November 10, 2023

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Notice Concerning Recording of Extraordinary Loss and Revisions of FY2023 Financial Forecasts

Nippon Denkai, Ltd. (TSE:5759) hereby announces the Board of Directors has resolved that Nippon Denkai, Ltd. the recording of an extraordinary loss and revisions of its consolidated earnings forecasts for the fiscal year ending March 31, 2024, which was announced on May 10, 2023, as follows.

1. Recording of Extraordinary Loss

During the second quarter of the current consolidated fiscal year, we recorded an extraordinary loss of 166 million yen, being an amount equivalent to fixed costs incurred during the period of reduced capacity utilization. The reduced capacity is due to an electrical equipment failure that occurred at the Camden Plant of Denkai America Inc. on Tuesday, June 13, 2023 EDT.

2. FY2023 Financial Forecasts

(1) Revision of Consolidated Financial Forecasts for FY2023 (April 1, 2023 – March 31, 2024)

	Net Sales	Operating Profit	Ordinary Profit	Net Income Attributable to Owners of Parent	Net Income per Share
	million yen	million yen	million yen	million yen	yen
Previously announced forecasts (A)	20,600	(600)	(1,100)	(1,100)	(121.55)
Revised forecasts (B)	16,900	(1,000)	(800)	(1,200)	(132.60)
Change (B-A)	(3,700)	(400)	300	(100)	–
Change (%)	(18.0)	–	–	–	–
(Ref.) FY2022 Full Year Results	17,047	(1,611)	(1,840)	(1,933)	(252.36)

(2) Reasons for Revision of Full-year Earnings Forecasts

As announced in the "3rd UPDATE - Notice Regarding Malfunction of Electrical Equipment in the US Plant" on October 27, 2023, the repair of the electrical equipment is scheduled to be delivered by November 30, 2023. We presume this incident has a significant impact on production and sales.

The U.S. Inflation-Reduction Act (IRA) negatively impacted sales of copper foil for batteries, manufactured in Japan for export. In addition, the sales volume of copper foil for circuit boards decrease due to a change in the component composition in the products of our major customers. Therefore, we have revised our previous forecast for FY2023, as we expect full-year consolidated results to fall short of our plan.

The improvement in ordinary income is due to foreign exchange gains on the dollar-denominated loan to Denkai America, Inc. and an estimated reduction in interest expenses resulting from a decrease in borrowings.

(Note) The above forecasts are based on information available at the time of preparation and actual results may differ from the forecasts due to various factors in the future.