



February 7, 2024

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 (Securities code: 5976; Prime Market of the Tokyo Stock Exchange)
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Notice Concerning Revisions to Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 and Revisions to Numerical Targets of the 15th Medium-term Management Plan

Neturen Co., Ltd. (the “Company”) hereby announces that in light of the most recent operating trends, a decision was made to revise the consolidated financial results forecast announced on May 11, 2023 for the fiscal year ending March 31, 2024 (April 1, 2023–March 31, 2024), as described below.

The Company also announces that a decision was made at a meeting of the Board of Directors held on February 7, 2024 to revise the numerical targets of the 15th Medium-term Management Plan, which entered its final year in the fiscal year ending March 31, 2024, to align with the revised consolidated financial results forecast.

1. Revisions to Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023–March 31, 2024)

(Million yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (announced on May 11, 2023)	63,000	2,800	3,300	2,000	53.04
Revised forecast (B)	58,100	1,700	2,600	1,600	44.19
Change in amount (B-A)	(4,900)	(1,100)	(700)	(400)	
Change in percentage (%)	(7.8)	(39.3)	(21.2)	(20.0)	
(Reference) Actual results for the previous fiscal year (fiscal year ended March 31, 2023)	57,524	2,396	3,088	381	9.89

2. Reason for Revisions

Regarding net sales, sales volume of automobiles-related products has been affected by the suspension of shipment by certain automobile manufacturers, despite continuing efforts to pass on rising costs including material and electricity costs to selling prices.

In addition, in the Specialty Steel and Wire Products Division, the sales volume of civil engineering and construction-related products declined due to such factors as postponements of construction projects caused by soaring construction material prices and delays in the progress of construction caused by labor shortages and labor hour regulations. The sales volume of construction equipment-related products decreased for small and medium-sized models both in Japan and China due to sluggish construction market conditions, while the sales volume of automobiles-related products at various overseas locations declined due to a slowdown in production by major customers. As a result, all of the businesses in this segment are expected to fall short of the initial plan.

As for the induction heat treatment-related services in the Induction Heating Division, the Company expects a decline

in orders from the machine tool industry, due primarily to inventory adjustments by customers, while the formerly robust sales to large-model construction equipment are also expected to decline from the second half. As a result, induction heat treatment-related services are expected to fall short of the initial plan.

Consequently, the Company has reviewed the sales forecast of both segments and revised the previously announced forecast.

In terms of profits, despite ongoing efforts to revise sales prices, the increased cost burden caused by the high levels of raw material and energy prices has put greater-than-expected pressure on profits. Furthermore, given the increase in fixed costs necessitated by the failure of the businesses of the Specialty Steel and Wire Products Division to achieve the initially planned sales volume, as described above, and the sales of induction heat treatment-related services to machine tools manufacturers in the Induction Heating Division falling substantially below the initial plan, the Company has revised the previously announced forecast.

In light of this harsh business environment, the Group will strive to ensure profits by further promoting the revision of sales prices and cost reduction measures and ultimately enhance corporate value.

3. Revisions to Consolidated Numerical Targets of the 15th Medium-term Management Plan

As the fiscal year ending March 31, 2024 is the final year of the 15th Medium-term Management Plan, the Company has revised the consolidated numerical targets to align with the revision of the consolidated financial results forecast, described above.

(Million yen)

	Revised plan	Initial plan
Net sales	58,100	63,000
Operating income	1,700	2,800
Operating income to sales	2.9%	4.4%
Return on assets (ROA)	3.3% or more	4.2% or more
Return on equity (ROE)	3.0% or more	3.4% or more

*Explanation for the proper use of financial results forecast, etc.

The forward-looking statements contained in this document are based on judgments made in accordance with information available at the time of the release of this document and include many uncertain factors. Actual results may differ from these forecasts due to changes in business conditions and other factors.