Toward 2026

The 6th Mid-Term Management Plan

The 6th Mid-Term Management Plan (6th MTP) raises “the establishment of a corporate foundation for sustainable growth” as NSK’s vision for 2026, the 110th anniversary of the Company’s founding. The 6th MTP covers the first three years for realizing this vision and defines the initiatives and targets as “building a business base and strengthening resources in preparation for the next growth phase”. NSK established this vision because it believes in the importance of firmly establishing a mechanism and foundation that will enable continued growth over the next ten years and into the future beyond.

In this MTP, the Company has not established any numerical targets as absolute values for sales and profits. Under an uncertain, wildly changing economic environment, the Company will work to enhance managerial resources while at the same time pouring its energies into building initiatives that will realize growth. As growth-related management targets, the Company aims to ensure each business segment achieves growth rates that exceed growth in the markets that serve as their benchmarks, and will place greater priority on addressing change. Moreover, the Company will also accelerate initiatives related to non-financial issues, such as the environment and diversity and inclusion.

NSK has set its sights on electrification, automation, the environment, IoT, and other trends in order to ensure growth through 2026 and beyond, and will aim for further evolution by fusing digital technologies with its Four Core Technologies and with the manufacturing engineering that give these Four Core Technologies shape in each of these fields. Moreover, by working to actively incorporate technologies outside of the Company, NSK will create new value in new products and new fields. Through these initiatives, the Company will directly and indirectly contribute to solutions to social issues and the establishment of a sustainable society.

Secure sales of ¥1 trillion and profitability

5th MTP Year to March 31, 2017-Year to March 31, 2019
Embark on New Chapter in Evolution Towards Next 100 Years

- Respond to changes in business environment
- Rebuild profit base
- Develop new products, target new fields

<table>
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<tr>
<th>Financial Targets</th>
<th>5th MTP (FY18) Results</th>
<th>6th MTP Targets</th>
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<tr>
<td>Sales/Growth Ratio</td>
<td>¥991.4 billion</td>
<td>Sales growth 2%/year</td>
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<td>Operating Income %</td>
<td>8.0%</td>
<td>ROE exceeding cost of capital</td>
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<tr>
<td>ROE</td>
<td>10.4%</td>
<td>Secure stable profitability</td>
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<tr>
<td>Net D/E Ratio</td>
<td>0.27 times 49.4%</td>
<td>Maintain an A-level credit ranking</td>
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<td>Payout Ratio</td>
<td>36.3% (3-year total)</td>
<td>Continue stable dividend</td>
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<tr>
<td>Share buyback</td>
<td>¥35.0 billion (share buyback)</td>
<td>Acquisition of treasury shares</td>
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<tr>
<td>Capital Expenditure</td>
<td>¥208.5 billion</td>
<td>Agile capital policy</td>
</tr>
<tr>
<td>R&amp;D Expenses</td>
<td>¥86.3 billion (3-year total)</td>
<td>Investments to underpin sustainable growth</td>
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Non-Financial Targets

- Greenhouse Gases (GHG) Emissions Reductions: 13.8% reduction (Japan) 21.7% reduction (outside Japan)
- R&D Expenses: 7% reduction (global) Reduce GHG emissions released by business operations
- Promoting the Advancement of Women (Japan): 7.6% reduction (Japan) The Company aims to increase the ratio of women among managers and managerial candidates by 1.6 times compared with the year ended March 31, 2019.
- Safety, Quality, Compliance, Environment
- Diversity and Inclusion

6th MTP Year to March 31, 2020-Year to March 31, 2022
Build Business Base and Strengthen Resources in Preparation for Next Growth Phase

- New initiatives targeting growth
- Enhance managerial resources
- Contribute to the environment and society

The Company aims to increase the ratio of women among managers and managerial candidates by 1.6 times compared with the year ended March 31, 2019. The Company will promote a higher ratio of women among corporate staff hires (office staff: 40%, technical staff: 10%), and provide training and other multifaceted initiatives targeted at female employees for the purpose of transforming mindsets and developing skills.
VISION 2026

Vision for 2026: Establish a corporate foundation for sustainable growth
Provide values through evolution of MOTION & CONTROL™

3 key management tasks

- Business growth and profitability
  - Balance investment in future growth with shareholder returns under a stable financial structure

- ESG management
  - Safety, Quality, Compliance, and Environment
  - Corporate governance

- Utilization of robust managerial resources
  - Personnel, Technology, Organization, Information

Transition to growth with profitability

Build Business Base and Strengthen Resources in Preparation for Next Growth Phase

- Secure sales of ¥1 trillion and profitability
  - New initiatives targeting growth
  - Enhance managerial resources
    - Operational excellence
    - Constant pursuit of competitiveness
  - Contribute to the environment and society

NSK Core Values
- Safety, Quality, Compliance, Environment

Build Business Base and Strengthen Resources in Preparation for Next Growth Phase

The goal of the 6th MTP is to build a “business base and strengthen resources in preparation for the next growth phase.” The foundations for this goal are the four NSK core values of “safety, quality, compliance, and environment,” and the four managerial resources of “personnel, technology, organization, and information”. The 6th MTP will continue to be anchored on the two policy pillars of “operational excellence” and “challenging innovation” established in the 5th MTP, but will focus on the three policies of “new initiatives targeting growth”, “enhancing managerial resources”, and “contributing to the environment and society”.

Three Initiatives

1. **New initiatives targeting growth**
   - Grow by delivering value that meets the needs of a future society
     1. Expand NSK core products in the growth segments of electrification, automation, environment, and IoT
     2. Grow by commercializing new products in growth segments
     3. Expand the product lineup for and restart growth in the EPS business
     4. Utilize M&A and strategic alliances

2. **Enhance managerial resources**
   1. Evolve in personnel development
   2. Evolve in manufacturing (Monozukuri)
   3. Evolve in technology development
   4. Utilize of digital technology

3. **Contribute to the environment and society**
   - Address environmental and societal issues by strengthening managerial resources and NSK’s core values + corporate governance

NSK’s Value Created

- Contribution to an advanced technological society
- Realization of a more prosperous society
- Growth of a wide range of industries
- Advancement of mobility societies
- Improvement of shareholder value
- Contribute to the environment and society

NSK’s Seven Key SDGs

- Local Communities
- Investors
- Shareholders and Investors
- Employees
- Suppliers
- Customers
- Future Generations

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