

Business Strategy ① Strategy and Progress of the Industrial Machinery Business

Progress of MTP2026

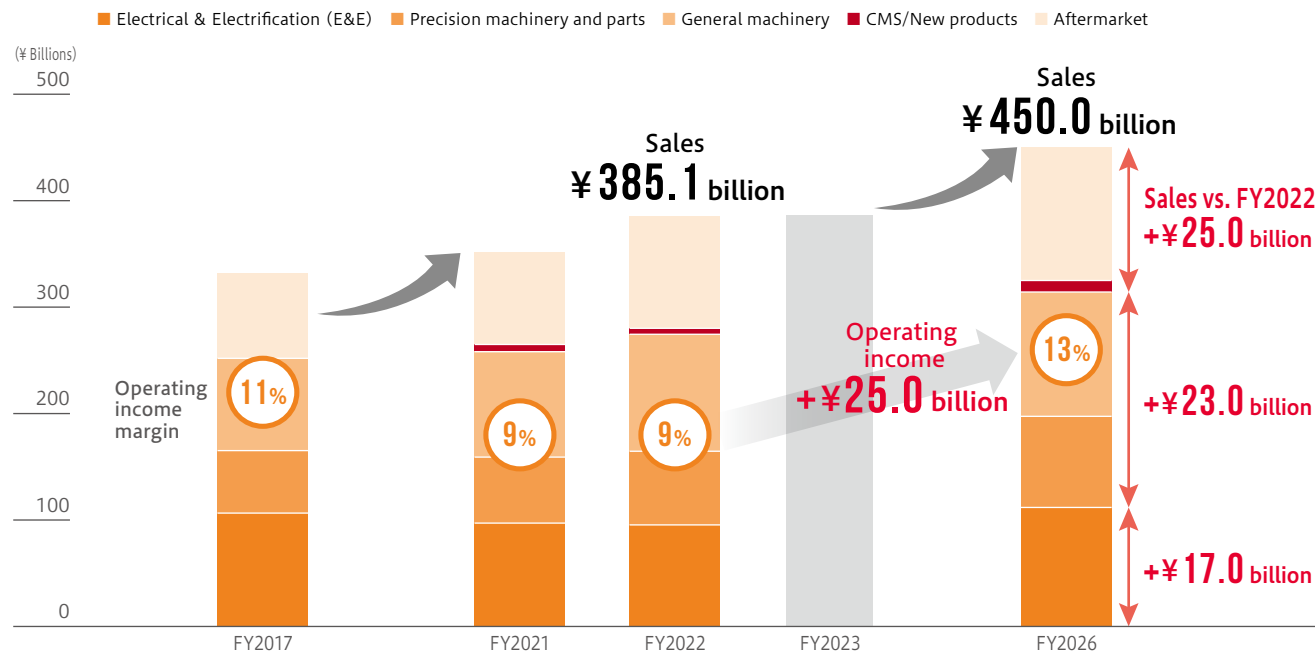
✓ Aim for an Industrial Machinery Business sales ratio of 50% by continuing strategies focusing on electrification, automation, and digitalization as well as the global push to reduce environmental impact.

✓ Strengthen supply capacity and enhance technical service systems.

FY2026 targets | Sales of **¥450.0 billion** / Operating income margin of **13%**

In its Industrial Machinery Business, NSK is targeting sales and an operating income margin of ¥450 billion and 13%, respectively, in FY2026. The electrification, automation, digitalization, and environmental markets are expected to expand going forward. Against this backdrop, NSK can be expected to reap the benefits of a growing stream of opportunities. By sector, we aim to expand sales over the mid to long term, focusing mainly on machine tools, robotics, and semiconductor manufacturing equipment. As far as the aftermarket is concerned, we will also work to expand sales, including use of Condition Monitoring Systems (CMS). NSK will expand in high-margin segments, including precision bearings and precision ball screws, areas in which the Company is especially strong, and improve profitability by increasing asset efficiency, including E&E business restructuring.

Industrial Machinery Business: Growth vision



Toward achieving the FY2026 targets

- ✓ **Expand in high-margin segments (Aftermarket, Precision)**
 - Aftermarket sales: Aim for **¥130.0 billion** in FY2026
 - Expand CMS: Synergy with Brüel & Kjær Vibro (BKV)
 - Machine tools, robots, and semiconductor manufacturing equipment
 - Secure **high-margin product orders** for multi-axis, high precision, and environmental technology
 - Increase supply capability by strengthening capacity
- ✓ **Improve profitability by increasing asset efficiency through E&E business restructuring**
 - **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**

A Look Back at the Business Conditions for FY2022 and the Forecast for FY2023

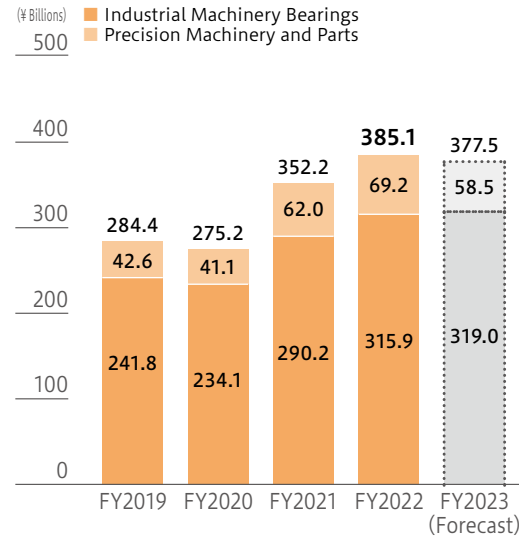
In the first half of FY2022, capital expenditures continued to be robust due to strong demand from the semiconductor industry, electrification, and automation related sectors. Sales increased compared with the previous fiscal year as a result of efforts to pass on inflation costs to selling prices and the positive impact of foreign currency exchange rate fluctuations.

Looking at the Company's results by geographic breakdown, demand in Japan and the Americas increased, especially in the aftermarket and semiconductor equipment sectors. In Europe, sales increased owing to strong sales in the aftermarket and machine tools sectors. In China, although COVID-19 related lockdowns took a toll on production activity, which stalled, sales increased on the back of the increase in demand in the machine tools sector and the positive impact of foreign currency exchange rate fluctuations.

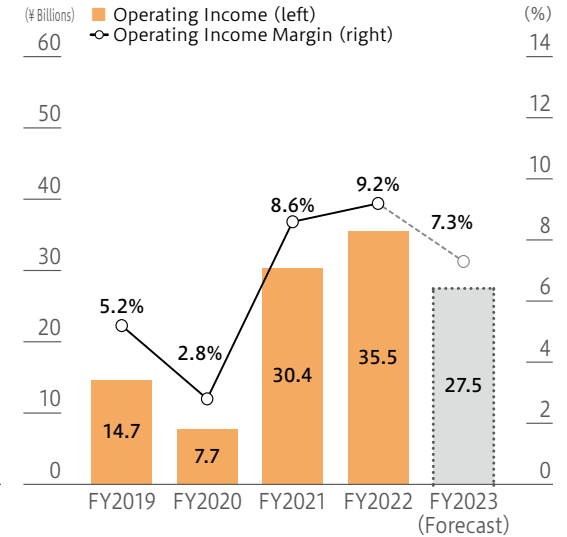
As a result, sales in the Industrial Machinery Business totaled ¥385.10 billion (year-on-year increase of 9.3%) and operating income came in at ¥35.54 billion (year-on-year increase of 17.1%)

In this business, the Company will work to strengthen supply capabilities and enhance the technical services system to absorb the increase in demand from the electrification, automation, digitalization, and environment-related markets, for which growth is anticipated. Moreover, the Company aims to expand the Industrial Machinery Business by promoting the development and market introduction of condition monitoring systems (CMS), actuators [Glossary](#), and other new value-added products.

■ Sales Trends



■ Operating Income/Operating Income Margin



Note: Due to the establishment of CSMHQ, "Other" was transferred to the Industrial Machinery Business in FY2022. Accordingly, figures have been reclassified to align with the current segment organization from FY2021.

TOPICS

NSK products contribute to the realization of a sustainable society

NSK aims to realize a sustainable society while accurately grasping the needs of its customers and society.

NSK is consistently developing products and services that contribute to the realization of a recycling-oriented society that not only improves manufacturing (monozukuri) productivity through electrification and automation but also combines condition monitoring and predictive maintenance with repair and reuse, as well as carbon neutrality.

