

# NSK Ltd.

For Immediate Release

October 31, 2023

## CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED

September 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	<a href="https://www.nsk.com">https://www.nsk.com</a>
Representative	Akitoshi Ichii, President and CEO
Contact person	Naoya Takigawa, Deputy Head of Finance
	Division HQ
Filing date of quarterly securities report	November 8, 2023
Payment date of cash dividends	December 4, 2023

(Figures are rounded down to the nearest million yen)

### 1. Consolidated financial highlights for the six months ended September 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	%
Six months ended Sep. 30, 2023	386,691	0.1	11,123	-43.3	10,528	-44.9	1,058	-84.8	659	-89.1	50,903	156.4
Six months ended Sep. 30, 2022	386,237	-	19,606	-	19,113	-	6,951	-20.7	6,027	-22.3	19,852	-27.9

	Sum of continuing and discontinued operations	
	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Sep. 30, 2023	1.33	1.33
Six months ended Sep. 30, 2022	11.75	11.71

(Note 1)

Effective from the first quarter of the current fiscal year, the steering business has been classified as a discontinued operation. 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 sales, operating income, and income before income taxes for the six months ended Sep 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.

(Note 2)

The Company lost control of NSK Steering & Control, Inc. ("NS&C") on August 1, 2023, and NS&C and its subsidiaries became equity method affiliates of the Company effective from the second quarter of the current fiscal year. For the six months ended September 30, 2023, profits related to the loss of control is included in discontinued operations and the equity method profits are included in continuing 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
Six months ended Sep. 30, 2023	6,011	-46.9	5,731	-46.0	11.56	11.52
Six months ended Sep. 30, 2022	11,322	-	10,618	-	20.70	20.63

#### (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 Sep. 30, 2023	1,311,989	655,193	637,803	48.6
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	-	15.00	-	-	-
Year ending Mar. 31, 2024 (Forecast)	-	-	-	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 the 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
Year ending Mar. 31, 2024	800,000	-14.7	30,000	-8.9	28,500	-10.7	14,000	-24.0	28.43

(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 has been classified as a discontinued operation. Sales, operating income, and income before income taxes are presented excluding discontinued operations. 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): Yes

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

New: None, Removed: 1 (NSK Steering Systems Co., Ltd.)

(Note)

The Company lost control of NS&C on August 1, 2023, and NS&C and its subsidiaries became equity method affiliates of the Company. As a result, NSK Steering Systems Co., Ltd. is no longer a specified subsidiary.

(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 Sep. 30, 2023 500,000,000 shares As of Mar. 31, 2023 551,268,104 shares

(ii) Number of treasury stock at the end of each period:

As of Sep. 30, 2023 11,377,298 shares As of Mar. 31, 2023 38,152,172 shares

(iii) Average number of shares issued and outstanding in each period:

Six months ended Sep. 30, 2023 495,720,569 shares Six months ended Sep. 30, 2022 512,960,705 shares

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 NS

## 1. Business overview

### (1) Qualitative information regarding consolidated business results

On May 12, 2023, 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 has been classified as a discontinued operation since 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 Company lost control of NS&C on August 1, 2023, and NS&C and its subsidiaries became equity method affiliates of the Company effective from second quarter of the current fiscal year. For the six months ended September 30, 2023, profits related to the loss of control is included in discontinued operations and the equity method profits are included in continuing 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 half of the fiscal year ending March 31, 2024, the global economy continued to pick up gradually, although there were signs of weakness in Europe and China. On the other hand, the economic outlook remains uncertain due to monetary tightening by the central banks of each country, a slowdown in the Chinese economy, and other factors.

Looking at the Company's results by geographic breakdown, in Japan, the economy continued to gradually move toward recovery. Although inflation dampened consumer spending, automotive production volume increased, triggered by the easing of supply constraints. In the U.S., although housing investment was sluggish due to interest rate hikes caused by monetary tightening, personal consumption was supported by a favorable employment environment and remained firm. 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 of continuing operations excluding discontinued operations was affected by the depreciation of the yen, resulting in consolidated sales for the first half of the year ending March 31, 2024 totaling ¥386,691 million, a year-on-year increase of 0.1%. Operating income was ¥11,123 million, a year-on-year decrease of 43.3%. Quarterly income before income taxes was ¥10,528 million, a year-on-year decrease of 44.9%. Net income attributable to owners of the parent, the sum of continuing and discontinued operations was ¥659 million, a year-on-year decrease of 89.1%.

### Business segment information

#### 1) Industrial Machinery Business segment

Demand was weak in the first half 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 weak demand from the semiconductor industry in its downcycle. 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 manufacturing equipment. In the Americas, sales decreased due to lower sales to the semiconductor manufacturing equipment sector and other sectors. In Europe, sales decreased due to the lower demand in aftermarket and Electrical & Electrification (E&E). As a result, sales in the industrial machinery business segment totaled ¥171,012 million, a year-on-year decrease of 12.5%, and operating income was ¥4,593 million, a year-on-year decrease of 76.6%.

#### 2) Automotive Business segment

Global automotive production volume increased in the first half due to the production adjustments being resolved from the easing of parts supply constraints and sales increased compared to the same period of the previous year. Looking at the Company's results by geographic breakdown, in Japan, US

and Europe sales increased compared to the previous year as automotive production recovered from parts supply constraints 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 during the same period of the previous year. As a result, sales in the automotive business segment totaled ¥199,127 million, a year-on-year increase of 13.9% and operating income was ¥5,674 million (operating income was ¥61 million in the same period of the previous year).

## **(2) Qualitative information regarding consolidated financial position**

### **Assets and liabilities**

Total assets at the end of the period was ¥1,311,989 million, an increase of ¥78,732 million compared to total assets as of March 31, 2023. Total liabilities at the end of the period was ¥656,795 million, an increase of ¥58,262 million compared to total liabilities as of March 31, 2023.

### **Total equity**

Total equity was ¥655,193 million, an increase of ¥20,469 million compared to total equity as of March 31, 2023. Although there was a decrease in capital surplus due to cancellation of treasury stock, total equity increased due to an increase in other components of equity.

The above assets, liabilities and equity include ¥11,460 million in assets related to disposal groups classified as held for sale, ¥10,899 million in liabilities related to disposal groups classified as held for sale, and -¥347 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 ¥73,713 million (¥19,907 million provided in the same period of the previous year). This includes income before income taxes from continuing operations of ¥10,528 million, loss before income taxes from discontinued operations of ¥2,947 million and movements including depreciation and amortisation of ¥26,912 million, working capital and others, assets and liabilities for retirement benefits of ¥33,109 million due to partial return of retirement benefit trust.

### **2) Cash flow from investing activities**

Net cash used in investing activities totaled ¥77,821 million (¥23,224 million in the same period of the previous year), mainly due to purchase of property, plant and equipment of ¥27,549 million, purchase of other financial assets of ¥45,015 million, and sale of investments in subsidiaries resulting in change in scope of consolidation of ¥10,917 million. There was ¥7,586 million in proceeds from sales of other financial assets.

### **3) Cash flow from financing activities**

Net cash flow provided by financing activities totaled ¥24,597 million (¥19,990 million provided in the same period of the previous year). The main cash outflow was ¥21,716 million in acquisition of treasury stock, ¥12,740 million net decrease of short-term loans, repayment of ¥12,310 million of long-term loans and ¥7,704 million in dividends paid. The main cash inflow was ¥15,000 million in bonds and ¥67,607 million in long-term loans mainly due to the borrowing before the steering business transition.

## **(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 July 31, 2023. Please refer to “NSK Announces Differences between Forecasted and Actual Consolidated Business Results for the Six Months Ended September 30, 2023 and Revision of Consolidated Business Forecast for the Fiscal Year Ending March 31, 2024” announced today (October 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 Sep. 30, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	160,109	185,744
Trade receivables and other receivables	207,812	226,230
Inventories	197,754	186,144
Other financial assets	1,590	46,622
Income tax receivables	1,633	3,881
Other current assets	18,756	18,140
Subtotal	587,656	666,764
Assets related to disposal groups classified as held for sale	-	11,460
Total current assets	587,656	678,224
Non-current assets		
Property, plant and equipment	385,613	360,850
Goodwill and intangible assets	49,227	51,611
Investments accounted for using equity method	30,699	45,524
Other financial assets	56,425	59,945
Deferred tax assets	15,288	13,464
Net defined benefit assets	101,165	96,015
Other non-current assets	7,179	6,353
Total non-current assets	645,600	633,764
Total assets	1,233,256	1,311,989
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade payables and other payables	112,535	142,702
Other financial liabilities	129,801	159,059
Provisions	536	320
Income tax payables	7,797	3,250
Other current liabilities	56,678	49,777
Subtotal	307,348	355,109
Liabilities related to disposal groups classified as held for sale	-	10,899
Total current liabilities	307,348	366,009
Non-current liabilities		
Financial liabilities	231,309	222,585
Provisions	1,867	1,695
Deferred tax liabilities	32,661	42,902
Net defined benefit liabilities	16,027	14,640
Other non-current liabilities	9,318	8,961
Total non-current liabilities	291,183	290,785
Total liabilities	598,532	656,795

(Millions of yen)

	As of Mar. 31, 2023	As of Sep. 30, 2023
Equity		
Issued capital	67,176	67,176
Capital surplus	80,476	32,810
Retained earnings	415,736	413,694
Treasury shares	-36,781	-10,480
Other components of equity	89,604	134,948
Other components of equity related to disposal groups classified as held for sale	-	-347
Total equity attributable to owners of the parent	616,213	637,803
Non-controlling interests	18,511	17,390
Total equity	634,724	655,193
Total liabilities and equity	1,233,256	1,311,989

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

Quarterly consolidated statements of income

(Millions of yen)

	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Continuing operations		
Sales	386,237	386,691
Cost of sales	299,972	306,669
Gross profit	86,264	80,021
Selling, general and administrative expenses	66,897	69,932
Share of profits of investments accounted for using the equity method	1,432	1,349
Other operating expenses	1,192	315
Operating income	19,606	11,123
Financial income	965	1,725
Financial expenses	1,458	2,320
Income before income taxes	19,113	10,528
Income tax expense	7,791	4,517
Net income from continuing operations	11,322	6,011
Discontinued operations		
Quarterly income (loss) from discontinued operations	-4,371	-4,953
Net income	6,951	1,058
Net income attributable to:		
Owners of the parent	6,027	659
Non-controlling interests	923	398
(Earnings per share attributable to owners of the parent)		
Basic earnings per share (yen)	11.75	1.33
Continuing operations	20.70	11.56
Discontinued operations	-8.95	-10.23
Diluted earnings per share (yen)	11.71	1.33
Continuing operations	20.63	11.52
Discontinued operations	-8.92	-10.19

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Net income	6,951	1,058
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liability (asset)	-10,245	18,806
Net changes in financial assets measured at fair value through other comprehensive income	-4,004	7,890
Share of other comprehensive income of investments accounted for using equity method	-23	27
Total items that will not be reclassified to profit or loss	-14,272	26,724
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	26,637	22,213
Share of other comprehensive income of investments accounted for using equity method	535	907
Total items that may be reclassified to profit or loss	27,173	23,121
Total other comprehensive income, net of tax	12,901	49,845
Total comprehensive income for the period	19,852	50,903
Total comprehensive income for the period attributable to:		
Owners of the parent	18,338	50,619
Non-controlling interests	1,513	283

### (3) Quarterly consolidated statements of changes in equity

From April 1, 2022 to September 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	-	-	6,027	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	6,027	-
Purchase of treasury shares	-	-	-	-3
Disposal of treasury shares	-	30	-	228
Share-based payment transactions	-	104	-	-
Cash dividends	-	-	-7,700	-
Other	-	-	669	-
Total transactions with owners, etc.	-	135	-7,030	224
Closing balance	67,176	80,509	409,870	-36,800

	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	25,316	27,460	43,625	96,402	-	617,800	19,659	637,460
Net income	-	-	-	-	-	6,027	923	6,951
Other comprehensive income	26,585	-4,005	-10,269	12,310	-	12,310	590	12,901
Total comprehensive income for the period	26,585	-4,005	-10,269	12,310	-	18,338	1,513	19,852
Purchase of treasury shares	-	-	-	-	-	-3	-	-3
Disposal of treasury shares	-	-	-	-	-	258	-	258
Share-based payment transactions	-	-	-	-	-	104	-	104
Cash dividends	-	-	-	-	-	-7,700	-1,599	-9,299
Other	-	-659	-	-659	-	9	-	9
Total transactions with owners, etc.	-	-659	-	-659	-	-7,330	-1,599	-8,930
Closing balance	51,902	22,795	33,355	108,053	-	628,808	19,573	648,381

From April 1, 2023 to September 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)	-	-	659	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	659	-
Purchase of treasury shares	-	-	-	-21,720
Disposal of treasury shares	-	-71	-	481
Cancellation of treasury shares	-	-47,540	-	47,540
Share-based payment transactions	-	-53	-	-
Cash dividends	-	-	-7,704	-
Changes due to loss of control of subsidiaries	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	4,964	-
Transfer to other components of equity related to disposal groups classified as held for sale	-	-	-	-
Other	-	-	38	-
Total transactions with owners, etc.	-	-47,665	-2,701	26,301
Closing balance	67,176	32,810	413,694	-10,480

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Other components of equity				Total	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				
Opening balance	38,922	21,816	28,865	89,604	-	616,213	18,511	634,724
Net income (loss)	-	-	-	-	-	659	398	1,058
Other comprehensive income	23,231	7,921	18,807	49,960	-	49,960	-114	49,845
Total comprehensive income for the period	23,231	7,921	18,807	49,960	-	50,619	283	50,903
Purchase of treasury shares	-	-	-	-	-	-21,720	-	-21,720
Disposal of treasury shares	-	-	-	-	-	410	-	410
Cancellation of treasury shares	-	-	-	-	-	-	-	-
Share-based payment transactions	-	-	-	-	-	-53	-	-53
Cash dividends	-	-	-	-	-	-7,704	-1,159	-8,863
Changes due to loss of control of subsidiaries	-	-	-	-	-	-	-244	-244
Transfer from other components of equity to retained earnings	-	-4,643	-320	-4,964	-	-	-	-
Transfer to other components of equity related to disposal groups classified as held for sale	347	-	-	347	-347	-	-	-
Other	-	-	-	-	-	38	-	38
Total transactions with owners, etc.	347	-4,643	-320	-4,616	-347	-29,029	-1,403	-30,433
Closing balance	62,501	25,093	47,352	134,948	-347	637,803	17,390	655,193

#### (4) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Operating activities		
Income before income taxes	19,113	10,528
Income (loss) before income taxes from discontinued operations	-6,294	-2,947
Depreciation and amortisation	28,993	26,912
Increase (decrease) in net defined benefit liability and net defined benefit asset	-184	33,109
Interest and dividend income	-922	-1,607
Interest expenses	1,656	2,710
Share of losses (profits) of investments accounted for using the equity method	-1,432	-1,349
Decrease (increase) in trade receivables	-2,898	5,586
Decrease (increase) in inventories	-2,408	1,037
Increase (decrease) in trade payables	-6,280	14,877
Other	-1,692	-1,563
Subtotal	27,651	87,294
Interest and dividend received	4,075	4,064
Interest expenses paid	-1,614	-2,711
Income tax paid	-10,204	-14,934
Net cash provided by operating activities	19,907	73,713
Investing activities		
Purchases of property, plant and equipment	-21,214	-27,549
Proceeds from sale of property, plant and equipment	130	89
Payments for acquisition of intangible assets	-3,080	-2,923
Purchases of other financial assets	-13	-45,015
Proceeds from sale of other financial assets	1,145	7,586
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-	-10,917
Other	-192	908
Net cash used in investing activities	-23,224	-77,821
Financial activities		
Increase (decrease) in short-term loans	6,896	-12,740
Proceeds from long-term loans	4,409	67,607
Repayments of long-term loans	-4,422	-12,310
Proceeds from issuance of corporate bonds	25,000	15,000
Repayments of lease liabilities	-2,861	-2,923
Acquisition of treasury shares	-0	-21,716
Dividends paid	-7,689	-7,704
Dividends paid to non-controlling interests	-1,599	-1,025
Other	258	409
Net cash provided by (used in) financial activities	19,990	24,597
Effect of exchange rate changes on cash and cash equivalents	5,173	5,332
Net increase (decrease) in cash and cash equivalents	21,847	25,821
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	-	-185
Cash and cash equivalents at the end of the period	159,352	185,744

## (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 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 half of the previous fiscal year has also been restated to reflect this change.

#### 2) Segment revenue and performance

From April 1, 2022 to September 30, 2022

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
Sales							
Sales to third parties	195,430	174,759	370,189	16,047	386,237	-	386,237
Intersegment sales	-	-	-	13,100	13,100	-13,100	-
Total	195,430	174,759	370,189	29,147	399,337	-13,100	386,237
Segment income (Operating income)	19,634	61	19,696	972	20,668	-1,061	19,606
Total financial income (expenses)							-492
Income before income taxes							19,113

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

(Note 2) The -¥1,061 million adjustment made for segment income (loss) includes intersegment elimination of ¥130 million and -¥1,192 million in other operating expenses not allocated to the reportable segments.

From April 1, 2023 to September 30, 2023

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
<b>Sales</b>							
Sales to third parties	171,012	199,127	370,139	16,551	386,691	-	386,691
Intersegment sales	-	-	-	16,182	16,182	-16,182	-
<b>Total</b>	<b>171,012</b>	<b>199,127</b>	<b>370,139</b>	<b>32,733</b>	<b>402,873</b>	<b>-16,182</b>	<b>386,691</b>
Segment income (loss) (Operating income)	4,593	5,674	10,267	1,383	11,651	-527	11,123
Total financial income (expenses)							-595
Income before income taxes							10,528

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

(Note 2) The -¥527 million adjustment made for segment income (loss) includes intersegment elimination of -¥212 million and -¥315 million in other operating expenses not allocated to the reportable segments.

### Disposal groups classified as held for sale and discontinued operations

On May 12, 2023, the Company entered into an agreement with JIS, to jointly manage NS&C, a consolidated subsidiary that controls the Company's global steering business. Accordingly, the Company classified the steering business as a disposal group classified as held for sale and classified it as a discontinued operation from the first quarter of the current fiscal year. On August 1, 2023, the Company lost control over NS&C, and NS&C and its subsidiaries became equity method affiliates of the Company effective from the second quarter of the current fiscal year. During the second quarter of the current fiscal year, the profits related to the loss of control is included in discontinued operations, and the equity method profits are included in continuing operations. Some companies are scheduled to be transferred separately for a later date.

(1) Assets and liabilities related to disposal groups classified as held for sale

(Millions of yen)

	As of Mar. 31, 2023	As of Sep. 30, 2023
<b>Assets related to disposal groups classified as held for sale</b>		
Cash and cash equivalents	-	185
Trade receivables and other receivables	-	3,528
Inventories	-	2,147
Other current assets	-	172
Property, plant and equipment	-	4,357
Goodwill and intangible assets	-	22
Other financial assets (non-current)	-	170
Deferred tax assets	-	853
Other non-current assets	-	21
<b>Total assets</b>	<b>-</b>	<b>11,460</b>
<b>Liabilities related to disposal groups classified as held for sale</b>		
Trade payables and other payables	-	3,308
Other financial liabilities (current)	-	5,486
Other non-current liabilities	-	2,008
Financial liabilities (non-current)	-	95
<b>Total liabilities</b>	<b>-</b>	<b>10,899</b>

(2) Discontinued operations

1) Income (loss) from discontinued operations

(Millions of yen)

	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Sales	77,586	67,023
Cost of sales	83,880	69,971
Income (loss) before income taxes	-6,294	-2,947
Income tax expense	-1,922	2,005
Net income (loss)	-4,371	-4,953

2) Cash flows from discontinued operations

(Millions of yen)

	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Cash flow from operating activities	-1,870	3,510
Cash flow from investing activities	-4,109	-13,321
Cash flow from financing activities	1,793	64,771
Total	-4,186	54,960

(3) Transfer of NS&C shares

1) Outline of transaction

On May 12, 2023, the Company entered into an agreement with JIS, to jointly manage NS&C, a consolidated subsidiary that controls the Company's global steering business. With respect to this agreement, after discussion and agreement with JIS, on August 1, 2023, 10,041 class shares representing 50.1% of the voting rights of NS&C were transferred to JIS for ¥19,991 million after allotment of 10,041 class shares to the Company from NS&C. As a result, the Company lost control over NS&C, and NS&C and its subsidiaries became equity method affiliates of the Company effective from the second quarter of the current fiscal year.

2) Assets and liabilities related to loss of control of subsidiaries

(Millions of yen)

	Amount
Current assets	118,327
Non-current assets	33,612
Total assets	151,940
Current liabilities	42,375
Non-current liabilities	68,563
Total liabilities	110,939

3) Cash flows from loss of control of subsidiaries

(Millions of yen)

	Amount
Consideration received from transfer of class shares	19,991
Cash and cash equivalents of subsidiary due to loss of control	-30,909
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-10,917

Payments for sale of investments in subsidiaries resulting in change in scope of consolidation is included in cash flow from investing activities of the Quarterly consolidated statements of cash flows.

4) Income on loss of control of subsidiaries

The income on transfer due to the loss of control over NS&C and its affiliates for the six months ended September 30, 2023 was a loss of ¥114 million, which is included in "Quarterly income (loss) from discontinued operations" of the Quarterly consolidated statements of income and quarterly consolidated statement of comprehensive income.

## 2024年3月期 第2四半期決算短信 補足説明資料

Supplementary material of consolidated results for the six months ended September 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株当たり当期(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 has been classified as a discontinued operation. 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

	(百万円 / ¥Million)	2023年3月期 / FY2022			2024年3月期 / FY2023					
		1H	2H	Full year	1H	YoY	2H FCT	YoY	Full year FCT	YoY
継続事業 Continuing operation	売上高 Sales	386,237	390,525	776,762	386,691	100.1%	413,308	105.8%	800,000	103.0%
	営業利益 Operating income	19,606	24,230	43,836	11,123	56.7%	18,876	77.9%	30,000	68.4%
	税引前利益 Income before income taxes	19,113	24,168	43,282	10,528	55.1%	17,971	74.4%	28,500	65.8%
	(参考)親会社の所有者に帰属する当期利益 Ref. Net income attributable to owners of the parent	10,618	16,191	26,810	5,731	54.0%				
	(参考)基本的1株当たり当期利益(円) Ref. Basic earnings per share (yen)	20.70	31.56	52.26	11.56	55.8%				
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	6,027	12,384	18,412	659	10.9%	13,340	107.7%	14,000	76.0%
	基本的1株当たり当期利益(円) Basic earnings per share (yen)	11.75	24.14	35.89	1.33	11.3%	27.10	112.3%	28.43	79.2%

	(百万円 / ¥Million)	2023年3月期 / FY2022				2024年3月期 / FY2023							
		1Q	2Q	3Q	4Q	1Q	YoY	2Q	YoY	3Q	YoY	4Q	YoY
継続事業 Continuing operation	売上高 Sales	183,461	202,775	194,634	195,891	188,247	102.6%	198,443	97.9%				
	営業利益 Operating income	8,367	11,239	10,268	13,961	4,128	49.3%	6,994	62.2%				
	税引前四半期利益 Income before income taxes	8,437	10,676	10,632	13,535	4,277	50.7%	6,250	58.5%				
	(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	1,654	39.3%	4,077	63.6%				
	(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	3.30	40.2%	8.35	66.8%				
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	△ 929	—	1,589	33.8%				
	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	△ 1.85	—	3.25	35.4%				
	連結子会社数(社) Consolidated subsidiaries	90	90	90	92	92	—	82	—				
	日本 Japan	18	18	18	18	18	—	16	—				
	海外 Non-Japan	72	72	72	74	74	—	66	—				
	期末従業員数(人) Number of employees	30,565	30,376	30,163	29,882	29,926	—	26,196	—				
	日本 Japan	12,002	11,920	11,810	11,728	11,891	—	10,670	—				
海外 Non-Japan	18,563	18,456	18,353	18,154	18,035	—	15,526	—					

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

(百万円 / ¥Million)	2023年3月期 / FY2022			2024年3月期 / FY2023					
	1H	2H	Full year	1H	YoY	2H FCT	YoY	Full year FCT	YoY
売上高 / Sales	386,237	390,525	776,762	386,691	100.1%	413,308	105.8%	800,000	103.0%
産業機械事業 Industrial machinery business	195,430	189,673	385,103	171,012	87.5%	181,487	95.7%	352,500	91.5%
自動車事業 Automotive business	174,759	184,615	359,374	199,127	113.9%	214,872	116.4%	414,000	115.2%
その他 Others	29,147	29,851	58,999	32,733	112.3%	34,766	116.5%	67,500	114.4%
調整額 Adjustments	△ 13,100	△ 13,615	△ 26,715	△ 16,182	—	△ 17,817	—	△ 34,000	—
営業利益 / Operating income	19,606	24,230	43,836	11,123	56.7%	18,876	77.9%	30,000	68.4%
産業機械事業 Industrial machinery business	19,634	15,907	35,541	4,593	23.4%	7,906	49.7%	12,500	35.2%
自動車事業 Automotive business	61	6,265	6,326	5,674	—	10,825	172.8%	16,500	260.8%
その他 Others	972	1,187	2,159	1,383	142.3%	1,116	94.1%	2,500	115.8%
調整額 Adjustments	△ 1,061	870	△ 191	△ 527	—	△ 972	—	△ 1,500	—

(百万円 / ¥Million)	2023年3月期 / FY2022				2024年3月期 / FY2023							
	1Q	2Q	3Q	4Q	1Q	YoY	2Q	YoY	3Q	YoY	4Q	YoY
売上高 / Sales	183,461	202,775	194,634	195,891	188,247	102.6%	198,443	97.9%				
産業機械事業 Industrial machinery business	95,297	100,133	96,312	93,361	85,065	89.3%	85,947	85.8%				
自動車事業 Automotive business	79,981	94,778	90,111	94,503	95,179	119.0%	103,947	109.7%				
その他 Others	14,706	14,440	15,052	14,798	16,712	113.6%	16,021	110.9%				
調整額 Adjustments	△ 6,523	△ 6,576	△ 6,842	△ 6,772	△ 8,709	—	△ 7,472	—				
営業利益 / Operating income	8,367	11,239	10,268	13,961	4,128	49.3%	6,994	62.2%				
産業機械事業 Industrial machinery business	9,233	10,400	9,582	6,325	2,309	25.0%	2,284	22.0%				
自動車事業 Automotive business	△ 1,357	1,419	1,124	5,140	1,086	—	4,587	323.3%				
その他 Others	808	164	317	870	680	84.2%	702	427.6%				
調整額 Adjustments	△ 316	△ 744	△ 755	1,626	51	—	△ 579	—				

### 3. 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					
	1H	2H	Full year	1H	YoY	2H FCT	YoY	Full year FCT	YoY
設備投資額 Capital expenditures	19,793	34,298	54,092	25,048	126.5%	34,951	101.9%	60,000	110.9%
減価償却費 Depreciation and amortisation	24,755	25,356	50,112	26,137	105.6%	25,862	102.0%	52,000	103.8%
研究開発費 R&D Expenses (on a statutory basis)	7,469	7,910	15,380	7,491	100.3%	9,508	120.2%	17,000	110.5%
(参考) 技術関連費用 Ref. R&D Expenses (on a managerial basis)	12,626	13,320	25,947	12,996	102.9%	14,003	105.1%	27,000	104.1%

(百万円 / ¥Million)	2023年3月期 / FY2022				2024年3月期 / FY2023							
	1Q	2Q	3Q	4Q	1Q	YoY	2Q	YoY	3Q	YoY	4Q	YoY
設備投資額 Capital expenditures	7,859	11,934	11,912	22,385	9,853	125.4%	15,194	127.3%				
減価償却費 Depreciation and amortisation	12,181	12,574	12,724	12,632	12,805	105.1%	13,332	106.0%				
研究開発費 R&D Expenses (on a statutory basis)	3,460	4,009	3,960	3,949	3,602	104.1%	3,888	97.0%				
(参考) 技術関連費用 Ref. R&D Expenses (on a managerial basis)	6,059	6,567	6,523	6,796	6,415	105.9%	6,580	100.2%				

### 4. 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		
	1H	2H	Full year	1H	2H FCT	Full year FCT
USD	133.98	136.98	135.48	141.00	140.00	140.50
EUR	138.72	143.22	140.97	153.38	150.00	151.69
CNY	19.88	19.62	19.75	19.75	19.00	19.38

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	1Q	2Q	3Q	4Q
USD	129.57	138.39	141.63	132.33	137.37	144.63		
EUR	138.10	139.34	144.36	142.08	149.46	157.30		
CNY	19.58	20.18	19.88	19.36	19.56	19.94		

期末レート Term end exchange rate (円 / ¥)	2023年3月期 / FY2022		2024年3月期 / FY2023	
	End of 1H	End of 2H	End of 1H	End of 2H FCT
USD	144.81	133.54	149.58	140.00
EUR	142.32	145.72	157.97	150.00
CNY	20.37	19.42	20.46	19.00

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 1Q	End of 2Q	End of 3Q	End of 4Q
USD	136.69	144.81	132.70	133.54	144.99	149.58		
EUR	142.65	142.32	141.44	145.72	157.56	157.97		
CNY	20.39	20.37	19.02	19.42	19.95	20.46		