

**Consolidated Financial Results
for the Six Months
Ended September 30, 2022
[Japanese GAAP]**



November 8, 2022

Company name: Neturen Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 5976

URL: <https://www.k-neturen.co.jp/>

Representative: Katsumi Omiya, Representative Director, Member of the Board, President and Chief Executive Officer

Contact: Takaaki Aoi, General Manager, Accounting Department, Administrative Headquarters

Phone: +81-3-3443-5441

Scheduled date of filing quarterly securities report: November 11, 2022

Scheduled date of commencing dividend payments: December 6, 2022

Availability of supplementary explanatory materials on quarterly financial results: Available

Availability of quarterly financial results briefing: Available (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 1, 2022 - September 30, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	27,859	14.2	1,393	(23.8)	2,030	(5.4)	1,221	(10.0)
Six months ended September 30, 2021	24,390	32.8	1,829	–	2,146	–	1,357	–

(Note) Comprehensive income: Six months ended September 30, 2022: ¥4,288 million [66.1%]

Six months ended September 30, 2021: ¥2,582 million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	31.15	–
September 30, 2021	34.03	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2022	82,944	69,160	73.8
As of March 31, 2022	82,003	66,859	72.7

(Reference) Equity: As of September 30, 2022: ¥61,217 million

As of March 31, 2022: ¥59,646 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	13.00	–	17.00	30.00
Fiscal year ending March 31, 2023	–	15.00			
Fiscal year ending March 31, 2023 (Forecast)			–	15.00	30.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	60,000	13.2	3,600	(2.8)	4,200	(4.9)	2,400	(10.8)	60.14

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Changes in significant subsidiaries during the period under review: None

(Changes in specified subsidiaries resulting in changes in scope of consolidation)

Newly included: –

Excluded: –

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please see “2. Quarterly Consolidated Financial Statements (3) Notes to Quarterly Consolidated Financial Statements (Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)” on page 7 of the appendix (Japanese version only).

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued and outstanding shares (common shares)

1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

September 30, 2022: 40,906,500 shares

March 31, 2022: 40,906,500 shares

2) Total number of treasury shares at the end of the period:

September 30, 2022: 2,502,316 shares

March 31, 2022: 1,000,118 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 39,207,033 shares

Six months ended September 30, 2021: 39,881,228 shares

* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

(Notes on forward-looking statements, 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.

For the assumptions used for the financial results forecast as well as precautions regarding the use of such forecast, please refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation Regarding Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the Attachments (Japanese version only).

(Access to the materials for the quarterly financial results briefing for the second quarter)

The financial results briefing for the second quarter (for institutional investors and analysts) is scheduled for November 25, 2022. Supplementary materials for the quarterly financial results (materials for the quarterly financial results briefing for the six months ended September 30, 2022) will be disclosed via TDnet and on the Company’s website following the briefing.

2. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	19,213	18,333
Notes and accounts receivable - trade, and contract assets	12,696	11,933
Electronically recorded monetary claims	2,954	2,829
Securities	338	209
Finished goods	1,170	1,102
Work in process	1,781	2,433
Raw materials and supplies	2,847	3,390
Other	1,773	2,912
Allowance for doubtful accounts	(52)	(57)
Total current assets	42,723	43,087
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,295	8,473
Machinery, equipment and vehicles, net	8,549	8,507
Land	9,848	9,903
Construction in progress	627	391
Other, net	747	779
Total property, plant and equipment	28,067	28,055
Intangible assets		
Leasehold interests in land	669	749
Other	108	129
Total intangible assets	778	879
Investments and other assets		
Investment securities	8,737	9,156
Long-term loans receivable	20	21
Retirement benefit asset	71	13
Other	1,683	1,809
Allowance for doubtful accounts	(79)	(78)
Total investments and other assets	10,434	10,921
Total non-current assets	39,280	39,856
Total assets	82,003	82,944

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable – trade	3,755	3,501
Electronically recorded obligations – operating	3,451	3,435
Short-term borrowings	1,412	1,653
Income taxes payable	974	571
Provision for bonuses	708	656
Provision for bonuses for directors (and other officers)	41	5
Provision for share awards for directors (and other officers)	–	7
Other	2,681	2,451
Total current liabilities	13,026	12,282
Non-current liabilities		
Long-term borrowings	738	141
Provision for share awards for directors (and other officers)	7	6
Retirement benefit liability	450	419
Other	921	933
Total non-current liabilities	2,117	1,500
Total liabilities	15,144	13,783
Net assets		
Shareholders' equity		
Share capital	6,418	6,418
Capital surplus	2,407	2,393
Retained earnings	49,174	49,717
Treasury shares	(790)	(1,797)
Total shareholders' equity	57,209	56,732
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,327	1,361
Foreign currency translation adjustment	959	2,978
Remeasurements of defined benefit plans	150	144
Total accumulated other comprehensive income	2,436	4,484
Non-controlling interests	7,212	7,943
Total net assets	66,859	69,160
Total liabilities and net assets	82,003	82,944

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
For the six months ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	24,390	27,859
Cost of sales	18,818	22,613
Gross profit	5,571	5,245
Selling, general and administrative expenses	3,742	3,852
Operating income	1,829	1,393
Non-operating income		
Interest income	24	48
Dividend income	50	92
Share of profit of entities accounted for using equity method	112	81
Foreign exchange gains	9	303
Gain on sales of scraps	75	92
Other	75	52
Total non-operating income	348	671
Non-operating expenses		
Interest expenses	21	28
Other	9	5
Total non-operating expenses	31	33
Ordinary income	2,146	2,030
Extraordinary income		
Gain on sales of non-current assets	12	12
Gain on sales of investment securities	10	0
Insurance claim income	–	3
Subsidy income	55	0
Total extraordinary income	77	17
Extraordinary losses		
Loss on sales of non-current assets	–	0
Loss on retirement of non-current assets	6	2
Other	1	–
Total extraordinary losses	7	2
Profit before income taxes	2,215	2,045
Income taxes	644	608
Profit	1,570	1,436
Profit attributable to:		
Profit attributable to owners of parent	1,357	1,221
Profit attributable to non-controlling interests	213	215
Other comprehensive income		
Valuation difference on available-for-sale securities	(303)	(25)
Foreign currency translation adjustment	1,189	2,442
Remeasurements of defined benefit plans, net of tax	(5)	(6)
Share of other comprehensive income of entities accounted for using equity method	130	441
Total other comprehensive income	1,011	2,851
Comprehensive income	2,582	4,288
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,977	3,269
Comprehensive income attributable to non-controlling interests	604	1,018