

ENGLISH TRANSLATION FOR REFERENCE PURPOSE ONLY

This notice is an English translation of the original Japanese text of the timely disclosure statement dated March 11, 2021 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 11, 2021

To Whom It May Concern:

Name of Company: Daio Paper Corporation
Name of Representative: Masayoshi Sako
President and Representative Director
Securities Code: 3880
(First Section, Tokyo Stock Exchange)
Contact Person: Hiromitsu Fujii
Director
General Manager of General Affairs and Personnel Division
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**Regarding the Resolution of Expansion of the Scope of the Employee Share Grant System to Employees at
Managerial Positions of Daio**

Daio Paper Corporation (hereinafter, “Daio” or “we”) hereby announces that we have resolved at the Board of Directors meeting held today to expand the scope of the Share Grant System introduced on October 16, 2019 for executive officers of Daio (the trust already established for the Share Grant System is hereinafter referred to as the “Trust for Delivery of Shares to Employees”) to include employees at managerial positions of Daio, and to extend the term of the trust. In accordance with this, we have resolved to place additional money in the trust for the trustee to acquire additional shares of Daio. The details are provided below.

Notes

1. Purpose of expanding the scope of the system

The purpose of this system is to realize the “sustainable enhancement of corporate value” by fostering employees' sense of participation in management and encouraging them to change their action with the incentive that employees receive economic benefits from the increase in the stock price of Daio.

By expanding the scope of the system from executive officers to managers, we aim to encourage company-wide actions leading to the enhancement of corporate value over the medium- to long- term, such as cross-company, holistic and optimal problem solving, continuous development of self-directed human resources who can “think, decide and act on their own”, and creation of new value with respect for diversity and ideas for solving social issues.

2. Overview of the Trust for Delivery of Shares to Employees

i.	Settlor	Daio Paper Corp.
ii.	Trustee	Sumitomo Mitsui Trust Bank, Ltd. (Re-trustee: Custody Bank of Japan, Ltd.)
iii.	Beneficiaries	Employees who satisfy beneficiary requirements
iv.	Trust administrator	Appointment of a third party independent of Daio and its officers
v.	Exercise of voting rights	The trust administrator shall provide instructions on the exercise of voting rights of Daio's shares in the trust
vi.	Type of trust	Trust of money other than money trust (third-party-benefit trust)
vii.	Date of trust agreement	October 16, 2019
viii.	Date of additional entrustment	March 29, 2021 (planned)
ix.	Date of trust termination (after extension)	Final business day of March 2026

3. Details of the acquisition of Daio's shares by the Trust for Delivery of Shares to Employees

i.	Type of trust	Common shares of Daio
ii.	Total amount of share acquisition cost	1,385,595,200 yen
iii.	Total number of shares to be acquired	715,700 shares
iv.	Acquisition method	Acquisition through disposal of treasury shares (third-party allotment)
v.	Acquisition date	March 29, 2021 (planned)

End