



May 10, 2019

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Notice of Extraordinary Loss and Difference Between Full-Term Consolidated Business Results Forecast and Actual Results

The Company has recorded an impairment loss in its consolidated financial results for the fiscal term ended March 31, 2019, the details of which are provided below. In addition, we are providing details on the difference between the full-term consolidated business results forecast released on October 31, 2018, and the results for the fiscal year ended March 31, 2019.

1. Recording of an Extraordinary Loss (Impairment Loss of Goodwill, etc.) in the Consolidated Financial Statements

Our consolidated subsidiary, U.S. Tsubaki Holdings, Inc. acquired Central Conveyor Company, LLC and its five subsidiaries (CCC, collectively). With regard to the goodwill and intangible fixed assets to which a part of the acquisition price was allocated at the time of acquisition of the shares of CCC, an extraordinary loss of 2,100 million yen was recorded as an impairment loss.

2. Reason for Recording the Impairment Loss

CCC's main target industry is the U.S. automotive industry, but due to a transformation in the market structure, among other things, the company revised its plans for the future because it has fallen below the financial balance plan anticipated during the acquisition. As a result, the estimated fair value of goodwill and intangible fixed assets to which a portion of the acquisition price had been allocated fell below the book value; thus, an impairment loss was recorded for the goodwill and intangible fixed assets to which a portion of the acquisition price had been allocated during the acquisition of CCC.

3. Difference Between the Full-Term Consolidated Business Results Forecast and the Actual Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018–March 31, 2019)

	Net sales	Operating income	Ordinary income	Net income that reverts to shareholders of parent company	Net income per share
Previously released forecast (A) (Released October 31, 2018)	(Million yen) 239,000	(Million yen) 21,700	(Million yen) 21,900	(Million yen) 15,200	(yen) 401.56
Actual results (B)	238,515	21,789	21,621	13,779	364.03
Increase (B-A)	(484)	89	(278)	(1,420)	—
Percentage increase / decrease (%)	(0.2)	0.4	(1.3)	(9.3)	—
Reference: Previous period (Fiscal year ended March 31, 2018)	215,716	20,694	21,743	14,666	387.44

* As of October 1, 2018, the Company is implementing a share consolidation at a ratio of one (1) post-consolidation share for every five (5) pre-consolidation common shares. Net income per share is calculated assuming that such share consolidation was conducted at the beginning of the previous consolidated accounting year.

4. Reasons for the Difference Between the Full-Term Consolidated Business Results Forecast and the Actual Results for the Fiscal Year Ended March 31, 2019

While sales, operating income, and ordinary income were in line with the previous announcement, an extraordinary loss was recorded as detailed above. As a result, net income that reverts to shareholders of parent company was 13,779 million yen, which was less than the forecast announced on October 31, 2018.

5. Dividend Status

As the extraordinary loss detailed in this announcement is one-time non-cash expenditure, our year-end dividend of 60 yen per share effective March 31, 2019, as announced on October 31, 2018, will remain unchanged following comprehensive consideration of our business performance and financial position.

Note: Effective October 1, 2018, the company consolidated its common shares at a ratio of 5 to 1. The interim dividend of 12 yen per share prior to the consolidation of shares is equivalent to a dividend of 60 yen per share after the share consolidation; thus, the annual dividend for the fiscal year ended March 31, 2019, will be 120 yen per share.