

ENGLISH TRANSLATION FOR REFERENCE PURPOSE ONLY

This notice is an English translation of the original Japanese text of the timely disclosure statement dated August 3, 2023, 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.

August 3, 2023

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 Tokyo Stock Exchange)
Contact Person: Makoto Saito
Senior Executive Officer
Home & Personal Care Unit
General Manager, Overseas Business Group
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Notice of Merger between Consolidated Subsidiaries & Transfer of Specific Subsidiary

We herein announce that our Board of Directors, at its meeting on August 3, 2023, passed a resolution calling for a merger between the consolidated subsidiaries below, effective August 31, 2023.

1. Objective of merger

As part of efforts to make management of our business in Brazil efficient, we will merge our local consolidated subsidiaries, Santher – Fábrica de Papel Santa Therezinha S.A. (hereinafter “Santher”) and H&PC BRAZIL PARTICIPAÇÕES S.A. (hereinafter “H&PC BRAZIL”) in the form of an absorption-type merger, effective August 31, 2023, with Santher as a surviving company. H&PC BRAZIL, the company to be absorbed in the merger, corresponds to a specified subsidiary.

2. Gist of merger

(1) Merger schedule

Date of Board voting on the subsidiary merger (our company)	August 3, 2023
Date of subsidiary board meetings (signing of merger contract)	August 31, 2023 (scheduled)
Date of merger (effective day)	August 31, 2023 (scheduled)

(2) Method of merger

This is an absorption-type merger in which Santher will be a surviving company and H&PC BRAZIL a dissolving company.

<Surviving company> Santher – Fábrica de Papel Santa Therezinha S.A.

<Dissolving company> H&PC BRAZIL PARTICIPAÇÕES S.A.

The surviving company, Santher, is not scheduled to change its trade name following the merger.

(3) Details of share allocation related to the merger

There will be no new shares issued, no payment of money, etc.

(4) Treatment of dissolving company’s stock options, bonds with stock options

Not applicable.

3. Overview of companies involved in the merger (as of August 1, 2023)

	Company surviving absorption-type merger	Company dissolving in absorption-type merger
(1) Trade name	Santher – Fábrica de Papel Santa Therezinha S.A.	H&PC BRAZIL PARTICIPAÇÕES S.A.
(2) Location	Sao Paulo, Federative Republic of Brazil	Sao Paulo, Federative Republic of Brazil
(3) Representative's name/post	Hiroyuki Shidara, Chairman & Director	Yoshisato Esaka, President
(4) Business details	Production and sales of H&PC products such as hygiene paper and paper diapers, and specialty paper	Market surveys and marketing of H&PC products such as hygiene paper and paper diapers in Latin America; planning and execution of M&As, joint ventures, etc. associated with H&PC business in Latin America
(5) Capital	249 million real*	25 million real*
(6) Established	1938	September 2016
(7) No. of shares issued	63,065 shares	2,499,801,647 shares
(8) Fiscal year-end	December 31	December 31
(9) Major shareholders & stake	H&PC BRAZIL, 100.0%	Daio Paper 51.0%, Marubeni 49.0%
(10) No. of employees	1,529 persons	None
(11) Sales in latest business year (year to December 2022)	2,133 million real	0

(Overview of post-merger company)

	Company surviving absorption-type merger
(1) Trade name	Santher – Fábrica de Papel Santa Therezinha S.A.
(2) Location	Sao Paulo, Federative Republic of Brazil
(3) Representative's name/post	Hiroyuki Shidara, Chairman & Director
(4) Business details	Production and sales of H&PC products such as hygiene paper and paper diapers, and specialty paper
(5) Capital	1 million real*
(6) Date of merger	August 31, 2023 (scheduled)
(7) Major shareholders & stake	Daio Paper 51.0%, Marubeni 49.0%

* Capital is expected to change before and after the merger due to account processing based on local company laws, etc.

4. Impact of merger on consolidated performance

We will notify promptly should there arise the need for new disclosure regarding this release in the future.

(END)