[Translation]

OJI HOLDINGS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2026

The accompanying consolidated financial statements 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 ¥ 159.88 to U.S. $ 1.00, the approximate rate of exchange prevailing at March 31, 2026. 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, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
ASSETS			
Current assets			
Cash and deposits (Note 8 (2))	¥65,909	¥58,429	$412,245
Notes receivable–trade	60,814	66,467	380,378
Accounts receivable–trade (Note 8 (2))	306,454	305,317	1,916,777
Contract assets	2,298	3,126	14,374
Securities	9,065	7,434	56,699
Merchandise and finished goods (Note 8 (2))	134,070	136,769	838,570
Work in process (Note 8 (2))	24,449	26,247	152,923
Raw materials and supplies (Note 8 (2))	147,266	152,609	921,108
Short-term loans receivable (Note 8 (2))	4,536	4,589	28,375
Accounts receivable-other (Note 8 (2))	24,917	25,967	155,852
Other (Note 8 (2))	26,867	22,438	168,048
Allowance for doubtful accounts	(2,924)	(2,892)	(18,291)
Total current assets	803,726	806,504	5,027,061
Non-current assets			
Property, plant and equipment			
Buildings and structures	850,393	813,695	5,318,948
Accumulated depreciation (Note 8 (7))	(607,100)	(568,962)	(3,797,226)
Buildings and structures (Net) (Notes 8 (2), (8))	243,293	244,732	1,521,722
Machinery, equipment and vehicles	2,934,026	2,831,123	18,351,430
Accumulated depreciation (Note 8 (7))	(2,464,906)	(2,363,506)	(15,417,229)
Machinery, equipment and vehicles (Net) (Notes 8 (2), (8))	469,120	467,616	2,934,201
Tools, furniture and fixtures	77,090	69,410	482,176
Accumulated depreciation (Note 8 (7))	(67,232)	(61,210)	(420,517)
Tools, furniture and fixtures (Net) (Note 8 (2))	9,858	8,200	61,659
Land (Notes 8 (2), (5))	243,888	242,886	1,525,447
Forests (Note 8 (2))	178,089	179,333	1,113,897
Plantations (Notes 8 (2), (8))	161,810	153,696	1,012,076
Leased assets	111,620	97,403	698,152
Accumulated depreciation (Note 8 (7))	(46,670)	(42,357)	(291,912)
Leased assets (Net)	64,949	55,046	406,240
Construction in progress (Note 8 (2))	33,825	29,885	211,570
Total property, plant and equipment	1,404,836	1,381,399	8,786,815
Intangible assets			
Goodwill	97,103	58,303	607,353
Other (Note 8 (2))	52,472	52,203	328,200
Total intangible assets	149,576	110,507	935,553

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Investments and other assets			
Investment securities (Notes 8 (1), (2))	191,730	197,835	1,199,212
Long-term loans receivable	2,464	3,108	15,412
Long-term prepaid expenses	2,447	2,522	15,306
Net defined benefit asset	81,007	86,939	506,675
Deferred tax assets	14,973	12,959	93,654
Other (Note 8 (2))	38,092	35,045	238,257
Allowance for doubtful accounts	(1,909)	(1,790)	(11,942)
Total investments and other assets	328,805	336,619	2,056,576
Total non-current assets	1,883,217	1,828,526	11,778,945
Total assets	¥2,686,944	¥2,635,030	$16,806,007

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
LIABILITIES			
Current liabilities			
Notes and accounts payable-trade (Note 8 (2))	245,150	¥263,763	$1,533,340
Short-term loans payable (Note 8 (2))	281,458	236,227	1,760,436
Commercial paper	67,000	77,000	419,064
Current portion of bonds payable	-	30,000	-
Accounts payable-other	24,791	21,582	155,064
Accrued expenses	57,089	54,506	357,076
Income taxes payable	30,979	20,610	193,765
Other	44,231	35,127	276,651
Total current liabilities	750,700	738,818	4,695,399
Non-current liabilities			
Bonds payable	115,000	115,000	719,289
Long-term loans payable (Note 8 (2))	492,444	445,161	3,080,086
Deferred tax liabilities	97,217	101,198	608,066
Deferred tax liabilities for land revaluation (Note 8 (5))	6,606	7,818	41,319
Net defined benefit liability	48,928	51,146	306,034
Other	39,164	43,095	244,962
Total non-current liabilities	799,361	763,420	4,999,758
Total liabilities	¥1,550,061	¥1,502,238	$9,695,158
CONTINGENT LIABILITIES			
NET ASSETS			
Shareholders' equity			
Common stock	103,880	103,880	649,742
Capital surplus	86,394	86,035	540,368
Retained earnings	700,535	671,980	4,381,635
Treasury stock	(93,383)	(45,836)	(584,085)
Total shareholders' equity	797,427	816,060	4,987,661
Accumulated other comprehensive income			
Valuation difference on available-for-sale Securities	47,264	52,782	295,623
Deferred gains or losses on hedges	(428)	(638)	(2,681)
Revaluation reserve for land (Note 8 (5))	4,454	5,326	27,859
Foreign currency translation adjustment	209,472	186,875	1,310,184
Remeasurements of defined benefit plans	44,126	41,350	275,997
Total accumulated other comprehensive income	304,888	285,695	1,906,983
Share acquisition rights	50	68	317
Non-controlling interests	34,515	30,967	215,885
Total net assets	1,136,882	1,132,791	7,110,848
Total liabilities and net assets	¥2,686,944	¥2,635,030	$16,806,007

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

CONSOLIDATED STATEMENT OF INCOME

Fiscal years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Net sales	¥1,861,709	¥1,849,264	$11,644,415
Cost of sales (Note 9 (1), (2))	1,538,252	1,499,869	9,621,293
Gross profit	323,456	349,395	2,023,121
Selling, general and administrative expenses			
Freight expenses	127,804	131,911	799,375
Warehouse expenses	7,321	7,267	45,790
Salaries and wages	66,039	63,145	413,054
Depreciation and amortization	10,902	10,544	68,189
Other	76,808	68,840	480,410
Total selling, general and administrative expenses (Note 9 (1))	288,874	281,709	1,806,820
Operating profit	34,582	67,686	216,301
Non-operating income			
Interest income	2,548	2,352	15,941
Dividend income	4,295	4,134	26,867
Exchange gains	12,570	-	78,623
Equity in earnings of affiliates	5,085	4,503	31,810
Gain on valuation of derivatives	-	3,077	-
Other	7,287	9,016	45,582
Total non-operating income	31,788	23,085	198,826
Non-operating expenses			
Interest expenses	11,590	8,564	72,493
Exchange losses	-	4,839	-
Other	14,250	8,799	89,133
Total non-operating expenses	25,840	22,203	161,626
Ordinary profit	40,529	68,568	253,500
Extraordinary income			
Gain on sale of non-current assets (Note 9 (3))	40,062	951	250,575
Gain on sale of investment securities	34,842	26,178	217,928
Gain on refund of retirement benefit trust (Note 9 (4))	9,468	8,469	59,220
Other	8,462	1,266	52,930
Total extraordinary income	92,835	36,865	580,655
Extraordinary losses			
Business restructuring expenses (Note 9 (5), (6))	24,459	10,847	152,985
Impairment loss (Note 9 (6))	10,195	2,986	63,769
Other	7,072	7,239	44,239
Total extraordinary losses	41,727	21,074	260,994
Profit before income taxes	91,637	84,359	573,162
Income taxes–current	40,973	38,003	256,276
Income taxes–deferred	(6,269)	(1,584)	(39,212)
Total income taxes	34,704	36,419	217,064
Profit	56,932	47,940	356,097
Profit attributable to non-controlling interests	1,349	1,769	8,443
Profit attributable to owners of parent	¥55,582	¥46,171	$347,654

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Fiscal years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Profit	¥56,932	¥47,940	$ 356,097
Other comprehensive income			
Valuation difference on available-for-sale securities	(7,327)	(12,017)	(45,833)
Deferred gains or losses on hedges	175	(2,204)	1,100
Revaluation reserve for land	-	(179)	-
Foreign currency translation adjustment	23,415	62,699	146,457
Remeasurements of defined benefit plans	(2,915)	(7,319)	(18,234)
Share of other comprehensive income of entities accounted for using equity method	6,808	(2,273)	42,583
Total other comprehensive income (Note 10(1))	20,156	38,705	126,073
Comprehensive income	¥ 77,089	¥ 86,645	$ 482,171
(Breakdown)			
Comprehensive income attributable to owners of parent	¥ 75,737	¥ 84,021	$ 473,716
Comprehensive income attributable to non-controlling interests	1,351	2,624	8,454

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Fiscal years ended March 31, 2026 and 2025

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2024	¥ 103,880	¥ 85,740	¥ 645,337	¥ (16,575)	¥ 818,383
Changes of items during the year					
Cash dividends	–	–	(19,727)	–	(19,727)
Profit attributable to owners of parent	–	–	46,171	–	46,171
Purchase of treasury stock	–	–	–	(29,307)	(29,307)
Disposal of treasury stock	–	(18)	–	48	29
Change in treasury stock arising from change in equity in entities accounted for using equity method	–	–	–	(1)	(1)
Change in scope of consolidation	–	–	10	–	10
Transfer from retained earnings to capital surplus	–	18	(18)	–	–
Change in ownership interest of parent arising from transactions with non-controlling shareholders	–	295	–	–	295
Reversal of revaluation reserve for land	–	–	207	–	207
Net changes of items other than shareholders' equity	–	–	–	–	–
Total changes of items during the year	–	295	26,642	(29,260)	(2,323)
Balance at April 1, 2025	¥ 103,880	¥ 86,035	¥ 671,980	¥ (45,836)	¥ 816,060
Changes of items during the year					
Cash dividends	–	–	(27,706)	–	(27,706)
Profit attributable to owners of parent	–	–	55,582	–	55,582
Purchase of treasury stock	–	–	–	(47,691)	(47,691)
Disposal of treasury stock	–	(12)	–	143	131
Change in treasury stock arising from change in equity in entities accounted for using equity method	–	–	–	0	0
Change in scope of consolidation	–	–	(181)	–	(181)
Transfer from retained earnings to capital surplus	–	12	(12)	–	–
Change in ownership interest of parent arising from transactions with non-controlling shareholders	–	358	–	–	358
Reversal of revaluation reserve for land	–	–	871	–	871
Net changes of items other than shareholders' equity	–	–	–	–	–
Total changes of items during the year	–	358	28,555	(47,547)	(18,633)
Balance at March 31, 2026	¥ 103,880	¥ 86,394	¥ 700,535	¥ (93,383)	¥ 797,427

	Millions of yen								
	Accumulated other comprehensive income								
	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	Share acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2024	¥ 64,656	¥ 1,524	¥ 5,713	¥ 124,922	¥ 51,249	¥ 248,066	¥ 97	¥ 29,049	¥ 1,095,597
Changes of items during the year									
Cash dividends	—	—	—	—	—	—	—	—	(19,727)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	46,171
Purchase of treasury stock	—	—	—	—	—	—	—	—	(29,307)
Disposal of treasury stock	—	—	—	—	—	—	—	—	29
Change in treasury stock arising from change in equity in entities accounted for using equity method	—	—	—	—	—	—	—	—	(1)
Change in scope of consolidation	—	—	—	—	—	—	—	—	10
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—	—	—
Change in ownership interest of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	295
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	207
Net changes of items other than shareholders' equity	(11,873)	(2,163)	(387)	61,952	(9,899)	37,629	(29)	1,917	39,517
Total changes of items during the year	(11,873)	(2,163)	(387)	61,952	(9,899)	37,629	(29)	1,917	37,194
Balance at April 1, 2025	¥ 52,782	¥ (638)	¥ 5,326	¥ 186,875	¥ 41,350	¥ 285,695	¥ 68	¥ 30,967	¥ 1,132,791
Changes of items during the year									
Cash dividends	—	—	—	—	—	—	—	—	(27,706)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	55,582
Purchase of treasury stock	—	—	—	—	—	—	—	—	(47,691)
Disposal of treasury stock	—	—	—	—	—	—	—	—	131
Change in treasury stock arising from change in equity in entities accounted for using equity method	—	—	—	—	—	—	—	—	0
Change in scope of consolidation	—	—	—	—	—	—	—	—	(181)
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—	—	—
Change in ownership interest of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	358
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	871
Net changes of items other than shareholders' equity	(5,518)	210	(871)	22,596	2,776	19,192	(17)	3,548	22,723
Total changes of items during the year	(5,518)	210	(871)	22,596	2,776	19,192	(17)	3,548	4,090
Balance at March 31, 2026	¥47,264	¥ (428)	¥ 4,454	¥ 209,472	¥ 44,126	¥ 304,888	¥ 50	¥ 34,515	¥ 1,136,882

	Thousands of U.S. dollars				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2025	$ 649,742	$ 538,124	$ 4,203,028	$ (286,691)	$ 5,104,204
Changes of items during the year					
Cash dividends	–	–	(173,293)	–	(173,293)
Profit attributable to owners of parent	–	–	347,654	–	347,654
Purchase of treasury stock	–	–	–	(298,293)	(298,293)
Disposal of treasury stock	–	(75)	–	899	823
Change in treasury stock arising from change in equity in entities accounted for using equity method	–	–	–	0	0
Change in scope of consolidation	–	–	(1,132)	–	(1,132)
Transfer from retained earnings to capital surplus	–	75	(75)	–	–
Change in ownership interest of parent arising from transactions with non-controlling shareholders	–	2,243	–	–	2,243
Reversal of revaluation reserve for land	–	–	5,454	–	5,454
Net changes of items other than shareholders' equity	–	–	–	–	–
Total changes of items during the year	–	2,243	178,606	(297,393)	(116,543)
Balance at March 31, 2026	$ 649,742	$ 540,368	$ 4,381,635	$ (584,085)	$ 4,987,661

	Thousands of U.S. dollars								
	Accumulated other comprehensive income								
	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	Share acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2025	$ 330,139	($ 3,995)	$ 33,313	$ 1,168,849	$258,631	$1,786,937	$ 428	$ 193,692	$ 7,085,263
Changes of items during the year									
Cash dividends	–	–	–	–	–	–	–	–	(173,293)
Profit attributable to owners of parent	–	–	–	–	–	–	–	–	347,654
Purchase of treasury stock	–	–	–	–	–	–	–	–	(298,293)
Disposal of treasury stock	–	–	–	–	–	–	–	–	823
Change in treasury stock arising from change in equity in entities accounted for using equity method	–	–	–	–	–	–	–	–	0
Change in scope of consolidation	–	–	–	–	–	–	–	–	(1,132)
Transfer from retained earnings to capital surplus	–	–	–	–	–	–	–	–	–
Change in ownership interest of parent arising from transactions with non-controlling shareholders	–	–	–	–	–	–	–	–	2,243
Reversal of revaluation reserve for land	–	–	–	–	–	–	–	–	5,454
Net changes of items other than shareholders' equity	(34,515)	1,314	(5,454)	141,335	17,366	120,046	(110)	22,192	142,128
Total changes of items during the year	(34,515)	1,314	(5,454)	141,335	17,366	120,046	(110)	22,192	25,584
Balance at March 31, 2026	$ 295,623	$ (2,681)	$ 27,859	$ 1,310,184	$ 275,997	$ 1,906,983	$ 317	$ 215,885	$ 7,110,848

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Fiscal years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Cash flows from operating activities			
Profit before income taxes	¥91,637	¥84,359	573,162
Depreciation	92,805	89,176	580,471
Impairment losses	10,195	2,986	63,769
Amortization of goodwill	6,182	5,082	38,670
Depletion of plantations	10,154	12,293	63,516
Increase (decrease) in allowance for doubtful accounts	41	(227)	262
Decrease (increase) in net defined benefit asset	(8,096)	(6,323)	(50,640)
Increase (decrease) in net defined benefit liability	(194)	(2,121)	(1,213)
Interest and dividend income	(6,844)	(6,487)	(42,809)
Interest expenses	11,590	8,564	72,493
Foreign exchange losses (gains)	(9,296)	3,019	(58,144)
Share of loss (profit) of entities accounted for using equity method	(5,085)	(4,503)	(31,810)
Loss (gain) on sale of investment securities	(34,125)	(25,746)	(213,444)
Loss (gain) on refund of assets from retirement benefit trust	(9,468)	(8,469)	(59,220)
Loss (gain) on sale of non-current assets	(39,880)	(945)	(249,440)
Business restructuring expenses	24,459	10,847	152,985
Decrease (increase) in trade receivables	11,975	11,120	74,903
Decrease (increase) in inventories	12,939	(10,695)	80,935
Increase (decrease) in trade payables	(21,776)	(21,537)	(136,205)
Other	2,668	(9,742)	16,688
Subtotal	139,883	130,651	874,928
Interest and dividend received	14,589	7,701	91,251
Interest paid	(9,837)	(6,550)	(61,531)
Income taxes paid	(31,258)	(37,381)	(195,512)
Net cash provided by (used in) operating activities	113,376	94,420	709,135
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	(92,445)	(143,934)	(578,220)
Proceeds from sale of property, plant and equipment and intangible assets	49,347	2,155	308,650
Purchase of investment securities	(10,803)	(5,720)	(67,575)
Proceeds from sale and redemption of investment securities	61,818	50,588	386,652
Loan advances	(560)	(440)	(3,506)
Proceeds from collection of loans receivable	1,353	917	8,466
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 12(2))	(20,831)	(58,711)	(130,295)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	964	1,210	6,035
Other	(1,317)	(977)	(8,238)
Net cash provided by (used in) investing activities	(12,475)	(154,911)	(78,030)

Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	69,836	(21,905)	436,807
Net increase (decrease) in commercial papers	(10,000)	47,000	(62,546)
Proceeds from long-term borrowings	83,432	180,449	521,841
Repayments of long-term loans payable	(123,713)	(76,097)	(773,790)
Redemption of bonds payable	(30,000)	(10,000)	(187,640)
Repayments of lease liabilities	(9,345)	(8,714)	(58,455)
Purchase of treasury stock	(47,691)	(29,307)	(298,293)
Dividends paid	(27,706)	(19,727)	(173,293)
Proceeds from share issuance to non-controlling shareholders	2,293	–	14,343
Other	(723)	(726)	(4,526)
Net cash provided by (used in) financing activities	(93,618)	60,969	(585,555)
Effect of exchange rate change on cash and cash equivalents	2,317	2,560	14,492
Net increase (decrease) in cash and cash equivalents	9,599	3,039	60,042
Cash and cash equivalents at beginning of period	65,508	62,472	409,733
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	13	–	81
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(873)	(4)	(5,461)
Cash and cash equivalents at end of period (Note 12(1))	74,247	65,508	464,396

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: 215 (217 in the year ended March 31, 2025)

Main consolidated subsidiaries include:
Oji Container Co., Ltd., Oji Materia Co., Ltd., Oji Seitai Co., Ltd., Oji Packaging Co., Ltd., Morishigyo Co., Ltd., Oji Interpack Co., Ltd., Chuetsu Package Co., Ltd., Oji Adba Co., Ltd., Paperbox Holdings Ltd., GSPP Holdings Sdn. Bhd., GS Paperboard & Packaging Sdn. Bhd., Oji Asia Packaging Sdn. Bhd., HPI Resources Bhd., Harta Packaging Industries Sdn. Bhd., Oji India Packaging Pvt. Ltd., S. Pack & Print Public Co., Ltd., Ojitex Haiphong Co., Ltd., Ojitex (Vietnam) Co., Ltd., Oji Packaging (Shanghai) Co., Ltd., Suzhou Oji Packaging Co., Ltd., IPI S.r.l., Walki Oy, Oji Nepia Co., Ltd., Oji Asia Household Product Sdn. Bhd., Oji Tac Co., Ltd., Oji Kinocloth Co., Ltd., Oji F-Tex Co., Ltd., Oji Imaging Media Co., Ltd., New Tac Kasei Co., Ltd., Oji Papéis Especiais Ltda., Oji Paper (Thailand) Ltd., Kanzaki Specialty Papers Inc., KANZAN Spezialpapiere GmbH, Tele-Paper (M) Sdn. Bhd., Adampak Pte. Ltd., Oji Kinocloth (Shanghai) Co., Ltd., Oji Cornstarch Co., Ltd., MPM Oji Eco-Energy Co.,Ltd., Oji Green Resources Co., Ltd., Oji Forest & Products Co., Ltd., Oji Green Energy Tokushima Co.,Ltd., Oji Oceania Management Co., Ltd., Oji Oceania Management (NZ) Ltd., Oji Fibre Solutions (NZ) Ltd., Japan Brazil Paper and Pulp Resources Co., Ltd., Celulose Nipo-Brasileira S.A., Mongo das Alterosas Investimentos Florestais S.A., Pan Pac Forest Products Ltd., Oji Uruguay Forest Company S.A.S, Panindo Investment Pte. Ltd., PT. Korintiga Hutani, Oji Paper Co., Ltd., Jiangsu Oji Paper Co., Ltd., Oji Logistics Co., Ltd., Kyokuyo Co., Ltd., Oji Engineering Co., Ltd., Oji Real Estate Co., Ltd., Ginpo Pack Co., Ltd., Hotel New Oji Co., Ltd., Oji Management Office Inc., AustroCel Hallein GmbH, Oji Asia Management Sdn. Bhd and 153 other companies

The Group has added seven companies into the scope of consolidation in the current fiscal year. Five companies were included due to acquisition, and two companies were added due to foundation. Nine companies have been excluded from the scope of consolidation. Seven companies were excluded due to sale of stocks, one company was excluded due to merger, and one company was excluded as it has become immaterial to the consolidated financial statements.

(2) Main unconsolidated subsidiaries:
Tomakomai Energy Kosha Co., Ltd. and DHC Ginza Co., Ltd.

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

2. Application of the Equity Method

(1) Number of affiliates under the equity method: 19 (20 in the year ended March 31, 2025)

Main affiliates accounted for using the equity method include:
Mitsubishi Paper Mills Limited, Chuetsu Pulp & Paper Co., Ltd., Okayama Paper Industries Co., Ltd., PT Oji Indo Makmur Perkasa, and other 15 companies.

Additionally, two companies were newly added to the scope of the equity method starting in the current fiscal year. This was due to the acquisition of one company and the establishment of one new company. Furthermore, three companies were excluded from the scope of the equity method. This was due to the sale of shares in two companies and the liquidation of one company.

(2) Main unconsolidated subsidiaries and affiliates to which the equity method was not applied:
Tomakomai Energy Kosha Co., Ltd. and DHC Ginza Co., Ltd.

(3) Reasons for exclusion from application of the equity method:
These unconsolidated subsidiaries and affiliates are excluded from the scope of the equity method as their profit/loss (amount corresponding to the Group's equity in such subsidiaries and affiliates), retained earnings (amount corresponding to the Group's equity in such subsidiaries and affiliates), and so on, do not have a significant impact on the consolidated financial statements.

3. Matters Concerning the Fiscal Year of Consolidated Subsidiaries

Of the Company's consolidated subsidiaries, the fiscal year of Oji Papéis Especiais Ltda., Celulose Nipo-Brasileira S.A., Jiangsu Oji Paper Co., Ltd., Oji Fibre Solutions (NZ) Ltd., Walki Oy, AustroCel Hallein GmbH and other 105 companies ends on December 31. In preparing the consolidated financial statements, the financial statements as of the account closing date of each company are used. However, the Group made the adjustments necessary for consolidation purposes if material transactions occur between their account closing dates and the consolidated account closing date. For certain consolidated subsidiaries, the Group prepared the financial statements based on a provisional closing of accounts as of the consolidated account closing date in the same process as preparing full-year financial statements.

Additionally, effective from the current consolidated fiscal year, Quy Nhon Plantation Forest Co. of Vietnam Ltd. has changed its fiscal year-end from March 31 to December 31. Due to this change in the fiscal year-end, the current consolidated fiscal year covers the nine-month period from April 1, 2025 to December 31, 2025.

4. Summary of Significant Accounting Policies

(1) Standard and method of valuation of significant assets

(i) Securities

Held-to-maturity debt securities:	Stated at cost using the amortized cost method.
Available-for-sale securities	
Those other than stocks without market quotations:	Stated at fair value (the valuation difference is accounted for as a separate component of net assets and the cost of sales is calculated using the moving-average method).
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 amount stated on the balance sheet is calculated by writing down amounts to the net realizable value based on any decline in profitability)

(2) Depreciation method of significant depreciable assets

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

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

(3) Standards for significant provisions

Allowance for doubtful accounts

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

(4) Accounting treatment for retirement benefits

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

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

(ii) Method to recognize actuarial gains and losses and 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 (10-15 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 arises (11-19 years).

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

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

(5) Standards for recognition of material revenues and expenses

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

Step 1: Identify the contract with a customer
Step 2: Identify performance obligations under the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations under the contract
Step 5: Recognize revenue when the Group fulfills the performance obligations (or as it fulfills them)

(i) Sale of finished goods and merchandise

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

(ii) Provision of services (including construction contracts)

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

Judgement involved in revenue recognition

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

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

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

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

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

(7) Significant method for hedge accounting

(i) Hedge accounting method

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

(ii) Hedging instruments and hedged items

Hedging instruments	Hedged items
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	Raw materials and electricity

(iii) Hedging policy
The Group has a risk management policy to hedge the foreign exchange fluctuation risk, interest rate fluctuation risk and price fluctuation risk on raw materials and electricity arising in the normal course of the business of the Group.

(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 an impairment loss needs 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 an impairment loss. 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.

(Recognition and measurement of impairment losses on non-current assets in the home care business)
In the household and industrial materials segment, the home care business in Japan engages in the manufacture and sales of household paper for the Japanese market but faces a tough earnings environment. In the current fiscal year, the Group revised product prices in response to rising costs and increased sales volume in order to improve profitability, but operating results continued to deteriorate. As there was an indication of impairment of non-current assets (¥6,290 million ($ 39,344 thousand)) in relation to the business, the Group determined whether to recognize an impairment loss.

For the determination of recognition, the Group estimated future cash flows based on the business plan during the period of expected use of the group of assets related to the business. The business plan includes certain assumptions such as cost improvements by restructuring the production system in the current fiscal year, trends in the purchase price of pulp, which is a major raw material, based on pulp market predictions, anticipated selling prices that incorporate a certain price increase, product demand forecasts for the future, and a cost-cutting plan.
As a result of the assessment, the Group recorded an impairment loss of ¥5,138 million ($ 32,136 thousand) in the consolidated statement of income as the recoverable amount of asset groups for the business has fallen below the book value. As a consequence, the Group recorded non-current assets of ¥1,152 million ($ 7,207 thousand) in relation to the business in consolidated balance sheet. The recoverable amount is calculated using value in use, and the discount rate used in determining value in use also includes certain assumptions.
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 trends in the price of pulp and in the selling prices of products, and changes in product demand and other factors. If they are needed to be revised, it may impact the amounts recognized in future consolidated financial statements.

(Impairment test of non-current assets in the base paper of household paper business)
In the household and industrial materials segment, the base paper of household paper business in China engages in the manufacture and sales of base paper of household paper mainly for the Chinese and Japanese markets. In the current fiscal year, it has also been necessary to closely monitor the progress of the business plan since the operating performance has continued to deteriorate due to the intensifying competition in the Chinese market. As there was an indication of impairment of non-current assets (¥8,984 million ($ 56,192 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 raw material and fuel prices including 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, expected production volume based on facility operating conditions, and reductions in costs. The discount rate also includes certain assumptions.
As a result of the assessment, the Group recorded an impairment loss of ¥4,615 million ($ 28,870 thousand) in the consolidated statement of income as the recoverable amount of asset groups for the business has fallen below the book value. As a consequence, the Group recorded non-current assets of ¥4,368 million ($ 27,321 thousand) in relation to the business in 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 are needed 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
	2026	2025	2026
Deferred tax assets	¥ 14,973	¥ 12,959	$ 93,654

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
	2026	2025	2026
Net defined benefit asset	¥ 81,007	¥ 86,939	$ 506,675
Net defined benefit liability	¥ 48,928	¥ 51,146	$ 306,034

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

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

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

(1) Summary

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

(2) Expected date of application

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

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

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

7. Changes in Presentation Method

(1) Consolidated Balance Sheet

“Long-term deposits received”, which was presented separately in “Non-current liabilities” in the previous fiscal year, has decreased in materiality and is included in “Other” in the current fiscal year. To reflect this change in the method of presentation, the consolidated balance sheet in the previous fiscal year has been restated. As a result, “Long-term deposits received” of ¥ 6,058 million and “Other” of ¥ 37,037 million under

"Non-current liabilities" in the consolidated balance sheet in the previous fiscal year have been reclassified as "Other" of ¥ 43,095 million.

(2) Consolidated Statement of Income

"Retirement benefit expenses", which was presented separately in "Selling, general and administrative expenses" in the previous fiscal year, has decreased in materiality and is included in "Other" in the current fiscal year. To reflect this change in the method of presentation, the consolidated statement of income in the previous fiscal year has been restated. As a result, "Retirement benefit expenses" of ¥ (620) million and "Other" of ¥ 69,461 million under "Selling, general and administrative expenses" in the consolidated statement of income in the previous fiscal year have been reclassified as "Other" of ¥ 68,840 million.

"Insurance claim income", which was presented separately in "Non-operating income" in the previous fiscal year, has decreased in materiality and is included in "Other" in the current fiscal year. To reflect this change in the method of presentation, the consolidated statement of income in the previous fiscal year has been restated. As a result, "Insurance claim income" of ¥ 3,130 million and "Other" of ¥ 5,886 million under "Non-operating income" in the consolidated statement of income in the previous fiscal year have been reclassified as "Other" of ¥ 9,016 million.

"Gain on sale of non-current assets", which was included in "Other" under "Extraordinary income" in the previous fiscal year, has increased in materiality and is presented separately in the current fiscal year. To reflect this change in the method of presentation, the consolidated statement of income in the previous fiscal year has been restated. As a result, "Other" of ¥ 2,217 million under "Extraordinary income" in the consolidated statement of income in the previous fiscal year has been reclassified as "Gain on sale of non-current assets" of ¥ 951 million and "Other" of ¥ 1,266 million.

"Losses on disaster" and "Losses on disposal of non-current assets", which were presented separately in "Extraordinary losses" in the previous fiscal year, have decreased in materiality and are included in "Other" in the current fiscal year. To reflect this change in the method of presentation, the consolidated statement of income in the previous fiscal year has been restated. As a result, "Losses on disaster" of ¥ 3,881 million, "Losses on disposal of non-current assets" of ¥ 2,827 million and "Other" of ¥ 530 million under "Extraordinary losses" in the consolidated statement of income in the previous fiscal year have been reclassified as "Other" of ¥ 7,239 million.

(3) Consolidated Statement of Cash Flows

"Loss (gain) on sale of non-current assets", which was included in "Other" under "Cash flows from operating activities" in the previous fiscal year, has increased in materiality and is presented separately in the current fiscal year. In addition, "Losses on disposal of non-current assets", which was presented separately under "Cash flows from operating activities" in the previous fiscal year, has decreased in materiality and is included in "Other" in the current fiscal year. To reflect these changes in the method of presentation, the consolidated statement of cash flows in the previous fiscal year has been reclassified.

As a result, "Losses on disposal of non-current assets" of ¥ 2,827 million and "Other" of ¥ (13,516) million under "Cash flows from operating activities" in the consolidated statement of cash flows in the previous fiscal year have been reclassified to "Loss (gain) on sale of non-current assets" of ¥ (945) million and "Other" of ¥ (9,742) 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
	2026	2025	2026
Stocks	¥ 100,491	¥ 88,263	$ 628,540
Investments in capital	81	81	510

(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	
	2026		2025		2026	
Cash and deposits	¥ 2,002		¥ 3,664		$ 12,525	
Accounts receivable-trade	7,977		4,061		49,898	
Merchandise and finished goods	2,940		2,036		18,394	
Work in process	332		284		2,082	
Raw materials and supplies	1,379		724		8,629	
Short-term loans receivable	451		791		2,826	
Accounts receivable-other	526		―		3,291	
Current assets – other	821		1,443		5,135	
Buildings and structures	9,505	(¥ 420)	9,942	(¥ 451)	59,452	($ 2,629)
Machinery, equipment and vehicles	20,077	(264)	16,348	(262)	125,579	(1,654)
Tools, furniture and fixtures	182	(38)	192	(30)	1,143	(239)
Land	5,197	(188)	9,755	(188)	32,509	(1,179)
Forests	4,702		4,380		29,411	
Plantations	22,432		21,108		140,306	
Construction in progress	3,205		873		20,049	
Intangible assets - other	2,102		2,022		13,153	
Investment securities	388		384	(22)	2,432	
Investment and other assets – other	20		39		125	
Total	¥84,248	(¥ 911)	¥ 78,054	(¥ 955)	$ 526,946	($5,703)

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 ¥519 million ($3,249 thousand) (¥546 million as of March 2025), short-term loans receivable from consolidated subsidiaries of ¥451 million ($2,826 thousand) (¥791million as of March 2025), and consolidated subsidiaries stock included in investment securities of ¥388 million ($2,429 thousand) (¥361 million as of March 2025) 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	
	2026		2025		2026	
Notes and accounts payable-trade	¥75		¥ 61		$ 469	
Short-term loans payable	864	(¥ 185)	634	(¥ 185)	5,409	($1,157)
Long-term loans payable	611		1,071		3,823	
Total	¥ 1,551	(¥ 185)	¥ 1,767	(¥ 185)	$ 9,703	($1,157)

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
	2026	2025	2026
Tokyo Branch of Forest Corporation	¥ 3,730	¥ 3,160	$ 23,330
PT. Oji Indo Makmur Perkasa	653	637	4,086
Other	658	180	4,117
Total	¥5,041	¥3,977	$ 31,533

(4) Notes receivable discounted, and so on
Notes receivable discounted: ¥ 5,523 million ($34,544 thousand) and ¥ 7,629 million as of March 31, 2026 and 2025, respectively
Notes receivable endorsed: ¥ 1,017 million ($ 6,365 thousand) and ¥ 268 million as of March 31, 2026 and 2025, 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, 2026 and 2025 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2026	2025	2026
Aggregate amount of loan commitment	¥ 100,000	¥ 100,000	$ 625,469
Balance of loan outstanding	—	—	—
Unused portion	¥ 100,000	¥ 100,000	$ 625,469

(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, 2026 and 2025 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2026	2025	2026
Buildings and structures	¥ 10	¥ 17	$ 62
Machinery, equipment and vehicles	19	48	121
Plantations	343	339	2,145
Total	¥ 372	¥ 406	$ 2,329

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, 2026 and 2025 were ¥ 13,202 million ($ 82,576 thousand) and ¥ 13,473 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 on valuation of inventories included in the cost of sales for the fiscal years ended March 31, 2026 and 2025 were ¥ 1,046 million ($ 6,542 thousand) and ¥ 2,991 million, respectively.

(3) The breakdown of the gain on sales of non-current assets for the fiscal years ended March 31, 2026 and 2025 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2026	2025	2026
Machinery, equipment and vehicles	¥ -	¥ 679	$ -
Land	39,020	245	244,058
Others	1,042	26	6,517
Total	¥ 40,062	¥ 951	$ 250,575

(4) Gain on refund of assets from retirement benefit trust
In consolidated subsidiaries, retirement benefit trust assets have been accumulated to an amount that largely exceeds retirement benefit liabilities, and this condition is expected to continue; therefore, retirement benefit trust assets have partially been refunded. With this, the Group has recorded in a lump the unrecognized actuarial gains/losses on the retirement benefit trust assets refunded.

(5) Business restructuring expenses
For the fiscal year ended March 31, 2026 (April 1, 2025 – March 31, 2026)
Business restructuring expenses mainly include the following items:

Company	Details	Amount	
		(in millions of yen)	(Thousands of U.S. dollars)
Oji Oceania Management (NZ) Ltd.	Loss on sale of shares of subsidiaries and associates resulting from disposal of the packaging business in Australia	9,403	58,817
Oji Fibre Solutions (NZ) Ltd.	Impairment losses resulting from the suspension of the containerboards manufacturing facilities at Kinleith mill	5,557	34,760

Oji Nepia Co., Ltd.	Impairment losses resulting from the restructuring of the production system for the home care business through the closure of Tomakomai and Edogawa plants	1,892	11,835

For the fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)
Business restructuring expenses are mainly relevant expenses and impairment losses resulting from the closing of Penrose Mill which manufactures containerboards and impairment losses on relevant assets resulting from halting the upgrading of wastewater-treatment equipment, and other related assets due to reconsideration of the containerboard business of Kinleith Mill in Oji Fibre Solutions (NZ) Ltd.
Of the impairment losses of non-current assets included in the business restructuring expenses, those associated with Oji Fibre Solutions (NZ) Ltd. amount to ¥ 6,994 million.

(6) Impairment losses
For the fiscal year ended March 31, 2026 (April 1, 2025 – March 31, 2026)
Impairment loss was recorded mainly for the following asset groups.

Use	Location	Impairment losses		Nature
		(in millions of yen)	(Thousands of U.S. dollars)	
Oji Fibre Solutions (NZ) Ltd. Kinleith mill Asset for the paperboard business	Tokoroa, New Zealand, etc.	5,557	34,760	Containerboards manufacturing facilities, etc.
Oji Nepia Co., Ltd. Tomakomai and Edogawa plants Asset for the home care business	Tomakomai City, Hokkaido Edogawa Ward, Tokyo	1,892	11,835	Household paper manufacturing facilities, etc.
Oji Nepia Co., Ltd. Nagoya and Tokushima plants Asset for the home care business	Kasugai City, Aichi Prefecture Anan City, Tokushima Prefecture	5,138	32,136	Household paper manufacturing facilities, etc.
Jiangsu Oji Paper Co., Ltd. Asset for the base paper of household paper business	Jiangsu Province, China	4,615	28,870	Household base paper manufacturing facilities, etc.

The Group conducts the asset grouping for business assets by considering the business segments and identifying the smallest unit that generates cash flows that are largely independent of the cash flows from other units, and conducts the asset grouping for lease real estate properties and idle assets based on each individual property.
For asset groups, and so on, where profit from operating activities has continued to be negative and the recoverable amount is lower than the book value, the Group wrote down the book value to the recoverable amount and recognized impairment loss of ¥18,959 million ($ 118,587 thousand) under extraordinary loss in the current fiscal year, of which ¥10,195 million ($ 63,769 thousand) is presented as impairment losses and ¥8,764 million ($ 54,818 thousand) is included in business restructuring expenses.
The breakdown of the impairment loss includes buildings and structures totaling ¥4,341 million ($ 27,156 thousand), machinery, equipment and vehicles totaling ¥11,189 million ($ 69,986 thousand), tools,

furniture and fixtures totaling ¥83 million ($ 520 thousand), land totaling ¥103 million ($ 648 thousand), plantations totaling ¥1,715 million ($ 10,727 thousand), leased assets totaling ¥402 million ($ 2,515 thousand), construction in progress totaling ¥664 million ($ 4,158 thousand), goodwill totaling ¥349 million ($ 2,187 thousand), and others totaling ¥110 million ($ 688 thousand).
If the net realizable value is used as the recoverable amount, an asset is valued based on the real-estate appraisal standards, and so on. If the value in use is used as the recoverable amount, it is calculated by discounting the future cash flow by 6.2% to 9.7%. If the value in use based on the future cash flow is negative, the recoverable amount is deemed zero.

For the fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)
Impairment loss was recorded mainly for the following asset groups.

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

The Group conducts the asset grouping for business assets by considering the business segments and identifying the smallest unit that generates cash flows that are largely independent of the cash flows from other units, and conducts the asset grouping for lease real estate properties and idle assets based on each individual property.
For asset groups, and so on, where profit from operating activities has continued to be negative and the recoverable amount is lower than the book value, the Group wrote down the book value to the recoverable amount and recognized impairment loss of ¥11,871 million under extraordinary loss in the current fiscal year, of which ¥2,986 million is presented as impairment losses and ¥8,884 million is included in business restructuring expenses.
The breakdown of the impairment loss includes buildings and structures totaling ¥2,258 million, machinery, equipment and vehicles totaling ¥3,094 million, tools, furniture and fixtures totaling ¥88 million, land totaling ¥427 million, plantations totaling ¥261 million, leased assets totaling ¥328 million, construction in progress totaling ¥5,398 million, and others totaling ¥14 million.
If the net realizable value is used as the recoverable amount, an asset is valued based on the real-estate appraisal standards, and so on. If the value in use is used as the recoverable amount, it is calculated by discounting the future cash flow by 5.1% to 17.0%. If the value in use based on the future cash flow is negative, the recoverable amount 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, 2026 and 2025

	(Millions of yen)		(Thousands of U.S. dollars)
	2026	2025	2026
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ 23,100	¥ 8,748	$ 144,487
Reclassification adjustments to profit or loss	(33,531)	(25,292)	(209,726)
Amount before current income taxes and tax effect	(10,430)	(16,543)	(65,238)
Current income taxes and tax effect	3,102	4,526	19,405
Valuation difference on available-for-sale securities	(7,327)	(12,017)	(45,833)
Deferred gains or losses on hedges:			
Amount arising during the year	748	(3,012)	4,680
Reclassification adjustments to profit or loss	(498)	(127)	(3,119)
Amount before current income taxes tax effect	249	(3,140)	1,561
Current income taxes and tax effect	(73)	935	(460)
Deferred gains or losses on hedges	175	(2,204)	1,100
Revaluation reserve for land:			
Current income taxes and tax effect	—	(179)	—
Foreign currency translation adjustment:			
Amount arising during the year	23,787	62,699	148,782
Reclassification adjustments to profit or loss	(371)	—	(2,325)
Amount before current income taxes and tax effect	23,415	62,699	146,457
Current income taxes and tax effect	—	—	—
Foreign currency translation adjustment	23,415	62,699	146,457
Remeasurements of defined benefit plans:			
Amount arising during the year	12,814	8,155	80,150
Reclassification adjustments to profit or loss	(17,154)	(17,916)	(107,299)
Amount before current income taxes tax effect	(4,340)	(9,761)	(27,148)
Current income taxes and tax effect	1,425	2,441	8,914
Remeasurements of defined benefit plans	(2,915)	(7,319)	(18,234)
Share of other comprehensive income of affiliates accounted for using the equity method:			
Amount arising during the year	9,794	(376)	61,262
Reclassification adjustments to profit or loss	(2,986)	(1,896)	(18,678)
Share of other comprehensive income of affiliates accounted for using the equity method	6,808	(2,273)	42,583
Other comprehensive income	¥ 20,156	¥ 38,705	$ 126,073

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, 2026

Type of shares	Number of shares at April 1, 2025	Increase	Decrease	Number of shares at March 31, 2026
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)	79,098,942	58,912,025	265,390	137,745,577
Total	79,098,942	58,912,025	265,390	137,745,577

Notes:

1. Increase in treasury stock 58,912,025

   Details of the increase are as follows:

   Acquired pursuant to the Board of Directors meeting held on December 12, 2024 29,110,100
   Acquired pursuant to the Board of Directors meeting held on December 16, 2025 29,795,800
   Increase due to purchase of shares less than one standard unit 6,125

2. Decrease in treasury stock 265,390

   Details of the decrease are as follows:

   Decrease resulting from the disposal of the Company's shares held by the Benefit Trust for Directors and Other Officers 221,085
   Decrease due to exercising of stock options 44,000
   Decrease due to sale of shares less than one standard unit 164
   Decrease in the Company's share of the Company's stock resulting from changes in the Company's equity interest in an affiliate accounted for under the equity method 141

3. Number of shares of treasury stock at the end of the fiscal year ended March 31, 2026, includes 1,325,766 shares held by the Benefit Trust for Directors and Other Officers.

For the fiscal year ended March 31, 2025

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

Notes:

1. Increase in treasury stock 49,397,950

   Details of the increase are as follows:

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

equity-method affiliates 3,423

2. Decrease in treasury stock 83,288
   Details of the decrease are as follows:

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

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

(2) Share acquisition rights

For the fiscal year ended March 31, 2026

Company	Description	Type of shares issued	Number of shares issued				Balance at March 31, 2026	
			Number of shares at April 1, 2025	Increase	Decrease	Number of shares at March 31, 2026	(Millions of yen)	(Thousands of U.S. dollars)
Parent company	Share acquisition rights as stock options	–	–	–	–	–	¥ 50	$317
Total		–	–	–	–	–	¥ 50	$ 317

For the fiscal year ended March 31, 2025

Company	Description	Type of shares issued	Number of shares issued				Balance at March 31, 2025
			Number of shares at April 1, 2024	Increase	Decrease	Number of shares at March 31, 2025	(Millions of yen)
Parent company	Share acquisition rights as stock options	–	–	–	–	–	¥ 68
Total		–	–	–	–	–	¥ 68

(3) Dividends
   (i) Amount of cash dividends distributed

For the fiscal year ended March 31, 2026

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 13, 2025	Common stock	¥ 11,244	$70,330	¥ 12.0	$ 0.07	March 31, 2025	June 5, 2025
Board of Directors' Meeting held on November 7, 2025	Common stock	16,461	102,962	18.0	0.11	September 30, 2025	December 1, 2025

Notes: 1. Dividends of ¥ 18 million ($ 116 thousand) for shares held by the Benefit Trust for Directors and Other Officers are included in the total dividend amount in accordance with the resolution at the Board of

Directors' Meeting held on May 13, 2025.
2. Dividends of ¥ 23 million ($ 149 thousand) for shares held by the Benefit Trust for Directors and Other Officers are included in the total dividend amount in accordance with the resolution at the Board of Directors' Meeting held on November 7, 2025.

For the fiscal year ended March 31, 2025

Resolution	Type of shares	Total dividend amount (Millions of yen)	Dividends per share (yen)	Record date	Effective date
Board of Directors' Meeting held on May 14, 2024	Common stock	¥ 7,890	¥ 8.0	March 31, 2024	June 5, 2024
Board of Directors' Meeting held on November 7, 2024	Common stock	11,836	12.0	September 30, 2024	December 2, 2024

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 14, 2024.
2. Dividends of ¥ 18 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, 2024.

(ii) Dividends with the record date falling within the fiscal year ended March 31, 2026 and the effective date in the fiscal year ending March 31, 2027

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 15, 2026	Common stock	¥ 15,807	$98,868	Retained earnings	¥18.0	$0.11	March 31, 2026	June 5, 2026

Note: Dividends of ¥ 23 million ($ 149 thousand) for shares held by Benefit Trust for Directors and Other Officers are included in total dividend amount.

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

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

Note: Dividends of ¥ 18 million for shares held by Board Benefit Trust are included in total dividend amount.

12. Notes to Consolidated Statement of Cash Flows

(1)Cash and cash equivalents in the consolidated statement of cash flows for the years ended March 31, 2026 and 2025 are reconciled to the accounts reported in the consolidated balance sheet as of March 31, 2026 and 2025 as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2026	2025	2026
Cash and deposits	¥ 65,909	¥ 58,429	$ 412,245
Time deposits with maturities of more than three months	(727)	(355)	(4,548)
Securities	9,065	7,434	56,699
Cash and cash equivalents	¥ 74,247	¥ 65,508	$ 464,396

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

(For the fiscal year ended March 31, 2026)
The following is a breakdown of assets and liabilities at the time of consolidation due to the new consolidation of AustroCel Hallein GmbH and four other companies as a result of the acquisition of shares, and a reconciliation between the acquisition cost of shares and the payment (net) for the acquisition.

	(Millions of yen)	(Thousands of U.S. dollars)
	March 31	March 31
	2026	2026
Current assets	¥13,598	$85,052
Non-current assets	35,911	224,614
Goodwill	39,336	246,038
Current liabilities	(61,085)	(382,070)
Non-current liabilities	(4,205)	(26,303)
Non-controlling shareholders' equity	(683)	(4,275)
Acquisition cost of shares	22,871	143,054
Cash and cash equivalents	(2,039)	(12,758)
Net: payment for the acquisitions	¥20,831	$130,295

(For the fiscal year ended March 31, 2025)
The following is a breakdown of assets and liabilities at the time of consolidation due to the new consolidation of Walki Holding Oy and 20 other companies as a result of the acquisition of shares, and a reconciliation between the acquisition cost of shares and the payment (net) for the acquisition.

	(Millions of yen)
	March 31
	2025
Current assets	¥28,689
Non-current assets	60,757
Goodwill	42,718
Current liabilities	(55,926)
Non-current liabilities	(14,966)
Deferred gains and losses on hedges	2
Foreign currency translation adjustment	(43)
Non-controlling shareholders' equity	66
Acquisition cost of shares	61,297
Cash and cash equivalents	(2,586)
Net: payments for the acquisitions	¥58,711

(3) Descriptions of material non-cash transactions

Partial refund of retirement benefit trust assets

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2026	2025	2026
Increase in investment securities due to partial refund of retirement benefit trust assets	¥ 16,073	14,199	$ 100,536

13. Lease Transactions

Operating lease transactions

Future minimum lease payments under non-cancellable operating leases as of March 31, 2026 and 2025:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2026	2025	2026
Due within one year	¥ 2,285	¥ 2,264	$ 14,296
Due after one year	5,139	6,924	32,148
Total	¥ 7,425	¥ 9,189	$ 46,444

Future minimum lease income under non-cancellable operating leases as of March 31, 2026 and 2025:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2026	2025	2026
Due within one year	¥ 792	¥ 792	$ 4,957
Due after one year	5,741	6, 533	35,908
Total	¥ 6,533	¥ 7,326	$ 40,866

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 against the risk in 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 related to growth investment, etc.

Borrowings and debt with floating interest rates are exposed to interest rate volatility risk. For a portion of borrowings, the Group seeks to hedge the risk by using interest rate swaps as well as interest rate and currency swaps. While borrowings and debt denominated in foreign currencies are exposed to exchange rate fluctuation risks, interest rate and currency swaps are utilized to hedge against such risks for a portion of such borrowings and debt.

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

- Foreign exchange forward contracts, currency options and currency swaps to hedge foreign exchange fluctuation risk relating to notes and accounts receivable/payable-trade and the like denominated in foreign currencies,
- Interest rate swaps to hedge risk relating to floating interest rates on borrowings and debt,
- Interest rate and currency swaps to hedge against the risk of fluctuations in interest payable and exchange rates on borrowings denominated in foreign currencies, and
- Commodity swaps to hedge price fluctuation risk relating to raw material and energy purchases.

Regarding hedging instruments and hedged items, hedging policy, the method for assessing hedging effectiveness and others relating to hedge accounting see Note 4. (7)Significant method for hedge accounting.

(iii) Risk management

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

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

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

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

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

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

The Group also uses interest rate swaps to hedge its exposure to fluctuations in variable interest rates on its borrowings or to hedge the risk that fixed interest rates will deviate from future market interest rates.

Some of the consolidated subsidiaries utilize commodity swaps to hedge price fluctuation risk relating to raw material and energy purchases.

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

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

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

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

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

(iv) Supplementary explanation: fair value of financial instruments

Fair values of financial instruments are measured based on the quoted prices in markets. In cases where a quoted price is not available, other reasonably assessed fair values are used.
Such assessment is based on variable factors. Under different assumptions, the assessed value might differ.
The contract amounts of derivative transactions and others, as shown in "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, 2026 and 2025, respectively.

As of March 31, 2026

(Millions of yen)

	Book value	Fair value	Difference
① Investment securities (*2)			
(i) Stocks of affiliates	¥ 54,555	¥ 20,875	¥ (33,680)
(ii) Available-for-sale securities	84,965	84,965	–
Total assets	139,520	105,840	(33,680)
① Bonds payables	115,000	101,321	(13,678)
② Long-term loans payable (*3)	530,236	521,393	(8,843)
Total liabilities	645,236	622,714	(22,522)
Derivative transactions (*4)	¥6,930	¥6,930	¥–

(Thousands of U.S. dollars)

	Book value	Fair value	Difference
① Investment securities (*2)			
(i) Stocks of affiliates	$ 341,226	$ 130,568	$ (210,658)
(ii) Available-for-sale securities	531,430	531,430	–
Total assets	872,657	661,998	(210,658)
① Bonds payables	719,289	633,734	(85,554)
② Long-term loans payable (*3)	3,316,468	3,261,152	(55,316)
Total liabilities	4,035,757	3,894,886	(140,871)
Derivative transactions (*4)	$43,347	$43,347	$–

(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
	2026	2026
Non-listed stocks	¥ 52,209	$326,555

(*3) Long-term loans payable that will be repaid within a year (¥37,792 million ($ 236,381 thousand) 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 payables in total are shown in parentheses.

As of March 31, 2025

(Millions of yen)

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

(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 2025
Non-listed stocks	¥ 46,928

(*3) Bonds payables include the current portion of bonds payables (¥30,000 million on the consolidated balance sheet).
(*4) Long-term loans payable that will be repaid within a year (¥69,929 million on the consolidated balance sheet) is also included.
(*5) Receivables and payables arising from derivative transactions are shown on the net basis. The items which are net payables in total are shown in parentheses.

Notes:
1.The redemption schedule subsequent to March 31, 2026 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	¥ 63,057	¥ –	¥ –	¥ –
Notes receivable–trade	60,814	–	–	–
Accounts receivable–trade	306,454	–	–	–
Securities and investment securities				
Held-to-maturity debt securities				
Others	9,065	–	–	–
Total	¥ 439,392	¥ –	¥ –	¥ –

	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	$ 394,407	$ –	$ –	$ –
Notes receivable–trade	380,378	–	–	–
Accounts receivable–trade	1,916,777	–	–	–
Securities and investment securities				
Held-to-maturity debt securities				
Others	56,699	–	–	–
Total	$ 2,748,262	$ –	$ –	$ –

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

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

2. The repayment schedule for bonds payable, long-term loans payable and other interest-bearing liabilities subsequent to March 31, 2026

	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	¥243,665	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial paper	67,000	–	–	–	–	–
Bonds payable	–	10,000	20,000	15,000	35,000	35,000
Long-term loans payable	37,792	85,011	55,601	51,586	62,240	238,004
Total	¥348,458	¥95,011	¥ 75,601	¥ 66,586	¥ 97,240	¥ 273,004

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
	(Thousands of U.S. dollars)					
Short-term loans payable	$ 1,524,054	$ –	$ –	$ –	$ –	$ –
Commercial paper	419,064	–	–	–	–	–
Bonds payable	–	62,546	125,093	93,820	218,914	218,914
Long-term loans payable	236,381	531,717	347,770	322,658	389,295	1,488,643
Total	$ 2,179,501	$ 594,264	$472,864	$ 416,479	$ 608,209	$ 1,707,557

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

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

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

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

Level 1 fair value: Inputs used to calculate fair value is observable, and fair value of target assets or liabilities is measured at quoted prices at active markets.
Level 2 fair value: Inputs used to calculate fair value is observable, and fair value is measured with inputs other than those used in Level 1.
Level 3 fair value: Inputs used to calculate significant fair value is unobservable.

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

(i) Financial instruments booked at fair value on consolidated balance sheet as of March 31, 2026

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	¥ 83,671	¥ ―	¥ ―	¥ 83,671
Other	1,293	―	―	1,293
Derivative transactions				
Currency-related	―	814	―	814
Interest rate-related	―	68	―	68
Commodities-related	―	―	6,990	6,990
Total assets	84,965	882	6,990	92,838
Derivative transactions				
Currency-related	―	943	―	943
Total liabilities	¥ ―	¥ 943	¥ ―	¥ 943

(Thousands of U.S. dollars)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	$ 523,337	$ ―	$ ―	$ 523,337
Other	8,093	―	―	8,093
Derivative transactions				
Currency-related	―	5,094	―	5,094
Interest rate-related	―	428	―	428
Commodities-related	―	―	43,724	43,724
Total assets	531,430	5,522	43,724	580,677
Derivative transactions				
Currency-related	―	5,899	―	5,899
Total liabilities	$ ―	$ 5,899	$ ―	$5,899

Financial instruments booked at fair value on consolidated balance sheet as of March 31, 2025

(Millions of yen)

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

(ii) Financial instruments other than those booked at fair value on consolidated balance sheet as of March 31, 2026

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Stocks of affiliates	¥ 20,875	¥ —	¥ —	¥20,875
Total assets	20,875	—	—	20,875
Bonds payable	—	101,321	—	101,321
Long-term loans payable	—	521,393	—	521,393
Total liabilities	¥ —	¥ 622,714	¥ —	¥ 622,714

(Thousands of U.S. dollars)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Stocks of affiliates	$ 130,568	$ —	$ —	$ 130,568
Total assets	130,568	—	—	130,568
Bonds payable	—	633,734	—	633,734
Long-term loans payable	—	3,261,152	—	3,261,152
Total liabilities	$ —	$ 3,894,886	$ —	$ 3,894,886

Financial instruments other than those booked at fair value on consolidated balance sheet as of March 31, 2025

(Millions of yen)

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

Note 1: 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 traded in active markets is classified into the Level 1 fair value because the fair value is based on the prices quoted on those exchanges. The fair value of commodity derivatives calculated based on the discounted present value method using observable inputs such as prices obtained from relevant counterparties 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.

Note 2: 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, 2026

		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	9,065	9,065	—
	Total	9,065	9,065	—
Total		¥ 9,065	¥ 9,065	¥ —

		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	56,699	56,699	—
	Total	56,699	56,699	—
Total		$ 56,699	$ 56,699	$ —

As of March 31, 2025

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

(2) Available-for-sale securities

As of March 31, 2026

		Book value	Acquisition cost	Difference
		(Millions of yen)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	¥ 83,007	¥ 20,061	¥ 62,946
	② Others	–	–	–
	Total	83,007	20,061	62,946
Securities with a book value not exceeding acquisition cost	① Corporate stocks	663	1,059	(396)
	② Others	1,293	1,689	(395)
	Total	1,957	2,749	(791)
Total		¥ 84,965	¥ 22,810	¥ 62,154

		Book value	Acquisition cost	Difference
		(Thousands of U.S. dollars)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	$ 519,188	$ 125,477	$ 393,711
	② Others	–	–	–
	Total	519,188	125,477	393,711
Securities with a book value not exceeding acquisition cost	① Corporate stocks	4,149	6,628	(2,478)
	② Others	8,093	10,566	(2,473)
	Total	12,242	17,194	(4,952)
Total		$ 531,430	$ 142,672	$ 388,758

Note: Non-listed corporate stocks, investments in capital and the like (Their book value on the consolidated balance sheet: ¥ 6,192 million ($ 38,731 thousand)) are not included in above table because they have no market prices.

As of March 31, 2025

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

Note: Non-listed corporate stocks, investments in capital and the like (Their book value on the consolidated balance sheet: ¥ 5,275 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, 2026

	Proceeds from sales	Gains	Losses
	(Millions of yen)		
Corporate stocks	¥ 59,547	¥ 34,146	¥ 717
Others	11	0	–

	Proceeds from sales	Gains	Losses
	(Thousands of U.S. dollars)		
Corporate stocks	$ 372,448	$ 213,578	$ 4,489
Others	72	2	–

For the fiscal year ended March 31, 2025

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

(4) Impairment of securities

There were no applicable matters in either the previous fiscal year or the current fiscal year.

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, 2026

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	Forecast transactions in foreign currencies	¥ 25,880	–	¥ (108)
	Sell: U.S. dollars Buy: New Zealand dollars	Accounts receivable-trade	19,829	1,281	(504)
	Sell: Euros Buy: New Zealand dollars	Accounts receivable-trade	856	–	(58)
	Sell: Japanese yen Buy: New Zealand dollars	Accounts receivable-trade	54	–	3
	Buy				
	Buy: U.S. dollars Sell: New Zealand dollars	Forecast transactions in foreign currencies	2,856	–	(60)
	Buy: Euros Sell: New Zealand dollars	Forecast transactions in foreign currencies	2,731	7	0
	Buy: Australian dollars Sell: New Zealand dollars	Forecast transactions in foreign currencies	2,059	–	12
	Buy: Pound sterling Sell: New Zealand dollars	Forecast transactions in foreign currencies	19	19	0
Total			¥ 54,288	¥1,308	¥ (715)
Appropriated treatment for foreign exchange forward contracts	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	3,184	–	(23)
	Buy				
	U.S. dollars	Accounts payable-trade	1,746	–	27
	Euros	Accounts payable-trade	48	–	0
	Canadian dollars	Accounts payable-trade	9	–	(0)
Total			¥ 4,987	¥ –	¥ 5

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Thousands of U.S. dollars)		
Deferred hedge accounting	Foreign exchange forward contracts				
	Sell				
	Sell: U.S. dollars Buy: New Zealand dollars	Forecast transactions in foreign currencies	$ 161,876	–	$ (680)
	Sell: U.S. dollars Buy: New Zealand dollars	Accounts receivable-trade	124,029	8,014	(3,157)
	Sell: Euros Buy: New Zealand dollars	Accounts receivable-trade	5,354	–	(365)
	Sell: Japanese yen Buy: New Zealand dollars	Accounts receivable-trade	339	–	24
	Buy				
	Buy: U.S. dollars Sell: New Zealand dollars	Forecast transactions in foreign currencies	17,869	–	(376)
	Buy: Euros Sell: New Zealand dollars	Forecast transactions in foreign currencies	17,084	45	1
	Buy: Australian dollars Sell: New Zealand dollars	Forecast transactions in foreign currencies	12,884	–	75
	Buy: Pound sterling Sell: New Zealand dollars	Forecast transactions in foreign currencies	123	123	3
Total			$ 339,560	$ 8,183	$ (4,473)
Appropriated treatment for foreign exchange forward contracts	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	19,916	–	(146)
	Buy				
	U.S. dollars	Accounts payable-trade	10,921	–	174
	Euros	Accounts payable-trade	301	–	4
	Canadian dollars	Accounts payable-trade	56	–	(0)
Total			$ 31,196	$ –	$ 32

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

As of March 31, 2025

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

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, 2026

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Millions of yen)		
Deferred hedge accounting	Interest rate and currency swaps Floating rate received for fixed rate U.S. dollars received for Indonesian rupiah	Long-term loans payable	¥ 547	¥ 182	¥ 68
Special treatment of interest rate swap	Interest rate swaps Fixed rates received for floating rate	Long-term loans payable	171,200	171,200	(Note)
Total			¥ 171,747	¥ 171,382	¥ 68

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Thousands of U.S. dollars)		
Deferred hedge accounting	Interest rate and currency swaps Floating rate received for fixed rate U.S. dollars received for Indonesian rupiah	Long-term loans payable	$3,423	$ 1,141	$ 428
Special treatment of interest rate swap	Interest rate swaps Fixed rates received for floating rate	Long-term loans payable	1,070,803	1,070,803	(Note)
Total			$1,074,226	$ 1,071,944	$ 428

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

As of March 31, 2025

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

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

(iii) Commodity-related derivatives
As of March 31, 2026

There were no applicable matters.

As of March 31, 2025

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

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, 2026

	Millions of yen	Thousands of U.S. dollars
Beginning balance of retirement benefit obligation	¥90,458	$ 565,786
Service cost	2,653	16,594
Interest cost	1,835	11,479
Actuarial difference	(6,626)	(41,444)
Past service cost	—	—
Payment of retirement benefits	(7,345)	(45,944)
Decrease on the transfer to a defined contribution plan	—	—
Other	480	3,003
Ending balance of retirement benefit obligation	¥ 81,454	$ 509,475

For the fiscal year ended March 31, 2025

	Millions of yen
Beginning balance of retirement benefit obligation	¥ 101,223
Service cost	2,940
Interest cost	1,007
Actuarial difference	(5,194)
Past service cost	(254)
Payment of retirement benefits	(7,277)
Decrease on the transfer to a defined contribution plan	(1,572)
Other	(415)
Ending balance of retirement benefit obligation	¥ 90,458

(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, 2026

	Millions of yen	Thousands of U.S. dollars
Beginning balance of plan assets	¥130,402	$ 815,627
Expected return on plan assets	1,680	10,511
Actuarial difference	6,188	38,706
Employer contributions	269	1,682
Payment of retirement benefits	(4,684)	(29,302)
Refund of trust assets	(16,141)	(100,962)
Decrease on the transfer to a defined contribution plan	—	—
Other	74	468
Ending balance of plan assets	¥ 117,788	$ 736,730

For the fiscal year ended March 31, 2025

	Millions of yen
Beginning balance of plan assets	¥ 147,467
Expected return on plan assets	1,638
Actuarial difference	2,706
Employer contributions	247
Payment of retirement benefits	(5,021)
Refund of trust assets	(15,049)
Decrease on the transfer to a defined contribution plan	(1,459)
Other	(127)
Ending balance of plan assets	¥ 130,402

(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, 2026

	Millions of yen	Thousands of U.S. dollars
Beginning balance of net defined benefit liability	¥ 4,151	$ 25,964
Retirement benefit expenses	621	3,885
Payment of retirement benefits	(671)	(4,202)
Plan contributions	(518)	(3,242)
Other	673	4,210
Ending balance of net defined benefit liability	¥ 4,255	$ 26,614

For the fiscal year ended March 31, 2025

	Millions of yen
Beginning balance of net defined benefit liability	¥ 4,387
Retirement benefit expenses	1,442
Payment of retirement benefits	(1,333)
Plan contributions	(464)
Other	118
Ending balance of net defined benefit liability	¥ 4,151

(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, 2026

	Millions of yen	Thousands of U.S. dollars
Funded retirement benefit obligation	¥ 50,342	$ 314,876
Plan assets	(129,526)	(810,146)
	(79,183)	(495,270)
Unfunded retirement benefit obligation	47,105	294,629
Net of liabilities and assets recorded on the consolidated balance sheet	(32,078)	(200,641)
Net defined benefit liability	48,928	306,034
Net defined benefit asset	(81,007)	(506,675)
Net of liabilities and assets recorded on the consolidated balance sheet	¥ (32,078)	$ (200,641)

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

For the fiscal year ended March 31, 2025

	Millions of yen
Funded retirement benefit obligation	¥ 56,397
Plan assets	(141,260)
	(84,862)
Unfunded retirement benefit obligation	49,069
Net of liabilities and assets recorded on the consolidated balance sheet	(35,793)
Net defined benefit liability	51,146
Net defined benefit asset	(86,939)
Net of liabilities and assets recorded on the consolidated balance sheet	¥ (35,793)

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, 2026

	Millions of yen	Thousands of U.S. dollars
Service costs	¥ 2,653	$ 16,594
Interest cost	1,835	11,479
Expected return on plan assets	(1,680)	(10,511)
Amortization of actuarial difference	(6,938)	(43,398)
Amortization of past service cost	(748)	(4,680)
Retirement benefit expenses calculated by simplified method	621	3,885
Gain on refund of assets from retirement benefits trust (Note 1)	(9,468)	(59,220)
Profit or loss arising from the transfer to defined contribution plan(Note 1)	―	―
Special retirement expenses (Note 2)	2,795	17,483
Extra retirement payments (Note 3)	17	109
Retirement benefit expenses relating to defined benefit plans	¥ (10,913)	$ (68,258)

For the fiscal year ended March 31, 2025

	Millions of yen
Service costs	¥ 2,940
Interest cost	1,007
Expected return on plan assets	(1,638)
Amortization of actuarial difference	(8,120)
Amortization of past service cost	(728)
Retirement benefit expenses calculated by simplified method	1,442
Gain on refund of assets from retirement benefits trust (Note 1)	(8,469)
Profit or loss arising from the transfer to defined contribution plan(Note 1)	(572)
Special retirement expenses (Note 2)	667
Extra retirement payments (Note 3)	7
Retirement benefit expenses relating to defined benefit plans	¥ (13,463)

Notes: 1. They are recorded as extraordinary income.
2. Extra retirement payments arising from business structure improvement are recorded as extraordinary losses.
3. Extra retirement payments associated with transferees and retirees are recorded as non-operating expenses.

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

For the fiscal year ended March 31, 2026

	Millions of yen	Thousands of U.S. dollars
Past service cost	¥ (748)	$ (4,680)
Actuarial difference	(3,592)	(22,468)
Total	¥ (4,340)	$(27,148)

For the fiscal year ended March 31, 2025

	Millions of yen
Past service cost	¥ (526)
Actuarial difference	(9,234)
Total	¥ (9,761)

(vii) Remeasurements of defined benefit plans in consolidated balance sheet
The breakdown of items recorded in remeasurements of defined benefit plans is as follows (before deduction of income taxes and tax effects):
For the fiscal year ended March 31, 2026

	Millions of yen	Thousands of U.S. dollars
Unrecognized past service cost	¥ (2,998)	$ (18,753)
Unrecognized actuarial difference	(47,780)	(298,849)
Total	¥ (50,778)	$ (317,602)

For the fiscal year ended March 31, 2025

	Millions of yen
Unrecognized past service cost	¥ (3,746)
Unrecognized actuarial difference	(51,372)
Total	¥ (55,118)

(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, 2026	Fiscal year ended March 31, 2025
Domestic corporate stocks	60 %	63 %
Overseas corporate stocks	6	6
Domestic bonds	1	1
Overseas bonds	10	10
Cash and deposits	5	2
Life insurance general accounts	1	1
Alternative investments (Note 1)	16	17
Other	1	0
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 57% of total plan assets in the fiscal year ended March 31, 2026 and 60% in the fiscal year ended March 31, 2025.

(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, 2026	Fiscal year ended March 31, 2025
(a) Discount rates		
Domestic	1.5 – 3.7 %	1.4 – 2.1 %
Overseas	1.7 – 7.5	2.3 – 7.7
(b) Long-term expected rates of return on plan assets		
Domestic	0.8 – 2.1 %	1.0 – 2.0 %
Overseas	3.9 – 6.5	3.5 – 7.0
(c) Expected rates of salary increases		
Domestic	2.5 – 7.0 %	2.5 – 8.5 %
Overseas	1.0 – 10.0	1.0 – 10.0

(3) Defined contribution plan
The contributions to the defined contribution plans of the consolidated subsidiaries, including the multi-employer plans that are accounted for in the same way as defined contribution plans, are ¥ 4,436 million ($ 27,748 thousand) in the fiscal year ended March 31, 2026 and ¥ 4,125 million in the fiscal year ended March 31, 2025.

(4) Other matters relating to retirement benefit
Among the consolidated subsidiaries that have adopted a defined benefit corporate pension plan as their retirement plan, some have revised their retirement plan, reviewed benefit levels, and transferred the full amount from defined benefit corporate pension plan to defined contribution pension plan for non-retirees in the previous consolidated fiscal year. The monetary impact of this transition is as follows.

For the fiscal year ended March 31, 2026

No occurrence

For the fiscal year ended March 31, 2025

	Millions of yen
Decrease in retirement benefit obligation	¥ (1,572)
Decrease in plan assets	1,459
One-time amortization of actuarial difference	(459)
Total	¥ (572)

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

	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, 2026, 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 2013	Stock option 2014	Stock option 2015
	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)
Share acquisition rights which are not yet vested						
Outstanding as of March 31, 2025	–	–	–	–	–	–
Granted	–	–	–	–	–	–
Forfeited	–	–	–	–	–	–
Vested	–	–	–	–	–	–
Outstanding as of March 31, 2026	–	–	–	–	–	–
Share acquisition rights which have already been vested						
Outstanding as of March 31, 2025	12,000	15,000	15,000	15,000	43,000	84,000
Vested	–	–	–	–	–	–
Exercised	–	–	–	–	12,000	32,000
Forfeited	–	–	–	–	–	–
Outstanding as of March 31, 2026	12,000	15,000	15,000	15,000	31,000	52,000

(b) Price information of stock options

	Stock option 2009	Stock option 2010	Stock option 2011	Stock option 2013	Stock option 2014	Stock option 2015
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average market price of the stock at the time of exercise	—	—	—	—	923	788
Fair value per share at the granted date	285	334	307	351	324	432

	Stock option 2009	Stock option 2010	Stock option 2011	Stock option 2013	Stock option 2014	Stock option 2015
	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)
Exercise price	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01
Average market price of the stock at the time of exercise	—	—	—	—	5.77	4.92
Fair value per share at the granted date	1.78	2.08	1.92	2.19	2.02	2.70

(3) Method for estimating the number of vested options

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

19. Tax Effect Accounting

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

	March 31, 2026 (Millions of yen)	March 31, 2025 (Millions of yen)	March 31, 2026 (Thousands of U.S. dollars)
Deferred tax assets			
Tax losses carried forward (Note)	¥ 35,823	¥ 30,044	$224,064
Net defined benefit related balance	23,185	23,114	145,019
Investment securities	7,798	7,850	48,776
Property, plant and equipment	34,919	29,651	218,412
Accrued bonuses	5,652	5,527	35,357
Inventory	3,248	3,445	20,316
Other	27,410	25,126	171,446
Subtotal	138,039	124,760	863,392
Valuation allowance for tax losses carried forward (Note)	(24,940)	(20,269)	(155,996)
Valuation allowance for total of deductible temporary differences	(31,646)	(30,320)	(197,939)
Valuation allowance	(56,587)	(50,589)	(353,935)
Total deferred tax assets	81,451	74,170	509,456
Deferred tax liabilities			
Adjustment of book value due to fair value revaluation	(55,412)	(55,697)	(346,585)
Property, plant and equipment	(44,298)	(40,969)	(277,073)
Reserve for advanced depreciation of non-current assets	(9,427)	(9,586)	(58,967)
Net defined benefit related balance	(33,194)	(34,256)	(207,620)
Valuation difference on available-for-sale securities	(19,464)	(22,558)	(121,745)
Other	(8,505)	(7,159)	(53,196)
Total deferred tax liabilities	(170,302)	(170,228)	(1,065,188)
Net deferred tax liabilities	¥ (88,850)	¥ (96,058)	$ (555,731)

Note:

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

For the fiscal year ended March 31, 2026

(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*	¥ 765	1,426	3,079	1,864	2,543	26,144	¥ 35,823
Valuation allowance	(515)	(1,345)	(3,011)	(1,809)	(2,362)	(15,896)	(24,940)
Deferred tax assets	250	80	67	55	180	10,247	10,882

(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*	$ 4,787	8,922	19,259	11,661	15,907	163,526	$ 224,064
Valuation allowance	(3,222)	(8,415)	(18,834)	(11,315)	(14,778)	(99,429)	(155,996)
Deferred tax assets	1,565	506	425	345	1,128	64,096	68,068

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

For the fiscal year ended March 31, 2025

(Millions of yen)

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

* 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	
	2026	2025
Statutory effective tax rate	30.6 %	30.6 %
(Adjustment)		
Non-deductible entertainment and social expenses, and so on.	7.7	4.4
Non-taxable income of dividends received, and so on.	(3.4)	(1.1)
Per capita levy of local inhabitant tax	0.5	0.6
Tax credit	(3.0)	(2.9)
Equity in earnings of affiliates	(0.8)	(1.2)
Different tax rates applied to foreign subsidiaries	1.3	4.6
Tax incentives for investment in foreign subsidiaries	(0.0)	(0.1)
Amortization of goodwill	2.2	1.8
Change in valuation allowance	4.5	5.8
Other	(1.7)	0.7
Effective rate of the tax burden after applying tax effect accounting	37.9	43.2

(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. Business Combination

Business combination through acquisition
Through its consolidated subsidiary, Oji Europe Investment GmbH, the Company acquired all issued shares of Gamma (Fiber) Holdings Three GmbH, which holds AustroCel Hallein GmbH and Gamma (Fiber) Holdings Four GmbH under its umbrella, thereby making Gamma (Fiber) Holdings Three GmbH a subsidiary of the Company.
Gamma (Fiber) Holdings Four GmbH and Gamma (Fiber) Holdings Three GmbH are pure holding companies that hold shares of AustroCel Hallein GmbH.

1. Summary of the business combination
   (1) Name and business activities of the acquirees

(i) Name of the company concerned:	AustroCel Hallein GmbH (hereinafter "AustroCel")
Business activities:	Manufacture and sales of dissolving pulp and bioethanol
(ii) Name of the company concerned:	Gamma (Fiber) Holdings Four GmbH
Business activities:	Pure holding company
(iii) Name of the company concerned:	Gamma (Fiber) Holdings Three GmbH
Business activities:	Pure holding company

   (2) Main reasons for business combination
   AustroCel is one of the most advanced biorefinery companies in Europe, producing dissolving pulp and biofuels (next-generation bioethanol) from wood resources. This company has built a recycling-based zero-waste model that fully exploits the value of forest resources and is offering bioproducts to its global customer base.
   In "Medium-Term Management Plan 2027", the Group plans to accelerate changes in its business portfolio and make the wood biomass business its core business. This acquisition is based on this strategy.
   (3) Business combination date
   January 14, 2026
   (4) Legal form of business combination
   Share acquisition with cash as consideration
   (5) Name after the business combination
   There is no change of name after the business combination.
   (6) Ratio of voting rights acquired
   100%
   (7) Grounds for determining the acquirer
   This is an acquisition of shares with cash as consideration by Oji Europe Investment GmbH, a consolidated subsidiary of the Company.

2. Period of business results of the acquirees included in the consolidated financial statements
   With December 31, 2025 as the deemed acquisition date, only the consolidated balance sheets as of December 31, which is the fiscal year end of the acquirees, are consolidated; therefore, the consolidated business results of the acquirees are not included in the consolidated statement of income for the current fiscal year.

The fiscal year end of the acquirees is December 31, and the difference between this date and the consolidated year end does not exceed three months; therefore, consolidated financial statements are prepared on the basis of consolidated financial statements for their fiscal year.

3. Acquisition cost of the acquirees and breakdown of consideration by type

Consideration for acquisition	Cash and deposits	19,579milion yen ($122,464 thousand)
Acquisition cost		19,579 million yen ($122,464 thousand)

4. Details and amount of major acquisition-related expenses
Advisory expenses, etc. 1,184 million yen($7,408 thousand)

5. Amount and cause of goodwill generated, and amortization method and period
(1) Amount of goodwill generated
38,925 million yen($243,469thousand)
The amount of goodwill is tentative as the purchase price allocation was not completed at the end of the current fiscal year.
(2) Cause
The acquisition cost exceeded the net amount allocated to assets acquired and liabilities assumed, and the excess in amount was recorded as goodwill.
(3) Amortization method and period
Goodwill is to be amortized using straight-line method over the period estimated to be benefited. The amortization period is being calculated.

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

Current assets	13,588 million yen($84,990 thousand)
Non-current assets	32,344 million yen($202,307 thousand)
Total assets	45,933 million yen($287,298thousand)
Current liabilities	61,074 million yen($382,005thousand)
Non-current liabilities	4,204 million yen($26,298 thousand)
Total liabilities	65,279 million yen($408,303 thousand)

7. Estimated amount and calculation method of the impact on the consolidated statement of income for the current fiscal year on the assumption that business combination was completed on the beginning day of the current fiscal year

Net sales	28,389 million yen($177,566 thousand)

(Calculation method for estimated amount)
The estimated amount of the impact is defined as the difference between the net sales calculated on the assumption that business combination was completed on the beginning day of the current fiscal year and the net sales in the consolidated statement of income for the current fiscal year. Operating profit is not stated because it is difficult to calculate the estimated amount for the current fiscal year. This note has not been audited.

21. Revenue recognition

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

For the fiscal year ended March 31, 2026

(Millions of yen)

	Reporting segment					Other (Note)	Total
	Household and Industrial Materials	Functional Materials	Forest Resources and Environment Marketing	Printing and Communications Media	Total		
Japan	¥ 531,094	¥92,470	¥105,422	¥ 161,154	¥ 890,141	¥ 192,229	¥ 1,082,370
Overseas	343,023	128,470	240,895	52,040	764,430	14,907	779,338
Net sales to external customers	874,117	220,941	346,317	213,194	1,654,572	207,137	1,861,709

(Thousands of U.S. dollars)

	Reporting segment					Other (Note)	Total
	Household and Industrial Materials	Functional Materials	Forest Resources and Environment Marketing	Printing and Communications Media	Total		
Japan	$ 3,321,829	$ 578,375	$ 659,384	$ 1,007,969	$ 5,567,557	$ 1,202,334	$ 6,769,892
Overseas	2,145,505	803,546	1,506,727	325,499	4,781,279	93,244	4,874,523
Net sales to external customers	5,467,334	1,381,921	2,166,111	1,333,468	10,348,836	1,295,578	11,644,415

Note:

1. "Other" is a group of business segments and other operations which are not included in the reporting segments, and contains trading business, logistics, engineering, real estate, corporate-related functions, and so on.
2. As stated in segment information, from current consolidated fiscal year, sustainable packaging and liquid packaging cartons, which were classified as "Others", have been reclassified as "Household and Industrial Materials". Information on disaggregation of revenue from contracts with customers for the previous consolidated fiscal year has been restated based on the revised segment classifications.

For the fiscal year ended March 31, 2025

(Millions of yen)

	Reporting segment					Other (Note)	Total
	Household and Industrial Materials	Functional Materials	Forest Resources and Environment Marketing	Printing and Communications Media	Total		
Japan	¥ 528,849	¥ 96,258	¥ 105,917	¥ 174,691	¥ 905,717	¥ 189,051	¥ 1,094,768
Overseas	317,874	125,146	239,535	54,230	736,787	17,708	754,495
Net sales to external customers	846,723	221,405	345,452	228,922	1,642,504	206,760	1,849,264

Note:

"Other" is a group of business segments and other operations which are not included in the reporting segments, and contains trading business, logistics, engineering, real estate, corporate-related functions, 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.

22. 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".
To more appropriately evaluate the performance of reporting segments, from the current consolidated fiscal year, sustainable packaging and liquid packaging cartons, which were classified as "Others", have been reclassified as "Household and Industrial Materials". Group headquarters expenses, which were previously allocated to each reporting segment, are no longer allocated but included in "Others", as they are considered corporate-related functions.
Segment information for the previous consolidated fiscal year has been restated based on the revised segment classifications.

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, sustainable packaging, liquid packaging cartons, home care, wellness care
Functional Materials:	Specialty paper, thermal paper, adhesive paper, film
Forest Resources and Environmental Marketing:	Afforestation and lumber processing, pulp, energy
Printing and Communications Media:	Newsprint, printing, publishing and communications paper
Other:	Trading business, logistics, engineering, real estate, corporate-related functions 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, 2026

	Reporting segments					Other (Note 1)	Total	Adjustments (Note 2)	Consolidated amount (Note 3)
	Household and industrial materials	Functional materials	Forest resources and environmental marketing	Printing and communications media	Total				
	(Millions of yen)								
Net Sales									
Sales to third parties	¥874,117	¥220,941	¥346,317	¥213,194	¥1,654,572	¥207,137	¥1,861,709	–	¥1,861,709
Inter-segment sales or transfers	69,146	15,047	43,431	58,858	186,483	129,914	316,398	(316,398)	–
Total sales	943,263	235,988	389,749	272,053	1,841,055	337,051	2,178,107	(316,398)	1,861,709
Segment profit (loss)	19,694	10,756	6,726	7,511	44,687	(11,676)	33,011	1,571	34,582
Segment assets	925,094	235,398	880,806	250,776	2,292,076	544,250	2,836,327	(149,383)	2,686,944
Other items									
Depreciation and amortization (Note 4)	41,185	9,824	28,796	7,915	87,721	5,084	92,805	–	92,805
Increase in property, plant, equipment and intangible assets (Note 4, 5)	33,641	7,825	50,168	9,758	101,394	3,375	104,770	–	104,770

	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)								
Net Sales									
Sales to third parties	$5,467,334	$1,381,921	$2,166,111	$1,333,468	$10,348,836	$1,295,578	$11,644,415	–	$11,644,415
Inter-segment sales or transfers	432,488	94,115	271,651	368,142	1,166,398	812,576	1,978,975	(1,978,975)	–
Total sales	5,899,823	1,476,036	2,437,763	1,701,611	11,515,234	2,108,155	13,623,390	(1,978,975)	11,644,415
Segment profit (loss)	123,184	67,275	42,069	46,979	279,509	(73,034)	206,474	9,826	216,301
Segment assets	5,786,182	1,472,346	5,509,172	1,568,530	14,336,232	3,404,120	17,740,353	(934,346)	16,806,007
Other items									
Depreciation and amortization (Note 4)	257,599	61,448	180,115	49,508	548,672	31,799	580,471	–	580,471
Increase in property, plant, equipment and intangible assets (Note 4, 5)	$210,415	$48,944	$313,790	$61,039	$634,190	$21,114	$655,304	–	$655,304

Notes

1. "Other" is a group of business segments and other operations which are not included in the reporting segments, and contains trading business, logistics, engineering, real estate, corporate-related functions, and so on.
2. "Adjustments" are as follows.
   (1) Adjustment for segment profit of ¥ 1,571 million ($ 9,826 thousand) which primarily consists of adjustment relating to internal transactions.
   (2) Adjustment for segment assets of ¥ (149,383) million ($ (934,346) thousand) which includes the following items.
   ・ Elimination of inter-segment assets, liabilities and the like of ¥ (155,929) million ($ (975,288) thousand)
   ・ Group-wide assets* not allocated to each reporting segment of ¥ 6,545 million ($ 40,942 thousand)
   *Group-wide assets: investment securities not allocated to each reporting segment
3. Adjustment is made between segment profit (loss) and operating profit of the consolidated statement of income.
4. 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.
5. The increase in property, plant, equipment and intangible assets does not include the increase in assets resulting from business combinations.

For the fiscal year ended March 31, 2025

	Reporting segments					Other (Note 1)	Total	Adjustments (Note 2)	Consolidated amount (Note 3)
	Household and industrial materials	Functional materials	Forest resources and environmental marketing	Printing and communications media	Total				
	(Millions of yen)								
Net Sales									
Sales to third parties	¥846,723	¥221,405	¥345,452	¥228,922	¥1,642,504	¥206,760	¥1,849,264	–	¥1,849,264
Inter-segment sales or transfers	71,116	14,970	46,893	64,273	197,253	130,929	328,182	(328,182)	–
Total sales	917,839	236,376	392,346	293,195	1,839,757	337,689	2,177,447	(328,182)	1,849,264
Segment profit (loss)	18,317	12,301	31,276	13,283	75,178	(8,782)	66,396	1,289	67,686
Segment assets	962,013	245,705	856,784	261,692	2,326,196	452,092	2,778,289	(143,258)	2,635,030
Other items									
Depreciation and amortization (Note 4)	41,136	9,183	27,186	7,151	84,657	4,519	89,176	–	89,176
Increase in property, plant, equipment and intangible assets (Note 4, 5)	36,095	10,806	88,594	7,811	143,308	10,136	153,445	–	153,445

Notes
1. “Other” is a group of business segments and other operations which are not included in the reporting segments, and contains trading business, logistics, engineering, real estate, corporate-related functions, and so on.
2. “Adjustments” are as follows.
   (1) Adjustment for segment profit of ¥ 1,289 million which primarily consists of adjustment relating to internal transactions.
   (2) Adjustment for segment assets of ¥ (143,258) million which includes the following items.
   - Elimination of inter-segment assets, liabilities and the like of ¥ (171,382) million
   - Group-wide assets* not allocated to each reporting segment of ¥ 28,123 million

   *Group-wide assets: investment securities not allocated to each reporting segment
3. Adjustment is made between segment profit (loss) and operating profit of the consolidated statement of income.
4. 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.
5. The increase in property, plant, equipment and intangible assets does not include the increase in assets resulting from business combinations.

(4) Related information
For the fiscal year ended March 31, 2026

(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)								
¥ 1,082,370	¥ 190,881	¥ 256,495	¥ 45,387	¥ 32,961	¥ 165,449	¥ 75,603	¥ 12,561	¥ 1,861,709

Japan	China	Asia	North America	South America	Europe	Oceania	Other	Total
(Thousands of U.S. dollars)								
$ 6,769,892	$ 1,193,907	$ 1,604,297	$ 283,882	$ 206,162	$ 1,034,832	$ 472,873	$ 78,567	$ 11,644,415

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

(b) Property, plant and equipment

Japan	Asia	North America	Brazil	South America	Europe	Oceania	Total
(Millions of yen)							
¥538,823	¥ 294,180	¥ 2,157	¥ 319,282	¥ 45,282	¥ 68,017	¥137,092	¥1,404,836

Japan	Asia	North America	Brazil	South America	Europe	Oceania	Total
(Thousands of U.S. dollars)							
$ 3,370,173	$ 1,840,008	$ 13,492	$ 1,997,015	$ 283,224	$ 425,431	$ 857,468	$ 8,786,815

(Changes in Presentation Method)

"China," which was separately presented in the previous fiscal year, is included in "Asia" in the current fiscal year as its amount has become immaterial. To reflect this change in the method of presentation, the figures in "(ii) Information by region (b) Property, plant and equipment" in the previous fiscal year has been restated.

As a result, "China" of ¥ 137,817 million and "Asia" of ¥ 165,611 million in the previous fiscal year have been reclassified as "Asia" of ¥ 303,428 million.

"New Zealand," which was separately presented in the previous fiscal year, is included in "Oceania" in the current fiscal year as its amount has become immaterial. To reflect this change in the method of presentation, the figures in "(ii) Information by region (b) Property, plant and equipment" in the previous fiscal year has been restated.

As a result, "New Zealand" of ¥ 141,218 million and "Oceania" of ¥ 5,132 million in the previous fiscal year have been reclassified as "Oceania" of ¥ 146,350 million.

(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, 2025

(i) Information by product and service

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

(ii) Information by region

(a) Net Sales

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

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

(b) Property, plant and equipment

Japan	Asia	North America	Brazil	South America	Europe	Oceania	Total
(Millions of yen)							
¥549,682	¥ 303,428	¥ 2,076	¥ 300,601	¥ 45,956	¥ 33,302	¥146,350	¥1,381,399

(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, 2026

	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	¥ 16,942	¥ 151	¥ 1,715	¥ 150	¥ 0	¥ 18,959

	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	$ 105,968	$ 946	$ 10,730	$ 942	$ 0	$ 118,587

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 ¥ 18,959 million ($ 118,587 thousand) for the fiscal year ended March 31, 2026, ¥ 8,764 million ($ 54,818 thousand) are accounted for as “Business restructuring expenses” under extraordinary losses.

For the fiscal year ended March 31, 2025

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total (Note 2)
	(Millions of yen)					
Impairment losses	¥ 6,329	¥ 1,937	¥ 3,003	¥ 151	¥ 449	¥ 11,871

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

2. Among the impairment losses of ¥ 11,871 million for the fiscal year ended March 31, 2025, ¥ 8,884 million are accounted for as “Business restructuring expenses” under extraordinary losses.

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

As of and for the fiscal year ended March 31, 2026

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note)	Total
	(Millions of yen)					
Amortized amount of goodwill	¥ 4,634	¥ 1,514	¥ 31	—	¥ 0	¥ 6,182
Balance of goodwill	50,127	7,258	509	—	39,208	97,103

	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	$ 28,990	$ 9,474	$ 199	—	$ 5	$ 38,670
Balance of goodwill	313,531	45,397	3,185	—	245,238	607,353

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

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

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note)	Total
	(Millions of yen)					
Amortized amount of goodwill	¥ 3,358	¥ 1,707	¥ 16	—	—	¥ 5,082
Balance of goodwill	49,439	8,785	78	—	—	58,303

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

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

For the fiscal year ended March 31, 2026
None

For the fiscal year ended March 31, 2025
None

23. Information on Transactions with Related Parties

For the fiscal year ended March 31, 2026
(i) Transactions with related parties
Related party transactions with the Company which has submitted consolidated financial statements and its subsidiaries

Corporate Pensions for Employees, and so on.

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

Relationship with related party	Details of transactions	Amount of transactions (Millions of yen)	Amount of transactions (Thousands of U.S. dollars)	Account	End of fiscal year balance (millions of yen)
Retirement benefit accounting pension assets	Partial refund of assets	¥16,141	$ 100,962	—	—

(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, 2025
(i) Transactions with related parties
Related party transactions with the Company which has submitted consolidated financial statements and its subsidiaries

Corporate Pensions for Employees, and so on.

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

Relationship with related party	Details of transactions	Amount of transactions (Millions of yen)	Amount of transactions (Thousands of U.S. dollars)	Account	End of fiscal year balance (millions of yen)
Retirement benefit accounting pension assets	Partial refund of assets	¥15,049	$ 94,132	—	—

(ii) Notes on significant affiliates
Summary of financial information on significant affiliates

There are no significant affiliates applicable.

24. Per Share Information

	(Yen)		(U.S. dollars)
	2026	2025	2026
Net assets per share	1,257.44	¥ 1,177.99	$ 7.86
Profit per share	61.10	¥ 47.34	$ 0.38
Diluted profit per share (Note 1)	61.09	¥ 47.33	$ 0.38

Note: 1. Shares of the Company held by the Benefit Trust for Directors and Other Officers 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" (1,325 thousand shares for the fiscal year ended March 31, 2026 and 1,546 thousand shares for the fiscal year ended March 31, 2025).
Moreover, in calculating "Profit per share" and "Diluted profit per share", they are included in the number of treasury stocks deducted from the average number of shares outstanding during the year (1,422 thousand shares for the fiscal year ended March 31, 2026 and 1,546 thousand shares for the fiscal year ended March 31, 2025).
2. Basis for calculation of profit per share and diluted profit per share are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	2026	2025	2026
Profit per share			
Profit attributable to owners of parent	¥55,582	¥46,171	$347,654
Amount not attributable to common shareholders	–	–	–
Profit attributable to owners of parent allocated to common stock	55,582	46,171	347,654
Average number of shares outstanding during the period	(thousand shares) 909,727	(thousand shares) 975,362	(thousand shares) 909,727
Diluted profit per share			
Adjusted amount of profit attributable to owners of parent	–	–	–
Increase in shares of common stock	(thousand shares) 167	(thousand shares) 216	(thousand shares) 167
(Share acquisition rights within the above increase)	(thousand shares) (167)	(thousand shares) (216)	(thousand shares) (167)

25. Significant Subsequent Events

(Cancellation of treasury shares)

At the Board of Directors meeting held on May 13, 2026, the Company resolved to cancel its treasury shares under the provisions of Article 178 of the Companies Act, and implemented the cancellation on May 29, 2026.

(1) Class of shares cancelled: Shares of the Company's common stock
(2) Total number of shares cancelled: 100,000,000 (Ratio to the total shares outstanding before cancellation: 9.9%)
(3) Date of cancellation: May 29, 2026

26. Bonds payable

Company	Name	Date of issue	Balance as of April 1, 2025 (Millions of yen)	Balance as of March 31, 2026 (Millions of yen)	Balance as of March 31, 2026 (Thousands of U.S. dollars)	Interest rate (%)	Collateral	Maturity
Oji Holdings Corporation	Bond No.34	January 26, 2018	10,000	10,000	$ 62,546	0.43	None	January 26, 2028
Oji Holdings Corporation	Bond No.35	November 29, 2018	20,000	20,000	125,093	0.45	None	November 29, 2028
Oji Holdings Corporation	Bond No.36	November 29, 2018	10,000	10,000	62,546	1.08	None	November 29, 2038
Oji Holdings Corporation	Bond No.37	July 19, 2019	15,000	15,000	93,820	0.29	None	July 19, 2029
Oji Holdings Corporation	Bond No.38	July 19, 2019	15,000	15,000	93,820	0.80	None	July 19, 2039
Oji Holdings Corporation	Bond No.39	July 17, 2020	15,000 (15,000)	—	—	0.18	None	July 17, 2025
Oji Holdings Corporation	Bond No.40	July 17, 2020	15,000	15,000	93,820	0.37	None	July 17, 2030
Oji Holdings Corporation	Bond No.41	July 17, 2020	10,000	10,000	62,546	0.80	None	July 17, 2040
Oji Holdings Corporation	Bond No.42	March 24, 2021	15,000 (15,000)	—	—	0.08	None	March 24, 2026
Oji Holdings Corporation	Bond No.43	March 24, 2021	20,000	20,000	125,093	0.37	None	March 24, 2031
Total	—	—	¥ 145,000 (¥ 30,000)	¥ 115,000 (¥—)	$ 719,289 ($—)	—	—	—

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, 2026 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	¥ 20,000	¥ 15,000	¥ 35,000

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)				
$ –	$ 62,546	$ 125,093	$ 93,820	$ 218,914

27. Loans payable and the like

	April 1, 2025 (Millions of yen)	March 31, 2026 (Millions of yen)	March 31, 2026 (Thousands of U.S. dollars)	Average interest rate (%)	Maturity
Short-term loans payable	¥ 166,297	¥ 243,665	$ 1,524,054	1.55	―
Current portion of long-term loans payable	69,929	37,792	236,381	0.92	―
Current portion of lease obligations	6,537	6,536	40,883	―	―
Long-term loans payable (excluding current portion)	445,161	492,444	3,080,086	1.22	Due 2027 through 2041
Lease obligations (excluding current portion)	24,270	22,493	140,687	―	Due 2027 through 2090
Other interest-bearing liability commercial paper (current portion)	77,000	67,000	419,064	0.88	―
Total	¥ 789,196	¥ 869,932	$ 5,441,158	―	―

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, 2026 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	¥ 85,011	¥ 55,601	¥ 51,586	¥ 62,240
Lease obligation	4,914	3,108	1,487	864

	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	$ 531,717	$ 347,770	$ 322,658	$ 389,295
Lease obligation	30,735	19,444	9,302	5,408

28. Asset Retirement Obligations

As the asset retirement obligations as of April 1, 2025 and March 31, 2026 account for less than 1% of the sum of total liabilities and net assets, this information is omitted.

29. Others

Financial Information for the interim accounting period and fiscal year ended March 31, 2026

		Interim period (From April 2025 to September 2025)	Fiscal year (From April 2025 to March 2026)
Net sales	(Millions of yen)	914,984	1,861,709
Profit before income taxes	(Millions of yen)	19,955	91,637
Profit attributable to owners of parent	(Millions of yen)	10,920	55,582
Profit per share	(Yen)	11.85	61.10

		Interim period (From April 2025 to September 2025)	Fiscal year (From April 2025 to March 2026)
Net sales	(Thousands of U.S. dollars)	5,722,946	11,644,415
Profit before income taxes	(Thousands of U.S. dollars)	124,813	573,162
Profit attributable to owners of parent	(Thousands of U.S. dollars)	68,305	347,654
Profit per share	(U.S. dollars)	0.07	0.38

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 25, 2026

To the Board of Directors of
Oji Holdings Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Junichi Yamanobe

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, 2026, 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, 2025 to March 31, 2026, 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, 2026, 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, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, 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.

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.	
Key Audit Matter Description	**How the Key Audit Matter Was Addressed in the Audit**
Jiangsu Oji Paper Co., Ltd., a consolidated subsidiary in China, manufactures and sells products in the base paper of household paper business (hereinafter described as "Jiangsu Oji Household Paper Base Paper Business") since the year ended March 31, 2021. In preparing the consolidated financial statements of the Group, the financial information of Jiangsu Oji Paper Co., Ltd. is prepared in accordance with International Financial Reporting Standards. The non-current assets balance related to Jiangsu Oji Household Paper Base Paper Business was 8,984 million yen before recognition of impairment loss (0.3% of consolidated total assets) as of March 31, 2026, as described in "(5. Significant Accounting Estimates) 1. Impairment of non-current assets (Impairment test of non-current assets in the base paper of household paper business)" in the Notes to Consolidated Financial Statements. 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 the increases in raw materials and fuel prices that occurred after the beginning of the operation, and equipment stop caused by breakdowns and other reasons. As a result, the performance of the business has experienced delays compared to the business plan established at the timing of investment decision-making, and an impairment loss was recorded in the prior fiscal year (the fiscal year ended March 31, 2024) as a result of the impairment test. In the current consolidated fiscal year, the performance of the business has also failed to meet the business plan established in the previous consolidated fiscal year as a result of the impact of decreased sales volume due to the sluggish market conditions in China and other reasons. The Group performed impairment analysis of non-current assets in accordance with International Accounting Standard No. 36	In order to evaluate the reasonableness of estimation of value in use in the impairment test for non-current assets in Jiangsu Oji Household Paper Base Paper Business, we instructed auditors in our network firm to perform the audit, received the results of performed audit procedures including the following procedures, made inquiries on the procedures performed and evaluated whether sufficient and appropriate audit evidence have been obtained. (1) Evaluation of internal controls ● To evaluate the design and operating effectiveness of internal controls over the impairment test for non-current assets, we inquired on a series of impairment test processes, and performed procedures focusing on the followings, among others: ・ Approval by administration department head on preconditions of the business plan, such as projected purchase price, selling price and sales volume prepared by administration staff. ・ Review by administration department head of the discounted present value of estimated future cash flows prepared by administration staff. (2) Examination of the impairment test for non-current assets ● We evaluated the feasibility of the future business plan by analyzing the factors causing the difference between business plans established in the prior fiscal years and actual results retrospectively, and inspecting whether those factors causing difference were resolved or reflected to the significant assumptions. ● Regarding the significant assumptions used in the measurement of value in use of Jiangsu Oji Household Paper Base Paper Business stated in the left, we performed the following procedures, among others: ・ Assumptions in the future business plan ① In order to examine the appropriateness of future production volume, we confirmed that the occurrence of equipment breakdowns in the past has been reflected in the business plan by inquiring of

"Impairment of Assets". As there was an indication of impairment, the Group performed an impairment test. As a result, since the recoverable amount of the cash generating unit was below its carrying amount, an impairment loss of 4,615 million yen was recorded in the consolidated statement of income, and accordingly, non-current assets of 4,368 million yen related to the business were recorded 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 in the current consolidated fiscal year by the management and the inflation rate in China is reflected 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 Sales volume based on the estimation of market growth rate ③ Future purchase price of pulp which is the main raw material ④ Future selling price which is based on the market condition of pulp purchase price The Group has evaluated the achievability of these significant assumptions and has incorporated the achievement status in prior years for matters for which uncertainties are identified. ● Long term growth rate calculated based on the inflation rate in China ● Discount rate which is based on weighted average capital cost These significant assumptions in measuring value in use contain high uncertainty as they are affected by external changes such as the market condition of base paper of household paper and pulp market conditions, and therefore their estimation require management judgment. For the above reasons, we identified the reasonableness of estimation of value in use in the impairment test for non-current assets in Jiangsu Oji Household Paper Base Paper Business as a key audit matter.	management. 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 involved our network firm's internal specialists, and evaluated the appropriateness of the method management applied, and compared input data with available external data.

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

<Audit of Internal Control>

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Oji Holdings Corporation as of March 31, 2026.

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, 2026, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, 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.

- Plan and perform the internal control audit to 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 review 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, 2026, 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.

<u>Notes to the Readers of Independent Auditor's Report</u>

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.