

Summary of Consolidated Financial and Business Results **for the Year Ended March 2020 (Japanese GAAP)**

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 General meeting of stockholders to be held: June 26, 2020 Start of dividend payout: June 11, 2020
 Statutory annual report to be presented: June 26, 2020

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

1. Results for the Year Ended March 31, 2020 (April 1, 2019 - March 31, 2020)**(Unaudited)****(1) Consolidated Business Results**

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2019	1,507,607	(2.8)	106,125	(3.7)	101,289	(14.4)	58,181	11.9
FY2018	1,550,991	4.4	110,212	55.7	118,370	79.5	51,977	43.5

Note: Comprehensive income FY2019 33,351 million yen FY2018 32,499 million yen

	Profit per share	Diluted profit per share	Ratio of profit to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2019	58.78	58.74	8.5	5.3	7.0
FY2018	52.52	52.49	7.7	6.0	7.1

Note: Equity in earning of affiliates FY2019 2,889 million yen FY2018 12,593 million yen

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2019	1,885,280	831,657	36.7	699.12
FY2018	1,951,369	815,406	34.7	684.50

Note: Shareholders' equity FY2019 692,135 million yen FY2018 677,393 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2019	124,491	(64,801)	(58,148)	82,390
FY2018	140,571	(66,636)	(45,539)	82,794

2. Cash Dividends

	Dividend per share					Total dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend on net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2018	-	6.00	-	6.00	12.00	11,891	22.8	1.8
FY2019	-	7.00	-	7.00	14.00	13,881	23.8	2.0
FY2020 (Forecast)	-	7.00	-	7.00	14.00		27.7	

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

(Figures shown in percentage for the full year are ratios compared to the previous year,

Figures shown in percentage for the first half are ratios compared to the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	682,000	(10.3)	34,000	(38.8)	25,000	(51.3)	16,000	(44.5)	16.16
Full year	1,400,000	(7.1)	90,000	(15.2)	80,000	(21.0)	50,000	(14.1)	50.50

4. Notes

(1) Changes in important subsidiaries

(changes regarding specified subsidiaries accompanying changes in the scope of consolidation) : None

(2) 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 |

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

- | | | | |
|--|---------------|--------|---------------|
| (i) Outstanding balance of issued shares at the end of fiscal year (Including treasury shares) | | | |
| FY2019 | 1,014,381,817 | FY2018 | 1,014,381,817 |
| (ii) Outstanding balance of treasury shares at the end of fiscal year | | | |
| FY2019 | 24,368,163 | FY2018 | 24,762,066 |
| (iii) Weighted average number of shares during fiscal year | | | |
| FY2019 | 989,857,587 | FY2018 | 989,601,732 |

(Reference)

1. Results for the Year Ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(1) Non-consolidated Business Results

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

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2019	37,665	21.5	21,017	41.1	22,738	60.6	14,682	37.5
FY2018	30,991	10.8	14,898	49.8	14,154	25.6	10,678	(15.1)

	Profit per share	Diluted profit per share
	Yen	Yen
FY2019	14.83	14.82
FY2018	10.79	10.78

(2) Non-consolidated Financial Condition

	Net sales	Operating income	Ordinary income	Profit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2019	1,012,719	363,918	35.9	367.29
FY2018	1,053,109	369,718	35.1	373.29

Note: Shareholders' equity FY2019 363,702 million yen FY2018 369,496 million yen

NOTICE

- This document is out of the scope of the audit procedures required by Financial Instruments and Exchange Act, and audit procedures for consolidated financial statement haven't been finished as of the date of publication.
- 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 Year Ended March 31, 2020 (April 1, 2019 - March 31, 2020. "FY2019")

	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
FY2019	1,507.6	106.1	101.3	58.2	58.78
FY2018	1,551.0	110.2	118.4	52.0	52.52
Increase (Decrease)	(43.4)	(4.1)	(17.1)	6.2	
Increase (Decrease)	(2.8%)	(3.7%)	(14.4%)	11.9%	

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

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.

Under such initiatives, consolidated net sales for FY2019 decreased by ¥43.4 billion to ¥1,507.6 billion (year-on-year decrease of 2.8%) mainly due to effects of weakening pulp market in the overseas business, despite product price adjustment effects in the domestic business. Overseas sales ratio decreased by 2.1 points from the previous year to 29.9%.

Consolidated operating profit decreased by ¥4.1 billion to ¥106.1 billion (year-on-year decrease of 3.7%) as a result of decreased operating profit of the overseas business, despite increased operating profit of the domestic business.

Non-operating profit and loss decreased by ¥13.0 billion year-on-year mainly due to a decrease in share of profit of entities accounted for using equity method. Ordinary profit decreased by ¥17.1 billion to ¥101.3 billion (year-on-year decrease of 14.4%).

Extraordinary profit and loss increased by ¥24.4 billion year-on-year due in part to a decrease in impairment loss. As a result, profit before taxes increased by ¥7.3 billion to ¥98.1 billion (year-on-year increase of 8.1%), and profit attributable to owners of parent increased by ¥6.2 billion to ¥58.2 billion (year-on-year increase of 11.9%).

Overview of Business Performance for FY2019 by Segment

(i) Business Performance by Segment

(Unit: Billions of yen)

		Net Sales			Operating Profit(Loss)		
		FY2018	FY2019	Increase (Decrease)	FY2018	FY2019	Increase (Decrease)
Reporting Segment	Household & Industrial Materials	681.2	686.1	0.7%	22.4	40.9	82.7%
	Functional Materials	224.1	214.7	(4.2%)	18.4	15.4	(16.4%)
	Forest Resources & Environment Marketing	326.5	285.6	(12.5%)	64.6	28.8	(55.4%)
	Printing & Communications Media	302.9	292.7	(3.4%)	(4.8)	11.3	—
	Total	1,534.7	1,478.9	(3.6%)	100.6	96.5	(4.1%)
Others		294.2	289.4	(1.6%)	9.8	9.0	(8.8%)
Total		1,828.8	1,768.3	(3.3%)	110.4	105.4	(4.5%)
Adjustment (*)		(277.9)	(260.7)		(0.2)	0.7	
Consolidated total		1,551.0	1,507.6	(2.8%)	110.2	106.1	(3.7%)

*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 FY2019, net sales amounted to ¥686.1 billion (year-on-year increase of 0.7%); and operating profit was ¥40.9 billion (year-on-year increase of 82.7%) as a result of product price adjustment effects.

Regarding domestic business, sales volume of containerboard and corrugated containers increased from the previous year due to steady sales mainly to food and e-commerce customers.

As for boxboard, sales volume in both domestic and export sales decreased from the previous year. As for packing paper, domestic sales volume decreased from the previous year due to a decline in demand for automotive and export-related products. Export sales volume decreased from the previous year.

As for disposable diapers, domestic sales volume of disposable diapers for babies decreased from the previous year, while export 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 decreased from the previous year due in part to the impact of the mill shutdown caused by the Kasugai Mill fire, but sales amount increased from the previous year due to product price adjustment effects.

Regarding overseas business, in containerboard business, in Southeast Asia, sales volume increased from the previous year, while sales amount decreased from the previous year mainly due to the effects of weakening market conditions. In Oceania, sales volume decreased from the previous year. As for corrugated container business, in Southeast Asia, sales mainly to beverages and processed food customers steadily performed. In Oceania, sales volume remained static from the previous year.

As for disposable diaper business, sales volume increased significantly from the previous year in each of the three countries where we have business locations, due to sales expansion of "Whito" and strong sales on online shopping sites in China, penetration of our own brands in Malaysia, and our continual efforts for sales expansion in Indonesia.

○Functional Materials

In FY2019, net sales amounted to ¥214.7 billion (year-on-year decrease of 4.2%); and operating profit was ¥15.4 billion (year-on-year decrease of 16.4%) mainly due to the impact of reduced sales of some products.

Regarding domestic business, sales volume of specialty paper decreased from the previous year mainly due to sluggish sales to electronic components/semiconductors customers, despite efforts for developing new products and cultivating new customers. In export sales, sales volume decreased from the previous year due to the impact of the slowdown in Chinese and South Korean economies. Sales volume of thermal paper increased from the previous year due to steady performance of sales.

Regarding overseas business, sales volume of thermal paper decreased in Europe and Southeast Asia but increased in North America and South America from the previous year.

○Forest Resources and Environment Marketing

In FY2019, net sales amounted to ¥285.6 billion (year-on-year decrease of 12.5%); and operating profit was ¥28.8 billion (year-on-year decrease of 55.4%) mainly due to effects of weakening pulp market.

Regarding domestic business, sales volume of pulp business remained almost at the same level as the previous year. Sales volume of energy business increased from the previous year due to the operation commencement of biomass power generation facilities by MPM Oji Eco-Energy Co., Ltd. in Hachinohe City, Aomori Prefecture.

Regarding overseas business, sales volume of pulp increased from the previous year, but sales amount decreased mainly due to effects of weakening pulp market.

○Printing and Communications Media

In FY2019, net sales amounted to ¥292.7 billion (year-on-year decrease of 3.4%); and operating profit was ¥11.3 billion (year on-year increase of ¥16.1 billion) mainly due to product price adjustment effects.

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

Sales volume of printing and communication paper decreased from the previous year due to decreasing demand.

Regarding overseas businesses, sales amount of printing paper decreased from the previous year mainly due to effects of weakening market conditions, despite an increase in the sales volume of printing paper by Jiangsu Oji Paper Co., Ltd.

Forecast for the Year Ending March 31, 2021 (April 1, 2020 - March 31, 2021, "FY2020")

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Profit per share
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	Yen
First Half of FY2020	682.0	34.0	25.0	16.0	16.16
First Half of FY2019	760.2	55.6	51.3	28.8	29.14
Increase (Decrease)	(78.2)	(21.6)	(26.3)	(12.8)	
Increase (Decrease)	(10.3%)	(38.8%)	(51.3%)	(44.5%)	
FY2020	1,400.0	90.0	80.0	50.0	50.50
FY2019	1,507.6	106.1	101.3	58.2	58.78
Increase (Decrease)	(107.6)	(16.1)	(21.3)	(8.2)	
Increase (Decrease)	(7.1%)	(15.2%)	(21.0%)	(14.1%)	

<FY2020 Forecast and Future Outlook >

Looking to FY2020, Oji Group expects consolidated net sales of ¥1400.0 billion, consolidated operating profit of ¥90.0 billion, consolidated ordinary profit of ¥80.0 billion, and consolidated profit attributable to owners of parent of ¥50.0 billion.

The global economic downturn caused by the spread of the Coronavirus Disease 2019 (COVID-19) has an impact on the Oji Group, and we expect sales volume to decline in FY2020. Specifically, we expect a significant decrease in sales volume of mainly newsprint and printing & communication paper in Japan and printing paper in China, taking current situations into account. We expect a gradual recovery to begin in the second half of the fiscal year. Exchange rates, raw material and fuel prices, pulp sales prices, and pulp prices are expected to remain levels.

The second year of the three-year medium-term management plan, which ends in FY2021, has started. In the face of the global economic downturn, we will steadily implement strategic measures in line with our three fundamental policies of "Profitability Improvement of Domestic Business", "Expansion of Overseas Business", "Promotion of Innovation", and strive to improve our corporate value.

The assumed exchange rates for FY2020 forecast are as follows:

	Exchange rates	(Reference) Sensitivity for operating income
JPY/USD	107.00	Approx. ¥340 million with a fluctuation of USD by 1% (strong USD: -)
BRL/USD	5.90	Approx. ¥450 million with a fluctuation of USD by 1% (strong USD: +)
NZD/USD	1.67	Approx. ¥970 million with a fluctuation of USD by 1% (strong USD: +)

2. Outline of Business Performance and Financial Situation

Business Performance

Billions of yen

		FY2019		Forecasts for FY2020	
			Increase(Decrease)		Increase(Decrease)
Net Sales		1,507.6	(43.4)	1,400.0	(107.6)
	Domestic	1,057.3	2.4		
	Overseas	450.3	(45.8)		
	ratio	29.9%	(2.1%)		
Operating Profit		106.1	(4.1)	90.0	(16.1)
Ordinary Profit		101.3	(17.1)	80.0	(21.3)
Profit attributable to owners of parent		58.2	6.2	50.0	(8.2)

Billions of yen

Depreciation	63.4	(6.1)	63.7	0.3
Capital expenditure	88.5	32.7	110.8	22.3

Average foreign exchange rate

		FY2019		Forecasts for FY2020	
			Increase(Decrease)		Increase(Decrease)
JPY / USD	April to March	108.7	(2.2)	107.0	(1.7)
BRL / USD	January to December	3.95	0.29	5.90	1.96
NZD / USD	January to December	1.52	0.07	1.67	0.15
CNY / USD	January to December	6.61	0.00	7.10	0.49

Financial situation

Billions of yen

	Mar 31, 2020	
		Increase(Decrease) from Mar 31, 2019
Total assets	1,885.3	(66.1)
Net assets	831.7	16.3
Interest bearing debts	581.7	(38.9)
Net debts	497.3	(37.6)

Consolidated Statements of Cash Flows

Billions of yen

	FY2019	
		Increase(Decrease)
Cash flows from operating activities	124.5	(16.1)
Cash flows from investing activities	(64.8)	1.8
Cash flows from financing activities	(58.1)	(12.6)

Number of employees

person

	Mar 31, 2020	
		Increase(Decrease) from Mar 31, 2019
Number of employees	36,810	501
Domestic	16,987	(153)
Overseas	19,823	654

Consolidated balance sheets

(Unit : Millions of yen)

	FY2018 Mar 31,2019	FY2019 Mar 31,2020
Assets		
Current assets		
Cash and deposits	78,756	73,943
Notes and accounts receivable - trade	334,852	301,682
Securities	9,471	10,381
Merchandise and finished goods	101,940	98,483
Work in process	20,094	23,467
Raw materials and supplies	94,758	94,946
Short-term loans receivable	6,294	3,749
Accounts receivable - other	14,531	20,232
Other	14,603	15,407
Allowance for doubtful accounts	(1,838)	(1,811)
Total current assets	673,465	640,484
Non-current assets		
Property, plant and equipment		
Buildings and structures	662,001	670,400
Accumulated depreciation	(473,139)	(482,113)
Buildings and structures, net	188,861	188,286
Machinery, equipment and vehicles	2,369,868	2,376,088
Accumulated depreciation	(2,051,165)	(2,078,455)
Machinery, equipment and vehicles, net	318,702	297,632
Tools, furniture and fixtures	59,894	60,765
Accumulated depreciation	(54,979)	(55,205)
Tools, furniture and fixtures, net	4,914	5,560
Land	235,975	235,700
Forests	110,882	109,664
Standing Timber	89,719	85,858
Leased assets	9,012	50,587
Accumulated depreciation	(6,715)	(15,738)
Leased assets, net	2,296	34,849
Construction in progress	33,404	58,241
Total property, plant and equipment	984,759	1,015,794
Intangible assets		
Goodwill	6,682	4,672
Other	9,903	8,388
Total intangible assets	16,586	13,060
Investments and other assets		
Investment securities	186,287	150,831
Long-term loans receivable	7,398	7,558
Long-term prepaid expenses	21,336	3,998
Retirement benefit asset	37,115	32,019
Deferred tax assets	10,732	7,184
Other	14,806	15,258
Allowance for doubtful accounts	(1,119)	(910)
Total investments and other assets	276,558	215,941
Total non-current assets	1,277,904	1,244,796
Total assets	1,951,369	1,885,280

(Unit : Millions of yen)

	FY2018 Mar 31,2019	FY2019 Mar 31,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	253,929	209,669
Short-term borrowings	193,175	172,027
Commercial papers	3,000	14,000
Current portion of bonds payable	20,000	20,000
Accounts payable - other	16,705	16,330
Accrued expenses	48,912	48,485
Income taxes payable	17,941	22,984
Other	22,705	29,479
Total current liabilities	<u>576,369</u>	<u>532,976</u>
Non-current liabilities		
Bonds payable	70,000	80,000
Long-term borrowings	334,402	295,647
Deferred tax liabilities	62,486	48,412
Deferred tax liabilities for land revaluation	7,806	7,803
Retirement benefit liability	52,874	54,213
Long-term deposits received	7,728	7,492
Other	24,295	27,078
Total non-current liabilities	<u>559,593</u>	<u>520,647</u>
Total liabilities	<u>1,135,963</u>	<u>1,053,623</u>
Net assets		
Shareholders' equity		
Share capital	103,880	103,880
Capital surplus	110,474	110,750
Retained earnings	413,023	457,568
Treasury shares	(13,753)	(13,577)
Total shareholders' equity	<u>613,625</u>	<u>658,623</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,981	21,004
Deferred gains or losses on hedges	317	(957)
Revaluation reserve for land	5,816	5,813
Foreign currency translation adjustment	13,223	2,390
Remeasurements of defined benefit plans	11,428	5,261
Total accumulated other comprehensive income	<u>63,767</u>	<u>33,512</u>
Share acquisition rights	222	216
Non-controlling interests	137,790	139,305
Total net assets	<u>815,406</u>	<u>831,657</u>
Total liabilities and net assets	<u>1,951,369</u>	<u>1,885,280</u>

Consolidated statements of income

(Unit : Millions of yen)

	FY2018 Apr '18 - Mar '19	FY2019 Apr '19 - Mar '20
Net sales	1,550,991	1,507,607
Cost of sales	1,175,093	1,143,665
Gross profit	375,897	363,942
Selling, general and administrative expenses		
Freight and incidental costs	149,421	141,674
Storage costs	6,652	7,006
Employees' salaries	52,886	52,360
Retirement benefit expenses	883	1,214
Depreciation	5,151	5,582
Other	50,689	49,978
Total selling, general and administrative expenses	265,685	257,816
Operating profit	110,212	106,125
Non-operating income		
Interest income	2,081	2,172
Dividend income	3,386	3,146
Share of profit of entities accounted for using equity method	12,593	2,889
Other	9,535	6,096
Total non-operating income	27,596	14,305
Non-operating expenses		
Interest expenses	6,419	6,948
Foreign exchange losses	4,046	4,797
Other	8,973	7,396
Total non-operating expenses	19,439	19,142
Ordinary profit	118,370	101,289
Extraordinary income		
Gain on sales of investment securities	2,091	5,070
Insurance claim income	904	1,513
Gain on return of assets from retirement benefits trust	11,224	—
Other	1,271	508
Total extraordinary income	15,492	7,092
Extraordinary losses		
Business restructuring expenses	1,348	2,758
Loss on disaster	3,716	2,583
Loss on retirement of non-current assets	1,933	1,910
Impairment loss	34,141	1,728
Other	1,925	1,262
Total extraordinary losses	43,065	10,242
Profit before income taxes	90,797	98,138
Income taxes - current	31,227	35,018
Income taxes - deferred	(6,560)	(1,380)
Total income taxes	24,667	33,637
Profit	66,130	64,500
Profit attributable to non-controlling interests	14,152	6,319
Profit attributable to owners of parent	51,977	58,181

Consolidated statements of comprehensive income

	(Unit : Millions of yen)	
	FY2018	FY2019
	Apr '18 - Mar '19	Apr '19 - Mar '20
Profit	66,130	64,500
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,054)	(11,030)
Deferred gains or losses on hedges	501	(1,284)
Foreign currency translation adjustment	(21,945)	(11,565)
Remeasurements of defined benefit plans, net of tax	(6,089)	(5,000)
Share of other comprehensive income of entities accounted for using equity method	(1,042)	(2,268)
Total other comprehensive income	<u>(33,630)</u>	<u>(31,149)</u>
Comprehensive income	<u>32,499</u>	<u>33,351</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,603	28,020
Comprehensive income attributable to non-controlling interests	9,896	5,330

Consolidated Statements of Cash Flows

(Unit : Millions of yen)

FY2018 **FY2019**
Apr '18 - Mar '19 **Apr '19 - Mar '20**

Cash flows from operating activities		
Profit before income taxes	90,797	98,138
Depreciation	69,527	63,379
Impairment loss	34,141	1,728
Amortization of goodwill	1,685	1,898
Depletion of standing timber	8,457	8,656
Increase (decrease) in allowance for doubtful accounts	74	(211)
Decrease (increase) in retirement benefit asset	(3,490)	(2,468)
Increase (decrease) in retirement benefit liability	2,192	1,750
Interest and dividend income	(5,468)	(5,319)
Interest expenses	6,419	6,948
Foreign exchange losses (gains)	3,825	2,475
Share of loss (profit) of entities accounted for using equity method	(12,593)	(2,889)
Loss (gain) on sales of investment securities	(1,521)	(4,867)
Loss (gain) on valuation of investment securities	56	287
Loss (Gain) on return of assets from retirement benefits trust	(11,224)	—
Loss on retirement of non-current assets	1,933	1,910
Loss (gain) on sales of non-current assets	(132)	(231)
Business restructuring expenses	1,348	2,758
Decrease (increase) in trade receivables	(14,005)	31,729
Decrease (increase) in inventories	(16,365)	(1,968)
Increase (decrease) in trade payables	6,381	(42,609)
Other, net	(6,134)	(7,092)
Subtotal	155,905	154,002
Interest and dividends received	6,372	6,231
Interest paid	(6,366)	(5,892)
Income taxes paid	(15,339)	(29,850)
Net cash provided by (used in) operating activities	140,571	124,491
Cash flows from investing activities		
Proceeds from sales and redemption of securities	70	2,730
Purchase of property, plant and equipment and intangible assets	(59,197)	(92,454)
Proceeds from sales of property, plant and equipment and intangible assets	530	594
Purchase of investment securities	(11,246)	(1,190)
Proceeds from sales and redemption of investment securities	5,131	25,543
Loan advances	(1,858)	(1,113)
Collection of loans receivable	1,038	2,383
Other, net	(1,104)	(1,295)
Net cash provided by (used in) investing activities	(66,636)	(64,801)

(Unit : Millions of yen)

	FY2018	FY2019
	Apr '18 - Mar '19	Apr '19 - Mar '20
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(21,047)	17,715
Net increase (decrease) in commercial papers	2,000	11,000
Proceeds from long-term borrowings	26,897	4,203
Repayments of long-term borrowings	(21,004)	(80,650)
Proceeds from issuance of bonds	29,795	29,789
Redemption of bonds	(40,000)	(20,000)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(10,424)	(172)
Repayments of lease obligations	(1,031)	(4,770)
Purchase of treasury shares	(50)	(548)
Proceeds from disposal of treasury shares	1	577
Dividends paid	(10,900)	(12,883)
Dividends paid to non-controlling interests	(728)	(2,215)
Other, net	953	(192)
Net cash provided by (used in) financing activities	(45,539)	(58,148)
Effect of exchange rate change on cash and cash equivalents	(2,241)	(1,737)
Net increase (decrease) in cash and cash equivalents	26,152	(196)
Cash and cash equivalents at beginning of period	58,343	82,794
Increase in cash and cash equivalents resulting from merger	20	9
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1,722)	(216)
Cash and cash equivalents at end of period	82,794	82,390

(Change 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, Consolidated balance sheets for the current consolidated fiscal year includes an increase in “Leased assets, net” in “Property, plant and equipment” of 15,720 million yen, an increase in “Other” in “Current liabilities” of 2,353 million yen, and an increase in “Other” in “Non-current liabilities” of 15,932 million yen. In addition, land-use rights of 16,440 million yen, 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.

As the cumulative effect on net assets at the beginning of the current consolidated fiscal year was reflected, the Consolidated statement of changes in shareholders' equity, etc. includes a decrease in the beginning balance of “Retained earnings” of 752 million yen and a decrease in the beginning balance of “Non-controlling interests” of 504 million yen.

The impact of the application of this accounting standard on the Consolidated statement of income and 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.