

*ENGLISH TRANSLATION FOR REFERENCE PURPOSE ONLY*

*This notice is an English translation of the original Japanese text of the timely disclosure statement dated December 9, 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.*

January 27, 2022

To whom it may concern:

Company name: Daio Paper Corporation  
Representative: Yorifusa Wakabayashi  
President and Representative Director  
Chief Executive Officer  
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(First Section of the Tokyo Stock Exchange)  
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### **Announcement of Dividend Receipt from Consolidated Subsidiaries**

Daio Paper Corporation (the “Company”) hereby announces that its Board of Directors resolved at the meeting held today to review the dividend policy for the subsidiaries in Japan. Accordingly, the Company plans to receive dividends of approx. 50.0 billion yen from 15 consolidated subsidiaries in Japan in March 2022.

This requires the filing of an Extraordinary Report pursuant to the provisions of Article 24-5 (4) of the Financial Instruments and Exchange Act and Article 19-2 (xii) of the Cabinet Office Order on Disclosure of Corporate Affairs, etc., and the details are as below:

#### **1. Background to review dividend policy**

The Company has strived to enhance governance over its subsidiaries under the new management structure since fiscal year 2012.

With the adoption of the consolidated tax payment system, the Company has, over the past 10 years, focused on enhancing the efficiency of funds operations within the Group by introducing a cash management system, while increasing the Company’s direct and indirect shareholding ratios in its subsidiaries. Furthermore, various measures have been consistently taken to make the subsidiaries wholly owned by the Company. One of such measures is purchasing shares indirectly held under the cross-shareholding among subsidiaries.

As a result of turning its major subsidiaries in Japan into wholly owned subsidiaries, the Company has concluded that revising the dividend policy for the subsidiaries and seeking periodic dividends from them would contribute to the Company Group’s management, now that an environment is put in place that allows an efficient flow of dividends from subsidiaries into the Company.

#### **2. Outline of dividends**

- (1) Expected amount of dividends: Approx. 50.0 billion yen
- (2) Scheduled date of payment: March 2022
- (3) Dividend paying companies: 15 consolidated subsidiaries in Japan

#### **3. Impact on financial results**

As the dividends become payable, the Company plans to record the relevant dividend income as non-operating income on the Company’s non-consolidated financial statements for the fiscal year ending March 31, 2022.

Note that the dividends will have no impact on the consolidated financial results for the fiscal year ending March 31, 2022 since they will be received from the consolidated subsidiaries.

End