

*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, 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.*

September 22, 2022

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  
Prime Market of the Tokyo Stock Exchange  
Inquiries: Yuichiro Kajiro  
General Manager, Sales Planning Department  
H & PC Domestic Business Group  
TEL: +81 3 6856-7600

**Notice of Merger between Consolidated Subsidiaries**

Daio Paper Corporation (hereinafter the “Company”) hereby announces that at the Board of Directors meeting held on September 22, 2022, it has resolved the merger of the consolidated subsidiaries note below, which will take place effective January 1, 2023.

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 subsidiaries manufacturing household paper products, Elleair Paper Co., Ltd. and Akabira Paper Corporation, effective January 1, 2023, and having Elleair Paper Co., Ltd. as the surviving company, the Group strives to further reinforce its competitiveness by expanding net sales and profits through the strengthening of the production system, reforming the organizational structure, and others.

2. Overview of Merger

1) Timetable

Resolution of the Company’s Board of Directors on the Merger of Subsidiaries	September 22, 2022
Resolution of the Subsidiaries’ Board of Directors (Conclusion of Merger Agreement)	September 28, 2022 (planned)
Resolution of the Subsidiaries’ General Meeting of Shareholders	October 13, 2022 (planned)
Effective Date of Merger	January 1, 2023 (planned)

## 2) Type of Merger

The merger will be an absorption-type merger with Elleair Paper Co., Ltd. as the surviving company and Akabira Paper Corporation as the dissolving company.

<Surviving Company>	Elleair Paper Co., Ltd.	(Consolidated Subsidiary)
<Dissolving Company>	Akabira Paper Corporation	(Consolidated Subsidiary)

Elleair Paper Co., Ltd., the surviving company, is not scheduled to be renamed due to the merger. (The 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 September 1, 2022)

	Company to Survive Absorption-Type Merger	Company to be Absorbed in Absorption-Type Merger
(1) Name of Company	Elleair Paper Co., Ltd.	Akabira Paper Corporation
(2) Address	6 Nanryo, Fujinomiya-shi, Shizuoka	199-5 Kyowa-cho, Akabira-shi, Hokkaido
(3) Name and Title of Representative	Katsutoshi Mizuno, President and Representative Director	Hideki Sasaki, President and Representative Director
(4) Description of Business	Production and sales of household paper products, paper products for business use, and wet tissue products	Production and sales of household paper products
(5) Capital Stock	30 million yen	30 million yen
(6) Date of Foundation	May 1939	September 1989
(7) No. of Outstanding Shares	100	2,000
(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	512	82
(11) Sales in Immediately Preceding Fiscal Year (Fiscal Year Ended March 31, 2022)	26,855 million yen	3,291 million yen

(Overview of New Company after Merger)

	Company to Survive Absorption-Type Merger
(1) Name of Company	Elleair Paper Co., Ltd.
(2) Address	6 Nanryo, Fujinomiya-shi, Shizuoka
(3) Name and Title of Representative	Katsutoshi Mizuno, President and Representative Director
(4) Description of Business	Production and sales of household paper products (facial tissues, toilet tissues, kitchen tissues, etc.), paper products for business use (paper towels, etc.) and wet tissue products
(5) Capital Stock	30 million yen
(6) Date of Merger	January 1, 2023 (planned)

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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