

NSK Ltd.

For Immediate Release

July 31, 2023

CONSOLIDATED RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2023 (Unaudited)

[IFRS]

Company name	NSK Ltd.
Stock exchange on which the shares are listed	Tokyo Stock Exchange in Japan
Code number	6471
URL	https://www.nsk.com/
Representative	Akitoshi Ichii, President and CEO
Contact person	Naoya Takigawa, Deputy Head of Finance Division HQ
Filing date of quarterly securities report	August 4, 2023

(Figures are rounded down to the nearest million yen)

1. Consolidated financial highlights for the three months ended June 30, 2023

(1) Consolidated financial results

(% indicates changes from the previous year)

	Continuing operations only						Sum of continuing and discontinued operations					
	Sales		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three months ended Jun. 30, 2023	188,247	2.6	4,128	-50.7	4,277	-49.3	-680	-	-929	-	34,885	66.3
Three months ended Jun. 30, 2022	183,461	-	8,367	-	8,437	-	1,837	-65.2	1,320	-72.0	20,976	11.2

	Sum of continuing and discontinued operations.	
	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended Jun. 30, 2023	-1.85	-1.85
Three months ended Jun. 30, 2022	2.57	2.57

Note:

Effective from the first quarter of the current fiscal year, the steering business is classified as a discontinued operation. As a result, sales, operating income, and income before income taxes are presented excluding discontinued operations. The same reclassification was made for the same period of the previous fiscal year. The percentage of change in net sales, operating income, and income before income taxes for the three months ended June 30, 2022 are not shown in the above table. Net income, net income attributable to owners of the parent, total comprehensive quarterly income, quarterly basic earnings per share, and quarterly diluted earnings per share are presented as the sum of continuing and discontinued operations.

Reference: Continuing operations only

	Net income		Net income attributable to owners of the parent		Basic earnings per share	Diluted earnings per share
	Millions of Yen	%	Millions of Yen	%	Yen	Yen
Three months ended Jun. 30, 2023	1,798	-60.9	1,654	-60.7	3.30	3.29
Three months ended Jun. 30, 2022	4,594	-	4,207	-	8.20	8.18

(2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	Millions of Yen	Millions of Yen	Millions of Yen	%
As of Jun. 30, 2023	1,257,877	639,428	621,388	49.4
As of Mar. 31, 2023	1,233,256	634,724	616,213	50.0

2. Cash dividends

(Record date)	Cash dividends per share				
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year-end	Full-year total
Year ended Mar. 31, 2023	Yen -	Yen 15.00	Yen -	Yen 15.00	Yen 30.00
Year ending Mar. 31, 2024	-	-	-	-	-
Year ending Mar. 31, 2024 (Forecast)	-	15.00	-	15.00	30.00

Note: Revision to the forecast of cash dividends from the latest announcement: None

3. Forecast of consolidated results for the year ending March 31, 2024

(% indicates changes from same period of previous year)

	Continuing operations only						Sum of continuing and discontinued operations			
	Sales		Operating income		Income before income taxes		Net income attributable to owners of the parent		Basic earnings per share	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen	
Six months ending Sep. 30, 2023	392,000	1.5	14,000	-28.6	13,000	-32.0	6,000	-0.5	12.11	
Year ending Mar. 31, 2024	808,000	4.0	44,000	0.4	42,000	-3.0	25,500	38.5	51.82	

Note: Revision to the forecast of consolidated results from the latest announcement: Yes

Effective from the first quarter of the current fiscal year, the steering business is classified as a discontinued operation. As a result, sales, operating income, and income before income taxes are presented excluding discontinued operations, while net income attributable to owners of the parent and basic earnings per share are presented as the sum of continuing operations and discontinued operations.

Others

- (1) Changes in the significant subsidiaries during the period (Changes in specified subsidiaries resulting in change in the scope of consolidation): None
- (2) Changes in accounting policies, or changes in accounting estimates
 - (i) Changes in accounting policies required by IFRS: None
 - (ii) Changes excluding the above: None
 - (iii) Changes in accounting estimates: None
- (3) Number of shares issued and outstanding (common stock)
 - (i) Number of shares issued and outstanding at the end of each period (including treasury stock):

As of Jun. 30, 2023	551,268,104 shares	As of Mar. 31, 2023	551,268,104 shares
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 - (ii) Number of treasury stock at the end of each period:

As of Jun. 30, 2023	63,148,654 shares	As of Mar. 31, 2023	38,152,172 shares
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 - (iii) Average number of shares issued and outstanding in each period:

Three months ended Jun. 30, 2023	501,057,627 shares	Three months ended Jun. 30, 2022	512,857,741 shares
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Note:

- 1) This summary of quarterly financial results is out of scope of review by certified public accountants or an auditor.
- 2) Cautionary statement with respect to forward-looking statements
The forecasts in this document are based on currently available information and certain assumptions that the Company regards as reasonable, and actual results may materially differ from any future results expressed herein due to various factors.
- 3) This document is an English convenience translation of a document that was originally prepared in the Japanese language and is provided for convenience purpose only. NSK makes no representation or warranty that this document is a complete or accurate translation of the original Japanese text, and it is not intended to be relied upon. In the event that there is a discrepancy between the Japanese and English versions, the Japanese version shall prevail. This document is not intended and should not be construed as an inducement to purchase or sell stock in NSK.

1. Business overview

(1) Qualitative information regarding consolidated business results

During the first quarter of the current consolidated fiscal year, the Company entered into an agreement with Japan Industrial Solutions III Investment Limited Partnership ("JIS") to jointly manage NSK Steering & Control Inc. ("NS&C"), a consolidated subsidiary that controls the Company's global steering business. As a result, the steering business is classified as a discontinued operation from the first quarter of the current fiscal year. Sales, operating income, and income before income taxes are presented as continuing operations excluding discontinued operations, while quarterly income and quarterly income attributable to owners of the parent are presented as the sum of continuing operations and discontinued operations.

The NSK Group promoted a range of initiatives toward three main management themes: growth with profitability, enhancement of managerial resources, and ESG management as Mid-Term Management Plan 2026, which spans the five years from April 2022 to March 2027.

Looking at the global economy during the first quarter of the fiscal year ending March 31, 2024, although the economy remained weak in certain regions, the global economy continued to gradually move toward recovery. On the other hand, the economic outlook remains uncertain due to high inflation and potential recession risks due to monetary tightening by the central banks of each country.

Looking at the Company's results by geographic breakdown, in Japan, the economy continued to gradually move toward recovery due to recovery in consumer spending based on improved consumer sentiment and increased automotive production volume triggered by the easing of automotive semiconductor supply constraints. In the US, the economy slowed down in the first quarter due to the downward pressure from prolonged inflation and monetary tightening. In Europe, economic recovery slowed down due to prolonged inflation and declining trend in industrial production. In China, economy seemed to slow down due to weak exports on sluggish overseas demand and a weak real estate market.

In this economic environment, the NSK Group's performance excluding discontinued operations was affected by the depreciation of the yen and the passing on the impact of cost inflation to the selling price resulting in consolidated sales for the first quarter of the year ending March 31, 2024 totaling ¥188,247 million, a year-on-year increase of 2.6%. Operating income was ¥4,128 million, a year-on-year decrease of 50.7%. Income before income taxes was ¥4,277 million, a year-on-year decrease of 49.3%. Net loss attributable to owners of the parent, the sum of continuing and discontinued operations was ¥929 million, (Net income attributable to the owners of the parent was ¥1,320 million in the same period last year).

Business segment information

1) Industrial Machinery Business segment

The demand was weak in the first quarter as the monetary tightening policies of the major countries have forced companies, especially in the manufacturing sector, to become more cautious in their capital expenditure in addition to the weak demand from the semiconductor industry as they enter into an adjustment phase. Sales decreased compared to the same period of the previous year.

Looking at the Company's results by geographic breakdown, demand in Japan and China decreased, especially in the aftermarket machine tool sector, and semiconductor equipment. In the Americas, sales decreased due to the lower sales to the semiconductor equipment sectors and other products. In Europe, sales decreased due to the lower sales in Electric & Electrification (E&E) and aftermarket.

As a result, sales in the industrial machinery business totaled ¥85,065 million, a year-on-year decrease of 10.7%, and operating income was ¥2,309 million, a year-on-year decrease of 75.0%.

2) Automotive Business segment

Global automotive production volume increased due to the easing of automotive semiconductor supply constraints and sales increased compared to the same period of the previous year.

Looking at the Company's results by geographic breakdown, sales in Japan, US and Europe increased compared to the previous year as automotive production recovered from the supply chain issues of semiconductor and parts seen in the previous year. In China, sales increased due to the rebound from the decline triggered by strict restrictions on economic activities based on its Zero-COVID policy.

As a result, sales in the automotive business totaled ¥95,179 million, a year-on-year increase of 19.0% and operating income was ¥1,086 million (operating loss was ¥1,357 million in the same period last year).

(2) Qualitative information regarding consolidated financial position

Assets and liabilities

Total assets at the end of the period was ¥1,257,877 million, an increase of ¥24,620 million compared to total assets as of March 31, 2023. Total liabilities at the end of the period was ¥618,448 million, an increase of ¥19,916 million compared to total liabilities as of March 31, 2023.

Total equity

Total equity was ¥639,428 million, an increase of ¥4,704 million compared to total equity as of March 31, 2023. The increase was due to other components of equity, the decrease was due to acquisition of treasury stock and payment of cash dividends.

The above assets, liabilities and equity include ¥95,739 million in assets, ¥32,228 million in liabilities, and ¥5,135 million in other components of equity related to disposal groups classified as held for sale.

Qualitative information regarding cash flow

1) Cash flow from operating activities

Net cash flow provided by operating activities totaled ¥68,065 million (¥15,441 million provided in the same period of the previous year). This includes the net income before income taxes from continuing operations of ¥4,277 million, net loss before income taxes from discontinued operations of ¥1,431 million and movements including depreciation and amortisation of ¥13,977 million, working capital others, assets and liabilities for retirement benefits of ¥34,724 million due to partial return of retirement benefit trust.

2) Cash flow from investing activities

Net cash flow used in investing activities totaled ¥15,599 million (¥10,801 million used in the same period of the previous year). This includes spending due to purchases of property, plant and equipment totaling ¥14,151 million.

3) Cash flow from financing activities

Net cash flow used in financing activities totaled ¥36,588 million (¥2,741 million used in the same period last year). The main cash outflow was ¥21,716 million in acquisition of treasury stock, ¥4,878 million in net decrease in long-term and short-term loans, and ¥7,485 million in dividends paid.

In addition to the above, a decrease of ¥20,891 million in cash and cash equivalents due to classification to disposal group classified as held for sale resulted in a cash and cash equivalents balance of ¥159,743 million at the end of the first quarter of the present fiscal year, a ¥ 365 million decrease from the end of the previous fiscal year and an increase of ¥15,886 million from the end of the same period of the previous year.

(3) Explanation regarding future forecast information including consolidated business forecast

NSK revised its consolidated business forecast for the fiscal year ending March 31, 2024 announced on May 12, 2023. Please refer to “NSK Announces Revision of Consolidated Business Forecast for the Fiscal Year Ending March 31, 2024” announced today (July 31, 2023).

No revision has been made to the dividend forecast with this revision of consolidated business forecast.

2. Quarterly consolidated financial statements and notes

(1) Quarterly consolidated statements of financial position

(Millions of yen)

	As of Mar. 31, 2023	As of Jun. 30, 2023
Assets		
Current assets		
Cash and cash equivalents	160,109	159,743
Trade receivables and other receivables	207,812	194,686
Inventories	197,754	186,519
Other financial assets	1,590	1,819
Income tax receivables	1,633	2,515
Other current assets	18,756	16,814
Subtotal	587,656	562,098
Assets related to disposal groups classified as held for sale	-	95,739
Total current assets	587,656	657,838
Non-current assets		
Property, plant and equipment	385,613	356,755
Goodwill and intangible assets	49,227	50,112
Investments accounted for using equity method	30,699	29,095
Other financial assets	56,425	64,646
Deferred tax assets	15,288	13,410
Net defined benefit assets	101,165	79,765
Other non-current assets	7,179	6,253
Total non-current assets	645,600	600,039
Total assets	1,233,256	1,257,877
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade payables and other payables	112,535	104,983
Other financial liabilities	129,801	127,895
Provisions	536	483
Income tax payables	7,797	4,458
Other current liabilities	56,678	56,634
Subtotal	307,348	294,456
Liabilities related to disposal groups classified as held for sale	-	32,228
Total current liabilities	307,348	326,684
Non-current liabilities		
Financial liabilities	231,309	227,026
Provisions	1,867	1,801
Deferred tax liabilities	32,661	39,848
Net defined benefit liabilities	16,027	14,492
Other non-current liabilities	9,318	8,595
Total non-current liabilities	291,183	291,764
Total liabilities	598,532	618,448

	As of Mar. 31, 2023	As of Jun. 30, 2023
Equity		
Issued capital	67,176	67,176
Capital surplus	80,476	80,681
Retained earnings	415,736	407,141
Treasury shares	-36,781	-58,495
Other components of equity	89,604	119,748
Other components of equity related to disposal groups classified as held for sale	-	5,135
Total equity attributable to owners of the parent	616,213	621,388
Non-controlling interests	18,511	18,040
Total equity	634,724	639,428
Total liabilities and equity	1,233,256	1,257,877

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income

(Millions of yen)

	Three months ended Jun. 30, 2022	Three months ended Jun. 30, 2023
Continuing operations		
Sales	183,461	188,247
Cost of sales	141,936	149,353
Gross profit	41,525	38,894
Selling, general and administrative expenses	33,414	35,799
Share of profits of investments accounted for using the equity method	640	718
Other operating income	-	331
Other operating expenses	382	16
Operating income	8,367	4,128
Financial income	732	1,121
Financial expenses	662	973
Income before income taxes	8,437	4,277
Income tax expense	3,843	2,479
Net income from continuing operations	4,594	1,798
Discontinued operations		
Quarterly income (loss) from discontinued operations	-2,756	-2,478
Net income (loss)	1,837	-680
Net income attributable to:		
Owners of the parent	1,320	-929
Non-controlling interests	516	248
(Earnings per share attributable to owners of the parent)		
Basic earnings per share (yen)	2.57	-1.85
Continuing operations	8.20	3.30
Discontinued operations	-5.63	-5.16
Diluted earnings per share (yen)	2.57	-1.85
Continuing operations	8.18	3.29
Discontinued operations	-5.61	-5.13

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended Jun. 30, 2022	Three months ended Jun. 30, 2023
Net income (loss)	1,837	-680
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liability (asset)	-2,206	8,472
Net changes in financial assets measured at fair value through other comprehensive income	-2,634	5,660
Share of other comprehensive income of investments accounted for using equity method	-12	17
Total items that will not be reclassified to profit or loss	-4,853	14,150
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	23,501	21,109
Share of other comprehensive income of investments accounted for using equity method	491	305
Total items that may be reclassified to profit or loss	23,992	21,415
Total other comprehensive income, net of tax	19,139	35,566
Total comprehensive income for the period	20,976	34,885
Total comprehensive income for the period attributable to:		
Owners of the parent	19,931	34,349
Non-controlling interests	1,045	536

(3) Quarterly consolidated statements of changes in equity

From April 1, 2022 to June 30, 2022

(Millions of yen)

	Equity attributable to owners of the parent			
	Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance	67,176	80,374	410,872	-37,025
Net income	-	-	1,320	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	1,320	-
Purchase of treasury shares	-	-	-	-2
Disposal of treasury shares	-	-0	-	5
Share-based payment transactions	-	216	-	-
Cash dividends	-	-	-7,700	-
Other	-	-	386	-
Total transactions with owners, etc.	-	216	-7,313	3
Closing balance	67,176	80,590	404,879	-37,021

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Other components of equity				Total	Other components of equity related to disposal groups classified as held for sale		
	Exchange differences on translating foreign operations	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liability (asset)	Total				
Opening balance	25,316	27,460	43,625	96,402	-	617,800	19,659	637,460
Net income	-	-	-	-	-	1,320	516	1,837
Other comprehensive income	23,468	-2,638	-2,218	18,610	-	18,610	528	19,139
Total comprehensive income for the period	23,468	-2,638	-2,218	18,610	-	19,931	1,045	20,976
Purchase of treasury shares	-	-	-	-	-	-2	-	-2
Disposal of treasury shares	-	-	-	-	-	5	-	5
Share-based payment transactions	-	-	-	-	-	216	-	216
Cash dividends	-	-	-	-	-	-7,700	-1,194	-8,894
Other	-	-376	-	-376	-	9	-	9
Total transactions with owners, etc.	-	-376	-	-376	-	-7,470	-1,194	-8,665
Closing balance	48,784	24,445	41,406	114,636	-	630,261	19,509	649,771

From April 1, 2023 to June 30, 2023

(Millions of yen)

	Equity attributable to owners of the parent			
	Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance	67,176	80,476	415,736	-36,781
Net income (loss)	-	-	-929	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	-929	-
Purchase of treasury shares	-	-	-	-21,719
Disposal of treasury shares	-	-1	-	6
Share-based payment transactions	-	206	-	-
Cash dividends	-	-	-7,704	-
Transfer to other components of equity related to disposal groups classified as held for sale	-	-	-	-
Other	-	-	38	-
Total transactions with owners, etc.	-	204	-7,665	-21,713
Closing balance	67,176	80,681	407,141	-58,495

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Other components of equity					Total		
	Exchange differences on translating foreign operations	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liability (asset)	Total	Other components of Equity related to disposal groups classified as held for sale			
Opening balance	38,922	21,816	28,865	89,604	-	616,213	18,511	634,724
Net income (loss)	-	-	-	-	-	-929	248	-680
Other comprehensive income	21,129	5,676	8,473	35,278	-	35,278	287	35,566
Total comprehensive income for the period	21,129	5,676	8,473	35,278	-	34,349	536	34,885
Purchase of treasury shares	-	-	-	-	-	-21,719	-	-21,719
Disposal of treasury shares	-	-	-	-	-	4	-	4
Share-based payment transactions	-	-	-	-	-	206	-	206
Cash dividends	-	-	-	-	-	-7,704	-1,007	-8,711
Transfer to other components of equity related to disposal groups classified as held for sale	-5,293	-	158	-5,135	5,135	-	-	-
Other	-	-	-	-	-	38	-	38
Total transactions with owners, etc.	-5,293	-	158	-5,135	5,135	-29,174	-1,007	-30,181
Closing balance	54,758	27,492	37,497	119,748	5,135	621,388	18,040	639,428

(4) Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended Jun. 30, 2022	Three months ended Jun. 30, 2023
Operating activities		
Income before income taxes	8,437	4,277
Income (loss) before income taxes from discontinued operations	-3,915	-1,431
Depreciation and amortisation	14,288	13,977
Increase (decrease) in net defined benefit liability and net defined benefit asset	-43	34,724
Interest and dividend income	-729	-1,054
Interest expenses	750	1,281
Share of losses (profits) of investments accounted for using the equity method	-640	-718
Decrease (increase) in trade receivables	6,463	11,323
Decrease (increase) in inventories	-8,698	-1,935
Increase (decrease) in trade payables	-3,841	7,697
Other	6,931	5,226
Subtotal	19,002	73,369
Interest and dividend received	3,894	3,561
Interest expenses paid	-722	-1,191
Income tax paid	-6,733	-7,674
Net cash provided by operating activities	15,441	68,065
Investing activities		
Purchases of property, plant and equipment	-10,351	-14,151
Proceeds from sale of property, plant and Equipment	68	61
Purchases of intangible assets	-1,025	-1,372
Purchases of other financial assets	-6	-6
Proceeds from sale of other financial assets	646	-
Other	-134	-129
Net cash used in investing activities	-10,801	-15,599
Financial activities		
Increase (decrease) in short-term loans	7,247	5,432
Proceeds from long-term loans	4,409	2,000
Repayments of long-term loans	-4,416	-12,310
Repayments of lease liabilities	-1,347	-1,700
Acquisition of treasury shares	-0	-21,716
Dividends paid	-7,455	-7,485
Dividends paid to non-controlling interests	-1,182	-811
Other	5	4
Net cash used in financial activities	-2,741	-36,588
Effect of exchange rate changes on cash and cash equivalents	4,454	4,648
Net increase (decrease) in cash and cash equivalents	6,352	20,525
Cash and cash equivalents at the beginning of the period	137,504	160,109
Cash and cash equivalents included in assets related to disposal groups classified as held for sale	-	-20,891
Cash and cash equivalents at the end of the period	143,857	159,743

(5) Notes to consolidated financial statements

Going concern assumption

None.

Change in presentation

The assets, liabilities and other components of equity of the steering business have been categorised as disposal groups classified as held for sale and the steering business has been classified as a discontinued operation effective from the first quarter of the current fiscal year. The first quarter results of the fiscal year ended March 31, 2022 have been accordingly adjusted for the Quarterly Consolidated Statements of Income, Quarterly Consolidated Statements of Cash Flows, and related Notes to Quarterly Consolidated Financial Statements. Refer to note (Disposal Groups Classified as Held for Sale and Discontinued Operations) for further information.

Segment information

1) Overview of reportable segments

NSK operates the business on a business-division basis classified by the industry of customers, and each division develops and implements comprehensive global strategies. Given this background, the NSK Group classifies its reportable segments into the Industrial Machinery Business and the Automotive Business.

With the aim of expanding the Condition Monitoring System (CMS) business and establishing a Product Lifecycle Management (PLM) business model, the CMS Division Headquarters was established on October 1, 2022, under the Industrial Machinery Business Division Headquarters. As a result, the CMS business segment previously included in "Others" was changed to "Industrial Machinery Business" and the classification of reportable segments was changed starting from the third quarter of the previous consolidated fiscal year. In addition, segment information for the first quarter of the previous fiscal year has been revised in line with this change.

Effective from the first quarter of the current fiscal year, the Company has classified its steering business, which was previously included in the automotive business, as a discontinued operation. Segment information now shows only the results of continuing operations excluding the steering business, and the segment information for the first quarter of the previous fiscal year has also been restated to reflect this change.

2) Segment revenue and performance

From April 1, 2022 to June 30, 2022

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
(Millions of yen)							
Sales							
Sales to third parties	95,297	79,981	175,278	8,183	183,461	-	183,461
Intersegment sales	-	-	-	6,523	6,523	-6,523	-
Total	95,297	79,981	175,278	14,706	189,985	-6,523	183,461
Segment income (Operating income) (loss)	9,233	-1,357	7,876	808	8,684	-316	8,367
Total financial income (expenses)							69
Income before income taxes							8,437

(Note 1) "Others" refers to operating segments excluded from reportable segments and include such businesses as the production and sales of steel balls, and production of machineries.

(Note 2) The -¥316 million adjustment made for segment income (loss) includes intersegment elimination of ¥66 million and -¥382 million in other operating expenses not allocated to the reportable segments.

From April 1, 2023 to June 30, 2023

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
Sales							
Sales to third parties	85,065	95,179	180,245	8,002	188,247	-	188,247
Intersegment sales	-	-	-	8,709	8,709	-8,709	-
Total	85,065	95,179	180,245	16,712	196,957	-8,709	188,247
Segment income (Operating income)	2,309	1,086	3,396	680	4,077	51	4,128
Total financial income (expenses)							148
Income before income taxes							4,277

(Note 1) "Others" refers to operating segments excluded from reportable segments and include such businesses as the production and sales of steel balls, and production of machineries.

(Note 2) The ¥51 million adjustment made for segment income (loss) includes intersegment elimination of -¥263 million and ¥315 million in other operating income and expenses not allocated to the reportable segments.

(Disposal group classified as held for sale and discontinued operations)

During the first quarter of the current fiscal year, the Company entered into an agreement with JIS, to jointly operate NS&C, a consolidated subsidiary which globally manages the Company's steering business. As a result, the steering business was categorised as a disposal group classified as held for sale, and classified as a discontinued operation from the first quarter of the current fiscal year. Please note that the date of closing is scheduled for August 1, 2023.

(1) Disposal group (held for sale)

The following is a breakdown of the assets and liabilities related to disposal groups classified as held for sale at the end of the period.

(Millions of yen)

	As of Mar. 31, 2023	As of Jun. 30, 2023
Assets related to disposal groups classified as held for sale		
Cash and cash equivalents	-	20,891
Trade receivables and other receivables	-	9,640
Inventories	-	22,927
Income tax receivables	-	57
Other current assets	-	1,562
Property, plant and equipment	-	35,581
Goodwill and intangible assets	-	1,432
Investments accounted for using equity method	-	89
Other financial assets (non-current)	-	185
Deferred tax assets	-	2,078
Other non-current assets	-	1,292
Total assets	-	95,739

	As of Mar. 31, 2023	As of Jun. 30, 2023
Liabilities related to disposal groups classified as held for sale		
Trade payables and other payables	-	11,720
Other financial liabilities (current)	-	5,832
Provisions (current)	-	0
Income tax payables	-	37
Other current liabilities	-	9,424
Financial liabilities (non-current)	-	844
Deferred tax liabilities	-	861
Net defined benefit liabilities	-	2,246
Other non-current liabilities	-	1,260
Total liabilities	-	32,228

2) Discontinued operations

(1) Income (loss) from discontinued operations

(Millions of yen)

	Three months ended Jun. 30, 2022	Three months ended Jun. 30, 2023
Sales	35,925	40,895
Cost of sales and expenses	39,841	42,327
Income (loss) before income taxes	-3,915	-1,431
Income tax expense	-1,159	1,047
Net income from discontinued operations	-2,756	-2,478

(2) Cash flows from discontinued operations

(Millions of yen)

	Three months ended Jun. 30, 2022	Three months ended Jun. 30, 2023
Cash flow from operating activities	-1,855	650
Cash flow from investing activities	-1,814	-1,737
Cash flow from financing activities	2,017	-24
Total	-1,652	-1,111

2024年3月期 第1四半期決算短信 補足説明資料

Supplementary material of consolidated results for the three months ended June 30, 2023

(%表示は、通期は対前期比、四半期は対前年同四半期比)
(% indicates previous year's comparison)

2024年3月期第1四半期連結会計期間より、ステアリング事業を非継続事業に分類しています。これにより、売上高、営業利益、税引前当期(四半期)利益、設備投資額、減価償却費、研究開発費、技術関連費用は、非継続事業を除いた金額を表示しています。また、親会社の所有者に帰属する当期(四半期)利益、基本的1株当たり四半期利益、連結子会社数、期末従業員数は、継続事業及び非継続事業の合算を表示しています。

なお、2023年3月期及び予想の数値についても同様に表示しています。

Effective the first quarter of the fiscal year ending March 31, 2024, the steering business is classified as a discontinued operation. As a result, sales, operating income, income before income taxes, capital expenditures, depreciation and amortisation, R&D expenses are presented excluding the discontinued operations. Net income attributable to owners of the parent, basic earnings per share, number of consolidated subsidiaries, and number of employees represent the sum of continuing and discontinued operations.

Figures for the fiscal year ended March 31, 2023 and forecast are presented in the same manner.

1. 決算概要 / Summary of financial results

		2023年3月期 / FY2022					2024年3月期 / FY2023	
		1Q	2Q	3Q	4Q	Full year	1Q	YoY
		(百万円 / ¥Million)						
継続事業 Continuing operation	売上高 Sales	183,461	202,775	194,634	195,891	776,762	188,247	102.6%
	営業利益 Operating income	8,367	11,239	10,268	13,961	43,836	4,128	49.3%
	税引前四半期利益 Income before income taxes	8,437	10,676	10,632	13,535	43,282	4,277	50.7%
	(参考)親会社の所有者に帰属する四半期利益 Ref. Net income attributable to owners of the parent	4,207	6,411	6,244	9,947	26,810	1,654	39.3%
	(参考)基本的1株当たり四半期利益(円) Ref. Basic earnings per share (yen)	8.20	12.50	12.17	19.39	52.26	3.30	40.2%
継続事業及び非継続事業 Continuing and discontinued operations	親会社の所有者に帰属する四半期利益 Net income attributable to owners of the parent	1,320	4,707	4,898	7,485	18,412	△ 929	—
	基本的1株当たり四半期利益(円) Basic earnings per share (yen)	2.57	9.18	9.55	14.59	35.89	△ 1.85	—
	連結子会社数(社) Consolidated subsidiaries	90	90	90	92		92	—
	日本 Japan	18	18	18	18		18	—
	海外 Non-Japan	72	72	72	74		74	—
	期末従業員数(人) Number of employees	30,565	30,376	30,163	29,882		29,926	—
	日本 Japan	12,002	11,920	11,810	11,728		11,891	—
海外 Non-Japan	18,563	18,456	18,353	18,154		18,035	—	

2. 事業別セグメント情報(継続事業) / Business Segment Data (Continuing operation)

		2023年3月期 / FY2022					2024年3月期 / FY2023	
		1Q	2Q	3Q	4Q	Full year	1Q	YoY
		(百万円 / ¥Million)						
売上高 / Sales		183,461	202,775	194,634	195,891	776,762	188,247	102.6%
	産業機械事業 Industrial machinery business	95,297	100,133	96,312	93,361	385,103	85,065	89.3%
	自動車事業 Automotive business	79,981	94,778	90,111	94,503	359,374	95,179	119.0%
	その他 Others	14,706	14,440	15,052	14,798	58,999	16,712	113.6%
	調整額 Adjustments	△ 6,523	△ 6,576	△ 6,842	△ 6,772	△ 26,715	△ 8,709	—
営業利益 / Operating income		8,367	11,239	10,268	13,961	43,836	4,128	49.3%
	産業機械事業 Industrial machinery business	9,233	10,400	9,582	6,325	35,541	2,309	25.0%
	自動車事業 Automotive business	△ 1,357	1,419	1,124	5,140	6,326	1,086	—
	その他 Others	808	164	317	870	2,159	680	84.2%
	調整額 Adjustments	△ 316	△ 744	△ 755	1,626	△ 191	51	—

3. 予想 / Forecast

[今回修正予想 / Revised forecast] (A)

(百万円 / ¥Million)		2024年3月期 / FY2023					
		1H FCT	YoY	2H FCT	YoY	Full year FCT	YoY
継続事業 Continuing operation	売上高 Sales	392,000	101.5%	416,000	106.5%	808,000	104.0%
	営業利益 Operating income	14,000	71.4%	30,000	123.8%	44,000	100.4%
	税引前利益 Income before income taxes	13,000	68.0%	29,000	120.0%	42,000	97.0%
継続事業及び非継続事業 Continuing and discontinued operations	親会社の所有者に帰属する当期利益 Net income attributable to owners of the parent	6,000	99.5%	19,500	157.5%	25,500	138.5%

[5月時点予想 / Previous forecast as of May] (B)

(百万円 / ¥Million)		2024年3月期 / FY2023					
		1H FCT	YoY	2H FCT	YoY	Full year FCT	YoY
	売上高 Sales	476,000	—	514,000	—	990,000	—
	営業利益 Operating income	8,500	—	33,000	—	41,500	—
	税引前利益 Income before income taxes	7,500	—	32,000	—	39,500	—
	親会社の所有者に帰属する当期利益 Net income attributable to owners of the parent	4,000	—	21,500	—	25,500	—

増減額(A-B) / Difference (A-B)

(百万円 / ¥Million)		2024年3月期 / FY2023					
		増減額 (A)-(B)	増減率(%)	増減額 (A)-(B)	増減率(%)	増減額 (A)-(B)	増減率(%)
	売上高 Sales	△ 84,000	82.4%	△ 98,000	80.9%	△ 182,000	81.6%
	営業利益 Operating income	5,500	164.7%	△ 3,000	90.9%	2,500	106.0%
	税引前利益 Income before income taxes	5,500	173.3%	△ 3,000	90.6%	2,500	106.3%
	親会社の所有者に帰属する当期利益 Net income attributable to owners of the parent	2,000	150.0%	△ 2,000	90.7%	0	100.0%

事業セグメント別 (継続事業) / Business Segment Data (Continuing operation)

(百万円 / ¥Million)		2024年3月期 / FY2023					
		1H FCT	YoY	2H FCT	YoY	Full year FCT	YoY
売上高 / Sales		392,000	101.5%	416,000	106.5%	808,000	104.0%
	産業機械事業 Industrial machinery business	182,500	93.4%	195,000	102.8%	377,500	98.0%
	自動車事業 Automotive business	193,000	110.4%	205,000	111.0%	398,000	110.7%
	その他 Others	33,500	114.9%	34,000	113.9%	67,500	114.4%
	調整額 Adjustments	△ 17,000	—	△ 18,000	—	△ 35,000	—
営業利益 / Operating income		14,000	71.4%	30,000	123.8%	44,000	100.4%
	産業機械事業 Industrial machinery business	9,000	45.8%	18,500	116.3%	27,500	77.4%
	自動車事業 Automotive business	5,000	—	11,000	175.6%	16,000	252.9%
	その他 Others	1,000	102.8%	1,500	126.3%	2,500	115.8%
	調整額 Adjustments	△ 1,000	—	△ 1,000	—	△ 2,000	—

4. 設備投資額、減価償却費、研究開発費（継続事業）

Capital expenditures, Depreciation and amortisation, R&D expenses (Continuing operation)

(百万円 / ¥Million)	2023年3月期 / FY2022					2024年3月期 / FY2023	
	1Q	2Q	3Q	4Q	Full year	1Q	YoY
設備投資額 Capital expenditures	7,859	11,934	11,912	22,385	54,092	9,853	125.4%
減価償却費 Depreciation and amortisation	12,181	12,574	12,724	12,632	50,112	12,805	105.1%
研究開発費 R&D Expenses (on a statutory basis)	3,460	4,009	3,960	3,949	15,380	3,602	104.1%
(参考) 技術関連費用 Ref. R&D Expenses (on a managerial basis)	6,059	6,567	6,523	6,796	25,947	6,415	105.9%

[予想 / Forecast]

(百万円 / ¥Million)	2024年3月期 / FY2023					
	1H FCT	YoY	2H FCT	YoY	Full year FCT	YoY
設備投資額 Capital expenditures					60,000	110.9%
減価償却費 Depreciation and amortisation					52,000	103.8%
研究開発費 R&D Expenses (on a statutory basis)					17,000	110.5%
(参考) 技術関連費用 Ref. R&D Expenses (on a managerial basis)					27,000	104.1%

5. 為替換算レート / Currency exchange rate

期中平均レート Average exchange rate (円 / ¥)	2023年3月期 / FY2022					2024年3月期 / FY2023	
	1Q	2Q	3Q	4Q	Full year	1Q	Full year FCT
USD	129.57	138.39	141.63	132.33	135.48	137.37	128.09
EUR	138.10	139.34	144.36	142.08	140.97	149.46	142.37
CNY	19.58	20.18	19.88	19.36	19.75	19.56	19.14

期末レート Term end exchange rate (円 / ¥)	2023年3月期 / FY2022					2024年3月期 / FY2023	
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of FY	End of 1Q	Full year FCT
USD	136.69	144.81	132.70	133.54	133.54	144.99	125.00
EUR	142.65	142.32	141.44	145.72	145.72	157.56	140.00
CNY	20.39	20.37	19.02	19.42	19.42	19.95	19.00