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Notice of Difference between Business Forecast and Actual Results for the First Half of FY2019, and Revision to the Business Forecast for FY2019

We hereby announce that differences have arisen between the business forecast announced on February 14, 2019 and actual results for the first half of FY2019 (January 1, 2019 to June 30, 2019), as follows.

We also announce that we have revised the business forecast for FY2019 (January 1, 2019 to December 31, 2019), as follows.

Difference between consolidated business forecast and actual results in the first half of FY2019 (January 1, 2019 to June 30, 2019)

(Millions of yen, except basic earnings per share)

	Net sales	EBITDA	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share (Yen)
(A) Previous forecast	78,000	1,080	(4,000)	(4,300)	(4,000)	(80.14)
(B) Actual results	73,100	(1,080)	(5,829)	(6,387)	(7,569)	(151.65)
Changes in amount (B) - (A)	(4,899)	(2,160)	(1,829)	(2,087)	(3,569)	
Percentage of change (%)	(6.3)	—	—	—	—	
Reference: Results for the six months ended June 30, 2018	72,542	132	(4,476)	(5,954)	(6,754)	(133.77)

Reasons for the Difference

Net sales fell below the previous forecast mainly due to lower demand in the Devices segment.

For profit, EBITDA, operating profit and ordinary profit decreased compared to the previous forecast primarily because the operation rate at domestic plants declined on account of sluggish demand for Chinese market and quality related costs increased

at some overseas plants in the Industrial Materials segment, in addition to the decrease in sales in the Devices segment. Also, profit attributable to owners of parent was lower than the previous forecast mainly due to posting of impairment loss and loss on sales and retirement of non-current assets.

EBITDA is the total of operating profit, depreciation and amortization of goodwill.

Revision to consolidated business forecast for FY2019 (January 1, 2019 to December 31, 2019)

(Millions of yen, except basic earnings per share)

	Net Sales	EBITDA	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share (Yen)
(A) Previous Forecast	195,000	18,800	8,500	7,800	6,000	120.21
(B) Revised Forecast	180,000	11,800	1,500	500	0	0.00
Changes in Amount (B) - (A)	(15,000)	(7,000)	(7,000)	(7,300)	(6,000)	
Percentage of Change (%)	(7.7)	(37.2)	(82.4)	(93.6)	—	
Reference: Results for the fiscal year ended December 31, 2018	207,404	17,343	8,080	7,380	4,318	85.70

(Note) In the second quarter ended June 30, 2019, we finalized provisional accounting treatments for business combinations, which is reflected in the relevant figures for the results of the fiscal year ended December 31, 2018.

Reasons for the Revision

For consolidated business forecast for FY2019, we have considered the latest demand trends and other factors based on the results for the six months ended June 30, 2018. Net sales are expected to decrease compared to the previous forecast mainly because demand in the Devices segment is likely to decline compared to our original estimate and demand for Chinese market in the Industrial Materials segment is weak. For profit, EBITDA, operating profit and ordinary profit also are expected to fall below the previous forecast mainly owing to the impact of the decrease in net sales.

In addition, profit attributable to owners of parent is expected to decrease compared to the previous forecast due to the above-mentioned reason, while we plan to dispose of idle fixed assets, etc.

EBITDA is the total of operating profit, depreciation and amortization of goodwill.

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