

ENGLISH TRANSLATION FOR REFERENCE PURPOSE ONLY

This notice is an English translation of the original Japanese text of the timely disclosure statement dated September 22, 2021 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.

September 22, 2021

To Whom It May Concern:

Name of Company: Daio Paper Corporation
Name of Representative: Yorifusa Wakabayashi
President and Representative Director
Chief Executive Officer
Securities Code: 3880
(First Section, Tokyo Stock Exchange)
Contact Person: Shuhei Shinagawa
Senior Executive Officer
General Manager of Corporate Planning Division
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Regarding Analysis of Voting Results at 110th Annual General Meeting of Shareholders and Policy toward Enhancing Corporate Governance

At the 110th Annual General Meeting of Shareholders held on June 29, 2021, one of the five proposals for resolution, namely, Proposal 2 “Partial Amendments to Articles of Incorporation,” (hereinafter the “Proposal”) was rejected as the affirmative votes were short of the two-thirds majority necessary for approval.

We, Daio Paper Corporation, have taken the result seriously and studied factors leading to the rejection, and decided that we will not submit the amendment to the Articles of Incorporation related to Article 459 of the Companies Act (Provisions of Articles of Incorporation that Board of Directors Determines Dividends of Surplus) (hereinafter “BOD to Determine Dividends of Surplus”)—which was a portion of the Proposal for which we could not obtain the support from some shareholders—to the Annual General Meeting of Shareholders to be held in June 2022 (hereinafter “June 2022 AGMS”).

Concerning the other portions of the Proposal, we have resolved at the Board of Directors meeting held today that we will submit them again to the June 2022 AGMS for the purpose of increasing the corporate value and enhancing the corporate governance. The details are as follows:

1. Key Factors for Rejection of the Proposal

We believe that the rejection of the Proposal was mainly attributable to the “BOD to Determine Dividends of Surplus,” a portion of the “Partial Amendments of Articles of Incorporation” that was not supported by some of the shareholders.

2. Future Measures

We have decided that we will not submit to the June 2022 AGMS the amendment of the Articles of Incorporation related to the “BOD to Determine Dividends of Surplus” which we intended to make us ready for unforeseen circumstances such as natural disasters and pandemics.

We will make further efforts to build, enhance, and improve effectiveness of the corporate governance system for adequate protection of shareholders' key rights. In addition, we will continue to strive for the understanding of our shareholders.

In the meantime, we plan to resubmit a proposal of the partial amendments of the Articles of Incorporation not to related to the "BOD to Determine Dividends of Surplus" to the June 2022 AGMS for the purpose of increasing the corporate value and enhancing the corporate governance.

We will continue constructive dialogue with the shareholders to enable us to obtain their understanding and support.

<Planned proposal items of amendments to Articles of Incorporation to be submitted again to the June 2022 AGMS>

- Add business purpose (addition of non-woven fabric, etc.)
- Reduce maximum number of Directors (from 20 to 15)
- Shorten term of office of Directors (from two years to one year)
- Add clauses in relation to Executive Officers

Upon the approval of the proposal for the amendments to the Articles of Incorporation in relation to the shorter term of office of Directors (from two years to one year) at the June 2022 AGMS, the term of office of incumbent directors will expire at the end of the such Annual General Meeting of Shareholders and, accordingly, the directors will need to be elected then.

End