

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (unaudited) (Based on Japanese GAAP)

August 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
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 Scheduled date to file Quarterly Securities Report: August 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 Three Months Ended June 30, 2023 (April 1, 2023–June 30, 2023)

(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, 2023	162,013	10.0	2,779	853.5	2,666	93.1	3,308	143.0
June 30, 2022	147,309	1.6	291	(97.3)	1,381	(86.8)	1,361	(79.8)

Note: Comprehensive income

Three months ended June 30, 2023	6,144	million yen	(46.4)
Three months ended June 30, 2022	11,456	million yen	42.9%

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	19.90	—
June 30, 2022	8.20	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	925,072	248,869	25.8
As of March 31, 2023	923,531	244,670	25.5

Reference: Equity	As of June 30, 2023	239,028	million yen
	As of March 31, 2023	235,121	million yen

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2023	Yen	Yen	Yen	Yen	Yen
	—	7.00	—	9.00	16.00
Fiscal year ending March 31, 2024	—	—	—	—	—
Fiscal year ending March 31, 2024 (Forecast)	—	7.00	—	9.00	16.00

Note: Changes to latest dividends forecast: None

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	—	24.06

Note: Changes to latest financial results forecasts:None

4. Notes

[1] Changes in significant subsidiaries during the three months ended June 30, 2023

(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: No

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, 2023 169,012,926 shares

As of March 31, 2023 169,012,926 shares

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

As of June 30, 2023 2,764,872 shares

As of March 31, 2023 2,817,471 shares

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

Three months ended June 30, 2023 166,218,594 shares

Three months ended June 30, 2022 165,934,257 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, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	102,638	96,217
Notes and accounts receivable - trade	106,851	112,545
Electronically recorded monetary claims - operating	10,753	11,720
Inventories	113,090	120,100
Income taxes refund receivable	4,614	4,725
Other	17,388	14,401
Allowance for doubtful accounts	(279)	(140)
Total current assets	355,058	359,570
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	104,544	104,742
Machinery, equipment and vehicles, net	202,639	208,626
Land	87,099	87,241
Other, net	37,823	32,956
Total property, plant and equipment	432,106	433,567
Intangible assets		
Goodwill	45,847	45,640
Other	38,619	37,832
Total intangible assets	84,466	83,472
Investments and other assets	51,800	48,369
Total non-current assets	568,373	565,410
Deferred assets	99	91
Total assets	923,531	925,072

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	88,167	86,660
Commercial papers	20,000	30,000
Short-term borrowings	13,659	13,792
Current portion of bonds payable	56	56
Current portion of long-term borrowings	78,812	74,605
Income taxes payable	1,472	2,107
Provisions	5,852	3,259
Other	44,776	46,933
Total current liabilities	252,797	257,414
Non-current liabilities		
Bonds payable	45,136	45,136
Long-term borrowings	324,000	318,552
Retirement benefit liability	23,986	24,128
Provisions	1,061	663
Other	31,879	30,309
Total non-current liabilities	426,063	418,789
Total liabilities	678,860	676,203
Net assets		
Shareholders' equity		
Share capital	53,884	53,884
Capital surplus	55,112	55,112
Retained earnings	117,493	118,754
Treasury shares	(3,600)	(3,498)
Total shareholders' equity	222,890	224,252
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,968	3,626
Deferred gains or losses on hedges	329	735
Foreign currency translation adjustment	6,907	9,457
Remeasurements of defined benefit plans	1,026	957
Total accumulated other comprehensive income	12,231	14,775
Non-controlling interests	9,549	9,840
Total net assets	244,670	248,869
Total liabilities and net assets	923,531	925,072

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, 2022	For the three months ended June 30, 2023
Net sales	147,309	162,013
Cost of sales	115,193	129,024
Gross profit	32,116	32,989
Selling, general and administrative expenses	31,825	30,210
Operating profit	291	2,779
Non-operating income		
Interest income	146	212
Dividend income	731	196
Share of profit of entities accounted for using equity method	55	19
Exchange gain	1,706	1,062
Gain on net monetary position	—	232
Other	500	955
Total non-operating income	3,139	2,679
Non-operating expenses		
Interest expenses	1,215	1,531
Loss on valuation of derivatives	498	688
Other	335	571
Total non-operating expenses	2,049	2,792
Ordinary profit	1,381	2,666
Extraordinary income		
Gain on sales of non-current assets	39	42
Gain on sales of investment securities	1,321	1,545
Insurance claim income	50	854
Other	164	85
Total extraordinary income	1,576	2,527
Extraordinary losses		
Loss on sales and retirement of non-current assets	219	105
Loss on disaster	162	84
Loss on tax purpose reduction entry of non-current assets	153	72
Other	7	6
Total extraordinary losses	543	268
Profit before income taxes	2,414	4,925
Income taxes - current	836	1,488
Income taxes - deferred	601	52
Total income taxes	1,438	1,541
Profit	976	3,383
Profit attributable to non-controlling interests	(384)	75
Profit attributable to owners of parent	1,361	3,308

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	976	3,383
Other comprehensive income		
Valuation difference on available-for-sale securities	(810)	(340)
Deferred gains or losses on hedges	132	372
Foreign currency translation adjustment	11,225	2,798
Remeasurements of defined benefit plans, net of tax	(58)	(67)
Share of other comprehensive income of entities accounted for using equity method	(8)	(1)
Total other comprehensive income	10,480	2,760
Comprehensive income	11,456	6,144
Comprehensive income attributable to		
Owners of the parent	10,240	5,852
Non-controlling interests	1,216	291