

ENGLISH TRANSLATION FOR REFERENCE PURPOSE ONLY

This notice is an English translation of the original Japanese text of the timely disclosure statement dated March 6, 2025 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.

March 6, 2025

To whom it may concern

Company name: Daio Paper Corporation

Representative: Yorifusa Wakabayashi, President and Representative Director Chief Executive Officer

Securities code: 3880 (Prime Market of Tokyo Stock Exchange)

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Notice Regarding Transfer of Consolidated Subsidiary (Transfer of Shares)

Daio Paper Corporation (“Daio”) hereby announces that on March 6, 2025, its Board of Directors resolved to transfer all of the issued shares of Elleair International Turkey Kişisel Bakım Ürünleri Üretim A.Ş. ("EITR"), a wholly owned consolidated subsidiary of Daio, to Evyap Holding A.Ş. ("Evyap") (the “Share Transfer”).

1. Reason for the transfer

Daio wholly acquired all the issued shares of EITR, a Türkiye-based sanitary product manufacturer on May 29, 2020, and by leveraging its product development capabilities, production technology, and sales capabilities cultivated in the Japanese and Asian markets, Daio has been aiming to expand its business from the MENA (Middle East & North Africa) to Russia and surrounding counties. However, due to changes in the business environment that far exceed our expectations, including the spread of COVID-19, the Russia-Ukraine war, and the intensified competition in Turkish market, income levels have been lower than initially planned. Since our Fifth Medium-term Business Plan, which launched in FY2024, we have been promoting structural reform of our Home & Personal Care (H&PC) overseas business with the aim of strengthening operating cash flow generation capabilities. After careful consideration of future business development in Türkiye, we have decided that the Share Transfer to Evyap, a Turkish personal care products manufacturing and sales company, will also result in improving EITR's business continuation and its corporate value.

Daio aims to improve our financial position and will continue to strive to enhance corporate value through these structural reforms.

2. Overview of the consolidated subsidiary

(1) Name	Elleair International Turkey Kişisel Bakım Ürünleri Üretim A.Ş.	
(2) Location	Balçık Mahallesi Pelitli Yolu Cad. No: 138/1/1 Gebze/Kocaeli Türkiye	
(3) Name and title of representative	Toshiki Yamagami, President and Representative Director	
(4) Business details	Manufacture and sales of diapers, wet wipes, liquid soap, etc.	
(5) Capital	5,679 million TRY	
(6) Date of establishment	January 13, 1998	
(7) Major shareholders and shareholding ratio	100% Daio Paper Corporation	
(8) Relationship between listed company (Daio) and	Capital relationship	Daio owns 100% of the number of issued shares of EITR.

consolidated subsidiary (EITR)	Personal relationship	Five employees are on temporary transfer from Daio to EITR.	
	Business relationship	Daio has provided capital loans and outsourced development work, etc. to EITR.	
(9) Operating results and financial status for the past three years			
Accounting period	Fiscal year ended December 2021	Fiscal year ended December 2022	Fiscal year ended December 2023
Net assets	478 million TRY	653 million TRY	1,261 million TRY
Total assets	717 million TRY	1,403 million TRY	2,306 million TRY
Sales	128 million TRY	347 million TRY	786 million TRY
Net income attributable to parent company shareholders	-54 million TRY	-341 million TRY	-613 million TRY

*1. The amounts shown for fiscal years ended December 2022 and December 2023 have been adjusted according to the IAS 29 Financial Reporting in Hyperinflationary Economies.

3. Overview of the transferee

(1) Name	Evyap Holding A.Ş.	
(2) Location	İstanbul Deri Organize Sanayi Bölgesi Güderi Cad. No:1 X-1 Özel Parsel Tuzla İstanbul Türkiye	
(3) Name and title of representative	Mehmed Evyap - CEO	
(4) Business details	Turkish personal care products manufacturing and sales company	
(5) Year of establishment	1927	
(6) Relationship between listed company and transferee	Capital relationship	N/A
	Personal relationship	N/A
	Business relationship	N/A
	Circumstances applicable to related party	N/A

*2. As Evyap is an unlisted company, its capital, net assets, total assets, major shareholders, and shareholding ratios are not disclosed.

4. Number of shares to be transferred, transfer price, and number of shares held before and after transfer

(1) Ratio of shares held before transfer	Percentage of voting rights held: 100%
(2) Ratio of shares to be transferred	Percentage of voting rights held: 100%
(3) Transfer price	The transfer price will not be disclosed by the mutual agreement.
(4) Ratio of shares held after transfer	Percentage of voting rights held: 0%

5. Schedule

(1) Date of BOD resolution	March 6, 2025
(2) Date of conclusion of the Share Transfer agreement	March 6, 2025 (scheduled)
(3) Date of the Share Transfer	Mid-June 2025 (scheduled)

6. Outlook for the future

In connection to the Share Transfer, an extraordinary loss of approximately 3 billion yen will be incurred in the consolidated results for the fiscal year ending March 2025. The impact on the consolidated financial results for the fiscal year ending March 2025 is currently under review.

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