

Progress on Strategies for 2026

Industrial Machinery Business

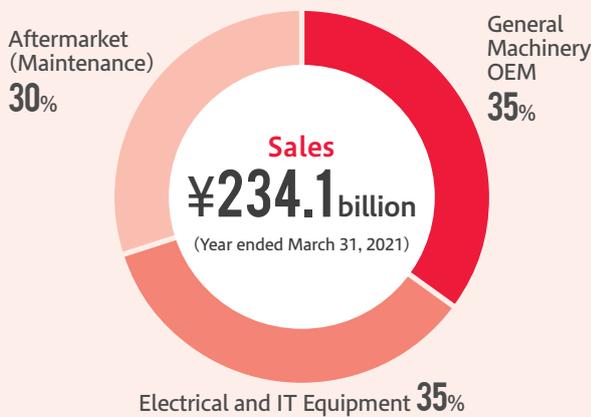
Business Overview

The Industrial Machinery Business is involved in operations related to two product categories: industrial machinery bearings and precision machinery and parts. The industrial machinery bearings business comprises three subsegments: general machinery, which manufactures bearings for applications in a wide range of industries such as machine tools, steel plant facilities, train cars, construction machinery, chemical plants, industrial pumps, and wind turbines; electrical and IT equipment,

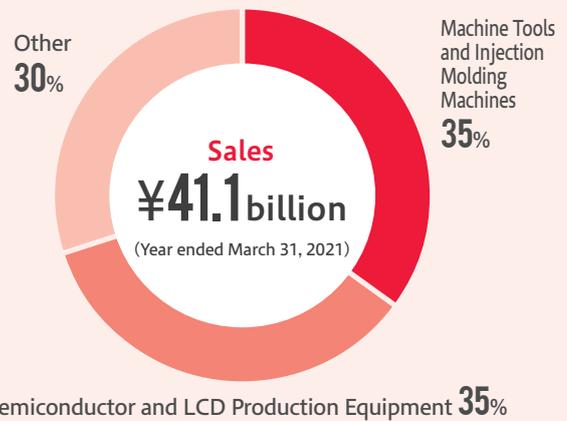
which includes home appliances, PCs, and in-vehicle motors; and the aftermarket business, which provides maintenance and repair services. Industrial machinery bearings come in a range of sizes, from bearings with an outer diameter of approximately 2 mm that are incorporated into ultra-small motors to bearings with an outer diameter of more than 2 m that are utilized in wind turbines. The typical household contains around 100 bearings, which are used in general appliances such as vacuum cleaners and washing machines.

Meanwhile, the precision machinery and parts business supplies linear motion parts including ball screws and NSK Linear Guides™ that play an important role in linear motion and mechatronic products

Industrial Machinery Bearings



Precision Machinery and Parts



Automotive Business

Business Overview

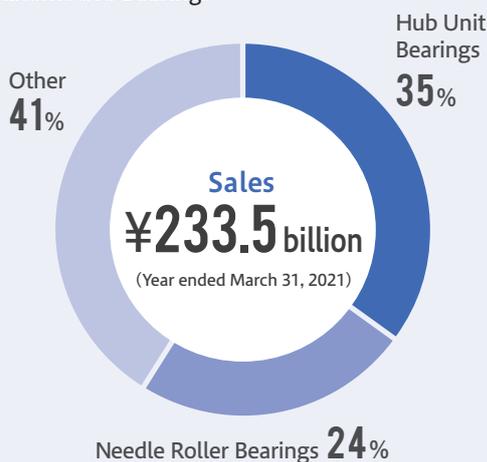
Comprising the two categories of automotive bearings and automotive components, the Automotive Business delivers various products that support the three critical elements of automobiles, namely running, turning, and stopping.

Automobiles utilize many different types of NSK bearings, including hub unit bearings and needle roller bearings. As automobiles have evolved, automotive bearings have come to demand a greater level of performance, including less

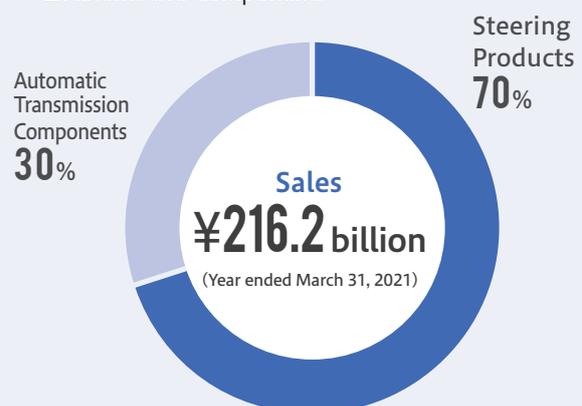
friction loss, smaller size, lighter weight, higher speed, and less noise. Through more sophisticated automotive bearings, including bearing grease and seals backed by its exceptional core technologies of tribology, materials, and numerical simulation, NSK continues to develop products that contribute to the evolution of automobiles.

Meanwhile, in the automotive component field, NSK delivers a wide range of core functional components, including electric power steering (EPS) and automatic transmission (AT) products, as well as ball screws for electric brake boosters. In addition to the primary column-type EPS, the Company

Automotive Bearings



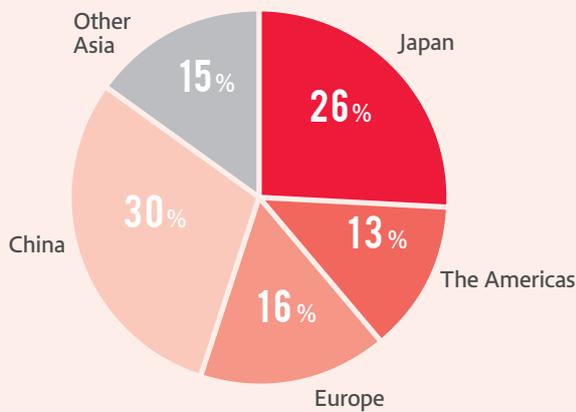
Automotive Components



such as XY tables and Megatorque Motor™ that employ ultra-high precision positioning and controlling technologies. In this way, the Company supports a wide range of fields, including machine tools, injection molding machines, industrial robots, semiconductor and LCD production equipment, conveying machines, and medical devices.

Leveraging the synergistic effect of bearings and precision machinery, NSK is developing new proposals that will contribute to the greater performance of industrial equipment, as well as sophisticated solutions based on the condition monitoring system for greater machinery and equipment reliability and preventive maintenance.

■ Sales Breakdown by Region (Year ended March 31, 2021)



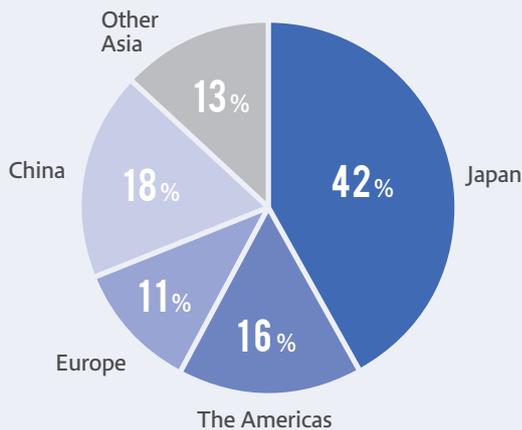
Characteristics Unique to the Industrial Machinery Business

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|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customers | <ul style="list-style-type: none"> ● Machine manufacturers around the world, distributors, and sales outlets ● Numerous customers, a wide range of products |
| Features of Customers and NSK Businesses | <ul style="list-style-type: none"> ● Products for use in general machinery are characterized by a large volume of product types in low volumes, whereas products for electrical and IT equipment are primarily mass-produced (mass production of standardized products). ● Products for general machinery and the aftermarket both include large-scale items with relatively lengthy lead times. ● The aftermarket mainly consists of demand from end users of general machinery for maintenance and repair of facilities and equipment. It also includes sales of standardized products through distributors. In partnership with distributors, it is important to avoid lost opportunities by maintaining appropriate inventory levels to ensure immediate delivery. |
| NSK's Competitive Advantages | <ul style="list-style-type: none"> ● Extensive product lineup as a comprehensive bearing manufacturer ● Technological capabilities based on our Four Core Technologies plus One ● 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 |

has developed pinion-type and rack-type EPS in a diverse product lineup. AT products are seeing greater demand against the backdrop of improved automobile fuel efficiency and comfort, whereas ball screws are seeing greater demand against the backdrop of improved safety.

Structural changes in automobiles from a technical standpoint, such as power source diversification and the evolution of vehicle dynamics controls geared toward autonomous driving, are currently accelerating. By building on the elemental technologies the Company has accumulated thus far and by developing new technologies, NSK will contribute to technical innovation for automobiles.

■ Sales Breakdown by Region (Year ended March 31, 2021)



Characteristics Unique to the Automotive Business

| | |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customers | <ul style="list-style-type: none"> ● Automobile manufacturers around the world ● Automotive components manufacturers around the world |
| Features of Customers and NSK Businesses | <ul style="list-style-type: none"> ● Opportunities to win orders are basically when automobile manufacturers introduce new models or undertake a full model change. In accordance with their new model project schedule, we receive a designation as a development supplier and collaborate on development. Development suppliers are generally also responsible for supplying mass-produced products and prepare for mass production in line with the new model launch schedule. ● A single project's quantity will increase due to large-scale increases in the planned number of units as a result of standardization with car platforms. ● NSK's sales fluctuate in line with the sales volume of car models in the market. Just-in-time delivery is standard, and this alleviates burdens of inventory. However, customers often require that production is close to where demand is located, therefore the ratio of local production is relatively high. |
| NSK's Competitive Advantages | <ul style="list-style-type: none"> ● Diverse business relationships/customer base with automakers and first-tier automotive components manufacturers ● Global supply capabilities ● Developmental capabilities and technical expertise to address advanced automobile functionality ● Global management system that takes the lead when responding to overseas demand and expanding overseas |

Industrial Machinery Business

Business Environment

A Look Back at the Business Conditions for the Year Ended March 31, 2021, and the Forecast for the Year Ending March 31, 2022

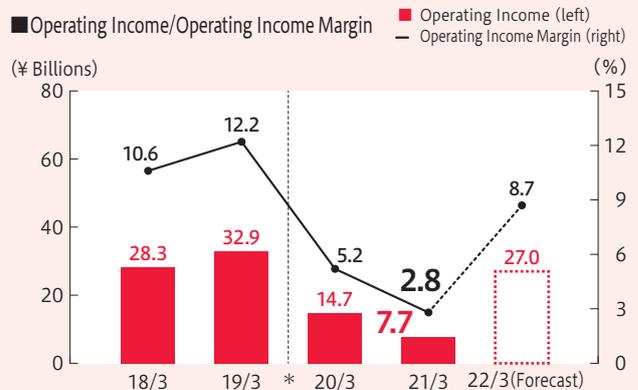
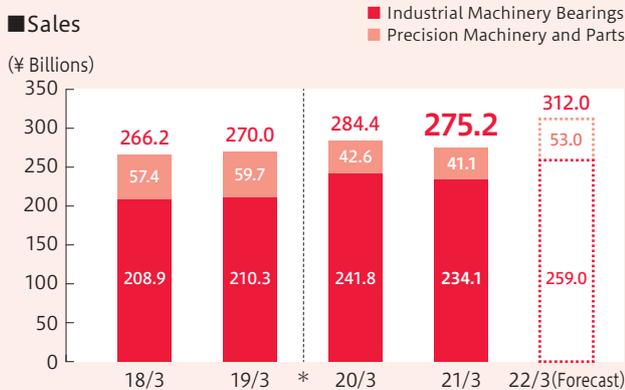
In the Industrial Machinery Business, the cautious approach in capital expenditures across the world was seen in the first quarter against the backdrop of the contraction of economic activities due to the global spread of COVID-19. Thereafter, production activities in China returned toward normal before other regions, and demand in regions other than China also started to recover toward the end of the fiscal year. However, the full-year sales in the Industrial Machinery Business decreased year on year due to sluggish demand in the first half.

Looking at the Company's results by geographic breakdown, overall sales in Japan decreased due to slumping demand in every sector although the machine tools sector started to show recovery toward the end of the fiscal year. In the Americas, overall sales declined due to a sales decrease in the aftermarket sector as well as the impact of the foreign exchange factor, while sales in the

semiconductor sector increased. In Europe, overall sales declined due to a sales decrease in the electrical and electrical accessory sectors. On the other hand, sales in China increased thanks to robust demand in the wind power, machine tools as well as electrical and electrical accessory sectors.

As a result, sales in the Industrial Machinery Business totaled ¥275,226 million (year-on-year decrease of 3.2%). Operating income was ¥7,697 million (year-on-year decrease of 47.8%) as sales fell in each region except for China.

The Company will continue to flexibly address changes in demand trends. As needs grow in society for IoT and 5G, robotics, and renewable energy, the Company is working to expand its mid- to long-term presence in the market and expand businesses that add to sales by building a new business foundation that addresses these growth areas.



Automotive Business

Business Environment

A Look Back at the Business Conditions for the Year Ended March 31, 2021, and the Forecast for the Year Ending March 31, 2022

Global vehicle production in the first quarter dropped substantially due to restrictions on movement, disruption in the supply chain, and suspension of production because of the global spread of COVID-19. From the second quarter onward, although the automotive market changed to a recovering trend, the full-year sales in the Automotive Business decreased year on year due to the significant drop in the first quarter.

Looking at the Company's results by geographic breakdown, sales in Japan decreased due to a sluggish automotive market. In the Americas and Europe, sales dropped due to stagnant vehicle sales caused by a restriction on economic activities. In China, while sales in electric power steering (EPS) systems decreased, overall sales increased due to stronger sales of bearings and products for the automatic transmission (AT) systems.

As a result, sales in the Automotive Business totaled ¥449,722 million (year-on-year

decrease of 13.8%). The operating loss amounted to ¥4,018 million (operating income of ¥9,174 million in the previous fiscal year), reflecting the impact of lower sales in all regions, excluding China.

In the Automotive Business, NSK aims to expand the powertrain business by addressing the need for the electrification of automobiles, as well as multi-step AT and the increasing percentage of automobiles with AT. The Company is also focusing on electric brake systems, which are expected to become mandatory in vehicles, and restarting growth in the steering business. Moreover, NSK will contribute to electrified and autonomous driving cars, and other automobile-related technical innovation by employing existing technologies and new technologies to be developed in the future. We will also work to improve profitability by raising productivity and reducing fixed costs.

