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CEO Message

**NSK is changing and going beyond to create new motion and new value** 06

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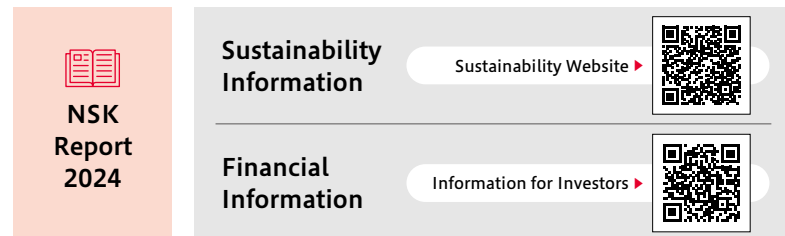
## Editorial Policy

The NSK Report 2024 is designed to provide readers with a deeper understanding of how the Company works with stakeholders to create collaborative value that meets the expectations of the world over the mid to long term based on its Motion & Control™ concept, and of the processes that will achieve both social contribution and corporate development.

In putting together this Report, we referred to the International Integrated Reporting Framework recommended by the IFRS Foundation and the Guidance for Collaborative Value Creation formulated by Japan's Ministry of Economy, Trade, and Industry.



## Disclosure Framework



► Details

This Report provides a concise summary of all information deemed important in the Group's efforts to create collaborative value. For more information about the NSK Group's products and business, please refer to the Company's website.

## Period of Coverage

FY2023 (April 1, 2023, to March 31, 2024)

Notes:

1. Certain activities before FY2022 and after FY2024 are included.
2. For the purposes of this report, actual data includes the steering business, which is a discontinued operation (excluding data for certain automotive operations).

## Organizations Covered

NSK Ltd. and NSK Group companies

(NSK Group companies include consolidated subsidiaries, non-consolidated subsidiaries, and affiliated companies.)

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## Disclaimer

Statements made in this integrated report with respect to plans, strategies, and future performance that are not historical facts are forward-looking statements. NSK cautions that several factors could cause actual results to differ materially from those discussed in forward-looking statements. This document is an English translation of NSK Report 2024 dated September 29, 2024, that was originally prepared in the Japanese language, and it is provided for convenience purposes only. Therefore, this document does not include any event that has occurred, or has been found to have occurred, on or after September 29, 2024. NSK makes no representation or warranty that this document is a complete or accurate translation of the original Japanese text, and it is not intended to be relied upon. If there is a discrepancy between the Japanese and English versions, the Japanese version shall prevail. This document is not intended and should not be construed as an inducement to purchase or sell stock in NSK.

## Glossary Legend

..... Explanation of terms on the same page.

Glossary ..... Explanation of terms outlined in the Glossary on pages 84–85.

## Thoughts on the cover of this report

NSK has showcased its commitment to create new value by taking up the challenge to Change & Go Beyond in its NSK Report 2024.



The cover of NSK Report 2024 paints a picture of the Company's founding bearings business and its mission to aspire to a higher level espoused by the Bearings & Beyond concept. Drawing on this visual representation of its overarching purpose, NSK is dedicated to integrating its tribology and digital technologies and to contributing to a carbon-neutral and recycling-oriented society.



# NSK's Unwavering Spirit

—The Purpose of NSK's Existence—

**Corporate Philosophy**

## MOTION & CONTROL™

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.

—Our Enduring Focus—

**Action Guidelines**

**Beyond Limits, Beyond Today**

—Our Vision for 2026—

**NSK Vision 2026**

## SETTING THE FUTURE IN MOTION

We bring motion to life,  
to enrich lifestyles,  
and to build a brighter future.  
Dedicated to uncovering society's needs,  
we set ideas in motion  
to deliver solutions beyond imagination.  
We're NSK.  
And, we're setting the future in motion.

—Our Highest Priority Values—

**Core Values**

**Safety**

**Quality**

**Compliance**

**Environment**

**Aspiring to be  
a company that is needed,  
trusted, and relied upon  
by society**

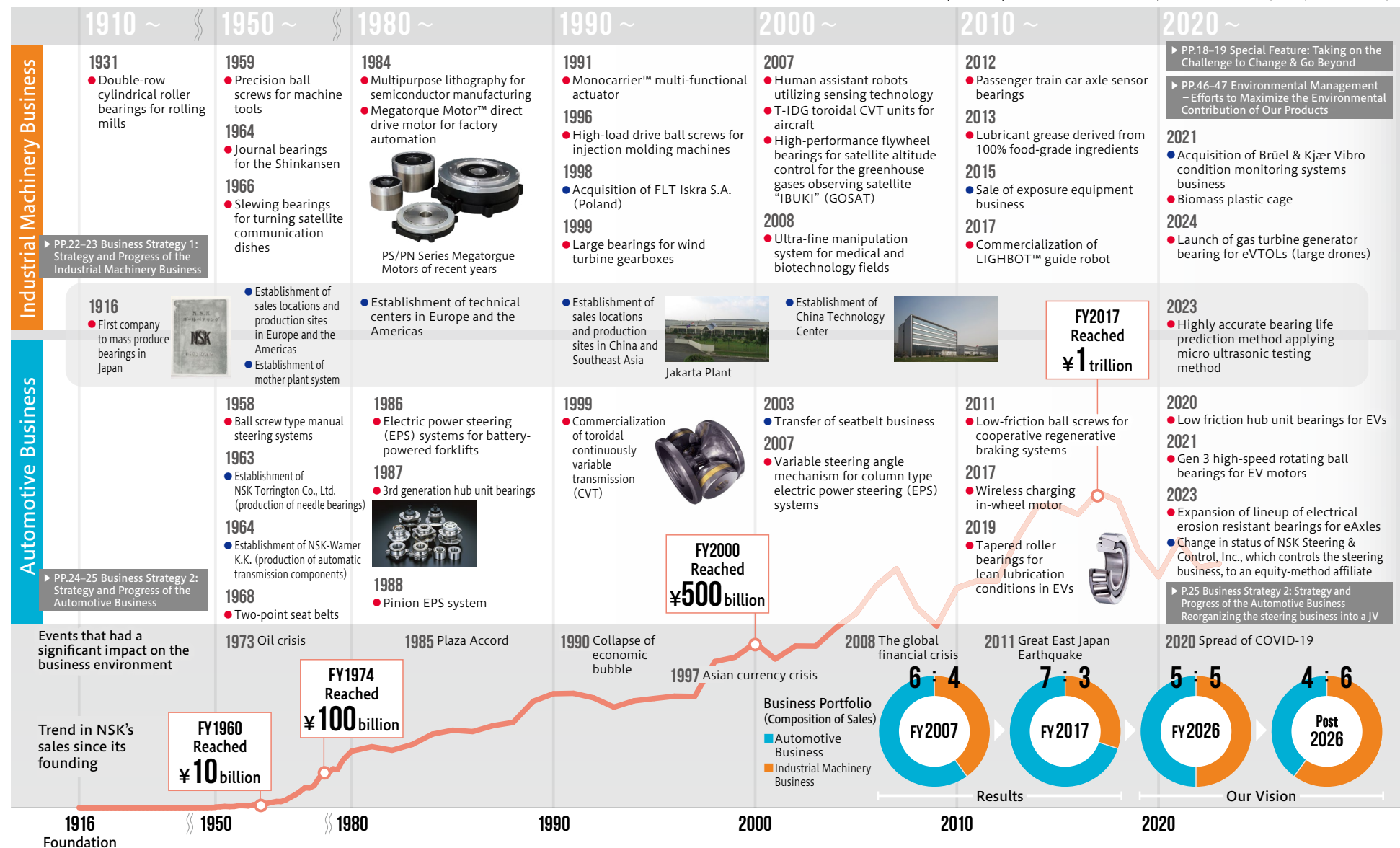
Despite the rapidly shifting business environment in which NSK operates today, we will help build a sustainable society through value co-creation with our stakeholders as we aspire to be a company that is needed, trusted, and relied upon by society. NSK is committed to achieving further growth by acting in unison across the globe.



# Our History

For more than 100 years, NSK has grown by challenging itself to develop innovative technologies and contributing to the reduction of energy loss and by supporting the development of industries globally through collaboration and the expansion of its overseas business.

● Development of products and services ● Expansion of locations, M&A, collaboration, etc.



# NSK's Business Portfolio

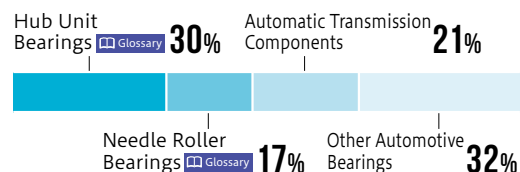
## Automotive Business

This segment provides various types of bearings, automotive transmission products, ball screws for electric brakes, and other automotive components that are used in automobiles.

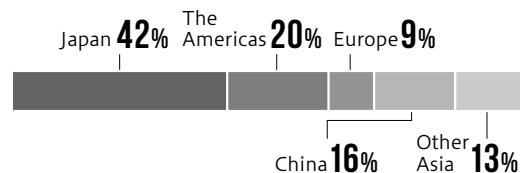
Amid the accelerating innovation in automobile technologies, such as power source diversification and automotive driving, the Company is advancing the development of new technologies and products, creating new value, and working on valuable proposals.

### Breakdown of Sales by Product

(Sales: ¥408.8 billion)



### Breakdown of Sales by Region



▶ PP.24-25 Business Strategy 2: Strategy and Progress of the Automotive Business

## Basic Information

Foundation

1916

Number of Employees

25,632 (consolidated)  
(As of the end of March 2024)

Bearings Market Share

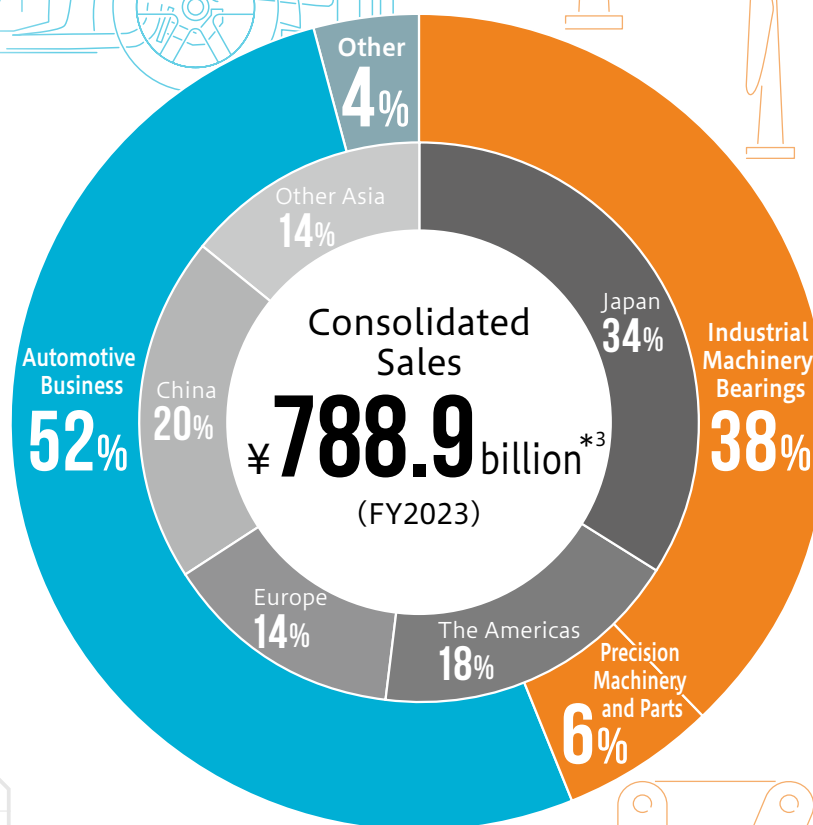
Share in Japan

NO.1

Global share

NO.3

Bearing sales (including industrial machinery and automotive use)



\*1 Machine tools, industrial robots, wind turbines, train cars, mining and construction machinery, pumps and compressors, steelmaking facilities, etc.

\*2 Home appliances, information, PCs, in-vehicle motors, etc.

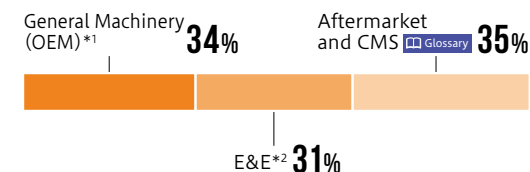
\*3 Data excludes the steering business.

## Industrial Machinery Business

This business segment provides a variety of industrial machinery bearing types, ranging in size from miniature bearings to extra-large bearings, to meet a wide range of demands in all industries. Meanwhile, precision machinery and parts comprise such linear motion products as ball screws and linear guides as well as mechatronics parts, including Megatorque Motor™, which play a key role in machine tools and semiconductor production equipment that requires precision positioning.

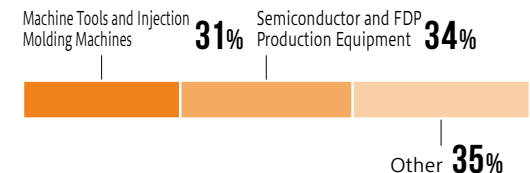
### Breakdown of Sales of Industrial Machinery Bearings

(Sales: ¥296.5 billion)

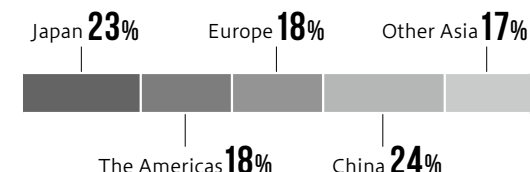


### Breakdown of Sales of Precision Components

(Sales: ¥48.3 billion)



### Breakdown of Sales by Region



▶ PP.22-23 Business Strategy 1: Strategy and Progress of the Industrial Machinery Business



# NSK Supporting Society

NSK is creating value to support society everywhere in the world. A vast array of NSK products centered on bearings continue to excel in every industry, ranging from home appliances, automobiles, communication base stations, and other items that support people's daily lives to machine tools, robotics, and wind turbines. NSK products will continue to support a society that is safe, secure, comfortable, and environmentally friendly.

## Bearings

Contributing to a comfortable life that is friendly to people and the environment

Home Appliances:  
Washing machines



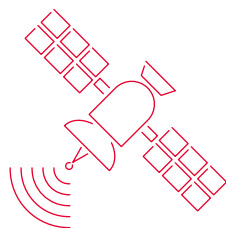
A total of 100 bearings are used by the average household!



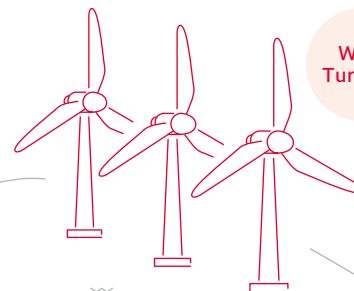
## Bearings

Contributing to long-term stable operations in the special environment of space

Satellites



Wind Turbines



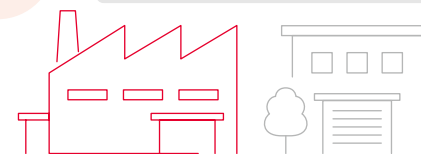
## Bearings

Contributing to the protection of the global environment through the stable operation of wind turbines

## Bearings/Ball screws/Linear guides

Contributing to higher precision and productivity in parts machining

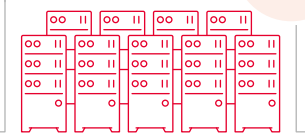
Machine Tools



## Bearings

Contributing to energy savings and improved reliability of 5G base stations and data centers

Data Centers



## Bearings/Ball screws

Contributing to improved safety, comfort, and environmental performance

Automobiles

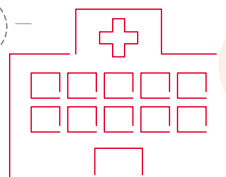


Some 100 to 150 bearings are used in automobiles!

## Bearings/Ball screws/Monocarrier™, etc.

Contributing to people's health and peace of mind as well as advanced medical care

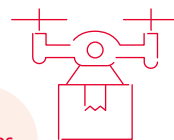
Medical Equipment



Drones

## Bearings

Contributing to stable flight and greater reliability

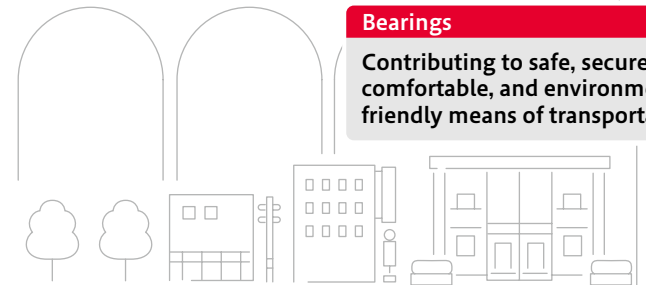


Railways



## Bearings

Contributing to safe, secure, comfortable, and environmentally friendly means of transportation



## CEO Message

# NSK is changing and going beyond to create new motion and new value

Akitoshi Ichii  
President and CEO

*A. Ichii*

### Supporting industrial growth through trusted solutions and a robust technology platform

As the first company in Japan to successfully develop and manufacture bearings in 1916, NSK has sought to reduce friction and improve the rotational motion and reliability of machines for more than a century while refining its technologies that support motion and the movement of machinery and equipment. Guided by its Corporate Philosophy\*, NSK is committed to the development of advanced products and services, as well as industrial society worldwide through its business activities as a leading bearing, precision machinery, and parts company. ▶ P.2 NSK's Unwavering Spirit

Just as semiconductors underpin the evolution of society and all kinds of products as the staple of industry, bearings power, among other things, automobiles, rail transportation, and home appliances as a staple component of machinery, and are used in a broad array of manufacturing equipment that manufacture various products while supporting advances in technology. Many end-users might not be aware of the importance that bearings play in supporting the functions of the machinery they purchase or the companies that manufacture them. Against this backdrop, NSK's products are used across a wide range of industries and end-product domains, from automobiles through machine tools to robots, wind power generation systems, home appliances, and medical equipment, and play a major role in supporting the movement and rotational motion of machines, which is essential to equipment and machinery stability as well as production, operating, and energy efficiency. Coupled with the deep trust of its customers, underpinned by the





Company's longstanding technologies and experience, this track record will continue to serve as an inherent strength and lead NSK into the next 100 years.

\* 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.

## Adapting our business portfolio in a changing environment

NSK currently engages in business across the two reportable segments of Industrial Machinery and Automotive. To ensure its ongoing growth, NSK must embrace change while also transforming itself amid a harsh and volatile business environment. With this in mind, I believe that the Company must increase the sales ratio of the Industrial Machinery Business through FY2030, as the market changes dramatically, and reorganize its portfolio, including the business activities of the Industrial Machinery and Automotive businesses.

With the ongoing global shift to electric vehicles\* by the automotive industry, NSK expects roughly half of the world's automobile production to be electric vehicles by FY2026. While certain disparities might arise due to regional characteristics and consumer preferences, we anticipate this general trend toward electrification will remain unchanged going forward. At the same time, Chinese manufacturers are emerging on the strength of their battery electric vehicles (BEVs) in global markets, including the ASEAN region, historically a stronghold for Japanese cars. The fact that China's vehicle exports exceeded those of Japan in 2023 is indicative of upheaval in the competitive environment of the automotive industry. Moreover, the pace of technological development, as exemplified by China's emerging EV manufacturers, is increasing, with shorter lead times between development and mass production. To meet the requirements of customers, who are developing and manufacturing BEVs at an unprecedented pace, NSK is working to raise the level of its development capabilities in each region and to modify the way it conducts its work. Meanwhile, in addition to focusing its resources on the electrification of vehicles, NSK will promote a holistic approach that includes conventional internal combustion engines (ICEs). In light of recent concerns surrounding fuel costs and the environmental burden imposed by the manufacturing process, we will closely monitor changes in the industry while responding to trends in new demand, including the growing use of hydrogen-fueled vehicles.

NSK's Automotive Business has historically enjoyed growth and secured earnings on the back of increases in automobile production volumes and contributions through technologies that improve fuel efficiency. Looking ahead, however, I am convinced that major shifts in automobile technologies, represented, for example, by the electrification of cars, will provide NSK with opportunities to differentiate its technologies and put forward product proposals. Against this

backdrop, we will engage in activities that are designed to stabilize our business and improve profitability by implementing product and customer portfolio reforms.

▶ PP.24–25 Business Strategy 2: Strategy and Progress of the Automotive Business

\* Hybrid vehicles (HEVs), including plug-in hybrid vehicles (PHEVs), and battery electric vehicles (BEVs)

The Industrial Machinery Business's operating environment is characterized by a downturn in the workforce and rising wages owing to the decline and aging of populations in developed countries. This, in turn, is driving the trend toward automation and increased interest in artificial intelligence. Taking the aforementioned into consideration, precision products and precision bearings are expected to experience substantial growth in the semiconductor manufacturing equipment and robotics markets as well as the machine tools field, where further sophistication is required. At the same time, and in light of progress in industrial infrastructure technological innovation in such areas as renewable energy and energy conservation, business opportunities are projected to increase with the incidence of new demand and technology development.

In line with these expectations for Industrial Machinery Business growth over the long term, NSK will expand its business with a focus on the precision ball screw and precision bearing fields, where NSK excels, as well as technologies that enhance durability and lower friction. In specific terms, we will work to lift the ratio of Industrial Machinery Business sales of our total sales from the 30% in FY2017 to 50% under the Mid-Term Management Plan 2026 (MTP2026), and then to 60% by FY2030.

The shift toward automation and increasingly sophisticated robotics provides NSK with the opportunity to expand its business by increasing sales of precision bearings and precision machinery products, which boast relatively high profitability. At the same time, we will strengthen our sales structure in the highly profitable and stable aftermarket [\[Glossary\]](#) while expanding business in regions such as the Americas, Eastern Europe, and India. Complementing these initiatives, we will create high-value-added products and businesses, such as unit products, including actuators [\[Glossary\]](#) that employ ball screws, as well as condition monitoring, diagnostics, and other services. We will also consider reviewing the allocation of human and other managerial resources in line with these endeavors. Moving forward, NSK will focus on highly profitable products and services, work to build a stable earnings platform during the period of MTP2026, and achieve a double-digit operating income margin in response to changes in society all while maintaining our competitive advantage.

▶ P.20 Review of Past Mid-Term Management Plans and the Positioning of MTP2026

▶ PP.22–23 Business Strategy 1: Strategy and Progress of the Industrial Machinery Business

## Achieving growth with profitability through Bearings & Beyond

Efforts to transform the business portfolio are supported by the Bearings & Beyond [\[Glossary\]](#) concept, which itself is a theme for growth with profitability set under MTP2026.

## CEO Message

“Bearings” refers to further increasing the added value of existing NSK products by pursuing the core technologies the Company has cultivated to date.

“Beyond” refers to broadening the scope of business through core technologies, developing new products, and expanding into selling services through condition monitoring and product life-cycle management (PLM [Glossary](#)) solutions.

▶ P.20 Review of Past Mid-Term Management Plans and the Positioning of MTP2026

While NSK has secured the top market share in such fields as precision bearings, ball screws, bearings for automobile use, and ball bearings, I believe that the quality and reliability of these products are of the utmost importance. In this regard, it is not enough to just meet the expectations of customers. Going forward, it is vital that we provide value that exceeds expectations and that we contribute to resolving a host of social and environmental issues. In the future, we will look beyond the business model that begins and ends with the sale of bearings. We will work to create new value by expanding into providing services based on a PLM model. This includes providing customers with in-depth proposals that extend from the monitoring of bearing conditions to the diagnosis of remaining service life. We will also contribute to the development of a circular society through the replacement and repair of bearings at the appropriate time. For example, we engage in line side repair and maintenance work at a steel mill in India, and check and sort bearings for repair into those that can be used and those that cannot in China.

▶ PP.22–23 Business Strategy 1: Strategy and Progress of the Industrial Machinery Business

In addition, I believe that M&As and collaboration are critical to achieving the Bearings & Beyond concept. As such, we will consider these options not only from the perspective of expanding existing businesses but also with a focus on generating synergies with a view to enhancing our technological capabilities and the added value of products. We will especially look to expand unit products, including electric actuators, and services. Recognizing that the development of technologies and human resources are vital to increasing the value added in these areas, we will take full advantage of external expertise. ▶ PP.34–37 Human Capital

NSK completed the acquisition of the global condition monitoring system (CMS) business known as Brüel & Kjær Vibro (B&K Vibro) from Spectris Plc. in 2021. With a proven track record as a business that has monitored tens of thousands of wind turbines, bringing this global vibration diagnostic specialist into its fold helps NSK augment its know-how and systems for device and data collection. By leveraging this knowledge and talent pool as a Group, we will accelerate the integration of diagnostic technologies based on our tribology platform while training engineers who can diagnose the condition of equipment from vibration data. Making the most of our inherent marketing channel and customer base strengths, steps are already under way to actively provide customers with diagnostic equipment and service proposals.

Under MTP2026, NSK has set a new product sales expansion target of ¥50 billion. We expect to achieve this target through our efforts in advancing human-robot coordination, expansion into the medical and biotechnology fields, and contributions from automation and electrification initiatives. We are well on the way to achieving this target with current progress at roughly 80%. Efforts to electrify braking systems are also well advanced amid the growing acceptance of EVs and calls for improved safety. Against this backdrop, NSK's ball screws used in electro-hydraulic brake systems, where forecast demand is high, are held in high esteem by the market. With a top share, the Company is on track to receive orders totaling roughly ¥25 billion. As previously mentioned, we will also expand sales in the CMS business to the ¥10 billion level under MTP2026. While sales in the new robotics and biotechnology business fields have yet to reach ¥1 billion, we are making steady progress with new product proposals. In fact, customers are beginning to try several new products, including motorized assistance robots, precision control manipulators, actuators for industrial machinery use, and edible oil deterioration control filters. Furthermore, we are sowing new product seeds through new technology proposals and collaboration with customers. Despite the initial limited scale, I strongly believe that meeting the needs of society with NSK's technology is important to raising the competitiveness of existing products and ensuring the continuous development of new products and services. Moreover, I recognize that dialogue with the market and the speed with which we take action are of equal importance. With this in mind, we will also work to develop human resources through co-creation aimed at generating a variety of new products and services.

▶ PP.18–19 Special Feature: Taking on the Challenge to Change & Go Beyond —Bearings & Beyond Initiatives—

## Improve profitability and capital efficiency

NSK's products are indispensable to the machinery industry. Conversely, its products are susceptible to shifts in capital investment and business sentiment. The challenge before us is therefore to build a structure that is resilient to demand trends and the business environment. Working toward business stability and growth under MTP2026, we will put in place a structure that is capable of achieving capital efficiency and target an average ROE of 8% or more.

To gain a favorable assessment from the stock market, it is important that we increase profitability and raise ROE above the cost of capital. To this end, we will work to achieve a return on invested capital (ROIC) in excess of the weighted average cost of capital (WACC) in our business operations. As a business, we will put in place a structure that is resilient to fluctuations in the economy, enhance our ability to withstand any demand



downside, and generate sufficient profits based on an operating income margin in excess of 10% when demand is stable. Positioned as stepping stones in the effort to build this structure, NSK has set ROE and ROIC targets of 8% and 6%, respectively, in MTP2026. Turning to the Company's capital policy, we will endeavor to lift our capital efficiency by improving the efficiency of existing facilities. At the same time, we will provide stable shareholder returns and flexibly implement share buybacks. Rather than rely solely on the principle of self-sufficiency, we will consider opportunities for external collaboration, including M&As, with respect to our manufacturing and business operations.

As we push forward Bearings & Beyond initiatives under MTP2026, we will focus on increasing profitability and capital efficiency. In addition to the stepping-stone targets for net sales, operating income, and ROE of ¥900 billion, ¥75 billion, and 8%, respectively, we will set a future ROE target of 10% and work to improve the PBR.

▶ P.21 Policy for the Second Half of the Mid-Term Management Plan Targeting Change & Go Beyond

▶ PP.26–29 Message from the CFO

## Bearings & Beyond initiatives, targeting an ROE of 10%

### Looking 10 years and further ahead

#### Strengthening managerial resources that employ digital technologies

Under MTP2026, NSK is focusing on putting in place a platform that is capable of securing sustainable growth. Ultimately, our goal is to reinforce our position as an integral member of society and continue to foster trust to remain a preferred company of choice not only over the next 10 years but also beyond. In strengthening our managerial resources to this end, we are actively employing digital technologies to become a company that can continue to transform its operating processes and business model.

In addition to the Sengen Principle, or “the Three Reals” (*gemba*: actual places, *gembutsu*: actual things, and *genjitsu*: actual situations), that has historically catered to the physical needs of sight, touch, and feel, I believe that the use of digital technologies will help break down preconceived perceptions. By employing digital technologies and organizing vast amounts of data, the potential exists to uncover phenomena that had previously proven difficult to grasp. Moreover, new ideas can emerge through the scientific verification of these phenomena. NSK's goal is to ensure that the use of digital technologies becomes a matter of course in engineering and production.

## CEO Message

NSK is strengthening its tribology-based weight reduction, torque reduction, and other core technologies through combination with digital technologies. We have, for example, succeeded in improving sealing performance and reducing frictional resistance to unprecedented levels utilizing digital simulations. Furthermore, we have commenced trial operations with the aim of more proficiently utilizing past facility, quality issue, design error, and related data. Looking beyond simple collation, we are working to visualize the value of data in a bid to trigger further improvements. Moving forward, I am convinced that the promotion of various Change & Go Beyond initiatives at the front line and efforts to develop large numbers of supporting DX professionals will further enhance NSK's competitive edge.

▶ PP.30–31 Intellectual Capital —Strengthening Technological Capabilities—

### Contributing to a carbon-neutral and circular society

NSK's products and technologies are expected to help reduce friction and contribute to the infrastructure and technologies that support a renewable energy society. In addition to environmentally friendly products and services that contribute to reductions in energy consumption, we recognize that clean technologies play a role in resolving energy- and resource-related issues, including wind-power and hydrogen-related businesses, as do technologies that facilitate the underground storage of CO<sub>2</sub> recovered from the atmosphere—another growth field. I suspect that NSK's products and technologies will increasingly excel in this field in the future.

In addition to its products and services, energy is being directed toward the CO<sub>2</sub> emissions produced by NSK and all Group company business activities. Complementing energy-saving activities at plants, the Group has undertaken steps to progressively switch to the use of renewable energy. As a result, NSK reduced CO<sub>2</sub> emissions by 52% compared with FY2017 in FY2023, achieving its FY2026 target of 50% in advance. Working to achieve carbon neutrality by FY2035, we will further promote efforts to reduce Scope 3 (upstream) CO<sub>2</sub> emissions throughout the supply chain in cooperation with suppliers in a bid to help achieve the global society goal of net zero CO<sub>2</sub> emissions by 2050. ▶ PP.42–49 Environmental Management

### New value to emerge from points of customer contact

NSK's strengths lie in the depth of the fundamental research and development of its product technologies that underpin the Company's manufacturing activities. Recognized for our high technological capabilities, our earnest tribology materials technology endeavors have helped build relationships of trust with customers.

▶ PP.30–31 Intellectual Capital —Strengthening Technological Capabilities—

Ensuring that our customers tour the Group's laboratories and plants is extremely important in nurturing these relationships of trust. As customers gain a first-hand

look at the Company's fundamental technology and manufacturing engineering activities and provide their invaluable feedback, we will be better positioned to enhance our technological and manufacturing capabilities. Our people will also grow through communication with customers. I am convinced that this growth through communication will help drive the Company forward while stimulating spontaneous thought and the incidence of new products and ideas. In addition to existing customers, we will expand our communication and build connections with a variety of medical, biotechnology, food, and other fields. We will enhance our value and potential and through communication pick up on hints that will stimulate further co-creation.

### New value to emerge from the Change & Go Beyond concept

Since assuming the position of president, I have consistently conveyed the need to embrace the Change & Go Beyond concept. In doing so, my hope is that the Company will continue to challenge new frontiers and advance toward high future-oriented goals. This entails respecting diversity, listening carefully, and addressing concerns unblinded by precedent or prejudice. In this manner, I believe that NSK will achieve the industry's leading quality and reliability in its pursuit of its Four Core Values of Safety, Quality, Environment, and Compliance. This, in turn, will strengthen our position as a company that is essential to society. To change, we need only take a step in any direction and to then jump to go beyond. Should we fail, however, to secure the necessary firm foundation, a single step forward will inevitably lead to a stumble and fall. If we ask ourselves what will serve as this foothold and foundation, we need only look to the quality and trust that NSK has nurtured over many years and the technologies that underpin our products and services. Accordingly, we must bolster our existing businesses that are supported by our manufacturing and tribology technologies and continue to maintain an industry-leading presence in each domain, thereby securing the necessary foothold to take the next step. Leveraging these endeavors as inherent strengths, we will pursue a process of self-reform in tune with society as a company that continues to create value, and then expand in a variety of directions.

Thanks to the development and widespread use of ICT, we now live in an age in which the information we require is readily available. Having said this, I fear that the direct and simple search for information today has narrowed the options pursued and reduced the number of chance encounters. When casually strolling through the city, one might be surprised by the sights and sounds that had previously gone unnoticed. Opportunities to bump into someone unexpected could also arise. These chance encounters might lead to new discoveries and insights that provide the stimulus to Change & Go Beyond. Through business visits and dialogue with employees, I have responded to more than 1,000 questions each year. I believe it is important to not only communicate and share my thoughts and ideas but also listen carefully to the dreams, aspirations, and concerns



of the front line. Rather than remain in one's own comfortable shell, making the effort to go outside is critical to gaining new insights and understanding.

While I am confident that advances in technology will continue to lower language barriers going forward, I do believe that new encounters and the ability to communicate on the world stage will become increasingly important. This is where respect for diversity comes into play. In the world of sports, players who excel globally are universally recognized irrespective of their country or race. Today, we too live in a business world where the same applies. To earn this recognition, it is important to venture outside one's comfort zone and to gain new knowledge unbound by tradition and convention. Pride must not stand in the way of our learning from emerging manufacturers. We must absorb what we can from robust competitors, especially in the areas of speed and cost control. Calling on local markets, it is imperative that we confirm with our own eyes, while experiencing first hand and incorporating all positive aspects. This I believe as an absolute prerequisite to survive as a global company. Without the ability to compete on the world stage, it will become difficult to remain a viable going concern given the increasingly harsh competitive environment that lies ahead. Maintaining a global perspective, I would like us to acknowledge and absorb a broad range of knowledge and ideas. I would also hope that we can continue to communicate our concept of Change & Go Beyond based on an understanding of each individual's background in order to become a company that is distinguished as a diverse and open-minded organization. ▶ PP.34-37 Human Capital

**To achieve the industry's leading quality and trust, we will reinforce our position as an integral member of society, and by garnering trust remain the preferred company of choice.**

Against the backdrop of a dramatically changing business environment, NSK's goal is to reinforce its position as an integral member of society, garner trust, and remain the preferred company of choice by continuously providing new value based on the concept of Change & Go Beyond. Moving forward, I humbly request the continued support of all our stakeholders.



# NSK's Business Model for Collaborative Value Creation

The business environment in which NSK operates is experiencing volatile change. Recognizing progress in technological innovation and efforts to reduce the global environmental burden as opportunities for growth, NSK is committed to both resolving social issues and securing sustainable growth. To this end, and guided by our corporate philosophy, we will effectively and efficiently utilize our various capital resources and continue to co-create value with stakeholders.

## Corporate Philosophy

— NSK Vision 2026 —

Core Values

► P.2 NSK's Unwavering Spirit

### Changing Business Environment

Decarbonization, Electrification, Automation, Renewable Energy, IoT, AI, Digitalization, Remote, Distributed, Non-Contact, Falling Birth Rates, Aging Populations

### Materiality

MTP2026 Three Key Management Tasks

Growth with profitability, Enhancement of managerial resources, ESG management

### Diverse Capital and Input

- Intellectual Capital**
  - 100 years of accumulated know-how
  - Four Core Technologies plus One
  - Number of patents **3,999**
- Manufacturing Capital**
  - Raw materials: Steel, greases, and oils, externally procured components
  - Global production sites, manufacturing facilities
  - Production sites (plants) Japan: **20** Overseas: **47**
  - Process set-ups, process controls
- Human Capital**
  - Highly qualified engineers, skilled workforce, sales personnel, globally minded talent
  - Technology-related expenses **¥27.4 billion**
  - Ratio of new employees with science backgrounds (annual average over the past five years) **81.1%**
  - Number of employees worldwide (consolidated) **25,632**
  - Seminars on balancing work and caregiving (Japan) Total **29** times Participants **3,142**
  - Corporate governance structure (Three Committees system, global compliance framework)
  - Total number of Japan Management College graduates over 21 terms/Global Management College graduates over 10 terms: **549** (21 countries and regions)
- Social/Relationship Capital**
  - Relationships of trust with external parties (customers, distributors, sales outlets, users, suppliers, local communities)
  - R&D structures with external parties
  - Globally recognized and trusted NSK brand
- Financial Capital**
  - Total equity **¥678.0 billion**
  - Interest-bearing debt **¥318.9 billion**
  - Cash and cash equivalents **¥150.6 billion**
- Natural Capital**
  - Minerals (e.g., iron ore, coal), water, energy
  - Energy input (per year) **6,394 TJ**

(As of March 31, 2024)

Contribution to Resolve Social Issues

Sustainable Growth of NSK

### Outcomes ► P.13

Customers

Employees

Suppliers

Local Communities

Future Generations

Shareholders and Investors

### Output

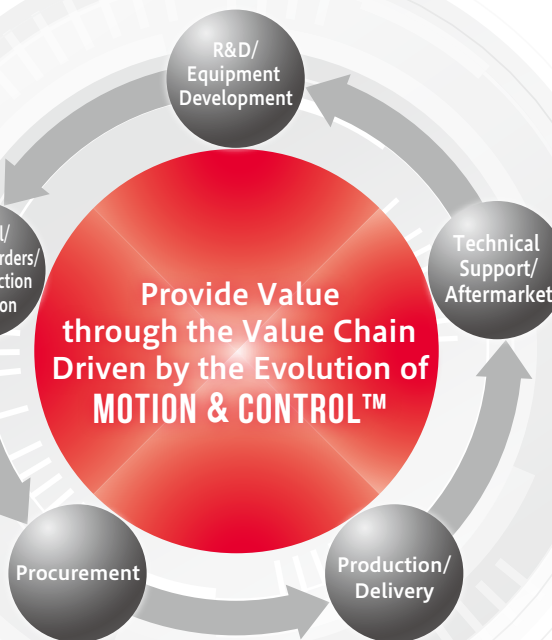
Products/Services

Impact on Society/Environment

Output as a Burden on the Environment

Financial Outcomes from Provision of Added Value

Provide Value  
through the Value Chain  
Driven by the Evolution of  
**MOTION & CONTROL™**









## Corporate Governance

Promote ESG Management

# Creating Collaborative Value with Stakeholders

NSK's goals are to help resolve social issues while securing sustainable growth by creating collaborative value in response to the expectations and interests of stakeholders.

| Stakeholders  | Expectations/Interests   | Engagement Channels   | Outcomes/KPIs*   | For Further Collaborative Value Creation  |
|---|--|---|--|---|
|  <b>Customers</b><br>Machinery manufacturers, automakers, auto component manufacturers, distributors, sales outlets, end-users             | <ul style="list-style-type: none"> <li>Product and service quality, appropriate pricing, stability of supply</li> <li>Response to technology innovation, solutions to issues, development of partners, products that contribute to the environment</li> <li>Global support, troubleshooting</li> </ul>   | <ul style="list-style-type: none"> <li>Everyday sales activities</li> <li>Technological exchanges</li> <li>Exhibitions</li> <li>Joint research/joint development, etc.</li> </ul>   | No. 3 global market share in bearings<br><br>Development of environmentally friendly products: 246 products (cumulative total)   | <ul style="list-style-type: none"> <li>Creating and proposing new collaborative value from an end-user perspective</li> <li>Developing proposals for supply from optimal locations that leverage global production sites</li> </ul> <p>▶ P.33 Expanding Our Global Business Network</p>   |
|  <b>Employees</b><br>Advanced technologies, global human resources who create high-quality products and services                           | <ul style="list-style-type: none"> <li>Engaging workplaces</li> <li>Use of a diverse workforce, work-life balance, flexibility with work styles</li> <li>Provision of growth opportunities</li> </ul>  | <ul style="list-style-type: none"> <li>Manager/team dialogue</li> <li>Objective-based management, performance review systems</li> <li>Employee engagement survey</li> <li>Internal financial results briefings</li> <li>Training, self-improvement seminars, etc.</li> </ul>            | Employee diversity ratio (Japan; gender, nationality, mid-career hires) 29%<br>Ratio of female managers (Japan, non-consolidated) 2.5%<br>Lost-worktime injury frequency rate (global) 0.28<br>Support for a work-life balance: Percentage of employees taking childcare leave Women 100% Men 83.3%<br>Ratio of Japan/global management college graduates among executives 65% | <ul style="list-style-type: none"> <li>Upgrade and expansion of opportunities for dialogue with management</li> <li>Review of systems to achieve more diverse work styles</li> <li>Promotion of efforts to improve activities based on the results of employee engagement surveys</li> <li>Further upgrade and expansion of educational and training programs</li> </ul> <p>▶ PP.34–37 Human Capital</p>                              |
|  <b>Suppliers</b><br>Global suppliers of raw materials and components  | <ul style="list-style-type: none"> <li>Offering reliable transactions that are proper, fair, and transparent</li> <li>Utilizing transactions that consider society and the environment</li> <li>Joint development (e.g., materials, components, grease), mutual harmony and benefit through quality improvement</li> <li>Collaborating when disasters occur</li> </ul> | <ul style="list-style-type: none"> <li>Daily procurement activities</li> <li>Procurement Policy Briefings</li> <li>NSK Supplier CSR Guidelines, etc.</li> </ul>   | Implementation of human rights due diligence<br>* Implemented as a part of CSR self-assessments<br><br>Systematic supplier risk assessment and support<br>Implementation of supplier CSR self-assessments once every two years, covering approximately 90% of suppliers  | <ul style="list-style-type: none"> <li>Improving the level of CSR management throughout the supply chain</li> </ul> <p>▶ P.41 Supply Chain Management</p>   |
|  <b>Local Communities</b><br>Mutual harmony and benefit through business activities   | <ul style="list-style-type: none"> <li>Contributing to the creation of employment/regional development</li> <li>Preserving the global environment and the local environment</li> <li>Maintaining an awareness toward safe operations and the need to reduce noise</li> </ul>   | <ul style="list-style-type: none"> <li>Activities to contribute to local communities (e.g., donation drives, cleanup activities)</li> <li>Cooperating in community events (e.g., plant festivals), welfare programs, etc.</li> </ul> <p>▶ P.39 Safety Management</p>                    | GHG emissions 51.7% decrease   | <ul style="list-style-type: none"> <li>Increasing the opportunities for exchange to promote an understanding of safety and security and raise the degree of trust</li> <li>Engaging in ample activities to contribute to communities</li> </ul> <p>▶ P.39 Safety Management<br/>▶ PP.42–49 Environmental Management</p>   |
|  <b>Future Generations</b><br>Human resources responsible for fulfilling NSK's philosophy and ensuring the sustainable growth of society | <ul style="list-style-type: none"> <li>Passing down a safe society and an abundant natural environment</li> <li>Generating and providing opportunities for the growth of the next generation that will be responsible for the future</li> <li>Conveying the enjoyment and importance of <i>monozukuri</i></li> </ul>   | <ul style="list-style-type: none"> <li>NSK Foundation for the Advancement of Mechatronics</li> <li>NSK Scholarship Foundation</li> <li>Science classes for children</li> <li>Materials for children (e.g., comic books, picture books, and introduction to technology), etc.</li> </ul> | Record of support by the NSK Scholarship Foundation<br>Cumulative total of scholarship recipients 47<br><br>Conducting science classes for children  | <ul style="list-style-type: none"> <li>Strengthening support for the development of the next generation of human talent from a long-term standpoint</li> <li>Supporting efforts to invigorate the Asian region by supporting Asian exchange students and the development of global human resources through the NSK Scholarship Foundation</li> </ul>  |
|  <b>Shareholders and Investors</b><br>Providing financial capital and monitoring management  | <ul style="list-style-type: none"> <li>Maximizing future cash flows</li> <li>Realizing shareholder returns in excess of the cost of capital and an appropriate share price</li> <li>Providing information in a proper, fair, and timely manner, and sincere dialogue</li> <li>Promoting proactive CSR and ESG initiatives</li> </ul>                                   | <ul style="list-style-type: none"> <li>Shareholders' meetings</li> <li>Plant tours for shareholders</li> <li>Financial conferences</li> <li>Individual IR meetings</li> <li>Business briefings, etc.</li> </ul>   | Annual dividend ¥30 per share (FY2024 forecast annual dividend ¥34 per share)<br>Dividend payout ratio 173.8% (Target 30%–50%)<br>DOE 2.4% (–2.5% lower limit)<br><br>TSR over the past 10 years 1.2% on an annualized basis, 12.9% on a cumulative basis  | <ul style="list-style-type: none"> <li>Promoting understanding of management policies, strategies, and ESG initiatives</li> <li>Expanding support of shareholders over the mid to long term that contributes to the fair determination of share prices and realizing a balanced shareholder composition</li> <li>Upgrading and expanding engagement with shareholders and investors</li> </ul> <p>▶ PP.26–29 Message from the CFO</p> |

\* Data is for the period up to the end of FY2023.



# Deepening of the Value Chain

Each activity in the value chain shown in the collaborative value creation model makes efficient use of the various forms of NSK's capital and reinforces business activities by employing the strengths of internal capital, focusing especially on intellectual, manufacturing, and human capital. Here, we showcase the key capital inputs into each activity, NSK's strengths, and the tasks that are being addressed with the aim of further deepening the value chain. ▶ PP.30-37 Strengthening Internal Capital



## Deepening of the Value Chain

### R&D/ Equipment Development

Based on our Four Core Technologies plus One, which comprise tribology, materials, numerical simulation, and mechatronics plus manufacturing engineering technologies, NSK's R&D activities in fundamental research, advanced development, application development, and manufacturing engineering lead to the further development of existing technologies as well as the creation of new products, technologies, and businesses.

### Proposal/ Receipt of Orders/ Mass Production Preparation

Having worked together to ascertain customer and social needs while coordinating on a global basis, sales and technology divisions put forward technical and pricing proposals and conduct demonstrations that culminate in the receipt of orders. At the same time, steps are taken to engage in design activities for the mass production of products for delivery to customers, where new designs are required, and preparations for the setup of processes and production equipment at plants.



Environmentally friendly R&D and equipment development based on the Company's Four Core Technologies plus One  
Accumulation of experience and know-how through a global structure and network for R&D centers, and a patent strategy that utilizes business strengths



Development of technical staff through unique educational institutions and systematic education programs



Extensive network with customers, suppliers, external research institutes, and others



Financial foundation for funding R&D and equipment development; technology and equipment-related investments in target fields

### Strengths

- ✓ Proprietary equipment development capabilities
- ✓ Depth of technical human resources
- ✓ Ability to respond to environmentally friendly issues based on the accumulation of technologies
- ✓ Product development capabilities through collaboration with customers and external parties as well as a joint development structure and systems
- ✓ Product and equipment development capabilities through stable technology-related investment



Design, cost management, mass production preparation, and response capabilities based on quality, cost, delivery, development capabilities, and service management (QCDDSM)  
Support for setting up overseas plants and addressing various issues based on the production technology and know-how accumulated as mother plants [Glossary](#)



Cross-regional systems and systems that cover key customers in each region



Utilizing relationships of trust with customers and the Company's brand recognition



Financial foundation for funding capital investments

### Strengths

- ✓ Global sales strength as well as development and supply capabilities
- ✓ Proposal capabilities through collaboration between global sales personnel and engineers
- ✓ NSK's brand distinguished by its high quality and environmental consciousness
- ✓ Reductions in mass production costs through the in-house development of production equipment and use of specialized production equipment
- ✓ Engineering capabilities that help realize timely, reliable, stable production of new projects

| Tasks   |  | Key Performance Indicators  |
|---|--|---|
| Hand down and evolve technologies                                 | <ul style="list-style-type: none"> <li>Set and promote development themes in anticipation of technological change</li> <li>Train and retain engineers to hand down and evolve technologies</li> </ul>  | <ul style="list-style-type: none"> <li>Number of participants in NIT <a href="#">Glossary</a>: 539</li> <li>Technology-related investment for growth (3%-4% of sales)</li> <li>GHG emissions Scope 1 and 2</li> <li>Number of environmentally friendly products developed</li> <li>Number of technical proposals</li> </ul> <p>▶ PP.30-31 Intellectual Capital</p> <p>▶ PP.42-49 Environmental Management</p> |
| Pursue development efficiency and quality                         | <ul style="list-style-type: none"> <li>Improve development and evaluation efficiency through the use of digital twin technologies</li> <li>Focus on quality and efficiency at the development stage and improve manufacturing engineering through the use of digital technology</li> <li>Develop environmentally friendly equipment (improve product yield, the use of recycled materials, energy savings, and resource conservation)</li> </ul> |   |
| Strengthen existing product capabilities and develop new products | <ul style="list-style-type: none"> <li>Develop environmentally friendly products</li> <li>Further utilize open innovation</li> </ul>   |   |

| Tasks   |  | Key Performance Indicators   |
|---|--|--|
| Supply capabilities from optimal locations in line with changes in demand | <ul style="list-style-type: none"> <li>Supply capabilities from optimal locations in line with changes in demand (AM, ICE products, new products)</li> </ul>   | <ul style="list-style-type: none"> <li>Rate of lead time reduction</li> <li>New product net sales</li> <li>Productivity 1.5 times</li> </ul> <p>▶ PP.32-33 Manufacturing Capital</p> |
| Proposal capabilities   | <ul style="list-style-type: none"> <li>Improve technical proposal capabilities based on changing customer and social needs</li> </ul>  |  |
| New value creation  | <ul style="list-style-type: none"> <li>Propose and provide value and services in new styles, including selling services</li> </ul>   |  |
| Increase the efficiency of mass production design                         | <ul style="list-style-type: none"> <li>Utilize core assets (capitalized differentiation technology) aimed at increasing the efficiency of mass production design and reducing lead times</li> <li>Strengthen process management aimed at enhancing design and product quality <a href="#">Glossary</a></li> <li>Improve mass production and evaluation efficiency through the use of AI and simulations</li> </ul> |  |
| Ultra-stable and increasingly efficient production                        | <ul style="list-style-type: none"> <li>Strengthen the effectiveness of BCPs in production</li> <li>Enhance efforts to build smart factories and next-generation lines</li> <li>Shift to production equipment and production processes that enhance energy- and resource-saving</li> </ul>  |  |

## Deepening of the Value Chain

### Procurement

Based on the specifications determined by the development and design departments, activities to procure the raw materials/components used in products, production facilities, sub-materials, and the like. The Company realizes high-level QCD and stable procurement through fair, impartial, transparent, and socially and environmentally friendly transactions with its suppliers.

### Production/ Delivery

Product manufacturing requires coordination among a wide range of operations, including manufacturing, quality assurance, manufacturing engineering, equipment management, production control, plant accounting, and general affairs work to ensure stringent management over quality, cost, and delivery (QCD). Both the Industrial Machinery Business and the Automotive Business have their own plants, maintain appropriate inventories, and deliver products in a timely manner.

### Technical Support/ Aftermarket

Technical support post sales entails product repair, whereas aftermarket [Glossary](#) services encompass the maintenance and repair of customers' and end-users' equipment and machinery and sales expansion centered on MRO [Glossary](#) through the use of condition monitoring systems (CMOs). Feedback from customers is reflected in the improvement of products, the development of new products, and related activities.



- Build a sustainable supply chain through such measures as the prompt identification of contingencies and coordinated response initiatives based on relationships of trust with suppliers as well as strengthening endeavors from a CSR perspective
- Engage in continuous improvement activities with suppliers and QCD engagement through joint development



- Promote flexible procurement through global purchasing
- Supplier selection skills by experienced buyers

#### Strengths

- Resilient supply chain
- Optimal location procurement through a global procurement system



- Continuous improvement activities aimed at production innovation; training of engineers at domestic and overseas plants; passing down of technologies through training; proper stockholding and strict inventory control by management human resources engaging in advanced sales, production, and inventory (SPI)



- Address global demand through 20 and 47 production plants and facilities in Japan and overseas, respectively



- Energy- and resource-saving production activities



- Promote smooth production activities based on relationships of trust with customers, suppliers, and local communities

#### Strengths

- High-level SPI management [Glossary](#)
- Excellent equipment development capabilities as well as on-site and maintenance capabilities well versed in the use of facilities
- Production structure and systems that meet global demand in a timely manner
- Commitment to core values



- Provide customers with technical proposals and support in the aftermarket
- Engage in research into and analysis of product defects and the status of damage based on feedback from customers and end-users; propose product improvements and new technologies



- Respond promptly and meticulously through an extensive network of distributors and sales outlets; address repair and maintenance demand for other companies' products; meet sudden demand for non-scheduled maintenance; drawing on each of the aforementioned, also work toward immediate delivery through the use of distribution channels, including customers

#### Strengths

- Technical proposal and support capabilities based on research and analysis data obtained from the Group's distributor and sales outlet network

#### Tasks

|                         |  |
|-------------------------|--|
| Stable procurement      | <ul style="list-style-type: none"> <li>Ensure the flexibility of supply, strengthen the effectiveness of supply chain BCPs</li> <li>Optimize the supplier portfolio</li> </ul>                 |
| Responsible procurement | <ul style="list-style-type: none"> <li>Improve CSR management throughout the supply chain</li> <li>Ensure the awareness of reducing environmental impact throughout the value chain</li> </ul> |

#### Key Performance Indicators

- Systematic supplier risk assessment and support
  - Implementation of supplier CSR self-assessments once every two years, covering approximately 90% of suppliers
- ▶ P.41 Supply Chain Management

#### Tasks

|                                |   |
|--------------------------------|---|
| Deepening monozukuri           | <ul style="list-style-type: none"> <li>Develop and secure human resources; put in place a comfortable workplace</li> <li>Implement new NSK manufacturing methods that combine Advanced Production System (APS) improvement activities and digital technologies</li> </ul>                       |
| Service quality                | <ul style="list-style-type: none"> <li>Build a supply chain that can respond swiftly to changes in demand</li> <li>Accumulate know-how through products and technical services and improve services through global expansion</li> </ul>   |
| Further pursuit of core values | <ul style="list-style-type: none"> <li>Strengthen efforts aimed at reducing environmental impact on distribution</li> <li>Introduce renewable energy and promote energy saving in production activities</li> <li>Undertake thoroughgoing risk assessments of equipment and machinery</li> </ul> |

#### Key Performance Indicators

- Cumulative total number of participants in the NSK Manufacturing Education and Training Center [Glossary](#): 416 (FY2015–FY2023)
  - Lost-time injury frequency rate
  - Customer quality awards
- ▶ PP.32–33 Manufacturing Capital ▶ P.39 Safety Management
- ▶ P.40 Quality Management ▶ PP.42–49 Environmental Management

#### Tasks

|                       |   |
|-----------------------|---|
| Customer satisfaction | <ul style="list-style-type: none"> <li>Employ design and development that leverages customer and market field data</li> <li>Strengthen channel management, cultivate specialists</li> </ul> |
|-----------------------|---|

#### Key Performance Indicators

- Share and sales by industry or product
- ▶ PP.22–23 Business Strategy 1: Strategy and Progress of the Industrial Machinery Business
- ▶ PP.24–25 Business Strategy 2: Strategy and Progress of the Automotive Business

# Materiality

## Materiality

Based on the concept of double materiality<sup>1</sup>, NSK has identified nine material topics as the key sustainability areas on which it should focus its efforts.

## Material Topic Identification Process

### STEP 1 Selection of Subjects for Material Topic Assessment

NSK selected subjects that affect or could affect its sustainable growth and contribution to social issues from both short-term and mid- to long-term perspectives. Subjects such as product safety, helping to build a carbon-neutral society, and local community development were chosen for material topic analysis. The selection process primarily considered the following inputs.

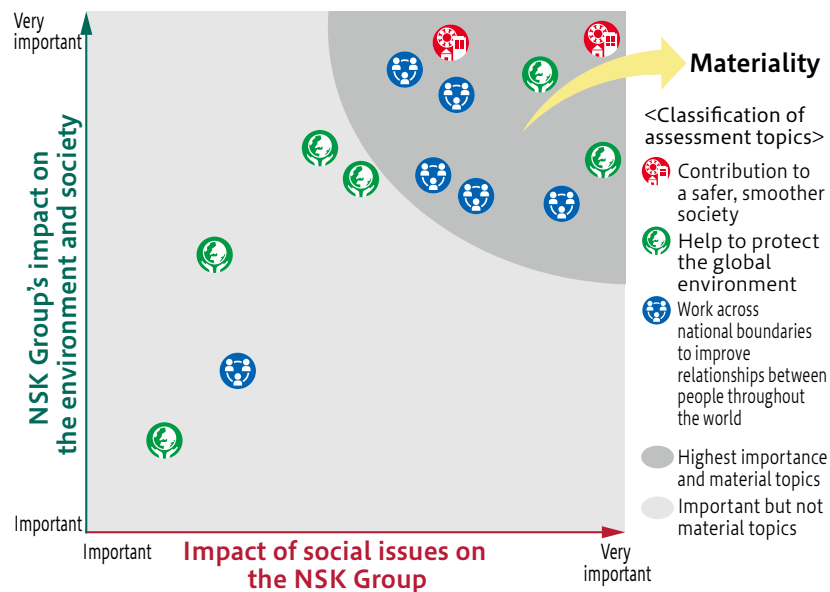
#### Standards, questionnaires, etc., reviewed:

- SDGs •GRI Standards
- SASB Standards •ESRS
- Questionnaires from ESG research organizations
- Questionnaires/interviews with institutional investors

These assessment subjects align with the commitments to build a “safer, smoother society,” “protect the global environment,” and “improve relationships between people” articulated in NSK’s corporate philosophy, as well as the “safety,” “quality,” “environment,” and “compliance” NSK has positioned as core values. They are also consistent with NSK’s SDGs Declaration, initiatives under its Mid-Term Management Plan 2026 (MTP2026), issues identified in annual risk assessments, and activities undertaken with stakeholders such as customers and suppliers.

### STEP 2 Identification of Material Topics

The importance of the assessment subjects was evaluated and mapped from both positive and negative perspectives in terms of the NSK Group’s impact on the environment and society (impact materiality) and the impact of social issues on the NSK Group (financial impact). The nine subjects with the highest importance were identified as material topics.



### STEP 3 Deliberation by the Operating Committee

The nine identified material topics were finally determined by the CEO after deliberation by the Operating Committee, which consists of representatives from the executive divisions. They were then shared throughout the NSK Group via the Officers’ Meeting and reported to the Board of Directors. Material topics will be revised continually based on NSK’s management situation, changes in social conditions, changes in stakeholder requests, and other factors.\*

\* The appropriateness of the setting and analysis content of the above identification process has been assessed with insights from an external consultant.



## List of Materialities

| Corporate Philosophy  | Core Values  | Material Topics   | MTP2026<br>Three Key Management Issues  | Examples of Initiatives   | SDGs (Related Goals) ▶ P.38  | Details                       |
|---|--|---|---|---|--|-------------------------------|
| <div></div> <div>Contribution to a safer, smoother society</div>   | <div> Safety</div> <div> Quality</div> <div> Environment</div> <div> Compliance</div> | <div>❶ Pursue product safety and reliability</div>  | <div>ESG Management</div>   | <div>● Promote Total Quality No. 1 initiatives (NPDS <a href="#">Glossary</a>, NQ1, and human resources development)</div>        | <div></div>  | <div>▶ PP.25, 40</div>        |
|   |  | <div>❷ Create value by integrating tribology and digital technologies</div>                                     | <div>Enhancement of Managerial Resources</div> <div>Growth with Profitability</div> | <div>● Ultra-stable production</div> <div>● Bearings &amp; Beyond</div>   | <div></div>  | <div>▶ PP.18–19, 30, 32</div> |
| <div></div> <div>Help to protect the global environment</div>  |  | <div>❸ Contribute to the establishment of a carbon-neutral society</div>  | <div>ESG Management</div>   | <div>● Reduce CO<sub>2</sub> emissions</div> <div>● Reduce energy consumption per unit of sales</div>                             | <div></div> | <div>▶ PP.42–48</div>         |
|   |  | <div>❹ Contribute to the establishment of a sound material-cycle society (conserve and recycle resources)</div> | <div>ESG Management</div>   | <div>● Promote resource conservation and recycling</div> <div>● Make smaller, lighter, longer-lasting products</div>              | <div></div>  | <div>▶ P.49</div>             |
|   |  | <div>❺ Respect fundamental rights at work</div>   | <div>ESG Management</div>   | <div>● Ensure compliance with labor laws and regulations</div> <div>● Respect human rights</div>                                  | <div></div>  | <div>▶ P.51</div>             |
| <div></div> <div>Work across national boundaries to improve relationships between people throughout the world</div> |  | <div>❻ Build a corporate culture of honesty, fairness, and trust</div>  | <div>ESG Management</div>   | <div>● Ensure group-wide understanding of the Corporate Philosophy</div> <div>● Pursue initiatives to strengthen compliance</div> | <div></div>  | <div>▶ P.50</div>             |
|   |  | <div>❼ Maximize the value of human capital</div>  | <div>Enhancement of Managerial Resources</div> <div>ESG Management</div>            | <div>● Develop and support diverse careers; utilize DX</div> <div>● Improve the working environment (health and safety)</div>     | <div></div>  | <div>▶ PP.34–37</div>         |
|   |  | <div>❽ Implement sustainable supply chain management</div>  | <div>Enhancement of Managerial Resources</div> <div>ESG Management</div>            | <div>● Improve QCD</div> <div>● Collaborate on environmental/human rights initiatives, etc.</div>                                 | <div></div>  | <div>▶ P.41</div>             |
|   |  | <div>❾ Promote regional economic development</div>  | <div>Growth with Profitability</div>  | <div>● Strive for harmony and mutual benefit with communities</div>   | <div></div>   | <div>▶ PP.33, 38</div>        |

# Special Feature: Taking on the Challenge to Change & Go Beyond —Bearings & Beyond Initiatives—

Against the backdrop of a dramatically changing business environment, NSK's goal is to reinforce its position as an integral member of society, garner trust, and remain the preferred company of choice by taking up the challenge to Change & Go Beyond and continuously providing new value. Here, we provide details of our Bearings & Beyond initiative identified under MTP2026.

**Taking up the challenge to Change & Go Beyond and continuously creating new value in an effort to reinforce our position as an integral member of society, garner trust, and remain the preferred company of choice,**

## Beyond

Provide new value to existing customers

Contribute to the resolution of social issues in new markets and domains

Contribute to electrification

- Ball screws used in electro-hydraulic brake systems

1 Enable predictive maintenance; contribute to resource and energy saving

- Condition Monitoring Solutions (CMS)

2 Contribute to new industries

- Gas turbine generator bearings for eVTOLs, including large drones

3 Realize a robotic society that coexists with humankind

- Outdoor mobile robot platform
- Motorized assistance robot



Contribute to the widespread use of renewable energy

- Respond to needs in special environments such as hydrogen energy

## Bearings

Increase the added value of No. 1 products by advancing core technologies

### Core Technologies

- Tribology technology
- Materials technology
- Numerical analysis technology
- Mechatronics technology

### No. 1 Products

- Ball bearings
- Precision bearings
- Precision ball screws
- Auto bearings

Corporate Philosophy

**MOTION & CONTROL™**

Take up the challenge in medical and biotechnology fields

- Low dust emission, decontamination actuator
- Precision control manipulator



Low dust emission, decontamination actuator

New Proposals for the Food Industry

- Edible oil deterioration control filters



## — Deliver products and services that provide new value through Change & Go Beyond initiatives —

### 1 Enable predictive maintenance; contribute to resource and energy saving

Provide new product value

#### Condition Monitoring Solutions (CMS)

Condition monitoring solutions are critical to the Company's efforts to establish a product lifecycle management (PLM) model that includes equipment maintenance, repair, and disposal after the sale of products. While equipment maintenance is generally undertaken on a regular basis at pre-determined times, in light of the focus placed on ensuring a sustainable society, we have witnessed growing calls for the unrestrained use of products in recent years. This has in turn triggered demand for timely maintenance in accordance with the condition of equipment. By utilizing CMS to monitor the operating status of products, steps can be taken to detect damage and deterioration at an early stage. In addition to facilitating the use of products to the end of their service life prior to replacement, monitoring also helps prevent unexpected accidents. Moving forward, NSK will expand its CMS business by integrating its accumulated know-how and digital technologies in combination with the extensive expertise of B&K Vibro (acquired in 2021).



CMS Products and Services

### 2 Contribute to new industries

Bearings that support new industries

#### Gas turbine generator bearings for eVTOLs

In recent years, the development of electric vertical take-off and landing (eVTOL) vehicles as a new means of transportation has progressed to the point where demand is projected to expand at an accelerated pace. Previously, mainstream eVTOL propulsion systems were completely motorized. Looking ahead, however, the need for high output, compact, and lightweight hybrid electric models is forecast to grow. Against this backdrop, gas turbine generators stand out from other hybrid motorized models because they can use various fuel sources such as biofuels and hydrogen, making them attractive from a carbon neutrality perspective. NSK developed and launched bearings for gas turbine generator use in March 2024. The Company has also developed a new lubrication mechanism that significantly reduces the amount of lubricating oil the bearing requires. This has contributed to further reduction in weight while extending flight range.



High payload emergency supply delivery drone equipped with a gas turbine generator  
(Photo courtesy of Aero Development Japan, Inc.)

### 3 Realize a robotic society that coexists with humankind

Development with an eye toward a future in which robots become a part of the societal infrastructure

#### Outdoor mobile robot platform

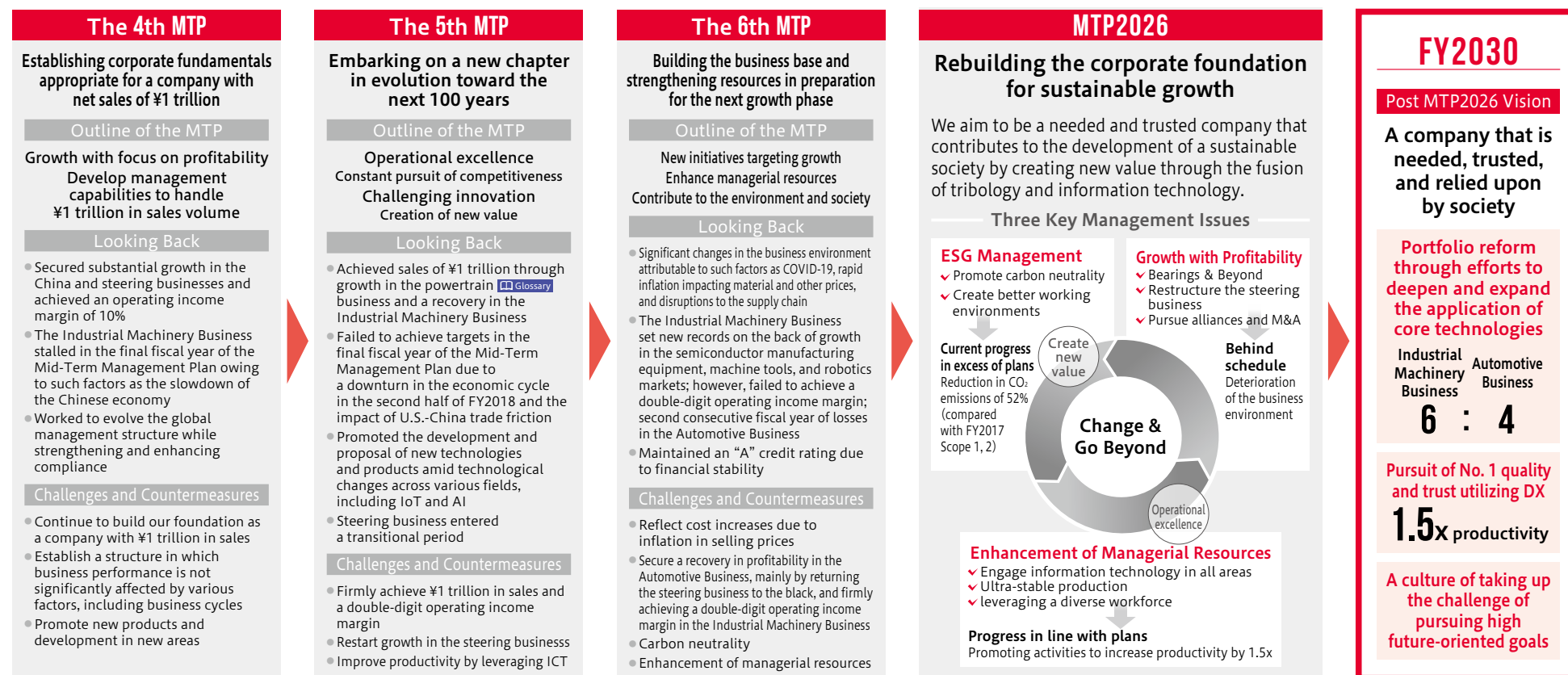
NSK has initiated steps to develop an outdoor mobile robot as a platform for service robots. The outdoor mobile robot utilizes NSK's core technologies to achieve a design ideal for outdoor use with a highly stable platform and autonomous navigation all packaged in a low-profile body. This enables the smooth and gentle transport of objects on uneven surfaces and contributes to the automation of transportation work in a wide range of industries including the service industry. NSK is committed to resolving customers' issues and creating new value in a bid to address the growing need for automation of work including the transport of objects to improve human resource allocation, such as to bolster customer service, and to improve occupational health and safety. Currently, we are undertaking pilot testing at service sites, analyzing user issues, and proposing solutions.



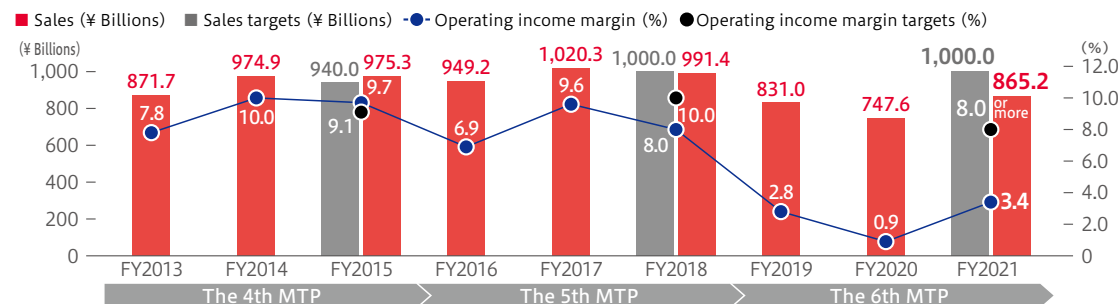
Outdoor mobile robot platform



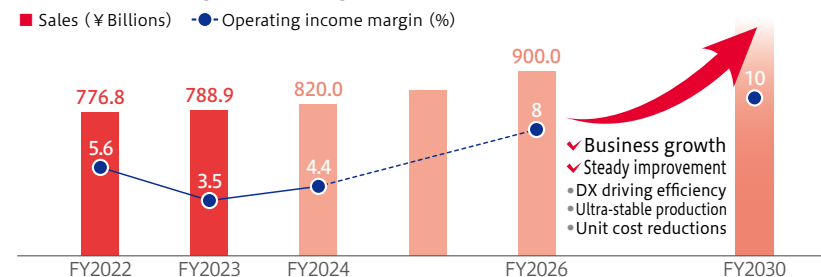
# Review of Past Mid-Term Management Plans and the Positioning of MTP2026



**Performance Trends (The 4th MTP based on JP-GAAP, IFRS from the 5th MTP onward)**



**Sales and Operating Income Margin**



# Policy for the Second Half of the Mid-Term Management Plan Targeting Change & Go Beyond

NSK launched MTP2026 in FY2022 and has continued to address three key management issues. As far as growth with profitability, one of the three issues, is concerned, NSK reset its FY2026 financial targets. The decision to reset these targets was based on changes in the business environment assumptions that underpinned MTP2026 at the time of its formulation, and the subsequent delay in securing a recovery in profitability, as well as the transition of the steering business to a joint venture in August 2023. Despite the downward revision in original targets, we will target an ROE of 8% in FY2026 and 10% thereafter by working to trigger a recovery from the deterioration in profitability attributable to changes in the business environment and strengthening the Company's business foundation through sales growth and portfolio reform.

## Changing Business Environment

- ✓ Continued sluggish demand against the backdrop of rising interest rates in many countries and a slowdown in the Chinese economy
- ✓ Global inflation including energy and labor costs

|                               |   |
|-------------------------------|---|
| Industrial Machinery Business | Continued adjustments in demand from the second half despite record-high results in FY2022; delays in a recovery                  |
| Automotive Business           | Decline in global automotive production volume compared with assumptions made at the time of Mid-Term Management Plan formulation |
| Steering Business             | Establishment of a joint venture with JIS in August 2023; conversion to an equity-method affiliate                                |

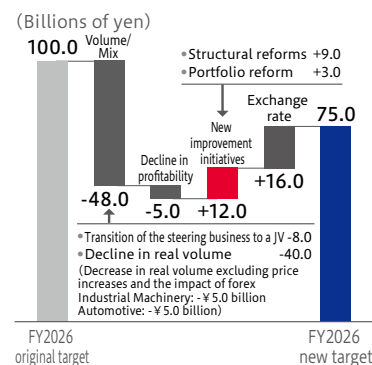
| Market Assumptions  | At the time of MTP2026 formulation |        | As of the end of FY2023 |        |
|---|------------------------------------|--------|-------------------------|--------|
|   | FY2023                             | FY2026 | FY2023                  | FY2026 |
| Outlook for machine tool related orders (¥ Trillions) (NSK outlook based on JAMA data)                                | 1.8                                | 2.0    | 1.5                     | 1.7    |
| Outlook for semiconductor manufacturing equipment demand (US\$ Billions) (NSK outlook based on SEMI and Gartner data) | 110                                | 130    | 100                     | 120    |
| Outlook for global automotive production (Million vehicles, NSK outlook)  | 92                                 | 98     | 90                      | 92     |

## Review of FY2026 Financial Targets and New Target Initiatives

- ✓ Downward revision: Sales ¥900 billion Operating income ¥75 billion Operating income margin 8% ROE 8%
- New targets exclude sales and profits of the steering business
- Maintained sales targets in the Industrial Machinery and Automotive businesses
- Adjusted the Industrial Machinery Business operating income target to reflect the decline in real volume; maintained the Automotive Business operating income target (excluding the steering business)

| KPIs                                     | Original Targets | New Targets  |
|--|------------------|--------------|
| Sales                                    | Over ¥1 trillion | ¥900 billion |
| Industrial Machinery Business            | ¥450 billion     | ¥450 billion |
| Automotive Business (excluding steering) | ¥410 billion     | ¥410 billion |
| Steering business                        | ¥220 billion     | —            |
| Operating income                         | ¥100 billion     | ¥75 billion  |
| Operating income margin                  | 10%              | 8%           |
| Industrial Machinery Business            | 13%              | 10%          |
| Automotive Business (excluding steering) | 7%               | 7%           |
| Steering business                        | 4%               | —            |
| ROE                                      | 10%              | 8%           |
| ROIC                                     | 8%               | 6%           |
| Net D/E ratio                            | Below 0.4x       | Below 0.4x   |
| Forex rate                               | USD1: ¥112       | USD1: ¥140   |

### Factors Behind the Change in Operating Income



| Management Policies          |  | Initiatives   |   |
|------------------------------|--|---|---|
| Three key management tasks   | Continue initiatives toward Three Key Management Tasks         | Growth<br>Structural reforms  | Business portfolio reform   |
|                              | Profitability improvement is top priority                      |   | Expand Industrial Machinery   |
|                              | Maintain investment in human resources, environment, DX        |   | Secure share in EV  |
|                              |  |   | New products to market  |
| Enhance managerial resources | Enhance managerial resources                                   | Growth<br>Structural reforms  | Ultra-stabilization of production                                   |
|                              | ESG management   |   | DX driving efficiency   |
|                              |  |   | Unit cost reductions, transfer labor cost increases to sales prices |
|                              |  |   | Execute structural reform/production reorganization                 |
| ESG management               | Environment  | Reduce the Group's manufacturing-based business activity CO <sub>2</sub> emissions (Scope 1 + 2 vs. FY2017)<br>FY2023 result: -52% (FY2026 target: -50%)  |   |
|                              | Social   | Contribute to the reduction of CO <sub>2</sub> emissions generated through the use of products<br>FY2023 result: 2,435 thousand-t (FY2026 target: 3,000 thousand-t)   |   |
|                              | Governance   | Issuance of sustainability-linked bonds (September 2023)<br>Disclosure of the Group's human rights policy (October 2022); White 500 certification for 7 consecutive years; thorough compliance training (e.g., engineer ethics, quality)<br>Abolishment of takeover defense measures (May 2023) |   |
| Enhance managerial resources | Create an environment conducive to the shift to digitalization | DX human resources development program under way (More than 80% progress against the target of 5,000 trainees)  |   |
|                              | Ultra-stable production  | Promoting the renewal of core systems   |   |
|                              | leveraging a diverse workforce                                 | Activities under way to secure a 1.5x increase in productivity 43% of target lines commenced as of FY2023   |   |

\* Women, foreign nationals, mid-career hires; excluding the steering business from FY2023

# Business Strategy ① Strategy and Progress of the Industrial Machinery Business

## MTP2026 Goals

Recognizing advances in the electrification, automation, digitalization, and environmental markets as an opportunity for growth over the mid to long term, NSK is working to expand its Industrial Machinery Business portfolio. However, in light of the slower than originally planned recovery in demand owing to such factors as interest rate hikes in several countries and a slowdown in the Chinese economy, the Company revised its targets for FY2026. Despite a downward revision, the direction of our business growth strategy remains unchanged. Meanwhile, profitability in the E&E business is declining due to the market's deterioration and the impact of inflation. To address this decline, we are working to improve our earnings structure by restructuring global production focusing mainly on the European region.

| Changing Business Environment  | Risks and Opportunities   | Key Issues and Initiatives   |
|--|---|--|
| <ul style="list-style-type: none"> <li>Electrification, automation, etc., expanding capital investment demand</li> <li>Slowdown in the Chinese economy</li> <li>Prolonged inventory adjustments</li> </ul> | <b>Risk</b> <ul style="list-style-type: none"> <li>Prolonged slump in China</li> <li>Rise of Chinese competitors</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Expand in markets that benefit from NSK's technologies               <ul style="list-style-type: none"> <li>Semiconductors, machine tools, robots, railway, etc.</li> </ul> </li> <li>New growth markets, including new energy</li> </ul> | <b>Growth/Expansion</b> <ul style="list-style-type: none"> <li>Strengthen supply capacity</li> <li>AM sales expansion/enter new sectors</li> </ul> <b>Improve profitability</b> <ul style="list-style-type: none"> <li>E&amp;E business production reorganization</li> </ul> |

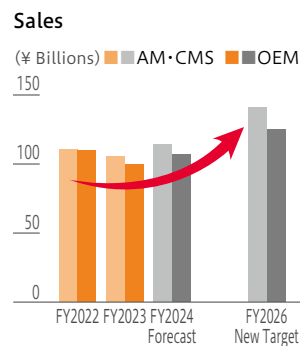
### Industrial Machinery Business Strengths

- Extensive product lineup as a comprehensive bearing manufacturer
- Technological capabilities based on our Four Core Technologies plus One
- Strengths in precision technology, including precision bearings and precision ball screws
- Accumulated expertise in customer needs and technology for a wide range of industries and applications
- Technological capabilities and production control methods cultivated in the Automotive Business
- Manufacturing, supply, and technical support capabilities based on a global network framework

## Strategies by Sector

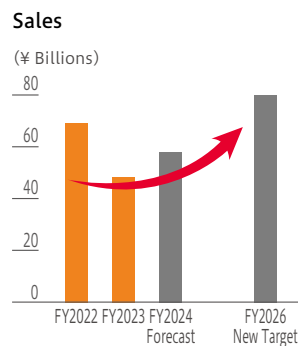
### Growth/Expansion

#### Industrial Machinery Bearings General Machinery (OEM)/Aftermarket (AM)/CMS



- AM EU/US sales expansion**  
The Americas Collaboration with key distributors  
Wind turbine bearing repair business acquisition  
Strengthen supply bases  
Europe Expand business in Eastern Europe
- Expand the CMS sector**
  - Pharmaceuticals/steel/paper
  - Plug & Play Solutions to market
- OEM product differentiation**  
Machine tools/robots/wind power/railways/new energy
  - Support for sophisticated machine tools
  - Longer service life in special environments

#### Precision Machinery and Parts



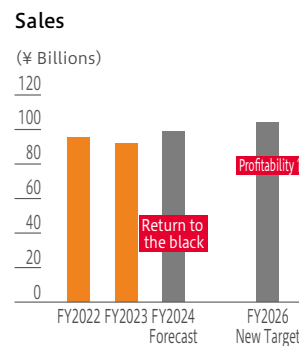
- Growth with Profitability**  
Technology differentiation in growth markets
  - Semiconductors/rechargeable battery related
- Supply capacity and quick delivery
  - Commercial/general machinery
- New products/entry into new business areas**  
Service robots  
Industrial actuators

Active Caster  
"PalGo"



### Improve Profitability

#### Industrial Machinery Bearings E&E (Electrical & Electrification)

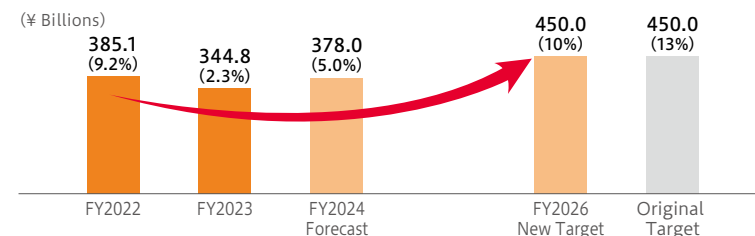


**Business reform through production reorganization**

- Completion of global production reorganization**  
Production transfer and consolidation in Japan, U.S.A., and Asia
  - Structural reforms in Europe
  - Utilize bases to expand AM sales in North America

## MTP2026 Growth Vision

### Sales (segment income margin)



### FY2026 Target

#### Sales

¥450.0 billion

#### Segment income margin

10%

Expand the Industrial Machinery Business portfolio

While lowering our original target of 13%, our operating income margin has improved to just above 10% owing to the market's recovery and positive flow-on effects of sales growth.

FY2023  
44%

FY2026  
50%



## Strategies to Change & Go Beyond

### Initiatives aimed at expanding the aftermarket business

NSK is expanding its aftermarket (AM) Industrial Machinery Business operations, which largely cater to the commercial and maintenance markets. In the commercial market, considerable emphasis is placed on improving the performance of standard products and the ease of product selection. As a part of these efforts, we are utilizing a wealth of technical data and the latest digital technology to better help customers in their selection of products. This includes the world's first practical application of the Micro-UT method [Glossary](#) for highly accurate bearing life\*<sup>1</sup> prediction and a renewed engineering tool that is available online. With customers' requirements and the need to put forward value-added proposals uppermost in their minds, field engineers in each region propose solutions to issues on a daily basis. Examples include condition monitoring systems (CMS) for equipment where machine stoppages are not an option. Through these means, NSK is working to ensure optimal product lifecycle management (PLM).

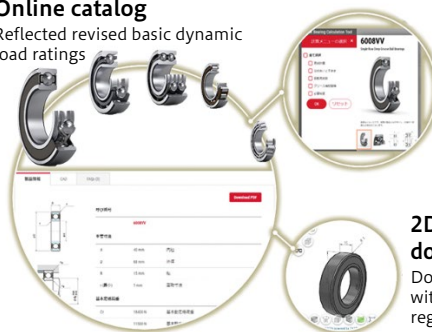
\*1 A technique for accurately predicting the life of a rolling bearing based on the size and amount (statistical data) of non-metallic inclusions in the steel (Patent applied for).

#### ✓ Providing a more efficient product selection tool

- Three engineering tools updated
- Functions linked across tools to provide one-stop solution for various tasks, from selecting bearings, to confirming specifications, to downloading CAD data

##### Online catalog

Reflected revised basic dynamic load ratings



##### Technical calculations

Enabled multiple item calculation and multi-list view

##### 2D/3D CAD data download

Downloadable without user registration

### NSK's technical points

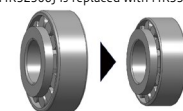
The world's first practical application of a highly accurate bearing life prediction method applying ultrasonic testing was incorporated into the online catalog. (Improved basic dynamic load ratings up to a maximum of twice the estimated life)

Customers are able to leverage the long-life performance of NSK bearings in their machine design.

Contributes to the downsizing and weight reduction of machines

Contributes to build a carbon-neutral world

Tapered roller bearing example:  
If HR32306J is replaced with HR33206J.



Outside diameter: Down approx. 14%  
Assembled width: Down approx. 13%  
Weight: Down approx. 38%  
Torque and power consumption: Down approx. 18%  
CO<sub>2</sub> emissions\*<sup>2</sup> during bearing usage: Down approx. 22 kg per bearing

\*2 Results based on NSK estimation.

## A Look Back at the Business Conditions for FY2023 and the Forecast for FY2024

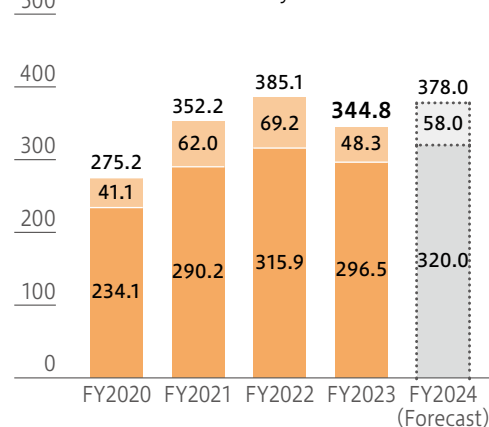
The market downturn has prolonged due to ongoing adjustment in the semiconductor market and the impact of the stagnant Chinese economy. In addition, demand has been sluggish due to the influence of inventory adjustments. As a result, sales decreased compared to the previous fiscal year. Looking at the Company's results by geographic breakdown, demand in Japan declined due to deteriorating market conditions, particularly in machine tools, semiconductor manufacturing equipment, and the aftermarket. In the U.S., sales for semiconductor manufacturing equipment declined, and in Europe, aftermarket sales slowed down. In China, sales declined due to soft demand in the aftermarket, machine tools, and electrical and electronics applications.

As a result, sales in the industrial machinery business segment totaled ¥344.8 billion, a year-on-year decrease of 10.5%, and operating income was ¥8.0 billion, a year-on-year decrease of 77.5%.

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, and other new value-added products.

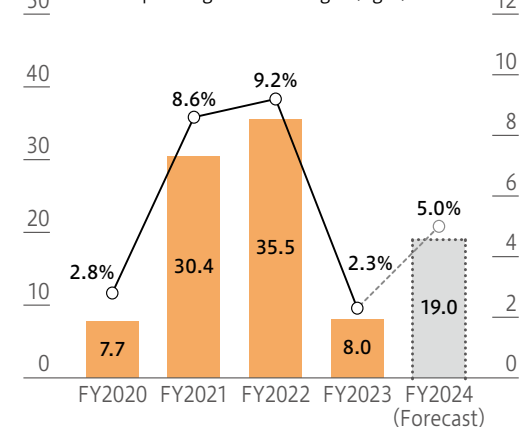
### Sales Trends

(¥ Billions) Industrial Machinery Bearings  
Precision Machinery and Parts



### Operating Income/Operating Income Margin Trends

(¥ Billions) Operating Income (left)  
Operating Income Margin (right) (%)



## Business Strategy ② Strategy and Progress of the Automotive Business

### MTP2026 Goals

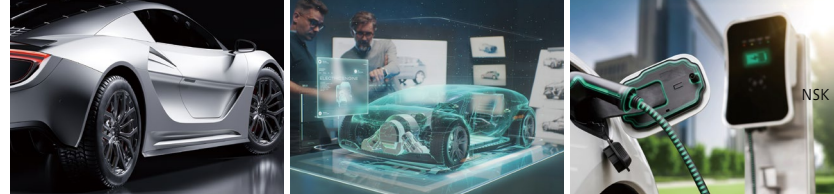
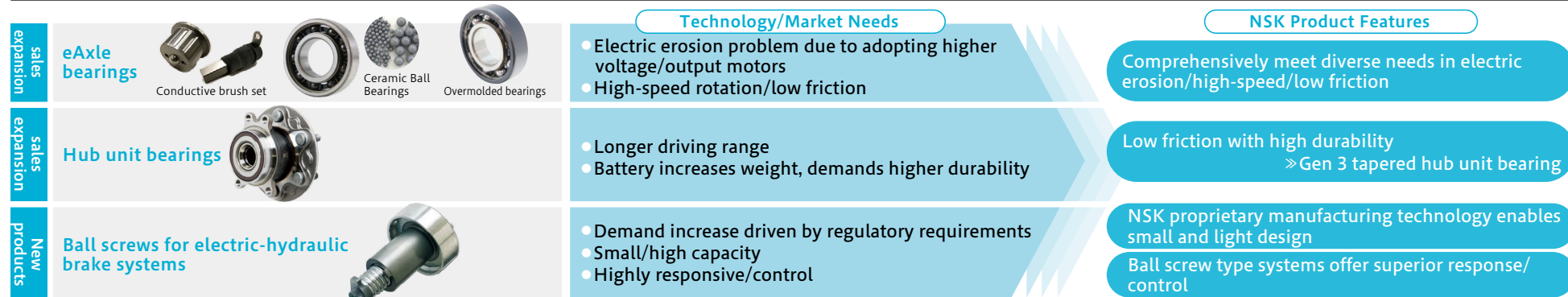
Against the backdrop of an expanding electric vehicle market, including HEVs, NSK is working to reform its Automotive Business portfolio. In specific terms, steps are being taken to shift from products for conventional internal combustion engines (ICE) to products for EVs, thereby lifting sales of the latter. New high-margin orders and sales for EV products continue to steadily expand on the back of such factors as successful efforts to differentiate the Group's technologies. In light of the subsequent downturn in ICE product volume, preparatory steps are being taken to reorganize the production structure. Meanwhile, taking into consideration the current business environment, we revised our original automotive production forecast assumption from 98 million units to 92 million units for FY2026. Despite this downward revision, original FY2026 target plans remain unchanged owing to such factors as trends in foreign currency exchange rates.

| Change in business environment  | Risks/Opportunities  | Challenges to Address  |
|---|--|--|
| <ul style="list-style-type: none"> <li>Recovery of Automotive Production volume (98 mil vehicle/yr)</li> <li>Acceleration of electrification</li> </ul> | <b>Risks</b> <ul style="list-style-type: none"> <li>Increased price competition</li> <li>Accelerating pace of development</li> </ul>   | <b>Growth/Expansion</b> <ul style="list-style-type: none"> <li>EV sales expansion to drive profitability and growth</li> <li>Technology differentiation: Electric erosion/high durability/low torque/quiet operation</li> <li>Develop new products ahead of competitors</li> <li>Market new products and increase development speed (Strengthen local R&amp;D for China market)</li> </ul> |
| <ul style="list-style-type: none"> <li>China slowdown</li> <li>Stagnation of volume (92 mil vehicles/yr)</li> </ul>                                     | <b>Opportunities</b> <ul style="list-style-type: none"> <li>Increase in opportunities to cultivate new customers and propose new products on the back of the shift to EVs</li> </ul> | <b>Profitability Improvement</b> <ul style="list-style-type: none"> <li>ICE product production reorganization</li> </ul>   |

#### Automotive Business Strengths

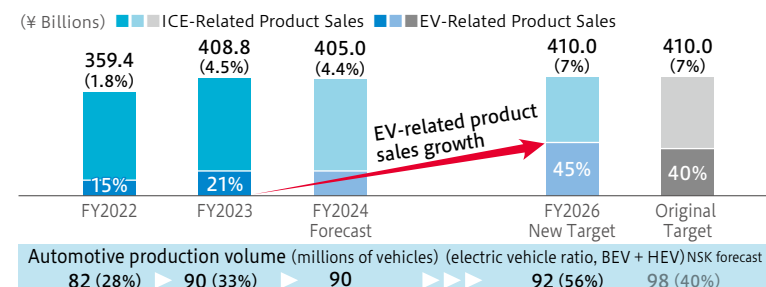
- Diverse business relationships and customer base as an independent manufacturer with automakers and first-tier automotive components manufacturers built up over many years
- Supply system in areas of demand (robust supply chain system based on local production for local consumption), ability to meet global demand from each of the sales and technology perspectives
- Developmental capabilities and technical expertise critical to addressing the shift to EVs and increasingly advanced automobile functionality (Four Core Technologies plus One; trend toward reductions in both size and weight, lower torque, and lower friction, and electric erosion resistance)
- Ball screw technologies cultivated through industrial machinery

### NSK's Growth Engine in the EV Market



### MTP2026 Growth Vision

#### Sales (segment income margin)



#### FY2026 Target

##### Sales

¥410 billion

##### Segment income margin

7%

Work to achieve a 7% operating income margin through EV sales growth and measures aimed at improving profit

##### Portfolio reform

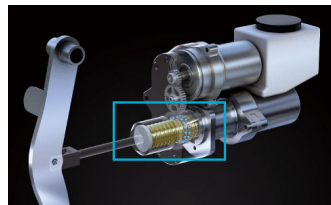
- Increase market share by winning orders for high value-added products
  - Growth in the electric brake ball screw business to ¥30 billion
  - Non-Japanese customer growth
- Reference: Bearing demand (NSK forecast)  
 ICE 100 : BEV 80 : HEV 110

## Strategies to Change & Go Beyond

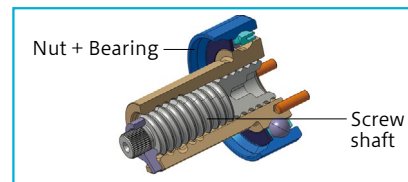
### Strategy to expand ball screws for electric-hydraulic brake systems

The mandatory installation of automatic braking systems is progressively taking hold in line with efforts to achieve a safe and secure society. As a result, demand for highly safe electric brake systems is expected to increase. While there are several types of electric-hydraulic brake systems, the ball screw type, which stands out for its responsiveness and efficiency, accounts for around 50% of the total. NSK is working to expand its business in a bid to address growing demand.

#### Electric-hydraulic brake systems



#### Ball screws for electric-hydraulic brake systems and other initiatives



#### Market Environment

- The number of vehicles equipped with electric brake systems is expected to expand as the mandatory installation of automatic braking systems progressively takes hold

#### Technological Advantages

- Ball screw type systems are highly responsive, efficient, and reliable
- Achieved smaller/higher capacity systems through the use of NSK's proprietary technologies

#### FY2026 Target

##### Orders

More than 10 million units

##### Sales

¥30 billion

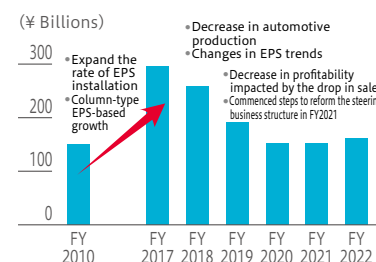
##### Share

50%

### Reorganizing the steering business into a JV

NSK's steering business grew over FY2017 on the back of upswings in the EPS installation rate and global automotive production. Thereafter, earnings declined owing to such factors as the impact of COVID-19. Taking the aforementioned into consideration, and with an eye to the future, NSK initiated steps to reform its steering business structure. In specific terms, the Company established a steering business joint venture with Japan Industrial Solutions III Investment Limited Partnership (JIS). Currently, we are considering alliances with new strategic partners under the umbrella of the new joint venture company.

#### Steering Business Sales



#### Established a steering business joint venture

- Concluded a joint-venture agreement with JIS
- Change in the status of NSK Steering & Control, Inc., a subsidiary of the Company, to an equity-method affiliate on August 1, 2023 (shareholding ratio: NSK 49.9%, JIS 50.1%)

#### Purpose

- Promote further structural reform to improve profitability
- Promote independent operations
- Explore opportunities for alliances with strategic partners
- Strengthen the monitoring system

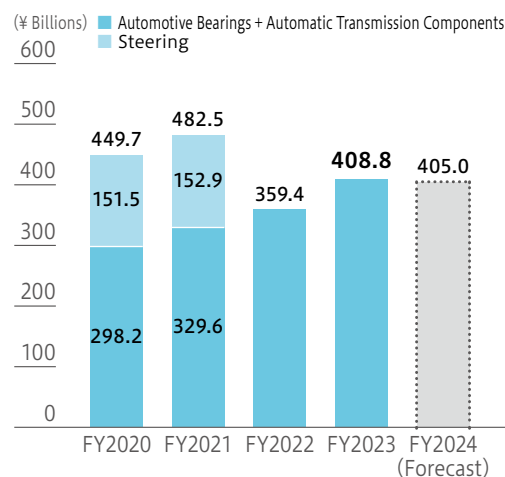
## A Look Back at the Business Conditions for FY2023 and the Forecast for FY2024

Global automotive production volume increased due to the production adjustments being resolved from the easing of parts supply constraints. As a result, sales increased year-on-year. Looking at the Company's results by geographic breakdown, in Japan, U.S. and Europe sales increased year-on-year as automotive production recovered from parts supply constraints seen in the previous year. In China, sales increased year-on-year due to the rebound from the decline triggered by strict restrictions on economic activities based on its Zero-COVID policy during the previous year.

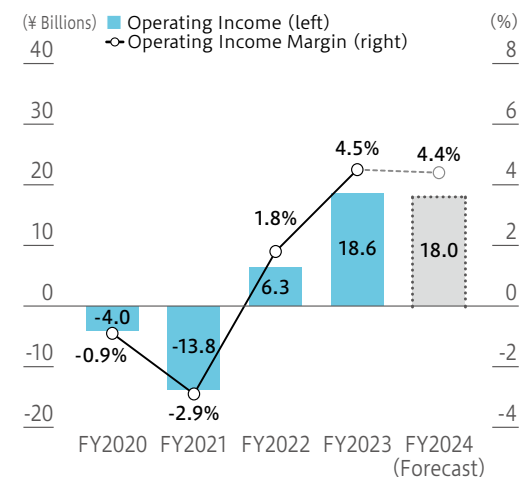
As a result, sales in the automotive business segment totaled ¥408.8 billion, a year-on-year increase of 13.8% and operating income was ¥18.6 billion, a year-on-year increase of 193.6%.

In this segment, we will strengthen our competitiveness by leveraging the low torque, high-speed rotation, and light weight technological capabilities possessed by the Group in response to the electrification of automobiles and aim to grow the business by working to expand new products for the future, including ball screws for electric-hydraulic brake systems.

#### Sales Trends



#### Operating Income and Operating Income Margin Trends



\* Historically, NSK has separately disclosed details of its automotive bearings and automotive components sales. Accounting for the steering business' classification as a discontinued operation in FY2023, FY2022 data was retroactively adjusted and disclosed solely on an Automotive Business basis. Meanwhile, equity in earnings of the joint venture with JIS, established on August 1, 2023, is included in segment income from the second quarter of FY2023.



# Message from the CFO



## Targeting sustainable growth through improvements in profitability and effective cash allocation

**Keita Suzuki** Director  
Representative Executive Officer,  
Executive Vice President, and CFO

## Evaluating progress over the first half of MTP2026

NSK is actively working to achieve its Mid-Term Management Plan, which covers the five years from FY2022 to FY2026. Amid changes in the business environment initially envisioned, financial results in FY2023, the second year of the Plan, were mixed. In specific terms, sales increased ¥12.1 billion compared with the previous fiscal year to ¥788.9 billion. In contrast, operating income decreased ¥16.4 billion year on year to ¥27.4 billion. In addition, NSK's net income attributable to owners of the parent, the sum of continuing and discontinued operations, came in at ¥8.5 billion, a year-on-year decrease of 53.8% after accounting for such factors as the partial reversal of deferred tax assets in Europe. Taking also into consideration our ROE of 1.3%, we are far from satisfied with these results.

Based on the incidence of delays compared to initially forecast plans owing to changes in the business environment, and the transition of the steering business to a joint venture, we reviewed and disclosed details of revised MTP2026 targets in May 2024. NSK is now targeting sales of ¥900 billion, operating income of ¥75 billion, an operating income margin of 8%, an ROE of 8%, and an ROIC of 6%.

Looking back on progress by business in FY2022, the first year of MTP2026, the Automotive Business initially confronted a harsh operating environment most notably impacted by such factors as daily fluctuations in customers' production volume plans owing to shortages in semiconductors and other components. Thereafter, in FY2023, these difficult conditions gradually began to dissipate. Despite minor fluctuations in profitability, automobile production volumes grew and financial results trended toward a recovery. Buoyed also by progress in passing on inflation costs to selling prices, successful steps were taken to secure an operating income margin of 5%.

Meanwhile, NSK reported record-high sales in the Industrial Machinery Business in FY2022 on the back of robust demand over the first half. Conversely, the downturn in demand that began from the second half, owing to weak real estate market conditions and the

subsequent slowdown in China's economy, continued into FY2023. Because the marginal profit margin in the Industrial Machinery Business is higher than that of the Automotive Business, the impact of fluctuations in the amounts of raw materials is also greater. NSK's Industrial Machinery Business precision machinery and parts for machine tools and semiconductor production equipment, products in which the Company is strong, are especially vulnerable. For this reason, we recognize the need to bolster our resilience to the effects of fluctuations.

## Promote structural reforms in Europe toward the second half of MTP2026

One key initiative during the second half of the Mid-Term Management Plan is to improve profitability in the European region. Buffeted by a weak economy and deterioration in its product mix, NSK is experiencing difficulties in maintaining profitable operations. Owing to its poor performance, the Company has also failed at times to adequately upgrade its production facilities. As a result, we have witnessed a downturn in profitability due to the decline in productivity attributable to aging plants and equipment. While the acquisition by our small motor E&E segment of a state-owned company and its mainstay plant in Poland has since contributed significantly to NSK's growth, Poland's decision to join the EU, rising labor costs, and the sharp surge in energy costs associated with the conflict in Ukraine, coupled with the aforementioned factors, have led to continued difficult conditions and our ongoing inability to boost profits.

Under these circumstances, we undertook a review of our Mid-Term Management Plan. As a part of this review, we took the bold step to reform the structure of our business in Europe. Together with efforts to put in place a more resilient earnings structure, we are working to engage in optimal global production. To this end, we will invest a total of ¥6 billion (¥5 billion in FY2024 and ¥1 billion in FY2025) in structural reforms, mainly in Europe, which we project will help improve profitability by ¥9 billion per year in FY2026 compared with FY2023. Recognizing the critical role this initiative will also play

| Financial Strategy Basic Policy     | Management Indicators | FY2023     | MTP2026 New Target        | FY2024 Evaluation and Comments  |
|-------------------------------------|-----------------------|------------|---------------------------|---|
| Maintenance of Financial Stability  | Net D/E ratio         | 0.26 times | 0.4 times or less         | Maintained a sound financial structure  |
|                                     | ROE                   | 1.3%       | 8%                        | Delays in the Company's earnings plan due to changes in the business environment. However, a plan has been established to carry out a variety of measures in a bid to secure an ROE of 10% post FY2026. |
| Growth with Profitability           | ROIC                  | 1.5%       | 6%                        |   |
| Stabilization of Shareholder Return | Payout ratio          | 173.8%     | 30%–50%                   | Dividend: ¥30 per share<br>Continue stable shareholder returns;   |
|                                     | DOE                   | 2.4%       | Lower limit of about 2.5% | adopt DOE from FY2024   |

in improving ROE, we will pull out all the stops to bring these investments to fruition.

## MTP2026 basic policy on the allocation of cash

We are confident in our ability to generate between ¥400 to ¥500 billion in cash over the five years of MTP2026 through various means, including operating cash flows and the reduction of cross-shareholdings. Of this total, we will allocate ¥280 billion to measures aimed at securing sustainable growth. Working diligently to realize the Group's concept of Bearings & Beyond, we will not only engage in recurring investments that include the maintenance of facility capacity but also allocate cash to help expand the Industrial Machinery Business as a part of our portfolio reform endeavors, as well as such investments as DX and the development of new products.

As far as shareholder returns are concerned, we have set a dividend payout ratio of between 30% to 50% and 2.5% as a lower limit for DOE as indicators. By reflecting upside in the dividend payout ratio and indicating stable dividends through DOE, we are projecting shareholder returns of at least ¥100 billion over five years. Moreover, we are considering a variety

of measures, including M&As, as a part of efforts to improve our corporate value.

From a share buyback perspective, NSK acquired 25 million of its own common shares at an acquisition cost of ¥21.7 billion and cancelled 51.27 million of treasury shares in FY2023. Timing and conditions are key factors in the acquisition of treasury shares. Accordingly, we will undertake the buyback of shares in an appropriate and flexible manner based on a variety of factors.

Turning to another key component in securing sustainable corporate growth, we recognize the critical need to invest in various measures aimed at addressing ESG concerns. With this in mind, I believe that we must put in place a cycle through which we allocate the earnings generated by our business activities to measures designed to resolve social issues. For example, in a bid to help resolve environmental issues, our goal is to become carbon neutral by minimizing the environmental impact of our business activities at the "creation" stage and maximizing the environmental contribution of our products at the "utilization" stage. I am convinced that in establishing this cycle, we will be better placed to mitigate ESG risks, which in turn will lead to a reduction in the cost of capital.

NSK must better align its structure and systems to anticipated changes in its operating environment.

Our personnel system is an issue of particular note. Here, we have introduced a role-based system for managerial positions. Human resources are critical to improving corporate value. With this in mind, we will continue to invest broadly in human capital, including development and training.

▶ P.36 Human Capital: Introducing a New Personnel System

▶ PP.42-49 Environmental Management

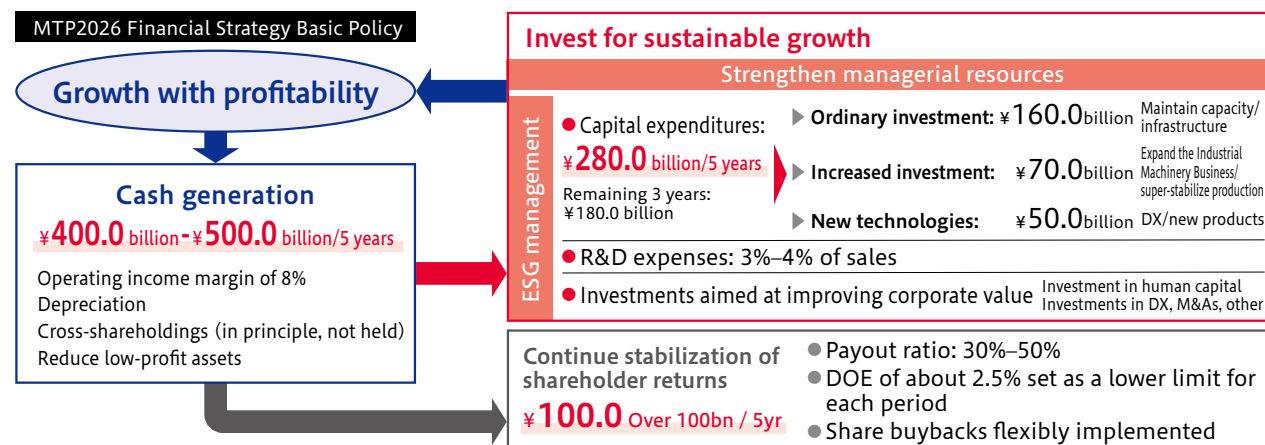
## Approach to maintaining financial stability and financial leverage

Maintaining our financial stability is essential to both ensuring our sustainable growth and our ability to withstand changes in our business environment. Against this backdrop, the Group's equity ratio, net D/E ratio, liquidity on hand, and other indicators that measure its financial stability and health remain sound.

NSK has set a net D/E ratio target of below 0.4 times under MTP2026. Even as the need to allocate cash for such investments as M&As arise, we will engage in the flexible and effective use of interest-bearing debt after securing a stable financial base.

| Rating and<br>Investment<br>Information,<br>Inc. (R&I) | Japan Credit<br>Rating Agency,<br>Ltd. (JCR) |
|--|--|
| A  | A+   |

### Financial Strategy: Cash Allocation



## Reduction of cross-shareholdings

In reviewing our Mid-Term Management Plan, we reiterated our stance to refrain from holding cross-shareholdings as a general rule. We also recognize the critical need to use the cash generated through the sale of cross-shareholdings to help secure growth with profitability, increase earnings capacity, and enhance our corporate value. While coming in at 15.1% as of the end of FY2022, NSK's proportion of cross-shareholdings to total consolidated capital fell to 5.5% as of the end of FY2023, and deemed holdings of equity securities held for purposes other than pure investment were reduced to zero. In April 2023, we were able to return part of the cash from the reduction of deemed holdings in FY2022 to the company.

▶ P.64 Corporate Governance: Cross-Shareholdings

# Message from the CFO

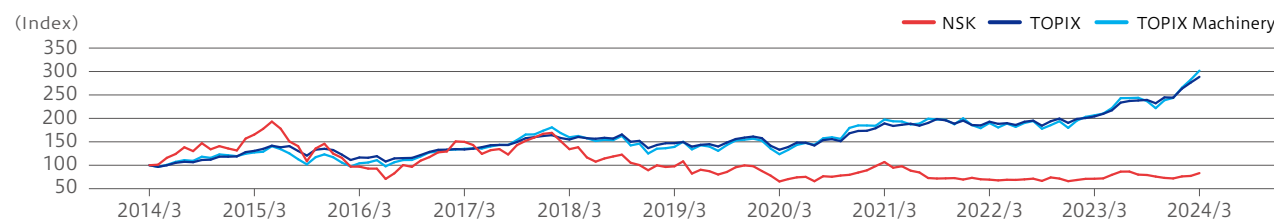
## Evaluation of NSK's share price and PBR

Continuing to underperform the TOPIX and TOPIX Machinery indices, NSK recognizes that the inability of its share price to break out of the ¥700 to ¥900 range, representing a PBR below 1, is a top management issue.

We are acutely aware of the need to secure an ROE that exceeds the cost of capital (an ROE of roughly 8%–9%) if we are to address this issue. To this end, it is vital that we first put in place an earnings structure that reflects the new financial targets set under MTP2026, namely sales of ¥900 billion, operating income of ¥75 billion, and an operating income margin of 8%. Looking at the Group's growth and expansion endeavors identified in its profitability improvement road map to FY2026, we will work diligently to expand sales of

high-profit products, improve our business portfolio, and seize opportunities for growth in burgeoning markets. As a part of our structural reform initiatives, and in addition to engaging in ultra-stable production and increasing efficiency through DX, we will reap the benefits of measures aimed at reorganizing production, including efforts to reform the structure of our European operations. At the same time, we will push forward a raft of effective measures, including the reduction of cross-shareholdings while providing appropriate shareholder returns. By improving the efficiency of our assets, our goal is to lift ROE to 8% in FY2026 and 10% in FY2026.

### NSK's Share Price Trend (10-year period)



Note: Share price index trend including dividends (March 31, 2014 = 100)

### Share Price Trend by Fiscal Year

| Fiscal Year | High (Yen) | Low (Yen) | Fiscal Year-End (Yen) | Volatility* |
|-------------|------------|-----------|-----------------------|-------------|
| 2014        | 1,815      | 1,023     | 1,758                 | 32.6%       |
| 2015        | 2,120      | 910       | 1,030                 | 39.0%       |
| 2016        | 1,739      | 691       | 1,592                 | 44.3%       |
| 2017        | 1,916      | 1,261     | 1,426                 | 28.5%       |
| 2018        | 1,488      | 885       | 1,037                 | 26.1%       |
| 2019        | 1,208      | 579       | 694                   | 33.7%       |
| 2020        | 1,202      | 581       | 1,135                 | 43.2%       |
| 2021        | 1,141      | 630       | 736                   | 30.6%       |
| 2022        | 803        | 680       | 756                   | 23.6%       |
| 2023        | 932        | 729       | 884                   | 25.1%       |

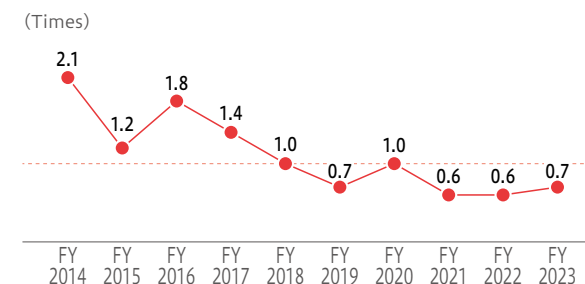
\* Volatility refers to the standard deviation annualized rate based on the daily closing price.

### TSR

| Investment Period | 1 Year                 | 3 Years    |             | 5 Years    |             | 10 Years   |             |
|-------------------|------------------------|------------|-------------|------------|-------------|------------|-------------|
|                   | Cumulative/Annual Rate | Cumulative | Annual Rate | Cumulative | Annual Rate | Cumulative | Annual Rate |
| NSK               | 20.9%                  | -14.7%     | -5.2%       | -1.8%      | -0.4%       | 12.9%      | 1.2%        |
| TOPIX             | 41.3%                  | 52.5%      | 15.1%       | 96.2%      | 14.4%       | 188.6%     | 11.2%       |
| TOPIX Machinery   | 46.2%                  | 52.8%      | 15.2%       | 117.0%     | 16.7%       | 201.8%     | 11.7%       |

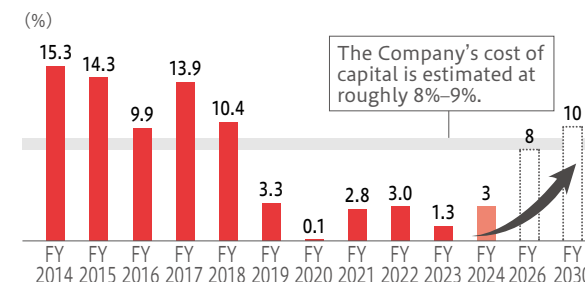
Notes: 1. TSR (Total Shareholder Return): Total return on investment including capital gains and dividends  
2. Each index includes dividends.  
3. Annual rate based on the geometric mean  
4. Compiled by NSK from Quick Factset data

### Trend of PBR

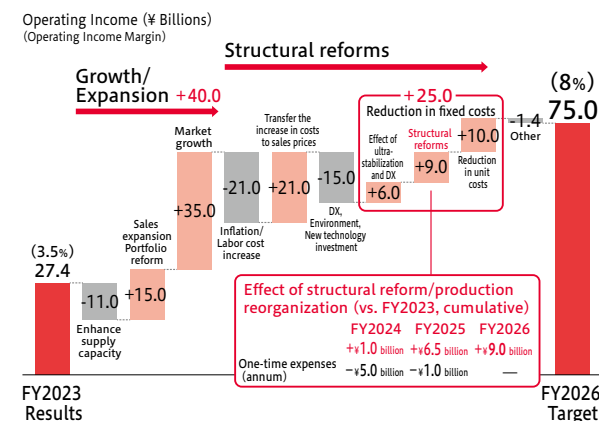


Note: PBR is calculated based on the share price as of the end of each fiscal year.

### Trend of ROE



### FY2023→FY2026 Profitability Improvement Road Map





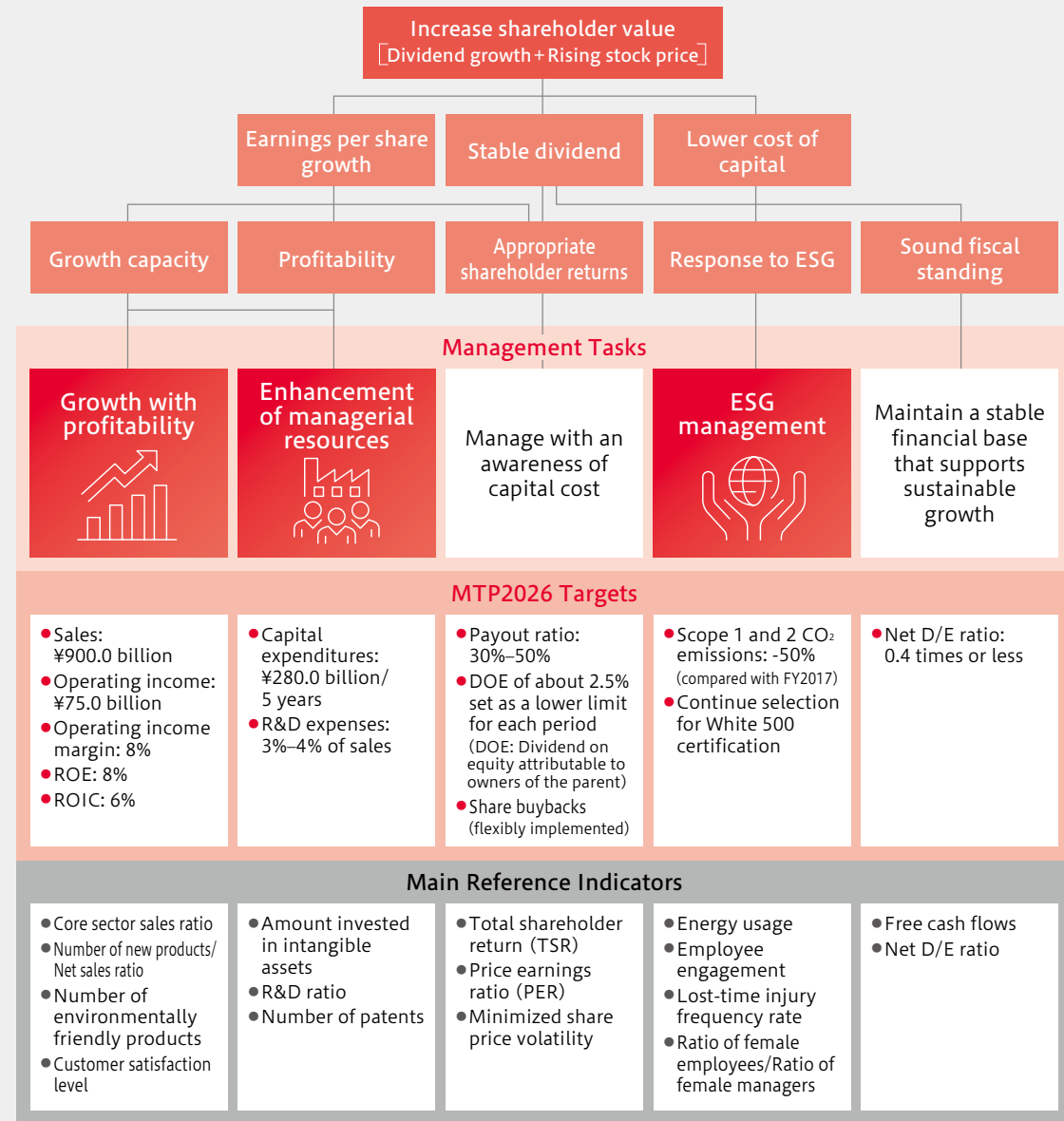
## NSK Financial Logic Tree

Showing how the NSK Group's management tasks and management strategies will lead to increased shareholder value, the NSK financial logic tree is a diagram based on the connections between the numerical targets of MTP2026 and related indicators.

From a financial perspective, dividends and share price growth form part of the factors that bring about increases in shareholder value, and these outcomes can be verified using long-term TSR. Because the share price generally fluctuates depending on the level of the cost of capital, stably incorporating an appropriate cost of capital into the market price should reduce the risk of stock price fluctuations.

NSK has identified the stable return of profits to shareholders as an important management policy. While the Company did continue to provide stable dividends throughout the COVID-19 pandemic, its total stock return (TSR) performance over the past 10 years has been weak. As I mentioned earlier, NSK's share price has regrettably underperformed the TOPIX and TOPIX Machinery indices. This is primarily due to the downturn in profitability. With this in mind, expanding our TSR and enhancing shareholder value by increasing earnings capabilities and lifting ROE are of the utmost importance. Critical here is the need to promote portfolio reforms to help drive growth with profitability. Complementing these endeavors, we must generate cash through such measures as the reduction of shareholdings, utilizing the proceeds to enhance managerial resources, invest in sustainable growth through ESG management, and return profits to shareholders on a stable and continuous basis.

In light of the growing importance of ESG in recent years, we are incorporating management strategies and numerical targets for advancing ESG management in the Company's logic tree. We believe that promoting ESG management and reducing capital costs will lead to increased shareholder value. From a financial perspective, we are also expanding our financing options related to our sustainability strategy.



# Intellectual Capital -Strengthening Technological Capabilities-

## NSK's Four Core Technologies + Manufacturing Engineering

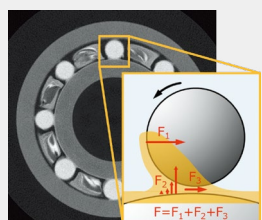
NSK has relentlessly pursued innovative technologies and focused on improving quality to contribute to a safer, smoother society and to protect the global environment, in line with its corporate philosophy. NSK leads the world in the product fields of bearings, automotive components, and precision machinery and parts. Its technological foundation consists of tribology, materials, numerical simulation, and mechatronics, which are NSK's Four Core Technologies, and manufacturing engineering, which gives them shape. Our goal is to be a company that is needed, trusted, and relied upon by society. To this end, we will continue to contribute to the creation of a sustainable and more prosperous society and protect the global environment by saving energy and reducing CO<sub>2</sub> emissions while creating and supplying high-performance and highly functional products to the market in a timely manner.

## Four Core Technologies + 1

### Studying, Clarifying, and Controlling Friction

#### Tribology

Tribology is the study of friction and wear of contact surfaces in relative motion, such as rotating parts that endure enormous forces with a thin oil film. Severe operating conditions are mitigated through lubrication and surface treatments, resulting in superior performance for applications requiring low friction, high-speed rotation, quiet operation, or enhanced durability.



Friction on the bearing's ball surface

### Unrelenting Pursuit of Performance Durability and Reliability

#### Materials

Materials research and development affects nearly every aspect of product performance. We are constantly pursuing cost and productivity while meeting ever evolving demands for improved functionality, durability, and reliability through technologies that utilize metals, polymers, and ceramics with optimized material composition and heat treatment conditions.



Bearings utilizing ceramics and resins

### Giving Shape to Four Core Technologies

#### Manufacturing Engineering

Contributing to the environment and heightening safety and security through our Four Core Technologies requires something to breathe life into these technologies. In addition, it is essential to consistently manufacture products with high quality. NSK tackles these issues by applying smart technology to its equipment, utilizing IoT, and optimizing its overall production framework while it works to realize the creation of smart factories that economize on space, save on energy, and reduce labor requirements.

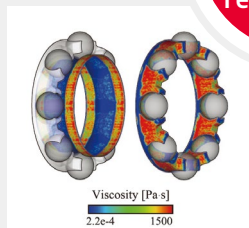


Cheonan Plant in South Korea

### Reproducing Phenomena in Virtual Space and Predicting Performance

#### Numerical Simulation

In the past, accuracy and reliability in product development were achieved with experience-based design and longer testing periods. NSK's simulation technology allows virtual validation to accelerate design and production. Extreme conditions or innovative designs that defy previous expectations can also be evaluated and analyzed.



Example of bearing grease flow analysis

### Technology That Supports People for a Convenient, Safe, and Comfortable Future

#### Mechatronics

Mechatronics integrates machine element technology with control technology. By combining bearings, ball screws, and linear guides, together with motors, sensors, and computers, greater mechanical functionality is elicited with computer control. This technology enables new functions and performance in a range of industrial machinery, automotive, and biomedicine applications. It also contributes to greater reliability, as well as to convenience and safety in daily life.



Active Caster

**FOUR**  
Core  
Technologies

**+1**

## Further Enhancing NSK's Strengths through Open Innovation

NSK attaches importance to its aim of contributing to the development of a sustainable society and becoming a company that is needed, trusted, and relied upon by society through value creation by combining digital technology with tribology technology, which is one of our “Four Core Technologies Plus One.”

The technologies that hold the key to cracking this tribology technology are materials, lubrication, and mechanics technologies. We have been conducting joint research in these three fields with the Tokyo Institute of Technology since 2020. Looking to strengthen their relationship and put in place a system that would enable continued innovative research and development, NSK and the Tokyo Institute of Technology signed an agreement for the establishment of a tribology research center in March 2023.

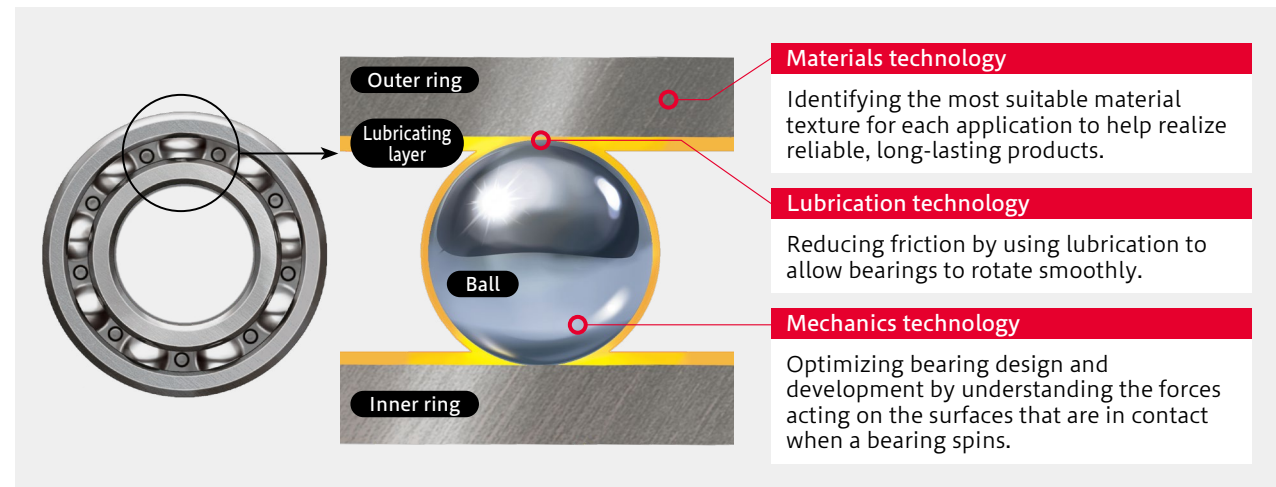


NSK Tribology Collaborative Research Cluster

In December 2023, the NSK Tribology Collaborative Research Cluster was established at the Tokyo Institute of Technology's Suzukakedai Campus. By conducting research that integrates three fields previously researched separately, the NSK Tribology Collaborative Research Cluster will conduct research in more depth and create groundbreaking solutions that

will lead to the creation of bearings and linear motion products with enhanced performance. Through this collaborative research center, researchers from NSK and the Tokyo Institute of Technology will interact closely with each other, and we will continually focus on the development of human resources capable of conducting high-caliber fundamental research.

Three fundamental tribology technologies: materials, lubrication, and mechanics

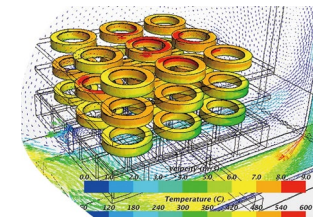


## Using NSK Digital Twin to Create Out-of-the-Box Solutions

NSK is committed to NSK Digital Twin, which provides new value to society by maximizing the use of digital technology. NSK Digital Twin is a problem-solving framework focused on enhancing the creativity of engineers and is currently being rolled out to all engineers. NSK Digital Twin digitally reproduces real phenomena, giving a glimpse into their inner workings. It digitally models such mechanisms to give an understanding of the hidden essence of the phenomena. We plan to harness this framework to create out-of-the-box solutions.

NSK Digital Twin is also being used to solve problems with bearings during heat treatment processes. After bearings have been treated in the heat treatment furnace, the cooling process can result in ring deformation, and such deformation needs to be corrected in after process operations. To address this problem, we developed a hypothesis about a deformation mechanism caused by uneven cooling and we digitally modeled the phenomenon inside the heat treatment furnace. By understanding the essence

of the phenomenon through repeated insights into the digital and real phenomenon, we were able to implement effective countermeasures and made it possible to realize improved productivity and shorter development times.



Heat treatment simulation

# Manufacturing Capital

To enhance its managerial resources, NSK will utilize the power of IT and create a foundation that will continue to bring about business transformation under MTP2026. We will proactively utilize digital technology in quality and monozukuri (manufacturing), as well as the development of the human resources that support them.

In manufacturing, we are promoting measures aimed at ultra-stable production, strengthening global production, and responding to the production of new products. Through these measures, we will build a robust structure that is resilient to fluctuations in both demand and the times, which will in turn lead to sustainable growth. Our measures aimed at ultra-stable production measures in particular embody our efforts to harness digital technology and take up the challenge of new monozukuri. Here, we will endeavor to establish production lines that are always in operation and never produce defects while optimizing production to build production sites that better address customers' needs. NSK will continue to pursue new manufacturing methods to achieve higher quality with a 50% increase in productivity.

## Combining the Power of People and Digital Technology to Build Plants That Can Adapt to a Changing World and Meet Diverse Customer Needs

### ■ Developing the Next Generation of Monozukuri Human Resources

NSK provides “Kaizen Expert Training” for the purpose of developing human resources to drive continuous improvement production innovation (APS) activities. We select members from production sites and, during a one-year training period, we create opportunities for them to use digital technology such as video analysis software and data analysis software to implement various improvement activities. This training has run for five years to date. Through the improvement of digital skills and development of the ability to work as a team for the realization of ultra-stable production, we are developing next-generation monozukuri human resources that will take on the challenge of “Change & Go Beyond.”



Kaizen Expert Training

### ■ Harnessing Digital Technology to Maximize the Value of People and Facilities

#### ● Using PM-Ai to achieve smart facility maintenance at plants

PM-Ai is a facility management system that carefully maintains and manages equipment to achieve a safe, high quality, and efficient plant. Currently, we have introduced PM-Ai at 15 plants in Japan and overseas. We have created a database that includes history of

failures and maintenance records, and manage the database in an integrated manner globally. This is helping us evaluate the soundness of facilities and improve the efficiency of investments in upgrades and overhauls. In addition, we are using AI to analyze the cause of breakdowns and develop breakdown predictions, which will be useful in the future for strengthening maintenance skills, including transferring knowledge and skills.



Database creation and facility management using PM-Ai

#### ● Efforts to optimize production

We are conducting simulations of production processes and establishing a centralized management system for global facility capacity.

#### ● Efforts to enhance management through remote monitoring

NSK is taking on new challenges in the manufacturing field, including a system to visualize the operating status of equipment and product quality.

We aim to improve quality and productivity; realize safer, more secure, and more environmentally friendly plants; and increase vigor and enthusiasm among employees at manufacturing facilities.

### What is meant by simulating a manufacturing process?

Simulating a manufacturing process means using simulation software to digitally reproduce the production conditions in a plant. We started simulation activities in 2021, with members of production management divisions and plants working together to create models.

By simulating conditions that were previously difficult to verify such as on-time delivery rates of products, capacity utilization rates, labor savings, and productivity, we are verifying the effects of actions in advance. Going forward, we aim to use simulation as tool that can inform management decisions, for example, by simulating the effects of the introduction of new equipment or the layout for the construction of a new plant.

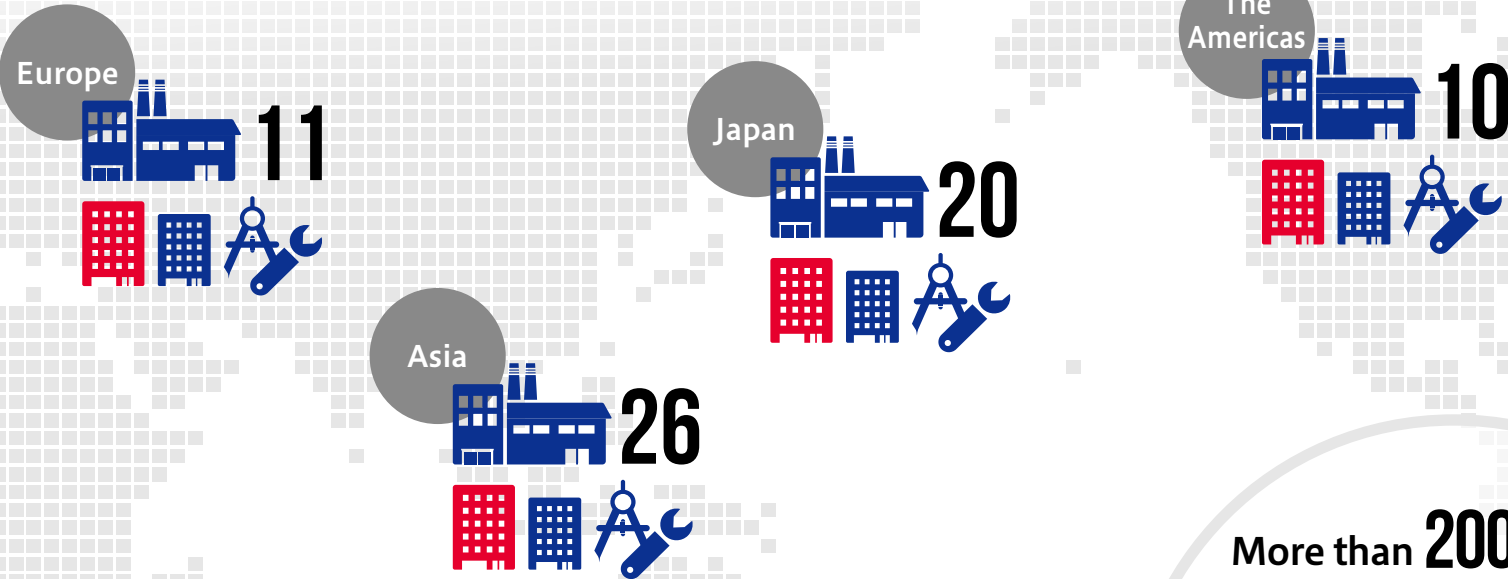


TOPIC



## Expanding Our Global Business Network

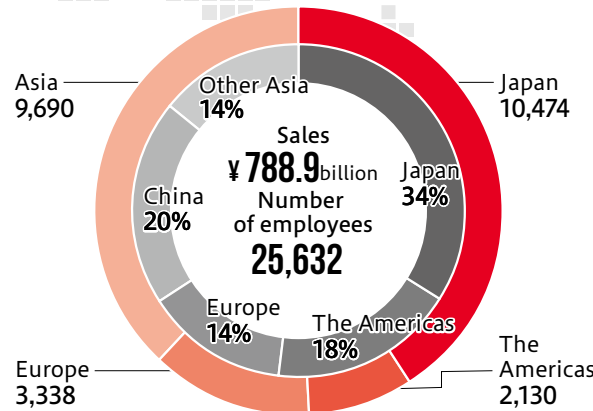
NSK maintains more than 200 business locations in 31 countries and regions. (As of March 31, 2024)  
We promote production in optimal locations by utilizing our 67 production sites spread around the world.



### Production in Optimal Locations Utilizing Our Global Supply Capabilities

NSK was one of the first Japanese manufacturing companies to expand its business outside Japan. After launching overseas exports in 1948, we began overseas production in countries such as Brazil, the United States, and the United Kingdom in the 1970s, laying the foundation for our global business by manufacturing products locally. From the 1980s onward, we expanded our production lineup, primarily for the electric and automobile industries, and in the 1990s, we established production sites in various Asian countries, including China, against the backdrop of economic growth in emerging economies. Since then, we have expanded our business in emerging companies and established business relationships with a wide range of customers in Japan and overseas, and put forward supply proposals from optimal locations using our global production sites.

Sales by Region (based on customer location) /  
Number of Employees by Region (consolidated) (FY2023)



More than **200** business locations in **31** countries and regions, including **67** production sites

(March 31, 2024)



Note: The number of locations includes equity-method affiliates.

# Human Capital

Please see our  
website for more  
information. ▶



**We will create a culture in which ongoing future-oriented challenge is encouraged, to make the most of our diverse talent**

**Hidenori Oka** Executive Officer, Senior Vice President,  
Head of Human Resources & General Affairs  
Division HQ

## NSK's Approach to Human Capital Management

The NSK Group's human resources strategy and related initiatives have always been closely interwoven with its management and business strategies. Accordingly, in our Mid-Term Management Plan 2026 (MTP2026), we set the objective of maximizing the value of our human capital to achieve our management goal of enhancing managerial resources. With our sights set five and 10 years into the future, we are pushing forward with a range of initiatives to achieve three goals of becoming a company that attracts diverse human resources, enables these diverse human resources to develop and grow their skills and abilities, and provides safe and healthy workplaces. As we pursue this approach to human capital management, I recognize the importance of communicating our approach to human capital management to our employees and have focused my efforts accordingly. For this reason, I

have placed an emphasis on clarifying and discussing our goals, and we have created opportunities to communicate our human capital strategy with our employees via in-house publications and training.

These three goals form the core of our human resources strategies in each region around the globe. To share initiatives toward these goals from each of our regions around the world, we hold global human resources meetings twice a year, providing mutual feedback and discussion, and cooperating on global projects.

## Building an Environment Conducive to New Challenges

The NSK Group aims to foster employees who are able to create new value in a sustainable manner by proactively challenging difficult, future-oriented goals, and who constantly adapt and evolve their skill set accordingly. Setting goals from a high vantage point, backcasting, independent thinking, and taking on new challenges constitute the mindset required to Change & Go Beyond. As a mechanism to support and empower employees who proactively tackle new challenges, in FY2024 we marked a step forward by introducing a new personnel system for managerial positions. This new system clearly defines the skills required for each position and documents the expected roles and responsibilities. We have already defined departmental duties and the division of duties for each role, and managerial-level employees work with their reporting manager to agree on individual goals and objectives. We also plan to disclose all role descriptions internally in the future to help employees envision and map out their own career paths. This approach will also enable a "pay for position" system that places emphasis on the responsibility and size of the role in question.

To Change & Go Beyond, each employee must take the next step and move outside of their comfort zone. For example, I would encourage our employees to constantly work to reduce the time they spend on routine tasks and use the extra time to tackle new initiatives. Accordingly, our management team must lead from the front in doing this in order to remind employees of the importance of this mindset, and build

a workplace environment where new challenges are celebrated and commended.

## Diversity as a Driving Force of the Organization

One of the reasons the NSK Group has successfully grown over the past 100 years is that as a BtoB product supplier we have a history of reliably giving shape to the requests of our industry-leading customers. Going forward, we will strive to build on our past successes, which have been achieved through inspiration from both within the Company and externally and use these experiences to help shape our future. We have positioned diversity as a key driver of our human resources policies, and our aim is to build a company where a diverse range of people can come together, inspire each other and continue to grow while creating positive synergies, thereby maximizing the value of our human capital.

Another concept that we have included in our approach to "growth with profitability," one of the pillars of MTP2026, is Bearings & Beyond. As one means of achieving this growth, we are working to expand the Condition Monitoring Systems (CMS) business and are hiring highly specialized personnel from outside the Group in conjunction with this management goal. In areas that are new to the NSK Group, we will pair the fresh perspectives of personnel with knowledge and experience from outside the Group with the internal knowledge and technology established by NSK over the years. This will drive a chemical reaction that will enable us to set the future in motion, as well as provide opportunities for our employees to achieve personal growth. To make this possible, we are developing a personnel system that enables us to hire and properly evaluate the contribution of highly specialized personnel, creating an environment that allows them to excel.

We must also foster a corporate culture that allows diverse human resources to play an active role. On the occasion of our 100th anniversary in 2016, we established NSK Vision 2026, and launched a range

of initiatives to share the direction NSK is aiming toward as a global company with a multilingual and multicultural employee base. Having recognized that sharing our Vision and establishing psychological safety are the keys to making the most of this diversity, as part of our Vision 2026 Promotion Activities we revised workshops that were originally developed for the Company's executive officers to provide content suited to each level of the organization and specific workplace environments, such as the production, sales, technology, and administrative divisions. A corporate culture is not something that can be developed by initiatives over the course of a year, but a goal we must remain committed to over the long term, by constantly improving our approach and adding new perspectives and measures.

### Respecting the Individuality and Potential of Every Employee

We conduct regular engagement surveys as a means of collecting feedback from our employees, and work to link this feedback to concrete action. Although scores in Japan for questions related to NSK Vision 2026 and diversity have steadily risen, I feel that the lower scores for strategy and employee benefits are a challenge in that they show we have yet to reach our employees regarding the details of these areas. As a solution, we will increase opportunities to directly respond to questions presented by employees during town hall meetings with our CEO and during financial results briefings for employees hosted by members of our top management. In addition, we will work to communicate and promote the use of our family care leave, parental leave, and other systems via the digital signage\* screens at our plants. I believe steadily pursuing these types of efforts on an ongoing basis is the key to further improvements.

Another priority task is employee job satisfaction and motivation. In this respect, I believe that we must delegate authority to our employees and allow them to experience new challenges in order to enhance job satisfaction. In doing so, it is essential the those around them fully support them in their challenges. Any mistakes they make will serve as learning experiences for the future, and I am sure they will have countless opportunities to put them to good use. Looking back over my own career, I feel that making mistakes and applying lessons learned ultimately helped me grow.

This is why I believe it is important to foster both a conducive environment and the personal will to be able to seize the diverse opportunities that are offered.

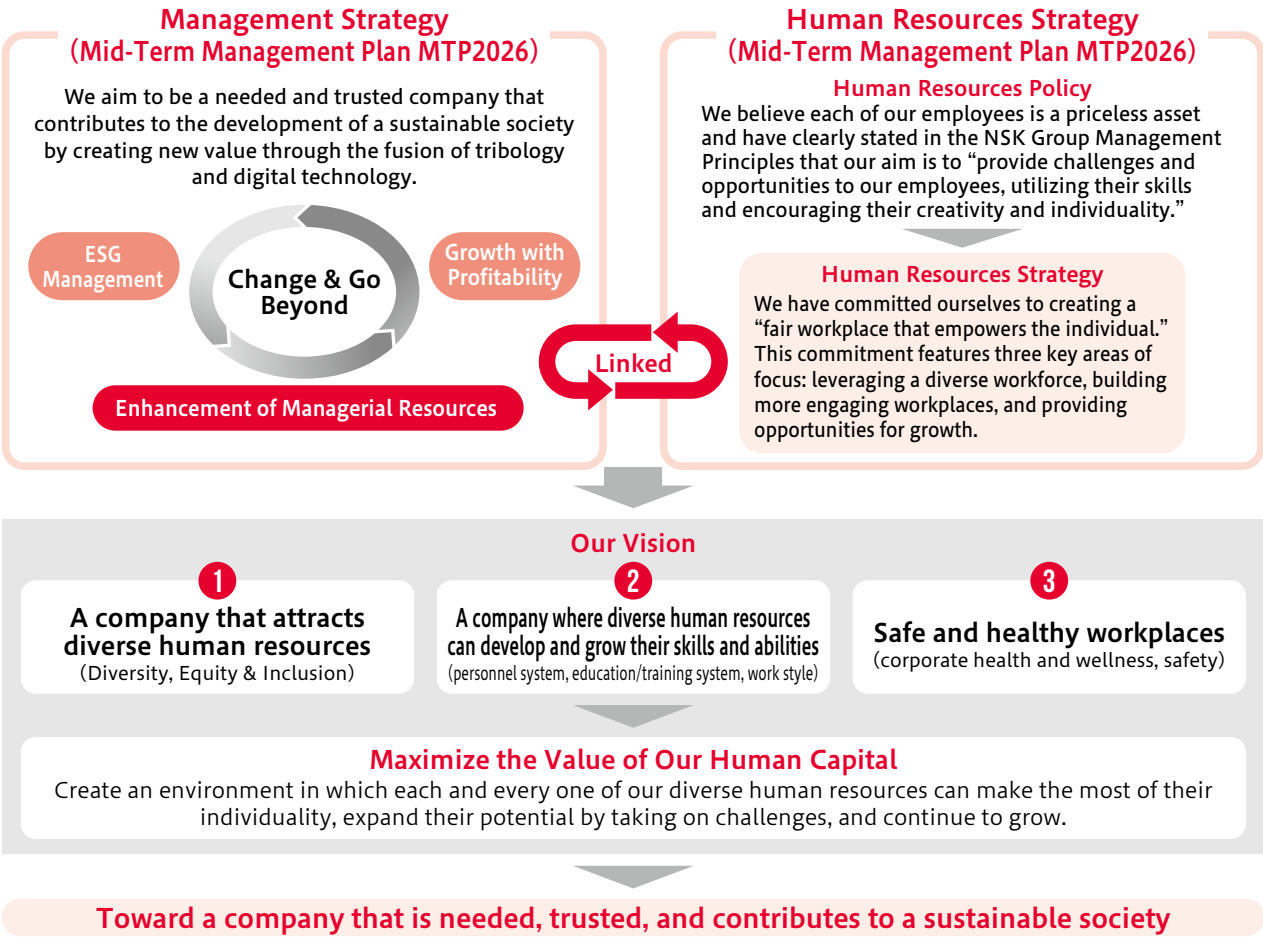
As a means of achieving this goal, we have introduced a job rotation system that allows our younger employees to build a broad range of experience and hone their perceptive skills by experiencing three different departments within a 10-year period. We have also begun studying a new mentor system. Because employees gain insight and inspiration by interacting with others from different divisions, even within the

same company, having different types of employees from across the scope of divisions and departments support younger employees as mentors can provide valuable opportunities for growth.

We will steadily drive these kinds of workplace-focused initiatives so that each member of our diverse group of employees can make the most of their individuality, as well as expand their potential and continue to grow by taking on new challenges.

\* An internal communication system in which information is conveyed to employees via large digital monitors installed in cafeterias and break rooms at plants and technology divisions.

### NSK's Goal for Human Capital Management



# Human Capital

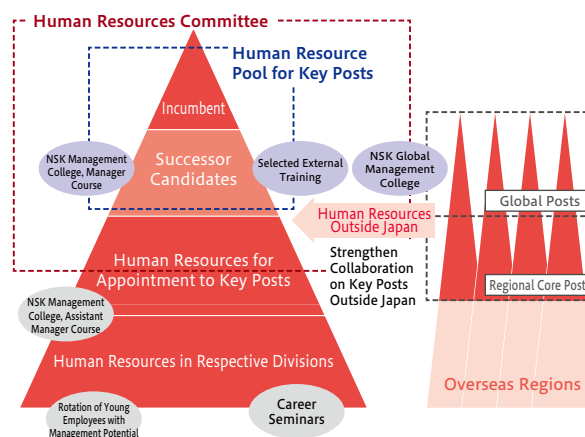
## Examples of Initiatives

### Developing Future Management Candidates

In Japan, we took the step of designing a career development program that consistently produces a strong talent pool of future management candidates. The program itself begins with job rotations intended to nurture young employees as an early-career development measure and includes the NSK Management College, which we administer to provide training to select individuals at the assistant manager and manager levels. Similarly, we conduct region-specific training programs for human resources outside of Japan. In addition, we run a global management college that is primarily intended for successors for those in global posts [Glossary](#) as a global initiative.

Regarding appointments to key management positions, the Human Resources Committee serves as the top-level body that approves succession plans for management personnel and human resources investment plans. To expand the management successor talent pool, we hold regular discussions between each business division and functional division, and implement cross-business and cross-divisional rotations and promotions for selected employees (stretch assignments). Similarly, we hold successor planning meetings on a regular basis for global posts and regional core posts in Europe, the Americas, and China. We are committed to globally coordinated succession management that accepts all ages, genders, and nationalities in an effort that begins by clearly defining the key posts (talent profiles).

Goals for Development of Management Candidates

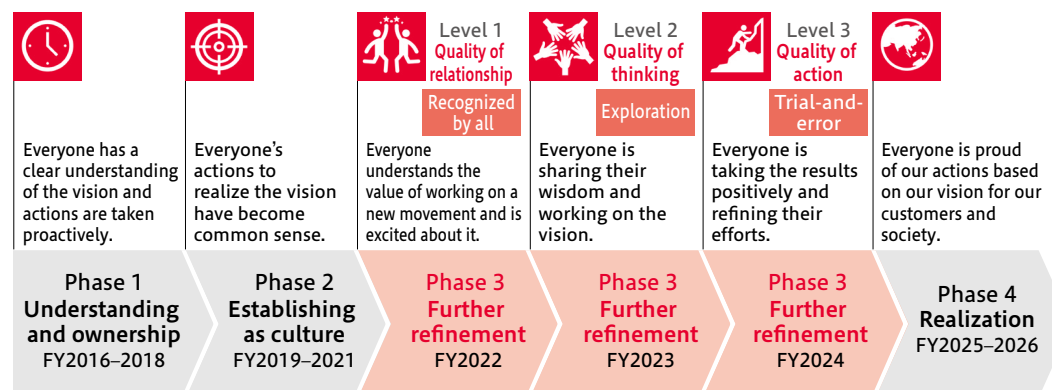


### Introducing a New Personnel System

The way people approach their careers is diversifying, with a greater desire for a self-driven career path. The correlation between personal growth, self-realization, and corporate growth is becoming stronger, and the relationship between employees and companies is becoming more equal, with employees having a greater say in how they shape their careers. In response to these changes, our first move has been to introduce a role-based personnel system for managerial positions. Role-based personnel systems clearly define the roles and responsibilities of each employee, and expect individuals to take the initiative on attempting to achieve lofty, future-oriented goals. These systems also clearly define talent profiles for specific positions in the form of role descriptions, which enable employees to envision and map out their own career path and take self-driven steps toward their personal growth.

### Vision 2026 Promotion Activities

Since FY2016, we have engaged in various initiatives that seek to achieve our goal of setting the future in motion under NSK Vision 2026, both in Japan and abroad. As the backbone that supports all of NSK's human capital, these initiatives aim to foster a corporate culture in which active dialogue and psychological safety within the workplace serve as the foundation for encouraging employees to bring their personal vision and sense of purpose to fruition, leading to actions that will set the future in motion. To help support departments and individuals in their efforts to set the future in motion, specific initiatives we have conducted since FY2023 include an action learning program in which the members of each workplace discuss topics such as their personal visions over a series of sessions, as well as publishing a selection of "how-to" guides filled with tips on how to translate the learning from previous activities into real action. We also share and discuss these kinds of initiatives from each region at the Global Vision 2026 Committee Meeting, which we held in-person for the first time in five years in April 2024.





## Diversity & Inclusion

By continuously engaging in initiatives that help advance the career of women—one of our key management issues—we have made steady progress on increasing the number of women in managerial positions and in the managerial candidate class to 100, our target for FY2024 in the action plan we formulated in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace. As part of this effort, in Japan we distributed educational pamphlets on women's health and held seminars to which we invited role models for women during International Women's Day on March 8, 2024. Abroad, NSK Europe and NSK Americas jointly held an internal online event covering the topics of unconscious bias and career advancement for women.

In a similar vein, we have sought to assist employees from various backgrounds in playing an active role by providing systems that help them balance work with child and family care, and in most cases these systems go beyond the legal mandated minimums. For example, we

provide training programs specifically designed for those taking childcare leave so that this period does not leave a gap in their careers, but instead serves as an opportunity for them to prepare to advance their careers while caring for their children. Similarly, we organize support seminars on different family care-related topics that go beyond the basics to assist employees in their struggles with balancing care for family members with their work. In fact, we release videos of the seminars that can be viewed by both employees and their families.

We also engage in Diversity & Inclusion activities targeting non-Japanese employees and LGBTQ+ in an effort to promote a better understanding of and empathy with hidden forms of diversity. In 2023, we received the Gold award for the third consecutive year under the PRIDE Index in recognition of our various activities to empower the LGBTQ+ community.



Flyer for a support seminar video on the topic of balancing work and family care



Cover page for women's self-care health support pamphlet

## Maximizing the Value of Our Human Capital: Key Metrics and Targets

We have laid out KPIs and FY2026 targets for each of our initiatives intended to achieve our three goals for human capital management. We believe that our aim of maximizing the value of our human capital can be achieved by accumulating the results of each of these initiatives, and we have positioned the global employee engagement score obtained from this survey as a composite measure of our performance.

Here, we would like to introduce several initiatives from the larger scope that are particularly strongly correlated to our three goals for human capital management.

| Key Issues and Initiatives   | Key Metrics  | Scope* | FY2023 Results   | FY2026 Target   |
|--|--|--------|--|---|
| ● Promoting Diversity, Equity & Inclusion (creating an organization and culture that is inclusive of diverse human resources/values) | ● Employee diversity ratio (gender, mid-career hires, nationality) **2*3                 | Japan  | 29%  | 35%   |
| ● Support for balancing work and personal life (e.g., childcare, family care, medical treatment)                                     | ● Percentage of male employees taking childcare leave**3*4                               | Japan  | 83.3%  | Maintain at 85% or higher (FY2025)  |
| ● Introduction/operation of a new personnel system   | ● Introduction/operation of role-based personnel system (managerial level)               | Japan  | Formulated a system and conducted briefings to promote an understanding (managerial positions) | Promote understanding of system and improve operations                                |
| ● Promoting succession planning  | ● Localization rate for key global posts   | Global | 72%  | Maintain at 70% or higher   |
| ● Developing digital human resources   | ● Number of participants in basic digital talent development program*5                   | Japan  | Approx. 4,000  | ● Deploy and install Company-wide<br>● Develop specialists through practical training |
|  | ● Number of participants in intermediate digital talent development program*5            |        | Approx. 1,100  |   |
| ● Corporate health and wellness  | ● Certification as Outstanding Health & Productivity Management Organization (White 500) | Japan  | Certification  | Maintain certification  |
| ● Fostering a "look across" culture of mutual safety awareness in workplaces   | ● Lost-time injury frequency rate  | Global | 0.24   | 0.10  |

\*1 Includes some Group companies unless otherwise indicated. \*2 Diversity is emphasized at the decision-making level. The ratio is the percentage of diversity at the management and staff levels (equivalent to career-track positions). \*3 Scope: NSK Ltd. \*4 Calculated based on the Company's standard (leave taken within one year from the date of birth). \*5 Total number of participants for each program in FY2022 and FY2023.

A company that attracts diverse human resources

A company where diverse human resources can develop and grow their skills and abilities

Safe and healthy workplaces

Maximize the value of our human capital

Global engagement score\*

FY2023 (actual)

69

FY2026 (target)

70

\* The survey is conducted every two years in multiple regions, with the regions conducting the survey differing from year to year. Scores are calculated by combining the FY2022 and FY2023 survey results, and applying a weighted average based on the number of surveyed persons.

# Sustainability Management

Please see our  
website for more  
information. ▶



## Sustainability Management

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. Under this Mission Statement, we are committed to:

- Provide our customers with innovative and responsive solutions through our world leading technologies.
- Provide challenges and opportunities to our employees, utilizing their skills and encouraging their creativity and individuality.
- Identify the needs of the present and future, and meet these needs by being flexible, agile, and dynamic.
- Contribute to the communities in which we operate.
- Manage our business from an international perspective and develop a strong presence throughout the world.

With these Management Principles, NSK strives to balance contributing to solutions for social issues with achieving sustainable growth.

Furthermore, the Mid-Term Management Plan 2026 (MTP2026), which runs through FY2026, has been positioned as a period for rebuilding the corporate foundation to enable sustainable growth. By addressing three management challenges, namely “Growth with Profitability,” “Enhancement of Managerial Resources,” and “ESG Management,” NSK aims to be a company that is needed, trusted, and relied upon by society.

## Promotion Structure

NSK has designated “safety, quality, environment, and compliance” as core values that serve as a common standard of priority values for decision-making and actions taken by management.

We have established the Core Values Committee, comprising the president and the relevant directors. To advance NSK’s sustainability initiatives, the Committee sets company-wide issues, makes recommendations for their resolution, and monitors progress through policy discussions on the promotion and strengthening of core values and the sharing of related risks. ▶ P.61 NSK’s Corporate Governance Structure

## SDGs Declaration

NSK has formulated an SDGs Declaration and has selected seven key goals that are particularly interlinked with its business, in order to help achieve the SDGs by creating collaborative value with stakeholders. While keeping these seven key goals in mind, the Company has drawn up NSK’s SDGs Declaration to clarify its strategic initiatives.

### SDGs Declaration

In line with our Mission Statement, NSK will work to resolve societal issues by conducting sincere and responsible business operations and achieving innovation in its products and services, in order to help realize a sustainable society. We will uphold the spirit of all 17 SDGs, and have selected seven goals that are particularly interlinked with our business, which we will place priority on tackling.

NSK’s Seven Key SDGs



### NSK Product Making an SDG Contribution (SDG Story)

Technological Development

NSK innovation is contributing to the effective use of food oil and the conservation of rivers and oceans



Social Issue

- Destruction of the natural environments, including river and ocean pollution

Solution Method

Promoting resource recycling and reuse

NSK’s Contribution

Contributing with material technologies

Utilizing our material technology, we are slowing the deterioration of oil used for frying foods, while helping to protect river and ocean environments.

NSK has developed an edible oil deterioration control filter by combining paper with additives used to prevent the oxidative deterioration of oil. As this filter helps prevent edible oil deterioration, it allows oil to be used more times before disposal (saving resources). This, in turn, is expected to reduce the amount of used edible oil that ends up polluting rivers and oceans. The product is currently being sold to customers.



# Safety Management

Please see our  
website for more  
information. ▶



## NSK's Approach

The NSK Group positions safety as one of its core values, a common value standard that is given the highest priority in management decisions and actions. We are pursuing a number of initiatives to ensure the safety of each and every employee and to enable all employees to act safely based on our safety philosophy.

### NSK Group's Safety Philosophy

**Safety takes precedence over everything else**  
**Creating a safe, secure, and comfortable workplace**

## Acquisition of Health and Safety Management System Certification

Each of NSK's sites has obtained external certification for ISO 45001, the international standard for safety and health management systems. We are not satisfied with the status quo and are constantly striving to improve our activities to enhance the level of safety. NSK believes that the effectiveness of its management system can be enhanced by having all of its plants ISO 45001 certified and regularly audited by a third-party organization.

## Risk Assessment

At NSK's production sites, we conduct risk assessments of equipment and machinery, continuously implementing measures to reduce workplace hazards, particularly those deemed high-risk. To enhance safety, risk assessments are also conducted from the development stage for new equipment and processes. Currently, we are training safety assessors who have obtained qualification certifications from external institutions, ensuring that personnel with the proper knowledge and skills are taking action to mitigate risks.

As of the end of FY2022, NSK had a total of 991 safety assessors (245 in engineering,



In-house training to improve the risk assessment skills of certified personnel

422 at production sites, and 324 in Group companies). We aim to increase the number of certified safety assessors within the Company.

As a result of these initiatives, the total number of workplace incidents across the entire NSK Group has decreased each year, and the number of incidents has been halved compared to when these initiatives first began. ▶ P.74 Non-Financial Highlights

## Safety Dojo

The NSK Group has established facilities called "Safety Dojo" at all production sites, where employees receive training using simulators to experience potential workplace hazards. In these *dojos*, employees learn the importance of prioritizing safety by recognizing the risks of hazardous tasks by learning from actual workplace incidents that have occurred within the NSK Group, while being trained to follow correct operating procedures. All plant employees receive regular, annual training at the Safety Dojo. VR (virtual reality) content has also been incorporated into the curriculum, allowing participants to simulate experiences such as working at heights and dealing with fire hazards.



VR safety training at the safety dojo

## Sharing Examples of Workplace Incidents

In the event that a workplace incident occurs at an NSK Group site, the information is shared on the Company's intranet for all business sites worldwide to view. Reenactment videos are created to provide detailed insights into the incident. This encourages employees to look across the incident and reflect on whether similar operations or situations exist in their own workplace.

By sharing past workplace incidents across the organization, NSK is working to prevent the recurrence of incidents, heighten safety awareness, and further promote the creation of a safe, secure, and comfortable working environment.



Frame captured from a workplace incident reenactment video

# Quality Management

Please see our  
website for more  
information. ▶



## NSK's Approach

With quality as one of its core values, the NSK Group aims to become “No. 1 in Total Quality.” In other words, we are working to achieve the industry’s best quality in everything we deliver—not only products and services but also information. We believe that this commitment to quality ensures that our products will satisfy customers all over the world.

To achieve our Quality Assurance Vision 2026 (100% good products and services that put the customer first), we engage in activities based on the Three Pillars of NSK Quality Assurance.

### Three Pillars of NSK Quality Assurance



|   |  |
|---|--|
| 1.NSK Product Development System (NPDS) | To quickly transform new orders into reliable, stable production, we promote initiatives that incorporate quality into individual processes. |
| 2.NSK Quality No. 1 (NQ1) Program       | We work hard to realize stable production and ensure zero defects.   |
| 3.Human Resource Development            | We promote human resource development to build a stronger foundation for quality systems.  |

## Quality Management System

The NSK Group has obtained ISO 9001 and IATF 16949 certifications, the international standards for quality management systems, at its development, design, and manufacturing facilities around the world. In addition, the effectiveness of our quality management system is verified through periodic third-party and internal audits, and when problems are found, appropriate corrective measures are taken to continually improve the level of our efforts.

## Initiatives to Enhance Supplier Quality

High-quality parts, materials, and lubricants are required to manufacture high-quality products. At the NSK Group, we engage in a wide range of initiatives to enhance quality, based on our strong ties with suppliers.

The Quality Assurance Division Headquarters engages in activities to improve quality while collaborating with plants that receive products from suppliers, comes up with plans to fix issues each month based on quality data, and uses a system for managing quality at suppliers.

To verify that suppliers can systematically address quality issues, we conduct quality management system audits. These audits are planned and carried out annually, not only for new suppliers but also for existing ones, based on past audit results and quality histories.

### Examples of Initiatives

- Briefing sessions by the Global Quality Audit Office on activity policies
- Ascertaining and visualizing the current status of supplier quality and providing monthly reports on quality issues
- Quality improvement activities implemented by the top management of the Quality Assurance Division Headquarters for key suppliers
- Development of a management system for supplier quality problems
- Ascertaining the current situation at suppliers performing final processing

## Quality Training

The NSK Group provides tiered quality education tailored to each position, from new employees to management, to continuously enhance awareness and knowledge. In addition, all employees undergo annual e-learning courses, while production sites conduct hands-on *Quality-Dojo* training with actual products.

### Quality-Dojo\* Training

We believe that quality education should be learned in the order of awareness → knowledge → technique/skill.

To eliminate defects caused by human error, we have established *Quality-Dojos* at 52 production sites worldwide. In these *dojos*, we foster awareness by explaining the importance of quality, while hands-on experience with actual products and defective items helps employees gain knowledge about products and quality. At NSK, it is our goal for employees working in production and technical departments to participate in *Quality-Dojo* training at least twice a year. By connecting what they learn to their daily work, these employees become valuable contributors to high-quality manufacturing, helping NSK achieve No. 1 in Total Quality.

\* Teachers and assistant instructors will be appointed to all *Quality-Dojos* to manage them comprehensively, ensuring the enhancement and renewal of educational content to the training of instructors and the formulation of educational curricula.



Quality-Dojo Training: On-Site



# Supply Chain Management

Please see our  
website for more  
information. ▶



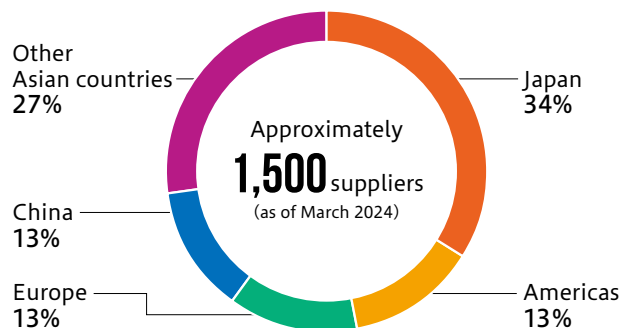
## NSK's Approach

NSK's business is supported by many suppliers. NSK considers its suppliers to be indispensable business partners and aims for mutual development while building relationships of trust. Based on our basic philosophy of conducting fair and impartial procurement activities that are considerate of impacts on both society and the environment, we are engaged in efforts throughout our entire supply chain to help create a sustainable society.

## Breakdown of the Supply Chain

The NSK Group collaborates with approximately 1,500 direct material suppliers globally (adjusted for overlaps between regions).

Ratio of NSK Group Suppliers by Region (Number of Suppliers)



Note: Adjusted for overlaps between regions.

## Supply Chain Risk Management

The NSK Group ensures that the parts and raw materials it procures, as well as the efforts of its suppliers, satisfy NSK's standards for quality, cost, and delivery (QCD). We require suppliers to understand and agree to the NSK Supplier CSR Guidelines and the NSK Group Green Procurement Standards. In addition, we strengthen risk management by incorporating environment, social, and governance (ESG) clauses into our basic business agreements.

## Sharing NSK's Value Creation with Suppliers

Every year, the NSK Group holds procurement policy briefings to communicate to major suppliers on information about heightened social demands, such as human rights, labor practices, and climate change countermeasures. We also explain initiatives that NSK expects suppliers to take, such as improving occupational safety and reducing CO<sub>2</sub> emissions, while calling for coordinated efforts across the entire supply chain. In May 2024, 87 companies participated in procurement policy briefings.

In FY2023, we distributed a video about the NSK Human Rights Policy and related initiatives to some suppliers, and collected their opinions, impressions, and other feedback.



Procurement policy briefing

## Addressing Conflict Minerals Regulations

As a policy, NSK prohibits the use of conflict minerals\*<sup>1</sup> in its products. Conflict minerals are those that come from the Democratic Republic of the Congo and its neighboring countries, which can be the source of funding and benefits to illegal armed groups that violate human rights. Moreover, whenever investigation reveals concerns about conflict minerals in the supply chain, we inform relevant suppliers of the importance of addressing this issue and take measures to prevent the use of the relevant parts or raw materials. Some NSK products, including electronic components used in vehicle electric power steering systems, contain metals such as tin and tantalum, which are subject to U.S. conflict minerals regulations\*<sup>2</sup>. For this reason, NSK conducts annual conflict mineral surveys in cooperation with relevant parts and raw material suppliers. This includes tracing relevant materials back through the supply chain to the refineries and countries of origin. We evaluate the safety of mineral procurement using the CMRT and EMRT unified formats developed by the Responsible Minerals Initiative (RMI), an organization leading global efforts to avoid conflict minerals. Our investigations have not identified the use of any conflict minerals that could serve as a source of funds for armed groups.

\*<sup>1</sup> Conflict minerals are defined as tantalum, tin, gold, and tungsten under the U.S. Dodd-Frank Act.

\*<sup>2</sup> U.S. regulations require companies listed in the U.S. to investigate the potential use of conflict minerals in products, and to officially submit the results and publicly disclose them every year. Although NSK is not listed in the U.S. where the regulations apply, the Company still conducts conflict mineral surveys and shares this information with customers.

# Environmental Management

## NSK Environmental Policy and Environmental Code of Conduct

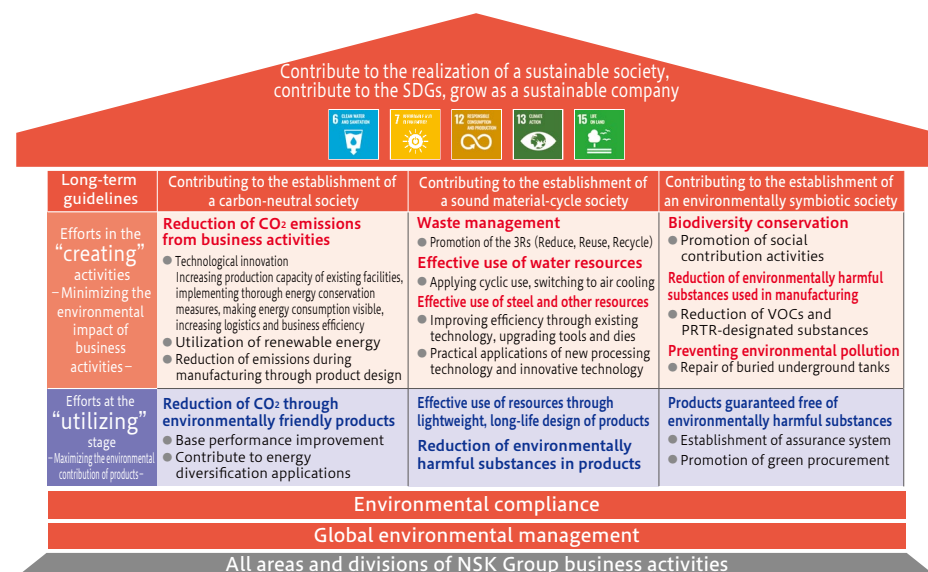
Please see our website for more information. ▶



Climate change, resource depletion, air and water pollution caused by chemicals, and the loss of biodiversity are increasing concerns on a global scale, and represent a collective challenge for humanity to realize a sustainable society that develops while preserving the global environment. NSK has formulated the NSK Environmental Policy and is committed to developing products and services that contribute to reducing environmental impact. In addition, NSK operates its business with the goal of reducing environmental burdens throughout the value chain, striving to achieve the preservation of the global environment as outlined in the NSK Mission Statement.

## Environmental Action Plan

NSK has established the Environmental Action Plan to promote ESG management, one of the key issues of MTP2026. Based on our global environmental management and environmental compliance, we set a “carbon-neutral society,” a “material-cycle society,” and an “environmentally symbiotic society,” as our vision, and we are promoting activities that aim to fulfill our role through minimizing the environmental footprint of our business activities and maximizing our contribution to the environment with our products. This is also linked to helping to achieve the SDGs.



## Climate Change Countermeasures

Please see our website for more information. ▶



### Structure for Promoting Carbon Neutrality

NSK considers initiatives toward carbon neutrality as an essential management issue to solve social challenges, ensure business continuity, and achieve sustainable growth. The Carbon Neutrality Department sets policies, strategies, and targets from a companywide and mid- to long-term perspective, promoting various measures to achieve goals. Progress is regularly reported to the executive officer in charge and the CEO. Particularly critical measures are decided by the CEO following discussions by the Operating Committee and are deliberated by the Board of Directors. The Board of Directors supervises the implementation of these initiatives. The degree of achievement of targets to reduce CO<sub>2</sub> emissions is incorporated into the evaluation criteria for the short-term performance-based compensation of executive officers. Under this system, initiatives are advanced across the Company in collaboration with various departments through expert committees.

### Energy Conservation Subcommittee

The Energy Conservation Subcommittee formulates a road map to achieve carbon neutrality, and shares energy usage, CO<sub>2</sub> emissions, and measures, such as the expansion of energy conservation and renewable energy use at each plant. The subcommittee works to reduce energy consumption across the NSK Group.

#### Key Themes Discussed in FY2023

- Thermal insulation coatings on roofs
- Reduction of air leaks in production equipment
- Adoption of high-efficiency machinery
- Compressor energy saving

### Collaboration with Overseas Sites

As overseas sites account for about half of NSK's energy consumption, collaboration with environmental managers at each regional headquarters is being strengthened to share energy-saving initiatives and discuss challenges.

### Environmental Product Subcommittee

Led by the Technology Division, the Environmental Product Subcommittee creates environmentally friendly products and services, establishing a framework to quantitatively assess their environmental performance. Based on this, we aim to provide products and services with superior environmental performance, contributing to overall reduction of CO<sub>2</sub> emissions in society.

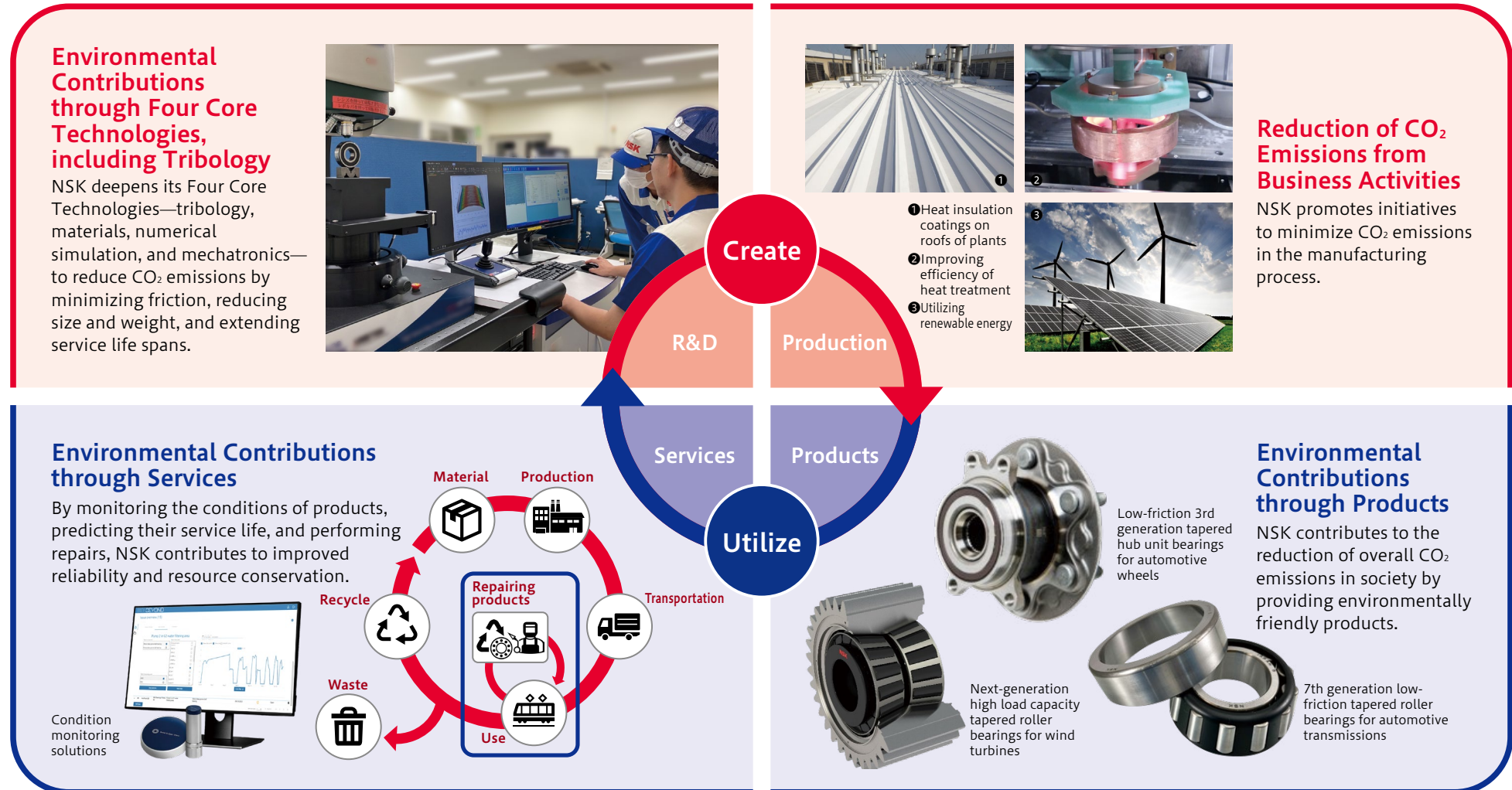
### Development of Environmental Personnel

To ensure all employees can engage in their duties with accurate knowledge, NSK conducts several themed environmental e-learning sessions annually, along with goal-specific training and awareness activities for environmental managers in each department. In addition, tiered education programs and general environmental training for new employees are continuously implemented to enhance the effectiveness of environmental conservation activities.

## ■ NSK's Approach: Promoting CO<sub>2</sub> Emission Reductions through Our “Create” and “Utilize” Approach

In response to the urgent issue of climate change, NSK contributes to achieving carbon neutrality across the entire supply chain. NSK works to reduce CO<sub>2</sub> emissions not only during the “create” stage, when products are manufactured, but also throughout the entire product life cycle, including the “utilize” stage by customers. The products NSK provides help reduce energy consumption by controlling friction and, furthermore, contribute to the efficient use of resources by incorporating the concept of a circular economy. By leveraging its core technologies, honed over more than 100 years, NSK is dedicated to contributing to the realization of a sustainable society.

### Initiatives for Minimizing the Environmental Impact of Our Business Activities and Maximizing the Environmental Contribution of Our Products



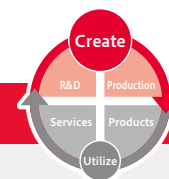
# Environmental Management

## Efforts to Minimize Environmental Impact from Our Business

NSK considers reducing energy consumption to be the top priority in minimizing CO<sub>2</sub> emissions during the manufacturing process. While promoting steady energy-saving activities to eliminate waste globally, NSK is advancing the development of innovative manufacturing technologies using its core technologies. In addition, renewable energy is being utilized in energy procurement for reduced environmental impact, and the Company is looking to transition to even more environmentally friendly materials and energy sources in the future.

### Definition

|                   |  |
|-------------------|--|
| Scope 1, 2, and 3 | Classifications of greenhouse gas emissions in the supply chain from the creation to the disposal of a product |
| Scope 1           | Direct emissions of greenhouse gases by the company itself   |
| Scope 2           | Indirect emissions from the use of electricity, heat, or steam supplied by another company                     |
| Scope 3           | Indirect emissions other than those covered by Scope 1 and Scope 2   |

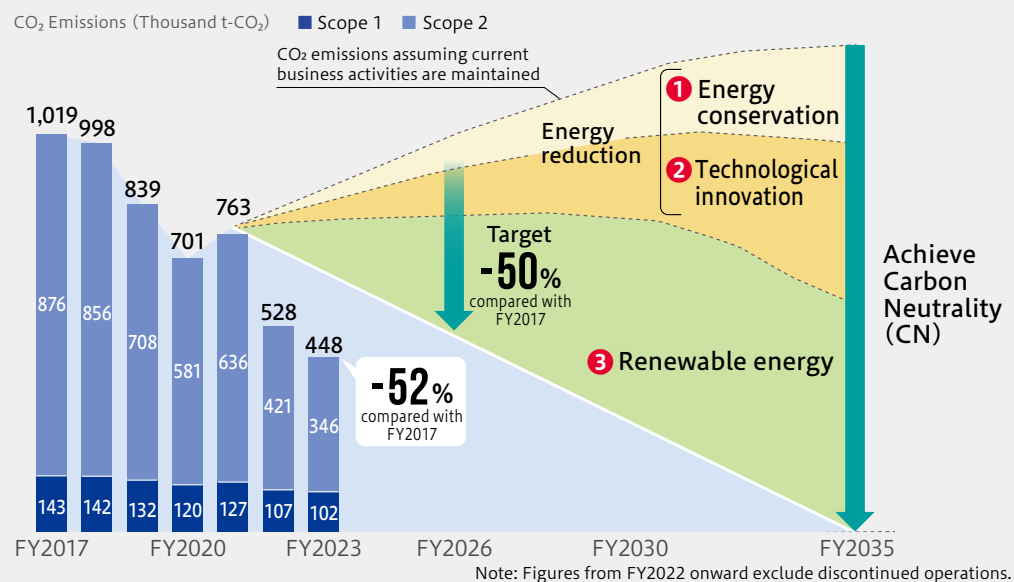


## Initiatives at the “Create” Stage –Reducing In-House CO<sub>2</sub> Emissions–

### Toward Achieving Carbon Neutrality for Scope 1 + 2 by FY2035

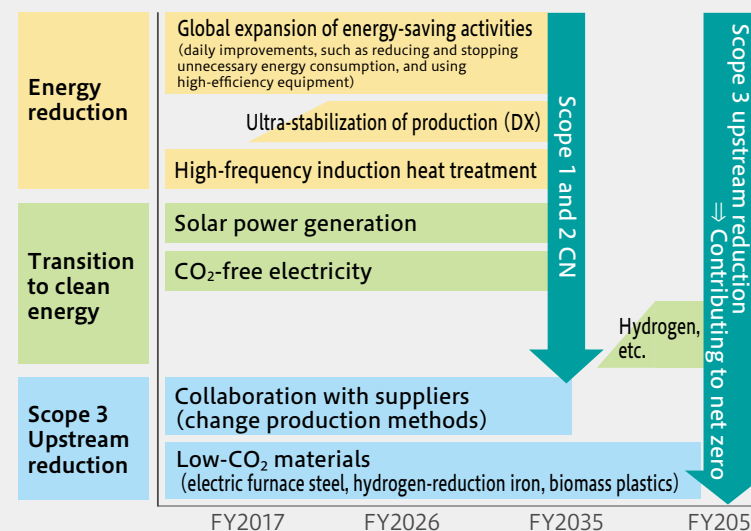
NSK is advancing efforts based on three pillars: ① energy conservation, ② technological innovation, and ③ renewable energy.

- By FY2035, NSK aims to achieve carbon neutrality for Scope 1 and 2, with a goal of reducing CO<sub>2</sub> emissions for Scope 1 and 2 by 50% by FY2026 compared with FY2017 levels.
- In FY2023, CO<sub>2</sub> emissions were reduced by 52% compared with FY2017, on pace to exceeding the target.



### Toward Achieving a Net-Zero CO<sub>2</sub> Emissions Society by 2050

- We are increasing energy efficiency through group-wide initiatives in energy conservation and technological innovation in production activities.
- We will expand the use of clean energy, such as hydrogen.
- We are deepening collaboration with suppliers and will change production methods at NSK and its suppliers to reduce CO<sub>2</sub> emissions. In addition, we will expand the use of low-CO<sub>2</sub> materials and biomass plastics.

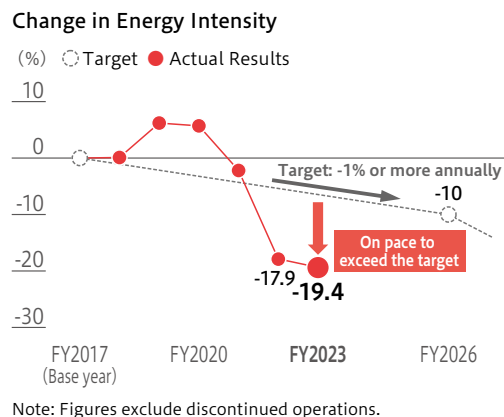




## 1 Energy Conservation

NSK views energy conservation as the foundation for reducing CO<sub>2</sub> emissions by thoroughly eliminating waste in production activities and making steady improvements. In addition, we are deploying initiatives to improve productivity using DX with the aim to enhance energy efficiency.

As of FY2023, reduction in energy intensity has been on track to exceed the target reduction of at least 1% per year compared with the FY2017 level.



### Reducing Air Leaks

By introducing the latest digital measuring devices, NSK detected more than twice the number of air leaks in the piping supplying compressed air from compressors to production equipment compared to FY2021, before these devices were installed. As a result, electricity savings have tripled. This initiative is being expanded globally, contributing to reductions in CO<sub>2</sub> emissions and costs.



Efforts to reduce air leaks

## 2 Technological Innovation

NSK is reducing CO<sub>2</sub> emissions across the Group by introducing groundbreaking manufacturing technologies at both domestic and overseas plants, and expanding their application to a wider range of products.

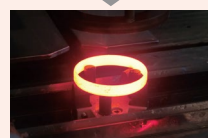
### Introduction of High-Frequency Induction Heat Treatment

The heat treatment process accounts for more than 20% of NSK's total CO<sub>2</sub> emissions (Scope 1 and 2). To address this challenge, NSK is advancing the development and deployment of high-frequency induction heat treatment technology. Unlike conventional heat treatment, which heats parts inside a furnace from the periphery, high-frequency induction heat treatment directly heats only the parts themselves, significantly improving energy efficiency and contributing to the reduction of CO<sub>2</sub> emissions. This technology has already been introduced in multiple domestic and overseas factories.



Heating the entire furnace

Conventional heat treatment furnace



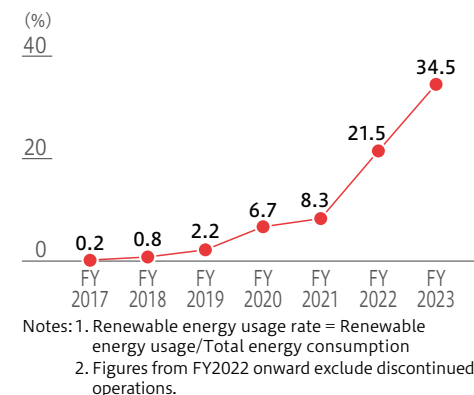
Heating only the target object

High-frequency induction heat treatment

## 3 Renewable Energy

NSK is advancing its plan to switch all sites to renewable energy. The ratio of renewable energy being used to the Group's total energy consumption increased from 21.5% in FY2022 to 34.5% in FY2023. In Europe, all sites have switched to CO<sub>2</sub>-free electricity, and the transition is progressing in Japan, the ASEAN countries, and North America. In addition, most of our factories in China have installed solar power generation systems.

### Rate of Renewable Energy Use



### Scope 3 Upstream Reductions

#### Strengthening Collaboration with Suppliers

To accelerate reductions in Scope 3 upstream emissions, which account for the majority of NSK's total CO<sub>2</sub> emissions, NSK is strengthening collaboration with component suppliers.

NSK representatives visit the key suppliers to explain the importance of carbon-neutral initiatives and how these efforts can also help strengthen their businesses, eliciting their understanding and cooperation. From FY2022 to FY2023, collaboration with suppliers expanded to approximately 20 companies, covering around 40% of the value of procured components. NSK shares measures with suppliers and supports CO<sub>2</sub> reduction measures tailored to each company's circumstances. Over the past two years, CO<sub>2</sub> reduction measures for key products have resulted in a reduction of 5.7%, surpassing the 5.2% target. Going forward, NSK will strengthen collaboration with overseas suppliers to further promote reductions.

#### Use of Low-CO<sub>2</sub> Materials

NSK has developed the world's first cage made from 100% plant-derived biomass plastic. The material, castor beans, absorbs CO<sub>2</sub> during its growth, resulting in reduced CO<sub>2</sub> emissions compared to traditional petroleum-derived materials.



Biomass plastic cage

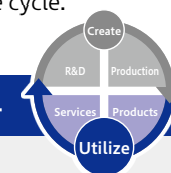


Castor bean materials

# Environmental Management

## Efforts to Maximize the Environmental Contribution of Our Products

While many automobiles and industrial machines worldwide consume vast amounts of energy by operating for extended periods, NSK's products aim to reduce this energy consumption to the greatest extent possible through downsizing, weight reduction, and low torque. Furthermore, they are used in renewable energy facilities such as wind turbines, contributing to their spread. On the other hand, because the production and processing of steel, which is a key material for NSK, requires many resources, NSK promotes waste reduction and efficient use of resources through product life-span extension and recycling. Through these efforts, NSK is working to reduce CO<sub>2</sub> emissions throughout the entire product life cycle.



## Initiatives at the “Utilize” Stage –Contributing to the Reduction of Customers’ CO<sub>2</sub> Emissions–

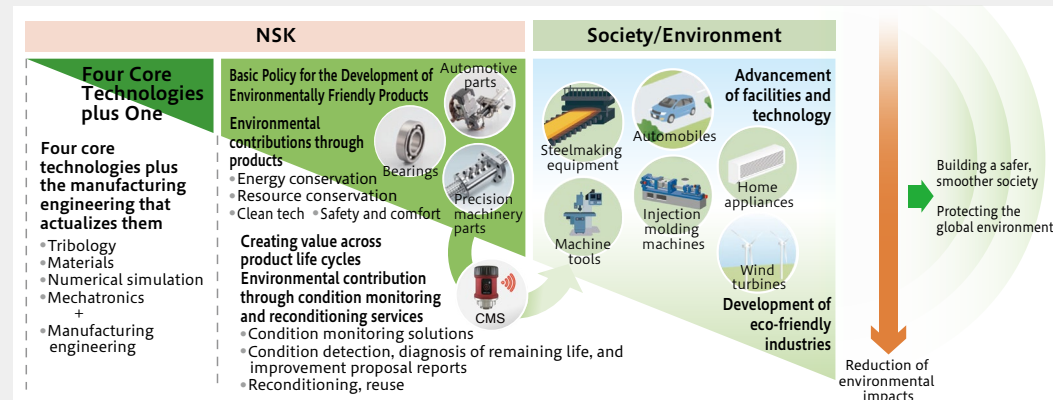
### Concept of Environmentally Friendly Products

In pursuit of contributing to a “safer, smoother society” and to “help protect the global environment,” as outlined in its corporate philosophy, NSK is advancing the development of environmentally friendly products and technologies in line with its “Basic Policy for the Development of Environmentally Friendly Products.”

#### Basic Policy for the Development of Environmentally Friendly Products

1. Each product should contribute toward the energy and resource conservation of the machine in which it is installed.
2. The amount of energy and resources required during product manufacturing should be minimal.
3. Environmentally harmful substances should not be used in products or manufacturing processes.
4. Products should contribute to the health and safety of end users by having low levels of vibration, noise, and dust emissions.

#### Product Creation Designed to “Contribute to a Safer, Smoother Society” and “Help Protect the Global Environment”



### Indicators for NSK Environmentally Friendly Products

As a proprietary method for quantitatively evaluating the environmental contribution of products, the Company has introduced NSK Eco-efficiency Indicators, otherwise known as Neco. These indicators quantify the environmental contribution of products in comparison to previous versions based on factors such as life span, low torque, power consumption, and weight reduction. The higher the Neco value, the greater the contribution, with a target of Neco 1.2 or higher for newly developed products.

#### Environmentally Friendly Products Developed in FY2023

| Product Name   | NSK's Technology Development  | Environmental Contribution at Customer  | Neco |
|--|---|---|------|
| Low-dust and decontamination-compliant actuator              | <ul style="list-style-type: none"> <li>Improved low-dust performance, decontamination resistance</li> <li>Reduced friction torque</li> </ul>          | <ul style="list-style-type: none"> <li>Long-term stable operation</li> <li>Energy savings</li> </ul>      | 1.66 |
| Low-dust, high-performance bearings for servomotors          | <ul style="list-style-type: none"> <li>Improved low-dust performance</li> <li>Improved seizure resistance</li> <li>Reduced friction torque</li> </ul> | <ul style="list-style-type: none"> <li>Long-term stable operation</li> <li>Energy conservation</li> </ul> | 1.41 |
| Bearings for gas turbine generators for eVTOL (large drones) | <ul style="list-style-type: none"> <li>Reduced lubricant use</li> <li>Reduced power loss</li> </ul>   | <ul style="list-style-type: none"> <li>Resource conservation</li> <li>Improved fuel efficiency</li> </ul> | 1.34 |

#### Neco formula

$$\text{Neco} = \frac{\text{Product value (V)}}{\text{Environmental impact (E)}}$$

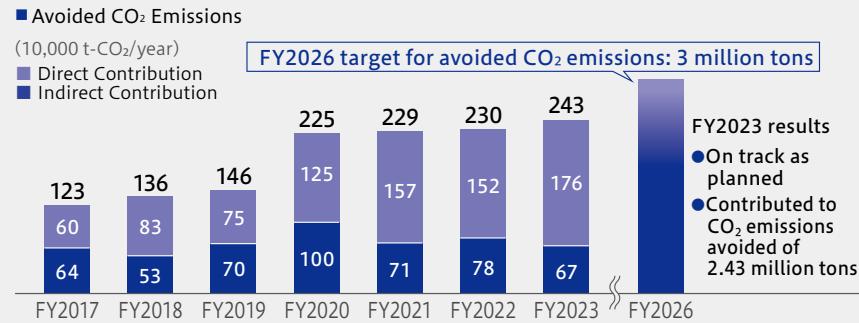
Degree of improvement in product value, such as life span, performance, and accuracy  
 Degree of reduction in environmental burden such as weight and friction loss

Click here for more information on Neco value. ▶



## • Reduction in CO<sub>2</sub> Emissions during Product Use

NSK's products also contribute to reducing CO<sub>2</sub> emissions during the “utilize” stage at customers. We promote such efforts in two categories: direct contribution\*<sup>1</sup> and indirect contribution\*<sup>2</sup>. In FY2023, we contributed to a reduction of 2.43 million tons of CO<sub>2</sub> emissions.



Notes: 1. Figures from FY2022 onward exclude discontinued operations.  
 2. Avoided CO<sub>2</sub> emissions in past fiscal years have been revised based on the emission coefficients used to calculate CO<sub>2</sub> emissions from electricity consumption in FY2023.  
 3. This calculation is based on the “Quantification Guidelines for CO<sub>2</sub> Emission Reduction Contributions by Bearings” from the Japan Bearing Industry Association (for direct contribution only).

\*<sup>1</sup> Direct contribution to reducing CO<sub>2</sub> emissions through the performance of individual NSK products

Low-friction 3rd generation tapered hub unit bearings for automotive wheels



\*<sup>2</sup> NSK's products help reduce CO<sub>2</sub> emissions indirectly by being incorporated into customers' decarbonization-related equipment or facilities, or through services such as product restoration.



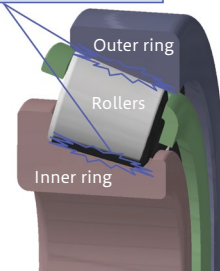
### 7th Generation Low-Friction Tapered Roller Bearings

Tapered roller bearings are capable of supporting large loads and are used in applications such as automotive transmissions. Since the 1980s, NSK has continuously improved tapered roller bearings through various methods. Its latest technology optimizes the number of rollers, achieving an average 20% reduction in friction across the entire rpm range. This improves fuel efficiency and electric mileage for vehicles.

Please see our website for information on other environmentally friendly products. ▶

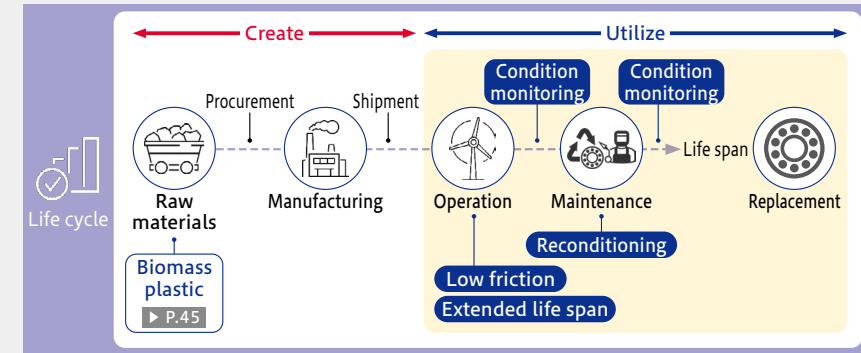


Rolling friction between rolling surfaces and raceway



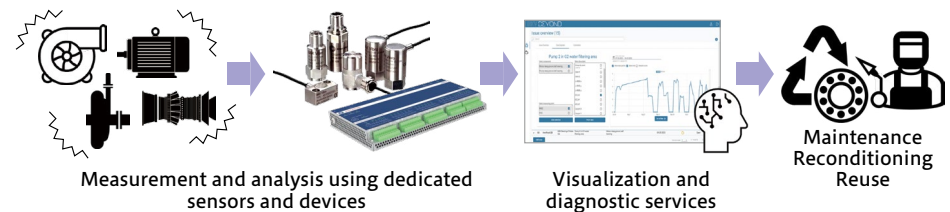
## • CO<sub>2</sub> Emission Reduction through Services

In addition to selling products, NSK provides technical services such as maintenance and condition monitoring technology, aiming to reduce CO<sub>2</sub> emissions throughout the entire product life cycle—from product restoration to disposal.



### Condition Monitoring Solutions and Reconditioning

Condition monitoring solutions measure and analyze the vibrations of rotating and linear motion mechanisms inside equipment to diagnose the product's condition and life span. This contributes to improved machine reliability and extended product life. In addition, reconditioning enables product repair and reuse. ▶ P.19 Provide new product value



### Extending the Basic Rated Life Span (Calculated Service Life) of Rolling Bearings

Through the development of high-precision service life prediction using the Micro-UT method, the basic rated life (calculated service life of a product) can be extended by up to twice its original life span. As a result, customers can switch to smaller bearings, achieving downsizing and weight reduction of their machinery.

▶ P.23 Strategies to Change & Go Beyond

Please see our website for more information. ▶



# Environmental Management

Please see our  
website for more  
information. ▶



## ■ Evaluation from CDP\*

NSK replies to various international organizations' surveys to verify the effectiveness of its environmental initiatives through external evaluations. In FY2023, NSK's advanced efforts to address climate change were recognized by the international environmental nonprofit organization CDP, earning an "A-" rating for the second consecutive year, the second-highest grade.

\* CDP stands for Carbon Disclosure Project, a non-governmental organization managed by a UK charity.

### Climate Change-Related Risks and Opportunities: Addressing the TCFD Recommendations

In January 2020, NSK expressed its support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), and in line with the recommendations of the TCFD final report, NSK is working to identify risks and opportunities to its business activities due to climate change and to enhance its disclosure information, including reflection in management strategies and progress in response measures.

NSK has always recognized climate-related risks as risks of high importance, and all groups across business divisions and functional departments have been working to address them. Moreover, since FY2021, utilizing scenario analysis recommended by the TCFD, and assuming short-, mid-, and long-term changes in the business environment associated with climate change, we have been strengthening our efforts to analyze the impact of climate change on NSK's activities and identify issues.

#### ■ Risks and Opportunities from Climate Change

With the aim of verifying the impact of climate change on NSK's value chain and the effectiveness of its countermeasures, two scenario analyses were conducted for the period up to 2050: 1.5°C to 2°C and 4°C temperature rises. The analysis confirmed that NSK's growth will come from proactively responding to market changes by strengthening development, production, and sales of products and services that contribute to energy conservation, while limiting the impact of stricter regulations aimed at building a carbon-neutral society.

#### ■ NSK Strategy

NSK has set long-term goals and is strengthening efforts through the dual approach of reducing CO<sub>2</sub> emissions from business activities such as the creating of products, and helping to avoid CO<sub>2</sub> emissions when customers utilize the Company's products and services.

Please see our  
website for more  
information. ▶



## Biodiversity Conservation

### ■ NSK's Approach

To contribute to a Nature Positive\*<sup>1</sup> future, the NSK Group has established the NSK Biodiversity Guidelines\*<sup>2</sup>, outlining its basic policies and action guidelines for biodiversity conservation. NSK monitors the impact of its business activities on biodiversity, working to minimize negative effects and promote positive impacts.

Bearings, the NSK Group's main product, are primarily made from special steel produced by recycling steel scrap. After use by customers, these products are again recycled as steel scrap, becoming raw material for steel production. For this reason, NSK believes that its dependence on and impact on biodiversity during each stage, from the procurement of parts and raw materials to production, customer use, and disposal, is relatively small. However, the NSK Group recognizes there is a broad connection between its activities and biodiversity. To minimize impacts and expand contributions, NSK is actively working toward no net loss in biodiversity\*<sup>3</sup>, including efforts to prevent deforestation\*<sup>4</sup> in procurement and production activities.

\*<sup>1</sup> Nature Positive refers to putting nature on a path to recovery, halting and reversing biodiversity loss.

\*<sup>2</sup> These guidelines were established on October 5, 2010, with the approval of the President and CEO after discussions by relevant officers in the Global Environment Protection Committee in August 2010.

\*<sup>3</sup> No net loss refers to compensatory measures that offset the loss of biodiversity caused by human activities, ensuring no net loss in biodiversity.

\*<sup>4</sup> Deforestation refers to the conversion of natural forests to non-forest land or plantations, or continuous degradation that leads to the loss of natural forests.

### ■ Evaluation of Biodiversity Engagement

NSK evaluates its relationship with biodiversity using assessment tools to analyze the connections between its business and biodiversity. This analysis concluded that NSK's business sector does not have significant dependence on or impact on ecosystem services. However, as some production sites are located near nature conservation areas, NSK takes maximum care to preserve biodiversity.

### ■ Social Contribution Activities Related to Biodiversity Conservation

NSK is engaged in social contribution activities around the world that are related to biodiversity conservation, including the protection of endangered species, tree planting, *Satoyama* conservation activities, protection of natural monuments, and coastal preservation. In particular, we have created a seedling nursery in Thailand.

Please see our website for  
information on activities. ▶







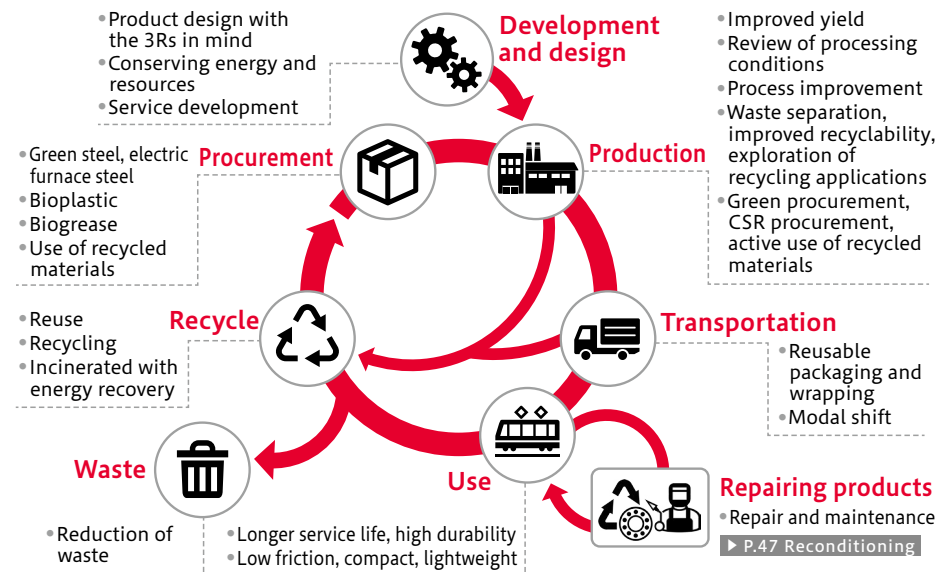
## Resource Conservation and Recycling Measures

### ■ NSK's Approach

The NSK Group is promoting efforts at each stage of the value chain to enhance the 3Rs (reduce, reuse, recycle) through the development of environmentally friendly products and efficient, waste-free production, all in pursuit of realizing a circular economy.

In its development and design divisions, NSK focuses on reducing product weight and extending service life while developing products that are manufactured with minimal raw materials and are easy to recycle after use. Procurement divisions work in collaboration with suppliers to procure environmentally friendly parts and raw materials, including steel materials made from recycled scrap metal. In manufacturing divisions, efforts are made to reduce resource waste by improving material yield through process improvements and refinements to tools and molds. In addition, NSK collaborates both internally and externally with suppliers to recycle metal and grinding waste generated during production back into steel, while also promoting water recycling and waste liquid treatment to reduce waste emissions and improve recycling rates. Our logistics divisions contribute by reducing waste emissions through the repeated use of packaging and wrapping materials.

Moreover, NSK ensures the proper disposal of waste by conducting voluntary inspections at its business sites, carrying out on-site verifications of companies entrusted with waste disposal, and enhancing management practices using information systems to prevent any compliance violations.

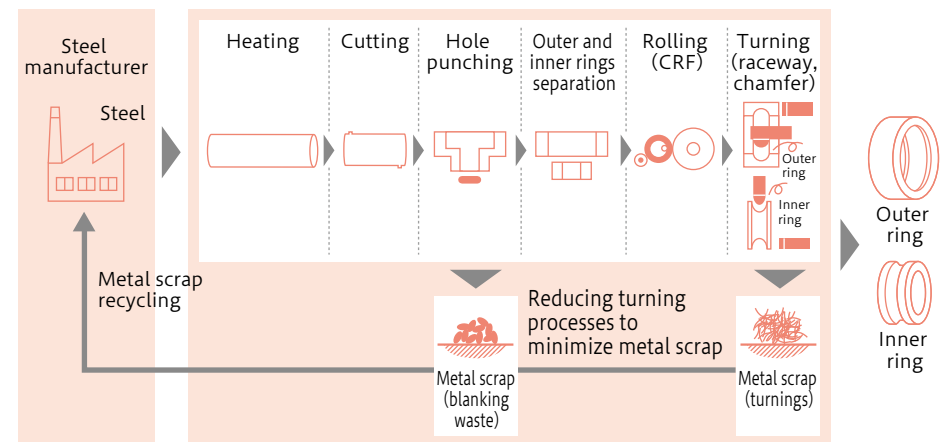


### ■ Pursuing Improvements in Material Yield\*1

The majority of NSK's main products, such as bearings, are made of steel, and approximately half of the CO<sub>2</sub> emissions generated during the manufacturing process come from steel production by steel manufacturers. Developing and expanding environmentally friendly manufacturing methods that utilize steel efficiently, without waste, and enable resource conservation is a crucial issue for reducing CO<sub>2</sub> emissions throughout the supply chain.

When manufacturing the outer and inner rings of bearings primarily from bar steel through turning\*2, the material yield is usually below 50%. However, by revising the manufacturing method, it is possible to improve the yield to above 60%, thereby reducing the amount of steel used (see the chart below). NSK has focused on high-production volume products for these improvements, but it is now working on expanding the range of applicable products and further improving yields. In addition, improving yield reduces the amount of metal scrap generated in the manufacturing process, which in turn decreases CO<sub>2</sub> emissions during recycling into new steel at steel manufacturers. Through the efficient use of resources, NSK is contributing to the realization of carbon neutrality and a circular economy for society as a whole.

#### Manufacturing Process with Improved Yield (image)



\*1 The ratio of the weight of the finished part to the weight of the raw material input into the process.

\*2 A machining method in which steel is rotated and shaped by applying a tool called a bit to achieve the desired form.

# Compliance

Please see our  
website for more  
information. ▶



## NSK's Approach

The NSK Group has positioned compliance as one of its core values. For NSK, compliance goes beyond adherence to laws and regulations. It also entails acting in accordance with internal rules, social norms, and the Corporate Philosophy in a sincere and fair manner. Moreover, compliance means earning the trust of society and contributing to the development of the economy and society in Japan and around the world.

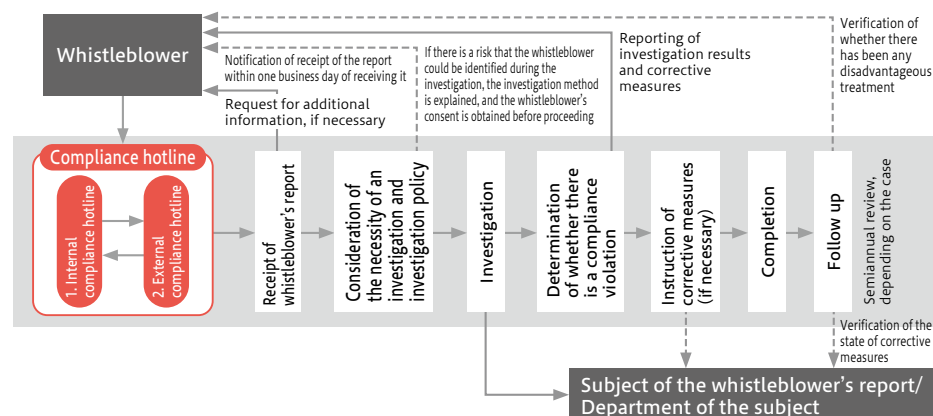
## Compliance Hotline (Whistleblowing System)

The NSK Group has made explicit in its internal rules that employees who learn of acts that violate or might violate the NSK Code of Corporate Ethics or compliance are to contact the compliance hotline made available in their regions and countries. The Group makes sure that employees are well informed about these hotlines. In some countries and regions, the hotline is available to suppliers, as well.

We have also set up internal and external hotlines, which accept reports 24 hours a day. The system allows hotline users to remain anonymous, and rules are established to ensure they are protected from disadvantageous repercussions. Reported incidents are investigated by the Legal and Compliance Division Headquarters in Japan and by the local legal department outside Japan with the help of relevant departments as needed. If a compliance violation becomes apparent, corrective actions and recurrence prevention measures are quickly taken where needed.

In FY2023, 131 reports were received globally.

### Compliance Hotline (Whistleblowing System) Diagram



## Improvement of Compliance Awareness

With the aim of reducing compliance risks in each division, the NSK Group conducts compliance training by department.

In sales departments, since FY2012, we have been holding training sessions on the competition law and preventing the fading of awareness toward the cartel incident. In FY2023, this training focused on the Antimonopoly Act and the importance of accurate recordkeeping in corporate activities. We continued our storytelling initiatives, which were launched in FY2020, to reflect on and convey the facts and lessons learned from the cartel incident. All employees in domestic sales departments participated in this training.

In production departments, training focuses on the prevention of data falsification and other quality-related fraud, as well as harassment. In FY2023, this training was held at nine production sites in Japan.

In engineering departments, we conducted training on the themes of fostering engineering ethics and preventing quality fraud such as data falsification. In FY2023, employees from all technical departments in Japan attended the course.

In addition to department-specific training, we provide annual compliance e-learning to all employees with a corporate e-mail address.

As a result of these training and awareness-raising activities, the percentage of favorable responses to compliance-related questions in engagement surveys improved from 59% in FY2019 to 72% in FY2023. ▶ P.75 Non-Financial Highlights

## NSK Corporate Philosophy Day

To revisit the lessons learned from past incidents, reconfirm the resolve of all NSK Group employees that no anticompetitive incident will ever occur again, and ensure that all employees review the Corporate Philosophy and make it their own code of conduct, July 26, the date of our on-site inspection by the Japan Fair Trade Commission, has been designated as “NSK Corporate Philosophy Day.”

In FY2023, a message from the president was delivered to locations in Japan and other countries, and employees watched a video about the cartel incident and an explanation of NSK’s Corporate Philosophy. In Japan, initiatives were introduced to foster a workplace culture that embodies “Beyond Limits, Beyond Today,” our action guidelines for realizing the Corporate Philosophy.

Overseas, after a message from the management of local bases, each site held its own events that included lectures by outside experts and discussions on compliance.

# Respect for Human Rights

## NSK's Approach

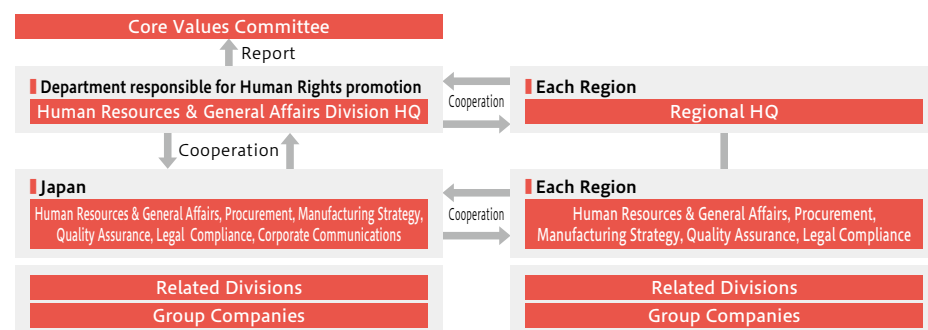
NSK believes that respecting human rights is our responsibility as a multinational corporation and that it is essential to support and respect international norms, such as the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights.

The NSK Code of Corporate Ethics clearly stipulates that we do not tolerate discrimination or violations of human rights (e.g., forced labor, child labor) for any reason. In the NSK Human Rights Policy, we respect the human rights of our stakeholders and work with our suppliers on efforts to evaluate, prevent, and mitigate impacts on human rights.

## System

The Human Resources and General Affairs Division Headquarters is the organization responsible for promoting the NSK Group's human rights initiatives, including the strengthening of human rights risk management across the Group. Each functional headquarters, including human resources and general affairs, procurement, manufacturing strategy, quality assurance, and legal compliance, collaborate globally in the practice of human rights due diligence for both the NSK Group and suppliers.

The Human Resources and General Affairs Division Headquarters shares and discusses regional issues with regional headquarters outside Japan to develop responsive measures, too. It also promotes human rights education for all global employees. Moreover, it regularly holds NSK Human Rights Meetings as a venue for sharing information across the Group. Important matters discussed at these meetings and progress on human rights due diligence initiatives are reported to the Core Values Committee. ▶ P.61 NSK's Corporate Governance Structure



## Addressing Human Rights Risks

In line with the United Nations' Guiding Principles on Business and Human Rights, the NSK Group manages human rights risks by following the human rights due diligence process shown on the right.

Please see our website for more information. ▶



### — Risk Assessment

We have identified NSK's key human rights risks with reference to human rights issues expressly stated in NSK's codes and guidelines, as well as information from Japan's Ministry of Justice and the CSR guidelines of major customers. We then held interviews with external experts and NSK's functional division headquarters in Japan and regional headquarters outside Japan. Considering human rights risk cases emerging in related industries, we identified NSK's key human rights risks and assessed their priority level (likelihood of occurrence × severity).

#### Risks of high significance

In March 2023, an evaluation of human rights risks by an external expert identified "occupational health and safety (NSK Group) ▶ ❶" as our risk of high significance. This assessment reflects the fact that, like other manufacturing companies, NSK has employees who work directly with machinery in plants and the Technology Division, where the frequency and severity of injuries, such as being caught or entangled in equipment, were taken into account.

### — Prevention and Mitigation (FY2023 initiatives)

#### ❶ Safety Initiatives

Regarding occupational health and safety (NSK Group), which has been identified as a significant risk, NSK is advancing safety initiatives, such as safety education and the training of certified safety assessors.

▶ P.39 Safety Management

#### ❷ Education and Training (Employees)

NSK conducts educational and training programs focused on human rights.

| Education and training program name   | Number of participants    |
|---|---------------------------|
| Company-wide training (in-person)   | All domestic sites        |
| Company-wide e-learning (domestic and some overseas locations)                              | About 12,000 participants |
| Training by rank and target group (e.g., new employees, managers, sales staff, expatriates) | About 900 participants    |

#### ❸ Supply Chain Management

NSK distributed a video to suppliers about its human rights initiatives.



▶ P.41 Supply Chain Management

### — Remediation Measures (maintenance of consultation channels)

▶ P.50 Compliance Hotline (Whistleblowing System)

# Information Security Management

Please see our  
website for more  
information. ▶



## NSK's Approach

The use of digital technology is expanding across an increasingly wide range of fields. At the same time, the volume of information and data is also increasing dramatically with the forms in which it is held and used continuing to diversify. Against the backdrop of this business environment, in addition to the risks associated with the improper handling of information, there are growing concerns surrounding information leaks and the adverse effects on the supply chain due to increasingly sophisticated cyberattacks. Positioning information security management as one of its important management tasks, NSK has established the NSK Group Basic Policy on Information Security\*<sup>1</sup> and is working to reduce a variety of risks while strengthening its response to relevant laws and regulations. Moreover, we are promoting initiatives for more robust mechanisms and organizational structures, such as network countermeasures, against increasingly sophisticated cyberattacks.

\*1 NSK Group Basic Policy on Information Security ▶ <https://www.nsk.com/information-security/>

## Information Security System

The NSK Group is enhancing its managerial resources and transforming its business through the power of digital technology. NSK established the Information Security Division (IT Governance Department, Information Security Promotion Group) under the Digital Transformation Division Headquarters at NSK Ltd., the Group headquarters, to enable the safe use of digital technology and to globally deploy information security enhancement measures that take into account the relationship between digital technology and cybersecurity. Moreover, information security-related risks are supervised under the Corporate Risk Management System. Information security is also discussed by the Board of Directors as an issue that concerns the Group as a whole. The Information Security Division regularly holds global meetings, working in cooperation with information security management committees in Japan, the Americas, Europe, China, ASEAN and Oceania, India, and South Korea. NSK is working to improve the information security management level of the entire NSK Group, and to plan and implement information security measures.

Furthermore, NSK has established a CSIRT\*<sup>2</sup> organization to quickly and appropriately respond to cyberattacks, aimed at preventing the spread of damage and facilitating swift recovery. NSK is also a member of the Nippon CSIRT Association.

\*2 CSIRT is an abbreviation for Computer Security Incident Response Team, an organization that rapidly responds to computer security incidents.

## Initiatives to Strengthen Information Security Management

By utilizing globally adopted guidelines and frameworks developed by professional cybersecurity organizations, NSK is creating a balanced approach to information security management in the context of people and organizations, processes, and technologies, while incorporating the concept of cyber resilience and working to strengthen these initiatives.

### Strengthening Measures for Normal Times

To reduce risks through understanding and evaluation, as well as rapid detection and response, NSK is using external security assessment services to enhance monitoring and measures, including the identification of vulnerabilities. In addition, we are advancing technical measures to detect suspicious activities and security threats on information devices and networks. Information about detected incidents is analyzed by the Security Operations Center\*<sup>3</sup>, which then implements countermeasures. With this structure, we have established mechanisms for swiftly responding to security incidents. For all employees who use computers, targeted e-mail cyberattack drills are conducted in collaboration with system management departments at domestic and overseas Group companies, and e-learning sessions are regularly held for employees in Japan and abroad. Through training based on employee category, such as executives and system management department members, as well as training for new employees or employees being assigned to overseas positions, NSK strives to maintain and improve the awareness of employees about information security.

\*3 Security Operations Center is an organization dedicated to detecting, analyzing, and taking countermeasures to cybersecurity threats.

### Enhancing Incident Response Capabilities

To improve incident response capabilities during emergencies, NSK participates every year, including during FY2023, in the NISC/NCA Interdisciplinary Collaborative Exercises organized by the National center of Incident readiness and Strategy for Cybersecurity (NISC) and the Nippon CSIRT Association. In response to the increasing risk of cyberattacks on supply chains, we are enhancing the security posture of plants by assessing and managing risks in control equipment and organizing incident response drills. We also check the information security practices of business partners and work to improve the overall level of security measures.

Furthermore, by utilizing an information security management system, we are enhancing the analysis and management of information and reports related to security incidents both domestically and internationally, while also maintaining and improving procedures and guidelines for incident response, ensuring that this knowledge is applied across the organization.



# Business Continuity Management

## NSK's Approach

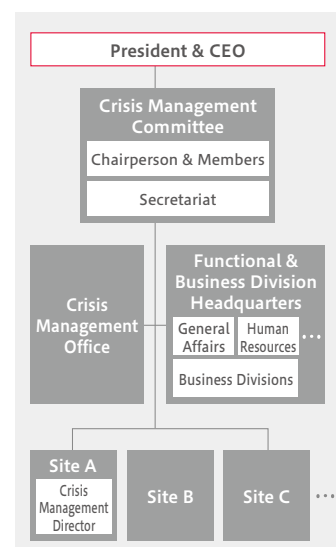
NSK's basic policy is to place the highest priority on ensuring the safety of human life, to respond to disasters in collaboration with society and to prevent disruptions to essential operations and to promptly resume operations in the event of a suspension.

NSK has established a Business Continuity Plan (BCP). As part of its disaster preparedness, NSK focuses on measures to reduce damage in the event of disaster. As post-disaster measures, NSK works to shorten recovery times and investigate alternative means of conducting business. We also ensure that necessary inventories are maintained to fulfill our responsibility to supply products to customers.

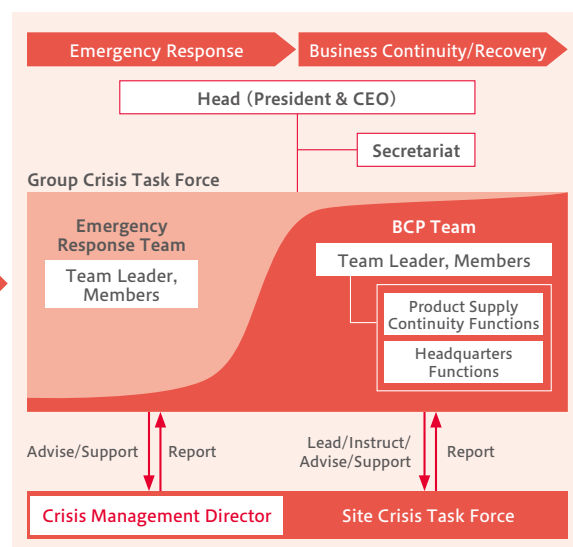
## Business Continuity Management Systems

As an organization that directly reports to the CEO, NSK has permanently established the Crisis Management Committee to oversee initiatives related to business continuity management and to foresee the risks that the NSK Group might face. Based on this preparedness, NSK has put into place systems during normal times while directing and controlling organizations to respond to a crisis in an emergency.

### Normal Times



### Emergencies



## -Initiatives to Strengthen Crisis Management and Business Continuity Capabilities-

Please see our website for more information. ▶



In addition, organizations have been established in each region outside Japan to oversee business continuity management. The Crisis Management Committee will work with these organizations to deal with risks when they materialize.

## Strengthening the Capabilities of Individuals

To ensure the business continuity of organizations and companies, it is essential that each employee can respond appropriately in an emergency without relying on instructions from a leader. With this in mind, NSK will introduce new training programs in FY2024. These programs will include learning methods for rescuing and aiding casualties using disaster simulations, as well as provide leadership skills so that people can solve problems that rapidly materialize during a disaster. Plans call for the new training to start at a pilot plant and then be expanded to other locations.



Disaster Simulation Workshops

## Reflections on Disaster Responses

In light of frequent earthquakes and heavy rainfall, NSK is reflecting on its disaster responses to identify areas for improvement in its BCP.

Recent insights have highlighted the need to improve decision-making and communication methods when crisis levels escalate outside of normal working hours, to better understand the latest hazard information around plants, replenish disaster supplies, and ensure the effectiveness of preparedness through exercises.

Based on these reflections, we have carried out inspections of weather-related disaster preparedness at all domestic and overseas plants.

# Outside Director Dialogue



## Sayoko Izumoto

Appointed as a director at NSK in June 2022, having extensive experience as a certified public accountant. She serves as Chair of the Audit Committee.

## Koichi Obara

Appointed as a director at NSK in June 2021 after serving as President and Representative Director of Maeda Corporation. He serves as a member of the Compensation Committee and the Audit Committee.

## Junji Tsuda

Appointed as a director at NSK in June 2022 after serving as president and representative director of Yaskawa Electric Corporation. He serves as Chair of the Nomination Committee.

## Mikio Fujitsuka

Appointed as a director at NSK in June 2023 after serving as vice-president and representative director of Komatsu Ltd. He serves as a member of the Nomination Committee.

NSK is working diligently to enhance its corporate governance structure and systems to ensure its sustainable growth and increase its corporate value. Taking the initiative, the Company invited 10 representatives from 10 institutional investor companies to meet with its outside directors on May 22, 2024. Two of the outside directors, Mr. Nagahama (who retired in June 2024) and Mr. Fujitsuka, represented NSK at this small meeting. In this dialogue, the outside directors provided their thoughts on a variety of topics, including the feedback received from institutional investors.

## 01 The status of and changes in NSK's Board of Directors

### Mr. Obara

Since my appointment as an outside director of NSK in June 2021, I have noticed a significant increase in the time spent by the Board deliberating on strategic agenda items. Recent global trends showcase the growing focus on such issues as employee engagement, diversity, and well-being and their increasing links to sustainable corporate growth. The expanding importance that these topics play in discussions by the Board mirrors this movement, making me confident in NSK's ability to grasp and address global trends.

### Mr. Tsuda

While some things change, others remain the same. I was appointed an outside director of NSK in June 2022 and over the ensuing period, a non-executive director has continued to chair NSK's Board of Directors. Mr. Nogami retired as an executive officer and succeeded Mr. Uchiyama as Board Chair in June 2023. I am very much in favor of a non-executive director chairing the Board of Directors and believe that the Board is operating effectively. Prior to taking up a position at NSK, my experience was limited to companies with an Audit and Supervisory Committee. Looking back over my period at NSK, I can see that the Company is well served by its Company with Three Committees structure that separates the executive and supervisory functions.



**The time spent by the Board deliberating on strategic agenda items continues to significantly increase.**

— Mr. Obara

### Ms. Izumoto

I was also appointed an outside director in the same month as Mr. Tsuda in June 2022. Each year, the schedule and agenda for Board of Directors' meetings are set for the year ahead following the Ordinary General Meeting of Shareholders held in June. Operating in line with this agenda, meetings provide the forum for vigorous discussion and the exchange of various opinions and proposals. Meetings of outside directors were also held once or twice a year until 2023. In lieu of these meetings, the outside directors have been meeting with the Board chair for about an hour over lunch after each Board of Directors' meeting since May this year. These meetings allow us to comment on issues that we were unable to discuss at the Board level.

## 02 Dialogue between institutional investors and outside directors in May 2024

### Mr. Fujitsuka

We received extremely harsh feedback in our dialogue with institutional investors. NSK's ROE, which has lingered below 3% for the past five years, and the prolonged period of little or no improvement have created the impression that the Company's interest in this key indicator is severely lacking. With this in mind, NSK must remain acutely aware of the need to take action and clearly communicate the Company's overall direction and ROE improvement initiatives to the stock market. Institutional investors also commented on the grounds for the CEO continuing in his position as well as the Company's CEO succession plan. These comments reinforced the critical need to play an active role both as outside directors and members of the Nomination Committee to meet the expectations held by external stakeholders.

### Mr. Tsuda

Talking about the views of institutional investors toward the Company's CEO succession plan, NSK is strictly adhering to its established succession

planning process. In specific terms, we are defining the attributes required of a CEO, including strategic planning ability, the ability to execute those plans, and organizational leadership. We then select certain candidates in accordance with these requirements and conduct evaluations both in-house and by external organizations. Each candidate is then provided with the necessary training and opportunities to gain practical experience.

We must also carefully consider what the future Board should look like. This includes the Board's composition and size, the distribution of skills among its members, and the role and position of the CEO. In clarifying our vision of the Board going forward, we should then initiate steps to narrow down CEO candidates to the most appropriate option. As we advance this process to select a final candidate based on the Company's corporate strategy, rather than rely on an average score, it is important that we focus on and select a candidate who we believe is the best person to lead NSK in its next step going forward.

## 03 Monitoring progress of the new targets set under MTP2026

### Mr. Obara

In light of changes in the market environment and the decision to shift its steering business to a joint-venture structure, NSK reviewed its MTP2026 numerical targets. While I recognize that an important function of the Board of Directors is to oversee whether the revised targets can be achieved, on a personal note, I would like to focus on the underlying process of achieving those targets. The efficacy of any PDCA cycle is solely dependent on the integrity of the underlying process. While NSK has a clear understanding of what it wants to do, I feel that the ways and means of achieving those things are not adequately communicated to outside directors. I would therefore hope that the Board will deliberate on process-related issues.



## Outside Director Dialogue

### Mr. Tsuda

Limited to the Group's numerical targets, NSK's MTP2026 review in this instance did not extend to policies and strategies. While the Group's overall direction remains unchanged, numerical targets were revised to reflect changes in the business environment. Against this backdrop, however, the Company's behavior is unlikely to change simply by revising its targets. As Mr. Obara quite rightly points out, I would expect the Board to also closely monitor what strategies are being implemented to achieve the KPIs. I would argue that the steps currently being taken to monitor numerical targets are inadequate. I therefore believe we must closely monitor the status of implementing strategies to ascertain the degree to which the KPIs are being achieved. In short, we must engage in more detailed monitoring. If the Board's monitoring function is restricted to major measures and broad targets, it runs the risk of losing sight of important details, including the status of progress. With this in mind, I would hope that the Board modifies the way it monitors each initiative to include the manner of implementation.

### Mr. Fujitsuka

Even though NSK has refrained from revising its MTP2026 strategies, steps have been taken to revise numerical targets. Taking into consideration the downward revision, external stakeholders will undoubtedly expect the Company to succeed. As outside directors, we must closely monitor the executive function to confirm that strategies to achieve targets are proceeding in accordance with plans. In the event that there are areas where the Company is falling short, we must review the need to implement additional measures. We then must deliberate on all of these issues with the Board. I also recognize that executives have a great deal on their plates, and that certain issues will take time while others can be tackled

immediately. Those issues that can be addressed in the short term must be dealt with in a timely manner. This includes, for example, the reduction of cross-shareholdings.

## 04 NSK's Enterprise Risk Management (ERM) system

### Ms. Izumoto

As far as the Company's risk management is concerned, the Internal Audit Department has historically organized and summarized the numerous risks identified by frontline divisions through a process that we have dubbed the risk identification and assessment process. For all intents and purposes, executive divisions have therefore played no role in the supervision of risks. Put another way, the department in charge of internal audits has organized and classified risks while also formulating audit plans. This runs the very real prospect of employing an insular self-contained approach toward risk awareness and risk treatment. Moreover, top management and the Internal Audit Department have received reports for all incidents that arise irrespective of their importance. Given the premium placed on time, this highlighted the critical need to fine-tune the reporting process. As a case study in point, if safety or environmental issues occurred at a plant related to the automotive business, the Automotive Business Division Headquarters and production divisions would get involved, but there could be considerable uncertainty surrounding the extent to which the functional division headquarters of the second defense line that is responsible for these issues should take and horizontally deploy action.

As a result of fine-tuning this reporting process, NSK clarified the role and responsibility of the functional division headquarters as the second defense line.

**I will monitor the degree to which the Enterprise Risk Management system based on a clear-cut three line defense mechanism has taken root as well as its efficacy .**

— Ms. Izumoto







**It is vital that we heighten our sense of crisis with respect to our own actions and step up our awareness of the need to fulfill our commitments.**

— Mr. Tsuda

The Company also threw a light on other aspects of the risk management function, including the role of the Corporate Planning Division Headquarters as the division overseeing risk management under a so-called Three Lines of Defense structure. Under this structure, each division takes specific actions based on the responsibilities attributed to them by their position within the structure. The first line of defense is each business site, which is responsible for advancing specific treatment and countermeasures aimed at addressing risks and incidents. The second line is the functional division headquarters, which is charged with the responsibility of managing risks from the specialized perspective of its respective functions, as well as the Corporate Planning Division Headquarters, the division overseeing the risk management process. Finally, the third line is the Internal Audit Department.

After defining this Three Lines of Defense structure, the decision was made to determine and monitor the progress of treatment and countermeasures designed to reduce those risks that were identified through the risk assessment process that are yet to materialize. In short, looking beyond the management of incidents that have already occurred, the Company decided to put in place a mechanism to manage the efforts being made to reduce risks that have not yet materialized. Furthermore, NSK has introduced external software to ensure the comprehensive management of risk, encompassing everything from the risk assessment process to reporting functions. In addition, the new Enterprise Risk Management system has been incorporated as an audit item for review by the Audit Committee this fiscal year to ensure that it is firmly in place and is functioning effectively.

#### Mr. Fujitsuka

From experience, risks are frequently hidden in remote and overlooked places. This is especially the case with affiliated companies where the equity stake is small and involvement is limited. Compared to subsidiaries, control is limited. As a result, risks might often appear upon examination. For this reason, steps were taken to closely examine these remote and overlooked areas where the Company's interest was limited to a minority stake.

## 05 NSK's corporate culture

### Mr. Tsuda

Formed at the time of establishment, the essence of a company's corporate culture does not easily deteriorate. Considerable time and effort are therefore required to bring about a change. When formulating a mid- to long-term management plan there is often the need to change the way employees think. Accordingly, top management must take considerable action to achieve this end. In NSK's case, however, there was no such need to substantially change the essence of its corporate culture with MTP2026. MTP2026 is in fact grounded in the Company's tradition, and its strategies built on NSK's existing identity.

NSK's review of MTP2026 was limited to numerical targets. As such, the Company's strategies and corporate culture remain unchanged. Having said this, it is crucial that the Company maintains an acute sense of crisis given the downward revision in this instance. Disparate from the overall vision of the company NSK wants to become, its activities, and its presence within the community, it is important that NSK adopt a greater sense of urgency toward its management and actions. The Company must become increasingly conscious of its need to fulfill its commitments as an organization. While not quite extending as far as a change in NSK's corporate culture, the downward revision of numerical targets dictates the need for a major change in mindset.

### Mr. Obara

Rallying to the slogans MOTION & CONTROL™, Change & Go Beyond, and Bearings & Beyond, NSK has declared its commitment to contribute to society. I have been greatly impressed over the past three years by the Company's outstanding technological capabilities and its stance toward ensuring the continued development of these capabilities in its bid to fulfill this commitment. I would offer that this is an

## Outside Director Dialogue

absolute imperative for NSK to remain a leader in its industry. The concept of ambidextrous management has attracted growing interest of late. This concept recognizes the need for mature companies to explore new areas of business while simultaneously deepening established mainstay operations. Applying the concept of ambidextrous management to NSK, I am aware that the Company has done an amazing job in deepening its mainstay businesses. I would, however, argue that the ability to identify new areas of opportunity, and to then use these areas as a base to take on the challenge of exploring new avenues is of equal importance. Moreover, the open disclosure of information and open innovation are also playing an increasingly prominent role in society. Against this backdrop, it is becoming more and more difficult for a single company to achieve sustainable growth on its own. One means of overcoming this challenge is to think of different ways to collaborate with other companies. In doing so, I believe NSK must cultivate the ability to address new combinations of markets and customers.

### Mr. Fujitsuka

While going back a number of years, I do have first-hand experience working for a company that suffered a dramatic deterioration in its performance. Among a host of initiatives, steps were taken to review domestic affiliates as well as the personnel structure. In addition to instilling among employees a keen sense of crisis, these initiatives helped transform the company into a completely different entity. Clear decisions were made to withdraw from unprofitable businesses and to expand businesses with the potential for growth. I recall that these efforts helped to clarify important issues. Bringing this experience to NSK, it is evident that the Company is facing issues with respect to its ROE, which has continued to trend between 2% and 3% for the past several years. Listening to deliberations by the Company's Board, directors often comment that employees have voiced the view that they believe

NSK is an earnest company. While engaging in earnest discussions and activities is indeed important, I believe that taking increasingly bold and speedy action is also of importance. This belief reflects the understanding that bold and speedy actions that are conducted in earnest will not be outdone.

### Mr. Tsuda

As a manufacturing company that has operated for more than a century, NSK's first priority is to operate its plants. Then, the Company determines the selling price of its products based on manufacturing cost. Having said this, I feel that NSK has yet to fully embrace the concept of sales based on the value of products. A shift in the Company's mindset is therefore required. I get the feeling that there is a gap between the value that customers sense is being delivered and the actual value of the product. In a BtoB business where the price of a product is increasingly determined by its value as opposed to cost, NSK must work to enhance customers' understanding toward the value of its products and services.

### Mr. Obara

Assembled product manufacturers that are responsible for assembling end products are also a part of the BtoB business. Assembled product manufacturers field a variety of issues and concerns from end-users and accordingly convey to component suppliers how to address and resolve these issues. Recognizing that they are not always privy to the wide-ranging deliberations within assembled product manufacturers, suppliers now join in discussions and work together with them to collaboratively create solutions. It is therefore imperative that suppliers build this type of collaborative relationship with assembled product manufacturers. In the bearing industry, too, it is important for suppliers to create a system that allows for collaborative creation between suppliers and assembled product manufacturers.

**Development, manufacturing, and sales are the source of competitiveness in the manufacturing industry. Strengthening and turning each into the power that drives NSK forward is of the utmost importance.**

— Mr. Fujitsuka



## 06 NSK's vision and challenges for enhancing its corporate value over the long term

### Mr. Obara

As I mentioned a moment ago, NSK's ability to build and engage in relationships of co-creation with a variety of other industries is extremely important. I also believe that NSK should pay a little more attention to marketing. To engage in co-creation, the Company must understand the markets in which it hopes to operate. In this context, I believe NSK should market how its business will develop going forward and then apply its technologies accordingly.

### Mr. Tsuda

The fact that NSK's ROE and profitability are low is a major issue. I do feel that the Company is aware of the big picture of how it can best address this issue. However, the Company is weak when it comes to maintaining a keen eye on pricing and generating profit. Elaborating a little further, I believe the Company's broad strategy lays out the correct path for the future. As long as NSK moves steadily forward with this strategy while skillfully incorporating measures to improve profitability, I am confident it will succeed from a long-term strategic perspective. Once again, as I commented earlier, I would hope that as a part of its corporate culture and approach, NSK better highlights its value to society.

### Ms. Izumoto

Extending well beyond just bearings, the fact that there is an excessive number of companies in absolute terms is a major reason for the large number of companies with low profitability relative to the shortage of labor in Japan. Looking at the logistics industry as an example, despite the substantial number of trucking companies, signs of restructuring are beginning to emerge in response to the so-called 2024 problem, in which regulations that put restrictions on driver overtime

hours will go into effect amid a driver shortage. Against this backdrop, I suspect that this need for increased efficiency will quickly spread to other industries. In my opinion, I would hope that the bearing industry too will follow suit.

### Mr. Fujitsuka

Looking two to three years into the future, NSK's first priority must be to achieve MTP2026. Casting an eye even further ahead, and I suspect Mr. Tsuda would also agree, it is vital that the Company strengthens its development, manufacturing, and sales capabilities, which constitute the source of competitiveness in the manufacturing industry. NSK should then leverage these capabilities as the power that drives NSK forward.

Meanwhile, it is important that the Company increases the efficiency of other areas of its operations to streamline its operating structure. As a manufacturing company, NSK must in particular develop outstanding products that satisfy customers' needs at prices that are commensurate with their value. The Company must continue to engage in business with the confidence that it has the capabilities to more than compete. NSK is a leader in its field, and I am confident that the foundations are there. Being conscious of its standing as a market leader, the Company must develop products that customers will purchase at prices commensurate with their value. Only in doing so will it hope to move the world.

## Message from NSK's New Outside Director

After engaging in frontline activities at a financial institution, I have served as an outside director at several companies over the past seven years. In the more than 10 years since drastic governance reform was proposed as a part of the Japan Revitalization Strategy, the concept and approach toward governance adopted by Japan's corporate sector has changed dramatically. With strong calls by the Tokyo Stock Exchange for companies to engage in management that is conscious of the cost of capital and stock price, domestic and foreign investors' views of the Japanese stock market are also undergoing significant change. NSK's corporate philosophy and slogan, MOTION & CONTROL™, are wonderful expressions of the Company's commitment to supporting the evolution of technologies and the development of a prosperous society as a machine component manufacturer. Regrettably, NSK's recent weak performance and an inability to properly visualize its growth strategy have led to a slump in the Company's share price, in turn blurring any recognition of its true value. As an independent outside director, I would like to help improve the Company's corporate value and strengthen internal controls by frankly raising issues and engaging in dialogue from the perspective of external stakeholders at Board of Directors' and other meetings.



### Nobuhide Hayashi

After serving in a variety of positions, including President & CEO of Mizuho Bank, Ltd., appointed a director of NSK in June 2024. Chair of the Compensation Committee.

# Corporate Governance Systems

Please see our  
website for more  
information. ▶



## NSK's Approach

NSK believes that the establishment and maintenance of systems that ensure transparent, fair, and timely decision-making is essential to achieve sustainable growth and increase our mid- to long-term corporate value. To realize this objective, we are working to construct our corporate governance systems based on the following four guiding principles.

### Policy on Development of Corporate Governance Systems

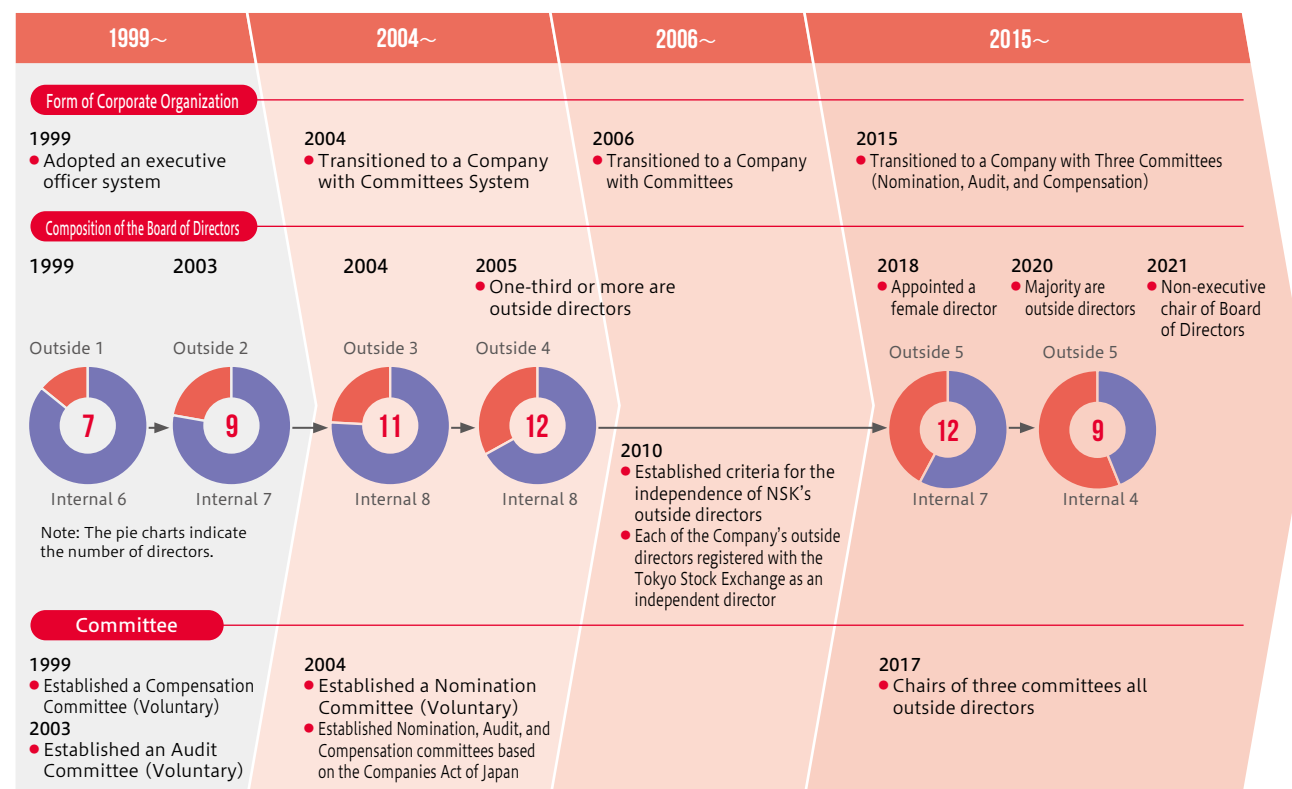
- 1 To increase the efficiency and agility of management by proactively delegating decision making on the execution of the operations from the Board of Directors to the Company's executive organizations.
- 2 To ensure that supervisory organizations have oversight of executive organizations by clearly separating the two.
- 3 To strengthen supervisory organizations' oversight of the executive organizations by ensuring cooperation between the two.
- 4 To improve the fairness of management by strengthening compliance systems.

## Corporate Governance Systems

### Current Corporate Governance System

NSK has adopted a Company with Three Committees (Nomination, Audit, and Compensation) system as its form of corporate organization to better achieve the basic approach described on the left. NSK's Board of Directors determines basic management policies, with the aim of achieving the Group's sustainable growth and increasing mid- to long-term corporate value. The Board proactively delegates decision-making authority regarding business execution to executive organizations, while supervising the status of implementation in an appropriate manner. The CEO has the ultimate authority and responsibility for all decision-making and operational executive functions delegated by the Board. Under the direction of the CEO, executive officers are responsible for executing their respective duties in accordance with their division of duties.

### Changes to NSK's Corporate Governance Systems







# Composition and Initiatives for Enhancement of Board of Directors

## Composition of the Board of Directors

The composition of NSK's Board of Directors is determined based on consideration of career diversity in fields of expertise and business experience to ensure that the Board maintains a well-balanced composition in light of the Company's mid- to long-term business strategy or managerial issues as well as consideration of the size of the Board to enhance the effectiveness of deliberations.

In appointing individual directors, in addition to selecting persons based on experience in business and management in general or experience in their area of expertise, high ethical standards in management and their insight into corporate governance are part of the selection criteria.

### Skill Matrix for Board of Directors/Composition of the Nomination, Audit, and Compensation Committees ◎Chair ○Members

| Name             | Outside Director | Date Appointed as Director | Experience and Expertise Expected   |  |                 |                            |                                     | Nomination Committee | Audit Committee | Compensation Committee |
|------------------|------------------|----------------------------|-------------------------------------|--|-----------------|----------------------------|-------------------------------------|----------------------|-----------------|------------------------|
|                  |                  |                            | Business Management/ Top Management | Corporate Governance/ Internal Control | Global Business | Engineering/ Manufacturing | Finance/ Accounting/ Capital Policy |                      |                 |                        |
| Akitoshi Ichii   |                  | June 2017                  | ●                                   | ●                                      | ●               |                            |                                     | ○                    |                 |                        |
| Keita Suzuki     |                  | June 2023                  | ●                                   | ●                                      | ●               |                            | ●                                   |                      |                 | ○                      |
| Saimon Nogami    |                  | June 2013                  | ●                                   | ●                                      | ●               |                            | ●                                   |                      |                 |                        |
| Kenichi Yamana   |                  | June 2021                  |                                     | ●                                      | ●               |                            | ●                                   |                      | ○               |                        |
| Koichi Obara     | ●                | June 2021                  | ●                                   | ●                                      | ●               | ●                          |                                     |                      | ○               | ○                      |
| Junji Tsuda      | ●                | June 2022                  | ●                                   | ●                                      | ●               | ●                          |                                     | ◎                    |                 |                        |
| Sayoko Izumoto   | ●                | June 2022                  |                                     | ●                                      |                 |                            | ●                                   |                      | ◎               |                        |
| Mikio Fujitsuka  | ●                | June 2023                  | ●                                   | ●                                      | ●               |                            | ●                                   | ○                    |                 |                        |
| Nobuhide Hayashi | ●                | June 2024                  | ●                                   | ●                                      | ●               |                            | ●                                   |                      |                 | ◎                      |

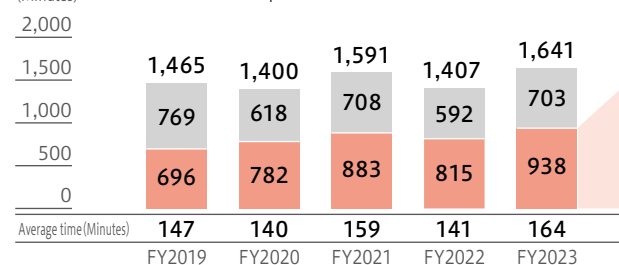
## Initiatives to Further Enhance the Effectiveness of the Board of Directors

### FY2023 Initiatives

NSK's Board of Directors proactively delegates decisions regarding the execution of operations to the executive organizations, monitors the status of execution in an appropriate manner, and discusses themes related to mid- to long-term management issues and direction. To achieve active Board deliberations, the Company believes that it is important to provide information to directors in advance of the meeting. We provide information in an appropriate manner, including distributing materials to all directors in advance, and prior explanation by officers and the Board secretariat.

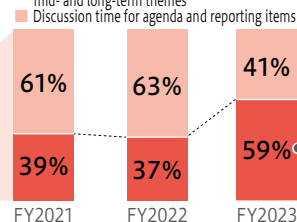
### Changes in Explanation and Discussion Times

(Minutes) ■ Discussion time ■ Explanation time



### Breakdown of Discussion Time

■ Discussion time for MTP2026-related/ mid- and long-term themes  
■ Discussion time for agenda and reporting items



### MTP2026-Related/Mid- and Long-Term Themes

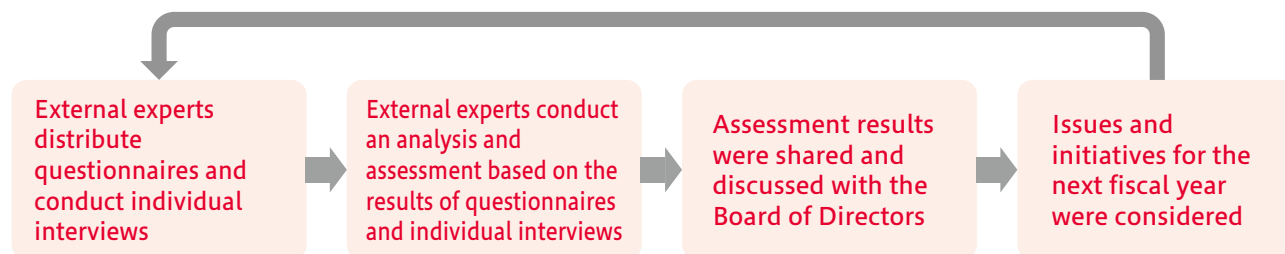
| Details of the Discussion  |   | Related Page(s)  |
|--|---|------------------|
| <b>Monitored the progress of MTP2026</b><br>-Industrial Machinery Business and Automotive Business<br>-Ultra-Stabilization of Production (Initiatives to improve productivity)<br>-Carbon Neutrality<br>-Bearings & Beyond (Initiatives of technology development) | Road map for achievement of MTP2026 targets and initiatives to address priority issues  | ▶ PP.20-21       |
|  | Status of initiatives in FY2023 and future initiatives for FY2035   | ▶ PP.22-25       |
|  | Status of CO <sub>2</sub> emissions in business activities and energy conservation initiatives in production processes                                | ▶ P.32           |
|  | Technology development strategies and new technologies and new products for FY2026  | ▶ PP.42-49       |
|  |   | ▶ PP.18-19, P.30 |
| <b>Engagement Survey</b>   | Results of engagement survey conducted in FY2022 (Target: NSK Ltd. and Group companies in Japan) and initiatives to improve scores in the future      | ▶ PP.34-37       |
| <b>Steering Business</b>   | Transition of the Steering Business to a joint venture and state of progress  | ▶ P.25           |
| <b>Human Capital Management</b>  | Human capital-related KPIs as well as FY2026 targets for these KPIs and key measures for improving human capital management                           | ▶ PP.34-37       |
| <b>European Structural Reforms</b>   | Main points of European structural reforms (reorganization of production sites and review of sales sites and management system) and state of progress | ▶ P.22           |

## ■ Overview of and Procedures for Assessment of Effectiveness of Board of Directors

NSK conducts annual assessments of the effectiveness of its Board of Directors functions and has worked to further enhance performance every year since FY2015. To maintain the objectiveness of these assessments, NSK commissions external experts to conduct assessments based on the results of these questionnaires and individual interviews with all directors.

The results of the questionnaire and individual interviews confirmed that the effectiveness of the Board of Directors has improved in FY2023. In particular, the steady progress in confirming the progress of MTP2026 and the enhancement of discussions at meetings of the Board of Directors, such as the Board's close involvement in the transition of the Steering Business to a joint venture, which was a major decision, were highly evaluated.

### Assessment Procedures



#### ■ Target: 9 directors

- Questionnaire items: ① Management strategies and risk management ② Composition of the Board of Directors ③ Role and processes of the Board of Directors ④ Meeting management ⑤ Stakeholder engagement ⑥ CEO succession planning ⑦ Committees (Nomination, Audit, and Compensation Committees) ⑧ Culture ⑨ Directors' contributions ⑩ Importance of discussion themes and the amount of discussion

- Individual interview: Individual interviews conducted by external experts based on questionnaire results

### FY2023 Initiatives in Response to FY2022 Issues

| FY2022 Issues   | FY2023 Initiatives  |
|---|---|
| Sharing the roles of the Board of Directors amid business restructuring | <ul style="list-style-type: none"> <li>● A process whereby the chairperson of the Board of Directors, outside directors, and the CEO discuss and determine the Board meeting agenda was introduced.</li> <li>● The Board of Directors was deeply involved in the transition of the Steering Business to a joint venture.</li> </ul> |
| Thorough and complete monitoring of MTP2026                             | <ul style="list-style-type: none"> <li>● Directors shared their understanding of monitoring and coordinated with the executive side.</li> <li>● The Board of Directors enhanced its discussions on MTP2026 themes.</li> </ul>   |
| Further strengthening the contribution of outside directors             | <ul style="list-style-type: none"> <li>● Site visits and the practice of holding Board meetings at plants were resumed, to deepen the business understanding of outside directors.</li> <li>● Communication was enhanced through the resumption of regular meetings of outside directors.</li> </ul>                                |

### Future Key Initiatives in Response to FY2023 Issues

| FY2023 Issues  | Main Future Initiatives   |
|--|---|
| Enhancement of discussions based on perspectives of stakeholders   | <ul style="list-style-type: none"> <li>● Enhancement of discussions (including discussions on sustainability) based on the perspectives and opinions of shareholders and the capital markets.</li> <li>● Further enhance dialogue with shareholders and the capital markets and information disclosures.</li> </ul> |
| Further enhancement of monitoring                                  | <ul style="list-style-type: none"> <li>● Monitor progress on each important theme and update MTP2026 in response to changes in the environment.</li> </ul>  |
| Awareness of and appropriate involvement in "defensive governance" | <ul style="list-style-type: none"> <li>● Awareness of and appropriate involvement in defensive governance (e.g., risk management, internal control, group governance).</li> </ul>   |
| Involvement in Nomination Committee topics                         | <ul style="list-style-type: none"> <li>● Hold discussions in a timely manner in response to information shared as the Board of Directors.</li> </ul>  |

# Internal Controls, Cross-Shareholdings, Directors/Officers' Compensation

## Internal Control

Having stipulated its basic policy on the establishment of internal control systems, which forms its basic policy for the appropriate and effective functioning of global Group management and internal control functions, NSK is working to strengthen its Group-wide internal control systems. This basic policy consists of matters relating to the development of the systems necessary for ensuring that the NSK Group's operations are conducted in an appropriate manner and that executive officers comply with laws, regulations, and the Articles of Incorporation when performing their duties and matters necessary for the Audit Committee in the performance of its duties.

The Board of Directors establishes this basic policy, regularly confirms the establishment and operation of systems, and supervises their effectiveness. Based on this policy, executive officers establish the specific systems (the organization/human resources structure, decision-making/reporting systems, risk management, auditing systems, as well as the internal regulations systems that support them, etc.) while reporting on the status of those operations to the Board of Directors.

Reporting directly to the CEO, the Internal Audit Department is responsible for conducting audits to determine the legality, adequacy, and efficiency, etc., of operations and for monitoring of business execution and for the evaluation related to internal controls over financial reporting from a standpoint independent from the auditees.

The Audit Committee collaborates with the Internal Audit Department that provides support to audits conducted by the Audit Committee, to audit the performance of operations as well as whether the internal control system is properly established and operated.

## Cross-Shareholdings

### Policy on Cross-Shareholdings

In principle, NSK holds no cross-holding shares. Conversely, we exceptionally hold cross-holding shares in cases where it is deemed necessary to enhance the mid- to long-term corporate value. Regarding the appropriateness of cross-shareholdings, our executive organizations conduct quantitative and qualitative evaluations on an annual basis to determine whether each individual shareholding is delivering acceptable benefits in relation to our capital cost. The Board of Directors receives regular reports from the aforementioned executive organizations and studies the matter accordingly. We will sell any cross-shareholdings for which possession we believe cannot be justified, taking into account stock prices and market trends.

As a result, the number of cross-shareholdings held by the Company has been reduced by five stocks (including three listed companies) in FY2023, and from 136 stocks (including 79 listed companies) at the end of March 2010 to 52 stocks (including 20 listed companies) at the end of March 2024, a reduction of 84 stocks (including 59 listed companies) over 14 years.

### Criteria for the Exercise of Voting Rights Concerning Cross-Shareholdings

NSK has defined specific criteria for the exercise of voting rights concerning cross-shareholdings. When exercising voting rights, we confirm that the proposal in question does not damage shareholder value and that it serves to improve the mid- to long-term corporate value of both NSK and the company in which the stake is held. We engage in dialogue, such as requesting explanations, with the company in which the stake is held before determining whether we support proposals.

### Number and Balance Sheet Amount of Shareholdings

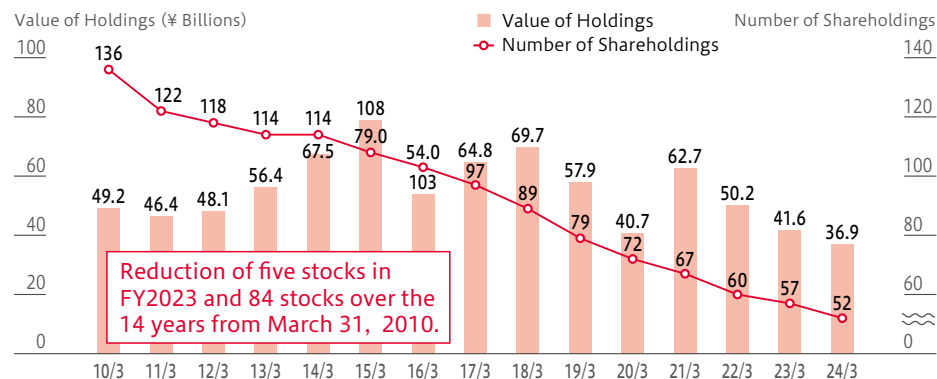
| Category  | As of March 31, 2023        |   | As of March 31, 2024        |   |
|---|-----------------------------|---|-----------------------------|---|
|   | Number of Holdings (Stocks) | Total Amount Recorded on the Balance Sheet (¥ Billions) | Number of Holdings (Stocks) | Total Amount Recorded on the Balance Sheet (¥ Billions) |
| Unlisted stocks   | 34                          | 1.0   | 32                          | 1.0   |
| Stocks other than unlisted stocks                                   | 23                          | 40.6  | 20                          | 36.0  |
| Total holdings  | 57                          | 41.6  | 52                          | 36.9  |
| Holdings in NSK's retirement benefit trust                          | 1                           | 54.3  | —                           | —   |
| All holdings in NSK's retirement benefit trust were sold in FY2023. |                             |   |                             |   |
| Total consolidated capital  |                             | 634.7   |                             | 678.0   |

### Proportion of Cross-Shareholdings in Total Consolidated Capital

| Category                           | As of March 31, 2023 | As of March 31, 2024 |
|------------------------------------|----------------------|----------------------|
| Excluding retirement benefit trust | 6.6%                 | 5.5%                 |
| Including retirement benefit trust | 15.1%                | 5.5%                 |

In addition to the steady reduction of cross-shareholdings, all holdings in NSK's retirement benefit trust were sold in FY2023. As a result, at the end of March 2024, the proportion of cross-shareholdings in total consolidated capital had fallen to 5.5%.

### Trend in Cross-Shareholdings (Excluding Retirement Benefit Trust)





## Directors/Officers' Compensation

### Policy on Determining Compensation for Directors and Executive Officers

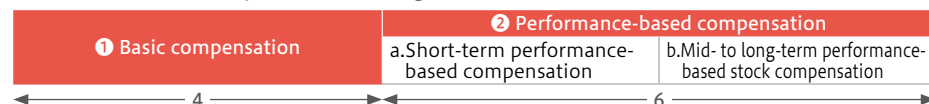
As a Company with Three Committees (Nomination, Audit, and Compensation), NSK makes decisions on the structure of executive compensation, compensation levels, and individual compensation, etc., at meetings of the Compensation Committee chaired by an outside director, and based on advice from external consultants as well as objective information on compensation levels and trends at other companies.

The Company will determine compensation for director and executive officer positions separately. When a director also serves as an executive officer, the total of each respective compensation amount shall be paid. For directors who also serve as executive officers, stock-based compensation will not be provided for the director position.

### 1. Executive Officers' Compensation

The compensation package for executive officers consists of fixed basic compensation and performance-based compensation that fluctuates with performance. The Company generally sets a compensation ratio of roughly 4:6 of fixed compensation to performance-based compensation.

#### Executive Officer Compensation Package



#### 1 Basic compensation

The amount of basic compensation is determined according to the title of the executive officer. Moreover, an additional amount will be paid to executive officers with representative rights.

#### 2 Performance-based compensation

Performance-based compensation consists of short-term performance-based compensation and mid- to long-term performance-based stock compensation.

##### a. Short-term performance-based compensation

Short-term performance-based compensation is determined based on metrics consistent with management goals to increase profitability, raise the efficiency of shareholders' equity, and improve corporate value: metrics related to the operating income margin, ROE, cash flow, and ratio of new product sales to total sales, as well as an achievement target for ESG goals for CO<sub>2</sub> emission reductions and safety and quality improvement. The individual's level of achievement in their designated job duties is also evaluated when determining the amount of compensation paid to each executive officer.

##### b. Mid- to long-term performance-based stock compensation

To further incentivize contributions to the sustainable improvement of corporate value, to ensure that executive officers share the interests of shareholders, and to further reinforce the link between executive officer compensation and the mid- to long-term stock price, the Company has introduced a performance-based stock compensation program using the Board Benefit Trust system. Through the system, points are fixed after three years based on a relative evaluation of the Company's total shareholder return (TSR) through a comparison with the TOPIX growth rate, the equivalent for which Company shares are then distributed upon retirement. However, for a certain portion of the above, NSK will compensate executive officers with the equivalent amount acquired by converting shares into cash.

### 2. Directors' Compensation

The compensation package for directors consists of fixed basic compensation and stock compensation that is variable compensation.

#### 1 Basic compensation

Basic compensation is determined based on whether the director is an outside director or an internal director in addition to the director's role on the Board of Directors and the committees to which the director belongs.

#### 2 Stock compensation

To further incentivize contributions to the sustainable improvement of corporate value and to ensure that directors share the interests of shareholders, the Company has introduced a stock compensation program using a Board Benefit Trust system. The system distributes Company shares upon retirement based on points allocated each fiscal year, of which separate amounts are given for outside and internal directors. However, for a certain portion of the above, the Company will compensate directors with the equivalent amount acquired by converting shares into cash.

For directors who also serve as executive officers, stock-based compensation will not be provided for the director position.

### 3. Other

In addition, in the event a member of the management team of another company such as a subsidiary or an affiliate, etc., assumes an executive officer position, compensation will be determined separately.

### Amount of Compensation for Directors and Executive Officers

#### Compensation Total by Classification of Directors/Executive Officers and Compensation Type and Number of Directors/Officers

| Classification       | Compensation, etc., Total (¥ Millions) | Basic Compensation        |                     | Short-Term Performance-Based Compensation |                     | Stock Compensation        |                     |
|----------------------|--|---------------------------|---------------------|---|---------------------|---------------------------|---------------------|
|                      |  | No. of Directors/Officers | Amount (¥ Millions) | No. of Directors/Officers                 | Amount (¥ Millions) | No. of Directors/Officers | Amount (¥ Millions) |
| Directors (internal) | 120                                    | 5                         | 101                 | —   | —                   | 3                         | 18                  |
| Directors (outside)  | 88                                     | 6                         | 70                  | —   | —                   | 6                         | 18                  |
| Executive Officers   | 982                                    | 18                        | 540                 | 16  | 74                  | 24                        | 368                 |

Notes: 1. The amount of compensation for directors and executive officers between April 1, 2023, and March 31, 2024. 2. Compensation (excluding stock compensation) for directors (internal) includes compensation for directors who also serve as executive officers. 3. The amount of performance-based compensation is the planned amount to be paid on July 1, 2024, based on the results for the fiscal year ended March 31, 2024. 4. The amount of stock compensation is the amount recorded as expenses for the current fiscal year. 5. Figures listed above are rounded down to the nearest one million yen.

#### Amount of Consolidated Compensation for Directors and Executive Officers

| Name           | Consolidated Compensation, etc., Total (¥ Millions) | Title             | Company  | Amount for Each Item of Consolidated Compensation, etc. (¥ Millions) |   |                    |                    |
|----------------|---|-------------------|--|--|---|--------------------|--------------------|
|                |   |                   |  | Basic Compensation   | Short-Term Performance-Based Compensation | Stock Compensation | Retirement Benefit |
| Akitoshi Ichii | 126   | Director          | NSK LTD.   | 9  | —   | —                  | —                  |
|                |   | Executive officer | NSK LTD.   | 50   | 10  | 57                 | —                  |
| Guoping Yu     | 107   | President         | Consolidated Subsidiary NSK (CHINA) INVESTMENT CO., LTD. | 85   | 17  | 3                  | —                  |
| Ulrich Nass    | 128   | President         | Consolidated Subsidiary NSK EUROPE LTD.                  | 80   | 40  | 3                  | 4                  |
| Brian Parsons  | 306   | President         | Consolidated Subsidiary NSK AMERICAS, INC.               | 99   | 156                                       | 3                  | 47                 |

Notes: 1. The amount of compensation for directors and executive officers between April 1, 2023, and March 31, 2024. 2. Only individuals receiving ¥100 million or more in total compensation are listed.

# Risk Management

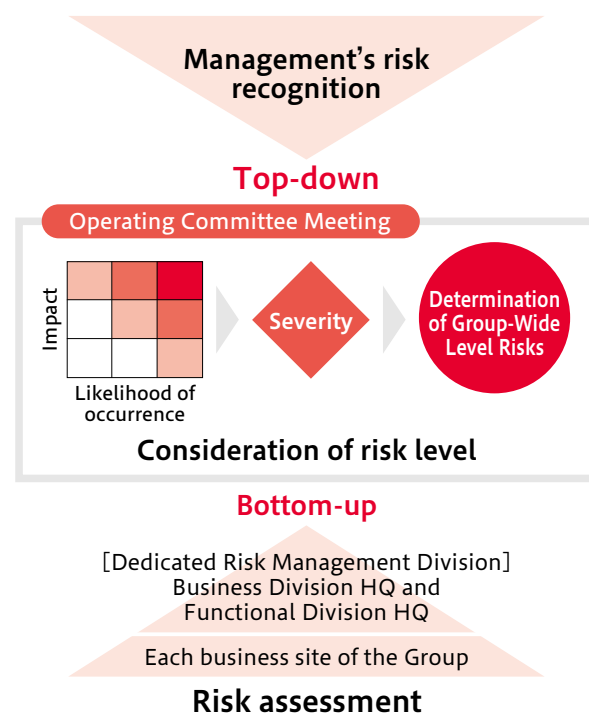
NSK conducts risk management based on clearly stipulated fundamental principles aimed at effectively enabling the Group global management and internal control functions; however, to further increase the effectiveness of risk management, starting from FY2024, NSK introduced a new Enterprise Risk Management (ERM) framework setting out more clearly the “Three Lines of Defense” approach.

Key pillars for operation of the new framework are the introduction of risk stratification and enhancement of potential risk management. In terms of stratification, based on management’s risk recognition and instructions, risks identified through group-wide risk assessments were divided into three categories: group-wide level risk, headquarters-level risk, and on-site level risk, and responsibility for addressing each risk was clarified. The Operating Committee determines group-wide material risks based on consideration of their severity in addition to an evaluation of likelihood of

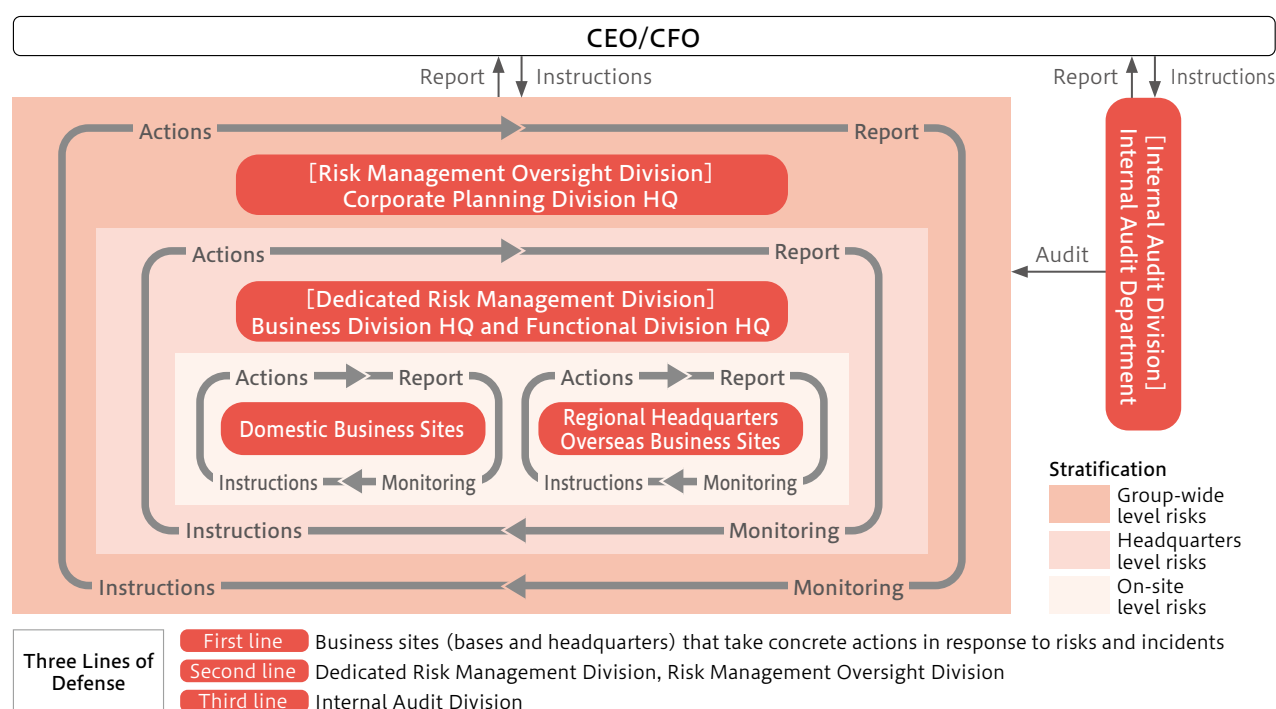
occurrence and impact and reports them to the Board of Directors. In addition, for each risk identified in accordance with the new risk classification, we are required to determine countermeasures from the viewpoints of avoiding, mitigating, diverting, or accepting risk and to seek more effective prevention through more thoroughgoing implementation of the cycle of taking and reporting such actions, and monitoring and giving instructions. At the same time, we adopt a system where, in the event of an incident, the Dedicated Risk Management Division (Business Division Headquarters or Functional Division Headquarters) in charge of managing the relevant risk seeks to mitigate the impact by working with the affected business site to take prompt and appropriate steps and assumes responsibility until the incident is over.

In addition, the internal audit division (Internal Audit Department) checks the ERM system framework and reports its findings to the Audit Committee.

## Determination of Group-Wide Level Risks



## Enterprise Risk Management (ERM) System



## Representative Risks and Countermeasures

| Risk Item  | Details of Representative Risks  | Countermeasures   |
|--|--|---|
| <b>1 Risks associated with technological innovation</b>                          | <ul style="list-style-type: none"> <li>● Risk of delayed development response to market changes and customer technology demands brought on by technological innovation</li> </ul>  | <ul style="list-style-type: none"> <li>● Ensure development plan management and operation based on mid- to long-term policies</li> <li>● Leverage open innovation and alliances <a href="#">▶ PP.18-19, PP.30-31</a></li> </ul>   |
| <b>2 Risks associated with safety, prevention of fire, and natural disasters</b> | <ul style="list-style-type: none"> <li>● Risk of operations being impacted by an inadequate BCP response to events such as a natural disaster or pandemic</li> <li>● Risk of a major industrial accident occurring</li> <li>● Risk of a halt in operations due to a fire</li> </ul>  | <ul style="list-style-type: none"> <li>● Prioritize through impact analysis and specify and implement concrete countermeasures</li> <li>● Strengthen management systems and step up preventive activities at priority business sites</li> <li>● Enhance group-wide in-house training activities <a href="#">▶ P.39, P.53</a></li> </ul>   |
| <b>3 Risks associated with quality</b>   | <ul style="list-style-type: none"> <li>● Risk of occurrence of serious quality problems</li> <li>● Risk of decline in capability to deal with problems due to shortcoming in quality assurance system</li> <li>● Risk of quality data fraud and falsification</li> </ul>   | <ul style="list-style-type: none"> <li>● Strengthen countermeasures based on analysis of past incidents</li> <li>● Mitigate impact in the event of a problem through the introduction of a group-wide traceability system</li> <li>● Enhance information sharing and quality audit activities, and strengthen training <a href="#">▶ P.40</a></li> </ul>  |
| <b>4 Risks associated with the environment</b>                                   | <ul style="list-style-type: none"> <li>● Risk that delayed measures to reduce energy use in the long term will lead to lost business opportunities and damage to corporate value</li> <li>● Risk of a leak of environmentally harmful substances or overrun of emission standards</li> </ul>   | <ul style="list-style-type: none"> <li>● Implement investment plan based on cycle for achieving energy reduction targets</li> <li>● Strengthen management systems and step up preventive activities at priority business sites <a href="#">▶ PP.42-49</a></li> </ul>  |
| <b>5 Risks associated with compliance</b>  | <ul style="list-style-type: none"> <li>● Risk of delayed response to changes in various laws and regulations</li> <li>● Risk of our products being used by users of concern under security export controls</li> <li>● Risk of shortcomings in our responsiveness to global taxation issues</li> </ul>  | <ul style="list-style-type: none"> <li>● Information sharing, and education and training through the Group compliance system</li> <li>● Step up initiatives based on the Three Lines of Defense, thoroughly implement customer management and conduct regular audits</li> <li>● Strengthen tax management system including increasing resources to deal with international taxation and sharing data and risks between parent company and subsidiaries <a href="#">▶ P.50, P.79</a></li> </ul>  |
| <b>6 Risks associated with human resources and labor</b>                         | <ul style="list-style-type: none"> <li>● Risk of being unable to secure the globally competent human resources needed to expand business and implement strategies</li> <li>● Risk of being too slow to embrace diverse work styles and review personnel systems and measures accordingly</li> <li>● Risk of disruption to business operations as a result of failure to comply with each country's labor laws and regulations</li> </ul> | <ul style="list-style-type: none"> <li>● Strengthen recruitment process and enhance succession planning according to the status of businesses and capabilities under the condition of each country and region</li> <li>● Formulate and implement measures and action plans within the Group based on engagement surveys and step up awareness-raising activities</li> <li>● Engage in information exchange and monitoring with the Human Resource division of each region around the world on a regular basis and collaborate with external experts <a href="#">▶ PP.34-37</a></li> </ul> |
| <b>7 Risks associated with procurement</b>                                       | <ul style="list-style-type: none"> <li>● Risk of disruption to procurement due to overreliance on specific suppliers</li> </ul>  | <ul style="list-style-type: none"> <li>● Consider alternatives, have more than one supplier, and encourage local procurement <a href="#">▶ P.41</a></li> </ul>  |
| <b>8 Risks associated with DX and information security</b>                       | <ul style="list-style-type: none"> <li>● Risk of delivery delays and rising costs in connection with the introduction of core systems</li> <li>● Information security risks such as cyber attacks and the leakage of confidential information</li> </ul>   | <ul style="list-style-type: none"> <li>● Tighten project management and establish a rigorous review process for additional development</li> <li>● Well scheduled system updates, and conduct vulnerability assessments on a regular basis</li> <li>● Improve ability of early detection and coping skills, and strengthen prompt recovery capability <a href="#">▶ P.52</a></li> </ul>  |
| <b>9 Risks associated with mid- to long-term improvement in corporate value</b>  | <ul style="list-style-type: none"> <li>● Risk that unexpected changes in the business environment prevent achievement of the mid-term management plan</li> <li>● Risk that inadequate dialogue with stakeholders, including shareholders, investors, employees, and others, impacts improvement in corporate value or external evaluations</li> </ul>  | <ul style="list-style-type: none"> <li>● Monitor achievement of the plan and formulate and implement new countermeasures in the event any negative changes occurred</li> <li>● Increase engagement activities with all stakeholders and improve disclosures and communication <a href="#">▶ P.13, PP.20-29, P.86</a></li> </ul>   |

# Management

**N** : Nomination Committee    **A** : Audit Committee  
**C** : Compensation Committee    ★ : Chairperson

## Directors (As of June 27, 2024)



**Akitoshi Ichii**

Director, Representative,  
President and Chief Executive  
Officer

Years as Director at NSK Ltd.

7

Company Shares Owned  
79,561

Apr. 1986 Joined the Company  
Dec. 2008 Deputy Head of Automotive  
Bearings Division HQ  
(Automotive Business Division HQ)  
Jun. 2012 Head of Operations in India  
Jun. 2015 Executive Officer, Deputy Head of  
Corporate Planning Division HQ  
Jun. 2016 Head of Corporate Planning  
Division HQ, Responsible for Asia  
Apr. 2017 Senior Vice President  
Jun. 2017 Director (current)  
Apr. 2019 Representative (current),  
Executive Vice President, President's  
Assistant, Responsible for Administrative  
Divisions, Responsible for IR Office  
Jun. 2019 Member of the Compensation  
Committee  
Apr. 2020 Responsible for Europe and the  
Americas  
Apr. 2021 President and Chief Executive Officer (current)  
Jun. 2021 Member of the Nomination  
Committee (current)



**Keita Suzuki**

Director  
Representative, Executive Vice  
President, Chief Financial Officer

Years as Director at NSK Ltd.

1

Company Shares Owned  
25,483

Apr. 1987 Joined the Company  
Jun. 2015 Senior Manager of Group Financial  
Control Department  
(Finance Division HQ)  
Apr. 2018 Executive Officer,  
Deputy Head of Finance Division HQ  
Apr. 2019 Deputy Head of Corporate Planning  
Division HQ  
Apr. 2020 Senior Vice President,  
Head of Finance Division HQ  
Apr. 2023 Representative,  
Executive Vice President,  
Chief Financial Officer (current)  
Jun. 2023 Director (current),  
Member of the Compensation  
Committee (current)



**Saimon Nogami**

Director

Years as Director at NSK Ltd.

11

Company Shares Owned  
71,700

Apr. 1984 Joined the Company  
Feb. 2011 Deputy Head of Industrial  
Machinery Business Division HQ  
Jun. 2011 Executive Officer  
Jun. 2013 Director (current),  
Senior Vice President,  
Head of Corporate Planning  
Division HQ,  
Responsible for IR & CSR Offices  
Jun. 2015 Representative,  
Executive Vice President,  
Member of the Compensation Committee,  
President's Assistant,  
Responsible for Administrative  
Divisions, Responsible for Asia,  
Head of Corporate Strategy Division HQ  
Jun. 2017 Chief Financial Officer  
Apr. 2019 Senior Executive Vice President  
Jun. 2021 Member of the Compensation Committee  
Jun. 2023 Chair of the Board of Directors (current)

● Significant concurrent positions outside the Company:  
Outside Director of Yasuda Logistics Corporation



**Kenichi Yamana**

Director

Years as Director at NSK Ltd.

3

Company Shares Owned  
22,479

Apr. 1986 Joined the Company  
Jun. 2013 Head of Consolidated Accounting  
Department (Finance Division HQ)  
Jun. 2015 Executive Officer, Deputy Head of  
Finance Division HQ, Deputy  
Head of IR & CSR Offices  
Jun. 2016 Deputy Head of IR Office  
Apr. 2018 Senior Vice President,  
Responsible for ASEAN Operations  
Apr. 2021 Executive Advisor  
Jun. 2021 Director (current),  
Member of the Audit Committee  
(current)



**Koichi Obara**

Outside Director,  
Independent Director

Years as Director at NSK Ltd.

3

Company Shares Owned  
2,000

Apr. 1972 Joined Maeda Corporation  
Nov. 2003 General Manager of Corporate Planning  
Department of Business Administration  
Division of Maeda Corporation  
Jan. 2005 Executive Officer of Maeda Corporation  
Jan. 2007 Deputy General Manager of Procurement  
Division of Maeda Corporation  
Jun. 2007 Director of Maeda Corporation  
Nov. 2007 General Manager of Procurement  
Division of Maeda Corporation  
Jun. 2008 Managing Officer, General Manager of  
Business Administration Division of  
Maeda Corporation  
Apr. 2009 President and Representative  
Director of Maeda Corporation  
Apr. 2016 Chairman and Representative  
Director of Maeda Corporation  
Apr. 2019 Senior Advisor and Representative  
Director of Maeda Corporation  
Jun. 2019 Senior Advisor of Maeda Corporation  
Apr. 2020 Senior Corporate Advisor of  
Maeda Corporation  
Jun. 2021 Director (current), Member of the  
Compensation Committee (current)  
Jul. 2021 Consultant of Maeda Corporation (current)  
Jun. 2024 Member of the Audit Committee (current)  
● Significant concurrent positions outside the Company:  
Consultant of Maeda Corporation



**Junji Tsuda**

Outside Director,  
Independent Director

Years as Director at NSK Ltd.

2

Company Shares Owned  
2,500

Mar. 1976 Joined Yaskawa Electric Mfg. Co., Ltd.  
(current Yaskawa Electric Corporation)  
Jun. 1998 Executive Vice President of  
Yaskawa Electric America, Inc.  
Aug. 2003 Marketing Manager, Drives Division, Motion Control  
Division of Yaskawa Electric Corporation  
Mar. 2004 General Manager, Drives Division, Motion  
Control Division of Yaskawa Electric Corporation  
Jun. 2005 Director/Member of the Board, General Manager,  
Drives Division, Motion Control Division of  
Yaskawa Electric Corporation  
Mar. 2006 Director/Member of the Board, General Manager,  
Drives Division of Yaskawa Electric Corporation  
Mar. 2007 Director/Member of the Board,  
General Manager, Robotics Division of  
Yaskawa Electric Corporation  
Jun. 2009 Managing Director/Member of the Board,  
General Manager, Robotics Division of  
Yaskawa Electric Corporation  
Mar. 2010 President/Member of the Board (Representative  
Director) of Yaskawa Electric Corporation  
Mar. 2013 Representative Director Chairman of the Board/  
President of Yaskawa Electric Corporation  
Mar. 2016 Representative Director Chairman of  
the Board of Yaskawa Electric Corporation  
Mar. 2022 Director of Yaskawa Electric Corporation  
May 2022 Senior Advisor of Yaskawa Electric  
Corporation (current)  
Jun. 2022 Director (current), Member of the  
Nomination Committee  
Jun. 2023 Chair of the Nomination Committee (current)  
● Significant concurrent positions outside the Company:  
Senior Advisor of Yaskawa Electric Corporation  
Outside Director of TOTO LTD.





### Sayoko Izumoto

A ★

Outside Director,  
Independent Director

Years as Director at NSK Ltd.

2

Company Shares Owned

0

Mar. 1976 Joined Tohmatsu Awoki & Co.  
(current Deloitte Touche Tohmatsu LLC)  
Mar. 1979 Registered as a Certified Public  
Accountant  
Jul. 1995 Partner, Tohmatsu & Co.  
(current Deloitte Touche Tohmatsu LLC)  
Jan. 2015 Member, Information and  
Communications Council,  
Ministry of Internal Affairs and  
Communications  
Jul. 2016 Retired Deloitte Touche Tohmatsu  
LLC  
Aug. 2016 Established Izumoto Certified  
Public Accountant Office (current)  
Apr. 2017 Member of Information Disclosure  
and Personal Information Protection  
Review Board, Ministry of Internal  
Affairs and Communications  
Jun. 2022 Director (current),  
Chair of the Audit Committee (current)  
● Significant concurrent positions outside the Company:  
External Audit and Supervisory Board Member of  
Freund Corporation  
Outside Director of TOKYO KEIKI INC.



### Mikio Fujitsuka

N

Outside Director,  
Independent Director

Years as Director at NSK Ltd.

1

Company Shares Owned

0

Apr. 1977 Joined Komatsu Ltd.  
Jun. 2001 General Manager of Corporate  
Controlling Department of  
Komatsu Ltd.  
Apr. 2005 Executive Officer of Komatsu Ltd.  
Apr. 2008 Executive Officer, President of  
Global Retail Finance Business  
Division of Komatsu Ltd.  
Feb. 2009 Executive Officer,  
General Manager of Corporate  
Planning Division, President of  
Global Retail Finance Business  
Division of Komatsu Ltd.  
Apr. 2010 Senior Executive Officer of  
Komatsu Ltd.  
Apr. 2011 CFO of Komatsu Ltd.  
Jun. 2011 Director and Senior Executive Officer  
of Komatsu Ltd.  
Apr. 2013 Director and Senior Executive Officer  
of Komatsu Ltd.  
Apr. 2016 Executive Vice President and  
Representative Director of Komatsu Ltd.  
Apr. 2019 Director of Komatsu Ltd.  
(retired in June 2019)  
Jun. 2023 Director of NSK Ltd. (current),  
Member of the Nomination  
Committee (current)  
● Significant concurrent positions outside the Company:  
Outside Director of Yamaha Corporation



### Nobuhide Hayashi

C ★

Outside Director,  
Independent Director

Years as Director at NSK Ltd.

0

New appointment

Company Shares Owned

0

Apr. 1980 Joined The Fuji Bank, Ltd.  
Apr. 2007 Executive Officer, General Manager of  
Corporate Banking Department 13 of  
Mizuho Corporate Bank, Ltd.  
Apr. 2009 Managing Executive Officer,  
responsible for Corporate Banking  
Division of Mizuho Corporate Bank, Ltd.  
Jun. 2011 Director, Executive Managing Officer  
responsible for International Banking  
Unit of Mizuho Corporate Bank, Ltd.  
Apr. 2013 Deputy President & Executive Officer,  
responsible for International Unit of  
Mizuho Financial Group, Inc.  
Deputy President & Executive Officer,  
responsible for liaison with International  
Unit of MHBC, Mizuho Bank, Ltd.  
Deputy President, responsible for  
International Unit of Mizuho Corporate  
Bank, Ltd.  
Jun. 2013 Member of the Board,  
Deputy President, responsible for  
International Unit of  
Mizuho Financial Group, Inc.  
Jul. 2013 Deputy President, responsible for  
International Unit of Mizuho Bank, Ltd.  
Apr. 2014 President & CEO of Mizuho Bank, Ltd.  
Apr. 2017 Chairman of the Board of  
Mizuho Bank, Ltd.  
Apr. 2019 Senior Advisor of Mizuho Bank, Ltd.  
Apr. 2023 Advisor of Mizuho Financial Group,  
Inc. (current)  
Jun. 2024 Director (current),  
Chair of the Compensation  
Committee (current)  
● Significant concurrent positions outside the Company:  
Advisor of Mizuho Financial Group, Inc.  
Outside Company Auditor of JTB Corp.  
External Audit & Supervisory Board Member of  
TOBU RAILWAY CO., LTD.

## Executive Officers and Group Officers (As of June 27, 2024)

### President and Chief Executive Officer

Akitoshi Ichii

### Representative Executive Vice President

Keita Suzuki

### Executive Vice Presidents

Tomoyuki Yoshikiyo  
Hideki Ochiai  
Hayato Omi

### Senior Vice Presidents

Kunihiko Akashi  
Guoping Yu  
Hiromichi Takemura  
Tatsufumi Soda  
Michio Ozaki  
Hidenori Oka  
Shinji Miyata  
Naoki Goto  
Tatsuki Murata  
Gen Murayama  
Hideaki Hayami  
Takeshi Kihara

### Vice Presidents

Tamami Murata  
Ulrich Nass  
Brian Parsons

### Group Officers

Minoru Arai  
Masami Shinomoto  
Jong-Won Lee  
Narihito Otake

#### Notes:

1. For such information as the reasons behind the appointments of each director and the independence of independent directors, please see the Notice of the FY2024 (the 163rd) Ordinary General Meeting of Shareholders of NSK and Independent Directors/Auditors Notifications.

Notice of the Ordinary General  
Meeting of Shareholders ▶



Independent Directors/  
Auditors Notifications  
(Japanese only) ▶



2. As of June 27, 2024 (number of the Company's shares owned as of March 31, 2024)

# Financial Highlights

NSK Ltd. and Consolidated Subsidiaries

(¥ Millions)

| (Year)         |   | JP-GAAP                       |          | IFRS     |          |           |          |          |          |          |          |          |         |
|----------------|---|-------------------------------|----------|----------|----------|-----------|----------|----------|----------|----------|----------|----------|---------|
|                |   | FY2013                        | FY2014   | FY2015*1 | FY2016   | FY2017    | FY2018   | FY2019*2 | FY2020   | FY2021*3 | FY2022*5 | FY2023   |         |
| Financial Data | Sales   | 871,742                       | 974,885  | 975,319  | 949,170  | 1,020,338 | 991,365  | 831,034  | 747,559  | 865,166  | 776,762  | 788,867  |         |
|                | [By segment]                                    | Industrial Machinery Business | 242,969  | 276,361  | 243,395  | 226,924   | 266,249  | 269,974  | 284,426  | 275,226  | 352,226  | 385,103  | 344,846 |
|                |   | Automotive Business           | 590,545  | 656,998  | 705,511  | 696,271   | 723,564  | 689,658  | 521,857  | 449,722  | 482,547  | 359,374  | 408,821 |
|                |   | Others/Adjustments            | 38,226   | 41,525   | 26,411   | 25,974    | 30,524   | 31,732   | 24,750   | 22,611   | 30,393   | 32,284   | 35,200  |
|                | [By region]                                     | Japan                         | 329,136  | 328,837  | 318,434  | 330,512   | 372,134  | 367,537  | 314,281  | 275,777  | 317,612  | 268,222  | 271,096 |
|                | (Based on customer location)                    | The Americas                  | 134,483  | 164,821  | 183,652  | 165,177   | 155,498  | 157,581  | 139,249  | 107,829  | 125,094  | 130,811  | 144,405 |
|                |   | Europe                        | 124,590  | 133,752  | 131,830  | 121,920   | 137,856  | 130,127  | 110,075  | 94,800   | 111,890  | 103,650  | 108,051 |
|                |   | Asia (excluding Japan)        | 283,532  | 347,475  | 341,403  | 331,559   | 354,849  | 336,119  | 267,427  | 269,153  | 310,569  | 274,077  | 265,313 |
|                |   | China                         | 167,239  | 210,237  | 204,361  | 201,185   | 212,097  | 194,994  | 148,525  | 166,660  | 182,036  | 163,155  | 154,236 |
|                |   | Other Asia                    | 116,293  | 137,238  | 137,042  | 130,373   | 142,752  | 141,124  | 118,902  | 102,492  | 128,532  | 110,922  | 111,077 |
|                | Operating income                                | 68,049                        | 97,327   | 89,534   | 65,341   | 97,875    | 79,279   | 23,604   | 6,364    | 29,430   | 43,836   | 27,391   |         |
|                | Ordinary income                                 | 66,785                        | 91,002   | —        | —        | —         | —        | —        | —        | —        | —        | —        |         |
|                | Net income attributable to owners of the parent | 31,167                        | 61,962   | 65,719   | 45,560   | 69,312    | 55,809   | 17,412   | 355      | 16,587   | 18,412   | 8,502    |         |
|                | Capital expenditures                            | 45,448                        | 49,197   | 54,996   | 58,602   | 68,788    | 81,102   | 54,927   | 37,303   | 52,311   | 54,092   | 58,478   |         |
|                | Depreciation and amortization                   | 35,079                        | 38,568   | 43,048   | 43,354   | 46,785    | 48,801   | 53,926   | 54,527   | 56,558   | 50,112   | 52,907   |         |
|                | R&D expenses                                    | 9,919                         | 10,660   | 11,155   | 13,858   | 17,059    | 19,023   | 18,265   | 16,820   | 19,175   | 15,380   | 15,602   |         |
|                | Net cash provided by operating activities (A)   | 70,342                        | 67,709   | 108,622  | 67,936   | 83,746    | 92,617   | 72,387   | 53,842   | 22,733   | 64,163   | 99,818   |         |
|                | Net cash used in investing activities (B)       | (42,402)                      | (46,335) | (45,212) | (54,243) | (53,001)  | (72,673) | (39,784) | (51,096) | (19,973) | (48,778) | (90,814) |         |
|                | Free cash flows (A) + (B)                       | 27,940                        | 21,374   | 63,410   | 13,692   | 30,744    | 19,943   | 32,602   | 2,745    | 2,759    | 15,384   | 9,004    |         |

|                                     |  |           |           |           |           |           |           |           |           |           |           |           |
|-------------------------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                     | Dividends paid   | 8,650     | 15,161    | 18,425    | 20,174    | 21,245    | 20,737    | 15,550    | 10,367    | 12,958    | 15,638    | 14,888    |
|                                     | Acquisition of treasury shares   | —         | —         | —         | 14,999    | —         | 19,999    | —         | —         | —         | —         | 21,717    |
|                                     | Total equity attributable to owners of the parent (Shareholders' equity) | 359,201   | 456,046   | 454,661   | 461,350   | 537,175   | 536,676   | 505,505   | 554,516   | 617,800   | 616,213   | 659,979   |
|                                     | Total assets   | 1,000,932 | 1,129,164 | 1,032,374 | 1,043,955 | 1,092,310 | 1,086,456 | 1,029,884 | 1,171,699 | 1,234,551 | 1,233,256 | 1,298,077 |
|                                     | Interest-bearing debt  | 315,532   | 326,400   | 278,152   | 267,399   | 250,908   | 274,780   | 279,170   | 332,440   | 303,457   | 335,738   | 318,945   |
| Per Share Data (Yen)                | Earnings (Net income)  | 57.70     | 114.56    | 121.38    | 86.08     | 131.16    | 107.46    | 34.00     | 0.69      | 32.35     | 35.89     | 17.27     |
|                                     | Equity attributable to owners of the parent (Shareholders' equity)       | 664.74    | 842.69    | 839.56    | 873.11    | 1,016.30  | 1,048.18  | 987.01    | 1,081.88  | 1,204.63  | 1,200.92  | 1,350.52  |
|                                     | Cash dividends   | 16.0      | 28.0      | 34.0      | 38.0*4    | 40.0      | 40.0      | 30.0      | 20.0      | 25.0      | 30.0      | 30.0      |
| Financial Indices                   | Operating income margin (%)  | 7.8       | 10.0      | 9.2       | 6.9       | 9.6       | 8.0       | 2.8       | 0.9       | 3.4       | 5.6       | 3.5       |
|                                     | Return on average shareholders' equity (ROE) (%)                         | 9.2       | 15.3      | 14.3      | 9.9       | 13.9      | 10.4      | 3.3       | 0.1       | 2.8       | 3.0       | 1.3       |
|                                     | Return on average assets (ROA) (%)                                       | 3.3       | 5.8       | 6.1       | 4.4       | 6.5       | 5.1       | 1.6       | 0.0       | 1.4       | 1.5       | 0.7       |
|                                     | Ratio of equity attributable to owners of the parent to total assets (%) | 35.9      | 40.4      | 44.0      | 44.2      | 49.2      | 49.4      | 49.1      | 47.3      | 50.0      | 50.0      | 50.8      |
|                                     | Net D/E ratio (Times)  | 0.41      | 0.31      | 0.23      | 0.28      | 0.22      | 0.27      | 0.28      | 0.28      | 0.27      | 0.29      | 0.26      |
|                                     | Dividend payout ratio (%)  | 27.7      | 24.4      | 28.0      | 44.1      | 30.5      | 37.2      | 88.2      | 2,885.8   | 77.3      | 83.6      | 173.8     |
|                                     | Dividend on equity (DOE) (%)   | 2.5       | 3.7       | 4.0       | 4.4       | 4.2       | 3.9       | 2.9       | 1.9       | 2.2       | 2.5       | 2.4       |
|                                     | Period-end share price (Yen)   | 1,062     | 1,758     | 1,030     | 1,592     | 1,426     | 1,037     | 694       | 1,135     | 736       | 756       | 884       |
|                                     | Price earnings ratio (PER) (Times)                                       | 18.4      | 15.3      | 8.5       | 18.5      | 10.9      | 9.7       | 20.4      | 1,644.9   | 22.8      | 21.1      | 51.2      |
|                                     | Price book-value ratio (PBR) (Times)                                     | 1.6       | 2.1       | 1.2       | 1.8       | 1.4       | 1.0       | 0.7       | 1.0       | 0.6       | 0.6       | 0.7       |
|                                     | Dividend yield (%)   | 1.5       | 1.6       | 3.3       | 2.4       | 2.8       | 3.9       | 4.3       | 1.8       | 3.4       | 4.0       | 3.4       |
| Exchange Rate Data (Period average) | Yen/US dollar  | 100.24    | 109.93    | 120.14    | 108.42    | 110.86    | 110.91    | 108.75    | 106.06    | 112.38    | 135.48    | 144.62    |
|                                     | Yen/Euro   | 134.37    | 138.77    | 132.58    | 118.84    | 129.70    | 128.40    | 120.83    | 123.70    | 130.56    | 140.97    | 156.79    |

\*1 In accordance with segment changes in the business domains (part of operations transferred from the Industrial Machinery Business to the Automotive Business) in FY2016, data from FY2015 to FY2017 are presented under the changed categories.

\*2 In accordance with segment changes in the business domains (part of operations transferred from the Automotive Business to the Industrial Machinery Business) in FY2020, data from FY2019 onward are presented under the new categories.

\*3 In accordance with segment changes in the business domains (part of operations transferred from others to the Industrial Machinery Business) in FY2022, data from FY2021 onward is presented under the new categories.

\*4 The breakdown of the ¥38.0 per share dividend paid in FY2016 is a normal dividend of ¥28.0 per share and a ¥10.0 per share dividend to commemorate the 100th anniversary of the Company's founding.

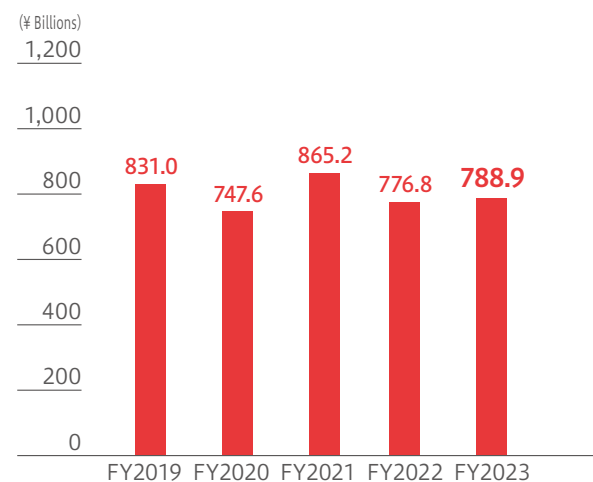
\*5 In accordance with the reclassification of the Steering Business as discontinued operations starting from the first quarter of FY2023, the figures for FY2022 have also been restated to conform to this presentation. (The figures presented for sales, operating income, capital expenditures, depreciation and amortization, and R&D expenses are figures excluding the discontinued operations. Net income attributable to owners of the parent and earnings per share are the combined total figures for continuing and discontinued operations.)

# Financial Highlights

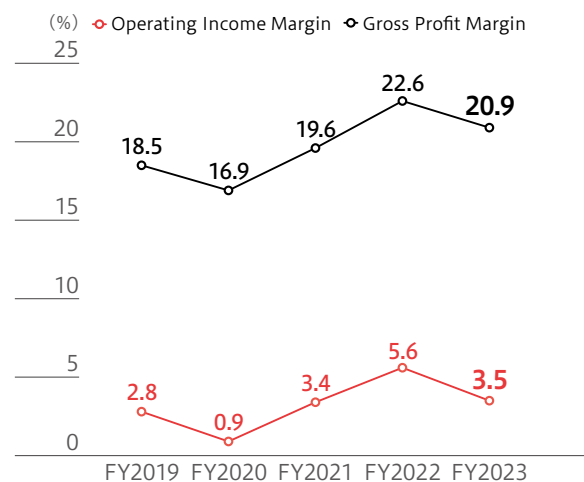
## Trends in Major Indices

\* In accordance with the reclassification of the Steering Business as discontinued operations starting from the first quarter of FY2023, the figures for FY2022 have also been restated to conform to this presentation. (The figures presented for sales, operating income margin, gross profit margin, capital expenditures, and depreciation and amortization are figures excluding the discontinued operations. Net income attributable to owners of the parent and earnings per share are the combined total figures for continuing and discontinued operations.)

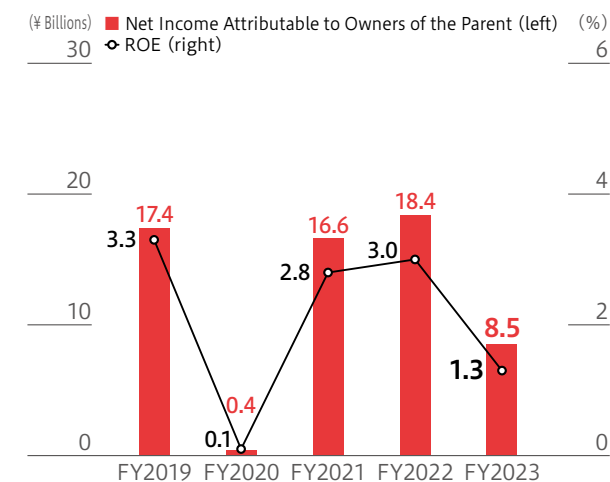
### Sales



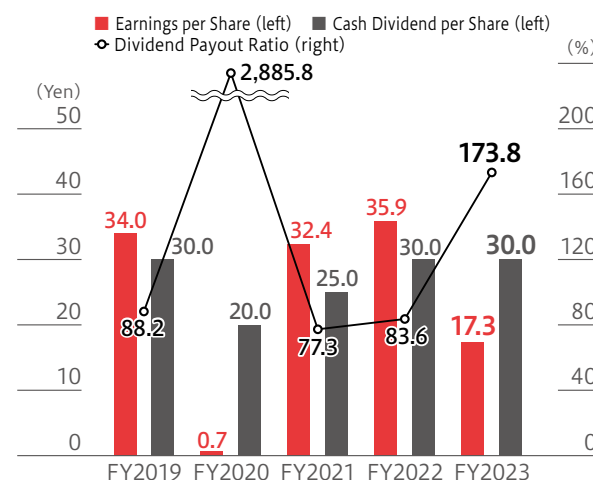
### Operating Income Margin/Gross Profit Margin



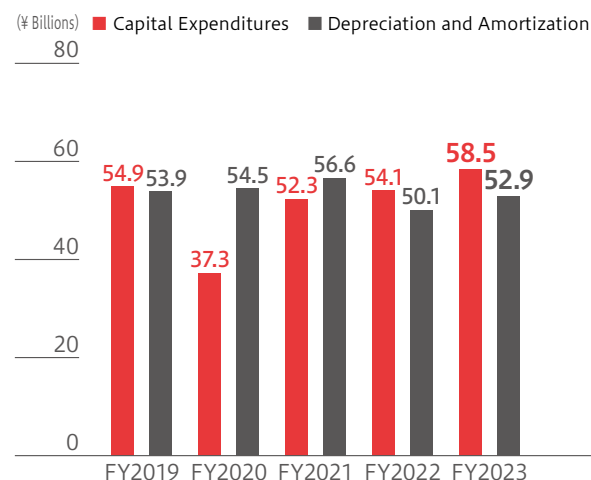
### Net Income Attributable to Owners of the Parent/ROE



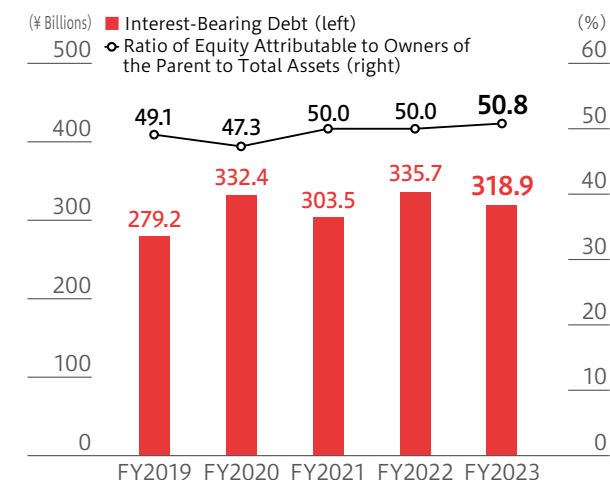
### Earnings per Share/Cash Dividend per Share/Dividend Payout Ratio



### Capital Expenditures/Depreciation and Amortization



### Interest-Bearing Debt/Ratio of Equity Attributable to Owners of the Parent to Total Assets





# Non-Financial Highlights

## Definition

**PRTR Act** The PRTR Act stands for the Pollutant Release and Transfer Register Act and refers to the Act on Confirmation, etc., of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof. This is a Japanese law intended to encourage the improvement of chemical substance management by requiring that the amounts of chemical substances released to the environment are reported to the authorities.

**VOCs** VOCs stands for Volatile Organic Compounds. VOCs are one cause of photochemical smog.

|             |   | Scope   | Unit           | FY2019                                | FY2020      | FY2021      | FY2022      | FY2023      |
|-------------|---|---|----------------|---------------------------------------|-------------|-------------|-------------|-------------|
| Environment | Environmental management system                     | Coverage of ISO 14001 certified sites*1   | NSK Group      | %                                     | 95% or more | 95% or more | 95% or more | 95% or more |
|             | Compliance with environmental laws                  | Number of serious violations of environmental regulations                         | NSK Group      | Incidents                             | 0           | 0           | 0           | 0*2         |
|             | Environmental accidents                             | Number of serious incidents of environmental pollution                            | NSK Group      | Incidents                             | 0           | 0           | 0           | 0*2         |
|             | Environmentally friendly products*3                 | Number of products developed (cumulative)   | NSK Group      | Products                              | 232         | 238         | 239         | 243*2       |
|             | Products that help reduce CO <sub>2</sub> emissions | CO <sub>2</sub> emissions avoided (total)*4                                       | NSK Group      | × 10 <sup>3</sup> t-CO <sub>2</sub>   | 1,456       | 2,252       | 2,288       | 2,296*2     |
|             | Energy  | Total energy usage  | NSK Group      | TJ                                    | 7,330       | 6,845       | 7,524       | 6,413*2     |
|             |   | Fuel and gas  | NSK Group      | TJ                                    | 2,295       | 2,079       | 2,229       | 1,867*2     |
|             |   | Electricity and heat  | NSK Group      | TJ                                    | 5,035       | 4,767       | 5,295       | 4,546*2     |
|             |   | Rate of renewable energy use*6  | NSK Group      | %                                     | 2.2         | 6.7         | 8.3         | 21.5*2      |
|             | Greenhouse gases                                    | GHG emissions (total for Scope 1 and 2)   | NSK Group      | × 10 <sup>3</sup> t-CO <sub>2</sub> e | 839         | 701         | 763         | 528*2       |
|             |   | Scope 1   | NSK Group      | × 10 <sup>3</sup> t-CO <sub>2</sub> e | 132         | 120         | 127         | 107*2       |
|             |   | Scope 2 (on a market basis)   | NSK Group      | × 10 <sup>3</sup> t-CO <sub>2</sub> e | 708         | 581         | 636         | 421*2       |
|             |   | Scope 3   | NSK Group      | × 10 <sup>3</sup> t-CO <sub>2</sub> e | 2,194       | 1,928       | 2,199       | 1,831*2     |
|             | Steel   | Steel consumption   | NSK Group*7    | × 10 <sup>3</sup> t                   | 618         | 562         | 655         | 525*2       |
|             | Water   | Total water withdrawal  | NSK Group      | × 10 <sup>3</sup> m <sup>3</sup>      | 4,308       | 3,977       | 4,169       | 3,619*2     |
|             |   | Groundwater   | NSK Group      | × 10 <sup>3</sup> m <sup>3</sup>      | 1,789       | 1,659       | 1,826       | 1,540*2     |
|             |   | General water   | NSK Group      | × 10 <sup>3</sup> m <sup>3</sup>      | 2,028       | 1,922       | 1,978       | 1,754*2     |
|             |   | Industrial water  | NSK Group      | × 10 <sup>3</sup> m <sup>3</sup>      | 490         | 396         | 357         | 318*2       |
|             |   | Rainwater and reused water  | NSK Group      | × 10 <sup>3</sup> m <sup>3</sup>      | —           | —           | 8           | 7*2         |
|             | Waste and valuables                                 | Total waste and valuables   | NSK Group      | × 10 <sup>3</sup> t                   | 201.8       | 181.9       | 203.1       | 165.0*2     |
|             |   | Reuse and recycle (excluding energy recovery)                                     | NSK Group      | × 10 <sup>3</sup> t                   | 171.8       | 156.3       | 174.7       | 140.0*2     |
|             |   | Total waste disposed (including energy recovery)                                  | NSK Group      | × 10 <sup>3</sup> t                   | 30.0        | 25.6        | 28.4        | 25.0*2      |
|             |   | Landfilled  | NSK Group      | × 10 <sup>3</sup> t                   | 2.9         | 2.1         | 2.4         | 1.5*2       |
|             |   | Incinerated with energy recovery  | NSK Group      | × 10 <sup>3</sup> t                   | 11.8        | 10.3        | 10.7        | 8.6*2       |
|             |   | Incinerated without energy recovery   | NSK Group      | × 10 <sup>3</sup> t                   | 4.0         | 3.3         | 3.9         | 2.9*2       |
|             |   | Other disposal (e.g., water treatment)  | NSK Group      | × 10 <sup>3</sup> t                   | 11.3        | 9.9         | 11.4        | 12.0*2      |
|             | Air quality   | Emissions of NOx  | NSK Group      | t                                     | 119         | 106         | 113         | 91*2        |
|             |   | Emissions of SOx  | NSK Group      | t                                     | 38          | 39          | 33          | 32*2        |
|             | Water quality                                       | Total discharged water  | NSK Group      | × 10 <sup>3</sup> m <sup>3</sup>      | 2,847       | 2,519       | 2,757       | 2,290*2     |
|             |   | Rivers  | NSK Group      | × 10 <sup>3</sup> m <sup>3</sup>      | 591         | 575         | 646         | 537*2       |
|             |   | Sewage system   | NSK Group      | × 10 <sup>3</sup> m <sup>3</sup>      | 2,256       | 1,944       | 2,110       | 1,753*2     |
|             |   | BOD (biochemical oxygen demand)   | NSK Group      | t                                     | 1.2         | 1.2         | 1.5         | 0.9*2       |
|             | Environmentally harmful substances                  | Handling of PRTR-designated substances (materials and parts)                      | Group in Japan | t                                     | 395         | 316         | 326         | 259*2       |
|             |   | Discharge/transfer of PRTR-designated substances                                  | Group in Japan | t                                     | 78          | 73          | 86          | 73*2        |
|             |   | Emissions of VOCs   | NSK Group      | t                                     | 145         | 141         | 165         | 139*2       |
|             | Biodiversity  | Number of biodiversity conservation initiatives (social contribution initiatives) | Group in Japan | Initiatives                           | 6           | 3           | 5           | 9*2         |

\*1 Percentage of environmental impact for ISO 14001 certified sites compared to the total environmental impact of the entire NSK Group, including greenhouse gas and waste emissions.

\*2 Effective the first quarter of FY2023, the steering business has been classified as discontinued operations. The data exclude the discontinued operations.

\*3 Until FY2007, newly developed products that are consistent with the "Basic Policy for the Development of Environmentally Friendly Products" and, from FY2008, newly developed products with an NSK Eco-efficiency indicators (Neco) score of 1.2 or higher.

\*4 Amount of CO<sub>2</sub> emissions avoided in the past financial years are recalculated using the latest CO<sub>2</sub> emission factor of electricity used in the calculation of CO<sub>2</sub> emissions avoided for FY2023.

\*5 Third-party verification has been obtained. [▶ P.87](#)

\*6 Rate of renewable energy use = Energy use from renewable sources / energy use

\*7 Procurement volume from main suppliers

# Non-Financial Highlights

|                          |  |   | Scope                 | Unit        | FY2019  | FY2020  | FY2021  | FY2022  | FY2023    |
|--------------------------|--|---|-----------------------|-------------|---------|---------|---------|---------|-----------|
| Social                   | Number of employees (consolidated)                                     | Total   | NSK Group             | Persons     | 30,747  | 30,378  | 30,577  | 29,882  | 25,632*1  |
|                          |  | Japan   | Group in Japan        | Persons     | 11,803  | 11,774  | 11,853  | 11,728  | 10,474*1  |
|                          |  | The Americas  | Group in the Americas | Persons     | 2,804   | 2,617   | 2,696   | 2,622   | 2,130*1   |
|                          |  | Europe  | Group in Europe       | Persons     | 4,206   | 4,333   | 4,312   | 4,070   | 3,338*1   |
|                          |  | Asia  | Group in Asia         | Persons     | 11,934  | 11,654  | 11,716  | 11,462  | 9,690*1   |
|                          | Employee composition by gender   | Men   | NSK Group             | %           | 81.0    | 81.7    | 81.9    | 81.6    | 80.9*1    |
|                          |  | Women   | NSK Group             | %           | 19.0    | 18.3    | 18.1    | 18.4    | 19.1*1    |
|                          | Average years of employment (average age)                              | Total   | Group in Japan*2      | Years (age) | 17 (42) | 17 (42) | 17 (43) | 17 (42) | 17 (42)*1 |
|                          |  | Men   | Group in Japan*2      | Years (age) | 17 (42) | 18 (43) | 17 (43) | 18 (42) | 17 (42)*1 |
|                          |  | Women   | Group in Japan*2      | Years (age) | 12 (37) | 12 (38) | 12 (38) | 13 (38) | 14 (38)*1 |
|                          | Localization rate for key global posts                                 |   | NSK Group             | %           | —       | —       | —       | 73      | 72        |
|                          | Percentage of employees taking childcare leave (based on NSK criteria) | Men   | NSK                   | %           | —       | 50.3    | 56.5    | 72.6    | 83.3      |
|                          |  | Women   | NSK                   | %           | —       | 100.0   | 100.0   | 100.0   | 100.0     |
|                          | Employment rate of people with disabilities                            |   | Group in Japan*2      | %           | 2.24    | 2.45    | 2.56    | 2.48    | 2.62      |
|                          | Occupational safety  | Lost-time injury frequency rate   | NSK Group             | —           | 0.35    | 0.43    | 0.28    | 0.39*1  | 0.28*1*3  |
|                          |  | Fatal accidents   | NSK Group             | Accidents   | 0       | 0       | 0       | 0*1     | 0*1       |
|                          | Health and wellness  | Percentage of employees participating in the Specific Health Guidance program         | NSK*4                 | %           | 25.1    | 27.3    | 27.2    | 26.3    | 24.3      |
|                          |  | Percentage of employees receiving stress checks                                       | NSK*4                 | %           | 94.9    | 95.9    | 97.9    | 98.7    | 99.2      |
|                          |  | Percentage of employees who smoke   | NSK*4                 | %           | 36.6    | 33.8    | 31.9    | 31.6    | 31.1      |
|                          | Human resource development   | Number of participants in NSK Japan Management College/ NSK Global Management College | NSK Group             | Persons     | 22      | 10      | 10      | 22      | 9*1       |
|                          |  | Ratio of Japan/Global Management College graduates among executives                   | NSK                   | %           | —       | —       | 75      | 71      | 65        |
|                          |  | Number of participants in NSK Institute of Technology                                 | NSK Group             | Persons     | 527     | 518     | 493     | 495     | 539       |
|                          |  | Number of training hours per year   | NSK Group             | Hours       | —       | 21      | 19      | 21      | 23*1      |
|                          | Rate of labor union participation                                      | Non-management employees  | Group in Japan*2      | %           | 100     | 100     | 100     | 100     | 100*1     |
|                          |  | All employees including managers  | Group in Japan*2      | %           | 83      | 83      | 84      | 84      | 86*1      |
|                          | Employee engagement survey   | Number of participants (officers and employees)                                       | NSK Group             | Persons     | 14,964  | 16,985  | 5,976*5 | 20,611  | 6,397     |
|                          |  | Engagement Score*6  | NSK Group             | —           | 65      | 67      | 67      | 68      | 69        |
| Research and development | Number of patents held   | NSK Group   | Patents               | 8,052       | 8,172   | 6,226   | 3,794*1 | 3,999*1 |           |

<sup>\*1</sup> Effective the first quarter of FY2023, the steering business has been classified as discontinued operations. The data exclude the discontinued operations.

<sup>\*2</sup> NSK Ltd. and main Group companies in Japan

<sup>\*3</sup> The Company receives third-party assurances. ▶ P.87

<sup>\*4</sup> Scope was changed to NSK Ltd. from FY2023. Scope prior to FY2023 was NSK Ltd. and main Group companies in Japan.

<sup>\*5</sup> Some surveys were postponed due to the COVID-19 pandemic.

<sup>\*6</sup> The survey is conducted every two years in each geographical region, and the countries surveyed differ each year. The score is a moving average calculated as a weighted average of the survey results for the relevant and previous fiscal years.

As of June 30

| As of June 30   |  |  | Unit      | 2020/6 | 2021/6 | 2022/6 | 2023/6  | 2024/6 |
|---|--|--|-----------|--------|--------|--------|---------|--------|
| Governance  | Composition of the Board of Directors                    | Number of directors                    | Persons   | 9      | 9      | 9      | 9       | 9      |
|   |  | Ratio of independent outside directors | %         | 55.6   | 55.6   | 55.6   | 55.6    | 55.6   |
|   |  | Ratio of males                         | %         | 88.9   | 88.9   | 88.9   | 88.9    | 88.9   |
|   |  | Ratio of females                       | %         | 11.1   | 11.1   | 11.1   | 11.1    | 11.1   |
|   |  |  | Unit      | FY2019 | FY2020 | FY2021 | FY2022  | FY2023 |
| Attendance at Board of Directors meetings                               | Number of times convened                                 | Meetings                               | 10        | 10     | 10     | 10     | 10      |        |
|   | Average attendance rate                                  | %                                      | 99        | 98     | 100    | 98     | 99      |        |
|   | Average attendance rate of independent outside directors | %                                      | 98        | 98     | 100    | 96     | 98      |        |
|   |  | Scope                                  | Unit      | FY2019 | FY2020 | FY2021 | FY2022  | FY2023 |
| Compliance hotline  | Number of consultations and reports                      | NSK Group                              | Incidents | 175    | 178    | 168    | 147*1*2 | 131*1  |
| Serious legal violations, incidents/accidents                           | Number of occurrences                                    | NSK Group                              | Incidents | 0      | 0      | 0      | 0*1     | 0*1    |
| Competition law training  | Number of participants*3                                 | NSK Group                              | Persons   | 2,867  | 5,481  | 7,588  | 12,486  | 9,446  |
| Compliance training<br>(Topics related to NSK Code of Corporate Ethics) | Number of participants                                   | Group in Japan                         | Persons   | —      | —      | —      | 16,545  | 16,877 |
| Employee engagement survey  | Compliance awareness score*4                             | NSK Group                              | —         | 58.7   | 63.2   | 63.3   | 69.8    | 71.9   |

<sup>\*1</sup> Effective the first quarter of FY2023, the steering business has been classified as discontinued operations. The data exclude the discontinued operations.

<sup>\*2</sup> The data has been updated retrospectively.

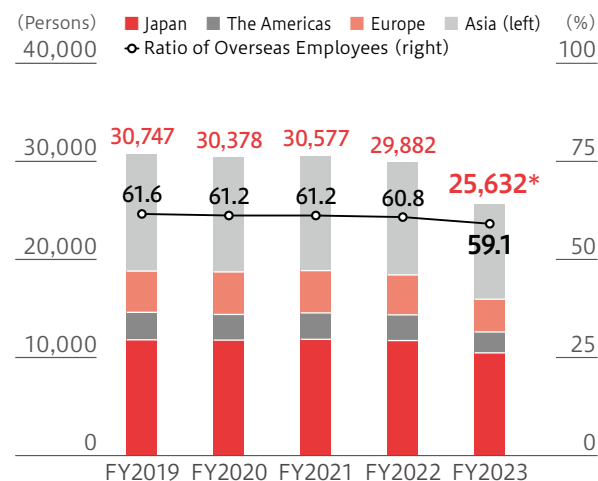
<sup>\*3</sup> Includes e-learning participants, since FY2020.

<sup>\*4</sup> The survey is conducted every two years in each geographical region, and the countries surveyed differ each year. The score is a moving average calculated as a weighted average of the survey results for the relevant and previous fiscal years.

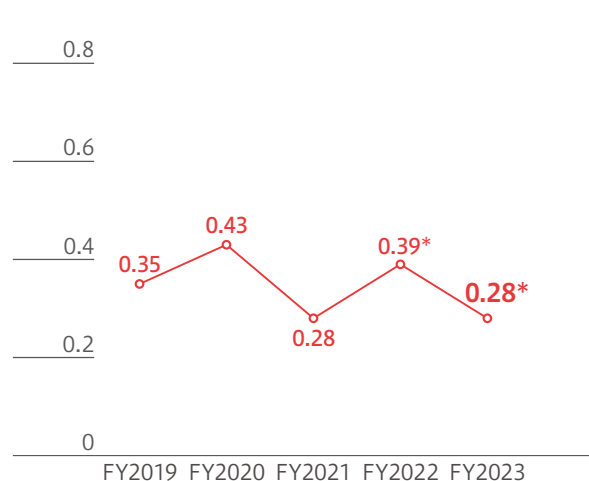
## Trends in Major Indices

<sup>\*</sup> Effective the first quarter of FY2023, the steering business has been classified as discontinued operations. The data exclude the discontinued operations.

### Number of Employees Worldwide/Ratio of Overseas Employees



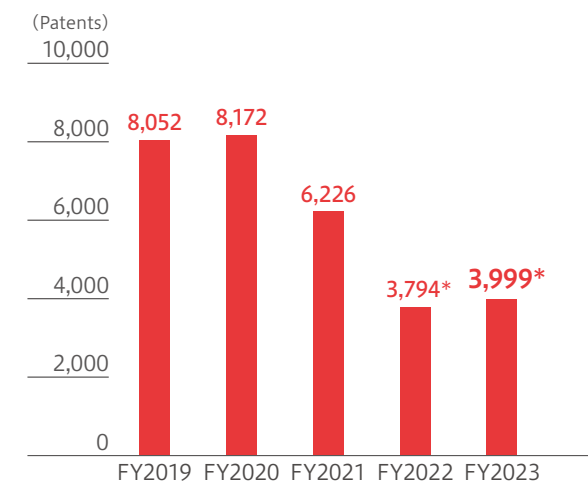
### Lost-Time Injury Frequency Rate



Note: The global lost time injury frequency rate including the discontinued operations was 0.38 in FY2022 and 0.24 in FY2023.

▶ P.39 Safety Management

### Number of Patents Held



Note: To set itself apart from competitors and enhance the competitiveness of its products and services, NSK submits patent applications on an ongoing basis for any technological outcomes it produces. As a result of reorganizing patents with a low potential for future use, the number of patents held decreased in FY2021. The number of patents held including the discontinued operations was 6,306 in FY2022 and 6,696 in FY2023.

# Consolidated Financial Statements

## Consolidated Statements of Financial Position (IFRS)

\* In accordance with the reclassification of the Steering Business as discontinued operations starting from the first quarter of FY2023, the figures for FY2022 have also been restated to conform to this presentation. (The figures presented for sales, share of profits of investments accounted for using the equity method, operating income, and income before income taxes are figures excluding the discontinued operations. Net income, net income attributable to owners of the parent, total comprehensive income for the period, basic earnings per share, and diluted earnings per share are the combined total figures for continuing and discontinued operations.)  
 \* NSK lost control of NSK Steering & Control, Inc. (NS&C), which globally manages the steering business, on August 1, 2023, and, from the second quarter of FY2023, NS&C and its subsidiaries became equity-method affiliates of NSK. The profit and loss related to the loss of control is included in discontinued operations, and the share of profit (loss) of investments accounted for using the equity method is included in continuing operations.  
 \* The assets, liabilities, and other components of equity of the Steering Business have been categorized as disposal groups classified as held for sale.

|                          |   | (¥ Millions)               |                            |
|--------------------------|---|----------------------------|----------------------------|
|                          |   | FY2022<br>(March 31, 2023) | FY2023<br>(March 31, 2024) |
| <b>Assets</b>            |   |                            |                            |
| Current assets           | Cash and cash equivalents                                     | 160,109                    | 150,583                    |
|                          | Trade receivables and other receivables                       | 207,812                    | 220,248                    |
|                          | Inventories   | 197,754                    | 185,886                    |
|                          | Other financial assets  | 1,590                      | 45,076                     |
|                          | Income tax receivables  | 1,633                      | 4,988                      |
|                          | Other current assets  | 18,756                     | 18,196                     |
|                          | Subtotal  | 587,656                    | 624,979                    |
|                          | Assets related to disposal groups classified as held for sale | —                          | 11,643                     |
| Total current assets     |   | 587,656                    | 636,623                    |
| Non-current assets       | Property, plant and equipment                                 | 385,613                    | 364,947                    |
|                          | Goodwill and intangible assets                                | 49,227                     | 56,548                     |
|                          | Investments accounted for using equity method                 | 30,699                     | 49,605                     |
|                          | Other financial assets  | 56,425                     | 51,932                     |
|                          | Deferred tax assets   | 15,288                     | 10,309                     |
|                          | Net defined benefit assets                                    | 101,165                    | 121,589                    |
|                          | Other non-current assets                                      | 7,179                      | 6,521                      |
| Total non-current assets |   | 645,600                    | 661,454                    |
| Total assets             |   | 1,233,256                  | 1,298,077                  |

|                               |   | (¥ Millions)               |                            |
|-------------------------------|---|----------------------------|----------------------------|
|                               |   | FY2022<br>(March 31, 2023) | FY2023<br>(March 31, 2024) |
| <b>Liabilities and equity</b> |   |                            |                            |
| <b>Liabilities</b>            |   |                            |                            |
| Current liabilities           | Trade payables and other payables   | 112,535                    | 140,451                    |
|                               | Other financial liabilities   | 129,801                    | 128,433                    |
|                               | Provisions  | 536                        | 469                        |
|                               | Income tax payables   | 7,797                      | 25,835                     |
|                               | Other current liabilities   | 56,678                     | 52,583                     |
|                               | Subtotal  | 307,348                    | 347,774                    |
|                               | Liabilities related to disposal groups classified as held for sale                | —                          | 11,370                     |
|                               | Total current liabilities   | 307,348                    | 359,145                    |
| Non-current liabilities       | Financial liabilities   | 231,309                    | 214,864                    |
|                               | Provisions  | 1,867                      | 1,065                      |
|                               | Deferred tax liabilities  | 32,661                     | 21,890                     |
|                               | Net defined benefit liabilities   | 16,027                     | 13,582                     |
|                               | Other non-current liabilities   | 9,318                      | 9,574                      |
|                               | Total non-current liabilities   | 291,183                    | 260,977                    |
| Total liabilities             |   | 598,532                    | 620,123                    |
| <b>Equity</b>                 |   |                            |                            |
|                               | Issued capital  | 67,176                     | 67,176                     |
|                               | Capital surplus   | 80,476                     | 77,897                     |
|                               | Retained earnings   | 415,736                    | 375,402                    |
|                               | Treasury shares   | (36,781)                   | (10,422)                   |
|                               | Other components of equity  | 89,604                     | 150,270                    |
|                               | Other components of equity related to disposal groups classified as held for sale | —                          | (345)                      |
|                               | Total equity attributable to owners of the parent                                 | 616,213                    | 659,979                    |
| Non-controlling interests     |   | 18,511                     | 17,975                     |
| Total equity                  |   | 634,724                    | 677,954                    |
| Total liabilities and equity  |   | 1,233,256                  | 1,298,077                  |



## Consolidated Statements of Income (IFRS)

(¥ Millions)

|   | FY2022<br>(From April 1, 2022,<br>to March 31, 2023) | FY2023<br>(From April 1, 2023,<br>to March 31, 2024) |
|---|--|--|
| Sales   | 776,762  | 788,867  |
| Cost of sales   | 601,047  | 623,618  |
| Gross profit  | 175,715  | 165,249  |
| Selling, general and administrative expenses                          | 134,631  | 140,921  |
| Share of profits of investments accounted for using the equity method | 3,196  | 4,377  |
| Other operating expenses  | 442  | 1,313  |
| Operating income  | 43,836   | 27,391   |
| Financial income  | 2,301  | 3,632  |
| Financial expenses  | 2,855  | 4,813  |
| Income before income taxes  | 43,282   | 26,210   |
| Income tax expense  | 15,265   | 11,955   |
| Net income from continuing operations                                 | 28,017   | 14,254   |
| Income (loss) from discontinued operations                            | (9,355)  | (4,689)  |
| Net income  | 18,661   | 9,564  |
| Net income attributable to:   |  |  |
| Owners of the parent  | 18,412   | 8,502  |
| Non-controlling interests   | 249  | 1,062  |
| (Earnings per share attributable to owners of the parent)             |  |  |
| Basic earnings (loss) per share (Yen)                                 | 35.89  | 17.27  |
| Continuing operations   | 52.26  | 27.47  |
| Discontinued operations   | (16.37)  | (10.20)  |
| Diluted earnings (loss) per share (Yen)                               | 35.77  | 17.20  |
| Continuing operations   | 52.08  | 27.37  |
| Discontinued operations   | (16.32)  | (10.16)  |

## Consolidated Statements of Comprehensive Income (IFRS)

(¥ Millions)

|   | FY2022<br>(From April 1, 2022, to March 31, 2023) |                             |                   |            |              | FY2023<br>(From April 1, 2023, to March 31, 2024) |                             |                   |            |              |
|---|---|-----------------------------|-------------------|------------|--------------|---|-----------------------------|-------------------|------------|--------------|
|   | Incurred in the period                            | Reclassification adjustment | Before Tax Effect | Tax Effect | Amount (net) | Incurred in the period                            | Reclassification adjustment | Before Tax Effect | Tax Effect | Amount (net) |
| Net income  |   |                             |                   |            | 18,661       |   |                             |                   |            | 9,564        |
| Other comprehensive income  |   |                             |                   |            |              |   |                             |                   |            |              |
| Items that will not be reclassified to profit or loss                                     |   |                             |                   |            |              |   |                             |                   |            |              |
| Remeasurements of net defined benefit liability (asset)                                   | (24,255)  | –                           | (24,255)          | 9,768      | (14,486)     | 48,854  | –                           | 48,854            | (18,371)   | 30,482       |
| Net changes in financial assets measured at fair value through other comprehensive income | (5,550)   | –                           | (5,550)           | 1,711      | (3,839)      | 14,224  | –                           | 14,224            | (4,338)    | 9,886        |
| Share of other comprehensive income of investments accounted for using equity method      | (329)   | –                           | (329)             | 96         | (232)        | 1,093   | –                           | 1,093             | (141)      | 952          |
| Total items that will not be reclassified to profit or loss                               | (30,135)  | –                           | (30,135)          | 11,576     | (18,558)     | 64,172  | –                           | 64,172            | (22,851)   | 41,321       |
| Items that may be reclassified to profit or loss  |   |                             |                   |            |              |   |                             |                   |            |              |
| Exchange differences on translating foreign operations                                    | 13,774  | –                           | 13,774            | –          | 13,774       | 33,892  | (6,273)                     | 27,618            | 1,479      | 29,097       |
| Cash flow hedges  | –   | –                           | –                 | –          | –            | (215)   | –                           | (215)             | 53         | (161)        |
| Share of other comprehensive income of investments accounted for using equity method      | 169   | –                           | 169               | –          | 169          | 1,406   | –                           | 1,406             | –          | 1,406        |
| Total items that may be reclassified to profit or loss                                    | 13,943  | –                           | 13,943            | –          | 13,943       | 35,082  | (6,273)                     | 28,809            | 1,532      | 30,342       |
| Total other comprehensive income  | (16,192)  | –                           | (16,192)          | 11,576     | (4,615)      | 99,255  | (6,273)                     | 92,982            | (21,318)   | 71,663       |
| Total comprehensive income for the period   |   |                             |                   |            | 14,046       |   |                             |                   |            | 81,228       |
| Total comprehensive income for the period attributable to:                                |   |                             |                   |            |              |   |                             |                   |            |              |
| Owners of the parent  |   |                             |                   |            | 13,449       |   |                             |                   |            | 80,147       |
| Non-controlling interests   |   |                             |                   |            | 597          |   |                             |                   |            | 1,081        |

# Consolidated Financial Statements

## Consolidated Statements of Changes in Equity (IFRS)

|   |   |                 |                   |                 |  |                  |   |   |         |   |          | (¥ Millions)              |              |
|---|---|-----------------|-------------------|-----------------|--|------------------|---|---|---------|---|----------|---------------------------|--------------|
|   | Equity Attributable to Owners of the Parent |                 |                   |                 |  |                  |   |   |         |   |          |                           |              |
|   | Issued Capital                              | Capital Surplus | Retained Earnings | Treasury Shares | Other Components of Equity                             |                  |   |   |         | Other components of equity related to disposal groups classified as held for sale | Total    | Non-Controlling Interests | Total Equity |
|   |   |                 |                   |                 | Exchange differences on translating foreign operations | Cash flow hedges | Net changes in financial assets measured at fair value through other comprehensive income | Remeasurements of net defined benefit liability (asset) | Total   |   |          |                           |              |
| FY2022 (From April 1, 2022 to March 31, 2023) |   |                 |                   |                 |  |                  |   |   |         |   |          |                           |              |
| Opening balance                               | 67,176                                      | 80,374          | 410,872           | (37,025)        | 25,316   | —                | 27,460  | 43,625  | 96,402  | —   | 617,800  | 19,659                    | 637,460      |
| Net income                                    | —   | —               | 18,412            | —               | —  | —                | —   | —   | —       | —   | 18,412   | 249                       | 18,661       |
| Other comprehensive income                    | —   | —               | —                 | —               | 13,606   | —                | (3,809)   | (14,759)  | (4,962) | —   | (4,962)  | 347                       | (4,615)      |
| Total comprehensive income for the period     | —   | —               | 18,412            | —               | 13,606   | —                | (3,809)   | (14,759)  | (4,962) | —   | 13,449   | 597                       | 14,046       |
| Purchase of treasury shares                   | —   | —               | —                 | (8)             | —  | —                | —   | —   | —       | —   | (8)      | —                         | (8)          |
| Disposal of treasury shares                   | —   | 28              | —                 | 252             | —  | —                | —   | —   | —       | —   | 280      | —                         | 280          |
| Share-based payment transactions              | —   | 74              | —                 | —               | —  | —                | —   | —   | —       | —   | 74       | —                         | 74           |
| Cash dividends                                | —   | —               | (15,403)          | —               | —  | —                | —   | —   | —       | —   | (15,403) | (1,744)                   | (17,148)     |
| Other   | —   | —               | 1,855             | —               | —  | —                | (1,835)   | —   | (1,835) | —   | 20       | —                         | 20           |
| Total transactions with owners, etc.          | —   | 102             | (13,548)          | 243             | —  | —                | (1,835)   | —   | (1,835) | —   | (15,037) | (1,744)                   | (16,782)     |
| Closing balance                               | 67,176                                      | 80,476          | 415,736           | (36,781)        | 38,922   | —                | 21,816  | 28,865  | 89,604  | —   | 616,213  | 18,511                    | 634,724      |

|   | Equity Attributable to Owners of the Parent |                 |                   |                 |  |                  |   |   |          |   |          |                           | (¥ Millions) |
|---|---|-----------------|-------------------|-----------------|--|------------------|---|---|----------|---|----------|---------------------------|--------------|
|   | Issued Capital                              | Capital Surplus | Retained Earnings | Treasury Shares | Other Components of Equity                             |                  |   |   | Total    | Other components of equity related to disposal groups classified as held for sale | Total    | Non-Controlling Interests | Total Equity |
|   |   |                 |                   |                 | Exchange differences on translating foreign operations | Cash flow hedges | Net changes in financial assets measured at fair value through other comprehensive income | Remeasurements of net defined benefit liability (asset) |          |   |          |                           |              |
| FY2023 (From April 1, 2023, to March 31, 2024)  |   |                 |                   |                 |  |                  |   |   |          |   |          |                           |              |
| Opening balance   | 67,176                                      | 80,476          | 415,736           | (36,781)        | 38,922   | —                | 21,816  | 28,865  | 89,604   | —   | 616,213  | 18,511                    | 634,724      |
| Net income  | —   | —               | 8,502             | —               | —  | —                | —   | —   | —        | —   | 8,502    | 1,062                     | 9,564        |
| Other comprehensive income  | —   | —               | —                 | —               | 30,486   | (161)            | 9,935   | 31,384  | 71,644   | —   | 71,644   | 19                        | 71,663       |
| Total comprehensive income for the period   | —   | —               | 8,502             | —               | 30,486   | (161)            | 9,935   | 31,384  | 71,644   | —   | 80,147   | 1,081                     | 81,228       |
| Purchase of treasury shares   | —   | —               | —                 | (21,727)        | —  | —                | —   | —   | —        | —   | (21,727) | —                         | (21,727)     |
| Disposal of treasury shares   | —   | (70)            | —                 | 545             | —  | —                | —   | —   | —        | —   | 475      | —                         | 475          |
| Retirement of treasury shares   | —   | (47,540)        | —                 | 47,540          | —  | —                | —   | —   | —        | —   | —        | —                         | —            |
| Share-based payment transactions  | —   | (128)           | —                 | —               | —  | —                | —   | —   | —        | —   | (128)    | —                         | (128)        |
| Cash dividends  | —   | —               | (15,040)          | —               | —  | —                | —   | —   | —        | —   | (15,040) | (1,372)                   | (16,413)     |
| Transfer from retained earnings to capital surplus  | —   | 45,160          | (45,160)          | —               | —  | —                | —   | —   | —        | —   | —        | —                         | —            |
| Changes due to loss of control of subsidiaries  | —   | —               | —                 | —               | —  | —                | —   | —   | —        | —   | —        | (244)                     | (244)        |
| Transfer from other components of equity to retained earnings                                 | —   | —               | 11,324            | —               | —  | —                | (11,004)  | (320)   | (11,324) | —   | —        | —                         | —            |
| Transfer to other components of equity related to disposal groups classified as held for sale | —   | —               | —                 | —               | 345  | —                | —   | —   | 345      | (345)   | —        | —                         | —            |
| Other   | —   | —               | 40                | —               | —  | —                | —   | —   | —        | —   | 40       | —                         | 40           |
| Total transactions with owners, etc.  | —   | (2,579)         | (48,836)          | 26,358          | 345  | —                | (11,004)  | (320)   | (10,978) | (345)   | (36,381) | (1,616)                   | (37,998)     |
| Closing balance   | 67,176                                      | 77,897          | 375,402           | (10,422)        | 69,754   | (161)            | 20,747  | 59,929  | 150,270  | (345)   | 659,979  | 17,975                    | 677,954      |

## Consolidated Statements of Cash Flows (IFRS)

(¥ Millions)

|  | FY2022<br>(From April 1, 2022,<br>to March 31, 2023) | FY2023<br>(From April 1, 2023,<br>to March 31, 2024) |
|--|--|--|
| Net cash provided by operating activities  |  |  |
| Income before income taxes   | 43,282   | 26,210   |
| Income (loss) before income taxes from discontinued operations                                 | (11,356)   | (2,986)  |
| Depreciation and amortization  | 58,376   | 54,121   |
| Increase (decrease) in net defined benefit liability and net defined benefit asset             | (3,056)  | 27,955   |
| Interest and dividend income   | (1,987)  | (3,140)  |
| Interest expenses  | 3,726  | 5,794  |
| Share of profits of investments accounted for using the equity method                          | (3,196)  | (4,377)  |
| Decrease (increase) in trade receivables   | 5,100  | 4,816  |
| Decrease (increase) in inventories   | 6,330  | 4,016  |
| Increase (decrease) in trade payables  | (10,130)   | 12,235   |
| Other  | (3,926)  | 4,610  |
| Subtotal   | 83,161   | 129,255  |
| Interest and dividend received   | 5,122  | 5,520  |
| Interest expenses paid   | (3,670)  | (5,818)  |
| Income tax paid  | (20,449)   | (29,139)   |
| Net cash provided by operating activities  | 64,163   | 99,818   |
| Investing activities   |  |  |
| Purchases of property, plant and equipment   | (44,292)   | (49,933)   |
| Proceeds from sale of property, plant and equipment  | 302  | 309  |
| Purchases of intangible assets   | (7,457)  | (8,764)  |
| Purchases of other financial assets  | (118)  | (100,096)  |
| Proceeds from sale of other financial assets   | 3,348  | 17,971   |
| Proceeds from redemption of other financial assets   | —  | 59,999   |
| Payments for sale of investments in subsidiaries resulting in change in scope of consolidation | —  | (10,917)   |
| Other  | (561)  | 616  |
| Net cash used in investing activities  | (48,778)   | (90,814)   |

(¥ Millions)

|   | FY2022<br>(From April 1, 2022,<br>to March 31, 2023) | FY2023<br>(From April 1, 2023,<br>to March 31, 2024) |
|---|--|--|
| Financial activities  |  |  |
| Increase (decrease) in short-term loans   | (8,065)  | (22,196)   |
| Proceeds from long-term loans   | 16,409   | 70,677   |
| Repayments of long-term loans   | (14,436)   | (30,052)   |
| Proceeds from issuance of corporate bonds   | 43,000   | 15,000   |
| Payments for redemption of corporate bonds  | (10,000)   | (15,000)   |
| Repayments of lease liabilities   | (5,636)  | (5,556)  |
| Acquisition of treasury shares  | (1)  | (21,717)   |
| Dividends paid  | (15,386)   | (15,037)   |
| Dividends paid to non-controlling interests   | (1,744)  | (1,372)  |
| Other   | 280  | 475  |
| Net cash used in financial activities   | 4,417  | (24,780)   |
| Effect of exchange rate changes on cash and cash equivalents  | 2,801  | 6,257  |
| Net increase (decrease) in cash and cash equivalents  | 22,604   | (9,519)  |
| Cash and cash equivalents at the beginning of the period  | 137,504  | 160,109  |
| Cash and cash equivalents included in assets related to disposal groups classified as held for sale | —  | (6)  |
| Cash and cash equivalents at the end of the period  | 160,109  | 150,583  |

## NSK Group Tax Policy

As the globalization of business advances, the NSK Group believes that the proper payment of taxes in the countries and regions where it operates is one of the most fundamental and important social responsibilities that it should undertake. With this understanding, the Group has established the NSK Group Tax Policy and is striving to ensure appropriate tax treatment. For more details, please visit the website noted below.

Please see our website for more information. ▶



# Major NSK Group Companies

As of March 31, 2024

| Region       | Company Name                           | Consolidated Equity | Outline of Business   |
|--------------|--|---------------------|---|
| Japan        | NSK MICRO PRECISION CO., LTD.          | 55.0%               | Manufacture and sales of industrial machinery bearings, etc.                                    |
|              | NSK MICRO PRECISION CO., LTD. (NAGANO) | 100.0%              | Manufacture of industrial machinery bearings, etc.  |
|              | AMATSUJI STEEL BALL MFG. CO., LTD.     | 100.0%              | Manufacture and sales of steel balls  |
|              | AKS EAST JAPAN CO., LTD.               | 100.0%              | Manufacture of steel balls  |
|              | NSK KYUSHU CO., LTD.                   | 100.0%              | Manufacture of precision machinery & parts  |
|              | ASAHI SEIKI CO., LTD.                  | 74.3%               | Manufacture of industrial machinery bearing parts, etc.   |
|              | SHINWA SEIKO CO., LTD.                 | 82.4%               | Manufacture of industrial machinery bearing parts, etc.   |
|              | NSK TOYAMA CO., LTD.                   | 100.0%              | Manufacture of industrial machinery bearing parts   |
|              | NSK MACHINERY CO., LTD.                | 100.0%              | Manufacture of machine tools, etc.  |
|              | KURIBAYASHI SEISAKUSHO CO., LTD.       | 73.5%               | Manufacture and sales of automotive bearing parts   |
|              | NSK REAL ESTATE CO., LTD.              | 100.0%              | Real estate management and rental, etc.   |
|              | NISSEI BLDG. MANAGEMENT LTD.           | 70.0%               | Management of Nissei Building   |
|              | NSK HUMAN RESOURCE SERVICES LTD.       | 100.0%              | Consignment services for salary and welfare   |
|              | NSK LOGISTICS CO., LTD.                | 100.0%              | Distribution service  |
|              | NSK NETWORK AND SYSTEMS CO., LTD.      | 100.0%              | Design and development for computer systems, etc.   |
|              | NSK-CHUGAI, LTD.                       | 65.0%               | Sales of electrical components and insurance agent, etc.  |
| THE AMERICAS | NSK-WARNER K.K.                        | 50.0%               | Manufacture and sales of automotive-related products  |
|              | NSK STEERING & CONTROL, INC.           | 49.9%               | Sales, design, and development of automotive components, control of subsidiaries and affiliates |
|              | INOUE JIKUUE KOGYO CO., LTD.           | 40.0%               | Manufacture and sales of industrial machinery bearings  |
|              |  |                     |   |
| U.S.A.       | NSK AMERICAS, INC.                     | 100.0%              | Control of American subsidiaries and affiliates   |
|              | NSK CORPORATION                        | 100.0%              | Manufacture and sales of automotive bearings, etc.  |
|              | NSK PRECISION AMERICA, INC.            | 100.0%              | Manufacture and sales of precision machinery & parts  |

| Region    | Company Name   | Consolidated Equity | Outline of Business   |
|-----------|--|---------------------|---|
| U.S.A.    | NSK LATIN AMERICA, INC.                              | 100.0%              | Sales of industrial machinery bearings, etc.  |
|           | NSK-AKS PRECISION BALL COMPANY BK VIBRO AMERICA INC. | 100.0%              | Manufacture and sales of steel balls  |
|           |  | 100.0%              | Manufacture of condition monitoring equipment and sale and provision of condition monitoring services |
| Canada    | NSK CANADA INC.                                      | 100.0%              | Sales of industrial machinery bearings, etc.  |
| Mexico    | NSK RODAMIENTOS MEXICANA, S.A. DE C.V.               | 100.0%              | Sales of industrial machinery bearings, etc.  |
|           | NSK BEARINGS MANUFACTURING, MEXICO, S.A. DE C.V.     | 100.0%              | Manufacture of automotive bearings, etc.  |
|           | AKS PRECISION BALL MEXICO S.A. DE C.V.               | 100.0%              | Manufacture and sales of steel balls  |
| Brazil    | NSK BRASIL LTDA.                                     | 100.0%              | Manufacture and sales of industrial machinery bearings, etc.  |
| Argentina | NSK ARGENTINA S.R.L.                                 | 100.0%              | Sales of industrial machinery bearings, etc.  |
| Peru      | NSK PERU S.A.C.                                      | 100.0%              | Sales support of industrial machinery bearings, etc.  |
| EUROPE    |  |                     |   |
| U.K.      | NSK EUROPE LTD.                                      | 100.0%              | Control of European subsidiaries and affiliates   |
|           | NSK BEARINGS EUROPE LTD.                             | 100.0%              | Manufacture of automotive bearings, etc.  |
|           | NSK PRECISION UK LTD.                                | 100.0%              | Manufacture of precision machinery & parts  |
|           | NSK UK LTD.  | 100.0%              | Sales of industrial machinery bearings, etc.  |
|           | NSK STEERING SYSTEMS EUROPE LTD.                     | 100.0%              | Manufacture of automotive components  |
|           | AKS PRECISION BALL EUROPE LTD.                       | 100.0%              | Manufacture and sales of steel balls  |
| Germany   | NSK EUROPA HOLDING GMBH                              | 100.0%              | Holding company of subsidiaries in Germany  |
|           | NSK DEUTSCHLAND GMBH                                 | 100.0%              | Sales of industrial machinery bearings, etc.  |
|           | NEUWEG FERTIGUNG GMBH                                | 100.0%              | Manufacture of industrial machinery bearings  |
|           | BRÜEL & KJÆR VIBRO GMBH                              | 100.0%              | Manufacture of condition monitoring equipment and sale and provision of condition monitoring services |



| Region       | Company Name  | Consolidated Equity | Outline of Business   |
|--------------|---|---------------------|---|
| France       | NSK FRANCE S.A.S.   | 100.0%              | Sales of industrial machinery bearings, etc.                            |
| Italy        | NSK ITALIA S.P.A.   | 100.0%              | Sales of industrial machinery bearings, etc.                            |
| Spain        | NSK SPAIN S.A.  | 100.0%              | Sales of industrial machinery bearings, etc.                            |
| Netherlands  | NSK EUROPEAN DISTRIBUTION CENTRE B.V.   | 100.0%              | Distribution service  |
| Poland       | NSK BEARINGS POLSKA S.A.  | 95.5%               | Manufacture of industrial machinery bearings, etc.                      |
|              | NSK POLSKA SP. Z O.O.   | 100.0%              | Sales of industrial machinery bearings, etc.                            |
|              | NSK NEEDLE BEARING POLAND SP. Z O.O.  | 100.0%              | Manufacture of automotive bearings                                      |
|              | AKS PRECISION BALL POLSKA SP. Z O.O.  | 100.0%              | Manufacture and sales of steel balls                                    |
| Denmark      | BRÜEL & KJÆR VIBRO A/S  | 100.0%              | Development of condition monitoring equipment                           |
| Turkey       | NSK RULMANLARI ORTA DOGU TIC. LTD. STI (NSK BEARINGS MIDDLE EAST TRADING CO., LTD.) | 100.0%              | Sales of industrial machinery bearings, etc.                            |
| South Africa | NSK SOUTH AFRICA (PTY) LTD.   | 100.0%              | Sales of industrial machinery bearings, etc.                            |
| <b>ASIA</b>  |   |                     |   |
| China        | NSK (CHINA) INVESTMENT CO., LTD.  | 100.0%              | Control of Chinese subsidiaries and affiliates, sales of bearings, etc. |
|              | KUNSHAN NSK CO., LTD.   | 85.0%               | Manufacture of automotive bearings, etc.                                |
|              | NSK DONGGUAN AUTOMOTIVE TECHNOLOGY CO., LTD.  | 100.0%              | Manufacture of automotive-related products                              |
|              | ZHANGJIAGANG NSK PRECISION MACHINERY CO., LTD.                                      | 100.0%              | Manufacture of automotive bearing parts, etc.                           |
|              | CHANGSHU NSK NEEDLE BEARING CO., LTD.   | 100.0%              | Manufacture of automotive bearings                                      |
|              | AKS PRECISION BALL (HANGZHOU) CO., LTD.   | 100.0%              | Manufacture and sales of steel balls                                    |
|              | SUZHOUSK BEARINGS CO., LTD.   | 100.0%              | Manufacture of automotive bearings                                      |
|              | NSK (CHINA) RESEARCH AND DEVELOPMENT CO., LTD.                                      | 100.0%              | Research and development of automotive bearings, etc.                   |
|              | SHENYANG NSK PRECISION CO., LTD.  | 100.0%              | Manufacture of precision machinery & parts                              |
|              | SHENYANG NSK CO., LTD.  | 100.0%              | Manufacture of industrial machinery bearings                            |

| Region      | Company Name  | Consolidated Equity | Outline of Business                                      |
|-------------|---|---------------------|--|
| China       | HEFEI NSK CO., LTD.                                     | 100.0%              | Manufacture of industrial machinery bearings, etc.       |
|             | TOHSHIN-NSK ROLLERS (SUZHOU) CO., LTD.                  | 40.0%               | Manufacture of automotive bearing parts                  |
| Hong Kong   | NSK HONG KONG LTD.                                      | 70.0%               | Sales of industrial machinery bearings, etc.             |
| Taiwan      | TAIWAN NSK PRECISION CO., LTD.                          | 70.0%               | Sales of precision machinery & parts                     |
| Singapore   | NSK INTERNATIONAL (SINGAPORE) PTE LTD.                  | 100.0%              | Control of ASEAN and OCEANIA subsidiaries and affiliates |
| Indonesia   | PT. NSK BEARINGS MANUFACTURING INDONESIA                | 100.0%              | Manufacture of industrial machinery bearings, etc.       |
|             | PT. NSK INDONESIA                                       | 100.0%              | Sales of industrial machinery bearings, etc.             |
|             | PT. AKS PRECISION BALL INDONESIA                        | 100.0%              | Manufacture and sales of steel balls                     |
| Thailand    | NSK BEARINGS MANUFACTURING (THAILAND) CO., LTD.         | 74.9%               | Manufacture and sales of automotive bearings             |
|             | NSK ASIA PACIFIC TECHNOLOGY CENTRE (THAILAND) CO., LTD. | 100.0%              | Development of products, etc.                            |
|             | NSK BEARINGS (THAILAND) CO., LTD                        | 49.0%               | Sales of industrial machinery bearings, etc.             |
| Malaysia    | NSK BEARINGS (MALAYSIA) SDN. BHD.                       | 51.0%               | Sales of industrial machinery bearings, etc.             |
|             | NSK MICRO PRECISION (M) SDN. BHD.                       | 100.0%              | Manufacture of industrial machinery bearings, etc.       |
|             | ISC MICRO PRECISION SDN. BHD.                           | 100.0%              | Manufacture of industrial machinery bearings, etc.       |
| Vietnam     | NSK VIETNAM CO., LTD.                                   | 100.0%              | Sales of industrial machinery bearings, etc.             |
| Australia   | NSK AUSTRALIA PTY. LTD.                                 | 100.0%              | Sales of industrial machinery bearings, etc.             |
| New Zealand | NSK NEW ZEALAND LIMITED                                 | 100.0%              | Sales of industrial machinery bearings, etc.             |
| India       | NSK BEARINGS INDIA PRIVATE LIMITED                      | 100.0%              | Manufacture and sales of automotive bearings, etc.       |
|             | ANE NSK STEERING SYSTEMS PRIVATE LTD.                   | 51.0%               | Manufacture and sales of automotive components           |
| South Korea | NSK KOREA CO., LTD.                                     | 100.0%              | Manufacture and sales of automotive bearings, etc.       |

# Basic Knowledge of NSK Products

## Bearings

Bearings—the staple of industry. A surprisingly large number of them can be found all around us. ▶ [P.5 NSK Supporting Society](#)

The term “bearing” incorporates the meaning of “to bear,” in the sense of “to support.”

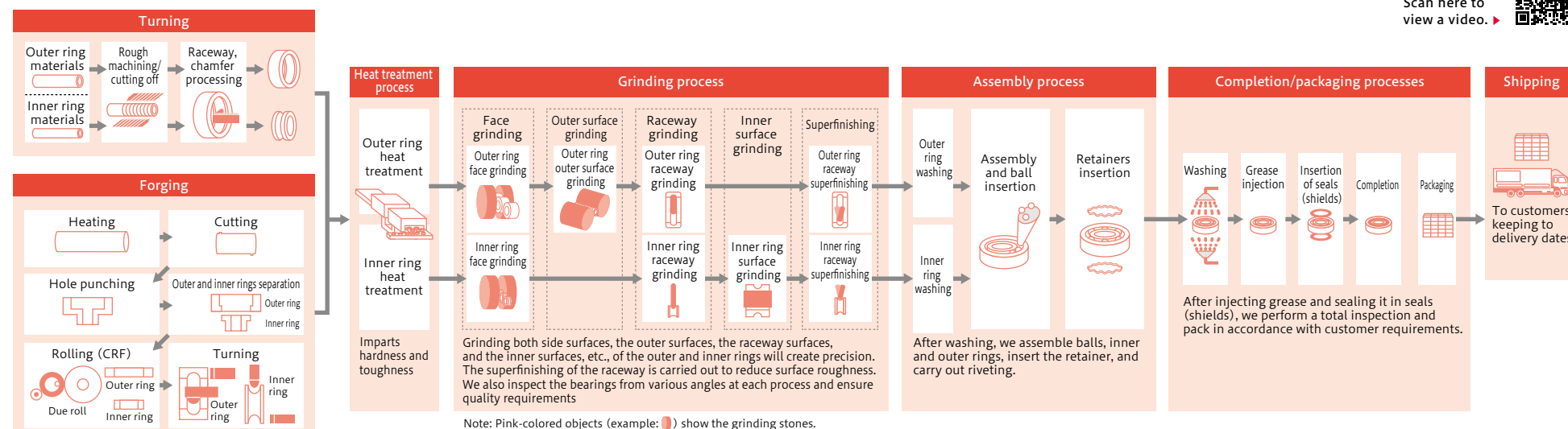
### With bearings:

Bearings work to reduce friction in the rotational motion of machines. The three main benefits of reducing friction are as follows.

- 1 Machine will run more efficiently**
- 2 Extend the operating life of machinery**
- 3 Preventing abrasion burn and avoiding mechanical breakdown**

Bearings also contribute to lower energy consumption by reducing friction and allowing the efficient transmission of power. This is just one way in which bearings are environmentally friendly.

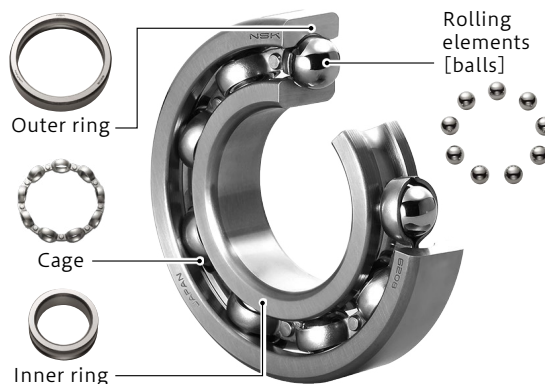
### Main manufacturing processes for bearings:



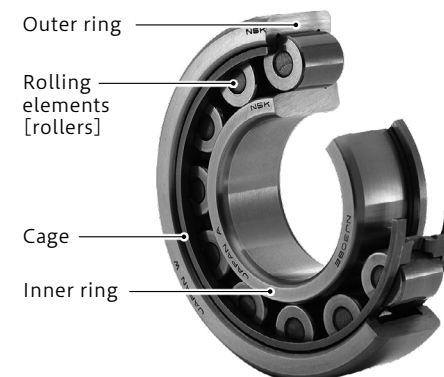
Process into a ring shape by turning or forging and turn the raceway and the inner surface of the rings (both outer and inner rings).

### Structure

#### Ball Bearing



#### Roller Bearing



Bearings have a simple basic structure with four elements—an outer ring, an inner ring, rolling elements, and a cage.

Scan here to view a video. ▶



# Ball Screws

A ball screw is a component that combines the characteristics of a low-friction mechanism using balls based on the bearing principle with those of a screw mechanism. These items are widely used as components mainly in machine tools, various types of robots, FA, OA equipment, semiconductor-related equipment, industrial machinery, and medical-related equipment.

When the shaft turns, the ball in the nut rolls and the nut moves straight in the direction of the shaft. The ball in the nut is a rolling contact, so it can change the rotating force of a motor, etc., into a liner motion without wasting energy.

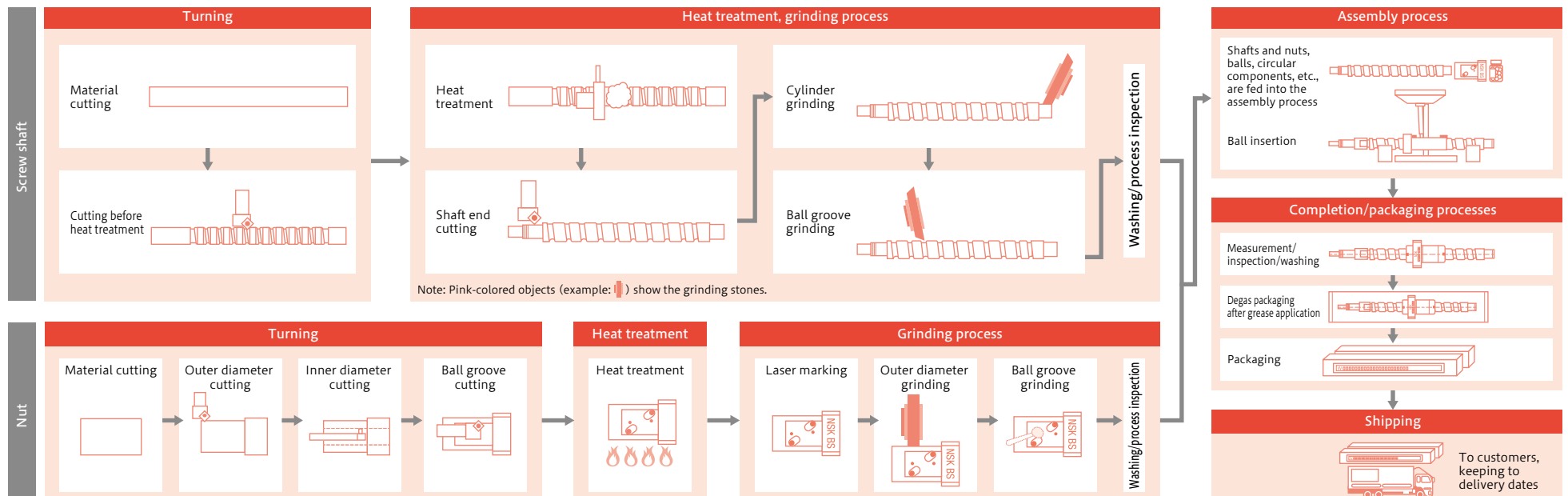
## With ball screws:

A ball screw is a component that can convert rotational motion into linear motion. Ball screws have basically two major applications.

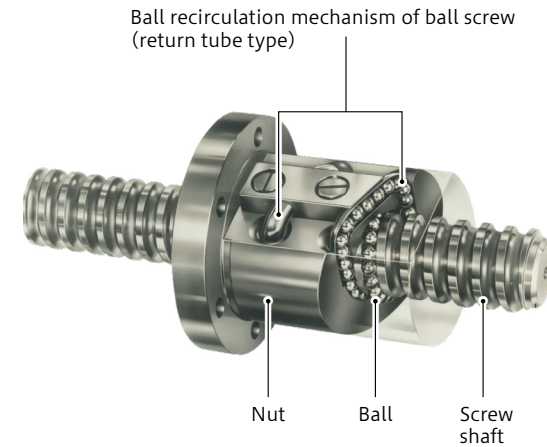
- 1** Precise positioning utilizing extremely accurate motion
- 2** Transmission of force that can generate a large force by a small rotational force

Precise positioning for use in machine tools and the machining machine parts.

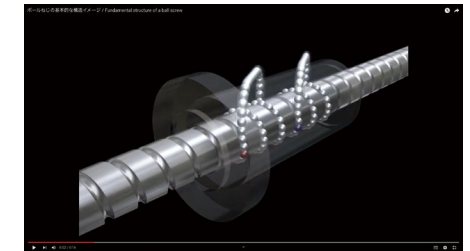
## Main manufacturing processes for ball screws:



## Structure



## Movement image



Scan here to view a video. ▶



# Glossary

| Term              | Meaning   |
|-------------------|---|
| Bearings & Beyond | Indicates NSK's intention to further develop its founding bearings business and to leverage the technology, know-how and product strength it has built up to date to develop its business beyond existing areas.  |
| CMS               | CMS stands for <u>C</u> ondition <u>M</u> onitoring <u>S</u> ystem. One example of a CMS is a system for understanding/analyzing the operational status of bearings (e.g., vibration, noise, rotational torque) based on various data by bearings with sensors installed. |
| Micro-UT Method   | UT stands for <u>U</u> ltrasonic <u>T</u> esting. The Micro-UT method refers to a non-destructive testing method using ultrasonic waves.  |
| MRO               | MRO stands for <u>M</u> aintenance, <u>R</u> epair or <u>R</u> eplacement, <u>O</u> peration. In NSK Report 2024, we make references to the demand for maintenance and repair services of industrial machines and equipment in the Industrial Machinery Business.         |
| NIT               | NIT stands for <u>N</u> SK <u>I</u> nstitute of <u>T</u> echnology, which is an internal educational institute for our engineers to master more advanced technology.  |

| Term                               | Meaning  |
|------------------------------------|--|
| NPDS                               | NPDS stands for <u>N</u> SK <u>P</u> roduct <u>D</u> evelopment <u>S</u> ystem. NPDS, NSK's proprietary quality management system, is geared toward promptly and reliably responding to new projects and to the mass production of products that satisfy customers. Being rolled out globally, at each stage of the process, from product planning to development and design, prototype manufacturing, and mass production, dedicated staff perform stringent checks to confirm that any concerns are resolved and to build quality. Even after a product has entered mass production, we conduct thorough management to stably maintain high quality. |
| NSK Monozukuri Center              | The NSK Monozukuri Center was established in 2005 for the purpose of passing on manufacturing related know-how and skills and developing current and future leaders of the shop floor.   |
| Product Lifecycle Management (PLM) | PLM stands for <u>P</u> roduct <u>L</u> ifecycle <u>M</u> anagement and refers to the management of the product life cycle. NSK is working to expand its PLM strategy to include equipment maintenance and repair after product sales, with the aim of strengthening its service delivery system throughout the entire product life cycle.   |
| QCDDSM                             | QCDDSM stands for <u>Q</u> uality, <u>C</u> ost, <u>D</u> elivery, <u>D</u> evelopment, <u>S</u> ervice, and <u>M</u> anagement. The QCDDSM elements are generally focused on by the manufacturing industry including NSK.   |
| SPI Management                     | SPI is an acronym for <u>S</u> ales, <u>P</u> roduction, and <u>I</u> nventory, and refers to the appropriate management and operation of sales, production, and inventory.  |



| Term                                  | Meaning   |
|---------------------------------------|---|
| Actuators                             | Actuators refer to mechanical components that, for example, play a role in the actuation of brakes and gear shifting of automobiles.  |
| Aftermarket                           | Aftermarket refers to maintenance and repair demand. In NSK, aftermarket mainly means the demand and business for repair and replacement.   |
| Environmentally Friendly Products     | Environmentally friendly products are those products that, together with offering higher performance than conventional products, contribute to a greater reduction of negative environmental impact. At NSK, we emphasize the following for product manufacturing that contributes to the reduction of negative environmental impact: <ol style="list-style-type: none"> <li>1. Creating products that contribute to energy and resource conservation during use by customers;</li> <li>2. Creating products that minimize energy and resource use during production;</li> <li>3. Creating products that realize zero use of environmentally harmful substances; and</li> <li>4. Creating products that contribute to people's health and safety through low vibration, low noise, and low dust emissions.</li> </ol> |
| Global Posts                          | Global posts refer to important business management posts at regional headquarters, including regional heads. Many of these positions are filled by local employees, and business expansion is led locally.   |
| Design Quality/ Manufacturing Quality | Design quality refers to "targeted quality" and is the quality realized by building it in at the design stage to achieve satisfying function and performance. Manufacturing quality is known as "performance quality." It is the quality of products that have been manufactured and is realized through management at the manufacturing stage.   |

| Term              | Meaning  |
|-------------------|--|
| Smart Factory     | Smart factory in this report refers to NSK's new concept factory. The status of equipment and processing in each process during manufacturing is understood with data in real time, which is utilized for quality control, equipment maintenance, and product traceability. The understanding and management of big data are realized by advancements in Information Technology (IT). The evolution of the information of things such as IoT is the technology behind the smart factory. |
| Needle Bearings   | Needle bearings refer to bearings with needle-type rolling elements. Low cross-sectional height and high load capacity help realize space saving.  |
| Hub Unit Bearings | Hub unit bearing refers to a type of bearing that integrates the part attached to the vehicle body and the part called a hub to which the wheel is mounted. Hub unit bearings support the vehicle body while smoothly rotating the wheels.   |
| Powertrain        | Powertrain refers to the main components that generate power and deliver that to the drive wheel in automobiles.   |
| Mother Plant      | We position plants with outstanding capacity such as excellent technical ability and significant production capacity as mother plants. In NSK, mother plants have the role of transferring technology, etc., to child plants located overseas.   |
| Megatorque Motor™ | Megatorque Motor refers to the integration of the bearing, motor, and sensor to produce accurate rotational motion. The Megatorque Motor enables agile motion and smart control.   |
| Monocarrier™      | Monocarrier refers to a lightweight, compact single-axis actuator with an all-in-one design integrating ball screw, linear guide, and support bearings. NSK was the first in the world to develop its own all-in-one linear motion products.   |

# IR Activities

NSK discloses management information promptly and fairly and is actively engaged in dialogue with shareholders and investors. In addition, the Company strives to achieve stable shareholder returns and pursues sustainable growth together with higher corporate value over the mid- to long-term. In this way, we seek to continue to be a company that meets the expectations of our stakeholders, including shareholders and investors.

## General Meeting of Shareholders

Being cognizant that the General Meeting of Shareholders is a venue for active dialogue with shareholders, we set its date to avoid periods concentrated with the shareholders' meetings of other companies (at least two days prior to such a concentrated period) and promptly issue and post convocation notices and reports (normally posted to our website 28 days prior to the date of the meeting), among other efforts we make to create favorable conditions for the meeting.

The 163rd Ordinary General Meeting of Shareholders for the Year Ended March 31, 2024 (held June 27, 2024)

| Number of Shareholders Present | Ratio of Shareholder Voting Rights Exercised |
|--------------------------------|--|
| 59                             | 83.0%  |

## Dialogue with Institutional and Individual Investors

Various direct dialogues are held by senior management, including briefings on financial results and mid-term management plans. In addition, constructive dialogue (engagement) on management strategy and ESG issues is conducted annually.

As in the previous year, we held an individual investor presentation in-person and online in FY2023. NSK actively discloses information and responds to questions, including having a website for individual investors to learn about NSK in an easy-to-understand manner.

NSK will continue to properly communicate its management direction, business strategies, and other information, while striving to engage in dialogue to ensure correct evaluation and understanding.

Number of Dialogue Opportunities in FY2023: Total of 428 Companies (excluding large meetings)

|  |                                      |
|--|--------------------------------------|
| Financial conferences (large meetings)                         | 4 times for a total of 378 companies |
| Individual IR interviews                                       | Total of 266 companies               |
| Institutional investor engagement visits                       | Total of 19 companies                |
| President's small meetings                                     | 5 times for a total of 55 people     |
| IR road shows outside Japan (online) Europe/North America/Asia | 16 companies                         |
| Conference participation for investors outside Japan           | 5 times for a total of 37 companies  |

Please see our website for NSK's disclosure policy. ▶



## Highly Evaluated by Outside Agencies (SRI/ESG)

Over and above their financial aspects, companies that merit high evaluations for their environmental and social contributions are being recognized for their promise of long-term sustainable growth. These companies are also attracting interest from a socially responsible investment (SRI) perspective while forging an increasingly important presence among a wide range of institutional investors. Acknowledged for its integrity, NSK was included in the following internationally recognized SRI/ESG indices as of July 2024.

|  |  |
|--|--|
| <p>Member of Dow Jones Sustainability Indices<br/>Powered by the S&amp;P Global CSA</p> <p><a href="https://www.spglobal.com/esg/csa/indices/djsi-index-family">https://www.spglobal.com/esg/csa/indices/djsi-index-family</a></p> | <p>*4</p> <p>2024 CONSTITUENT MSCI NIKONKABU ESG SELECT LEADERS INDEX</p> <p><a href="https://www.msci.com/esg-integration">https://www.msci.com/esg-integration</a></p> |
| <p>*1</p> <p>FTSE4Good</p> <p><a href="https://www.lseg.com/en/ftse-russell/indices/ftse4good">https://www.lseg.com/en/ftse-russell/indices/ftse4good</a></p>  | <p><a href="https://www.issgovernance.com/esg/ratings/">https://www.issgovernance.com/esg/ratings/</a></p>   |
| <p>*2</p> <p>FTSE Blossom Japan Index</p> <p><a href="https://www.lseg.com/en/ftse-russell/indices/blossom-japan">https://www.lseg.com/en/ftse-russell/indices/blossom-japan</a></p>   | <p>2024</p> <p><a href="https://www.sompo-am.com/">https://www.sompo-am.com/</a></p>   |
| <p>*3</p> <p>FTSE Blossom Japan Sector Relative Index</p> <p><a href="https://www.lseg.com/en/ftse-russell/indices/blossom-japan">https://www.lseg.com/en/ftse-russell/indices/blossom-japan</a></p>                               |  |

\*1 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that NSK has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

\*2 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that NSK has been independently assessed according to the FTSE Blossom Japan Index criteria and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

\*3 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that NSK has been independently assessed according to the FTSE Blossom Japan Sector Relative Index criteria and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Sector Relative Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. FTSE Blossom Japan Sector Relative Index indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

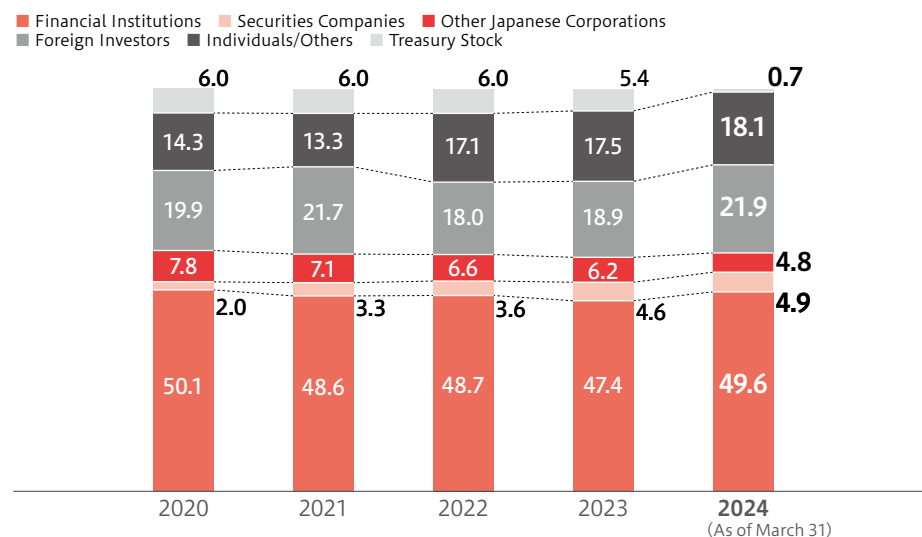
\*4 THE INCLUSION OF NSK IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF NSK BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

# Share Information

As of March 31, 2024

|                        |  |  |
|------------------------|--|--|
| Common Stock           | Authorized   | 1,700,000,000 shares   |
|                        | Issued   | 500,000,000 shares<br>(including 3,722,952 shares of treasury stock) |
| Number of Shareholders | 60,457   |  |
| Transfer Agent         | Mizuho Trust & Banking Co., Ltd.<br>1-3-3, Marunouchi, Chiyoda-ku, Tokyo 100-8241, Japan |  |
| Listing                | Tokyo Stock Exchange Prime Market  |  |
| Security Code          | 6471   |  |

Breakdown of Shareholders (%) (by shareholder type)



## Third-Party Assurances

To ensure the reliability and accuracy of NSK Report 2024 as an integrated report, NSK obtained assurances from an external third party for the data information on the following described in this report.

### ► Items Subject to Assurance

- Energy usage ▶ P.73
- Greenhouse gas emissions (Scope 1•Scope 2•Scope 3) ▶ P.73
- Water withdrawal ▶ P.73
- Waste and valuables ▶ P.73
- Emissions of VOCs ▶ P.73
- Lost-time injury frequency rate ▶ P.74

See here for our Independent Verification Report and Independent Assurance Statement. ▶



## At the Time of Publishing the NSK Report 2024

Thank you very much for your understanding and support of NSK's business activities.

NSK Report 2024 illustrates the initiatives we have taken as part of our ongoing effort to provide new value as we seek to address developments in electrification, automation, and digitalization, and to reduce environmental impact. Each of these initiatives is based upon the strength of the deep trust we have earned from our customers through our experience in accumulating technologies and in supporting the development of industry over the past 100 years.

I therefore hope that this report conveys to our stakeholders the path we must tread to become a company that will continue to be needed, trusted, and relied upon by society. I would also hope that it conveys our efforts to enhance the added value we deliver in existing business domains, as well as to elevate profitability and capital efficiency through the challenge of new products and new domains based on a more extensive range of core technologies, both of which fall under the concept of Bearings & Beyond as presented in MTP2026.

This report was produced primarily by the Corporate Communications Department, which worked in cooperation with a broad range of departments involved. As the executive officer responsible for IR and thus the creation of this report, I declare the process for preparing this report to be valid and the information contained herein to be accurate. We will continue making concerted efforts to further enrich the content of this report and look forward to hearing your honest opinions and requests after reading it.



**Hideaki Hayami**

Vice President  
Head of Corporate Planning  
Division HQ  
Responsible for Investor  
Relations

