Daio Paper Group’s Business Model

The Daio Paper Group, as a full-range paper manufacturer engaged in the manufacture and sale of paper and paperboard as well as home and personal care (H&PC) products, seeks to flexibly respond to changes in societal needs in the wide-ranging fields in which it operates. We conduct research and development and commercialize products that contribute to cultural and industrial development and the improvement of the quality of life.

The Daio Paper Group operates businesses in a wide range of fields extending from materials such as newsprint, printing and publication paper, containerboard, and wrapping paper that serve as the foundation for cultural and industrial activities, to personal care products such as facial tissue, toilet tissue, and baby diapers, supporting the day-to-day lives of everyone from babies to the elderly. The Group does this by leveraging its core competencies originating from its competitive advantages.
Development of a flexible production structure capable of meeting the diverse needs of consumers as a full-range paper manufacturer

1943
Developed as a newsprint and containerboard manufacturer
Established business foundation
Daio Paper was established in 1943 through the merger of Shikoku Paper Corporation and 13 other paper companies for the purpose of manufacturing and selling washi (traditional Japanese paper).

1973
Built the New Mishima Mill
Started operation of the N3 wide trim width newsprint machine and the N1 and N2 linerboard machines

1979
Making a leap forward as a full-range paper manufacturer
Daio Paper completed its foundation as a full-range paper manufacturer in 1979 when it entered the household paper market with the Elleair brand and concurrently increased capacity to improve productivity and ensure a stable supply of a wide variety of papers, such as printing and publication paper and communication paper, in addition to its mainstay newsprint and paperboard products.

1983
Acquired Nagoya Pulp (now Kani Mill)

1989
Established Forestal Anchile LTDA.
☞ See p.20 for details

1996
Established Iwaki Daio Paper Corporation
☞ See p.19 for details

2007
Established Forestal Anchile LTDA.
☞ See p.20 for details

2017
Acquired the Attento brand disposable adult diaper business from P&G
Global development and multi-category business expansion through local production for local consumption
Daio Paper established disposable baby diaper production and sales companies in Thailand, China, and Indonesia.

2018
Established Forestal Anchile LTDA.
☞ See p.25 for details

2019
Made progress in the development of applications of cellulose nanofiber (CNF)

Source of Competitiveness
Mishima Mill accounts for approx. 8% of total paper and paperboard production in Japan
The Mishima Mill, the Daio Paper Group’s core paper mill, engages in fully integrated production ranging from pulp to paper and paperboard. Its annual production is approx. 2.1 million tons, or some 8% of Japan’s total paper and paperboard production. By combining all types of pulp with a variety of paper machines, Mishima Mill has developed a flexible production and sales structure aligned with market needs.
### Paper and Paperboard Business

To adapt flexibly to changes in market trends, Daio Paper leverages the strength of its Mishima Mill (Ehime Prefecture), one of the largest coastal paper mills in the world capable of producing a wide range of pulps, paper, and paperboard products, to promote a shift of production and sales mix in its Paper and Paperboard Business. Through the integrated operations of the Group’s companies with Mishima Mill at the core, we share technologies and information on improving productivity and reducing energy costs and work to provide high-value-added products and reduce environmental impact.

#### Maximization of production at Mishima Mill and shift from graphic paper to packaging paper

- **2007**: Started operation of the integrated coated paper production facility (N10 machine) at Mishima Mill
- **2014**: Relocated the N3 paper machine from Kani Mill to Iwaki Daio Paper and rebuilt it as a containerboard machine
- **2019**: Repurposed the N7 paper machine at Mishima Mill as a containerboard machine

#### Decarbonization and plastic-free initiatives

- **2017**: Built large-scale warehouses on sites adjacent to main domestic mills
- **2019**: Launched EWPa (eliminate plastic) Paper, a high-density heavyweight paper alternative to plastic
- **2020**: Plan to start operation of a biomass boiler at Mishima Mill under the FIT scheme

#### Shift to high-value-added products through M&A

- **2017**: Acquired the paper products business of Nisshinbo Holdings
- **2018**: Acquired Miura Printing Corporation

#### New value creation from wood resources

- **2016**: Started operation of a cellulose nanofiber (CNF) pilot plant
- **2017**: Developed and offered a range of CNFs in slurry, dry powder, and molded sheet
- **2019**: Developed a high-performance table tennis racket using CNF as a component, used CNF as body panels of an electric car

### Home and Personal Care (H&PC) Business

Daio Paper has leveraged newsprint and containerboard papermaking technology to enter the household paper market, and thereafter leveraged B2C marketing expertise gained from selling household paper to enter the market for disposable diapers, feminine care products, wet wipes, and other related products. As a result, now it pursues a unique market-driven business strategy as a manufacturer with a portfolio of both household paper and absorbent products.

#### Acquired a dominant market share in the household paper category

- **2011**: Launched Elleair Zeitaku Hoshitsu lotion tissue
- **2013**: Launched Shoshuu+ deodorizing toilet tissue
- **2018**: Captured the No. 1 market share in paper category (facial tissue, toilet tissue, kitchen paper)
- **2019**: Tapping a new market: Launched l/A double length toilet tissue
- **2021**: Planned start of operation of the KN2 paper machine at Kawanoe Mill

#### Brand strategy and a shift to high-value-added products through M&A

- **2007**: Acquired the Attento brand disposable adult diaper business
- **2017**: Acquired the paper products business of Nisshinbo Holdings

#### Securing a stable supply structure through increase in production capacity

- **2016**: Started operation of the N8 household paper machine at Kani Mill
- **2018**: Started operation of the KN1 household paper machine at Kawanoe Mill
- **2021**: Planned start of operation of the KN2 paper machine at Kawanoe Mill

#### Full-scale entry into overseas markets

Multi-category business expansion with disposable baby diapers, household paper products, and other products

- **2011**: Established Elleair International Thailand Co., Ltd. (EIT) in Thailand (Rayong Province)
- **2012**: Established Elleair International China (Nantong) Co., Ltd. (EICN) in China (Nantong City)
- **2014**: Established PT. Elleair International Manufacturing Indonesia (EITI) in Indonesia (Cikarang)
- **2017**: Opened a representative office in Turkey
- **2018**: Opened a representative office in Russia
Further evolution into an environmentally conscious company to contribute to the realization of a sustainable, recycling-oriented society.

1998
Iwaki Daio Paper Corporation received the "Nikkei Superior Trend-Setting Factories and Offices Award"
First in the industry to begin manufacture and sale of newsprint made from 100% recovered paper
Increase of the biomass power generation ratio from 70% to 100% (planned)

2018
Revised the Daio Global Environmental Charter

High utilization rate of recovered paper and in-house power generation with biomass boilers
Iwaki Daio Paper began operation in 1997 as a paper mill with the concept of making maximum use of recovered paper from the Tokyo metropolitan area. In 1998, the company became the first in the industry to begin manufacturing and selling newsprint made from 100% recovered paper and it received the Nikkei Superior Trend-Setting Factories and Offices Award from Nikkei Inc.

Today, Iwaki Daio Paper produces containerboard made from 100% recovered paper in addition to newsprint and uses approximately 50,000 tons of recovered paper monthly. The company also promotes the use of hard-to-recycle recovered paper, such as paper cores. In addition to using biomass as a papermaking raw material, it also plans to increase the ratio of biomass energy used at the mill from the current level of approximately 70% to 100%.

Promotion of the use of recovered paper use has emerged as an important theme in the context of the papermaking industry’s efforts to help address social issues such as the need to conserve resources and reduce the volume of trash.