May 11, 2023

Company name:	Neturen Co., Ltd.
Name of representative:	Katsumi Omiya, Representative Director, Member of the Board, President and Chief Executive Officer (Securities code: 5976; Prime Market of the Tokyo Stock Exchange)
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Notice Concerning Recording of Extraordinary Loss, Differences between Consolidated Financial Results Forecast and Actual Results, and Differences between Non-consolidated Financial Results and Actual Results of Previous Year

Neturen Co., Ltd. (the "Company") hereby announces that the Company decided to record an extraordinary loss in the fiscal year ended March 31, 2023 as described below, and differences arose between the consolidated financial results forecast for the fiscal year ended March 31, 2023 announced on February 7, 2023 and the actual results announced today as described below.

Though the Company does not disclose non-consolidated financial results forecast, the Company also announces that differences arose between the non-consolidated financial results for the fiscal year ended March 31, 2023 and the actual results for the previous fiscal year.

1. Recording of extraordinary loss and its content

Impairment loss
As a result of a conservative review of the business plan at the Company and its consolidated subsidiaries, deviations from the original forecast arose in multiple entities with a high proportion of orders from the automobile industry inside and outside the country, and the Company decided to record an impairment loss of ¥1,852 million as an extraordinary loss. (The impact on the consolidated financial results is ¥1,852 million, and the impact on the non-consolidated financial results is ¥1,353 million.)

2. Differences between consolidated financial results forecast and actual results

(1) Differences between the consolidated financial results forecast for the fiscal year ended March 31, 2023 and the actual results (from April 1, 2022 to March 31, 2023)

(Million yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A)	58,000	2,500	3,300	1,700	45.08 yen
Actual results (B)	57,524	2,396	3,088	381	9.89 yen
Change (B-A)	(475)	(103)	(211)	(1,318)	
Change (%)	(0.8)	(4.1)	(6.4)	(77.6)	
(Reference) Results of the previous fiscal year (fiscal year ended March 31, 2022)	53,004	3,704	4,418	2,690	67.45 yen

(2) Reasons for differences

While orders from the civil engineering and construction industry, construction machinery industry, and machine tools industry have remained relatively strong, orders from the automobile industry have not fully recovered yet, despite the forecast to recover in the fourth quarter of the year.

Under the such business environment, net sales, operating income, and ordinary income slightly fell short of the previously announced forecast. Also, profit attributable to owners of parent significantly fell short of the previously announced forecast, due to the recording of an impairment loss as an extraordinary loss as stated in above 1.

3. Differences between the non-consolidated financial results and the actual results of the previous year

(1) Differences between the non-consolidated financial results for the fiscal year ended March 31, 2023 and the actual results of the previous year (from April 1, 2022 to March 31, 2023)

(Million yen)

	Net sales	Operating income	Ordinary income	Net income	Basic earnings per share
Results of the previous fiscal year (fiscal year ended March 31, 2022) (A)	32,504	2,169	3,426	2,606	65.34 yen
Results of the current fiscal year (fiscal year ended March 31, 2023) (B)	33,690	851	2,073	630	16.35 yen
Change (B-A)	1,186	(1,317)	(1,352)	(1,975)	
Change (%)	3.6	(60.7)	(39.5)	(75.8)	

(2) Reasons for differences

In the current fiscal year, stagnation in production due to the shortage of parts such as semiconductors was prolonged beyond expectation, and costs continued to increase due to soaring costs for materials including steel, electricity and logistics. Under such circumstances, net sales increased from the previous fiscal year, driven by our efforts including the revision of selling prices.

On the other hand, in terms of profits, operating income, ordinary income, and net income decreased from the previous fiscal year, due to weak orders from automobile-related industries, reduced productivity of the Company driven by the unstable supply of some parts for construction machineries, an increase in manufacturing costs driven by the soaring costs for materials and electricity, and the recording of an impairment loss as an extraordinary loss as stated in above 1.