

# Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (unaudited) (Based on Japanese GAAP)

May 14, 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 of Ordinary General Meeting of Shareholders: June 29, 2021  
 Scheduled date of filing financial report: June 29, 2021  
 Scheduled date of the commencement of dividend payments: June 30, 2021  
 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, 2021 (April 1, 2020–March 31, 2021)

### (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, 2021	562,928	3.0	36,873	20.4	34,478	22.6	22,115	15.2
March 31, 2020	546,433	2.3	30,628	152.7	28,111	185.6	19,199	308.8

Note: Comprehensive income

Fiscal year ended March 31, 2021	19,987 million yen	48.3%
Fiscal year ended March 31, 2020	13,476 million yen	751.4%

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, 2021	138.73	133.25	10.1	4.3	6.6
March 31, 2020	127.91	115.18	10.0	3.7	5.6

### (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, 2021	849,801	246,788	28.2	1,440.33
As of March 31, 2020	763,059	209,536	26.1	1,319.57

Reference: Equity	As of March 31, 2021	239,232 million yen
	As of March 31, 2020	199,133 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, 2021	64,210	(103,702)	63,589	130,301
March 31, 2020	68,012	(47,869)	(14,049)	109,384



(Reference)

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020–March 31, 2021)**

(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, 2021	413,689	(1.7)	17,049	27.8	15,198	31.6	11,143	21.4
March 31, 2020	421,035	2.5	13,344	241.0	11,547	359.1	9,180	—

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2021	69.67	66.91
March 31, 2020	60.88	54.79

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2021	731,744	171,785	23.5	1,034.26
March 31, 2020	669,573	141,287	21.1	931.88

Reference: Equity  
As of March 31, 2021 171,785 million yen  
As of March 31, 2020 141,287 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/)

3. Monetary amounts of the accounts and other matters presented in the Company's consolidated financial statements were rounded off to the nearest specified unit previously. However, as of the fiscal year under review, amounts above one million yen are rounded down to the millions. Accordingly, comparative information has been adjusted to reflect this change.

# Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2020	As of March 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	113,054	130,643
Notes and accounts receivable - trade	92,741	100,019
Electronically recorded monetary claims - operating	10,982	8,005
Merchandise and finished goods	42,667	43,897
Work in process	6,766	7,317
Raw materials and supplies	27,864	28,635
Current portion of long-term loans receivable	—	3,000
Other	4,944	7,383
Allowance for doubtful accounts	(2)	(537)
Total current assets	299,018	328,364
Non-current assets		
Property, plant and equipment		
Buildings and structures	227,570	242,714
Accumulated depreciation	(148,742)	(153,900)
Buildings and structures, net	78,828	88,814
Machinery, equipment and vehicles	887,255	946,563
Accumulated depreciation	(747,628)	(764,677)
Machinery, equipment and vehicles, net	139,627	181,886
Land	81,889	82,146
Construction in progress	49,900	22,985
Other	25,039	31,662
Accumulated depreciation	(13,160)	(15,901)
Other, net	11,878	15,761
Total property, plant and equipment	362,123	391,594
Intangible assets		
Goodwill	39,941	55,902
Other	16,935	29,296
Total intangible assets	56,876	85,199
Investments and other assets		
Investment securities	23,182	24,431
Long-term loans receivable	3,823	—
Retirement benefit asset	844	1,523
Deferred tax assets	8,125	7,088
Other	9,922	11,631
Allowance for doubtful accounts	(1,039)	(156)
Total investments and other assets	44,859	44,519
Total non-current assets	463,859	521,313
Deferred assets	180	122
Total assets	763,059	849,801

(Millions of Yen)

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	53,135	64,662
Short-term borrowings	15,452	13,744
Current portion of bonds with share acquisition rights	22,540	—
Current portion of bonds payable	—	15,000
Current portion of long-term borrowings	53,724	64,813
Accounts payable - other	39,215	40,191
Current portion of long-term accounts payable-facilities	537	388
Income taxes payable	10,946	6,492
Provision for bonuses	5,216	5,786
Provision for bonuses for directors (and other officers)	129	169
Other	14,535	15,677
Total current liabilities	215,433	226,925
Non-current liabilities		
Bonds payable	60,300	45,000
Long-term borrowings	242,100	284,025
Long-term accounts payable - facilities	568	193
Retirement benefit liability	23,254	23,110
Provision for retirement benefits for directors (and other officers)	194	97
Provision for share awards	47	106
Provision for environmental measures	24	16
Other	11,599	23,536
Total non-current liabilities	338,089	376,086
Total liabilities	553,523	603,012
<b>Net assets</b>		
Shareholders' equity		
Share capital	43,449	53,884
Capital surplus	44,095	55,901
Retained earnings	116,818	136,579
Treasury shares	(3,064)	(4,090)
Total shareholders' equity	201,297	242,275
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,799	4,226
Deferred gains or losses on hedges	9	22
Foreign currency translation adjustment	(5,443)	(8,645)
Remeasurements of defined benefit plans	470	1,353
Total accumulated other comprehensive income	(2,163)	(3,042)
Non-controlling interests	10,402	7,556
Total net assets	209,536	246,788
Total liabilities and net assets	763,059	849,801

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

### Consolidated Statement of Income

(Millions of Yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Net sales	546,433	562,928
Cost of sales	406,127	403,347
Gross profit	140,305	159,580
Selling, general and administrative expenses	109,677	122,706
Operating profit	30,628	36,873
Non-operating income		
Interest income	165	236
Dividend income	591	546
Share of profit of entities accounted for using equity method	—	121
Foreign exchange gains	—	930
Subsidy income	410	607
Ship lease	417	674
Other	2,352	1,758
Total non-operating income	3,938	4,874
Non-operating expenses		
Interest expenses	3,201	4,311
Foreign exchange losses	1,028	—
Expenses for ship lease	524	1,180
Other	1,700	1,777
Total non-operating expenses	6,455	7,269
Ordinary profit	28,111	34,478
Extraordinary income		
Foreign exchange gains	—	2,088
National Subsidies	126	869
Gain on sales of non-current assets	11	70
Gain on sales of investment securities	6,778	435
Insurance claim income	168	869
Other	483	9
Total extraordinary income	7,568	4,343
Extraordinary losses		
Loss on sales and retirement of non-current assets	1,499	1,796
Loss on tax purpose reduction entry of non-current assets	126	869
Loss on disaster	462	373
Impairment loss	1,742	2,575
Other	598	489
Total extraordinary losses	4,429	6,105
Profit before income taxes	31,251	32,717
Income taxes - current	12,289	11,564
Income taxes - deferred	(224)	(51)
Total income taxes	12,064	11,513
Profit	19,186	21,203
Loss attributable to non-controlling interests	(12)	(911)
Profit attributable to owners of parent	19,199	22,115

## Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Profit	19,186	21,203
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,341)	1,400
Deferred gains or losses on hedges	29	12
Foreign currency translation adjustment	685	(3,539)
Remeasurements of defined benefit plans, net of tax	(83)	883
Share of other comprehensive income of entities accounted for using equity method	—	26
Total other comprehensive income	(5,709)	(1,215)
Comprehensive income	13,476	19,987
Comprehensive income attributable to		
Owners of parent	13,539	21,236
Non-controlling interests	(62)	(1,248)

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

Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	42,858	42,968	99,188	(2,910)	182,105
Changes during period					
Dividends of surplus			(1,569)		(1,569)
Conversion of convertible bonds	590	590			1,180
Profit attributable to owners of parent			19,199		19,199
Purchase of treasury shares				(419)	(419)
Disposal of treasury shares		153		264	418
Increase by merger					—
Change in scope of consolidation					—
Capital increase of consolidated subsidiaries		(92)			(92)
Purchase of shares of consolidated subsidiaries		475			475
Net changes of items other than shareholders' equity					
Total changes during period	590	1,126	17,629	((154))	19,191
Balance at end of period	43,449	44,095	116,818	(3,064)	201,297

	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	9,050	(20)	(6,088)	554	3,495	13,737	199,338
Changes during period							
Dividends of surplus							(1,569)
Conversion of convertible bonds							1,180
Profit attributable to owners of parent							19,199
Purchase of treasury shares							(419)
Disposal of treasury shares							418
Increase by merger							—
Change in scope of consolidation							—
Capital increase of consolidated subsidiaries							(92)
Purchase of shares of consolidated subsidiaries							475
Net changes of items other than shareholders' equity	(6,250)	29	645	(83)	(5,659)	(3,334)	(8,994)
Total changes during period	(6,250)	29	645	(83)	(5,659)	(3,334)	10,197
Balance at end of period	2,799	9	(5,443)	470	(2,163)	10,402	209,536

**Consolidated fiscal year under review (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
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
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

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

(Millions of Yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	31,251	32,717
Depreciation	31,843	34,137
Impairment loss	1,742	2,575
Amortization of goodwill	3,559	4,382
Increase (decrease) in allowance for doubtful accounts	(51)	109
Share of loss (profit) of entities accounted for using equity method	—	(121)
Loss (gain) on sales of investment securities	(6,777)	(386)
Increase (decrease) in retirement benefit asset and liability	220	320
Interest and dividend income	(757)	(782)
Interest expenses	3,201	4,311
Foreign exchange losses (gains)	776	(3,079)
Loss on tax purpose reduction entry of non-current assets	19	869
Subsidy income	(410)	(607)
Insurance claim income	(604)	(1,025)
Loss (gain) on sales of property, plant and equipment	23	(48)
Loss on retirement of property, plant and equipment	1,463	1,774
Decrease (increase) in trade receivables	5,448	666
Decrease (increase) in inventories	3	(780)
Increase (decrease) in trade payables	(5,653)	3,401
Increase/decrease in other assets/liabilities	5,235	2,973
Increase (decrease) in accrued consumption taxes	2,192	(883)
Other, net	(78)	618
Subtotal	72,647	81,143
Interest and dividends received	940	917
Interest paid	(3,638)	(4,466)
Subsidies received	917	1,546
Proceeds from insurance income	578	982
Income taxes paid	(4,133)	(16,206)
Income taxes refund	700	293
Net cash provided by (used in) operating activities	68,012	64,210
Cash flows from investing activities		
Proceeds from settlement of forward exchange contracts from acquisition of subsidiaries	—	2,088
Decrease (increase) in time deposits	(544)	89
Purchase of property, plant and equipment	(49,095)	(54,137)
Proceeds from sales of property plant and equipment	513	263
Purchase of investment securities	(208)	(20)
Proceeds from sales of investment securities	8,141	1,427
Purchase of intangible assets	(6,722)	(3,893)
Loan advances	(473)	(859)
Collection of loans receivable	474	744
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(48,370)
Other, net	45	(1,034)
Net cash provided by (used in) investing activities	(47,869)	(103,702)

(Millions of Yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,769)	(166)
Proceeds from long-term borrowings	45,110	105,278
Repayments of long-term borrowings	(49,878)	(59,040)
Redemption of bonds	—	(4,170)
Proceeds from sale of treasury shares	—	1,043
Proceeds from share issuance to non-controlling shareholders	—	25,011
Dividends paid	(1,569)	(2,447)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,888)	(596)
Other, net	(1,053)	(1,323)
Net cash provided by (used in) financing activities	(14,049)	63,589
Effect of exchange rate change on cash and cash equivalents	(116)	623
Net increase (decrease) in cash and cash equivalents	5,977	24,721
Cash and cash equivalents at beginning of period	103,407	109,384
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	(4,048)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	243
Cash and cash equivalents at end of period	109,384	130,301