

NSK

NSK Ltd.

FINANCIAL CONFERENCE

Consolidated Business Results
for the Third Quarter
ended December 31, 2023



Change & Go Beyond

February 7, 2024

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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1. Consolidated Business Results for the Nine Months Ended December 31, 2023

2. Consolidated Business Forecast for the Year Ending March 31, 2024

(Supplementary Information)

Key Points - Consolidated Business Results for FY2023 Q3

✓ FY2023 Q3 Actual (Continuing operations)

Industrial: China's economy continued to stagnate and scrape the bottom

Automotive: Steady growth in global automotive production

Q3 YTD (Apr. – Dec.) Actual

» Sales ¥588.1 bn

» Operating income ¥19.3 bn Operating margin 3.3%

Q3 QTD Actual

» Sales ¥201.4 bn

» Operating income ¥8.2 bn Operating margin 4.1%

✓ Consolidated Business Forecast for the Year Ending March 31, 2024

Remains unchanged from October forecast.

✓ Full year dividend: ¥30 per share (Unchanged)

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

Summary of Consolidated Business Results for FY2023 Q3

- ✓ Sales in Q3 QTD increased QOQ due to increasing sales of Automotive Business.
- ✓ Sales in Q3 YTD increased YOY due to growth in Automotive exceeding the decline in Industrial Machinery

	(Billions of yen)	Q3 QTD		Increase/ Decrease YOY	Increase/ Decrease QOQ	Q3 YTD		Increase/ Decrease YOY	Difference YOY
		FY2022	FY2023	(Effect of exchange rate fluctuations)		FY2022	FY2023	(Effect of exchange rate fluctuations)	
Continuing operations	Sales	194.6	201.4	+6.7 +6.9	+2.9 +2.1	580.9	588.1	+7.2 +17.8	+1.2%
	Segment income*	11.1	9.2	-1.9 +1.5	+1.5 +0.5	31.9	20.6	-11.3 +3.8	-35.4%
	(%)	5.7%	4.6%			5.5%	3.5%		
	Operating income	10.3	8.2	-2.1 +1.3	+1.2 +0.5	29.9	19.3	-10.6 +4.5	-35.4%
	(%)	5.3%	4.1%			5.1%	3.3%		
	Income before income taxes	10.6	8.1	-2.5	+1.9	+29.7	18.6	-11.1	-37.3%
Continuing and discontinued operations	Net income attributable to owners of the parent	6.2	3.3	-2.9	-0.8	16.9	9.0	-7.8	-46.4%
	(Ex. rate: 1USD=)	141.6	147.9	+6.2	+3.2	136.5	143.3	+6.8	+5.0%
	(" 1EUR=)	144.4	159.1	+14.7	+1.8	140.6	155.3	+14.7	+10.4%
	(" 1CNY=)	19.9	20.4	+0.6	+0.5	19.9	20.0	+0.1	+0.5%

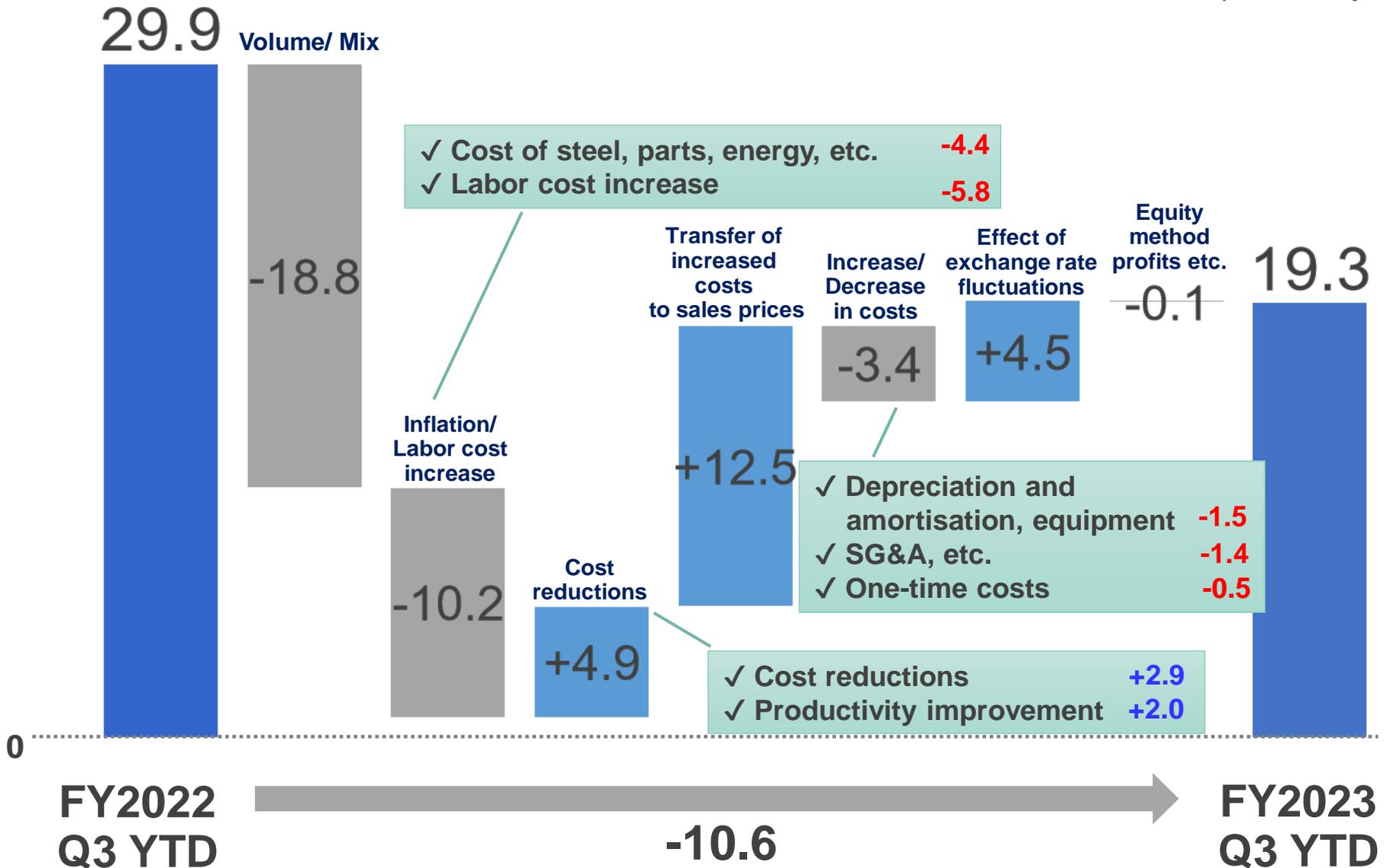
*Segment income : Operating income before deduction of other operating income/loss (exchange rate fluctuation gain/loss, etc.)

Operating Income: Factors Behind Change

(FY2022 Q3 YTD ⇒ FY2023 Q3 YTD) (Continuing operations)



(Billions of yen)

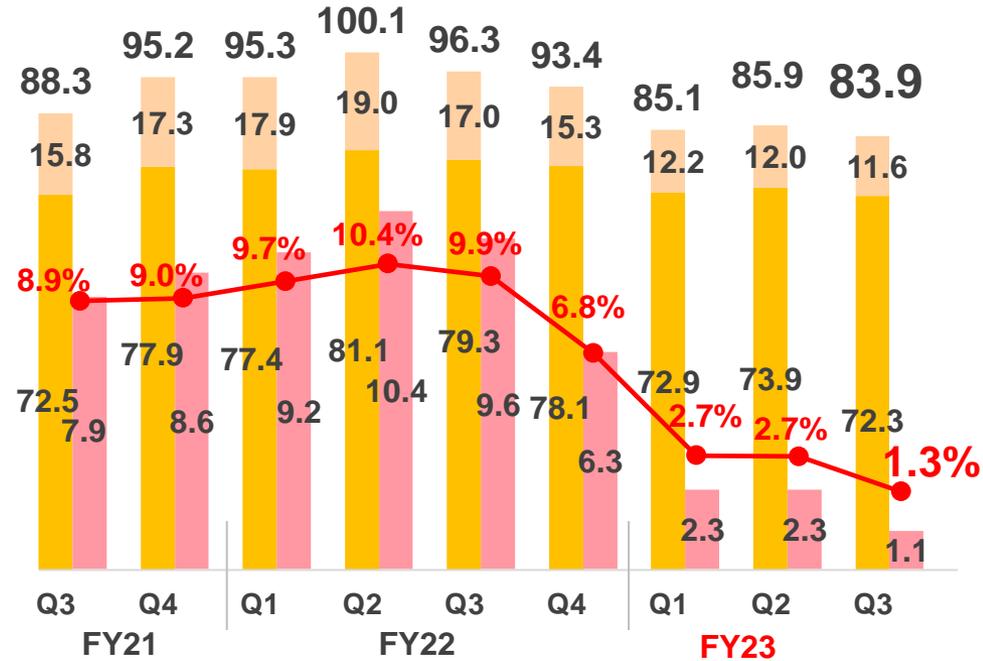


Industrial Machinery Business

(Billions of yen)

	FY2022 Q3 YTD Actual	FY2023 Q3 YTD Actual	Increase/ Decrease YOY <small>(Effect of exchange rate fluctuations)</small>	Difference YOY <small>(Excluding effect of exchange rate fluctuations)</small>
Sales	291.7	255.0	-36.8 +8.9	-12.6% -15.6%
Industrial Machinery Bearings	237.9	219.1	-18.7	-7.9%
Precision Machinery and Parts	53.9	35.8	-18.0	-33.5%
Segment income	29.2	5.7	-23.5	-80.4%
(%)	10.0%	2.2%		
(Ex. rate: 1USD=)	136.5	143.3	+6.8	+5.0%
(" 1EUR=)	140.6	155.3	+14.7	+10.4%
(" 1CNY=)	19.9	20.0	+0.1	+0.5%

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

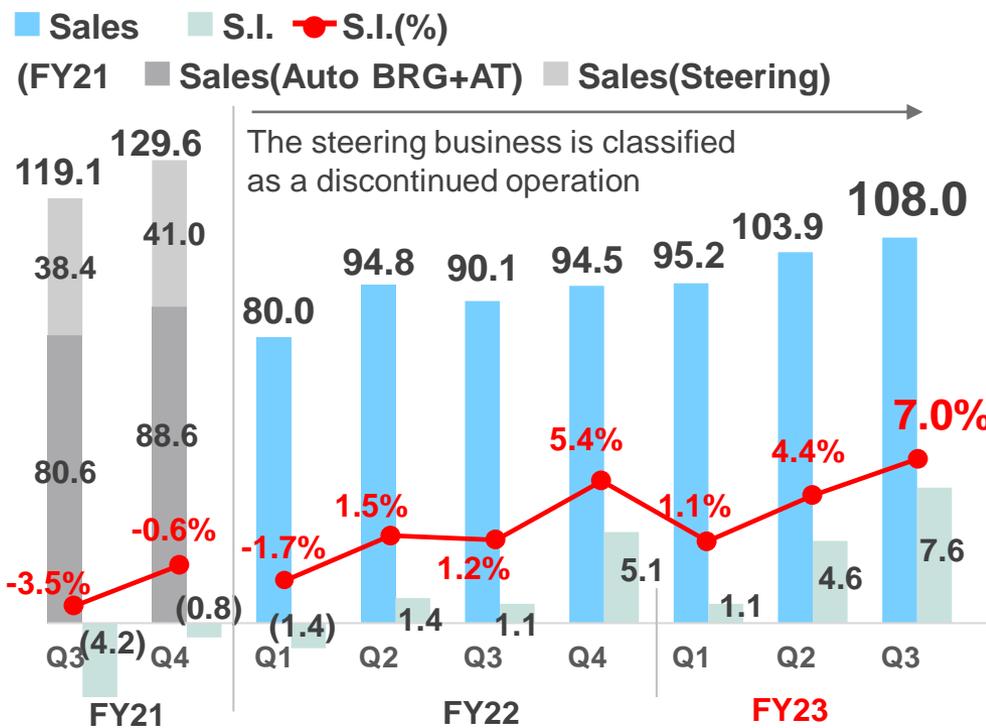


1USD	113.7	116.2	129.6	138.4	141.6	132.3	137.4	144.6	147.9
1EUR	130.1	130.4	138.1	139.3	144.4	142.1	149.5	157.3	159.1
1CNY	17.8	18.3	19.6	20.2	19.9	19.4	19.6	19.9	20.4

- ✓ Sales and profits declined YOY due to sluggish market conditions including inventory adjustments in machine tools and semiconductor manufacturing equipment
- ✓ In Q3 volume declined QOQ and segment income declined
 - In Q3 inventory adjustment phase continued for machine tools and semiconductor
 - E&E remained sluggish; weak home appliances due to weak Chinese real estate

Automotive Business

(Billions of yen)	FY2022 Q3 YTD Actual	FY2023 Q3 YTD Actual	Increase/Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Excluding effect of exchange rate fluctuations)
Sales	264.9	307.1	+42.2 +8.4	+15.9% +12.8%
Segment income	1.2	13.2	+12.0	-
(%)	0.4%	4.3%		
(Ex. rate: 1USD=)	136.5	143.3	+6.8	+5.0%
(" 1EUR=)	140.6	155.3	+14.7	+10.4%
(" 1CNY=)	19.9	20.0	+0.1	+0.5%



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".

1USD	113.7	116.2	129.6	138.4	141.6	132.3	137.4	144.6	147.9
1EUR	130.1	130.4	138.1	139.3	144.4	142.1	149.5	157.3	159.1
1CNY	17.8	18.3	19.6	20.2	19.9	19.4	19.6	19.9	20.4

✓ Global automotive production volume:

FY2023 Q3 YTD actual: 68 million vehicles (+10% YOY) **Based on IHS Markit*

✓ Sales and profits in Q3 YTD increased YOY

Q3 segment income ratio marked 7% partly due to one-off income from negotiations to reflect increasing costs in sales prices

1. Consolidated Business Results
for the Nine Months Ended December 31, 2023

2. Consolidated Business Forecast
for the Year Ending March 31, 2024

(Supplementary Information)

Consolidated Business Forecast for the Year Ending March 31, 2024

- ✓ Full-year forecasts announced in October remain unchanged
 - » As of Q3, 64% progress toward operating income forecast

(Billions of yen)		FY2023 Full year Forecast	FY2023 Q3 Actual	% of Forecast	FY2022 Full year Actual	YOY Difference <small>(Effect of exchange rate fluctuations)</small>
Continuing operations	Sales	800.0	588.1	74%	776.8	+23.2 +24.0
	Segment income*	31.5	20.6	65%	44.3	-12.8
	(%)	3.9%	3.5%		5.7%	+5.0
	Operating income	30.0	19.3	64%	43.8	-13.8
	(%)	3.8%	3.3%		5.6%	+5.0
	Income before income taxes	28.5	18.6	65%	43.3	-14.8
Continuing and discontinued operations	Net income attributable to owners of the parent	14.0	4.7	34%	18.4	-4.4
	(Ex. rate: 1USD=)	142.5*	143.3		135.5	+7.0
	(" 1EUR=)	154.0	155.3		141.0	+13.0
	(" 1CNY=)	19.7	20.0		19.8	-0.0

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

* FY2023 Q4 exchange rate assumptions: USD ¥140, EUR ¥150, CNY ¥19

Consolidated Business Forecast by Business Segment

- ✓ Engage efforts toward achieving full year targets and Mid-Term Plan with an eye on the risk of slow recovery in industrial machinery

» Industrial Machinery Business

(Billions of yen)	FY2023 Full year Forecast	FY2023 Q3 YTD Actual	% of Forecast
Sales	352.5	255.0	72%
Industrial Machinery Bearings	301.5	219.1	73%
Precision Machinery and Parts	51.0	35.8	70%
Segment income	12.5	5.7	46%
(%)	3.5%	2.2%	

- » Q4 demand forecast remains flat overall but confident in efforts to capture demand in aftermarket in Europe and Americas
- » Expand CMS orders
- » Promote structural reorganization in Europe

» Automotive Business

(Billions of yen)	FY2023 Full year Forecast	FY2023 Q3 YTD Actual	% of Forecast
Sales	414.0	307.1	74%
Segment income	16.5	13.2	80%
(%)	4.0%	4.3%	

- » Automotive production volume as expected at October forecast level of 89 million units
- » Continued negotiations to pass on inflation to sales price
- » Secure new orders for EV

✓ FY2023 Summary

- » Profitability in industrial machinery declined due to slower-than-expected market. Europe structural reorganization initiated and ongoing.
- » Automotive business steady due to the abatement of semiconductor shortages. Promoted price negotiations to reflect inflating costs.
- » Success in transferring inflating costs such as steel and energy to sales prices. Ongoing efforts to reflect increasing labor costs in sales prices.
- » Maintain full year dividend of ¥30 per share.
Interim dividend ¥15 per share; end of year dividend ¥15 per share

✓ Progress on MTP2026 Priority Tasks — Portfolio Transformation

Industrial Machinery

Expand sales in high profitability sectors

Expand sales in aftermarket and precision (bearings and precision machinery)

- » Aftermarket: Focus on Americas/Europe
- » Precision: Expand product lineup to take in demand for sophisticated processing in machine tools and semiconductor manufacturing machinery

▶ **Achieve sales expansion above market growth rate**

Automotive

Expand EV Sales

Secure target orders toward MTP2026

- » Expand sales of eAxle products and HUBs to expand customer portfolio
- » New products: Secure orders for 10 million units of ball screws for electric brakes for top global market share

▶ **45% of automotive sales for EV by FY2026, scale production of new orders to recover profitability**

Supplementary Information

Supplementary Information: Financial Results by Business Segment



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			FY2023			
		Q3 YTD	Q3 QTD	Full year	Q3 YTD	Increase/ Decrease	Difference	Q3 QTD	Increase/ Decrease	Difference	Full year FCST
Total	Sales	580.9	194.6	776.8	588.1	+7.2	+1.2%	201.4	+6.7	+3.5%	800.0
	Segment income	31.9	11.1	44.3	20.6	-11.3	-35.4%	9.2	-1.9	-17.3%	31.5
	(%)	5.5%	5.7%	5.7%	3.5%			4.6%			3.9%
	Operating income	29.9	10.3	43.8	19.3	-10.6	-35.4%	8.2	-2.1	-20.3%	30.0
	(%)	5.1%	5.3%	5.6%	3.3%			4.1%			3.8%
Industrial Machinery Business	Sales	291.7	96.3	385.1	255.0	-36.8	-12.6%	83.9	-12.4	-12.8%	352.5
	Industrial Machinery Bearings	237.9	79.3	315.9	219.1	-18.7	-7.9%	72.3	-7.0	-8.9%	301.5
	Precision Machinery and Parts	53.9	17.0	69.2	35.8	-18.0	-33.5%	11.6	-5.3	-31.4%	51.0
	Segment income	29.2	9.6	35.5	5.7	-23.5	-80.4%	1.1	-8.5	-88.3%	12.5
	(%)	10.0%	9.9%	9.2%	2.2%			1.3%			3.6%
Automotive Business	Sales	264.9	90.1	359.4	307.1	+42.2	+15.9%	108.0	+17.9	+19.8%	414.0
	Segment income	1.2	1.1	6.3	13.2	+12.0	—	7.6	+6.4	+571.9%	16.5
	(%)	0.4%	1.2%	1.8%	4.3%			7.0%			4.0%
Others	Sales	44.2	15.1	59.0	51.0	+6.8	+15.4%	18.3	+3.2	+21.4%	67.5
	Segment income	1.3	0.3	2.2	1.9	+0.6	+49.9%	0.5	+0.2	+73.3%	2.5
	(%)	2.9%	2.1%	3.7%	3.8%			3.0%			3.7%
Eliminations (sales)		-19.9	-6.8	-26.7	-25.0	-5.1	—	-8.8	-2.0	—	-34.0
Other operating income and expenses /Adjustments		-1.8	-0.8	-0.2	-1.6	+0.2	—	-1.0	-0.3	—	-1.5

Supplementary Information: Sales by Customer Location

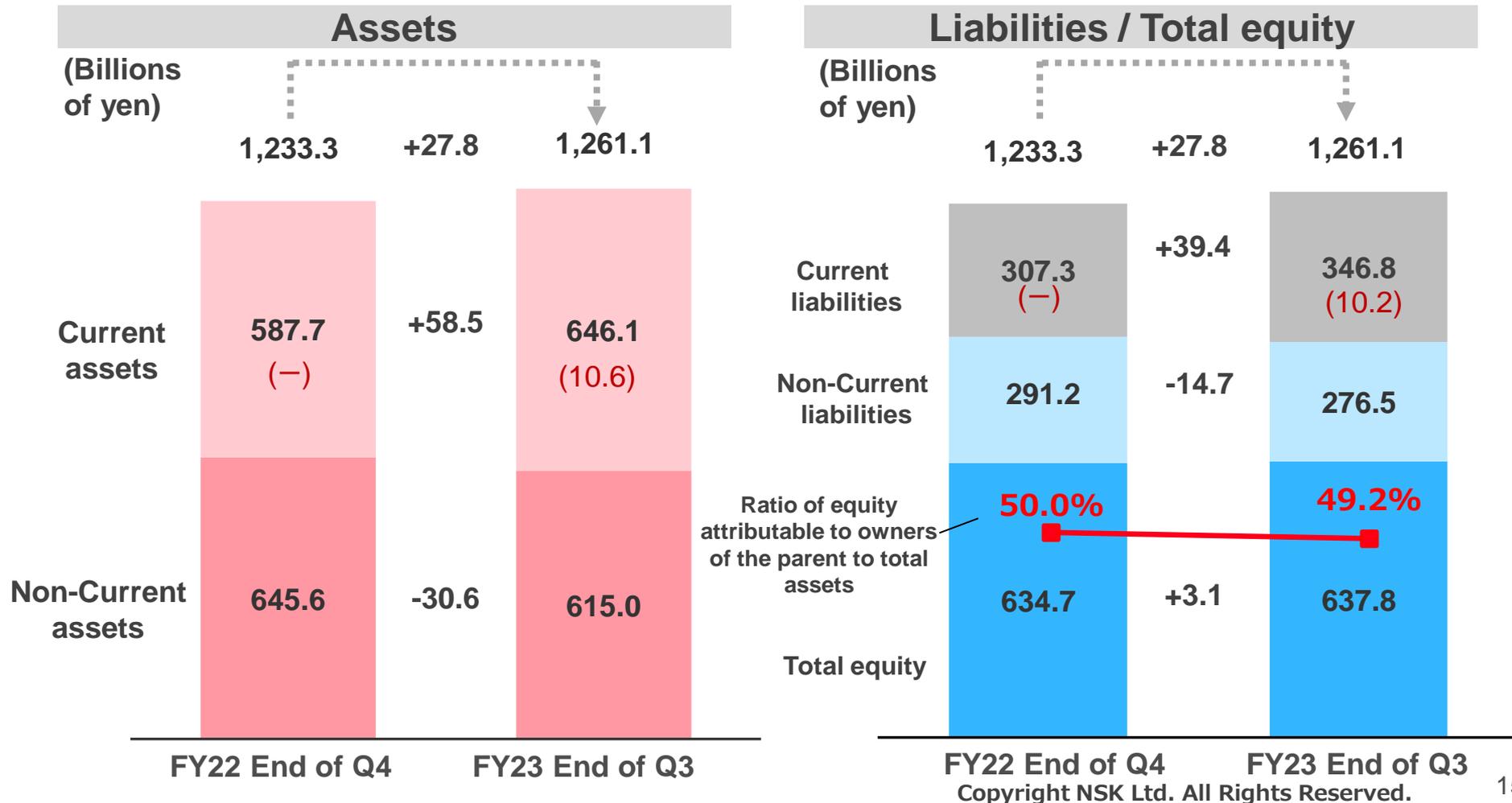
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(Billions of yen)	FY2022		FY2023		vs FY2022 Q3 YTD		vs FY2022 Q3 QTD	
	Apr.-Dec. Actual	Q3 Actual	Apr.-Dec. Actual	Q3 Actual	Increase/ Decrease	Difference	Increase/ Decrease	Difference
Sales	580.9	194.6	588.1	201.4	+7.2	+1.2%	+6.7	+3.5%
Japan	198.9	65.0	206.9	70.5	+8.0	+4.0%	+5.5	+8.5%
Non-Japan	382.0	129.6	381.2	130.8	-0.8	-0.2%	+1.2	+0.9%
(Non-Japan Ratio)	65.8%	66.6%	64.8%	65.0%				
The Americas	96.0	33.5	103.5	35.1	+7.5	+7.8%	+1.7	+4.9%
Europe	74.5	25.2	78.1	25.9	+3.7	+4.9%	+0.7	+2.8%
China	128.1	42.9	116.5	41.5	-11.6	-9.1%	-1.4	-3.3%
Other Asia	83.3	28.1	83.1	28.3	-0.3	-0.3%	+0.3	+0.9%
Ex. Rate								
1USD	136.5	141.6	143.3	147.9	+6.8	+5.0%	+6.2	+4.4%
1EUR	140.6	144.4	155.3	159.1	+14.7	+10.4%	+14.7	+10.2%
1CNY	19.9	19.9	20.0	20.4	+0.1	+0.5%	+0.6	+2.8%

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 Q3
1USD	133.5	141.8
1EUR	145.7	157.1
1CNY	19.4	19.9

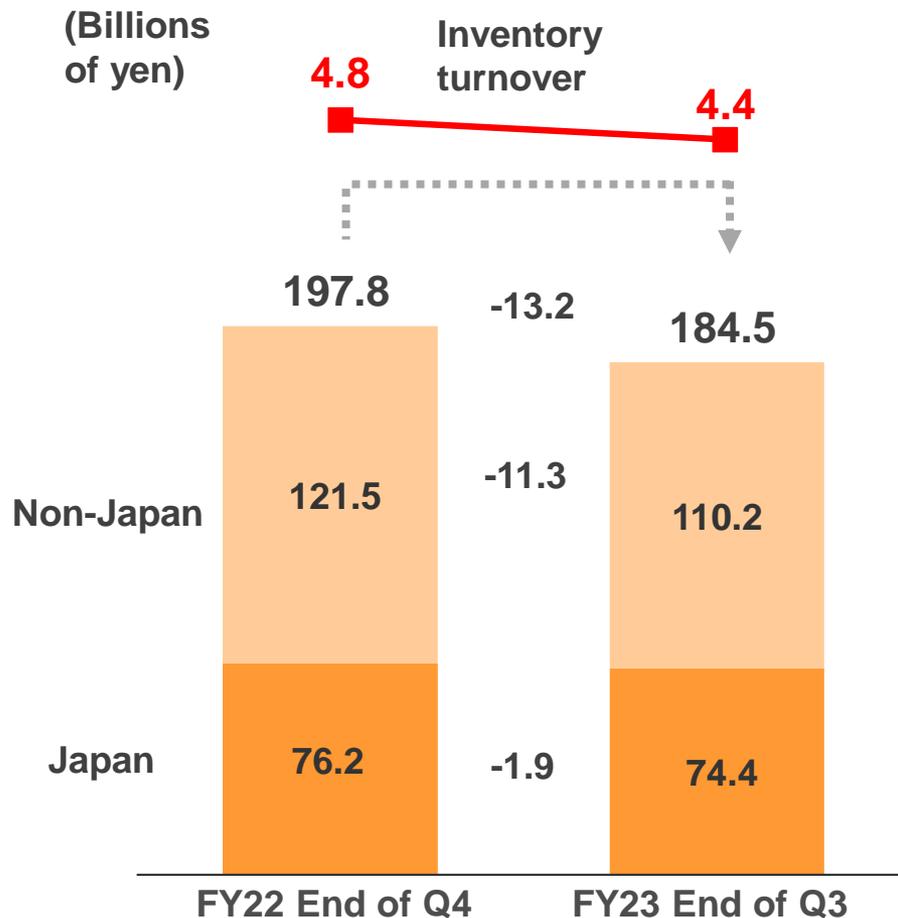


Supplementary Information: Inventories / Interest-Bearing Debt

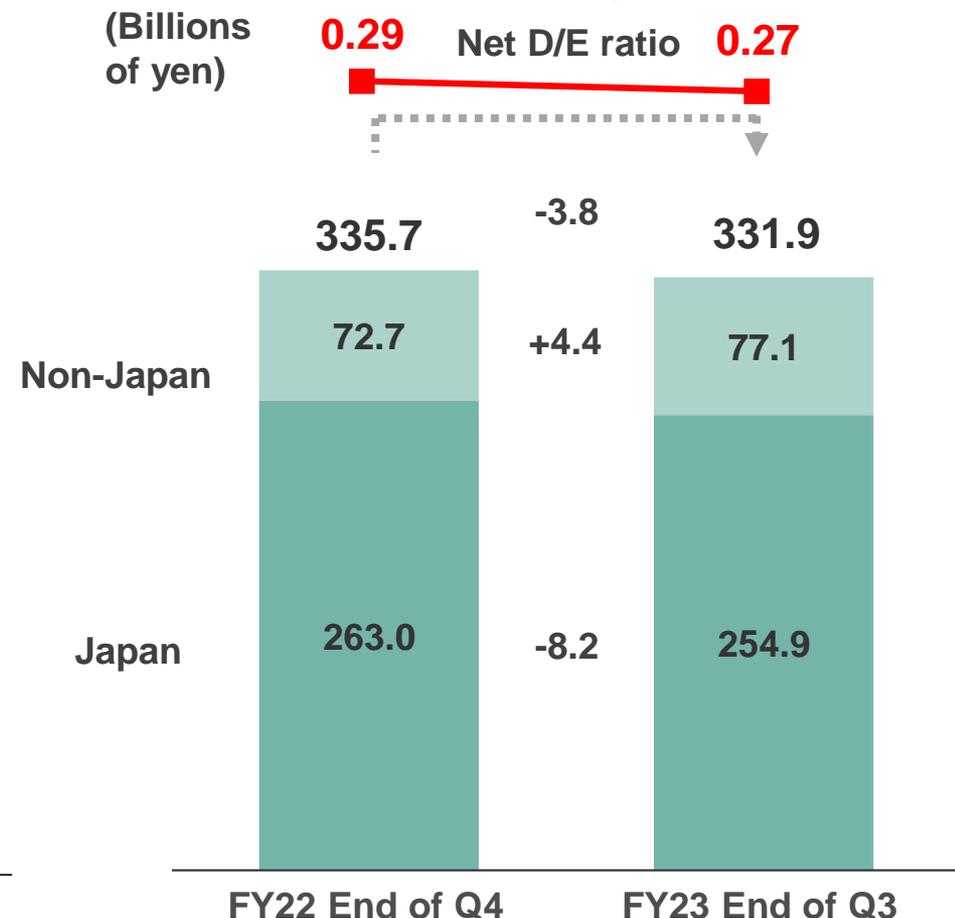
Due to the classification of the steering business as a discontinued operation in FY23 Q1, the figures for FY23 excludes the steering business.

Ex. Rate	FY22 End of Q4	FY23 End of Q3
1USD	133.5	141.8
1EUR	145.7	157.1
1CNY	19.4	19.9

Inventories



Interest-bearing debt



Capital Expenditures, Depreciation and Amortisation, R&D Expenses

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.

(Billions of yen)	FY2022	FY2023			
	Full year Actual	Q1 Actual	Q2 Actual	Q3 Actual	Full year Forecast
Capital Expenditures	54.1	9.9	15.2	12.0	60.0
Capital Expenditures (excluding lease)	48.4	9.5	13.8	11.1	55.0
Depreciation and Amortisation	50.1	12.8	13.3	13.3	52.0
Depreciation and Amortisation (excluding lease)	45.3	11.5	12.0	11.8	47.0
R&D Expenses (on a statutory basis)	15.4	3.6	3.9	4.0	17.0
(Ref.) R&D Expenses (on a managerial basis)	25.9	6.4	6.6	6.7	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.