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May 15, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)

Company name: Daio Paper Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 3880
 URL: <https://www.daio-paper.co.jp>
 Representative: Yorifusa Wakabayashi, Representative Director, President and Chief Executive Officer
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 Telephone: +81-3-6856-7500
 Scheduled date of annual general meeting of shareholders: June 29, 2026
 Scheduled date to commence dividend payments: June 30, 2026
 Scheduled date to file annual securities report: June 25, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	666,770	(0.3)	24,032	145.0	21,339	371.0	8,886	-
March 31, 2025	668,912	(0.4)	9,807	(31.7)	4,530	(52.9)	(11,197)	-

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥8,705 million [- %]
 For the fiscal year ended March 31, 2025: (¥4,461 million) [- %]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	53.73	-	3.8	2.5	3.6
March 31, 2025	(67.29)	-	(4.6)	0.5	1.5

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2026: ¥143 million
 For the fiscal year ended March 31, 2025: ¥67 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	853,930	242,757	26.6	1,471.37
March 31, 2025	886,066	249,713	26.7	1,422.46

Reference: Equity
 As of March 31, 2026: ¥226,909 million
 As of March 31, 2025: ¥236,720 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	57,304	(44,921)	(32,095)	95,737
March 31, 2025	44,649	(20,901)	(35,486)	112,872

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	-	7.00	-	7.00	14.00	2,346	-	1.0
Fiscal year ended March 31, 2026	-	7.00	-	7.00	14.00	2,261	26.1	1.0
Fiscal year ending March 31, 2027 (Forecast)	-	7.00	-	7.00	14.00		18.0	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027
(from April 1, 2026 to March 31, 2027)

(Percentage are the rate of increase or decrease from the previous corresponding period.)

	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
First half	327,500	2.5	4,500	(47.4)	2,500	(59.2)	5,000	14.0	32.42
Full year	680,000	2.0	24,000	(0.1)	17,000	(20.3)	12,000	35.0	77.81

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: None

Excluded: 1 company (Elleair International Turkey Kişisel Bakım Ürünleri Üretim A.Ş.)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2026	169,012,926 shares
As of March 31, 2025	169,012,926 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2026	14,796,266 shares
As of March 31, 2025	2,596,936 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2026	165,396,603 shares
Fiscal year ended March 31, 2025	166,397,140 shares

Note: Number of treasury shares includes shares owned by the stock-based incentive system that uses a trust delivery system.

[Reference] Overview of non-consolidated financial results

**1. Non-consolidated financial results for the fiscal year ended March 31, 2026
(from April 1, 2025 to March 31, 2026)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	493,861	(0.2)	12,631	125.9	17,151	-	(360)	-
March 31, 2025	494,896	1.9	5,592	(38.8)	235	(97.5)	(32,663)	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2026	(2.18)	-
March 31, 2025	(195.89)	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	717,279	163,244	22.8	1,056.18
March 31, 2025	747,251	179,909	24.1	1,078.85

Reference: Equity

As of March 31, 2026: ¥163,244 million
As of March 31, 2025: ¥179,909 million

<Reasons for Difference between non-consolidated financial results for fiscal year ended March 31, 2026 and March 31, 2025>

Although prices for raw materials such as recycled paper and chemicals remain high, the favorable coal prices, combined with the full implementation of price adjustments in the Home & Personal Care business, have resulted in a difference between the operating income and ordinary income figures for the current fiscal year and those for the previous fiscal year. In addition to these factors, the decrease in losses on valuation of investments in capital and shares of subsidiaries and associates contributed to the difference in net profit between the two fiscal years.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

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/

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	113,189	96,026
Notes and accounts receivable - trade, and contract assets	104,041	106,668
Electronically recorded monetary claims - operating	11,070	10,810
Merchandise and finished goods	59,467	56,419
Work in process	10,519	10,223
Raw materials and supplies	42,800	44,462
Other	19,948	10,480
Allowance for doubtful accounts	(155)	(197)
Total current assets	360,882	334,894
Non-current assets		
Property, plant and equipment		
Buildings and structures	275,312	279,942
Accumulated depreciation	(179,536)	(186,352)
Buildings and structures, net	95,775	93,589
Machinery, equipment and vehicles	1,025,729	1,040,668
Accumulated depreciation	(847,133)	(863,966)
Machinery, equipment and vehicles, net	178,596	176,702
Land	85,093	85,115
Construction in progress	27,184	7,870
Other	45,566	45,869
Accumulated depreciation	(23,507)	(23,876)
Other, net	22,058	21,992
Total property, plant and equipment	408,708	385,271
Intangible assets		
Goodwill	38,702	37,075
Other	29,856	26,856
Total intangible assets	68,559	63,931
Investments and other assets		
Investment securities	21,382	48,426
Deferred tax assets	6,060	1,553
Retirement benefit asset	3,050	3,604
Other	17,508	16,521
Allowance for doubtful accounts	(122)	(331)
Total investments and other assets	47,879	69,774
Total non-current assets	525,147	518,977
Deferred assets	36	58
Total assets	886,066	853,930

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	79,929	70,765
Short-term borrowings	13,767	23,928
Commercial papers	15,000	20,000
Current portion of bonds payable	15,000	15,000
Current portion of long-term borrowings	82,739	84,358
Accounts payable - other	28,448	28,360
Income taxes payable	3,409	4,178
Provision for bonuses	5,181	5,538
Provision for bonuses for directors (and other officers)	73	129
Provision for business restructuring	3,278	—
Provision for losses on transfer of subsidiaries and associates	—	1,776
Other	19,874	17,395
Total current liabilities	266,702	271,431
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	298,131	268,658
Lease liabilities	8,608	8,879
Deferred tax liabilities	5,943	5,694
Retirement benefit liability	22,875	22,570
Provision for share awards	812	959
Other	13,279	12,977
Total non-current liabilities	369,649	339,741
Total liabilities	636,352	611,172
Net assets		
Shareholders' equity		
Share capital	53,884	53,884
Capital surplus	55,112	55,112
Retained earnings	101,348	108,241
Treasury shares	(3,205)	(16,849)
Total shareholders' equity	207,139	200,389
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,696	5,548
Deferred gains or losses on hedges	78	(22)
Foreign currency translation adjustment	20,874	17,725
Remeasurements of defined benefit plans	2,931	3,268
Total accumulated other comprehensive income	29,580	26,520
Non-controlling interests	12,992	15,848
Total net assets	249,713	242,757
Total liabilities and net assets	886,066	853,930

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

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	668,912	666,770
Cost of sales	524,895	507,880
Gross profit	144,016	158,890
Selling, general and administrative expenses	134,208	134,857
Operating profit	9,807	24,032
Non-operating income		
Interest income	1,081	1,796
Dividend income	503	573
Share of profit of entities accounted for using equity method	67	143
Foreign exchange gains	—	3,560
Gain on valuation of derivatives	1,662	—
Other	4,599	3,580
Total non-operating income	7,914	9,654
Non-operating expenses		
Interest expenses	5,890	6,469
Foreign exchange losses	3,339	—
Loss on valuation of derivatives	—	2,109
Other	3,962	3,769
Total non-operating expenses	13,191	12,347
Ordinary profit	4,530	21,339
Extraordinary income		
Gain on sale of non-current assets	5,039	93
Gain on sale of investment securities	1,530	350
Insurance claim income	797	6,466
Reversal of provision for business restructuring	—	2,712
Other	164	75
Total extraordinary income	7,531	9,699
Extraordinary losses		
Loss on sale and retirement of non-current assets	728	607
Impairment losses	5,233	789
Loss on tax purpose reduction entry of non-current assets	146	4,368
Business restructuring expenses	7,292	2,028
Provision for losses on transfer of subsidiaries and associates	—	1,776
Other	638	147
Total extraordinary losses	14,039	9,717
Profit (loss) before income taxes	(1,977)	21,321
Income taxes - current	6,176	6,634
Income taxes - deferred	1,544	4,009
Total income taxes	7,720	10,643
Profit (loss)	(9,697)	10,678
Profit attributable to non-controlling interests	1,499	1,791
Profit (loss) attributable to owners of parent	(11,197)	8,886

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit (loss)	(9,697)	10,678
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,084)	(34)
Deferred gains or losses on hedges	160	(121)
Foreign currency translation adjustment	4,922	(2,048)
Remeasurements of defined benefit plans, net of tax	1,201	345
Share of other comprehensive income of entities accounted for using equity method	36	(113)
Total other comprehensive income	5,236	(1,972)
Comprehensive income	(4,461)	8,705
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(5,027)	5,827
Comprehensive income attributable to non-controlling interests	565	2,878

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	53,884	55,112	118,529	(3,277)	224,249
Cumulative effects of changes in accounting policies			4		4
Effect of hyperinflation			(3,305)		(3,305)
Restated balance	53,884	55,112	115,227	(3,277)	220,947
Changes during period					
Dividends of surplus			(2,682)		(2,682)
Profit (loss) attributable to owners of parent			(11,197)		(11,197)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				71	71
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(13,879)	71	(13,807)
Balance at end of period	53,884	55,112	101,348	(3,205)	207,139

	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	6,749	(42)	14,974	1,731	23,414	12,422	260,086
Cumulative effects of changes in accounting policies	(4)				(4)		—
Effect of hyperinflation							(3,305)
Restated balance	6,745	(42)	14,974	1,731	23,410	12,422	256,780
Changes during period							
Dividends of surplus							(2,682)
Profit (loss) attributable to owners of parent							(11,197)
Purchase of treasury shares							(0)
Disposal of treasury shares							71
Net changes in items other than shareholders' equity	(1,048)	120	5,899	1,199	6,170	570	6,740
Total changes during period	(1,048)	120	5,899	1,199	6,170	570	(7,067)
Balance at end of period	5,696	78	20,874	2,931	29,580	12,992	249,713

Fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	53,884	55,112	101,348	(3,205)	207,139
Effect of hyperinflation			353		353
Restated balance	53,884	55,112	101,701	(3,205)	207,492
Changes during period					
Dividends of surplus			(2,346)		(2,346)
Profit (loss) attributable to owners of parent			8,886		8,886
Purchase of treasury shares				(13,721)	(13,721)
Disposal of treasury shares				77	77
Net changes in items other than shareholders' equity					
Total changes during period	—	—	6,540	(13,643)	(7,103)
Balance at end of period	53,884	55,112	108,241	(16,849)	200,389

	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	5,696	78	20,874	2,931	29,580	12,992	249,713
Effect of hyperinflation							353
Restated balance	5,696	78	20,874	2,931	29,580	12,992	250,066
Changes during period							
Dividends of surplus							(2,346)
Profit (loss) attributable to owners of parent							8,886
Purchase of treasury shares							(13,721)
Disposal of treasury shares							77
Net changes in items other than shareholders' equity	(147)	(100)	(3,149)	337	(3,059)	2,855	(204)
Total changes during period	(147)	(100)	(3,149)	337	(3,059)	2,855	(7,308)
Balance at end of period	5,548	(22)	17,725	3,268	26,520	15,848	242,757

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit (loss) before income taxes	(1,977)	21,321
Depreciation	44,815	43,230
Impairment losses	5,233	789
Business restructuring expenses	7,292	2,028
Reversal of provision for business restructuring	—	(2,712)
Provision for losses on transfer of subsidiaries and associates	—	1,776
Amortization of goodwill	3,622	3,762
Share of loss (profit) of entities accounted for using equity method	(67)	(143)
Gain (loss) on the net monetary position	(509)	(318)
Loss (gain) on sale of investment securities	(1,526)	(348)
Increase (decrease) in net defined benefit asset and liability	(3)	(417)
Interest and dividend income	(1,584)	(2,369)
Interest expenses	5,890	6,469
Foreign exchange losses (gains)	2,140	(4,518)
Loss (gain) on valuation of derivatives	(1,662)	2,109
Loss on tax purpose reduction entry of non-current assets	146	4,368
Insurance claim income	(797)	(6,466)
Loss (gain) on sale of property, plant and equipment	(5,006)	(65)
Loss on retirement of property, plant and equipment	695	579
Decrease (increase) in trade receivables	8,192	(2,457)
Decrease (increase) in inventories	5,330	2,637
Increase (decrease) in trade payables	(3,258)	(9,395)
Increase (decrease) in accounts payable - other	(653)	511
Decrease (increase) in consumption taxes refund receivable	(2,784)	2,548
Increase (decrease) in accrued consumption taxes	(3,867)	(2,482)
Increase/decrease in other assets/liabilities	(3,240)	183
Other, net	615	(397)
Subtotal	57,034	60,221
Interest and dividends received	1,831	2,604
Interest paid	(5,956)	(6,565)
Subsidies received	289	320
Proceeds from insurance income	794	6,440
Income taxes paid	(9,416)	(6,254)
Income taxes refund	72	538
Net cash provided by (used in) operating activities	44,649	57,304
Cash flows from investing activities		
Purchase of property, plant and equipment	(32,407)	(22,665)
Proceeds from sale of property, plant and equipment	10,327	5,863
Purchase of intangible assets	(807)	(1,326)
Purchase of investment securities	(12)	(26,616)
Proceeds from sale of investment securities	2,316	246
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(739)
Loan advances	(1,063)	(1,319)
Proceeds from collection of loans receivable	1,063	1,211
Other, net	(319)	424
Net cash provided by (used in) investing activities	(20,901)	(44,921)

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,535)	10,160
Proceeds from long-term borrowings	71,700	53,600
Net increase (decrease) in commercial papers	—	5,000
Repayments of long-term borrowings	(90,478)	(82,542)
Proceeds from issuance of bonds	—	14,940
Redemption of bonds	(10,136)	(15,000)
Purchase of treasury shares	(0)	(13,721)
Proceeds from sale of treasury shares	71	77
Repayments of finance lease liabilities	(2,412)	(2,551)
Dividends paid	(2,682)	(2,346)
Other, net	(14)	288
Net cash provided by (used in) financing activities	(35,486)	(32,095)
Effect of exchange rate change on cash and cash equivalents	851	2,577
Net increase (decrease) in cash and cash equivalents	(10,887)	(17,134)
Cash and cash equivalents at beginning of period	123,750	112,872
Effect of hyperinflation	9	0
Cash and cash equivalents at end of period	112,872	95,737