

This notice is an English translation of the original Japanese text of the timely disclosure statement dated November 10, 2023 issued by Daio Paper Corporation, and is for reference purpose only. In the event of any discrepancy between the original Japanese text and this English translation, the Japanese text shall prevail.

November 10, 2023

To whom it may concern:

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 President and Representative Director, Chief Executive Officer  
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**Regarding the Differences between the Financial Results Forecast and Results for FY2024/3 H1 and Revisions to the Full-Year Financial Results Forecast for FY2024/3**

Daio Paper Corporation (hereinafter, the “Company”) hereby announces the difference between the consolidated financial results forecast for the first half of the fiscal year ending March 31, 2024 (hereinafter “FY2024/3 H1”) and the actual results for that period released today, as well as the revisions to the consolidated financial results forecast for the full year of the fiscal year ending March 31, 2024 (hereinafter, “FY2024/3”). The details are as follows.

**<Differences between the Consolidated Financial Results Forecast and the Actual Results and Revisions to the Full-Year Financial Results Forecast>**

**1. Differences between the Consolidated Financial Results Forecast and the Actual Results for FY2024/3 H1 (April 1, 2023–September 30, 2023)**

	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
Previous forecast (A)	330,000	5,000	1,500	1,000	6.02
Actual results (B)	331,228	7,428	5,406	3,926	23.62
Change (B – A)	1,228	2,428	3,906	2,926	
Change (%)	0.4	48.6	260.4	292.6	
(Reference) Consolidated financial results for the first half of the fiscal year ended March 31, 2023	308,679	(7,265)	(7,792)	(8,301)	(50.02)

## 2. Revisions to the Consolidated Financial Results Forecast for FY2024/3 (April 1, 2023–March 31, 2024)

	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
Previous forecast (A)	700,000	18,000	9,000	4,000	24.06
Revised forecast (B)	670,000	14,000	8,000	1,000	6.01
Change (B – A)	(30,000)	(4,000)	(1,000)	(3,000)	
Change (%)	(4.3)	(22.2)	(11.1)	(75.0)	
(Reference) Consolidated financial results for the fiscal year ended March 31, 2023	646,213	(21,441)	(24,050)	(34,705)	(209.01)

## 3. Reasons for the Differences and the Revisions

As for the consolidated financial results for FY2024/3 H1, net sales, operating profit, ordinary profit, and profit attributable to owners of parent exceeded the previous forecast released on May 12, 2023 as a result of the positive effect of price revisions we have implemented for our full line of products since the previous fiscal year, as well as of improved production efficiency of the entire Group and our various efforts for cost reduction.

As for the full-year consolidated financial results forecast for FY2024/3, net sales and operating profit of the Paper and Paperboard (hereinafter “P&P”) Business and the Home and Personal Care (hereinafter “H&PC”) Domestic Business are expected to progress as planned through a range of ongoing efforts, despite being affected by an increase in costs caused by the weakened yen and the persistently high prices of resources. On the other hand, earnings of the H&PC Overseas Business are likely to fall short of the previous forecast. This is because the business suffered a deterioration of profits in China due mainly to the prolonged downturn in the Chinese economy and the boycott of Japanese products triggered by the ALPS treated water issue, although this deterioration of profits was partially offset by more-than-expected improvement in profitability in Brazil thanks to the ongoing price revisions for various products as well as our premium strategy, which successfully increased the sales composition of value added products.

Ordinary profit is expected to be in line with the initial forecast, mainly due to the recording of foreign exchange gain on loans to overseas subsidiaries as a result of the continued trend of a weaker yen. However, profit attributable to owners of parent is expected to be lower than the initial forecast due mainly to an increase in tax expenses reflecting a solid performance of the domestic business and an increase in profit attributable to non-controlling interests associated with the Brazilian business.

Please note that the Company places top priority on the return of profit to shareholders and sets a basic policy to continue to pay stable dividends, while taking into consideration factors such as the status of business and the sufficiency of retained earnings. Based on this policy, we have decided to leave the dividend forecast unchanged.

The uncertainty in business conditions is likely to continue for the time being. Nevertheless, we are committed to working hard to stabilize the P&P Business and to increase profits in the H&PC Business, which is the growth engine for the Group, under the Fifth Medium-term Business Plan, starting in the next fiscal year.

**<Reference: Segment Sales and Operating Profit for FY2024/3>**

	P&P Business		H&PC Business		Other		Total	
	Millions of yen		Millions of yen		Millions of yen		Millions of yen	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Previous forecast (A)	370,000	11,500	300,000	4,000	30,000	2,500	700,000	18,000
Revised forecast (B)	340,000	15,000	300,000	(4,000)	30,000	3,000	670,000	14,000
Change (B – A)	(30,000)	3,500	0	(8,000)	0	500	(30,000)	(4,000)

Note: Please note that the above financial results and dividend forecasts have been prepared based on the information available as of the date of this release. As such, actual results may differ from the forecast figures depending on various factors going forward.