

# Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (unaudited) (Based on Japanese GAAP)

May 12, 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 of Ordinary General Meeting of Shareholders: June 29, 2023  
 Scheduled date of filing financial report: June 29, 2023  
 Scheduled date of the commencement of dividend payments: June 30, 2023  
 Availability of supplementary material on annual financial results: Yes  
 Schedule of annual financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts are rounded down to millions of yen)

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022–March 31, 2023)

### (1) Consolidated Operating Results

(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	%
Fiscal year ended								
March 31, 2023	646,213	5.5	(21,441)	—	(24,050)	—	(34,705)	—
March 31, 2022	612,314	8.8	37,569	1.9	37,696	9.3	23,721	7.3

Note: Comprehensive income

Fiscal year ended March 31, 2023	(18,795) million yen	—%
Fiscal year ended March 31, 2022	25,088 million yen	25.5%

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	(209.01)	—	(14.0)	(2.7)	(3.3)
March 31, 2022	142.91	—	9.5	4.5	6.1

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	923,531	244,670	25.5	1,414.73
As of March 31, 2022	840,441	266,704	30.8	1,561.52

Reference: Equity	As of March 31, 2023	235,121 million yen
	As of March 31, 2022	259,089 million yen

### (3) Consolidated Cash Flow

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) 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, 2023	(26,233)	(57,950)	96,437	102,405
March 31, 2022	71,395	(62,420)	(50,609)	88,897

## 2. Dividends

	Annual dividends per share					Total dividends	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	1 <sup>st</sup> quarter end	2 <sup>nd</sup> quarter end	3 <sup>rd</sup> quarter end	Fiscal year end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	—	10.00	—	12.00	22.00	3,687	15.4	1.5
March 31, 2023	—	7.00	—	9.00	16.00	2,682	—	1.1
Fiscal year ending March 31, 2023 (Forecast)	—	7.00	—	9.00	16.00		66.5	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023–March 31, 2024)

(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, 2023	330,000	6.9	5,000	—	1,500	—	1,000	—	6.02
Full fiscal year	700,000	8.3	18,000	—	9,000	—	4,000	—	24.07

## 4. Others

[1] Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New —  
Eliminated —

[2] Changes in accounting principles, changes in accounting estimates and restatements

- |  |     |
|--|-----|
| 1) Changes in accounting policies due to the revision of accounting standards: | Yes |
| 2) Changes in accounting policies other than 1) above:                         | No  |
| 3) Changes in accounting estimates:  | No  |
| 4) Retrospective restatements:   | No  |

[3] Number of issued shares (common shares)

- (i) Number of issued shares (including treasury shares) as of:
- |                |                    |
|----------------|--------------------|
| March 31, 2023 | 169,012,926 shares |
| March 31, 2022 | 169,012,926 shares |
- (ii) Number of treasury shares as of:
- |                |                  |
|----------------|------------------|
| March 31, 2023 | 2,817,471 shares |
| March 31, 2022 | 3,091,782 shares |
- (iii) Average number of shares during the period:
- |                                  |                    |
|----------------------------------|--------------------|
| Fiscal year ended March 31, 2023 | 166,044,799 shares |
| Fiscal year ended March 31, 2022 | 165,990,337 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 "TrustType 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.

(Reference)

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022–March 31, 2023)**

(1) Non-consolidated Operating Results

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	448,542	1.9	(18,294)	—	(10,486)	—	(16,679)	—
March 31, 2022	440,157	6.4	23,456	37.6	68,124	348.2	61,670	453.4

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	(100.25)	—
March 31, 2022	371.11	—

Note: Ordinary profit and profit in non-consolidated financial results increased due to the receipt of dividends from consolidated subsidiaries, as described in the "Announcement of Dividend Receipt from Consolidated Subsidiaries" released on January 27, 2022.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	788,181	210,714	26.7	1,265.25
As of March 31, 2022	724,931	229,461	31.7	1,380.09

Reference: Equity  
As of March 31, 2023 210,714 million yen  
As of March 31, 2022 229,461 million yen

\*This report is not required to be audited 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 annual financial results will be posted on the Company's following website.  
[https://www.daio-paper.co.jp/en/ir/ir\\_news/](https://www.daio-paper.co.jp/en/ir/ir_news/)

# Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	89,165	102,638
Notes and accounts receivable - trade, and contract assets	92,641	106,851
Electronically recorded monetary claims - operating	7,988	10,753
Merchandise and finished goods	48,008	61,061
Work in process	7,275	8,947
Raw materials and supplies	31,621	43,081
Other	15,063	22,003
Allowance for doubtful accounts	(465)	(279)
Total current assets	291,300	355,058
Non-current assets		
Property, plant and equipment		
Buildings and structures	257,887	273,981
Accumulated depreciation	(160,706)	(169,437)
Buildings and structures, net	97,181	104,544
Machinery, equipment and vehicles	980,885	1,015,112
Accumulated depreciation	(785,957)	(812,473)
Machinery, equipment and vehicles, net	194,928	202,639
Land	83,183	87,099
Construction in progress	28,634	18,388
Other	34,868	39,252
Accumulated depreciation	(17,600)	(19,817)
Other, net	17,267	19,434
Total property, plant and equipment	421,195	432,106
Intangible assets		
Goodwill	50,489	45,847
Other	31,529	38,619
Total intangible assets	82,018	84,466
Investments and other assets		
Investment securities	21,924	21,048
Retirement benefit asset	1,674	1,554
Deferred tax assets	6,322	11,281
Other	15,996	18,034
Allowance for doubtful accounts	(130)	(118)
Total investments and other assets	45,787	51,800
Total non-current assets	549,001	568,373
Deferred assets	139	99
Total assets	840,441	923,531

(Millions of Yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Commercial papers	—	20,000
Notes and accounts payable - trade	75,384	88,167
Lease liabilities	1,509	1,567
Short-term borrowings	13,738	13,659
Current portion of bonds payable	15,000	56
Current portion of long-term borrowings	65,580	78,812
Accounts payable - other	31,029	27,596
Current portion of long-term accounts payable-facilities	174	25
Income taxes payable	3,133	1,472
Contract liabilities	613	919
Provision for bonuses	5,550	5,474
Provision for bonuses for directors (and other officers)	156	77
Provision for loss on guarantees	—	300
Other	26,451	14,667
Total current liabilities	238,321	252,797
Non-current liabilities		
Bonds payable	45,000	45,136
Long-term borrowings	239,324	324,000
Retirement benefit liability	23,937	23,986
Provision for retirement benefits for directors (and other officers)	81	60
Deferred tax liabilities	4,735	8,152
Provision for share awards	310	521
Provision for environmental measures	12	12
Provision for loss on business of subsidiaries and associates	37	36
Provision for fixed asset removal costs	—	430
Other	21,975	23,727
Total non-current liabilities	335,415	426,063
Total liabilities	573,736	678,860
<b>Net assets</b>		
Shareholders' equity		
Share capital	53,884	53,884
Capital surplus	55,112	55,112
Retained earnings	156,450	117,493
Treasury shares	(4,122)	(3,600)
Total shareholders' equity	261,325	222,890
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,445	3,968
Deferred gains or losses on hedges	219	329
Foreign currency translation adjustment	(7,189)	6,907
Remeasurements of defined benefit plans	1,288	1,026
Total accumulated other comprehensive income	(2,235)	12,231
Non-controlling interests	7,614	9,549
Total net assets	266,704	244,670
Total liabilities and net assets	840,441	923,531

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

### Consolidated Statement of Income

(Millions of Yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Net sales	612,314	646,213
Cost of sales	450,640	536,012
Gross profit	161,674	110,200
Selling, general and administrative expenses	124,105	131,641
Operating profit (loss)	37,569	(21,441)
Non-operating income		
Interest income	382	808
Dividend income	712	988
Share of profit of entities accounted for using equity method	95	184
Foreign exchange gains	2,793	1,181
Subsidy income	281	—
Ship lease	331	120
Gain on net monetary position	—	311
Other	2,863	2,622
Total non-operating income	7,460	6,216
Non-operating expenses		
Interest expenses	4,194	5,626
Expenses for ship lease	378	511
Other	2,761	2,688
Total non-operating expenses	7,333	8,826
Ordinary profit (loss)	37,696	(24,050)
Extraordinary income		
National subsidies	513	5,680
Gain on sales of non-current assets	83	108
Gain on sales of investment securities	987	1,518
Insurance claim income	2,099	706
Other	31	398
Total extraordinary income	3,715	8,412
Extraordinary losses		
Loss on sales and retirement of non-current assets	900	1,089
Loss on tax purpose reduction entry of non-current assets	510	5,661
Loss on disaster	350	2,833
Impairment loss	2,031	12,660
Early retirement expense	※ 7 —	909
Adjustment of payment	888	※ 5 —
Other	140	407
Total extraordinary losses	4,822	23,562
Profit (loss) before income taxes	36,588	(39,201)
Income taxes - current	12,554	2,233
Income taxes - refund	(703)	(275)
Income taxes - deferred	865	(6,220)
Total income taxes	12,717	(4,263)
Profit (loss)	23,871	(34,937)
Profit (loss) attributable to non-controlling interests	150	(231)
Profit (loss) attributable to owners of parent	23,721	(34,705)

## Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Profit (loss)	23,871	(34,937)
Other comprehensive income		
Valuation difference on available-for-sale securities	(766)	513
Deferred gains or losses on hedges	197	109
Foreign currency translation adjustment	1,849	15,768
Remeasurements of defined benefit plans, net of tax	(48)	(257)
Share of other comprehensive income of entities accounted for using equity method	(14)	9
Total other comprehensive income	1,216	16,142
Comprehensive income	25,088	(18,795)
Comprehensive income attributable to		
Owners of parent (loss)	24,529	(20,239)
Non-controlling interests	559	1,444

### (3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	53,884	55,901	136,579	(4,090)	242,275
Cumulative effect of changes in accounting policies			(379)		(379)
Cumulative effects of changes in accounting policies Restated Balance	53,884	55,901	136,200	(4,090)	241,895
Changes during period					
Dividends of surplus			(3,352)		(3,352)
Profit attributable to owners of parent			23,721		23,721
Purchase of treasury shares				(343)	(343)
Disposal of treasury shares		—		311	311
Change in scope of consolidation			(118)	—	(118)
Purchase of shares of consolidated subsidiaries		(789)			(789)
Net changes of items other than shareholders' equity					
Total changes during period	—	(789)	20,250	(31)	19,429
Balance at end of period	53,884	55,112	156,450	(4,122)	261,325

	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	4,226	22	(8,645)	1,353	(3,042)	7,556	246,788
Cumulative effect of changes in accounting policies							(379)
Cumulative effects of changes in accounting policies Restated Balance	4,226	22	(8,645)	1,353	(3,042)	7,556	246,409
Changes during period							
Dividends of surplus							(3,352)
Profit attributable to owners of parent							23,721
Purchase of treasury shares							(343)
Disposal of treasury shares							311
Change in scope of consolidation							(118)
Purchase of shares of consolidated subsidiaries							(789)
Net changes of items other than shareholders' equity	(781)	197	1,456	(65)	807	58	865
Total changes during period	(781)	197	1,456	(65)	807	58	20,295
Balance at end of period	3,445	219	(7,189)	1,288	(2,235)	7,614	266,704



**Consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)**

(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	156,450	(4,122)	261,325
Effect of hyperinflation			(1,055)		(1,055)
Hyperinflation Restated Balance	53,884	55,112	155,395	(4,122)	260,270
Changes during period					
Dividends of surplus			(3,184)		(3,184)
Profit(Loss) attributable to owners of parent			(34,705)		(34,705)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				522	522
Change in scope of consolidation			(10)		(10)
Net changes of items other than shareholders' equity					
Total changes during period	—	—	(37,901)	521	(37,379)
Balance at end of period	53,884	55,112	117,493	(3,600)	222,890

	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	3,445	219	(7,189)	1,288	(2,235)	7,614	266,704
Effect of hyperinflation							(1,055)
Hyperinflation Restated Balance	3,445	219	(7,189)	1,288	(2,235)	7,614	265,648
Changes during period							
Dividends of surplus							(3,184)
Profit(Loss) attributable to owners of parent							(34,705)
Purchase of treasury shares							(0)
Disposal of treasury shares							522
Change in scope of consolidation							(10)
Net changes of items other than shareholders' equity	523	109	14,096	(262)	14,466	1,934	16,401
Total changes during period	523	109	14,096	(262)	14,466	1,934	(20,978)
Balance at end of period	3,968	329	6,907	1,026	12,231	9,549	244,670

#### (4) Consolidated Statement of Cash Flows

(Millions of Yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	36,588	(39,201)
Depreciation	37,810	43,128
Gain on state subsidy	(513)	(5,680)
Impairment loss	2,031	12,660
Early retirement expense	—	909
Amortization of goodwill	4,450	4,512
Share of loss (profit) of entities accounted for using equity method	(95)	(184)
Gain on the net monetary position	—	(311)
Loss (gain) on sales of investment securities	(779)	(1,518)
Increase (decrease) in retirement benefit asset and liability	464	(261)
Interest and dividend income	(1,095)	(1,796)
Interest expenses	4,194	5,626
Foreign exchange losses (gains)	(2,718)	(438)
Loss on tax purpose reduction entry of non-current assets	510	5,661
Increase (decrease) in provision for fixed asset removal costs	—	430
Subsidy income	(281)	(277)
Decrease (increase) in consumption taxes refund receivable	(1,047)	(7,340)
Insurance claim income	(2,099)	(706)
Loss (gain) on sales of property, plant and equipment	(55)	(54)
Loss on retirement of property, plant and equipment	872	1,035
Decrease (increase) in trade receivables	6,306	(14,067)
Decrease (increase) in inventories	(4,304)	(23,874)
Increase (decrease) in trade payables	9,921	10,020
Increase (decrease) in accounts payable	(7,510)	(3,317)
Increase (decrease) in accrued consumption taxes	(977)	(976)
Increase (decrease) in other assets/liabilities	(1,740)	(3,856)
Other, net	169	794
Subtotal	80,101	(19,083)
Interest and dividends received	1,561	1,902
Interest paid	(4,479)	(5,633)
Subsidies received	2,953	6,029
Proceeds from insurance income	2,103	707
Income taxes paid	(11,964)	(16,437)
Income taxes refund	1,118	6,281
Net cash provided by (used in) operating activities	71,395	(26,233)
Cash flows from investing activities		
Decrease (increase) in time deposits	170	53
Purchase of property, plant and equipment	(63,789)	(46,611)
Proceeds from sales of property plant and equipment	231	277
Proceeds from sales of investment securities	1,861	3,529
Purchase of intangible assets	(3,314)	(2,586)
Loan advances	(664)	(999)
Collection of loans receivable	3,687	998
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(12,550)
Other, net	(602)	(62)
Net cash provided by (used in) investing activities	(62,420)	(57,950)

(Millions of Yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in commercial papers	—	20,000
Net increase (decrease) in short-term borrowings	(6)	151
Proceeds from long-term borrowings	20,300	163,053
Repayments of long-term borrowings	(65,157)	(66,840)
Redemption of bonds	(15,000)	(15,056)
Proceeds from issuance of bonds	14,932	—
Proceeds from sale of treasury shares	248	304
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,500)	—
Proceeds from share issuance to non-controlling shareholders	509	—
Dividends paid	(3,352)	(3,184)
Repayments of finance lease liabilities	(1,913)	(2,123)
Other, net	330	131
Net cash provided by (used in) financing activities	(50,609)	96,437
Effect of exchange rate change on cash and cash equivalents	(104)	1,334
Net increase (decrease) in cash and cash equivalents	(41,739)	13,588
Cash and cash equivalents at beginning of period	130,301	88,897
Effect of hyperinflation	—	(97)
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	318	17
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	17	—
Cash and cash equivalents at end of period	88,897	102,405