



November 2<sup>nd</sup>, 2017

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## Announcement Regarding the Difference between the Cumulative Second Quarter Financial Forecast and Actual Results, and the Adjustment of the Consolidated Financial Forecast and Dividends Forecasts for Fiscal 2017

Topy Industries Limited hereby gives notice regarding the difference that has risen between the financial forecasts announced on May 12<sup>th</sup>, 2017 for cumulative second quarter of the accounting year ending in March 31<sup>st</sup>, 2018 (April 1<sup>st</sup>, 2017 to September 30<sup>th</sup>, 2017) and the actual financial result announced today, as below. In addition, this announcement is with regard to the decision made at the Board of Directors meeting held on November 2<sup>nd</sup>, 2017 to adjust the consolidated financial forecast the dividends forecast for Fiscal 2017(April 1<sup>st</sup>, 2017 to March 31<sup>st</sup>, 2018) originally announced on May 12<sup>th</sup>, 2017.

### ● Regarding the Difference between Financial Forecasts and Actual Results

Difference from the estimated values of the cumulative second quarter financial forecasts for fiscal year 2017 (April 1<sup>st</sup>, 2017 - September 30<sup>th</sup>, 2017)

|   | Net Sales   | Operating Income | Ordinary Income | Net income for second quarter attributable to shareholders of the parent company | Net Income for second quarter per Share |
|---|-------------|------------------|-----------------|--|---|
|   | Million Yen | Million Yen      | Million Yen     | Million Yen  | Yen                                     |
| Previous Forecast (A)<br>(Announced May 12 <sup>th</sup> , 2017)        | 110,000     | 2,000            | 2,100           | 1,300  | 55.36                                   |
| Revised Forecast (B)  | 107,235     | 3,605            | 4,001           | 2,768  | 117.90                                  |
| Difference (B-A)  | Δ2,764      | +1,605           | +1,901          | +1,468   |   |
| Percentage of Increase/Decrease (%)                                     | Δ2.5%       | +80.3%           | +90.6%          | +113.0%  |   |
| (Ref.) Previous Results<br>(the second quarter of FY ending March 2018) | 97,185      | 1,930            | 984             | 1,177  | 49.76                                   |

Difference from the estimated values of the consolidated financial forecasts for fiscal year 2017 (April 1<sup>st</sup>, 2017 – March 31<sup>st</sup>, 2018)

|  | Net Sales   | Operating Income | Ordinary Income | Net income attributable to shareholders of the parent company | Net Income per Share |
|--|-------------|------------------|-----------------|---|----------------------|
|  | Million Yen | Million Yen      | Million Yen     | Million Yen   | Yen                  |
| Previous Forecast (A)<br>(Announced May 12 <sup>th</sup> , 2017) | 227,000     | 7,500            | 7,400           | 4,900   | 208.67               |
| Revised Forecast (B)   | 233,000     | 8,500            | 8,600           | 5,500   | 234.20               |
| Difference (B-A)   | 6,000       | 1,000            | 1,200           | 600   |                      |
| Percentage of Increase/Decrease (%)                              | +2.6%       | +13.3%           | +16.2%          | +12.2%  |                      |
| (Ref.) Previous Results<br>(FY ending March 2017)                | 208,237     | 7,180            | 6,116           | 7,191   | 303.90               |

#### Reason for the Difference

In terms of the actual financial result for the cumulative second quarter of fiscal 2017, the operating income exceeded the forecast in the automotive / industrial machinery components business as sales volume was greater than initially predicted. Likewise, in the steel business the operating income exceeded the forecast as the price of steel scrap, the main material, was lower than expectation. In addition, due to the increase of the operating income, ordinary income and net income attributable to shareholders of the parent company exceeded that which was previously disclosed.

In terms of the consolidated financial result for the fiscal 2017, regarding the first half of fiscal 2017, the profit level exceeded that which was previously disclosed. Regarding the second half of the fiscal 2017, despite the negative impact of higher price of steel scrap, the operating income is expected to exceed the forecast in the industrial machinery components / construction machinery wheels business as the sales volume exceeded the forecast.

Please note that the outlook explained here is based upon currently available information, and the actual performance could be influenced by various uncertainties.

#### ●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<br>(Announced May 12 <sup>th</sup> , 2017)       | —                    | 20.00                 | —                    | 50.00              | 70.00            |
| Revised Forecast   | —                    | —                     | —                    | 60.00              | 80.00            |
| Actual Result<br>(Fiscal Year 2017)                                | —                    | 20.00                 | —                    |                    |                  |
| Previous Year Results<br>(FY ending March 31 <sup>st</sup> , 2017) | —                    | 1.00                  | —                    | 70.00              | —                |

Note: Since the share consolidation of common stock by ratio of 10 shares to 1 share came into effect as of October 1<sup>st</sup>, 2016, the year-ended dividend per share for the 2016 fiscal year is calculated taking into consideration such share consolidation. Recalculating the dividend according to the share consolidation, the dividend for the second quarter of FY 2017 is ¥10 / share, and the annual dividend is ¥80 / share.

#### Reason for the Revision

Given the fact that the consolidated financial result for fiscal year 2017 exceeded the previous forecast, and taking into account our dividend policy previously announced, the year-end dividends for fiscal 2017 is ¥60 / share (an increase of ¥10 from that of the financial statement announced on May 12<sup>nd</sup>, 2017). Accordingly, the annual dividend for the fiscal 2017, being the total of the interim and year-end dividends, amounts to ¥80 /share.

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 November 2<sup>nd</sup>, 2017 at 13:30 (GMT+9).

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