Annual Securities Report

English excerpt translation of the “Yukashoken-Houkokusho”
for the 102nd fiscal year (from April 1, 2025 to March 31, 2026)

Nippon Paper Industries, Co., Ltd.
3863

[Business Risks]

The following is a list of major risks that management recognizes as having the potential to materially affect the consolidated companies' financial position, operating results, and cash flows, among other matters related to the business and accounting conditions described in the Annual Securities Report (submitted on June 25, 2026). However, these are not an exhaustive list of all risks, and risks other than those listed may also exist and have an impact. Forward-looking statements in the text are based on the Group's judgment (the Company and its consolidated subsidiaries) as of the end of FY2026/3.

(1) Major Risks Associated with Management Strategies

Risks that have a significant negative impact on the Group, that could hinder the achievement of management targets over the medium to long term, and that could lead to damage to corporate value and loss of business opportunities are positioned as "Major Risks Associated with Management Strategies."

1) Human Resources
NIPPON PAPER GROUP (the Group) recognizes that securing human resources is one of the most important issues in its business activities. If the Group does not secure the necessary human resources as planned, the Group's management performance and financial position, etc., may be affected as the decisive implementation of structural reforms and improvement of profitability, which are the basic strategies of the Medium-Term Business Plan 2030, may be hindered.

To address this risk, we are promoting human resource management that links employee growth to Group growth, and are working to secure diverse human resources, improve skills and knowledge, and improve engagement. Specific measures include the introduction of programs to support reskilling and training to support the retention of mid-career hire personnel, as well as selective education aimed at the early selection of candidates for management positions at mills and offices.

We are also working to create an organization that enables diverse human resources to maximize their potential by promoting the development of various systems and work environments that support flexible working styles. In fiscal year 2025, we established the "Wellness Leave" and "Life Support Leave" programs to support employees with issues related to life events. Additionally, we are also improving the work environment via initiatives such as taking measures against heat at our mills.

In addition, the Company regularly conducts employee engagement surveys and shares the results with management and managers. Based on advice from outside consultants, we are also continuously working to promote communication within the workplace, enhance education and training, and improve the working environment.

Additionally, we are also considering automating and reducing labor at operation sites and introducing IoT technology in the logistics field in response to the already apparent decline in the labor force population due to the declining birthrate and aging population.

We will secure appropriate human resources through these initiatives and link employee growth to the sustainable growth of the Group.

2) Delay in profitability improvement of Opal
We recognize that the reconstruction of Opal, a consolidated subsidiary of the Group in Australia, is an extremely important management issue. As such, we will promote selection and concentration of businesses to achieve profitability at an early date. However, if these initiatives do not progress as planned, they could adversely affect the Group's operating results and financial position.

We will improve profitability by concentrating management resources in the corrugated products business, where demand is expected to grow. In terms of sales, we will leverage Opal's strength in an integrated system from base paper to processing to promote the development and expansion of sales of high value-added and differentiated products. We will also expand sales by providing thorough customer service, such as delivery management, and by steadily capturing the growing demand for paper conversion in Australia. And, to make ourselves more competitive, we will maximize the effects of the new and updated processing machines implemented under the previous medium-term management plan and further increase the productivity of the processing business. At the same time, we will drastically review our organization and personnel structure and improve the efficiency of procurement and logistics. As the Maryvale Mill remains a challenge, we will aim to quickly achieve EBITDA profitability through further optimization of the production system and reduction of fixed costs. We will also proceed with the restructuring of other unprofitable businesses to promptly achieve operating profitability at Opal.

3) Declining Demand for Graphic Products
The graphic paper business, one of the Group's core businesses, continues to face a contracting market due to ongoing digitalization and changes in work styles and lifestyles accelerated by the COVID-19 pandemic. Accordingly, we are working to maintain the utilization rate and improve profit margins through resilience by promoting the optimization of the graphic paper business production system, while shifting management resources to the growing daily-life products business. However, if these considerations and initiatives do not progress as planned, it may have an impact on the Group's operating results and financial position.

To strengthen the foundation of the graphic paper business, we have taken measures to improve profitability, such as stabilizing operations and continuously reducing costs. Additionally, we are securing appropriate prices to achieve stable supply when it is difficult to absorb cost increases such as labor costs and logistics costs. We are also working to maintain and increase sales volume by developing and expanding the lineup of environmentally friendly products in cooperation with customers.

We will enhance our competitiveness by promoting the optimization of the graphic paper production system in conjunction with the reduction of greenhouse gas (GHG) emissions. At the same time, we will utilize our existing resources in the graphic paper business, such as human resources, raw material procurement capabilities, pulp, and utilities, to expand our growth fields. These include the forest and wood-related business, daily-life products business, and new biomass materials business.

Through these multiple measures to mitigate risk, we will strive to increase resilience to market changes and secure stable earnings.

4) Stagnation in Growth Fields (Forest and Wood-Related Business, Daily-Life Products Business, and New Biomass Materials Business)
The Group aims to grow sustainably as a “comprehensive biomass company” that makes the most of wood resources. To respond to the decline in demand for graphic products, we have established growth fields, namely the forest and wood-related business and the daily-life products business (the main businesses are the liquid paper container business, household paper and healthcare business, and the chemical business). We are also working to shift management resources to these fields and expand the new biomass materials business. However, if the growth of the forest and wood-related business, daily-life products business, and new biomass materials business does not proceed as planned, it may affect the Group's operating results and financial position.

The Group is promoting the expansion of its forest and wood-related businesses through a green strategy. We will expand our forest management and wood resource distribution business by utilizing world-class breeding, propagation and seedling raising technologies, a strong wood resource supply chain in Japan and overseas, and our own forests of 160,000 hectares in Japan and overseas. In Japan, we will strengthen our supply chain in cooperation with the forestry and lumber industries, expand our handling volume of domestically produced lumber and expand our production system for Elite Tree saplings, and stably supply raw domestically produced lumber materials with a low LCA. Overseas, we will promote the value of forest resources through the advanced use of our proprietary breeding and propagation technologies, and we will increase profits from our overseas afforestation business through the development of superior clones. We will also develop afforestation services and expand the handling volume of wood chips and biomass fuel.

In addition, the Group is promoting sales expansion through new product development, capital investment, collaboration with partners, etc., to strengthen profitability in the daily-life products business. In the liquid paper container business, we will build a system to provide total packaging solutions, develop and launch differentiated containers using Group base paper, and expand our business in the Asia-Oceania region through collaboration with business partners. In the household paper and healthcare business, we will develop high-value-added products that respond to the aging of the population and other changes in the social structure, expand sales in growing markets, and expand exports in collaboration with global partners, all while diversifying and expanding sales channels such as e-commerce. In the chemical business, we will expand earnings from products for growing markets such as automobiles and displays, develop new products and applications, and improve production systems and capabilities to support the growth of each business, all while actively expanding sales in overseas markets.

In addition, the Group will expand its new biomass materials business, which contributes to the building of a decarbonized and recycling-oriented society. We will create wood resources through sustainable forest management and utilize our proprietary technologies and open innovation to develop new biomass materials that have both environmental value and excellent functional characteristics. In addition, we will promote business development by defining our focus business areas as agriculture/forestry/fisheries/food, social infrastructure & environment, lifestyle, and advanced functional materials.

To respond quickly to market needs, including environmental requirements, we must have sufficient technological capabilities, sales strength, and robust networks. We are therefore making proactive investments in growth areas and reallocating personnel to create synergies with existing businesses. At the same time, we are building networks across industry, government, academia, and finance to promote open innovation. By offering the results of that research to the market as products and services, we're increasing our resilience to changing markets.

Through the expansion of its growing forest and wood-related business, daily-life products business, and new biomass materials business, the Group seeks to make contributions to the building of a sustainable society and pursue sustainable growth for the entire Group by reducing GHG emissions across the entire supply chain, promoting resource circulation and self-sufficiency through recycling, and revitalizing the forestry industry through the utilization of domestic forests.

5) Climate Change

The Group, whose main business is the energy-intensive pulp and paper business, has positioned a comprehensive response to climate change as an important issue in realizing the corporate group philosophy, and we are actively working to reduce GHG emissions with the aim of achieving carbon neutrality by 2050. If we are slow to respond amid accelerating movement towards decarbonization, including the introduction of an emissions trading system in Japan, we may face regulatory risks such as a strengthening of carbon pricing policies, financial risks due to credit purchase costs and increased investment in reducing GHG emissions, and reputational risks due to a decline in trust from customers and investors. In addition, there are concerns that physical risks such as extreme weather events and the depletion of water resources could cause the Group to suspend operations at its production sites. These could also lead to difficulties in the procurement of wood chips, which are a raw material, and dramatically increase the price of said wood chips, as well as disrupt supply chains. If these climate change risks materialize, it may have a significant impact on the Group's operating results and financial position.

The Group appropriately assesses the financial impact of these risks and makes highly transparent disclosures based on the framework recommended by the TCFD (Task Force on Climate-related Financial Disclosures). To reduce transition risks, we have set a target of reducing GHG emissions (total of Scope 1 and 2) by 54% compared to fiscal year 2013 by fiscal year 2030. We are promoting energy conservation measures by introducing high-efficiency equipment and optimizing manufacturing processes, as well as by switching to renewable and waste energy. In addition, to further reduce GHG emissions, we will install a new high-efficiency black liquor recovery boiler at the Ishinomaki Mill during fiscal year 2028, and will also stop the operation of one existing coal boiler. This will further accelerate the reduction of GHG emissions.

We must formulate and implement a transition plan from a medium- to long-term perspective to address the risks of climate change. Based on a transition plan that assumes the development trends and the timing of the social implementation of next-generation fuel technologies such as hydrogen and ammonia, the Group has newly established a medium-term target of reducing GHG emissions (the total of Scope 1 and 2) by 60% by 2035 and 65% by 2040 compared to fiscal year 2013 levels, and is steadily implementing measures to reduce GHG emissions.

In addition, the Group is strengthening collaboration on logistics GHG emissions with stakeholders, including not only business partners but also companies in the same and different industries. We are working to reduce emissions across the entire supply chain through collaborative efforts such as round-trip transportation, modal shifts, and a shortening of transportation distances. Furthermore, we are actively engaged in initiatives such as forest absorption through appropriate forest management and carbon recycling, promoting the reduction of GHG emissions in a multifaceted manner and strengthening our efforts to achieve carbon neutrality by 2050.

In response to the emissions trading system that will be introduced in full from fiscal year 2026, we will accelerate the reduction of fossil fuel consumption, including coal. At the same time, we will develop a carbon management system that will include monitoring of the carbon credit market and procurement systems, and appropriately respond to the system to manage and reduce financial impact risks.

Addressing climate change issues goes beyond risk management and leads to the creation of new business opportunities. Through investments in reducing GHG emissions, the Group can create biomass materials with low GHG emissions and high environmental value. The Group aims to simultaneously achieve both corporate growth and the creation of a sustainable society by further strengthening cooperation with a wide range of stakeholders and introducing a variety of biomass materials ahead of the market for green products.

6) Supply Chain Management

The Group procures raw materials and fuels such as chips, used paper, heavy oil, coal and chemicals, and manufactures and sells products. Raw material prices are significantly influenced by domestic and international market conditions. Furthermore, increasing decarbonization and a decline in graphic paper production may lead to instability in procurement and price fluctuations due to business downsizing or withdrawal by raw material suppliers. These factors may affect our operating results and financial position, etc. In addition, the shortage of logistics workers (cargo handling workers, port workers, and transportation capacity), delays in transportation networks in the global supply chain due to increased geopolitical tensions, and rising transportation costs caused by rising raw material and fuel prices mainly due to decarbonization policies in response to climate change are expected to persist, which may further affect our operating results and financial position.

As a major measure, we have taken steps such as setting and operating reserve purchases to hedge risks for some raw materials and fuels. Specifically for wood chips used in paper manufacturing, we own 160,000 hectares of forest resources globally. We are also working to secure raw materials and stabilize purchase prices by strengthening trust-based relationships with domestic and international chip suppliers built on long-term transaction histories, and by developing and adopting low-cost resources from nearby locations. We are also advancing efforts to optimize financial conditions by enhancing appropriate inventory management. This includes sourcing from multiple regions and sources, including overseas; switching to alternative products; expanding flexibility and procurement networks through strengthened intra-group collaboration; and reviewing inventory levels. After taking these measures, we will pass on the increase in transportation costs that cannot be absorbed to our customers at an appropriate level.

Regarding the logistics problem, we are working to comply with laws and regulations and curb cost increases at Group-wide meetings for product sales and raw material and fuel procurement. Working collaboratively with suppliers, we are implementing measures such as requesting planned delivery times, modifying transportation systems, improving load factors, and establishing new inventory bases near consumption areas. To reduce loading/unloading times, each factory has introduced truck reception reservation systems to shorten waiting times. Furthermore, we are realizing joint transport with other companies to reduce GHG emissions while also promoting logistics DX initiatives to address labor shortages.

7) Natural Disasters

A large-scale natural disaster, such as an earthquake, typhoon, flood, or wildfire, or, a drought or heat wave, in an area where the Group's production and sales bases are located could have a significant impact on business continuity. There is a possibility that there will be an outage of production activities, an increase in expenses for the restoration of facilities, or damage to products or raw materials, which may affect the Group's operating results and financial position. While we maintain insurance coverage for losses arising from natural disasters, such coverage may not be sufficient to fully cover all potential losses or liability claims that may be asserted against the Company.

Therefore, in case of emergency, we will promptly set up a Crisis Management HQ in accordance with the Crisis Management Regulations, to confirm the safety of employees and their families, to ascertain the status of damage, and to implement measures for continuing supply. In addition, we have strengthened our business continuity management (BCM) to respond to emergencies. We are investigating establishing supply systems between several plants, and we regularly conduct evacuation drills and safety confirmation drills based on disaster scenarios.

Through these initiatives, we are flexibly responding to unexpected situations, and building and maintaining a system to ensure the safety of our employees and business continuity. We will continue to respond to changing social conditions by continuously reviewing and strengthening risk countermeasures.

8) Information Security

The Group manages its business by using various systems in the processes of purchasing raw materials, receiving orders, production, and shipment. In the event of unauthorized access or information leakage due to cyberattacks from outside, the Group may lose social trust, suspend its business activities, or incur increased expenses for the restoration of facilities, which may have an adverse impact on its operating results and financial position, etc.

To this end, the Group strengthens and rigorously implements security measures for its information systems and is introducing defense systems that are in line with the times. We have taken sufficient information security measures even in the rapidly spreading telecommuting environment, and have strengthened our management system by increasing employee literacy through regular information security education and by establishing communication channels in the event of a security incident. In addition, we conduct regular internal operation verifications and vulnerability diagnoses by external specialists to detect and correct system vulnerabilities in an effort to prevent security incidents.

(2) Main Risks Associated with the Business Environment and Business Activities Production
Risks that could hinder the smooth execution of daily business activities and have a negative impact on the Group's short-term achievement of its goals are positioned as “risks associated with the business environment and business activities.”

1) Production Facilities
The Group conducts its business activities based on planned production that takes into account market demand and the capacity of existing facilities. However, if the operating rate of production facilities declines due to equipment breakdowns, fires, or equipment accidents caused by natural disasters, the supply capacity of products may be insufficient, which could affect the Group's operating results and financial position. In addition, these sort of equipment breakdowns or accidents can lead to workplace accidents involving employees or to adverse effects on the surrounding environment. In response to these risks, we conduct regular facility inspections and maintenance, implement construction for vulnerable areas, including aging countermeasure work for systematic upgrades, are considering building supply systems at multiple plants, and optimize inventories.

2) Product Liability
The Group could receive claims for compensation for loss or damage in relation to product liability, but we have not received any significant claims of this sort at present. However, the Group may be liable for the payment of compensation for loss or damage in the future. While we have enrolled in product liability insurance, it may not be enough to cover the amount of compensation for loss or damage for which the Group may be held liable. The Group has established NIPPON PAPER GROUP Product Risk Committee to supervise the product safety risk of its group companies and support efforts to manage and mitigate that risk. Concurrently, Product Risk Committees have been set up at the Group's main manufacturing companies as part of efforts to prevent product safety incidents by promoting the development of product safety risk management regulations.

3) Environmental Laws and Regulations
The Group is subject to the application of environmental laws and regulations in various businesses. Revisions and amendments to such regulations could limit production activities and result in additional costs incurred to implement countermeasures, etc., affecting the Group's business performance, financial position, and other aspects.

In addition, there is a risk of business suspension or loss of trust if we are given administrative guidance in the event of exceeding legal limits or affecting the surrounding environment of factories and business sites.

In addition to regularly monitoring the status of environment-related laws and regulations, we collect various information from outside the company, monitor daily operations, and appropriately maintain and manage facilities to address these risks. This allows us to comply with environmental laws and regulations and to establish a system to minimize the negative impact on the environment surrounding our mills and offices.

4) Compliance
Related laws and regulations are constantly changing in a wide range of fields, including Paper and Paperboard Business, Daily-Life Products Business, and Energy Business businesses, as well as Wood Products and Construction Related Business that our group deploys, and new compliance-related issues are emerging. In particular, the risks of non-compliance are becoming increasingly complex due to changes in social conditions, such as digitization, globalization, and the growing interest in environmental protection and respect for human rights.

As a countermeasure, the Group provides compliance training that is updated to reflect changes in the social environment and conducts compliance awareness surveys to further strengthen employees' compliance mindset. In addition, we have established the "Nippon Paper Group Helpline, which enables employees to report concerns and seek advice outside the normal chain of command regarding conduct that may violate laws, social norms, corporate ethics, the Code of Conduct, the Code of Ethics, or the internal rules of Group companies. We investigate all suspected compliance violations and, depending on the nature and significance of each case, implement corrective actions and measures to prevent recurrence, including internal disciplinary actions, warnings and guidance, and employee education to reinforce awareness.

Because the Group conducts business activities with cooperation of our business partners and various subcontractors for operations that are difficult to execute on our own, we emphasize fair and sound business practices in our relationships with our business partners and subcontractors. While we seek fair trade practices that reflect changes in social values as well as compliance with the Antimonopoly Act and the Act on Proper Trade with Small and Medium Subcontractors, if there is a violation, it is expected to be a major risk in management, such as litigation and the loss of social trust.

In order to respond to these requirements, we comply with desirable business practices between commissioning business operators and small and medium-sized entrusted business operators based on the "Declaration on Building Partnerships", and are actively working to rectify business practices that hinder the establishment of partnerships with business partners. In addition, based on the "Guidelines on Price Negotiations to Appropriately Pass Through Labor Costs" published in November 2023, we are proceeding with risk assessment and implementation of countermeasures on a Group-wide basis. Through these initiatives, we aim to respond flexibly to changes in social conditions and minimize the risk of non-compliance.

5) Worker Safety and Health

The Group is committed to operating all facilities with safety as its highest priority. However, workplace accidents remain a significant risk that could impair employees' health or, in the worst case, result in loss of life. Depending on the nature of the incident, there is a possibility that we will lose valuable human resources, or that we may have to shut down production facilities to ensure safety and take measures to prevent a recurrence. There is also a risk that we will lose credibility as a company, as we may be held accountable for our management responsibilities. As a countermeasure to these risks, we operate our own occupational safety and health management system to prevent workplace accidents. Under this system, each facility incorporates specific, ongoing, and voluntary initiatives into its safety and health plans, with the aim of preventing accidents, promoting employee health, and improving workplace safety and health standards, including the creation of a comfortable working environment. We also conduct regular inspections and maintenance of production facilities and we implement aging countermeasure works, including scheduled renewal of vulnerable areas.

We share these efforts with all Group companies and promote the prevention of workplace accidents to ensure a safe working environment for the entire Group.

6) Criticism and Slander on the Internet

With the spread of social media and other media, the risk of the Group being criticized or slandered on the Internet has also increased. This may cause serious reputation risks such as damage to corporate brand, suspension of transactions, and turnover of personnel, which may affect the Group's operating results and financial position.

To address these risks, the Group regularly monitors and collects information about itself on the Internet, including via social media, and has established a system that enables it to respond quickly and appropriately in the event of an unforeseen situation.

(3) Financial and Accounting Risks

1) Share Prices

The Group holds marketable shares primarily in business partners and affiliated companies. Therefore, the Group is exposed to the risk of share price fluctuations that could affect its business performance, financial position, and other aspects. With this in mind, the Group conducts regular monitoring of the shares it holds, so that it can detect whether the shares could have a significant impact on its financial position.

2) Interest Rates

The Group is exposed to the risk of interest rate fluctuations with respect to interest-bearing debt and other items. Such fluctuations could affect the business performance, financial position, and other aspects of the Group. The Company maintains the ratio of fixed interest rate loans to long-term debt above a certain level. Also, the Company mitigates the risk of interest rate fluctuations through the use of financial instruments such as interest rate swaps, in addition to spreading out repayment periods and diversifying financing methods, among other measures.

3) Credit Risk

The Group takes care to limit its credit risk through measures such as continuously evaluating the financial and related information of its business partners in accordance with credit management rules and establishing credit limits accordingly, but any event that disrupts the collection of receivables, such as a result of deterioration in the financial condition or bankruptcy of customers, could affect the business performance, financial position, and other aspects of the Group.

4) Impairment of Fixed Assets

The Group owns fixed assets such as production facilities and land. Changes in the operating environment and other factors that result in a significant decline in future cash flow generated through these assets may lead to an incurrence of an impairment loss and affect the business performance, financial position, and other aspects of the Group.

5) Retirement Benefit Obligation

The Group's retirement benefit expenses and obligation are calculated based on actuarial assumptions such as the rate of return and the discount rate on pension assets. However, any circumstances requiring a change in the actuarial assumptions or an impairment to pension assets resulting from stagnation of the stock market and other factors may affect the business performance, financial position, and other aspects of the Group. With this in mind, the Group has diversified its pension plan assets into multiple asset classes and management styles with different risk and return characteristics based on the advice of external consultants. By regularly conducting an analysis of the risk and return of the entire pension plan assets, the Group conducts an evaluation of the effectiveness of the diversification effect.

6) Reversal of Deferred Tax Assets

The Group records deferred tax assets after it judges the recoverability of deductible temporary differences and operating loss carryforwards based on an estimation of future taxable income. However, changes in the operating environment and other factors that lead to a decline in taxable income, or changes in the tax regulations and other factors that lead to a revision in recoverability, may cause a reversal of deferred tax assets. Such a reversal could affect the business performance, financial position, and other aspects of the Group.

[Notes to consolidated financial statements of Nippon Paper Industries Co., Ltd. (“the Company”) and its subsidiaries (collectively, “the Group”)]

1. The scope of consolidation

(1) Number of consolidated subsidiaries: 54

The names of major consolidated subsidiaries are omitted.

(2) Names, etc., of major unconsolidated subsidiaries

Major unconsolidated subsidiary: Douoh Kouhatsu Ltd.

(Reason for exclusion from the scope of consolidation)

All unconsolidated subsidiaries are excluded from the scope of consolidation because the scale of their operations is small and their total amounts in terms of total assets, net sales, profit or loss (corresponding to the equity ratio owned by the Company) and retained earnings (corresponding to the equity ratio owned by the Company) do not have a significant effect on the Company’s consolidated financial statements.

2. Application of the equity method

(1) Number of unconsolidated subsidiaries accounted for by the equity method: 0

(2) Number of affiliates accounted for by the equity method: 11

Names, etc., of major affiliates accounted for by the equity method

DuPont Nippon Paper Papylia Godo Kaisha, Shin Tokai Paper Co., Ltd., Phoenix Pulp & Paper Public Company Limited, Nippon Tokan Package Co., Ltd., and Lintec Corporation

During the current fiscal year, the Company sold all of its equity interest in Suzukawa Energy Center Co., Ltd., and therefore excluded the company from the scope of equity method application.

(3) Unconsolidated subsidiaries (Douoh Kouhatsu Ltd. and 66 other companies) and affiliates (JPT LOGISTICS CO., LTD. and 19 other companies) not accounted for by the equity method are excluded from the scope of the equity method because their total amounts in terms of profit or loss (corresponding to the equity ratio owned by the Company) and retained earnings (corresponding to the equity ratio owned by the Company) are not significant, with insignificant effects on the Company’s consolidated financial statements when excluded from the scope of the equity method.

(4) For the affiliates accounted for by the equity method that close their accounts at different dates than the Company’s balance sheet date, the financial statements as of their respective balance sheet dates are used for the preparation of the consolidated financial statements.

3. Accounting period of consolidated subsidiaries----

The balance sheet date is December 31 for Jujo Thermal Oy, Siam Nippon Industrial Paper Co., Ltd., Nippon Paper Industries USA Co., Ltd., Opal, Nippon Dynawave Packaging Co., TS Packaging Sdn. Bhd. and its one subsidiary, Amapá Florestal e Celulose S.A. and its two subsidiaries, and Nippon Paper Resources Australia Pty. Ltd.

In preparing the consolidated financial statements, the financial statements as of the said balance sheet date are used for these companies, with necessary adjustments being made for consolidation purposes with regard to material transactions between December 31 and the Company’s balance sheet date.

4. Significant accounting policies

(1) Evaluation basis and methods for significant assets

① Securities

Other securities:

Securities other than shares, etc. that do not have a market price:

Carried at fair value (Unrealized gains or losses, net of the applicable income taxes, are included directly in net assets. Costs of securities sold are determined by the moving-average method.)

Shares, etc. that do not have a market price:

Carried at cost by the moving-average method

② Derivatives

Fair value method

③ Inventories

Stated at cost, determined principally by the moving-average or periodic-average method. (The balance sheet amount is written down based on any decline in profitability.)

(2) Depreciation methods for significant assets

① Property, plant and equipment (excluding lease assets)

The declining-balance method is used, except that the straight-line method is employed for some assets of the Company and its consolidated subsidiaries.

However, buildings (excluding building fixtures) acquired on or after April 1, 1998, and building fixtures and structures acquired on or after April 1, 2016, are depreciated by the straight-line method.

The useful lives of assets are principally as follows:

Buildings and structures:	10 to 50 years
Machinery, equipment and vehicles:	7 to 15 years

② Intangible assets (excluding lease assets)

The straight-line method is used.

Software for internal use is amortized over an estimated useful life of 5 years on a straight-line basis.

③ Leased assets

Depreciation of leased assets under finance-leasing agreements that do not transfer ownership is calculated using the straight-line method assuming a residual value of zero (or the guaranteed residual value when it is set by the agreement) and a useful life equal to the term of the lease.

(3) Basis for significant allowances and provisions

① Allowance for doubtful receivables

To cover a loss from uncollectible receivables, allowances for bad debts are provided at the amount determined based on the historical experience of bad debts for ordinary receivables. For specific doubtful receivables, the collectability is considered on an individual basis.

② Allowance for environmental costs

To cover future expenditures for disposing of PCB waste in accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, an allowance is provided at the estimated amount of disposal costs.

(4) Accounting policies for retirement benefits

① Method for allocating projected retirement benefits

In calculating retirement benefit obligations, the benefit formula method is applied to allocate projected retirement benefits to the periods until the end of the fiscal year under review.

② Amortization of actuarial differences and prior service cost

Prior service cost is amortized evenly using the straight-line method over the determined years (12 to 15 years) that are no longer than the average remaining service years of the employees at the time of occurrence.

Actuarial differences are primarily amortized evenly using the straight-line method over the determined years (5 to 15 years) that are no longer than the average remaining service years of employees, beginning from the fiscal year following the time of occurrence.

(5) Standards for recognizing significant revenue and expenses

The Company and its consolidated subsidiaries' main businesses include production and sales of products or sales of goods in the paper and paperboard business, daily-life products business, and wood products and construction-related business as well as wholesale supply and sales of electricity in the energy business. Regarding domestic sales of products and goods in the paper and paperboard business, daily-life products business, and wood products and construction-related business, revenue is mainly recognized upon shipment given the normal period from shipment to delivery upon which control of products and goods is transferred to customers. In export sales, revenue is mainly recognized when the burden of risk is transferred to customers based on trade conditions stipulated by Incoterms, etc.

Regarding wholesale supply and sales of electricity in the energy business, revenue is mainly recognized at an amount for which the Company has the right to claim according to supplied amounts of electricity, as amounts of consideration corresponding directly to supplied amounts of electricity are received from customers over the contract period.

As considerations for transactions are received within one year after satisfying performance obligations, significant financing components are not included.

For transactions related to sales of goods in which the Company acts as an agent in each business, the transaction price is calculated based on the net amount of consideration received from the customer. Also, revenue is measured at an amount of promised consideration in contracts with customers less discounts, etc. There is no estimate of significant variable consideration.

(6) Accounting policies for translation of significant assets and liabilities denominated in foreign currencies into Japanese yen

Receivables and payables denominated in foreign currencies are translated into Japanese yen, using the spot exchange rates on the balance sheet date, and the resulting translation gains and losses are recognized as income and losses. Assets and liabilities of overseas subsidiaries, etc., are translated into Japanese yen at the spot exchange rates on their balance sheet date, whereas income and expenses are translated into Japanese yen at the average exchange rates. The resulting translation gains and losses are recorded as translation adjustments and non-controlling interests under the net assets section.

(7) Significant hedge accounting methods

① Hedge accounting methods

Deferral hedge accounting is principally adopted.

Receivables and payables denominated in foreign currencies hedged by qualified forward foreign exchange contracts are translated at their corresponding contract rates (the allocation method “Furiate-shori”).

The exceptional accounting method is adopted for the interest rate swaps that meet special matching criteria (“Tokurei-shori”). The integral accounting method is adopted for currency and interest rate swaps that meet the requirements for integral accounting (“Ittai-shori”).

② Hedging instruments and hedged items

a. Hedging instrument: Forward foreign exchange contracts

Hedged items: Receivables denominated in foreign currencies arisen from exports of products, payables denominated in foreign currencies arisen from imports of raw materials and fuel, and forecast transactions denominated in foreign currencies

b. Hedging instrument: Interest rate swaps

Hedged items: Loans payable

c. Hedging instrument: Interest rate and currency swaps

Hedged items: Loans payable denominated in foreign currencies

d. Hedging instrument: Crude oil swaps

Hedged items: Forecast fuel purchases

e. Hedging instrument: Commodity futures

Hedged items: Forecast power purchases

③ Hedging policy

The Company uses derivative transactions to primarily hedge fluctuation risks of foreign currencies, interest rates and prices.

④ Method for evaluating hedge effectiveness

The Company evaluates hedge effectiveness based on semiannual comparisons of changes in cash flows or the fair value of hedged items and hedging instruments.

For interest rate swaps that meet the requirements for exceptional accounting method and currency and interest rate swaps that meet the requirements of integral accounting method, the Company omits to evaluate hedge effectiveness as of the balance sheet date.

Evaluation of hedge effectiveness as of the balance sheet date is also omitted if forward foreign exchange contracts with the same amount denominated in U.S. dollars, etc., and the same timing are allocated when the contracts are concluded in accordance with the risk management policies, because they guarantee a correlation due to subsequent exchange rate movements.

(8) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows include cash on hand, demand deposits at banks and highly liquid short-term investments with negligible risk of fluctuation in value and maturities of not exceeding three months.

(Significant Accounting Estimates)

(Impairment loss on noncurrent assets)

1. Nippon Paper Industries

In the fiscal year ended March 31, 2026, the Group determined that there was an indication of impairment loss for the asset group of ¥121,088 million (¥121,909 million in the fiscal year ended March 31, 2025) related to property, plant and equipment of the paper business, which consists of the Company's printing paper business and other businesses in the paper and paperboard segment, due to a decline in profitability caused by changes in the business environment. However, in determining whether to recognize an impairment loss, no impairment loss was recognized because the total undiscounted future cash flows from the asset group exceeded its book value.

Estimates of future cash flows resulting from the continued use of asset group are based on future business plans. Although the prices of major raw materials and fuels have continued to rise recently due to the worsening situation in the Middle East, we expect them to trend downward gradually based on forward-looking forecasts issued by external organizations. With respect to sales volume, demand remained subdued, and sales volume for the current fiscal year was lower than that of the previous fiscal year. We anticipate a continued decline in sales volume in the periods ahead. Unit prices have been determined in consideration of historical trends and trends in raw material and fuel prices.

Because these assumptions are subject to uncertainty, if the future cash flows from this asset group were to decrease significantly due to future changes in the situation in the Middle East or the business environment, an impairment loss may be incurred, which could have a significant impact on the consolidated financial statements for the following fiscal year.

2. Opal

Opal, a consolidated subsidiary, recorded property, plant and equipment of ¥178,162 million and intangible assets of ¥3,767 million at the end of the fiscal year ended March 31, 2026 (property, plant and equipment ¥170,641 million, intangible assets ¥5,198 million at the end of the fiscal year ended March 31, 2025).

Opal applies International Financial Reporting Standards and performs an impairment test when there is an indication of impairment on a cash-generating unit. If the result of impairment testing indicates that the recoverable amount is lower than the carrying amount, the carrying amount is reduced to its recoverable amount and recognized as an impairment loss.

At the end of the fiscal year ended March 31, 2026, an indication of impairment was identified. However, as a result of the review, the recoverable amount exceeded the carrying amount, and therefore, no impairment loss was recognized. The recoverable amount was determined based on fair value. The key assumptions used in estimating fair value include projected future cash flows based on the business plan, the discount rate, and the perpetual growth rate applied beyond the business plan period reflecting the expected effects of profit improvement measures and operational efficiency improvements expected to be realized during the forecast period.

Because these assumptions are subject to uncertainty, if future changes in the business environment were to significantly decrease the cash flows from cash-generating units, an impairment loss may be incurred, which could have a significant impact on the consolidated financial statements for the following fiscal year.

(Accounting Standards Issued but Not Yet Applied)

・"Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)

・"Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024)

In addition, revisions to related accounting standards, implementation guidance on accounting standards, practical solution reports, and transfer guidance

1 Overview

These amendments introduce accounting treatments broadly aligned with international accounting standards, including a requirement for lessees to recognize assets and liabilities for substantially all leases.

2 Scheduled date of application

Scheduled to be applied from the beginning of the fiscal year ending March 2028.

3 Impact of the application of these accounting standards, etc.

The amount of impact is currently evaluated at the time of preparation of the consolidated financial statements.

(Changes in presentation)

(Consolidated statements of operations)

"Gain on sale of non-current assets" of "Extraordinary income," which was listed as a separate item for the fiscal year ended March 31, 2025, is included in "Other" for the fiscal year ended March 31, 2026 due to its decreased materiality. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2025 have been reclassified.

As a result, ¥5,220 million included in "Gain on sale of non-current assets" and ¥692 million included in "Other" in "Extraordinary income" in the consolidated statement of operations for the fiscal year ended March 31, 2025 have been reclassified as ¥5,912 million in "Other."

"Loss on disaster," which was included in "Other" under "Extraordinary losses" in the fiscal year ended March 31, 2025, is listed as a separate item from the fiscal year ended March 31, 2026 due to its increased materiality. "Australian business structure improvement expenses" of "Extraordinary loss," which was listed as a separate item for the fiscal year ended March 31, 2025 is included in "Other" for the fiscal year ended March 31, 2026 due to its decreased materiality. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2025 have been reclassified.

As a result, ¥5,935 million included in "Australian business structure improvement expenses" and ¥984 million included in "Other" under "Extraordinary losses" in the consolidated statement of operations for the fiscal year ended March 31, 2025 have been reclassified as ¥159 million in "Loss on disaster" and ¥6,760 million in "Other."

(Consolidated statements of cash flows)

"Amortization of goodwill," "Australian business structure improvement expenses" and "Payment of Australian business structure improvement expenses," which were listed separately under "Cash flows from operating activities" in the fiscal year ended March 31, 2025, are included in "Other" from the fiscal year ended March 31, 2026 due to decreased financial materiality. In addition, "Loss on disaster" and "Payments associated with disaster loss," which were included in "Other" under "Cash flows from operating activities" in the fiscal year ended March 31, 2025, are listed separately from the fiscal year ended March 31, 2026 due to their increased materiality. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2025 have been reclassified.

As a result, ¥1,152 million included in "Amortization of goodwill," ¥5,935 million included in "Australian business structure improvement expenses," ¥(16,429) million included in "Other" and ¥(7,218) million listed in "Payment of Australian business structure improvement expenses" in the consolidated statements of cash flows for the fiscal year ended March 31, 2025 under "Cash flows from operating activities" have been reclassified as ¥159 million in "Loss on disaster," ¥(9,341) million of "Other," ¥(159) million in "Payments associated with disaster loss" and ¥(7,218) million in "Other" under the "Subtotal" section.

(Notes to Consolidated Balance Sheets)

*1. The amounts receivable arising from contracts with customers of notes and accounts receivable-trade are as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Notes receivable-trade	28,183	28,746
Accounts receivable-trade	152,113	152,482
Total	180,296	181,228

*2. Pledged assets and secured debts

Assets pledged as collateral and secured debts are as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Land	34	34

	As of March 31, 2025	As of March 31, 2026
Short-term loans payable	520	390

*3. Accounts related to unconsolidated subsidiaries and affiliates

Major accounts related to unconsolidated subsidiaries and affiliates are as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Investment securities (equity securities)	132,394	137,950
Other investments in unconsolidated subsidiaries and affiliates	208	136

4. Guarantee obligations

The Company guarantees the following obligations, including loans payable to financial institutions, etc., of companies other than consolidated subsidiaries.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Nippon Paper Chemicals Europe Zrt.	5,494	5,869
Employees (housing loans)	718	544
Nippon Paper Foodpac Pvt. Ltd.	720	486
Nippon Paper Viet Hoa My JSC	481	476
Other	60	55
Total	7,475	7,432

5. Loan commitment agreements (as lender)

The Company maintains loan commitment contracts with unconsolidated subsidiaries. The unexercised portion of facilities based on these contracts is as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Amount of loan commitment contracts	6,860	6,740
Amount of lending	6,274	6,065
Net	585	674

6. Loan commitment agreements (as borrower)

For efficient procurement of working capital, the Company maintains loan commitment contracts with its banks. The unexercised portion of facilities based on these contracts is as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Amount of loan commitment contracts	65,000	65,000
Amount of borrowing	—	—
Net	65,000	65,000

(Notes to Consolidated Statements of Operations)

*1. Revenue from contracts with customers

With regard to net sales, revenue from contracts with customers is not listed separately from other revenue. The amounts of revenue from contracts with customers are listed in "Notes – Segment Information – 3. Net sales, income or loss, assets and other items by reportable segment and disaggregation of revenue."

*2. The Company reduced the book value of inventory for which profitability had decreased. Cost of sales includes the following loss on valuation of inventory (Negative values indicate the amount of reversal).

(Millions of yen)

Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
(82)	(525)

*3. Research-and-development costs included in general and administrative expenses and manufacturing costs are as follows:

(Millions of yen)

Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
5,272	5,802

*4. Retirement benefit expenses included in general and administrative expenses are as follows:

(Millions of yen)

Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
(1,693)	(696)

*5. Depreciation expenses included in general and administrative expenses are as follows:

(Millions of yen)

Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
4,333	3,918

*6. Retirement Benefit Trust Refund Gains

Fiscal year ended March 31, 2025

The Company received partial refunds of assets from its retirement benefit trust, reflecting a significant surplus of trust assets over retirement benefit obligations, which is expected to continue. In connection with these refunds, the Company recognized the related unrecognized actuarial differences in a lump sum.

Fiscal year ended March 31, 2026

The Company received partial refunds of assets from its retirement benefit trust, reflecting a significant surplus of trust assets over retirement benefit obligations, which is expected to continue. In connection with these refunds, the Company recognized the related unrecognized actuarial differences in a lump sum.

*7 Loss on disaster

Fiscal year ended March 31, 2025

The loss was mainly due to restoration costs associated with the boiler accident that occurred at the Yatsushiro Mill of Nippon Paper Industries Co., Ltd. on December 19, 2024.

Fiscal year ended March 31, 2026

The loss was mainly due to restoration costs associated with the boiler accident that occurred at the Yatsushiro Mill of Nippon Paper Industries Co., Ltd. on December 19, 2024.

*8 Loss on retirement of non-current assets

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Machinery, equipment and vehicles	379	298
Removal cost	1,034	940
Other	382	1,079
Total	1,797	2,318

*9 Loss on suspension of operations

The amount represents fixed costs and other expenses related to the period during which production activities were temporarily suspended due to labor disputes that occurred at the consolidated subsidiary Opal on January 16, 2025.

*10 Impairment loss

Fiscal year ended March 31, 2025

The Group recorded the impairment loss of ¥13,329 million on the following assets.

(Millions of yen)

Application	Location	Impairment loss	Type	Notes
Other	Victoria state, Australia	6,807	Goodwill	Extraordinary loss “Impairment loss”
Assets to be retired	Victoria state, Australia Yatsushiro-shi, Kumamoto-ken, etc.	2,942	Machinery, equipment and vehicles, etc.	Extraordinary loss “Impairment loss”
Leased assets	Fuji-shi, Shizuoka-ken	2,894	Land	Extraordinary loss “Impairment loss”
Idle assets, etc.	Akita-shi, Akita-ken, etc.	684	Land, etc.	Extraordinary loss “Impairment loss”
Total		13,329		

To test indicators of the impairment of noncurrent assets, the Group groups assets mainly on a cash-generating unit basis for goodwill and business-use assets and on an individual property basis for leased assets, idle assets and assets to be retired.

Opal, a consolidated subsidiary, withdrew from the graphic paper business in 2023 and has been working to restructure production at its Maryvale Mill (Victoria, Australia). Based on its performance to date and following a careful consideration of its recoverable amount, the carrying amount was reduced to its recoverable amount. The resulting decrease has been recorded as an impairment loss under extraordinary losses. The recoverable amount of goodwill is measured at fair value, calculated by discounting future cash flows at a rate of 9.25%.

The breakdown of impairment losses of assets to be retired consists of ¥47 million for buildings and structures, ¥2,593 million for machinery, equipment and vehicles, ¥282 million for construction in progress, and ¥19 million for other. The breakdown of impairment losses of idle assets, etc. consists of ¥0 million for buildings and structures, ¥57 million for machinery, equipment and vehicles, ¥625 million for land, and ¥0 million for other. The recoverable amount of assets to be retired, leased assets, and idle assets is determined based on their net sale value or value in use. The net sale value was estimated based on a third-party appraisal value, in principle, or by any equivalent means. Because the period of estimation for the value in use is less than one year, the future cash flows are not discounted.

Fiscal year ended March 31, 2026

The Group recorded the impairment loss of ¥2,008 million on the following assets.

(Unit: Millions of yen)

Application	Location	Impairment loss	Type	Notes
Business-use assets	Eura, Finland	1,346	Machinery, equipment and vehicles, etc.	Extraordinary loss “Impairment loss”
Idle assets, etc.	Akita-shi, Akita-ken, etc.	465	Land, etc.	Extraordinary loss “Impairment loss”
Assets to be	Otake-shi,	196	Machinery, equipment and	Extraordinary loss “Impairment

retired	Hiroshima-ken, etc.		vehicles, etc.	loss”
Total		2,008		

To test indicators of the impairment of noncurrent assets, the Group groups assets mainly on a cash-generating unit basis for business-use assets and on an individual property basis for idle assets and assets to be retired.

The recoverable amount of business assets is measured by value in use. The recoverable amount of assets with expected future cash flows is calculated by discounting the value at 6.4%. The carrying amount of other assets is recorded as impairment loss.

The recoverable amount of idle assets and assets to be retired is determined based on their net sale value or value in use.

The breakdown of impairment losses of business-use assets consists of ¥571 million for buildings and structures, ¥698 million for machinery, equipment and vehicles, ¥75 million for construction in progress, and ¥1 million for intangible assets. The breakdown of impairment losses of idle assets, etc., consists of ¥53 million for machinery, equipment and vehicles, and ¥411 million for land. The breakdown of impairment losses of assets to be retired consists of ¥81 million for buildings and structures, ¥113 million for machinery, equipment and vehicles, ¥1 million for construction in progress, and ¥0 million for other.

The net sale value was estimated based on a third-party appraisal value, in principle, or by any equivalent means. Because the period of estimation for the value in use is less than one year, the future cash flows are not discounted.

(Notes to Consolidated Statements of Comprehensive Income)

* Reclassification adjustments and income tax effects on components of other comprehensive income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net unrealized holding gain on other securities:		
Amount recognized during the year	1,199	8,233
Reclassification adjustments	(4,992)	(5,091)
Before income taxes and income tax effect adjustment	(3,792)	3,141
Income taxes and tax effect	929	(1,029)
Net unrealized holding gain on other securities	(2,862)	2,111
Net deferred gain (loss) on hedges:		
Amount recognized during the year	2,827	5,979
Reclassification adjustments	(2,812)	(1,362)
Before income taxes and income tax effect adjustment	15	4,616
Income taxes and tax effect	(192)	(1,059)
Net deferred gain (loss) on hedges	(177)	3,557
Translation adjustments:		
Amount recognized during the year	7,926	10,821
Reclassification adjustments	—	—
Translation adjustments:	7,926	10,821
Remeasurements of defined benefit plans, net of tax		
Amount recognized during the year	14,761	6,625
Reclassification adjustments	(7,207)	(8,563)
Before income taxes and income tax effect adjustment	7,553	(1,938)
Income taxes and tax effect	(2,699)	616
Remeasurements of defined benefit plans, net of tax	4,854	(1,321)
Share of other comprehensive income of affiliates accounted for using the equity method:		
Amount recognized during the year	436	3,927
Reclassification adjustments	(72)	(175)
Share of other comprehensive income of affiliates accounted for using the equity method	364	3,751
Total other comprehensive income	10,104	18,920

(Notes to Consolidated Statements of Changes in Net Assets)

Fiscal year ended March 31, 2025

1. Matters related to outstanding shares

Type of shares	As of April 1, 2025	Increase	Decrease	As of March 31, 2026
Common stock (Shares)	116,254,892	—	—	116,254,892

2. Matters related to treasury stock

Type of shares	As of April 1, 2025	Increase	Decrease	As of March 31, 2026
Common stock (Shares)	851,948.70	7,098.00	38,328.56	820,718.14

Reasons for the change:

The increase in treasury stock (176,019 shares) resulted from the acquisition of shares of the Company through the Company's Board Benefit Trust (BBT) (170,500 shares) and the purchase of shares of less than one unit (5,519 shares).

The decrease in treasury stock (39,565.17 shares) resulted from the delivery of shares of the Company through the Company's Board Benefit Trust (BBT) (38,800 shares), the sale of shares of the Company by affiliates accounted for by the equity method (402.12shares), and a decrease in shares of the Company in the current fiscal year due to changes in equity in affiliates accounted for by the equity method (347.05 shares) and the sale of shares of less than one unit (16 shares).

The number of shares at the end of the fiscal year includes 288,000 shares of the Company held through the BBT.

3. Matters related to stock acquisition rights, etc.

None applicable.

4. Matters related to dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2024	Common stock	1,158	10	March 31, 2024	June 28, 2024

Note: The total amount of dividends resolved at the Ordinary General Meeting of Shareholders held on June 27, 2024 includes the amount of dividends (¥2 million) on shares of the Company held through the BBT.

(2) Dividends for which the record date falls in the fiscal year ended March 31, 2026, but for which the effective date comes after March 31, 2026

Resolution	Type of shares	Source of funds for dividends	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2025	Common stock	Retained earnings	1,158	10	March 31, 2025	June 30, 2025

Note: The total amount of dividends resolved at the Ordinary General Meeting of Shareholders held on June 27, 2025 includes the amount of dividends (¥2 million) on shares of the Company held through the BBT.

Fiscal year ended March 31, 2026

1. Matters related to outstanding shares

Type of shares	As of April 1, 2025	Increase	Decrease	As of March 31, 2026
Common stock (Shares)	116,254,892	-	-	116,254,892

2. Matters related to treasury stock

Type of shares	As of April 1, 2025	Increase	Decrease	As of March 31, 2026
Common stock (Shares)	820,718.14	226,132.27	100,461.00	946,389.41

Reasons for the change:

The increase of 226,132 shares in treasury shares is an increase of 220,400 shares due to the acquisition of the Company's shares by the Company's Board Benefit Trust (BBT), an increase of 5,727 shares due to the purchase of shares less than one unit, and an increase of 5 shares due to changes in the Company's equity interests in affiliates accounted for by the equity method.

The decrease of 100,461 shares in treasury shares is a decrease of 100,400 shares due to the delivery of shares of the Company through the Company's Board Benefit Trust (BBT) and a decrease of 61 shares due to the sale of shares that were less than one unit.

The number of shares at the end of the fiscal year includes 384,800 shares of the Company held through the BBT.

3. Matters related to share acquisition rights, etc.
None applicable.

4. Matters related to dividends
(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2025	Common stock	1,158	10	March 31, 2025	June 30, 2025
Board of Directors Meeting held on November 6, 2025	Common stock	579	5	September 30, 2025	December 1, 2025

Note: 1. The total amount of dividends resolved at the Ordinary General Meeting of Shareholders held on June 27, 2025 includes the amount of dividends (¥2 million) on shares of the Company held through the BBT.
2. The total amount of dividends resolved at the meeting of the board of directors held on November 6, 2025 includes the amount of dividends (¥0 million) on shares of the Company held through the BBT.

(2) Dividends for which the record date falls in the fiscal year ended March 31, 2026, but for which the effective date comes after March 31, 2027

Resolution	Type of shares	Source of funds for dividends	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2026	Common stock	Retained earnings	1,158	10	March 31, 2026	June 29, 2026

Note: The total amount of dividends resolved at the Ordinary General Meeting of Shareholders held on June 26, 2026 includes the amount of dividends (¥3 million) on shares of the Company held through the BBT.

(Notes to Consolidated Statement of Cash Flows)

* Cash and cash equivalents at year-end are reconciled to the amounts reported in the consolidated balance sheets as follows:

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash and deposits	185,941	207,411
Cash and cash equivalents	185,941	207,411

(Leases)

Operating lease transactions
As lessee:
Future minimum lease payments for noncancelable operating leases are summarized as follows:

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Due within one year	2,477	2,474
Due after one year	4,831	2,375
Total	7,309	4,849

Notes: 1. As certain overseas consolidated subsidiaries have applied the IFRS No. 16 “Leases,” operating leases related to such subsidiaries are not included.
2. As overseas consolidated subsidiaries that use the US-GAAP have applied the U.S. Financial Accounting Standards Board Accounting Standards Codification (ASC) 842 “Leases”, operating leases related to such subsidiaries are not included.

As lessor:

Future minimum lease income for noncancelable operating leases is summarized as follows:

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Due within one year	195	195
Due after one year	1,976	1,781
Total	2,172	1,976

(Financial Instruments)

1. Status of financial instruments

(1) Policy for financial instruments

Domestically, the Group has implemented a Cash Management System (CMS), which is controlled by the finance department of the Company, to manage funds within the Group. The Group manages temporary cash surpluses through low-risk financial assets.

The Group raises funds it requires through bank borrowings, commercial paper and bond issuances based on projected cash demand according to the Group's capital investment plans. The Group spreads out repayment dates so that it can secure long-term capital continually. Furthermore, the Group diversifies financing resources to maintain liquidity, raising short-term working capital through bank loans, commitment line contracts and securitization of receivables and notes.

The Group adheres to a policy of using derivative transactions for the purpose of reducing interest rate fluctuation risk, foreign currency exchange risk and price fluctuation risk, and it does not enter into speculative transactions.

(2) Types of financial instruments and related risk

Trade receivables—trade notes and accounts receivable—are exposed to credit risk in relation to buyers. The due dates for all receivables and notes should be within one year. In addition, the Group is exposed to foreign currency exchange risk arising from receivables and notes denominated in foreign currencies. In principle, foreign currency exchange risk is hedged by forward foreign exchange contracts while the amounts of such receivables and notes are continually within that of liabilities denominated in foreign currencies.

Investments in securities mainly consist of shares of business partners and affiliates. The Group is exposed to market risk for listed securities.

Trade payables—trade notes and accounts payable—are due within one year. The payables denominated in foreign currencies are exposed to foreign currency exchange risk, which is hedged by foreign currency forward contracts.

The Group raises funds through short-term borrowings for working capital and raises funds through long-term loans payable and bonds mainly for capital investments. Some long-term loans payable bears variable interest rates and therefore is exposed to interest rate fluctuation risk. To reduce and fix interest expense for long-term loans payable bearing interest at variable rates, the Group utilizes interest rate swap and currency and interest rate swap transactions as a hedging instrument on an individual basis.

Regarding derivatives, the Group enters into forward foreign currency contracts to reduce the foreign exchange risk arising from receivables and payables denominated in foreign currencies and forecast transactions denominated in foreign currencies. The Group also enters into interest rate swap transactions to reduce fluctuation risk for interest payable for long-term loans payable bearing interest at variable rates. The Group also enters into currency and interest rate swap transactions to reduce exchange and interest rate fluctuation risk for loans payable denominated in foreign currencies, crude oil swap transactions to reduce price fluctuation risk on certain fuel purchase transactions, and commodities futures transactions to reduce price fluctuation risk on power purchase transactions.

For information regarding the method of hedge accounting, such as hedging instruments, hedged items, hedging policy and the assessment of the effectiveness of hedging activities, please refer to "Notes - Significant Matters Providing the Basis for the Preparation of the Consolidated Financial Statements, 4. Significant accounting policies, (7) Significant hedge accounting methods."

(3) Risk management for financial instruments

① Monitoring of credit risk (the risk that buyers or counterparties may default)

The Group's marketing division and finance division have established a regular screening system to monitor the financial status of clients, which allows them to closely supervise transactions, in accordance with the credit management rules prepared by the Company and its respective consolidated subsidiaries based on the "Group credit management policy." The two divisions give each other frequent and detailed reports on the status of credit collections on a daily basis to minimize risks. The divisions acquire information on clients in financial difficulty to protect related claims.

For all derivative transactions, the Group enters into transactions only with financial institutions that have a sound credit profile to minimize counterparty risk.

② Management of market risks (the risks arising from fluctuations in exchange rates, interest rates, prices, etc.)

To minimize the foreign exchange risk arising from trade receivables and payables denominated in foreign currencies and forecast transactions denominated in foreign currencies, the Group identifies the risk deriving from future export and import transactions for each currency twice each year and enters into forward foreign exchange contracts to hedge such risk.

The Group enters into interest rate swap transactions to minimize interest rate fluctuation risk for loans payable and bonds bearing interest at variable rates, and enters into currency and interest rate swap transactions to minimize exchange and interest rate fluctuation risk for foreign currency denominated loans payable. The Group

also regularly monitors the ratio of loans with fixed interest rates and ones with variable interest rates, and optimizes such ratio according to interest rate movements.
The Group uses crude oil swap transactions to reduce the risk of price fluctuations for certain fuel purchases, and commodity futures transactions to reduce the risk of price fluctuations for power purchases.
As to investments in securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers. In addition, the Group periodically evaluates whether to continue to hold certain securities taking into account the relationship with the issuers.

③ Monitoring of liquidity risk (the risk that the Group might not be able to meet its obligations on scheduled due dates)
In the Group, to minimize liquidity risk, the finance department of the Company prepares a cash flow plan every half year, which is updated on monthly and daily basis.
The Group obtains funds in consideration of diversification of fund-raising schemes, lengthens loan periods and staggers maturities to minimize refinancing risk. In addition, to diminish liquidity risk, the Group enters into commitment line contracts and overdraft arrangements with financial institutions.

(4) Supplementary explanation of items relating to the fair values of financial instruments
Because various assumptions and factors are reflected in estimating the fair value of financial instruments, different assumptions and factors could result in a different fair value. In addition, the contract amounts of derivatives provided in “Derivatives” in the Notes to Consolidated Financial Statements are not necessarily indicative of the actual market risk involved in derivative transactions.

2. Estimated fair value and other matters related to financial instruments
The book value of financial instruments on the consolidated balance sheets and their estimated fair value, as well as the difference between these values, are shown in the following table.

As of March 31, 2025

(Millions of yen)

	Book value	Fair value	Difference
(1) Notes and accounts receivable-trade	180,296	180,296	—
(2) Investments in securities			
Other securities	36,545	36,545	—
Stocks of subsidiaries and affiliates	61,817	59,260	(2,557)
Golf club membership	105	314	209
Total assets	278,765	276,418	(2,347)
(3) Notes and accounts payable-trade	142,222	142,222	—
(4) Short-term loans payable	231,334	231,284	(49)
(5) Long-term loans payable	560,682	523,229	(37,452)
Total liabilities	934,238	896,736	(37,502)
(6) Derivatives (*3)	30,626	30,626	—

*1. “Cash and deposits” has been omitted because it represents cash and the book value of deposits approximates the fair value as deposits are settled in a short period of time.
*2. Shares etc., that do not have a market price are not included in “(2) Investments in securities.” The book values of the relevant financial instruments are as follows:

Classification	As of March 31, 2025
Unlisted equity securities	74,515

*3. Net assets and liabilities arising from derivatives are presented on a net basis, and net liabilities in total are presented in parentheses.

As of March 31, 2026

(Millions of yen)

	Book value	Fair value	Difference
(1) Notes and accounts receivable-trade	181,228	181,228	—
(2) Investments in securities			
Other securities	37,702	37,702	—
Stocks of subsidiaries and affiliates	65,063	91,651	26,588
Golf club membership	105	330	225
Total assets	284,098	310,912	26,813
(3) Notes and accounts payable-trade	135,711	135,711	—
(4) Short-term loans payable	192,341	192,029	(312)
(5) Long-term loans payable	610,911	559,752	(51,159)
Total liabilities	938,964	887,492	(51,471)
(6) Derivatives (*3)	35,182	35,182	—

*1. "Cash and deposits" has been omitted because it represents cash and the book value of deposits approximates the fair value as deposits are settled in a short period of time.

*2. Shares etc., that do not have a market price are not included in "(2) Investments in securities." The book values of the relevant financial instruments are as follows:

Classification	As of March 31, 2026
Unlisted equity securities	76,776

*3. Net assets and liabilities arising from derivatives are presented on a net basis, and net liabilities in total are presented in parentheses.

Notes:

1. Redemption schedule for receivables after the consolidated balance sheet date

As of March 31, 2025

(Millions of yen)

	Within one year	Over 1 but within 5 years	Over 5 but within 10 years	Over 10 years
Cash and deposits	(*) 185,850	—	—	—
Notes and accounts receivable-trade	180,296	—	—	—
Total	366,147	—	—	—

*"Cash and deposits" does not include the amount of cash on hand.

As of March 31, 2026

	Within one year	Over 1 but within 5 years	Over 5 but within 10 years	Over 10 years
Cash and deposits	(*) 207,352	—	—	—
Notes and accounts receivable-trade	181,228	—	—	—
Total	388,580	—	—	—

*"Cash and deposits" does not include the amount of cash on hand.

2. Redemption schedule for long-term loans payable and other interest-bearing debt after the consolidated balance sheet date

As of March 31, 2025

(Millions of yen)

	Within one year	Over 1 but within 2 years	Over 2 but within 3 years	Over 3 but within 4 years	Over 4 but within 5 years	Over 5 years
Short-term loans payable	125,835	—	—	—	—	—
Long-term loans payable	105,498	65,685	48,714	70,041	90,899	285,340
Total	231,334	65,685	48,714	70,041	90,899	285,340

As of March 31, 2026

(Millions of yen)

	Within one year	Over 1 but within 2 years	Over 2 but within 3 years	Over 3 but within 4 years	Over 4 but within 5 years	Over 5 years
Short-term loans payable	126,340	—	—	—	—	—
Long-term loans payable	66,000	48,774	78,522	89,318	152,813	241,482
Total	192,341	48,774	78,522	89,318	152,813	241,482

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

As of March 31, 2025

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other securities	36,545	—	—	36,545
Derivatives	—	30,626	—	30,626

As of March 31, 2026

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other securities	37,702	—	—	37,702
Derivatives	—	35,182	—	35,182

(2) Financial instruments other than those measured at fair value

As of March 31, 2025

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable-trade	—	180,296	—	180,296
Notes and accounts payable-trade	—	142,222	—	142,222
Short-term loans payable	—	231,284	—	231,284
Long-term loans payable	—	523,229	—	523,229
Investments in securities				
Stocks of subsidiaries and affiliates	59,260	—	—	59,260
Golf club membership	—	314	—	314

As of March 31, 2026

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable-trade	—	181,228	—	181,228
Notes and accounts payable-trade	—	135,711	—	135,711
Short-term loans payable	—	192,029	—	192,029
Long-term loans payable	—	559,752	—	559,752
Investments in securities				
Stocks of subsidiaries and affiliates	91,651	—	—	91,651
Golf club membership	—	330	—	330

Note: A description of the valuation technique(s) and inputs used in the fair value measurement

Investments in securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1. For information on other securities, please refer to "Securities" in the Notes to Consolidated Financial Statements.

Derivatives

Currency, interest rates and commodities subject to principle accounting are measured using prices quoted by counterparty financial institutions regarding the relevant transactions, and are classified as Level 2.

Since those, to which the exceptional accounting for interest rate swap and the integrated accounting for interest rate and currency swap were applied, are treated as a part of the hedged long-term loan payable, the fair value of them are included in the fair value of relevant long-term loan payable (see "Long-term loan payable" below).

Since those, to which the appropriation method was applied, such as the forward exchange contracts, etc., were treated as a part of hedged accounts receivable-trade, notes payable and accounts payable-trade, their fair values are included in the fair values of accounts receivable-trade, notes payable, and accounts payable-trade.

For information on derivatives, please refer to "Derivatives" in the Notes to Consolidated Financial Statements.

Notes and accounts receivable-trade

The fair value of these items is measured using the discounted cash flow method based on the amount of receivables, period to maturity and an interest rate reflecting credit risk, for each receivable categorized by a specified period, and is classified as Level 2.

Notes and accounts payable-trade and short-term loans payable

The fair value of these items is measured using the discounted cash flow method based on future cash flows, period to repayment and an interest rate reflecting credit risk, for each liability categorized by a specified period, and is classified as Level 2.

Long-term loans payable

The fair value of long-term loans payable is calculated by classifying the total amount of principal and interest by a specified period and discounting its future cash flow at a rate determined based on the risk-free rate and the credit spread. It is therefore classified as Level 2.

Long-term loans payable with variable interest rates are covered by interest rate swap transactions that meet special accounting criteria and currency and interest rate swaps that meet integral accounting criteria (see the Derivatives section above) and are accounted for together with the corresponding interest rate swaps and currency and interest rate swaps. The fair value of such loans is calculated by discounting the total amount of principal and interest of the loans thus accounted for at a rate determined as stated above.

Golf club membership

Golf club membership is assessed using prices quoted by shops handling golf club memberships. However, they are not deemed to be quoted prices in active markets and accordingly, the fair value is classified as Level 2.

(Securities)

1. Other securities

As of March 31, 2025

(Millions of yen)

	Book value	Cost	Valuation difference
Securities for which the book value exceeds their cost: Equity securities	36,367	15,971	20,396
Subtotal	36,367	15,971	20,396
Securities for which the book value does not exceed their cost: Equity securities	177	218	(40)
Subtotal	177	218	(40)
Total	36,545	16,189	20,356

Note: With regard to the fair value of unlisted equity securities as of March 31, 2025 (¥3,938 million on the consolidated balance sheet), given that those securities do not have market prices, they are not included in “other securities” above.

As of March 31, 2026

(Millions of yen)

	Book value	Cost	Valuation difference
Securities for which the book value exceeds their cost: Equity securities	37,603	14,352	23,251
Subtotal	37,603	14,352	23,251
Securities for which the book value does not exceed their cost: Equity securities	98	118	(19)
Subtotal	98	118	(19)
Total	37,702	14,470	23,232

Note: Because the fair value of unlisted equity securities as of March 31, 2026 (¥3,889 million on the consolidated balance sheet) is extremely difficult to determine, given that those securities do not have market prices, they are not included in “other securities” above.

2. Sales of other securities

Fiscal year ended March 31, 2025

(Millions of yen)

	Sales	Aggregate gain	Aggregate loss
Equity securities	7,800	4,992	–

Fiscal year ended March 31, 2026

	Sales	Aggregate gain	Aggregate loss
Equity securities	7,277	5,106	14

3. Impairment of securities

For the fiscal year ended March 31, 2025, the Company recorded a loss on impairment of securities in the amount of ¥0 million (including ¥0 million of equity securities that do not have a market price).

There were no impairment losses on securities during the fiscal year ended March 31, 2026.

Loss on impairment of securities are recorded for all securities for which the fair values at year-end have declined by 50% or more, compared with their acquisition costs. The impairment of securities for which the rate of decline in fair value is between 30% and 50% depends on how significant the amount of the decline is, how the decline is recoverable and other factors.

(Derivatives)

1. Derivative instruments not subject to hedge accounting

(1) Currency-related transactions

As of March 31, 2025

(Millions of yen)

	Hedging instrument	Contract amount	More than 1 year	Fair value	Valuation gain/loss
Off-market transactions	Foreign exchange forward contracts				
	Sell				
	Australian dollars	15,569	—	313	313
	U.S. dollars	1,574	—	(30)	(30)
	Euros	1,766	—	5	5

As of March 31, 2026

(Millions of yen)

	Hedging instrument	Contract amount	More than 1 year	Fair value	Valuation gain/loss
Off-market transactions	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	1,486	—	27	27
	Euros	3,185	—	4	4
	Buy				
	U.S. dollars	11	—	0	0

(2) Interest-related transactions

As of March 31, 2025

(Millions of yen)

	Hedging instrument	Contract amount	More than 1 year	Fair value	Valuation gain/loss
Off-market transactions	Interest rate swap transactions				
	Pay/fixed and receive/floating	3,166	3,166	(119)	(119)
	Receive/fixed and pay/floating	3,166	3,166	119	119

As of March 31, 2026

(Millions of yen)

	Hedging instrument	Contract amount	More than 1 year	Fair value	Valuation gain/loss
Off-market transactions	Interest rate swap transactions				
	Pay/fixed and receive/floating	3,539	3,539	(50)	(50)
	Receive/fixed and pay/floating	3,539	3,539	50	50

(3) Commodities-related transactions

As of March 31, 2025

(Millions of yen)

	Hedging instrument	Contract amount	More than 1 year	Fair value	Valuation gain/loss
Off-market transactions	Commodity swaps Pay/fixed and receive/floating	2,841	405	103	103

As of March 31, 2026

(Millions of yen)

	Hedging instrument	Contract amount	More than 1 year	Fair value	Valuation gain/loss
Off-market transactions	Commodity swaps Pay/fixed and receive/floating	1,437	―	763	763

2. Derivative instruments subject to hedge accounting

(1) Currency-related transactions

As of March 31, 2025

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value (Note)
Deferral hedge method	Foreign exchange forward contracts				
	Sell	Accounts receivable-trade			
	U.S. dollars		6,007	―	95
	Other		3,139	―	1
	Buy	Notes and accounts payable-trade			
	U.S. dollars		101,334	69,543	23,961
	Other		10,342	2,336	906

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value (Note)
Allocation method *(Furiate-shori)*	Foreign exchange forward contracts				(Note)
	Sell	Accounts receivable-trade			
	U.S. dollars		694	―	
	Other		92	―	
	Buy	Notes and accounts payable-trade			
	U.S. dollars		1,064	―	

Note: Foreign exchange forward contracts subject to the allocation method are recognized together with hedged items (i.e., accounts receivable-trade, notes and accounts payable-trade). The fair values of such transactions are included in those of the relevant hedged items.

As of March 31, 2026

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value
Deferral hedge method	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	6,981	—	34
	Other		22	—	△0
	Buy				
	U.S. dollars	Notes and accounts payable-trade	94,519	66,930	30,312
	Other		4,703	1,099	921

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value
Allocation method *(Furiate-shori)*	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	768	—	(Note)
	Other		79	—	
	Buy				
	U.S. dollars	Notes and accounts payable-trade	1,035	—	

Note: Foreign exchange forward contracts subject to the allocation method are recognized together with hedged items (i.e., accounts receivable-trade, notes and accounts payable-trade). The fair values of such transactions are included in those of the relevant hedged items.

(2) Interest rate-related transactions

As of March 31, 2025

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value
Deferral hedge method	Interest rate swap transaction Pay/fixed and receive/floating	Long-term loans payable	25,136	21,505	754
Exceptional accounting method (*Tokurei-shori*)	Interest rate swap transaction Pay/fixed and receive/floating	Long-term loans payable	147,700	143,000	(Note)

Note: Interest-rate swaps that qualify for the exceptional accounting method are recognized together with the corresponding long-term loans payable. The fair values of such transactions are included in those of the loans.

As of March 31, 2026

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value
Deferral hedge method	Interest rate swap transaction Pay/fixed and receive/floating	Long-term loans payable	22,790	18,500	1,434
Exceptional accounting method (*Tokurei-shori*)	Interest rate swap transaction Pay/fixed and receive/floating	Long-term loans payable	149,000	139,000	(Note)

Note: Interest-rate swaps that qualify for the exceptional accounting method are recognized together with the corresponding long-term loans payable. The fair values of such transactions are included in those of the loans.

(3) Currency and interest rate-related transactions

As of March 31, 2025

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value
Integral accounting method (*Ittai-shori*)	Currency and interest rate swap transaction Pay/fixed and receive/floating Pay/JPY and receive/USD	Long-term loans payable	7,122	—	(Note)

Note: Currency and interest rate swaps that qualify for the integral accounting method are recognized together with the corresponding long-term loans payable. The fair values of such transactions are included in those of the loans.

As of March 31, 2026

None applicable.

(4) Commodities-related transactions

As of March 31, 2025

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value
Deferral hedge method	Commodity swaps Pay/fixed and receive/floating	Brent crude	2,745	—	699
Deferral hedge method	Commodity futures transactions	Power	4,396	2,930	3,814

As of March 31, 2026

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value
Deferral hedge method	Commodity futures transactions	Power	3,118	1,559	1,684

(Retirement Benefits)

1 .Overview of retirement benefit plans

The Company and its consolidated subsidiaries adopt funded and unfunded types of defined-benefit plans and defined-contribution plans.

Defined-benefit corporate pension plans offer lump-sum or pension payments mainly according to the employee's salary and period of service.

Employee retirement benefit trusts are set up for some defined-benefit corporate pension plans. Lump-sum payment plans – which are basically unfunded, although the creation of retirement benefit trusts has resulted in some plans becoming funded – offer lump-sum payments as retirement benefits according to the employee's salary and period of service.

Defined-benefit corporate pension plans and lump-sum payment plans adopted by some consolidated subsidiaries use a simplified method to calculate net defined benefit liability and retirement benefit expenses.

2 . Defined-benefit plans

(1) Reconciliation between the beginning and ending balances of retirement benefit obligations (excluding plans using a simplified method)

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Retirement benefit obligations at the beginning of year	103,596	86,930
Service cost	2,132	1,845
Interest cost	786	1,891
Actuarial differences generated	(11,727)	505
Past service cost incurred	(436)	(399)
Retirement benefits paid	(7,888)	(7,929)
Other	466	33
Retirement benefit obligations at the end of year	86,930	82,877

(2) Reconciliation between the beginning and ending balances of plan assets (excluding plans using a simplified method)

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Plan assets at the beginning of year	135,621	126,012
Expected return on plan assets	2,751	2,159
Actuarial differences generated	4,135	8,379
Contribution from employers	794	406
Retirement benefits paid	(7,162)	(7,165)
Refund from retirement benefit trust	(10,000)	(10,000)
Other	(127)	69
Plan assets at the end of year	126,012	119,862

(3) Reconciliation between the beginning and ending balances of net defined benefit liability for plans using a simplified method

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net defined benefit liability at the beginning of year	1,911	1,577
Retirement benefit expenses	249	386
Retirement benefits paid	(425)	(363)
Contribution to plans	(223)	(231)
Other	65	45
Net defined benefit liability at the end of year	1,577	1,414

(4) Reconciliation between the ending balances of retirement benefit obligations and plan assets and the net defined benefit liability and net defined benefit asset reported on the consolidated balance sheets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Retirement benefit obligations for funded plans	89,510	85,640
Plan assets	(130,520)	(124,484)
	(41,010)	(38,843)
Retirement benefit obligations for unfunded plans	3,505	3,273
Net asset or liability reported on the consolidated balance sheets	(37,504)	(35,570)
Net defined benefit liability	8,995	7,921
Net defined benefit asset	(46,500)	(43,492)
Net asset or liability reported on the consolidated balance sheets	(37,504)	(35,570)

Note: Plans using a simplified method are included.

(5) Breakdown of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Service cost	2,132	1,845
Interest cost	786	1,891
Expected return on plan assets	(2,751)	(2,159)
Amortization of unrecognized actuarial differences	(2,712)	(3,177)
Amortization of unrecognized prior service cost	(950)	(664)
Retirement benefit expenses calculated by a simplified method	249	386
Retirement benefit expenses for defined benefit plans	(3,245)	(1,877)
Special retirement benefits (Note 1)	5,312	—
Gain on refund from retirement benefit trust(Note 2)	(5,079)	(6,369)

Notes:
1. Special retirement benefits are included in “Other” under “Extraordinary loss.”
2. Included in “Gain on refund from retirement benefit trust” under “Extraordinary income.”

(6) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans in other comprehensive income consist of the following (before tax effect).

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Past service costs	514	664
Actuarial differences	(8,068)	1,273
Total	(7,553)	1,938

(7) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans in accumulated other comprehensive income consist of the following (before tax effect).

	As of March 31, 2025	As of March 31, 2026
Unrecognized past service costs	(2,726)	(2,062)
Unrecognized net actuarial differences	(44,153)	(42,879)
Total	(46,880)	(44,941)

(8) Matters regarding plan assets

① Major components of plan assets

Plan assets mainly consist of the following:

	As of March 31, 2025	As of March 31, 2026
Stocks	53%	39%
Bonds	22%	28%
General account	5%	24%
Cash and deposits	19%	8%
Other	1%	1%
Total	100%	100%

Note: Total plan assets for the fiscal years ended March 31, 2025 and March 31, 2026 include securities contributed to the retirement benefit trust (30% and 27%) created for corporate pension plans, respectively.

② Method for determining the long-term expected rate of return on plan assets

To determine the long-term expected rate of return on plan assets, the current and expected portfolio of plan assets and the current and future expected long-term profitability of the various plan assets are considered.

(9) Assumptions used in actuarial calculations

Major assumptions used in actuarial calculations are as follows:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Discount rates	Mainly 2.1%	Mainly 2.1%
Long-term expected rates of return on plan assets	Mainly 2.0%	Mainly 1.5%

Note: Expected rate of salary increase is not presented because the Company and its consolidated subsidiaries do not generally use it in actuarial calculations for their retirement benefit plans.

３.Defined-contribution plans

The required amount of contribution to the defined-contribution plans was ¥2,529 million for the fiscal year ended March 31, 2025 and ¥2,773 million for the fiscal year ended March 31, 2026.

(Tax-effect Accounting)

1 . Significant components of deferred tax assets and liabilities

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Deferred tax assets:		
Accrued enterprise taxes	475	654
Accrued bonuses	2,461	2,583
Net defined benefit liability	3,222	2,839
Impairment loss	24,875	24,184
Loss on valuation of investment securities	2,236	2,252
Provision for environmental measures	2,019	1,334
Unrealized profit eliminated in consolidation	1,334	1,198
Tax loss carryforwards (Note 2)	66,928	70,345
Loss on revaluation of land	12,279	12,279
Other	15,326	15,205
Gross deferred tax assets	131,160	132,877
Valuation allowance relating to tax loss carryforwards (Note 2)	(60,591)	(65,543)
Valuation allowance for total deductible temporary differences	(47,514)	(48,635)
Valuation allowance subtotal (Note 1)	(108,105)	(114,179)
Total deferred tax assets	23,054	18,698
Deferred tax liabilities:		
Reserve for advanced depreciation of noncurrent assets		
Unrealized holding gain on other securities	(2,106)	(2,101)
Net Deferred gain (loss) on hedges	(6,046)	(7,380)
Assets Related to Retirement Benefits	(7,957)	(10,032)
Gain on revaluation of land, etc.	(13,991)	(13,223)
Other	(26,419)	(26,415)
Total deferred tax liabilities	(10,686)	(10,236)
Net deferred tax liabilities	(67,207)	(69,389)
Deferred tax assets:	(44,152)	(50,691)

Notes:

1. The primary reason for the Increase in valuation allowance for net operating loss carryforwards of overseas subsidiaries for tax purposes and decrease in valuation allowance for the total amount of deductible temporary differences.
2. Tax loss carryforwards and deferred tax assets amounts by carryforward periods.

As of March 31, 2025

(Millions of yen)

	Within one year	Over 1 but within 2 years	Over 2 but within 3 years	Over 3 but within 4 years	Over 4 but within 5 years	Over 5 years	Total
Tax loss carryforwards (a)	3,433	470	—	247	4,063	58,713	66,928
Valuation allowance	(3,433)	(470)	—	(247)	(4,063)	(52,376)	(60,591)
Deferred tax assets	—	—	—	—	—	6,336	6,336

(a) Tax loss carryforwards are calculated based on the statutory tax rate.

(b) No valuation allowance is recognized for the portion of net operating loss carryforwards for tax purposes that are determined to be recoverable based on estimates of future taxable income and other factors.

As of March 31, 2026

(Millions of yen)

	Within one year	Over 1 but within 2 years	Over 2 but within 3 years	Over 3 but within 4 years	Over 4 but within 5 years	Over 5 years	Total

Tax loss carryforwards (a)	171	—	247	4,063	626	65,237	70,345
Valuation allowance	(171)	—	(247)	(4,063)	(626)	(60,435)	(65,543)
Deferred tax assets	—	—	—	—	—	4,801	4,801

(c) Tax loss carryforwards are calculated based on the statutory tax rate.

(d) No valuation allowance is recognized for the portion of net operating loss carryforwards for tax purposes that are determined to be recoverable based on estimates of future taxable income and other factors.

２.Reconciliation of the effective tax rate and the statutory tax rate

	As of March 31, 2025	As of March 31, 2026
Statutory tax rate	30.6%	30.6%
(Adjustments)		
Entertainment expenses not qualifying for deduction	1.8	0.9
Dividend income excluded from gross revenue	(2.8)	(1.2)
Inhabitant tax per capita, etc.	1.7	0.9
Tax credits	(1.7)	(2.6)
Increase or decrease in valuation allowance	13.2	7.7
Expiration of tax loss carryforwards	0.3	6.0
Amortization of goodwill	2.8	―
Impairment loss on goodwill	16.4	―
Equity in gain and loss of affiliates	(22.3)	(7.1)
Retained earnings of affiliated companies	0.2	0.8
Difference in tax rates of consolidated subsidiaries	2.4	1.2
Other	1.0	6.4
Effective tax rate after adoption of tax-effect accounting	43.6	43.6

(Changes in presentation)

"Expiration of tax loss carryforwards" and "Retained earnings of affiliated companies," which were included in "Other" in the fiscal year ended March 31, 2025, are listed as separate items from the fiscal year ended March 31, 2026 due to their increased materiality. In addition, "Upward adjustment of deferred tax assets and liabilities at the end of the period due to a change in tax rate," which was listed separately in the fiscal year ended March 31, 2025, is included in "Other" from the fiscal year ended March 31, 2026 due to its decreased materiality. To reflect this change in presentation, the notes for the fiscal year ended March 31, 2025 have been reclassified.

As a result, "Upward adjustment of deferred tax assets and liabilities at the end of the period due to a change in tax rate" of 7.9% and "Other" of (6.4)% in the fiscal year ended March 31, 2025 have been reclassified as "Expiration of tax loss carryforwards" 0.3%, "Retained earnings of affiliated companies" 0.2% and "Other" 1.0%.

３.Accounting treatment of corporate and local income taxes or tax effect accounting related thereto

The Company and certain domestic subsidiaries adopted the group tax sharing system. The Company follows the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42; August 12, 2021) for accounting treatment and disclosure of corporate income taxes, local corporate income taxes, and tax effect accounting related thereto.

(Asset Retirement Obligations)

Due to its low significance, detailed information regarding asset retirement obligations is not provided, although the Group reports asset retirement obligations.

(Investment and Rental Property)

Due to its low significance, detailed information regarding investment and rental property is not provided, although the Group has rental property and idle land and buildings.

(Revenue Recognition)

1. Disaggregation of revenue from contracts with customers
   The disaggregation of revenue from contracts with customers is as presented in "Notes – Segment Information."

2. Useful information in understanding revenue from contracts with customers
   Useful information in understanding revenue is as presented in "Notes - Significant Matters Providing the Basis for the Preparation of the Consolidated Financial Statements – 4. Significant accounting policies – (5) Standards for recognizing significant revenue and expenses."

3. Useful information on the relationship between the satisfaction of performance obligations according to contracts with customers and cash flows generated from such contracts, and on the amounts and timing of revenue from contracts with existing customers as of the end of the current fiscal year that is expected to be recognized during or after the following fiscal year

(1) Balance, etc. of contract assets and contract liabilities

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Receivables from contracts with customers (Beginning balance)	204,990	180,296
Receivables from contracts with customers (Ending balance)	180,296	181,228

The balances of contract assets and contract liabilities of the Group are not significant and have not undergone any major fluctuations, and thus statement thereof is omitted. Additionally, there are no significant amounts of revenue recognized in the current fiscal year and the previous fiscal year as a result of performance obligations satisfied (or partially satisfied) in prior periods.

(2) Transaction price allocated to remaining performance obligations

For the current fiscal year and the previous fiscal year, in the sales of finished goods and merchandise in the paper and paperboard business, the daily-life products business and the wood products and construction-related business, there are no significant transactions with an expected term of contract exceeding one year, and in the wholesale, supply, and sales of electrical power in the energy business, revenue is recognized in accordance with Paragraph 19 of the "Implementation Guidance on Accounting Standard for Revenue Recognition," and therefore, statement thereof is omitted.

(Segment Information)

[Segment information]

1. Overview of reportable segments

(1) Method of determining reportable segments

The reportable segments of the Company are defined as individual units, for which independent financial information is available and which are subject to regular review to evaluate their results and decide the allocation of management resources by the Board of Directors of the Company.

The Company recognizes its consolidated subsidiaries as the units that define its business segments because those are used as the main basis to evaluate results. The reportable segments are defined by integrating business segments that exhibit similarities in terms of economic characteristics, markets for products and services, or customers.

(2) Types of products and services of each reportable segment

The principal products and services of each reportable segment are as follows:

Paper and paperboard segment:
Manufacturing and marketing of paper, paperboard, pulp and materials for paper making

Daily-life products segment:
Manufacturing and marketing of household paper, processed paper goods and chemical products

Energy segment:
Generating and marketing of electric power

Wood products and construction-related segment:
Stocking, manufacturing and marketing of lumber and building materials, as well as civil engineering and construction

2. Method used to calculate net sales, income or loss, assets and other items by reportable segments

Accounting methods applied for the reportable segments are the same as those described under “Significant Matters Providing the Basis for the Preparation of the Consolidated Financial Statements.”

Income for each reportable segment denotes operating income, and intersegment sales and transfers are based on market prices in general.

3 . Net sales, income or loss, assets and other items by reportable segment, and disaggregation of revenue

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segments					Other[1]	Total	Adjustment[2, 3]	Consolidated[4]
	Paper and paperboard	Daily-life products	Energy	Wood products and construction-related	Subtotal				
Net sales									
Goods transferred at a point in time	565,911	457,880	2,290	72,162	1,098,245	15,193	1,113,439	—	1,113,439
Goods and services transferred over time	—	—	46,005	6,598	52,603	15,925	68,529	—	68,529
Revenue from contracts with customers	565,911	457,880	48,295	78,760	1,150,849	31,119	1,181,968	—	1,181,968
Revenue from other sources	—	—	—	—	—	463	463	—	463
Sales to third parties	565,911	457,880	48,295	78,760	1,150,849	31,582	1,182,431	—	1,182,431
Intersegment sales and transfers	21,505	7,015	—	74,205	102,725	49,578	152,304	(152,304)	—
Total	587,416	464,896	48,295	152,966	1,253,575	81,160	1,334,735	(152,304)	1,182,431
Segment income (loss)	8,268	(6,137)	3,559	9,582	15,273	3,002	18,276	1,430	19,706
Segment assets	647,655	529,230	110,830	76,271	1,363,987	34,041	1,398,028	305,279	1,703,308
Other items:									
Depreciation	25,217	34,160	5,058	917	65,353	1,288	66,642	—	66,642
Amortization of goodwill	—	1,152	—	—	1,152	—	1,152	—	1,152
Increase in property, plant and equipment and intangible assets	24,033	25,862	28	1,630	51,555	831	52,386	—	52,386

Notes:
1. The "Other" category is a business segment that includes the logistics, leisure and other businesses, and is not a reportable segment.
2. The segment income (loss) adjustments are due to intersegment elimination, etc.
3. The segment assets adjustment of ¥305,279 million includes ¥(43,053) million of intersegment eliminations for receivables and payables and ¥348,333 million of corporate assets that are not allocated to reportable segments. The corporate assets mainly consist of "cash and deposits" for the management of surplus funds, "investments in securities" for long-term investment and "deferred tax assets," which are not allocatable to reportable segments.
4. Adjustments are made to reconcile segment income (loss) with operating income in the consolidated statements of operations.

Fiscal year ended March 31, 2026

(Millions of yen)

	Reportable segments					Other[1]	Total	Adjustment[2, 3]	Consolidated[4]
	Paper and paperboard	Daily-life products	Energy	Wood products and construction-related	Subtotal				
Net sales									
Goods transferred at a point in time	557,863	482,017	1,997	70,912	1,112,791	15,724	1,128,516	—	1,128,516
Goods and services transferred over time	—	—	41,197	5,617	46,814	16,806	63,621	—	63,621
Revenue from contracts with customers	557,863	482,017	43,195	76,530	1,159,606	32,531	1,192,137	—	1,192,137
Revenue from other sources	—	—	—	—	—	469	469	—	469
Sales to third parties	557,863	482,017	43,195	76,530	1,159,606	33,000	1,192,606	—	1,192,606
Intersegment sales and transfers	19,293	7,462	1,881	83,704	112,341	51,914	164,256	(164,256)	—
Total	577,156	489,479	45,076	160,235	1,271,948	84,914	1,356,863	(164,256)	1,192,606
Segment income (loss)	564	7,172	3,332	10,033	21,103	3,200	24,304	901	25,205
Segment assets	640,856	544,348	112,410	83,657	1,381,273	33,828	1,415,101	323,377	1,738,479
Other items:									
Depreciation	24,171	31,762	4,957	914	61,805	1,407	63,213	—	63,213
Increase in property, plant and equipment and intangible assets	24,576	33,491	139	1,161	59,370	1,208	60,578	—	60,578

Notes: 1. The “Other” category is a business segment that includes the logistics, leisure and other businesses, and is not a reportable segment.
2. The segment income (loss) adjustments are due to intersegment elimination, etc.
3. The segment assets adjustment of ¥ 323,377 million includes ¥(45,532) million of intersegment eliminations for receivables and payables and ¥ 368,910 million of corporate assets that are not allocated to reportable segments. The corporate assets mainly consist of “cash and deposits” for the management of surplus funds, “investments in securities” for long-term investment and “deferred tax assets,” which are not allocatable to reportable segments.
4. Adjustments are made to reconcile segment income (loss) with operating income in the consolidated statements of operations.

[Related information]

Fiscal year ended March 31, 2025

1. Information by product and service

Information by product and service approximates the information provided in "Segment Information" and is therefore not provided here.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Oceania	Asia	North America	Others	Total
847,292	151,512	96,394	50,450	36,782	1,182,431

Notes: 1 Net sales information is based on the geographical location of customers and categorized by country or region.

2 Oceania includes ¥121,817 million for Australia.

(2) Property, plant and equipment

(Millions of yen)

Japan	Oceania	Asia	North America	Others	Total
547,323	171,194	6,474	41,640	17,349	783,982

Note: Oceania includes ¥153,441 million for Australia.

3. Information by customer

Information by customer is omitted because no single external customer accounts for 10% or more of net sales in the consolidated statements of operations.

Fiscal year ended March 31, 2026

1. Information by product and service

Information by product and service approximates the information provided in "Segment Information" and is therefore not provided here.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Oceania	Asia	North America	Others	Total
856,951	147,362	93,584	66,355	28,352	1,192,606

Notes: 1 Net sales information is based on the geographical location of customers and categorized by country or region.

2 Oceania includes ¥113,932 million for Australia.

(2) Property, plant and equipment

(Millions of yen)

Japan	Oceania	Asia	North America	Others	Total
543,362	178,751	6,756	41,701	18,345	788,917

Note: Oceania includes ¥160,397 million for Australia.

3. Information by customer

Information by customer is omitted because no single external customer accounts for 10% or more of net sales in the consolidated statements of operations.

[Impairment loss by reportable segment]
Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segments					Other	Total	Adjustment	Consolidated
	Paper and paperboard	Daily-life products	Energy	Wood products and construction-related	Subtotal				
Impairment loss on noncurrent assets	3,568	6,866	2,894	—	13,329	—	13,329	—	13,329

Fiscal year ended March 31, 2026

(Millions of yen)

	Reportable segments					Other	Total	Adjustment	Consolidated
	Paper and paperboard	Daily-life products	Energy	Wood products and construction-related	Subtotal				
Impairment loss on noncurrent assets	1,867	53	—	—	1,921	87	2,008	—	2,008

[Amortization of goodwill and balance of unamortized goodwill by reportable segment]
Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segments					Other	Total	Adjustment	Total
	Paper and paperboard	Daily-life products	Energy	Wood products and construction-related	Subtotal				
Amortization of goodwill	—	1,152	—	—	1,152	—	1,152	—	1,152
Balance of unamortized goodwill at year-end	—	—	—	—	—	—	—	—	—

Note: An impairment loss on goodwill of ¥6,807 million is recognized in the Daily-Life Product Business.

Fiscal year ended March 31, 2026
None applicable.

[Gain on negative goodwill by reportable segment]
Fiscal year ended March 31, 2025
None applicable.

Fiscal year ended March 31, 2026
None applicable.

[Related party transactions]

1 Transactions with related parties

(1) Transactions of the Company with related parties

The Company's unconsolidated subsidiaries and affiliates, etc.

Fiscal year ended March 31, 2025

None applicable.

Fiscal year ended March 31, 2026

None applicable.

(2) Transactions of the Company's consolidated subsidiaries with related parties

None applicable.

2. Information on the parent company and significant affiliates

(1) Information on the parent company

None applicable.

(2) Financial statements of significant affiliates

(Fiscal year ended March 31, 2025)

The significant affiliates in the fiscal year ended March 31, 2025 are Lintec Corporation and Phoenix Pulp & Paper Public Company Limited. Summarized aggregate financial statement data of the companies are as follows. Further, the total figures are presented.

	(Millions of yen)
Total current assets	149,193
Total noncurrent assets	236,692
Total current liabilities	64,440
Total long-term liabilities	31,427
Total net assets	290,019
Net sales	268,956
Profit before income taxes	17,726
Profit	15,795

(Fiscal year ended March 31, 2026)

The significant affiliate in the fiscal year ended March 31, 2026 is Lintec Corporation. Aggregate financial statement data of the company are as follows.

	(Millions of yen)
Total current assets	109,653
Total noncurrent assets	162,080
Total current liabilities	49,571
Total long-term liabilities	22,434
Total net assets	199,727
Net sales	181,048
Profit before income taxes	23,769
Profit	19,886

(Per Share Information)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net assets per share	4,175.77	4,409.63
Profit (loss) per share	39.33	101.69

Notes: 1. Diluted earnings per share is not presented because no potentially dilutive securities were outstanding.

2. For the purpose of calculating net assets per share and net income per share, the Company's shares held by the Board Benefit Trust (BBT) are included in treasury stock, which is deducted in calculating the number of shares outstanding at the end of the fiscal year and the weighted-average number of shares outstanding during the fiscal year. The number of such treasury shares deducted in calculating the number of shares outstanding at the end of the fiscal year was 264,800 shares in the previous fiscal year and 384,800 shares in the current fiscal year. The weighted-average number of such treasury shares deducted in calculating the weighted-average number of shares outstanding during the fiscal year was 272,357 shares in the previous fiscal year and 221,608 shares in the current fiscal year.

3. The basis for calculation of profit (loss) per share is as follows.

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit (loss) attributable to owners of parent	4,539	11,743
Profit (loss) attributable to owners of parent related to common shares	4,539	11,743
Weighted-average number of common shares outstanding (shares)	115,419,024.83	115,474,803.75

(Significant subsequent events)

At around 7:00 a.m. on May 26, 2026, local time, one chemical tank used for pulp production collapsed at our consolidated subsidiary Nippon Dynawave Packaging Co. (Washington, USA), resulting in 11 fatalities and eight injuries. The company has suspended production due to the accident.

The impact of the accident on the Company's consolidated financial results is currently under investigation.