

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (unaudited) (Based on Japanese GAAP)

August 12, 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
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 Scheduled date to file Quarterly Securities Report: August 12, 2022
 Scheduled date to commence dividend payments: –
 Availability of supplementary material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts are rounded down to millions of yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (April 1, 2022–June 30, 2022)

(1) Consolidated Operating Results (cumulative)

(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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2022	147,309	1.6	291	(97.3)	1,381	(86.8)	1,361	(79.8)
June 30, 2021	144,953	20.1	10,980	54.0	10,453	50.5	6,723	12.8

Note: Comprehensive income

Three months ended June 30, 2022	11,456 million yen	42.9%
Three months ended June 30, 2021	8,018 million yen	37.1%

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2022	8.20	—
June 30, 2021	40.47	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	878,947	276,204	30.4
As of March 31, 2022	840,441	266,704	30.8

Reference: Equity	As of June 30, 2022	267,374 million yen
	As of March 31, 2022	259,089 million yen

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	10.00	—	12.00	22.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (Forecast)		10.00	—	12.00	22.00

Note: Changes to latest dividends forecast: None

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	(7,000)	—	(7,000)	—	(5,000)	—	(30.13)
Full fiscal year	660,000	7.8	3,000	(92.0)	500	(98.7)	(4,000)	—	(24.10)

Note: Changes to latest financial results forecasts: Yes

4. Notes

[1] Changes in significant subsidiaries during the three months ended June 30, 2022

(changes in specified subsidiaries resulting in the changes in scope of consolidation): No

New — (Company name:)

Eliminated — (Company name:)

[2] Application of special accounting methods for preparing quarterly consolidated financial statements: No

[3] Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: No

3) Changes in accounting estimates: No

4) Restatement of prior period financial statements: No

[4] Number of issued shares (common shares)

1) Number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022 169,012,926 shares

As of March 31, 2022 169,012,926 shares

2) Number of treasury shares at the end of the period

As of June 30, 2022 3,057,653 shares

As of March 31, 2022 3,091,782 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022 165,934,257 shares

Three months ended June 30, 2021 166,105,661 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 "Trust-Type Employee Stock Ownership Plan (ESOP)" as an incentive plan by utilizing the Group's employee shareholding association in this fiscal year, and the Company's shares held in the trust are recorded as treasury shares.

*This report is not subject to quarterly review procedures 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 quarterly financial results will be posted on the Company's following website.
https://www.daio-paper.co.jp/en/ir/ir_news/

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	89,165	79,837
Notes and accounts receivable - trade	92,641	103,707
Electronically recorded monetary claims - operating	7,988	9,672
Inventories	86,906	106,242
Income taxes refund receivable	6,378	7,916
Other	8,684	11,323
Allowance for doubtful accounts	(465)	(573)
Total current assets	291,300	318,126
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	97,181	98,817
Machinery, equipment and vehicles, net	194,928	199,280
Land	83,183	84,000
Other, net	45,902	46,205
Total property, plant and equipment	421,195	428,304
Intangible assets		
Goodwill	50,489	53,923
Other	31,529	33,890
Total intangible assets	82,018	87,814
Investments and other assets	45,787	44,574
Total non-current assets	549,001	560,692
Deferred assets	139	128
Total assets	840,441	878,947

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	75,384	78,958
Commercial papers	—	10,000
Short-term borrowings	13,738	16,677
Current portion of bonds payable	15,000	15,000
Current portion of long-term borrowings	65,580	74,473
Income taxes payable	3,133	1,607
Provision for bonuses	5,550	2,960
Provision for bonuses for directors (and other officers)	156	42
Other	59,778	52,428
Total current liabilities	238,321	252,150
Non-current liabilities		
Bonds payable	45,000	45,000
Long-term borrowings	239,324	250,338
Retirement benefit liability	23,937	24,247
Provision for retirement benefits for directors (and other officers)	81	50
Provision for share awards	310	371
Provision for environmental measures	12	12
Provision for loss on business of subsidiaries and associates	37	35
Other	26,710	30,535
Total non-current liabilities	335,415	350,592
Total liabilities	573,736	602,743
Net assets		
Shareholders' equity		
Share capital	53,884	53,884
Capital surplus	55,112	55,112
Retained earnings	156,450	155,789
Treasury shares	(4,122)	(4,056)
Total shareholders' equity	261,325	260,730
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,445	2,625
Deferred gains or losses on hedges	219	352
Foreign currency translation adjustment	(7,189)	2,441
Remeasurements of defined benefit plans	1,288	1,224
Total accumulated other comprehensive income	(2,235)	6,644
Non-controlling interests	7,614	8,830
Total net assets	266,704	276,204
Total liabilities and net assets	840,441	878,947

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Net sales	144,953	147,309
Cost of sales	104,686	115,193
Gross profit	40,266	32,116
Selling, general and administrative expenses	29,286	31,825
Operating profit	10,980	291
Non-operating income		
Interest income	70	146
Dividend income	249	731
Share of profit of entities accounted for using equity method	35	55
Exchange gain	—	1,706
Other	822	500
Total non-operating income	1,176	3,139
Non-operating expenses		
Interest expenses	1,018	1,215
Loss on valuation of derivatives	29	498
Other	654	335
Total non-operating expenses	1,703	2,049
Ordinary profit	10,453	1,381
Extraordinary income		
Gain on sales of non-current assets	1	39
Gain on sales of investment securities	—	1,321
National subsidies	—	159
Insurance claim income	759	50
Other	—	4
Total extraordinary income	761	1,576
Extraordinary losses		
Loss on sales and retirement of non-current assets	164	219
Impairment loss	8	0
Loss on disaster	36	162
Loss on tax purpose reduction entry of non-current assets	—	153
Other	34	6
Total extraordinary losses	244	543
Profit before income taxes	10,970	2,414
Income taxes - current	3,220	836
Income taxes - deferred	929	601
Total income taxes	4,150	1,438
Profit	6,819	976
Profit attributable to non-controlling interests	96	(384)
Profit attributable to owners of parent	6,723	1,361

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Profit	6,819	976
Other comprehensive income		
Valuation difference on available-for-sale securities	(838)	(810)
Deferred gains or losses on hedges	(13)	132
Foreign currency translation adjustment	2,007	11,225
Remeasurements of defined benefit plans, net of tax	38	(58)
Share of other comprehensive income of entities accounted for using equity method	4	(8)
Total other comprehensive income	1,198	10,480
Comprehensive income	8,018	11,456
Comprehensive income attributable to		
Owners of the parent	7,910	10,240
Non-controlling interests	108	1,216