February 14, 2020

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Notice on Recording of Non-Operating Expenses (Share of Loss of Entities Accounted for Using Equity Method) and Differences Between Consolidated Business Performance Forecast for the Fiscal Year Ended December 31, 2019, and Actual Results

We hereby announce that non-operating expenses have been recorded, as follows, during the fourth quarter of the fiscal year ended December 31, 2019 (October 1, 2019 through December 31, 2019).
In addition, we also announce differences between the consolidated business performance forecast for the fiscal year ended December 31, 2019 (January 1, 2019 through December 31, 2019), released on November 13, 2019, and the actual results released today.

1. Recording of non-operating expenses (share of loss of entities accounted for using equity method)
During the fourth quarter of the consolidated fiscal year ended December 31, 2019, ¥483 million in share of loss of entities accounted for using equity method was recorded, based on the business performance of the Company's equity method affiliate.

2. Differences between consolidated business performance forecast for the fiscal year ended December 31, 2019, and actual results
(January 1, 2019 through December 31, 2019)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share (yen)
Previous Forecast (A)	155,500	4,000	2,600	1,600	70.83
Actual Results (B)	149,899	2,745	1,108	723	32.01
Difference (B – A)	(5,601)	(1,255)	(1,492)	(877)	
Rate of Change (%)	(3.6)	(31.4)	(57.4)	(54.8)	
(Ref.) Results for the Fiscal Year Ended December 31, 2018	155,955	3,179	2,629	1,090	48.29

<Reason for difference>

i) Net sales were ¥149,899 million, ¥5,601 million lower than the forecast.
- Overall sales in Japan were ¥117,717 million, ¥4,982 million lower than the forecast, as the pullback from the rush demand associated with the consumption tax rate hike was stronger than projected.
- Overall sales overseas were ¥32,181 million, ¥619 million lower than the forecast, due to decreased sales in North America and Europe.

ii) In terms of profit, operating income was ¥2,745 million, ¥1,255 million lower than the forecast, due to a decrease in gross profit caused by insufficient sales, despite partial abatement of the effects through a reduction in selling, general and administrative expenses.

Ordinary income was ¥1,108 million, ¥1,492 million lower than the forecast, due mainly to an increase in share of loss of entities accounted for using equity method, in addition to operating income that fell short of estimates.
Profit was ¥723 million, ¥877 million lower than the forecast, after partially abating the gap between results and the forecast described above such as by reducing tax expenses.