

November 1, 2023

To Whom It May Concern:

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Notice Concerning Revision of Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024

NAGASE & CO., LTD. (hereinafter referred to as “NAGASE”) hereby announce that its Board of Directors has resolved at a meeting held on November 1, 2023, to revise the consolidated earnings forecasts for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024) which were announced on May 9, 2023, due to recent business performance trends and other factors.

1. Contents of the revision of Consolidated Earnings Forecasts

(1) Revisions of consolidated earnings forecasts for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

	Sales	Gross profit	Operating income	Ordinary income	Profit attributable to owners of the parent	Earnings per share
Previous forecasts (A)	(Millions of yen) 958,000	(Millions of yen) 171,000	(Millions of yen) 34,500	(Millions of yen) 32,600	(Millions of yen) 24,000	(yen) 209.35
Revised forecasts (B)	900,000	163,000	30,000	29,000	22,500	195.86
Difference (B-A)	(58,000)	(8,000)	(4,500)	(3,600)	(1,500)	
Increase/decrease (%)	(6.1%)	(4.7%)	(13.0%)	(11.0%)	(6.3%)	
(For reference) Results for the fiscal year ended March 31, 2023	912,896	155,410	33,371	32,528	23,625	199.54

(2) Reason for revision

In the first half of the fiscal year ending March 31, 2024, the Company's automobile-related business benefited from an increase in automobile production volume as semiconductor supply shortages resolved. The legal reclassification of COVID-19 to a Class 5 disease has been another positive factor on the Company's business.

The Company's Life & Healthcare-related and other businesses have enjoyed firm performance due to improvements in the business environment, including increased opportunities for consumers to travel outside the home. Company performance with respect to the semiconductor-related industry, in which we expected to see a full-fledged recovery beginning in the second half of the fiscal year, remained firm. This performance owes to an expanded product lineup, increased sales of products for server applications, and other factors, even as the semiconductor-related industry experiences a delay in full-fledged recovery as a whole.

At the same time, the Company's resin sales have been affected negatively by a decline in demand for electronics and electrical products due to global inflation and a related decline in market prices, resulting in profit levels lower than expected initially. The Prinova Group has experienced a delay in contributing to profits due to a temporary delay in the full-scale operations of the new Utah plant. Further, despite an increase in sales volume, the food ingredient sales business has been impacted negatively by declining profitability stemming from falling market conditions. As a result, profit from the Prinova Group has been lower than expected initially.

The external environment in our major businesses continues to be a challenge. Demand for middle and low-end smartphones, which we assumed would begin to recover in earnest in the second half of the year, has not yet reached a full recovery due to the economic slowdown in China.

While certain of the Company's businesses are performing solidly, we expect the overall environment to remain difficult throughout the second half of the year and beyond. Therefore, we have decided to revise our full-year consolidated earnings forecasts downward.

For the purposes of these forecasts, we changed our assumed foreign exchange rates from ¥135 to ¥143 to the U.S. dollar, and we assumed an exchange rate of ¥20 to the RMB.

The full-year consolidated earnings forecasts for each segment are as follows.

		Previous forecasts (A)	Revised forecasts (B)	Difference (B-A)	Increase/ decrease (%)	(For reference) Results for the fiscal year ended March 31, 2023
Functional Materials	Sales	(Millions of yen) 115,000	(Millions of yen) 154,000	(Millions of yen) 39,000	33.9%	(Millions of yen) 156,161
	Gross profit	22,900	27,500	4,600	20.1%	29,889
	Operating income	8,900	8,300	(600)	(6.7%)	10,486
Advanced Materials & Processing	Sales	270,000	197,000	(73,000)	(27.0%)	220,955
	Gross profit	34,300	23,600	(10,700)	(31.2%)	24,248
	Operating income	11,000	6,900	(4,100)	(37.3%)	7,678
Electronics & Energy	Sales	150,000	139,000	(11,000)	(7.3%)	136,975
	Gross profit	33,800	33,500	(300)	(0.9%)	30,770
	Operating income	10,600	11,100	500	4.7%	9,273
Mobility	Sales	135,600	129,900	(5,700)	(4.2%)	125,560
	Gross profit	15,600	14,900	(700)	(4.5%)	14,432
	Operating income	5,100	4,800	(300)	(5.9%)	4,794
Life & Healthcare	Sales	287,300	280,000	(7,300)	(2.5%)	273,161
	Gross profit	64,300	63,400	(900)	(1.4%)	55,907
	Operating income	11,300	10,800	(500)	(4.4%)	10,581
Corporate & Others	Sales	100	100	—	—	81
	Gross profit	100	100	—	—	161
	Operating income	(12,400)	(11,900)	500	4.0%	(9,443)

*Effective from October 1, 2023, NAGASE has changed the method of classifying its business segments, and the figures for the previous fiscal year have been reclassified to reflect this change

The above forecasts are based on information currently available to NAGASE and certain assumptions that NAGASE considers reasonable. Actual results could vary from forecasts due to a variety of factors.

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