

**Summary of Consolidated Financial Results
for the Three Months Ended June 30, 2017 (unaudited)
(Based on Japanese GAAP)**

August 9, 2017

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: August 9, 2017
 Scheduled date to commence dividend payments: —
 Availability of supplementary material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: No

(Amounts are rounded off to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2017 (April 1, 2017–June 30, 2017)

(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 | % |
| Three months ended June 30, 2017 | 124,860 | 9.9 | 751 | (84.3) | 227 | (93.0) | 797 | (35.6) |
| June 30, 2016 | 113,563 | 0.5 | 4,781 | 3.7 | 3,254 | (26.3) | 1,237 | (34.7) |

Note: Comprehensive income

Three months ended June 30, 2017 263 million yen —%
 Three months ended June 30, 2016 (377) million yen —%

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Three months ended | Yen | Yen |
| June 30, 2017 | 5.47 | 4.76 |
| June 30, 2016 | 8.49 | 7.40 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|----------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of June 30, 2017 | 674,739 | 191,696 | 26.2 |
| As of March 31, 2017 | 657,747 | 191,079 | 26.8 |

Reference: Equity As of June 30, 2017 176,578 million yen
 As of March 31, 2017 176,525 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, 2017 | Yen — | Yen 5.00 | Yen — | Yen 5.50 | Yen 10.50 |
| Fiscal year ending March 31, 2018 | — | — | — | — | — |
| Fiscal year ending March 31, 2018 (Forecast) | — | 5.00 | — | 5.50 | 10.50 |

Note: Changes to latest dividends forecast: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017–March 31, 2018)

(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 |
| Six months ending September 30, 2017 | 260,000 | 13.8 | 7,000 | (37.4) | 8,500 | 4.6 | 4,000 | 11.2 | 27.45 |
| Full fiscal year | 550,000 | 15.3 | 25,000 | 6.2 | 25,500 | 19.5 | 14,000 | 15.4 | 96.07 |

Note: Changes to latest financial results forecasts: None

4. Notes

[1] Changes in significant subsidiaries during the three months ended June 30, 2017

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

New One company (Company name: Daio Paper Products Corporation)

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 June 30, 2017 149,348,785 shares

As of March 31, 2017 149,348,785 shares

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

As of June 30, 2017 3,619,440 shares

As of March 31, 2017 3,619,350 shares

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

Three months ended June 30, 2017 145,729,372 shares

Three months ended June 30, 2016 145,730,178 shares

*This report is not subject to quarterly review procedures.

*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, 2017 | As of June 30, 2017 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 89,201 | 58,669 |
| Notes and accounts receivable - trade | 92,698 | 100,841 |
| Inventories | 63,587 | 71,121 |
| Other | 11,563 | 12,536 |
| Allowance for doubtful accounts | (1) | (16) |
| Total current assets | 257,048 | 243,151 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 68,993 | 73,502 |
| Machinery, equipment and vehicles, net | 134,263 | 134,844 |
| Land | 74,042 | 79,718 |
| Other, net | 21,886 | 25,515 |
| Total property, plant and equipment | 299,184 | 313,579 |
| Intangible assets | | |
| Goodwill | 48,865 | 56,962 |
| Other | 4,213 | 7,561 |
| Total intangible assets | 53,078 | 64,523 |
| Investments and other assets | 48,268 | 53,336 |
| Total non-current assets | 400,530 | 431,438 |
| Deferred assets | 169 | 150 |
| Total assets | 657,747 | 674,739 |

(Millions of yen)

| | As of March 31, 2017 | As of June 30, 2017 |
|--|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 48,446 | 54,331 |
| Short-term loans payable | 26,360 | 26,660 |
| Current portion of long-term loans payable | 72,706 | 70,414 |
| Income taxes payable | 5,210 | 1,299 |
| Provision | 4,808 | 2,605 |
| Other | 38,758 | 53,894 |
| Total current liabilities | 196,288 | 209,203 |
| Non-current liabilities | | |
| Bonds payable | 15,300 | 15,300 |
| Convertible bond-type bonds with subscription rights to shares | 30,105 | 30,098 |
| Long-term loans payable | 192,521 | 193,804 |
| Net defined benefit liability | 20,127 | 22,575 |
| Provision | 463 | 474 |
| Other | 11,864 | 11,589 |
| Total non-current liabilities | 270,380 | 273,840 |
| Total liabilities | 466,668 | 483,043 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 39,707 | 39,707 |
| Capital surplus | 39,817 | 39,817 |
| Retained earnings | 94,067 | 94,065 |
| Treasury shares | (2,909) | (2,909) |
| Total shareholders' equity | 170,682 | 170,680 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 10,815 | 11,898 |
| Foreign currency translation adjustment | (4,432) | (5,519) |
| Remeasurements of defined benefit plans | (540) | (481) |
| Total accumulated other comprehensive income | 5,843 | 5,898 |
| Non-controlling interests | 14,554 | 15,118 |
| Total net assets | 191,079 | 191,696 |
| Total liabilities and net assets | 657,747 | 674,739 |

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

(Millions of yen)

| | For the three months ended June 30, 2016 | For the three months ended June 30, 2017 |
|--|---|---|
| Net sales | 113,563 | 124,860 |
| Cost of sales | 86,136 | 97,668 |
| Gross profit | 27,427 | 27,192 |
| Selling, general and administrative expenses | 22,646 | 26,441 |
| Operating income | 4,781 | 751 |
| Non-operating income | | |
| Interest income | 30 | 32 |
| Dividend income | 290 | 354 |
| Other | 904 | 612 |
| Total non-operating income | 1,224 | 998 |
| Non-operating expenses | | |
| Interest expenses | 982 | 832 |
| Foreign exchange losses | 1,446 | 184 |
| Other | 323 | 506 |
| Total non-operating expenses | 2,751 | 1,522 |
| Ordinary income | 3,254 | 227 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 9 | 15 |
| Gain on sales of investment securities | — | 1,036 |
| Gain on bargain purchase | — | 1,034 |
| Other | 5 | 19 |
| Total extraordinary income | 14 | 2,104 |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 125 | 107 |
| Loss on valuation of investment securities | 164 | 104 |
| Impairment loss | 151 | 1 |
| Loss on disaster | 90 | — |
| Other | 24 | 29 |
| Total extraordinary losses | 554 | 241 |
| Profit before income taxes | 2,714 | 2,090 |
| Income taxes - current | 1,542 | 844 |
| Income taxes - deferred | 19 | 524 |
| Total income taxes | 1,561 | 1,368 |
| Profit | 1,153 | 722 |
| Loss attributable to non-controlling interests | (84) | (75) |
| Profit attributable to owners of parent | 1,237 | 797 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | For the three months ended June 30, 2016 | For the three months ended June 30, 2017 |
|---|---|---|
| Profit | 1,153 | 722 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 232 | 772 |
| Foreign currency translation adjustment | (1,831) | (1,290) |
| Remeasurements of defined benefit plans, net of tax | 69 | 59 |
| Total other comprehensive income | (1,530) | (459) |
| Comprehensive income | (377) | 263 |
| Comprehensive income attributable to | | |
| Owners of the parent | 214 | 475 |
| Non-controlling interests | (591) | (212) |