

ENGLISH TRANSLATION FOR REFERENCE PURPOSE ONLY

This notice is an English translation of the Japanese original dated May 26, 2022 issued by Daio Paper Corporation, and is for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

To whom it may concern

May 26, 2022

Daio Paper Corporation

Regarding the Strengthening of Household Paper Production System and Logistics Structural Reform in the Chubu Region

Daio Paper Corporation (Chiyoda-ku, Tokyo; hereinafter the “Company”) hereby announces that its Board of Directors has resolved at a meeting of the board of directors held today (May 26) on a policy to strengthen the household paper production system in the Chubu region, including a detailed proposal on the effective use of the land in Gifu to be acquired in January 2023 for a new mill and distribution warehouse (hereinafter the “new mill”). The installation sites and specifics of the planned expansion of the production facilities are as follows: One household paper machine will be installed at the existing Kani mill (Kani-shi, Gifu), and processing machines (facial tissue and toilet tissue) will be installed at the new mill (Sakahogi-cho, Kamo-gun, Gifu).

1 . Main Purpose

Since implementing the First Medium-term Business Plan in 2012, the Company has been promoting structural reforms, mainly around the Mishima mill (Shikokuchuo-shi, Ehime), its most significant mill. In the domestic household paper business, the Company has been enhancing its production facilities since 2018, operating three paper machines at the Mishima mill. The utilization rate of these three paper machines remains high as the production and sales volumes of household papers have been increasing steadily due to people becoming more hygiene conscious. In light of this situation, the Company will further enhance its facilities and strengthen the domestic household paper business as part of the growth strategy to pursue further growth laid out in the Fifth Medium-term Business Plan.

2 . Background Information on the Kani Mill Expansion

In considering its future growth strategy, the Company recognizes that it must shift to a higher value-added product mix and expand the Kani mill, which produces paper, wrapping paper, specialty paper, and household paper in the Chubu region. Therefore, the Company decided on an expansion plan, focusing mainly on the Kani mill, to become more competitive by creating synergy between the Kani mill and the new mill nearby to strengthen delivery to key areas in east Japan, shift the pulp produced at the Kani mill into high value-added products, and carry out logistics structural reform, including aggregating external warehouses located around the Kani mill.

3. Plan Outline

- 1) Product Type: Facial tissue, toilet tissue
- 2) Increased production capacity: Approx. 3,000 tons per month
- 3) Capital investment: Approx. 17 billion yen
- 4) Installation site: Household paper machine—Kani-shi, Gifu (Kani mill)
Facial tissue and toilet tissue processing machines—Sakahogi-cho, Kamo-gun, Gifu
(new mill)
- 5) Start of commercial operation: Scheduled for October 2024

For inquiries regarding this press release, please contact:

Mr. Atsushi Kurihara or Mr. Tomonobu Miyamoto

Family Care Brand Marketing Department, Global Marketing Headquarters

Home & Personal Care Products, Daio Paper Corporation

Phone: 03-6856-7568