

NSK Ltd.

For Immediate Release

May 12, 2023

CONSOLIDATED RESULTS FOR THE YEAR ENDED MARCH 31, 2023

(Unaudited)

[IFRS]

Company name	NSK Ltd.
Stock exchange on which the shares are listed	Tokyo Stock Exchange in Japan
Code number	6471
URL	https://www.nsk.com/
Representative	Akitoshi Ichii, President and CEO
Contact person	Naoya Takigawa, Deputy Head of Finance Division HQ
Date of the ordinary general shareholders' meeting	June 23, 2023
Payment date of cash dividends	June 7, 2023
Filing date of securities report	June 23, 2023

(Figures are rounded down to the nearest million yen)

1. Consolidated financial highlights for the year ended March 31, 2023

(1) Consolidated financial results

(% indicates changes from the previous year)

	Sales		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2023	938,098	8.4	32,936	11.9	31,926	8.2	18,661	5.6	18,412	11.0	14,046	-81.0
Year ended Mar. 31, 2022	865,166	15.7	29,430	362.4	29,516	401.2	17,664	—	16,587	—	74,006	25.8

	Basic earnings per share	Diluted earnings per share	Return on equity (ROE)	Income before income taxes / Total assets	Operating income margin
	Yen	Yen	%	%	%
Year ended Mar. 31, 2023	35.89	35.77	3.0	2.6	3.5
Year ended Mar. 31, 2022	32.35	32.26	2.8	2.5	3.4

(Note) Share of profits of investments accounted for using the equity method Year ended Mar. 31, 2023 3,196 million yen Year ended Mar. 31, 2022 3,785 million yen

(Note) Basic earnings per share and diluted earnings per share are calculated based on the net income attributable to owners of the parent.

(2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity per share attributable to owners of the parent
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
As of Mar. 31, 2023	1,233,256	634,724	616,213	50.0	1,200.92
As of Mar. 31, 2022	1,234,551	637,460	617,800	50.0	1,204.63

(3) Consolidated results of cash flow

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by financing activities	Cash and cash equivalents at the end of the period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended Mar. 31, 2023	64,163	-48,778	4,417	160,109
Year ended Mar. 31, 2022	22,733	-19,973	-48,224	137,504

2. Cash dividends

	Cash dividends per share					Total dividend	Dividend payout ratio	Dividend on equity (DOE)
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year-end	Full-year total	(Full-year)	(Consolidated)	(Consolidated)
		Yen		Yen	Yen	Millions of Yen	%	%
Year ended Mar. 31, 2022	—	10.00	—	15.00	25.00	12,958	77.3	2.2
Year ended Mar. 31, 2023	—	15.00	—	15.00	30.00	15,638	83.6	2.5
Year ending Mar. 31, 2024 (Forecast)	—	15.00	—	15.00	30.00		57.9	

3. Forecast of consolidated results for the year ending March 31, 2024

(% indicates changes from the previous year)

	Sales		Operating income		Income before income taxes		Net income attributable to owners of the parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six months ending Sep. 30, 2023	476,000	2.6	8,500	-37.1	7,500	-41.5	4,000	-33.6	8.08
Year ending Mar. 31, 2024	990,000	5.5	41,500	26.0	39,500	23.7	25,500	38.5	51.83

Others

(1) Changes in the significant subsidiaries during the period (Changes in specified subsidiaries resulting in change in the scope of consolidation): None

(2) Changes in accounting policies, or changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes excluding the above: None

(iii) Changes in accounting estimates: None

(3) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding at the end of each period (including treasury stock):

As of Mar. 31, 2023 551,268,104 shares As of Mar. 31, 2022 551,268,104 shares

(ii) Number of treasury stock at the end of each period:

As of Mar. 31, 2023 38,152,172 shares As of Mar. 31, 2022 38,413,984 shares

(iii) Average number of shares issued and outstanding in each period:

Year ended Mar. 31, 2023 513,029,005 shares Year ended Mar. 31, 2022 512,760,152 shares

(Reference)

Non-consolidated financial highlights for the year ended March 31, 2023

(1) Non-consolidated financial results

(% indicates changes from the previous year)

	Sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2023	452,351	1.3	12,370	51.9	52,723	96.4	49,876	45.1
Year ended Mar. 31, 2022	446,623	14.8	8,143	—	26,842	75.1	34,379	112.5

	Net income per share - Basic		Net income per share - Diluted	
	Yen		Yen	
Year ended Mar. 31, 2023	97.13		—	
Year ended Mar. 31, 2022	66.99		—	

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of Mar. 31, 2023	755,144	320,357	42.4	623.14
As of Mar. 31, 2022	715,771	291,484	40.7	567.18

(Reference) Equity capital As of Mar. 31, 2023 320,047 million yen As of Mar. 31, 2022 291,154 million yen

(Note) Figures for non-consolidated financial highlights were formulated based on Japanese GAAP.

Note:

- This summary of quarterly financial results is out of scope of review by certified public accountants or an auditor.
- Cautionary statement with respect to forward-looking statements
The forecasts in this document are based on currently available information and certain assumptions that the Company regards as reasonable, and actual results may materially differ from any future results expressed herein due to various factors. Please refer to page 5: 1. Business overview (4) Business forecast for the assumptions and preconditions on which the forecast has been based.
- This document is an English convenience translation of a document that was originally prepared in the Japanese language and is provided for convenience purpose only. NSK makes no representation or warranty that this document is a complete or accurate translation of the original Japanese text, and it is not intended to be relied upon. In the event that there is a discrepancy between the Japanese and English versions, the Japanese version shall prevail. This document is not intended and should not be construed as an inducement to purchase or sell stock in NSK.

1. Business overview

(1) Qualitative information regarding consolidated business results

The NSK Group promoted a range of initiatives toward its Mid-Term Management Plan 2026 (MTP2026), which spans the five years from April 2022 to March 2027 under the motto of “Change & Go Beyond to become a new type of trillion-yen company.” Positioning safety, quality, environment, and compliance as NSK’s core values, we addressed three main management themes: growth with profitability, enhancement of managerial resources, and ESG management.

Looking at the global economy during the year ended March 31, 2023, although the economy remained weak in certain regions, the global economy continued to gradually move toward recovery. On the other hand, the economic outlook remains uncertain due to inflationary pressure from energy price increases triggered by growing tensions in Ukraine, prolonged supply chain issue of semiconductor and other components, potential recession risk due to monetary tightening by the central banks of each country.

Looking at the Company’s results by geographic breakdown, in Japan, recovery was stalled by a deteriorating export environment due to the slowdown in overseas economy and high inflation that dampened consumer sentiment. In the US, the economy slowed down in the first quarter due to the downward pressure of prolonged inflation and monetary tightening. In Europe, concerns related to high inflation and energy supply shortages caused slowdown in economy. In China, economic activity slowed down due to the strict restrictions resulting from Zero-COVID policy aimed at stemming the spread of COVID-19 but economic recovery was weak after the ease of restriction as capital investment in the manufacturing industry was stagnant.

In this economic environment, the NSK Group’s performance was affected by further inflation in materials, energy, and logistics, but positive impact by the depreciation of the yen and the passing on the impact of cost inflation to the selling price resulted in consolidated sales for the year ended March 31, 2023 totaling ¥938,098 million, a year-on-year increase of 8.4%. Operating income was ¥32,936 million, a year-on-year increase of 11.9%. Income before income taxes was ¥31,926 million, a year-on-year increase of 8.2%. Net income attributable to owners of the parent was ¥18,412 million, a year-on-year increase of 11.0%.

Business segment information

1) Industrial Machinery Business segment

In the first half of the period, capital expenditure continued to be robust due to strong demand from the semiconductor industry, electrification, and automation related sectors. Sales increased compared to the same period of the previous year as a result of passing on inflation cost to the selling price and positive impact of currency fluctuations.

Looking at the Company’s results by geographic breakdown, demand in Japan and the Americas increased, especially in the aftermarket and semiconductor equipment sectors. In Europe, sales increased due to the strong sales in the aftermarket and machine tool sectors. In China, although COVID-19 related lockdowns slowed down production activity, sales increased due to the demand increase in the machine tool sector and positive impact of currency fluctuations.

As a result, sales in the industrial machinery business totaled ¥385,103 million, a year-on-year increase of 9.3%, and operating income was ¥35,541 million, a year-on-year increase of 17.1%.

2) Automotive Business segment

Although the pace of recovery from the low-level production caused by semiconductor and component supply shortages in the previous year was slower than expected, sales increased compared to the same period of the previous year as a result of passing on inflation cost to the selling price and positive impact of currency fluctuations.

Looking at the Company’s results by geographic breakdown, sales in Japan decreased compared to the previous year as automotive production decreased due to supply chain issues in China in the first half of the fiscal year. In the US and Europe, sales increased due to the rebound from the drop due to production constraints caused by semiconductor supply chain issues in the previous year. In China, sales declined due to stagnant production affected by the strict restrictions on economic activities based on its Zero-COVID policy and sluggish sales growth after the ease of restrictions.

As a result, sales in the automotive business totaled ¥520,711 million, a year-on-year increase of 7.9% and operating loss was ¥3,951 million (operating loss was ¥13,762 million in the same period last year).

(2) Qualitative information regarding consolidated financial position

Assets and liabilities

In the fiscal year ended March 31, 2023, total assets at the end of the period were ¥1,233,256 million, a decrease of ¥1,294 million compared to total assets as of March 31, 2022. Total liabilities at the end of the period were ¥598,532 million, an increase of ¥1,440 million compared to total liabilities as of March 31, 2022.

Total equity

Total equity was ¥634,724 million, a decrease of ¥2,735 million compared to total equity as of March 31, 2022. Although there were increases in net income attributable to owners of the parent, the total decreased mainly due to payment of cash dividends and the decrease in other components of equity.

(3) Qualitative information regarding cash flow

Total cash and cash equivalents at the end of the period were ¥160,109 million, an increase of ¥22,604 million compared to total cash and cash equivalents as of March 31, 2022.

1) Cash flow from operating activities

Net cash flow provided by operating activities totaled ¥64,163 million (¥22,733 million provided in the same period of the previous year). This includes the net income before income taxes of ¥31,926 million with subsequent adjustments including the depreciation and amortization of ¥58,376 million, and income taxes paid of ¥20,449 million, and movements on working capital.

2) Cash flow from investing activities

Net cash flow used in investing activities totaled ¥48,778 million (¥19,973 million used in the same period of the previous year). This includes cash inflow from the sales of other financial assets totaling ¥3,348 million resulting from the reduction of stock holdings and also spending due to purchases of property, plant and equipment totaling ¥44,292 million and purchases of intangible assets related to IoT and DX totaling ¥7,457 million.

3) Cash flow from financing activities

Net cash flow provided by financing activities totaled ¥4,417 million (¥48,224 million used in the same period of previous year). The main cash inflow was ¥43,000 million in issuance of bonds and cash outflow of ¥10,000 million in repayments of bonds, ¥15,386 million in dividends paid, and ¥8,065 million in decrease in short-term loans.

(4) Business forecast

Regarding the business environment for the year ending March 31, 2024, although there are downside risks due to the effects of global monetary tightening and rising prices, we expect the global economy to continue to pick up gradually.

The business environment surrounding both the industrial machinery businesses and automotive businesses are expected to recover gradually due to recovery in capital expenditure related to demand for electrification and automation in the second half of the year as well as recovery in automotive demand due to increase in global automotive production volume.

	<u>Year ending Mar. 31, 2024</u>	(Changes from the previous year)
Forecast (Consolidated)		
Sales	¥990,000 million	(+5.5%)
Operating income	¥41,500 million	(+26.0%)
Income before income taxes	¥39,500 million	(+23.7%)
Net income attributable to owners of the parent	¥25,500 million	(+38.5%)

*Exchange rate assumed for the year ending March 31, 2024:
1 USD=¥125, 1 EUR=¥140, 1 CNY=¥19.0

*For business forecast by segment, please refer to page 18: "Supplementary material of consolidated results for the year ended March 31, 2023."

Notes

All forecasts are based on a number of assumptions regarding business environment and policies, and are subject to change with various factors. Actual financial results may differ materially and NSK accepts no liability whatsoever for any direct or consequential loss arising from any use of this report.

The impact of the transaction on our consolidated financial results related to "Notice Regarding the Conclusion of a Joint Venture Agreement Accompanying Changes in a Consolidated Subsidiary and a Specified Subsidiary (Subsidiary)" reported on May 12, 2023 is currently under assessment. Any matters that should be disclosed in the future will be promptly notified.

(5) Basic policy on appropriation of retained earnings and dividends

NSK places great importance on providing "stable shareholder returns". As part of the MTP 2026, we have aimed to provide stable dividends to our shareholders on an ongoing basis, and set the target of dividend payout ratio ranging from 30% to 50%. Also, we regard treasury shares as an option to execute agile capital policy, and set a target of total return ratio of 50% during the five-year period, which includes dividends and acquisition of treasury stock. We take into account the financial conditions to make proper decisions for the execution.

Based on the policy stated above, we comprehensively took into account our business performance in this fiscal year and future business environment. As a result, the year-end dividends for the fiscal year ended March 31, 2023, will be ¥15.00 per share. The dividends for the first half of the year, paid on December 2, 2022, was ¥15.00 per share. Accordingly, the full year dividends for the fiscal year ended March 31, 2023 will be ¥30.00 per share, a ¥5 increase from the fiscal year ended March 31, 2022.

The dividend forecast for the fiscal year ending March 31, 2024 is planned to be ¥30.00 per share (¥15.00 per share for the first half of the year).

2. Basic stance on selection of accounting standards

Beginning with the consolidated financial statements in the Annual Securities Report for the year ended March 2016, NSK has adopted International Financial Reporting Standards (IFRS) in order to improve management efficiency through standardization of the group's financial reporting and enhance comparability of financial information across international capital markets.

3. Consolidated financial statements and notes

(1) Consolidated statements of financial position

(Millions of yen)

	As of March.31, 2022	As of March.31, 2023
Assets		
Current assets		
Cash and cash equivalents	137,504	160,109
Trade receivables and other receivables	209,351	207,812
Inventories	196,736	197,754
Other financial assets	1,658	1,590
Income tax receivables	5,562	1,633
Other current assets	19,065	18,756
Total current assets	569,879	587,656
Non-current assets		
Property, plant and equipment	379,042	385,613
Intangible assets	43,987	49,227
Investments accounted for using equity method	30,824	30,699
Other financial assets	66,094	56,425
Deferred tax assets	15,128	15,288
Net defined benefit assets	123,989	101,165
Other non-current assets	5,603	7,179
Total non-current assets	664,672	645,600
Total assets	1,234,551	1,233,256
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade payables and other payables	119,855	112,535
Other financial liabilities	113,882	129,801
Provisions	516	536
Income tax payables	5,990	7,797
Other current liabilities	56,758	56,678
Total current liabilities	297,003	307,348
Non-current liabilities		
Financial liabilities	214,684	231,309
Provisions	3,050	1,867
Deferred tax liabilities	56,084	32,661
Net defined benefit liabilities	17,714	16,027
Other non-current liabilities	8,555	9,318
Total non-current liabilities	300,088	291,183
Total liabilities	597,091	598,532
Equity		
Issued capital	67,176	67,176
Capital surplus	80,374	80,476
Retained earnings	410,872	415,736
Treasury shares	-37,025	-36,781
Other components of equity	96,402	89,604
Total equity attributable to owners of the parent	617,800	616,213
Non-controlling interests	19,659	18,511
Total equity	637,460	634,724
Total liabilities and equity	1,234,551	1,233,256

(2) Consolidated statements of income and consolidated statements of comprehensive income**Consolidated statements of income**

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Sales	865,166	938,098
Cost of sales	695,440	747,033
Gross profit	169,725	191,065
Selling, general and administrative expenses	144,724	159,319
Share of profits of investments accounted for using the equity method	3,785	3,196
Other operating income	10,225	—
Other operating expenses	9,582	2,005
Operating income	29,430	32,936
Financial income	2,229	2,369
Financial expenses	2,143	3,380
Income before income taxes	29,516	31,926
Income tax expense	11,851	13,264
Net income	17,664	18,661
Net income attributable to:		
Owners of the parent	16,587	18,412
Non-controlling interests	1,077	249
(Earnings per share attributable to owners of the parent)		
Basic earnings per share (yen)	32.35	35.89
Diluted earnings per share (yen)	32.26	35.77

Consolidated statements of comprehensive income

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Net income	17,664	18,661
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liability (asset)	21,170	-14,486
Net changes in financial assets measured at fair value through other comprehensive income	-1,642	-3,839
Share of other comprehensive income of investments accounted for using equity method	166	-232
Total items that will not be reclassified to profit or loss	19,694	-18,558
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	35,774	13,774
Share of other comprehensive income of investments accounted for using equity method	872	169
Total items that may be reclassified to profit or loss	36,647	13,943
Total other comprehensive income, net of tax	56,341	-4,615
Total comprehensive income for the period	74,006	14,046
Total comprehensive income for the period attributable to:		
Owners of the parent	72,220	13,449
Non-controlling interests	1,785	597

(3) Consolidated statements of changes in equity

From April 1, 2021 to March 31, 2022

(Millions of yen)

	Equity attributable to owners of the parent			
	Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance	67,176	80,338	397,837	-37,303
Net income	—	—	16,587	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	16,587	—
Purchase of treasury shares	—	—	—	-8
Disposal of treasury shares	—	-14	—	286
Share-based payment transactions	—	42	—	—
Cash dividends	—	—	-10,263	—
Changes in ownership interests in subsidiaries	—	7	—	—
Other	—	—	6,711	—
Total transactions with owners, etc.	—	35	-3,551	278
Closing balance	67,176	80,374	410,872	-37,025

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity				Total		
	Exchange differences on translating foreign operations	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liability (asset)	Total			
Opening balance	-10,616	34,797	22,286	46,467	554,516	19,052	573,569
Net income	—	—	—	—	16,587	1,077	17,664
Other comprehensive income	35,933	-1,638	21,338	55,633	55,633	708	56,341
Total comprehensive income for the period	35,933	-1,638	21,338	55,633	72,220	1,785	74,006
Purchase of treasury shares	—	—	—	—	-8	—	-8
Disposal of treasury shares	—	—	—	—	271	—	271
Share-based payment transactions	—	—	—	—	42	—	42
Cash dividends	—	—	—	—	-10,263	-1,164	-11,428
Changes in ownership interests in subsidiaries	—	—	—	—	7	-14	-7
Other	—	-5,697	—	-5,697	1,013	—	1,013
Total transactions with owners, etc.	—	-5,697	—	-5,697	-8,936	-1,179	-10,115
Closing balance	25,316	27,460	43,625	96,402	617,800	19,659	637,460

From April 1, 2022 to March 31, 2023

(Millions of yen)

	Equity attributable to owners of the parent			
	Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance	67,176	80,374	410,872	-37,025
Net income	—	—	18,412	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	18,412	—
Purchase of treasury shares	—	—	—	-8
Disposal of treasury shares	—	28	—	252
Share-based payment transactions	—	74	—	—
Cash dividends	—	—	-15,403	—
Other	—	—	1,855	—
Total transactions with owners, etc.	—	102	-13,548	243
Closing balance	67,176	80,476	415,736	-36,781

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity				Total		
	Exchange differences on translating foreign operations	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liability (asset)	Total			
Opening balance	25,316	27,460	43,625	96,402	617,800	19,659	637,460
Net income	—	—	—	—	18,412	249	18,661
Other comprehensive income	13,606	-3,809	-14,759	-4,962	-4,962	347	-4,615
Total comprehensive income for the period	13,606	-3,809	-14,759	-4,962	13,449	597	14,046
Purchase of treasury shares	—	—	—	—	-8	—	-8
Disposal of treasury shares	—	—	—	—	280	—	280
Share-based payment transactions	—	—	—	—	74	—	74
Cash dividends	—	—	—	—	-15,403	-1,744	-17,148
Other	—	-1,835	—	-1,835	20	—	20
Total transactions with owners, etc.	—	-1,835	—	-1,835	-15,037	-1,744	-16,782
Closing balance	38,922	21,816	28,865	89,604	616,213	18,511	634,724

(4) Consolidated statements of cash flows

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Operating activities		
Income before income taxes	29,516	31,926
Depreciation and amortisation	56,558	58,376
Impairment loss	10,222	50
Increase (decrease) in net defined benefit liability and net defined benefit asset	-2,442	-3,056
Interest and dividend income	-1,728	-1,987
Interest expenses	2,573	3,726
Share of losses (profits) of investments accounted for using the equity method	-3,785	-3,196
Loss (gain) on sales of property, plant and equipment	-10,048	-157
Decrease (increase) in trade receivables	-11,902	5,100
Decrease (increase) in inventories	-34,821	6,330
Increase (decrease) in trade payables	442	-10,130
Other	-2,707	-3,820
Subtotal	31,876	83,161
Interest and dividend received	5,241	5,122
Interest expenses paid	-2,936	-3,670
Income tax paid	-11,447	-20,449
Net cash provided by operating activities	22,733	64,163
Investing activities		
Purchases of property, plant and equipment	-36,063	-44,292
Proceeds from sale of property, plant and equipment	10,829	302
Purchases of intangible assets	-5,559	-7,457
Purchases of other financial assets	-20	-118
Proceeds from sale of other financial assets	11,290	3,348
Other	-450	-561
Net cash used in investing activities	-19,973	-48,778
Financial activities		
Increase (decrease) in short-term loans	-22,035	-8,065
Proceeds from long-term loans	9,000	16,409
Repayments of long-term loans	-9,304	-14,436
Proceeds from issuance of corporate bonds	—	43,000
Payments for reimbursement of corporate bonds	-10,000	-10,000
Repayments of lease liabilities	-4,722	-5,636
Acquisition of treasury shares	-1	-1
Dividends paid	-10,259	-15,386
Dividends paid to non-controlling interests	-1,164	-1,744
Other	263	280
Net cash provided by financing activities	-48,224	4,417
Effect of exchange rate changes on cash and cash equivalents	6,330	2,801
Net increase (decrease) in cash and cash equivalents	-39,133	22,604
Cash and cash equivalents at the beginning of the period	176,638	137,504
Cash and cash equivalents at the end of the period	137,504	160,109

(5) Notes to consolidated financial statements

Going concern assumption

None.

Segment information

1) Overview of reportable segments

NSK operates the business on a business-division basis classified by the industry of customers, and each division develops and implements comprehensive global strategies. Given this background, the NSK Group classifies its reportable segments into the Industrial Machinery Business and the Automotive Business.

In order to expand the Condition Monitoring System business and establish a product lifecycle management business model, on October 1, 2022, the NSK Group established the Condition Monitoring System Division Headquarters under the Industrial Machinery business. Accordingly, the NSK Group has reclassified the Condition Monitoring System business from the "Others" business to the "Industrial Machinery" business as of the third quarter of the fiscal year ending March 31, 2023. Prior year figures have been reclassified to match the current segment categorization.

2) Segment revenue and performance

From April 1, 2021 to March 31, 2022

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business (Note 3)	Subtotal				
Sales							
Sales to third parties	352,226	482,547	834,774	30,392	865,166	—	865,166
Intersegment sales	—	—	—	22,911	22,911	-22,911	—
Total	352,226	482,547	834,774	53,304	888,078	-22,911	865,166
Segment income (loss) (Operating income)	30,353	-13,762	16,590	2,871	19,462	9,967	29,430
Total financial income (expenses)							86
Income before income taxes							29,516
Other items							
Capital expenditure	22,232	23,454	45,686	6,624	52,311	—	52,311
Depreciation and amortisation	21,374	30,994	52,368	4,469	56,864	-279	56,558
Impairment loss (Note 3)	—	9,044	9,044	—	9,044	—	9,044
Equity gain from investment in associates	831	2,916	3,748	37	3,785	—	3,785

(Note 1) "Others" refers to operating segments excluded from reportable segments and include such businesses as the production and sales of steel balls, and production of machineries.

(Note 2) The ¥9,967 million adjustment made for segment income (loss) includes intersegment elimination of ¥279 million and ¥9,687 million in other operating expenses not allocated to the reportable segments.

(Note 3) Segment loss excluding the impairment loss of ¥9,044 million resulting from nonrecurring factors was ¥4,718 million.

From April 1, 2022 to March 31, 2023

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
Sales							
Sales to third parties	385,103	520,711	905,815	32,283	938,098	—	938,098
Intersegment sales	—	—	—	26,715	26,715	-26,715	—
Total	385,103	520,711	905,815	58,999	964,814	-26,715	938,098
Segment income (loss) (Operating income)	35,541	-3,951	31,590	2,159	33,750	-813	32,936
Total financial income (expenses)							-1,010
Income before income taxes							31,926
Other items							
Capital expenditure	28,972	29,463	58,435	3,649	62,085	—	62,085
Depreciation and amortisation	23,562	30,428	53,991	4,636	58,627	-251	58,376
Equity gain from investment in associates	773	2,373	3,147	49	3,196	—	3,196

(Note 1) "Others" refers to operating segments excluded from reportable segments and include such businesses as the production and sales of steel balls and production of machineries.

(Note 2) The -¥813 million adjustment made for segment income (loss) includes intersegment elimination of ¥251 million and -¥1,064 million in other operating expenses not allocated to the reportable segments.

3) Information by product and service

This information is omitted as similar information has been disclosed in "Segment revenue and performance".

4) Information by region

① Sales to third parties

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Japan	317,612	310,745
The Americas	125,094	168,014
Europe	111,890	130,076
China	182,036	184,458
Other Asia	128,532	144,803
Total	865,166	938,098

(Note 1) Sales are based on the customers' location and categorized by either countries or regions.

(Note 2) The categories of the countries or the regions are based on their relative proximity.

(Note 3) Main countries and regions belonging to other regions apart from Japan and China are follows;

The Americas: the United States, Canada, Mexico, Brazil, etc.

Europe: the United Kingdom, Germany, Poland, and other European countries, etc.

Other Asia: East and South East Asian countries (apart from Japan and China), India, Australia, etc.

② Non-current assets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Japan	223,306	233,153
The Americas	30,844	32,660
Europe	60,452	60,789
China	65,788	64,937
Other Asia	42,637	43,300
Total	423,029	434,841

(Note 1) Non-current assets represent the amount of property, plant and equipment and intangible assets.

(Note 2) The categories of the countries or the regions are based on their relative proximity.

(Note 3) Main countries and regions belonging to other regions apart from Japan and China are follows;

The Americas: the United States, Canada, Mexico, Brazil, etc.

Europe: the United Kingdom, Germany, Poland, and other European countries, etc.

Other Asia: East and South East Asian countries (apart from Japan and China), India, Australia, etc.

5) Information on major customers

In terms of sales to third parties, none of the counterparties accounted for 10% or more of sales in the consolidated statements of income in the previous consolidated fiscal year or the current consolidated fiscal year, therefore, no information on major customers is stated.

Per share information

1) Basic earnings per share and diluted earnings per share

	Year ended Mar.31, 2022	Year ended Mar.31, 2023
Basic earnings per share	¥32.35	¥35.89
Diluted earnings per share	¥32.26	¥35.77

2) Basis of calculation of basic earnings per share and diluted earnings per share

	Year ended Mar.31, 2022	Year ended Mar.31, 2023
Net income attributable to owners of the parent (millions of yen)	16,587	18,412
Weighted average number of issued common shares (thousand shares)	512,760	513,029
Impact of dilution: board benefit trust, etc. (thousand shares)	1,466	1,750
Weighted average number of issued common shares after dilution (thousand shares)	514,227	514,779

Events after the reporting period

1. Partial Refunding of Retirement Benefit Trust

NSK has established a stock-based retirement benefit trust for the purpose of providing for future retirement benefits. In recent years, however, pension assets including the retirement benefit trust have been significantly overfunded relative to retirement benefit obligations, and this situation is expected to continue in the future. Therefore, the Company has received a partial refund of the retirement benefit trust. Please note that some of the shares in the trust have been sold during the fiscal year (fiscal year ended March 31, 2023)

1) Date of event

April 20, 2023

2) Date of refund

April 28, 2023

3) Amount to be refunded

¥35,000 million

4) Impact on profit and loss

There is no impact to the consolidated statement of income for the year ending March 31, 2024. For the consolidated statement of financial position, an increase of ¥35,000 million in cash and cash equivalents and a decrease of ¥35,000 million in net defined benefit asset is expected.

2. Signing of Joint Venture Agreement for Steering Business

The Company has entered into a joint venture agreement with Japan Industrial Solutions III Investment Limited Partnership ("JIS"), by which NSK Steering & Control Inc. ("NS&C"), a consolidated subsidiary which houses the Company's global steering business, will issue class shares equivalent to 50.1% of voting rights of NS&C by method of third-party allotment ("Third-Party Allotment") to JIS, the Company and JIS will jointly operate NS&C, and NS&C will conduct special dividend to the Company prior to Third-Party Allotment (the series of transactions including such share issuance and special dividend are hereinafter referred to as the "Transaction") and will form a Joint Venture Agreement (herein after referred to as the "Agreement"). As a result of the Transaction, NS&C and its subsidiaries will no longer be consolidated by the Company, and will become equity method affiliates.

1) Background and Purpose

The automotive industry is currently facing major transformation. In addition, supply chain disruptions triggered by Covid-19 outbreak, semiconductor shortages, geopolitical risks including the Ukraine situation, and global inflation have added to the extremely challenging business environment. In this environment, as announced in our Mid-Term

Management Plan 2026 (“MTP2026”) dated May 13, 2022, we have initiated business structural reforms to enhance our automotive steering business; and at the same time, we have been pursuing alliance discussion with external partners. As a result, we have decided today to enter into a joint venture agreement with JIS regarding NS&C. JIS has extensive experiences in investing and providing managerial support in a wide range of industries, including the automotive industry, and possesses knowledge and network of information based on its track record and experience. We have come to the conclusion that inviting JIS as our partner to the steering business is important amid an increasingly uncertain business environment, in order to further progress with measures to improve our steering business as quickly as possible. Specifically, we will work with JIS to consider a variety of measures, including the following.

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

2) Outline of the Agreement

NS&C will issue 10,041 class shares by method of third-party allotment, all of which will be subscribed by JIS for approximately 20 billion yen. Prior to Third-Party Allotment, NS&C plans to initiate a special dividend to the Company. As a result of this Transaction, the ownership structure of voting rights NS&C will be as follow. The Company currently plans to implement the aforementioned structure, however, in case that the structure has a significant impact on the Company's financial results, the Company may take the alternative scheme where the Company will subscribe 10,041 class shares issued by NS&C and transfer all of which to JIS, subject to the consent of JIS. (The shareholder composition and shareholding ratios will remain unchanged in the event of a change in scheme)

NSK: 49.9%

JIS: 50.1%

As a result of this Transaction, NS&C will become an affiliate of the Company accounted by equity method and will no longer be consolidated. The Company will continue to support NS&C's sustainable growth and enhancement of corporate value as a shareholder. In addition, the Company may acquire the class shares subscribed by JIS in case certain conditions are fulfilled.

3) Schedule for execution of the Transaction

July 3, 2023 (planned)

4) Outlook and impact on business performance

The impact of this transaction on our consolidated financial results is currently under assessment. We will promptly announce any matters that should be disclosed in the future. Also, the special dividend to be conducted as part of the Transaction will be a capital transaction where the dividend will be paid from NS&C's capital surplus, therefore the impact to the consolidate statement of income of the Company is insignificant.

(Reference)

Sales result of the steering business for the fiscal year ended March 31, 2023: ¥ 161.3 billion

3. Decision on Matters Related to Repurchasing of treasury stock

At a meeting of the Board of Directors held on May 12, 2023, the Company passed a resolution on matters pertaining to the acquisition of treasury stock in accordance with Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the Companies Act.

1) Reason for repurchasing shares

To enhance shareholder returns and improve capital efficiency.

2) Details of matters related to repurchasing

Type of shares to be acquired:	Common shares of the Company
Number of shares to be repurchased:	25 million (maximum) (Percentage of total shares issued (excluding treasury stock) 4.8%)
Total value of shares to be repurchased:	¥22 billion (maximum)
Period of acquisition	from May 15, 2023 to June 30, 2023
Method of acquisition:	Purchase in the market through the Tokyo stock Exchange (Including acquisition of treasury stock through ToSTNeT-3 system of the Tokyo Stock Exchange)

2023年3月期 決算短信 補足説明資料

Supplementary material of consolidated results for the year ended March 31, 2023

(%表示は、通期は対前期比、四半期は対前年同四半期比)
(% indicates previous year's comparison)

1. 決算概要 / Summary of financial results ※1

(百万円 / ¥Million)	2022年3月期 / FY2021			2023年3月期 / FY2022					
	1H	2H	Full year	1H	YoY	2H	YoY	Full year	YoY
売上高 Sales	417,764	447,402	865,166	463,824	111.0%	474,274	106.0%	938,098	108.4%
営業利益 Operating income	15,688	13,741	29,430	13,523	86.2%	19,413	141.3%	32,936	111.9%
税引前利益 Income before income taxes	15,624	13,892	29,516	12,819	82.1%	19,106	137.5%	31,926	108.2%
親会社の所有者に帰属する当期利益 Net income attributable to owners of the parent	7,760	8,826	16,587	6,027	77.7%	12,384	140.3%	18,412	111.0%
基本的1株当たり当期利益(円) Basic earnings per share (yen)	15.14	17.21	32.35	11.75	—	24.14	—	35.89	—

(百万円 / ¥Million)	2022年3月期 / FY2021				2023年3月期 / FY2022							
	1Q	2Q	3Q	4Q	1Q	YoY	2Q	YoY	3Q	YoY	4Q	YoY
売上高 Sales	213,458	204,306	215,015	232,386	219,387	102.8%	244,436	119.6%	236,356	109.9%	237,918	102.4%
営業利益 Operating income	9,004	6,684	5,101	8,639	4,538	50.4%	8,985	134.4%	8,458	165.8%	10,954	126.8%
税引前四半期利益 Income before income taxes	9,305	6,318	5,308	8,584	4,521	48.6%	8,298	131.3%	8,692	163.7%	10,414	121.3%
親会社の所有者に帰属する四半期利益 Net income attributable to owners of the parent	4,712	3,047	4,294	4,532	1,320	28.0%	4,707	154.5%	4,898	114.1%	7,485	165.2%
基本的1株当たり四半期利益(円) Basic earnings per share (yen)	9.19	5.94	8.37	8.84	2.57	—	9.18	—	9.55	—	14.59	—
連結子会社数(社) Consolidated subsidiaries	90	90	90	90	90	—	90	—	90	—	92	—
日本 Japan	18	18	18	18	18	—	18	—	18	—	18	—
海外 Non-Japan	72	72	72	72	72	—	72	—	72	—	74	—
期末従業員数(人) Number of employees	30,520	30,573	30,632	30,577	30,565	—	30,376	—	30,163	—	29,882	—
日本 Japan	11,957	11,914	11,891	11,853	12,002	—	11,920	—	11,810	—	11,728	—
海外 Non-Japan	18,563	18,659	18,741	18,724	18,563	—	18,456	—	18,353	—	18,154	—

【予想 / Forecast】

(百万円 / ¥Million)	2024年3月期 / FY2023					
	1H FCT	YoY	2H FCT	YoY	Full year FCT	YoY
売上高 Sales	476,000	102.6%	514,000	108.4%	990,000	105.5%
営業利益 Operating income	8,500	62.9%	33,000	170.0%	41,500	126.0%
税引前利益 Income before income taxes	7,500	58.5%	32,000	167.5%	39,500	123.7%
親会社の所有者に帰属する当期利益 Net income attributable to owners of the parent	4,000	66.4%	21,500	173.6%	25,500	138.5%

2. 売上高 / Sales ※2

(百万円 / ¥Million)	2022年3月期 / FY2021			2023年3月期 / FY2022					
	1H	2H	Full year	1H	YoY	2H	YoY	Full year	YoY
報告セグメント Business segment data									
産業機械事業 Industrial machinery business	168,772	183,454	352,226	195,430	115.8%	189,673	103.4%	385,103	109.3%
自動車事業 Automotive business	233,924	248,623	482,547	252,346	107.9%	268,365	107.9%	520,711	107.9%
その他 Others	26,102	27,201	53,304	29,147	111.7%	29,851	109.7%	58,999	110.7%
調整額 Adjustments	△ 11,034	△ 11,877	△ 22,911	△ 13,100	—	△ 13,615	—	△ 26,715	—
合計 Total	417,764	447,402	865,166	463,824	111.0%	474,274	106.0%	938,098	108.4%

(百万円 / ¥Million)	2022年3月期 / FY2021				2023年3月期 / FY2022							
	1Q	2Q	3Q	4Q	1Q	YoY	2Q	YoY	3Q	YoY	4Q	YoY
報告セグメント Business segment data												
産業機械事業 Industrial machinery business	84,093	84,679	88,289	95,164	95,297	113.3%	100,133	118.2%	96,312	109.1%	93,361	98.1%
自動車事業 Automotive business	121,732	112,191	119,060	129,562	115,907	95.2%	136,439	121.6%	131,833	110.7%	136,531	105.4%
その他 Others	13,268	12,833	13,181	14,020	14,706	110.8%	14,440	112.5%	15,052	114.2%	14,798	105.6%
調整額 Adjustments	△ 5,635	△ 5,398	△ 5,515	△ 6,361	△ 6,523	—	△ 6,576	—	△ 6,842	—	△ 6,772	—
合計 Total	213,458	204,306	215,015	232,386	219,387	102.8%	244,436	119.6%	236,356	109.9%	237,918	102.4%

【予想 / Forecast】

(百万円 / ¥Million)	2024年3月期 / FY2023					
	1H FCT	YoY	2H FCT	YoY	Full year FCT	YoY
産業機械事業 Industrial machinery business	182,500	93.4%	195,000	102.8%	377,500	98.0%
自動車事業 Automotive business	277,000	109.8%	303,000	112.9%	580,000	111.4%
その他 Others	33,500	114.9%	34,000	113.9%	67,500	114.4%
調整額 Adjustments	△ 17,000	—	△ 18,000	—	△ 35,000	—
合計 Total	476,000	102.6%	514,000	108.4%	990,000	105.5%

3. 営業利益 / Operating income ※1 ※2

(百万円 / ¥Million)	2022年3月期 / FY2021			2023年3月期 / FY2022					
	1H	2H	Full year	1H	YoY	2H	YoY	Full year	YoY
報告セグメント Business segment data									
産業機械事業 Industrial machinery business	13,914	16,439	30,353	19,634	141.1%	15,907	96.8%	35,541	117.1%
自動車事業 Automotive business	254	△ 14,017	△ 13,762	△ 6,134	—	2,182	—	△ 3,951	—
その他 Others	1,938	933	2,871	972	50.2%	1,187	127.2%	2,159	75.2%
調整額 Adjustments	△ 418	10,386	9,967	△ 949	—	135	—	△ 813	—
合計 Total	15,688	13,741	29,430	13,523	86.2%	19,413	141.3%	32,936	111.9%

(百万円 / ¥Million)	2022年3月期 / FY2021				2023年3月期 / FY2022							
	1Q	2Q	3Q	4Q	1Q	YoY	2Q	YoY	3Q	YoY	4Q	YoY
報告セグメント Business segment data												
産業機械事業 Industrial machinery business	6,384	7,530	7,858	8,580	9,233	144.6%	10,400	138.1%	9,582	121.9%	6,325	73.7%
自動車事業 Automotive business	1,675	△ 1,420	△ 13,220	△ 797	△ 5,230	—	△ 903	—	△ 537	—	2,720	—
その他 Others	1,017	920	586	347	808	79.4%	164	17.8%	317	54.1%	870	250.6%
調整額 Adjustments	△ 73	△ 345	9,877	508	△ 272	—	△ 676	—	△ 902	—	1,038	—
合計 Total	9,004	6,684	5,101	8,639	4,538	50.4%	8,985	134.4%	8,458	165.8%	10,954	126.8%

※1: 前連結会計年度の第3四半期において、企業結合に係る暫定的な会計処理の確定を行ったため、2022年3月期第1四半期及び第2四半期に関連する数値は、暫定的な会計処理の確定内容を反映させています。
In the third quarter ended December 31, 2021, NSK finalized provisional accounting treatment for business combination, which is reflected in the relevant figures for the first quarter and the second quarter of the fiscal year 2021.

※2: 売上高、営業利益の報告セグメントの数値は、一部事業の担当領域を「その他」から「産業機械事業」に変更したことに伴い、2022年3月期に遡って組み替えて表示しています。
Part of the "Others" were transferred to the "Industrial machinery business". Accordingly, figures have been reclassified to match current segments from the first quarter of the fiscal year 2021.

【予想 / Forecast】

(百万円 / ¥Million)	2024年3月期 / FY2023					
	1H FCT	YoY	2H FCT	YoY	Full year FCT	YoY
産業機械事業 Industrial machinery business	9,000	45.8%	18,500	116.3%	27,500	77.4%
自動車事業 Automotive business	△ 500	—	14,000	641.4%	13,500	—
その他 Others	1,000	102.8%	1,500	126.3%	2,500	115.8%
調整額 Adjustments	△ 1,000	—	△ 1,000	—	△ 2,000	—
合計 Total	8,500	62.9%	33,000	170.0%	41,500	126.0%

4. 設備投資額、減価償却費 / Capital expenditures, Depreciation and amortisation

(百万円 / ¥Million)	2022年3月期 / FY2021			2023年3月期 / FY2022					
	1H	2H	Full year	1H	YoY	2H	YoY	Full year	YoY
設備投資額 Capital expenditures	18,753	33,558	52,311	23,466	125.1%	38,618	115.1%	62,085	118.7%
減価償却費 Depreciation and amortisation	28,374	28,184	56,558	28,993	102.2%	29,382	104.3%	58,376	103.2%

(百万円 / ¥Million)	2022年3月期 / FY2021				2023年3月期 / FY2022							
	1Q	2Q	3Q	4Q	1Q	YoY	2Q	YoY	3Q	YoY	4Q	YoY
設備投資額 Capital expenditures	5,177	13,576	11,944	21,613	9,230	178.3%	14,235	104.9%	13,262	111.0%	25,356	117.3%
減価償却費 Depreciation and amortisation	14,075	14,298	14,343	13,841	14,288	101.5%	14,705	102.8%	14,754	102.9%	14,628	105.7%

【予想 / Forecast】

(百万円 / ¥Million)	2024年3月期 / FY2023					
	1H FCT	YoY	2H FCT	YoY	Full year FCT	YoY
設備投資額 Capital expenditures					65,000	104.7%
減価償却費 Depreciation and amortisation					60,000	102.8%

5. 研究開発費、技術関連費用 / R&D expenses

(百万円 / ¥Million)	2022年3月期 / FY2021			2023年3月期 / FY2022					
	1H	2H	Full year	1H	YoY	2H	YoY	Full year	YoY
研究開発費 R&D Expenses (on a statutory basis)	9,364	9,810	19,175	9,692	103.5%	10,146	103.4%	19,839	103.5%
(参考) 技術関連費用 Ref. R&D Expenses (on a managerial basis)	15,135	15,620	30,756	15,221	100.6%	15,597	99.9%	30,818	100.2%

(百万円 / ¥Million)	2022年3月期 / FY2021				2023年3月期 / FY2022							
	1Q	2Q	3Q	4Q	1Q	YoY	2Q	YoY	3Q	YoY	4Q	YoY
研究開発費 R&D Expenses (on a statutory basis)	4,400	4,964	5,209	4,600	4,549	103.4%	5,142	103.6%	5,056	97.1%	5,090	110.6%
(参考) 技術関連費用 Ref. R&D Expenses (on a managerial basis)	7,398	7,737	7,870	7,750	7,423	100.3%	7,797	100.8%	7,725	98.2%	7,871	101.6%

【予想 / Forecast】

(百万円 / ¥Million)	2024年3月期 / FY2023					
	1H FCT	YoY	2H FCT	YoY	Full year FCT	YoY
研究開発費 R&D Expenses (on a statutory basis)					21,000	105.9%
(参考) 技術関連費用 Ref. R&D Expenses (on a managerial basis)					33,000	107.1%

6. 為替換算レート / Currency exchange rate

期中平均レート Average exchange rate (円 / ¥)	2022年3月期 / FY2021			2023年3月期 / FY2022		
	1H	2H	Full year	1H	2H	Full year
USD	109.80	114.96	112.38	133.98	136.98	135.48
EUR	130.89	130.23	130.56	138.72	143.22	140.97
CNY	16.99	18.03	17.51	19.88	19.62	19.75

期中平均レート Average exchange rate (円 / ¥)	2022年3月期 / FY2021				2023年3月期 / FY2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
USD	109.49	110.11	113.70	116.22	129.57	138.39	141.63	132.33
EUR	131.95	129.83	130.08	130.38	138.10	139.34	144.36	142.08
CNY	16.96	17.02	17.77	18.29	19.58	20.18	19.88	19.36

期末レート Term end exchange rate (円 / ¥)	2022年3月期 / FY2021		2023年3月期 / FY2022	
	End of 1H	End of 2H	End of 1H	End of 2H
USD	111.95	122.41	144.81	133.54
EUR	129.90	136.77	142.32	145.72
CNY	17.29	19.26	20.37	19.42

期末レート Term end exchange rate (円 / ¥)	2022年3月期 / FY2021				2023年3月期 / FY2022			
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q	End of 4Q
USD	110.61	111.95	115.02	122.41	136.69	144.81	132.70	133.54
EUR	131.63	129.90	130.52	136.77	142.65	142.32	141.44	145.72
CNY	17.12	17.29	18.07	19.26	20.39	20.37	19.02	19.42

【予想 / Forecast】

期中平均レート Average exchange rate (円 / ¥)	2024年3月期 / FY2023	
	Full year FCT	
USD	125.00	
EUR	140.00	
CNY	19.00	