

This notice is an English translation of the original Japanese text of the timely disclosure statement dated May 14, 2021 issued by Daio Paper Corporation, and is for reference purpose only. In the event of any discrepancy between the original Japanese text and this English translation, the Japanese text shall prevail.

May 14, 2021

To whom it may concern:

Name of Company: Daio Paper Corporation

Name of Representative: Yorifusa Wakabayashi
President and Representative Director
Chief Executive Officer

Securities Code: 3880
(First Section, Tokyo Stock Exchange)

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**Regarding the Differences between the Consolidated Financial Results Forecast
and the Actual Results for the Fiscal Year Ended March 31, 2021,
and Revisions to Dividends of Surplus (Dividend Increase)**

Daio Paper Corporation (hereinafter, the “Company”) hereby announces that the actual financial results for the fiscal year ended March 31, 2021 (hereinafter “FY2021/3”) released today differed from the forecast that was released on February 10, 2021.

The Company also announces that it has resolved to pay dividends of surplus with a record date of March 31, 2021.

**1. Differences between the Consolidated Financial Results Forecast and the Actual Results for FY2021/3
(April 1, 2020–March 31, 2021)**

	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
Previous forecast (A)	565,000	33,000	30,000	17,000	106.65
Actual results (B)	562,928	36,873	34,478	22,115	138.73
Change (B – A)	-2,072	3,873	4,478	5,115	
Change (%)	-0.4	11.7	14.9	30.1	
(Reference) Consolidated results for the fiscal year ended March 31, 2020	546,433	30,628	28,111	19,199	127.91

2. Reasons for the Differences

Net sales for FY2021/3 fell slightly short of the financial results forecast.

Meanwhile, operating profit for FY2021/3 increased due to the following reasons: continued efforts to drive initiatives for the structural shift of the Paper and Paperboard Business, such as the rebuilding of the N7 paper machine at Mishima Mill into a containerboard machine to produce containerboard for export, which are the key measures set out in the Third Medium-Term Business Plan, and benefit of slower-than-expected increases in raw material and fuel prices. These efforts and positive factors more than offset a severe business environment of weakened demand for paper stemming from the spread of COVID-19.

Ordinary profit and profit attributable to owners of parent for FY2021/3 also exceeded the financial results forecast mainly due to foreign exchange gains posted under the non-operating section resulting from the revaluation of foreign currency receivables from and payables to consolidated foreign subsidiaries, in addition to the increase in operating profit.

<Reference: Segment Sales and Profit for FY2021/3>

	Paper and Paperboard		Home and Personal Care		Other*		Total	
	Net sales	Millions of yen Operating profit	Net sales	Millions of yen Operating profit	Net sales	Millions of yen Operating profit	Net sales	Millions of yen Operating profit
Previous forecast (A)	300,000	17,000	245,000	14,500	20,000	1,500	565,000	33,000
Actual results (B)	302,453	19,576	237,990	14,734	22,484	2,562	562,928	36,873
Change (B－A)	2,453	2,576	-7,010	234	2,484	1,062	-2,072	3,873

* The “Other” category includes adjustments.

3. Details of Year-end Dividends

	Determined amount	Most recent dividend forecast (announced on May 15, 2020)	Year-end dividends paid for FY2020/3
Record date	March 31, 2021	March 31, 2021	March 31, 2020
Dividend per share	10.00 yen	8.50 yen	8.50 yen ^(Note)
Total amount of dividends	1,676 million yen	—	1,291 million yen
Effective date	June 30, 2021	—	June 30, 2020
Source of dividends	Retained earnings	—	Retained earnings

Note: The fiscal year-end dividend paid for the fiscal year ended March 31, 2020 (hereinafter “FY2020/3”) includes an Elleair 40th Anniversary commemorative dividend of 1.00 yen per share.

Annual dividends per share for the fiscal year ending March 31, 2022 is projected to be 20.00 yen (2nd quarter-end dividend: 10.00 yen per share, year-end dividend: 10.00 yen per share).

4. Reason for Dividend Increase

The Company regards shareholder returns as one of its top priorities and its basic policy is to continue stable dividend payments, while considering factors such as the status of business and the sufficiency of retained earnings.

Based on the above policy, the fiscal year-end dividend for FY2021/3 was initially projected to be 8.50 yen per share, which is the same amount as the fiscal year-end dividend for FY2020/3, in which we paid the commemorative dividend of 1.00 yen.

Given that profit attributable to owners of parent for FY2021/3 exceeded the financial results forecast as stated in “1. Differences between the Consolidated Financial Results Forecast and the Actual Results,” as well as the recent financial standing and other factors, the Company has decided to revise the forecast to 10.00 yen, a 1.50 yen increase from the most recent dividend forecast.

Please note that this resolution is subject to approval at the 110th Annual General Meeting of Shareholders to be held in June 2021.

End