May 15, 2025

To whom it may concern:

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Name of Representative:	Yorifusa Wakabayashi President and Representative Director, Chief Executive Officer
Securities Code:	3880 (Prime Market, Tokyo Stock Exchange)
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Regarding the Recording of Losses on Valuation of Investments in Capital and Shares of Subsidiaries and Associates (Non-consolidated) and the Differences between the Full-Year Financial Results Forecast and Results for FY2025/3

Daio Paper Corporation (hereinafter, the “Company”) hereby announces that the Company has recorded loss on valuation of investments in capital of subsidiaries and associates and loss on valuation of shares of subsidiaries and associates under extraordinary losses in the non-consolidated financial results for the fiscal year ended March 31, 2025 (hereinafter, “FY2025/3”). The Company also announces the differences between the full-year consolidated financial results forecast for FY2025/3 announced on February 14, 2025 and the actual results for that period released today. The details are as follows.

1. Recording of losses on valuation of investments in capital and shares of subsidiaries and associates

Of investments in capital of subsidiaries and associates held by the Company, the Company recognized an impairment loss on investment in the capital of its foreign consolidated subsidiary Elleair International China (Nantong) Co., Ltd. (hereinafter, “EICN”) as the substantive value of such investment had significantly declined. As a result, the Company has recorded loss on valuation of investments in capital of subsidiaries and associates of 17,763 million yen under extraordinary losses.

At the same time, as stated in the “Notice Regarding Transfer of Consolidated Subsidiary (Transfer of Shares)” disclosed on March 6, 2025, the Company concluded an agreement to transfer shares of its foreign consolidated subsidiary Elleair International Turkey Kişisel Bakım Ürünleri Üretim A.Ş. (hereinafter, “EITR”), and reduced the book value of shares of EITR held by the Company as of March 31, 2025. As a result, the Company has recorded loss on valuation of shares of subsidiaries and associates of 18,237 million yen under extraordinary losses.

Note that these losses on valuation of investments in capital and shares of subsidiaries and associates have been eliminated upon consolidation, and therefore have no impact of the consolidated financial results.

2. Differences between the Full-Year Consolidated Financial Results Forecast and the Actual Results for FY2025/3 (April 1, 2024–March 31, 2025)

	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)	680,000	11,500	5,000	(7,000)	(42.07)
Actual results (B)	668,912	9,807	4,530	(11,197)	(67.29)
Change (B – A)	(11,088)	(1,693)	(470)	(4,197)	
Change (%)	(1.6)	(14.7)	(9.4)	–	
(Reference) Consolidated financial results for the fiscal year ended March 31, 2024	671,688	14,367	9,622	4,472	26.89

3. Reasons for the Differences

As for the full-year consolidated financial results for FY2025/3, while net sales progressed largely as expected, operating profit and ordinary profit fell short of the previous forecast as the strong performance of domestic business could not fully make up for sluggish sales in the Chinese and other overseas business.

With respect to profit attributable to owners of parent, as announced on March 6, 2025, the Company recorded costs and losses associated with the structural reforms of the overseas business of 7,292 million yen (an impairment loss of 4,013 million yen incurred from the sale of the First Factory of EICN and an expected loss of 3,278 million yen to be incurred from the transfer of shares of EITR) in business restructuring expenses under extraordinary losses. In addition, the Company recognized an additional impairment loss of 2,694 million yen on the Second Factory of EICN after carefully reassessing any indication of impairment of said factory, taking a cue from the sale of the First Factory. These events, among other factors, resulted in an increase in extraordinary losses.

Consequently, the Company posted loss of 11,197 million yen for FY2025/3 despite an increase in extraordinary income due to the sale of non-core assets of a domestic subsidiary settled at a higher price than initially expected as well as the recording of deferred tax assets of 5,225 million yen for the valuation loss of shares of EITR on a consolidated basis.

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