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Notice of the construction of a new electronic material plant in China

This is to inform you that we have determined to construct a new plant at Asahi Organic Chemicals (Nantong) Co., Ltd., a 100% subsidiary of our group located in Nantong City, Jiangsu Province, China.

Our group has launched the mid-term management plan "GNT2025" in which our management policy is to pursue growth, focusing on the overseas and semiconductor-related markets. Also, we plan to make strategic investments amounting to 26 billion yen during the 5 years from FY2021 to FY2025, and this construction is a part of such investments.

1. Background

We manufacture base resins for photoresists that are indispensable in the manufacturing processes of flat panel displays and semiconductors. The production of electronic materials for the Chinese market has been started since 2013 in Nantong City, and the sales volume has been increased by our strength in the stability of quality. In China, the demand is increasing due to changes to domestic production and localization of raw materials in this field, and in FY2023 the production capacity of the existing Nantong Plant was enhanced to 1.5 times. Currently, in order to address the Chinese market in which the demand is expected to increase in future as well, we have determined to construct a new plant of which production capacity has been enhanced to approx. 3 times. We will proactively cope with further enlargement of business and increase in corporate values, by flexibly responding to the customers' needs in the fields of flat panel displays and semiconductors in the Chinese market.

2. Overview

Name	Nantong Electronic Material Second Plant
Plant address	In the Nantong ETDZ, Jiangsu, China
Major production item	Novolac resins for photoresists
Production capacity	1,970 tons/year (approx. 3 times that of the existing Nantong Plant)
Investment amount	Approx. RMB 300 million
Number of persons to be employed	About 50

3. Schedule

Start of construction	September 2025 expected
Completion	March 2027 expected

4. Outlook for the future

Our business results for the current year will not be affected by the construction of the above plant.