

January 13, 2022

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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 September 30, 2021 have been revised as appears below.

1. 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
Previous forecast (A)	Million yen 134,000	Million yen 14,200	Million yen 14,450	Million yen 10,600	Yen 222.29
Revised forecast (B)	140,000	16,700	17,000	12,500	262.13
Amount of change (B-A)	6,000	2,500	2,550	1,900	—
Percent of change (%)	4.5%	17.6%	17.6%	17.9%	—
(Reference) Actual results of FY ended Feb. 2021	112,254	13,207	13,298	9,765	204.78

Reasons for Revision

In the previously announced forecast, due to the decrease in production and sales volume of some models caused by the shortage of supply of electronic components, as well as the expected rise in manufacturing costs and sea freight rates, we expected the consolidated financial forecast for the third quarter onward to be lower in terms of both sales and profits compared to the first half.

However, the decrease in production and sales volume due to a shortage of supply of electronic components is expected to be less than forecast. In addition, logistics congestion in Europe and the United States is beginning to ease. Due to these and other reasons, the full-year consolidated sales volume and sales in both Europe and the United States are expected to exceed the previously announced forecast. In terms of profits, sea freight rates are likely to be higher than expected due to the increase in production volume, but the impact of the decrease in profits due to the rise in manufacturing costs is likely to be lower than expected, and as a result, profits for the full year are expected to be well above the previously announced forecast.

As a result of the above, and with the yen's depreciation against major currencies compared to our assumptions as a tailwind, we forecast record-high consolidated financial results for both sales and profits for the full year.

(English translation of the original Japanese document)

In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

The actual exchange rate (averaged during the period) for the first three quarters of the current fiscal year is 1 US dollar = 110.43 yen, 1 British pound = 152.67 yen, 1 Euro = 130.95 yen, 1 yuan = 16.86 yen, and from the fourth quarter the assumed exchange rate is 1 US dollar = 114 yen, 1 British pound = 154.5 yen, 1 Euro = 130 yen, 1 yuan = 17.9 yen.

(The previous forecast rates were: 1 US dollar = 108 yen, 1 British pound = 148 yen, 1 Euro = 127 yen, 1 yuan = 16.6 yen)

(For reference)

Million Yen

Net sales by Region	Cumulative Total Third Quarter	Previous Forecast Full year	Revised Forecast		
			Full year	Change	Change (%)
Japan	2,203	2,930	2,440	(490)	(16.7)%
North America	50,874	64,930	68,390	3,460	5.3%
Europe	51,027	62,960	65,860	2,900	4.6%
Asia	134	190	150	(40)	(21.1)%
Others	2,662	2,990	3,160	170	5.7%
Net sales	106,902	134,000	140,000	6,000	4.5%
Operating profit	14,160	14,200	16,700	2,500	17.6%
Ordinary profit	14,398	14,450	17,000	2,550	17.6%
Profit attributable to owners of parent	10,618	10,600	12,500	1,900	17.9%

2. Dividend forecast

	Annual dividend (yen)		
	At end of the First half	Year-end	Total
Previous forecast (announced on September 30, 2021)		58	58
Revised forecast		68	68
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. We plan to start construction of a new factory (estimated capital investment of 10 billion yen, including buildings and production equipment, etc.) in Aoki-mura, Chiisagata-gun, Nagano prefecture in January 2022, and there is an

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inherent demand for funds in anticipation of business expansion.

In light of the above, the Company has revised its year-end dividend forecast for the fiscal year ending February 28, 2022 to 68 yen per share, an increase of 10 yen per share from the previous forecast. This is an increase of 15 yen from the previous year's payment.

3. 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.