

ENGLISH TRANSLATION FOR REFERENCE PURPOSE ONLY

This notice is an English translation of the original Japanese text of the timely disclosure statement dated March 18, 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.

March 18, 2026

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Representative: Yorifusa Wakabayashi
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Securities Code: 3880 (Prime Market of Tokyo Stock Exchange)
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**Notice of Transfer of Specified Subsidiary, Non-current Assets,
and Acquisition of Hokuetsu Corporation Stock Equivalent to a Tender Offer**

Daio Paper Corporation (hereinafter the “Company” or “Daio Paper”) hereby announces that, at a meeting of the Board of Directors held today, it resolved to transfer a portion of its equity interest in Forestal Anchile LTDA., a specified subsidiary (hereinafter “Anchile”; such equity interest, the “Equity Interest in Anchile”), as well as warehouse real estate located in Kawasaki city (hereinafter the “Property”), a non-current asset owned by the Company, to DAIO KAIUN CO., LTD. (hereinafter “Daio Kaiun”), and to acquire shares of common stock of Hokuetsu Corporation (hereinafter “Hokuetsu”) from Daio Kaiun and Misuga Kaiun Co., Ltd. (hereinafter collectively with Daio Kaiun, “Daio Kaiun, etc.”) (the foregoing transactions collectively hereinafter the “Transactions”).

1. Overview of the Transactions and Background Leading to the Decision

(1) Overview of the Transactions

The Transactions, consist of the following three transfer transactions and are interrelated, have been agreed upon and will be executed as a single package:

- ① Transfer of the Property by the Company to Daio Kaiun
- ② Transfer of a portion of the Equity Interest in Anchile by the Company to Daio Kaiun
- ③ Acquisition by the Company of common stock of Hokuetsu (hereinafter the “Hokuetsu Stock”) from Daio Kaiun, etc.

(2) Background Leading to the Decision

As announced in the “(Progress of Disclosure) Notice Concerning the Conclusion of a Basic Strategic Business Alliance Agreement between Daio Paper Corporation and Hokuetsu Corporation” dated May 15, 2024,

the Company has been promoting a strategic business alliance with Hokuetsu. Such alliance has produced certain results, particularly in cost reduction measures related to products logistics and raw material purchasing. However, under the existing capital relationship between the two companies, Hokuetsu holds 24.8% of the voting rights in Daio Paper, while Daio Paper holds 1.4% of the voting rights in Hokuetsu. As such, the two companies have not been in an equal position in terms of their capital relationship, and this imbalance has placed certain limitations on the specific measures that could be undertaken under the alliance. In light of these circumstances, the Company has concluded that acquiring additional Hokuetsu Stock in order to expand the scope of measures that can be pursued through the establishment of an equal capital relationship would contribute to further enhancement of the corporate value.

Meanwhile, the Company had been considering the sale of the Property as part of an asset replacement initiative. At such time, Daio Kaiun expressed an intention to acquire the Property. In addition, Daio Kaiun indicated its intention to acquire a portion of the Equity Interest in Anchile, a consolidated subsidiary of the Company, and to transfer Hokuetsu Stock held by Daio Kaiun, etc.

The Company determined that, by selling the Property under consideration and transferring the non-core asset represented by the Equity Interest in Anchile within its business portfolio, it would be possible to collectively acquire a certain amount of Hokuetsu Stock necessary to establish an equal capital relationship under reasonable conditions, without paying a premium over the market price and while minimizing actual cash outflow. Accordingly, the Company judged that executing the Transactions with Daio Kaiun, etc. would be beneficial and proceeded with concrete considerations.

(3) Process and Reasons Behind the Decision to Execute the Transactions

(i) Establishment of Review Framework

Since Daio Kaiun is a major shareholder of the Company and falls under a party related to its founders, and Hokuetsu is also a principal shareholder, the Company determined that in order to ensure that the Transactions and the repurchase of its own shares in the “Notice Concerning Acquisition of Own Shares and Repurchase Through Off-Auction Own Share Repurchase Trading (ToSTNeT-3)” announced by the Company today (collectively with the Transactions, hereinafter the “Capital Strategy Transactions”) are fair to general shareholders other than Daio Kaiun and Hokuetsu, it is necessary to review whether the purpose of the Capital Strategy Transactions is legitimate and reasonable and contributes to the enhancement of the Company’s corporate value (i.e., the appropriateness of the transactions), whether the transaction terms are fair, and whether the decision-making process is fair.

(ii) Review Process

The Company established a special committee (hereinafter the “Special Committee”) composed of four Independent Outside Directors. The Special Committee, with advice from Daiwa Securities Co., Ltd. as an independent financial advisor, and TMI Associates as a legal advisor independent from the Group and the outcome of the Capital Strategy Transactions, reviewed whether the purpose of the Capital Strategy Transactions is legitimate and reasonable and contributes to the enhancement of the Company’s corporate value (i.e., the appropriateness of the transactions), whether the transaction terms are fair, and whether the decision-making process is fair. In addition, the fair value of the Property is primarily based on real estate appraisal reports prepared by external real estate appraisers, and such valuation is based on market

evidence reflecting transaction prices of comparable assets in accordance with the valuation standards of the country in which the Property is located. Furthermore, the Company commissioned Deloitte Tohmatsu LLC, an external professional firm, to conduct a value analysis of the Equity Interest in Anchile.

Prior to the Board of Directors' resolution regarding the Capital Strategy Transactions, the Special Committee submitted its recommendation to the Board of Directors that (a) the Capital Strategy Transactions contribute to the enhancement of the corporate value of Daio Paper and that the purpose of the Capital Strategy Transactions is legitimate and reasonable, (b) the transaction terms of the Capital Strategy Transactions are appropriate and fair, and (c) the decision-making process relating to the Capital Strategy Transactions is fair. Based on this conclusion, the Company's Board of Directors resolved to proceed the Capital Strategy Transactions.

In addition, the Company and Hokuetsu have agreed, relating to the Capital Strategy Transactions, that establishing an equal capital relationship would further deepen the strategic business alliance and contribute to the further enhancement of the corporate value of both companies. For details, please also refer to the "(Progress of Disclosure) Notice Concerning the Deepening of the Strategic Business Alliance between Daio Paper Corporation and Hokuetsu Corporation" dated today.

2. Transfer of the Equity Interest in Anchile

(1) Reason for the Transfer

As described in "1. (2) Background Leading to the Decision."

(2) Overview of the Subsidiary to Be Transferred

(i)	Name	Forestal Anchile LTDA.		
(ii)	Location	Av. Juan Mackenna 1673, Osorno, Región de Los Lagos, Chile		
(iii)	Representative’s name/post	Yosuke Kamio, General Manager		
(iv)	Business details	Afforestation business		
(v)	Capital	US\$102,775 thousand		
(vi)	Established	June 2, 1989		
(vii)	Investors (equity holders) and ownership ratios (As of December 31, 2025)	Daio Paper Corporation	90.2%	
		ITOCHU Corporation	9.8%	
(viii)	Relationship between Daio Paper and Anchile	Capital relationship	The Company holds 90.2% of the voting rights of Anchile.	
		Personnel relationship	Two officers/employees of the Company concurrently serve as directors of Anchile, and two employees of the Company are seconded to Anchile.	
		Business relationship	The Company imports pulpwood from Anchile.	
(ix)	Anchile’s operating results and financial positions for the last three years			
	As of / Fiscal year ended	Fiscal year ended December 2022	Fiscal year ended December 2023	Fiscal year ended December 2024
	Net assets	US\$168,436 thousand	US\$171,854 thousand	US\$175,844 thousand
	Total assets	US\$188,918 thousand	US\$191,800 thousand	US\$193,879 thousand
	Net sales	US\$71,991 thousand	US\$78,185 thousand	US\$72,751 thousand
	Profit attributable to owners of parent	US\$5,456 thousand	US\$5,055 thousand	US\$3,990 thousand

(3) Overview of the Transferee

(i)	Name	DAIO KAIUN CO., LTD.	
(ii)	Location	7-35 Mishimakamiya-cho, Shikokuchuo City, Ehime	
(iii)	Representative's name/post	Masami Iwai, Representative Director	
(iv)	Business details	Marine transportation (ocean-going and domestic), ship agency services, customs brokerage, port transportation, motor transportation, warehousing, industrial waste collection and transport, and solar power generation	
(v)	Capital	110 million JPY	
(vi)	Established	January 16, 1967	
(vii)	Net assets	24,777 million JPY (as of March 31, 2025)	
(viii)	Total assets	67,738 million JPY (as of March 31, 2025)	
(ix)	Major shareholders and shareholding ratio	Ikawa Shoko Co., Ltd. *Since there is no official English company name, this is a tentative name.	100%
(x)	Relationship between Daio Paper and Daio Kaiun	Capital relationship	Daio Kaiun's shareholding ratio in the Company's common stock as of September 30, 2025 is 6.66%.
		Personnel relationship	Not applicable
		Business relationship	The Company has a business relationship with Daio Kaiun in the provision of logistics services.
		Status of relationship with related parties	Not applicable

(4) Details of the Transfer of Equity Interest and Schedule of Change

(i)	Ownership ratios before the transfer	90.2%
(ii)	Ownership ratios to be transferred	80.2%
(iii)	Ownership ratios after the transfer	10.0%
(iv)	Transferee	DAIO KAIUN CO., LTD.
(v)	Date of the transfer agreement	March 18, 2026
(vi)	Scheduled date of transfer	Late June, 2026 (scheduled)

Note: The transfer price will not be disclosed based on the agreement between the parties. The transfer price has been agreed upon through discussions between the parties as a fair and reasonable price.

(5) Future Outlook

If the Transactions are executed as scheduled, Anchile will cease to be a specified subsidiary of the Company from the 2nd quarter of the fiscal year ending March 31, 2027. The impact of the Transactions on the Company's consolidated financial results is currently under review. Should any information requiring disclosure arise, the Company will promptly announce it.

3. Transfer of the Property by the Company

(1) Reason for the Transfer

As described in “1. (2) Background Leading to the Decision.”

(2) Details of the Property to Be Transferred

(i) Description of assets	Building: Total floor area 22,532.49 m ² Land: 36,161.79 m ²
(ii) Location	12-3 Ukishima-cho, Kawasaki-ku, Kawasaki City, Kanagawa
(iii) Gain on transfer	8 billion JPY*
(iv) Current status	Operational real estate

* Gain on transfer (gain on sale) is an estimated amount calculated by deducting the book value related to the transfer from the transfer price. The transfer price and book value will not be disclosed in accordance with the agreement with the transferee. However, the transfer price reflects the fair market value, based on a third-party appraisals.

(3) Overview of the Transferee

(i) Name	DAIO KAIUN CO., LTD.	
(ii) Location	7-35 Mishimakamiya-cho, Shikokuchuo City, Ehime	
(iii) Representative's name/post	Masami Iwai, Representative Director	
(iv) Business details	Marine transportation (ocean-going and domestic), ship agency services, customs brokerage, port transportation, motor transportation, warehousing, industrial waste collection and transport, and solar power generation	
(v) Capital	110 million JPY	
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(vii) Net assets	24,777 million JPY (as of March 31, 2025)	
(viii) Total assets	67,738 million JPY (as of March 31, 2025)	
(ix) Major shareholders and shareholding ratio	Ikawa Shoko Co., Ltd. *Since there is no official English company name, this is a tentative name.	100%
(x) Relationship between Daio Paper and Daio Kaiun	Capital relationship	Daio Kaiun's shareholding ratio in the Company's common stock as of September 30, 2025 is 6.66%.
	Personnel relationship	Not applicable
	Business relationship	The Company has a business relationship with Daio Kaiun in the provision of logistics services.
	Status of relationship with related parties	Not applicable

(4) Schedule of Transfer

Date of the transfer agreement	March 18, 2026
Date of delivery of transferred assets	Late June, 2026 (scheduled)

(5) Future Outlook

The impact of the Transactions on the Company's consolidated financial results is currently under review. Should any information requiring disclosure arise, the Company will promptly announce it.

4. Acquisition of Hokuetsu Stock

The Company has resolved to acquire Hokuetsu Stock from Daio Kaiun, etc. through an off-market bilateral transaction as set forth below. The reasons for the acquisition are as described in “1. (2) Background Leading to the Decision.”

The acquisition of Hokuetsu Stock by Daio Paper will result in an acquisition of 5% or more on a voting rights basis and therefore constitutes a “buying up equivalent to a tender offer specified by Cabinet Order” under Article 167, Paragraph 1 of the Financial Instruments and Exchange Act and Article 31 of the Order for Enforcement of the Financial Instruments and Exchange Act.

(1) Securities code	3865
(2) Company name	Hokuetsu Corporation
(3) Number of shares to be acquired	The number of shares held by Daio Kaiun, etc. minus the number of shares to be sold to Hokuetsu described in the “Notice Concerning the Acquisition of Treasury Shares, the Purchase of Treasury Shares through the Off-Auction Own Share Repurchase Trading System (ToSTNeT-3), and the Cancellation of Treasury Shares” announced by Hokuetsu today. However, the maximum number of shares shall be 29,213,800.
(4) Share acquisition date	March 27, 2026
(5) Percentage to the total voting rights of all shareholders	Up to 17.33% of the total number of issued shares (excluding treasury stock) as of September 30, 2025

(END)