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April 30, 2025

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Notice of Revisions to Earnings Forecasts and Recording of Non-operating Expenses (Foreign Exchange Losses)

DAIICHI KIGENSO KAGAKU KOGYO CO., LTD. (the "Company") hereby announces the following revisions to its consolidated earnings forecasts for the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025; the "fiscal year under review"), which was announced on November 1, 2024. The Company also announces the recording of non-operating expenses (foreign exchange losses) for the fourth quarter (January 1, 2025 through March 31, 2025).

1. Fiscal year ended March 31, 2025 (In millions of yen unless stated otherwise)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share (In yen)
Previously announced forecast (A)	34,000	2,200	1,400	1,100	45.25
Revised forecast (B)	33,640	2,280	630	790	32.61
Change (B – A)	(360)	80	(770)	(310)	—
Change (%)	(1.1)	3.6	(55.0)	(28.2)	—
(Reference) Results for the fiscal year ended March 31, 2024	35,200	2,422	2,942	1,140	46.87

(Reason for revision to earnings forecasts)

For the fiscal year under review, net sales are expected to be basically in line with existing earnings forecasts, as the Company adjusted sales prices mainly in line with changes in raw material prices, although sales volume declined due to factors such as weakening demand for electric vehicles. Operating profit is also expected to be in line with existing forecasts mainly due to our efforts to control costs of goods sold and expenses.

On the other hand, ordinary profit has fallen well below existing forecasts due to the impact of forex fluctuation. Specifically, the Company recorded foreign exchange losses on foreign currency-denominated assets and liabilities due to the appreciation of the yen since the start of 2025. Furthermore, foreign exchange losses of the Vietnamese subsidiary as of December 31, 2024, also incurred due to forex fluctuation, have been consolidated as permitted with a three-month delay. Net profit attributable to owners of parent is expected to fall below existing forecasts, despite the recording of subsidy income not included in existing forecasts, as it was not sufficient to offset the sizable impact of forex fluctuation.

Meanwhile, forecast for year-end dividends with the record date March 31, 2025 remains unchanged.

2. Details of non-operating expenses (foreign exchange losses)

The Company expects to record foreign exchange losses of 1,627 million yen under non-operating expenses in the fourth quarter of the fiscal year under review, due to forex fluctuation. The losses were incurred on foreign currency-denominated assets and liabilities held by the Group, mostly stemming from the Company's loans of U.S.$116 million taken out to the Vietnamese subsidiary. Both the Company and the Vietnamese subsidiary recorded foreign exchange losses for the said loan on loans receivable and borrowings, respectively. For the Company, the loans caused foreign exchange losses due to the appreciation of the yen against the U.S. dollar when comparing the exchange rates on December 31, 2024 and March 31, 2025. Additionally, foreign exchange losses are expected to include 41 million yen incurred on accounts receivable - other, the same amount of which will be recorded as non-operating income (reversal of allowance for doubtful accounts). For the Vietnamese subsidiary, foreign exchange losses were caused by the U.S. dollar/Vietnam dong forex situation as of December 31, 2024. Comparing September 30, 2024 and December 31,2024, the depreciation of the Vietnam dong against the U.S. dollar resulted in foreign exchange losses.

On a full-year basis, the group is expected to record a foreign exchange loss of 1,315 million yen. The main breakdown is expected to be 573 million yen for our company and 740 million yen for the Vietnamese subsidiary. The company has introduced derivative transactions for a portion of the USD-denominated loans to the Vietnamese subsidiary and forward exchange contracts for a portion of the receivables arising from regular commercial transactions, with the aim of mitigating foreign exchange risk.

Note: The forecast figures stated above are based on information available and assumptions the Company deems reasonable at the time of this announcement. Actual results may differ from the forecast figures.