

The **197**th Fiscal Year Business Report

April 1, 2016 ▶ March 31, 2017

Daitobo Co., Ltd.

Securities code: 3202

Dear Shareholders,



President and Representative Director
Kazuhiro Yamauchi

Please allow me to begin by extending my heartfelt gratitude to our shareholders for their continued patronage and support.

I would like to make a brief statement on the Group's performance for the 197th fiscal year together with the Notice of Resolutions for the 197th Annual General Meeting of Shareholders for your perusal.

During the fiscal year under review, the Japanese economy continued moderate growth against the backdrop of an extremely accommodative financial environment and the effects of large-scale economic measures by the government.

Under these circumstances, the Group united in efforts to undertake managerial initiatives based on the "Bridge to the Future" Mid-term Management Plan.

As a result, although net sales for the fiscal year under review decreased due to the structural reorganization in the textile and apparel business implemented in the prior fiscal year, all levels of profit from operating income and below outperformed both the results for the previous fiscal year and the business results forecast.

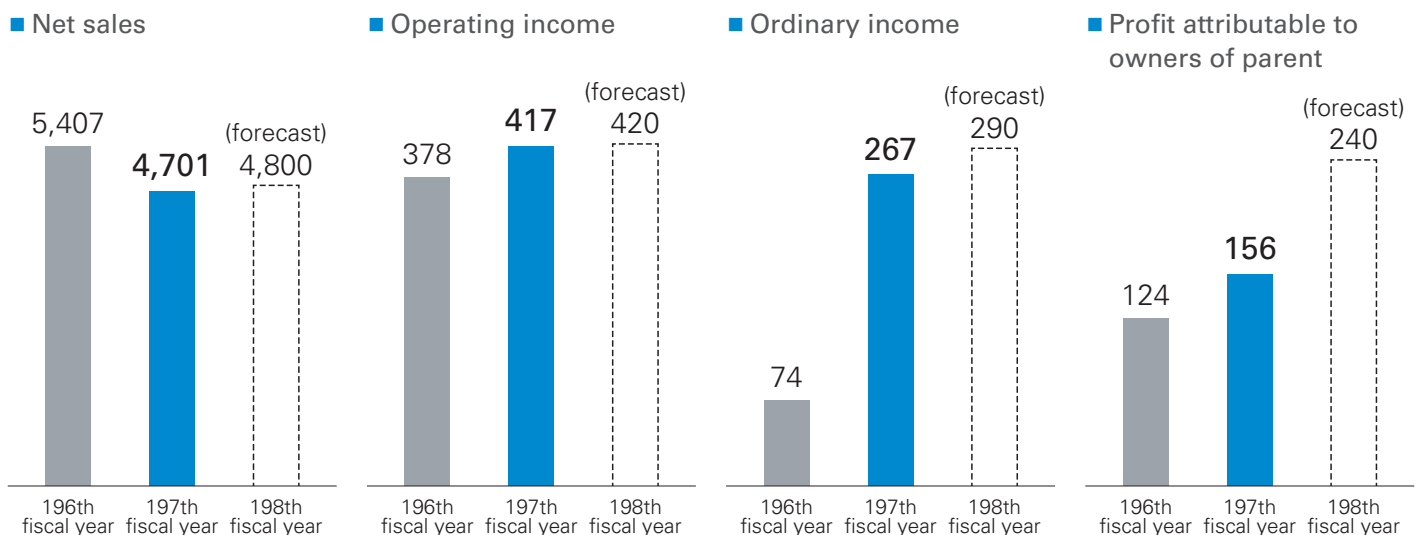
Based on our management philosophies of fostering a spirit of enterprise and of helping others through self-help, the Group will strive to further improve corporate value.

We appreciate our shareholders' continued support and guidance.

June 2017

Financial Results Highlights

(Millions of yen)



“Pursuing infinite possibilities with the power of ideas” **daitobo**



Q Please provide us with a summary of the fiscal year ended March 2017.

A Based on the “Bridge to the Future” Mid-term Management Plan that we launched in the fiscal year under review, we placed the utmost priority on “strengthening our financial position,” “establishing a robust platform for our core businesses,” and “ensuring a higher level of earnings,” and achieved much better results than planned. In addition, this fiscal year has been one in which we undertook various new reforms on the occasion of the 120th anniversary milestone. Some of these reforms include changing the company name, relocating the head office, entering into e-commerce business, introducing a shareholder benefit program, procuring long-term, stable funding with a syndicated loan, and forming capital and business alliances with major customers in the commercial property business and the health care business, which are our main businesses.

Q Please tell us about the outlook for the fiscal year ending March 31, 2018.

A Japan’s economy is likely to continue to maintain a moderate recovery trend. Under these circumstances, the Group is proceeding with each business strategy based on the “Bridge to the Future” Mid-term Management Plan and is also considering embarking on new businesses, including expansion of the e-commerce business that was commenced in the fiscal year under review and the development of new business based on capital and business alliances.

As a result, we anticipate that the Group’s performance will continue to transition to a stable profit trend, and we are forecasting increases in sales and income over the previous fiscal year. However, based on the current business environment, we revised and announced the outlook in the Mid-term Management Plan for net sales and all levels of profit from operating income and below due to our assessment that it would be appropriate to make conservative estimates for net sales in the sluggish textile and apparel business as well as the health care business. As we start a new fiscal year, the Group is united in devoting its utmost efforts to effectively achieve target figures.

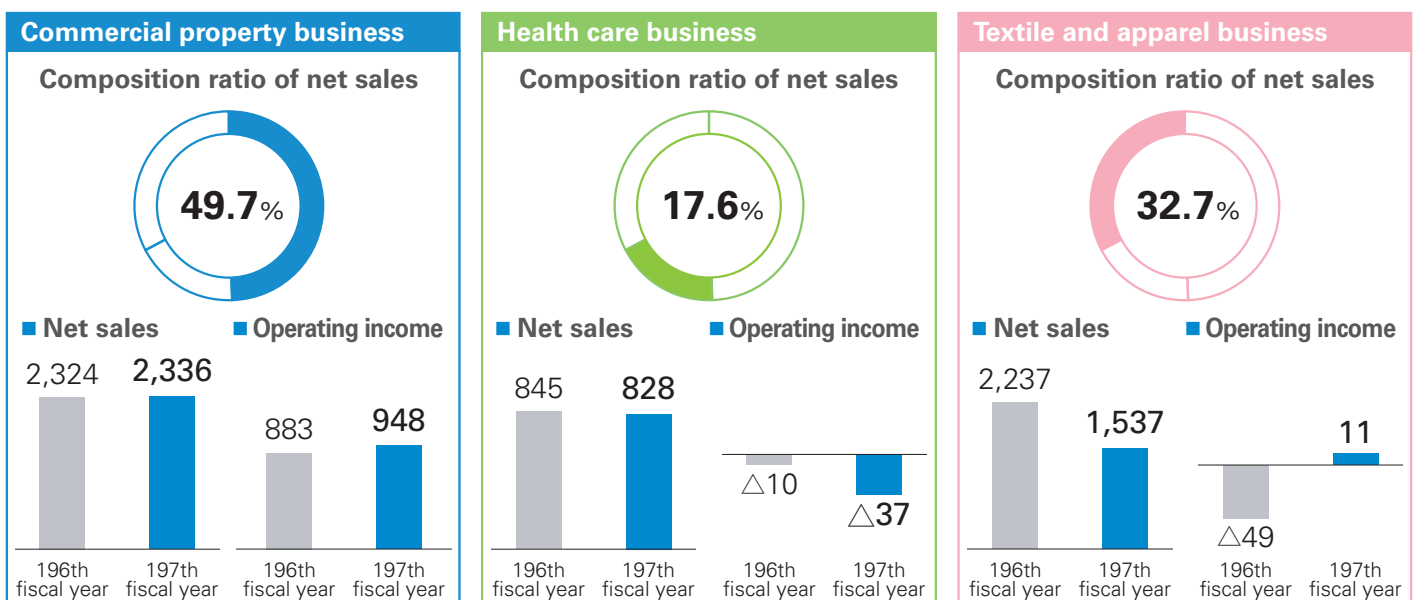
Q Please tell us about the next fiscal year and beyond.

A We plan to move ahead with a preliminary study for additional development of our commercial facility SUN TO MOON Kakitagawa during the current fiscal year and hope to make this a pillar of the next Mid-term Management Plan, depending on its progress. Going forward, we will strive to further increase our profit levels, partly with a view to restoring dividends, and further improve our corporate value. The Daitobo Group will take on the challenge of pursuing infinite possibilities with the power of ideas cultivated from over 120 years of tradition, and we would like to ask our shareholders for their continued support.

Business results by segment

(Millions of yen)

Segments correspond to the graphs as follows.



Business fields

Commercial property business

Daitobo's commercial properties are the go-to place for pleasant lifestyles. We will offer enriched living space based on our vision of "creating space that delights our customers."

- Shopping malls



Health care business

In response to the aging population and rising health consciousness, the Company supports the healthy and comfortable life of customers with products drawing on our proprietary technology. Our strength lies in the high technological ability of the Group's domestic production bases.

- Health-promoting textile materials-related
- Home-use medical devices
- Health-promoting foodstuffs
- General bed and bedding



Textile and apparel business

Daitobo will satisfy the diverse needs of our customers, from apparel fashion to uniforms, based on its vision of "creating products that delight our customers."

- Uniforms for both official and civilian users
- Production-management type OEM operations
- Knitwear planning



Corporate Overview/Status of Shares (as of March 31, 2017)

Corporate Overview

Established	February 27, 1896
Capital stock	¥1,500,000,000
Place of business	
Head Office	Marukashiwa Tama Building, 6-1 Nihonbashihoncho 1-chome, Chuo-ku, Tokyo, Japan +81-3-6262-6565
Nagoya Sales Office	Meiji Sangyo Building 2, 17-9 Honmachi 4-chome, Ichinomiya-shi, Aichi, Japan +81-586-23-4811
Osaka Sales Office	3-6 Minamikuhojimachi 2-chome, Chuo-ku, Osaka, Japan +81-6-6262-8322
Group companies	Daitobo Estate Co., Ltd. (Shizuoka) Niigata Daitobo Co., Ltd. (Niigata) DAITOBOSHOKU (SHANGHAI) CORPORATION (China)

Members of the Board of Directors

President and Representative Director	Kazuhiro Yamauchi
Vice President and Representative Director	Toshiyasu Nomura
Director and Executive Officer	Shogo Mieda
Outside Director	Yasunobu Sawada
Director (Audit and Supervisory Committee Member)	Yuji Kakuma
Outside Director (Audit and Supervisory Committee Member)	Haruki Iinuma
Outside Director (Audit and Supervisory Committee Member)	Takashi Kagami
Outside Director (Audit and Supervisory Committee Member)	Shusaku Okumura

Notes: 1. Messrs. Yasunobu Sawada, Haruki Iinuma, Takashi Kagami and Shusaku Okumura are Outside Directors (independent directors).
2. The Company has an Audit and Supervisory Committee which is composed of four (4) Audit and Supervisory Committee Members.



Shogo Mieda Yasunobu Sawada Takashi Kagami Kazuhiro Yamauchi Toshiyasu Nomura Yuji Kakuma Haruki Iinuma Shusaku Okumura

Status of Shares

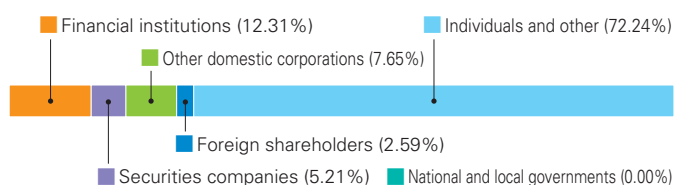
Total number of shares authorized to be issued	96,000,000 shares
Total number of shares issued	30,000,000 shares
Total number of shareholders	7,011

Principal Shareholders (Top 10)

Shareholder name	Number of shares held (Thousand shares)	Shareholding ratio (%)
Sumitomo Mitsui Trust Bank, Limited	838	2.79
Atsushi Hida	570	1.90
Rakuten Securities, Inc.	557	1.86
Developer Sanshin inc.	550	1.83
Japan Trustee Services Bank, Ltd. (Trust account 5)	541	1.80
SEED INC.	501	1.67
Yoshio Koizumi	499	1.66
SBI SECURITIES Co., Ltd.	403	1.34
Japan Trustee Services Bank, Ltd. (Trust account 2)	395	1.31
JAPAN SECURITIES FINANCE CO., LTD.	373	1.24

Note: Shareholding ratio is calculated excluding treasury stock (67,698 shares).

Breakdown of Shares by Type of Shareholder (Shareholding ratio)



To Shareholders:

Kazuhiro Yamauchi
 President and Representative Director
Daitobo Co., Ltd.
 1-6-1 Nihonbashihon-cho, Chuo-ku,
 Tokyo, Japan

NOTICE OF RESOLUTIONS OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

We would like to express our appreciation for your continued support and patronage.

We hereby inform you that the following matters were reported and resolutions made at the 197th Annual General Meeting of Shareholders of Daitobo Co., Ltd. (the "Company") held today.

Matters reported: The Business Report, Non-Consolidated Financial Statements, and Consolidated Financial Statements for the Company's 197th Fiscal Year (April 1, 2016 - March 31, 2017) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
 The particulars of the abovementioned Business Report, Non-Consolidated Financial Statements, and Consolidated Financial Statements, and results of audits of the Consolidated Financial Statements were reported.

Proposals resolved: Proposal: Election of Four (4) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The proposal was approved and resolved as originally proposed, and four (4) Directors (excluding Directors serving as Audit and Supervisory Committee Members), Messrs. Kazuhiro Yamauchi, Toshiyasu Nomura, Shogo Mieda, and Yasunobu Sawada, were elected and assumed their respective offices.

In addition, through a resolution made at the Board of Directors' meeting held after the conclusion of the Annual General Meeting of Shareholders, the following Representative Directors were appointed and assumed their respective offices.

President and Representative Director Kazuhiro Yamauchi
 Vice President and Representative Director Toshiyasu Nomura

End

Information for Shareholders

Fiscal year	From April 1 to March 31 of the following year	Mailing address	8-4 Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan
Record dates for dividend of surplus	Year-end dividend March 31 Interim dividend September 30		Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited.
Annual General Meeting of Shareholders	June every year	(For telephone inquiries)	0120-782-031 (toll-free in Japan)
Administrator of shareholders' register (special account management institution)	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan Sumitomo Mitsui Trust Bank, Limited.	Method of public notice	Public notices by the Company shall be done by electronic means; however, in the event that accidents or other unavoidable reasons prevent public notice by electronic means, the notice will be posted in the The Nikkei.

IR information

Please visit the Company's website with IR information such as summary of financial results and securities report, as well as the latest financial information and matters for timely disclosure.

<http://www.daitobo.co.jp/ir/>



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For inquiries regarding this report, please contact:
 Business Management Headquarters TEL: +81-3-6262-6565

