

# Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (unaudited) (Based on Japanese GAAP)

May 13, 2022

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 of Ordinary General Meeting of Shareholders: June 29, 2022  
 Scheduled date of filing financial report: June 29, 2022  
 Scheduled date of the commencement of dividend payments: June 30, 2022  
 Availability of supplementary material on annual financial results: Yes  
 Schedule of annual financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts are rounded down to millions of yen)

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021–March 31, 2022)

### (1) Consolidated Operating Results

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	612,314	8.8	37,569	1.9	37,696	9.3	23,721	7.3
March 31, 2021	562,928	3.0	36,873	20.4	34,478	22.6	22,115	15.2

Note: Comprehensive income

Fiscal year ended March 31, 2022	25,088 million yen	25.5%
Fiscal year ended March 31, 2021	19,987 million yen	48.3%

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2022	142.91	—	9.5	4.5	6.1
March 31, 2021	138.73	133.25	10.1	4.3	6.6

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	840,441	266,704	30.8	1,561.52
As of March 31, 2021	849,801	246,788	28.2	1,440.33

Reference: Equity	As of March 31, 2022	259,089 million yen
	As of March 31, 2021	239,232 million yen

### (3) Consolidated Cash Flow

Fiscal year ended	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	71,395	(62,420)	(50,609)	88,897
March 31, 2021	64,210	(103,702)	63,589	130,301

## 2. Dividends

	Annual dividends per share					Total dividends	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	1 <sup>st</sup> quarter end	2 <sup>nd</sup> quarter end	3 <sup>rd</sup> quarter end	Fiscal year end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2021	—	7.00	—	10.00	17.00	2,841	12.3	1.2
March 31, 2022	—	10.00	—	12.00	22.00	3,687	15.4	1.5
Fiscal year ending March 31, 2023 (Forecast)	—	10.00	—	12.00	22.00		36.5	

Note: The year-end dividend per share for the fiscal year ended March 31, 2022 has been changed from 10 yen to 12 yen. For details, please refer to the "Revisions to Dividends of Surplus (Dividend Increase)" released today (May 13, 2022).

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022–March 31, 2023)

(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, 2022	300,000	1.1	2,500	(87.0)	1,000	(94.3)	1,000	(91.3)	6.03
Full fiscal year	650,000	6.2	25,000	(33.5)	21,000	(44.3)	10,000	(57.8)	60.27

## 4. Others

[1] Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New —  
Eliminated —

[2] Changes in accounting principles, changes in accounting estimates and restatements

1) Changes in accounting policies due to the revision of accounting standards:	Yes
2) Changes in accounting policies other than 1) above:	No
3) Changes in accounting estimates:	No
4) Retrospective restatements:	No

[3] Number of issued shares (common shares)

(i) Number of issued shares (including treasury shares) as of:	
March 31, 2022	169,012,926 shares
March 31, 2021	169,012,926 shares
(ii) Number of treasury shares as of:	
March 31, 2022	3,091,782 shares
March 31, 2021	2,917,377 shares
(iii) Average number of shares during the period:	
Fiscal year ended March 31, 2022	165,990,337 shares
Fiscal year ended March 31, 2021	159,414,928 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 "TrustType Employee Stock Ownership Plan (ESOP)" as an incentive plan by utilizing the Group's employee shareholding association, and the Company's shares held in the trust are recorded as treasury shares.

(Reference)

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021–March 31, 2022)**

(1) Non-consolidated Operating Results

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	440,157	6.4	23,456	37.6	68,124	348.2	61,670	453.4
March 31, 2021	413,689	(1.7)	17,049	27.8	15,198	31.6	11,143	21.4

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	371.11	—
March 31, 2021	69.67	66.91

Note: Ordinary profit and profit in non-consolidated financial results increased due to the receipt of dividends from consolidated subsidiaries, as described in the "Announcement of Dividend Receipt from Consolidated Subsidiaries" released on January 27, 2022.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	724,931	229,461	31.7	1,380.09
As of March 31, 2021	731,744	171,785	23.5	1,034.26

Reference: Equity  
As of March 31, 2022 229,461 million yen  
As of March 31, 2021 171,785 million yen

\*This report is not required to be audited 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 annual financial results will be posted on the Company's following website.  
[https://www.daio-paper.co.jp/en/ir/ir\\_news/](https://www.daio-paper.co.jp/en/ir/ir_news/)

# Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	130,643	89,165
Notes and accounts receivable - trade	100,019	—
Notes and accounts receivable - trade, and contract assets	—	92,641
Electronically recorded monetary claims - operating	8,005	7,988
Merchandise and finished goods	43,897	48,008
Work in process	7,317	7,275
Raw materials and supplies	28,635	31,621
Current portion of long-term loans receivable	3,000	—
Other	7,383	15,063
Allowance for doubtful accounts	(537)	(465)
<b>Total current assets</b>	<b>328,364</b>	<b>291,300</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	242,714	257,887
Accumulated depreciation	(153,900)	(160,706)
Buildings and structures, net	88,814	97,181
Machinery, equipment and vehicles	946,563	980,885
Accumulated depreciation	(764,677)	(785,957)
Machinery, equipment and vehicles, net	181,886	194,928
Land	82,146	83,183
Construction in progress	22,985	28,634
Other	31,662	34,868
Accumulated depreciation	(15,901)	(17,600)
Other, net	15,761	17,267
<b>Total property, plant and equipment</b>	<b>391,594</b>	<b>421,195</b>
<b>Intangible assets</b>		
Goodwill	55,902	50,489
Other	29,296	31,529
<b>Total intangible assets</b>	<b>85,199</b>	<b>82,018</b>
<b>Investments and other assets</b>		
Investment securities	24,431	21,924
Retirement benefit asset	1,523	1,674
Deferred tax assets	7,088	6,322
Other	11,631	15,996
Allowance for doubtful accounts	(156)	(130)
<b>Total investments and other assets</b>	<b>44,519</b>	<b>45,787</b>
<b>Total non-current assets</b>	<b>521,313</b>	<b>549,001</b>
<b>Deferred assets</b>	<b>122</b>	<b>139</b>
<b>Total assets</b>	<b>849,801</b>	<b>840,441</b>

(Millions of Yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	64,662	75,384
Short-term borrowings	13,744	13,738
Current portion of bonds payable	15,000	15,000
Current portion of long-term borrowings	64,813	65,580
Accounts payable - other	40,191	31,029
Current portion of long-term accounts payable-facilities	388	174
Income taxes payable	6,492	3,133
Provision for bonuses	5,786	5,550
Provision for bonuses for directors (and other officers)	169	156
Other	15,677	28,574
Total current liabilities	226,925	238,321
Non-current liabilities		
Bonds payable	45,000	45,000
Long-term borrowings	284,025	239,324
Long-term accounts payable - facilities	193	33
Retirement benefit liability	23,110	23,937
Provision for retirement benefits for directors (and other officers)	97	81
Provision for share awards	106	310
Provision for environmental measures	16	12
Provision for loss on business of subsidiaries and associates	49	37
Other	23,487	26,677
Total non-current liabilities	376,086	335,415
Total liabilities	603,012	573,736
<b>Net assets</b>		
Shareholders' equity		
Share capital	53,884	53,884
Capital surplus	55,901	55,112
Retained earnings	136,579	156,450
Treasury shares	(4,090)	(4,122)
Total shareholders' equity	242,275	261,325
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,226	3,445
Deferred gains or losses on hedges	22	219
Foreign currency translation adjustment	(8,645)	(7,189)
Remeasurements of defined benefit plans	1,353	1,288
Total accumulated other comprehensive income	(3,042)	(2,235)
Non-controlling interests	7,556	7,614
Total net assets	246,788	266,704
Total liabilities and net assets	849,801	840,441

## (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

### Consolidated Statement of Income

(Millions of Yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Net sales	562,928	612,314
Cost of sales	403,347	450,640
Gross profit	159,580	161,674
Selling, general and administrative expenses	122,706	124,105
Operating profit	36,873	37,569
Non-operating income		
Interest income	236	382
Dividend income	546	712
Share of profit of entities accounted for using equity method	121	95
Foreign exchange gains	930	2,793
Subsidy income	607	281
Ship lease	674	331
Other	1,758	2,863
Total non-operating income	4,874	7,460
Non-operating expenses		
Interest expenses	4,311	4,194
Expenses for ship lease	1,180	378
Other	1,777	2,761
Total non-operating expenses	7,269	7,333
Ordinary profit	34,478	37,696
Extraordinary income		
Gain on sales of non-current assets	70	83
Gain on sales of investment securities	435	987
National Subsidies	869	513
Insurance claim income	869	2,099
Foreign exchange gains	2,088	—
Other	9	31
Total extraordinary income	4,343	3,715
Extraordinary losses		
Loss on sales and retirement of non-current assets	1,796	900
Loss on tax purpose reduction entry of non-current assets	869	510
Loss on disaster	373	350
Impairment loss	2,575	2,031
Adjustment of payment	—	888
Other	489	140
Total extraordinary losses	6,105	4,822
Profit before income taxes	32,717	36,588
Income taxes - current	11,564	11,851
Income taxes - deferred	(51)	865
Total income taxes	11,513	12,717
Profit	21,203	23,871
Loss attributable to non-controlling interests	(911)	150
Profit attributable to owners of parent	22,115	23,721

## Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Profit	21,203	23,871
Other comprehensive income		
Valuation difference on available-for-sale securities	1,400	(766)
Deferred gains or losses on hedges	12	197
Foreign currency translation adjustment	(3,539)	1,849
Remeasurements of defined benefit plans, net of tax	883	(48)
Share of other comprehensive income of entities accounted for using equity method	26	(14)
Total other comprehensive income	(1,215)	1,216
Comprehensive income	19,987	25,088
Comprehensive income attributable to		
Owners of parent	21,236	24,529
Non-controlling interests	(1,248)	559

### (3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	43,449	44,095	116,818	(3,064)	201,297
Cumulative effect of changes in accounting policies					—
Changes during period					
Dividends of surplus			(2,447)		(2,447)
Conversion of convertible bonds	10,435	10,435			20,870
Profit attributable to owners of parent			22,115		22,115
Purchase of treasury shares				(2,386)	(2,386)
Disposal of treasury shares		1,812		1,362	3,174
Increase by merger			162		162
Change in scope of consolidation			(68)	(1)	(70)
Capital increase of consolidated subsidiaries		(0)			(0)
Purchase of shares of consolidated subsidiaries		(441)			(441)
Net changes of items other than shareholders' equity					
Total changes during period	10,435	11,806	19,761	(1,025)	40,978
Balance at end of period	53,884	55,901	136,579	(4,090)	242,275

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,799	9	(5,443)	470	(2,163)	10,402	209,536
Cumulative effect of changes in accounting policies							—
Changes during period							
Dividends of surplus							(2,447)
Conversion of convertible bonds							20,870
Profit attributable to owners of parent							22,115
Purchase of treasury shares							(2,386)
Disposal of treasury shares							3,174
Increase by merger							162
Change in scope of consolidation							(70)
Capital increase of consolidated subsidiaries							(0)
Purchase of shares of consolidated subsidiaries							(441)
Net changes of items other than shareholders' equity	1,427	12	(3,202)	883	(879)	(2,846)	(3,725)
Total changes during period	1,427	12	(3,202)	883	(879)	(2,846)	37,252
Balance at end of period	4,226	22	(8,645)	1,353	(3,042)	7,556	246,788



**Consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)**

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	53,884	55,901	136,579	(4,090)	242,275
Cumulative effect of changes in accounting policies			(379)		(379)
Changes during period					
Dividends of surplus			(3,352)		(3,352)
Conversion of convertible bonds					—
Profit attributable to owners of parent			23,721		23,721
Purchase of treasury shares				(343)	(343)
Disposal of treasury shares				311	311
Increase by merger					—
Change in scope of consolidation			(118)		(118)
Capital increase of consolidated subsidiaries					—
Purchase of shares of consolidated subsidiaries		(789)			(789)
Net changes of items other than shareholders' equity					
Total changes during period	—	(789)	20,250	(31)	19,429
Balance at end of period	53,884	55,112	156,450	(4,122)	261,325

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,226	22	(8,645)	1,353	(3,042)	7,556	246,788
Cumulative effect of changes in accounting policies							(379)
Changes during period							
Dividends of surplus							(3,352)
Conversion of convertible bonds							—
Profit attributable to owners of parent							23,721
Purchase of treasury shares							(343)
Disposal of treasury shares							311
Increase by merger							—
Change in scope of consolidation							(118)
Capital increase of consolidated subsidiaries							—
Purchase of shares of consolidated subsidiaries							(789)
Net changes of items other than shareholders' equity	(781)	197	1,456	(65)	807	58	865
Total changes during period	(781)	197	1,456	(65)	807	58	20,295
Balance at end of period	3,445	219	(7,189)	1,288	(2,235)	7,614	266,704

#### (4) Consolidated Statement of Cash Flows

(Millions of Yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	32,717	36,588
Depreciation	34,137	37,810
Impairment loss	2,575	2,031
Amortization of goodwill	4,382	4,450
Increase (decrease) in allowance for doubtful accounts	109	(95)
Share of loss (profit) of entities accounted for using equity method	(121)	(95)
Loss (gain) on sales of investment securities	(386)	(779)
Increase (decrease) in retirement benefit asset and liability	320	464
Interest and dividend income	(782)	(1,095)
Interest expenses	4,311	4,194
Foreign exchange losses (gains)	(3,079)	(2,718)
Loss on tax purpose reduction entry of non-current assets	869	510
Subsidy income	(607)	(281)
Insurance claim income	(1,025)	(2,099)
Loss (gain) on sales of property, plant and equipment	(48)	(55)
Loss on retirement of property, plant and equipment	1,774	872
Decrease (increase) in trade receivables	666	6,306
Decrease (increase) in inventories	(780)	(4,304)
Increase (decrease) in trade payables	3,401	9,921
Increase (decrease) in other assets/liabilities	3,398	(2,787)
Increase (decrease) in accounts payable	(424)	(7,510)
Increase (decrease) in accrued consumption taxes	(883)	(977)
Other, net	618	(248)
Subtotal	81,143	80,101
Interest and dividends received	917	1,561
Interest paid	(4,466)	(4,479)
Subsidies received	1,546	2,953
Proceeds from insurance income	982	2,103
Income taxes paid	(16,206)	(11,964)
Income taxes refund	293	1,118
Net cash provided by (used in) operating activities	64,210	71,395
Cash flows from investing activities		
Proceeds from settlement of forward exchange contracts from acquisition of subsidiaries	2,088	—
Decrease (increase) in time deposits	89	170
Purchase of property, plant and equipment	(54,137)	(63,789)
Proceeds from sales of property plant and equipment	263	231
Proceeds from sales of investment securities	1,427	1,861
Purchase of intangible assets	(3,893)	(3,314)
Loan advances	(859)	(664)
Collection of loans receivable	744	3,687
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(48,370)	—
Other, net	(1,054)	(602)
Net cash provided by (used in) investing activities	(103,702)	(62,420)

(Millions of Yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(166)	(6)
Proceeds from long-term borrowings	105,278	20,300
Repayments of long-term borrowings	(59,040)	(65,157)
Redemption of bonds	(4,170)	(15,000)
Proceeds from issuance of bonds	—	14,932
Proceeds from sale of treasury shares	1,043	248
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(596)	(1,500)
Proceeds from share issuance to non-controlling shareholders	25,011	509
Dividends paid	(2,447)	(3,352)
Repayments of finance lease liabilities	(1,274)	(1,913)
Other, net	(49)	330
Net cash provided by (used in) financing activities	63,589	(50,609)
Effect of exchange rate change on cash and cash equivalents	623	(104)
Net increase (decrease) in cash and cash equivalents	24,721	(41,739)
Cash and cash equivalents at beginning of period	109,384	130,301
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(4,048)	318
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	243	17
Cash and cash equivalents at end of period	130,301	88,897