

NSK

NSK Ltd.

FINANCIAL CONFERENCE
Consolidated Business Results
for the Third Quarter
Ended December 31, 2024



Change & Go Beyond

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.

February 3, 2025

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- 1. Consolidated Business Results for the Third Quarter of the Year Ending March 31, 2025**
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(Supplementary Information)

Key Points – Consolidated Business Results for FY2024 Q3

(Continuing operations)

FY24 Q3 Result

YOY sales increased and profits decreased.

Excluding one-time expenses YOY profits increased.

- Volume decreased in real terms excluding impact of forex, etc.
- Recorded one-time expense of ¥3.4 billion for structural reforms and production reorganization.

Sales	¥596.9 bn	YOY	+1.5%
Operating income	¥15.6 bn		-19.0%
(excluding one-time expenses*)	(¥21.9 bn)		(+4.0%)

FY24 Full Year Forecast

The full year forecast remains unchanged from October.

Sales	¥790.0 bn	% of FCST	75.6%
Operating income	¥22.0 bn		71.1%
(excluding one-time expenses*)	(¥29.6 bn)		(74.0%)

Shareholder Returns

The dividend plan remains unchanged.

- Full year dividend: ¥34/share (Increase of ¥4/share YOY)

* Operating income excluding one-time gains and losses (such as foreign exchange gains and losses and restructuring costs).

Summary of Consolidated Business Results for FY2024 Q3

- ✓ Despite a decrease in Automotive, sales increased YOY supported by higher Industrial sales and a weaker yen.
- ✓ Gradual recovery in industrial but varies by sector (machine tools up, wind turbines down).
- ✓ Impact of Japanese automakers reducing production

(Billions of yen)		Q3 YTD		Increase/ Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY
		FY23	FY24		
Continuing operations	Sales	588.1	596.9	+8.9 +18.2	+1.5%
	Operating income	19.3	15.6	-3.7	-19.0%
	(%) excluding one-time*1 expenses	3.3%	2.6%	+3.5	
	(%)	21.1	21.9	+0.8	+4.0%
		3.6%	3.7%	+4.2	
	Income before income taxes	18.6	12.9	-5.8	-31.0%
	Net income attributable to owners of the parent	9.0	5.7	-3.4	-37.2%
Continuing and discontinued operations	Net income attributable to owners of the parent	4.7	3.9 ^{*2}	-0.8	-16.8%
	(Ex. rate: 1USD=)	143.3	152.6	+9.3	+6.5%
	(" 1EUR=)	155.3	164.8	+9.5	+6.1%
	(" 1CNY=)	20.0	21.2	+1.2	+5.9%

*1 Operating income excludes one-time gains and losses (such as foreign exchange gains and losses and restructuring costs).

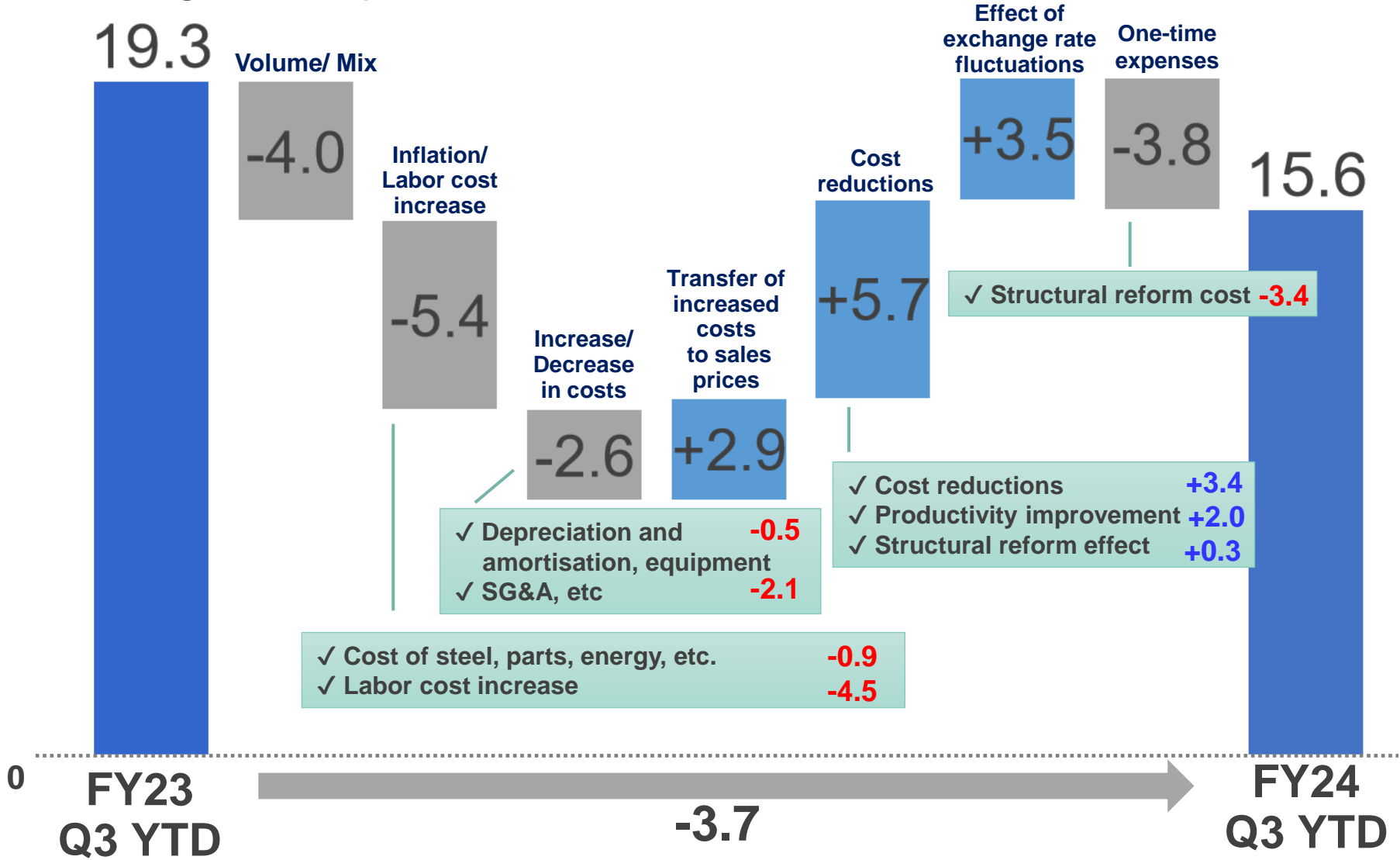
*2 Interim profit (continuing + non-continuing) includes the impact of a loss of 2.4 billion yen (recorded in Q2) related to the transfer of shares in the steering subsidiary in India (non-continuing operations).

Operating Income: Factors Behind Change

(FY2023 Q3 YTD ⇒ FY2024 Q3 YTD) (Continuing operations)

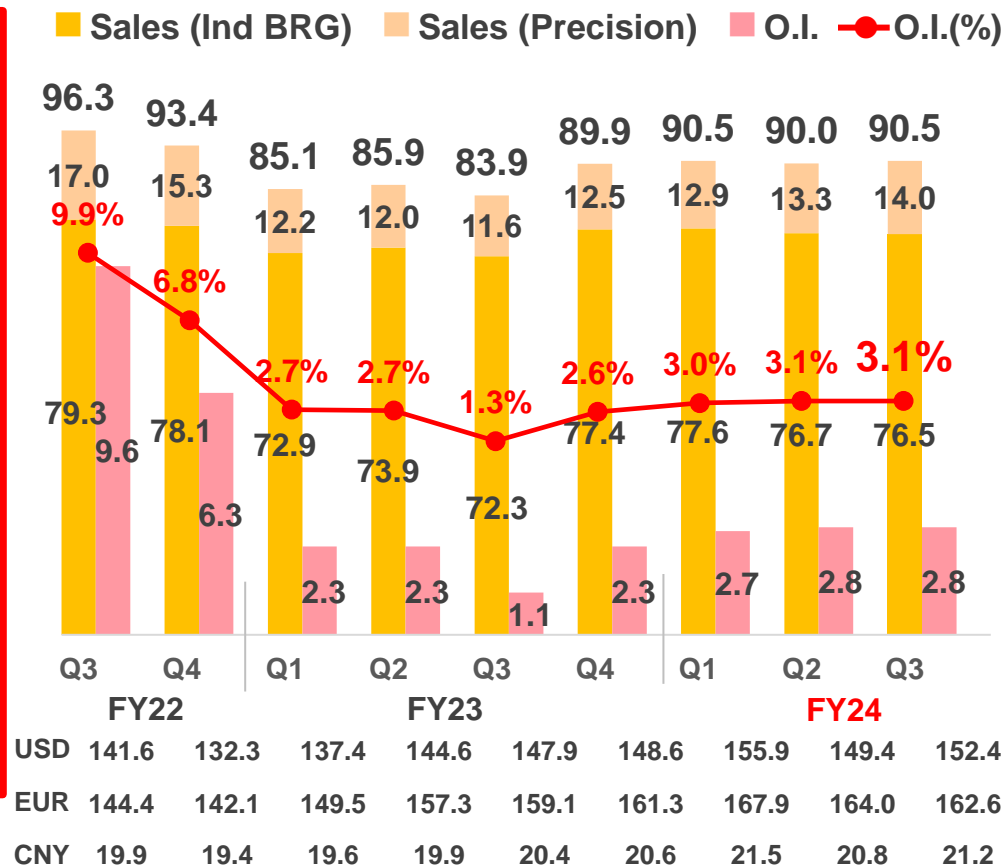
(Billions of yen)

✓ Began to reap the benefits of our structural reforms.



Industrial Machinery Business Q3 Result

(Billions of yen)	Q3 YTD		YOY	
	FY23	FY24	Increase/Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Effect of exchange rate fluctuations)
Sales	255.0	271.0	+16.0 +8.7	+6.3% +2.9%
Industrial Machinery Bearings	219.1	230.8	+11.7	+5.3%
Precision Machinery and Parts	35.8	40.2	+4.4	+12.2%
Operating income (%)	5.7 2.2%	8.3 3.1%	+2.6	+46.0%
excluding one-time expenses (%)	6.1 2.4%	9.7 3.6%	+3.5	+57.6%
(Ex. rate: 1USD=)	143.3	152.6	+9.3	+6.5%
(" 1EUR=)	155.3	164.8	+9.5	+6.1%
(" 1CNY=)	20.0	21.2	+1.2	+5.9%



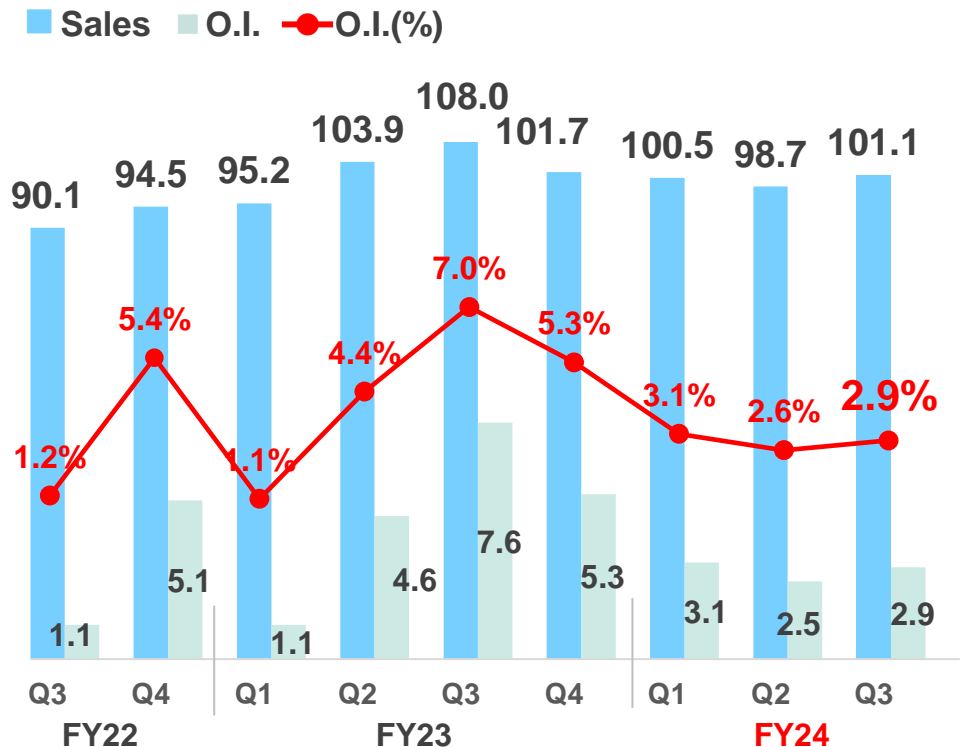
FY24 Q3 YTD: YOY increase in sales and profits

- Industrial bearings: YOY increase in AM, machine tools, railcar; decrease in wind turbines and robots.
- Precision machinery products: YOY increase in machine tools and semiconductor production equipment.
- One-time expenses related to structural reforms of ¥1.2 billion in Q2, and ¥100 million in Q3.

Recovery of demand has been more gradual than expected in October forecast.

Automotive Business Q3 Result

(Billions of yen)	Q3 YTD		YOY	
	FY23	FY24	Increase/Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Effect of exchange rate fluctuations)
Sales	307.1	300.2	-6.9 +8.9	-2.2% -5.2%
Operating income	13.2	8.6	-4.7	-35.3%
(%)	4.3%	2.9%		
excluding one-time expenses	13.2	11.6	-1.7	-12.7%
(%)	4.3%	3.8%		
(Ex. rate: 1USD=)	143.3	152.6	+9.3	+6.5%
(" 1EUR=)	155.3	164.8	+9.5	+6.1%
(" 1CNY=)	20.0	21.2	+1.2	+5.9%



Global Vehicle Production (IHS Markit)

(million)	FY23	FY24	Difference
	Q3	Q3	YOY
	69	68	-1.5%

	FY22			FY23			FY24		
USD	141.6	132.3	137.4	144.6	147.9	148.6	155.9	149.4	152.4
EUR	144.4	142.1	149.5	157.3	159.1	161.3	167.9	164.0	162.6
CNY	19.9	19.4	19.6	19.9	20.4	20.6	21.5	20.8	21.2

FY24 Q3 YTD: YOY decrease in sales and profits

- Production reductions (-7%) by Japanese automakers; continued stagnation in Europe.
- Recorded one-time expenses related to structural reforms, etc. of ¥500 million in Q1 and ¥2.5 billion in Q3.

Production at Japanese Automakers has been returning to normal.

Previously, sales were disclosed under the segments of "Automotive Bearings" and "Automotive Parts", but from the fiscal year ending March 2024, the steering business has been classified as a discontinued operation, so the disclosure has been changed to only the Automotive Business. In addition, the equity method profit/loss of the Steering Business joint venture with JIS, which was established on August 1, 2023, is included in segment profit from FY23 Q2.

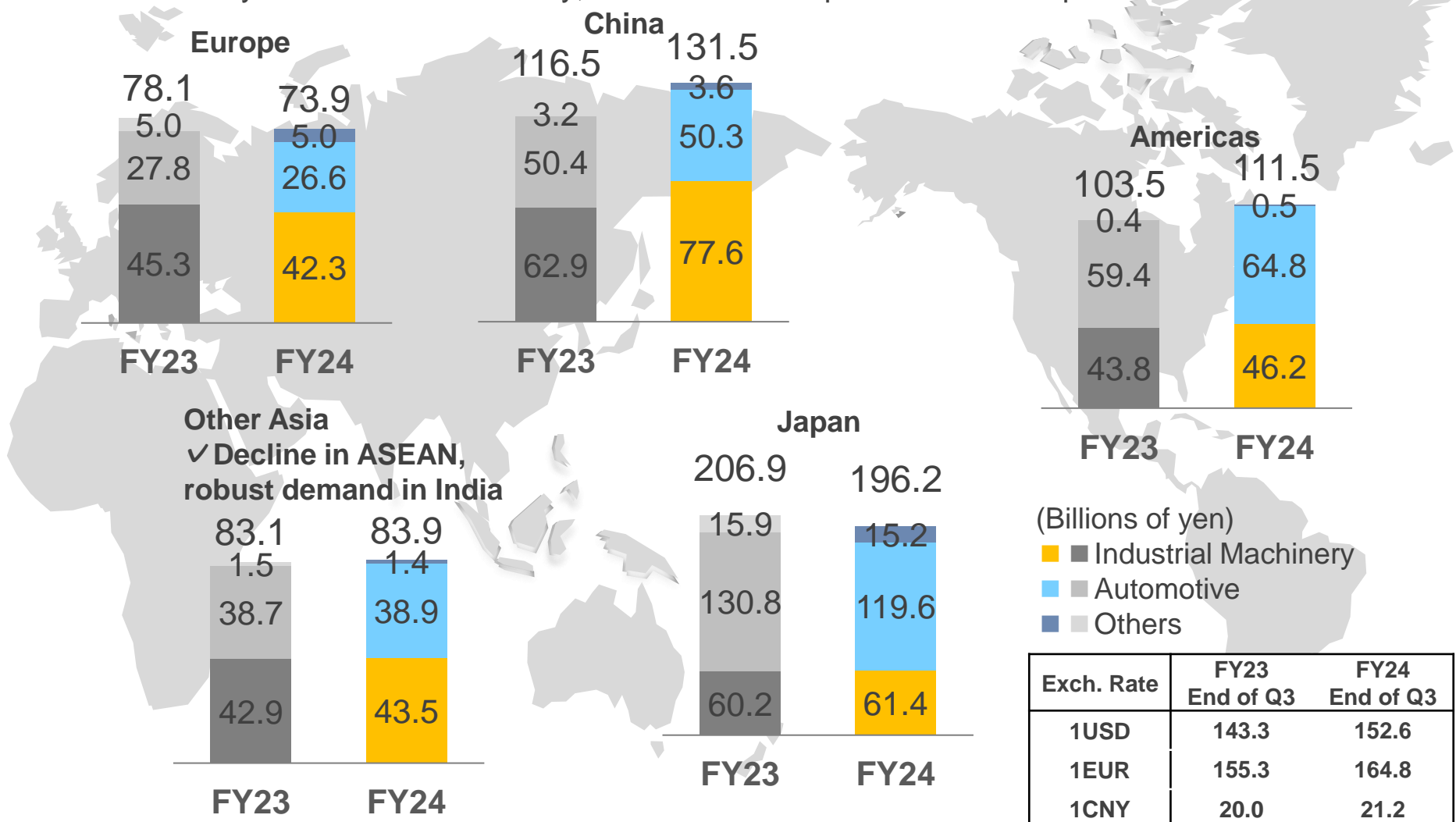
FY24 Q3 YTD: Sales by Customer Region

Japan: Gradual recovery in industrial machinery; decline in number of vehicles produced.

Americas: Robust demand; promoting sales expansion.

Europe: Industrial and Automotive stagnating.

China: Recovery in industrial machinery; weak sales of Japanese and European cars.



(Billions of yen)
■ Industrial Machinery
■ Automotive
■ Others
■ Others

Exch. Rate	FY23 End of Q3	FY24 End of Q3
1USD	143.3	152.6
1EUR	155.3	164.8
1CNY	20.0	21.2

1. Consolidated Business Results for the Third Quarter of the Year Ending March 31, 2025
2. **Consolidated Business Forecast for the Year Ending March 31, 2025**

(Supplementary Information)

Consolidated Business Forecast for the Year Ending March 31, 2025

✓ The full-year earnings forecast for FY24 remains unchanged from the October announcement.

	(Billions of yen)	Full year Actual	FY24 Q3		YOY	
			Q3 YTD	Full year Forecast	Increase/ Decrease	Difference
Continuing operations	Sales	788.9	596.9	790.0	+1.1	+0.1%
	Operating income	27.4	15.6	22.0	-5.4	-19.7%
	(%)	3.5%	2.6%	2.8%		
	excluding one-time expenses *1	29.8	21.9	29.6	-0.2	-0.8%
	(%)	3.8%	3.7%	3.7%		
	Income before income taxes	26.2	12.9	18.0	-8.2	-31.3%
Continuing and discontinued operations	Net income attributable to owners of the parent	8.5	3.9	6.0	-2.5	-29.4%
	(Ex. rate: 1USD=)	144.6	152.6	150.7 *2	+6.1	+4.2%
	(" 1EUR=)	156.8	164.8	162.4	+5.6	+3.6%
	(" 1CNY=)	20.1	21.2	20.9	+0.7	+3.6%

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

*2 Q4 exchange rate assumptions: USD ¥145, EUR ¥155 yen, CNY ¥20

Forecast for FY2024 by Segment

Industrial Machinery Business

Expect sales to increase from Q3 to Q4

(Billions of yen)	FY23	FY24			YOY	
	Full Year Actual	Q3 YTD	Q3	Full year Forecast	Increase/Decrease	Difference
Sales	344.8	271.0	90.5	365.0	+20.2	+5.8%
Industrial Machinery Bearings	296.5	230.8	76.5	311.0	+14.5	+4.9%
Precision Machinery and Parts	48.3	40.2	14.0	54.0	+5.7	+11.8%
Operating income	8.0	8.3	2.8	12.5	+4.5	+56.1%
(%)	2.3%	3.1%	3.1%	3.4%		
excluding one-time expenses	8.4	9.7	3.0	15.5	+7.1	+83.6%
(%)	2.4%	3.6%	3.3%	4.2%		

Automotive Business

Expect sales to be flat from Q3 to Q4

(Billions of yen)	FY23	FY24			YOY	
	Full Year Actual	Q3 YTD	Q3	Full year Forecast	Increase/Decrease	Difference
Sales	408.8	302.2	101.1	393.0	-15.8	-3.9%
Operating income	18.6	8.6	2.9	12.0	-6.6	-35.4%
(%)	4.5%	2.9%	2.9%	3.1%		
excluding one-time expenses	19.3	11.6	5.5	14.0	-5.3	-27.4%
(%)	4.7%	3.8%	5.4%	3.6%		

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)

No change from October

FY24

88

H1

44

H2

44

Objective Return Europe and E&E segment to the black

Cost Improvement

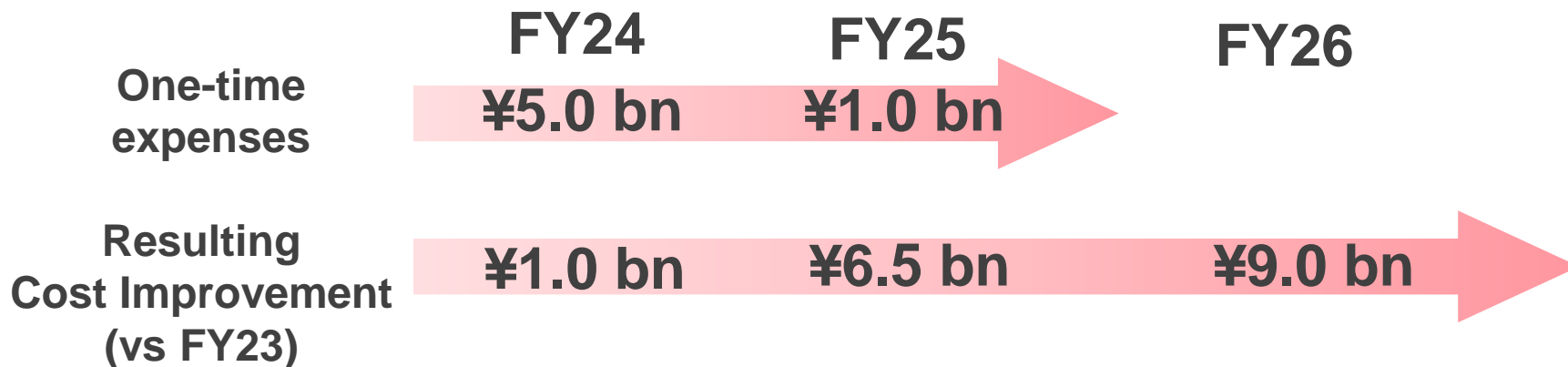
Reducing labor force by 1,000

✓ Reduction of approximately 600 by end of FY24

Production Reorganization

Reduce manufacturing footprint in Europe and maximize efficiency of global manufacturing structure

- Europe: Limiting product types, offshoring pre-process, reducing production capacity
- Japan: Reorganizing production of ICE products
- Americas: Reorganizing production of ICE products, restructuring steel ball business, strengthening aftermarket supply capacity.



- **Foster awareness of appropriate value and further transfer increasing costs to sales prices.**
- **Identify demand trends and respond flexibly in-step with changes in volume and business environment.**
- **Complete structural reforms and production reorganization to further strengthen the profit structure.**
 - Further streamlining of the European business structure.
 - Begin reevaluating optimal production location including pre-process.
- **Balance growth with asset efficiency.**
 - Sold stake in Indian steering subsidiary and sold part of stake in Japan logistics company (transition to joint-venture), sold Neuweg (¥20 billion reduction).
 - Partial return of Retirement Benefit Trust.
¥35 billion in April 2023, ¥70 billion in February 2025 (planned)
- **Strengthen structure for rapid decision-making and implementation.**
 - Streamline executive officers and newly establish Operating Executive positions.
 - Maintain a flexible framework that can recruit and utilize a diverse range of human resources.

(Supplementary Information)

Supplementary Information : Financial Strategy: Cash Allocation

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**

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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)

Dividend Plan Remains Unchanged

End of year (Plan) **¥17/share** (¥2 increase from FY23)

Full Year (Plan) **¥34/share** (¥4 increase from FY23)

Shareholder Return Policy (MTP2026 FY24-26)

“Provide Stable Shareholder Returns”

- Dividend Payout Ratio 30-50%
- DOE guideline of minimum 2.5% for each period
(DOE ... Dividend on Equity ratio)
- Share buybacks: Implement flexibly

Supplementary Information : Financial Results by Business Segment

Due to the classification of the steering business as discontinued operations in FY23 Q1, the figures are shown 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					Full year	FY2024				Q3 QTD YOY		FY2024 Forecast
		Q1	Q2	Q3	Q3 YTD	Q1		Q2	Q3	Q3 YTD	Increase/Decrease	Difference		
Total	Sales	188.2	198.4	201.4	588.1	788.9	200.5	197.1	199.3	596.9	+8.9	+1.5%	790.0	
	Operating Income	4.1	7.0	8.2	19.3	27.4	5.9	3.8	5.9	15.6	-3.7	-19.0%	22.0	
	(%)	2.2%	3.5%	4.1%	3.3%	3.5%	2.9%	1.9%	3.0%	2.6%			2.8%	
Industrial Machinery Business	Sales	85.1	85.9	83.9	255.0	344.8	90.5	90.0	90.5	271.0	+16.0	+6.3%	365.0	
	Industrial Machinery Bearings	72.9	73.9	72.3	219.1	296.5	77.6	76.7	76.5	230.8	+11.7	+5.3%	311.0	
	Precision Machinery and Parts	12.2	12.0	11.6	35.8	48.3	12.9	13.3	14.0	40.2	+4.4	+12.2%	54.0	
	Operating Income	2.3	2.3	1.1	5.7	8.0	2.7	2.8	2.8	8.3	+2.6	+46.0%	12.5	
	(%)	2.7%	2.7%	1.3%	2.2%	2.3%	3.0%	3.1%	3.1%	3.1%			3.4%	
Automotive Business	Sales	95.2	103.9	108.0	307.1	408.8	100.5	98.7	101.1	300.2	-6.9	-2.2%	393.0	
	Operating Income	1.1	4.6	7.6	13.2	18.6	3.1	2.5	2.9	8.6	-4.7	-35.3%	12.0	
	(%)	1.1%	4.4%	7.0%	4.3%	4.5%	3.1%	2.6%	2.9%	2.9%			3.1%	
Others	Sales	16.7	16.0	18.3	51.0	67.7	18.6	15.0	14.6	48.2	-2.8	-5.6%	64.5	
	Operating Income	0.7	0.7	0.5	1.9	2.4	0.8	0.1	1.6	2.5	+0.6	+30.7%	0.5	
	(%)	4.1%	4.4%	3.0%	3.8%	3.5%	4.5%	0.7%	10.9%	5.2%			0.8%	
	Eliminations (sales)	-8.7	-7.5	-8.8	-25.0	-32.5	-9.1	-6.5	-6.9	-22.4	+2.6	—	-32.5	
	Other operating income and expenses / Adjustments	0.1	-0.6	-1.0	-1.6	-1.5	-0.8	-1.6	-1.4	-3.8	-2.2	—	-3.0	

Supplementary Information: Sales by Customer Location

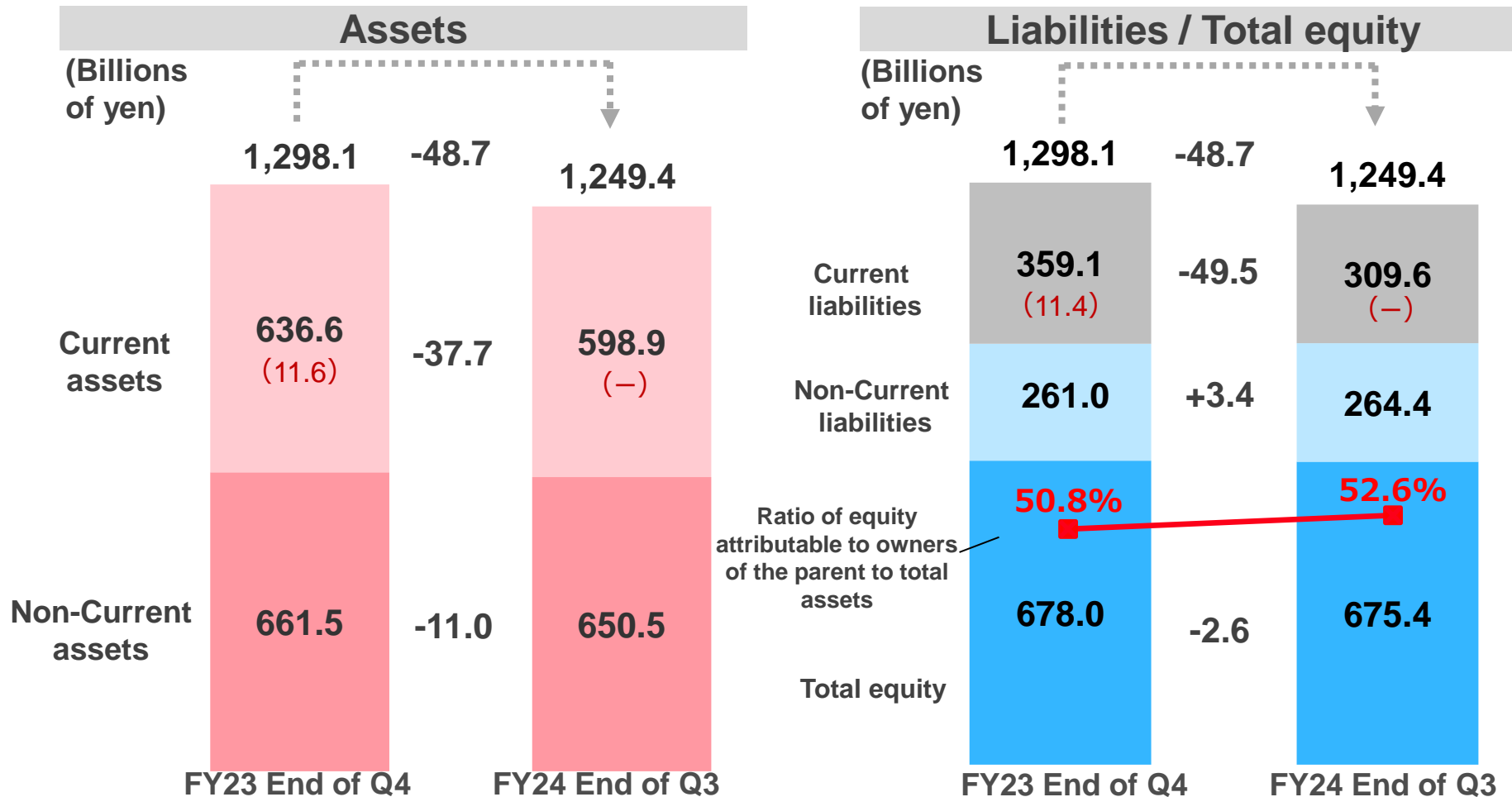
Due to the classification of the steering business as discontinued operations in FY23 Q1, the figures are shown as continuing operations excluding the steering business.

(Billions of yen)	FY2023					FY2024				YOY	
	Q1	Q2	Q3	Q3 YTD	Full year	Q1	Q2	Q3	Q3 YTD	Increase/Decrease	Difference
Sales	188.2	198.4	201.4	588.1	788.9	200.5	197.1	199.3	596.9	+8.9	+1.5%
Japan	66.0	70.3	70.5	206.9	271.1	64.1	65.8	66.3	196.2	-10.7	-5.2%
Non-Japan	122.2	128.1	130.8	381.2	517.8	136.4	131.3	133.0	400.7	+19.5	+5.1%
(Non-Japan Ratio)	64.9%	64.6%	65.0%	64.8%	65.6%	68.0%	66.6%	66.8%	67.1%		
The Americas	33.4	35.0	35.1	103.5	144.4	39.2	36.1	36.2	111.5	+8.0	+7.7%
Europe	27.0	25.2	25.9	78.1	108.1	27.1	23.8	23.0	73.9	-4.2	-5.4%
China	35.5	39.5	41.5	116.5	154.2	42.0	43.2	46.4	131.5	+15.0	+12.9%
Other Asia	26.4	28.4	28.3	83.1	111.1	28.1	28.3	27.5	83.9	+0.8	+0.9%
Ex. Rate											
1USD	137.4	144.6	147.9	143.3	144.6	155.9	149.4	152.4	152.6	+9.3	+6.5%
1EUR	149.5	157.3	159.1	155.3	156.8	167.9	164.0	162.6	164.8	+9.5	+6.1%
1CNY	19.6	19.9	20.4	20.0	20.1	21.5	20.8	21.2	21.2	+1.2	+5.9%

Supplementary Information: Consolidated Balance Sheet

The “Assets and liabilities of disposal groups classified as held for sale” related to the Steering Business are not included in the figures in parentheses from the end of FY24 Q2 because the share transfer was completed in the consolidated accounting period of FY24 H1. In addition, as a result of the agreement to transfer a portion of the shares of NSK Logistics Co., Ltd. (“NLK”), the assets and liabilities of NLK were included in the figures in parentheses at the end of FY24 Q2, but as the transfer of these shares was completed on October 1, 2024, they are not included in the figures in parentheses as of the end of FY24 Q3.

Ex. Rate	FY23 End of Q4	FY24 End of Q3
1USD	151.4	158.2
1EUR	163.3	164.9
1CNY	20.8	21.7



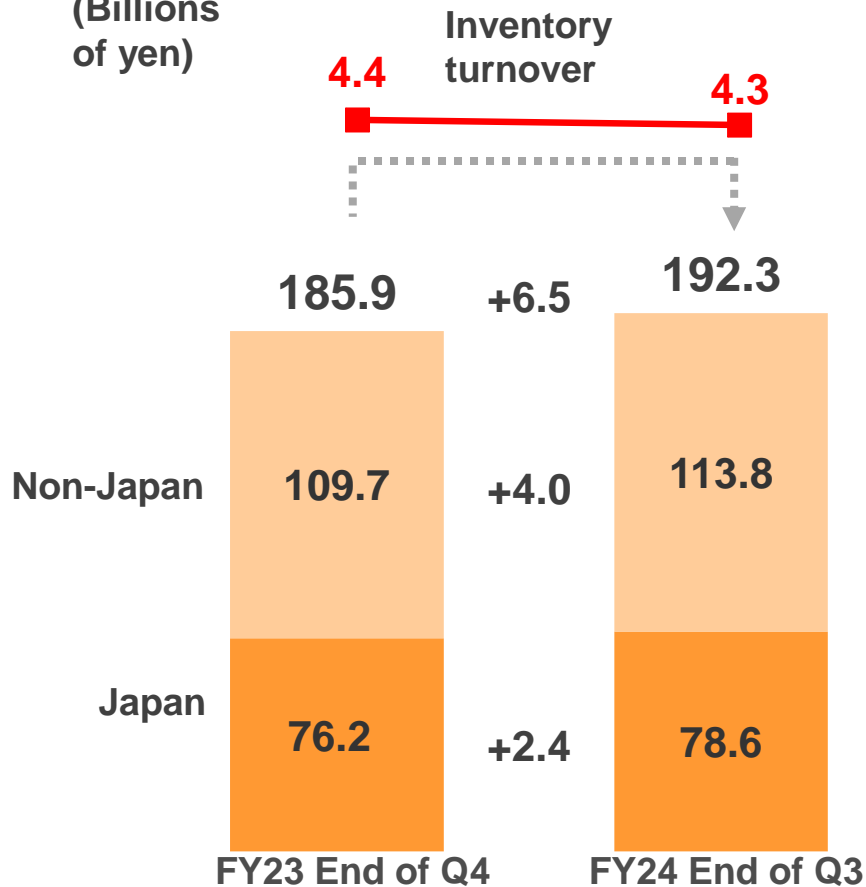
Supplementary Information: Consolidated Balance Sheet

Due to the classification of the steering business as discontinued operations in FY23 Q1, the figures are shown as continuing operations excluding the steering business.

Ex. Rate	FY23 End of Q4	FY24 End of Q3
1USD	151.4	158.2
1EUR	163.3	164.9
1CNY	20.8	21.7

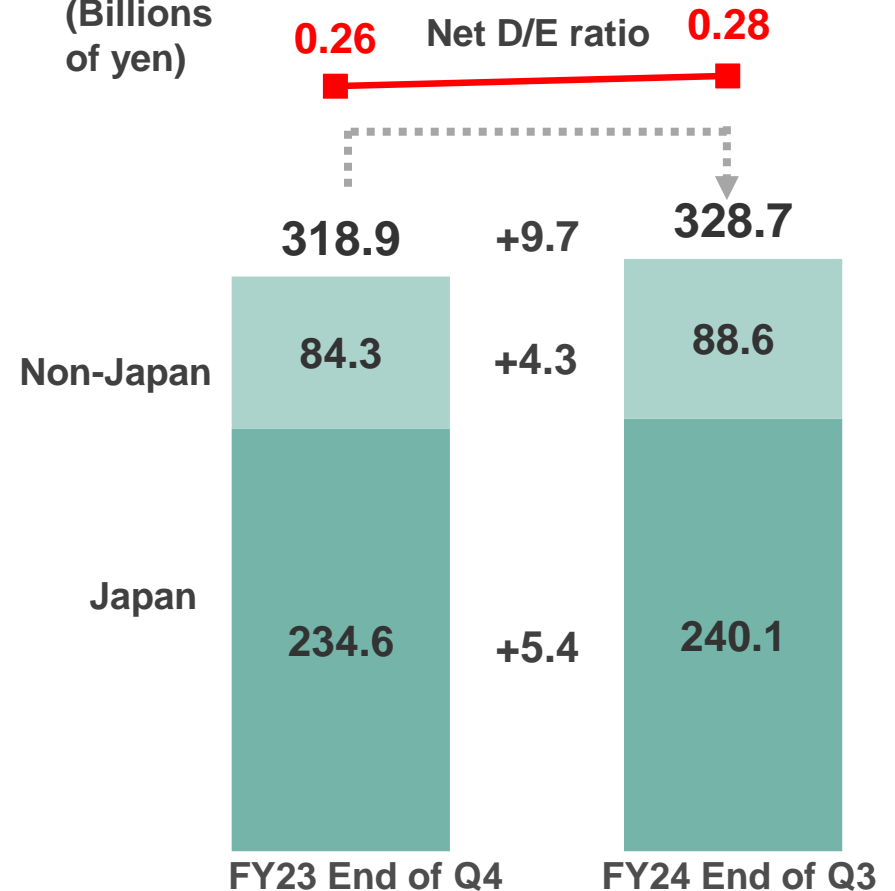
Inventories

(Billions of yen)



Interest-bearing debt

(Billions of yen)



R&D Expenses

Due to the classification of the steering business as discontinued operations in FY23 Q1, the figures are shown as continuing operations excluding the steering business.

(Billions of yen)	FY23	FY24			
	Full year Actual	Q1 Actual	Q2 Actual	Q3 Actual	Full year Forecast
Capital Expenditures	58.5	12.3	10.8	10.6	60.0
Capital Expenditures (excluding lease)	53.6	11.6	9.9	9.7	55.0
Depreciation and Amortisation	52.9	13.6	13.1	13.3	54.0
Depreciation and Amortisation (excluding lease)	47.5	12.2	11.9	12.1	49.0
R&D Expenses (on a statutory basis)	27.4	6.5	7.0	6.8	29.0
(Ref.) R&D Expenses (on a managerial basis)	15.6	3.8	4.2	3.9	16.0



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.