[Notes to consolidated financial statements of Nippon Paper Industries Co., Ltd. (“the Company”) and its subsidiaries (collectively, “the Group”)]

(Significant Matters Providing the Basis for the Preparation of the Consolidated Financial Statements)

1. The scope of consolidation

(1) Number of consolidated subsidiaries: 54

The names of major consolidated subsidiaries are omitted.

In the fiscal year ended March 31, 2021, the Company completed the acquisition of Orora Limited’s paperboard fiber based packaging business in Australia and New Zealand through its consolidated subsidiary, Paper Australia Pty Ltd (“AP”), and is operating the business as “Opal,” an entity that includes the existing business of AP. As a result, Specialty Packaging Group Pty Ltd and three other companies were acquired, and therefore, these four companies are now consolidated subsidiaries. In addition, TS Plastics Sdn. Bhd. has been included in the scope of consolidation due to its increased importance.

In the fiscal year ended March 31, 2021, the liquidation of Kitakami Paper Co., Ltd. was completed and it was excluded from the scope of the consolidation.

(2) Names, etc., of major unconsolidated subsidiaries

Major unconsolidated subsidiary: Douoh Kouhatsu Ltd.

(Reason for exclusion from the scope of consolidation)

All unconsolidated subsidiaries are excluded from the scope of consolidation because the scale of their operations is small and their total amounts in terms of total assets, net sales, profit or loss (corresponding to the equity ratio owned by the Company) and retained earnings (corresponding to the equity ratio owned by the Company) do not have a significant effect on the Company’s consolidated financial statements.

2. Application of the equity method

(1) Number of unconsolidated subsidiaries accounted for by the equity method: 0

(2) Number of affiliates accounted for by the equity method: 10

Names, etc., of major affiliates accounted for by the equity method

Lintec Corporation, Shin Tokai Paper Co., Ltd., Nippon Tokan Package Co., Ltd., and Phoenix Pulp & Paper Public Company Limited

(3) Unconsolidated subsidiaries (Douoh Kouhatsu Ltd. and 68 other companies) and affiliates (JPT LOGISTICS CO., LTD. and 26 other companies) not accounted for by the equity method are excluded from the scope of the equity method because their total amounts in terms of profit or loss (corresponding to the equity ratio owned by the Company) and retained earnings (corresponding to the equity ratio owned by the Company) are not significant, with insignificant effects on the Company’s consolidated financial statements when excluded from the scope of the equity method.

(4) For the affiliates accounted for by the equity method that close their accounts at different dates than the Company’s balance sheet date, the financial statements as of their respective balance sheet dates are used for the preparation of the consolidated financial statements.

3. Accounting period of consolidated subsidiaries

The balance sheet date is December 31 for Jujo Thermal Oy, Siam Nippon Industrial Paper Co., Ltd., Nippon Paper Industries USA Co., Ltd., Opal, Nippon Dynawave Packaging Co., TS Plastics Sdn. Bhd., Amapá Florestal e Celulose S.A. and its two subsidiaries, and Nippon Paper Resources Australia Pty. Ltd.

In preparing the consolidated financial statements, the financial statements as of the said balance sheet date are used for these companies, with necessary adjustments being made for consolidation purposes with regard to material transactions between December 31 and the Company’s balance sheet date.

4. Significant accounting policies

(1) Evaluation basis and methods for significant assets

① Securities

Other securities:

Securities with market quotations:

Carried at fair value at the end of the fiscal year

Unrealized gains or losses, net of the applicable income taxes, are included directly in net assets. Costs of securities sold are determined by the moving-average method.

Securities without market quotations:

Carried at cost by the moving-average method

② Derivatives

Fair value method

③ Inventories

Stated at cost, determined principally by the moving-average or periodic-average method. (The balance sheet amount is written down based on any decline in profitability.)

(2) Depreciation methods for significant assets

① Property, plant and equipment (excluding lease assets)

The declining-balance method is used, except that the straight-line method is employed for some assets of the Company and its consolidated subsidiaries.

However, buildings (excluding building fixtures) acquired on or after April 1, 1998, and building fixtures and structures acquired on or after April 1, 2016, are depreciated by the straight-line method.

The useful lives of assets are principally as follows:

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

② Intangible assets (excluding lease assets)

The straight-line method is used.

Software for internal use is amortized over an estimated useful life of 5 years on a straight-line basis.

③ Leased assets

Depreciation of leased assets under finance-leasing agreements that do not transfer ownership is calculated using the straight-line method assuming a residual value of zero (or the guaranteed residual value when it is set by the agreement) and a useful life equal to the term of the lease.

(3) Basis for significant allowances and provisions

① Allowance for doubtful receivables

To cover a loss from uncollectible receivables, allowances for bad debts are provided at the amount determined based on the historical experience of bad debts for ordinary receivables. For specific doubtful receivables, the collectability is considered on an individual basis.

② Allowance for environmental costs

To cover future expenditures for disposing of PCB waste in accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, an allowance is provided at the estimated amount of disposal costs.

(4) Accounting policies for retirement benefits

① Method for allocating projected retirement benefits

In calculating retirement benefit obligations, the benefit formula method is applied to allocate projected retirement benefits to the periods until the end of the fiscal year under review.

② Amortization of actuarial differences and prior service cost

Prior service cost is amortized evenly using the straight-line method over the determined years (5 to 15 years) that are no longer than the average remaining service years of the employees at the time of occurrence.

Actuarial differences are primarily amortized evenly using the straight-line method over the determined years (7 to 15 years) that are no longer than the average remaining service years of employees, beginning from the fiscal year following the time of occurrence.

(5) Accounting policies for translation of significant assets and liabilities denominated in foreign currencies into Japanese yen

Receivables and payables denominated in foreign currencies are translated into Japanese yen, using the spot exchange rates on the balance sheet date, and the resulting translation gains and losses are recognized as income and losses. Assets and liabilities of overseas subsidiaries, etc., are translated into Japanese yen at the spot exchange rates on their balance sheet date, whereas income and expenses are translated into Japanese yen at the average exchange rates. The resulting translation gains and losses are recorded as translation adjustments and non-controlling interests under the net assets section.

(6) Significant hedge accounting methods

① Hedge accounting methods

Deferral hedge accounting is principally adopted.

Receivables and payables denominated in foreign currencies hedged by qualified forward foreign exchange contracts are translated at their corresponding contract rates (the allocation method "*Furiate-shori*").

The exceptional accounting method is adopted for the interest rate swaps that meet special matching criteria ("*Tokurei-shori*"). The integral accounting method is adopted for currency and interest rate swaps that meet the requirements for integral accounting ("*Ittai-shori*").

② Hedging instruments and hedged items

a. Hedging instrument: Forward foreign exchange contracts
Hedged items: Receivables denominated in foreign currencies arisen from exports of products, payables denominated in foreign currencies arisen from imports of raw materials and fuel, and forecast transactions denominated in foreign currencies

b. Hedging instrument: Interest rate swaps
Hedged items: Loans payable

c. Hedging instrument: Interest rate swap and currency and interest rate swap
Hedged items: Loans payable denominated in foreign currencies

d. Hedging instrument: Crude oil swaps
Hedged items: Forecast fuel purchases

e. Hedging instrument: Commodity futures
Hedged items: Forecast power purchases

③ Hedging policy

The Company uses derivative transactions to primarily hedge fluctuation risks of foreign currencies, interest rates and prices.

④ Method for evaluating hedge effectiveness

The Company evaluates hedge effectiveness based on semiannual comparisons of changes in cash flows or the fair value of hedged items and hedging instruments.

For interest rate swaps that meet the requirements for exceptional accounting method and currency and interest rate swaps that meet the requirements of integral accounting method, the Company omits to evaluate hedge effectiveness as of the balance sheet date.

Evaluation of hedge effectiveness as of the balance sheet date is also omitted if forward foreign exchange contracts with the same amount denominated in U.S. dollars, etc., and the same timing are allocated when the contracts are concluded in accordance with the risk management policies, because they guarantee a correlation due to subsequent exchange rate movements.

(7) Method and period of amortization of goodwill

Goodwill is amortized by the straight-line method over an appropriate period of within 20 years that is determined based on the actual situations of subsidiaries.

(8) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows include cash on hand, demand deposits at banks and highly liquid short-term investments with negligible risk of fluctuation in value and maturities of not exceeding three months.

(9) Other significant accounting policies for the preparation of the consolidated financial statements

① Accounting method for the consumption tax

Transactions subject to the consumption tax are recorded at an amount exclusive of the consumption tax.

② Application of the consolidated taxation system

The Company and certain consolidated subsidiaries have applied the consolidated taxation system.

③ Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

Pursuant to the treatment in Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39; March 31, 2020), the Company and some of its consolidated subsidiaries do not apply the provisions of Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28; February 16, 2018) with respect to items which transitioned to the group tax sharing system established in the “Act for Partial Amendment to the Income Tax Act, etc.” (Act No. 8 of 2020) as well as items for which the non-consolidated taxation system was revised in line with the transition to the group tax sharing system. Accordingly, the amounts of deferred tax assets and deferred tax liabilities are presented pursuant to the provisions in tax laws before the amendment.

(Significant Accounting Estimates)

1. Impairment loss on noncurrent assets

In the fiscal year ended March 31, 2021, the Company determined that there was an indication of impairment loss for the asset group of ¥152,557 million related to property, plant and equipment of the paper business, which consists of the Company's printing paper business and other businesses in the paper and paperboard segment, due to a decline in profitability caused by changes in the business environment. However, in determining whether to recognize an impairment loss, no impairment loss was recognized because the total undiscounted future cash flows from the asset group exceeded its book value.

Estimates of future cash flows resulting from the continued use of asset group are based on future business plans. Sales prices and raw material prices are assumed to remain at the current levels. As for the sales volume, sales of printing paper have significantly decreased due to sluggish advertising demand, especially in the first half of the fiscal year ended March 31, 2021, due to the impact of the novel coronavirus (COVID-19). Although there has been a gradual recovery from the significant drop in demand, due to the significant changes in the demand environment, we assume that it will not return to the previous situation and that domestic sales volume will continue to diminish in the long term.

Because these assumptions are subject to uncertainty, if the future cash flows from this asset group were to decrease significantly due to factors such as changes in the business environment, an impairment loss may be incurred, which could have a significant impact on the consolidated financial statements for the fiscal year ending March 31, 2022.

2. Recoverability of deferred tax assets

As of March 31, 2021, the Company has recognized deferred tax assets of ¥10,582 million as a domestic consolidated taxation group for deductible temporary differences and tax loss carryforwards, which are considered to be recoverable based on the sufficiency of future taxable income.

Estimates of future taxable income are based on future business plans. Sales prices and raw material prices are assumed to remain at the current levels. As for sales volume, sales of newspaper paper and printing paper have significantly decreased due to sluggish advertising demand, especially in the first half of the fiscal year ended March 31, 2021, caused by COVID-19. Although there has been a gradual recovery from the significant drop in demand, due to the significant changes in the demand environment, demand for these graphic paper products will not return to the previous levels, and we assume that domestic sales volume will continue to decline over the long term.

Because these assumptions are subject to uncertainty, a review of the recoverability of deferred tax assets due to a decrease in estimated future taxable income caused by factors including changes in the business environment may result in a reversal of deferred tax assets, which could have a significant impact on the consolidated financial statements for the fiscal year ending March 31, 2022.

(Accounting Standards Issued but Not Yet Applied)

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021)

(1) Overview

They are comprehensive accounting standard and guidance with regard to revenue recognition. Revenues are recognized using the following five-step model.

Step 1: Identify the contract with a customer
Step 2: Identify performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

(2) Scheduled date of application

The Company expects to apply the aforementioned standard and guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Effect of application

As a result of the adoption of the "Accounting Standard for Revenue Recognition," the cumulative effect will be reflected in the opening retained earnings for the fiscal year ending March 31, 2022. The impact on the opening retained earnings for the fiscal year ending March 31, 2022 is immaterial.

(Changes in presentation)

Application of the "Accounting Standard for Disclosure of Accounting Estimates"

The "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been applied from the fiscal year ended March 31, 2021, and notes regarding accounting estimates are included in this report. However, in such notes, in accordance with the transitional treatment set forth in the proviso of paragraph 11 of the said accounting standard, the contents related to the prior fiscal year are not described.

Consolidated statements of operations

"Subsidy income" was included in "Other" under "Non-operating income" in the prior fiscal year. For the fiscal year ended March 31, 2021, however, its materiality increased and it is therefore listed as a separate item. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2020 have been reclassified.
As a result, ¥2,707 million included in "Other" under "Non-operating income" in the consolidated statements of operations for the prior fiscal year is reclassified as ¥174 million in "Subsidy income" and ¥2,533 million in "Other."

"Business preparation expenses" was included in "Other" under "Non-operating expenses" in the prior fiscal year. For the fiscal year ended March 31, 2021, however, its materiality increased and it is therefore listed as a separate item. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2020 have been reclassified.
As a result, ¥6,845 million included in "Other" under "Non-operating expenses" in the consolidated statements of operations for the prior fiscal year is reclassified as ¥805 million in "Business preparation expenses" and ¥6,039 million in "Other."

"Gain on sales of investment securities" was included in "Other" under "Extraordinary income" in the prior fiscal year. For the fiscal year ended March 31, 2021, however, its materiality has increased and it is therefore listed as a separate item. "Gain on sales of property, plant and equipment" was listed as a separate item under "Extraordinary income" in the prior fiscal year. For the fiscal year ended March 31, 2021, however, its materiality has decreased and it is therefore included in "Other." To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2020 have been reclassified.
As a result, ¥790 million presented as "Gain on sales of property, plant and equipment" and ¥299 million presented as "Other" under "Extraordinary income" in the consolidated statements of operations for the prior fiscal year is reclassified as ¥220 million in "Gain on sales of investment securities" and ¥869 million in "Other."

"Loss on disaster" and "Loss on tax purpose reduction entry of noncurrent assets" were included in "Other" under "Extraordinary loss" in the prior fiscal year. For the fiscal year ended March 31, 2021, however, their materiality has increased and they are therefore listed as separate items. "Loss on valuation of investment securities" was listed as a separate item in the prior fiscal year. For the fiscal year ended March 31, 2021, however, its materiality has decreased and it is therefore included in "Other." To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2020 have been reclassified.
As a result, ¥2,562 million presented as "Loss on valuation of investment securities" and ¥4,018 million presented as "Other" under "Extraordinary loss" in the consolidated statements of operations for the prior fiscal year are reclassified as ¥259 million in "Loss on disaster," ¥75 million in "Loss on tax purpose reduction entry of noncurrent assets," and ¥6,245 million in "Other."

Consolidated statements of cash flows

"Loss on tax purpose reduction entry of noncurrent assets," "Loss on disaster," and "Payments for loss on disaster" were included in "Other" under "Operating activities" in the prior fiscal year. For the fiscal year ended March 31, 2021, however, their materiality has increased and they are therefore listed as separate items. To reflect this change in presentation, the consolidated statements of cash flows for the fiscal year ended March 31, 2020 have been reclassified.
As a result, ¥1,281 million yen presented as "Other" under "Operating activities" in the consolidated statements of cash flows for the prior fiscal year is reclassified as ¥75 million in "Loss on tax purpose reduction entry of noncurrent assets," ¥259 million in "Loss on disaster," ¥(17) million in "Payments for loss on disaster," and ¥963 million in "Other."

(Notes to Consolidated Balance Sheets)

1. Pledged assets and secured debts
   Assets pledged as collateral and secured debts are as follows:

(Millions of yen)

	As of March 31, 2021	As of March 31, 2020
Machinery, equipment and vehicles	**4**	9
Land	**119**	1,933
Total	**123**	1,943

	As of March 31, 2021	As of March 31, 2020
Short-term loans payable	**520**	720
Long-term loans payable (including current portion)	**119**	530
Total	**639**	1,250

2. Accounts related to unconsolidated subsidiaries and affiliates
   Major accounts related to unconsolidated subsidiaries and affiliates are as follows:

(Millions of yen)

	As of March 31, 2021	As of March 31, 2020
Investment securities (equity securities)	**101,772**	101,473
Other investments in unconsolidated subsidiaries and affiliates	**5,344**	3,074

3. Guarantee obligations
   The Company guarantees the following obligations, including loans payable to financial institutions, etc., of companies other than consolidated subsidiaries.

(Millions of yen)

	As of March 31, 2021	As of March 31, 2020
Yufutsu Energy Center	**4,513**	2,893
Employees (housing loans)	**1,661**	1,972
Other	**1,873**	2,008
Total	**8,048**	6,875

4. Loan commitment agreements (as lender)
   The Company maintains loan commitment contracts with unconsolidated subsidiaries. The unexercised portion of facilities based on these contracts is as follows:

(Millions of yen)

	As of March 31, 2021	As of March 31, 2020
Amount of loan commitment contracts	**7,923**	7,887
Amount of lending	**7,174**	7,010
Net	**748**	876

5. Loan commitment agreements (as borrower)
   For efficient procurement of working capital, the Company maintains loan commitment contracts with its banks. The unexercised portion of facilities based on these contracts is as follows:

(Millions of yen)

	As of March 31, 2021	As of March 31, 2020
Amount of loan commitment contracts	**50,000**	50,000
Amount of borrowing	**—**	—
Net	**50,000**	50,000

6. Tax purpose reduction entry
   The following is a breakdown of the tax purpose reduction entry amount deducted from the acquisition cost of property, plant and equipment due to national subsidies, etc.

(Millions of yen)

	As of March 31, 2021	As of March 31, 2020
Amount of tax purpose reduction entry	**1,738**	75
(Of which, buildings and structures)	**1,258**	—
(Of which, machinery, equipment and vehicles)	**475**	75
(Of which, tools, furniture and fixtures)	**1**	—
(Of which, forested land and forestation)	**4**	—

(Notes to Consolidated Statements of Operations)

1. The Company reduced the book value of inventory for which profitability had decreased. Cost of sales includes the following loss on valuation of inventory (Negative values indicate the amount of reversal).

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Loss (gain) on valuation of inventory	**(555)**	280

2. Research-and-development costs included in general and administrative expenses and manufacturing costs are as follows:

(Millions of yen)

Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
6,217	6,051

3. Retirement benefit expenses included in general and administrative expenses are as follows:

(Millions of yen)

Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
1,545	749

4. Depreciation expenses included in general and administrative expenses are as follows:

(Millions of yen)

Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
3,458	2,983

5. Business preparation expenses

In the fiscal year ended March 31, 2020, the Yufutsu production site of the Company's Hokkaido Mill stopped all paper machines, but the site was prepared as a base for developing new businesses, including biomass power generation and functional specialty materials businesses of subsidiaries and affiliates, as well as continuing the chemical business. As a result, the Company has recorded the related expenses as business preparation expenses under non-operating expenses.

6. Impairment loss

Fiscal year ended March 31, 2021

The Group recorded the impairment loss of ¥8,584 million on the following assets.

(Millions of yen)

Location	Assets	Impairment loss	Notes
Kushiro-shi, Hokkaido	Buildings and structures	**2,783**	Assets to be retired "Impairment loss," Extraordinary loss
	Machinery, equipment and vehicles	**2,214**	
	Intangible assets	**45**	
	Other	**32**	
	Subtotal	**5,075**	
Fuji-shi, Shizuoka Prefecture, and others	Machinery, equipment and vehicles	**1,584**	Business-use assets "Impairment loss," Extraordinary loss
	Land	**1,705**	
	Other	**7**	
	Subtotal	**3,297**	
Fuji-shi, Shizuoka Prefecture, and others	Land	**212**	Idle assets "Impairment loss," Extraordinary loss
	Subtotal	**212**	
Total		**8,584**	

To test indicators of the impairment of noncurrent assets, the Group groups assets mainly on a cash-generating unit basis for business-use assets and on an individual property basis for idle assets and assets to be retired.

Book value was written down to recoverable value for business-use assets for which profitability had deteriorated significantly, with the difference reported as "Impairment loss" in "Extraordinary loss."

The recoverable value of business-use assets was measured as the value in use, which was calculated by discounting future cash flows using a rate of 3.0% for the assets with expected future cash flows.

The recoverable value of idle assets and assets to be retired was measured based on those assets' net sale value or value in use.

The net sale value was estimated based on a third-party appraisal value, in principle, or by any equivalent means. Because the period of estimation for the value in use is less than one year, the future cash flows are not discounted.

Fiscal year ended March 31, 2020
The Group recorded the impairment loss of ¥2,971 million on the following assets.

(Millions of yen)

Location	Assets	Impairment loss	Notes
Iwakuni-shi, Yamaguchi, and others	Buildings and structures	510	Idle assets "Impairment loss," Extraordinary loss
	Machinery, equipment and vehicles	35	
	Land	1,175	
	Subtotal	1,721	
Kushiro-shi, Hokkaido, and others	Buildings and structures	44	Business-use assets "Impairment loss," Extraordinary loss
	Machinery, equipment and vehicles	849	
	Subtotal	894	
Tomakomai-shi, Hokkaido	Machinery, equipment and vehicles	355	Assets to be disposed of "Impairment loss," Extraordinary loss
	Subtotal	355	
Total		2,971	

To test indicators of the impairment of noncurrent assets, the Group groups assets mainly on a cash-generating unit basis for business-use assets and on an individual property basis for idle assets and assets to be disposed of.
Book value was written down to recoverable value for business-use assets for which profitability had deteriorated significantly, with the difference reported as "Impairment loss" in "Extraordinary loss."
The recoverable value of business-use assets is measured as the value in use; however, it was valued at zero since future cash flows were not expected.
The recoverable value of idle assets and assets to be disposed of was measured based on those assets' net sale value or value in use.
The net sale value was estimated based on a third-party appraisal value, in principle, or by any equivalent means. Because the period of estimation for the value in use is less than one year, the future cash flows are not discounted.

7. Loss on retirement of noncurrent assets

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Machinery, equipment and vehicles	**634**	719
Removal cost	**1,552**	1,935
Other	**381**	277
Total	**2,568**	2,933

(Notes to Consolidated Statements of Comprehensive Income)

Reclassification adjustments and income tax effects on components of other comprehensive income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Net unrealized holding gain on other securities:		
Amount recognized during the year	**14,631**	(6,001)
Reclassification adjustments	**(5,888)**	406
Before income tax effect adjustment	**8,742**	(5,594)
Income tax effect	**(2,448)**	1,372
Net unrealized holding gain on other securities	**6,294**	(4,221)
Net deferred gain (loss) on hedges:		
Amount recognized during the year	**12,165**	(9,202)
Reclassification adjustments	**147**	144
Before income tax effect adjustment	**12,312**	(9,058)
Income tax effect	**(3,825)**	2,932
Net deferred gain (loss) on hedges	**8,487**	(6,125)
Translation adjustments:		
Amount recognized during the year	**9,106**	(1,381)
Reclassification adjustments	**—**	(1,167)
Translation adjustments:	**9,106**	(2,548)
Remeasurements of defined benefit plans, net of tax		
Amount recognized during the year	**25,129**	(11,528)
Reclassification adjustments	**(1,517)**	348
Before income tax effect adjustment	**23,611**	(11,179)
Income tax effect	**(7,248)**	3,398
Remeasurements of defined benefit plans, net of tax	**16,363**	(7,781)
Share of other comprehensive income of affiliates accounted for using the equity method:		
Amount recognized during the year	**(838)**	1,887
Reclassification adjustments	**(29)**	(274)
Share of other comprehensive income of affiliates accounted for using the equity method	**(867)**	1,613
Total other comprehensive income	**39,383**	(19,064)

(Notes to Consolidated Statements of Changes in Net Assets)

Fiscal year ended March 31, 2021

1. Matters related to outstanding shares

(Shares)

Type of shares	As of April 1, 2020	Increase	Decrease	As of March 31, 2021
Common stock	**116,254,892**	—	—	**116,254,892**

2. Matters related to treasury stock

(Shares)

Type of shares	As of April 1, 2020	Increase	Decrease	As of March 31, 2021
Common stock	**746,679.82**	**9,437.00**	**5,879.51**	**750,237.31**

Reasons for the change:

The increase in treasury stock (9,437.00 shares) resulted from an increase in shares of the Company in the current fiscal year due to changes in equity in affiliates accounted for by the equity method (3,066.00 shares) and the purchase of shares of less than one unit (6,371.00 shares).

The decrease in treasury stock (5,879.51 shares) resulted from the delivery of shares of the Company through the Company's Board Benefit Trust (BBT) (5,500.00 shares), a decrease in shares of the Company in the current fiscal year due to changes in equity in affiliates accounted for by the equity method (3.51 shares) and the sale of shares of less than one unit (376.00 shares).

The number of shares at the end of the current fiscal year includes 203,100.00 shares of the Company held through the BBT.

3. Matters related to stock acquisition rights, etc.

None applicable.

4. Matters related to dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2020	Common stock	**3,477**	**30**	March 31, 2020	June 26, 2020
Meeting of Board of Directors held on November 5, 2020	Common stock	**1,159**	**10**	September 30, 2020	December 1, 2020

Notes: 1. The total amount of dividends resolved at the Ordinary General Meeting of Shareholders held on June 25, 2020 includes the amount of dividends (¥6 million) on shares of the Company held through the BBT.

2. The total amount of dividends resolved at the meeting of the Board of Directors held on November 5, 2020 includes the amount of dividends (¥2 million) on shares of the Company held through the BBT.

(2) Dividends for which the record date falls in the fiscal year ended March 31, 2021, but for which the effective date comes after March 31, 2021

Resolution	Type of shares	Source of funds for dividends	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2021	Common stock	Retained earnings	**3,476**	**30**	March 31, 2021	June 30, 2021

Note: The total amount of dividends resolved at the Ordinary General Meeting of Shareholders held on June 29, 2021 includes the amount of dividends (¥6 million) on shares of the Company held through the BBT.

Fiscal year ended March 31, 2020

1. Matters related to outstanding shares

(Shares)

Type of shares	As of April 1, 2019	Increase	Decrease	As of March 31, 2020
Common stock	116,254,892	—	—	**116,254,892**

2. Matters related to treasury stock

(Shares)

Type of shares	As of April 1, 2019	Increase	Decrease	As of March 31, 2020
Common stock	531,879.87	215,004.00	204.05	**746,679.82**

Reasons for the change:

The increase in treasury stock (215,004.00 shares) resulted from the acquisition of shares of the Company through the Board Benefit Trust (BBT) (208,600.00 shares) and purchase of shares of less than one unit (6,404.00 shares).

The decrease in treasury stock (204.05 shares) resulted from a decrease in shares of the Company in the current fiscal year due to changes in equity in affiliates accounted for by the equity method (131.05 shares) and the sale of shares of less than one unit (73.00 shares).

The number of shares at the end of the current fiscal year includes 208,600.00 shares of the Company held through the BBT.

3. Matters related to stock acquisition rights, etc.

None applicable.

4. Matters related to dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2019	Common stock	3,477	30	March 31, 2019	June 28, 2019
Meeting of Board of Directors held on November 6, 2019	Common stock	1,159	10	September 30, 2019	December 2, 2019

(2) Dividends for which the record date falls in the fiscal year ended March 31, 2020, but for which the effective date comes after March 31, 2020

Resolution	Type of shares	Source of funds for dividends	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2020	Common stock	Retained earnings	3,477	30	March 31, 2020	June 26, 2020

Note: The total amount of dividends resolved at the Ordinary General Meeting of Shareholders held on June 25, 2020 includes the amount of dividends (¥6 million) on shares of the Company held through the BBT.

(Notes to Consolidated Statement of Cash Flows)

1. Cash and cash equivalents at year-end are reconciled to the amounts reported in the consolidated balance sheets as follows:

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Cash and deposits	**69,733**	52,846
Term deposits with maturities of more than three months	**(34)**	—
Cash and cash equivalents	**69,698**	52,846

2. Breakdown of assets and liabilities increased due to a business acquisition

The relationship between the assets and liabilities increased due to the business acquisition and its expenditure is as follows:

	(Millions of yen)	(Millions of AUD)
Current assets	34,780	472
Noncurrent assets	123,422	1,675
Goodwill	9,295	126
Current liabilities	(18,013)	(244)
Long-term liabilities	(18,343)	(248)
Value of business acquisition	131,141	1,780
Payments for acquisition of business	131,141	1,780

Note: Yen amounts are converted at the average rate for the period.

(Leases)

Operating lease transactions

As lessee:

Future minimum lease payments for noncancelable operating leases are summarized as follows:

(Millions of yen)

	As of March 31, 2021	As of March 31, 2020
Due within one year	**2,667**	2,663
Due after one year	**2,569**	5,202
Total	**5,236**	7,866

Note: As certain overseas consolidated subsidiaries have applied the IFRS No. 16 “Leases,” operating leases related to such subsidiaries are not included.

As lessor:

Future minimum lease income for noncancelable operating leases is summarized as follows:

(Millions of yen)

	As of March 31, 2021	As of March 31, 2020
Due within one year	**215**	215
Due after one year	**859**	1,075
Total	**1,075**	1,291

(Financial instruments)

1. Status of financial instruments

(1) Policy for financial instruments

The Group has implemented a Cash Management System (CMS), which is controlled by the finance department of the Company, to manage funds within the Group. The Group manages temporary cash surpluses through low-risk financial assets.

The Group raises funds it requires through bank borrowings, commercial paper and bond issuances based on projected cash demand according to the Group's capital investment plans. The Group spreads out repayment dates so that it can secure long-term capital continually. Furthermore, the Group diversifies financing resources to maintain liquidity, raising short-term working capital through bank loans, commitment line contracts and securitization of receivables and notes.

The Group adheres to a policy of using derivative transactions for the purpose of reducing interest rate fluctuation risk, foreign currency exchange risk and price fluctuation risk, and it does not enter into speculative transactions.

(2) Types of financial instruments and related risk

Trade receivables—trade notes and accounts receivable—are exposed to credit risk in relation to buyers. The due dates for all receivables and notes should be within one year. In addition, the Group is exposed to foreign currency exchange risk arising from receivables and notes denominated in foreign currencies. In principle, foreign currency exchange risk is hedged by forward foreign exchange contracts while the amounts of such receivables and notes are continually within that of liabilities denominated in foreign currencies.

Investments in securities mainly consist of shares of business partners and affiliates. The Group is exposed to market risk for listed securities.

Trade payables—trade notes and accounts payable—are due within one year. The payables denominated in foreign currencies are exposed to foreign currency exchange risk, which is hedged by foreign currency forward contracts.

The Group raises funds through short-term borrowings for working capital and raises funds through long-term loans payable and bonds mainly for capital investments. Some long-term loans payable bears variable interest rates and therefore is exposed to interest rate fluctuation risk. To reduce and fix interest expense for long-term loans payable bearing interest at variable rates, the Group utilizes interest rate swap and currency and interest rate swap transactions as a hedging instrument on an individual basis.

Regarding derivatives, the Group enters into forward foreign currency contracts to reduce the foreign exchange risk arising from receivables and payables denominated in foreign currencies and forecast transactions denominated in foreign currencies. The Group also enters into interest rate swap transactions to reduce fluctuation risk for interest payable for long-term loans payable bearing interest at variable rates. The Group also enters into currency and interest rate swap transactions to reduce exchange and interest rate fluctuation risk for loans payable denominated in foreign currencies, crude oil swap transactions to reduce price fluctuation risk on certain fuel purchase transactions, and commodities futures transactions to reduce price fluctuation risk on power purchase transactions.

For information regarding the method of hedge accounting, such as hedging instruments, hedged items, hedging policy and the assessment of the effectiveness of hedging activities, please refer to "Significant matters providing the basis for the preparation of the consolidated financial statements, 4. Significant accounting policies, (6) Significant hedge accounting methods."

(3) Risk management for financial instruments

① Monitoring of credit risk (the risk that buyers or counterparties may default)

The Group's marketing division and finance division have established a regular screening system to monitor the financial status of clients, which allows them to closely supervise transactions, in accordance with the credit management rules prepared by the Company and its respective consolidated subsidiaries based on the "Group credit management policy." The two divisions give each other frequent and detailed reports on the status of credit collections on a daily basis to minimize risks. The divisions acquire information on clients in financial difficulty to protect related claims.

For all derivative transactions, the Group enters into transactions only with financial institutions that have a sound credit profile to minimize counterparty risk.

② Management of market risks (the risks arising from fluctuations in exchange rates, interest rates, prices, etc.)

To minimize the foreign exchange risk arising from trade receivables and payables denominated in foreign currencies and forecast transactions denominated in foreign currencies, the Group identifies the risk deriving from future export and import transactions for each currency twice each year and enters into forward foreign exchange contracts to hedge such risk.

The Group enters into interest rate swap transactions to minimize interest rate fluctuation risk for loans payable and bonds bearing interest at variable rates, and enters into currency and interest rate swap transactions to minimize exchange and interest rate fluctuation risk for foreign currency denominated loans payable. The Group also regularly monitors the ratio of loans with fixed interest rates and ones with variable interest rates, and optimizes such ratio according to interest rate movements.

The Group uses crude oil swap transactions to reduce the risk of price fluctuations for certain fuel purchases, and commodity futures transactions to reduce the risk of price fluctuations for power purchases.

As to investments in securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers. In addition, the Group periodically evaluates whether to continue to hold certain securities taking into account the relationship with the issuers.

③ Monitoring of liquidity risk (the risk that the Group might not be able to meet its obligations on scheduled due dates)

In the Group, to minimize liquidity risk, the finance department of the Company prepares a cash flow plan every half year, which is updated on monthly and daily basis.

The Group obtains funds in consideration of diversification of fund-raising schemes, lengthens loan periods and staggers maturities to minimize refinancing risk. In addition, to diminish liquidity risk, the Group enters into commitment line contracts and overdraft arrangements with financial institutions.

(4) Supplementary explanation of items relating to the fair values of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Because various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different fair value. In addition, the contract amounts of derivatives provided in "Derivatives" are not necessarily indicative of the actual market risk involved in derivative transactions.

2. Estimated fair value and other matters related to financial instruments

The book value of financial instruments on the consolidated balance sheets and their estimated fair value, as well as the difference between these values, are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value. (Please refer to Note 2.)

As of March 31, 2021

(Millions of yen)

	Book value[1]	Fair value[1]	Difference
(1) Cash and deposits	**69,733**	**69,733**	—
(2) Notes and accounts receivable-trade	**251,210**	**251,210**	—
(3) Investments in securities			
Other securities	**54,430**	**54,430**	—
Stocks of subsidiaries and affiliates	**55,106**	**56,888**	**1,782**
Total Assets	**430,480**	**432,262**	**1,782**
(4) Notes and accounts payable-trade	**125,115**	**125,115**	—
(5) Short-term loans payable	**199,009**	**203,766**	**4,756**
(6) Long-term loans payable	**574,846**	**578,381**	**3,534**
Total liabilities	**898,971**	**907,262**	**8,291**
(7) Derivatives[1]	**(299)**	**(299)**	—

1. Net assets and liabilities arising from derivative transactions are presented on a net basis, and net liabilities in total are presented in parentheses.

As of March 31, 2020

(Millions of yen)

	Book value[1]	Fair value[1]	Difference
(1) Cash and deposits	**52,846**	**52,846**	—
(2) Notes and accounts receivable-trade	**228,178**	**228,178**	—
(3) Investments in securities			
Other securities	**45,899**	**45,899**	—
Stocks of subsidiaries and affiliates	**51,719**	**51,693**	**(25)**
Total Assets	**378,643**	**378,617**	**(25)**
(4) Notes and accounts payable-trade	**120,593**	**120,593**	—
(5) Short-term loans payable	**191,719**	**192,130**	**410**
(6) Long-term loans payable	**444,677**	**453,219**	**8,542**
Total liabilities	**756,990**	**765,944**	**8,953**
(7) Derivatives[1]	**(11,598)**	**(11,598)**	—

1. Net assets and liabilities arising from derivative transactions are presented on a net basis, and net liabilities in total are presented in parentheses.

Notes:

1. Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

(1) Cash and deposits, (2) Notes and accounts receivable-trade

As these items are settled in a short period of time, their book value approximates the fair value.

(3) Investments in securities
The fair value of stocks is based on quoted market prices. For information on other securities, please refer to "Securities."

(4) Notes and accounts payable-trade
Because these items are settled in a short period of time, their book value approximates the fair value.

(5) Short-term loans payable
As these items are settled in a short period of time, their book value approximates the fair value. The fair value of the current portion of long-term loans payable is calculated by applying a discount rate determined based on the risk-free rate and the credit spread.

(6) Long-term loans payable
The fair value of long-term loans payable is calculated by classifying the total amount of principal and interest by remaining period and discounting its future cash flow at a rate determined based on the risk-free rate, the credit spread and the remaining period. Long-term loans payable with variable interest rates are covered by interest rate swap transactions that meet special accounting criteria and currency and interest rate swaps that meet integral accounting criteria (see "Derivatives") and are accounted for together with the corresponding interest rate swaps and currency and interest rate swaps. The fair value of such loans is calculated by discounting the total amount of principal and interest of the loans thus accounted for at a rate determined as stated above.

(7) Derivatives
Please refer to "Derivatives" on page 18.

2. Financial instruments for which it is extremely difficult to determine the fair value

(Millions of yen)

Classification	**As of March 31, 2021**	As of March 31, 2020
Unlisted equity securities	**51,838**	58,272

Because the fair values of these financial instruments are extremely difficult to determine, given that they do not have market prices, they are not included in "(3) Investments in securities."

3. Redemption schedule for receivables after the consolidated balance sheet date

As of March 31, 2021

(Millions of yen)

	Within one year	Over 1 but within 5 years	Over 5 but within 10 years	Over 10 years
Cash and deposits (*)	**69,641**	—	—	—
Notes and accounts receivable-trade	**251,210**	—	—	—
Total	**320,851**	—	—	—

*"Cash and deposits" does not include the amount of cash on hand.

As of March 31, 2020

(Millions of yen)

	Within one year	Over 1 but within 5 years	Over 5 but within 10 years	Over 10 years
Cash and deposits (*)	52,765	—	—	—
Notes and accounts receivable-trade	228,178	—	—	—
Total	280,943	—	—	—

*"Cash and deposits" does not include the amount of cash on hand.

4. Redemption schedule for long-term loans payable and other interest-bearing debt after the consolidated balance sheet date

As of March 31, 2021

(Millions of yen)

	Within one year	Over 1 but within 2 years	Over 2 but within 3 years	Over 3 but within 4 years	Over 4 but within 5 years	Over 5 years
Short-term loans payable	**138,727**	**—**	**—**	**—**	**—**	**—**
Long-term loans payable	**60,281**	**41,048**	**60,696**	**54,483**	**99,786**	**318,832**
Total	**199,009**	**41,048**	**60,696**	**54,483**	**99,786**	**318,832**

As of March 31, 2020

(Millions of yen)

	Within one year	Over 1 but within 2 years	Over 2 but within 3 years	Over 3 but within 4 years	Over 4 but within 5 years	Over 5 years
Short-term loans payable	128,218	—	—	—	—	—
Long-term loans payable	63,501	58,669	39,679	56,103	46,297	243,927
Total	191,719	58,669	39,679	56,103	46,297	243,927

(Securities)

1. Other securities

As of March 31, 2021

(Millions of yen)

	Book value	Cost	Valuation difference
Securities for which the book value exceeds their cost: Equity securities	**47,133**	**14,231**	**32,902**
Subtotal	**47,133**	**14,231**	**32,902**
Securities for which the book value does not exceed their cost: Equity securities	**7,296**	**8,659**	**(1,363)**
Subtotal	**7,296**	**8,659**	**(1,363)**
Total	**54,430**	**22,890**	**31,539**

Note: Because the fair value of unlisted equity securities as of March 31, 2021 (¥5,172 million on the consolidated balance sheet) is extremely difficult to determine, given that those securities do not have market prices, they are not included in “other securities” above.

As of March 31, 2020

(Millions of yen)

	Book value	Cost	Valuation difference
Securities for which the book value exceeds their cost: Equity securities	35,504	10,350	25,154
Subtotal	35,504	10,350	25,154
Securities for which the book value does not exceed their cost: Equity securities	10,394	12,684	(2,289)
Subtotal	10,394	12,684	(2,289)
Total	45,899	23,034	22,864

Note: Because the fair value of unlisted equity securities as of March 31, 2020 (¥8,518 million on the consolidated balance sheet) is extremely difficult to determine, given that those securities do not have market prices, they are not included in “other securities” above.

2. Sales of other securities

Fiscal year ended March 31, 2021

(Millions of yen)

	Sales	Aggregate gain	Aggregate loss
Equity securities	**6,155**	**5,951**	**0**

Fiscal year ended March 31, 2020

(Millions of yen)

	Sales	Aggregate gain	Aggregate loss
Equity securities	554	210	—

3. Impairment of securities

For the fiscal year ended March 31, 2021, the Company recorded a loss on impairment of securities in the amount of ¥189 million (including ¥127 million of equity securities for which fair values are extremely difficult to determine). For the fiscal year ended March 31, 2020, the Company recorded a loss on impairment of securities in the amount of ¥2,562 million (including ¥1,945 million of equity securities for which fair values are extremely difficult to determine).

Loss on impairment of securities are recorded for all securities for which the fair values at year-end have declined by 50% or more, compared with their acquisition costs. The impairment of securities for which the rate of decline in fair value is between 30% and 50% depends on how significant the amount of the decline is, how the decline is recoverable and other factors.

(Derivatives)

1. Derivative instruments not subject to hedge accounting
   (1) Currency-related transactions

As of March 31, 2021

(Millions of yen)

	Hedging instrument	Contract amount	More than 1 year	Fair value (Note 1)	Valuation gain/loss
Off-market transactions	Foreign exchange forward contracts Buy Euro	**159**	**—**	**(44)**	**(44)**

Note: The fair value is estimated based on prices provided by financial institutions.

As of March 31, 2020
None applicable.

(2) Interest-related transactions

As of March 31, 2021

(Millions of yen)

	Hedging instrument	Contract amount	More than 1 year	Fair value	Valuation gain/loss
Off-market transactions	Interest rate swap transactions Pay/fixed and receive/floating	**504**	**—**	**(13)**	**(13)**

Notes:
1. Calculation method for the fair value
   The fair value is estimated based on prices provided by financial institutions.
2. Hedge accounting was not applied for certain derivative transactions since they no longer met the criteria for hedge accounting.

As of March 31, 2020

(Millions of yen)

	Hedging instrument	Contract amount	More than 1 year	Fair value	Valuation gain/loss
Off-market transactions	Interest rate swap transactions Pay/fixed and receive/floating	1,362	681	(48)	(48)

Notes:
1. Calculation method for the fair value
   The fair value is estimated based on prices provided by financial institutions.
2. Hedge accounting was not applied for certain derivative transactions since they no longer met the criteria for hedge accounting.

2. Derivative instruments subject to hedge accounting
   (1) Currency-related transactions

As of March 31, 2021

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value (Note)
Deferral hedge method	Foreign exchange forward contracts Sell				
	U.S. dollars	Accounts receivable-trade	**8,771**	**1,553**	**963**
	Other		**2,812**	**—**	**1**
	Buy				
	U.S. dollars	Notes and accounts payable-trade	**13,478**	**1,307**	**280**
	Other		**14,337**	**6,984**	**307**

Note: The fair value is estimated based on prices provided by financial institutions.

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value
Allocation method *(Furiate-shori)*	Foreign exchange forward contracts				
	Sell	Accounts receivable-trade			
	U.S. dollars		**113**	—	
	Other		**23**	—	
	Buy	Notes and accounts payable-trade			**(Note)**
	U.S. dollars		**301**	—	
	Other		—	—	

Note: Foreign exchange forward contracts subject to the allocation method are recognized together with hedged items (i.e., accounts receivable-trade, notes and accounts payable-trade). The fair values of such transactions are included in those of the relevant hedged items. The fair value is estimated based on forward exchange rates.

As of March 31, 2020

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value (Note)
Deferral hedge method	Foreign exchange forward contracts				
	Sell	Accounts receivable-trade			
	U.S. dollars		8,135	817	(288)
	Other		292	—	(2)
	Buy	Notes and accounts payable-trade			
	U.S. dollars		29,882	2,262	509
	Other		4,461	2,198	(159)
	Australian dollars	Investments in equity of overseas subsidiaries	130,995	—	(9,642)

Note: The fair value is estimated based on prices provided by financial institutions.

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value
Allocation method *(Furiate-shori)*	Foreign exchange forward contracts				
	Sell	Accounts receivable-trade			
	U.S. dollars		102	—	
	Other		24	—	
	Buy				(Note)
	U.S. dollars	Notes and accounts payable-trade	534	—	
	Other		—	—	

Note: Foreign exchange forward contracts subject to the allocation method are recognized together with hedged items (i.e., accounts receivable-trade, notes and accounts payable-trade). The fair values of such transactions are included in those of the relevant hedged items. The fair value is estimated based on forward exchange rates.

(2) Interest rate-related transactions

As of March 31, 2021

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value
Deferral hedge method	Interest rate swap transaction Pay/fixed and receive/floating	Long-term loans payable	**3,468**	**3,468**	**(55)**
Exceptional accounting method (*Tokurei-shori*)	Interest rate swap transaction Pay/fixed and receive/floating	Long-term loans payable	**145,700**	**140,700**	**(Note)**

Note: Interest-rate swaps that qualify for the exceptional accounting method are recognized together with the corresponding long-term loans payable. The fair values of such transactions are included in those of the loans.

As of March 31, 2020

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value
Deferral hedge method	Interest rate swap transaction Pay/fixed and receive/floating	Long-term loans payable	31,147	30,000	(1,867)
Exceptional accounting method (*Tokurei-shori*)	Interest rate swap transaction Pay/fixed and receive/floating	Long-term loans payable	127,200	125,700	(Note)

Note: Interest-rate swaps that qualify for the exceptional accounting method are recognized together with the corresponding long-term loans payable. The fair values of such transactions are included in those of the loans.

(3) Currency and interest rate-related transactions

As of March 31, 2021

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value
Integral accounting method (*Ittai-shori*)	Currency and interest rate swap transaction Pay/fixed and receive/floating Pay/JPY and receive/USD	Long-term loans payable	**10,122**	**10,122**	**(Note)**

Note: Currency and interest rate swaps that qualify for the integral accounting method are recognized together with the corresponding long-term loans payable. The fair values of such transactions are included in those of the loans.

As of March 31, 2020

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value
Integral accounting method (*Ittai-shori*)	Currency and interest rate swap transaction Pay/fixed and receive/floating Pay/JPY and receive/USD	Long-term loans payable	10,122	10,122	(Note)

Note: Currency and interest rate swaps that qualify for the integral accounting method are recognized together with the corresponding long-term loans payable. The fair values of such transactions are included in those of the loans.

(4) Commodities-related transactions

As of March 31, 2021

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value (Note)
Deferral hedge method	Commodity swaps Pay/fixed and receive/floating	Marine fuel	**2,242**	**279**	**164**
Deferral hedge method	Commodity swaps Pay/fixed and receive/floating	Brent crude	**11,346**	**8,122**	**(1,345)**
Deferral hedge method	Commodity futures transactions	Power	**8,912**	**1,209**	**(559)**

Note: The fair value is estimated based in prices provided by financial institutions.

As of March 31, 2020

(Millions of yen)

Hedge accounting method	Hedging instrument	Principal hedged items	Contract amount	More than 1 year	Fair value (Note)
Deferral hedge method	Commodity swaps Pay/fixed and receive/floating	Marine fuel	1,636	195	(334)
Deferral hedge method	Commodity swaps Pay/fixed and receive/floating	Brent crude	3,662	1,995	236

Note: The fair value is estimated based in prices provided by financial institutions.

(Retirement benefits)

1. Overview of retirement benefit plans

The Company and its consolidated subsidiaries adopt funded and unfunded types of defined-benefit plans and defined-contribution plans.

Defined-benefit corporate pension plans offer lump-sum or pension payments mainly according to the employee's salary and period of service.

Employee retirement benefit trusts are set up for some defined-benefit corporate pension plans. Lump-sum payment plans – which are basically unfunded, although the creation of retirement benefit trusts has resulted in some plans becoming funded – offer lump-sum payments as retirement benefits according to the employee's salary and period of service.

Defined-benefit corporate pension plans and lump-sum payment plans adopted by some consolidated subsidiaries use a simplified method to calculate net defined benefit liability and retirement benefit expenses.

2. Defined-benefit plans

(1) Reconciliation between the beginning and ending balances of retirement benefit obligations (excluding plans using a simplified method)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Retirement benefit obligations at the beginning of year	**125,667**	129,304
Service cost	**3,771**	3,310
Interest cost	**740**	806
Actuarial differences generated	**886**	1,484
Retirement benefits paid	**(8,855)**	(9,168)
Other	**(57)**	(69)
Retirement benefit obligations at the end of year	**122,152**	125,667

(2) Reconciliation between the beginning and ending balances of plan assets (excluding plans using a simplified method)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Plan assets at the beginning of year	**110,714**	124,145
Expected return on plan assets	**2,507**	2,694
Actuarial differences generated	**22,991**	(9,954)
Contribution from employers	**1,166**	985
Retirement benefits paid	**(6,693)**	(7,049)
Other	**(14)**	(108)
Plan assets at the end of year	**130,700**	110,714

(3) Reconciliation between the beginning and ending balances of net defined benefit liability for plans using a simplified method

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Net defined benefit liability at the beginning of year	**2,313**	2,389
Retirement benefit expenses	**506**	582
Retirement benefits paid	**(433)**	(463)
Contribution to plans	**(212)**	(204)
Other	**(41)**	8
Net defined benefit liability at the end of year	**2,132**	2,313

(4) Reconciliation between the ending balances of retirement benefit obligations and plan assets and the net defined benefit liability and net defined benefit asset reported on the consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2020
Retirement benefit obligations for funded plans	**124,657**	128,038
Plan assets	**(135,164)**	(115,044)
	(10,506)	12,994
Retirement benefit obligations for unfunded plans	**4,090**	4,272
Net asset or liability reported on the consolidated balance sheets	**(6,416)**	17,266
Net defined benefit liability	**12,790**	18,361
Net defined benefit asset	**(19,206)**	(1,095)
Net asset or liability reported on the consolidated balance sheets	**(6,416)**	17,266

Note: Plans using a simplified method are included.

(5) Breakdown of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Service cost	**3,771**	3,310
Interest cost	**740**	806
Expected return on plan assets	**(2,507)**	(2,694)
Amortization of unrecognized actuarial differences	**1,652**	1,060
Amortization of unrecognized prior service cost	**(93)**	(717)
Retirement benefit expenses calculated by a simplified method	**506**	582
Retirement benefit expenses for defined benefit plans	**4,070**	2,348

(6) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans in other comprehensive income consist of the following (before tax effect).

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Past service costs	**139**	(717)
Actuarial differences	**(23,750)**	(10,462)
Total	**(23,611)**	(11,179)

(7) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans in accumulated other comprehensive income consist of the following (before tax effect).

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Unrecognized past service costs	**(3,416)**	(3,555)
Unrecognized net actuarial differences	**(4,712)**	19,037
Total	**(8,128)**	15,482

(8) Matters regarding plan assets

① Major components of plan assets

Plan assets mainly consist of the following:

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Stocks	**56%**	49%
Bonds	**24%**	26%
General account	**12%**	8%
Cash and deposits	**6%**	14%
Other	**2%**	3%
Total	**100%**	100%

Note: Total plan assets for the fiscal years ended March 31, 2021 and March 31, 2020 include securities contributed to the retirement benefit trust (30% and 25%) created for corporate pension plans, respectively.

② Method for determining the long-term expected rate of return on plan assets

To determine the long-term expected rate of return on plan assets, the current and expected portfolio of plan assets and the current and future expected long-term profitability of the various plan assets are considered.

(9) Assumptions used in actuarial calculations

Major assumptions used in actuarial calculations are as follows:

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Discount rates	**Mainly 0.5%**	Mainly 0.5%
Long-term expected rates of return on plan assets	**Mainly 2.0%**	Mainly 2.0%

Note: Expected rate of salary increase is not presented because the Company and its consolidated subsidiaries do not generally use it in actuarial calculations for their retirement benefit plans.

3. Defined-contribution plans

The required amount of contribution to the defined-contribution plans was ¥1,678 million for the fiscal year ended March 31, 2021 and ¥1,694 million for the fiscal year ended March 31, 2020.

(Tax-effect accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	As of March 31, 2021	As of March 31, 2020
Deferred tax assets:		
Accrued enterprise taxes	**532**	576
Accrued bonuses	**2,527**	2,504
Net defined benefit liability	**5,519**	12,796
Impairment loss	**22,704**	21,400
Loss on valuation of investment securities	**2,452**	2,561
Provision for environmental measures	**4,104**	4,576
Unrealized profit eliminated in consolidation	**1,404**	883
Tax loss carryforwards (Note)	**38,991**	42,871
Loss on revaluation of land	**12,307**	12,526
Other	**13,427**	11,702
Gross deferred tax assets	**103,971**	112,400
Valuation allowance relating to tax loss carryforwards (Note)	**(35,358)**	(40,829)
Valuation allowance for total deductible temporary differences	**(46,148)**	(42,346)
Valuation allowance subtotal	**(81,506)**	(83,175)
Total deferred tax assets	**22,465**	29,224
Deferred tax liabilities:		
Reserve for advanced depreciation of noncurrent assets	**(2,087)**	(2,098)
Unrealized holding gain on other securities	**(8,897)**	(6,472)
Gain on revaluation of land, etc.	**(27,129)**	(27,649)
Other	**(10,114)**	(6,797)
Total deferred tax liabilities	**(48,229)**	(43,017)
Net deferred tax assets	**(25,763)**	(13,792)

Note: Tax loss carryforwards and deferred tax assets amounts by carryforward periods

As of March 31, 2021

(Millions of yen)

	Within one year	Over 1 but within 2 years	Over 2 but within 3 years	Over 3 but within 4 years	Over 4 but within 5 years	Over 5 years	Total
Tax loss carryforwards (a)	**9,976**	**36**	**64**	**36**	**4,840**	**24,038**	**38,991**
Valuation allowance	**(9,976)**	**(36)**	**(64)**	**(36)**	**(4,298)**	**(20,945)**	**(35,358)**
Deferred tax assets	—	—	—	—	**541**	**3,092**	**3,633**

(a) Tax loss carryforwards are calculated based on the statutory tax rate.

As of March 31, 2020

(Millions of yen)

	Within one year	Over 1 but within 2 years	Over 2 but within 3 years	Over 3 but within 4 years	Over 4 but within 5 years	Over 5 years	Total
Tax loss carryforwards (a)	608	11,308	46	226	143	30,537	42,871
Valuation allowance	(608)	(10,803)	(46)	(226)	(143)	(29,000)	(40,829)
Deferred tax assets	—	505	—	—	—	1,536	2,042

(a) Tax loss carryforwards are calculated based on the statutory tax rate.

2. Reconciliation of the effective tax rate and the statutory tax rate

	As of March 31, 2021	As of March 31, 2020
Statutory tax rate	**30.6%**	30.6%
(Adjustments)		
Entertainment expenses not qualifying for deduction	**1.1**	1.1
Dividend income excluded from gross revenue	**(7.1)**	(1.6)
Inhabitant tax per capita, etc.	**2.0**	1.0
Effect of exchange rate fluctuations at overseas subsidiaries	**6.1**	0.0
Acquisition-related expenses for business acquisitions	**22.2**	—
Increase or decrease in valuation allowance	**(15.5)**	(14.1)
Amortization of goodwill	**6.5**	2.5
Equity in gain and loss of affiliates	**(13.2)**	(5.9)
Other	**9.6**	7.3
Effective tax rate after adoption of tax-effect accounting	**42.3**	20.9

(Changes in presentation)
"Effect of exchange rate fluctuations at overseas subsidiaries" was included in "Other" in the prior fiscal year. For the fiscal year ended March 31, 2021, however, its materiality increased and it is therefore listed as a separate item.To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2020 have been reclassified.
As a result, 7.3% of "Other" in the prior fiscal year has been reclassified as "Effect of exchange rate fluctuations at overseas subsidiaries" (0.0%) and "Other" (7.3%).

(Business combinations)

Business combination through acquisition

The Company entered into a contract with Orora Limited ("Orora"), a listed company of the Australian Securities Exchange, to purchase its paperboard fiber based packaging business in Australia and New Zealand (the "Business"), and completed the purchase by way of investment (AUD 1,800 million) in Paper Australia Pty Ltd ("Opal"), a consolidated subsidiary of the Company, on April 30, 2020. Additionally, the Company borrowed funds to conduct this business purchase.

(1) Overview of business combination

① Name of the counterparty
Orora Limited

② Details of the acquired business
Orora's paperboard fiber based packaging business in Australia and New Zealand

③ Background of the business combination
The Company Group is promoting packaging, household paper products/health care, chemicals, energy and logs &

lumber business as five key growth areas. Supported by recent trends recognizing the environmentally-friendly nature of paper as a renewable material, the Company has been exploring opportunities to expand its value chain from base paper to processing as well as to expand business through capital investment and M&As in Japan and abroad.
Orora has established strong operations in Australia and New Zealand through a comprehensive business model combining a wastepaper collecting system with cutting-edge corrugated base paper manufacturing, highly automated cardboard production and the provision of packaging-related materials and associated services. Through the acquisition of the Business, the Company Group will be entering the integrated corrugated paperboard manufacturing business in the Oceania region, enabling the Company Group to further build its packaging business on a global scale.

④ Date of business combination
April 30, 2020 (Local time)

⑤ Legal form of business combination
Business acquisition for cash consideration

⑥ Company name after business combination
Paper Australia Pty Ltd (Trade name: Opal)

⑦ Grounds for determining the acquiring company
Because it is a business acquisition in exchange for cash.

(2) Period of performance of the Business included in the consolidated balance sheet and consolidated statement of operations for the fiscal year ended March 31, 2021
Because the difference between the end of the accounting period of the Company and that of Opal, the acquiring company, does not exceed three months, the financial statements of Opal as of its fiscal year-end are used. As a result, eight months of this business combination is reflected in the fiscal year ended March 31, 2021.

(3) Matters concerning calculation, etc. of the acquisition cost

① Acquisition cost of acquired business and breakdown of consideration by type

Consideration for acquisition	Cash	AUD 1,780 million
Acquisition cost		AUD 1,780 million

② Details and amounts of major acquisition-related expenses
AUD 82 million for stamp tax, etc.

(4) Matters concerning the allocation of the acquisition cost

① Amounts of assets acquired and liabilities assumed on the date of business combination, and its major breakdown

	(Millions of AUD)
Current assets	472
Noncurrent assets	1,675
Total assets	2,147
Current liabilities	244
Long-term liabilities	248
Total liabilities	493

② Amounts allocated to intangible assets other than goodwill and its major breakdown by type and total, as well as weighted average amortization periods by major type

Type	Amount (Millions of AUD)	Weighted average amortization period
Customer-related assets	65	10 years
Technology-related assets	30	8 years
Software	7	5 years
Trademark rights	1	10 years
Total	105	9 years

③ Amount of goodwill generated, reason for the generation, method and period of amortization

a. Amount of goodwill generated
AUD 126 million

b. Reason for the generation
Future excess earning capacity expected from future business development.

c. Method and period of amortization of goodwill
Straight-line amortization over 10 years

(5) Funding and payment method

① a. Lender: Mizuho Bank, Ltd.
b. Amount borrowed: ¥125.0 billion
c. Date of borrowing: April 30, 2020
d. Payment interest rate: Variable rate linked to TIBOR

② The funds have been made permanent as described below, and the entire amount has been used to partially fund the repayment of the borrowings described in ①.

Lender	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation The Norinchukin Bank	Japan Bank for International Cooperation
Amount borrowed	¥60.0 billion	¥50.0 billion
Date of borrowing	June 30, 2020	August 28, 2020
Payment interest rate	Variable rate linked to TIBOR	Fixed interest rate
Final repayment date	June 30, 2055 (however, the principal can be prepaid in whole or in part on each interest payment date after the interest payment date in June 2025 (including June 30), which is five years after the date of borrowing)	February 2031

(6) Comparative profit and loss information

Because this is a partial acquisition of a business, it is difficult to obtain information on properly calculated revenue and profit and loss for the period from the beginning of the current fiscal year of the acquired business to the date of business combination, so no trial calculation has been made.

(Asset retirement obligations)

Due to its low significance, detailed information regarding asset retirement obligations is not provided, although the Group reports asset retirement obligations.

(Investment and rental property)

Due to its low significance, detailed information regarding investment and rental property is not provided, although the Group has rental property and idle land and buildings.

(Segment information)

[Segment information]

1. Overview of reportable segments

(1) Method of determining reportable segments

The reportable segments of the Company are defined as individual units, for which independent financial information is available and which are subject to regular review to evaluate their results and decide the allocation of management resources by the Board of Directors of the Company.

The Company recognizes its consolidated subsidiaries as the units that define its business segments because those are used as the main basis to evaluate results. The reportable segments are defined by integrating business segments that exhibit similarities in terms of economic characteristics, markets for products and services, or customers.

(2) Types of products and services of each reportable segment

The principal products and services of each reportable segment are as follows:

Paper and paperboard segment:
Manufacturing and marketing of paper, paperboard, pulp and materials for paper making

Daily-life products segment:
Manufacturing and marketing of household tissue, processed paper goods and chemical products

Energy segment:
Generating and marketing of electric power

Wood products and construction-related segment:
Stocking, manufacturing and marketing of lumber and building materials, as well as civil engineering and construction

(3) Matters related to changes in reportable segments, etc.

On April 30, 2020, the Group, through its consolidated subsidiary Paper Australia Pty Ltd (“AP”), completed the acquisition of Orora Limited’s paperboard fiber based packaging business in Australia and New Zealand, and is operating the business as “Opal,” an entity that includes the existing business of AP. As a result, AP, which was previously included in the paper and paperboard segment, is now included in the daily-life products segment as Opal from the fiscal year ended March 31, 2021.

The segment information for the fiscal year ended March 31, 2020 is based on the reportable segments after the change.

2. Method used to calculate net sales, income or loss, assets and other items by reportable segments

Accounting methods applied for the reportable segments are the same as those described under “Significant matters providing the basis for the preparation of the consolidated financial statements.”

Income for each reportable segment denotes operating income, and intersegment sales and transfers are based on market prices in general.

3. Net sales, income or loss, assets and other items by reportable segment

Fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segments					Other[1]	Total	Adjustment[2, 3]	Consolidated[4]
	Paper and paperboard	Daily-life products	Energy	Wood products and construction-related	Subtotal				
Net sales									
Sales to third parties	**568,255**	**317,918**	**33,407**	**59,917**	**979,499**	**27,840**	**1,007,339**	**—**	**1,007,339**
Intersegment sales and transfers	**8,898**	**5,735**	**—**	**53,737**	**68,370**	**43,526**	**111,897**	**(111,897)**	**—**
Total	**577,154**	**323,653**	**33,407**	**113,654**	**1,047,869**	**71,367**	**1,119,237**	**(111,897)**	**1,007,339**
Segment income	**2,482**	**7,898**	**6,876**	**6,499**	**23,756**	**1,887**	**25,644**	**(6,410)**	**19,233**
Segment assets	**722,308**	**448,685**	**53,798**	**64,420**	**1,289,213**	**34,363**	**1,323,577**	**223,749**	**1,547,326**
Other items:									
Depreciation	**36,789**	**20,537**	**3,899**	**811**	**62,037**	**1,320**	**63,357**	**—**	**63,357**
Amortization of goodwill	**1,718**	**620**	**—**	**—**	**2,338**	**—**	**2,338**	**—**	**2,338**
Increase in property, plant and equipment and intangible assets	**31,774**	**24,810**	**53**	**565**	**57,203**	**1,061**	**58,265**	**—**	**58,265**

Notes: 1. The "Other" category is a business segment that includes the logistics, leisure and other businesses, and is not a reportable segment.
2. The segment income adjustments are due to intersegment elimination, etc., and the above-mentioned acquisition-related expenses of ¥6,053 million for Orora Limited's paperboard fiber based packaging business in Australia and New Zealand.
3. The segment assets adjustment of ¥223,749 million includes ¥(42,720) million of intersegment eliminations for receivables and payables and ¥266,469 million of corporate assets that are not allocated to reportable segments. The corporate assets mainly consist of "cash and deposits" for the management of surplus funds, "investments in securities" for long-term investment and "deferred tax assets," which are not allocatable to reportable segments.
4. Adjustments are made to reconcile segment income with operating income in the consolidated statements of operations.

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segments					Other[1]	Total	Adjustment[2, 3]	Consolidated[4]
	Paper and paperboard	Daily-life products	Energy	Wood products and construction-related	Subtotal				
Net sales									
Sales to third parties	646,725	270,231	33,003	61,622	1,011,582	32,329	1,043,912	—	1,043,912
Intersegment sales and transfers	15,068	6,062	—	59,697	80,828	47,209	128,037	(128,037)	—
Total	661,793	276,294	33,003	121,319	1,092,411	79,538	1,171,950	(128,037)	1,043,912
Segment income	6,138	12,944	6,795	5,904	31,781	2,845	34,627	421	35,048
Segment assets	732,930	273,144	58,444	72,476	1,136,996	35,753	1,172,749	190,720	1,363,469
Other items:									
Depreciation	38,490	14,421	3,631	866	57,409	1,296	58,705	—	58,705
Amortization of goodwill	1,718	121	—	—	1,840	—	1,840	—	1,840
Increase in property, plant and equipment and intangible assets	39,536	29,118	139	762	69,557	1,078	70,636	—	70,636

Notes: 1. The "Other" category is a business segment that includes the logistics, leisure and other businesses, and is not a reportable segment.
2. The segment income adjustments are due to intersegment elimination, etc.
3. The segment assets adjustment of ¥190,720 million includes ¥(49,139) million of intersegment eliminations for receivables and payables and ¥239,859 million of corporate assets that are not allocated to reportable segments. The corporate assets mainly consist of "cash and deposits" for the management of surplus funds, "investments in securities" for long-term investment and "deferred tax assets," which are not allocatable to reportable segments.
4. Adjustments are made to reconcile segment income with operating income in the consolidated statements of operations.

[Related information]

Fiscal year ended March 31, 2021

1. Information by product and service

Information by product and service approximates the information provided in “Segment information” and is therefore not provided here.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Oceania	Asia	North America	Others	Total
800,576	**97,275**	**65,692**	**24,843**	**18,951**	**1,007,339**

Note: Net sales information is based on the geographical location of customers and categorized by country or region.

(2) Property, plant and equipment

(Millions of yen)

Japan	Oceania	Asia	North America	Others	Total
575,468	**157,621**	**5,580**	**32,713**	**10,628**	**782,012**

3. Information by customer

Information by customer is omitted because no single external customer accounts for 10% or more of net sales in the consolidated statements of operations.

Fiscal year ended March 31, 2020

1. Information by product and service

Information by product and service approximates the information provided in “Segment information” and is therefore not provided here.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Oceania	Asia	North America	Others	Total
874,756	44,454	72,583	30,622	21,495	1,043,912

Note: Net sales information is based on the geographical location of customers and categorized by country or region.

(2) Property, plant and equipment

(Millions of yen)

Japan	Oceania	Asia	North America	Others	Total
590,379	43,433	5,558	28,521	12,632	680,524

3. Information by customer

Information by customer is omitted because no single external customer accounts for 10% or more of net sales in the consolidated statements of operations.

[Impairment loss by reportable segment]

Fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segments					Other	Total	Adjustment	Consolidated
	Paper and paperboard	Daily-life products	Energy	Wood products and construction -related	Subtotal				
Impairment loss on noncurrent assets	**5,296**	—	**3,287**	—	**8,584**	—	**8,584**	—	**8,584**

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segments					Other	Total	Adjustment	Consolidated
	Paper and paperboard	Daily-life products	Energy	Wood products and construction -related	Subtotal				
Impairment loss on noncurrent assets	1,969	1,001	—	—	2,971	—	2,971	—	2,971

[Amortization of goodwill and balance of unamortized goodwill by reportable segment]

Fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segments					Other	Total	Adjustment	Total
	Paper and paperboard	Daily-life products	Energy	Wood products and construction -related	Subtotal				
Amortization of goodwill	**1,718**	**620**	—	—	**2,338**	—	**2,338**	—	**2,338**
Balance of unamortized goodwill at year-end	—	**9,294**	—	—	**9,294**	—	**9,294**	—	**9,294**

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segments					Other	Total	Adjustment	Total
	Paper and paperboard	Daily-life products	Energy	Wood products and construction -related	Subtotal				
Amortization of goodwill	1,718	121	—	—	1,840	—	1,840	—	1,840
Balance of unamortized goodwill at year-end	1,718	—	—	—	1,718	—	1,718	—	1,718

[Gain on negative goodwill by reportable segment]

Fiscal year ended March 31, 2021

None applicable.

Fiscal year ended March 31, 2020

None applicable.

[Related party transactions]

1. Transactions with related parties

(1) Transactions of the Company with related parties

The Company's unconsolidated subsidiaries and affiliates, etc.

Fiscal year ended March 31, 2021

None applicable.

Fiscal year ended March 31, 2020

None applicable.

(2) Transactions of the Company's consolidated subsidiaries with related parties

None applicable.

2. Information on the parent company and significant affiliates

(1) Information on the parent company

None applicable.

(2) Financial statements of significant affiliates

Fiscal year ended March 31, 2021

A significant affiliate in the fiscal year ended March 31, 2021 is Lintec Corporation. Summarized aggregate financial statement data of the company is as follows:

	(Millions of yen)
Total current assets	**112,429**
Total noncurrent assets	**135,593**
Total current liabilities	**54,373**
Total long-term liabilities	**15,136**
Total net assets	**178,512**
Net sales	**158,024**
Profit before income taxes	**17,851**
Profit	**14,636**

Fiscal year ended March 31, 2020

A significant affiliate in the fiscal year ended March 31, 2020 is Lintec Corporation. Summarized aggregate financial statement data of the company is as follows:

	(Millions of yen)
Total current assets	113,622
Total noncurrent assets	126,914
Total current liabilities	57,411
Total long-term liabilities	14,101
Total net assets	169,023
Net sales	159,837
Profit before income taxes	13,046
Profit	10,420

(Per share information)

(Yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Net assets per share	**3,570.15**	3,248.53
Profit per share	**27.67**	122.89

Notes: 1. Diluted profit per share is not stated because no potentially dilutive securities were outstanding.

2. For the purpose of calculating net assets per share and profit per share, shares of the Company held through the Board Benefit Trust (BBT) are included in the number of treasury stock deducted when calculating the total number of shares outstanding at the end of the fiscal year and the weighted-average number of common shares outstanding during the fiscal year. The number of treasury stock deducted when calculating the total number of shares outstanding at the end of the fiscal year was 208,600 shares in the fiscal year ended March 31, 2020 and 203,100 shares in the fiscal year ended March 31, 2021. The weighted-average number of treasury stock deducted when calculating the weighted-average number of common shares outstanding during the fiscal year was 62,955 shares in the fiscal year March 31, 2020 and 204,627 shares in the fiscal year ended March 31, 2021.

3. The basis for calculation of profit per share is as follows.

(Millions of yen unless otherwise stated)

Item	**Fiscal year ended March 31, 2021**	Fiscal year ended March 31, 2020
Profit attributable to owners of parent	**3,196**	14,212
Profit attributable to owners of parent related to common shares	**3,196**	14,212
Weighted-average number of common shares outstanding (shares)	**115,508,022.29**	115,656,889.94