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Notice Concerning Recording of a Gain on Sale of Non-Current Assets as Extraordinary Income, Difference Between Forecasts and 1H Results, and Revision of Forecasts for FY 2024

The Company recorded a gain on sale of non-current assets as extraordinary income in the first six months of the fiscal year ending December 2024. A difference has arisen between the consolidated earnings forecasts for the first six months of the fiscal year ending December 2024 released on February 5, 2024 and the results released today. In addition, the Company has revised the consolidated earnings forecasts for the full year ending December 2024. Details are as follows:

1. Recording of a gain on sale of non-current assets as extraordinary income

With regard to the structural reform of the display business announced on May 29, 2023, the Company recorded a gain on sale of non-current assets of 6.9 billion yen, while the process of liquidating its South Korean subsidiary, as an extraordinary income for the first six months of the fiscal year ending December 2024.

2. A difference between the consolidated earnings forecasts and actual consolidated financial results for the first six months of fiscal 2024 (From January 1, 2024 to June 30, 2024)

(Millions of yen, except Earnings per share)

	Net Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previous forecasts (A)	150,000	4,000	4,000	18,000	¥201.92
Actual results (B)	154,717	2,875	10,276	30,202	¥347.08
Change (B – A)	4,717	(1,125)	6,276	12,202	-
Percent change (%)	3.1	(28.1)	156.9	67.8	-
Results for the first half of fiscal 2023	139,178	(5,742)	(3,066)	(15,711)	¥(168.85)

(Reasons)

Net sales exceeded the previous forecast mainly due to an increase in shipments in the display business. Operating profit fell short of the previous forecast mainly due to higher-than-expected expenses for raw materials, energy, and distribution, as well as price revisions that did not proceed as initially expected. Ordinary profit significantly exceeded the previous forecast due to the recording of foreign exchange gains, etc. resulting from the revaluation of receivables and payables related to borrowings to overseas subsidiaries in non-operating income. Profit attributable to owners of parent significantly exceeded the previous forecast due to an increase in ordinary income, a gain on sale of non-current assets in the process of liquidation of a South Korean subsidiary, and a gain on sale of investment securities recorded as extraordinary income as a result of the reduction of cross-shareholdings in line with the Medium-term Business Plan “EGP2028.”

3. Revision of the consolidated earnings forecasts for fiscal 2024
(From January 1, 2024 to December 31, 2024)

(Millions of yen, except Earnings per share)

	Net Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previous forecasts (A)	310,000	16,000	16,000	27,000	¥302.88
Revised forecasts (B)	310,000	5,000	10,000	30,000	¥346.44
Change (B – A)	-	(11,000)	(6,000)	3,000	-
Percent change (%)	-	(68.8)	(37.5)	11.1	-
Results for fiscal 2023	279,974	(10,420)	(9,480)	(26,188)	¥(282.90)

(Reasons)

In the second half of the fiscal year, costs associated with raw materials, energy, and distribution are rising against the backdrop of heightened geopolitical risks in the Middle East and elsewhere. We forecast that economic slowdowns in China and other countries, continued high interest rates in Europe and the US, and the greater than initially expected impact of the weaker yen will result in an even more challenging business environment.

Net sales are expected to be generally in line with the initial forecast.

In terms of profit/loss, in tandem with the stronger than initially expected trend towards the weaker yen, high prices for raw material and energy are putting pressure on operating profit. Furthermore, an increase in expenses associated with repairs in the displays business, and a rise in distribution expenses in the composites business is expected to put profits under still more pressure. On the other hand, expanded sales of products for semiconductors are expected to contribute to operating profit. We will continue our efforts to add to operating profits through revisions to selling prices and improvements in productivity.

In light of the consolidated financial results for the first six months of the fiscal year and the outlook previously described, we have revised our full-year consolidated earnings forecasts for the fiscal year ending December 31, 2024 as shown in the table above.

We maintain the forecast for the full-year dividend (130 yen per share) for the fiscal year ending December 31, 2024.

*The above forecasts are based on information available as of the date of announcement of this release, and the actual performance may differ going forward due to various factors.