

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (unaudited) (Based on Japanese GAAP)

February 9, 2024

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: General Manager, Accounting Department Taishi Chono TEL 03-6856-7513
 Scheduled date to file Quarterly Securities Report: February 9, 2024
 Scheduled date to commence dividend payments: —
 Availability of supplementary material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to millions of yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023–December 31, 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	%
Nine months ended December 31, 2023	503,774	4.8	11,092	—	6,569	—	2,016	—
December 31, 2022	480,855	7.4	(17,927)	—	(20,969)	—	(24,041)	—

Note: Comprehensive income

Nine months ended December 31, 2023 17,486 million yen —%
 Nine months ended December 31, 2022 (1,391) million yen —%

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	12.13	—
December 31, 2022	(144.83)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	947,129	258,859	26.1
As of March 31, 2023	923,531	244,670	25.5

Reference: Equity As of December 31, 2023 246,745 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	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, 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
Full fiscal year	670,000	3.7	14,000	—	8,000	—	1,000	—	6.01

Note: Changes to latest financial results forecasts: None

4. Notes

[1] Changes in significant subsidiaries during the Nine months ended December 31, 2023

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

New — company (Company name:)

Eliminated 1 company (Company name: H&PC BRAZIL PARTICIPAÇÕES S.A.)

[2] Application of special accounting methods for preparing quarterly consolidated financial statements: None

[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: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement of prior period financial statements: None

[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, 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 December 31, 2023 2,647,022 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)

Nine months ended December 31, 2023 166,299,981 shares

Nine months ended December 31, 2022 166,004,521 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, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	102,638	104,680
Notes and accounts receivable - trade, and contract assets	106,851	123,675
Electronically recorded monetary claims - operating	10,753	13,662
Inventories	113,090	124,200
Other	22,003	14,356
Allowance for doubtful accounts	(279)	(160)
Total current assets	355,058	380,414
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	104,544	105,033
Machinery, equipment and vehicles, net	202,639	206,247
Land	87,099	88,262
Other, net	37,823	34,282
Total property, plant and equipment	432,106	433,825
Intangible assets		
Goodwill	45,847	46,672
Other	38,619	37,223
Total intangible assets	84,466	83,896
Investments and other assets	51,800	48,917
Total non-current assets	568,373	566,639
Deferred assets	99	75
Total assets	923,531	947,129

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	88,167	85,252
Commercial papers	20,000	15,000
Short-term borrowings	13,659	14,339
Current portion of bonds payable	56	10,164
Current portion of long-term borrowings	78,812	88,718
Income taxes payable	1,472	4,551
Provisions	5,852	3,027
Other	44,776	49,949
Total current liabilities	252,797	271,002
Non-current liabilities		
Bonds payable	45,136	35,000
Long-term borrowings	324,000	326,046
Retirement benefit liability	23,986	24,445
Provisions	1,061	725
Other	31,879	31,049
Total non-current liabilities	426,063	417,267
Total liabilities	678,860	688,269
Net assets		
Shareholders' equity		
Share capital	53,884	53,884
Capital surplus	55,112	55,112
Retained earnings	117,493	115,919
Treasury shares	(3,600)	(3,283)
Total shareholders' equity	222,890	221,632
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,968	4,730
Deferred gains or losses on hedges	329	(116)
Foreign currency translation adjustment	6,907	19,714
Remeasurements of defined benefit plans	1,026	784
Total accumulated other comprehensive income	12,231	25,112
Non-controlling interests	9,549	12,113
Total net assets	244,670	258,859
Total liabilities and net assets	923,531	947,129

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	480,855	503,774
Cost of sales	397,921	396,747
Gross profit	82,933	107,026
Selling, general and administrative expenses	100,861	95,934
Operating profit (loss)	(17,927)	11,092
Non-operating income		
Interest income	631	698
Dividend income	927	357
Share of profit of entities accounted for using equity method	133	86
Foreign exchange gains	474	—
Gain on the net monetary position	—	277
Other	1,769	2,374
Total non-operating income	3,937	3,794
Non-operating expenses		
Interest expenses	4,140	4,911
Loss on valuation of derivatives	139	1,616
Loss on the net monetary position	1,129	—
Other	1,568	1,790
Total non-operating expenses	6,978	8,317
Ordinary profit (loss)	(20,969)	6,569
Extraordinary income		
Gain on sale of non-current assets	57	37
Gain on sale of investment securities	1,445	3,105
Insurance claim income	703	911
Other	534	148
Total extraordinary income	2,741	4,202
Extraordinary losses		
Loss on sale and retirement of non-current assets	888	678
Impairment losses	6,407	1,346
Loss on disaster	2,103	545
Early retirement expense	736	—
Other	198	251
Total extraordinary losses	10,333	2,821
Profit (loss) before income taxes	(28,561)	7,950
Income taxes - current	1,603	4,596
Income taxes - refund	(144)	—
Income taxes - deferred	(5,603)	215
Total income taxes	(4,144)	4,812
Profit (loss)	(24,417)	3,137
Profit (loss) attributable to non-controlling interests	(375)	1,120
Profit (loss) attributable to owners of parent	(24,041)	2,016

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit (loss)	(24,417)	3,137
Other comprehensive income		
Valuation difference on available-for-sale securities	(366)	719
Deferred gains or losses on hedges	(231)	(484)
Foreign currency translation adjustment	23,818	14,309
Remeasurements of defined benefit plans, net of tax	(203)	(238)
Share of other comprehensive income of entities accounted for using equity method	9	42
Total other comprehensive income	23,025	14,348
Comprehensive income	(1,391)	17,486
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,280)	14,897
Comprehensive income attributable to non-controlling interests	1,888	2,588