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(Stock Exchange Code: 3880)

June 8, 2026

(Electronically available from May 29, 2026)

To Our Shareholders:

Yorifusa Wakabayashi
Representative Director, President and Chief
Executive Officer
Daio Paper Corporation
2-60, Mishimakamiya-cho, Shikokuchuo City,
Ehime Prefecture

NOTICE OF THE 115TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby announce that the 115th Annual General Meeting of Shareholders of Daio Paper Corporation (the “Company”) will be held for the purposes as described below.

In convening this Annual General Meeting of Shareholders, the Company has taken measures for electronic provision and posted the matters subject to the measures for electronic provision on the following websites.

The Company’s website <https://www.daio-paper.co.jp/en/ir/stock/meeting/>

Website for informational materials for the general meeting of shareholders

<https://d.sokai.jp/3880/teiji/> (in Japanese)

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders included in the matters subject to the measures for electronic provision and exercise your voting rights in accordance with the guidance described below, no later than 5:30 p.m. on Friday, June 26, 2026, Japan time.

1. Date and Time: Monday, June 29, 2026 at 10:00 a.m. Japan time
(Reception starts and doors open at 9:10 a.m.)

2. Place: Convention Hall on the 8th floor of Shikoku Headquarters & Production Center of the Company
628 Mishimakamiya-cho, Shikokuchuo City, Ehime Prefecture, Japan

3. Meeting Agenda:

- Matters to be Reported:**
1. Business Report, Consolidated Financial Statements, and Results of the Audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee for the Company’s 115th Fiscal Year (April 1, 2025 - March 31, 2026)
 2. Non-Consolidated Financial Statements for the Company’s 115th Fiscal Year (April 1, 2025 - March 31, 2026)

Proposals to be Resolved:

<Company Proposals>

Proposal 1: Appropriation of Surplus

Proposal 2: Election of Ten (10) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

<Shareholder Proposals>

- Proposal 3:** Partial Amendment to the Articles of Incorporation (Addition of “Data Center Business” to Article 3 (Purpose))
- Proposal 4:** Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Promotion of “Foreign Capital-Backed” Joint Data Center Projects through Global Partnerships)
- Proposal 5:** Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Attraction of Next-Generation “Water-Cooled Hyper-scale Data Centers” Utilizing Water Rights in the Yoshino River System)
- Proposal 6:** Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Promotion of the “Shikoku Chuo Digital Hub” Initiative Contributing to Digital Security)
- Proposal 7:** Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Profit Improvement of Existing Businesses and Utilization of Carbon Credit by Data Center Waste Heat Recycling)
- Proposal 8:** Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Commercialization of the CNF “In-situ Soil Modification Method” Contributing to National Resilience)
- Proposal 9:** Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Transition from CNF Material Sales to an “Engineering Method and Solutions Business” for Next-Generation Infrastructure Material)
- Proposal 10:** Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Promotion of the “Shikoku Semiconductor and Ultra-Pure Water (UPW) Corridor” Initiative Anchored by the Mishima Mill)
- Proposal 11:** Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Development of an Ammonia Receiving Hub at Kochi New Port and the Expansion into Next-Generation Power Generation Businesses)
- Proposal 12:** Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Renaming of the Mishima Mill and the Consolidation of Headquarters Functions in Shikoku in order to Establish a Next-Generation “Super Blue-Collar” Organizational Model)

- Of the matters subject to the measures for electronic provision, the matters listed below are posted on the websites above pursuant to laws and regulations and the provisions of the Company’s Articles of Incorporation, and are not included in the documents to be delivered to shareholders who submit a request for delivery of written documents. The Audit & Supervisory Committee Members and the Accounting Auditor have audited the documents subject to audits that include the following matters.
 - The Company’s Systems and Policies, which is part of the Business Report
 - The Consolidated Statement of Changes in Equity and the Notes to Consolidated Financial Statements of the Consolidated Financial Statements
 - The Non-Consolidated Statement of Changes in Equity and the Notes to Non-Consolidated Financial Statements of the Non-Consolidated Financial Statements
- If the matters subject to the measures for electronic provision are amended, amended items will be announced on the websites above.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Company Proposals (Proposals 1 and 2)

Proposals 1 and 2 are those proposed by the Company.

Proposal 1: Appropriation of Surplus

The Company regards the return of profits to all of its shareholders as one of its top management priorities, and its basic dividend policy is to continue making stable dividend payments, while taking into consideration factors such as the state of its business and the sufficiency of internal reserves.

For the fiscal year ended March 31, 2026, taking into consideration the Company's business performance and financial position, among other factors, we propose a year-end dividend of ¥7.00 (annual dividend of ¥14.00) per common share of the Company.

Matters relating to year-end dividends

- | | |
|---|---|
| 1 Dividend type | Cash |
| 2 Dividend allocation and total dividend payment | We propose a year-end dividend of ¥7.00 per common share of the Company.
The total amount of dividends will be ¥1,087,716,826. |
| 3 Effective date of distributing dividends from surplus | We propose that the effective date of distributing dividends from surplus be June 30, 2026. |

Proposal 2: Election of Ten (10) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The terms of all ten (10) Directors (excluding Directors who are Audit & Supervisory Committee Members; the same shall apply hereinafter in this proposal) will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, we propose the election of ten (10) Directors.

The candidates for Directors are as follows:

Candidate No.	Name	Gender	Attributes	Current position, etc. at the Company
1	Yorifusa Wakabayashi	Male	Re-appointment	Representative Director President and Chief Executive Officer
2	Hiroshi Yamasaki	Male	Re-appointment	Representative Director Executive Vice President
3	Hiroyuki Fujita	Male	Re-appointment	Director Managing Executive Officer
4	Toshikatsu Tanahashi	Male	Re-appointment	Director Managing Executive Officer
5	Shuhei Shinagawa	Male	Re-appointment	Director Managing Executive Officer
6	Yoshitsugu Fujii	Male	New appointment	Managing Executive Officer
7	Naosuke Oda	Male	Re-appointment Outside Director Independent Director	Outside Director
8	Makoto Horie	Male	Re-appointment Outside Director Independent Director	Outside Director
9	Takako Masai	Female	Re-appointment Outside Director Independent Director	Outside Director
10	Yoshihiro Iwata	Male	Re-appointment Outside Director Independent Director	Outside Director

Candidate No.	Name, Date of birth, etc.	Career summary, positions and responsibilities at the Company	Number of shares of the Company held
1	<p>Yorifusa Wakabayashi</p> <p>August 13, 1961 (Age 64)</p> <p>Attendance record at the Board of Directors meeting: 100% (15/15)</p> <p>Period of service as Director: 9 years</p> <p><Re-appointment></p>	<p>April 1984 Joined the Company</p> <p>January 2012 Executive Officer, General Manager of Newsprint Sales Division, the Company</p> <p>April 2016 Executive Officer, General Manager of Paper Sales Division, the Company</p> <p>June 2017 Director, General Manager of Home & Personal Care Domestic Business Group, the Company</p> <p>July 2018 Director and Managing Executive Officer, General Manager of Home & Personal Care Domestic Business Group, the Company</p> <p>April 2019 Director and Managing Executive Officer, General Manager of Domestic Business Group, Home & Personal Care Unit, the Company</p> <p>April 2021 President and Representative Director, Chief Executive Officer, the Company</p> <p>June 2025 Representative Director, President and Chief Executive Officer, the Company (current position)</p> <p>[Significant concurrent positions] —</p> <p>[Reason for nomination as a candidate for Director] Mr. Yorifusa Wakabayashi has engaged in the paper business, the finance division, home & personal care business, etc. After serving as Director, and Director and Managing Executive Officer, he currently serves as Representative Director, President and Chief Executive Officer. The Company nominates him again as a candidate for Director, because it expects him to contribute to the sustainable growth of the Daio Group, considering that he has a wealth of business experience and achievements in the Company and its group companies.</p>	16,300 shares

Candidate No.	Name, Date of birth, etc.	Career summary, positions and responsibilities at the Company	Number of shares of the Company held
2	<p data-bbox="320 819 496 846">Hiroshi Yamasaki</p> <p data-bbox="331 887 485 943">March 10, 1962 (Age 64)</p> <p data-bbox="288 983 528 1104">Attendance record at the Board of Directors meeting: 100% (15/15)</p> <p data-bbox="312 1140 504 1232">Period of service as Director: 13 years</p> <p data-bbox="316 1267 501 1294"><Re-appointment></p>	<p data-bbox="555 264 663 286">April 1984</p> <p data-bbox="555 297 663 320">June 2012</p> <p data-bbox="555 394 663 416">June 2013</p> <p data-bbox="555 456 663 479">July 2016</p> <p data-bbox="555 519 663 542">May 2017</p> <p data-bbox="555 616 663 638">April 2019</p> <p data-bbox="555 741 663 763">April 2021</p> <p data-bbox="555 837 663 860">June 2023</p> <p data-bbox="555 999 663 1021">June 2024</p> <p data-bbox="555 1256 663 1279">June 2025</p> <p data-bbox="555 1509 663 1532">April 2026</p> <p data-bbox="555 1765 879 1792">[Significant concurrent positions]</p> <p data-bbox="555 1827 1054 1854">[Reason for nomination as a candidate for Director]</p>	11,300 shares

Candidate No.	Name, Date of birth, etc.	Career summary, positions and responsibilities at the Company	Number of shares of the Company held
		<p>Mr. Hiroshi Yamasaki has engaged in the production division, procurement division, etc. After serving as Director, Managing Executive Officer, he currently serves as Representative Director, Executive Vice President, where he is responsible for General Affairs & Human Resources Division and Resources and Procurement Division, while also serving as General Manager of Sustainability Promotion Division. The Company nominates him again as a candidate for Director, because it expects him to contribute to the sustainable growth of the Daio Group, considering that he has a wealth of business experience and achievements in the Company and its group companies.</p>	
3	<p>Hiroyuki Fujita</p> <p>November 22, 1964 (Age 61)</p> <p>Attendance record at the Board of Directors meeting: 100% (15/15)</p> <p>Period of service as Director: 3 years</p> <p><Re-appointment></p>	<p>April 1987 Joined the Company</p> <p>June 2015 Executive Officer, the Company President and Representative Director, Elleair International (Thailand) Co., Ltd.</p> <p>July 2018 Executive Officer, General Manager of Paper Business Group, the Company</p> <p>June 2019 Director, General Manager of Newsprint and Paper Business Group, Paper & Paperboard Unit, the Company</p> <p>July 2020 Director, the Company Chairman and Director, Santher-Fábrica de Papel Santa Therezinha S.A.</p> <p>June 2021 Managing Executive Officer, the Company Chairman and Director, Santher-Fábrica de Papel Santa Therezinha S.A.</p> <p>June 2023 Director, Managing Executive Officer, General Manager of Domestic Business Group, Home & Personal Care Unit, the Company</p> <p>June 2024 Director, Managing Executive Officer, General Manager of Domestic Business Group, Home & Personal Care Unit, and Responsible for Overseas Business Group, the Company</p> <p>June 2025 Director, Managing Executive Officer, General Manager of Home & Personal Care Domestic Business Group, and General Manager of Home & Personal Care Overseas Business Group, the Company (current position)</p> <p>[Significant concurrent positions]</p> <p>—</p> <p>[Reason for nomination as a candidate for Director] Mr. Hiroyuki Fujita has mainly engaged in the home & personal care business, the paper and paperboard business, etc., and currently serves as Director and Managing Executive Officer, General Manager of Home & Personal Care Domestic Business Group, and General Manager of Home & Personal Care Overseas Business Group. The Company nominates him again as a candidate for Director, because it expects him to contribute to the sustainable growth of the Daio Group, considering that he has a wealth of business experience and achievements in the Company and its group companies, including those overseas.</p>	6,500 shares

Candidate No.	Name, Date of birth, etc.	Career summary, positions and responsibilities at the Company	Number of shares of the Company held
4	<p>Toshikatsu Tanahashi</p> <p>February 25, 1967 (Age 59)</p> <p>Attendance record at the Board of Directors meeting: 100% (15/15)</p> <p>Period of service as Director: 3 years</p> <p><Re-appointment></p>	<p>April 1989 Joined Nagoya Pulp Co., Ltd. (currently Kani Mill of the Company)</p> <p>April 2019 Executive Officer, Acting General Manager of Mishima Mill, Production Division, Production Unit, the Company (Responsible for Home & Personal Care Paper Products)</p> <p>July 2019 Executive Officer, Assistant General Manager of Mishima Mill, Production Division, Production Unit, the Company (Responsible for Manufacturing Group)</p> <p>April 2021 Senior Executive Officer, Deputy General Manager of Production Division, Production Unit and General Manager of Mishima Mill, the Company</p> <p>April 2023 Managing Executive Officer, Deputy General Manager of Production Division, Production Unit, and General Manager of Mishima Mill, the Company</p> <p>June 2023 Director, Managing Executive Officer; Responsible for Production Unit, General Manager of Production Division, and General Manager of Mishima Mill, the Company</p> <p>June 2024 Director, Managing Executive Officer; Responsible for Production Unit, General Manager of Production Division, the Company</p> <p>June 2025 Director, Managing Executive Officer Responsible for Production Unit, the Company (current position)</p> <p>[Significant concurrent positions]</p> <p>—</p> <p>[Reason for nomination as a candidate for Director]</p> <p>Mr. Toshikatsu Tanahashi has mainly engaged in the production division, and currently serves as Director, Managing Executive Officer, where he is responsible for Production Unit. The Company nominates him again as a candidate for Director, because it expects him to contribute to the sustainable growth of the Daio Group, considering that he has a wealth of business experience and achievements in the Company and its group companies.</p>	8,800 shares

Candidate No.	Name, Date of birth, etc.	Career summary, positions and responsibilities at the Company	Number of shares of the Company held
5	<p>Shuhei Shinagawa</p> <p>August 11, 1970 (Age 55)</p> <p>Attendance record at the Board of Directors meeting: 100% (15/15)</p> <p>Period of service as Director: 3 years</p> <p><Re-appointment></p>	<p>April 1994 Joined the Company</p> <p>April 2019 Executive Officer, General Manager of Corporate Planning Group, Corporate Planning Division, Corporate Unit, the Company</p> <p>April 2021 Senior Executive Officer, General Manager of Corporate Planning Group, Corporate Planning Division, Corporate Unit, the Company</p> <p>June 2021 Senior Executive Officer, General Manager of Corporate Planning Division, Corporate Unit, the Company</p> <p>July 2022 Managing Executive Officer, General Manager of Corporate Planning Division, Corporate Unit, the Company</p> <p>June 2023 Director, Managing Executive Officer, General Manager of Corporate Planning Division and Business Administration Division, Corporate Unit, the Company</p> <p>April 2024 Director, Managing Executive Officer, General Manager of Corporate Planning Division and General Manager of Business Administration Division, Corporate Unit; Responsible for Intellectual Property Department, the Company</p> <p>June 2024 Director, Managing Executive Officer, General Manager of Corporate Planning Division and Business Administration Division, Corporate Unit; Responsible for Intellectual Property Department, and Responsible for Corporate Policy Department, the Company</p> <p>October 2024 Director, Managing Executive Officer, General Manager of Corporate Planning Division and Business Administration Division, Corporate Unit, the Company</p> <p>April 2026 Director, Managing Executive Officer Responsible for Business Administration Division and Intelligence Technology Planning Division; General Manager of Corporate Planning Division, Corporate Unit, the Company (current position)</p> <p>[Significant concurrent positions] —</p> <p>[Reason for nomination as a candidate for Director] Mr. Shuhei Shinagawa has mainly engaged in the administration division, and currently serves as Director, Managing Executive Officer, where he is responsible for Business Administration Division and Intelligence Technology Planning Division of Corporate Unit, while also serving as General Manager of Corporate Planning Division. The Company nominates him again as a candidate for Director, because it expects him to contribute to the sustainable growth of the Daio Group, considering that he has a wealth of business experience and achievements in the Company and its group companies.</p>	9,800 shares

Candidate No.	Name, Date of birth, etc.	Career summary, positions and responsibilities at the Company	Number of shares of the Company held
6	<p>Yoshitsugu Fujii</p> <p>January 15, 1967 (Age 59)</p> <p>Attendance record at the Board of Directors meeting: —</p> <p>Period of service as Director: —</p> <p><New appointment></p>	<p>April 1990 Joined the Company</p> <p>July 2004 Deputy General Manager of Newsprint Sales Department I, Newsprint Sales Division, the Company</p> <p>July 2014 General Manager of Newsprint Sales Department I, Newsprint Sales Division, Paper Business Group, the Company</p> <p>October 2018 General Manager of Newsprint Sales Division, Paper Business Group, the Company</p> <p>July 2022 Executive Officer, General Manager of Newsprint Sales Division, Newsprint and Paper Business Group, Paper & Paperboard Unit, the Company</p> <p>June 2025 Executive Officer, General Manager of Media Solution Division, Paper & Paperboard Business Group, the Company</p> <p>April 2026 Managing Executive Officer, General Manager of Paper & Paperboard Business Group; Responsible for Global Logistics Division, Corporate Unit, the Company (current position)</p> <p>[Significant concurrent positions] —</p> <p>[Reason for nomination as a candidate for Director] Mr. Yoshitsugu Fujii has mainly engaged in the paper and paperboard business, and currently serves as Managing Executive Officer, where he is responsible for Global Logistics Division of Corporate Unit, while also serving as General Manager of Paper & Paperboard Business Group. The Company nominates him as a candidate for Director, because it expects him to contribute to the sustainable growth of the Daio Group, considering that he has a wealth of business experience and achievements in business operation including operation of related companies of the Group.</p>	6,200 shares

Candidate No.	Name, Date of birth, etc.	Career summary, positions and responsibilities at the Company	Number of shares of the Company held
7	<p data-bbox="341 689 475 719">Naosuke Oda</p> <p data-bbox="341 757 475 815">June 3, 1953 (Age 72)</p> <p data-bbox="288 853 528 976">Attendance record at the Board of Directors meeting: 100% (15/15)</p> <p data-bbox="312 1014 504 1104">Period of service as Outside Director: 4 years</p> <p data-bbox="312 1142 504 1229"><Re-appointment> <Outside> <Independent></p>	<p data-bbox="555 264 660 286">April 1977</p> <p data-bbox="555 327 660 349">April 2000</p> <p data-bbox="555 423 699 445">February 2002</p> <p data-bbox="555 519 660 542">May 2002</p> <p data-bbox="555 616 660 638">April 2003</p> <p data-bbox="555 678 660 701">April 2004</p> <p data-bbox="555 741 660 763">April 2007</p> <p data-bbox="555 804 660 826">April 2010</p> <p data-bbox="555 866 660 889">April 2012</p> <p data-bbox="555 963 660 985">April 2016</p> <p data-bbox="555 1025 660 1048">June 2017</p> <p data-bbox="555 1066 660 1088">April 2021</p> <p data-bbox="555 1106 660 1128">June 2022</p> <p data-bbox="555 1160 660 1182">April 2023</p> <p data-bbox="555 1223 660 1245">June 2024</p> <p data-bbox="555 1285 879 1308">[Significant concurrent positions]</p> <p data-bbox="555 1326 863 1348">Adviser, JFE Shoji Corporation</p> <p data-bbox="555 1366 991 1388">Outside Director, Mitsubishi Estate Co., Ltd.</p> <p data-bbox="555 1406 1166 1451">[Reason for nomination as a candidate for Outside Director and expected role]</p> <p data-bbox="555 1469 1238 1653">The Company nominates Mr. Naosuke Oda again as a candidate for Outside Director because it expects that by leveraging his wealth of experience and extensive insight gained through his career as Representative Director and President and in other executive positions of other companies, he will provide advice and make proposals from an independent standpoint to contribute to enhancing the Company's corporate value.</p>	0 shares

Candidate No.	Name, Date of birth, etc.	Career summary, positions and responsibilities at the Company	Number of shares of the Company held
8	<p data-bbox="336 645 480 674">Makoto Horie</p> <p data-bbox="331 712 485 770">March 15, 1959 (Age 67)</p> <p data-bbox="288 808 528 927">Attendance record at the Board of Directors meeting: 100% (15/15)</p> <p data-bbox="312 965 504 1055">Period of service as Outside Director: 2 years</p> <p data-bbox="316 1093 501 1182"><Re-appointment> <Outside> <Independent></p>	<p data-bbox="555 264 660 293">April 1981</p> <p data-bbox="555 300 660 329">April 2003</p> <p data-bbox="555 394 660 423">April 2009</p> <p data-bbox="555 521 660 551">April 2012</p> <p data-bbox="555 649 660 678">June 2015</p> <p data-bbox="555 743 660 772">June 2017</p> <p data-bbox="555 837 660 866">June 2019</p> <p data-bbox="555 931 660 960">June 2022</p> <p data-bbox="555 1059 660 1088">July 2023</p> <p data-bbox="555 1095 660 1124">June 2024</p> <p data-bbox="555 1160 879 1189">[Significant concurrent positions]</p> <p data-bbox="555 1196 959 1225">Special Advisor, TOYO KANETSU K.K.</p> <p data-bbox="555 1232 820 1261">Advisor, KTX Corporation</p> <p data-bbox="555 1267 1171 1319">[Reason for nomination as a candidate for Outside Director and expected role]</p> <p data-bbox="555 1326 1235 1570">The Company nominates again Mr. Makoto Horie as a candidate for Outside Director because it expects that by leveraging his wealth of experience and expertise related to corporate management, including experience in global businesses, gained through his career as Representative Director and President and in other executive positions of other companies, he will provide advice and make proposals from an independent standpoint to contribute to enhancing the Company's corporate value.</p>	0 shares

Candidate No.	Name, Date of birth, etc.	Career summary, positions and responsibilities at the Company	Number of shares of the Company held
9	<p>Takako Masai</p> <p>March 8, 1965 (Age 61)</p> <p>Attendance record at the Board of Directors meeting: 100% (15/15)</p> <p>Period of service as Outside Director: 2 years</p> <p><Re-appointment> <Outside> <Independent></p>	<p>November 1988 Joined Tokyo Branch of The Bank of Nova Scotia</p> <p>July 1989 Joined Tokyo Branch of The Toronto-Dominion Bank</p> <p>March 1998 General Manager, Financial Products Sales Department, Tokyo Branch, Crédit Agricole Indosuez Bank (currently Crédit Agricole Corporate and Investment Bank)</p> <p>May 2007 General Manager, Capital Markets Department, Shinsei Bank, Limited (currently SBI Shinsei Bank, Limited)</p> <p>April 2013 Executive Officer and Head of Market Research Office, Markets Division, Shinsei Bank, Limited (currently SBI Shinsei Bank, Limited)</p> <p>July 2015 Executive Officer and General Manager of Financial Market Research Department, Shinsei Bank, Limited (currently SBI Shinsei Bank, Limited)</p> <p>June 2016 Member of the Policy Board, The Bank of Japan</p> <p>June 2021 Director, SBI Financial and Economic Research Institute Co., Ltd. (current position)</p> <p>July 2021 Outside Director, Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation)</p> <p>July 2021 Outside Director, TOBISHIMA CORPORATION Advisory Board member, Sim Kee Boon Institute for Financial Economics (current position)</p> <p>August 2021 Outside Director, BlackRock Japan Co., Ltd. Chairperson, SBI Financial and Economic Research Institute Co., Ltd. (current position)</p> <p>April 2022 Visiting Professor, Jissen Women's University</p> <p>March 2024 Director, Japan Professional Football League (current position)</p> <p>June 2024 Outside Director, the Company (current position) Outside Director, Kawasaki Kisen Kaisha, Ltd. ("K" LINE) (current position)</p> <p>August 2024 Outside Director and Audit & Supervisory Committee Member, Bewith, Inc. (current position)</p> <p>October 2024 Outside Director, TOBISHIMA HOLDINGS Inc. (current position)</p> <p>[Significant concurrent positions] Director and Chairperson, SBI Financial and Economic Research Institute Co., Ltd. Outside Director, Kawasaki Kisen Kaisha, Ltd. ("K" LINE) Outside Director and Audit & Supervisory Committee Member, Bewith, Inc. Outside Director, TOBISHIMA HOLDINGS Inc.</p> <p>[Reason for nomination as a candidate for Outside Director and expected role]</p>	0 shares

Candidate No.	Name, Date of birth, etc.	Career summary, positions and responsibilities at the Company	Number of shares of the Company held
		The Company nominates again Ms. Takako Masai as a candidate for Outside Director because it expects that by leveraging her wealth of experience, advanced expertise, and extensive insight gained through her career of holding key senior positions in the financial industry, such as at foreign-affiliated banks, a Japanese bank, and The Bank of Japan, she will provide advice and make proposals from an independent standpoint to contribute to enhancing the Company's corporate value.	
10	<p>Yoshihiro Iwata</p> <p>August 21, 1961 (Age 64)</p> <p>Attendance record at the Board of Directors meeting: 100% (12/12)</p> <p>Period of service as Outside Director: 1 year</p> <p><Re-appointment> <Outside> <Independent></p>	<p>April 1984 Joined Sapporo Breweries Ltd. (currently Sapporo Holdings Limited)</p> <p>March 2006 Director of Corporate Planning Department, Sapporo Breweries Limited</p> <p>March 2011 Director of Corporate Planning Department, Sapporo Holdings Limited and Director, Sapporo International Inc.</p> <p>March 2014 President and Representative Director, Sapporo International Inc., and Director and Group Managing Officer, Sapporo Holdings Limited</p> <p>March 2016 Director and Senior Executive Managing Director, POKKA SAPPORO Food & Beverage Ltd.</p> <p>January 2017 President and CEO, POKKA SAPPORO Food & Beverage Ltd. and Group Managing Officer, Sapporo Holdings Limited</p> <p>March 2017 President and CEO, POKKA SAPPORO Food & Beverage Ltd., and Group Managing Executive Officer, Sapporo Holdings Limited</p> <p>March 2020 Managing Director, Sapporo Holdings Limited</p> <p>March 2022 Adviser, Sapporo Holdings Limited</p> <p>June 2025 Outside Director, the Company (current position)</p> <p>[Significant concurrent positions] —</p> <p>[Reason for nomination as a candidate for Outside Director and expected role] The Company nominates again Mr. Yoshihiro Iwata as a candidate for Outside Director because it expects that by leveraging his wealth of experience and expertise related to corporate management, including experience in global businesses, gained through his career as Representative Director and President and in other executive positions of other companies, he will provide advice and make proposals from an independent standpoint to contribute to enhancing the Company's corporate value.</p>	0 shares

- (Notes)
- There are no conflicts of interests between each candidate and the Company.
 - Mr. Naosuke Oda, Mr. Makoto Horie, Ms. Takako Masai, and Mr. Yoshihiro Iwata are candidates for Outside Director.
 - The Company has entered into a liability limitation agreement with Mr. Naosuke Oda, Mr. Makoto Horie, Ms. Takako Masai, and Mr. Yoshihiro Iwata that limits their liability for damages to the Company within a certain extent, pursuant to Article 427, Paragraph 1 of the Companies Act and the provisions of the Company's Articles of Incorporation. The limit of liability for damages set out under such agreement is ¥10 million or the minimum liability amount of liability for damages set out under Article 425, Paragraph 1 of the Companies Act, whichever is higher. Such agreement with each of Mr. Naosuke Oda, Mr. Makoto Horie, Ms. Takako Masai, and Mr. Yoshihiro Iwata shall be renewed once their appointments are approved at this Annual General Meeting of Shareholders.
 - The Company has entered into a directors and officers liability insurance contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company. The overview of the said insurance contract is as described in "(4) Matters regarding directors and officers liability insurance agreements" of "IV Matters Regarding Directors (and other Officers)" in the Business Report (available only in Japanese). The Company plans to renew the contract, with similar terms, when it comes up for renewal. Each of the candidates will become the insured under the said insurance contract, once they are appointed.

5. The Company has appointed and registered Mr. Naosuke Oda, Mr. Makoto Horie, Ms. Takako Masai, and Mr. Yoshihiro Iwata as independent directors with the Tokyo Stock Exchange pursuant to the rules of the Exchange. The Company shall keep them registered as independent directors upon the approval of their appointments at this Annual General Meeting of Shareholders.
6. The name on the family registry of Ms. Takako Masai is Ms. Takako Nishida.

<Reference>

Election Policy for Director of the Company

Candidates for Director of the Company shall be determined from among a wide diversity of human resources, in accordance with the following nomination policy, by a resolution of the Board of Directors. In determining the candidates for Director, the Board of Directors shall consult and receive a report of the Nomination Committee, which is chaired by an Independent Outside Director and of which Independent Outside Directors constitute a majority:

- i) Those who have a wealth of knowledge and experience concerning business management and business operations of the Daio Group; and
- ii) Those who understand the social responsibility and the mission of operations and are capable of executing business management and business operations fairly and accurately based on high ethical standards.

Election Policy for Independent Outside Director of the Company

Candidates for Independent Outside Director shall be determined from among a wide diversity of human resources, in accordance with the following nomination policy, by a resolution of the Board of Directors:

- i) Those who meet the independence criteria* of the Company and are deemed to have no potential conflict of interest with general shareholders;
- ii) Those who understand the management philosophy of the Company and fully understand the social responsibilities and roles of the Daio Group; and
- iii) Those who fully recognize the role of an Outside Director and are able to leverage their knowledge and activities in such fields as corporate management, economics, law, accounting, tax and audit to supervise execution of duties by Directors and management of the Company, and provide opinion and advice in an accurate and appropriate manner.

*The independence criteria for Independent Outside Director specified by the Corporate Governance Basic Policy of the Company are as follows.

In selecting candidates for Independent Outside Director, the Company assesses independence taking into consideration the following requirements.

1. There are no significant conflicts of interest with the Daio Group, and substantial independence can be ensured. Specifically, the candidates shall not fall under any of the following items:
 - 1) A person whose principal business partner is the Company or a business executor of such person, or a person who is the Company's principal business partner or a business executor of such person;
 - 2) A consultant, accounting specialist or legal specialist who receives a large amount of cash and other financial assets other than directors' remuneration from the Company (in the event that the person who receives such financial assets is a corporation, association or some other organization, a person who belongs to such organization);
 - 3) A business executor of a major shareholder of the Company (including Director who is not a business executor);
 - 4) A person who recently fell under 1) to 3) above; or
 - 5) A close relative of the person mentioned in a. to c. below (excluding those who are not important):
 - a. A person mentioned in 1) to 4) above
 - b. A business executor of a subsidiary of the Company; or
 - c. A person who recently fell under b. above or a business executor of the Company.

<Reference> Areas expected of each Director after election at this Annual General Meeting of Shareholders

Indicated below are areas regarding which, based on Directors' achievements and experience, the Company has particularly high expectations of its Directors as it strives to achieve the Daio Group's long-term vision "Daio Group Transformation 2035."

Name	Position	Independence	Areas regarding which the Company has particularly high expectations									
			1) Corporate management	2) Corporate planning / M&A	3) Sales & marketing	4) Manufacturing / R&D	5) Finance / accounting	6) Human resources / HR development	7) Legal affairs / risk management	8) Overseas business / international experience	9) Sustainability / ESG	10) IT / DX
Yorifusa Wakabayashi	Representative Director President and Chief Executive Officer		•	•	•		•	•		•	•	
Hiroshi Yamasaki	Representative Director Executive Vice President		•			•		•	•	•	•	
Hiroyuki Fujita	Director Managing Executive Officer		•		•	•				•		
Toshikatsu Tanahashi	Director Managing Executive Officer		•			•			•		•	
Shuhei Shinagawa	Director Managing Executive Officer			•				•	•			•
Yoshitsugu Fujii	Director Managing Executive Officer				•						•	•
Naosuke Oda	Outside Director	•	•	•	•				•			•
Makoto Horie	Outside Director	•	•	•	•					•		
Takako Masai	Outside Director	•						•	•	•	•	
Yoshihiro Iwata	Outside Director	•	•	•				•		•		
Yukihiro Tanaka	Director Audit & Supervisory Committee Member			•					•	•	•	

Name	Position	Independence	Areas regarding which the Company has particularly high expectations									
			1) Corporate management	2) Corporate planning / M&A	3) Sales & marketing	4) Manufacturing / R&D	5) Finance / accounting	6) Human resources / HR development	7) Legal affairs / risk management	8) Overseas business / international experience	9) Sustainability / ESG	10) IT / DX
Yosuke Kimura	Director Audit & Supervisory Committee Member				•			•		•		
Yoichi Takei	Outside Director Audit & Supervisory Committee Member	•		•				•		•		•
Kyoko Okada	Outside Director Audit & Supervisory Committee Member	•							•	•		•
Yoshikuni Noguchi	Outside Director Audit & Supervisory Committee Member	•						•		•		•

Shareholder Proposals (Proposals 3 through 12)

Proposals 3 through 12 are shareholder proposals submitted by an individual shareholder (hereinafter referred to as the “Shareholder Proposals”).

The titles, details and reasons for each proposal are reproduced as submitted in the original shareholder proposal documents, except for formal revisions.

Proposal 3: Partial Amendment to the Articles of Incorporation (Addition of “Data Center Business” to Article 3 (Purpose))

A. Details of the Proposal

Add the following item to the Company’s Articles of Incorporation “Article 3 (Purpose)”:

“The purpose of the Company shall be to conduct the following business activities:

(New Item)

- Holding, operating, managing, and leasing a data center; related consulting business; and information services business such as processing, providing, and accumulating data”

B. Reasons for the Proposal

The Company is experiencing a decrease in paper demand. Assets at its Mishima Mill such as power generation, water supply, effluent treatment capacity, and large factory buildings, make the site one of Japan’s top locations for a next-generation data center (DC).

As the railway industry, including Tokyu Railways, moves into the DC market which has a low barrier to “entry requiring only installing server racks,” the Company should aim for differentiation with its unique “waste-heat recycling model.” With approximately 520,000 kW of self-generation capacity and water rights in the Yoshino River system, the region holds a dominant position compared to the metropolitan area, which faces significant restrictions on electricity and cooling water.

Utilizing waste heat from the DC as the heat source for the paper-drying process can significantly cut fuel costs and generate carbon-offset revenue, achieving a sub-1.0 PUE -- the theoretical minimum -- by fully converting waste heat into manufacturing energy and minimizing actual consumption. The DC business should be added to the purpose of the Company to foster a structural shift to the cutting-edge AI infrastructure industry. By achieving low capital investment through leveraging its existing infrastructure, the Company can target ROE of 20-30% and substantially enhance corporate value.

(Opinion of the Board of Directors)

The Board of Directors **opposes this Shareholder Proposal.**

The Company is conducting its business operations in line with its long-term vision and medium-term business plan. As all businesses currently conducted or planned by the Company fall within the scope of the business purposes set forth in the current Articles of Incorporation, the Company believes that it is unnecessary to add the proposed items to the Articles of Incorporation.

Proposal 4: Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Promotion of “Foreign Capital-Backed” Joint Data Center Projects through Global Partnerships)

A. Details of the Proposal

Add the following item to the Company’s Articles of Incorporation “Article 3 (Purpose)”:

“The purpose of the Company shall be to conduct the following business activities:

(New Item)

- Asset-provision-type joint venture involving land, electricity, industrial water, and a minority investment, formed through a JV with an external partner to enter the data center business.”

B. Reasons for the Proposal

To avoid substantial investment and operational risks associated with entering the DC business, establishing a JV with an external partner is proposed.

The Company should focus on an “asset-provision model,” in which it restricts its role to supplying land, electricity, industrial water, and a minority investment, while the specialist business operator assumes full responsibility for data management and security.

This will enable the severance of direct liabilities arising from security incidents while maintaining stable infrastructure revenue (leasing, electricity sales, and dividends).

The approximately 300 billion yen initial investment, which is critical for generative AI infrastructure – in which US tech giants such as GAFAM invest trillions of yen annually in fierce global competition to secure computing infrastructure worth 300 billion yen per site -- can be funded without using internal funds. This can be achieved by positioning as a hub that draws external capital, including US mega-tech firms and sovereign funds from the Middle East and other regions, which are urgently seeking regionally decentralized data centers in Japan. Management is requested to reframe owned assets as a “capital-attracting vehicle” to maximize capital efficiency.

(Opinion of the Board of Directors)

The Board of Directors **opposes this Shareholder Proposal.**

The Company is conducting its business operations in line with its long-term vision and medium-term business plan. As all businesses currently conducted or planned by the Company fall within the scope of the business purposes set forth in the current Articles of Incorporation, the Company believes that it is unnecessary to add the proposed items to the Articles of Incorporation.

Proposal 5: Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Attraction of Next-Generation “Water-Cooled Hyper-scale Data Centers” Utilizing Water Rights in the Yoshino River System)

A. Details of the Proposal

Add the following item to the Company’s Articles of Incorporation “Article 3 (Purpose)”:

“The purpose of the Company shall be to conduct the following business activities:

(New Item)

- Attracting a water-cooled (liquid-cooled) hyper-scale data center by leveraging water rights to the Yoshino River system and existing water supply infrastructure, supplying cooling water to and recovering waste heat from these facilities for mutual energy use”

B. Reasons for the Proposal

With the rapid adoption of generative AI, the thermal density produced by high-density GPUs used for computation and inference has exceeded the capacity of air cooling. For next-generation hyper-scale DCs, the transition to “water (liquid) cooling” is essential.

Mishima Mill has existing water supply infrastructure for the Dozan River, a tributary of the Yoshino River system, and has tremendous potential to be converted to or incorporated with a globally rare, “water-cooled DC site” without large-scale new development.

Against the backdrop of this rare water-utilization capacity, the active attraction of foreign hyper-scalers, etc., that are urgently trying to avoid concentration risk in the metropolitan area, is proposed to be added to the management’s basic policy. Converting or incorporating existing paper-manufacturing assets (electricity, water, and factory buildings) is an “industrial transformation” that maximizes the value of existing assets as AI infrastructure. The full-recycling model centered on water resources (water resources → liquid cooling → heat recovery → paper drying → recirculation) will establish a dominant competitive advantage that competitors will not be able to replicate even in the context of SDGs.

(Opinion of the Board of Directors)

The Board of Directors **opposes this Shareholder Proposal.**

The Company is conducting its business operations in line with its long-term vision and medium-term business plan. As all businesses currently conducted or planned by the Company fall within the scope of the business purposes set forth in the current Articles of Incorporation, the Company believes that it is unnecessary to add the proposed items to the Articles of Incorporation.

Proposal 6: Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Promotion of the “Shikoku Chuo Digital Hub” Initiative Contributing to Digital Security)

A. Details of the Proposal

Add the following item to the Company’s Articles of Incorporation “Article 3 (Purpose)”:

“The purpose of the Company shall be to conduct the following business activities:

(New Item)

- Developing and attracting data centers, semiconductor manufacturing facilities, and industrial clusters centered thereon that contribute to digital security, and developing next-generation energy infrastructure and power supply, including pumped-storage hydropower, offshore wind power, and ammonia-based power generation”

B. Reasons for the Proposal

This proposal goes beyond the framework of a single corporation to drive national digital security and regional revitalization for the Shikoku region.

It fully aligns with the government’s DC decentralization policy, and accelerated business activity with public funds and special district designation can be expected.

Beginning with Shikoku-Chuo City, an industrial cluster should be established to support an “AI computation and inference platform by a hyper-scale DC, and a semiconductor plant,” to create high value-added employment. Accordingly, the management’s basic policy should include a “securing power sources strategy” that leverages not only the Yoshino River system but also incorporates power storage solutions such as pumped-storage hydropower, offshore wind energy in the Kii Channel, and the development of an ammonia-receiving and power-generation hub at Kochi New Port.

This will link to the future Shikoku Bullet Train concept, which assumes direct connectivity with the Kansai region, international logistics collaboration via an extension to Kochi Airport, and high-speed freight transport directly connected to plants. It will serve as the foundation for developing Shikoku into a sustainable region by the 22nd century. It prevents limiting the Company’s front-line infrastructure value to “paper manufacturing” and strongly promotes participation in a grand business design linked to the national strategy.

(Opinion of the Board of Directors)

The Board of Directors **opposes this Shareholder Proposal.**

The Company is conducting its business operations in line with its long-term vision and medium-term business plan. As all businesses currently conducted or planned by the Company fall within the scope of the business purposes set forth in the current Articles of Incorporation, the Company believes that it is unnecessary to add the proposed items to the Articles of Incorporation.

Proposal 7: Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Profit Improvement of Existing Businesses and Utilization of Carbon Credit by Data Center Waste Heat Recycling)

A. Details of the Proposal

Add the following item to the Company’s Articles of Incorporation “Article 3 (Purpose)”:

“The purpose of the Company shall be to conduct the following business activities:

(New Item)

- Recovering waste-heat generated by data center and reusing the same as a supplementary heat source for the paper manufacturing process, measuring greenhouse gas emission reductions and obtaining certification to reduce greenhouse gas emissions through energy recycling, and trading and selling emissions rights (carbon credits)”

B. Reasons for the Proposal

This proposal seeks to incorporate into the Company’s basic management policy the reuse of massive waste-heat generated by a hyper-scale DC as a supplementary heat source (establishing a thermal energy circulation system that integrates DC cooling processes and paper manufacturing heating processes via heat pump technology) for existing paper manufacturing processes (drying household paper, etc.).

This will significantly reduce conventional boiler operation and fuel use, achieving a drastically lower cost structure than competitors for producing the same paper. Additionally, the waste-heat recycling model functions as a “carbon offset facility” that directly cuts CO2 emissions from fossil fuel use, opening new revenue streams through avoiding future carbon taxes and engaging in carbon credit trading.

The brand story that our product, Elleair, is “made with AI heat” will make a leap forward the brand to symbolize a sustainable society.

Redefining the paper manufacturing sector from a high-energy-consuming industry into a “state-of-the-art, energy-efficient AI infrastructure industry” by integrating DC is proposed. The Company should aim for fundamental improvements in both business profitability and market evaluation.

(Opinion of the Board of Directors)

The Board of Directors **opposes this Shareholder Proposal.**

The Company is conducting its business operations in line with its long-term vision and medium-term business plan. As all businesses currently conducted or planned by the Company fall within the scope of the business purposes set forth in the current Articles of Incorporation, the Company believes that it is unnecessary to add the proposed items to the Articles of Incorporation.

Proposal 8: Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Commercialization of the CNF “In-situ Soil Modification Method” Contributing to National Resilience)

A. Details of the Proposal

Add the following item to the Company’s Articles of Incorporation “Article 3 (Purpose)”:

“The purpose of the Company shall be to conduct the following business activities:

(New Item)

- Developing, manufacturing, and selling soil improvement materials utilizing Cellulose Nanofiber (CNF), as well as developing in-situ soil modification methods using such soil for civil engineering, construction, excavation, defense, and other applications, and related consulting business”

B. Reasons for the Proposal

Based on my engineering expertise, a reasonable hypothesis can be derived that the addition of CNF to high-moisture in-situ soil improves the internal friction angle (ϕ) and cohesion (c) through an interparticle bridging effect.

A construction method should be established to convert on-site soil into usable material by directly mixing and placing it behind levees with a backhoe during flood events.

At disaster sites where every second matters, like the Aki River levee breach I witnessed while serving as a staff of Kochi Prefecture, moving large sandbags is the biggest challenge. This approach removes that obstacle, enabling extremely fast emergency restoration.

By applying the Company’s CNF technology to civil engineering fields that contribute to National Resilience, the Company should aim to secure a first-mover advantage in the vast public infrastructure market.

In addition, mixing soil with CNF has the potential to become a groundbreaking new method for the following areas:

- Tunnel construction: Grout material for stabilizing the tunnel face
- Energy development: Borehole walls stabilization and protection during shale oil drilling
- Defense: Rapid and robust construction of field fortifications utilizing in-situ soil
- Environmental improvement: Recycling sludge and dredged soil into usable soil

(Opinion of the Board of Directors)

The Board of Directors **opposes this Shareholder Proposal.**

The Company is conducting its business operations in line with its long-term vision and medium-term business plan. As all businesses currently conducted or planned by the Company fall within the scope of the business purposes set forth in the current Articles of Incorporation, the Company believes that it is unnecessary to add the proposed items to the Articles of Incorporation.

Proposal 9: Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Transition from CNF Material Sales to an “Engineering Method and Solutions Business” for Next-Generation Infrastructure Material)

A. Details of the Proposal

Add the following item to the Company’s Articles of Incorporation “Article 3 (Purpose)”:

“The purpose of the Company shall be to conduct the following business activities:

(New Item)

- Designing, developing, manufacturing, and selling prestressed concrete (PC) structures incorporating Cellulose Nanofiber (CNF), as well as engineering methods and solutions businesses for the renewal and construction of infrastructure, including bridges, using this technology”

B. Reasons for the Proposal

Develop the next-generation infrastructure market by utilizing CNF in the pre-tensioning method for prestressed concrete (PC) structures.

Drawing on my expertise as a Licensed First-Class Civil Engineering Construction Management Engineer and practical experience in road development at the Ministry of Land, Infrastructure, Transport and Tourism, I note that CNF enhances tensile performance and suppresses cracks, allowing for higher prestress (tensile) forces in concrete. This makes it possible to create very thin, lightweight structural members, enabling designs that surpass traditional PC structure limits, such as longer bridge spans and lighter bridge deck slabs.

Densification of the internal concrete structure through the addition of CNF blocks the penetration of moisture and deterioration factors, dramatically improving resistance to carbonation and salt damage. This addresses the urgent challenge of extending the service life of public infrastructure. By expanding the business beyond simple material supply to “construction methods and solutions businesses” that deliver high-performance structures, and by collaborating with major general contractors and related industry participants, the Company should build a dominant market position in the demand for the renewal and new construction of aging infrastructure.

(Opinion of the Board of Directors)

The Board of Directors **opposes this Shareholder Proposal.**

The Company is conducting its business operations in line with its long-term vision and medium-term business plan. As all businesses currently conducted or planned by the Company fall within the scope of the business purposes set forth in the current Articles of Incorporation, the Company believes that it is unnecessary to add the proposed items to the Articles of Incorporation.

Proposal 10: Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Promotion of the “Shikoku Semiconductor and Ultra-Pure Water (UPW) Corridor” Initiative Anchored by the Mishima Mill)

A. Details of the Proposal

Add the following item to the Company’s Articles of Incorporation “Article 3 (Purpose)”:

“The purpose of the Company shall be to conduct the following business activities:

(New Item)

- Purifying and supplying ultra-pure water essential for semiconductor manufacturing, managing water resources, attracting semiconductor plants and supporting their operations using owned assets like the Mishima Mill, and facilitating the development of related industrial clusters”

B. Reasons for the Proposal

Combine the Mishima Mill’s water rights with the previously proposed telecommunications infrastructure to establish a leading global semiconductor hub.

“Ultra-pure water” is essential for manufacturing advanced logic semiconductors at the single-digit nanometer scale. Unlike Kumamoto, where groundwater depletion risks are increasing, Shikoku’s rivers -- such as the Yoshino, Niyodo, Monobe, Shimanto, and Hiji -- provide plentiful surface water, ensuring superior supply stability, water quality, and volume, along with strong business continuity planning (BCP) advantages. Notably, the Niyodo River’s high-quality water is a world-class potential resource directly linked to reducing purification costs and boost manufacturing yields. The Mishima Mill can serve as the central hub, with plans to expand operations across these river systems.

Future development of the Shinkansen bullet train will enhance Shikoku-Chuo City’s connectivity with the Kansai region, enabling easier to secure advanced human resources from Osaka and Kyoto compared to Kumamoto.

The Company has a long history of managing water and power on a large scale as capital-intensive process industry. Leveraging this “manufacturing DNA,” it should aim to connect Shikoku’s exceptional water resources directly to semiconductor manufacturing. Daio Paper should evolve into an “advanced AI infrastructure platform” that underpins the core of the digital society.

(Opinion of the Board of Directors)

The Board of Directors **opposes this Shareholder Proposal.**

The Company is conducting its business operations in line with its long-term vision and medium-term business plan. As all businesses currently conducted or planned by the Company fall within the scope of the business purposes set forth in the current Articles of Incorporation, the Company believes that it is unnecessary to add the proposed items to the Articles of Incorporation.

Proposal 11: Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Development of an Ammonia Receiving Hub at Kochi New Port and the Expansion into Next-Generation Power Generation Businesses)

A. Details of the Proposal

Add the following item to the Company’s Articles of Incorporation “Article 3 (Purpose)”:

“The purpose of the Company shall be to conduct the following business activities:

(New Item)

- Importing, storing, selling, and operating receiving hubs for next-generation fuels such as ammonia and hydrogen, as well as generating power using such fuels and supplying and selling electricity”

B. Reasons for the Proposal

To reduce energy costs and utilize ammonia, a hydrogen-derived next-generation fuel that emits no CO2 during combustion, a receiving hub and a thermal power plant should be developed at Kochi New Port.

Ammonia is a key fuel for both co-firing and dedicated power generation. However, ports on the Seto Inland Sea side are unsuited for handling large tankers because of navigational constraints, such as heavy congestion in the Kurushima Strait and the Bisan Seto shipping routes.

In contrast, Kochi New Port, with direct access to the Pacific Ocean, has the potential to be Shikoku’s sole “energy gateway,” capable of safely handling 100,000-ton-class tankers. Its close proximity of about 65 km to Shikoku-Chuo City, the region’s largest demand center, is rational in terms of power transmission efficiency. This strategic location offers a significant competitive edge in attracting and retaining hyper-scale data centers and the semiconductor industry where competition to secure power sources is intensifying.

Although the Company is not directly involved with the port at present, its proven track record in power generation and expertise in managing hazardous substances uniquely qualify it to develop integrated fuel-receiving and power-generation facilities from the perspective of an actual energy consumer. This strategy aims to transform underused public infrastructure into a growth platform for the Company and to establish a supply chain with significant competitive advantages.

(Opinion of the Board of Directors)

The Board of Directors **opposes this Shareholder Proposal.**

The Company is conducting its business operations in line with its long-term vision and medium-term business plan. As all businesses currently conducted or planned by the Company fall within the scope of the business purposes set forth in the current Articles of Incorporation, the Company believes that it is unnecessary to add the proposed items to the Articles of Incorporation.

Proposal 12: Partial Amendment to the Articles of Incorporation (Addition of Provisions Relating to the Renaming of the Mishima Mill and the Consolidation of Headquarters Functions in Shikoku in order to Establish a Next-Generation “Super Blue-Collar” Organizational Model)

A. Details of the Proposal

Add the following item to, or revise the Company’s Articles of Incorporation:

“Article X. Headquarters Address and the Name of the Office

1. Establish the Company’s head office in Shikoku-Chuo City, Ehime Prefecture, and consolidate its management functions into said base.
2. Rename the current “Mishima Mill” and “Shikoku Headquarters” as the “Shikoku Chuo Headquarters Mill.”
3. Promote advanced IT integration at the sites and establish a front line-responsive decision-making organization directly linking manufacturing and management (the ‘Super Blue-Collar Organization’)

B. Reasons for the Proposal

Abolish the Tokyo headquarters, which no longer directly contributes to profitability and has become a cost center, and consolidate its functions into the Shikoku headquarters.

Rename the current “Mishima Mill” and “Shikoku Headquarters” to the “Shikoku Chuo Headquarters Mill.”

Eliminate bases detached from the front line and shift management functions back to the core manufacturing sites to physically integrate management and production.

Establish a rapid, effective, and field-responsive decision-making structure.

This reorganization forms the foundation of the “Super Blue-Collar” concept.

Elevate the front line into “sanctuaries of knowledge,” where personnel with advanced IT skills in leading fields like semiconductors and clean energy create value.

Create a next-generation labor model that breaks down the divide between white-collar and blue-collar work and accelerates front line-driven innovation.

Daio Paper should improve corporate value (contribute to national interests and regional revitalization by building next-generation infrastructure such as DC and clean energy) with “Passion with Sincerity,” working together with the Shikoku region and competing globally through the strength of its front line operations.

(Opinion of the Board of Directors)

The Board of Directors **opposes this Shareholder Proposal.**

Regarding the proposed amendment, the provision stating that “Establish the Company’s head office in Shikoku-Chuo City, Ehime Prefecture,” is already stipulated in substance under Article 2 of the Company’s current Articles of Incorporation. Furthermore, the remaining portions of this proposal pertain to matters concerning management functions and organizational structures. These are operational issues that should be determined with a certain degree of flexibility by the Company, taking into account management strategies and changes in the business environment. Therefore, the Board believes it is inappropriate to enshrine such specific provisions in the Articles of Incorporation, which is intended to define only the fundamental principles regarding the organization and operation of the Company.