



March 1, 2022

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## Announcement Regarding Adjustment of Financial Results Forecasts and Reduction of Officer Compensation

Topy Industries Limited (the "Company") announces that at the meeting of the Board of Directors held on March 1, 2022, it has revised the consolidated financial results forecasts for the fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022) released on November 5, 2021, and the non-consolidated financial results forecasts released on May 11, 2021, taking into consideration the recent trend in financial results. Details are as follows.

In addition, the Company announces that it has decided to reduce Officer compensation.

### 1. Adjustment to the Financial Forecasts

(1) Adjustment of estimated values of the consolidated financial forecasts for the fiscal year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

	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 5, 2021)	266,000	1,500	1,000	1,500	64.37
Revised Forecast (B)	272,000	(1,500)	(1,300)	500	21.46
Difference (B-A)	6,000	(3,000)	(2,300)	(1,000)	—
Percentage of Increase/Decrease (%)	2.3	—	—	(66.7)	—
(Ref.) Previous Results (Fiscal 2020) (FY ended March 2021)	225,121	(2,943)	(575)	578	24.70

(2) Adjustment of estimated values of the non-consolidated financial forecasts for the fiscal year ending March 31, 2022 (April 1, 2021 - March 31, 2022)

	Net sales	Operating profit	Ordinary profit	Profit	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous Forecast (A) (Announced May 11, 2021)	161,000	200	1,700	1,200	51.50
Revised Forecast (B)	169,000	(2,700)	(200)	3,100	133.04
Difference (B-A)	8,000	(2,900)	(1,900)	1,900	—
Percentage of Increase/Decrease (%)	5.0	—	—	158.3	—
(Ref.) Previous Results (Fiscal 2020) (FY ended March 2021)	124,313	(4,270)	(1,672)	(402)	(17.16)

(3) Reason for the Adjustment

With respect to full-year forecasts for the consolidated financial results for the fiscal year ending March 31, 2022, the Company was unable to fully absorb the cost increases associated with rising prices of steel scrap and energy in the steel business, although it sought to bolster profitability by revising the sales prices of steel. In addition, with sales volumes declining partly due to steelmaking equipment failures at Toyohashi works, improvements in profitability are expected to be slower than the projected level. Further, the sales volume of automotive components is expected to fall in the Automotive & Industrial Machinery Components Business, chiefly reflecting declining production at automakers linked to the supply shortage of semiconductors, among other parts, and declining shipments due to the tightening market for marine container transportation. Regarding the Power Business, progress was not made as expected in efforts to pass the higher costs attributable to coal price rises on to sales prices. Consequently, the Company expects that operating profit, ordinary profit and profit attributable to owners of parent will be lower than the previous forecasts.

With respect to full-year forecasts for non-consolidated financial results for the fiscal year ending March 31, 2022, the Company also anticipates that operating profit and ordinary profit will fall below the previous forecasts, mainly reflecting, as in the consolidated results forecasts, cost increases due to rises in the prices of steel scrap and energy and steelmaking equipment failures, as well as production cuts implemented by automobile manufacturers. Even so, profit for the current fiscal year is likely to exceed the previous forecast, with improvements expected through measures such as boosting asset efficiency.

(Note) The above financial results forecasts are based on information available as of the date of this announcement. Actual results may change due to a variety of factors.

## 2. Reduction of Officer Compensation

Taking the above adjustment of financial results forecasts seriously, the Company has decided to reduce compensation for Officers (excluding full-time Audit and Supervisory Board Members) who are members of the Executive Management Meeting to clearly reflect their management responsibilities.

Compensation for Executive Directors and Operating Officers changes according to the previous fiscal year's financial results. Due to the reduction announced in this release, monthly compensation for Representative Director, President and CEO, for example, declines 30% from the standard level.

### (1) Detail of reduced amount of the officer compensation

Position	Detail of reduced amount of the officer compensation
Representative Director, President and CEO	Reduction of monthly compensation by an amount equivalent to 20% of such remuneration
Director and Executive Vice President / Senior Managing Director	Reduction of monthly compensation by an amount equivalent to 15% of such remuneration
Managing Director	Reduction of monthly compensation by an amount equivalent to 10% of such remuneration
Managing Executive Officer	Reduction of monthly compensation by an amount equivalent to 5% of such remuneration

### (2) Applicable period

For four months starting in March 2022

Note: This document has been translated from the original Japanese version for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese version, the original shall prevail.

The original disclosure in Japanese was released on March 1, 2022 at 13:30 (GMT+9).

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