

NSK's Business Model for Collaborative Value Creation

The business environment encompassing NSK is continuously changing. Guided by the NSK corporate philosophy, the Company therefore 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 —

Global Megatrends

Decarbonization, Electrification, Automation, Renewable Energy, IoT, AI, Digitalization, Remote, Distributed, Non-contact, Falling Birth Rates, Aging Populations

Diverse Capital and Inputs

Manufacturing Capital

- Raw materials: Steel, greases and oils, externally procured components
- Global production sites, manufacturing facilities
- Process set-ups, process controls

Intellectual Capital

- 100 years of accumulated know-how
- Four Core Technologies plus One
- Knowledge/expertise in specialist fields
- R&D centers

Human Capital

- Highly qualified engineers, skilled workforce, sales personnel, globally minded talent
- Corporate governance structure (Three Committees system, global compliance framework)

Financial Capital

- Capital, interest-bearing debt, cash reserves

Social/Relationship Capital

- 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

Natural Capital

- Minerals (e.g., iron ore, coal), water, energy

Production sites (plants)
Japan: **20** Overseas: **46**

R&D centers
At **22** locations
in **11** countries

Technology-related expenses
¥30.8 billion

Ratio of new employees with science backgrounds (annual average over the past five years)
79.7%

Number of employees worldwide (consolidated)
30,577

Seminars on balancing work and caregiving (Japan)
Total **33** times
Participants **2,197**

Japan Management College
Total number of graduates over 18 terms
397
(including graduates of the former Management School)

Global Management College
Total number of graduates over nine terms: 111
Number of regions:
Graduates from **21** countries

Total equity
¥637.5 billion

Interest-bearing debt
¥303.5 billion

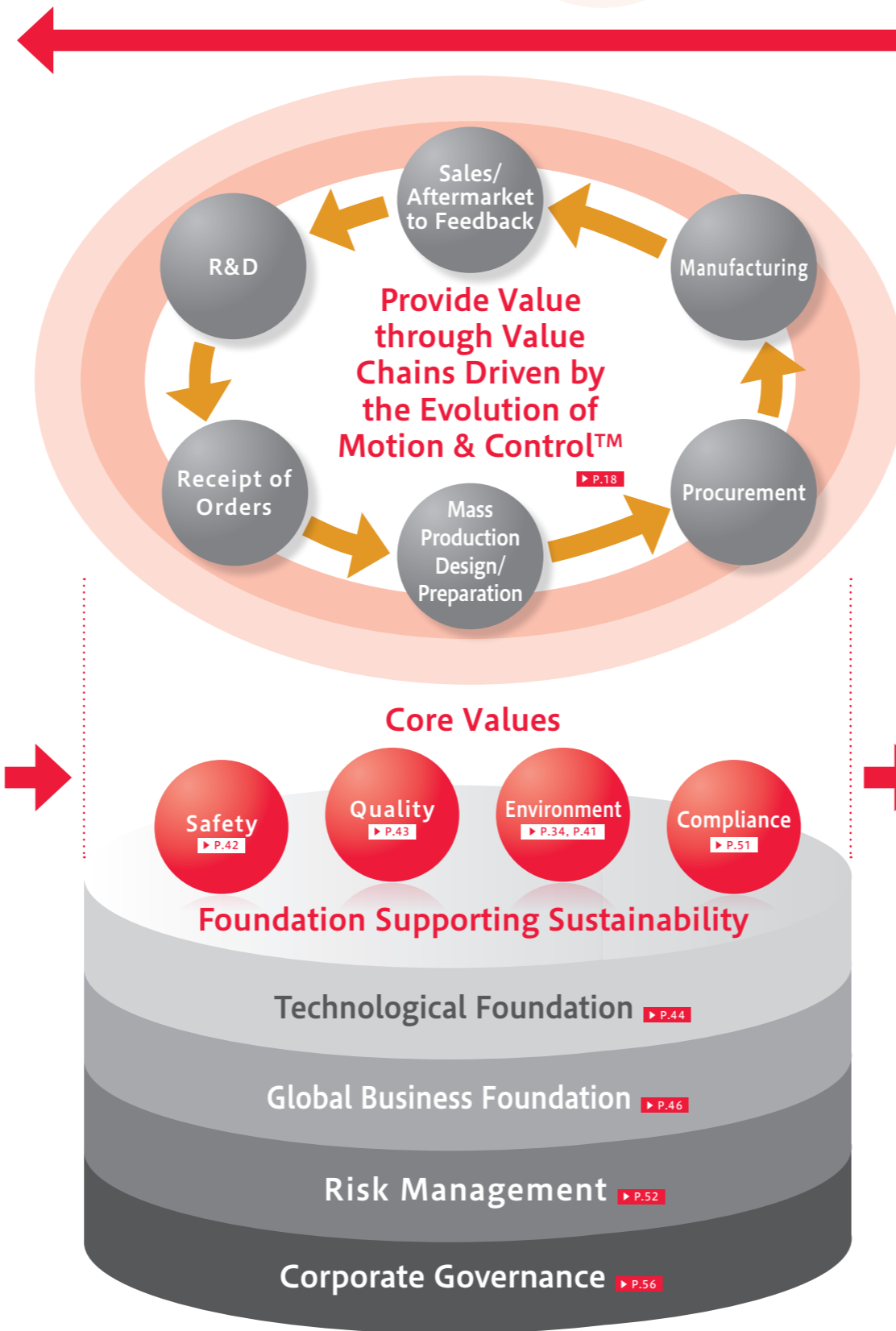
Cash and cash equivalents
¥137.5 billion

Customer access points
Number of customer inquiries to NSK salespeople
2,891 cases/year

Number of product and service page views on corporate website
3.80 million/year

Percentage of ISO45001-certified sites
72.2%*

Energy input (per year)
7,524TJ



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

Contribution to Resolve Social Issues

Sustainable Growth of NSK

Output

Products/Services

- Industrial Machinery Bearings
- Precision Machinery and Parts
- Automotive Bearings
- Automotive Components
- Maintenance & Repair, Aftermarket Services
- Condition Monitoring Technology

Financial Outcomes from Provision of Added Value

- Cash generation
- Improvement in ROE
- Improvement in share price/market capitalization/TSR
- Internal reserves for investment in growth
- Maintenance of stable ratings

Impact on Society/Environment

- Reduction of investment resource/energy usage through improved production processes
- Promotion of human resource diversity and 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

Outcomes



NSK's Seven Key SDGs

Share of bearings market Ranked third in the world	Lost-worktime injury frequency rate (global) 0.28 (0.43 in the previous fiscal year)
Number of EPS*1 mounted on vehicles (cumulative total) Approx. 110 million	Support for a work-life balance: Childcare leave acquisition rate Women 100% men 58.4%
Number of patents held 6,226 patents (8,172 patents in the previous fiscal year)	Number of employees who have attained a TOEIC score of 730 or higher 700 (660 in the previous fiscal year)
Net cash provided by operating activities ¥22.7 billion	Amount of CO ₂ emissions avoided during use of NSK products 2.34 million t-CO₂ (2.32 million t-CO ₂ in the previous fiscal year)
Dividends/Payout ratio ¥13.0 billion/ 77.3%	Development of environmentally friendly products 239 products (cumulative total)
Diversity (global) Ratio of female employees 18.0% (18.0% in the previous fiscal year)	GHG emissions 25.1% decrease (compared with FY2017)
Ratio of female managers 10%	Ratio of Japan/global management college graduates among executives 75%
Number of women among managers/managerial candidates (Japan) 77	

*1 EPS: Electric Power Steering
*2 Figures revised following recalculation

(As of March 31, 2022)
* As of August 2022