

NSK

NSK Ltd.

FINANCIAL CONFERENCE

Consolidated Business Results
for the Third Quarter
ended December 31, 2022



Change & Go Beyond

February 3, 2023

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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**1. Consolidated Business Results
for the Third Quarter Ended December 31, 2022**

**2. Consolidated Business Forecast
for the Year Ending March 31, 2023**

(Supplementary Information)

1. Consolidated Business Results for the Third Quarter Ended December 31, 2022

2. Consolidated Business Forecast for the Year Ending March 31, 2023

(Supplementary Information)

Business Environment

- Economic turmoil due to China's Zero-Covid policy
- Prolonged impact of Russia-Ukraine crisis
- Ongoing shortage of components such as semiconductors
- Increased inflation, e.g., steel prices, ocean freight costs and energy
- Unstable exchange rates

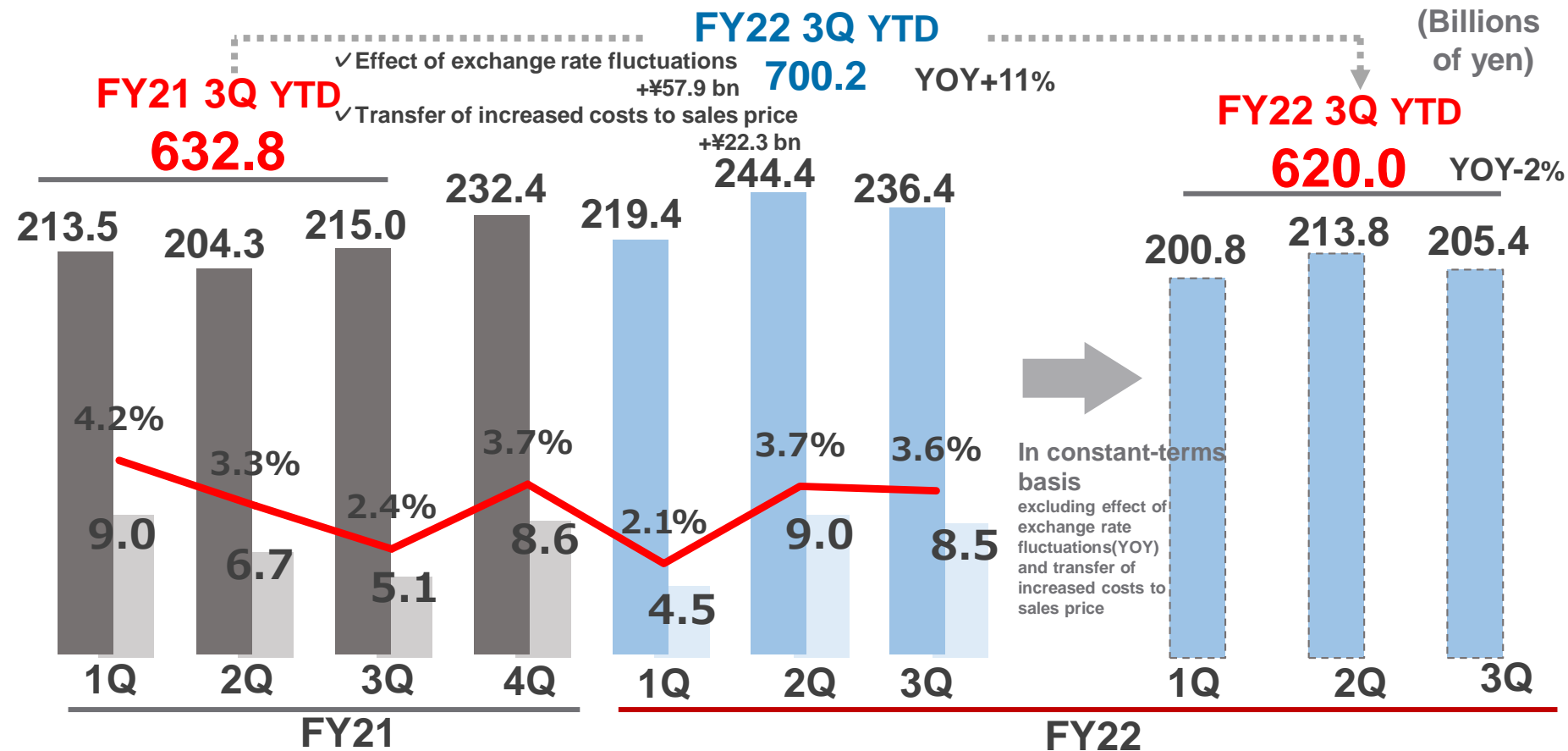
Summary of Business Results

(Billions of yen)	3Q YTD		Increase/ Decrease YOY	Difference YOY	(Effect of exchange rate fluctuations)	3Q QTD		Increase/ Decrease YOY	Difference YOY	(Effect of exchange rate fluctuations)
	FY2021	FY2022				FY2021	FY2022			
Sales	632.8	700.2	+67.4	+10.7%	(+57.9)	215.0	236.4	+21.3	+9.9%	(+20.2)
Segment income *	20.6	24.0	+3.4	+16.7%	(+13.3)	4.3	9.4	+5.1	+117.2%	(+5.0)
(%)	(3.3%)	(3.4%)				(2.0%)	(4.0%)			
Operating income	20.8	22.0	+1.2	+5.7%	(+13.3)	5.1	8.5	+3.4	+65.8%	(+5.0)
(%)	(3.3%)	(3.1%)				(2.4%)	(3.6%)			
Income before income taxes	20.9	21.5	+0.6	+2.8%		5.3	8.7	+3.4	+63.7%	
Net income attributable to owners of the parent	12.1	10.9	-1.1	-9.4%		4.3	4.9	+0.6	+14.1%	
(Ex. rate: 1USD=)	111.1	136.5	+25.4	+22.9%		113.7	141.6	+27.9	+24.6%	
(" 1EUR=)	130.6	140.6	+10.0	+7.6%		130.1	144.4	+14.3	+11.0%	
(" 1CNY=)	17.3	19.9	+2.6	+15.2%		17.8	19.9	+2.1	+11.9%	

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

Summary of Consolidated Business Results for FY2022 3Q (2)

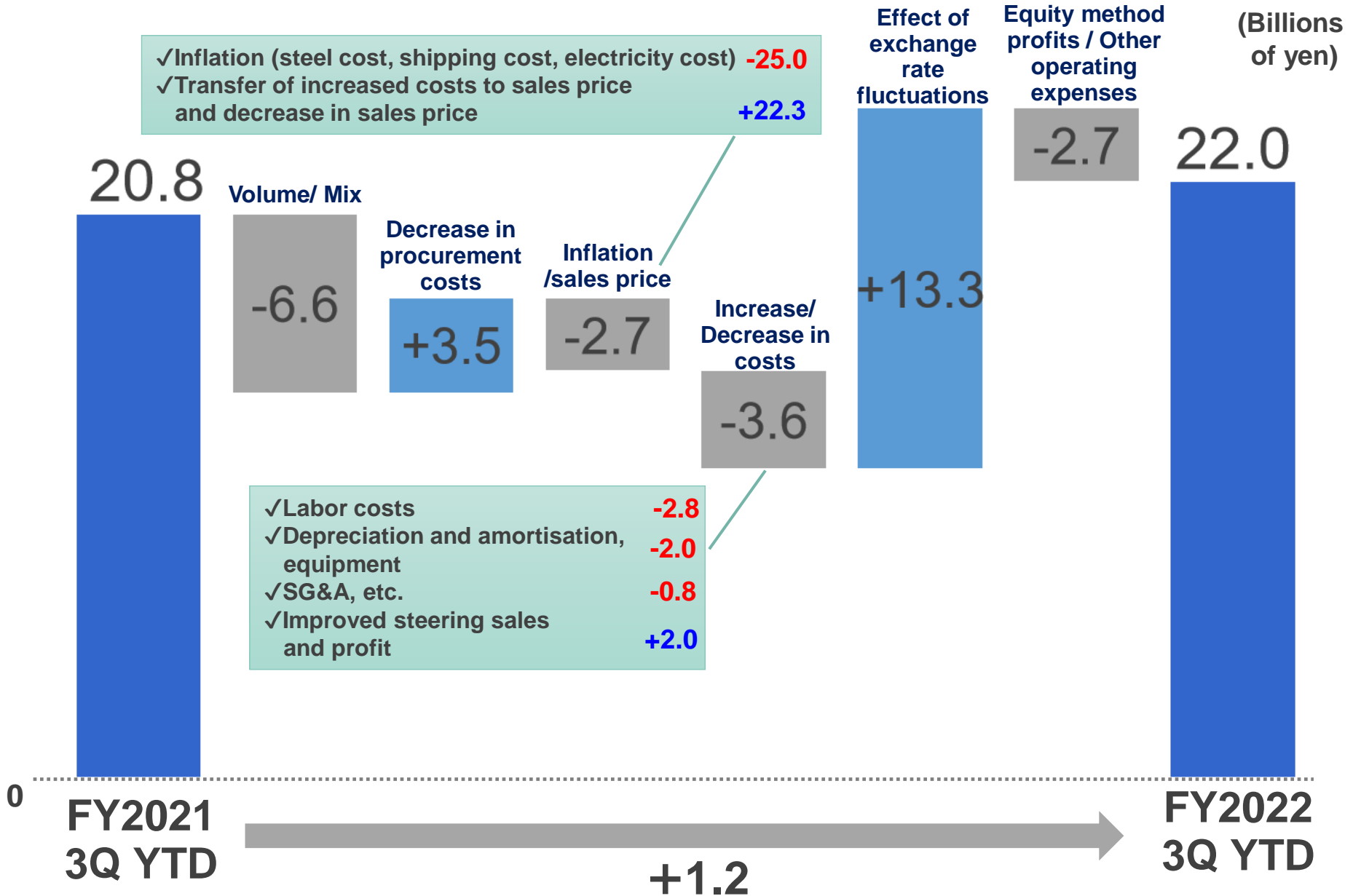
■ Sales ■ Operating Income - O.I (%)



- Sales in 3Q YTD decreased, excluding effect of exchange rate fluctuations and transferring of increased costs to sales price.
- Sales in 3Q QTD decreased QOQ due to Chinese economic slowdown.

Operating Income: Factors Behind Change (FY2021 3Q YTD ⇒ FY2022 3Q YTD)

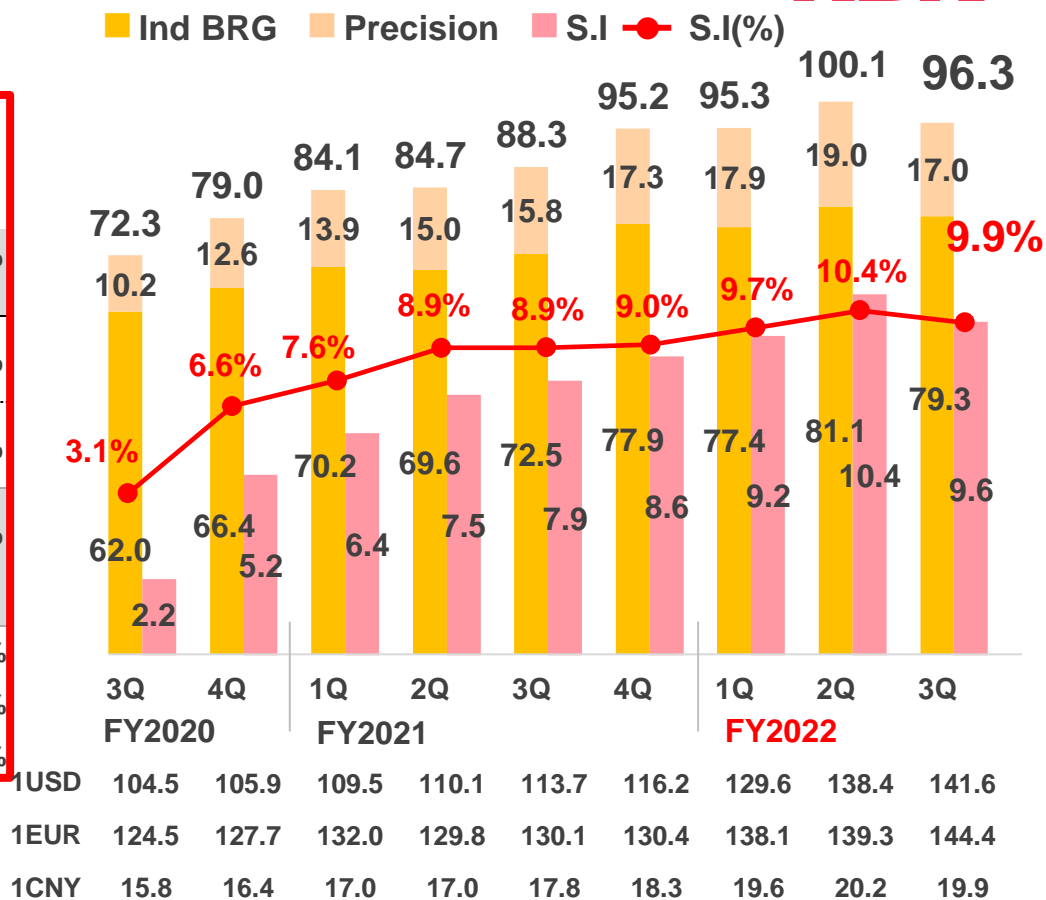
(Billions of yen)



Industrial Machinery Business

(Billions of yen)

	FY2021 3Q YTD Actual	FY2022 3Q YTD Actual	Increase/ Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Excluding effect of exchange rate fluctuations)
Sales	257.1	291.7	+34.7 (+24.5)	+13.5% (+4.0%)
Industrial Machinery Bearings	212.3	237.9	+25.5	+12.0%
Precision Machinery and Parts	44.7	53.9	+9.2	+20.5%
Segment income	21.8	29.2	+7.4	+34.2%
(%)	(8.5%)	(10.0%)		
(Ex. rate: 1USD=)	111.1	136.5	+25.4	+22.9%
(" 1EUR=)	130.6	140.6	+10.0	+7.6%
(" 1CNY=)	17.3	19.9	+2.6	+15.2%



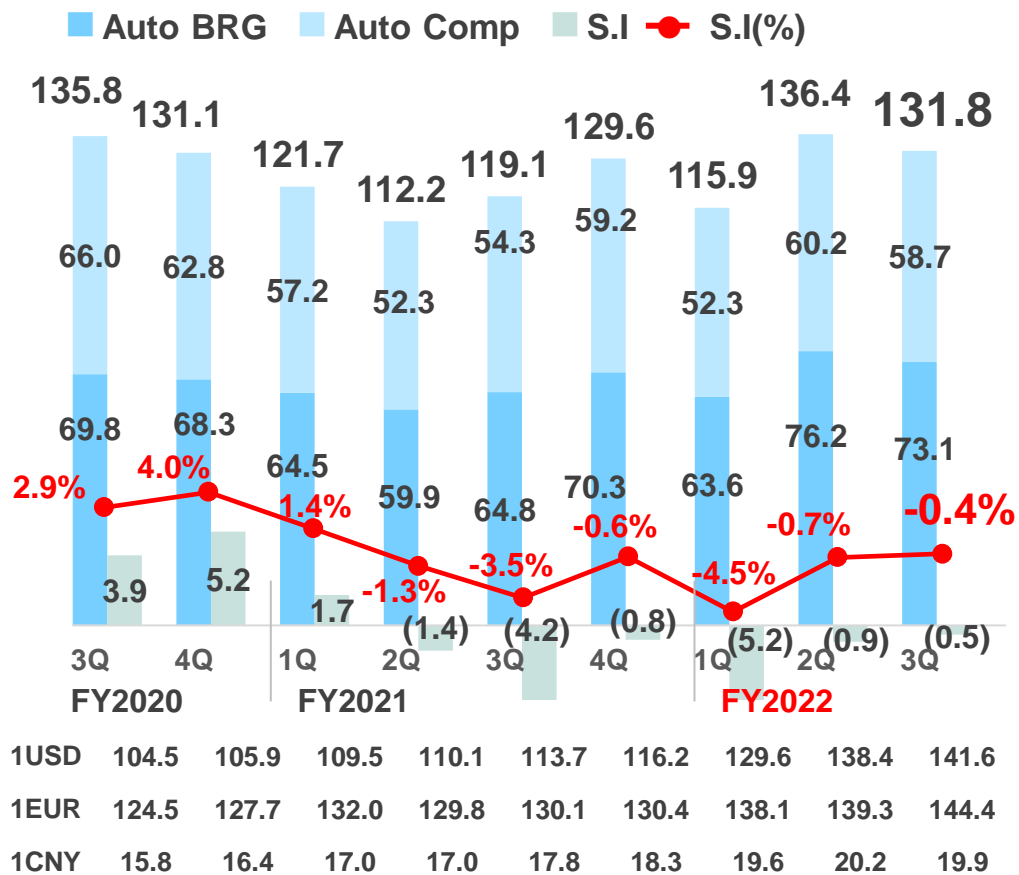
Due to the establishment of CMS DHQ, part of the “Others” and “Precision Machinery and Parts” were transferred to the “Industrial Machinery Bearings”. Accordingly, figures have been reclassified to match current segments from the first quarter of FY2021.

- Sales in 3Q YTD remained around the same level YOY, excluding effect of exchange rate fluctuations and transferring of increased costs to sales price in constant-terms basis.
- Sales in 3Q QTD decreased QOQ due to the impact of Chinese economic slowdown. (Strong demand continued in aftermarket; decreased in machine tools, semiconductor manufacturing equipment and home appliances.)
- Operating margin continued to be around the double-digit mark. Continue to make progress in increasing in sales price against inflation.

Automotive Business

(Billions of yen)

	FY2021 3Q YTD Actual	FY2022 3Q YTD Actual	Increase/ Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Excluding effect of exchange rate fluctuations)
Sales	353.0	384.2	+31.2 (+32.6)	+8.8% (-0.4%)
Automotive Bearings	189.2	212.9	+23.7	+12.5%
Automotive Components	163.7	171.3	+7.5	+4.6%
Segment income (excluding impairment loss)	-3.9	-6.7	-2.8	-
(%)	(-1.1%)	(-1.7%)		
Operating income (including impairment loss)	-13.0	-6.7	+6.3	-
(%)	(-3.7%)	(-1.7%)		
(Ex. rate: 1USD=)	111.1	136.5	+25.4	+22.9%
(" 1EUR=)	130.6	140.6	+10.0	+7.6%
(" 1CNY=)	17.3	19.9	+2.6	+15.2%



- Global automotive production volume in 3Q YTD: 56 million* (YOY +4%) *Based on our research
- Although sales in 3Q YTD increased YOY due to the impact of exchange rate fluctuations and the progress of increasing in sales price, sales in 3Q YTD decreased YOY in constant-terms basis.
- Sales in 3Q QTD decreased QOQ due to prolonged supply chain issues and Chinese economic slowdown.
- Deficit width in 3Q decreased by making progress in increasing sales price against inflation.

1. Consolidated Business Results
for the Third Quarter Ended December 31, 2022

2. Consolidated Business Forecast
for the Year Ending March 31, 2023

(Supplementary Information)

Consolidated Business Forecast for the Year Ending March 31, 2023

Revision of Business Forecast Announced October

- Industrial Machinery Business: Reflect the slowdown of demand mainly in Chinese market
- Automotive Business: Delay of recovery due to the effect of prolonged supply chain issues and Chinese economic slowdown
- Exchange rates in 4Q was revised. (USD ¥125, EUR ¥140, CNY ¥19)

Summary of Forecast for FY2022

(Billions of yen)	Revised Forecast	vs. October Forecast	Difference	(Effect of exchange rate fluctuations)	FY2021 Full year Actual
Sales	930.0	-50.0	-5.1%	(-10.0)	865.2
Segment income *	30.5	-15.5	-33.7%	(-2.0)	28.8
(%)	(3.3%)				(3.3%)
Operating income	28.0	-16.0	-36.4%	(-2.0)	29.4
(%)	(3.0%)				(3.4%)
Income before income taxes	26.5	-15.5	-36.9%		29.5
Net income attributable to owners of the parent	13.5	-13.5	-50.0%		16.6
(Ex. rate: 1USD=)	133.6	-3.3	-2.4%		112.4
(" 1EUR=)	140.5	+1.1	+0.8%		130.6
(" 1CNY=)	19.7	-0.3	-1.4%		17.5

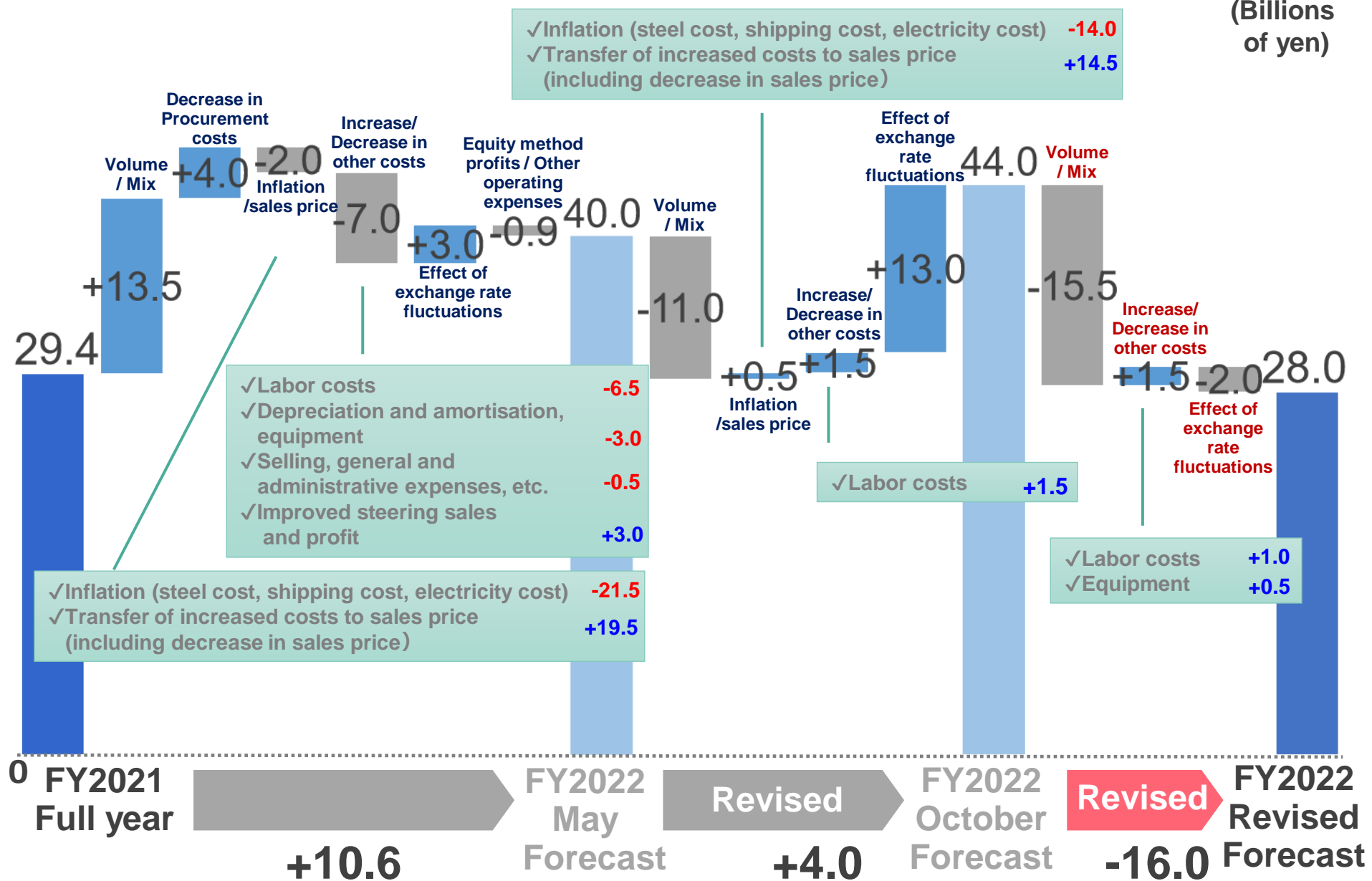
*Segment Income : Operating income before deduction of other operating income and expenses

- **Full-year dividend remains unchanged at ¥30 per share**
(Interim dividend ¥15 per share, end of year dividend ¥15 per share)

Operating Income: Factors Behind Change (1)

(FY2021 ⇒ FY2022 Revised Forecast)

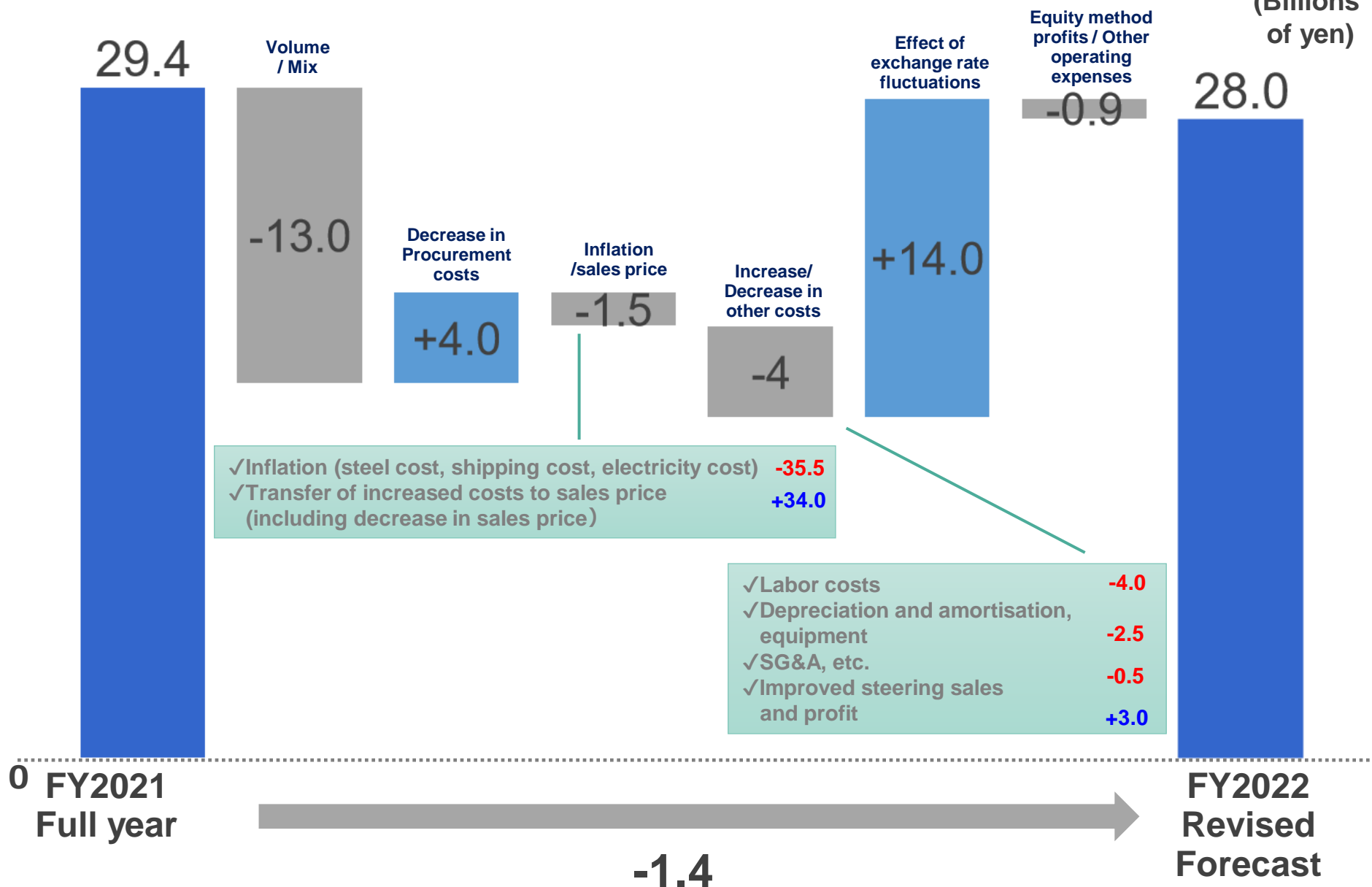
(Billions of yen)



Operating Income: Factors Behind Change (2)

(FY2021 ⇒ FY2022 Revised Forecast)

(Billions of yen)



Consolidated Business Forecast for the Year Ending March 31, 2023 by Segment

Industrial Machinery Business

✓ Slowdown of demand exceeding expectations, mainly in China

(Billions of yen)	October Forecast	1st half Actual	FY2022 2nd half Forecast	Revised Forecast	vs. October Forecast		Difference	FY2021 Full year Actual
					Increase/Decrease	(Effect of exchange rate fluctuations)		
Sales	400.0	195.4	187.6	383.0	-17.0	(-5.0)	-4.3%	352.2
Industrial Machinery Bearings	325.0	158.5	155.5	314.0	-11.0		-3.4%	290.2
Precision Machinery and Parts	75.0	36.9	32.1	69.0	-6.0		-8.0%	62.0
Segment income	44.5	19.6	17.4	37.0	-7.5	(-1.5)	-16.9%	30.4
(%)	(11.1%)	(10.0%)	(9.3%)	(9.7%)				(8.6%)

Automotive Business

✓ Global automotive production volume was revised to 74 million due to production adjustment (vs. October Forecast : full year -4%, 2nd half -7%)

(Billions of yen)	October Forecast	1st half Actual	FY2022 2nd half Forecast	Revised Forecast	vs. October Forecast		Difference	FY2021 Full year Actual
					Increase/Decrease	(Effect of exchange rate fluctuations)		
Sales	541.5	252.3	263.7	516.0	-25.5	(-5.0)	-4.7%	482.5
Automotive Bearings	305.5	139.8	148.2	288.0	-17.5		-5.7%	259.6
Automotive Components	236.0	112.5	115.5	228.0	-8.0		-3.4%	223.0
Segment income (excluding impairment loss)	0	-6.1	-1.9	-8.0	-8.0	(-1.0)	-	-4.7
(%)	(0.0%)	(-2.4%)	(-0.7%)	(-1.6%)				(-1.0%)

✓ **Progress in FY2022**

- » Revised business forecast announced in October downward due to the slowdown of demand exceeding expectations and appreciation of the Japanese yen
- » Sales price increase expected to achieve planned results
- » Steady progress promoting restructuring of steering business as planned

✓ **Priority initiatives**

- » Continue to negotiate a sales price increase for FY2023
- » Continue to reduce inventory
- » Manage production in response to slowing demand

(Supplementary Information)

Supplementary Information : Financial Results by Business Segment

(Billions of yen)		FY2021			FY2022			FY2022			FY2022
		Apr-Dec Actual	3Q Actual	Full year Actual	Apr-Dec Actual	Increase/Decrease	Difference	3Q Actual	Increase/Decrease	Difference	
Total	Sales	632.8	215.0	865.2	700.2	+67.4	+10.7%	236.4	+21.3	+9.9%	930.0
	Segment Income	20.6	4.3	28.8	24.0	+3.4	+16.7%	9.4	+5.1	+117.2%	30.5
	(%)	(3.3%)	(2.0%)	(3.3%)	(3.4%)			(4.0%)			(3.3%)
	Operating Income	20.8	5.1	29.4	22.0	+1.2	+5.7%	8.5	+3.4	+65.8%	28.0
	(%)	(3.3%)	(2.4%)	(3.4%)	(3.1%)			(3.6%)			(3.0%)
Industrial Machinery Business	Sales	257.1	88.3	352.2	291.7	+34.7	+13.5%	96.3	+8.0	+9.1%	383.0
	Industrial Machinery Bearings	212.3	72.5	290.2	237.9	+25.5	+12.0%	79.3	+6.9	+9.5%	314.0
	Precision Machinery and Parts	44.7	15.8	62.0	53.9	+9.2	+20.5%	17.0	+1.2	+7.4%	69.0
	Segment Income	21.8	7.9	30.4	29.2	+7.4	+34.2%	9.6	+1.7	+21.9%	37.0
	(%)	(8.5%)	(8.9%)	(8.6%)	(10.0%)			(9.9%)			(9.7%)
Automotive Business	Sales	353.0	119.1	482.5	384.2	+31.2	+8.8%	131.8	+12.8	+10.7%	516.0
	Automotive Bearings	189.2	64.8	259.6	212.9	+23.7	+12.5%	73.1	+8.3	+12.9%	288.0
	Automotive Components	163.7	54.3	223.0	171.3	+7.5	+4.6%	58.7	+4.4	+8.2%	228.0
	Segment Income	-3.9	-4.2	-4.7	-6.7	-2.8	—	-0.5	+3.6	—	-8.0
	(%)	(-1.1%)	(-3.5%)	(-1.0%)	(-1.7%)			(-0.4%)			(-1.6%)
	Operating Income	-13.0	-13.2	-13.8	-6.7	+6.3	—	-0.5	+12.7	—	-8.0
	(%)	(-3.7%)	(-11.1%)	(-2.9%)	(-1.7%)			(-0.4%)			(-1.6%)
Others	Sales	39.3	13.2	53.3	44.2	+4.9	+12.5%	15.1	+1.9	+14.2%	59.5
	Operating Income	2.5	0.6	2.9	1.3	-1.2	-48.9%	0.3	-0.3	-45.9%	1.5
	(%)	(6.4%)	(4.4%)	(5.4%)	(2.9%)			(2.1%)			(2.5%)
Eliminations (sales)		-16.6	-5.5	-22.9	-19.9	-3.4	—	-6.8	-1.3	—	-28.5
Other operating income and expenses/Adjustments		9.5	9.9	10.0	-1.9	-11.3	—	-0.9	-10.8	—	-2.5

Due to the establishment of CMS DHQ, part of the “Others” and “Precision Machinery and Parts” were transferred to the “Industrial Machinery Bearings”. Accordingly, figures have been reclassified to match current segments from the first quarter of FY2021.

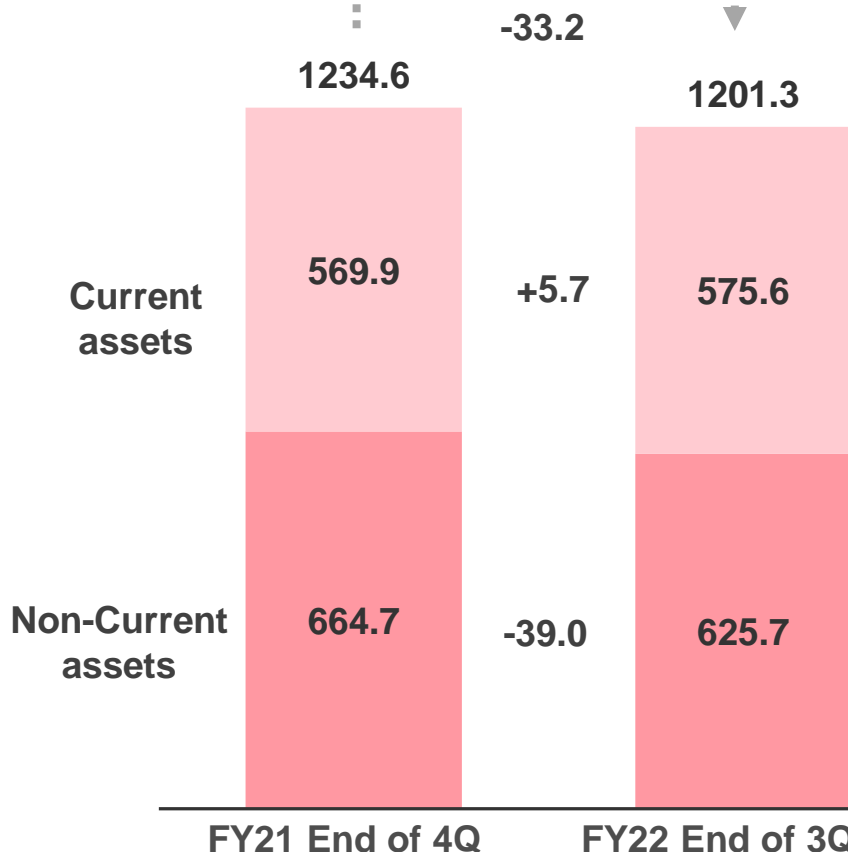
Supplementary Information : Sales by Customer Location

(Billions of yen)	FY2021		FY2022		vs FY2021 Q3 YTD		vs FY2021 Q3 QTD	
	Apr-Dec Actual	3Q Actual	Apr-Dec Actual	3Q Actual	Increase/Decrease	Difference	Increase/Decrease	Difference
Sales	632.8	215.0	700.2	236.4	+67.4	+10.7%	+21.3	+9.9%
Japan	234.3	77.5	229.1	75.8	-5.2	-2.2%	-1.8	-2.3%
Non-Japan	398.5	137.5	471.0	160.6	+72.6	+18.2%	+23.1	+16.8%
(Non-Japan Ratio)	(63.0%)	(63.9%)	(67.3%)	(67.9%)				
The Americas	90.3	29.9	124.3	43.2	+34.0	+37.7%	+13.3	+44.4%
Europe	80.4	26.9	93.4	32.4	+13.0	+16.2%	+5.5	+20.4%
China	134.1	48.2	144.9	48.8	+10.8	+8.1%	+0.5	+1.1%
Other Asia	93.7	32.4	108.5	36.3	+14.7	+15.7%	+3.8	+11.8%
Ex. Rate								
1USD	111.1	113.7	136.5	141.6	+25.4	+22.9%	+27.9	+24.6%
1EUR	130.6	130.1	140.6	144.4	+10.0	+7.6%	+14.3	+11.0%
1CNY	17.3	17.8	19.9	19.9	+2.6	+15.2%	+2.1	+11.9%

Supplementary Information: Consolidated Balance Sheet

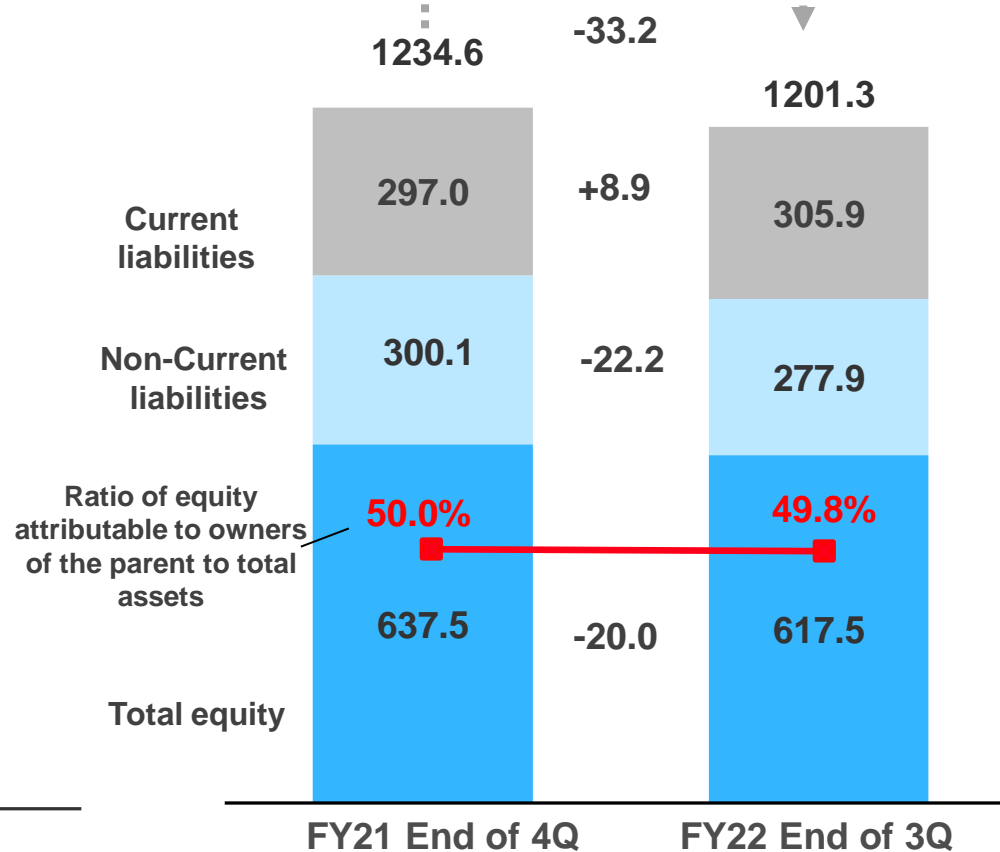
Assets

(Billions of yen)



Liabilities / Total equity

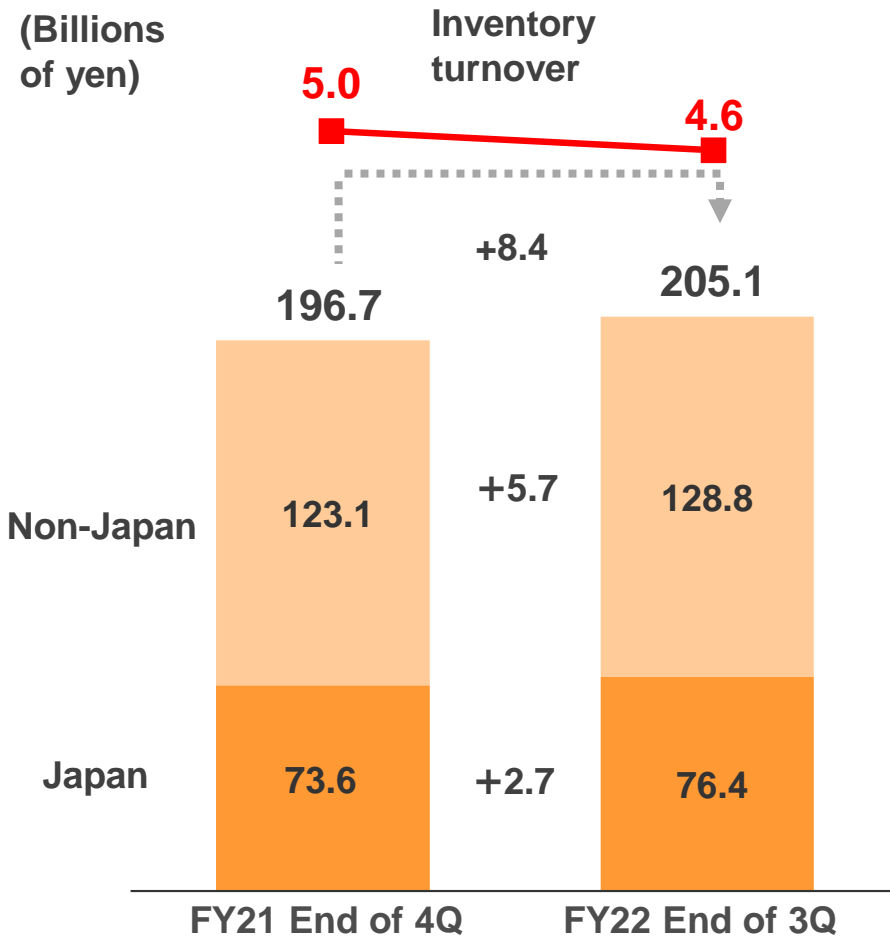
(Billions of yen)



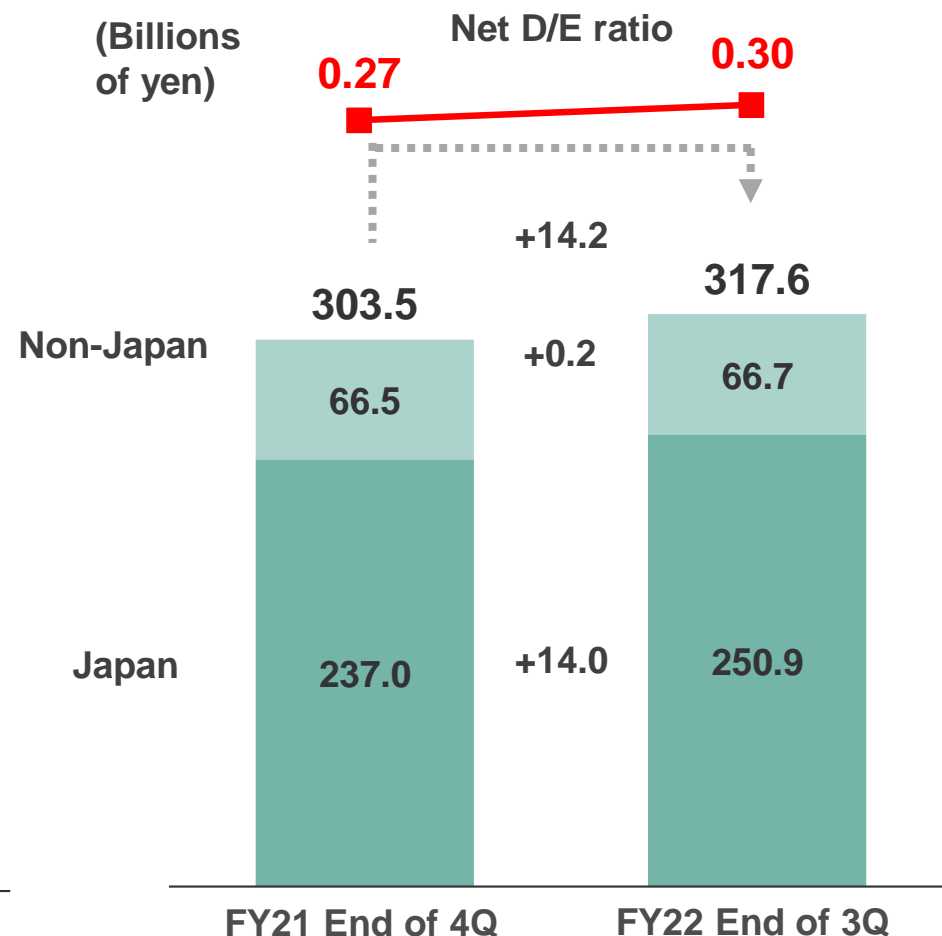
Ex. Rate	FY21 End of 4Q	FY22 End of 3Q
1USD	122.4	132.7
1EUR	136.8	141.4
1CNY	19.3	19.0

Supplementary Information: Inventories / Interest-Bearing Debt

Inventories



Interest-bearing debt



Ex. Rate	FY21 End of 4Q	FY22 End of 3Q
1USD	122.4	132.7
1EUR	136.8	141.4
1CNY	19.3	19.0

Supplementary Information : Capital Expenditures, Depreciation and Amortisation, R&D Expenses

(Billions of yen)	FY2021	FY2022			
	Full year Actual	1Q Actual	2Q Actual	3Q Actual	Full year Forecast (Original plan)
Capital Expenditures	52.3	9.2	14.2	13.3	65.0 (70.0)
Capital Expenditures (excluding lease)	44.5	7.7	11.4	12.8	60.0 (70.0)
Depreciation and Amortisation	56.6	14.3	14.7	14.8	57.0
Depreciation and Amortisation (excluding lease)	51.8	13.0	13.3	13.4	52.0
R&D Expenses (on a statutory basis)	19.2	4.5	5.1	5.1	20.0
(Ref.) R&D Expenses (on a managerial basis)	30.8	7.4	7.8	7.7	32.0



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.