

Summary of Consolidated Financial Results
for the Nine Months Ended December 31, 2022 (unaudited)
(Based on Japanese GAAP)

February 10, 2023

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 to file Quarterly Securities Report: February 10, 2023
 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 Nine Months Ended December 31, 2022 (April 1, 2022–December 31, 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	%
Nine months ended								
December 31, 2022	480,855	7.4	(17,927)	—	(20,969)	—	(24,041)	—
December 31, 2021	447,528	8.5	27,636	6.8	25,973	9.9	17,015	1.8

Note: Comprehensive income

Nine months ended December 31, 2022 (1,391) million yen —%
 Nine months ended December 31, 2021 20,425 million yen 75.9%

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	(144.83)	—
December 31, 2021	102.51	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	962,865	262,600	26.2
As of March 31, 2022	840,441	266,704	30.8

Reference: Equity As of December 31, 2022 252,606 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, 2022	—	7.00			
Fiscal year ending March 31, 2023 (Forecast)			—	9.00	16.00

Note: Changes to latest dividends forecast: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2022–March 31, 2022)

(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
Full fiscal year	660,000	7.8	(20,000)	—	(25,000)	—	(40,000)	—	(240.91)

Note: Changes to latest financial results forecasts: Yes

4. Notes

[1] Changes in significant subsidiaries during the Nine months ended December 31, 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 December 31, 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 December 31, 2022 2,864,407 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)

Nine months ended December 31, 2022 166,004,521 shares

Nine months ended December 31, 2021 165,991,710 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, 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 December 31, 2022
Assets		
Current assets		
Cash and deposits	89,165	110,932
Notes and accounts receivable - trade, and contract assets	92,641	118,981
Electronically recorded monetary claims - operating	7,988	12,915
Inventories	86,906	118,694
Other	15,063	19,773
Allowance for doubtful accounts	(465)	(599)
Total current assets	291,300	380,696
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	97,181	101,645
Machinery, equipment and vehicles, net	194,928	203,045
Land	83,183	86,208
Other, net	45,902	46,390
Total property, plant and equipment	421,195	437,290
Intangible assets		
Goodwill	50,489	52,457
Other	31,529	39,653
Total intangible assets	82,018	92,111
Investments and other assets	45,787	52,661
Total non-current assets	549,001	582,062
Deferred assets	139	106
Total assets	840,441	962,865

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	75,384	92,840
Commercial papers	—	20,000
Short-term borrowings	13,738	13,490
Current portion of bonds payable	15,000	56
Current portion of long-term borrowings	65,580	76,611
Income taxes payable	3,133	832
Provision for bonuses	5,550	2,922
Provision for bonuses for directors (and other officers)	156	42
Provision for early retirement	—	736
Other	59,778	49,949
Total current liabilities	238,321	257,481
Non-current liabilities		
Bonds payable	45,000	45,164
Long-term borrowings	239,324	339,061
Retirement benefit liability	23,937	24,772
Provision for retirement benefits for directors (and other officers)	81	56
Provision for share awards	310	462
Provision for environmental measures	12	12
Provision for loss on business of subsidiaries and associates	37	38
Other	26,710	33,215
Total non-current liabilities	335,415	442,782
Total liabilities	573,736	700,264
Net assets		
Shareholders' equity		
Share capital	53,884	53,884
Capital surplus	55,112	55,112
Retained earnings	156,450	128,775
Treasury shares	(4,122)	(3,691)
Total shareholders' equity	261,325	234,081
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,445	3,086
Deferred gains or losses on hedges	219	(11)
Foreign currency translation adjustment	(7,189)	14,372
Remeasurements of defined benefit plans	1,288	1,078
Total accumulated other comprehensive income	(2,235)	18,525
Non-controlling interests	7,614	9,994
Total net assets	266,704	262,600
Total liabilities and net assets	840,441	962,865

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

Consolidated statements of income (cumulative)

(Millions of yen)

	For the Nine months ended December 31, 2021	For the Nine months ended December 31, 2022
Net sales	447,528	480,855
Cost of sales	328,995	397,921
Gross profit	118,532	82,933
Selling, general and administrative expenses	90,896	100,861
Operating profit (loss)	27,636	(17,927)
Non-operating income		
Interest income	253	631
Dividend income	479	927
Share of profit of entities accounted for using equity method	85	133
Exchange gain	368	474
Other	1,864	1,769
Total non-operating income	3,052	3,937
Non-operating expenses		
Interest expenses	3,032	4,140
Loss on the net monetary position	—	1,129
Other	1,683	1,708
Total non-operating expenses	4,715	6,978
Ordinary profit (loss)	25,973	(20,969)
Extraordinary income		
Gain on sales of non-current assets	46	57
Gain on sales of investment securities	290	1,445
Insurance claim income	1,974	703
Other	58	534
Total extraordinary income	2,369	2,741
Extraordinary losses		
Loss on sales and retirement of non-current assets	625	888
Impairment loss	8	6,407
Loss on disaster	282	2,103
Adjustment of payment	884	—
Early retirement expense	—	736
Other	147	198
Total extraordinary losses	1,948	10,333
Profit(loss) before income taxes	26,394	(28,561)
Income taxes - current	8,104	1,603
Income taxes - refund	(702)	(144)
Income taxes - deferred	1,659	(5,603)
Total income taxes	9,061	(4,144)
Profit (loss)	17,332	(24,417)
Profit (loss) attributable to non-controlling interests	316	(375)
Profit (loss) attributable to owners of parent	17,015	(24,041)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	For the Nine months ended December 31, 2021	For the Nine months ended December 31, 2022
Profit (loss)	17,332	(24,417)
Other comprehensive income		
Valuation difference on available-for-sale securities	(129)	(366)
Deferred gains or losses on hedges	21	(231)
Foreign currency translation adjustment	3,250	23,818
Remeasurements of defined benefit plans, net of tax	(63)	(203)
Share of other comprehensive income of entities accounted for using equity method	14	9
Total other comprehensive income	3,092	23,025
Comprehensive income	20,425	(1,391)
Comprehensive income attributable to		
Owners of the parent	19,770	(3,280)
Non-controlling interests	654	1,888