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September 28, 2026

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(Securities code: 5142, Tokyo Stock Exchange Prime Market)
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Notice Regarding Discontinuation of Production at Chinese Subsidiary

Achilles Corporation (the “Company”) hereby announces that, at a meeting of the Board of Directors held on September 28, 2026, it resolved to discontinue production at its consolidated subsidiary in China, ACHILLES (FOSHAN) NEW MATERIALS CO., LTD., as outlined below.

1. Reason for discontinuing production

In May 2019, the Company established ACHILLES (FOSHAN) NEW MATERIALS CO., LTD., its manufacturing subsidiary in China, with the aim of expanding the automotive materials business.

Subsequently, due to factors such as the impact of activity restrictions resulting from the spread of COVID-19, as well as the rapid expansion of next-generation vehicles by local Chinese automakers in recent years and the resulting series of production cutbacks and withdrawals by Japanese automakers, the business environment surrounding ACHILLES (FOSHAN) NEW MATERIALS CO., LTD. has changed significantly since its founding, leading to a difficult business situation.

Amid these circumstances, while we have focused on expanding applications beyond vehicles and implementing rigorous cost-reduction activities to address rising raw material prices, we have determined that continuing production in an environment expected to become even more challenging in the future would be difficult. Consequently, we have decided to discontinue production activities at ACHILLES (FOSHAN) NEW MATERIALS CO., LTD. in an effort to eliminate losses.

Following this decision, we will consolidate the manufacturing facilities related to the automotive materials business at the Company’s factories in Japan and at its joint venture in Jiangsu Province, China, to optimize our production structure. Moving forward, we will globally expand our business by targeting the mobility sector as a whole, leveraging our strengths in functionality, and strive to enhance the profitability of the automotive materials business.

2. Overview of the subsidiary discontinuing production

(1) Name	ACHILLES (FOSHAN) NEW MATERIALS CO., LTD.
(2) Location	No. 455 Hehe Avenue, Genghe Town, Gaoming District, Foshan City, Guangdong Province, P.R. CHINA
(3) Name and job title of representative	Hiroki Yokoyama, Chairperson
(4) Description of business	Manufacturing of automotive interior materials, etc.
(5) Share capital	300 million Chinese yuan
(6) Date of establishment	May 15, 2019
(7) Investment ratio	The Company: 100.0%

(8) Relationship between the Company and said company	Capital relationship	The said company is a wholly-subsiidiary of the Company.	
	Personnel relationship	One of the Company's directors also serves as an officer at the said company.	
	Business relationship	The Company has provided the said company with a working capital loan.	
	Related party relationship	The said company is a consolidated subsidiary of the Company.	
(9) Operating results and financial positions for the last three years			Unit: millions of yen
Fiscal year ended	December 31, 2023	December 31, 2024	December 31, 2025
Net assets	4,677	884	156
Total assets	7,386	3,807	3,489
Net sales	1	42	94
Operating loss	(711)	(819)	(690)
Ordinary loss	(800)	(942)	(773)
Loss	(800)	(*) (4,199)	(773)

(*) Impairment losses on non-current assets of 3,256 million yen are recorded as extraordinary losses.

3. Timetable

(1) Date of resolution at the meeting of the Board of Directors	September 28, 2026
(2) Date of production discontinuation	September 30, 2026 (scheduled)

4. Future outlook

The Company is currently reviewing the estimated costs and losses, such as financial compensation to be paid to employees, resulting from the discontinuation of production. However, we expect the impact of this matter on the full-year consolidated financial results forecasts for the fiscal year ending March 31, 2027, which was announced on August 7, 2026, to be minimal at this time.

Should any matters requiring disclosure arise in the future, we will notify you promptly.