss on disposal of non-current assets,” which were included in “Other” in “Extraordinary losses” for the fiscal year ended March 31, 2019, have increased in materiality and are presented separately for the fiscal year ended March 31, 2020. To reflect these changes in the method of presentation, the consolidated statement of income for the fiscal year ended March 31, 2019 has been restated.

As a result, ¥ 8,923 million that had been presented as “Other” in “Extraordinary losses” in the consolidated statement of income for the fiscal year ended March 31, 2019 is now reclassified, and ¥ 1,348 million is presented in “Loss on business restructuring” and ¥ 3,716 million is presented in “Loss on disaster,” ¥ 1,933 million is presented in “Loss on disposal of non-current assets,” and ¥ 1,925 million is presented in “Other.”

(2) Consolidated Statements of Cash Flows

“Loss (gain) on revaluation of investment securities,” which was included in “Other” in “Cash flows from operating activities” for the fiscal year ended March 31, 2019, has increased in materiality and is presented separately for the fiscal year ended March 31, 2020. To reflect this change in the method of presentation, the consolidated statement of cash flows for the fiscal year ended March 31, 2019 has been restated.

As a result, ¥ (6,078) million that had been presented as “Other” in “Cash flows from operating activities” in the consolidated statement of cash flows for the fiscal year ended March 31, 2019 is now reclassified, and ¥ 56 million is presented in “Loss (gain) on revaluation of investment securities,” and ¥ (6,134) million is presented in “Other.”

“Repayments of lease obligations,” “Proceeds from disposal of treasury shares,” and “Dividends paid to non-controlling interests,” which were included in “Other” in “Cash flows from financing activities,” for the fiscal year ended March 31, 2019, have increased in materiality and are presented separately for the fiscal year ended March 31, 2020. To reflect this change in the method of presentation, the consolidated statement of cash flows for the fiscal year ended March 31, 2019 has been restated.

As a result, ¥ (805) million that had been presented as “Other” in “Cash flows from operating activities” in the consolidated statement of cash flows for the fiscal year ended March 31, 2019 is now reclassified, and ¥ 1 million is presented in “Proceeds from disposal of treasury shares,” and ¥ (1,031) million is presented in “Repayments of lease obligations,” and ¥ (728) million is presented in “Dividends paid to non-controlling interests,” and ¥ 953 million is presented in “Other.”

## **8. Additional Information**

(Accounting estimates)

The global economic downturn caused by the spread of the Coronavirus Disease 2019 (COVID-19) has an impact on the Oji Group. Accounting estimates related to the recoverability of deferred tax assets and impairment of fixed assets etc. are made assuming that sales volume will decrease primarily in printing papers and will gradually recover over time.

## 9. Notes to Consolidated Balance Sheets

### (1) Investments in unconsolidated subsidiaries and affiliates

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2020	2019	2020
Stocks	¥ 70,391	¥ 69,757	\$646,804
Investments in capital	98	98	905

### (2) Assets pledged as collateral

- (i) Mortgages and revolving mortgages were entered into with respect to the assets indicated below for short-term loans payable (¥ 3,480 million (\$ 31,976 thousand)) (¥3,510 million as of March 31, 2019), for long-term loans payable (including the amount scheduled to be repaid within one year) (¥ 1,930 million (\$ 17,734 thousand)) (¥ 2,132 million as of March 31, 2019), notes and accounts payable-trade (¥ 411 million (\$ 3,781 thousand)) (¥ 400 million as of March 31, 2019), and accounts payable-other (¥ 3 million (\$ 28 thousand)).

	Book value		
	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2020	2019	2020
Cash and deposits	¥ 1,956	¥ 3,537	\$ 17,975
Notes and accounts receivable-trade	2,278	3,267	20,937
Merchandise and finished goods	1,404	2,209	12,903
Work in process	15	20	138
Raw materials and supplies	484	536	4,452
Short-term loans receivable	3,931	4,630	36,129
Current assets - other	2,449	2,953	22,511
Buildings and structures	6,866	9,663	63,092
Machinery, equipment and vehicles	8,188	9,115	75,236
Tools, furniture and fixtures	128	151	1,185
Land	7,861	12,199	72,232
Forests	919	897	8,445
Plantations	17,527	18,859	161,055
Construction in progress	720	988	6,622
Intangible assets - other	1,029	1,274	9,455
Investment securities	831	926	7,644
Investment and other asset - other	20	20	183
Total	¥ 56,613	¥ 71,251	\$ 520,204

- (ii) Industrial mortgages and industrial factory foundation revolving industrial mortgages entered into with respect to the assets indicated below for short-term loans payable (¥ 285 million (\$ 2,618 thousand), (¥ 285 million as of March 31, 2019)).

	Book value		
	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2020	2019	2020
Buildings and structures	¥276	¥ 469	\$ 2,537
Machinery, equipment and vehicles	279	477	2,567
Tools, furniture and fixtures	18	13	168
Land	1,024	1,024	9,409
Total	¥ 1,597	¥ 1,984	\$ 14,682

- (iii) Assets pledged as collateral for long-term loans payable (including the amount scheduled to be repaid within one year) (¥ 72 million as of March 31, 2019).

	Book value		
	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2020	2019	2020
Long-term loans receivable	¥—	¥ 120	\$—

(3) Contingent liabilities

Guarantee obligations

The Company has committed to provide the following guarantees for loans and others of unconsolidated subsidiaries and affiliates from banks and other financial institutions as of March 31, 2020 and 2019 respectively.

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2020	2019	2020
PT. Korintiga Hutani	¥6,965	¥ 7,103	\$64,005
Forest Corporation, Tokyo Branch	6,058	7,918	55,664
Other	1,431	1,496	13,151
Total	¥ 14,454	¥ 16,518	\$ 132,821

(4) Notes discounted, etc.

Notes discounted: ¥ 10,386 million (\$ 95,434 thousand) and ¥ 13,631 million as of March 31, 2020 and 2019, respectively

Notes receivable endorsed: ¥ 222 million (\$ 2,048 thousand) and ¥ 849 million as of March 31, 2020 and 2019, respectively

(5) Revaluation reserve for land

Pursuant to the “Law on Revaluation of Land” (Law No. 34 of March 31, 1998) and the “Law on Partial Amendment to the Law on Revaluation of Land” (Law No. 19 of March 31, 2001), the Group performed revaluation of land for business use held by certain consolidated subsidiaries on March 31, 2002.

Pursuant to the “Law on Partial Amendment to the Law on Revaluation of Land” (Law No. 24 of March 31, 1999), the Group recorded the appropriate tax amount relevant to such revaluation of land as “Deferred tax liabilities on revaluation of land” in the liabilities section, and revaluation of land after deduction of such tax amount as “Revaluation reserve for land” in the net assets section.

(i) Revaluation method: The value is calculated based on the property tax valuation prescribed in Article 2, Item 3 of the “Enforcement Order on Law on Revaluation of Land” (Cabinet Order No. 119 promulgated on March 31, 1998) and the land value designated as the tax basis for land value tax as prescribed in Article 2, Item 4 thereof.

(ii) Revaluation date: March 31, 2002

(6) Loan commitment (borrower)

The Company entered into loan commitment agreements with correspondent financial institutions for the purpose of achieving efficient use of working capital.

The balances of the unused portions under the agreement as of March 31, 2020 and 2019 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2020	2019	2020
Aggregate amount of loan commitment	¥ 50,000	¥ 50,000	\$ 459,432
Balance of loan outstanding	—	—	—
Unused portion	¥ 50,000	¥ 50,000	\$ 459,432

- (7) Accumulated depreciation includes accumulated impairment losses.
- (8) The amounts of advanced depreciation deducted directly from the acquisition costs of certain non-current assets for the fiscal years ended March 31, 2020 and 2019 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2020	2019	2020
Buildings and structures	¥ 22	¥ 11	\$ 203
Machinery, equipment and vehicles	297	57	2,738
Plantations	262	181	2,410
Intangible assets	—	0	—
Total	¥ 582	¥ 250	\$ 5,352

- (9) Accounting treatment for notes, etc. matured as of the end of the consolidated fiscal year  
Notes, etc. matured as of the end of the consolidated fiscal year are settled on their clearing days. Since March 31, 2019 was a holiday for financial institutions, the notes, etc. matured as of that date were included in the balance at March 31, 2019 as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2020	2019	2020
Notes receivables	—	¥ 6,517	\$—
Notes payables	—	11,577	—

## 10. Notes to Consolidated Statements of Income

- (1) Research and development expenses included in selling, general and administrative expenses and manufacturing costs for the fiscal years ended March 31, 2020 and 2019 were ¥ 9,088 million (\$ 83,513 thousand) and ¥ 8,769 million, respectively.
- (2) The amount of inventories stated on the balance sheet at the end of the year is calculated by writing down the value based on any decline in profitability.  
The loss on valuation of inventories included in the cost of sales for the fiscal years ended March 31, 2020 and 2019 was ¥ 166 million (\$ 1,527 thousand) and ¥ 326 million, respectively.
- (3) Equity in earnings of affiliates  
Due to payments related to the issuance of shares through third party allotment from Mitsubishi Paper Mills Limited (“Mitsubishi Paper Mills”) and the acquisition of shares of Mitsubishi Paper Mills from shareholders of Mitsubishi Paper Mills, an amount of ¥ 10,884 million is included, which is equivalent to the negative goodwill arising with the application of the equity method to Mitsubishi Paper Mills.
- (4) Gain on return of assets from retirement benefits trust  
At consolidated subsidiaries, retirement benefits trust assets were substantially greater than retirement benefit obligations, and it is anticipated that this situation will persist in the future. Therefore, the Company received a partial return of retirement benefits trust assets. Accompanying this, the unrecognized actuarial differences corresponding to the retirement benefits trust assets that were returned were treated as a lump sum.
- (5) Loss on disposal of non-current assets

For the fiscal years ended March 31, 2020 and 2019

	(Millions of yen)		(Thousands of U.S. dollars)
	2020	2019	2020
Buildings and structures	¥126	¥116	\$1,165
Machinery, equipment and vehicles	382	777	3,516
Tools, furniture and fixtures	19	17	181
Other	53	150	488
Demolishing costs	1,327	868	12,198
Total	¥1,910	¥1,933	\$17,551

#### (6) Impairment loss

For the fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

The company recorded impairment losses mainly for the following assets and asset groups:

Asset grouping is conducted for the smallest, largely independent cash generating units based on business segments for business assets and individual property units for leased real estate and idle assets.

In the fiscal year ended March 31, 2020, for asset groups continuously posting operating losses, and idle assets which market value had significantly declined, the Group reduced the book value to the recoverable amount for those assets with a recoverable amount less than the book value, and recorded the reduction as impairment loss of ¥ 3,671 million (\$33,737 thousand) in extraordinary losses.

The breakdown of the losses are as follows: buildings and structures of ¥ 956 million(\$ 8,785 thousand); machinery, equipment and vehicles of ¥ 1,727 million(\$ 15,872 thousand); tools, furniture and fixtures of ¥ 4 million(\$ 45 thousand), land of ¥ 418 million(\$ 3,844 thousand); plantations of ¥ 87 million(\$ 801 thousand); leased asset; ¥ 417 million(\$ 3,833 thousand); and other of ¥ 62 million(\$ 555 thousand). Also, ¥ 1,943 million (\$ 17,858 thousand) of this was included in “loss on business restructuring” in “Extraordinary losses.”

When the recoverable value is calculated by net realizable value, the evaluation is made based on real estate appraisal standards. When the recoverable value is calculated by value in use, the calculation is made by discounting future cash flows using a rate of 5.30 to 8.20%. In addition, when the value in use based on future cash flows is negative, the recoverable value is considered to be zero.

For the fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

Use	Location	Impairment loss (Millions of yen)	Type
Oji Paper Co., Ltd. Paper business assets	Tokushima Prefecture, Tottori Prefecture Aichi Prefecture, others	¥29,603	Buildings, equipment and machinery, etc.

Asset grouping is conducted for the smallest, largely independent cash generating unit based on business segments for business assets and individual property units for leased real estate and idle assets.

In the fiscal year ended March 31, 2019, for asset groups continuously posting operating losses, and idle assets whose market value had significantly declined, the Group reduced the book value to the recoverable amount for those assets with a recoverable amount less than the book value, and recorded the reduction as impairment loss of ¥ 35,269 million in extraordinary losses.

The breakdown of the losses are as follows: buildings and structures of ¥ 7,657 million; machinery, equipment and vehicles of ¥ 26,877 million; tools, furniture and fixtures of ¥104 million; land of ¥ 179 million; plantations of ¥ 32 million; goodwill of ¥365 million; and other of ¥ 55 million. Also, ¥ 1,127 million of this was included in “loss on business restructuring” in “Extraordinary losses.”

With respect to paper business assets of Oji Paper Co., Ltd., as a result of conservative estimates of



future revenue, etc. given the current business environment and serious consideration of future recoverability, it is expected that the recoverable amount will be lower than the book value and, as such, an impairment loss has been recorded for those assets, with the value in use deemed the recoverable value.

When the recoverable value is calculated by net realizable value, the evaluation is made based on real estate appraisal standards. When the recoverable value is calculated by value in use, the calculation is made by discounting future cash flows using a rate of 4.80 to 8.20%. In addition, when the value in use based on future cash flows is negative, the recoverable value is considered to be zero.

## 11. Notes to Consolidated Statements of Comprehensive Income

### (1) Reclassification adjustments and income tax relating to other comprehensive income

For the fiscal years ended March 31, 2020 and 2019

	(Millions of yen)		(Thousands of U.S. dollars)
	2020	2019	2020
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ (11,093)	¥ (5,902)	\$ (101,932)
Reclassification adjustments	(4,766)	(1,368)	(43,793)
Amount before tax effect	(15,859)	(7,271)	(145,725)
Tax effect	4,828	2,217	44,368
Valuation difference on available-for-sale securities	(11,030)	(5,054)	(101,357)
Deferred gains (losses) on hedges:			
Amount arising during the year	(2,783)	(360)	(25,580)
Reclassification adjustments for gains and losses included in net income	1,003	1,059	9,224
Before tax effect adjustment	(1,780)	698	(16,355)
Tax effect	495	(196)	4,550
Deferred gains on hedges	(1,284)	501	(11,805)
Foreign currency translation adjustment:			
Amount arising during the year	(11,566)	(21,277)	(106,278)
Reclassification adjustments for gains and losses included in net income	—	(630)	—
Amount before tax effect	(11,566)	(21,907)	(106,278)
Tax effect	0	(38)	7
Foreign currency translation adjustment	(11,565)	(21,945)	(106,270)
Remeasurements of defined benefit plans:			
Amount arising during the year	(5,797)	3,929	(53,269)
Reclassification adjustments for gains and losses included in net income	(1,470)	(12,843)	(13,513)
Amount before tax effect	(7,268)	(8,914)	(66,783)
Tax effect	2,267	2,824	20,834
Remeasurements of defined benefit plans	(5,000)	(6,089)	(45,948)
Share of other comprehensive income of affiliates accounted for using the equity method:			
Amount arising during the year	(2,348)	(947)	(21,583)
Reclassification adjustments for gains and losses included in net income	80	(94)	742

Share of other comprehensive income of investments for which the equity method is applied	(2,268)	(1,042)	(20,841)
Other comprehensive income	¥ (31,149)	¥ (33,630)	\$ (286,222)

## 12. Notes to Consolidated Statements of Changes in Net Assets

(1) Type and number of issued shares of common stock and treasury stock

For the fiscal year ended March 31, 2020

Type of shares	Number of shares at April 1, 2019	Increase	Decrease	Number of shares at March 31, 2020
Shares issued:				
Common stock	1,014,381,817	–	–	1,014,381,817
Total	1,014,381,817	–	–	1,014,381,817
Treasury stock:				
Common stock (Notes 1,2,3)	24,762,066	1,044,539	1,438,442	24,368,163
Total	24,762,066	1,044,539	1,438,442	24,368,163

Notes:

- Increase in treasury stock 1,044,539  
Details of the increase are as follows:
 

Increase due to acquisition by the Board Benefit Trust	1,035,700
Increase due to purchase of shares of less than the standard unit	8,835
Increase in treasury stock due to increase in shares of the Company attributable to the Company arising from an increase in equity method affiliates	4
- Decrease in treasury stock 1,438,442  
Details of the decrease are as follows:
 

Decrease due to disposal to the Board Benefit Trust	1,035,700
Decrease due to disposal of the Company's shares held by the Board Benefit Trust	387,504
Decrease due to exercising of stock options	15,000
Decrease due to sale of shares of less than the standard unit	221
Decrease in treasury stock arising from changes in the Company's ownership interest in equity method affiliates	17
- Number of shares of treasury stock at the end of the fiscal year ended March 31, 2020, includes 1,829,612 shares held by the Board Benefit Trust at March 31, 2020.

For the fiscal year ended March 31, 2019

Type of shares	Number of shares at April 1, 2018	Increase	Decrease	Number of shares at March 31, 2019
Shares issued:				
Common stock	1,014,381,817	–	–	1,014,381,817
Total	1,014,381,817	–	–	1,014,381,817
Treasury stock:				
Common stock (Notes 1,2,3)	25,937,293	72,422	1,247,649	24,762,066
Total	25,937,293	72,422	1,247,649	24,762,066

Notes:

- Increase in treasury stock 72,422  
Details of the increase are as follows:
 

Increase due to purchase of shares of less than the standard unit	69,544
Increase in treasury stock arising from changes in the Company's ownership interest in equity method affiliates	2,878
- Decrease in treasury stock 1,247,649

Details of the decrease are as follows:

Decrease due to exercising of stock options	71,000
Decrease in treasury stock due to decrease in shares of the Company attributable to the Company arising from a decrease in equity method affiliates	1,062,674
Decrease due to sale of shares of less than the standard unit	2,155
Decrease in treasury stock arising from changes in the Company's ownership interest in equity method affiliates	111,820

3. Number of shares of treasury stock at the end of the fiscal year ended March 31, 2019, includes 1,181,416 shares held by the Board Benefit Trust at March 31, 2019.

## (2) Share acquisition rights

For the fiscal year ended March 31, 2020

Company	Description	Type of shares issued	Number of shares issued			Number of shares at March 31, 2020	Balance at March 31, 2020	
			Number of shares at April 1, 2019	Increase	Decrease		(Millions of yen)	(Thousands of U.S. dollars)
Parent company	Share acquisition rights as stock options	—	—	—	—	¥ 216	\$ 1,985	
Total		—	—	—	—	¥ 216	\$ 1,985	

For the fiscal year ended March 31, 2019

Company	Description	Type of shares issued	Number of shares issued			Number of shares at March 31, 2019	Balance at March 31, 2019	
			Number of shares at April 1, 2018	Increase	Decrease		(Millions of yen)	
Parent company	Share acquisition rights as stock options	—	—	—	—	¥ 222		
Total		—	—	—	—	¥ 222		

## (3) Dividends

(i) Amount of cash dividends distributed

For the fiscal year ended March 31, 2020

Resolution	Type of shares	Total dividend amount		Dividends per share (yen)	Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)			
Board of Directors' Meeting held on May 13, 2019	Common stock	¥ 5,946	\$ 54,636	¥ 6.0	March 31, 2019	June 5, 2019
Board of Directors' Meeting held on November 5, 2019	Common stock	6,937	63,742	7.0	September 30, 2019	December 2, 2019

Notes:

- Dividends for shares in the Board Benefit Trust are included in the total dividend amount in accordance with the resolution at the Board of Directors' Meeting held on May 13, 2019 (included amount; ¥ 7 million).
- Dividends for shares in the Board Benefit Trust are included in the total dividend amount in accordance with

the resolution at the Board of Directors' Meeting held on November 5, 2019 (included amount; ¥ 5 million).

For the fiscal year ended March 31, 2019

Resolution	Type of shares	Total dividend amount	Dividends per share (yen)	Record date	Effective date
		(Millions of yen)			
Board of Directors' Meeting held on May 11, 2018	Common stock	¥ 4,955	¥ 5.0	March 31, 2018	June 6, 2018
Board of Directors' Meeting held on November 1, 2018	Common stock	5,945	6.0	September 30, 2018	December 3, 2018

Notes:

- Dividends for shares in the Board Benefit Trust are included in the total dividend amount in accordance with the resolution at the Board of Directors' Meeting held on May 11, 2018 (included amount; ¥ 5 million).
- Dividends for shares in the Board Benefit Trust are included in the total dividend amount in accordance with the resolution at the Board of Directors' Meeting held on November 1, 2018 (included amount; ¥ 7 million).

(ii) Dividends with the cut-off date falling within the fiscal year ended March 31, 2019 and the effective date in the fiscal year ending March 31, 2020

Resolution	Type of shares	Total dividend amount		Source of dividends	Dividends per share (yen)	Cut-off date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)				
Board of Directors' Meeting held on May 25, 2020	Common stock	¥ 6,944	\$ 63,809	Retained earnings	¥ 7.0	March 31, 2020	June 11, 2020

Note: Dividends for shares in Board Benefit Trust are included in total dividend amount (included amount; ¥ 12 million).

Dividends with the cut-off date falling within the fiscal year ended March 31, 2018 and the effective date in the fiscal year ending March 31, 2019

Resolution	Type of shares	Total dividend amount	Source of dividends	Dividends per share (yen)	Cut-off date	Effective date
		(Millions of yen)				
Board of Directors' Meeting held on May 13, 2019	Common stock	¥ 5,946	Retained earnings	¥ 6.0	March 31, 2019	June 5, 2019

Note: Dividends for shares in Board Benefit Trust are included in total dividend amount (included amount; ¥ 7 million).

### 13. Notes to Consolidated Statements of Cash Flows

- Cash and cash equivalents in the consolidated statements of cash flows for the years ended March 31, 2020 and 2019 are reconciled to the accounts reported in the consolidated balance sheets as of March 31, 2020 and 2019 as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2020	2019	2020

OJI HOLDINGS CORPORATION

Cash and deposits	¥ 73,943	¥ 78,756	\$ 679,438
Time deposits with maturities of more than three months	(1,934)	(2,791)	(17,775)
Marketable securities	10,381	6,828	95,391
Cash and cash equivalents	¥ 82,390	¥ 82,794	\$ 757,054

(2) Important non-financial transactions

Partial return of retirement benefits trust assets

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2020	2019	2020
Increase in investment securities due to partial return of retirement benefits trust assets	—	¥ 19,935	—

**14. Lease Transactions**

## (1) Finance lease transactions

Finance lease transactions without the transfer of ownership.

Disclosure of finance lease transactions are omitted due to less materiality.

## (2) Operating lease transactions

Future minimum lease payments under non-cancellable operating leases as of March 31, 2020 and 2019:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2020	2019	2020
Due within one year	¥ 2,332	¥ 619	\$ 21,434
Due after one year	16,362	1,532	150,344
Total	¥ 18,694	¥ 2,152	\$ 171,779

Future minimum lease income under non-cancellable operating leases as of March 31, 2020 and 2019:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2020	2019	2020
Due within one year	¥ 752	¥ 752	\$ 6,915
Due after one year	9,765	10,518	89,735
Total	¥ 10,518	¥11,271	\$ 96,651

**15. Financial Instruments**

## (1) Matters concerning financial instruments

## (i) Management policy

The Company and its main consolidated subsidiaries manage group finance under which mainly the Company finances and controls the cash necessary for Group operations primarily through loans from financial institutions, issuance of commercial paper and corporate bonds, and other activities.

The Company invests temporary surplus cash in short-term and low-risk financial instruments only and does not make any investment for speculative purposes.

The Company uses derivatives to hedge the risks described below and does not use derivatives for speculative purposes.

## (ii) Nature and extent of risks arising from financial instruments

Receivables, such as notes and accounts receivable-trade, are exposed to customer credit risk.

Receivables that are denominated in foreign currencies, arising from the global operation of the business, are exposed to foreign currency exchange rate fluctuations. However, the Group uses foreign exchange forward contracts to hedge the net position (determined by deducting the amount of payables denominated in the same foreign currencies) as appropriate, taking the trends in the foreign currency exchange market into account.

Investment securities are mainly stocks of companies with which the Group has business relationships and these are exposed to market price fluctuation risks.

All of the payment terms of payables, such as notes and accounts payable-trade, are less than one year. Some of the payables that arise from importing raw materials and others are denominated in foreign currencies and are exposed to foreign currency exchange rate fluctuation risks. The Group uses foreign exchange forward contracts to hedge such risk as appropriate.

With respect to borrowings and debt, short-term loans payable are mainly for financing related to operating activities, while long-term loans payable is mainly for financing related to investment in property, plant and equipment. Borrowings and debt with floating interest rates are exposed to interest rate volatility risk. Certain long-term loans payable with variable interest rates are hedged by using

derivative transactions (interest rate swaps) by which interest rates are fixed.

Derivative transactions entered into and managed by the Group are as follows:

- Foreign exchange forward contracts, currency options and currency swaps to hedge foreign exchange fluctuation risk related to accounts receivable/payable-trade and borrowing and debt etc. denominated in foreign currencies,
- Interest rate swaps to hedge risk related to floating interest rates on borrowings and debt, and
- Commodity swaps to hedge price fluctuation risk related to energy purchases.

Regarding hedging instruments and hedged items, hedging policy, the method for assessing hedging effectiveness and others related to hedge accounting, (see Note 5. (6) Significant method for hedge accounting)

(iii) Risk management

(a) Credit risk management (risk of non-performance by customers or counterparties)

The Company and its main consolidated subsidiaries reduce credit risk through the following methods:

- The Company checks and manages the due dates and balances of receivables by customer.
- Each sales department of the Company periodically monitors and investigates, as necessary, the credit position of key customers.

The Company only enters into derivative transactions with highly rated financial institutions to reduce counterparty risk.

(b) Market risk management (risks related to foreign exchange rate fluctuation, floating interest rates and others)

The Company and some of its consolidated subsidiaries utilize foreign exchange forward contracts and currency swaps to hedge the foreign exchange risk exposure for their accounts receivable/payable-trade, borrowings, debt, etc. which is denominated in foreign currencies and expected to arise in the normal business activities.

The Company utilizes interest rate swaps to hedge fluctuation risk regarding variable interest rates for payments related to borrowings and debt.

Some of the consolidated subsidiaries utilize commodity swaps to hedge price fluctuation risk related to energy purchases.

With respect to corporate stocks of available-for-sale securities, the Company checks periodically their fair values and financial conditions of such issuing entities (the companies with which the Company has business relationships) and reviews the benefits of continuing to hold such stocks, considering its relationships with such companies.

In the Company, execution and management of derivative transactions are conducted based on the derivative transaction standards that provide the method and the organization for risk management and others.

The consolidated subsidiaries also execute and manage derivative transactions based on their own similar standards.

(c) Liquidity risk related to financing activities (risk of non-performance on a due date)

The Company makes and updates financing plans in a timely manner and manages liquidity risk by maintaining presumably sufficient liquidity on hand based on deposits and withdrawals information reported from departments and the consolidated subsidiaries that carry out group-wide financing together with the Company.

The Company is prepared to make emergency payments by entering into commitment lines of credit with related financial institutions.

(iv) Supplementary explanation: fair value of financial instruments

Fair values of financial instruments are measured based on the quoted prices in markets. In cases where a quoted price is not available, other reasonably assessed estimated fair values are used.

Such assessment is based on certain assumptions. Under different assumptions, the assessed value might differ.

The contract amounts of derivative transactions and others, as shown in “(2) Fair value of financial instruments,” do not measure the Company’s exposure to market risk related to derivative transactions.

## (2) Fair value of financial instruments

The following tables present the Company's financial instruments on the consolidated balance sheets, their fair value and the differences at March 31, 2020 and 2019 respectively.

However, financial instruments which were difficult to be measured, have not be included within the below tables. (See Note 2. Financial instruments for which the fair value is deemed to be difficult to measure)

As of March 31, 2020

(Millions of yen)

	Book value	Fair value	Difference
① Cash and deposits	¥ 73,943	¥ 73,943	¥ –
② Notes and accounts receivable–trade	301,682		
③ Short-term loans receivable	3,749		
Allowance for doubtful accounts (*1)	(1,799)		
	303,633	303,633	–
④ Long-term loans receivable	7,558		
Allowance for doubtful accounts (*2)	(646)		
	6,912	7,191	279
⑤ Marketable securities and investment securities			
(i) Held-to-maturity debt securities	10,381	10,381	–
(ii) Stocks of affiliates	33,967	11,254	(22,712)
(iii) Available-for-sale securities	75,511	75,511	–
Total assets	504,349	481,915	(22,433)
① Notes and accounts payable–trade	209,669	209,669	–
② Short-term loans payable	129,523	129,523	–
③ Commercial paper	14,000	14,000	–
④ Bonds	100,000	100,234	234
⑤ Long-term loans payable	338,151	344,688	6,537
Total liabilities	791,343	798,115	6,771
Derivative transactions (*3)	24	24	–

(Thousands of U.S. dollars)

	Book value	Fair value	Difference
① Cash and deposits	\$ 679,438	\$ 679,438	\$ –
② Notes and accounts receivable–trade	2,772,053		
③ Short-term loans receivable	34,456		
Allowance for doubtful accounts (*1)	(16,530)		
	2,789,979	2,789,979	–
④ Long-term loans receivable	69,454		
Allowance for doubtful accounts (*2)	(5,941)		
	63,512	66,079	2,567
⑤ Marketable securities and investment securities			
(i) Held-to-maturity debt securities	95,391	95,391	–
(ii) Stocks of affiliates	312,110	103,412	(208,698)
(iii) Available-for-sale securities	693,850	693,850	–
Total assets	4,634,282	4,428,151	(206,131)
① Notes and accounts payable–trade	1,926,577	1,926,577	–
② Short-term loans payable	1,190,143	1,190,143	–
③ Commercial paper	128,640	128,640	–
④ Bonds	918,864	921,019	2,154
⑤ Long-term loans payable	3,107,149	3,167,219	60,069
Total liabilities	7,271,375	7,333,600	62,224
Derivative transactions (*3)	228	228	–

(\*1) Allowance for doubtful accounts, which is separately accounted for on notes and accounts receivable–trade and short-term loans receivable, is deducted.

(\*2) Allowance for doubtful accounts, which is separately accounted for on long-term loans receivable, is deducted.

(\*3) Assets and (liabilities) arising from derivative transactions are shown on a net basis.



As of March 31, 2019

(Millions of yen)

	Book value	Fair value	Difference
① Cash and deposits	¥ 78,756	¥ 78,756	¥ -
② Notes and accounts receivable-trade	334,852		
③ Short-term loans receivable	6,294		
Allowance for doubtful accounts (*1)	(1,836)		
	339,310	339,310	-
④ Long-term loans receivable	7,398		
Allowance for doubtful accounts (*2)	(1,112)		
	6,286	6,474	188
⑤ Marketable securities and investment securities			
(i) Held-to-maturity debt securities	6,828	6,828	-
(ii) Stocks of affiliates	35,648	13,911	(21,737)
(iii) Available-for-sale securities	114,222	114,222	-
Total assets	581,052	559,502	(21,549)
① Notes and accounts payable-trade	253,929	253,929	-
② Short-term loans payable	112,673	112,673	-
③ Commercial paper	3,000	3,000	-
④ Bonds	90,000	91,201	1,201
⑤ Long-term loans payable	414,904	422,965	8,060
Total liabilities	874,507	883,769	9,261
Derivative transactions (*3)	808	808	-

(\*1) Allowance for doubtful accounts, which is separately accounted for on notes and accounts receivable-trade and short-term loans receivable, is deducted.

(\*2) Allowance for doubtful accounts, which is separately accounted for on long-term loans receivable, is deducted.

(\*3) Assets and (liabilities) arising from derivative transactions are shown on a net basis.

Notes:

1. The method for measuring fair values of financial instruments and matters relating to securities and derivative transactions

#### Assets

①Cash and deposits②Notes and accounts receivable-trade and ③Short-term loans receivable

The relevant book values are used because the carrying amounts approximate fair value due to the short maturities of these instruments.

④Long-term loans receivable

The fair value of long-term loans receivable is calculated by applying a discount rate to the total of principal and interest. The discount interest rate is based on the assumed interest rate if similar new borrowings were entered into.

⑤Marketable securities and investment securities

The fair value of equity securities equals quoted market price. The fair value of debt securities equals the quoted market price or has been provided by financial institutions, etc.

#### Liabilities

①Notes and accounts payable-trade, ②Short-term loans payable and ③Commercial paper

The relevant book values are used because the carrying amounts approximate fair value due to the short maturities of these instruments. The current portion of long-term loans payable (the carrying amounts of such portion on the consolidated balance sheets as of March 31, 2020 and 2019 were ¥ 42,504 million (\$ 390,554 thousand) and ¥ 80,502 million, respectively) is included in “⑤Long-term loans payable.”

## ④ Bonds

The fair value of corporate bonds is calculated based on the quoted market price (Reference: Statistical Prices for OTC Bond Transactions), if it is available. The corporate bonds include the current portion (the carrying amounts on the consolidated balance sheets as of March 31, 2020 and 2019 were ¥ 20,000 million (\$ 183,772 thousand) and ¥ 20,000 million, respectively).

## ⑤ Long-term loans payable

The fair value of the long-term loans payable is calculated by applying a discount rate to the total of the principal and interest. The discount interest rate is based on the assumed interest rate if similar new debt were entered into. A portion of the floating rate long-term loans payable is assumed to qualify for special accounting treatment for interest rate swaps or integrated accounting treatment (special and appropriate treatment) for interest and currency swaps. This portion is calculated by discounting the total amount of the principal and interest, with the relevant interest rate swaps, interest rate and currency swaps to which integrated accounting treatment has been applied, based on the reasonably estimated interest rate if similar new debt were entered into. Long-term loans payable includes the current portion (the carrying amounts on the consolidated balance sheets as of March 31, 2020 and 2019 were ¥ 42,504 million (\$ 390,554 thousand) and ¥ 80,502 million respectively).

Derivative transactions

Refer to Note 17. Derivative Transactions.

## 2. Financial instruments for which the fair value is deemed to be difficult to measure

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2020	2019	2020
Non-listed stocks	¥ 41,352	¥ 39,060	\$ 379,974

Regarding the above item, quoted prices are not available and also the future cash flows cannot be estimated reliably, therefore the fair value of the above item is deemed to be difficult to measure and is not included in 1. Assets ⑤.

## 3. The redemption schedule for monetary assets and held-to-maturity debt securities subsequent to March 31, 2020

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
	(Millions of yen)			
Deposits	¥ 71,875	¥ –	¥ –	¥ –
Notes and accounts receivable-trade	301,682	–	–	–
Short-term loans receivable	3,749	–	–	–
Long-term loans receivable	–	4,147	3,139	271
Marketable securities and investment securities				
Held-to-maturity debt securities				
Others	10,381	–	–	–
Total	¥ 387,689	¥ 4,147	¥ 3,139	¥ 271

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
	(Thousands of U.S. dollars)			
Deposits	\$ 660,437	\$ –	\$ –	\$ –
Notes and accounts receivable-trade	2,772,053	–	–	–
Short-term loans receivable	34,456	–	–	–
Long-term loans receivable	–	38,108	28,846	2,499
Marketable securities and investment securities				
Held-to-maturity debt securities				
Others	95,391	–	–	–
Total	\$ 3,562,338	\$ 38,108	\$ 28,846	\$ 2,499

## The redemption schedule for monetary assets and held-to-maturity debt securities subsequent to March 31, 2019

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
	(Millions of yen)			
Deposits	¥ 75,965	¥ –	¥ –	¥ –
Notes and accounts receivable-trade	334,852	–	–	–
Short-term loans receivable	6,294	–	–	–
Long-term loans receivable	–	3,333	3,689	375
Marketable securities and investment securities				
Held-to-maturity debt securities				
Others	6,828	–	–	–
Total	¥ 423,939	¥ 3,333	¥ 3,689	¥ 375

## 4. The repayment schedule for bonds, long-term loans payable and other interest-bearing liabilities subsequent to March 31, 2020

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
(Millions of yen)						
Short-term loans payable	¥ 129,523	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial paper	14,000	–	–	–	–	–
Bonds	20,000	–	–	–	10,000	70,000
Long-term loans payable	42,504	3,697	58,541	71,033	70,240	92,134
Total	¥ 206,027	¥ 3,697	¥ 58,541	¥ 71,033	¥ 80,240	¥ 162,134

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
(Thousands of U.S. dollars)						
Short-term loans payable	\$ 1,190,143	\$ –	\$ –	\$ –	\$ –	\$ –
Commercial paper	128,640	–	–	–	–	–
Bonds	183,772	–	–	–	91,886	643,204
Long-term loans payable	390,554	33,975	537,916	652,700	645,411	846,590
Total	\$ 1,893,111	\$ 33,975	\$537,916	\$652,700	\$737,298	\$1,489,795

## The repayment schedule for bonds, long-term loans payable and other interest-bearing liabilities subsequent to March 31, 2019

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
(Millions of yen)						
Short-term loans payable	¥ 112,673	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial paper	3,000	–	–	–	–	–
Bonds	20,000	20,000	–	–	–	50,000
Long-term loans payable	80,502	42,265	3,319	58,538	68,031	162,247
Total	¥ 216,175	¥ 62,265	¥ 3,319	¥ 58,538	¥ 68,031	¥ 212,247

## 16. Securities

## (1) Held-to-maturity debt securities

As of March 31, 2020

		Book value	Market value	Difference
		(Millions of yen)		
Securities with a book value not exceeding market value	① Government bonds, local government bonds and others	¥ —	¥ —	¥ —
	② Corporate bonds	—	—	—
	③ Others	—	—	—
	Total	—	—	—
Securities with a book value exceeding market value	① Government bonds, local government bonds and others	—	—	—
	② Corporate bonds	—	—	—
	③ Others	10,381	10,381	—
	Total	10,381	10,381	—
Total		¥ 10,381	¥ 10,381	¥ —

		Book value	Market value	Difference
		(Thousands of U.S. dollars)		
Securities with a book value not exceeding market value	① Government bonds, local government bonds and others	\$ —	\$ —	\$ —
	② Corporate bonds	—	—	—
	③ Others	—	—	—
	Total	—	—	—
Securities with a book value exceeding market value	① Government bonds, local government bonds and others	—	—	—
	② Corporate bonds	—	—	—
	③ Others	95,391	95,391	—
	Total	95,391	95,391	—
Total		\$ 95,391	\$ 95,391	\$ —

As of March 31, 2019

		Book value	Market value	Difference
		(Millions of yen)		
Securities with a book value not exceeding market value	② Government bonds, local government bonds and others	¥ —	¥ —	¥ —
	② Corporate bonds	—	—	—
	③ Others	—	—	—
	Total	—	—	—
Securities with a book value exceeding market value	② Government bonds, local government bonds and others	—	—	—
	② Corporate bonds	—	—	—
	③ Others	6,828	6,828	—
	Total	6,828	6,828	—
Total		¥ 6,828	¥ 6,828	¥ —

(2) Available-for-sale securities  
As of March 31, 2020

		Book value	Acquisition cost	Difference
		(Millions of yen)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	¥ 64,180	¥ 29,859	¥ 34,321
	② Others	—	—	—
	Total	64,180	29,859	34,321
Securities with a book value not exceeding acquisition cost	① Corporate stocks	10,199	11,733	(1,534)
	② Others	1,131	1,713	(581)
	Total	11,330	13,446	(2,115)
Total		¥ 75,511	¥ 43,306	¥ 32,205

		Book value	Acquisition cost	Difference
		(Thousands of U.S. dollars)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	\$ 589,734	\$ 274,365	\$ 315,368
	② Others	—	—	—
	Total	589,734	274,365	315,368
Securities with a book value not exceeding acquisition cost	① Corporate stocks	93,717	107,814	(14,096)
	② Others	10,397	15,744	(5,346)
	Total	104,115	123,558	(19,442)
Total		\$ 693,850	\$ 397,924	\$ 295,926

Notes: The following items are not included in above table because no available quoted market price is available and it is not possible to estimate their future cash flows, therefore measuring their fair value is deemed to be extremely difficult:

- Non-listed corporate stocks,
- Investments in capital, and
- Others

(Their book value on the balance sheet: ¥ 4,829 million (\$ 44,375 thousand))

## As of March 31, 2019

		Book value	Acquisition cost	Difference
		(Millions of yen)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	¥ 104,053	¥ 55,188	¥ 48,864
	② Others	—	—	—
	Total	104,053	55,188	48,864
Securities with a book value not exceeding acquisition cost	① Corporate stocks	6,173	6,620	(447)
	② Others	3,995	4,365	(370)
	Total	10,168	10,985	(817)
Total		¥ 114,222	¥ 66,174	¥ 48,047

Notes: The following items are not included in above table because no available quoted market price is available and it is not possible to estimate their future cash flows, therefore measuring their fair value is deemed to be extremely difficult:

- Non-listed corporate stocks,
- Investments in capital and
- Others

(Their book value on the balance sheet: ¥ 4,852 million)

(3) Available-for-sale securities sold

For the fiscal year ended March 31, 2020

	Proceeds from sales	Gains	Losses
	(Millions of yen)		
Corporate stocks	¥ 25,209	¥ 5,068	¥ 9
Others	6	—	6

	Proceeds from sales	Gains	Losses
	(Thousands of U.S. dollars)		
Corporate stocks	\$ 231,643	\$ 46,573	\$ 90
Others	61	—	59

For the fiscal year ended March 31, 2019

	Proceeds from sales	Gains	Losses
	(Millions of yen)		
Corporate stocks	¥ 4,348	¥ 1,962	¥ 563

(4) Impairment of available-for-sale securities

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2020	2019	2020
Corporate stocks	¥ 285	¥ 2	\$ 2,622

Note: In calculating impairment losses, where the fair value as of the year-end is lower than the acquisition cost by 50% or more, the whole amount of such difference is recorded as an impairment loss. In cases where fair value as of the year-end is lower than acquisition cost by between 30-50%, the impairment loss amount is calculated and recorded by giving consideration to recoverability among other factors.

**17. Derivative Transactions**

(1) Derivatives contracts outstanding for which hedge accounting was not applied  
The information is omitted as it is immaterial.

(2) Derivatives contracts outstanding for which hedge accounting was applied  
(i) Currency-related derivatives

As of March 31, 2020

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Foreign exchange forward contracts				
	Sell				
	Sell: U.S. dollars	Accounts receivable-trade	¥ 8,526	¥ -	¥ (619)
	Buy: New Zealand dollars				
	Sell: Japanese yen	Accounts receivable-trade	313	-	(27)
	Buy: New Zealand dollars				
	Sell: Euro	Accounts receivable-trade	83	-	(5)
	Buy: New Zealand dollars				
	Buy				
	Buy: New Zealand dollars	Accounts payable-other	532	-	(17)
Sell: Japanese yen					
Buy: Canadian dollar	Accounts payable-trade	19	-	0	
Sell: New Zealand dollars					
Currency Options					
Buy: Call options					
Sell: Put options	Accounts receivable-trade	225	-	(22)	
U.S. dollars, New Zealand dollars					
Buy: Call options					
Sell: Put options	Accounts receivable-trade	90	-	(7)	
Japanese yen, New Zealand dollars					
Total			¥ 9,790	¥ -	¥ (700)
Foreign exchange forward contracts, accounted for as part of foreign currency assets or liabilities	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	3,309	-	(2)
	Buy				
U.S. dollars	Accounts payable-trade	635	-	4	
Euro	Accounts payable-trade	41	-	(0)	
Total			¥ 3,987	¥ -	¥ 2



OJI HOLDINGS CORPORATION

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Thousands of U.S. dollars)		
Deferred hedge accounting	Foreign exchange forward contracts				
	Sell				
	Sell: U.S. dollars, Buy: New Zealand dollars	Accounts receivable-trade	\$ 78,342	\$ -	\$ (5,696)
	Sell: Japanese yen, Buy: New Zealand dollars	Accounts receivable-trade	2,876	-	(254)
	Sell: Euro, Buy: New Zealand dollars	Accounts receivable-trade	764	-	(47)
	Buy				
	Buy: New Zealand dollars, Sell: Japanese yen, Buy: Canadian dollar	Accounts payable-other	4,889	-	(164)
	Sell: New Zealand dollars	Accounts payable-trade	182	-	1
Currency Options					
	Buy: Call options				
	Sell: Put options U.S. dollars, New Zealand dollars	Accounts receivable-trade	2,075	-	(206)
	Buy: Call options Sell: Put options Japanese yen, New Zealand dollars	Accounts receivable-trade	828	-	(68)
Total			\$ 89,959	\$ -	\$ (6,437)
Foreign exchange forward contracts, accounted for as part of foreign currency assets or liabilities	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	30,410	-	(18)
	Buy				
U.S. dollars	Accounts payable-trade	5,840	-	40	
Euro	Accounts payable-trade	383	-	(3)	
Total			\$ 36,635	\$ -	\$ 19

Notes:

1. Fair value is calculated based on the prices provided by counterparty financial institutions, and others.
2. The fair value of foreign exchange forward contracts, which are accounted for as part of the foreign currency assets or liabilities, is included in that of hedged foreign currency assets or liabilities (except when scheduled transactions are assumed to be hedged).
3. Transactions of currency options are collar transactions, which have the effect of limiting foreign exchange risk by buying call options and selling put options.

As of March 31, 2019

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Millions of yen)		
Deferred hedge accounting	Foreign exchange forward contracts				
	Sell				
	Sell: U.S. dollars, Buy: New Zealand dollars	Accounts receivable-trade	¥ 12,206	¥ -	¥ (99)
	Sell: Japanese yen, Buy: New Zealand dollars	Accounts receivable-trade	446	-	0
	Sell: Euro, Buy: New Zealand dollars	Accounts receivable-trade	257	-	7
	Buy				
	Buy U.S. dollars	Accounts payable-trade	1	-	0
	Sell New Zealand dollars				
	Buy Euro	Accounts payable-trade	56	-	(3)
	Sell New Zealand dollars				
Buy Swiss franc	Accounts payable-trade	6	-	(0)	
Sell New Zealand dollars					
Currency Options					
Buy: Call options					
Sell: Put options	Accounts receivable-trade	310	-	17	
U.S. dollars, New Zealand dollars					
Buy: Call options					
Sell: Put options	Accounts receivable-trade	141	-	9	
Japanese yen, New Zealand dollars					
Total			¥ 13,427	¥ -	¥ (67)
Foreign exchange forward contracts, accounted for as part of foreign currency assets or liabilities	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	2,024	-	(2)
	Buy				
U.S. dollars	Accounts payable-trade	1,009	-	3	
Euro	Accounts payable-trade	39	-	(0)	
Total			¥ 3,073	¥ -	¥ 1

## Notes:

1. Fair value is calculated based on the prices provided by counterparty financial institutions, and others.
2. The fair value of foreign exchange forward contracts, which are accounted for as part of the foreign currency assets or liabilities, is included in that of hedged foreign currency assets or liabilities (except when scheduled transactions are assumed to be hedged).
3. Transactions of currency options are collar transactions, which have the effect of limiting foreign exchange risk by buying call options and selling put options.

(ii) Interest-rate-related derivatives  
As of March 31, 2020

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	¥ 20,000	¥ 20,000	¥ (319)
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	164,049	135,996	(Note 2)
Integrated treatment of interest rate and currency swaps (special treatment, appropriated treatment)	Interest rate and currency swaps Floating rate received for fixed rate U.S. dollars received for Japanese yen	Long-term loans payable	38,730	38,730	(Note 2)
Total			¥ 222,779	¥ 194,726	¥ (319)

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	\$ 183,772	\$ 183,772	\$ (2,931)
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	1,507,389	1,249,622	(Note 2)
Integrated treatment of interest rate and currency swaps (special treatment, appropriated treatment)	Interest rate and currency swaps Floating rate received for fixed rate U.S. dollars received for Japanese yen	Long-term loans payable	355,876	355,876	(Note 2)
Total			\$ 2,047,038	\$ 1,789,271	\$ (2,931)

## Notes:

1. Fair value is calculated based on the prices provided by counterparty financial institutions and others.
2. When an interest swap contract meets the criteria for the special treatment and the integrated treatment of interest rate and currency swap (special and appropriate treatment), the net amount to be paid or received under the contract is added to or deducted from the interest on the hedged items.  
The fair value of interest rate swaps, interest rate and currency swaps accounted for by special treatment and the integrated treatment, is included in the hedged long-term loans payable.

As of March 31, 2019

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Millions of yen)		
Deferred hedge accounting	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	¥ 20,000	¥ 20,000	¥ (450)
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	206,102	164,049	(Note 2)
Integrated treatment of interest rate and currency swaps (special treatment, appropriated treatment)	Interest rate and currency swaps Floating rate received for fixed rate U.S. dollars received for Japanese yen	Long-term loans payable	36,027	36,027	(Note 2)
Total			¥ 262,129	¥ 220,076	¥ (450)

Notes:

1. Fair value is calculated based on the prices provided by counterparty financial institutions, and others.
2. When an interest swap contract meets the criteria for the special treatment and the integrated treatment of interest rate and currency swap (special and appropriate treatment), the net amount to be paid or received under the contract is added to or deducted from the interest on the hedged items.

The fair value of interest rate swaps, interest rate and currency swaps accounted for by special treatment and the integrated treatment, is included in the hedged long-term loans payable.

## (iii) Commodity-related derivatives

As of March 31, 2020

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Millions of yen)		
Deferred hedge accounting	Commodity swaps Floating rate received for fixed rate	Electricity	¥ 4,626	¥ 2,592	¥ (165)
Total			¥ 4,626	¥ 2,592	¥ (165)

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Thousands of U.S. dollars)		
Deferred hedge accounting	Commodity swaps Floating rate received for fixed rate	Electricity	\$ 42,511	\$ 23,820	\$ (1,519)
Total			\$ 42,511	\$ 23,820	\$ (1,519)

Note: Fair value is calculated based on the prices provided by counterparty financial institutions, and others.

As of March 31, 2019

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Millions of yen)		
Deferred hedge accounting	Commodity swaps Floating rate received for fixed rate	Electricity	¥ 2,961	¥ 2,232	¥ 1,119
Total			¥ 2,961	¥ 2,232	¥ 1,119

Note: Fair value is calculated based on the prices provided by counterparty financial institutions, and others.

**18. Retirement Benefits****(1) Outline of Retirement Benefit Plan Adopted**

The Group has established defined contribution corporate pension plans as well as corporate defined benefit pension plans including both employees' pension fund plans and retirement lump-sum payment plans. In addition, certain consolidated subsidiaries have joined multi-employer corporate pension plans. Certain consolidated subsidiaries have established employees' retirement benefit trusts for the defined benefit-type corporate pension plans and retirement lump-sum payment plans.

Furthermore, in certain instances of an employee's retirement or other termination, extra retirement payments may be provided, which are not included in the retirement benefit obligation based on the actuarial calculation under retirement benefit accounting.

**(2) Defined benefit plans (including multi-employer plans)****(i) Reconciliation of beginning and ending balances of retirement benefit obligation (excluding plans for which a simplified method is applied)**

For the fiscal year ended March 31, 2020

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Beginning balance of retirement benefit obligation	¥ 126,492	\$ 1,162,290
Service cost	3,555	32,667
Interest cost	268	2,467
Actuarial loss	(735)	(6,759)
Prior service cost	(45)	(419)
Payment of retirement benefits	(8,276)	(76,049)
Other	271	2,498
<b>Ending balance of retirement benefit obligation</b>	<b>¥ 121,529</b>	<b>\$ 1,116,694</b>

For the fiscal year ended March 31, 2019

	<u>Millions of yen</u>
Beginning balance of retirement benefit obligation	¥ 132,364
Service cost	3,208
Interest cost	360
Actuarial loss	(1,490)
Prior service cost	(8)
Payment of retirement benefits	(9,177)
Other	1,235
<b>Ending balance of retirement benefit obligation</b>	<b>¥ 126,492</b>

**(ii) Reconciliation of beginning and ending balances of plan assets (excluding plans for which a simplified method is applied)**

For the fiscal year ended March 31, 2020

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Beginning balance of plan assets	¥ 116,221	\$ 1,067,917
Expected return on plan assets	1,529	14,056
Actuarial gain	(6,578)	(60,448)
Employer contributions	365	3,360
Payment of retirement benefits	(6,492)	(59,659)
Return of trust assets	—	—
Other	(14)	(133)
<b>Ending balance of plan assets</b>	<b>¥ 105,031</b>	<b>\$ 965,093</b>

For the fiscal year ended March 31, 2019

	<u>Millions of yen</u>
Beginning balance of plan assets	¥ 138,056

OJI HOLDINGS CORPORATION

Expected return on plan assets	2,110
Actuarial gain	2,431
Employer contributions	737
Payment of retirement benefits	(7,156)
Return of trust assets	(19,935)
Other	(21)
Ending balance of plan assets	¥ 116,221

(iii) Reconciliation of beginning and ending balance of net defined benefit liability for plans for which the simplified method is applied

For the fiscal year ended March 31, 2020

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Beginning balance of net defined benefit liability	¥ 5,488	\$ 50,430
Retirement benefit expenses	1,383	12,713
Payment of retirement benefits	(925)	(8,500)
Plan contributions	(511)	(4,695)
Other	259	2,382
Ending balance of net defined benefit liability	¥ 5,695	\$ 52,329

For the fiscal year ended March 31, 2019

	<u>Millions of yen</u>
Beginning balance of net defined benefit liability	¥ 5,500
Retirement benefit expenses	1,145
Payment of retirement benefits	(1,292)
Plan contributions	(582)
Other	718
Ending balance of net defined benefit liability	¥ 5,488

(iv) Reconciliation of ending balance of retirement benefit obligation and plan assets, net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheets

For the fiscal year ended March 31, 2020

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Funded retirement benefit obligation	¥ 83,909	\$ 771,015
Plan assets	(113,892)	(1,046,521)
	(29,983)	(275,506)
Unfunded retirement benefit obligation	52,177	479,436
Net liabilities and assets recorded on the consolidated balance sheets	22,193	203,930
Net defined benefit liability	54,213	498,147
Net defined benefit asset	(32,019)	(294,216)
Net liabilities and assets recorded on the consolidated balance sheets	¥ 22,193	\$ 203,930

Note: Including plans for which the simplified method is applied.

For the fiscal year ended March 31, 2019

	<u>Millions of yen</u>
Funded retirement benefit obligation	¥ 88,701
Plan assets	(125,168)
	(36,467)
Unfunded retirement benefit obligation	52,225
Net liabilities and assets recorded on the consolidated balance sheets	15,758
Net defined benefit liability	52,874
Net defined benefit asset	(37,115)
Net liabilities and assets recorded on the consolidated balance sheets	¥ 15,758

Note: Including plans for which the simplified method is applied.

## (v) Components of retirement benefit expenses

For the fiscal year ended March 31, 2020

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Service costs	¥ 3,555	\$ 32,667
Interest cost	268	2,467
Expected return on plan assets	(1,529)	(14,056)
Amortization of actuarial loss	(849)	(7,803)
Amortization of prior service cost	(621)	(5,709)
Retirement benefit expenses calculated by simplified method	1,383	12,713
Gain on return of assets from retirement benefits trust assets (Note 1)	—	—
Special retirement expenses (Note 2)	436	4,006
Extra retirement payments (Note 3)	224	2,066
<b>Retirement benefit expenses related to defined benefit plans</b>	<b>¥ 2,867</b>	<b>\$ 26,350</b>

For the fiscal year ended March 31, 2019

	<u>Millions of yen</u>
Service costs	¥3,208
Interest cost	360
Expected return on plan assets	(2,110)
Amortization of actuarial loss	(517)
Amortization of prior service cost	(1,101)
Retirement benefit expenses calculated by simplified method	1,145
Gain on return of assets from retirement benefits trust assets (Note 1)	(11,224)
Special retirement expenses (Note 2)	719
Extra retirement payments (Note 3)	1,706
<b>Retirement benefit expenses related to defined benefit plans</b>	<b>¥ (7,813)</b>

Notes:

1. Profit (loss) on the transfer to a defined contribution plan is accounted for in "Extraordinary Income".
2. Extra retirement payments arising from business structure improvement were recorded in "Other" under extraordinary losses.
3. Extra retirement payments associated with transferees and retirees were recorded in "Other" under non-operating expenses.

## (vi) Remeasurements of defined benefit plans in consolidated statements of income

The breakdown of items recorded in remeasurements of defined benefit plans is as follows (before deduction of tax effects):

For the fiscal year ended March 31, 2020

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Prior service cost	¥ (575)	\$ (5,290)
Actuarial loss	(6,692)	(61,492)
<b>Total</b>	<b>¥ (7,268)</b>	<b>\$ (66,783)</b>

For the fiscal year ended March 31, 2019

	<u>Millions of yen</u>
Prior service cost	¥ (1,093)
Actuarial loss	(7,820)
<b>Total</b>	<b>¥ (8,914)</b>

## (vii) Remeasurements of defined benefit plans

The breakdown of items recorded in remeasurements of defined benefit plans is as follows (before deduction of tax effects):

For the fiscal year ended March 31, 2020

OJI HOLDINGS CORPORATION

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Unrecognized prior service cost	¥ (7,162)	\$ (65,810)
Unrecognized actuarial gain	(2,064)	(18,970)
<b>Total</b>	<b>¥ (9,226)</b>	<b>\$ (84,780)</b>

For the fiscal year ended March 31, 2019

	<u>Millions of yen</u>
Unrecognized prior service cost	¥ (7,737)
Unrecognized actuarial gain	(8,756)
<b>Total</b>	<b>¥ (16,494)</b>

(viii) Matters relating to plan assets

(a) Breakdown of principal plan assets

The principal asset classes as percentages of total plan assets are as follows.

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019
Domestic corporate stocks	41 %	43 %
Overseas corporate stocks	5	7
Domestic bonds	7	5
Overseas bonds	5	6
Cash and deposits	7	2
Life insurance general accounts	17	19
Alternative investments (Note 1)	17	17
Other	1	0
<b>Total (Note 2)</b>	<b>100</b>	<b>100</b>

Notes:

- Alternative investments are mainly investments in hedge funds, etc.
- Retirement benefit trusts established for corporate pension plans constituted 36% of total plan assets in the fiscal year ended March 31, 2020 and 37% in the fiscal year ended March 31, 2019.

(b) Method to determine long-term expected rate of return on plan assets

In order to determine the long-term expected rate of return on plan assets, the Company takes into account the current and the forecast allocation of plan assets and the current and anticipated long-term expected rate of return on a wide range of assets that constitute plan assets.

(ix) Assumptions used in actuarial calculations

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019
(a) Discount rates		
Domestic	0.1 – 0.6 %	0.1 – 0.6 %
Overseas	1.1 – 4.0	1.9 – 4.9
(b) Long-term expected rates of return on plan assets		
Domestic	0.1 – 2.5 %	0.1 – 2.5 %
Overseas	1.8 – 7.0	1.8 – 7.0
(c) Expected rates of salary increases		
Domestic	1.4 – 8.2 %	1.4 – 8.3 %
Overseas	1.8 – 2.5	1.8 – 2.5



## (3) Defined contribution plan

The contributions to the defined contribution plans of the consolidated subsidiaries, including the multi-employer plans that are accounted for in the same way as defined contribution plans, were ¥ 2,627 million (\$ 24,142 thousand) in the fiscal year ended March 31, 2020 and ¥ 2,142 million in the fiscal year ended March 31, 2019.

**19. Stock Options**

## (1) The account title and the amount of expenses related to stock options

None

## (2) Content, size and changes of stock options

## (i) Stock option plans

	Stock option 2009
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 174,000 shares
Grant date	July 13, 2009
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2010 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2009 (June 26, 2009) to the date of the ordinary general meeting of shareholders in 2010
Exercise period	From July 14, 2009 to June 30, 2029

	Stock option 2010
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 220,000 shares
Grant date	July 16, 2010
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2011 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2010 (June 29, 2010) to the date of the ordinary general meeting of shareholders in 2011
Exercise period	From July 17, 2010 to June 30, 2030

	Stock option 2011
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 219,000 shares
Grant date	July 15, 2011
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2012 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2011 (June 29, 2011) to the date of the ordinary general meeting of shareholders in 2012
Exercise period	From July 16, 2011 to June 30, 2031

	Stock option 2012
Individuals covered by the Plan	Directors of the Company: 12
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 219,000 shares

OJI HOLDINGS CORPORATION

Grant date	July 17, 2012
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2013 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2012 (June 28, 2012) to the date of the ordinary general meeting of shareholders in 2013
Exercise period	From July 18, 2012 to June 30, 2032

Stock option 2013	
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 220,000 shares
Grant date	July 16, 2013
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2014 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2013 (June 27, 2013) to the date of the ordinary general meeting of shareholders in 2014
Exercise period	From July 17, 2013 to June 30, 2033

Stock option 2014	
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 176,000 shares
Grant date	July 15, 2014
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2015 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2014 (June 27, 2014) to the date of the ordinary general meeting of shareholders in 2015
Exercise period	From July 16, 2014 to June 30, 2034

Stock option 2015	
Individuals covered by the Plan	Directors of the Company: 11
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 199,000 shares
Grant date	July 14, 2015
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2016 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2015 (June 26, 2015) to the date of the ordinary general meeting of shareholders in 2016
Exercise period	From July 15, 2015 to June 30, 2035

(ii) Changes in the number of stock options

This table shows stock options outstanding for the fiscal year ended March 31, 2020, and the quantities are expressed in equivalent number of shares.

(a) Quantity of stock options

	Stock option 2009	Stock option 2010	Stock option 2011	Stock option 2012	Stock option 2013	Stock option 2014	Stock option 2015
--	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------

OJI HOLDINGS CORPORATION

	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)
<b>Share acquisition rights which are not yet vested</b>							
Outstanding as of March 31, 2018	—	—	—	—	—	—	—
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	—	—	—	—	—	—	—
Outstanding as of March 31, 2019	—	—	—	—	—	—	—
<b>Share acquisition rights which have already been vested</b>							
Outstanding as of March 31, 2018	24,000	30,000	30,000	103,000	143,000	126,000	199,000
Vested	—	—	—	—	—	—	—
Exercised	—	—	—	—	—	—	15,000
Forfeited	—	—	—	—	—	—	—
Outstanding as of March 31, 2019	24,000	30,000	30,000	103,000	143,000	126,000	184,000

(b) Price information of stock options  
As of March 31, 2020

	Stock option 2009	Stock option 2010	Stock option 2011	Stock option 2012	Stock Option 2013	Stock Option 2014	Stock option 2015
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average market price of the stock at the time of exercise	—	—	—	—	—	—	592
Weighted average fair value per share at the granted date	285	334	307	189	351	324	432

	Stock option 2009	Stock option 2010	Stock option 2011	Stock option 2012	Stock option 2013	Stock option 2014	Stock option 2015
	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)
Exercise price	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Average market price of the stock at the time of exercise	—	—	—	—	—	—	5.43
Weighted average fair value per share at the granted date	2.61	3.06	2.82	1.73	3.22	2.97	3.96

(3) Method for estimating the number of vested options

Since it is difficult to reasonably estimate the number of options that will expire in the future, the number of vested options is calculated based on historical data for the options that have not yet been vested, and the number of options that have actually been forfeited compared to the number vested.

20. Tax Effect Accounting

(1) Significant components of deferred tax assets and deferred tax liabilities

	March 31, 2020 (Millions of yen)	March 31, 2019 (Millions of yen)	March 31, 2020 (Thousands of U.S. dollars)
<b>Deferred tax assets</b>			
Tax losses carried forward (Note)	¥ 17,157	¥ 18,295	\$ 157,657
Net defined benefit liability	23,144	24,683	212,662
Investment securities	7,159	7,737	65,784
Property, plant and equipment	27,470	27,693	252,421
Accrued bonuses	5,046	4,984	46,370
Inventory	2,227	1,833	20,471
Other	12,969	13,734	119,172
Subtotal	95,176	98,963	874,539
Valuation allowance for tax losses carried forward (Note)	(16,486)	(15,019)	(151,489)
Valuation allowance for total of	(28,854)	(29,511)	(265,130)

OJI HOLDINGS CORPORATION

deductible temporary differences			
Valuation allowance	(45,340)	(44,530)	(416,619)
Total deferred tax assets	49,835	54,432	457,920
Deferred tax liabilities			
Adjustment of book value due to fair value revaluation	(35,836)	(36,366)	(329,284)
Property, plant and equipment	(23,237)	(23,850)	(213,520)
Reserve for advanced depreciation of non-current assets	(9,852)	(10,029)	(90,532)
Net defined benefit liability	(16,017)	(19,559)	(147,177)
Investment securities	–	(6,028)	–
Valuation difference on available-for-sale securities	(9,760)	(14,537)	(89,688)
Reserve for special depreciation	(1,245)	(1,630)	(11,445)
Other	(2,917)	(1,990)	(26,808)
Total deferred tax liabilities	(98,867)	(113,993)	(908,456)
Net deferred tax liabilities	¥ (49,031)	¥ (59,560)	\$ (450,536)

(Note) Amount of tax losses carried forward and deferred tax assets by carry forward period  
For the fiscal year ended March 31, 2020

(Millions of yen)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax losses carried forward*	¥ 2,891	¥ 3,396	¥ 238	¥ 915	¥ 3,161	¥ 6,554	¥ 17,157
Valuation allowance	(2,870)	(3,373)	(173)	(902)	(3,094)	(6,072)	(16,486)
Deferred tax assets	21	22	65	13	67	481	671

(Thousands of U.S. dollars)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax losses carried forward*	\$ 26,567	\$ 31,207	\$ 2,192	\$ 8,413	\$ 29,046	\$ 60,229	\$ 157,657
Valuation allowance	(26,371)	(30,997)	(1,594)	(8,293)	(28,431)	(55,801)	(151,489)
Deferred tax assets	195	209	598	119	615	4,427	6,167

\* Tax losses carried forward is the amount multiplied by the statutory tax rate.

For the fiscal year ended March 31, 2019

(Millions of yen)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax losses carried forward*	¥ 3,063	¥ 2,970	¥ 3,562	¥ 412	¥ 1,096	¥ 7,190	¥ 18,295
Valuation allowance	(1,974)	(2,524)	(2,090)	(403)	(1,079)	(6,946)	(15,019)
Deferred tax assets	1,088	445	1,472	8	16	243	3,275

\* Tax losses carried forward is the amount multiplied by the statutory tax rate.

(2) Difference between the statutory tax rate and the effective rate of the tax burden after applying tax effect accounting

	For the fiscal year ended March 31	
	2020	2019
Statutory tax rate (Adjustment)	30.6%	30.6%
Non-deductible entertainment and social expenses, etc.	0.7	1.0

OJI HOLDINGS CORPORATION

Non-taxable income of dividends received, etc.	(1.2)	(2.1)
Per capita levy of local inhabitant tax	0.5	0.6
Tax credit	(1.6)	(1.3)
Equity in earnings of affiliates	(0.9)	(4.2)
Different tax rates applied to foreign subsidiaries	3.5	(2.2)
Amortization of goodwill	0.6	0.7
Change in valuation allowance	3.3	2.2
Other	(1.2)	2.0
Effective rate of the tax burden	34.3	27.2

## 21. Segment Information

### (1) Overview of reporting segments

The reporting segments of the Company consist of business units of the Group that are similar in terms of economic characteristics, production method or production process, types of market or customers to which products are sold and other characteristics. The Company has four reporting segments: "Household and Industrial Materials," "Functional Materials," "Forest Resources and Environmental Marketing" and "Printing and Communications Media." Business segments that are not included in the reporting segments are put together as "Other."

Major business lineup for the segments are as follows.

Household and Industrial Materials:	Containerboard and corrugated container, boxboard and folding cartons, packaging papers and paper bags, household paper, disposable diapers
Functional Materials:	Specialty paper, thermal paper, adhesive paper, film
Forest Resources and Environmental Marketing:	Pulp, energy, afforestation and lumber processing
Printing and Communications Media:	Newsprint, printing, publishing and communications paper
Other:	Real estate, engineering, trading, logistics and other

### (2) Methods to calculate amounts of sales, income or loss, assets, liabilities and other items by reporting segment

The accounting method applied for reporting segments is almost the same that described in Notes 1 to 5 of the Consolidated Financial Statements.

Segment profit is based on operating profit Inter-segment sales and transfers are mainly based on market price.

### (3) Information on amounts of sales, income or loss, assets, liabilities and other items by reporting segment

For the fiscal year ended March 31, 2020

	Reporting segments					Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Household and industrial materials	Functional materials	Forest resources and environmental marketing	Printing and communications media	Total				
(Millions of yen)									
<b>Net Sales</b>									
Sales to third parties	¥631,606	¥200,709	¥239,667	¥251,837	¥1,323,820	¥183,787	¥1,507,607	-	¥1,507,607
Inter-segment sales and transfers	54,460	13,960	45,884	40,816	155,121	105,604	260,726	(260,726)	-
Total sales	686,066	214,669	285,551	292,653	1,478,942	289,392	1,768,334	(260,726)	1,507,607
Segment profit	40,937	15,354	28,847	11,326	96,464	8,976	105,441	683	106,125
Segment assets	664,267	200,871	574,697	225,320	1,665,157	362,671	2,027,828	(142,547)	1,885,280
<b>Other items</b>									
Depreciation and amortization (Note 4)	25,802	6,271	16,479	9,679	58,234	5,145	63,379	-	63,379
Increase in property, plant, equipment and intangible assets (Note 4)	38,837	5,103	38,057	9,142	91,140	6,333	97,474	-	97,474

OJI HOLDINGS CORPORATION

	Reporting segments					Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Household and industrial materials	Functional materials	Forest resources and environmental marketing	Printing and communicati ons media	Total				
(Thousands of U.S. dollars)									
<b>Net Sales</b>									
Sales to third parties	\$5,803,604	\$1,844,249	\$2,202,217	\$2,314,043	\$12,164,114	\$1,688,755	\$13,852,870	-	\$13,852,870
Inter-segment sales and transfers	500,418	128,274	421,616	375,045	1,425,355	970,365	2,395,721	(2,395,721)	-
Total sales	6,304,023	1,972,524	2,623,833	2,689,088	13,589,470	2,659,121	16,248,591	(2,395,721)	13,852,870
Segment profit	376,159	141,083	265,067	104,071	886,381	82,483	968,865	6,285	975,150
Segment assets	6,103,716	1,845,737	5,280,691	2,070,389	15,300,534	3,332,455	18,632,989	(1,309,816)	17,323,172
<b>Other items</b>									
Depreciation and amortization (Note 4)	237,092	57,630	151,427	88,941	535,091	47,280	582,372	-	582,372
Increase in property, plant, equipment and intangible assets (Note 4)	356,864	46,893	349,692	84,009	837,459	58,197	895,657	-	895,657

Notes

- “Other” is a business segment which is not included in the reporting segments, and included in this segment are real estate, engineering, trading, logistics and other businesses.
- “Adjustments” are as follows.
  - Adjustment for segment profit, ¥ 683 million (\$ 6,285 thousand), primarily consists of adjustment related to internal transactions.
  - Adjustment for segment assets, ¥ (142,547) million (\$ (1,309,816) thousand), includes the following items.
    - Elimination of inter-segment debts and credits, and other, ¥ (158,023) million (\$ (1,452,024) thousand)
    - Group-wide assets\* not allocated to each reporting segment, ¥ 15,476 million (\$ 142,207 thousand)
- \*Group-wide assets: investment securities not allocated to each reporting segment
- Adjustment is made between segment profit and operating profit of the consolidated statement of income.
- Long-term prepaid expenses and the related depreciation and amortization are included in the amounts of depreciation and amortization, increase in property, plant, equipment and intangible assets.

For the fiscal year ended March 31, 2019

	Reporting segments					Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Household and industrial materials	Functional materials	Forest resources and environmental marketing	Printing and communicati ons media	Total				
(Millions of yen)									
<b>Net Sales</b>									
Sales to third parties	¥627,788	¥209,242	¥270,713	¥257,557	¥1,365,302	¥185,689	¥1,550,991	-	¥1,550,991
Inter-segment sales and transfers	53,401	14,880	55,753	45,329	169,365	108,488	277,854	(277,854)	-
Total sales	681,190	224,123	326,467	302,887	1,534,668	294,177	1,828,846	(277,854)	1,550,991
Segment profit (loss)	22,408	18,357	64,644	(4,819)	100,591	9,846	110,437	(224)	110,212
Segment assets	657,044	216,992	579,254	272,467	1,725,758	379,519	2,105,277	(153,908)	1,951,369
<b>Other items</b>									
Depreciation and amortization (Note 4)	26,043	6,780	17,495	14,681	65,000	4,526	69,527	-	69,527
Increase in property, plant, equipment and intangible assets (Note 4)	25,354	4,549	23,859	4,260	58,025	4,111	62,136	-	62,136

Notes

- “Other” is a business segment which is not included in the reporting segments, and included in this segment are real estate, engineering, trading, logistics and other businesses.
- “Adjustments” are as follows.
  - Adjustment for segment profit (loss), ¥ (224) million, primarily consists of

adjustment related to internal transactions.

(2) Adjustment for segment assets, ¥ (153,908) million, includes the following items.

- Elimination of inter-segment debts and credits, and other, ¥ (174,511) million
- Group-wide assets\* not allocated to each reporting segment, ¥ 20,603 million

\*Group-wide assets: investment securities not allocated to each reporting segment

3. Adjustment is made between segment profit (loss) and operating profit of the consolidated statement of income.
4. Long-term prepaid expenses and the related depreciation and amortization are included in the amounts of depreciation and amortization, increase in property, plant, equipment and intangible assets.

(4) Related information

For the fiscal year ended March 31, 2020

(i) Information by product and service

The reporting segments of the Company are the business units identified by product and service. There is no additional information to be disclosed.

(ii) Information by region

(a) Net Sales

Japan	Asia	North America	South America	Europe	Oceania	Other	Total
(Millions of yen)							
¥ 1,057,316	¥ 292,698	¥ 34,197	¥ 26,296	¥ 38,908	¥ 54,792	¥ 3,397	¥ 1,507,607

Japan	Asia	North America	South America	Europe	Oceania	Other	Total
(Thousands of U.S. dollars)							
\$ 9,715,306	\$ 2,689,498	\$ 314,228	\$ 241,629	\$ 357,513	\$ 503,472	\$ 31,221	\$ 13,852,870

(b) Property, plant and equipment

Japan	China	Asia	North America	Brazil	Europe	Oceania	Total
(Millions of yen)							
¥ 535,930	¥ 112,795	¥ 66,082	¥ 2,061	¥ 198,452	¥ 3,834	¥ 96,636	¥ 1,015,794

Japan	China	Asia	North America	Brazil	Europe	Oceania	Total
(Thousands of U.S. dollars)							
\$ 4,924,473	\$ 1,036,441	\$ 607,209	\$ 18,940	\$ 1,823,511	\$ 35,236	\$ 887,957	\$ 9,333,770

(iii) Information by major customer

Information by major customer is omitted, since there is no external customer whose sales exceed 10% or more of the net sales in the consolidated statement of income.

For the fiscal year ended March 31, 2019

(i) Information by product and service

The reporting segments of the Company are the business units identified by product and service. There is no additional information to be disclosed.

(ii) Information by region

(a) Net Sales

Japan	Asia	North America	South America	Europe	Oceania	Other	Total
(Millions of yen)							
¥ 1,054,917	¥ 320,824	¥ 33,660	¥ 25,757	¥ 51,503	¥ 60,785	¥ 3,542	¥ 1,550,991

## (b) Property, plant and equipment

Japan	China	Asia	North America	Brazil	Europe	Oceania	Total
(Millions of yen)							
¥ 543,590	¥ 101,987	¥ 43,676	¥ 1,938	¥ 202,457	¥ 4,084	¥ 87,024	¥ 984,759

## (iii) Information by major customer

Information by major customer is omitted, since there is no external customer whose sales exceed 10% or more of the net sales in the consolidated statement of income.

## (5) Information on impairment loss of property, plant and equipment by reporting segment

For the fiscal year ended March 31, 2020

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total (Note 2)
(Millions of yen)						
Impairment loss	¥ 3,543	—	0	¥ 127	—	¥ 3,671

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total (Note 2)
(Thousands of U.S. dollars)						
Impairment loss	\$ 32,564	—	\$ 4	\$ 1,169	—	\$ 33,737

Notes:

1. The amount of "Other" represents amount related to business segments which is not included in reporting segments and other.
2. The impairment loss of ¥ 3,671 million (\$ 33,737 thousand) for the fiscal year ended March 31, 2020, ¥ 1,943 million (\$ 17,858 thousand) is included in loss on business restructuring of extraordinary losses.

For the fiscal year ended March 31, 2019

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total (Note 2)
(Millions of yen)						
Impairment loss	¥ 1,619	¥ 2,746	¥ 4	¥ 29,728	¥ 1,172	¥ 35,269

Notes:

1. The amount of "Other" represents amount related to business segments which is not included in reporting segments and other.
2. The impairment loss of ¥ 35,269 million for the fiscal year ended March 31, 2019, ¥ 1,127million is included in loss on business restructuring of extraordinary losses.

## (6) Information on amortization and ending balance of goodwill by reporting segment

As of and for the fiscal year ended March 31, 2020

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total
(Millions of yen)						
Amortized amount of goodwill	¥ 1,283	¥ 604	¥ (0)	—	¥ 10	¥ 1,898
Balance of goodwill	1,367	3,202	(6)	—	108	4,672



OJI HOLDINGS CORPORATION

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total
(Thousands of U.S. dollars)						
Amortized amount of goodwill	\$ 11,796	\$ 5,555	\$ (5)	—	\$ 100	\$ 17,447
Balance of goodwill	12,562	29,430	(56)	—	997	42,934

Note 1: Amount for “Other” represents amount relating to business segments which is not included in reporting segments.

As of and for the fiscal year ended March 31, 2019

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total
(Millions of yen)						
Amortized amount of goodwill	¥ 1,052	¥ 622	¥ (0)	¥ —	¥ 11	¥ 1,685
Balance of goodwill	2,660	3,907	(6)	—	122	6,682

Note 1: Amount for “Other” represents amount relating to business segments which is not included in reporting segments.

(7) Information on gain on bargain purchase by reporting segment

For the fiscal year ended March 31, 2020

None

For the fiscal year ended March 31, 2019

None

(8) Information on Transactions with Related Parties

For the fiscal year ended March 31, 2020

(i) Transactions with related parties

Related party transactions with the Company which have submitted consolidated financial statements and their subsidiaries

None

(ii) Notes on significant affiliates

Summary of financial information on significant affiliates

None

For the fiscal year ended March 31, 2019

(i) Transactions with related parties

Related party transactions with the Company which have submitted consolidated financial statements and their subsidiaries

Corporate Pensions for Employees, etc.

Type	Trade name of organization or name	Address	Capital or investment (millions of yen)	Business description or occupation	Percentage of ownership such as voting rights (%)
Corporate pensions	Retirement benefits trust	—	—	—	—

Relationship with related party	Details of transactions	Amount of transactions (Millions of yen)	Title	End of fiscal year balance (millions of yen)
Retirement benefit accounting pension assets	Partial return of assets	¥19,935	—	—

## (ii) Notes on significant affiliates

Summary of financial information on significant affiliates

None

**22. Per Share Information**

As of and for the fiscal years ended March 31, 2020 and 2019

	(Yen)		( U.S. dollars)
	2020	2019	2020
Net assets per share	¥ 699.12	¥ 684.50	\$ 6.42
Profit per share	¥ 58.78	¥ 52.52	\$ 0.54
Diluted profit per share (Note 1)	¥ 58.74	¥ 52.49	\$ 0.54

Note 1: Basis for computations of profit per share and diluted profit per share are as follows:

For the fiscal years ended March 31, 2020 and 2019

	(Millions of yen)		(Thousands of U.S. dollars)
	2020	2019	2020
Profit per share			
Profit attributable to owners of parent	¥ 58,181	¥ 51,977	\$534,606
Amount not attributable to common Shareholders	—	—	—
Profit attributable to owners of parent allocated to common stock	58,181	51,977	534,606
Average number of shares outstanding during the period	thousand shares 989,857	thousand shares 989,601	thousand shares 989,857
Diluted profit per share			
Adjusted amount of profit attributable to owners of parent	—	—	—
Increase in shares of common stock	thousand shares 650	thousand shares 693	thousand shares 650
(Share acquisition rights among the above increase)	(thousand shares) (650)	(thousand shares) (693)	(thousand shares) (650)

Note: In computation of “Net assets per share,” the treasury stock held by the Board Benefit Trust, which is recognized as treasury stock under shareholders' equity, is included in treasury stock deducted from the total number of issued shares at the end of the fiscal year (1,829 thousand shares for the fiscal year ended March 31, 2020 and 1,181 thousand shares for the fiscal year ended March 31, 2019).

Further, in computations of “Profit per share” and “Diluted profit per share,” the treasury stock is included in treasury stock deducted in computation of the average number of shares outstanding during the period (1,341 thousand shares for the fiscal year ended March 31, 2020 and 1,181 thousand shares for the fiscal year ended March 31, 2019).

**23. Significant Subsequent Events**

None

## 24. Consolidated Supplementary Schedules

## (1) Bonds

Company	Name	Date of issue	Balance as of April 1, 2019 (Millions of yen)	Balance as of March 31, 2020 (Millions of yen)	Balance as of March 31, 2020 (Thousands of U.S. dollars)	Interest rate (%)	Collateral	Maturity
Oji Holdings Corporation	Bond No.30	July 26, 2012	20,000 (20,000)	—	—	0.61	None	July 26, 2019
Oji Holdings Corporation	Bond No.32	July 26, 2013	20,000	20,000 (20,000)	183,772 (183,772)	0.79	None	July 24, 2020
Oji Holdings Corporation	Bond No.33	January 26, 2018	10,000	10,000	91,886	0.28	None	January 24, 2025
Oji Holdings Corporation	Bond No.34	January 26, 2018	10,000	10,000	91,886	0.43	None	January 26, 2028
Oji Holdings Corporation	Bond No.35	November 29, 2018	20,000	20,000	183,772	0.45	None	November 29, 2028
Oji Holdings Corporation	Bond No.36	November 29, 2018	10,000	10,000	91,886	1.08	None	November 29, 2038
Oji Holdings Corporation	Bond No.37	July 19, 2019	—	15,000	137,829	0.29	None	July 19, 2029
Oji Holdings Corporation	Bond No.38	July 19, 2019	—	15,000	137,829	0.80	None	July 19, 2039
Total	—	—	¥ 90,000 (¥ 20,000)	¥ 100,000 (¥ 20,000)	\$ 918,864 (\$ 183,772)	—	—	—

## Notes:

- The amounts indicated in parentheses above represent redemption amounts due in one year or less.
- The aggregate annual redemption amount of bonds within five years subsequent to March 31, 2020 are as follows:

Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(Millions of yen)				
¥ 20,000	¥ —	¥ —	¥ —	¥ 10,000

Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(Thousands of U.S. dollars)				
\$ 183,772	\$ —	\$ —	\$ —	\$ 91,886

## (2) Short-term loans payable and long-term loans payable

	April 1, 2019 (Millions of yen)	March 31, 2020 (Millions of yen)	March 31, 2020 (Thousands of U.S. dollars)	Average interest rate (%)	Maturity
Short-term loans payable	¥ 112,673	¥ 129,523	\$ 1,190,143	1.06	–
Current portion of long-term loans payable	80,502	42,504	390,554	0.92	–
Current portion of lease obligations	3,029	3,269	30,043	–	–
Long-term loans payable (excluding current portion)	334,402	295,647	2,716,595	0.82	Due 2021 through 2051
Lease obligations (excluding current portion)	16,878	17,568	161,434	–	Due 2021 through 2054
Other interest bearing liability commercial paper (current portion)	3,000	14,000	128,640	(0.00)	–
Total	¥ 550,486	¥ 502,512	\$ 4,617,412	–	–

## Notes:

1. The above average interest rate is the applicable weighted-average interest rate to the above loans at the end of each fiscal year.
2. The average interest rates of lease obligations are not indicated above as lease obligations for companies that apply IFRS exclude interest equivalent amount, on the other hand lease obligations for companies that apply Japanese GAAP include interest equivalent amount.
3. The Oji Group's IFRS-compliant subsidiaries have applied IFRS 16 "Leases" from the beginning of the current consolidated fiscal year. Therefore, beginning amounts of "Current portion of lease obligations" and "Lease obligations (excluding current portion)" include effects of applying this accounting standard.
4. The aggregate annual repayment amounts of long-term loans payable and lease obligations (excluding current portion) within five years subsequent to March 31, 2020 are as follows:

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
	(Millions of yen)			
Long-term loans payable	¥ 3,697	¥ 58,541	¥ 71,033	¥ 70,240
Lease obligation	2,438	1,834	1,452	1,207

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
	(Thousands of U.S. dollars)			
Long-term loans payable	\$ 33,975	\$ 537,916	\$ 652,700	\$ 645,411
Lease obligation	22,407	16,855	13,342	11,099

## (3) Asset Retirement Obligations

As the asset retirement obligations as of April 1, 2019 and March 31, 2020 account for less than 1% of the total liabilities and net assets, this information is omitted pursuant to the provision of Article 92-2 of the Regulation for Consolidated Financial Statements.



## Independent Auditor's Report

To the Board of Directors of Oji Holdings Corporation

### Opinion

We have audited the consolidated financial statements of Oji Holdings Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Convenience translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.



**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

佐々木 貴之 


Takashi Sasaki

Designated Engagement Partner  
Certified Public Accountant

戸田 茅 

Sakae Toda

Designated Engagement Partner  
Certified Public Accountant

天野 祐一郎 

Yuichiro Amano

Designated Engagement Partner  
Certified Public Accountant

*PricewaterhouseCoopers Avata LLC*

October 8, 2020