日本電解株式会社
Nippon Denkai, LTD.

Nobember 10, 2022


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| Company Name | Nippon Denkai, Ltd. |
| Representative | Hidemasa Nakajima<br>President & CEO |
| Listed on | TSE Growth |
| Stock Ticker code | 5759 |
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# Revised Financial Forecast for FY2022

Nippon Denkai, Ltd. (TSE:5759, "The Company") announces Revised Financial Forecast for FY2022, which was previously announced on August 10, 2022, as described below.

## 1. FY2022 Financial Forecast

Revision of Consolidated Financial Forecast for FY2022 (April 1, 2022 – March 31, 2023)

| | Net Sales | Operating Profits | Net Income attributable to owners of parent | Net Profit per share |
|---|---|---|---|---|
| Previous Forecast as of August 10, 2022 (A) | Million Yen<br>18,000 | Million Yen<br>△500 | Million Yen<br>△800 | Yen<br>△110.34 |
| Revised Forecast (B) | 17,700 | △1,000 | △1,100 | △151.66 |
| Change (B-A) | △300 | △500 | △300 | — |
| Percentage Change (%) | △1.7 | — | — | — |
| (Ref.) FY2020 Full Year Results | 20,558 | 1,004 | 848 | 117.22 |

## 2. Reasons for Revision

Demand for EV Battery Copper Foil remained sluggish as major xEV manufacturers curbed their production plans, and in the area of Circuit Board Copper Foil, orders for high-end products for smartphones, mainly from major Chinese smartphone manufacturers, were sluggish.

Consequently, consolidated Net Sales are expected to fall short of the earnings forecast

announced on August 10, 2022 (hereinafter referred to as the "Previous Forecast"). In addition, due to a decline in capacity utilization, as well as higher costs such as electricity price hike, Operating Profits and each of the other income categories are also expected to fall short of the Previous Forecast.

■ Forecast of Net Sales

Consolidated Net Sales will be 17,700 million yen (18,000 million yen in the Previous Forecast), a decrease of approximately 300 million yen from the Previous Forecast, mainly due to a sales share reduction at a major customer, sluggish demand for smartphones in China.

■ Forecast of Operating Profits

Operating Profits is estimated to be a loss of approximately 1,000 million yen, down approximately 500 million yen from the Previous Forecast.

This is due to the factors (additional negative impact of approximately 300 million yen on Operating Profits since the Previous Forecast) described in the previous section ‘Forecast of Net Sales’, in addition to electricity price hike (-100 million yen), increase in copper price (+200 Million Yen), soaring material costs (-100 million yen), and a recovery in profitability through passing electricity prices on product prices, improving production efficiency and yields, reducing labor costs, and cutting expenses and other cost reductions (+200 Million Yen).

3. Current Status and Profit Recovery Measures

The Company is going through difficult time with lower capacity utilization, electricity price hike and other cost-increasing factors.

To overcome the current situation and regain sustainable growth, The Company is working to increase sales to new customers as well as existing customers such as next-generation batteries, and to circuit board copper foil for 5G communication and beyond.

The Company will also promote measures such as investments to improve productivity (expansion of IoT and so on) to secure sales and restore profitability.

》Disclaimer《

These documents include forward-looking statements including current plans, outlook, estimates and forecasts. Forward-looking statements are based on the intentions of our management based on the information available as of Nobember 10, 2022.

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