

# PRESS RELEASE

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AXELL CORPORATION

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## Notice on Revisions of Forecast Results and Dividend Forecasts

Please be informed that taking account of recent earnings trends, AXELL CORPORATION (the “Company”) decided at a Board of Directors meeting held on September 21, 2022 to revise the forecast results and dividend forecasts for fiscal 2022 that it had announced on May 10, 2022.

### 1. Revision of Forecast Results

Revision of Full-Year Consolidated Forecast Results for Fiscal 2022 (April 1, 2022 - March 31, 2023)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	millions of yen 11,300	millions of yen 460	millions of yen 580	millions of yen 500	yen 46.17
Latest forecast (B)	13,400	1,220	1,360	1,020	93.94
Change (B-A)	2,100	760	780	520	—
Percentage change	18.6	165.2	134.5	104.0	—
Actual figures in previous fiscal year (for comparison)	10,666	839	1,001	865	80.05

Revision of Full-Year Non-Consolidated Forecast Results for Fiscal 2022 (April 1, 2022 - March 31, 2023)

	Net sales	Ordinary profit	Profit	Basic earnings per share
Previous forecast (A)	millions of yen 10,850	millions of yen 570	millions of yen 500	yen 46.17
Latest forecast (B)	12,970	1,210	940	86.57
Change (B-A)	2,120	640	440	—
Percentage change	19.5	112.3	88.0	—
Actual figures in previous fiscal year (for comparison)	10,350	1,013	903	83.52

### Reasons for the Revision

For this fiscal year, in the pachinko and pachislot machine market, many manufacturers have been taking active measures to secure components due to the recent disruption in supply chains and tight supply and demand situation for semiconductors across the world, and orders we receive have remained at an extremely high level. However, the impact of the situation in the semiconductor market on production (impact on delivery date, purchase cost, etc.) is becoming evident. We consider it necessary to pay close attention to future impacts of the situation.

Under such circumstances, as a result of a comprehensive review based on the status of orders up to the present, interviews with customers and the impact on production, not only sales of graphics LSI products for pachinko and pachislot machines are expected to be about 470,000 units (vs. 450,000 units under the original sales plan), but also sales of memory-module products are expected to significantly exceed the level we planned, driven by brisk customer demand. Furthermore, our analysis indicates that our market share has increased, supported by strong sales trends among customers for both graphics LSI products and memory-module products, our mainstay products.

Having taken these factors into consideration, we revised our forecast for net sales to 13,400 million yen, up 18.6% from the plan. We revised our forecast for gross profit to 4,200 million yen, up 26.1% from the plan, as a result of an increase in net sales. We revised our forecast for selling, general and administrative expenses to 2,980 million yen, up 3.8% from the plan.

Consequently, we revised our forecast for operating profit to 1,220 million yen, up 165.2% from the plan. Expecting non-operating income due to proceeds from NEDO subsidies and other factors, we revised our forecast for ordinary profit to 1,360 million yen, up 134.5% from the plan, and our forecast for profit attributable to owners of parent to 1,020 million yen, up 104.0% from the plan.

## 2. Revision of Dividend Forecasts

	Annual dividend (yen)		
	2Q	Year-end	Total
Previous forecast	—	40 yen (ordinary dividend 24 yen) (commemorative dividend 16 yen)	40 yen (ordinary dividend 24 yen) (commemorative dividend 16 yen)
Latest forecast	—	63 yen (ordinary dividend 47 yen) (commemorative dividend 16 yen)	63 yen (ordinary dividend 47 yen) (commemorative dividend 16 yen)
Actual figures in current fiscal year	0 yen		
Actual figures in previous fiscal year	0 yen	40 yen	40 yen

### Reasons for the Revision

The Company has adopted a policy to decide on shareholder returns based on payout ratio. We revised the dividend forecasts in accordance with the revision of the forecast results. Based on the revised dividend forecasts, the consolidated payout ratio will be 50.0% for the ordinary dividend and 67.1% including the commemorative dividend for the 20th anniversary of public listing.

#### (Policy on Shareholder Returns)

The Company's policy on shareholder returns is to maximize returns to shareholders, while taking into account appropriate levels of "periodic profit returns to shareholders" and "internal reserves to enable flexible business operations." Based on this policy, in terms of profit distribution, the amount of dividends is set at 50% of profit (payout ratio of 50%) as a general rule. However, if the amount of dividends calculated at the payout ratio of 50% falls below the amount for the previous fiscal year, the amount is determined in consideration of the prior dividend levels after an adequate level of internal reserves is secured. The payout ratio is calculated using the figure from consolidated results.

Note: The above forecasts are based on information available to the Company at the time of announcement of this document. Actual results may vary from the forecasts due to various factors.