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Commencement date of measures for electronic provision: May 31, 2023

**OTHER MATTERS SUBJECT TO MEASURES FOR
ELECTRONIC PROVISION FOR
THE 99TH ORDINARY GENERAL MEETING OF
SHAREHOLDERS
(MATTERS OMITTED FROM THE PAPER COPY OF
MEETING MATERIALS)**

**The 99th term
(from April 1, 2022 to March 31, 2023)**

Subscription Right to Shares of the Company
System to Ensure the Propriety of Operations and
an Overview of the Current Status of its Operation
Basic Policies on the Control of the Company
Consolidated Statement of Changes in Equity
Consolidated Statements of Cash Flows (Condensed)
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Notes to Non-consolidated Financial Statements

Oji Holdings Corporation

Pursuant to the provisions of applicable laws and regulations and Article 15, Paragraph 2 of the Articles of Incorporation, the items listed above shall be omitted from the paper copy (paper copy stating matters subject to measures for electronic provision) sent to shareholders who have requested it.

Note that, for this General Meeting of Shareholders, the paper copy stating matters subject to measures for electronic provision will be sent to all shareholders, omitting the items listed above, regardless of whether they have requested it.

Subscription right to shares of the Company

Summary of subscription right to shares held by the Company's Officers as of March 31, 2023

(as of March 31, 2023)

Name of subscription right to shares	Allotment date	Number of holders of subscription right to shares	Number of subscription right to shares	Class and number of shares to be delivered upon exercise of subscription rights to shares outstanding	Exercise period of subscription right to shares
Oji Holdings Corporation 8th Subscription Rights to Shares (For Directors)	July 16, 2013	Director (excluding the Outside Board Members) 1	15 (1,000 shares of common stock per unit)	Common stock 15,000 shares	July 17, 2013 to June 30, 2033
Oji Holdings Corporation 9th Subscription Rights to Shares (For Directors)	July 15, 2014	Director (excluding the Outside Board Members) 1	12 (1,000 shares of common stock per unit)	Common stock 12,000 shares	July 16, 2014 to June 30, 2034
Oji Holdings Corporation 10th Subscription Rights to Shares (For Directors)	July 14, 2015	Director (excluding the Outside Board Members) 3	39 (1,000 shares of common stock per unit)	Common stock 39,000 shares	July 15, 2015 to June 30, 2035

- Notes: 1. The acquisition of subscription rights to shares by transfer shall require approval by a resolution of the Board of Directors.
2. The payment amount for the exercise of Subscription Rights to Shares is one (1) yen per share for each instance of exercise.

System to ensure the properness of operations and an overview of the current status of its operation

The Company has established the following policies for the development of the system to ensure the properness of operations.

(1) System to ensure that execution of duties by Directors and employees of the Company and its subsidiaries complies with laws and regulations, and the Articles of Incorporation

- (i) The Company, having established the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard, shall reaffirm that Directors and employees of the Company and its subsidiaries engage in corporate activities with awareness of themselves as corporate citizens and with high sense of ethical principles worthy of the trust of society, and shall give its commitment for the continuity of it.
- (ii) The Company shall strive to identify and remedy any problems by establishing a department that works on thorough compliance with laws and regulations through enhancement of Group-wide compliance systems including education for legal compliance and business ethics helpline systems.
- (iii) The Company has established an in-house contact point department and enhanced its internal systems, in order to ensure complete severance of relationships with antisocial groups and organizations. The Company shall stand firmly against antisocial groups and organizations.
- (iv) The department in charge of internal audits shall perform audits on compliance and report results to the meetings stipulated in the Group Regulations.

(2) System for preservation and management of information concerning execution of duties by Directors

- (i) Documents, including electromagnetic documentation, shall be preserved and managed in accordance with laws and regulations as well as the Company Regulations concerning handling of documents. Documents shall be made accessible at any time upon a request from Directors or Audit & Supervisory Board Members.

(3) Regulations and other systems for management of risk of loss of the Company and its subsidiaries

- (i) The meetings stipulated in the Group Regulations shall be responsible for deliberation and reporting of important matters concerning risk management and internal control system of the entire Group, and also for deliberation of draft revisions of the Basic Policy on the Construction of Internal Control System.
- (ii) The Company shall clarify its risk management system by formulating a series of Regulations that forms a basis for the Group's risk management. The Company, at the same time, shall manage risks of the entire Group in a comprehensive and inclusive manner to develop systems appropriate to each risk type.
- (iii) The department in charge of internal audits shall perform audits on risk management and report results to the meetings stipulated in the Group Regulations.

(4) System to ensure efficient execution of duties by Directors of the Company and its subsidiaries

- (i) The Company shall clarify the goals and challenges that should be shared among Directors and employees of the Company and its subsidiaries, by establishing the Group-wide management philosophy, basic management policy, medium-term management plan and annual master plan.
- (ii) Each Director of the Company and its subsidiaries shall implement concrete measures in relation to his/her businesses in charge, based upon the above-written philosophy, basic policy and plans, grasp progress appropriately and promptly through utilization of systems that make full use of IT, and make reports on them to the Board of Directors of the Company and its subsidiaries. The Company shall develop systems that more certainly achieve goals and overcome challenges, by facilitating improvements through elimination or reduction of factors that impede efficiency, if any identified.
- (iii) The Company shall clarify authority and responsibility of employees of the Company and its significant subsidiaries, in order to encourage systematic and efficient operations of their duties.

(5) System to ensure the properness of operations by the corporate group comprised of the Company and its subsidiaries; and system for reporting to the Company on matters concerning execution of duties by Directors of the Company's subsidiaries

- (i) The Company shall clearly stipulate in the Group Regulations roles of the Company and its subsidiaries as well as systems of Group governance.
- (ii) The Company shall stipulate in the Group Regulations consistent approval and reporting procedures within the Group to ensure a check-and-balance within the Group.

(6) Matters related to employees posted as assistants to Audit & Supervisory Board Members when Audit and Supervisory Board Members so require; matters related to independency of such employees from Directors; and matters related to ensuring effectiveness of Audit & Supervisory Board Members' instruction to such employees

- (i) The Company shall establish a department that assists the duties of the Audit & Supervisory Board Members and appoint several dedicated employees who are capable of sufficiently verifying the Company's business operations.
- (ii) The department that assists the duties of the Audit & Supervisory Board Members shall be under the direct control of the Audit & Supervisory Board; and any change in personnel affairs, evaluation and disciplinary action in relation to employees of the department shall be subject to consent of the Audit & Supervisory Board Members.
- (iii) Employees at the department that assists the duties of the Audit & Supervisory Board Members shall follow the instructions and orders of the Audit & Supervisory Board Members.

(7) System for reporting to the Audit & Supervisory Board Members by Directors and employees of the Company and its subsidiaries, Audit & Supervisory Board Members of the Company's subsidiaries, or by recipients of reports from them; and system to ensure individuals making a report are not treated unfavorably on the grounds of making a report

- (i) Regarding matters concerning execution of important business and matters that may cause a substantial loss, their deliberation and reporting in the meetings specified in the Group Regulations are stipulated in the Group Regulations. The Company shall ensure a system in which important matters are reported to Audit & Supervisory Board Members through their attendance in relevant meetings, inspection of materials, etc.
- (ii) Directors and employees of the Company and its subsidiaries as well as Audit & Supervisory Board Members of the Company's subsidiaries shall make reports as needed to the Audit & Supervisory Board on matters the Audit & Supervisory Board Members deem necessary and specifically request for reporting in addition to matters legally designated.
- (iii) The Company shall regularly make reports to the Audit & Supervisory Board Members on compliance including internal audits, risk management, business ethics helpline system, etc.
- (iv) With regard to the business ethics helpline system, the Company shall ensure systems that prevent unfavorable treatment on the grounds of making a report.

(8) Matters concerning policies for handling expenses arising in relation to execution of duties by Audit & Supervisory Board Members

- (i) The Company shall promptly respond to any request made by Audit & Supervisory Board Members for expenses that arise when executing their duties.
- (ii) Every year, there shall be a budget provided to respond to expenses which Audit & Supervisory Board Members require based on audit plans.

(9) Other systems to ensure that audits by Audit & Supervisory Board Members are performed effectively

- (i) The Company shall provide opportunities for Audit & Supervisory Board Members to regularly exchange opinions with the Representative Director and Accounting Auditors.

An overview of the current status of operation of the system to ensure the properness of operations is as follows.

(1) Status of implementation of the initiatives for compliance

The Group formulated the “Oji Group Corporate Code of Conduct” and the “Oji Group Behavior Standard,” which specify the rules all officers and employees of the Oji Group are expected to follow. However, in FY2020, the Company revised them to reflect changes in the management environment, such as the management philosophy and the United Nations’ SDGs, changing the details to further conform with the demands of the times. The “Oji Group Corporate Code of Conduct and Behavior Standard” are translated into the languages of various companies that make up the foundation of the Group, and are common knowledge for all officers and employees belonging to the Group. Furthermore, the Group formulated the “Oji Group Human Rights Policy,” and the entire Group works as one to carry out initiatives that respect human rights.

- The Corporate Compliance Department drafts policies and carries out the planning of measures for the Group-wide promotion of compliance. In an effort to promote compliance awareness, they publish and regularly distribute Compliance News, mainly to the domestic Group companies, as well as Global Compliance News to the overseas Group companies, and carries out internal training sessions on the subjects of compliance as well as various laws and regulations. Furthermore, the Corporate Compliance Department, from time to time, conducts compliance awareness survey of the Group’s employees, and prepares action plans based on the results thereof in an effort to improve such awareness.

- Compliance officer and compliance promotion leader are assigned to each entity and department under the Oji Group, while each worksite holds compliance meetings at least semi-annually, requiring participation by all staff, as part of an effort to enhance the extent and level of compliance awareness.

- As initiatives to prevent bribery and corruption, the Group formulated the “Group Regulations for Preventing Acts of Giving Bribes and Corruption” and the “Group Regulations for Preventing Acts of Receiving Bribes and Corruption,” established various types of guidelines to further clarify and specify the response within the Group. Furthermore, the Internal Audit Department performs audits on compliance with the regulations at the Group companies, to further enhance the prevention against bribery and corruption at an early stage.

- The business ethics helpline system has two contact points, one inside the Company and the other outside the Company (an attorney’s office), and is in operation based on “Group Business Ethics Helpline Regulations” to prevent legal violations or improprieties at an early stage and promptly detect/correct them. This system is open to consultation and reporting by all officers and employees of the Group including those retired and related trading partners. In addition, in FY2022, the Company partially revised the “Group Business Ethics Helpline Regulations” in accordance with amendments to the Whistle-Blower Protection Act.

(2) Status of implementation of the initiatives for risk management

- Under the Group Risk Management Regulations, the scope of risks to be managed are defined as risks affecting all the tangible and intangible property owned by Oji Group. The risks to be managed are divided into Group-shared risks and risks affecting specific operational lines, and these risks are further categorized into the following risk types: environmental risks, compliance risks, information security risks, product liability risks, natural disaster risks, etc.

- Risk management structures are clarified to expedite response by defining the departments responsible for risk management and the departments to support such management for each risk type.

- In preparation for situations of emergency, structures are in place to provide reporting and information collection on a 24-hour/day system to ensure expeditious initial response. In addition, inspection and maintenance, etc. of the equipment and other hardware required during emergencies is continuously carried out and steps are taken to enhance the crisis management structure.

- In particular, if a serious situation arises that requires a Group-wide response, there is a system in place whereby an Group emergency headquarters is set up to confirm the safety of employees, check the damage suffered, and take prompt measures to continue supplying products to our customers. The Group is working to identify the procedure to quickly establish the Group Emergency Countermeasure Division

- The Internal Audit Department shall perform audits on the status of compliance, risk management and internal control at the Group companies, to verify the effectiveness of the internal control functions and credibility of financial reporting, and report on the results thereof to the Audit & Supervisory Board Members and also to the Board of Directors through the Group Management Meeting, ensuring collaboration with the Directors.

(3) Status of implementation of the initiatives to ensure efficient system to execute duties

- Fifteen meetings of the Board of Directors were held, in which deliberation and reporting were made on the matters related to the important business execution as defined under the medium-term management plan which sets the direction of the entire Group, the laws and regulations as well as the Group Regulations.

- Important matters are deliberated and reported at the Board of Directors, after deliberation and reporting at Group Management Meetings, etc. Execution of businesses in accordance with the decisions made by the Board of Directors is promptly implemented by Group Corporate Officers and COMPANY Presidents.

- Authority and responsibility of each organization are clearly determined in “Organization Regulations,” “Group Management Regulations” and “Authority Regulations,” while regulations for approval procedures such as the “Group CEO’s Decisions Regulations” and the “COMPANY President’s Approval Regulations” are set out, whereby appropriate operation of business procedures is ensured.

(4) Status of implementation of the initiatives to ensure effectiveness of the audits by the Audit & Supervisory Board Members

- The Audit & Supervisory Board comprising five (5) members composed of two (2) Standing Audit & Supervisory Board Members and three (3) Outside Audit & Supervisory Board Members held 13 meetings in the year under review. Standing Audit & Supervisory Board Members attend the Group Management Meetings, etc. apart from the Board of Directors’ Meetings, verifying the decision-making processes concerning business executions. Proceedings of the Group Management Meetings, etc. are reported to the Outside Audit & Supervisory Board Members, at the Briefing Meeting for Outside Officers (also attended by Outside Directors and Standing Audit & Supervisory Board Members) held twice a month in principle. Furthermore, Outside Audit & Supervisory Board Members work for further information sharing by participating (voluntarily) as observers together with Outside Directors at management meetings.

- The Audit & Supervisory Board Members have meetings with the Internal Audit Department as well as Accounting Auditor, etc. on a regular basis, to exchange information about the audit plans and audit results, etc. in an effort to promote mutual collaboration, while having meetings with the Representative Directors and COMPANY Presidents, etc., to exchange opinions on the important audit matters.

- The Company has established Auditor's Office as an organizational unit independent from other departments, as staffed by dedicated employees to assist the Audit & Supervisory Board Members in the execution of their duties. Budget for this office is established based on the audit plan prepared by the Audit & Supervisory Board, to fund the expenses necessary for carrying out audits.

Basic Policies on the Control of the Company

The Company stipulates “the basic policies on those who control the decision of the Company’s financial and operational policies” (hereafter, the basic policies are referred to as the “basic policies on the control of the Company”) as described below (1).

Based on the approval by shareholders at the 96th Ordinary General Meeting of Shareholders held on June 26, 2020, the Company has continued policy to address purchase of the Company’s share certificates, etc. (Note 1) (hereafter, this policy is referred to as the “Policy”), for the purpose of a specific shareholder group (Note 2) purchasing 20% or more of the voting rights (Note 3) or the purchase of the Company’s share certificates, etc. with the result that a specific shareholder group holds 20% or more of the voting rights (Note 4) prescribed below (3). The effective term of the Policy shall be up to the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within three (3) years from the date of this Meeting.

Note 1: Share certificates, etc. means share certificates, etc. prescribed in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act and Article 27-2, Paragraph 1 of the same Act.

Note 2: Specific shareholder group means (i) the holder of the Company’s share certificates, etc. (meaning share certificates, etc. prescribed in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act) (such holder is prescribed in Article 27-23, Paragraph 1 of the same Act and includes persons included in holders based on Paragraph 3 of the same Article) and joint holders of the same (meaning the joint holders prescribed in Article 27-23, Paragraph 5 of the same Act and including persons deemed to be joint holders based on Paragraph 6 of the same Article) or (ii) the person and persons in a special relationship (meaning persons in a special relationship prescribed in Article 27-2, Paragraph 7 of the same Act) who undertake the purchase, etc. of the share certificates, etc. of the Company (meaning share certificates, etc. prescribed in Article 27-2, Paragraph 1 of the same Act) (such purchase, etc. is prescribed in Article 27-2, Paragraph 1 of the same Act and including purchases undertaken on an exchange financial instruments market).

Note 3: Percentage of voting rights means (i) in the case of a specific shareholder group falling within the entry of (i) of Note 2, the percentage of share certificates, etc. held by the holder (meaning the holding ratio of share certificates, etc. prescribed in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act; in this case, the number of share certificates, etc. held by the joint holder of the relevant holder (meaning the number of share certificates, etc. held prescribed in the same Paragraph) shall also be considered in calculation) or (ii) in the event that a specific shareholder group falls within the entry of (ii) of Note 2, the total percentage of ownership of share certificates, etc. of the relevant purchaser and persons in a special relationship with the purchaser (meaning the share certificates, etc. ownership rate prescribed in Article 27-2, Paragraph 8 of the same Act). When calculating the percentage of voting rights, reference may be made to the figures with respect to the total voting rights (meaning that prescribed in Article 27-2, Paragraph 8 of the same Act) and the total number of shares issued (meaning that prescribed in Article 27-23, Paragraph 4 of the same Act) provided in the Annual Securities Report, Quarterly Securities Report or Share Buyback Report, whichever is most recent.

Note 4: In either case of purchase above, a purchase to which the Board of Directors of the Company has given its consent beforehand is excluded. Hereafter, such a purchase is referred to as a “large-scale purchase,” and one who engages in a large-scale purchase is referred to as a “large-scale purchaser”

(1) Details of the basic policies on the control of the Company

Given that the Company’s shares have been listed on the stock exchange and shareholders and investors can freely trade shares of the Company, the Company does not categorically reject even a large-scale purchase as long as it is based on the purchase proposal, etc. that contribute to the corporate value and the common interests of the shareholders of the Company. With respect to such proposals, etc., the Company believes that the decision as to whether to respond to such an offer should ultimately be left to the judgment of the shareholders.

On the other hand, the Group has set the three themes of Group’s management policy, namely, “Creation of Innovative Value,” “Contribution to the Future and the World” and “Harmony with Nature and Society,” and works to contribute to a sustainable society and enhance medium- to long-term corporate value by exploring “beyond the boundaries into the future.” Moreover, the Group has formulated the Purpose of “Grow and manage the sustainable forest, develop and deliver the products from renewable forest and Oji will bring this world a brighter future filled with hope” as the Group’s vision. Toward the realization of this vision, the Group has established its Basic Policy of “Toward Further Growth and Evolution” as its Long-term Vision for 2030, and set “Initiatives for Environmental

Issues –Sustainability–,” “Initiatives for Profitability Improvement –Profitability–,” and “Initiatives for Product Development –Green Innovation–.” The Group strives to address environmental and social issues through these initiatives.

Thus, the Company believes that providing appropriate information concerning the purchaser and ensuring a period for consideration, including an opportunity to consider alternative proposals, are indispensable in order for shareholders to make an appropriate judgment when there is a large-scale purchase.

However, there may be some cases where the Company and the shareholders are not provided with sufficient time and information to study details of such proposals for purchase, etc. of the Company’s shares or alternative proposals, etc. In addition, taking into consideration, for example the purpose for such acquisition and the management policies after such acquisition, there could be any number of factors disadvantageous for the Company’s corporate value or its shareholders’ common interests, for example: facts clearly detrimental to Company’s corporate value or its shareholders’ common interests; the existence of schemes to coerce shareholders into accepting the proposal for purchase; objective probability that it will significantly damage the corporate value of the Company including its social credibility or cause significant disadvantages to the shareholders of the Company, and so forth.

The Company considers any person that conducts a large-scale purchase or makes such a purchase proposal of such potential to be not appropriate as a person to control the decision of the Company’s financial and operational policies.

(2) Initiatives to contribute to realizing the basic policies on the control of the Company

The Company implements measures outlined in “(4) Issue to address of Oji Group (management policy, business strategy)” on page 30 of the Business Report of the NOTICE OF THE 99TH ORDINARY GENERAL MEETING OF SHAREHOLDERS as initiatives to enhance corporate value and the common interests of the shareholders of the Company for the purpose of encouraging a large number of investors to continue investing in the Company for a long time.

Because these initiatives are intended to enhance the corporate value and the common interests of the shareholders of the Company, we deem that they are in accord with the basic policies on the control of the Company described in (1) above, that they correspond with the common interests of shareholders of the Company, and that they are not intended to maintain the positions of Directors or Audit & Supervisory Board Members of the Company.

(3) Initiatives to prevent persons considered inappropriate, in light of the basic policies on the control of the Company, from controlling the Company’s decisions on financial and operational policies

[1] Purpose and necessity of introducing the Policy

The Board of Directors of the Company sets rules regarding large-scale purchases of the Company’s shares (hereafter referred to as the “Large-Scale Purchase Rules”) as follows, based on the basic policies described in (1) above, and requests compliance with the Large-Scale Purchase Rules from large-scale purchasers.

If a large-scale purchase of the Company’s shares occurs, the Policy is the procedure in which the Board of Directors implements countermeasures in certain cases upon evaluating and investigating the large-scale purchase, while giving maximum respect to the recommendation of the special committee, consisting of members independent from the management team that manages and executes the operations of the Company, after requesting the provision of information related to the large-scale purchaser and the large-scale purchase from the large-scale purchaser. The Board of Directors of the Company has a policy of taking certain measures in the event that a large-scale purchaser does not comply with the Large-Scale Purchase Rules.

The Company has deemed the Policy as necessary based on the following reasons.

(a) Responsibility to shareholders

1) Provision of appropriate information

The Board of Directors of the Company believes that it has an obligation to provide information to shareholders so that they may appropriately evaluate a large-scale purchase.

2) Ensuring appropriate time for assessment

The Board of Directors of the Company believes that it has an obligation to ensure time so that shareholders may appropriately assess a large-scale purchase.

* The Company recognizes that the provision of necessary information and time for assessment so that shareholders may appropriately evaluate a large-scale purchase were not sufficiently ensured under the current legal system related to large-scale purchases. As a result, the Company has judged that it will place significance on providing necessary information and ensuring time for assessment based on the Policy as its responsibility to shareholders.

(b) Responsibility to society

1) Contribute to a sustainable society over the medium to long term

The Group believes that it has an obligation to contribute to a sustainable society, and will develop wide-ranging businesses such as the pulp and paper manufacturing business, the plantation business and electric power generation business, as well as strive to achieve medium- to long-term enhancement of its corporate value, by exploring “beyond the boundaries into the future,” based on the three themes of the Group’s management philosophy, namely, “Creation of Innovative Value,” “Contribution to the Future and the World” and “Harmony with Nature and Society.”

2) Sustainable forest management over the medium to long term

The Group is committed to promoting environmental management as the largest owner of forests in Japan among private-sector companies and the one of the few private-sector forest management business operators and believes that, by practicing sustainable forest management, in particular, maintaining watershed protection functions of forests such as flood mitigation, as well as securing water sources, it plays an important role in preserving the land, which is a special position of the Company to be in. The Group thus believes that it has an obligation to maintain and improve the public value of forests over the medium to long term by developing its business activities in harmony with the environment.

(Area of forests held by the Company domestically: approximately 190,000 hectares, approximately 0.5% of Japan’s territory)

* The Company believes that these social obligations that are also important to Japan are not able to be achieved in a day, but can be achieved with a stable management foundation. However, the Company recognizes that the establishment of legal regulations related to the owning of land in Japan is currently insufficient. Therefore, the Company judges that it will place significance on ensuring a management foundation over the medium- to long term- based on the Policy as its obligation to society.

[2] Establishing Large-Scale Purchase Rules

For the interest of all shareholders of the Company, any large-scale purchase shall be conducted in accordance with the Large-Scale Purchase Rules prescribed below. These Large-Scale Purchase Rules require (i) the large-scale purchaser to provide the Board of Directors of the Company with sufficient information in advance and (ii) any large-scale purchase to be commenced only following the passage of the Board of Directors’ Assessment Period (or, if a general meeting of shareholders to confirm the shareholders’ intent (defined in [3] (e) below; the same shall apply hereinafter) is held, after the conclusion of such a meeting).

First, the Company shall have the large-scale purchaser provide to the Board of Directors of the Company sufficient information required for the Company’s shareholders to make a judgment and for the Board of Directors to form an opinion (hereafter, this information is referred to as the “Large-Scale Purchase Information”). Specifics are defined in Appendix 1.

As the concrete details of the Large-Scale Purchase Information may vary based on the details of the large-scale purchase, when a large-scale purchaser intends to undertake a large-scale purchase, the Company will first have the large-scale purchaser submit to the Company a statement of intent to comply with the Large-Scale Purchase Rules. In the statement of intent, the Company asks that

the name, address, governing law of incorporation of the large-scale purchaser, the name of its representative, and domestic contact information of the large-scale purchaser, and outline of the proposed large-scale purchase be clearly indicated. Within five (5) business days following receipt of this statement of intent, the Company shall deliver to the large-scale purchaser a list of the Large-Scale Purchase Information which should be submitted to the Company by the large-scale purchaser.

In the event that it is considered that the information initially submitted alone is insufficient as Large-Scale Purchase Information, the Company may have additional information submitted until the Large-Scale Purchase Information is sufficiently complete through the establishment of a reasonable submission deadline (not more than sixty (60) days counted from the day on which the Company delivers the list of Large-Scale Purchase Information) by the Board of Directors of the Company on the condition that a similar judgment is reached by the special committee, and the specific deadline established and the reasons that the reasonable period is necessary shall be disclosed to shareholders.

The Board of Directors of the Company shall promptly disclose the fact that there has been a large-scale purchase proposal. Additionally, the Large-Scale Purchase Information submitted to the Board of Directors of the Company shall be disclosed in full or in part in a timely manner if it is deemed necessary for shareholders to make a judgment.

Next, in accordance with the degree of difficulty of the assessment, etc. of the large-scale purchase, a sixty (60)-day period (in the case of the purchase of all the shares of the Company through a public tender offer only for cash (yen) consideration) or a ninety (90)-day period (in the case of other large-scale purchases) after the completion of submission of the Large-Scale Purchase Information shall be set aside as a period for the assessment, investigation, negotiation, opinion formation, and the preparation of alternative proposals by the Board of Directors (hereafter referred to as the "Board of Directors' Assessment Period"). The Board of Directors' Assessment Period will not be extended. The Board of Directors of the Company shall promptly disclose the fact that the submission of the Large-Scale Purchase Information was completed and matters relating to the Board of Directors' Assessment Period. The large-scale purchase shall be commenced only following the passage of the Board of Directors' Assessment Period (or, if a general meeting of shareholders to confirm the shareholders' intent is held, after the conclusion of such a meeting).

During the Board of Directors' Assessment Period, the Board of Directors of the Company, while receiving the advice of outside experts, shall make a sufficient assessment and investigation of the submitted Large-Scale Purchase Information and shall disclose an opinion as the Board of Directors. As necessary, the Board of Directors may negotiate with the large-scale purchaser concerning improvements in the terms of the large-scale purchase and may also present, as the Board of Directors of the Company, alternative proposals to the shareholders. Additionally, the Board of Directors of the Company shall submit the Large-Scale Purchase Information to a special committee and request an assessment and investigation of the information. The special committee shall undertake its own assessment and investigation of the Large-Scale Purchase Information and shall make a recommendation concerning the measures of response which the Board of Directors of the Company should take in accordance with the Policy. The Board of Directors of the Company shall take the special committee's recommendation into consideration and shall determine a measure of response that complies with the Policy while giving maximum respect to that recommendation.

[3] Policies in the event of a large-scale purchase

(a) When a large-scale purchaser does not comply with the Large-Scale Purchase Rules

When a large-scale purchaser does not submit a statement of intent, when a large-scale purchaser commences a large-scale purchase prior to the passage of the Board of Directors' Assessment Period, when a large-scale purchaser does not provide sufficient information in accordance with the Large-Scale Purchase Rules, or when a large-scale purchaser otherwise does not comply with the Large-Scale Purchase Rules, the Board of Directors of the Company shall, for the purpose of protecting the interests of the Company's shareholders as a whole, take measures, such as the issuance of subscription rights to shares, deemed to be within the authority of the Board of Directors by the Companies Act, other laws and the Company's Articles of Incorporation and may oppose the large-scale purchase. The Board of Directors of the Company shall, in advance of deciding to implement countermeasures, consult the special committee concerning the appropriateness of the implementation of the countermeasures and shall receive the special committee's recommendation. While giving maximum respect to the recommendation of the special committee, the Board of Directors of the Company shall make a decision on the implementation of the countermeasures having referenced the opinions of attorneys, financial advisors and other outside experts.

The Company speculates that the issuance of subscription rights to shares will be used as a specific countermeasure. An outline of the case where subscription rights to shares are issued based on a shareholder allotment as a concrete countermeasure shall, as a general principal, be as set forth in Appendix 2. In the event subscription rights to shares are issued, the exercise period, exercise terms and acquisition terms may be established having given consideration to their impact as a countermeasure, such as making the exercise terms and acquisition terms of the subscription rights to shares so as not to vest in a specific shareholder group that has a certain percentage or more of the voting rights.

The establishment of these Large-Scale Purchase Rules and countermeasures in the event that a large-scale purchaser does not comply with said rules are deemed to be a fair and appropriate response for the purpose of protecting the rightful interests of the Company's shareholders as a whole. Contrarily, it is possible that, through the countermeasures, a large-scale purchaser that does not comply with the Large-Purchase Rules may ultimately experience detrimental effects including economic losses. May this serve as advanced warning against commencing a large-scale purchase in disregard of the Large-Scale Purchase Rules.

(b) When a large-scale purchaser complies with the Large-Scale Purchase Rules

With respect to the purchase of the Company's shares on a scale that may have an impact on the management of the Company, the purposes of the Large-Scale Purchase Rules, from the perspective of protecting the interests of the Company's shareholders as a whole, are to provide information necessary for shareholders to make a judgment whether to accept such a purchase, to provide shareholders with the assessment and opinion of the Board of Directors of the Company who are actually responsible for the management of the Company and, furthermore, to ensure that there is an opportunity for shareholders to be presented with alternative proposals. When the Large-Scale Purchase Rules are being complied with, these rules are not, as a general principle, in place to inhibit the large-scale purchase simply on the judgment of the Board of Directors of the Company alone.

However, exceptionally, even though a large-scale purchaser complies with the Large-Scale Purchase Rules, when the Board of Directors of the Company judges, having referred to the opinions of attorneys, financial advisors and other outside experts and having given maximum respect to the recommendation of the special committee, that it is clear that the large-scale purchase will cause damage from which it will be difficult for the Company to recover or the interests of the Company's shareholders as a whole will suffer significant damage, measures set forth in [3] (a) above may be taken in order to deter the large-scale purchase (provided, however, that if a general meeting of shareholders to confirm the shareholders' intent has been held, the Board of Directors of the Company shall make a decision in accordance with the resolution passed by the general meeting of shareholders to confirm the shareholders' intent).

Timely and appropriate disclosures shall be made in the event it is decided to take such countermeasures. Concretely, when acts are deemed to fall within the patterns below, the

Company shall consider, as a general principle, the large-scale purchase to fall within cases where it is clear that the purchase will cause damage from which it will be difficult for the Company to recover or cases where the interests of the Company's shareholders as a whole will suffer significant damage.

(i) When purchases clearly infringe on the interests of shareholders as a whole due to acts listed in the following [1] to [4], etc.

[1] Act of buying up shares and demanding that the Company buy those shares at a high price

[2] Act of taking temporary control of the Company and engaging in management to realize the profits of the purchaser to the detriment of the Company, such as acquiring important assets, etc. of the Company at a low price

[3] Act of appropriating the assets of the Company to secure the debts or to be a source for repayment of the debts of the purchaser or its group companies, etc.

[4] Act of taking temporary control of the Company management, disposing of high valued assets, etc. without immediate relation to the business of the Company, and paying out a temporarily high dividend with the profits from that disposal, or watching for an opportunity for a rapid increase in stock prices caused by the temporarily high dividend to sell off shares

(ii) When it is objectively probable that purchases will effectively force shareholders to sell shares, such as coercive two-tiered tender offers (meaning the purchase of shares such as in a public tender offer under which the second stage purchase terms are disadvantageously set compared to the initial purchase terms or the second stage purchase terms are left ill-defined)

(c) Suspension after implementation of countermeasure

Even after the decision to take countermeasures in accordance with the Policy, the Board of Directors of the Company may decide to suspend the implementation of the countermeasures, having given maximum respect to the recommendation of the special committee, (i) when the large-scale purchaser halts the large-scale purchase and (ii) when there is a change in the relevant facts, etc. upon which the determination to take countermeasures were premised, and it is judged that the large-scale purchase will not cause damage from which it will be difficult for the Company to recover, and furthermore, will not significantly damage the interests of the Company's shareholders as whole (provided, however, that if a general meeting of shareholders to confirm the shareholders' intent has been held and a resolution supporting the suspension of the implementation of countermeasures has been passed at the meeting, the Board of Directors of the Company shall make a decision in accordance with the resolution passed by the general meeting of shareholders to confirm the shareholders' intent). In the case of, for example, a gratis allotment of subscription rights to shares as a countermeasure, when circumstances have arisen, such as the large-scale purchaser withdrawing the large-scale purchase, after the determination of shareholders who should receive an allotment of rights and the Board of Directors judges, having considered the recommendation of the special committee, that the implementation of countermeasures is inappropriate, the gratis allotment of subscription rights to shares may be suspended during the period up to the effective date of the subscription rights to shares or, during the period after the gratis allotment of the subscription rights to shares up to the start of their exercise period, the Company may acquire the subscription rights to shares without consideration and suspend the implementation of the countermeasures.

In the event that the implementation of countermeasures is suspended as noted above, information concerning this will be promptly disclosed along with matters deemed necessary by the special committee.

(d) Establishment of special committee and investigation thereby

In the Policy, in order to ensure the objectivity, fairness and rationality of the judgment of the Board of Directors of the Company when judging whether the large-scale purchaser has complied with the large-scale purchase rules, whether the large-scale purchase falls within cases where it is clear that the purchase will cause damage from which it will be difficult for the Company to recover or cases where the interests of the Company's shareholders as a whole will suffer

significant damage, and then whether to take countermeasures against the large-scale purchase, whether to hold a general meeting of shareholders to confirm the shareholders' intent in determining whether to take such countermeasures and whether to suspend their implementation, the Company shall establish a special committee as an organization independent from the Board of Directors of the Company, and the Board of Directors of the Company shall give maximum respect to the committee's recommendation. The special committee shall consist of three (3) members who shall be selected from among Outside Directors, Outside Audit & Supervisory Board Members, company managers with a wealth of management experience, persons thoroughly familiar with investment banking, attorneys, certified public accountants, tax accountants, academics, or other persons with similar qualifications.

When a decision is made to or not to implement countermeasures, to or not to hold a general meeting of shareholders to confirm the shareholders' intent, or to suspend the implementation of countermeasures, the Board of Directors of the Company shall always consult with the special committee and receive its recommendation. The special committee may, at the expense of the Company, obtain the advice of third parties (including financial advisors, certified public accountants, attorneys, consultants and other experts) who are independent from the management team of the Company, or request the attendance of the Company's Directors, Audit & Supervisory Board Members, employees, etc. at meetings of the special committee and request explanations concerning necessary information. The special committee shall deliberate and form resolutions and, based on the contents of those resolutions, present their recommendation to the Board of Directors of the Company. When judging whether to implement countermeasures, whether to hold a general meeting of shareholders to confirm the shareholders' intent in determining whether to take such countermeasures and whether to suspend the implementation of countermeasures, the Board of Directors of the Company shall give maximum respect to the special committee's recommendation. A summary of the rules of the special committee and names and brief histories of the members of the special committee are provided in Appendix 3 and 4.

(e) Procedure for the confirmation of the shareholders' intent

If the Board of Directors of the Company has determined, after giving maximum respect to the recommendations of the special committee, that whether to implement countermeasures should be determined through the procedure for the confirmation of the shareholders' intent, the Board of Directors of the Company may hold a general meeting of shareholders to confirm the shareholders' intent (hereinafter "General Meeting of Shareholders to Confirm the Shareholders' Intent"). In cases where the large-scale purchaser complies with large-scale purchase rules and the implementation of countermeasures is proposed, a General Meeting of Shareholders to Confirm the Shareholders' Intent shall always be held to confirm the intent of the shareholders regarding whether to implement countermeasures unless it is extremely difficult to hold such a meeting. In conjunction with the holding of a General Meeting of Shareholders to Confirm the Shareholders' Intent, the Board of Directors of the Company may also solicit the shareholders of the Company on the exercise of voting rights at the General Meeting of Shareholders to Confirm the Shareholders' Intent in order to prevent damage to the corporate value and the common interest of shareholders. The convocation procedure and the voting methods of the general meeting of shareholders to confirm the shareholders' intent shall be the same as those of the ordinary or extraordinary general meeting of shareholders, which are based on laws and regulations and the Articles of Incorporation of the Company, and the Board of Directors of the Company shall obey the resolution of the general meeting of shareholders to confirm the shareholders' intent on whether to implement countermeasures.

[4] Impact on shareholders and investors of the Company

While it is not assumed that there will be circumstances where shareholders (except for any large-scale purchasers) may be caused economic damage or deprived of any right due to the implementation of countermeasures based on the Policy, the Board of Directors of the Company shall timely and appropriately disclose information in accordance with relevant laws and regulations and financial instruments exchange rules when it decides to take concrete countermeasures.

In the event that a gratis allotment of subscription rights to shares is undertaken as one of the possible countermeasures, an allotment of subscription rights to shares shall be made to shareholders

recorded in the final shareholder registry on the record date separately determined at a meeting of the Board of Directors of the Company and publicly announced, in accordance with the number of shares held. Thus, shareholders need to be recorded in the final shareholder registry on the said record date. Additionally, shareholders need to complete payment of a fixed sum within the prescribed period in order to exercise the subscription rights to shares and obtain those shares. However, in the event that the Company undertakes the acquisition of subscription rights to shares in accordance with acquisition terms that allow the Company to acquire subscription rights to shares in exchange for shares of the Company, shareholders who hold the subscription rights to shares subject to the said acquisition by the Board of Directors of the Company may receive the grant of the Company's shares as consideration for the acquisition of the subscription rights to shares by the Company without the need for the payment of monies. Separate notification of the details of these procedures shall be made in accordance with laws and regulations and financial instruments exchange rules when in fact subscription rights to shares are issued or acquired.

Even though a resolution has once been passed for the gratis allotment of subscription rights to shares, there may be cases where the Company, in accordance with [3] (c) above, suspends the gratis allotment of subscription rights to shares during the period up to the effective date for the gratis allotment of subscription rights to shares or, acquires the subscription rights to shares without consideration up to the day immediately prior to the first date of the exercise period of the subscription rights to shares following the effective date for the gratis allotment of the subscription rights to shares. In these events, there is a possibility for corresponding fluctuation in the stock price of the Company's shares. For example, in the event that after the determination of shareholders who should receive a gratis allotment of subscription rights to shares (on or after the ex-rights date), the Company acquires the subscription rights to shares without consideration and does not issue new shares, no dilution of the per-share value of the shares shall arise and, therefore, investors who traded in the Company's shares on the premise that dilution of the value of the Company's shares would occur risk suffering a loss due to fluctuations in the stock price.

[5] Effective term of the Large-Scale Purchase Rules

As the approval of shareholders in attendance (including the shareholders who exercise voting rights in writing or online) was obtained at the 96th Ordinary General Meeting of Shareholders held on June 26, 2020, with respect to the continuation of the Policy, the effective term of the Policy shall be up to the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within three (3) years from the date of this Ordinary General Meeting of Shareholders, and this shall apply in successive terms thereafter.

Even during the effective term, the Policy shall be abolished at the point in time when a resolution is passed to abolish the Policy in a general meeting of shareholders or when a resolution is passed to abolish the Policy at a meeting of the Board of Directors of the Company. Furthermore, even during the effective term of the Policy, the Board of Directors of the Company may revise the Policy within the extent deemed reasonable and necessary by laws and regulations, guideline amendments, etc. upon receiving approval from the special committee. In the event that the Board of Directors resolves to abolish or otherwise amend the Policy, matters deemed appropriate by the Board of Directors of the Company or the special committee shall be disclosed in an appropriate and timely manner in accordance with applicable laws and regulations.

(4) Decisions by the Company's Board of Directors that the Policy is in line with the basic policies on the control of the Company, in accord with the corporate value of the Company and ultimately, the common interests of the shareholders, and not intended to maintain the positions of Directors or Audit & Supervisory Board Members of the Company, and reasons hereof

For the following reasons, we believe that the Policy is in line with the basic policies on the control of the Company described in (1) above, in accord with the common interests of the shareholders of the Company, and not intended to maintain the positions of Directors or Audit & Supervisory Board Members of the Company:

[1] Satisfaction of the requirements of the guidelines regarding takeover defense

The Policy satisfies the three principles (the principle of ensuring and increasing corporate value and the common interests of the shareholders; the principle of practicing prior disclosure and confirming shareholder's intentions; and the principle of ensuring necessity and suitability) set out

in the “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” jointly released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

[2] The Policy has been introduced to Protect and Enhance the Common Interests of the Shareholders
The Policy is to be intended to be introduced for our shareholders to decide, when the purchase, etc. of the Company’s shares, etc. is offered, whether or not to accept such purchase offer, etc., or, for the Board of Directors of the Company to gain information and time necessary to present an alternative proposal, and thereby can negotiate with the purchaser, etc. on behalf of our shareholders, and to protect and enhance the corporate value of the Company and ultimately the common interests of the shareholders.

[3] Reasonable and Objective Requirements for Implementation

The countermeasures under the Policy are designed not to be implemented unless certain predetermined reasonable and detailed, objective requirements are satisfied, so as to disqualify such cases of the large-scale purchase not in compliance with the Large-Scale Purchase Rules, or takeover that, even when in compliance with the Large-Scale Purchase Rules, apparently infringes on the common interests of the shareholders or could effectively pressuring our shareholders into selling shares, and therefore we believe we have secured a mechanism to prevent any arbitrary implementation by the Board of Directors of the Company.

[4] Emphasis on the Shareholder’s Intentions

The Company proposes the continuation of the Policy as an agenda item at the general meetings of shareholders of the Company to confirm intentions of the shareholders. If the continuation of the Policy is not resolved at any given general meeting of shareholders, the Policy will be promptly abolished and in that context, survival or otherwise of the Policy, and its contents are dependent on reasonable intentions of the shareholders of the Company.

[5] Not a Dead-Hand Takeover Defense Measure or Slow-Hand Takeover Defense Measure

The Policy is one that may be abolished by the Board of Directors consisting of Directors that were elected at a general meeting of shareholders of the Company. It is possible for a person who has purchased the Company’s share certificates, etc. in bulk to nominate Directors at a general meeting of shareholders of the Company and abolish the Policy through the Board of Directors consisting of such Directors. Accordingly, the Policy is not a dead-hand takeover defense measure (a takeover defense measure in which its implementation cannot be stopped even by replacing a majority of the members of the Board of Directors). Furthermore, the term of office of Directors of the Company is one (1) year, meaning the Policy is not a slow-hand takeover defense measure (a takeover defense measure in which the replacement of the members of the Board of Directors cannot occur all at once and therefore it takes time to stop its implementation).

Large-Scale Purchase Information

1. Information on the large-scale purchaser and its group (in the case of a fund, including the partners and other constituent members)
 - (1) Names, capital relation, and financial details
 - (2) In the case where the large-scale purchaser is an individual: Nationality, professional experience, names of companies or other organizations (hereafter referred to as “juridical person”), their principal businesses and addresses which the relevant person proposing the takeover has managed, operated or has been employed at, and the beginning and ending dates of such management, operation or employment
 - (3) In the case where the large-scale purchaser is a juridical person: In respect to the relevant juridical person and its important subsidiaries, etc., principal businesses, country where incorporated, governance status, financial details of capital and long-term borrowing for the past three (3) years, major legal procedures pending in court relating to the relevant juridical person or its assets, outline of businesses undertaken up to the present, and names of Directors, corporate officers, etc.
 - (4) If any: Criminal history for the past five (5) years (excluding traffic violations and similar petty crimes), violations relating to the Financial Instruments and Exchange Act and the Companies Act (including foreign laws comparable to these) for the past five (5) years, and whether there are other important issues relating to compliance
2. The objective, method and details of the large-scale purchase (including the value/type of consideration for the acquisition, timing of acquisition, structure of related transactions, lawfulness of the method of acquisition, and feasibility of acquisition)
3. Basis for the calculation of the consideration for the acquisition of the Company’s shares (including the facts/assumptions which are the premise of the calculation, calculation method, numerical information used in the calculation, and synergies which it is assumed will be created through the series of transactions relating to the acquisition and bases of the calculation for such synergies)
4. Financial resources for the large-scale purchase (including concrete name of the supplier (including the material supplier) of funds, procurement method, and details of related transactions)
5. Post-purchase management policy, business plan, and capital and dividend policies for the Company
6. Post-purchase policies dealing with the Company’s employees, trading partners, customers, regional society, and other interested parties (stakeholders) relating to the Company
7. Details and prospects of required procedures when executing the large-scale purchase, such as required approval of governmental authorities and agreement of third parties. The applicability of antitrust laws or other competition laws and of other important laws of the countries and regions where the large-scale purchaser or the Company engages in business or sells products and thoughts concerning whether these laws will be obstacles when executing the large-scale purchase and that basis
8. Other information reasonably judged necessary and requested by the Board of Directors or the special committee of the Company

Summary of Subscription Rights to Shares

1. Shareholders subject to the allotment of subscription rights to shares and issuance terms

Shareholders who are recorded in the final shareholder registry on the record date prescribed by the Board of Directors shall be allotted subscription rights to shares at a rate of one (1) right per share possessed (however, excluding common shares held by the Company). There may be cases where shareholders shall be granted the right to receive an allotment of subscription rights to shares and are solicited to subscribe to subscription rights to shares for subscription and cases where a gratis allotment of subscription rights to shares shall be made.

2. Class and number of shares to be delivered upon exercise of subscription rights to shares

The class of shares to be delivered upon exercise of the subscription rights to shares shall be the common shares of the Company, and the upper limit of the total number of the shares to be delivered upon exercise of subscription rights to shares shall be determined by subtracting the total number of the common shares of the Company issued (excluding the number of common shares held by the Company) from the total number of shares authorized to be issued as of the record date prescribed by the Board of Directors of the Company. The number of shares to be delivered upon exercise of one (1) subscription right to shares shall be one (1) share; provided, however, if the Company makes a share split or a share consolidation, the required adjustments shall be made.

3. Total number of subscription rights to shares to be issued

The total number of subscription rights to shares to be allotted shall be the number prescribed by the Board of Directors of the Company, and its upper limit shall be determined by subtracting the total number of the common shares of the Company issued (excluding the number of common shares held by the Company) from the total number of shares authorized to be issued as of the record date prescribed by the Board of Directors of the Company. The Board of Directors may make an allotment of subscription rights to shares multiple times within a scope not to exceed the upper limit of the total allotment number.

4. Amount to be paid in for each subscription right to shares

Gratis (No payment of monies is required.)

5. Amount of property to be contributed upon exercise of subscription rights to shares

The amount of property to be contributed upon exercise of subscription rights to shares shall be an amount of one (1) yen or more prescribed by the Board of Directors.

6. Restrictions on transfer of subscription rights to shares

The acquisition of subscription rights to shares by transfer shall require approval by a resolution of the Board of Directors.

7. Exercise terms of subscription rights to shares

The Company may determine terms for the exercise of subscription rights to shares, such as not allowing the exercise of rights by persons belonging to a specific shareholder group holding 20% or more voting rights (excluding persons whose acquisition or possession of the Company's share certificates, etc. is deemed by the Board of Directors of the Company not to be contrary to the interests of the Company's shareholders as a whole). Details shall be separately determined at a meeting of the Board of Directors of the Company.

8. Exercise period, etc. of subscription rights to shares

The exercise period, acquisition terms, and other necessary matters of subscription rights to shares shall be separately determined by the Board of Directors. With respect to acquisition terms, the Company may determine terms that allow the Company to acquire subscription rights to shares held by persons other than those whose exercise of subscription rights to shares due to the exercise terms of 7. above is not allowed and may deliver one (1) share per subscription right to shares.

(Appendix 3)

Summary of the Rules of the Special Committee

1. The special committee shall be established for the purposes of defying arbitrary judgments of the Board of Directors regarding the implementation, etc. of countermeasures against large-scale purchases, and ensuring objectivity, fairness, and rationality of the judgment of the Board of Directors.
2. The special committee shall consist of three (3) members, independent from the management team that manages and executes the operations of the Company, and appointed by the Board of Directors of the Company from among any of the following relevant persons: (i) Outside Directors of the Company, (ii) Outside Audit & Supervisory Board Members of the Company, (iii) outside experts. However, outside experts shall be company managers with a wealth of management experience, persons thoroughly familiar with investment banking, attorneys, certified public accountants, tax accountants, academics, or other persons with similar qualifications, and such persons must conclude with the Company contracts that include a duty of care of prudent manager provision, determined separately by the Board of Directors of the Company.
3. The terms of office of special committee members shall be until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within three (3) years after their appointment. However, this limit shall not apply in cases where the term of office is otherwise provided for by a resolution of the Board of Directors of the Company.
4. The special committee shall receive consultations from the Board of Directors, deliberate and form resolutions regarding the various matters listed in the items below, and present their recommendation to the Board of Directors of the Company based on the contents of those resolutions. In said deliberations and forming of resolutions, each member of the special committee shall consider the deliberated action from the perspective of whether said action will contribute or not contribute to the corporate value and the common interests of the shareholders of the Company, not with the purpose of pursuing the committee member's own personal benefit or that of the management team of the Company.
 - [1] The appropriateness of implementing countermeasures against large-scale purchases
 - [2] Suspending the implementation of countermeasures against large-scale purchases
 - [3] Whether it is necessary to hold a general meeting of shareholders to confirm the shareholders' intent
 - [4] From among the other matters that the Board of Directors of the Company should pass judgment on, matters for which the Board of Directors of the Company has consulted the special committee
5. The special committee may, at the expense of the Company, obtain the advice of third parties (including financial advisors, certified public accountants, attorneys, consultants and other experts) who are independent from the management team of the Company.
6. In order to gather necessary information, the special committee may request the attendance of the Company's Directors, Audit & Supervisory Board Members, employees, or others that the special committee recognizes as necessary, and may demand explanations regarding matters that the special committee inquires about.
7. Resolutions by the special committee shall be made, as a general principle, with of all members of the special committee in attendance and by a majority of those in attendance. However, under unavoidable circumstances, resolutions may be made with a majority of the members of the special committee in attendance and by a majority of their voting rights.

(Appendix 4)

Names and Brief Histories of the Members of the Special Committee

Members of the special committee are following three (3) members.

Michihiro Nara

(Date of birth: May 17, 1946)

Brief history

April 1974	Registered as an attorney-at-law
June 2004	Outside Auditor, Nihon Tokushu Toryo Co., Ltd.
June 2013	Outside Statutory Auditor, Seiko Epson Corporation
June 2014	Outside Director, the Company (to the present)
June 2015	Outside Director, Nihon Tokushu Toryo Co., Ltd. (to the present) Independent Auditor, Chori Co., Ltd.
June 2016	Outside Director (Audit & Supervisory Committee Member), Seiko Epson Corporation Outside Director (Audit & Supervisory Committee Member), Chori Co., Ltd.

* Mr. Michihiro Nara is an Outside Director as prescribed in Article 2, Item 15 of the Companies Act.

Hikomichi Ogawa

(Date of birth: November 18, 1958)

Brief history

April 1981	Joined Mitsubishi Corporation
June 1998	Director, Nichiryō Baking Co., LTD.
April 2004	Senior Vice President, Lawson, Inc.
September 2004	Executive Managing Officer, Lawson, Inc.
November 2005	Unit Manager of Lawson Business, Mitsubishi Corporation
April 2006	Unit Manager of Retail Business, Mitsubishi Corporation
April 2014	Senior Vice President (“riji”) and General Manager of Life Industry Group CEO Office, Mitsubishi Corporation
April 2017	Advisor, Itoham Yonekyu Holdings Inc.
June 2017	Director Chairman of the Board, Itoham Yonekyu Holdings Inc.
June 2022	Outside Director, the Company (to the present)

* Mr. Hiromichi Ogawa is an Outside Director as prescribed in Article 2, Item 15 of the Companies Act.

Noriko Sekiguchi
(Date of birth: January 23, 1964)

Brief history

March 1994	Registered as Certified Public Accountant
January 2002	Re-registered as Certified Public Accountant
November 2010	Representative of Sekiguchi CPA Office (currently Sekiguchi Noriko CPA Office) (to the present)
July 2012	Registered as Certified Tax Accountant
June 2015	Outside Director, TOKYO OHKA KOGYO CO., LTD.
January 2019	Executive Officer, Chifure Holdings Corporation
June 2021	Independent Outside Audit & Supervisory Board Member, the Company (to the present)
June 2022	Outside Auditor, Ryoden Shoji K.K. (currently RYODEN CORPORATION) (to the present)
July 2022	Auditor, Japan International Cooperation Agency (to the present)
March 2023	Outside Director, Audit and Supervisory Committee Member, TOKYO OHKA KOGYO CO., LTD. (to the present)

* Ms. Noriko Sekiguchi is an Outside Audit & Supervisory Board Member as prescribed in Article 2, Item 16 of the Companies Act.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Statement of Changes in Equity
(Fiscal year ended March 31, 2023)

(Millions of yen, with fractions less than one million yen discarded)

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

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2022	30,500	2,076	5,728	29,593	26,415	94,314	157	24,080	875,470
Changes of items during the year									
Cash dividends									(14,883)
Profit attributable to owners of parent									56,483
Purchase of treasury stock									(349)
Disposal of treasury stock									628
Change in treasury stock arising from changes in equity in affiliates									(1)
Change in scope of consolidation									(1,043)
Transfer to capital surplus from retained earnings									—
Change in ownership interest of parent arising from transactions with noncontrolling shareholders									(13,270)
Change in scope of equity method									(74)
Reversal of revaluation reserve for land									11
Net changes of items other than shareholders' equity	11,072	(1,601)	(11)	55,659	(6,901)	58,217	(23)	3,400	61,594
Total changes of items during the year	11,072	(1,601)	(11)	55,659	(6,901)	58,217	(23)	3,400	89,094
Balance at March 31, 2023	41,573	474	5,716	85,253	19,514	152,531	134	27,480	964,564

<Reference> Consolidated Statements of Cash Flows (Condensed)

(Millions of yen, with fractions less than one million yen discarded)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022
Cash flows from operating activities	18,262	143,587
Cash flows from investing activities	(123,274)	(92,567)
Cash flows from financing activities	101,787	(136,002)
Effect of exchange rate changes on cash and cash equivalents	4,637	4,691
Net increase (decrease) in cash and cash equivalents	1,413	(80,291)
Cash and cash equivalents at the beginning of the year	55,474	135,669
Increase in cash and cash equivalents resulting from merger	–	115
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(50)	(20)
Cash and cash equivalents at the end of the year	56,837	55,474

Note: This statement is unaudited.

Notes to Consolidated Financial Statements

Notes on Important Matters Forming the Basis of Preparation of Consolidated Financial Statements

1. Matters concerning the scope of consolidation

(1) Number of consolidated subsidiaries: 196

Main consolidated subsidiaries include:

Oji Container Co., Ltd., Oji Materia Co., Ltd., Mori Shigyo Co., Ltd., Oji Nepia Co., Ltd., Oji F-Tex Co., Ltd., Oji Imaging Media Co., Ltd., Oji Green Resources Co., Ltd., Oji Paper Co., Ltd., Oji Papéis Especiais Ltda., Celulose Nipo-Brasileira S.A., Pan Pac Forest Products Ltd., Jiangsu Oji Paper Co., Ltd., Oji Fibre Solutions (NZ) Ltd.

Oji Holdings Corporation (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) have added 11 companies into the scope of consolidation in the current fiscal year. Ten companies were included due to acquisition and one company was included because an unconsolidated subsidiary under the equity method became material to the consolidated financial statements. One company has been excluded from the scope of consolidation as it was no longer material to the consolidated financial statements.

(2) Main unconsolidated subsidiaries

Main unconsolidated subsidiaries include Tomakomai Energy Agency Co., Ltd. and DHC Ginza Corporation.

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), etc., do not have a significant impact on the consolidated financial statements.

2. Matters concerning the application of the equity method

(1) Number of affiliates under the equity method: 21

Main affiliates under the equity method include Mitsubishi Paper Mills Limited, Chuetsu Pulp & Paper Co., Ltd., and Yupo Corporation.

Three companies have been excluded from the scope of the equity method in the current fiscal year. One company was excluded as it became a consolidated subsidiary, one company was excluded due to a stock sale, and one company was excluded as it was no longer material to the consolidated financial statements.

(2) Unconsolidated subsidiaries and affiliates to which the equity method was not applied

Main unconsolidated subsidiaries and affiliates to which the equity method was not applied include Tomakomai Energy Agency Co., Ltd., and DHC Ginza Corporation.

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), etc., 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. and other 87 companies ends on December 31. In preparing the consolidated financial statements, the financial statements as of the account closing date of each company are used. However, the Group made the adjustments necessary for consolidation purposes if material transactions occur between their account

closing dates and the consolidated account closing date. For certain consolidated subsidiaries, the Group prepared the financial statements based on a provisional closing of accounts as of the consolidated account closing date in the same process as preparing full-year financial statements.

4. Matters concerning 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 by 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 lease 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) Lease assets

Depreciation of lease 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 current fiscal year, an estimated uncollectible amount is recorded at the amount calculated based on the historical rate of credit loss with respect to normal receivables and at the amount determined considering the collectability of individual receivables with respect to doubtful accounts and certain other receivables.

(4) Accounting treatment for retirement benefits

In order to prepare for the provision of retirement benefits for employees, the difference between retirement benefit obligations and pension assets is recorded as net defined benefit liability based on the estimated amounts as of the end of the current fiscal year. In addition, unrecognized actuarial gains and losses and unrecognized prior service cost are recorded as remeasurements of defined benefit plans in accumulated other comprehensive income in the net assets, after adjusting for tax effects.

Standards for net defined benefit liability are as follows:

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

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

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

Actuarial gains and losses are accounted for as expenses calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which they arise (11-18 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, etc.

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 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 related 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 expected timing of fulfilling the performance obligation is very short, the Group does not recognize revenue for a certain period of time and recognizes revenue when the performance obligation is completely fulfilled.

Judgement involved in revenue recognition

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

Most contracts involve a single performance obligation whose transaction price is indicated in the contract. For contracts that involve multiple performance obligations, the Group allocates the transaction price to each performance obligation based on the standalone selling price. The

standalone selling price is the price at which the Group expects to sell promised goods or services to individual customers.

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

- (6) 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 hedge accounting method

(i) Hedge accounting method

In principle, the Group adopts the deferred hedge accounting method for hedging instruments whereby any gains or losses arising from the instrument are deferred over the period of the hedging contract and are offset against the deferred losses or gains on the related hedged items. However, when an interest rate swap contract meets certain conditions, the net amount to be paid or received under the contract is added to or deducted from the interest on the hedged items (special treatment). Foreign currency transactions hedged by forward exchange contracts which meet certain conditions for hedge accounting are reported at the forward rate and the resulting differences between the spot rate and the forward rate amortized over the life of the contract (appropriate treatment). Transactions hedged by interest and currency swaps which meet certain conditions for integrated treatment (special treatment, appropriate treatment) are accounted for using the integrated treatment.

(ii) Hedging instruments and hedged items

<u>Hedging instruments</u>	<u>Hedged items</u>
Foreign exchange forward contracts	Monetary assets/liabilities denominated in foreign currencies
Currency swaps	Monetary assets/liabilities denominated in foreign currencies
Interest rate and currency swaps	Loans payable denominated in foreign currencies
Interest rate swaps	Loans payable
Commodity swaps	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 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 critical terms such as principal, interest rate, and duration are identical between the assets/liabilities of hedging instruments and hedged items.

(8) Method and period of amortization of goodwill

Amortization period on 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) Other important matters forming the basis of preparation of consolidated financial statements
(Accounting treatment of corporate taxes and local corporate taxes, and accounting treatment of related tax effect accounting)
The Company and certain consolidated domestic subsidiaries have applied the Group Tax Sharing System from the current fiscal year. In addition, the Company and certain consolidated domestic subsidiaries have adopted an accounting treatment of corporate taxes and local corporate taxes, and an accounting treatment and disclosure of related tax effect accounting 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).

5. Changes in accounting policies

(Application of ASU No. 2016-02 “Leases”)

The Group’s subsidiaries that apply the US Generally Accepted Accounting Principles (GAAP) have adopted the Accounting Standards Update (ASU) No. 2016-02 “Leases” from the end of the current fiscal year. Accordingly, as a rule, the Group recognizes all leases as right-of-use assets and lease liabilities on the commencement date of adoption. The method of recognizing the cumulative impact on the commencement date of adoption, which is permitted as an interim measure, was employed for the adoption of this accounting standard.

The impact of the adoption of this accounting standard on the consolidated financial statements in the current fiscal year is immaterial.

6. Change in presentation

(Consolidated Statements of Income)

“Gain on valuation of derivatives” (¥1,367 million in the previous fiscal year), which was included in “Other” under “Non-operating income” in the previous fiscal year, is separately disclosed in the current fiscal year as its amount has become material.

“Gain on sale of non-current assets” (¥11 million in the current fiscal year), which was separately disclosed under “Extraordinary income” in the previous fiscal year, is included in “Other” in the current fiscal year as its amount has become immaterial.

“Impairment loss” (¥31 million in the current fiscal year), which was separately disclosed under “Extraordinary loss” in the previous fiscal year, is included in “Other” in the current fiscal year as its amount has become immaterial.

7. Notes on accounting estimates

(1) Impairment of noncurrent 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, etc. 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 noncurrent assets recognized in the current fiscal year are as follows.

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

In the household and industrial materials segment, the base paper of household paper business in China engages in the manufacture and sales of base paper of household paper mainly for the Chinese and Japanese markets since the fiscal year ended March 31, 2021. However, the business has still been behind the business plan due to, among others, the global logistics disruption (including the lockdown in China) triggered by the spread of COVID-19, increases in raw materials and fuel prices due to the current international situation surrounding Ukraine, and

equipment stop caused by unexpected breakdowns and other reasons. As there was an indication of impairment of non-current assets (¥11,242 million) in relation to the business, the Group performed an impairment test in accordance with the International Accounting Standard No.36 “Impairment of Assets.”

In performing the impairment test, the recoverable amount of asset groups in relation to the business is measured at the higher of the fair value less costs of disposal, and value in use. The value in use is determined by discounting estimated future cash flows to their present value, and the future cash flows are based on the future business plan. The future business plan includes certain assumptions such as pulp purchase prices based on pulp market forecasts, expected product selling prices based on these purchase prices, expected sales volume based on future product demand in anticipation of the prolonged COVID-19 pandemic, the market entry of competitors and other factors. The discount rate also includes certain assumptions.

As a result of the assessment, the Group concluded that an impairment loss does not need to be recognized as the recoverable amount of asset groups for the base paper of household paper business in China has exceeded the book value.

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

(2) Collectability of deferred tax assets

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 Company and certain consolidated domestic subsidiaries have applied the Group Tax Sharing System, and regarding the accounting treatment, the Company and certain consolidated domestic subsidiaries follow the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System.”

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 they need to be reviewed, it may affect the amount recognized in the future consolidated financial statements.

The deferred tax assets recorded in the consolidated financial statements as of the current fiscal year are as follows.

Deferred tax assets	6,816 million yen
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(3) Net defined benefit liability and net defined benefit asset

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 they need to be reviewed, it may affect the amount recognized in the future consolidated financial statements.

The amounts related to the retirement benefit accounting recorded in the consolidated financial statements as of the current fiscal year are as follows.

Net defined benefit asset	53,837 million yen
Net defined benefit liability	53,537 million yen

8. Additional Information

(Cyclone damage at a consolidated subsidiary)

Due to the powerful Cyclone Gabrielle impacting New Zealand on February 12, 2023, the Company's consolidated subsidiary Pan Pac Forest Products Ltd. suffered from flooding at the factory in Napier, which has caused severe damages to non-current assets including buildings and machinery, as well as partial inventories. Some of the plantations also suffered damage, such as fallen trees. Recovery works towards resuming operations are currently in progress.

Losses and expenses incurred in relation to this cyclone for the amount of 6,534 million yen is recorded as "Loss on disaster" in extraordinary loss for the current fiscal year. The breakdown for this includes loss on disposal of non-current assets totaling 3,469 million yen, loss on valuation of plantations totaling 1,076 million yen, fixed manufacturing costs during the suspension period totaling 1,017 million yen, loss on shrinkage and devaluation of inventories totaling 748 million yen, and restoration expenses such as removing waste material and sludge totaling 223 million yen. Furthermore, insurance income pertaining to the cyclone damage in the amount of 4,441 million yen is recorded as "Insurance claim income" in extraordinary income for the current fiscal year.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and obligations related to collateral

(1) Assets pledged as collateral (millions of yen)

Cash and deposits	4,418
Accounts receivable-trade	2,626
Merchandise and finished goods	1,380
Raw materials and supplies	474
Short-term loans receivable	13,683
Other current assets	5,304
Buildings and structures	8,488
Machinery, equipment and vehicles	6,548
Tools, furniture and fixtures	117
Land	9,251
Forests	3,836
Plantations	21,131
Construction in progress	2,190
Other intangible assets	610
Investment securities	783
Investments and other assets - Other	20
Total	<u>80,867</u>

Of the above, the following amounts within accounts receivable–trade, short-term loans receivable and investment securities have been eliminated in the consolidated balance sheet: 393 million yen of accounts receivable–trade from consolidated subsidiaries, 13,683 million yen of short-term loans receivable from consolidated subsidiaries, and 355 million yen of consolidated subsidiaries’ stock.

(2) Obligations related to collateral (millions of yen)

Short-term loans payable	1,514
Long-term loans payable	2,084
Notes and accounts payable–trade	511
Total	<u>4,110</u>

2. Accumulated depreciation of property, plant and equipment (millions of yen)

2,838,275

(including the amount of accumulated impairment loss)

3. Guarantee obligations (millions of yen)

Tokyo Branch of Forest Corporation	4,200
PT. Oji Indo Makmur Perkasa	1,824
Other	262
Total	<u>6,286</u>

(Change in presentation)

Guarantee obligations for loans payable, etc., of PT. Oji Indo Makmur Perkasa from financial institutions (¥76 million in the previous fiscal year), which was included in “Other” in the previous fiscal year, is separately disclosed in the current fiscal year as its amount has become material.

4. Notes discounted (millions of yen)

11,274

Notes receivable endorsed (millions of yen)

245

5. Revaluation of land

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

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

- Revaluation date: March 31, 2002

Notes to Consolidated Statements of Income

1. Loss on disaster

Loss on disaster mainly includes loss caused by natural disaster that occurred at a subsidiary in New Zealand which is presented within Additional Information.

2. Loss on business restructuring

Loss on business restructuring mainly includes expenses related to the business restructuring of the power generation business of Oji Green Energy Ebetsu Co., Ltd., and removal expenses associated with the halting of production equipment at the Oji Matera Nayoro Mill.

3. Impairment loss

The Group carries out the asset grouping based on the smallest unit that generates largely independent cash flows by business segments for business assets and based on individual properties for lease real estate properties and idle assets.

In the current fiscal year, the Group wrote down the book values of asset groups associated with the decision to halt production equipment, etc. to their recoverable amounts and booked the deducted amounts, totaling 1,918 million yen, as impairment loss in extraordinary losses.

The breakdown of the losses includes buildings and structures totaling 1,012 million yen, machinery, equipment and vehicles totaling 374 million yen, tools, furniture and fixtures totaling 3 million yen, land totaling 15 million yen, lease assets totaling 331 million yen, construction in progress totaling 179 million yen, and other totaling 1 million yen. Of these, 546 million yen is included in loss on business restructuring under extraordinary losses, and 1,371 million yen is included in "Other" under extraordinary losses.

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

Notes to Consolidated Statement of Changes in Equity

1. Class and number of shares issued as of the end of the current fiscal year

Common stock 1,014,381,817 shares

2. Class and number of treasury stock as of the end of the current fiscal year

Common stock 23,179,622 shares

Note: Included within the number of common stock in treasury stock as of the end of the current fiscal year, are 1,546,851 shares of the Company held by the Board Benefit Trust.

3. Matters related to dividends

(1) Amount of dividends from surplus distributed during the current fiscal year

Resolution	Class of shares	Total dividend amount (millions of yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors' Meeting held on May 13, 2022	Common stock	6,945	7.0	March 31, 2022	June 7, 2022
Board of Directors' Meeting held on November 8, 2022	Common stock	7,938	8.0	September 30, 2022	December 1, 2022

Notes: 1. Included within the total dividend amount for which a resolution was passed at a Board of Directors' Meeting held on May 13, 2022, is a dividend of 9 million yen for shares of the Company held by The Board Benefit Trust.

2. Included within the total dividend amount for which a resolution was passed at a Board of Directors' Meeting held on November 8, 2022, is a dividend of 7 million yen for shares of the Company held by The Board Benefit Trust.

- (2) Dividends with the record date falling within the current fiscal year and with the effective date falling within the following fiscal year

Resolution	Class of shares	Total dividend amount (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Board of Directors' Meeting held on May 12, 2023	Common stock	7,943	Retained earnings	8	March 31, 2023	June 7, 2023

Note: Included within the total dividend amount is a dividend of 12 million yen for shares of the Company held by The Board Benefit Trust.

4. Class and number of shares to be delivered upon exercise of share acquisition rights at the end of the current fiscal year (excluding those for which the exercise period has not started).
- | | |
|--------------|----------------|
| Common stock | 384,000 shares |
|--------------|----------------|

Notes on Financial Instruments

1. Matters related to financial instruments

The Group invests temporary surplus cash in low-risk financial instruments (such as bank deposits) only and does not make any investment for speculative purposes.

The Group reduces customer credit risk from notes and accounts receivables–trade by the following methods:

- The Group checks and manages due dates and balances of receivables for each customer.
- Each sales department of the Group periodically monitors, and investigates, as necessary, the credit position of key customers.

With respect to stocks, which are the Group's main investment securities, the Group periodically checks their fair values and financial conditions of such issuing entities (the companies with which the Group has business relationships) and reviews its shareholding, considering its relationships with such companies.

With respect to loans payable, short-term loans payable is mainly for financing related to operating activities, while long-term loans payable is mainly for financing related to investment in property, plant and equipment. While loans payable is exposed to interest rate fluctuation risk, long-term loans payable is partly hedged by using derivative transactions (interest rate swaps). In utilizing derivative transactions, the Group limits the counterparties to highly rated financial institutions to reduce the counterparty risk.

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

- Foreign exchange forward contracts, currency option, and currency swap to hedge the foreign exchange fluctuation risk on, among others, operating receivables and payables as well as loans payable denominated in foreign currencies,
- Interest rate swaps to hedge the interest rate fluctuation risk on loans payable, and
- Commodity swaps to hedge price the fluctuation risk related to energy purchases.

The Group enters into and manages derivative transactions in accordance with its derivative transaction standards.

2. Matters related to fair values etc. of financial instruments

The following table presents the amounts on the consolidated balance sheet, their fair values and the differences at March 31, 2023, the consolidated account closing date for the current fiscal year.

(Millions of yen)

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

- (*1) Cash and items whose fair values approximate their book values because of short maturities are not indicated.
- (*2) Items such as stocks without market quotations (40,149 million yen on the consolidated balance sheet) are not included in “Assets (1) Investment securities.”
- (*3) Receivables and payables arising from derivative transactions are shown on the net basis. The items which are net debt in total are shown in parentheses.

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: Fair value calculated from market prices related to assets or liabilities subject to the calculation of the fair value formed in an active market, from among inputs related to the calculation of observable fair value

Level 2 fair value: Fair value calculated using inputs related to the calculation of fair value other than the inputs of Level 1, from among inputs related to the calculation of observable fair value

Level 3 fair value: Fair value calculated using inputs related to the calculation of significant unobservable fair value

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, from among the levels to which these inputs belong, respectively.

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

(Millions of yen)

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

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

(Millions of yen)

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

Note 1: Explanation of valuation method used in calculating fair value and inputs related 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, interest rate 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 of interest rate and currency swaps are accounted for in an integrated manner with long-term loans payable of the hedged item, their fair values are included in the ones of the relevant long-term loans payable. The fair value of commodity derivatives is calculated based on the discounted present value method using observable inputs, such as prices obtained from relevant counterparties and is classified into the Level 2 fair value. It is classified into the Level 3 fair value if unobservable inputs are additionally used.

Bonds

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). Bonds that will reach maturity within a year (- million yen on the consolidated balance sheet) are also included.

Long-term loans payable

The fair value of long-term loans payable is calculated by discounting the total of the principal and interest with an interest rate, which is based on the assumed interest rate for new loans payable under the similar condition. Therefore, it is classified into the Level 2 fair value. Part of the long-term loans payable are subject to the special treatment of interest rate swaps or to the integrated treatment of interest rate and currency swaps. (Refer to Derivatives above.) In those cases, the fair value is calculated by discounting the total amount of the principal and interest based on the exceptional or integration accounting with the reasonably estimated interest rate for new loans payable under the similar condition. Long-term loans payable that will be repaid within a year (72,906 million yen on the consolidated balance sheet) is also included.

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.

Notes on Investment and Rental Property

Disclosure is omitted as it is immaterial to the consolidated financial statements.

Notes on Business Combination

Business combination through acquisition

1. Summary of the business combination

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

Name of the combining entities concerned:	Adampak Pte. Ltd. and nine other companies (Hereinafter collectively “Adampak Group”)
Business activities:	High performance label printing and converting business

(2) Main reasons for business combination

The Functional Materials COMPANY is a group of entities including Oji Paper (Thailand) Ltd. (thermal paper) and Oji Label (Thailand) Ltd. (adhesive paper) in Thailand, and Hyper-Region Labels Sdn. Bhd. (high performance label printing and processing) and Tele-Paper (M) Sdn. Bhd. (cutting and converting of thermal paper) in Malaysia.

Adding the Adampak Group with this acquisition expands the Group’s lineup of high-performance label products for electrical products and healthcare sectors that are expected to grow in Asia in the future, and it enables integrated production from base paper manufacturing to product processing. Through these efforts, the Group will aim to propose timely and optimum label products to a wider range of customers and improve customer value.

(3) Business combination date

September 1, 2022

(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) Acquired voting rights ratio

100%

(7) Grounds for determining acquiring company

Share acquisition with cash as consideration by Oji Imaging Media Co., Ltd., a consolidated subsidiary of the Company.

2. Time period of the acquired company’s business results included in the consolidated financial statements

From September 1, 2022 to December 31, 2022

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

Consideration for acquisition	Cash	20,804 million yen
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4. Descriptions and amounts of major acquisition-related costs

Advisory fees, etc.	125 million yen
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5. Amount of goodwill generated, cause for the generation, method and period of amortization

(1) Amount of goodwill generated

9,364 million yen

(2) Cause for generation

Since the acquisition cost exceeded the net amount of assets acquired and liabilities assumed, the excess amount is recorded as goodwill.

(3) Period and method of amortization

Amortization using straight-line method over nine (9) years

6. Breakdown of assets acquired and liabilities assumed at the date of the business combination and the corresponding amounts

Current assets	5,190 million yen
<u>Non-current assets</u>	<u>9,676 million yen</u>
<u>Total assets</u>	<u>14,867 million yen</u>
Current liabilities	1,268 million yen
<u>Non-current liabilities</u>	<u>2,158 million yen</u>
<u>Total liabilities</u>	<u>3,427 million yen</u>

7. Amount allocated to intangible assets other than goodwill and breakdown thereof by major types with the weighted average amortization period of all types thereof and by major types

Type	Amount	Weighted average amortization period
Customer-related assets	7,369 million yen	13 years

8. Estimated amounts of impact on the consolidated statements of income in the current fiscal year on the assumption that the business combination was completed at the start date of the current fiscal year, and their calculation method

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

Transactions, etc. under common control

Acquisition of additional stocks of an unconsolidated subsidiary under the equity method

1. Summary of the transaction

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

Name of the combining entities concerned: PT Korintiga Hutani

Business activities: Forest plantation business

(2) Business combination date

November 21, 2022

(3) Legal form of business combination

Acquisition of stocks from non-controlling shareholders

(4) Name after the business combination

There is no change.

(5) Other matters related to the summary of transactions

For the purpose of further strengthening the management base of the Group, Panindo Investment Pte. Ltd., a consolidated subsidiary of the Company, acquired stocks of PT Korintiga Hutani held by non-controlling shareholders. As a result, the ratio of voting rights held by the Group for the company became 80.0%.

2. Summary of the conducted accounting treatments

In compliance with “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), the Group accounted for the business combination as transactions with non-controlling shareholders under common control and others. In addition, PT Korintiga Hutani has been changed from an unconsolidated subsidiary under the equity method to a consolidated subsidiary as it became material following this transaction.

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

Consideration for acquisition	Cash	14,531 million yen
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4. Matters related to change in ownership interest of the Company due to transactions with non-

controlling shareholders

- (1) Major change factors of capital surplus
Purchase of additional stocks of a subsidiary of the Company
- (2) The decreased amount of capital surplus through transactions with non-controlling shareholders
13,269 million yen

Notes on revenue recognition

1. Information on disaggregation of revenue from contracts with customers

(Millions of yen)

	Household and Industrial Materials	Functional Materials	Forest Resources and Environment Marketing	Printing and Communications Media	Other	Total
Japan	501,038	96,592	109,915	175,279	181,765	1,064,590
Overseas	214,281	109,093	258,572	44,597	15,506	642,051
Net sales to external customers	715,320	205,685	368,487	219,876	197,272	1,706,641

Key business areas are as follows:

Household and Industrial Materials Business: Containerboard/corrugated containers business, boxboard/folding cartons business, packaging materials/paper bags business, household paper business, disposable diapers business

Functional Materials Business: Specialty paper business, thermal paper business, adhesive products business, film business

Forest Resources and Environment Marketing Business: Pulp business, energy business, plantation and lumber processing business

Printing and Communications Media Business: Newsprint business, printing, publication and communications paper business

Other: trading, logistics, engineering, real estate business, etc.

In the current fiscal year, some businesses that had been classified under "Household and Industrial Materials" and "Other" have been reclassified under "Forest Resources and Environment Marketing".

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.

Notes on Per Share Information

- | | |
|-------------------------|------------|
| 1. Net assets per share | 945.27 yen |
| 2. Profit per share | 57.00 yen |
- (Calculated from the weighted average number of shares during the year)

Note: Shares of the Company held by the Board Benefit Trust and recorded as treasury stocks under shareholders' equity are included in treasury stocks deducted from total number of shares outstanding at the end of the fiscal year when calculating "Net assets per share" (1,546,851 shares). Moreover, in calculating "Profit per share," they are included in the number of treasury stocks deducted from the average number of shares outstanding during the year (1,321,613 shares).

Non-consolidated Statement of Changes in Equity

(Fiscal year ended March 31, 2023)

(Millions of yen, with fractions less than one million yen discarded)

	Shareholders' equity										
	Common stock	Capital surplus			Retained earnings					Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Retained earnings reserve	Other retained earnings			Total retained earnings		
						Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward			
Balance at April 1, 2022	103,880	108,640	—	108,640	24,646	14,336	101,729	37,862	178,575	(13,521)	377,575
Changes of items during the year											
Reversal of reserve for advanced depreciation of noncurrent assets						(256)		256	—		—
Cash dividends								(14,883)	(14,883)		(14,883)
Profit								25,102	25,102		25,102
Purchase of treasury stock										(349)	(349)
Disposal of treasury stock			(61)	(61)						689	628
Transfer to capital surplus from retained earnings			61	61				(61)	(61)		—
Net changes of items other than shareholders' equity											
Total changes of items during the year	—	—	—	—	—	(256)	—	10,413	10,157	340	10,497
Balance at March 31, 2023	103,880	108,640	—	108,640	24,646	14,080	101,729	48,275	188,732	(13,181)	388,072

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments		
Balance at April 1, 2022	23,611	(69)	23,542	157	401,274
Changes of items during the year					
Reversal of reserve for advanced depreciation of noncurrent assets					—
Cash dividends					(14,883)
Profit					25,102
Purchase of treasury stock					(349)
Disposal of treasury stock					628
Transfer to capital surplus from retained earnings					—
Net changes of items other than shareholders' equity	10,314	69	10,384	(23)	10,360
Total changes of items during the year	10,314	69	10,384	(23)	20,858
Balance at March 31, 2023	33,926	—	33,926	134	422,133

Notes to Non-consolidated Financial Statements

Notes on Matters Concerning Important Accounting Policies

1. Standard and method of valuation of securities

Held-to-maturity debt securities:	Stated at cost using the amortized cost method.
Stocks of subsidiaries and affiliates:	Stated at cost using the moving-average method.
Available-for-sale securities	
Those other than stocks without market quotations, etc.:	Stated at fair value (the valuation difference is accounted for as a separate component of net assets and the cost of sales is calculated by using the moving-average method).
Stocks without market quotations, etc.:	Stated at cost using the moving-average method.

2. Depreciation/Amortization method of noncurrent assets

Property, plant and equipment: (excluding lease assets)	Declining balance method However, the straight-line method is applied to buildings acquired on or after April 1, 1998 (excluding accompanying facilities), and accompanying facilities of buildings and structures acquired on or after April 1, 2016.
Intangible assets:	Straight-line method
Lease assets:	Depreciation expenses arising from lease assets in a finance lease transaction that does not transfer ownership are calculated by using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero. There are no lease assets pertaining to finance lease transactions that transfer ownership.

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 current fiscal year, an estimated uncollectible amount is recorded at the amount calculated based on the historical rate of credit loss with respect to normal receivables and at the amount determined considering the collectability of individual receivables with respect to doubtful accounts and certain other receivables.
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Provision for retirement benefits:	<p>In order to prepare for the provision of retirement benefits for employees, an amount that is determined to have accrued at the end of the current fiscal year is recorded based on the estimated amounts of the retirement benefit obligation as of the end of the current fiscal year.</p> <p>In the calculation of retirement benefit obligation, the projected benefit formula is used to attribute the estimated benefit to the period through the end of the current fiscal year.</p> <p>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.</p> <p>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 from the subsequent fiscal year onwards.</p>
4. Standards for revenues and expenses	<p>The Company is mainly engaged in the management of consolidated subsidiaries. Revenues from such service provision are recognized by measuring the degree of progress based on the period that has passed over the contract period. Information that forms the basis for understanding revenues is contained in “4. Matters concerning accounting policies,” “(5) Standards for recognition of material revenues and expenses” in the “Notes on Important Matters Forming the Basis of Preparation of Consolidated Financial Statements” to the consolidated financial statements.</p>
5. Other important matters forming the basis of preparation of financial statements	
Hedge accounting method	<p>Interest rate swaps qualifying for such exceptional accounting are accounted for using the special treatment. Interest rate and currency swaps qualifying for such integrated treatment are accounted for using the integration accounting.</p>
Accounting treatment for retirement benefits:	<p>The accounting treatment method for unrecognized actuarial gain or losses and the untreated amounts of unrecognized prior service cost related to retirement benefits is different from the treatment for these items in the consolidated financial statements.</p>
6. Change in presentation (Non-consolidated Statement of Income)	
“Loss on valuation of stocks of subsidiaries and affiliates”	<p>(32 million yen in the previous fiscal year), which was included in “Other” under “Extraordinary loss” in the previous fiscal year, is separately disclosed in the current fiscal year as its amount has become material.</p>

7. Notes on accounting estimates

(Valuation of stocks of subsidiaries and affiliates and of investments in capital of subsidiaries and affiliates that do not have market quotations)

(i) Amount recorded in the Non-consolidated financial statements as of the current fiscal year

The followings are the amounts of stocks of subsidiaries and affiliates and of investments in capital of subsidiaries and affiliates that do not have market quotations as of the current fiscal year.

Stocks of subsidiaries and affiliates	616,470 million yen
Investments in capital of subsidiaries and affiliates	13,006 million yen

There were no write-downs of non-marketable equity securities of subsidiaries and affiliates or investments in subsidiaries and affiliates recorded in the current financial year.

(ii) Information on significant accounting estimates related to recognized items

With respect to stocks of subsidiaries and affiliates and to investments in capital of subsidiaries and affiliates that do not have market quotations, the Company records their acquisition costs as balance sheet values. However, if the fair value decreases significantly, except when its recoverability is justified by sufficient evidence, the fair value is recorded as a balance sheet value, and the difference from the acquisition cost is recorded as a loss in the current fiscal year.

The event when fair value decreases significantly is defined as when fair value decreases more than 50% of the acquisition cost due to a deterioration of the financial conditions of the issuer.

The event when recoverability is justified by sufficient evidence is defined as when it is anticipated with reasonable evidence that fair value is expected to recover nearly to the level of the acquisition cost. This recoverability is considered based on certain assumptions such as future cash flows.

The Company determines these assumptions by the best estimate and judgment of the management and considers them as appropriate. However, a change in future business plans, economic conditions, and other factors may affect the assumptions. If they need to be reviewed, it may affect the amount recognized in the future Non-consolidated financial statements.

Notes to Non-consolidated Balance Sheet

1. Assets pledged as collateral and obligations related to collateral

(1) Assets pledged as collateral (millions of yen)

Forests	159
Standing timber	325
Total	<u>485</u>

(2) Obligations related to collateral (millions of yen)

Long-term loans payable (including the amount scheduled to be paid within one year)	883
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2. Accumulated depreciation of property, plant and equipment (millions of yen)

55,174 (including the amount of accumulated impairment loss)

3. Receivables from and payables to subsidiaries and affiliates (millions of yen)

Short-term monetary receivables from subsidiaries and affiliates	295,133
Long-term monetary receivables from subsidiaries and affiliates	89,354
Short-term monetary payables to subsidiaries and affiliates	50,151
Long-term monetary payables to subsidiaries and affiliates	4

4. Guarantee obligations, etc. (millions of yen)

Jiangsu Oji Paper Co., Ltd.	24,771
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PT Korintiga Hutani	11,216
Other	<u>2,228</u>
Total	<u>38,217</u>

Notes to Non-consolidated Statement of Income

Volume of transactions with subsidiaries and affiliates (millions of yen)	
Operating revenue	46,488
Of which business advisory fee income	15,063
Of which dividends income	27,558
Other	3,866
Operating expenses	9,803
Transaction volume–non-trading	5,039

Notes to Non-consolidated Statement of Changes in Equity

Class and number of treasury stock as of the end of the current fiscal year
Common stock 22,970,289 shares

Note: Included within the number of common stock in treasury stock as of the end of the current fiscal year are 1,546,851 shares of the Company held by the Board Benefit Trust.

Notes on Tax Effect Accounting

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

Deferred tax assets	(millions of yen)
Stocks of subsidiaries resulting from company split	15,095
Investment securities	10,440
Other	<u>4,267</u>
Subtotal	29,804
Valuation allowance	<u>(15,075)</u>
Total deferred tax assets	<u>14,728</u>

Deferred tax liabilities	(millions of yen)
Valuation difference on available-for-sale securities	(14,744)
Reserve for advanced depreciation of noncurrent assets	(6,214)
Other	<u>(91)</u>
Total deferred tax liabilities	<u>(21,050)</u>
Net amount of deferred tax liabilities	<u>(6,321)</u>

2. Accounting treatment of corporate taxes and local corporate taxes, and accounting treatment of related tax effect accounting

The Company has applied the Group Tax Sharing System from the current fiscal year. In addition, the Company has adopted accounting treatment of corporate taxes and local corporate taxes, and accounting treatment and disclosure of related tax effect accounting 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).

Notes on Noncurrent Assets Used by the Company under Lease Arrangements

Apart from the noncurrent assets recorded on the Non-consolidated balance sheet, the Company uses certain research equipment and office equipment under finance lease transactions that do not transfer ownership.

Notes on Transactions with Related Parties

Subsidiaries and affiliates

(Millions of yen)

Attribute	Company name	Ownership ratio of voting rights (%)	Nature of relationship		Details of the transaction	Transaction amount	Account	Balance at the end of the fiscal year
			Concurrent appointment as the director of the related party	Business relationship				
Consolidated subsidiary	Oji F-Text Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Lending of funds (balance increase) (Note 1)	15,131	Short-term loans receivable	25,743
Consolidated subsidiary	Oji Nepia Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Lending of funds (balance increase) (Note 1) (Note 7)	9,786	Short-term loans receivable	17,949
Consolidated subsidiary	Oji Paper Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Business advisory fee (Note 2)	3,645	–	–
					Interest income (Note 1)	779	–	–
					Lending of funds (balance increase) (Note 1)	17,134	Short-term loans receivable	100,734
Consolidated subsidiary	Oji Imaging Media Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Lending of funds (balance increase) (Note 1)	21,000	Short-term loans receivable	21,000
Consolidated subsidiary	Oji Green Resources Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Financing relationship	Lending of funds (balance increase) (Note 1)	6,927	Short-term loans receivable	15,084
							Long-term loans receivable	24,824
Consolidated subsidiary	Oji Management Office Inc.	Direct: 100.0	Concurrent appointment by directors of the Company	Outsourcing indirect services	Personnel expenses (Note 3)	2,191	–	–
				Financing relationship	Outsourcing fees (Note 4)	2,356	–	–
Consolidated subsidiary	Japan Brazil Paper and Pulp Development Ltd.	Direct: 97.7 Indirect: 2.3	Concurrent appointment by directors of the Company	Financing relationship	Lending of funds (balance decrease) (Note 1)	(13,380)	Long-term loans receivable	38,870
Consolidated subsidiary	OCM Fiber Trading Co., Ltd.	Indirect: 70.0	Concurrent appointment by directors of the Company	Financing relationship	Lending of funds (balance increase) (Note 1)	774	Short-term loans receivable	13,509
Consolidated subsidiary	Oji Materia Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services	Business advisory fee (Note 2)	4,943	–	–
				Financing relationship	Lending of funds (balance increase) (Note 1)	20,998	Short-term loans receivable	24,545
Consolidated subsidiary	Oji Papéis Especiais Ltda.	Indirect: 100.0	–	Financing relationship	Lending of funds (balance increase) (Note 1)	5,539	Short-term loans receivable	9,298
							Long-term loans receivable	7,310
Consolidated subsidiary	Oji Oceania Management (NZ) Limited.	Indirect: 100.0	–	Financing relationship	Lending of funds (balance decrease) (Note 1)	(2,585)	Long-term loans receivable	18,283

Attribute	Company name	Ownership ratio of voting rights (%)	Nature of relationship		Details of the transaction	Transaction amount	Account	Balance at the end of the fiscal year
			Concurrent appointment as the director of the related party	Business relationship				
Consolidated subsidiary	Jiangsu Oji Paper Co., Ltd.	Indirect: 90.0	Concurrent appointment by directors of the Company	Guarantee obligations	Guarantee obligations (Note 5)	24,771	–	–
Consolidated subsidiary	Panindo Investment Pte. Ltd.	Direct: 100.0	–	Capital investment	Underwriting of additional capital investment (Note 6)	14,544	–	–

Terms and conditions of the transaction and the policy for determining them;

Note 1: The interest rates for loans and borrowings are determined in a rational manner by considering market rates. These loans and borrowings are not secured by collateral.

Note 2: Business advisory fees are charged for management and operational support and decided through negotiations between the parties in a reasonable manner.

Note 3: Personnel expenses are paid for employees assigned to the Company in accordance with secondment agreements.

Note 4: Outsourcing fees are decided through negotiations, taking into account the appropriateness as consideration for business support.

Note 5: Guarantee obligations are for external borrowings.

Note 6: The underwriting of additional capital investment represents the additional capital investment carried out by subsidiary.

Note 7: Allowance for doubtful accounts from Oji Nepia with the amount of 2,692 million yen, and a provision of allowance for doubtful accounts with the same amount have been recorded in the current fiscal year.

Notes on Per Share Information

- | | |
|-------------------------|------------|
| 1. Net assets per share | 425.65 yen |
| 2. Profit per share | 25.33 yen |
- (Calculated from the weighted average number of shares during the year)

Note: Shares of the Company held by the Board Benefit Trust and recorded as treasury stocks under shareholders' equity are included in treasury stocks deducted from total number of shares outstanding at the end of the fiscal year when calculating "Net assets per share" (1,546,851 shares). Moreover, in calculating "Profit per share," they are included in the number of treasury stocks deducted from the average number of shares outstanding during the year (1,321,613 shares).

Notes on Company Applicable to Consolidated Dividends Regulations

The Company will be subject to the application of the regulations on consolidated dividends on and after the final date of the current fiscal year being the final date of the most recent fiscal year.