



March 18, 2024

Company Name : Microwave Chemical Co., Ltd.
(Code No.: 9227 TSE Growth Market)
Representative : Iwao Yoshino ,Representative Director, President and CEO
Contact : Nao Ikemoto, Director of Finance & Investor Relations
Telephone : +81(6)-6170-7595

Notice of Decision to Dissolve an Affiliated Company

Microwave Chemical Co., Ltd. ("MWCC") hereby announce that our Board of Directors has resolved at a meeting held on March 18, 2024 to dissolve our affiliated company, T M T Co.,Ltd. ("TMT").

1. Background of the decision

We established TMT in April 2015 as a joint venture with Taiyo Kagaku Co., Ltd. ("Taiyo Kagaku") and launched sucrose fatty acid esters business as an application of our microwave emulsion method. We started full-scale production in 2022, supplying it to client companies through Taiyo Kagaku.

However, TMT halted the production due to equipment troubles this year and confirmed that significant equipment modifications were necessary after the investigation.

On the other hand, the industry environment of sucrose fatty acid esters is becoming much more competitive than when TMT was established due to the entry of Chinese manufacturers. Even if reinvestment is made, it would be difficult to continue it as a competitive business. Therefore, we have agreed with Taiyo Kagaku to dissolve TMT after completion of supplying contracted deliverables.

The sucrose fatty acid ester business at TMT will be terminated, but the technology for producing sucrose fatty acid esters using microwave technology has been established. Taiyo Kagaku is considering using the knowledge obtained from this project, and we have intention to cooperate with Taiyo Kagaku going forward.

We will discuss with Taiyo Kagaku about the liquidation process after the resolution of dissolution of TMT. We plan to repay TMT's creditors by contributing funds from Taiyo Kagaku and MWCC respectively.

2. Outline of the affiliated company

(1) Company name	T M T Co.,Ltd.
(2) Location	800 Yamada-cho, Yokkaichi City, Mie Prefecture
(3) Representative	Iwao Yoshino, Representative Director
(4) Business	Production and sales of food additives
(5) Capital fund	1,203 million yen

(6)	Date of establishment	April 10, 2015		
(7)	Major shareholders and the ownership	MWCC (50%) and Taiyo Kagaku (50%)		
(8)	The relationship between MWCC and TMT	Capital relationship	An affiliate in which MWCC holds 50% of the voting rights	
		HR relationship	Delegation of 3 directors from MWCC	
		Business relationship	<ul style="list-style-type: none"> · License agreement of patents and know-hows · Loan of funds from MWCC to TMT 	
		To related parties pertinent information	TMT is an affiliate of MWCC and falls under the category of a related party.	
(9)	Operating results and financials of TMT for the past three years			
	Accounting period	FY2021/3	FY2022/3	FY2023/3
	Net assets	212 million yen	561 million yen	66 million yen
	Total assets	2,657 million yen	2,737 million yen	2,713 million yen
	Net assets per share	5,375.98 yen	11,662.99 yen	1,392.04 yen
	Net sales	-	-	263 million yen
	Operating income	(53) million yen	(70) million yen	(489) million yen
	Ordinary income	(66) million yen	(72) million yen	(493) million yen
	Net income	(1,306) million yen	(77) million yen	(494) million yen
	Net income per share	(63,976.17) yen	(1,889.68) yen	(10,270.95) yen
	Dividend per share	0.00 yen	0.00 yen	0.00 yen

3. Schedules

(1)	Resolution of the MWCC board of directors regarding the decision to dissolve of TMT	March 18, 2024
(2)	Resolution of the TMT shareholders' meeting regarding the dissolution of TMT	June 2024 (scheduled)

The timing of the resolution of the dissolution in (2) above may be subject to change depending on the timing of completion of production and shipments at TMT.

4. Impacts on MWCC financials

A loss on liquidation of subsidiaries and affiliates of JPY1,029MM will be recorded as an extraordinary loss in FY2024/3 Q4, including a cash contribution of 500 million yen from MWCC to TMT upon the termination of TMT's business and write down of the shares of affiliated companies and existing receivables. We will promptly disclose any matters that need to be disclosed as we proceed with the liquidation.

Please refer to " Notice of Recording of Extraordinary Losses and Revision of Full-Year Earnings Forecasts of FY2024/3 " released today for the full-year earnings forecasts of FY2024/3.