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October 31, 2024

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Notice Concerning the Discontinuation of Business at a Consolidated Subsidiary

Tokuyama Corporation (hereinafter referred to as “Tokuyama” or “the Company”) hereby outlines details of the decision made to discontinue business at its local subsidiary in China, Shanghai Tokuyama Plastics Co., Ltd., which engages in the manufacture and sale of microporous films, at an Executive Committee meeting held on October 31, 2024. Brief details are presented as follows.

1. Rationale behind the discontinuation of business at a subsidiary company

Working through its consolidated subsidiary, Shanghai Tokuyama Plastics Co., Ltd., Tokuyama has operated a microporous film business in China, which manufactures products mainly for use in such materials as disposable diaper backing sheets, since 2002. However, taking into consideration recent changes in local market conditions, the increasingly harsh competitive environment, subsequent downturn in profitability, and little likelihood of a recovery in the short term, the decision was made to discontinue the business on October 31, 2024.

2. Outline of the consolidated subsidiary

(1) Company Name	Shanghai Tokuyama Plastics Co., Ltd.
(2) Location	Shanghai City, China
(3) Name and Title of Representative	Kenji Fukunaga (Director and General Manager)
(4) Description of Business	Manufacture and sale of microporous film
(5) Capital	11 million US dollars
(6) Establishment	September 29, 2002
(7) Major Shareholder and Ratio of Shareholding	Tokuyama Corporation 100%

(8) Relationships between the Parties	Capital Relationship	Relevant company is Tokuyama's consolidated subsidiary and Tokuyama's ratio of shareholding is 100%.	
	Personnel Relationship	One executive officer and four employees of Tokuyama serve five board members of the relevant company concurrently. No related parties or affiliates of Tokuyama have any significant personnel relationship with the relevant company.	
	Transaction Relationship	Tokuyama and the relevant company have no significant transaction relationship.	
(9) Results of Operations and Financial Conditions for Previous Three Fiscal Years (In thousands of CNY)			
Fiscal Year Ended	December 2021	December 2022	December 2023
Net Assets	110,152	103,439	97,814
Total Assets	115,492	107,647	102,620
Sales	71,902	46,298	42,374
Operating Profit	8,496	(1,699)	(6,743)
Ordinary Profit	8,449	(2,103)	(6,844)
Profit	8,449	(2,756)	(7,478)

3. Future Prospect

Any impact of the discontinuation of business on Tokuyama's consolidated financial results for the fiscal year ending March 31, 2025, is currently being assessed. If and when a material impact is expected, Tokuyama will make a timely announcement as the impact is fixed.