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Notice regarding the difference between the consolidated financial results forecast and actual results for the second quarter (interim period) of the fiscal year ending January 2025, the recording of non-operating income and expenses, and the revision (withdrawal) of the full-year consolidated financial results forecast

We announce the difference between the consolidated earnings forecast for the second quarter (interim period) of the fiscal year ending January 2025 announced on March 14, 2024 and the actual figures announced today as follows. Accordingly, we have recorded a non-operating profit and loss (foreign exchange gain). At the meeting of the Board of Directors held today, we have decided to revise (withdraw) our consolidated earnings forecast for the fiscal year ending January 2025 (from February 1, 2024 to January 31, 2025) as follow, based on our recent trends.

1. Differences between Consolidated Earnings Forecasts and Actual Results and Revisions to Full-Year Consolidated Earnings Forecasts

(1) Revisions to Consolidated Forecasts for the Second Quarter of the Fiscal Year Ending January 2025 and Differences in Results (February 1, 2024-July 31, 2024)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Per share Net income
Previously announced outlook (A)	Millions of yen 23,000	Millions of yen 1,400	Millions of yen 300	Millions of yen 200	Yen 3.63
Actual Value (B)	29,062	1,070	1,751	1,280	23.32
Change (B-A)	6,062	△329	1,451	1,080	
Change (%)	26.4	△23.5	483.9	540.3	
(Reference) Results for the first half of the previous fiscal year	23,520	2,731	3,236	410	7.44

(2) Fiscal 2025: Revisions to full-year forecasts (February 1, 2024-January 31, 2025)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Per share Net Income
Previously announced outlook (A)	Millions of yen 50,000	Millions of yen 4,000	Millions of yen 800	Millions of yen 500	Yen 9.09
Current revised outlook (B)	—	—	—	—	—
Change (B-A)	—	—	—	—	
Change (%)	—	—	—	—	
(Reference) Results for the previous fiscal year	48,043	3,865	4,600	939	17.07

2. Reason for the amendment

Consolidated net sales for the first half of the fiscal year ended January 2025 (hereinafter referred to as the first half) increased by 6.062 billion yen to 29.062 billion yen. This was mainly due to a positive factor in the yen's depreciation (versus USD) due to an increase in sales volumes to Europe despite a decline in unit prices for some separators for automotive batteries.

Operating income decreased by ¥329 million to ¥1.07 billion compared to the plan due to a ¥382 million increase in freight

costs resulting from the elimination of some model inventories to cope with the increase in sales volume, the continued increase in marine freight rates to Hungary due to the ongoing disruption of marine transportation in the Middle East region, and the forced shipping of some products by switching to air freight.
Ordinary income increased by ¥1.451 billion to ¥1.751 billion compared with the forecast due to factors such as a ¥817 million foreign exchange gain on US dollar-denominated debt obligations and others, as interest expense decreased by ¥1.338 billion due to the delayed borrowing of capital investment funds. The breakdown of changes in ordinary income shows an increase of ¥898 million compared to the forecast at W-SCOPE KOREA CO., LTD (WSK) and an increase of ¥746 million compared to the forecast at W-SCOPE CHUNGJU CO., LTD (WCP).
Interim net income attributable to owners of the parent increased by ¥1.08 billion to ¥1.28 billion due to differences in WSK100%, WCP36.23% of investment in the respective subsidiaries.

We and WSK, our 100% owned subsidiary owns 36.23% of WCP, our consolidated subsidiary shares. In order to maintain the Company as consolidated subsidiaries, the majority of the voting rights held by WCP Board of Trustees and those who agree to exercise their voting rights in the same manner as the intent of the Company (the Fund) together accounted for the majority of the voting rights. However, since the Company sold a portion of WCP shares held by the relevant owners (the Fund) on August 29, 2024, the number of voting rights is less than the majority of the voting rights. If this situation continues, the Company will be excluded from consolidated subsidiaries from the third quarter and become an equity-method affiliate. Therefore, it is difficult to reasonably calculate the consolidated earnings forecasts for the fiscal year ending January 2025. Therefore, the Company will withdraw the forecasts for the fiscal year under review. We will announce it again when it becomes possible to calculate the results forecast in the future.

[Cautionary Statement with Respect to Forecasts]
Earnings forecasts are based on information available at the time of publication. Actual results may differ from these forecasts for a number of reasons.