

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 jointly issued by Daio Paper Corporation and Hokuetsu 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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**(Progress of Disclosure) Notice Concerning the Deepening of the Strategic Business Alliance
between Daio Paper Corporation and Hokuetsu Corporation**

Daio Paper Corporation (hereinafter “Daio Paper”) and Hokuetsu Corporation (hereinafter “Hokuetsu”) have been promoting a strategic business alliance and worked to strengthen the relationship of trust between the two companies and enhance their corporate value, targeting a combined increase in operating profit of approximately five billion yen in total in FY2026, 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.

Daio Paper and Hokuetsu hereby announce that, in order to further advance and deepen our existing strategic business alliance, their respective Board of Directors resolved today to conclude a memorandum of understanding (hereinafter the “MOU”) concerning a strategic business alliance (hereinafter the “Alliance”), and have entered into the MOU.

The Alliance seeks to expand the specific scope of measures that can be pursued under the strategic business alliance by establishing an equal capital relationship between Daio Paper and Hokuetsu, thereby aiming to further enhance the corporate value of both companies.

Daio Paper and Hokuetsu are paper manufacturers that have worked to coexist with local communities through “*monozukuri*” (manufacturing) respectively, and will continue to aim to be trusted by all stakeholders ranging from customers to shareholders, business partners, local communities, and employees.

The two companies share the recognition that strengthening competitiveness through structural reforms and transforming their business portfolios are important management issues in a severe business environment that requires solutions to social issues, such as the serious shortage of truck drivers in domestic logistics and measures to reduce environmental impact, in addition to declining domestic demand for paper such as printing and communication paper, changing demand structures, and continuing high raw material and fuel prices due to the substantial yen depreciation that has taken hold.

The current strategic business 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, Daio Paper and Hokuetsu agreed that establishing an equal capital relationship between the two companies would expand the scope of specific measures that can be pursued and further deepen their strategic business alliance, thereby contributing to the further enhancement of the corporate value of both companies.

As a step toward establishing the equal capital relationship that both companies aim to achieve through the Alliance, Daio Paper and Hokuetsu will implement the transactions described in the respective press releases concerning their capital strategies, which were separately disclosed by each company today (collectively, the “Transactions”). For details of the Transactions, please refer to the titles of the respective press releases issued by Daio Paper and Hokuetsu listed at the end of this press release.

As a result of the implementation of the Transactions, the percentage of voting rights held by each company in the other is expected to be approximately 20% (but less than 20%), and Daio Paper is expected to cease to be an affiliated company accounted for by the equity method of Hokuetsu. It should be noted that, in order to realize the purpose of the Alliance, the two companies have agreed in the MOU that after the Transactions neither party will transfer or otherwise dispose of the shares it holds in the other party nor acquire additional shares in the other party unless the prior written consent of the other party is obtained. However, as these arrangements are intended solely to realize the purpose of the Alliance as described above, the companies believe that their impact on governance will be immaterial.

On the other hand, Daio Paper and Hokuetsu do not consider it necessary for the percentage of voting rights they hold in each other to remain at approximately 20%. Rather, as disclosed by Hokuetsu in the “Announcement about Hokuetsu Corporation’s Shareholding in Daio Paper Corporation” dated May 15, 2024, the two companies share the view that, in order to enhance the corporate value of both companies through the realization of management that is mindful of capital efficiency, it would be appropriate over the medium term to reduce the percentage of voting rights they hold in each other. Accordingly, while giving due consideration to the potential impact on share prices and taking into account various capital strategies and shareholder return measures, the two companies intend to reduce the percentage of voting rights each holds in the other to a level of approximately 5% to 10%. The specific methods and

timing for such reductions will be determined through discussions between the two companies, while taking into account the potential impact on share price as well as various capital strategies and shareholder return measures, including share repurchases and other possible measures.

[Reference 1] Press Releases Dated March 18, 2026

Press release jointly issued by Daio Paper and Hokuetsu (this press release)

- (Progress of Disclosure) Notice Concerning the Deepening of the Strategic Business Alliance between Daio Paper Corporation and Hokuetsu Corporation

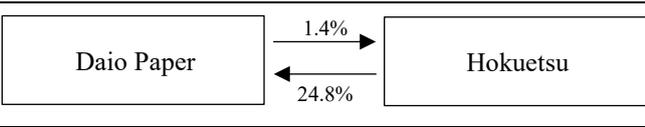
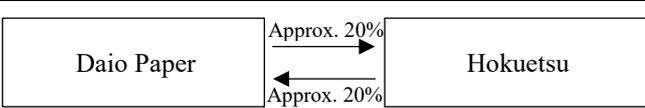
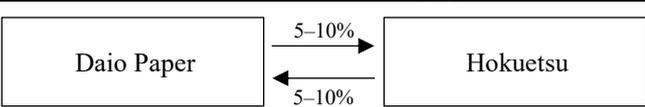
Press releases by Daio Paper

- Notice Concerning Acquisition of Own Shares and Repurchase Through Off-Auction Own Share Repurchase Trading (ToSTNeT-3)
- Notice of Transfer of Specified Subsidiary, Non-current Assets, and Acquisition of Hokuetsu Corporation Stock Equivalent to a Tender Offer

Press releases by Hokuetsu

- 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
- Notice Concerning the Secondary Offering of Hokuetsu Corporation’s Shares and Change in the Largest Major Shareholder
- Notice Concerning Tender for Purchase of Treasury Shares Through the Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) at Affiliated Company Accounted for Under the Equity Method

[Reference 2] Changes in the Capital Relationship between the Two Companies

Current status (as of today)	
After implementation of the Transactions (from March 27 onward)	 <p>Each of the two companies shall hold less than 20% of the voting rights.</p>
Medium-term target structure	 <p>Over the medium term, the companies plan to reduce the percentage of voting rights they hold in each other. The specific methods and timing for such reductions will be determined following discussions between the two companies.</p>

(END)