[Translation]

OJI HOLDINGS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2023

The accompanying consolidated financial statement expressed in Japanese yen are the translation of those issued domestically. The amounts expressed in U.S. dollars are not included in the original audited consolidated financial statements. Such U.S. dollar amounts are translated in accordance with the basis stated in “Basis of Presentation” in the next page and are additionally presented herein solely for the convenience of readers outside Japan, and are not subject to audit.

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) The accompanying consolidated financial statements are expressed in yen, and solely for the convenience of readers outside Japan, have been translated into U.S. dollars at the rate of ¥ 133.53 to U.S. $ 1.00, the approximate rate of exchange prevailing at March 31, 2023. 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. Japanese yen figures less than a million yen are rounded down to the nearest million yen, and U.S. dollars figures less than a thousand dollars are rounded down to the nearest thousand dollars, except for per share data.

CONSOLIDATED BALANCE SHEET

As of March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
ASSETS			
Current assets			
Cash and deposits (Note 10 (2))	¥50,774	¥44,749	$ 380,251
Notes receivable–trade	64,768	60,227	485,046
Accounts receivable–trade (Note 10 (2))	309,604	260,231	2,318,611
Contract assets	2,995	3,983	22,435
Short-term securities	6,299	11,074	47,179
Merchandise and finished goods (Note 10 (2))	117,473	98,616	879,753
Work in process (Note 10 (2))	23,510	20,294	176,068
Raw materials and supplies (Note 10 (2))	140,337	106,266	1,050,984
Short-term loans receivable (Note 10 (2))	4,101	4,764	30,716
Accounts receivable-other	33,877	18,575	253,709
Other (Note 10 (2))	36,717	18,800	274,975
Allowance for doubtful accounts	(1,791)	(1,790)	(13,415)
Total current assets	788,670	645,795	5,906,316
Non-current assets			
Property, plant and equipment			
Buildings and structures	746,007	709,982	5,586,817
Accumulated depreciation (Note 10 (7))	(529,962)	(513,533)	(3,968,861)
Buildings and structures (Net) (Notes 10 (2), (8))	216,045	196,448	1,617,956
Machinery, equipment and vehicles	2,629,592	2,495,207	19,692,896
Accumulated depreciation (Note 10 (7))	(2,221,722)	(2,156,261)	(16,638,380)
Machinery, equipment and vehicles (Net) (Notes 10 (2), (8))	407,869	338,946	3,054,515
Tools, furniture and fixtures	63,934	61,622	478,801
Accumulated depreciation (Note 10 (7))	(57,380)	(56,037)	(429,720)
Tools, furniture and fixtures (Net) (Note 10 (2))	6,553	5,585	49,081
Land (Notes 10 (2), (5))	242,287	240,765	1,814,479
Forests (Note 10 (2))	133,123	116,490	996,952
Plantations (Notes 10 (2), (8))	111,352	92,343	833,911
Leased assets	76,573	65,356	573,452
Accumulated depreciation (Note 10 (7))	(29,209)	(22,713)	(218,749)
Leased assets (Net)	47,363	42,643	354,703
Construction in progress (Note 10 (2))	43,639	94,091	326,813
Total property, plant and equipment	1,208,234	1,127,315	9,048,412
Intangible assets			
Goodwill	11,868	3,472	88,882
Other (Note 10 (2))	14,119	8,079	105,743
Total intangible assets	25,988	11,552	194,625

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Investments and other assets			
Investment securities (Notes 10 (1), (2))	180,067	168,545	1,348,516
Long-term loans receivable	4,693	5,571	35,150
Long-term prepaid expenses	2,760	3,497	20,675
Net defined benefit asset	53,837	61,542	403,189
Deferred tax assets	6,816	8,819	51,046
Other (Note 10 (2))	26,921	22,095	201,611
Allowance for doubtful accounts	(1,972)	(982)	(14,770)
Total investments and other assets	273,124	269,089	2,045,419
Total non-current assets	1,507,347	1,407,956	11,288,458
Total assets	¥2,296,018	¥2,053,752	$17,194,774

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
LIABILITIES			
Current liabilities			
Notes and accounts payable-trade (Note 10 (2))	¥251,176	¥234,650	$1,881,046
Short-term loans payable (Note 10 (2))	226,739	166,445	1,698,039
Commercial paper	86,000	—	644,050
Accounts payable-other	20,111	24,653	150,612
Accrued expenses	49,809	51,457	373,020
Income taxes payable	16,643	23,993	124,639
Other	36,591	31,818	274,029
Total current liabilities	687,070	533,020	5,145,438
Non-current liabilities			
Bonds	155,000	155,000	1,160,787
Long-term loans payable (Note 10 (2))	320,599	329,062	2,400,957
Deferred tax liabilities	69,283	64,013	518,857
Deferred tax liabilities for land revaluation (Note 10 (5))	7,732	7,737	57,905
Net defined benefit liability	53,537	54,022	400,942
Long-term deposits received	6,620	6,809	49,579
Other	31,609	28,616	236,723
Total non-current liabilities	644,383	645,261	4,825,755
Total liabilities	¥ 1,331,453	¥ 1,178,282	$9,971,193
CONTINGENT LIABILITIES (Note 10 (3))			
NET ASSETS			
Shareholders' equity			
Common stock	103,880	103,880	777,959
Capital surplus	85,892	99,163	643,248
Retained earnings	607,593	567,150	4,550,241
Treasury stock	(12,949)	(13,277)	(96,977)
Total shareholders' equity	784,418	756,918	5,874,471
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	41,573	30,500	311,341
Deferred gains (losses) on hedges	474	2,076	3,550
Revaluation reserve for land (Note 10 (5))	5,716	5,728	42,809
Foreign currency translation adjustment	85,253	29,593	638,458
Remeasurements of defined benefit plans	19,514	26,415	146,141
Total accumulated other comprehensive income	152,531	94,314	1,142,302
Share acquisition rights	134	157	1,007
Non-controlling interests	27,480	24,080	205,800
Total net assets	964,564	875,470	7,223,581
Total liabilities and net assets	¥2,296,018	¥2,053,752	$17,194,774

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

CONSOLIDATED STATEMENT OF INCOME

Fiscal years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Net sales	¥ 1,706,641	¥ 1,470,161	$ 12,780,962
Cost of sales (Notes 11 (1), (2))	1,366,642	1,126,207	10,234,720
Gross profit	339,999	343,954	2,546,242
Selling, general and administrative expenses			
Freight expenses	135,135	112,417	1,012,020
Warehouse expenses	6,747	6,771	50,529
Salaries and wages	55,105	52,957	412,684
Retirement benefit expenses	695	(241)	5,206
Depreciation and amortization	6,080	5,624	45,537
Other	51,417	46,306	385,064
Total selling, general and administrative expenses (Note 11 (1))	255,181	223,834	1,911,042
Operating profit	84,818	120,119	635,200
Non-operating income			
Interest income	1,367	883	10,241
Dividend income	3,632	3,269	27,203
Exchange gains	8,337	15,404	62,442
Equity in earnings of affiliates	2,924	2,679	21,902
Gain on valuation of derivatives	2,838	1,367	21,259
Other	6,325	6,777	47,372
Total non-operating income	25,427	30,381	190,422
Non-operating expenses			
Interest expenses	6,310	6,692	47,262
Other	8,925	8,708	66,845
Total non-operating expenses	15,236	15,401	114,108
Ordinary profit	95,008	135,100	711,514
Extraordinary income			
Insurance claim income	4,992	904	37,386
Gain on sale of investment securities	1,065	651	7,980
Gain on return of assets from retirement benefits trust	―	1,049	―
Other	270	2,300	2,022
Total extraordinary income	6,327	4,906	47,389
Extraordinary loss			
Loss on disaster (Note11 (3))	7,634	2,007	57,175
Loss on disposal of non-current assets (Note11 (4))	3,159	2,283	23,662
Business restructuring expenses (Note11 (5) (7))	1,909	1,869	14,302
Provision for loss on litigation (Note11 (6))	1,839	―	13,774
Other (Note11 (7))	2,175	4,584	16,290
Total extraordinary losses	16,718	10,745	125,205
Profit before income taxes	84,617	129,262	633,697
Income taxes-current	26,434	37,476	197,969
Income taxes-deferred	41	(614)	310
Total income taxes	26,476	36,861	198,279
Profit	58,141	92,400	435,418
Profit attributable to non-controlling interests	1,657	4,890	12,416
Profit attributable to owners of parent	¥56,483	¥87,509	$423,002

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Fiscal years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Profit	¥ 58,141	¥ 92,400	$ 435,418
Other comprehensive income			
Valuation difference on available-for-sale securities	10,707	(1,655)	80,188
Deferred gains (losses) on hedges	(1,611)	(711)	(12,069)
Foreign currency translation adjustment	56,129	42,093	420,350
Remeasurements of defined benefit plans	(7,735)	277	(57,928)
Share of other comprehensive income (loss) of entities accounted for using equity method	1,516	2,984	11,359
Total other comprehensive income (loss) (Note 12 (1))	59,007	42,988	441,901
Comprehensive income (loss)	¥ 117,148	¥ 135,388	$ 877,320
(Breakdown)			
Comprehensive income (loss) attributable to owners of parent	¥ 114,664	¥ 123,713	$ 858,716
Comprehensive income (loss) attributable to non-controlling interests	2,484	11,674	18,603

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Fiscal years ended March 31, 2023 and 2022

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2021	¥ 103,880	¥ 109,100	¥ 493,224	¥ (13,400)	¥ 692,805
Cumulative effects of changes in accounting policies	―	―	110	―	110
Restated balance	¥ 103,880	¥ 109,100	¥ 493,334	¥ (13,400)	¥ 692,915
Changes of items during the year					
Cash dividends	―	―	(13,889)	―	(13,889)
Profit attributable to owners of parent	―	―	87,509	―	87,509
Purchase of treasury stock	―	―	―	(5)	(5)
Disposal of treasury stock	―	(26)	―	128	102
Change in treasury stock arising from changes in equity in affiliates	―	―	―	(0)	(0)
Change in scope of consolidation	―	―	406	―	406
Increase by merger of consolidated subsidiaries	―	―	(141)	―	(141)
Transfer to capital surplus from retained earnings	―	26	(26)	―	―
Change in ownership interest of parent arising from transactions with noncontrolling shareholders	―	(9,937)	―	―	(9,937)
Reversal of revaluation reserve for land	―	―	(43)	―	(43)
Net changes of items other than shareholders' equity	―	―	―	―	―
Total changes of items during the year	―	(9,937)	73,815	123	64,002
Balance at April 1, 2022	¥ 103,880	¥ 99,163	¥ 567,150	¥ (13,277)	¥ 756,918
Changes of items during the year					
Cash dividends	―	―	(14,883)	―	(14,883)
Profit attributable to owners of parent	―	―	56,483	―	56,483
Purchase of treasury stock	―	―	―	(349)	(349)
Disposal of treasury stock	―	(50)	―	678	628
Change in treasury stock arising from changes in equity in affiliates	―	―	―	(1)	(1)
Change in scope of consolidation	―	―	(1,043)	―	(1,043)
Transfer to capital surplus from retained earnings	―	50	(50)	―	―
Change in ownership interest of parent arising from transactions with noncontrolling shareholders	―	(13,270)	―	―	(13,270)
Change in scope of equity method	―	―	(74)	―	(74)
Reversal of revaluation reserve for land	―	―	11	―	11
Net changes of items other than shareholders' equity	―	―	―	―	―
Total changes of items during the year	―	(13,270)	40,442	327	27,500
Balance at March 31, 2023	¥ 103,880	¥ 85,892	¥ 607,593	¥ (12,949)	¥ 784,418

	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, 2021	¥ 31,654	¥ 2,721	¥ 5,684	¥ (6,418)	¥ 24,533	¥ 58,176	¥ 199	¥ 114,426	¥ 865,606
Cumulative effects of changes in accounting policies	–	–	–	–	–	–	–	(0)	110
Restated balance	¥ 31,654	¥ 2,721	¥ 5,684	¥ (6,418)	¥ 24,533	¥ 58,176	¥ 199	¥ 114,425	¥ 865,717
Changes of items during the year									
Cash dividends	–	–	–	–	–	–	–	–	(13,889)
Profit attributable to owners of parent	–	–	–	–	–	–	–	–	87,509
Purchase of treasury stock	–	–	–	–	–	–	–	–	(5)
Disposal of treasury stock	–	–	–	–	–	–	–	–	102
Change in treasury stock arising from changes in equity in affiliates	–	–	–	–	–	–	–	–	(0)
Change in scope of consolidation	–	–	–	–	–	–	–	–	406
Increase by merger of consolidated subsidiaries	–	–	–	–	–	–	–	–	(141)
Transfer to capital surplus from retained earnings	–	–	–	–	–	–	–	–	–
Change in ownership interest of parent arising from transactions with noncontrolling shareholders	–	–	–	–	–	–	–	–	(9,937)
Reversal of revaluation reserve for land	–	–	–	–	–	–	–	–	(43)
Net changes of items other than shareholders' equity	(1,154)	(645)	43	36,012	1,882	36,137	(41)	(90,345)	(54,249)
Total changes of items during the year	(1,154)	(645)	43	36,012	1,882	36,137	(41)	(90,345)	9,752
Balance at April 1, 2022	¥ 30,500	¥ 2,076	¥ 5,728	¥ 29,593	¥ 26,415	¥ 94,314	¥ 157	¥ 24,080	¥ 875,470
Changes of items during the year									
Cash dividends	–	–	–	–	–	–	–	–	(14,883)
Profit attributable to owners of parent	–	–	–	–	–	–	–	–	56,483
Purchase of treasury stock	–	–	–	–	–	–	–	–	(349)
Disposal of treasury stock	–	–	–	–	–	–	–	–	628
Change in treasury stock arising from changes in equity in affiliates	–	–	–	–	–	–	–	–	(1)
Change in scope of consolidation	–	–	–	–	–	–	–	–	(1,043)
Transfer to capital surplus from retained earnings	–	–	–	–	–	–	–	–	–
Change in ownership interest of parent arising from transactions with noncontrolling shareholders	–	–	–	–	–	–	–	–	(13,270)
Change in scope of equity method	–	–	–	–	–	–	–	–	(74)
Reversal of revaluation reserve for land	–	–	–	–	–	–	–	–	11
Net changes of items other than shareholders' equity	11,072	(1,601)	(11)	55,659	(6,901)	58,217	(23)	3,400	61,594
Total changes of items during the year	11,072	(1,601)	(11)	55,659	(6,901)	58,217	(23)	3,400	89,094
Balance at March 31, 2023	¥ 41,573	¥ 474	¥ 5,716	¥ 85,253	¥ 19,514	¥ 152,531	¥ 134	¥ 27,480	¥ 964,564

	Thousands of U.S. dollars				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2022	$ 777,959	$ 742,631	$ 4,247,365	$ (99,432)	$ 5,668,524
Changes of items during the year					
Cash dividends	–	–	(111,462)	–	(111,462)
Profit attributable to owners of parent	–	–	423,002	–	423,002
Purchase of treasury stock	–	–	–	(2,614)	(2,614)
Disposal of treasury stock	–	(374)	–	5,079	4,704
Change in treasury stock arising from changes in equity in affiliates	–	–	–	(9)	(9)
Change in scope of consolidation	–	–	(7,818)	–	(7,818)
Transfer to capital surplus from retained earnings	–	374	(374)	–	–
Change in ownership interest of parent arising from transactions with noncontrolling shareholders	–	(99,383)	–	–	(99,383)
Change in scope of equity method	–	–	(559)	–	(559)
Reversal of revaluation reserve for land	–	–	88	–	88
Net changes of items other than shareholders' equity	–	–	–	–	–
Total changes of items during the year	–	(99,383)	302,875	2,454	205,947
Balance at March 31, 2023	$ 777,959	$ 643,248	$ 4,550,241	$ (96,977)	$ 5,874,471

	Thousands of U.S. dollars								
	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, 2022	$ 228,417	$ 15,547	$ 42,898	$ 221,626	$ 197,823	$ 706,313	$ 1,181	$ 180,334	$ 6,556,354
Changes of items during the year									
Cash dividends	–	–	–	–	–	–	–	–	(111,462)
Profit attributable to owners of parent	–	–	–	–	–	–	–	–	423,002
Purchase of treasury stock	–	–	–	–	–	–	–	–	(2,614)
Disposal of treasury stock	–	–	–	–	–	–	–	–	4,704
Change in treasury stock arising from changes in equity in affiliates	–	–	–	–	–	–	–	–	(9)
Change in scope of consolidation	–	–	–	–	–	–	–	–	(7,818)
Transfer to capital surplus from retained earnings	–	–	–	–	–	–	–	–	–
Change in ownership interest of parent arising from transactions with noncontrolling shareholders	–	–	–	–	–	–	–	–	(99,383)
Change in scope of equity method	–	–	–	–	–	–	–	–	(559)
Reversal of revaluation reserve for land	–	–	–	–	–	–	–	–	88
Net changes of items other than shareholders' equity	82,923	(11,997)	(88)	416,832	(51,681)	435,988	(174)	25,465	461,279
Total changes of items during the year	82,923	(11,997)	(88)	416,832	(51,681)	435,988	(174)	25,465	667,226
Balance at March 31, 2023	$ 311,341	$ 3,550	$ 42,809	$ 638,458	$ 146,141	$ 1,142,302	$ 1,007	$ 205,800	$ 7,223,581

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

CONSOLIDATED STATEMENT OF CASH FLOWS
Fiscal years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Cash flows from operating activities			
Profit before income taxes	¥84,617	¥129,262	$633,697
Depreciation and amortization	73,034	65,885	546,955
Amortization of goodwill	1,058	804	7,930
Depletion of standing timber	7,895	6,995	59,129
Increase (decrease) in allowance for doubtful accounts	911	31	6,826
(Increase) decrease in net defined benefit asset	(3,240)	(3,498)	(24,267)
Increase (decrease) in net defined benefit liability	(1,415)	(60)	(10,597)
Interest and dividend income	(5,000)	(4,152)	(37,445)
Interest expenses	6,310	6,692	47,262
Exchange loss (gain)	(6,911)	(12,626)	(51,763)
Equity in (earnings) losses of affiliates	(2,924)	(2,679)	(21,902)
Loss (gain) on sale of investment securities	(1,052)	282	(7,884)
Loss (gain) on return of assets from retirement benefits trust	-	(1,049)	-
Loss on disposal of non-current assets	3,159	2,283	23,662
Business restructuring expenses	1,909	1,869	14,302
(Increase) decrease in trade receivables	(43,889)	(20,960)	(328,688)
(Increase) decrease in inventories	(42,615)	(26,001)	(319,144)
Increase (decrease) in trade payables	9,533	33,937	71,396
Other	(18,740)	(10,243)	(140,344)
Subtotal	62,642	166,771	469,125
Interest and dividend income received	7,731	4,962	57,899
Interest paid	(5,169)	(5,805)	(38,716)
Income taxes paid	(46,940)	(22,341)	(351,538)
Net cash provided by operating activities	18,262	143,587	136,769
Cash flows from investing activities			
Payment for acquisition of property, plant, equipment and intangible assets	(94,109)	(98,659)	(704,778)
Proceeds from sales of property, plant, equipment and intangible assets	555	2,905	4,158
Payment for acquisition of investment securities	(1,747)	(1,308)	(13,090)
Proceeds from sales and redemption of investment securities	3,404	4,967	25,497
Payment for loans receivable	(911)	(546)	(246,118)
Proceeds from collection of loans receivable	2,484	1,640	(6,823)
Payment from changes in ownership interests in subsidiaries that result in change in scope of consolidation (Note 14 (2))	(32,864)	(1,441)	18,605
Other	(85)	(125)	(643)
Net cash used in investing activities	(123,274)	(92,567)	(923,193)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	33,310	(23,001)	249,462
Net increase (decrease) in commercial paper	86,000	-	644,050
Proceeds from long-term loans payable	64,655	26,003	484,204
Repayment of long-term loans payable	(59,881)	(5,218)	(448,450)

Purchase of treasury stock of subsidiaries	-	(77,000)	-
Repayments of lease obligations	(6,618)	(6,952)	(49,562)
Dividends paid	(14,883)	(13,889)	(111,462)
Payment from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(307)	(35,059)	(2,302)
Other	(487)	(883)	(3,654)
Net cash provided by (used in) financing activities	101,787	(136,002)	762,283
Effect of exchange rate change on cash and cash equivalents	4,637	4,691	34,729
Net increase (decrease) in cash and cash equivalents	1,413	(80,291)	10,588
Cash and cash equivalents at the beginning of the year	55,474	135,669	415,443
Increase in cash and cash equivalents resulting from mergers of subsidiaries	-	115	-
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(50)	(20)	(377)
Cash and cash equivalents at the end of the year (Note 14 (1))	¥ 56,837	¥ 55,474	$425,653

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

Notes to Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 196 (186 in the year ended March 31, 2022)

Main consolidated subsidiaries include:
Oji Container Co., Ltd., Oji Materia Co., Ltd., Oji Seitai Co., Ltd., Oji Packaging Co., Ltd., Morishigyo Co., Ltd., Oji Interpack Co., Ltd., Chuetsu Package Co., Ltd., Oji Adba Co., Ltd., Paperbox Holdings Ltd., GSPP Holdings Sdn. Bhd., GS Paperboard & Packaging Sdn. Bhd., Oji Asia Packaging Sdn. Bhd., HPI Resources Bhd., Harta Packaging Industries Sdn. Bhd., S. Pack & Print Public Co., Ltd., Ojitex (Vietnam) Co., Ltd., Ojitex Haiphong Co., Ltd., Oji Packaging (Shanghai) Co., Ltd., Suzhou Oji Packaging Co., Ltd., Oji Nepia Co., Ltd., Oji Asia Household Product Sdn. Bhd., 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., Oji Papéis Especiais Ltda., Kanzaki Specialty Papers Inc., KANZAN Spezialpapiere GmbH, Oji Paper (Thailand) Ltd., Oji Label (Thailand) Ltd., Tele-Paper (M) Sdn. Bhd., Hyper-Region Labels Sdn. Bhd., Adampak Pte. Ltd., Oji Kinocloth (Shanghai) 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 Tokushima Co.,Ltd., Oji Green Energy Nichinan Co., Ltd., Japan Brazil Paper and Pulp Resources Co., Ltd., Celulose Nipo-Brasileira S.A., Pan Pac Forest Products Ltd., Panindo Investment Pte. Ltd., PT. Korintiga Hutani, Oji Paper Co., Ltd., Jiangsu Oji Paper Co., Ltd., Oji Oceania Management Co., Ltd., Oji Oceania Management (NZ) Ltd., Oji Fibre Solutions (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., Oji Asia Management Sdn. Bhd., and 135 other companies

Changes in the consolidated subsidiaries during the year ended March 31, 2023 are as follows:

The Company and the Group have added 11 companies into the scope of consolidation in the current fiscal year. Ten companies were included due to acquisition and one company was included because an unconsolidated subsidiary under the equity method became material to the consolidated financial statements. One company has been excluded from the scope of consolidation as it was no longer material to the consolidated financial statements.

(2) Main unconsolidated subsidiaries:
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/loss (amount corresponding to the Group’s equity in such subsidiaries), retained earnings (amount corresponding to the Group’s equity in such subsidiaries), etc., do not have a significant impact on the consolidated financial statements.

2. Application of the Equity Method

(1) Number of unconsolidated subsidiaries and affiliates to which the equity method was applied: 0 (1 in the year ended March 31, 2022)
Number of affiliates under the equity method: 21 (23 in the year ended March 31, 2022)

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 16 companies.

Three companies have been excluded from the scope of the equity method in the current fiscal year. One company was excluded as it became a consolidated subsidiary, one company was excluded due to a stock sale, and one company was excluded as it was no longer material to the consolidated financial statements.

(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/loss (amount corresponding to the Group's equity in such subsidiaries), retained earnings (amount corresponding to the Group's equity in such subsidiaries), etc., do not have a significant impact on the consolidated financial statements.

3. 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 87 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 that were 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 financial statements.

4. Summary of Significant 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

Those other than stocks without 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).

Stocks 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 consolidated balance sheet 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 is primarily used. However, the straight-line method is applied to buildings acquired on or after April 1, 1998 (excluding accompanying facilities), accompanying facilities of buildings and structures acquired on or after April 1, 2016, and in 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) Standards for 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

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 – 18 years) of the employees in service during the period in which they arise.

Prior service costs are amortized 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.

(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 recognition of material revenues and expenses

The Group recognizes its revenues in accordance with the following five-step approach:

Step 1: Identify the contract with a customer
Step 2: Identify performance obligations under the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations under the contract
Step 5: Recognize revenue when the Group fulfills the performance obligations (or as it fulfills them)

(i) Sale of finished goods and merchandise

The Group's main business activities are manufacturing and selling pulp, paper, and other products, as well as purchasing and selling merchandise. In selling such finished goods and merchandise, the Group recognizes revenue at the time the finished goods and merchandise are delivered to the customer as the Group deems that the customer obtains control of its finished goods and merchandise. Thus, the performance obligation is fulfilled upon their delivery. However, revenue is recognized at the time of shipment for sale in Japan if the period between the shipment and the delivery to the customer falls within the normal range of period. In addition, when the Group acts as an agent in the sale of merchandise, revenue is recognized in the net amount. The Group determines if it carries out a transaction as a principal or an agent based on whether it controls the identified merchandise before it is transferred to the customer. The Group treats the activity of shipping or transporting finished goods and merchandise to the customer as an activity to perform the promise of transferring finished goods and merchandise and does not recognize it as a performance obligation.

(ii) Provision of services (including construction contracts)

The Group provides services mainly in the engineering and logistics businesses. For the provision of services, the Group estimates the degree of progress related to fulfillment of performance obligations and recognizes revenue over a certain period of time based on the said degree of progress. The degree of progress is calculated based on the ratio of actual costs against the estimated total costs (input method). However, if the period from the beginning of the transaction under a contract until the performance obligation is expected to be completely fulfilled is very short, the Group does not recognize revenue for a certain period of time and recognizes revenue when the performance obligation is completely fulfilled.

Judgement involved in revenue recognition

The transaction price is calculated by deducting the amount of variable consideration, including discounts and rebates, from the amount of the consideration promised under the contract with a customer. Such variable consideration includes elements of estimates. Estimates are based on the Group's past experience and reasonable forecasts negotiated with customers at the time of the estimates, and are included in the transaction price to the extent that it is highly probable that a significant reversal will not occur.

Most contracts involve a single performance obligation whose transaction price is indicated in the contract. For contracts that involve multiple performance obligations, the Group allocates the transaction price to each performance obligation based on the standalone selling price. The standalone selling price is the price at which the Group expects to sell promised goods or services to individual customers.

A consideration under a contract is typically received within a year from the time at which the finished goods, merchandise or services are delivered to the customer. No significant financing component is included.

(6) 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 statement of income. The assets, liabilities, income and expenses of overseas subsidiaries, etc., are translated into yen using the spot exchange rate on the respective account closing date, and translation differences are recorded in foreign currency translation adjustments and non-controlling interests under net assets.

(7) 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). Monetary assets/liabilities denominated in foreign currencies 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

Hedging instruments	Hedged items
Foreign exchange forward contracts	Monetary assets/liabilities denominated in foreign currencies
Currency swaps	Monetary assets/liabilities 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.

(8) 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.

(9) Scope of funds in consolidated statement of cash flows
Funds (cash and cash equivalents) in consolidated statement of cash flows 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.

5. Significant Accounting Estimates

1. Impairment of non-current assets
The Group determines whether there is an indication of impairment of assets or asset groups with respect to property, plant and equipment, and intangible assets including goodwill, etc. If an indication of potential impairment of assets or asset groups exists and an impairment loss needs to be recognized, the Group estimates the recoverable amount of such assets or asset groups. The recoverable amount of assets or asset groups is the higher of the net realizable value and value in use and the book value is reduced to the recoverable amount for items whose recoverable amount falls below the book value. Such loss is recorded as an impairment loss. Value in use is calculated based on certain assumptions, such as remaining economic useful life, future cash flows, discount rates, and others of assets or asset groups.

Significant accounting estimates on the impairment of non-current assets recognized in the current fiscal year are as follows.

(Impairment test of non-current assets in the base paper of household paper business)
In the household and industrial materials segment, the base paper of household paper business in China engages in the manufacture and sales of base paper of household paper mainly for the Chinese and Japanese markets since the fiscal year ended March 31, 2021. However, the business has still been behind the business plan due to, among others, the global logistics disruptions including the lockdowns in China triggered by the spread of COVID-19, increases in raw materials and fuel prices due to the current international situation surrounding Ukraine, and suspension of equipment operation caused by unexpected breakdowns and other reasons. As there was an indication of impairment of non-current assets (¥ 11,242 million ($ 84,192

thousand)) in relation to the business, the Group performed an impairment test in accordance with the International Accounting Standard No.36 “Impairment of Assets.”
In performing the impairment test, the recoverable amount of asset groups in relation to the business is measured at the higher of the fair value less costs of disposal, and value in use. The value in use is determined by discounting estimated future cash flows to their present value, and the future cash flows are based on the future business plan. The future business plan includes certain assumptions such as future pulp purchase price based on pulp market forecast, future selling price based on pulp purchase price, future sales volume based on future product demand in anticipation of the prolonged COVID-19 pandemic, the market entry of competitors and other factors. The discount rate also includes certain assumptions.
As a result of the impairment test, the Group concluded that an impairment loss does not need to be recognized as the recoverable amount of asset groups for the base paper of household paper business in China has exceeded the book value.
In addition, the above-mentioned significant assumptions are determined based on the best estimate and judgement by management and the Group considered them appropriate. However, they may impact the future business plan depending on changes in selling price, product demand, raw material and fuel prices and other factors. If they need to be revised, it may impact the amounts recognized in future consolidated financial statements.

2. Collectability of deferred tax assets
(1) Amounts recorded on the consolidated financial statements for the current fiscal year

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2023	2022	2023
Deferred tax assets	¥ 6,816	¥ 8,819	$ 51,046

The deferred tax assets recorded in the consolidated financial statements as of the current fiscal year are described in note “21 Tax Effect Accounting”.

(2) Information on the content of significant accounting estimates for identified items
With respect to deductible temporary differences, loss carried forward, and unused deferred tax credits, the Group records deferred tax assets after deducting the tax amount that is not expected to be collected in the future accounting periods from the tax amount thereof. The judgment of collectability in the future accounting periods is made on the assumption of the estimates for taxable income in the future fiscal years that are based on the business plan drawn up by the Group.
The Group determines the estimates of taxable income by the best estimate and judgment by the management and considers them as appropriate. However, a change in future business plans, economic conditions, and other factors, as well as revision and promulgation of relevant laws and regulations may affect the estimates. If they need to be reviewed, it may affect the amount recognized in the future consolidated financial statements.

3. Net defined benefit liability and net defined benefit asset
(1) Amounts recorded on the consolidated financial statements for the current fiscal year

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2023	2022	2023
Net defined benefit asset	¥ 53,837	¥ 61,542	$ 403,189
Net defined benefit liability	¥ 53,537	¥ 54,022	$ 400,942

The amounts related to the retirement benefit accounting recorded in the consolidated financial statements as of the current fiscal year are described in note “19 Retirement Benefits”.

(2) Information on the content of significant accounting estimates for identified items
In order to prepare for the provision of retirement benefits for employees, the Group records net defined benefit liability or net defined benefit asset after deducting the amount of pension assets from retirement benefit obligations based on the estimated amounts as of the end of a fiscal year. Retirement benefit obligations are calculated based on actuarial assumptions. These assumptions include long-term expected return on pension assets, turnover rate, and mortality rate.

The Group determines these assumptions by the best estimate and judgment by the management and considers them as appropriate. However, a change in discount rates, mortality rates, and others due to a change in economic conditions may affect the assumptions. If they need to be reviewed, it may affect the amount recognized in the future consolidated financial statements.

6. Changes in Accounting Policies

(Application of ASU No. 2016-02 “Leases”)

The Group’s subsidiaries that apply the US Generally Accepted Accounting Principles (GAAP) have adopted the Accounting Standards Update (ASU) No. 2016-02 “Leases” from the end of the current fiscal year. Accordingly, as a rule, all leases are recognized as right-of-use assets and lease liabilities on the commencement date of adoption. The method of recognizing the cumulative impact on the commencement date of adoption, which is permitted as an interim measure, was employed for the adoption of this accounting standard.

The impact of the adoption of this accounting standard on the consolidated financial statements in the current fiscal year is immaterial.

7. Accounting Standard, etc., Issued but Not Yet Applied

- Accounting Standard for Income Taxes, Residential and Enterprise Taxes (ASBJ Statement No. 27, October 28, 2022)
- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)
- Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(1) Summary

Determines the classification of income taxes when other comprehensive income is taxable and the treatment of tax effects related to the sale of shares of subsidiaries when Group Taxation Regime is applied.

(2) Expected date of application

The accounting standards, etc., will be applied from the beginning of the fiscal year ended March 31, 2025.

(3) Effect of application of the accounting standards, etc.

The monetary impact from the application of the accounting standards etc., is currently being assessed.

8. Changes in Presentation Method

(1) Consolidated Statement of Income

“Gain on valuation of derivatives” ,which was included in “Other” in “Non-operating income” for the fiscal year ended March 31, 2022, has increased in materiality and is presented separately for the fiscal year ended March 31, 2023. To reflect this change in the method of presentation, the consolidated statement of income for the fiscal year ended March 31, 2022 have been restated. As a result, ¥ 8,145 million that was presented as “Other” in “Non-operating income” in the consolidated statement of income for the fiscal year ended March 31,2022 are now reclassified to “Gain on valuation of derivatives” of ¥ 1,367 million and “Other” of ¥ 6,777 million”.

“Gain on sale of non-current assets” which was presented separately in “Extraordinary income” for the fiscal year ended March 31, 2022 has decreased in materiality and is included in “Other” for the fiscal year ended March 31, 2023. To reflect this change in the method of presentation, the consolidated statement of income for the fiscal year ended March 31, 2022 have been restated. As a result, ¥ 1,955 million and ¥345 million that was presented as “Gain on sale of non-current assets” and “Other” in “Extraordinary income”, respectively, in the consolidated statement of income for the fiscal year ended March 31, 2022 is now reclassified to “Other” of ¥ 2,300 million.

"Impairment loss" which was presented separately in "Extraordinary losses" for the fiscal year ended March 31, 2022 has decreased in materiality and is included in "Other" for the fiscal year ended March 31, 2023. To reflect this change in the method of presentation, the consolidated statement of income for the fiscal year ended March 31, 2022 have been restated. As a result, ¥ 2,968 million and ¥1,615 million that was presented as "Impairment loss" and "Other" in "Extraordinary losses", respectively, in the consolidated statement of income for the fiscal year ended March 31, 2022 is now reclassified to "Other" of ¥ 4,584 million.

(2) Consolidated Statement of Cash Flows

"Impairment loss" and "Loss (gain) on sale of non-current assets" under "Cash flows from operating activities" presented separately for the fiscal year ended March 31, 2022 are included in "Other" for the fiscal year ended March 31, 2023 due to their decreased materiality. To reflect this change in the method of presentation, the consolidated financial statements for the fiscal year ended March 31, 2022 have been restated.

As a result, the "Impairment loss" of ¥2,968 million, "Loss(gain) on sale of non-current assets" of ¥(1,948) million and "Other" of ¥(11,262) million under "Cash flows from operating activities" have been reclassified into "Other" of ¥(10,243) million.

9. Additional Information

(Cyclone damage at a consolidated subsidiary)

The powerful Cyclone Gabrielle making landfall in New Zealand on February 12, 2023, and the Company's consolidated subsidiary Pan Pac Forest Products Ltd. suffered from flooding at the factory in Napier, which has caused severe damages to non-current assets, including buildings and machinery, as well as certain inventories. Certain plantations also suffered damage, such as fallen trees. Recovery efforts towards resuming operations are currently in progress.

Losses and expenses incurred in relation to this cyclone for the amount of ¥6,534 million is recorded as "Loss on disaster" in extraordinary loss for the current fiscal year. The breakdown for this includes loss on disposal of non-current assets totaling ¥3,469 million, loss on valuation of plantations totaling ¥1,076 million, fixed manufacturing costs during the suspension period totaling ¥1,017 million, loss on shrinkage and devaluation of inventories totaling ¥748 million, and restoration expenses related to removing waste material and sludge totaling ¥223 million. As a result, Pan Pac Forest Products Ltd. in the consolidated balance sheet at the end of the current fiscal year had property, plant and equipment (excluding plantations) of ¥19,518 million, plantations of ¥20,805 million, and inventories of ¥1,719 million. Furthermore, insurance income pertaining to the cyclone damage in the amount of ¥4,441 million is recorded as "Insurance claim income" in extraordinary income for the current fiscal year.

10. Notes to Consolidated Balance Sheet

(1) Investments in unconsolidated subsidiaries and affiliates

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2023	2022	2023
Stocks	¥ 76,197	¥ 78,260	$ 570,642
Investments in capital	87	87	656

(2) Assets pledged as collateral

(i) The following assets are pledged as collateral:

	Book value					
	(Millions of yen)				(Thousands of U.S. dollars)	
	March 31				March 31	
	2023		2022		2023	
Cash and deposits	¥4,418		¥1,636		$ 33,087	
Accounts receivable-trade	2,626		4,045		19,672	
Merchandise and finished goods	1,380		3,389		10,336	
Work in process	—		41		—	
Raw materials and supplies	474		486		3,550	
Short-term loans receivable	13,683		10,238		102,475	
Current assets – other	5,304		4,304		39,722	
Buildings and structures	8,488	(¥416)	9,097	(¥ 452)	63,572	($ 3,115)
Machinery, equipment and vehicles	6,548	(301)	10,377	(275)	49,041	(2,258)
Tools, furniture and fixtures	117	(14)	147	(14)	878	(111)
Land	9,251	(188)	9,457	(188)	69,286	(1,412)
Forests	3,836		3,123		28,734	
Plantations	21,131		23,372		158,255	
Construction in progress	2,190		1,283		16,406	
Intangible assets - other	610		604		4,574	
Investment securities	783		825		5,870	
Investment and other assets – other	20		39		149	
Total	¥ 80,867	(¥ 921)	¥ 82,471	(¥ 930)	$ 605,615	($ 6,898)

Notes:1. Of the above assets, figures in parentheses are pledged as industrial mortgages and industrial factory foundation revolving industrial mortgages.

2. Accounts receivable from consolidated subsidiaries of ¥393 million ($2,946 thousand) (¥597 million as of March 2022), short-term loans receivable of ¥13,683 million ($102,475 thousand) (¥10,238 million as of March 2022), and investments in securities of consolidated subsidiaries of ¥355 million ($2,661 thousand) (¥373 million as of March 2022) have been eliminated in the consolidated balance sheet.

(ii) Secured liabilities are as follows:

	Book value					
	(Millions of yen)				(Thousands of U.S. dollars)	
	March 31				March 31	
	2023		2022		2023	
Short-term loans payable	¥ 1,514	(¥ 185)	¥ 1,964	(¥ 185)	$ 11,345	($1,385)
Long-term loans payable	2,084		3,239		15,609	
Notes and accounts payable-trade	511		449		3,830	
Total	¥ 4,110	(¥ 185)	¥ 5,653	(¥ 185)	$ 30,785	($1,385)

Notes:

Of the above assets, figures in parentheses are pledged as industrial mortgages and industrial factory foundation revolving industrial mortgages.

(3) Contingent liabilities

Guarantee obligations

The Company has committed to providing the following guarantees for loans and others borrowed from banks and other financial institutions by unconsolidated subsidiaries, affiliates, and employees as of March 31, 2023 and 2022, respectively.

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2023	2022	2023
Tokyo Branch of Forest Corporation	¥ 4,200	¥ 5,180	$ 31,453
PT. Oji Indo Makmur Perkasa	1,824	76	13,663
Other	262	326	1,964
Total	¥6,286	¥ 5,583	$ 47,082

Notes:

1. Guarantee obligations for loans, etc., from financial institutions in PT Korintiga Hutani, which was presented in an amount of ¥6,675 million for the fiscal year ended March 31, 2022, have not been presented because PT Korintiga Hutani has become a consolidated subsidiary from for the fiscal year ended March 31, 2023.

(Changes in presentation method)

Guarantee obligations for loans, etc., of PT. Oji Indo Makmur Perkasa from financial institutions (¥76 million in the previous fiscal year), which was included in “Other” in the previous fiscal year, is separately disclosed in the current fiscal year as its amount has become material. To reflect this change in the method of presentation, the amounts for the previous fiscal year have been restated.

As a result, “Other” of ¥403 million in the previous fiscal year, has been reclassified into “PT. Oji Indo Makmur Perkasa” of ¥76 million and "Other" of ¥326 million.

(4) Notes discounted, etc.

Notes discounted: ¥ 11,274 million ($84,435 thousand) and ¥ 10,767 million as of March 31, 2023 and 2022, respectively

Notes receivable endorsed: ¥ 245 million ($ 1,839 thousand) and ¥ 420 million as of March 31, 2023 and 2022, 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, 2023 and 2022 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2023	2022	2023
Aggregate amount of loan commitment	¥ 50,000	¥ 50,000	$ 347,447
Balance of loan outstanding	—	—	—
Unused portion	¥ 50,000	¥ 50,000	$ 347,447

(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, 2023 and 2022 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2023	2022	2023
Buildings and structures	¥ 64	¥ 0	$ 480
Machinery, equipment and vehicles	23	11	179
Plantations	186	213	1,397
Total	¥ 274	¥ 225	$2,057

11. Notes to Consolidated Statement of Income

(1) Research and development expenses included in selling, general and administrative expenses and manufacturing costs for the fiscal years ended March 31, 2023 and 2022 were ¥ 9,346 million ($ 69,992 thousand) and ¥ 9,209 million, respectively.

(2) The amount of inventories stated on the consolidated 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, 2023 and 2022 were ¥ 3,525 million ($ 26,403 thousand) and ¥ 1,508 million, respectively.

(3) Loss on disaster
Loss on disaster mainly includes loss caused by natural disaster that occurred at a subsidiary in New Zealand which is presented within “9 Additional Information”.

(4) Loss on disposal of non-current assets

For the fiscal years ended March 31, 2023 and 2022

	(Millions of yen)		(Thousands of U.S. dollars)
	2023	2022	2023
Buildings and structures	¥ 227	¥ 433	$ 1,705
Machinery, equipment and vehicles	651	702	4,878
Tools, furniture and fixtures	10	25	75
Other	115	16	862
Demolishing costs	2,155	1,104	16,138
Total	¥ 3,159	¥ 2,283	$ 23,660

(5) Business restructuring expenses
Business restructuring expenses mainly includes expenses related to the business restructuring of the power generation business of Oji Green Energy Ebetsu Co., Ltd., and removal expenses associated with the halting of production equipment at the Oji Materia Nayoro Mill.

(6) Provision for loss on litigation
Certain overseas consolidated subsidiaries have estimated and recorded provision for loss on civil-related litigation in preparation for the loss.

(7) Impairment loss
For the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)
The Group carries out the asset grouping based on the smallest unit that generates largely independent cash flows by business segments for business assets and based on individual properties for lease real estate properties and idle assets.
In the current fiscal year, the Group wrote down the book values of asset groups that incurred consecutive operating losses and of idle assets whose market values have decreased significantly to their recoverable amounts if the recoverable amounts are lower than the book value. The Group booked the reduction amounts, totaling ¥3,418 million, as impairment loss in extraordinary losses.
The breakdown of the losses includes buildings and structures totaling ¥377 million, machinery, equipment and vehicles totaling ¥1,873 million, tools, furniture and fixtures totaling ¥38 million, land totaling ¥1,046 million, and other totaling ¥83 million. Of these, ¥450 million is included in business restructuring expenses under extraordinary losses.
If the net realizable value is used as the recoverable amount, an asset is appraised based on the real-estate appraisal standards, etc. If the value in use is used as the recoverable amount, it is calculated by discounting the future cash flow by 4.7%. If the value in use based on the future cash flow is negative, the recoverable value is deemed zero.

For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
The Group carries out the asset grouping based on the smallest unit that generates largely independent cash flows by business segments for business assets and based on individual properties for lease real estate properties and idle assets.
In the current fiscal year, the Group wrote down the book values of asset groups associated with the decision to halt production equipment, etc. to their recoverable amounts and booked the deducted amounts, totaling ¥1,918 million ($14,367 thousand), as impairment loss in extraordinary losses.
The breakdown of the losses includes buildings and structures totaling ¥1,012 million ($7,580 thousand), machinery, equipment and vehicles totaling ¥374 million ($2,803 thousand), tools, furniture and fixtures totaling ¥3 million ($23 thousand), land totaling ¥15 million ($116 thousand), lease assets totaling ¥331 million ($2,481 thousand), construction in progress totaling ¥179 million ($1,346 thousand), and other totaling ¥1 million ($14 thousand). Of these, ¥546 million ($4,093 thousand) is included in business restructuring expenses under extraordinary losses, and ¥1,371 million ($10,273 thousand) is included in "Other" under extraordinary losses.
If the net realizable value is used as the recoverable amount, an asset is appraised based on the real-estate appraisal standards, etc. If the value in use is used as the recoverable amount, it is calculated by discounting the future cash flow by 4.6%. If the value in use based on the future cash flow is negative, the recoverable value is deemed zero.

12. Notes to Consolidated Statement of Comprehensive Income

(1) Reclassification adjustments and income taxes relating to other comprehensive income

For the fiscal years ended March 31, 2023 and 2022

	(Millions of yen)		(Thousands of U.S. dollars)
	2023	2022	2023
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ 16,273	¥ (1,887)	$ 121,873
Reclassification adjustments for gains and losses included in profit or loss	(860)	(622)	(6,446)
Amount before tax effect	15,412	(2,509)	115,426
Tax effect	(4,705)	854	(35,238)
Valuation difference on available-for-sale securities	10,707	(1,655)	80,188
Deferred gains (losses) on hedges:			
Amount arising during the year	(4,752)	(3,055)	(35,591)
Reclassification adjustments for gains and losses included in profit or loss	2,497	2,085	18,702
Before tax effect adjustment	(2,255)	(970)	(16,888)
Tax effect	643	258	4,819
Deferred gains (losses) on hedges	(1,611)	(711)	(12,069)
Foreign currency translation adjustment:			
Amount arising during the year	56,388	42,020	422,291
Reclassification adjustments for gains and losses included in profit or loss	(259)	73	(1,940)
Amount before tax effect	56,129	42,093	420,350
Tax effect	—	—	—
Foreign currency translation adjustment	56,129	42,093	420,350
Remeasurements of defined benefit plans:			
Amount arising during the year	(6,962)	6,387	(52,141)
Reclassification adjustments for gains and losses included in profit or loss	(4,135)	(5,983)	(30,969)
Amount before tax effect	(11,097)	404	(83,111)
Tax effect	3,362	(126)	25,182
Remeasurements of defined benefit plans	(7,735)	277	(57,928)
Share of other comprehensive income of affiliates accounted for using the equity method:			
Amount arising during the year	1,645	3,006	12,321
Reclassification adjustments for gains and losses included in profit or loss	(128)	(21)	(961)
Share of other comprehensive income of investments for which the equity method is applied	1,516	2,984	11,359
Other comprehensive income (loss)	¥ 59,007	¥ 42,988	$ 441,901

13. Notes to Consolidated Statement of Changes in Equity

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

For the fiscal year ended March 31, 2023

Type of shares	Number of shares at April 1, 2022	Increase	Decrease	Number of shares at March 31, 2023
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)	23,764,570	681,818	1,266,766	23,179,622
Total	23,764,570	681,818	1,266,766	23,179,622

Notes:

1. Increase in treasury stock 681,818

Details of the increase are as follows:

Increase due to acquisition by the Board Benefit Trust 671,200
Increase due to purchase of shares of less than the standard unit 7,404
Increase in treasury stock due to increase in shares of the Company attributable to the Company arising from an increase in equity method affiliates 3,214

2. Decrease in treasury stock 1,266,766

Details of the decrease are as follows:

Decrease due to disposal to the Board Benefit Trust 671,200
Decrease due to disposal of the Company's shares held by the Board Benefit Trust 523,101
Decrease due to exercising of stock options 72,000
Decrease due to sale of shares of less than the standard unit 465

3. Number of shares of treasury stock at the end of the fiscal year ended March 31, 2023, includes 1,546,851 shares held by the Board Benefit Trust at March 31, 2023.

For the fiscal year ended March 31, 2022

Type of shares	Number of shares at April 1, 2021	Increase	Decrease	Number of shares at March 31, 2022
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)	24,002,558	8,559	246,547	23,764,570
Total	24,002,558	8,559	246,547	23,764,570

Notes:

1. Increase in treasury stock 8,559

Details of the increase are as follows:

Increase due to purchase of shares of less than the standard unit 8,555
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

2. Decrease in treasury stock 246,547
Details of the decrease are as follows:

Decrease due to disposal of the Company's shares held by the Board Benefit Trust	123,393
Decrease due to exercising of stock options	120,000
Decrease in treasury stock arising from sales of treasury stock by consolidated subsidiaries	2,840
Decrease due to sale of shares of less than the standard unit	314

3. Number of shares of treasury stock at the end of the fiscal year ended March 31, 2022, includes 1,398,752 shares held by the Board Benefit Trust at March 31, 2022.

(2) Share acquisition rights

For the fiscal year ended March 31, 2023

Company	Description	Type of shares issued	Number of shares issued				Balance at March 31, 2023	
			Number of shares at April 1, 2022	Increase	Decrease	Number of shares at March 31, 2023	(Millions of yen)	(Thousands of U.S. dollars)
Parent company	Share acquisition rights as stock options	–	–	–	–	–	¥ 134	$ 1,007
Total		–	–	–	–	–	¥ 134	$ 1,007

For the fiscal year ended March 31, 2022

Company	Description	Type of shares issued	Number of shares issued				Balance at March 31, 2022
			Number of shares at April 1, 2021	Increase	Decrease	Number of shares at March 31, 2022	(Millions of yen)
Parent company	Share acquisition rights as stock options	–	–	–	–	–	¥ 157
Total		–	–	–	–	–	¥ 157

(3) Dividends

(i) Amount of cash dividends distributed

For the fiscal year ended March 31, 2023

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, 2022	Common stock	¥ 6,945	$ 52,014	¥ 7.0	March 31, 2022	June 7, 2022
Board of Directors' Meeting held on November 8,2022	Common stock	|7,938	59,447	8.0	September 30, 2022	December 1, 2022

Notes: 1. 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, 2022 (included amount; ¥ 9 million).

2. 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 8, 2022 (included amount; ¥ 7 million).

For the fiscal year ended March 31, 2022

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, 2021	Common stock	¥ 6,944	$ 52,009	¥ 7.0	March 31, 2021	June 7, 2021
Board of Directors' Meeting held on November 2, 2021	Common stock	6,945	52,012	7.0	September 30, 2021	December 1, 2021

Notes: 1. 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, 2021 (included amount; ¥ 10 million).

2. 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 2, 2021 (included amount; ¥ 9 million).

(ii) Dividends with the cut-off date falling within the fiscal year ended March 31, 2022 and the effective date in the fiscal year ended March 31, 2023

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 13, 2023	Common stock	¥ 7,943	$ 59,489	Retained earnings	¥ 8.0	March 31, 2023	June 7, 2023

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, 2021 and the effective date in the fiscal year ended March 31, 2022

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, 2022	Common stock	¥ 6,945	Retained earnings	¥ 7.0	March 31, 2022	June 7, 2022

Note: Dividends for shares in Board Benefit Trust are included in total dividend amount (included amount; ¥ 9 million).

14. Notes to Consolidated Statement of Cash Flows

(1) Cash and cash equivalents in the consolidated statement of cash flows for the years ended March 31, 2023 and 2022 are reconciled to the accounts reported in the consolidated balance sheet as of March 31, 2023 and 2022 as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2023	2022	2023
Cash and deposits	¥ 50,774	¥ 44,749	$ 380,251
Time deposits with maturities of more than three months	(237)	(349)	(1,777)
Short-term securities	6,299	11,074	47,179
Cash and cash equivalents	¥ 56,837	¥ 55,474	$ 425,653

(2) Major components of assets and liabilities of companies that newly became consolidated subsidiaries due to the acquisition of shares in the current fiscal year

The following is a breakdown of assets and liabilities at the time of consolidation due to the new consolidation of Adampak Pte.Ltd., its nine group companies, and PT. Korintiga Hutani as a result of the acquisition of shares, and a reconciliation between the acquisition cost of shares and the payment (net) for the acquisition.

	(Millions of yen)	(Thousands of U.S. dollars)
	March 31	March 31
	2023	2023
Current assets	¥8,520	$63,806
Non-current assets	25,736	192,736
Goodwill	9,364	70,128
Current liabilities	(13,943)	(104,424)
Non-current liabilities	(2,374)	(17,780)
Capital surplus	13,269	99,377
Non-controlling interests	(1,299)	(9,730)
Interests held prior to consolidation	(3,937)	(29,484)
Acquisition cost of shares	35,336	264,629
Cash and cash equivalents	(2,471)	(18,511)
Net payment for acquisition	32,864	246,118

15. Lease Transactions

(1) Operating lease transactions

Future minimum lease payments under non-cancellable operating leases as of March 31, 2023 and 2022:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2023	2022	2023
Due within one year	¥ 2,249	¥ 2,317	$ 16,845
Due after one year	10,593	12,559	79,334
Total	¥ 12,842	¥ 14,877	$ 96,180

Future minimum lease income under non-cancellable operating leases as of March 31, 2023 and 2022:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2023	2022	2023
Due within one year	¥ 752	¥ 752	$5,636
Due after one year	7,508	8,260	56,227
Total	¥ 8,260	¥ 9,013	$ 61,864

16. 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. For a portion of long-term borrowings, the Company seeks to hedge the risk by using derivative transactions (interest rate swaps) to fix the interest rate payable.

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 4. (7) 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, currency options and currency swaps to hedge the foreign exchange risk exposure for their accounts receivable/payable-trade, borrowings, debt, etc., which are denominated in foreign currencies and expected to arise in the normal business activities.

The Company also uses interest rate swaps to hedge its exposure to fluctuations in variable interest rates on its borrowings or to hedge the risk that fixed interest rates will deviate from future market interest rates. 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.

Derivative transactions are conducted based on the derivative management standards that provide the method and the organization for risk management and others. Consolidated subsidiaries also manage derivative transactions based on the derivative management standards of the Company.

(c) Liquidity risk management related to financing activities (risk of non-performance on a payment 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 within the Company 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 fair values are used.

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

The contract amounts of derivative transactions and others, as shown in “18 Derivative Transactions” 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 sheet, their fair value and the differences at March 31, 2022 and 2021, respectively.

As of March 31, 2023

(Millions of yen)

	Book value	Fair value	Difference
① Investment securities (*2)			
(i) Stocks of affiliates	¥ 39,768	¥ 9,955	¥ (29,813)
(ii) Available-for-sale securities	100,149	100,149	–
Total assets	139,918	110,104	(29,813)
① Bonds	155,000	151,494	(3,505)
② Long-term loans payable (*3)	393,506	398,667	5,160
Total liabilities	548,506	550,161	1,655
Derivative transactions (*4)	6,654	6,654	–

(Thousands of U.S. dollars)

	Book value	Fair value	Difference
① Investment securities (*2)			
(i) Stocks of affiliates	$ 297,827	$ 74,556	$ (223,271)
(ii) Available-for-sale securities	750,014	750,014	–
Total assets	1,047,842	824,570	(223,271)
① Bonds	1,160,787	1,134,535	(26,252)
② Long-term loans payable (*3)	2,946,952	2,985,599	38,646
Total liabilities	4,107,740	4,120,135	12,394
Derivative transactions (*4)	49,836	49,836	–

(1) Cash and items whose book values approximate their fair values because of short maturities are not indicated.

(*2) Items such as stocks without market quotations are not included in “Assets ① Investment securities.” The consolidated balance sheet values of such financial instruments are as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	March 31	March 31
	2023	2023
Non-listed stocks	¥ 40,149	$300,674

(*3) Long-term loans payable that will be repaid within a year (¥72,906 million ($ 545,995 thousand) on the consolidated balance sheet) is also included.
(*4) Receivables and payables arising from derivative transactions are shown on the net basis. The items which are net debt in total are shown in parentheses.

As of March 31, 2022

(Millions of yen)

	Book value	Fair value	Difference
① Investment securities (*2)			
(i) Stocks of affiliates	¥ 37,362	¥ 9,303	¥ (28,059)
(ii) Available-for-sale securities	85,553	85,553	–
Total assets	122,915	94,856	(28,059)
① Bonds	155,000	153,627	(1,372)
② Long-term loans payable (*3)	388,435	394,436	6,001
Total liabilities	543,435	548,063	4,628
Derivative transactions (*4)	5,790	5,790	–

(1) Cash and items whose book values approximate their fair values because of short maturities are not indicated.
(*2) Items such as stocks without market quotations, and the future cash flows cannot be estimated reliably, therefore fair value is deemed to be difficult to measure, are not included in “Assets ① Investment securities”.
The consolidated balance sheet values of such financial instruments are as follows:

	(Millions of yen)
	March 31
	2022
Non-listed stocks	¥ 45,629

(*3) Long-term loans payable that will be repaid within a year (¥59,372 million on the consolidated balance sheet) is also included.
(*4) Receivables and payables arising from derivative transactions are shown on the net basis. The items which are net debt in total are shown in parentheses.

Notes:
1.The redemption schedule for monetary assets and securities with maturity subsequent to March 31, 2023

	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	¥ 48,400	¥ –	¥ –	¥ –
Notes receivable–trade	64,768	–	–	–
Accounts receivable–trade	309,604	–	–	–
Short-term securities and investment securities				
Held-to-maturity debt securities				
Others	6,299	–	–	–
Total	¥ 429,073	¥ –	¥ –	¥ –

	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	$ 362,470	$ –	$ –	$ –
Notes receivable–trade	485,046	–	–	–
Accounts receivable–trade	2,318,611	–	–	–
Short-term securities and investment securities				
Held-to-maturity debt securities				
Others	47,179	–	–	–
Total	$3,213,308	$ –	$ –	$ –

The redemption schedule for monetary assets and securities with maturity subsequent to March 31, 2022

	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	¥ 42,669	¥ –	¥ –	¥ –
Notes receivable–trade	60,227	–	–	–
Accounts receivable–trade	260,231	–	–	–
Short-term securities and investment securities				
Held-to-maturity debt securities				
Others	11,074	–	–	–
Total	¥ 374,203	¥ –	¥ –	¥ –

2. The repayment schedule for bonds, long-term loans payable and other interest-bearing liabilities subsequent to March 31, 2023

	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	¥ 153,832	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial paper	86,000	–	–	–	–	–
Bonds	–	10,000	30,000	–	10,000	105,000
Long-term loans payable	72,906	72,329	66,987	27,892	42,855	110,535
Total	¥ 312,739	¥ 82,329	¥ 96,987	¥ 27,892	¥ 52,855	¥ 215,535
	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	$1,152,044	$ –	$ –	$ –	$ –	$ –
Commercial paper	644,050	–	–	–	–	–
Bonds	–	74,889	224,668	–	74,889	786,340
Long-term loans payable	545,995	541,671	501,664	208,882	320,944	827,795
Total	$2,342,089	$616,560	$726,332	$208,882	$395,833	$1,614,136

The repayment schedule for bonds, long-term loans payable and other interest-bearing liabilities subsequent to March 31, 2022

	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	¥ 107,072	¥ –	¥ –	¥ –	¥ –	¥ –
Bonds	–	–	10,000	30,000	–	115,000
Long-term loans payable	59,372	72,075	71,183	65,915	22,588	97,299
Total	¥ 166,445	¥ 72,075	¥ 81,183	¥ 95,915	¥ 22,588	¥ 212,299

(3) Matters regarding breakdown of financial instruments by fair value level

The Group classifies the fair values of financial instruments into the following three levels according to the observability and significance of inputs involved in the calculation of fair value:

Level 1 fair value: Inputs used to calculate fair value is observable, and fair value of target assets or liabilities is measured at quoted prices at active markets.

Level 2 fair value: Inputs used to calculate fair value is observable, and fair value is measured with inputs other than those used in Level 1.

Level 3 fair value: Inputs used to calculate significant fair value is unobservable.

When using multiple inputs that have a significant impact on the calculation of fair value, the Group classifies the fair value into the level that has the lowest priority in the calculation of the fair value, from among the levels to which these inputs belong, respectively.

(1) Financial instruments booked at fair value on consolidated balance sheet as of March 31, 2023

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	¥ 98,919	¥ –	¥ –	¥ 98,919
Other	1,230	–	–	1,230
Derivative transactions				
Currency-related	–	0	–	0
Interest rate-related	–	59	–	59
Commodities-related	–	2,909	3,878	6,787
Total assets	100,149	2,969	3,878	106,997
Derivative transactions				
Currency-related	–	193	–	193
Interest rate-related	–	–	–	–
Commodities-related	–	–	–	–
Total liabilities	¥ –	¥ 193	¥ –	¥ 193

(Thousands of U.S. dollars)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	$740,801	$ —	$ —	$740,801
Other	9,212	—	—	9,212
Derivative transactions				
Currency-related	—	7	—	7
Interest rate-related	—	445	—	445
Commodities-related	—	21,786	29,043	50,830
Total assets	750,014	22,239	29,043	801,297
Derivative transactions				
Currency-related	—	1,447	—	1,447
Interest rate-related	—	—	—	—
Commodities-related	—	—	—	—
Total liabilities	$ —	$ 1,447	$ —	$ 1,447

Financial instruments booked at fair value on consolidated balance sheet as of March 31, 2022

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	¥ 84,217	¥ —	¥ —	¥ 84,217
Other	1,335	—	—	1,335
Derivative transactions				
Currency-related	—	425	—	425
Interest rate-related	—	—	—	—
Commodities-related	—	4,744	952	5,697
Total assets	85,553	5,170	952	91,675
Derivative transactions				
Currency-related	—	232	—	232
Interest rate-related	—	99	—	99
Commodities-related	—	—	—	—
Total liabilities	¥ —	¥ 332	¥ —	¥ 332

(2) Financial instruments other than those booked at fair value on consolidated balance sheet as of March 31, 2023

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Stocks of affiliates	¥ 9,955	¥ ―	¥ ―	¥ 9,955
Total assets	9,955	―	―	9,955
Bonds	―	151,494	―	151,494
Long-term loans payable	―	398,667	―	398,667
Total liabilities	¥ ―	¥ 550,161	¥ ―	¥ 550,161

(Thousands of U.S. dollars)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Stocks of affiliates	$ 74,556	$ ―	$ ―	$ 74,556
Total assets	74,556	―	―	74,556
Bonds	―	1,134,535	―	1,134,535
Long-term loans payable	―	2,985,599	―	2,985,599
Total liabilities	$ ―	$ 4,120,135	$ ―	$ 4,120,135

Financial instruments other than those booked at fair value on consolidated balance sheet as of March 31, 2022

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Stocks of affiliates	¥ 9,303	¥ ―	¥ ―	¥ 9,303
Total assets	9,303	―	―	9,303
Bonds	―	153,627	―	153,627
Long-term loans payable	―	394,436	―	394,436
Total liabilities	¥ ―	¥ 548,063	¥ ―	¥ 548,063

Note1: Explanation of valuation method used in calculating fair value and inputs related to calculation of fair value

Investment securities

The fair value of listed stocks is classified into the Level 1 fair value based on the quoted price in the stock exchange since those stocks are traded in active markets and have the quoted price.

Derivatives

The fair value of the forward exchange contract, currency options, and interest rate swaps is classified into the Level 2 fair value based on, among others, the prices obtained from financial institutions with which the Group has transactions. As those that use the special treatment of interest rate swaps and the integrated treatment of interest rate and currency swaps are accounted for in an integrated manner with long-term loans payable of the hedged item, their fair values are included in the ones of the relevant long-term loans payable. The fair value of commodity derivatives is calculated based on the discounted present value method using observable inputs, such as prices obtained from relevant counterparties and is classified into the Level 2 fair value. It is classified into the Level 3 fair value if unobservable inputs are additionally used.

Bonds
The fair value of bonds issued by the Company is classified into the Level 2 fair value based on the market price (Reference: Statistical Prices for OTC Bond Transactions).

Long-term loans payable
Long-term loans payable is calculated by discounting the total of the principal and interest with an interest rate applicable to new loans payable under the similar condition, and its fair value is classified into the Level 2 fair value.
Part of the long-term loans payable carrying variable interest rates are subject to the special treatment of interest rate swaps or to the integrated treatment of interest rate and currency swaps. (Refer to Derivatives above.) In those cases, the fair value is calculated by discounting the total amount of the principal and interest based on the exceptional or integration accounting with the reasonably estimated interest rate for new loans payable under the similar condition.

Note2: Information on the Level 3 fair value of financial instruments that are booked at fair value on consolidated balance sheet
Information on the Level 3 fair value of financial instruments that are booked at fair value on consolidated balance sheet is omitted because the fair value is immaterial.

17. Securities

(1) Held-to-maturity debt securities
As of March 31, 2023

		Book value	Market value	Difference
		(Millions of yen)		
Securities with a market value exceeding book value	① Government bonds, local government bonds and others	¥ ―	¥ ―	¥ ―
	② Corporate bonds	―	―	―
	③ Others	―	―	―
	Total	―	―	―
Securities with a market value not exceeding book value	① Government bonds, local government bonds and others	―	―	―
	② Corporate bonds	―	―	―
	③ Others	6,299	6,299	―
	Total	6,299	6,299	―
Total		¥ 6,299	¥ 6,299	¥ ―

As of March 31, 2022

		Book value	Market value	Difference
		(Millions of yen)		
Securities with a market value exceeding book value	① Government bonds, local government bonds and others	¥ —	¥ —	¥ —
	② Corporate bonds	—	—	—
	③ Others	—	—	—
	Total	—	—	—
Securities with a market value not exceeding book value	① Government bonds, local government bonds and others	—	—	—
	② Corporate bonds	—	—	—
	③ Others	11,074	11,074	—
	Total	11,074	11,074	—
Total		¥ 11,074	¥ 11,074	¥ —

(2) Available-for-sale securities

As of March 31, 2023

		Book value	Acquisition cost	Difference
		(Millions of yen)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	¥ 94,726	¥ 35,630	¥ 59,095
	② Others	—	—	—
	Total	94,726	35,630	59,095
Securities with a book value not exceeding acquisition cost	① Corporate stocks	4,192	4,590	(397)
	② Others	1,230	1,691	(461)
	Total	5,423	6,281	(858)
Total		¥ 100,149	¥ 41,911	¥ 58,237

		Book value	Acquisition cost	Difference
		(Thousands of U.S. dollars)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	$ 709,401	$ 266,834	$ 442,566
	② Others	—	—	—
	Total	709,401	266,834	442,566
Securities with a book value not exceeding acquisition cost	① Corporate stocks	31,400	34,375	(2,974)
	② Others	9,212	12,665	(3,453)
	Total	40,613	47,041	(6,427)
Total		$ 750,014	$ 313,875	$ 436,138

Notes: Non-listed corporate stocks, investments in capital and others (Their book value on the balance sheet: ¥ 3,632 million ($ 27,203 thousand)) are not included in above table because they have no market prices.

As of March 31, 2022

		Book value	Acquisition cost	Difference
		(Millions of yen)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	¥ 80,026	¥ 36,425	¥ 43,601
	② Others	–	–	–
	Total	80,026	36,425	43,601
Securities with a book value not exceeding acquisition cost	① Corporate stocks	4,190	4,662	(471)
	② Others	1,335	1,696	(360)
	Total	5,526	6,358	(832)
Total		¥ 85,553	¥ 42,783	¥ 42,769

Notes: Non-listed corporate stocks, investments in capital and others (Their book value on the balance sheet: ¥ 4,644 million) are not included in above table because they have no market prices.

(3) Available-for-sale securities sold

For the fiscal year ended March 31, 2023

	Proceeds from sales	Gains	Losses
	(Millions of yen)		
Corporate stocks	¥ 1,861	¥ 864	¥ 8
Others	1,002	–	3

	Proceeds from sales	Gains	Losses
	(Thousands of U.S. dollars)		
Corporate stocks	$ 13,938	$ 6,471	$ 67
Others	7,505	–	28

For the fiscal year ended March 31, 2022

	Proceeds from sales	Gains	Losses
	(Millions of yen)		
Corporate stocks	¥ 4,966	¥ 651	¥ (24)
Others	4	0	(5)

(4) Impairment of securities

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2023	2022	2023
Available-for-sale securities	¥ 10	¥ 28	$ 76

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 in an amount considered as necessary by assessing recoverability and other factors.

18. 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, 2023

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	¥ 7,696	¥ –	¥ (26)
	Sell: Japanese yen Buy: New Zealand Dollar	Accounts receivable-trade	484	–	2
	Sell: Euro Buy: New Zealand dollars	Accounts receivable-trade	312	–	(8)
	Buy				
	Buy: New Zealand dollars Sell: Euro	Accounts payable-trade	147	–	2
Total			¥ 8,640	¥ –	¥ (30)
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	2,353	–	(3)
	Buy				
	U.S. dollars	Accounts payable-trade	539	–	(6)
	Euro	Accounts payable-trade	37	–	1
Total			¥ 2,930	¥ –	¥ (8)

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	$ 57,637	$ −	$ (199)
	Sell: Japanese yen Buy: New Zealand Dollar	Accounts receivable-trade	3,625	−	20
	Sell: Euro Buy: New Zealand dollars	Accounts receivable-trade	2,340	−	(62)
	Buy Buy: New Zealand dollars Sell: Euro	Accounts payable-trade	1,104	−	16
Total			$ 64,708	$ −	$ (225)
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	17,621	−	(24)
	Buy U.S. dollars	Accounts payable-trade	4,043	−	(45)
	Euro	Accounts payable-trade	278	−	10
Total			$ 21,943	$ −	$ (60)

Notes: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).

As of March 31, 2022

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	¥ 23,896	¥ –	¥ 296
	Sell: Euro Buy: New Zealand dollars	Accounts receivable-trade	1,075	–	47
	Sell: Japanese yen Buy: New Zealand Dollar	Accounts receivable-trade	861	–	73
	Buy Buy: New Zealand dollars Sell: Euro	Accounts payable-trade	333	–	(16)
	Buy: New Zealand dollars Sell: Australian dollars	Accounts payable-trade	14	–	(0)
	Buy: New Zealand dollars Sell: U.S. dollars	Accounts payable-trade	3	–	0
	Buy: New Zealand dollars Sell: Canadian dollar	Accounts payable-trade	2	–	0
	Currency Options Buy: Call options Sell: Put options U.S. dollars, Indonesian rupiah	Accounts Long-term loans payable	1,571	1,265	(149)
Total			¥ 27,758	¥ 1,265	¥ 252
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	3,809	–	(101)
	Buy U.S. dollars	Accounts payable-trade	1,139	–	43
	Euro	Accounts payable-trade	39	–	2
Total			¥ 4,988	¥ –	¥ (55)

Notes:1. 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).

2. 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, 2023

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 U.S. dollars received for Indonesian rupiah	Long-term loans payable	¥ 1,484	¥1,154	¥ 59
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	105,800	63,800	(Note)
	Fixed rates received for floating rate	Long-term loans payable	25,000	25,000	(Note)
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	36,027	(Note)
Total			¥ 171,014	¥ 125,981	¥ 59

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	Interest rate swaps Floating rate received for fixed rate U.S. dollars received for Indonesian rupiah	Long-term loans payable	$ 11,118	$ 8,647	$445
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	792,331	477,795	(Note)
	Fixed rates received for floating rate	Long-term loans payable	187,223	187,223	(Note)
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	290,047	269,804	(Note)
Total			$ 1,280,720	$ 943,471	$ 445

Notes:The fair value of interest rate swaps, interest rate and currency swaps accounted for by special treatment and the integrated treatment respectively, is treated as integrated with long-term loans payable being the hedged item, and thus is included in the fair value of the hedged item.

As of March 31, 2022

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	¥ –	¥ (99)
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	135,943	105,890	(Note)
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)
Total			¥ 194,673	¥ 144,620	¥ (99)

Notes:The fair value of interest rate swaps, interest rate and currency swaps accounted for by special treatment and the integrated treatment respectively, is treated as integrated with long-term loans payable being the hedged item, and thus is included in the fair value of the hedged item.

(iii) Commodity-related derivatives

As of March 31, 2023

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	¥ 837	¥ 276	¥ 774
Total			¥ 837	¥ 276	¥ 774

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	$ 6,271	$ 2,073	$ 5,797
Total			$ 6,271	$ 2,073	$ 5,797

As of March 31, 2022

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	¥ 2,567	¥ 853	¥ 2,802
Total			¥ 2,567	¥ 853	¥ 2,802

19. Retirement Benefits

(1) Outline of Retirement Benefit Plan Adopted

The Group has established defined contribution corporate pension plans as well as defined benefit corporate 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, 2023

	Millions of yen	Thousands of U.S. dollars
Beginning balance of retirement benefit obligation	¥112,258	$ 840,700
Service cost	2,784	20,849
Interest cost	769	5,763
Actuarial loss	(3,686)	(27,605)
Prior service cost	185	1,390
Payment of retirement benefits	(8,063)	(60,384)
Other	1,040	7,791
Ending balance of retirement benefit obligation	¥ 105,288	$ 788,499

For the fiscal year ended March 31, 2022

	Millions of yen
Beginning balance of retirement benefit obligation	¥ 117,510
Service cost	2,991
Interest cost	411
Actuarial loss	(604)
Prior service cost	(125)
Payment of retirement benefits	(7,852)
Other	(72)
Ending balance of retirement benefit obligation	¥ 112,258

(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, 2023

	Millions of yen	Thousands of U.S. dollars
Beginning balance of plan assets	¥124,821	$ 934,782
Expected return on plan assets	1,541	11,541
Actuarial gain	(10,463)	(78,357)
Employer contributions	351	2,628
Payment of retirement benefits	(5,684)	(42,570)
Return of trust assets	-	-
Other	285	2,141
Ending balance of plan assets	¥110,852	$ 830,165

For the fiscal year ended March 31, 2022

	Millions of yen
Beginning balance of plan assets	¥ 129,292
Expected return on plan assets	1,566
Actuarial gain	5,657
Employer contributions	390
Payment of retirement benefits	(5,955)
Return of trust assets	(6,299)
Other	169
Ending balance of plan assets	¥ 124,821

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

For the fiscal year ended March 31, 2023

	Millions of yen	Thousands of U.S. dollars
Beginning balance of net defined benefit liability	¥ 5,043	$ 37,767
Retirement benefit expenses	1,330	9,961
Payment of retirement benefits	(710)	(5,322)
Plan contributions	(477)	(3,572)
Other	78	584
Ending balance of net defined benefit liability	¥ 5,263	$ 39,419

For the fiscal year ended March 31, 2022

	Millions of yen
Beginning balance of net defined benefit liability	¥ 4,798
Retirement benefit expenses	749
Payment of retirement benefits	(1,107)
Plan contributions	(493)
Other	1,096
Ending balance of net defined benefit liability	¥ 5,043

(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 sheet

For the fiscal year ended March 31, 2023

	Millions of yen	Thousands of U.S. dollars
Funded retirement benefit obligation	¥ 68,220	$ 510,899
Plan assets	(120,704)	(903,952)
	(52,484)	(393,052)
Unfunded retirement benefit obligation	52,184	390,806
Net liabilities and assets recorded on the consolidated balance sheet	(299)	(2,246)
Net defined benefit liability	53,537	400,942
Net defined benefit asset	(53,837)	(403,189)
Net liabilities and assets recorded on the consolidated balance sheet	¥ (299)	$ (2,246)

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

For the fiscal year ended March 31, 2022

	Millions of yen
Funded retirement benefit obligation	¥ 75,128
Plan assets	(134,821)
	(59,692)
Unfunded retirement benefit obligation	52,173
Net liabilities and assets recorded on the consolidated balance sheet	(7,519)
Net defined benefit liability	54,022
Net defined benefit asset	(61,542)
Net liabilities and assets recorded on the consolidated balance sheet	¥ (7,519)

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

(v) Components of retirement benefit expenses

For the fiscal year ended March 31, 2023

	Millions of yen	Thousands of U.S. dollars
Service costs	¥ 2,784	$ 20,849
Interest cost	769	5,763
Expected return on plan assets	(1,541)	(11,541)
Amortization of actuarial loss	(3,500)	(26,215)
Amortization of prior service cost	(634)	(4,753)
Retirement benefit expenses calculated by simplified method	1,330	9,961
Gain on return of assets from retirement benefits trust assets (Note 1)	-	-
Special retirement expenses (Note 2)	48	362
Extra retirement payments (Note 3)	27	207
Retirement benefit expenses related to defined benefit plans	¥ (716)	$ (5,366)

For the fiscal year ended March 31, 2022

	Millions of yen
Service costs	¥ 2,991
Interest cost	411
Expected return on plan assets	(1,566)
Amortization of actuarial loss	(4,271)
Amortization of prior service cost	(662)
Retirement benefit expenses calculated by simplified method	749
Gain on return of assets from retirement benefits trust assets (Note 1)	(1,049)
Special retirement expenses (Note 2)	633
Extra retirement payments (Note 3)	65
Retirement benefit expenses related to defined benefit plans	¥ (2,696)

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 statement 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, 2023

	Millions of yen	Thousands of U.S. dollars
Prior service cost	¥ (820)	$ (6,144)
Actuarial loss	(10,277)	(76,966)
Total	¥ (11,097)	$ (83,111)

For the fiscal year ended March 31, 2022

	Millions of yen
Prior service cost	¥ (536)
Actuarial loss	940
Total	¥ 404

(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, 2023

	Millions of yen	Thousands of U.S. dollars
Unrecognized prior service cost	¥ (4,916)	$ (36,816)
Unrecognized actuarial gain	(20,169)	(151,044)
Total	¥ (25,085)	$ (187,861)

For the fiscal year ended March 31, 2022

	Millions of yen
Unrecognized prior service cost	¥ (5,736)
Unrecognized actuarial gain	(30,446)
Total	¥ (36,183)

(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, 2023	Fiscal year ended March 31, 2022
Domestic corporate stocks	51 %	51 %
Overseas corporate stocks	5	3
Domestic bonds	5	5
Overseas bonds	5	5
Cash and deposits	7	10
Life insurance general accounts	3	6
Alternative investments (Note 1)	23	20
Other	1	0
Total (Note 2)	100	100

Notes:1. Alternative investments are mainly investments in hedge funds, etc.

2. Retirement benefit trusts established for corporate pension plans constituted 46% of total plan assets in the fiscal year ended March 31, 2023 and 48% in the fiscal year ended March 31, 2022.

(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, 2023	Fiscal year ended March 31, 2022
(a) Discount rates		
Domestic	0.2 – 1.3 %	0.2 – 0.5 %
Overseas	2.6 – 7.6	1.3 – 7.6
(b) Long-term expected rates of return on plan assets		
Domestic	0.2 – 2.0 %	0.2 – 4.4 %
Overseas	3.9 – 7.0	1.3 – 7.0
(c) Expected rates of salary increases		
Domestic	1.7 – 8.5 %	1.6 – 8.5 %
Overseas	2.5 – 10.0	2.5 – 7.0

(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 ¥ 2,940 million ($ 22,019 thousand) in the fiscal year ended March 31, 2023 and ¥ 2,784 million in the fiscal year ended March 31, 2022.

20. 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
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

Stock options that existed in the fiscal year ended March 31, 2023, are presented with the quantities 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
	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)
Share acquisition rights which are not yet vested							
Outstanding as of March 31, 2022	—	—	—	—	—	—	—
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	—	—	—	—	—	—	—
Outstanding as of March 31, 2023	—	—	—	—	—	—	—
Share acquisition rights which have already been vested							
Outstanding as of March 31, 2022	24,000	30,000	30,000	46,000	128,000	69,000	129,000
Vested	—	—	—	—	—	—	—
Exercised	12,000	15,000	15,000	—	18,000	12,000	—
Forfeited	—	—	—	—	—	—	—
Outstanding as of March 31, 2023	12,000	15,000	15,000	46,000	110,000	57,000	129,000

(b) Price information of stock options

As of March 31, 2023

	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	558	558	558	—	529	525	—
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	4.17	4.17	4.17	—	3.96	3.93	—
Weighted average fair value per share at the granted date	2.13	2.50	2.29	1.41	2.62	2.42	3.23

(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 the number of options that have actually been forfeited.

21. Tax Effect Accounting

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

	March 31, 2023 (Millions of yen)	March 31, 2022 (Millions of yen)	March 31, 2023 (Thousands of U.S. dollars)
Deferred tax assets			
Tax losses carried forward (Note)	¥ 16,403	¥ 13,644	$ 122,845
Net defined benefit liability	23,342	22,945	174,810
Investment securities	7,866	7,405	58,914
Property, plant and equipment	28,006	29,195	209,740
Accrued bonuses	5,131	5,123	38,427
Inventory	4,175	3,743	31,266
Other	21,038	17,379	157,556
Subtotal	105,964	99,437	793,560
Valuation allowance for tax losses carried forward (Note)	(15,926)	(12,497)	(119,276)
Valuation allowance for total of deductible temporary differences	(27,393)	(30,027)	(205,152)
Valuation allowance	(43,320)	(42,524)	(324,428)
Total deferred tax assets	62,643	56,913	469,131
Deferred tax liabilities			
Adjustment of book value due to fair value revaluation	(43,819)	(37,622)	(328,165)
Property, plant and equipment	(30,641)	(28,505)	(229,474)
Reserve for advanced depreciation of non-current assets	(9,645)	(10,291)	(72,231)
Net defined benefit liability	(23,344)	(25,331)	(174,828)
Valuation difference on available-for-sale securities	(17,628)	(12,888)	(132,020)
Other	(7,761)	(5,205)	(58,127)
Total deferred tax liabilities	(132,842)	(119,844)	(994,848)
Net deferred tax liabilities	¥ (70,199)	¥ (62,930)	$ (525,717)

(Note) Amount of tax losses carried forward and deferred tax assets by carry-forward period

For the fiscal year ended March 31, 2023

(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*	¥ 709	¥ 2,180	¥ 1,624	¥ 1,098	¥ 916	¥ 9,874	¥ 16,403
Valuation allowance	(703)	(2,165)	(1,593)	(1,028)	(835)	(9,600)	(15,926)
Deferred tax assets	6	14	31	70	80	273	476

(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*	$ 5,314	$ 16,326	$ 12,164	$ 8,227	$ 6,859	$ 73,952	$ 122,845
Valuation allowance	(5,269)	(16,215)	(11,931)	(7,700)	(6,258)	(71,901)	(119,276)
Deferred tax assets	45	110	233	527	601	2,051	3,569

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

For the fiscal year ended March 31, 2022

(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*	¥ 178	¥ 791	¥ 2,882	¥ 1,560	¥ 1,116	¥ 7,114	¥ 13,644
Valuation allowance	(177)	(779)	(2,865)	(1,530)	(1,050)	(6,093)	(12,497)
Deferred tax assets	1	11	17	30	65	1,021	1,147

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

(Changes in Presentation Method)

"Reserve for special depreciation" which was presented separately in "Deferred tax liabilities" for the fiscal year ended March 31, 2022 has decreased in materiality and is included in "Other" for the fiscal year ended March 31, 2023. To reflect this change in the method of presentation, the notes for the fiscal year ended March 31, 2022 have been restated.

As a result, ¥ (399) million that was presented as "Reserve for special depreciation" in "Deferred tax liabilities" for the fiscal year ended March 31, 2022 is now reclassified to "Other" which has a restated amount of ¥ (5,205).

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

	For the fiscal year ended March 31	
	2023	2022
Statutory effective tax rate	- %	30.6%
(Adjustment)		
Non-deductible entertainment and social expenses, etc.	-	0.7
Non-taxable income of dividends received, etc.	-	(0.7)
Per capita levy of local inhabitant tax	-	0.4
Tax credit	-	(1.2)
Equity in earnings of affiliates	-	(0.7)
Different tax rates applied to foreign subsidiaries	-	0.5
Tax incentives for investment in foreign subsidiaries	-	(3.4)
Amortization of goodwill	-	0.2
Change in valuation allowance	-	2.1
Other	-	(0.0)
Effective rate of the tax burden	-	28.5

(Note) Notes have been omitted because the difference between the statutory effective tax rate and the effective rate of the tax burden is less than or equal to 5/100 of the statutory effective tax rate.

(2) Accounting for corporate taxes and local corporate taxes or tax effect accounting related to these items

The Company and some of its domestic consolidated subsidiaries have adopted the Group Tax Sharing System from the current consolidated fiscal year. In addition, in accordance with the " Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Issues Task Force ("PITF") No. 42, August 12, 2021), the Company and some of its domestic consolidated subsidiaries account for corporate taxes and local corporate taxes or account for tax effect accounting related to these items and make disclosures.

22. Business Combination

Business combination through acquisition

(1) Summary of the business combination

(i) Name and business activities of the acquired entities concerned

Name of the acquired entities concerned:	Adampak Pte. Ltd. and nine other companies (Hereinafter collectively "Adampak Group")
Business activities:	High performance label printing and converting business

(ii) Main reasons for business combination

The Functional Materials COMPANY is a group of entities including Oji Paper (Thailand) Ltd. (thermal paper) and Oji Label (Thailand) Ltd. (adhesive paper) in Thailand, and Hyper-Region Labels Sdn. Bhd. (high performance label printing and processing) and Tele-Paper (M) Sdn. Bhd. (cutting and converting of thermal paper) in Malaysia.

Adding the Adampak Group with this acquisition expands the Group's lineup of high-performance label products for electrical products and healthcare sectors that are expected to grow in Asia in the future, and it enables integrated production from base paper manufacturing to product processing. Through these efforts, the Group will aim to propose timely and optimum label products to a wider range of customers and improve customer value.

(iii) Business combination date

September 1, 2022

(iv) Legal form of business combination

Share acquisition with cash as consideration

(v) Name after the business combination

There is no change of name after the business combination.

(vi) Acquired voting rights ratio

100%

(vii) Grounds for determining acquiring company

Share acquisition with cash as consideration by Oji Imaging Media Co., Ltd., a consolidated subsidiary of the Company.

(2) Time period of the acquired company's business results included in the consolidated financial statements

From September 1, 2022 to December 31, 2022

(3) Acquisition cost of the acquired business and breakdown of consideration by type

Consideration for acquisition	Cash	20,804 million yen ($155,802 thousand)

(4) Descriptions and amounts of major acquisition-related costs

Advisory fees, etc.	125 million yen ($941 thousand)

(5) Amount of goodwill generated, cause for the generation, method and period of amortization

(i) Amount of goodwill generated

9,364 million yen ($70,128 thousand)

At the end of the second quarter, the allocation of acquisition costs had not been completed and the Company had performed the provisional accounting treatment. However, the allocation of acquisition costs had been finalized at the end of the fourth quarter. As a result of the finalization of the provisional accounting treatment, the amount of goodwill decreased by 5,917 million yen ($44,315 thousand).

(ii) Cause for generation

Since the acquisition cost exceeded the net amount of assets acquired and liabilities assumed, the excess amount is recorded as goodwill.

(iii) Period and method of amortization

Amortization using straight-line method over nine (9) years

(6) Breakdown of assets acquired and liabilities assumed at the date of the business combination and the corresponding amounts

Current assets	5,190 million yen	($ 38,872 thousand)
Non-current assets	9,676 million yen	($ 72,470 thousand)
Total assets	14,867 million yen	($111,342 thousand)
Current liabilities	1,268 million yen	($ 9,501 thousand)
Non-current liabilities	2,158 million yen	($ 16,166 thousand)
Total liabilities	3,427 million yen	($ 25,668 thousand)

(7) Amount allocated to intangible assets other than goodwill and breakdown thereof by major types with the weighted average amortization period of all types thereof and by major types

Type	Amount	Weighted average amortization period
Customer-related assets	7,369 million yen ($55,187 thousand)	13 years

(8) Estimated amounts of impact on the consolidated statements of income in the current fiscal year on the assumption that the business combination was completed at the start date of the current fiscal year, and their calculation method

The estimated amounts of influence are not indicated as they are immaterial.

Transactions, etc. under common control

Acquisition of additional stocks of an unconsolidated subsidiary under the equity method

(1) Summary of the transaction

(i) Name and business activities of the combining entities concerned

Name of the combining entities concerned: PT Korintiga Hutani

Business activities: Forest plantation business

(ii) Business combination date

November 21, 2022

(iii) Legal form of business combination

Acquisition of stocks from non-controlling shareholders

(iv) Name after the business combination

There is no change.

(v) Other matters related to the summary of transactions

For the purpose of further strengthening the management base of the Group, Panindo Investment Pte. Ltd., a consolidated subsidiary of the Company, acquired stocks of PT Korintiga Hutani held by non-controlling shareholders. As a result, the ratio of voting rights held by the Group for the company became 80.0%.

(2) Summary of the conducted accounting treatments

In compliance with “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), the Group accounted for the business combination as transactions with non-controlling shareholders under common control and others. In addition, PT Korintiga Hutani has been changed from an unconsolidated subsidiary under the equity method to a consolidated subsidiary as it became material following this transaction.

(3) Acquisition cost for the acquired company and breakdown of consideration by type
Consideration for acquisition Cash 14,531 million yen ($108,826 thousand)

(4) Matters related to change in ownership interest of the Company due to transactions with non-controlling shareholders
(i) Major change factors of capital surplus
Purchase of additional stocks of a subsidiary of the Company
(ii) The decreased amount of capital surplus through transactions with non-controlling shareholders
13,269 million yen ($99,377 thousand)

23. Revenue recognition

(1) Information on disaggregation of revenue from contracts with customers

For the fiscal year ended March 31, 2023

(Millions of yen)

	Reporting segment					Other (Note 1)	Total
	Household and Industrial Materials	Functional Materials	Forest Resources and Environment Marketing	Printing and Communications Media	Total		
Japan	501,038	96,592	109,915	175,279	882,825	181,765	1,064,590
Overseas	214,281	109,093	258,572	44,597	626,544	15,506	642,051
Net sales to external customers	715,320	205,685	368,487	219,876	1,509,369	197,272	1,706,641

(Thousands of U.S. dollars)

	Reporting segment					Other (Note 1)	Total
	Household and Industrial Materials	Functional Materials	Forest Resources and Environment Marketing	Printing and Communications Media	Total		
Japan	3,752,252	723,375	823,152	1,312,657	6,611,438	1,361,231	7,972,669
Overseas	1,604,746	816,992	1,936,436	333,987	4,692,163	116,129	4,808,293
Net sales to external customers	5,356,999	1,540,368	2,759,588	1,646,645	11,303,601	1,477,361	12,780,962

Notes:
1.“Other” is a business segment which is not included in the reporting segments, and contains trading, logistics, engineering, real estate, etc.
2. As stated in segment information (next page), from the second quarter of the fiscal year ended March 31, 2023, there are changes in the categorization of reporting segments, and segment information for the fiscal year ended March 31, 2022, is prepared based on the reporting segment categories following the changes.

For the fiscal year ended March 31, 2022

(Millions of yen)

	Reporting segment					Other*	Total
	Household and Industrial Materials	Functional Materials	Forest Resources and Environment Marketing	Printing and Communications Media	Total		
Japan	463,614	93,661	95,134	158,942	811,353	165,943	977,297
Overseas	176,823	77,809	185,820	41,184	481,638	11,226	492,864
Net sales to external customers	640,438	171,471	280,954	200,126	1,292,991	177,170	1,470,161

* Other:
"Other" is a business segment which is not included in the reporting segments, and contains trading, logistics, engineering, real estate, etc.

(2) The outstanding balances of contract assets and contract liabilities
The outstanding balances of contract assets and contract liabilities arising from contracts with customers of the Group are omitted as they are immaterial.

(3) Transaction prices allocated to residual performance obligations
This information is omitted as the Group has no significant transactions with an individual expected contract duration of more than one year and applied the practical expedient. There is no material amount not included in transaction prices among the consideration arising from contracts with customers.

24. 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".
From the second quarter of the fiscal year ended March 31, 2023, certain businesses that were classified as "Household and industrial materials" and "Other" have been reclassified as "Forest resources and environmental marketing". Segment information for the fiscal year ended March 31, 2022 was prepared based on the reporting segment categories following the changes.

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, profit or loss, assets, liabilities and other items by reporting segment
The accounting method applied for reporting segments is almost the same with what is described in Notes 1 to 4 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, profit or loss, assets, liabilities and other items by reporting segment

For the fiscal year ended March 31, 2023

	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)								
Net Sales									
Sales to third parties	¥715,320	¥205,685	¥368,487	¥219,876	¥1,509,369	¥197,272	¥1,706,641	0	¥1,706,641
Inter-segment sales and transfers	65,207	14,217	55,313	61,103	195,842	120,858	316,700	(316,700)	0
Total sales	780,527	219,902	423,801	280,980	1,705,211	318,130	2,023,342	(316,700)	1,706,641
Segment profit	(1,234)	15,487	68,530	(4,779)	78,003	8,448	86,451	(1,632)	84,818
Segment assets	772,586	257,529	737,951	245,823	2,013,890	452,613	2,466,503	(170,485)	2,296,018
Other items									
Depreciation and amortization (Note 4)	32,573	6,581	21,975	7,836	68,967	4,067	73,034	–	73,034
Increase in property, plant, equipment and intangible assets (Note 4)	43,743	15,581	33,832	1,838	94,996	5,095	100,092	–	100,092

	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				
	(Thousands of U.S. dollars)								
Net Sales									
Sales to third parties	$5,356,999	$1,540,368	$2,759,588	$1,646,645	$11,303,601	$1,477,361	$12,780,962	–	$12,780,962
Inter-segment sales and transfers	488,338	106,471	414,238	457,603	1,466,651	905,100	2,371,752	(2,371,752)	–
Total sales	5,845,337	1,646,839	3,173,827	2,104,248	12,770,253	2,382,461	15,152,715	(2,371,752)	12,780,962
Segment profit	(9,246)	115,983	513,219	(35,792)	584,162	63,267	647,429	(12,229)	635,200
Segment assets	5,785,861	1,928,625	5,526,483	1,840,960	15,081,931	3,389,597	18,471,529	(1,276,755)	17,194,774
Other items									
Depreciation and amortization (Note 4)	243,943	49,290	164,574	58,686	516,494	30,460	546,955	–	546,955
Increase in property, plant, equipment and intangible assets (Note 4)	$327,591	$116,692	$253,370	$13,767	$711,421	$38,163	$749,584	–	$749,584

Notes
1. "Other" is a business segment which is not included in the reporting segments, and included in this segment are trading, logistics, engineering, real estate and other businesses.
2. "Adjustments" are as follows.
   (1) Adjustment for segment profit, ¥ (1,632) million ($ (12,229) thousand), primarily consists of adjustment related to internal transactions.
   (2) Adjustment for segment assets, ¥ (170,485) million ($ (1,276,755) thousand), includes the following items.
   - Elimination of inter-segment debts and credits, and other, ¥ (193,572) million ($ (1,449,653) thousand)
   - Group-wide assets* not allocated to each reporting segment, ¥ 23,087 million ($ 172,898 thousand)

   *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, as well as the increase in property, plant, equipment and intangible assets.

For the fiscal year ended March 31, 2022

	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)								
Net Sales									
Sales to third parties	¥640,438	¥171,471	¥280,954	¥200,126	¥1,292,991	¥177,170	¥1,470,161	–	¥1,470,161
Inter-segment sales and transfers	58,339	13,251	39,656	44,422	155,669	113,970	269,639	△ 269,639	–
Total sales	698,778	184,722	320,611	244,549	1,448,661	291,140	1,739,801	△ 269,639	1,470,161
Segment profit	26,220	15,264	55,228	17,797	114,510	7,162	121,672	△ 1,552	120,119
Segment assets	698,488	193,910	653,215	233,758	1,779,373	427,580	2,206,954	(153,202)	2,053,752
Other items									
Depreciation and amortization (Note 4)	28,391	5,678	18,919	8,703	61,693	4,192	65,885	–	65,885
Increase in property, plant, equipment and intangible assets (Note 4)	63,484	14,669	30,330	2,083	110,567	3,480	114,047	–	114,047

Notes
1. "Other" is a business segment which is not included in the reporting segments, and included in this segment are trading, logistics, engineering, real estate and other businesses.
2. "Adjustments" are as follows.
   (1) Adjustment for segment profit, ¥ (1,552) million, primarily consists of adjustment related to internal transactions.
   (2) Adjustment for segment assets, ¥ (153,202) million, includes the following items.
   - Elimination of inter-segment debts and credits, and other, ¥ (173,336) million
   - Group-wide assets* not allocated to each reporting segment, ¥ 20,134 million

   *Group-wide assets: investment securities not allocated to each reporting segment
3. Adjustment is made between segment profit 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, as well as the increase in property, plant, equipment and intangible assets.

(4) Related information

For the fiscal year ended March 31, 2023

(i) Information by product and service

Information by product and service is omitted since the classification is the same as reporting segment.

(ii) Information by region

(a) Net Sales

Japan	China	Asia	North America	South America	Europe	Oceania	Other	Total
(Millions of yen)								
¥ 1,064,590	¥ 171,992	¥ 232,077	¥ 49,204	¥ 34,582	¥ 66,669	¥ 82,729	¥ 4,794	¥ 1,706,641

Japan	China	Asia	North America	South America	Europe	Oceania	Other	Total
(Thousands of U.S. dollars)								
$ 7,972,669	$ 1,288,040	$ 1,738,019	$ 368,491	$ 258,987	$ 499,287	$ 619,559	$ 35,907	$ 12,780,962

Note: Sales are based on the location of the end customer and are classified by country or region.

(Changes in presentation method)

"China" ,which was included in "Asia" for the fiscal year ended March 31, 2022, has increased in materiality and is presented separately for the fiscal year ended March 31, 2023. To reflect this change in the method of presentation, "(ii) Information by region (a) Net Sales" for the fiscal year ended March 31, 2022 have been restated.

As a result, “Asia” of ¥320,414 million in the previous fiscal year, has been reclassified into “China” of ¥142,133 million and "Asia" of ¥178,281 million.

(b) Property, plant and equipment

Japan	China	Asia	North America	Brazil	Europe	New Zealand	Oceania	Total
(Millions of yen)								
¥557,066	¥ 133,053	¥ 135,453	¥ 1,450	¥ 242,135	¥ 5,095	¥130,406	¥3,572	¥ 1,208,234

Japan	China	Asia	North America	Brazil	Europe	New Zealand	Oceania	Total
(Thousands of U.S. dollars)								
$ 4,171,846	$ 996,433	$ 1,014,401	$ 10,865	$ 1,813,342	$ 38,163	$ 976,605	$ 26,754	$ 9,048,412

(iii) Information by major customer

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

For the fiscal year ended March 31, 2022

(i) Information by product and service

Information by product and service is omitted since the classification is the same as reporting segment.

(ii) Information by region

(a) Net Sales

Japan	China	Asia	North America	South America	Europe	Oceania	Other	Total
(Millions of yen)								
¥ 977,297	¥ 142,133	¥ 178,281	¥ 36,472	¥ 20,212	¥ 45,621	¥ 66,838	¥ 3,305	¥ 1,470 ,161

Note: Sales are based on the location of the end customer and are classified by country or region.

(b) Property, plant and equipment

Japan	China	Asia	North America	Brazil	Europe	New Zealand	Oceania	Total
(Millions of yen)								
¥ 550,550	¥ 132,066	¥ 98,892	¥ 1,181	¥ 208,678	¥ 4,002	¥128,105	¥3,836	¥ 1,127,315

(iii) Information by major customer

Information by major customer is omitted, since there is no external customer whose sales is 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, 2023

	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	¥ 6	¥ 170	¥ 189	―	¥ 1,551	¥ 1,918

	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	$ 48	$ 1,279	$ 1,417	―	$ 11,622	$ 14,367

Notes:1. The amount of "Other" represents amount related to business segments which are not included in reporting segments and other.

2. Among the impairment loss of ¥ 1,918 million ($ 14,367 thousand) for the fiscal year ended March 31, 2023, ¥ 546 million ($ 4,093 thousand) is accounted for as business restructuring expenses under extraordinary loss.

For the fiscal year ended March 31, 2022

	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	¥ 2,251	¥ 70	¥ 9	―	¥ 1,086	¥ 3,418

Notes:1.The amount of "Other" represents amount related to business segments which are not included in reporting segments and other.

2. Among the impairment loss of ¥ 3,418 million for the fiscal year ended March 31, 2022, ¥ 450 million is accounted for as business restructuring expenses under extraordinary loss.

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

As of and for the fiscal year ended March 31, 2023

	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	¥ 180	¥ 864	¥ 14	―	―	¥ 1,058
Balance of goodwill	1,388	10,382	97	―	―	11,868

	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	$ 1,350	$ 6,474	$ 105	―	―	$ 7,930
Balance of goodwill	10,398	77,752	731	―	―	88,882

Note 1: Amount for "Other" represents amount relating to business segments which are not included in reporting segments.

As of and for the fiscal year ended March 31, 2022

	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	¥ 314	¥ 478	¥ 12	―	―	¥ 804
Balance of goodwill	1,464	1,910	96	―	―	3,472

Note 1: Amount for "Other" represents amount relating to business segments which are not included in reporting segments.

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

For the fiscal year ended March 31, 2023
None

For the fiscal year ended March 31, 2022
None

25. Information on Transactions with Related Parties

For the fiscal year ended March 31, 2023
(i) Transactions with related parties
Related party transactions with the Company which has submitted consolidated financial statements and its subsidiaries

There are no significant transactions applicable.

(ii) Notes on significant affiliates
Summary of financial information on significant affiliates

There are no significant affiliates applicable.

For the fiscal year ended March 31, 2022
(i) Transactions with related parties
Related party transactions with the Company which has submitted consolidated financial statements and its subsidiaries

There are no significant transactions applicable.

(ii) Notes on significant affiliates
Summary of financial information on significant affiliates

There are no significant affiliates applicable.

26. Per Share Information

As of and for the fiscal years ended March 31, 2023 and 2022

	(Yen)		(U.S. dollars)
	2023	2022	2023
Net assets per share	¥ 945.27	¥ 859.29	$ 7.08
Basic profit per share	¥ 57.00	¥ 88.35	$ 0.43
Diluted profit per share (Note 1)	¥ 56.97	¥ 88.30	$ 0.43

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

For the fiscal years ended March 31, 2023 and 2022

	(Millions of yen)		(Thousands of U.S. dollars)
	2023	2022	2023
Basic profit per share			
Profit attributable to owners of parent	¥ 56,483	¥ 87,509	$423,002
Amount not attributable to common shareholders	–	–	–
Profit attributable to owners of parent allocated to common stock	56,483	87,509	423,002
Average number of shares outstanding during the period	(thousand shares) 990,976	(thousand shares) 990,497	(thousand shares) 990,976
Diluted profit per share			
Adjusted amount of profit attributable to owners of parent	–	–	–
Increase in shares of common stock	(thousand shares) 426	(thousand shares) 533	(thousand shares) 426
(Share acquisition rights within the above increase)	(thousand shares) (426)	(thousand shares) (533)	(thousand shares) (426)

Note: Shares of the Company held by the Board Benefit Trust and recorded as treasury stocks under shareholders' equity are included in treasury stocks deducted from total number of shares outstanding at the end of the fiscal year when calculating "Net assets per share" (1,546 thousand shares for the fiscal year ended March 31, 2023 and 1,398 thousand shares for the fiscal year ended March 31, 2022).

Moreover, in calculating "Basic profit per share" and "Diluted profit per share", they are included in the number of treasury stocks deducted from the average number of shares outstanding during the year (1,321 thousand shares for the fiscal year ended March 31, 2023 and 1,443 thousand shares for the fiscal year ended March 31, 2022).

27. Significant Subsequent Events

None

28. Bonds

Company	Name	Date of issue	Balance as of April 1, 2022 (Millions of yen)	Balance as of March 31, 2023 (Millions of yen)	Balance as of March 31, 2023 (Thousands of U.S. dollars)	Interest rate (%)	Collateral	Maturity
Oji Holdings Corporation	Bond No.33	January 26, 2018	10,000	10,000	74,889	0.28	None	January 24, 2025
Oji Holdings Corporation	Bond No.34	January 26, 2018	10,000	10,000	74,889	0.43	None	January 26, 2028
Oji Holdings Corporation	Bond No.35	November 29, 2018	20,000	20,000	149,779	0.45	None	November 29, 2028
Oji Holdings Corporation	Bond No.36	November 29, 2018	10,000	10,000	74,889	1.08	None	November 29, 2038
Oji Holdings Corporation	Bond No.37	July 19, 2019	15,000	15,000	112,334	0.29	None	July 19, 2029
Oji Holdings Corporation	Bond No.38	July 19, 2019	15,000	15,000	112,334	0.80	None	July 19, 2039
Oji Holdings Corporation	Bond No.39	July 17, 2020	15,000	15,000	112,334	0.18	None	July 17, 2025
Oji Holdings Corporation	Bond No.40	July 17, 2020	15,000	15,000	112,334	0.37	None	July 17, 2030
Oji Holdings Corporation	Bond No.41	July 17, 2020	10,000	10,000	74,889	0.80	None	July 17, 2040
Oji Holdings Corporation	Bond No.42	March 24, 2021	15,000	15,000	112,334	0.08	None	March 24, 2026
Oji Holdings Corporation	Bond No.43	March 24, 2021	20,000	20,000	149,779	0.37	None	March 24, 2031
Total	–	–	¥ 155,000 (¥ –)	¥ 155,000 (¥ –)	$ 1,160,787 ($ –)	–	–	–

Notes:1. The amounts indicated in parentheses above represent redemption amounts due in one year or less.
2. The aggregate annual redemption amount of bonds within five years subsequent to March 31, 2023 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)				
¥ –	¥ 10,000	¥ 30,000	¥ –	¥ 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)				
$ –	$ 74,889	$ 224,668	$ –	$ 74,889

29. Short-term loans payable and long-term loans payable

	April 1, 2022 (Millions of yen)	March 31, 2023 (Millions of yen)	March 31, 2023 (Thousands of U.S. dollars)	Average interest rate (%)	Maturity
Short-term loans payable	¥ 107,072	¥ 153,832	$ 1,152,044	1.25	—
Current portion of long-term loans payable	59,372	72,906	545,995	1.02	—
Current portion of lease obligations	5,103	5,202	38,958	—	—
Long-term loans payable (excluding current portion)	329,062	320,599	2,400,957	0.53	Due 2024 through 2051
Lease obligations (excluding current portion)	20,392	21,614	161,873	–	Due 2024 through 2056
Other interest-bearing liability commercial paper (current portion)	-	86,000	644,050	0.00	—
Total	¥ 521,003	¥ 660,156	$ 4,943,879	—	—

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 have excluded interest equivalent amount, while lease obligations for companies that apply Japanese GAAP have included interest equivalent amount.

3. The aggregate annual repayment amounts of long-term loans payable and lease obligations (excluding current portion) within five years subsequent to March 31, 2023 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	¥ 72,329	¥ 66,987	¥ 27,892	¥ 42,855
Lease obligation	3,445	2,361	1,785	1,394

	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	$ 541,671	$ 501,664	$ 208,882	$ 320,944
Lease obligation	25,801	17,687	13,374	10,442

30. Asset Retirement Obligations

As the asset retirement obligations as of April 1, 2022 and March 31, 2023 account for less than 1% of the sum of total liabilities and net assets, this information is omitted pursuant to the provision of Article 92-2 of the Regulation for Consolidated Financial Statements.

31. Others

Quarterly Financial Information for the fiscal year ended March 31, 2023

Cumulative period	Q1	Q2	Q3	Q4
Net sales (Millions of yen)	¥ 399,177	¥ 837,502	¥ 1,296,723	¥ 1,706,641
Profit before income taxes (Millions of yen)	33,018	57,482	64,208	84,617
Profit attributable to owners of parent (Millions of yen)	23,285	37,927	39,122	56,483
Profit per share (Yen)	23.51	38.28	39.48	57.00

Cumulative period	Q1	Q2	Q3	Q4
Net sales (Thousands of U.S. dollars)	$ 2,989,418	$ 6,272,020	$ 9,711,101	$ 12,780,962
Profit before income taxes (Thousands of U.S. dollars)	247,276	430,482	480,851	633,697
Profit attributable to owners of parent (Thousands of U.S. dollars)	174,385	284,035	292,987	423,002
Profit per share (U.S. dollars)	0.18	0.29	0.30	0.43

Accounting period	Q1	Q2	Q3	Q4
Profit per share (Yen)	¥ 23.51	¥ 14.78	¥ 1.21	¥ 17.52

Accounting period	Q1	Q2	Q3	Q4
Profit per share (U.S. dollars)	$ 0.18	$ 0.11	$ 0.01	$ 0.13

Note: The Company acquired Adampak group on September 1, 2022. At the end of the second quarter, the allocation of acquisition costs had not been completed and the Company had performed the provisional accounting treatment. The allocation of acquisition costs had been finalized at the end of the fourth quarter, and the relevant figures for the third and fourth quarters reflect the finalized accounting treatment.

NOTE TO READERS:

The Internal Control Report has not been translated into English and is therefore not attached to this document.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 29, 2023

To the Board of Directors of
Oji Holdings Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Tetsuya Ishii

Designated Engagement Partner,
Certified Public Accountant:

Yutaka Hamaguchi

Designated Engagement Partner,
Certified Public Accountant:

Yohei Ono

Audit of Financial Statements

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Oji Holdings Corporation and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2022 to March 31, 2023, and a summary of significant accounting policies and other explanatory information, and the consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023, 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 provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1	***Accounting impact of Cyclone Gabrielle making landfall in New Zealand*** Pan Pac Forest Products Ltd. ("PANPAC"), a consolidated subsidiary in New Zealand, has cutting rights to plantation forest and is engaged in purchasing, processing, selling raw timber and woodchips, and manufacturing and selling pulp. In preparing the consolidated financial statements of the Group, the financial information of PANPAC in accordance with International Financial Reporting Standards is used. The powerful Cyclone Gabrielle made landfall in New Zealand on February 12, 2023, and the eastern part of the country's North Island suffered inundation, flooding and landslides. PANPAC suffered from flooding at the factory in Napier, which has caused severe damages to non-current assets, including buildings and machinery, as well as certain inventories. Certain plantations also suffered damages, such as fallen trees. Recovery efforts towards resuming operations are currently in progress. In addition to the physical damages, the cyclone had a wide-ranging impact on PANPAC's business activities, including factory shutdown and insurance claims for related costs and losses. For these reasons, PANPAC completely identified the accounting impact of the cyclone and evaluated the method of accounting applied. (1) Completeness of the accounting impact of the cyclone The Group evaluated each account item in PANPAC's financial statements that could be affected by the cyclone and also assessed whether there were accounting events arising from compensations to third parties that needed to be recognized. As a result, the major accounting impacts arising from the cyclone were identified as the items described in (2). (2) Evaluation of the method of accounting for the cyclone impact The Group evaluated the method of accounting of the following items: ① Property, plant and equipment (excluding plantations) ● The scope of the non-current assets that became unusable due to	 The cyclone had a wide-ranging and material impact on business activities of PANPAC. Accordingly, we obtained an understand of PANPAC's processes for evaluating the accounting impact of the cyclone through inquires, which were performed with the assistance of the auditor of PANPAC, a consolidated subsidiary. Based on our understanding, we performed the following audit procedures for the identified accounting impact. The procedures were performed with the assistance of the auditor of PANPAC or by us for certain items. (1) Evaluation of internal controls ● In order to evaluate the design and operating effectiveness of the internal controls associated with non-recurring events, we performed inquiries on series of processes and procedures focusing on the following items, among others: • Accounting department head's review of the cyclone's accounting impact assessment that was prepared by accounting staff • Approval of the supporting calculation for the recorded amount by the head of preparer's department and the accounting department head to evaluate the accuracy of the accounting for loss on disaster • Accounting department head's review of the estimated amount of insurance income based on the contents of the insurance contract and claims to the insurance company regarding the accuracy and the recognition in the appropriate accounting period of insurance claim income. (2) Completeness of the accounting impact of the cyclone ● The following procedures were performed to evaluate the completeness of accounting impacts identified by management. • Evaluation of accounting impacts based on auditor's experience and by obtaining PANPAC's historical financial statements and recent trial balances. • Analysis of publications and

damages from flooding and other factors was ascertained through field work, and the amount of loss on disposal of non-current assets (3,469 million yen) was calculated.
As a result, the balance of property, plant and equipment (excluding plantations) was 19,518 million yen as of March 31, 2023, after recording a loss on disposal of non-current assets.

② Inventories
- Inventories that required write-off due to damages from flooding and other factors were identified by physical inventory counts, and the amount of loss on shrinkage and devaluation of inventories (748 million yen) was calculated.
As a result, PANPAC's inventory balance as of March 31, 2023, was 1,719 million yen after recording a loss on shrinkage and devaluation of inventories.

③ Plantations
- For plantations related damages, such as fallen trees that became unsalable, the extent of the damage was ascertained by reviewing aerial photographs and through measurements, and the amount of loss on valuation of plantations (1,076 million yen) was estimated.
As a result, PANPAC's plantations balance was 20,805 million yen as of March 31, 2023, after recording a loss on valuation of plantations.

④ Necessity of recording provisions
The required provisions arising from the following matters was evaluated.
- Breach of contract obligations due to factory shutdown
- Compensation for causing losses to third parties due to driftwoods
As a result, PANPAC concluded that no provisions were required to be recognized for the year ended March 31, 2023.

⑤ Scope and amount of fixed manufacturing costs recorded in extraordinary loss
- With respect to the presentation of the consolidated financial statements, the scope and amount of fixed manufacturing costs incurred during the suspension period to be recorded as extraordinary losses was determined.
As a result, the amount of fixed

disclosure examples of other companies for past disasters.

(3) Examination of the method of accounting for the cyclone impact

① Property, plant and equipment (excluding plantations)
- In order to determine the appropriateness of the scope of the non-current assets that became unusable due to flooding, among others, the following procedures were performed.
  - Assessment of PANPAC in-house engineer's expertise and experience on manufacturing facilities
  - Observation of the in-house engineer's on-site investigation
- In order to examine the accuracy of the loss on disposal of non-current assets, we traced the field work by the in-house engineer to a non-current asset register, recalculated the amount in the non-current asset register and reconciled it to accounting records.

② Inventories
The following procedures were performed to examine the amount of loss on shrinkage of inventory, which represented a relatively significant portion.
- In order to examine the appropriateness of the inventories that PANPAC determined to be written off, we observed physical inventory counts and tested the accuracy and completeness of inventories subject to the count.
- In order to test the aggregation of inventories subject to the count and to be written off and the accuracy of the loss on shrinkage of inventory, we recalculated the physical inventory count summary and reconciled with accounting records.

③ Plantations
- In order to examine the appropriateness of the scope of plantations that became unsalable, we obtained aerial photographs and measurement results from PANPAC, and compared with the external information obtained by the auditor of PANPAC.
- In order to examine the accuracy of the loss on valuation of plantations, we recalculated PANPAC's assessment and reconciled with accounting records.

④ Necessity of recording provisions

	manufacturing costs recorded in extraordinary loss in the consolidated financial statements for the year ended March 31, 2023, was 1,017 million yen. ⑥ Insurance claim income ● PANPAC ascertained and claimed for the costs and losses arising from the cyclone that were covered by insurance, after consultation with loss adjuster. Based on these processes, an insurance income that was considered certain to be received as of March 31, 2023, was recorded. As a result, PANPAC recorded an insurance claim income of 4,441 million yen for the year ended March 31, 2023. As a result of the above procedures, and considering the requirements of International Accounting Standard (“IAS”) No.16 “Property, Plant and Equipment,” IAS No.2 “Inventories” and IAS No.37 "Provisions, Contingent Liabilities and Contingent Assets," the Group recorded a loss on disaster of 6,534 million yen, which composed of loss on disposal of non-current assets totaling 3,469 million yen (①), loss on valuation of plantations totaling 1,076 million yen (③), fixed manufacturing costs during the suspension period totaling 1,017 million yen (⑤), loss on shrinkage and devaluation of inventories totaling 748 million yen (②), and restoration expenses related to removing waste material and sludge totaling 223 million yen, and recognized an insurance claim income of 4,441 million yen (⑥) for the year ended March 31, 2023 , as described in (9. Additional Information) (Cyclone damage at a consolidated subsidiary) in Notes to Consolidated Financial Statements. The damages caused by the cyclone had a wide-ranging impact on PANPAC's business activities, and the identification of the complete accounting impact as well as the assessment of the appropriateness of the method of accounting required careful consideration. In addition, the recorded loss on disaster and insurance income were quantitatively material to the consolidated financial statements. For the above reasons, we identified the accounting impact of Cyclone Gabrielle as a key audit matter.	● In order to examine whether there were potential compensations for causing losses and the necessity to recognize provisions, we inspected sales contracts and purchase contracts, sent an inquiry letter to a legal counsel, and inquired of PANPAC’s personnel responsible for legal matters. ⑤ Scope and amount of fixed manufacturing costs recorded in extraordinary loss ● In order to test the appropriateness of the amount recorded in extraordinary loss, we obtained breakdowns of fixed manufacturing costs recorded in extraordinary loss, and examined the scope and amount of the costs aggregated by PANPAC. ⑥ Insurance claim income ● In order to examine the appropriateness of the accounting period in which the insurance claim income was recorded, we inspected the letter from the insurance company and determined that the cyclone damages suffered by PANPAC were covered by the insurance contract as of the current consolidated fiscal year end. ● In order to examine the appropriateness of the amount of insurance claim income, we performed the following procedures: • Inspection of the insurance policy • Inquiry of the appointed third-party loss adjuster • Comparison of the amount of insurance claim income with the physical loss on disposal of non-current assets and loss on shrinkage and devaluation of inventory. • Determination that the insurance claim income recorded is within the limit of the coverage.

2	***Reasonableness of estimation of value in use in the impairment test for non-current assets in base paper of household paper business in Jiangsu Oji Paper Co., Ltd.*** Jiangsu Oji Paper Co., Ltd., a consolidated subsidiary in China, manufactures and sells products in the base paper of household paper business (hereinafter described as "Jiangsu Oji Household Paper Base Paper Business") since the year ended March 31, 2021. In preparing the consolidated financial statements of the Group, the financial information of Jiangsu Oji Paper Co., Ltd. in accordance with International Financial Reporting Standards is used. As described in (5. Significant Accounting Estimates) 1. Impairment of non-current assets (Impairment test of non-current assets in the base paper of household paper business) in Notes to Consolidated Financial Statements, the non-current assets balance related to Jiangsu Oji Household Paper Base Paper Business was 11,242 million yen (0.5% of consolidated total assets) as of March 31, 2023. Pulp is one of the main raw materials of base paper of household paper, and its purchase price fluctuates due to market conditions. The base paper of household paper is mainly sold in the Chinese and Japanese markets. Jiangsu Oji Household Paper Base Paper Business has been behind the business plan for the year ended March 31, 2023, due to the following factors, among others: ● Global logistics disruptions including lockdowns in China triggered by the spread of COVID-19 ● Increases in raw materials and fuel price due to the current international situation surrounding Ukraine ● Suspension of equipment operation caused by unexpected breakdowns and other reasons The Group performed an impairment analysis of non-current assets in accordance with International Accounting Standard No. 36 "Impairment of Assets." As there was an indication of impairment, the Group performed an impairment test. As a result, the Group concluded that an impairment loss does not need to be recognized as the recoverable amount of the cash generating unit has exceeded its book value. The recoverable amount of the cash generating unit is measured at value in use. The value in use is measured by discounting estimated future cash flows to their present value, and the future cash	 In order to evaluate the reasonableness of estimation of value in use in the impairment test for non-current assets in Jiangsu Oji Household Paper Base Paper Business, we instructed the auditor of Jiangsu Oji Paper Co., Ltd. and performed the following audit procedures, among others: (1) Evaluation of internal controls ● To evaluate the design and operating effectiveness of internal controls over the impairment test for non-current assets, we inquired on series of the impairment test process, and performed procedures focusing on the followings, among others: • Approval by administration department head on preconditions of the business plan such as projected purchase price, selling price and sales volume prepared by administration staff. • Review by administration department head of the discounted present value of estimated future cash flows prepared by administration staff. (2) Examination of the impairment test for non-current assets ● We evaluated the feasibility of the future business plan by retrospectively analyzing the factors that caused the difference between the business plan and the actual results. ● Regarding the significant assumptions used in the measurement of value in use of Jiangsu Oji Household Paper Base Paper Business stated in the left, we performed the following procedures: • Assumptions in the future business plan ① In order to examine the appropriateness of the future pulp purchase price, we inquired of management and compared with available external data regarding pulp market forecast. ② In order to examine the appropriateness of the future selling price, we inquired of management, and performed a trend analysis by referring to past purchase price and market conditions. We also compared the future selling price with available external data. ③ In order to examine the appropriateness of the future sales volume, we performed the following procedures: - Understanding of sales strategy by inquiring of management

	flows are based on the future business plan approved by management. Significant assumptions in measuring value in use include: ● Assumptions in the future business plan ① Future purchase price of pulp which is the main raw material ② Future selling price which is based on pulp purchase price ③ Future sales volume which is based on the future product demands, market competition and other factors. ● Discount rate which is based on weighted average capital cost These significant assumptions in measuring value in use contain high uncertainty as they are affected by external changes, such as pulp market forecast and the market entry of competitors, and therefore those assumptions require management judgment. For the above reasons, we identified the reasonableness of estimation of value in use in the impairment test for non-current assets in Jiangsu Oji Household Paper Base Paper Business as a key audit matter.	- Comparison of the future sales volume with available external data on market size, market growth rate, and market share of household paper - Comparison of the future sales volume with production capacity • Regarding the discount rate that is based on weighted average capital cost, we involved our network firm ‘s specialists to assist us to evaluate the appropriateness of the method management applied and compare input data with available external data. ● We examined management’s sensitivity analysis for a risk of changes in the sales volume projections and the discount rate and evaluated the reasonableness of value in use calculation.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board 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, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over 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. 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. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing 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 overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as 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 Audit & Supervisory Board members and the Audit & Supervisory Board 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 Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit of Internal Control

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Oji Holdings Corporation as of March 31, 2023.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Oji Holdings Corporation as of March 31, 2023, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

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

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management’s report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.

- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

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

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.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.