

ENGLISH TRANSLATION FOR REFERENCE PURPOSE ONLY

This notice is an English translation of the original Japanese text of the timely disclosure statement dated May 15, 2026 issued by Daio Paper Corporation, and is for reference purpose only. In the event of any discrepancy between the original Japanese text and this English translation, the Japanese text shall prevail.

May 15, 2026

To whom it may concern:

Company Name: Daio Paper Corporation
 Representative: Yorifusa Wakabayashi, Representative Director, President and Chief Executive Officer
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Notice Regarding the Recording of Loss on Valuation of Investments in Capital of Subsidiaries and Associates (on a Non-Consolidated Basis) and the Differences between the Full-year Consolidated Financial Results Forecast and Results for FY2026/3

Daio Paper Corporation (hereinafter, the “Company”) hereby announces that it has recorded loss on valuation of investments in capital of subsidiaries and associates as an extraordinary loss on a non-consolidated basis for the fiscal year ended March 31, 2026 (hereinafter, “FY2026/3”). Additionally, the Company announces the differences between the full-year consolidated financial results forecast for FY2026/3 and the actual results for that year released today. The details are as follows.

1. Recording of Loss on Valuation of Investments in Capital of Subsidiaries and Associates (on a Non-Consolidated Basis)

Of the investments in capital of subsidiaries and associates held by the Company, the substantive value of its investment in overseas consolidated subsidiary Elleair International China (Nantong) Co., Ltd. has significantly declined and there is no prospect of recovery to the acquisition cost, although the benefits of structural reforms have exceeded the plan. The Company therefore recognized an impairment loss and recorded a loss on valuation of investments in capital of subsidiaries and associates of 12,053 million yen as an extraordinary loss.

As the loss on valuation of investments in capital of subsidiaries and associates will be eliminated in consolidation, there will be no impact on the consolidated financial results.

2. Differences between the Full-year Consolidated Financial Results Forecast and the Actual Results for FY2026/3 (April 1, 2025–March 31, 2026)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	670,000	22,000	14,000	5,000	30.04
Actual results (B)	666,770	24,032	21,339	8,886	53.73
Change (B–A)	(3,229)	2,032	7,339	3,886	
Change (%)	(0.5)	9.2	52.4	77.7	
(Reference) Consolidated financial results for the fiscal year ended March 31, 2025	668,912	9,807	4,530	(11,197)	(67.29)

3. Reasons for the Differences

As for the full-year consolidated financial results for FY2026/3, while net sales were generally in line with the forecast, operating profit and ordinary profit exceeded the forecast. This is mainly because the effects of price revisions took hold in the Home and Personal Care (hereinafter, “H&PC”) Domestic Business, and the benefits of structural reforms in the H&PC Overseas Business exceeded the plan; in addition, the Company posted foreign exchange gains on foreign currency-denominated parent-to-subsidary loans following the yen depreciation.

Profit attributable to owners of parent exceeded the forecast owing to higher profits up to the stage of ordinary profit. This was despite the recording of provision for losses on transfer of subsidiaries and associates of 1,776 million yen as an extraordinary loss following the transfer of our equity interest in a consolidated subsidiary Forestal Anchile LTDA. as stated in “Notice of Transfer of Specified Subsidiary, Non-current Assets, and Acquisition of Hokuetsu Corporation Stock Equivalent to a Tender Offer” released on March 18, 2026.

End