

ENGLISH TRANSLATION FOR REFERENCE PURPOSE ONLY

This notice is an English translation of the original Japanese text of the release dated July 22, 2016 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.

July 22, 2016

To whom it may concern:

Name of Company: Daio Paper Corporation
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President and Representative Director
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Regarding the Reinforcement of Biomass Power Generation Plant

Daio Paper Corporation will reinforce our biomass power generation plant, and sell electricity by utilizing the feed-in tariff (FIT) scheme for renewable energy sources.

Daio Paper Corporation has been engaged in biomass power generation at Mishima Mill (Shikokuchuo City, Ehime Prefecture) for some time, recovering energy by burning pulp waste liquor (black liquor) from the kraft pulp process in black liquor recovery boilers. Leveraging on the know-how we accumulated, we plan to install the latest model black liquor recovery boiler within the premises of the same mill, and utilizing the FIT scheme, sell electricity generated to electric utilities (※).

The latest model black liquor power generation plant (generating capacity: 61,000kW) to be installed would be 5% more energy-efficient than our existing boilers, and would, as a result, contribute to a reduction in carbon dioxide emissions amounting to 25,000 tonnes per annum.

Daio Paper Group will continue to strive to reduce environmental burden through the effective use of renewable energy sources.

As regards the part of the funds required for this project that was not already procured from the issue of the Zero Coupon Convertible Bonds due 2020 (issued September 2015), while we are considering debt based financing, there would be no revision of the business goals stated in our 2nd Medium-Term Business Plan.

-Overview of Business-

Total construction cost: Approx. 21.0 billion yen
Net sales: Approx. 7 billion yen
Generating capacity: Approx. 61,000kW
Start date of business operation (scheduled): Fiscal year of 2019

※We are currently in discussion with Shikoku Electric Power Co., Inc regarding the procedures to connect generated electricity to the grid system.

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