

January 27, 2021

Notice of Upward Revision to Business Forecasts and Dividend Forecasts

THE MONOGATARI CORPORATION announces that we have revised its consolidated and non-consolidated business and dividend forecasts for the first half of the fiscal year ending June 2021 (July 1, 2020 to December 31, 2020) and the fiscal year ending June 2021 (July 1, 2020 to June 30, 2021), which were announced on August 11, 2020, as follows.

We also disclosed the "Notice of Stock Split, Partial Change to Articles of Incorporation, Upward Revision to Dividend Forecast, and Partial Change to Shareholder Benefit Program" today.

1. Details for the revision to business forecasts**(1) Revision to consolidated business forecasts**

- ① **Revision to consolidated business forecasts for the first half of the fiscal year ending June 2021 (July 1, 2020 to December 31, 2020)**

(Million yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Previous forecasts (A)	32,475	1,794	2,121	1,144	190.07 yen
Revised forecasts (B)	34,472	3,178	3,603	2,445	405.53 yen
Change (B-A)	1,997	1,384	1,482	1,300	-
Change rate (%)	6.2%	77.2%	69.9%	113.7%	-
(Reference) Previous results (1H of FY06/20)	31,507	1,813	1,800	1,030	171.26 yen

- ② **Revision to consolidated full-year business forecasts for the fiscal year ending June 2021 (July 1, 2020 to June 30, 2021)**

(Million yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Previous forecasts (A)	69,106	3,960	4,300	2,327	386.44 yen
Revised forecasts (B)	67,822	4,021	4,460	2,860	237.22 yen (*)
Change (B-A)	-1,284	61	160	533	-
Change rate (%)	-1.9%	1.5%	3.7%	22.9%	-
(Reference) Previous results (FY06/20)	57,960	3,033	3,028	456	75.85 yen

* The Company will conduct a 2-for-1 stock split for each ordinary share owned by shareholders recorded in the final shareholders' registry as of Sunday, February 28, 2021 as the record date (As the day is a holiday for the shareholder register administrator, the actual record date is Friday, February 26, 2021). Therefore, before the implementation of the stock split, net income per share is equivalent to 474.44 yen.

(2) Revisions to non-consolidated business forecasts (THE MONOGATARI CORPORATION)

① Revision to non-consolidated business forecasts for the first half of the fiscal year ending June 2021 (July 1, 2020 to December 31, 2020)

(Million yen)

	Net sales	Ordinary income	Net income	Net income per share
Previous forecasts (A)	31,316	2,047	1,070	177.80 yen
Revised forecasts (B)	33,262	3,338	2,123	352.18 yen
Change (B-A)	1,946	1,291	1,052	-
Change rate (%)	6.2%	63.1%	98.3%	-
(Reference) Previous results (1H of FY06/20)	30,186	1,857	1,152	191.40 yen

② Revision to non-consolidated full-year business forecasts for the fiscal year ending June 2021 (July 1, 2020 to June 30, 2021)

(Million yen)

	Net sales	Ordinary income	Net income per share	Net income per share
Previous forecasts (A)	66,582	4,150	2,177	361 yen
Revised forecasts (B)	65,200	4,025	2,369	196.51 yen (*)
Change (B-A)	-1,381	-124	192	-
Change rate (%)	-2.1%	-3.0%	8.9%	-
(Reference) Previous results (FY06/20)	55,871	3,112	908	150.89 yen

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(3) Reasons for the revision

During the first half of the current fiscal year, while economic activities and personal consumption dropped significantly due to the spread of the new coronavirus (COVID-19) infections, concerns over economic and social activities moved to gradually ease following the lifting of the State of Emergency. Furthermore, thanks to the government-led "GoTo Campaign" measures, etc., the number of customers has recovered faster than initially expected. Our overseas subsidiary (Shanghai, China) also experienced a similarly rapid recovery. This higher-than-expected performance is also reflecting the improvement in gross margin of existing businesses and a reduction in SG&A expenses through the use of remote systems within the Company.

As for the consolidated and non-consolidated business forecasts for the full year, we have revised upward our previously announced figures, although the first half performance showed a better-than-expected progress. This revision was made based on comprehensive consideration of these factors: the recovery in the number of customers remains uncertain due to the declaration of a State of Emergency and requests to refrain from going out by the government, etc., as well as the implementation of aggressive additional capital investment in existing stores.

The forecasts for the second half of the fiscal year (January 1, 2021 to June 30, 2021) in the full-year consolidated and non-consolidated forecasts are calculated mainly based on the following ideas.

[Sales]

- (1) Due to the re-declaration of the State of Emergency in January 2021, the number of customers is expected to decline until the end of February 2021, but it is expected to gradually recover from March.
- (2) The number of new stores is expected to be the same as the initial plan for both domestic and overseas.
- (3) The effects of the resumption of the government-led "GoTo Campaign" and other measures after March 2021 have not been factored in.

[Profits]

- (1) Expect an increase in expenses due to aggressive additional investment in existing stores such as Yakiniku King and Marugen Ramen. (Additional investment in excess of approximately 10 billion yen compared to the initial plan)
- (2) Expect an increase in expenses due to additional investment in the conversion of the store format from Yakiniku Ichiban KALVI/Yakiniku Ichiban Kalvi to Yakiniku King.
- (3) Expect an increase in expenses due to the production and airing of new TV commercials for each brand from this spring.
- (4) Do not factor in income from various types of financial aid by local governments to shorten operating hours and closures following the re-declaration of the State of Emergency in January 2021, although we plan to apply the aid.

2. Revision to year-end dividend forecast for the fiscal year ending June 2021

Our basic policy is to continue stable dividends and increase annual dividends as our profits increase. Based on the above basic policy, we will revise the year-end dividend forecast for the fiscal year ending June 2021 as follows, taking into consideration business performance trends and future financial conditions, to return profits to shareholders further.

Dividend per share (yen)

	Dividend per share (yen)		
	End-2Q	Year-end	Annual
Previous forecasts (A) (Announced on August 11, 2020)	50 yen	50 yen	100 yen
Revised forecasts (B) (After-split)	25 yen (*1)	35 yen (*2)	60 yen (*3)
(Reference) Previous results (FY06/20)	55 yen	40 yen	95 yen

Note: The Company will conduct a 2-for-1 stock split for each ordinary share owned by shareholders recorded in the final shareholders' registry as of Sunday, February 28, 2021, as the record date (As the day is a holiday for the shareholder register administrator, the actual record date is Friday, February 26, 2021).

*1: This is the dividend amount after the stock split, and is equivalent to a dividend of 50 yen per share before the stock split.

*2: This is the dividend amount after the stock split, and is equivalent to a dividend of 70 yen per share before the stock split.

*3: This is the dividend amount after the stock split, and is equivalent to a dividend of 120 yen per share before the stock split.

(Notes on forward-looking statements)

The above forecasts are based on information currently available to the Company, and actual results may differ from the forecasts due to various changes in economic conditions and business operations in the future.