

February 9, 2021

## **Notice Regarding Recognition of Impairment Loss and the Differences Between Financial Forecasts and Actual Results for the Year Ended December 31, 2020**

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Code number : 6481  
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THK CO., LTD. hereby announces that THK recorded an impairment loss for the year ended December 31, 2020 (January 1, 2020 to December 31, 2020) and that there are differences between the financial forecasts, which were reported on August 6, 2020, and the actual results for the year ended December 31, 2020.

### **(1) Recognition of impairment loss**

(Consolidated)

Since there was an indication of impairment arising from decline in revenue impacted by the deterioration of the market environment caused by the COVID-19 pandemic, certain non-current assets held by THK's consolidated subsidiaries who engage in the transportation equipment business were tested for impairment under IFRS. As a result, the THK group recognized an impairment loss of non-current assets of ¥8,083 million as other expenses for the year ended December 31, 2020. On the other hand, THK group implemented a structural reform to improve its profitability and recorded ¥738 million of restructuring costs of its production system as other expenses. In addition, THK group also recorded ¥653 million of non-recurring complaints handling costs incurred in the transportation equipment business as other expenses.

(Non-consolidated)

In relation to the deterioration of financial position due to the impairment loss of non-current assets recorded by the consolidated subsidiaries, THK recorded ¥9,158 million of loss on write-down of investments in subsidiaries' stock, ¥3,681 million of loss on write-down of investments in subsidiaries' capital, and ¥1,337 million of provision for allowance for doubtful receivables from subsidiaries in the extraordinary loss section. These losses have been eliminated in consolidation and do not affect the THK group's consolidated operating results.

## (2) Differences between financial forecasts and actual results for the year ended December 31, 2020

(Consolidated)

	Revenue (Millions of Yen)	Operating Income (Loss) (Millions of Yen)	Profit (Loss) Before Tax (Millions of Yen)	Profit (Loss) Attributable to Owners of the Parent (Millions of Yen)	Basic Earnings (Loss) per Share (Yen)
Year ended December 31, 2020					
Forecasts (A)	¥216,000	¥200	¥(1,400)	(3,100)	¥(24.49)
Actual results (B)	218,998	(8,499)	(9,725)	(9,992)	(78.95)
Difference (B-A)	2,998	(8,699)	(8,325)	(6,892)	—
(Percentage)	1.4%	—%	—%	—%	—%
(For reference)					
Actual results for the year ended December 31, 2019	274,599	18,277	18,168	11,690	92.37

(Non-consolidated)

	Revenue (Millions of Yen)	Operating Income (Loss) (Millions of Yen)	Ordinary Income (Loss) (Millions of Yen)	Net Income (Loss) (Millions of Yen)	Basic Earnings (Loss) per Share (Yen)
Year ended December 31, 2020					
Forecasts (A)	¥103,300	¥1,000	¥2,700	¥1,700	¥13.43
Actual results (B)	102,866	365	2,118	(13,183)	(104.16)
Difference (B-A)	(433)	(634)	(581)	(14,883)	—
(Percentage)	(0.4)%	(63.4)%	(21.5)%	—%	—%
(For reference)					
Actual results for the year ended December 31, 2019	136,189	11,933	15,746	7,559	59.72

## (3) Reasons of the differences

(Consolidated)

Operating income (loss) and other line items were recorded at amounts less than the respective forecasts due to the impairment loss of non-current assets as discussed above.

(Non-consolidated)

Operating income (loss) was below the forecast because the amount of sales was less than the original forecast due to the weaker demand caused by the COVID-19 pandemic. As to net income (loss), THK recorded a net loss due to the aforementioned loss on write-down of investments in subsidiaries' stock and other losses.