



October 26, 2020

Company name: CHORI CO., LTD.
Representative: Kazuo Sakihama, President, CEO & COO
(Code: 8014, Tokyo (1st section))
Inquiries: Yasutaka Kawamura
Manager, Corporate Management Dept.
(+81-3-5781-6201)

Notice Regarding Recording of a Provision of Allowance for Doubtful Accounts in Non-Consolidated Financial Statements

CHORI CO., LTD. (hereinafter, “the Company”) announced that it has recorded a provision of allowance for doubtful accounts for a consolidated subsidiary in non-consolidated financial statements for the second quarter of the year ending March 31, 2021, following passage of a resolution at a meeting of the Board of Directors held today.

1. Summary of the Provision of Allowance for Doubtful Accounts

The Company has recorded a provision of allowance for doubtful accounts under non-operating expenses in the non-consolidated financial statements for the second quarter of the year ending March 31, 2021. The amount of the provision of allowance for doubtful accounts is calculated based on estimates at the moment to be needed in relation to a loan made to Tohcho Co., Limited, a consolidated subsidiary.

2. Background to Recording the Provision of Allowance for Doubtful Accounts

Tohcho Co., Limited recorded ¥2,429 million, the equivalent of 50% of the accounts receivable it had with a Chinese chemical manufacturing group, as a provision of allowance for doubtful accounts under selling, general and administrative expenses, as noted in “Notice Regarding the Recording of a Provision of Allowance for Doubtful Accounts and Revisions to Forecasts of Business Results and Dividends” disclosed on July 27, 2020.

The impact of this worsened Tohcho Co., Limited’s financial status, and the Company recorded a provision of allowance for doubtful accounts in relation to a loan it made to Tohcho Co., Limited.

3. Impact on Results

The ¥2,433 million provision of allowance for doubtful accounts recorded in non-consolidated financial statements in the second quarter of the year ending March 31, 2021 will be eliminated from consolidated financial statements. Consequently, there will be no impact on consolidated profit or loss.

Furthermore, the provision of allowance for doubtful accounts related to the accounts receivable from the Chinese chemical manufacturing group was recorded in consolidated financial statements for the first quarter of the year ending March 31, 2021, therefore is not posted as a new loss.