

NSK

NSK Ltd.

FINANCIAL CONFERENCE

Consolidated Business Results
for the First Quarter
ended June 30, 2023



Change & Go Beyond

August 3, 2023

Cautionary Statement 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 the forward-looking statements.

Note : This document is an English translation of material written initially in Japanese.
In the case of any differences, the original Japanese version takes precedence.

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Key Points - Consolidated Business Results for FY2023 Q1

✓ Changes in disclosure

- » Effective from FY2023 Q1, the steering business is classified as a discontinued operation in accordance with IFRS accounting standards due to transitioning the steering business to a joint venture. Figures for FY2022 and the forecast for FY2023 are presented accordingly.
 - Sales, segment income, operating income, income before income taxes
 - > Presented excluding the discontinued operation
 - Net income attributable to owners of the parent
 - > Presented including the discontinued operation

✓ FY2023 Q1 Actual (Continuing operations)

Ref. Steering Business (Discontinued operations)

- » Sales ¥188.2 bn YOY +¥4.8 bn <¥40.9 bn >
- Operating income ¥4.1 bn YOY -¥4.2 bn <-¥1.9 bn> Segment income
- » Sales in Automotive Business increased and sales in Industrial Machinery Business decreased. In line with outlook.

✓ Established joint venture with Japan Industrial Solutions III Investment Limited Partnership (JIS) in the steering business

- » Changed status of NSK Steering & Control, Inc. which controls NSK's global steering business to an equity-method affiliate on August 1, 2023.

Summary of Consolidated Business Results for FY2023 Q1

✓ Business Environment :

Moderate recovery in global automotive production volume as expected.

Chinese economy weaker than expected and continues to be in an adjustment phase.

Inflation remains high. Trend of yen depreciation.

» **Sales in Automotive Business increased and sales in Industrial Machinery Business decreased.**

Volume decreased in constant-terms basis, excluding effect of exchange rate fluctuations and transferring of increased costs to sales prices.

» **Net income of continuing operations: ¥1.7 bn**

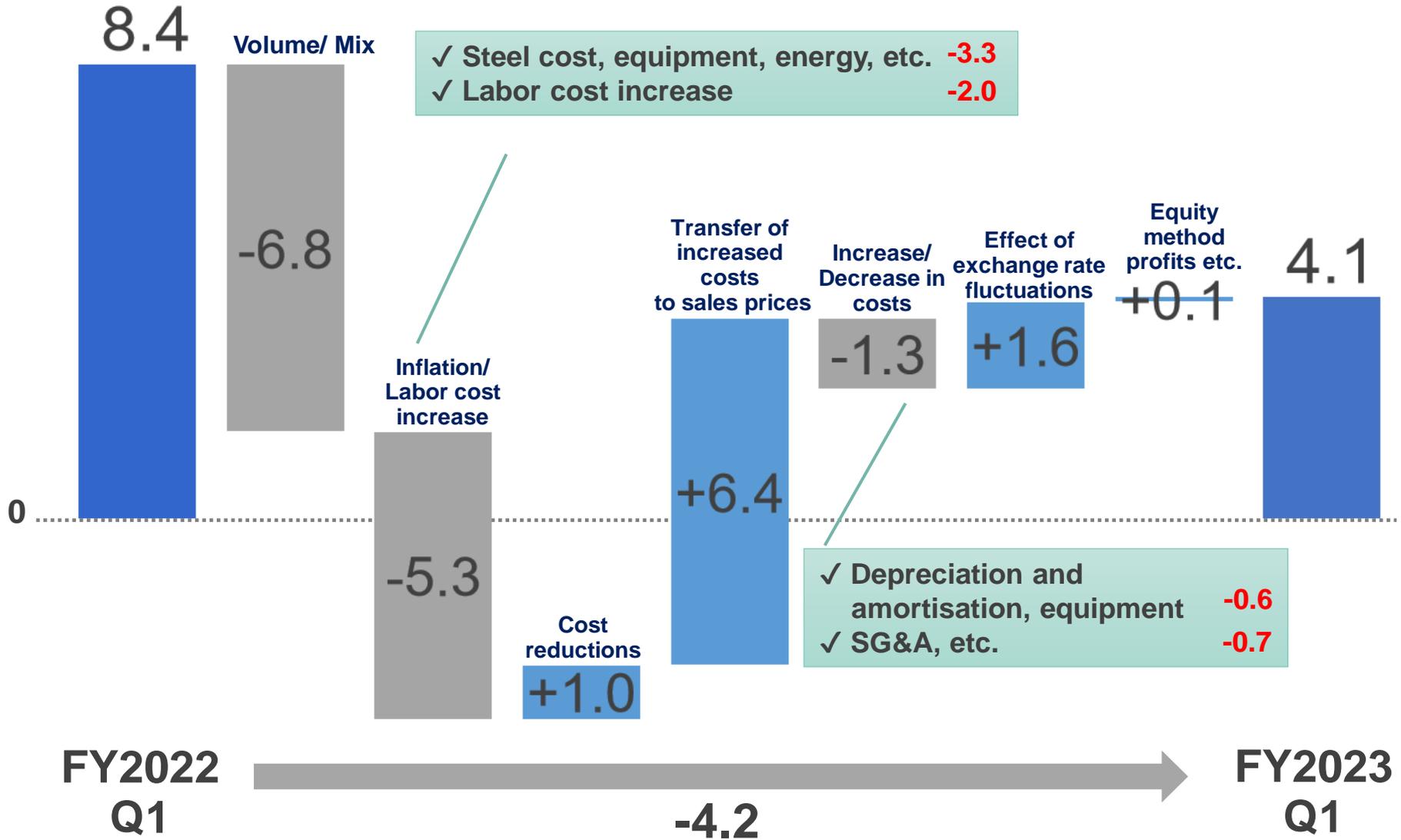
(Net income of continuing and discontinued operations: -¥0.9 bn)

(Billions of yen)		FY2022 Q1 Actual	FY2023 Q1 Actual	Increase/ Decrease YOY	Difference YOY	(Effect of exchange rate fluctuations)
Continuing operations	Sales	183.5	188.2	+4.8	+2.6%	+4.8
	Segment income*	8.8	3.8	-4.9	-56.4%	+1.0
	(%)	4.8%	2.0%			
	Operating income	8.4	4.1	-4.2	-50.7%	+1.6
	(%)	4.6%	2.2%			
	Income before income taxes	8.4	4.3	-4.2	-49.3%	
	Net income attributable to owners of the parent	4.2	1.7	-2.6	-60.7%	
Continuing and discontinued operations	Net income attributable to owners of the parent	1.3	-0.9	-2.2	—	
	(Ex. rate: 1USD=)	129.6	137.4	+7.8	+6.0%	
	(" 1EUR=)	138.1	149.5	+11.4	+8.2%	
	(" 1CNY=)	19.6	19.6	-0.0	-0.1%	

*Segment Income : Operating income before deduction of other operating income/loss (exchange rate fluctuation gain/loss, etc.)

Operating Income: Factors Behind Change (FY2022 Q1 ⇒ FY2023 Q1) (Continuing operations)

(Billions of yen)

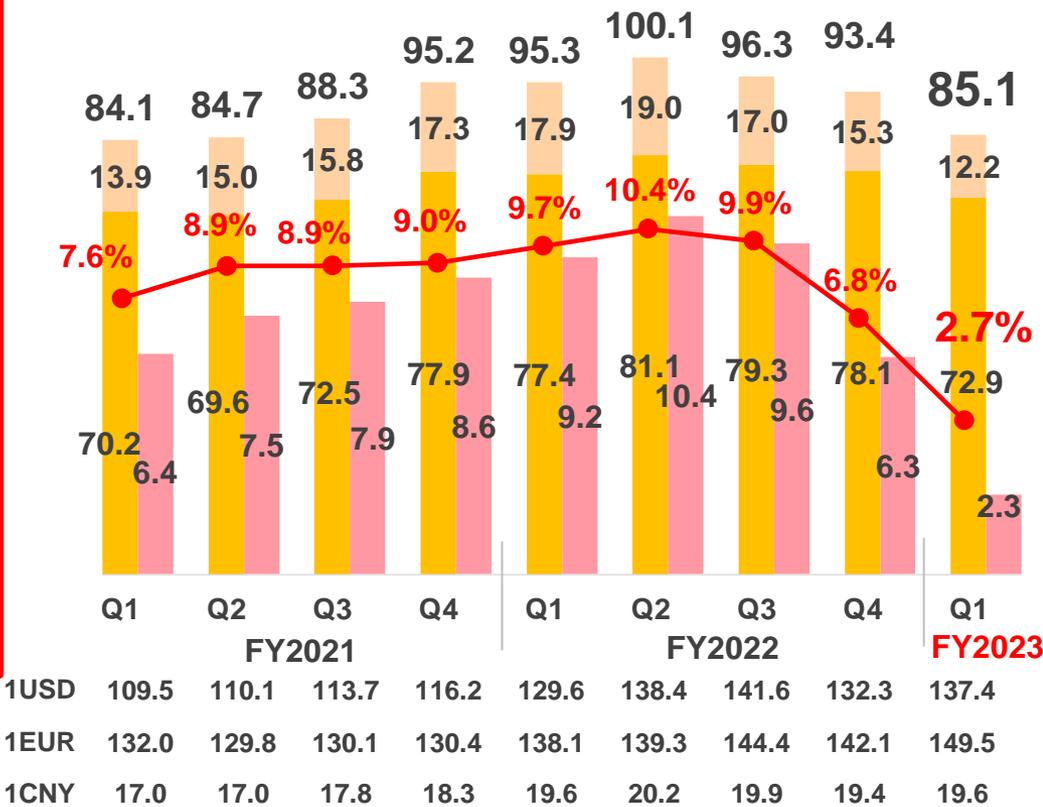


Industrial Machinery Business

(Billions of yen)

	FY2022 Q1 Actual	FY2023 Q1 Actual	Increase/ Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Excluding effect of exchange rate fluctuations)
Sales	95.3	85.1	-10.2 +2.3	-10.7% -13.1%
Industrial Machinery Bearings	77.4	72.9	-4.5	-5.8%
Precision Machinery and Parts	17.9	12.2	-5.7	-32.0%
Segment income	9.2	2.3	-6.9	-75.0%
(%)	9.7%	2.7%		
(Ex. rate: 1USD=)	129.6	137.4	+7.8	+6.0%
(" 1EUR=)	138.1	149.5	+11.4	+8.2%
(" 1CNY=)	19.6	19.6	-0.0	-0.1%

■ Sales (Ind BRG) ■ Sales (Precision) ■ S.I. ● S.I.(%)



- ✓ Sales in machine tools, semiconductor manufacturing equipment and E&E sectors decreased due to China's economic stagnation.
- ✓ Excluding E&E, operating income ratio of 8% in industrial machinery bearings. Volume of precision machinery and parts decreased to break-even point.

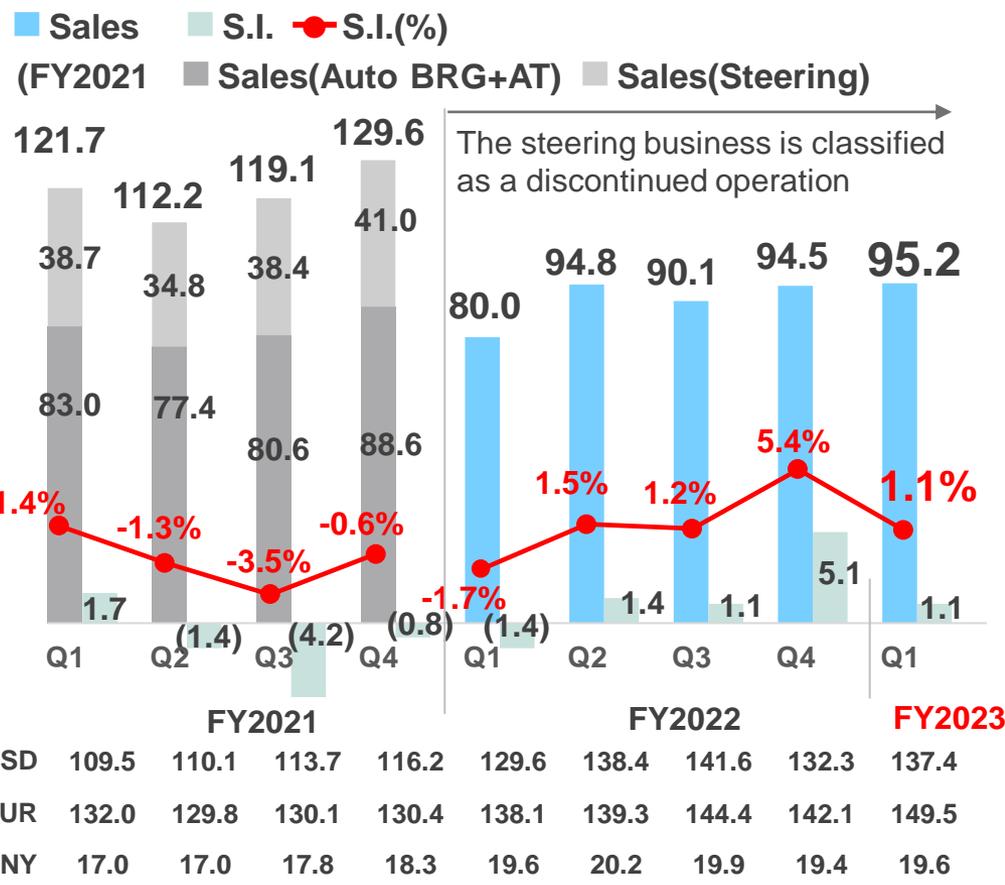
Automotive Business

(Billions of yen)

	FY2022 Q1 Actual	FY2023 Q1 Actual	Increase/ Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Excluding effect of exchange rate fluctuations)
Sales	80.0	95.2	+15.2 +2.4	+19.0% +16.0%
Segment income	-1.4	1.1	+2.4	—
(%)	-1.7%	1.1%		
(Ex. rate: 1USD=)	129.6	137.4	+7.8	+6.0%
(" 1EUR=)	138.1	149.5	+11.4	+8.2%
(" 1CNY=)	19.6	19.6	-0.0	-0.1%

Previously we disclosed sales separately under the categories of "Automotive Bearings" and "Automotive Components."

Due to the classification of the steering business as a discontinued operation, we will disclose sales under the category of the "Automotive Business."



✓ Global automotive production volume

FY2023 Q1 Actual 22.0 million* YOY +16% *Based on IHS Markit

✓ Both sales and profits increased YOY due to increase of global automotive production volume.

Consolidated Business Forecast for the Year Ending March 31, 2024

✓ The steering business is classified as a discontinued operation.

Revised forecast based on the assumption of changing the status of NSK Steering & Control, Inc. to an equity-method affiliate.

■ Business Environment

≫ Industrial Machinery Business: Moderate recovery in 2nd half in machine tools and semiconductor manufacturing equipment sectors.

≫ Automotive Business: Global automotive production volume 86 million (YOY +5%), same as May forecast.

≫ Inflation such as steel prices, energy and labor cost increase remained within expectations. Transferring increased costs to sales price as planned.

≫ Exchange rates: Assumption unchanged for Q2 onwards (USD ¥125, EUR ¥140, CNY ¥19)

(Billions of yen)		FY2022 Actual	FY2023 Forecast	Increase/ Decrease	YOY Difference	FY2023 Forecast as of May**	Increase/ Decrease
Continuing operations	Sales	776.8	808.0	+31.2	+4.0%	990.0	-182.0
	Segment income*	44.3	46.0	+1.7	+3.9%	43.5	+2.5
	(%)	5.7%	5.7%			4.4%	
	Operating income	43.8	44.0	+0.2	+0.4%	41.5	+2.5
	(%)	5.6%	5.4%			4.2%	
	Income before income taxes	43.3	42.0	-1.3	-3.0%	39.5	+2.5
Continuing and discontinued operations	Net income attributable to owners of the parent	18.4	25.5	+7.1	+38.5%	25.5	+0.0
	(Ex. rate: 1USD=)	135.5	128.1	-7.4	-5.5%	125.0	+3.1
	(" 1EUR=)	141.0	142.4	+1.4	+1.0%	140.0	+2.4
	(" 1CNY=)	19.8	19.1	-0.6	-3.1%	19.0	+0.1

* Segment Income : Operating income before deduction of other operating income/loss (exchange rate fluctuation gain/loss, etc.)

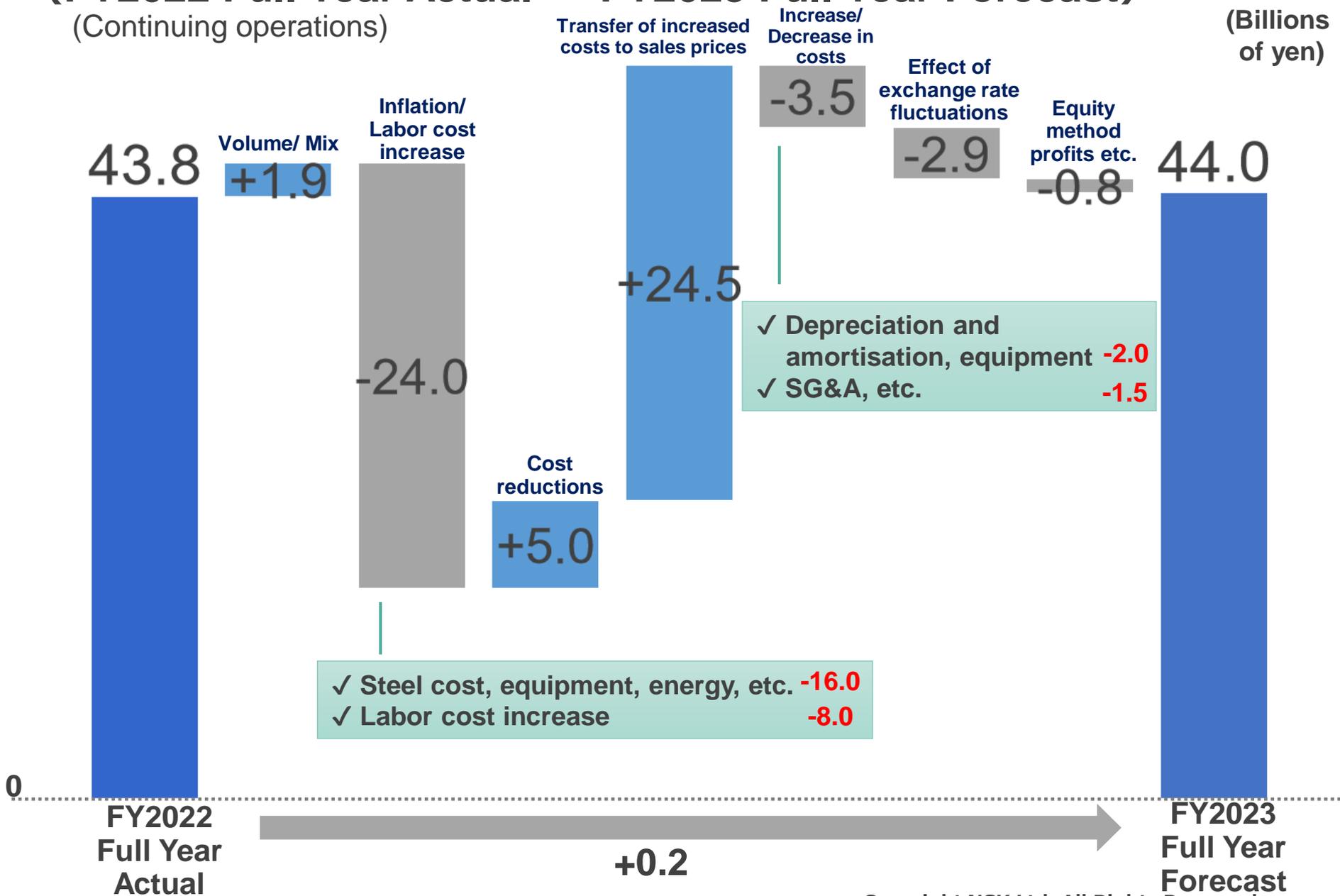
**The forecast in May includes the steering business.

Operating Income: Factors Behind Change

(FY2022 Full Year Actual ⇒ FY2023 Full Year Forecast)

(Continuing operations)

(Billions of yen)



✓ **Respond to inflation**

» Continue to negotiate prices including labor cost increase

✓ **Reorganize production to improve productivity**

» Promote business restructuring in E&E

✓ **Promote portfolio reform of business**

» Pursue M&A and invest in new ventures to expand Industrial Machinery Business and new business fields

» Increase capital investment including R&D to respond to shift to EVs

- Increase capacity of R&D sites in China

- NSK wins Bosch Global Supplier Award 2023

✓ **Financial strategy**

» Plan to issue Sustainability Linked Bonds

» Decided to cancel treasury shares

- Number of cancelled shares: 51 million shares
(9.3% of the total 551 million issued shares)

Mid-Term Initiatives Toward 10% ROE and Higher PBR

✓ Steering Business

» May 2023 : Signed joint venture agreement with JIS

» August 2023 : Established equity-method affiliate

(Shareholding ratio: NSK 49.9%、JIS 50.1%)

Purpose

- Further structural reforms to improve profitability
- Promote independent operation (review governance structure and processes)
- Explore opportunities for alliances with strategic partners
- Strengthen monitoring system

» FY2023 Q1 Actual

(Billions of yen)	FY2022 Q1 Actual	FY2023 Q1 Actual	Increase/ Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Excluding effect of exchange rate fluctuations)
Sales	35.9	40.9	+5.0 +1.1	+13.8% +10.9%
Segment income	-3.9	-1.9	+2.0	—
(%)	-10.8%	-4.7%		
(Ex. rate: 1USD=)	129.6	137.4	+7.8	+6.0%
(" 1EUR=)	138.1	149.5	+11.4	+8.2%
(" 1CNY=)	19.6	19.6	-0.0	-0.1%

Ref.) FY2022 Actual

	Q1	Q2	Q3	Q4	Full year
Sales	35.9	41.7	41.7	42.0	161.3
Segment income	-3.9	-2.3	-1.7	-1.5	-9.3
(%)	-10.8%	-5.6%	-4.0%	-3.5%	-5.8%
(Ex. rate: 1USD=)	129.6	138.4	141.6	132.3	135.5
(" 1EUR=)	138.1	139.3	144.4	142.1	141.0
(" 1CNY=)	19.6	20.2	19.9	19.4	19.8

Supplementary Information : Financial Results by Business Segment

Due to the classification of the steering business as a discontinued operation, the figures back to FY22 have been retroactively updated to show as continuing operations excluding the steering business.

(Billions of yen)		FY2022					FY2023	YOY		FY2023 Forecast		
		Q1	Q2	Q3	Q4	Full year	Q1	Increase/ Decrease	Difference	H1	H2	Full year
Total	Sales	183.5	202.8	194.6	195.9	776.8	188.2	+4.8	+2.6%	392.0	416.0	808.0
	Segment Income	8.8	12.0	11.1	12.4	44.3	3.8	-4.9	-56.4%	15.0	31.0	46.0
	(%)	4.8%	5.9%	5.7%	6.3%	5.7%	2.0%			3.8%	7.5%	5.7%
	Operating income	8.4	11.2	10.3	14.0	43.8	4.1	-4.2	-50.7%	14.0	30.0	44.0
	(%)	4.6%	5.5%	5.3%	7.1%	5.6%	2.2%			3.6%	7.2%	5.4%
Industrial Machinery Business	Sales	95.3	100.1	96.3	93.4	385.1	85.1	-10.2	-10.7%	182.5	195.0	377.5
	Industrial Machinery Bearings	77.4	81.1	79.3	78.1	315.9	72.9	-4.5	-5.8%	154.5	164.5	319.0
	Precision Machinery and Parts	17.9	19.0	17.0	15.3	69.2	12.2	-5.7	-32.0%	28.0	30.5	58.5
	Segment Income	9.2	10.4	9.6	6.3	35.5	2.3	-6.9	-75.0%	9.0	18.5	27.5
	(%)	9.7%	10.4%	9.9%	6.8%	9.2%	2.7%			4.9%	9.5%	7.3%
Automotive Business	Sales	80.0	94.8	90.1	94.5	359.4	95.2	+15.2	+19.0%	193.0	205.0	398.0
	Segment Income	-1.4	1.4	1.1	5.1	6.3	1.1	+2.4	—	5.0	11.0	16.0
	(%)	-1.7%	1.5%	1.2%	5.4%	1.8%	1.1%			2.6%	5.4%	4.0%
Others	Sales	14.7	14.4	15.1	14.8	59.0	16.7	+2.0	+13.6%	33.5	34.0	67.5
	Segment Income	0.8	0.2	0.3	0.9	2.2	0.7	-0.1	-15.8%	1.0	1.5	2.5
	(%)	5.5%	1.1%	2.1%	5.9%	3.7%	4.1%			3.0%	4.4%	3.7%
Eliminations (sales)		-6.5	-6.6	-6.8	-6.8	-26.7	-8.7	-2.2	—	-17.0	-18.0	-35.0
Other operating income and expenses /Adjustments		-0.3	-0.7	-0.8	1.6	-0.2	0.1	+0.4	—	-1.0	-1.0	-2.0

Supplementary Information :

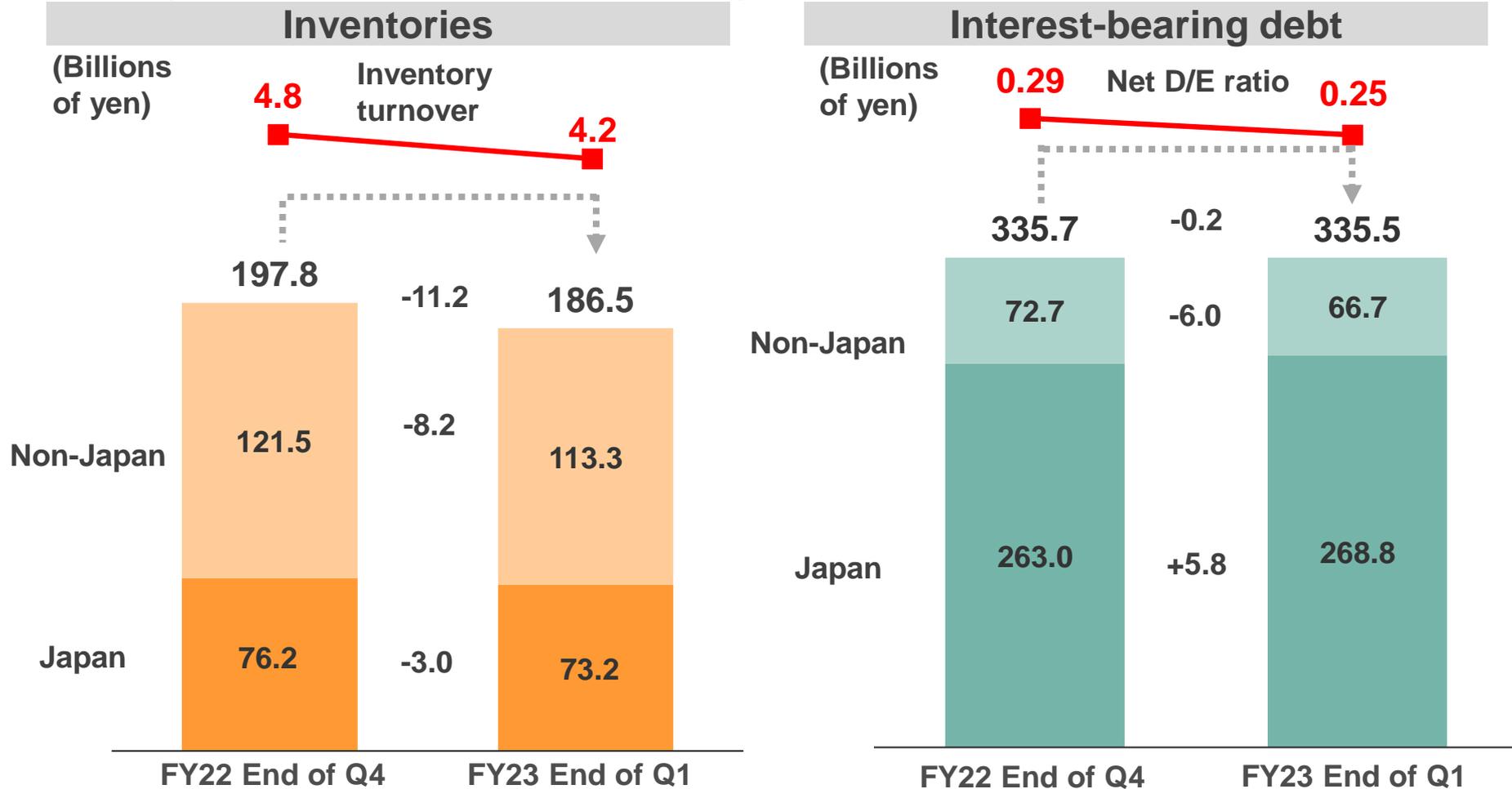
Sales by Customer Location

Due to the classification of the steering business as a discontinued operation, the figures back to FY22 have been retroactively updated to show as continuing operations excluding the steering business.

(Billions of yen)	FY2022					FY2023	YOY	
	Q1	Q2	Q3	Q4	Full year	Q1 Actual	Increase/Decrease	Difference
Sales	183.5	202.8	194.6	195.9	776.8	188.2	+4.8	+2.6%
Japan	65.6	68.3	65.0	69.3	268.2	66.0	+0.4	+0.6%
Non-Japan	117.8	134.5	129.6	126.6	508.5	122.2	+4.4	+3.7%
(Non-Japan Ratio)	64.2%	66.3%	66.6%	64.6%	65.5%	64.9%		
The Americas	29.1	33.4	33.5	34.8	130.8	33.4	+4.2	+14.5%
Europe	24.6	24.7	25.2	29.2	103.7	27.0	+2.4	+9.7%
China	37.2	48.0	42.9	35.0	163.2	35.5	-1.7	-4.7%
Other Asia	26.8	28.4	28.1	27.6	110.9	26.4	-0.5	-1.7%
Ex. Rate								
1USD	129.6	138.4	141.6	132.3	135.5	137.4	+7.8	+6.0%
1EUR	138.1	139.3	144.4	142.1	141.0	149.5	+11.4	+8.2%
1CNY	19.6	20.2	19.9	19.4	19.8	19.6	-0.0	-0.1%

Supplementary Information: Inventories / Interest-Bearing Debt

Due to the classification of the steering business as a discontinued operation, the figures for FY23 excludes the steering business. Net D/E ratio includes the steering business.



Ex. Rate	FY22 End of Q4	FY23 End of Q1
1USD	133.5	145.0
1EUR	145.7	157.6
1CNY	19.4	20.0

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

Due to the classification of the steering business as a discontinued operation, the figures back to FY22 have been retroactively updated to show as continuing operations excluding the steering business.

(Billions of yen)	FY2022	FY2023	
	Full year Actual	Q1 Actual	Full year Forecast
Capital Expenditures	54.1	9.9	60.0
Capital Expenditures (excluding lease)	48.4	9.5	55.0
Depreciation and Amortisation	50.1	12.8	52.0
Depreciation and Amortisation (excluding lease)	45.3	11.5	47.0
R&D Expenses (on a statutory basis)	15.4	3.6	17.0
(Ref.) R&D Expenses (on a managerial basis)	25.9	6.4	27.0



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.