

NSK

NSK Ltd.

FINANCIAL CONFERENCE

Consolidated Business Results
for the First Quarter
Ended June 30, 2024



Change & Go Beyond

July 30, 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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Key Points - Consolidated Business Results for FY2024 Q1

✓ FY2024 Business Environment in Line with Expectations

Industrial: Low demand, Order intake showing signs of gradual recovery

Automotive: YOY Vehicle production flat, Japanese Automakers down

The Japanese yen weakened more than expected against USD, EUR, CNY.

Continuing Operations	» Sales	¥ 200.5 bn (YOY +6.5%)
	» Operating income	¥ 5.9 bn (YOY +42.2%)
	» Operating margin	2.9 %

✓ FY24 Forecast Remains Unchanged from May

» Sales	¥ 820.0 bn (YOY + 3.9%)
» Operating income	¥ 36.0 bn (YOY +31.4%)
» Operating margin	4.4 %

✓ Progress on Structural and Organizational Reforms

Summary of Consolidated Business Results for FY2024 Q1

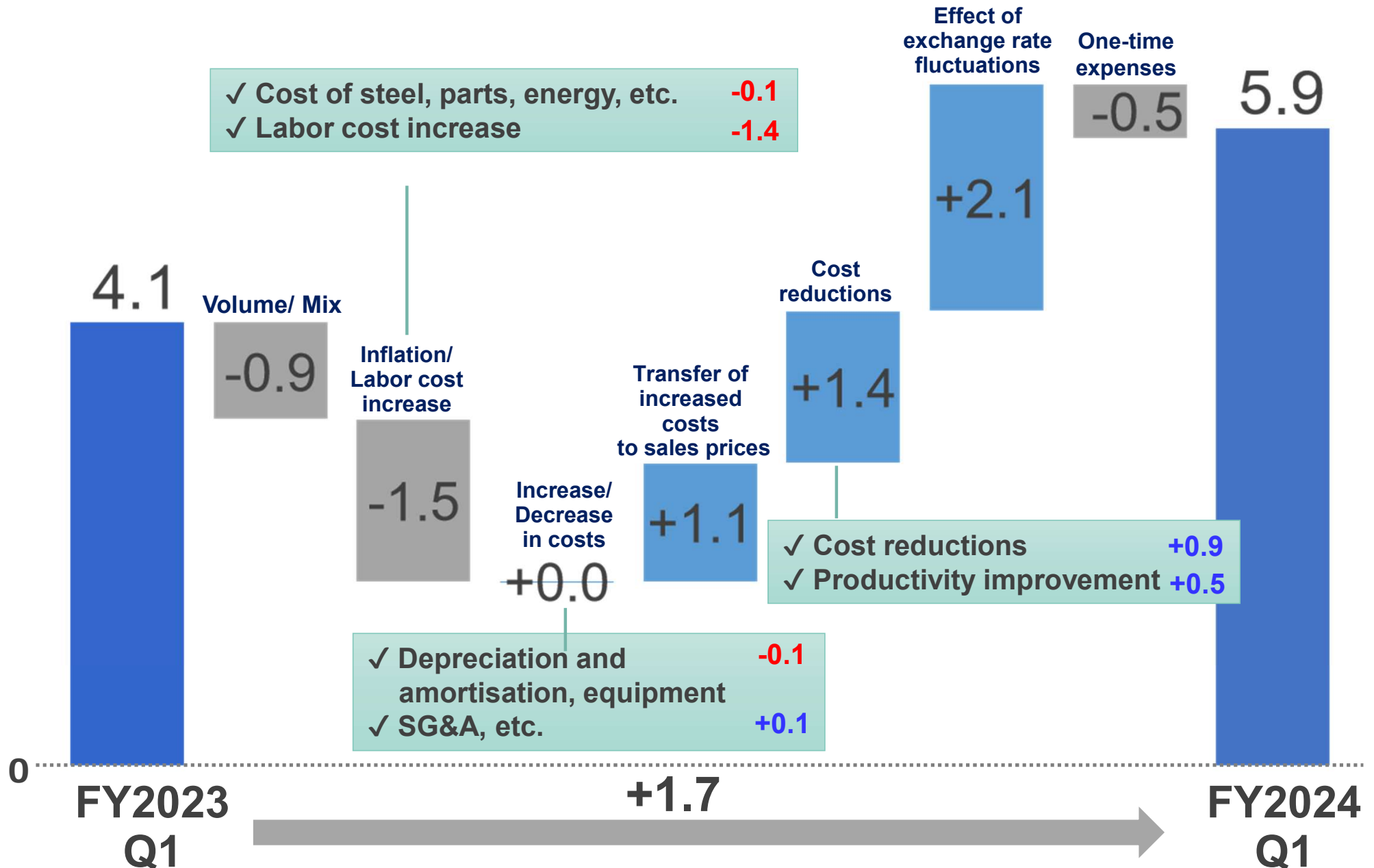
- ✓ FY24 1Q result: Increased sales and profits year-on-year.
Pursuing transfer of increasing costs to sales prices and cost reductions;
Yen depreciated further.
- ✓ Progress in line with plan.

(Billions of yen)		FY2023 Q1 Actual	FY2024 Q1 Actual	Increase/ Decrease YOY	Difference YOY	(Effect of exchange rate fluctuations)
Continuing operations	Sales	188.2	200.5	+12.2	+6.5%	+12.8
	Segment income*	3.8	6.3	+2.5	+66.1%	+2.8
	(%)	2.0%	3.2%			
	Operating income	4.1	5.9	+1.7	+42.2%	+2.1
	(%)	2.2%	2.9%			
	Income before income taxes	4.3	5.2	+0.9	+20.5%	
	Net income attributable to owners of the parent	1.7	1.9	+0.3	+17.4%	
Continuing and discontinued operations	Net income attributable to owners of the parent	-0.9	1.9	+2.8	—	
	(Ex. rate: 1USD=)	137.4	155.9	+18.5	+13.5%	
	(" 1EUR=)	149.5	167.9	+18.4	+12.3%	
	(" 1CNY=)	19.6	21.5	+1.9	+9.8%	

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

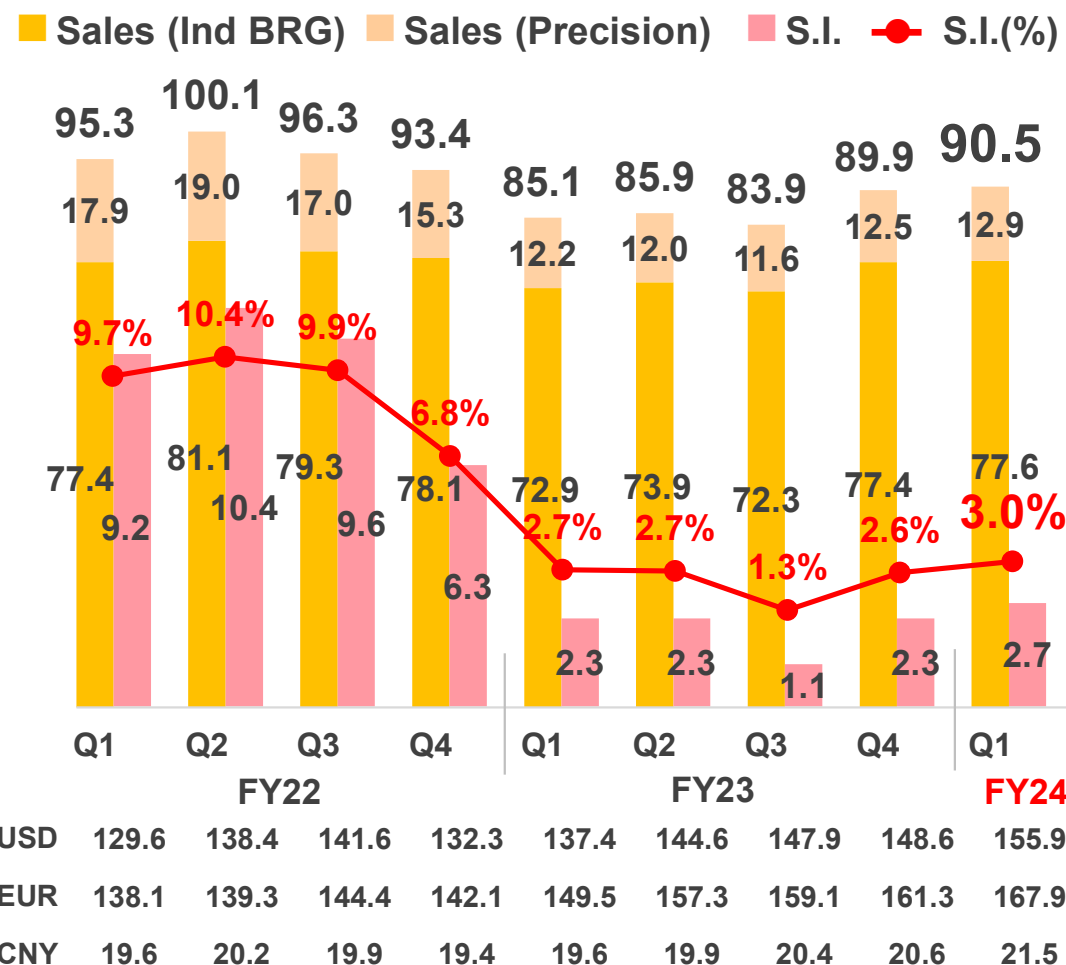
Operating Income: Factors Behind Change (FY2023 Q1 ⇒ FY2024Q1) (Continuing operations)

(Billions of yen)



Industrial Machinery Business

(Billions of yen)	FY2023 Q1 Actual	FY2024 Q1 Actual	Increase/Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Excluding effect of exchange rate fluctuations)
Sales	85.1	90.5	+5.5 +6.3	+6.4% -1.0%
Industrial Machinery Bearings	72.9	77.6	+4.7	+6.4%
Precision Machinery and Parts	12.2	12.9	+0.8	+6.3%
Segment income	2.3	2.7	+0.4	+17.4%
(%)	2.7%	3.0%		
(Ex. rate: 1USD=)	137.4	155.9	+18.5	+13.5%
(" 1EUR=)	149.5	167.9	+18.4	+12.3%
(" 1CNY=)	19.6	21.5	+1.9	+9.8%



✓ FY24 Q1 result:

Increased sales and profits YOY, decreased in real terms excluding forex impact.

✓ QOQ: Decrease excluding forex impact, BB ratio recovered to a level above 1x.

- Industrial machinery bearings:

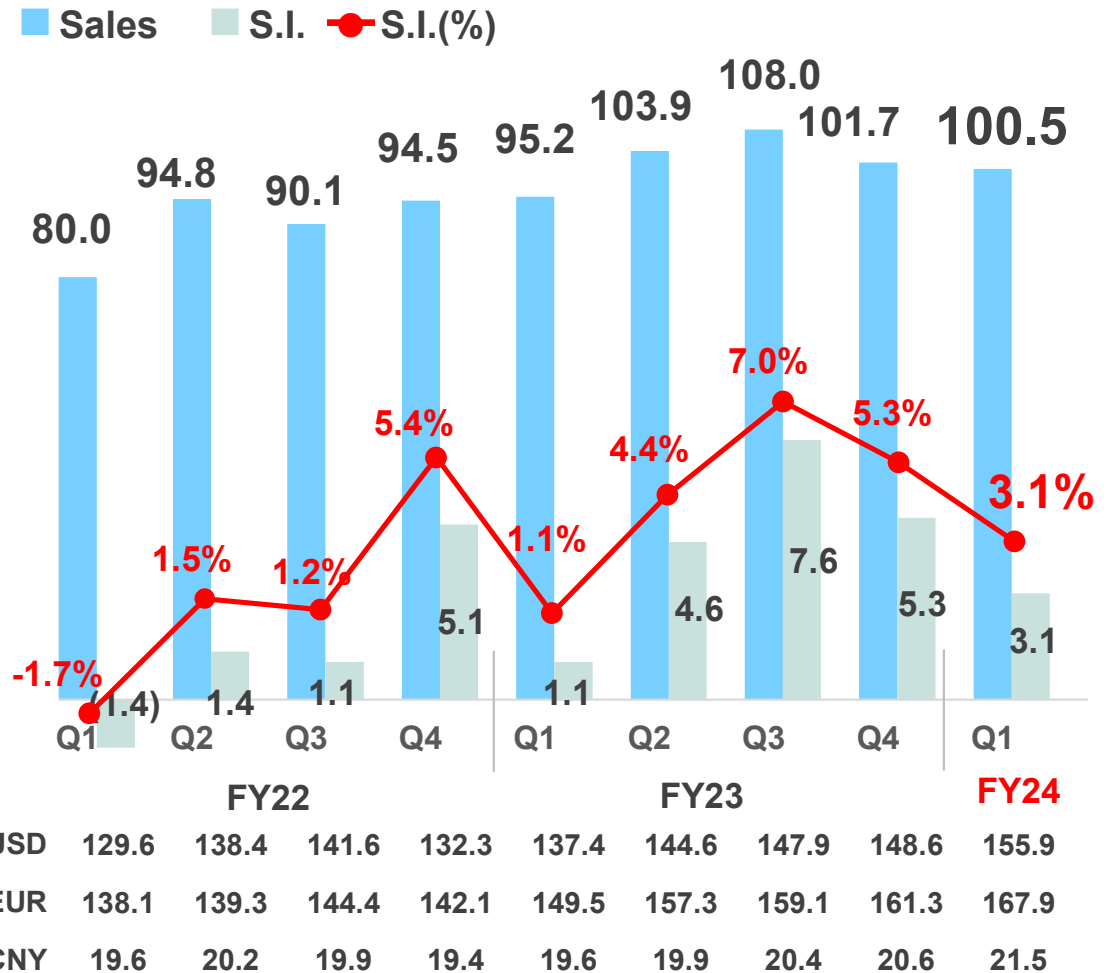
Firm sales for railcars, recovery in order intake for machine tool products.

- Precision machinery products:

Increasing orders for machine tool products and semiconductor manufacturing equipment.

Automotive Business

(Billions of yen)	FY2023 Q1 Actual	FY2024 Q1 Actual	Increase/Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Excluding effect of exchange rate fluctuations)
Sales	95.2	100.5	+5.3 +6.1	+5.5% -0.9%
Segment income (%)	1.1	3.1	+2.0	+183.3%
(Ex. rate: 1USD=)	137.4	155.9	+18.5	+13.5%
(" 1EUR=)	149.5	167.9	+18.4	+12.3%
(" 1CNY=)	19.6	21.5	+1.9	+9.8%



Global Vehicle Production (IHS Markit)

(million)	FY23 Q1	FY24 Q1	Difference YOY
	22	22	-0%

	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	FY23 Q1	FY23 Q2	FY23 Q3	FY23 Q4	FY24 Q1
1USD	129.6	138.4	141.6	132.3	137.4	144.6	147.9	148.6	155.9
1EUR	138.1	139.3	144.4	142.1	149.5	157.3	159.1	161.3	167.9
1CNY	19.6	20.2	19.9	19.4	19.6	19.9	20.4	20.6	21.5

✓ FY24 Q1 result: Increased sales and profits YOY. Real volume down slightly YOY due to lower production by Japanese Automakers.

✓ QOQ: Decrease in sales and profits. Segment income decreased due to one-time factors and a decline in volume.

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".

Consolidated Business Forecast for the Year Ending March 31, 2025

- ✓ Business environment: Continued uncertainty due to forex fluctuations, interest rates, and geopolitical risks.
- ✓ Order intake shows an uptrend in the Industrial Machinery Business. Maintain assumption of demand recovery in H2. Forecast remains unchanged from May.
- ✓ Proceeding with structural reforms as planned (one-time expenses of ¥5 billion); Improve profitability through transfer of increasing costs to sales prices and cost reduction initiatives.

	(Billions of yen)	FY2023 Actual	FY2024 Forecast	YOY	
				Increase/ Decrease	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.)

Forecast for FY2024 by Segment

» Industrial Machinery Business

- ✓ Inventory adjustments tapering off, orders recovering
- ✓ Sluggish Europe, Risk of delayed recovery in China

(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

- ✓ YOY vehicle production flat
- ✓ Risk of production cuts by Japanese Automakers

(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	
90		90	
H1	H2	H1	H2
45	45	44	46

▷ **One-time expenses: ¥5 billion to be booked in FY24**
Effect: Contribute to profit of ¥9 billion by FY26

1. Sale of European Production Subsidiary (July 25, 2024)

- >> Neuweg: Germany; Manufacturing of bearings for industrial machinery; Capital: €8.9 million
- >> Sold shares to private investors and Neuweg employees

2. Structural Reform of Production for ICE-related Products

- >> One-time expense of ¥500 million was recorded in FY24 Q1 related to structural reforms of production for ICE-related products in response to the automotive industry's shift to EVs.

3. Share Transfer - Subsidiary of steering business in India

- >> Entered into an agreement effective July 1, 2024 to transfer the shares owned by NSK of Rane NSK Steering Systems Private (RNSS) to Rane Holdings Limited (RHL) thereby making RNSS a wholly owned subsidiary of RHL.

▷ Organizational reforms to drive sustainability and address Key Management Tasks outlined in Mid-Term Management Plan 2026

1. **Share Transfer - Logistics Subsidiary** (July 1, 2024)

- >> NSK Logistics Co., Ltd.: Japan; Logistics; Capital: ¥90 million
- >> Shift to joint venture partnership with logistics company with abundant experience, know-how, and resources to respond to changes in external environment, such as labor shortages in the logistics industry, increased logistics costs, and stricter compliance requirements.
- >> Sold 66.61% stake to SBS Holdings, Inc.

2. **Absorption of Two NSK Group Subsidiaries** (April 1, 2024)

- >> NSK Net and Systems Co., Ltd. (Capital: ¥10 million)
Promoting the consolidation of management resources in the IT department, streamlining of operations and accelerating business transformation through digital technology.
- >> NSK Human Resources Service Co., Ltd. (Capital: ¥20 million)
Promoting the integration of human resources within the NSK Group and unification of the human resources department.

(Supplementary Information)

Appendix. 2024 New Products and Technology

Press release

MOTION & CONTROL™
NSK

- **Developed Bearings for Servo Motors for Robots: Low-Particle-Emission, Low Torque**



- **BKV/NSK Synergy: B&K Vibro Products Introduced to Japanese Market**

- **Developed Bearings for Gas Turbine Generators for Large Drones**

Photo (right): Transport Drone with Gas Turbine Generator for High Payload Emergency Supplies/Relief Delivery
(Courtesy of Aero-Develop Japan K.K.)



- **Improved Basic Dynamic Load Rating of Rolling Bearings; Up to Double the Maximum Calculated Life**

- ✓ Enables adopting smaller bearings for downsizing and weight reduction of customers' machine designs

- **Renewal of Website Engineering Tools**

- ✓ One-stop service for everything from bearing selection to CAD data download

Supplementary Information :

Financial Results by Business Segment



Due to the classification of the steering business as a discontinued operation 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			FY2024 Forecast		
	Q1	Q2	Q3	Q4	Q1		Increase/Decrease	Difference	H1	H2	Full year	
Total	Sales	188.2	198.4	201.4	200.8	788.9	200.5	+12.2	+6.5%	393.0	427.0	820.0
	Segment Income	3.8	7.6	9.2	8.1	28.7	6.3	+2.5	+66.1%	9.0	29.0	38.0
	(%)	2.0%	3.8%	4.6%	4.0%	3.6%	3.2%			2.3%	6.8%	4.6%
	Operating Income	4.1	7.0	8.2	8.1	27.4	5.9	+1.7	+42.2%	8.0	28.0	36.0
	(%)	2.2%	3.5%	4.1%	4.0%	3.5%	2.9%			2.0%	6.6%	4.4%
Industrial Machinery Business	Sales	85.1	85.9	83.9	89.9	344.8	90.5	+5.5	+6.4%	179.0	199.0	378.0
	Industrial Machinery Bearings	72.9	73.9	72.3	77.4	296.5	77.6	+4.7	+6.4%	153.0	167.0	320.0
	Precision Machinery and Parts	12.2	12.0	11.6	12.5	48.3	12.9	+0.8	+6.3%	26.0	32.0	58.0
	Segment Income	2.3	2.3	1.1	2.3	8.0	2.7	+0.4	+17.4%	4.0	15.0	19.0
	(%)	2.7%	2.7%	1.3%	2.6%	2.3%	3.0%			2.2%	7.5%	5.0%
Automotive Business	Sales	95.2	103.9	108.0	101.7	408.8	100.5	+5.3	+5.5%	196.0	209.0	405.0
	Segment Income	1.1	4.6	7.6	5.3	18.6	3.1	+2.0	+183.3%	4.5	13.5	18.0
	(%)	1.1%	4.4%	7.0%	5.3%	4.5%	3.1%			2.3%	6.5%	4.4%
Others	Sales	16.7	16.0	18.3	16.6	67.7	18.6	+1.9	+11.2%	33.0	35.0	68.0
	Operating Income	0.7	0.7	0.5	0.4	2.4	0.8	+0.2	+22.4%	0.5	0.5	1.0
	(%)	4.1%	4.4%	3.0%	2.5%	3.5%	4.5%			1.5%	1.4%	1.5%
Eliminations (sales)		-8.7	-7.5	-8.8	-7.5	-32.5	-9.1	-0.4	—	-15.0	-16.0	-31.0
Other operating income and expenses /Adjustments		0.1	-0.6	-1.0	0.0	-1.5	-0.8	-0.8	—	-1.0	-1.0	-2.0

Supplementary Information: Sales by Customer Location

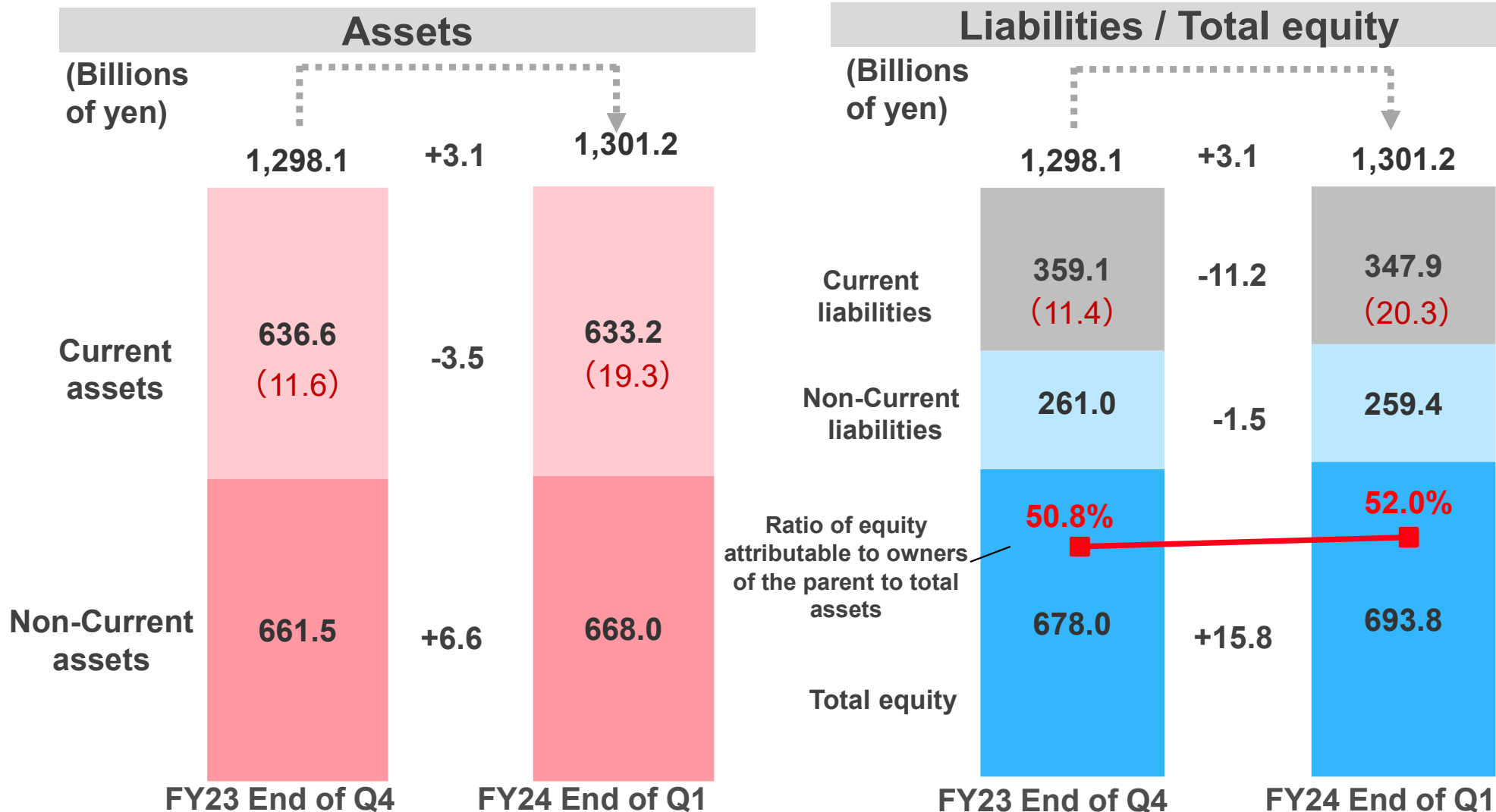
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(Billions of yen)	FY2023					FY2024	YOY	
	Q1	Q2	Q3	Q4	Full year	Q1	Increase/ Decrease	Difference
Sales	188.2	198.4	201.4	200.8	788.9	200.5	+12.2	+6.5%
Japan	66.0	70.3	70.5	64.2	271.1	64.1	-1.9	-2.9%
Non-Japan	122.2	128.1	130.8	136.6	517.8	136.4	+14.2	+11.6%
(Non-Japan Ratio)	64.9%	64.6%	65.0%	68.0%	65.6%	68.0%		
The Americas	33.4	35.0	35.1	40.9	144.4	39.2	+5.9	+17.5%
Europe	27.0	25.2	25.9	29.9	108.1	27.1	+0.1	+0.3%
China	35.5	39.5	41.5	37.8	154.2	42.0	+6.5	+18.2%
Other Asia	26.4	28.4	28.3	28.0	111.1	28.1	+1.8	+6.7%
Ex. Rate								
1USD	137.4	144.6	147.9	148.6	144.6	155.9	+18.5	+13.5%
1EUR	149.5	157.3	159.1	161.3	156.8	167.9	+18.4	+12.3%
1CNY	19.6	19.9	20.4	20.6	20.1	21.5	+1.9	+9.8%

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". Separate transfers are planned at a later date with respect to the above assets and liabilities. In addition, the Company has decided to transfer a portion of its shares in NSK Logistics Co. Ltd. on July 1, 2024. Accordingly, NLK's assets and liabilities are included in the figures in parentheses, and the transfer is scheduled to take place within 2024.

Ex. Rate	FY23 End of Q4	FY24 End of Q1
1USD	151.4	161.1
1EUR	163.3	172.4
1CNY	20.8	22.1

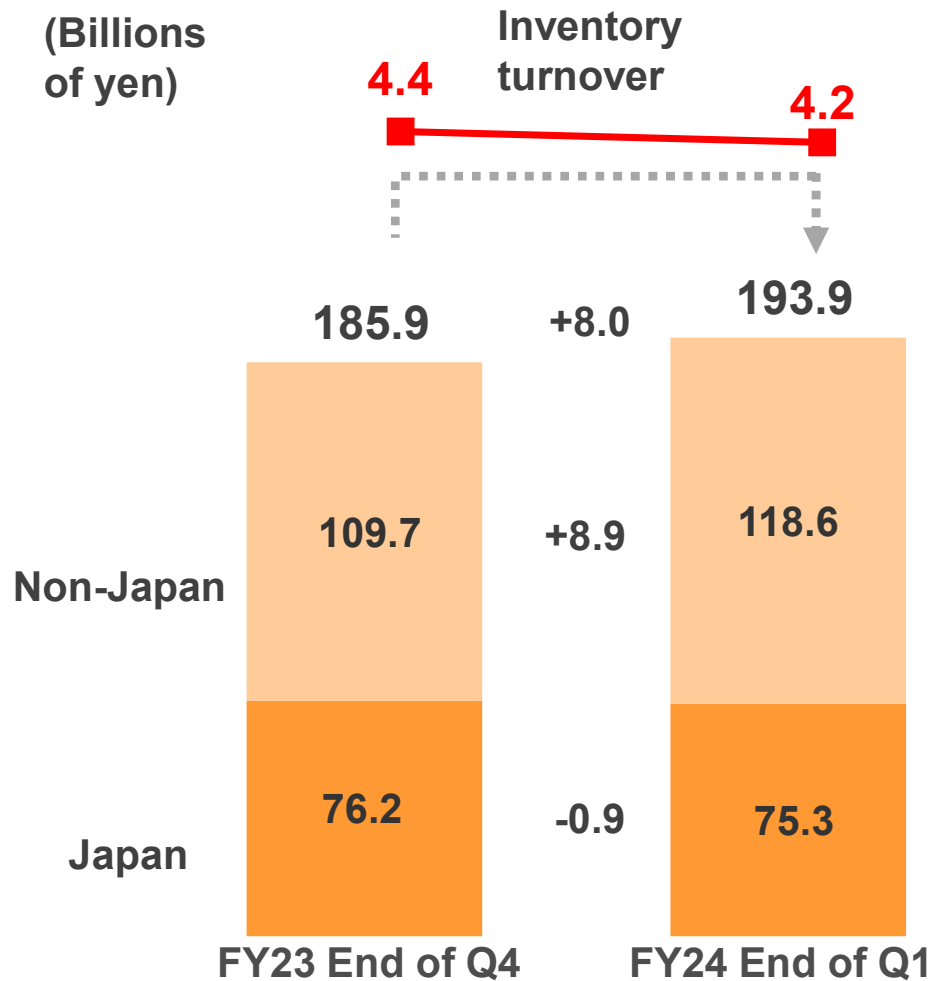


Supplementary Information: Inventories / Interest-Bearing Debt

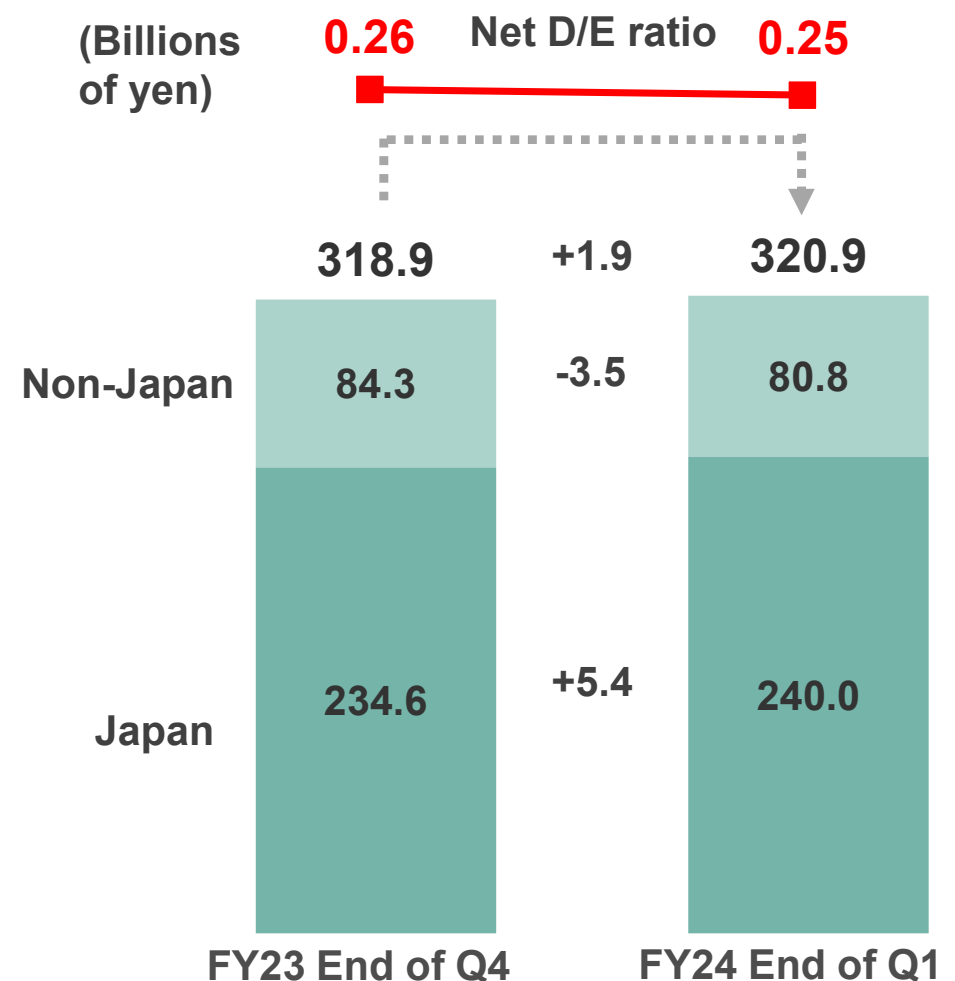
Steering business classified as discontinued operation from FY23 Q1 results; FY23 results show continuing operations excluding discontinued operations.

Ex. Rate	FY23 End of Q4	FY24 End of Q1
1USD	151.4	161.1
1EUR	163.3	172.4
1CNY	20.8	22.1

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.

(Billions of yen)	FY23	FY24	
	Full year Actual	Q1 Actual	Full year Forecast
Capital Expenditures	58.5	12.3	60.0
Capital Expenditures (excluding lease)	53.6	11.6	55.0
Depreciation and Amortisation	52.9	13.6	54.0
Depreciation and Amortisation (excluding lease)	47.5	12.2	49.0
R&D Expenses (on a statutory basis)	15.6	3.8	16.0
(Ref.) R&D Expenses (on a managerial basis)	27.4	6.5	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.