

Progress on Strategies for 2026

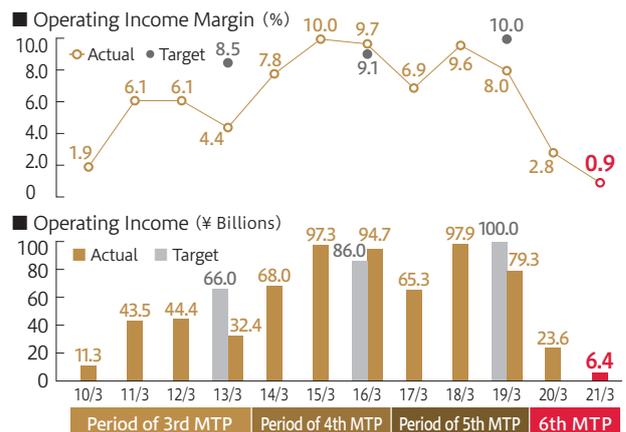
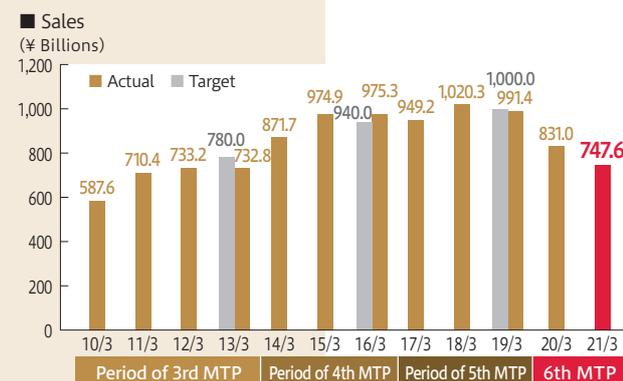
NSK has raised “the establishment of a corporate foundation for sustainable growth” as its vision for 2026, the 110th anniversary of the Company’s founding. NSK has also positioned the 6th Mid-Term Management Plan (6th MTP) as the first three years for realizing this vision, has put in place the target of “building a business base and strengthening resources in preparation for the next growth phase,” and is promoting a variety of initiatives.

► The following is a retrospective look at the past 10 years of Mid-Term Management Plans, from the 3rd to the 5th. (Note: Mid-Term Management Plan is abbreviated as MTP)

	The 3rd MTP Year to March 31, 2010–Year to March 31, 2013	The 4th MTP Year to March 31, 2014–Year to March 31, 2016	The 5th MTP Year to March 31, 2017–Year to March 31, 2019
Positioning of Vision	<p>Responding to paradigm shifts</p> <p>Reorganizing business foundation toward net sales of ¥1 trillion</p> <ul style="list-style-type: none"> ● Period to establish and consolidate corporate fundamentals appropriate for a company with sales of ¥1 trillion ● Continue measures to become No. 1 in total quality 	<p>Establishing corporate fundamentals appropriate for a company with net sales of ¥1 trillion</p> <ul style="list-style-type: none"> ● Establish corporate fundamentals appropriate for a company with sales of ¥1 trillion in 2016, the 100th anniversary of NSK’s foundation ● Continue to implement basic strategies (focus on profitability, growth in emerging countries, global management) 	<p>Embark on New Chapter in Evolution Towards Next 100 Years</p> <ul style="list-style-type: none"> ● Initiate mid- and long-term policies for realizing sustainable growth ● Introduce resources for the future
Outline of the MTP	<p>Our Three Core Management Strategies and Specific Measures</p> <p>A. Enhancement of business-based management</p> <ul style="list-style-type: none"> ● Sales & marketing, production and technological divisions brought under business headquarters management ● Autonomous management by integrated business management and the clarification of divisional responsibilities <p>B. Growth strategies</p> <ul style="list-style-type: none"> ● Increase presence in emerging markets ● Expand environmental, infrastructure, and resource businesses ● Respond to technological innovation <p>C. Profitability improvement</p> <ul style="list-style-type: none"> ● Proactive sales strategy (strengthen proposal-based sales capabilities) ● Reorganize global production sites ● Accelerate new product development 	<p>Business Strategies</p> <p>Growth with focus on profitability</p> <ul style="list-style-type: none"> ● Growth in emerging countries ● Enhancement of customer and sector strategies ● Production and technological innovation capabilities ● Strategic alliances <p>Corporate Foundation</p> <p>Develop management capability to handle ¥1 trillion in sales volume</p> <ul style="list-style-type: none"> ● Enhancement of corporate governance and compliance ● Reform of the business structure ● Advancement of global management <p>Basics of MTP (Priority Issues)</p> <ul style="list-style-type: none"> ● Safety, quality, and compliance 	<p>Two Pillars of the Plan</p> <ul style="list-style-type: none"> ● Operational excellence Constant pursuit of competitiveness ● Innovate and challenge Creation of new value <p>Management Tasks</p> <ul style="list-style-type: none"> ● Achieve sustainable growth ● Reconstruct the profit base ● Expand into new growth fields <p>Strategies by Business</p> <ul style="list-style-type: none"> ● Industrial Machinery Business Respond to changes in the business environment and expand target fields ● Automotive Business Reinforce the profit base and establish a platform for future growth
Looking Back	<p>In the severe business environment immediately after the collapse of Lehman Brothers, we achieved some measure of success focusing on emerging markets and technological innovation.</p> <ul style="list-style-type: none"> ● Established a production system for a full product lineup, built an autonomous management system within China ● Exceeded the MTP target for global expansion of the EPS business ● Enhanced profitability following the reorganization of the Precision Machinery and Parts Business ● Advanced local production and local procurement <p>Nevertheless, the upheaval in the business environment, including a sharp appreciation of the yen and fluctuations in global demand, continued to intensify, and the numerical targets of the final year were not achieved.</p> <p>Furthermore, having been found guilty of violating the Antimonopoly Law in a 2013 case involving a bearing product cartel, the Company received a cease-and-desist order and was ordered to pay financial penalties. As a priority and urgent task, the Company undertook measures to strengthen its compliance system toward the early restoration of trust and to prevent any recurrence.</p>	<p>Against a backdrop of improvements in the profitability of the Automotive Business and assisted by an underlying weakness in yen exchange rates, the Company achieved all its numerical targets, including those for sales and profit, a year ahead of schedule in the second year of the fourth MTP. The Company also improved on the targets in the MTP’s final fiscal year. Significant growth was recorded in the Chinese business and in the EPS business in particular.</p> <p>With regard to profitability, the Company achieved an operating income margin of 10.0% in the fiscal year ended March 2015 and maintained a high level of 9.7% in the final fiscal year. In contrast, sales and profitability in the Industrial Machinery Business were on a declining trend, buffeted by the slowdown in global economic growth, including the deceleration in China.</p> <p>We also worked to evolve the global management structure and strengthen and enhance compliance.</p>	<p>Under an environment of robust demand, the Industrial Machinery Business recovered as the powertrain business grew during the fiscal year ended March 2018, the second year of the MTP, and the Company achieved sales of ¥1 trillion, as targeted. Both operating income and net income achieved new record highs. We also strengthened shareholder returns that led to a total return ratio of 57% over the three years.</p> <p>However, due to a downturn in the economic cycle starting in the second half of the fiscal year ended March 2019, the final year of the MTP, and the impact of the U.S.-China trade friction, the business environment deteriorated. Full-year performance during the final year of the MTP experienced a year-on-year decline in sales and profits, which resulted in failure to achieve the MTP targets.</p> <p>Meanwhile, amid technological changes including the expanding use of IoT, AI, and robots, as well as autonomous driving and electrification, the Company developed new technologies and products and released ball screws for brakes, industrial actuators, and others to the market while it started smart-factory model-line operations. The steering business entered a transitional period, making activities aimed at returning to growth important.</p> <p>We expanded initiatives to address social issues (ESG, SDGs).</p>
Challenges and Countermeasures	<ul style="list-style-type: none"> ● Declines in profitability levels due to the extremely high value of the yen and inadequate responses to changes in the business environment, including extreme fluctuations in demand ● Decrease in the Industrial Machinery Business sales ratio ● Strengthening of the compliance system to restore trust and prevent any recurrence following the cartel incident 	<ul style="list-style-type: none"> ● Continue to build our foundation as a company with ¥1 trillion in sales ● Establish profitability not greatly affected by business cycles or fluctuations in the amounts of raw materials or exchange rates ● Promote new products and development in new areas 	<ul style="list-style-type: none"> ● Firmly achieve ¥1 trillion in sales and a double-digit operating income margin ● Restart growth in the EPS business ● Productivity improvements leveraging ICT

Business Trends

(JP-GAAP up to and including the 4th MTP, IFRS from the 5th MTP onward)



And Beyond

NSK Vision 2026

Vision for 2026 Establish a corporate foundation for sustainable growth
Provide value through the evolution of Motion & Control™

Three key management tasks

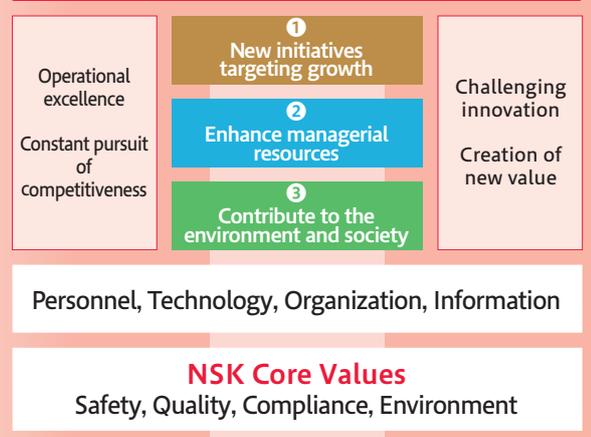
Business growth and profitability	Utilization of robust managerial resources	ESG management
<ul style="list-style-type: none"> Balance investment in future growth with shareholder returns under a stable financial structure 	<ul style="list-style-type: none"> Personnel, Technology, Organization, and Information 	<ul style="list-style-type: none"> Safety, Quality, Compliance, and Environment Corporate governance

The 6th MTP

Year to March 31, 2020–Year to March 31, 2022

Build Business Base and Strengthen Resources in Preparation for Next Growth Phase

Secure sales of ¥1 trillion and profitability



Three Initiatives

1 New initiatives targeting growth ▶ P. 35
Grow by delivering value that meets the needs of a future society

- Expand NSK core products in the growth segments of electrification, automation, environment, and IoT
- Grow by commercializing new products in growth segments
- Expand the product lineup for and restart growth in the EPS business
- Utilize M&A and strategic alliances

2 Enhance managerial resources ▶ P. 36

- Evolve personnel development
- Evolve manufacturing (*Monozukuri*)
- Evolve technology development
- Utilize digital technology

3 Contribute to the environment and society ▶ PP. 37–39
Address environmental and societal issues by strengthening managerial resources and NSK's core values + corporate governance

