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Stock exchange listing: Tokyo, Nagoya
Stock code: 6473
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Notice Concerning Recording of Extraordinary Losses in Non-Consolidated Financial Results

JTEKT Corporation (the “Company”) hereby announces the recording of extraordinary losses in non-consolidated financial results for the fiscal year ended March 31, 2023 (April 1, 2022 through March 31, 2023).

●Details of extraordinary losses

1. Loss on Valuation of Shares of Subsidiaries and Affiliates

Based on the business performance and financial position of the European affiliates, the Company has recorded an extraordinary loss of 42,210 million yen as loss on valuation of shares of subsidiaries and affiliates.

Since the European affiliates are consolidated subsidiaries, there is no impact on the consolidated financial results.

2. Transfer Pricing Taxation Adjustments

The mutual agreement procedure by the tax authorities of Japan and the US has been filed by the Company and the US subsidiaries, and is expected to reach an agreement on the advance pricing arrangement (“APA”) determining the transfer pricing method to allocate the income between related parties. Pursuant to the expected agreement, the Company has recorded an extraordinary loss of 25,458 million yen as transfer pricing taxation adjustments for prior years that will be paid by the Company to the U.S. subsidiaries upon reaching an agreement.

Since the U.S. subsidiaries are consolidated subsidiaries, there is no impact on consolidated income before income taxes. However, income tax expense for the consolidated fiscal year ended March 31, 2023 was reduced by approximately 7,400 million yen due to the differences in tax rates between those two countries.