

NSK Ltd.

For Immediate Release

October 31, 2024

CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED

September 30, 2024 (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, Head of Finance Division HQ
Filing date of semi-annual securities report	November 6, 2024
Payment date of cash dividends	December 3, 2024

(Figures are rounded down to the nearest million yen)

1. Consolidated financial highlights for the six months ended September 30, 2024

(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, 2024	397,643	2.8	9,704	-12.8	7,735	-26.5	2,159	104.1	1,969	198.5	-10,010	—
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

	Sum of continuing and discontinued operations	
	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Sep. 30, 2024	4.03	4.01
Six months ended Sep. 30, 2023	1.33	1.33

Note:

Effective from the first quarter of the fiscal year ended March 31, 2024, the steering business has been classified as discontinued operations. Sales, operating income, and income before income taxes are presented excluding discontinued operations. Net income, net income attributable to owners of the parent, total comprehensive income, basic earnings per share, and diluted earnings per share are presented as the sum of continuing and discontinued operations. Effective from the second quarter of the previous fiscal year, the equity earnings of NSK Steering & Control Inc. and its subsidiaries are included in continuing operations.

With respect to Rane NSK Steering Systems Private Limited ("RNSS"), an Indian subsidiary in the steering business that was classified as discontinued operations in the previous fiscal year, the Company transferred its entire ownership interest in RNSS to Rane Holdings Limited on September 19, 2024, thereby losing control of RNSS. The income (loss) related to the loss of control is included in discontinued operations.

For details, refer to P. 14 "Disposal groups classified as held for sale 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
Six months ended Sep. 30, 2024	4,051	-32.6	3,726	-35.0	7.63	7.60
Six months ended Sep. 30, 2023	6,011	-46.9	5,731	-46.0	11.56	11.52

(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, 2024	1,220,509	660,060	642,641	52.7
As of Mar. 31, 2024	1,298,077	677,954	659,979	50.8

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
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2024	-	15.00	-	15.00	30.00
Year ending Mar. 31, 2025	-	17.00			
Year ending Mar. 31, 2025 (Forecast)			-	17.00	34.00

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

3. Forecast of consolidated results for the year ending March 31, 2025

(% 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, 2025	790,000	0.1	22,000	-19.7	18,000	-31.3	6,000	-29.4	12.28

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

Effective from the first quarter of the previous fiscal year, the steering business has been classified as discontinued operations. 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) Significant changes in the scope of consolidation during the period: 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 shares):

As of Sep. 30, 2024 500,000,000 shares As of Mar. 31, 2024 500,000,000 shares

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

As of Sep. 30, 2024 11,205,509 shares As of Mar. 31, 2024 11,316,326 shares

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

Six months ended Sep. 30, 2024 488,737,437 shares Six months ended Sep. 30, 2023 495,720,569 shares

Note:

- 1) This summary of semi-annual financial results has not been reviewed by certified public accountants or auditors.
- 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

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, 2025, the global economy continued to pick up gradually despite uncertainties such as the impact of monetary policy shifts in various countries, concerns about the future of the Chinese economy, and heightened geopolitical risk.

Looking at the Company's results by geographic breakdown, economic recovery has slowed down in Japan, with sluggish growth in consumer expenditure and weak trends in some areas of capital investment. In the U.S., the economy continues to expand moderately, supported by a firm labor market and monetary easing. In Europe, inflation is settling down, but the economy remains weak due to sluggish capital investment and production. In China, the prolonged stagnant real estate market and weakened consumer spending put downward pressure on the economy, resulting in a slowdown.

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, 2025 totaling ¥397,643 million, a year-on-year increase of 2.8%. Operating income was ¥974 million, a year-on-year decrease of 12.8%. Income before income taxes was ¥7,735 million, a year-on-year decrease of 26.5%. Net income attributable to owners of the parent, the sum of continuing and discontinued operations was ¥1,969 million, a year-on-year increase of 198.5%.

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 discontinued operations since the first quarter of the previous fiscal year. Sales, operating income, and income before income taxes are presented as continuing operations excluding discontinued operations, while net income and net 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 previous fiscal year. For the six months ended September 30, 2023, profits related to the loss of control is included in discontinued operations and equity method profits are included in continuing operations.

With respect to Rane NSK Steering Systems Private Limited ("RNSS"), an Indian subsidiary in the steering business that was classified as discontinued operations in the previous fiscal year, the Company transferred its entire ownership interest in RNSS to Rane Holdings Limited ("RHL") on September 19, 2024, thereby losing control of RNSS. The income (loss) related to the loss of control is included in discontinued operations.

Business segment information

1) Industrial Machinery Business segment

In addition to a gradual recovery in demand for capital investment, the effects of a weaker yen resulted in a year-on-year increase in sales in the first half compared to the same period of the previous year. Looking at the Company's results by geographic breakdown, demand in Japan decreased mainly due to a decrease in sales of aftermarket. In the Americas, sales increased due to an increase in aftermarket and exchange rate effects. In Europe, sales decreased as demand continued to be sluggish due to deteriorating market conditions, especially in aftermarket and wind turbine sectors. In China, sales increased due to higher sales to electrical, machine tool, and railway sectors. As a result, sales in the industrial machinery business segment totaled ¥180,491 million, a year-on-year increase of 5.5%, and operating income was ¥551 million, a year-on-year increase of 19.8%.

2) Automotive Business segment

Although global automotive production volume declined from the same period of the previous year, the effects of a weaker yen resulted in a year-on-year increase in sales in the first half compared to the same period of the previous year.

Looking at the Company's results by geographic breakdown, sales in Japan declined due to the suspension of production and shipments by some automotive manufacturers. In the Americas, sales increased as automotive sales maintained a moderate recovery trend. In Europe, although the automotive market was sluggish, sales increased due to exchange rate effects. In China, sales declined due to a drop in demand caused by sluggish sales of Japanese cars. As a result, sales in the automotive business segment totaled ¥199,132 million and operating income was ¥5,613 million, a year-on-year decrease of 1.1%.

(2) Qualitative information regarding consolidated financial position

Assets and liabilities

Total assets at the end of the period was ¥1,220,509 million, a decrease of ¥77,567 million compared to total assets as of March 31, 2024. Total liabilities at the end of the period was ¥560,449 million, a decrease of ¥59,673 million compared to total liabilities as of March 31, 2024.

Total equity

Total equity was ¥660,060 million, a decrease of ¥17,894 million compared to total equity as of March 31, 2024. Although there was an increase in net profit attributable to owners of the parent company, total equity decreased mainly due to dividend payout from retained earnings and a decrease in other components of equity.

The above assets, liabilities and equity include ¥7,212 million in assets, ¥7,578 million in liabilities 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 ¥5,478 million (¥73,713 million provided in the same period of the previous year). This includes income before income taxes from continuing operations of ¥7,735 million, movements including depreciation and amortisation of ¥26,699 million, income taxes paid of ¥27,313 million, along with movements in working capital.

2) Cash flow from investing activities

Net cash used in investing activities totaled ¥6,578 million (¥77,821 million used in the same period of the previous year), mainly due to purchase of property, plant and equipment of ¥21,717 million, purchase of intangible assets of ¥5,921 million, and acquisition and redemption of other financial assets.

3) Cash flow from financing activities

Net cash flow used in financing activities totaled ¥4,448 million (¥24,597 million provided in the same period of the previous year) mainly due to dividend payments of ¥7,334 million.

As a result of the above, cash and cash equivalents at the end of the first half of the current period totaled ¥142,071 million, a decrease of ¥8,511 million from the end of the previous fiscal year and a decrease of ¥43,673 million from the end of the same period of the previous year.

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

Revision has been made to the consolidated business forecast announced on May 9, 2024 for the fiscal year ending March 31, 2025. For details, please refer to the "NSK Announces Differences between Forecasted and Actual Consolidated Business Results for the Six Months Ended September 30, 2024 and Revision of Consolidated Business Forecast for the Fiscal Year Ending March 31, 2025" released today (October 31, 2024).

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

2. Semi-annual consolidated financial statements and notes

(1) Semi-annual consolidated statements of financial position

(Millions of yen)

	As of Mar. 31, 2024	As of Sep. 30, 2024
Assets		
Current assets		
Cash and cash equivalents	150,583	142,071
Trade receivables and other receivables	220,248	204,828
Inventories	185,886	184,458
Other financial assets	45,076	23,795
Income tax receivables	4,988	3,904
Other current assets	18,196	15,261
Subtotal	624,979	574,320
Assets related to disposal groups classified as held for sale	11,643	7,212
Total current assets	636,623	581,532
Non-current assets		
Property, plant and equipment	364,947	345,623
Goodwill and intangible assets	56,548	58,744
Investments accounted for using equity method	49,605	45,261
Other financial assets	51,932	50,144
Deferred tax assets	10,309	10,051
Net defined benefit assets	121,589	122,411
Other non-current assets	6,521	6,738
Total non-current assets	661,454	638,977
Total assets	1,298,077	1,220,509
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables and other payables	140,451	117,850
Other financial liabilities	128,433	107,389
Provisions	469	299
Income tax payables	25,835	2,982
Other current liabilities	52,583	48,559
Subtotal	347,774	277,080
Liabilities related to disposal groups classified as held for sale	11,370	7,578
Total current liabilities	359,145	284,659
Non-current liabilities		
Financial liabilities	214,864	233,276
Provisions	1,065	1,127
Deferred tax liabilities	21,890	18,622
Net defined benefit liabilities	13,582	13,464
Other non-current liabilities	9,574	9,299
Total non-current liabilities	260,977	275,790
Total liabilities	620,123	560,449

(Millions of yen)

	As of Mar. 31, 2024	As of Sep. 30, 2024
Equity		
Issued capital	67,176	67,176
Capital surplus	77,897	78,189
Retained earnings	375,402	370,113
Treasury shares	-10,422	-10,317
Other components of equity	150,270	137,479
Other components of equity related to disposal groups classified as held for sale	-345	—
Total equity attributable to owners of the parent	659,979	642,641
Non-controlling interests	17,975	17,418
Total equity	677,954	660,060
Total liabilities and equity	1,298,077	1,220,509

(2) Semi-annual consolidated statements of income and semi-annual consolidated statements of comprehensive income

Semi-annual consolidated statements of income

(Millions of yen)

	Six months ended Sep. 30, 2023	Six months ended Sep. 30, 2024
Continuing operations		
Sales	386,691	397,643
Cost of sales	306,669	311,937
Gross profit	80,021	85,706
Selling, general and administrative expenses	69,932	72,672
Share of profits of investments accounted for using the equity method	1,349	-157
Other operating expenses	315	3,172
Operating income	11,123	9,704
Financial income	1,725	1,445
Financial expenses	2,320	3,413
Income before income taxes	10,528	7,735
Income tax expense	4,517	3,683
Net income from continuing operations	6,011	4,051
Discontinued operations		
Net income (loss) from discontinued operations	-4,953	-1,892
Net income	1,058	2,159
Net income attributable to:		
Owners of the parent	659	1,969
Non-controlling interests	398	189
(Earnings per share attributable to owners of the parent)		
Basic earnings (loss) per share (yen)	1.33	4.03
Continuing operations	11.56	7.63
Discontinued operations	-10.23	-3.60
Diluted earnings (loss) per share (yen)	1.33	4.01
Continuing operations	11.52	7.60
Discontinued operations	-10.19	-3.58

Semi-annual consolidated statements of comprehensive income

(Millions of yen)

	Six months ended Sep. 30, 2023	Six months ended Sep. 30, 2024
Net income	1,058	2,159
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liability (asset)	18,806	19
Net changes in financial assets measured at fair value through other comprehensive income	7,890	-1,403
Share of other comprehensive income of investments accounted for using equity method	27	0
Total items that will not be reclassified to profit or loss	26,724	-1,383
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	22,213	-10,138
Cash flow hedges	—	-140
Share of other comprehensive income of investments accounted for using equity method	907	-507
Total items that may be reclassified to profit or loss	23,121	-10,785
Total other comprehensive income, net of tax	49,845	-12,169
Total comprehensive income for the period	50,903	-10,010
Total comprehensive income for the period attributable to:		
Owners of the parent	50,619	-10,403
Non-controlling interests	283	393

(3) Semi-annual consolidated statements of changes in equity

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	—	—	659	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	659	—
Purchase of treasury shares	—	—	—	-21,720
Disposal of treasury shares	—	-71	—	481
Retirement 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	Cash flow hedges	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	—	—	—	—	—	—	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
Retirement 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

From April 1, 2024 to September 30, 2024

(Millions of yen)

	Equity attributable to owners of the parent			
	Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance	67,176	77,897	375,402	-10,422
Net income	—	—	1,969	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	1,969	—
Purchase of treasury shares	—	—	—	-4
Disposal of treasury shares	—	-6	—	109
Share-based payment transactions	—	297	—	—
Cash dividends	—	—	-7,337	—
Changes due to loss of control of subsidiaries	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	72	—
Other	—	—	7	—
Total transactions with owners, etc.	—	291	-7,258	105
Closing balance	67,176	78,189	370,113	-10,317

	Equity attributable to owners of the parent							Non-controlling interests	Total equity
	Other components of equity					Total	Total		
	Exchange differences on translating foreign operations	Cash flow hedges	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liability (asset)	Total				
Opening balance	69,754	-161	20,747	59,929	150,270	-345	659,979	17,975	677,954
Net income	—	—	—	—	—	—	1,969	189	2,159
Other comprehensive income	-11,200	-140	-1,398	21	-12,718	345	-12,372	203	-12,169
Total comprehensive income for the period	-11,200	-140	-1,398	21	-12,718	345	-10,403	393	-10,010
Purchase of treasury shares	—	—	—	—	—	—	-4	—	-4
Disposal of treasury shares	—	—	—	—	—	—	103	—	103
Share-based payment transactions	—	—	—	—	—	—	297	—	297
Cash dividends	—	—	—	—	—	—	-7,337	-1,197	-8,535
Changes due to loss of control of subsidiaries	—	—	—	—	—	—	—	247	247
Transfer from other components of equity to retained earnings	—	—	-85	13	-72	—	—	—	—
Other	—	—	—	—	—	—	7	—	7
Total transactions with owners, etc.	—	—	-85	13	-72	—	-6,933	-949	-7,883
Closing balance	58,554	-302	19,263	59,963	137,479	—	642,641	17,418	660,060

(4) Semi-annual consolidated statements of cash flows

(Millions of yen)

	Six months ended Sep. 30, 2023	Six months ended Sep. 30, 2024
Operating activities		
Income before income taxes	10,528	7,735
Income (loss) before income taxes from discontinued operations	-2,947	-2,883
Depreciation and amortization	26,912	26,699
Increase (decrease) in net defined benefit liability and net defined benefit asset	33,109	-576
Interest and dividend income	-1,607	-1,312
Interest expenses	2,710	3,217
Share of losses (profits) of investments accounted for using the equity method	-1,349	157
Decrease (increase) in trade receivables	5,586	11,359
Decrease (increase) in inventories	1,037	-4,443
Increase (decrease) in trade payables	14,877	-11,716
Other	-1,563	2,586
Subtotal	87,294	30,821
Interest and dividend received	4,064	5,093
Interest expenses paid	-2,711	-3,123
Income tax paid	-14,934	-27,313
Cash flow from operating activities	73,713	5,478
Investing activities		
Purchases of property, plant and equipment	-27,549	-21,717
Proceeds from sale of property, plant and equipment	89	447
Purchases of intangible assets	-2,923	-5,921
Purchases of other financial assets	-45,015	-25,514
Proceeds from sale of other financial assets	7,586	149
Proceeds from redemption of other financial assets	—	44,999
Proceeds from business transfer	—	3,372
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-10,917	-2,634
Other	908	239
Cash flow from investing activities	-77,821	-6,578
Financing activities		
Increase (decrease) in short-term loans	-12,740	7,476
Proceeds from long-term loans	67,607	5,013
Repayments of long-term loans	-12,310	-5,476
Proceeds from issuance of corporate bonds	15,000	20,000
Payments for redemption of corporate bonds	—	-20,000
Repayments of lease liabilities	-2,923	-3,032
Acquisition of treasury shares	-21,716	-0
Dividends paid	-7,704	-7,334
Dividends paid to non-controlling interests	-1,025	-1,197
Other	409	103
Cash flow from financing activities	24,597	-4,448
Effect of exchange rate changes on cash and cash equivalents	5,332	-2,340
Net increase (decrease) in cash and cash equivalents	25,821	-7,889
Cash and cash equivalents at the beginning of the period	160,109	150,583
Net increase (decrease) in cash and cash equivalents included in assets related to disposal groups classified as held for sale	-185	-621
Cash and cash equivalents at the end of the period	185,744	142,071

(5) Notes to semi-annual consolidated financial statements

Going concern assumption

None.

Standards for Preparation of Consolidated Financial Statements

The Company's semi-annual consolidated financial statements (semi-annual consolidated statements of financial position, semi-annual consolidated statements of income, semi-annual consolidated statements of comprehensive income, semi-annual consolidated statements of changes in equity, semi-annual consolidated statements of cash flows and notes) have been prepared in compliance with Article 5, Paragraph 2 of Standards for preparation of quarterly financial statements of Tokyo Stock Exchange, Inc. (The omission of the description specified in Article 5 Paragraph 5 is applied.) and certain disclosure items and notes required by IAS34 "Interim Financial Reporting" have been omitted.

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.

Effective from the first quarter of the previous fiscal year, the Company reclassified its steering business, which was previously included in the automotive business, as discontinued operations. Segment information now shows only the results of continuing operations excluding the steering business. Furthermore, on August 1, 2023, the Company lost control over NS&C, and NS&C became an equity method affiliate of the Company effective from the second quarter of the previous fiscal year. Equity method profits and losses from NS&C and its subsidiaries are included in continuing operations.

2) Segment revenue and performance

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				
Sales							
Sales to third parties	171,012	199,127	370,139	16,551	386,691	—	386,691
Intersegment sales	—	—	—	16,182	16,182	-16,182	—
Total	171,012	199,127	370,139	32,733	402,873	-16,182	386,691
Segment income (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 includes intersegment elimination of -¥212 million and -¥315 million in other operating expenses not allocated to the reportable segments.

From April 1, 2024 to September 30, 2024

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
Sales							
Sales to third parties	180,491	199,132	379,624	18,019	397,643	—	397,643
Intersegment sales	—	—	—	15,579	15,579	-15,579	—
Total	180,491	199,132	379,624	33,598	413,223	-15,579	397,643
Segment income (Operating income)	5,501	5,613	11,114	940	12,054	-2,350	9,704
Total financial income (expenses)							-1,968
Income before income taxes							7,735

(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 -¥2,350 million adjustment made for segment income includes intersegment elimination of -¥404 million and -¥1,945 million in other operating expenses not allocated to the reportable segments.

Disposal groups classified as held for sale and discontinued operations

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

The Company has approved and on July 1, 2024, the Company has entered into an agreement with SBS Holdings, Inc. to transfer 1,199 shares (66.61%) of NSK Logistics Co., Ltd. ("NLK")'s outstanding shares of 1,800 shares held by the Company to SBS Holdings, Inc. ("SBSHD"). As a result, NLK is classified as a disposal group classified as held for sale. NLK is classified in the "Others" segment. This share transfer was executed on October 1, 2024. As a result of this stock transfer, NLK changed from a consolidated subsidiary of the Company to an equity method affiliate.

The procedure for the transfer of shares of RNSS, an Indian subsidiary in the steering business, which was classified as a disposal group classified as held for sale in the previous fiscal year, was completed during the current consolidated accounting period.

Assets and liabilities related to disposal groups classified as held for sale are as follows;

(Millions of yen)

	As of Mar. 31, 2024	As of Sep. 30, 2024
Assets related to disposal groups classified as held for sale		
Cash and cash equivalents	6	628
Trade receivables and other receivables	4,065	338
Inventories	2,048	—
Other current assets	128	72
Property, plant and equipment	4,002	5,825
Goodwill and intangible assets	33	0
Investments accounted for using equity method	222	319
Deferred tax assets	1,114	27
Other non-current assets	22	0
Total assets	11,643	7,212
Liabilities related to disposal groups classified as held for sale		
Trade payables and other payables	3,908	—
Other financial liabilities (current)	5,961	942
Income tax payables	—	82
Other current liabilities	1,427	1,666
Financial liabilities (non-current)	73	4,731
Provisions (non-current)	—	142
Deferred tax liabilities	—	-116
Net defined benefit liabilities	—	129
Total liabilities	11,370	7,578

(2) Discontinued operations

For the six months ended September 30, 2024, transactions related to the loss of control of RNSS and RNSS prior to the loss of control are included in discontinued operations. Regarding the six months ended September 30, 2023, transactions related to the loss of control of NS&C and NS&C and its subsidiaries prior to the loss of control and RNSS are included in discontinued operations.

(Millions of yen)

	Six months ended Sep. 30, 2023	Six months ended Sep. 30, 2024
Sales	67,023	14,333
Cost of sales and expenses	69,971	17,216
Income (loss) before income taxes	-2,947	-2,883
Income tax expense	2,005	-990
Net income (loss)	-4,953	-1,892

Cost of sales and expenses include a net loss of ¥2,432 million related to the sale of shares and loss of control of RNSS. For details, refer to (3) "Transfer of RNSS shares".

2) Cash flows from discontinued operations

(Millions of yen)

	Six months ended Sep. 30, 2023	Six months ended Sep. 30, 2024
Cash flow from operating activities	3,510	-117
Cash flow from investing activities	-13,321	731
Cash flow from financing activities	64,771	293
Total	54,960	907

In the first half of the current fiscal year, the Company received the consideration of ¥3,372 million related to the transfer of the Company's European subsidiaries business related to sales and technology of steering products that was executed in the third quarter of the previous fiscal year and has been recorded in "Cash flows from investing activities" in the Semi-annual consolidated statement of cash flows.

(3) Transfer of RNSS shares

1) Outline of transaction

Regarding RNSS, the Company's steering entity located in India, the Company has approved and has entered into an agreement effective July 1, 2024 with RHL to transfer the shares of RNSS that the Company owns. The share transfer associated with this agreement was executed on September 19, 2024.

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

(Millions of yen)

	Amount
Current assets	6,012
Non-current assets	5,269
Total assets	11,282
Current liabilities	11,606
Non-current liabilities	181
Total liabilities	11,788

3) Cash flows from loss of control of subsidiaries

(Millions of yen)

	Amount
Payments for transfer of shares and loss of control	-2,334
Cash and cash equivalents of subsidiary due to loss of control	-60
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-2,394

Payments for sale of investments in subsidiaries resulting in change in scope of consolidation is included in "Cash flow from investing activities" of the Semi-annual consolidated statements of cash flows.

4) Income (loss) related to loss of control of subsidiaries

The Company recognised a net loss of ¥2,432 million related to the sale of shares and loss of control of RNSS in "Net income (loss) from discontinued operations" in the Semi-annual consolidated statements of income.

Events after the reporting period

None.

2025年3月期 第2四半期(中間期)決算短信 補足説明資料
Supplementary material of consolidated results for the six months ended September 30, 2024

(%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、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。また、2024年3月期第2四半期連結会計期間より、NSKステアリング&コントロール株式会社及び同社の子会社に係る持分法による投資利益を継続事業に含めています。2024年3月期に引き続き非継続事業に分類していたステアリング事業のインド子会社であるRane NSK Steering Systems Private Limited(以下「RNSS」)について、2024年9月19日に当社が所有するRNSSの全株式をRane Holdings Limitedに譲渡し、RNSSに対する支配を喪失しました。なお、支配の喪失に係る損益を非継続事業に含めています。2025年3月期の予想の数値についても同様に表示しています。

Effective from the first quarter of the fiscal year ended March 31, 2024, the steering business has been classified as discontinued operations. As a result, sales, operating income, income before income taxes, capital expenditures, depreciation and amortisation, R&D expenses are presented excluding discontinued operations. Net income attributable to owners of the parent, basic earnings per share, number of consolidated subsidiaries, and number of employees are presented with the sum of continuing and discontinued operations. Effective from the second quarter of the fiscal year ended March 31, 2024, the equity earnings of NSK Steering & Control Inc. and its subsidiaries are included in continuing operations.

With respect to Rane NSK Steering Systems Private Limited ("RNSS"), an Indian subsidiary in the steering business that was classified as discontinued operations in the previous fiscal year, the Company transferred its entire ownership interest in RNSS to Rane Holdings Limited on September 19, 2024, thereby losing control of RNSS. The income (loss) related to the loss of control is included in discontinued operations. Forecast for the fiscal year ending March 31, 2025 is presented in the same manner.

1. 決算概要 / Summary of financial results

		2024年3月期 / FY2023			2025年3月期 / FY2024							
		1H	2H	Full year	1H	YoY	2H FCT	YoY	Full year FCT	YoY		
(百万円 / ¥Million)												
継続事業 Continuing operations	売上高 Sales	386,691	402,176	788,867	397,643	102.8%	392,356	97.6%	790,000	100.1%		
	営業利益 Operating income	11,123	16,267	27,391	9,704	87.2%	12,295	75.6%	22,000	80.3%		
	税引前利益 Income before income taxes	10,528	15,682	26,210	7,735	73.5%	10,264	65.5%	18,000	68.7%		
	(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	5,731	7,794	13,526	3,726	65.0%						
	(参考)基本的1株当たり当期利益(円) Ref. Basic earnings per share (yen)	11.56	15.91	27.47	7.63	66.0%						
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	659	7,843	8,502	1,969	298.5%	4,030	51.4%	6,000	70.6%		
	基本的1株当たり当期利益(円) Basic earnings per share (yen)	1.33	15.94	17.27	4.03	303.0%	8.25	51.8%	12.28	71.1%		

		2024年3月期 / FY2023				2025年3月期 / FY2024							
		1Q	2Q	3Q	4Q	1Q	YoY	2Q	YoY	3Q	YoY	4Q	YoY
(百万円 / ¥Million)													
継続事業 Continuing operations	売上高 Sales	188,247	198,443	201,368	200,808	200,495	106.5%	197,148	99.3%				
	営業利益 Operating income	4,128	6,994	8,180	8,087	5,873	142.2%	3,830	54.8%				
	税引前四半期利益 Income before income taxes	4,277	6,250	8,108	7,573	5,153	120.5%	2,581	41.3%				
	(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	1,654	4,077	3,300	4,494	1,941	117.4%	1,785	43.8%				
	(参考)基本的1株当たり四半期利益(円) Ref. Basic earnings per share (yen)	3.30	8.35	6.75	9.20	3.97	120.3%	3.65	43.7%				
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	△ 929	1,589	4,063	3,779	1,902	—	66	4.2%				
	基本的1株当たり四半期利益(円) Basic earnings per share (yen)	△ 1.85	3.25	8.32	7.73	3.89	—	0.14	4.3%				
	連結子会社数(社) Consolidated subsidiaries	92	82	82	82	80		78					
	日本 Japan	18	16	16	16	14		14					
	海外 Non-Japan	74	66	66	66	66		64					
	期末従業員数(人) Number of employees	29,926	26,196	25,923	25,632	25,631		24,783					
	日本 Japan	11,891	10,670	10,580	10,474	10,576		10,544					
海外 Non-Japan	18,035	15,526	15,343	15,158	15,055		14,239						

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

	2024年3月期 / FY2023			2025年3月期 / FY2024								
	(百万円 / ¥Million)			1H	2H	Full year	1H	YoY	2H FCT	YoY	Full year FCT	YoY
売上高 / Sales				386,691	402,176	788,867	397,643	102.8%	392,356	97.6%	790,000	100.1%
	産業機械事業 Industrial machinery business			171,012	173,833	344,846	180,491	105.5%	184,508	106.1%	365,000	105.8%
	自動車事業 Automotive business			199,127	209,694	408,821	199,132	100.0%	193,867	92.5%	393,000	96.1%
	その他 Others			32,733	34,921	67,655	33,598	102.6%	30,901	88.5%	64,500	95.3%
	調整額 Adjustments			△ 16,182	△ 16,273	△ 32,455	△ 15,579	—	△ 16,920	—	△ 32,500	—
営業利益 / Operating income				11,123	16,267	27,391	9,704	87.2%	12,295	75.6%	22,000	80.3%
	産業機械事業 Industrial machinery business			4,593	3,413	8,007	5,501	119.8%	6,998	205.0%	12,500	156.1%
	自動車事業 Automotive business			5,674	12,902	18,576	5,613	98.9%	6,386	49.5%	12,000	64.6%
	その他 Others			1,383	967	2,350	940	68.0%	△ 440	—	500	21.3%
	調整額 Adjustments			△ 527	△ 1,015	△ 1,543	△ 2,350	—	△ 649	—	△ 3,000	—

	2024年3月期 / FY2023				2025年3月期 / FY2024											
	(百万円 / ¥Million)				1Q	2Q	3Q	4Q	1Q	YoY	2Q	YoY	3Q	YoY	4Q	YoY
売上高 / Sales					188,247	198,443	201,368	200,808	200,495	106.5%	197,148	99.3%				
	産業機械事業 Industrial machinery business				85,065	85,947	83,947	89,885	90,523	106.4%	89,968	104.7%				
	自動車事業 Automotive business				95,179	103,947	107,967	101,727	100,450	105.5%	98,682	94.9%				
	その他 Others				16,712	16,021	18,275	16,646	18,583	111.2%	15,014	93.7%				
	調整額 Adjustments				△ 8,709	△ 7,472	△ 8,821	△ 7,451	△ 9,062	—	△ 6,516	—				
営業利益 / Operating income					4,128	6,994	8,180	8,087	5,873	142.2%	3,830	54.8%				
	産業機械事業 Industrial machinery business				2,309	2,284	1,120	2,292	2,710	117.4%	2,790	122.1%				
	自動車事業 Automotive business				1,086	4,587	7,558	5,343	3,078	283.3%	2,534	55.2%				
	その他 Others				680	702	549	418	833	122.4%	106	15.2%				
	調整額 Adjustments				51	△ 579	△ 1,048	32	△ 750	—	△ 1,600	—				

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 operations)

(百万円 / ¥Million)	2024年3月期 / FY2023			2025年3月期 / FY2024					
	1H	2H	Full year	1H	YoY	2H FCT	YoY	Full year FCT	YoY
設備投資額 Capital expenditures	25,048	33,430	58,478	23,056	92.0%	36,943	110.5%	60,000	102.6%
減価償却費 Depreciation and amortisation	26,137	26,770	52,907	26,699	102.1%	27,300	102.0%	54,000	102.1%
研究開発費 R&D Expenses (on a statutory basis)	7,491	8,111	15,602	7,967	106.4%	8,032	99.0%	16,000	102.5%
(参考) 技術関連費用 Ref. R&D Expenses (on a managerial basis)	12,996	14,376	27,373	13,556	104.3%	15,443	107.4%	29,000	105.9%

(百万円 / ¥Million)	2024年3月期 / FY2023				2025年3月期 / FY2024							
	1Q	2Q	3Q	4Q	1Q	YoY	2Q	YoY	3Q	YoY	4Q	YoY
設備投資額 Capital expenditures	9,853	15,194	12,044	21,385	12,299	124.8%	10,756	70.8%				
減価償却費 Depreciation and amortisation	12,805	13,332	13,267	13,502	13,594	106.2%	13,104	98.3%				
研究開発費 R&D Expenses (on a statutory basis)	3,602	3,888	3,976	4,135	3,811	105.8%	4,156	106.9%				
(参考) 技術関連費用 Ref. R&D Expenses (on a managerial basis)	6,415	6,580	6,650	7,726	6,540	102.0%	7,016	106.6%				

4. 為替換算レート / Currency exchange rate

期中平均レート Average exchange rate (円 / ¥)	2024年3月期 / FY2023			2025年3月期 / FY2024		
	1H	2H	Full year	1H	2H FCT	Full year FCT
USD	141.00	148.24	144.62	152.62	145.00	148.81
EUR	153.38	160.20	156.79	165.93	155.00	160.47
CNY	19.75	20.53	20.14	21.15	20.00	20.58

期中平均レート Average exchange rate (円 / ¥)	2024年3月期 / FY2023				2025年3月期 / FY2024			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
USD	137.37	144.63	147.87	148.61	155.89	149.35		
EUR	149.46	157.30	159.08	161.32	167.88	163.98		
CNY	19.56	19.94	20.44	20.62	21.48	20.82		

期末レート Term end exchange rate (円 / ¥)	2024年3月期 / FY2023		2025年3月期 / FY2024	
	End of 1H	End of 2H	End of 1H	End of 2H FCT
USD	149.58	151.40	142.82	145.00
EUR	157.97	163.28	159.53	155.00
CNY	20.46	20.84	20.47	20.00

期末レート Term end exchange rate (円 / ¥)	2024年3月期 / FY2023				2025年3月期 / FY2024			
	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	144.99	149.58	141.82	151.40	161.14	142.82		
EUR	157.56	157.97	157.09	163.28	172.44	159.53		
CNY	19.95	20.46	19.94	20.84	22.05	20.47		