Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (unaudited) (Based on Japanese GAAP)

November 11, 2022

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 to file Quarterly Securities Report: November 11, 2022 Scheduled date to commence dividend payments: December 6, 2022

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, 2022 (April 1, 2022–September 30, 2022)

(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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2022	308,679	4.0	(7,265)	_	(7,792)	_	(8,301)	_
September 30, 2021	296,873	13.5	19,235	36.1	17,688	44.4	11,456	22.4

Note: Comprehensive income

Six months ended September 30, 2022 10,294 million yen -41.8% Six months ended September 30, 2021 17,693 million yen 125.9%

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	(50.02)	_
September 30, 2021	69.02	ı

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	910,525	275,287	29.2
As of March 31, 2022	840,441	266,704	30.8

Reference: Equity As of September 30, 2022 265,818 million yen
As of March 31, 2022 259,089 million yen

2. Dividends

	Annual dividends per share						
	1st quarter-end	1st quarter-end 2nd quarter-end 3rd quarter-end Fiscal year-end					
	Yen	Yen	Yen	Yen	Yen		
Fiscal year ended March 31, 2022	_	10.00	_	12.00	22.00		
Fiscal year ending March 31, 2023	_	7.00					
Fiscal year ending March 31, 2023 (Forecast)			_	9.00	16.00		

Note: Changes to latest dividends forecast: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022–March 31, 2023)

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

		Net sale	es	Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Ī		Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	Full fiscal year	660,000	7.8	(14,000)	_	(18,000)	_	(30,000)	_	(180.71)

Note: Changes to latest financial results forecasts: Yes

4. Notes

[1] Changes in significant subsidiaries during the Six months ended September 30, 2022

(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:

Yes

2) Changes in accounting policies due to other reasons:

No

3) Changes in accounting poincies due to other reasons.

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, 2022 169,012,926 shares As of March 31, 2022 169,012,926 shares

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

As of September 30, 2022 2,961,256 shares As of March 31, 2022 3,091,782 shares

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

Six months ended September 30, 2022 165,968,470 shares Six months ended September 30, 2021 165,986,780 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.

- 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/

^{*}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

Quarterly consolidated financial statements Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	89,165	96,065
Notes and accounts receivable - trade, and contract assets	92,641	106,900
Electronically recorded monetary claims - operating	7,988	10,146
Inventories	86,906	113,467
Other	15,063	14,789
Allowance for doubtful accounts	(465)	(574)
Total current assets	291,300	340,794
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	97,181	101,402
Machinery, equipment and vehicles, net	194,928	200,604
Land	83,183	85,079
Other, net	45,902	49,507
Total property, plant and equipment	421,195	436,593
Intangible assets		
Goodwill	50,489	52,988
Other	31,529	32,974
Total intangible assets	82,018	85,963
Investments and other assets	45,787	47,056
Total non-current assets	549,001	569,613
Deferred assets	139	117
Total assets	840,441	910,525

Displicition		As of March 31, 2022	As of Sontomber 20, 2022
Current liabilities 75,384 89,892 Commercial papers — 20,000 Short-term borrowings 13,738 18,886 Current portion of bonds payable 15,000 15,000 Current portion of long-term borrowings 65,580 71,831 Income taxes payable 3,133 1,249 Provision for bonuses for directors (and other officers) 156 81 Other 59,778 51,262 Total current liabilities 238,321 273,803 Non-current liabilities 45,000 45,000 Long-term borrowings 239,324 259,868 Retirement benefits liability 23,937 24,493 Provision for retirement benefits for directors (and other officers) 81 53 Provision for revironmental measures 12 12 Provision for environmental measures 37 37 Other 25,710 31,564 Total liabilities 335,415 361,528 Net assets 5,112 55,112 Share capital 53,884	Linkilitian	As of March 51, 2022	As of September 30, 2022
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Long-term borrowings 239,324 259,868 Retirement benefit liability 23,937 24,493 Provision for retirement benefits for directors (and other officers) 81 53 Provision for share awards 310 405 Provision for loss on business of subsidiaries and associates 37 37 Other 26,710 31,564 Total non-current liabilities 335,415 361,435 Total liabilities 573,736 635,238 Net assets Share capital 53,884 53,884 Capital surplus 55,112 55,112 Retained earnings 156,450 145,703 Treasury shares (4,122) (3,878) Total shareholders' equity 261,325 250,822 Accumulated other comprehensive income 219 320 Valuation difference on available-for-sale securities 3,445 2,727 Deferred gains or losses on hedges 219 320 Foreign currency translation adjustment (7,189) 10,792 Remeasurements of defined benefit plans 1,288			
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Provision for environmental measures 12 12 Provision for loss on business of subsidiaries and associates 37 37 Other 26,710 31,564 Total non-current liabilities 335,415 361,435 Total liabilities 573,736 635,238 Net assets Share capital 53,884 53,884 Capital surplus 55,112 55,112 55,112 Retained earnings 156,450 145,703 145,703 Treasury shares (4,122) (3,878) Total shareholders' equity 261,325 250,822 Accumulated other comprehensive income 3,445 2,727 Deferred gains or losses on hedges 219 320 Foreign currency translation adjustment (7,189) 10,792 Remeasurements of defined benefit plans 1,288 1,156 Total accumulated other comprehensive income (2,235) 14,996 Non-controlling interests 7,614 9,468 Total net assets 266,704 275,287	officers)		
Provision for loss on business of subsidiaries and associates 37 37 Other 26,710 31,564 Total non-current liabilities 335,415 361,435 Total liabilities 573,736 635,238 Net assets Share capital 53,884 53,884 Capital surplus 55,112 55,112 55,112 Retained earnings 156,450 145,703 145,703 Treasury shares (4,122) (3,878) Total shareholders' equity 261,325 250,822 Accumulated other comprehensive income 219 320 Valuation difference on available-for-sale securities 3,445 2,727 Deferred gains or losses on hedges 219 320 Foreign currency translation adjustment (7,189) 10,792 Remeasurements of defined benefit plans 1,288 1,156 Total accumulated other comprehensive income (2,235) 14,996 Non-controlling interests 7,614 9,468 Total net assets 266,704 275,287	Provision for share awards	310	405
Other 26,710 31,564 Total non-current liabilities 335,415 361,435 Total liabilities 573,736 635,238 Net assets Shareholders' equity Share capital 53,884 53,884 Capital surplus 55,112 55,112 Retained earnings 156,450 145,703 Treasury shares (4,122) (3,878) Total shareholders' equity 261,325 250,822 Accumulated other comprehensive income 3,445 2,727 Deferred gains or losses on hedges 219 320 Foreign currency translation adjustment (7,189) 10,792 Remeasurements of defined benefit plans 1,288 1,156 Total accumulated other comprehensive income (2,235) 14,996 Non-controlling interests 7,614 9,468 Total net assets 266,704 275,287	Provision for environmental measures	12	12
Total non-current liabilities 335,415 361,435 Total liabilities 573,736 635,238 Net assets Share capital 53,884 53,884 Capital surplus 55,112 55,112 Retained earnings 156,450 145,703 Treasury shares (4,122) 3,878 Total shareholders' equity 261,325 250,822 Accumulated other comprehensive income 3,445 2,727 Deferred gains or losses on hedges 219 320 Foreign currency translation adjustment (7,189) 10,792 Remeasurements of defined benefit plans 1,288 1,156 Total accumulated other comprehensive income (2,235) 14,996 Non-controlling interests 7,614 9,468 Total net assets 266,704 275,287	Provision for loss on business of subsidiaries and associates	37	37
Total liabilities 573,736 635,238 Net assets Shareholders' equity 53,884 53,884 Share capital 53,884 53,884 Capital surplus 55,112 55,112 Retained earnings 156,450 145,703 Treasury shares (4,122) (3,878) Total shareholders' equity 261,325 250,822 Accumulated other comprehensive income 3,445 2,727 Deferred gains or losses on hedges 219 320 Foreign currency translation adjustment (7,189) 10,792 Remeasurements of defined benefit plans 1,288 1,156 Total accumulated other comprehensive income (2,235) 14,996 Non-controlling interests 7,614 9,468 Total net assets 266,704 275,287	Other	26,710	31,564
Net assets Shareholders' equity Share capital 53,884 53,884 Capital surplus 55,112 55,112 Retained earnings 156,450 145,703 Treasury shares (4,122) (3,878) Total shareholders' equity 261,325 250,822 Accumulated other comprehensive income 3,445 2,727 Deferred gains or losses on hedges 219 320 Foreign currency translation adjustment (7,189) 10,792 Remeasurements of defined benefit plans 1,288 1,156 Total accumulated other comprehensive income (2,235) 14,996 Non-controlling interests 7,614 9,468 Total net assets 266,704 275,287	Total non-current liabilities	335,415	361,435
Share holders' equity 53,884 53,884 Capital surplus 55,112 55,112 Retained earnings 156,450 145,703 Treasury shares (4,122) (3,878) Total shareholders' equity 261,325 250,822 Accumulated other comprehensive income Valuation difference on available-for-sale securities 3,445 2,727 Deferred gains or losses on hedges 219 320 Foreign currency translation adjustment (7,189) 10,792 Remeasurements of defined benefit plans 1,288 1,156 Total accumulated other comprehensive income (2,235) 14,996 Non-controlling interests 7,614 9,468 Total net assets 266,704 275,287	Total liabilities	573,736	635,238
Share capital 53,884 53,884 Capital surplus 55,112 55,112 Retained earnings 156,450 145,703 Treasury shares (4,122) (3,878) Total shareholders' equity 261,325 250,822 Accumulated other comprehensive income 3,445 2,727 Deferred gains or losses on hedges 219 320 Foreign currency translation adjustment (7,189) 10,792 Remeasurements of defined benefit plans 1,288 1,156 Total accumulated other comprehensive income (2,235) 14,996 Non-controlling interests 7,614 9,468 Total net assets 266,704 275,287	Net assets		
Capital surplus 55,112 55,112 Retained earnings 156,450 145,703 Treasury shares (4,122) (3,878) Total shareholders' equity 261,325 250,822 Accumulated other comprehensive income Valuation difference on available-for-sale securities 3,445 2,727 Deferred gains or losses on hedges 219 320 Foreign currency translation adjustment (7,189) 10,792 Remeasurements of defined benefit plans 1,288 1,156 Total accumulated other comprehensive income (2,235) 14,996 Non-controlling interests 7,614 9,468 Total net assets 266,704 275,287	Shareholders' equity		
Retained earnings 156,450 145,703 Treasury shares (4,122) (3,878) Total shareholders' equity 261,325 250,822 Accumulated other comprehensive income Valuation difference on available-for-sale securities 3,445 2,727 Deferred gains or losses on hedges 219 320 Foreign currency translation adjustment (7,189) 10,792 Remeasurements of defined benefit plans 1,288 1,156 Total accumulated other comprehensive income (2,235) 14,996 Non-controlling interests 7,614 9,468 Total net assets 266,704 275,287	Share capital	53,884	53,884
Treasury shares (4,122) (3,878) Total shareholders' equity 261,325 250,822 Accumulated other comprehensive income Valuation difference on available-for-sale securities 3,445 2,727 Deferred gains or losses on hedges 219 320 Foreign currency translation adjustment (7,189) 10,792 Remeasurements of defined benefit plans 1,288 1,156 Total accumulated other comprehensive income (2,235) 14,996 Non-controlling interests 7,614 9,468 Total net assets 266,704 275,287	Capital surplus	55,112	55,112
Total shareholders' equity Accumulated other comprehensive income 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 Non-controlling interests Total net assets 266,704 250,822 250,822 250,822 261,325 2,727 2,7	Retained earnings	156,450	145,703
Accumulated other comprehensive income Valuation difference on available-for-sale securities Deferred gains or losses on hedges Foreign currency translation adjustment (7,189) Remeasurements of defined benefit plans Total accumulated other comprehensive income (2,235) Non-controlling interests 7,614 9,468 Total net assets	Treasury shares	(4,122)	(3,878)
Valuation difference on available-for-sale securities3,4452,727Deferred gains or losses on hedges219320Foreign currency translation adjustment(7,189)10,792Remeasurements of defined benefit plans1,2881,156Total accumulated other comprehensive income(2,235)14,996Non-controlling interests7,6149,468Total net assets266,704275,287	Total shareholders' equity	261,325	250,822
Deferred gains or losses on hedges 219 320 Foreign currency translation adjustment (7,189) 10,792 Remeasurements of defined benefit plans 1,288 1,156 Total accumulated other comprehensive income (2,235) 14,996 Non-controlling interests 7,614 9,468 Total net assets 266,704 275,287	Accumulated other comprehensive income		
Foreign currency translation adjustment (7,189) 10,792 Remeasurements of defined benefit plans 1,288 1,156 Total accumulated other comprehensive income (2,235) 14,996 Non-controlling interests 7,614 9,468 Total net assets 266,704 275,287	Valuation difference on available-for-sale securities	3,445	2,727
Remeasurements of defined benefit plans1,2881,156Total accumulated other comprehensive income(2,235)14,996Non-controlling interests7,6149,468Total net assets266,704275,287	Deferred gains or losses on hedges	219	320
Total accumulated other comprehensive income(2,235)14,996Non-controlling interests7,6149,468Total net assets266,704275,287	Foreign currency translation adjustment	(7,189)	10,792
Non-controlling interests 7,614 9,468 Total net assets 266,704 275,287	Remeasurements of defined benefit plans	1,288	1,156
Total net assets 266,704 275,287	Total accumulated other comprehensive income	(2,235)	14,996
Total net assets 266,704 275,287	Non-controlling interests	7,614	9,468
		266,704	275,287
	Total liabilities and net assets		

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

Consolidated statements of income (cumulative)

(M11	lions	01	yen	,
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		(Willions of yen)
	For the Six months ended September 30, 2021	For the Six months ended September 30, 2022
Net sales	296,873	308,679
Cost of sales	215,648	250,160
Gross profit	81,225	58,519
Selling, general and administrative expenses	61,989	65,784
Operating profit (loss)	19,235	(7,265)
Non-operating income		
Interest income	163	278
Dividend income	281	770
Share of profit of entities accounted for using equity method	44	95
Exchange gain	_	1,923
Other	1,109	1,274
Total non-operating income	1,599	4,342
Non-operating expenses		
Interest expenses	2,063	2,577
Loss on the net monetary position	_	871
Other	1,083	1,421
Total non-operating expenses	3,147	4,869
Ordinary profit (loss)	17,688	(7,792)
Extraordinary income		
Gain on sales of non-current assets	12	46
Gain on sales of investment securities	208	1,445
National subsidies	19	167
Insurance claim income	853	78
Other	7	4
Total extraordinary income	1,099	1,742
Extraordinary losses		
Loss on sales and retirement of non-current assets	403	709
Impairment loss	8	0
Loss on disaster	100	1,921
Loss on tax purpose reduction entry of non-current assets	16	160
Other	46	15
Total extraordinary losses	576	2,807
Profit(loss) before income taxes	18,211	(8,857)
Income taxes - current	5,808	917
Income taxes - refund	_	(154)
Income taxes - deferred	966	(748)
Total income taxes	6,775	14
Profit (loss)	11,435	(8,872)
Profit attributable to non-controlling interests	(20)	(571)
Profit (loss) attributable to owners of parent	11,456	(8,301)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	For the Six months ended September 30, 2021	For the Six months ended September 30, 2022
Profit (loss)	11,435	(8,872)
Other comprehensive income		
Valuation difference on available-for-sale securities	151	(705)
Deferred gains or losses on hedges	15	100
Foreign currency translation adjustment	6,075	19,909
Remeasurements of defined benefit plans, net of tax	(12)	(125)
Share of other comprehensive income of entities accounted for using equity method	28	(11)
Total other comprehensive income	6,257	19,166
Comprehensive income	17,693	10,294
Comprehensive income attributable to		
Owners of the parent	17,026	8,931
Non-controlling interests	667	1,363