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Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under IFRS)

DATE: July 31, 2024

Company name: JTEKT Corporation
Stock exchange listing: Tokyo, Nagoya
Stock code: 6473 URL: https://www.jtekt.co.jp/e/
Representative: Yoshihito Kondo, President, Member of the Board
Contact: Takanori Iwai, General Manager of Finance & Accounting Dept.
Telephone: +81-566-25-7326

Scheduled date to commence dividend payments: —
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 three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Business profit		Profit before income taxes		Profit for the period	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	464,057	4.1	8,570	(38.7)	16,758	(32.8)	11,581	(25.9)
June 30, 2023	445,681	19.9	13,980	431.0	24,940	173.6	15,624	329.6

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Three months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
June 30, 2024	10,813	(27.8)	49,046	(5.5)	31.53	31.51
June 30, 2023	14,983	378.4	51,894	82.8	43.69	43.67

(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
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2024	1,667,792	864,194	828,683	49.7
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	—				
Fiscal year ending March 31, 2025 (Forecast)		15.00	—	15.00	30.00

(Note) Changes in the forecasted cash dividends in this quarter: No

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	1,930,000	2.0	75,000	2.9	68,500	(5.5)	35,000	(13.1)	102.04

(Note) Changes in the forecast of consolidated financial results in this quarter: No

***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 June 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 June 30, 2024	286,240 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)

Three months ended June 30, 2024	342,988,904 shares
Three months ended June 30, 2023	342,975,683 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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 quarterly financial results" on page 2 of the attachments.

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1. Qualitative information for quarterly financial results

(1) Explanation for operating results

For the three months ended June 30, 2024, the economic environment showed a gradual recovery trend, mainly due to the rebound in automobile production, despite ongoing monetary tightening in various countries to combat global inflation. However, the market outlook remains uncertain due to the slowdown in the Chinese economy, the prolonged conflict in Ukraine, worsening situation in the Middle East, and persistently high energy and material costs.

Under these conditions, for the three months ended June 30, 2024, revenue increased by 18,376 million yen or 4.1%, year on year, to 464,057 million yen. Business profit decreased by 5,410 million yen or 38.7%, year on year, to 8,570 million yen. Profit attributable to owners of the parent company decreased by 4,169 million yen or 27.8%, year on year, to 10,813 million yen.

Business results by reportable segments are as follows.

Revenue of “Automotive” segment increased by 18,024 million yen or 5.8 %, year on year, to 331,207 million yen due to an increase in sales in all regions except China, and an impact of exchange rate fluctuations. Business profit decreased by 2,727 million yen or 35.0 %, year on year, to 5,075 million yen mainly due to a decrease in selling price level and an impact of higher material and labor costs, despite a favorable impact of exchange rate fluctuations and effect of cost reductions.

Revenue of “Industrial and bearings” segment decreased by 1,163 million yen or 1.3 %, year on year, to 88,626 million yen due to a decrease in sales in Japan and China. Business profit decreased by 2,067 million yen or 63.3 %, year on year, to 1,197 million yen mainly due to a decrease in revenue and an impact of higher labor costs, despite a favorable impact of exchange rate fluctuations and effect of cost reductions.

Revenue of “Machine tools” segment increased by 1,515 million yen or 3.5 %, year on year, to 44,223 million yen due to an increase in sales, especially in North America. However, business profit decreased by 651 million yen or 23.6 %, year on year, to 2,105 million yen.

(2) Explanation for financial position

Assets amounted to 1,667,792 million yen, an increase by 39,277 million yen from the end of the previous fiscal year, mainly due to an increase in “Inventories”, and “Other financial assets” by the mark-to-market valuation of investment securities.

Liabilities amounted to 803,598 million yen, a decrease by 2,145 million yen from the end of the previous fiscal year, mainly due to a decrease in “Bonds and borrowings” despite an increase in “Deferred tax liabilities”.

Equity amounted to 864,194 million yen, an increase by 41,423 million yen from the end of the previous fiscal year, mainly due to record “Profit attributable to owners of the parent company” and an increase in “Other components of equity”.

(3) Explanation for forecast of consolidated financial result

No revisions have been made to the consolidated earnings forecast announced on April 26, 2024.

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

2. Condensed quarterly consolidated financial statements and main notes

(1) Condensed quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	167,019	167,669
Trade and other receivables	360,180	356,620
Inventories	267,057	281,050
Other financial assets	2,914	4,110
Income tax receivable	4,954	1,296
Other current assets	3,350	4,078
Total current assets	805,476	814,825
Non-current assets		
Property, plant and equipment	476,426	482,810
Goodwill and Intangible assets	49,967	49,652
Other financial assets	192,529	213,954
Investments accounted for using equity method	15,718	16,415
Deferred tax assets	18,605	19,448
Other non-current assets	69,789	70,684
Total non-current assets	823,038	852,966
Total assets	1,628,514	1,667,792

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	388,909	389,074
Bonds and borrowings	61,127	50,692
Other financial liabilities	3,661	5,509
Income taxes payable	6,501	7,106
Provisions	9,963	10,227
Other current liabilities	12,057	7,751
Total current liabilities	482,220	470,361
Non-current liabilities		
Bonds and borrowings	180,820	182,935
Other financial liabilities	13,184	16,301
Retirement benefit liabilities	71,044	71,717
Provisions	159	163
Deferred tax liabilities	49,691	53,580
Other non-current liabilities	8,621	8,538
Total non-current liabilities	323,522	333,236
Total liabilities	805,743	803,598
Equity		
Capital stock	45,591	45,591
Capital surplus	102,534	102,532
Treasury stock	(396)	(380)
Other components of equity	72,791	91,990
Retained earnings	568,463	588,948
Equity attributable to owners of the parent company	788,984	828,683
Non-controlling interests	33,786	35,510
Total equity	822,770	864,194
Total liabilities and equity	1,628,514	1,667,792

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

Condensed quarterly consolidated statement of profit or loss

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Revenue	445,681	464,057
Cost of revenue	(380,957)	(400,301)
Gross profit	64,724	63,755
Selling, general and administrative expenses	(50,743)	(55,185)
Business profit	13,980	8,570
Other income	6,472	4,112
Other expenses	(1,597)	(1,537)
Operating profit	18,854	11,144
Finance income	10,019	10,045
Finance costs	(3,980)	(4,747)
Share of profit of investments accounted for using equity method	46	316
Profit before income taxes	24,940	16,758
Income tax expense	(9,316)	(5,177)
Profit for the period	15,624	11,581
Attributable to		
Owners of the parent company	14,983	10,813
Non-controlling interests	640	767
Earnings per share		
Basic (Yen)	43.69	31.53
Diluted (Yen)	43.67	31.51

Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit for the period	15,624	11,581
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	11,362	16,201
Remeasurements of defined benefit pension plans	474	441
Share of other comprehensive income of investments accounted for using equity method	211	3
Total	12,048	16,646
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	23,895	20,363
Share of other comprehensive income of investments accounted for using equity method	326	455
Total	24,221	20,819
Total other comprehensive income	36,270	37,465
Comprehensive income for the period	51,894	49,046
Attributable to		
Owners of the parent company	49,989	46,661
Non-controlling interests	1,904	2,384

(3) Condensed quarterly consolidated statement of changes in equity

(Millions of yen)

	Equity attributable to owners of the parent company					
				Other components of equity		
	Capital stock	Capital surplus	Treasury stock	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	—	—	—	11,298	739	22,967
Comprehensive income for the period	—	—	—	11,298	739	22,967
Acquisition of treasury stock	—	—	(0)	—	—	—
Disposal of treasury stock	—	(0)	0	—	—	—
Dividends	—	—	—	—	—	—
Share-based payment transactions	—	(3)	24	—	—	—
Transfer to retained Earnings	—	—	—	(11,298)	(739)	—
Changes in the ownership interest in subsidiaries without a loss of control	—	(3,711)	—	—	—	—
Total transactions with the owners	—	(3,715)	23	(11,298)	(739)	—
As of June 30, 2023	45,591	103,388	(392)	—	—	62,144
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	—	—	—	16,197	451	19,198
Comprehensive income for the period	—	—	—	16,197	451	19,198
Acquisition of treasury stock	—	—	(0)	—	—	—
Disposal of treasury stock	—	—	—	—	—	—
Dividends	—	—	—	—	—	—
Share-based payment transactions	—	(2)	16	—	—	—
Transfer to retained Earnings	—	—	—	(16,197)	(451)	—
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	—	—
Total transactions with the owners	—	(2)	16	(16,197)	(451)	—
As of June 30, 2024	45,591	102,532	(380)	—	—	91,990

(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	—	14,983	14,983	640	15,624
Other comprehensive income	35,005	—	35,005	1,264	36,270
Comprehensive income for the period	35,005	14,983	49,989	1,904	51,894
Acquisition of treasury stock	—	—	(0)	—	(0)
Disposal of treasury stock	—	—	0	—	0
Dividends	—	(6,517)	(6,517)	(1,163)	(7,680)
Share-based payment transactions	—	—	20	—	20
Transfer to retained Earnings	(12,038)	12,038	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	—	(3,711)	(450)	(4,161)
Total transactions with the owners	(12,038)	5,521	(10,209)	(1,613)	(11,822)
As of June 30, 2023	62,144	496,084	706,815	33,792	740,608
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	—	10,813	10,813	767	11,581
Other comprehensive income	35,847	—	35,847	1,617	37,465
Comprehensive income for the period	35,847	10,813	46,661	2,384	49,046
Acquisition of treasury stock	—	—	(0)	—	(0)
Disposal of treasury stock	—	—	—	—	—
Dividends	—	(6,860)	(6,860)	(660)	(7,520)
Share-based payment transactions	—	—	14	—	14
Transfer to retained Earnings	(16,649)	16,649	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	—
Total transactions with the owners	(16,649)	9,788	(6,846)	(660)	(7,506)
As of June 30, 2024	91,990	588,948	828,683	35,510	864,194

(4) Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	24,940	16,758
Depreciation and amortization	16,943	17,785
Impairment losses	13	792
Finance costs (income)	(144)	(639)
Share of the loss (profit) of associates and joint ventures accounted for using the equity method	(46)	(316)
Net increase (decrease) in provisions	(5,684)	(46)
Increase (Decrease) in retirement benefit liabilities	(51)	(459)
Decrease (Increase) in retirement benefit assets	(137)	(226)
Decrease (Increase) in inventories	(2,402)	(4,574)
Net decrease (increase) in trade and other Receivables	6,109	12,905
Net increase (decrease) in trade and other Payables	12,534	(4,192)
Other	(3,291)	(7,488)
Subtotal	48,782	30,298
Interest received	612	473
Dividends received	1,052	1,333
Interest paid	(2,264)	(1,224)
Income taxes paid	(6,537)	(4,702)
Net cash provided by (used in) operating activities	41,644	26,179
Cash flows from investing activities		
Payment of Purchases of property, plant and equipment	(15,360)	(18,797)
Proceeds from sales of property, plant and equipment	280	2,508
Purchases of intangible assets	(19,409)	(599)
Payment of purchases of investment securities	(328)	(0)
Proceeds from sales of investment securities	—	7,286
Other	565	(260)
Net cash provided by (used in) investing activities	(34,252)	(9,862)

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term Borrowings	21,428	2,711
Proceeds from long-term borrowings	23	—
Repayment of long-term borrowings	(456)	(15,121)
Dividends paid	(6,517)	(6,860)
Dividends paid to non-controlling interests	(1,163)	(660)
Payment of acquisition of subsidiaries' stock not resulting in change in scope of consolidation	(3,896)	—
Other	(640)	(713)
Net cash provided by (used in) financing activities	8,776	(20,644)
Foreign currency translation adjustments on cash and cash equivalents	4,749	4,976
Net increase (decrease) in cash and cash equivalents	20,917	649
Cash and cash equivalents at beginning of year	123,850	167,019
Cash and cash equivalents at end of year	144,768	167,669

(5) Note on condensed quarterly 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 three months ended June 30, 2023

(Millions of yen)

	Reportable segment				Adjustments	Consolidated
	Automotive	Industrial and bearings	Machine tools	Total		
Revenue						
Customers	313,183	89,789	42,708	445,681	—	445,681
Intersegment	976	5,655	6,427	13,059	(13,059)	—
Total	314,159	95,445	49,136	458,740	(13,059)	445,681
Segment profit (loss)	7,803	3,264	2,757	13,825	154	13,980
Other income						6,472
Other expenses						(1,597)
Operating profit						18,854
Finance income						10,019
Finance costs						(3,980)
Share of profit of investments accounted for using equity method						46
Profit before income taxes						24,940

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

For the three months ended June 30, 2024

(Millions of yen)

	Reportable segment				Adjustments	Consolidated
	Automotive	Industrial and bearings	Machine tools	Total		
Revenue						
Customers	331,207	88,626	44,223	464,057	—	464,057
Intersegment	893	4,769	5,855	11,518	(11,518)	—
Total	332,101	93,395	50,078	475,576	(11,518)	464,057
Segment profit (loss)	5,075	1,197	2,105	8,379	190	8,570
Other income						4,112
Other expenses						(1,537)
Operating profit						11,144
Finance income						10,045
Finance costs						(4,747)
Share of profit of investments accounted for using equity method						316
Profit before income taxes						16,758

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