TRANSLATION

The 101st Ordinary General Meeting of Shareholders

Other Matters Subject to Measures for Electronic Provision
(Items Not Included in Document Delivered
Through Request for Delivery of Documents)

101st Term
(From April 1, 2024 through March 31, 2025)

Nippon Paper Industries Co., Ltd.

Basic Policy on Control of the Stock Company in the Business Report

(1) About the Basic Policy

The Company believes that persons who control decision-making over the financial and business policies of the Company must be able to ensure and enhance the corporate value of the Company and ultimately, the common interests of its shareholders.

Meanwhile, as the shares of the Company are listed and traded freely in the market, the Company also believes that the way of person who control of the Company should ultimately rest on the will of the shareholders as a whole, and that the final decision as to whether or not to accept a purchase offer for shares that involves a change of control of the Company should also be ultimately made based upon the will of the shareholders as a whole. Nonetheless, among those large-scale purchases or offers to purchase the Company's shares, etc., there may be cases that would harm the common interests of the shareholders such as: those with a purpose of acquisition or intended management policies after the acquisition that would obviously harm the corporate value and, subsequently, the common interests of shareholders; those with a potential to substantially coerce shareholders into selling their shares; those not providing sufficient time or information for the shareholders to consider the conditions, etc., of the acquisition, or for the Board of Directors of the Company to make an alternative proposal; and those requiring negotiation with the purchaser in order to procure more favorable terms than those presented by the purchaser, etc.

The Company considers such person who makes or offers such large-scale purchases are exceptionally not suitable as a person to have control over the financial and business policies of the Company.

(2) Efforts to Realize the Basic Policy

1) Medium-Term Business Plan

The Company Group is practicing corporate activities which seek to balance the affluent human life with the global environment through utilization of renewable wood resources.

In order to ensure this sustainable growth continues, the Company Group is promoting a Medium-Term Business Plan 2025. The first five years of 2030 Vision, a long-term vision we established at the same time, is positioned as a period for Medium-Term Business Plan 2025. Placing utmost priority on agility in each of the businesses in growth areas, and by fully leveraging the resources we have in each production base of the paper business, we will further promote transformation of our business structure. We will contribute to human life and culture through sound material-cycle business based on forest resources and will work to ensure and enhance the corporate value and the common interest of its shareholders.

2) Efforts for Corporate Governance

The Company places highest priority on realizing a fair management through further improvement of management transparency to our stakeholders including shareholders. We introduced the Executive Officer System to ensure segregation of execution of business from supervision of management and will continue to strive to strengthen the function for supervision of the Board of Directors. The Company, as a commanding office for group management, will promote growth strategies, monitor affiliated business and promote compliance.

With such efforts, the Company will work on further reinforcement of corporate governance.

The basic policy on control of the stock company is as stated above. The Company will make efforts to enhance the corporate value of the Company and ultimately, the interests of all shareholders. In addition, in the case that a Large-Scale Purchases of shares, etc., of the Company is carried out, the Company will seek necessary and sufficient information so that shareholders can make a proper judgment about appropriateness of those Large-Scale Purchases and disclose opinions of the Board of Directors of the Company or implement other appropriate measures, based on Financial Instruments and Exchange Act, Companies Act, and other applicable laws and regulations.

Consolidated Statement of Changes in Shareholders' Equity, etc.

(From April 1, 2024 through March 31, 2025)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	104,873	216,416	7,102	(1,904)	326,487
Cumulative effects of changes in accounting policy			702		702
Beginning balance after retrospective adjustments	104,873	216,416	7,804	(1,904)	327,189
Changes during consolidated fiscal year					
Dividend of retained earnings			(1,157)		(1,157)
Profit attributable to owners of parent			4,539		4,539
Acquisition of treasury shares				(6)	(6)
Disposition of treasury shares		(22)		71	48
Changes in scope of consolidation			361		361
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Amount of changes in items other than shareholders' equity during the consolidated fiscal term (net amount)					
Total amount of changes during the consolidated fiscal year	―	(22)	3,743	64	3,784
Balance at end of the current term	104,873	216,393	11,547	(1,840)	330,974

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	17,541	16,989	79,535	28,234	142,301	26,859	495,648
Cumulative effects of changes in accounting policy	(702)				(702)		―
Beginning balance after retrospective adjustments	16,839	16,989	79,535	28,234	141,599	26,859	495,648
Changes during consolidated fiscal year							
Dividend of retained earnings							(1,157)
Profit attributable to owners of parent							4,539
Acquisition of treasury shares							(6)
Disposition of treasury shares							48
Changes in scope of consolidation							361
Change in treasury shares arising from change in equity in entities accounted for using equity method							0
Amount of changes in items other than shareholders' equity during the consolidated fiscal term (net amount)	(2,918)	(3,280)	10,875	4,776	9,452	1,549	11,002
Total amount of changes during the consolidated fiscal year	(2,918)	(3,280)	10,875	4,776	9,452	1,549	14,786
Balance at end of the current term	13,920	13,708	90,410	33,011	151,051	28,409	510,435

Notes to the Consolidated Financial Statement

Figures are rounded down to the nearest million yen.

1. Notes, etc., to the significant basis for preparation of the Consolidated Financial Statement

(1) Scope of Consolidation

① Number of consolidated subsidiaries and names of primary consolidated subsidiaries

Number of consolidated subsidiaries: 54 companies

Names of primary consolidated subsidiaries:

Nippon Paper Papylia Co., Ltd., NP Trading Co., Ltd., Nippon Tokai Industrial Paper Supply Co., Ltd.,
Nippon Paper Crecia Co., Ltd.,
Opal (Paper Australia Pty Ltd and its 15 subsidiaries),
Nippon Dynawave Packaging Co., Nippon Paper Ishinomaki Energy Center Ltd.,
Nippon Paper Lumber Co., Ltd., Nippon Paper Logistics Co., Ltd.

During the current consolidated fiscal year, there was the following change due to materiality and sales.

(New) 1 company, materiality

Ohta Paper Sales Co., Ltd.

(Excluded) 1 company, sale

Daishowa Uniboard Co., Ltd.

② Names, etc. of primary non-consolidated subsidiaries

Name of the primary non-consolidated subsidiary:

Douou Kohatsu Co., Ltd.

Reason for exclusion from the scope of consolidated subsidiaries:

Respective non-consolidated subsidiaries are small in scale, and have no material impact on the consolidated financial statements, in terms of their total assets, net sales, profit or loss of the current term (amount corresponding to the equity interest), and retained earnings (amount corresponding to the equity interest), etc.

(2) Application of the equity method

① Number of equity method non-consolidated subsidiaries and affiliated companies, and names of primary companies thereof, etc.

Number of equity method non-consolidated subsidiaries None

Number of equity method affiliated companies 12 companies

Name of principal equity method companies

DuPont Nippon Paper Papylia Godo Kaisha, Shin Tokai Paper Co., Ltd., Phoenix Pulp & Paper Public Co., Ltd., Nippon Tokan Package Co., Ltd., LINTEC Corporation

② Number of non-consolidated subsidiaries and affiliated companies not under the equity method, and names, etc. of primary companies thereof.

Number of non-consolidated subsidiaries not under the equity method

67 companies

Number of affiliated companies not under the equity method:

20 companies

Names of primary companies

(Non-consolidated subsidiary)	Douou Kohatsu Co., Ltd.
(Affiliated company)	JPT Logistic Co., Ltd.

Reason for non-application of equity method:

The non-consolidated subsidiaries and affiliated companies were excluded from the scope of equity method because such exclusion have minor impact on the consolidated financial statements in terms of respective net income or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest), etc. of the current consolidated fiscal year, and have no materiality as a whole.

③ Special notes regarding the procedures for application of the equity method

Among the equity method companies, as to those with different settlement date from the consolidated settlement date, the financial statements for the respective fiscal years of such companies are reflected.

(3) Fiscal year, etc. of consolidated subsidiaries

Among the consolidated subsidiaries, respective settlement date of Jujo Thermal Ltd., Siam Nippon Industrial Paper Co., Ltd., Nippon Paper Industries USA Co. Ltd., Opal, Nippon Dynawave Packaging Co., TS Packaging SDN. BHD. and its subsidiary, Amapa Florestal e Celulose S.A. and its 2 subsidiaries, and Nippon Paper Resources Australia Pty, Ltd. is December 31.

In preparation of the consolidated financial statements, each financial statement as of such date is used, and as to material transactions which occurred between such date and the consolidated settlement date, adjustments necessary for consolidation are made to them.

(4) Accounting policies

① Evaluation standard and method for evaluation of securities

Available-for-sale securities:

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

The market value method (all of the evaluation variance is directly charged or credited to net assets and the cost of securities sold is computed by the moving-average method).

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

The cost method based on the moving-average method is used.

② Evaluation standard for derivatives:

The market value method is used.

③ Evaluation standard and method for measurement of inventory assets:

The cost method based primarily on the moving-average method and the periodic average method (as to the amount in the balance sheet, the method of writing down the book value based on declined profitability) is applied.

④ Accounting for depreciation of non-current assets:

(i) Property, plant and equipment (excluding leased assets):

The declining balance method is used. (Some part of the Company and some of the consolidated subsidiaries adopt the straight-line method)

However, for depreciation of buildings (excluding auxiliary facilities) acquired on or after April 1, 1998 and of auxiliary facilities attached to buildings and structures acquired on or after April 1, 2016, the straight-line method is adopted.

Primary useful lives in years are as follows:

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

(ii) Intangible assets (excluding leased assets):

The straight-line method is used.

However, software for in-house use is amortized by the straight-line method over its estimated internally usable period (5 years).

(iii) Leased assets:

As to the leased assets by financial lease transaction without transfer of title, depreciation is amortized by using the straight-line method over the durable life equal to the lease period and with no residual value (when a guaranteed residual value is agreed, the guaranteed residual value).

⑤ Accounting standards for the allowance for doubtful accounts

To prepare for loss from bad debts such as trade account receivables, etc., the estimated uncollectable amounts are stated based on historical rate of losses from bad debts for the general accounts of receivables, and based on individual collectability assessments for such certain doubtful account of receivables, etc.

⑥ Accounting standards for allowance for environmental measure

To prepare for the expenses for disposal of PCB wastes in accordance with the "Act on Special Measures concerning the Proper Treatment of Polychlorinated Biphenyl Wastes," an estimated amount for disposal is allocated.

⑦ Revenue and expense recognition standards

The Company and its consolidated subsidiaries' main businesses include production and sales of products or sales of goods in the paper and paperboard business, livelihood-related business, and lumber, construction materials, civil engineering 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, livelihood-related business, and lumber, construction materials, civil engineering 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.

⑧ Accounting method for the net defined benefit liability

To prepare for payment of employees' retirement benefits, the amount equal to the amount of defined benefit liability after deduction of the amount of pension assets based on estimated amounts at the end of the current consolidated fiscal year is stated as the net defined benefit liability. Further, when the amount of pension assets exceeds the amount of defined benefit liability, it is stated as assets relating the retirement benefits.

In calculation of defined benefit liability, the method for the estimated amount of retirement benefits to be attributed to the consolidated financial statement for the current term is on the benefit formula basis.

The past service costs are recorded as expenses by using the straight-line method amortized over a certain period (12-15 years), which is less than the average remaining length of employees' service at the time when such liabilities are incurred.

Actuarial difference is recorded as expenses mainly by the straight-line method amortized over a certain period (5-15 years), which is less than the average remaining length of employees' service at the time of its occurrence in each consolidated fiscal year, and such recording of expenses is commenced in the following consolidated fiscal year of respective occurrence.

Unrecognized actuarial difference and unrecognized past service costs are recorded within the remeasurements of defined benefit plans under the accumulated other comprehensive income in the Net Assets section upon tax effects adjustment.

⑨ Standards for translation of important assets and liabilities denominated in foreign currency into Japanese currency base

Monetary receivables or payables denominated in foreign currency are translated into Japanese currency at the spot exchange rate on the consolidated settlement date, and resulting differences from translation are recorded as profits or losses.

Further, the assets and liabilities of overseas subsidiaries, etc., are translated into Japanese yen at the spot exchange rate on respective settlement date of the overseas subsidiaries, etc., and revenue and expenses are translated into Japanese yen at the average exchange rate in effect during the applicable fiscal year. The difference arising out of such translation is included in the foreign currency translation adjustment and non-controlling interests in the Net Assets section.

⑩ Hedge accounting method

(i) Hedge accounting method

The deferred hedge accounting is applied.

However, among the monetary receivables or payables, etc., denominated in foreign currency with forward exchange contract, etc., the appropriation accounting (*Furiate-shori*) is applied to those that satisfy the requirements for appropriation accounting. And the exceptional accounting (*Tokurei-shori*) is applied to interest rate swaps that satisfy the requirements for the exceptional accounting. The integrated accounting (*Furiate-shori, Tokurei-shori*) is applied to the interest rate and currency swaps that satisfy the requirements for the integrated accounting.

(ii) Hedge instruments and hedge items

a. • Hedge instrument:	Forward exchange contract
• Hedge items:	Receivables denominated in foreign currency through export of products, etc., payables denominated in foreign currency for import of raw materials and fuel, etc., and future transactions denominated in foreign currency.
b. • Hedge instrument:	An interest rate swap
• Hedge items:	Borrowings
c. • Hedge instrument:	An interest rate and currency swap
• Hedge items:	Borrowings denominated in foreign currency
d. • Hedge instrument:	Crude oil swap
• Hedge items:	Future purchase transactions of fuel
e. • Hedge instrument:	Commodity futures
• Hedge items:	Future purchase transactions of electricity

(iii) Hedge policies

The purpose of derivative transactions is mainly to hedge risk of fluctuations of currency exchange rates, interest rates and prices.

(iv) Method for assessment of the hedge effectiveness

Hedge effectiveness is assessed by comparing the accumulated total of cash flow fluctuation or market fluctuation of the hedged item with the accumulated total of cash flow fluctuation or market fluctuation of the hedge instrument in every six-month period, and based on the amount, etc., of such fluctuations of them both.

Assessment of the effectiveness on the consolidated settlement date, for the interest rate swaps which satisfy the requirements for the exceptional accounting and the interest rate and currency swaps which satisfy the requirement for the integrated accounting (*Furiate-shori, Tokurei-shori*) is omitted.

Among the hedged items with forward exchange contracts, for those the forward exchange contracts is appropriated in U.S. dollars, etc., respectively, with the same amount and same date, at the time of execution in accordance with risk management policies, assessment of the effectiveness on the consolidated settlement date is omitted, because the correlation with the subsequent fluctuation of exchange rate is entirely secured.

⑪ Adoption of the group tax sharing system

The Company and some of the consolidated subsidiaries have adopted the group tax sharing system.

2. Notes to Changes in Accounting Policies

(Application of Accounting Standard for Current Income Taxes, etc.)

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

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Implementation Guidance 2022”). The new accounting policies have been applied from the beginning of the current fiscal year. The cumulative effect of retrospective application of new accounting policies prior to the beginning of the current consolidated fiscal year has been added to or subtracted from retained earnings at the beginning of the current consolidated fiscal year. The corresponding amounts have been added to or subtracted from the appropriate category of capital surplus or accumulated other comprehensive income. As a result, retained earnings at the beginning of the current consolidated fiscal year increased by 702 million yen and unrealized gains on available-for-sale securities decreased by the same amount.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the current consolidated fiscal year. This change in accounting policies has no impact on the consolidated financial statements.

3. Notes to Revenue Recognition

(1) Disaggregation of revenue

Disaggregation of revenue in the Company Group and relationship with each business are as follows:

(Unit: million yen)

	Paper and Paperboard Business	Livelihood-related Business	Energy Business	Lumber, Construction Materials, Civil Engineering and Construction-Related Business	Other Business (Note)	Amount recorded on the consolidated statement of profit and loss
Net sales						
Goods transferred at a point in time	565,911	457,880	2,290	72,162	15,193	1,113,439
Goods and services transferred over time	—	—	46,005	6,598	15,925	68,529
Revenue from contracts with customers	565,911	457,880	48,295	78,760	31,119	1,181,968
Revenue from other sources	—	—	—	—	463	463
Total	565,911	457,880	48,295	78,760	31,582	1,182,431

(Note) “Other Business” include logistics, leisure, and other businesses.

(2) Useful information in understanding revenue

Useful information in understanding revenue is as presented in “1. Notes, etc., to the significant basis for preparation of the Consolidated Financial Statement, (4) Accounting policies, ⑦ Revenue and expense recognition standards.”

(3) Useful information in understanding the amount of revenue in the current fiscal year and subsequent fiscal years

① Balance, etc. of contract assets and contract liabilities

(Unit: million yen)

	Current fiscal year
Receivables from contracts with customers (Beginning balance)	204,990
Receivables from contracts with customers (Ending balance)	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 as a result of performance obligations satisfied (or partially satisfied) in prior periods.

② Transaction price allocated to remaining performance obligations

In the sales of finished goods and merchandise in the Paper and Paperboard Business, the Livelihood-related Business and the Lumber, Construction Materials, Civil Engineering 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.

4. Changes in Presentation

(Changes in the Consolidated Balance Sheet)

"Lease liabilities" (18,651 million yen in the preceding fiscal term), which was included in "Other non-current liabilities" of non-current liabilities for the preceding fiscal term, is posted in a separate account in the current fiscal term due to the increase of its monetary materiality.

(Changes in the Consolidated Statement of Profit and Loss)

"Australian business structure improvement expenses" (804 million yen in the preceding fiscal term) and "Impairment loss" (41 million yen in the preceding fiscal term), which were included in "Other" of extraordinary loss for the preceding fiscal term, are posted in a separate account in the current fiscal term due to the increase of its monetary materiality.

"Loss on withdrawal from business of subsidiaries" (3 million yen in the current fiscal term), which was posted in a separate account in the preceding fiscal term, is included in "Other" of extraordinary loss for the current fiscal term due to the decrease of its monetary materiality.

5. Notes related to Accounting Estimates

(Impairment of non-current assets)

(Nippon Paper)

The Company Group determined that there is a sign of impairment loss in the asset group of 121,909 million yen for the printing papers business, etc., which is included in property, plant and equipment for the Company's papers business in the Paper and Paperboard Business segment for the current fiscal year, due to declined sales volume associated with changes in the operating environment. However, in the determination of the sign of impairment loss, we did not recognize impairment loss because the total undiscounted future cash flows expected to result from the asset group exceeds its book value.

Future cash flows to be generated from the continuous use of asset groups are estimated based on future business plans. As to main raw material and fuel prices, we expect that the prices will slowly decline based on future forecast by an external institution. Sales volume for the current fiscal year fell below that of the preceding fiscal year as a result of overall weak demand. We project that its domestic sales volume will gradually decrease going forward. As to unit selling prices, prices are set that reflect market trends and past trends, etc.

As these assumptions entail uncertainties, in the case of a significant decline in future cash flows from the asset group due to changes in business environment, impairment loss may be recognized, which may have a material impact on the consolidated financial statements for the next fiscal year.

(Opal)

Opal, which is a consolidated subsidiary, recorded property, plant and equipment of 170,641 million yen and intangible assets of 5,198 million yen for the fiscal year under review.

Opal has applied International Financial Reporting Standards and conducts an impairment test if there is a sign of impairment in a cash generating unit. Also, regarding cash generating units including goodwill, impairment tests are annually conducted in addition to when there are signs of impairment. As a result of an impairment test, if the recoverable value is lower than the book value, the book value is reduced to the recoverable value, and such amount deducting the amount amortized already based on Japanese standards is recognized as an impairment loss.

The recoverable value is measured by the fair value. As a result of consideration, the recoverable value exceeded the book value and therefore, we recorded impairment loss of 6,807 million yen for the fiscal year under review. Major assumptions for measuring fair value include future cash flow forecasts based on a business plan, the discount rate, and the perpetual growth rate after the end of the target period of the business plan. As these assumptions entail uncertainties, in the case of a significant decline in future cash flows generated from the cash generating unit due to changes in business environment, impairment loss may be recognized, which may have a material impact on the consolidated financial statements for the next fiscal year.

6. Notes to the Consolidated Balance Sheet

(1) Collateralized assets and secured liabilities

The following assets are pledged as collateral for the following amounts

(i) Collateralized assets

Land	34 million yen
Total	34 million yen

(ii) Secured liabilities

Short-term loans payable	520 million yen
Total	520 million yen

(2) Accumulated depreciation on property, plant and equipment

2,354,139 million yen

(3) Guarantee liabilities

Guarantee for borrowings, etc. of the companies other than the consolidated affiliated companies from financial institutions, etc. is provided.

Guarantee liabilities 7,475 million yen

7. Notes to the Consolidated Statement of Changes in Shareholders' Equity, etc.

(1) Type and total number of issued shares at the end of the current consolidated fiscal term

Common shares: 116,254,892 shares

(2) Dividends

① Amount of dividends paid

Resolution		Type of shares	Dividend resource	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 27, 2024 Ordinary General Meeting of Shareholders		Common shares	Retained earnings	1,158	10	March 31, 2024	June 28, 2024

② Among the dividends of which record date is within the current consolidated fiscal term, the dividends of which effective date to be in the following term:

Resolution	Type of shares	Dividend resource	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 27, 2025 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	1,158	10	March 31, 2025	June 30, 2025

8. Notes to the Status of Financial Instruments

(1) Status of Financial Instruments

The Company Group introduced a cash management system (CMS) in Japan and manages funding in the group in an integrated fashion. Management of funds is limited to safe and secure bank deposits, etc. Fund procurement is conducted through borrowing from financial institutions, issuance of bonds payable, etc., based on predicted funding of the group in whole.

Credit risks of the customers pertaining to the trade receivables are mitigated in accordance with the rules for credit controls common to the group. Investments in securities are mainly listed stocks and stocks of affiliates companies, and the market value of the listed stocks are checked in a timely manner.

The due dates of trade payables are within one (1) year. Though loan payables are exposed to fluctuation risks of interest rate, the rate of interest payable of some long-term loans payable with fluctuation risk of interest rate is fixed by using the interest rate swap transactions and the interest rate and currency swap transaction.

Though monetary receivables and payables denominated in foreign currency and anticipated transactions denominated in foreign currency are exposed to currency exchange fluctuation risks, such risks are hedged by the forward exchange contract and the interest rate and currency swap transaction.

The fuel price of some fuel purchase transactions with price fluctuation risk is fixed by using the crude oil swap transactions.

In addition, though trade payables and loan payables are exposed to liquidity risks, such risks are managed by making a financial budget and updating it on a daily and monthly basis, and by preparing cash management plan.

(2) Fair value, etc. of financial instruments

The amount posted in the consolidated balance sheet, the fair value, and the amount of difference between them as of March 31, 2025 (the end of the current consolidated fiscal term), are as follows. Shares, etc. that do not have a market price (consolidated balance sheet amount: 74,515 million yen) are not included in "Available-for-sale securities." In addition, notes on cash were omitted. Notes on deposits were omitted, since they are settled in a short period and the fair values are approximately equal to the book values.

(Unit: million yen)

	Consolidated balance sheet amount	Fair value	Amount of difference
(1) Notes and accounts receivable-trade	180,296	180,296	–
(2) Investments in securities			
Available-for-sale securities	36,545	36,545	–
Stocks in affiliates	61,817	59,260	(2,557)
Golf club membership	105	314	209
Total assets	278,765	276,418	(2,347)
(3) Notes and account 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) Derivative transactions*	30,626	30,626	–

(*) The net amounts of the credit and debt actually accrued from derivative transactions are stated. In case the total of such amounts results in net debt, such amounts are posted in parentheses.

(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

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Available-for-sale securities	36,545	—	—	36,545
Derivative transactions (*)	—	30,626	—	30,626

(*) The net amounts of the credit and debt actually accrued from derivative transactions are stated. In case the total of such amounts results in net debt, such amounts are posted in parentheses.

② Financial instruments other than those measured at fair value

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable-trade	—	180,296	—	180,296
Notes and account 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 in 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 measurements

<u>Investments in securities</u>

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

<u>Derivative transactions</u>

Currency, interest rates and instruments 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 loans payable, the fair value of them is included in the fair value of relevant long-term loans payable (see “Long-term loans 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 and account payable-trade, their fair values are included in the fair values of accounts receivable-trade, notes payable, and accounts payable-trade.

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 payable, 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 long-term loans payable are, after sorted their total amount of principal and interest by certain period of time, calculated by the current value of the future cash flow discounted at interest rate of which a risk-free rate adjusted by credit spread, and are classified as Level 2.

Further, the long-term loans payable with variable interest rate are qualified for the exceptional accounting of interest rate swap or the integrated accounting of interest rate and currency swap (see “Derivative transactions” above) and calculated by way of the total amount of principal and interest which was treated as a part of relevant interest rate swap or interest rate and currency swap, discounted in the same manner of the 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.

9. Notes to Per Share Information

Net assets per share: 4,175.77 yen

Net income per share: 39.33 yen

10. Other Notes

(1) Matters related to the Consolidated Profit and Loss Statement

① Matters related to the Gain on return of assets from retirement benefits trust

Due to a significant surplus of assets from retirement benefits trust over defined benefit liability, and given that this situation is expected to continue, the Company received a partial return of the assets from retirement benefits trust. As a result of the refund, the Company has applied the lump-sum accounting treatment of unrecognized actuarial differences corresponding to the returned amount.

② Matters related to the impairment loss

The Company Group posted impairment loss (13,329 million yen) from the following assets for the current consolidated fiscal year.

(Unit: million yen)

Use	Location	Impairment Loss Recorded Amount	Type	Remarks
Others	Victoria state, Australia	6,807	Goodwill	Extraordinary loss "Impairment loss"
Assets scheduled to be disposed of	Yatsushiro-shi, Kumamoto, etc.	2,942	Machinery, Equipment and Vehicles, etc.	Extraordinary loss "Impairment loss"
Leased assets	Fuji-shi, Shizuoka, etc.	2,894	Land	Extraordinary loss "Impairment loss"
Idle assets	Akita-shi, Akita, etc.	684	Land, etc.	Extraordinary loss "Impairment loss"
Total		13,329		

For determination of the sign of impairment loss, the Company groups the goodwill and the business assets mainly by each business segment which is a cash flow generating unit, and assets scheduled to be disposed of, leased assets, and idle assets by individual property unit.

Opal, which is a consolidated subsidiary, withdrew from the paper business in 2023 and has strived to reorganize the production system in the Maryvale Mill in Victoria. However, as a result of careful consideration about the recoverable value based on performance achievement up to date, the book value is reduced to the recoverable value, and such a reduced amount is recorded as an impairment loss in extraordinary loss. Furthermore, the recoverable value of goodwill is measured by the fair value and the future cash flows were discounted at a rate of 9.25%.

The breakdown of impairment loss of assets scheduled to be disposed of consists of 47 million yen for buildings and structures, 2,593 million yen for machinery, equipment and vehicles, 282 million yen for construction in progress, and 19 million yen for others. The breakdown of impairment loss of idle assets consists of 0 million yen for buildings and structures, 57 million yen for machinery, equipment and vehicles, 625 million yen for land, and 0 million yen for others.

The recoverable value of assets scheduled to be disposed of, leased assets, and idle assets is measured by net sales price or their value in use and computed. Net sales prices are computed based on appraised value by a third party or equivalent to such measure. Concerning the value in use, future cash flows are not discounted because the period for computation is within one year.

③ Matters related to the Australian business structure improvement expenses

This is a loss related to business structure improvement in Opal, which is a consolidated subsidiary. The main component of these losses is special retirement payments and other related expenses associated with workforce rationalization.

(2) Matters related to Tax Effect Accounting

(Revision of deferred tax assets and liabilities following changes in corporate tax rates, etc.)
The "Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025) was enacted by the Diet on March 31, 2025, which imposes the special corporate tax for Defense starting from fiscal years beginning on or after April 1, 2026. Accordingly, when calculating deferred tax assets and deferred tax liabilities for temporary differences expected to be eliminated in the fiscal years beginning on or after April 1, 2026, the effective statutory tax rate has been changed. As a result of this change, deferred tax liabilities (net of deferred tax assets) increased by 1,685 million yen, and income taxes-deferred increased by 1,006 million yen.

Statement of Changes in Shareholders' Equity, etc.

(From April 1, 2024 through March 31, 2025)

(Unit: million yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury shares	Total share-holders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						Reserve for reduction entry of non-current assets	Retained earnings carried forward			
Beginning balance	104,873	83,552	46,674	130,227	432	3,212	47,065	50,710	(1,592)	284,218
Changes during the fiscal year										
Dividend of retained earnings							(1,158)	(1,158)		(1,158)
Profit							19,022	19,022		19,022
Acquisition of treasury shares									(6)	(6)
Disposition of treasury shares			(0)	(0)					35	35
Reversal of reserves for reduction entry of fixed assets						(41)	41	—		—
Reversal of reserve for revaluation of land							1,390	1,390		1,390
Changes in item other than shareholders' equity during the fiscal year (net amount)										
Total of changes during the fiscal year	—	—	(0)	(0)	—	(41)	19,296	19,254	29	19,283
Balance at the end of current term	104,873	83,552	46,674	130,226	432	3,171	66,361	69,965	(1,562)	303,502

	Valuation and translation adjustments, etc.				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments, etc.	
Beginning balance	12,926	1,346	7,635	21,908	306,127
Changes during the fiscal year					
Dividend of retained earnings					(1,158)
Profit					19,022
Acquisition of treasury shares					(6)
Disposition of treasury shares					35
Reversal of reserves for reduction entry of fixed assets					—
Reversal of reserve for revaluation of land					1,390
Changes in item other than shareholders' equity during the fiscal year (net amount)	(3,062)	(946)	(1,903)	(5,912)	(5,912)
Total of changes during the fiscal year	(3,062)	(946)	(1,903)	(5,912)	13,371
Balance at the end of current term	9,863	399	5,732	15,996	319,498

Notes to the Non-Consolidated Financial Statement

Figures rounded down to nearest million yen.

1. Notes to the significant accounting policies

(1) Evaluation standards and methods for evaluation of securities

Stocks in subsidiaries and affiliates — Cost method based on moving-average method

Available-for-sale securities

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

Market value method (all of the valuation differences are directly charged or credited to the net assets and the cost of securities sold is computed by moving-average method)

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

Cost method based on moving-average method

(2) Evaluation standards for derivatives

The market value method is used.

(3) Evaluation standards and method for inventory assets:

The cost method based on the moving-average method (as to the amount in the balance sheet, the method of writing down the book value based on declined profitability) is used. However, for a part of goods (such as filling machine, etc.), the cost method based on the specific identification method (as to the amount in the balance sheet, the method of writing down the book value based on declined profitability) is applied.

(4) Method for depreciation of non-current assets:

① Property, plant and equipment (excluding leased assets):

The declining balance method

However, the straight-line method is applied to the property, plant and equipment in Shiraoi Mill, Ishinomaki Mill, Iwanuma Mill and Fuji Mill, etc., the buildings (excluding auxiliary facilities) acquired on or after April 1, 1998, and auxiliary facilities attached to buildings and structures acquired on or after April 1, 2016.

Primary useful lives in years are as follows:

Buildings and structures:	10-50 years
Machinery and equipment:	7-15 years

② Intangible assets (excluding leased assets):

The straight-line method

However, software for in-house use is amortized by the straight-line method over its estimated internally usable period (5 years).

③ Leased assets:

As to the leased assets by financial lease transaction without transfer of title, depreciation is amortized by using the straight-line method over the durable life equal to the lease period and with no residual value (when a guaranteed residual value is agreed, the guaranteed residual value).

(5) Accounting standards for allowances

① Accounting standards for allowance for doubtful accounts

To prepare for loss from bad debts such as trade account receivables, etc., estimated uncollectable amounts are stated based on the actual historical rate of losses for general accounts receivables, and based on individual collectability assessments of such certain doubtful accounts of receivables, etc.

② Accounting standards for allowance for accrued retirement benefits

To prepare for payment of employees' retirement benefits, the amount based on the estimated amounts of defined benefit liability and pension assets as of the end of current fiscal year, is stated. When the amount of pension assets exceeds the amount of defined benefit liability excluding actuarial differences, the excess amount is recorded as prepaid pension cost.

In calculation of defined benefit liability, the method for the estimated amount of retirement benefits to be attributed to the financial statement for the period until the end of the current term is on the benefit formula basis.

The past service costs are recorded as expenses by using the straight-line method amortized over a certain period (15 years), which is within the average remaining length of employees' service at the time when such liabilities are incurred.

Actual difference is recorded as expenses by the straight-line method amortized over a certain period (13-15 years), which is within the average remaining length of employees' service at the time of such liabilities are incurred in each fiscal year, and such recording of expenses is commenced in the following fiscal year of respective occurrence.

③ Accounting standards for provision for share-based remuneration for directors (and other officers)

To prepare for delivery of shares to Directors (excluding Outside Directors) and Executive Officers, etc. in accordance with the Officer Stock Benefit Regulations, the estimated amounts of share delivery as of the end of current fiscal year are stated.

④ Accounting standards for allowance for environmental measures

To prepare for the expenses of disposal of PCB wastes in accordance with the "Act on Special Measures Concerning the Proper Treatment of Polychlorinated Biphenyl Waste," an estimated amount for disposal is allocated.

(6) Revenue and expense recognition standards

The Company's main businesses include production and sales of products or sales of goods in the paper and paperboard business and livelihood-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 and livelihood-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.

(7) Standards for translation of assets and liabilities denominated in foreign currency into Japanese currency base

Monetary receivables or payables denominated in foreign currency are translated into Japanese currency at the spot exchange rate on the settlement date, and the resulting translation adjustment is recorded as a profits or losses.

(8) Hedge accounting method

① Hedge accounting method

The deferred hedge accounting is applied.

However, among the monetary receivables or payables, etc., denominated in foreign currency with forward exchange contract, etc., the appropriation accounting (*Furiate-shori*) is applied to those satisfy the requirements for appropriation accounting. And the exceptional accounting (*Tokurei-shori*) is applied to interest rate swaps that satisfy the requirements for the exceptional accounting. The integrated accounting (*Furiate-shori, Tokurei-shori*) is applied to the interest rate and currency swaps that satisfy the requirements for the integrated accounting.

② Hedge instruments and hedge item

(i)	• Hedge instrument:	Forward exchange contract
	• Hedged item:	Liabilities denominated in foreign currency through the import of raw materials and fuel, etc., and anticipated transactions denominated in foreign currency.
(ii)	• Hedge instrument:	Interest rate swap
	• Hedged item:	Borrowings
(iii)	• Hedge instrument:	An interest rate and currency swap
	• Hedged item:	Borrowings denominated in foreign currency
(iv)	• Hedge instrument:	Crude oil swap
	• Hedged item:	Future purchase transactions of fuel

③ Hedge policies

The purpose of derivatives transactions of the Company is to hedge risks of fluctuations of currency exchange rates, interest rates and prices.

④ Method for assessment of the hedge effectiveness

Hedge effectiveness is assessed by comparing the accumulated total of cash flow fluctuation or market fluctuation of the hedged item with the accumulated total of cash flow fluctuation or market fluctuation of the hedge instrument in every six-month period, and based on the amount, etc., of such fluctuations of both.

Assessment of the effectiveness on the settlement date, for the interest rate swaps, which satisfy the requirements for exceptional accounting and the interest rate and currency swaps which satisfy the requirements for the integrated accounting (*Furiate-shori, Tokurei-shori*) is omitted.

Among the hedged items with forward exchange contracts, for those the forward exchange contracts is appropriated in U.S. dollars, etc., respectively, with the same amount and same date, at the time of execution in accordance with risk management policies, assessment of the effectiveness on the settlement date is omitted, because the correlation with the subsequent fluctuation of exchange rate is entirely secured.

(9) Other significant bases for preparation of the Financial Statements

(Accounting of retirement benefits)

Accounting method for the unrecognized actuarial differences and the unrecognized past service costs in the retirement benefits differs from the accounting method applied to the Consolidated Financial Statements.

2. Notes to Changes in Accounting Policies

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”) effective from beginning of the current fiscal year. Regarding the amendment to the presentation of income taxes, the Company has applied the transitional treatment stipulated in the proviso to Paragraph 20-3 of the Revised Accounting Standard 2022. This change in accounting policies has no impact on the financial statements.

3. Notes to Revenue Recognition

(Useful information in understanding revenue)

Useful information in understanding revenue is as presented in “1. Notes to the significant accounting policies, (6) Revenue and expense recognition standards.”

4. Changes in Presentation

(Changes in the Statement of Profit and Loss)

“Gain on liquidation of subsidiaries and affiliates” (290 million yen in the current fiscal term) and “Gain on sales of non-current assets” (93 million yen in the current fiscal term), which were posted in a separate account in the preceding fiscal term, are included in “Others” of extraordinary profit for the current fiscal term due to their insignificant monetary value.

“Impairment loss” (21 million yen in the preceding fiscal term), which was included in “Other” of extraordinary loss for the preceding fiscal term, is posted in a separate account in the current fiscal term due to the increase of its monetary materiality.

5. Notes related to Accounting Estimates

(Impairment of non-current assets)

The Company determined that there is a sign of impairment loss in the asset group of 123,393 million yen for the printing papers business, etc., which is included in property, plant and equipment for the Company's papers business for the current fiscal year, due to declined sales volume associated with changes in the operating environment. However, in the determination of the sign of impairment loss, we did not recognize impairment loss because the total undiscounted future cash flows expected to result from the asset group exceeds its book value.

6. Notes to the Balance Sheet

(1) Accumulated depreciation on property, plant and equipment 1,899,086 million yen

(2) Guarantee liabilities

Guarantees for borrowings, etc., of affiliated companies, etc., from financial institutions, etc., are provided.

Guarantee liabilities	89,730 million yen

(3) The amounts of monetary receivable from or payable to affiliated companies

Short-term monetary receivable from affiliated companies	185,297 million yen
Long-term monetary receivable from affiliated companies	1,156 million yen
Short-term monetary payable to affiliated companies	107,678 million yen

(4) Revaluation of land

The Company took over the land for business which was revaluated in accordance with the "Act on Revaluation of Land" (Law No. 34, promulgated on March 31, 1998) through the merger, and the amount corresponding to taxes on the amount of the relevant land revaluation difference is included in "Deferred tax liabilities for revaluation" as a part of the Liabilities, and the remaining amount is included in "Revaluation difference on land" as a part of the Net Assets.

- Method of revaluation ・・・Computed by adding a reasonable adjustment to the appraised value stipulated in the Article 2, Item 3, 4, and 5 of the "Order for Enforcement of the Act on Revaluation of Land" (Cabinet Order No. 119 promulgated on March 31, 1998).
- Date of revaluation: March 31, 2000
- The amount of difference between the market value as of the end of current fiscal year and the book value after such revaluation, of the revaluated land

(35,822) million yen

7. Notes to the Statement of Profit and Loss

(1) Trading volume with affiliated companies

Trading volume through commercial transactions	
Net sales	248,229 million yen
Operating expenses	180,477 million yen
Trading volume other than commercial transaction	22,085 million yen

(2) Matters related to the Gain on return of assets from retirement benefits trust

Due to a significant surplus of assets from retirement benefits trust over defined benefit liability, and given that this situation is expected to continue, the Company received a partial return of the assets from retirement benefits trust. As a result of the refund, the Company has applied lump-sum accounting treatment of unrecognized actuarial differences corresponding to the returned amount.

(3) Impairment loss

The Company posted impairment loss (6,823 million yen) from the following assets for the current fiscal year.

(Unit: million yen)

Use	Location	Impairment Loss Recorded Amount	Type	Remarks
Leased assets	Fuji-shi, Shizuoka	3,252	Land	Extraordinary loss "Impairment loss"
Assets scheduled to be disposed of	Yatushiro-shi, Kumamoto, etc.	2,938	Machinery, Equipment and Vehicles, etc.	Extraordinary loss "Impairment loss"
Idle assets	Akita-shi, Akita, etc.	632	Land	Extraordinary loss "Impairment loss"
Total		6,823		

For determination of the sign of impairment loss, the Company groups the business assets mainly by each business segment which is a cash flow generating unit, and groups the leased assets, assets scheduled to be disposed of, and idle assets by individual property unit.

The breakdown of impairment loss of assets scheduled to be disposed of consists of 45 million yen for structures, 2,592 million yen for machinery, equipment and vehicles, 282 million yen for construction in progress and 19 million yen for others.

The recoverable value of the leased assets, assets scheduled to be disposed of, and idle assets is measured by net sales price or their value in use is computed.

Net sales prices are computed based on appraised value by a third party or equivalent to such measure. Concerning the value in use, future cash flows are not discounted because the period for computation is within one year.

8. Notes to the Statement of Changes in Shareholders' Equity, etc.

Type and number of treasury shares at the end of the current fiscal year

Common shares:	644,887 shares

Treasury shares shown above include 264,800 shares of the Company stock that are held by the Board Benefit Trust (BBT).

9. Notes to Tax Effect Accounting

(1) Breakdown of major causes for deferred tax assets and deferred tax liabilities

Deferred tax assets	
Accrued Bonus	1,347 million yen
Allowance for doubtful accounts	2,513 million yen
Allowance for retirement benefits	3,057 million yen
Loss on valuation of securities	13,708 million yen
Impairment loss	13,444 million yen
Provision for environmental measures	2,019 million yen
Loss carried forward	21,140 million yen
Others	2,646 million yen
Deferred tax assets; Sub-total	59,874 million yen
Valuation allowance	(55,553) million yen
Deferred tax assets: Total	4,321 million yen
Deferred tax liabilities	
Reserve for reduction entry of non-current assets	(1,874) million yen
Valuation difference on available-for-sale securities	(4,427) million yen
Others	(29) million yen
Deferred tax liabilities: Total	(6,330) million yen
Net amount of deferred liabilities	(2,009) million yen

(2) Adjustments to deferred tax assets and liabilities following the change in corporate tax rates

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted by the Diet on March 31, 2025, which imposes the special corporate tax for Defense starting from fiscal years beginning on or after April 1, 2026. Accordingly, when calculating deferred tax assets and deferred tax liabilities for temporary differences expected to be eliminated in the fiscal years beginning on or after April 1, 2026, the effective statutory tax rate has been changed from 30.6% to 31.5%.
The impact of this tax rate change is immaterial.

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

The Company adopted the group tax sharing system and 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.

10. Notes to the transactions with related parties

Subsidiaries, etc.

Type	Name of Company, etc.	Percentage of voting rights held (%)	Detail of Relation		Detail of transaction	Amount of transaction (million yen)	Item	Balance at end of term (million yen)
			Concurrently serving officer, etc.	Business relation				
Subsidiaries	Nippon Paper Crecia Co., Ltd.	Direct 100.00	The Company's Officer concurrently serving	Purchase of raw materials from the Company Sales of products to the Company	Lending & collection of short-term funds (Note 1, 2)	35,180	Short-term loans receivable	36,679
	Nippon Paper Papylia Co., Ltd.	Direct 100.00	The Company's Officer concurrently serving	Purchase of raw materials from the Company Process and sales of the Company's products	Lending & collection of short-term funds (Note 1, 2)	12,024	Short-term loans receivable	11,647
	NP Trading Co., Ltd.	Direct 100.00	The Company's Officer concurrently serving	Sales of the Company's products. Sales of raw materials to the Company, etc.	Lending & collection of short-term funds (Note 1, 2)	26,983	Short-term loans receivable	23,191
					Receiving & assignment of receivable, etc. (Note 3)	80,757	Account payable	19,420
					Sales of products (Note 4)	120,790	Accounts receivable-trade	32,810
					Purchase of raw materials, etc. (Note 4)	36,188	Accounts payable-trade	12,681
	Nippon Tokai Industrial Paper Supply Co., Ltd.	Direct 65.00	The Company's Officer concurrently serving	Sales of the Company's products	Receiving & assignment of receivable, etc. (Note 3)	125,050	Account payable	32,286
					Sales of products (Note 4)	83,657	Accounts receivable-trade	30,388
	Nippon Paper Ishinomaki Energy Center Ltd.	Direct 70.00	The Company's employee concurrently serving	Debt guarantee	Debt guarantee (Note 5)	24,228	—	—
	Yufutsu Energy Center, LLC	Direct 51.00	—	Debt guarantee	Debt guarantee (Note 5)	20,690	—	—
	Amapa Florestal e Celulose S.A.	Direct 100.00	The Company's employee concurrently serving	Sales of raw materials to the Company Debt guarantee	Debt guarantee (Note 5)	11,027	—	—
	Opal	Direct 100.00	The Company's Officer concurrently serving	Sales of the Company's products Debt guarantee	Debt guarantee (Note 5)	4,718	Short-term loans receivable	16,626

(Terms of transaction and policies, etc., for decision-making on transaction terms)

(Note 1) As to lending funds, the rate of interest receivable is determined reasonably upon consideration for commercial interest rate.

(Note 2) Since the transactions of lending and collection of funds are conducted in a repetitive fashion, the amounts above in the amount of transaction are average amounts of balance during the effective term.

(Note 3) The Company cashes out the assigned receivable, etc. to financial institutions, etc.

(Note 4) The prices and other terms of transactions are determined upon consideration for the prevailing market status after price negotiation.

(Note 5) Guarantee for borrowings, etc., from financial institutions, etc., is provided, for which the Company receives guarantee fees from Nippon Paper Ishinomaki Energy Center Ltd., Yufutsu Energy Center, LLC, Amapa Florestal e Celulose S.A., and Opal. The amounts of such transactions are the balance of the debt guarantee as of the end of the current fiscal year.

11. Notes to Per Share Information

Net assets per share:	2,763.59 yen
Net income per share:	164.55 yen