

September 30, 2021

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Notice Regarding Revision of Earnings Forecast and Revision of Dividend Forecast

We hereby confirm that in light of recent earnings trends the earnings forecast and dividend forecast announced on April 9, 2021 have been revised as appears below.

1. Consolidated Forecast for the First Half of Fiscal Year Ending February 2022 (March 1, 2021 to August 31, 2021)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	68,700	7,600	7,650	5,600	117.43
Revised forecast (B)	74,228	9,958	10,160	7,481	156.88
Amount of change (B-A)	5,528	2,358	2,510	1,881	—
Percent of change (%)	8.0%	31.0%	32.8%	33.6%	—
(Reference) Actual Second Quarter results of FY ended Feb. 2021	53,177	6,814	6,758	4,916	103.11

2. Consolidated Forecast for the Fiscal Year Ending February 2022 (March 1, 2021 to February 28, 2022)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	123,300	12,100	12,200	8,900	186.64
Revised forecast (B)	134,000	14,200	14,450	10,600	222.29
Amount of change (B-A)	10,700	2,100	2,250	1,700	—
Percent of change (%)	8.7%	17.4%	18.4%	19.1%	—
(Reference) Actual results of FY ended Feb. 2021	112,254	13,207	13,298	9,765	204.78

Reasons for Revision

① Second quarter consolidated cumulative period (March 1, 2021 to August 31, 2021)

Demand for our products continues to exceed expectations in both Europe and North America, which are the Group's

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main sales markets. In Europe, sales are much higher than previously announced forecast, while in the United States, despite strong product demand sales are expected to be on par with the previously announced forecast, due to the impact of logistics congestion around ports and a shortage of trucks for land transport.

As a result, the consolidated financial results for the first half of the current fiscal year are expected to be greatly in excess of the previously announced forecasts of both sales and profits, assisted by the yen's depreciation of the yen in comparison to the assumed exchange rates against major currencies.

② Full year (March 1, 2021 to February 28, 2022)

As a result of the continued strong demand for our products during the first half of the current fiscal year, the order backlog at the end of the second quarter was the highest ever, and we expected that strong sales would continue in the third quarter. However, due to lockdowns in response to the resurgence of COVID-19 in South-East Asia, semiconductor factories were forced to temporarily suspend operations, resulting in a shortage of electronic components required for some of our models. We expect that some impacts will be felt in production, beginning in August.

Although there is an uncertain outlook for supply of electronic components produced in Southeast Asia due in part to rising global demand for semiconductors, our second half consolidated forecast is based on the assumption that supply will begin to recover from about December 2021. As a result of reviewing the earnings forecast, although the sales volume of those models whose production is likely to be impacted by supply shortages is expected to decrease, the full-year consolidated sales volume and sales are expected to exceed the previously announced forecast. In terms of profit, rising manufacturing costs and soaring sea freight rates are forecast to exceed expectations at the beginning of the term, so profits during the second half are expected to be lower than previously announced.

Based on the above, while the results for the second half are expected to be increased sales and reduced profits compared to the previously announced forecasts, taking into account the forecast for higher sales and profits in the first half, the consolidated financial forecast is for both sales and profits to exceed the previously announced forecasts.

(For reference)

Million Yen

Net sales by Region	Previous Forecast		Revised Forecast		
	First half	Full year	First half	Full year	Change (%)
Japan	1,480	2,960	1,484	2,930	(1.0)%
North America	33,000	57,250	32,863	64,930	13.4%
Europe	32,580	60,010	37,937	62,960	4.9%
Asia	150	290	117	190	(34.5)%
Others	1,490	2,790	1,824	2,990	7.2%
Net sales	68,700	123,300	74,228	134,000	8.7%
Operating profit	7,600	12,100	9,958	14,200	17.4%
Ordinary profit	7,650	12,200	10,160	14,450	18.4%
Profit attributable to owners of parent	5,600	8,900	7,481	10,600	19.1%

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The actual exchange rate (averaged during the period) for the second quarter of the current fiscal year is 1 US dollar = 109.44 yen, 1 British pound = 152.38 yen, 1 Euro = 131.02 yen, 1 RMB = 16.76 yen, and from the third quarter the assumed exchange rate is 1 US dollar = 108 yen, 1 British pound = 148 yen, 1 Euro = 127 yen, 1 RMB = 16.60 yen.

(The previous forecast rates were: 1 US dollar = 107 yen, 1 British pound = 148 yen, 1 Euro = 127 yen, 1 RMB = 16.40 yen)

3. Dividend forecast

	Annual dividend (yen)		
	At end of the First half	Year-end	Total
Previous forecast (announced on April 9, 2021)		53	53
Revised forecast		58	58
Results for the fiscal year ending February 2022	0		
Results for the fiscal year ending February 2021	0	53	53

Reasons for Revision

The Company regards the distribution of profits to our shareholders as one of our management priorities. The Company's basic policy for profit distribution is to strive to maintain stable dividends while securing the internal reserves necessary to strengthen its management structure and prepare for future business development. In addition, the Company plans to acquire land for a factory site in Aoki-mura, Nagano Prefecture, during 2021, and funds will be needed in anticipation of future business expansion, including the construction of a new factory at this site.

In light of the above, the Company has revised its year-end dividend forecast for the fiscal year ending February 28, 2022 to 58 yen per share, an increase of 5 yen per share from the previous forecast. This is an increase of 5 yen per share from the previous year's payment.

4. Cautionary statement regarding forecasts of operating results and dividends, 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.