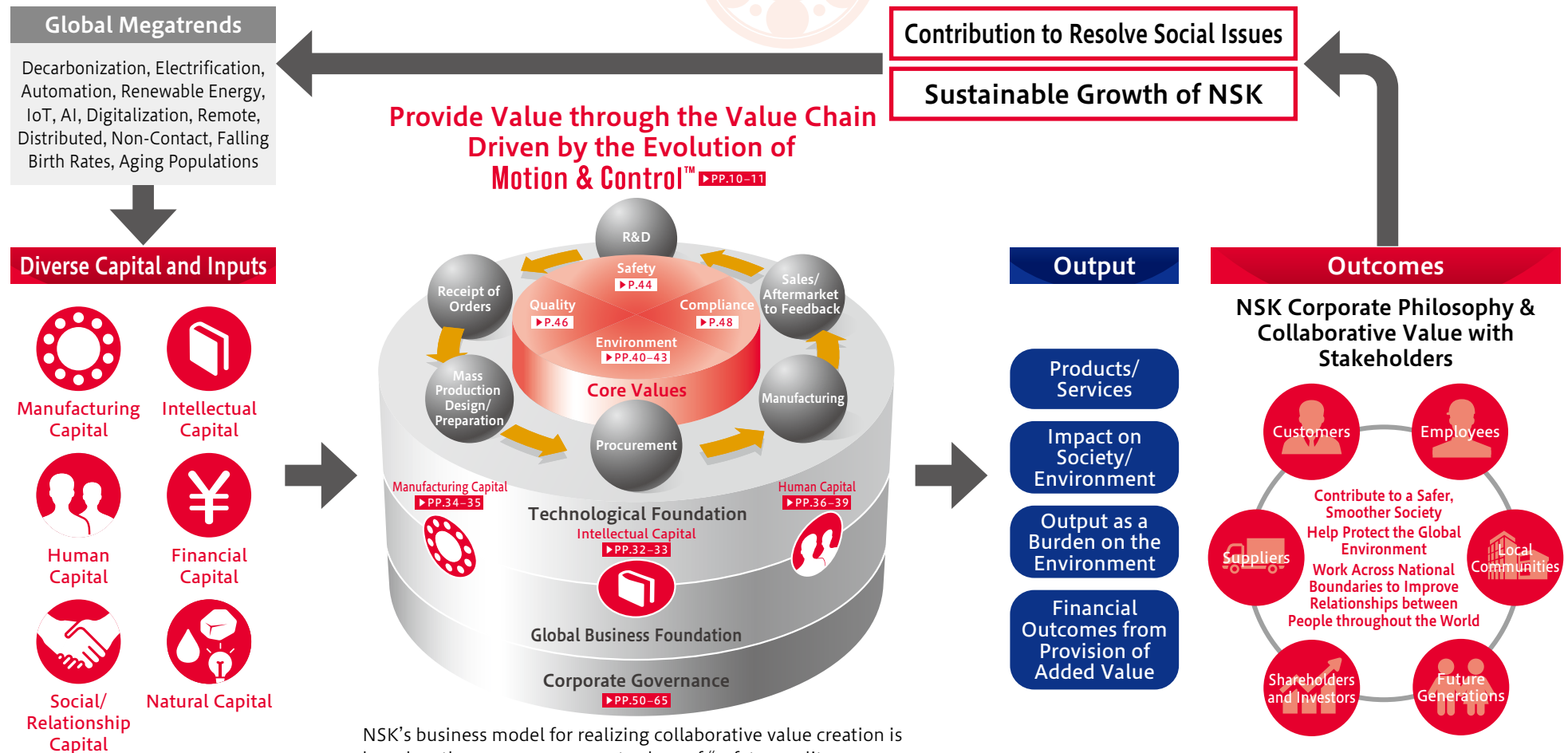


02 Value Co-Creation Story NSK's Business Model for Collaborative Value Creation

The business environment encompassing NSK is continuously changing. Guided by the NSK corporate philosophy, the Company aims to balance its contributions to resolving social issues with its sustainable growth as a company by continuing to create collaborative value with stakeholders throughout the value chain. This effort will rely on effectively and efficiently utilizing a diverse range of capital while capturing global megatrends and the direction of progress.

Corporate Philosophy — NSK Vision 2026 —



NSK's business model for realizing collaborative value creation is based on the core management values of "safety, quality, environment, and compliance," and consists of a value chain (NSK business activities) that extends from R&D to production, sales, and feedback, as well as the infrastructure that supports these activities.

Diverse Capital and Inputs



- Raw materials: Steel, greases, and oils, externally procured components
- Global production sites, manufacturing facilities
Production sites (plants) Japan: **20** Overseas: **47**
- Process set-ups, process controls



- 100 years of accumulated know-how
- Four Core Technologies plus One
- Knowledge/expertise in specialist fields
- R&D Centers More than **20** locations in **11** countries
- Number of patents **6,306**



- Highly qualified engineers, skilled workforce, sales personnel, globally minded talent
Technology-related expenses ¥**30.8** billion
Ratio of new employees with science backgrounds (annual average over the past five years) **82.8%**
Number of employees worldwide (consolidated) **29,882**
Seminars on balancing work and caregiving (Japan) Total **29** times Participants **1,929**
- Corporate governance structure (Three Committees system, global compliance framework)
- Japan Management College Total number of graduates over 20 terms (including graduates of the former Management School) **416**
- Global Management College
Total number of graduates over 10 terms: **124**
Number of regions: Graduates from **21** countries



- Capital, interest-bearing debt, cash reserves
Total equity ¥**634.7** billion
Interest-bearing debt ¥**335.7** billion
Cash and cash equivalents ¥**160.1** billion

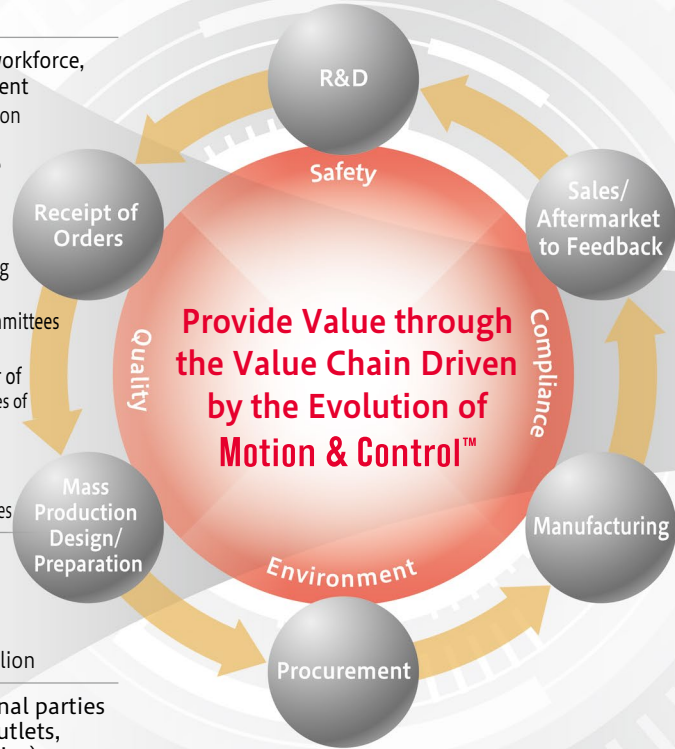


- Relationships of trust with external parties (customers, distributors, sales outlets, users, suppliers, local communities)
- R&D structures with external parties
- Globally recognized and trusted NSK brand
Customer access points Number of customer inquiries to NSK salespeople **3,014** cases/year
Number of product and service page views on corporate website **2.74** million/year



- Minerals (e.g., iron ore, coal), water, energy
Energy input (per year) **6,873** TJ

(As of March 31, 2023)



Output

- ▶ **Products/Services**
 - Industrial Machinery Bearings
 - Precision Machinery and Parts
 - Automotive Bearings
 - Automotive Components
 - Maintenance & Repair, Aftermarket Services
 - Condition Monitoring Technology
- ▶ **Impact on Society/Environment**
 - Reduction of investment resource/energy usage through improved production processes
 - Promotion of human resource Diversity, Equity & Inclusion
 - Improvement of compliance awareness
 - Compliance with varying regulations in each country (e.g., avoiding use of conflict minerals)
- ▶ **Output as a Burden on the Environment**
 - Greenhouse gases (GHG), industrial waste, water discharge
- ▶ **Financial Outcomes from Provision of Added Value**
 - Cash generation
 - Improvement in ROE
 - Shareholder returns
 - Internal reserves for investment in growth

Outcomes



- No. 3 global market share in bearings
- Development of environmentally friendly products [glossary](#) **243** products (cumulative total)



- Diversity
Employee diversity ratio (Japan) (gender, nationality, career recruitment) **13%**
Ratio of female managers (global) **12.5%**
Number of women among managers/managerial candidates (Japan) **88**
- Lost-worktime injury frequency rate (global) **0.38**
- Support for a work-life balance: Percentage of employees taking childcare leave^{*1}
Women **100%** Men **72.6%**
- Ratio of Japan/global management college graduates among executives **76%**



- Human rights due diligence



- Amount of CO₂ emissions avoided during use of NSK products^{*2}
2.29 million t-CO₂ (2.27 million t-CO₂ in the previous fiscal year)



- Annual dividend ¥**30** per share
- Payout ratio **83.6%**
- TSR over the past 10 years **4.0%** on an annualized basis, **47.8%** on a cumulative basis



- GHG emissions **43.6%** decrease (compared with FY2017)

*1 Based on NSK criteria *2 Figures revised following recalculation