Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Commencement date of measures for electronic provision: May 29, 2025

OTHER MATTERS SUBJECT TO MEASURES FOR ELECTRONIC PROVISION FOR THE 101ST ORDINARY GENERAL MEETING OF SHAREHOLDERS (MATTERS OMITTED FROM THE PAPER COPY OF MEETING MATERIALS)

The 101st term
(from April 1, 2024 to March 31, 2025)

Subscription Right to Shares of the Company
System to Ensure the Properness of Operations and an Overview of the Current Status of its Operation
Basic Policies on the Control of the Company
Consolidated Statement of Changes in Equity
Notes to Consolidated Financial Statements
Non-consolidated Statement of Changes in Equity
Notes to Non-consolidated Financial Statements

Oji Holdings Corporation

Pursuant to the provisions of applicable laws and regulations and Article 15, Paragraph 2 of the Articles of Incorporation, the items listed above shall be omitted from the paper copy (paper copy stating matters subject to measures for electronic provision) sent to shareholders who have requested it.

Subscription right to shares of the Company

Summary of subscription right to shares held by the Company's Officers as of March 31, 2025

(as of March 31, 2025)

Name of subscription right to shares	Allotment date	Number of holders of subscription right to shares	Number of subscription right to shares	Class and number of shares to be delivered upon exercise of subscription rights to shares outstanding	Exercise period of subscription right to shares
Oji Holdings Corporation 8th Subscription Rights to Shares (For Directors)	July 16, 2013	Director (excluding the Outside Board Members) 1	15 (1,000 shares of common stock per unit)	Common stock 15,000 shares	July 17, 2013 to June 30, 2033
Oji Holdings Corporation 9th Subscription Rights to Shares (For Directors)	July 15, 2014	Director (excluding the Outside Board Members) 1	12 (1,000 shares of common stock per unit)	Common stock 12,000 shares	July 16, 2014 to June 30, 2034
Oji Holdings Corporation 10th Subscription Rights to Shares (For Directors)	July 14, 2015	Director (excluding the Outside Board Members) 3	39 (1,000 shares of common stock per unit)	Common stock 39,000 shares	July 15, 2015 to June 30, 2035

Notes:
1. The acquisition of subscription rights to shares by transfer shall require approval by a resolution of the Board of Directors.
2. The payment amount for the exercise of subscription rights to shares is one (1) yen per share for each instance of exercise.

System to ensure the properness of operations and an overview of the current status of its operation

The Company has established the following policies for the development of the system to ensure the properness of operations.

(1) System to ensure that execution of duties by Directors and employees of the Company and its subsidiaries complies with laws and regulations, and the Articles of Incorporation

(i) The Company, having established the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard, shall reaffirm that Directors and employees of the Company and its subsidiaries engage in corporate activities with awareness of themselves as corporate citizens and with high sense of ethical principles worthy of the trust of society, and shall give its commitment for the continuality of it.

(ii) The Company shall strive to identify and remedy any problems by establishing a department that works on thorough compliance with laws and regulations through enhancement of Group-wide compliance systems including education for legal compliance and business ethics helpline systems.

(iii) The Company has established an in-house contact point department and enhanced its internal systems, in order to ensure complete severance of relationships with antisocial groups and organizations. The Company shall stand firmly against antisocial groups and organizations.

(iv) The department in charge of internal audits shall perform audits on compliance and report results to the meetings stipulated in the Group Regulations.

(2) System for preservation and management of information concerning execution of duties by Directors

(i) Documents, including electromagnetic documentation, shall be preserved and managed in accordance with laws and regulations as well as the Company Regulations concerning handling of documents. Documents shall be made accessible at any time upon a request from Directors or Audit & Supervisory Board Members.

(3) Regulations and other systems for management of risk of loss of the Company and its subsidiaries

(i) The meetings stipulated in the Group Regulations shall be responsible for deliberation and reporting of important matters concerning risk management and internal control system of the entire Group, and also for deliberation of draft revisions of the Basic Policy on the Construction of Internal Control System.

(ii) The Company shall clarify its risk management system by formulating a series of Regulations that forms a basis for the Group's risk management. The Company, at the same time, shall manage risks of the entire Group in a comprehensive and inclusive manner to develop systems appropriate to each risk type.

(iii) The department in charge of internal audits shall perform audits on risk management and report results to the meetings stipulated in the Group Regulations.

(4) System to ensure efficient execution of duties by Directors of the Company and its subsidiaries

(i) The Company shall clarify the goals and challenges that should be shared among Directors and employees of the Company and its subsidiaries, by establishing the Group-wide management philosophy, basic management policy, medium-term management plan and annual master plan.

(ii) Each Director of the Company and its subsidiaries shall implement concrete measures in relation to his/her businesses in charge, based upon the above-written philosophy, basic policy and plans, grasp progress appropriately and promptly through utilization of systems that make full use of IT, and make reports on them to the Board of Directors of the Company and its subsidiaries. The Company shall develop systems that more certainly achieve goals and overcome challenges, by facilitating improvements through elimination or reduction of factors that impede efficiency, if any identified.

(iii) The Company shall clarify authority and responsibility of employees of the Company and its significant subsidiaries, in order to encourage systematic and efficient operations of their duties.

(5) System to ensure the properness of operations by the corporate group comprised of the Company and its subsidiaries; and system for reporting to the Company on matters concerning execution of duties by Directors of the Company's subsidiaries

(i) The Company shall clearly stipulate in the Group Regulations roles of the Company and its subsidiaries as well as systems of Group governance.

(ii) The Company shall stipulate in the Group Regulations consistent approval and reporting procedures within the Group to ensure a check-and-balance within the Group.

(6) Matters related to employees posted as assistants to Audit & Supervisory Board Members when Audit & Supervisory Board Members so require; matters related to independency of such employees from Directors; and matters related to ensuring effectiveness of Audit & Supervisory Board Members' instruction to such employees

(i) The Company shall establish a department that assists the duties of the Audit & Supervisory Board Members and appoint several dedicated employees who are capable of sufficiently verifying the Company's business operations.

(ii) The department that assists the duties of the Audit & Supervisory Board Members shall be under the direct control of the Audit & Supervisory Board; and any change in personnel affairs, evaluation and disciplinary action in relation to employees of the department shall be subject to consent of the Audit & Supervisory Board Members.

(iii) Employees at the department that assists the duties of the Audit & Supervisory Board Members shall follow the instructions and orders of the Audit & Supervisory Board Members.

(7) System for reporting to the Audit & Supervisory Board Members by Directors and employees of the Company and its subsidiaries, Audit & Supervisory Board Members of the Company's subsidiaries, or by recipients of reports from them; and system to ensure individuals making a report are not treated unfavorably on the grounds of making a report

(i) Regarding matters concerning execution of important business and matters that may cause a substantial loss, their deliberation and reporting in the meetings specified in the Group Regulations are stipulated in the Group Regulations. The Company shall ensure a system in which important matters are reported to Audit & Supervisory Board Members through their attendance in relevant meetings, inspection of materials, etc.

(ii) Directors and employees of the Company and its subsidiaries as well as Audit & Supervisory Board Members of the Company's subsidiaries shall make reports as needed to the Audit & Supervisory Board on matters the Audit & Supervisory Board Members deem necessary and specifically request for reporting in addition to matters legally designated.

(iii) The Company shall regularly make reports to the Audit & Supervisory Board Members on compliance including internal audits, risk management, business ethics helpline system, etc.

(iv) With regard to the business ethics helpline system, the Company shall ensure systems that prevent unfavorable treatment on the grounds of making a report.

(8) Matters concerning policies for handling expenses arising in relation to execution of duties by Audit & Supervisory Board Members

(i) The Company shall promptly respond to any request made by Audit & Supervisory Board Members for expenses that arise when executing their duties.

(ii) Every year, there shall be a budget provided to respond to expenses which Audit & Supervisory Board Members require based on audit plans.

(9) Other systems to ensure that audits by Audit & Supervisory Board Members are performed effectively

(i) The Company shall provide opportunities for Audit & Supervisory Board Members to regularly exchange opinions with the Representative Directors and Accounting Auditors.

An overview of the current status of operation of the system to ensure the properness of operations is as follows.

(1) Status of implementation of the initiatives for compliance

・The Group formulated the “Oji Group Corporate Code of Conduct” and the “Oji Group Behavior Standard,” which specify the rules all officers and employees of the Oji Group are expected to follow. However, in FY2020, the Company revised them to reflect changes in the management environment, such as the management philosophy and the United Nations’ SDGs, changing the details to further conform with the demands of the times. The “Oji Group Corporate Code of Conduct and Behavior Standard” have been translated into the respective languages of each country in which the Group has its business sites, and are common knowledge for all officers and employees belonging to the Group. In FY2023, the Group partially revised the “Oji Group Human Rights Policy,” which was formulated in 2020, in order to further strengthen its human rights initiatives, and the entire Group works as one to carry out initiatives that respect human rights. In FY2024, the Group joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) and opened a grievance desk (grievance mechanism) for all stakeholders by using the Engagement and Remedy Platform the center provides.

・The Corporate Compliance Department drafts policies and carries out the planning of measures for the Group-wide promotion of compliance. In an effort to promote compliance awareness, they publish and regularly distribute Compliance News, mainly to the domestic Group companies, as well as Global Compliance News to the overseas Group companies, and carries out internal training sessions on the subjects of compliance as well as various laws and regulations. Furthermore, the Corporate Compliance Department, from time to time, conducts compliance awareness survey of the Group’s employees, and prepares action plans based on the results thereof in an effort to improve such awareness.

・Compliance officer and compliance promotion leader are assigned to each entity and department under the Oji Group, while each worksite holds compliance meetings at least semi-annually, requiring participation by all staff, as part of an effort to enhance the extent and level of compliance awareness.

・As initiatives to prevent bribery and corruption, the Group formulated the “Group Regulations for Preventing Acts of Giving Bribes and Corruption” and the “Group Regulations for Preventing Acts of Receiving Bribes and Corruption” and established various types of guidelines to further clarify and specify the response within the Group. Furthermore, the Internal Audit Department performs audits on compliance with the regulations at the Group companies, to further enhance the prevention against bribery and corruption at an early stage. In FY2023, the Group renamed the “Oji Group Partnership Procurement Policy” to “Oji Group Sustainability Action Guidelines for Supply Chains,” which clearly describes its anti-corruption policy and provides details on matters regarding respecting human rights.

・The business ethics helpline system has two contact points, one inside the Company and the other outside the Company (an attorney’s office), and is in operation based on “Group Business Ethics Helpline Regulations,” which comply with the Whistle-Blower Protection Act, to prevent legal violations or improprieties at an early stage and promptly detect/correct them. This system is open to consultation and reporting by all officers and employees of the Group including those retired and related trading partners.

(2) Status of implementation of the initiatives for risk management

・Under the Group Risk Management Regulations, the scope of risks to be managed are defined as risks affecting all the tangible and intangible property owned by the Oji Group. The risks to be managed are divided into Group-shared risks and risks affecting specific operational lines, and these risks are further categorized into the following risk types: environmental risks, compliance risks, information security risks, product liability risks, natural disaster risks, etc.

・Risk management structures are clarified to expedite response by defining the departments responsible for risk management and the departments to support such management for each risk type.

・In preparation for situations of emergency, structures are in place to provide reporting and information collection on a 24-hour/day system to ensure expeditious initial response. In addition, inspection and maintenance, etc. of the equipment and other hardware required during emergencies is continuously carried out and steps are taken to enhance the crisis management structure.

・In particular, if a serious situation arises that requires a Group-wide response, there is a system in place whereby an Group emergency headquarters is set up to confirm the safety of employees, check the damage suffered, and take prompt measures to continue supplying products to our customers. The Group is working to identify the procedure to quickly establish the Group Emergency Countermeasure Division.

・The Internal Audit Department shall perform audits on the status of compliance, risk management and internal control at the Group companies, to verify the effectiveness of the internal control functions and credibility of financial reporting, and report on the results thereof to the Audit & Supervisory Board Members and also to the Board of Directors through the Group Management Meeting, ensuring collaboration with the Directors. In FY2024, they revised the Basic Policy for Establishment and Evaluation of Internal Control over Financing Reporting in order to further strengthen internal control over financing reporting and improve its effectiveness.

(3) Status of implementation of the initiatives to ensure efficient system to execute duties

・Fifteen meetings of the Board of Directors were held, in which deliberation and reporting were made on the matters related to the important business execution as defined under the long-term vision which sets the direction of the entire Group, the laws and regulations as well as the Group Regulations.

・Important matters are deliberated and reported at the Board of Directors, after deliberation and reporting at Group Management Meetings, etc. Execution of businesses in accordance with the decisions made by the Board of Directors is promptly implemented by Group Corporate Officers (renamed Corporate Officer on April 2025) and COMPANY Presidents.

・Authority and responsibility of each organization are clearly determined in “Organization Regulations,” “Group Management Regulations” and “Authority Regulations,” while regulations for approval procedures such as the “Group CEO’s Decisions Regulations” (renamed CEO’s Decisions Regulations on April 2025) and the “COMPANY President’s Approval Regulations” are set out, whereby appropriate operation of business procedures is ensured.

(4) Status of implementation of the initiatives to ensure effectiveness of the audits by the Audit & Supervisory Board Members

・The Audit & Supervisory Board comprising five (5) members composed of two (2) Standing Audit & Supervisory Board Members and three (3) Outside Audit & Supervisory Board Members held 13 meetings in the year under review. Standing Audit & Supervisory Board Members attend the Group Management Meetings, etc. apart from the Board of Directors’ meetings, verifying the decision-making processes concerning business executions. Proceedings of the Group Management Meetings, etc. are reported to the Outside Audit & Supervisory Board Members, at the Briefing Meeting for Outside Officers (also attended by Outside Directors and Standing Audit & Supervisory Board Members and held 22 times in FY2024) held twice a month in principle. Furthermore, Outside Audit & Supervisory Board Members work for further information sharing by participating (voluntarily) as observers together with Outside Directors at management meetings.

・The Audit & Supervisory Board Members have meetings with the Internal Audit Department as well as Accounting Auditor, etc. on a regular basis, to exchange information about the audit plans and audit results, etc. in an effort to promote mutual collaboration, while having meetings with the Representative Directors and COMPANY Presidents, etc., to exchange opinions on the important audit matters.

・The Company has established Auditor’s Office as an organizational unit independent from other departments, as staffed by dedicated employees to assist the Audit & Supervisory Board Members in the execution of their duties. Budget for this office is established based on the audit plan prepared by the Audit & Supervisory Board, to fund the expenses necessary for carrying out audits.

Basic Policies on the Control of the Company

(1) Details of the basic policies

Given that the Company's shares have been listed on the stock exchange and shareholders and investors can freely trade shares of the Company, the Company does not categorically reject even a large-scale purchase as long as it is based on the purchase proposal, etc. that contribute to the corporate value and the common interests of the shareholders of the Company. With respect to such proposals, etc., the Company believes that the decision as to whether to respond to such an offer should ultimately be left to the judgment of the shareholders.

On the other hand, the Group believes that it has an obligation to contribute to a sustainable society, and will develop wide-ranging businesses such as the pulp and paper manufacturing business, the plantation business and electric power generation business, as well as strive to achieve medium- to long-term enhancement of its corporate value, by exploring "beyond the boundaries into the future," based on the three themes of the Group's management philosophy, namely, "Creation of Innovative Value," "Contribution to the Future and the World" and "Harmony with Nature and Society."

In such a situation, the Group practices sustainable forest management with the aim of promoting environmental management as the largest owner of forests in Japan among private-sector companies and the one of the few private-sector forest management business operators and believes that it plays an important role in preserving the land, in particular, maintaining watershed protection functions of forests such as flood mitigation, as well as securing water sources, and has an obligation to maintain and improve the public value of forests over the medium to long term by developing its business activities in harmony with the environment.

These social obligations are not able to be achieved in a day, but can be achieved with establishment of a stable management foundation, and their importance remains the same. Even in recent years, there is still the risk of a large-scale purchase taking place which may damage the corporate value of the Group. As such, the Board of Directors of the Company thinks that the Group should be well prepared for the risks faced in fulfilling the obligations and that, should such a large-scale purchase occur, the Group is responsible for providing the appropriate information required by shareholders.

In the event of a buyout offer or a large-scale purchase that may damage the corporate value and the common interests of the shareholders of the Group, it will ask the party that carries out said act to provide shareholders with sufficient time and information to consider their options. The Company will also respect the opinions of independent Outside Board Members and take all possible measures, including takeover defense measures, that are deemed appropriate within the scope of the Companies Act, the Financial Instruments and Exchange Act, and other relevant laws and regulations in order to prevent damage to the corporate value and the common interests of the shareholders of the Company.

(2) Initiatives to contribute to realizing the basic policies

The Company implements measures outlined in "(3) Issues to address of Oji Group (management policy, management strategy, etc.)" under "1. Review of Group Operations" in the Business Report of the NOTICE OF THE 101ST ORDINARY GENERAL MEETING OF SHAREHOLDERS as initiatives to enhance corporate value and the common interests of the shareholders of the Company for the purpose of encouraging a large number of investors to continue investing in the Company for a long time.

Because these initiatives are intended to enhance the corporate value and the common interests of the shareholders of the Company, we deem that they are in accord with details of the basic policies described in (1) above, that they correspond with the common interests of shareholders of the Company, and that they are not intended to maintain the positions of Directors or Audit & Supervisory Board Members of the Company.

Consolidated Statement of Changes in Equity

(Fiscal year ended March 31, 2025)

(Millions of yen, with fractions less than one million yen discarded)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2024	103,880	85,740	645,268	(16,575)	818,313
Cumulative effects of changes in accounting policies			69		69
Restated balance	103,880	85,740	645,337	(16,575)	818,383
Changes of items during the year					
Cash dividends			(19,727)		(19,727)
Profit attributable to owners of parent			46,171		46,171
Purchase of treasury stock				(29,307)	(29,307)
Disposal of treasury stock		(18)		48	29
Change in treasury stock arising from changes in equity in affiliates				(1)	(1)
Change in scope of consolidation			10		10
Transfer from retained earnings to capital surplus		18	(18)		–
Change in ownership interest of parent arising from transactions with noncontrolling shareholders		295			295
Reversal of revaluation reserve for land			207		207
Net changes of items other than shareholders' equity					
Total changes of items during the year	–	295	26,642	(29,260)	(2,323)
Balance at March 31, 2025	103,880	86,035	671,980	(45,836)	816,060

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income			
Balance at April 1, 2024	64,656	1,524	5,713	124,922	51,249	248,066	97	29,049	1,095,527
Cumulative effects of changes in accounting policies									69
Restated balance	64,656	1,524	5,713	124,922	51,249	248,066	97	29,049	1,095,597
Changes of items during the year									
Cash dividends									(19,727)
Profit attributable to owners of parent									46,171
Purchase of treasury stock									(29,307)
Disposal of treasury stock									29
Change in treasury stock arising from changes in equity in affiliates									(1)
Change in scope of consolidation									10
Transfer from retained earnings to capital surplus									–
Change in ownership interest of parent arising from transactions with noncontrolling shareholders									295
Reversal of revaluation reserve for land									207
Net changes of items other than shareholders' equity	(11,873)	(2,163)	(387)	61,952	(9,899)	37,629	(29)	1,917	39,517
Total changes of items during the year	(11,873)	(2,163)	(387)	61,952	(9,899)	37,629	(29)	1,917	37,194
Balance at March 31, 2025	52,782	(638)	5,326	186,875	41,350	285,695	68	30,967	1,132,791

Notes to Consolidated Financial Statements

Notes on Important Matters Forming the Basis of Preparation of Consolidated Financial Statements

1. Matters concerning the scope of consolidation

(1) Number of consolidated subsidiaries: 217

Main consolidated subsidiaries include:
Oji Container Co., Ltd., Oji Materia Co., Ltd., Mori Shigyo Co., Ltd., Oji Nepia Co., Ltd., Oji F-Tex Co., Ltd., Oji Imaging Media Co., Ltd., Oji Green Resources Co., Ltd., Oji Paper Co., Ltd., Oji Papéis Especiais Ltda., Celulose Nipo-Brasileira S.A., Pan Pac Forest Products Ltd., Jiangsu Oji Paper Co., Ltd., Oji Fibre Solutions (NZ) Ltd., Walki Oy

Oji Holdings Corporation (the "Company") and its consolidated subsidiaries (collectively, the "Group") have added 21 companies into the scope of consolidation through acquisition in the current fiscal year. 4 companies have been excluded from the scope of consolidation and the reasons are sale of stocks, liquidation, a merger of consolidated subsidiaries, and became immaterial to the consolidated financial statements.

(2) Main unconsolidated subsidiaries

Main unconsolidated subsidiaries include Tomakomai Energy Agency Co., Ltd. and DHC Ginza Corporation.

These companies are excluded from the scope of consolidation as all of these unconsolidated subsidiaries 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), and so on, do not have a significant impact on the consolidated financial statements.

2. Matters concerning the application of the equity method

(1) Number of affiliates under the equity method: 20

Main affiliates under the equity method include Mitsubishi Paper Mills Limited, Chuetsu Pulp & Paper Co., Ltd., and Okayama Paper Industries Co., Ltd.

(2) Unconsolidated subsidiaries and affiliates to which the equity method was not applied

Main unconsolidated subsidiaries and affiliates to which the equity method was not applied include Tomakomai Energy Agency Co., Ltd., and DHC Ginza Corporation.

These unconsolidated subsidiaries and affiliates are excluded from the scope of the equity method as their profit/loss (amount corresponding to the Group's equity in such subsidiaries and affiliates), retained earnings (amount corresponding to the Group's equity in such subsidiaries and affiliates), and so on, do not have a significant impact on the consolidated financial statements.

3. Matters concerning the fiscal year of consolidated subsidiaries

Of the Company's consolidated subsidiaries, the fiscal year of Oji Papéis Especiais Ltda., Celulose Nipo-Brasileira S.A., Jiangsu Oji Paper Co., Ltd., Oji Fibre Solutions (NZ) Ltd., Walki Oy and other 106 companies ends on December 31. In preparing the consolidated financial statements, the financial statements as of the account closing date of each company are used. However, the Group made the adjustments necessary for consolidation purposes if material transactions occur between their account closing dates and the consolidated account closing date. For certain consolidated subsidiaries, the Group prepared the financial statements based on a provisional closing of accounts as of the consolidated account closing date in the same process as preparing full-year financial statements.

4. Matters concerning accounting policies

(1) Standard and 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 (the valuation difference is accounted for as a separate component of net assets and the cost of sales is calculated by 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 amount stated on the balance sheet 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 lease 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) Lease assets

Depreciation of lease 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 current fiscal year, an estimated uncollectible amount is recorded at the amount calculated based on the historical rate of credit loss with respect to normal receivables and at the amount determined considering the collectability of individual receivables with respect to doubtful accounts and certain other receivables.

(4) Accounting treatment for retirement benefits

In order to prepare for the provision of retirement benefits for employees, the difference between retirement benefit obligations and pension assets is recorded as net defined benefit liability based on the estimated amounts as of the end of the current fiscal year. In addition, unrecognized actuarial gains and losses and unrecognized prior service cost are recorded as remeasurements of defined benefit plans in accumulated other comprehensive income in the net assets, after adjusting for tax effects.

Standards for net defined benefit liability are as follows:

(i) Method to attribute the estimated amounts of retirement benefits to the period

In the calculation of retirement benefit obligation, the projected benefit formula is used to attribute the estimated benefit to the period through the end of the current fiscal year.

(ii) Method to recognize actuarial gains and losses and prior service cost as expenses

Actuarial gains and losses are accounted for as expenses calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which they arise (10-15 years) from the subsequent fiscal year onwards.

Prior service cost is accounted for as an expense calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which it arises (11-19 years).

(iii) Adoption of the simplified method for small-sized companies, and so on.

In certain consolidated subsidiaries, the simplified method, in which the subsidiaries' benefit obligation is assumed to be equal to an amount required for voluntary resignations at the end of the current fiscal year, is applied for the calculation of net defined benefit liability and retirement benefit cost.

(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 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 expected timing of fulfilling the performance obligation 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.

Considerations under contracts with customers are 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) Translation of important assets or liabilities denominated in foreign currencies into Japanese yen

Monetary assets/liabilities denominated in foreign currencies are translated into yen at the spot exchange rates as of the consolidated balance sheet date and the translation differences are treated as profit or loss. Assets and liabilities as well as revenues and expenses of overseas subsidiaries and the like are translated into yen at the spot exchange rates as of the account closing date of each company. The translation differences are recorded within foreign currency translation adjustment and non-controlling interests under net assets.

(7) Significant hedge accounting method

(i) Hedge accounting method

In principle, the Group adopts the deferred hedge accounting method. However, appropriated treatment will be adopted when monetary assets/liabilities denominated in foreign currencies hedged by forward exchange contracts meet conditions for appropriated treatment, special treatment will be adopted when an interest rate swap contract meets conditions for special treatment, and integrated treatment (special treatment, appropriated treatment) will be adopted when interest and currency swaps meet conditions for integrated treatment.

(ii) Hedging instruments and hedged items

Hedging instruments	Hedged items
Foreign exchange forward contracts	Monetary assets/liabilities denominated in foreign currencies and scheduled transactions in foreign currencies
Currency swaps	Monetary assets/liabilities denominated in foreign currencies
Interest rate and currency swaps	Loans payable denominated in foreign currencies
Interest rate swaps	Loans payable
Commodity swaps	Raw materials and electricity

(iii) Hedging policy

The Group has a risk management policy to hedge the foreign exchange fluctuation risk, interest rate fluctuation risk and price fluctuation risk on raw materials arising in the normal course of the business of the Group.

(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 critical terms such as principal, interest rate, and duration are identical between the assets/liabilities of hedging instruments and hedged items.

(8) Method and period of amortization of goodwill

Amortization period on goodwill is determined on a case-by-case basis and using straight-line method over a period considered reasonable that does not exceed 20 years. Goodwill considered immaterial is expensed in the fiscal year incurred.

(9) Other important matters forming the basis of preparation of consolidated financial statements

(Accounting treatment of corporate taxes and local corporate taxes, and accounting treatment of related tax effect accounting)

The Company and certain consolidated domestic subsidiaries have applied the Group Tax Sharing System. In addition, the Company and certain consolidated domestic subsidiaries have adopted an accounting treatment of corporate taxes and local corporate taxes, and an accounting treatment and disclosure of related tax effect accounting 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).

5. Change in accounting policy

(Accounting Standard for Current Income Taxes, etc.)

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard"), etc., since the beginning of the current fiscal year.

With this, the classifications of current income taxes (taxation on other comprehensive income) follow the transitional arrangement specified in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional arrangement specified in the proviso of Paragraph 65-2 (2) of the Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Implementation Guidance"). This change in accounting policy has no effect on the consolidated financial statements.

For the revised treatment regarding the consolidated financial statements in the case where a gain or loss on intercompany sales of stocks of subsidiaries is deferred for income tax reporting, the Company has applied the 2022 Revised Implementation Guidance since the beginning of the current fiscal year. This change in accounting policy was applied retrospectively, and the cumulative effects of the change in accounting policy were reflected in the book value of net assets at the beginning of the current fiscal year. The change in accounting policy has no significant effect on the consolidated financial statements for the current fiscal year.

6. Change in presentation method

(Consolidated Statement of Income)

"Insurance claim income" (1,806 million yen in the previous fiscal year), which was included in "Other" under "Non-operating income" in the previous fiscal year, is separately disclosed in the current fiscal year as its amount has become material.

"Gain on refund of retirement benefit trust" (222 million yen in the previous fiscal year), which was included in "Other" under "Extraordinary income" in the previous fiscal year, is separately disclosed in the current fiscal year as its amount has become material.

"Insurance claim income" (369 million yen in the current fiscal year) and "Gain on sale of non-current assets" (951 million yen in the current fiscal year), which were separately disclosed under "Extraordinary income" in the previous fiscal year, are included in "Other" in the current fiscal year as these amounts have become immaterial.

"Business restructuring expenses" (1,027 million yen in the previous fiscal year) and "Loss on disposal of non-current assets" (1,505 million yen in the previous fiscal year), which were included in "Other" under "Extraordinary losses" in the previous fiscal year, are separately disclosed in the current fiscal year as these amounts have become material.

7. Notes on 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, and so on. 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. In the current fiscal year, it has also been necessary to closely monitor the progress of the business plan due to equipment stop caused by unexpected breakdowns and other reasons. As there was an indication of impairment of non-current assets (9,060 million yen) 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 pulp purchase prices based on pulp market forecasts, expected product selling prices based on these purchase prices, expected sales volume in consideration of forecasts of market growth rate, market entry of competitors, and so on, and expected production volume based on facility operating conditions. The discount rate also includes certain assumptions.
As a result of the assessment, the Group considers it is unnecessary to recognize impairment loss. 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 prices, 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
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.

The deferred tax assets recorded in the consolidated financial statements as of the current fiscal year are as follows.

Deferred tax assets	12,959 million yen

(3) Net defined benefit liability and net defined benefit asset
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 the 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 revised, it may affect the amount recognized in the future consolidated financial statements.

The amounts related to the retirement benefit accounting recorded in the consolidated financial statements as of the current fiscal year are as follows.

Net defined benefit asset	86,939 million yen
Net defined benefit liability	51,146 million yen

(4) Purchase price allocation of Walki Holding Oy

The Group made Walki Holding Oy a consolidated subsidiary by acquiring its shares. The summary of the share acquisition, the recorded amount, and other related information are provided in “Notes on Business Combination.”

In the process of the purchase price allocation, the fair value of intangible assets is calculated by using the income approach such as the multiperiod excess earnings method and the relief-from-royalty method, according to the type of assets. The estimation of the fair value of intangible assets includes certain assumptions regarding the attrition rate of existing customers, the royalty fee rate, future cash flows generated from relevant assets, the discount rate, and others. Goodwill is calculated by subtracting identifiable assets acquired and liabilities assumed from the acquisition cost.

The significant assumptions above were determined according to management’s best estimation and judgment and are considered appropriate. On the other hand, they contain high uncertainty and may be affected by changes in future economic conditions. If it is considered that there is an impairment indicator resulting from the changes in the significant assumptions, it is possible that an impairment loss would incur based on the assessment result of recognizing the impairment loss necessary.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and obligations related to collateral

(1) Assets pledged as collateral (millions of yen)

Cash and deposits	3,664
Accounts receivable–trade	4,061
Merchandise and finished goods	2,036
Work in process	284
Raw materials and supplies	724
Short-term loans receivable	791
Other current assets	1,443
Buildings and structures	9,942
Machinery, equipment and vehicles	16,348
Tools, furniture and fixtures	192
Land	9,755
Forests	4,380
Plantations	21,108
Construction in progress	873
Other intangible assets	2,022
Investment securities	384
Investments and other assets - Other	39
Total	78,054

Of the above, the following amounts within accounts receivable–trade, short-term loans receivable and investment securities have been eliminated in the consolidated balance sheet: 546 million yen of accounts receivable–trade from consolidated subsidiaries, 791 million yen of short-term loans receivable from consolidated subsidiaries, and 361 million yen of consolidated subsidiaries' stock.

(2) Obligations related to collateral (millions of yen)

Notes and accounts payable–trade	61
Short-term loans payable	634
Long-term loans payable	1,071
Total	1,767

2. Accumulated depreciation of property, plant and equipment (millions of yen)

3,036,036

(including the amount of accumulated impairment loss)

3. Guarantee obligations (millions of yen)

Tokyo Branch of Forest Corporation	3,160
PT. Oji Indo Makmur Perkasa	637
Other	180
Total	3,977

4. Notes discounted, and so on

Notes discounted (millions of yen)	7,629
Notes receivable endorsed (millions of yen)	268

5. Revaluation of land

Pursuant to the "Act on Revaluation of Land" (Act No. 34 of March 31, 1998) and the "Act on Partial Amendment to the Act on Revaluation of Land" (Act No. 19 of March 31, 2001), the Group performed revaluation of land for business use held by certain consolidated subsidiaries and recorded revaluation reserve for land in the net assets.

- Revaluation method: The value is calculated based on the property tax valuation prescribed in Article 2, Item 3 of the "Enforcement Order on Act on Revaluation of Land" (Cabinet Order No. 119 of March 31, 1998) and the land value designated as the tax basis for land value tax as prescribed in Article 2, Item 4 thereof.
- Revaluation date: March 31, 2002

Notes to Consolidated Statement of Income

1. Gain on refund of retirement benefit trust

   In consolidated subsidiaries, retirement benefit trust assets have been accumulated to an amount that largely exceeds retirement benefit liabilities, and this condition is expected to continue; therefore, retirement benefit trust assets have partially been refunded. With this, the Company has recorded in a lump the unrecognized actuarial gains/losses on the retirement benefit trust assets refunded.

2. Business restructuring expenses

   Business restructuring expenses are mainly relevant expenses and impairment losses resulting from the closing of Penrose Mill which manufactures containerboards and impairment losses on relevant assets resulting from halting the upgrading of wastewater-treatment equipment, and other related assets due to reconsideration of the containerboard business of Kinleith Mill in Oji Fibre Solutions (NZ) Ltd.

   Of the impairment losses of non-current assets included in the business restructuring expenses, those associated with Oji Fibre Solutions (NZ) Ltd. amount to 6,994 million yen.

3. Impairment loss

   Impairment loss was recorded mainly for the following asset groups.

Use	Location	Impairment loss (in millions of yen)	Nature
Oji Fibre Solutions (NZ) Ltd. Penrose Mill Asset for the pulp and paperboard business	Auckland, New Zealand	1,886	Containerboards manufacturing facility, etc.
Oji Fibre Solutions (NZ) Ltd. Kinleith Mill Asset for the pulp and paperboard business	Tokoroa, New Zealand	5,108	Wastewater-treatment equipment, etc.

   The Group conducts the asset grouping for business assets by considering the business segments and identifying the smallest unit that generates cash flows that are largely independent of the cash flows from other units, and conducts the asset grouping for lease real estate properties and idle assets based on each individual property.

   For asset groups, and so on, where profit from operating activities has continued to be negative and the recoverable amount is lower than the book value, the Group wrote down the book value to the recoverable amount and recognized impairment loss of 11,871 million yen under extraordinary loss in the current fiscal year, of which 2,986 million yen is presented as impairment losses and 8,884 million yen is included in business restructuring expenses.

   The breakdown of the impairment loss includes buildings and structures totaling 2,258 million yen, machinery, equipment and vehicles totaling 3,094 million yen, tools, furniture and fixtures totaling 88 million yen, land totaling 427 million yen, plantations totaling 261 million yen, lease assets totaling 328 million yen, construction in progress totaling 5,398 million yen, and others totaling 14 million yen.

If the net realizable value is used as the recoverable amount, an asset is valued based on the real-estate appraisal standards, and so on. If the value in use is used as the recoverable amount, it is calculated by discounting the future cash flow by 5.1% to 17.0%. If the value in use based on the future cash flow is negative, the recoverable value is deemed zero.

Notes to Consolidated Statement of Changes in Equity

1. Class and number of shares issued as of the end of the current fiscal year

   Common stock 1,014,381,817 shares

2. Class and number of treasury stock as of the end of the current fiscal year

   Common stock 79,098,942 shares

Note: Included within the number of common stock in treasury stock as of the end of the current fiscal year are 1,546,851 shares of the Company held by the Board Benefit Trust.

3. Matters related to dividends

(1) Amount of dividends from surplus distributed during the current fiscal year

Resolution	Class of shares	Total dividend amount (millions of yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors' Meeting held on May 14, 2024	Common stock	7,890	8.0	March 31, 2024	June 5, 2024
Board of Directors' Meeting held on November 7, 2024	Common stock	11,836	12.0	September 30, 2024	December 2, 2024

Notes: 1. Included within the total dividend amount for which a resolution was passed at a Board of Directors' Meeting held on May 14, 2024, is a dividend of 12 million yen for shares of the Company held by The Board Benefit Trust.

2. Included within the total dividend amount for which a resolution was passed at a Board of Directors' Meeting held on November 7, 2024, is a dividend of 18 million yen for shares of the Company held by The Board Benefit Trust.

(2) Dividends with the record date falling within the current fiscal year and with the effective date falling within the following fiscal year

At the Board of Directors meeting scheduled to be held on May 13, 2025, the following resolution is planned to be made;

1. Total dividend amount 11,244 million yen
2. Source of dividend Retained earnings
3. Dividend per share 12 yen
4. Record date March 31, 2025
5. Effective date June 5, 2025

Note: Included within the total dividend amount is a dividend of 18 million yen for shares of the Company held by The Board Benefit Trust.

4. Class and number of shares to be delivered upon exercise of share acquisition rights at the end of the current fiscal year (excluding those for which the exercise period has not started).

Common stock	184,000 shares

Notes on Financial Instruments

1. Matters related to financial instruments

   The Group invests temporary surplus cash in low-risk financial instruments (such as bank deposits) only and does not make any investment for speculative purposes.

   The Group reduces customer credit risk from notes and accounts receivables–trade by the following methods:

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

   With respect to stocks, which are the Group's main investment securities, the Group periodically checks their fair values and financial conditions of such issuing entities (the companies with which the Group has business relationships) and reviews its shareholding, considering its relationships with such companies.

   With respect to loans payable, short-term loans payable is mainly for financing related to operating activities, while long-term loans payable is mainly for financing related to investment in property, plant and equipment. While loans payable is exposed to interest rate fluctuation risk, long-term loans payable is partly hedged by using derivative transactions (interest rate swaps). In utilizing derivative transactions, the Group limits the counterparties to highly rated financial institutions to reduce the counterparty risk.

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

   - Foreign exchange forward contacts, currency option, and currency swap to hedge the foreign exchange fluctuation risk on, among others, operating receivables and payables as well as loans payable denominated in foreign currencies,
   - Interest rate swaps to hedge the interest rate fluctuation risk on loans payable, and
   - Commodity swaps to hedge price the fluctuation risk related to raw material and energy purchases.

   The Group enters into and manages derivative transactions in accordance with its derivative transaction standards.

2. Matters regarding the fair values of financial instruments

   The following table presents the amounts on the consolidated balance sheet, their fair values and the differences at March 31, 2025, the consolidated account closing date for the current fiscal year.

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investment securities (*2)			
(i) Stocks of affiliates	46,692	16,847	(29,845)
(ii) Available-for-sale securities	104,214	104,214	–
Total assets	150,907	121,061	(29,845)
(1) Bonds payable	145,000	134,246	(10,753)
(2) Long-term loans payable	515,090	507,330	(7,760)
Total liabilities	660,090	641,576	(18,514)
Derivative transactions (*3)	7,497	7,497	–

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

(*2) Items such as stocks without market quotations (46,928 million yen on the consolidated balance sheet) are not included in "Assets (1) Investment securities."

(*3) 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.

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: Fair value calculated from market prices related to assets or liabilities subject to the calculation of the fair value formed in an active market, from among inputs related to the calculation of observable fair value

Level 2 fair value: Fair value calculated using inputs related to the calculation of fair value other than the inputs of Level 1, from among inputs related to the calculation of observable fair value

Level 3 fair value: Fair value calculated using inputs related to the calculation of significant unobservable fair value

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

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	103,034	–	–	103,034
Other	1,180	–	–	1,180
Derivative transactions				
Currency-related	–	56	–	56
Interest rate-related	–	94	–	94
Commodities-related	5	–	8,314	8,320
Total assets	104,219	150	8,314	112,685
Derivative transactions				
Currency-related	–	973	–	973
Interest rate-related	–	–	–	–
Commodities-related	–	–	–	–
Total liabilities	–	973	–	973

(2) Financial instruments other than those booked at fair value on consolidated balance sheet

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Stocks of affiliates	16,847	–	–	16,847
Total assets	16,847	–	–	16,847
Bonds payable	–	134,246	–	134,246
Long-term loans payable	–	507,330	–	507,330
Total liabilities	–	641,576	–	641,576

Note 1: 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, currency swaps, interest rate swaps, interest rate currency swaps is classified into the Level 2 fair value based on the prices obtained from financial institutions with which the Group has transactions, among others. 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. For commodity derivatives traded in active markets, the price on an exchange, etc. is used, and therefore, their fair value is classified into Level 1 fair value. If 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, it is classified into the Level 2 fair value. It is classified into the Level 3 fair value if unobservable inputs are additionally used.

Bonds payable

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). Bonds payable that will reach maturity within a year (30,000 million yen on the consolidated balance sheet) are also included.

Long-term loans payable

The fair value of long-term loans payable is calculated by discounting the total of the principal and interest with an interest rate, which is based on the assumed interest rate for new loans payable under the similar condition. Therefore, it is classified into the Level 2 fair value.
Part of the long-term loans payable 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. Long-term loans payable that will be repaid within a year (69,929 million yen on the consolidated balance sheet) is also included.

Note 2: 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.

Notes on Investment and Rental Property

Disclosure is omitted as it is immaterial.

Notes on Business Combination

Business combination through acquisition
At the Board of Directors' Meeting held on October 20, 2023, the Company decided to acquire all shares of Walki Holding Oy (Head office: Finland; hereinafter collectively referred to as "Walki group") and turn it into a subsidiary, and then entered into a share transfer agreement on the same day. Under this share transfer agreement, the Company acquired all the shares, effective April 11, 2024.

1. Summary of the business combination
   (1) Name and business activities of the acquired entities concerned

Name of the acquired entities concerned:	Walki Holding Oy and 20 other companies
Business activities:	Coating on base paper, lamination (plastic, aluminum), printing, manufacture and sales of packaging materials, others

   (2) Main reasons for business combination
   The Walki group is processing companies specializing in sustainable packaging materials. Their major products are paper-based environmentally friendly packaging materials having both recyclability and barrier properties, boasting high profitability in the European market where there is an increase in environmental regulations.
   With this acquisition, the Group will establish business structure that offers one-stop solutions in the process of supplying packaging materials by covering a broad range from upstream (raw material) to downstream (package processing). By incorporating the Walki group's base paper processing technology and manufacturing know-how which have conformed to the leading EU regulations into the packaging business of the Group, the Group will strengthen technological development, manufacturing, and comprehensive proposal capabilities to provide solutions with environmentally friendly packaging materials and build up its presence as a global supplier of sustainable packaging materials in the Southeast Asian, Indian and Oceanian markets as well, which are the current major bases of operations.
   (3) Business combination date
   April 11, 2024
   (4) Legal form of business combination
   Share acquisition with cash as consideration
   (5) Name after the business combination
   There is no change of name after the business combination.
   (6) Ratio of voting rights acquired
   100%
   (7) Grounds for determining the acquired company
   Share acquisition with cash as consideration by the Company.

1. Period of business results of the acquired entities included in the consolidated financial statements
   From April 1, 2024 to December 31, 2024

2. Acquisition cost of the acquired business and breakdown of consideration by type

Consideration for acquisition	Cash	61,297 million yen

3. Details and amount of major acquisition-related expenses
   Advisory expenses, etc. 1,004 million yen

4. Amount and cause of goodwill measured, and amortization method and period
   (1) Amount of goodwill measured
   42,718 million yen

(2) Cause
The acquisition cost exceeded the net amount allocated to assets acquired and liabilities assumed, and the excess in amount was recorded as goodwill.
(3) Amortization method and period
Straight line method over 13 years

5. Amounts and major components of assets acquired and liabilities assumed on the business combination date

Current assets	28,689 million yen
Non-current assets	60,757 million yen
Total assets	89,447 million yen
Current liabilities	55,926 million yen
Non-current liabilities	14,966 million yen
Total liabilities	70,893 million yen

6. Details of contingent consideration set forth in the agreement for business combination and future accounting treatment
(1) Details of contingent consideration
Contingent consideration is to be paid additionally according to the FY2024 achievement level of the acquired entities' performance.
(2) Future accounting treatment
When additional payment of the acquisition cost incurred, the Company will correct the acquisition cost assuming that it was paid at the time of acquisition and then revise the amount of goodwill and the amortization of goodwill.

7. Amount allocated to intangible assets other than goodwill, its components by type and amortization period

Type	Amount	Amortization period
Customer-related assets	21,936 million yen	11 to 20 years
Technology-related assets	5,637 million yen	10 years

Notes on revenue recognition

1. Information on disaggregation of revenue from contracts with customers

(Millions of yen)

	Household and Industrial Materials	Functional Materials	Forest Resources and Environment Marketing	Printing and Communica-tions Media	Other	Total
Japan	528,849	96,258	105,917	174,691	189,051	1,094,768
Overseas	232,762	125,146	239,535	54,230	102,820	754,495
Net sales to external customers	761,611	221,405	345,452	228,922	291,871	1,849,264

Key business areas are as follows:

Household and Industrial Materials Business: Containerboard/corrugated containers business, boxboard/folding cartons business, packaging materials/paper bags business, household paper business, disposable diapers business

Functional Materials Business: Specialty paper business, thermal paper business, adhesive products business, film business

Forest Resources and Environment Marketing Business: Pulp business, energy business, plantation and lumber processing business

Printing and Communications Media Business: Newsprint business, printing, publication and communications paper business

Other: trading, sustainable packaging business, logistics, engineering, real estate business, liquid packaging carton business, 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.

Notes on Per Share Information

1. Net assets per share	1,177.99 yen
2. Profit per share	47.34 yen

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" (1,546,851 shares). Moreover, in calculating "Profit per share", they are included in the number of treasury stocks deducted from the average number of shares outstanding during the year (1,546,851 shares).

Non-consolidated Statement of Changes in Equity

(Fiscal year ended March 31, 2025)

(Millions of yen, with fractions less than one million yen discarded)

	Shareholders' equity										
		Capital surplus			Retained earnings						
						Other retained earnings					
	Common stock	Capital reserve	Other capital surplus	Total capital surplus	Retained earnings reserve	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	Total share-holders' equity
Balance at April 1, 2024	103,880	108,640	—	108,640	24,646	13,764	101,729	55,698	195,838	(16,769)	391,590
Changes of items during the year											
Reversal of reserve for advanced depreciation of non-current assets						(238)		238	—		—
Decrease in reserves resulting from change in effective tax rate						(172)		172	—		—
Cash dividends								(19,727)	(19,727)		(19,727)
Profit								35,346	35,346		35,346
Purchase of treasury stock										(29,307)	(29,307)
Disposal of treasury stock			(17)	(17)						47	29
Transfer to capital surplus from retained earnings			17	17				(17)	(17)		—
Net changes of items other than shareholders' equity											
Total changes of items during the year	—	—	—	—	—	(411)	—	16,012	15,601	(29,260)	(13,658)
Balance at March 31, 2025	103,880	108,640	—	108,640	24,646	13,352	101,729	71,711	211,440	(46,030)	377,931

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments		
Balance at April 1, 2024	53,342	1,345	54,688	97	446,376
Changes of items during the year					
Reversal of reserve for advanced depreciation of non-current assets					—
Decrease in reserves resulting from change in effective tax rate					—
Cash dividends					(19,727)
Profit					35,346
Purchase of treasury stock					(29,307)
Disposal of treasury stock					29
Transfer to capital surplus from retained earnings					—
Net changes of items other than shareholders' equity	(7,878)	(1,345)	(9,224)	(29)	(9,253)
Total changes of items during the year	(7,878)	(1,345)	(9,224)	(29)	(22,912)
Balance at March 31, 2025	45,463	—	45,463	68	423,463

Notes to Non-consolidated Financial Statements

Notes on Matters Concerning Important Accounting Policies

1. Standard and method of valuation of securities

Held-to-maturity debt securities:	Stated at cost using the amortized cost method.
Stocks of subsidiaries and affiliates:	Stated at cost using the moving-average method.
Available-for-sale securities	
Those other than stocks without market quotations:	Stated at fair value (the valuation difference is accounted for as a separate component of net assets and the cost of sales is calculated by using the moving-average method).
Stocks without market quotations:	Stated at cost using the moving-average method.

2. Depreciation/Amortization method of non-current assets

Property, plant and equipment:	Declining balance method
(excluding lease assets)	However, the straight-line method is applied to buildings acquired on or after April 1, 1998 (excluding accompanying facilities), and accompanying facilities of buildings and structures acquired on or after April 1, 2016.
Intangible assets:	Straight-line method
Lease assets:	Depreciation expenses arising from lease assets in a finance lease transaction that does not transfer ownership are calculated by using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero.

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 current fiscal year, an estimated uncollectible amount is recorded at the amount calculated based on the historical rate of credit loss with respect to normal receivables and at the amount determined considering the collectability of individual receivables with respect to doubtful accounts and certain other receivables.

Provision for retirement benefits:	In order to prepare for the provision of retirement benefits for employees, an amount that is determined to have accrued at the end of the current fiscal year is recorded based on the estimated amounts of the retirement benefit obligation as of the end of the current fiscal year. In the calculation of retirement benefit obligation, the projected benefit formula is used to attribute the estimated benefit to the period through the end of the current fiscal year. Prior service cost is accounted for as an expense calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which it arises. Actuarial gains and losses are accounted for as expenses calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which they arise from the subsequent fiscal year onwards.

4. Standards for revenues and expenses

The Company is mainly engaged in the management of consolidated subsidiaries. Revenues from such service provision are recognized by measuring the degree of progress based on the period that has passed over the contract period. Information that forms the basis for understanding revenues is contained in “4. Matters concerning accounting policies,” “(5) Standards for recognition of material revenues and expenses” in the “Notes on Important Matters Forming the Basis of Preparation of Consolidated Financial Statements” to the consolidated financial statements.

5. Other important matters forming the basis of preparation of financial statements

Hedge accounting method	As a rule, deferred hedge accounting is applied. Furthermore, interest rate swaps that meet conditions of special treatment are accounted for using special treatment. Interest rate and currency swaps that meet conditions of integrated treatment (special treatment, appropriate treatment) are accounted for using integrated treatment.
Accounting treatment for retirement benefits:	The accounting treatment method for unrecognized actuarial gain or losses and the untreated amounts of unrecognized prior service cost related to retirement benefits is different from the treatment for these items in the consolidated financial statements.

6. Change in accounting policy

(Accounting Standard for Current Income Taxes, etc.)

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”), etc., since the beginning of the current fiscal year.

With this, the classifications of current income taxes (taxation on valuation and translation adjustments) follow the transitional arrangement specified in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional arrangement specified in the proviso of Paragraph 65-2 (2) of the Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “2022 Revised Implementation Guidance”). This change in accounting policy has no effect on the non-consolidated financial statements.

7. Change in presentation method

(Statement of Income)

“Gain on sale of non-current assets” (393 million yen in the current fiscal year), which was separately disclosed in the previous fiscal year, is included in “Other” in the current fiscal year as its amount has become immaterial.

8. Notes on accounting estimates

(Valuation of stocks of subsidiaries and affiliates and of investments in capital of subsidiaries and affiliates that do not have market quotations)

(i) Amount recorded in the non-consolidated financial statements as of the current fiscal year

The followings are the amounts of stocks of subsidiaries and affiliates and of investments in capital of subsidiaries and affiliates that do not have market quotations as of the current fiscal year.

Stocks of subsidiaries and affiliates	732,281 million yen
Investments in capital of subsidiaries and affiliates	27,572 million yen

There were no write-downs of non-marketable equity securities of subsidiaries and affiliates or investments in subsidiaries and affiliates recorded in the current financial year.

(ii) Information on significant accounting estimates related to recognized items

With respect to stocks of subsidiaries and affiliates and to investments in capital of subsidiaries and affiliates that do not have market quotations, the Company records their acquisition costs as balance sheet values. However, if the fair value decreases significantly, except when its recoverability is justified by sufficient evidence, the fair value is recorded as a balance sheet value, and the difference from the acquisition cost is recorded as a loss in the current fiscal year.

The event when fair value decreases significantly is defined as when fair value decreases more than 50% of the acquisition cost due to a deterioration of the financial conditions of the issuer. Regarding shares acquired at considerably higher value compared to the book value per share obtained from financial statements in consideration of excess earning power and other factors in the acquisition of business, if the excess earning power is no longer expected and fair value decreases more than 50% of the acquisition cost, it falls into the event when fair value decreases significantly, even though there is no deterioration in the financial conditions of the issuer.

The event when recoverability is justified by sufficient evidence is defined as when it is anticipated with reasonable evidence that fair value is expected to recover nearly to the level of the acquisition cost. This recoverability is considered based on certain assumptions such as future cash flows.

The Company determines these assumptions by the best estimate and judgment of the management and considers them as appropriate. However, a change in future business plans, economic conditions, and other factors may affect the assumptions. If they need to be reviewed, it may affect the amount recognized in the future non-consolidated financial statements.

Notes to Non-consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment (millions of yen)

57,006
(including the amount of accumulated impairment loss)

2. Receivables from and payables to subsidiaries and affiliates (millions of yen)

Short-term monetary receivables from subsidiaries and affiliates	247,021
Long-term monetary receivables from subsidiaries and affiliates	127,267
Short-term monetary payables to subsidiaries and affiliates	82,134
Long-term monetary payables to subsidiaries and affiliates	4

3. Guarantee obligations (millions of yen)

Walki Holding Oy	43,153
Jiangsu Oji Paper Co., Ltd.	20,974
PT Korintiga Hutani	8,672
Other	2,446
Total	75,246

Notes to Non-consolidated Statement of Income

Volume of transactions with subsidiaries and affiliates (millions of yen)

Operating revenue	43,484
Of which business advisory fee income	14,996
Of which dividends income	25,594
Other	2,894
Operating expenses	11,122
Transaction volume–non-trading	10,241

Notes to Non-consolidated Statement of Changes in Equity

Class and number of treasury stock as of the end of the current fiscal year

Common stock	78,886,564 shares

Note: Included within the number of common stock in treasury stock as of the end of the current fiscal year are 1,546,851 shares of the Company held by the Board Benefit Trust.

Notes on Tax Effect Accounting

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

Deferred tax assets	(millions of yen)
Stocks of subsidiaries resulting from company split	15,534
Investment securities	10,849
Allowance for doubtful accounts	2,902
Other	3,521
Subtotal	32,808
Valuation allowance	(16,643)
Total deferred tax assets	16,164

Deferred tax liabilities	(millions of yen)
Valuation difference on available-for-sale securities	(20,523)
Reserve for advanced depreciation of non-current assets	(6,141)
Other	(416)
Total deferred tax liabilities	(27,081)
Net amount of deferred tax liabilities	(10,916)

2. Accounting treatment of corporate taxes and local corporate taxes, and accounting treatment of related tax effect accounting

The Company has applied the Group Tax Sharing System. In addition, the Company has adopted accounting treatment of corporate taxes and local corporate taxes, and accounting treatment and disclosure of related tax effect accounting 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).

Notes on Non-current Assets Used by the Company under Lease Arrangements

Apart from the non-current assets recorded on the non-consolidated balance sheet, the Company uses certain research equipment and office equipment under finance lease transactions that do not transfer ownership.

Notes on Transactions with Related Parties

Subsidiaries and affiliates

(Millions of yen)

Attribute	Company name	Ownership ratio of voting rights (%)	Nature of relationship		Details of the transaction	Transaction amount	Account	Balance at the end of the fiscal year
			Concurrent appointment as the director of the related party	Business relationship				
Consolidated subsidiary	Oji F-Tex Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Lending of funds (balance increase) (Note 1)	4,400	Short-term loans receivable	25,920
Consolidated subsidiary	Oji Nepia Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Lending of funds (balance increase) (Note 1) (Note 7)	4,995	Short-term loans receivable	19,646
Consolidated subsidiary	Oji Paper Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Business advisory fee (Note 2)	3,645	–	–
					Interest income (Note 1)	592	–	–
					Lending of funds (balance decrease) (Note 1)	(10,000)	Short-term loans receivable	73,600
					Borrowing of funds (balance decrease) (Note 1)	(4,213)	Short-term loans payable	17,200
Consolidated subsidiary	Oji Imaging Media Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Lending of funds (no balance change) (Note 1)	–	Short-term loans receivable	21,000
Consolidated subsidiary	Oji Green Resources Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Financing relationship	Lending of funds (balance increase) (Note 1)	883	Short-term loans receivable	18,100
							Long-term loans receivable	18,600
Consolidated subsidiary	Oji Management Office Inc.	Direct: 100.0	Concurrent appointment by directors of the Company	Outsourcing indirect services Financing relationship	Personnel expenses (Note 3)	2,832	–	–
					Outsourcing fees (Note 4)	3,844	–	–
Consolidated subsidiary	Japan Brazil Paper and Pulp Development Ltd.	Direct: 97.7 Indirect: 2.3	Concurrent appointment by directors of the Company	Financing relationship	Lending of funds (balance decrease) (Note 1)	(1,403)	Short-term loans receivable	–
							Long-term loans receivable	38,870
Consolidated subsidiary	Oji Materia Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Business advisory fee (Note 2)	4,943	–	–
Consolidated subsidiary	Oji Oceania Management (NZ) Limited.	Indirect: 100.0	–	Financing relationship	Lending of funds (balance increase) (Note 1)	10,500	Long-term loans receivable	59,973

Attribute	Company name	Ownership ratio of voting rights (%)	Nature of relationship		Details of the transaction	Transaction amount	Account	Balance at the end of the fiscal year
			Concurrent appointment as the director of the related party	Business relationship				
Consolidated subsidiary	Walki Holding Oy	Direct: 100.0	Concurrent appointment by directors of the Company	Financing relationship Guarantee obligations	Lending of funds (balance increase) (Note 1)	43,140	Short-term loans receivable	–
					Lending of funds (balance decrease) (Note 1)	(43,140)		
					Guarantee obligations (Note 5)	43,153	–	–
Consolidated subsidiary	Jiangsu Oji Paper Co., Ltd.	Indirect: 90.0	Concurrent appointment by directors of the Company	Guarantee obligations	Guarantee obligations (Note 5)	20,974	–	–
Consolidated subsidiary	Oji Uruguay Forest Company S.A.S	Direct: 100.0	–	Capital contribution	Financing a capital increase (Note 6)	45,807	–	–

Terms and conditions of the transaction and the policy for determining them;

Note 1: The interest rates for loans and borrowings are determined in a rational manner by considering market rates. These loans and borrowings are not secured by collateral.

Note 2: Business advisory fees are charged for management and operational support and decided through negotiations between the parties in a reasonable manner.

Note 3: Personnel expenses are paid for employees assigned to the Company in accordance with secondment agreements.

Note 4: Outsourcing fees are decided through negotiations, taking into account the appropriateness as consideration for business support.

Note 5: Guarantee obligations are for external borrowings.

Note 6: Financing a capital increase refers to purchasing new shares issued by a subsidiary.

Note 7: For a doubtful loan to Oji Nepia Co., Ltd., the Company recorded an allowance for doubtful accounts of 5,188 million yen. The Company also recorded a provision of allowance for doubtful accounts of 2,042 million yen for the current fiscal year.

Notes on Business Combination

The same as what is described in the Notes to Consolidated Financial Statements.

Notes on Per Share Information

1. Net assets per share 452.59 yen
2. Profit per share 36.23 yen

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" (1,546,851 shares). Moreover, in calculating "Profit per share," they are included in the number of treasury stocks deducted from the average number of shares outstanding during the year (1,546,851 shares).

Notes on Company Applicable to Consolidated Dividend Regulations

The Company will become a company to which consolidated dividend regulations apply after the time when the last day of the relevant business year becomes the last day of the most recent business year.