

**Summary of Consolidated Financial Results  
for the Nine Months Ended December 31, 2017 (unaudited)  
(Based on Japanese GAAP)**

February 9, 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: February 9, 2018  
 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 Nine Months Ended December 31, 2017 (April 1, 2017–December 31, 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	%
Nine months ended December 31, 2017	392,713	11.7	6,308	(62.9)	8,729	(37.2)	4,824	(31.3)
December 31, 2016	351,680	(0.7)	17,012	0.9	13,893	(0.8)	7,019	17.1

Note: Comprehensive income

Nine months ended December 31, 2017 8,196 million yen 117.5%  
 Nine months ended December 31, 2016 3,768 million yen (41.0)%

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2017	33.10	28.87
December 31, 2016	48.17	42.05

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	700,514	198,525	26.2
As of March 31, 2017	657,747	191,079	26.8

Reference: Equity As of December 31, 2017 183,351 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	5.00	—	5.50	10.50
Fiscal year ending March 31, 2018	—	5.00	—		
Fiscal year ending March 31, 2018 (Forecast)				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
Full fiscal year	540,000	13.2	11,000	(53.3)	12,000	(43.8)	6,000	(50.6)	41.17

Note: Changes to latest financial results forecasts: None

4. Notes

[1] Changes in significant subsidiaries during the nine months ended December 31, 2017

(changes in specified subsidiaries resulting in changes 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 December 31, 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 December 31, 2017 3,619,705 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)

Nine months ended December 31, 2017 145,729,258 shares

Nine months ended December 31, 2016 145,729,948 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 December 31, 2017
Assets		
Current assets		
Cash and deposits	89,201	65,861
Notes and accounts receivable - trade	92,698	116,634
Inventories	63,587	75,140
Other	11,563	13,169
Allowance for doubtful accounts	(1)	(9)
Total current assets	257,048	270,795
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	68,993	74,634
Machinery, equipment and vehicles, net	134,263	132,354
Land	74,042	79,642
Other, net	21,886	24,206
Total property, plant and equipment	299,184	310,836
Intangible assets		
Goodwill	48,865	54,456
Other	4,213	8,242
Total intangible assets	53,078	62,698
Investments and other assets	48,268	55,945
Total non-current assets	400,530	429,479
Deferred assets	169	240
Total assets	657,747	700,514

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	48,446	62,352
Short-term loans payable	26,360	24,910
Current portion of long-term loans payable	72,706	54,883
Income taxes payable	5,210	328
Provision	4,808	2,665
Other	38,758	48,353
<b>Total current liabilities</b>	<b>196,288</b>	<b>193,491</b>
<b>Non-current liabilities</b>		
Bonds payable	15,300	40,300
Convertible bond-type bonds with subscription rights to shares	30,105	30,083
Long-term loans payable	192,521	203,528
Net defined benefit liability	20,127	22,959
Provision	463	442
Other	11,864	11,186
<b>Total non-current liabilities</b>	<b>270,380</b>	<b>308,498</b>
<b>Total liabilities</b>	<b>466,668</b>	<b>501,989</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	39,707	39,707
Capital surplus	39,817	39,817
Retained earnings	94,067	97,366
Treasury shares	(2,909)	(2,909)
<b>Total shareholders' equity</b>	<b>170,682</b>	<b>173,981</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	10,815	14,834
Deferred gains or losses on hedges	—	15
Foreign currency translation adjustment	(4,432)	(5,094)
Remeasurements of defined benefit plans	(540)	(385)
<b>Total accumulated other comprehensive income</b>	<b>5,843</b>	<b>9,370</b>
<b>Non-controlling interests</b>	<b>14,554</b>	<b>15,174</b>
<b>Total net assets</b>	<b>191,079</b>	<b>198,525</b>
<b>Total liabilities and net assets</b>	<b>657,747</b>	<b>700,514</b>

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Net sales	351,680	392,713
Cost of sales	264,490	305,189
Gross profit	87,190	87,524
Selling, general and administrative expenses	70,178	81,216
Operating income	17,012	6,308
Non-operating income		
Interest income	101	206
Dividend income	523	637
Subsidy income	360	3,584
Other	1,611	1,899
Total non-operating income	2,595	6,326
Non-operating expenses		
Interest expenses	2,855	2,459
Foreign exchange losses	1,762	—
Other	1,097	1,446
Total non-operating expenses	5,714	3,905
Ordinary income	13,893	8,729
Extraordinary income		
Gain on sales of non-current assets	138	40
Gain on sales of investment securities	0	1,396
Gain on bargain purchase	—	1,034
Other	181	68
Total extraordinary income	319	2,538
Extraordinary losses		
Loss on sales and retirement of non-current assets	1,058	302
Loss on valuation of investment securities	164	116
Impairment loss	298	739
Loss on disaster	213	76
Early retirement expenses	—	905
Other	109	29
Total extraordinary losses	1,842	2,167
Profit before income taxes	12,370	9,100
Income taxes - current	5,178	3,684
Income taxes - deferred	179	633
Total income taxes	5,357	4,317
Profit	7,013	4,783
Loss attributable to non-controlling interests	(6)	(41)
Profit attributable to owners of parent	7,019	4,824

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Profit	7,013	4,783
Other comprehensive income		
Valuation difference on available-for-sale securities	3,527	4,088
Deferred gains or losses on hedges	—	15
Foreign currency translation adjustment	(6,968)	(845)
Remeasurements of defined benefit plans, net of tax	196	155
Total other comprehensive income	(3,245)	3,413
Comprehensive income	3,768	8,196
Comprehensive income attributable to		
Owners of the parent	4,725	8,350
Non-controlling interests	(957)	(154)