

[Translation]

OJI HOLDINGS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

**For the fiscal year ended March 31, 2024**

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 ¥ 151.41 to U.S. \$ 1.00, the approximate rate of exchange prevailing at March 31, 2024. 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, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
<b>ASSETS</b>			
Current assets			
Cash and deposits (Note 8 (2))	¥58,088	¥50,774	\$383,649
Notes receivable–trade (Note 8 (9))	73,016	64,768	482,240
Accounts receivable–trade (Note 8 (2))	296,058	309,604	1,955,346
Contract assets	1,833	2,995	12,107
Securities	4,772	6,299	31,518
Merchandise and finished goods (Note 8 (2))	124,625	117,473	823,102
Work in process (Note 8 (2))	24,637	23,510	162,717
Raw materials and supplies (Note 8 (2))	136,181	140,337	899,423
Short-term loans receivable (Note 8 (2))	4,277	4,101	28,251
Accounts receivable-other	25,481	33,877	168,292
Other (Note 8 (2))	27,143	36,717	179,271
Allowance for doubtful accounts	(2,828)	(1,791)	(18,683)
<b>Total current assets</b>	<b>773,287</b>	<b>788,670</b>	<b>5,107,239</b>
Non-current assets			
Property, plant and equipment			
Buildings and structures	766,409	746,007	5,061,814
Accumulated depreciation (Note 8 (7))	(543,962)	(529,962)	(3,592,646)
Buildings and structures (Net) (Notes 8 (2), (8))	222,446	216,045	1,469,167
Machinery, equipment and vehicles	2,707,330	2,629,592	17,880,793
Accumulated depreciation (Note 8 (7))	(2,278,379)	(2,221,722)	(15,047,749)
Machinery, equipment and vehicles (Net) (Notes 8 (2), (8))	428,951	407,869	2,833,043
Tools, furniture and fixtures	66,273	63,934	437,711
Accumulated depreciation (Note 8 (7))	(59,165)	(57,380)	(390,762)
Tools, furniture and fixtures (Net) (Note 8 (2))	7,108	6,553	46,948
Land (Notes 8 (2), (5))	246,198	242,287	1,626,041
Forests (Note 8 (2))	143,154	133,123	945,477
Plantations (Notes 8 (2), (8))	120,719	111,352	797,304
Leased assets	84,014	76,573	554,877
Accumulated depreciation (Note 8 (7))	(32,199)	(29,209)	(212,661)
Leased assets (Net)	51,814	47,363	342,216
Construction in progress (Note 8 (2))	53,109	43,639	350,768
<b>Total property, plant and equipment</b>	<b>1,273,504</b>	<b>1,208,234</b>	<b>8,410,967</b>
Intangible assets			
Goodwill	18,081	11,868	119,421
Other (Note 8 (2))	16,373	14,119	108,143
<b>Total intangible assets</b>	<b>34,455</b>	<b>25,988</b>	<b>227,565</b>

OJI HOLDINGS CORPORATION

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Investments and other assets			
Investment securities (Notes 8 (1), (2))	217,870	180,067	1,438,941
Long-term loans receivable	3,837	4,693	25,345
Long-term prepaid expenses	2,662	2,760	17,583
Net defined benefit asset	96,250	53,837	635,695
Deferred tax assets	9,893	6,816	65,341
Other (Note 8 (2))	32,559	26,921	215,043
Allowance for doubtful accounts	(1,838)	(1,972)	(12,142)
<b>Total investments and other assets</b>	<b>361,235</b>	<b>273,124</b>	<b>2,385,806</b>
<b>Total non-current assets</b>	<b>1,669,195</b>	<b>1,507,347</b>	<b>11,024,339</b>
<b>Total assets</b>	<b>¥2,442,482</b>	<b>¥2,296,018</b>	<b>\$16,131,578</b>

OJI HOLDINGS CORPORATION

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
<b>LIABILITIES</b>			
Current liabilities			
Notes and accounts payable-trade (Note 8 (2),(9))	274,659	¥251,176	\$1,814,012
Short-term loans payable (Note 8 (2))	216,476	226,739	1,429,735
Commercial paper	30,000	86,000	198,137
Current portion of bonds payable	10,000	—	66,045
Accounts payable-other	21,628	20,111	142,850
Accrued expenses	53,054	49,809	350,405
Income taxes payable	22,017	16,643	145,416
Other	40,346	36,591	266,472
<b>Total current liabilities</b>	<b>668,183</b>	<b>687,070</b>	<b>4,413,075</b>
Non-current liabilities			
Bonds payable	145,000	155,000	957,664
Long-term loans payable (Note 8 (2))	335,240	320,599	2,214,125
Deferred tax liabilities	95,194	69,283	628,720
Deferred tax liabilities for land revaluation (Note 8 (5))	7,730	7,732	51,058
Net defined benefit liability	54,394	53,537	359,253
Long-term deposits received	6,420	6,620	42,407
Other	34,789	31,609	229,769
<b>Total non-current liabilities</b>	<b>678,771</b>	<b>644,383</b>	<b>4,483,000</b>
<b>Total liabilities</b>	<b>¥1,346,954</b>	<b>¥ 1,331,453</b>	<b>\$8,896,075</b>
CONTINGENT LIABILITIES (Note 8 (3))			
NET ASSETS			
Shareholders' equity			
Common stock	103,880	103,880	686,090
Capital surplus	85,740	85,892	566,277
Retained earnings	645,268	607,593	4,261,726
Treasury stock	(16,575)	(12,949)	(109,475)
<b>Total shareholders' equity</b>	<b>818,313</b>	<b>784,418</b>	<b>5,404,619</b>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	64,656	41,573	427,027
Deferred gains or losses on hedges	1,524	474	10,070
Revaluation reserve for land (Note 8 (5))	5,713	5,716	37,735
Foreign currency translation adjustment	124,922	85,253	825,062
Remeasurements of defined benefit plans	51,249	19,514	338,478
<b>Total accumulated other comprehensive income</b>	<b>248,066</b>	<b>152,531</b>	<b>1,638,374</b>
Share acquisition rights	97	134	645
Non-controlling interests	29,049	27,480	191,863
<b>Total net assets</b>	<b>1,095,527</b>	<b>964,564</b>	<b>7,235,502</b>
<b>Total liabilities and net assets</b>	<b>¥2,442,482</b>	<b>¥2,296,018</b>	<b>\$16,131,578</b>

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

## CONSOLIDATED STATEMENT OF INCOME

Fiscal years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Net sales	¥1,696,268	¥1,706,641	\$11,203,144
Cost of sales (Note 9 (1), (2))	1,372,191	1,366,642	9,062,750
Gross profit	324,076	339,999	2,140,393
Selling, general and administrative expenses			
Freight expenses	121,912	135,135	805,178
Warehouse expenses	6,885	6,747	45,476
Salaries and wages	59,561	55,105	393,380
Retirement benefit expenses	812	695	5,368
Depreciation and amortization	6,176	6,080	40,795
Other	56,126	51,417	370,695
Total selling, general and administrative expenses (Note 9 (1))	251,476	255,181	1,660,895
Operating profit	72,600	84,818	479,498
Non-operating income			
Interest income	3,041	1,367	20,089
Dividend income	3,895	3,632	25,727
Exchange gains	14,570	8,337	96,234
Equity in earnings of affiliates	4,708	2,924	31,094
Gain on valuation of derivatives	—	2,838	—
Other	7,340	6,325	48,480
Total non-operating income	33,556	25,427	221,626
Non-operating expenses			
Interest expenses	6,770	6,310	44,718
Other	13,399	8,925	88,495
Total non-operating expenses	20,170	15,236	133,214
Ordinary profit	85,987	95,008	567,910
Extraordinary income			
Insurance claim income (Note 9 (4))	4,810	4,992	31,769
Gain on sale of non-current assets (Note 9 (3))	2,191	11	14,476
Gain on sale of investment securities	1,467	1,065	9,691
Other	1,525	258	10,075
Total extraordinary income	9,995	6,327	66,013
Extraordinary losses			
Loss on disaster (Note 9 (4))	10,763	7,634	71,088
Impairment losses (Note 9 (5))	3,980	31	26,288
Provision for loss on litigation	—	1,839	—
Other (Note 9 (5))	3,639	7,213	24,035
Total extraordinary losses	18,383	16,718	121,412
Profit before income taxes	77,599	84,617	512,510
Income taxes—current	27,484	26,434	181,523
Income taxes—deferred	(2,202)	41	(14,545)
Total income taxes	25,282	26,476	166,977
Profit	52,317	58,141	345,533
Profit attributable to non-controlling interests	1,505	1,657	9,940
Profit attributable to owners of parent	¥50,812	¥56,483	\$335,592

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Fiscal years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Profit	¥ 52,317	¥ 58,141	\$ 345,533
Other comprehensive income			
Valuation difference on available-for-sale securities	21,439	10,707	141,599
Deferred gains or losses on hedges	1,031	(1,611)	6,811
Foreign currency translation adjustment	40,375	56,129	266,660
Remeasurements of defined benefit plans	27,873	(7,735)	184,092
Share of other comprehensive income of entities accounted for using equity method	5,834	1,516	38,534
Total other comprehensive income (Note 10)	96,553	59,007	637,697
Comprehensive income	¥ 148,871	¥ 117,148	\$ 983,231
(Breakdown)			
Comprehensive income attributable to owners of parent	¥ 146,492	¥ 114,664	\$ 967,524
Comprehensive income attributable to non-controlling interests	2,378	2,484	15,706

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Fiscal years ended March 31, 2024 and 2023

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2022	¥ 103,880	¥ 99,163	¥ 567,150	¥ (13,277)	¥ 756,918
Changes of items during the year					
Cash dividends	—	—	(14,883)	—	(14,883)
Profit attributable to owners of parent	—	—	56,483	—	56,483
Purchase of treasury stock	—	—	—	(349)	(349)
Disposal of treasury stock	—	(50)	—	678	628
Change in treasury stock arising from changes in equity in affiliates	—	—	—	(1)	(1)
Change in scope of consolidation	—	—	(1,043)	—	(1,043)
Transfer to capital surplus from retained earnings	—	50	(50)	—	—
Change in ownership interest of parent arising from transactions with non-controlling shareholders	—	(13,270)	—	—	(13,270)
Change in scope of equity method	—	—	(74)	—	(74)
Reversal of revaluation reserve for land	—	—	11	—	11
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	—	(13,270)	40,442	327	27,500
Balance at April 1, 2023	¥ 103,880	¥ 85,892	¥ 607,593	¥ (12,949)	¥ 784,418
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 March 31, 2024	¥ 103,880	¥ 85,740	¥ 645,268	¥ (16,575)	¥ 818,313

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, 2022	¥ 30,500	¥ 2,076	¥ 5,728	¥ 29,593	¥ 26,415	¥ 94,314	¥ 157	¥ 24,080	¥ 875,470
Changes of items during the year									
Cash dividends	—	—	—	—	—	—	—	—	(14,883)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	56,483
Purchase of treasury stock	—	—	—	—	—	—	—	—	(349)
Disposal of treasury stock	—	—	—	—	—	—	—	—	628
Change in treasury stock arising from changes in equity in affiliates	—	—	—	—	—	—	—	—	(1)
Change in scope of consolidation	—	—	—	—	—	—	—	—	(1,043)
Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—	—
Change in ownership interest of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	(13,270)
Change in scope of equity method	—	—	—	—	—	—	—	—	(74)
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	11
Net changes of items other than shareholders' equity	11,072	(1,601)	(11)	55,659	(6,901)	58,217	(23)	3,400	61,594
Total changes of items during the year	11,072	(1,601)	(11)	55,659	(6,901)	58,217	(23)	3,400	89,094
Balance at April 1, 2023	¥ 41,573	¥ 474	¥ 5,716	¥ 85,253	¥ 19,514	¥ 152,531	¥ 134	¥ 27,480	¥ 964,564
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 March 31, 2024	¥ 64,656	¥ 1,524	¥ 5,713	¥ 124,922	¥ 51,249	¥ 248,066	¥ 97	¥ 29,049	¥ 1,095,527

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, 2023	\$ 686,090	\$ 567,287	\$ 4,012,903	\$ (85,525)	\$ 5,180,755
Changes of items during the year					
Cash dividends	—	—	(104,932)	—	(104,932)
Profit attributable to owners of parent	—	—	335,592	—	335,592
Purchase of treasury stock	—	—	—	(31,715)	(31,715)
Disposal of treasury stock	—	(188)	—	433	244
Change in treasury stock arising from changes in equity in affiliates	—	—	—	2	2
Increase by share exchanges	—	264	—	7,330	7,595
Change in scope of consolidation	—	—	18,144	—	18,144
Change in ownership interest of parent arising from transactions with non-controlling shareholders	—	(1,084)	—	—	(1,084)
Reversal of revaluation reserve for land	—	—	18	—	18
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	—	(1,009)	248,822	(23,949)	223,863
Balance at March 31, 2024	\$ 686,090	\$ 566,277	\$ 4,261,726	\$ (109,475)	\$ 5,404,619

OJI HOLDINGS CORPORATION

	Thousands of U.S. dollars									
	Accumulated other comprehensive income						Total 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					
Balance at April 1, 2023	\$ 274,575	\$ 3,131	\$ 37,754	\$ 563,063	\$ 128,883	\$1,007,407	\$ 888	\$ 181,497	\$ 6,370,548	
Changes of items during the year										
Cash dividends	—	—	—	—	—	—	—	—	(104,932)	
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	335,592	
Purchase of treasury stock	—	—	—	—	—	—	—	—	(31,715)	
Disposal of treasury stock	—	—	—	—	—	—	—	—	244	
Change in treasury stock arising from changes in equity in affiliates	—	—	—	—	—	—	—	—	2	
Increase by share exchanges	—	—	—	—	—	—	—	—	7,595	
Change in scope of consolidation	—	—	—	—	—	—	—	—	18,144	
Change in ownership interest of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	(1,084)	
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	18	
Net changes of items other than shareholders' equity	152,451	6,939	(18)	261,999	209,594	630,967	(242)	10,365	641,089	
Total changes of items during the year	152,451	6,939	(18)	261,999	209,594	630,967	(242)	10,365	864,953	
Balance at March 31, 2024	\$ 427,027	\$ 10,070	\$ 37,735	\$ 825,062	\$ 338,478	\$ 1,638,374	\$ 645	\$ 191,863	\$ 7,235,502	

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

Fiscal years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
<b>Cash flows from operating activities</b>			
Profit before income taxes	¥77,599	¥84,617	\$512,510
Depreciation and amortization	79,529	73,034	525,260
Impairment losses	3,980	31	26,288
Amortization of goodwill	2,253	1,058	14,884
Depletion of plantations	11,520	7,895	76,089
Increase (decrease) in allowance for doubtful accounts	366	911	2,423
(Increase) decrease in net defined benefit asset	(3,073)	(3,240)	(20,300)
Increase (decrease) in net defined benefit liability	676	(1,415)	4,465
Interest and dividend income	(6,937)	(5,000)	(45,817)
Interest expenses	6,770	6,310	44,718
Exchange loss (gain)	(11,366)	(6,911)	(75,069)
Equity in (earnings) losses of affiliates	(4,708)	(2,924)	(31,094)
Loss (gain) on sale of investment securities	(1,131)	(1,052)	(7,471)
Loss (gain) on sale of non-current assets	(2,084)	142	(13,769)
(Increase) decrease in trade receivables	17,496	(43,889)	115,554
(Increase) decrease in inventories	8,705	(42,615)	57,494
Increase (decrease) in trade payables	16,827	9,533	111,137
Other	17,434	(13,844)	115,149
<b>Subtotal</b>	<b>213,860</b>	<b>62,642</b>	<b>1,412,456</b>
Interest and dividend income received	8,178	7,731	54,015
Interest paid	(5,495)	(5,169)	(36,298)
Income taxes paid	(13,645)	(46,940)	(90,120)
<b>Net cash provided by operating activities</b>	<b>202,897</b>	<b>18,262</b>	<b>1,340,052</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	(115,019)	(94,109)	(759,657)
Proceeds from sales of property, plant, equipment and intangible assets	5,572	555	36,802
Purchase of investment securities	(2,161)	(1,747)	(14,274)
Proceeds from sales and redemption of investment securities	5,495	3,404	36,297
Loan advances	(637)	(911)	(4,211)
Proceeds from collection of loans receivable	1,087	2,484	7,181
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(12,671)	(32,864)	(83,689)
Other	331	(85)	2,186
<b>Net cash used in investing activities</b>	<b>(118,003)</b>	<b>(123,274)</b>	<b>(779,365)</b>
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term loans payable	(11,762)	33,310	(77,686)
Net increase (decrease) in commercial paper	(56,000)	86,000	(369,856)
Proceeds from long-term borrowings	87,684	64,655	579,120
Repayment of long-term loans payable	(75,501)	(59,881)	(498,656)
Purchase of shares of subsidiaries without resulting in change in scope of consolidation	(1,162)	(307)	(7,676)

OJI HOLDINGS CORPORATION

Repayments of lease liabilities	(7,287)	(6,618)	(48,132)
Purchase of treasury stock	(4,802)	(295)	(31,715)
Dividends paid	(15,887)	(14,883)	(104,932)
Other	(179)	(192)	(1,186)
Net cash provided by (used in) financing activities	(84,899)	101,787	(560,722)
Effect of exchange rate change on cash and cash equivalents	3,511	4,637	23,191
Net increase in cash and cash equivalents	3,506	1,413	23,156
Cash and cash equivalents at the beginning of the year	56,837	55,474	375,388
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	2,341	-	15,466
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(212)	(50)	(1,404)
Cash and cash equivalents at the end of the year (Note 12)	¥ 62,472	¥ 56,837	\$412,606

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

## Notes to Consolidated Financial Statements

### 1. Scope of Consolidation

- (1) Number of consolidated subsidiaries: 200 (196 in the year ended March 31, 2023)

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 (Vietnam) Co., Ltd., Ojitex Haiphong 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., Chuetsu Co., Ltd., Oji Papéis Especiais Ltda., Kanzaki Specialty Papers Inc., KANZAN Spezialpapiere GmbH, Oji Paper (Thailand) Ltd., Oji Label (Thailand) Ltd., Tele-Paper (M) Sdn. Bhd., Hyper-Region Labels 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 Ebetsu Co., Ltd., Oji Green Energy Tokushima Co., Ltd., Oji Green Energy Nichinan Co., Ltd., Japan Brazil Paper and Pulp Resources Co., Ltd., Celulose Nipo-Brasileira S.A., Pan Pac Forest Products Ltd., Panindo Investment Pte. Ltd., PT. Korintiga Hutani, Oji Paper Co., Ltd., Jiangsu Oji Paper Co., Ltd., Oji Oceania Management Co., Ltd., Oji Oceania Management (NZ) Ltd., Oji Fibre Solutions (NZ) 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., Oji Asia Management Sdn. Bhd., and 137 other companies

Changes in the consolidated subsidiaries during the year ended March 31, 2024 are as follows:

The Company and the Group have added seven companies into the scope of consolidation in the current fiscal year. One company was included due to foundation, three companies were included due to acquisition and three companies were included because unconsolidated subsidiaries became material to the consolidated financial statements. Three companies have been excluded from the scope of consolidation. One company was excluded due to liquidation, one company was excluded due to a merger and one company was excluded as it was no longer material 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 (21 in the year ended March 31, 2023)

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.

One company has been excluded from the scope of the equity method in the current fiscal year due to a stock sale.

- (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

The fiscal year-end of the Company's following consolidated subsidiaries is December 31:  
Oji Papéis Especiais Ltda., Celulose Nipo-Brasileira S.A., Jiangsu Oji Paper Co., Ltd., Oji Fibre Solutions (NZ) Ltd. and 89 other companies.

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) 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 Stated at fair value (the valuation difference is accounted for as a separate component of net assets and securities sold calculated using the moving-average method).
      - without market quotations:
      - Stocks without market quotations: Stated at cost using the moving-average method.
  - (ii) Derivatives
    - Stated at fair value
  - (iii) Inventories
    - Mainly stated at cost using the periodic average method  
(The consolidated balance sheet amount is calculated by writing down carrying amount 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 prior 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 (11-15 years) from the subsequent fiscal year onwards.

Prior 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 incurs (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.

A consideration under a contract is 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) 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 gains or losses. 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	
<u>Hedging instruments</u>	<u>Hedged items</u>
Foreign exchange forward contracts	Monetary assets/liabilities denominated in foreign currencies and scheduled transactions in foreign currencies
Currency swaps	Monetary assets/liabilities denominated in foreign currencies
Interest rate and currency swaps	Foreign-currency denominated loans payable
Interest rate swaps	Loans payable
Commodity swaps	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 loss is 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 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 since the fiscal year ended March 31, 2021. However, the business has still been behind the business plan until the current fiscal year due to, among others, the global logistics disruption (including the lockdown in China) triggered by the spread of COVID-19, increases in raw materials and fuel prices due to

the international situation surrounding Ukraine, and equipment stop caused by unexpected breakdowns and other reasons. As there was an indication of impairment of non-current assets (¥11,273 million (\$ 74,459 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 recorded impairment losses of ¥2,662 million (\$ 17,582 thousand) in the consolidated statement of income as the recoverable amount of asset groups for the business has decreased below the book value. As a consequence, the Group recorded non-current assets of ¥8,611 million (\$ 56,876 thousand) in relation to the business in the consolidated balance sheet.

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
	2024	2023	2024
Deferred tax assets	¥ 9,893	¥ 6,816	\$ 65,341

The deferred tax assets recorded in the consolidated financial statements for the current fiscal year are described in note “19 Tax Effect Accounting”.

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

With respect to deductible temporary differences, loss 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
	2024	2023	2024
Net defined benefit asset	¥ 96,250	¥ 53,837	\$ 635,695
Net defined benefit liability	¥ 54,394	¥ 53,537	\$ 359,253

The amounts relating to the retirement benefit accounting recorded in the consolidated financial statements for the current fiscal year are described in note “17 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 a 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 the assumptions need to be revised, it may affect the amount recognized in the future consolidated financial statements.

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

### 1. Accounting Standards, and so on, for Income Taxes, Residential and Enterprise Taxes

- Accounting Standard for Income Taxes, Residential and Enterprise Taxes (ASBJ Statement No. 27, October 28, 2022)
- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)
- Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

#### (1) Summary

The accounting standards and implementation guidance define the classification of income taxes when other comprehensive income is taxable and the treatment of tax effects relating to the sale of shares of subsidiaries when Group Taxation Regime is applied.

#### (2) Expected date of application

The accounting standards and implementation guidance will be applied from the beginning of the fiscal year ended March 31, 2025.

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

The monetary impact from the application of the accounting standards and implementation guidance will be immaterial.

### 2. Practical Solution on Accounting for and Disclosure of Current Taxes relating to the Global Minimum Tax Rules

- Practical Solution on Accounting for and Disclosure of Current Taxes relating to the Global Minimum Tax Rules. (ASBJ PITF No. 46 March 22, 2024)

#### (1) Summary

The practical solution determines the accounting for and disclosure of current taxes relating to the Global Minimum Tax Rules.

#### (2) Expected date of application

The practical solution will be applied from the beginning of the fiscal year ended March 31, 2025.

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

The monetary impact from the application of the practical solution is currently being assessed.

## 7. Changes in Presentation Method

### (1) Consolidated Statement of Income

“Gain on sale of non-current assets”, which was included in “Other” in “Extraordinary income” for the previous fiscal year, has increased in materiality and is presented separately for the current fiscal year. Meanwhile, to reflect this change in the method of presentation, the consolidated statement of income for the previous fiscal year has been restated. As a result, ¥ 270 million that was presented as “Other” in “Extraordinary income” in the consolidated statement of income for the previous fiscal year is now reclassified as “Gain on sale of non-current assets” of ¥ 11 million and “Other” of ¥ 258 million.

“Impairment losses”, which were included in “Other” in “Extraordinary losses” for the previous fiscal year, has increased in materiality and is presented separately for the current fiscal year. In addition, “Loss on disposal of non-current assets” and “Business restructuring expenses” in “Extraordinary losses” for the previous fiscal year have decreased in materiality and are included in “Other” for the current fiscal year. To reflect this change in the method of presentation, the consolidated statement of income for the previous fiscal year has been restated. As a result, “Loss on disposal of non-current assets” of ¥ 3,159 million, “Business restructuring expenses” of ¥ 1,909 million and “Others” of ¥ 2,175 million under “Extraordinary losses” in the consolidated statement of income for the previous fiscal year have been reclassified as “Impairment losses” of ¥ 31 million and “Others” of ¥ 7,213 million.

## (2) Consolidated Statement of Cash Flows

“Impairment losses” and “Loss (gain) on sale of non-current assets” which was included in “Other” in “Cash flows from operating activities” for the previous fiscal year, have increased in materiality and are presented separately for the current fiscal year. In addition, “Loss on disposal of non-current assets” and “Business restructuring expenses” under “Cash flows from operating activities” presented separately for the previous fiscal year are included in “Other” for the current fiscal year due to their decreased materiality. To reflect this change in the method of presentation, the consolidated financial statements for the previous fiscal year have been restated. As a result, “Loss on disposal of non-current assets” of ¥3,159 million, “Business restructuring expenses” of ¥1,909 million and “Other” of ¥(18,740) million under “Cash flows from operating activities” have been reclassified as “Impairment losses” of ¥ 31 million, “Loss (gain) on sale of non-current assets” of ¥142 million. and “Other” of ¥(13,844) million.

“Purchase of treasury stock” which was included in “Other” in “Cash flows from financing activities” for the previous fiscal year, has increased in materiality and is presented separately for the current fiscal year. To reflect this change in the method of presentation, the consolidated financial statements for the previous fiscal year have been restated. As a result, “Other” of ¥(487) million under “Cash flows from financing activities” have been reclassified as “Purchase of treasury stock” of ¥(295) million and “Other” of ¥(192) million.

## 8. Notes to Consolidated Balance Sheet

### (1) Investments in unconsolidated subsidiaries and affiliates

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2024	2023	2024
Stocks	¥ 82,618	¥ 76,197	\$ 545,658
Investments in capital	87	87	578

## (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	
	2024		2023		2024	
Cash and deposits	¥1,748		¥4,418		\$ 11,551	
Accounts receivable-trade	1,295		2,626		8,553	
Merchandise and finished goods	1,615		1,380		10,670	
Work in process	190		—		1,256	
Raw materials and supplies	693		474		4,583	
Short-term loans receivable	3,800		13,683		25,098	
Current assets – other	2,285		5,304		15,094	
Buildings and structures	9,584	(¥394)	8,488	(¥416)	63,299	(\$ 2,607)
Machinery, equipment and vehicles	12,676	(260)	6,548	(301)	83,725	(1,717)
Tools, furniture and fixtures	125	(20)	117	(14)	830	(137)
Land	9,670	(188)	9,251	(188)	63,866	(1,245)
Forests	4,811		3,836		31,780	
Plantations	22,769		21,131		150,382	
Construction in progress	4,522		2,190		29,866	
Intangible assets - other	1,809		610		11,953	
Investment securities	384		783		2,539	
Investment and other assets – other	39		20		263	
Total	¥ 78,023	(¥ 864)	¥ 80,867	(¥ 921)	\$ 515,315	(\$ 5,708)

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 ¥429 million (\$2,835 thousand) (¥393 million as of March 2023), short-term loans receivable from consolidated subsidiaries of ¥3,800 million (\$25,098 thousand) (¥13,683 million as of March 2023), and consolidated subsidiaries stock included in investment securities of ¥384 million (\$2,537 thousand) (¥355 million as of March 2023) 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	
	2024		2023		2024	
Notes and accounts payable-trade	¥ 73		¥ 511		\$ 488	
Short-term loans payable	1,224	(¥ 185)	1,514	(¥ 185)	8,090	(\$1,222)
Long-term loans payable	1,999		2,084		13,204	
Total	¥ 3,298	(¥ 185)	¥ 4,110	(¥ 185)	\$ 21,782	(\$1,222)

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
	2024	2023	2024
Tokyo Branch of Forest Corporation	¥ 3,860	¥ 4,200	\$ 25,493
PT. Oji Indo Makmur Perkasa	1,171	1,824	7,735
Other	219	262	1,447
Total	¥5,250	¥6,286	\$ 34,676

## (4) Notes receivable discounted, and so on

Notes receivable discounted: ¥ 10,103 million (\$66,729 thousand) and ¥ 11,274 million as of March 31, 2024 and 2023, respectively

Notes receivable endorsed: ¥ 217 million (\$ 1,435 thousand) and ¥ 245 million as of March 31, 2024 and 2023, 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 is 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, 2024 and 2023 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2024	2023	2024
Aggregate amount of loan commitment	¥ 100,000	¥ 50,000	\$ 660,458
Balance of loan outstanding	—	—	—
Unused portion	¥ 100,000	¥ 50,000	\$ 660,458

(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, 2024 and 2023 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2024	2023	2024
Buildings and structures	¥ 256	¥ 64	\$ 1,695
Machinery, equipment and vehicles	467	23	3,088
Tools, furniture and fixtures	0	—	2
Plantations	189	186	1,254
Total	¥ 914	¥ 274	\$6,040

(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 that date were included in the balance at March 31, 2024 as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2024	2023	2024
Notes receivables	¥8,820	—	\$58,258
Notes payables	12,161	—	80,324

## 9. 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, 2024 and 2023 were ¥ 10,418 million (\$ 68,811 thousand) and ¥ 9,346 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 loss (gain) on valuation of inventories included in the cost of sales for the fiscal years ended March 31, 2024 and 2023 were ¥ (72) million (\$ (477) thousand) and ¥ 3,525 million, respectively.

(3) The breakdown of the gain on sales of non-current assets for the fiscal years ended March 31, 2024 and 2023 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2024	2023	2024
Buildings and structures	¥ 23	¥ -	\$ 158
Land and others	2,167	11	14,318
Total	¥ 2,191	¥ 11	\$ 14,476

## (4) Loss on disaster and insurance claim income

A consolidated subsidiary of our group had suspended operations due to damage from the large cyclone Gabriel that hit New Zealand in February 2023. The facilities of this subsidiary have gradually resumed operations since the latter half of the current fiscal year, and the fixed manufacturing costs and repair costs incurred during the shutdown period until restoration are recorded as “Loss on disaster”. In addition, insurance claim income of ¥ 3,704 million (\$ 24,469 thousand) relating to this damage was recorded as “Insurance claim income” in the current fiscal year.

## (5) Impairment losses

For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

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.

In the current fiscal year, in correspondence to the decision to halt manufacturing equipment and the like, the Group wrote down the book values of asset groups to their recoverable amounts and booked the deducted amounts totaling ¥1,918 million as impairment losses in extraordinary losses.

The breakdown of the losses includes buildings and structures totaling ¥1,012 million, machinery, equipment and vehicles totaling ¥374 million, tools, furniture and fixtures totaling ¥3 million, land totaling ¥15 million, lease assets totaling ¥331 million, construction in progress totaling ¥179 million, and other totaling ¥1 million. Of these, ¥1,887 million are included in “Other” 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%. 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 were recorded mainly for the following asset group.

Use	Location	Impairment losses		Nature
		(in millions of yen)	(Thousands of U.S. dollars)	
Jiangsu Oji Paper Co., Ltd. Asset for the base paper of household paper business	Jiangsu Province, China	2,662	17,582	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 (\$ 28,350 thousand) under extraordinary losses in the current fiscal year.

The breakdown of the impairment losses includes buildings and structures totaling ¥587 million (\$ 3,883 thousand), machinery, equipment and vehicles totaling ¥2,884 million (\$ 19,050 thousand), tools, furniture and fixtures totaling ¥12 million (\$ 80 thousand), land totaling ¥412 million (\$ 2,723 thousand), plantations

totaling ¥342 million (\$ 2,261 thousand), construction in progress totaling ¥51 million (\$ 339 thousand), and others totaling ¥1 million (\$ 11 thousand). Of these, ¥312 million (\$ 2,061 thousand) are included in “Other” 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.

## 10. 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, 2024 and 2023

	(Millions of yen)		(Thousands of U.S. dollars)
	2024	2023	2024
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ 32,342	¥ 16,273	\$ 213,610
Reclassification adjustments to profit or loss	(1,426)	(860)	(9,423)
Amount before tax effect	30,915	15,412	204,186
Tax effect	(9,476)	(4,705)	(62,587)
Valuation difference on available-for-sale securities	21,439	10,707	141,599
Deferred gains or losses on hedges:			
Amount arising during the year	5,427	(4,752)	35,845
Reclassification adjustments to profit or loss	(3,815)	2,497	(25,198)
Amount before tax effect	1,612	(2,255)	10,647
Tax effect	(580)	643	(3,835)
Deferred gains or losses on hedges	1,031	(1,611)	6,811
Foreign currency translation adjustment:			
Amount arising during the year	40,375	56,388	266,660
Reclassification adjustments to profit or loss	—	(259)	—
Amount before tax effect	40,375	56,129	266,660
Tax effect	—	—	—
Foreign currency translation adjustment	40,375	56,129	266,660
Remeasurements of defined benefit plans:			
Amount arising during the year	42,684	(6,962)	281,916
Reclassification adjustments to profit or loss	(2,890)	(4,135)	(19,088)
Amount before tax effect	39,794	(11,097)	262,827
Tax effect	(11,921)	3,362	(78,735)
Remeasurements of defined benefit plans	27,873	(7,735)	184,092
Share of other comprehensive income of affiliates accounted for using the equity method:			
Amount arising during the year	7,052	1,645	46,580
Reclassification adjustments to profit or loss	(1,218)	(128)	(8,046)
Share of other comprehensive income of affiliates accounted for using the equity method	5,834	1,516	38,534
Other comprehensive income	¥ 96,553	¥ 59,007	\$ 637,697

**11. 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, 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 less than one standard unit 7,769  
Increase in treasury stock due to increase in shares of the Company attributable to the Company arising from an increase 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 less than one 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.

For the fiscal year ended March 31, 2023

Type of shares	Number of shares at April 1, 2022	Increase	Decrease	Number of shares at March 31, 2023
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)	23,764,570	681,818	1,266,766	23,179,622
Total	23,764,570	681,818	1,266,766	23,179,622

Notes:

1. Increase in treasury stock 681,818  
Details of the increase are as follows:
- Increase due to acquisition by the Board Benefit Trust 671,200  
Increase due to purchase of shares less than one standard unit 7,404  
Increase in treasury stock due to increase in shares of the Company attributable to the Company arising from an increase in equity method affiliates 3,214

2. Decrease in treasury stock 1,266,766

Details of the decrease are as follows:

Decrease due to disposal to the Board Benefit Trust	671,200
Decrease due to disposal of the Company's shares held by the Board Benefit Trust	523,101
Decrease due to exercising of stock options	72,000
Decrease due to sale of shares less than one standard unit	465

3. Number of shares of treasury stock at the end of the fiscal year ended March 31, 2023, includes 1,546,851 shares held by the Board Benefit Trust at March 31, 2023.

(2) Share acquisition rights

For the fiscal year ended March 31, 2024

Company	Description	Type of shares issued	Number of shares issued			Number of shares at March 31, 2024	Balance at March 31, 2024	
			Number of shares at April 1, 2023	Increase	Decrease		(Millions of yen)	(Thousands of U.S. dollars)
Parent company	Share acquisition rights as stock options	—	—	—	—	—	¥ 97	\$ 645
Total		—	—	—	—	—	¥ 97	\$ 645

For the fiscal year ended March 31, 2023

Company	Description	Type of shares issued	Number of shares issued			Number of shares at March 31, 2023	Balance at March 31, 2023	
			Number of shares at April 1, 2022	Increase	Decrease		(Millions of yen)	
Parent company	Share acquisition rights as stock options	—	—	—	—	—	¥ 134	
Total		—	—	—	—	—	¥ 134	

(3) Dividends

(i) Amount of cash dividends distributed

For the fiscal year ended March 31, 2024

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 12, 2023	Common stock	¥ 7,943	\$ 52,464	¥ 8.0	\$ 0.05	March 31, 2023	June 7, 2023
Board of Directors' Meeting held on November 7, 2023	Common stock	7,944	52,467	8.0	0.05	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.

For the fiscal year ended March 31, 2023

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 13, 2022	Common stock	¥ 6,945	¥ 7.0	March 31, 2022	June 7, 2022
Board of Directors' Meeting held on November 8, 2022	Common stock	7,938	8.0	September 30, 2022	December 1, 2022

- Notes: 1. Dividends of ¥ 9 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 13, 2022.  
2. Dividends of ¥ 7 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 8, 2022.

- (ii) Dividends with the record date falling within the fiscal year ended March 31, 2023 and the effective date in the fiscal year ended March 31, 2024

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 14, 2024	Common stock	¥ 7,890	\$ 52,115	Retained earnings	¥ 8.0	\$0.05	March 31, 2024	June 5, 2024

Note: Dividends of ¥ 12 million 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, 2022 and the effective date in the fiscal year ended March 31, 2023

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 12, 2023	Common stock	¥ 7,943	Retained earnings	¥ 8.0	March 31, 2023	June 7, 2023

Note: Dividends for shares in Board Benefit Trust are included in total dividend amount (included amount; ¥ 12 million).

**12. Notes to Consolidated Statement of Cash Flows**

Cash and cash equivalents in the consolidated statement of cash flows for the years ended March 31, 2024 and 2023 are reconciled to the accounts reported in the consolidated balance sheet as of March 31, 2024 and 2023 as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2024	2023	2024
Cash and deposits	¥ 58,088	¥ 50,774	\$ 383,649
Time deposits with maturities of more than three months	(337)	(237)	(2,232)
Securities	4,722	6,299	31,188
Cash and cash equivalents	¥ 62,472	¥ 56,837	\$ 412,606

**13. Lease Transactions**

Operating lease transactions

Future minimum lease payments under non-cancellable operating leases as of March 31, 2024 and 2023:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2024	2023	2024
Due within one year	¥ 2,248	¥ 2,249	\$ 14,851
Due after one year	8,710	10,593	57,529
Total	¥ 10,959	¥ 12,842	\$ 72,381

Future minimum lease income under non-cancellable operating leases as of March 31, 2024 and 2023:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2024	2023	2024
Due within one year	¥ 752	¥ 752	\$4,970
Due after one year	6,755	7,508	44,617
Total	¥ 7,508	¥ 8,260	\$ 49,587

**14. 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 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 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 “16 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, 2024 and 2023, respectively.

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)
① Bonds payables (*3)	155,000	149,370	(5,629)
② 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	¥—

(Thousands of U.S. dollars)

	Book value	Fair value	Difference
① Investment securities (*2)			
(i) Stocks of affiliates	\$ 314,998	\$ 120,766	\$ (194,231)
(ii) Available-for-sale securities	864,644	864,644	—
Total assets	1,179,642	985,410	(194,231)
① Bonds payables (*3)	1,023,710	986,529	(37,180)
② Long-term loans payable (*4)	2,693,705	2,677,288	(16,417)
Total liabilities	3,717,416	3,663,818	(53,597)
Derivative transactions (*5)	\$50,759	\$50,759	\$—

(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
	2024	2024
Non-listed stocks	¥ 39,260	\$259,298

(\*3) Bonds payables include the current portion of bonds payables (¥10,000 million (\$ 66,045 thousand) on the consolidated balance sheet).

(\*4) Long-term loans payable that will be repaid within a year (¥72,613 million (\$ 479,579 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.

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As of March 31, 2023

(Millions of yen)

	Book value	Fair value	Difference
① Investment securities (*2)			
(i) Stocks of affiliates	¥ 39,768	¥ 9,955	¥ (29,813)
(ii) Available-for-sale securities	100,149	100,149	–
Total assets	139,918	110,104	(29,813)
② Bonds payables	155,000	151,494	(3,505)
③ Long-term loans payable (*3)	393,506	398,667	5,160
Total liabilities	548,506	550,161	1,655
Derivative transactions (*4)	¥6,654	¥6,654	¥–

(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
	2023
Non-listed stocks	¥ 40,149

(\*3) Long-term loans payable that will be repaid within a year (¥72,906 million on the consolidated balance sheet) is also included.

(\*4) Receivables and payables arising from derivative transactions are shown on the net basis. The items which are net debt in total are shown in parentheses.

Notes:

1. 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	¥ –	¥ –	¥ –

	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	\$ 364,707	\$ –	\$ –	\$ –
Notes receivable–trade	482,240	–	–	–
Accounts receivable–trade	1,955,346	–	–	–
Securities and investment securities				
Held-to-maturity debt securities				
Others	31,518	–	–	–
Total	\$ 2,833,813	\$ –	\$ –	\$ –

The redemption schedule subsequent to March 31, 2023 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	¥ 48,400	¥ –	¥ –	¥ –
Notes receivable–trade	64,768	–	–	–
Accounts receivable–trade	309,604	–	–	–
Short-term securities and investment securities				
Held-to-maturity debt securities				
Others	6,299	–	–	–
Total	¥ 429,073	¥ –	¥ –	¥ –

2. 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
	(Thousands of U.S. dollars)					
Short-term loans payable	\$ 950,155	\$ –	\$ –	\$ –	\$ –	\$ –
Commercial paper	198,137	–	–	–	–	–
Bonds payable	66,045	198,137	–	66,045	132,091	561,389
Long-term loans payable	479,579	438,757	230,036	287,343	265,084	992,903
Total	\$ 1,693,919	\$ 636,895	\$ 230,036	\$ 353,388	\$ 397,176	\$ 1,554,293

The repayment schedule for bonds payable, long-term loans payable and other interest-bearing liabilities subsequent to March 31, 2023

	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	¥ 153,832	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial paper	86,000	–	–	–	–	–
Bonds payable	–	10,000	30,000	–	10,000	105,000
Long-term loans payable	72,906	72,329	66,987	27,892	42,855	110,535
Total	¥ 312,739	¥ 82,329	¥ 96,987	¥ 27,892	¥ 52,855	¥ 215,535

## (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.

## (1) Financial instruments booked at fair value on consolidated balance sheet 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

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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	\$ 856,420	\$ —	\$ —	\$ 856,420
Other	8,223	—	—	8,223
Derivative transactions				
Currency-related	—	12,976	—	12,976
Interest rate-related	—	346	—	346
Commodities-related	—	4,417	34,990	39,407
Total assets	864,644	17,741	34,990	917,375
Derivative transactions				
Currency-related	—	1,971	—	1,971
Interest rate-related	—	—	—	—
Commodities-related	—	—	—	—
Total liabilities	\$ —	\$ 1,971	\$ —	\$ 1,971

Financial instruments booked at fair value on consolidated balance sheet as of March 31, 2023

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	¥ 98,919	¥ —	¥ —	¥ 98,919
Other	1,230	—	—	1,230
Derivative transactions				
Currency-related	—	0	—	0
Interest rate-related	—	59	—	59
Commodities-related	—	2,909	3,878	6,787
Total assets	100,149	2,969	3,878	106,997
Derivative transactions				
Currency-related	—	193	—	193
Interest rate-related	—	—	—	—
Commodities-related	—	—	—	—
Total liabilities	¥ —	¥ 193	¥ —	¥ 193

## (2) Financial instruments other than those booked at fair value on consolidated balance sheet 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

(Thousands of U.S. dollars)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Stocks of affiliates	\$ 120,766	\$ —	\$ —	\$ 120,766
Total assets	120,766	—	—	120,766
Bonds payable	—	986,529	—	986,529
Long-term loans payable	—	2,677,288	—	2,677,288
Total liabilities	\$ —	\$ 3,663,818	\$ —	\$ 3,663,818

## Financial instruments other than those booked at fair value on consolidated balance sheet as of March 31, 2023

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Stocks of affiliates	¥ 9,955	¥ —	¥ —	¥ 9,955
Total assets	9,955	—	—	9,955
Bonds payable	—	151,494	—	151,494
Long-term loans payable	—	398,667	—	398,667
Total liabilities	¥ —	¥ 550,161	¥ —	¥ 550,161

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. 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 and 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.

**15. Securities****(1) Held-to-maturity debt securities**

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	¥ —

		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	31,518	31,518	—
	Total	31,518	31,518	—
Total		\$ 31,518	\$ 31,518	\$ —

As of March 31, 2023

		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	6,299	6,299	—
	Total	6,299	6,299	—
Total		¥ 6,299	¥ 6,299	¥ —

## (2) Available-for-sale securities

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

		Book value	Acquisition cost	Difference
		(Thousands of U.S. dollars)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	\$ 852,962	\$ 259,480	\$ 593,481
	② Others	—	—	—
	Total	852,962	259,480	593,481
Securities with a book value not exceeding acquisition cost	① Corporate stocks	3,458	3,993	(534)
	② Others	8,223	11,158	(2,935)
	Total	11,681	15,151	(3,470)
Total		\$ 864,644	\$ 274,632	\$ 590,011

Note: Non-listed corporate stocks, investments in capital and the like (Their book value on the consolidated balance sheet: ¥ 4,248 million (\$ 28,059 thousand)) are not included in above table because they have no market prices.

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As of March 31, 2023

		Book value	Acquisition cost	Difference
		(Millions of yen)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	¥ 94,726	¥ 35,630	¥ 59,095
	② Others	—	—	—
	Total	94,726	35,630	59,095
Securities with a book value not exceeding acquisition cost	① Corporate stocks	4,192	4,590	(397)
	② Others	1,230	1,691	(461)
	Total	5,423	6,281	(858)
Total		¥ 100,149	¥ 41,911	¥ 58,237

Note: Non-listed corporate stocks, investments in capital and the like (Their book value on the consolidated balance sheet: ¥ 3,632 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, 2024

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

	Proceeds from sales	Gains	Losses
	(Thousands of U.S. dollars)		
Corporate stocks	\$ 16,868	\$ 9,668	\$ 258
Others	109	22	9

For the fiscal year ended March 31, 2023

	Proceeds from sales	Gains	Losses
	(Millions of yen)		
Corporate stocks	¥ 1,861	¥ 864	¥ 8
Others	1,002	—	3

(4) Impairment of securities

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2024	2023	2024
Available-for-sale securities	¥ 49	¥ 10	\$ 327

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.

**16. 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, 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 Buy: Swiss Francs Sell: New Zealand dollars	Accounts payable-other Accounts payable-other	20 17	— —	(0) (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

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Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Foreign exchange forward contracts				
	Sell				
	Sell: U.S. dollars Buy: New Zealand dollars	Accounts receivable-trade	\$ 219,297	\$ 51,573	\$ (1,377)
	Sell: Euros Buy: New Zealand dollars	Accounts receivable-trade	931	—	26
	Buy				
	Buy: Euros Sell: Japanese yen	Scheduled transactions in foreign currencies	402,658	—	6,350
	Buy: U.S. dollars Sell: Japanese yen	Scheduled transactions in foreign currencies	217,607	—	6,462
	Buy: Euros Sell: New Zealand dollars Buy: Swiss Francs Sell: New Zealand dollars	Accounts payable-other Accounts payable-other	134 113	— —	(1) (4)
Total			\$ 840,743	\$ 51,573	\$ 11,456
Appropriated treatment for foreign exchange forward contracts	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	15,373	—	(78)
	Buy				
U.S. dollars	Accounts payable-trade	5,376	—	237	
Euros	Accounts payable-trade	286	—	3	
Total			\$ 21,036	\$ —	\$ 163

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).

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As of March 31, 2023

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	¥ 7,696	¥ -	¥ (26)
	Sell: Japanese yen Buy: New Zealand dollars	Accounts receivable-trade	484	-	2
	Sell: Euros Buy: New Zealand dollars	Accounts receivable-trade	312	-	(8)
Buy					
	Buy: New Zealand dollars Sell: Euros	Accounts payable-other	147	-	2
Total			¥ 8,640	¥ -	¥ (30)
Appropriated treatment for foreign exchange forward contracts	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	2,353	-	(3)
	Buy				
U.S. dollars	Accounts payable-trade	539	-	(6)	
Euros	Accounts payable-trade	37	-	1	
Total			¥ 2,930	¥ -	¥ (8)

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, 2024

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
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

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
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	\$ 8,254	\$ 5,896	\$ 346
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	421,623	264,183	(Note)
	Fixed rates received for floating rate	Long-term loans payable	473,548	473,548	(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	237,943	—	(Note)
Total			\$ 1,141,369	\$ 743,628	\$ 346

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.

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As of March 31, 2023

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
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	¥ 1,484	¥1,154	¥ 59
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	105,800	63,800	(Note)
	Fixed rates received for floating rate	Long-term loans payable	25,000	25,000	(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	38,730	36,027	(Note)
Total			¥ 171,014	¥ 125,981	¥ 59

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, 2024

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

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Commodity swaps Floating rate received for fixed rate	Electricity	\$ 1,976	—	\$ 2,818
Total			\$ 1,976	—	\$ 2,818

As of March 31, 2023

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	¥ 837	¥ 276	¥ 774
Total			¥ 837	¥ 276	¥ 774

## 17. 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, 2024

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Beginning balance of retirement benefit obligation	¥105,288	\$ 695,385
Service cost	3,032	20,031
Interest cost	860	5,683
Actuarial loss	(1,134)	(7,491)
Prior service cost	-	-
Payment of retirement benefits	(7,438)	(49,129)
Other	614	4,061
<b>Ending balance of retirement benefit obligation</b>	<b>¥ 101,223</b>	<b>\$ 668,541</b>

For the fiscal year ended March 31, 2023

	<u>Millions of yen</u>
Beginning balance of retirement benefit obligation	¥ 112,258
Service cost	2,784
Interest cost	769
Actuarial loss	(3,686)
Prior service cost	185
Payment of retirement benefits	(8,063)
Other	1,040
<b>Ending balance of retirement benefit obligation</b>	<b>¥ 105,288</b>

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(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, 2024

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Beginning balance of plan assets	¥ 110,852	\$ 732,131
Expected return on plan assets	1,502	9,925
Actuarial gain	41,593	274,705
Employer contributions	391	2,588
Payment of retirement benefits	(5,238)	(34,599)
Return of trust assets	(1,789)	(11,815)
Other	155	1,025
<b>Ending balance of plan assets</b>	<b>¥ 147,467</b>	<b>\$ 973,960</b>

For the fiscal year ended March 31, 2023

	<u>Millions of yen</u>
Beginning balance of plan assets	¥ 124,821
Expected return on plan assets	1,541
Actuarial gain	(10,463)
Employer contributions	351
Payment of retirement benefits	(5,684)
Return of trust assets	-
Other	285
<b>Ending balance of plan assets</b>	<b>¥ 110,852</b>

(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, 2024

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Beginning balance of net defined benefit liability	¥ 5,263	\$ 34,764
Retirement benefit expenses	124	820
Payment of retirement benefits	(912)	(6,026)
Plan contributions	(468)	(3,092)
Other	379	2,509
<b>Ending balance of net defined benefit liability</b>	<b>¥ 4,387</b>	<b>\$ 28,976</b>

For the fiscal year ended March 31, 2023

	<u>Millions of yen</u>
Beginning balance of net defined benefit liability	¥ 5,043
Retirement benefit expenses	1,330
Payment of retirement benefits	(710)
Plan contributions	(477)
Other	78
<b>Ending balance of net defined benefit liability</b>	<b>¥ 5,263</b>

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(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, 2024

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Funded retirement benefit obligation	¥ 63,583	\$ 419,944
Plan assets	(157,828)	(1,042,393)
	(94,245)	(622,449)
Unfunded retirement benefit obligation	52,388	346,006
Net of liabilities and assets recorded on the consolidated balance sheet	(41,856)	(276,442)
Net defined benefit liability	54,394	359,253
Net defined benefit asset	(96,250)	(635,695)
Net of liabilities and assets recorded on the consolidated balance sheet	¥ (41,856)	\$ (276,442)

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

For the fiscal year ended March 31, 2023

	<u>Millions of yen</u>	
Funded retirement benefit obligation	¥ 68,220	
Plan assets	(120,704)	
	(52,484)	
Unfunded retirement benefit obligation	52,184	
Net of liabilities and assets recorded on the consolidated balance sheet	(299)	
Net defined benefit liability	53,537	
Net defined benefit asset	(53,837)	
Net of liabilities and assets recorded on the consolidated balance sheet	¥ (299)	

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, 2024

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Service costs	¥ 3,032	\$ 20,031
Interest cost	860	5,683
Expected return on plan assets	(1,502)	(9,925)
Amortization of actuarial loss	(2,067)	(13,652)
Amortization of prior service cost	(643)	(4,247)
Retirement benefit expenses calculated by simplified method	124	820
Gain on return of assets from retirement benefits trust (Note 1)	(222)	(1,468)
Special retirement expenses (Note 2)	229	1,515
Extra retirement payments (Note 3)	18	121
Retirement benefit expenses relating to defined benefit plans	¥ (169)	\$ (1,120)

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For the fiscal year ended March 31, 2023

	<u>Millions of yen</u>
Service costs	¥ 2,784
Interest cost	769
Expected return on plan assets	(1,541)
Amortization of actuarial loss	(3,500)
Amortization of prior service cost	(634)
Retirement benefit expenses calculated by simplified method	1,330
Gain on return of assets from retirement benefits trust (Note 1)	-
Special retirement expenses (Note 2)	48
Extra retirement payments (Note 3)	27
<u>Retirement benefit expenses relating to defined benefit plans</u>	<u>¥ (716)</u>

- Notes: 1. Gain on return of assets from retirement benefits trust is recorded in “Other” under extraordinary income.
2. Extra retirement payments arising from business structure improvement which are recorded in “Other” under extraordinary losses are included.
3. Extra retirement payments associated with transferees and retirees which are recorded in “Other” under non-operating expenses are included.

(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 tax effects):

For the fiscal year ended March 31, 2024

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Prior service cost	¥ (643)	\$ (4,247)
Actuarial gain	40,437	267,075
<u>Total</u>	<u>¥ 39,794</u>	<u>\$ 262,827</u>

For the fiscal year ended March 31, 2023

	<u>Millions of yen</u>
Prior service cost	¥ (820)
Actuarial loss	(10,277)
<u>Total</u>	<u>¥ (11,097)</u>

(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 tax effects):

For the fiscal year ended March 31, 2024

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Unrecognized prior service cost	¥ (4,273)	\$ (28,221)
Unrecognized actuarial loss	(60,606)	(400,283)
<u>Total</u>	<u>¥ (64,879)</u>	<u>\$ (428,505)</u>

For the fiscal year ended March 31, 2023

	<u>Millions of yen</u>
Unrecognized prior service cost	¥ (4,916)
Unrecognized actuarial loss	(20,169)
<u>Total</u>	<u>¥ (25,085)</u>

## (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, 2024	Fiscal year ended March 31, 2023
Domestic corporate stocks	62 %	51 %
Overseas corporate stocks	6	5
Domestic bonds	3	5
Overseas bonds	6	5
Cash and deposits	3	7
Life insurance general accounts	1	3
Alternative investments (Note 1)	18	23
Other	1	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, 2024 and 46% in the fiscal year ended March 31, 2023.

## (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, 2024	Fiscal year ended March 31, 2023
(a) Discount rates		
Domestic	0.4 – 1.3 %	0.2 – 1.3 %
Overseas	3.5 – 7.2	2.6 – 7.6
(b) Long-term expected rates of return on plan assets		
Domestic	0.7 – 2.0 %	0.2 – 2.0 %
Overseas	3.5 – 7.0	3.9 – 7.0
(c) Expected rates of salary increases		
Domestic	2.5 – 8.5 %	1.7 – 8.5 %
Overseas	2.0 – 10.0	2.5 – 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 ¥ 3,018 million (\$ 19,936 thousand) in the fiscal year ended March 31, 2024 and ¥ 2,940 million in the fiscal year ended March 31, 2023.

**18. 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, 2024, 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)						
<b>Share acquisition rights which are not yet vested</b>							
Outstanding as of March 31, 2023	—	—	—	—	—	—	—
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	—	—	—	—	—	—	—
Outstanding as of March 31, 2024	—	—	—	—	—	—	—
<b>Share acquisition rights which have already been vested</b>							
Outstanding as of March 31, 2023	12,000	15,000	15,000	46,000	110,000	57,000	129,000
Vested	—	—	—	—	—	—	—
Exercised	—	—	—	33,000	71,000	—	13,000
Forfeited	—	—	—	—	—	—	—
Outstanding as of March 31, 2024	12,000	15,000	15,000	13,000	39,000	57,000	116,000

(b) Price information of stock options

As of March 31, 2024

	Stock option 2009	Stock option 2010	Stock option 2011	Stock option 2012	Stock option 2013	Stock option 2014	Stock option 2015
	(Yen)						
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average market price of the stock at the time of exercise	—	—	—	554	597	—	575
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)						
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	—	—	—	3.65	3.94	—	3.79
Fair value per share at the granted date	1.88	2.20	2.02	1.24	2.31	2.13	2.85

(3) Method for estimating the number of vested options

Since it is difficult to reasonably estimate the number of options that will expire in the future, the number of vested options is calculated based on the number of options that have actually been forfeited.

## 19. Tax Effect Accounting

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

	March 31, 2024 (Millions of yen)	March 31, 2023 (Millions of yen)	March 31, 2024 (Thousands of U.S. dollars)
Deferred tax assets			
Tax losses carried forward (Note 2)	¥ 25,727	¥ 16,403	\$ 169,920
Net defined benefit liability	22,834	23,342	150,810
Investment securities	7,602	7,866	50,209
Property, plant and equipment	26,165	28,006	172,814
Accrued bonuses	5,326	5,131	35,176
Inventory	3,009	4,175	19,874
Other	24,802	21,038	163,813
Subtotal	115,468	105,964	762,619
Valuation allowance for tax losses carried forward (Note 2)	(18,507)	(15,926)	(122,234)
Valuation allowance for total of deductible temporary differences	(28,542)	(27,393)	(188,509)
Valuation allowance (Note 1)	(47,049)	(43,320)	(310,743)
Total deferred tax assets	68,418	62,643	451,875
Deferred tax liabilities			
Adjustment of book value due to fair value revaluation	(45,623)	(43,819)	(301,324)
Property, plant and equipment	(34,729)	(30,641)	(229,373)
Reserve for advanced depreciation of non-current assets	(9,498)	(9,645)	(62,735)
Net defined benefit liability	(35,477)	(23,344)	(234,313)
Valuation difference on available-for-sale securities	(27,085)	(17,628)	(178,888)
Other	(9,035)	(7,761)	(59,678)
Total deferred tax liabilities	(161,450)	(132,842)	(1,066,313)
Net deferred tax liabilities	¥ (93,032)	¥ (70,199)	\$ (614,437)

Notes:

1. The change in the valuation allowance is mainly due to an increase in the valuation allowance for tax losses carried forward and total of deductible temporary differences at overseas subsidiaries.
2. Amount of tax losses carried forward and deferred tax assets by carry-forward period

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

(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*	\$ 17,811	\$ 11,130	\$ 6,177	\$ 8,456	\$ 15,797	\$ 110,546	\$ 169,920
Valuation allowance	(16,855)	(10,826)	(5,698)	(7,973)	(15,363)	(65,516)	(122,234)
Deferred tax assets	955	304	478	483	433	45,029	47,685

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

For the fiscal year ended March 31, 2023

(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*	¥ 709	¥ 2,180	¥ 1,624	¥ 1,098	¥ 916	¥ 9,874	¥ 16,403
Valuation allowance	(703)	(2,165)	(1,593)	(1,028)	(835)	(9,600)	(15,926)
Deferred tax assets	6	14	31	70	80	273	476

\* 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	
	2024	2023
Statutory effective tax rate	30.6 %	- %
(Adjustment)		
Non-deductible entertainment and social expenses, and so on.	2.5	-
Non-taxable income of dividends received, and so on.	(2.6)	-
Per capita levy of local inhabitant tax	0.6	-
Tax credit	(2.1)	-
Equity in earnings of affiliates	(1.9)	-
Different tax rates applied to foreign subsidiaries	(0.5)	-
Tax incentives for investment in foreign subsidiaries	(1.9)	-
Amortization of goodwill	0.9	-
Change in valuation allowance	6.8	-
Other	(0.0)	-
Effective rate of the tax burden after applying tax effect accounting	32.6	-

Note:

For the fiscal year ended March 31, 2023, Notes have been omitted because the difference between the statutory effective tax rate and the effective rate of the tax burden after applying tax effect accounting is less than or equal to 5/100 of the statutory effective tax rate.

(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.

**20. Revenue recognition**

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

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

(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	\$ 3,474,328	\$ 644,333	\$ 729,790	\$ 1,230,289	\$ 6,078,741	\$ 1,213,271	\$ 7,292,012
Overseas	1,371,157	765,061	1,324,856	322,410	3,783,485	127,645	3,911,131
Net sales to external customers	4,845,485	1,409,395	2,054,647	1,552,699	9,862,227	1,340,916	11,203,144

Note:

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

For the fiscal year ended March 31, 2023

(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	¥ 501,038	¥ 96,592	¥ 109,915	¥ 175,279	¥ 882,825	¥ 181,765	¥ 1,064,590
Overseas	214,281	109,093	258,572	44,597	626,544	15,506	642,051
Net sales to external customers	715,320	205,685	368,487	219,876	1,509,369	197,272	1,706,641

Note:

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

## 21. 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, logistics, engineering, real estate, liquid packaging carton business 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, 2024

	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)								
<b>Net Sales</b>									
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)	-
<b>Total sales</b>	<b>798,708</b>	<b>227,518</b>	<b>359,552</b>	<b>299,380</b>	<b>1,685,160</b>	<b>316,091</b>	<b>2,001,251</b>	<b>(304,983)</b>	<b>1,696,268</b>
<b>Segment profit</b>	<b>21,240</b>	<b>9,072</b>	<b>19,575</b>	<b>16,785</b>	<b>66,673</b>	<b>5,790</b>	<b>72,464</b>	<b>136</b>	<b>72,600</b>
<b>Segment assets</b>	<b>805,059</b>	<b>255,198</b>	<b>781,253</b>	<b>267,843</b>	<b>2,109,354</b>	<b>490,803</b>	<b>2,600,158</b>	<b>(157,675)</b>	<b>2,442,482</b>
<b>Other items</b>									
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

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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 environmental marketing	Printing and communications media	Total				
(Thousands of U.S. dollars)									
<b>Net Sales</b>									
Sales to third parties	\$4,845,485	\$1,409,395	\$2,054,647	\$1,552,699	\$9,862,227	\$1,340,916	\$11,203,144	-	\$11,203,144
Inter-segment sales or transfers	429,652	93,271	320,049	424,581	1,267,555	746,733	2,014,288	(2,014,288)	-
Total sales	5,275,138	1,502,666	2,374,697	1,977,280	11,129,783	2,087,649	13,217,432	(2,014,288)	11,203,144
Segment profit	140,282	59,918	129,287	110,862	440,351	38,246	478,598	899	479,498
Segment assets	5,317,081	1,685,476	5,159,852	1,768,997	13,931,408	3,241,551	17,172,960	(1,041,382)	16,131,578
<b>Other items</b>									
Depreciation and amortization (Note 4)	220,406	58,184	167,492	50,411	496,495	28,765	525,260	-	525,260
Increase in property, plant, equipment and intangible assets (Note 4)	\$241,875	\$69,191	\$362,015	\$33,035	\$706,117	\$82,627	\$788,744	-	\$788,744

Notes

- “Other” is a group of business segments which are not included in the reporting segments, and included in this segment are trading, logistics, engineering, real estate, liquid packaging carton business and other businesses.
- “Adjustments” are as follows.
  - Adjustment for segment profit of ¥ 136 million (\$ 899 thousand) which primarily consists of adjustment relating to internal transactions.
  - Adjustment for segment assets of ¥ (157,675) million (\$ (1,041,382) thousand) which includes the following items.
    - Elimination of inter-segment assets, liabilities and the like of ¥ (190,460) million (\$ (1,257,910) thousand)
    - Group-wide assets\* not allocated to each reporting segment of ¥ 32,784 million (\$ 216,528 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.

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For the fiscal year ended March 31, 2023

	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)									
<b>Net Sales</b>									
Sales to third parties	¥715,320	¥205,685	¥368,487	¥219,876	¥1,509,369	¥197,272	¥1,706,641	-	¥1,706,641
Inter-segment sales or transfers	65,207	14,217	55,313	61,103	195,842	120,858	316,700	(316,700)	-
Total sales	780,527	219,902	423,801	280,980	1,705,211	318,130	2,023,342	(316,700)	1,706,641
Segment profit (loss)	(1,234)	15,487	68,530	(4,779)	78,003	8,448	86,451	(1,632)	84,818
Segment assets	772,586	257,529	737,951	245,823	2,013,890	452,613	2,466,503	(170,485)	2,296,018
<b>Other items</b>									
Depreciation and amortization (Note 4)	32,573	6,581	21,975	7,836	68,967	4,067	73,034	-	73,034
Increase in property, plant, equipment and intangible assets (Note 4)	43,743	15,581	33,832	1,838	94,996	5,095	100,092	-	100,092

Notes

- “Other” is a group of business segments which are not included in the reporting segments, and included in this segment are trading, logistics, engineering, real estate and other businesses.
- “Adjustments” are as follows.
  - Adjustment for segment profit (loss) of ¥ (1,632) million which primarily consists of adjustment relating to internal transactions.
  - Adjustment for segment assets of ¥ (170,485) million which includes the following items.
    - Elimination of inter-segment assets, liabilities and the like of ¥ (193,572) million
    - Group-wide assets\* not allocated to each reporting segment of ¥ 23,087 million
- Adjustment is made between segment profit (loss) 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, 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

Japan	China	Asia	North America	South America	Europe	Oceania	Other	Total
(Thousands of U.S. dollars)								
\$ 7,292,012	\$ 1,081,690	\$ 1,392,518	\$ 273,532	\$ 228,379	\$ 348,036	\$ 534,598	\$ 52,374	\$ 11,203,144

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

Japan	China	Asia	North America	Brazil	Europe	New Zealand	Oceania	Total
(Thousands of U.S. dollars)								
\$ 3,762,441	\$ 858,644	\$ 882,155	\$ 10,767	\$ 1,775,500	\$ 64,658	\$ 1,019,788	\$ 37,011	\$ 8,410,967

(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, 2023

(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)								
¥ 1,064,590	¥ 171,992	¥ 232,077	¥ 49,204	¥ 34,582	¥ 66,669	¥ 82,729	¥ 4,794	¥ 1,706,641

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)								
¥557,066	¥ 133,053	¥ 135,453	¥ 1,450	¥ 242,135	¥ 5,095	¥130,406	¥ 3,572	¥ 1,208,234

(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, 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

	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	\$ 18,897	\$ 6,909	\$ 2,539	—	\$ 4	\$ 28,350

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 (\$ 28,350 thousand) for the fiscal year ended March 31, 2024, ¥ 312 million (\$ 2,061 thousand) are accounted for as “other” under extraordinary losses.

For the fiscal year ended March 31, 2023

	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	¥ 170	¥ 189	—	¥ 1,551	¥ 1,918

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 ¥ 1,918 million for the fiscal year ended March 31, 2023, ¥ 1,887 million are accounted for as “other” 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, 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

	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	\$ 1,481	\$ 10,932	\$ 107	—	\$ 2,362	\$ 14,884
Balance of goodwill	12,774	62,304	636	—	43,705	119,421

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, 2023

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note)	Total
	(Millions of yen)					
Amortized amount of goodwill	¥ 180	¥ 864	¥ 14	—	—	¥ 1,058
Balance of goodwill	1,388	10,382	97	—	—	11,868

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

## (7) Information on gain on bargain purchase by reporting segment

For the fiscal year ended March 31, 2024

None

For the fiscal year ended March 31, 2023

None

**22. Information on Transactions with Related Parties**

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.

For the fiscal year ended March 31, 2023

## (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.

**23. Per Share Information**

As of and for the fiscal years ended March 31, 2024 and 2023

	(Yen)		(U.S. dollars)
	2024	2023	2024
Net assets per share	¥ 1,083.06	¥ 945.27	\$ 7.15
Basic profit per share	¥ 51.31	¥ 57.00	\$ 0.34
Diluted profit per share (Note 1)	¥ 51.30	¥ 56.97	\$ 0.34

Note 1: Basis for computations of basic profit per share and diluted profit per share are as follows:

For the fiscal years ended March 31, 2024 and 2023

	(Millions of yen)		(Thousands of U.S. dollars)
	2024	2023	2024
Basic profit per share			
Profit attributable to owners of parent	¥ 50,812	¥ 56,843	\$335,592
Amount not attributable to common shareholders	—	—	—
Profit attributable to owners of parent allocated to common stock	50,812	56,483	335,592
Average number of shares outstanding during the period	(thousand shares) 990,218	(thousand shares) 990,976	(thousand shares) 990,218
Diluted profit per share			
Adjusted amount of profit attributable to owners of parent	—	—	—
Increase in shares of common stock	(thousand shares) 331	(thousand shares) 426	(thousand shares) 331
(Share acquisition rights within the above increase)	(thousand shares) (331)	(thousand shares) (426)	(thousand shares) (331)

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, 2024 and 1,546 thousand shares for the fiscal year ended March 31, 2023).

Moreover, in calculating "Basic 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, 2024 and 1,321 thousand shares for the fiscal year ended March 31, 2023).

## 24. Significant Subsequent Events

### 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:	Walki Holding Oy and 20 other companies
Business activities:	Manufacture and sales coating on paper, lamination, printing, and other processing

##### (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 acquiring company  
Share acquisition with cash as consideration by the Company.
2. Acquisition cost of the acquired business and breakdown of consideration by type
- |                               |      |  |
|-------------------------------|------|--|
| Consideration for acquisition | Cash | 61,297 million yen (\$ 404,847 thousand) |
|-------------------------------|------|--|

**25. Bonds payable**

Company	Name	Date of issue	Balance as of April 1, 2023 (Millions of yen)	Balance as of March 31, 2024 (Millions of yen)	Balance as of March 31, 2024 (Thousands of U.S. dollars)	Interest rate (%)	Collateral	Maturity
Oji Holdings Corporation	Bond No.33	January 26, 2018	¥ 10,000	¥ 10,000 (10,000)	\$ 66,045 (66,045)	0.28	None	January 24, 2025
Oji Holdings Corporation	Bond No.34	January 26, 2018	10,000	10,000	66,045	0.43	None	January 26, 2028
Oji Holdings Corporation	Bond No.35	November 29, 2018	20,000	20,000	132,091	0.45	None	November 29, 2028
Oji Holdings Corporation	Bond No.36	November 29, 2018	10,000	10,000	66,045	1.08	None	November 29, 2038
Oji Holdings Corporation	Bond No.37	July 19, 2019	15,000	15,000	99,068	0.29	None	July 19, 2029
Oji Holdings Corporation	Bond No.38	July 19, 2019	15,000	15,000	99,068	0.80	None	July 19, 2039
Oji Holdings Corporation	Bond No.39	July 17, 2020	15,000	15,000	99,068	0.18	None	July 17, 2025
Oji Holdings Corporation	Bond No.40	July 17, 2020	15,000	15,000	99,068	0.37	None	July 17, 2030
Oji Holdings Corporation	Bond No.41	July 17, 2020	10,000	10,000	66,045	0.80	None	July 17, 2040
Oji Holdings Corporation	Bond No.42	March 24, 2021	15,000	15,000	99,068	0.08	None	March 24, 2026
Oji Holdings Corporation	Bond No.43	March 24, 2021	20,000	20,000	132,091	0.37	None	March 24, 2031
Total	—	—	¥ 155,000 (¥ —)	¥ 155,000 (¥ 10,000)	\$ 1,023,710 (\$ 66,045)	—	—	—

- 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, 2024 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)				
¥ 10,000	¥ 30,000	¥ —	¥ 10,000	¥ 20,000

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)				
\$ 66,045	\$ 198,137	\$ —	\$ 66,045	\$ 132,091

**26. Loans payable and the like**

	April 1, 2023 (Millions of yen)	March 31, 2024 (Millions of yen)	March 31, 2024 (Thousands of U.S. dollars)	Average interest rate (%)	Maturity
Short-term loans payable	¥ 153,832	¥ 143,863	\$ 950,155	1.32	—
Current portion of long-term loans payable	72,906	72,613	479,579	0.55	—
Current portion of lease obligations	5,202	5,854	38,664	—	—
Long-term loans payable (excluding current portion)	320,599	335,240	2,214,125	0.52	Due 2025 through 2051
Lease obligations (excluding current portion)	21,614	22,802	150,598	—	Due 2025 through 2056
Other interest-bearing liability commercial paper (current portion)	86,000	30,000	198,137	0.02	—
Total	¥ 660,156	¥ 610,373	\$ 4,031,262	—	—

- 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, 2024 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	¥ 66,432	¥ 34,829	¥ 43,506	¥ 40,136
Lease obligation	16,713	2,785	2,074	1,409

	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	\$ 438,757	\$ 230,036	\$ 287,343	\$ 265,084
Lease obligation	110,383	18,397	13,699	9,308

**27. Asset Retirement Obligations**

As the asset retirement obligations as of April 1, 2023 and March 31, 2024 account for less than 1% of the sum of total liabilities and net assets, this information is omitted pursuant to the provision of Article 92-2 of the Regulation for Consolidated Financial Statements.

**28. Others**

Quarterly Financial Information for the fiscal year ended March 31, 2024

Cumulative period	Q1	Q2	Q3	Q4
Net sales (Millions of yen)	¥ 420,317	¥ 847,093	¥ 1,292,397	¥ 1,696,268
Profit before income taxes (Millions of yen)	27,877	49,994	66,788	77,599
Profit attributable to owners of parent (Millions of yen)	17,599	31,641	42,330	50,812
Profit per share (Yen)	17.76	31.92	42.70	51.31

Cumulative period	Q1	Q2	Q3	Q4
Net sales (Thousands of U.S. dollars)	\$ 2,776,020	\$ 5,594,700	\$ 8,535,744	\$ 11,203,144
Profit before income taxes (Thousands of U.S. dollars)	184,120	330,193	441,111	512,510
Profit attributable to owners of parent (Thousands of U.S. dollars)	116,236	208,975	279,573	335,592
Profit per share (U.S. dollars)	0.11	0.21	0.28	0.33

Accounting period	Q1	Q2	Q3	Q4
Profit per share (Yen)	¥ 17.76	¥ 14.17	¥ 10.78	¥ 8.59

Accounting period	Q1	Q2	Q3	Q4
Profit per share (U.S. dollars)	\$ 0.11	\$ 0.09	\$ 0.07	\$ 0.05

## 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 27, 2024

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, 2024, 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, 2023 to March 31, 2024, 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, 2024, 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 Matter**

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 the matter.

Among the matters that the auditors paid particular attention to in the audit of the consolidated financial statements for the previous fiscal year, the "Accounting impact of Cyclone Gabrielle making landfall in New Zealand" was identified as a key audit matter. The damage caused by the cyclone had a wide-ranging impact on the business activities of Pan Pac Forest Products Ltd. ("PANPAC"), a consolidated subsidiary in New Zealand. This matter necessitated a careful consideration of the comprehensive understanding of the accounting impact and the validity of the accounting treatment, making it a key audit matter for the previous consolidated fiscal year.

During the current consolidated fiscal year, as PANPAC progressed with recovery works towards resuming operations, we gained more detailed understanding of the extent of damage caused by the cyclone. Additionally, to confirm that the valuations of the fixed assets invested during the recovery process were in line with the business plan after resumption of the operations, we instructed the auditor of PANPAC to perform mainly the following audit procedures.

To examine the reasonableness of the recovery plan, the auditor of PANPAC mainly performed the following:

1. On-site observation of the operational status of the sawmill and pulp equipment
2. Inspection of the recovery plan
3. Inquiry of the management

To examine the reasonableness of the post-resumption business plan, the auditor of PANPAC mainly performed the following:

1. Comparative analysis of the sales and profit margin plans after resumption of operations with the pre-shutdown actual performance
2. Inquiry and evaluation of the customer demand analysis conducted by the management

As the result of the above procedures, we did not identify the matters which would be suspected as a lack of accounting treatment conducted during the previous fiscal year, requiring significant adjustments, and which should be considered significantly important in the audit for of the consolidated financial statements for the year ended March 31, 2024.

Therefore, the "Accounting impact of Cyclone Gabrielle making landfall in New Zealand" was not identified as a key audit matter for the year ended March 31, 2024.

<p><b><i>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.</i></b></p> <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 excluding the impairment loss was 11,273 million yen (0.5% of consolidated total assets) as of March 31, 2024, as described in "(5. Significant Accounting</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 the auditor of Jiangsu Oji Paper Co., Ltd. and performed the following audit procedures, among others:</p> <p>(1) Evaluation of internal controls</p> <ul style="list-style-type: none"> <li>● To evaluate the design and operating effectiveness of internal controls over the impairment test for non-current assets, we inquired on series of impairment test processes, and performed procedures focusing on the followings, among others:             <ul style="list-style-type: none"> <li>● Approval by administration department</li> </ul> </li> </ul>
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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.

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.

Jiangsu Oji Household Paper Base Paper Business has been affected by disruptions in logistics due to the COVID-19 pandemic occurred after the beginning of the operation, as well as the increases in raw materials and fuel prices due to the international situation surrounding Ukraine. Furthermore, equipment stop caused by unexpected breakdowns and other reasons has also impacted the operational condition of the manufacturing equipment and the production volume. As a result of these reasons, the performance of the business has experienced delays compared to the business plan established at the timing of investment decision-making.

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. As a result of the test, the Group recorded the impairment loss of 2,662 million yen in the consolidated statement of income, and the book value of the non-current assets in relation to the business was 8,611 million yen in the consolidated balance sheet. 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 by the management and reflected the inflation rate in China as long-term growth rate.

Significant assumptions in measuring value in use include:

- Assumptions in the future business plan
- ① Production volume based on the operational condition of the manufacturing equipment
- ② Future sales volume which is based on the future product demands, market competition and other factors
- ③ Future purchase price of pulp, which is the main raw material
- ④ Future selling price, which is based on 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

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.

(2) Examination of the impairment test for non-current assets

- We evaluated the feasibility of the future business plan by analyzing the factors causing difference between the business plan and the actual results retrospectively, and inspecting whether those factors were resolved or reflected to the significant assumptions or not.
- 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:
  - Assumptions in the future business plan
  - ① In order to examine the appropriateness of future production volume, we inquired of the department responsible for managing the manufacturing equipment and inspected the causes of past equipment failures and the status of improvements.
  - ② In order to examine the appropriateness of future sales volume, we performed the following procedures:
    - 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.
    - 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

<p>These significant assumptions in measuring value in use contain high uncertainty as they are affected by external changes such as the market entry of competitors and pulp market conditions, and therefore those assumption require management judgment.</p> <p>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>involved our network firm's internal specialists, and evaluated the appropriateness of the method management applied, and compared input data with available external data.</p>
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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.

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- 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.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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, 2024.

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, 2024, 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

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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, 2024, 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.

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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.