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July 30, 2026

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Notice Concerning Withdrawal from Food Products Business and Revision of the GCI Group's Medium-Term Management Policy 2030

Gun Ei Chemical Industry Co., Ltd. (the "Company") hereby announces that, at the Board of Directors meeting held on July 30, 2026, the Company resolved to withdraw from the food products business and revise the GCI group's medium-term management policy 2030 covering the period through the fiscal year ending March 31, 2031 as its final year. Details are outlined below.

1. Background of business withdrawal

The Company's food products business has long been dedicated to the manufacture and sale of saccharified products, particularly high-fructose corn syrup. Although the business is currently generating profits, the operating environment surrounding this business is deteriorating rapidly and structurally. The business is facing severe challenges with continuing negative real cash flow including capital investments, etc.

The Company is currently pursuing the fundamental transformation of its business portfolio and improvement of capital efficiency under the GCI group's medium-term management policy 2030 (the "Medium-Term Management Policy 2030"). After comprehensive and careful deliberation of the above business environment, the Company concluded that fundamental improvement in profitability in the food products business would be difficult. To avoid the risk of cash outflows that would arise from continuing the business, the Company reached the conclusion that promptly discontinuing the business would constitute the best management judgment. Going forward, the Company will concentrate its management resources on growth areas such as its chemical products business, a principal business of the Company, and work to enhance the profitability and corporate value of the entire group.

2. Overview of target business

(1) Business description
Manufacture and sale of high-fructose corn syrup, glucose, and starch syrup

(2) Net sales of target business (Actual results for the fiscal year ended March 31, 2026)
4,564 million yen

(3) Number of employees engaged in target business (Actual results for the fiscal year ended March 31, 2026)
35 employees

With regard to employees engaged in the target business, the Company plans to reassign them to its principal businesses, such as the chemical products business, taking due consideration of their aptitude and suitability, thereby maintaining their employment on an ongoing basis.

(4) Schedule for business withdrawal

End of production: End of December 2026 (scheduled)

End of sales: End of January 2027 (scheduled)

3. Recording of extraordinary losses and future outlook

Following the resolution to withdraw from the food products business, the Company will record an extraordinary loss of 384 million yen as a withdrawal-related expense for the three months ended June 30, 2026 (April 1, 2026 to June 30, 2026). For details of the impact on financial results for the fiscal year ending March 31, 2027, refer to the "Notice Concerning Announcement of Consolidated Earnings Forecast and Dividend Forecast (Including 80th Anniversary Commemorative Dividends)" announced today.

4. Revision of Medium-Term Management Policy 2030

(1) Details of revision

	Fiscal year ending March 31, 2031 (before revision)	Fiscal year ending March 31, 2031 (after revision)
Net sales	40,000 million yen	37,000 million yen
Operating profit	4,000 million yen	4,000 million yen
Operating profit margin	10%	11%

(2) Reasons for revision

The Company has been pursuing the Medium-Term Management Policy 2030 with the aim of achieving sustainable growth and enhancing corporate value. In light of the recent resolution to withdraw from the food products business, the Company has decided to revise the targets set out in the Medium-Term Management Policy 2030 to restructure its business portfolio and thereby maximize sustainable corporate value.

Although the withdrawal from the food products business will result in a decrease in the consolidated net sales target for the final fiscal year of the Medium-Term Management Policy 2030 (the fiscal year ending March 31, 2031), the Company will intensively reallocate the management resources previously earmarked for that business to growth areas, such as the electronic materials sector. As a result, while maintaining its consolidated operating profit target (4,000 million yen), the Company aims to further improve its profitability and environmental value through improving its operating profit margin (11%) and raising its CO_2 emission reduction target (from 46% to 50%).

Reflecting the shift in its business portfolio, the Company will revise the net sales and operating profit targets set out in the Medium-Term Management Policy 2030 to more appropriately reflect its current business conditions.