

To whom it may concern:

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**Notice of Differences between the Forecasts and the Results of Financial Performance for the Fiscal Year Ended March 31, 2021, along with Recording of Extraordinary Loss (Consolidated and Non-Consolidated) and Deferred Tax Asset**

We hereby inform you of the differences between the forecasts announced on February 8, 2021 and results disclosed today for the fiscal year ended March 2021, as follows. Furthermore, we would like to inform you that our extraordinary loss (consolidated and non-consolidated) and deferred tax assets were recorded in the financial results for the fiscal year ended in March 2021.

1. Differences between the forecasts for the fiscal year ended March 2021 and results

- Differences between the Forecasts and the Results of Consolidated Financial Performance for the fiscal year ended March 31, 2021  
(From April 1, 2020 to March 31, 2021)

(Millions of yen, %)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous Forecast (A)	113,100	1,200	1,300	(2,300)	(317.90)
Actual Result (B)	113,046	1,264	1,540	(1,239)	(171.62)
Difference (B-A)	-54	64	240	1,061	—
Ratio (%)	-0.1	5.3	18.5	<b>46.1</b>	—
Results of Fiscal Year Ended March, 2020	130,524	2,843	2,883	1,435	194.28

- Differences between the Forecasts and the Results of Non-Consolidated Financial Performance for the fiscal year ended March 31, 2021  
(From April 1, 2020 to March 31, 2021)

(Millions of yen, %)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous Forecast (A)	55,300	(1,000)	2,300	(1,700)	(234.97)
Actual Result (B)	56,278	(515)	2,934	(679)	(94.10)
Difference (B-A)	978	485	634	1,021	—
Ratio (%)	1.8	<b>48.5</b>	27.6	<b>60.1</b>	—
Results of Fiscal Year Ended March, 2020	63,484	(602)	2,847	2,735	370.12

● Reason for the differences

The operating income from non-consolidated results exceeded the previous forecast because of higher-than-expected royalties received from overseas subsidiaries and cost reductions due to favorable factors, including improved operating rates. Loss for the period improved from what previously forecast. This improvement is due to the recording of income taxes-deferred as described in 4. Recording of deferred tax assets (consolidated and non-consolidated) below, in addition to the factors that increased the operating income. Regarding the consolidated business results, some recovery from the loss attributable to owners of parent expected in the previous forecast due to the above non-consolidated reasons.

2. Recording of Extraordinary Loss (consolidated)

We examined the future recoverability of the noncurrent assets held by the Company and two consolidated subsidiaries. As a result, an impairment loss of 1,274 million yen was recorded in the fiscal year ended March 2021. The breakdown is 111 million yen for the Company, T.RAD North America, Inc. 1,095 million yen for the U.S. subsidiary, and 67 million yen for the Czech subsidiary T.RAD Czech s.r.o.

3. Recording of Extraordinary Loss (non-consolidated)

Allowance for investment loss of 3,778 million yen was recorded for the investment of the two consolidated subsidiaries. Regarding the U.S. subsidiary T.RAD North America, Inc., we recorded provision of 2,601 million yen due to a decrease in net assets that resulted from the impairment loss recorded as mentioned above. Regarding the Czech subsidiary T.RAD Czech s.r.o., we recorded provision of 1,177 million yen due to a decrease in net assets that resulted from a deterioration in business performance from the previous fiscal year. The provision of allowance for investment loss will be eliminated in the consolidated financial statements and will not affect consolidated profit or loss.

4. Recording of deferred tax assets (consolidated and non-consolidated)

We carefully considered the recoverability of deferred tax assets based on the latest business performance of the Company. As a result, an increase in deferred tax assets of 488 million yen (both consolidated and non-consolidated) was recorded as income taxes-deferred.

End.