

MOTION & CONTROL™  
**NSK**

**NSK REPORT 2025**  
Year ended March 31, 2025  
Integrated Report

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**Sources of Corporate Value**  
What we build on to create new value

Leveraging our technological capabilities, knowledge, product development capabilities, and global network, NSK delivers new added value based on the concept of "Bearings & Beyond."

**Path to Transformation**  
How we view the future and spearhead transformation

As an industry leader, we view change and risks as opportunities, driving the market through co-creation with stakeholders.

**Strategies and Allocation of Resources**  
What we invest in and how we generate earnings

We respond rapidly to changes in our business environment; reinforce our strengths in intellectual, manufacturing, and human capital; and achieve sustainable growth with profitability.

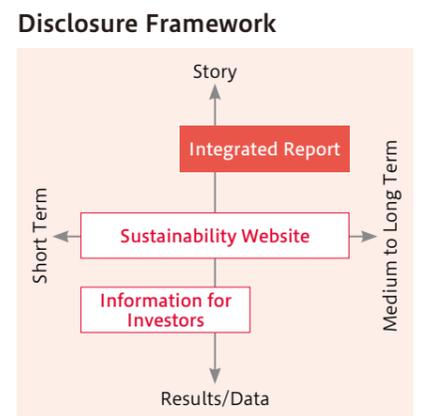
**Sustainable Value Creation**  
How we address risks, make the most of opportunities, and create long-term value

Under NSK's Corporate Philosophy, the Company recognizes environmental changes as opportunities to help solve social issues and secure corporate growth.

**Editorial Policy**

The NSK Report 2025 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.

**Glossary Legend**

 Explanation of terms on the same page.

 Explanation of terms outlined in the Glossary on page 72.

## Introduction NSK's Unwavering Spirit

NSK has operated within a rapidly shifting business environment ever since its founding in 1916. Leveraging the strengths we have built over our more than 100 years in business, we have overcome the challenges of the present as we have expanded the potential of new fields through our commitment to "Bearings & Beyond." [Glossary](#) Under the NSK Corporate Philosophy, we will help build a sustainable society through collaborative value creation with 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 Vision**  
A company that is needed, trusted, and relied upon by society

**Future Potential**

**Urgent Challenges**

**Accumulating Capital**

**Corporate Philosophy**  
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.

**NSK Vision 2026**  
SETTING THE FUTURE IN MOTION

Core Values

- Safety
- Quality
- Environment
- Compliance

We have worked to secure sustainable growth based on the strengths of the technologies we have developed and perfected, our knowledge and product development capabilities, and our global customer base.

With the goal of addressing changes in the business environment driven by sluggish growth in the global economy and the rise of manufacturers from emerging economies, we are enhancing added value, building an earnings structure that is resilient to fluctuations in sales volumes, and making the commitment to a "Bearings & Beyond" approach in order to achieve sustainable growth with enduring profitability.

We help solve social issues by providing new added value in electrification, automation, robotics, and other new fields.

Three Key Management Tasks: **Growth with Profitability** **Enhancement of Managerial Resources** **ESG Management**

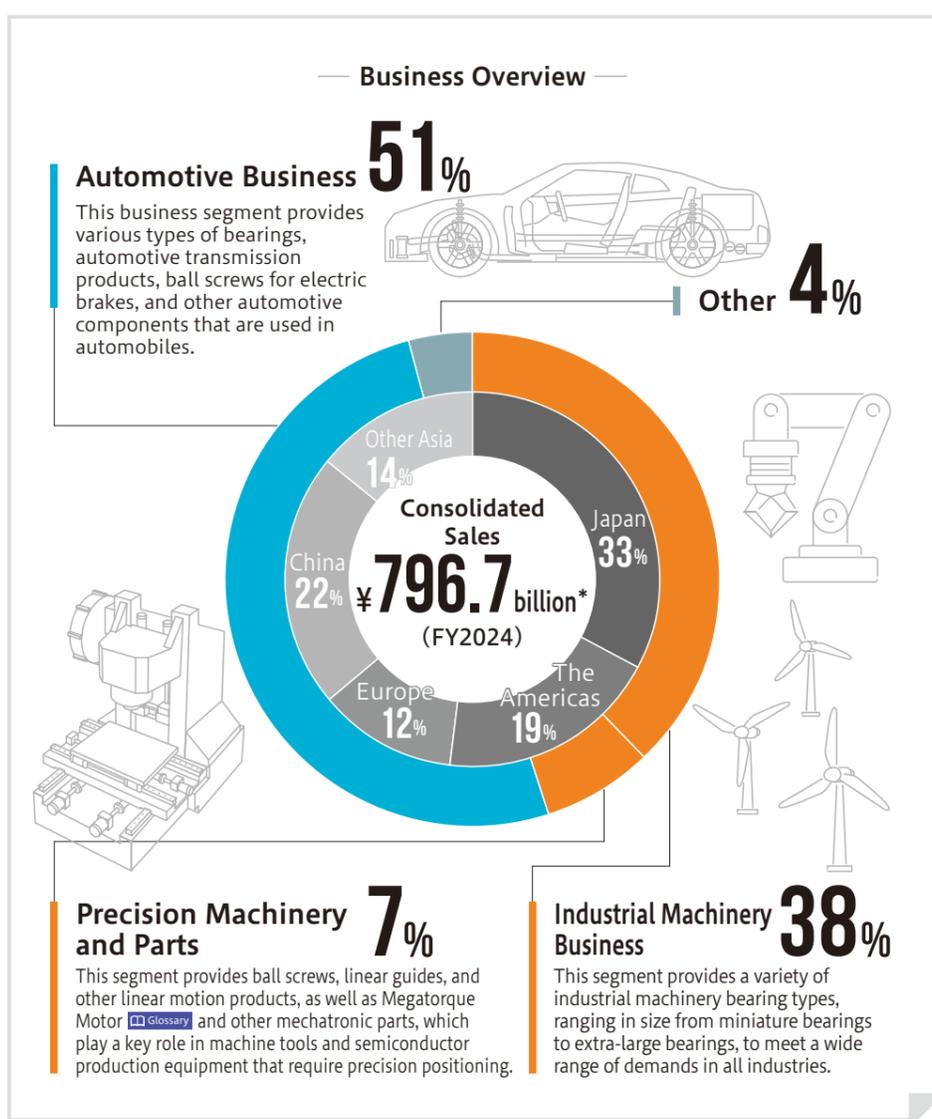
**Bearings & Beyond**

## Business Development History

- From 1916:** Established as Japan's first bearings manufacturer  
Realized producing 187 product models in two years
- 1950s** Began exporting to the U.S. market as an industry first
- 1960s** Established an overseas sales network and began building plants overseas
- 1970s** Began overseas production and accelerated overseas business expansion
- 1980s** Expanded the European and U.S. business framework, and launched full-scale business operations in Asia
- 1990s** Established a system to manufacture products in areas of demand as well as optimal countries and strengthened the global framework
- 2000s** Streamlined the European and U.S. businesses and strengthened the regional headquarters function  
Achieved growth in Asia and rapidly expanded the China business
- 2010s** Enhanced overseas business operations
- 2020s (current)** Transforming the business structure

## Primary Technologies and Developed Products (Accumulating Intellectual Capital)

- 1916** Succeeded in mass producing bearings  
Bearings reproduced based on the oldest blueprints existing at NSK 
- 1959** Precision ball screws for machine tools  
Contributed to higher precision and productivity in parts machining 
- 1964** Journal bearings for the world's fastest train  
Expanded business into overseas high-speed railway carriages using technologies that support the Shinkansen
- 1984** The world's first Megatorque Motor direct drive motor for factory automation 
- 1987** 3rd generation hub unit bearings  
Realized lighter weight vehicles and greater workability through unitization 
- 1999** Large bearings for wind turbine gearboxes  
Contributed to higher output, larger, and offshore wind turbines through analysis and materials technologies
- 2010** Lubricant grease derived from food-grade ingredients
- 2021** Acquired the Brüel & Kjær Vibro condition monitoring system business  
Ultra-high speed ball bearings for electric vehicle (EV) motors 
- 2023** Highly accurate bearing life prediction technology using the Micro-UT method [Glossary](#)



Note: Figures are current as of FY2024

# Staying true to our founding spirit, we push beyond bearings

Realize a robotic society that coexists with humankind

- Actuators for robot actuators
- Outdoor mobile robot platform
- Motorized assistance robot



Provide new value to existing customers

## Beyond

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

Enable predictive maintenance; contribute to resource and energy saving

- Condition monitoring solutions



Contribute to electrification

- Ball screws used in electro-hydraulic brake systems



Contribute to new industries

- Bearings for eVTOL (large drone) gas turbine generators

## Bearings

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

Core Technologies

- Tribology technology
- Materials technology
- Numerical analysis technology
- Mechatronics technology
- Manufacturing engineering

Contribute to the widespread use of renewable energy

- Respond to needs in special environments such as hydrogen energy

No. 1 Products

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

Address electrification

- Bearings for eAxle

New proposals for the food industry

- Edible oil deterioration control filters



Take up the challenge in medical and biotechnology fields

- Low dust emission, decontamination actuator
- Precision control manipulator



Akitoshi Ichii  
President and CEO

*A. Ichii*

Viewing change in the business environment as opportunities for renewed growth, we will work diligently to carve out our future by continuing to challenge ourselves.

### Our growth trajectory and future outlook

I joined NSK in 1986 when sales were around ¥200 billion. Thereafter, sales exceeded ¥500 billion in 2000 and hit the ¥1 trillion mark in 2017. As I look back, this upswing in sales from the 1980s to the 1990s occurred during a period when the catchphrase “Japan as No. 1” was a topic of vibrant debate. This period also coincided with a dramatic surge in Japan’s automobile production and the rapid globalization of domestic manufacturing in the industrial machinery sector, focusing largely on home appliances. In addition to the shift from manual to automatic transmissions, the development and release of a variety of new products, including high-performance engines and wheel hub units helped spur a pickup in demand in the automotive market. The 1980s to the 1990s was also a time when Japan’s home appliance manufacturers dominated the world stage with a steady stream of enhancements in such appliances as refrigerators and air conditioners. The widespread use of NSK’s products mirrored this rapid industrial growth and as the NSK brand became increasingly integrated into people’s daily lives the Company’s business scale expanded. However, with each peak, the business environment inevitably succumbs to a trough. Buffeted by the financial crisis in Asia in 1997 and the collapse of the IT bubble in the early 2000s, NSK was forced to undertake structural reforms, including restructuring. Despite these difficulties and the subsequent hurdles imposed by the Lehman Shock in 2008, NSK persevered and continued to expand its global business. Over the final decade of the 20th century and after entering the new millennium, NSK became a hive of activity. Among a host of initiatives, the Company acquired U.K.-based UPI Ltd. and FLT Iskra S.A. headquartered in Poland and

## Going out, acquiring information, and returning to the fold to put the expertise gained to good use in the field. While pursuing innovation and improvements in earnest, NSK is committed to helping resolve social issues.



included its joint venture with Torrington Company (U.S.) in its scope of consolidation as a wholly owned subsidiary. We also adopted a localization approach in emerging markets. Quick to establish a local subsidiary and technology center in China, where market growth was anticipated, we set up a joint venture in India. Building on the expansion of our global business and the evolution of our business base through the development of new products that successfully addressed advances in technology, we hit the ¥1 trillion sales mark in the fiscal year ended March 31, 2018.

Despite this positive trend, NSK's sales have exhibited signs of subdued growth since the outbreak of COVID-19 in 2019. Moreover, conditions surrounding the future have become increasingly difficult to predict over the post-pandemic period owing to such supply chain issues as the shortage of semiconductors, the impact of U.S. tariff policies, and restrictions on the export of rare metals as well as divisions throughout the international community stemming from a variety of factors, including tension between the U.S. and China and conflicts in Europe and the Middle East. Historically, our business model has entailed growth through a virtuous cycle, which includes leveraging the market's expansion to drive improvements in productivity and reductions in costs, thereby fueling increases in sales volume. However, we believe this model alone is insufficient in the current climate of uncertain market growth. Over and above efforts aimed at addressing each economic cycle, we recognize the importance of restructuring our organization in an agile and flexible manner and improving our earnings structure by promoting pricing strategies. As part of this effort, we implemented a raft of improvement measures in a bid to put in place an earnings structure capable of adapting to changes in sales volumes in FY2024. At the same time, we worked to restructure production in Europe, where the Group incurred persistent losses, and consolidated production of internal combustion engine (ICE)-related products, where demand is projected to decline going forward.

From a growth perspective, bearings represent a mature market. In contrast, the performance of customers' end-products, including automobiles, machine tools, and semiconductor manufacturing equipment that incorporate NSK components, continues

to advance. As such, the level of technical demands placed on our products—such as high efficiency, reliability, compactness, quiet operation, and high speed—continues to rise. By consistently meeting customers' needs, NSK's technological expertise has continued to improve. In this manner, I am confident that we will continue to expand our contribution in the advanced machinery sector as well as new growth markets, including robotics.

Making the most of the technologies, expertise, product development capabilities, and global customer base that it has built up and fine-tuned over the years, NSK takes pride in its efforts to anticipate technological needs across a diverse range of industries. In light of this understanding, we have increased sales of a variety of products, including ball screws and precision bearings, and overcome a raft of issues by undertaking structural reforms as and when required and responding flexibly to changes in our external environment. Amid dramatic changes in technologies and the external environment in which the Company operates, NSK will continue to fully embrace this mindset while taking on each new challenge.

[NSK's history of accumulating value \ p.2](#)

[Review of Past Mid-Term Management Plans and Positioning of MTP2026 \ p.20](#)

### Evaluation by the capital markets

Amid uncertainty surrounding the market's recovery, NSK's PBR has remained below 1 given the recent downturn in its share price. To address this grave issue, we have placed the utmost importance on improving profitability. From a return on capital perspective, and as far as the cost of shareholders' capital and expectations of shareholders and investors are concerned, we are implementing a series of profitability improvement measures while targeting an ROE of at least 8%.

In specific terms, we are first looking to reform our portfolio. In the Industrial Machinery Business, this entails allocating resources to areas that exhibit relatively high profitability, including machine tools, semiconductors, and the aftermarket. Our goal is to lift the ratio of Industrial Machinery Business sales to total sales through a variety of

measures. This includes introducing differentiated products and expanding sales channels. In the Automotive Business, we are working to address the trend toward electrification, strengthen efforts to boost sales to customer in China and the Americas, and develop and release new products. As sales volumes continue to stall and costs rise due to inflation, we are reviewing our sales pricing policy and negotiating with customers to pass on inflation costs to selling prices. As a means to improve profitability that is removed from sales volumes, we have initiated structural reforms and the reorganization of production in Europe, where markets are experiencing a prolonged downturn.

Turning to efforts aimed at improving efficiency, we are undertaking growth investments while providing stable shareholder returns. In addition to considering M&As, we are working to improve the efficiency of such fixed assets as equipment and promoting digitalization and automation to lift labor productivity per employee to the next level. By reforming our business portfolio, revising sales prices to appropriate levels, reorganizing production primarily in Europe, and utilizing digital technologies among a host of other measures, we are working to improve profitability and the efficiency of assets while promoting a "Bearings & Beyond" [Glossary](#) approach to secure growth accompanied by sustainable profits. [Progress of MTP2026 \ p.21](#) [Manufacturing Capital \ PP.30-31](#)

### "Bearings & Beyond" and our future business model

Under the "Bearings & Beyond" banner of our current MTP2026, we are strengthening our business foundation in a bid to secure sustainable growth. Through our "Bearings," we are enhancing the added value of existing products by pursuing tribology technologies cultivated over more than 100 years. Looking "Beyond," we are expanding our efforts in new growth domains by providing new value that employs our portfolio of core technologies.

NSK's goal as far as "Bearings" are concerned is to maximize performance requirements within mechanical systems. Our traditional business model was based on a virtuous cycle—to design better products, secure business by resolving technological issues, increase sales volumes thereby lifting profit margins, and ultimately increasing earnings. However, this model calls into question our ability to secure future growth. We now believe that the ability to propose new added value is of far greater importance. For example, one solution to minimizing torque is to reduce the amount of lubricant used such as grease and oils. Yet, this runs the risk of abrasion burn, which in turn shortens the operating life of machinery. To address machine performance concerns and to reduce adverse impacts on the environment, there is a critical need to find the optimal solution not only for bearings but also for systems and units. Moreover, I believe that the need for lightweight and compact products as well as the ability to withstand increasingly harsh operating conditions will continue to grow. To solve the issue of these functional trade-offs and to address new needs, NSK employs a mastery of the science of tribology to push designs to their absolute limits. In this manner, we theoretically determine how much usage will ultimately cause failure and guarantee this limit point. Here, NSK's strengths lie in its ability to put forward study results based on hypotheses that take into consideration such factors as bearing size, rolling elements,

the type of grease used, and monitoring cycles at the design stage. Against this backdrop, NSK's technologies help address issues under extraordinary environmental conditions. This includes products that contribute to the electrification of automobiles and the sophistication of machine tools as well as bearings for liquid hydrogen pumps.

As it looks "Beyond," NSK promotes the integration and systemization of bearings and peripheral components, moving beyond the traditional selling of products model to also embrace a selling of services business approach. To provide services across the entire product life cycle, for example, we are working toward a new business model that combines Product Lifecycle Management (PLM [Glossary](#)), which enables the monitoring of product conditions to determine remaining service life with the parts repair business, or so-called Maintenance, Repair/Replacement, and Operation (MRO [Glossary](#)). By combining such technologies as condition monitoring and predictive maintenance, we facilitate replacement before a breakdown occurs and deliver new value to customers in the form of improved equipment operating efficiency and stable quality. As previously mentioned, this represents the transition from a selling of products model to a selling of services business that contributes to comprehensive, stable equipment operations and increased productivity, all of which is possible through the fusion of NSK's intellectual tribology technology capital and empirical engineering.

Just as the development of home appliances and the automotive industry created and expanded markets, new opportunities that require NSK's element technologies are emerging of late in such fields as electrification, automation, and humanoid robots. With each opportunity, we are launching new high-performance products, including miniaturized actuators [Glossary](#) and bearings as well as ball screws for electric brakes. Moreover, we are providing new value through the integration and systemization of peripheral components and building a business model that delivers continuous value as opposed to selling products outright by combining condition monitoring and remaining life diagnosis technology with MRO.

NSK is much more than a manufacturer of precision-engineered machine components. Through its "Bearings & Beyond" initiatives, the Company is working to further enhance the NSK brand by broadening the scope of its operations through the provision of new value. As emerging nations raise their technological capabilities and quality standards resulting in a downturn in the competitive advantage that Japanese manufacturing historically enjoyed, we will target growth that outstrips our competitors based on our "Bearings & Beyond" approach. Far more than just bearing design, NSK possesses abundant expertise in such underlying materials as special steels and lubricants. We have garnered the trust of the market by proposing solutions that enhance the reliability and efficiency of not just the product itself, but the entire customer unit into which the product is integrated. Demand for this expertise is also growing in new fields, including robotics and drones. By leveraging our technologies and services that help enhance customers' productivity and quality and providing new value that supports the stable operation of equipment and infrastructure, we are contributing to society while working to drive the market forward as an industry leader.

[NSK's Future \ p.4](#) [Business Strategy Strategy and Progress of the Industrial Machinery Business \ pp.22-23](#) [Business Strategy Strategy and Progress of the Automotive Business \ PP.24-25](#) [Intellectual Capital \ PP.28-29](#)

## The core values we hold dear and our commitment to sustainability

Guided by its Corporate Philosophy, NSK is committed to becoming a company that is needed, trusted, and relied upon by society. In line with this commitment, we have positioned safety, quality, the environment, and compliance as our core values. On this basis, we are working to foster a workplace culture that is unburdened by past customs and precedents and that embraces the need to collectively change conventional wisdom and to verbalize the importance of “doing the right thing.” With this in mind, I am convinced that by deliberately focusing on safety, quality, the environment, and compliance—qualities that I am sure everyone can agree are important—and pursuing “better and truer things,” we will ensure that our corporate culture is more desirable and robust.

For example, fostering a culture that prioritizes safety requires looking beyond a responsive approach that relies on guidance and instruction and developing into an interdependent and participative organization. I refer here to an organization and culture in which each member takes the initiative to consider “what is safety and what makes a good organization” and continues to improve through mutual encouragement. In this regard, NSK has put in place mechanisms and an environment through which to learn about safety through safety dojos (training facilities) and workshops. In doing so, we have worked to instill a culture grounded in safety. In recent years, we have broadened the scope of this learning and gained new insights that transcend our mechanisms, common knowledge, and boundaries through interaction with other companies. In similar fashion, pursuing quality inevitably leads to discussions not only about inspection automation but also issues relating to frontline operations and workplace environments. This includes how to improve the quality of upstream equipment and processes as well as design. I believe these endeavors contribute to fostering a culture of interdependence, where members carefully consider “what is the right thing to do” and act accordingly.

At the same time, contributing to a smooth and safe society and preserving the global environment are important themes that are enshrined in the NSK Corporate Philosophy. While levels of interest and efforts to address environmental issues differ between the U.S. and Europe, NSK’s commitment is unwavering. Under our current Mid-Term Management Plan, we are working diligently to reduce CO<sub>2</sub> emissions during both the “creation” and “utilization” stages of our products. As far as our “creation” endeavors are concerned, we are advancing energy-saving initiatives at manufacturing sites while pursuing technological innovation and the use of renewable energy. As a result, we have achieved our FY2026 50% Scope 1 and 2 CO<sub>2</sub> emission reduction target ahead of schedule. Moving forward, we have initiated steps to achieve carbon neutrality for Scope 1 and 2 by FY2035, and Scope 3 by FY2050. With respect to our plants in particular, we are promoting such measures as carbon neutrality education. For example, we are working to continuously improve our daily operations by visualizing and managing our

as well as improvements among employees. By continuing to pursue innovation and improvements with integrity, I am confident that we will garner even greater trust.

Thoughts on open innovation immediately fall on the development of technologies and products. We must not forget that innovation is also very much part and parcel of everyday operations as well as safety and work processes. As far as the core value of safety is concerned, sharing initiatives that began at one particular plant with other partner companies can help elevate safety standards across the board. I believe that building relationships where partners recognize the benefits that accrue from working with NSK through interaction of this kind will strengthen the NSK brand.

Turning to the acquisition and development of human resources, our policy is to recruit an equal number of new graduates and mid-career hires. As more people seek to advance their careers and participate in growth opportunities by joining a new company, the ability to recruit external candidates for leadership roles will inject fresh perspectives into our organization and foster mutual development. NSK is indeed experiencing a definitive change. In this regard, minor changes that might go unnoticed internally could appear significant to outsiders. Moreover, disparate ideas and values across workplaces and departments could ignite a chemical reaction. Taking all of the aforementioned into consideration, we are intentionally sharing efforts that help “set the future in motion” at each workplace throughout the Company as a whole.

While NSK’s contributions might go unnoticed when it comes to finished products, operating efficiency will undoubtedly diminish without the Company’s input. When employees venture outside, gather information, and return putting the knowledge gained to good use, this subsequent broadening of perspectives can lead to the creation of new markets. Efforts to fine-tune the NSK brand are therefore not limited to technological pursuits but also include the input of people. Human resources help hone our brand, which in turn attracts new talent. To ensure this virtuous cycle, we diligently practice our “Change & Go Beyond” principle. This is consistent with the value we place on going out to acquire new knowledge and expertise that we can bring back and apply to the Company. In this manner, NSK’s future is shaped by the growth of each and every employee and our ability to overcome challenge. [Human Capital \ PP.32-36](#)

## Expanding areas of contribution in light of our challenging spirit

As we look to the future, it is vitally important that we never give up and continue to take on new challenges. The world in which we operate is filled with uncertainty, and short-term risks tend to dominate. Against this backdrop, merely avoiding or responding to risks will not help set us apart. Rather, viewing risks as opportunities to evolve while maintaining a spirit that embraces each challenge is key to carving out our future. Through persistence and a commitment to tackle each hurdle, we can be assured of sustainable growth.

I am convinced that NSK’s tribology technologies and products are essential for the future of industry and society. Advances in new technological fields, including robotics, automation, biomedicine, and agriculture represent opportunities for the Company’s renewed growth. Under these circumstances, we must continue to deepen our tribology technologies and promote their increased application in each of the aforementioned

energy consumption and CO<sub>2</sub> emissions through digitalization by department. These endeavors are in fact the driving force behind NSK’s manufacturing capabilities.

Turning to the “utilization” of NSK Group products by customers, our ability to deliver energy savings while reducing environmental impact are major distinguishing features. NSK contributes to the development of a circular society in a variety of ways. In addition to providing low-friction technologies that reduce energy loss in automobiles and machine tools, we help increase the operating rates of customers’ equipment through PLM and condition monitoring. Other contributions include products and services used in wind power generation as well as hydrogen and other renewable energy. In the automotive field, fuel efficiency and highly efficient power transmission are especially sought after, while EV manufacturers are increasingly calling for low torque solutions. EVs employ heavy batteries, and as such reducing weight and increasing efficiency are of the utmost importance in extending driving range. NSK’s technologies have the ability to address these demands. [Sustainability \ PP.40-47](#)

## Human resources strategy and brand building

Recognizing that “people” are critical to shaping our future, we have taken steps to clarify our human capital management policies. In line with these policies, we are building a company where a diverse range of people can come together and grow as well as a safe and healthy workplace where employees can go about their duties with peace of mind. We are focusing not only on upgrading and expanding our education and training programs but also on enhancing our personnel systems and workplace environment so that diverse human resources can thrive under our Mid-Term Management Plan. Here, we understand the importance of improving employee engagement while effectively using the results of annual employee surveys. NSK employees are often described as honest, dependable, and earnest. These traits form the cornerstones of our brand value. I refer here not only to our products but also the quality and reliability of their underlying technologies, production, and sales. Having said this, I do sense that we still lack the necessary energy to boldly take on risks and challenges and to generate surprise. Since assuming the position of president, I have worked diligently to ensure that we maintain our position as a leader in brand quality as well as the trust built by my predecessors. Energized by the slogan “Change & Go Beyond,” I have also sought to practice and instill our action guidelines embodied in the catchphrase “Beyond Limits, Beyond Today” while challenging the status quo unshackled by conventional wisdom. To this end, I have communicated to employees the critical need to venture outside their immediate workplaces and to “observe, listen, and participate.” I have also emphasized the importance of “seeing each task through to the end even if it is only 80% complete and taking on challenges by achieving set goals even if they are small.” I am convinced that engaging in dialogue with customers, local communities, partner companies, universities, and end consumers sparks innovation

fields. To date, we have routinely consulted with customers, developed products, and accumulated knowledge regarding material technologies as well as low-friction and long service life design on the back of our robust track record. To further expand this knowledge, it is important that we promote increased theoretical understanding and accelerate use in products using digital twin technologies. In this vein, efforts to expand these domains will help cultivate new core technologies that support our commitment to “Bearings & Beyond.”

As one example, NSK established the NSK Tribology Collaborative Research Cluster (N-TRIBO) at the Suzukakedai Campus of the Institute of Science Tokyo (formerly the Tokyo Institute of Technology) in 2023. Over the ensuing period, we have collaborated with the Institute to further deepen our tribology expertise. At the same time, we are engaging in lubrication service life formula research to uncover optimal solutions that dramatically extend the service life of bearings and reduce energy loss. In addition, preparations are under way to broaden these industry-academia research initiatives to other tertiary institutions.

YouTube video: “The Future Created by NSK’s Tribology Technology” ▶



NSK’s strengths lie in its track record of resolutely promoting smooth and safe motion as well as energy savings through technologies built on the development and manufacture of bearings that enhance efficiency with respect to the movement of parts and fine-tuned through advances in industry and machinery. By enhancing our core technologies and expanding our operating domains, we are targeting growth in new markets through various measures, including efforts to contribute to the development of healthcare and agriculture as well as a robotics and circular society. Unshackled from conventional wisdom and restrictions, we are determined in our unwavering pursuit of “Bearings & Beyond.” In this manner, we are dedicated to taking on challenges, enhancing our corporate value, and contributing to the resolution of social issues in a bid to secure growth going forward. As we work toward achieving our goals, we humbly ask for the continued support and understanding of all stakeholders.

**NSK will propose new value and lead the market as an industry top runner by pursuing technology innovation and expanding into new growth domains.**



## Our goal is to achieve an ROE that exceeds the cost of capital through the proper allocation of cash.



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

### Looking back on FY2024

#### Promoting structural reforms in Europe with an eye toward sustainable growth

In FY2024, the Automotive Business recorded a decrease in sales owing to such factors as sluggish sales of Japanese cars in China and the downturn in the European economy. In contrast, the Industrial Machinery Business posted an increase in sales, driven by rising demand for machine tools, particularly in China. In addition, results were positively impacted by the yen's depreciation across foreign exchange markets. In the fiscal year under review, NSK reported an increase in both sales and profits. In specific terms, sales climbed ¥7.8 billion year on year to ¥796.7 billion. In terms of profits, operating income grew ¥1.1 billion year on year to ¥28.5 billion. Despite these favorable results, the pace of recovery in demand in the Industrial Machinery Business gradually slowed and fell short of initial performance forecasts. At the same time, ROE continued to trend at the low level of 1.6%.

Financial Strategy Basic Policy	Management Indicators	MTP2026 Targets	FY2024 Results
Maintenance of Financial Stability	Net D/E ratio	0.4 times or less	0.26 times
Growth with Profitability	ROE	8%	1.6%
	ROIC	6%	1.5%
Stabilization of Shareholder Return	Payout ratio	30%–50%	156.1%
	DOE	Lower limit of about 2.5%	2.5%

As far as efforts to improve profitability are concerned, measures aimed at reorganizing production, including structural reforms in Europe, have progressed largely as planned.

year. Based also on the assumption that the value of the yen will appreciate to ¥135 against the U.S. dollar compared with the previous year, and after factoring in the costs associated with ramping up structural reform measures in Europe, we are projecting a year-on-year decrease in sales and profits. Against this backdrop, we are determined to reap the benefits of structural reforms in Europe, pass on inflation costs to selling prices, and reduce unit costs in a bid to secure structural improvements, including increased productivity, and to achieve our forecast figures. As far as the impact of U.S. tariff policies is concerned, we estimate an annual cost increase of ¥12 billion with respect to the Company's full FY2025 plans. Our basic policy is to transfer the increase in costs to sales prices and as such have been negotiating with customers from an early stage. We will provide updates as progress is made.

### Background behind the decision to buy back the steering business and policy going forward

#### Our policy of finding a partner for the steering business remains unchanged

Roughly two years have passed since establishing an equity-method affiliate with Japan Industrial Solutions III Investment Limited Partnership (JIS) in August 2023. The initial plan was to find a strategic partner over a period of approximately three years. However, as uncertainty surrounding the global automotive industry increased from the summer of 2024, we recognized the difficulties involved in reaching a conclusion over the ensuing 6–12 months and the need for a flexible structure to prepare for any sudden developments in the search for a partner. Other than the search for a strategic partner, successful efforts to strengthen profitability, promote independent operations, and strengthen the monitoring system, three of the four goals of our initial plan, were also factors in this decision. From a profit and loss perspective, NSK recorded a steering business profit of ¥4.3 billion in FY2024 compared with a loss of approximately ¥9 billion prior to its collaboration with JIS. Having established a profit structure through thorough improvements in procurement costs and price strategy, we will continue to search for a strategic partner while operating as an independent business entity going forward.

(NSK completed the acquisition of the shares of NSK Steering & Control, Inc. (NS&C), effective September 1, 2025. NS&C was included in the scope of NSK's consolidation as a wholly owned subsidiary.)

### Progress in cash allocation

#### NSK will continue to generate cash to pursue investments for sustainable growth and to stabilize shareholder return

Turning to the allocation of cash under the five-year (FY2022–FY2026) Mid-Term Management Plan 2026 (MTP2026) currently in progress, plans were initially in place to generate cash of ¥400 billion–¥500 billion. While ¥500 billion is a significant challenge given the level of current profits, we believe that the potential exists to generate ¥400

As a result, the effects are gradually beginning to emerge. Despite this progress, we have yet to fully achieve our desired outcome owing to the sluggish economic environment in Europe. Taking these factors into consideration, we have decided to adopt a more aggressive approach toward reorganization. Coupled with the deterioration in economic sentiment, upswings in labor, energy, and other costs have made it increasingly difficult to maintain a comprehensive supply chain across Europe and to improve our bottom line. With this in mind, we will streamline operations in Europe, encompassing not only production bases but also our sales structure. While these measures will incur one-off costs, we are looking toward completion by FY2026. We hope to reap the benefits from FY2027. Looking at the future of the automotive market, we recognize that demand for electric vehicles will continue to grow and conversely decline for internal combustion engine vehicles. For the most part, NSK's Automotive Business is based on the principle of local production for local consumption. Cognizant of the decline in demand for internal combustion engine vehicles, we will reorganize our production structure by making the most of our global sites and promoting production in optimal locations. Promoting structural reforms to build a resilient foundation \P.26

### Forecast for FY2025

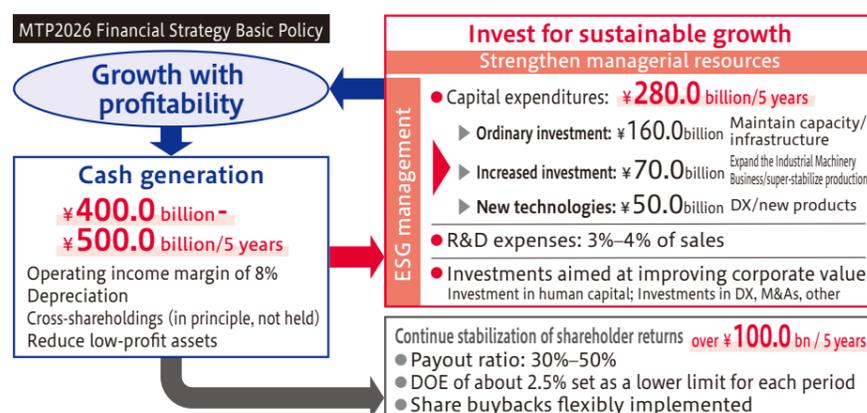
#### Committed to improving our structure amid an uncertain business environment

We are projecting sales of ¥760 billion and operating income of ¥22 billion in FY2025. Despite the ongoing uncertainty that surrounds our business environment in part due to the tariff policies implemented by the U.S., we have set demand assumptions for each of our Industrial Machinery and Automotive businesses at the same levels as the previous

billion or more through the continued reduction of cross-shareholdings and partial refund of the retirement benefit trust (¥35 billion in April 2024 and ¥70 billion in February 2025). Plans were in place to undertake capital expenditures of ¥280 billion over the five years of the Plan. In light of the business environment, however, we intend to cut back investments geared toward expansion. Having said this, we will continue to invest in initiatives linked to the electrification of motor vehicles; the development of new products; digitalization, including the renewal of our core system; and other areas essential to our sustainable growth.

Positioning efforts to stabilize shareholder return as an important management policy, we intend to return at least ¥100 billion over five years. To clearly demonstrate our commitment to the payment of stable dividends, we set a minimum dividend on equity (DOE) target of 2.5% for FY2024. Our policy is to ensure the stable and continuous payment of dividends to shareholders based on a DOE of 2.5%, a payout ratio of 30% to 50%, and the flexible acquisition of own common shares. While this might not be the case in the event of extraordinary circumstances, including a substantial deterioration in the business environment, there are no significant plans to amend the cash allocation balance identified under MTP2026 given current operating conditions.

#### Financial Strategy: Cash Allocation



As we look ahead to the next 5–10 years, we also view M&As as a means through which to secure growth. When entering into an M&A, we recognize the need to consider a variety of factors. This includes cultivating new businesses and domains under so-called ambidextrous management, strengthening existing operations, and determining how to upgrade our position within the industry. In this regard, I believe that NSK is well prepared to act with agility. From a cash

Rating and Investment Information, Inc. (R&I)	Japan Credit Rating Agency, Ltd. (JCR)
A	A+

perspective, there might be instances where an M&A is problematic solely with cash on hand. Here, we will consider the use of interest-bearing debt while adhering to a net D/E ratio below 0.4x and maintaining both financial discipline and a stable financial base.

Moreover, we recognize that many investors are keenly interested in the industry's reorganization. With this in mind, we believe this could also be one option for improving profitability.

### Instilling ROIC management throughout the Company while working toward efficient operations

Based on the understanding that ROIC should exceed WACC, we have set our Group-wide ROIC target at 6%. Internally, ROIC is managed by business. This helps to instill an awareness toward the return required relative to the scale of assets invested in each business. For example, the Industrial Machinery Business has a higher investment in such areas as inventory, working capital, and fixed assets and is required to generate a higher return compared to the Automotive Business. We will continue to promote the internal use of ROIC management as a tool for enhancing corporate value.

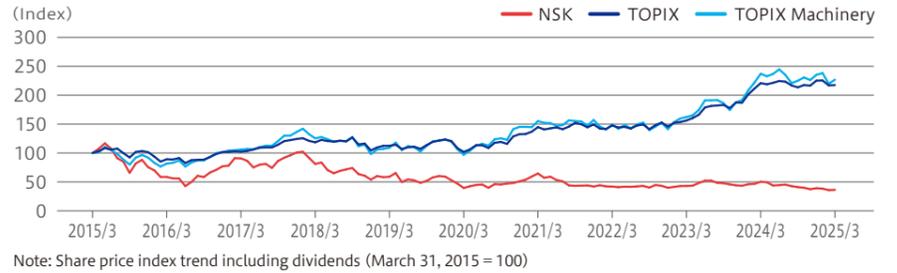
### Share price evaluation and message to investors

As an indicator that reflects a company's actual share price and dividend, TSR is an important measure through which to meet investors' expectations. Having said this, NSK's share price has declined over the past 10 years alongside its ROE with its PBR hovering at around 0.5x.

To address this critical issue, it is imperative that we improve our ROE. To this end, we are working to improve our structure by transforming our portfolio and promoting structural reforms. While the effects of these endeavors are beginning to emerge, further measures are required for our ROE to exceed the cost of capital (an ROE of roughly 8%–9%) and to reach the expectations of the market. In our next Mid-Term Management Plan currently under development, we intend to disclose measures aimed at lifting profitability and provide details of a capital structure geared toward lowering the cost of capital. We believe that the resulting improvement in ROE will positively impact our share price. *Progress in improving our structure and steps toward formulating the next Mid-Term Management Plan \ P.27*

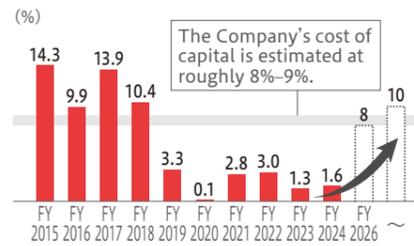
NSK is acutely aware of the importance that dialogue plays in lifting the expectations of investors. During recent discussions with investors, for example, humanoid robots have emerged as a topic of considerable interest within the industrial machinery field. While not limited to humanoid robots, we intend to communicate openly with the stock markets through the timely and appropriate disclosure of information on our views toward future technological innovation and where NSK can contribute and deliver value.

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



Note: Share price index trend including dividends (March 31, 2015 = 100)

### Trend of ROE



### Trend of PBR



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

### Share Price Trend by Fiscal Year

Fiscal Year	High (Yen)	Low (Yen)	Fiscal Year-End (Yen)	Volatility*
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%
2024	904	628	638	22.8%

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

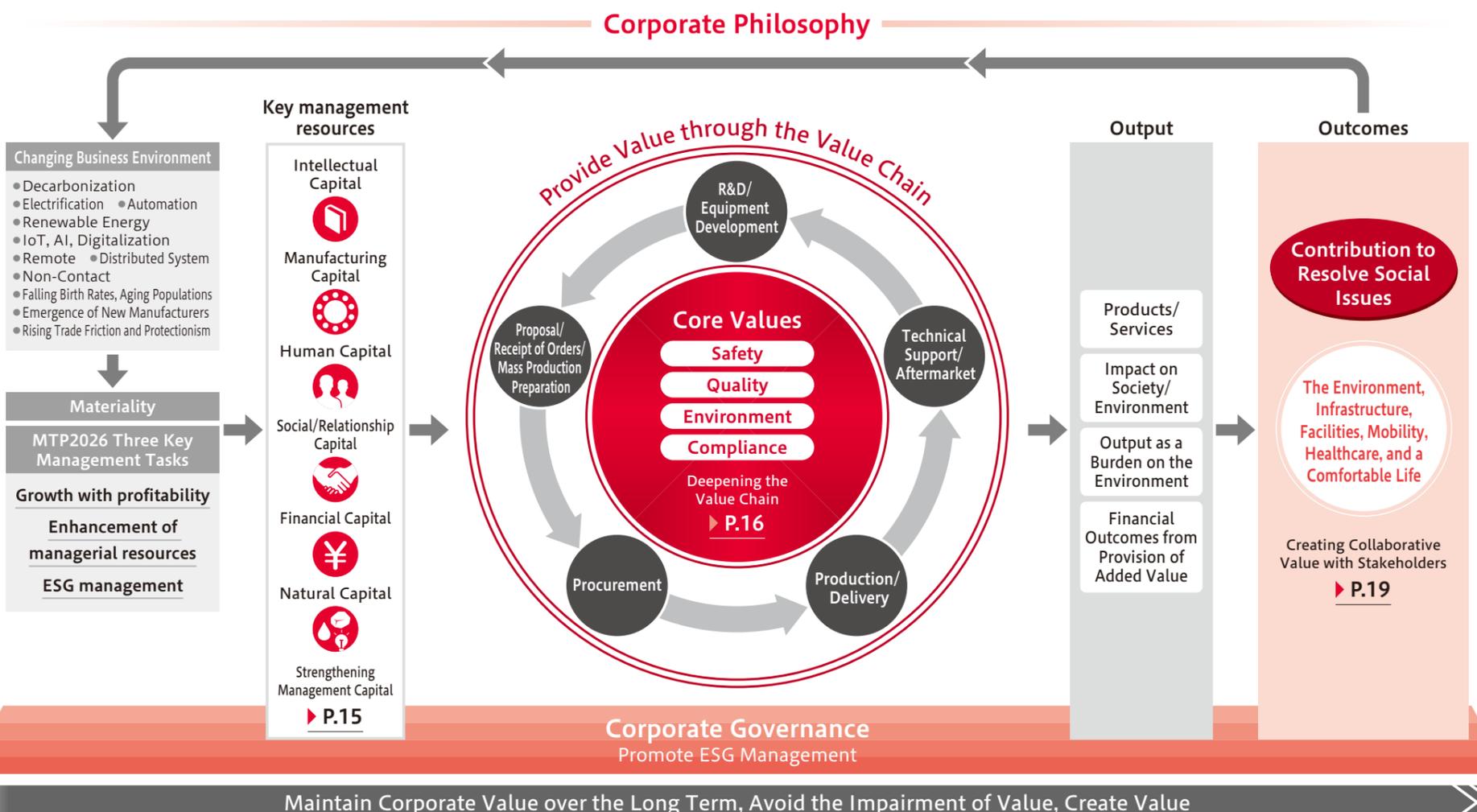
### TSR

Investment Period	1 Year		3 Years		5 Years		10 Years	
	Cumulative/Annual Rate	Cumulative	Annual Rate	Cumulative	Annual Rate	Cumulative	Annual Rate	
NSK	-24.0%	-0.5%	-0.2%	12.0%	2.3%	-45.4%	-5.9%	
TOPIX	-1.5%	47.2%	13.8%	113.4%	16.4%	117.4%	8.1%	
TOPIX Machinery	-4.3%	51.9%	14.9%	133.7%	18.5%	126.8%	8.5%	

Notes: 1. Total Shareholder Return (TSR): 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.

## NSK's Business Model for Collaborative Value Creation

Business conditions surrounding NSK are changing rapidly. Recognizing that technological innovation and measures aimed at reducing environmental impact represent opportunities, NSK is committed to both resolving social issues and securing sustainable growth. Guided by our Corporate Philosophy, we will therefore utilize our various capital resources in an effective and efficient manner and continue to co-create value with stakeholders.



Maintain Corporate Value over the Long Term, Avoid the Impairment of Value, Create Value



**Double Materiality** A method of assessing material topics by evaluating not only the impact of changes in the external environment such as social issues on business but also the impact of a company's activities on external stakeholders, the environment, and society

Please see our website for more information. ▶



## Materiality

Based on the double materiality approach, the NSK Group has identified nine material topics as sustainability fields on which it should focus its efforts. These nine material topics were authorized by the CEO after deliberation by the Operating Committee, which consists of representatives from the executive divisions, shared throughout the NSK Group via the Officers' Meeting, and reported to the Board of Directors. Meanwhile,

material topics will be revised continually based on conditions surrounding NSK's management, social circumstances, and stakeholder expectations. Guided by our Corporate Philosophy, we will work diligently to address these topics in a bid to both contribute to the resolution of social issues and achieve sustainable growth as a company.

Corporate Philosophy	Core Values	Material Topics	MTP2026 Three Key Management Issues	Examples of Initiatives	SDGs (Related Goals) ▶P.40	Details
Contribution to a safer, smoother society	Safety	1 Pursue product safety and reliability	ESG Management	• Promote Total Quality No. 1 initiatives (NPDS <a href="#">Glossary</a> , NQ1, and human resources development)		Manufacturing Capital ▶PP.30-31
		2 Create value by integrating tribology and digital technologies	Enhancement of Managerial Resources Growth with Profitability	• Ultra-stable production • Bearings & Beyond		Intellectual Capital ▶PP.28-29 Manufacturing Capital ▶PP.30-31
Help to protect the global environment	Quality	3 Contribute to the establishment of a carbon-neutral society	ESG Management	• Reduce CO <sub>2</sub> emissions • Reduce energy consumption per unit of sales		Climate Change ▶PP.41-44
		4 Contribute to the establishment of a sound material-cycle society (conserve and recycle resources)	ESG Management	• Promote resource conservation and recycling • Make smaller, lighter, longer lasting products		Resource Circulation ▶P.45
Work across national boundaries to improve relationships between people throughout the world	Environment	5 Respect fundamental rights at work	ESG Management	• Ensure compliance with labor laws and regulations • Respect human rights		Respect for Human Rights ▶P.46
		6 Build a corporate culture of honesty, fairness, and trust	ESG Management	• Ensure Group-wide understanding of the Corporate Philosophy • Pursue initiatives to strengthen compliance		Compliance ▶P.47
		7 Maximize the value of human capital	Enhancement of Managerial Resources ESG Management	• Develop and support diverse careers; utilize DX • Improve the working environment (health and safety)		Human Capital ▶PP.32-36
		8 Implement sustainable supply chain management	Enhancement of Managerial Resources ESG Management	• Improve QCD • Collaborate on environmental/human rights initiatives, etc.		Supply Chain Management ▶P.47
		9 Promote regional economic development	Growth with Profitability	• Strive for harmony and mutual benefit with communities		Sustainability Management ▶P.40
	Compliance					

## Strengthening Management Capital

The main internal types of capital related to the nine materiality items on the previous page are set out as follows. New value is created by having multiple types of capital interact with one another.

### Relationship between Materiality and Capital

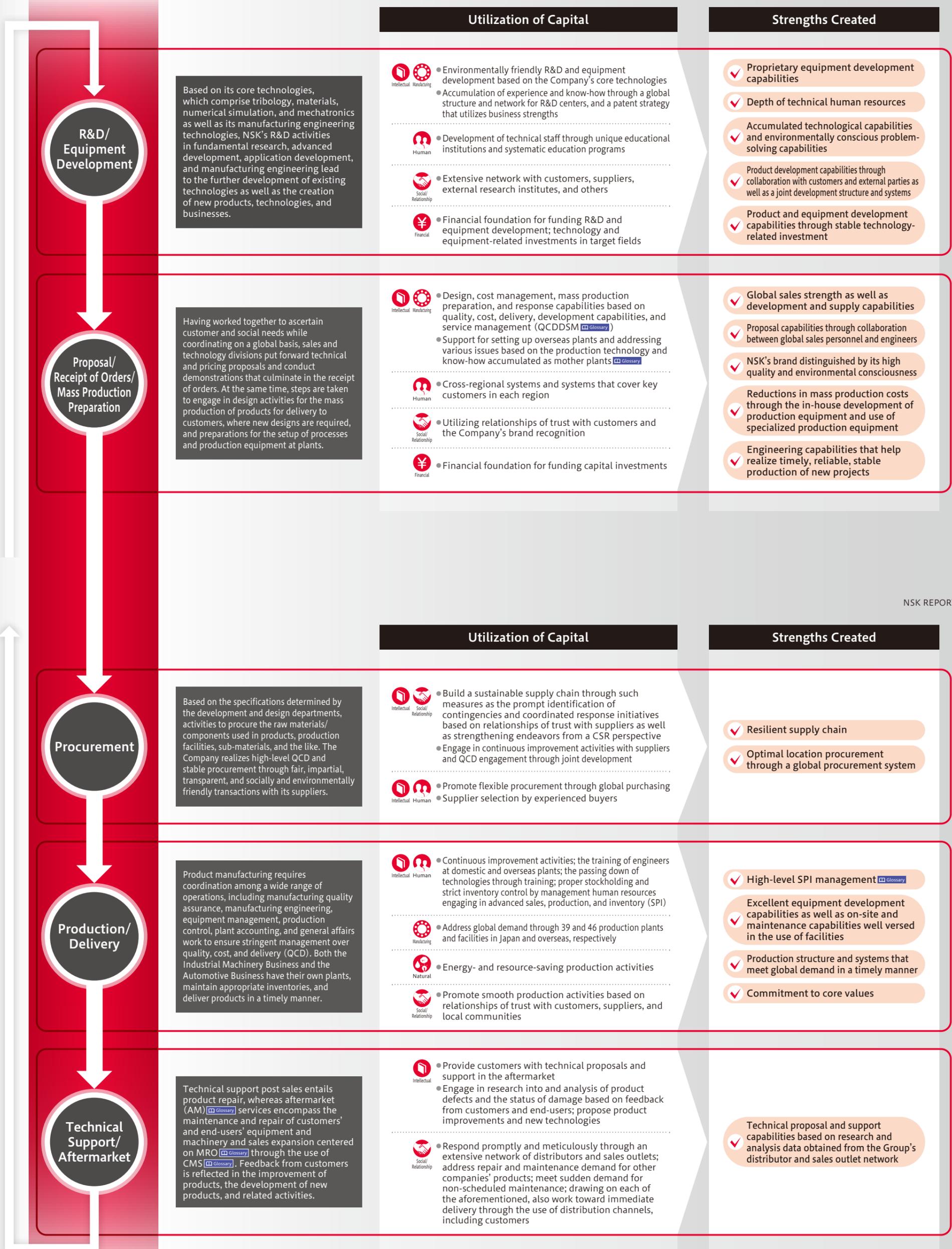
Materiality	Intellectual Capital	Manufacturing Capital	Human Capital	Social/Relationship Capital	Financial Capital	Natural Capital
1 Pursue product safety and reliability	●	●				
2 Create value by integrating tribology and digital technologies	●	●			●	
3 Contribute to the establishment of a carbon-neutral society	●	●			●	●
4 Contribute to the establishment of a sound material-cycle society (conserve and recycle resources)		●				●
5 Respect fundamental rights at work			●	●		
6 Build a corporate culture of honesty, fairness, and trust			●	●		
7 Maximize the value of human capital			●		●	
8 Implement sustainable supply chain management				●		●
9 Promote regional economic development		●		●		

### Capital Details

Note: As of FY2024

Major Management Capital	Input	Initiatives Designed to Strengthen Capital	Outcomes
<b>Intellectual Capital</b> Intellectual Capital ▶PP.28-29	• Core Technologies • Technology-related investments for growth: 3%-4% of net sales (¥27.5 billion)	• Product development capabilities through collaboration with customers and external parties/joint development structure and systems (utilizing open innovation/industry-academia collaboration) • Technology investment (M&As) in target fields	• Number of patents 4,111 • Ratio of new product sales to total sales
<b>Manufacturing Capital</b> Manufacturing Capital ▶PP.30-31	• Global production sites, manufacturing facilities Production sites (plants) Japan: 39 Overseas: 46 • Process setting and process management know-how • Capital investment: ¥56.5 billion	• Ultra-stable production • As mother plants <a href="#">Glossary</a> , we support the launch of overseas factories and address a variety of issues based on our production technology and know-how.	• Productivity 1.5 times (target) • Production in optimal locations • Quality awards from customers
<b>Human Capital</b> Human Capital ▶PP.32-36	• Number of employees worldwide (consolidated) 24,057 • Corporate governance structure, global compliance framework	• Measures designed to maximize value of human capital • Strengthening corporate governance/compliance	• Employee diversity ratio (women, mid-career hires, foreign nationals) 29% • Localization rate for key global posts <a href="#">Glossary</a> 72% • Global engagement score 72 • Lost-worktime injury frequency rate 0.17
<b>Social/Relationship Capital</b> Supply Chain Management ▶P.47	• Building a robust value chain (customers, agents, dealers, users, suppliers, and local communities) • Globally recognized and trusted NSK brand	• Strengthening BCP response capabilities • Sustainable procurement (human rights, environmental consciousness) • R&D structures with external parties	• Share by industry or product • Optimal local procurement
<b>Financial Capital</b> CFO Message ▶PP.10-12	• Total equity ¥669.2 billion • Interest-bearing debt ¥306.4 billion • Cash and cash equivalents ¥150.6 billion	• Reducing the cost of capital • Improving capital profitability	• ROE 1.6%, ROIC 1.5%, TSR • DOE 2.5% (lower limit), annual dividend ¥34
<b>Natural Capital</b> Climate Change ▶PP.40-44 Resource Circulation ▶P.45	• Raw materials (e.g., steel, oils) • Minerals, water, energy Energy input (per year) 6,254 TJ	• Production activities/product development geared toward savings of energy/resources	• 55.2% reduction in CO <sub>2</sub> emissions from manufacturing-based business activities (compared with FY2017) • Contribution to the reduction of CO <sub>2</sub> emissions generated through the use of products 2,324,000 t-CO <sub>2</sub> • Recycling ratio 99.2%

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.



	Issues for Further Development	Key Performance Indicators	Related Page(s)
R&D/ Equipment Development	Passing on and deepening of skills	<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></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 <a href="#">Glossary</a> developed</li> <li>Number of technical proposals</li> </ul>
	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>	
Proposal/ Receipt of Orders/ Mass Production Preparation	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>
	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>	
Procurement	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 <a href="#">Glossary</a> and next-generation lines</li> <li>Shift to production equipment and production processes that enhance energy- and resource-saving</li> </ul>	<ul style="list-style-type: none"> <li>Systematic supplier risk assessment and support</li> <li>Implementation of supplier CSR self-assessments once every two years, covering approximately 90% of suppliers</li> </ul>
	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>	
Production/ Delivery	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>	<ul style="list-style-type: none"> <li>Cumulative total number of participants in the NSK Manufacturing Education and Training Center <a href="#">Glossary</a></li> <li>Lost-time injury frequency rate</li> <li>Customer quality awards</li> </ul>
	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>	
Technical Support/ Aftermarket	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>	<ul style="list-style-type: none"> <li>Share and sales by industry or product</li> </ul>
	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>	

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> 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>	Third largest share of the global bearing market  Development of environmentally friendly products 253 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 <a href="#">Global Production Base Expansion \ P.31</a></li> </ul>
 <b>Employees</b> Advanced technologies, global human resources who create high-quality products and services	<ul style="list-style-type: none"> <li>Engaging workplaces</li> <li>Using a diverse workforce, work-life balance, flexibility with work styles</li> <li>Providing 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% Ratio of female managers (Japan, non-consolidated) 2.9% Lost-worktime injury frequency rate (global) 0.17 Support for a work-life balance: Percentage of employees taking childcare leave Women 100%, Men 89.2% Ratio of Japan/Global Management College graduates among executives 59%	<ul style="list-style-type: none"> <li>Upgrading and expanding opportunities for dialogue with management</li> <li>Reviewing systems to achieve more diverse work styles</li> <li>Promoting efforts to improve activities based on the results of employee engagement surveys</li> <li>Further upgrading and expanding educational and training programs <a href="#">Human Capital \ PP.32–36</a></li> </ul>
 <b>Suppliers</b> 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</li> <li>CSR Guidelines, etc.</li> </ul>	Implementation of human rights due diligence Implemented as a part of CSR self-assessments  <ul style="list-style-type: none"> <li>Systematic supplier risk assessment and support</li> <li>Implementation of supplier CSR self-assessments once every two years, covering approximately 90% of suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Improving the level of CSR management</li> <li>Systematic supplier risk assessment and support throughout the supply chain <a href="#">Supply Chain Management \ P.47</a></li> </ul>
 <b>Local Communities</b> 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>	GHG emissions 55.2% 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 <a href="#">Climate Change \ PP.41–44</a> <a href="#">Resource Circulation/Biodiversity Conservation \ P.45</a></li> </ul>
 <b>Future Generations</b> 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 monozukuri</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 Cumulative total of scholarship recipients 55  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> 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 ¥34 per share (FY2025 forecast annual dividend ¥34 per share) Dividend payout ratio 156.1% (Target 30%–50%) DOE 2.5% (lower limit)  TSR over the past 10 years -45.4% on an annualized basis, -5.9% 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 medium 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 <a href="#">CFO Message \ PP.10–12</a></li> </ul>

\* Data are for the period up to the end of FY2024.

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

### The 4th MTP

Establishing corporate fundamentals appropriate for a company with net sales of ¥1 trillion

**Outline of the MTP**  
Growth with focus on profitability  
Develop management capabilities to handle ¥1 trillion in sales volume

**Looking Back**

- Secured substantial growth in the China and steering businesses and achieved an operating income margin of 10%
- The Industrial Machinery Business stalled in the final fiscal year of the Mid-Term Management Plan owing to such factors as the slowdown of the Chinese economy
- Worked to evolve the global management structure while strengthening and enhancing compliance

**Challenges and Countermeasures**

- Continue to build our foundation as a company with ¥1 trillion in sales
- Establish a structure in which business performance is not significantly affected by various factors, including business cycles
- Promote new products and development in new areas

### The 5th MTP

Embarking on a new chapter in evolution toward the next 100 years

**Outline of the MTP**  
Operational excellence  
Constant pursuit of competitiveness  
Challenging innovation  
Creation of new value

**Looking Back**

- Achieved sales of ¥1 trillion through growth in the powertrain [Glossary](#) business and a recovery in the Industrial Machinery Business
- Failed to achieve targets in the final fiscal year of the Mid-Term Management Plan due to a downturn in the economic cycle in the second half of FY2018 and the impact of U.S.-China trade friction
- Promoted the development and proposal of new technologies and products amid technological changes across various fields, including IoT and AI
- Steering business entered a transitional period

**Challenges and Countermeasures**

- Firmly achieve ¥1 trillion in sales and a double-digit operating income margin
- Restart growth in the steering business
- Improve productivity by leveraging ICT

### The 6th MTP

Building the business base and strengthening resources in preparation for the next growth phase

**Outline of the MTP**  
New initiatives targeting growth  
Enhancement of managerial resources  
Contribute to the environment and society

**Looking Back**

- Significant changes in the business environment attributable to such factors as COVID-19, rapid inflation impacting material and other prices, and disruptions to the supply chain
- The Industrial Machinery Business set new records on the back of growth in the semiconductor manufacturing equipment, machine tools, and robotics markets; however, failed to achieve a double-digit operating income margin; second consecutive fiscal year of losses in the Automotive Business
- Maintained an "A" credit rating due to financial stability

**Challenges and Countermeasures**

- Reflect cost increases due to inflation in selling prices
- Secure a recovery in profitability in the Automotive Business, mainly by returning the steering business to the black, and firmly achieving a double-digit operating income margin in the Industrial Machinery Business
- Carbon neutrality
- Enhancement of managerial resources

### MTP2026

Rebuilding the corporate foundation for sustainable growth

We aim to be a needed and trusted company that contributes to the development of a sustainable society by creating new value through the fusion of tribology and information technology.

**Three Key Management Issues**

**ESG Management**

- Promote carbon neutrality
- Create better working environments

**Growth with Profitability**

- Bearings & Beyond
- Restructure the steering business
- Pursue alliances and M&A

**Change & Go Beyond**

**Enhancement of Managerial Resources**

- Engage information technology in all areas
- Ultra-stable production
- Leverage a diverse workforce

### Post 2026 Vision

A company that is needed, trusted, and relied upon by society

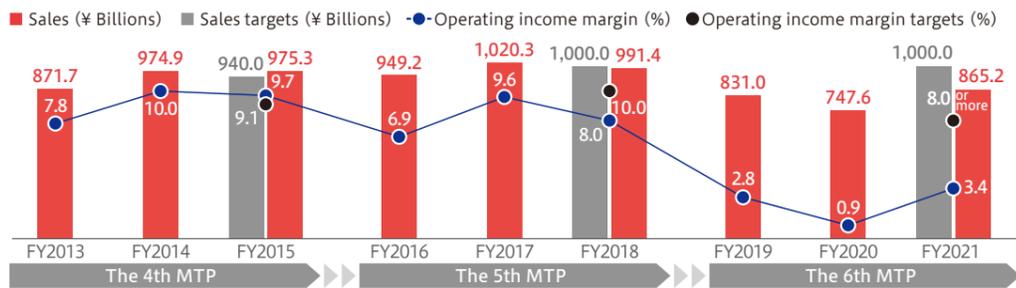
Portfolio reform through efforts to deepen and expand the application of core technologies

Industrial Machinery Business : Automotive Business  
**6 : 4**

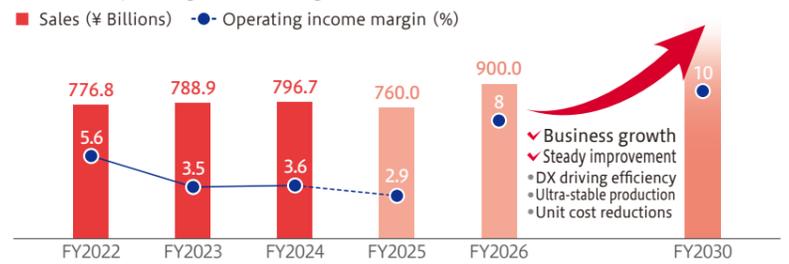
Pursuit of No. 1 quality and trust utilizing DX  
**1.5x productivity**

A culture of taking up the challenge of pursuing high future-oriented goals

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



Sales and Operating Income Margin



# Progress of MTP2026

## Changes in the business environment and progress of MTP2026

NSK launched MTP2026 in FY2022. During the first fiscal year of MTP2026, the Industrial Machinery Business made steady progress and set new records. Meanwhile, the Automotive Business was affected by the decline in automobile production against the backdrop of semiconductor shortages, which resulted in limited profit growth. Despite an increasing number of business opportunities thanks to electrification, digitalization, and other technological developments, sluggish growth in the Chinese economy and an economic slowdown in the European region starting in the second half of FY2022 and lasting throughout FY2023 drove the rate of recovery in the business

environment below the assumptions upon which the Mid-Term Management Plan was formulated. In light of this changing environment, we revised our targets following the close of the first half of MTP2026. Although the outlook for the global economy during the second half of MTP2026 remains highly uncertain, we aim to recover from the deterioration in profitability attributable to changes in the business environment, and will strengthen the business foundation through sales growth and portfolio reform. As an additional initiative for improving profitability, we will execute structural reforms while reorganizing production centered on Europe.

KPIs	MTP2026 First Half		MTP2026 Second Half		
	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Forecasts	FY2026 Targets <sup>*1</sup>
Sales	776.8	788.9	796.7	760.0	900.0
Operating income	43.8	27.4	28.5	22.0	75.0
Operating income margin (%)	5.6	3.5	3.6	2.9	8
ROE (%)	3.0	1.3	1.6	-	8
ROIC (%)	2.1	1.5	1.5	-	6
Net D/E ratio	0.29	0.26	0.26	0.4 times or less	0.4 times or less
Forex rate (JPY/U.S. Dollar)	135.48	144.62	152.57	135	140

Non-Financial Targets	ESG management	Enhancement of managerial resources	
		Environment	Social
Enhancement of managerial resources	Create an environment conducive to the shift to digitalization	<ul style="list-style-type: none"> <li>Number of participants in the basic digital talent development program: Approx. 4,200</li> <li>Number of participants in the intermediate digital talent development program: Approx. 1,200</li> <li>Promoting the renewal of core systems</li> </ul>	
	Ultra-stable production	<ul style="list-style-type: none"> <li>Activities under way to secure a 1.5x increase in productivity: 68% of target lines commenced as of FY2024</li> </ul>	
ESG management	Leverage a diverse workforce	<ul style="list-style-type: none"> <li>Employee diversity ratio (gender, mid-career hires, nationality)<sup>**</sup>: 29% in FY2024 (FY2026 target: 35%)</li> <li>Strengthen collaboration with the Institute of Science Tokyo regarding tribology technologies</li> </ul>	
	Environment	<ul style="list-style-type: none"> <li>Reduce the Group's manufacturing-based business activity CO<sub>2</sub> emissions (Scope 1 + 2 vs. FY2017)</li> </ul>	<ul style="list-style-type: none"> <li>FY2024 result: -55% (FY2026 target: -50%)</li> </ul>
	Social	<ul style="list-style-type: none"> <li>Contribute to the reduction of CO<sub>2</sub> emissions generated through the use of products</li> </ul>	<ul style="list-style-type: none"> <li>FY2024 result: 2,324 thousand-t (FY2026 target: 3,000 thousand-t)</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Issuance of sustainability-linked bonds (September 2023)</li> </ul>	<ul style="list-style-type: none"> <li>Disclosure of the Group's human rights policy (October 2022), re-certification as an Outstanding Health &amp; Productivity Management Organization, thorough compliance training (e.g., engineer ethics, quality)</li> </ul>	<ul style="list-style-type: none"> <li>Abolishment of takeover defense measures (May 2023), ongoing dialogue with outside directors and institutional investors</li> </ul>

\*1 The financial targets for FY2026 were revised in May 2024 due to the rate of recovery in the business environment falling below the assumptions upon which MTP2026 was formulated and to the conversion of the steering business to an equity-method affiliate in August 2023.

\*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).

NSK is working to trigger a recovery from the deterioration in profitability attributable to changes in the business environment and aims to strengthen the business foundation through sales growth and portfolio reform.

**Management Policies**

- Continue initiatives toward the Three Key Management Tasks
- Profitability improvement is the top priority
- Maintain investment in human resources, environment, DX

**Three key management tasks**

Growth with profitability

Enhancement of managerial resources

ESG management

**Initiatives and Measures**

**Growth**

- Business portfolio reform
  - Expand Industrial Machinery
  - Secure share in EV
  - New products to market

**Structural reforms**

- Ultra-stabilization of production
- DX driving efficiency
- Unit cost reductions, transfer labor cost increases to sales prices
- Execute structural reform/production reorganization

## Toward a new growth stage that will open up the future

My name is Tatsufumi Soda, and I was appointed head of the Industrial Machinery Business Division HQ in April of this year. Having been involved in the Industrial Machinery Business, both in Japan and overseas, since joining the Company, I have also taken on the challenge of growing and expanding the business by establishing sales and production bases in overseas markets such as Southeast Asia, the U.S., and China.

Under MTP2026, we are promoting measures aimed at “business growth and expansion” and “strengthening our business structure.” For the former, despite delays in business growth due to unexpected changes in the external environment, we have achieved steady results by expanding our aftermarket business in the U.S. and India as well as our machine tool and semiconductor manufacturing equipment business in the industrial goods market. For the latter, we are promoting structural reforms. This includes reorganizing and improving the profitability of our production bases, devising ways to improve our business structure, and putting in place the foundation for future business growth. We are also building an accurate picture of social needs and technological innovation in such areas as electrification, automation, and environmental friendliness, while promoting the development of products and technical services that highlight NSK’s technological superiority. We will continue to take on the challenges of achieving sustainable, profitable business growth based on our trusted brand.

### NSK's Competitive Advantages

- Extensive product lineup as a comprehensive bearing manufacturer
- Technical capabilities based on core technologies
- Accumulated expertise in customer needs and technology for a wide range of industries and applications
- Manufacturing, supply, and technical support capabilities based on a global network framework

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>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>● Prolonged slump in China</li> <li>● Rise of Chinese competitors</li> </ul> <p><b>Opportunities</b></p> <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>	<p><b>Growth/Expansion</b></p> <ul style="list-style-type: none"> <li>● Strengthen supply capacity</li> <li>● AM sales expansion/enter new sectors</li> </ul> <p><b>Improve profitability</b></p> <ul style="list-style-type: none"> <li>● E&amp;E business production reorganization</li> </ul>



**Tatsufumi Soda**  
Executive Vice President  
Head of Industrial Machinery Business Division HQ

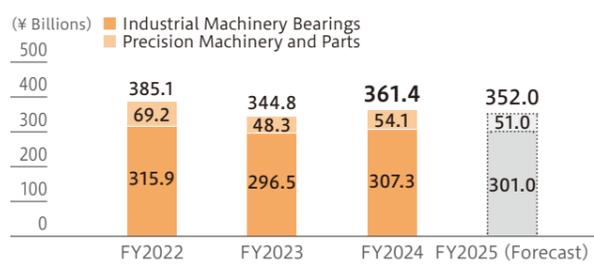
## A look back at the business conditions for FY2024 and the forecast for FY2025

In addition to a gradual recovery in demand for capital investment, the weaker yen has had an impact, resulting in year-on-year increases in sales and profits for the consolidated fiscal year under review.

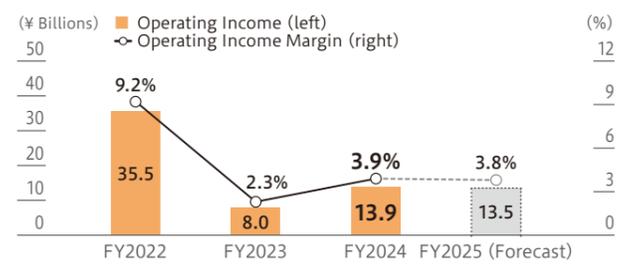
Looking at the Company's results by region, sales in Japan increased due to such factors as the upswing in sales for machine tools. In the U.S., sales grew due to strong demand in the aftermarket and for semiconductor manufacturing equipment. In Europe, demand remained sluggish due to the impact of worsening market conditions, particularly in the home appliance, electrical component, and aftermarket sectors, resulting in a decrease in sales. In China, sales for machine tool, electrical, and electronics as well as railway applications increased, resulting in higher sales.

As a result, sales in the Industrial Machinery Business totaled ¥361.4 billion, a year-on-year increase of 4.8%, and operating income was ¥13.9 billion, a year-on-year increase of 74.1%.

### Sales Trends



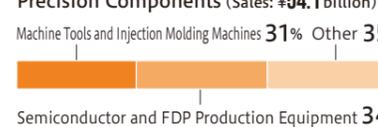
### Operating Income/Operating Income Margin Trends



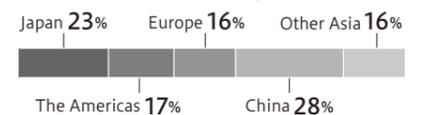
### Breakdown of Sales of Industrial Machinery Bearings (Net sales: ¥307.3 billion)



### Breakdown of Sales of Precision Components (Sales: ¥54.1 billion)



### Breakdown of Sales by Region



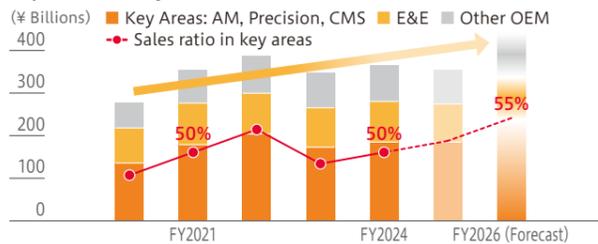
\*1 Machine tools, industrial robots, wind turbines, train cars, mining and construction machinery, pumps and compressors, steelmaking facilities, etc.  
\*2 Home appliances, information, PCs, in-vehicle motors, etc.

## Progress of MTP2026 and growth engines

Recognizing mid- to long-term expansion in the electrification, automation, digitalization, and environmental markets as growth opportunities, we are working to expand our Industrial Machinery Business portfolio. In addition to the highly profitable aftermarket and precision machinery and parts sectors, we are positioning our CMS Business as a key area of focus and as a foothold for future service sales while aiming for business growth.



### Expansion of Key Areas



Key Areas	Technology/Market Needs	NSK's Strengths
Aftermarket	<ul style="list-style-type: none"> <li>● Commercial: Product lineup, ease of product selection</li> <li>● Repair: Global supply system, ability to ascertain remaining life and condition</li> </ul>	<ul style="list-style-type: none"> <li>● Provision of efficient product selection tools</li> <li>● Optimal proposals for PLM implementation</li> <li>● Optimal proposals from field engineers</li> </ul>
Precision	<ul style="list-style-type: none"> <li>● Increase in difficult-to-cut materials</li> <li>● Maintenance-free/stable operation</li> </ul>	<ul style="list-style-type: none"> <li>● High load capacity and high speed</li> <li>● &gt;ROBUSTDYNA Series</li> </ul>
CMS	<ul style="list-style-type: none"> <li>● Visualizing soundness of facilities</li> <li>● Reducing labor and improving operational efficiency by remote monitoring</li> <li>● Extending equipment life through maintenance optimization</li> </ul>	<ul style="list-style-type: none"> <li>● Proposals for highly accurate diagnostics and improvements through AI and an equipment diagnostic specialist</li> </ul>

## Outlook for the CMS Business

By leveraging B&K Vibro's customer base and knowledge as well as use cases while expanding into the general industrial machinery sector, we will realize new value creation and business expansion that combine the strengths of the two companies primarily focusing on NSK's customer base.

### Installation Equipment

Wind power industry	Petrochemical industry	Hydroelectric power generation industry
Number of CMS installations: More than 40,000	Number of CMS installations: More than 10,000	Number of CMS installations: More than 800

### Technological Assets

- ISO-certified Machine Condition Monitoring Training Institution
- ISO-certified Machine Condition Monitoring Diagnostic Technicians
- Six registered specialists (Cat. 4)

We are working to achieve sustainable business growth by delivering value throughout the entire product life cycle via PLM while strengthening synergies with our aftermarket business.

## Global Challenges and NSK's Solution Proposals

Keeping pace with the needs of such social issues as carbon neutrality and the decline in the working population, we are putting forward solutions. NSK will also continue to contribute to fields that are expected to expand in the future, such as new energy sources and humanoid robots.

Social Issues/Technological innovation	Solutions
<p><b>Carbon neutrality</b></p> <ul style="list-style-type: none"> <li>● Expand renewable energy</li> <li>● Electrify mobility</li> <li>● Expand recycling</li> </ul>	<p><b>Bearings for transportation and production equipment</b></p> <p>We are working to contribute by developing bearings for liquid hydrogen pumps, which are intended for use in cryogenic environments, and bearings for the transportation and production of hydrogen, ammonia, perovskite solar cells, all-solid state batteries, and other new energy sources.</p>
<p><b>Resource issues</b></p> <ul style="list-style-type: none"> <li>● Growing demand for food</li> <li>● Insufficient water resources</li> <li>● Resource depletion</li> </ul>	<p><b>Humanoid robots</b></p> <p>We contribute to the parts that correspond to the joints and components that stretch and contract to correspond to muscle movements with our highly functional actuators, thin-wall bearings, and wave bearings. We also assist with humanoid hands by means of our MTA Series bearings and other products.</p>
<p><b>Population/Labor issues</b></p> <ul style="list-style-type: none"> <li>● Low birth rate, aging population</li> <li>● Shrinking labor force</li> </ul>	<p><b>eVTOL</b></p> <p>By independently developing a new lubrication mechanism for the bearings used in the gas turbine generators of electric vertical take-off and landing (eVTOL) vehicles, NSK engineers significantly reduced the amount of lubricating oil required, thereby contributing to extending the flight range of eVTOLs.</p>
<p><b>Automation/Smartification</b></p> <ul style="list-style-type: none"> <li>● Automatic operation/Remote control</li> <li>● Preventive maintenance/Condition monitoring</li> <li>● Service/industrial robots</li> </ul>	

## Toward Further growth through a holistic electrification strategy and new products

Even though the transition from internal combustion engine (ICE) vehicles to electric vehicles (EVs) has slowed, NSK feels that the long-term trend remains unchanged. By 2030, we estimate that the markets for both EVs and hybrids (HEV and PHEV) will expand, and therefore expect to see the ratio of electric vehicles, when combining EVs, HEVs, and PHEVs, to grow as anticipated.

In response to the demand for low-friction, high-speed rotation, and electric erosion resistance required as a result of changes in powertrains against the backdrop of this shift to EVs, NSK will take a holistic, flexible approach through high-value-added electrification technologies and product lineups, including Gen 3 tapered hub bearing units, ball screws for electric brake systems, and quiet operation, high-efficiency electric units. Through the market introduction and expansion of new products, we will capture a majority share of orders in an effort to secure growth that exceeds the declining demand from ICE vehicles. At the same time, we will maintain our position as the world's leading supplier of automotive bearings.

**NSK's Competitive Advantages**

- 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, low torque, and low friction, and electric erosion resistance)
- Ball screw technologies cultivated through industrial machinery

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> <li>• China slowdown</li> <li>• Stagnation of volume (92 mil vehicles/yr)</li> </ul>	<p style="text-align: center; background-color: #0070c0; color: white; padding: 2px;"><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Sluggish EV growth</li> <li>• Increased price competition</li> <li>• Accelerating pace of development</li> </ul> <p style="text-align: center; background-color: #cccccc; padding: 2px;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• HEV/PHEV growth</li> <li>• Increase in opportunities to cultivate new customers and propose new products on the back of the shift to EVs</li> </ul>	<p style="text-align: center; background-color: #0070c0; color: white; padding: 2px;"><b>Growth/Expansion</b></p> <ul style="list-style-type: none"> <li>• Greater profitability and growth through expanded sales for EVs</li> <li>• Technology differentiation: Low friction/high-speed rotation/electric erosion resistance</li> <li>• Market introduction and expansion of new products and increased development speed</li> </ul> <p style="text-align: center; background-color: #0070c0; color: white; padding: 2px;"><b>Profitability improvement</b></p> <ul style="list-style-type: none"> <li>• ICE product production reorganization</li> <li>• Expanded lineup and greater sales of high-value-added products meeting electrification needs</li> </ul>

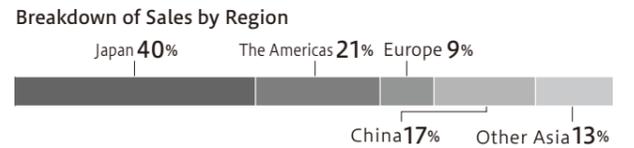
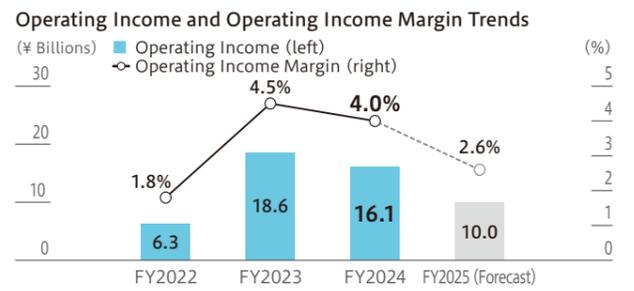
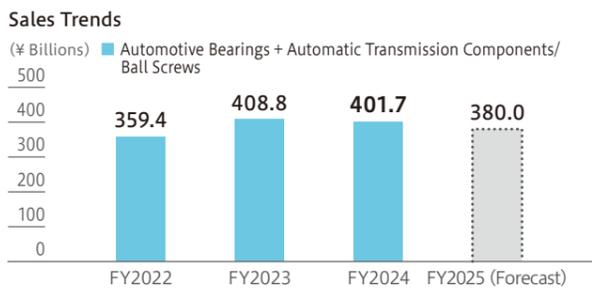


## A look back at the business conditions for FY2024 and the forecast for FY2025

Global automotive production volumes fell below those of the previous fiscal year, which resulted in lower year-on-year sales and operating income for the consolidated fiscal year under review.

Looking at the Company's results by region, Japan saw a sales decline due to the production and delivery suspensions by some automobile manufacturers. In the U.S., sales increased thanks to a trending recovery in automobile sales volumes. Meanwhile, Europe experienced a decline in sales as a result of ongoing sluggishness in the automobile market. In China, sales fell due to lower demand stemming from the impact of poor Japanese automobile sales.

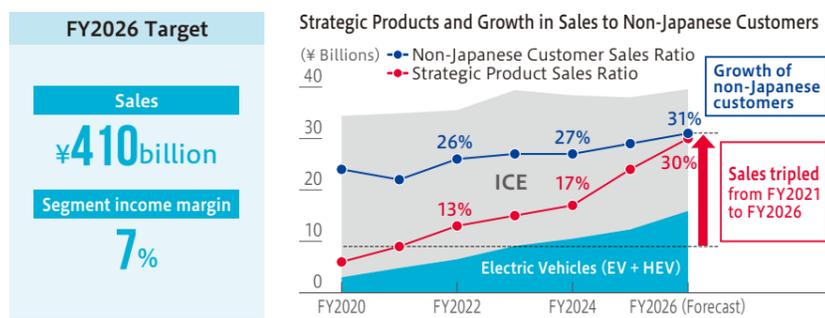
As a result, sales in the Automotive Business totaled ¥401.7 billion, a year-on-year decline of 1.7%, and operating income came in at ¥16.1 billion, a year-on-year decline of 13.4%.



Note: 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 were 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.

## Progress of MTP2026 and growth engines

Amid increasing opportunities to cultivate new customers and propose new products on the back of the shift to EVs, NSK is steadily working to increase market share through orders of high-value-added products, grow sales of ball screws for electric brake systems to the level of ¥30 billion, and expand the number of non-Japanese customers.



Strategic Products	Technology/Market Needs	NSK Product Features
<p><b>eAxle bearings</b></p>	<ul style="list-style-type: none"> <li>• Electric erosion problem due to adopting higher voltage/output motors</li> <li>• High-speed rotation/low friction</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensively meet diverse needs in electric erosion/high-speed/low friction</li> </ul>
<p><b>Hub unit bearings</b></p>	<ul style="list-style-type: none"> <li>• Longer driving range</li> <li>• Battery increases weight, demands higher durability</li> </ul>	<ul style="list-style-type: none"> <li>• Low friction with high durability</li> <li>• » Gen 3 tapered hub unit bearing</li> </ul>
<p><b>Ball screws for electric brake systems</b></p>	<ul style="list-style-type: none"> <li>• Demand increase driven by regulatory requirements</li> <li>• Small/high capacity</li> <li>• Highly responsive</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved smaller/higher capacity systems through the use of NSK's proprietary machining technologies</li> <li>• Ball screw types are advantageous for their responsiveness</li> </ul>

## Strategy to expand ball screws for electric brake systems

The mandatory installation of autonomous emergency braking systems is progressively taking hold in line with efforts to achieve a safe and secure society, thereby driving greater demand for ball screws for electric brake systems with superior responsiveness. NSK aims to expand sales of these ball screws beyond automotive applications to include a wide range of industries.

Tighter Regulatory Standards: Japan in November 2021, Europe in July 2024, with mandatory installation expected next for North America and China

**Electric-hydraulic brake systems**

Ball screws for electric-hydraulic brake systems and other initiatives

Nut + Bearing  
Screw shaft

**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**

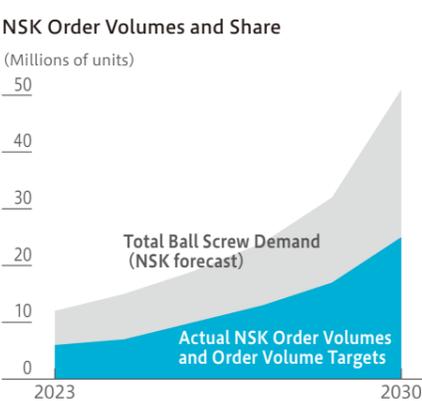
- Ball screw type systems are highly responsive, efficient, and reliable
- Achieved smaller/higher capacity systems through the use of NSK's proprietary technologies

**FY2026 Target**

Order Volume	Share
More than <b>10 million units</b>	More than <b>50%</b>

**Total Demand Forecast and Order Standing**

- FY2025: Order volume expected to reach 10 million units, primarily for electric brake systems
- FY2030: Aim for an order volume in excess of 20 million units, including applications beyond electric brake systems (maintain the highest share by far)



## Topics

**Development of New Products to Support Electrification and Self-Driving Automobiles**

Founded on the expertise and technologies built through our existing products, NSK is advancing the integration of bearings and surrounding components into units and systems in an effort to drive innovation for the future of mobility.

**Electric Corner Module Concept**

As a concept model that integrates an electric suspension, rear wheel steering actuator, electro-mechanical brake system, and ultra-low friction ball hub unit bearings, this development will help realize sophisticated self-driving vehicles and flexible component arrangements.

**Rear Wheel Steering Actuator**

This development realized a high-efficiency rear wheel steering actuator with a miniaturized, power-saving motor.

**Locking Clutch**

This development will help to miniaturize and reduce the power consumption of electric actuators in a wide range of industries, from automobiles to industrial machinery.

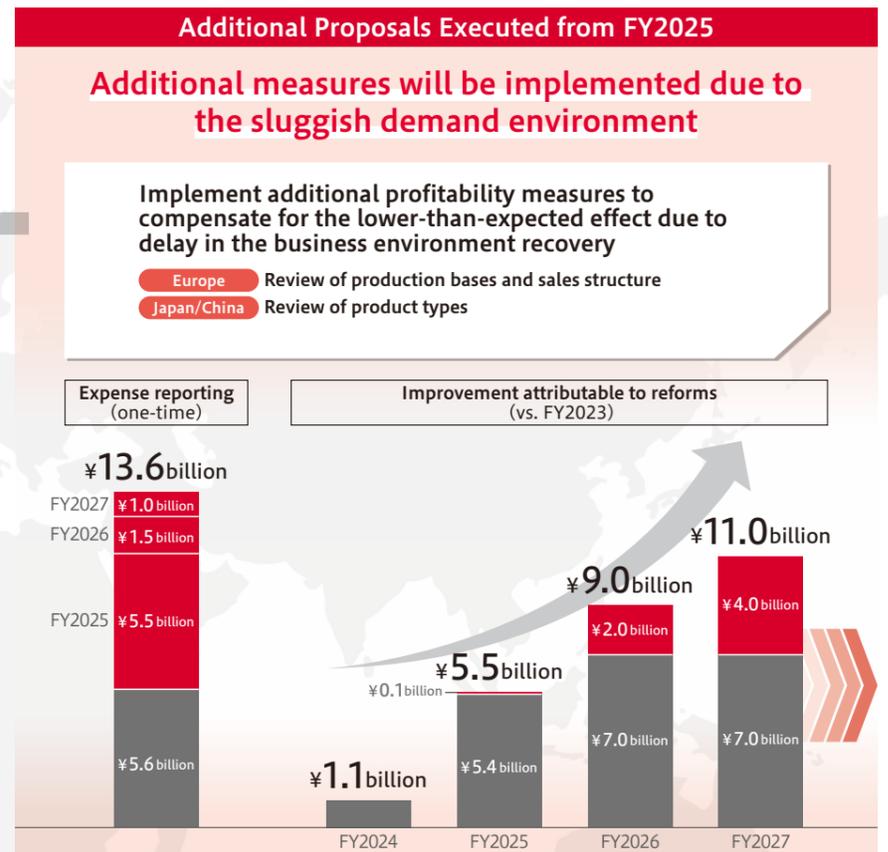
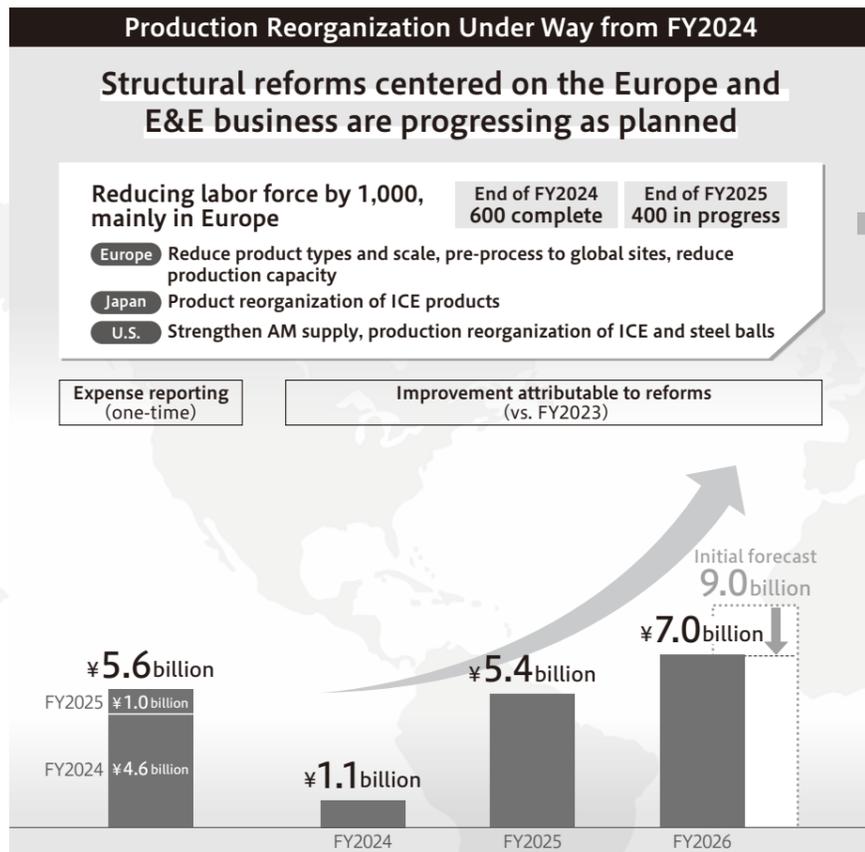


# Improving the Company's Earnings Structure

## Promoting structural reforms to build a resilient foundation

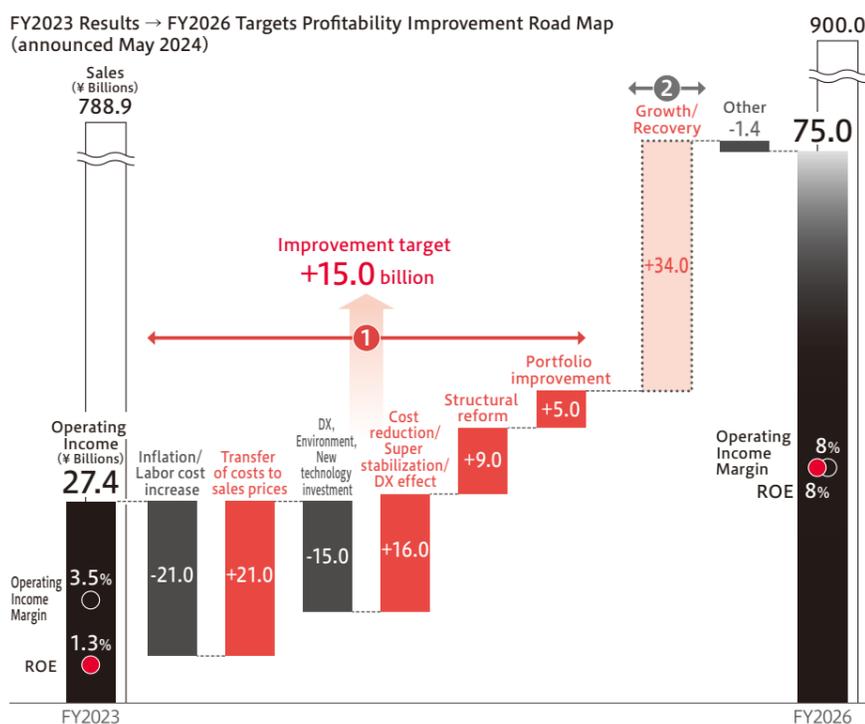
NSK will seek to improve profit in the European region as one of its core initiatives during the second half of MTP2026. In the European region, we have experienced a deteriorating product mix, declining productivity due to aging plants and equipment, and rising labor as well as skyrocketing energy costs against the backdrop of the conflict in Ukraine. Together, these have led us to face issues with respect to profitability. We are therefore working to reorganize global production into a more rational structure,

and have progressed as planned with efforts to reduce the number of product types, shift upstream processes to global sites, and reduce production capacity. Given the greater-than-expected slowdown in the business environment, however, we have decided on and are shifting to the execution of additional measures, including reorganization of both production sites and the sales system in order to further lower the break-even point in the European region.



## Progress in improving our structure and steps toward formulating the next Mid-Term Management Plan

In working to achieve the MTP2026 financial targets revised in May 2024 and growth beyond 2026, NSK has striven to enhance profitability through improvements to its earnings structure, as well as through market growth and recovery. As far as improving the earnings structure is concerned, we aim to increase operating income by ¥15 billion over the three-year period from FY2024 to FY2026. For this purpose, we are advancing business portfolio reforms, the transfer of costs to sales prices, unit cost reductions, and structural reforms centered on the European region. The outcomes of these efforts have steadily emerged, with operating income increasing ¥4.2 billion in FY2024 and an outlook for operating income growth of ¥6.2 billion in FY2025. Meanwhile, in terms of market growth and recovery, despite some degree of positive movement in the aftermarket and electric vehicle products businesses, areas for which we are targeting expansion, market recovery remains below expectations. Under the assumption that achieving MTP2026 targets will be difficult, we have therefore initiated steps to formulate a new mid-term management plan ahead of schedule to achieve an ROE of 8% as soon as possible, and have held multiple discussions on specific measures to this end.



### 1 Steady progress in improving profitability (FY24 +¥4.2 bn FY25 +¥6.2 bn)

- Structural reforms promoted in conjunction with other measures
- Transfer of increasing costs to sales prices was not achieved in some regions, but this was made up for by cost reductions and other measures
- Increase in DX and other costs controlled within budget

Sales and operating income improved to ¥800 billion and ¥40 billion (5%), respectively

### 2 Slow market recovery and increased uncertainty

- Slowing growth in China
- Sluggish European manufacturing sector
- Global economic slowdown risk due to U.S. tariff policy

Difficulty reaching 8% ROE under the current business environment in FY2026

**Implement additional ¥30.0 bn in profit improvement to promptly achieve 8% ROE**

**Sales expansion in key areas**      **Fixed cost reductions**  
 Sales +¥50.0 bn / Profits +¥20.0 bn      -¥10.0 bn

**Taking steps toward the next Mid-Term Management Plan in advance**

YouTube video: "THE FUTURE CREATED BY NSK'S TRIBOLOGY TECHNOLOGY" ▶



The intellectual activities of each and every engineer will be the force that shapes NSK's future, contributing to society through technology with the aim of creating value of which the next generation can be proud.

**Hayato Omi** Executive Vice President, Head of Technology Development Division HQ

### Focusing on the essence of technology, pioneering the future together with society

NSK's technological development involves taking on challenges that help "make machines operate efficiently and without waste as required" through product improvements and new developments. Our mission is to meet the diverse needs of society through mechanical elements such as bearings and ball screws. Including automobiles, robots, and manufacturing equipment, our range of applications continues to expand, and at the core of our work remains our strong desire to contribute to society through technology.

Social structures continue to undergo a host of changes, including a declining birth rate, an aging population, and climate change. Against this backdrop, electrification, automation, and mechanization are expected to accelerate, making mechanical elements that support moving things indispensable. Their importance and necessity are particularly apparent in automobiles, robots, and in a variety of manufacturing equipment. NSK utilizes its core technologies—tribology, materials, numerical simulation, and mechatronics—plus the manufacturing engineering technologies that give shape to those technologies while pursuing the reduction as well as minimization of friction and energy loss. We believe that by providing highly reliable products, we can contribute to the resolution of social issues on an ongoing basis.

### Bearings & Beyond initiatives

With the aim of pioneering new business domains while maintaining the profitability of existing products, "Bearings & Beyond" is a pillar of NSK's mid- to long-term strategy. To achieve this aim, it is essential that we strengthen our core technologies and expand the

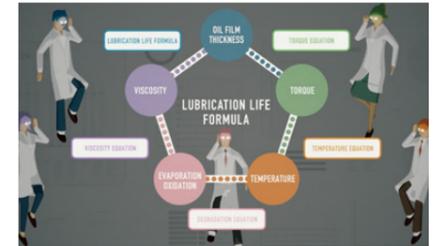
breadth and depth of our technologies through open innovation.

Reducing friction loss is an issue that NSK has been working on for many years. Working to push the limits of friction reduction technology through advances in the development of greases and seals, we are making a significant contribution to improving energy efficiency. Not merely improving performance, these technologies also assist in reducing environmental burden, making them an important element in moves toward the realization of a sustainable society. In addition to increasing efficiency, reducing friction extends the service lives of machines, reduces maintenance costs, and leads to heightened product reliability. Scientifically analyzing the mechanisms that generate friction, NSK is pursuing technological development using a multifaceted approach that includes materials, lubrication, and surface treatment.

In the technological development process, open innovation is of the utmost importance. Rather than the Company completing the design of motors and units on its own, the creation of higher-performance more stable products through collaboration with other companies and universities is being demanded. In addition, in the case of mechanical elements such as bearings and screws, initiatives such as N-TRIBO aim to improve design precision by scientifically clarifying the factors that affect bearing life and combining this with digital technology. Under the N-TRIBO initiative,

we are conducting research to clarify the five factors that affect the lubricant life of bearings and the causal relationships between each of them. This will enable designs that have a theoretical backing. Breaking away from conventional designs that rely on empirical rules, this kind of approach will realize more reproducible and more sophisticated technological developments.

#### Five Factors Affecting Bearing Lubricant Life



By utilizing digital twin technology, virtual verification is possible even in areas where experiments are beset with difficulties, thereby improving development efficiency and reducing development risks. By clarifying the causal relationships of real-world phenomena and digitally reproducing and predicting them, we can improve design accuracy and efficiency. This marks an important step toward realizing what NSK is aiming for with its "Bearings & Beyond" initiatives.

Technologies such as CMS [Glossary](#) and PLM [Glossary](#) are also evolving, and "feedforward" control, which utilizes data such as vibration and temperature to predict the future state of machines, is becoming increasingly important. This technology is effective not only for power generation facilities and large plants where failures directly lead to significant losses but also

for devices that support the precise operations of robots and automobiles.

Conventional feedback control tends to be reactive, dealing with anomalies only after they occur, but feedforward control makes it possible to detect signs of anomalies in advance and prevent them from occurring. Analyzing a variety of signals emitted by machines, such as vibration, sound, temperature, and transmission efficiency, NSK is advancing technological developments that predict changes in the condition of machines to a high degree of accuracy.

### Our approach to relationships of trust with customers and intellectual property

NSK believes its strength lies in its commitment to providing optimal solutions tailored to customer design requirements. Especially among companies outside Japan, there is a growing trend to promote existing products even when it comes to making design changes for customers, but NSK remains committed to providing optimal solutions by accommodating their design requirements. This is not simply product strength, but part of NSK's intellectual capital—the ability to make proposals based on deep relationships of trust with customers—and symbolizes NSK's technological culture. For example, in the development of ball screws for electric brakes, NSK made it possible to install ball screws, which efficiently convert motor rotation into linear motion, in brake applications by miniaturizing them and increasing their load capacity, thereby creating NSK's proprietary ball recirculation mechanism. Involving closely following customers' design concepts, efforts of this kind offer good examples of NSK's unique technological capabilities.

We also view intellectual property (patents) as the acquisition of rights for technological development, not as a strategic tool, but as the very result of the activities of our engineers. Patents are created in the process of sincerely addressing challenges and finding solutions, and provide the proof that underpins our technological foundation. Rather than pursuing quantity, it is the accumulation of high-quality intellectual property that underpins NSK's technological capabilities. Charting the course of an engineer's thinking, a patent clearly shows the logic behind the three pillars of problem, cause, and solution. Regarding intellectual property not simply as a product but as evidence of the intellectual activities of its engineers, NSK encourages each and every one of its engineers to work with an awareness of intellectual property.

Because NSK's technologies have many aspects where the more you chew, the more flavor they release and the more you can taste them, we will continue to actively disseminate information. Having said this, we hope that our customers and other stakeholders will be kind enough to come and see actual sites and develop a taste for the parts that are difficult to discern from outside.

### Taking on challenges in the Beyond domain and contributing to the future

Even in the Beyond domain, NSK will continue to evolve by incorporating peripheral technologies while firmly maintaining its core competencies. We will also focus on developing compact, highly efficient actuators [Glossary](#) to meet the needs of various robots and medical support equipment. While also focusing on complex control technologies

such as those used in humanoid robots, NSK will leverage its expertise in the precision and reliability of mechanical elements to address a variety of social challenges. Furthermore, industrial robots are one of the areas where growth is expected to continue in the years to come. Amid calls for designs that operate precisely and consistently, are energy efficient, and can withstand sudden shutdowns, NSK's technologies play a major role.

New value is expected to be created through collaboration between companies, and NSK will give shape to the technologies of the future through collaboration with partners such as CHITOSE Group, which owns a group of bio-venture companies, and Cyfuse, a regenerative medicine venture company. Not limited to mere product development, these efforts are positioned as technological contributions toward the resolving of social issues.

Press release: Notice Concerning Installation of "Chitose Biomass Conversion Plant," Fertilizer Production Plant at ZOOMO, the Morioka City Zoo (Japanese only) ▶



Press release: NSK and Cyfuse Develop New Technology for Automation of Production Processes for Regenerative Medicine ▶



NSK will continue to take on the challenge of realizing a sustainable future while focusing on the true essence of technology and responding flexibly to changes in society. We believe that the intellectual activities of each and every engineer will be the force that shapes NSK's future. We aim to contribute to society through technology and create value of which the next generation can be proud.

### NSK's Core Technologies

<p>Studying, Clarifying, and Controlling Friction</p> <p><b>Tribology</b></p> <p>Friction on the bearing's ball surface</p>	<p>Unrelenting Pursuit of Performance Durability and Reliability</p> <p><b>Materials</b></p> <p>Bearings utilizing ceramics and resins</p>	<p>Giving Shape to Technology</p> <p><b>Manufacturing engineering technologies</b></p> <p>Cheonan Plant in South Korea</p>
<p>Reproducing Phenomena in Virtual Space and Predicting Performance</p> <p><b>Numerical simulation</b></p> <p>Example of bearing grease flow analysis</p>	<p>Technology That Supports People for a Convenient, Safe, and Comfortable Future</p> <p><b>Mechatronics</b></p> <p>Active caster</p>	

# Manufacturing Capital



In addition to improving productivity, we are channeling our manufacturing capital to reinforce our global competitiveness, support our human resources strategy, rebuild our training system, and create new value through collaboration with Group companies.

**Naoki Goto** Executive Vice President, Head of Manufacturing Strategy Division HQ

## Measures aimed at optimizing manufacturing capital

Uncertainty has continued to plague the business environment in which NSK operates in recent years. Against this backdrop, the biggest challenge we face is how to improve our earnings structure. To overcome this challenge, we must consider how best to transform our portfolio and how to secure a global facility capacity that exceeds demand. Taking into consideration the current sluggish nature of demand, rebuilding the production system in line with our business strategy is a matter of considerable urgency. Turning to our activities overseas in particular, measures aimed at reducing fixed costs are already under way. We are also making headway with efforts to optimize our workforce in line with the balance between supply and demand.

As an important issue going forward, NSK recognizes the need to accelerate the reorganization and ultra-stable production under its Mid-Term Management Plan. Super stabilization entails maximizing the performance of existing facilities and ramping up improvements through the use of digital technologies. In addition to the conventional *Sangen* principle, or “the Three Actuals” (*gemba*: actual places, *gembutsu*: actual things, and *genjitsu*: actual situations), we have introduced innovative improvement methods that leverage data analysis and AI.

## Progress in achieving ultra-stable production and the use of digital technologies

Efforts to promote ultra-stable production began in 2022 at a model plant in Japan with plans to replicate activities overseas. While productivity and output at model lines have met targets,

the pace of improvements lagged behind the decline in sales volumes as of FY2024 due to the economic downturn. Especially in Japan, excess production capacity has led to surplus personnel, which has in turn raised questions regarding a decline in profitability. To address these concerns, we are accelerating efforts to secure improvements using digital tools.

NSK is systemizing facility capacity management while visualizing the balance between global supply and demand in a bid to expedite investment decisions. As a result, business divisions can now bolster facility capacity and optimize operations in line with regions earmarked for sales growth. Historically, each plant and regional headquarters utilized data on a stand-alone basis making it difficult to engage in uniform strategic planning. Today, we have significantly improved the precision of budgets and production strategies by employing a common global database.

While numerous tasks are automated, moving quickly to identify all remaining manual operations is also important. A check of ultra-stable activities at nine plants in Japan uncovered more than 1,000 manual tasks. Further automation will help enhance the efficiency of operations. Here, we will selectively leverage both in-house facilities and external resources while evaluating the cost-effectiveness of automation. Making the most of the Group companies engaged in the manufacture of facilities, we are steadily building a mechanism through which to reflect this improved expertise in equipment.

Moreover, we are clarifying investment amounts and maintenance costs by equipment while assessing and analyzing actual costs through the introduction of a facility management system. This has reduced the time required for assessment and analysis. With the subsequent increase in available capital investment options, we can now better align investment decisions with product added value. We are considering such strategic investments as the use of external equipment for commodity products and in-house facilities for value-added products. In this manner, the accelerated pace of decision-making attributable to digital technologies is proving highly effective.

### Visualization and Ultra-Stable Production Initiatives at South Korean Plants



## Addressing labor shortages and rebuilding the training system

The number of employees at NSK’s domestic business sites is projected to fall below the level required around 2030, leading to a severe labor shortage. It is therefore important that we accelerate automation over the next five years. In doing so, securing further advances

in measurement technology is of particular importance. While manual measurement was previously the norm, steps have been taken to enhance quality management by automating the inspection process thanks to a variety of measures, including the introduction of 3D measuring equipment. This has in turn helped reduce the number of inspectors required and is expected to increase the efficiency of quality management.

As one related initiative, analyzing personnel data using DX is facilitating staffing forecasts as well as strategic automation. As far as the training system is concerned, there is a critical need to shift from conventional on-the-job training to digital education. Employees at domestic plants undergo repeated training on improvements and core values up to their first 10 years. Moreover, we continue to review the NSK Manufacturing Education and Training Center [Glossary](#) curriculum and provide training with respect to the use of digital analysis and AI to ensure skills are passed on the next generation.

### Repetitive Training over 10 Years

**Developing production personnel** in support of NSK’s future plants and the concept of “Change & Go Beyond”

**Developing NSK professionals**  
“Selective training”

**Development as NSK production personnel**  
“Tiered education training based on personnel requirements”

**Visualizing career paths**

- Manager training
- Assistant manager training
- Team leader training
- Leader training
- Operator training

Enhancing career advancement management

**Fundamentals of NSK**  
Core Values and Manufacturing

“Creating a common language for manufacturing – repetitive learning for 10 years”

**For all plant employees**

Item	Year 1	Year 4	Year 7	Year 10
Advanced Production System (APS)	Basic APS Learning	Intermediate APS Learning	Intermediate APS Learning	Intermediate APS Learning
Quality	Basic Quality Learning	Intermediate Quality Learning	Intermediate Quality Learning	Intermediate Quality Learning
Safety	New employee Safety Learning	Intermediate Safety Learning	Intermediate Safety Learning	Intermediate Safety Learning
Fire prevention	New employee Fire Prevention Learning	Intermediate Fire Prevention Learning	Intermediate Fire Prevention Learning	Intermediate Fire Prevention Learning
Environment	New employee Environmental Learning	Intermediate Environmental Learning	Intermediate Environmental Learning	Intermediate Environmental Learning
Carbon neutrality	Carbon Neutrality Learning	Carbon Neutrality Learning	Carbon Neutrality Learning	Carbon Neutrality Learning
Compliance	Basic Compliance Learning	Intermediate Compliance Learning	Intermediate Compliance Learning	Intermediate Compliance Learning

Climate change (CN training) \ P.43

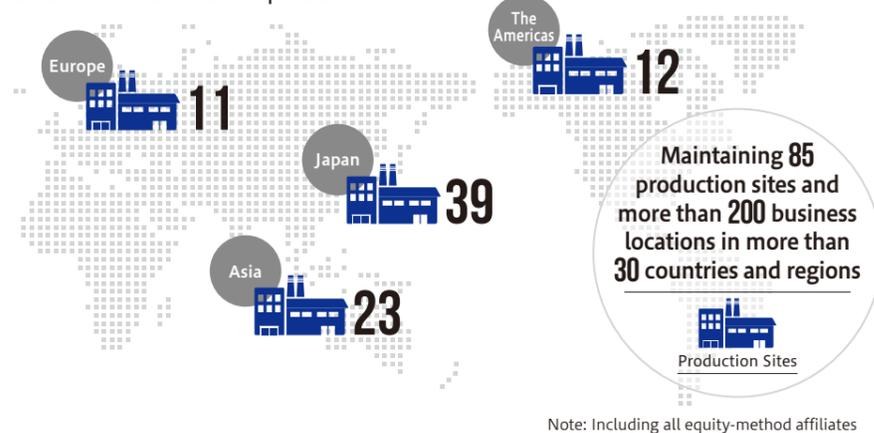
## Reorganization of production sites and related strategies

Working to optimize the location of its production sites, NSK is promoting reorganization. Taking into consideration labor and energy costs, we are enhancing our cost competitiveness by selecting the most suitable place for production. This includes exporting

products manufactured in Japan in response to rising energy costs in Europe when required.

For such products as normal size ball bearings, we are able to flexibly position global bases. NSK is building a strategic production system while considering the cost balance by region.

### Global Production Base Expansion



## NSK’s strengths and future challenges

NSK’s strengths lie in its flexible structure that can accommodate diverse and small-lot production. Having built a supply chain that is capable of providing the same product lineup in each region, we possess the ability to address customer needs.

However, we are at a slight cost disadvantage compared to mass-production competitors and are competitively weak when it comes to commodity products. With this in mind, NSK plans to differentiate itself by focusing resources on value-added products leveraging its technological capabilities. In addition, the NSK Group includes companies that can manufacture facilities. As such, another key strength stems from our extensive expertise in various improvements and our ability to leverage this knowledge to manufacture equipment.

We plan to transform the earnings structure of the Group companies by leveraging monitoring systems, including CMS [Glossary](#), to identify added value in equipment overhauls and new development.

NSK’s manufacturing capital initiatives extend beyond the simple improvement of productivity. In addition, we are channeling our manufacturing capital to reinforce our global competitiveness, support our human resources strategy, rebuild our training system, and create new value through collaboration with the Group companies.

Please see our website for more information. ▶



**We will arrange and provide an environment that enables employees to undertake challenges, engage in strategic human resource development, and establish a human resources portfolio to maximize the value of human capital.**

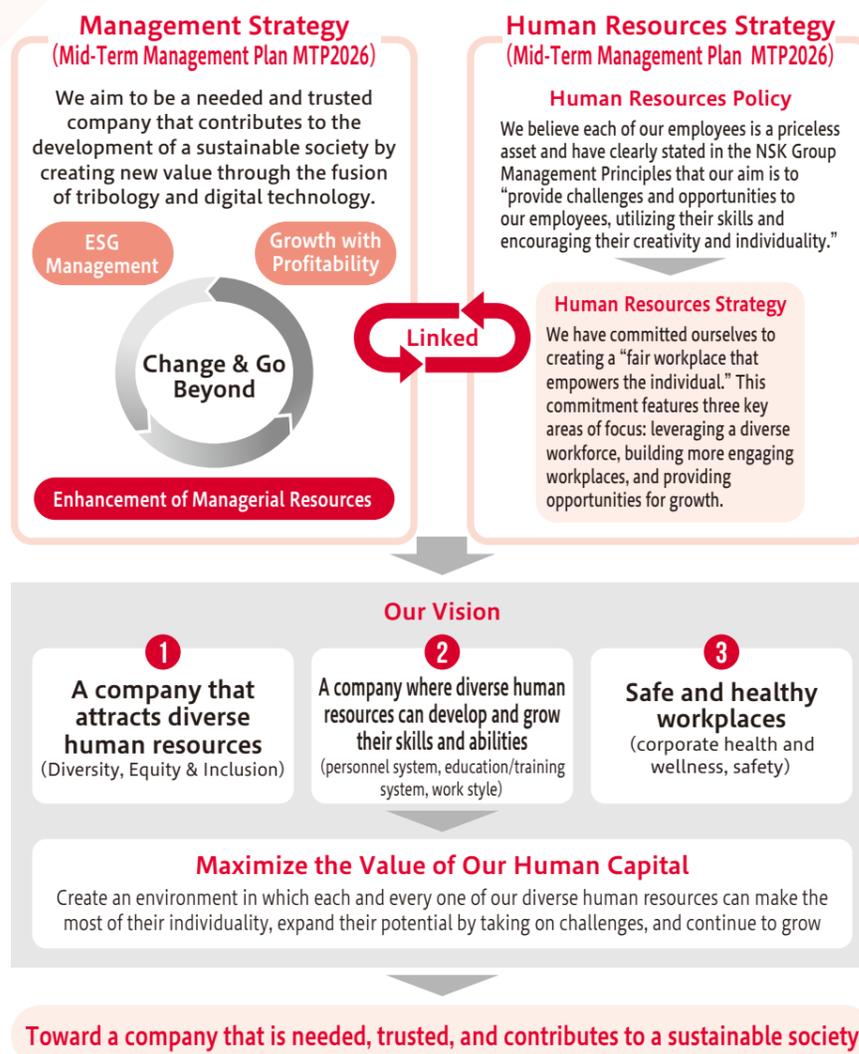
**Hidenori Oka** Executive Officer, Head of Human Resources & General Affairs Division HQ

The Mid-Term Management Plan MTP2026 positions “Maximize the Value of Human Capital” as a means of addressing the “Enhancement of Managerial Resources,” a key management issue. With our sights set on NSK five to 10 years in the future, we defined our Human Resources Policy and Human Resources Strategy in a bid to achieve the three goals of becoming “A company that attracts diverse human resources,” “A company where diverse human resources can develop and grow their skills and abilities,” and a company that provides “Safe and healthy workplaces.” We also linked this policy and strategy to our Management Strategy of “Change & Go Beyond” as part of our commitment to creating an environment in which each employee can undertake challenges.

In FY2024, we introduced a new personnel system for managerial positions (role-based personnel system), while focusing on efforts to expand the personnel system for specialists and experts, implement initiatives aimed at recruiting and retaining diverse human resources through new methods of expanding the recruitment pool, and investigate and introduce measures to increase the work-style options from which employees can choose. We also strengthened and advanced corporate health and wellness as an important foundation for human capital management. As part of this move, we went beyond simply improving health management and the work environment for employees in an effort to strengthen support for balancing work and medical treatment in addition to providing medical assistance for employees in the event of injury or illness. From FY2025, we will continue to implement and further strengthen these commitments to “Maximize the Value of Human Capital.” Specifically, we will enhance education and training in connection with our personnel system to entrench and maximize the effectiveness of the role-based personnel system we introduced for managerial positions and will seek to establish an environment for realizing self-led career development. At the same time, we will initiate discussions to solidify this framework in order to extend a similar personnel system to regular employees as well.

To contribute to the development of a sustainable society, NSK will continue its efforts to create an environment that enables its diverse human resources to choose their own careers from among a wide range of options and that encourages them to innovate while fully demonstrating their individual potential.

## NSK’s Goal for Human Capital Management



## Toward the Building of a Portfolio of Human Resources with Diverse Backgrounds

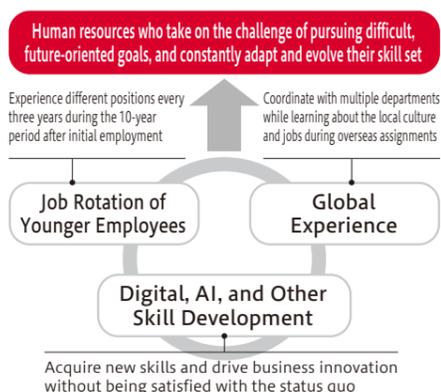
Our vision for an employee who will achieve sustainable value creation within the NSK Group is one who proactively takes on the challenge of pursuing difficult, future-oriented goals, and who constantly adapts and evolves their skill set. This individual must be able to take a high vantage point from which they engage in backcasting, identify and acquire useful and accurate information from the massive volumes of data amid a dramatically changing environment, and undertake challenges without fear of failure. This is our specific vision for the human resources who will undertake the challenge of “Change & Go Beyond” to which we are currently committed.

Based on the succession plans formulated by the Human Resources Committee (Chairperson: President & CEO), we are fostering the next generation of management personnel who will take responsibility for running NSK. In specific terms, this entails nominating candidates for key management positions and offering them assignments that provide different experiences. NSK is unique in that 80% of new graduate hires for the equivalent of career-track positions have technical backgrounds, and it is from this group of employees that we intend to nurture management personnel. As we innovate our business, one of the primary issues we need to address is fostering management personnel that are well-versed in technological fields, which is important for assembling technology-centered strategies and for adapting to the evolution in manufacturing and technology.

Moreover, in this era of diversifying values, we recognize the important role that “experience” in transforming information and knowledge into insights plays in developing future generations of human resources. Although NSK already administers a job training rotation system that provides younger employees with experience in three different departments over a 10-year period, we feel that those employees who join NSK with technology backgrounds, in particular, should have better access to career paths that provide them with opportunities to experience different domains and fields from early on in their careers. This, we believe, will help expand the pool of next-generation management personnel. Naturally, we will foster and strengthen our human resources in a way that allows them to enhance and acquire skills involving digital and AI knowledge, and that interweaves global experience as part of their career path. Moreover, we will focus on training and outputting human resources with the creative and conceptual power to conceive new value through work experience involving numerous contact points with the outside world, for example, through open innovation.

On a single FY2024 basis, we set our goal for mid-career hires in accordance with the market environment. Yet when considering this goal from the perspective of building a human resources pool, mid-career recruitment has changed little on average over the past five years. We are therefore organizing several means of recruiting new personnel, including referral recruitment and a welcome-back system that reaccepts former employees with experience working outside NSK in addition to their in-house experience. NSK aims to achieve a diversity ratio of 35% for

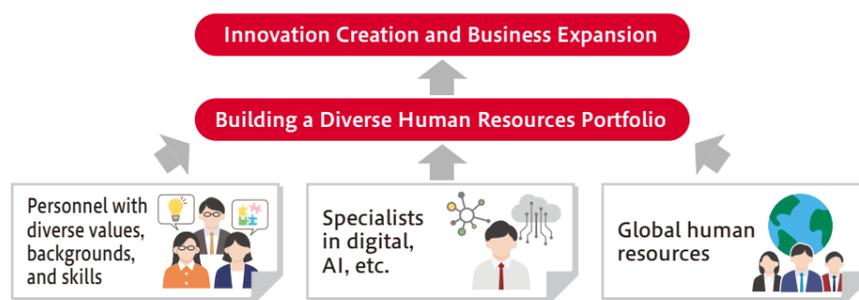
### Measures for Providing Different “Experiences”



our human resources base under MTP2026. Along with plans to expand the Condition Monitoring System (CMS) and Product Lifecycle Management (PLM) businesses, growing operations in new areas for NSK will require us to strengthen our framework by promoting and assigning highly specialized personnel with knowledge and experience from outside the Group. Melding the new perspectives provided by personnel with diverse backgrounds with the knowledge and technology established by NSK over the years is expected to drive a chemical reaction that will stimulate the innovation that lies beyond. In a similar vein, the Manufacturing Strategy Division Headquarters is pursuing ultra-stabilization of production and bolstering productivity by passing down the skills and experience built up over the years. At the same time, it is supporting the acquisition of digital, AI, and other new skills as it seeks to expand the scope of work that can be performed by everyone.

Along with actively recruiting new graduate and mid-career hires, we are establishing an environment to evaluate and develop highly specialized personnel as specialists. We believe that possessing this kind of diverse human resources portfolio will emerge as a major strength in terms of charting business growth.

## Innovation Driven by the Diversity of Human Resources



## Encouraging Self-Led Career Development by Employees

In FY2024, we introduced a new personnel system (role-based personnel system) for managerial positions. Role-based personnel systems clearly define the roles and responsibilities held by each manager, and evaluate and encourage their proactive undertakings in seeking to achieve difficult, future-oriented goals.

NSK had previously defined the content of jobs for which each individual is responsible using a chart that outlines the departmental duties and division of duties on a general level. Following the introduction of the new personnel system, however, we stipulated the required skills for each position and codified the roles demanded of each individual in the form of role descriptions. Clarifying the skills required of each position, the expected roles, and the corresponding responsibilities will enhance awareness among our employees that they should consider what they need to do going forward and act of their own accord. We have also found that clarifying the necessary personnel requirements in this way has made it easier to promote mid-career hires and those from within the Group.

Please see our website for more information on Vision 2026 ▶



We are currently advancing preparations to disclose these role descriptions within the Group. Instead of NSK simply encouraging employees along a career plan as in the past, however, we intend to establish a system whereby employees will take the initiative in envisioning their own plans and choose from various options.

Moreover, we share the values common to our Global Human Resources Policy, Human Resources Strategy, and Our Vision around the world through Vision 2026 Promotion Activities and the global human resources meetings held twice a year, where attendees exchange their respective thoughts and engage in other forms of cooperation. We believe that if we share our values, our personnel system will help allocate discretionary power to each geographical region in line with the different situations in the respective country and region, and introduce mechanisms that will align with each respective market. Building a global management foundation requires a globally uniform grading system that allows us to fairly assess the value of work. Yet salaries and benefits linked to each position differ significantly by country and geographical region, which is why we are not considering a completely unified system. In this sense, we feel diversity within the personnel system is also a positive.

### Self-Led Career Development Based on Role Descriptions



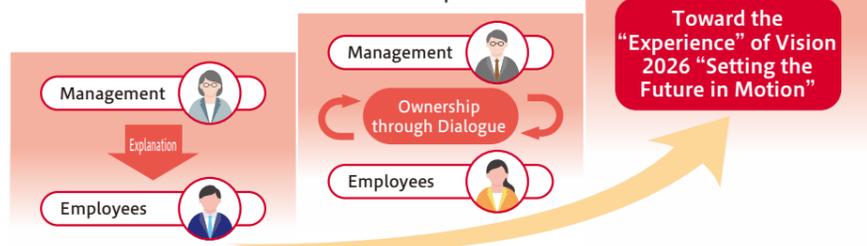
### Creating Workplaces that Leverage the Strengths of NSK Personnel and Enable Challenge

NSK is recognized by society for its numerous honest, steady, and serious human resources. Meanwhile, assessments by third-party organizations have rated us highly for our execution and organizational abilities.

Over our long history, we have sincerely and tirelessly addressed the demands of our customers and have achieved growth as a company that earns the trust of the markets. Personally, I also feel our ability to persevere until we discover a solution is a strength in many aspects of our business. By pursuing this ability to persevere, I am confident that we will evolve into a company with the ability to “Change & Go Beyond.” At the same time, I believe that employees will achieve greater job satisfaction and motivation if they are properly recognized for their perseverance, provided with future career plans, and granted the ability to choose their own career from a broad range of options.

importance on deepening “dialogue” with our employees regarding Our Vision in addition to the “explanations” provided by the management team, and convey Our Vision in a way that substitutes what we require of the management team with what we require of our individual employees. As a result, this process of taking ownership will help overcome problems.

### Toward a Level Where Our Vision Can Be “Experienced”



### Dialogue Drives the Chemical Reaction for “Change & Go Beyond”

Under the president’s leadership, the management team values opportunities to hold direct talks with employees. The president himself actively provides opportunities to speak with employees when visiting NSK plants and branches, and holds conversations with those in the assistant manager and group leader class online. In this way, I feel the relationship between the management team and employees has become more egalitarian, and that there are more opportunities for direct dialogue compared to 10 years earlier.

Similarly, as far as advancing the careers of women is concerned, we create opportunities for our female employees to interact and speak with women working at other companies. This initiative is designed in part to drive a chemical reaction in which these women bring the insights and ideas they acquire from the outside back to NSK.

Even though they understand the importance of “Change & Go Beyond,” our plants, for example, also engage in standard work for which it is difficult to bring about major changes, aside from daily improvement activities. Against this backdrop, we feel it is important to increase the number of opportunities for employees whenever possible to articulate even their smallest concepts and ideas for linking to “Change & Go Beyond” during dialogue in their workplaces.

The environment that encompasses NSK is changing at a rapid pace, and our employees are adapting as social systems evolve. Our employees are likewise becoming more diverse, and as their individual sense of motivation now differs, we must arrange systems that offer options to address the speed of these changes. At the same time, we must clarify the roles our employees are expected to play and promote career development for proper assignments and strategic human resources development. Together, we feel these approaches will serve to achieve sustainable growth for NSK.

On the other hand, because of their sincerity and honesty, we also place value on creating environments that allow our employees to take on challenges without having to fear change or failure any more than necessary. NSK possesses a culture that accepts failure as a result of taking on challenges. From what I have seen thus far, experiencing failure in many cases actually creates new opportunities to readdress these challenges.

I have explained to managers that providing young employees with the opportunity and arena for experience leads to their growth, which in turn strengthens the Company. At the same time, I have also requested that they ensure psychological safety and speak more often with their subordinates. I also feel that when managers experience being a mentee themselves, this will help them in future human resources development, which is why we introduced a mentor system for successor candidates in general manager positions and above.

### Entrenching Vision 2026 and Future Issues

Since FY2016, we have deployed promotion activities to entrench Vision 2026 (hereafter, Our Vision) in Japan and abroad, and to normalize the corresponding behavior. Overseas, Our Vision has been received positively, with employees stating that seeing Our Vision clarified for the first time how they should act. This shows me that Our Vision has become entrenched and that employees are increasingly taking ownership of it.

In Japan, the employee engagement survey we conducted in the fall of 2024 confirmed that we had achieved the required level of “entrenchment” for Our Vision as a whole, whereas the number of employees responding they had “experienced” Our Vision within their actions and behavior was not as high as we expected.

Achieving a level at which employees “experience” Our Vision will require a fair amount of time. But if Our Vision begins to be verbalized on a regular basis within workplaces, we feel this will link to the actions of individuals, who will then likely come to “experience” it. For example, the concept of “diversity” is already entrenched within the Company, and similar terms are now often used in everyday workplaces in attempt to link it to individual behavior.

Naturally, if individual employees do not fully accept why Our Vision is necessary and how it relates to their own work, it will not connect to their own expressions and behavior. To expand Our Vision to a level where it can be “experienced,” we recognize that we must begin from the stage of sharing mid- to long-term perspectives and information, for example, the demands society is making on NSK’s management, and ultimately ensure that employees become aware that they can integrate Our Vision into their respective roles.

Previously, each division worked to solve the issues they faced based on the results of the employee engagement survey and on an analysis of the details in the form of feedback. In light of the results of the latest survey, however, we feel there is a need to place greater

### Examples of Initiatives

#### ▶ New Initiatives for Expanding Working Options

In addition to carrying out previously introduced measures, we investigated and introduced new measures to organize an environment that expands work-style options and enables more flexible work in FY2024. We also introduced other systems that can be used regardless of division or occupation, including an hourly-unit annual leave system, which helps balance work and life by enabling the paid leave that was previously only available to be taken in half-day and full-day increments to be taken in hourly units, and a side-work and second job system as an option for supporting the self-realization and self-led career development of our employees.

#### Enhanced Systems for Expanding Working Options



#### ▶ Health Management Promotion as the Foundation for Supporting Human Capital

In parallel with our initiatives intended to maximize human capital while changing work styles and behavior, we are also focusing on promoting health management as the foundation for supporting these initiatives. To date, we have provided medical support in the event our employees are injured or become ill at or above the legally mandated level. In FY2024, however, we further strengthened our systems

for supporting a balance between work and medical treatment, and organized return-to-work programs for employees who were injured or ill. In addition, as a means of encouraging health in a uniquely NSK way, we have held events to improve diets based on the theme of reducing salt, events to increase opportunities to exercise, and smoking cessation challenges taken by pairs of colleagues. In addition to improving health, these initiatives encourage communication in the workplace and aspire to a form in which employees can actively participate with enjoyment.

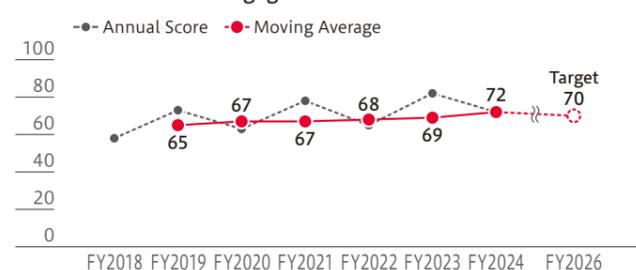


## Toward Maximizing the Value of Human Capital: From the Results of the FY2024 Employee Engagement Survey

We set the target for the global engagement score as a metric regarding the outcomes of realizing the three goals for human capital management. The FY2024 employee engagement survey saw a year-on-year increase of three points in the global engagement score, thereby achieving the target under MTP2026. In particular, and on a global scale, NSK saw positive scores in the categories of “Strategy and Direction” and “Authority and Discretion,” and recognized as strengths the link between personal work and corporate goals, and business execution with an understanding of the scope of responsibility.

Meanwhile, in Japan, NSK saw positive scores in the categories of “Authority and Empowerment,” “Diversity,” and “Corporate Ethics and Compliance,” which were recognized as strengths. However, when considering response trends based on the national character and culture of Japan, “Sustainable Engagement” declined in relative terms, and the survey found issues with ownership of the Corporate Philosophy and Our Vision, with experiencing growth opportunities and new movement, and with entrenchment of ownership of the Corporate Philosophy and Our Vision. In light of these survey results, we identified the key drivers that will become important for enhancing “Sustainable Engagement” and specified measures for focusing efforts on these issues in FY2025. We will now begin to implement these measures after conveying a message to the entire Company.

Trends in the Global Engagement Score



Note: The survey is conducted every two years in each geographical region, and the countries surveyed differ each year. The moving average indicates the score calculated as a weighted average of the survey results for the relevant and previous fiscal years. In FY2024, the survey was conducted in every geographical region, so the moving average is the same as the score for both fiscal years.

## Key Metric Targets and FY2024 Results for Human Capital

As the outcome metric for “Maximize the Value of Human Capital,” the global engagement score is assumed to help enhance our initiatives by aggregating the outcomes of each. Here, we would like to introduce several initiatives from the larger scope that are especially correlated to our three goals for human capital management, including their respective KPIs, the targets for FY2026, and the results for FY2024.

Key Issues and Initiatives	Key Metrics	Scope*	FY2024 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	89.2%	Maintain at 70% or higher (FY24)
● Introduction/operation of a new personnel system	● Introduction/operation of role-based personnel system (managerial level)	Japan	Fully implemented the new system (introduced for overseas assignments in FY2025)	Entrench an understanding of the system and enhance use/implementation
● 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. 4,200	● Deploy and instill Company-wide ● Develop specialists through practical training
	● Number of participants in intermediate digital talent development program *5		Approx. 1,200	
● Corporate health and wellness	● Certification as Outstanding Health & Productivity Management Organization (White 500) *3	Japan	Certification (Outstanding Health & Productivity Management Organization)	Maintain certification
● Fostering a “look across” culture of mutual safety awareness in workplaces	● Lost-time injury frequency rate *6	Global	0.15	0.10

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\*  
FY2024 (actual) **72**  
FY2026 (target) **70** (maintain)

\*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 employees attending each program from FY2022 to FY2024 \*6 Figures include the steering business

## Special Feature Employee Roundtable Discussion

Based on its Corporate Philosophy, NSK adopted its mid- to long-term “NSK Vision 2026,” under which the Company has declared “setting the future in motion” as its goal, while continuing to take on the challenge to “Change & Go Beyond” on a daily basis. For this report, employees active in different fields gathered to discuss NSK seen from the inside as well as their awareness of and feelings about change.

Please see our website for more information on our Corporate Philosophy. ▶



### Q How do you maintain awareness of NSK’s Corporate Philosophy and vision as you go about your daily tasks?

**Mr. T** Since I am in a division that promotes carbon neutrality, or CN, I am constantly mindful of our Corporate Philosophy, in which we declared our aim of “helping to protect the global environment.” To ensure that employees within the Company understand that CN is something that is of personal concern to them, we convey in our employee education and awareness-raising activities that CN is the very corporate activity that our Corporate Philosophy advocates, and that it concerns everyone who works at NSK. Not just about responding to customer requests and regulatory compliance, CN is also about our commitment to creating brand value in environmental protection and fulfilling our social responsibility. Since CN-related trends are changing on a daily basis, when I am unsure about what to do, I always refer back to our Corporate Philosophy and vision.

**Ms. Y** In the automotive-related work for which I am currently responsible, I too feel that providing bearings with lower friction will promote the development of

fuel-efficient vehicles and contribute to reducing CO<sub>2</sub> emissions, which in turn will help protect the global environment, as stated in our Corporate Philosophy. Furthermore, in the case of customer requests, NSK does not just respond to those needs. We assist by providing environmentally friendly products that are even more effective than originally anticipated by considering a range of possibilities and offering additional proposals. This awareness and efforts such as these also lead to the realization of our Corporate Philosophy.

**Ms. S** Engaged in the theme of drastically reducing the cost of bearings, I feel like I am working with the future in mind when I think about new production technologies and products and come up with ideas for how to go about their sale. I believe this is connected to the goal of “setting the future in motion” adopted for our vision.

**Mr. O** Previously, when I was posted overseas, I worked every day with the Corporate Philosophy of Motion & Control™ and President Ichii’s message of “Change and Go Beyond” uppermost in mind. My boss at that time taught me that if I chew over and digest the messages from the Company and the President and

then apply them to my own work, the overall direction will be aligned. I still hold those teachings dear in my work even today.

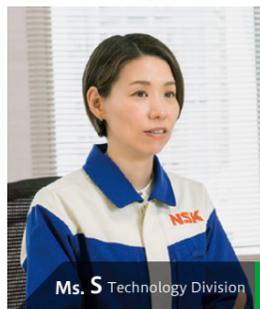
### Q How do you think NSK should utilize the unique characteristics and features it possesses in the years ahead?

**Mr. I** NSK has many earnest people who take their work seriously. Having worked on the sales front line for nearly 15 years since joining the Company, I feel that the attitude of trying to meet the hopes and requests of customers at all costs has been consistent, unwavering, and passed down from generation to generation. It is my belief that this has been a contributory factor to why the Company has gained and maintained the trust of so many customers. The other side of the coin is that, because of their earnestness, they lack speed, which is an issue. Speeding up delivery and development is particularly important when expanding into global markets, so I think this will be a key success factor for NSK going forward.

**Ms. Y** I agree that earnestness is a good thing. I think that our attitude of closely listening to requests and

our willingness to see them through to the end should continue to be one of our strengths. In contrast, it cannot be denied that being too cautious means that it takes time to respond. By increasing our flexibility, we will be able to surpass other companies in terms of speed, which will have a positive impact on our profits too.

**Mr. T** NSK's strengths lie in the technological capabilities it has accumulated over many years and the trust the Company has garnered from its customers through those capabilities. Having also been selected as an environmental partner by our customers for environmental technologies, I feel that they have placed a great deal of trust in us. Because the efforts to reduce friction and weight as well as to prevent damage that our technology divisions are working on will all lead to energy savings and CO<sub>2</sub> reductions, I think it will be of great benefit to be able to more widely publicize the high-level technological capabilities that NSK possesses.

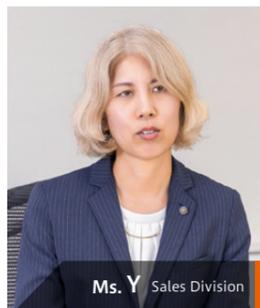


Ms. S Technology Division

**Ms. S** I feel that NSK provides a comfortable working environment. The division to which I am currently assigned has brought together people from diverse backgrounds, and diversity works in a positive way, making it easy to voice different opinions, leading to

constructive discussions and creating an atmosphere conducive to the creation of new ideas. It is my hope that more departments will be able to foster a culture and climate that promotes diversity, is open to different ideas, and allows for the creation of new things.

**Mr. I** In my case, I try not to show an excessive bias toward a product-out perspective. NSK has been making advanced high-tech products for a considerable amount of time, and for better or worse, there are many employees who still cling on to that old-school perspective. Therefore, I communicate within the Company the background and thoughts behind what issues and needs exist from the perspectives of society, the market, and customers, and how I want to overcome them. When that happens, I believe that this provides greater motivation for employees to understand why the work at hand is necessary within this deadline and at this cost.



Ms. Y Sales Division

**Ms. Y** Because I work in the Sales Division, I have the opportunity to talk directly with customers on a daily basis. I listen to their needs and communicate them to the design department, but rather than just communicating, I consciously create opportunities for our design

department to interact directly with our customers. By meeting with customers face to face, last year our design department was able to take a market-in approach and come up with new technical solutions, which also led to orders for prototypes. I feel that this perspective is very important in creating new value and providing that new value to customers.

## Q Do you sense that the Company is changing?

**Ms. S** I feel that certain visible changes include the recent promotion of DX-related projects, the trials of side jobs and of a system for taking on other roles as well as your main job plus the changes in business process efficiency and talent acquisition.



Mr. O E&amp;E Manufacturing Division

**Mr. O** I believe that the environment at NSK enables employees to gain experience in their desired types of work, and that even if they fail, they are given new opportunities. This is because at NSK there is a deep-seated culture of taking up new challenges. This was one of my motivations for joining the Company, and I was able to experience working overseas, which was something I had actually hoped to do. In contrast, I feel that one of the challenges for NSK is how to overcome the barriers between departments. I believe it is important to proactively speak up even when it is something that will be difficult to say across departments, to have the awareness to involve those around you to create a breakthrough, and to work together to solve problems. Communication will also be necessary to bring about change, such as unraveling the reasons why something cannot be done and adjusting priorities to bring it to a feasible level.

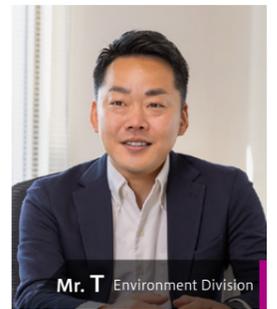
## Q Is there anything you yourselves are doing to bring about change?

**Mr. O** I feel that encouraging inter-departmental communication and understanding is very important. When I was posted to Poland, the plant and its technical department worked together to develop and install a processing algorithm, and I was responsible for connecting departments to departments. We faced difficulties due to the language barrier as well as the

barriers between organizations, but we acted as the missing link between the organizations and made progress by reaching out to each other's position. In the end, I think I managed to get across my passion for the project and I was able to reach a solid consensus with the Polish engineers. Since that experience, I have tried to understand the work and positions of other departments, to regard them as my own issues, and act with passion to find solutions.

**Mr. T** I am aware of the need to gather a wide range of information and for communication. In response to CN moves the world over, I am conducting benchmark surveys to gather the latest information on, for example, policies, regulations, customers, and competitors, while always remaining aware of whether our direction is misaligned, our position has shifted, or our efforts have fallen behind. Thus, I am actively participating as part of my work. My department was established four years ago, and although my boss has a background in sales, I myself have a background in materials research. We have also brought together other people with a wide range of experience,

including those who have worked at plants and overseas, and new ideas and solutions emanate from that. Last year, when we conducted CN training sessions for plants, we received advice in advance from people with plant and production technology backgrounds, which enabled us to tailor the content to the participants' perspectives.



Mr. T Environment Division

## Q What would you like to do to bring about more change?

**Ms. Y** As everyone feels, I would like to be more mindful of communication and information sharing. By working to communicate across organizational boundaries to better understand customer needs that are not well articulated, I would like to be able to generate a range of ideas and make proposals that are even more innovative and valuable.

**Mr. I** I believe that whether the Company can change for the better depends on our awareness and passion as well as the employees who work here. For example, if there is an opportunity to participate in a project that will allow me to have a different experience to those I have had before, I would not want to let it pass me by. By acting with a positive and enthusiastic attitude, I hope to share and spread this to the people around me and the Company as a whole.



Mr. I Business Division Headquarters

**Mr. O** Corporate culture is not easily changed, but I hope that by taking the initiative to do things that I can do myself, such as taking on tasks that do not have a clear department in charge, I can help change the entire company for the better.

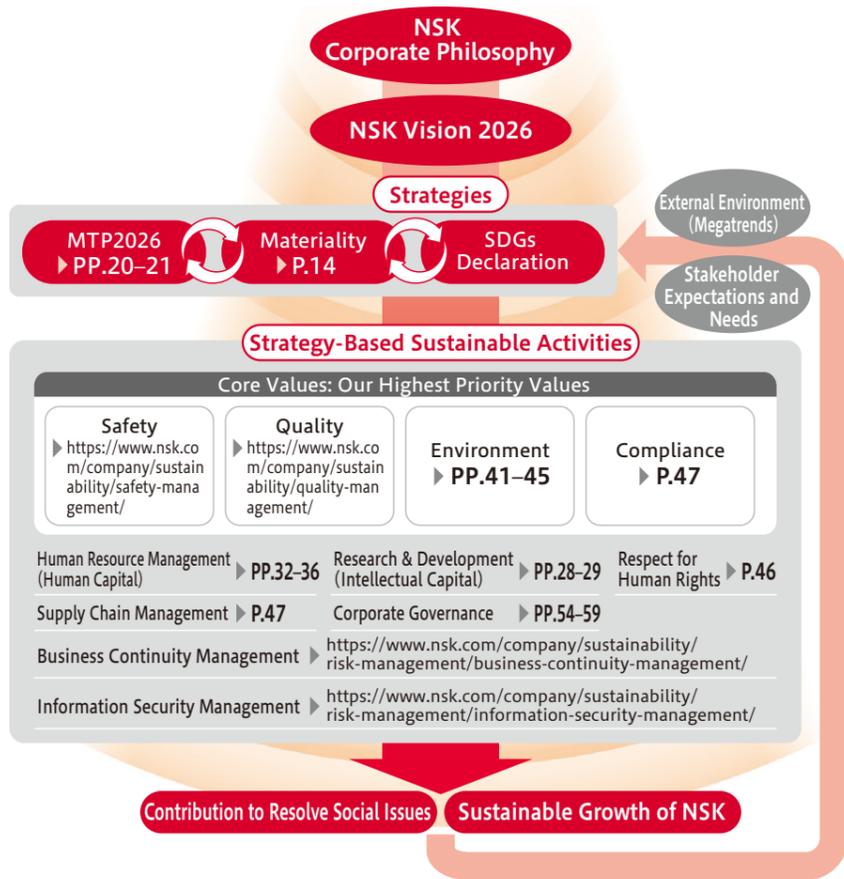
**Mr. T** I believe that continuously communicating the Company's strong will to change is important in motivating each and every employee. In fact, I feel that communication within the Company has become more active compared to the past through activities such as promoting Our Vision. In addition to continuing this dialogue, I would like to help bring about change by gathering information on external trends and making an effort to take voluntary action toward improvement on a daily basis.

Please see our website for more information. ▶



## Sustainability Management

NSK's Corporate Philosophy—NSK contributes to a safer, smoother society and helps protect the global environment through its innovative technology integrating Motion & Control™—underpins all of its corporate activities. Based on the Company's strategies that encompass its MTP2026, materiality, and SDGs Declaration, NSK engages in a broad range of sustainability activities to balance contributions to the resolution of social issues with the Company's sustainable growth.



## 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. [NSK's Corporate Governance Structure](#) \ P.55

## SDGs Declaration

NSK announced details of its SDGs Declaration and selected seven goals that are particularly interlinked with its business in 2019 to help achieve the SDGs by creating collaborative value with stakeholders. While keeping these goals in mind, the Company also drew up its Declaration of NSK's initiatives to clarify its strategic intent.

### NSK's 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



### Declaration of NSK's Initiatives

- 1 We will contribute to a safe and resilient social infrastructure through innovation.
- 2 We will contribute to climate change countermeasures by reducing the impact of our business activities on the environment.
- 3 We will contribute to the creation of a waste-free society and reduce the impact on the global environment through environmentally friendly products and reuse of resources.
- 4 We will form richly diverse organizations where both employee motivation and value creation are fulfilled.
- 5 We will enhance our dialogue through multi-stakeholder partnerships to increase the effectiveness of our SDGs initiatives.

Recognizing that climate change is an urgent global issue, NSK will leverage its core technologies as a means of contributing to carbon neutrality (decarbonization) throughout the supply chain as well as a circular economy (resource circulation).

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

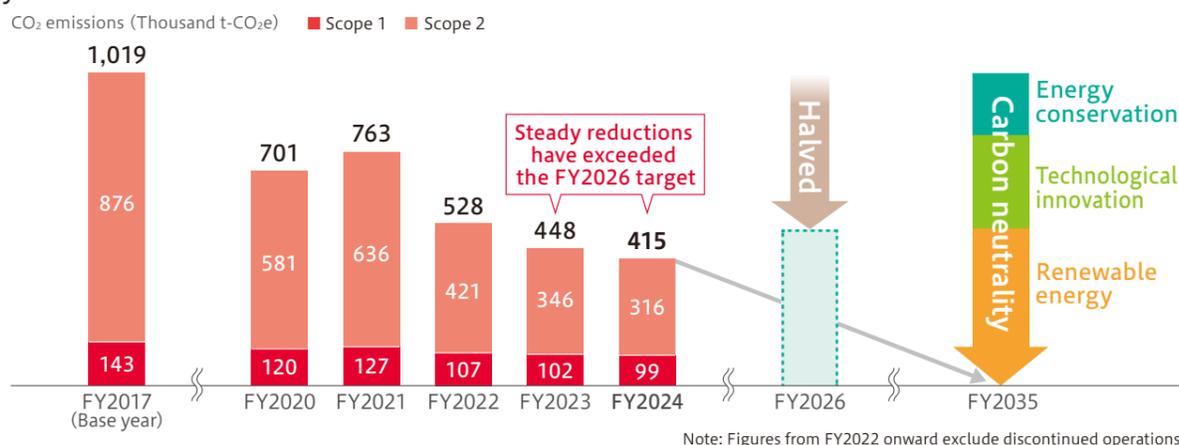


<b>Definition</b>	<b>Scope 1, 2, and 3</b>	Classification method for CO <sub>2</sub> and other greenhouse gas emissions from the manufacture, use, and disposal of products
	<b>Scope 1</b>	Direct emissions of greenhouse gases from the use of fuel and gas, etc., by the company itself
	<b>Scope 2</b>	Indirect emissions from the use of electricity, heat, or steam supplied by another company
	<b>Scope 3</b>	Indirect emissions other than those covered by Scope 1 and Scope 2

## “Create” – Efforts to Minimize the Environmental Impact from Our Business–

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

NSK considers reducing energy consumption to be the top priority in achieving carbon neutrality. Based on this understanding, we are promoting energy conservation by reducing waste and are developing and introducing innovative manufacturing technologies that improve the efficiency of energy use. At the same time, we are expanding the use of renewable energy. These efforts are aimed at achieving carbon neutrality for Scope 1 and 2 by FY2035, while halving CO<sub>2</sub> emissions in FY2026 compared with the base year of FY2017 as part of this process. Efforts to minimize environmental impact have progressed smoothly, driving CO<sub>2</sub> emissions for FY2024 down to approximately 420,000 tons, thereby achieving the FY2026 target ahead of schedule.



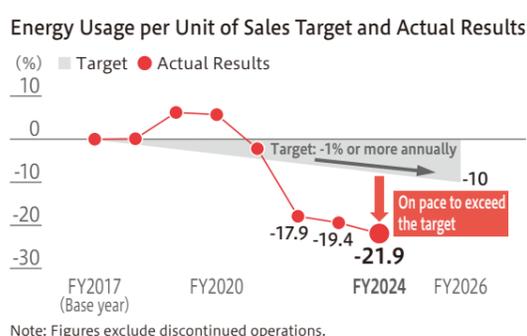
### Contribute to the Goal Set by Global Society of Net Zero CO<sub>2</sub> Emissions by 2050

In an effort to achieve a decarbonized society, NSK will increasingly introduce the latest technologies, promote innovative initiatives, and work with suppliers to reduce CO<sub>2</sub> emissions throughout the supply chain up to and including Scope 3.

Item	Classification	Past Initiatives	Key Considerations for Initiatives in the Leadup to 2050
Reduction of energy consumption	Energy conservation	<ul style="list-style-type: none"> <li>High-efficiency equipment use</li> <li>Productivity enhancement</li> </ul>	Continuous improvement
	Technological innovation	<ul style="list-style-type: none"> <li>Waste reduction</li> <li>Defect reduction</li> <li>Development of high-frequency induction heat treatment hardening</li> <li>Ultra-stable production <a href="#">P.30</a></li> </ul>	
Transition to clean energy	Renewable energy Next-generation energy	<ul style="list-style-type: none"> <li>CO<sub>2</sub>-free electricity</li> <li>Solar power generation</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of low-CO<sub>2</sub> heat treatment technology</li> <li>Development of higher efficiency production lines and processes</li> <li>Adoption of clean fuels (e-methane, hydrogen, biofuels)</li> <li>Use of new power generation technologies (perovskite, wave power)</li> </ul>
Use of sustainable materials and resources	Resource circulation	<ul style="list-style-type: none"> <li>3R (reduce, reuse, recycle) <a href="#">P.45</a></li> <li>Material yield rate improvement</li> </ul>	<ul style="list-style-type: none"> <li>Use of untapped resources (heat pumps, waste heat, carbon recycling, bio-coke)</li> <li>Expanded use of regenerated materials</li> <li>Adoption of carbon-neutral steel (e.g., hydrogen-reduction iron)</li> <li>Expanded use of bioplastic</li> <li>Expanded application of plant-derived grease</li> </ul>
	Low-CO <sub>2</sub> materials	<ul style="list-style-type: none"> <li>Adoption of electric furnace steel</li> <li>Bioplastic use</li> <li>Development of plant-derived grease</li> </ul>	

## 1 Enhancing Energy Use Efficiency

NSK is working to reduce energy usage per unit of sales by 1% each year compared with the base year of FY2017. As of FY2024, we achieved a reduction of 21.9%, nearly three times the target.



### Energy Conservation

#### Reducing Air-Conditioning Energy Use

The energy used to operate air-conditioning systems accounts for a major portion of all energy used by NSK plants. In response, we reduced the energy needed to operate air-conditioning systems by applying thermal insulation paint to the exterior of heat treatment furnaces to reduce their surface temperatures. At the same time, energy consumption decreased owing to improved thermal protection as a result of reduced heat loss from the furnace.



Measuring the surface temperature of a heat treatment furnace (Haruna Plant)

#### Kicking Off Carbon Neutrality Education for Plants

Members of the Carbon Neutrality Department visit NSK plants to explain the Company's carbon neutrality policies and initiatives, and to impress upon employees that they are important stakeholders. These visits include question-and-answer sessions as well as dialogue. With the aim of ensuring that every employee takes the initiative in making everyday improvements, we will implement this initiative at as many plants as possible on an ongoing basis. [Manufacturing Capital](#) \ P.31



Education for employees with less than 10 years of employment at NSK (NSK Kyushu)

### Enhancing Energy Use Efficiency through Technological Innovation

#### Working toward “Ultra-Stable Production”

In an effort to engage in sustainable manufacturing, NSK is working to further stabilize and enhance the efficiency of its manufacturing sites. To this end, we are pursuing innovative initiatives using digital technologies and AI. As a result of our past digital tool development and utilization activities, we are now able to identify the operating status of equipment in real time and analyze abnormalities in detail, which has significantly accelerated the speed of improvement.

In addition to these production visualization and knowledge digitalization efforts, NSK is applying AI to accelerate and enhance status identification and analysis work. These initiatives seek to achieve stable equipment operations and improve the overall efficiency of production lines, thereby contributing to lower environmental impact through waste reduction and optimized energy use.

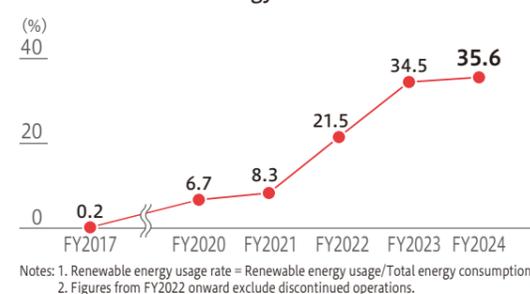


Production visualization (Saitama Plant)

## 2 Reducing Environmental Impact through Renewable Energy Use

NSK is advancing a plan to switch the source of electricity for all locations to renewable energy, and is expanding use of solar power generation at locations in India, the ASEAN region, and South Korea in addition to Japan and China. In FY2024, the Group increased the proportion of renewable energy in its total energy usage to 35.6%.

### Rate of Renewable Energy Use



### Installing NSK's Largest Solar Power Generation System in Japan

In September 2024, NSK expanded the rooftop solar power generation system at the Fujisawa 2nd Plant by a factor of 6.5. Having installed approximately 2,700 solar panels, the system is now a mega solar-class facility that generates a maximum of 950 kW and reduces CO<sub>2</sub> emissions by 456 tons.



Solar power generation system installed at the Fujisawa 2nd Plant

## 3 Reducing Scope 3 Upstream Emissions

### Strengthening Cooperation with Suppliers

CO<sub>2</sub> emissions from purchased products account for a major share of NSK's total CO<sub>2</sub> emissions. In response, NSK is strengthening cooperation through a variety of means. This includes sharing policies and initiatives to reduce CO<sub>2</sub> emissions throughout the supply chain. In addition, we support suppliers in calculating their CO<sub>2</sub> emissions and will advance future initiatives.



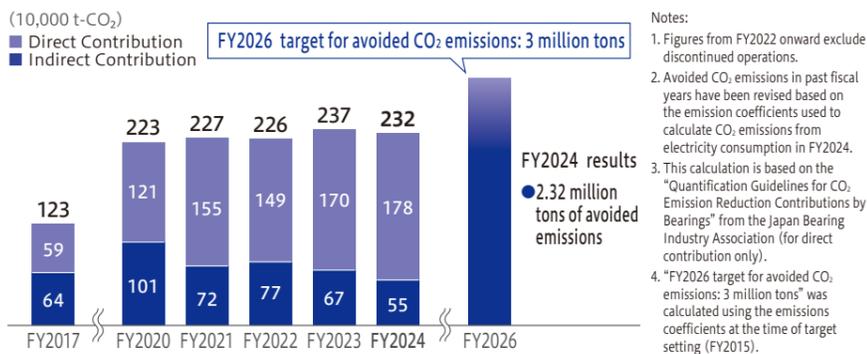
Holding a carbon neutrality briefing for suppliers (Haruna Plant)

## “Utilize” – Efforts to Maximize the Environmental Contribution of Our Products–

### Reducing CO<sub>2</sub> Emissions from the Use of NSK Products by Customers

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 FY2024, we contributed to a reduction of 2.32 million tons of CO<sub>2</sub> emissions.

#### Avoided CO<sub>2</sub> Emissions



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



\*2 NSK’s products help reduce CO<sub>2</sub> emissions indirectly by contributing to equipment or facilities of decarbonization industry customers, or through services such as product restoration.



**Avoided CO<sub>2</sub> emissions from environmentally friendly products**  
= CO<sub>2</sub> emissions reduced per product × Number of units sold × Product service life

### Compact and Lightweight Deep Groove Ball Bearings for EVs

By combining the newly developed “narrow-width combined plastic cage” with our existing technologies, NSK developed a compact, lightweight, low friction bearing. This bearing helps reduce CO<sub>2</sub> emissions by improving electricity consumption.



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

Through condition monitoring solutions, reconditioning, and various other services, NSK seeks to reduce CO<sub>2</sub> emissions throughout the life cycle of its products.

#### 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.

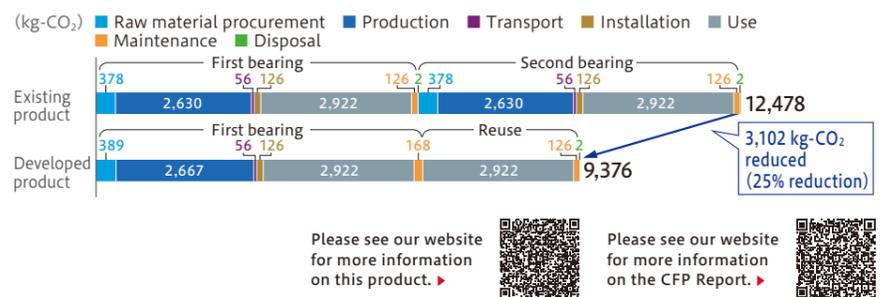
Strategy and Progress of the Industrial Machinery Business \ P.23

### Reducing CO<sub>2</sub> Emissions throughout the Product Life Cycle

NSK seeks to strengthen its service delivery system throughout products’ entire life cycle, including equipment maintenance and repairs after product sale. As far as the environment is concerned, we are advancing efforts to minimize environmental impact by curtailing the amount of resources used and by reducing CO<sub>2</sub> emissions from energy use. As part of this effort, we developed the first bearing in the industry that can be reconditioned (enabling reuse through repairs). This product has twice the service life of conventional bearings thanks to NSK’s proprietary high-precision service life prediction system, and can be reused by removing the inner ring to inspect and repair every component. This extends the life span of the product and reduces product waste. Using this bearing on the wheels of a dump truck reduces more than 3,000 kg of CO<sub>2</sub> emissions.

NSK has disclosed information on this product in the Carbon Footprint Report and specified the CO<sub>2</sub> emissions calculation items for the entire life cycle with the aim of engaging in more transparent, credible disclosure.

#### Carbon Footprint (CFP) Estimation Result per Bearing



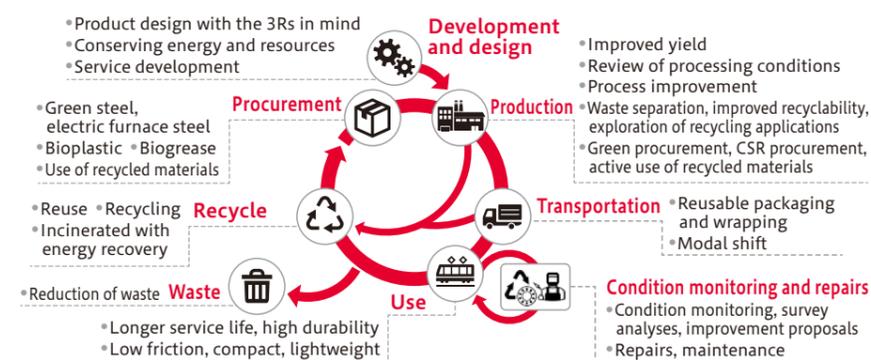
## NSK’s Approach

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.

Able to detect signs of damage and deterioration during product use by utilizing condition monitoring solutions at an early stage, we contribute to reducing CO<sub>2</sub> emissions by actively promoting the 3Rs through reconditioning. This helps to optimize our customers’ value chains, from the usage stage to equipment maintenance and repair, and even to product disposal, while contributing to the realization of a recycling-oriented society.

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.



## 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.

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

\*2 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.

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

\*4 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.

### Joined Biodiversity Promotion Networks

In February 2025, NSK joined the 30by30 Alliance for Biodiversity\*<sup>1</sup>, an initiative led by Japan’s Ministry of the Environment, and the TNFD Forum\*<sup>2</sup>, which supports the activities of the international Taskforce on Nature-related Financial Disclosures (TNFD)\*<sup>3</sup> framework.

Through its participation in these initiatives, NSK is committed to advancing a nature-positive future by evaluating the environmental impact of its business activities, identifying risks related to nature loss, and ensuring the transparent and responsible disclosure of this information. NSK will also collaborate with stakeholders across the entire value chain to advance the conservation of natural capital and biodiversity. The goal is to help build a sustainable world while further enhancing NSK’s corporate value.

\*1 A framework for public-private partnerships promoted by Japan’s Ministry of the Environment to achieve the international goal of preserving at least 30% of terrestrial and marine areas as healthy ecosystems by 2030.

\*2 A group of institutions that support the TNFD by sharing the latest information and establishing a framework for financial disclosure.

\*3 Taskforce on Nature-related Financial Disclosures. An international organization that establishes a framework for the appropriate assessment and disclosure of risks and opportunities related to natural capital and biodiversity.



Please see our website for more information. ▶



## NSK's Approach

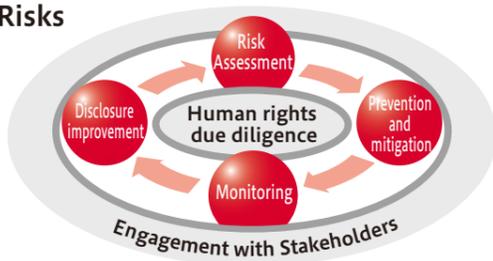
NSK believes that respecting human rights is our responsibility as a multinational corporation and that it is essential to support and respect international norms, such as the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights.

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.

As the organization responsible for driving Group-wide initiatives, the Human Resources and General Affairs Division Headquarters is strengthening human rights risk management across the Group. Collaborating with the business divisions and functional division headquarters as well as regional headquarters outside Japan, this Division Headquarters continuously engages in human rights due diligence throughout the entire supply chain.

## 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.



### Risk Assessment

NSK identified key human rights risks based on the CSR guidelines of Japan's Ministry of Justice and its major customers as well as internal rules and regulations. With the cooperation of external experts, we then held interviews with domestic and overseas divisions and evaluated risk cases in related industries (including cases at other companies). Through this process, and as the result of a priority level assessment (likelihood of occurrence × severity), we determined that "occupational health and safety" was a risk of high significance. In response, we have implemented various measures and successfully maintained a low rate of injuries resulting in lost work time.

Please see our website for information on safety management. ▶



## Overview of the NSK Group's Human Rights Risk Assessment

Implementation period	September to October 2024
Scope	51 Group companies (13 domestic companies, 38 overseas companies)
Survey method	Questionnaire-based voluntary inspection
Questionnaire content	Major human rights themes (e.g., appropriate working hours, appropriate wages, child labor, forced labor, occupational health and safety) Japan: 41 items, Overseas: 35 items
Results	No serious risks requiring immediate action were apparent either domestically or internationally.
Results report	Shared during Group HR liaison meetings in Japan and regional HR meetings overseas with follow-up improvements being implemented.

### Monitoring: Implementation of on-site surveys

Having formulated its Human Rights Policy in October 2022, the Company regularly calls for the voluntary inspection (CSR self-assessments) of Group companies and suppliers to ascertain the status of their efforts based on the NSK Supplier CSR Guidelines. In March 2025, the Procurement and Human Resource divisions together conducted an on-site survey (interviews, document verification, and on-site inspection) at one Group company to evaluate the effectiveness of the voluntary inspection in collaboration with external experts. These experts judged that "By comparison, the company was taking positive steps toward respecting human rights based on international standards, and the actual level of its efforts was higher than the results of its voluntary inspection." As a further initiative, we will strengthen employee awareness and education from each of the compliance, human rights, labor, and environment perspectives.

Scope	Content	Issues/Improvements
Survey items	Compliance, human rights/labor, environmental management, safety, local community	Human rights issues: None specified
Survey content	Grasp of laws and regulations, systems, rules and procedures, education and awareness-raising, and fact-finding surveys	Areas for improvement: Strengthen employee awareness and education on compliance, human rights, labor, and the environment
Verification methods	Interviews (managers, regular employees, part-time employees), document verification, on-site inspections	

## 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.

Please see our website for more information. ▶



### Anti-Bribery

The NSK Group's Anti-Bribery Standards\* prohibit officers and employees not only from engaging in bribery, but also giving or receiving entertainment or gifts that deviate from publicly accepted norms. In principle, the provision of entertainment or gifts to any officer or employee of a public institution is prohibited. Based on the Anti-Bribery Standards, localized internal regulations have been established for Group companies worldwide, based on relevant anti-bribery laws. The NSK Group regularly conducts training to prevent bribery. Bribery is also prohibited in the NSK Code of Conduct Concerning Compliance, which is part of the NSK Code of Corporate Ethics. If there is any question that bribery may have occurred, it is reported to the compliance officer in the relevant department and the legal department of each regional headquarters. Any violation of these anti-bribery rules will subject the person concerned to disciplinary action based on the employment regulations.

\* Overseen by the Legal and Compliance Division HQ and approved by the CEO

## 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 FY2024, 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, practice cases of "Beyond Limits, Beyond Today," our action guidelines for realizing the Corporate Philosophy, were introduced. 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.



President and CEO Ichii delivering his message.

## 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.

Please see our website for more information. ▶



### Supply Chain Risk Management

The NSK Group confirms that all suppliers understand the NSK Supplier CSR Guidelines and NSK Group Green Procurement Standards and agree to adhere to the relevant items therein. We have also incorporated clauses on environmental, social, and governance (ESG) performance into basic transaction agreements to further strengthen risk management. We determine the risk that each supplier in NSK's supply chain presents by taking into account the procurement cost and volume, the importance of the procured parts, the availability of replacements, the risk of the presence of environmentally harmful substances and conflict minerals, the risk of damage from earthquakes, wind or flood, and industry- and region-specific risks.

Suppliers estimated to present a high level of risk are placed under critical control, and we assess supplier risk by checking their financial condition, requiring them to conduct CSR self-assessments, and other methods. The necessary measures to reduce risk are then implemented in close collaboration between those suppliers and the relevant departments at NSK, such as design and production.

#### Evaluation items for supplier selection

- Management/Financial soundness
- Initiatives for QCD (quality, cost, and delivery [stable supply capacity])
- Technological and development capabilities
- CSR initiatives (initiatives for environment, occupational safety, disaster preparedness, conflict minerals, etc.)

In Japan, we conducted CSR self-assessments in FY2024 and requested responses from approximately 450 suppliers, receiving responses from about 90% of them. We provided feedback on the survey results to each company and requested that they take measures to address identified issues, such as strengthening preventive measures against occupational accidents and improving the level of green procurement. We also regularly conduct monitoring through self-assessments at each site for suppliers outside Japan. Requirements regarding human rights and the environment are becoming stricter in each region, and we will work with our suppliers to improve the level of compliance.

**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.

**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.

**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.

**Nobuhide Hayashi**

Appointed as a director at NSK in June 2024 after serving as President & CEO of Mizuho Bank, Ltd. He serves as Chair of the Compensation Committee.

**Satoshi Ogoe**

Associate Professor, Graduate School of Management, Kyoto University. Engaged in stewardship activities at BlackRock Japan Co., Ltd., with a focus on dialogue with corporations and exercising shareholder voting rights. He has served in his current position since June 2024.



This year we welcomed Satoshi Ogoe as our interviewer. Mr. Ogoe is an Associate Professor at the Graduate School of Management at Kyoto University and formerly served as Director at BlackRock Japan Co., Ltd. We asked Mr. Ogoe to speak with four of our outside directors, mainly about the topics discussed by the Board of Directors, the agenda items, and topics taken up by the Nomination, Compensation, and Audit committees, as well as those issues they would like our investors to pay attention to in the future.

## 01 Key Points and Primary Discussion Topics of the FY2024 Board of Directors

**Mr. Ogoe |**

I would like to begin by asking about your impressions and any changes that you have noticed regarding the discussions held by the Board of Directors over the past year.

**Mr. Tsuda |**

As someone who has managed operating companies, I have personally addressed the Board with a clear understanding of the importance of engaging with NSK's operating divisions. I recognized at a fairly early stage that NSK would struggle to achieve the level of performance for which it had initially planned in FY2024. Recognizing that numerical targets would not be met, I felt the need to check the progress of KPIs in a little more depth. Which is why I asked that NSK revise its KPIs in a way that would better clarify the current situation, and why the Board repeatedly debated whether there were issues with the target-setting process. NSK also provided us with opportunities to visit its frontline sites in person and directly observe the

status of initiatives with our own eyes. This allowed us to confirm that policy management was functioning on the front line to ensure measures stay on track to achieve targets. With a clear grasp of the situation going into the Board meetings, I felt the Board of Directors was able to engage in highly active discussions.

**Mr. Fujitsuka |**

My impression was that the executive team's commitment to numerical targets seemed too weak. NSK announced in May of this year that it would struggle to achieve an ROE of 8% in FY2026, the final fiscal year of the current Mid-Term Management Plan. Although the Company had made headway on each measure in the Plan, it was struggling to achieve the target figures because of changes in its business environment. While NSK's shareholders and investors do value progress on these measures, they are more interested in numerical results. Therefore, I feel that NSK needs to place greater emphasis on delivering measurable results.

**Ms. Izumoto |**

Since July of last year, we have gathered together for lunch after every Board of Directors meeting so that the Board Chair and outside directors can freely exchange their thoughts. These get-togethers have allowed us to follow up on Board meeting discussions and deepen our understanding of the proposals made by the executive side. As another new initiative for the current fiscal year, we have begun holding what we refer to as strategy workshops. These strategy workshops help us as outside directors to strengthen our insight into the unique characteristics of NSK's business and the nature of the industry in order to enhance the effectiveness of strategy discussions and monitoring. NSK also cut back the number of times it convenes the Board of Directors each year from around 10 to eight, so we have allocated the extra time to these strategy workshops, during which we hold debates for two to three hours each time. Executive vice presidents from the executive side participate in these strategy workshops—as do certain managers depending on the topic—so that

everyone can discuss the issues and challenges facing the Company together.

**Mr. Hayashi |**

One of the strengths of NSK's Board of Directors is that the Board Chair skillfully leads the proceedings with consideration for capital market perspectives. Another is that the executive side earnestly acknowledges the questions and issues raised by the outside directors, reflecting on them from the perspective of their vision for NSK. Despite the comments I have received from investors that have questioned whether the Board of Directors holds thorough discussions, I can confidently say that NSK's Board of Directors truly does hold rigorous discussions each time it meets. On the other hand, one issue that has surfaced is that the proposals we receive from the executive side have become too detailed. Given NSK's sluggish performance in part due to the impact of today's market conditions, the executive side's proposals have tended to be overwhelmed by detailed discussions on budgets and short-term progress. Although these detailed discussions are without question important, I feel that looking solely at these details will create a gap between the executive side and the Board of Directors in how we discuss mid- to long-term growth strategies and measures to increase corporate value. Which is why I would instead like to hear the executive side provide more concrete ideas about their time frame for growth strategies and about NSK's position in the industry.

**Mr. Ogoe |**

I would imagine that the Board of Directors would like to steer discussions toward a longer-term perspective based on the information presented by the executive side. But what do you think is necessary to further develop discussions by the Board of Directors going forward?

**Mr. Tsuda |**

Although we must constantly think about the position NSK can take within the industry and how its position will change in the future while observing the movements

of each industry player, it is surprisingly difficult to discuss this within the Board of Directors. Personally, even when I was managing a company, I found it difficult to talk to outside directors on the same level because they were not necessarily well-versed in the industry. That is why I feel the outside directors should play the critical role of stimulating the executive side, rather than holding discussions with them from the same standpoint. Specifically, there are things the executive side might not have considered, so it is our job to bring these observations to their attention. As we move forward with formulating the Company's new Mid-Term Management Plan one year ahead of schedule, discussions will take place during strategy workshops. I hope to use these discussions as opportunities to stimulate the executive side.

## 02 Key Points and Discussion Topics of the Three Committees in FY2024

**Mr. Ogoe |**

As NSK has adopted a Company with Three Committees structure, I would like to ask you each about the primary discussions and key topics that the Nomination, Compensation, and Audit committees have covered over the past year. I think it would be a good idea to start with an explanation about the Nomination Committee, including the CEO succession plan given the strong investor interest in this topic.

**Mr. Tsuda |**

The Nomination Committee is progressing with the CEO succession plan through a repeated cycle of candidate screening, assessment, and selection. After screening and evaluating a certain number of CEO candidates internally, the Committee employs a third-party organization with the ability to assess these individuals on a global basis. As this CEO candidate pool also forms the director candidate pool, the CEO candidate selection process helps us develop director candidates as we consider the skill matrix of the

Board of Directors. Although responsibility for finalizing the CEO candidate assessment ultimately lies with the Board of Directors, as far as the Nomination Committee is concerned, we feel the most important role of the CEO is to lead the Company into the future. This is why a major factor in choosing the CEO is whether he or she possesses this leadership capability. We have also debated the importance of determining the propriety of reappointing the current CEO from this standpoint.

**Mr. Ogoe |**

The Nomination Committee now requires quite a bit more time for debate than in the past, and it seems it has attracted quite a bit of attention from investors. The Committee's approach to considering successors is an extremely important point, so I would imagine this topic will likely continue to attract interest. I would next like to ask you about the Compensation Committee.

**Mr. Hayashi |**

The Compensation Committee has debated the issues facing the compensation package under the Mid-Term Management Plan, as well as how these issues should be addressed in working toward the next Plan. NSK was a forerunner in transitioning to a Company with Three Committees (Nomination, Audit, and Compensation) structure, which is why it was well ahead of its competitors in establishing a framework that links the compensation package to performance. Specifically, NSK's executive officer compensation package comprises a fixed compensation component according to the roles and responsibilities of each officer and a performance-based compensation component linked to short-term as well as mid- to long-term results.

Although short-term performance-based compensation encourages executive officers to take risks as part of management decision-making, one of the issues here is that the resulting compensation is not always seen

as sufficiently reflecting the outcomes commensurate with the weight of this responsibility. This is why we debated more fully reflecting the degree of contribution to achieving the targets in the Mid-Term Management Plan as part of executive officer assessments in FY2024. In this respect, I intend to recommend a framework that properly assesses and compensates those individuals who engage in their duties while illustrating their vision for NSK in a way that goes beyond their area of responsibility. Other issues that we considered included revising the performance assessment metrics in general and introducing parameters related to employee engagement and other aspects related to human capital. We also spent a fair amount of debate on a compensation design that would properly ensure executive officers are aware of the importance of enhancing corporate value. One of the specific measures NSK implemented for this purpose in FY2024 was the introduction of a clawback clause. Although NSK had already included a malus clause as part of its mid- to long-term performance-based compensation, it updated this clause by introducing a clawback provision for performance-based compensation. This clause requires executive officers to return compensation they have already received if a compliance-related issue arises or corrections are made to financial metrics.

The compensation package is designed to link with the Mid-Term Management Plan. As we prepare for the next Plan, we intend to review the compensation package to ensure it is appropriate for NSK. We also intend to revise the compensation package in line with the new Mid-Term Management Plan, including addressing the issues I just mentioned.

**Mr. Ogoe |**

I understand from your explanation that the Compensation Committee also prioritizes assessments that go beyond simple numerical performance metrics. I believe that how a company assesses efforts to improve performance is linked to its corporate culture.

Finally, I would like to ask Ms. Izumoto about the Audit Committee.

**Ms. Izumoto |**

The priority audits for FY2024 focused on two aspects, namely whether the new risk management system is functioning properly and whether the three-dimensional global management framework is effective. The three-dimensional global management framework is composed of the business division headquarters as the primary axis, and the regional headquarters and functional division headquarters as the other two axes. Some 20 years have now passed since NSK originally organized this global management framework in 2005. We therefore spent a year interviewing the functional division headquarters and regional headquarters to confirm whether the global management framework is functioning properly amid growing geopolitical risks, trends in DX, and other changes in the environment. As a result, we discovered that decision-making and the execution of business operations lacked a sense of speed in part due to the somewhat vague nature of the allocation of roles, responsibilities, and authority that arises specifically from the organization's three-dimensional structure. In response, the Audit Committee suggested that NSK should design a mechanism that increases the speed of decision-making and the execution of business operations with respect to matters of strategic importance.

**03 Steering Business**

**Mr. Ogoe |**

In May of this year NSK announced that it would dissolve its steering business joint venture. I would imagine that

investors have a vested interest in the reasons behind this move, so I would ask that you elaborate on this decision and provide background details.

**Mr. Tsuda |**

Recognizing the difficulties in managing the steering business on its own given the business environment and technical factors, NSK established a joint venture with JIS in August 2023. At the same time, it designed a management structure for the joint venture that allowed it to operate as an independent enterprise and advanced structural reforms, which ultimately enabled the venture to achieve profitability. As a next step, NSK has been intending to form a partnership with a company that possesses both the necessary business and technical acumen but parts manufacturers around the world began to struggle owing to the deteriorating business environment the automotive industry has faced in recent years, and as a result, the search is taking longer than expected. Being in such an environment, NSK recognized the need to take an approach that would allow it to move quickly and easily when a partnership opportunity comes along, and therefore decided to dissolve the joint venture and restore the steering business to a fully owned NSK subsidiary as it continues to search for a new partner.

**Mr. Ogoe |**

So, it seems NSK decided that given the current situation it was best to maintain its basic trajectory and take this action in consideration of external factors.

I would like to hear each of your thoughts on the advice you will give during the upcoming formulation process, which is being led by the executive side.

**Mr. Fujitsuka |**

First, I have asked the executive side to offer a clear policy when formulating the Mid-Term Management Plan. Second, I hope to see a stronger commitment to numerical targets when executing the Plan. There is no question that the external environment is constantly changing, which will in turn lead to the occurrence of unexpected events. Ideally, we should have the next steps prepared for such instances. However, even if measures are not in place in the initial Mid-Term Management Plan, circumstances will necessarily arise that demand the implementation of additional measures. I therefore hope to see the executive side engage in more rapid decision-making and be more persistent in their efforts to achieve numerical targets.

**Mr. Ogoe |**

Becoming more sensitive and revising the Plan on the fly are extremely important aspects of management,

so I would imagine that investors are also interested in how the Board of Directors monitors this. Mr. Tsuda, Mr. Hayashi, what are your thoughts on this issue?

**Mr. Tsuda |**

When looking at the current state of NSK and society, I feel there is a slight mismatch between the two. We can broadly categorize today's markets into growth markets, evolving markets, and contracting markets. NSK's Mid-Term Management Plan seems to be a bit taken with the idea that it is the growth markets that offer earnings opportunities. However, I think that NSK holds the potential to evolve into a company that can achieve significant growth as long as it engages in business management that places profitability above all else, rather than starting with the assumption that these growth markets are the priority. NSK must abandon the idea that volume will lead to profit and shift to the idea of selling at higher prices. For example, the Company seems convinced that the Automotive Business is unlikely to produce significant earnings, but I would like to see it rethink this stance. NSK holds potential because it can offer new products and maintains a high market share, so it must change its

**04 Perspectives for Future Advice**

**Mr. Ogoe |**

Although each of you has already commented on this to some degree, as NSK has announced it will move up the schedule for the next Mid-Term Management Plan,



thinking to focus instead on how to profit under these circumstances. I intend to offer this kind of opinion so that this approach is included when formulating the Mid-Term Management Plan. NSK is also engaged in operations across the globe, so if it focuses its efforts on skillfully combining these global operations, I believe it can produce a fair amount of synergy.

**Mr. Hayashi |**

NSK must thoroughly discuss how to utilize capital in the new Plan. Without a clear investment plan for future growth, investors will shift the debate to shareholder returns. Yet simply making half-hearted share buybacks as a form of shareholder return will not necessarily lead to sustainable stock price growth. Therefore, as part of managing the Company with an awareness of the cost of capital and the stock price, NSK must discuss how it will allocate cash, whether it be for M&As as a growth strategy or internal investments. Two of the areas NSK should discuss for the next Mid-Term Management Plan are strengthening the Company's foundation to ensure it can generate some degree of profit under any environment and optimizing the global production structure. I also feel that NSK must thoroughly discuss its future position within the industry.

**05 Risk Management System**

**Mr. Ogoe |**

Ms. Izumoto, please tell us about NSK's approach to risk management. If I am correct, NSK updated its risk management system and set it in motion roughly a year ago. What is your assessment now that you have seen it in action?

**Ms. Izumoto |**

The new risk management system actually went into operation during the second half of last year. Until that point, the Internal Audit Department organized and classified the risks raised by frontline sites to manage risk awareness and risk treatment. Under this new risk management system, NSK has more clearly defined the roles and responsibilities of the functional division headquarters as the second line of defense, and the Corporate Planning Division Headquarters has been clearly tasked with overseeing the risk management process itself. In this way, the new system clearly outlines three lines of defense. NSK also implemented software that enables employees to report when an incident occurs to create a structure that allows for it to monitor risks at an early stage. In the system, the first defense line submits a report, and the second defense line takes action while the Internal Audit Department ultimately plays an observation role as the third line of defense. Previously, responsibilities and reportable incidents were ambiguous on occasion. Following clarification, the system has functioned well since the second half of last year.

Another aspect that has proceeded smoothly is NSK's effort to establish a system by which the countless risks that are raised by the front line are assessed and reported by the first and second lines of defense. Since the second half of last year, NSK has also held monthly risk report meetings. Looking at the minutes of these meetings, important Group-wide risks are being actively discussed. For example, when quality issues arise, how they were handled is thoroughly examined. Previously, each risk was reported directly to the president. Now, risks are observed by the first line of defense with the second line deciding who will take action in what way. With this flow firmly in place, it seems to me that this new risk management system has gotten off to a strong start.

**06 Key Points in Which Investors Should Take an Interest**

**Mr. Ogoe |**

Finally, it seems that various opinions and comments about NSK have been raised during dialogue with institutional investors, including talks between outside directors and institutional investors held in May of this year. If you have any candid thoughts on these talks or if there are aspects of the Company in which you would like investors to take an interest going forward, please provide your comments.

**Mr. Fujitsuka |**

I personally received a variety of feedback when I participated in the dialogue with institutional investors in May of last year. NSK is the first company that has appointed me to its Nomination Committee, so I gained a stronger awareness of the extremely important responsibility of this position through talking with these investors. Since then, discussions at the Nomination Committee have turned largely to clarifying the CEO succession plan and the approach to CEO reappointment, and I was able to engage with the Nomination Committee with this renewed awareness of my responsibility. One of the areas I would like investors to pay attention to is that there is a sufficient foundation in place for the NSK management team and executive side to change their mindset and respond more swiftly to the various challenges facing the Company. If NSK formulates its new Mid-Term Management Plan with a fresh perspective and implements it accordingly, I feel that we will see a noticeable change in the attitude and focus of the executive side. In this sense, I would hope investors observe the seriousness and commitment of the management team.

**Mr. Tsuda |**

My comment is more of a request to NSK. I would ask that the Company demonstrate how it expects to grow going forward under the next Mid-Term Management Plan. While the degree to which we can convince shareholders and investors of the Plan is important, the question is ultimately whether we can also convince employees. As such, when formulating the Mid-Term Management Plan, I would like to see NSK involve employees in addition to shareholders and investors to ensure that all stakeholders can fully share the Company's sense of urgency. This is another aspect that I would like investors to observe.

**Ms. Izumoto |**

NSK has extensive technological capabilities and possesses potential for further technical development, so I would ask investors to believe in NSK and observe it from a long-term standpoint. Recently, we have seen a growing tendency to question the CEO's qualifications when performance deteriorates. Yet the CEO, along with corporate leaders in general, has in-depth knowledge about the Company's history, culture, and the industry as a whole and takes responsibility for all aspects of the business. This is why I have to wonder if having discussions about replacing the CEO based entirely on unfavorable performance is the right approach. Although some aspects of NSK's business operations are affected by market conditions, the Company also possesses high technological capabilities, and I feel that new products will grow significantly from that base, so I would like to see investors wait a little longer on changing the CEO.

**Mr. Hayashi |**

One of the things I have recognized over the past year since I was appointed as an outside director in June 2024 is that the CEO and the rest of the management team earnestly acknowledge our opinions and comments. When looking across the industry, I feel there are few other boards of directors that debate

their concerns to the same extent. NSK is expanding the involvement of outside directors more than ever before and is actively holding discussions over formulating the Mid-Term Management Plan ahead of schedule to make major changes. This is something I would like investors to understand. As we continue engaging in dialogue with the capital markets, I believe that if investors can sense the tangible signs that NSK is changing, they will develop confidence in the Company's ability to evolve. For this reason, I believe we must also convey this message through various means including the integrated report, as well as IR activities and dialogue with stakeholders. I know that things will not change overnight, but NSK is working in a unified manner toward reform, and I intend to involve stakeholders in this effort.

**Mr. Ogoe |**

Based on your comments today, I have gained a strong sense of just how earnest and rigorous the discussions of NSK's Board of Directors are. In particular, the wide-ranging debates regarding the views of the Board of Directors on performance, the reflection of industry changes in strategy, and succession planning demonstrate not only the Board's commitment to increasing corporate value but also the palpable intensity of the dialogue itself. I sincerely hope that transparency will improve by conveying this intensity and your messages as outside directors to investors. Thank you for taking time out of your busy schedules to participate in this discussion today.

**A Message from NSK's New Outside Director**

Over the past 30 years, I have helped to build management, financial, and internal control systems for the global and group operations of many Japanese companies as a consultant in the accounting services field. In addition, as part of the management team at a global professional services firm, I have observed digital transformation (DX) and other advanced initiatives implemented by U.S., European, and Japanese companies. Through these experiences, I have come to recognize the differences between Western and Japanese companies in terms of the level of standardization across group-wide operations and IT systems, as well as the governance and speed with which these initiatives are implemented. I have also engaged in various initiatives related to human resources at a professional services firm that positions their people where talent is a core management resource.

Leveraging my past experience, I hope to contribute to enhancing corporate value at NSK by providing a fresh viewpoint during Board of Directors meetings.



**Akira Kashima**

Mr. Kashima was appointed as a director at NSK in June 2025 after serving in various positions, including Representative Officer and Chairman of PwC Consulting LLC, Compensation Committee Audit Committee

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

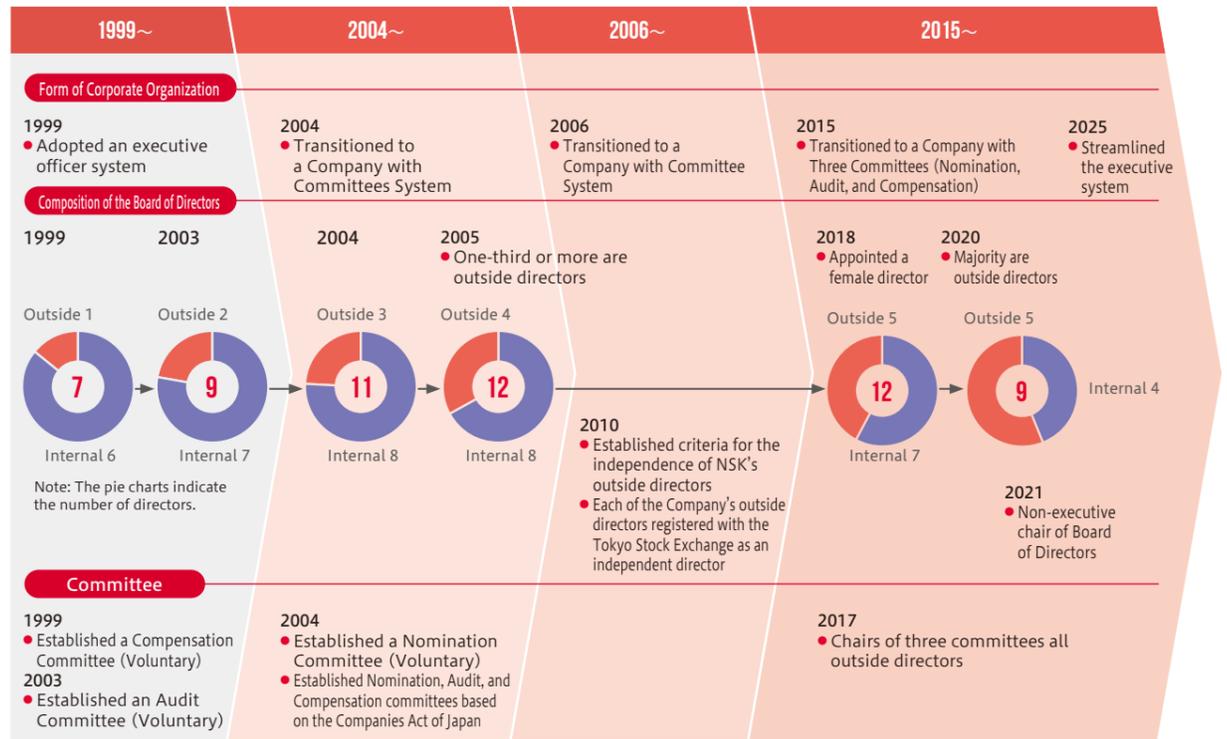
- 1** To increase the efficiency and agility of management by proactively delegating decision-making on the execution of the operations from the Board of Directors to the Company's executive organizations.
- 2** To ensure that supervisory organizations have oversight of executive organizations by clearly 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

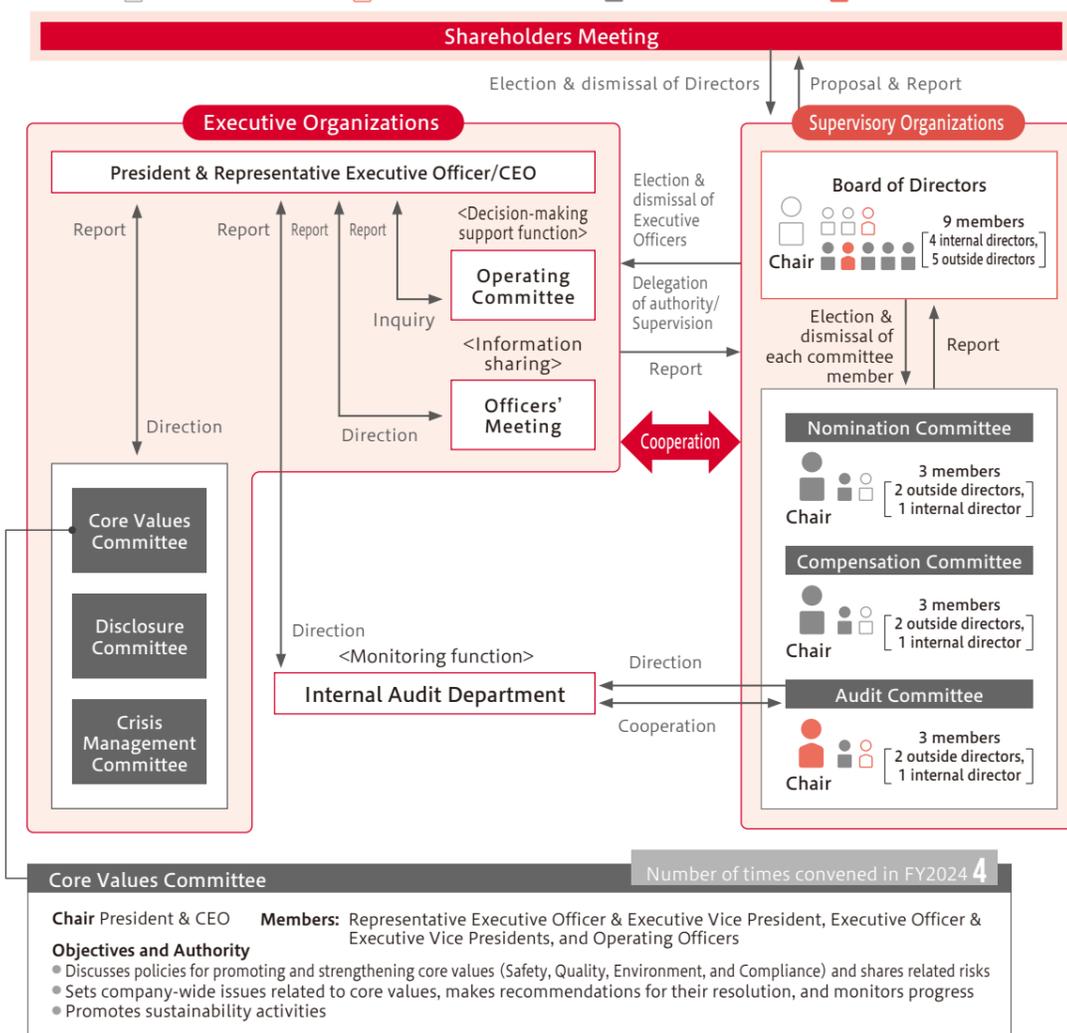
NSK has adopted a Company with Three Committees (Nomination, Audit, and Compensation) system as its form of corporate organization to better achieve the basic approach described on the left. NSK's Board of Directors determines basic management policies with the aim of achieving the Group's sustainable 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



### NSK's Corporate Governance Structure (As of August 2025)

Internal director (Male) Internal director (Female) Outside director (Male) Outside director (Female)



### Supervisory Organizations

<b>Board of Directors</b> Chair a non-executive director <b>Objectives and Authority</b> • Passes resolutions related to decisions on basic management policies (including delegation of deciding on the execution of the operations to executive officers) • Supervises the execution of duties by executive officers	Number of times convened in FY2024 <b>10</b> <b>Main Activities during FY2024</b> • Consolidated financial statements, appropriation of retained earnings, basic policy on the establishment of internal control systems, selection of executive officers • Enterprise risk management system and Group-wide risks for FY2024 • Activity status of the Nomination, Audit, and Compensation committees • Verified the rationality of cross-shareholdings held • Results of dialogue with institutional investors • Board of Directors' effectiveness assessment • Budget management policy • Updated numerical targets for MTP2026 • Monitored the progress of MTP2026 • Monitored the steering business
<b>Nomination Committee</b> Chair Outside director <b>Objectives and Authority</b> • Determines the content of proposals submitted to the Shareholders Meeting regarding the appointment or dismissal of directors	Number of times convened in FY2024 <b>6</b> <b>Main Activities during FY2024</b> • Composition of the Board of Directors (including the skill matrix) • Proposals for FY2025 director candidates • Secured outside director candidates • Monitored the progress of CEO succession planning
<b>Compensation Committee</b> Chair Outside director <b>Objectives and Authority</b> • Determines policies on the compensation of directors and executive officers • Determines the individual compensation provided to directors and executive officers, and other matters	Number of times convened in FY2024 <b>6</b> <b>Main Activities during FY2024</b> • Determines policies on the amount of compensation of officers and other matters • Details of individual compensation provided to directors and executive officers, and other matters • FY2025 officer compensation system
<b>Audit Committee</b> Chair Outside director <b>Objectives and Authority</b> • Audits the duties of directors and executive officers and creates audit reports • Determines the content of proposals related to appointment or dismissal of the auditor, and other matters	Number of times convened in FY2024 <b>14</b> <b>Main Activities during FY2024</b> • Conducted audits of important management-related issues (e.g., management under the new Enterprise Risk Management System) based on the audit plan and made recommendations • Assessed the auditor (including important matters to be discussed and the three-way audit system)

From April 2025 Streamlined the executive system

Reduced the number of executive officers from 20 to six in order to better clarify the roles and responsibilities of the executive officers in charge of making management decisions, further accelerate decision-making, and promote efficient operations.

### Skill Matrix for 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, their insight into corporate governance and risk management, and knowledge on global business operations are sought. Furthermore, directors are expected to have skills, expertise, and experience involved in the areas of corporate management, finance/accounting and capital policy, engineering/manufacturing, digital, and sustainability in order to strengthen the Board's supervisory function in a way that contributes to the promotion and achievement of the Company's management philosophy and Mid-Term Management Plan.

#### Common Skills, Experience, and Knowledge

<b>Corporate Governance</b>	We believe that establishing an appropriate governance structure is necessary and important for the Company to continue its global business expansion and to enhance the effectiveness of management oversight throughout the Group.
<b>Risk Management</b>	To enhance corporate value and achieve sustainable growth, we believe it is important to establish and operate internal controls through proper and efficient business execution, as well as to manage various risks related to our business.
<b>Global Business Operations</b>	As we have operated on a global scale and appropriately incorporated geopolitical development, economic conditions, policy directions, and market trends into our management and business strategies, we believe that experience and insight in this field are important.

◎Chair ○Member

Name	Outside Director	Skills, Experience, and Expertise Expected					Nomination Committee	Audit Committee	Compensation Committee	Expected Roles of the Outside Directors
		Corporate Management	Finance/Accounting/Capital Policy	Engineering/Manufacturing	Digital	Sustainability				
Akitoshi Ichii		●		●		●	○			
Keita Suzuki		●	●		●			○		
Kenichi Yamana		●	●							
Ruriko Yoshida			●			●		○		
Junji Tsuda	●	●		●			◎			Management Strategy
Sayoko Izumoto	●		●			●		◎		Finance/Accounting, Internal Control Systems
Mikio Fujitsuka	●	●	●			●	○			Management Strategy, Finance/Accounting
Nobuhide Hayashi	●	●	●			●			◎	Management Strategy, Capital Policy
Akira Kashima	●	●	●		●			○	○	Finance/Accounting, Internal Control Systems

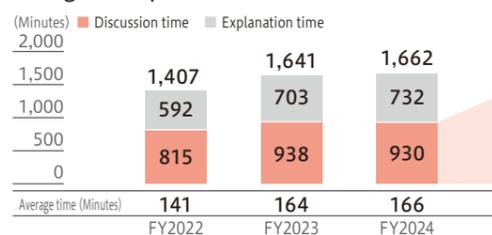
#### Reasons for Selecting Skill Matrix Items

Item	Reason for selecting the item
<b>Corporate Management</b>	To properly supervise business execution, we believe it is necessary for Directors to have experience in business operations as a top executive, knowledge of corporate reform, and a background in corporate management that enables appropriate risk-taking and prompt, decisive decision-making by the Company's management team.
<b>Finance/Accounting/Capital Policy</b>	We believe it is necessary to make management decisions that take into account the improvement of profitability and capital efficiency based on appropriate capital allocation from a management perspective.
<b>Engineering/Manufacturing</b>	We believe it is necessary to have management strategies aligned with technological advancements and changes in the business environment, as well as knowledge of technological trends, including new fields and domains, and manufacturing, including safety and environmental considerations.
<b>Digital</b>	We aim to leverage digital technologies to enhance our managerial resources. To properly monitor the evolution of digital technologies and the business operations that utilize them, we believe that experience and expertise in the digital field are necessary.
<b>Sustainability</b>	We believe it is necessary to enhance corporate value through management that takes into consideration sustainability with respect to the environment and societal issues such as human rights, human resource development, and diversity.

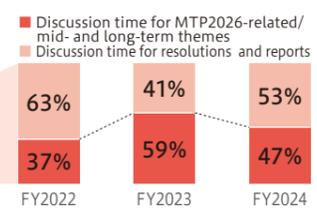
### Initiatives to Further Enhance the Effectiveness of the Board of Directors

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 stimulate Board deliberations, the Company shares information in an appropriate manner, including distributing Board materials to all directors in advance and having the responsible officers and the Board Secretariat provide detailed explanations about agenda items ahead of time.

#### Changes in Explanation and Discussion Times



#### Breakdown of Discussion Time



### MTP2026-Related/Mid- and Long-Term Themes for FY2024

Details of the Discussion	Related Page(s)	
Monitored the progress of MTP2026	PP.20-25 \	
-Policy and Numerical Targets		● Changes to the FY2026 numerical targets and the vision for NSK beyond 2026
-Industrial Machinery Business		● Progress in expanding aftermarket sales overseas, etc.
-Automotive Business		● Progress in expanding new products and technologies coinciding with electrification, etc.
-Digital Transformation		● Renewal of core systems and progress in projects for optimizing the overall supply chain

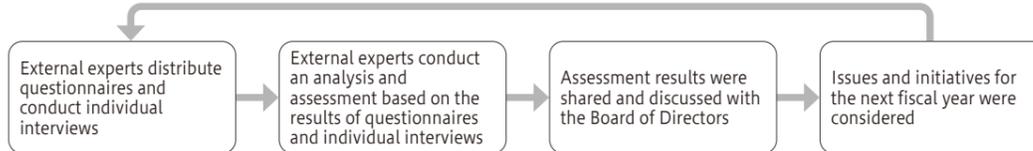
Details of the Discussion	Related Page(s)	
<b>Steering Business</b>	● Progress in improving profitability, establishing stand-alone management, and strengthening monitoring, as well as discussions regarding the search for new partners	P.11, PP.50-51 \
<b>European Structural Reforms</b>	● Review of the initial policy and discussions on revision planning/additional measures	P.10, PP.26-27 \
<b>Sustainability</b>	● Suggestions regarding the sustainability promotion structure	P.40 \

### Board of Directors' Effectiveness Assessment

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.

In FY2024, the results of the questionnaire and individual interviews confirmed that the effectiveness of the Board of Directors has improved, with accelerated discussion of the Board of Directors from the perspective of the capital markets; sharing with the Board of Directors the items considered and discussed by the Nomination, Audit, and Compensation committees; and active discussion by the Board of Directors.

#### Assessment Procedures



- Target: 9 directors
- Questionnaire items:
  - Management strategies and risk management
  - Composition of the Board of Directors
  - Role and processes of the Board of Directors
  - Meeting management
  - Stakeholder engagement
  - CEO succession planning
  - Committees (Nomination, Audit, and Compensation)
  - Culture
  - Directors' contributions
  - Importance of discussion themes and the amount of discussion
- Individual interview: Individual interviews conducted by external experts based on questionnaire results

FY2022 Issues	FY2023 Initiatives	FY2023 Issues	FY2024 Initiatives	FY2024 Issues	Main Future 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>	Enhancement of discussions based on perspectives of stakeholders	<ul style="list-style-type: none"> <li>Board discussed with a greater awareness of capital market perspectives through the implementation of dialogue between institutional investors and outside directors.</li> <li>Board proactively involved in action on governance issues based on capital market perspectives, including clarification of criteria for CEO selection and dismissal.</li> </ul>	Discussion of strategies and monitoring from a big picture, mid- to long-term perspective	<ul style="list-style-type: none"> <li>Aligning the Board of Directors on management themes that the Board of Directors should focus on.</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 upgrading of monitoring	<ul style="list-style-type: none"> <li>Board discussed the revision of numerical targets for the Mid-Term Management Plan based on the previous year's situation.</li> <li>Discussions were held at the Board of Directors based on reports from the executive side on the progress of important themes set forth in the Mid-Term Management Plan.</li> </ul>	Consideration of the optimal composition of the Board of Directors	<ul style="list-style-type: none"> <li>Optimal composition of the Board of Directors in light of the business environment.</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>	Awareness and appropriate involvement in the area of "defense"	<ul style="list-style-type: none"> <li>Based on the report from the Audit Committee, Board confirmed the effectiveness and efficacy of the new risk management system.</li> </ul>	Promote business understanding that contributes to effective discussions	<ul style="list-style-type: none"> <li>Enhance opportunities for directors to visit sites and communicate with the executive side.</li> </ul>
		Appropriate involvement in matters under the Nomination Committee	<ul style="list-style-type: none"> <li>Sharing information to the Board of Directors on the content of Nomination Committee discussions.</li> <li>Sharing of CEO succession planning process and philosophy with the Board of Directors.</li> </ul>	Securing time for discussion	<ul style="list-style-type: none"> <li>Review frequency of Board meetings and time per meeting.</li> </ul>

## Policy on Determining Compensation Amounts 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.

### Executive Officers' Compensation

Consists of fixed basic compensation and performance-based compensation that fluctuates with performance. The Company generally sets a compensation ratio of 4:6 for fixed compensation to performance-based compensation.



#### 1 Basic compensation

Determined according to the title of the executive officer. Moreover, an additional amount will be paid to executive officers with representation rights.

#### 2 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 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 every 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.

#### Return of compensation, etc. (malus/clawback provision)

In the event of a serious compliance violation or revision of the index on which performance-linked remuneration for short-term performance-based salary or mid- to long-term performance-linked stock compensation was calculated, the Company may request the return of all or part of the performance-based compensation via a resolution by the Compensation Committee. In addition, the Company has instituted a mechanism whereby the entire amount of mid- to long-term performance-linked stock compensation may be withheld in the event of a serious compliance violation.

### Directors' Compensation

Consists of a 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 committees to which the director belongs and the Board of Directors.

#### 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.

#### 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

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

Classification	Total Amount of Compensation, etc. (¥ 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)	95	4	88	—	—	2	7
Directors (outside)	78	6	69	—	—	6	9
Executive Officers	876	17	538	16	116	20	221

Notes: 1. The amount of compensation for directors and executive officers between April 1, 2024, and March 31, 2025. 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, 2025, based on the results for the fiscal year ended March 31, 2025. 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	Total Amount of Consolidated Compensation, etc. (¥ Millions)	Classification	Company	Amount for Each Item of Consolidated Compensation, etc. (¥ Millions)			
				Basic Compensation	Short-Term Performance-Based Compensation	Stock Compensation	Retirement Benefit
Akitoshi Ichii	104	Director	NSK LTD.	9	—	—	—
		Executive officer	NSK LTD.	50	15	29	—
Guoping Yu	114	President	Consolidated Subsidiary NSK (CHINA) INVESTMENT CO., LTD.	92	21	0	—
Ulrich Nass	144	President	Consolidated Subsidiary NSK EUROPE LTD.	87	50	1	4
Brian Parsons	327	President	Consolidated Subsidiary NSK AMERICAS, INC.	110	167	1	47

Notes: 1. The amount of compensation for directors and executive officers between April 1, 2024, and March 31, 2025. 2. Only individuals receiving ¥100 million or more in total compensation are listed.

### Policy on Cross-Shareholdings

In principle, NSK maintains no cross-shareholdings. However, in exceptional cases we hold cross-shareholdings in cases where it is deemed necessary to enhance our 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 whose 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 six stocks (including five listed companies) in FY2024, and from 136 stocks (including 79 listed companies) at the end of March 2010 to 46 stocks (including 15 listed companies) at the end of March 2025, a reduction of 90 stocks (including 64 listed companies) over 15 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

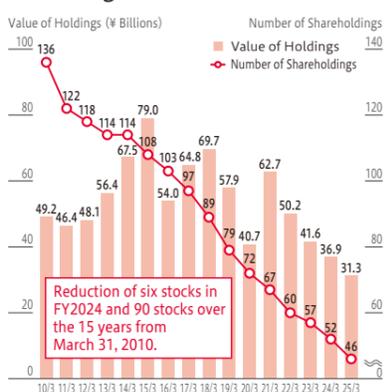
Category	As of March 31, 2024		As of March 31, 2025	
	Number of Holdings (Stocks)	Total Amount Recorded on the Balance Sheet (¥ Millions)	Number of Holdings (Stocks)	Total Amount Recorded on the Balance Sheet (¥ Millions)
Unlisted stocks	32	992	31	1,492
Stocks other than unlisted stocks	20	35,957	15	29,820
Total holdings	52	36,949	46	31,313
Total equity		677,954		669,189

### Ratio of Cross-Shareholding Amount in Total Equity

Ratio	5.5%	4.7%
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All holdings in NSK's retirement benefit trust were sold in FY2023.

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



NSK recognizes that dialogue with its shareholders and investors is one of the most important initiatives for the Company to achieve sustainable growth and enhance its corporate value over the mid to long term. To this end, top management holds direct dialogue with shareholders and investors at financial results briefings for institutional investors and analysts and engages in constructive dialogue (engagement) on management strategies and ESG issues every year.

Please see our website for more information. ▶



### Dialogue in FY2024

Represented by the CEO, CFO, and the Head of the Corporate Planning Division HQ, NSK engaged in dialogue with shareholders and investors in FY2024. Questions and opinions received from shareholders and investors are reported to the Board of Directors and management, which in turn helps to improve future management and IR activities, as well as enhance disclosure.

### Main Themes

Business	<ul style="list-style-type: none"> <li>Current performance and future outlook</li> <li>Mid-term measures aimed at improving ROE and PBR</li> <li>Approach toward industry restructuring and M&amp;As</li> </ul>	<ul style="list-style-type: none"> <li>Feasibility of achieving MTP2026</li> <li>Long-term vision and future prospects</li> </ul>
Finance	<ul style="list-style-type: none"> <li>Balance sheet management and the optimal structure of capital</li> </ul>	<ul style="list-style-type: none"> <li>Allocation of cash</li> </ul>
ESG	<ul style="list-style-type: none"> <li>Skill matrix for Board of Directors</li> <li>Status of deliberations by the Board of Directors (e.g., opinions of outside directors)</li> <li>Evaluations of the current CEO and management, CEO succession plan</li> <li>Initiatives aimed at reducing CO<sub>2</sub> emissions</li> <li>Disclosure of employee engagement survey details</li> </ul>	
Other	<ul style="list-style-type: none"> <li>Direction for revising institutional investors' voting criteria</li> </ul>	

### Dialogue between Outside Directors and Institutional Investors

In May 2025, we held a small meeting with seven representatives from seven institutional investors at NSK's headquarters, attended by outside director Junji Tsuda. Constructive discussions were held regarding how outside directors view NSK's current status and situation and what opinions and advice they offer at Board meetings.

### Main Themes

- Assessment of the Company's current performance by the Board of Directors
- Initiatives and measures aimed at improving performance
- Status of deliberations by the Nomination Committee

Summary of Dialogue Q&A (Japanese only) ▶



Please see our website for more information. ▶



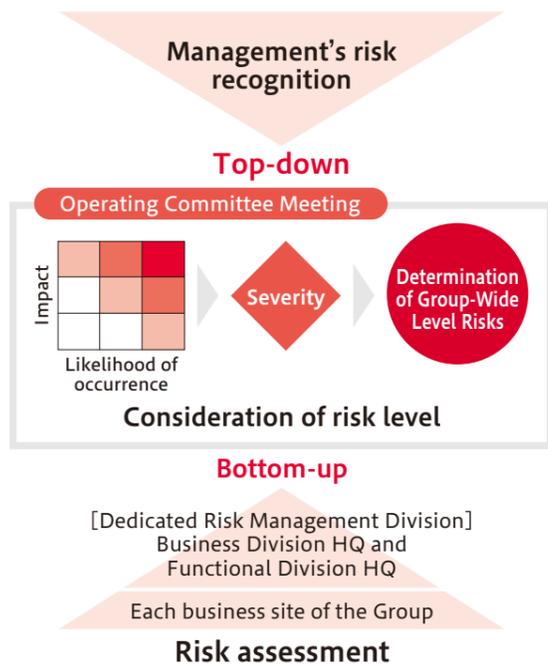
NSK conducts risk management based on clearly stipulated fundamental principles aimed at effectively enabling the Group global management and internal control functions. To increase the effectiveness of risk management, NSK established a new Enterprise Risk Management (ERM) framework setting out more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

Key pillars for operation of this 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 a consideration of their severity in addition to an evaluation of the likelihood of occurrence and impact and provides a report to the Board of Directors. In addition, for each risk identified, we determine countermeasures from the viewpoints of

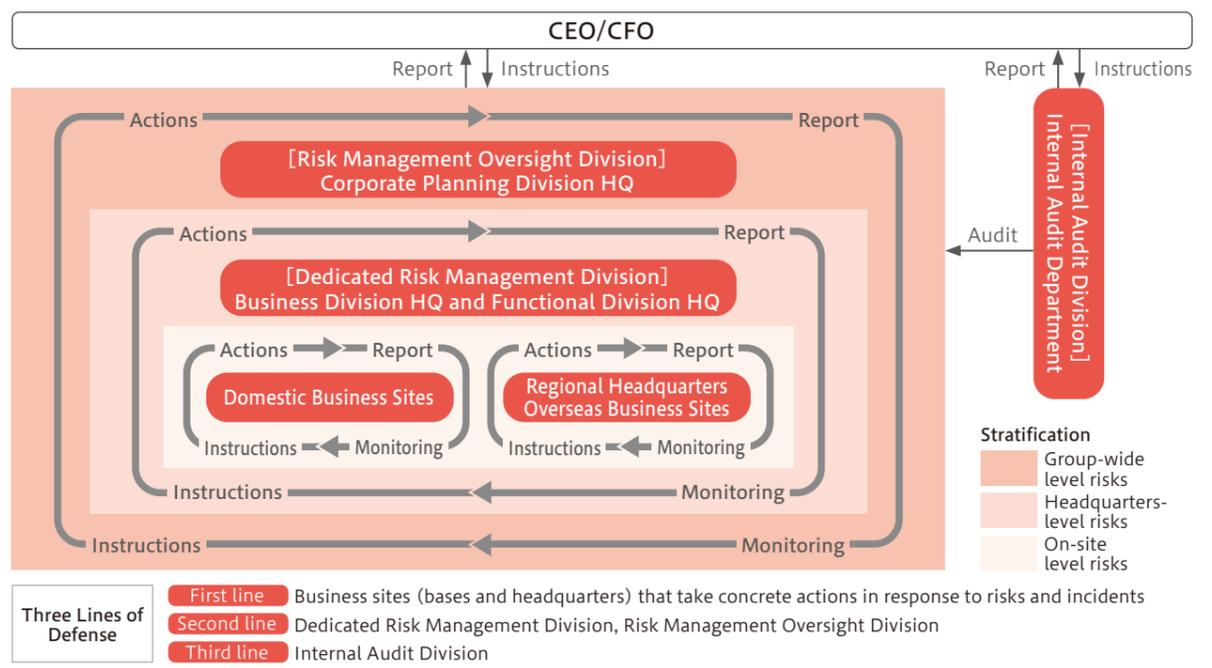
avoiding, mitigating, transferring, or accepting risk and seek more effective means of preventing risks from materializing through a cycle that entails the taking and reporting of such actions, as well as monitoring and giving instructions. At the same time, we adopt a system where, in the event of an 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. The Risk Management Oversight Division (Corporate Planning Division Headquarters) shares the latest risk management situation with management and provides opportunities to encourage an understanding of such.

In addition, the internal audit division (Internal Audit Department), which is independent of the executive divisions, checks the ERM system framework and reports its findings to the Audit Committee.

### Determination of Group-Wide Level Risks



### Enterprise Risk Management (ERM) System



### Material Risks for FY2025

Risk Item	Details of Representative Risks	Countermeasures
<b>1</b> Risks associated with technological innovation	<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 <a href="#">PP.28-29</a></li> <li>Leverage open innovation and alliances</li> </ul>
<b>2</b> Risks associated with safety, prevention of fire, and natural disasters	<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</li> </ul>
<b>3</b> Risks associated with quality	<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</li> </ul>
<b>4</b> Risks associated with the environment	<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.41-45</a></li> </ul>
<b>5</b> Risks associated with compliance	<ul style="list-style-type: none"> <li>Risk of delayed response to changes in various laws and regulations</li> <li>Risk of NSK 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.47</a></li> </ul>
<b>6</b> Risks associated with human resources and labor	<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.32-36</a></li> </ul>
<b>7</b> Risks associated with procurement	<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.47</a></li> </ul>
<b>8</b> Risks associated with DX and information security	<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 cyberattacks 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</li> </ul>
<b>9</b> Risks associated with mid- to long-term improvement in corporate value	<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> <li>Risk that the tariff and trade policies of each country could place pressure on NSK’s earnings</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</li> <li>Collect information in a timely manner and make subsequent adjustments to sales prices while considering changes to the location of production <a href="#">PP.19-21</a></li> </ul>

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

**Directors** (As of June 25, 2025)



**Akitoshi Ichii** **N**  
 Director, Representative,  
 President and Chief Executive  
 Officer  
 Years as Director at NSK Ltd.  
 8  
 Company Shares Owned  
 85,998

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  
 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** **C**  
 Director  
 Representative, Executive Vice  
 President, Chief Financial Officer  
 Years as Director at NSK Ltd.  
 2  
 Company Shares Owned  
 31,830

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)



**Kenichi Yamana**  
 Director  
 Years as Director at NSK Ltd.  
 4  
 Company Shares Owned  
 23,094

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)  
 Jun. 2025 Chair of the Board of Directors  
 (current)



**Ruriko Yoshida** **A**  
 Director  
 Years as Director at NSK Ltd.  
 New appointment  
 Company Shares Owned  
 23,503

Jul. 1991 Joined the Company  
 Jun. 2015 Deputy Head,  
 Group Financial Control Department,  
 Finance Division HQ  
 Apr. 2018 Head of Corporate Human  
 Resources Department,  
 Human Resource Management  
 Division HQ  
 Apr. 2021 Vice President,  
 Deputy Head of Corporate  
 Planning Division HQ  
 Apr. 2022 Operating Officer,  
 Head of Legal &  
 Compliance Division HQ  
 Apr. 2024 Head of Internal Audit Department  
 Apr. 2025 Operating Executive  
 (Operating Officer) (current)  
 Jun. 2025 Director (current),  
 Member of the Audit Committee  
 (current)



**Junji Tsuda** **N** **◆**  
 Outside Director,  
 Independent Director  
 Years as Director at NSK Ltd.  
 3  
 Company Shares Owned  
 5,566

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  
 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.  
 3  
 Company Shares Owned  
 0

Mar. 1976 Joined Tohatsu Awoki & Co.  
 (current Deloitte Touche Tohmatsu LLC)  
 Mar. 1979 Registered as a Certified Public  
 Accountant  
 Jul. 1995 Partner, Tohatsu & 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 Representative, 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.  
 2  
 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)



**Nobuhide Hayashi** **C** **◆**  
 Outside Director,  
 Independent Director  
 Years as Director at NSK Ltd.  
 1  
 Company Shares Owned  
 1,277

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.



**Akira Kashima** **C** **A**  
 Outside Director,  
 Independent Director  
 Years as Director at NSK Ltd.  
 New appointment  
 Company Shares Owned  
 0

Oct. 1985 Joined Asahi Shinwa & Co.  
 (currently KPMG AZSA LLC)  
 Mar. 1989 Registered as a Certified Public  
 Accountant  
 Aug. 2002 Joined BearingPoint Co., Ltd.  
 Jul. 2009 Partner,  
 PricewaterhouseCoopers  
 Consultants Co., Ltd.  
 Jul. 2012 Leader of the Consulting Division,  
 PricewaterhouseCoopers Co., Ltd.  
 Jul. 2015 Representative Director,  
 PricewaterhouseCoopers Co., Ltd.  
 Mar. 2016 Chief Executive Officer,  
 PwC Consulting LLC  
 Jul. 2016 Representative Officer and Chairman,  
 PwC Consulting LLC  
 Jul. 2020 Chairman,  
 PwC Consulting LLC  
 (stepped down June 2024)  
 Executive officer,  
 PricewaterhouseCoopers Aarata LLC  
 (currently PricewaterhouseCoopers  
 Japan LLC)  
 (stepped down June 2024)  
 Jul. 2024 Representative, Kashima CPA Office  
 (current)  
 Jun. 2025 Director (current),  
 Member of the Compensation  
 Committee (current),  
 Member of the Audit Committee  
 (current)

**Executive Officers** (As of June 25, 2025)

President and Chief  
 Executive Officer  
**Akitoshi Ichii**  
 CEO



Representative Executive  
 Vice President  
**Keita Suzuki**



CEO  
 Responsible for all  
 administrative divisions,  
 Responsible for Europe  
 and the Americas

Executive Vice President  
**Hideki Ochiai**  
 Head of Automotive  
 Business Division HQ,  
 Head of Automotive Sales  
 & Marketing Division HQ



Executive Vice President  
**Hayato Omi**  
 Head of Technology  
 Development Division HQ,  
 President, NSK Institute of  
 Technology,  
 Responsible for Quality  
 Assurance Division HQ



Executive Vice President  
**Tatsufumi Soda**  
 Head of Industrial Machinery Business  
 Division HQ  
 Head of Industrial Machinery Division HQ,  
 Industrial Machinery Business Division HQ  
 Head of Global Aftermarket Department,  
 Industrial Machinery Business Division HQ

Executive Vice President  
**Naoki Goto**  
 Head of Manufacturing  
 Strategy Division HQ,  
 Responsible for Procurement  
 Division HQ

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 FY2025 (the 164th) 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 25, 2025 (number of the Company's shares owned as of March 31, 2025)

## Financial Highlights

NSK Ltd. and Consolidated Subsidiaries

¥ Millions

(Year)		JP-GAAP	IFRS									
		FY2014	FY2015 <sup>*1</sup>	FY2016	FY2017	FY2018	FY2019 <sup>*2</sup>	FY2020	FY2021 <sup>*3</sup>	FY2022 <sup>*5</sup>	FY2023	FY2024
<b>Financial Data</b>	Sales	974,885	975,319	949,170	1,020,338	991,365	831,034	747,559	865,166	776,762	788,867	<b>796,667</b>
	[By segment]											
	Industrial Machinery Business	276,361	243,395	226,924	266,249	269,974	284,426	275,226	352,226	385,103	344,846	<b>361,478</b>
	Automotive Business	656,998	705,511	696,271	723,564	689,658	521,857	449,722	482,547	359,374	408,821	<b>401,677</b>
	Others/Adjustments	41,525	26,411	25,974	30,524	31,732	24,750	22,611	30,393	32,284	35,200	<b>33,511</b>
	[By region]											
	Japan	328,837	318,434	330,512	372,134	367,537	314,281	275,777	317,612	268,222	271,096	<b>261,280</b>
	(Based on customer location) The Americas	164,821	183,652	165,177	155,498	157,581	139,249	107,829	125,094	130,811	144,405	<b>149,960</b>
	Europe	133,752	131,830	121,920	137,856	130,127	110,075	94,800	111,890	103,650	108,051	<b>99,977</b>
	Asia (excluding Japan)	347,475	341,403	331,559	354,849	336,119	267,427	269,153	310,569	274,077	265,313	<b>285,448</b>
	China	210,237	204,361	201,185	212,097	194,994	148,525	166,660	182,036	163,155	154,236	<b>172,636</b>
	Other Asia	137,238	137,042	130,373	142,752	141,124	118,902	102,492	128,532	110,922	111,077	<b>112,812</b>
	Operating income	97,327	89,534	65,341	97,875	79,279	23,604	6,364	29,430	43,836	27,391	<b>28,457</b>
	[By segment]											
	Industrial Machinery Business	34,362	20,159	14,660	28,333	32,887	14,732	7,697	30,353	35,541	8,007	<b>13,944</b>
	Automotive Business	65,718	70,841	64,577	65,963	44,949	9,174	(4,018)	(13,762)	6,326	18,576	<b>16,096</b>
	Net income attributable to owners of the parent	61,962	65,719	45,560	69,312	55,809	17,412	355	16,587	18,412	8,502	<b>10,647</b>
Capital expenditures	49,197	54,996	58,602	68,788	81,102	54,927	37,303	52,311	54,092	58,478	<b>56,531</b>	
Depreciation and amortization	38,568	43,048	43,354	46,785	48,801	53,926	54,527	56,558	50,112	52,907	<b>52,412</b>	
R&D expenses	10,660	11,155	13,858	17,059	19,023	18,265	16,820	19,175	15,380	15,602	<b>16,251</b>	
Net cash provided by operating activities (A)	67,709	108,622	67,936	83,746	92,617	72,387	53,842	22,733	64,163	99,818	<b>82,176</b>	
Net cash used in investing activities (B)	(46,335)	(45,212)	(54,243)	(53,001)	(72,673)	(39,784)	(51,096)	(19,973)	(48,778)	(90,814)	<b>(58,753)</b>	
Free cash flows (A) + (B)	21,374	63,410	13,692	30,744	19,943	32,602	2,745	2,759	15,384	9,004	<b>23,423</b>	
Dividends paid	15,161	18,425	20,174	21,245	20,737	15,550	10,367	12,958	15,638	14,888	<b>16,873</b>	
Acquisition of treasury shares	—	—	14,999	—	19,999	—	—	—	—	21,717	<b>—</b>	
Total equity attributable to owners of the parent (Shareholders' equity)	456,046	454,661	461,350	537,175	536,676	505,505	554,516	617,800	616,213	659,979	<b>651,462</b>	
Total assets	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	<b>1,219,543</b>	
Interest-bearing debt	326,400	278,152	267,399	250,908	274,780	279,170	332,440	303,457	335,738	318,945	<b>306,403</b>	

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NSK Ltd. and Consolidated Subsidiaries

(Year)		JP-GAAP	IFRS									
		FY2014	FY2015 <sup>*1</sup>	FY2016	FY2017	FY2018	FY2019 <sup>*2</sup>	FY2020	FY2021 <sup>*3</sup>	FY2022 <sup>*5</sup>	FY2023	FY2024
<b>Per Share Data (Yen)</b>	Earnings (Net income)	114.56	121.38	86.08	131.16	107.46	34.00	0.69	32.35	35.89	17.27	<b>21.78</b>
	Equity attributable to owners of the parent (Shareholders' equity)	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	<b>1,332.78</b>
	Cash dividend	28.0	34.0	38.0 <sup>**</sup>	40.0	40.0	30.0	20.0	25.0	30.0	30.0	<b>34.0</b>
<b>Financial Indices</b>	Operating income margin (%)	10.0	9.2	6.9	9.6	8.0	2.8	0.9	3.4	5.6	3.5	<b>3.6</b>
	Return on average shareholders' equity (ROE) (%)	15.3	14.3	9.9	13.9	10.4	3.3	0.1	2.8	3.0	1.3	<b>1.6</b>
	Return on average assets (ROA) (%)	5.8	6.1	4.4	6.5	5.1	1.6	0.0	1.4	1.5	0.7	<b>0.9</b>
	Ratio of equity attributable to owners of the parent to total assets (%)	40.4	44.0	44.2	49.2	49.4	49.1	47.3	50.0	50.0	50.8	<b>53.4</b>
	Net D/E ratio (Times)	0.31	0.23	0.28	0.22	0.27	0.28	0.28	0.27	0.29	0.26	<b>0.26</b>
	Dividend payout ratio (%)	24.4	28.0	44.1	30.5	37.2	88.2	2,885.8	77.3	83.6	173.8	<b>156.1</b>
	Dividend on equity (DOE) (%)	3.7	4.0	4.4	4.2	3.9	2.9	1.9	2.2	2.5	2.4	<b>2.5</b>
	Period-end share price (Yen)	1,758	1,030	1,592	1,426	1,037	694	1,135	736	756	884	<b>638</b>
	Price earnings ratio (PER) (Times)	15.3	8.5	18.5	10.9	9.7	20.4	1,644.9	22.8	21.1	51.2	<b>29.3</b>
Price book-value ratio (PBR) (Times)	2.1	1.2	1.8	1.4	1.0	0.7	1.0	0.6	0.6	0.7	<b>0.5</b>	
Dividend yield (%)	1.6	3.3	2.4	2.8	3.9	4.3	1.8	3.4	4.0	3.4	<b>5.3</b>	
<b>Exchange Rate Data (Period average)</b>	Yen/US dollar	109.93	120.14	108.42	110.86	110.91	108.75	106.06	112.38	135.48	144.62	<b>152.57</b>
	Yen/Euro	138.77	132.58	118.84	129.70	128.40	120.83	123.70	130.56	140.97	156.79	<b>163.74</b>

\*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.

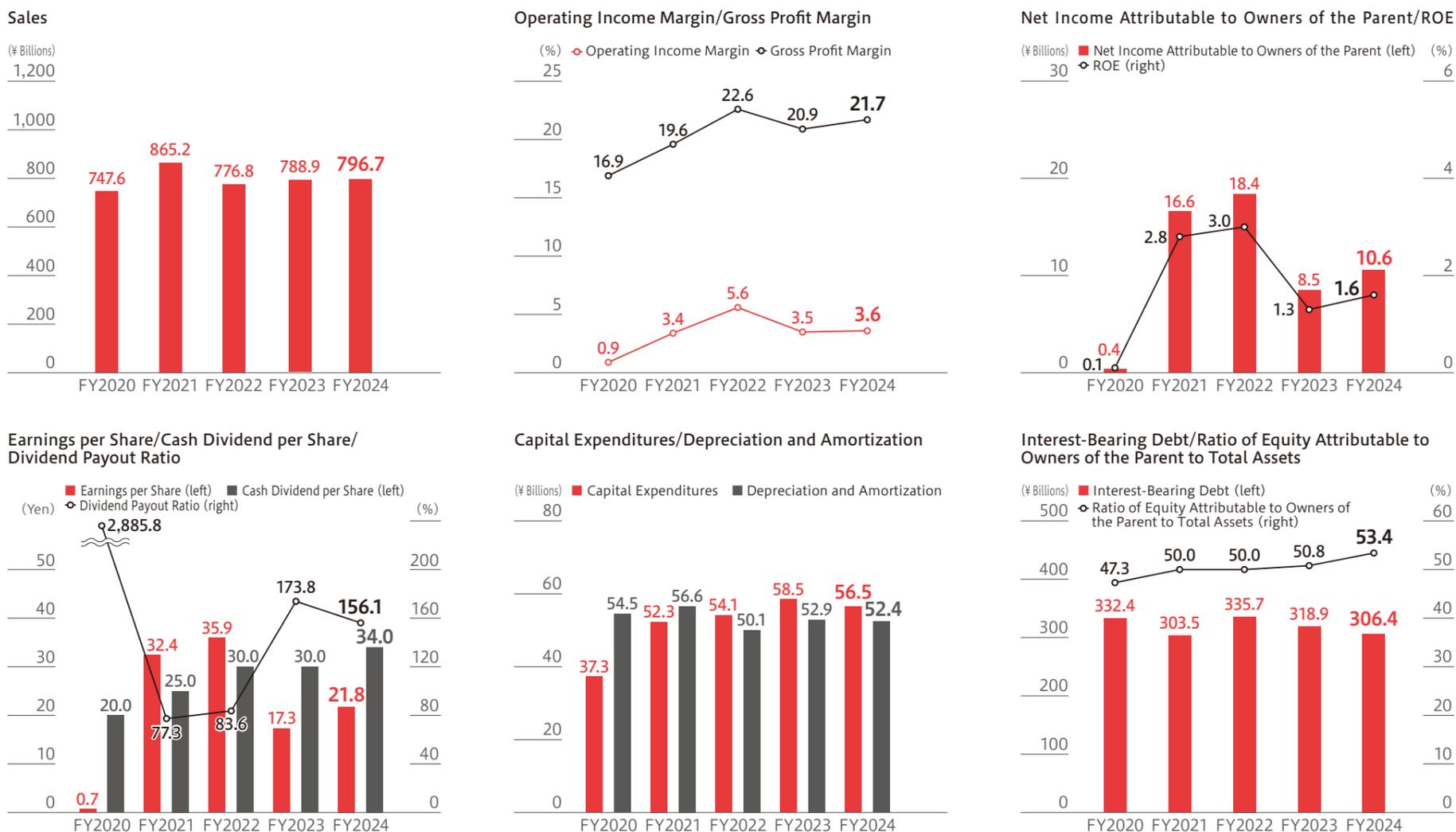
\*3 In accordance with segment changes in the business domains (part of operations transferred from others to the Industrial Machinery Business) in FY2022, data from FY2021 onward is presented under the new categories.

\*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.)

## Trends in Major Indices

Note: 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.)



## 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	FY2020	FY2021	FY2022 <sup>*1</sup>	FY2023 <sup>*1</sup>	FY2024 <sup>*1</sup>	
<b>Environment</b>	Environmental management system	Coverage of ISO 14001 certified sites <sup>*2</sup>	NSK Group	%	95% or more	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	0
	Environmental accidents	Number of serious incidents of environmental pollution	NSK Group	Incidents	0	0	0	0	0
	Environmentally friendly products <sup>*3</sup>	Number of products developed (cumulative)	NSK Group	Products	238	239	243	246	253
	Products that help reduce CO <sub>2</sub> emissions	CO <sub>2</sub> emissions avoided (total) <sup>*4</sup>	NSK Group	× 10 <sup>3</sup> t-CO <sub>2</sub>	2,225	2,271	2,260	2,368	2,324
<b>Energy</b>	Total energy usage	NSK Group	TJ	6,845	7,524	6,413	6,394	6,254 <sup>*5</sup>	
	Fuel and gas	NSK Group	TJ	2,079	2,229	1,867	1,837	1,816 <sup>*5</sup>	
	Electricity and heat	NSK Group	TJ	4,767	5,295	4,546	4,557	4,438 <sup>*5</sup>	
	Rate of renewable energy use <sup>*6</sup>	NSK Group	%	6.7	8.3	21.5	34.5	35.6	
<b>Greenhouse gases</b>	GHG emissions (total for Scope 1 and 2)	NSK Group	× 10 <sup>3</sup> t-CO <sub>2</sub> e	701	763	528	448	415 <sup>*5</sup>	
	Scope 1	NSK Group	× 10 <sup>3</sup> t-CO <sub>2</sub> e	120	127	107	102	99 <sup>*5</sup>	
	Scope 2 (on a market basis)	NSK Group	× 10 <sup>3</sup> t-CO <sub>2</sub> e	581	636	421	346	316 <sup>*5</sup>	
	Scope 3	NSK Group	× 10 <sup>3</sup> t-CO <sub>2</sub> e	1,928	2,199	1,831	2,232	2,050 <sup>*5</sup>	
<b>Steel</b>	Steel consumption	NSK Group <sup>*7</sup>	× 10 <sup>3</sup> t	562	655	525	554	566	
<b>Water</b>	Total water withdrawal	NSK Group	× 10 <sup>3</sup> m <sup>3</sup>	3,977	4,169	3,619	3,652	3,611 <sup>*5</sup>	
	Groundwater	NSK Group	× 10 <sup>3</sup> m <sup>3</sup>	1,659	1,826	1,540	1,380	1,765 <sup>*5</sup>	
	General water	NSK Group	× 10 <sup>3</sup> m <sup>3</sup>	1,922	1,978	1,754	1,985	1,574 <sup>*5</sup>	
	Industrial water	NSK Group	× 10 <sup>3</sup> m <sup>3</sup>	396	357	318	284	271 <sup>*5</sup>	
	Rainwater and reused water	NSK Group	× 10 <sup>3</sup> m <sup>3</sup>	—	8	7	3	1 <sup>*5</sup>	
<b>Waste and valuables</b>	Total waste and valuables	NSK Group	× 10 <sup>3</sup> t	181.9	203.1	165.0	165.7	159.6 <sup>*5</sup>	
	Reuse and recycle	NSK Group	× 10 <sup>3</sup> t	156.3	174.7	140.0	142.9	137.2	
	Incinerated with energy recovery	NSK Group	× 10 <sup>3</sup> t	10.3	10.7	8.6	8.1	7.7	
	Incinerated without energy recovery	NSK Group	× 10 <sup>3</sup> t	3.3	3.9	2.9	2.8	2.8	
	Other disposal (e.g., water treatment)	NSK Group	× 10 <sup>3</sup> t	9.9	11.4	12.0	10.7	10.7	
<b>Protecting air quality</b>	Landfilled	NSK Group	× 10 <sup>3</sup> t	2.1	2.4	1.5	1.2	1.2	
	Emissions of NO <sub>x</sub>	NSK Group	t	106	113	91	78	73	
	Emissions of SO <sub>x</sub>	NSK Group	t	39	33	32	3	1	
<b>Protecting water quality</b>	Total discharged water	NSK Group	× 10 <sup>3</sup> m <sup>3</sup>	2,519	2,757	2,290	2,261	2,238	
	Rivers	NSK Group	× 10 <sup>3</sup> m <sup>3</sup>	575	646	537	550	659	
	Sewage system	NSK Group	× 10 <sup>3</sup> m <sup>3</sup>	1,944	2,110	1,753	1,711	1,579	
	BOD (biochemical oxygen demand)	NSK Group	t	1.2	1.5	0.9	0.9	1.0	
<b>Environmentally harmful substances</b>	Handling of PRTR-designated substances (materials and parts)	Group in Japan	t	316	326	259	264	228	
	Discharge/transfer of PRTR-designated substances	Group in Japan	t	73	86	73	86	86	
	Emissions of VOCs	NSK Group	t	141	165	139	137	136 <sup>*5</sup>	
<b>Biodiversity</b>	Number of biodiversity conservation initiatives (social contribution initiatives)	Group in Japan	Initiatives	3	5	9	9	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. (Excluding "Coverage of ISO 14001 certified sites," "Number of environmentally friendly products developed," and "Number of biodiversity conservation initiatives.")  
<sup>\*2</sup> 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.  
<sup>\*3</sup> Total of environmentally friendly products with a Neco score of 1.2 or higher. Includes 96 products developed in or before

FY2007 that were consistent with the Basic Policy for the Development of Environmentally Friendly Products. Steering business products have been excluded from figures for the number of newly developed products (cumulative) since FY2022.  
<sup>\*4</sup> CO<sub>2</sub> emissions avoided for past fiscal years have been recalculated based on IEA emission factors (2024 edition).  
<sup>\*5</sup> Third-party verification has been obtained. [E25](#)  
<sup>\*6</sup> Rate of renewable energy use = Energy use from renewable sources / energy use  
<sup>\*7</sup> Procurement volume from main suppliers

		Scope	Unit	FY2020	FY2021	FY2022	FY2023	FY2024	
<b>Social</b>	Number of employees (consolidated)	Total	NSK Group	Persons	30,378	30,577	29,882	25,632* <sup>1</sup>	24,057* <sup>1</sup>
		Japan	Group in Japan	Persons	11,774	11,853	11,728	10,474* <sup>1</sup>	10,216* <sup>1</sup>
		The Americas	Group in the Americas	Persons	2,617	2,696	2,622	2,130* <sup>1</sup>	2,006* <sup>1</sup>
		Europe	Group in Europe	Persons	4,333	4,312	4,070	3,338* <sup>1</sup>	2,976* <sup>1</sup>
		Asia	Group in Asia	Persons	11,654	11,716	11,462	9,690* <sup>1</sup>	8,859* <sup>1</sup>
Employee composition by gender	Men	NSK Group	%	81.7	81.9	81.6	80.9* <sup>1</sup>	81.6* <sup>1</sup>	
	Women	NSK Group	%	18.3	18.1	18.4	19.1* <sup>1</sup>	18.4* <sup>1</sup>	
Average years of employment (average age)	Total	Group in Japan* <sup>2</sup>	Years (age)	17(42)	17(43)	17(42)	17(42)* <sup>1</sup>	17(42)* <sup>1</sup>	
	Men	Group in Japan* <sup>2</sup>	Years (age)	18(43)	17(43)	18(42)	17(42)* <sup>1</sup>	17(42)* <sup>1</sup>	
	Women	Group in Japan* <sup>2</sup>	Years (age)	12(38)	12(38)	13(38)	14(38)* <sup>1</sup>	14(38)* <sup>1</sup>	
Localization rate for key global posts		NSK Group	%	-	-	73	72	72	
Percentage of employees taking childcare leave (based on NSK criteria)	Men	NSK	%	50.3	56.5	72.6	83.3	89.2	
	Women	NSK	%	100.0	100.0	100.0	100.0	100.0	
Employment rate of people with disabilities		Group in Japan* <sup>2</sup>	%	2.45	2.56	2.48	2.62	2.59	
Occupational safety	Lost-time injury frequency rate	NSK Group	-	0.43	0.28	0.39* <sup>1</sup>	0.28* <sup>1</sup>	0.17* <sup>1,3</sup>	
	Fatal accidents	NSK Group	Accidents	0	0	0* <sup>1</sup>	0* <sup>1</sup>	0* <sup>1,3</sup>	
Health and wellness	Percentage of employees participating in the Specific Health Guidance program	NSK* <sup>4</sup>	%	27.3	27.2	26.3	24.3	22.5	
	Percentage of employees receiving stress checks	NSK* <sup>4</sup>	%	95.9	97.9	98.7	99.2	99.3	
	Percentage of employees who smoke	NSK* <sup>4</sup>	%	33.8	31.9	31.6	31.1	31.4	
Human resource development	Number of participants in NSK Japan Management College/NSK Global Management College	NSK Group	Persons	10	10	22	9* <sup>1</sup>	10* <sup>1</sup>	
	Ratio of Japan/Global Management College graduates among executives	NSK	%	-	75	71	65	59	
	Number of participants in NSK Institute of Technology	NSK Group	Persons	518	493	495	539	462	
	Number of training hours per year	NSK Group	Hours	21	19	21	23* <sup>1</sup>	24* <sup>1</sup>	
Rate of labor union participation	Non-management employees	Group in Japan* <sup>2</sup>	%	100	100	100	100* <sup>1</sup>	100* <sup>1</sup>	
	All employees including management	Group in Japan* <sup>2</sup>	%	83	84	84	86* <sup>1</sup>	86* <sup>1</sup>	
Employee engagement survey	Number of participants (officers and employees)	NSK Group	Persons	16,985	5,976* <sup>5</sup>	20,611	6,397	26,552	
	Engagement score* <sup>6</sup>	NSK Group	-	67	67	68	69	72	
Research and development	Number of patents held	NSK Group	Patents	8,172	6,226	3,794* <sup>1</sup>	3,999* <sup>1</sup>	4,111* <sup>1</sup>	

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

\*2 NSK Ltd. and main Group companies in Japan

\*3 The Company receives third-party assurances. [P.75](#)

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

\*5 Some surveys were postponed due to the COVID-19 pandemic.

\*6 Through FY2023, the survey was conducted every two years in each geographical region. 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			Unit	2021/6	2022/6	2023/6	2024/6	2025/6
<b>Governance</b>	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	77.8
		Ratio of females	%	11.1	11.1	11.1	11.1	22.2
Attendance at Board of Directors meetings	Number of times convened	Meetings	10	10	10	10	10	
	Average attendance rate	%	98	100	98	99	100	
	Average attendance rate of independent outside directors	%	98	100	96	98	100	
Compliance hotline	Number of consultations and reports	NSK Group	Incidents	178	168	147* <sup>1</sup>	131* <sup>1</sup>	118* <sup>1</sup>
		NSK Group	Incidents	0	0	0* <sup>1</sup>	0* <sup>1</sup>	0* <sup>1</sup>
		NSK Group	Persons	5,481	7,588	12,486	9,446	6,124
		Group in Japan	Persons	-	-	16,545	16,877	30,942
		NSK Group	-	63	63	70	72	74

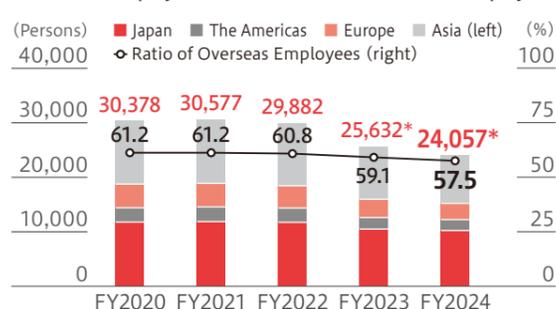
\*1 Effective the first quarter of FY2023, the steering business has been classified as discontinued operations. The data exclude the discontinued operations.

\*2 Through FY2023, the survey was conducted every two years in each geographical region. 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

\* 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

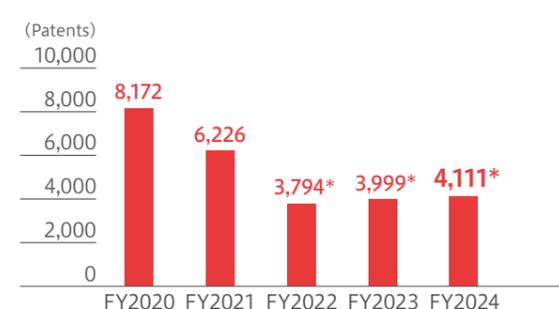


### Lost-Time Injury Frequency Rate



Note: The global lost-time injury frequency rate including the discontinued operations was 0.38, 0.24, 0.15 for FY2022, FY2023, and FY2024, respectively.

### 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, 6,696 in FY2023, and 6,786 in FY2024.

## Bearings

Bearings—the staple of industry. A surprisingly large number of them can be found all around us. [NSK Supporting Society](#) \P.71

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

### With bearings:

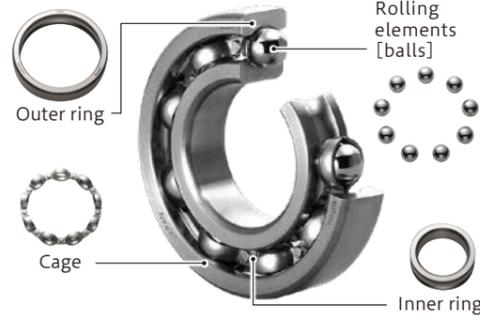
Bearings work to reduce friction in the rotational motion of machines. The three main benefits of reducing friction are as follows.

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

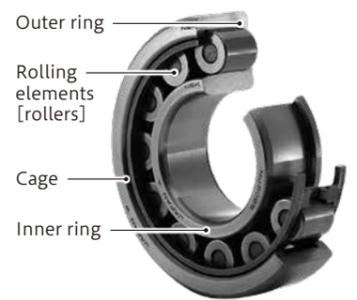
Bearings also contribute to lower energy consumption by reducing friction and allowing the efficient transmission of power. This is just one way in which bearings are environmentally friendly.

### 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.

## 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 linear motion without wasting energy.

### With ball screws:

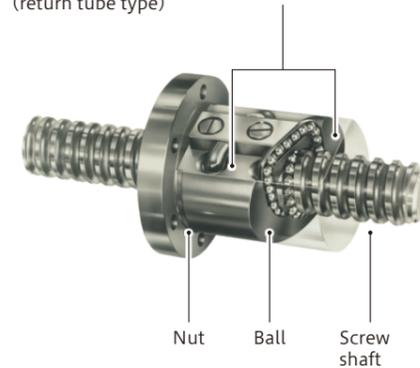
A ball screw is a component that can convert rotational motion into linear motion. Ball screws have basically two major applications.

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

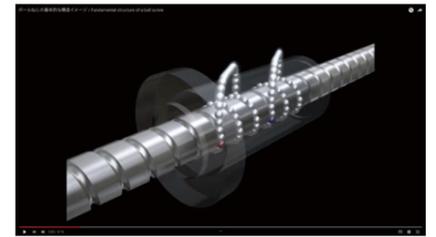
Precise positioning for use in machine tools and the machining machine parts.

### Structure

Ball recirculation mechanism of ball screw (return tube type)



### Movement image



Scan here to view a video.



Along with the changing times, NSK has created 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.

- Home appliances:**
  - Bearings: Contributing to quieter operations by suppressing noise and vibration
  - Bearings: Contributing to longer service life by decreasing friction and enhancing component durability
- Automobiles:**
  - Bearings/Ball screws/Linear guides: Contributing to higher precision and productivity in parts machining
  - Bearings: Contributing to a comfortable life that is friendly to people and the environment
  - Bearings: Contributing to greater fuel efficiency and service life through low friction, high-speed rotation, and electrical erosion resistance
  - EV/HEV: Some 100 to 150 bearings are used in automobiles!
  - Self-driving vehicles: Contributing to integration with peripheral components into units, preventive maintenance, and vehicle control
- Machine Tools:**
  - Bearings: Contributing to safe, secure, comfortable, and environmentally friendly means of transportation
  - Bearings/Ball screws/Monocarrier™, etc.: Contributing to people’s health and peace of mind as well as advanced medical care
- Medical Equipment:**
  - Bearings/Ball screws: Contributing to miniaturization, lighter weights, precise positioning, precision, and agile movement
- Energy:**
  - Bearings: Contributing to long-term stable operations in the special environment of space
  - Bearings/Ball screws: Contributing to a recycling-oriented society through high durability in special environments
- Satellites:**
  - Bearings: Contributing to extended flight range, stable flight, and greater reliability
- Humanoid:**
  - Bearings/Ball screws: Contributing to miniaturization, lighter weights, precise positioning, precision, and agile movement
- eVTOL:**
  - Bearings: Contributing to extended flight range, stable flight, and greater reliability

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

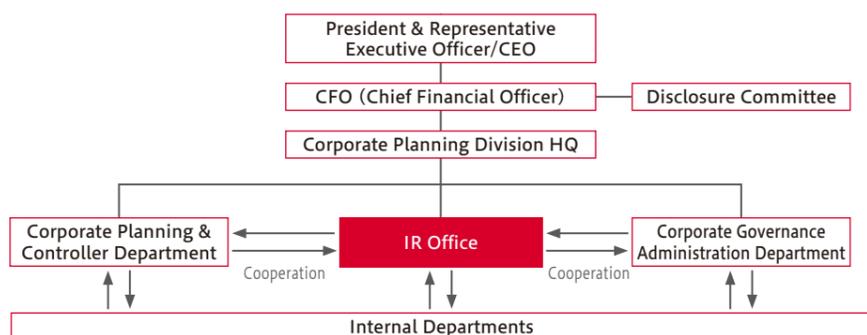
Term	Meaning
Bearings & Beyond	Indicates NSK's intention to further develop its founding bearings business and to leverage the technology, know-how, and product strength it has built up to date to develop its business beyond existing areas.
CMS	CMS stands for <b>C</b> ondition <b>M</b> onitoring <b>S</b> 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 <b>U</b> ltrasonic <b>T</b> esting. The Micro-UT method refers to a non-destructive testing method using ultrasonic waves.
MRO	MRO stands for <b>M</b> aintenance, <b>R</b> epair, or <b>R</b> eplacement <b>O</b> 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 <b>N</b> SK <b>I</b> nstitute of <b>T</b> echnology, which is an internal educational institute for our engineers to master more advanced technology.
NPDS	NPDS stands for <b>N</b> SK <b>P</b> roduct <b>D</b> evelopment <b>S</b> 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 <b>P</b> roduct <b>L</b> ifecycle <b>M</b> 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 <b>Q</b> uality, <b>C</b> ost, <b>D</b> elivery, <b>D</b> evelopment, <b>S</b> ervice, and <b>M</b> anagement. The QCDDSM elements are generally focused on by the manufacturing industry including NSK.
SPI Management	SPI is an acronym for <b>S</b> ales, <b>P</b> roduction, and <b>I</b> nventory, and refers to the appropriate management and operation of sales, production, and inventory.
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.

Term	Meaning
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: 1. Creating products that contribute to energy and resource conservation during use by customers; 2. Creating products that minimize energy and resource use during production; 3. Creating products that realize zero use of environmentally harmful substances; and 4. Creating products that contribute to people's health and safety through low vibration, low noise, and low dust emissions.
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.
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.
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.

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.

### IR Framework

NSK regards IR activities as key management tasks. Established as a dedicated department within the Corporate Planning Division HQ, the IR Office is overseen by the executive officer responsible for all administrative divisions. NSK has also established an IR activity framework through which the IR Office coordinates with each department in disclosing business strategies, financial information, and ESG and other types of non-financial information in an easy-to-understand manner through fair, appropriate methods.



### Dialogue with Institutional and Individual Investors

The senior management at NSK hold various types of direct dialogue (engagement) with investors, including quarterly financial results briefings and progress update briefings on mid-term management plans. In addition, NSK conducts constructive dialogue on management strategies and ESG issues on an annual basis. We also actively disclose information and respond to questions through regularly held briefings for individual investors and through our website for helping individual investors to learn about NSK in an easy-to-understand manner, for example.

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.

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



### Number of Dialogue Opportunities in FY2024: Total of 378 Companies (excluding large meetings)

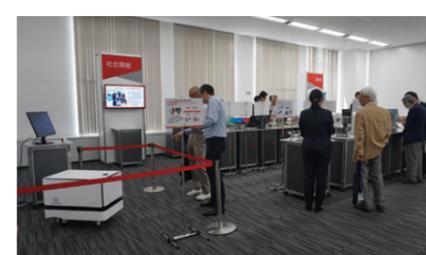
Financial conferences (large meetings)	4 times for a total of 352 companies
Individual IR interviews	Total of 259 companies
Institutional investor engagement visits	Total of 18 companies
President's small meetings	3 times for a total of 29 people
IR road shows outside Japan (in-person and online)	Europe/North America/Asia 26 companies
Conference participation for investors outside Japan	5 times for a total of 29 companies
Dialogue between outside directors and institutional investors	1 time with 10 participants
Plant media interviews	Total of 7 companies
Individual investor presentation	1 time with 74 participants

### General Meeting of Shareholders

Having recognized the General Meeting of Shareholders as a venue for active dialogue with shareholders, we set its date and time to avoid periods concentrated with shareholders' meetings of other companies (at least two days prior to any concentrated period), promptly issue and post convocation notices and reports (normally posted to our website 28 days prior to the date of the meeting), and in 2025 set the submission date for the Securities Report as two days prior to the date of the meeting, among other efforts to create favorable meeting conditions. In addition, we hold events that introduce the various initiatives in which we are engaged, including setting up NSK product display areas on the date of the General Meeting of Shareholders and holding plant tours for shareholders at a later date.

#### The 164th Ordinary General Meeting of Shareholders for the Year Ended March 31, 2025 (held June 25, 2025)

Number of Shareholders Present	Ratio of Shareholder Voting Rights Exercised
60	80.3%



View of the display area on the date of the Ordinary General Meeting of Shareholders

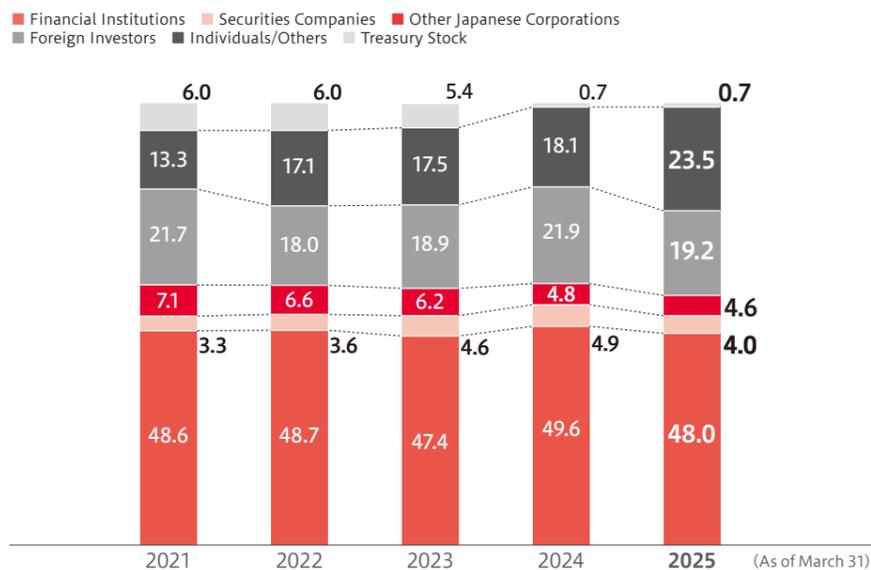
# Share Information/ Third-Party Evaluations

## Share Information

As of March 31, 2025

Common Stock	Authorized	1,700,000,000 shares
	Issued	500,000,000 shares (including 3,724,064 shares of treasury stock)
Number of Shareholders	84,598	
Transfer Agent	Mizuho Trust & Banking Co., Ltd. 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)



## 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 2025.

<p>Member of Dow Jones Sustainability Indices Powered by the S&amp;P Global CMA</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>2025 CONSTITUENT MSCI NIKONKABU ESG SELECT LEADERS INDEX</p> <p><a href="https://www.msci.com/our-solutions/sustainable-investing">https://www.msci.com/our-solutions/sustainable-investing</a></p>
<p>*1 <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 <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>2025 <a href="https://www.sompo-am.com/">https://www.sompo-am.com/</a></p>
<p>*3 <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. The FTSE Blossom Japan Sector Relative Index is 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.

# At the Time of Publishing the NSK Report 2025

## Third-Party Assurances

To ensure the reliability and accuracy of NSK Report 2025 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.67](#) \
- Greenhouse gas emissions (Scope 1·Scope 2·Scope 3) [P.67](#) \
- Water withdrawal [P.67](#) \
- Waste and valuables [P.67](#) \
- Emissions of VOCs [P.67](#) \
- Lost-time injury frequency rate [P.68](#) \
- Number of fatal accidents [P.68](#) \

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



## Editor's Postscript

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

NSK Report 2025 illustrates our commitment to providing new value as we work to address developments in electrification, automation, digitalization, and environmental impact mitigation by leveraging the technologies we have accumulated along with our many years of experience supporting industry.

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 profitability and capital efficiency by providing greater value in existing business domains and by undertaking the challenge of new business domains through "Bearings & Beyond" as we address today's constantly changing business environment.

This report was produced primarily by the new IR Office established this fiscal year within the Corporate Planning Division HQ, which worked in cooperation with a broad range of related departments within the Company. As the person responsible for creating this report, I declare that the content herein is accurate and that the preparation process is valid. 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**  
Senior Operating Officer  
Head of the Corporate Planning Division HQ and IR Office

IR Office, Corporate Planning Division HQ (IR and Sustainability teams)



## Thoughts on the Cover of This Report

NSK aims to create new value through the challenge of "Change & Go Beyond," and has therefore produced NSK Report 2025 under the catchphrase of "Change & Go Beyond."

The cover of NSK Report 2025 expresses the Company's determination to contribute to a carbon-neutral and recycling-oriented society through the integration of its founding bearings business, its businesses that lie beyond (Bearings & Beyond), tribology technology, and digital technologies.



## Report Assumptions

### Organizations Covered

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

### Period of Coverage

FY2024 (April 1, 2024, to March 31, 2025)

Notes:

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

### Disclaimer

This report contains statements regarding NSK's future plans, strategies, and projections of performance. Please be aware that actual results might differ from our outlook. This report is an English translation of material written initially in Japanese. The Japanese original should be considered the primary version.

## Contact

IR Office, Corporate Planning Division HQ, NSK Ltd.  
Nissei Bldg., 1-6-3 Osaki, Shinagawa-ku, Tokyo 141-8560, Japan  
E-MAIL [ir@nsk.com](mailto:ir@nsk.com)

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