Annual Securities Report

English excerpt translation of the “Yukashoken-Houkokusho”
for the 101st fiscal year (from April 1, 2024 to March 31, 2025)

Nippon Paper Industries, Co., Ltd.
3863

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.

[Business Risks]

The following is a list of major risks that management recognizes as having the potential to materially affect the consolidated company's financial position, operating results, and cash flows, among other matters related to the business and accounting conditions described in the Annual Securities Report (submitted on June 26, 2025). However, these are not an exhaustive list of all risks, and risks other than those listed may also exist and have an impact. Forward-looking statements in the text are based on the Group's judgment (the Company and its consolidated subsidiaries) as of the end of FY2025/3.

(1) Major Risks Associated with Management Strategies

1) Human Resources

NIPPON PAPER GROUP (the Group) considers its human resources strategy to be a key element of its business activities. We are focusing on securing and developing appropriate human resources for future business development. If the Group fails to recruit and train adequate personnel, it will not only make it difficult to sustain the growth and competitiveness of our existing business, but also prevent a smooth business transformation, which could have an impact on our operating results and financial position.

With an aim to improve employee engagement, we work on securing human resources by actively recruiting and developing human resources with diverse backgrounds, and by creating a work environment that supports flexible working styles, and thus creating an organization where diverse human resources can demonstrate their full potential. In development, we are working to create "human resources who will take on the challenges of change". We introduced an in-house sideline system and selective education designed to train executive candidates at mills and offices to promote human resource development that will serve as the source for expanding earnings in growth businesses and strengthening the competitiveness of our core businesses.

As for work environment, we are working to establish a system that supports diverse work styles. For example, we are enhancing support system for balancing work with life events such as childcare and nursing care, and extending the mandatory retirement age for general employees from 60 to 65.

In addition, as labor force is decreasing due to low birthrate and aging of population, we are also considering automation and labor saving at mills, and introduction of IoT techniques in logistics.

Through these initiatives, we strive to secure and develop appropriate human resources, prevent occupational accidents, and secure sustainable growth.

2) Delay in profitability improvement of Opal

Opal, our consolidated subsidiary in Australia, is withdrawing from the graphic paper business at the Maryvale Mill and is advancing the establishment of an integrated operating model for the packaging business, which we view as having strong growth potential. We recognize the turnaround of Opal as an urgent management priority and are implementing restructuring measures aimed at achieving profitability as early as possible. However, if these initiatives do not proceed as planned, they could adversely affect the Group's operating results and financial position.

Accordingly, the Group is accelerating initiatives to improve the profitability of the Maryvale Mill. Key measures include optimizing the production structure to position the mill as a packaging base paper facility, stabilizing operations through enhanced Group support, reducing fixed costs primarily through workforce rationalization, and improving the sales mix of base paper products.

In addition, for Opal's packaging business operations outside the Maryvale Mill, we are pursuing rationalization measures such as consolidating production sites, while also making capital investments to expand capacity and improve productivity. These investments include the construction of a new corrugated cardboard plant and the phased replacement of aging converting equipment. At the same time, we are strengthening the sales organization to increase market share, thereby enhancing Opal's overall earnings base.

3) Climate Change

With energy-intensive Paper and pulp as our main business, we view a comprehensive response to climate-change as a crucial task for achieving Group Mission and are actively working to reduce Green House Gas (GHG) emissions with the aim of achieving carbon neutrality by 2050. As the global movement toward decarbonization accelerates, if our group's response is delayed, we may face regulatory risks, such as the strengthening of carbon pricing policies, and reputational risks due to declining confidence from customers and investors, which could have a financial impact.

We appropriately assess the financial impact of these risks and disclose them in a transparent manner based on the framework recommended by Task Force on Climate-related Financial Disclosures (TCFD). In addition, to mitigate climate-related risks, we have set a target to reduce GHG emissions by 54% by fiscal year 2030 compared with fiscal year 2013. We are advancing energy-saving initiatives through the introduction of high-efficiency equipment and the optimization of manufacturing processes, while also increasing the use of renewable energy and waste-derived energy.

To achieve further reductions, we will accelerate our GHG emission reduction efforts by installing one new high-efficiency black liquor recovery boiler at the Ishinomaki Mill in fiscal year 2028, and, at the same time, ceasing operation of one existing coal-fired boiler.

Our Group is also working to reduce emissions across the entire value chain by strengthening collaboration with stakeholders--including companies both within and outside our industry--particularly with respect to emissions from logistics. These efforts include initiatives such as round-trip transportation, modal shifts, and shortening transport distances.

In addition, we are actively pursuing measures such as enhancing forest carbon sinks through appropriate forest management and promoting carbon recycling. Through these multifaceted initiatives, we are advancing decarbonization and strengthening our efforts to achieve carbon neutrality by 2050.

We view addressing climate change not only as risk management, but also as an opportunity to create new business value. By promoting sustainability-driven innovation and further deepening collaboration with a broad range of stakeholders, we aim to achieve sustainable growth that balances environmental and economic value.

4) Declining Demand for Graphic Products
The graphic paper business, one of the Group's operations, continues to face a contracting market due to ongoing digitalization and changes in work styles and lifestyles accelerated by the COVID-19 pandemic. Accordingly, while reallocating management resources to our growing Daily-Life Products Business, we are reorganizing the production structure of the graphic paper business to reduce capacity and enhance competitiveness. However, if these initiatives do not progress as planned, they could adversely affect the Group's operating results and financial position.

To strengthen the foundation of our graphic paper business, we are working to stabilize operations, achieve continuous cost reductions, and secure reproducible and appropriate pricing to ensure a stable supply. We are also maintaining and expanding sales volumes by developing and broadening our lineup of environmentally conscious products in collaboration with customers, and by promoting collaboration in processing applications for food and industrial products.

In addition, we have established a dedicated unit to research overseas markets, particularly in the packaging sector. By capturing global market trends in real time and strengthening our rapid development and sales/supply capabilities for overseas products, we aim to capture overseas demand and expand exports.

With respect to the reorganization of our graphic paper production system, we will enhance competitiveness by linking these efforts to GHG emission reductions. We will also leverage existing resources from the graphic paper business--including personnel, pulp, and utilities--to expand growth areas such as household paper, chemicals, and biomass materials.

Through these multiple measures to mitigate risk, we will strengthen our resilience to market changes and continue to secure stable earnings.

5) Delays in Expanding the Biomass Materials Business
The Group aims to achieve sustainable growth as a "comprehensive biomass company" by expanding its biomass materials business, which develops biomass-based materials and products derived from wood resources for a wide range of markets. However, if the expansion of this business does not proceed as planned, it could adversely affect the Group's operating results and financial position.

The Group has positioned its Green Strategy--set forth in Vision 2030 and the Medium-Term Business Plan 2025--as a key growth strategy, built on two pillars: maximizing forest value and expanding biomass materials and products. Against the backdrop of fossil resource depletion and marine plastic pollution, global efforts to eliminate or reduce plastic use are expected to accelerate, alongside decarbonization and the transition to a circular economy. Through sustainable forest management, the Group will generate wood resources and provide biomass materials and products that combine environmental benefits with superior functional performance to diverse markets in Japan and overseas, including mobility & industrial, food & agriculture, construction, and personal care.

We have already begun developing and selling cellulose-based products--such as containerboard and packaging paper products, cellulose nanofibers, and cattle feed--aimed at replacing fossil-based materials and enhancing functionality. In addition, we have commenced demonstration testing at our Iwanuma Mill for the production of bioethanol from domestically sourced timber. We have also launched products that can reduce GHG emissions in construction, including "Star Ligno," a lignin-based emulsion for warm-mix asphalt produced from lignin, a component of wood.

To respond quickly to market needs, including environmental requirements, we recognize the importance of technological capabilities, sales strength, and robust networks. We are therefore making proactive investments in these areas and reallocating personnel to create synergies with existing businesses. At the same time, we are building networks across industry, government, academia, and finance to promote open innovation. By commercializing the outcomes of these initiatives as products and services, we will strengthen our resilience to market changes.

To respond to market shifts and to gain and maintain competitive advantages in Japan and overseas, an intellectual property strategy that maximizes the value of our intellectual capital is essential. Within the Group, the R&D and IP functions work closely together, regularly reviewing research outcomes to strengthen patent filings and the acquisition of rights in growth and new business domains. We also prioritize foreign patent applications with a view to expanding overseas operations.

Through its biomass materials business, the Group seeks to advance both societal and corporate sustainability by reducing GHG emissions across the entire supply chain, promoting resource circulation and self-sufficiency through recycling, and revitalizing the forestry industry through the utilization of domestic forests.

6) Supply Chain Management
Our group procures raw materials and fuels such as wood chips, waste paper, heavy oil, coal, and chemicals to manufacture and sell products. Raw material prices are significantly influenced by domestic and international market conditions.

Furthermore, the trend toward decarbonization and the decline in Western paper production may lead to instability in procurement and price fluctuations due to business downsizing or withdrawal by raw material suppliers. Such price fluctuations could impact the Group's operating results and financial position. Increased transportation costs, driven primarily by rising raw material and fuel prices due to decarbonization policies in response to climate change, are expected to persist. These costs are further compounded by port labor shortages, insufficient transport capacity, delays in global supply chain transportation networks caused by heightened geopolitical tensions, and the so-called "2024 logistics crisis" in Japan, which is an urgent issue. These problems could also further impact the Company's operating results and financial position.

As key countermeasures, we have implemented measures such as establishing and operating advance purchase schemes for certain raw materials and fuels to hedge risks. Specifically for wood chips used in paper manufacturing, our group owns 160,000 hectares of forest resources globally. We are also working to secure raw materials and stabilize purchase prices by strengthening trust-based relationships with domestic and international chip suppliers built on long-term transaction histories, and by developing and adopting low-cost resources from nearby locations. To reduce loading/unloading times, some factories have introduced truck appointment systems to shorten waiting times. Furthermore, to ensure stable procurement, we are strengthening good relationships with suppliers and logistics companies. We are also advancing efforts to optimize financial conditions by enhancing appropriate inventory management. This includes sourcing from multiple regions and sources, including overseas; switching to alternative products; expanding flexibility and procurement networks through strengthened intra-group collaboration; and reviewing inventory levels.

Regarding the "2024 Logistics Problem," we have established a cross-functional project team to address product sales and raw material/fuel procurement, striving to balance regulatory compliance with minimizing cost increases. Working collaboratively with suppliers, we are implementing measures such as requesting planned deliveries, modifying transportation systems, improving load factors, and establishing new inventory bases near consumption areas. Furthermore, we are realizing joint maritime transport with other companies to reduce GHG emissions compared to truck transport, while also promoting logistics DX initiatives to address labor shortages.

7) Natural Disasters and Infectious Diseases, etc.
A large-scale natural disaster, such as an earthquake, typhoon, flood, or wildfire, in an area where the Group's production and sales bases are located could have a significant impact on business continuity. There is a possibility that there will be an outage of production activities, an increase in expenses for the restoration of facilities, or damage to products or raw materials, which may affect the Group's operating results and financial position.

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

While we maintain insurance coverage for losses arising from natural disasters, such coverage may not be sufficient to fully cover all potential losses or liability claims that may be asserted against the Company.

The outbreak of COVID-19 has once again reminded us of the possible impact of infectious diseases on business activities. The risk of infectious diseases, including COVID-19, can be a threat to employee health and business continuity. Our group is continually strengthening its measures against infectious diseases, including measures to prevent the spread of infection among employees, establishment of a telecommuting system, and expansion of use of online conference system. If there are concerns about the occurrence of infection or impact on business activities, we will quickly share information and launch Crisis Management HQ to curb the situation and stabilize our business.

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

(2) Main Risks Associated with the Business Environment and Business Activities Production

1) Production Facilities

The Group's production activity is based on planned production that takes into account market demand and the capacity of existing facilities. However, if the operating rate of production facilities declines due to equipment breakdowns, fires, or equipment accidents caused by natural disasters, the supply capacity of products may be insufficient, which could affect the Group's operating results and financial position. In response to these risks, we conduct regular facility inspections and maintenance, implement aging countermeasure works to systematically upgrade vulnerable areas, build supply systems at multiple plants, and optimize inventories.

2) Compliance

Related laws and regulations are constantly changing in a wide range of fields, including Paper and Paperboard Business, Daily-Life Products Business, and Energy Business businesses, as well as Wood Products and Construction Related Business that our group deploys, and new compliance-related issues are emerging.

In particular, the risks of non-compliance are becoming increasingly complex due to changes in social conditions, such as digitization, globalization, and the growing interest in environmental protection and respect for human rights.

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

Because the Group conducts business activities with cooperation of our business partners and various subcontractors for operations that are difficult to execute on our own, we emphasize fair and sound business practices in our relationships with our business partners and subcontractors. While we seek fair trade practices that reflect changes in social values as well as compliance with the Antimonopoly Act and the Subcontract Act, if there is a violation, it is expected to be a major risk in management, such as litigation and the loss of social trust.
In order to respond to these requirements, we comply with desirable business practices between parent companies and subcontractors based on the "Declaration on Building Partnerships", and are actively working to rectify business practices that hinder the establishment of partnerships with business partners.
In addition, based on the "Guidelines on Price Negotiations to Appropriately Pass Through Labor Costs" published in November 2023, we are proceeding with risk assessment and implementation of countermeasures on a Group-wide basis.

Through these initiatives, we aim to respond flexibly to changes in social conditions and minimize the risk of non-compliance.

3) Worker Safety and Health

The Group is committed to operating all facilities with safety as its highest priority. However, workplace accidents remain a significant risk that could impair employees' health or, in the worst case, result in loss of life. Depending on the nature of an incident, the Company may be held accountable for management responsibility and could be required to suspend operations or shut down equipment, which may adversely affect business activities.

To prevent workplace accidents, we operate our own occupational safety and health management system. Under this system, each facility incorporates specific, ongoing, and voluntary initiatives into its safety and health plans, with the aim of preventing accidents, promoting employee health, and improving workplace safety and health standards, including the creation of a comfortable working environment.

Through these efforts, the Group will continue to strengthen accident prevention and strive to ensure a safe and healthy workplace.

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

5) Environmental Laws and Regulations
The Group is subject to the application of environmental laws and regulations in various businesses. Revisions and amendments to such regulations could limit production activities and result in additional costs incurred to implement countermeasures, etc., affecting the Group's business performance, financial position, and other aspects. In addition to regularly monitoring the status of amendments to environment-related laws and regulations, we collect various information from outside the company to establish a system to respond appropriately to legal revisions.

6) Information Systems
The Group strengthens and rigorously implements security measures for its information systems. We also implement extensive information security measures to address the work-from-home environment, which has been rapidly adopted across society. If there are any problems such as information leakages due to unauthorized access to computers and/or data breaches due to criminal acts, and/or interference with somebody's duties, we may be held liable for the payment of compensation for loss or damage and experience a loss of public trust or suspension of business, etc. Such events could affect the business performance, financial position, and other aspects of the Group.
The Group installs defense systems and provides employee training on information security in step with current conditions. As part of our efforts to strengthen its management structure, we have set force "Personal Information Handling Regulations", made these regulations known to the executives, employees, and business partners, and established communication routes in the event of a security incident. In addition, we conduct regular security audits and vulnerability assessments to detect and correct system vulnerabilities in an effort to prevent security incidents.

7) Intellectual Property Disputes
The Group holds intellectual property rights related to products and technologies, and we may be subject to intellectual property disputes and litigation, which could have an impact on the Group's business performance and financial position.
Specifically, we may be subject to lawsuits alleging that our products and technologies infringe the intellectual property rights of other companies. In addition, there is a possibility that our Group's intellectual property rights may be subject to claims for revocation by other companies or the risk of infringement of intellectual property rights by third parties. The Group is committed to protecting intellectual property rights and educating our employees, while implementing legal measures and risk management measures.

8) Foreign Exchange
The Group is exposed to the risk of foreign exchange fluctuations associated with import, export and other transactions. In terms of the balance of imports and exports, the Group's imports of various raw materials and fuel, etc., such as wood chips, oil, coal, and chemicals, exceed its exports of products and other items. For this reason, the predominant foreign exchange impact is that the depreciation of the yen against the U.S. dollar will have a negative impact on business performance. The Group hedges against this risk through forward contracts and other means in order to mitigate the impact of foreign exchange rate fluctuations on its business performance.

(3) Financial and Accounting Risks

1) Share Prices

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

2) Interest Rates

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

3) Credit Risk

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

4) Impairment of Fixed Assets

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

5) Retirement Benefit Obligation

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

6) Reversal of Deferred Tax Assets

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

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

(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 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 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.

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(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 (402.12shares), 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.

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 (14,967.8shares), 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:

(Millions of yen)

	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:

(Millions of yen)

	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 U.S. dollars Euros	 2,859 1,072 518	 — — —	 (44) (57) 1	 (44) (57) 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 U.S. dollars Euros	 **15,569** **1,574** **1,766**	 — — —	 **313** **(30)** **5**	 **313** **(30)** **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 Receive/fixed and pay/floating	 **3,134** **3,134**	 **3,134** **3,134**	 **(101)** **101**	 **(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 Receive/fixed and pay/floating	 **3,166** **3,166**	 **3,166** **3,166**	 **(119)** **119**	 **(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	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				
	Sell	Accounts receivable-trade			
	U.S. dollars		754	—	
	Other		87	—	
	Buy	Notes and accounts payable-trade			(Note)
	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.

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	Accounts receivable-trade			
	U.S. dollars		**6,007**	—	**95**
	Other		**3,139**	—	**1**
	Buy	Notes and accounts payable-trade			
	U.S. dollars		**101,334**	**69,543**	**23,961**
	Other		**10,342**	**2,336**	**906**

(Millions of yen)

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

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

(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 (*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.

As of March 31, 2025

(Millions of yen)

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

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

(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 (*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.

As of March 31, 2025

(Millions of yen)

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

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

(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 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

As of March 31, 2025

(Millions of yen)

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

(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, 20245**
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.

	(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

Fiscal year ended March 31, 2025

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

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

(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**