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Mid- to Long-Term Growth Strategies and Resource Allocation

Review of Past Mid-Term Management Plans and MTP2026

The 4th MTP	The 5th MTP	The 6th MTP	MTP2026	Post 2026
<p>Establishing corporate fundamentals appropriate for a company with net sales of ¥1 trillion</p> <p>Outline of the MTP</p> <p>Growth with focus on profitability Develop management capabilities to handle ¥1 trillion in sales volume</p> <p>Looking Back</p> <ul style="list-style-type: none"> Secured substantial growth in the China and steering businesses and achieved an operating income margin of 10% The Industrial Machinery Business stalled in the final fiscal year of the Mid-Term Management Plan owing to such factors as the slowdown of the Chinese economy Worked to evolve the global management structure while strengthening and enhancing compliance <p>Challenges and Countermeasures</p> <ul style="list-style-type: none"> Continue to build our foundation as a company with ¥1 trillion in sales Establish a structure in which business performance is not significantly affected by various factors, including business cycles Promote new products and development in new areas 	<p>Embarking on a new chapter in evolution toward the next 100 years</p> <p>Outline of the MTP</p> <p>Operational excellence Constant pursuit of competitiveness Challenging innovation Creation of new value</p> <p>Looking Back</p> <ul style="list-style-type: none"> Achieved sales of ¥1 trillion through growth in the powertrain (LD Glossary) business and a recovery in the Industrial Machinery Business Failed to achieve targets in the final fiscal year of the Mid-Term Management Plan due to a downturn in the economic cycle in the second half of FY2018 and the impact of U.S.-China trade friction Promoted the development and proposal of new technologies and products amid technological changes across various fields, including IoT and AI Steering business entered a transitional period <p>Challenges and Countermeasures</p> <ul style="list-style-type: none"> Firmly achieve ¥1 trillion in sales and a double-digit operating income margin Restart growth in the steering business Improve productivity by leveraging ICT 	<p>Building the business base and strengthening resources in preparation for the next growth phase</p> <p>Outline of the MTP</p> <p>New initiatives targeting growth Enhance managerial resources Contribute to the environment and society</p> <p>Looking Back</p> <ul style="list-style-type: none"> Significant changes in the business environment attributable to such factors as COVID-19, rapid inflation impacting material and other prices, and disruptions to the supply chain The Industrial Machinery Business set new records on the back of growth in the semiconductor manufacturing equipment, machine tools, and robotics markets; however, failed to achieve a double-digit operating income margin; second consecutive fiscal year of losses in the Automotive Business Maintained an "A" credit rating due to financial stability <p>Challenges and Countermeasures</p> <ul style="list-style-type: none"> Reflect cost increases due to inflation in selling prices Secure a recovery in profitability in the Automotive Business, mainly by returning the steering business to the black, and firmly achieving a double-digit operating income margin in the Industrial Machinery Business Carbon neutrality Enhancement of Managerial Resources 	<p>Rebuilding the corporate foundation for sustainable growth</p> <p>We aim to be a needed and trusted company that contributes to the development of a sustainable society by creating new value through the fusion of tribology and information technology.</p> <p>ESG Management</p> <ul style="list-style-type: none"> Promote carbon neutrality Create better working environments <p>Growth with Profitability</p> <ul style="list-style-type: none"> Bearings & Beyond Restructure the steering business Pursue alliances and M&A <p>Enhancement of Managerial Resources</p> <ul style="list-style-type: none"> Engage information technology in all areas Ultra-stable production Utilization of a diverse workforce <p>Change & Go Beyond</p> <p>Create new value</p> <p>Operational excellence</p>	<p>Keep in motion for the next 100 or even 1,000 years</p> <p>No. 1 in quality and trust</p> <p>Resolve social issues</p> <p>Foster technological innovation</p> <p>Electrification</p> <p>Automation</p> <p>Digitalization</p> <p>Global push to reduce environmental impact</p>

Performance Trends (The 4th MTP based on JP-GAAP, IFRS from the 5th MTP onward)

