

NSK

NSK Ltd.

Consolidated Business Results for Fiscal 2023



Change & Go Beyond

May 15, 2024

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 Year Ended March 31, 2024**
 - 2. Consolidated Business Forecast for the Year Ending March 31, 2025**
 - 3. Progress on Mid-Term Management Plan 2026 and FY2026 New Targets**
- (Supplementary Information)**

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 3. Progress on Mid-Term Management Plan 2026 (MTP2026) and FY2026 New Targets
- (Supplementary Information)

Key Points - Consolidated Business Results for FY2023

✓ FY2023 Actual (Continuing Operations)

Industrial: Demand adjustment phase continued through whole year

Automotive: Steady results supported by higher global automotive production

» Sales	¥788.9 bn (YOY + 1.6%)
» Operating income	¥ 27.4 bn (YOY -37.5%)
» Operating margin	3.5%
» ROE	1.3%
» ROIC	1.5%
» Net D/E ratio	0.26

✓ Continuation of Stable Dividends and Flexible Share Buybacks

- » Full year dividend: ¥30 per share
(Interim dividend ¥15 per share, end of year dividend ¥15 per share)
- » Share Buybacks: ¥21.7 billion/25 million shares (May/June 2023)
- » Cancelled 51 million shares of treasury stock (August 2023)

✓ Reduction of Cross-Shareholdings

- » Proportion of total equity: 5.5% (was 15.1% at the end of FY22)

Summary of Consolidated Business Results for the Year Ended March 31, 2024

- ✓ Sales up, profits down YOY; Sales down excluding transfer of cost increases to sales prices and currency impact
- ✓ Lower than forecast due to downside impact of Industrial Machinery Business
- ✓ Net income includes reversal of deferred tax assets in Europe (-¥3.8 bn)

	(Billions of yen)	Q4		Increase/ Decrease YOY <i>(Effect of exchange rate fluctuations)</i>	Increase/ Decrease QOQ	FY2022	FY2023	Increase/ Decrease YOY <i>(Effect of exchange rate fluctuations)</i>	Difference YOY	FY2023 Forecast as of Oct.
		Actual	Actual							
Continuing operations	Sales	195.9	200.8	+4.9 +12.4	-0.6 +1.1	776.8	788.9	+12.1 +30.2	+1.6%	800.0
	Segment income*	12.4	8.1	-4.3 +2.9	-1.1 +0.2	44.3	28.7	-15.6 +6.7	-35.2%	31.5
	(%)	6.3%	4.0%			5.7%	3.6%			3.9%
	Operating income	14.0	8.1	-5.9 +2.6	-0.1 +0.2	43.8	27.4	-16.4 +7.1	-37.5%	30.0
	(%)	7.1%	4.0%			5.6%	3.5%			3.8%
	Income before income taxes	13.5	7.6	-6.0	-0.5	43.3	26.2	-17.1	-39.4%	28.5
Net income attributable to owners of the parent	9.9	4.5	-5.5	+1.2	26.8	13.5	-13.3	-49.5%	-	
Continuing and discontinued operations	Net income attributable to owners of the parent	7.5	3.8	-3.7	-0.3	18.4	8.5	-9.9	-53.8%	14.0
	(Ex. rate: 1USD=)	132.3	148.6	+16.3	+0.7	135.5	144.6	+9.1	+6.7%	142.5
	(" 1EUR=)	142.1	161.3	+19.2	+2.2	141.0	156.8	+15.8	+11.2%	154.0
	(" 1CNY=)	19.4	20.6	+1.3	+0.2	19.8	20.1	+0.4	+2.0%	19.7

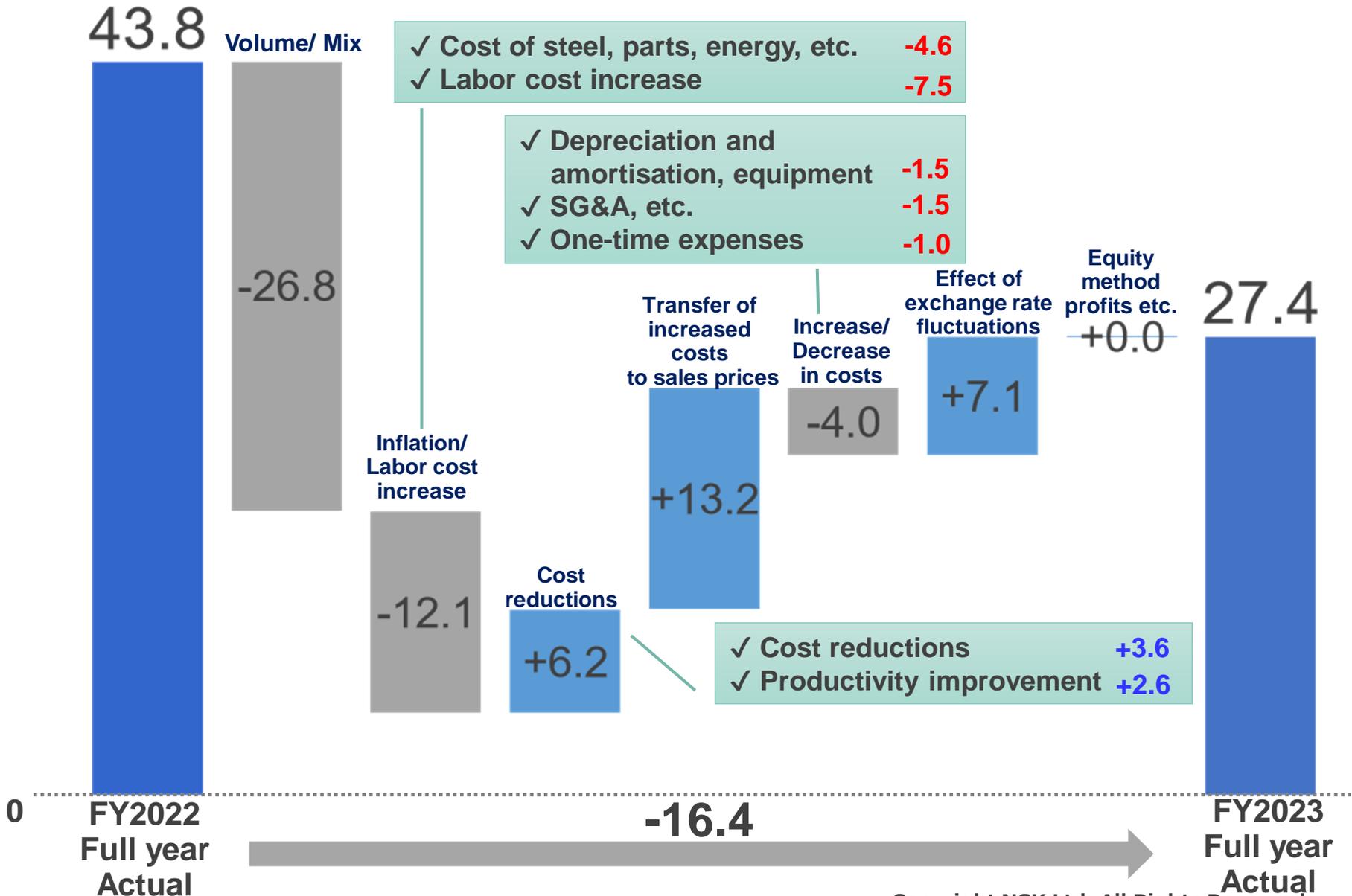
*Segment income : Operating income before deduction of other operating income/loss (exchange rate fluctuation gain/loss, etc.)

Operating Income: Factors Behind Change

(FY2022 Full year ⇒ FY2023 Full year) (Continuing operations)

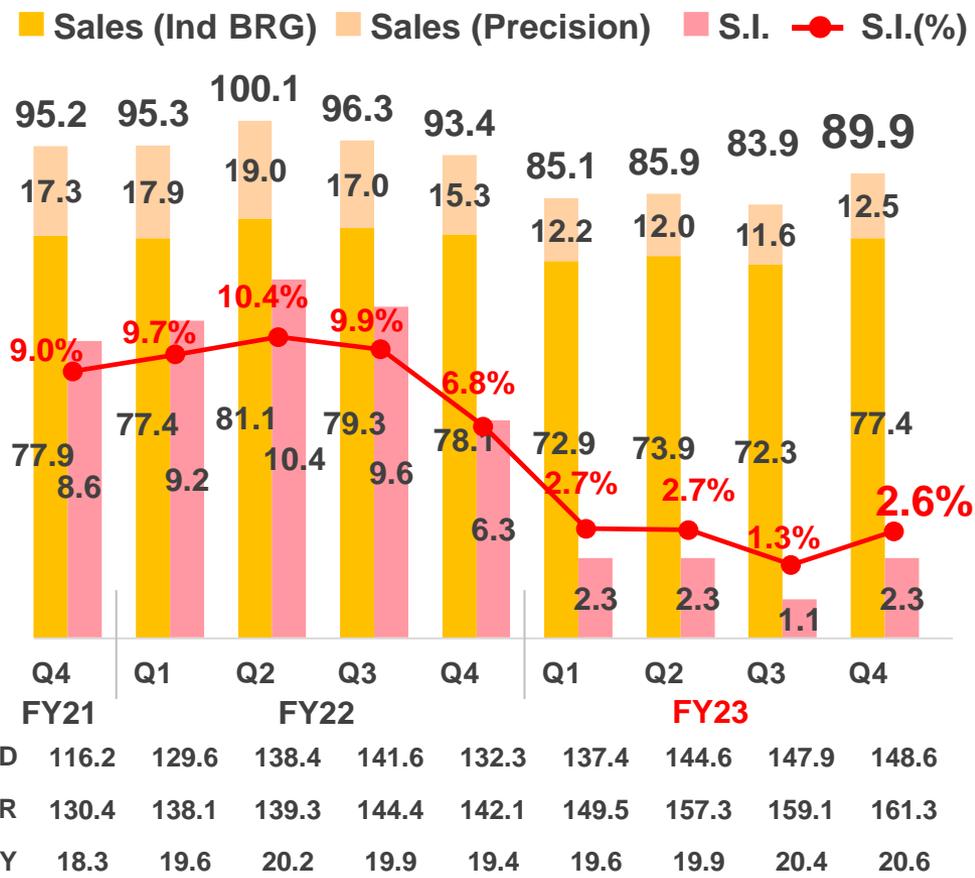


(Billions of yen)



Industrial Machinery Business

(Billions of yen)	FY2022 Full year Actual	FY2023 Full year Actual	Increase/Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Excluding effect of exchange rate fluctuations)
Sales	385.1	344.8	-40.3 +15.1	-10.5% -14.4%
Industrial Machinery Bearings	315.9	296.5	-19.4	-6.1%
Precision Machinery and Parts	69.2	48.3	-20.9	-30.2%
Segment income	35.5	8.0	-27.5	-77.5%
(%)	9.2%	2.3%		
(Ex. rate: 1USD=)	135.5	144.6	+9.1	+6.7%
(" 1EUR=)	141.0	156.8	+15.8	+11.2%
(" 1CNY=)	19.8	20.1	+0.4	+2.0%



1USD	116.2	129.6	138.4	141.6	132.3	137.4	144.6	147.9	148.6
1EUR	130.4	138.1	139.3	144.4	142.1	149.5	157.3	159.1	161.3
1CNY	18.3	19.6	20.2	19.9	19.4	19.6	19.9	20.4	20.6

✓ FY23 Full Year Result: YOY sales and profits declined

Demand adjustment continued for semiconductor manufacturing equipment, etc.

✓ Q4: Sales and profits increased QOQ

- Aftermarket sales of industrial bearings increased in Americas and Europe, while E&E remained flat.

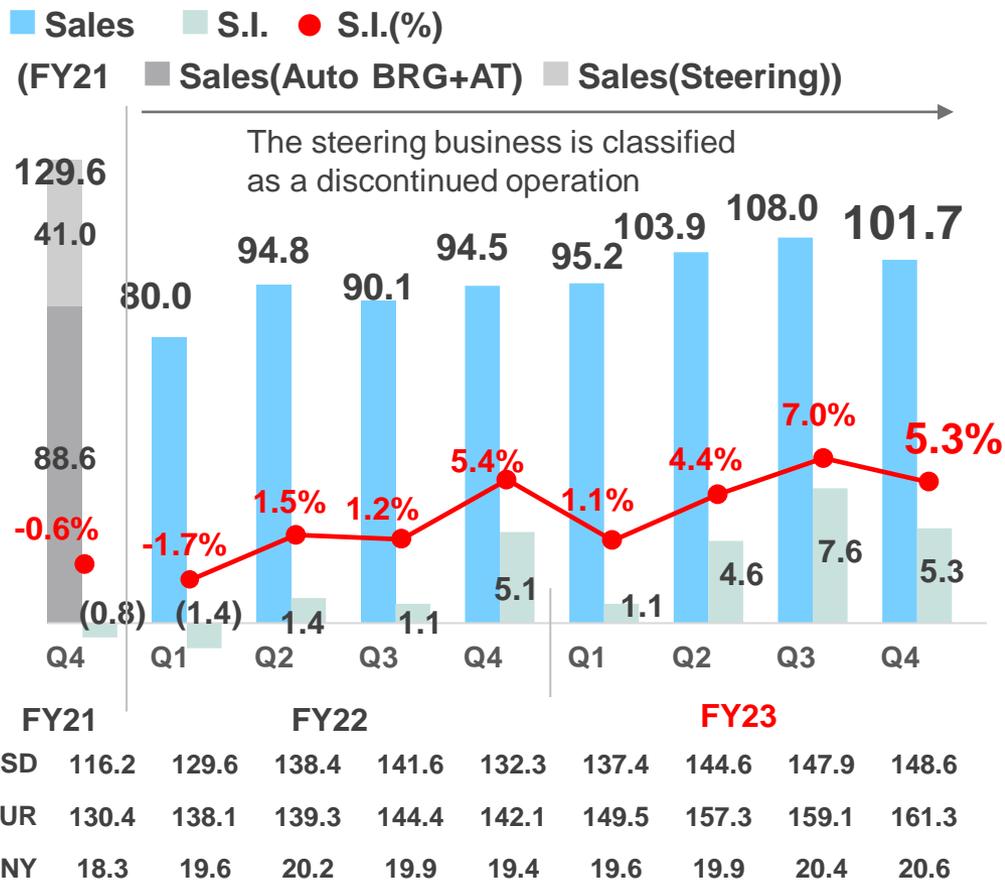
- Sales of precision machinery products for machine tools and semiconductor manufacturing equipment increased in the Americas, Europe, and Asia.

Automotive Business

(Billions of yen)	FY2022 Full year Actual	FY2023 Full year Actual	Increase/Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Excluding effect of exchange rate fluctuations)
Sales	359.4	408.8	+49.4 +14.2	+13.8% +9.8%
Segment income	6.3	18.6	+12.2	+193.6%
(%)	1.8%	4.5%		
(Ex. rate: 1USD=)	135.5	144.6	+9.1	+6.7%
(" 1EUR=)	141.0	156.8	+15.8	+11.2%
(" 1CNY=)	19.8	20.1	+0.4	+2.0%

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 now disclose under the single category of "Automotive Business". Income from the equity in the joint venture with JIS, which was established on August 1, 2023, is included in the segment income of the Automotive Business from FY23 Q2.



	FY21	FY22				FY23			
1USD	116.2	129.6	138.4	141.6	132.3	137.4	144.6	147.9	148.6
1EUR	130.4	138.1	139.3	144.4	142.1	149.5	157.3	159.1	161.3
1CNY	18.3	19.6	20.2	19.9	19.4	19.6	19.9	20.4	20.6

- ✓ Global automotive production volume: 90 million vehicles *IHS Markit YOY +8%
- Sales and profit increased YOY
- ✓ Sales and profits declined in Q4 partly due to a decline in automotive production volume

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- 2. Consolidated Business Forecast for the Year Ending March 31, 2025**
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(Supplementary Information)

Summary of Consolidated Business Forecast for the Year Ending March 31, 2025 (FY24)

✓ FY24 Full Year Forecast (Continuing Operations)

- Sales increase in Industrial Machinery and capital expenditure recovery from second half of FY24
- Global automotive production volume: 90 million vehicles (same level as FY23)
- One-time expenses of ¥5 billion related to structural reforms in Europe, etc., are included in the forecast
- Currency assumptions: USD ¥145, EUR ¥155, CNY ¥20

» Sales	¥820.0 bn (YOY +3.9%)
» Operating income	¥36.0 bn (YOY +31.4%)
» Operating income %	4.4% (5.0% excluding one-time expenses)
» ROE	3%

✓ Capital Expenditure

- » Plan to invest ¥60.0 billion/year (incl. right-of-use assets)
Continue to invest in new product development, DX and environment

✓ Dividend Policy: DOE Policy Adopted

(DOE: Dividend on Equity attributable to owners of the parent)

- » Dividend Payout Ratio policy target of 30-50% + DOE policy (~2.5% lower limit)
- » Annual dividend is ¥34/share, an increase of ¥4 YOY
(Interim dividend: ¥ 17/share, Year-end dividend: ¥17/share)

Consolidated Business Forecast for the Year Ending March 31, 2025

- ✓ Increase in sales and profits YOY driven by sales expansion and demand recovery in the industrial machinery business and cost reduction activities. Forecast includes one-time structural reform expenses.

	(Billions of yen)	FY2023 Actual	FY2024 Forecast	YOY Increase/ Decrease	YOY Difference
Continuing operations	Sales	788.9	820.0	+31.1	+3.9%
	Segment income*	28.7	38.0	+9.3	+32.4%
	(%)	3.6%	4.6%		
	Operating income	27.4	36.0	+8.6	+31.4%
	(%)	3.5%	4.4%		
	Income before income taxes	26.2	33.5	+7.3	+27.8%
Continuing and discontinued operations	Net income attributable to owners of the parent	8.5	19.0	+10.5	+123.5%
	(Ex. rate: 1USD=)	144.6	145.0	+0.4	+0.3%
	(" 1EUR=)	156.8	155.0	-1.8	-1.1%
	(" 1CNY=)	20.1	20.0	-0.1	-0.7%

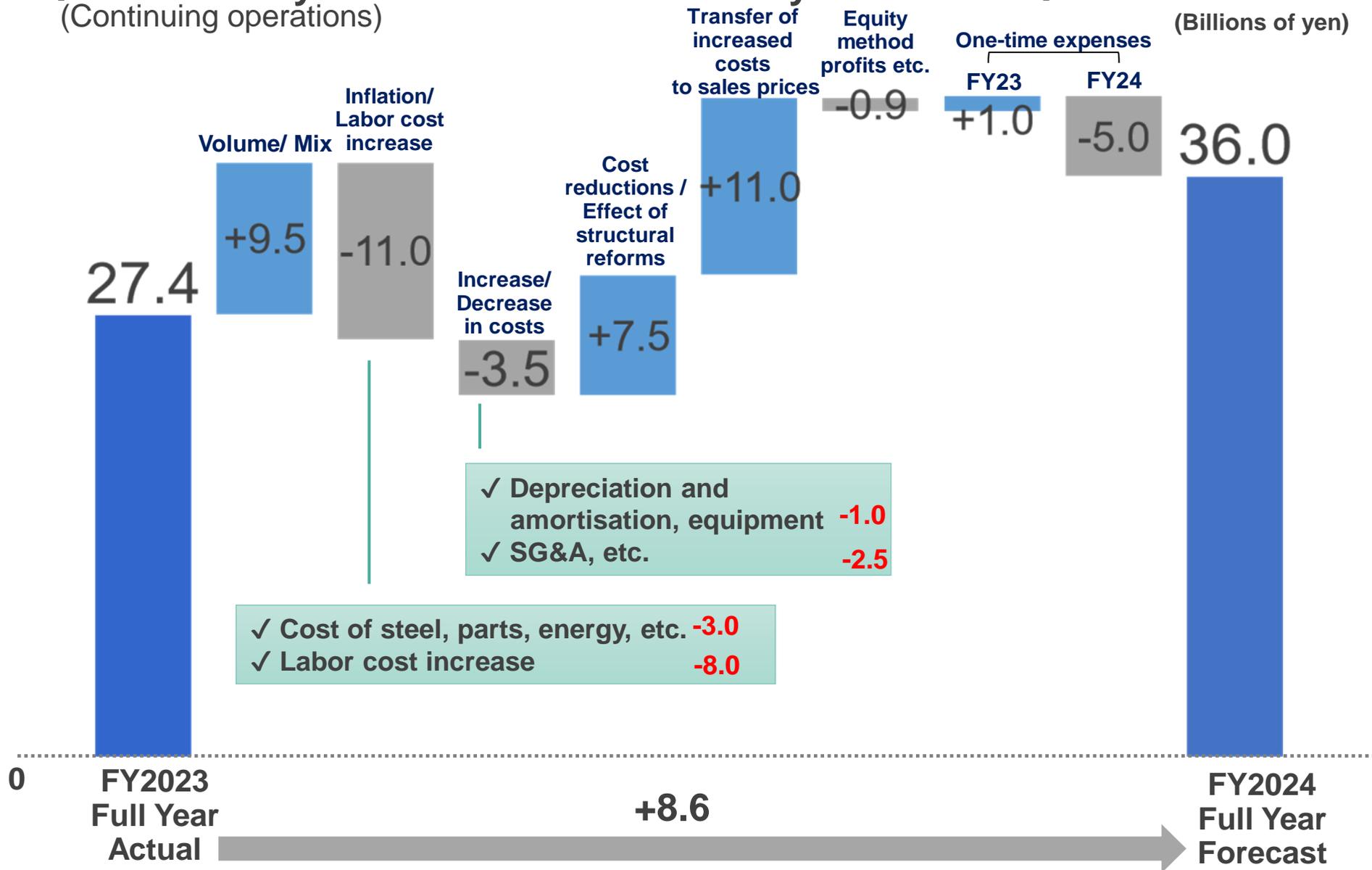
*Segment income : Operating income before deduction of other operating income/loss (exchange rate fluctuation gain/loss, etc.)

Operating Income: Factors Behind Change

(FY2023 Full year Actual ⇒ FY2024 Full year Forecast)

(Continuing operations)

(Billions of yen)



Forecast for FY2024 by Segment

» Industrial Machinery Business

(Billions of yen)	FY2023 Full year Actual	FY2024 Full year Forecast	Increase/ Decrease YOY	Difference YOY	FY2024 H1 Forecast	FY2024 H2 Forecast
Sales	344.8	378.0	+33.2	+9.6%	179.0	199.0
Industrial Machinery Bearings	296.5	320.0	+23.5	+7.9%	153.0	167.0
Precision Machinery and Parts	48.3	58.0	+9.7	+20.1%	26.0	32.0
Segment income	8.0	19.0	+11.0	+137.3%	4.0	15.0
(%)	2.3%	5.0%*			2.2%	7.5%

*Excluding one-time expenses: 5.8%

» Automotive Business

(Billions of yen)	FY2023 Full year Actual	FY2024 Full year Forecast	Increase/ Decrease YOY	Difference YOY	FY2024 H1 Forecast	FY2024 H2 Forecast
Sales	408.8	405.0	-3.8	-0.9%	196.0	209.0
Segment income	18.6	18.0	-0.6	-3.1%	4.5	13.5
(%)	4.5%	4.4%*			2.3%	6.5%

* Excluding one-time expenses: 5%

Demand Trends by Sector

(NSK forecast)

Industrial Machinery Bearings		FY24 H1 vs FY23 H2	FY24 H2 vs FY24 H1
	Aftermarket	→	↑
Precision Machinery and Parts	Machine Tools	→	↑
	Semi- conductors	→	↑↑
	Robots	→	↑
	Wind Turbines	→	↑
	Railcars	→	→
Electrical Equipment	Electrical and IT Equipment	→	→
	Automotive	→	→

Global Vehicle Production

(million; IHS Markit + NSK forecast)

FY23		▶	FY24	
H1	H2		H1	H2
90			90	
45	45		44	46

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(Supplementary Information)

MTP2026 Progress on Key Management Tasks

We aim to be a needed and trusted company that contributes to the development of a sustainable society by creating new value through the fusion of tribology and information technology

ESG Management

Four Core Values to be needed, trusted, and relied upon by society

- ✓ Promote carbon neutrality
- ✓ Create better working environments

Current progress exceeds plan

On track for -52% CO₂ emissions (compared to FY17; Scope1, 2)

- ✓ Engage information technology in all areas
- ✓ Super-stabilization of production
- ✓ Develop and support diverse career paths

Create new value



Enhancement of Managerial Resources

Enhance our managerial resources with the power of IT and continuously transform our business



Progressing as planned

Promoting activities to increase productivity by 1.5x

Growth with Profitability

Establish business foundation for sustainable growth even in changing business conditions

- ✓ Bearings & Beyond
- ✓ Restructure steering business
- ✓ Pursue alliances and M&A

Behind schedule

Deterioration of business environment

MTP2026 Change in Business Environment

- ✓ Continued sluggish demand against backdrop of rising interest rates in many countries and a slowdown in the Chinese economy.
- ✓ Global inflation including energy and labor costs.

Industrial Machinery: Demand adjustment continued through the second half of the period despite record-breaking performance in FY22. Delay in recovery.

Automotive: Global automotive production volume is down from the assumptions made when the mid-term plan was formulated.

Steering: Joint venture with JIS established in August 2023. Became an equity method affiliate.

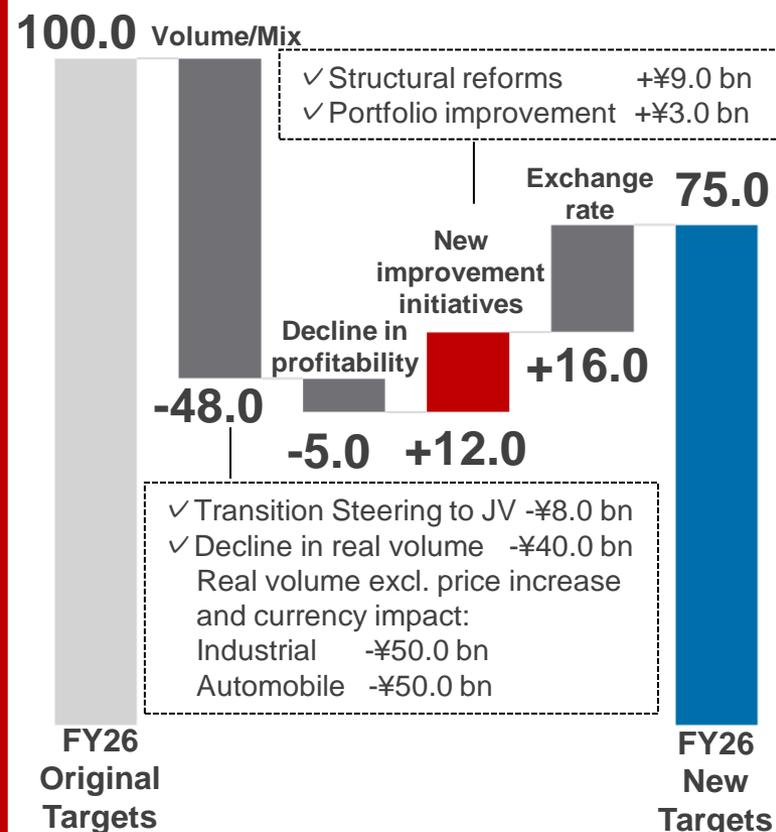
Market Assumptions	MTP2026 Outlook at time of formulation		At End of FY23	
	FY23	FY26	FY23	FY26
Machine tool related orders (NSK forecast based on JAMA data)	¥1.8 tn	¥2.0 tn	¥1.5 tn	¥1.7 tn
Semiconductor manufacturing equipment demand (NSK forecast based on SEMI and Gartner data)	\$110 bn	\$130 bn	\$100 bn	\$120 bn
Global automotive production forecast (million vehicles, NSK forecast)	92	98	90	92

MTP2026: New Targets 1

- ✓ Targets Revised Down: Sales ¥900.0 bn, Operating income ¥75.0 bn (8%) and 8% ROE
- New targets exclude sales and profits of Steering Business
- Maintained sales targets in Industrial and Automotive
- Adjusted Industrial operating income target to reflect decline in real volume; Maintained Automotive operating income target (excluding Steering)

	Original Targets	New Targets
Sales	Over ¥1 tn	¥900.0 bn
Industrial Machinery	¥450.0 bn	¥450.0 bn
Automotive (excluding Steering)	¥410.0 bn	¥410.0 bn
Steering	¥220.0 bn	—
Operating Income	¥100.0 bn	¥75.0 bn
Operating Income %	10%	8%
Industrial Machinery	13%	10%
Automotive (excluding Steering)	7%	7%
Steering	4%	—
ROE	10%	8%
ROIC	8%	6%
Net D/E Ratio	Below 0.4x	Below 0.4x
Forex Assumption	USD ¥112	USD ¥140

Factors behind change in operating income (Billions of yen)



MTP2026: New Targets 2

✓ 4% CAGR from FY23 to FY26.

✓ Increased operating income ratio and ROE through growth and expansion and improved structure.

10%

Operating Income (%) **8%**

ROE

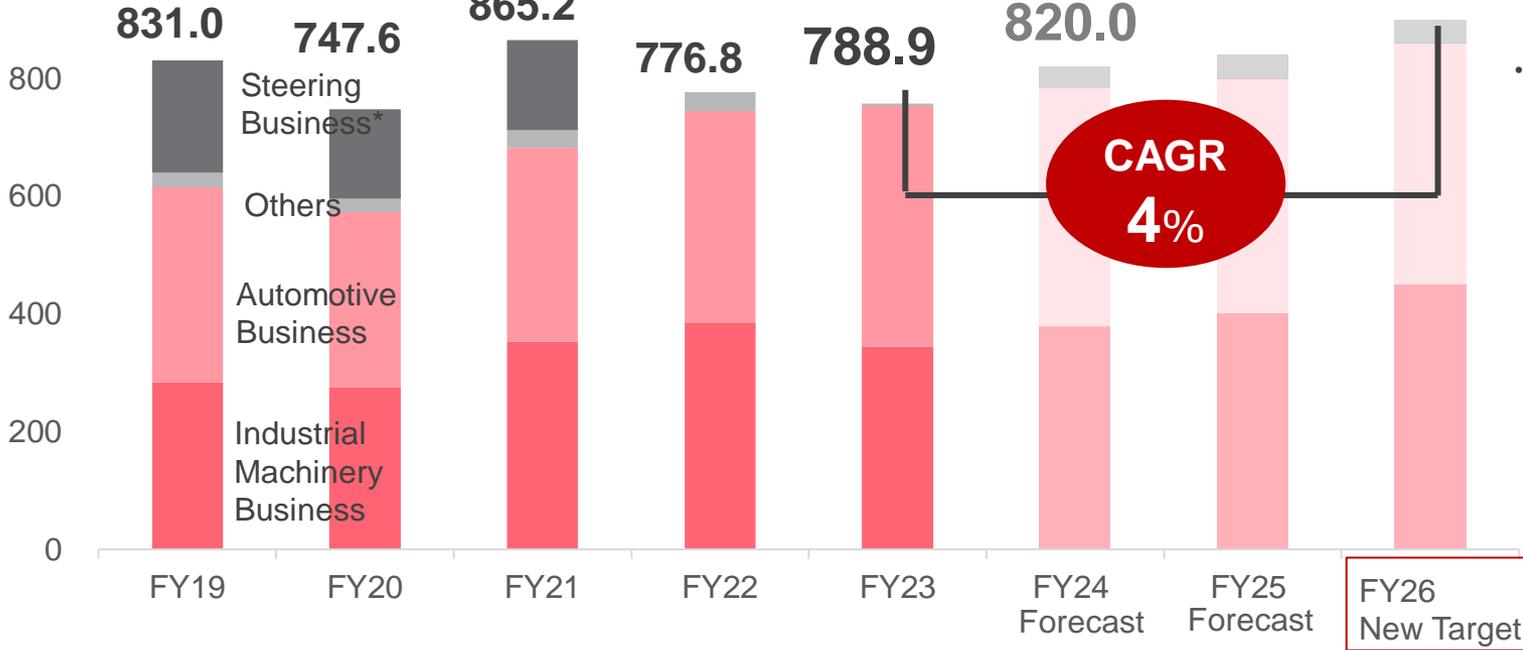
- ✓ Growth
- ✓ Steady improvement
- DX driving efficiency
- Ultra-Stabilization of Production
- Unit cost reductions

Sales **900.0**

CAGR 4%

(Billions of yen)

1,000



The 6th MTP

MTP2026

*For consistency reflects the impact of steering business as joint venture from FY22 onward.

Management Policy for Second Half of MTP2026 (FY24-FY26)

FY24-26 Goal

Aim to strengthen business foundation through sales growth and portfolio reform to recover from deterioration in profitability due to change in business environment

Management Policy

- ✓ Continue initiatives toward Three Key Management Tasks
- ✓ Profitability improvement is top priority
- ✓ Maintain investment in human resources, environment, DX

Three Key Management Tasks

Growth with Profitability
ESG Management
Enhance Managerial Resources

Growth

Structural Improvement

Initiatives

(New Initiatives)

- ✓ Business portfolio reform
 - » Expand Industrial Machinery
 - » Secure share in EV
 - » New products to market
- ✓ Ultra-stabilization of production
- ✓ DX driving efficiency
- ✓ Unit cost reductions, transfer labor cost increases to sales prices
- ✓ **Execute structural reform/production reorganization**

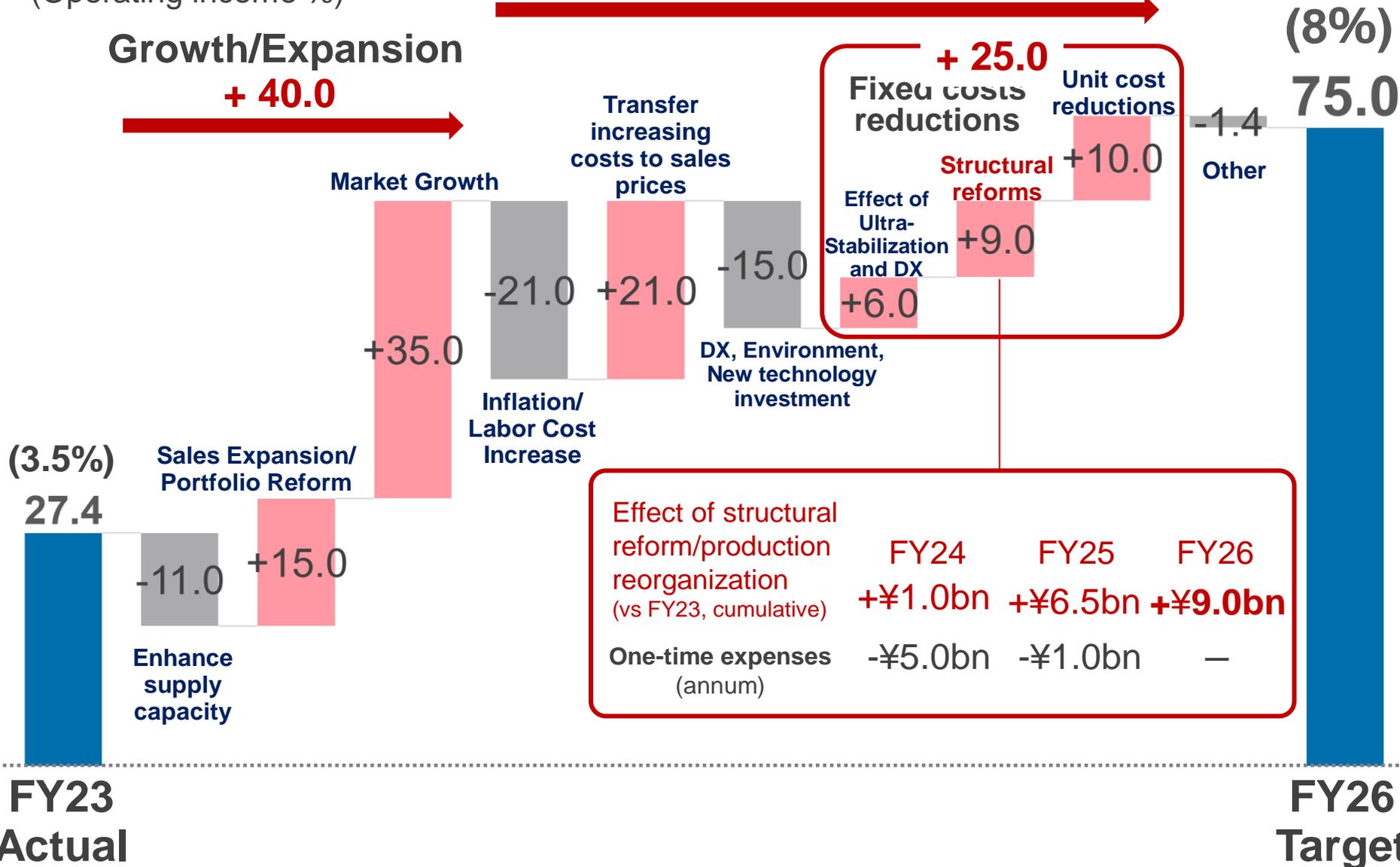
FY23 → FY26 Profitability Improvement Roadmap

Operating income (Billions of yen)
(Operating income %)

Structural reforms

Growth/Expansion

+ 40.0



(3.5%)

27.4

Sales Expansion/
Portfolio Reform

-11.0

+15.0

Enhance
supply
capacity

Market Growth

+35.0

Inflation/
Labor Cost
Increase

-21.0

Transfer
increasing
costs to sales
prices

+21.0

DX, Environment,
New technology
investment

-15.0

Effect of
Ultra-
Stabilization
and DX
+6.0

Structural
reforms
+9.0

Fixed costs
reductions
+25.0

Unit cost
reductions
+10.0

-1.4
Other

(8%)

75.0

**FY23
Actual**

**FY26
Target**

Challenges: Industrial Machinery Business 1

- ✓ Although lower demand than forecast, continue strategy to expand in electrification, automation, digitalization, and environment.
- ✓ E&E declined with market deterioration and inflation; restructured production to rebuild profitability.

» Change in business environment

Electrification, automation, etc.
expanding capital investment demand

- China slowdown
- Prolonged inventory adjustments

» Risks/Opportunities

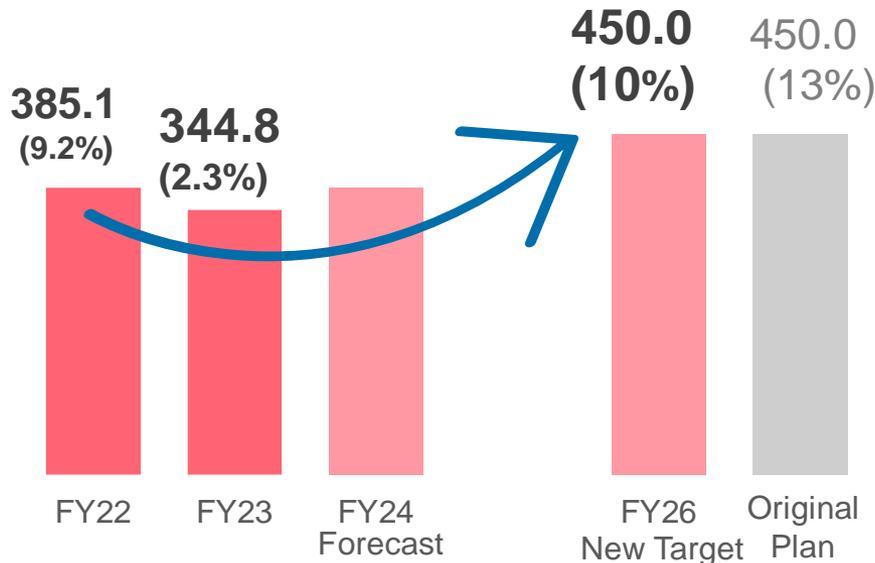
- Prolonged China slump
- Rise of Chinese competitors

- Expand in markets benefiting from NSK technology
 - Semiconductor, machine tools, robots, railway, etc.
- New growth markets such as new energy

» Challenges to Address

- Growth/Expansion
 - Strengthen supply capacity
 - AM sales expansion/ Enter new sectors
- Profitability improvement
 - Production reorganization of E&E

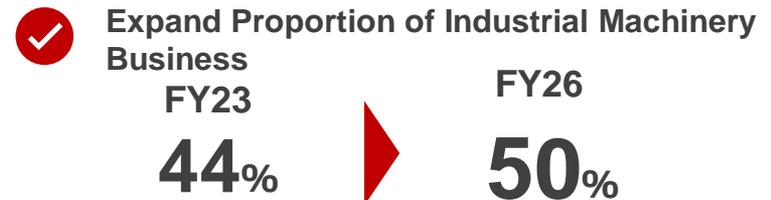
✓ Sales (Billions of yen) (Segment Income %)



FY26 Target

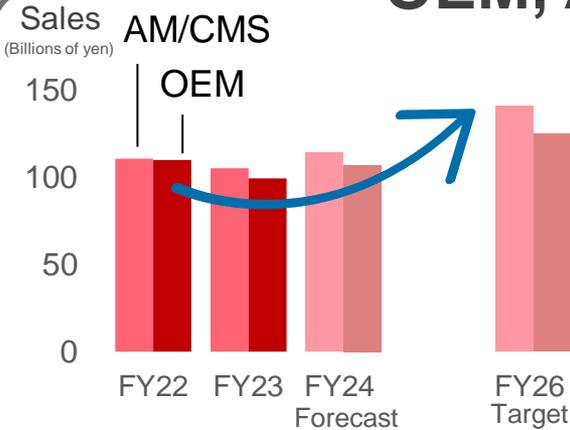
Sales	¥450.0 bn
Segment income	10%

Operating income target lowered from initial 13% but improved to 10% due to market recovery + sales expansion effects and improved profitability.



Challenges: Industrial Machinery Business 2

OEM, AM/CMS



✓ AM EU/US Sales Expansion

Americas

Collaboration with key distributors
Wind turbine bearing repair business acquisition

Europe

Expand business in Eastern Europe

✓ OEM Product Differentiation

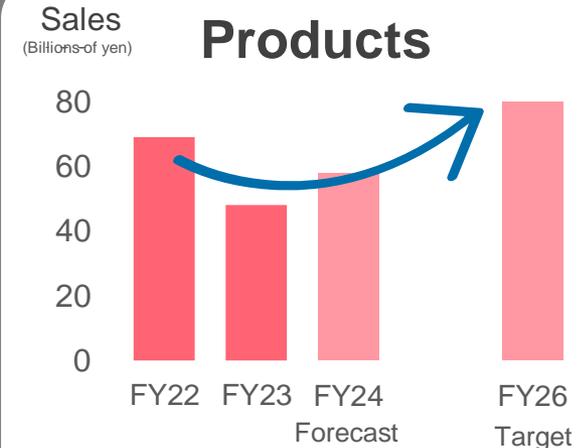
Machine tools/robots/wind power/
railway/new energy

- Support for Sophisticated Machine Tools
- Longer service life in special environments

✓ Expand CMS Sector

- Pharmaceuticals / Steel / Paper
- Plug & Play Solutions to Market

Precision Products



✓ Growth with Profitability

- Technology differentiation in growth markets
Semiconductor/rechargeable battery related
- Supply capacity and quick delivery
Commercial/general machinery

✓ New Products / Entry into new business areas

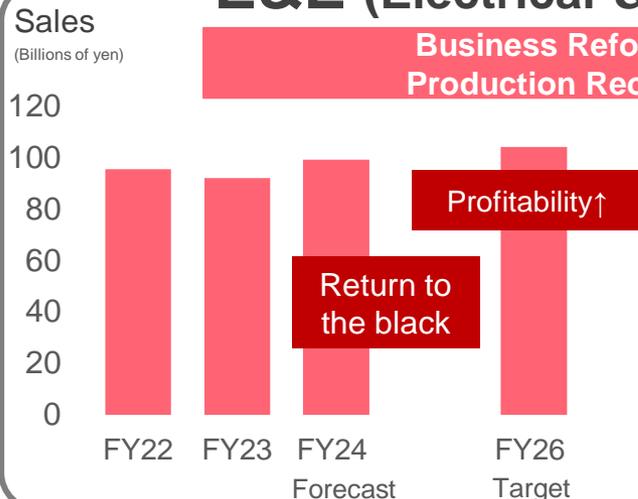
- Service robots
- Industrial actuators

Active Caster “PalGo”



E&E (Electrical & Electrification)

Business Reform through Production Reorganization



✓ Completion of global production reorganization

Production transfer and consolidation in Japan, U.S.A. and Asia

- Europe Structural Reforms
- Utilize bases to expand AM sales in North America

Challenges: Automotive Business

- ✓ Reviewed automotive production assumptions against plan (98 million units → 92 million units).
- ✓ Continued to expand sales for EV. Restructured ICE product production due to contraction.

» Change in business environment

- Recovery of Automotive Production volume (98 mil vehicle/yr)
- Acceleration of electrification

» Risks/Opportunities

- Increased price competition
- Accelerating development speed

» Challenges to Address

■ Growth/Expansion

- EV sales expansion to drive profitability and growth
- Technology differentiation: Electric erosion/high durability/low torque/quiet operation
- Develop new products ahead of competitors
- Market new products and increase development speed (Strengthen local R&D for China market)

■ Profitability Improvement

- ICE product production reorganization

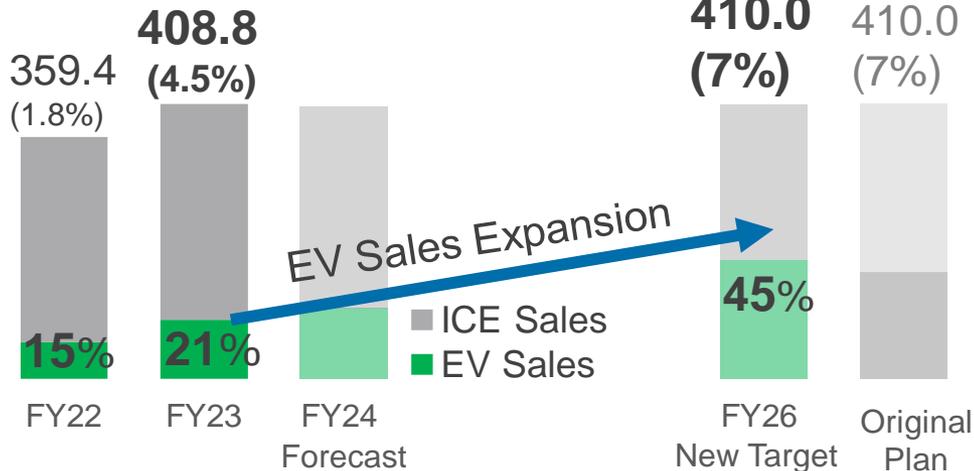
- China slowdown
- Stagnation of volume (92 mil vehicles/yr)

- EV increasing opportunities for new customer acquisition and new product proposals

✓ Sales (billions of yen) (Segment income)

Automotive Production Volume (millions of vehicles) NSK forecast

82 > 90 > 90 >>> 92 98
BEV+HEV proportion (28%) (33%) (56%) (40%)



FY26 Target

Sales **¥410.0 bn**
Segment Income **7%**

Aim to achieve 7% operating income through sales expansion for EV and profit improvement measures.

✓ Portfolio Reform

- Increase market share by winning orders for high value-added products
- Growth of electric brake ball screw business to ¥30bn
- Expansion of non-Japanese customers

Ref: Bearing demand (NSK forecast)
ICE 100 : BEV 80 : HEV 110

MTP2026 Basic Policy on Financial Strategy

Growth with Profitability

Cash Generation

¥400.0 bn-500.0 bn / 5 years

Operating income 8%
Depreciation and amortization
Cross-shareholdings
Other (Reduction of low profit assets)

Investment for Sustainable Growth

Enhance Managerial Resources

✓ Capital Expenditure **¥280.0 bn / 5 years**

Remaining 3 years:
¥180.0 bn

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» Ordinary Investment ¥160.0 bn Capacity/Maintenance	» Expansion Investment ¥70.0 bn Expand Industrial/ Ultra Stabilization of Production	» New Technology ¥50.0 bn DX/New Products
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✓ **Technology costs 3-4% / Sales**

✓ **Investment Improving Corporate Value**

Investment in Human Resources, DX, M&A, Other

Continue Stable Shareholder Returns

✓ Dividend payout ratio 30-50%

¥100.0 bn- / 5 years

✓ DOE 2.5% set as lower limit for each period

✓ Share buybacks (implemented flexibly)

Grow New Products - Bearings & Beyond -

- ✓ Increase the added value of No. 1 products by advancing core technologies.
- ✓ Grow new products and create new value by expanding application of core technologies.

Drive x Control

Contribute to safe, secure society

✓ Co-bots

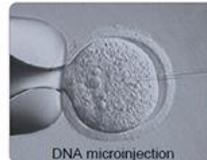
• Transport Assist Robot

From March 2024:
In operation at Shonan
Kamakura General Hospital



✓ Pursue Medical and Biotech

- Precision Control Manipulator



✓ Contribute to electrification

- Ball screws for electric-hydraulic brake systems



New Products
Goal: ¥50.0 bn

80%
Progress
toward goal

Open Innovation

M&A

Core Technologies

Tribology
Materials
Numerical Analysis
Mechatronics

No.1 Products



Ball bearings
Precision bearings
Precision ball screws
Auto bearings

Change & Go Beyond

Products x Services

Contribute to circular/recycling society

✓ Resource and energy savings

- Establish PLM business model
OEM Orders, Failure & Lifetime Diagnosis by CMS, Bearing repair/reconditioning, AM orders

✓ Conserve global environment

- Oil degradation suppression filter



✓ Renewable energy

- Respond to needs in special environments such as hydrogen energy

Initiatives to Enhance Corporate Value

✓ Achieve profitable growth through Bearings & Beyond, DX, and Change & Go Beyond and foster a corporate culture that supports this growth.

		MTP2026	FY30 Post2026	✓ Industrial ✓ Precision ✓ Mobility
Bearings & Beyond Deepen and expand application of core technologies	Portfolio Reform	Ind. 5 : 5 Auto ✓ Competitive edge through technology differentiation	Ind. 6 : 4 Auto	<div style="border: 2px solid red; border-radius: 15px; padding: 10px; text-align: center;"> Sustainable Growth Profitability Stability Cost Reductions Capital Efficiency </div>
	Expand Industrial and No.1 Products	Precision Machinery Parts ¥80.0 bn	Precision Machinery Parts ¥100.0 bn	
	PLM/AM/Services	¥130.0 bn	¥150.0 bn	
	New Products	¥50.0 bn	¥75.0 bn	
DX Pursue No. 1 Quality and Trust	Ultra-stable production	1.2x Productivity	1.5x Productivity	
	NSK Digital Twin	» -10% Labor	» -20% Labor	
	Core Systems	» ¥6.0 bn/year	» ¥12.0 bn/year	
Change & Go Beyond Challenge high future-oriented goals	Diversity	• Introduction of role-based HR system / mid-career hiring • Foster development of digital human resources / Tie-ups with universities • Town hall meetings		
	Human Resource Development			
	Engagement			
Targets	Operating Income	8%	10%	
	ROE / ROIC	8% / 6%	10% / 8%	

Materiality Addressed in MTP2026

Connection of 3 Key Management Tasks and Materiality

Corporate Philosophy	Core values	Material topics	MTP2026 Three key management issues	SDGs (related goals)
<p>Contribution to a safer, smoother society</p>	Safety Quality Environment Compliance	1. Pursue product safety and reliability	ESG management	
		2. Create value by integrating tribology and digital technologies	Enhancement of managerial resources Growth with profitability	
<p>Help to protect the global environment</p>		3. Contribute to the establishment of a carbon-neutral society	ESG management	
		4. Contribute to the establishment of a sound material-cycle society (conserve and recycle resources)	ESG management	
<p>Work across national boundaries to improve relationships between people throughout the world</p>		5. Respect fundamental rights at work	ESG management	
		6. Build a corporate culture of honesty, fairness, and trust	ESG management	
		7. Maximize the value of human capital	Enhancement of managerial resources ESG management	
		8. Implement sustainable supply chain management	Enhancement of managerial resources ESG management	
		9. Promote regional economic development	Growth with profitability	

(Supplementary Information)

Ref. ESG Management, Enhancing Management Resources



✓ ESG Management

Environment

“Create” Reduce CO₂ Emissions of business activities
(Scope1+2 VS. FY17)

FY23 Outlook - 52%
(FY26 Goal -50%)

“Utilize” Reduce CO₂ Emissions of customers from product benefits

FY23 Outlook 2.5 mil tons
(FY26 Goal 3.0 mil tons)

Issued Sustainability Linked Bonds (September 2023)

Social

Disclosure of human rights policy (October 2022), White 500 certification for 7 consecutive years, thorough compliance training (engineer ethics, quality, etc.)

Governance

Abolished takeover defense measures (May 2023)

✓ Enhancing Managerial Resources

Creating an environment for digitalization

- DX human resources development program underway (More than 80% progress against target of 5,000 trainees)
- Promoting renewal of core systems

Ultra-stabilization of production

- Promoting activities aimed at 1.5 times productivity 43% of target lines have started as of FY23

Utilization of diverse human resources and knowledge

- Diversity ratio* FY23: 12% (FY26 target: 15%)
- Strengthen collaboration with Tokyo Institute of Technology on tribology technology

*Women, foreign nationals, mid-career hires; Excluding steering business from FY23.

✓ Key NSK Products as EV Market Expands

eAxle Bearings

Sales Expansion



Ceramic balls

Overmolded bearings

Conductive Brush Set

Hub Unit Bearings

Sales Expansion



Ball Screws for Electric-Hydraulic Brake Systems

New



Technology/ Market Needs

- Electric erosion problem due to adopting higher voltage/output motors
- High-speed rotation/low friction

- Longer driving range
- Battery increases weight, demands higher durability

- Demand increase driven by regulatory requirements
- Small/high capacity
- Highly responsive/control

NSK's Strengths

- Comprehensively meet diverse needs in electric erosion/high-speed/low friction

- Low friction with high durability
- » Gen 3 tapered hub unit bearing

- NSK proprietary manufacturing technology enables small and light design
- Ball screw type systems offer superior response/control

Continue Stable Shareholder Returns

MTP2026 Current Status

- Dividend payout ratio 30-50%
- Total Return approx. 50%
(MTP2026 cumulative)
- Share buybacks implemented flexibly

MTP2026 (FY24-26) Changes

- Dividend payout ratio: 30-50%
- DOE with lower limit of about 2.5%
(DOE: Dividend on equity attributable to owners of the parent)
- Share buybacks (flexibly implemented)

FY22-23 Results

- Stable dividends: Continued ¥30/year
- Share buybacks: ¥21.7 bn

Increase TSR (Total Stock Return) by providing stable and continuous dividends and improving corporate value

Financial Results by Business Segment (FY2023)

Due to the classification of the steering business as a discontinued operation in FY23 Q1, the figures back to FY2022 have been retroactively updated to show as continuing operations excluding the steering business. Income from the equity in the joint venture with JIS, which was established on August 1, 2023, is included in the segment income of the automotive business from FY23 Q2.

(Billions of yen)		FY2022 Actual			FY2023 Actual			YOY	
		H1	H2	Full year	H1	H2	Full year	Increase/ Decrease	Difference
Total	Sales	386.2	390.5	776.8	386.7	402.2	788.9	+12.1	+1.6%
	Segment income	20.8	23.5	44.3	11.4	17.3	28.7	-15.6	-35.2%
	(%)	5.4%	6.0%	5.7%	3.0%	4.3%	3.6%		
	Operating income	19.6	24.2	43.8	11.1	16.3	27.4	-16.4	-37.5%
	(%)	5.1%	6.2%	5.6%	2.9%	4.0%	3.5%		
Industrial Machinery Business	Sales	195.4	189.7	385.1	171.0	173.8	344.8	-40.3	-10.5%
	Industrial Machinery Bearings	158.5	157.4	315.9	146.8	149.7	296.5	-19.4	-6.1%
	Precision Machinery and Parts	36.9	32.3	69.2	24.2	24.1	48.3	-20.9	-30.2%
	Segment income	19.6	15.9	35.5	4.6	3.4	8.0	-27.5	-77.5%
	(%)	10.0%	8.4%	9.2%	2.7%	2.0%	2.3%		
Automotive Business	Sales	174.8	184.6	359.4	199.1	209.7	408.8	+49.4	+13.8%
	Segment income	0.1	6.3	6.3	5.7	12.9	18.6	+12.2	+193.6%
	(%)	0.0%	3.4%	1.8%	2.8%	6.2%	4.5%		
Others	Sales	29.1	29.9	59.0	32.7	34.9	67.7	+8.7	+14.7%
	Segment income	1.0	1.2	2.2	1.4	1.0	2.4	+0.2	+8.9%
	(%)	3.3%	4.0%	3.7%	4.2%	2.8%	3.5%		
Eliminations (sales)		-13.1	-13.6	-26.7	-16.2	-16.3	-32.5	-5.7	-
Other operating income and expenses /Adjustments		-1.1	0.9	-0.2	-0.5	-1.0	-1.5	-1.4	-

Supplementary Information :

Financial Results by Business Segment (FY2024 Forecast)

Due to the classification of the steering business as a discontinued operation in FY23 Q1, the figures back to FY2022 have been retroactively updated to show as continuing operations excluding the steering business. Income from the equity in the joint venture with JIS, which was established on August 1, 2023, is included in the segment income of the automotive business from FY23 Q2.

(Billions of yen)		FY2023 Actual			FY2024 Forecast			YOY	
		H1	H2	Full year	H1	H2	Full year	Increase/ Decrease	Difference
Total	Sales	386.7	402.2	788.9	393.0	427.0	820.0	+31.1	+3.9%
	Segment income	11.4	17.3	28.7	9.0	29.0	38.0	+9.3	+32.4%
	(%)	3.0%	4.3%	3.6%	2.3%	6.8%	4.6%		
	Operating income	11.1	16.3	27.4	8.0	28.0	36.0	+8.6	+31.4%
	(%)	2.9%	4.0%	3.5%	2.0%	6.6%	4.4%		
Industrial Machinery Business	Sales	171.0	173.8	344.8	179.0	199.0	378.0	+33.2	+9.6%
	Industrial Machinery Bearings	146.8	149.7	296.5	153.0	167.0	320.0	+23.5	+7.9%
	Precision Machinery and Parts	24.2	24.1	48.3	26.0	32.0	58.0	+9.7	+20.1%
	Segment income	4.6	3.4	8.0	4.0	15.0	19.0	+11.0	+137.3%
	(%)	2.7%	2.0%	2.3%	2.2%	7.5%	5.0%		
Automotive Business	Sales	199.1	209.7	408.8	196.0	209.0	405.0	-3.8	-0.9%
	Segment income	5.7	12.9	18.6	4.5	13.5	18.0	-0.6	-3.1%
	(%)	2.8%	6.2%	4.5%	2.3%	6.5%	4.4%		
Others	Sales	32.7	34.9	67.7	33.0	35.0	68.0	+0.3	+0.5%
	Segment income	1.4	1.0	2.4	0.5	0.5	1.0	-1.4	-57.5%
	(%)	4.2%	2.8%	3.5%	1.5%	1.4%	1.5%		
Eliminations (sales)		-16.2	-16.3	-32.5	-15.0	-16.0	-31.0	+1.5	—
Other operating income and expenses /Adjustments		-0.5	-1.0	-1.5	-1.0	-1.0	-2.0	-0.5	—

Supplementary Information: Sales by Customer Location

Due to the classification of the steering business as a discontinued operation in FY23 Q1, the figures back to FY2022 have been retroactively updated to show as continuing operations excluding the steering business. Income from the equity in the joint venture with JIS, which was established on August 1, 2023, is included in the segment income of the automotive business from FY23 Q2.

(Billions of yen)	FY2022			FY2023			YOY	
	H1	H2	Full year	H1	H2	Full year	Increase/ Decrease	Difference
Sales	386.2	390.5	776.8	386.7	402.2	788.9	+12.1	+1.6%
Japan	133.9	134.3	268.2	136.3	134.8	271.1	+2.9	+1.1%
Non-Japan	252.3	256.2	508.5	250.4	267.4	517.8	+9.2	+1.8%
(Non-Japan Ratio)	65.3%	65.6%	65.5%	64.7%	66.5%	65.6%		
The Americas	62.6	68.2	130.8	68.4	76.0	144.4	+13.6	+10.4%
Europe	49.3	54.4	103.7	52.2	55.8	108.1	+4.4	+4.2%
China	85.2	77.9	163.2	75.0	79.2	154.2	-8.9	-5.5%
Other Asia	55.3	55.7	110.9	54.8	56.3	111.1	+0.2	+0.1%
Ex. Rate								
1USD	134.0	137.0	135.5	141.0	148.2	144.6	+9.1	+6.7%
1EUR	138.7	143.2	141.0	153.4	160.2	156.8	+15.8	+11.2%
1CNY	19.9	19.6	19.8	19.8	20.5	20.1	+0.4	+2.0%

Supplementary Information:

Consolidated Balance Sheet

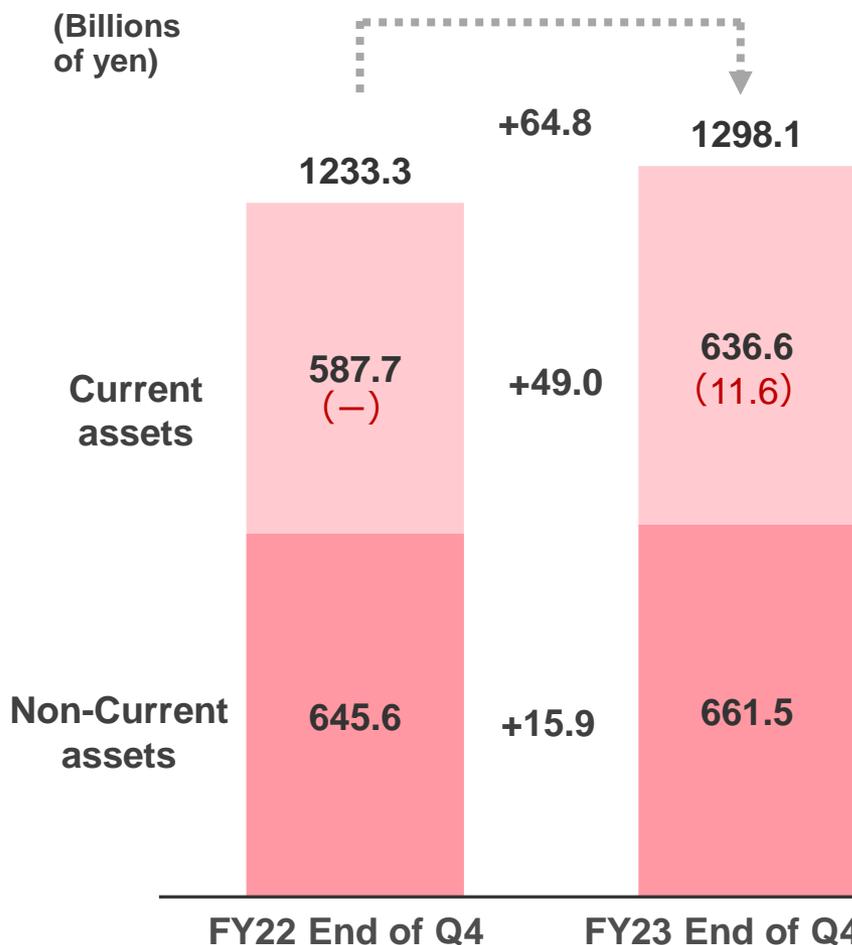
Due to the classification of the steering business as a discontinued operation in FY23 Q1, the assets and liabilities of the discontinued operation are shown in parentheses as "Assets and liabilities related to disposal group classified as held for sale". The Company established a joint venture with JIS on August 1, 2023, and plans to transfer certain companies separately at a later date with respect to the above assets and liabilities.



Ex. Rate	FY22 End of Q4	FY23 End of Q4
1USD	133.5	151.4
1EUR	145.7	163.3
1CNY	19.4	20.8

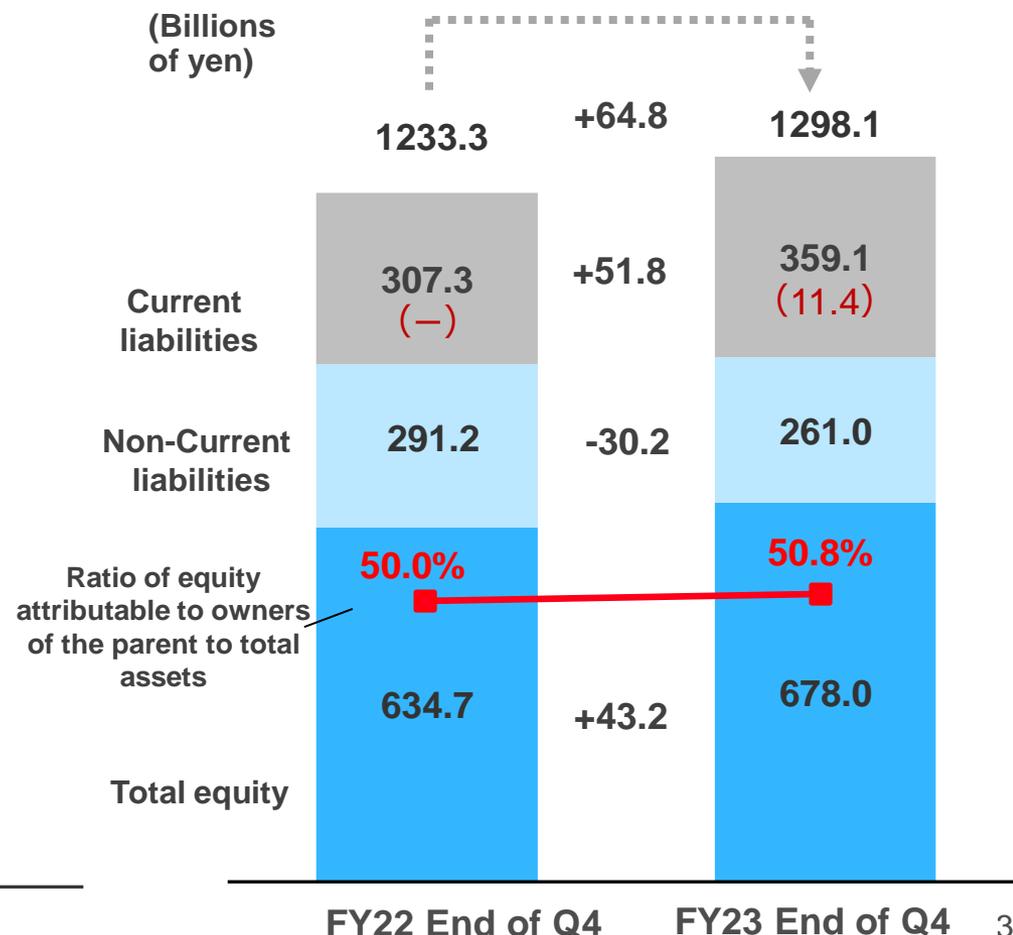
Assets

(Billions of yen)



Liabilities / Total equity

(Billions of yen)

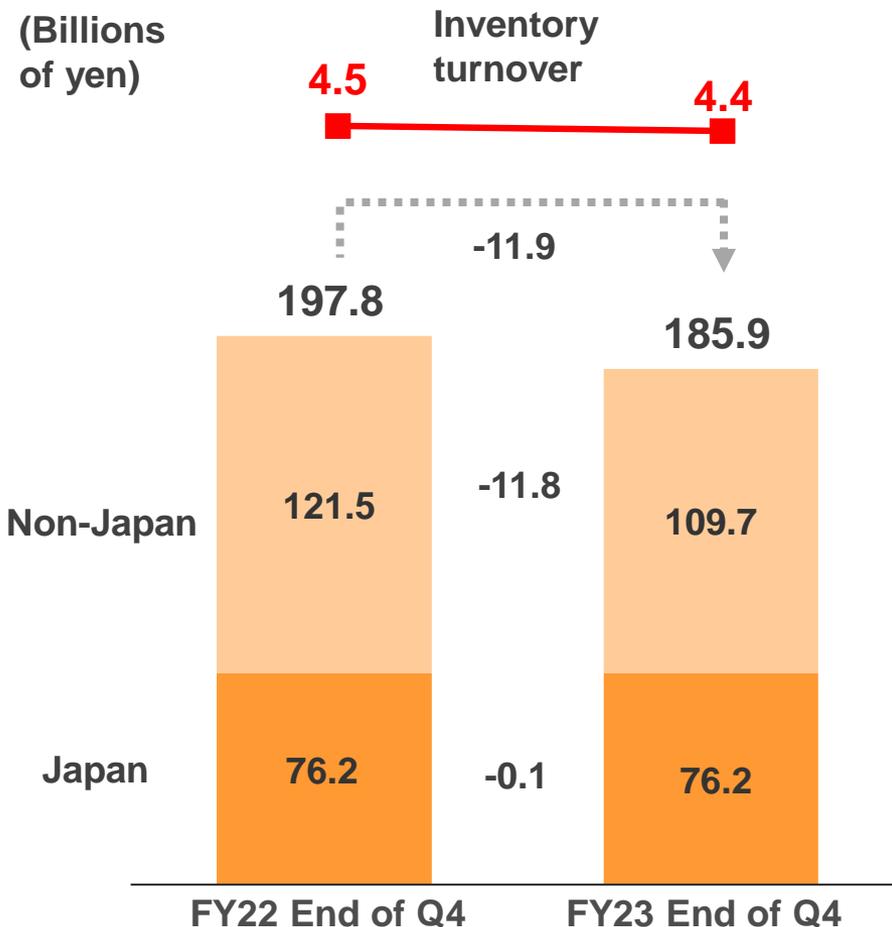


Supplementary Information: Inventories / Interest-Bearing Debt

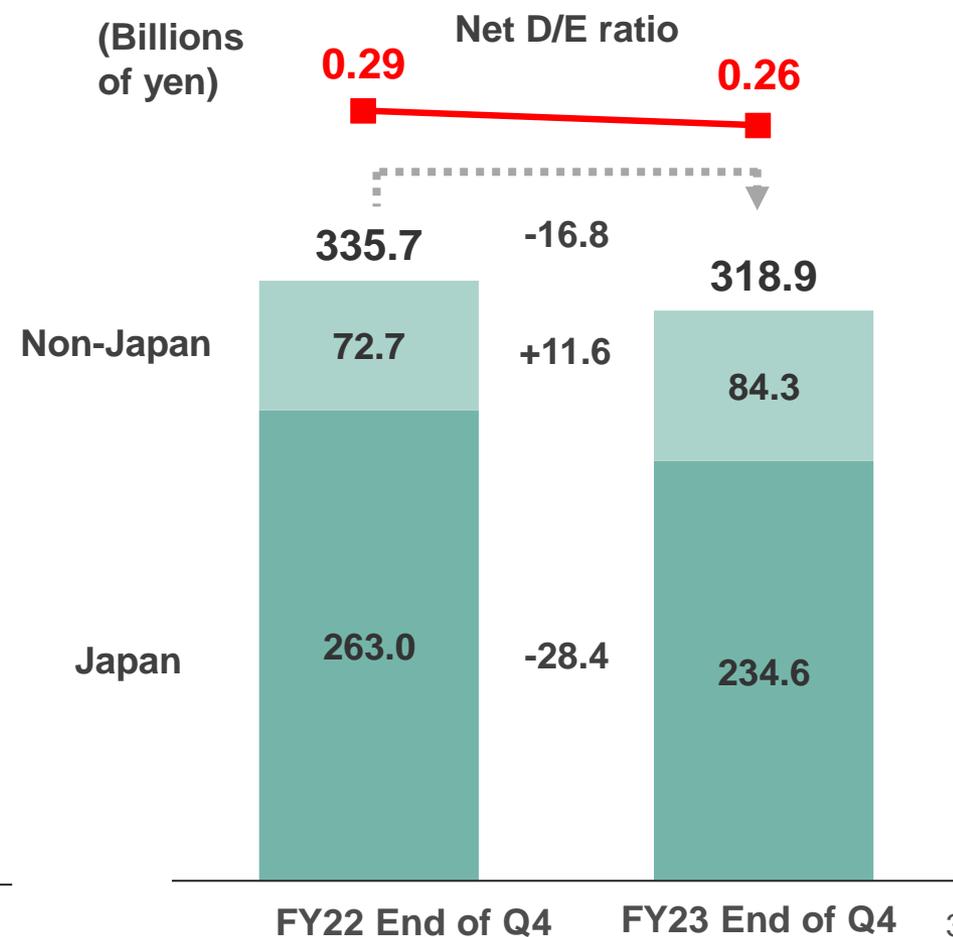
Steering business classified as discontinued operation from FY23 Q1 results; FY23 results show continuing operations excluding discontinued operations.

Ex. Rate	FY22 End of Q4	FY23 End of Q4
1USD	133.5	151.4
1EUR	145.7	163.3
1CNY	19.4	20.8

Inventories



Interest-bearing debt



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

Steering business classified as discontinued operation from FY23 Q1 results; FY23 results show continuing operations excluding discontinued operations.

	FY2022	FY2023	FY2024
(Billions of yen)	Full year Actual	Full year Actual	Full year Forecast
Capital Expenditures	54.1	58.5	60.0
Capital Expenditures (excluding lease)	48.4	53.6	55.0
Depreciation and Amortisation	50.1	52.9	54.0
Depreciation and Amortisation (excluding lease)	45.3	47.5	49.0
R&D Expenses (on a statutory basis)	15.4	15.6	16.0
(Ref.) R&D Expenses (on a managerial basis)	25.9	27.4	29.0



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.