

*This notice is an English translation of the original Japanese text of the timely disclosure statement dated August 12, 2022 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.*

August 12, 2022

To whom it may concern:

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 Chief Executive Officer  
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### Revisions to the Financial Results Forecasts

Daio Paper Corporation (hereinafter, the “Company”) hereby announces the revisions to the consolidated financial results forecasts for the first half and full year of the fiscal year ending March 31, 2023 (hereinafter, respectively, “FY2023/3 H1” and “FY2023/3”) released on May 13, 2022 in view of recent business performance trends. The details are as follows.

#### 1. Consolidated Financial Results Forecast for FY2023/3 H1 (April 1, 2022–September 30, 2022)

	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)	300,000	2,500	1,000	1,000	6.03
Revised forecast (B)	300,000	(7,000)	(7,000)	(5,000)	(30.13)
Change (B – A)	–	(9,500)	(8,000)	(6,000)	
Change (%)	–	–	–	–	
(Reference) Consolidated financial results for the first half of the fiscal year ended March 31, 2022	296,873	19,235	17,688	11,456	69.02

## 2. Consolidated Financial Results Forecast for FY2023/3 (April 1, 2022–March 31, 2023)

	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)	650,000	25,000	21,000	10,000	60.27
Revised forecast (B)	660,000	3,000	500	(4,000)	(24.10)
Change (B – A)	10,000	(22,000)	(20,500)	(14,000)	
Change (%)	1.5	(88.0)	(97.6)	–	
(Reference) Consolidated financial results for the fiscal year ended March 31, 2022	612,314	37,569	37,696	23,721	142.91

## 3. Reasons for the Differences

As for the consolidated financial results forecast for FY2023/3 H1, production costs are expected to become substantially higher than the initial forecast. This is attributable to a significant increase in purchase prices of major imported raw materials and fuel, including coal, woodchips, and pulp, affected mainly by the persistently high global prices of coal, heavy oil, and other resources caused by the Russia-Ukraine conflict and by the sharply depreciating Japanese yen exchange rate. Although we have been passing on these increased costs to the selling prices of our mainstay products in the Paper and Paperboard Business (hereinafter, the “P&P Business”) and the Home and Personal Care Business (hereinafter, the “H&PC Business”), we expect operating profit, ordinary profit, and profit attributable to owners of parent for FY2023/3 H1 to fall below the initial forecast as a result of rising raw material and fuel costs.

Reference	Previous forecast (As of May 13, 2022)	Revised forecast (As of August 12, 2022)
Exchange rate (expected period-average)	127.0 JPY/USD	135.0 JPY/USD
Dubai crude oil (period-average)	89.0 USD/barrel	110.0 USD/barrel

As for the full-year consolidated financial results forecast for FY2023/3, net sales are expected to increase slightly from the previous forecast whereas operating profit, ordinary profit, and profit attributable to owners of parent are all likely to fall significantly short of the previously announced forecast. This is because even though we continue to pass on the increased costs to the selling prices of our mainstay products, the price pass-through will be unlikely to fully absorb the rising costs resulting from the purchase price hikes of imported raw materials and fuel.

The Company expects such tough business conditions, including the persistently high prices of coal and other resources and the rising purchase prices of raw materials due to the yen depreciation, will continue for the time being. Accordingly, we will accelerate the cross-divisional structural reforms across the boundary between the P&P Business and the H&PC Business as well as the establishment of a robust business portfolio, while speeding up the process of passing on the rising costs to the prices of renewable products.

**<Reference: Segment Sales and Operating Profit for FY2023/3>**

	P&P Business		H&PC Business		Other		Total	
	Millions of yen		Millions of yen		Millions of yen		Millions of yen	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Previous forecast (A)	330,000	13,000	290,000	10,000	30,000	2,000	650,000	25,000
Revised forecast (B)	340,000	(1,000)	290,000	1,500	30,000	2,500	660,000	3,000
Change (B – A)	10,000	(14,000)	–	(8,500)	–	500	10,000	(22,000)

Please note that the above financial results forecasts have been prepared based on the information available as of the date of this release. As such, actual results may differ from the forecast figures depending on various factors going forward.

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