



PRESS RELEASE

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AXELL CORPORATION
14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo, Japan
Kazunori Matsuura
President & Representative Director
(Securities Code: 6730, First Section of Tokyo Stock Exchange)
Inquiries:
Yoshimasa Ueno
Executive Officer, General Manager of Management Department
TEL: +81-3-5298-1670

Notice on Revision of Consolidated and Non-Consolidated Forecast Results for Fiscal 2019

Please be informed that AXELL CORPORATION (the “Company”) has revised the forecast results announced on November 8, 2019 as follows in light of recent performance trends.

1. Revision of Consolidated Forecast Results

Revision of consolidated forecast results for the full year of fiscal 2019 (April 1, 2019 to March 31, 2020)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Millions of yen 8,000	Millions of yen 170	Millions of yen 180	Millions of yen 170	Yen 15.19
Revised forecast (B)	9,200	360	500	400	35.75
Amount of change (B-A)	1,200	190	320	230	—
Rate of change (%)	15.0	111.8	177.8	135.3	—

Reasons for the Revision

With regard to products for pachinko and pachislot machines, sales of memory-module products significantly exceeded the sales plan announced at the time of the previous forecast, supported by robust demand from user customers. Consequently, net sales were revised to 9,200 million yen, an increase of 15.0% from the previously announced forecast (the same applies hereinafter). Gross profit was revised to 2,920 million yen, up 14.5% in line with the increase in net sales, and selling, general and administrative expenses were revised to 2,560 million yen, up 7.6%, due to research and development expenses associated with a program under the public call for proposals from New Energy and Industrial Technology Development Organization (NEDO), as well as aggressive research and development investment for future growth. As a result, operating income was revised to 360 million yen (up 111.8%). In addition, the Company expects to record subsidy income from NEDO in non-operating income, and therefore revised ordinary income to 500 million yen (up 177.8%), and profit attributable to owners of parent to 400 million yen (up 135.3%).

2. Revision of Non-Consolidated Forecast Results

Revision of non-consolidated forecast results for the full year of fiscal 2019 (April 1, 2019 to March 31, 2020)

	Net sales	Operating income	Ordinary income	Profit	Basic earnings per share
Previous forecast (A)	Millions of yen 7,900	Millions of yen 250	Millions of yen 260	Millions of yen 240	Yen 21.45
Revised forecast (B)	9,100	410	550	470	42.01
Amount of change (B-A)	1,200	160	290	230	—
Rate of change (%)	15.2	64.0	111.5	95.8	—
(Reference) Results for FY2018 (actual)	5,003	(1,672)	(1,651)	(2,000)	(178.83)

Reasons for the Revision

Non-consolidated forecast results are also expected to exceed the previously announced forecast mainly due to the revision of the aforementioned consolidated forecast results.

The dividend plan for the fiscal year ending March 31, 2020 was not revised at this time but will be calculated in accordance with the Company's policy for returning profit to shareholders (based on a payout ratio of 50%) once the financial results are finalized. The payout ratio is calculated based on the consolidated financial statements.

(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.