



February 20, 2024

Company Name: TOPY INDUSTRIES, LIMITED

Representative: Hiromi Ishii, President and CEO

(Code: 7231 Tokyo Stock Exchange; Prime Market,
Nagoya Stock Exchange; Premier Market)

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Notice of Discontinuation of All Operations of a Consolidated Subsidiary

Topy Industries Ltd. (the “Company”) announces that its Board of Directors approved a resolution to discontinue all operations of its consolidated subsidiary, Akemi Electric Power, Ltd., at a meeting held today.

1. Reason for operation discontinuation

Akemi Electric Power, Ltd. was established in July 1996 to enter the power generation business by effectively utilizing existing infrastructure such as harbor facilities at the Toyohashi Plant (Toyohashi City, Aichi Prefecture) in the context of the deregulation of electric power supply. Since then, it has continued stable operations in line with its business plan, contributing to the Company’s consolidated business results and to society by compensating for the power shortages in Japan after the Great East Japan Earthquake.

However, in recent years, the profitability of Akemi Electric Power, Ltd. has been declining due to a sharp rise in coal prices, the fuel used for power generation, and a drop in electricity market prices as a result of the stabilization of electricity supply and demand in the Chubu area, and the business environment is expected to remain challenging in the future. In addition, as the trend toward decarbonization intensifies, the Company, which has a long-term sustainability vision of becoming carbon neutral by 2050, increasingly needs to build a business portfolio with a lower environmental impact.

In light of these circumstances, the Company has determined that continuing the power generation business is difficult and has decided to discontinue the power generation business of Akemi Electric Power, Ltd.

2. Summary of the consolidated subsidiary to be discontinued

(1) Company Name	AKEMI ELECTRIC POWER, LIMITED
(2) Address	1 Akemi-cho, Toyohashi-shi, Aichi Prefecture
(3) Representative	Kenji Iguchi, President and CEO
(4) Business Content	Power Generation Business
(5) Capital	205 million yen
(6) Date of Establishment	July 4, 1996
(7) Major shareholders and ratio of shareholdings	Topy Industries, Ltd. 100%

3. Operating results for the past two years of the consolidated subsidiary to be discontinued

	Fiscal 2022	Fiscal 2021
Net sales	21,957 million yen	9,718 million yen
Operating profit (loss)	(566) million yen	(1,957) million yen

4. Schedule for operation discontinuation

(1) Date of Board of Directors' resolution	February 20, 2024
(2) Date of operation discontinuation	March 31, 2024 (plan)

5. Future Outlook

The impact of this matter on the Company's consolidated financial results for the fiscal year ending March 31, 2024 is being closely examined. The Company has already recorded an impairment loss of 2,443 million yen for the third quarter of the fiscal year ending March 31, 2024, in light of the decline in profitability of Akemi Electric Power, Ltd. If any new matters arise that should be disclosed in the future, they will be disclosed promptly.

(Reference) Consolidated earnings forecast for the current fiscal year (announced on November 7, 2023) and consolidated results for the preceding fiscal year

	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Profit attributable to owners of parent
	Million yen	Million yen	Million yen	Million yen
Forecast of the consolidated results of the period under review (fiscal year ending March 31, 2024)	343,000	10,000	11,000	7,500
Consolidated results of the preceding period (fiscal year ended March 31, 2023)	334,496	7,175	8,043	6,321

Note: This document has been translated from the original Japanese version for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese version, the original shall prevail.

The original disclosure in Japanese was released on February 20, 2024, at 13:30 (GMT+9).

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