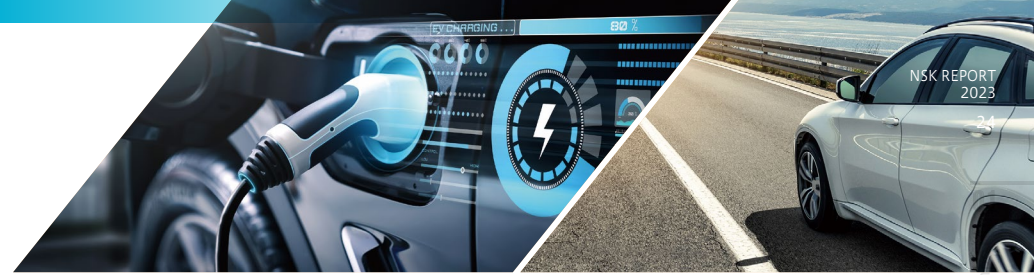


Mid- to Long-Term Growth Strategies and Resource Allocation

Business Strategy ② Strategy and Progress of the Automotive Business



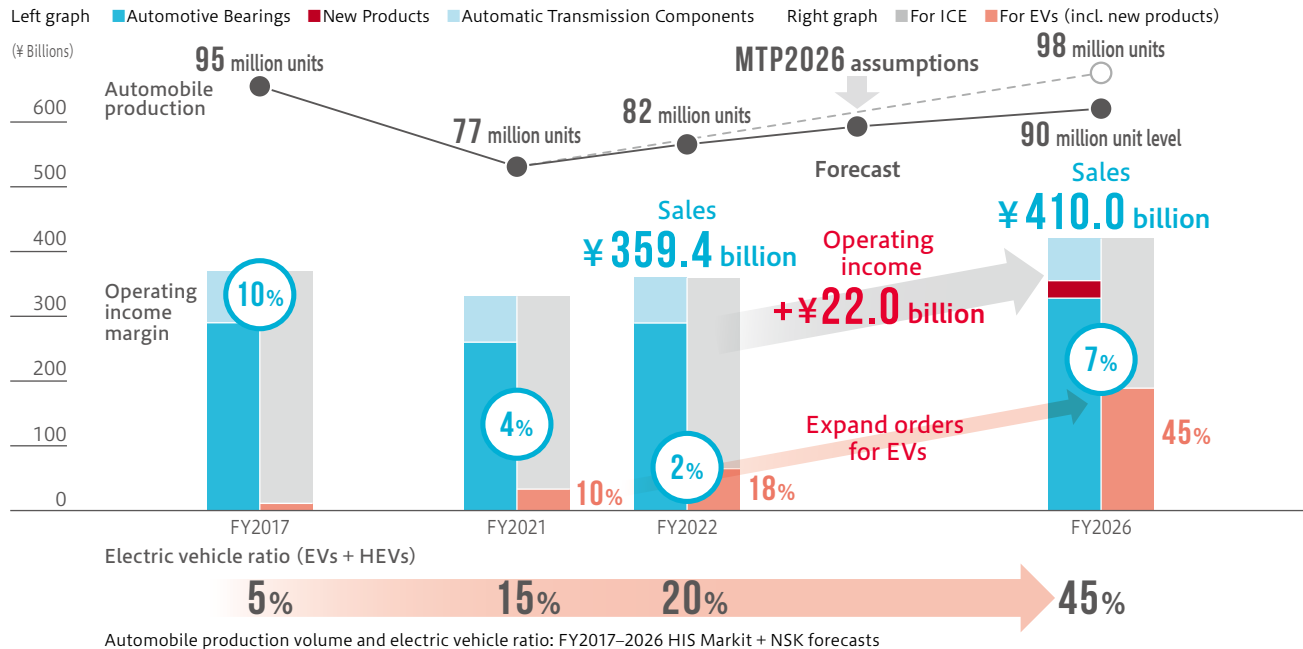
Progress of MTP2026

- ✔ Efforts to cultivate new EV customers and gain orders for electrification projects proceeding as planned
- ✔ Accelerate production restructuring and revise automobile production volume assumptions in MTP2026
- ✔ Joint venture with Japan Industrial Solutions III Investment Limited Partnership (JIS) established in the steering business

FY2026 targets | Sales of **¥410.0 billion** / Operating income margin of **7%**
Note: Excluding the steering business

In the Automotive Business, NSK is targeting sales of ¥410 billion and an operating income margin of 7% in FY2026 (Automotive Bearings + Automatic Transmission Components). Despite lowering our MTP2026 assumption for automobile production volumes from 98 million units to 90 million units, we are focusing on new high-margin orders for EV products in order to maintain our initial profit margin target. In addition, we will continue to improve the profitability of existing product businesses. For example, we will reorganize our production system for products that are expected to decrease in volume and will consider withdrawing from unprofitable products. In the steering business, we established a joint venture, Japan Industrial Solutions III Investment Limited Partnership (JIS), on August 1, 2023.

Automotive Business Sales Growth Note: Excluding the steering business



Toward achieving the MTP2026 targets

- ✔ **Expand sales**
 - Secured **80% of the new order** plan of ¥90.0 billion for EVs by differentiating technologies
 - Expand supply capacity for bearings for eAxles
 - Bring to the market bearings for preventing electrical erosion
 - Strengthen R&D in China
 - Secure orders for new products
 - **70% of orders** against the new products sales target of ¥30.0 billion
 - **Orders for 10 million units** of ball screws for electric-hydraulic brake systems and other initiatives
- ✔ **Improve profitability**
 - New **high-margin orders**
 - Reflect added value in the sales prices of EV products
 - **Improve profitability of existing orders**
 - Concentrate production of ICE products and use available equipment and space for the Industrial Machinery Business and new products
 - Withdraw from unprofitable products and **transfer inflation costs to sales prices**

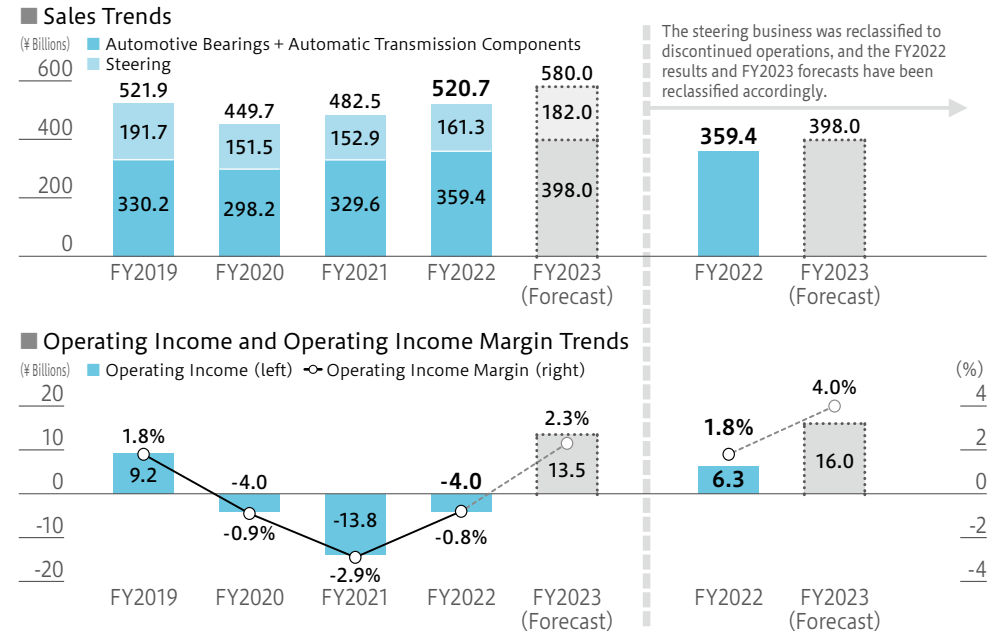
A Look Back at the Business Conditions for FY2022 and the Forecast for FY2023

Although the pace of recovery from the low level of production caused by semiconductor and component supply shortages in the previous fiscal year was slower than expected, sales increased year on year owing to efforts aimed at passing on inflation costs to selling prices and the positive impact of foreign currency exchange rate fluctuations.

Looking at the Company's results by geographic region, sales in Japan decreased compared with the previous fiscal year owing to the downturn in automotive production attributable to supply chain issues in China in the first half of the fiscal year. In the United States and Europe, sales increased on the back of a rebound from the decline that resulted from production constraints caused by semiconductor supply issues in the previous fiscal year. In China, sales declined owing to stagnant production. This was mainly due to the strict restrictions on economic activities as a result of the nation's zero-COVID policy. Sales remained sluggish even after these restrictions eased.

As a result, sales in the Automotive Business totaled ¥520.71 billion, a year-on-year increase of 7.9%. From a profit perspective, NSK incurred an operating loss of ¥3.95 billion in this business following an operating loss of ¥13.76 billion in the previous fiscal year.

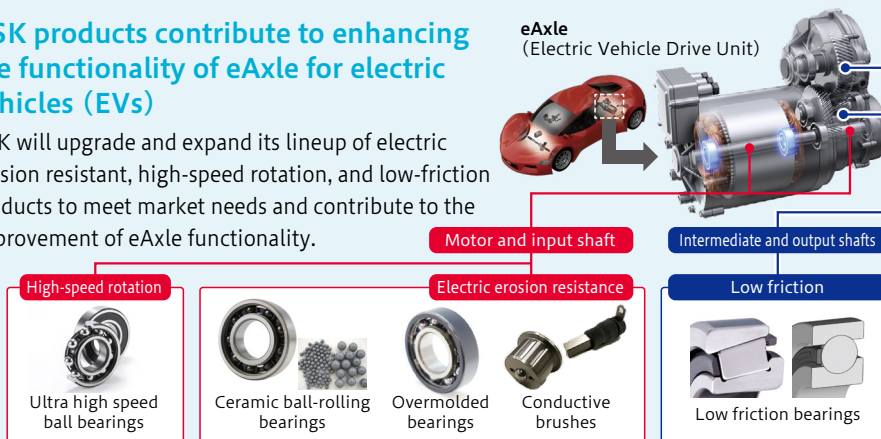
In this segment, we will strengthen our competitiveness by leveraging the low torque, high-speed rotation, and light weight technological capabilities possessed by the Group in response to the electrification of automobiles and aim to grow the business by working to expand new products for the future, including ball screws for electro-hydraulic brake systems. Moreover, under a new company, the steering business will promote further structural reforms to improve profitability and consider alliances with strategic partners.



TOPICS

NSK products contribute to enhancing the functionality of eAxle for electric vehicles (EVs)

NSK will upgrade and expand its lineup of electric erosion resistant, high-speed rotation, and low-friction products to meet market needs and contribute to the improvement of eAxle functionality.



Established a steering business joint venture

Terminated joint venture discussions with thyssenkrupp AG and signed a joint venture agreement with Japan Industrial Solutions III Investment Limited Partnership (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 structural reform by delegating management leadership to JIS, which has experience and expertise in improving the management of several Japanese manufacturing companies, including automotive parts companies

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