Matters Disclosed on the Internet
Re.

The Notice of the Ordinary General Meeting of Shareholders

Of

Nippon Paper Industries Co., Ltd.

For

97th Term
(From April 1, 2020 through March 31, 2021)

Pursuant to laws and ordinances and Article 16 of the Company's Articles of Incorporation, the items in this document are disclosed to the shareholders through posting on the Company's website (https://www.nipponpapergroup.com/). Further, the items in this document are only part of the subject matter audited by the Accounting Auditor, the Statutory Auditors and the Board of Statutory Auditors in preparation of the Audit Report.

Basic Policy on Control of the Stock Company in the Business Report

(1) About the Basic Policy

The Company believes that persons who control decision-making over the financial and business policies of the Company must be able to ensure and enhance the corporate value of the Company and ultimately, the common interests of its shareholders.

Meanwhile, as the shares of the Company are listed and traded freely in the market, the Company also believes that the way of person who control of the Company should ultimately rest on the will of the shareholders as a whole, and that the final decision as to whether or not to accept a purchase offer for shares that involves a change of control of the Company should also be ultimately made based upon the will of the shareholders as a whole. Nonetheless, among those large-scale purchases or offers to purchase the Company’s shares, etc., there may be cases that would harm the common interests of the shareholders such as: those with a purpose of acquisition or intended management policies after the acquisition that would obviously harm the corporate value and, subsequently, the common interests of shareholders; those with a potential to substantially coerce shareholders into selling their shares; those not providing sufficient time or information for the shareholders to consider the conditions, etc., of the acquisition, or for the Board of Directors of the Company to make an alternative proposal; and those requiring negotiation with the purchaser in order to procure more favorable terms than those presented by the purchaser, etc.

The Company considers such person who makes or offers such large-scale purchases are exceptionally not suitable as a person to have control over the financial and business policies of the Company.

(2) Efforts to Realize the Basic Policy

1) Medium-Term Business Plan

The Company Group is practicing corporate activities which seek to balance the affluent human life with the global environment through utilization of renewable wood resources.

In order to ensure this sustainable growth continues, from April 2018, the Company Groups pressed forward with the Sixth Medium-Term Business Plan (a three-year plan). We strove to enhance our cost competitiveness through reorganizing production system of the paper business, a core business to the Company, while expanding business with active investments in the growth areas of packaging, household tissues and health care, chemical, and energy, to accelerate transformation of business structure.

The Company Group formulated a Medium-Term Business Plan 2025 with a period of five years from the current year. The first five years of 2030 Vision, a long-term vision we established at the same time, is positioned as a period for Medium-Term Business

Plan 2025. The Company has changed the period of a Medium-Term Business Plan from three years to five years as it should take us five years to early commercialize new businesses and materials, which is essential for the transformation of our business structure. Placing utmost priority on agility in each of the businesses in growth areas, and by fully leveraging the resources we have in each production base of the paper business, we will further promote transformation of our business structure. We will contribute to human life and culture through sound material-cycle business based on forest resources and will work to ensure and enhance the corporate value and the common interest of its shareholders.

2) Efforts for Corporate Governance

The Company places highest priority on realizing a fair management through further improvement of management transparency to our stakeholders including shareholders. We introduced the Corporate Officer System to ensure segregation of execution of business from supervision of management and will continue to strive to strengthen the function for supervision of the Board of Directors. The Company, as a commanding office for group management, will promote growth strategies, monitor affiliated business and promote compliance.

With such efforts, the Company will work on further reinforcement of corporate governance.

The basic policy on control of the stock company is as stated above. The Company will make efforts to enhance the corporate value of the Company and ultimately, the interests of all shareholders. In addition, in the case that a Large-Scale Purchases of shares, etc., of the Company is carried out, the Company will seek necessary and sufficient information so that shareholders can make a proper judgment about appropriateness of those Large-Scale Purchases and disclose opinions of the Board of Directors of the Company or implement other appropriate measures, based on Financial Instruments and Exchange Act, Companies Act, and other applicable laws and regulations.

Consolidated Statement of Changes in Shareholders' Equity, etc.

(From April 1, 2020 through March 31, 2021)

(Unit: million yen)

	Shareholders' Equity				
	Capital	Capital Surplus	Retained Earnings	Treasury Stocks	Total Shareholders' Equity
Beginning balance	104,873	216,414	44,847	△1,838	364,296
Changes during consolidated fiscal year					
Dividend of retained earnings			△4,630		△4,630
Net income attributable to owners of the parent			3,196		3,196
Acquisition of treasury stocks				△12	△12
Disposition of treasury stocks		△0		11	11
Change in scope of consolidation		△1	△740		△741
Change in ownership interest of parent due to transactions with non-controlling interests		5			5
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Amount of changes in items other than shareholders' equity during the consolidated fiscal term (net amount)					—
Total amount of changes during the consolidated fiscal year	—	3	△2,174	△0	△2,171
Balance at end of the current term	104,873	216,417	42,672	△1,839	362,124

	Accumulated amount of other comprehensive income					Non-controlling interests	Total net assets
	Amount of valuation difference on other securities	Deferred gains or losses on hedges	Account for adjustment of currency translation	Accumulated amount of adjustment to retirement benefits	Total accumulated amount of other comprehensive income		
Beginning balance	16,804	△7,631	14,095	△12,332	10,936	11,344	386,577
Changes during consolidated fiscal year							
Dividend of retained earnings							△4,630
Net income attributable to owners of the parent							3,196
Acquisition of treasury stocks							△12
Disposition of treasury stocks							11
Change in scope of consolidation							△741
Change in ownership interest of parent due to transactions with non-controlling interests							5
Change in treasury shares arising from change in equity in entities accounted for using equity method							0
Amount of changes in items other than shareholders' equity during the consolidated fiscal term (net amount)	6,602	7,772	8,064	16,868	39,308	1,007	40,316
Total amount of changes during the consolidated fiscal year	6,602	7,772	8,064	16,868	39,308	1,007	38,144
Balance at end of the current term	23,407	140	22,160	4,536	50,244	12,352	424,721

Notes to the Consolidated Financial Statement

Figures are rounded down to the nearest million yen.

1. Notes, etc., to the significant basis for preparation of the Consolidated Financial Statement

(1) Scope of Consolidation

① Number of consolidated subsidiaries and names of primary consolidated subsidiaries

Number of consolidated subsidiaries: 54 companies

Names of primary consolidated subsidiaries:

Nippon Paper Crecia Co., Ltd., Nippon Paper Papylia Co., Ltd.,
Opal (Paper Australia Pty Ltd and its 15 subsidiaries),
Nippon Dynawave Packaging Co., NP Trading Co., Ltd.,
Nippon Tokai Industrial Paper Supply Co., Ltd., Nippon Paper Lumber Co., Ltd., Nippon Paper Logistics Co., Ltd.

During the current consolidated fiscal year, there were the following changes due to materiality, acquisition or liquidation.

(New) 1 company

Materiality

TS Plastics SDN. BHD.

4 companies

Acquisition

Specialty Packaging Group Pty Ltd.
Rota Die International Pty Ltd.
PP New Pty Ltd.
AP Chase Pty Ltd.

(Excluded) 1 company

Liquidation

Kitakami Paper Co., Ltd.

② Names, etc. of primary non-consolidated subsidiaries

Name of the primary non-consolidated subsidiary:

Douou Kohatsu Co., Ltd.

Reason for exclusion from the scope of consolidated subsidiaries:

Respective non-consolidated subsidiaries are small in scale, and have no material impact on the consolidated financial statements, in terms of their total assets, sales revenue, net income or loss of the current term (amount corresponding to the equity interest), and retained earnings (amount corresponding to the equity interest), etc.

(2) Application of the equity method

① Number of equity method non-consolidated subsidiaries and affiliated companies, and names of primary companies thereof, etc.

Number of equity method non-consolidated subsidiaries None

Number of equity method affiliated companies 10 companies

Name of principal equity method companies

LINTEC Corporation, Shin Tokai Paper Co., Ltd., Nippon Tokan Package Co., Ltd., Phoenix Pulp & Paper Public Co., Ltd.

② Number of non-consolidated subsidiaries and affiliated companies not under the equity method, and names, etc. of primary companies thereof.

Number of non-consolidated subsidiaries not under the equity method

69 companies

Number of affiliated companies not under the equity method:

27 companies

Names of primary companies

(Non-consolidated subsidiary) Douou Kohatsu Co., Ltd.

(Affiliated company) JPT Logistic Co., Ltd.

Reason for non-application of equity method:

The non-consolidated subsidiaries and affiliated companies were excluded from the scope of equity method because such exclusion have minor impact on the consolidated financial statements in terms of respective net income or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest), etc. of the current consolidated fiscal year, and have no materiality as a whole.

③ Special notes regarding the procedures for application of the equity method

Among the equity method companies, as to those with different settlement date from the consolidated settlement date, the financial statements for the respective fiscal years of such companies are reflected.

(3) Fiscal year, etc. of consolidated subsidiaries

Among the consolidated subsidiaries, respective settlement date of Jujo Thermal Ltd., Siam Nippon Industrial Paper Co., Ltd., Nippon Paper Industries USA Co. Ltd., Opal, Nippon Dynawave Packaging Co., TS Plastics SDN. BHD., Amapa Florestal e Celulose S.A. and its 2 subsidiaries, and Nippon Paper Resources Australia Pty, Ltd. is December 31.

In preparation of the consolidated financial statements, each financial statement as of such date is used, and as to material transactions which occurred between such date and the consolidated settlement date, adjustments necessary for consolidation are made to them.

(4) Accounting policies

① Evaluation standard and method for evaluation of securities

Other securities:

Securities with market value:	The market value method based on the market price, etc. as of the settlement date is used (all of the evaluation variance is directly charged or credited to net assets and the cost of securities sold is computed by the moving-average method).
Securities without market value:	The cost method based on the moving-average method is used.

② Evaluation standard for derivatives:

The market value method is used.

③ Evaluation standard and method for measurement of inventory assets:

The cost method based primarily on the moving-average method and the periodic average method (as to the amount in the balance sheet, the method of writing down the book value based on declined profitability) is applied.

④ Accounting for depreciation of fixed assets:

(i) Tangible fixed assets (excluding leased assets):

The declining balance method is used. (Some part of the Company and some of the consolidated subsidiaries adopt the straight-line method)

However, for depreciation of buildings (excluding auxiliary facilities) acquired on or after April 1, 1998 and of auxiliary facilities attached to buildings and structures acquired on or after April 1, 2016, the straight-line method is adopted.

Primary useful lives in years are as follows:

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

(ii) Intangible assets (excluding leased assets):

The straight-line method is used.

However, software for in-house use is amortized by the straight-line method over its estimated internally usable period (5 years).

(iii) Leased assets:

As to the leased assets by financial lease transaction without transfer of title, depreciation is amortized by using the straight-line method over the durable life equal to the lease period and with no residual value (when a guaranteed residual value is agreed, the guaranteed residual value).

⑤ Accounting standards for the allowance for doubtful accounts

To prepare for loss from bad debts such as trade account receivables, etc., the estimated uncollectable amounts are stated based on historical rate of losses from bad debts for the general accounts of receivables, and based on individual collectability assessments for such certain doubtful account of receivables, etc.

⑥ Accounting standards for allowance for environmental measure

To prepare for the expenses for disposal of PCB wastes in accordance with the “Act on Special Measures concerning the Proper Treatment of Polychlorinated Biphenyl Wastes,” an estimated amount for disposal is allocated.

⑦ Accounting method for the retirement benefits liabilities

To prepare for payment of employees’ retirement benefits, the amount equal to the amount of retirement benefit liabilities after deduction of the amount of pension assets based on estimated amounts at the end of the current consolidated fiscal year is stated as the retirement benefits liabilities. Further, when the amount of pension assets exceeds the amount of retirement benefit liabilities, it is stated as assets relating the retirement benefits.

In calculation of retirement benefit liabilities, the method for the estimated amount of retirement benefits to be attributed to the consolidated financial statement for the current term is on the benefit formula basis.

The past service costs are recorded as expenses by using the straight-line method amortized over a certain period (5-15 years), which is less than the average remaining length of employees’ service at the time when such liabilities are incurred.

Actuarial difference is recorded as expenses mainly by the straight-line method amortized over a certain period (7-15 years), which is less than the average remaining length of employees’ service at the time of its occurrence in each consolidated fiscal year, and such recording of expenses is commenced in the following consolidated fiscal year of respective occurrence.

Unrecognized actuarial difference and unrecognized past service costs are recorded within the accumulated adjustment of retirement benefits under the accumulated other comprehensive income in the Net Assets section upon tax effects adjustment.

⑧ Standards for translation of important assets and liabilities denominated in foreign currency into Japanese currency base

Monetary receivables or payables denominated in foreign currency are translated into Japanese currency at the spot exchange rate on the consolidated settlement date, and resulting differences from translation are recorded as profits or losses.

Further, the assets and liabilities of overseas subsidiaries, etc., are translated into Japanese yen at the spot exchange rate on respective settlement date of the overseas subsidiaries, etc., and revenue and expenses are translated into Japanese yen at the average exchange rate in effect during the applicable fiscal year. The difference arising out of such translation is included in the currency translation adjustment account and non-controlling interests in the Net Assets section.

⑨ Hedge accounting method

(i) Hedge accounting method

The deferred hedge accounting is applied.

However, among the monetary receivables or payables, etc., denominated in foreign currency with forward exchange contract, etc., the appropriation accounting (*Furiate-shori*) is applied to those that satisfy the requirements for appropriation accounting. And the exceptional accounting (*Tokurei-shori*) is applied to interest rate swaps that satisfy the requirements for the exceptional accounting. The integrated accounting (*Furiate-shori, Tokurei-shori*) is applied to the interest rate and currency swaps that satisfy the requirements for the integrated accounting.

(ii) Hedge instruments and hedge items

a.	• Hedge instrument:	Forward exchange contract
	• Hedge items:	Receivables denominated in foreign currency through export of products, etc., payables denominated in foreign currency for import of raw materials and fuel, etc., and future transactions denominated in foreign currency.
b.	• Hedge instrument:	An interest rate swap
	• Hedge items:	Borrowings
c.	• Hedge instrument:	An interest rate and currency swap
	• Hedge items:	Borrowings denominated in foreign currency

d. • Hedge instrument: Crude oil swap
• Hedge items: Future purchase transactions of fuel

(iii) Hedge policies

The purpose of derivative transactions is mainly to hedge risk of fluctuations of currency exchange rates, interest rates and prices.

(iv) Method for assessment of the hedge effectiveness

Hedge effectiveness is assessed by comparing the accumulated total of cash flow fluctuation or market fluctuation of the hedged item with the accumulated total of cash flow fluctuation or market fluctuation of the hedge instrument in every six-month period, and based on the amount, etc., of such fluctuations of them both.

Assessment of the effectiveness on the consolidated settlement date, for the interest rate swaps which satisfy the requirements for the exceptional accounting and the interest rate and currency swaps which satisfy the requirement for the integrated accounting (*Furiate-shori, Tokurei-shori*) is omitted.

Among the hedged items with forward exchange contracts, for those the forward exchange contracts is appropriated in U.S. dollars, etc., respectively, with the same amount and same date, at the time of execution in accordance with risk management policies, assessment of the effectiveness on the consolidated settlement date is omitted, because the correlation with the subsequent fluctuation of exchange rate is entirely secured.

⑩ Accounting of consumption tax, etc.

The tax exclusion method is used.

⑪ Adoption of the consolidated taxation system

The Company and some of the consolidated subsidiaries have adopted the consolidated taxation system.

⑫ 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 announced on March 31, 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.

2. Changes in Presentation

(1) Application of "Accounting Standard for Disclosure of Accounting Estimates"

The Company applies the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31; March 31, 2020) from the current fiscal year, and provides notes to accounting estimates.

(2) Changes in the Consolidated Statement Profit and Loss)

"Subsidy income" (174 million yen in the preceding fiscal term), which was included in "Others" of "Non-operating income" in the preceding fiscal term, is posted in a separate account for the current fiscal term due to the increase of its monetary materiality.

"Business preparation expenses" (805 million yen in the preceding fiscal term), which was included in "Others" of "Non-operating expenses" in the preceding fiscal term, is posted in a separate account for the current fiscal term due to the increase of its monetary materiality.

"Gain on sales of investment securities" (220 million yen in the preceding fiscal term), which was included in "Others" of "Extraordinary income" in the preceding fiscal term, is posted in a separate account for the current fiscal term due to the increase of its monetary materiality.

In addition, "Gain on sales of fixed assets" (358 million yen in the current fiscal term), which was posted in a separate account in the preceding fiscal term, is included in "Others" for the current fiscal term due to its insignificant monetary value.

"Loss on disaster" (259 million yen in the preceding fiscal term) and "Loss on tax purpose reduction entry of fixed assets" (75 million yen in the preceding fiscal term) , which were included in "Others" of "Extraordinary losses" in the preceding fiscal term, are posted in separate accounts for the current fiscal term due to the increase of its monetary materiality.

"Loss on valuation of investment securities" (189 million yen in the current fiscal term), which was posted in a separate account in the preceding fiscal term, is included in "Others" for the current fiscal term due to its insignificant monetary value.

3. Notes related to Accounting Estimates

(1) Impairment of fixed assets

The Company determined that there is a sign of impairment loss in the asset group of 152,557 million yen for the printing papers business, etc., which is included in tangible fixed assets for the Company's papers business in the Paper and Paperboard Business segment for the current fiscal year, due to declined profitability associated with changes in the operating environment. However, in the determination of the sign of impairment loss, we did not recognize impairment loss because the total undiscounted future cash flows expected to result from the asset group exceeds its book value.

Future cash flows to be generated from the continuous use of asset groups are estimated based on future business plans. As to sales prices and material prices, we expect that the current levels will continue. Due to the impact of COVID-19, sales volume of printing papers significantly decreased as a result of declined demand for advertising particularly in the first half of the year. Although sales have been gradually recuperating from a sharp fall in demand, we project that demand will not recover to the levels before and its domestic sales volume will decrease over the long term due to significant changes in the demand environment.

As these assumptions entail uncertainties, in the case of a significant decline in future cash flows from the asset group due to changes in business environment, etc., impairment loss may be recognized, which may have a material impact on the consolidated financial statements for the next fiscal year.

(2) Recoverability of deferred tax assets

For deductible temporary difference and loss carried forward, the Company records, as a domestic consolidated taxation group, deferred tax assets of 10,582 million yen at the end of the current fiscal year, which was judged to be recoverable based on the sufficiency in future taxable income.

Future taxable income is estimated based on future business plans. As to sales prices and material prices, we expect that the current levels will continue. Due to the impact of COVID-19, sales volume of newspapers and printing papers significantly decreased as a result of declined demand for advertising particularly in the first half of the year. Although sales have been gradually recuperating from a sharp fall in demand, we project that demand for such graphic papers will not recover to the levels before and its domestic sales volume will decrease over a long term due to significant changes in the demand environment.

As these assumptions entail uncertainties, due to changes in business environment, if future estimated taxable income decreases resulting in revision in recoverability, deferred tax assets may be reversed, which may have a material impact on the consolidated financial statements for the next fiscal year.

4. Notes to the Consolidated Balance Sheet

(1) Collateralized assets and secured liabilities

The following assets are pledged as collateral for the following amounts

(i) Collateralized assets

Machinery, equipment and vehicles	4 million yen
Land	119 million yen
Total	123 million yen

(ii) Secured liabilities

Short-term loan payable	520 million yen
Long-term loan payable (including those payable within a year)	119 million yen
Total	639 million yen

(2) Accumulated depreciation on tangible fixed assets 2,417,900 million yen

(3) Guarantee liabilities

Guarantee for borrowings, etc. of the companies other than the consolidated affiliated companies from financial institutions, etc. is provided.

Guarantee liabilities 8,048 million yen

5. Notes to the Consolidated Statement of Changes in Shareholders' Equity, etc.

(1) Type and total number of issued shares at the end of the current consolidated fiscal term

Common shares: 116,254,892 shares

(2) Dividends

① Amount of dividends paid

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

② Among the dividends of which record date is within the current consolidated fiscal term, the dividends of which effective date to be in the following term:

Resolution	Type of shares	Dividend resource	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 29, 2021 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	3,476	30	March 31, 2021	June 30, 2021

6. Notes to the Status of Financial Instruments

(1) Status of Financial Instruments

The Company Group introduced a cash management system (CMS) and manages funding in the group in an integrated fashion. Management of funds is limited to safe and secure bank deposits, etc. Fund procurement is conducted through borrowing from financial institutions, issuance of bonds payable, etc., based on predicted funding of the group in whole.

Credit risks of the customers pertaining to the trade receivables are mitigated in accordance with the rules for credit controls common to the group. Investment securities are mainly listed stocks and stocks of affiliates companies, and the market value of the listed stocks are checked in a timely manner.

The due dates of trade payables are within one (1) year. Though loan payables are exposed to fluctuation risks of interest rate, the rate of interest payable of some long-term loan payables with fluctuation risk of interest rate is fixed by using the interest rate swap transactions and the interest rate and currency swap transaction.

Though monetary receivables and payables denominated in foreign currency and anticipated transactions denominated in foreign currency are exposed to currency exchange fluctuation risks, such risks are hedged by the forward exchange contract and the interest rate and currency swap transaction.

The fuel price of some fuel purchase transactions with price fluctuation risk is fixed by using the crude oil swap transactions.

In addition, though trade payables and loan payables are exposed to liquidity risks, such risks are managed by making a financial budget and updating it on a daily and monthly basis, and by preparing cash management plan.

(2) Fair value, etc. of financial instruments

The amount posted in the consolidated balance sheet, the fair value, and the amount of difference between them as of March 31, 2021 (the end of the current consolidated fiscal term), are as follows:

(Unit: million yen)

	Consolidated balance sheet amount	Fair value	Amount of difference
(1) Cash and Deposit	69,733	69,733	−
(2) Notes receivable and accounts receivable-trade	251,210	251,210	−
(3) Investment securities			
Other securities	54,430	54,430	−
Stocks in affiliates	55,106	56,888	1,782
Total assets	430,480	432,262	1,782
(4) Notes payable and accounts payable-trade	125,115	125,115	−
(5) Short-term loan payable	199,009	203,766	4,756
(6) Long-term loan payable	574,846	578,381	3,534
Total liabilities	898,971	907,262	8,291
(7) Derivative transactions*	(299)	(299)	−

(*) The net amounts of the credit and debt actually accrued from derivative transactions are stated. In case the total of such amounts results in net debt, such amounts are posted in parentheses.

(Note 1) Computation method of the fair value of financial instruments, and matters relating to securities and derivative transactions

(1) Cash and Deposit and

(2) Notes receivable and accounts receivable-trade

Since these are settled in a short period, these current values are approximately equal to the book values. Accordingly, the current values are relevant book values.

(3) Investment securities

The fair values are based on the prices on the stock exchanges.

(4) Notes payable and accounts payable-trade

Since these are settled in a short period, the current values are approximately equal to the book values. Accordingly, the fair values are relevant book values.

(5) Short-term loan payable

As to the fair value of short-term loan payable, these are settled in a short period and the fair values are approximately equal to the book values. Accordingly, the fair values are relevant book values. As to the long-term loan payable within one (1) year, it is calculated by the current value of the future cash flows discounted at interest rate of which risk-free rate adjusted by credit spread.

(6) Long-term loan payable

The long-term loan payable is, after sorted its total amount of principal and interest by certain period of time, calculated by the current value of the future cash flow discounted at interest rate of which a risk-free rate adjusted by credit spread. Further, the long-term loan payables with variable interest rate are qualified for the exceptional accounting of interest rate swap or the integrated accounting of interest rate and currency swap (see (7) below) and calculated by way of the total amount of principal and interest which was treated as a part of relevant interest rate swap or interest rate and currency swap, discounted in the same manner of the above.

(7) Derivative transactions

Since those, to which the exceptional accounting for interest rate swap and the integrated accounting for interest rate and currency swap were applied, are treated as a part of the hedged long-term loan payable, the fair value of them are included in the fair value of relevant long-term loan payable (see (6) above).

Since those, to which the appropriation method was applied, such as the forward exchange contracts, etc., were treated as a part of hedged accounts receivable-trade, notes payable and accounts payable-trade, their fair values are included in the fair values of accounts receivable-trade, notes payable, and accounts payable-trade.

(Note 2) Since the un-listed stocks (51,838 million yen in the consolidated balance sheet), have no market price and not able to estimate the future cash flow, it is quite difficult to recognize the fair value. Accordingly, those are not included in “(3) Investment Securities.”

7. Notes to Per Share Information

Net assets per share: 3,570.15 yen

Net income per share: 27.67 yen

8. Other Notes

(1) Matters related to the Consolidated Profit and Loss Statement

Impairment loss

The Company Group posted impairment loss (8,584 million yen) from the following assets for the current consolidated fiscal year.

(Unit: million yen)

Location	Type	Impairment Loss	Remarks
Kushiro-shi, Hokkaido	Building and structures	2,783	Assets for shut down
	Machinery, equipment and vehicles	2,214	
	Intangible assets	45	
	Other	32	
		Total 5,075	
Fuji-shi, Shizuoka, etc.	Machinery, equipment and vehicles	1,584	Business assets
	Land	1,705	
	Other	7	
		Total 3,297	
Fuji-shi, Shizuoka, etc.	Land	212	Idle assets
		Total 212	
Total		8,584	

For determination of the sign of impairment loss, the Company groups the business assets mainly by each business segment which is a cash flow generating unit, and the idle assets, and assets for shut down by individual property unit.

As to the business assets of which profitability declined significantly, the book value was reduced to the recoverable amount and such reduced amount was posted as an impairment loss in the Extraordinary loss.

Further, the recoverable value of business assets is measured in terms of its value in use, and is determined by calculating future cash flows discounted at 3.0%.

The recoverable value of idle assets and assets for shut down is measured by net sales price or their value in use and computed. Net sales prices are computed based on appraised value by a third party or equivalent to such measure. Concerning the value in use, future cash flows are not discounted because the period for computation is within one year.

(2) Matters related to Business Combinations

The Company has entered into a contract with Orora Limited (hereinafter, “Orora”), a listed company of the Australian Securities Exchange, to purchase its paperboard fiber based packaging business in Australia and New Zealand (hereinafter referred to as the “Business”), and completed the purchase via Paper Australia Pty Ltd (hereinafter, “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

(i) Name of the counterparty

Orora Limited

(ii) Details of the acquired business

Orora's paperboard fiber based packaging business in Australia and New Zealand

(iii) 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 in Japan and abroad through capital investment and M&As.

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.

(iv) Date of business combination

April 30, 2020 (Local time)

(v) Legal form of business combination

Business acquisition for cash consideration

(vi) Company name after business combination

Paper Australia Pty Ltd (Trade name: Opal)

(vii) Grounds for determining the acquiring company

Because it is a business acquisition in exchange for cash.

② Period of Business performance, etc. included in Consolidated Balance Sheet and Consolidated Statement of Profit and Loss pertaining to the current fiscal year

The fiscal year end of Opal, an acquired company, is not different by more than three months from the consolidated fiscal year end of the Company. Therefore, we use Opal's financial statements as of the fiscal year end of Opal for consolidation. As a result, eight months of results of the business combination is reflected on the consolidated financial statements.

③ Matters concerning calculation of acquisition cost

(i) 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

(ii) Details and amounts of major acquisition-related expenses

AUD 82 million for stamp tax, etc.

④ Matters concerning allocation of the acquisition cost

(i) Amounts of assets acquired and liabilities assumed on the date of business combination, and their major breakdown

Current assets	AUD 472 million
Fixed assets	AUD 1,675 million
Total assets	AUD 2,147 million
Current liabilities	AUD 244 million
Fixed liabilities	AUD 248 million
Total liabilities	AUD 493 million

(ii) Amounts allocated as 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	Weighted average amortization period
Customer-related assets	AUD 65 million	10 years
Intellectual property	AUD 30 million	8 years
Software	AUD 7 million	5 years
Trademark right	AUD 1 million	10 years
Total	AUD 105 million	9 years

(iii) Amount of goodwill generated, reason for the generation, amortization method, and amortization period

a. Amount of goodwill generated

AUD 126 million

b. Reason for the generation

The goodwill is future excess earning power expected in the course of business development.

c. Amortization method and amortization period

Amortization over a 10 year period on a straight-line basis

⑤ Funding and payment method

(i) a. Lender — Mizuho Bank, Ltd.

b. Amount borrowed — 125.0 billion yen

c. Date of borrowing — April 30, 2020

d. Payment interest rate — Variable rate linked to TIBOR

(ii) Permanent financing has been procured as shown below, all of which was allocated as funds for partial repayment of borrowings in (i).

Lender	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation The Norinchukin Bank	Japan Bank for International Cooperation
Amount borrowed	60.0 billion yen	50.0 billion yen
Date of borrowing	June 30, 2020	August 28, 2020
Payment interest rate	Variable rate linked to TIBOR	Fixed interest rate
Final date of repayment	June 30, 2055 (However, prepayment of all or part of the principal is permitted on each of the interest payment dates on or after the interest payment date of June 2025 (including the same date) after the expiration of 5 years from the borrowing.)	February 2031

⑥ Comparative profit and loss information

The business combination was a partial transfer of business, and therefore this information has not been calculated due to difficulty in obtaining information on accurately computed revenue and profit/loss of the acquired business during the period from the beginning of the term until the business combination date.

Statement of Changes in Shareholders' Equity, etc.

(From April 1, 2020 through March 31, 2021)

(Unit: million yen)

	Shareholders' Equity											
		Capital Surplus			Retained earnings							
						Other retained earnings						
	Capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for prevention of specific disaster	Reserve for reduction entry of fixed assets	Reserve for special account for tax purpose reduction entry	Retained earnings carried forward	Total retained earnings	Treasury stocks	Total share-holders' equity
Beginning balance	104,873	83,552	46,677	130,229	432	127	3,212	—	28,141	31,913	△1,526	265,489
Changes during the fiscal year												
Dividend of retained earnings									△4,636	△4,636		△4,636
Net income of the current term									10,220	10,220		10,220
Acquisition of treasury stocks											△8	△8
Disposition of treasury stocks			△0	△0							11	11
Provision of reserve for special account for tax purpose reduction entry								132	△132	—		—
Reversal of reserve for revaluation of land									1,056	1,056		1,056
Changes in item other than shareholders' equity during the fiscal year (net amount)												
Total of changes during the fiscal year	—	—	△0	△0	—	—	—	132	6,508	6,641	3	6,644
Balance at the end of current term	104,873	83,552	46,676	130,228	432	127	3,212	132	34,650	38,554	△1,523	272,133

	Valuation and Translation Adjustment, etc.				Total amount of net assets
	Valuation difference on other securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total of valuation and translation adjustment, etc.	
Beginning balance	15,148	△8,086	8,573	15,635	281,125
Changes during the fiscal year					
Dividend of retained earnings					△4,636
Net income of the current term					10,220
Acquisition of treasury stocks					△8
Disposition of treasury stocks					11
Provision of reserve for special account for tax purpose reduction entry					—
Reversal of reserve for revaluation of land					1,056
Changes in item other than shareholders' equity during the fiscal year (net amount)	4,871	8,432	△1,056	12,247	12,247
Total of changes during the fiscal year	4,871	8,432	△1,056	12,247	18,891
Balance at the end of current term	20,019	346	7,516	27,882	300,016

Notes to the Non-Consolidated Financial Statement

Figures rounded down to nearest million yen.

1. Notes to the significant accounting policies

(1) Evaluation standards and methods for evaluation of securities

Stocks in subsidiaries and affiliates	Cost method based on moving-average method
Other securities	
Securities with market value:	Market value method based on the market price, etc., as of the settlement date (all of the valuation differences are directly charged or credited to the net assets and the cost of securities sold is computed by moving-average method)
Securities without market value	Cost method based on moving-average method

(2) Evaluation standards for derivatives

The market value method is used.

(3) Evaluation standards and method for inventory assets:

The cost method based on the moving-average method (as to the amount in the balance sheet, the method of writing down the book value based on declined profitability) is used.

However, for a part of goods (such as filling machine, etc.), the cost method based on the specific identification method (as to the amount in the balance sheet, the method of writing down the book value based on declined profitability) is applied.

(4) Method for depreciation of fixed assets:

① Tangible fixed assets (excluding leased assets):

The declining balance method

However, the straight-line method is applied to the tangible fixed assets in Shiraoi Mill, Ishinomaki Mill, Iwanuma Mill and Fuji Mill, etc., the buildings (excluding auxiliary facilities) acquired on or after April 1, 1998, and auxiliary facilities attached to buildings and structures acquired on or after April 1, 2016.

Primary useful lives in years are as follows:

Buildings and structures:	10-50 years
Machinery and equipment:	7-15 years

② Intangible assets (excluding leased assets):

The straight-line method

However, software for in-house use is amortized by the straight-line method over its estimated internally usable period (5 years).

③ Leased assets:

As to the leased assets by financial lease transaction without transfer of title, depreciation is amortized by using the straight-line method over the durable life equal to the lease period and with no residual value (when a guaranteed residual value is agreed, the guaranteed residual value).

(5) Accounting standards for allowances

① Accounting standards for allowance for doubtful accounts

To prepare for loss from bad debts such as trade account receivables, etc., estimated uncollectable amounts are stated based on the actual historical rate of losses for general accounts receivables, and based on individual collectability assessments of such certain doubtful accounts of receivables, etc.

② Accounting standards for allowance for accrued retirement benefits

To prepare for payment of employees' retirement benefits, the amount based on the estimated amounts of retirement benefit liabilities and pension assets as of the end of current fiscal year, is stated. When the amount of pension assets exceeds the amount of retirement benefit liabilities excluding actuarial differences, the excess amount is recorded as prepaid pension cost.

In calculation of retirement benefit liabilities, the method for the estimated amount of retirement benefits to be attributed to the financial statement for the period until the end of the current term is on the benefit formula basis.

The past service costs are recorded as expenses by using the straight-line method amortized over a certain period (7-15 years), which is within the average remaining length of employees' service at the time when such liabilities are incurred.

Actual difference is recorded as expenses by the straight-line method amortized over a certain period (7-15 years), which is within the average remaining length of employees' service at the time of such liabilities are incurred in each fiscal year, and such recording of expenses is commenced in the following fiscal year of respective occurrence.

③ Accounting standards for provision for share-based remuneration for directors (and other officers)

To prepare for delivery of shares to Directors (excluding Outside Directors) and Corporate Officers, etc. in accordance with the Officer Stock Benefit Regulations, the estimated amounts of share delivery as of the end of current fiscal year are stated.

④ Accounting standards for allowance for environmental measures

To prepare for the expenses of disposal of PCB wastes in accordance with the "Act on Special Measures Concerning the Proper Treatment of Polychlorinated Biphenyl Waste," an estimated amount for disposal is allocated.

(6) Standards for translation of assets and liabilities denominated in foreign currency into Japanese currency base

Monetary receivables or payables denominated in foreign currency are translated into Japanese currency at the spot exchange rate on the settlement date, and the resulting translation adjustment is recorded as a profits or losses.

(7) Hedge accounting method

① Hedge accounting method

The deferred hedge accounting is applied.

However, among the monetary receivables or payables, etc., denominated in foreign currency with forward exchange contract, etc., the appropriation accounting (*Furiate-shori*) is applied to those satisfy the requirements for appropriation accounting. And the exceptional accounting (*Tokurei-shori*) is applied to interest rate swaps that satisfy the requirements for the exceptional accounting. The integrated accounting (*Furiate-shori, Tokurei-shori*) is applied to the interest rate and currency swaps that satisfy the requirements for the integrated accounting.

② Hedge instruments and hedge item

(i)	• Hedge instrument:	Forward exchange contract
	• Hedged item:	Liabilities denominated in foreign currency through the import of raw materials and fuel, etc., and anticipated transactions denominated in foreign currency.
(ii)	• Hedge instrument:	Interest rate swap
	• Hedged item:	Borrowings
(iii)	• Hedge instrument:	An interest rate and currency swap

• Hedged item: Borrowings denominated in foreign currency

(iv) • Hedge instrument: Crude oil swap

• Hedged item: Future purchase transactions of fuel

③ Hedge policies

The purpose of derivatives transactions of the Company is to hedge risks of fluctuations of currency exchange rates, interest rates and prices.

④ Method for assessment of the hedge effectiveness

Hedge effectiveness is assessed by comparing the accumulated total of cash flow fluctuation or market fluctuation of the hedged item with the accumulated total of cash flow fluctuation or market fluctuation of the hedge instrument in every six-month period, and based on the amount, etc., of such fluctuations of both.

Assessment of the effectiveness on the settlement date, for the interest rate swaps, which satisfy the requirements for exceptional accounting and the interest rate and currency swaps which satisfy the requirements for the integrated accounting (*Furiate-shori, Tokurei-shori*) is omitted.

Among the hedged items with forward exchange contracts, for those the forward exchange contracts is appropriated in U.S. dollars, etc., respectively, with the same amount and same date, at the time of execution in accordance with risk management policies, assessment of the effectiveness on the settlement date is omitted, because the correlation with the subsequent fluctuation of exchange rate is entirely secured.

(8) Accounting of consumption tax, etc.

The tax exclusion system is used.

(9) Adoption of the consolidated taxation system

The consolidated taxation system is applied.

(10) 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 does 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 that transitioned to the group tax sharing system established in the “Act for Partial Amendment to the Income Tax Act, etc.” (Act No. 8 announced on March 31, 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.

(11) Other significant bases for preparation of the Financial Statements

(Accounting of retirement benefits)

Accounting method for the unrecognized actuarial differences and the unrecognized past service costs in the retirement benefits differs from the accounting method applied to the Consolidated Financial Statements.

2. Changes in Presentation

(1) Application of “Accounting Standard for Disclosure of Accounting Estimates”

The Company applies the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31; March 31, 2020) from the current fiscal year, and provides notes to accounting estimates.

(2) Changes in the Statement Profit and Loss

“Business preparation expenses” (805 million yen the preceding fiscal term), which was included in “Miscellaneous expenses” of “Non-operating expenses” in the preceding fiscal term, is posted in a separate account for the current fiscal term due to the increase of its monetary materiality.

“Gain on sales of fixed assets” (331 million yen the current fiscal term), which was posted in a separate account for the preceding fiscal term, in included in “Others” of “Extraordinary income” for the current fiscal term due to the decrease of its monetary materiality.

“Loss on disaster” (249 million yen the preceding fiscal term), which was included in “Others” of “Extraordinary losses” in the preceding fiscal term, is posted in a separate account for the current fiscal term due to the increase of its monetary materiality.

“Loss on valuation of shares in affiliates” (853 million yen the current fiscal term), which was posted in a separate account for the preceding fiscal term, in included in “Others” of “Extraordinary losses” for the current fiscal term due to its insignificant monetary value.

3. Notes related to Accounting Estimates

(1) Impairment of fixed assets

The Company determined that there is a sign of impairment loss in the asset group of 154,756 million yen for the printing papers business, etc., which is included in tangible fixed assets for the Company's papers business for the current fiscal year, due to declined profitability associated with changes in the operating environment. However, in the determination of the sign of impairment loss, we did not recognize impairment loss because the total undiscounted future cash flows expected to result from the asset group exceeds its book value.

(2) Recoverability of deferred tax assets

For deductible temporary difference and loss carried forward, the Company records deferred tax assets of 6,274 million yen at the end of the current fiscal year, which was judged to be recoverable based on the sufficiency in future taxable income.

In addition, notes related to future assumptions, etc. concerning accounting estimates are omitted as the contents are identical to those described in "3. Notes related to Accounting Estimates" of the Notes to the Consolidated Financial Statement.

4. Notes to the Balance Sheet

(1) Accumulated depreciation on tangible fixed asset 2,089,589 million yen

(2) Guarantee liabilities

Guarantees for borrowings, etc., of affiliated companies, etc., from financial institutions, etc., are provided.

Guarantee liabilities	103,875 million yen

(3) The amounts of monetary receivable from or payable to affiliated companies

Short-term monetary receivable from affiliated companies	142,813 million yen
Short-term monetary payable to affiliated companies	58,609 million yen

(4) Revaluation of land

The Company took over the land for business which was revaluated in accordance with the "Act on Revaluation of Land" (Law No. 34, promulgated on March 31, 1998) through the merger, and the amount corresponding to taxes on the amount of the relevant land revaluation difference is included in "Deferred tax liabilities for revaluation" as a part of the Liabilities, and the remaining amount is included in "Revaluation difference on land" as a part of the Net Assets.

- Method of revaluation ・・・Computed by adding a reasonable adjustment to the appraised value stipulated in the Article 2, Item 3, 4, and 5 of the "Order for Enforcement of the Act on Revaluation of Land" (Cabinet Order No. 119 promulgated on March 31, 1998).
- Date of revaluation: March 31, 2000
- The amount of difference between the market value as of the end of current fiscal year and the book value after such revaluation, of the revaluated land

△39,789 million yen

5. Notes to the Statement of Profit and Loss

(1) Trading volume with affiliated companies

Trading volume through commercial transactions	
Sales revenue	201,911 million yen
Operating expenses	162,976 million yen
Trading volume other than commercial transaction	38,617 million yen

(2) Impairment loss

The Company posted impairment loss (8,588 million yen) from the following assets for the current fiscal year.

(Unit: million yen)

Location	Type	Impairment Loss	Remarks
Kushiro-shi, Hokkaido	Building Structures Machinery and equipment Vehicles Tools, furniture and Fixture Software	2,188 595 2,213 0 32 45 Total 5,075	Assets for shut down
Fuji-shi, Shizuoka	Machinery and equipment Land	1,582 1,705 Total 3,287	Business assets
Fuji-shi, Shizuoka, etc.	Land	225 Total 225	Idle assets
Total		8,588	

For determination of the sign of impairment loss, the Company groups the business assets mainly by each business segment which is a cash flow generating unit, and the idle assets, and assets for shut down by individual property unit.

As to the business assets of which profitability declined significantly, the book value was reduced to the recoverable amount and such reduced amount was posted as an impairment loss in the Extraordinary loss.

Further, the recoverable value of business assets is measured in terms of its value in use, and is determined by calculating future cash flows discounted at 3.0%.

The recoverable value of idle assets and assets for shut down is measured by net sales price or their value in use and computed.

Net sales prices are computed based on appraised value by a third party or equivalent to such measure. Concerning the value in use, future cash flows are not discounted because the period for computation is within one year.

6. Notes to the Statement of Changes in Shareholders' Equity, etc.

Type and number of treasury shares at the end of the current fiscal year

Common shares:	558,884 shares

Treasury shares shown above include 203,100 shares of the Company stock that are held by the Board Benefit Trust (BBT).

7. Notes to Tax Effect Accounting

Breakdown of major causes for deferred tax assets and deferred tax liabilities

Deferred tax assets	
Accrued Bonus	1,462 million yen
Allowance for doubtful account	2,264 million yen
Allowance for retirement benefits	4,362 million yen
Loss on valuation of securities	22,362 million yen
Impairment loss	16,309 million yen
Provision for environmental measures	4,072 million yen
Loss carried forward	19,264 million yen
Others	2,553 million yen
Deferred tax assets; Sub-total	72,648 million yen
Valuation allowance	△66,374 million yen
Deferred tax assets: Total	6,274 million yen
Deferred tax liabilities	
Reserves for deduction entry of fixed assets	△1,820 million yen
Valuation differences on other securities	△8,411 million yen

Others	△300 million yen
Deferred tax liabilities: Total	△10,531 million yen
Net amount of deferred tax assets	△4,257 million yen

8. Notes to the transactions with related parties

Subsidiaries, etc.

Type	Name of Company, etc.	Percentage of voting rights held (%)	Detail of Relation		Detail of transaction	Amount of transaction (million yen)	Item	Balance at end of term (million yen)
			Concurrently serving officer, etc.	Business relation				
Subsidiaries	Nippon Paper Crecia Co., Ltd.	Direct 100.00	The Company's Officer concurrently serving	Purchase of raw materials from the Company Sales of products to the Company	Lending & collection of short-term funds (Note 1, 2)	11,295	Short-term loan receivable	11,057
	NP Trading Co., Ltd.	Direct 100.00	The Company's Officer concurrently serving	Sales of the Company's products. Sales of raw materials to the Company, etc.	Lending & collection of short-term funds (Note 1, 2)	23,354	Short-term loan receivable	22,842
					Receiving & assignment of notes receivable (Note 3)	22,443	Account payable	4,980
					Sales of products (Note 4)	101,686	Accounts receivable —trade	30,873
					Purchase of raw materials, etc. (Note 4)	35,806	Accounts payable —trade	12,662
	Nippon Tokai Industrial Paper Supply Co., Ltd.	Direct 65.00	The Company's Officer concurrently serving	Sales of the Company's products	Sales of products (Note 4)	72,923	Accounts receivable —trade	25,929
	Nippon Paper Lumber Co., Ltd.	Direct 100.00	The Company's employee concurrently serving	Sales of raw materials to the Company	Receiving & assignment of notes receivable (Note 3)	6,544	Account payable	1,155
	Nippon Paper Ishinomaki Energy Center Ltd.	Direct 70.00	The Company's employee concurrently serving	Debt guarantee	Debt guarantee (Note 5)	28,155	—	—
	Opal	Direct 100.00	The Company's Officer concurrently serving	Sales of the Company's products Debt guarantee	Debt guarantee (Note 5)	28,955	—	—
					Undertaking of capital increase (Note 6)	130,298	—	—
	Amapa Florestal e Celulose S.A.	Direct 100.00	The Company's employee concurrently serving	Sales of raw materials to the Company Debt guarantee	Debt guarantee (Note 5)	11,465	—	—

(Terms of transaction and policies, etc., for decision-making on transaction terms)

(Note 1) As to lending funds, the rate of interest receivable is determined reasonably upon consideration for commercial interest rate.

(Note 2) Since the transactions of lending and collection of funds are conducted in a repetitive fashion, the amounts above in the amount of transaction are average amounts of balance during the effective term.

(Note 3) The Company cashes out the assigned notes receivable in the market.

(Note 4) The prices and other terms of transactions are determined upon consideration for the prevailing market status after price negotiation.

(Note 5) Guarantee for borrowings, etc., from financial institutions, etc., is provided, for which the Company receives guarantee fees from Nippon Paper Ishinomaki Energy Center Ltd., Opal, and Amapa Florestal e Celulose S.A. The amounts of such transactions are the balance of the debt guarantee as of the end of the current fiscal year.

(Note 6) Undertaking of capital increase is the subscription to the capital increase conducted by Opal.

9. Notes to Per Share Information

Net assets per share:	2,593.15 yen
Net income per share:	88.34 yen