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Notice Regarding Revision of the Consolidated Forecast for the Fiscal Year Ending February 2021

The Takeuchi Group (“the Group”) has revised the consolidated forecast for the fiscal year ending February 2021 (March 1, 2020 to February 28, 2021), which was announced on April 9, 2020, to reflect current trends in sales and earnings.

The forecast for the dividend to be paid at the end of the fiscal year remains undetermined as previously announced. However, this will be deliberated at the Board of Directors meeting to be held on October 9, 2020, and the Group will disclose the information on the same day with the financial results for the second quarter.

Consolidated Forecast for the Six Months Ended August 31, 2020 (March 1, 2020 - August 31, 2020)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	45,000	4,300	4,280	3,100	65.01
Revised forecast (B)	53,177	6,814	6,758	4,916	103.09
Amount of change (B-A)	8,177	2,514	2,478	1,816	-
Percent of change (%)	18.2	58.5	57.9	58.6	-
(Reference) Actual results for the second quarter of FY ended Feb. 2020	62,461	7,847	7,510	5,483	114.98

Consolidated Forecast for the Fiscal Year Ending February 2021 (March 1, 2020 - February 28, 2021)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	93,500	8,400	8,450	6,150	128.97
Revised forecast (B)	101,900	11,100	11,000	8,000	167.76
Amount of change (B-A)	8,400	2,700	2,550	1,850	-
Percent of change (%)	9.0	32.1	30.2	30.1	-
(Reference) Actual results of FY ended Feb.2020	115,913	12,649	12,403	9,091	190.64

Reasons for Revision

In the Group's previous forecast dated April 9, 2020, consolidated sales volume for the full year was assumed to be 20% lower than in the previous year due to the spread of COVID-19, which had significantly restricted economic activity worldwide to a greater extent than now.

In particular, the sales volume for the second quarter was expected to drop significantly compared to the previous fiscal year. However, the fall in the second quarter bottomed out earlier than expected, and began to recover. This is mainly due to the fact that, despite the risk of re-spreading the virus, the resumption of economic activity in many countries around the world has led to carried over and rebound demands for housing, and maintenance work on water and gas pipes and other infrastructure is being resumed at a rapid pace, which has resulted in customers' purchase sentiment not declining as expected.

As a result of the above, net sales for the first half of the current fiscal year are expected to significantly exceed the previous forecast, supported by the depreciation of the yen against the British pound and the euro compared to our assumptions. Profits are also expected to be considerably higher than the previous forecast, mainly due to higher sales, and lower transportation costs associated with reduced shipments.

There are no major changes to the consolidated forecast for the third quarter and thereafter. However, taking into account the increase in sales and profit up to the second quarter, both sales and profits are expected to exceed the previously announced forecast. The Group has revised the consolidated sales volume forecast for the fiscal year and forecasts a 13% decrease from the previous fiscal year.

The exchange rates for the first half of the current fiscal year (the average for the period) are 107.81 yen to the U.S. dollar, 134.84 yen to the British pound, 120.50 yen to the euro and 15.3 yen to the yuan.

The assumed exchange rates for the third quarter and thereafter are 104 yen to the U.S. dollar, 135 yen to the British pound, 124 yen to the euro and 15.4 yen to the yuan.

(The assumed exchange rates for the previous forecast were 108 yen to the U.S. dollar, 128 yen to the British pound, 118 yen to the euro and 15.5 yen to the yuan.)

(Reference)

(Millions of yen)

Net sales by region	Previous forecast			Revised forecast			
	First half	Second half	Full year	First half	Second half	Full year	Percent of change (%)
Japan	960	1,010	1,970	1,049	1,421	2,470	25.4
North America	21,720	22,610	44,330	23,764	21,286	45,050	1.6
Europe	21,740	24,180	45,920	27,504	24,696	52,200	13.7
Asia	60	60	120	52	78	130	8.3
Others	520	640	1,160	808	1,242	2,050	76.7
Net sales	45,000	48,500	93,500	53,177	48,723	101,900	9.0
Operating income	4,300	4,100	8,400	6,814	4,286	11,100	32.1
Ordinary income	4,280	4,170	8,450	6,758	4,242	11,000	30.2
Profit attributable to owners of parent	3,100	3,050	6,150	4,916	3,084	8,000	30.1

※ Cautionary statement regarding forecasts of operating results and special notes

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons.