

This notice is an English translation of the original Japanese text of the timely disclosure statement dated October 26, 2017 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.

October 26, 2017

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)
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Regarding Revisions to Consolidated Financial Results Forecasts

Daio Paper Corporation (hereinafter, the “Company”) hereby announces that in light of recent business performance, its consolidated financial results forecasts for the first half of the fiscal year ending March 31, 2018 and the full-year of the fiscal year ending March 31, 2018 (released on May 11, 2017) have been revised as follows.

1. Revision to Consolidated Financial Results Forecast for First Half of Fiscal Year Ending March 31, 2018 (April 1, 2017 – September 30, 2017)

	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 forecast (A)	260,000	7,000	8,500	4,000	27.45
Revised forecast (B)	252,000	2,500	5,000	4,000	27.45
Change (B – A)	-8,000	-4,500	-3,500	—	
Change (%)	-3.1	-64.3	-41.2	—	
(Reference) Consolidated results for first half of fiscal year ended March 31, 2017	228,540	11,176	8,125	3,598	24.69

2. Revision to Consolidated Financial Results Forecast for Full-year of Fiscal Year Ending 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 forecast (A)	550,000	25,000	25,500	14,000	96.07
Revised forecast (B)	540,000	11,000	12,000	6,000	41.17
Change (B – A)	-10,000	-14,000	-13,500	-8,000	
Change (%)	-1.8	-56.0	-52.9	-57.1	
(Reference) Consolidated results for full-year of fiscal year ended March 31, 2017	477,140	23,535	21,347	12,136	83.28

3. Reason for Revision

Regarding the consolidated financial results for the first half of the fiscal year, as sales volume did not meet target due to a decline in the circulation of newspaper and a decline in demand for printing paper, and because sales for absorbent products such as disposable diapers fell short of target despite a rise in sales year-on-year, net sales is expected to be 3% lower than initial forecast.

Also, as the reflection of the price revision for printing paper announced in February has been delayed to the end of the second quarter of the fiscal year, and as the Company's purchase price for recovered paper, influenced by the steep rise in prices of recovered paper for export, rose approximately 20% more than initial expectations, operating income and ordinary income are expected to fall short of initial forecast as well.

As regards profit attributable to owners of parent, as a gain on sales of investment securities (1,036 million yen) and gain on bargain purchase as a result of a change in the scope of consolidation (1,034 million yen) were posted to extraordinary income in the first quarter, it is expected to be in line with initial forecast.

Regarding full-year consolidated financial results forecast, while the Company is expecting positive effects from the price revisions of printing paper and containerboard, as the consolidated financial results for the first half fell short of the initial forecast, and as it is expected that recovered paper prices would remain at a high level going forward, net sales, operating income, ordinary income, and profit attributable to owners of parent are all expected to be lower than previous forecast.

Please note that the forecasts on financial results are derived by the Company based on information currently available to it at the time of the release (October 26, 2017). As such, actual results could differ materially from the forecasts included herein as a result of various factors.

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