

Summary of Consolidated Financial and Business Results for the First Half of the Year Ending March 2021

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(All yen figures are rounded down to the nearest one million yen)

1. Results for the First Half of the Year Ending March 31, 2021 (April 1, 2020 - September 30, 2020) (Unaudited)

(1) Consolidated Business Results

(Figures shown in percentage are ratios compared to the same period of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Half of FY2020	652,423	(14.2)	29,306	(47.3)	22,097	(57.0)	10,289	(64.3)
First Half of FY2019	760,206	(0.2)	55,580	1.7	51,341	(3.9)	28,839	7.8

Note: Comprehensive income
 First Half of FY2020 138 million yen
 First Half of FY2019 14,286 million yen

	Profit per share	Diluted profit per share
	Yen	Yen
First Half of FY2020	10.39	10.39
First Half of FY2019	29.14	29.12

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First Half of FY2020	1,868,786	825,741	36.8	695.06
Year ended March 2020	1,885,280	831,657	36.7	699.12

Note: Shareholders' equity
 First Half of FY2020 688,327 million yen
 FY2019 692,135 million yen

2. Cash Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY2019	—	7.00	—	7.00	14.00
FY2020	—	7.00			
FY2020 (Forecast)			—	7.00	14.00

Note : Change in forecast of dividend ... None

3. Consolidated Forecasts for the Year Ending March 2021 (April 1, 2020-March 31, 2021)

(Figures shown in percentage are ratios compared to the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,350,000	(10.5)	70,000	(34.0)	60,000	(40.8)	35,000	(39.8)	35.35

Note : Change in consolidated forecasts ... Yes

4. Notes

- (1) Changes in important subsidiaries
(changes regarding specified subsidiaries accompanying changes in the scope of consolidation) : None
- (2) Application of simple accounting methods and quarterly peculiar accounting methods : None
- (3) Changes in accounting methods compared with recent consolidated accounting periods
- (i) Changes due to accounting standard changes : None
 - (ii) Changes besides (i) : None
 - (iii) Accounting estimate change : None
 - (iv) Restatement : None
- (4) Outstanding balance of issued shares (common stock)
- (i) Outstanding balance of issued shares at the end of fiscal year (Including treasury shares)

First Half of FY2020	1,014,381,817	FY2019	1,014,381,817
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 - (ii) Outstanding balance of treasury shares at the end of fiscal year

First Half of FY2020	24,064,253	FY2019	24,368,163
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 - (iii) Weighted average number of shares during fiscal year

First Half of FY2020	990,099,521	First Half of FY2019	989,728,597
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NOTICE

- This document is exempt from audit procedures required by Financial Instruments and Exchange Act.
- Forecasts released are based on expectations of future economic conditions as of the date of publication. The actual results may differ drastically from these forecasts due to various factors that may arise in the future.
- This document is an excerpt translation of the Japanese original and is only for reference purposes. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

1. Qualitative Information Concerning Business Performance and Financial Situation

(1) Qualitative Information Concerning Business Performance

Business Performance for the First Half of FY2020 (April 1, 2020 - September 30, 2020)

	Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent	Profit Per Share
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	Yen
1st Half of FY2020	652.4	29.3	22.1	10.3	10.39
1st Half of FY2019	760.2	55.6	51.3	28.8	29.14
Increase (Decrease)	(107.8)	(26.3)	(29.2)	(18.6)	
Increase (Decrease)	(14.2%)	(47.3%)	(57.0%)	(64.3%)	

The Oji Group has set "Profitability Improvement of Domestic Business", "Expansion of Overseas Business" and "Promotion of Innovation" as the fundamental policies of its FY2019-2021 Medium-term Management Plan. Through "Contribution to a Sustainable Society", we aim to become a global corporate group which stably maintains consolidated operating profit of more than ¥100.0 billion.

Based on the fundamental policies, in the domestic business, we have focused on restructuring our production system to respond to the structural changes in demand, and worked to improve capital efficiency while concentrating management resources on promising businesses to strengthen our ability to generate cash flow. In regard to overseas business, we have organically expanded the existing operations by expanding the number of overseas operations as well as developing new businesses utilizing existing infrastructure. We have also worked to create synergies among our businesses as well as operations.

Although the worldwide spread of the Coronavirus Disease 2019 (COVID-19) has subsided in some countries and regions, there are many countries and regions where the spread of the virus has not stopped, and there is still no prospect for economic recovery.

Meanwhile, we expect the demand to recover at a moderate pace as economic activities resume while preventing the spread of COVID-19. We will continue to steadily implement various measures in line with our group management strategy, and strive to strengthen profitability and enhance our corporate value over the medium-to long-term.

Consolidated net sales for the first half of FY2020 decreased by ¥107.8 billion to ¥652.4 billion (year-on-year decrease of 14.2%) as both domestic and overseas businesses were affected by the spread of COVID-19. Overseas sales ratio decreased by 1.8 points from the previous year to 28.6%.

Consolidated operating profit decreased by ¥26.3 billion to ¥29.3 billion (year-on-year decrease of 47.3%) due to decreased profit in both domestic and overseas businesses. Ordinary profit decreased by ¥29.2 billion to ¥22.1 billion (year-on-year decrease of 57.0%).

Profit before taxes decreased by ¥25.4 billion to ¥22.2 billion (year-on-year decrease of 53.3%), and profit attributable to owners of parent decreased by ¥18.6 billion to ¥10.3 billion (year-on-year decrease of 64.3%).

Overview of Business Performance for the First half of FY2020 by Segment

(I) Business Performance by Segment

(Unit: Billions of yen)

		Net Sales			Operating Profit(Loss)		
		1st Half of FY2019	1st Half of FY2020	Increase (Decrease)	1st Half of FY2019	1st Half of FY2020	Increase (Decrease)
Reporting Segment	Household & Industrial Materials	342.2	309.6	(9.5%)	18.7	13.0	(30.8%)
	Functional Materials	108.2	90.9	(15.9%)	6.9	5.1	(25.9%)
	Forest Resources & Environment Marketing	152.1	119.3	(21.6%)	21.9	6.7	(69.6%)
	Printing & Communications Media	146.9	114.1	(22.3%)	2.9	0.7	(76.3%)
	Total	749.5	634.0	(15.4%)	50.5	25.4	(49.6%)
Others		145.6	128.1	(12.0%)	5.0	2.8	(43.8%)
Total		895.1	762.1	(14.9%)	55.5	28.2	(49.1%)
Adjustment (*)		(134.9)	(109.7)		0.1	1.1	
Consolidated total		760.2	652.4	(14.2%)	55.6	29.3	(47.3%)

*Adjustment is mainly those concerning internal transactions.

(ii) Overview of Business Performance by Segment

The Oji Group's four reporting segments are: "Household and Industrial Materials", "Functional Materials", "Forest Resources and Environment Marketing", and "Printing and Communications Media". Each of the reporting segment consists of those that are recognized to be similar in terms of economic characteristics, manufacturing methods or processes of products, markets in which products are sold, and types of customers, among the constituent units of the Oji Group.

Business segments that are not included in the reporting segments are classified as "Others".

Major business lineup for the segments are as follows.

- Household and Industrial Materials:
Containerboard/corrugated containers, boxboard/folding cartons, packing paper/paper bags, household paper, disposable diapers, etc.
- Functional Materials:
Specialty paper, thermal paper, adhesive materials, film, etc.
- Forest Resources and Environment Marketing:
Pulp, energy, forest plantation/lumber processing, etc.
- Printing and Communications Media:
Newsprint, printing/publication/communication paper, etc.
- Others:
Real estate, engineering, trading business, logistics, etc.

○Household and Industrial Materials

In the first half of FY2020, net sales amounted to ¥309.6 billion (year-on-year decrease of 9.5%), and operating profit was ¥13.0 billion (year-on-year decrease of 30.8%) due to a decrease in sales in both domestic and overseas businesses.

Regarding domestic business, domestic sales volume of containerboard and corrugated containers decreased from the previous year due to the restriction on economic activity caused by the spread of COVID-19, whereas sales for processed food packaging performed steadily as a result of a trend of staying home. Export sales volume of containerboard increased from the previous year.

As for boxboard, domestic sales volume decreased from the previous year due in part to a decrease in demand for souvenirs and gifts on account of the trend of staying home. Export sales volume decreased from the previous year due to a decline in demand as a result of implementation of lockdowns in Southeast Asia and Oceania. As for packing paper, domestic sales volume decreased from the previous year as a demand for paper bags and heavy-duty paper sacks for industrial products declined due in part to the trend of staying home and the restriction on economic activity. Export sales volume declined from the previous year.

As for disposable diapers for babies, domestic sales volume decreased, but export sales volume increased. As a result, overall sales volume increased from the previous year. Sales volume of disposable diapers for adults decreased from the previous year. As for household paper which comprises tissue paper and toilet rolls, sales volume remained static from the previous year as sales for professional-use products declined due to the economic stagnation caused by the spread of COVID-19, while sales of kitchen towels increased as the use of disposable wipes has diversified due to a greater hygiene awareness accompanying the spread of COVID-19. As for processed goods, such as wet wipes and face masks, both sales volume and sales amount increased significantly from the previous year due to growing demand accompanying the spread of COVID-19.

Regarding overseas business, in containerboard business, sales volume in Southeast Asia decreased from the previous year due to the economic stagnation caused by the spread of COVID-19. In Oceania, sales volume remained static from the previous year despite the impact of the spread of COVID-19. As for corrugated container business, in Southeast Asia, sales volume decreased from the previous year due to the economic stagnation caused by the spread of COVID-19, despite strong sales of those for medical rubber gloves. In Oceania, sales volume increased from the previous year both in New Zealand and Australia.

As for disposable diaper business, sales volume increased significantly from the previous year, due to the introduction of the new packaging design of Doraemon in China, and our continual efforts for sales expansion to convenience stores in Indonesia, although sales volume remained static from the previous year in Malaysia, due to sluggish sales at retail stores as a result of the trend of staying home in response to the spread of COVID-19.

○Functional Materials

In the first half of FY2020, net sales amounted to ¥90.9 billion (year-on-year decrease of 15.9%), and operating profit was ¥5.1 billion (year-on-year decrease of 25.9%) due to a decrease in sales of products in both domestic and overseas businesses.

Regarding domestic business, as for specialty paper, sales volume for tickets and souvenirs decreased due to a decline in the number of tourists visiting Japan and travel restrictions caused by the spread of COVID-19, although sales for food and medical use performed steadily due to the trend of staying home and a greater hygiene awareness. As a result, overall sales volume decreased from the previous year. Sales volume of thermal paper decreased from the previous year as sales for POS decreased due in part to the trend of staying home.

Regarding overseas business, our sales of products were affected by implementation of stay-at-home order and the economic stagnation caused by the spread of COVID-19. As for thermal paper, sales volume decreased in North America, South America and Southeast Asia from the previous year due in part to a decrease in demand for POS and tickets, but increased in Europe from the previous year as a result of customers' trends to secure inventories.

○Forest Resources and Environment Marketing

In the first half of FY2020, net sales amounted to ¥119.3 billion (year-on-year decrease of 21.6%), and operating profit was ¥6.7 billion (year-on-year decrease of 69.6%) due to a decrease in sales of products in both domestic and overseas businesses, and effects of weakening overseas pulp market.

Regarding domestic business, sales volume of pulp business decreased from the previous year mainly because of a decrease in the export volume of dissolving pulp to China due to the economic stagnation caused by the spread of COVID-19. Sales volume of energy business increased from the previous year and MPM Oji Eco-Energy Co., Ltd, a biomass power generation facility which started operation in Hachinohe City, Aomori Prefecture, in September 2019, has contributed to the increase throughout the period.

Regarding overseas business, sales volume of pulp business decreased from the previous year, due to a decrease in demand in China caused by the economic stagnation caused by the spread of COVID-19.

○Printing and Communications Media

In the first half of FY2020, net sales amounted to ¥114.1 billion (year-on-year decrease of 22.3%), and operating profit was ¥0.7 billion (year on-year decrease of 76.3%) due to a decrease in sales of products in both domestic and overseas businesses.

Regarding domestic business, sales volume of newsprint decreased from the previous year due to the reduced circulation and total pagination as a result of the economic stagnation caused by the spread of COVID-19.

As for printing paper, sales volume decreased significantly from the previous year due to the economic stagnation caused by the spread of COVID-19. In regard to those for publication use, sales volume decreased mainly due to reduced circulation and total number of pages of women's magazines, travel magazines, sports magazines, etc., whereas there was an increase in demand for comic books accompanying the trend of staying home. In regard to those for commercial printing use, sales volume decreased significantly due to a decrease in demand for catalogs, posters, flyers, etc. as a result of the trend of refraining from attracting customers and holding events. As for communication paper, sales volume decreased from the previous year due to a decrease in demand in offices as a result of the spread of working from home.

Regarding overseas businesses, at Jiangsu Oji Paper Co., Ltd., sales volume of printing paper decreased from the previous year mainly as the demand for commercial printing, including advertising, decreased both in China and abroad because of the economic stagnation caused by the spread of COVID-19.

(2) FY2020 Forecast and Future Outlook

Given the impact of the spread of COVID-19 on our business performance, we have revised the forecast of consolidated business results for FY2020 (April 1, 2020-March 31, 2021) from that announced in the Summary of Consolidated Financial and Business Results on August 4, 2020 as follows. Please refer to "Difference between the Forecasts and the Results of Consolidated for the First Half of the Fiscal Year 2020 and Revisions to the Consolidated Forecasts for the Fiscal Year 2020" disclosed today (November 5, 2020).

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	Yen
Previous Forecast (A)	1,400.0	90.0	80.0	50.0	50.50
Revised Forecast (B)	1,350.0	70.0	60.0	35.0	35.35
Difference (B - A)	(50.0)	(20.0)	(20.0)	(15.0)	
Percentage change (%)	(3.6%)	(22.2%)	(25.0%)	(30.0%)	
(Reference) FY2019 (results, cumulative)	1,507.6	106.1	101.3	58.2	58.78

2. Outline of Business Performance and Financial Situation

Business Performance

Billions of yen

	1st half of FY2020		Forecasts for FY2020	
		Increase(Decrease)		Increase(Decrease)
Net Sales	652.4	(107.8)	1,350.0	(157.6)
Domestic	466.0	(63.0)		
Overseas	186.4	(44.8)		
ratio	28.6%	(1.8%)		
Operating Profit	29.3	(26.3)	70.0	(36.1)
Ordinary Profit	22.1	(29.2)	60.0	(41.3)
Profit attributable to owners of parent	10.3	(18.6)	35.0	(23.2)

Billions of yen

Depreciation	30.2	(0.9)	61.7	(1.7)
Capital expenditure	43.5	(2.4)	101.7	13.2

Average foreign exchange rate

	1st half of FY2020		Forecasts for FY2020	
		Increase(Decrease)		Increase(Decrease)
JPY / USD April to March	106.9	(1.7)	105.8	(2.9)
BRL / USD January to December	4.92	1.08	5.21	1.26
NZD / USD January to December	1.60	0.11	1.55	0.03
CNY / USD January to December	7.04	0.25	6.92	0.00

Financial situation

Billions of yen

	Sep-30-2020	
		Increase(Decrease)from Mar 31,2020
Total assets	1,868.8	(16.5)
Net assets	825.7	(5.9)
Interest bearing debts	611.4	29.7
Net debts	503.0	5.6

Number of employees

person

	Sep-30-2020	
		Increase(Decrease)from Mar 31,2020
Number of employees	36,581	(229)
Domestic	16,958	(29)
Overseas	19,623	(200)

Consolidated quarterly balance sheets

(Unit : Millions of yen)

	FY2019	First Half /
	Mar 31,2020	FY2020
		Sep 30,2020
Assets		
Current assets		
Cash and deposits	73,943	100,681
Notes and accounts receivable - trade	301,682	273,575
Securities	10,381	7,727
Merchandise and finished goods	98,483	88,786
Work in process	23,467	23,249
Raw materials and supplies	94,946	92,617
Other	39,390	33,035
Allowance for doubtful accounts	(1,811)	(1,850)
Total current assets	<u>640,484</u>	<u>617,821</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	188,286	191,142
Machinery, equipment and vehicles, net	297,632	292,678
Land	235,700	239,568
Other, net	294,174	299,488
Total property, plant and equipment	<u>1,015,794</u>	<u>1,022,878</u>
Intangible assets		
Goodwill	4,672	3,458
Other	8,388	8,726
Total intangible assets	<u>13,060</u>	<u>12,185</u>
Investments and other assets		
Investment securities	150,831	150,760
Other	66,020	66,047
Allowance for doubtful accounts	(910)	(906)
Total investments and other assets	<u>215,941</u>	<u>215,901</u>
Total non-current assets	<u>1,244,796</u>	<u>1,250,965</u>
Total assets	<u>1,885,280</u>	<u>1,868,786</u>

(Unit : Millions of yen)

	FY2019 Mar 31,2020	First Half / FY2020 Sep 30,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	209,669	189,984
Short-term borrowings	172,027	167,793
Commercial papers	14,000	27,000
Current portion of bonds payable	20,000	—
Income taxes payable	22,984	8,780
Provisions	3,627	4,141
Other	90,668	83,325
Total current liabilities	<u>532,976</u>	<u>481,025</u>
Non-current liabilities		
Bonds payable	80,000	120,000
Long-term borrowings	295,647	296,590
Provisions	5,096	5,198
Retirement benefit liability	54,213	54,728
Other	85,690	85,501
Total non-current liabilities	<u>520,647</u>	<u>562,018</u>
Total liabilities	<u>1,053,623</u>	<u>1,043,044</u>
Net assets		
Shareholders' equity		
Share capital	103,880	103,880
Capital surplus	110,750	110,956
Retained earnings	457,568	460,902
Treasury shares	(13,577)	(13,435)
Total shareholders' equity	<u>658,623</u>	<u>662,305</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,004	23,355
Deferred gains or losses on hedges	(957)	186
Revaluation reserve for land	5,813	5,810
Foreign currency translation adjustment	2,390	(8,002)
Remeasurements of defined benefit plans	5,261	4,672
Total accumulated other comprehensive income	<u>33,512</u>	<u>26,022</u>
Share acquisition rights	216	216
Non-controlling interests	139,305	137,198
Total net assets	<u>831,657</u>	<u>825,741</u>
Total liabilities and net assets	<u>1,885,280</u>	<u>1,868,786</u>

Consolidated quarterly statements of income

(Unit : Millions of yen)

	First Half / FY2019	First Half / FY2020
	Apr '19 - Sep '19	Apr '20 - Sep '20
Net sales	760,206	652,423
Cost of sales	576,013	503,998
Gross profit	<u>184,193</u>	<u>148,425</u>
Selling, general and administrative expenses		
Freight and incidental costs	70,738	63,751
Employees' salaries	25,988	25,779
Other	31,886	29,588
Total selling, general and administrative expenses	<u>128,612</u>	<u>119,119</u>
Operating profit	<u>55,580</u>	<u>29,306</u>
Non-operating income		
Interest income	1,132	678
Dividend income	1,733	1,650
Insurance claim income	161	1,222
Share of profit of entities accounted for using equity method	1,067	—
Other	2,760	1,525
Total non-operating income	<u>6,855</u>	<u>5,076</u>
Non-operating expenses		
Interest expenses	3,529	3,053
Share of loss of entities accounted for using equity method	—	1,122
Foreign exchange losses	3,770	3,722
Other	3,795	4,386
Total non-operating expenses	<u>11,095</u>	<u>12,285</u>
Ordinary profit	<u>51,341</u>	<u>22,097</u>
Extraordinary income		
Insurance claim income	609	1,857
Gain on sale of businesses	—	906
Other	824	1,340
Total extraordinary income	<u>1,434</u>	<u>4,104</u>
Extraordinary losses		
Loss on disaster	2,299	1,850
Other	2,841	2,123
Total extraordinary losses	<u>5,140</u>	<u>3,973</u>
Profit before income taxes	<u>47,634</u>	<u>22,228</u>
Income taxes - current	16,586	10,948
Income taxes - deferred	(3,040)	707
Total income taxes	<u>13,546</u>	<u>11,655</u>
Profit	<u>34,088</u>	<u>10,573</u>
Profit attributable to non-controlling interests	<u>5,248</u>	<u>283</u>
Profit attributable to owners of parent	<u>28,839</u>	<u>10,289</u>

Consolidated quarterly statements of comprehensive income

(Unit : Millions of yen)

	First Half / FY2019	First Half / FY2020
	Apr '19 - Sep '19	Apr '20 - Sep '20
Profit	34,088	10,573
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,992)	2,039
Deferred gains or losses on hedges	(409)	1,144
Foreign currency translation adjustment	(16,124)	(13,102)
Remeasurements of defined benefit plans, net of tax	(677)	(666)
Share of other comprehensive income of entities accounted for using equity method	(598)	150
Total other comprehensive income	<u>(19,801)</u>	<u>(10,434)</u>
Comprehensive income	<u>14,286</u>	<u>138</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,588	2,803
Comprehensive income attributable to non-controlling interests	1,698	(2,664)