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.

Thank you for joining our financial results conference for the first quarter of fiscal 2024, the fiscal year ending March 31, 2025. I am Keita Suzuki, CFO of NSK Ltd.

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

These are the key points of the FY24 first quarter results.

For the first quarter, we were able to operate in line with our assumptions for including assumptions regarding the level of sales. As for the industrial machinery business, the level of demand is not high, but we believe it was within our expectations. In addition, there are signs of a recovery in orders toward the second half of the fiscal year. On the other hand, for the automotive business, global vehicle production volume remained flat year on year, but production in China increased, while production in Japan and Europe decreased. The breakdown of production has changed compared to our plan due to the issue of certification fraud by Japanese automakers and their sluggish sales in China. The yen also continued to weaken against the U.S. dollar. Under these circumstances, our first quarter results showed an increase in both sales and profit over the same period last year, with sales of 200.5 billion yen and operating income of 5.9 billion yen, or 2.9% of the previous year's level. Results are as expected, and in light of the order situation toward the second half of the fiscal year, we have not changed our business forecast for the current fiscal year announced in May. This means sales of 820 billion yen, operating income of 36 billion yen, and an operating income ratio of 4.4%. We also talked about structural reforms and other measures at the beginning of the term, and I will explain the progress of these measures later in the presentation.

Summary of Consolidated Business Results for FY2024 Q1

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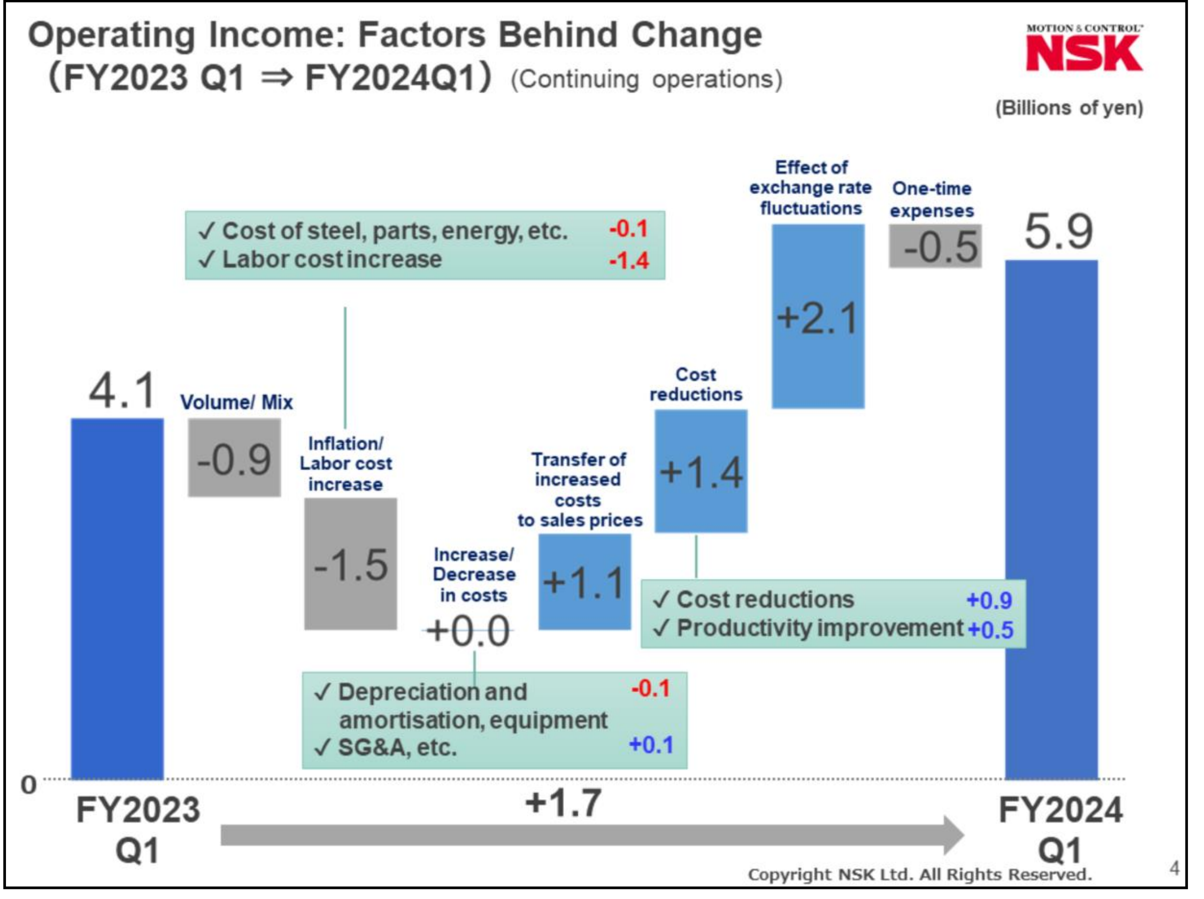
✓ FY24 1Q result: Increased sales and profits year-on-year. Pursuing transfer of increasing costs to sales prices and cost reductions; Yen depreciated further.

✓ 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.)

Next looking at the first quarter summary by the numbers. Sales were 200.5 billion yen, operating income was 5.9 billion yen, operating margin was 2.9%, and income was 1.9 billion yen, representing increases in both sales and income. However, the impact of foreign exchange rates, which is noted on the right side of the chart, was about 12.8 billion yen in sales, and we also transferred increasing costs to sales prices, so in real terms, we saw a decrease in sales. However, this is in line with expectations. Regarding exchange rates, the yen weakened significantly against the dollar, euro, and Chinese yuan compared to the same period last year.



Here we have the factors behind the increase in operating income. On the left side, there is the 4.1 billion yen of operating income for the first quarter of FY23, and on the far right, 5.9 billion yen for the current period. As for the second column from the left, “volume/mix," as I explained before, real volume is decreasing, and the impact of the decrease in volume is estimated to have had an impact of about 0.9 billion yen in the decrease in profit.

Cost reductions of about 1.4 billion yen, including a review of personnel structure, productivity improvements, and other cost reductions were effective and covered the impact of the decrease in real sales volume, resulting in a slight positive impact.

Cost increases due to inflation and wage hikes were a factor in a 1.5 billion yen decrease in profit, while the effect of transferring costs to sales prices was 1.1 billion yen. Although this is a slight downside impact, we believe that we were able to largely minimize the impact on profit and loss. The impact of the yen's depreciation was more than 2.0 billion yen, and one-time expenses of about 0.5 billion yen were incurred to improve the structure of products for ICE vehicles, resulting in an operating income of 5.9 billion yen.

Industrial Machinery Business

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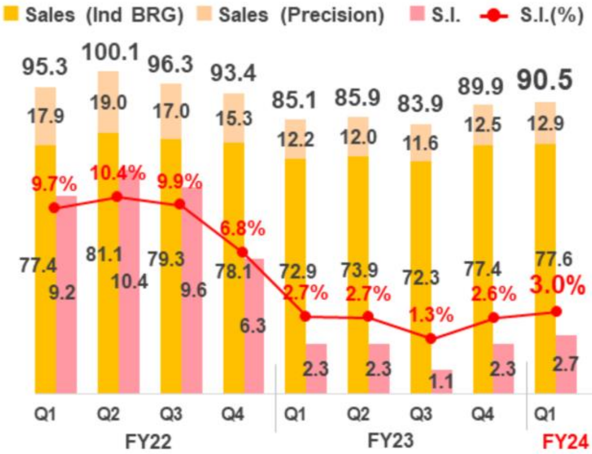
(Billions of yen)	FY2023 Q1 Actual	FY2024 Q1 Actual	Increase/ Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Excluding effect of exchange rate fluctuations)
Sales	85.1	90.5	+5.5 +6.3	+6.4% -1.0%
Industrial Machinery Bearings	72.9	77.6	+4.7	+6.4%
Precision Machinery and Parts	12.2	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%



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, 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.

Here is the breakdown for the industrial machinery business. Sales and profits were up year-on-year at 90.5 billion yen and 2.7 billion yen, respectively, but excluding the impact of foreign exchange rates, sales were down in real terms. However, the BB ratio has recently recovered to a level above 1x, and in bearings, for example, sales to the railcar industry continued to be strong in this first quarter. In addition, orders for machine tools are showing signs of recovery. In precision machinery products, we are also seeing signs of an increase in orders for semiconductor manufacturing equipment in addition to those for machine tools.

Automotive Business

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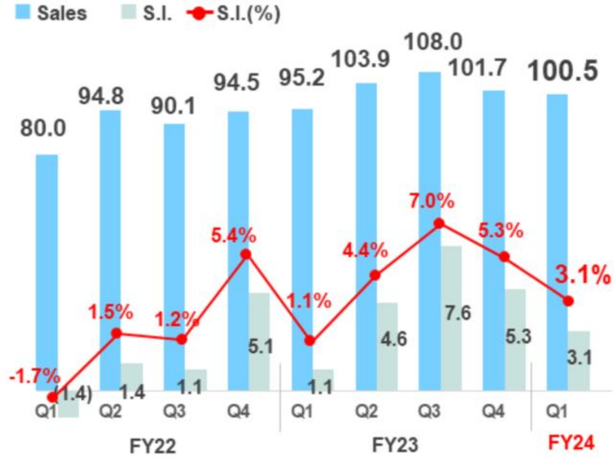
(Billions of yen)	FY2023 Q1 Actual	FY2024 Q1 Actual	Increase/ Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Excluding effect of exchange rate fluctuations)
Sales	95.2	100.5	+5.3 +6.1	+5.5% -0.9%
Segment income	1.1	3.1	+2.0	+183.3%
(%)	1.1%	3.1%		
(Ex. rate: 1USD=)	137.4	155.9	+18.5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

The automotive business posted sales of 100.5 billion yen and segment income of 3.1 billion yen. Sales and income also increased here, but excluding the impact of foreign exchange rates, sales were down slightly. Although global vehicle production volume was flat, our sales declined slightly, partly due to the impact of production cutbacks by Japanese automakers. Despite this situation, the results of our past improvement activities, including transferring increasing costs to sales prices, are starting to emerge, and we believe that the trend is upward, as shown in the performance trend on the right side of the page. As you can see, there were retroactive effects of sales price increases in the third and fourth quarters of FY23, so profits are a little higher. Also, for this first quarter, there were some transient factors, excluding these factors, we believe that the results of our ongoing improvement activities are starting to emerge.

Consolidated Business Forecast for the Year Ending March 31, 2025

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

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

Next, we have the forecast for the full fiscal year. We believe that the outlook for the business environment is uncertain due to trends in foreign exchange and interest rates, geopolitical risks, and other factors. We will continue to operate with the understanding that we will need to be cautious and, in some cases, take prompt action. Orders for industrial machinery are on the rise, and we consider it an important activity to ensure that we capture these orders and take advantage of this trend. We maintain our assumption of a recovery in the second half of the year and have left our business forecast unchanged. There is no change in our policy of proceeding with structural reforms as planned and promoting improvement in sales by passing on higher costs to sales prices, in addition to cost reduction efforts. The forecast for sales is 820 billion yen, operating income 36 billion yen, or 4.4%, and income attributable to owners of the parent of 19 billion yen.

Forecast for FY2024 by Segment

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≫ 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
Full year	90	90
H1	45	44
H2	45	46

Next, we have the business forecast by business segment. The upper part of the page shows the industrial machinery business. We are aware of the risk of sluggish demand in Europe and delayed recovery in China, but on the other hand, we recognize that our customers are making progress in inventory adjustment and that orders are on a recovery trend. The right-hand side shows demand trends by sector, and we expect almost all sectors to rise in the second half of the year. For example, in the machine tools sector, orders received by JAMA have been positive in May and June. For injection molding machines, our orders are also increasing. Especially for precision machinery products, we are now preparing to respond to the increase in production in the second half of the year. With regard to automotive, we expect production volume to remain almost flat for the year. Of course, we will continue to monitor the risk of production cutbacks by Japanese manufacturers, but for the second half of the year, we expect production volume to be higher compared to the first half, and as such we will maintain the forecast of 405 billion yen in sales and 18 billion yen in segment income.

FY24 Q1 Progress on Structural Reforms

NSK

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.

Next, I would like to explain the progress of structural reforms and other initiatives. At the May financial results meeting, we announced that we will proceed with necessary structural reforms. I explained that we will spend about 5 billion yen in FY24 and about 1 billion yen in FY25, and promote structural reforms that are expected to have an annual effect of increasing profits by 9 billion yen by FY26. As part of these reforms, I have listed three items here. First, Neuweg, a manufacturer of bearings under the Neuweg brand/design, became part of the NSK Group in 1990 when NSK acquired UPI, a bearing company with the RHP brand in the UK. The company has been in operation since then, but due to limited synergy with NSK's existing business, as well as rising costs in Europe, an agreement has now been reached to sell the company.

Secondly, we are proceeding with the reorganization of production of products related to ICE vehicles and will continue to reorganize moving forward and we have recorded about 500 million yen as part of the cost in the first quarter of FY24. The third is the steering business. Under our carve-out policy, we established a joint venture with JIS on August 1 last year. Based on this, we have been studying and negotiating with Rane Holdings, our existing joint venture partner, about the most appropriate form for our joint venture in India, since we had originally formed a joint venture with them. As a result, we have agreed to sell all of our 51% stake in our Indian steering subsidiary (Rane NSK Steering Systems) to our existing joint venture partner, Rane Holdings.

FY24 Q1 Progress on Structural Reforms

NSK

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.

Lastly, we are working on organizational reforms. We are moving forward with various measures to achieve the goals of our mid-term management plan, and one of these measures is organizational reforms. First of all, we have reached an agreement with SBS Holdings, Inc. regarding NSK Logistics (our wholly owned Japanese logistics subsidiary), and have agreed to sell 66.61% of the 100% stake we hold in the company. As a result, NSK Logistics will become a subsidiary of SBS and NSK will become an equity method affiliate. As the 2024 logistics problem in Japan becomes more apparent, NSK has decided to collaborate with SBS Holdings for further development and growth, in addition to responding to changes in the external environment and ensuring sustainable logistics functions. In addition, we merged two group subsidiaries on April 1, 2000, I believe, when the law on corporate divestitures was established as a result of amendments to the old Commercial Code and other factors. Against this backdrop, NSK was proceeding with the spin-off of its functional divisions, one of which was NSK Net & Systems for IT, and the other was NSK HR Services for human resources. In order to efficiently utilize the resources of the IT department, NSK decided to merge these two companies in order to thoroughly promote DX with IT. In addition, NSK Human Resources Service will be merged with NSK. In addition, the absorption merger of NSK Human Resources Service is in line with the need to integrate the human resource department in order to make the best use of human capital. The above is an explanation of our first quarter financial results, earnings forecast, and progress in structural reforms. Thank you.

(Supplementary Information)

Appendix. 2024 New Products and Technology

Press release

- **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 Q1	FY2023 Q2	FY2023 Q3	FY2023 Q4	FY2023 Full year	FY2024 Q1	YOY Increase/ Decrease	YOY Difference	FY2024 Forecast H1	FY2024 Forecast H2	FY2024 Forecast 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

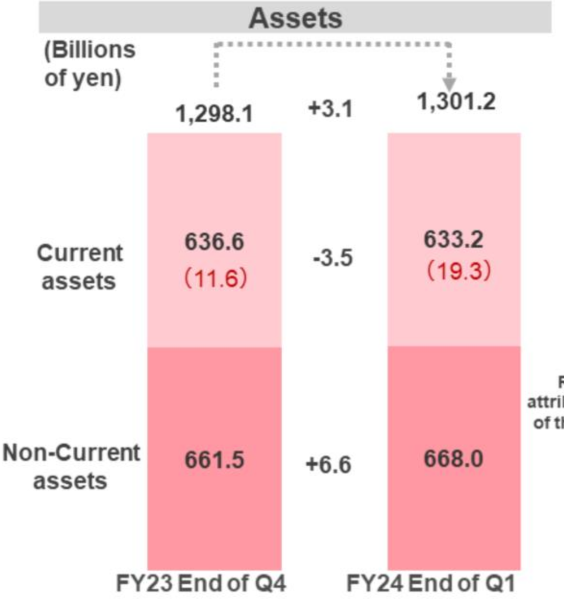
Due to the classification of the steering business as a discontinued operation in FY23 Q1, the figures are shown as continuing operations excluding the steering business. Income from the equity in the joint venture with JIS, which was established on August 1, 2023, is included in the segment income of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

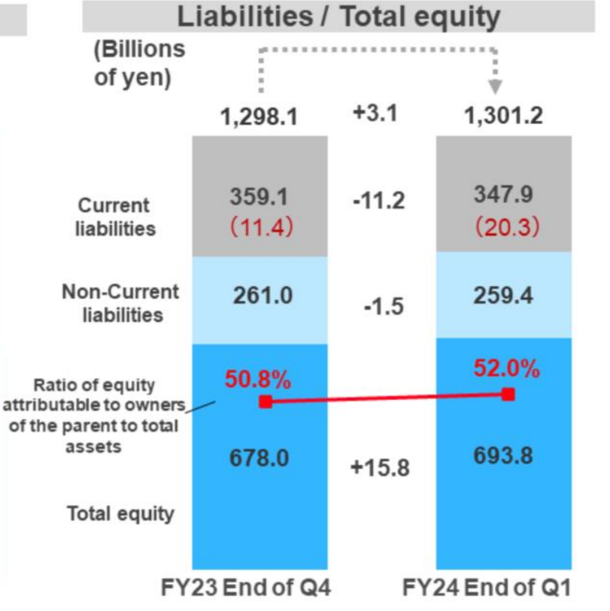
	FY2023					FY2024	YOY	
(Billions of yen)	Q1	Q2	Q3	Q4	Full year	Q1	Increase/ Decrease	Difference
Sales	188.2	198.4	201.4	200.8	788.9	200.5	+12.2	+6.5%
Japan	66.0	70.3	70.5	64.2	271.1	64.1	-1.9	-2.9%
Non-Japan	122.2	128.1	130.8	136.6	517.8	136.4	+14.2	+11.6%
(Non-Japan Ratio)	64.9%	64.6%	65.0%	68.0%	65.6%	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



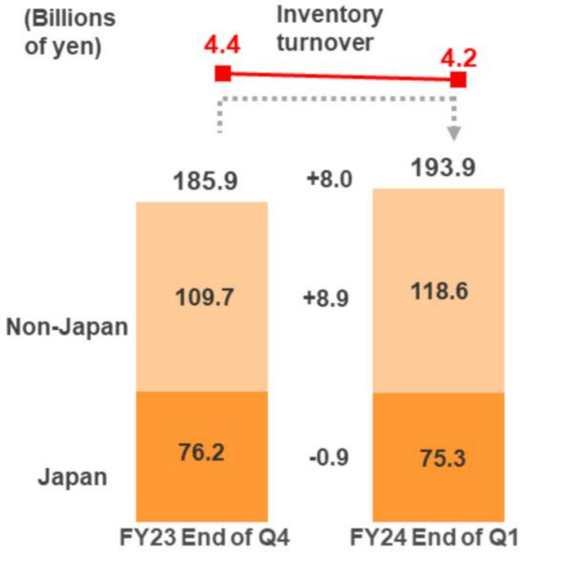


Supplementary Information:
Inventories / Interest-Bearing Debt

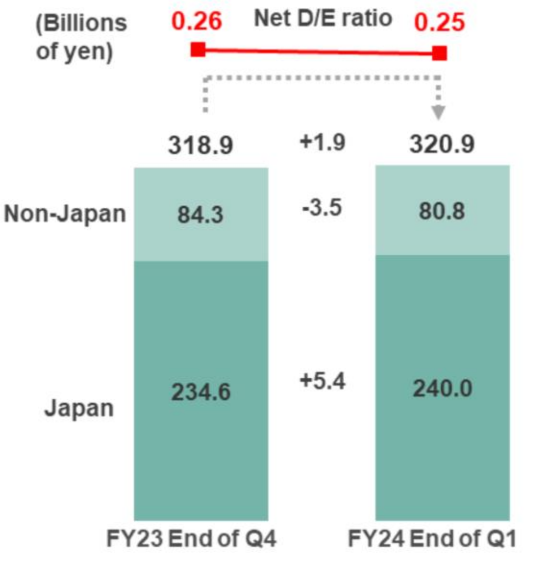
Steering business classified as discontinued operation from FY23 Q1 results; FY23 results show continuing operations excluding discontinued operations.

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 Full year Actual	FY24 Q1 Actual	FY24 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

MOTION & CONTROL™

NSK

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.