October 7, 2025

To whom it may concern

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Announcement of Adoption of METI's "Support Project for Energy and Manufacturing Process Conversion in Hard-to-Abate Sectors (Project II (Chemicals, Paper Pulp, Cement, etc.))"

As announced below, Daio Paper Corporation has applied for the government support project "Support Project for Energy and Manufacturing Process Conversion in Hard-to-Abate Sectors (Project II (Chemicals, Paper Pulp, Cement, etc.))", publicly offered by the Ministry of Economy, Trade and Industry, that uses GX Economy Transition Bonds for energy transition projects, and it is to be adopted on October 7, 2025.

The Daio Group aims to achieve carbon neutrality by FY2050, and is promoting various environmental initiatives, such as energy conservation and the use of biomass fuels. By FY2030, it aims to reduce fossil-derived CO_2 emissions from its production activities by 46% and GHG emissions by 20%, compared to FY2013 levels. As part of these efforts, it plans to construct waste-to-energy power generation equipment capable of handling high-chlorine fuel at its Mishima Plant (Shikokuchuocity, Ehime Prefecture). This power generation equipment utilizes waste with high chlorine concentration and local municipal waste (combustible waste) as fuel* to reduce CO_2 emissions in cooperation with local communities.

In addition, the Daio Group has established its long-term vision, "Daio Group Transformation 2035," and will continue to identify growth strategies and business transformation timings for the paper and paperboard business, the home and personal care business in Japan and overseas, and new businesses, while also promoting the transition to renewable energy and aiming to achieve both carbon neutrality and sustainable management.

*Limited to that processed by the aerobic fermentation drying method (tunnel compost method) and then turned into fuel.

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1. Outline of the support project
   1) Applying company: Daio Paper Corporation
   2) Location: Mishima Plant
   3) Project name: Coal boiler shutdown by construction of new power generation equipment capable of handling high-chlorine fuel.
   4) Capital investment: 27.2 billion yen
   5) Support limit: 8 billion yen

2. Outlook for the future

The impact of this adoption on the Daio Paper Corporation’s consolidated financial results for the fiscal year ending March 31, 2026 will be insignificant. However, if any impact on Daio Paper Corporation’s financial results is expected, an announcement will be made promptly.

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