

# PRESS RELEASE

March 22, 2023

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 March 22, 2023 to revise the forecast results and dividend forecasts for fiscal 2022 that it had announced on September 21, 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 13,400	millions of yen 1,220	millions of yen 1,360	millions of yen 1,020	yen 93.94
Latest forecast (B)	14,450	1,550	1,750	1,300	119.78
Change (B-A)	1,050	330	390	280	—
Percentage change	7.8	27.0	28.7	27.5	—
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 12,970	millions of yen 1,210	millions of yen 940	yen 86.57
Latest forecast (B)	14,020	1,510	1,180	108.72
Change (B-A)	1,050	300	240	—
Percentage change	8.1	24.8	25.5	—
Actual figures in previous fiscal year (for comparison)	10,350	1,013	903	83.52

### Reasons for the Revision

In the Company's mainstay market, the pachinko and pachislot machine market, disruption in global supply chains has yet to be resolved, and the situation with components procurement, including for our products, remains uncertain.

We have been closely examining current customer demand trends and possible purchase schedules from contract manufacturers, and now that sales estimates for the current fiscal year have largely been finalized and are expected to exceed the full-year earnings forecast announced on September 21, 2022.

In terms of sales by product, sales of graphics LSI products for pachinko and pachislot machines are expected to be about 510,000 units (vs. 470,000 units under the previous sales plan), but also sales of memory-module products are expected to exceed the level we planned, driven by brisk customer demand.

Having taken these factors into consideration, we revised our forecast for net sales to 14,450 million yen, up 7.8% from the plan. We revised our forecast for gross profit to 4,520 million yen, up 7.6% from the plan, as a result of an increase in net sales. We revised our forecast for selling, general and administrative expenses to 2,970 million yen, down 0.3% from the plan.

Consequently, we revised our forecast for operating profit to 1,550 million yen, up 27.0% from the plan. Expecting non-operating income due to proceeds from NEDO subsidies and other factors, we revised our forecast for ordinary profit to 1,750 million yen, up 28.7% from the plan, and our forecast for profit attributable to owners of parent to 1,300 million yen, up 27.5% from the plan.

## 2. Revision of Dividend Forecasts

	Annual dividend (yen)		
	2Q	Year-end	Total
Previous forecast	—	63 yen (ordinary dividend 47 yen) (commemorative dividend 16 yen)	63 yen (ordinary dividend 47 yen) (commemorative dividend 16 yen)
Latest forecast	—	76 yen (ordinary dividend 60 yen) (commemorative dividend 16 yen)	76 yen (ordinary dividend 60 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 50.1% for the ordinary dividend and 63.4% 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.