

03 Mid- to Long-Term Growth Strategies and Resource Allocation

Strengthening Internal Capital: Manufacturing Capital

To enhance its managerial resources, NSK will utilize the power of IT and create a foundation that will continue to bring about business transformation under MTP2026. We will proactively utilize digital technology in quality and monozukuri (manufacturing), as well as the development of the human resources that support them.

In manufacturing, we are promoting measures aimed at enhancing ultra-stable production, strengthening global production, and responding to the production of new products. Through these measures, we will build a robust structure that is resilient to fluctuations in both demand and the times, which will in turn lead to sustainable growth. Utilizing digital technology, measures to enhance ultra-stable production in particular embody our efforts to take up the challenge of engaging in new monozukuri. Here, we will endeavor to establish production lines that are always in operation and never produce defects while building production sites that better address customers' needs. NSK will continue to pursue new manufacturing methods to achieve higher quality with a 50% increase in productivity.

In addition to the conventional methodology of *san-gen shugi* (the three actuals of actual workplace, actual product, and actual reality), we will secure further improvements utilizing digital technology.

Developing the next generation of monozukuri human resources

NSK has long been committed to maximizing the capabilities of its equipment and people through various measures, including continuous improvement production innovation (APS) activities, the development of better equipment, and the strengthening of its on-site and maintenance capabilities to ensure that equipment is used effectively over the long term. Currently, we are taking these efforts to the next level by combining our APS activities with digital technology. Through the efforts of cross-departmental teams to identify waste and make thoroughgoing improvements, we are also developing the next generation of manufacturing personnel who will take on the challenge of pushing forward the process of Change & Go Beyond at production sites.



Workplace APS activities: Utilizing digital technology to share the status of production (issues) in the field in real time and implement improvements.

Digital technologies that contribute to more dynamic improvements

Digitalizing the knowledge of all employees using PM-Ai

PM-Ai is a facility management system that carefully maintains and manages equipment to achieve a safe, quality, and efficient plant. Currently, we have introduced PM-Ai at more than 10 plants in Japan and overseas. We have created a database of improvements, maintenance records, history of failures, and countermeasures, and are engaging in management using AI. By utilizing PM-Ai, we have digitalized our know-how of manufacturing good products. This in turn is contributing to the transfer of knowledge and the skills of workers beyond the plant floor.



Sharing with maintenance staff details of malfunctioning equipment



Communicating with remote maintenance personnel after receiving data on the status of malfunctioning equipment

In addition,

Efforts to optimize production

We are conducting simulations of production processes and establishing a centralized management system for global facility capacity.

Efforts to enhance management through remote monitoring

NSK is taking on new challenges in the manufacturing field, including a system to visualize the operating status of equipment and product quality.

We aim to improve quality and productivity; realize safer, more secure, and more environmentally friendly plants; and create more engaging manufacturing facilities.

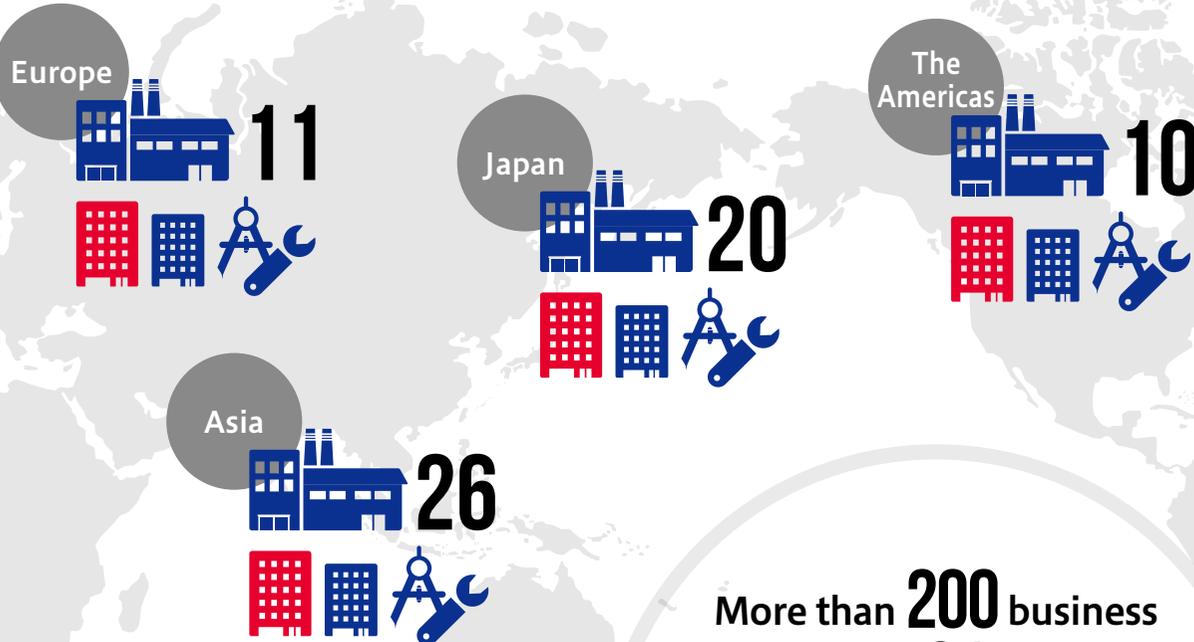
Production innovation activities (Advanced Production System (APS))

Definition

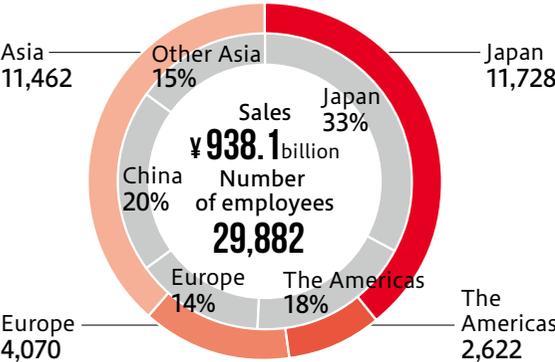
NSK has long been engaged in production innovation activities in a bid to enhance its competitiveness and develop employees. We are seeking to shorten lead times, reduce in-process inventory, improve productivity and quality, and increase competitiveness through efficient production. By leveraging frontline workplace ideas and teamwork, putting forward improvement proposals, and sharing best practices within the Company, we are helping employees improve their skills and accumulating know-how.

Expanding Our Global Business Network

NSK maintains more than 200 business locations in 31 countries and regions. (As of March 31, 2023)
We promote production in optimal locations by utilizing our 67 production sites spread around the world.



■ Sales by Region (based on customer location) / Number of Employees by Region (consolidated) (FY2022)



More than **200** business locations in **31** countries and regions, including **67** production sites (March 31, 2023)

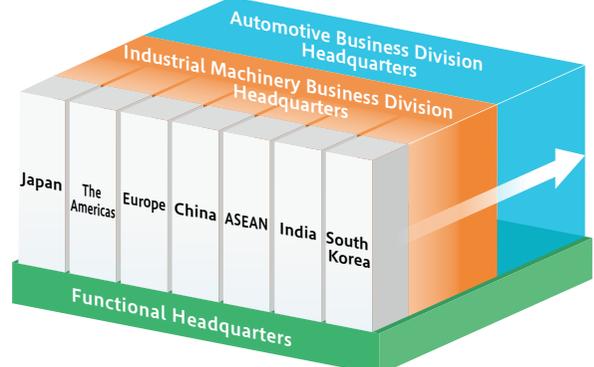


Production in optimal locations utilizing our global supply capabilities

NSK is a pioneer in the Japanese manufacturing industry having long advanced overseas expansion. Having commenced overseas exports in 1948 and overseas production in such countries as Brazil, the United States, and the United Kingdom in the 1970s, the Company regards these operations as the basis of its overseas business through locally manufactured products. In addition to expanding its product lineup mainly in the electrical and automobile sectors from the 1980s, the Company established production sites in various countries throughout Asia, including China, against the backdrop of emerging market economic development at the start of the 1990s. Since then, we have expanded our business in emerging countries and established business relationships with a wide range of customers in Japan and overseas, and put forward supply proposals from optimal locations using our global production sites.

Foundation to support global expansion

Underpinned by the two Industrial Machinery and Automotive business axes, NSK employs a matrix-type organizational structure supported by regional headquarters that execute operations in each region and functional headquarters that buoy business in a cross-sectional manner from a functional standpoint.



Note: Individual sites are divided by the regions they have a presence in: Japan, The Americas, Europe, China, ASEAN, India, and South Korea.