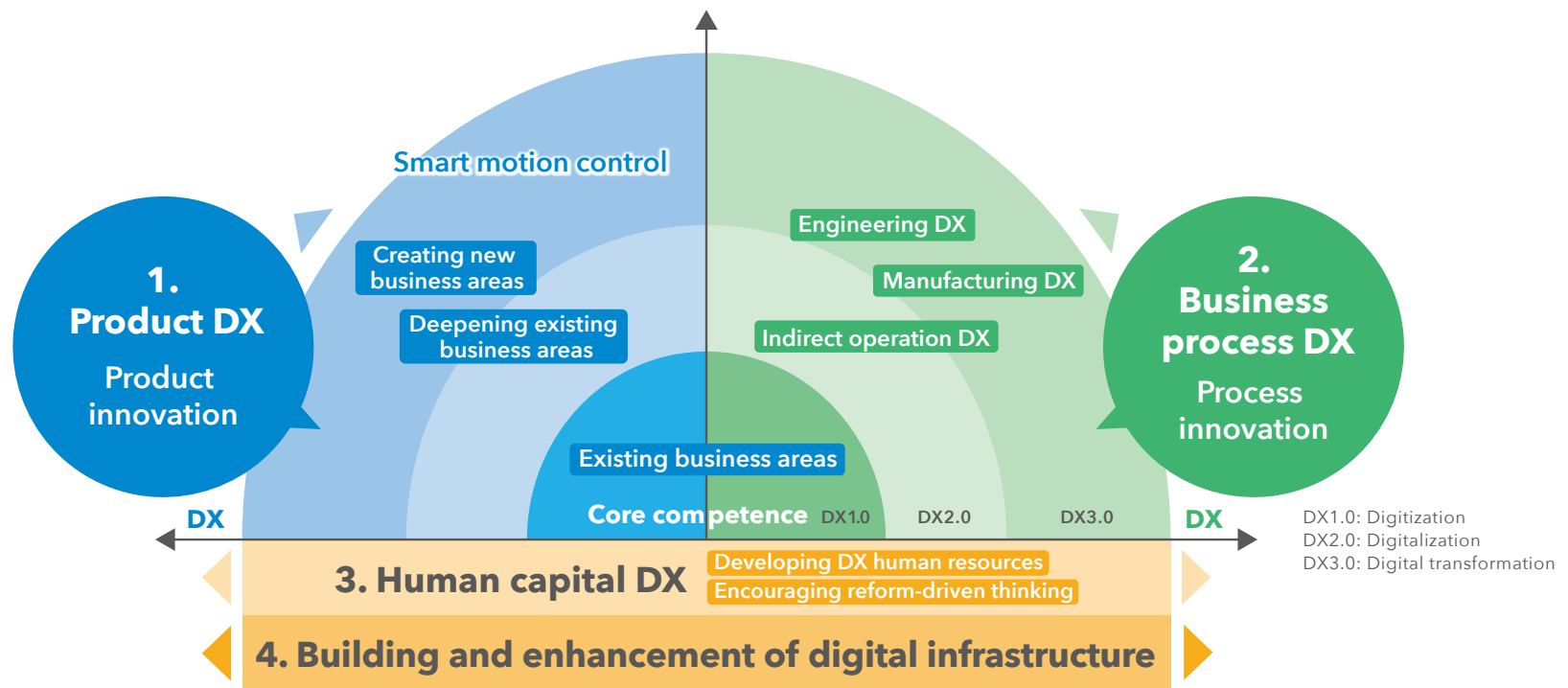


## Create Innovation Through the DX of Products, Business Processes and Human Capital!

### Initiatives

- 1. Product DX:** Realize “smart motion control” through electrification, integration and data solutions, in addition to “motion control (moving and stopping),” which is our existing core competitive edge.
- 2. Business process DX:** Increase the speed, efficiency and quality of business processes in both direct and indirect departments through the effective utilization of data-driven solutions and AI, as well as operational reform.
- 3. Human capital DX:** Develop and secure the human resources required for the promotion of DX and encourage reform-driven thinking.
- 4. Building and enhancement of digital infrastructure:** Build and enhance digital infrastructure and platforms for data accumulation and analysis to support DX.

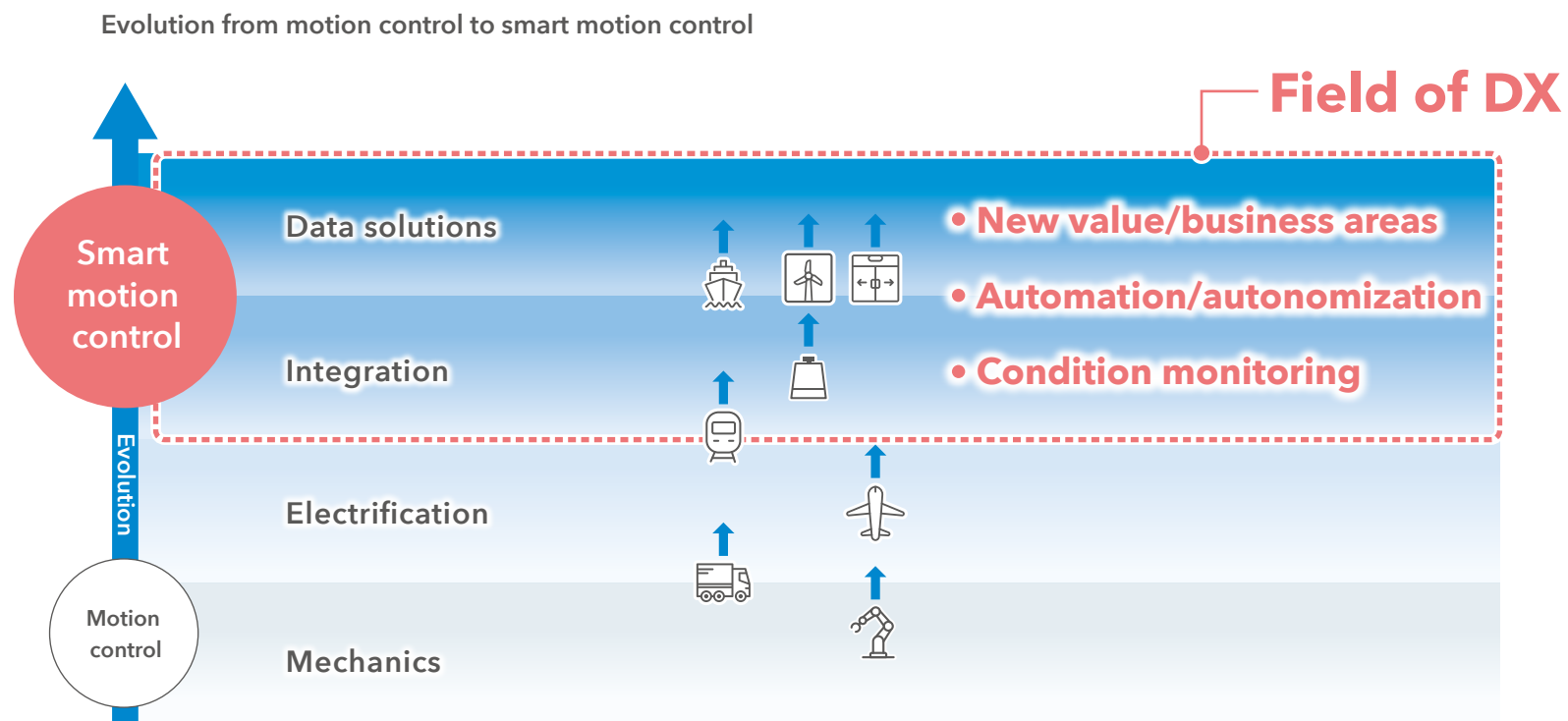


Overview of Nabtesco's medium-term DX strategy

## 1) Creating new business areas 2) Deepening existing business areas

Realize “smart motion control” through electrification, integration and data solutions, in addition to “motion control (moving and stopping),” which is our existing core competitive edge.

- Increase added value through electrification, integration and data solutions, in addition to existing mechanical motion control (moving and stopping).
- Expand the focus of our business from mechanics and components to wider areas such as condition monitoring and automation/autonomization.
- Create new value and business areas through a combination of different peripheral data.



## 2. Business process DX (process innovation)

03

Increase the speed, efficiency and quality of business processes in both direct and indirect departments through the effective utilization of data-driven solutions and AI, as well as operational reform. To support this, we are actively engaging in initiatives such as manufacturing DX, engineering DX, and indirect operation DX.

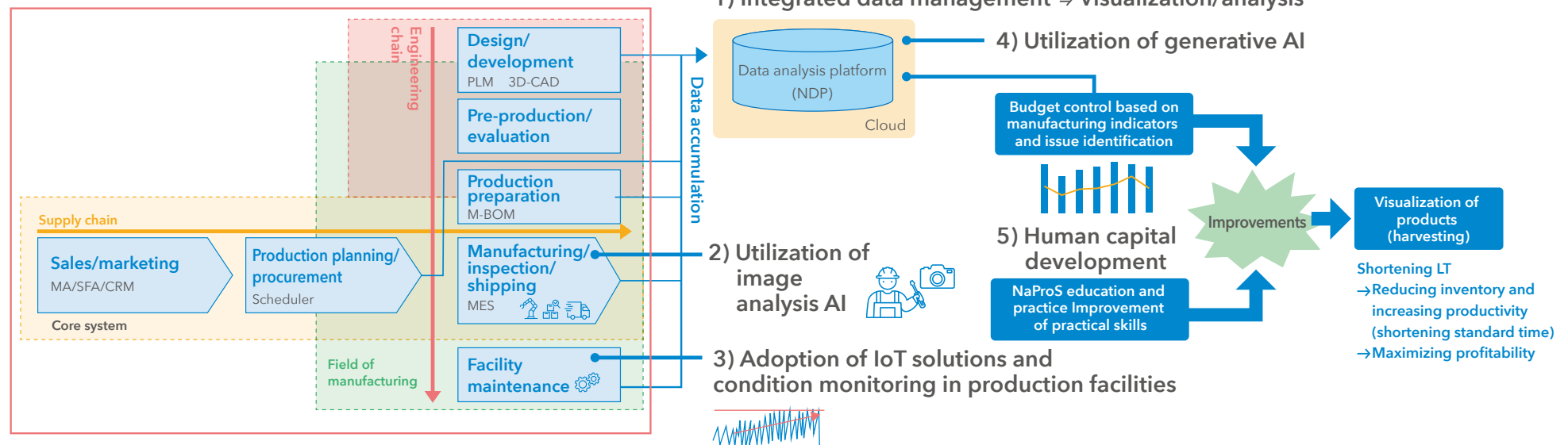
### 1) Manufacturing DX

Different systems (ERP, MES, PLM, etc.) have already been introduced. We are now aiming to harvest results through the coordination and effective utilization of data between the systems.

- Integrated management and visualization of different types of data: Implementing specifically targeted improvements through budget control based on manufacturing indicators and issue identification → Shortening lead time (LT), optimizing inventory, and increasing productivity
- Utilization of image analysis AI: Improving quality and productivity by automating inspections and analyzing assembly operations
- Adoption of IoT solutions and condition monitoring in production facilities: Improving maintenance efficiency and increasing equipment operating rate through failure and anomaly detection
- Utilization of generative AI: Passing down our production and facility maintenance know-how and increasing the speed of troubleshooting
- Human capital development: Developing human resources who can practice the NaProS\* for continued improvements and reforms

\*NaProS: Nabtesco Production System (principles governing the Nabtesco way of manufacturing)

Value chain in manufacturing

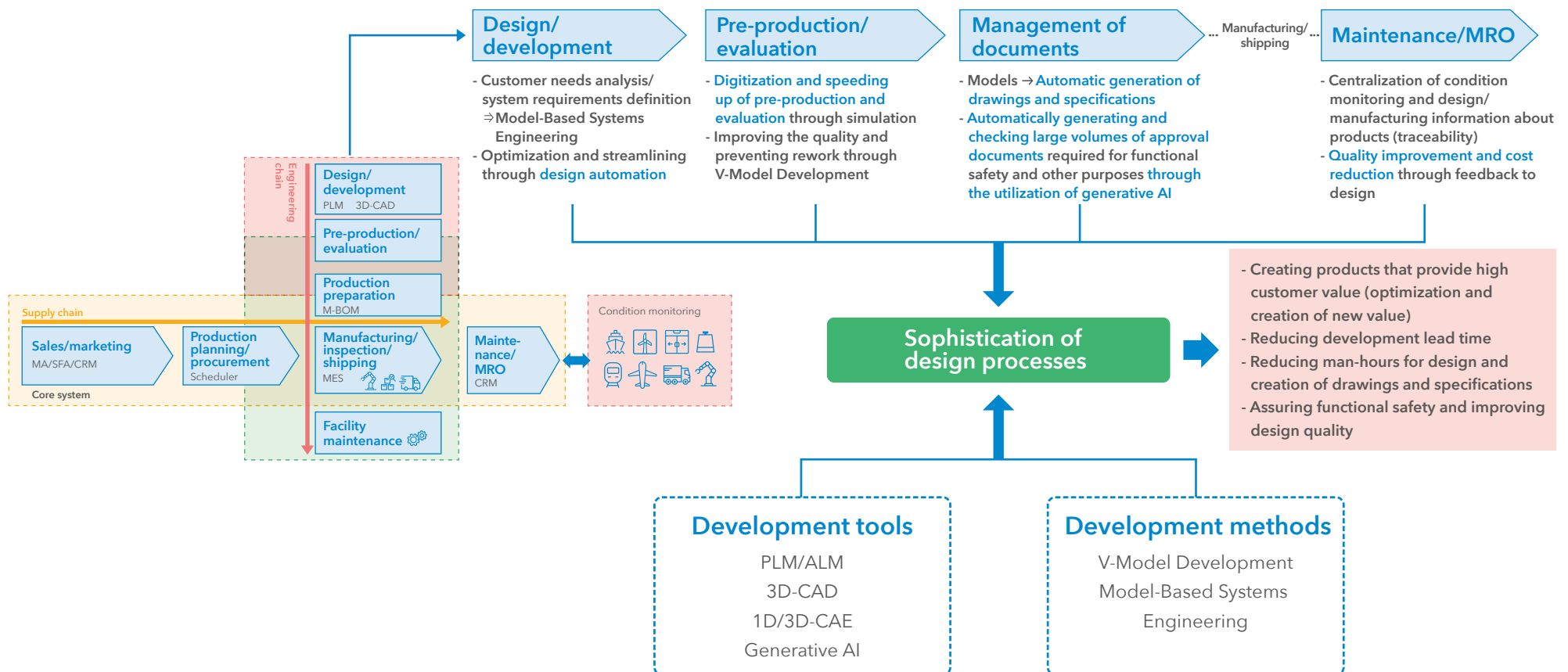


## 2. Business process DX (process innovation)

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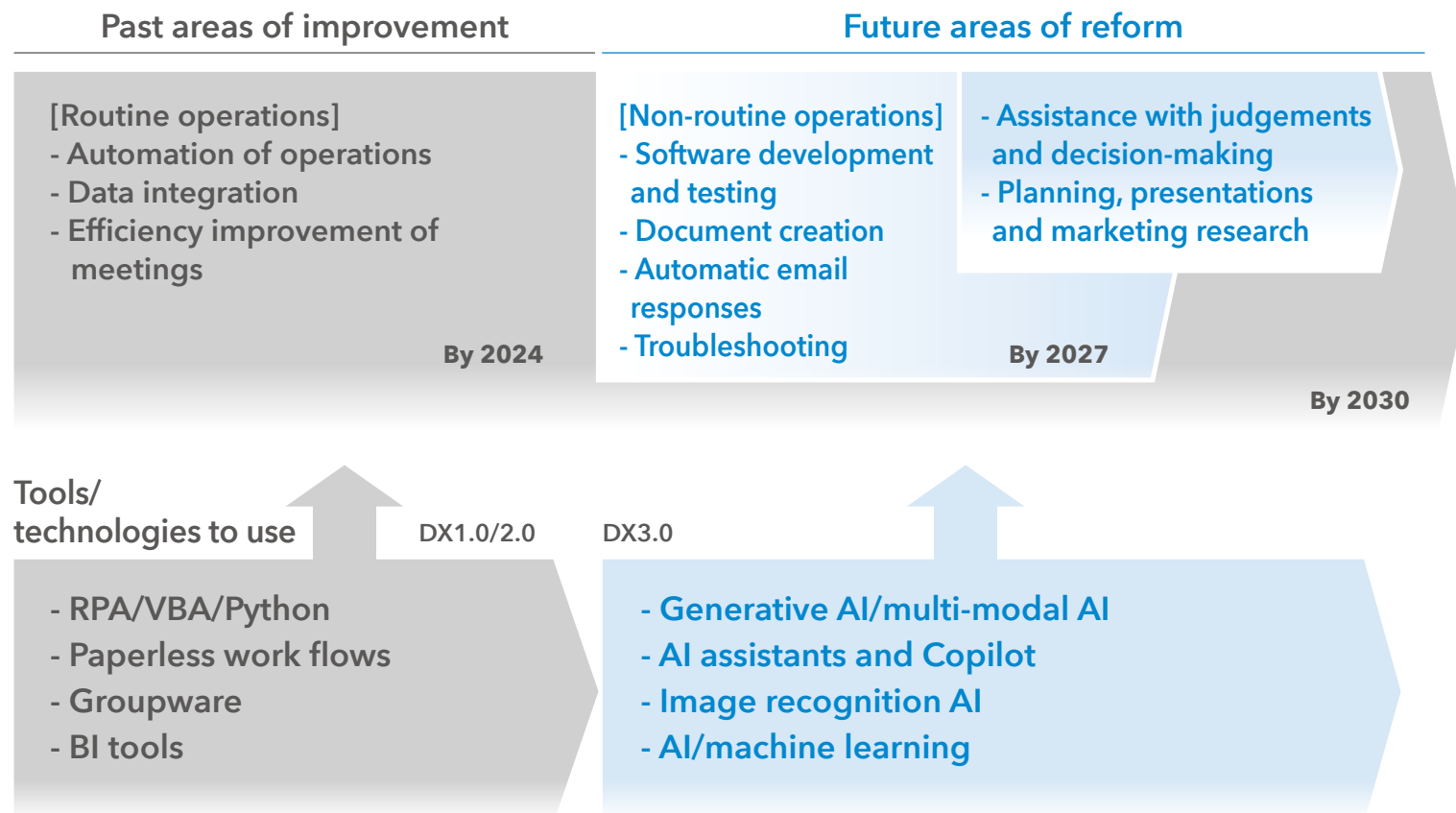
### 2) Engineering DX

We promote DX throughout our entire engineering chain to realize high QCD (quality, cost and delivery) performance in the development of smart motion control products that provide high customer value.



### 3) Indirect operation DX

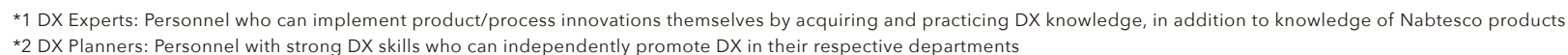
In the past, business operation improvement was mainly focused on improving routine operations, such as introducing automated and paperless processes. The arrival of generative AI and AI assistants, however, has enabled AI-assisted and automated processing of non-routine operations that have not seen much improvement in the past, such as development, judgement, planning and research operations. We aim to achieve a dramatic increase in the efficiency and speed of these operations by making proactive use of this new technology.



DX1.0: Digitization/DX2.0: Digitalization/DX3.0: Digital transformation

We work to develop the human resources required to promote DX. By providing different types of DX education to business users with internal domain knowledge, we are promoting the development of DX Planners and DX Experts. At the same time, we also seek to acquire and partner with DX Experts through investments in and M&A with start-ups.

## Levels of DX human resources

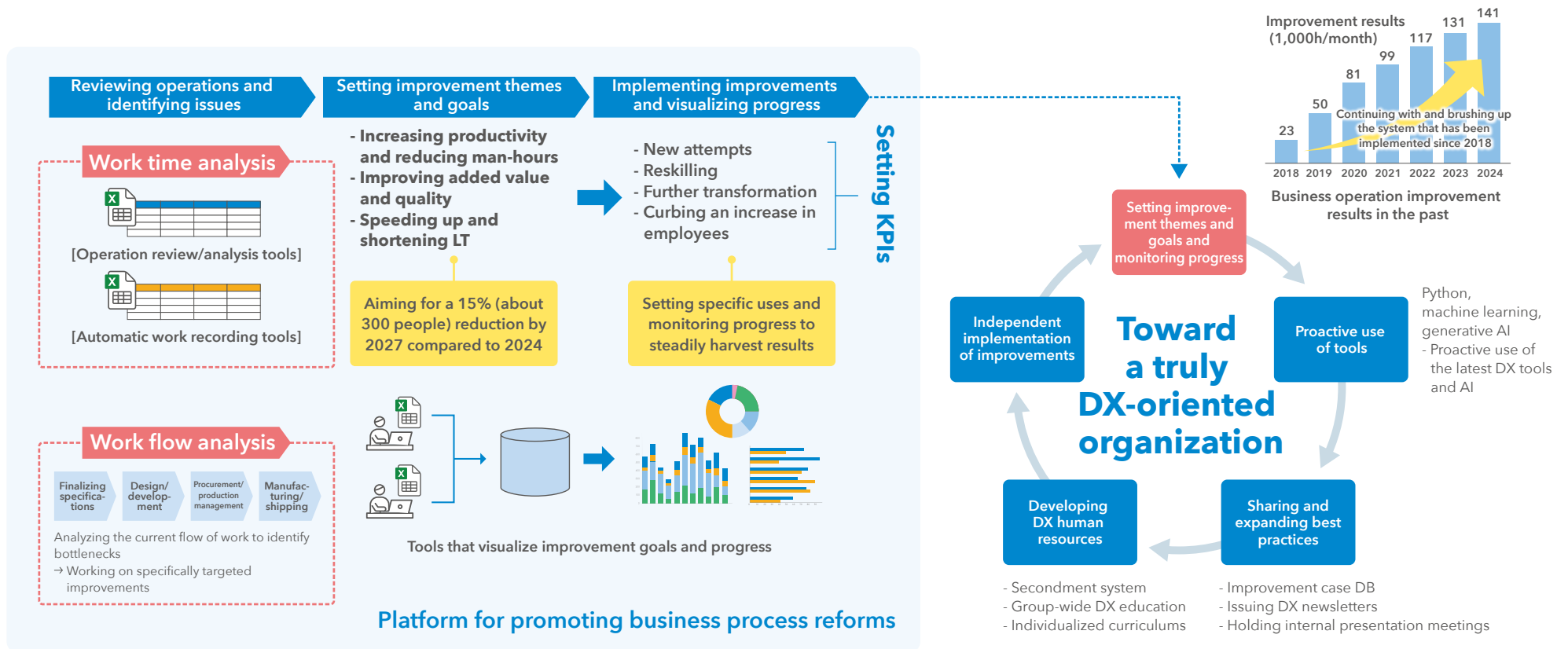


\*1 DX Experts: Personnel who can implement product/process innovations themselves by acquiring and practicing DX knowledge, in addition to knowledge of Nabtesco products

\*2 DX Planners: Personnel with strong DX skills who can independently promote DX in their respective departments

#### 2) Encouraging reform-driven thinking

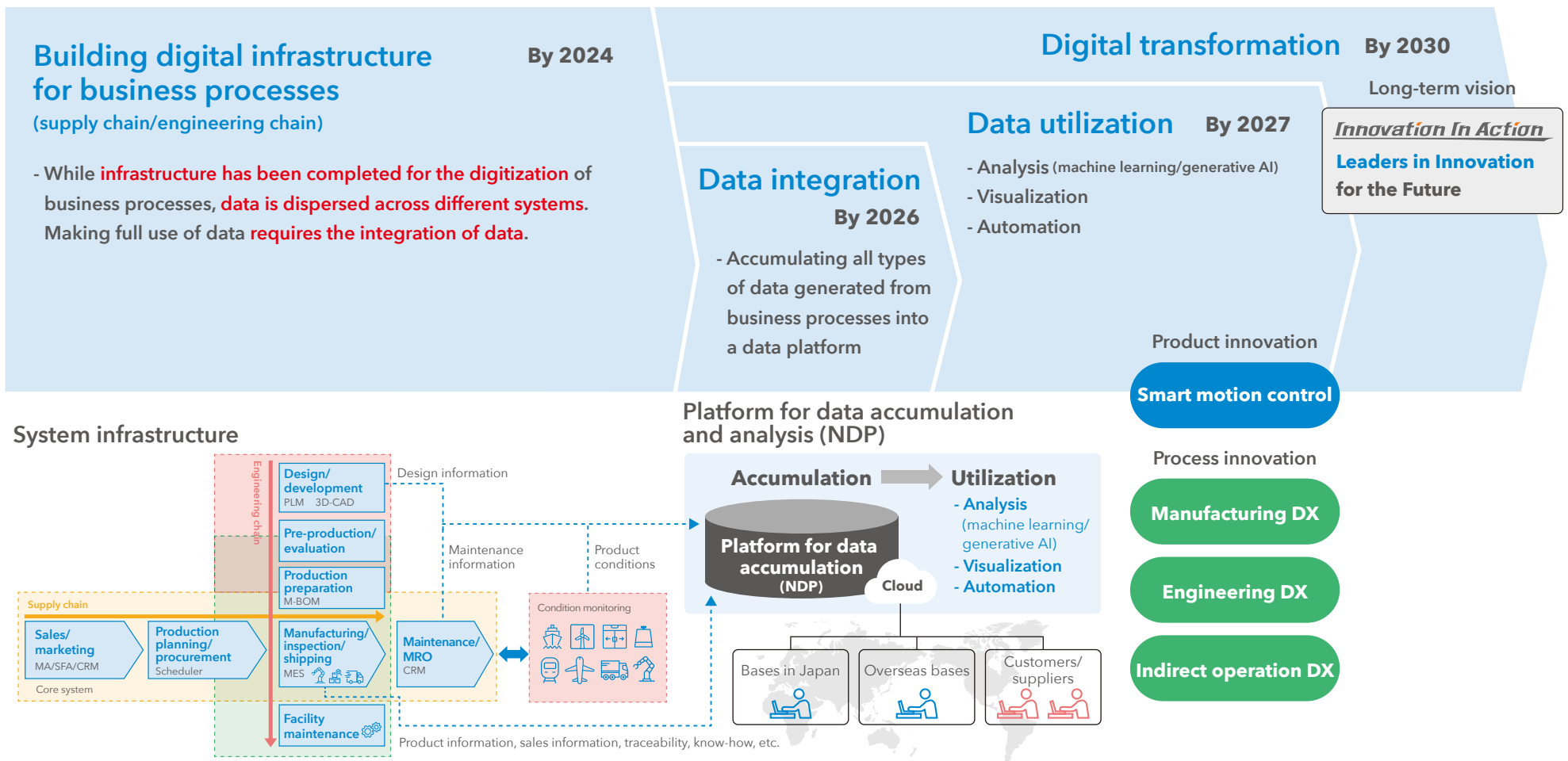
We believe that achieving DX requires not only "D" (digital tools) but also "X" (transformation = reform-driven thinking). In line with this belief, we have been reforming our business operations throughout the group since 2018 and will continue with this transformation to establish reform-driven thinking as part of our corporate culture.



## 4. Building and enhancement of digital infrastructure

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We build and enhance digital infrastructure and platforms for data accumulation and analysis to support DX. Data derived from business processes, products and services will be integrated into the Nabtesco Data Platform (NDP), a platform for data accumulation and analysis, to provide a data-driven environment that can “increase the speed, efficiency and quality of decision-making” through visualization and analysis.

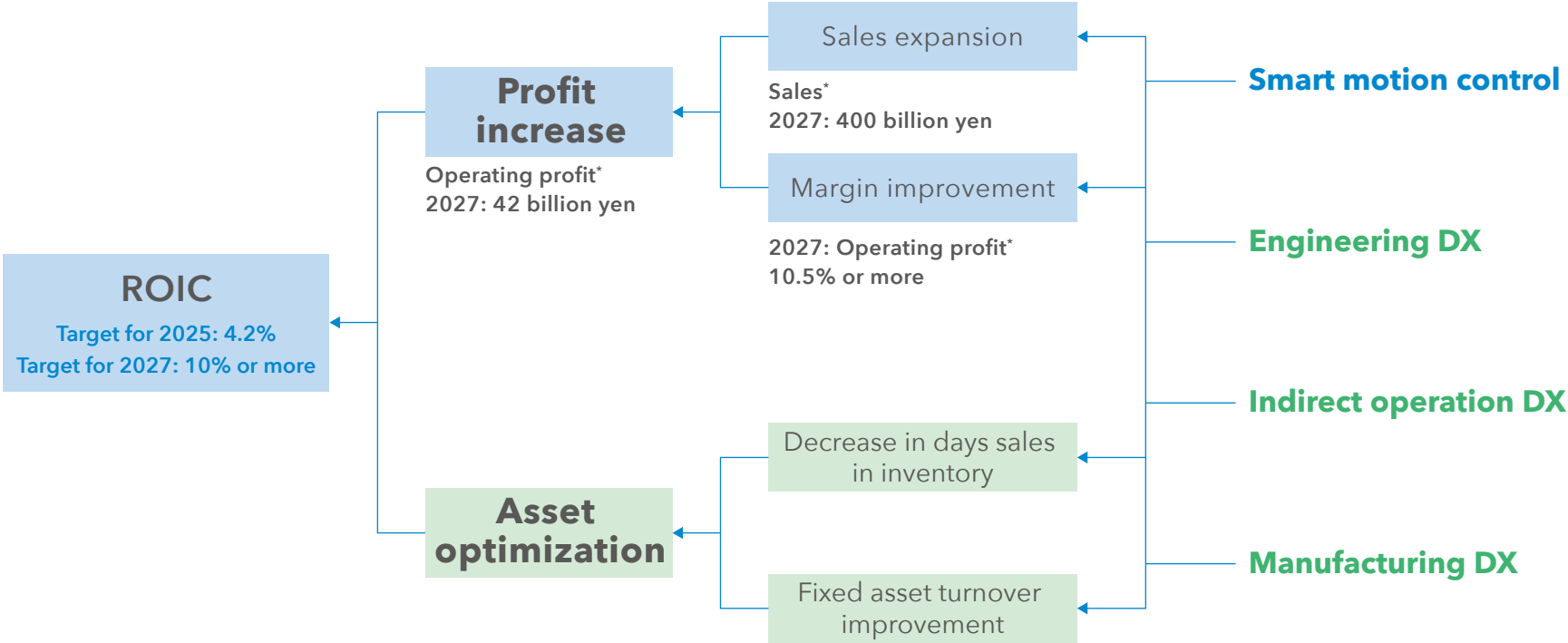




In response to the recent increase in cyber security risks, the Nabtesco Group has established the Information Security Committee to enhance the information security level of the entire group. The committee establishes basic information security policies and works to enhance the level of security measures and promptly address serious security incidents.

➡ See the “Information Security Management” page (<https://www.nabtesco.com/en/about/sustainability/s-022/>).

We have set indicators for each initiative in the medium-term DX strategy, according to which we will monitor progress:



**Developing DX  
human resources**

**DX Experts** : 16 people in 2024 → Target of 35 people for 2027 and 70 people for 2030  
**DX Planners**: 101 people in 2024 → Target of 350 people for 2027 and 700 people or more for 2030

\*The sales, operating profit and margin values for 2027 are shown for reference purposes.

Each action plan in the medium-term DX strategy is to be implemented according to the system shown below.

