

**Summary of Consolidated Financial Results  
for the Six Months Ended September 30, 2018 (unaudited)  
(Based on Japanese GAAP)**

November 8, 2018

Company name: Daio Paper Corporation  
 Stock exchange listing: Tokyo  
 Stock code: 3880 URL <http://www.daio-paper.co.jp>  
 Representative: President and Chief Executive Officer Masayoshi Sako  
 Inquiries: Executive Officer and General Manager, Accounting Department Masashi Yano TEL 03-6856-7513  
 Scheduled date to file Quarterly Securities Report: November 8, 2018  
 Scheduled date to commence dividend payments: December 5, 2018  
 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 off to the nearest million yen)

**1. Consolidated Financial Results for the Six Months Ended September 30, 2018 (April 1, 2018–September 30, 2018)**

(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 income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2018	257,684	1.9	7,881	194.0	6,708	27.8	4,471	7.4
September 30, 2017	252,775	10.6	2,681	(76.0)	5,247	(35.4)	4,164	15.7

Note: Comprehensive income

Six months ended September 30, 2018 5,222 million yen (11.2)%  
 Six months ended September 30, 2017 5,883 million yen —%

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2018	30.57	26.79
September 30, 2017	28.57	24.94

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	716,691	203,324	26.3
As of March 31, 2018	686,141	193,065	25.9

Reference: Equity As of September 30, 2018 188,227 million yen  
 As of March 31, 2018 178,030 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, 2018	—	5.00	—	5.50	10.50
Fiscal year ending March 31, 2019	—	5.00			
Fiscal year ending March 31, 2019 (Forecast)			—	5.50	10.50

Note: Changes to latest dividends forecast: None

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018–March 31, 2019)

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

	Net sales		Operating income		Ordinary income		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	550,000	3.5	18,000	62.7	15,000	17.4	10,000	151.9	66.75

Note: Changes to latest financial results forecasts: None

#### 4. Notes

[1] Changes in significant subsidiaries during the six months ended September 30, 2018

(changes in specified subsidiaries resulting in 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 September 30, 2018 153,435,645 shares

As of March 31, 2018 149,348,785 shares

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

As of September 30, 2018 3,620,237 shares

As of March 31, 2018 3,619,781 shares

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

Six months ended September 30, 2018 146,257,718 shares

Six months ended September 30, 2017 145,729,317 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.  
<http://www.daio-paper.co.jp/index.html>

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	66,680	82,708
Notes and accounts receivable - trade	98,334	94,949
Electronically recorded monetary claims - operating	11,419	10,923
Inventories	72,102	77,538
Other	8,437	8,970
Allowance for doubtful accounts	(7)	(6)
Total current assets	256,965	275,082
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	74,295	79,437
Machinery, equipment and vehicles, net	131,500	133,044
Land	79,987	80,345
Other, net	33,782	35,943
Total property, plant and equipment	319,564	328,769
Intangible assets		
Goodwill	47,443	45,352
Other	9,050	10,035
Total intangible assets	56,493	55,387
Investments and other assets	52,894	57,258
Total non-current assets	428,951	441,414
Deferred assets	225	195
<b>Total assets</b>	<b>686,141</b>	<b>716,691</b>

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	58,686	56,386
Short-term loans payable	24,734	24,656
Current portion of long-term loans payable	50,558	48,849
Income taxes payable	2,090	3,116
Provision	5,119	5,037
Other	50,965	44,154
<b>Total current liabilities</b>	<b>192,152</b>	<b>182,198</b>
<b>Non-current liabilities</b>		
Bonds payable	40,300	40,300
Convertible bond-type bonds with subscription rights to shares	30,075	24,158
Long-term loans payable	195,681	232,582
Net defined benefit liability	22,884	23,167
Provision	443	421
Other	11,541	10,541
<b>Total non-current liabilities</b>	<b>300,924</b>	<b>331,169</b>
<b>Total liabilities</b>	<b>493,076</b>	<b>513,367</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	39,707	42,658
Capital surplus	39,817	42,768
Retained earnings	96,513	99,710
Treasury shares	(2,909)	(2,910)
<b>Total shareholders' equity</b>	<b>173,128</b>	<b>182,226</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	9,888	12,327
Deferred gains or losses on hedges	—	72
Foreign currency translation adjustment	(4,302)	(5,895)
Remeasurements of defined benefit plans	(684)	(503)
<b>Total accumulated other comprehensive income</b>	<b>4,902</b>	<b>6,001</b>
<b>Non-controlling interests</b>	<b>15,035</b>	<b>15,097</b>
<b>Total net assets</b>	<b>193,065</b>	<b>203,324</b>
<b>Total liabilities and net assets</b>	<b>686,141</b>	<b>716,691</b>

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

### Consolidated statements of income (cumulative)

(Millions of yen)

	For the six months ended September 30, 2017	For the six months ended September 30, 2018
Net sales	252,775	257,684
Cost of sales	197,186	200,265
Gross profit	55,589	57,419
Selling, general and administrative expenses	52,908	49,538
Operating income	2,681	7,881
Non-operating income		
Interest income	120	106
Dividend income	395	302
Foreign exchange gains	108	—
Subsidy income	3,513	370
Other	1,130	839
Total non-operating income	5,266	1,617
Non-operating expenses		
Interest expenses	1,670	1,524
Foreign exchange losses	—	97
Other	1,030	1,169
Total non-operating expenses	2,700	2,790
Ordinary income	5,247	6,708
Extraordinary income		
Gain on sales of non-current assets	20	8
Gain on sales of investment securities	1,200	—
Gain on bargain purchase	1,034	—
Gain on exchange from business combination	—	1,438
Other	28	258
Total extraordinary income	2,282	1,704
Extraordinary losses		
Loss on sales and retirement of non-current assets	221	327
Impairment loss	8	773
Loss on disaster	36	504
Other	141	195
Total extraordinary losses	406	1,799
Profit before income taxes	7,123	6,613
Income taxes - current	3,349	3,761
Income taxes - deferred	(228)	(1,611)
Total income taxes	3,121	2,150
Profit	4,002	4,463
Loss attributable to non-controlling interests	(162)	(8)
Profit attributable to owners of parent	4,164	4,471

## Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	For the six months ended September 30, 2017	For the six months ended September 30, 2018
Profit	4,002	4,463
Other comprehensive income		
Valuation difference on available-for-sale securities	3,075	2,441
Deferred gains or losses on hedges	26	72
Foreign currency translation adjustment	(1,327)	(1,936)
Remeasurements of defined benefit plans, net of tax	107	182
Total other comprehensive income	1,881	759
Comprehensive income	5,883	5,222
Comprehensive income attributable to		
Owners of the parent	6,121	5,570
Non-controlling interests	(238)	(348)