



# NSK Ltd.

## Financial Conference FY2023

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March, 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 as the primary version.

# Company Profile

The first Japanese bearing manufacturer / Share of bearings: No.1 in Japan, No.3 worldwide



Akitoshi Ichii, President and CEO

## <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.

■ <b>Company Name</b>	NSK Ltd.
■ <b>Established</b>	November 8, 1916
■ <b>Capital</b>	¥67.2 billion (As of March 31, 2023)
■ <b>Sales</b>	¥938.1 billion (Year ended March 31, 2023)
(Excluding Steering Business)	¥776.8 billion
■ <b>Operating Income</b>	¥32.9 billion (Year ended March 31, 2023)
(Excluding Steering Business)	¥43.8 billion
■ <b>Subsidiaries</b>	92 companies (As of March 31, 2023)
■ <b>Number of Employees</b>	29,882 (As of March 31, 2023)



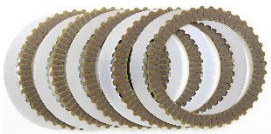
Headquarters  
(Tokyo, Japan)

# FY2022 Sales Breakdown by Business Segment

**Automotive Business**  
**56% (46%)\***

\* () excluding Steering business

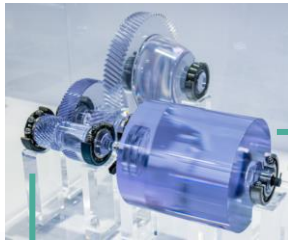
Electric power steering



Friction Plates



Ball screw unit for electric hydraulic brake systems



Hub unit bearings



Electric erosion resistance Ex.) Ceramic ball bearings



High speed ball bearing for EV motors (Gen3)

Steel Balls



Needle roller bearings

Automotive Components

26%

Automotive Bearings

30%

**FY2022 Sales**  
**¥938.1 billion**  
Including Steering Business

3%

Others

Industrial Machinery Bearings

34%

Precision Machinery and Parts

7%

**Industrial Machinery Business**  
**41% (50%)\***



Railways

Axle tapered roller bearings

Industrial Robots

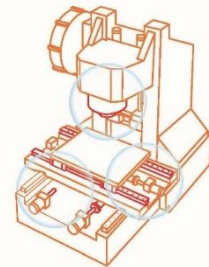


High stiffness thin-section angular contact ball bearings

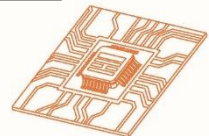
Ball screws



Machine Tools



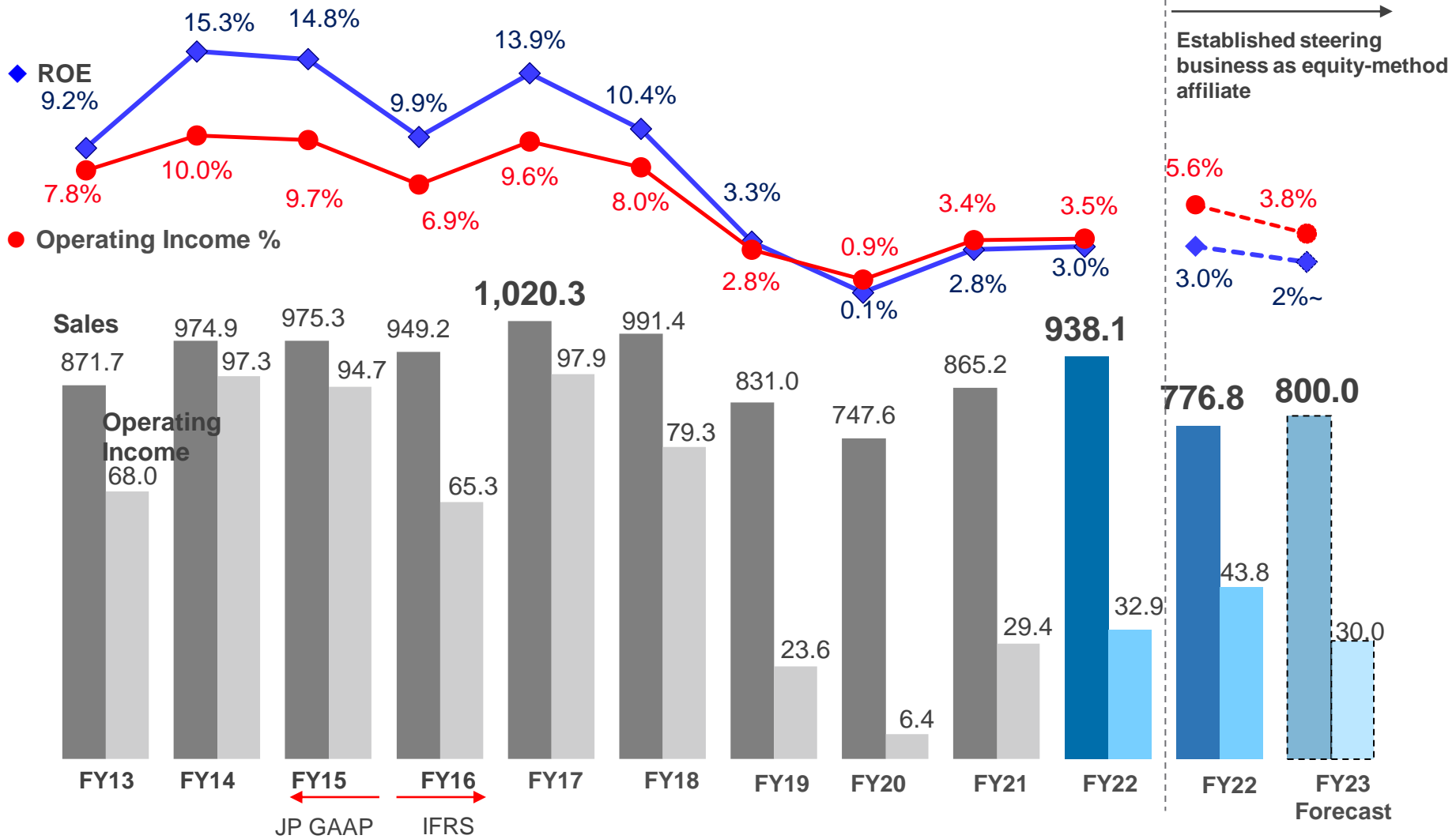
Semiconductor Production Equipment



# Business Trends – Consolidated Business Trend –



(Billions of yen)

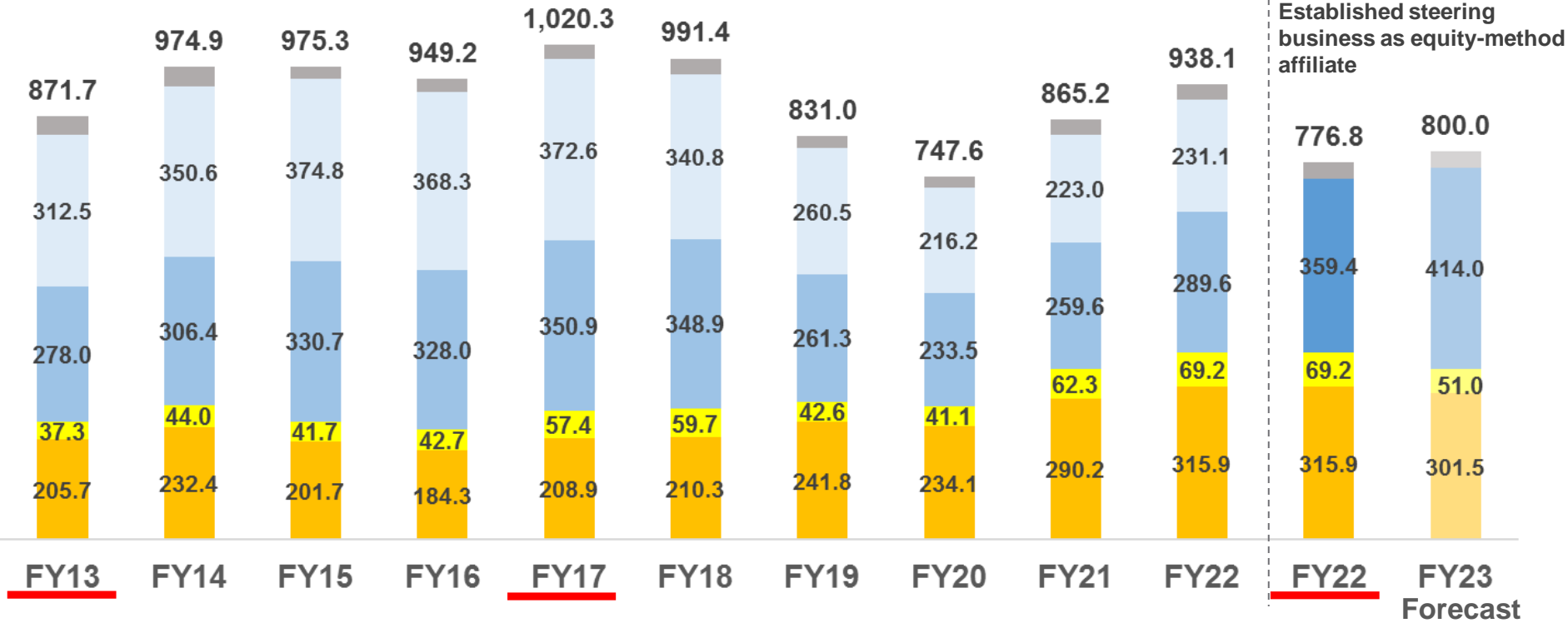


1USD	100	110	120	108	111	111	109	106	112	135	135	142
1EUR	134	139	133	119	130	128	121	124	131	141	141	154

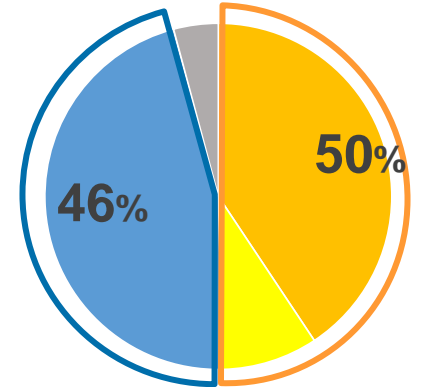
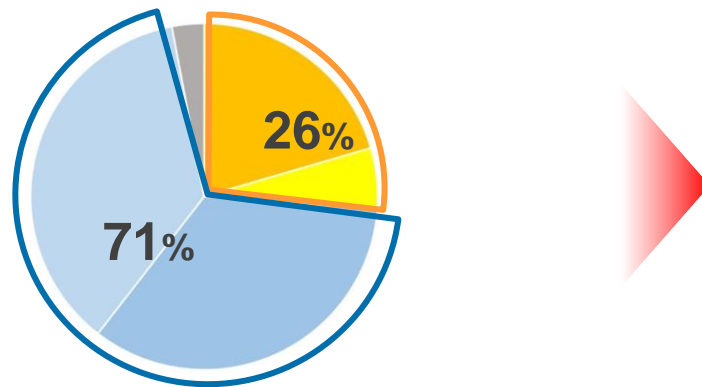
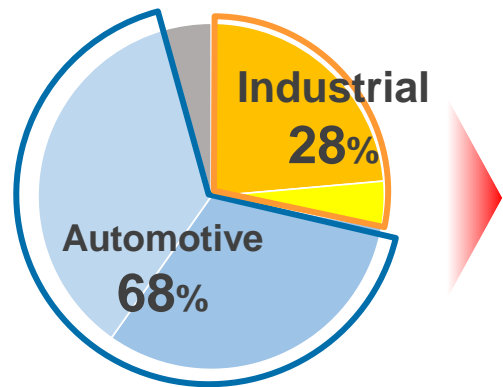
# Business Trends – Sales by Business Segment –

(Billions of yen)

■ Industrial Machinery Bearings 
 ■ Precision machinery and parts  
■ Automotive Bearings 
 ■ Automotive components 
 ※FY22~ ■ Automotive

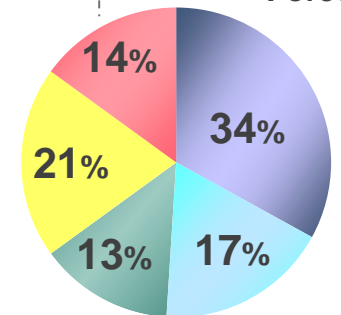
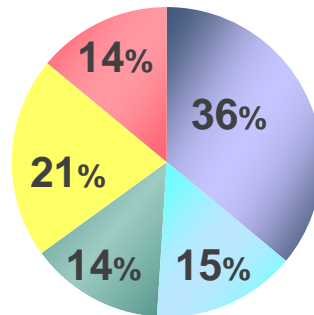
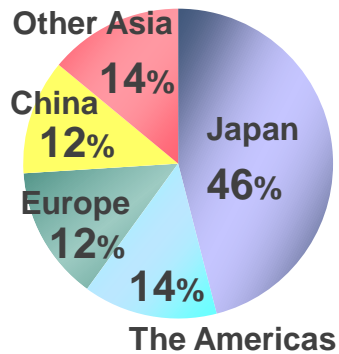
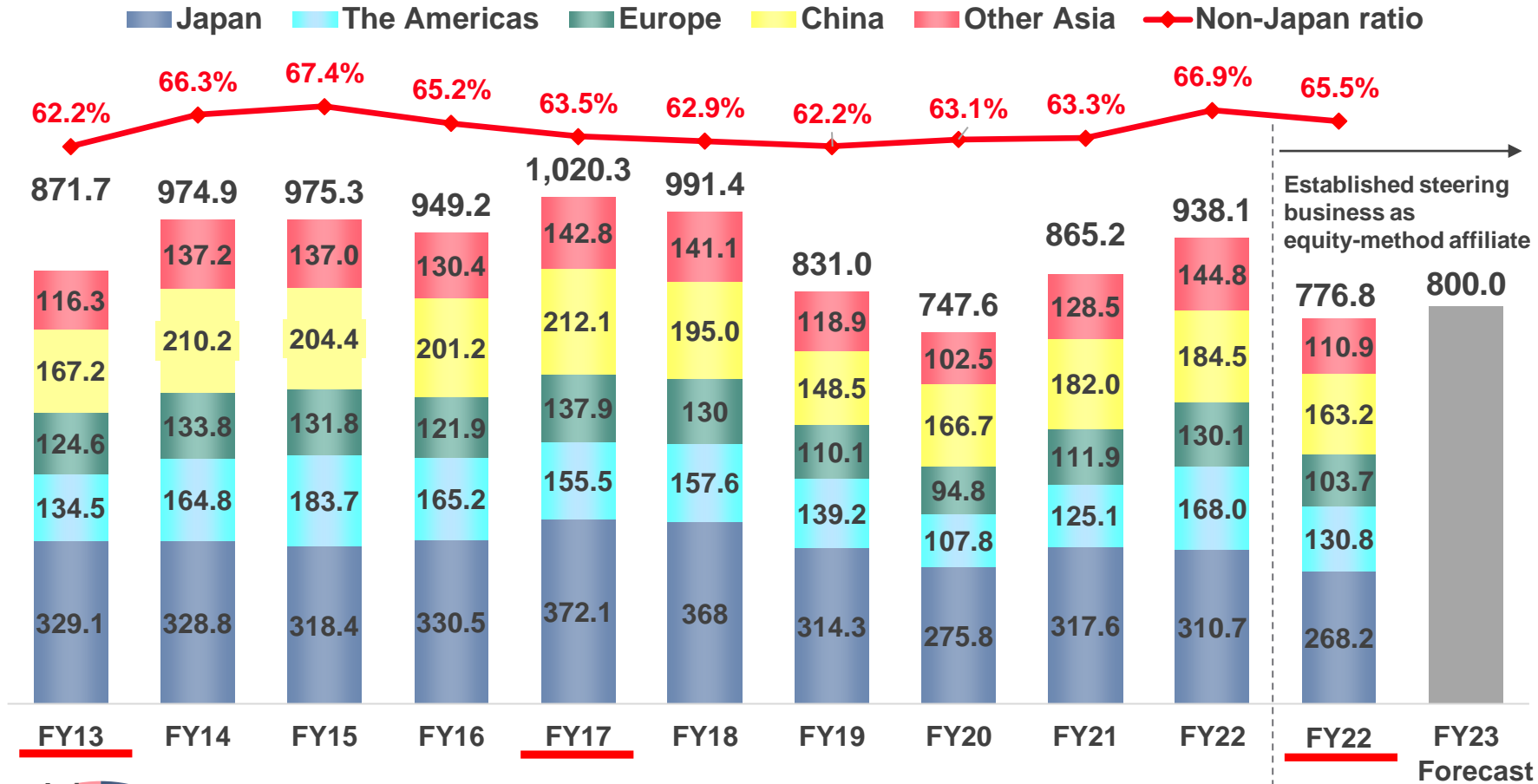


Established steering business as equity-method affiliate



# Business Trends – Sales by Customer Location –

(Billions of yen)



# **Mid-Term Management Plan 2026 (MTP2026)**

## **FY2022 to FY2026**

# MTP2026: Overall Image and Positioning

## 6th MTP

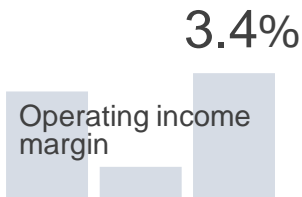
FY19-20-21

Build business base and strengthen resources in preparation for next growth phase

- Pursue new initiatives targeting growth
- Enhance managerial resources
- Contribute to environment and society

Changing business conditions

- Stagnating automotive market
- Carbon neutrality
- Supply chain risk actualizing
- Divided international community
- Costs increasing due to inflation



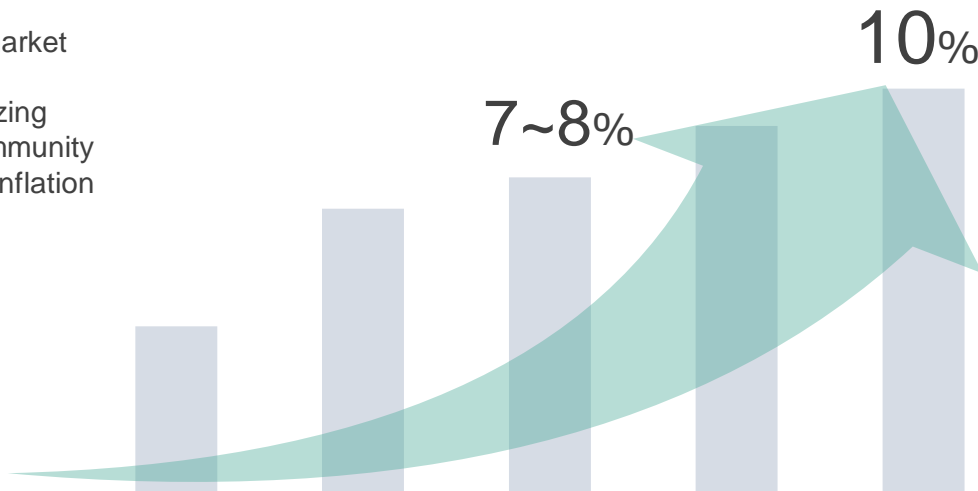
## MTP2026

Rebuild corporate foundation for sustainable growth

FY22 — 24 — 26

**"Change & Go Beyond" to become new type of trillion-yen company**

Accelerate efforts to address management issues



## Post2026

Continue exceling for next 100 or even 1,000 years

No.1 in quality and trust  
Resolve social issues  
Foster technological innovation

- Advances in electrification, automation, and IT
- Respond to electrification of automobiles
- Growing demand for semiconductors, and robots
- Global push to reduce environmental impact





# New Type of Trillion-yen Company

Portfolio reform; 10% operating margin; 10% ROE

## » Portfolio reform Bearings & Beyond

① Expand Industrial Machinery business

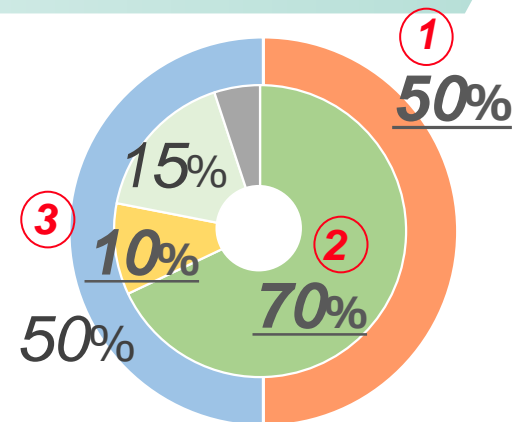
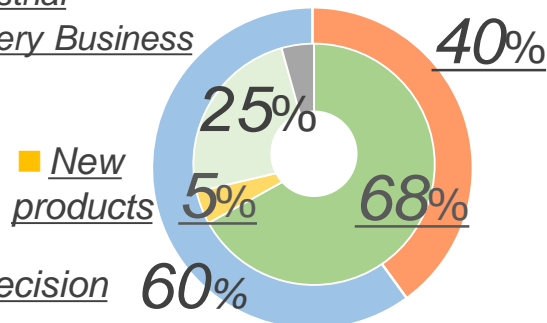
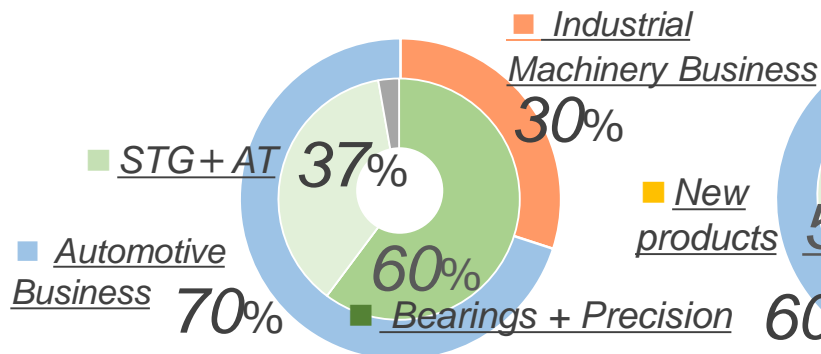
② Deploy bearings + precision machinery to drive earnings

③ Grow new products

**FY17**  
Sales: ¥1 trillion

**MTP2026**  
Sales: ¥1 trillion

**Post2026**



## » KPIs

**FY21**

**FY26**

**FY21→26**

		FY21	FY26	FY21→26
Growth	Sales/ Growth ratio	¥865.2 billion	¥1 trillion or more	CAGR +5%/year
	Operating income margin	¥29.4 billion (3.4%)	¥100.0 billion (10%)	+¥70.0 billion +6.6 points
Efficiency	ROE	2.8%	10%	+7.2 points
	ROIC	1.9%	8%	+6.1 points
Financial Stability	Net D/E ratio	0.3 times	0.4 times or less	Maintain an A-level credit rating

FY26 forex rates  
→ Using average  
FY21 rates:  
USD ¥112  
EUR ¥131  
CNY ¥17.5

# **Progress of MTP2026 as of FY2022**

# Change of Business Environment in MTP2026

## ✓ Changing Business Environment

Slow recovery in volume of automotive production due to semiconductor shortages, slower economic growth in China, US-China friction (nationalism), expansion of inflation, increasing risk of slowdown in economic growth due to monetary tightening in various countries, etc.

- Industrial Machinery Business: Increased sales and improved profitability, but entered an adjustment phase from 2nd half of FY2022.
- Automotive Business: Progress in Steering Business restructuring, but steering continues to be in the red and slow recovery in demand in automotive bearings.

		MTP2026 Target	FY22 Actual
Growth	Sales/Growth ratio (CAGR) Excluding effect of exchange rate fluctuations	+5%	+0%
	Operating income margin	10%	3.5%
Profitability	Industrial Machinery Business	13%	9.2%
	Automotive Business	6%	-0.8%
Efficiency	ROE	10%	3.0%
	ROIC	8%	2.1%
Financial Stability	Net D/E ratio	0.4 or less	0.29
Shareholder Returns	Total return ratio	approx. 50%	83.6%

» Continue operating policy sticking to achieving 10% ROE and enhancing corporate value

## ✓ Growth with Profitability:

### Rebuild Business Foundation to Focus on Bearings and Precision Products to Achieve Operating Income Above 10%

- » Reflect inflation costs in sales prices
- » Improve asset efficiency and profitability on downwardly revised assumptions for market growth in E&E and global vehicle production
  - Increase output through ultra-stable production
  - Reorganize production to improve productivity
- » Promote portfolio reform of business / customer / product
  - Increase company-wide sales ratio of the Industrial Machinery Business to 50%
  - Develop new customers and expand sales in EV
  - Steering Business: Promote independent management and new partnership strategy under the new company

## ✓ Continue Stabilization of Shareholder Returns

- Payout ratio: 30-50%
- Total return ratio: approx. 50%
- Share buybacks: flexibly implemented

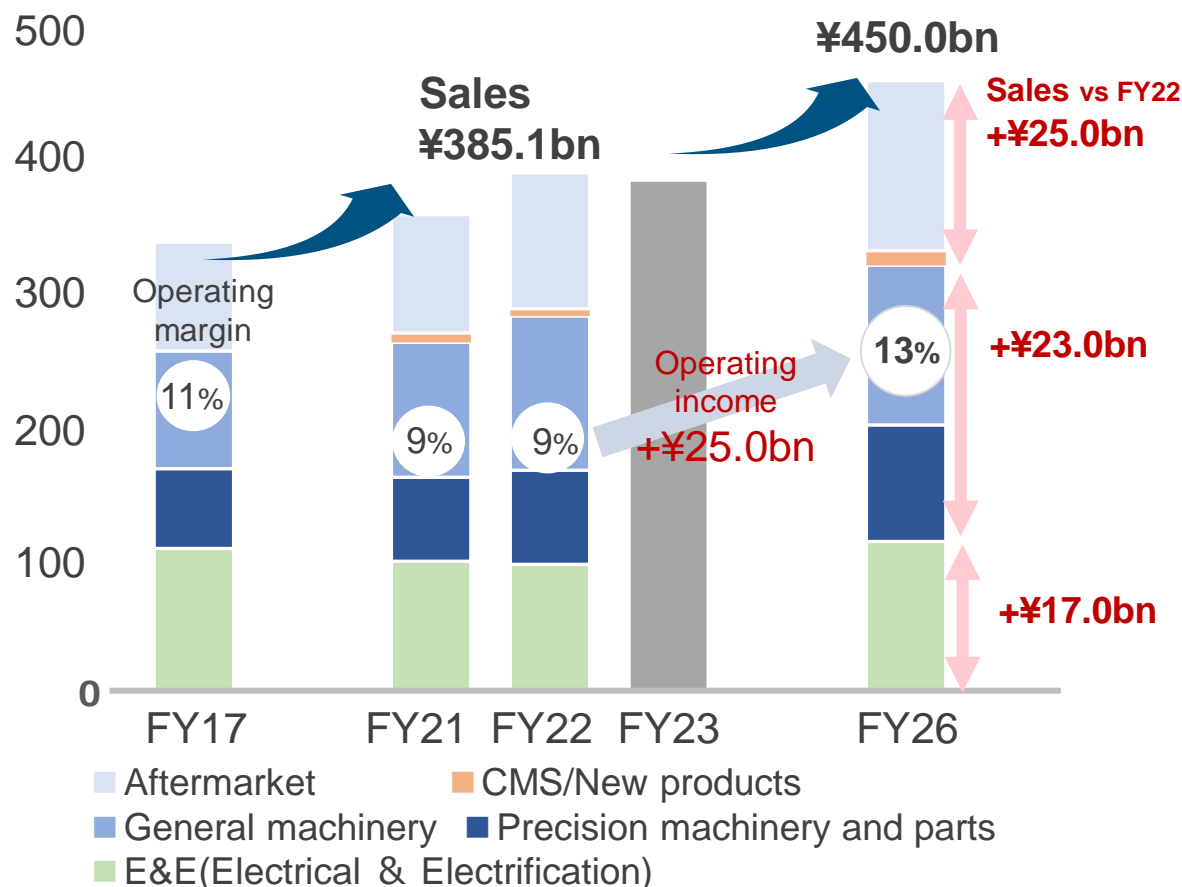
# Growth with Profitability

## – Industrial Machinery Business –

- ✓ Aim to be 50% of sales by continuing strategies focusing on electrification, automation, digitalization and global push to reduce environmental impact
- ✓ Strengthen supply capacity and enhance technical service systems

» FY26 targets: Sales of ¥450.0bn / Operating income ratio of 13%

To achieve MTP2026 targets



### ✓ Expand in High-Margin Segments (Aftermarket, Precision)

- » Aftermarket sales: Aim ¥130.0bn in FY26
- Expand CMS: Synergy with B&K Vibro
- » Machine tools, Robots and Semiconductor manufacturing equipment
- Secure high-margin products orders for multi-axis, high precision and environment technology
- Increase supply capability by strengthening capacity

### ✓ Improve profitability by improving asset efficiency through business restructuring in E&E

- Reorganize production sites globally including pre-processing, starting from Europe
- Maximize utilization of existing capacity
- Improve productivity and withdraw from unprofitable products

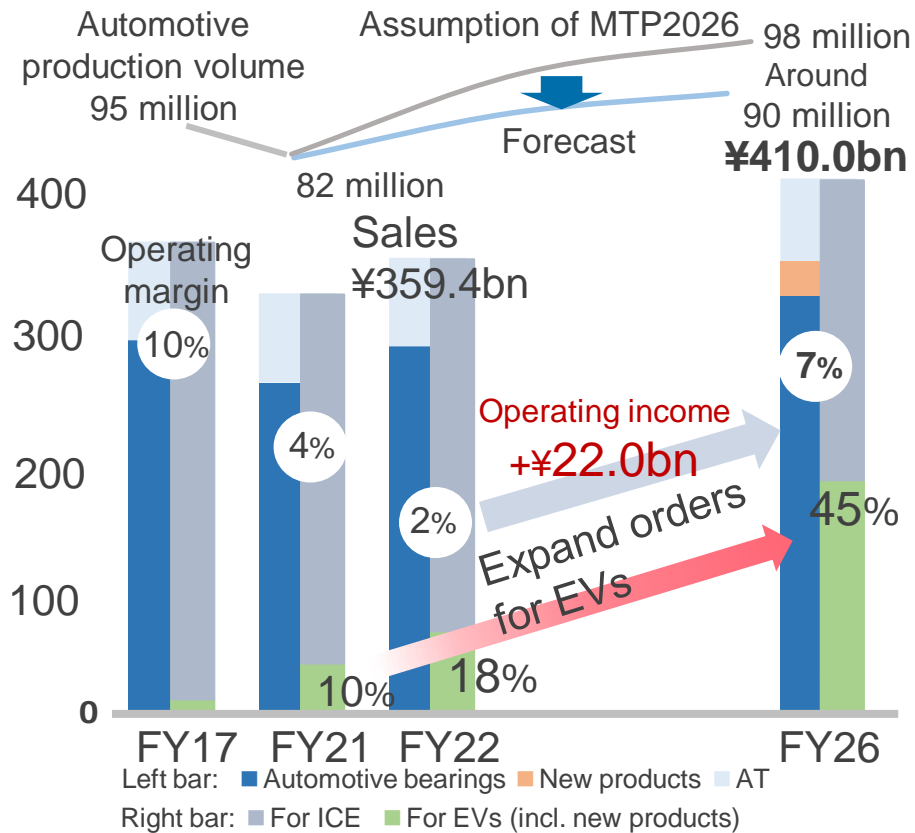
### ✓ Firm stance on transferring increased costs / inflation to sales prices

# Growth with Profitability

## – Automotive Business (excl. Steering Business) –

- ✓ Accelerate production restructuring due to downward revision of automotive production volume assumption in MTP2026
- ✓ Developing new customers' in EVs and receiving orders for electrification are proceeding as planned

» FY26 targets: Sales of ¥410.0bn / Operating income ratio of 7% To achieve MTP2026 targets



Electric vehicle ratio (EV + HEV)

5% → 15% → 20% → 45%

Automotive production volume and Electric vehicle ratio: FY17-26 IHS Markit + NSK forecasts

### ✓ Expand Sales

- » Fulfilled 80% of plan for ¥90.0bn new orders for EVs by differentiating technologies
  - Expand supply capability for bearings for eAxles
  - Brought to market bearings for preventing electrical erosion
  - Strengthening R&D in China
- » Secure Orders for New Products
  - Fulfilled 70% of ¥30.0bn sales target of new products
  - Ball screws for electric-hydraulic brake systems: Secured order of 10 million units, etc.

### ✓ Improve Profitability

- » Focus on high-margin new orders
  - Reflect added value to sales prices of EV products
- » Improve profitability of existing orders
  - Concentrated production of ICE products and use available equipment and space for Industrial Machinery Business and new products
  - Withdraw from unprofitable products and transfer increased costs and inflation to sales prices

# Growth with Profitability

## - Steering Business -

- ✓ Terminated joint venture discussion with thyssenkrupp AG and signed joint venture agreement with Japan Industrial Solutions III Investment Limited Partnership (JIS)
- ✓ Changed status of NSK Steering & Control, Inc., a subsidiary of the Company, to equity-method affiliate on August, 2023 (Shareholding ratio: NSK 49.9%、JIS 50.1%)

### Purpose

Promote structural reform by delegating management leadership to JIS, which has experience and expertise in management improvement in several Japanese manufacturing industry companies including automotive parts companies.

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

## Policy

## Progress

### Continue stable shareholder returns

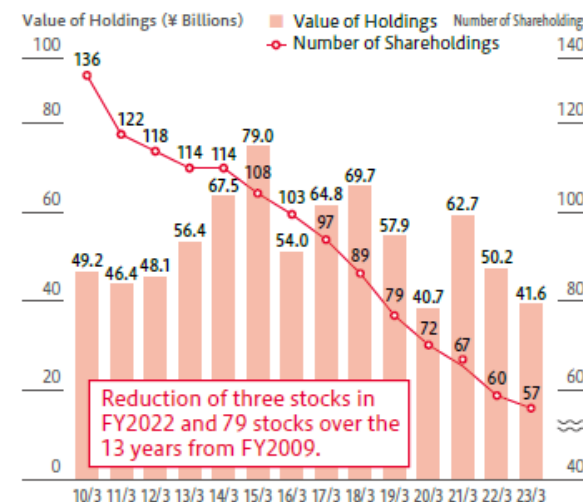
- Payout ratio: 30-50%
  - Total return ratio: approx. 50%
  - Buybacks: flexibly implemented
- FY22 actual cash dividends per share ¥30
  - FY22 actual dividend payout ratio 83.6%
  - FY23 planned cash dividends per share ¥30
  - Resolved to implement share buyback

- Amount of shares bought back: **¥21.7** billion
- Number of shares bought back: **25** million shares
- Acquisition period: 2023/5/15-2023/6/30

### ✓ Reduce crossholding of shares

- Reduced holdings
- Proportion of cross-shareholding in total consolidated capital as of the end of March 2023:
  - Excluding retirement benefit trust: Down to **6.6%**
  - Including retirement benefit trust: Down to **15.1%**

**Trends in Cross-Shareholdings (Excluding Retirement Benefit Trust)**



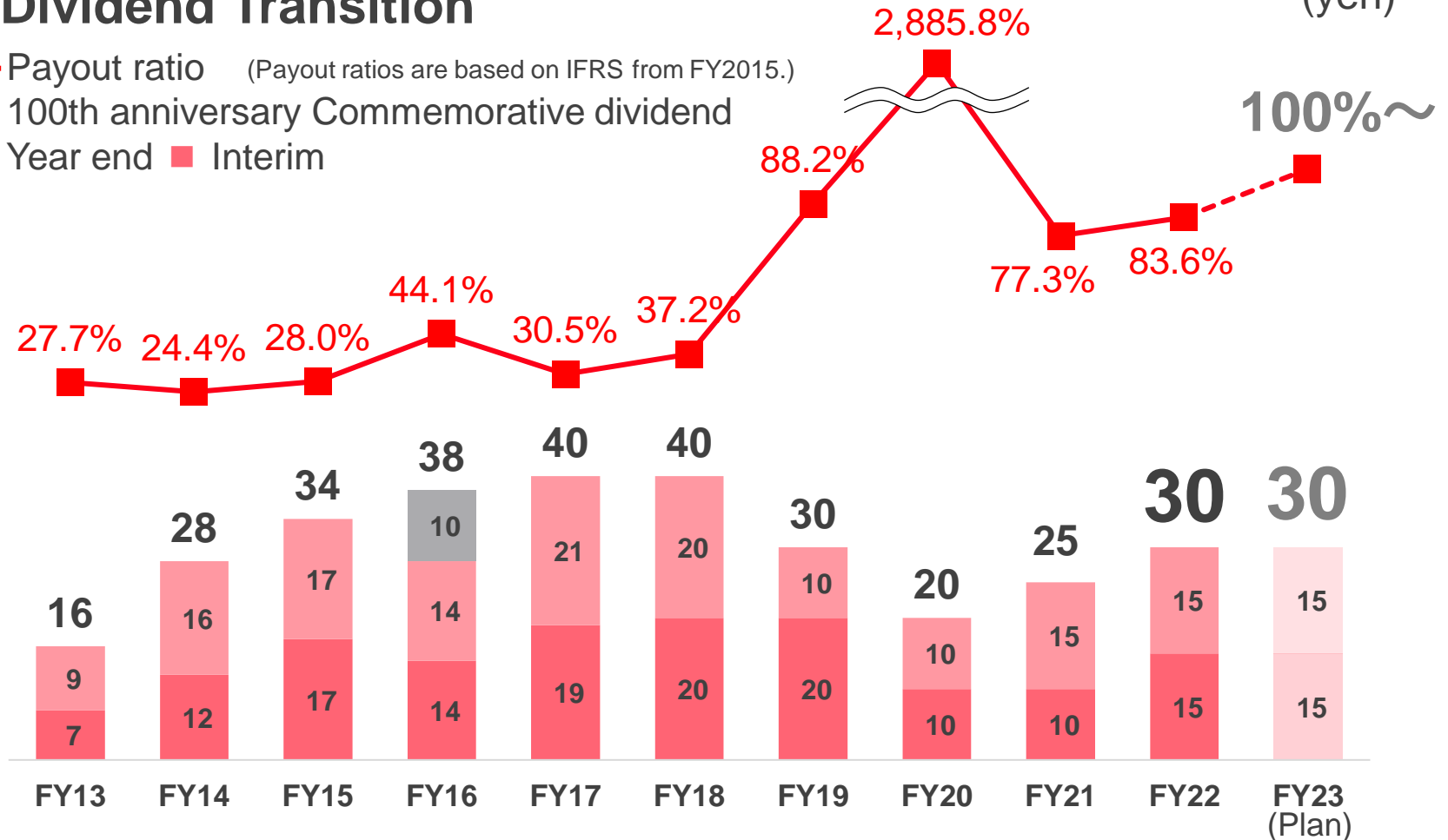


# Stock & Bond Information

## Dividend Transition

- Payout ratio (Payout ratios are based on IFRS from FY2015.)
- 100th anniversary Commemorative dividend
- Year end ■ Interim

(yen)



## Acquisition of treasury stock

¥15.0billion (FY16) ¥20.0billion (FY18) **¥21.7billion (FY23)**

# **Latest Financial result**

## **FY2023 Q3**

# Key Points - Consolidated Business Results for FY2023 Q3

## ✓ FY2023 Q3 Actual (Continuing operations)

Industrial: China's economy continued to stagnate and scrape the bottom

Automotive: Steady growth in global automotive production

Q3 YTD (Apr. – Dec.) Actual

» Sales ¥588.1 bn

» Operating income ¥19.3 bn Operating margin 3.3%

Q3 QTD Actual

» Sales ¥201.4 bn

» Operating income ¥8.2 bn Operating margin 4.1%

## ✓ Consolidated Business Forecast for the Year Ending March 31, 2024

Remains unchanged from October forecast.

## ✓ Full year dividend: ¥30 per share (Unchanged)

(Interim dividend ¥15 per share, end of year dividend ¥15 per share)

# Summary of Consolidated Business Results for FY2023 Q3

- ✓ Sales in Q3 QTD increased QOQ due to increasing sales of Automotive Business.
- ✓ Sales in Q3 YTD increased YOY due to growth in Automotive exceeding the decline in Industrial Machinery

	(Billions of yen)	Q3 QTD		Increase/ Decrease YOY	Increase/ Decrease QOQ	Q3 YTD		Increase/ Decrease YOY	Difference YOY
		FY2022	FY2023	(Effect of exchange rate fluctuations)		FY2022	FY2023	(Effect of exchange rate fluctuations)	
Continuing operations	Sales	194.6	201.4	+6.7 <b>+6.9</b>	+2.9 <b>+2.1</b>	580.9	588.1	+7.2 <b>+17.8</b>	+1.2%
	Segment income*	11.1	9.2	-1.9 <b>+1.5</b>	+1.5 <b>+0.5</b>	31.9	20.6	-11.3 <b>+3.8</b>	-35.4%
	(%)	5.7%	4.6%			5.5%	3.5%		
	Operating income	10.3	8.2	-2.1 <b>+1.3</b>	+1.2 <b>+0.5</b>	29.9	19.3	-10.6 <b>+4.5</b>	-35.4%
	(%)	5.3%	4.1%			5.1%	3.3%		
	Income before income taxes	10.6	8.1	-2.5	+1.9	+29.7	18.6	-11.1	-37.3%
	Net income attributable to owners of the parent	6.2	3.3	-2.9	-0.8	16.9	9.0	-7.8	-46.4%
Continuing and discontinued operations	Net income attributable to owners of the parent	4.9	4.1	-0.8	+2.5	10.9	4.7	-6.2	-56.8%
	(Ex. rate: 1USD=)	141.6	147.9	+6.2	+3.2	136.5	143.3	+6.8	+5.0%
	( " 1EUR=)	144.4	159.1	+14.7	+1.8	140.6	155.3	+14.7	+10.4%
	( " 1CNY=)	19.9	20.4	+0.6	+0.5	19.9	20.0	+0.1	+0.5%

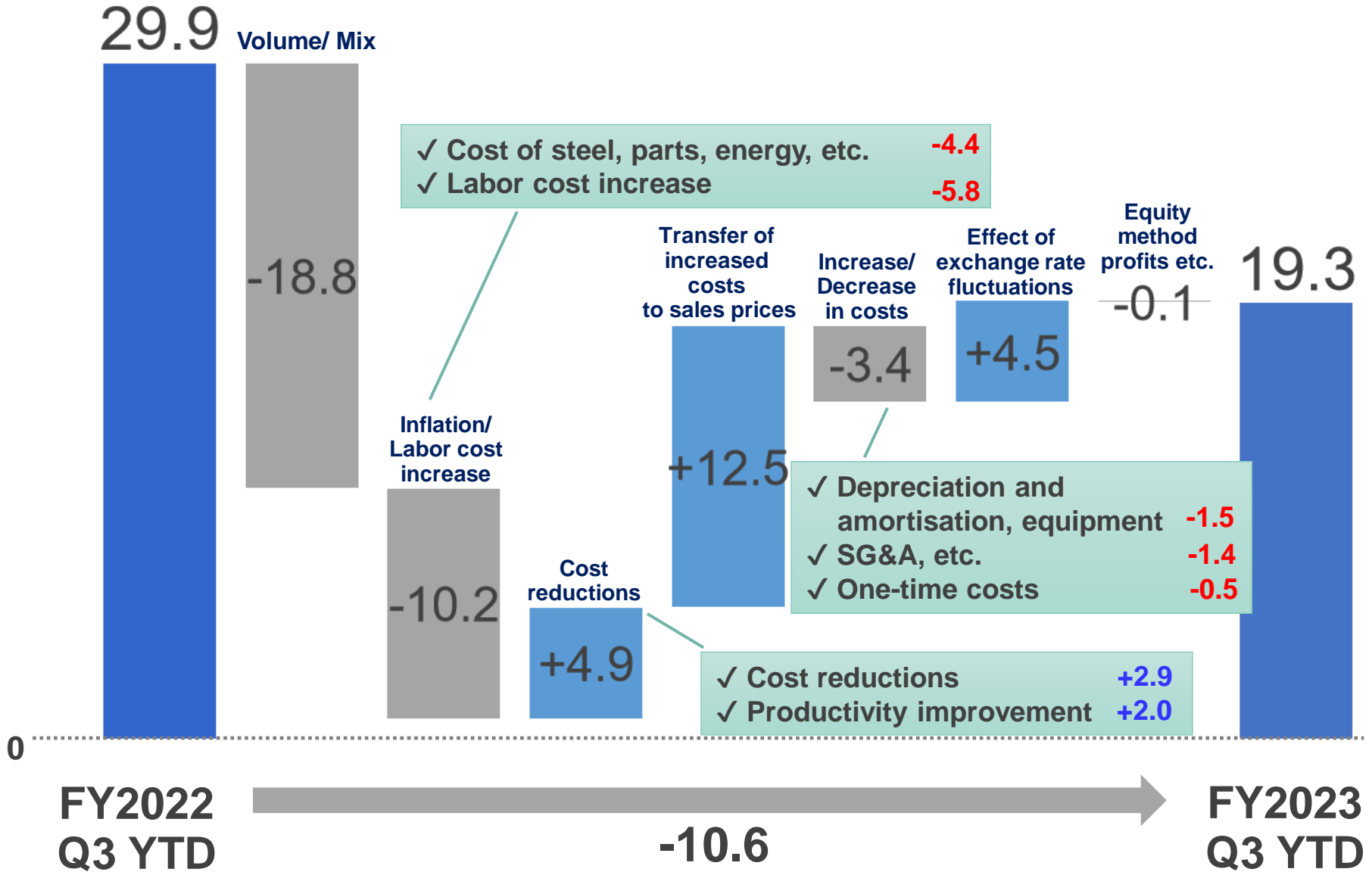
\*Segment income : Operating income before deduction of other operating income/loss (exchange rate fluctuation gain/loss, etc.)

# Operating Income: Factors Behind Change

(FY2022 Q3 YTD ⇒ FY2023 Q3 YTD) (Continuing operations)

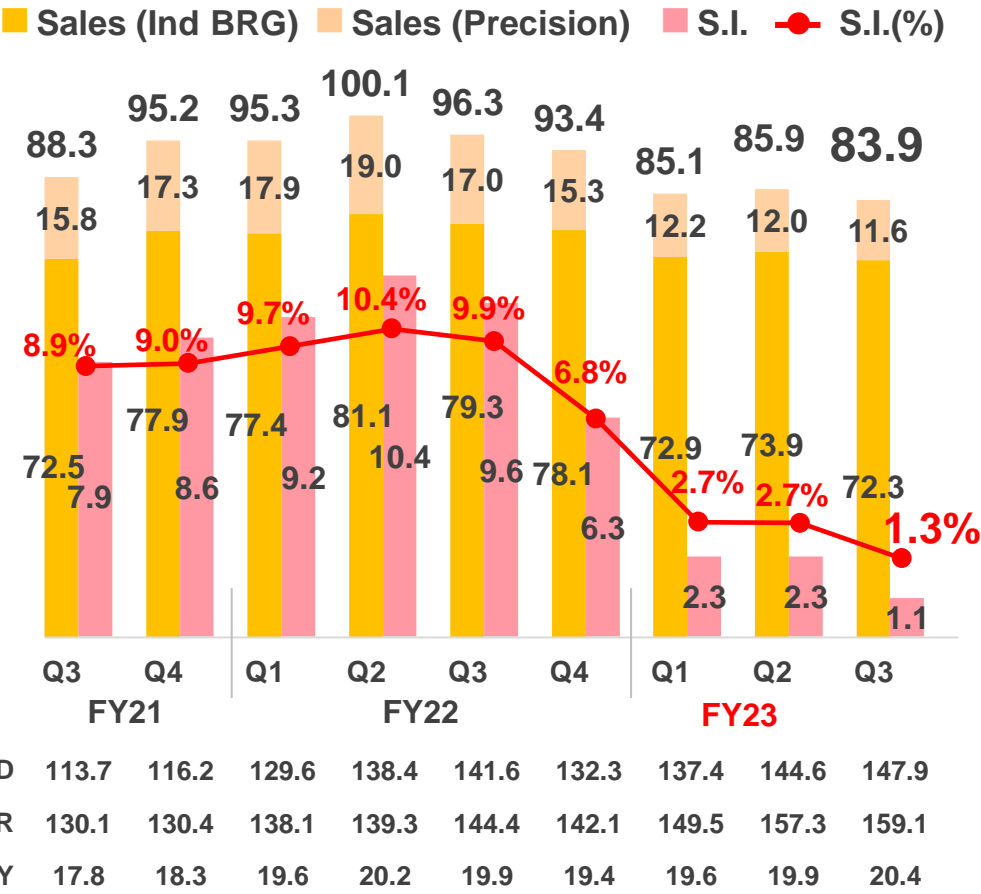


(Billions of yen)



# Industrial Machinery Business

(Billions of yen)	FY2022 Q3 YTD Actual	FY2023 Q3 YTD Actual	Increase/Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Excluding effect of exchange rate fluctuations)
<b>Sales</b>	<b>291.7</b>	<b>255.0</b>	<b>-36.8</b> <b>+8.9</b>	<b>-12.6%</b> <b>-15.6%</b>
Industrial Machinery Bearings	237.9	219.1	-18.7	-7.9%
Precision Machinery and Parts	53.9	35.8	-18.0	-33.5%
<b>Segment income</b>	<b>29.2</b>	<b>5.7</b>	<b>-23.5</b>	<b>-80.4%</b>
(%)	10.0%	2.2%		
(Ex. rate: 1USD=)	136.5	143.3	+6.8	+5.0%
( " 1EUR=)	140.6	155.3	+14.7	+10.4%
( " 1CNY=)	19.9	20.0	+0.1	+0.5%

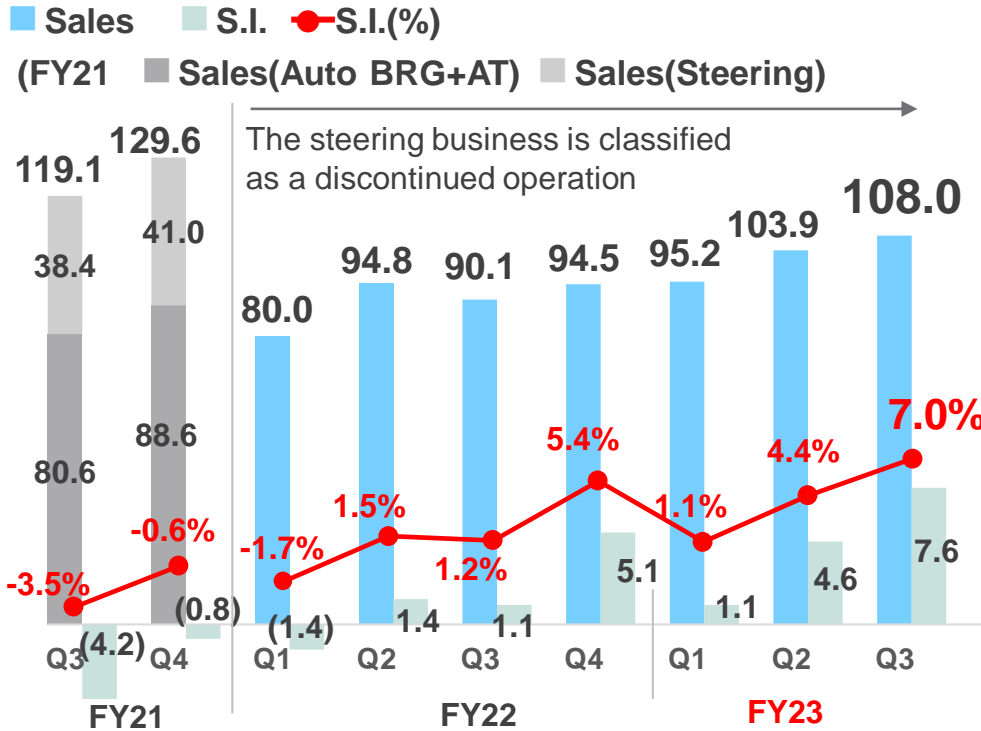


1USD	113.7	116.2	129.6	138.4	141.6	132.3	137.4	144.6	147.9
1EUR	130.1	130.4	138.1	139.3	144.4	142.1	149.5	157.3	159.1
1CNY	17.8	18.3	19.6	20.2	19.9	19.4	19.6	19.9	20.4

- ✓ Sales and profits declined YOY due to sluggish market conditions including inventory adjustments in machine tools and semiconductor manufacturing equipment
- ✓ In Q3 volume declined QOQ and segment income declined
  - In Q3 inventory adjustment phase continued for machine tools and semiconductor
  - E&E remained sluggish; weak home appliances due to weak Chinese real estate

# Automotive Business

(Billions of yen)	FY2022 Q3 YTD Actual	FY2023 Q3 YTD Actual	Increase/Decrease YOY (Effect of exchange rate fluctuations)	Difference YOY (Excluding effect of exchange rate fluctuations)
Sales	264.9	307.1	+42.2 <b>+8.4</b>	+15.9% <b>+12.8%</b>
Segment income	1.2	13.2	+12.0	-
(%)	0.4%	4.3%		
(Ex. rate: 1USD=)	136.5	143.3	+6.8	+5.0%
( " 1EUR=)	140.6	155.3	+14.7	+10.4%
( " 1CNY=)	19.9	20.0	+0.1	+0.5%



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".

1USD	113.7	116.2	129.6	138.4	141.6	132.3	137.4	144.6	147.9
1EUR	130.1	130.4	138.1	139.3	144.4	142.1	149.5	157.3	159.1
1CNY	17.8	18.3	19.6	20.2	19.9	19.4	19.6	19.9	20.4

✓ Global automotive production volume:

FY2023 Q3 YTD actual: 68 million vehicles (+10% YOY) *\*Based on IHS Markit*

✓ Sales and profits in Q3 YTD increased YOY

Q3 segment income ratio marked 7% partly due to one-off income from negotiations to reflect increasing costs in sales prices

# Consolidated Business Forecast for the Year Ending March 31, 2024

- ✓ Full-year forecasts announced in October remain unchanged
  - » As of Q3, 64% progress toward operating income forecast

(Billions of yen)		FY2023 Full year Forecast	FY2023 Q3 Actual	% of Forecast	FY2022 Full year Actual	YOY Difference <small>(Effect of exchange rate fluctuations)</small>
<b>Continuing operations</b>	Sales	800.0	588.1	74%	776.8	+23.2 <b>+24.0</b>
	Segment income*	31.5	20.6	65%	44.3	-12.8
	(%)	3.9%	3.5%		5.7%	<b>+5.0</b>
	Operating income	30.0	19.3	64%	43.8	-13.8
	(%)	3.8%	3.3%		5.6%	<b>+5.0</b>
	Income before income taxes	28.5	18.6	65%	43.3	-14.8
Continuing and discontinued operations	Net income attributable to owners of the parent	14.0	4.7	34%	18.4	-4.4
	(Ex. rate: 1USD=)	142.5 *	143.3		135.5	+7.0
	( " 1EUR=)	154.0	155.3		141.0	+13.0
	( " 1CNY=)	19.7	20.0		19.8	-0.0

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

\* FY2023 Q4 exchange rate assumptions: USD ¥140, EUR ¥150, CNY ¥19



# Consolidated Business Forecast by Business Segment

- ✓ Engage efforts toward achieving full year targets and Mid-Term Plan with an eye on the risk of slow recovery in industrial machinery

## » Industrial Machinery Business

(Billions of yen)	FY2023 Full year Forecast	FY2023 Q3 YTD Actual	% of Forecast
<b>Sales</b>	<b>352.5</b>	<b>255.0</b>	<b>72%</b>
Industrial Machinery Bearings	301.5	219.1	73%
Precision Machinery and Parts	51.0	35.8	70%
<b>Segment income</b>	<b>12.5</b>	<b>5.7</b>	<b>46%</b>
(%)	3.5%	2.2%	

- » Q4 demand forecast remains flat overall but confident in efforts to capture demand in aftermarket in Europe and Americas
- » Expand CMS orders
- » Promote structural reorganization in Europe

## » Automotive Business

(Billions of yen)	FY2023 Full year Forecast	FY2023 Q3 YTD Actual	% of Forecast
<b>Sales</b>	<b>414.0</b>	<b>307.1</b>	<b>74%</b>
<b>Segment income</b>	<b>16.5</b>	<b>13.2</b>	<b>80%</b>
(%)	4.0%	4.3%	

- » Automotive production volume as expected at October forecast level of 89 million units
- » Continued negotiations to pass on inflation to sales price
- » Secure new orders for EV

## ✓ FY2023 Summary

- » Profitability in industrial machinery declined due to slower-than-expected market. Europe structural reorganization initiated and ongoing.
- » Automotive business steady due to the abatement of semiconductor shortages. Promoted price negotiations to reflect inflating costs.
- » Success in transferring inflating costs such as steel and energy to sales prices. Ongoing efforts to reflect increasing labor costs in sales prices.
- » Maintain full year dividend of ¥30 per share.  
Interim dividend ¥15 per share; end of year dividend ¥15 per share

## ✓ Progress on MTP2026 Priority Tasks — Portfolio Transformation

### Industrial Machinery

Expand sales in high profitability sectors

#### Expand sales in aftermarket and precision (bearings and precision machinery)

- » Aftermarket: Focus on Americas/Europe
- » Precision: Expand product lineup to take in demand for sophisticated processing in machine tools and semiconductor manufacturing machinery

▶ **Achieve sales expansion above market growth rate**

### Automotive

Expand EV Sales

#### Secure target orders toward MTP2026

- » Expand sales of eAxle products and HUBs to expand customer portfolio
- » New products: Secure orders for 10 million units of ball screws for electric brakes for top global market share

▶ **45% of automotive sales for EV by FY2026, scale production of new orders to recover profitability**

# Appendix

We aim to be a needed and trusted company that contributes to the development of a sustainable society by creating new value through the fusion of tribology and information technology

## ESG Management

Be needed, trusted, and relied upon by society

- ✓ Promote carbon neutrality
  - » FY26 -50% compared to FY17 (Scope 1, 2)
- ✓ Create better working environments
  - » Continue to be certified as outstanding health and productivity management organization on the “White 500” list of the top-performing 500 companies

Create new value



Operational excellence

## Enhancement of Managerial Resources

Enhance our managerial resources with the power of IT and continuously transform our business

- ✓ Engage information technology in all areas
  - ✓ Super-stabilize production
  - ✓ Develop and support diverse career paths
- » 1.5x productivity

## Growth with Profitability

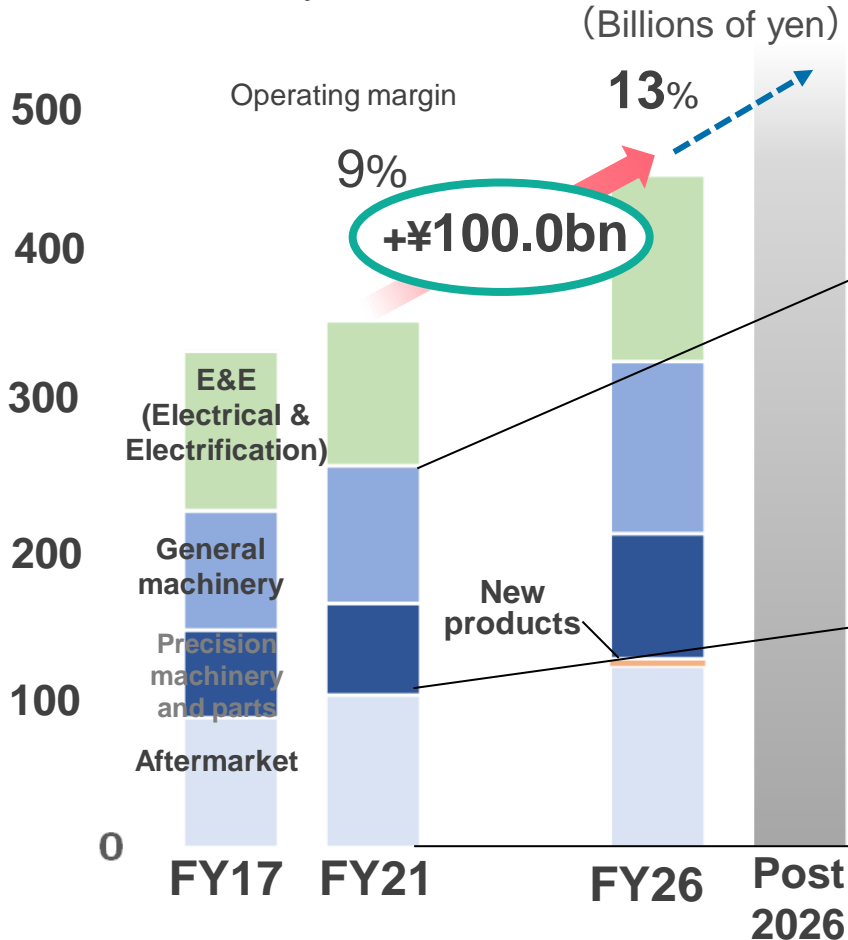
Establish business foundation for sustainable growth even in changing business conditions

- ✓ Bearings & Beyond
  - » Expand industrial machinery business
  - » Deploy bearings + precision machinery to drive earnings
  - » Grow new products
- ✓ Restructure steering business
- ✓ Pursue alliances and M&A

## > Expand Industrial Machinery Business

- Aim to capture expanding market demand in electrification, automation, digitalization
- Strengthen supply capabilities and enhance technical services system
- >> FY26 targets: Sales of **¥450.0 billion**; operating margin of **13%**

### Industrial Machinery Business: Growth vision



### Business growth initiatives by sector

1. Increase demand for small motors for electrification, 5G, etc.

**+¥30.0 billion**

- » High-accuracy, low noise
- » Increase capacity, establish new production sites

2. Demand increases in automation and semiconductor, advanced machining technology

**+¥30.0 billion**

- » High-speed, high-accuracy, reliability
- » Reinforce supply capacity and develop new products

3. Wind turbines • railways • energy transition

**+¥10.0 billion**

- » Durability, reliability, high-speed
- » Increase supply capacity in Shenyang and Toyama

4. Transform business model to increase sales

**+¥25.0 billion**

- » Deploy CMS and reconditioning to establish PLM model

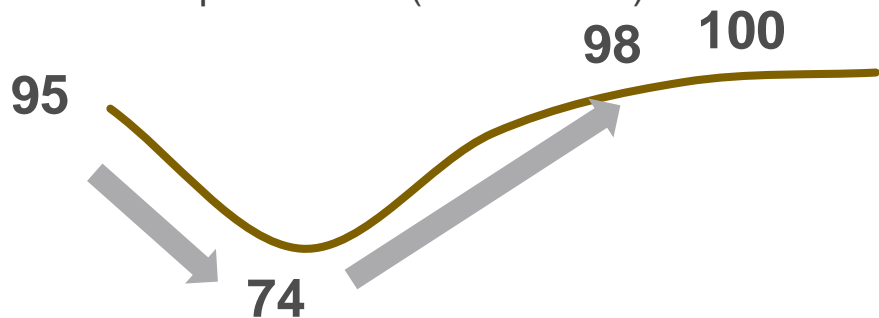
※ PLM: Product lifecycle management

# Growth with Profitability – Automotive Bearings Business

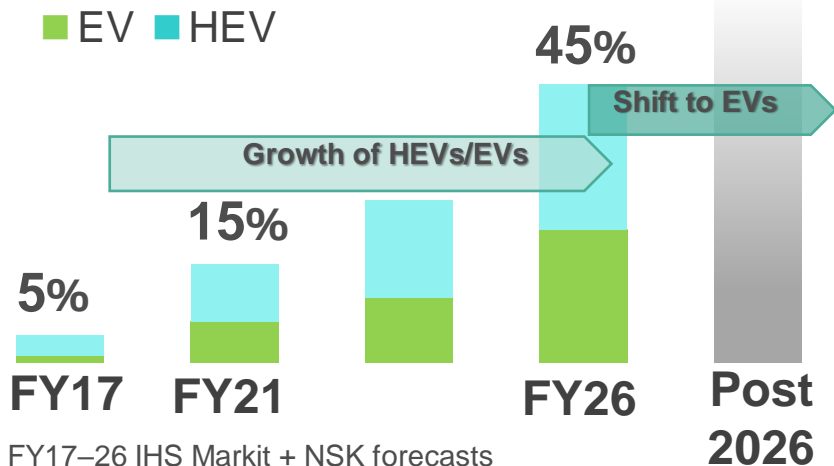
## > Respond to electrification of automobiles

- Achieve increase in EV-related sales in excess of decline in ICE-related sales and thus surpass prior peak
- Aim to achieve high market share in products related to low torque, high-speed rotation, and lightweight, and expand introduction of new products for future business.
- » FY26 targets: Sales of **¥340.0 billion**; operating margin of **8%**

Automobile production (million units)



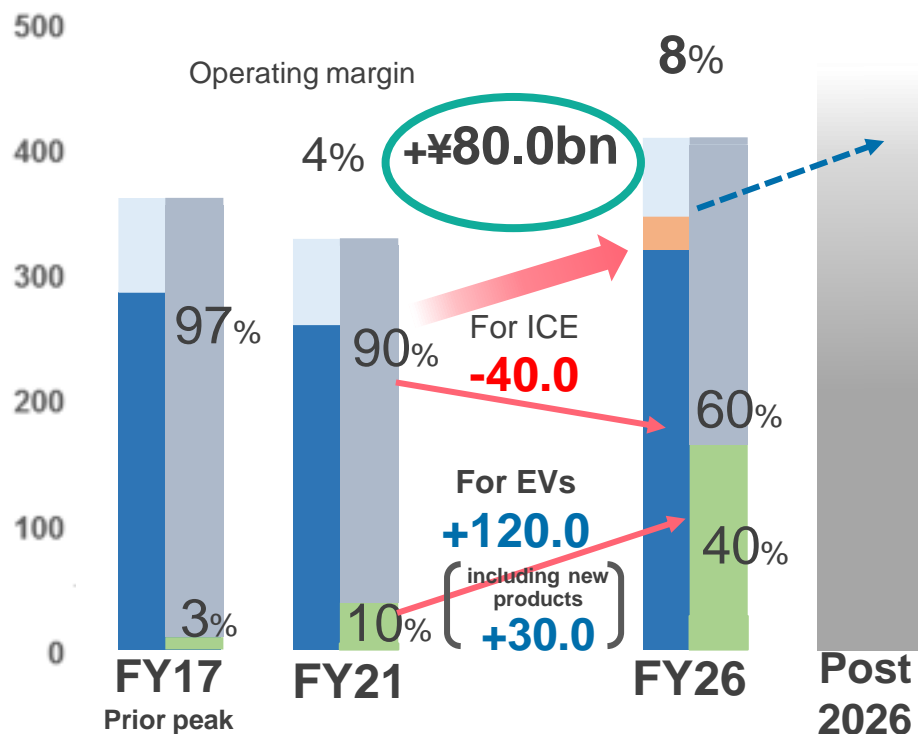
Electric vehicle ratio



FY17–26 IHS Markit + NSK forecasts

Automotive bearings: Sales growth vision (Billions of yen)

Left graph: ■ Automotive bearings ■ New products ■ AT (reference)  
Right graph: ■ For ICE ■ For EVs (incl. new products)



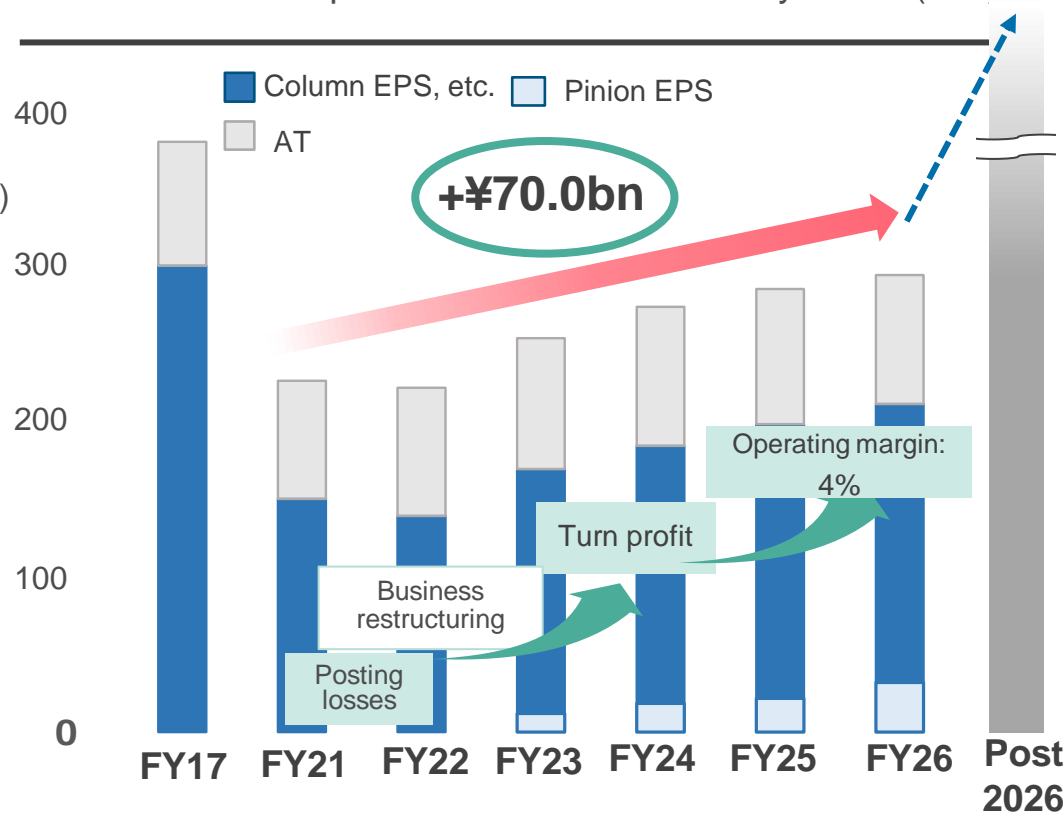
## > Restructure steering business and pursue alliances/M&As

- Restore production volume and profitability through structural reform of steering business; **return to profitability in FY23 (2nd half); achieve operating margin of 4% in FY26**
- Utilize alliances and M&A to grow business with profitability
- » FY26 targets: Sales of **¥290.0 billion**; operating margin of **4%**

### Measures to recover the steering business

- ✓ Increase number of orders
  - » Pinion-type EPS
    - Roll out of EPS for MEB (EPS for VW's EV)
  - » Column-type EPS
    - Leverage compact, lightweight and quietness to achieve differentiation
- ✓ Reform business
  1. Reorganize production sites
  2. Reassign personnel
- ✓ Pursue alliances/M&As
  - » Secure production scales
  - » Strengthen competitiveness by deploying full lineup of products

### Automotive components business: Recovery vision (¥bn)



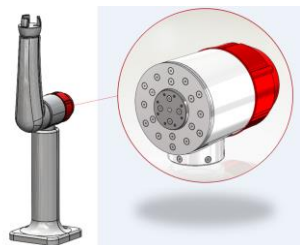
# Growth with Profitability – Grow New Products

## ■ Industrial Machinery Business

Spread of automation, electrification, and predictive maintenance technologies

Acceleration of energy transition

### Actuators for robots



Service/mobility/transport robots, etc.



### Active casters

"Broaden CMS"  
Synergies with BKV



Expand hydrogen-related businesses

*Sales target:*  
**¥50.0 billion**

Increase sales of industrial actuators

Expand sales of ball screws for electric-hydraulic brake systems:  
10 million units/ year

FY26

Post 2026

Power Flow Switching Device  
Non-contact torque sensor

## ■ Automotive Business

Spread of HEVs/EVs

Shift to EVs

Improved EV driving performance



# ESG Management – Promoting Carbon Neutrality

- Build a carbon-neutral society through “Create and Utilize” approach
- New target:

**Achieve Scope 1+2 -50% compared to FY2017 by FY2026**

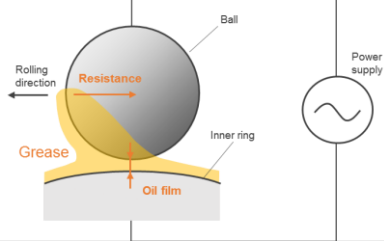
**Achieve Scope 1+2 carbon neutrality by FY2035**



## Environmental contribution by using “tribology”

Advanced tribology tech = higher energy savings  
E.g. Developed “Electrical Impedance Method\* to visualize the inside of bearings

\*Received Outstanding Paper Award from Japanese Society of Tribologists  
⇒ Contributing to lower torque by making the oil film as thin as possible



The oil film thickness is calculated by measuring the ease with which an electrical current flows.

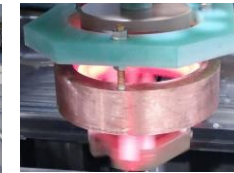
## Reduce CO<sub>2</sub> emissions from business activities

Reduce CO<sub>2</sub> emissions from business activities in three ways: energy saving, technological innovation, and renewable energy adoption

Coating plant roofs with thermal insulation paint



Improving efficiency of heat treatment



Adopting renewable energy



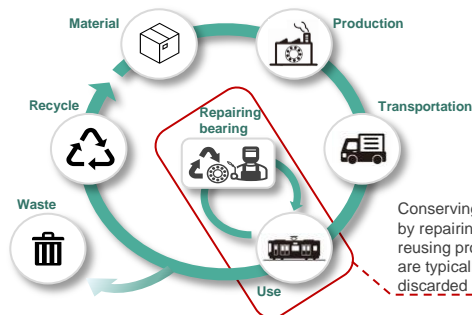
**Create**

R&D

Production

## Environmental contribution by utilizing CMS/Reconditioning

Improve reliability and conserve resources by diagnosing product life expectancy, using condition monitoring systems (CMSs), and conducting repairs



Conserving resources by repairing and reusing products that are typically discarded after use

Customer Support

**Utilize**

Product

## Benefit the environment through our products

Help reduce society-wide CO<sub>2</sub> emissions by offering environmentally friendly products



Low-friction hub unit bearings



Ultra high-speed ball bearings for EV motors



Bearings for wind turbine gearboxes

- Contributing to creating a sustainable society while continuously growing corporate value

