

Announcement Concerning Operational Suspension of Ofuna Plant due to Portfolio Transformation

–Consolidation of manufacturing bases in Toyokalon business and withdrawal from Y Film and Caralyan business–

Denka Company Limited (Head Office: Chuo-ku, Tokyo; Representative Director, President: Toshio Imai) announces that its Board of Directors today approved a resolution to suspend operation of its Ofuna Plant (Kamakura-shi, Kanagawa) by the end of March 2026, as part of a portfolio transformation based on the “Mission 2030” management plan.

“Toyokalon[®],” the main product of the plant, will be consolidated into Denka Advantech Pte. Ltd. South Plant (hereinafter “DAPL”), a subsidiary in Singapore, and “Caralyan[®] Y Film” and “Caralyan[®] Tape” will be withdrawn from the business.

Details

1. Background

The plant began manufacturing PVC processed products in 1949 as the former Toyo Chemical Co., Ltd., and in 1952 was the first in the world to successfully industrialize PVC fibers. The factory now manufactures Toyokalon[®] as raw yarn for fashion wigs.

In addition, in 1976, we began manufacturing Caralyan[®] Y Film, a lateral extension polyethylene film, and Caralyan[®] Tape, an adhesive tape for packaging that combines the film, and we have been manufacturing a variety of resin processed products based on our extrusion molding and adhesive coating technologies.

However, in terms of sales, demand for Toyokalon[®] has been declining owing to the changes in the demand structure resulting from trend shifts, as well as the economic stagnation in Africa, our major sales region, since the COVID-19 pandemic. In terms of costs, we are facing a difficult profit situation due to soaring raw material prices and increased fixed costs. In addition, the sales volume of Caralyan[®] Tape, which is mainly used as a packaging material, has decreased owing to the impact of simplified packaging, and we do not expect to maintain or grow our business in the future. We have also concluded that it would be difficult to continue the business of Caralyan[®] Y-Film, which is one of the raw materials for the tape, on a stand-alone basis.

2. Future Plans

The manufacturing, sales and R&D of Toyokalon[®] will be sequentially transferred to DAPL, and production will be discontinued at Ofuna plant by the end of March 2026. DAPL aims to improve profitability by reducing costs through structural transformation and shifting to new products, and to transform itself into a highly profitable business by strengthening its functions as a front-line base for the African market, which is the last

frontier. Production for Caralyan[®] Y-Film and Caralyan[®] Tape will be discontinued at Ofuna plant by the end of March 2026.

Although the future plans for the plant facilities, plant site, and business rights have not yet been determined, we will consider effective utilization of these assets, including their sale.

With regard to the employees of the plant concerned, we will place top priority on maintaining the employment of these employees and will promote their reassignment within our group.

We will continue to accelerate our focus on three-star businesses with the three elements of “Specialty,” “Megatrends,” and “Sustainability” to be achieved under our “Mission 2030” management plan.

3. Ofuna Plant Overview

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| (1) Plant name | Denka Ofuna Plant |
| (2) Location | 2-13-1 Dai, Kamakura-shi, Kanagawa |
| (3) Start of operation | November 1949 |
| (4) Plant manager | Hideaki Nishimura |
| (5) Number of employees (including temporary employees) | 137 (as of August 31, 2024) |
| (6) Content of business | Development and manufacture of synthetic fibers for fashion wigs, adhesive tapes for packaging, and functional films |

4. Impact of Business Performance

The impact on our business performance is currently under scrutiny and will be disclosed as soon as it is determined.

End of Press Release

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