

[Translation]

OJI HOLDINGS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

The accompanying consolidated financial statement expressed in Japanese yen are the translation of those issued domestically. The amounts expressed in U.S. dollars are not included in the original audited consolidated financial statements. Such U.S. dollar amounts are translated in accordance with the basis stated in “Basis of Presentation” in the next page and are additionally presented herein solely for the convenience of readers outside Japan, and are not subject to audit.

Basis of Preparation

- (1) The accompanying consolidated financial statements of Oji Holdings Corporation (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects to the application and disclosure requirements of International Financial Reporting Standards, and which are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.
- (2) The accompanying consolidated financial statements are expressed in yen, and solely for the convenience of readers outside Japan, have been translated into U.S. dollars at the rate of ¥ 149.52 to U.S. \$ 1.00, the approximate rate of exchange prevailing at March 31, 2025. This translation should not be construed as a representation that the yen amounts shown could be converted into U.S. dollars at the above or any other rate. Japanese yen figures less than a million yen are rounded down to the nearest million yen, and U.S. dollars figures less than a thousand dollars are rounded down to the nearest thousand dollars, except for per share data.

CONSOLIDATED BALANCE SHEET

As of March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
ASSETS			
Current assets			
Cash and deposits (Note 9 (2))	¥58,429	¥58,088	\$390,779
Notes receivable–trade (Note 9 (9))	66,467	73,016	444,536
Accounts receivable–trade (Note 9 (2))	305,317	296,058	2,041,984
Contract assets	3,126	1,833	20,910
Securities	7,434	4,772	49,719
Merchandise and finished goods (Note 9 (2))	136,769	124,625	914,725
Work in process (Note 9 (2))	26,247	24,637	175,547
Raw materials and supplies (Note 9 (2))	152,609	136,181	1,020,660
Short-term loans receivable (Note 9 (2))	4,589	4,277	30,695
Accounts receivable–other	25,967	25,481	173,674
Other (Note 9 (2))	22,438	27,143	150,070
Allowance for doubtful accounts	(2,892)	(2,828)	(19,348)
Total current assets	806,504	773,287	5,393,956
Non-current assets			
Property, plant and equipment			
Buildings and structures	813,695	766,409	5,442,048
Accumulated depreciation (Note 9 (7))	(568,962)	(543,962)	(3,805,259)
Buildings and structures (Net) (Notes 9 (2), (8))	244,732	222,446	1,636,788
Machinery, equipment and vehicles	2,831,123	2,707,330	18,934,749
Accumulated depreciation (Note 9 (7))	(2,363,506)	(2,278,379)	(15,807,295)
Machinery, equipment and vehicles (Net) (Notes 9 (2), (8))	467,616	428,951	3,127,453
Tools, furniture and fixtures	69,410	66,273	464,223
Accumulated depreciation (Note 9 (7))	(61,210)	(59,165)	(409,379)
Tools, furniture and fixtures (Net) (Note 9 (2), (8))	8,200	7,108	54,843
Land (Notes 9 (2), (5))	242,886	246,198	1,624,442
Forests (Note 9 (2))	179,333	143,154	1,199,396
Plantations (Notes 9 (2), (8))	153,696	120,719	1,027,933
Leased assets	97,403	84,014	651,444
Accumulated depreciation (Note 9 (7))	(42,357)	(32,199)	(283,287)
Leased assets (Net)	55,046	51,814	368,157
Construction in progress (Note 9 (2))	29,885	53,109	199,877
Total property, plant and equipment	1,381,399	1,273,504	9,238,893
Intangible assets			
Goodwill	58,303	18,081	389,936
Other (Note 9 (2))	52,203	16,373	349,142
Total intangible assets	110,507	34,455	739,079

OJI HOLDINGS CORPORATION

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Investments and other assets			
Investment securities (Notes 9 (1), (2))	197,835	217,870	1,323,139
Long-term loans receivable	3,108	3,837	20,789
Long-term prepaid expenses	2,522	2,662	16,869
Net defined benefit asset	86,939	96,250	581,455
Deferred tax assets	12,959	9,893	86,671
Other (Note 9 (2))	35,045	32,559	234,386
Allowance for doubtful accounts	(1,790)	(1,838)	(11,974)
Total investments and other assets	336,619	361,235	2,251,337
Total non-current assets	1,828,526	1,669,195	12,229,310
Total assets	¥2,635,030	¥2,442,482	\$17,623,266

OJI HOLDINGS CORPORATION

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
LIABILITIES			
Current liabilities			
Notes and accounts payable-trade (Note 9 (2), (9))	¥263,763	¥274,659	\$1,764,069
Short-term loans payable (Note 9 (2))	236,227	216,476	1,579,903
Commercial paper	77,000	30,000	514,981
Current portion of bonds payable	30,000	10,000	200,642
Accounts payable-other	21,582	21,628	144,345
Accrued expenses	54,506	53,054	364,541
Income taxes payable	20,610	22,017	137,847
Other	35,127	40,346	234,938
Total current liabilities	738,818	668,183	4,941,268
Non-current liabilities			
Bonds payable	115,000	145,000	769,127
Long-term loans payable (Note 9 (2))	445,161	335,240	2,977,270
Deferred tax liabilities	101,198	95,124	676,823
Deferred tax liabilities for land revaluation (Note 9 (5))	7,818	7,730	52,292
Net defined benefit liability	51,146	54,394	342,068
Long-term deposits received	6,058	6,420	40,518
Other	37,037	34,789	247,707
Total non-current liabilities	763,420	678,701	5,105,807
Total liabilities	¥1,502,238	¥1,346,884	\$10,047,076
CONTINGENT LIABILITIES (Note 9 (3))			
NET ASSETS			
Shareholders' equity			
Common stock	103,880	103,880	694,762
Capital surplus	86,035	85,740	575,410
Retained earnings	671,980	645,337	4,494,250
Treasury stock	(45,836)	(16,575)	(306,556)
Total shareholders' equity	816,060	818,383	5,457,866
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	52,782	64,656	353,014
Deferred gains or losses on hedges	(638)	1,524	(4,272)
Revaluation reserve for land (Note 9 (5))	5,326	5,713	35,621
Foreign currency translation adjustment	186,875	124,922	1,249,837
Remeasurements of defined benefit plans	41,350	51,249	276,551
Total accumulated other comprehensive income	285,695	248,066	1,910,751
Share acquisition rights	68	97	458
Non-controlling interests	30,967	29,049	207,113
Total net assets	1,132,791	1,095,597	7,576,190
Total liabilities and net assets	¥2,635,030	¥2,442,482	\$17,623,266

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

Fiscal years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net sales	¥1,849,264	¥1,696,268	\$12,368,009
Cost of sales (Note 10 (1), (2))	1,499,869	1,372,191	10,031,227
Gross profit	349,395	324,076	2,336,781
Selling, general and administrative expenses			
Freight expenses	131,911	121,912	882,229
Warehouse expenses	7,267	6,885	48,604
Salaries and wages	63,145	59,561	422,322
Retirement benefit expenses	(620)	812	(4,152)
Depreciation and amortization	10,544	6,176	70,519
Other	69,461	56,126	464,565
Total selling, general and administrative expenses (Note 10 (1))	281,709	251,476	1,884,089
Operating profit	67,686	72,600	452,692
Non-operating income			
Interest income	2,352	3,041	15,736
Dividend income	4,134	3,895	27,653
Exchange gains	—	14,570	—
Equity in earnings of affiliates	4,503	4,708	30,119
Insurance claim income	3,130	1,806	20,935
Gains on valuation of derivatives	3,077	—	20,582
Other	5,886	5,534	39,370
Total non-operating income	23,085	33,556	154,397
Non-operating expenses			
Interest expenses	8,564	6,770	57,281
Exchange losses	4,839	—	32,369
Other	8,799	13,399	58,850
Total non-operating expenses	22,203	20,170	148,501
Ordinary profit	68,568	85,987	458,587
Extraordinary income			
Gains on sale of investment securities	26,178	1,467	175,085
Gains on refund of retirement benefit trust (Note 10 (3))	8,469	222	56,644
Other	2,217	8,305	14,830
Total extraordinary income	36,865	9,995	246,560
Extraordinary losses			
Business restructuring expenses (Note 10 (4), (5))	10,847	1,027	72,550
Losses on disaster	3,881	10,763	25,958
Impairment losses (Note 10 (5))	2,986	3,980	19,977
Losses on disposal of non-current assets (Note 10 (6))	2,827	1,505	18,913
Other	530	1,106	3,547
Total extraordinary losses	21,074	18,383	140,947
Profit before income taxes	84,359	77,599	564,200
Income taxes—current	38,003	27,484	254,172
Income taxes—deferred	(1,584)	(2,202)	(10,599)
Total income taxes	36,419	25,282	243,573
Profit	47,940	52,317	320,627
Profit attributable to non-controlling interests	1,769	1,505	11,832
Profit attributable to owners of parent	¥46,171	¥50,812	\$308,795

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Fiscal years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Profit	¥47,940	¥ 52,317	\$ 320,627
Other comprehensive income			
Valuation difference on available-for-sale securities	(12,017)	21,439	(80,373)
Deferred gains or losses on hedges	(2,204)	1,031	(14,741)
Revaluation reserve for land	(179)	—	(1,201)
Foreign currency translation adjustment	62,699	40,375	419,341
Remeasurements of defined benefit plans	(7,319)	27,873	(48,954)
Share of other comprehensive income (loss) of entities accounted for using equity method	(2,273)	5,834	(15,205)
Total other comprehensive income (Note 11(1))	38,705	96,553	258,865
Comprehensive income	¥ 86,645	¥ 148,871	\$ 579,492
(Breakdown)			
Comprehensive income attributable to owners of parent	¥ 84,021	¥ 146,492	\$ 561,942
Comprehensive income attributable to non-controlling interests	2,624	2,378	17,549

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Fiscal years ended March 31, 2025 and 2024

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2023	¥ 103,880	¥ 85,892	¥ 607,593	¥ (12,949)	¥ 784,418
Cumulative effects of changes in accounting policies	—	—	69	—	69
Restated balance	¥ 103,880	¥ 85,892	¥ 607,663	¥ (12,949)	¥ 784,488
Changes of items during the year					
Cash dividends	—	—	(15,887)	—	(15,887)
Profit attributable to owners of parent	—	—	50,812	—	50,812
Purchase of treasury stock	—	—	—	(4,802)	(4,802)
Disposal of treasury stock	—	(28)	—	65	37
Change in treasury stock arising from changes in equity in affiliates	—	—	—	0	0
Increase by share exchanges	—	40	—	1,109	1,150
Change in scope of consolidation	—	—	2,747	—	2,747
Change in ownership interest of parent arising from transactions with non-controlling shareholders	—	(164)	—	—	(164)
Reversal of revaluation reserve for land	—	—	2	—	2
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	—	(152)	37,674	(3,626)	33,895
Balance at April 1, 2024	¥ 103,880	¥ 85,740	¥ 645,337	¥ (16,575)	¥ 818,383
Changes of items during the year					
Cash dividends	—	—	(19,727)	—	(19,727)
Profit attributable to owners of parent	—	—	46,171	—	46,171
Purchase of treasury stock	—	—	—	(29,307)	(29,307)
Disposal of treasury stock	—	(18)	—	48	29
Change in treasury stock arising from changes in equity in affiliates	—	—	—	(1)	(1)
Change in scope of consolidation	—	—	10	—	10
Transfer from retained earnings to capital surplus	—	18	(18)	—	—
Change in ownership interest of parent arising from transactions with non-controlling shareholders	—	295	—	—	295
Reversal of revaluation reserve for land	—	—	207	—	207
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	—	295	26,642	(29,260)	(2,323)
Balance at March 31, 2025	¥ 103,880	¥ 86,035	¥ 671,980	¥ (45,836)	¥ 816,060

OJI HOLDINGS CORPORATION

	Millions of yen								
	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2023	¥ 41,573	¥ 474	¥ 5,716	¥ 85,253	¥ 19,514	¥ 152,531	¥ 134	¥ 27,480	¥ 964,564
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	69
Restated balance	¥ 41,573	¥ 474	¥ 5,716	¥ 85,253	¥ 19,514	¥ 152,531	¥ 134	¥ 27,480	¥ 964,634
Changes of items during the year									
Cash dividends	—	—	—	—	—	—	—	—	(15,887)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	50,812
Purchase of treasury stock	—	—	—	—	—	—	—	—	(4,802)
Disposal of treasury stock	—	—	—	—	—	—	—	—	37
Change in treasury stock arising from changes in equity in affiliates	—	—	—	—	—	—	—	—	0
Increase by share exchanges	—	—	—	—	—	—	—	—	1,150
Change in scope of consolidation	—	—	—	—	—	—	—	—	2,747
Change in ownership interest of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	(164)
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	2
Net changes of items other than shareholders' equity	23,082	1,050	(2)	39,669	31,734	95,534	(36)	1,569	97,067
Total changes of items during the year	23,082	1,050	(2)	39,669	31,734	95,534	(36)	1,569	130,962
Balance at April 1, 2024	¥ 64,656	¥ 1,524	¥ 5,713	¥ 124,922	¥ 51,249	¥ 248,066	¥ 97	¥ 29,049	¥ 1,095,597
Changes of items during the year									
Cash dividends	—	—	—	—	—	—	—	—	(19,727)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	46,171
Purchase of treasury stock	—	—	—	—	—	—	—	—	(29,307)
Disposal of treasury stock	—	—	—	—	—	—	—	—	29
Change in treasury stock arising from changes in equity in affiliates	—	—	—	—	—	—	—	—	(1)
Change in scope of consolidation	—	—	—	—	—	—	—	—	10
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—	—	—
Change in ownership interest of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	295
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	207
Net changes of items other than shareholders' equity	(11,873)	(2,163)	(387)	61,952	(9,899)	37,629	(29)	1,917	39,517
Total changes of items during the year	(11,873)	(2,163)	(387)	61,952	(9,899)	37,629	(29)	1,917	37,194
Balance at March 31, 2025	¥ 52,782	¥ (638)	¥ 5,326	¥ 186,875	¥ 41,350	¥ 285,695	¥ 68	¥ 30,967	¥ 1,132,791

OJI HOLDINGS CORPORATION

	Thousands of U.S. dollars				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2024	\$ 694,762	\$ 573,435	\$ 4,316,064	\$ (110,859)	\$ 5,473,403
Changes of items during the year					
Cash dividends	—	—	(131,940)	—	(131,940)
Profit attributable to owners of parent	—	—	308,795	—	308,795
Purchase of treasury stock	—	—	—	(196,011)	(196,011)
Disposal of treasury stock	—	(126)	—	323	197
Change in treasury stock arising from changes in equity in affiliates	—	—	—	(9)	(9)
Change in scope of consolidation	—	—	67	—	67
Transfer from retained earnings to capital surplus	—	126	(126)	—	—
Change in ownership interest of parent arising from transactions with non-controlling shareholders	—	1,974	—	—	1,974
Reversal of revaluation reserve for land	—	—	1,389	—	1,389
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	—	1,974	178,185	(195,697)	(15,536)
Balance at March 31, 2025	\$ 694,762	\$ 575,410	\$ 4,494,250	\$ (306,556)	\$ 5,457,866

OJI HOLDINGS CORPORATION

	Thousands of U.S. dollars								
	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2024	\$ 432,424	\$ 10,197	\$ 38,212	\$ 835,491	\$ 342,757	\$1,659,084	\$ 653	\$ 194,288	\$ 7,327,430
Changes of items during the year									
Cash dividends	—	—	—	—	—	—	—	—	(131,940)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	308,795
Purchase of treasury stock	—	—	—	—	—	—	—	—	(196,011)
Disposal of treasury stock	—	—	—	—	—	—	—	—	197
Change in treasury stock arising from changes in equity in affiliates	—	—	—	—	—	—	—	—	(9)
Change in scope of consolidation	—	—	—	—	—	—	—	—	67
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—	—	—
Change in ownership interest of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	1,974
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	1,389
Net changes of items other than shareholders' equity	(79,410)	(14,470)	(2,591)	414,345	(66,205)	251,667	(195)	12,825	264,296
Total changes of items during the year	(79,410)	(14,470)	(2,591)	414,345	(66,205)	251,667	(195)	12,825	248,760
Balance at March 31, 2025	\$ 353,014	\$ (4,272)	\$ 35,621	\$ 1,249,837	\$ 276,551	\$ 1,910,751	\$ 458	\$ 207,113	\$ 7,576,190

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Fiscal years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash flows from operating activities			
Profit before income taxes	¥84,359	¥77,599	\$564,200
Depreciation	89,176	79,529	596,417
Impairment losses	2,986	3,980	19,977
Amortization of goodwill	5,082	2,253	33,990
Depletion of plantations	12,293	11,520	82,222
Increase (decrease) in allowance for doubtful accounts	(227)	366	(1,520)
Decrease (increase) in net defined benefit asset	(6,323)	(3,073)	(42,289)
Increase (decrease) in net defined benefit liability	(2,121)	676	(14,191)
Interest and dividend income	(6,487)	(6,937)	(43,389)
Interest expenses	8,564	6,770	57,281
Exchange losses (gains)	3,019	(11,366)	20,194
Equity in losses (earnings) of affiliates	(4,503)	(4,708)	(30,119)
Losses (gains) on sale of investment securities	(25,746)	(1,131)	(172,194)
Losses (gains) on refund of retirement benefit trust	(8,469)	(222)	(56,644)
Business restructuring expenses	10,847	1,027	72,550
Losses on disposal of non-current assets	2,827	1,505	18,913
Decrease (increase) in trade receivables	11,120	17,496	74,376
Decrease (increase) in inventories	(10,695)	8,705	(71,531)
Increase (decrease) in trade payables	(21,537)	16,827	(144,042)
Other	(13,516)	13,039	(90,396)
Subtotal	130,651	213,860	873,804
Interest and dividend received	7,701	8,178	51,505
Interest paid	(6,550)	(5,495)	(43,807)
Income taxes paid	(37,381)	(13,645)	(250,010)
Net cash provided by (used in) operating activities	94,420	202,897	631,492
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	(143,934)	(115,019)	(962,642)
Proceeds from sale of property, plant and equipment and intangible assets	2,155	5,572	14,416
Purchase of investment securities	(5,720)	(2,161)	(38,258)
Proceeds from sale and redemption of investment securities	50,588	5,495	338,338
Loan advances	(440)	(637)	(2,944)
Proceeds from collection of loans receivable	917	1,087	6,136
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 13 (2))	(58,711)	(12,671)	(392,663)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	1,210	—	8,093
Other	(977)	331	(6,534)
Net cash provided by (used in) investing activities	(154,911)	(118,003)	(1,036,059)

OJI HOLDINGS CORPORATION

Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(21,905)	(11,762)	(146,508)
Net increase (decrease) in commercial paper	47,000	(56,000)	314,339
Proceeds from long-term borrowings	180,449	87,684	1,206,860
Repayments of long-term loans payable	(76,097)	(75,501)	(508,946)
Redemption of bonds payable	(10,000)	—	(66,880)
Repayments of lease liabilities	(8,714)	(7,287)	(58,285)
Purchase of treasury stock	(29,307)	(4,802)	(196,011)
Dividends paid	(19,727)	(15,887)	(131,940)
Other	(726)	(1,341)	(4,858)
Net cash provided by (used in) financing activities	60,969	(84,899)	407,767
Effect of exchange rate change on cash and cash equivalents	2,560	3,511	17,128
Net increase (decrease) in cash and cash equivalents	3,039	3,506	20,328
Cash and cash equivalents at beginning of period	62,472	56,837	417,821
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	2,341	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(4)	(212)	(27)
Cash and cash equivalents at end of period (Note 13 (1))	65,508	62,472	438,122

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

1. Scope of Consolidation

- (1) Number of consolidated subsidiaries: 217 (200 in the year ended March 31, 2024)

Main consolidated subsidiaries include:

Oji Container Co., Ltd., Oji Materia Co., Ltd., Oji Seitai Co., Ltd., Oji Packaging Co., Ltd., Morishigyo Co., Ltd., Oji Interpack Co., Ltd., Chuetsu Package Co., Ltd., Oji Adba Co., Ltd., Paperbox Holdings Ltd., GSPP Holdings Sdn. Bhd., GS Paperboard & Packaging Sdn. Bhd., Oji Asia Packaging Sdn. Bhd., HPI Resources Bhd., Harta Packaging Industries Sdn. Bhd., Oji India Packaging Pvt. Ltd., S. Pack & Print Public Co., Ltd., Ojitex Haiphong Co., Ltd., Ojitex (Vietnam) Co., Ltd., Oji Packaging (Shanghai) Co., Ltd., Suzhou Oji Packaging Co., Ltd., Oji Nepia Co., Ltd., Oji Asia Household Product Sdn. Bhd., Oji Tac Co., Ltd., Oji Kinocloth Co., Ltd., Oji F-Tex Co., Ltd., Oji Imaging Media Co., Ltd., New Tac Kasei Co., Ltd., Oji Papéis Especiais Ltda., Oji Paper (Thailand) Ltd., Kanzaki Specialty Papers Inc., KANZAN Spezialpapiere GmbH, Tele-Paper (M) Sdn. Bhd., Adampak Pte. Ltd., Oji Kinocloth (Shanghai) Co., Ltd., Oji Cornstarch Co., Ltd., MPM Oji Eco-Energy Co., Ltd., Oji Green Resources Co., Ltd., Oji Forest & Products Co., Ltd., Oji Green Energy Tokushima Co., Ltd., Oji Oceania Management Co., Ltd., Oji Oceania Management (NZ) Ltd., Oji Fibre Solutions (NZ) Ltd., Japan Brazil Paper and Pulp Resources Co., Ltd., Celulose Nipo-Brasileira S.A., Pan Pac Forest Products Ltd., Oji Uruguay Forest Company S.A.S, Panindo Investment Pte. Ltd., PT. Korintiga Hutani, Oji Paper Co., Ltd., Jiangsu Oji Paper Co., Ltd., Oji Logistics Co., Ltd., Kyokuyo Co., Ltd., Oji Engineering Co., Ltd., Oji Real Estate Co., Ltd., Ginpo Pack Co., Ltd., Hotel New Oji Co., Ltd., Oji Management Office Inc., IPI S.r.l., Walki Oy, Oji Asia Management Sdn. Bhd., and 157 other companies

Changes in the consolidated subsidiaries during the year ended March 31, 2025 are as follows:

The Group has added 21 companies into the scope of consolidation through acquisition in the current fiscal year. 4 companies have been excluded from the scope of consolidation and the reasons are sale of stocks, liquidation, a merger of consolidated subsidiaries, and that it has become immaterial to the consolidated financial statements.

- (2) Main unconsolidated subsidiaries:

Tomakomai Energy Kosha Co., Ltd. and DHC Ginza Co., Ltd.

- (3) Reasons for excluding from the consolidation scope:

These companies are excluded from the scope of consolidation, as all of these unconsolidated subsidiaries are small-sized companies and their total assets, net sales, profit/loss (amount corresponding to the Group's equity in such subsidiaries), retained earnings (amount corresponding to the Group's equity in such subsidiaries), and so on, do not have a significant impact on the consolidated financial statements.

2. Application of the Equity Method

- (1) Number of affiliates under the equity method: 20 (20 in the year ended March 31, 2024)

Main affiliates accounted for using the equity method include:

Mitsubishi Paper Mills Limited, Chuetsu Pulp & Paper Co., Ltd., Okayama Paper Industries Co., Ltd., Sunshine Oji (Shouguang) Specialty Paper Co., Ltd., PT Oji Indo Makmur Perkasa, and other 15 companies.

- (2) Main unconsolidated subsidiaries and affiliates to which the equity method was not applied:

Tomakomai Energy Kosha Co., Ltd. and DHC Ginza Co., Ltd.

- (3) Reasons for exclusion from application of the equity method:

These unconsolidated subsidiaries and affiliates are excluded from the scope of the equity method as their

profit/loss (amount corresponding to the Group's equity in such subsidiaries and affiliates), retained earnings (amount corresponding to the Group's equity in such subsidiaries and affiliates), and so on, do not have a significant impact on the consolidated financial statements.

3. Matters Concerning the Fiscal Year of Consolidated Subsidiaries

Of the Company's consolidated subsidiaries, the fiscal year of Oji Papéis Especiais Ltda., Celulose Nipo-Brasileira S.A., Jiangsu Oji Paper Co., Ltd., Oji Fibre Solutions (NZ) Ltd., Walki Oy and other 106 companies ends on December 31. In preparing the consolidated financial statements, the financial statements as of the account closing date of each company are used. However, the Group made the adjustments necessary for consolidation purposes if material transactions occur between their account closing dates and the consolidated account closing date. For certain consolidated subsidiaries, the Group prepared the financial statements based on a provisional closing of accounts as of the consolidated account closing date in the same process as preparing full-year financial statements.

4. Summary of Significant Accounting Policies

(1) Standard and method of valuation of significant assets

(i) Securities

Held-to-maturity debt securities: Stated at cost using the amortized cost method.

Available-for-sale securities

Those other than stocks without market quotations:	Stated at fair value (the valuation difference is accounted for as a separate component of net assets and the cost of sales is calculated using the moving-average method).
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Stocks without market quotations:	Stated at cost using the moving-average method.
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(ii) Derivatives

Stated at fair value

(iii) Inventories

Mainly stated at cost using the periodic average method

(The amount stated in the balance sheet is calculated by writing down amounts to the net realizable value based on any decline in profitability)

(2) Depreciation method of significant depreciable assets

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

Declining balance method is primarily used. However, the straight-line method is applied to buildings acquired on or after April 1, 1998 (excluding accompanying facilities), accompanying facilities of buildings and structures acquired on or after April 1, 2016, and in certain consolidated subsidiaries.

(ii) Leased assets

Depreciation of leased assets is calculated by using the straight-line method over the period of the lease contract term with no residual value.

(3) Standards for significant provisions

Allowance for doubtful accounts

In order to prepare for potential credit losses on receivables outstanding at the end of the fiscal year, an estimated uncollectible amount is recorded at the amount calculated based on the historical rate of credit losses with respect to normal receivables and at the amount considering the collectability of individual receivables with respect to doubtful receivables and certain other receivables.

(4) Accounting treatment for retirement benefits

(i) Method to allocate the estimated amounts of retirement benefits to the period

In the calculation of retirement benefit obligation, the projected benefit formula is used to allocate the estimated benefit to the period through the end of the current fiscal year.

(ii) Method to recognize actuarial gains and losses and past service cost as expenses

Actuarial gains and losses are accounted for as expenses calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which they arise (10-15 years) from the subsequent fiscal year onwards.

Past service cost is accounted for as an expense calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which it arises (11-19 years).

(iii) Adoption of the simplified method for small-sized companies, and so on.

In certain consolidated subsidiaries, the simplified method, in which the subsidiaries' benefit obligation is assumed to be equal to an amount required for voluntary resignations at the end of the current fiscal year, is applied for the calculation of net defined benefit liability and retirement benefit cost.

(5) Standards for recognition of material revenues and expenses

The Group recognizes its revenues in accordance with the following five-step approach:

Step 1: Identify the contract with a customer

Step 2: Identify performance obligations under the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations under the contract

Step 5: Recognize revenue when the Group fulfills the performance obligations (or as it fulfills them)

(i) Sale of finished goods and merchandise

The Group's main business activities are manufacturing and selling pulp, paper, and other products, as well as purchasing and selling merchandise. In selling such finished goods and merchandise, the Group recognizes revenue at the time the finished goods and merchandise are delivered to the customer as the Group deems that the customer obtains control of its finished goods and merchandise. Thus, the performance obligation is fulfilled upon their delivery. However, revenue is recognized at the time of shipment for sale in Japan if the period between the shipment and the delivery to the customer falls within the normal range of period. In addition, when the Group acts as an agent in the sale of merchandise, revenue is recognized in the net amount. The Group determines if it carries out a transaction as a principal or an agent based on whether it controls the identified merchandise before it is transferred to the customer. The Group treats the activity of shipping or transporting finished goods and merchandise to the customer as an activity to perform the promise of transferring finished goods and merchandise and does not recognize it as a performance obligation.

(ii) Provision of services (including construction contracts)

The Group provides services mainly in the engineering and logistics businesses. For the provision of services, the Group estimates the degree of progress relating to fulfillment of performance obligations and recognizes revenue over a certain period of time based on the said degree of progress. The degree of progress is calculated based on the ratio of actual costs against the estimated total costs (input method). However, if the period from the beginning of the transaction under a contract until the performance obligation is expected to be completely fulfilled is very short, the Group does not recognize revenue for a certain period of time and recognizes revenue when the performance obligation is completely fulfilled.

Judgement involved in revenue recognition

The transaction price is calculated by deducting the amount of variable consideration, including discounts and rebates, from the amount of the consideration promised under the contract with a customer. Such variable consideration includes elements of estimates. Estimates are based on the Group's past experience and reasonable forecasts negotiated with customers at the time of the estimates, and are included in the transaction price to the extent that it is highly probable that a significant reversal will not occur.

Most contracts involve a single performance obligation whose transaction price is indicated in the contract. For contracts that involve multiple performance obligations, the Group allocates the transaction price to each performance obligation based on the standalone selling price. The standalone selling price is the price at which the Group expects to sell promised goods or services to individual customers.

Considerations under contracts with customers are typically received within a year from the time at which the finished goods, merchandise or services are delivered to the customer. No significant financing component is included.

(6) Translation of important assets or liabilities denominated in foreign currencies into Japanese yen

Monetary assets/liabilities denominated in foreign currencies are translated into yen at the spot exchange rates as of the consolidated balance sheet date and the translation differences are treated as profit or loss. Assets and liabilities as well as revenues and expenses of overseas subsidiaries and the like are translated into yen at the spot exchange rates as of the account closing date of each company. The translation differences are recorded within foreign currency translation adjustment and non-controlling interests under net assets.

(7) Significant method for hedge accounting

(i) Hedge accounting method

In principle, the Group adopts the deferred hedge accounting method. However, appropriated treatment will be adopted when monetary assets/liabilities denominated in foreign currencies hedged by forward exchange contracts meet conditions for appropriated treatment, special treatment will be adopted when an interest rate swap contract meets conditions for special treatment, and integrated treatment (special treatment, appropriated treatment) will be adopted when interest and currency swaps meet conditions for integrated treatment.

(ii) Hedging instruments and hedged items

Hedging instruments

Foreign exchange forward contracts

Currency swaps

Interest rate and currency swaps

Interest rate swaps

Commodity swaps

Hedged items

Monetary assets/liabilities denominated in foreign currencies and scheduled transactions in foreign currencies

Monetary assets/liabilities denominated in foreign currencies

Foreign-currency denominated loans payable

Loans payable

Raw materials and electricity

(iii) Hedging policy

The risk management policy of the Group requires hedging against foreign exchange risk, interest rate risk and raw material price risk arising in the normal course of the business.

(iv) Method for assessing the hedge effectiveness

At the end of each fiscal year, hedge effectiveness with respect to the hedging instruments and hedged items is assessed for each hedging transaction. This annual assessment excludes any transaction where important terms and conditions such as principal, interest rate and duration are identical between the assets/liabilities of hedging instruments and hedged items.

(8) Method and period for amortizing goodwill

Amortization period of goodwill is determined on a case-by-case basis and using straight-line method over a period considered reasonable that does not exceed 20 years. Goodwill considered immaterial is expensed in the fiscal year incurred.

(9) Scope of funds (cash and cash equivalents) in consolidated statement of cash flows

Funds (cash and cash equivalents) in consolidated statement of cash flows consist of cash on hand, demand deposits, and short-term investments that mature within three months from the purchase date and can be readily converted into cash with little risk of change in value.

5. Significant Accounting Estimates**1. Impairment of non-current assets**

The Group determines whether there is an indication of impairment of assets or asset groups with respect to property, plant and equipment, and intangible assets including goodwill, and so on. If an indication of potential impairment of assets or asset groups exists and impairment losses need to be recognized, the Group estimates the recoverable amount of such assets or asset groups. The recoverable amount of assets or asset groups is the higher of the net realizable value and value in use and the book value is reduced to the recoverable amount for items whose recoverable amount falls below the book value. Such losses are recorded as impairment losses. Value in use is calculated based on certain assumptions, such as remaining economic useful life, future cash flows, discount rates, and others of assets or asset groups.

Significant accounting estimates on the impairment of non-current assets recognized in the current fiscal year are as follows.

(Impairment test of non-current assets in the base paper of household paper business)

In the household and industrial materials segment, the base paper of household paper business in China engages in the manufacture and sales of base paper of household paper mainly for the Chinese and Japanese markets. In the current fiscal year, it has also been necessary to closely monitor the progress of the business plan due to equipment stop caused by unexpected breakdowns and other reasons. As there was an indication of impairment of non-current assets (¥9,060 million (\$ 60,594 thousand)) in relation to the business, the

Group performed an impairment test in accordance with the International Accounting Standard No. 36 “Impairment of Assets.”

In performing the impairment test, the recoverable amount of asset groups in relation to the business is measured at the higher of the fair value less costs of disposal, and value in use. The value in use is determined by discounting estimated future cash flows to their present value, and the future cash flows are based on the future business plan. The future business plan includes certain assumptions such as pulp purchase prices based on pulp market forecasts, expected product selling prices based on these purchase prices, expected sales volume in consideration of forecasts of market growth rate, market entry of competitors, and so on, and expected production volume based on facility operating conditions. The discount rate also includes certain assumptions.

As a result of the assessment, the Group considers it is unnecessary to recognize impairment losses.

The above-mentioned significant assumptions are determined based on the best estimate and judgement by management and the Group considered them appropriate. However, they may impact the future business plan depending on changes in selling prices, product demand, raw material and fuel prices and other factors. If they need to be revised, it may impact the amounts recognized in future consolidated financial statements.

2. Collectability of deferred tax assets

(1) Amounts recorded on the consolidated financial statements for the current fiscal year

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2025	2024	2025
Deferred tax assets	¥ 12,959	¥ 9,893	\$ 86,671

The deferred tax assets recorded in the consolidated financial statements for the current fiscal year are described in note “20. Tax Effect Accounting”.

(2) Information on the content of significant accounting estimates for identified items

With respect to deductible temporary differences, losses carried forward, and unused deferred tax credits, the Group records deferred tax assets after deducting the tax amount that is not expected to be collected in the future accounting periods from the tax amount thereof. The judgment of collectability in the future accounting periods is made on the assumption of the estimates for taxable income in the future fiscal years that are based on the business plan drawn up by the Group.

The Group determines the estimates of taxable income by the best estimate and judgment by the management and considers them as appropriate. However, a change in future business plans, economic conditions, and other factors, as well as revision and promulgation of relevant laws and regulations may affect the estimates. If the estimates of taxable income need to be revised, it may affect the amount recognized in the future consolidated financial statements.

3. Net defined benefit liability and net defined benefit asset

(1) Amounts recorded on the consolidated financial statements for the current fiscal year

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2025	2024	2025
Net defined benefit asset	¥ 86,939	¥ 96,250	\$ 581,455
Net defined benefit liability	¥ 51,146	¥ 54,394	\$ 342,068

The amounts relating to the retirement benefit accounting recorded in the consolidated financial statements for the current fiscal year are described in note “18. Retirement Benefits”.

(2) Information on the content of significant accounting estimates for identified items

In order to prepare for the provision of retirement benefits for employees, the Group records net defined benefit liability or net defined benefit asset after deducting the amount of pension assets from retirement benefit obligations based on the estimated amounts as of the end of the fiscal year. Retirement benefit obligations are calculated based on actuarial assumptions. These assumptions include long-term expected return on pension assets, turnover rate, and mortality rate.

The Group determines these assumptions by the best estimate and judgment by the management and considers them as appropriate. However, a change in discount rates, mortality rates, and others due to a

change in economic conditions may affect the assumptions. If they need to be revised, it may affect the amount recognized in the future consolidated financial statements.

4. Purchase price allocation of Walki Holding Oy

The Group made Walki Holding Oy a consolidated subsidiary by acquiring its shares. The summary of the share acquisition, the recorded amount, and other related information are provided in “21. Business Combination”.

In the process of the purchase price allocation, the fair value of intangible assets is calculated by using the income approach such as the multiperiod excess earnings method and the relief-from-royalty method, according to the type of assets. The estimation of the fair value of intangible assets includes certain assumptions regarding the attrition rate of existing customers, the royalty fee rate, the obsolescence rate, future cash flows generated from relevant assets, the discount rate, and others. Goodwill is calculated by subtracting identifiable assets acquired and liabilities assumed from the acquisition cost.

The significant assumptions above were determined according to management’s best estimation and judgment and are considered appropriate. On the other hand, they contain high uncertainty and may be affected by changes in future economic conditions. If it is considered that there is an impairment indicator resulting from the changes in the significant assumptions, it is possible that impairment losses would incur based on the assessment result of recognizing the impairment losses necessary.

6. Change in accounting policy

(Accounting Standard for Current Income Taxes, etc.)

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

With this, the classifications of current income taxes (taxation on other comprehensive income) follow the transitional arrangement specified in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional arrangement specified in the proviso of Paragraph 65-2 (2) of the Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “2022 Revised Implementation Guidance”). This change in accounting policy has no effect on the consolidated financial statements.

For the revised treatment regarding the consolidated financial statements in the case where gains or losses on intercompany sales of stocks of subsidiaries is deferred for income tax reporting, the Company has applied the 2022 Revised Implementation Guidance since the beginning of the current fiscal year. This change in accounting policy was applied retrospectively. Hence, the consolidated financial statements for the previous fiscal year have been restated following the retrospective application. The change in accounting policy has no significant effect on the consolidated financial statements for the previous fiscal year.

7. Accounting Standard, and so on, Issued but Not Yet Applied

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

In addition, revisions to related Accounting Standards, Implementation Guidance, Practical Solutions, and Transferred Guidance.

(1) Summary

Relating to the accounting treatment for lessees to record assets and liabilities for all lease arrangements, consistent with internationally recognized accounting standards.

(2) Expected date of application

To be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Effect of application of the accounting standards and the like

The monetary impact from the application of the accounting standards and the like is currently being assessed.

8. Changes in Presentation Method

(1) Consolidated Statement of Income

“Insurance claim income”, which was included in “Other” under “Non-operating income” in the previous fiscal year, has increased in materiality and is presented separately in the current fiscal year. To reflect this change in the method of presentation, the consolidated statement of income in the previous fiscal year has been restated. As a result, ¥ 7,340 million that was presented as “Other” under “Non-operating income” in the consolidated statement of income in the previous fiscal year is now reclassified as “Insurance claim income” of ¥ 1,806 million and “Other” of ¥ 5,534 million.

“Gains on refund of retirement benefit trust”, which was included in “Other” under “Extraordinary income” in the previous fiscal year, has increased in materiality and is presented separately in the current fiscal year. In addition, “Insurance claim income” and “Gains on sale of non-current assets” under “Extraordinary income” in the previous fiscal year have decreased in materiality and are included in “Other” in the current fiscal year. To reflect this change in the method of presentation, the consolidated statement of income in the previous fiscal year has been restated. As a result, “Insurance claim income” of ¥ 4,810 million, “Gains on sale of non-current assets” of ¥ 2,191 million, and “Others” of ¥ 1,525 million under “Extraordinary income” in the consolidated statement of income in the previous fiscal year have been reclassified as “Gains on refund of retirement benefit trust” of ¥ 222 million and “Others” of ¥ 8,305 million.

“Business restructuring expenses” and “Losses on disposal of non-current assets”, which were included in “Other” under “Extraordinary losses” in the previous fiscal year, have increased in materiality and is presented separately in the current fiscal year. To reflect this change in the method of presentation, the consolidated statement of income in the previous fiscal year has been restated. As a result, “Others” of ¥ 3,639 million under “Extraordinary losses” in the consolidated statement of income in the previous fiscal year has been reclassified as “Business restructuring expenses” of ¥ 1,027 million, “Losses on disposal of non-current assets” of ¥ 1,505 million and “Others” of ¥ 1,106 million.

(2) Consolidated Statement of Cash Flows

“Losses (gains) on refund of retirement benefit trust”, “Business restructuring expenses” and “Losses on disposal of non-current assets” which were included in “Other” under “Cash flows from operating activities” in the previous fiscal year, have increased in materiality and are presented separately in the current fiscal year. In addition, “Losses (gains) on sale of non-current assets” under “Cash flows from operating activities” in the previous fiscal year has decreased in materiality and is included in “Other” in the current fiscal year. To reflect this change in the method of presentation, the consolidated statement of cash flows in the previous fiscal year has been restated. As a result, “Losses (gains) on sale of non-current assets” of ¥ (2,084) million and “Others” of ¥ 17,434 million under “Cash flows from operating activities” in the consolidated statement of cash flows in the previous fiscal year have been reclassified as “Losses (gains) on refund of retirement benefit trust” of ¥ (222) million, “Business restructuring expenses” of ¥ 1,027 million, “Losses on disposal of non-current assets” of ¥ 1,505 million, and “Others” of ¥ 13,039 million.

“Purchase of shares of subsidiaries resulting in change in scope of consolidation” under “Cash flows from financing activities” presented separately in the previous fiscal year is included in “Other” in the current fiscal year due to its decreased materiality. To reflect this change in the method of presentation, the consolidated statement of cash flows in the previous fiscal year has been restated. As a result, “Purchase of shares of subsidiaries resulting in change in scope of consolidation” of ¥ (1,162) million and “Other” of ¥ (179) million under “Cash flows from financing activities” have been reclassified as “Other” of ¥ (1,341) million.

9. Notes to Consolidated Balance Sheet

(1) Investments in unconsolidated subsidiaries and affiliates

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2025	2024	2025
Stocks	¥ 88,263	¥ 82,618	\$ 590,314
Investments in capital	81	87	545

(2) Assets pledged as collateral

(i) The following assets are pledged as collateral:

	Book value					
	(Millions of yen)				(Thousands of U.S. dollars)	
	March 31				March 31	
	2025		2024		2025	
Cash and deposits	¥ 3,664		¥ 1,748		\$ 24,508	
Accounts receivable-trade	4,061		1,295		27,166	
Merchandise and finished goods	2,036		1,615		13,622	
Work in process	284		190		1,903	
Raw materials and supplies	724		693		4,843	
Short-term loans receivable	791		3,800		5,294	
Current assets – other	1,443		2,285		9,653	
Buildings and structures	9,942	(¥ 451)	9,584	(¥ 394)	66,495	(\$ 3,018)
Machinery, equipment and vehicles	16,348	(262)	12,676	(260)	109,339	(1,754)
Tools, furniture and fixtures	192	(30)	125	(20)	1,285	(202)
Land	9,755	(188)	9,670	(188)	65,244	(1,261)
Forests	4,380		4,811		29,297	
Plantations	21,108		22,769		141,172	
Construction in progress	873		4,522		5,841	
Intangible assets - other	2,022		1,809		13,526	
Investment securities	384	(22)	384		2,573	(150)
Investment and other assets – other	39		39		266	
Total	¥ 78,054	(¥ 955)	¥ 78,023	(¥ 864)	\$ 522,036	(\$ 6,387)

Notes: 1. Of the above assets, figures in parentheses are pledged as industrial mortgages or industrial factory foundation revolving industrial mortgages.

2. Accounts receivable from consolidated subsidiaries of ¥546 million (\$3,656 thousand) (¥429 million as of March 2024), short-term loans receivable from consolidated subsidiaries of ¥791 million (\$5,294 thousand) (¥3,800 million as of March 2024), and consolidated subsidiaries stock included in investment securities of ¥361 million (\$2,420 thousand) (¥384 million as of March 2024) have been eliminated in the consolidated balance sheet.

(ii) Secured liabilities are as follows:

	Book value					
	(Millions of yen)				(Thousands of U.S. dollars)	
	March 31				March 31	
	2025		2024		2025	
Notes and accounts payable-trade	¥ 61		¥ 73		\$ 412	
Short-term loans payable	634	(¥ 185)	1,224	(¥ 185)	4,246	(\$1,237)
Long-term loans payable	1,071		1,999		7,164	
Total	¥ 1,767	(¥ 185)	¥ 3,298	(¥ 185)	\$ 11,823	(\$1,237)

Notes:

Of the above liabilities, figures in parentheses are secured with industrial mortgages or industrial factory foundation revolving industrial mortgages.

(3) Contingent liabilities

Guarantee obligations

The Company has committed to providing the following guarantees for loans and others borrowed from financial institutions by unconsolidated subsidiaries, affiliates, and employees.

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2025	2024	2025
Tokyo Branch of Forest Corporation	¥ 3,160	¥ 3,860	\$ 21,134
PT. Oji Indo Makmur Perkasa	637	1,171	4,260
Other	180	219	1,208
Total	¥3,977	¥5,250	\$ 26,603

(4) Notes receivable discounted, and so on

Notes receivable discounted: ¥ 7,629 million (\$51,029 thousand) and ¥ 10,103 million as of March 31, 2025 and 2024, respectively

Notes receivable endorsed: ¥ 268 million (\$ 1,794 thousand) and ¥ 217 million as of March 31, 2025 and 2024, respectively

(5) Revaluation reserve for land

Pursuant to the “Law on Revaluation of Land” (Law No. 34, March 31, 1998) and the “Law on Partial Amendment to the Law on Revaluation of Land” (Law No. 19, March 31, 2001), the Group performed revaluation of land for business use held by certain consolidated subsidiaries on March 31, 2002.

Pursuant to the “Law on Partial Amendment to the Law on Revaluation of Land” (Law No. 24, March 31, 1999), regarding the difference incurred after the revaluation of land, the Group recorded tax equivalent amount relevant to such revaluation as “Deferred tax liabilities for land revaluation” in the liabilities section, and recorded the remainder after deduction of the above amount as “Revaluation reserve for land” in the net assets section.

(i) Revaluation method: The value was calculated based on the property tax valuation prescribed in Article 2, Item 3 of the “Enforcement Order on Law on Revaluation of Land” (Cabinet Order No. 119, March 31, 1998) and the land value designated as the tax basis for land value tax as prescribed in Article 2, Item 4 thereof.

(ii) Revaluation date: March 31, 2002

(6) Loan commitment (borrower)

The Company entered into loan commitment agreements with correspondent financial institutions for the purpose of obtaining funds in an efficient and stable manner when unforeseen circumstances arise.

The balances of the unused portions under the agreement as of March 31, 2025 and 2024 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2025	2024	2025
Aggregate amount of loan commitment	¥ 100,000	¥ 100,000	\$ 668,806
Balance of loan outstanding	—	—	—
Unused portion	¥ 100,000	¥ 100,000	\$ 668,806

(7) Accumulated depreciation includes accumulated impairment losses.

- (8) The amounts of advanced depreciation deducted directly from the acquisition costs of certain non-current assets for the fiscal years ended March 31, 2025 and 2024 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2025	2024	2025
Buildings and structures	¥ 17	¥ 256	\$ 120
Machinery, equipment and vehicles	48	467	326
Tools, furniture and fixtures	—	0	—
Plantations	339	189	2,269
Total	¥ 406	¥ 914	\$ 2,715

- (9) Accounting treatment for notes, and so on, matured as of the end of the consolidated fiscal year
Notes, and so on, matured as of the end of the consolidated fiscal year are settled on their clearing days. Since March 31, 2024 was a holiday for financial institutions, the notes, and so on, matured as of the next consolidated fiscal year end were included in the balance at March 31, 2024:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2025	2024	2025
Notes receivables	—	¥8,820	—
Notes payables	—	12,161	—

10. Notes to Consolidated Statement of Income

- (1) Research and development expenses included in general and administrative expenses and manufacturing costs for the fiscal years ended March 31, 2025 and 2024 were ¥ 13,473 million (\$ 90,110 thousand) and ¥ 10,418 million, respectively.
- (2) The amounts of inventories on consolidated balance sheet are the amounts after writing down the book value in correspondence to decline in profitability.
The losses (gains) on valuation of inventories included in the cost of sales for the fiscal years ended March 31, 2025 and 2024 were ¥ 2,991 million (\$ 20,006 thousand) and ¥ (72) million, respectively.
- (3) Gains on refund of retirement benefit trust
In consolidated subsidiaries, retirement benefit trust assets have been accumulated to an amount that largely exceeds retirement benefit liabilities, and this condition is expected to continue; therefore, retirement benefit trust assets have partially been refunded. With this, the Group has recorded in a lump the unrecognized actuarial gains/losses on the retirement benefit trust assets refunded.
- (4) Business restructuring expenses
For the fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)
Business restructuring expenses are mainly relevant expenses and impairment losses resulting from the closing of Penrose Mill which manufactures containerboards and impairment losses on relevant assets resulting from halting the upgrading of wastewater-treatment equipment, and other related assets due to reconsideration of the containerboard business of Kinleith Mill in Oji Fibre Solutions (NZ) Ltd.
Of the impairment losses of non-current assets included in the business restructuring expenses, those associated with Oji Fibre Solutions (NZ) Ltd. amount to ¥ 6,994 million (\$ 46,782 thousand).

(5) Impairment losses

For the fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

Impairment losses was recorded mainly for the following asset groups.

Use	Location	Impairment losses		Nature
		(in millions of yen)	(Thousands of U.S. dollars)	
Oji Fibre Solutions (NZ) Ltd. Penrose Mill Asset for the pulp and paperboard business	Auckland, New Zealand	1,886	12,616	Containerboards manufacturing facility, etc.
Oji Fibre Solutions (NZ) Ltd. Kinleith Mill Asset for the pulp and paperboard business	Tokoroa, New Zealand	5,108	34,166	Wastewater-treatment equipment, etc.

The Group conducts the asset grouping for business assets by considering the business segments and identifying the smallest unit that generates cash flows that are largely independent of the cash flows from other units, and conducts the asset grouping for lease real estate properties and idle assets based on each individual property.

For asset groups, and so on, where profit from operating activities has continued to be negative and the recoverable amount is lower than the book value, the Group wrote down the book value to the recoverable amount and recognized impairment losses of ¥11,871million (\$ 79,397 thousand) under extraordinary losses in the current fiscal year, of which ¥2,986 million (\$ 19,977 thousand) is presented as impairment losses and ¥8,884 (\$ 59,420 thousand) million is included in business restructuring expenses.

The breakdown of the impairment losses includes buildings and structures totaling ¥2,258 million (\$ 15,102 thousand), machinery, equipment and vehicles totaling ¥3,094 million (\$ 20,694 thousand), tools, furniture and fixtures totaling 88 million (\$ 592 thousand), land totaling 427 million (\$ 2,860 thousand), plantations totaling 261 million (\$ 1,750 thousand), leased assets totaling 328 million (\$ 2,196 thousand), construction in progress totaling 5,398 million (\$ 36,106 thousand), and others totaling 14 million (\$ 94 thousand).

If the net realizable value is used as the recoverable amount, an asset is valued based on the real-estate appraisal standards, and so on. If the value in use is used as the recoverable amount, it is calculated by discounting the future cash flow by 5.1% to 17.0%. If the value in use based on the future cash flow is negative, the recoverable value is deemed zero.

For the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

Impairment losses was recorded mainly for the following asset group.

Use	Location	Impairment losses	Nature
		(in millions of yen)	
Jiangsu Oji Paper Co., Ltd. Asset for the base paper of household paper business	Jiangsu Province, China	2,662	Machinery, equipment, others

The Group conducts the asset grouping for business assets by considering the business segments and identifying the smallest unit that generates cash flows that are largely independent of the cash flows from other units, and conducts the asset grouping for lease real estate properties and idle assets based on each individual property.

For asset groups, and so on, where profit from operating activities has continued to be negative and the recoverable amount is lower than the book value, the Group wrote down the book value to the recoverable amount and recognized impairment losses of ¥4,292 million under extraordinary losses in the current fiscal year.

The breakdown of the impairment losses includes buildings and structures totaling ¥587 million, machinery, equipment and vehicles totaling ¥2,884 million, tools, furniture and fixtures totaling ¥12 million, land totaling ¥412 million, plantations totaling ¥342 million, construction in progress totaling ¥51 million, and others totaling ¥1 million. Of these, ¥312 million are included in “business restructuring expenses” under extraordinary losses.

If the net realizable value is used as the recoverable amount, an asset is valued based on the real-estate appraisal standards, and so on. If the value in use is used as the recoverable amount, it is calculated by discounting the future cash flow by 4.6% to 9.3%. If the value in use based on the future cash flow is negative, the recoverable value is deemed zero.

- (6) The breakdown of the losses on disposal of non-current assets for the fiscal years ended March 31, 2025 and 2024 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2025	2024	2025
Buildings and structures	¥ 147	¥ 7	\$ 988
Machinery, equipment and vehicles	922	300	6,172
Other	21	230	142
Demolishing costs	1,735	967	11,610
Total	¥ 2,827	¥ 1,505	\$ 18,913

11. Notes to Consolidated Statement of Comprehensive Income

(1) Reclassification adjustments and tax effect relating to other comprehensive income

For the fiscal years ended March 31, 2025 and 2024

	(Millions of yen)		(Thousands of U.S. dollars)
	2025	2024	2025
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ 8,748	¥ 32,342	\$ 58,512
Reclassification adjustments to profit or loss	(25,292)	(1,426)	(169,159)
Amount before income taxes and tax effect	(16,543)	30,915	(110,646)
Income taxes and tax effect	4,526	(9,476)	30,273
Valuation difference on available-for-sale securities	(12,017)	21,439	(80,373)
Deferred gains or losses on hedges:			
Amount arising during the year	(3,012)	5,427	(20,151)
Reclassification adjustments to profit or loss	(127)	(3,815)	(850)
Amount before income taxes and tax effect	(3,140)	1,612	(21,001)
Income taxes and tax effect	935	(580)	6,259
Deferred gains or losses on hedges	(2,204)	1,031	(14,741)
Revaluation reserve for land:			
Income taxes and tax effect	(179)	-	(1,201)
Foreign currency translation adjustment:			
Amount arising during the year	62,699	40,375	419,341
Remeasurements of defined benefit plans:			
Amount arising during the year	8,155	42,684	54,545
Reclassification adjustments to profit or loss	(17,916)	(2,890)	(119,828)
Amount before income taxes and tax effect	(9,761)	39,794	(65,283)
Income taxes and tax effect	2,441	(11,921)	16,328
Remeasurements of defined benefit plans	(7,319)	27,873	(48,954)
Share of other comprehensive income of affiliates accounted for using the equity method:			
Amount arising during the year	(376)	7,052	(2,521)
Reclassification adjustments to profit or loss	(1,896)	(1,218)	(12,684)
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	(2,273)	5,834	(15,205)
Other comprehensive income in total	¥ 38,705	¥ 96,553	\$ 258,865

12. Notes to Consolidated Statement of Changes in Equity**(1) Type and number of issued shares of common stock and treasury stock**

For the fiscal year ended March 31, 2025

Type of shares	Number of shares at April 1, 2024	Increase	Decrease	Number of shares at March 31, 2025
Shares issued:				
Common stock	1,014,381,817	—	—	1,014,381,817
Total	1,014,381,817	—	—	1,014,381,817
Treasury stock:				
Common stock (Notes 1,2,3)	29,784,280	49,397,950	83,288	79,098,942
Total	29,784,280	49,397,950	83,288	79,098,942

Notes:

1. Increase in treasury stock 49,397,950

Details of the increase are as follows:

Acquired pursuant to the Board of Directors meeting held on December 12, 2024	49,388,600
Increase due to purchase of shares less than one standard unit	5,927
Increase in treasury stock due to an increase in the Company's attributable portion of its shares resulting from changes in ownership interest in equity-method affiliates	3,423

2. Decrease in treasury stock 83,288

Details of the decrease are as follows:

Decrease due to exercising of stock options	83,000
Decrease due to sale of shares less than one standard unit	288

3. Number of shares of treasury stock at the end of the fiscal year ended March 31, 2025, includes 1,546,851 shares held by the Board Benefit Trust.

For the fiscal year ended March 31, 2024

Type of shares	Number of shares at April 1, 2023	Increase	Decrease	Number of shares at March 31, 2024
Shares issued:				
Common stock	1,014,381,817	—	—	1,014,381,817
Total	1,014,381,817	—	—	1,014,381,817
Treasury stock:				
Common stock (Notes 1,2,3)	23,179,622	8,705,574	2,100,916	29,784,280
Total	23,179,622	8,705,574	2,100,916	29,784,280

Notes:

1. Increase in treasury stock 8,705,574

Details of the increase are as follows:

Acquired pursuant to the Board of Directors meeting held on February 26, 2024	8,697,800
Increase due to purchase of shares of less than the standard unit	7,769
Increase in treasury stock due to an increase in the Company's attributable portion of its shares resulting from changes in ownership interest in equity-method affiliates	5

2. Decrease in treasury stock 2,100,916

Details of the decrease are as follows:

Decrease due to disposal of treasury stock in connection with share exchange	1,983,300
Decrease due to exercising of stock options	117,000
Decrease in treasury stock due to decrease in shares of the Company attributable to the Company arising from a decrease in equity method affiliates	383
Decrease due to sale of shares of less than the standard unit	233

3. Number of shares of treasury stock at the end of the fiscal year ended March 31, 2024, includes 1,546,851 shares held by the Board Benefit Trust.

(2) Share acquisition rights

For the fiscal year ended March 31, 2025

Company	Description	Type of shares issued	Number of shares issued				Balance at March 31, 2025	
			Number of shares at April 1, 2024	Increase	Decrease	Number of shares at March 31, 2025	(Millions of yen)	(Thousands of U.S. dollars)
Parent company	Share acquisition rights as stock options	—	—	—	—	—	¥ 68	\$458
Total		—	—	—	—	—	¥ 68	\$ 458

For the fiscal year ended March 31, 2024

Company	Description	Type of shares issued	Number of shares issued				Balance at March 31, 2024	
			Number of shares at April 1, 2023	Increase	Decrease	Number of shares at March 31, 2024	(Millions of yen)	
Parent company	Share acquisition rights as stock options	—	—	—	—	—	¥ 97	
Total		—	—	—	—	—	¥ 97	

(3) Dividends

(i) Amount of cash dividends distributed

For the fiscal year ended March 31, 2025

Resolution	Type of shares	Total dividend amount		Dividends per share		Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)	(yen)	(U.S. dollars)		
Board of Directors' Meeting held on May 14, 2024	Common stock	¥ 7,890	\$52,774	¥ 8.0	\$ 0.05	March 31, 2024	June 5, 2024
Board of Directors' Meeting held on November 7, 2024	Common stock	11,836	79,165	12.0	0.08	September 30, 2024	December 2, 2024

- Notes: 1. Dividends of ¥ 12 million (\$ 82 thousand) for shares held by the Board Benefit Trust are included in the total dividend amount in accordance with the resolution at the Board of Directors' Meeting held on May 14, 2024.
2. Dividends of ¥ 18 million (\$ 124 thousand) for shares held by the Board Benefit Trust are included in the total dividend amount in accordance with the resolution at the Board of Directors' Meeting held on November 7, 2024.

For the fiscal year ended March 31, 2024

Resolution	Type of shares	Total dividend amount	Dividends per share (yen)	Record date	Effective date
		(Millions of yen)			
Board of Directors' Meeting held on May 12, 2023	Common stock	¥ 7,943	¥ 8.0	March 31, 2023	June 7, 2023
Board of Directors' Meeting held on November 7, 2023	Common stock	7,944	8.0	September 30, 2023	December 1, 2023

- Notes: 1. Dividends of ¥ 12 million for shares held by the Board Benefit Trust are included in the total dividend amount in accordance with the resolution at the Board of Directors' Meeting held on May 12, 2023.
2. Dividends of ¥ 12 million for shares held by the Board Benefit Trust are included in the total dividend amount in accordance with the resolution at the Board of Directors' Meeting held on November 7, 2023.

- (ii) Dividends with the record date falling within the fiscal year ended March 31, 2025 and the effective date in the fiscal year ended March 31, 2026

Resolution	Type of shares	Total dividend amount		Source of dividends	Dividends per share		Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)		(yen)	(U.S. dollars)		
Board of Directors' Meeting held on May 13, 2025	Common stock	¥ 11,244	\$75,204	Retained earnings	¥12.0	\$0.08	March 31, 2025	June 5, 2025

Note: Dividends of ¥ 18 million (\$ 124 thousand) for shares held by Board Benefit Trust are included in total dividend amount.

Dividends with the record date falling within the fiscal year ended March 31, 2024 and the effective date in the fiscal year ended March 31, 2025

Resolution	Type of shares	Total dividend amount	Source of dividends	Dividends per share (yen)	Record date	Effective date
		(Millions of yen)				
Board of Directors' Meeting held on May 14, 2024	Common stock	¥ 7,890	Retained earnings	¥ 8.0	March 31, 2024	June 5, 2024

Note: Dividends of ¥ 12 million for shares held by Board Benefit Trust are included in total dividend amount.

13. Notes to Consolidated Statement of Cash Flows

(1) Cash and cash equivalents in the consolidated statement of cash flows for the years ended March 31, 2025 and 2024 are reconciled to the accounts reported in the consolidated balance sheet as of March 31, 2025 and 2024 as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2025	2024	2025
Cash and deposits	¥ 58,429	¥ 58,088	\$ 390,779
Time deposits with maturities of more than three months	(355)	(337)	(2,376)
Securities	7,434	4,722	49,719
Cash and cash equivalents	¥ 65,508	¥ 62,472	\$ 438,123

(2) Major components of assets and liabilities of companies that newly became consolidated subsidiaries due to the acquisition of shares in the current fiscal year.

The following is a breakdown of assets and liabilities at the time of consolidation due to the new consolidation of Walki Holding Oy and 20 other companies as a result of the acquisition of shares, and a reconciliation between the acquisition cost of shares and the payment (net) for the acquisition.

	(Millions of yen)	(Thousands of U.S. dollars)
	March 31	March 31
	2025	2025
Current assets	¥28,689	\$191,878
Non-current assets	60,757	406,350
Goodwill	42,718	285,704
Current liabilities	(55,926)	(374,043)
Non-current liabilities	(14,966)	(100,095)
Deferred gains and losses on hedges	2	18
Foreign currency translation adjustment	(43)	(290)
Non-controlling shareholders' equity	66	442
Acquisition cost of shares	61,297	409,965
Cash and cash equivalents	(2,586)	(17,301)
Net: Payment for the acquisition	¥58,711	\$392,663

(3) Descriptions of material non-cash transactions

Partial refund of retirement benefit trust

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2025	2024	2025
Increase in investment securities due to partial refund of retirement benefit trust	¥ 14,199	—	\$ 94,970

14. Lease Transactions

Operating lease transactions

Future minimum lease payments under non-cancellable operating leases as of March 31, 2025 and 2024:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2025	2024	2025
Due within one year	¥ 2,264	¥ 2,248	\$ 15,146
Due after one year	6,924	8,710	46,312
Total	¥ 9,189	¥ 10,959	\$ 61,459

Future minimum lease income under non-cancellable operating leases as of March 31, 2025 and 2024:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2025	2024	2025
Due within one year	¥ 792	¥ 752	\$ 5,301
Due after one year	6,533	6,755	43,698
Total	¥ 7,326	¥ 7,508	\$ 49,000

15. Financial Instruments

(1) Matters concerning financial instruments

(i) Management policy

The Company and its main consolidated subsidiaries manage group finance under which mainly the Company finances and controls the cash necessary for Group operations primarily through loans from financial institutions, issuance of commercial paper and corporate bonds, and other activities. The Company invests temporary surplus cash in low-risk financial instruments only such as deposits and does not make any investment for speculative purposes. The Company uses derivatives to hedge the risks described below and does not use derivatives for speculative purposes.

(ii) Nature and extent of risks arising from financial instruments

Receivables, such as notes and accounts receivable-trade, are exposed to customer credit risk. Receivables that are denominated in foreign currencies, arising from the global operation of the business, are exposed to foreign currency exchange rate fluctuations. Accordingly, the Group uses foreign exchange forward contracts to hedge the net position (determined by deducting the amount of payables denominated in the same foreign currencies) as appropriate, taking the trends in the foreign currency exchange market into account.

Investment securities are mainly stocks of companies with which the Group has business relationships, and they are exposed to market price fluctuation risks.

All of the payment terms of payables, such as notes and accounts payable-trade, are less than one year. Some of the payables that arise from importing raw materials and others are denominated in foreign currencies and are exposed to foreign currency exchange rate fluctuation risks. The Group uses foreign exchange forward contracts to hedge such risk as appropriate.

With respect to borrowings and debt, short-term loans payable are mainly for financing relating to working capital, while long-term loans payable is mainly for financing relating to investment in property, plant and equipment. Borrowings and debt with floating interest rates are exposed to interest rate volatility risk. For a portion of borrowings, the Group seeks to hedge the risk by using interest rate swaps as well as interest rate and currency swaps. While borrowings and debt denominated in foreign currencies are exposed to exchange rate fluctuation risks, interest rate and currency swaps are utilized to hedge against such risks for a portion of such borrowings and debt.

Derivative transactions entered into and managed by the Group are as follows:

- Foreign exchange forward contracts, currency options and currency swaps to hedge foreign exchange fluctuation risk relating to notes and accounts receivable/payable-trade and the like denominated in foreign currencies,
 - Interest rate swaps to hedge risk relating to floating interest rates on borrowings and debt,
 - Interest rate and currency swaps to hedge against the risk of fluctuations in interest payable and exchange rates on borrowings denominated in foreign currencies, and
 - Commodity swaps to hedge price fluctuation risk relating to raw material and energy purchases.
- Regarding hedging instruments and hedged items, hedging policy, the method for assessing hedging effectiveness and others relating to hedge accounting see Note 4. (7) Significant method for hedge accounting.

(iii) Risk management

(a) Credit risk management (risk of non-performance by customers or counterparties)

The Company and its main consolidated subsidiaries reduce credit risk through the following methods:

- The Company and its main consolidated subsidiaries check and manage the due dates and balances of receivables by customer.
- Each sales department periodically monitors the condition of key customers and conducts credit check as necessary.

The Group only enters into derivative transactions with highly rated financial institutions to reduce counterparty risk.

(b) Market risk management (risks relating to foreign exchange rate fluctuation, floating interest rates and others)

The Company and some of its consolidated subsidiaries utilize foreign exchange forward contracts, currency options and currency swaps to hedge the foreign exchange risk exposure for their notes and accounts receivable/payable-trade, borrowings, debt, and so on, which are denominated in foreign currencies and expected to arise in the normal business activities.

The Group also uses interest rate swaps to hedge its exposure to fluctuations in variable interest rates on its borrowings or to hedge the risk that fixed interest rates will deviate from future market interest rates. Some of the consolidated subsidiaries utilize commodity swaps to hedge price fluctuation risk relating to raw material and energy purchases.

With respect to corporate stocks under investment securities, the Company checks periodically their fair values and financial conditions of such issuing entities (the companies with which the Company has business relationships) and reviews the benefits of continuing to hold such stocks, considering its relationships with such companies.

Derivative transactions are conducted based on the derivative management standards that provide the method and the organization for risk management and others. Consolidated subsidiaries also manage derivative transactions based on the derivative management standards of the Company.

(c) Liquidity risk management relating to financing activities (risk of non-performance on a payment due date)

The Company makes and updates financing plans in a timely manner and manages liquidity risk by maintaining presumably sufficient liquidity on hand based on deposits and withdrawals information reported from departments within the Company and the consolidated subsidiaries that carry out group-wide financing together with the Company.

The Company is prepared to make emergency payments by entering into commitment lines of credit with related financial institutions.

(iv) Supplementary explanation: fair value of financial instruments

Fair values of financial instruments are measured based on the quoted prices in markets. In cases where a quoted price is not available, other reasonably assessed fair values are used.

Such assessment is based on variable factors. Under different assumptions, the assessed value might differ. The contract amounts of derivative transactions and others, as shown in “17. Derivative Transactions” do not measure the exposure to market risk relating to derivative transactions.

(2) Fair value of financial instruments

The following tables present the book value financial instruments on the consolidated balance sheet, their fair value and the differences at March 31, 2025 and 2024, respectively.

As of March 31, 2025

(Millions of yen)

	Book value	Fair value	Difference
① Investment securities (*2)			
(i) Stocks of affiliates	¥ 46,692	¥ 16,847	¥ (29,845)
(ii) Available-for-sale securities	104,214	104,214	—
Total assets	150,907	121,061	(29,845)
① Bonds payables (*3)	145,000	134,246	(10,753)
② Long-term loans payable (*4)	515,090	507,330	(7,760)
Total liabilities	660,090	641,576	(18,514)
Derivative transactions (*5)	¥7,497	¥7,497	¥—

(Thousands of U.S. dollars)

	Book value	Fair value	Difference
① Investment securities (*2)			
(i) Stocks of affiliates	\$ 312,283	\$ 112,674	\$ (199,609)
(ii) Available-for-sale securities	696,994	696,994	—
Total assets	1,009,278	809,668	(199,609)
① Bonds payables (*3)	969,769	897,849	(71,920)
② Long-term loans payable (*4)	3,444,963	3,393,060	(51,903)
Total liabilities	4,414,733	4,290,910	(123,823)
Derivative transactions (*5)	\$50,144	\$50,144	\$—

(1) Cash and items whose book values approximate their fair values because of short maturities are not indicated.

(*2) Items such as stocks without market quotations are not included in “Assets ① Investment securities”.

The consolidated balance sheet values of such financial instruments are as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	March 31	March 31
	2025	2025
Non-listed stocks	¥ 46,928	\$313,861

(*3) Bonds payables include the current portion of bonds payables (¥30,000 million (\$ 200,642 thousand) on the consolidated balance sheet).

(*4) Long-term loans payable that will be repaid within a year (¥69,929 million (\$ 467,693 thousand) on the consolidated balance sheet) is also included.

(*5) Receivables and payables arising from derivative transactions are shown on the net basis. The items which are net payables in total are shown in parentheses.

As of March 31, 2024

(Millions of yen)			
	Book value	Fair value	Difference
① Investment securities (*2)			
(i) Stocks of affiliates	¥ 47,693	¥ 18,285	¥ (29,408)
(ii) Available-for-sale securities	130,915	130,915	—
Total assets	178,609	149,200	(29,408)
② Bonds payables (*3)	155,000	149,370	(5,629)
③ Long-term loans payable (*4)	407,853	405,368	(2,485)
Total liabilities	562,853	554,738	(8,115)
Derivative transactions (*5)	¥7,685	¥7,685	¥—

(1) Cash and items whose book values approximate their fair values because of short maturities are not indicated.

(*2) Items such as stocks without market quotations are not included in “Assets ① Investment securities”.

The consolidated balance sheet value of such financial instruments is as follows:

	(Millions of yen)
	March 31
	2024
Non-listed stocks	¥ 39,260

(*3) Bonds payables include the current portion of bonds payables (¥10,000 million on the consolidated balance sheet).

(*4) Long-term loans payable that will be repaid within a year (¥72,613 million on the consolidated balance sheet) is also included.

(*5) Receivables and payables arising from derivative transactions are shown on the net basis. The items which are net payables in total are shown in parentheses.

Notes:

1. The redemption schedule subsequent to March 31, 2025 for monetary assets and securities with maturity

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
	(Millions of yen)			
Deposits	¥ 54,923	¥ —	¥ —	¥ —
Notes receivable—trade	66,467	—	—	—
Accounts receivable—trade	305,317	—	—	—
Securities and investment securities				
Held-to-maturity debt securities				
Others	7,434	—	—	—
Total	¥ 434,142	¥ —	¥ —	¥ —

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
	(Thousands of U.S. dollars)			
Deposits	\$ 367,332	\$ —	\$ —	\$ —
Notes receivable—trade	444,536	—	—	—
Accounts receivable—trade	2,041,985	—	—	—
Securities and investment securities				
Held-to-maturity debt securities				
Others	49,719	—	—	—
Total	\$ 2,903,573	\$ —	\$ —	\$ —

The redemption schedule subsequent to March 31, 2024 for monetary assets and securities with maturity

		Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
		(Millions of yen)			
Deposits		¥ 55,220	¥ —	¥ —	¥ —
Notes receivable—trade		73,016	—	—	—
Accounts receivable—trade		296,058	—	—	—
Securities and investment securities					
	Held-to-maturity debt securities				
	Others	4,772	—	—	—
Total		¥ 429,067	¥ —	¥ —	¥ —

2. The repayment schedule for bonds payable, long-term loans payable and other interest-bearing liabilities subsequent to March 31, 2025

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
	(Millions of yen)					
Short-term loans payable	¥166,297	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper	77,000	—	—	—	—	—
Bonds payable	30,000	—	10,000	20,000	15,000	70,000
Long-term loans payable	69,929	36,382	82,587	40,414	48,412	237,363
Total	¥343,227	¥36,382	¥ 92,587	¥ 60,414	¥ 63,412	¥ 307,363

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
	(Thousands of U.S. dollars)					
Short-term loans payable	\$ 1,112,210	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial paper	514,981	—	—	—	—	—
Bonds payable	200,642	—	66,880	133,761	100,321	468,164
Long-term loans payable	467,693	243,331	552,351	270,296	323,787	1,587,503
Total	\$ 2,295,526	\$ 243,331	\$619,232	\$ 404,057	\$ 424,108	\$ 2,055,668

The repayment schedule for bonds payable, long-term loans payable and other interest-bearing liabilities subsequent to March 31, 2024

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
	(Millions of yen)					
Short-term loans payable	¥ 143,863	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper	30,000	—	—	—	—	—
Bonds payable	10,000	30,000	—	10,000	20,000	85,000
Long-term loans payable	72,613	66,432	34,829	43,506	40,136	150,335
Total	¥ 256,476	¥ 96,432	¥ 34,829	¥ 53,506	¥ 60,136	¥ 235,335

(3) Matters regarding breakdown of financial instruments by fair value level

The Group classifies the fair values of financial instruments into the following three levels according to the observability and significance of inputs involved in the calculation of fair value:

Level 1 fair value: Inputs used to calculate fair value is observable, and fair value of target assets or liabilities is measured at quoted prices at active markets.

Level 2 fair value: Inputs used to calculate fair value is observable, and fair value is measured with inputs other than those used in Level 1.

Level 3 fair value: Inputs used to calculate significant fair value is unobservable.

When using multiple inputs that have a significant impact on the calculation of fair value, the Group classifies the fair value into the level that has the lowest priority in the calculation of the fair value, among the levels to which these inputs belong.

(i) Financial instruments booked at fair value on consolidated balance sheet
As of March 31, 2025

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	¥ 103,034	¥ —	¥ —	¥ 103,034
Other	1,180	—	—	1,180
Derivative transactions				
Currency-related	—	56	—	56
Interest rate-related	—	94	—	94
Commodities-related	5	—	8,314	8,320
Total assets	104,219	150	8,314	112,685
Derivative transactions				
Currency-related	—	973	—	973
Interest rate-related	—	—	—	—
Commodities-related	—	—	—	—
Total liabilities	¥ —	¥ 973	¥ —	¥ 973

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(Thousands of U.S. dollars)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	\$ 689,099	\$ —	\$ —	\$ 689,099
Other	7,895	—	—	7,895
Derivative transactions				
Currency-related	—	374	—	374
Interest rate-related	—	632	—	632
Commodities-related	34	—	55,610	55,645
Total assets	697,028	1,007	55,610	753,647
Derivative transactions				
Currency-related	—	6,507	—	6,507
Interest rate-related	—	—	—	—
Commodities-related	—	—	—	—
Total liabilities	\$ —	\$ 6,507	\$ —	\$6,507

As of March 31, 2024

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	¥ 129,670	¥ —	¥ —	¥ 129,670
Other	1,245	—	—	1,245
Derivative transactions				
Currency-related	—	1,964	—	1,964
Interest rate-related	—	52	—	52
Commodities-related	—	668	5,297	5,966
Total assets	130,915	2,686	5,297	138,899
Derivative transactions				
Currency-related	—	298	—	298
Interest rate-related	—	—	—	—
Commodities-related	—	—	—	—
Total liabilities	¥ —	¥ 298	¥ —	¥ 298

(ii) Financial instruments other than those booked at fair value on consolidated balance sheet
As of March 31, 2025

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Stocks of affiliates	¥ 16,847	¥ —	¥ —	¥16,847
Total assets	16,847	—	—	16,847
Bonds payable	—	134,246	—	134,246
Long-term loans payable	—	507,330	—	507,330
Total liabilities	¥ —	¥ 641,576	¥ —	¥ 641,576

(Thousands of U.S. dollars)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Stocks of affiliates	\$ 112,674	\$ —	\$ —	\$ 112,674
Total assets	112,674	—	—	112,674
Bonds payable	—	897,849	—	897,849
Long-term loans payable	—	3,393,060	—	3,393,060
Total liabilities	\$ —	\$ 4,290,910	\$ —	\$ 4,290,910

As of March 31, 2024

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Stocks of affiliates	¥ 18,285	¥ —	¥ —	¥ 18,285
Total assets	18,285	—	—	18,285
Bonds payable	—	149,370	—	149,370
Long-term loans payable	—	405,368	—	405,368
Total liabilities	¥ —	¥ 554,738	¥ —	¥ 554,738

Note1: Explanation of valuation method used in calculating fair value and inputs relating to calculation of fair value

Investment securities

The fair value of listed stocks is classified into the Level 1 fair value based on the quoted price in the stock exchange since those stocks are traded in active markets and have the quoted price.

Derivatives

The fair value of the forward exchange contract, currency options, currency swaps, interest rate swaps, and interest rate and currency swaps is classified into the Level 2 fair value based on, among others, the prices obtained from financial institutions with which the Group has transactions. As those that use the special treatment of interest rate swaps and the integrated treatment (special treatment, appropriated treatment) of interest rate and currency swaps are accounted for in an integrated manner with long-term loans payable which are hedged item, their fair values are included in those of the relevant long-term loans payable. For commodity derivatives traded in active markets, the price on an exchange, etc. is used, and therefore, their fair value is classified into Level 1 fair value. If the fair value of commodity derivatives is calculated based on the discounted present value method using observable inputs, such as prices obtained from relevant counterparties, it is classified into the Level 2 fair value. It is classified into the Level 3 fair value if unobservable inputs are additionally used.

Bonds payable

The fair value of bonds issued by the Company is classified into the Level 2 fair value based on the market price (Reference: Statistical Prices for OTC Bond Transactions).

Long-term loans payable

Long-term loans payable is calculated by discounting the total of the principal and interest with an interest rate applicable to new loans payable under the similar condition, and its fair value is classified into the Level 2 fair value.

Part of the long-term loans payable carrying variable interest rates are subject to the special treatment of interest rate swaps or to the integrated treatment (special treatment, appropriated treatment) of interest rate and currency swaps. In those cases, the fair value is calculated by discounting the total amount of the principal and interest which are treated together with interest rate swaps and interest rate and currency swaps with the reasonably estimated interest rate for new loans payable under the similar condition.

Note2: Information on the Level 3 fair value of financial instruments that are booked at fair value on consolidated balance sheet

Information on the Level 3 fair value of financial instruments that are booked at fair value on consolidated balance sheet is omitted because the fair value is immaterial.

16. Securities

(1) Held-to-maturity debt securities

As of March 31, 2025

		Book value	Fair value	Difference
		(Millions of yen)		
Securities with a market value exceeding book value	① Government bonds, local government bonds and the like	¥ —	¥ —	¥ —
	② Corporate bonds	—	—	—
	③ Others	—	—	—
	Total	—	—	—
Securities with a market value not exceeding book value	① Government bonds, local government bonds and the like	—	—	—
	② Corporate bonds	—	—	—
	③ Others	7,434	7,434	—
	Total	7,434	7,434	—
Total		¥ 7,434	¥ 7,434	¥ —

		Book value	Fair value	Difference
		(Thousands of U.S. dollars)		
Securities with a market value exceeding book value	① Government bonds, local government bonds and the like	\$ —	\$ —	\$ —
	② Corporate bonds	—	—	—
	③ Others	—	—	—
	Total	—	—	—
Securities with a market value not exceeding book value	① Government bonds, local government bonds and the like	—	—	—
	② Corporate bonds	—	—	—
	③ Others	49,719	49,719	—
	Total	49,719	49,719	—
Total		\$ 49,719	\$ 49,719	\$ —

As of March 31, 2024

		Book value	Fair value	Difference
		(Millions of yen)		
Securities with a market value exceeding book value	① Government bonds, local government bonds and the like	¥ —	¥ —	¥ —
	② Corporate bonds	—	—	—
	③ Others	—	—	—
	Total	—	—	—
Securities with a market value not exceeding book value	① Government bonds, local government bonds and the like	—	—	—
	② Corporate bonds	—	—	—
	③ Others	4,772	4,772	—
	Total	4,772	4,772	—
Total		¥ 4,772	¥ 4,772	¥ —

(2) Available-for-sale securities

As of March 31, 2025

		Book value	Acquisition cost	Difference
		(Millions of yen)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	¥ 102,565	¥ 29,314	¥ 73,251
	② Others	—	—	—
	Total	102,565	29,314	73,251
Securities with a book value not exceeding acquisition cost	① Corporate stocks	468	584	(116)
	② Others	1,180	1,689	(508)
	Total	1,648	2,274	(625)
Total		¥ 104,214	¥ 31,588	¥ 72,625

		Book value	Acquisition cost	Difference
		(Thousands of U.S. dollars)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	\$ 685,967	\$ 196,058	\$ 489,909
	② Others	—	—	—
	Total	685,967	196,058	489,909
Securities with a book value not exceeding acquisition cost	① Corporate stocks	3,131	3,910	(778)
	② Others	7,895	11,299	(3,404)
	Total	11,026	15,209	(4,182)
Total		\$ 696,994	\$ 211,267	\$ 485,727

Note: Non-listed corporate stocks, investments in capital and the like (Their book value on the consolidated balance sheet: ¥ 5,275 million (\$ 35,284 thousand)) are not included in above table because they have no market prices.

As of March 31, 2024

		Book value	Acquisition cost	Difference
		(Millions of yen)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	¥ 129,147	¥ 39,287	¥ 89,859
	② Others	—	—	—
	Total	129,147	39,287	89,859
Securities with a book value not exceeding acquisition cost	① Corporate stocks	523	604	(80)
	② Others	1,245	1,689	(444)
	Total	1,768	2,294	(525)
Total		¥ 130,915	¥ 41,582	¥ 89,333

Note: Non-listed corporate stocks, investments in capital and the like (Their book value on the consolidated balance sheet: ¥ 4,248 million) are not included in above table because they have no market prices.

(3) Available-for-sale securities sold

For the fiscal year ended March 31, 2025

	Proceeds from sales	Gains	Losses
	(Millions of yen)		
Corporate stocks	¥ 49,894	¥ 25,586	¥ 432
Others	10	—	(0)

	Proceeds from sales	Gains	Losses
	(Thousands of U.S. dollars)		
Corporate stocks	\$ 333,696	\$ 171,125	\$ 2,890
Others	68	—	(0)

For the fiscal year ended March 31, 2024

	Proceeds from sales	Gains	Losses
	(Millions of yen)		
Corporate stocks	¥ 2,554	¥ 1,463	¥ 39
Others	16	3	1

(4) Impairment of securities

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2025	2024	2025
Available-for-sale securities	¥ —	¥ 49	\$ —

Note: In calculating impairment losses, where the fair value as of the year end is lower than the acquisition cost by 50% or more, the whole amount of such difference is recorded as impairment losses. In cases where fair value as of the year end is lower than acquisition cost by between 30-50%, the impairment losses amount is calculated and recorded in an amount considered as necessary by assessing recoverability and other factors.

17. Derivative Transactions

(1) Derivatives contracts outstanding for which hedge accounting is not applied
The information is omitted as it is immaterial.

(2) Derivatives contracts outstanding for which hedge accounting is applied
(i) Currency-related derivatives

As of March 31, 2025

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Millions of yen)		
Deferred hedge accounting	Foreign exchange forward contracts				
	Sell				
	Sell: U.S. dollars	Accounts receivable-trade	¥ 29,720	¥ 7,874	¥ (921)
	Buy: New Zealand dollars				
	Sell: Euros	Accounts receivable-trade	1,107	—	(36)
	Buy: New Zealand dollars				
	Sell: Japanese yen	Accounts receivable-trade	314	—	(8)
	Buy: New Zealand dollars				
	Buy				
	Buy: U.S. dollars	Accounts payable -trade	151	—	7
	Sell: Euros				
	Buy: U.S. dollars	Accounts payable-other	19	—	0
	Sell: New Zealand dollars				
	Buy: U.S. dollars	Accounts payable -trade	3	—	(0)
	Sell: Malaysian ringgit				
	Buy: Japanese yen	Accounts payable -trade	0	—	0
	Sell: Malaysian ringgit				
	Buy: Pound sterling	Accounts payable -trade	0	—	0
	Sell: Malaysian ringgit				
Total			¥ 31,317	¥7,874	¥ (958)
Appropriated treatment for foreign exchange forward contracts	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	2,919	—	(0)
	Buy				
	U.S. dollars	Accounts payable-trade	1,964	—	(6)
	Euros	Accounts payable-trade	37	—	0
	Canadian dollars	Accounts payable-trade	5	—	(0)
Total			¥ 4,926	¥ —	¥ (7)

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Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Thousands of U.S. dollars)		
Deferred hedge accounting	Foreign exchange forward contracts				
	Sell				
	Sell: U.S. dollars	Accounts receivable-trade	\$ 198,773	\$52,662	\$ (6,164)
	Buy: New Zealand dollars				
	Sell: Euros	Accounts receivable-trade	7,407	—	(243)
	Buy: New Zealand dollars				
	Sell: Japanese yen	Accounts receivable-trade	2,105	—	(56)
	Buy: New Zealand dollars				
	Buy				
Appropriated treatment for foreign exchange forward contracts	Buy: U.S. dollars	Accounts payable -trade	1,012	—	47
	Sell: Euros				
	Buy: U.S. dollars	Accounts payable-other	127	—	5
	Sell: New Zealand dollars				
	Buy: U.S. dollars	Accounts payable -trade	25	—	(0)
	Sell: Malaysian ringgit				
	Buy: Japanese yen	Accounts payable -trade	0	—	0
	Sell: Malaysian ringgit				
	Buy: Pound sterling	Accounts payable -trade	0	—	0
	Sell: Malaysian ringgit				
Total			\$ 209,453	\$ 52,662	\$ (6,411)
Appropriated treatment for foreign exchange forward contracts	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	19,524	—	(3)
	Buy				
	U.S. dollars	Accounts payable-trade	13,140	—	(46)
Appropriated treatment for foreign exchange forward contracts	Euros	Accounts payable-trade	247	—	1
	Canadian dollars	Accounts payable-trade	35	—	(0)
Total			\$ 32,947	\$ —	\$ (49)

Note: The fair value of foreign exchange forward contracts accounted for by using appropriated treatment is included in that of hedged items as it is treated in an integrated manner with monetary assets/liabilities denominated in foreign currencies (except when hedged item is scheduled transactions in foreign currencies).

As of March 31, 2024

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
				(Millions of yen)	
Deferred hedge accounting	Foreign exchange forward contracts				
	Sell Sell: U.S. dollars Buy: New Zealand dollars	Accounts receivable-trade	¥ 33,203	¥ 7,808	¥ (208)
	Sell: Euros Buy: New Zealand dollars	Accounts receivable-trade	140	—	4
	Buy Buy: Euros Sell: Japanese yen	Scheduled transactions in foreign currencies	60,966	—	961
	Buy: U.S. dollars Sell: Japanese yen	Scheduled transactions in foreign currencies	32,947	—	978
	Buy: Euros Sell: New Zealand dollars	Accounts payable-other	20	—	(0)
	Buy: Swiss Francs Sell: New Zealand dollars	Accounts payable-other	17	—	(0)
Total			¥ 127,296	¥ 7,808	¥ 1,734
Appropriated treatment for foreign exchange forward contracts	Foreign exchange forward contracts				
	Sell U.S. dollars	Accounts receivable-trade	2,327	—	(11)
	Buy U.S. dollars	Accounts payable-trade	814	—	36
	Euros	Accounts payable-trade	43	—	0
Total			¥ 3,185	¥ —	¥ 24

Note: The fair value of foreign exchange forward contracts accounted for by using appropriated treatment is included in that of hedged items as it is treated in an integrated manner with monetary assets/liabilities denominated in foreign currencies (except when hedged item is scheduled transactions in foreign currencies).

(ii) Interest-rate-related derivatives

As of March 31, 2025

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Millions of yen)		
Deferred hedge accounting	Interest rate and currency swaps Floating rate received for fixed rate U.S. dollars received for Indonesian rupiah	Long-term loans payable	¥ 950	¥ 570	¥ 94
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	40,000	—	(Note)
	Fixed rates received for floating rate	Long-term loans payable	156,200	156,200	(Note)
Total			¥ 197,150	¥ 156,770	¥ 94

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Thousands of U.S. dollars)		
Deferred hedge accounting	Interest rate and currency swaps Floating rate received for fixed rate U.S. dollars received for Indonesian rupiah	Long-term loans payable	\$6,360	\$ 3,816	\$ 632
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	267,522	—	(Note)
	Fixed rates received for floating rate	Long-term loans payable	1,044,676	1,044,676	(Note)
Total			\$1,318,559	\$ 1,048,492	\$ 632

Note: The fair value of interest rate swaps accounted for by special treatment is treated as integrated with long-term loans payable being the hedged item, and thus is included in the fair value of the hedged item.

As of March 31, 2024

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Millions of yen)		
Deferred hedge accounting	Interest rate and currency swaps Floating rate received for fixed rate U.S. dollars received for Indonesian rupiah	Long-term loans payable	¥ 1,249	¥ 892	¥ 52
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	63,838	40,000	(Note)
	Fixed rates received for floating rate	Long-term loans payable	71,700	71,700	(Note)
Integrated treatment of interest rate and currency swaps (special treatment, appropriated treatment)	Interest rate and currency swaps Floating rate received for fixed rate U.S. dollars received for Japanese yen	Long-term loans payable	36,027	—	(Note)
Total			¥ 172,814	¥ 112,592	¥ 52

Note: The fair value of interest rate swaps, interest rate and currency swaps accounted for by special treatment and the integrated treatment (special treatment, appropriated treatment) respectively, is treated as integrated with long-term loans payable being the hedged item, and thus is included in the fair value of the hedged item.

(iii) Commodity-related derivatives

As of March 31, 2025

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Millions of yen)		
Deferred hedge accounting	Commodity swaps Floating rate received for fixed rate	Aluminum	¥ 75	—	¥ 5
Total			¥ 75	—	¥ 5

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Thousands of U.S dollars)		
Deferred hedge accounting	Commodity swaps Floating rate received for fixed rate	Aluminum	\$ 505	—	\$ 34
Total			\$ 505	—	\$ 34

As of March 31, 2024

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Millions of yen)		
Deferred hedge accounting	Commodity swaps Floating rate received for fixed rate	Electricity	¥ 299	—	¥ 426
Total			¥ 299	—	¥ 426

18. Retirement Benefits**(1) Outline of Retirement Benefit Plan Adopted**

The Group has established defined contribution corporate pension plans as defined contribution plans, and established defined benefit corporate pension plans and retirement lump-sum payment plans as defined benefit plans. In addition, certain consolidated subsidiaries have joined multi-employer corporate pension plans. Certain consolidated subsidiaries have established employees' retirement benefit trusts for the defined-benefit type corporate pension plans and retirement lump-sum payment plans.

Furthermore, in certain instances of an employee's retirement or other termination, extra retirement payments may be provided, which are not included in the retirement benefit obligation based on the actuarial calculation under retirement benefit accounting.

(2) Defined benefit plans (including multi-employer plans)**(i) Reconciliation of beginning and ending balances of retirement benefit obligation (excluding plans for which a simplified method is applied)**

For the fiscal year ended March 31, 2025

	Millions of yen	Thousands of U.S. dollars
Beginning balance of retirement benefit obligation	¥101,223	\$ 676,991
Service cost	2,940	19,666
Interest cost	1,007	6,738
Actuarial difference	(5,194)	(34,740)
Past service cost	(254)	(1,700)
Payment of retirement benefits	(7,277)	(48,671)
Decrease due to the transfer to defined contribution plan	(1,572)	(10,520)
Other	(415)	(2,776)
Ending balance of retirement benefit obligation	¥ 90,458	\$ 604,989

For the fiscal year ended March 31, 2024

	Millions of yen
Beginning balance of retirement benefit obligation	¥ 105,288
Service cost	3,032
Interest cost	860
Actuarial difference	(1,134)
Past service cost	—
Payment of retirement benefits	(7,438)
Decrease due to the transfer to defined contribution plan	—
Other	614
Ending balance of retirement benefit obligation	¥ 101,223

(ii) Reconciliation of beginning and ending balances of plan assets (excluding plans for which a simplified method is applied)

For the fiscal year ended March 31, 2025

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Beginning balance of plan assets	147,467	\$ 986,271
Expected return on plan assets	1,638	10,959
Actuarial difference	2,706	18,104
Employer contributions	247	1,657
Payment of retirement benefits	(5,021)	(33,584)
Refund of trust assets	(15,049)	(100,655)
Decrease due to the transfer to defined contribution plan	(1,459)	(9,763)
Other	(127)	(849)
Ending balance of plan assets	¥ 130,402	\$ 872,140

For the fiscal year ended March 31, 2024

	<u>Millions of yen</u>
Beginning balance of plan assets	¥ 110,852
Expected return on plan assets	1,502
Actuarial difference	41,593
Employer contributions	391
Payment of retirement benefits	(5,238)
Refund of trust assets	(1,789)
Decrease due to the transfer to defined contribution plan	—
Other	155
Ending balance of plan assets	¥ 147,467

(iii) Reconciliation of beginning and ending balances of net defined benefit liability for plans for which the simplified method is applied

For the fiscal year ended March 31, 2025

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Beginning balance of net defined benefit liability	¥ 4,387	\$ 29,342
Retirement benefit expenses	1,442	9,650
Payment of retirement benefits	(1,333)	(8,916)
Plan contributions	(464)	(3,106)
Other	118	793
Ending balance of net defined benefit liability	¥ 4,151	\$ 27,763

For the fiscal year ended March 31, 2024

	<u>Millions of yen</u>
Beginning balance of net defined benefit liability	¥ 5,263
Retirement benefit expenses	124
Payment of retirement benefits	(912)
Plan contributions	(468)
Other	379
Ending balance of net defined benefit liability	¥ 4,387

(iv) Reconciliation of ending balance of retirement benefit obligation and plan assets, net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet

For the fiscal year ended March 31, 2025

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Funded retirement benefit obligation	¥ 56,397	\$ 377,190
<u>Plan assets</u>	<u>(141,260)</u>	<u>(944,759)</u>
	(84,862)	(567,568)
<u>Unfunded retirement benefit obligation</u>	<u>49,069</u>	<u>328,181</u>
<u>Net of liabilities and assets recorded on the consolidated balance sheet</u>	<u>(35,793)</u>	<u>(239,387)</u>
Net defined benefit liability	51,146	342,068
<u>Net defined benefit asset</u>	<u>(86,939)</u>	<u>(581,455)</u>
<u>Net of liabilities and assets recorded on the consolidated balance sheet</u>	<u>¥ (35,793)</u>	<u>\$ (239,387)</u>

Note: Plans to which the simplified method is applied are included above.

For the fiscal year ended March 31, 2024

	<u>Millions of yen</u>	
Funded retirement benefit obligation	¥ 63,583	
<u>Plan assets</u>	<u>(157,828)</u>	
	(94,245)	
<u>Unfunded retirement benefit obligation</u>	<u>52,388</u>	
<u>Net of liabilities and assets recorded on the consolidated balance sheet</u>	<u>(41,856)</u>	
Net defined benefit liability	54,394	
<u>Net defined benefit asset</u>	<u>(96,250)</u>	
<u>Net of liabilities and assets recorded on the consolidated balance sheet</u>	<u>¥ (41,856)</u>	

Note: Plans to which the simplified method is applied are included above.

(v) Components of retirement benefit expenses

For the fiscal year ended March 31, 2025

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Service costs	¥ 2,940	\$ 19,666
Interest cost	1,007	6,738
Expected return on plan assets	(1,638)	(10,959)
Amortization of actuarial difference	(8,120)	(54,307)
Amortization of past service cost	(728)	(4,874)
Retirement benefit expenses calculated by simplified method	1,442	9,650
Gains on refund of retirement benefit trust (Note 1)	(8,469)	(56,644)
Profit or loss arising from the transfer to defined contribution plan (Note 1)	(572)	(3,827)
Special retirement expenses (Note 2)	667	4,461
<u>Extra retirement payments (Note 3)</u>	<u>7</u>	<u>53</u>
<u>Retirement benefit expenses relating to defined benefit plans</u>	<u>¥ (13,463)</u>	<u>\$ (90,043)</u>

For the fiscal year ended March 31, 2024

	<u>Millions of yen</u>
Service costs	¥ 3,032
Interest cost	860
Expected return on plan assets	(1,502)
Amortization of actuarial difference	(2,067)
Amortization of past service cost	(643)
Retirement benefit expenses calculated by simplified method	124
Gains on refund of retirement benefit trust (Note 1)	(222)
Profit or loss arising from the transfer to defined contribution plan(Note 1)	-
Special retirement expenses (Note 2)	229
Extra retirement payments (Note 3)	18
Retirement benefit expenses relating to defined benefit plans	¥ (169)

Notes: 1. They are recorded as extraordinary income.

2. Extra retirement payments arising from business structure improvement are recorded as extraordinary losses.

3. Extra retirement payments associated with transferees and retirees are recorded as non-operating expenses.

(vi) Remeasurements of defined benefit plans in the consolidated statement of comprehensive income
The breakdown of items recorded in remeasurements of defined benefit plans is as follows (before deduction of income taxes and tax effects):

For the fiscal year ended March 31, 2025

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Past service cost	¥ (526)	\$ (3,521)
Actuarial difference	(9,234)	(61,761)
Total	¥ (9,761)	\$(65,283)

For the fiscal year ended March 31, 2024

	<u>Millions of yen</u>
Past service cost	¥ (643)
Actuarial difference	40,437
Total	¥ 39,794

(vii) Remeasurements of defined benefit plans in consolidated balance sheet

The breakdown of items recorded in remeasurements of defined benefit plans is as follows (before deduction of income taxes and tax effects):

For the fiscal year ended March 31, 2025

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Unrecognized past service cost	¥ (3,746)	\$ (25,056)
Unrecognized actuarial difference	(51,372)	(343,581)
Total	¥ (55,118)	\$ (368,638)

For the fiscal year ended March 31, 2024

	<u>Millions of yen</u>
Unrecognized past service cost	¥ (4,273)
Unrecognized actuarial difference	(60,606)
Total	¥ (64,879)

(viii) Matters relating to plan assets

(a) Major components of plan assets

Percentages of major components to total plan assets are as follows.

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024
Domestic corporate stocks	63 %	62 %
Overseas corporate stocks	6	6
Domestic bonds	1	3
Overseas bonds	10	6
Cash and deposits	2	3
Life insurance general accounts	1	1
Alternative investments (Note 1)	17	18
Other	0	1
Total (Note 2)	100	100

Notes: 1. Alternative investments are mainly investments in hedge funds, and so on.

2. Retirement benefit trusts established for corporate pension plans constituted 60% of total plan assets in the fiscal year ended March 31, 2025 and 60% in the fiscal year ended March 31, 2024.

(b) Method to determine long-term expected rate of return on plan assets

In order to determine the long-term expected rate of return on plan assets, the Company takes into account the current and the forecasted allocation of plan assets and the current and anticipated long-term expected rate of return on a wide range of assets that constitute plan assets.

(ix) Assumptions used in actuarial calculations

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024
(a) Discount rates		
Domestic	1.4 – 2.1 %	0.4 – 1.3 %
Overseas	2.3 – 7.7	3.5 – 7.2
(b) Long-term expected rates of return on plan assets		
Domestic	1.0 – 2.0 %	0.7 – 2.0 %
Overseas	3.5 – 7.0	3.5 – 7.0
(c) Expected rates of salary increases		
Domestic	2.5 – 8.5 %	2.5 – 8.5 %
Overseas	1.0 – 10.0	2.0 – 10.0

(3) Defined contribution plan

The contributions to the defined contribution plans of the consolidated subsidiaries, including the multi-employer plans that are accounted for in the same way as defined contribution plans, are ¥ 4,125 million (\$ 27,588 thousand) in the fiscal year ended March 31, 2025 and ¥ 3,018 million in the fiscal year ended March 31, 2024.

(4) Other matters relating to retirement benefit

Among the consolidated subsidiaries that have adopted defined benefit corporate pension plan as their retirement plan, some have revised their retirement plan, reviewed benefit levels, and transferred the full amount from defined benefit corporate pension plan to defined contribution pension plan for non-retirees. The monetary impact of this transition is as follows.

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For the fiscal year ended March 31, 2025

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Decrease in retirement benefit obligation	¥ (1,572)	\$ (10,520)
Decrease in plan assets	1,459	9,763
One-time amortization of actuarial difference	(459)	(3,070)
Total	¥ (572)	\$ (3,827)

19. Stock Options

(1) The account title and the amount of expenses relating to stock options

None

(2) Content, size and changes of stock options

(i) Stock option plans

	Stock option 2009
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 174,000 shares
Grant date	July 13, 2009
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2010. If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2009 (June 26, 2009) to the date of the ordinary general meeting of shareholders in 2010
Exercise period	From July 14, 2009 to June 30, 2029

	Stock option 2010
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 220,000 shares
Grant date	July 16, 2010
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2011. If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2010 (June 29, 2010) to the date of the ordinary general meeting of shareholders in 2011
Exercise period	From July 17, 2010 to June 30, 2030

	Stock option 2011
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 219,000 shares
Grant date	July 15, 2011
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2012. If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2011 (June 29, 2011) to the date of the ordinary general meeting of shareholders in 2012
Exercise period	From July 16, 2011 to June 30, 2031

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	Stock option 2012
Individuals covered by the Plan	Directors of the Company: 12
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 219,000 shares
Grant date	July 17, 2012
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2013. If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2012 (June 28, 2012) to the date of the ordinary general meeting of shareholders in 2013.
Exercise period	From July 18, 2012 to June 30, 2032

	Stock option 2013
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 220,000 shares
Grant date	July 16, 2013
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2014. If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2013 (June 27, 2013) to the date of the ordinary general meeting of shareholders in 2014
Exercise period	From July 17, 2013 to June 30, 2033

	Stock option 2014
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 176,000 shares
Grant date	July 15, 2014
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2015. If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2014 (June 27, 2014) to the date of the ordinary general meeting of shareholders in 2015
Exercise period	From July 16, 2014 to June 30, 2034

	Stock option 2015
Individuals covered by the Plan	Directors of the Company: 11
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 199,000 shares
Grant date	July 14, 2015
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2016. If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2015 (June 26, 2015) to the date of the ordinary general meeting of shareholders in 2016
Exercise period	From July 15, 2015 to June 30, 2035

(ii) Changes in the number of stock options

Stock options that existed in the fiscal year ended March 31, 2025, are presented with the quantities expressed in equivalent number of shares.

(a) Quantity of stock options

	Stock option 2009	Stock option 2010	Stock option 2011	Stock option 2012	Stock option 2013	Stock option 2014	Stock option 2015
	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)
Share acquisition rights which are not yet vested							
Outstanding as of March 31, 2024	—	—	—	—	—	—	—
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	—	—	—	—	—	—	—
Outstanding as of March 31, 2025	—	—	—	—	—	—	—
Share acquisition rights which have already been vested							
Outstanding as of March 31, 2024	12,000	15,000	15,000	13,000	39,000	57,000	116,000
Vested	—	—	—	—	—	—	—
Exercised	—	—	—	13,000	24,000	14,000	32,000
Forfeited	—	—	—	—	—	—	—
Outstanding as of March 31, 2025	12,000	15,000	15,000	—	15,000	43,000	84,000

(b) Price information of stock options

As of March 31, 2025

	Stock option 2009	Stock option 2010	Stock option 2011	Stock option 2012	Stock option 2013	Stock option 2014	Stock option 2015
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average market price of the stock at the time of exercise	—	—	—	601	561	610	672
Fair value per share at the granted date	285	334	307	189	351	324	432

	Stock option 2009	Stock option 2010	Stock option 2011	Stock option 2012	Stock option 2013	Stock option 2014	Stock option 2015
	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)
Exercise price	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Average market price of the stock at the time of exercise	—	—	—	4.01	3.75	4.07	4.49
Fair value per share at the granted date	1.90	2.23	2.05	1.26	2.34	2.16	2.88

(3) Method for estimating the number of vested options

Since it is difficult to reasonably estimate the number of future forfeited stock options, the number of vested options is calculated based on the actual number of forfeited stock options.

20. Tax Effect Accounting

(1) Significant components of deferred tax assets and deferred tax liabilities

	March 31, 2025 (Millions of yen)	March 31, 2024 (Millions of yen)	March 31, 2025 (Thousands of U.S. dollars)
Deferred tax assets			
Tax losses carried forward (Note)	¥ 30,044	¥ 25,727	\$ 200,937
Net defined benefit related balance	23,114	22,834	154,593
Investment securities	7,850	7,602	52,503
Property, plant and equipment	29,651	26,165	198,310
Accrued bonuses	5,527	5,326	36,969
Inventory	3,445	3,009	23,041
Other	25,126	24,802	168,048
Subtotal	124,760	115,468	834,404
Valuation allowance for tax losses carried forward (Note)	(20,269)	(18,507)	(135,561)
Valuation allowance for total of deductible temporary differences	(30,320)	(28,542)	(202,786)
Valuation allowance	(50,589)	(47,049)	(338,348)
Total deferred tax assets	74,170	68,418	496,056
Deferred tax liabilities			
Adjustment of book value due to fair value revaluation	(55,697)	(45,623)	(372,506)
Property, plant and equipment	(40,969)	(34,729)	(274,010)
Reserve for advanced depreciation of non-current assets	(9,586)	(9,498)	(64,116)
Net defined benefit related balance	(34,256)	(35,477)	(229,108)
Valuation difference on available-for-sale securities	(22,558)	(27,085)	(150,875)
Other	(7,159)	(9,035)	(47,882)
Total deferred tax liabilities	(170,228)	(161,450)	(1,138,500)
Net deferred tax liabilities	¥ (96,058)	¥ (93,032)	\$ (642,443)

Note:

Amount of tax losses carried forward and deferred tax assets by carry-forward period

For the fiscal year ended March 31, 2025

(Millions of yen)							
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax losses carried forward*	¥ 1,813	943	1,395	2,672	1,689	21,529	¥ 30,044
Valuation allowance	(1,762)	(600)	(1,317)	(2,575)	(1,635)	(12,376)	(20,269)
Deferred tax assets	50	342	78	96	54	9,153	9,775

(Thousands of U.S. dollars)							
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax losses carried forward*	\$ 12,127	6,306	9,332	17,874	11,302	143,992	\$ 200,937
Valuation allowance	(11,789)	(4,018)	(8,811)	(17,227)	(10,941)	(82,772)	(135,561)
Deferred tax assets	337	2,288	521	647	361	61,219	65,375

* Tax losses carried forward is the amount multiplied by the statutory effective tax rate.

For the fiscal year ended March 31, 2024

(Millions of yen)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax losses carried forward*	¥ 2,696	¥ 1,685	¥ 935	¥ 1,280	¥ 2,391	¥ 16,737	¥ 25,727
Valuation allowance	(2,552)	(1,639)	(862)	(1,207)	(2,326)	(9,919)	(18,507)
Deferred tax assets	144	46	72	73	65	6,817	7,220

* Tax losses carried forward is the amount multiplied by the statutory effective tax rate.

(2) Difference between the statutory effective tax rate and the effective rate of the tax burden after applying tax effect accounting and its main components

	For the fiscal year ended March 31	
	2025	2024
Statutory effective tax rate	30.6 %	30.6 %
(Adjustment)		
Non-deductible entertainment and social expenses, and so on.	4.4	2.5
Non-taxable income of dividends received, and so on.	(1.1)	(2.6)
Per capita levy of local inhabitant tax	0.6	0.6
Tax credit	(2.9)	(2.1)
Equity in earnings of affiliates	(1.2)	(1.9)
Different tax rates applied to foreign subsidiaries	4.6	(0.5)
Tax incentives for investment in foreign subsidiaries	(0.1)	(1.9)
Amortization of goodwill	1.8	0.9
Change in valuation allowance	5.8	6.8
Other	0.7	(0.0)
Effective rate of the tax burden after applying tax effect accounting	43.2	32.6

(3) Accounting for corporate taxes and local corporate taxes or tax effect accounting relating to these items

The Company and some of its domestic consolidated subsidiaries have adopted the Group Tax Sharing System. In addition, in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Issues Task Force (“PITF”) No. 42, August 12, 2021), the Company and some of its domestic consolidated subsidiaries account for corporate taxes and local corporate taxes or account for tax effect accounting relating to these items and make disclosures.

(4) Revision of deferred tax assets and deferred tax liabilities due to changes in income taxes rates

In accordance with revisions to tax laws, deferred tax assets and deferred tax liabilities related to temporary differences that are expected to reverse in the following consolidated fiscal year or onwards are calculated by using a statutory effective tax rate of 31.52%, up from 30.62%.

As a result of this change, deferred tax liabilities (the amount after deducting deferred tax assets) for the current fiscal year increased by 1,481 million yen (\$ 9,906 thousand), remeasurements of defined benefit plans decreased by 553 million yen (\$ 3,697 thousand), valuation difference on available-for-sale securities decreased by 505 million yen (\$ 3,377 thousand), revaluation reserve for land decreased by 180 million yen (\$ 1,201 thousand), and income taxes - deferred increased by 244 million yen (\$ 1,630 thousand).

21. Business Combination

Business combination through acquisition

At the Board of Directors' Meeting held on October 20, 2023, the Company decided to acquire all shares of Walki Holding Oy (Head office: Finland; hereinafter collectively referred to as "Walki group") and turn it into a subsidiary, and then entered into a share transfer agreement on the same day. Under this share transfer agreement, the Company acquired all the shares, effective April 11, 2024.

1. Summary of the business combination

(1) Name and business activities of the acquired entities concerned

Name of the acquired entities concerned:	Walki Holding Oy and 20 other companies
Business activities:	Coating on base paper, lamination (plastic, aluminum), printing, manufacture and sales of packaging materials, others

(2) Main reasons for business combination

The Walki group is processing companies specializing in sustainable packaging materials. Their major products are paper-based environmentally friendly packaging materials having both recyclability and barrier properties, boasting high profitability in the European market where there is an increase in environmental regulations.

With this acquisition, the Group will establish business structure that offers one-stop solutions in the process of supplying packaging materials by covering a broad range from upstream (raw material) to downstream (package processing). By incorporating the Walki group's base paper processing technology and manufacturing know-how which have conformed to the leading EU regulations into the packaging business of the Group, the Group will strengthen technological development, manufacturing, and comprehensive proposal capabilities to provide solutions with environmentally friendly packaging materials and build up its presence as a global supplier of sustainable packaging materials in the Southeast Asian, Indian and Oceanian markets as well, which are the current major bases of operations.

(3) Business combination date

April 11, 2024

(4) Legal form of business combination

Share acquisition with cash as consideration

(5) Name after the business combination

There is no change of name after the business combination.

(6) Ratio of voting rights acquired

100%

(7) Grounds for determining the acquired company

Share acquisition with cash as consideration by the Company.

2. Period of business results of the acquired entities included in the consolidated financial statements

From April 1, 2024 to December 31, 2024

3. Acquisition cost of the acquired business and breakdown of consideration by type

Consideration for acquisition	Cash	61,297 million yen (\$409,965 thousand)
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4. Details and amount of major acquisition-related expenses

Advisory expenses, etc. 1,004 million yen (\$6,720 thousand)

5. Amount and cause of goodwill measured, and amortization method and period

(1) Amount of goodwill measured

42,718 million yen (\$285,704 thousand)

At the end of the interim consolidated accounting period, the allocation of purchase price had not been completed and the Company had performed the provisional accounting treatment. At the end of the current fiscal year, the allocation of purchase price has been finalized. As a result of the finalization of the provisional accounting treatment, the amount of goodwill decreased by 21,505 million yen (\$143,831 thousand).

(2) Cause

The acquisition cost exceeded the net amount allocated to assets acquired and liabilities assumed, and the excess in amount was recorded as goodwill.

(3) Amortization method and period

Straight line method over 13 years

6. Amounts and major components of assets acquired and liabilities assumed on the business combination date

Current assets	28,689 million yen (\$ 191,878 thousand)
<u>Non-current assets</u>	<u>60,757 million yen (\$ 406,350 thousand)</u>
<u>Total assets</u>	<u>89,447 million yen (\$ 598,228 thousand)</u>
Current liabilities	55,926 million yen (\$ 374,043 thousand)
<u>Non-current liabilities</u>	<u>14,966 million yen (\$ 100,095 thousand)</u>
<u>Total liabilities</u>	<u>70,893 million yen (\$ 474,138 thousand)</u>

7. Details of contingent consideration set forth in the agreement for business combination and future accounting treatment

(1) Details of contingent consideration

Contingent consideration is to be paid additionally according to the achievement level of the acquired entities' performance in fiscal year 2024.

(2) Future accounting treatment

When additional payment of the acquisition cost incurred, the Company will correct the acquisition cost assuming that it was paid at the time of acquisition and then revise the amount of goodwill and the amortization of goodwill.

8. Amount allocated to intangible assets other than goodwill, its components by type and amortization period

Type	Amount	Amortization period
Customer-related assets	21,936 million yen (\$ 141,716 thousand)	11 to 20 years
Technology-related assets	5,637 million yen (\$ 37,706 thousand)	10 years

9. Estimated amount that has an impact on the consolidated statements of income for the current consolidated fiscal year if the business combination is assumed to have been completed on the day of commencement of the consolidated fiscal year, and the calculation method thereof

The estimated amounts of influence are not indicated as they are immaterial.

22. Revenue recognition

(1) Information on disaggregation of revenue from contracts with customers

For the fiscal year ended March 31, 2025

(Millions of yen)

	Reporting segment					Other (Note)	Total
	Household and Industrial Materials	Functional Materials	Forest Resources and Environment Marketing	Printing and Communicati ons Media	Total		
Japan	¥ 528,849	¥ 96,258	¥ 105,917	¥ 174,691	¥ 905,717	¥ 189,051	¥ 1,094,768
Overseas	232,762	125,146	239,535	54,230	651,675	102,820	754,495
Net sales to external customers	761,611	221,405	345,452	228,922	1,557,392	291,871	1,849,264

(Thousands of U.S. dollars)

	Reporting segment					Other (Note)	Total
	Household and Industrial Materials	Functional Materials	Forest Resources and Environment Marketing	Printing and Communicati ons Media	Total		
Japan	\$ 3,536,981	\$ 643,785	\$ 708,381	\$ 1,168,349	\$ 6,057,497	\$ 1,264,391	\$ 7,321,889
Overseas	1,556,731	836,989	1,602,031	362,699	4,358,452	687,667	5,046,119
Net sales to external customers	5,093,712	1,480,775	2,310,412	1,531,048	10,415,949	1,952,059	12,368,009

Note:

“Other” is a group of business segments which are not included in the reporting segments, and contains trading business, sustainable packaging, logistics, engineering, real estate, liquid packaging carton, and so on.

For the fiscal year ended March 31, 2024

(Millions of yen)

	Reporting segment					Other (Note)	Total
	Household and Industrial Materials	Functional Materials	Forest Resources and Environment Marketing	Printing and Communicati ons Media	Total		
Japan	¥ 526,048	¥ 97,558	¥ 110,497	¥ 186,278	¥ 920,382	¥ 183,701	¥ 1,104,083
Overseas	207,606	115,837	200,596	48,816	572,857	19,326	592,184
Net sales to external customers	733,654	213,396	311,094	235,094	1,493,239	203,028	1,696,268

Note:

“Other” is a group of business segments which are not included in the reporting segments, and contains trading business, logistics, engineering, real estate, liquid packaging carton, and so on.

(2) The outstanding balances of contract assets and contract liabilities

The outstanding balances of contract assets and contract liabilities arising from contracts with customers of the Group are omitted as they are immaterial.

(3) Transaction prices allocated to residual performance obligations

This information is omitted as the Group has no significant transactions with an individual expected contract duration of more than one year and applied the practical expedient. There is no material amount not included in transaction prices among the consideration arising from contracts with customers.

23. Segment Information

(1) Overview of reporting segments

The reporting segments of the Group consist of business units of the Group that are similar in terms of economic characteristics, production method or production process, types of market or customers to which products are sold and other characteristics. The Group has four reporting segments: “Household and Industrial Materials,” “Functional Materials,” “Forest Resources and Environmental Marketing” and “Printing and Communications Media.” Business segments that are not included in the reporting segments are put together as “Other”.

Major business lineup for the segments are as follows.

Household and Industrial Materials:	Containerboard and corrugated container, boxboard and folding cartons, packaging papers and paper bags, household paper, disposable diapers
Functional Materials:	Specialty paper, thermal paper, adhesive paper, film
Forest Resources and Environmental Marketing:	Pulp, energy, afforestation and lumber processing
Printing and Communications Media:	Newsprint, printing, publishing and communications paper
Other:	Trading business, sustainable packaging, logistics, engineering, real estate, liquid packaging carton and others

(2) Methods to calculate amounts of sales, profit or loss, assets, liabilities and other items by reporting segment

The accounting method applied for reporting segments is almost the same with what is described in Notes 1 to 4 of the Consolidated Financial Statements.

Segment profit is the amount of operating profit. Inter-segment sales and transfers are mainly based on market price.

(3) Information on amounts of sales, profit or loss, assets, liabilities and other items by reporting segment

For the fiscal year ended March 31, 2025

	Reporting segments					Other (Note 1)	Total	Adjustments (Note 2)	Consolidated amount (Note 3)
	Household and industrial materials	Functional materials	Forest resources and environmental marketing	Printing and communications media	Total				
(Millions of yen)									
Net Sales									
Sales to third parties	¥761,611	¥221,405	¥345,452	¥228,922	¥1,557,392	¥291,871	¥1,849,264	-	¥1,849,264
Inter-segment sales or transfers	71,114	14,970	46,893	64,273	197,251	130,932	328,184	(328,184)	-
Total sales	832,726	236,376	392,346	293,195	1,754,644	422,804	2,177,449	(328,184)	1,849,264
Segment profit	8,467	9,645	30,505	8,606	57,225	9,170	66,396	1,289	67,686
Segment assets	812,573	245,705	856,784	261,692	2,176,756	601,533	2,778,289	(143,258)	2,635,030
Other items									
Depreciation and amortization (Note 4)	35,410	9,183	27,186	7,151	78,931	10,244	89,176	-	89,176
Increase in property, plant, equipment and intangible assets (Note 4, 5)	32,627	10,806	88,594	7,811	139,839	13,605	153,445	-	153,445

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	Reporting segments					Other (Note 1)	Total	Adjustments (Note 2)	Consolidated amount (Note 3)
	Household and industrial materials	Functional materials	Forest resources and environment al marketing	Printing and communicati ons media	Total				
(Thousands of U.S. dollars)									
Net Sales									
Sales to third parties	\$5,093,712	\$1,480,775	\$2,310,412	\$1,531,048	\$10,415,949	\$1,952,059	\$12,368,009	-	\$12,368,009
Inter-segment sales or transfers	475,620	100,123	313,625	429,865	1,319,234	875,685	2,194,919	(2,194,919)	-
Total sales	5,569,332	1,580,898	2,624,038	1,960,914	11,735,184	2,827,744	14,562,929	(2,194,919)	12,368,009
Segment profit	56,629	64,513	204,024	57,561	382,728	61,336	444,064	8,627	452,692
Segment assets	5,434,544	1,643,296	5,730,236	1,750,218	14,558,296	4,023,094	18,581,390	(958,124)	17,623,266
Other items									
Depreciation and amortization (Note 4)	236,828	61,418	181,824	47,830	527,902	68,515	596,417	-	596,417
Increase in property, plant, equipment and intangible assets (Note 4, 5)	\$218,211	\$72,276	\$592,526	\$52,242	\$935,256	\$90,995	\$1,026,251	-	\$1,026,251

Notes

- “Other” is a group of business segments which are not included in the reporting segments, and included in this segment are trading business, sustainable packaging, logistics, engineering, real estate, liquid packaging carton and other businesses.
- “Adjustments” are as follows.
 - Adjustment for segment profit of ¥ 1,289 million (\$ 8,627 thousand) which primarily consists of adjustment relating to internal transactions.
 - Adjustment for segment assets of ¥ (143,258) million (\$ (958,124) thousand) which includes the following items.
 - Elimination of inter-segment assets, liabilities and the like of ¥ (171,382) million (\$ (1,146,218) thousand)
 - Group-wide assets* not allocated to each reporting segment of ¥ 28,123 million (\$ 188,093 thousand)
- *Group-wide assets: investment securities not allocated to each reporting segment
- Adjustment is made between segment profit and operating profit of the consolidated statement of income.
- Long-term prepaid expenses and the related amortization are included in the amounts of depreciation and amortization, as well as increase in property, plant, equipment and intangible assets.
- The increase in property, plant, equipment and intangible assets does not include the increase in assets resulting from business combinations.

OJI HOLDINGS CORPORATION

For the fiscal year ended March 31, 2024

	Reporting segments					Other (Note 1)	Total	Adjustments (Note 2)	Consolidated amount (Note 3)
	Household and industrial materials	Functional materials	Forest resources and environmen- tal marketing	Printing and communicati- ons media	Total				
(Millions of yen)									
Net Sales									
Sales to third parties	¥733,654	¥213,396	¥311,094	¥235,094	¥1,493,239	¥203,028	¥1,696,268	-	¥1,696,268
Inter-segment sales or transfers	65,053	14,122	48,458	64,285	191,920	113,062	304,983	(304,983)	-
Total sales	798,708	227,518	359,552	299,380	1,685,160	316,091	2,001,251	(304,983)	1,696,268
Segment profit	21,240	9,072	19,575	16,785	66,673	5,790	72,464	136	72,600
Segment assets	805,059	255,198	781,253	267,843	2,109,354	490,803	2,600,158	(157,675)	2,442,482
Other items									
Depreciation and amortization (Note 4)	33,371	8,809	25,360	7,632	75,174	4,355	79,529	-	79,529
Increase in property, plant, equipment and intangible assets (Note 4)	36,622	10,476	54,812	5,001	106,913	12,510	119,423	-	119,423

Notes

- “Other” is a group of business segments which are not included in the reporting segments, and included in this segment are trading business, logistics, engineering, real estate, liquid packaging carton and other businesses.
- “Adjustments” are as follows.
 - Adjustment for segment profit of ¥ 136 million which primarily consists of adjustment relating to internal transactions.
 - Adjustment for segment assets of ¥ (157,675) million which includes the following items.
 - Elimination of inter-segment assets, liabilities and the like of ¥ (190,460) million
 - Group-wide assets* not allocated to each reporting segment of ¥ 32,784 million
- *Group-wide assets: investment securities not allocated to each reporting segment
- Adjustment is made between segment profit and operating profit of the consolidated statement of income.
- Long-term prepaid expenses and the related amortization are included in the amounts of depreciation and amortization, as well as the increase in property, plant, equipment and intangible assets.

(4) Related information

For the fiscal year ended March 31, 2025

(i) Information by product and service

Information by product and service is omitted since the classification is the same as the reporting segment.

(ii) Information by region

(a) Net Sales

Japan	China	Asia	North America	South America	Europe	Oceania	Other	Total
(Millions of yen)								
¥ 1,094,768	¥ 177,717	¥ 261,527	¥ 57,545	¥ 30,456	¥ 137,884	¥ 79,834	¥ 9,529	¥ 1,849,264

Japan	China	Asia	North America	South America	Europe	Oceania	Other	Total
(Thousands of U.S. dollars)								
\$ 7,321,889	\$ 1,188,585	\$ 1,749,112	\$ 384,870	\$ 203,696	\$ 922,183	\$ 533,939	\$ 63,732	\$ 12,368,009

Note: Sales are based on the location of the end customer and are classified by country or region.

(b) Property, plant and equipment

Japan	China	Asia	North America	Brazil	South America	Europe	New Zealand	Oceania	Total
(Millions of yen)									
¥549,682	¥ 137,817	¥ 165,611	¥ 2,076	¥ 300,601	¥ 45,956	¥ 33,302	¥141,218	¥5,132	¥ 1,381,399

Japan	China	Asia	North America	Brazil	South America	Europe	New Zealand	Oceania	Total
(Thousands of U.S. dollars)									
\$ 3,676,313	\$ 921,729	\$ 1,107,623	\$ 13,888	\$ 2,010,444	\$ 307,358	\$ 222,731	\$ 944,476	\$ 34,327	\$ 9,238,893

(iii) Information by major customer

Information by major customer is omitted, since there is no external customer whose sales is 10% or more of the net sales in the consolidated statement of income.

For the fiscal year ended March 31, 2024

(i) Information by product and service

Information by product and service is omitted since the classification is the same as the reporting segment.

(ii) Information by region

(a) Net Sales

Japan	China	Asia	North America	South America	Europe	Oceania	Other	Total
(Millions of yen)								
¥ 1,104,083	¥ 163,778	¥ 210,841	¥ 41,415	¥ 34,578	¥ 52,696	¥ 80,943	¥ 7,930	¥ 1,696,268

Note: Sales are based on the location of the end customer and are classified by country or region.

(b) Property, plant and equipment

Japan	China	Asia	North America	Brazil	Europe	New Zealand	Oceania	Total
(Millions of yen)								
¥569,671	¥ 130,007	¥ 133,567	¥ 1,630	¥ 268,828	¥ 9,789	¥154,406	¥5,603	¥ 1,273,504

(iii) Information by major customer

Information by major customer is omitted, since there is no external customer whose sales is 10% or more of the net sales in the consolidated statement of income.

(5) Information on impairment losses of property, plant and equipment by reporting segment

For the fiscal year ended March 31, 2025

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total (Note 2)
(Millions of yen)						
Impairment losses	¥ 6,323	¥ 1,937	¥ 3,003	¥ 151	¥ 454	¥ 11,871

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total (Note 2)
(Thousands of U.S. dollars)						
Impairment losses	\$ 42,293	\$ 12,959	\$ 20,090	\$ 1,012	\$ 3,041	\$ 79,397

Notes:1. The amount of “Other” represents amount relating to business segments and the like which are not included in reporting segments.

2. Among the impairment losses of ¥ 11,871 million (\$ 79,397 thousand) for the fiscal year ended March 31, 2025, ¥ 8,884 million (\$ 59,420 thousand) are accounted for as “Business restructuring expenses” under extraordinary losses.

For the fiscal year ended March 31, 2024

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total (Note 2)
(Millions of yen)						
Impairment losses	¥ 2,861	¥ 1,046	¥ 384	—	¥ 0	¥ 4,292

Notes:1. The amount of “Other” represents amount relating to business segments and the like which are not included in reporting segments.

2. Among the impairment losses of ¥ 4,292 million for the fiscal year ended March 31, 2024, ¥ 312 million are accounted for as “Business restructuring expenses” under extraordinary losses.

(6) Information on amortization and ending balance of goodwill by reporting segment

As of and for the fiscal year ended March 31, 2025

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note)	Total
(Millions of yen)						
Amortized amount of goodwill	¥ 262	¥ 1,707	¥ 16	—	¥ 3,096	¥ 5,082
Balance of goodwill	1,687	8,785	78	—	47,752	58,303

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note)	Total
(Thousands of U.S. dollars)						
Amortized amount of goodwill	\$ 1,755	\$ 11,421	\$ 107	—	\$ 20,706	\$ 33,990
Balance of goodwill	11,283	58,755	527	—	319,370	389,936

Note: The amount of “Other” represents amount relating to business segments and the like which are not included in reporting segments.

As of and for the fiscal year ended March 31, 2024

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note)	Total
(Millions of yen)						
Amortized amount of goodwill	¥ 224	¥ 1,655	¥ 16	—	¥ 357	¥ 2,253
Balance of goodwill	1,934	9,433	96	—	6,617	18,081

Note: The amount of “Other” represents amount relating to business segments and the like which are not included in reporting segments.

(7) Information on gains on bargains purchase by reporting segment

For the fiscal year ended March 31, 2025

None

For the fiscal year ended March 31, 2024

None

24. Information on Transactions with Related Parties

For the fiscal year ended March 31, 2025

(i) Transactions with related parties

Related party transactions with the Company which has submitted consolidated financial statements and its subsidiaries

Corporate Pensions for Employees, and so on.

Type	Organization name or individual name	Address	Common stock or investment capital (millions of yen)	Business description or occupation	Percentage of ownership such as voting rights (%)
Corporate pensions	Retirement benefits trust	—	—	—	—

Relationship with related party	Details of transactions	Amount of transactions		Account	Year-end balance (millions of yen)
		(Millions of yen)	(Thousands of U.S. dollars)		
Pension assets in retirement benefit accounting	Partial refund of assets	¥15,049	\$ 100,655	—	—

(ii) Notes on significant affiliates

Summary of financial information on significant affiliates

There are no significant affiliates applicable.

For the fiscal year ended March 31, 2024

(i) Transactions with related parties

Related party transactions with the Company which has submitted consolidated financial statements and its subsidiaries

There are no significant transactions applicable.

(ii) Notes on significant affiliates

Summary of financial information on significant affiliates

There are no significant affiliates applicable.

25. Per Share Information

	(Yen)		(U.S. dollars)
	2025	2024	2025
Net assets per share	¥ 1,177.99	¥ 1,083.06	\$ 7.88
Profit per share	¥ 47.34	¥ 51.31	\$ 0.32
Diluted profit per share	¥ 47.33	¥ 51.30	\$ 0.32

Note: Basis for calculation of profit per share and diluted profit per share are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2025	2024	2025
Profit per share			
Profit attributable to owners of parent	¥46,171	¥ 50,812	\$308,795
Amount not attributable to common shareholders	—	—	—
Profit attributable to owners of parent allocated to common stock	46,171	50,812	308,795
Average number of shares outstanding during the period	(thousand shares) 975,362	(thousand shares) 990,218	(thousand shares) 975,362
Diluted profit per share			
Adjusted amount of profit attributable to owners of parent	—	—	—
Increase in shares of common stock	(thousand shares) 216	(thousand shares) 331	(thousand shares) 216
(Share acquisition rights within the above increase)	(thousand shares) (216)	(thousand shares) (331)	(thousand shares) (216)

Note: Shares of the Company held by the Board Benefit Trust and recorded as treasury stocks under shareholders' equity are included in treasury stocks deducted from total number of shares outstanding at the end of the fiscal year when calculating "Net assets per share" (1,546 thousand shares for the fiscal year ended March 31, 2025 and 1,546 thousand shares for the fiscal year ended March 31, 2024).

Moreover, in calculating "Profit per share" and "Diluted profit per share", they are included in the number of treasury stocks deducted from the average number of shares outstanding during the year (1,546 thousand shares for the fiscal year ended March 31, 2025 and 1,546 thousand shares for the fiscal year ended March 31, 2024).

26. Significant Subsequent Events

None

27. Bonds payable

Company	Name	Date of issue	Balance as of April 1, 2024 (Millions of yen)	Balance as of March 31, 2025 (Millions of yen)	Balance as of March 31, 2025 (Thousands of U.S. dollars)	Interest rate (%)	Collateral	Maturity
Oji Holdings Corporation	Bond No.33	January 26, 2018	¥ 10,000 (10,000)	—	—	0.28	None	January 24, 2025
Oji Holdings Corporation	Bond No.34	January 26, 2018	10,000	10,000	\$ 66,880	0.43	None	January 26, 2028
Oji Holdings Corporation	Bond No.35	November 29, 2018	20,000	20,000	133,761	0.45	None	November 29, 2028
Oji Holdings Corporation	Bond No.36	November 29, 2018	10,000	10,000	66,880	1.08	None	November 29, 2038
Oji Holdings Corporation	Bond No.37	July 19, 2019	15,000	15,000	100,321	0.29	None	July 19, 2029
Oji Holdings Corporation	Bond No.38	July 19, 2019	15,000	15,000	100,321	0.80	None	July 19, 2039
Oji Holdings Corporation	Bond No.39	July 17, 2020	15,000	15,000 (15,000)	100,321 (100,321)	0.18	None	July 17, 2025
Oji Holdings Corporation	Bond No.40	July 17, 2020	15,000	15,000	100,321	0.37	None	July 17, 2030
Oji Holdings Corporation	Bond No.41	July 17, 2020	10,000	10,000	66,880	0.80	None	July 17, 2040
Oji Holdings Corporation	Bond No.42	March 24, 2021	15,000	15,000 (15,000)	100,321 (100,321)	0.08	None	March 24, 2026
Oji Holdings Corporation	Bond No.43	March 24, 2021	20,000	20,000	133,761	0.37	None	March 24, 2031
Total	—	—	¥ 155,000 (¥ 10,000)	¥ 145,000 (¥ 30,000)	\$ 969,769 (\$ 200,642)	—	—	—

Notes: 1. The amounts indicated in parentheses above represent redemption amounts due in one year or less.
2. The aggregate annual redemption amount of bonds payable within five years subsequent to March 31, 2025 are as follows:

Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(Millions of yen)				
¥ 30,000	¥ —	¥ 10,000	¥ 20,000	¥ 15,000

Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(Thousands of U.S. dollars)				
\$ 200,642	\$ —	\$ 66,880	\$ 133,761	\$ 100,321

28. Loans payable and the like

	April 1, 2024 (Millions of yen)	March 31, 2025 (Millions of yen)	March 31, 2025 (Thousands of U.S. dollars)	Average interest rate (%)	Maturity
Short-term loans payable	¥ 143,863	¥ 166,297	\$ 1,112,210	1.92	—
Current portion of long-term loans payable	72,613	69,929	467,693	1.07	—
Current portion of lease obligations	5,854	6,537	43,721	—	—
Long-term loans payable (excluding current portion)	335,240	445,161	2,977,270	1.01	Due 2026 through 2041
Lease obligations (excluding current portion)	22,802	24,270	162,324	—	Due 2026 through 2053
Other interest-bearing liability commercial paper (current portion)	30,000	77,000	514,981	0.54	—
Total	¥ 610,373	¥ 789,196	\$ 5,278,200	—	—

Notes: 1. The above average interest rate is the applicable weighted-average interest rate to the above loans payable and the like at the end of each fiscal year.

2. The average interest rates of lease obligations are not indicated above as lease obligations for companies that apply IFRS have excluded interest equivalent amount, while lease obligations for companies that apply Japanese GAAP have included interest equivalent amount.

3. The aggregate annual repayment amounts of long-term loans payable and lease obligations (excluding current portion) within five years subsequent to March 31, 2025 are as follows:

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
	(Millions of yen)			
Long-term loans payable	¥ 36,382	¥ 82,587	¥ 40,414	¥ 48,412
Lease obligation	4,518	3,654	2,583	1,760

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
	(Thousands of U.S. dollars)			
Long-term loans payable	\$ 243,331	\$ 552,351	\$ 270,296	\$ 323,787
Lease obligation	30,219	24,443	17,280	11,775

29. Asset Retirement Obligations

As the asset retirement obligations as of April 1, 2024 and March 31, 2025 account for less than 1% of the sum of total liabilities and net assets, this information is omitted.

30. Others

Financial Information for the interim accounting period and fiscal year ended March 31, 2025

		Interim period (From April 2024 to September 2024)	Fiscal year (From April 2024 to March 2025)
Net sales	(Millions of yen)	922,887	1,849,264
Profit before income taxes	(Millions of yen)	42,360	84,359
Profit attributable to owners of parent	(Millions of yen)	24,289	46,171
Profit per share	(Yen)	24.67	47.34

		Interim period (From April 2024 to September 2024)	Fiscal year (From April 2024 to March 2025)
Net sales	(Thousands of U.S. dollars)	6,172,335	12,368,009
Profit before income taxes	(Thousands of U.S. dollars)	283,311	564,200
Profit attributable to owners of parent	(Thousands of U.S. dollars)	162,451	308,795
Profit per share	(U.S. dollars)	0.16	0.32

(Note) At the end of the interim accounting period, the purchase price allocation following the business combination with Walki Group on April 11, 2024 had not been completed and the Company had performed the provisional accounting treatment. The purchase price allocation was finalized after the interim accounting period, and the finalized accounting treatment has been reflected in the amounts related to interim accounting period.

NOTE TO READERS:

The Internal Control Report has not been translated into English and is therefore not attached to this document.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 26, 2025

To the Board of Directors of
Oji Holdings Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Tetsuya Ishii

Designated Engagement Partner,
Certified Public Accountant:

Yutaka Hamaguchi

Designated Engagement Partner,
Certified Public Accountant:

Yohei Ono

<Audit of Consolidated Financial Statements>

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Oji Holdings Corporation and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2024 to March 31, 2025, and a summary of significant accounting policies and other explanatory information, and the consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1 <i>Identification of intangible assets, measurement of fair value and determination of amortization periods for intangible assets and goodwill in Purchase Price Allocation relating to the acquisition of shares of Walki Holding Oy</i>	
<p>Description and reason of the key audit matter</p> <p>As stated in the notes on "21. Business Combination" to the consolidated financial statements, Oji Holdings Corporation (hereinafter referred to as the "Company") acquired all shares of Walki Holding Oy (hereinafter referred to as "Walki group") for 61,297 million yen on April 11, 2024, in order to strengthen its technological development, manufacturing capabilities and comprehensive proposal capabilities for providing environmentally friendly packaging material solutions. The Company consolidated Walki group as a subsidiary from the current consolidated fiscal year and included its performance for the period from April 1, 2024, to December 31, 2024, in the consolidated financial statements for the current consolidated fiscal year.</p> <p>In this business combination, the Company performed the Purchase Price Allocation (hereinafter referred to as "PPA") of Walki group in the current consolidated fiscal year. PPA is the process of measuring identifiable assets acquired and liabilities assumed at fair value and allocating the purchase price in a business combination.</p> <p>In this process, "(1) Identification of Intangible Assets" and "(2) Measurement of Fair Value" require a high level of expertise and therefore the Company utilized external experts.</p> <p>(1) Identification of Intangible Assets The Company considered the business characteristics and acquisition purposes of Walki group to assess the existence of intangible assets to be identified. As a result of the assessment, customer-related assets and technology-related assets were identified as intangible assets.</p> <p>(2) Measurement of Fair Value As stated in the notes on "5. Significant Accounting Estimates: 4. Purchase price allocation of Walki Holding Oy" to the consolidated financial statements, the Company measured the fair value of customer-related assets and technology-related assets based on the multiperiod excess earnings method and the relief-from-royalty method, respectively. The</p>	<p>Audit procedures to address the key audit matter</p> <p>The acquisition of Walki group is positioned as an important investment for the Company in advancing the transformation of its business portfolio. To effectively plan audit procedures, we comprehensively understood the following matters relating to the acquisition through the inspection of board of directors meeting minutes and management meeting materials, and the inquiries to management:</p> <ul style="list-style-type: none"> ● Purpose of the acquisition ● Post-merger business model and synergy ● Post-merger integration process and governance structure ● Business plan as the basis for calculating the purchase price <p>Based on this understanding, regarding the identification of intangible assets, measurement of fair value and determination of amortization periods for intangible assets and goodwill relating to Walki group's PPA, we planned and performed the following audit procedures, among others:</p> <p>Additionally, we involved our fair value specialists to assist us in the following examination:</p> <ul style="list-style-type: none"> ● Identification of intangible assets ● Appropriateness of estimation methods and reasonableness of significant assumptions in fair value measurement <p>(1) Evaluation of internal controls To evaluate the design and operating effectiveness of a series of internal controls identified in relation to the acquisition of Walki group, we inquired with the Company's accounting department head and inspected related materials.</p> <p>(2) Examination of the identification of intangible assets</p> <ul style="list-style-type: none"> ● To understand the source of Walki group's multiperiod excess earnings power, we conducted an on-site visit to Walki group, inquired with management and inspected the factory. ● To examine the appropriateness of intangible assets identified, we examined the consistency with acquisition purpose. Additionally, we compared them with intangible assets identified in PPA in similar industries.

following are significant assumptions used in each measurement:

- Customer-related assets
 - Sales and operating profit forecasts from existing customers
 - Attrition rate of existing customers
 - Discount rate
- Technology-related assets
 - Royalty fee rate
 - Obsolescence rate
 - Discount rate

As a result of performing the measurement, the Company recorded customer-related assets of 21,936 million yen and technology-related assets of 5,637 million yen as intangible assets as of the business combination date. Furthermore, as a result of allocating the purchase price to intangible assets, the amount of goodwill at 64,224 million yen provisionally determined as of the business combination date decreased by 21,505 million yen to 42,718 million yen.

In addition, at the end of the current consolidated fiscal year, the above customer-related assets and technology-related assets were included and presented in "Other" of Intangible fixed assets in the consolidated balance sheet.

(3) Determination of Amortization Periods for Intangible Assets and Goodwill Identified in PPA
As stated in the notes on "21. Business Combination" to the consolidated financial statements, the Company has set the amortization periods for intangible assets recorded in PPA as follows:

- Customer-related assets: 11 to 20 years
- Technology-related assets: 10 years

The Company calculated their economic useful lives by referring to generally referenced methods and determined the amortization periods for these assets.

Regarding goodwill, as stated in the notes on "21. Business Combination" to the consolidated financial statements, the Company set the amortization period at 13 years considering the payback period.

The Company is advancing the transformation of its business portfolio, and the acquisition of Walki group is positioned as an important investment to accelerate entry into the growing sustainable packaging business.

Furthermore, the identification of intangible assets and the measurement of fair value in PPA is a complexed area requiring a high level of expertise in the selection of estimation methods and determination of significant assumptions, involving a high degree of estimation.

Additionally, the recorded customer-related assets, technology-related assets and goodwill are quantitatively material in the consolidated

(3) Examination of fair value measurement of the intangible assets

- To examine the reasonableness of the valuation methods adopted by the Company for fair value measurement, we determined that the multiperiod excess earnings method and the relief-from-royalty method are generally accepted evaluation methods for measuring customer-related assets and technology-related assets.

- Regarding the significant assumptions in the measurement of customer-related assets listed on the left, we performed the following procedures:

- To examine the reasonableness of the growth rate outlook as the basis for sales and operating profit forecasts from existing customers, we compared it with available external data relating to the growth rate for each business.
- To examine the reasonableness of the attrition rate of existing customers, we understood the calculation model through inquiries and obtained past sales data by customer to recalculate the attrition rate of existing customers.
- To examine the reasonableness of the discount rate, we examined the consistency with available external data regarding its input data.

- Regarding the significant assumptions in the measurement of technology-related assets listed on the left, we performed the following procedures:

- To examine the reasonableness of the royalty fee rate, we compared it with royalty fee rates used in PPA in similar industries and in Walki group in the past years.
- To examine the reasonableness of the obsolescence rate, we understood the calculation model through inquiries and compared it with obsolescence rates used in PPA in similar industries and in Walki group in the past years. Additionally, we recalculated the obsolescence rate.
- To examine the reasonableness of the discount rate, we examined the consistency with available external data regarding its input data.

(4) Examination of amortization periods

- To examine the reasonableness of the amortization periods for customer-related assets and technology-related assets, we understood the calculation method of economic useful lives through inquiries and recalculated the economic useful lives.

- To examine the reasonableness of the

<p>financial statements, and their amortization expenses have a significant impact on the financial performance of the current consolidated fiscal year and beyond.</p> <p>For the above reasons, we identified the identification of intangible assets, measurement of fair value and determination of amortization periods for intangible assets and goodwill in PPA relating to the acquisition of shares in Walki Holding Oy as a key audit matter.</p>	<p>amortization period for goodwill, we recalculated the payback period. Additionally, we inquired with management about changes in risks and opportunities after the acquisition of Walki group and evaluated their impact on the payback period.</p>
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2 Reasonableness of estimation of value in use in the impairment test for non-current assets in base paper of household paper business in Jiangsu Oji Paper Co., Ltd.	
<p>Description and reason of the key audit matter</p> <p>Jiangsu Oji Paper Co., Ltd., a consolidated subsidiary in China, manufactures and sells products in the base paper of household paper business (hereinafter described as "Jiangsu Oji Household Paper Base Paper Business") since the year ended March 31, 2021. In preparing the consolidated financial statements of the Group, the financial information of Jiangsu Oji Paper Co., Ltd. is prepared in accordance with International Financial Reporting Standards. The non-current assets balance related to Jiangsu Oji Household Paper Base Paper Business was 9,060 million yen (0.3% of consolidated total assets) as of March 31, 2025, as described in "(5. Significant Accounting Estimates) 1. Impairment of non-current assets (Impairment test of non-current assets in the base paper of household paper business)" in the Notes to Consolidated Financial Statements.</p> <p>Pulp is one of the main raw materials of base paper of household paper, and its purchase price fluctuates due to market conditions. The base paper of household paper is mainly sold in the Chinese and Japanese markets, and its sales volume is affected by the market demand and the production volume based on the operational condition of the manufacturing equipment.</p> <p>Jiangsu Oji Household Paper Base Paper Business has been affected by the increases in raw materials and fuel prices that occurred after the beginning of the operation, and equipment stop caused by breakdowns and other reasons. As a result, the performance of the business has experienced delays compared to the business plan established at the timing of investment decision-making, and an impairment loss was recorded in the previous consolidated fiscal year as the result of the impairment test.</p> <p>In the current consolidated fiscal year, the performance of the business has also seen delays compared to the business plan established in the previous consolidated fiscal year as a result of the impact of equipment stop caused by unexpected breakdowns and other reasons to the operational condition of</p>	<p>Audit procedures to address the key audit matter</p> <p>In order to evaluate the reasonableness of estimation of value in use in the impairment test for non-current assets in Jiangsu Oji Household Paper Base Paper Business, we instructed auditors in our network firm to perform the audit, received the results of performed audit procedures including the following procedures, made inquiries on the procedures performed and evaluated whether sufficient and appropriate audit evidence have been obtained.</p> <p>(1) Evaluation of internal controls</p> <ul style="list-style-type: none"> ● To evaluate the design and operating effectiveness of internal controls over the impairment test for non-current assets, we inquired on a series of impairment test processes, and performed procedures focusing on the followings, among others: <ul style="list-style-type: none"> • Approval by administration department head on preconditions of the business plan, such as projected purchase price, selling price and sales volume prepared by administration staff. • Review by administration department head of the discounted present value of estimated future cash flows prepared by administration staff. <p>(2) Examination of the impairment test for non-current assets</p> <ul style="list-style-type: none"> ● We evaluated the feasibility of the future business plan by analyzing the factors causing the difference between business plan and actual results retrospectively, and inspecting whether those factors causing difference were resolved or reflected to the significant assumptions. ● Regarding the significant assumptions used in the measurement of value in use of Jiangsu Oji Household Paper Base Paper Business stated in the left, we performed the following procedures, among others: <ul style="list-style-type: none"> • Assumptions in the future business plan <ul style="list-style-type: none"> ① In order to examine the appropriateness of future production

<p>manufacturing equipment and the production volume.</p> <p>The Group performed impairment analysis of non-current assets in accordance with International Accounting Standard No. 36 "Impairment of Assets". As there was an indication of impairment, the Group performed an impairment test. The recoverable amount of the cash generating unit is measured at value in use. The value in use is measured by discounting estimated future cash flows to their present value. The future cash flows are based on the future business plan approved in the current consolidated fiscal year by the management and the inflation rate in China is reflected as long-term growth rate.</p> <p>Significant assumptions in measuring value in use include:</p> <ul style="list-style-type: none"> ● Assumptions in the future business plan <ul style="list-style-type: none"> ① Production volume based on the operational condition of the manufacturing equipment ② Sales volume based on the estimation of market growth rate ③ Future purchase price of pulp which is the main raw material ④ Future selling price which is based on the market condition of pulp purchase price ● Long term growth rate calculated based on the inflation rate in China ● Discount rate which is based on weighted average capital cost <p>The performance of the business has experienced continuous delays compared to the business plan, and there is also continuous necessity to monitor the progress of the business plan.</p> <p>Additionally, these significant assumptions in measuring value in use contain high uncertainty as they are affected by external changes such as the market condition of base paper of household paper and pulp market conditions, and therefore their estimation require management judgment. For the above reasons, we identified the reasonableness of estimation of value in use in the impairment test for non-current assets in Jiangsu Oji Household Paper Base Paper Business as a key audit matter.</p>	<p>volume, we confirmed that the occurrence of equipment breakdowns in the past has been reflected in the business plan by inquiring of management.</p> <ul style="list-style-type: none"> ② In order to examine the appropriateness of future sales volume, we performed the following procedures: <ul style="list-style-type: none"> – Understanding of sales strategy by inquiring of management, – Comparison of future sales volume with available external data based on market size, market growth rate, and market share of household paper, and – Comparison of future sales volume with production capacity. ③ In order to examine the appropriateness of future pulp purchase price, we inquired of management and compared their estimation with available external data regarding pulp market forecast. ④ In order to examine the appropriateness of future selling price, we inquired of management and performed trend analysis by referring to historical purchase price and market conditions. We also compared future selling price with available external data. <ul style="list-style-type: none"> • For long term growth rate, we compared it with available external data related to forecast of inflation rate in China. • For discount rate which is based on weighted average capital cost, we involved our network firm's internal specialists, and evaluated the appropriateness of the method management applied, and compared input data with available external data.
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Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Audit of Internal Control>

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Oji Holdings Corporation as of March 31, 2025.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Oji Holdings Corporation as of March 31, 2025, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.
- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.
- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to Oji Holdings Corporation and its subsidiaries are disclosed in Status of Corporate Governance, etc. (3) 【Status of Audit】 included in “Status of the Submitting Company” of the Annual Securities Report.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader. The other information in the Annual Securities Report referred to in the "Other Information" section of this English translation is not translated.