

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (unaudited) (Based on Japanese GAAP)

August 6, 2021

Company name: Daio Paper Corporation
 Stock exchange listing: Tokyo
 Stock code: 3880 URL <https://www.daio-paper.co.jp>
 Representative: President and Representative Director Chief Executive Officer Yorifusa Wakabayashi
 Inquiries: Executive Officer and General Manager, Accounting Department Junichi Ikawa TEL 03-6856-7513
 Scheduled date to file Quarterly Securities Report: August 6, 2021
 Scheduled date to commence dividend payments: –
 Availability of supplementary material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts are rounded down to millions of yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2021 (April 1, 2021–June 30, 2021)

(1) Consolidated Operating Results (cumulative)

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2021	144,953	20.1	10,980	54.0	10,453	50.5	6,723	12.8
June 30, 2020	120,706	(7.5)	7,131	45.8	6,944	45.4	5,960	161.0

Note: Comprehensive income

Three months ended June 30, 2021	8,018 million yen	37.1%
Three months ended June 30, 2020	5,847 million yen	129.7%

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2021	40.47	—
June 30, 2020	39.46	35.73

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	840,787	252,879	29.1
As of March 31, 2021	849,801	246,788	28.2

Reference: Equity	As of June 30, 2021	245,000 million yen
	As of March 31, 2021	239,232 million yen

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	7.00	—	10.00	17.00
Fiscal year ending March 31, 2022	—				
Fiscal year ending March 31, 2022 (Forecast)		10.00	—	10.00	20.00

Note: Changes to latest dividends forecast: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021–March 31, 2022)

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2021	290,000	10.9	15,000	6.2	13,000	6.2	8,000	(14.4)	48.16
Full fiscal year	600,000	6.6	38,000	3.1	35,000	1.5	21,000	(5.0)	126.42

Note: Changes to latest financial results forecasts: None

4. Notes

[1] Changes in significant subsidiaries during the three months ended June 30, 2021

(changes in specified subsidiaries resulting in the changes in scope of consolidation): No

New — (Company name:)

Eliminated — (Company name:)

[2] Application of special accounting methods for preparing quarterly consolidated financial statements: No

[3] Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: No

3) Changes in accounting estimates: No

4) Restatement of prior period financial statements: No

[4] Number of issued shares (common shares)

1) Number of issued shares at the end of the period (including treasury shares)

As of June 30, 2021 169,012,926 shares

As of March 31, 2021 169,012,926 shares

2) Number of treasury shares at the end of the period

As of June 30, 2021 2,900,927 shares

As of March 31, 2021 2,917,377 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2021 166,105,661 shares

Three months ended June 30, 2020 151,062,583 shares

The Company introduced a stock-based incentive system that uses a trust delivery system, and the Company's shares held in the trust are recorded as treasury shares. And the Company introduced a "Trust-Type Employee Stock Ownership Plan (ESOP)" as an incentive plan by utilizing the Group's employee shareholding association in this fiscal year, and the Company's shares held in the trust are recorded as treasury shares.

*This report is not subject to quarterly review procedures by certified public accountants or audit corporations.

*Regarding the appropriate use of financial results forecast and other notes

1. The earnings forecasts and other forward-looking statements herein are based on the information currently available to the Company and certain assumptions the Company considers reasonable. The actual results may differ significantly from these forecasts due to a wide range of factors.

2. The supplementary material on quarterly financial results will be posted on the Company's following website.
https://www.daio-paper.co.jp/en/ir/ir_news/

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	130,643	112,270
Notes and accounts receivable - trade	100,019	—
Notes and accounts receivable - trade, and contract assets	—	97,078
Electronically recorded monetary claims - operating	8,005	8,377
Inventories	79,850	83,515
Other	10,383	10,398
Allowance for doubtful accounts	(537)	(534)
Total current assets	328,364	311,104
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	88,814	89,362
Machinery, equipment and vehicles, net	181,886	178,961
Land	82,146	82,573
Other, net	38,747	48,388
Total property, plant and equipment	391,594	399,285
Intangible assets		
Goodwill	55,902	54,014
Other	29,296	29,029
Total intangible assets	85,199	83,044
Investments and other assets	44,519	47,241
Total non-current assets	521,313	529,570
Deferred assets	122	111
Total assets	849,801	840,787

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	64,662	65,423
Short-term borrowings	13,744	14,675
Current portion of bonds payable	15,000	15,000
Current portion of long-term borrowings	64,813	65,747
Income taxes payable	6,492	5,088
Provisions	5,955	3,265
Other	56,256	55,281
Total current liabilities	226,925	224,480
Non-current liabilities		
Bonds payable	45,000	45,000
Long-term borrowings	284,025	269,146
Retirement benefit liability	23,110	23,318
Provisions	269	332
Other	23,680	25,629
Total non-current liabilities	376,086	363,426
Total liabilities	603,012	587,907
Net assets		
Shareholders' equity		
Share capital	53,884	53,884
Capital surplus	55,901	55,901
Retained earnings	136,579	141,129
Treasury shares	(4,090)	(4,058)
Total shareholders' equity	242,275	246,856
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,226	3,392
Deferred gains or losses on hedges	22	9
Foreign currency translation adjustment	(8,645)	(6,650)
Remeasurements of defined benefit plans	1,353	1,392
Total accumulated other comprehensive income	(3,042)	(1,855)
Non-controlling interests	7,556	7,878
Total net assets	246,788	252,879
Total liabilities and net assets	849,801	840,787

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Net sales	120,706	144,953
Cost of sales	88,571	104,686
Gross profit	32,134	40,266
Selling, general and administrative expenses	25,002	29,286
Operating profit	7,131	10,980
Non-operating income		
Interest income	38	70
Dividend income	269	249
Share of profit of entities accounted for using equity method	29	35
Ship lease	331	127
Other	847	694
Total non-operating income	1,516	1,176
Non-operating expenses		
Interest expenses	789	1,018
Expenses for ship lease	490	175
Other	424	509
Total non-operating expenses	1,703	1,703
Ordinary profit	6,944	10,453
Extraordinary income		
Foreign exchange gains	2,088	—
Gain on sales of non-current assets	27	1
Insurance claim income	820	759
Other	40	—
Total extraordinary income	2,977	761
Extraordinary losses		
Loss on sales and retirement of non-current assets	178	164
Loss on valuation of investment securities	335	—
Impairment loss	1	8
Loss on disaster	82	36
Other	6	34
Total extraordinary losses	604	244
Profit before income taxes	9,317	10,970
Income taxes - current	2,495	3,220
Income taxes - deferred	843	929
Total income taxes	3,339	4,150
Profit	5,977	6,819
Profit attributable to non-controlling interests	16	96
Profit attributable to owners of parent	5,960	6,723

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Profit	5,977	6,819
Other comprehensive income		
Valuation difference on available-for-sale securities	912	(838)
Deferred gains or losses on hedges	(13)	(13)
Foreign currency translation adjustment	(1,510)	2,007
Remeasurements of defined benefit plans, net of tax	467	38
Share of other comprehensive income of entities accounted for using equity method	13	4
Total other comprehensive income	(130)	1,198
Comprehensive income	5,847	8,018
Comprehensive income attributable to		
Owners of the parent	6,103	7,910
Non-controlling interests	(256)	108