

ENGLISH TRANSLATION FOR REFERENCE PURPOSE ONLY

This notice is an English translation of the original Japanese text of the timely disclosure statement dated May 11, 2018 issued by Daio Paper Corporation, and is for reference purposes only. In the event of any discrepancy between the original Japanese text and this English translation, the Japanese text shall prevail.

May 11, 2018

To whom it may concern:
Name of Company: Daio Paper Corporation
Name of Representative: Masayoshi Sako,
President and Representative Director
Securities Code: 3880
(First Section, Tokyo Stock Exchange)
Contact Person: Masashi Yano, Executive Officer and
General Manager, Accounting Department
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**Regarding the Differences between Consolidated Financial Results and Forecasts,
and the Recording of Extraordinary Loss**

Daio Paper Corporation (hereinafter, the “Company”) hereby announces the differences between the financial forecasts for the fiscal year ended March 31, 2018 (released on October 26, 2017) and the actual results released today.

The Company further announces that it has recorded an extraordinary loss for the fourth quarter (Jan 1, 2018 to Mar 31, 2018) of the fiscal year ended March 31, 2018.

Details are as follows.

**1. Differences between financial forecasts and actual results for the fiscal year ended March 31, 2018
(April 1, 2017 – March 31, 2018)**

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	540,000	11,000	12,000	6,000	41.17
Actual results (B)	531,311	11,062	12,779	3,971	27.25
Change (B – A)	Δ8,689	62	779	Δ2,029	
Change (%)	Δ1.6	0.6	6.5	Δ33.8	
(Reference) Results for previous period (FY ended March 31, 2017)	477,140	23,535	21,347	12,136	83.28

2. Reason for differences

Net sales did not meet the forecast due to a decline in demand for paper, in particular newsprint and printing paper.

Operating income was in line with the forecast; however ordinary income exceeded the forecast due to an improvement in non-operating earnings as a result of a decrease in finance costs.

Profit attributable to owners of parent fell short of the forecast as despite recording a gain on sales of investment securities amounting to 4,359 million yen as an extraordinary income, the Company recorded a goodwill impairment loss of 6,013 million yen (details as below) as an extraordinary loss in its consolidated financial statements for the fourth quarter of the fiscal year ended March 31, 2018.

3. Recording of extraordinary loss (impairment loss)

Regarding the Company's consolidated subsidiary, Daio Package Corporation, goodwill was recognized when the Company acquired its shares in 2012, and the Company had amortized the goodwill regularly as planned since then. However, a decline in the earnings of Daio Package Corporation due to a steep rise in the prices of containerboard (raw material for corrugated container) indicated that the goodwill may be impaired.

As a result of an assessment of the recoverable amount of the relevant assets, the Company decided to record an impairment loss of 6,013 million yen for the relevant goodwill as an extraordinary loss in its consolidated financial statements for the fourth quarter of the fiscal year ended March 31, 2018.

End