

ENGLISH TRANSLATION FOR REFERENCE PURPOSE ONLY

This notice is an English translation of the original Japanese text of the timely disclosure statement dated April 21, 2022 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.

April 21, 2022

To whom it may concern:

Company name: Daio Paper Corporation
Representative: Yorifusa Wakabayashi
President and Representative Director
Chief Executive Officer
Stock code 3880
(The Prime Market of the Tokyo Stock Exchange)
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Notice of Merger between Consolidated Subsidiaries

Daio Paper Corporation (hereinafter the “Company”) hereby announces that at the Board of Directors meeting held on April 21, 2022, it has resolved the merger of the consolidated subsidiaries noted below, which will take place effective October 1, 2022.

Please note that some disclosure items and details are omitted as this is a merger between the Company’s consolidated subsidiaries.

1. Purpose of Merger

Based on the Fourth Medium-term Business Plan published on May 27, 2021, the Daio Paper Group has been promoting structural reforms and reinforcing the management base. By carrying out the merger of the distribution subsidiaries, Daio Pulp & Paper Co., Ltd. and Elleair Business Support Co., Ltd., effective October 1, 2022, and having Daio Pulp & Paper Co., Ltd. as the surviving company, the Group strives to expand net sales and profits through the strengthening of the sales system, reform the organizational structure, curtail fixed expenses, and others.

2. Overview of Merger

1) Timetable

Resolution of the Company's Board of Directors on the Merger of Subsidiaries	April 21, 2022
Resolution of the Subsidiaries' Board of Directors (Conclusion of Merger Agreement)	April 21, 2022
Resolution of the Subsidiaries' General Meeting of Shareholders	June 24, 2022 (planned)
Effective Date of Merger	October 1, 2022 (planned)

2) Type of Merger

The merger will be an absorption-type merger with Daio Pulp & Paper Co., Ltd. as the surviving company and Elleair Business Support Co., Ltd. as the dissolving company.

<Surviving Company> Daio Pulp & Paper Co., Ltd. (Consolidated Subsidiary)
<Dissolving Company> Elleair Business Support Co., Ltd. (Consolidated Subsidiary)

Daio Pulp & Paper Co., Ltd., the surviving company, is scheduled to be renamed EBS Co., Ltd. (tentative name) after the merger. (The new company will operate as a consolidated subsidiary.)

3) Allocation in Relation to Merger

No new shares will be issued, and no money, etc., will be distributed in relation to the merger.

4) Handling of Share Acquisition Rights and Bonds with Share Acquisition Rights of Dissolving Company

Not applicable.

3. Overview of Companies to Be Merged (as of March 31, 2022)

	Company to Survive Absorption-Type Merger	Company to be Absorbed in Absorption-Type Merger
(1) Name of Company	Daio Pulp & Paper Co., Ltd.	Elleair Business Support Co., Ltd.
(2) Address	6F Tsukamoto Building, 1-6-5 Nihonbashihoncho, Chuo-ku, Tokyo	2F Oak Otsuka Building, 1-13-4 Kita Otsuka, Toshima-ku, Tokyo
(3) Name and Title of Representative	Tsuneo Tanaka, President and Representative Director	Takayuki Ishiyama, President and Representative Director
(4) Description of Business	Procurement, sales, import, and export of paper and paperboard, pulp, paper converted products, and paper-related products	Procurement and sales of home and personal care products for business-use
(5) Capital Stock	98 mil. yen	17.5 mil. yen

(6) Date of Foundation	May 1954	April 2004
(7) No. of Outstanding Shares	25,897	50,000
(8) Fiscal Year-end	March 31	March 31
(9) Major Shareholders and Shareholding Ratio	Daio Paper Corporation 100%	Daio Paper Corporation 100%
(10) No. of Employees	89	72
(11) Sales in Immediately Preceding Fiscal Year (Fiscal Year Ended March 31, 2021)	44,317 mil. yen	12,093 mil. yen

(Overview of New Company after Merger)

	Company to Survive Absorption-Type Merger
(1) Name of Company*	EBS Co., Ltd. (tentative name)
(2) Address	8F Tsukamoto Building, 1-6-5 Nihonbashihoncho, Chuo-ku, Tokyo
(3) Name and Title of Representative	TBD
(4) Description of Business	Procurement, sales, import, and export of paper and paperboard, home and personal care products for business use, pulp, paper converted products, and paper-related products
(5) Capital Stock	98 mil. yen
(6) Date of Merger	October 1, 2022 (planned)

*The name of the new company, EBS Co., Ltd., stands for Elleair Business Support.

4. Expected Impact of Merger on Consolidated Business Performance

The impact of the merger on the consolidated business performance of the Company is expected to be minor as this is a merger between the consolidated subsidiaries.

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