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Notice of Recording of Non-operating Income (Foreign Exchange Gains) and Non-operating Expenses (Remuneration), and Differences between Forecast and Results for the Full Year Ending March 31, 2024

Nippon Den kai, Ltd. (“the Company”, TSE:5759) announces the recording of non-operating income (foreign exchange gains) and non-operating expenses (Remuneration) as follows, as well as a difference between the forecasted results for the fiscal year ending March 31, 2024 announced on November 10, 2023 and the results for the fiscal year announced today.

1. Recording of Non-operating Income (Foreign Exchange Gains)

The Company recorded foreign exchange gains of 326 million yen as non-operating income in the fourth quarter of the fiscal year ending March 31, 2024.

As a result, the Company recorded foreign exchange gains of 540 million yen in the fourth quarter of the current fiscal year.

This was mainly the result of translating foreign currency-denominated loans held by the Company to its overseas subsidiaries at the year-end exchange rate.

2. Recording of Non-operating Expenses (Remuneration)

The Company recorded 609 million yen in non-operating expenses (remuneration) for financial advisory services and other expenses related to overall capital policy in the fourth quarter of the fiscal year ending March 31, 2024.

As a result, the Company recorded 644 million yen in remuneration in the fourth quarter of the current fiscal year.

3. Revision of Earnings Forecasts

(1) Difference between consolidated forecasts and results for the fiscal year ending March 31, 2024 (April 1, 2023 - March 31, 2024)

	Net sales	Operating- income	Ordinary income	Net income attributable to owners of the parent	Net income per share
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen
Previous forecast (A)	16,900	-1,000	-800	-1,200	-132.60
Revised forecast (B)	16,650	-1,034	-1,288	-874	-96.63
Change (B-A)	-250	-34	-488	326	—
Percentage change (%)	-1.5	—	—	—	—
(Reference) Results for the previous period (Year ended March 31, 2023)	17,047	-1,611	-1,840	-1,933	-252.36

Reasons for Difference

[Ordinary Income]

Due to the weaker-than-expected yen exchange rate, foreign exchange gains of 45 million yen and subsidy income of 150 million yen were recorded mainly related to foreign currency-denominated loans to overseas subsidiaries held by the Company. The Company recorded 644 million yen in remuneration to a securities company and others with which it has concluded contracts for financial advisory services related to the capital policy. However, the Company is still negotiating a reduction in service fees since the second share acquisition rights issued on January 10, 2024 were not exercised, although the Company received an invoice on April 18, 2024 for the amount of remuneration (approximately 500 million yen) paid to the securities firm.

For these reasons, the Company's full-year consolidated financial results for the fiscal year ending March 31, 2024 were lower than the previous forecast.

[Net income attributable to shareholders of the parent company]

In addition to the above reasons for the difference in ordinary income, the consolidated financial results for the full year exceeded the previous forecast due to the insurance income of 534 million yen received for the electrical equipment failure at the Camden Plant of Den kai America, Inc. (Camden, South Carolina, USA), a consolidated subsidiary, which occurred on June 13, 2023 (EDT), and a gain on reversal of share acquisition rights of 209 million yen due to the expiration of the second share acquisition rights issued on January 10, 2024. The Company also posted a gain on reversal of share acquisition rights of 209 million yen due to the expiration of the second series of share acquisition rights issued on January 10, 2024, which resulted in the consolidated financial results for the full year exceeding the previous forecast.

The dates of notification and payment of the insurance amount of 534 million yen received from the insurance company are as follows.

	Notification Date	Deposit Date
First Time	January 9, 2024	February 1, 2024
Second Time	February 20, 2024	February 26, 2024
Third Time	March 12, 2024	March 22, 2024