



FINANCIAL CONFERENCE

**Consolidated Business Results
for Q3 FY2021**

February 4, 2022
President and CEO
Akitoshi Ichii

Cautionary Statements with Respect to Forward-Looking Statements

Statements made in this report with respect to plans, strategies and future performance that are not historical fact are forward-looking statements. NSK cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements.

Note : This document is an English translation of material written initially in Japanese.

The Japanese original should be considered as the primary version.

- 1. Consolidated Business Results
for the Third Quarter Ended December 31, 2021**
- 2. Consolidated Business Forecast
for the Year Ending March 31, 2022**
- 3. Future Policy**

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Business Environment

- Industrial Machinery Business: Demand remained solid primarily for sectors such as machine tools and semiconductor manufacturing equipment.
- Automotive Business: Supply chain issues has been prolonged from original assumption.
- Costs such as steel prices and ocean freight have continued to increase.
- Omicron risk

Summary of Business Results for Q3

(Billions of yen)	Q3		Q3YTD		
	(Oct.-Dec.)	(vs FY2020 Q3)	(Apr.- Dec.)	(vs FY2020 Q3 YTD)	
Sales	215.0	+0.6 +0.3%	632.8	+102.4	+19.3%
Segment income ※ (%)	4.3 (2.0%)	-2.3 -35.0%	20.6 (3.3%)	+26.9	—
Operating income (%)	5.1 (2.4%)	-0.6 -9.9%	20.8 (3.3%)	+25.8	—
Income before income taxes	5.3	-0.5 -8.1%	20.9	+25.8	—
Net income attributable to owners of the parent	4.3	-0.0 -1.0%	12.1	+20.0	—

※Segment Income : Operating income before deduction of other operating income and expenses

Summary of Consolidated Business Results for FY2021 Q3 (2)

(Billions of yen)	FY2020	FY2021				vs. FY2020 Q3 YTD	
	Apr-Dec	Q1	Q2	Q3	Apr- Dec	Increase/ Decrease	Difference
	Actual	Actual	Actual	Actual	Actual		
Sales	530.3	213.5	204.3	215.0	632.8	+102.4	+19.3%
Segment income	-6.3	9.1	7.1	4.3	20.6	+26.9	—
(%) ※	(-1.2%)	(4.3%)	(3.5%)	(2.0%)	(3.3%)		
Operating income	-5.0	9.0	6.7	5.1	20.8	+25.8	—
(%)	(-0.9%)	(4.2%)	(3.3%)	(2.4%)	(3.3%)		
Income before income taxes	-4.9	9.3	6.3	5.3	20.9	+25.8	—
Net income attributable to owners of the parent	-7.9	4.7	3.0	4.3	12.1	+20.0	—
(Ex. rate: 1USD=)	106.1	109.5	110.1	113.7	111.1	+5.0	+4.7%
(" 1EUR=)	122.4	132.0	129.8	130.1	130.6	+8.3	+6.7%
(" 1CNY=)	15.4	17.0	17.0	17.8	17.3	+1.8	+11.7%

※Segment Income : Operating income before deduction of other operating income and expenses

- Profits in 3Q included one-off factors :

- Impairment loss -9.0 billion yen (Automotive Components Business)

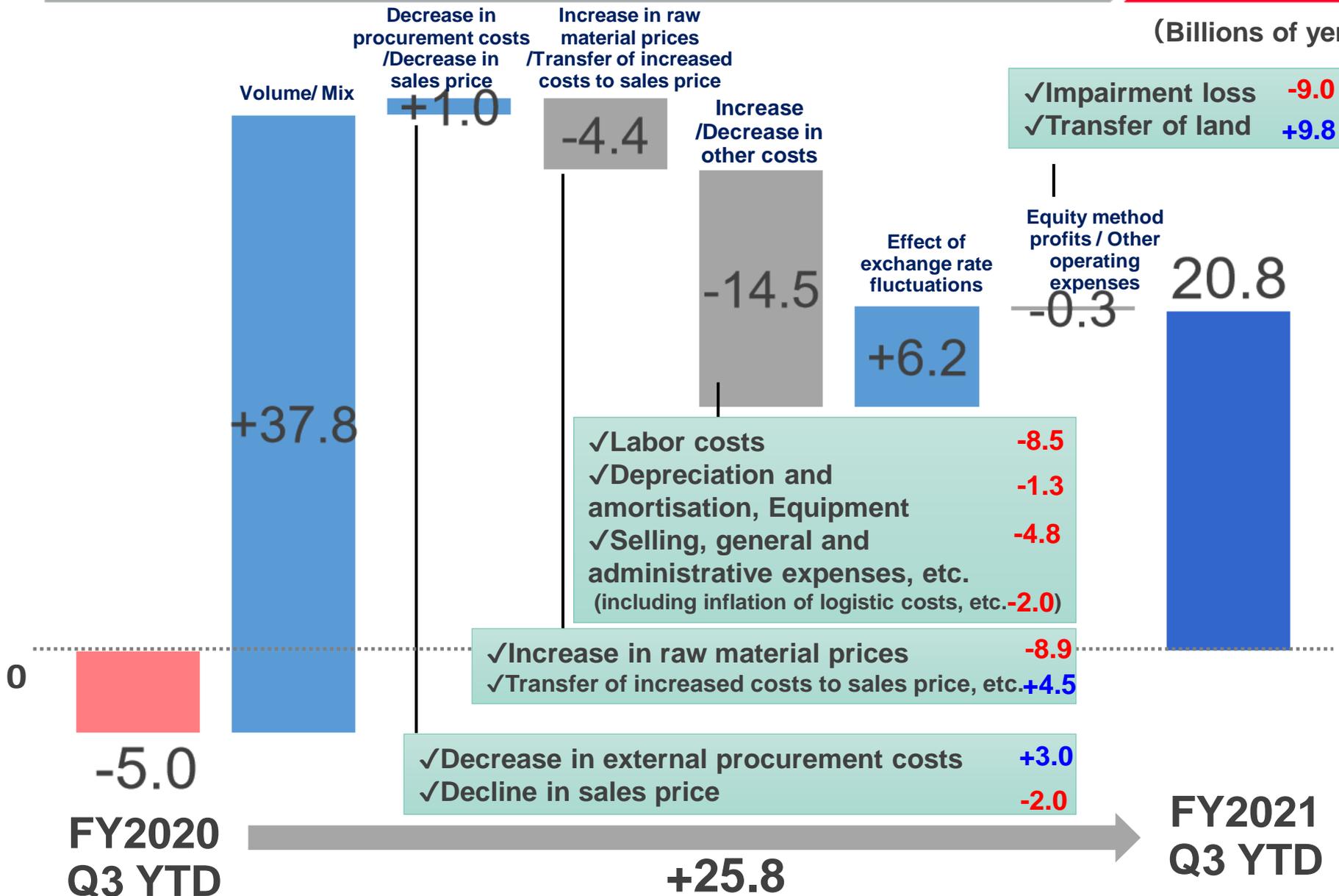
- Land sales gain +9.8 billion yen

- 3Q Apr-Dec: Sales and profits increased YOY.

In the third quarter ended December 31, 2021, NSK finalized provisional accounting treatment for business combination, which is reflected in profit items for the first quarter and the second quarter of the fiscal year 2021.

Operating Income: Factors Behind Change (FY2020 Apr-Dec ⇒ FY2021 Apr-Dec)

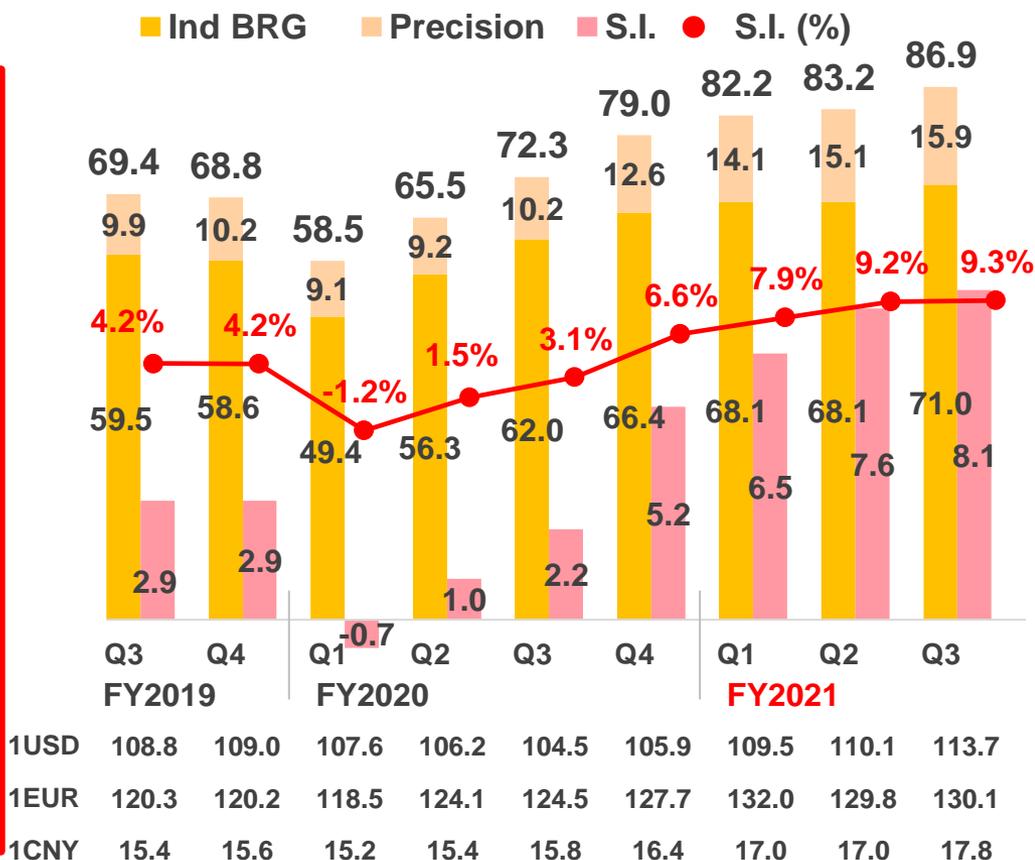
(Billions of yen)



Industrial Machinery Business

(Billions of yen)

	FY2020 Apr-Dec Actual	FY2021 Apr-Dec Actual	Increase/ Decrease YOY	Difference YOY
Sales	196.2	252.2	+56.0	+28.5%
Industrial Machinery Bearings	167.7	207.1	+39.4	+23.5%
Precision Machinery and Parts	28.5	45.1	+16.5	+58.0%
Segment income	2.5	22.2	+19.7	+787.9%
(%)	(1.3%)	(8.8%)		
(Ex. rate: 1USD=)	106.1	111.1	+5.0	+4.7%
(" 1EUR=)	122.4	130.6	+8.3	+6.7%
(" 1CNY=)	15.4	17.3	+1.8	+11.7%



● Robust business environment continued from first half onward.

Sales and profits increased for six consecutive quarters.

• Machine tools and semiconductor manufacturing equipment :

Market conditions remained strong.

• Infrastructure : Demand in wind power and railway remained around the same level.

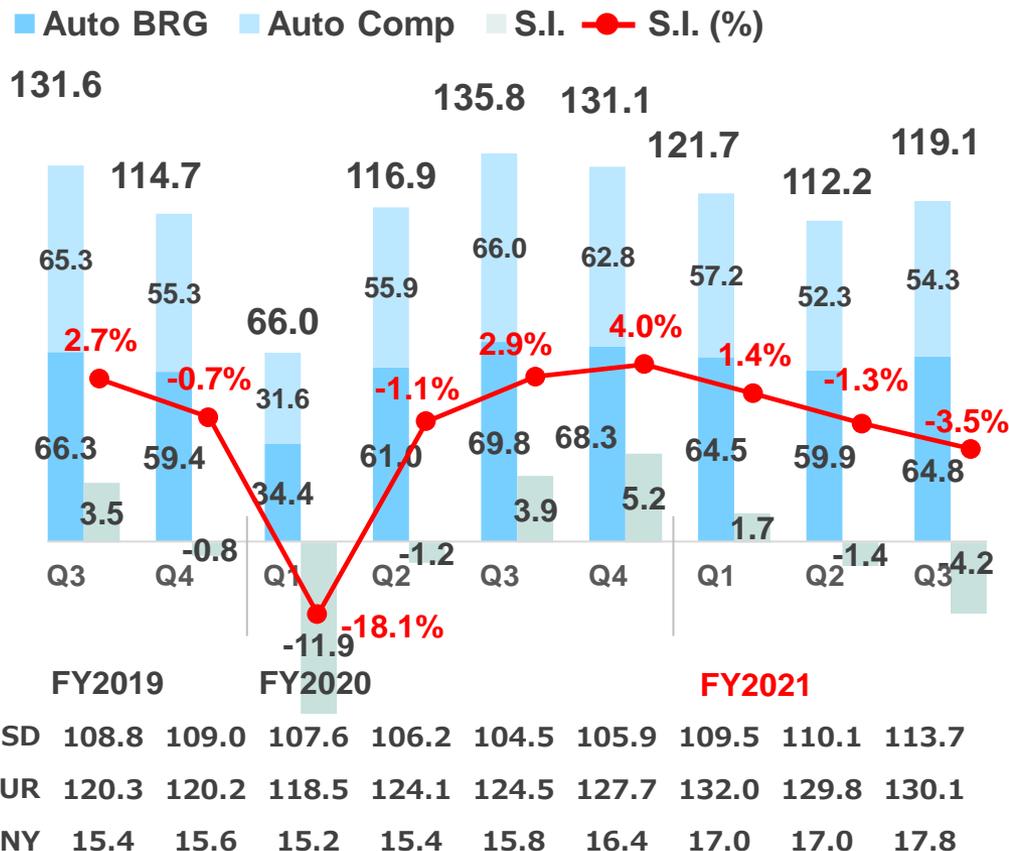
• E&E : Automotive sector impacted by production cutbacks due to component shortages.

● Profit ratio remained at 9% level from Q2 onward.

Automotive Business

(Billions of yen)

	FY2020 Apr-Dec Actual	FY2021 Apr-Dec Actual	Increase/ Decrease YOY	Difference YOY
Sales	318.6	353.0	+34.3	+10.8%
Automotive Bearings	165.2	189.2	+24.1	+14.6%
Automotive Components	153.5	163.7	+10.3	+6.7%
Segment income (excluding impairment loss)	-9.2	-3.9	+5.3	—
(%)	(-2.9%)	(-1.1%)		
Operating income ※ (including impairment loss)	-9.2	-13.0	-3.7	—
(%)	(-2.9%)	(-3.7%)		
(Ex. rate: 1USD=)	106.1	111.1	+5.0	+4.7%
(" 1EUR=)	122.4	130.6	+8.3	+6.7%
(" 1CNY=)	15.4	17.3	+1.8	+11.7%



	FY2019	FY2020	FY2021
1USD	108.8	107.6	109.5
1EUR	120.3	118.5	132.0
1CNY	15.4	15.2	17.0

※As impairment loss, which was classified as other sales expense, was excluded in segment income, this slide shows operating income too.

- Global automotive production volume in Q3 YTD: 56 million (YOY -2%)
- Sales in Q3 were lower than our expectation due to supply chain issues.
Sales increased and profits decreased from Q2 to Q3.
- In Q3, Automotive components business recorded Impairment loss. Segment income was in the red but bearing business secured profits.

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for the Year Ending March 31, 2022
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Business Environment

- Industrial Machinery Business: Robust demand to continue
Automotive Business: Risk of production cutbacks remains due to supply chain disruption and omicron variant
- Cost increases such as steel prices and ocean freight to continue
- Exchange rates in Q4 was revised. (USD ¥114, EUR ¥130, CNY ¥17.8)

Revision of Business Forecast Announced on November 1st

(Billions of yen)		Change from Nov. 1st	
Sales	860.0	—	—
Segment income※	30.0	-6.0	-16.7%
(%)	(3.5%)		
Operating income	30.0	-14.5	-32.6%
(%)	(3.5%)		
Income before income taxes	30.0	-14.0	-31.8%
Net income attributable to owners of the parent	19.5	-10.5	-35.0%

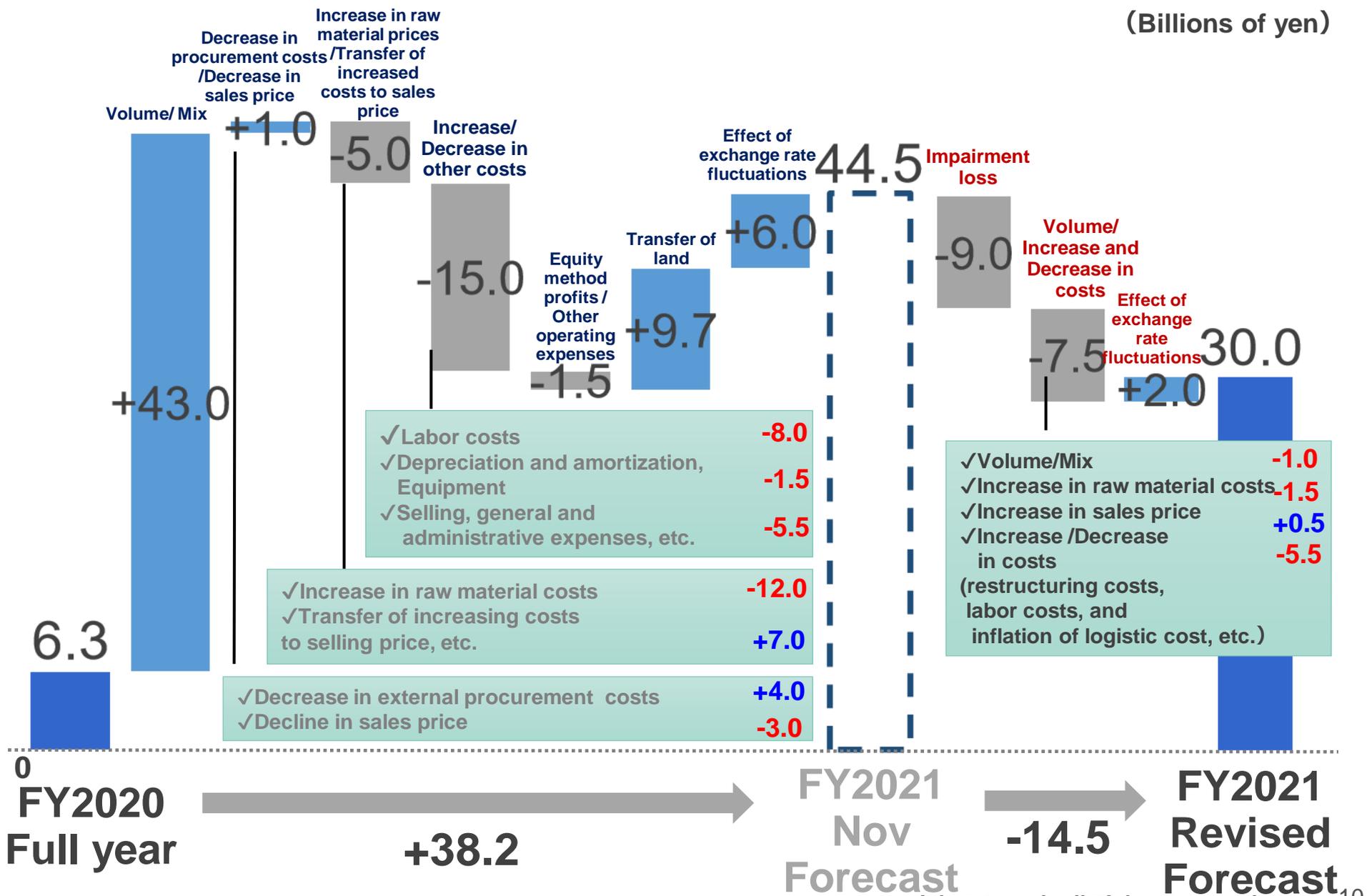
※Segment Income : Operating income before deduction of other operating income and expenses

● **Full-year dividend remains unchanged at ¥25 per share**

(Interim dividend ¥10 per share, end of year dividend ¥15 per share)

Operating Income: Factors Behind Change (FY2020 ⇒ FY2021 Revised Forecast)

(Billions of yen)



Consolidated Business Forecast for the Year Ending March 31, 2022 by Segment

Industrial Machinery Business

Sales and profits are expected to remain robust primarily in machine tools and semiconductor manufacturing equipment.

(Billions of yen)	November FCST	1st half Actual	Q3 Actual	FY2021		FY2020 Full year Actual
				Q4 FCST	Revised FCST	
Sales	340.0	165.3	86.9	90.8	343.0	275.2
Industrial Machinery Bearings	278.5	136.2	71.0	74.4	281.5	234.1
Precision Machinery and Parts	61.5	29.2	15.9	16.4	61.5	41.1
Segment income	32.0	14.2	8.1	9.3	31.5	7.7
(%)	(9.4%)	(8.6%)	(9.3%)	(10.2%)	(9.2%)	(2.8%)

Automotive Business

Global automotive production volume:
Nov FCST 76 million → Feb FCST 75 million -1% (FY2020 77 million)

(Billions of yen)	November FCST	1st half Actual	Q3 Actual	FY2021		FY2020 Full year Actual
				Q4 FCST	Revised FCST	
Sales	480.0	233.9	119.1	126.0	479.0	449.7
Automotive Bearings	255.0	124.5	64.8	65.8	255.0	233.5
Automotive Components	225.0	109.4	54.3	60.3	224.0	216.2
Segment income	0.0	0.3	-4.2	0.0	-4.0	-4.0
(%)	(0.0%)	(0.1%)	(-3.5%)	(0.0%)	(-0.8%)	(-0.9%)

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✓ Risks and tasks

1. Earnings pressured by ongoing inflation

- Soaring steel price, and further increasing costs such as ocean freight and electricity costs
- **Complete initially planned increase in sales price to reflect steel cost increases and start price negotiation to cover further cost increases of steel**
- **Respond to ongoing inflation including ocean freight and electricity costs**

2. Continuing supply chain issues and risks of new variant Covid-19

- Unstable operation, decrease in output due to shutdown
 - Worsened production efficiency due to normalized discrepancy between production fluctuation and production system
- Continue inventory control in response to supply chain and COVID-19 risk

Future policy

✓ Risks and tasks

3. Response to recovery of supply chain and demand increase

- > **Secure necessary human resources and recover productivity**
- > **Implement a plan to increase production capacity for E&E business**

✓ Structural reforms of steering business

- Reform organization to improve profitability
- > **(1) Reorganization of sites, (2) Profit improvement, (3) Employee relocation**

(Supplementary Information)

Supplementary Information : Financial Results by Business Segment

		FY2020			FY2021			vs FY2020 QTD			FY2021			vs FY2020 YTD			FY2021
		Q3 Actual	Apr-Dec Actual	Full year Actual	Q3 Actual	Increase/Decrease	Difference	Apr-Dec Actual	Increase/Decrease	Difference	Apr-Dec Actual	Increase/Decrease	Difference	Revised FCST			
Total	Sales	214.4	530.3	747.6	215.0	+0.6	+0.3%	632.8	+102.4	+19.3%		860.0					
	Segment income	6.7	-6.3	4.9	4.3	-2.3	-35.0%	20.6	+26.9	—		30.0					
	(%)	(3.1%)	(-1.2%)	(0.7%)	(2.0%)			(3.3%)				(3.5%)					
	Operating income	5.7	-5.0	6.4	5.1	-0.6	-9.9%	20.8	+25.8	—		30.0					
	(%)	(2.6%)	(-0.9%)	(0.9%)	(2.4%)			(3.3%)				(3.5%)					
Industrial Machinery Business	Sales	72.3	196.2	275.2	86.9	+14.6	+20.2%	252.2	+56.0	+28.5%		343.0					
	Industrial Machinery Bearings	62.0	167.7	234.1	71.0	+8.9	+14.4%	207.1	+39.4	+23.5%		281.5					
	Precision Machinery and Parts	10.2	28.5	41.1	15.9	+5.7	+55.5%	45.1	+16.5	+58.0%		61.5					
	Segment income	2.2	2.5	7.7	8.1	+5.8	+263.0%	22.2	+19.7	+787.9%		31.5					
	(%)	(3.1%)	(1.3%)	(2.8%)	(9.3%)			(8.8%)				(9.2%)					
Automotive Business	Sales	135.8	318.6	449.7	119.1	-16.7	-12.3%	353.0	+34.3	+10.8%		479.0					
	Automotive Bearings	69.8	165.2	233.5	64.8	-5.0	-7.2%	189.2	+24.1	+14.6%		255.0					
	Automotive Components	66.0	153.5	216.2	54.3	-11.7	-17.8%	163.7	+10.3	+6.7%		224.0					
	Segment income	3.9	-9.2	-4.0	-4.2	-8.1	—	-3.9	+5.3	—		-4.0					
	(%)	(2.9%)	(-2.9%)	(-0.9%)	(-3.5%)			(-1.1%)				(-0.8%)					
	Operating income	3.9	-9.2	-4.0	-13.2	-17.1	—	-13.0	-3.7	—		-13.0					
	(%)	(2.9%)	(-2.9%)	(-0.9%)	(-11.1%)			(-3.7%)				(-2.7%)					
Others	Sales	12.0	30.1	42.9	14.6	+2.6	+21.5%	44.1	+14.1	+46.7%		60.5					
	Operating income	0.5	0.3	1.0	0.4	-0.1	-26.1%	2.1	+1.8	+665.7%		2.5					
	(%)	(4.3%)	(0.9%)	(2.3%)	(2.6%)			(4.7%)				(4.1%)					
Eliminations (sales)		-5.6	-14.6	-20.3	-5.5	+0.1	—	-16.6	-1.9	—		-22.5					
Other operating income and expenses /Adjustments		-1.0	1.5	1.7	9.9	+10.9	—	9.5	+8.0	—		9.0					

※ Segment Income : Operating income before deduction of other operating income and expenses

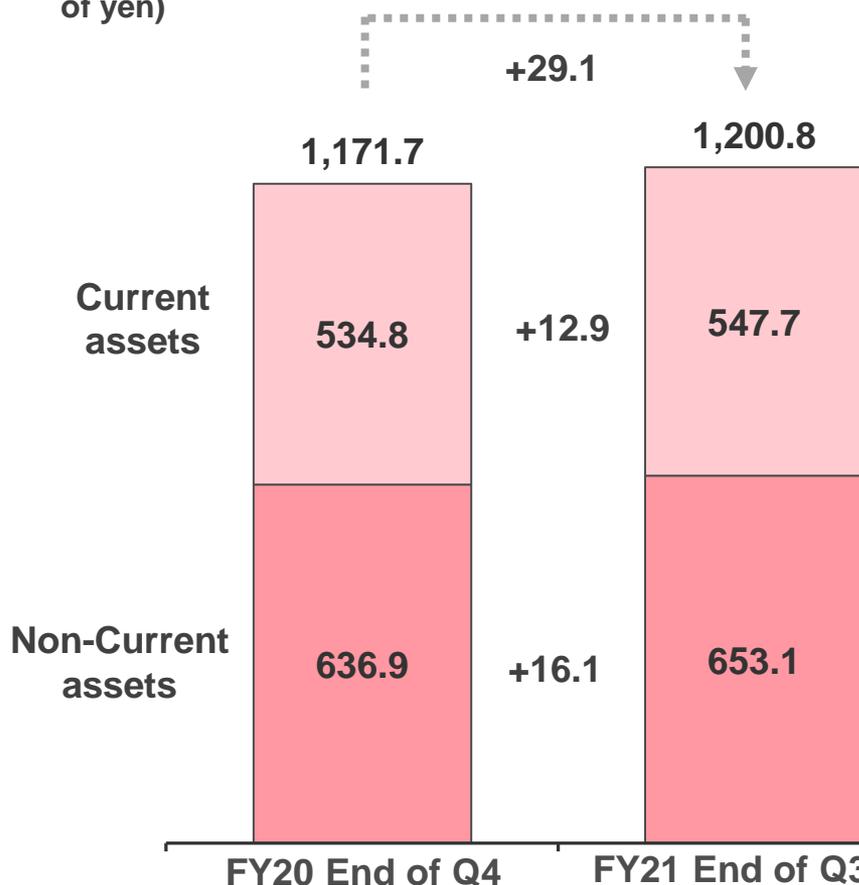
Supplementary Information : Sales by Customer Location

(Billions of yen)	FY2020		FY2021			FY2021		
	Q3 Actual	Apr-Dec Actual	Q3 Actual	Increase/Decrease	Difference	Apr-Dec Actual	Increase/Decrease	Difference
Sales	214.4	530.3	215.0	+0.6	+0.3%	632.8	+102.4	+19.3%
Japan	79.3	191.9	77.5	-1.7	-2.2%	234.3	+42.4	+22.1%
Non-Japan	135.2	338.4	137.5	+2.3	+1.7%	398.5	+60.1	+17.8%
(Non-Japan Ratio)	(63.0%)	(63.8%)	(63.9%)			(63.0%)		
The Americas	30.0	76.7	29.9	-0.1	-0.4%	90.3	+13.6	+17.7%
Europe	27.1	65.2	26.9	-0.1	-0.5%	80.4	+15.2	+23.4%
China	47.5	126.8	48.2	+0.7	+1.5%	134.1	+7.2	+5.7%
Other Asia	30.6	69.7	32.4	+1.9	+6.1%	93.7	+24.1	+34.5%
Ex. Rate								
1USD	104.5	106.1	113.7	+9.2	+8.8%	111.1	+5.0	+4.7%
1EUR	124.5	122.4	130.1	+5.6	+4.5%	130.6	+8.3	+6.7%
1CNY	15.8	15.4	17.8	+2.0	+12.5%	17.3	+1.8	+11.7%

Supplementary Information: Consolidated Balance Sheet

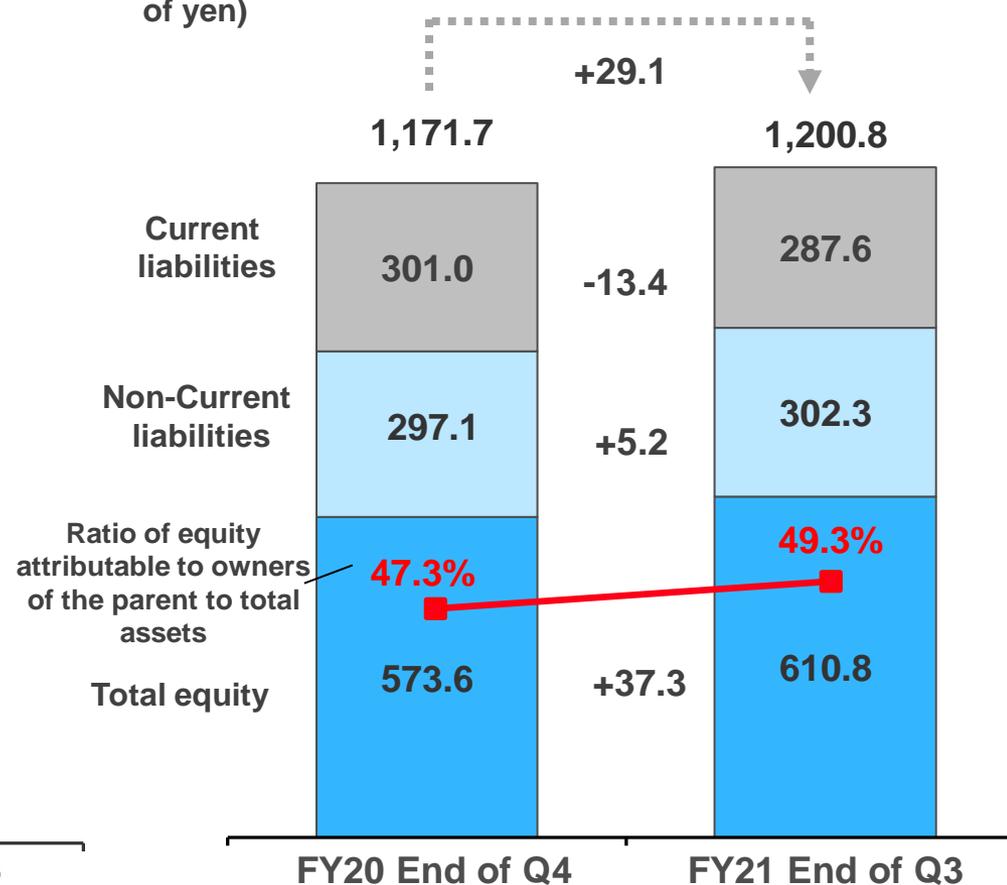
Assets

(Billions of yen)



Liabilities / Total equity

(Billions of yen)

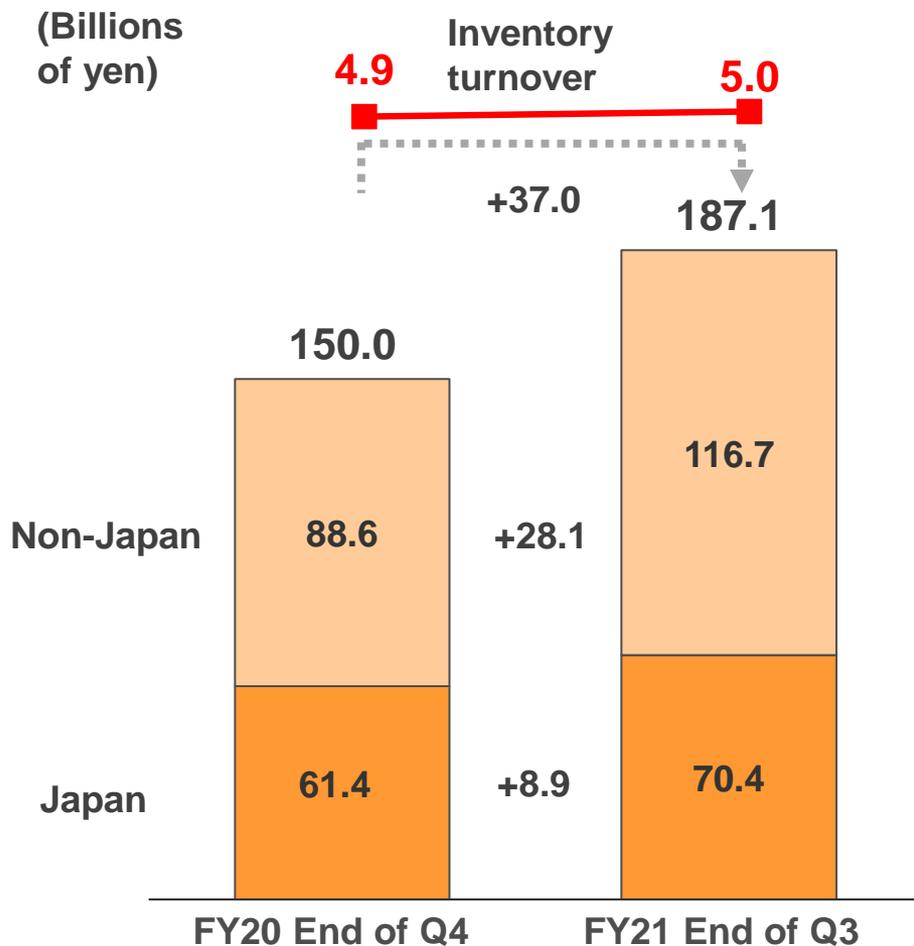


In the third quarter ended December 31, 2021, NSK finalized provisional accounting treatment for business combination, which is reflected in assets and liabilities / total equity for the fourth quarter of the fiscal year 2020.

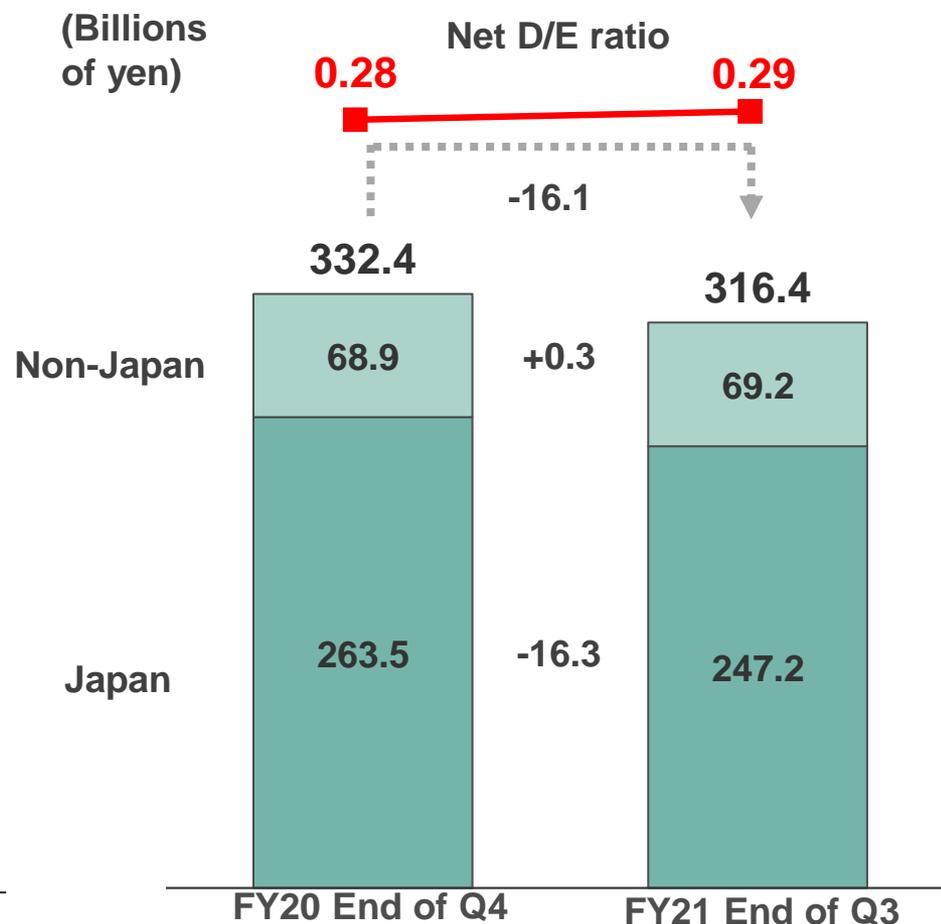
Ex. Rate	FY20 End of Q4	FY21 End of Q3
1USD	110.7	115.0
1EUR	129.8	130.5
1CNY	16.9	18.1

Supplementary Information: Inventories / Interest-Bearing Debt

Inventories



Interest-bearing debt



Ex. Rate	FY20 End of Q4	FY21 End of Q3
1USD	110.7	115.0
1EUR	129.8	130.5
1CNY	16.9	18.1

Supplementary Information : Capital Expenditures, Depreciation and Amortisation, R&D Expenses

(Billions of yen)	FY2020	FY2021			
	Full year Act	Q1 Act	Q2 Act	Q3 Act	Full year FCST
Capital Expenditures	37.3	5.2	13.6	11.9	51.0
Capital Expenditures (excluding lease)	34.1	4.6	8.9	11.4	51.0
Depreciation and Amortisation	54.5	13.9	14.2	14.6	55.0
Depreciation and Amortisation (excluding lease)	50.0	12.8	13.0	13.4	50.5
R&D Expenses (on a statutory basis)	16.8	4.4	5.0	5.2	17.0
(Ref.) R&D Expenses (on a managerial basis)	28.6	7.4	7.7	7.9	30.0



Mission Statement

NSK contributes to a safer, smoother society and helps protect the global environment through its innovative technology integrating Motion & Control™. As a truly international enterprise, we are working across national boundaries to improve relationships between people throughout the world.

NSK Vision 2026

SETTING THE FUTURE IN MOTION

We bring motion to life,
to enrich lifestyles,
and to build a brighter future.

Dedicated to uncovering society's needs,
we set ideas in motion,
to deliver solutions beyond imagination.

We're NSK.
And, we're setting the future in motion.