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

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

(Significant Matters Providing the Basis for the Preparation of the Consolidated Financial Statements)

1. The scope of consolidation
   (1) Number of consolidated subsidiaries: 54
   The names of major consolidated subsidiaries are omitted.
   In the fiscal year ended March 31, 2024, the liquidation of Dyna Wave Holding Asia was completed and it was excluded from the scope of the consolidation.
   (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: 12
   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
   (3) Unconsolidated subsidiaries (Douoh Kouhatsu Ltd. and 66 other companies) and affiliates (JPT LOGISTICS CO., LTD. and 20 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 Plastics 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 (7 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.

⑤ Hedging relationships that have applied "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR"

All hedging relationships described above included in the scope of application of "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Practical Solutions No. 40, March 17, 2022) are subject to the exceptional treatment provided in the Practical Solution. The details of the hedging relationships which apply this Practical Solution are as follows.

Hedge accounting methods: Exceptional accounting method for interest rate swaps and integral accounting method for currency and interest rate swaps
Hedging instruments: Interest rate swaps and interest rate and currency swaps
Hedged items: Loans payable and loans payable denominated in foreign currencies
Type of hedge transactions: To fix cash flows

(8) Method and period of amortization of goodwill

Goodwill is amortized by the straight-line method over an appropriate period of within 20 years that is determined based on the actual situations of subsidiaries.

(9) 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, 2024, the Group determined that there was an indication of impairment loss for the asset group of ¥122,464 million (¥129,482 million in the fiscal year ended March 31, 2023) 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. Key assumptions in this plan are raw material and fuel prices, sales volumes, and unit sales prices. With regard to raw material and fuel prices, the price of coal, which is the Group's primary fuel and raw material, the Group assumes, based on forecasts from external institutions, the price will start to gradually decline despite the situation in Ukraine and the prolonged depreciation of the Japanese yen. Sales volumes for the fiscal year ended March 31, 2024 fell below those of the fiscal year ended March 31, 2023 as a result of overall weak demand. We assume that domestic sales volumes will continue to diminish. Further, we have set a unit selling price based on market environment, past trends, etc.
Because these assumptions are subject to uncertainty, if the future cash flows from this asset group were to decrease significantly due to changes in the business environment, an impairment loss may be incurred, which could have a significant impact on the consolidated financial statements for the fiscal year ending March 31, 2025.

2. Opal
Opal, a consolidated subsidiary, recorded property, plant and equipment of ¥171,986 million and intangible assets of ¥14,173 million at the end of the fiscal year ended March 31, 2024.
Opal applies International Financial Reporting Standards and performs an impairment test when there is an indication of impairment on a cash-generating unit. In addition to that, cash-generating units, including goodwill, are tested for impairment on an annual basis. If the result of impairment testing indicates that the recoverable amount is lower than the carrying amount, the carrying amount is reduced to the recoverable amount, and amortized amount based on Japanese GAAP is deducted from the carrying amount. The Group recognizes this amount as an impairment loss.
The recoverable amount was calculated based on the value in use, and as a result of examination, the recoverable amount exceeded the carrying amount. As a result, no impairment loss was recognized. The key assumptions used in the value-in-use calculation are future cash flow projections based on the business plan approved by Opal's Board of Directors, the discount rate, and the perpetual growth rate after the period covered by the business plan.

Because these assumptions are subject to uncertainty, changes in the business environment may result in decreased cash flows from cash-generating units and impairment loss, which could have a significant impact on the consolidated financial statements for the fiscal year ending March 31, 2025.

(Accounting Standards Issued but Not Yet Applied)
- Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022)
- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)
- Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

1. Overview
Stipulates the classification of income taxes when taxed on other comprehensive income and the treatment of tax effects related to the sale of stocks in subsidiaries, etc. when the corporate group tax system is applied.
2. Scheduled date of application
Scheduled to be applied from the beginning of the fiscal year ending March 31, 2025.
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 balance sheets

"Lease obligations," which was included in "Other" under "Noncurrent liabilities" in the previous fiscal year, is listed as a separate item for the fiscal year ended March 31, 2024 due to its increased materiality. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2023 have been reclassified.
As a result, ¥25,012 million included in "Other" under "Noncurrent liabilities" in the consolidated balance sheets for the

prior fiscal year is reclassified as ¥16,959 million in “Lease obligations” and ¥8,052 million in “Other.”

Consolidated statements of operations

“Business preparation expenses,” which was listed as a separate item under “Non-operating expenses” in the previous fiscal year, is included in “Other”for the fiscal year ended March 31, 2024 due to its decreased materiality. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2023 have been reclassified.
As a result, ¥1,732 million included in “Business preparation expenses” and ¥3,274 million included in “Other” under “Non-operating expenses” in the consolidated statements of operations for the prior fiscal year is reclassified as ¥5,007 million in “Other”.

“Impairment loss” under “Extraordinary loss” were listed as separate items in the previous fiscal year. For the fiscal year ended March 31, 2024, however, their materiality decreased and they are therefore listed under “Other.” To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2023 have been reclassified.
As a result, ¥3,966 million included in “Impairment loss,” under “Extraordinary loss” and ¥6,554 million included in “Other” in the consolidated statements of operations for the prior fiscal year are reclassified as ¥10,521 million in “Other.”

Consolidated statements of cash flows

“Impairment loss,” “Payments for loss on disaster” and “Payments for loss on business withdrawal” under “Cash flows from operating activities” were listed as separate items in the prior fiscal year. For the fiscal year ended March 31, 2024, however, their materiality decreased and they are therefore included in “Other.” To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2023 have been reclassified.
As a result, ¥3,966 million included in “Impairment loss,” ¥(1,516) million included in “Payments for loss on disaster,” ¥(520) million included in “Payments for loss on business withdrawal,” and ¥10,436 million included in “Other” under “Cash flows from operating activities” in the consolidated statements of cash flows for the prior fiscal year are reclassified as ¥12,365 million in “Other.”

(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, 2023	**As of March 31, 2024**
Notes receivable-trade	28,561	**31,488**
Accounts receivable-trade	160,566	**173,502**
Total	189,128	**204,990**

2. Pledged assets and secured debts

Assets pledged as collateral and secured debts are as follows:

(Millions of yen)

	As of March 31, 2023	**As of March 31, 2024**
Land	119	**34**

	As of March 31, 2023	**As of March 31, 2024**
Short-term loans payable	490	**600**
Long-term loans payable (including current portion)	6	—
Total	496	**600**

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, 2023	**As of March 31, 2024**
Investment securities (equity securities)	125,608	**127,639**
Other investments in unconsolidated subsidiaries and affiliates	920	**209**

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, 2023	**As of March 31, 2024**
Nippon Paper Chemicals Europe Zrt.	—	**2,856**
Employees (housing loans)	1,128	**904**
Nippon Paper Foodpac Pvt. Ltd.	679	**592**
Nippon Paper Viet Hoa My JSC	801	**592**
Other	194	**76**
Total	2,803	**5,023**

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, 2023	**As of March 31, 2024**
Amount of loan commitment contracts	8,500	**7,210**
Amount of lending	7,251	**6,337**
Net	1,248	**872**

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, 2023	**As of March 31, 2024**
Amount of loan commitment contracts	65,000	**65,000**
Amount of borrowing	12,500	—
Net	52,500	**65,000**

7. The settlement of trade notes maturing on the last day of fiscal year is accounted on the clearance day.

As the last day of the fiscal year ended March 31, 2024 was a non-business day of financial institutions, the following notes maturing on the year-end date are included in the year-end balance.

(Millions of yen)

	As of March 31, 2023	**As of March 31, 2024**
Notes receivable-trade	—	**4,783**
Notes payable-trade	—	**5,362**

(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, 2023	**Fiscal year ended March 31, 2024**
Loss (gain) on valuation of inventory	1,646	**(1,418)**

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, 2023	**Fiscal year ended March 31, 2024**
5,760	**5,557**

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

(Millions of yen)

Fiscal year ended March 31, 2023	**Fiscal year ended March 31, 2024**
1,689	**777**

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

(Millions of yen)

Fiscal year ended March 31, 2023	**Fiscal year ended March 31, 2024**
3,983	**4,125**

6. Gain on sales of noncurrent assets

Fiscal year ended March 31, 2023

¥2,377 million from land, etc. and others.

Fiscal year ended March 31, 2024

¥ 24,208 million from land, etc. and others.

8. Loss on withdrawal from business of subsidiaries

Fiscal year ended March 31, 2023

This is a loss resulting from the withdrawal from the graphic paper business at Opal, a consolidated subsidiary. The principle items of this loss are impairment loss, etc. on noncurrent assets.

Fiscal year ended March 31, 2024

This is a loss resulting from the withdrawal from the graphic paper business at Opal, a consolidated subsidiary. The principle items of this loss are special retirement allowances due to personnel rationalization, etc.

8. Impairment loss

Fiscal year ended March 31, 2023

The Group recorded the impairment loss of ¥22,048 million on the following assets.

(Millions of yen)

Application	Location	Impairment loss	Type	Notes
Assets scheduled to be disposed of, etc.	Victoria state, Australia	18,081	Machinery, equipment and vehicles, etc.	Extraordinary loss “Loss on withdrawal from business of subsidiaries”
Assets scheduled to be disposed of, etc.	Akita-shi, Akita, etc.	3,538	Machinery, equipment and vehicles, etc.	Extraordinary loss “Impairment loss”
Idle assets, etc.	Muroran-shi, Hokkaido, etc.	427	Land, etc.	Extraordinary loss “Impairment loss”
Total		22,048		

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 value of idle assets and assets to be retired was measured based on those assets’ net sale value or value in use.

The breakdown of impairment losses of assets scheduled to be disposed of, etc. consists of ¥84 million for buildings and structures, ¥21,233 million for machinery, equipment and vehicles and ¥302 million for others. The breakdown of impairment losses of idle assets, etc. consists of ¥96 million for buildings and structures, ¥132 million for machinery, equipment and vehicles and ¥198 million for land.

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.

In addition, the Group recorded loss on withdrawal from business of subsidiaries (¥19,705 million) for the fiscal year ended March 31, 2023, which was loss due to Opal’s withdrawal from the graphic paper business. Of such, ¥18,081 million was impairment loss on noncurrent assets.

Fiscal year ended March 31, 2024

The Group recorded the impairment loss of ¥1,476 million on the following assets.

(Millions of yen)

Application	Location	Impairment loss	Type	Notes
Assets to be retired	Victoria state, Australia	**1,251**	Machinery, equipment and vehicles, etc.	Extraordinary loss “Loss on withdrawal from business of subsidiaries”
Idle assets, etc.	Muroran-shi, Hokkaido, etc.	**41**	Land, etc.	Extraordinary loss “Impairment loss”
Total		**1,293**		

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 value of idle assets and assets to be retired was measured based on those assets’ net sale value or value in use.

The breakdown of impairment losses of assets scheduled to be disposed of consists of ¥0 million for buildings and structures, ¥1,251million for machinery, equipment and vehicles. The breakdown of impairment losses of idle assets, etc. consists of ¥15 million for buildings and structures, ¥4 million for machinery, equipment and vehicles, ¥21 million for land, and ¥0 million for intangible fixed assets.

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.

The Group also recorded loss on withdrawal from business of subsidiaries (¥10,268 million), which was a loss on withdrawal from graphic paper business of Opal. ¥1,251 million in the loss was an impairment loss of noncurrent assets.

9 Loss on retirement of non-current assets

(Millions of yen)

	As of March 31, 2023	**As of March 31, 2024**
Machinery, equipment and vehicles	480	**522**
Removal cost	2,715	**1,214**
Other	208	**106**
Total	3,404	**1,843**

(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, 2023	**Fiscal year ended March 31, 2024**
Net unrealized holding gain on other securities:		
Amount recognized during the year	4,098	**12,493**
Reclassification adjustments	(13,298)	**(3,907)**
Before income tax effect adjustment	(9,199)	**8,585**
Income tax effect	2,402	**(2,723)**
Net unrealized holding gain on other securities	(6,796)	**5,862**
Net deferred gain (loss) on hedges:		
Amount recognized during the year	6,742	**12,541**
Reclassification adjustments	(2,766)	**(1,121)**
Before income tax effect adjustment	3,975	**11,419**
Income tax effect	(1,062)	**(2,478)**
Net deferred gain (loss) on hedges	2,912	**8,941**
Translation adjustments:		
Amount recognized during the year	20,834	**17,066**
Reclassification adjustments	—	**558**
Translation adjustments:	20,834	**17,625**
Remeasurements of defined benefit plans, net of tax		
Amount recognized during the year	966	**27,094**
Reclassification adjustments	(1,879)	**472**
Before income tax effect adjustment	(913)	**27,567**
Income tax effect	356	**(8,416)**
Remeasurements of defined benefit plans, net of tax	(556)	**19,150**
Share of other comprehensive income of affiliates accounted for using the equity method:		
Amount recognized during the year	3,180	**3,502**
Reclassification adjustments	485	**(12)**
Share of other comprehensive income of affiliates accounted for using the equity method	3,665	**3,489**
Total other comprehensive income	20,059	**55,068**

(Notes to Consolidated Statements of Changes in Net Assets)

Fiscal year ended March 31, 2023

1. Matters related to outstanding shares

(Shares)

Type of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common stock	116,254,892	—	—	116,254,892

2. Matters related to treasury stock

(Shares)

Type of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common stock	721,288.80	6,211.07	12,005.00	715,494.87

Reasons for the change:

The increase in treasury stock (6,211.07 shares) resulted from the purchase of shares of less than one unit (6,011 shares) and an increase in shares of the Company in the current fiscal year due to changes in equity in affiliates accounted for by the equity method (200.07 shares).

The decrease in treasury stock (12,005 shares) resulted from the delivery of shares of the Company through the Company's Board Benefit Trust (BBT) (11,800 shares) and the sale of shares of less than one unit (205 shares).

The number of shares at the end of the current fiscal year includes 156,300 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 29, 2022	Common stock	3,476	30	March 31, 2022	June 30, 2022

Note: The total amount of dividends resolved at the Ordinary General Meeting of Shareholders held on June 29, 2022 includes the amount of dividends (¥5 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, 2023, but for which the effective date comes after March 31, 2023

None applicable.

Fiscal year ended March 31, 2024

1. Matters related to outstanding shares

(Shares)

Type of shares	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Common stock	**116,254,892**	—	—	**116,254,892**

2. Matters related to treasury stock

(Shares)

Type of shares	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Common stock	**715,494.87**	**176,019.00**	**39,565.17**	**851,948.70**

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

None applicable.

(2) Dividends for which the record date falls in the fiscal year ended March 31, 2024, but for which the effective date comes after March 31, 2024

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, 2024	Common stock	Retained earnings	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.

(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, 2023	**Fiscal year ended March 31, 2024**
Cash and deposits	144,350	**164,858**
Term deposits with maturities of more than three months	(3)	**—**
Cash and cash equivalents	144,346	**164,858**

(Leases)

Operating lease transactions

As lessee:

Future minimum lease payments for noncancelable operating leases are summarized as follows:

(Millions of yen)

	As of March 31, 2023	**As of March 31, 2024**
Due within one year	2,192	**2,205**
Due after one year	9,474	**7,286**
Total	11,667	**9,491**

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)

	As of March 31, 2023	**As of March 31, 2024**
Due within one year	215	**95**
Due after one year	428	**332**
Total	644	**428**

(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, 2023

(Millions of yen)

	Book value	Fair value	Difference
(1) Notes and accounts receivable-trade	189,128	189,128	—
(2) Investments in securities			
Other securities	36,659	36,659	—
Stocks of subsidiaries and affiliates	60,972	48,295	(12,677)
Golf club membership	89	101	12
Total assets	286,849	274,184	(12,665)
(3) Notes and accounts payable-trade	154,167	154,167	—
(4) Short-term loans payable	214,383	214,605	222
(5) Long-term loans payable	607,850	599,362	(8,487)
Total liabilities	976,400	968,136	(8,264)
(6) Derivatives[3]	19,230	19,230	—

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, 2023
Unlisted equity securities	68,905

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, 2024

(Millions of yen)

	Book value	Fair value	Difference
(1) Notes and accounts receivable-trade	**204,990**	**204,990**	—
(2) Investments in securities			
Other securities	**42,993**	**42,993**	—
Stocks of subsidiaries and affiliates	**60,860**	**67,928**	**7,068**
Golf club membership	**105**	**318**	**213**
Total assets	**308,950**	**316,231**	**7,281**
(3) Notes and accounts payable-trade	**157,815**	**157,815**	—
(4) Short-term loans payable	**207,176**	**207,254**	**77**
(5) Long-term loans payable	**577,083**	**565,348**	**(11,735)**
Total liabilities	**942,075**	**930,418**	**(11,657)**
(6) Derivatives[3]	**30,451**	**30,451**	—

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:

(Millions of yen)

Classification	As of March 31, 2024
Unlisted equity securities	70,766

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, 2023

(Millions of yen)

	Within one year	Over 1 but within 5 years	Over 5 but within 10 years	Over 10 years
Cash and deposits (*)	144,277	—	—	—
Notes and accounts receivable-trade	189,128	—	—	—
Total	333,405	—	—	—

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

As of March 31, 2024

(Millions of yen)

	Within one year	Over 1 but within 5 years	Over 5 but within 10 years	Over 10 years
Cash and deposits (*)	**164,774**	—	—	—
Notes and accounts receivable-trade	**204,990**	—	—	—
Total	**369,765**	—	—	—

*"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, 2023

(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	148,288	—	—	—	—	—
Long-term loans payable	66,094	89,346	103,687	64,411	47,435	302,969
Total	214,383	89,346	103,687	64,411	47,435	302,969

As of March 31, 2024

(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	**117,022**	—	—	—	—	—
Long-term loans payable	**90,154**	**104,939**	**65,560**	**48,295**	**69,031**	**289,257**
Total	**207,176**	**104,939**	**65,560**	**48,295**	**69,031**	**289,257**

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, 2023

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other securities	36,659	—	—	36,659
Derivatives	—	19,230	—	19,230

As of March 31, 2024

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other securities	**42,993**	—	—	**42,993**
Derivatives	—	**30,451**	—	**30,451**

(2) Financial instruments other than those measured at fair value
As of March 31, 2023

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable-trade	—	189,128	—	189,128
Notes and accounts payable-trade	—	154,167	—	154,167
Short-term loans payable	—	214,605	—	214,605
Long-term loans payable	—	599,362	—	599,362
Investments in securities				
Stocks of subsidiaries and affiliates	48,295	—	—	48,295
Golf club membership	—	101	—	101

As of March 31, 2024

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable-trade	—	**204,990**	—	**204,990**
Notes and accounts payable-trade	—	**157,815**	—	**157,815**
Short-term loans payable	—	**207,254**	—	**207,254**
Long-term loans payable	—	**565,348**	—	**565,348**
Investments in securities				
Stocks of subsidiaries and affiliates	**67,928**	—	—	**67,928**
Golf club membership	—	**318**	—	**318**

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, 2023

(Millions of yen)

	Book value	Cost	Valuation difference
Securities for which the book value exceeds their cost:			
Equity securities	30,471	13,517	16,954
Subtotal	30,471	13,517	16,954
Securities for which the book value does not exceed their cost:			
Equity securities	6,187	7,838	(1,651)
Subtotal	6,187	7,838	(1,651)
Total	36,659	21,356	15,302

Note: With regard to the fair value of unlisted equity securities as of March 31, 2023 (¥4,359 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, 2024

(Millions of yen)

	Book value	Cost	Valuation difference
Securities for which the book value exceeds their cost:			
Equity securities	**42,728**	**18,852**	**23,875**
Subtotal	**42,728**	**18,852**	**23,875**
Securities for which the book value does not exceed their cost:			
Equity securities	**265**	**293**	**(28)**
Subtotal	**265**	**293**	**(28)**
Total	**42,993**	**19,146**	**23,846**

Note: Because the fair value of unlisted equity securities as of March 31, 2024 (¥3,987 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, 2023

(Millions of yen)

	Sales	Aggregate gain	Aggregate loss
Equity securities	19,894	13,385	87

Fiscal year ended March 31, 2024

(Millions of yen)

	Sales	Aggregate gain	Aggregate loss
Equity securities	**6,523**	**3,919**	**11**

3. Impairment of securities

For the fiscal year ended March 31, 2023, the Company recorded a loss on impairment of securities in the amount of ¥178 million (including ¥178 million of equity securities that do not have a market price). For the fiscal year ended March 31, 2024, the Company recorded a loss on impairment of securities in the amount of ¥7 million (including ¥7 million of equity securities that do not have a market price).

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, 2023

(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	95	—	8	8

As of March 31, 2024

	Hedging instrument	Contract amount	More than 1 year	Fair value	Valuation gain/loss
Off-market transactions	Foreign exchange forward contracts Sell				
	Australian dollars	**2,859**	—	**(44)**	**(44)**
	U.S. dollars	**1,072**	—	**(57)**	**(57)**
	Euros	**518**	—	**1**	**1**

(2) Interest-related transactions

As of March 31, 2023

(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	277	—	(2)	(2)

As of March 31, 2024

(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	**3,134**	**3,134**	**(101)**	**(101)**
	Receive/fixed and pay/floating	**3,134**	**3,134**	**101**	**101**

2. Derivative instruments subject to hedge accounting

(1) Currency-related transactions

As of March 31, 2023

(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	Accounts receivable-trade			
	U.S. dollars		6,080	—	(30)
	Other		4,675	—	(18)
	Buy	Notes and accounts payable-trade			
	U.S. dollars		106,467	77,712	12,751
	Other		17,267	4,587	583

(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				(Note)
	Sell	Accounts receivable-trade			
	U.S. dollars		134	—	
	Other		81	—	
	Buy	Notes and accounts payable-trade			
	U.S. dollars		516	—	
	Other		—	—	

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, 2024

(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		**7,174**	—	**235**
	Other		**4,402**	—	**(3)**
	Buy	Notes and accounts payable-trade			
	U.S. dollars		**107,028**	**77,102**	**24,146**
	Other		**10,441**	**3,549**	**1,290**

(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				**(Note)**
	Sell	Accounts receivable-trade			
	U.S. dollars		**754**	—	
	Other		**87**	—	
	Buy	Notes and accounts payable-trade			
	U.S. dollars		**1,801**	—	

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, 2023

(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	33,987	28,806	190
Exceptional accounting method (*Tokurei-shori*)	Interest rate swap transaction Pay/fixed and receive/floating	Long-term loans payable	165,200	165,200	(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, 2024

(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	**27,576**	**24,500**	**217**
Exceptional accounting method (*Tokurei-shori*)	Interest rate swap transaction Pay/fixed and receive/floating	Long-term loans payable	**164,200**	**144,200**	**(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, 2023

(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	10,122	10,122	(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, 2024

(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**	**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.

(4) Commodities-related transactions

As of March 31, 2023

(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	Marine fuel	3,305	389	(242)
Deferral hedge method	Commodity swaps Pay/fixed and receive/floating	Brent crude	8,369	5,600	2,583
Deferral hedge method	Commodity futures transactions	Power	6,666	5,333	3,413

As of March 31, 2024

(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	Marine fuel	**2,609**	**593**	**125**
Deferral hedge method	Commodity swaps Pay/fixed and receive/floating	Brent crude	**5,969**	**5,969**	**1,534**
Deferral hedge method	Commodity futures transactions	Power	**5,772**	**4,326**	**3,004**

(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.
   In conjunction with the extension of the retirement age (raised from 60 to 65) for some employees introduced in April 2024, the Company froze the existing defined-benefit pension plan and replaced it with a plan consisting of a defined-contribution pension plan and a lump-sum retirement payment. As a result of this change, ¥452 million of prior service cost (reduction of retirement benefit obligation) was incurred.

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, 2023	**Fiscal year ended March 31, 2024**
Retirement benefit obligations at the beginning of year	116,494	**109,907**
Service cost	3,719	**3,471**
Interest cost	734	**813**
Actuarial differences generated	(877)	**(842)**
Past service cost incurred	—	**(452)**
Retirement benefits paid	(10,978)	**(9,688)**
Other	815	**386**
Retirement benefit obligations at the end of year	109,907	**103,596**

   (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, 2023	**Fiscal year ended March 31, 2024**
Plan assets at the beginning of year	125,991	**115,651**
Expected return on plan assets	2,563	**2,584**
Actuarial differences generated	(3,670)	**25,799**
Contribution from employers	491	**1,300**
Retirement benefits paid	(10,202)	**(9,412)**
Other	479	**(303)**
Plan assets at the end of year	115,651	**135,621**

   (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, 2023	**Fiscal year ended March 31, 2024**
Net defined benefit liability at the beginning of year	2,037	**1,927**
Retirement benefit expenses	613	**555**
Retirement benefits paid	(459)	**(352)**
Contribution to plans	(277)	**(266)**
Other	13	**45**
Net defined benefit liability at the end of year	1,927	**1,911**

(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, 2023	**As of March 31, 2024**
Retirement benefit obligations for funded plans	112,488	**106,350**
Plan assets	(120,055)	**(140,216)**
	(7,567)	**(33,865)**
Retirement benefit obligations for unfunded plans	3,750	**3,762**
Net asset or liability reported on the consolidated balance sheets	(3,816)	**(30,102)**
Net defined benefit liability	11,669	**10,984**
Net defined benefit asset	(15,486)	**(41,087)**
Net asset or liability reported on the consolidated balance sheets	(3,816)	**(30,102)**

Note: Plans using a simplified method are included.

(5) Breakdown of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2023	**Fiscal year ended March 31, 2024**
Service cost	3,719	**3,471**
Interest cost	734	**813**
Expected return on plan assets	(2,563)	**(2,584)**
Amortization of unrecognized actuarial differences	2,328	**712**
Amortization of unrecognized prior service cost	(246)	**(239)**
Retirement benefit expenses calculated by a simplified method	613	**555**
Retirement benefit expenses for defined benefit plans	4,584	**2,729**
Special retirement benefits (Note)	1,049	**6,853**

Note: Special retirement benefits are included in "Loss on business withdrawal" and "Other" under "Extraordinary loss."

(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, 2023	**Fiscal year ended March 31, 2024**
Past service costs	246	**(213)**
Actuarial differences	666	**(27,354)**
Total	913	**(27,567)**

(7) Remeasurements of defined benefit plans

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

(Millions of yen)

	As of March 31, 2023	**As of March 31, 2024**
Unrecognized past service costs	(3,028)	**(3,241)**
Unrecognized net actuarial differences	(8,730)	**(36,084)**
Total	(11,759)	**(39,326)**

(8) Matters regarding plan assets

① Major components of plan assets

Plan assets mainly consist of the following:

	As of March 31, 2023	**As of March 31, 2024**
Stocks	54%	**56%**
Bonds	22%	**19%**
General account	14%	**7%**
Cash and deposits	9%	**16%**
Other	1%	**2%**
Total	100%	**100%**

Note: Total plan assets for the fiscal years ended March 31, 2023 and March 31, 2024 include securities contributed to the retirement benefit trust (27% and 32%) 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, 2023	**Fiscal year ended March 31, 2024**
Discount rates	Mainly 0.5%	**Mainly 0.5%**
Long-term expected rates of return on plan assets	Mainly 2.0%	**Mainly 2.0%**

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 ¥1,823 million for the fiscal year ended March 31, 2023 and ¥1,840 million for the fiscal year ended March 31, 2024.

(Tax-effect Accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	As of March 31, 2023	**As of March 31, 2024**
Deferred tax assets:		
Accrued enterprise taxes	468	**842**
Accrued bonuses	2,216	**2,450**
Net defined benefit liability	5,693	**3,637**
Impairment loss	29,451	**26,541**
Loss on valuation of investment securities	2,476	**2,381**
Provision for environmental measures	2,845	**2,437**
Unrealized profit eliminated in consolidation	875	**1,532**
Tax loss carryforwards (Note 2)	48,985	**59,604**
Loss on revaluation of land	12,239	**12,231**
Other	13,865	**15,326**
Gross deferred tax assets	119,117	**126,985**
Valuation allowance relating to tax loss carryforwards (Note 2)	(43,408)	**(53,870)**
Valuation allowance for total deductible temporary differences	(58,671)	**(49,249)**
Valuation allowance subtotal (Note 1)	(102,079)	**(103,120)**
Total deferred tax assets	17,037	**23,864**
Deferred tax liabilities:		
Reserve for advanced depreciation of noncurrent assets	(2,081)	**(2,059)**
Unrealized holding gain on other securities	(4,112)	**(7,048)**
Net Deferred gain (loss) on hedges	(4,966)	**(7,315)**
Assets Related to Retirement Benefits	(521)	**(11,832)**
Gain on revaluation of land, etc.	(27,080)	**(27,078)**
Other	(9,955)	**(10,431)**
Total deferred tax liabilities	(48,715)	**(65,766)**
Net deferred tax liabilities	(31,678)	**(41,901)**

(Changes in presentation)
Assets Related to Retirement Benefits, which was included in “Other” under “Deferred tax liabilities” in the previous fiscal year, is listed separately as “Assets Related to Retirement Benefits” for the fiscal year ended March 31, 2024 due to its increased materiality. To reflect this change in presentation, the notes for the fiscal year ended March 31, 2023 have been reclassified. As a result, ¥(10,476) million included in “Other” under deferred tax liabilities for the prior fiscal year are reclassified as ¥(521) million in “Assets Related to Retirement Benefits” and ¥(9,955) million in “Other.”

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, 2023

(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)	64	36	4,488	513	—	43,881	48,985
Valuation allowance	(64)	(36)	(4,488)	(513)	—	(38,304)	(43,408)
Deferred tax assets	—	—	—	—	—	5,576	5,576

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

As of March 31, 2024

(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)	**36**	**4,067**	**524**	—	**246**	**54,728**	**59,604**
Valuation allowance	**(36)**	**(3,547)**	**(524)**	—	**(246)**	**(49,514)**	**(53,870)**
Deferred tax assets	—	**520**	—	—	—	**5,213**	**5,733**

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

(c) 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, 2023	**As of March 31, 2024**
Statutory tax rate	—%	**30.6%**
(Adjustments)		
Entertainment expenses not qualifying for deduction	—	**0.7**
Dividend income excluded from gross revenue	—	**(3.8)**
Inhabitant tax per capita, etc.	—	**0.7**
Increase or decrease in valuation allowance	—	**(22.0)**
Amortization of goodwill	—	**5.8**
Equity in gain and loss of affiliates	—	**(5.4)**
Difference in tax rates of consolidated subsidiaries	—	**2.1**
Other	—	**4.6**
Effective tax rate after adoption of tax-effect accounting	—	**13.3**

Notes have been omitted because the Company recorded a loss before income taxes and minority interests in the fiscal year ended March 31, 2023.

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, 2023	**As of March 31, 2024**
Receivables from contracts with customers (Beginning balance)	245,205	**189,128**
Receivables from contracts with customers (Ending balance)	189,128	**204,990**

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, 2023

(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	563,246	440,059	8,213	62,400	1,073,919	14,739	1,088,659	—	1,088,659
Goods and services transferred over time	—	—	41,695	6,496	48,192	15,001	63,193	—	63,193
Revenue from contracts with customers	563,246	440,059	49,908	68,896	1,122,111	29,741	1,151,853	—	1,151,853
Revenue from other sources	—	—	—	—	—	792	792	—	792
Sales to third parties	563,246	440,059	49,908	68,896	1,122,111	30,534	1,152,645	—	1,152,645
Intersegment sales and transfers	11,705	6,854	—	55,148	73,708	46,887	120,596	(120,596)	—
Total	574,952	446,913	49,908	124,045	1,195,820	77,421	1,273,242	(120,596)	1,152,645
Segment income (loss)	(29,221)	(7,818)	(1,734)	8,894	(29,880)	2,488	(27,391)	536	(26,855)
Segment assets	651,570	524,007	109,336	75,821	1,360,734	34,085	1,394,819	271,723	1,666,542
Other items:									
Depreciation	30,105	30,148	3,870	819	64,943	1,336	66,279	—	66,279
Amortization of goodwill	—	1,049	—	—	1,049	—	1,049	—	1,049
Increase in property, plant and equipment and intangible assets	27,263	32,776	24,096	817	84,955	1,016	85,972	—	85,972

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 ¥271,723 million includes ¥(44,666) million of intersegment eliminations for receivables and payables and ¥316,389 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, 2024

(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	**570,174**	**436,762**	**2,908**	**69,039**	**1,078,885**	**15,100**	**1,093,986**	**—**	**1,093,986**
Goods and services transferred over time	**—**	**—**	**50,808**	**6,471**	**57,280**	**15,257**	**72,537**	**—**	**72,537**
Revenue from contracts with customers	**570,174**	**436,762**	**53,717**	**75,510**	**1,136,166**	**30,357**	**1,166,524**	**—**	**1,166,524**
Revenue from other sources	**—**	**—**	**—**	**—**	**—**	**790**	**790**	**—**	**790**
Sales to third parties	**570,174**	**436,762**	**53,717**	**75,510**	**1,136,166**	**31,148**	**1,167,314**	**—**	**1,167,314**
Intersegment sales and transfers	**17,345**	**6,983**	**—**	**66,416**	**90,745**	**45,035**	**135,780**	**(135,780)**	**—**
Total	**587,520**	**443,746**	**53,717**	**141,927**	**1,226,911**	**76,183**	**1,303,094**	**(135,780)**	**1,167,314**
Segment income (loss)	**11,685**	**(8,062)**	**1,599**	**9,796**	**15,018**	**2,794**	**17,812**	**(546)**	**17,266**
Segment assets	**663,703**	**549,893**	**118,495**	**82,641**	**1,414,734**	**34,471**	**1,449,206**	**282,039**	**1,731,245**
Other items:									
Depreciation	**27,296**	**29,659**	**4,991**	**899**	**62,848**	**1,336**	**64,184**	**—**	**64,184**
Amortization of goodwill	**—**	**1,075**	**—**	**—**	**1,075**	**—**	**1,075**	**—**	**1,075**
Increase in property, plant and equipment and intangible assets	**19,603**	**36,305**	**2,669**	**1,087**	**59,665**	**1,031**	**60,696**	**—**	**60,696**

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 ¥ 282,039 million includes ¥(45,826) million of intersegment eliminations for receivables and payables and ¥ 327,865 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, 2023

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
814,389	163,613	94,598	46,062	33,982	1,152,645

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

   (2) Property, plant and equipment

(Millions of yen)

Japan	Oceania	Asia	North America	Others	Total
580,672	157,007	5,724	38,610	14,804	796,820

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, 2024

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
855,226	**147,381**	**86,528**	**48,247**	**29,931**	**1,167,314**

Note: 1 Net sales information is based on the geographical location of customers and categorized by country or region.
2 Oceania includes ¥117,703 million for Australia.

   (2) Property, plant and equipment

(Millions of yen)

Japan	Oceania	Asia	North America	Others	Total
570,241	**172,755**	**5,928**	**38,272**	**18,133**	**805,331**

Note: Oceania includes ¥154,512 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, 2023

(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	3,966	18,081	—	—	22,048	—	22,048	—	22,048

Fiscal year ended March 31, 2024

(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	**26**	**1,251**	—	**15**	**1,293**	—	**1,293**	—	**1,293**

[Amortization of goodwill and balance of unamortized goodwill by reportable segment]

Fiscal year ended March 31, 2023

(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	—	1,049	—	—	1,049	—	1,049	—	1,049
Balance of unamortized goodwill at year-end	—	8,259	—	—	8,259	—	8,259	—	8,259

Fiscal year ended March 31, 2024

(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	—	**1,075**	—	—	**1,075**	—	**1,075**	—	**1,075**
Balance of unamortized goodwill at year-end	—	**7,821**	—	—	**7,821**	—	**7,821**	—	**7,821**

[Gain on negative goodwill by reportable segment]

Fiscal year ended March 31, 2023

None applicable.

Fiscal year ended March 31, 2024

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, 2023

None applicable.

Fiscal year ended March 31, 2024

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, 2023

The significant affiliates in the fiscal year ended March 31, 2023 are Lintec Corporation, Phoenix Pulp & Paper Public Company Limited. and DuPont Nippon Paper Papylia Godo Kaisha Summarized aggregate financial statement data of the companies are as follows. Further, the total figures are presented.

	(Millions of yen)
Total current assets	135,413
Total noncurrent assets	218,467
Total current liabilities	54,611
Total long-term liabilities	22,638
Total net assets	276,631
Net sales	240,051
Profit before income taxes	23,917
Profit	19,645

Fiscal year ended March 31, 2024

The significant affiliate in the fiscal year ended March 31, 2024 is Lintec Corporation. Summarized aggregate financial statement data of the company is as follows.

	(Millions of yen)
Total current assets	**117,354**
Total noncurrent assets	**161,052**
Total current liabilities	**62,797**
Total long-term liabilities	**24,496**
Total net assets	**191,113**
Net sales	**151,637**
Profit before income taxes	**14,124**
Profit	**12,025**

(Per Share Information)

(Yen)

	Fiscal year ended March 31, 2023	**Fiscal year ended March 31, 2024**
Net assets per share	3,415.75	**4,062.19**
Profit (loss) per share	(436.28)	**197.09**

Notes: 1. Diluted profit per share for the fiscal year ended March 31, 2023 is not stated because a loss per share was reported and no potentially dilutive securities were outstanding. Diluted profit per share for the fiscal year ended March 31, 2024 is not stated because no potentially dilutive securities were outstanding.

2. For the purpose of calculating net assets per share and profit (loss) per share, shares of the Company held through the Board Benefit Trust (BBT) are included in the number of treasury stock deducted when calculating the total number of shares outstanding at the end of the fiscal year and the weighted-average number of common shares outstanding during the fiscal year. The number of treasury stock deducted when calculating the total number of shares outstanding at the end of the fiscal year was 156,300 shares as of March 31, 2023 and 288,000 shares as of March 31, 2024. The weighted-average number of treasury stock deducted when calculating the weighted-average number of common shares outstanding during the fiscal year was 159,759 shares in the fiscal year ended March 31, 2023 and 277,914 shares in the fiscal year ended March 31, 2024.

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

(Millions of yen unless otherwise stated)

Item	Fiscal year ended March 31, 2023	**Fiscal year ended March 31, 2024**
Profit (loss) attributable to owners of parent	(50,406)	**22,747**
Profit (loss) attributable to owners of parent related to common shares	(50,406)	**22,747**
Weighted-average number of common shares outstanding (shares)	115,538,852.34	**115,415,096.94**