

# NSK Ltd.

For Immediate Release

February 2, 2024

## CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED

December 31, 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	February 6, 2024
Payment date of cash dividends	-

(Figures are rounded down to the nearest million yen)

### 1. Consolidated financial highlights for the nine months ended December 31, 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	%
Nine months ended Dec. 31, 2023	588,059	1.2	19,303	-35.4	18,636	-37.3	5,410	-55.3	4,723	-56.8	40,870	-
Nine months ended Dec. 31, 2022	580,871	-	29,874	-	29,746	-	12,101	-5.6	10,926	-9.4	-3,365	-

	Sum of continuing and discontinued operations	
	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Dec. 31, 2023	9.57	9.53
Nine months ended Dec. 31, 2022	21.30	21.23

(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 nine months ended Dec 31, 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. 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
Nine months ended Dec. 31, 2023	9,481	-46.8	9,031	-46.4	18.30	18.23
Nine months ended Dec. 31, 2022	17,819	-	16,863	-	32.87	32.76

#### (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 Dec. 31, 2023	1,261,083	637,813	620,217	49.2
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	
Year ending Mar. 31, 2024	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
	800,000	3.0	30,000	-31.6	28,500	-34.2	14,000	-24.0	28.43

(Note) Revision to the forecast of consolidated results from the latest announcement: None

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.

## 4. 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 Dec. 31, 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 Dec. 31, 2023 11,322,142 shares As of Mar. 31, 2023 38,152,172 shares

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

Nine months ended Dec. 31, 2023 493,598,219 shares Nine months ended Dec. 31, 2022 513,004,169 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 NSK.

## 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. Profits related to the loss of control is included in discontinued operations and 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 third quarter 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 policy by central banks, geopolitical risk, and the risk of further slowdown of the Chinese economy.

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 capital expenditure was sluggish, personal consumption was supported by a favorable employment environment and remained firm. In Europe, the economy remained stagnant due to sluggish personal consumption and declining trend in industrial production. In China, economic recovery 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 third quarter of the year ending March 31, 2024 totaling ¥588,059 million, a year-on-year increase of 1.2%. Operating income was ¥19,303 million, a year-on-year decrease of 35.4%. Quarterly income before income taxes was ¥18,636 million, a year-on-year decrease of 37.3%. Net income attributable to owners of the parent, the sum of continuing and discontinued operations was ¥4,723 million, a year-on-year decrease of 56.8%.

### Business segment information

#### 1) Industrial Machinery Business segment

Demand was weak in the third quarter as economic uncertainty in China and other 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. As a result, sales decreased compared to the same period of the previous year.

Looking at the Company's results by geographic breakdown, demand in Japan declined due to deteriorating market conditions, particularly for machine tools, semiconductor manufacturing equipment, and the aftermarket. In the Americas, sales for semiconductor manufacturing equipment declined, and in Europe, aftermarket sales slowed down. In China, sales declined due to soft demand in the aftermarket, machine tools, and electrical and electronics applications. As a result, sales in the industrial machinery business segment totaled ¥254,960 million, a year-on-year decrease of 12.6%, and operating income was ¥5,714 million, a year-on-year decrease of 80.4%.

#### 2) Automotive Business segment

Global automotive production volume increased in the third quarter due to the production adjustments being resolved from the easing of parts supply constraints. As a result, 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 ¥307,094 million, a year-on-year increase of 15.9% and operating income was ¥13,232 million (operating income was ¥1,186 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 were ¥1,261,083 million, an increase of ¥27,826 million compared to total assets as of March 31, 2023. Total liabilities at the end of the period were ¥623,270 million, an increase of ¥24,737 million compared to total liabilities as of March 31, 2023.

### **Total equity**

Total equity was ¥637,813 million, an increase of ¥3,089 million compared to total equity as of March 31, 2023. Although there was a decrease in capital surplus, total equity increased due to an increase in other components of equity.

The above assets, liabilities and equity include ¥10,575 million in assets related to disposal groups classified as held for sale, ¥10,180 million in liabilities related to disposal groups classified as held for sale, and - ¥332 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 ¥89,243 million (¥45,669 million provided in the same period of the previous year). This includes income before income taxes from continuing operations of ¥18,636 million, loss before income taxes from discontinued operations of ¥1,875 million and movements including depreciation and amortisation of ¥40,603 million, working capital and others, assets and liabilities for retirement benefits of ¥33,000 million due to partial return of retirement benefit trust.

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

Net cash flow used in investing activities totaled ¥82,279 million (¥34,181 million used in the same period of the previous year) due to purchases of property, plant and equipment totaling ¥38,429 million, outflow of ¥10,917 million from sale of investments in subsidiaries due to change in scope of consolidation, proceeds from the sale of other financial assets of ¥11,868 million resulting from the reduction of stock holdings, and acquisition and redemption of other financial assets.

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

Net cash flow used in financing activities totaled ¥7,098 million (¥10,535 million used in the same period of the previous year). The main cash activities was a net decrease in short-term loans payable of ¥7,878 million, proceeds from long-term loans payable of ¥68,727 million associated with borrowings before the transition of the steering business, repayment of long-term loans payable of ¥26,310 million, purchase of treasury stock of ¥21,717 million, and ¥15,008 million in dividends paid.

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

No revision has been made to the consolidated business forecasts announced on October 31, 2023 for the year ending March 31, 2024.

## 2. Quarterly consolidated financial statements and notes

### (1) Quarterly consolidated statements of financial position

(Millions of yen)

	As of Mar. 31, 2023	As of Dec. 31, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	160,109	163,062
Trade receivables and other receivables	207,812	216,136
Inventories	197,754	184,529
Other financial assets	1,590	45,528
Income tax receivables	1,633	9,484
Other current assets	18,756	16,801
Subtotal	587,656	635,543
Assets related to disposal groups classified as held for sale	-	10,575
Total current assets	587,656	646,119
Non-current assets		
Property, plant and equipment	385,613	354,739
Goodwill and intangible assets	49,227	51,936
Investments accounted for using equity method	30,699	44,746
Other financial assets	56,425	51,353
Deferred tax assets	15,288	13,670
Net defined benefit assets	101,165	92,440
Other non-current assets	7,179	6,076
Total non-current assets	645,600	614,964
Total assets	1,233,256	1,261,083
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade payables and other payables	112,535	140,895
Other financial liabilities	129,801	142,996
Provisions	536	234
Income tax payables	7,797	3,932
Other current liabilities	56,678	48,548
Subtotal	307,348	336,607
Liabilities related to disposal groups classified as held for sale	-	10,180
Total current liabilities	307,348	346,787
Non-current liabilities		
Financial liabilities	231,309	211,969
Provisions	1,867	1,432
Deferred tax liabilities	32,661	39,712
Net defined benefit liabilities	16,027	14,476
Other non-current liabilities	9,318	8,892
Total non-current liabilities	291,183	276,482
Total liabilities	598,532	623,270

(Millions of yen)

	As of Mar. 31, 2023	As of Dec. 31, 2023
Equity		
Issued capital	67,176	67,176
Capital surplus	80,476	32,745
Retained earnings	415,736	413,085
Treasury shares	-36,781	-10,427
Other components of equity	89,604	117,970
Other components of equity related to disposal groups classified as held for sale	-	-332
Total equity attributable to owners of the parent	616,213	620,217
Non-controlling interests	18,511	17,596
Total equity	634,724	637,813
Total liabilities and equity	1,233,256	1,261,083

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

Quarterly consolidated statements of income

(Millions of yen)

	Nine months ended Dec. 31, 2022	Nine months ended Dec. 31, 2023
Continuing operations		
Sales	580,871	588,059
Cost of sales	450,187	463,676
Gross profit	130,683	124,383
Selling, general and administrative expenses	100,495	105,404
Share of profits of investments accounted for using the equity method	1,696	1,633
Other operating expenses	2,009	1,308
Operating income	29,874	19,303
Financial income	1,917	2,862
Financial expenses	2,046	3,528
Income before income taxes	29,746	18,636
Income tax expense	11,927	9,154
Net income from continuing operations	17,819	9,481
Discontinued operations		
Quarterly income (loss) from discontinued operations	-5,717	-4,071
Net income	12,101	5,410
Net income attributable to:		
Owners of the parent	10,926	4,723
Non-controlling interests	1,175	687
(Earnings per share attributable to owners of the parent)		
Basic earnings per share (yen)	21.30	9.57
Continuing operations	32.87	18.30
Discontinued operations	-11.57	-8.73
Diluted earnings per share (yen)	21.23	9.53
Continuing operations	32.76	18.23
Discontinued operations	-11.53	-8.70

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended Dec. 31, 2022	Nine months ended Dec. 31, 2023
Net income	12,101	5,410
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liability (asset)	-18,669	16,143
Net changes in financial assets measured at fair value through other comprehensive income	-4,473	5,563
Share of other comprehensive income of investments accounted for using equity method	-18	17
Total items that will not be reclassified to profit or loss	-23,160	21,723
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	7,707	13,591
Cash flow hedges	—	-124
Share of other comprehensive income of investments accounted for using equity method	-14	268
Total items that may be reclassified to profit or loss	7,693	13,735
Total other comprehensive income, net of tax	-15,467	35,459
Total comprehensive income for the period	-3,365	40,870
Total comprehensive income for the period attributable to:		
Owners of the parent	-4,726	40,381
Non-controlling interests	1,361	488

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

From April 1, 2022 to December 31, 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	-	-	10,926	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	10,926	-
Purchase of treasury shares	-	-	-	-6
Disposal of treasury shares	-	29	-	237
Share-based payment transactions	-	95	-	-
Cash dividends	-	-	-15,403	-
Other	-	-	1,424	-
Total transactions with owners, etc.	-	124	-13,979	230
Closing balance	67,176	80,499	407,819	-36,794

	Equity attributable to owners of the parent						Total	Non-controlling interests	Total equity
	Other components of equity					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)	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	-	-	-	-	-	-	10,926	1,175	12,101
Other comprehensive income	7,515	-	-4,464	-18,704	-15,652	-	-15,652	185	-15,467
Total comprehensive income for the period	7,515	-	-4,464	-18,704	-15,652	-	-4,726	1,361	-3,365
Purchase of treasury shares	-	-	-	-	-	-	-6	-	-6
Disposal of treasury shares	-	-	-	-	-	-	266	-	266
Share-based payment transactions	-	-	-	-	-	-	95	-	95
Cash dividends	-	-	-	-	-	-	-15,403	-1,599	-17,003
Other	-	-	-1,411	-	-1,411	-	13	-	13
Total transactions with owners, etc.	-	-	-1,411	-	-1,411	-	-15,034	-1,599	-16,634
Closing balance	32,832	-	21,585	24,920	79,338	-	598,039	19,420	617,460

From April 1, 2023 to December 31, 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)	-	-	4,723	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	4,723	-
Purchase of treasury shares	-	-	-	-21,723
Disposal of treasury shares	-	-81	-	536
Cancellation of treasury shares	-	-47,540	-	47,540
Share-based payment transactions	-	-108	-	-
Cash dividends	-	-	-15,040	-
Changes due to loss of control of subsidiaries	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	7,626	-
Transfer to other components of equity related to disposal groups classified as held for sale	-	-	-	-
Other	-	-	40	-
Total transactions with owners, etc.	-	-47,730	-7,374	26,353
Closing balance	67,176	32,745	413,085	-10,427

	Equity attributable to owners of the parent							Non-controlling interests	Total equity
	Other components of equity						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	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)	-	-	-	-	-	-	4,723	687	5,410
Other comprehensive income	14,056	-124	5,582	16,143	35,658	-	35,658	-198	35,459
Total comprehensive income for the period	14,056	-124	5,582	16,143	35,658	-	40,381	488	40,870
Purchase of treasury shares	-	-	-	-	-	-	-21,723	-	-21,723
Disposal of treasury shares	-	-	-	-	-	-	455	-	455
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Share-based payment transactions	-	-	-	-	-	-	-108	-	-108
Cash dividends	-	-	-	-	-	-	-15,040	-1,159	-16,200
Changes due to loss of control of subsidiaries	-	-	-	-	-	-	-	-244	-244
Transfer from other components of equity to retained earnings	-	-	-7,305	-320	-7,626	-	-	-	-
Transfer to other components of equity related to disposal groups classified as held for sale	332	-	-	-	332	-332	-	-	-
Other	-	-	-	-	-	-	40	-	40
Total transactions with owners, etc.	332	-	-7,305	-320	-7,293	-332	-36,377	-1,403	-37,781
Closing balance	53,312	-124	20,093	44,689	117,970	-332	620,217	17,596	637,813

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

(Millions of yen)

	Nine months ended Dec. 31, 2022	Nine months ended Dec. 31, 2023
<b>Operating activities</b>		
Income before income taxes	29,746	18,636
Income (loss) before income taxes from discontinued operations	-8,235	-1,875
Depreciation and amortisation	43,747	40,603
Increase (decrease) in net defined benefit liability and net defined benefit asset	-656	33,000
Interest and dividend income	-1,650	-2,623
Interest expenses	2,624	4,257
Share of losses (profits) of investments accounted for using the equity method	-1,696	-1,633
Decrease (increase) in trade receivables	8,889	8,106
Decrease (increase) in inventories	-3,429	-421
Increase (decrease) in trade payables	-1,743	20,318
Other	-8,974	-3,852
<b>Subtotal</b>	<b>58,621</b>	<b>114,515</b>
Interest and dividend received	4,793	5,048
Interest expenses paid	-2,542	-4,171
Income tax paid	-15,202	-26,149
<b>Net cash provided by operating activities</b>	<b>45,669</b>	<b>89,243</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	-31,738	-38,429
Proceeds from sale of property, plant and equipment	152	12
Payments for acquisition of intangible assets	-4,603	-5,596
Purchases of other financial assets	-114	-85,018
Proceeds from sale of other financial assets	2,428	11,868
Proceeds from redemption of other financial assets	-	44,999
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-	-10,917
Other	-306	802
<b>Net cash used in investing activities</b>	<b>-34,181</b>	<b>-82,279</b>
<b>Financial activities</b>		
Increase (decrease) in short-term loans	-3,662	-7,878
Proceeds from long-term loans	4,409	68,727
Repayments of long-term loans	-5,429	-26,310
Proceeds from issuance of corporate bonds	25,000	15,000
Redemption of bonds	-10,000	-15,000
Repayments of lease liabilities	-4,357	-4,206
Acquisition of treasury shares	-0	-21,717
Dividends paid	-15,160	-15,008
Dividends paid to non-controlling interests	-1,599	-1,159
Other	266	455
<b>Net cash provided by (used in) financial activities</b>	<b>-10,535</b>	<b>-7,098</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,683</b>	<b>3,152</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,636</b>	<b>3,018</b>
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	-	-65
<b>Cash and cash equivalents at the end of the period</b>	<b>140,141</b>	<b>163,062</b>

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

#### 2) Segment revenue and performance

From April 1, 2022 to December 31, 2022

	Reportable segments			Others (Note 1)	Total	(Millions of yen)	
	Industrial Machinery Business	Automotive Business	Subtotal			Adjustments (Note 2)	Consolidated
Sales							
Sales to third parties	291,742	264,871	556,613	24,257	580,871	-	580,871
Intersegment sales	-	-	-	19,942	19,942	-19,942	-
<b>Total</b>	<b>291,742</b>	<b>264,871</b>	<b>556,613</b>	<b>44,200</b>	<b>600,814</b>	<b>-19,942</b>	<b>580,871</b>
Segment income (Operating income)	29,216	1,186	30,403	1,289	31,692	-1,817	29,874
Total financial income (expenses)							-128
Income before income taxes							29,746

(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 -¥1,817 million adjustment made for segment income (loss) includes intersegment elimination of ¥191 million and -¥2,009 million in other operating expenses not allocated to the reportable segments

From April 1, 2023 to December 31, 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	254,960	307,094	562,054	26,004	588,059	-	588,059
Intersegment sales	-	-	-	25,004	25,004	-25,004	-
<b>Total</b>	<b>254,960</b>	<b>307,094</b>	<b>562,054</b>	<b>51,009</b>	<b>613,063</b>	<b>-25,004</b>	<b>588,059</b>
Segment income (loss) (Operating income)	5,714	13,232	18,946	1,932	20,879	-1,575	19,303
Total financial income (expenses)							-666
Income before income taxes							18,636

(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 -¥1,575 million adjustment made for segment income (loss) includes intersegment elimination of -¥267 million and -¥1,308 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. From the second quarter of the current fiscal year, the profits and losses related to the loss of control is included in discontinued operations, and the equity method profits and losses are included in continuing operations. In addition, during the third quarter of the current fiscal year, the Company's European subsidiaries entered into and executed an agreement with NS&C's European subsidiaries effective December 1, 2023, which includes the transfer of business related to sales and technology of steering products. 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 Dec. 31, 2023
<b>Assets related to disposal groups classified as held for sale</b>		
Cash and cash equivalents	-	65
Trade receivables and other receivables	-	3,262
Inventories	-	2,144
Other current assets	-	182
Property, plant and equipment	-	3,806
Goodwill and intangible assets	-	39
Other financial assets (non-current)	-	183
Deferred tax assets	-	871
Other non-current assets	-	20
<b>Total assets</b>	-	<b>10,575</b>
<b>Liabilities related to disposal groups classified as held for sale</b>		
Trade payables and other payables	-	3,187
Other financial liabilities (current)	-	5,360
Other non-current liabilities	-	1,551
Financial liabilities (non-current)	-	80
<b>Total liabilities</b>	-	<b>10,180</b>

### (2) Discontinued operations

#### 1) Income (loss) from discontinued operations

(Millions of yen)

	Nine months ended Dec. 31, 2022	Nine months ended Dec. 31, 2023
Sales	119,309	78,744
Cost of sales	127,544	80,620
Income (loss) before income taxes	-8,235	-1,875
Income tax expense	-2,517	2,195
Net income (loss)	-5,717	-4,071

## 2) Cash flows from discontinued operations

(Millions of yen)

	Nine months ended Dec. 31, 2022	Nine months ended Dec. 31, 2023
Cash flow from operating activities	-2,735	3,095
Cash flow from investing activities	-5,240	-13,395
Cash flow from financing activities	1,534	64,919
Total	-6,442	54,619

### (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 (loss) related to loss of control of subsidiaries

The income on transfer due to the loss of control over NS&C and its affiliates for the nine months ended December 31, 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. The net loss includes a gain of ¥337 million resulting from the measurement of the remaining investments at the fair value at the date of loss of control.

(4) Transfer of steering business of European subsidiary

1) Outline of the transaction

During the third quarter of the current fiscal year, the Company's European subsidiaries entered into an agreement with NS&C's European subsidiaries effective December 1, 2023, which includes the transfer of business related to sales and technology of steering products. The business transfer is based on various conditions as of December 31, 2023 and the final income (loss) from the business transfer may potentially change. With respect to this agreement, the consideration for the transfer of the business will be received at a later date.

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

(Millions of yen)

	Amount
Current assets	7,953
Non-current assets	1,098
Total assets	9,052
Current liabilities	6,727
Non-current liabilities	73
Total liabilities	6,800

3) Cash flow from loss of control of subsidiaries

No cash and cash equivalents are included in assets accompanying the loss of control, and no proceeds from the sale of the business were recorded during the nine months ended December 31, 2023, as the consideration for the transfer of the business will be received at a later date.

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

The Company recognized a gain of ¥1,477 million related to the business transfer from the loss of control of the Company's European subsidiary business related to sales and technology of steering products for the nine months ended December 31, 2023, which is included in "Quarterly income from discontinued operations" in the Quarterly Consolidated Statements of Income.

## 2024年3月期 第3四半期決算短信 補足説明資料

Supplementary material of consolidated results for the nine months ended December 31, 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

		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
		(百万円 / ¥Million)								
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%

		2023年3月期 / FY2022				2024年3月期 / FY2023							
		1Q	2Q	3Q	4Q	1Q	YoY	2Q	YoY	3Q	YoY	4Q	YoY
		(百万円 / ¥Million)											
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%	201,368	103.5%		
	営業利益 Operating income	8,367	11,239	10,268	13,961	4,128	49.3%	6,994	62.2%	8,180	79.7%		
	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%	8,108	76.3%		
	(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	4,207	6,411	6,244	9,947	1,654	39.3%	4,077	63.6%	3,300	52.8%		
	(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%	6.75	55.5%		
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%	4,063	83.0%		
	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%	8.32	87.1%		
	連結子会社数(社) Consolidated subsidiaries	90	90	90	92	92	—	82	—	82	—		
	日本 Japan	18	18	18	18	18	—	16	—	16	—		
	海外 Non-Japan	72	72	72	74	74	—	66	—	66	—		
	期末従業員数(人) Number of employees	30,565	30,376	30,163	29,882	29,926	—	26,196	—	25,923	—		
	日本 Japan	12,002	11,920	11,810	11,728	11,891	—	10,670	—	10,580	—		
海外 Non-Japan	18,563	18,456	18,353	18,154	18,035	—	15,526	—	15,343	—			

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%	201,368	103.5%		
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%	83,947	87.2%		
自動車事業 Automotive business	79,981	94,778	90,111	94,503	95,179	119.0%	103,947	109.7%	107,967	119.8%		
その他 Others	14,706	14,440	15,052	14,798	16,712	113.6%	16,021	110.9%	18,275	121.4%		
調整額 Adjustments	△ 6,523	△ 6,576	△ 6,842	△ 6,772	△ 8,709	—	△ 7,472	—	△ 8,821	—		
営業利益 / Operating income	8,367	11,239	10,268	13,961	4,128	49.3%	6,994	62.2%	8,180	79.7%		
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%	1,120	11.7%		
自動車事業 Automotive business	△ 1,357	1,419	1,124	5,140	1,086	—	4,587	323.3%	7,558	671.9%		
その他 Others	808	164	317	870	680	84.2%	702	427.6%	549	173.3%		
調整額 Adjustments	△ 316	△ 744	△ 755	1,626	51	—	△ 579	—	△ 1,048	—		

### 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%	12,044	101.1%		
減価償却費 Depreciation and amortisation	12,181	12,574	12,724	12,632	12,805	105.1%	13,332	106.0%	13,267	104.3%		
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%	3,976	100.4%		
(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%	6,650	101.9%		

### 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	143.94	142.47
EUR	138.72	143.22	140.97	153.38	154.54	153.96
CNY	19.88	19.62	19.75	19.75	19.72	19.74

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	147.87	
EUR	138.10	139.34	144.36	142.08	149.46	157.30	159.08	
CNY	19.58	20.18	19.88	19.36	19.56	19.94	20.44	

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	141.82	
EUR	142.65	142.32	141.44	145.72	157.56	157.97	157.09	
CNY	20.39	20.37	19.02	19.42	19.95	20.46	19.94	