

[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, 2025, Ohta Paper Co., Ltd. became more significant to the Group and was therefore newly included in the scope of consolidation as a consolidated subsidiary.

Dai Showa Uniboard Co., Ltd. has been excluded from the scope of consolidation following the transfer of all of its shares.

(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 Papyrus 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 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 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 (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) 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, 2025, the Group determined that there was an indication of impairment loss for the asset group of ¥121,909 million (¥122,464 million in the fiscal year ended March 31, 2024) 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. We expect major raw material and fuel prices 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 prevailing market conditions and historical trends. 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 ¥170,641 million and intangible assets of ¥5,198 million at the end of the fiscal year ended March 31, 2025 (property, plant and equipment ¥171,986 million, intangible assets ¥14,173 million in 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 was determined to be lower than the carrying amount, we recorded an impairment loss of ¥6,807 million in the current consolidated fiscal year. 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.

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.

(Changes in Accounting Policy)

Application of the “Accounting Standard for Income Taxes, Resident Taxes, and Business Taxes, etc.”

The Company applied the “Accounting Standard for Income Taxes, Resident Taxes, and Business Taxes, etc.” (ASBJ Statement No. 27, October 28, 2022; the “2022 Revised Accounting Standard”) and related standards from the beginning of the fiscal year ended March 31, 2025.

With respect to the amendments regarding the classification of income taxes related to other comprehensive income, the Company applied the transitional treatments prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and in the “Guidance on Accounting Standards for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “2022 Revised Guidance”). The cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the fiscal year ended March 31, 2025 was recognized as an adjustment to opening retained earnings, with corresponding adjustments recorded in capital surplus or accumulated other comprehensive income, as appropriate. Accordingly, opening retained earnings increased by ¥702 million, and the valuation difference on available-for-sale securities decreased by the same amount.

In addition, the Company applied the amendments related to the accounting treatment in consolidated financial statements for deferred gains or losses on sales of shares of subsidiaries, etc., arising from intra-group transactions for tax purposes, as set forth in the revised application guidance, from the beginning of the fiscal year ended March 31, 2025. These changes were applied retrospectively, and the consolidated financial statements for the previous fiscal year were restated. However, there was no impact on the consolidated financial statements for the fiscal year ended March 31, 2024.

(Accounting Standards Issued but Not Yet Applied)

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024)

1. “Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024) 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

“Impairment loss” and “Australian business structure improvement expenses,” which were included in “Other” of “Extraordinary loss” for the fiscal year ended March 31, 2024 are listed as a separate item for the fiscal year ended March 31, 2025 due to its increased materiality. “Loss on withdrawal from business of subsidiaries” of “Extraordinary loss,” which was listed as a separate item for the fiscal year ended March 31, 2024 is included in “Other” for the fiscal year ended March 31, 2025 due to its decreased materiality. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2024 have been reclassified.

As a result, ¥10,268 million included in “Loss on withdrawal from business of subsidiaries” of “Extraordinary loss,” and ¥3,653 million included in “Other” in the consolidated statements of operations for the prior fiscal year is reclassified as ¥41 million in “Impairment loss,” ¥804 million in “Australian business structure improvement expenses,” and ¥13,075 million in “Other”.

Consolidated statements of cash flows

“Loss on withdrawal from business of subsidiaries,” “Payments for loss on withdrawal from business of subsidiaries” and “Extra retirement payments” under “Cash flows from operating activities” were listed as separate items in the prior fiscal year. For the fiscal year ended March 31, 2025, however, their materiality decreased and they are therefore included in “Other.” “Impairment loss,” “Australian business structure improvement expenses,” and “Payment of Australian business structure improvement expenses” are listed as separate items for the fiscal year ended March 31, 2025 due to its increased materiality. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2024 have been reclassified.

As a result, ¥10,268 million included in “Loss on withdrawal from business of subsidiaries,” ¥(6,682) million included in “Payments for loss on withdrawal from business of subsidiaries,” ¥(641) million included in “Extra retirement payments,” and ¥14,188 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 ¥41 million in “Impairment loss,” ¥804 million in “Australian business structure improvement expenses,” ¥(804) million in “Payment of Australian business structure improvement expenses,” and ¥17,090 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, 2024	As of March 31, 2025
Notes receivable-trade	31,488	28,183
Accounts receivable-trade	173,502	152,113
Total	204,990	180,296

2. Pledged assets and secured debts

Assets pledged as collateral and secured debts are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Land	34	34
	As of March 31, 2024	As of March 31, 2025
Short-term loans payable	600	520
Total	600	520

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, 2024	As of March 31, 2025
Investment securities (equity securities)	127,639	132,394
Other investments in unconsolidated subsidiaries and affiliates	209	208

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, 2024	As of March 31, 2025
Nippon Paper Chemicals Europe Zrt.	2,856	5,494
Nippon Paper Foodpac Pvt. Ltd.	592	720
Employees (housing loans)	904	718
Nippon Paper Viet Hoa My JSC	592	481
Other	76	60
Total	5,023	7,475

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, 2024	As of March 31, 2025
Amount of loan commitment contracts	7,210	6,860
Amount of lending	6,337	6,274
Net	872	585

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, 2024	As of March 31, 2025
Amount of loan commitment contracts	65,000	65,000
Amount of borrowing	—	—
Net	65,000	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, 2024	As of March 31, 2025
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, 2024	Fiscal year ended March 31, 2025
Loss (gain) on valuation of inventory	(1,418)	(82)

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, 2024	Fiscal year ended March 31, 2025
5,557	5,272

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

	(Millions of yen)
Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
777	(1,693)

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

	(Millions of yen)
Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
4,125	4,333

6. Gain on sales of noncurrent assets

Fiscal year ended March 31, 2024

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

Fiscal year ended March 31, 2025

¥ 4,101 million from land, etc. and others.

8. Retirement Benefit Trust Refund Gains

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.

9. Impairment loss

Fiscal year ended March 31, 2024

The Group recorded the impairment loss of ¥1,293 million on the following assets.

(Millions of yen)

Application	Location	Impairment loss	Type	Notes
Assets scheduled to be disposed of, etc.	Victoria state, Australia	1,251	Machinery, equipment and vehicles, etc.	Extraordinary loss "Other"
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 breakdown of impairment losses of assets scheduled to be disposed of, etc. consists of ¥0 million for buildings and structures, ¥1,251 million for machinery, equipment. The breakdown of impairment losses of idle assets, etc. consists of ¥15 million for buildings and structures, ¥4 million for machinery, equipment and vehicles and ¥21 million for land, and ¥0 million for intangible assets.

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 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, 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.

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

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. 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 Australian business structure improvement expenses

Fiscal year ended March 31, 2024

This loss arises primarily from the business restructuring at Opal, a consolidated subsidiary. It mainly comprises special retirement benefits associated with workforce rationalization.

Fiscal year ended March 31, 2025

This loss arises primarily from the business restructuring at Opal, a consolidated subsidiary. It mainly comprises special retirement benefits associated with workforce rationalization.

10 Loss on retirement of non-current assets

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Machinery, equipment and vehicles	522	379
Removal cost	1,214	1,034
Other	106	382
Total	1,843	1,797

(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, 2024	Fiscal year ended March 31, 2025
Net unrealized holding gain on other securities:		
Amount recognized during the year	12,493	1,199
Reclassification adjustments	(3,907)	(4,992)
Before income taxes and income tax effect adjustment	8,585	(3,792)
Income taxes and tax effect	(2,723)	929
Net unrealized holding gain on other securities	5,862	(2,862)
Net deferred gain (loss) on hedges:		
Amount recognized during the year	12,541	2,827
Reclassification adjustments	(1,121)	(2,812)
Before income taxes and income tax effect adjustment	11,419	15
Income taxes and tax effect	(2,478)	(192)
Net deferred gain (loss) on hedges	8,941	(177)
Translation adjustments:		
Amount recognized during the year	17,066	7,926
Reclassification adjustments	558	-
Translation adjustments:	17,625	7,926
Remeasurements of defined benefit plans, net of tax		
Amount recognized during the year	27,094	14,761
Reclassification adjustments	472	(7,207)
Before income taxes and income tax effect adjustment	27,567	7,553
Income taxes and tax effect	(8,416)	(2,699)
Remeasurements of defined benefit plans, net of tax	19,150	4,854
Share of other comprehensive income of affiliates accounted for using the equity method:		
Amount recognized during the year	3,502	436

Reclassification adjustments	(12)	(72)
Share of other comprehensive income of affiliates accounted for using the equity method	3,489	364
Total other comprehensive income	55,068	10,104

(Notes to Consolidated Statements of Changes in Net Assets)

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 (402.12 shares), 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.

Fiscal year ended March 31, 2025

1. Matters related to outstanding shares

(Shares)

Type of shares	As of April 1, 2024	Increase	Decrease	As of March 31, 2025
Common stock	116,254,892	—	—	116,254,892

2. Matters related to treasury stock

(Shares)

Type of shares	As of April 1, 2024	Increase	Decrease	As of March 31, 2025
Common stock	851,948.70	7,098.00	38,328.56	820,718.14

Reasons for the change:

The increase in treasury stock (7,098 shares) resulted from the purchase of shares of less than one unit (7,098 shares).

The decrease in treasury stock (38,328.56 shares) resulted from the delivery of shares of the Company through the Company's Board Benefit Trust (BBT) (23,200 shares), the sale of shares of the Company by affiliates accounted for by the equity method (14,967.8 shares), 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 (1.76 shares) and the sale of shares of less than one unit (159 shares).

The number of shares at the end of the fiscal year includes 264,800 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	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.

(2) Dividends for which the record date falls in the fiscal year ended March 31, 2025, 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.

(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, 2024	Fiscal year ended March 31, 2025
Cash and deposits	164,858	185,941
Term deposits with maturities of more than three months	—	—
Cash and cash equivalents	164,858	185,941

(Leases)

Operating lease transactions

As lessee:

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

	As of March 31, 2024	As of March 31, 2025
Due within one year	2,205	2,477
Due after one year	7,286	4,831
Total	9,491	7,309

- 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:

	As of March 31, 2024	As of March 31, 2025
Due within one year	95	195
Due after one year	332	1,976
Total	428	2,172

(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, 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.

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	(2,577)
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.

Notes:

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

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.

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.

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

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

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

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, 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

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

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

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

As of March 31, 2024

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

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, 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: With regard to the fair value of unlisted equity securities as of March 31, 2024 (¥3,987 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, 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: Because the fair value of unlisted equity securities as of March 31, 2025 (¥3,938 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, 2024

(Millions of yen)

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

Fiscal year ended March 31, 2025

(Millions of yen)

	Sales	Aggregate gain	Aggregate loss
Equity securities	7,800	4,922	-

3. Impairment of securities

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). 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).

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, 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

As of March 31, 2025

	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

(2) Interest-related transactions

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

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

(3) Commodities-related transactions

As of March 31, 2024

None applicable.

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

2. Derivative instruments subject to hedge accounting

(1) Currency-related transactions

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				
	U.S. dollars	Accounts receivable-trade	7,174	—	235
	Other		4,402	—	(3)
	Buy				
	U.S. dollars	Notes and accounts payable-trade	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 (<i>Furiate-shori</i>)	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	754	—	
	Other		87	—	
	Buy				
	U.S. dollars	Notes and accounts payable-trade	1,801	—	(Note)

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, 2025

(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	6,007	—	95
	Other		3,139	—	1
	Buy				
	U.S. dollars	Notes and accounts payable-trade	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
Allocation method (<i>Furiate-shori</i>)	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	694	—	
	Other		92	—	
	Buy				
	U.S. dollars	Notes and accounts payable-trade	1,064	—	(Note)

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, 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 (<i>Tokurei-shori</i>)	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.

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 (<i>Tokurei-shori</i>)	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.

(3) Currency and interest rate-related transactions

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 (<i>Ittai-shori</i>)	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.

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 (<i>Ittai-shori</i>)	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.

(4) Commodities-related transactions

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

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 method hedge	Commodity swaps Pay/fixed and receive/floating	Brent crude	2,745	—	699
Deferral method hedge	Commodity transactions futures	Power	4,396	2,930	3,814

(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.

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, 2024	Fiscal year ended March 31, 2025
Retirement benefit obligations at the beginning of year	109,907	103,596
Service cost	3,471	2,132
Interest cost	813	786
Actuarial differences generated	(842)	(11,727)
Past service cost incurred	(452)	(436)
Retirement benefits paid	(9,688)	(7,888)
Other	386	466
Retirement benefit obligations at the end of year	103,596	86,930

(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, 2024	Fiscal year ended March 31, 2025
Plan assets at the beginning of year	115,651	135,621
Expected return on plan assets	2,584	2,751
Actuarial differences generated	25,799	4,135
Contribution from employers	1,300	794
Retirement benefits paid	(9,412)	(7,162)
Refund from retirement benefit trust	—	(10,000)
Other	(303)	
Plan assets at the end of year	135,621	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, 2024	Fiscal year ended March 31, 2025
Net defined benefit liability at the beginning of year	1,927	1,911
Retirement benefit expenses	555	249
Retirement benefits paid	(352)	(425)
Contribution to plans	(266)	(223)
Other	45	65
Net defined benefit liability at the end of year	1,911	1,577

(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, 2024	As of March 31, 2025
Retirement benefit obligations for funded plans	106,350	89,510
Plan assets	(140,216)	(130,520)
	(33,865)	(41,010)
Retirement benefit obligations for unfunded plans	3,762	3,505
Net asset or liability reported on the consolidated balance sheets	(30,102)	(37,504)
Net defined benefit liability	10,984	8,995
Net defined benefit asset	(41,087)	(46,500)
Net asset or liability reported on the consolidated balance sheets	(30,102)	(37,504)

Note: Plans using a simplified method are included.

(5) Breakdown of retirement benefit expenses

	(Millions of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Service cost	3,471	2,132
Interest cost	813	786
Expected return on plan assets	(2,584)	(2,751)
Amortization of unrecognized actuarial differences	712	(2,712)
Amortization of unrecognized prior service cost	(239)	(950)
Retirement benefit expenses calculated by a simplified method	555	249
Retirement benefit expenses for defined benefit plans	2,729	(3,245)
Special retirement benefits (Note 1)	6,853	5,312
Gain on refund from retirement benefit trust (Note 2)	—	(5,079)

Notes:

1. Special retirement benefits are included in “Loss on business withdrawal” and “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, 2024	Fiscal year ended March 31, 2025
Past service costs	(213)	514
Actuarial differences	(27,354)	(8,068)
Total	(27,567)	(7,553)

(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, 2024	As of March 31, 2025
Unrecognized past service costs	(3,241)	(2,726)
Unrecognized net actuarial differences	(36,084)	(44,153)
Total	(39,326)	(46,880)

(8) Matters regarding plan assets

① Major components of plan assets

Plan assets mainly consist of the following:

	As of March 31, 2024	As of March 31, 2025
Stocks	56%	53%
Bonds	19%	22%
General account	7%	5%
Cash and deposits	16%	19%
Other	2%	1%
Total	100%	100%

Note: Total plan assets for the fiscal years ended March 31, 2024 and March 31, 2025 include securities contributed to the retirement benefit trust (32% and 30%) 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, 2024	Fiscal year ended March 31, 2025
Discount rates	Mainly 0.5%	Mainly 2.1%
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 ¥1,840 million for the fiscal year ended March 31, 2024 and ¥2,529 million for the fiscal year ended March 31, 2025.

(Tax-effect Accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets:		
Accrued enterprise taxes	842	475
Accrued bonuses	2,450	2,461
Net defined benefit liability	3,637	3,222
Impairment loss	26,541	24,875
Loss on valuation of investment securities	2,381	2,236
Provision for environmental measures	2,437	2,019
Unrealized profit eliminated in consolidation	1,532	1,334
Tax loss carryforwards (Note 2)	59,604	66,928
Loss on revaluation of land	12,231	12,279
Other	15,326	15,326
Gross deferred tax assets	126,985	131,160
Valuation allowance relating to tax loss carryforwards (Note 2)	(53,870)	(60,591)
Valuation allowance for total deductible temporary differences	(49,249)	(47,514)
Valuation allowance subtotal (Note 1)	(103,120)	(108,105)
Total deferred tax assets	23,864	23,054
Deferred tax liabilities:		
Reserve for advanced depreciation of noncurrent assets	(2,059)	(2,106)
Unrealized holding gain on other securities	(7,048)	(6,046)
Net Deferred gain (loss) on hedges	(7,315)	(7,957)
Assets Related to Retirement Benefits	(11,832)	(13,991)
Gain on revaluation of land, etc.	(27,078)	(26,419)
Other	(10,431)	(10,686)
Total deferred tax liabilities	(65,766)	(67,207)
Net deferred tax liabilities	(41,901)	(44,152)

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, 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

(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, 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

(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, 2024	As of March 31, 2024
Statutory tax rate	30.6%	30.6%
(Adjustments)		
Entertainment expenses not qualifying for deduction	0.7	108
Dividend income excluded from gross revenue	(3.8)	(2.8)
Inhabitant tax per capita, etc.	0.7	1.7
Tax credits	(0.3)	(1.7)
Increase or decrease in valuation allowance	(22.0)	13.2
Amortization of goodwill	5.8	2.8
Impairment loss on goodwill	—	16.4
Equity in gain and loss of affiliates	(5.4)	(22.3)
Difference in tax rates of consolidated subsidiaries	2.1	2.4
Adjustment to deferred tax assets and liabilities at year-end due to changes in tax rates	—	7.9
Other	4.6	(6.4)
Effective tax rate after adoption of tax-effect accounting	13.3	43.6

(Changes in presentation)

Assets Related to Retirement Benefits, which was included in “Other” in the previous fiscal year, is listed separately as “Assets Related to Retirement Benefits” for the fiscal year ended March 31, 2025 due to its increased materiality. To reflect this change in presentation, the notes for the fiscal year ended March 31, 2024 have been reclassified. As a result, 4.6% included in “Other” for the prior fiscal year are reclassified as “Tax credits” (0.3)% and “Other” 4.9%.

3. Adjustment to the amounts of deferred tax assets and deferred tax liabilities due to changes in corporate income tax rates

The Act for Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025) was enacted by the National Diet on March 31, 2025, and the “Defense Special Corporate Tax” will be imposed starting from consolidated fiscal years beginning on or after April 1, 2026.

Accordingly, the Company has revised the statutory effective tax rate used to measure deferred tax assets and deferred tax liabilities related to temporary differences and other items expected to reverse in consolidated fiscal years beginning on or after April 1, 2026.

As a result of this change, net deferred tax liabilities (deferred tax liabilities net of deferred tax assets) increased by ¥1,685 million, and income taxes—deferred increased by ¥1,006 million in the current consolidated fiscal year.

4. 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, 2024	As of March 31, 2025
Receivables from contracts with customers (Beginning balance)	189,128	204,990
Receivables from contracts with customers (Ending balance)	204,990	180,296

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, 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.

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)	3,599	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.

[Related information]

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

Notes: 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.

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

Note: 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.

[Impairment loss by reportable segment]

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

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

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

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

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.

[Gain on negative goodwill by reportable segment]

Fiscal year ended March 31, 2024

None applicable.

Fiscal year ended March 31, 2025

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, 2024

None applicable.

Fiscal year ended March 31, 2025

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, 2024

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

	<u>(Millions of yen)</u>
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

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.

	<u>(Millions of yen)</u>
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

(Per Share Information)

(Yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	4,062.19	4,175.77
Profit (loss) per share	197.09	39.33

- 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 288,000 shares in the previous fiscal year and 264,800 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 277,914 shares in the previous fiscal year and 272,357 shares in the current fiscal year.
 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, 2024	Fiscal year ended March 31, 2025
Profit (loss) attributable to owners of parent	22,747	4,539
Profit (loss) attributable to owners of parent related to common shares	22,747	4,539
Weighted-average number of common shares outstanding (shares)	115,415,096.94	115,419,024.83