

ENGLISH TRANSLATION FOR REFERENCE PURPOSE ONLY

This notice is an English translation of the original Japanese text of the timely disclosure statement dated November 11, 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.

November 11, 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: Taiichi Yoneya
General Manager of Logistics Planning Department
Global Logistics Division
TEL: +81 3 6856-7526

Notice of Merger between Consolidated Subsidiaries

Daio Paper Corporation (hereinafter the “Company”) hereby announces that at the Board of Directors meeting held on November 11, 2022, it has resolved the merger of the consolidated subsidiaries note below, which will take place effective April 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. As part of this initiative, Daio Logistics Co., Ltd. (logistics subsidiary of Daio Paper) and Daio Express Ltd. (subsidiary of Daio Logistics) will be merged, effective April 1, 2023. The Company will review its organizational structure through this merger and will further reinforce the logistics structure of the Daio Paper Group.

2. Overview of Merger

1) Timetable

Resolution of the Company’s Board of Directors on the Merger of Subsidiaries	November 11, 2022
Resolution of the Subsidiaries’ Board of Directors (Conclusion of Merger Agreement)	November 24, 2022 (planned)
Effective Date of Merger	April 1, 2023 (planned)

2) Type of Merger

The merger will be an absorption-type merger with Daio Logistics Co., Ltd. as the surviving company and Daio Express Ltd. as the dissolving company.

<Surviving Company>	Daio Logistics Co., Ltd.	(Consolidated Subsidiary)
<Dissolving Company>	Daio Express Ltd.	(Consolidated Subsidiary)

Daio Logistics 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 November 1, 2022)

	Company to Survive Absorption-Type Merger	Company to be Absorbed in Absorption-Type Merger
(1) Name of Company	Daio Logistics Co., Ltd.	Daio Express Ltd.
(2) Address	1695 Nakanosho-cho, Shikokuchuo-shi, Ehime	10F Asahi Seimei Chiba Nobuto Building 1-26-1 Nobuto, Chuo-ku, Chiba-shi, Chiba
(3) Name and Title of Representative	Tetsuya Watanabe, President and Representative Director	Mitsuji Okimoto, President and Representative Director
(4) Description of Business	General cargo transportation business Consigned freight forwarding business Warehousing business	General cargo transportation business Consigned freight forwarding business Industrial waste disposal business Customs brokerage business
(5) Capital Stock	30 million yen	100 million yen
(6) Date of Foundation	November 1988	October 1970
(7) No. of Outstanding Shares	100	100,000
(8) Fiscal Year-End	March 31	March 31
(9) Major Shareholders and Shareholding Ratio	Daio Paper Corporation 100%	Daio Logistics Co., Ltd. 100%
(10) No. of Employees	587	122
(11) Sales in Immediately Preceding Fiscal Year (Fiscal Year Ended March 31, 2022)	54,745 million yen	2,555 million yen

(Overview of New Company after Merger)

	Company to Survive Absorption-Type Merger
(1) Name of Company	Daio Logistics Co., Ltd.
(2) Address	1695 Nakanosho-cho, Shikokuchuo-shi, Ehime
(3) Name and Title of Representative	Tetsuya Watanabe, President and Representative Director
(4) Description of Business	General cargo transportation business Consigned freight forwarding business Warehousing business Industrial waste disposal business Customs brokerage business
(5) Capital Stock	30 million yen
(6) Date of Merger	April 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.