FY2026 Q1 Results

Consolidated Financial Results
for the First Quarter Ended June 30, 2026

This material contains forward-looking statements based on information available at the time of preparation.
Actual results may differ materially from those projected as a result of various factors.
Note: This document is an English translation of material written initially in Japanese.
The Japanese original should be considered the primary version.

July 31, 2026
NSK Ltd.

Thank you for joining our FY2026 First quarter Quater (Q1) Financial Conference. Today I will present our Q1 results, revisions to the full year forecast, and initiatives to enhance corporate value over the to long term.

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Performance Highlights

FY2026 Q1 Results

- ✓ Sales and operating income increased YoY.
- ✓ Weaker yen (+¥15.3bn) and consolidation of the Steering Business on September 1, 2025 (+¥44.3bn) increased revenue.
- ✓ Operating income was elevated by increased demand for machine tools and semiconductor manufacturing equipment.

		YoY	YoY Steering Business
Sales	255.6bn	+59.9bn	(+44.3bn)
Operating Income	15.0bn	+10.2bn	(+1.3bn)
* OI Excl. One-Time Cost	15.7bn	+9.8bn	

FY2026 Full Year Forecast

- ✓ Based on FY2026 Q1 results, order trends, and current forex rates, revised upward the FY2026 forecast announced in May 2026.
- ✓ The forecast includes costs (¥5.0bn) related to the business integration with NTN Corporation.

	Full Year Forecast	Compare to May Forecast	YoY	YoY Steering Business
Sales	1,040.0bn	+40.0bn	+128.4bn	(+78.4bn)
Operating Income	50.0bn	+8.0bn	+11.2bn	(-2.7bn)
* OI Excl. One-Time Cost	64.5bn	+11.3bn	+19.3bn	

Shareholder Returns

- ✓ Continue stable shareholder returns (with a target minimum DOE of 2.5%)
  - FY2026 Full year Dividend Plan ¥34/ stock

* OI Excl. One-Time Cost: Refers to Operating Income excluding transient factors such as forex impact and one-time costs for structural reforms

Performance Highlights

For FY2026 Q1, sales were ¥255.6bn and operating income was ¥15.0bn, representing a year-over-year increase in sales of ¥59.9bn, of which ¥4.3bn came from the Steering Business. Operating income also increased by ¥10.2bn, with the Steering Business contributing ¥1.3bn. Growth was largely driven by the weak yen, the consolidation of the Steering Business last September, and increased demand in the Industrial Machinery Business for machine tools, semiconductor manufacturing equipment, and AI-related products.

Based on the Q1 results, the order environment, and forex rates, we have revised upward the FY2026 full-year forecast announced in May. The full-year forecast projects sales of ¥1.040tn and operating income of ¥50.0bn. Please note that this figure includes ¥5.0bn in costs related to the proposed business integration with NTN Corporation announced in May.

Regarding shareholder returns, we intend to maintain an annual dividend of ¥34 per share, with a minimum DOE target of 2.5%.

FY2026 Q1 Summary

- ✓ Progress is on track, with Q1 operating income of ¥15.0bn against the full-year operating income forecast of ¥42.0bn announced in May 2026.
- ✓ Profitability improved YoY due to increased sales and operational improvements in the Industrial Machinery Business, as well as the impact of the weaker yen.

(Billions of yen)	FY2025 Q1 Actual	FY2026 Q1 Actual	YoY Increase/ Decrease (Forex impact)	YoY Difference	FY2025 Full Year Forecast as of May.	Progress
Sales	195.8	255.6	+59.9 (+15.3)	+30.6%	1,000.0	***26%***
Operating income	4.8	15.0	+10.2 (+5.2)	+212.3%	42.0	***36%***
(%)	2.4%	5.9%			4.2%	
excluding one-time cost *	5.9	15.7	+9.8 (+4.2)	+167.1%	53.2	***29%***
(%)	3.0%	6.1%			5.3%	
Income before income taxes	4.9	14.7	+9.8	+199.4%	40.0	***37%***
Net income attributable to owners of the parent	1.1	9.7	+8.6	+795.6%	24.0	***40%***
(Ex. rate: 1USD=)	144.6	159.5	+14.9	+10.3%	150.0	
(〃 1EUR=)	163.8	185.4	+21.6	+13.2%	180.0	
(〃 1CNY=)	20.0	23.4	+3.4	+17.2%	21.0	

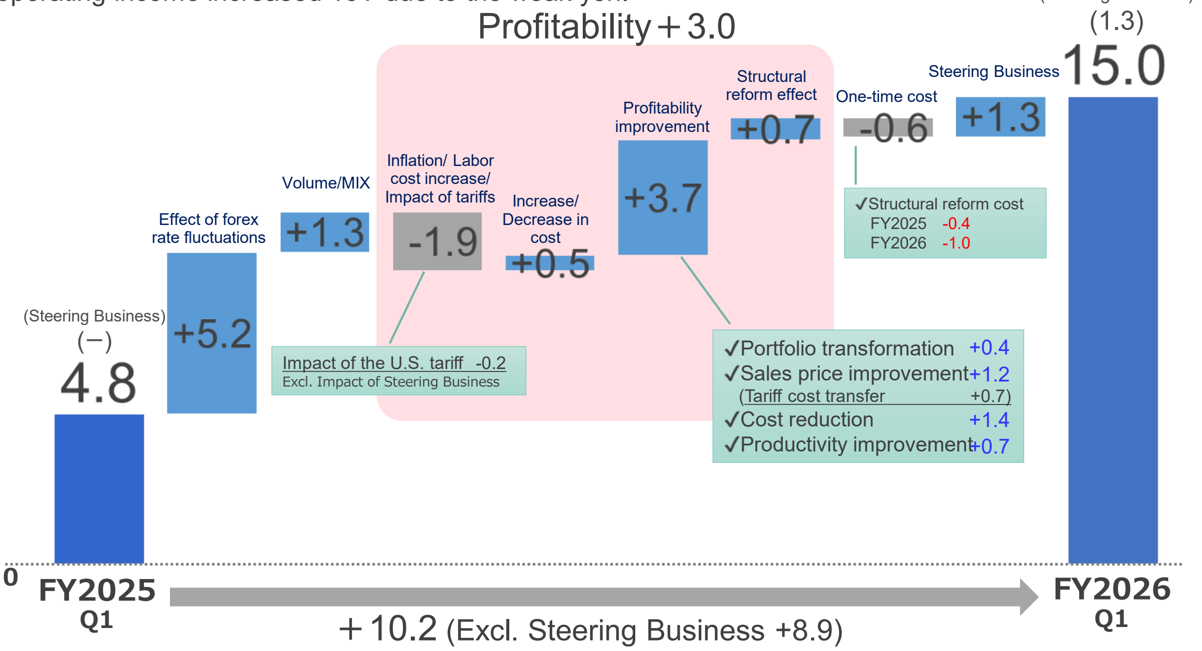
* Represents operating income excluding other operating income and costs (including foreign exchange gains and losses), restructuring-related costs, and one-time gains or losses resulting from the consolidation of the steering business (FY2025)

Both sales and profits reflect the impact of the weaker yen, resulting in a positive effect of ¥15.3bn on sales and ¥5.2bn on operating income. In terms of progress toward the full-year forecast announced in May, operating income stands at ¥15.0bn. We are well on track, driven by increased sales in the Industrial Machinery Business, the positive impact of the weaker yen, and improvements in profitability.

Operating Income: Factors Behind Change (FY2025 Q1 ⇒ FY2026 Q1)

- ✓ In addition to increased sales and operational improvements in the Industrial Machinery Business, operating income increased YoY due to the weak yen.

(Billions of yen)



Next, we will look at the change in operating income from FY2025 Q1 to FY2026 Q1.

Operating income increased ¥10.2bn, from ¥4.8bn in FY2025 Q1 to ¥15.0bn in FY2026 Q1.

Starting from the left, the forex impact was a positive ¥5.2bn due to the weaker yen. Regarding volume and product mix, although there was a slight decline in automotive sales, this was offset by industrial machinery, resulting in a positive ¥1.3bn. The ¥3.0bn improvement in underlying profitability includes a ¥1.9bn increase in costs due to inflation, wage increases, and tariff impacts. Offsetting this, cost reductions contributed ¥0.5bn, and operational improvements contributed ¥3.7bn. This figure incorporates portfolio transformation, sales price improvements, cost reductions, and productivity improvements. Additionally, we achieved a ¥0.7bn improvement due to the effects of the structural reforms we have been implementing since last year, resulting in a net profitability improvement of ¥3.0bn. Factoring in a ¥0.6bn one-time costs related to structural reforms and a ¥1.3bn contribution from the Steering Business, the final result was ¥15.0bn in operating income for FY2026 Q1.

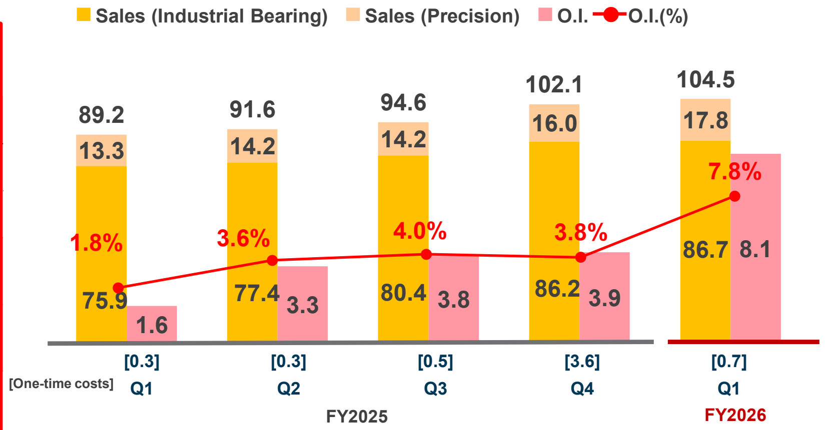
FY2026 Q1 Results of Industrial Machinery Business

Result: Sales increased by 7.6% excluding forex impact.

- Industrial Bearings: Sales increased in Japan and China, primarily driven by sales in the machine tool sector.
- Precision Products: Sales increased in Japan and China, driven by sales in the semiconductor manufacturing equipment and machine tool sectors.

Operating income for Q1 was 7.8% [Bearings: 7%, Precision Products: 11%]; excluding one-time cost operating inc. was 8.4%.

(Billions of yen)	FY2025 Q1 Actual	FY2026 Q1 Actual	Increase/ Decrease YOY (Forex impact)	Difference YOY (Excl. Forex impact)
Sales	89.2	104.5	+15.4 (+8.6)	+17.2% (+7.6%)
Industrial Machinery Bearings	75.9	86.7	+10.9	+14.3%
Precision Machinery and Parts	13.3	17.8	+4.5	+34.0%
Operating income	1.6	8.1	+6.5	+408.7%
(%)	1.8%	7.8%		
excluding one-time cost	1.9	8.8	+6.8	+352.1%
(%)	2.2%	8.4%		
(Ex. rate: 1USD=)	144.6	159.5	+14.9	+10.3%
(〃 1EUR=)	163.8	185.4	+21.6	+13.2%
(〃 1CNY=)	20.0	23.4	+3.4	+17.2%



	Q1	Q2	Q3	Q4	Q1
USD	144.6	147.5	154.2	156.9	159.5
EUR	163.8	172.3	179.4	183.6	185.4
CNY	20.0	20.6	21.7	22.7	23.4

Q1 Sales for the Industrial Machinery Business totaled ¥104.5bn, an increase of ¥15.4bn year-over-year; excluding the positive forex impact of ¥8.6bn, the year-over-year increase was 7.6%. Sales for industrial machinery bearings were ¥86.7bn, up 14% year-over-year, while sales for precision machinery products were ¥17.8bn, up 34% year-over-year. Operating income was ¥8.1bn, an increase of ¥6.5bn, or 7.8%, year-over-year. The operating income was 7% for industrial machinery bearings, while the profit margin for precision machinery products rebounded significantly to 11%. For both industrial machinery bearings and precision machinery products, the recovery in demand for machine tools and semiconductor manufacturing equipment—particularly in China and Japan—contributed significantly to these results.

Excluding one-time costs, operating income was 8.4%.

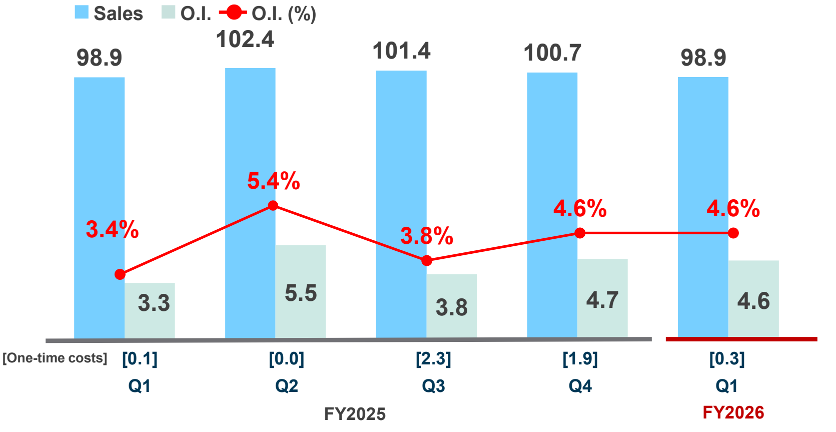
FY2026 Q1 Results of Automotive Business

Result: Sales decreased by 6.4% excluding forex impact.
- Sales of bearings declined in Europe and China.
- Sales promotion in key areas, such as ball screws for electric brakes, progressed steadily.

In Q1, operating income increased despite a YoY decline in sales. Operating income margin, excluding one-time cost, was 5%.

*For FY2024 and FY2025 through August, equity method investment gains/ losses for the Steering Business have been reclassified from the Automotive Business to the Steering Business.

(Billions of yen)	FY2025 Q1 Actual	FY2026 Q1 Actual	Increase/ Decrease YOY (Forex impact)	Difference YOY (Excl. Forex impact)
Sales	98.9	98.9	-0.0 (+6.4)	-0.0% (-6.4%)
Operating income	3.3	4.6	+1.3	+37.7%
(%)	3.4%	4.6%		
excluding one-time cost	3.4	4.9	+1.5	+44.1%
(%)	3.4%	5.0%		
(Ex. rate: 1USD=)	144.6	159.5	+14.9	+10.3%
(〃 1EUR=)	163.8	185.4	+21.6	+13.2%
(〃 1CNY=)	20.0	23.4	+3.4	+17.2%



	Q1	Q2	Q3	Q4	Q1
USD	144.6	147.5	154.2	156.9	159.5
EUR	163.8	172.3	179.4	183.6	185.4
CNY	20.0	20.6	21.7	22.7	23.4

Global Vehicle Production
(million; S&P)

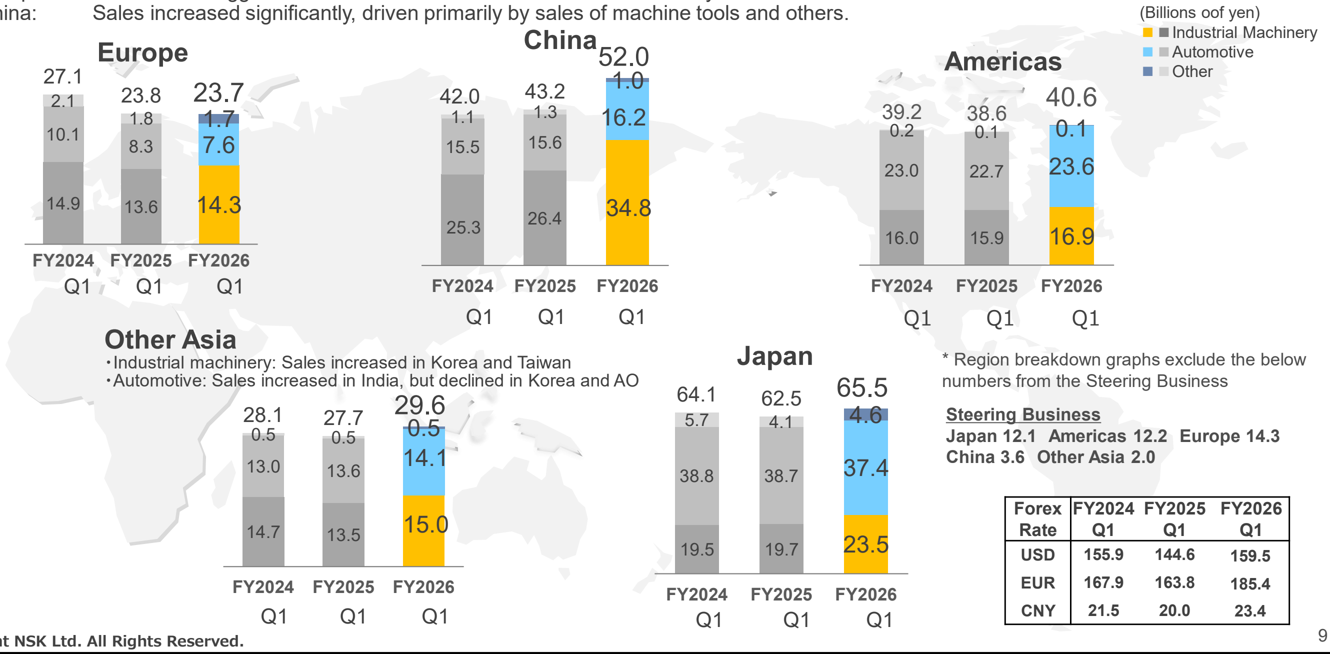
FY2025	FY2026	Increasing/ Decreasing rate
23	23	±0%

Automotive Business Q1 sales totaled ¥98.9bn, the same as the previous year; however, excluding the positive foreign exchange impact of ¥6.4bn, sales declined by 6.4%. In the bearing segment, sales declined in Europe and China; in China in particular, we believe that production volumes at Japanese manufacturers were slightly lower than expected. However, products such as ball screws for electric brakes—which we have been focusing on to expand sales—are performing well.

Operating income was ¥4.6bn, an increase of ¥1.3bn year-over-year. The operating margin was 4.6%, and excluding one-time costs, it recovered to 5.0%.

FY2026 Q1 Sales by Customer Region (Excl. Steering Business)

Japan: Overall sales increased, despite a sales decline in the Automotive Business, driven by sales related to semiconductor production equipment, etc.
Americas: Sales remained flat, excluding the effects of forex rates and tariff refunds.
Europe: Sales were sluggish in both the automotive and industrial machinery business.
China: Sales increased significantly, driven primarily by sales of machine tools and others.



* Region breakdown graphs exclude the below numbers from the Steering Business

Steering Business
Japan 12.1 Americas 12.2 Europe 14.3
China 3.6 Other Asia 2.0

Forex Rate	FY2024 Q1	FY2025 Q1	FY2026 Q1
USD	155.9	144.6	159.5
EUR	167.9	163.8	185.4
CNY	21.5	20.0	23.4

This page shows Q1 sales by customer region, excluding the Steering Business. As you can see, sales in Europe (top left) are sluggish in both automotive and industrial machinery sectors. In China, revenue increased significantly, driven primarily by sales for machine tools and other applications. In the Americas, while forex rates and tariff refunds had an impact, excluding these factors, revenue remained largely flat, and we view the performance as solid. In Japan, despite a decline in automotive sales, sales overall increased, driven by sales of semiconductor manufacturing equipment and other products. As for the rest of Asia, industrial machinery sales increased in Korea and Taiwan; and automotive sales rose in India, while Korea, ASEAN and Oceania regions showed a slight softening.

FY2026 Full-year Forecast

Business Environment Outlook for Full Year Forecast

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	Forecast Assumptions	Current Status as of Q1
Forex rate	✓ USD ¥150、EUR ¥180、CNY ¥21	✓ The yen has remained weaker than the assumed forex rate. ✓ Currency assumptions for Q2 and beyond: ¥155/USD, ¥180/EUR, and ¥22.5/CNY
Business environment	✓ Industrial Machinery: Strong performance continues in semiconductor and machine tool sectors. Aftermarket expected to see a gradual recovery. ✓ Automotive: Supply chain risk; global vehicle production volume expected to be on par with FY2025.	✓ Industrial Machinery: Demand remains strong against the backdrop of an expanding AI market. ✓ Automotive: Initial projection regarding global vehicle production volume remains unchanged.
Middle East situation	✓ H1 results forecast reflects a sales decline of approximately ¥4.0bn. ✓ Cost impact from Q2 estimated to be approximately ¥2.0bn →we expect to pass on cost increase to customers through higher price.	✓ Impact on sales is in line with expectations (¥4.0bn) ✓ Cost impact is greater than expected (¥2.0bn → ¥3.0bn) → We maintain our assumption that cost increases will be passed on to product prices during the current fiscal year.
U.S. tariffs	✓ Continue policy of passing on any cost increase or decrease resulting from tariff policies to selling prices	✓ Continue policy of passing on any cost increase or decrease resulting from tariff policies to product prices. ✓ Minor impact of the tariffs imposed on July 24.
Structural reforms	✓ Continue global business structure reforms mainly focused on Europe and Japan. - Europe: [UK] Discontinue production operations as Peterlee and Newark plants [Poland] Downsize operations at Kielce plant. - Japan: Reorganization of production and sales operations.	✓ Initiatives are proceeding according to MTP2028. - Expenses: H1: ¥2.8bn, H2: ¥6.7bn FY: ¥9.5bn (+0.5bn) - Results: H1: ¥1.5bn, H2: ¥1.5bn FY: ¥3.0bn
Business integration costs		✓ Plan to record ¥5.0bn in integration with NTN Corporation.

Next, our full-year forecast for FY2026.

I will explain the assumptions underlying the full-year forecast announced in May, as well as our current outlook and revised forecast as of the end of Q1. Regarding forex rates, while we had assumed ¥150 to the U.S. dollar, ¥180 to the euro, and ¥21 to the Chinese yuan as of May, we have revised the U.S. dollar rate to ¥155 to reflect the recent weakening of the yen, maintained the euro rate at ¥180, and set the Chinese yuan rate at ¥22.5.

Regarding the business environment, in the Industrial Machinery Business, we expect demand for machine tools and semiconductor-related products to continue into Q2 and beyond, driven by the expansion of the AI market. In the Automotive Business, supply chain risks persist. We are maintaining our production volume forecast at the originally projected level. While we currently consider the impact of the Kumamoto earthquake to be minor, we will continue to monitor the situation closely.

Regarding the situation in the Middle East, we had anticipated a ¥4.0bn impact on sales in Q1 and a ¥2.0bn impact on costs due to inflation starting in Q2. While the impact on sales is in line with expectations, the impact of inflation has expanded slightly, so we have revised this figure to ¥3.0bn. However, our policy of passing on these costs to selling prices during the current fiscal year remains unchanged.

Regarding U.S. tariff policies, we are continuing our policy of engaging in dialogue with customers in response to changes in tariffs and reflecting these in our selling prices. As for the impact of the new tariffs imposed on July 24, while we are still compiling the data, our current assessment is that there will be virtually no impact.

The structural reforms planned for Europe and Japan are part of the MTP2028 agenda. Our policy of steadily implementing and reaping the benefits of these initiatives remains unchanged. We anticipate expenses of ¥2.8bn in H1, ¥6.7bn in H2, or ¥9.5bn for the full year, representing an increase of ¥0.5bn from the initial plan. Furthermore, we have factored in benefits of ¥1.5bn in H1 and ¥1.5bn in H2—totaling ¥3.0bn for the full year—into this earnings forecast. Finally, we have factored in ¥5.0bn in costs related to the proposed business integration with NTN Corporation.

FY2026 Forecast

- ✓ Based on FY2026 Q1 results, order intake trends, and current forex rates, revised upward the FY2026 forecast announced in May 2026.
- ✓ The forecast includes costs (¥5.0bn) related to the business integration with NTN Corporation.
- ✓ Forex rate assumptions for Q2 and beyond: ¥155/USD, ¥180/EUR, and ¥22.5/CNY

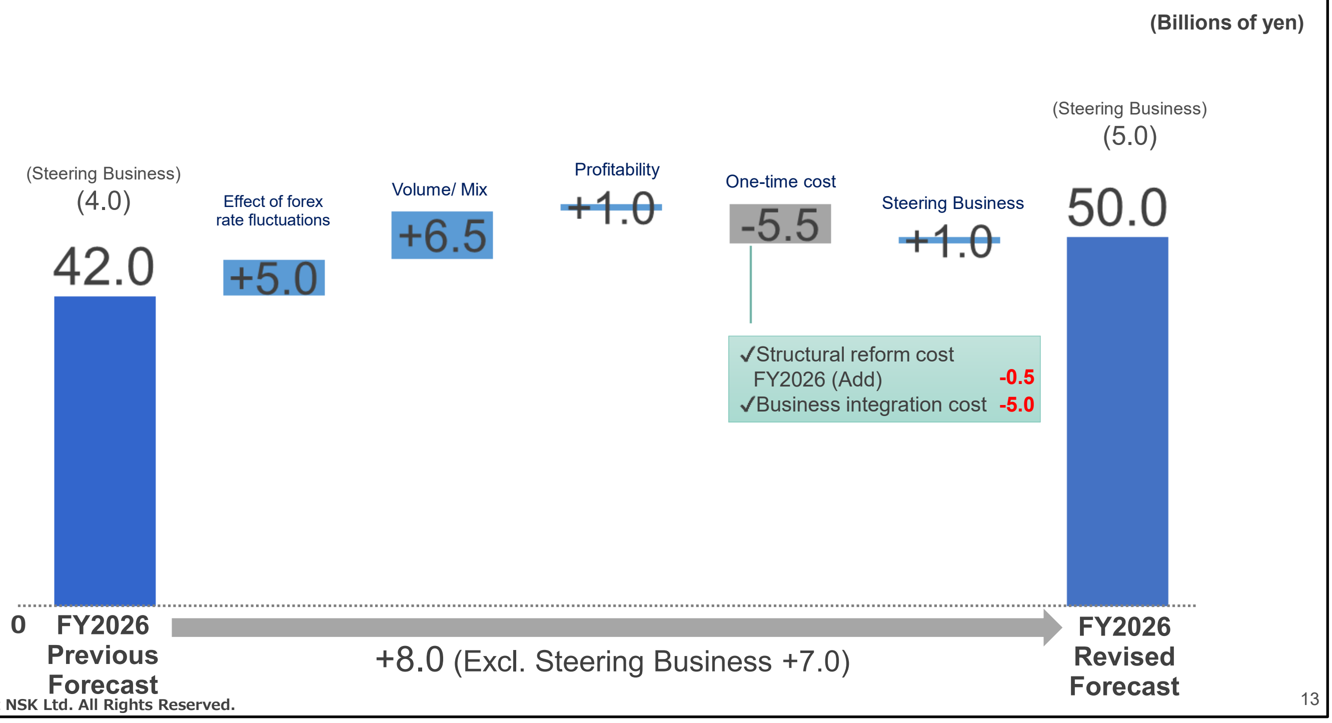
(Billions of yen)	FY2026 Full Year Forecast: as of May.	FY2026 Full Year Forecast: Revised	YoY: Increase/Decrease YOY (Forex impact)	YoY: Difference YOY	FY2025 Full Year Actual	YoY: Increase/Decrease YOY (Forex impact)	YoY: Steering Business	YoY: Difference YOY
Sales	1,000.0	**1,040.0**	**+40.0** (+25.0)	**+4.0%**	911.6	**128.4** (+25.0)	(+78.4)	14.1%
Operating income	42.0	**50.0**	**+8.0** (+5.0)	**+19.0%**	38.8	**11.2** (+3.5)	(-2.7)	28.8%
(%)	4.2%	**4.8%**			4.3%			
excluding one-time cost *	53.2	**65.0**	**+11.8** (+3.5)	**+22.2%**	45.2	**19.8** (+3.5)		43.9%
(%)	5.3%	**6.3%**			5.0%			
Income before income taxes	40.0	**48.0**	**+8.0**	**+20.0%**	38.0	**10.0**		26.2%
Net income attributable to owners of the parent	24.0	**29.0**	**+5.0**	**+20.8%**	22.9	**6.1**		26.8%
(Ex. rate: 1USD=)	150.0	**156.1**	**+6.1**	**+4.1%**	150.8	**+5.3**		+3.5%
(〃 1EUR=)	180.0	**181.4**	**+1.3**	**+0.7%**	174.8	**+6.6**		+3.8%
(〃 1CNY=)	21.0	**22.7**	**+1.7**	**+8.2%**	21.3	**+1.5**		+7.0%

* Represents operating income excluding other operating income and costs (including foreign exchange gains and losses), restructuring-related costs, and one-time gains or losses resulting from the consolidation of the steering business (FY2025)

The revised forecast projects sales of ¥1.040tn, ¥40.0bn higher than the May forecast and includes a forex impact of ¥25.0bn.

Compared to the previous year, this represents an increase of ¥128.4bn, of which ¥25.0bn is attributable to foreign exchange effects. Operating income is projected to be ¥50.0bn, an increase of ¥8.0bn from the previous forecast of ¥42.0bn; of this increase, ¥5.0bn is attributable to foreign exchange effects. Compared to the previous year, this represents an increase of ¥11.2bn.

Operating Income: Factors Behind Change (Previous Forecast ⇒ Revised Forecast)



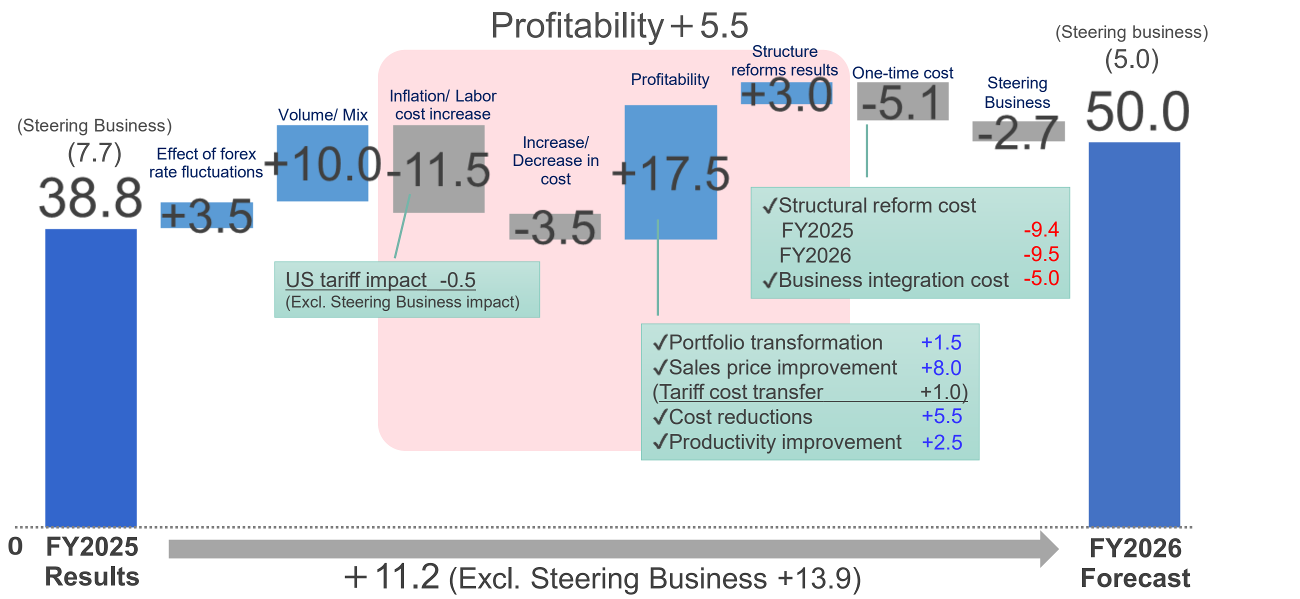
The V-chart on this page shows the factors behind change regarding the ¥8.0bn increase in operating income compared to the May forecast.

We anticipate a positive impact of ¥5.0bn from forex rates, ¥6.5bn from higher-than-expected sales volume in the Industrial Machinery Business, and ¥1.0bn from structural factors such as selling prices and tariffs. In addition, we have factored in one-time costs of ¥5.0bn for integration-related costs and ¥0.5 for structural reform costs.

Furthermore, in the Steering Business, we expect a ¥1.0bn increase because sales volume for current vehicle models is slightly better than initially anticipated. Combining these factors, operating profit is projected at ¥50.0bn, an increase of ¥8.0bn.

Operating Income: Factors Behind Change (FY2025 Result ⇒ FY2026 Forecast)

(Billions of yen)



In this V-chart, I will explain the factors behind change from the FY2025 operating income result to the FY2026 forecast projection. The forecast projects a year-over-year profit increase of ¥11.2bn, or ¥13.9bn excluding the Steering Business.

Foreign exchange impact is up ¥3.5bn compared to the previous year. Volume and mix, combined with the initially anticipated volume increase, are projected to result in a ¥10.0bn increase. Regarding inflation and wage increases, the impact is expected to amount to -¥11.5bn following a reassessment of the effects of the Strait of Hormuz and U.S. tariff policies. Expense fluctuations total -¥3.5bn. We expect to offset these factors with a +¥17.5bn improvement from portfolio optimization, selling price improvements, cost reductions, and productivity gains, and by adding the +¥3.0bn effect of structural reforms, we anticipate a total improvement in our productivity of +¥5.5bn.

Regarding one-time expenses, the addition of structural reform costs and integration-related expenses will have a -¥5.1bn impact. Additionally, because there was a one-time gain in FY2025 from consolidating the Steering Business as a subsidiary, the year-over-year effect was a -¥2.7bn reduction in operating income.

Based on the above, the operating income forecast for FY2026 is ¥50.0bn.

Breakdown by Segment–Consolidated Business Forecast for FY2026

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Industrial Machinery Business

(Billions of yen)	FY2026 Full year Forecast as of May.	FY2026 Full year Revised Forecast	vs May Forecast Increase/ Decrease	vs May Forecast Difference	FY2026 H1 Forecast	FY2026 H2 Forecast
Sales	400.0	425.0	+25.0	+6.3%	210.0	215.0
Industrial Machinery Bearings	335.0	351.0	+16.0	+4.8%	173.5	177.5
Precision Machinery and Parts	65.0	74.0	+9.0	+13.8%	36.5	37.5
Operating income	22.0	32.5	+10.5	+47.7%	16.0	16.5
(%)	5.5%	7.6%			7.6%	7.7%
excluding one-time cost	29.0	39.5	+10.5	+36.2%	18.0	21.5
(%)	7.3%	9.3%			8.6%	10.0%

- In addition to strong demand for semiconductor manufacturing equipment, demand for machine tools has increased more than expected. Plan to allocate ¥7.0bn for structural reform cost.

Trend in Major Sectors (NSK forecast)

↑ : Revised from May

		FY2026 H1 Vs FY2025 H2	FY2026 H2 vs FY2026 H1
	Aftermarket	→	→
E&E	Home Appliance	→	→
E&E	Automotives	→	→
OEM	Robotics	↑	↑
OEM	Wind power	↓	→
OEM	Railway	→	→
OEM	Machine tools	↑↑↑	→
OEM	Semiconductor	↑↑↑	↑

Automotive Business

(Billions of yen)	FY2026 Full year Forecast as of May.	FY2026 Full year Revised Forecast	vs May Forecast Increase/ Decrease	vs May Forecast Difference	FY2026 H1 Forecast	FY2026 H2 Forecast
Sales	400.0	405.0	+5.0	+1.3%	200.0	205.0
Operating income	18.0	18.0	-	-	8.5	9.5
(%)	4.5%	4.4%			4.3%	4.6%
excluding one-time cost	20.0	20.5	+0.5	+2.5%	9.3	11.2
(%)	5.0%	5.1%			4.7%	5.5%

Global Vehicle Production

(million, NSK forecast)

FY2026
May, 2026 forecast
91
H1 45 H2 46

FY2026
91
H1 45 H2 46

- Advancing structural reforms and cost improvements as planned, aiming for an operating income margin of 5%, excluding one-time cost.

Sales broken down by segment are projected at ¥425.0bn for the Industrial Machinery Business, which is ¥25.0bn higher than the forecast. We expect sales of ¥351.0bn for industrial machinery bearings and ¥74.0bn for precision machinery products. Operating income is projected at ¥32.5bn, which is ¥10.5bn higher than the May forecast. It should be noted that, excluding one-time items, the business has reached a level of operational strength and volume that supports operating income of ¥39.5bn and a profit margin exceeding 9%. We forecast sales of ¥210.0bn for H1 and ¥215.0bn for H2. On the right, we have included arrows indicating demand trends by major sector. Initially, we had projected robotics demand for H1 to remain flat compared to the second half of FY2025, but it has exceeded expectations. Similarly, while machine tool demand was initially expected to remain flat, it has been strong; the revised figures reflect our expectation that this demand will continue into H2.

The Automotive Business is projected to generate sales of ¥405.0bn, which is ¥5.0bn higher than the previous forecast. Operating income is expected to remain flat. Sales are projected at ¥200.0bn for H1 and ¥205.0bn for H2. Excluding one-time factors, we will continue to make improvements with the goal of achieving an operating income margin of 5%.

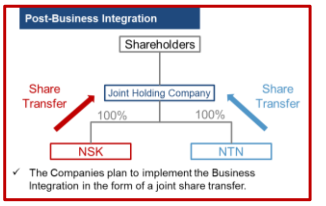
Initiatives to Enhance Corporate Value over the Medium to Long Term

FY2026 Q1 Initiatives

NSK

✓ Business Integration with NTN Corporation

- Due diligence is currently underway based on the MoU (signed on May 12, 2026). The final agreement is scheduled to be signed approximately six months after the signing of the MoU.
- Following the Annual General Meeting of Shareholders in June 2027 (resolution to approve the share transfer), the company aims to establish a joint holding company in October 2027.



✓ Launch of the Mid-Term Management Plan 2028 to Realize NSK Vision 2036

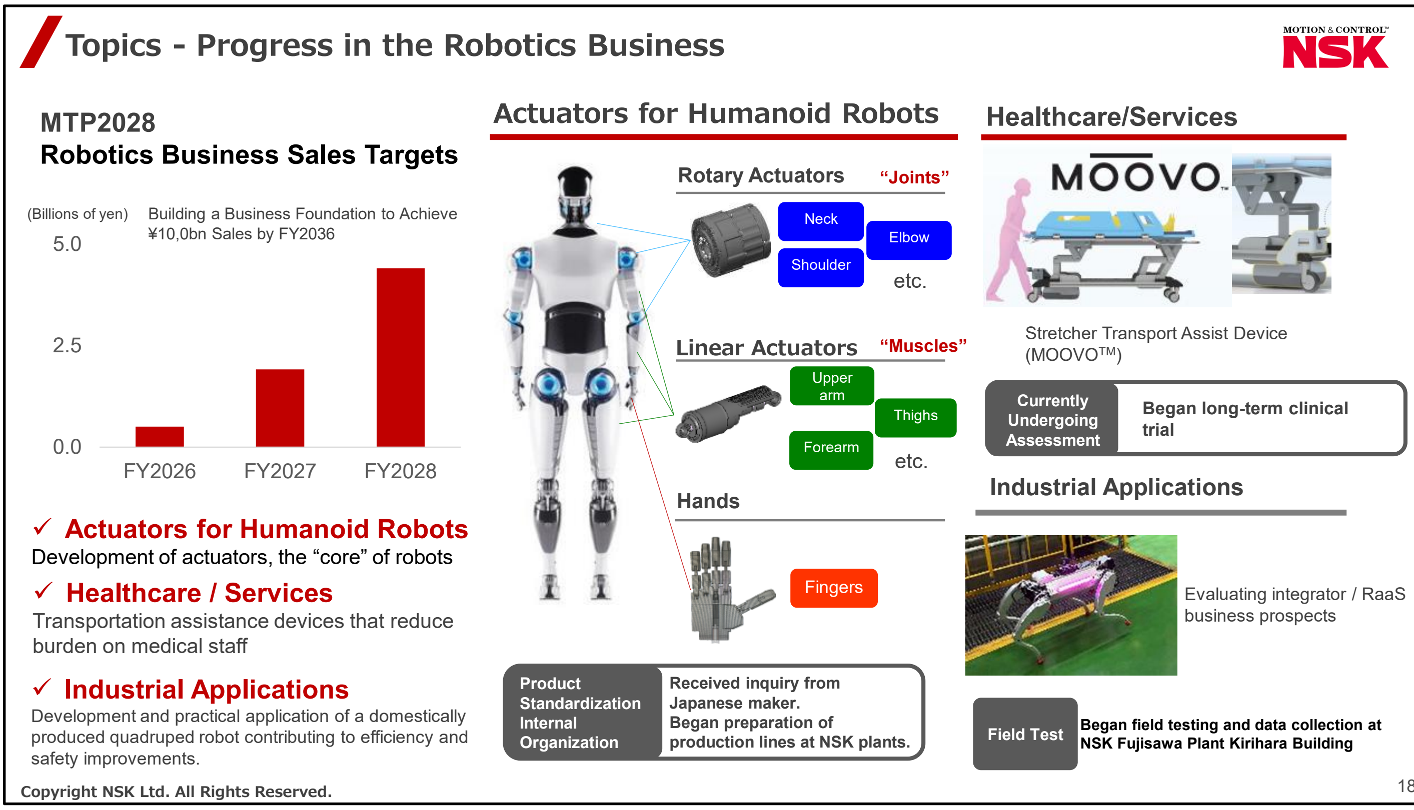
- Progress is on track against full-year forecast for the fiscal year ending March 2027.
- Structural reforms are proceeding as planned.

✓ Portfolio Transformation Initiatives

- Robotics Business: The newly established (March 2026) Robotics Division is fully ramping up efforts to develop this into a new pillar of revenue.
- Promoting sales expansion of products for electric vehicles (such as ball screws for electric brakes), a key focus area.
- Accelerating initiatives to expand into the new CMS field, including in-house implementation and external customer on-site field tests.

Regarding the progress of business integration with NTN Corporation, since the announcement in May, both companies have established preparatory committees for the integration and have begun due diligence. We aim to sign the final agreement within six months of the MoU and expect to finalize the deal by the end of the year. As announced in May, following the approval of the share transfer at the Ordinary General Meeting of Shareholders in June 2027, we aim to establish a joint holding company in October 2027.

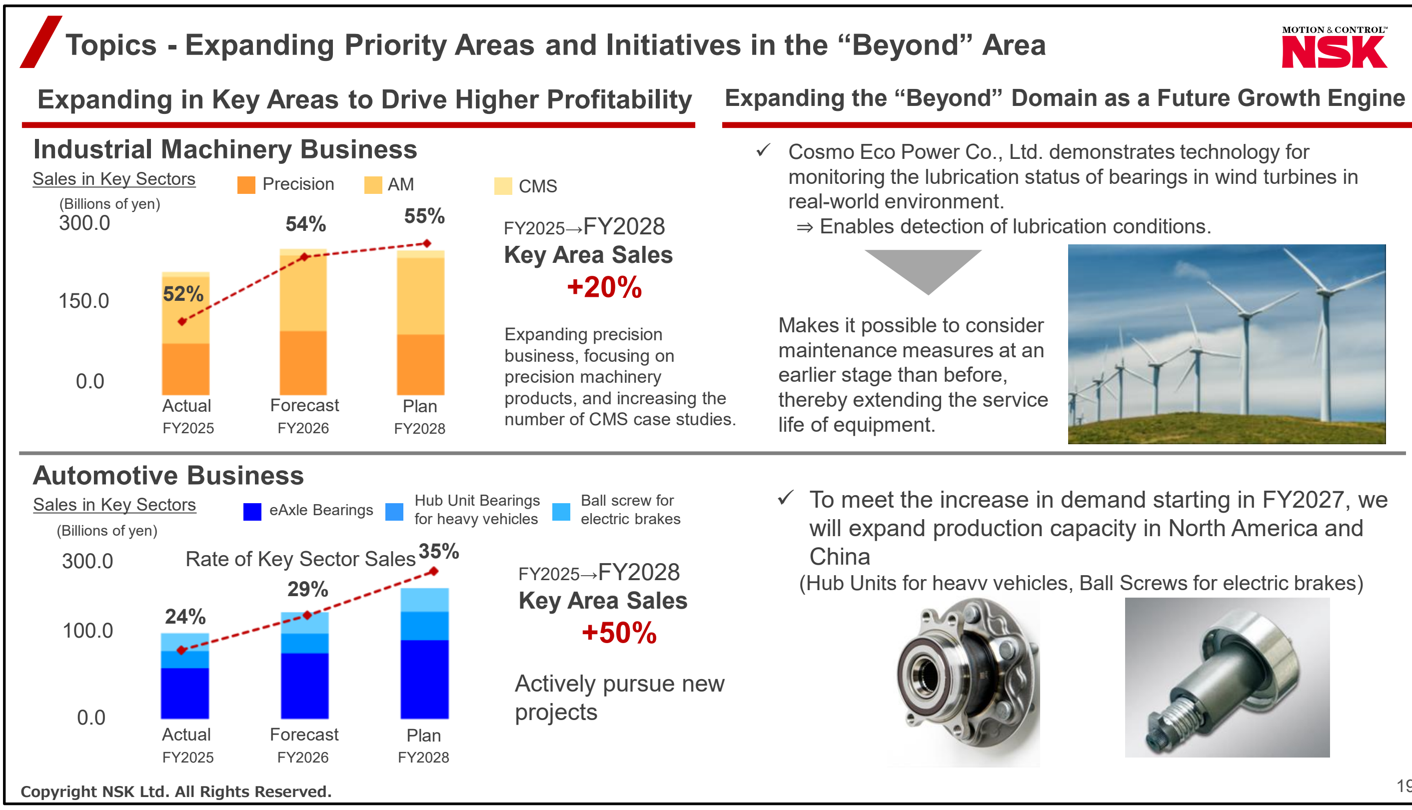
In addition, we will explain the portfolio transformation initiatives—which form the core of “Mid-Term Management Plan 2028” launched this fiscal year—on the following pages.



Although the sales target for the robotics business through FY2028 is still relatively small, at around ¥5.0bn, we plan to grow it into a 100-billion-yen business by FY2036, including bearings, actuators, and other products. Actuators will be the core of this business, and we plan to introduce high-value-added, system-integrated products to the market.

These products have three main applications. The first is for humanoid robots; the second is in healthcare, specifically for mobility assistance. We believe this can also be applied to logistics services. The third is factory automation in the manufacturing sector. Currently, we are working to develop series of rotary and linear actuators, and this fiscal year we are focused on completing our product lineup. We have received inquiries from Japanese manufacturers, and discussions regarding prototyping are underway.

Furthermore, regarding healthcare and services, our products have been well-received, and we have begun long-term trials of our transport assist device. In addition, we have started a field test at our plant to collect data using RT Corporation’s quadruped robot.



On this page, we will explain our portfolio transformation initiatives through FY2028 from the perspective of the Industrial Machinery Business and Automotive Business.

In the Industrial Machinery Business, we aim to grow our precision and precision machinery products, aftermarket services, and CMS, increasing their combined share of the total to 55%. Given the gradual recovery in the consumer market and the current surge in AI-related demand, we expect to raise this share to approximately 54% by FY2026, and we will continue our efforts to ensure this share becomes established by FY2028.

Additionally, on the right side of the page, we have included information regarding the start of a demonstration project for lubrication monitoring of wind turbine bearings in collaboration with Cosmo Eco Power Co., Ltd., which we announced on July 1, 2026, as a condition monitoring technology service.

In the Automotive Business, our Mid-Term Management Plan 2028 is based on the assumption that the shift to EVs will continue. We have formulated a plan to offset the sales decline caused by reduced bearing demand by expanding in key areas such as eAxle bearings, hub unit bearings, and ball screws for electric brakes. Regarding progress, projects through FY2028 are largely finalized, so we believe we are reliably capitalizing on these opportunities.

Furthermore, we recognize that the majority of the revisions to our full-year earnings forecast stem from foreign exchange effects and market recovery, and we view this as a result of favorable conditions. The initiatives outlined in our Mid-Term Management Plan 2028 focus on improving our business structure to reduce reliance on volume, with a central emphasis on portfolio transformation, sales expansion, and structural reforms. While these initiatives are currently progressing smoothly, we intend to continue working on them diligently from Q2 onward.

This concludes our presentation. Thank you.

Supplementary Information

Supplementary Information:
Financial Results by Business Segment

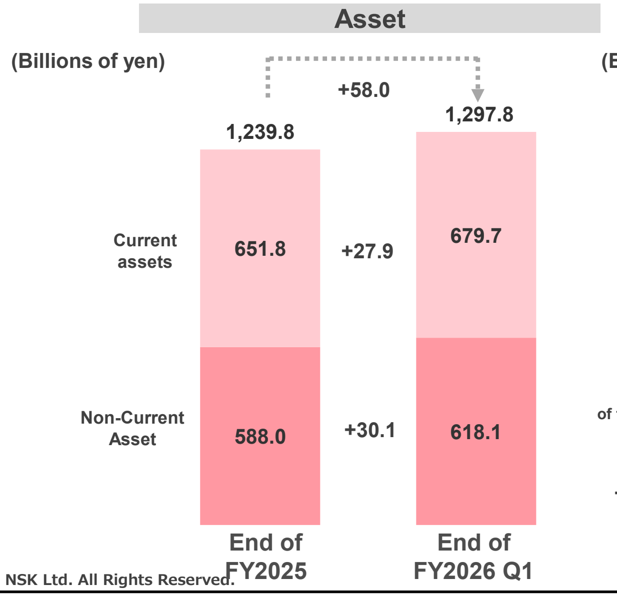
(Billions of yen)		FY2025 Actual Q1	FY2025 Actual Q2	FY2025 Actual Q3	FY2025 Actual Q4	FY2025 Actual Full Year	FY2026 Actual Q1	YoY Increase/ Decrease	YoY Difference	FY2026 Forecast H1	FY2026 Forecast H2	FY2026 Forecast Full Year
Total	Sales	195.8	216.5	246.2	253.2	911.6	255.6	+59.9	+30.6%	514.0	526.0	1,040.0
	Operating Income	4.8	12.9	11.2	9.9	38.8	15.0	+10.2	+212.3%	26.0	24.0	50.0
	(%)	2.4%	6.0%	4.6%	3.9%	4.3%	5.9%			5.1%	4.6%	4.8%
Excluding Steering Business	Sales	195.8	201.3	203.7	210.4	811.1	211.4	+15.6	+8.0%	425.0	436.0	861.0
	Operating Income	4.5	8.9	8.7	8.9	31.1	13.4	+8.9	+194.9%	23.5	21.5	45.0
	(%)	2.3%	4.4%	4.3%	4.2%	3.8%	6.3%			5.5%	4.9%	5.2%
Industrial Machinery Business	Sales	89.2	91.6	94.6	102.1	377.5	104.5	+15.4	+17.2%	210.0	215.0	425.0
	Industrial Machinery Bearings	75.9	77.4	80.4	86.2	319.8	86.7	+10.9	+14.3%	173.5	177.5	351.0
	Precision Machinery and Parts	13.3	14.2	14.2	16.0	57.7	17.8	+4.5	+34.0%	36.5	37.5	74.0
	Operating Income	1.6	3.3	3.8	3.9	12.6	8.1	+6.5	+408.7%	16.0	16.5	32.5
	(%)	1.8%	3.6%	4.0%	3.8%	3.3%	7.8%			7.6%	7.7%	7.6%
Automotive Business	Sales	98.9	102.4	101.4	100.7	403.3	98.9	-0.0	-0.0%	200.0	205.0	405.0
	Operating Income	3.3	5.5	3.8	4.7	17.4	4.6	+1.3	+37.7%	8.5	9.5	18.0
	(%)	3.4%	5.4%	3.8%	4.6%	4.3%	4.6%			4.3%	4.6%	4.4%
Others	Sales	15.1	13.1	13.4	13.4	54.9	13.5	-1.6	-10.5%	27.0	28.0	55.0
	Operating Income	0.3	-0.1	0.0	0.2	0.5	0.3	-0.0	-7.3%	0.0	0.0	0.0
	(%)	2.3%	-0.6%	0.0%	1.6%	0.9%	2.4%			0.0%	0.0%	0.0%
Eliminations (sales)		-7.3	-5.8	-5.7	-5.8	-24.6	-5.5	+1.8	—	-12.0	-12.0	-24.0
Other operating income and expenses /Adjustments		-0.7	0.2	1.1	0.1	0.7	0.4	+1.1	—	-1.0	-4.5	-5.5
Steering Business	Sales	-	15.2	42.6	42.8	100.6	44.3	+44.3	—	89.0	90.0	179.0
	Operating Income	0.3	4.0	2.5	1.0	7.7	1.6	+1.3	+527.9%	2.5	2.5	5.0
	(%)	-	26.4%	5.8%	2.3%	7.7%	3.5%			2.8%	2.8%	2.8%

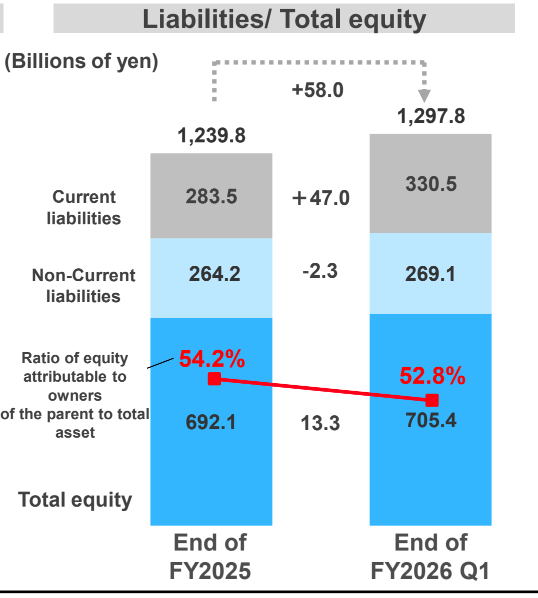
Supplementary Information: Sales by Customer Location

(Billions of yen)	FY2025 Actual Q1	Q2	Q3	Q4	Full year	FY2026 Actual Q1	YOY Increase/ Decrease	YOY Difference
Sales	195.8	216.5	246.2	253.2	911.6	255.6	+59.9	+30.6%
Japan	62.5	68.9	77.7	77.9	286.9	77.7	+15.2	+24.3%
Non-Japan	133.3	147.6	168.5	175.3	624.7	178.0	+44.7	+33.5%
(Non-Japan Ratio)	68.1%	68.2%	68.4%	69.2%	68.5%	69.6%		
The Americas	38.6	42.8	47.5	54.3	183.1	52.7	+14.1	+36.6%
Europe	23.8	27.5	35.9	39.5	126.7	37.9	+14.1	+59.4%
China	43.2	47.7	54.7	48.8	194.5	55.7	+12.4	+28.8%
Other Asia	27.7	29.6	30.5	32.6	120.4	31.6	+4.0	+14.3%
Ex. Rate								
1USD	144.6	147.5	154.2	156.9	150.8	159.5	+14.9	+10.3%
1EUR	163.8	172.3	179.4	183.6	174.8	185.4	+21.6	+13.2%
1CNY	20.0	20.6	21.7	22.7	21.3	23.4	+3.4	+17.2%

Inventories/ Interest-Bearing Dept

Ex. Rate	End of FY2025	End of FY2026 Q1
1USD	159.9	162.5
1EUR	183.4	185.4
1CNY	23.1	23.9

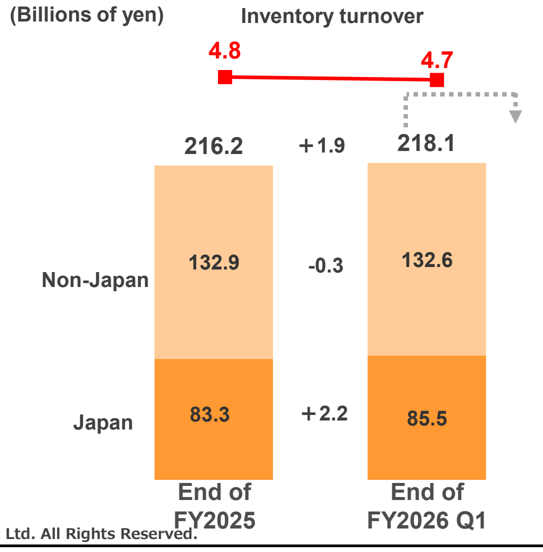




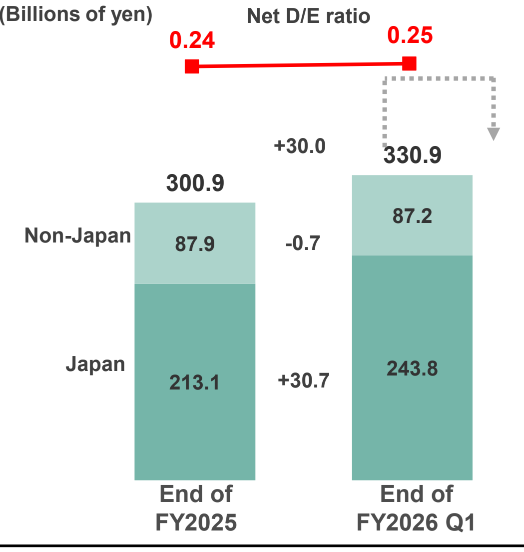
Supplementary Information:
Inventories/ Interest-Bearing Dept

Ex Rate	End of FY2025	End of FY2026 Q1
1USD	159.9	162.5
1EUR	183.4	185.4
1CNY	23.1	23.9

Inventories



Interest-Bearing Dept



Supplementary Information :

Capital Expenditures, Depreciation and Amortization, R&D Expenses

(Billions of yen)	FY2025 Full year Actual	FY2026 Q1 Actual	FY2026 Full year Forecast
Capital Expenditure	51.9	9.4	60.0
Capital Expenditure (Excl. lease)	47.2	8.8	55.0
Depreciation and Amortization	55.1	15.7	63.0
Depreciation and Amortization (Excl. lease)	50.4	14.4	58.0
R&D Expenses (on a managerial basis)	34.2	9.6	40.0
R&D Expenses (on a statutory basis)	17.2	4.4	19.0