Conference held on May 13, 2026

NSK Ltd. Q&A Summary

Fiscal 2025 Q4 Financial Conference and Medium-Term Management Plan 2028
(Fiscal Year Ended March 31, 2026)

◆Regarding NSK and NTN Business Integration Through Establishment of a Joint Holdings Company

Q1

When did discussions regarding the business integration with NTN begin?

A1

While I cannot disclose the specific timing, I believe both companies have been considering the option of a merger for many years, driven by the desire to enhance corporate value and achieve global competitiveness for the Japanese bearing industry.

Q2

Why was NTN chosen as the partner for the merger? Did you negotiate with other companies, including those outside Japan?

A2

We believe that a strong business foundation and global competitiveness are essential for the Japanese bearing industry to continue supporting Japan's manufacturing sector and to remain a key player in global industry. We felt that we are well-suited to each other as merger partners to achieve this. We believe that the merged company, as a Japanese-originated enterprise, will be able to compete on equal footing with SKF, Schaeffler, Timken, and local Chinese manufacturers.

Q3

From NSK's perspective, what are NTN's strengths and areas that complement NSK?

A3

We recognize that, like NSK, NTN has built global trust over the past 100 years. In addition to having products that offer advantages over NSK's, NTN is also advancing structural reforms under strong leadership. While we do not know everything about each other, we are confident in our respective core technologies and believe we can effectively generate synergies.

Q4

If the merger is realized, I believe the new company will benefit from a strong market presence and competitive advantages, including product lineup, R&D capability, and joint procurement. Did both companies proceed with merger discussions based on this understanding?

A4

We believe the purpose of the merger is not merely to pursue scale, but rather to achieve profitable growth and global competitiveness. We also considered the need to compete globally amid an increasingly intense competitive business environment, including the ability to propose comprehensive solutions to customers, the rise of Chinese manufacturers, and price competition.

Q5

I believe the two companies have significantly different corporate cultures. Could you share the President and CEO's thoughts on how to achieve integration?

A5

While the corporate cultures of the two companies are different, we share a common language as members of the same industry. Furthermore, I expect that it is precisely because of these differing cultures that a "chemical reaction" will occur, giving rise to new value. I believe NSK possesses the ability to interact with people with empathy and the openness to foster diversity and innovation. We also share the recognition that a sense of unity is created when top executives demonstrate a clear vision, exercise leadership, and engage in dialogue with employees.

◆**Regarding Medium-Term Management Plan 2028 (MTP2028)**

Q6

Given the increasingly competitive environment in the Industrial Machinery Business, I don't think achieving the targets of MTP2028 will be easy. Can NSK achieve a profit margin exceeding 10%, similar to SKF's?

A6

We believe we must continue to strive toward this target. An ROE of 8% or 10% is by no means the end goal; we aim for over 10% and want to demonstrate our value as a manufacturer of mechanical components. We believe that if we continue to transform our portfolio—including expanding our PLM* business, which combines MRO* and CMS*, as well as actuators that integrate linear motion components and bearings, and launch new clutch products—we can achieve an ROE of 15%.

PLM : Product Lifecycle Management

MRO : Maintenance, Repair, Operation

CMS : Condition Monitoring System

Q7

NSK seems to be emphasizing the strengthening of its internal capabilities and restructuring the product portfolio rather than the external environment when discussing growth in the Industrial Machinery Business and the Automotive Business. Could you explain the specific reasons why the Industrial Machinery Business is expected to improve significantly?

A7

The Industrial Machinery Business will benefit to a greater degree from plant restructuring compared to the Automotive Business, and we are working to build a profit structure that does not rely on volume through measures such as improving operational efficiency and structural reforms.

Q8

I understand that the Steering Business was not included in MTP2028. While proceeding with management integration with NTN, will you continue to seek a strategic partner for this business?

A8

While it is possible that new ways to utilize the Steering Business may emerge after management integration, we aim to identify a partner by 2028.

Q9

Regarding the robotics business, what is the projected scale of sales in 10 years? Also, I would like to know whether the target customers are Japanese, Chinese, or Western companies.

A9

We aim to reach at least ¥100 billion in revenue by 2036. Our primary markets will be China, the U.S., and Japan. For the Chinese market, we plan to establish a business structure that handles everything from development to production within China itself.

Q10

Wouldn't it be more efficient to pursue structural reforms as a new company following the merger, rather than having NSK carry them out on its own? Also, if you plan to pursue a "local production for local consumption" strategy, what approach will you take to reorganize plants after the merger?

A10

Structural reform is a necessary task for NSK to achieve its target profit structure, and we intend to work toward improving our business fundamentals by FY2028. While it would be possible to begin plant reorganization and other measures after the merger is completed in the second half of 2027 when a new company established, we believe that would be too late. Therefore, we believe we should proceed with a sense of urgency to achieve the goals set forth in our current MTP2028.

Q11

If management integration proceeds in October 2027, I believe the narrative for the latter half of the MTP2028 will change significantly. Won't employees feel reluctant to take on new challenges until the integrated company is established?

A11

We are not concerned about that. MTP2028 was formulated by building our strategy from both top-down and bottom-up perspectives. MTP2028 outlines the initiatives NSK must undertake, and it is not something that will change significantly in one and a half to two years. While the scope of the challenges we address in the latter half of the MTP 2028 may expand, our focus areas will not change.

◆Regarding Results for the Fiscal Year Ended March 2026 (FY2025) and the Forecast for the Fiscal Year Ending March 2027 (FY2026)

Q12

I believe you brought forward the recognition of European restructuring costs to Q4 of FY2025. Can we expect the benefits of these restructuring efforts in FY2026 to be slightly higher than 3 billion yen?

A12

We brought forward the recognition of restructuring costs related to the closure of the Newark plant in the UK, which was announced in April 2026. However, since the plant closure itself is still scheduled for March 2027, the expected benefits of the restructuring in FY2026 are also expected to remain unchanged.

Q13

While you are proceeding with structural reforms, the number of employees has increased by about 9% from the previous year. What is the reason for this?

A13

While the headcount has increased by approximately 2,200 compared to FY2024, when factoring in the addition of just under 3,500 employees resulting from the consolidation of the Steering Business as a subsidiary in September 2025, the net decrease is approximately 1,200 employees.

Q14

Regarding demand trends by sector for FY2026, while I believe machine tools are showing signs of recovery, is the flat forecast due to factoring in risk? Also, I believe demand for semiconductor manufacturing equipment is strong, but the sales forecast of 65 billion yen for precision machinery products seems conservative. I would like to hear your perspective, including considerations regarding supply capacity.

A14

For machine tools, we expect the recovery in demand—centered on China and continuing since Q4 of FY2025—to persist into FY2026. Additionally, demand for semiconductor manufacturing equipment is increasing. While we are currently able to fulfill all orders received due to our supply capacity, we will continue to strengthen our supply structure while monitoring customer demand trends.