

Notice of Recording Impairment Loss (Extraordinary Loss) and
Revision of Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2020

We expect to record an impairment loss (extraordinary loss) for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020) and made the following revisions to our consolidated earnings forecasts.

1. Details of Impairment loss

After careful consideration of the effectiveness of the continued use of its core operating system, APL Logistics Ltd, KWE's consolidated subsidiary, determined to dispose certain functions of the system and reconstruct it as a new system. As a result, we expect to record an impairment loss on software (extraordinary loss) of 4,426 million yen for the fiscal year ending March 31, 2020.

2. Revision of the Consolidated Earnings Forecasts

(1) Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 - March 31, 2020)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecasts (A) (Announced on February 7, 2020)	545,000	18,500	15,500	7,000	¥97.30
Revised forecasts (B)	545,000	18,500	15,500	2,500	¥34.75
Differences (B) - (A)	—	—	—	(4,500)	—
Change (%)	—	—	—	(64.3)	—
(Ref.) Year ended March 31, 2019	592,009	20,797	19,939	9,857	¥136.91
(Ref.) YoY change (%)	(7.9)	(11.0)	(22.3)	(74.6)	—

(2) Reason of the Revision

For the consolidated earnings forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020), net sales, operating income, and ordinary income remain unchanged from the previous forecasts, but net income attributable to owners of the parent was revised to reflect extraordinary loss described in 1 above.

Dividend forecasts remain unchanged from the previous forecasts.

(Note) Cautionary statement concerning earnings forecasts

The forecasts above are based on information currently available. Actual performance may differ from the above forecasts due to various factors.

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