

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

November 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: November 10, 2023
 Scheduled date to commence dividend payments: December 5, 2023
 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 Six Months Ended September 30, 2023 (April 1, 2023–September 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	%
Six months ended September 30, 2023	331,228	7.3	7,428	—	5,406	—	3,926	—
Six months ended September 30, 2022	308,679	4.0	(7,265)	—	(7,792)	—	(8,301)	—

Note: Comprehensive income

Six months ended September 30, 2023	13,443 million yen	30.6%
Six months ended September 30, 2022	10,294 million yen	-41.8%

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	23.62	—
September 30, 2022	(50.02)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	971,093	257,133	25.3
As of March 31, 2023	923,531	244,670	25.5

Reference: Equity
 As of September 30, 2023 245,711 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	—	7.00			
Fiscal year ending March 31, 2024 (Forecast)			—	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, 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
Full fiscal year	670,000	3.7	14,000	—	8,000	—	1,000	—	6.01

Note: Changes to latest financial results forecasts: Yes

4. Notes

[1] Changes in significant subsidiaries during the Six months ended September 30, 2023

(changes in specified subsidiaries resulting in the changes in scope of consolidation): Yes

New — (Company name:)

Eliminated — (Company name: H&PC BRAZIL PARTICIPAÇÕES S.A.)

[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 September 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 September 30, 2023 2,652,422 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)

Six months ended September 30, 2023 166,263,975 shares

Six months ended September 30, 2022 165,968,470 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 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 September 30, 2023
Assets		
Current assets		
Cash and deposits	102,638	128,039
Notes and accounts receivable - trade, and contract assets	106,851	120,942
Electronically recorded monetary claims - operating	10,753	12,883
Inventories	113,090	123,856
Other	22,003	17,702
Allowance for doubtful accounts	△279	△155
Total current assets	355,058	403,269
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	104,544	105,664
Machinery, equipment and vehicles, net	202,639	208,410
Land	87,099	88,044
Other, net	37,823	31,503
Total property, plant and equipment	432,106	433,622
Intangible assets		
Goodwill	45,847	47,807
Other	38,619	38,273
Total intangible assets	84,466	86,081
Investments and other assets	51,800	48,035
Total non-current assets	568,373	567,740
Deferred assets	99	83
Total assets	923,531	971,093

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	88,167	88,498
Commercial papers	20,000	30,000
Short-term borrowings	13,659	13,658
Current portion of bonds payable	56	164
Current portion of long-term borrowings	78,812	80,820
Income taxes payable	1,472	4,169
Provisions	5,852	5,450
Other	44,776	50,902
Total current liabilities	252,797	273,663
Non-current liabilities		
Bonds payable	45,136	45,000
Long-term borrowings	324,000	337,492
Retirement benefit liability	23,986	24,274
Provisions	1,061	672
Other	31,879	32,855
Total non-current liabilities	426,063	440,295
Total liabilities	678,860	713,959
Net assets		
Shareholders' equity		
Share capital	53,884	53,884
Capital surplus	55,112	55,112
Retained earnings	117,493	120,156
Treasury shares	△3,600	△3,293
Total shareholders' equity	222,890	225,859
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,968	4,248
Deferred gains or losses on hedges	329	△125
Foreign currency translation adjustment	6,907	14,853
Remeasurements of defined benefit plans	1,026	876
Total accumulated other comprehensive income	12,231	19,852
Non-controlling interests	9,549	11,421
Total net assets	244,670	257,133
Total liabilities and net assets	923,531	971,093

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	308,679	331,228
Cost of sales	250,160	260,662
Gross profit	58,519	70,565
Selling, general and administrative expenses	65,784	63,137
Operating profit (loss)	△7,265	7,428
Non-operating income		
Interest income	278	507
Dividend income	770	237
Share of profit of entities accounted for using equity method	95	42
Foreign exchange gains	1,923	891
Gain on the net monetary position	—	573
Other	1,274	1,780
Total non-operating income	4,342	4,033
Non-operating expenses		
Interest expenses	2,577	3,273
Loss on valuation of derivatives	390	2,009
Loss on the net monetary position	871	—
Other	1,030	772
Total non-operating expenses	4,869	6,056
Ordinary profit (loss)	△7,792	5,406
Extraordinary income		
Gain on sale of non-current assets	46	35
Gain on sale of investment securities	1,445	3,105
National subsidies	167	114
Insurance claim income	78	883
Other	4	0
Total extraordinary income	1,742	4,138
Extraordinary losses		
Loss on sale and retirement of non-current assets	709	312
Loss on disaster	1,921	435
Loss on tax purpose reduction entry of non-current assets	160	96
Other	16	31
Total extraordinary losses	2,807	875
Profit (loss) before income taxes	△8,857	8,668
Income taxes - current	917	3,386
Income taxes - refund	△154	—
Income taxes - deferred	△748	829
Total income taxes	14	4,216
Profit (loss)	△8,872	4,452
Profit (loss) attributable to non-controlling interests	△571	526
Profit (loss) attributable to owners of parent	△8,301	3,926

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss)	△8,872	4,452
Other comprehensive income		
Valuation difference on available-for-sale securities	△705	257
Deferred gains or losses on hedges	100	△576
Foreign currency translation adjustment	19,909	9,433
Remeasurements of defined benefit plans, net of tax	△125	△146
Share of other comprehensive income of entities accounted for using equity method	△11	21
Total other comprehensive income	19,166	8,990
Comprehensive income	10,294	13,443
Comprehensive income attributable to		
Owners of parent	8,931	11,547
Non-controlling interests	1,363	1,896