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Summary of Consolidated Financial and Business Results for the First Nine Months of the Year Ending March 2019

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

1. Results for the First Nine Months of the Year Ending March 31, 2019 (April 1, 2018 - December 31, 2018) (Unaudited)

(1) Consolidated Business Results

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Nine Months of FY2018	1,170,673	6.1	83,155	70.7	78,126	68.1	38,842	30.6
First Nine Months of FY2017	1,103,464	5.0	48,702	(9.3)	46,481	28.3	29,741	18.0

Note: Comprehensive income First Nine Months of FY2018 27,406 million yen
First Nine Months of FY2017 45,435 million yen

	Profit per share	Diluted profit per share
	Yen	Yen
First Nine Months of FY2018	39.25	39.22
First Nine Months of FY2017	30.09	30.06

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First Nine Months of FY2018	1,982,111	809,505	34.0	680.16
Year ended March 2018	1,960,753	810,011	34.4	681.52

Note: Shareholders' equity First Nine Months of FY2018 673,066 million yen
FY2017 673,642 million yen

2. Dividend Conditions

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY2017	—	5.00	—	5.00	10.00
FY2018	—	6.00	—		
FY2018 (Forecast)				6.00	12.00

Note : Change in forecast of dividend ··· None

3. Consolidated Forecasts for the Year Ending March 2019 (April 1, 2018-March 31, 2019)

(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	1,550,000	4.3	110,000	55.4	100,000	51.6	50,000	38.0	50.58

Note : Change in consolidated forecasts ··· None

4. In Addition

(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 :	Yes
(ii)	Changes besides (i) :	None
(iii)	Accounting estimate change :	None
(iv)	Restatement :	None

(4) Outstanding balance of issued shares (common stock)

(i)	Outstanding balance of issued shares at the end of fiscal year (Including treasury shares)			
	First Nine Months of FY2018	1,014,381,817	FY2017	1,014,381,817
(ii)	Outstanding balance of treasury shares at the end of fiscal year			
	First Nine Months of FY2018	24,803,109	FY2017	25,937,293
(iii)	Weighted average number of shares during fiscal year			
	First Nine Months of FY2018	989,595,649	First Nine Months of FY2017	988,493,124

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 Nine Months of FY2018 (April 1, 2018 - December 31, 2018)

	Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent	Profit Per Share
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	Yen
First Nine Months of FY2018	1,170.7	83.2	78.1	38.8	39.25
First Nine Months of FY2017	1,103.5	48.7	46.5	29.7	30.09
Increase (Decrease)	67.2	34.5	31.6	9.1	
Increase (Decrease)	6.1%	70.7%	68.1%	30.6%	

Overview of Business Performance for the First Nine Months of FY2018

Oji Group has set "Expansion of Overseas Businesses", "Concentration / Advancement of Domestic Businesses", and "Enhancement of Financial Foundation" as the Fundamental Policies of the Group Management Strategies. In the domestic business, we are working to consolidate and improve the efficiency of existing businesses and accelerate the development of new promising businesses by leveraging accumulated technologies and know-how. In the overseas business, we are working to further expand the regions as well as the fields of business operations by implementing capacity enhancement at existing sites and acquiring new sites through M&As.

Under such initiatives, net sales for the first nine months of FY2018 increased by ¥67.2 billion year-on-year (+6.1%) to ¥1,170.7 billion, mainly due to the expansion of business scale and the increase in pulp sales prices in the overseas business, and the effect of price adjustments in the domestic business. "Expansion of Overseas Businesses" has steadily progressed and overseas sales ratio of the Oji Group rose by 2.1% to 32.1%.

Operating profit increased by ¥34.5 billion year-on-year (+70.7%) to ¥83.2 billion, with both domestic and overseas businesses experienced the increase. In the domestic business, the effect of product price adjustment and the effect of cost reductions contributed to the profit increase, despite the higher raw material and fuel prices. In the overseas business, operating profit of overseas located companies increased by ¥29.9 billion year-on-year (+96.1%) to ¥61.1 billion, mainly due to the expansion of business scale and the increase in pulp sales prices.
We are making steady progress for achieving the consolidated operating profit of ¥100.0 billion, which is the management target of FY2018, the final year of the 2016-2018 Medium-term Management Plan.

Although non-operating profit and loss decreased by ¥2.8 billion year-on-year mainly due to the recording of foreign exchange loss, and ordinary profit increased by ¥31.6 billion year-on-year (+68.1%) to ¥78.1 billion.

Extraordinary profit decreased by ¥4.6 billion year-on-year mainly due to the loss on disaster of ¥3.2 billion caused by the Heavy Rain Event of July 2018, typhoons, and the 2018 Hokkaido Eastern Iburi Earthquake, as well as a decrease in gain on sales of fixed assets. However, profit before taxes increased by ¥27.0 billion year-on-year (+57.5%) to ¥74.1 billion, and profit attributable to owners of parent increased by ¥9.1 billion year-on-year (+30.6%) to ¥38.8 billion.

Overview of Business Performance for the First Nine Months of FY2018 by Segment

(i) Business Performance by Segment (Unit : Billions of yen)

		Net Sales			Operating Profit		
		First Nine Months of FY2017	First Nine Months of FY2018	Increase (Decrease)	First Nine Months of FY2017	First Nine Months of FY2018	Increase (Decrease)
Reporting Segment	Household & Industrial Materials	486.8	514.0	5.6%	3.1	15.5	396.7%
	Functional Materials	164.1	169.2	3.1%	14.1	13.9	(1.5%)
	Forest Resources & Environment Marketing	218.5	248.4	13.7%	26.0	51.0	96.3%
	Printing & Communications Media	226.9	227.2	0.2%	(0.9)	(5.2)	-
	Total	1,096.2	1,158.8	5.7%	42.3	75.2	77.8%
Others		208.5	219.4	5.2%	6.4	7.4	16.1%
Total		1,304.7	1,378.3	5.6%	48.7	82.6	69.7%
Adjustment (*)		(201.2)	(207.6)		(0.0)	0.5	
Consolidated total		1,103.5	1,170.7	6.1%	48.7	83.2	70.7%

*Adjustment amount is mainly the adjustment concerning internal transactions.

(ii) Overview of Business Performance by Segment

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".

For your information, the classification of reporting segments has been changed for some businesses from the first quarter of FY2018, as a result of reviewing the internal management classification. For the comparison with the previous fiscal year, the figures for the first nine months of FY2017 have been reclassified to the segment classification after the change.

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 nine months of FY2018, net sales were ¥514.0 billion (year-on-year increase of 5.6%); and operating profit was ¥15.5 billion (year-on-year increase of 396.7%) as a result of the effect of products price adjustments.

Regarding domestic business, sales volume of containerboard and corrugated containers increased from the previous year due to steady sales for food industry customers and e-commerce, despite sluggish sales for fruit and vegetable industry customers caused by typhoons, etc.

Sales volume of boxboard increased from the previous year due to strong domestic sales and export to Southeast Asia. As for packing paper, influenced by the production suspension at a mill after the Heavy Rain Event of July 2018, domestic sales volume decreased from the previous year while export sales volume remained almost at the same level as the previous year due to increased sales to Southeast Asia.

As for disposable diapers, sales volume of both baby and adult disposable diapers increased. Household paper business which comprises tissue paper and toilet rolls steadily performed and its sales volume increased.

Regarding overseas business, in Southeast Asia, sales of containerboard increased due to the effect of higher sales prices. Sales of corrugated containers, mainly for customers of beverage and processed food industries, recorded healthy. Sales volume of disposable diapers increased from the previous year due to the penetration of pants-type disposable diaper products in Malaysia, the continued efforts for sales expansion in Indonesia, and the expansion of exports from Japan leveraging on a reputation of Nepia brand in China.

○Functional Materials

In the first nine months of FY2018, net sales were ¥169.2 billion (year-on-year increase of 3.1%); and operating profit was ¥13.9 billion (year-on-year decrease of 1.5%) although sales increase from efforts for sales expansion made up for the impacts of the higher raw material and fuel prices.

Regarding domestic business, for domestic market, sales volume of specialty paper decreased from the previous year mainly due to the impact of production suspension at a mill after the 2018 Hokkaido Eastern Iburi Earthquake, despite efforts for developing new product and acquiring new customers. Sales volume of thermal paper increased from the previous year due to steady performance. Sales volume of adhesive products, mainly thermal tack paper, increased from the previous year. As for export sales, sales volume of specialty paper increased from the previous year due to sales expansion of products such as building material paper.

Regarding overseas business, Tele-Paper (M) Sdn. Bhd., a newly consolidated subsidiary in Malaysia, played a part in enhancing the result. Sales of thermal paper was strong in all regions. In particular, sales volume significantly increased from the previous year in emerging countries in Southeast Asia and South America.

○Forest Resources and Environment Marketing

In the first nine months of FY2018, net sales were ¥248.4 billion (year-on-year increase of 13.7%); and operating profit was ¥51.0 billion (year-on-year increase of 96.3%). As a result of the effect of rise in pulp sales prices, both net sales and operating profit increased significantly.

Regarding domestic business, sales volume of pulp business remained almost at the same level as the previous year due to steady performance. Sales volume of lumber business increased from the previous year due to strong performance. Sales volume of energy business remained almost at the same level as the previous year due to steady performance.

Regarding overseas business, sales volume of pulp business was steady. Sales volume of lumber business increased from the previous year due to strong sales at Pan Pac Forest Products Ltd.

○Printing and Communications Media

In the first three months of FY2018, net sales were ¥227.2 billion (year-on-year increase of 0.2%); and operating loss was ¥5.2billion (year on-year decrease of ¥4.3 billion) mainly due to the impacts of higher raw material and fuel prices.

Regarding domestic business, sales volume of newsprint decreased from the previous year due to reduced circulation and total number of pages.

As for printing and communication paper, sales volume was almost at the same level as the previous year, but sales amount decreased due to the fall in market.

Regarding overseas business, sales at Jiangsu Oji Paper Co.,Ltd. increased from the previous year due to the effect of higher sales prices of printing paper.

Consolidated quarterly balance sheets

(Unit : Millions of yen)

	FY2017 Mar 31,2018	First Nine Months / FY2018 Dec 31,2018
Assets		
Current assets		
Cash and deposits	50,357	88,208
Notes and accounts receivable - trade	325,373	338,183
Securities	12,406	17,595
Merchandise and finished goods	96,658	98,305
Work in process	19,502	21,861
Raw materials and supplies	86,994	95,605
Other	35,276	36,240
Allowance for doubtful accounts	(1,511)	(1,647)
Total current assets	625,056	694,354
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	204,777	198,645
Machinery, equipment and vehicles, net	366,700	351,295
Land	235,846	235,430
Other, net	249,319	242,747
Total property, plant and equipment	1,056,644	1,028,118
Intangible assets		
Goodwill	9,664	7,630
Other	11,626	10,267
Total intangible assets	21,290	17,897
Investments and other assets		
Investment securities	162,336	141,403
Other	96,886	101,745
Allowance for doubtful accounts	(1,460)	(1,407)
Total investments and other assets	257,762	241,741
Total non-current assets	1,335,696	1,287,757
Total assets	1,960,753	1,982,111

(Unit : Millions of yen)

	FY2017 Mar 31,2018	First Nine Months / FY2018 Dec 31,2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	248,490	257,242
Short-term loans payable	153,911	171,494
Commercial papers	1,000	33,000
Current portion of bonds	40,000	20,000
Income taxes payable	9,320	14,719
Provision	3,827	4,128
Other	80,681	76,456
Total current liabilities	537,231	577,041
Non-current liabilities		
Bonds payable	60,000	70,000
Long-term loans payable	392,511	362,867
Provision	7,470	6,175
Net defined benefit liability	51,422	52,880
Other	102,104	103,641
Total non-current liabilities	613,509	595,564
Total liabilities	1,150,741	1,172,606
Net assets		
Shareholders' equity		
Capital stock	103,880	103,880
Capital surplus	112,086	110,474
Retained earnings	377,801	399,902
Treasury shares	(14,465)	(13,776)
Total shareholders' equity	579,303	600,481
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39,287	30,439
Deferred gains or losses on hedges	(170)	(51)
Revaluation reserve for land	5,835	5,819
Foreign currency translation adjustment	31,973	19,635
Remeasurements of defined benefit plans	17,412	16,741
Total accumulated other comprehensive income	94,338	72,585
Share acquisition rights	246	235
Non-controlling interests	136,122	136,203
Total net assets	810,011	809,505
Total liabilities and net assets	1,960,753	1,982,111

Consolidated quarterly statements of income

(Unit : Millions of yen)

	First Nine Months / FY2017 Apr '17 - Dec '17	First Nine Months / FY2018 Apr '18 - Dec '18
Net sales	1,103,464	1,170,673
Cost of sales	853,196	886,335
Gross profit	250,268	284,338
Selling, general and administrative expenses		
Freightage related expenses	110,144	112,869
Other	91,420	88,313
Total selling, general and administrative expenses	201,565	201,183
Operating profit	48,702	83,155
Non-operating income		
Interest income	1,134	1,347
Dividend income	2,403	2,489
Foreign exchange gains	1,456	—
Share of profit of entities accounted for using equity method	804	192
Reversal of provision for loss on litigation	509	2,046
Other	2,853	3,130
Total non-operating income	9,162	9,206
Non-operating expenses		
Interest expenses	5,133	4,671
Foreign exchange losses	—	3,188
Other	6,249	6,375
Total non-operating expenses	11,382	14,235
Ordinary profit	46,481	78,126
Extraordinary income		
Gain on sales of investment securities	350	812
Other	4,505	409
Total extraordinary income	4,856	1,221
Extraordinary losses		
Loss on disaster	2,033	3,168
Other	2,284	2,127
Total extraordinary losses	4,318	5,296
Profit before income taxes	47,019	74,052
Income taxes - current	11,110	22,048
Income taxes - deferred	1,495	2,021
Total income taxes	12,605	24,070
Profit	34,413	49,981
Profit attributable to non-controlling interests	4,672	11,139
Profit attributable to owners of parent	29,741	38,842

Consolidated quarterly statements of comprehensive income

(Unit : Millions of yen)

	First Nine Months / FY2017 Apr '17 - Dec '17	First Nine Months / FY2018 Apr '18 - Dec '18
Profit	34,413	49,981
Other comprehensive income		
Valuation difference on available-for-sale securities	9,655	(7,664)
Deferred gains or losses on hedges	748	90
Foreign currency translation adjustment	(4,468)	(13,318)
Remeasurements of defined benefit plans, net of tax	3,309	(789)
Share of other comprehensive income of entities accounted for using equity method	1,775	(894)
Total other comprehensive income	11,021	(22,575)
Comprehensive income	45,435	27,406
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	42,618	18,280
Comprehensive income attributable to non-controlling interests	2,816	9,125

(Change in accounting policies)
IFRS 15 “Revenue from Contracts with Customers” have been applied to subsidiaries that adopt IFRS from the first quarter of the year ending March 2019. As a result, the effect on the consolidated financial statements is immaterial.

(Additional information)
"Partial Amendments to Accounting Standard for Tax Effect Accounting, etc."（ASBJ Statement No.28, February 16,2018) and other standards have been adopted from the beginning of the current first quarter, whereby deferred tax assets are presented under investments and other assets, while deferred tax liabilities are presented under Non-current liabilities.