

November 5, 2019

Notice Concerning Differences between Forecast of Consolidated Financial Results and Actual Results for the Second Quarter of FY2019 Ending March 31, 2020, and Revision of Business Results Forecasts for FY2019 Ending March 31, 2020

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We hereby announce differences between the forecast of consolidated financial results for the second quarter of FY2019 ending March 31, 2020, released on May 14, 2019, and actual results for the second quarter released today.

We also announce that in order to reflect recent performance we have revised the business results forecasts for FY2019 ending March 31, 2020. The details are given below.

1. Differences between Forecast of Consolidated Financial Results and Actual Results for the Second Quarter of FY2019 Ending March 31, 2020

(April 1, 2019 through September 30, 2019)

	Sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Net income attributable to owners of parent (Millions of yen)	Net income per share (yen)
Previous forecast (A)	144,000	6,000	6,400	3,500	73.05
Actual results (B)	148,695	3,947	3,760	1,309	28.16
Change (B - A)	4,695	(2,052)	(2,639)	(2,190)	
Percentage change (%)	3.3	(34.2)	(41.2)	(62.6)	
(Reference) Second-quarter results for FY2018 ended March 31, 2019	162,988	9,743	10,034	6,023	125.81

2. Revised Forecasts of Consolidated Business Results for FY2019 Ending March 31, 2020

(April 1, 2019 through March 31, 2020)

	Sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Net income attributable to owners of parent (Millions of yen)	Net income per share (yen)
Previous forecast (A)	295,000	15,500	16,000	10,000	208.72
Revised forecast (B)	300,000	10,000	10,000	5,500	120.25
Change (B - A)	5,000	(5,500)	(6,000)	(4,500)	
Percentage change(%)	1.7	(35.5)	(37.5)	(45.0)	
(Reference) Financial results of FY2018 ended March 31, 2019	327,794	20,124	20,992	12,872	268.79

3. Reason for Difference and Revision

(1) Reason for the Differences between Forecast of Consolidated Financial Results and Actual Results for the Second Quarter of FY2019 Ending March 31, 2020

Although the production cutbacks by our major customer had some impact on our business, net sales increased slightly compared with the previous forecast, mainly as a result of turning UM Corporation, SAS, which used to be an associate accounted for using equity method, into a consolidated subsidiary. Operating income and ordinary income fell below the previous forecast mainly due to the production cutbacks by our major customer and increased initial costs for new car model parts.

While a gain on step acquisitions was recorded in the first quarter consolidated accounting period, net income attributable to owners of parent fell below the previous forecast mainly due to an increase in net income attributable to non-controlling interests associated with a decrease in tax expenses of our subsidiary in Mexico relating to the transfer pricing taxation (please refer to “Notice Concerning the Forecast of Non-consolidated Financial Results for FY2019” announced today).

(2) Reason for the Revised Forecasts of Consolidated Business Results for FY2019 Ending March 31, 2020

The impact of the production cutbacks by our major customer and the payment of initial costs for new car model parts are expected to continue in the second half of the fiscal year, and the transfer pricing taxation will affect the full year results as well. Based on this, operating income, ordinary income and net income attributable to owners of parent for FY2019 are expected to fall below the initial forecast, and we therefore have revised the forecast of financial results for FY2019.

*The above forecasts are based on information available as of the date this announcement was released. Actual results may differ from the forecasted figures due to various factors arising in the future.