March 24, 2020

Company Name: TOPY INDUSTRIES, LIMITED
Representative: Nobuhiko Takamatsu, President and CEO
(Code: 7231 Tokyo and Nagoya Stock Exchange; first section)
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Announcement Regarding the Adjustment of the Consolidated Financial Forecasts for Fiscal 2019 and Differences between Non-Consolidated Financial Forecasts for Fiscal 2019 and Actual Results for Fiscal 2018, as well as Adjustment of the Dividends Forecasts

Topy Industries Limited hereby gives notice that it is adjusting the consolidated financial forecasts for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020) announced on November 1, 2019 as shown below and also that differences between the non-consolidated financial forecasts for fiscal 2019 and actual results for fiscal 2018 is expected to arise. Topy Industries Limited also announces that it is adjusting its per-share dividend forecast.

1. Regarding the Adjustment of Consolidated Financial Forecasts for Fiscal 2019

Adjustment of estimated values of the consolidated financial forecasts for the fiscal year ending March 31, 2020 (April 1, 2019 – March 31, 2020)

	Net Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Previous Forecast (A) (Announced November 1, 2019)	270,000	6,500	7,000	4,500	191.53
Revised Forecast (B)	261,500	2,800	2,600	-3,200	-136.20
Difference (B-A)	-8,500	-3,700	-4,400	-7,700	
Percentage of Increase/Decrease (%)	-3.1%	-56.9%	-62.9%	—	
(Ref.) Pervious Results (FY ending March 2019)	286,227	7,505	9,357	7,114	302.85

Reason for Adjustment

Amid the ongoing global slowdown, factors such as further reduction in production of mining equipment due to rising concerns over future demand and sharp decline in hydraulic shovel production in China as a result of the spread of the Covid-19 coronavirus are expected to lead to much lower sales volume than forecast in the automotive/industrial machinery components business. Similarly, in the steel business, lower sales volume and narrower metal spreads are expected, reflecting sluggish domestic demand for steel products. Accordingly, net sales, operating profit and ordinary profit are now forecast to be lower than previously estimated.

In addition, a loss on valuation of investment securities (around 1,800 million yen) due to general stock market decline and a reversal of deferred tax assets (around 2,000 million yen) in accordance with accounting standards for tax effect accounting are expected and a loss attributable to owners of parent of 3,200 million yen is forecast.

2. Regarding the Differences between Non-Consolidated Financial Forecasts for Fiscal 2019 and Actual Results for Fiscal 2018

Differences between Non-Consolidated Forecasts for the Fiscal Year Ending March 31, 2020 and Actual Results for Fiscal 2018 (April 1, 2019 – March 31, 2020)

	Net Sales	Operating profit	Ordinary profit	Profit	Basic earnings per share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Pervious Results (A) (FY ending March 2019)	150,768	1,048	5,566	1,245	53.00
Revised Forecast (B)	142,100	-900	700	-3,500	-148.95
Difference (B-A)	-8,668	-1,948	-4,866	-4,745	
Percentage of Increase/Decrease (%)	-5.7%	—	-87.4%	—	

Reason for Differences

Regarding the non-consolidated financial forecasts for fiscal 2019, in the automotive and industrial machinery parts business, sales volume is expected to fall sharply from fiscal 2018 due to the impact of the global slowdown. In addition, a loss on the valuation of investment securities and a reversal of deferred tax assets are expected and forecasts for fiscal 2019 are net sales of 142,100 million yen, an operating loss of 900 million yen, ordinary profit of 700 million yen and a loss of 3,500 million yen.

3. Regarding the Amendment of Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year
	Yen	Yen	Yen	Yen	Yen
Previous Forecast (Announced November 1, 2019)	—		—	20.00	60.00
Revised Forecast	—	—	—	0.00	40.00
Actual Result (Fiscal Year 2019)	—	40.00	—		
Previous Year Results (FY ending March 31, 2019)	—	20.00	—	70.00	90.00

Reasons for Adjustment

Our basic policy regarding profit distribution is to return profits to shareholders in proportion to the consolidated business results while building up retained earnings for future business development and for strengthening corporate structure. As an indicator for returns in proportion to the consolidated business results, we aim for a consolidated dividend payout ratio of 30～35%.

In view of factors such as the consolidated financial forecasts for the fiscal year ending March 31, 2020 and the consolidated payout ratio, we have regrettably decided to suspend the payment of a year-end dividend for the fiscal year ending March 31, 2020.