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Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under IFRS)

DATE: October 31, 2024

Company name: JTEKT Corporation
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 6473 URL: <https://www.jtekt.co.jp/e/>
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 Scheduled date to file semi-annual securities report: November 13, 2024
 Scheduled date to commence dividend payments: November 26, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for analysts and institutional investors)

(Amounts less than one million yen are omitted.)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Business profit		Profit before income taxes		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2024	918,479	(0.4)	25,652	(18.7)	19,499	(53.0)	7,723	(68.4)
September 30, 2023	922,231	14.6	31,534	74.6	41,517	57.1	24,437	74.7

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended						
September 30, 2024	6,231	(73.0)	2,832	(96.2)	18.17	18.16
September 30, 2023	23,114	88.9	74,425	89.7	67.39	67.36

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of				
September 30, 2024	1,556,840	816,114	784,026	50.4
March 31, 2024	1,628,514	822,770	788,984	48.4

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	16.00	—	20.00	36.00
Fiscal year ending March 31, 2025	—	25.00			
Fiscal year ending March 31, 2025 (Forecast)			—	25.00	50.00

(Note) Changes in the forecasted cash dividends in this quarter: Yes

For more information, please see “Notice Concerning Revisions to Full-Year Financial Result Forecasts, Dividend of Surplus and Revisions to Year-End Dividend Forecast” released today (October 31, 2024).

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

(from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Revenue		Business profit		Profit before income taxes		Profit attributable to owners of the parent company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,830,000	(3.3)	50,000	(31.4)	40,000	(44.8)	20,000	(50.3)	58.31

(Note) Changes in the forecast of consolidated financial results in this quarter: Yes

For more information, please see “Notice Concerning Revisions to Full-Year Financial Result Forecasts, Dividend of Surplus and Revisions to Year-End Dividend Forecast” released today (October 31, 2024).

***Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies and changes in accounting estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	343,286,307 shares
As of March 31, 2024	343,286,307 shares

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

As of September 30, 2024	287,037 shares
As of March 31, 2024	297,894 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	342,994,265 shares
Six months ended September 30, 2023	342,983,238 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forecasts included in this document are based on the information that we have obtained at the time of disclosure. Actual results may differ from the forecasts due to various factors in the future. For more information on forecasts, please see “(3) Explanation for forecast of consolidated financial results” under “1. Qualitative information for interim financial results” on page 2 of the attachments.

Table of Contents of Attachments

1. Qualitative information for interim financial results	2
(1) Explanation for operating results.....	2
(2) Explanation for financial position	2
(3) Explanation for forecast of consolidated financial result	2
2. Condensed interim consolidated financial statements and main notes	3
(1) Condensed interim consolidated statement of financial position	3
(2) Condensed interim consolidated statement of profit or loss and Condensed interim consolidated statement of comprehensive income	5
(3) Condensed interim consolidated statement of changes in equity	7
(4) Condensed interim consolidated statement of cash flows	9
(5) Note on condensed interim consolidated financial statements	11
(Assumption of going concern).....	11
(Segment information)	11

1. Qualitative information for interim financial results

(1) Explanation for operating results

For the six months ended September 30, 2024, the economic environment maintained steady growth supported by subdued inflation.

However, there have been challenges such as a decline in domestic new vehicle sales and a slowdown in the Chinese economy. Additionally, the market outlook remains uncertain due to the geopolitical tensions including the invasion of Ukraine and further deterioration of the situation in the Middle East, and the risks of rapid exchange rate fluctuations.

Under these conditions, for the six months ended September 30, 2024, revenue decreased by 3,751 million yen or 0.4%, year on year, to 918,479 million yen. Business profit decreased by 5,881 million yen or 18.7%, year on year, to 25,652 million yen. Profit attributable to owners of the parent company decreased by 16,882 million yen or 73.0%, year on year, to 6,231 million yen.

Business results by reportable segments are as follows.

Revenue of “Automotive” segment decreased by 2,267 million yen or 0.3 %, year on year, to 647,563 million yen due to a significant decrease in sales in Japan and China, despite a favorable impact of exchange rate fluctuations. Business profit decreased by 5,311 million yen or 30.2 %, year on year, to 12,254 million yen mainly due to a decrease in revenue, and declining productivity in North America, despite a favorable impact of exchange rate fluctuations and effect of cost reductions.

Revenue of “Industrial and bearings” segment decreased by 5,078 million yen or 2.8 %, year on year, to 175,918 million yen due to a decrease in sales in Japan and Europe, despite a favorable impact of exchange rate fluctuations. Business profit decreased by 2,592 million yen or 34.0 %, year on year, to 5,029 million yen due to a significant decrease in revenue, despite a favorable impact of exchange rate fluctuations and effect of cost reductions.

Revenue of “Machine tools” segment increased by 3,594 million yen or 3.9 %, year on year, to 94,998 million yen, and business profit increased by 1,646 million yen or 26.0 %, year on year, to 7,986 million yen due to an increase in sales, especially in North America and Asia, and an impact of exchange rate fluctuations.

(2) Explanation for financial position

Assets amounted to 1,556,840 million yen, a decrease by 71,674 million yen from the end of the previous fiscal year, mainly due to a decrease in “Cash and cash equivalents”, and “Trade and other receivables”.

Liabilities amounted to 740,725 million yen, a decrease by 65,018 million yen from the end of the previous fiscal year, mainly due to a decrease in “Trade and other payables”, and “Bonds and borrowings”.

Equity amounted to 816,114 million yen, a decrease by 6,656 million yen from the end of the previous fiscal year, mainly due to a decrease in “Other components of equity”, despite record “Profit attributable to owners of the parent company”.

(3) Explanation for forecast of consolidated financial result

We have revised our consolidated financial results forecasts for the fiscal year ending March 31, 2025, which was announced on July 31, 2024. For more information, please see “Notice Concerning Revisions to Full-Year Financial Result Forecasts, Dividend of Surplus and Revisions to Year-End Dividend Forecast” released today (October 31, 2024).

The exchange rate assumption is 148 yen to the U.S. dollar and 162 yen to the euro (after the third quarter, 145 yen to the U.S. dollar and 160 yen to the euro).

2. Condensed interim consolidated financial statements and main notes

(1) Condensed interim consolidated statement of financial position

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	167,019	130,939
Trade and other receivables	360,180	341,015
Inventories	267,057	271,301
Other financial assets	2,914	3,521
Income tax receivable	4,954	1,561
Other current assets	3,350	3,566
Total current assets	805,476	751,905
Non-current assets		
Property, plant and equipment	476,426	463,756
Goodwill and Intangible assets	49,967	46,780
Other financial assets	192,529	190,316
Investments accounted for using equity method	15,718	16,811
Deferred tax assets	18,605	18,024
Other non-current assets	69,789	69,245
Total non-current assets	823,038	804,934
Total assets	1,628,514	1,556,840

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	388,909	344,597
Bonds and borrowings	61,127	66,445
Other financial liabilities	3,661	2,406
Income taxes payable	6,501	5,945
Provisions	9,963	9,286
Other current liabilities	12,057	6,292
Total current liabilities	482,220	434,973
Non-current liabilities		
Bonds and borrowings	180,820	165,561
Other financial liabilities	13,184	11,340
Retirement benefit liabilities	71,044	70,739
Provisions	159	157
Deferred tax liabilities	49,691	49,549
Other non-current liabilities	8,621	8,403
Total non-current liabilities	323,522	305,751
Total liabilities	805,743	740,725
Equity		
Capital stock	45,591	45,591
Capital surplus	102,534	102,532
Treasury stock	(396)	(380)
Other components of equity	72,791	64,345
Retained earnings	568,463	571,938
Equity attributable to owners of the parent company	788,984	784,026
Non-controlling interests	33,786	32,088
Total equity	822,770	816,114
Total liabilities and equity	1,628,514	1,556,840

(2) Condensed interim consolidated statement of profit or loss and
Condensed interim consolidated statement of comprehensive income
Condensed interim consolidated statement of profit or loss

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Revenue	922,231	918,479
Cost of revenue	(795,243)	(785,817)
Gross profit	126,987	132,662
Selling, general and administrative expenses	(95,453)	(107,009)
Business profit	31,534	25,652
Other income	9,034	4,988
Other expenses	(5,945)	(5,100)
Operating profit	34,623	25,540
Finance income	12,980	9,149
Finance costs	(6,339)	(15,717)
Share of profit of investments accounted for using equity method	253	527
Profit before income taxes	41,517	19,499
Income tax expense	(17,080)	(11,776)
Profit for the period	24,437	7,723
Attributable to		
Owners of the parent company	23,114	6,231
Non-controlling interests	1,323	1,492
Earnings per share		
Basic (Yen)	67.39	18.17
Diluted (Yen)	67.36	18.16

Condensed interim consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit for the period	24,437	7,723
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net fair value gain (loss) on equity instruments designated as FVTOCI	19,374	3,082
Remeasurements of defined benefit pension plans	642	1,136
Share of other comprehensive income of investments accounted for using equity method	244	(2)
Total	20,261	4,216
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	28,996	(9,816)
Share of other comprehensive income of investments accounted for using equity method	730	708
Total	29,726	(9,107)
Total other comprehensive income	49,987	(4,891)
Comprehensive income for the period	74,425	2,832
Attributable to		
Owners of the parent company	71,292	2,006
Non-controlling interests	3,132	826

(3) Condensed interim consolidated statement of changes in equity

(Millions of yen)

	Equity attributable to owners of the parent company					
	Capital stock	Capital surplus	Treasury stock	Other components of equity		
				Net fair value gain (loss) on equity instruments designated as FVTOCI	Remeasurements of defined benefit pension plans	Exchange differences on translation of foreign operations
As of April 1, 2023	45,591	107,103	(416)	—	—	39,177
Increase (decrease) based on inflation accounting of subsidiary that is consolidated and located in Argentina	—	—	—	—	—	—
As of April 1, 2023 (adjusted)	45,591	107,103	(416)	—	—	39,177
Profit for the period	—	—	—	—	—	—
Other comprehensive income	—	—	—	19,333	918	27,925
Comprehensive income for the period	—	—	—	19,333	918	27,925
Acquisition of treasury stock	—	—	(1)	—	—	—
Disposal of treasury stock	—	(0)	0	—	—	—
Dividends	—	—	—	—	—	—
Share-based payment transactions	—	(3)	24	—	—	—
Transfer to retained Earnings	—	—	—	(19,333)	(918)	—
Changes in the ownership interest in subsidiaries without a loss of control	—	(3,791)	—	—	—	—
Total transactions with the owners	—	(3,795)	22	(19,333)	(918)	—
As of September 30, 2023	45,591	103,308	(393)	—	—	67,103
As of April 1, 2024	45,591	102,534	(396)	—	—	72,791
Increase (decrease) based on inflation accounting of subsidiary that is consolidated and located in Argentina	—	—	—	—	—	—
As of April 1, 2024 (adjusted)	45,591	102,534	(396)	—	—	72,791
Profit of the period	—	—	—	—	—	—
Other comprehensive income	—	—	—	3,068	1,153	(8,446)
Comprehensive income for the period	—	—	—	3,068	1,153	(8,446)
Acquisition of treasury stock	—	—	(1)	—	—	—
Disposal of treasury stock	—	(0)	0	—	—	—
Dividends	—	—	—	—	—	—
Share-based payment transactions	—	(2)	16	—	—	—
Transfer to retained Earnings	—	—	—	(3,068)	(1,153)	—
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	—	—
Total transactions with the owners	—	(2)	15	(3,068)	(1,153)	—
As of September 30, 2024	45,591	102,532	(380)	—	—	64,345

(Millions of yen)

	Equity attributable to owners of the parent company			Non-controlling interests	Total equity
	Other components of equity	Retained Earnings	Total		
	Total				
As of April 1, 2023	39,177	475,777	667,234	33,501	700,735
Increase (decrease) based on inflation accounting of subsidiary that is consolidated and located in Argentina	—	(199)	(199)	—	(199)
As of April 1, 2023 (adjusted)	39,177	475,578	667,035	33,501	700,536
Profit for the period	—	23,114	23,114	1,323	24,437
Other comprehensive income	48,178	—	48,178	1,809	49,987
Comprehensive income for the period	48,178	23,114	71,292	3,132	74,425
Acquisition of treasury stock	—	—	(1)	—	(1)
Disposal of treasury stock	—	—	0	—	0
Dividends	—	(6,517)	(6,517)	(3,146)	(9,663)
Share-based payment transactions	—	—	20	—	20
Transfer to retained Earnings	(20,252)	20,252	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	—	(3,791)	(1,385)	(5,176)
Total transactions with the owners	(20,252)	13,735	(10,289)	(4,531)	(14,821)
As of September 30, 2023	67,103	512,428	728,038	32,102	760,140
As of April 1, 2024	72,791	568,463	788,984	33,786	822,770
Increase (decrease) based on inflation accounting of subsidiary that is consolidated and located in Argentina	—	(116)	(116)	—	(116)
As of April 1, 2024 (adjusted)	72,791	568,346	788,868	33,786	822,654
Profit of the period	—	6,231	6,231	1,492	7,723
Other comprehensive income	(4,225)	—	(4,225)	(666)	(4,891)
Comprehensive income for the period	(4,225)	6,231	2,006	826	2,832
Acquisition of treasury stock	—	—	(1)	—	(1)
Disposal of treasury stock	—	—	0	—	0
Dividends	—	(6,860)	(6,860)	(2,523)	(9,384)
Share-based payment transactions	—	—	14	—	14
Transfer to retained Earnings	(4,221)	4,221	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	—
Total transactions with the owners	(4,221)	(2,639)	(6,847)	(2,523)	(9,371)
As of September 30, 2024	64,345	571,938	784,026	32,088	816,114

(4) Condensed interim consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	41,517	19,499
Depreciation and amortization	35,061	35,379
Impairment losses	811	2,364
Finance costs (income)	724	163
Share of the loss (profit) of associates and joint ventures accounted for using the equity method	(253)	(527)
Net increase (decrease) in provisions	(4,804)	(208)
Increase (Decrease) in retirement benefit liabilities	482	(343)
Decrease (Increase) in retirement benefit assets	128	(93)
Decrease (Increase) in inventories	4,032	(13,181)
Net decrease (increase) in trade and other Receivables	9,197	9,925
Net increase (decrease) in trade and other Payables	20,204	(34,693)
Other	(6,918)	(1,143)
Subtotal	100,185	17,140
Interest received	1,335	969
Dividends received	1,165	1,398
Interest paid	(3,771)	(2,515)
Income taxes paid	(9,753)	(7,752)
Net cash provided by (used in) operating activities	89,161	9,240
Cash flows from investing activities		
Payment of Purchases of property, plant and equipment	(28,216)	(36,752)
Proceeds from sales of property, plant and equipment	855	2,503
Purchases of intangible assets	(20,446)	(1,303)
Payment of purchases of investment securities	(336)	(147)
Proceeds from sales of investment securities	721	7,419
Other	252	683
Net cash provided by (used in) investing activities	(47,169)	(27,596)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term Borrowings	(7,679)	12,782
Proceeds from long-term borrowings	24	—
Repayment of long-term borrowings	(5,199)	(19,060)
Proceeds from issuance of bonds	20,000	—
Dividends paid	(6,517)	(6,860)
Dividends paid to non-controlling interests	(3,146)	(2,523)
Payment of acquisition of subsidiaries' stock not resulting in change in scope of consolidation	(4,912)	—
Other	(1,395)	(1,455)
Net cash provided by (used in) financing activities	(8,825)	(17,117)
Foreign currency translation adjustments on cash and cash equivalents	5,889	(606)
Net increase (decrease) in cash and cash equivalents	39,055	(36,079)
Cash and cash equivalents at beginning of period	123,850	167,019
Cash and cash equivalents at end of period	162,906	130,939

(5) Note on condensed interim consolidated financial statements

(Assumption of going concern)

There are no applicable items.

(Segment information)

① Outline of reportable segments

The Group's reportable segments are components of an entity for which separate financial information is available. Such information is evaluated regularly by the board of directors for the purpose of making decisions on how to allocate resources and assessing performance.

The Group establishes Business Headquarter by market. Each Business Headquarter develops a domestic and overseas comprehensive strategy about products and services handled and has developed business activities.

Therefore, the Group is composed of segments by market, by service based on Business Headquarters, the Group determined that “Automotive”, “Industrial and bearings” and “Machine tools” are its reportable segments.

“Automotive” segment consolidates two business segments, “steering systems” and “drivelines” due to the similarity of their economic characteristics such trends in revenue.

“Automotive” segment mainly manufactures and sells products for automotive industry as steering systems and drivelines.

“Industrial and bearings” segment mainly manufactures and sells bearings for industrial machinery.

“Machine tools” segment mainly manufactures and sells machine tools, control machine, and industrial heat treatment furnace.

② Information about reportable segments

Intersegment revenues and transfers of intersegment transactions are based on market price. Reportable segment profit is measured on the basis of business profit in the consolidated statement of profit or loss.

Business profit is the profit or loss arising from the operating activities of each reportable segment. Operating transactions are aggregated in accordance with the managerial accounting categories, and headquarter expenses are allocated to reportable segments by the accounting department in an appropriate method.

For the six months ended September 30, 2023

(Millions of yen)

	Reportable segment				Adjustments	Consolidated
	Automotive	Industrial and bearings	Machine tools	Total		
Revenue						
Customers	649,830	180,996	91,403	922,231	—	922,231
Intersegment	1,458	11,136	12,096	24,692	(24,692)	—
Total	651,289	192,133	103,500	946,923	(24,692)	922,231
Segment profit (loss)	17,565	7,621	6,339	31,526	7	31,534
Other income						9,034
Other expenses						(5,945)
Operating profit						34,623
Finance income						12,980
Finance costs						(6,339)
Share of profit of investments accounted for using equity method						253
Profit before income taxes						41,517

(Note) “Adjustments” of segment profit (loss) is the elimination of inter-segment transactions.

For the six months ended September 30, 2024

(Millions of yen)

	Reportable segment				Adjustments	Consolidated
	Automotive	Industrial and bearings	Machine tools	Total		
Revenue						
Customers	647,563	175,918	94,998	918,479	—	918,479
Intersegment	1,923	9,292	12,641	23,857	(23,857)	—
Total	649,486	185,211	107,639	942,337	(23,857)	918,479
Segment profit (loss)	12,254	5,029	7,986	25,269	382	25,652
Other income						4,988
Other expenses						(5,100)
Operating profit						25,540
Finance income						9,149
Finance costs						(15,717)
Share of profit of investments accounted for using equity method						527
Profit before income taxes						19,499

(Note) “Adjustments” of segment profit (loss) is the elimination of inter-segment transactions.