ENGLISH TRANSLATION FOR REFERENCE PURPOSES ONLY

This notice is an English translation of the original Japanese text of the timely disclosure statement dated July 17, 2026, 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.

July 17, 2026

To whom it may concern

Company Name: Daio Paper Corporation
Representative: Yorifusa Wakabayashi, Representative Director, President and Chief Executive Officer
Securities Code: 3880 Prime Market of Tokyo Stock Exchange
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Notice Concerning Dissolution and Liquidation of Overseas Consolidated Subsidiaries

Daio Paper Corporation announces that at the Board of Directors' meeting held on July 17, 2026, it dissolved and liquidated consolidated subsidiaries PT. Elleair International Trading Indonesia ("EITI") and PT. Elleair International Manufacturing Indonesia ("EIMI"), as follows.

1. Reason for dissolution and liquidation

We expected continued growth in demand for baby diapers in the rapidly growing Indonesian economy, driven by high birth rates and rising living standards. Therefore, we established EITI, a sales company, in March 2013 to increase our brand recognition and sales volumes through locally based marketing activities. In November 2014, we established EIMI, a manufacturing company, in the country to ensure stable supplies and reduce costs.

However, the market environment has changed rapidly with energy and material prices surging globally, on top of intensifying competition in recent years. As we expect the outlook to remain uncertain, we have judged it difficult to continue the businesses and have decided to dissolve and liquidate them. We have reached this conclusion after comprehensively considering the feasibility of business transfers, business continuity, and other factors.

We have been advancing structural reforms of overseas businesses under the 5th Medium-term Business Plan. With the exit, we will work to further improve our financial position. On the other hand, based on a grand design for overseas business, which we announced in August 2025, we will accelerate new growth investments to strengthen the foundation for overseas business expansion.

2. Overview of consolidated subsidiaries

1) EITI

<table>
<tr><td>(1) Name</td><td colspan="3">PT. Elleair International Trading Indonesia</td></tr>
<tr><td>(2) Location</td><td colspan="3">Bekasi International Industrial Estate, Jl. Raya Inti Lippo Cikarang,
Blok C2 No.1, Cikarang Selatan, Bekasi, Indonesia</td></tr>
<tr><td>(3) Name and job title of representative</td><td colspan="3">Shozo Ishikawa, President</td></tr>
<tr><td>(4) Business description</td><td colspan="3">Import, sale, etc. of paper diapers</td></tr>
<tr><td>(5) Capital</td><td colspan="3">1,698.0 billion rupiah</td></tr>
<tr><td>(6) Date of establishment</td><td colspan="3">March 25, 2013</td></tr>
<tr><td>(7) Major shareholders and ownership ratios</td><td colspan="3">Daio Paper Corporation 99.997%
Elleair Product Co., Ltd. 0.003%</td></tr>
<tr><td rowspan="3">(8) Relationship with the Company</td><td>Capital relationship</td><td colspan="2">EITI is a consolidated subsidiary of the Company</td></tr>
<tr><td>Personnel relationship</td><td colspan="2">Two employees of the Company are seconded out to EITI</td></tr>
<tr><td>Business relationship</td><td colspan="2">The Company lends funds to EITI</td></tr>
<tr><td colspan="4">(9) Operating results and financial position for the last three years</td></tr>
<tr><td>Fiscal period</td><td>FY ended Dec. 2023</td><td>FY ended Dec. 2024</td><td>FY ended Dec. 2025</td></tr>
<tr><td>Net assets (billion rupiah)</td><td>105.5</td><td>67.7</td><td>46.6</td></tr>
<tr><td>Total assets (billion rupiah)</td><td>394.2</td><td>276.2</td><td>181.6</td></tr>
<tr><td>Net sales (billion rupiah)</td><td>183.1</td><td>85.4</td><td>6.1</td></tr>
<tr><td>Profit attributable to owners of parent (billion rupiah)</td><td>(172.1)</td><td>(189.5)</td><td>(21.0)</td></tr>
</table>

2) EIMI

(1) Name	PT. Elleair International Manufacturing Indonesia		
(2) Location	Bekasi International Industrial Estate, Jl. Raya Inti Lippo Cikarang, Blok C2 No.1, Cikarang Selatan, Bekasi, Indonesia		
(3) Name and job title of representative	Shozo Ishikawa, President		
(4) Business description	Manufacture, etc. of paper diapers		
(5) Capital	806.7 billion rupiah		
(6) Date of establishment	November 27, 2014		
(7) Major shareholders and ownership ratios	Daio Paper Corporation 99.994% Elleair Product Co., Ltd. 0.006%		
(8) Relationship with the Company	Capital relationship	EIMI is a consolidated subsidiary of the Company	
	Personnel relationship	Two employees of the Company are seconded out to EIMI	
	Business relationship	Not applicable	
(9) Operating results and financial position for the last three years			
Fiscal period	FY ended Dec. 2023	FY ended Dec. 2024	FY ended Dec. 2025
Net assets (billion rupiah)	193.6	144.9	114.5
Total assets (billion rupiah)	204.6	154.2	120.7
Net sales (billion rupiah)	113.7	17.4	16.5
Profit attributable to owners of parent (billion rupiah)	(12.3)	(48.5)	(30.0)

3. Schedule

The liquidation is to be completed once we have completed the necessary procedures under local laws and regulations, but a specific schedule has not yet been determined.

4. Future outlook

If any matters that should be disclosed arise regarding the impact of the dissolution and liquidation on consolidated financial results, we will promptly announce them.

(END)