



FINANCIAL CONFERENCE

**Consolidated Business Results
for Q2 FY2021**

NSK Ltd.

November 5, 2021
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 the primary version.

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- 1. Consolidated Business Results
for the Six Months Ended September 30, 2021**
 - 2. Consolidated Business Forecast
for the Year Ending March 31, 2022**
 - 3. Topic: Sustainable Growth and
Environmental Contribution**
- (Supplementary Information)**

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- 1. Consolidated Business Results
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 - 3. Topic: Sustainable Growth and
Environmental Contribution**
- (Supplementary Information)**

Summary of Consolidated Business Results for the Six Months Ended September 30, 2021 (1)

Business Environment

- **Industrial Machinery Business:** Demand remained robust primarily for sectors such as machine tools and semiconductor manufacturing equipment.
- **Automotive Business:** The reduction of automotive vehicle production expanded due to supply shortage of components including semiconductors.
- **Costs** such as steel prices and ocean freight have increased.
- **Further depreciation** of the Japanese yen

Summary of Business Results for 1st Half

| (Billions of yen) | | YOY | |
|--|--------|--------|--------|
| Sales | 417.8 | +101.9 | +32.2% |
| Segment income ※ | 16.5 | +29.5 | — |
| (%) | (4.0%) | | |
| Operating income | 16.0 | +26.6 | — |
| (%) | (3.8%) | | |
| Income before income taxes | 15.9 | +26.6 | — |
| Net income attributable to owners of the parent | 8.0 | +20.3 | — |

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

Summary of Consolidated Business Results for the Six Months Ended September 30, 2021 (2)

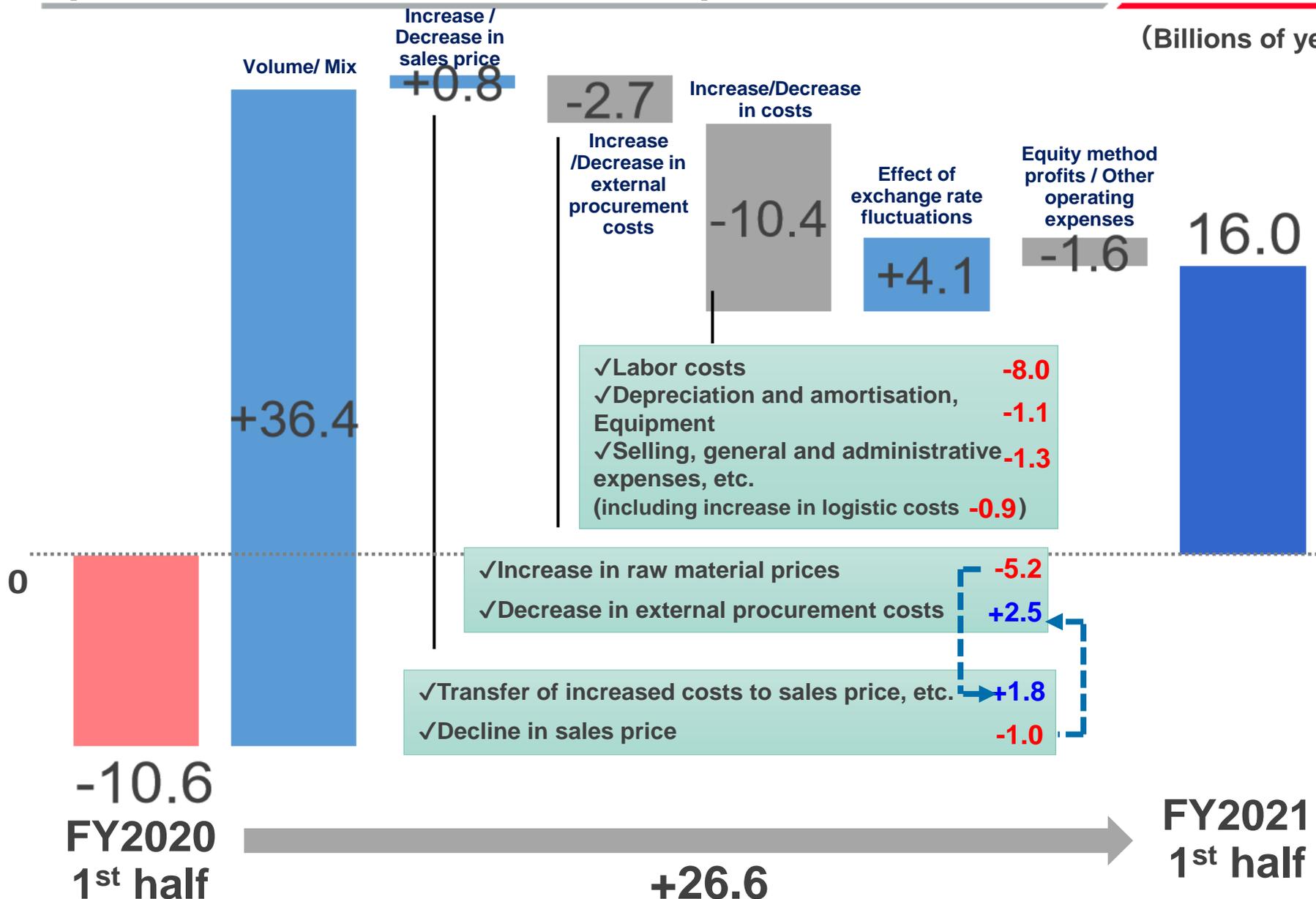
| (Billions of yen) | FY2020 | | | FY2021 | | | 1st half Forecast |
|---|-----------------|-----------|-----------|-----------------|-----------------------|----------------|-------------------|
| | 1st half Actual | Q1 Actual | Q2 Actual | 1st half Actual | Increase/Decrease YOY | Difference YOY | |
| Sales | 315.9 | 213.5 | 204.3 | 417.8 | +101.9 | +32.2% | 425.0 |
| Segment income ※ | -13.0 | 9.3 | 7.2 | 16.5 | +29.5 | — | 18.0 |
| (%) | (-4.1%) | (4.4%) | (3.5%) | (4.0%) | | | (4.2%) |
| Operating income | -10.6 | 9.2 | 6.8 | 16.0 | +26.6 | — | 18.0 |
| (%) | (-3.4%) | (4.3%) | (3.3%) | (3.8%) | | | (4.2%) |
| Income before income taxes | -10.7 | 9.5 | 6.4 | 15.9 | +26.6 | — | 18.0 |
| Net income attributable to owners of the parent | -12.3 | 4.8 | 3.1 | 8.0 | +20.3 | — | 13.0 |
| (Ex. rate: 1USD=) | 106.9 | 109.5 | 110.1 | 109.8 | +2.9 | +2.7% | 106.0 |
| (" 1EUR=) | 121.3 | 132.0 | 129.8 | 130.9 | +9.6 | +7.9% | 124.0 |
| (" 1CNY=) | 15.3 | 17.0 | 17.0 | 17.0 | +1.7 | +11.3% | 15.7 |

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

- Both sales and profits in H1 increased YOY due to the recovery from COVID-19 impact.
- The component supply shortage situation including semiconductors worsened from Q1 to Q2.

Operating Income: Factors Behind Change (FY2020 1st half ⇒ FY2021 1st half)

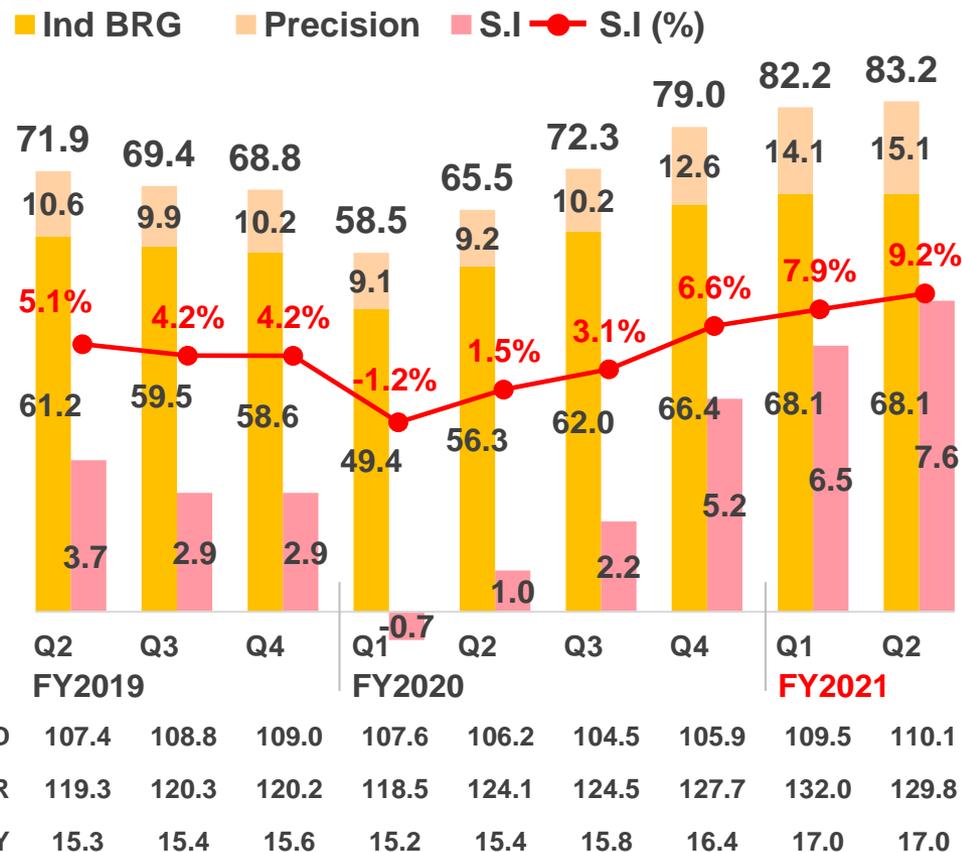
(Billions of yen)



Industrial Machinery Business

(Billions of yen)

| | FY2020 1st half Actual | FY2021 1st half Actual | Increase/ Decrease YOY | Difference YOY |
|-------------------------------|------------------------------|------------------------------|------------------------------|-------------------|
| Sales | 124.0 | 165.3 | +41.4 | +33.4% |
| Industrial Machinery | 105.7 | 136.2 | +30.5 | +28.9% |
| Bearings | | | | |
| Precision Machinery and Parts | 18.3 | 29.2 | +10.9 | +59.4% |
| Segment income | 0.3 | 14.2 | +13.9 | — |
| (%) | (0.2%) | (8.6%) | | |
| (Ex. rate: 1USD=) | 106.9 | 109.8 | +2.9 | +2.7% |
| (" 1EUR=) | 121.3 | 130.9 | +9.6 | +7.9% |
| (" 1CNY=) | 15.3 | 17.0 | +1.7 | +11.3% |

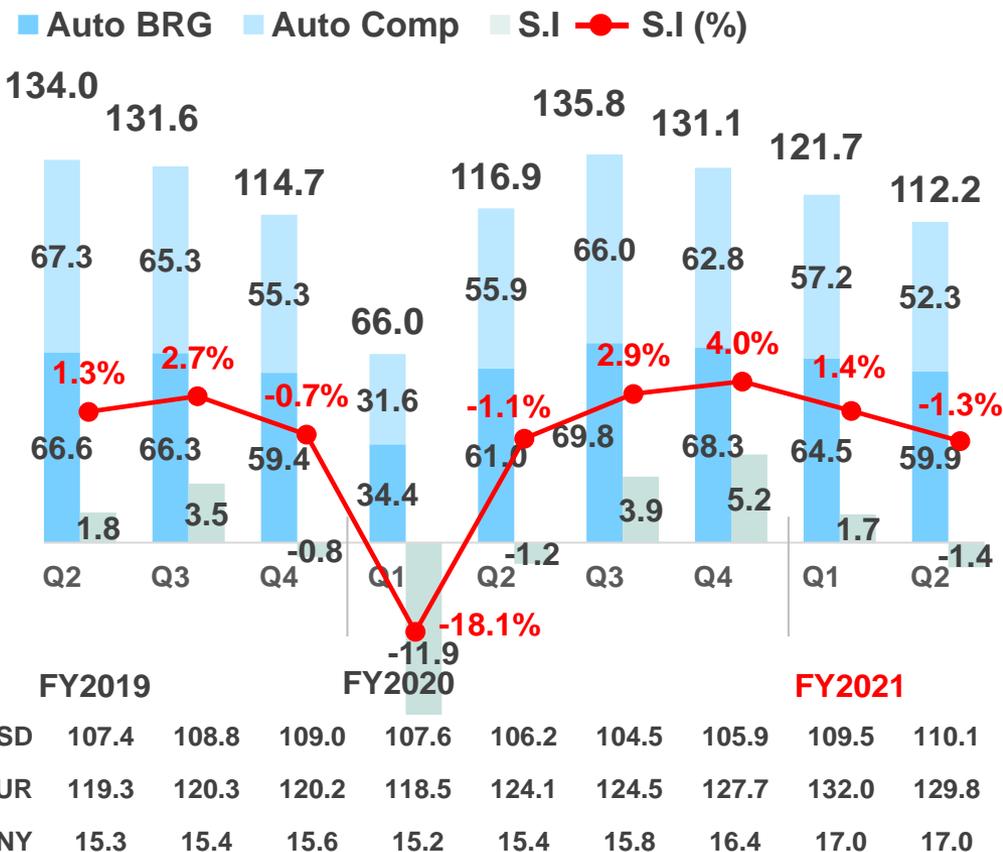


- Both sales and profits remained strong.
- Segment income ratio in Q2 recovered to 9% level.
- Machine tools: Orders remained at a high level while demand growth in China slowed down.
- Semiconductors: Robust market demand continued.
- Infrastructure: Sales remained around the same level.

Automotive Business

(Billions of yen)

| | FY2020 1st half Actual | FY2021 1st half Actual | Increase/ Decrease YOY | Difference YOY |
|-----------------------|------------------------------|------------------------------|------------------------------|-------------------|
| Sales | 182.8 | 233.9 | +51.1 | +27.9% |
| Automotive Bearings | 95.4 | 124.5 | +29.1 | +30.5% |
| Automotive Components | 87.5 | 109.4 | +22.0 | +25.1% |
| Segment income | -13.2 | 0.3 | +13.4 | — |
| (%) | (-7.2%) | (0.1%) | | |
| (Ex. rate: 1USD=) | 106.9 | 109.8 | +2.9 | +2.7% |
| (" 1EUR=) | 121.3 | 130.9 | +9.6 | +7.9% |
| (" 1CNY=) | 15.3 | 17.0 | +1.7 | +11.3% |



- Global automotive production volume in 1st half: 35 million (YOY +6%)
- H1 results: Both sales and profits increased YOY as NSK's sales volume increase surpassed automotive production volume increase. Segment income remained positive.
- Q2 results: The reduction of automotive vehicle production expanded due to the delays in supplies of components including semiconductors. Sales decreased QOQ and segment income was in the red.

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 3. Topic: Sustainable Growth and
Environmental Contribution

(Supplementary Information)

Consolidated Business Forecast for the Year Ending March 31, 2022 (1)

Business Environment

- **Industrial Machinery Business: Robust demand to continue**
Automotive Business: Uncertainty remains due to component shortage supply
Global automotive production volumes to fall below past assumptions
- **Cost increases exceeded expectations such as steel prices and ocean freight**
- **Exchange rate: The yen will continue to depreciate**
Forecast rate in H2: Set to actual rate in H1

Revision of Business Forecast Announced May

| (Billions of yen) | | vs. May Forecast | |
|--|--------|------------------|--------|
| Sales | 860.0 | — | — |
| Segment income ※ | 36.0 | -8.0 | -18.2% |
| (%) | (4.2%) | | |
| Operating income | 44.5 | -8.5 | -16.0% |
| (%) | (5.2%) | | |
| Income before income taxes | 44.0 | -8.5 | -16.2% |
| Net income attributable to owners of the parent | 30.0 | -8.0 | -21.1% |

※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)

Consolidated Business Forecast for the Year Ending March 31, 2022(2)

- Both sales and profits are expected to increase YOY.
Results will be assisted by the depreciation of the Japanese yen.

| (Billions of yen) | FY2020 | | | FY2021 | | | Full year May FCST |
|--|---------------------|--------------------|--------------------------|---------------------------|-----------------------|------------|-----------------------|
| | Full year Actual | 1st half Actual | 2nd half Revised FCST | Full year Revised FCST | YOY | | |
| | | | | | Increase/ Decrease | Difference | |
| Sales | 747.6 | 417.8 | 442.2 | 860.0 | +112.4 | +15.0% | 860.0 |
| Segment income | 4.9 | 16.5 | 19.5 | 36.0 | +31.1 | +635.9% | 44.0 |
| (%) | (0.7%) | (4.0%) | (4.4%) | (4.2%) | | | (5.1%) |
| Operating income | 6.4 | 16.0 | 28.5 | 44.5 | +38.1 | +599.2% | 53.0 |
| (%) | (0.9%) | (3.8%) | (6.4%) | (5.2%) | | | (6.2%) |
| Income before income taxes | 5.9 | 15.9 | 28.1 | 44.0 | +38.1 | +647.1% | 52.5 |
| Net income attributable to owners of the parent | 0.4 | 8.0 | 22.0 | 30.0 | +29.6 | — | 38.0 |
| (Ex. rate: 1USD=) | 106.1 | 109.8 | 110.0 | 109.9 | +3.8 | +3.6% | 106.0 |
| (" 1EUR=) | 123.7 | 130.9 | 130.0 | 130.4 | +6.7 | +5.5% | 124.0 |
| (" 1CNY=) | 15.7 | 17.0 | 17.0 | 17.0 | +1.3 | +8.5% | 15.7 |

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

Industrial Machinery Business

Sales and profits are expected to exceed the previous year's results primarily in machine tools and semiconductor manufacturing equipment.

| (Billions of yen) | FY2020 | FY2021 | | YOY | | | May FCST |
|-------------------------------|------------------|-----------------|-----------------------|------------------------|-------------------|----------------|--------------|
| | Full year Actual | 1st half Actual | 2nd half Revised FCST | Full year Revised FCST | Increase/Decrease | Difference | |
| Sales | 275.2 | 165.3 | 174.7 | 340.0 | +64.8 | +23.5% | 312.0 |
| Industrial Machinery | 234.1 | 136.2 | 142.3 | 278.5 | +44.4 | +19.0% | 259.0 |
| Bearings | 41.1 | 29.2 | 32.3 | 61.5 | +20.4 | +49.6% | 53.0 |
| Precision Machinery and Parts | | | | | | | |
| Segment income | 7.7 | 14.2 | 17.8 | 32.0 | +24.3 | +315.7% | 27.0 |
| (%) | (2.8%) | (8.6%) | (10.2%) | (9.4%) | | | (8.7%) |

Automotive Business

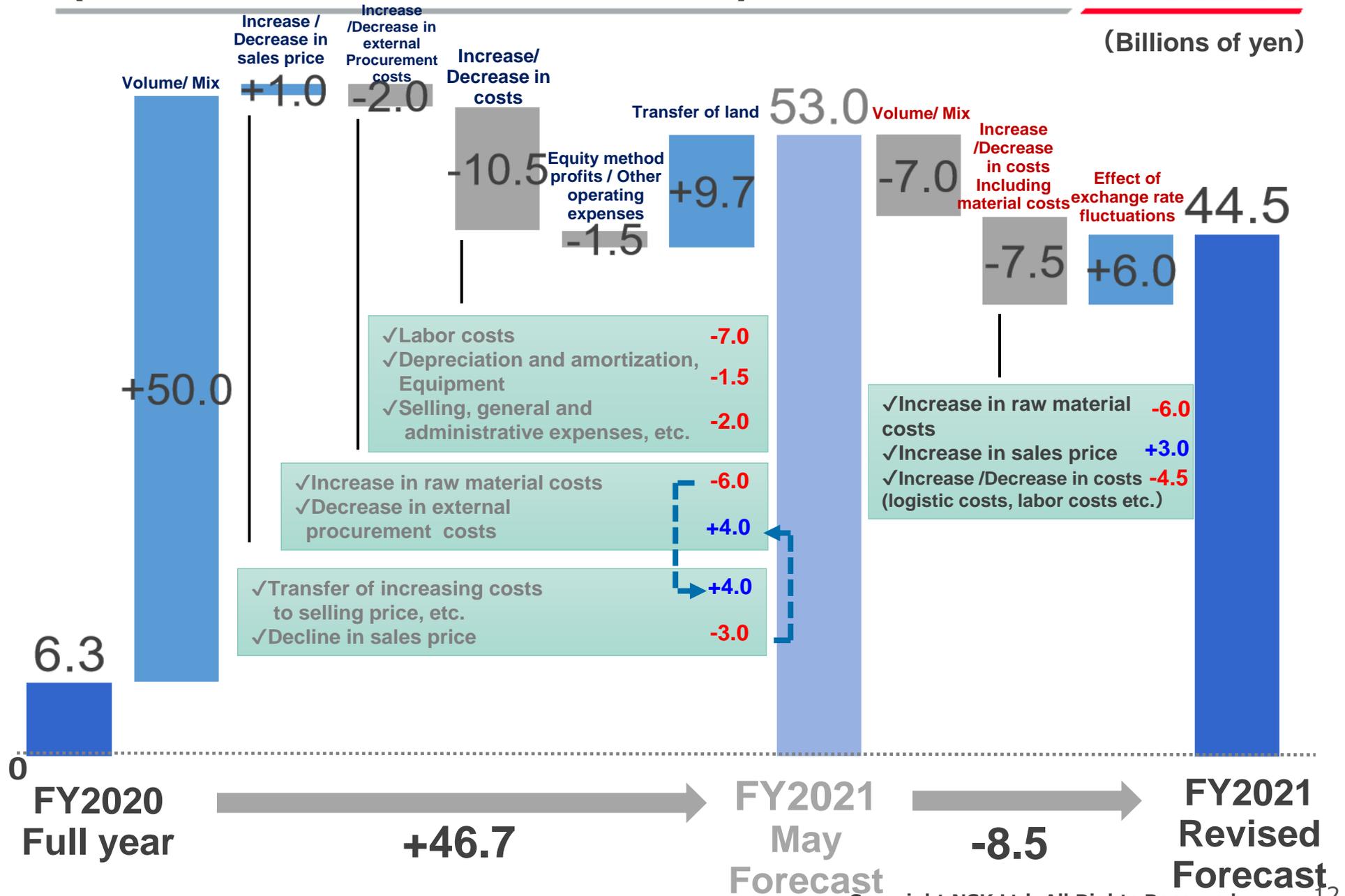
Global automotive production volume:

FY2020 77 million → FY2021 76 million -1% (May Forecast : 86.5 million)

| (Billions of yen) | FY2020 | FY2021 | | YOY | | | May FCST |
|-----------------------|------------------|-----------------|-----------------------|------------------------|-------------------|--------------|--------------|
| | Full year Actual | 1st half Actual | 2nd half Revised FCST | Full year Revised FCST | Increase/Decrease | Difference | |
| Sales | 449.7 | 233.9 | 246.1 | 480.0 | +30.3 | +6.7% | 520.0 |
| Automotive Bearings | 233.5 | 124.5 | 130.5 | 255.0 | +21.5 | +9.2% | 275.0 |
| Automotive Components | 216.2 | 109.4 | 115.6 | 225.0 | +8.8 | +4.1% | 245.0 |
| Segment income | -4.0 | 0.3 | -0.3 | 0 | +4.0 | - | 14.0 |
| (%) | (-0.9%) | (0.1%) | (-0.1%) | (0.0%) | | | (2.7%) |

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

(Billions of yen)



✓ Risk and Countermeasures

- Supply Chain Risks

- Resurgence of COVID-19 infections
- Ongoing component shortage including semiconductor
- Power restrictions in China, etc.



Industrial Machinery Business:

Supply leveraging global plant presence

Automotive business:

Production control in response to trends in automotive production

- Soaring costs such steel prices, ocean freight and raw resource prices

▶ Reflecting cost increases in sales prices

✓ Carry out capital investment as planned

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Environmental Contribution**

(Supplementary Information)

- **Accelerating electrification: Develop new products and secure orders**

- ▶ Secure bearing orders for e-Axles or high-speed motors from global manufacturers through core technologies such as low torque and high-speed rotation
- ▶ Contribute to improvement of power efficiency and safety through power flow switching device and ball screw for electric brake boosters



Power Flow Switching Device

- **Growth of the Industrial Machinery Business**

- ▶ Reorganization of production sites continues to improve production efficiency and capability of extra-large size bearings for wind turbines. Increase production capacity of bearings for E&E business
- ▶ Build new business models in the fields of CMS and actuators

- **Develop environmentally friendly products**

- ▶ Develop bioplastic cages
- ▶ Develop super low friction products to contribute to increasing EV range and secure orders.



(Supplementary Information)

Supplementary Information : Financial Results by Business Segment

| (Billions of yen) | | FY2020 | | FY2021 | | YOY | | FY2021 Revised FCST | | FY2021H2 - FY2021 H1 Increase/ Decrease |
|---|-------------------------------|--------------------|---------------------|--------------------|-----------------------|------------|----------|---------------------|-------|--|
| | | 1st half Actual | Full year Actual | 1st half Actual | Increase/ Decrease | Difference | 2nd half | Full year | | |
| Total | Sales | 315.9 | 747.6 | 417.8 | +101.9 | +32.2% | 442.2 | 860.0 | +24.5 | |
| | Segment Income | -13.0 | 4.9 | 16.5 | +29.5 | — | 19.5 | 36.0 | +2.9 | |
| | (%) | (-4.1%) | (0.7%) | (4.0%) | | | (4.4%) | (4.2%) | | |
| | Operating Income | -10.6 | 6.4 | 16.0 | +26.6 | — | 28.5 | 44.5 | +12.5 | |
| | (%) | (-3.4%) | (0.9%) | (3.8%) | | | (6.4%) | (5.2%) | | |
| Industrial Machinery Business | Sales | 124.0 | 275.2 | 165.3 | +41.4 | +33.4% | 174.7 | 340.0 | +9.3 | |
| | Industrial Machinery Bearings | 105.7 | 234.1 | 136.2 | +30.5 | +28.9% | 142.3 | 278.5 | +6.1 | |
| | Precision Machinery and Parts | 18.3 | 41.1 | 29.2 | +10.9 | +59.4% | 32.3 | 61.5 | +3.2 | |
| | Segment Income | 0.3 | 7.7 | 14.2 | +13.9 | — | 17.8 | 32.0 | +3.7 | |
| | (%) | (0.2%) | (2.8%) | (8.6%) | | | (10.2%) | (9.4%) | | |
| Automotive Business | Sales | 182.8 | 449.7 | 233.9 | +51.1 | +27.9% | 246.1 | 480.0 | +12.2 | |
| | Automotive Bearings | 95.4 | 233.5 | 124.5 | +29.1 | +30.5% | 130.5 | 255.0 | +6.0 | |
| | Automotive Components | 87.5 | 216.2 | 109.4 | +22.0 | +25.1% | 115.6 | 225.0 | +6.1 | |
| | Segment Income | -13.2 | -4.0 | 0.3 | +13.4 | — | -0.3 | 0 | -0.5 | |
| | (%) | (-7.2%) | (-0.9%) | (0.1%) | | | (-0.1%) | (0.0%) | | |
| Others | Sales | 18.1 | 42.9 | 29.5 | +11.5 | +63.5% | 33.0 | 62.5 | +3.4 | |
| | Segment Income | -0.2 | 1.0 | 2.0 | +2.2 | — | 2.0 | 4.0 | +0.0 | |
| | (%) | (-1.4%) | (2.3%) | (6.7%) | | | (6.1%) | (6.4%) | | |
| Eliminations (sales) | | -9.0 | -20.3 | -11.0 | -2.1 | — | -11.5 | -22.5 | -0.4 | |
| Other operating income and expenses /Adjustments | | 2.5 | 1.7 | -0.4 | -2.9 | — | 8.9 | 8.5 | +9.3 | |

Supplementary Information : Sales by Customer Location

| (Billions of yen) | FY2020 1st half | FY2021 1st half | Increase/ Decrease | Difference |
|---------------------|--------------------|--------------------|-----------------------|---------------|
| Sales | 315.9 | 417.8 | +101.9 | +32.2% |
| Japan | 112.7 | 156.8 | +44.1 | +39.1% |
| Non-Japan | 203.2 | 261.0 | +57.8 | +28.4% |
| (Non-Japan Ratio) | (64.3%) | (62.5%) | | |
| The Americas | 46.7 | 60.4 | +13.7 | +29.3% |
| Europe | 38.1 | 53.5 | +15.4 | +40.3% |
| China | 79.3 | 85.8 | +6.5 | +8.2% |
| Other Asia | 39.1 | 61.3 | +22.2 | +56.7% |
| Ex. Rate | | | | |
| 1USD | 106.9 | 109.8 | +2.9 | +2.7% |
| 1EUR | 121.3 | 130.9 | +9.6 | +7.9% |
| 1CNY | 15.3 | 17.0 | +1.7 | +11.3% |

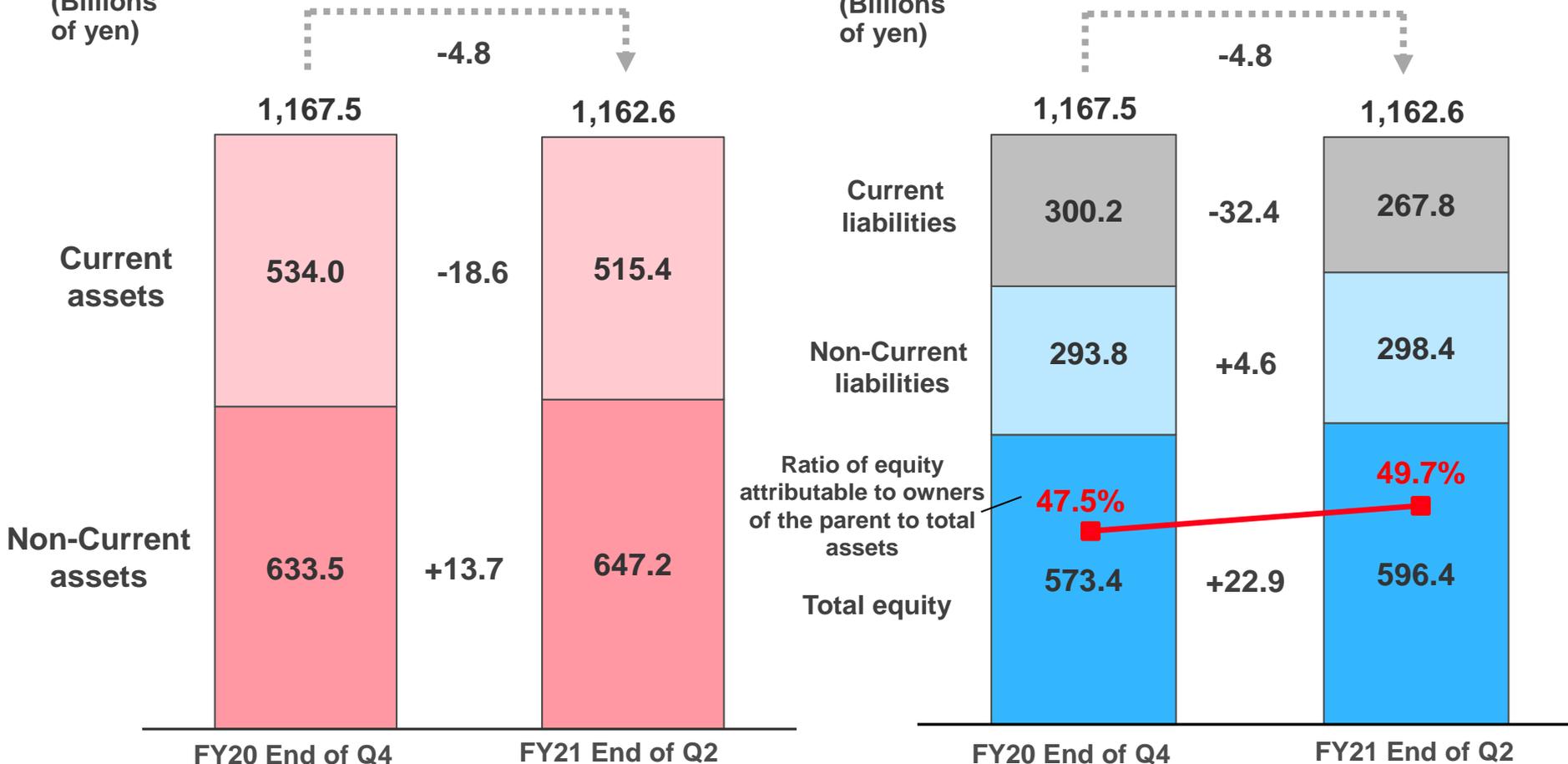
Supplementary Information: Consolidated Balance Sheet

Assets

Liabilities / Total equity

(Billions of yen)

(Billions of yen)

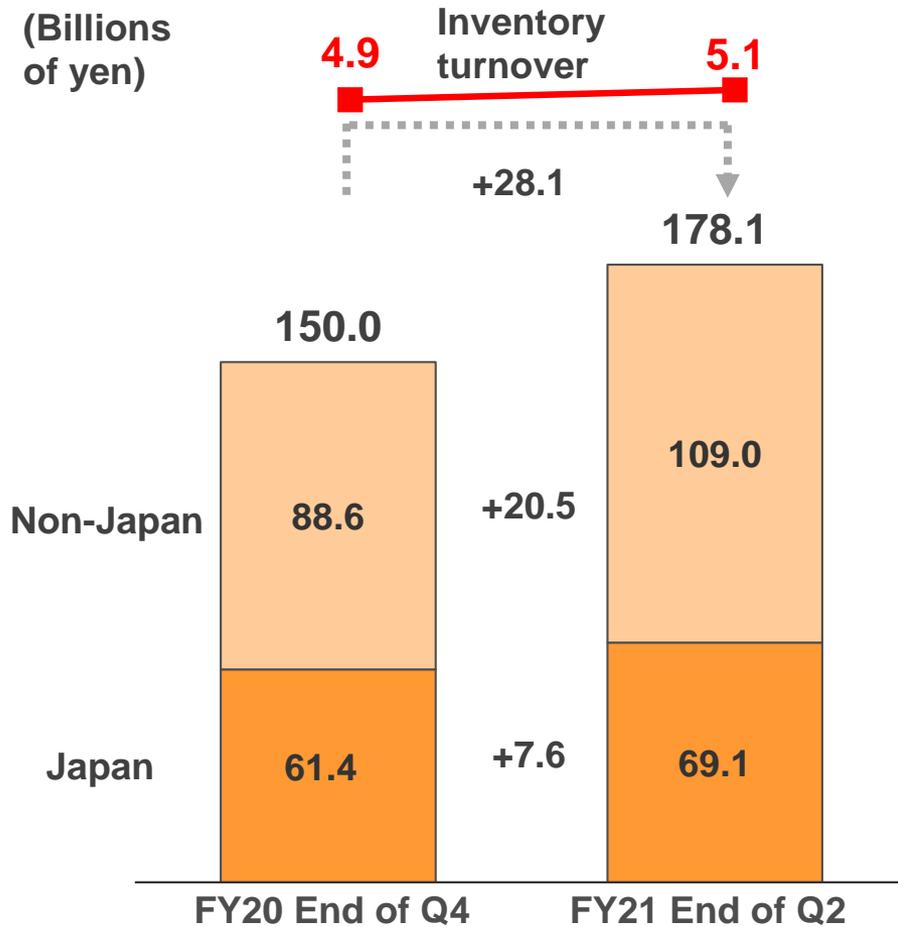


| Ex. Rate | FY20 End of Q4 | FY21 End of Q2 |
|----------|----------------|----------------|
| 1USD | 110.7 | 112.0 |
| 1EUR | 129.8 | 129.9 |
| 1CNY | 16.9 | 17.3 |

Supplementary Information: Inventories / Interest-Bearing Debt

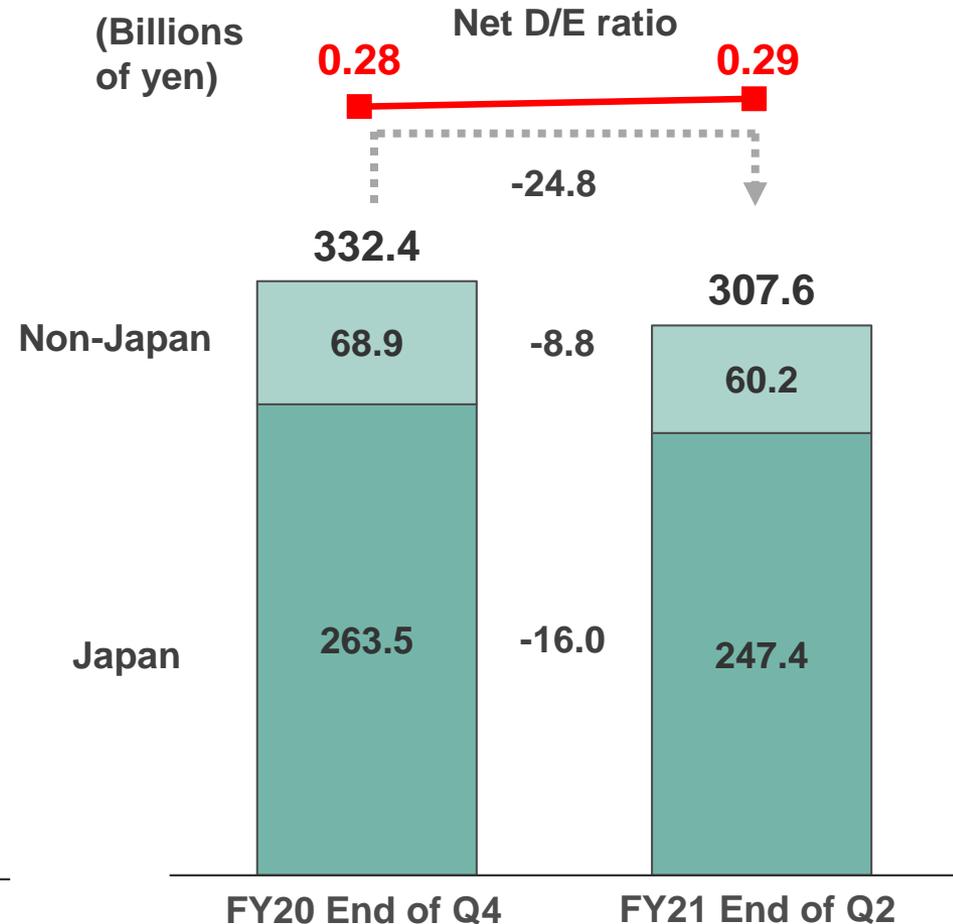
Inventories

(Billions of yen)



Interest-bearing debt

(Billions of yen)



| Ex. Rate | FY20 End of Q4 | FY21 End of Q2 |
|----------|----------------|----------------|
| 1USD | 110.7 | 112.0 |
| 1EUR | 129.8 | 129.9 |
| 1CNY | 16.9 | 17.3 |

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

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