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

# Review of Past Mid-Term Management Plans and MTP2026

#### The 4th MTP

#### **Establishing corporate fundamentals** appropriate for a company with net in evolution toward

#### sales of ¥1 trillion Outline of the MTP

Growth with focus on profitability Develop management capabilities to handle ¥1 trillion in sales volume

#### Looking Back

- 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

#### Challenges and Countermeasures

- 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

### Embarking on a new chapter the next 100 years

The 5th MTP

#### Outline of the MTP

Operational excellence Constant pursuit of competitiveness Challenging innovation Creation of new value

#### Looking Back

- Achieved sales of ¥1 trillion through growth in the powertrain 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

#### Challenges and Countermeasures

- Firmly achieve ¥1 trillion in sales and a double-digit operating income margin
- Restart growth in the steering business
- Improve productivity by leveraging ICT

FY2017

The 5th MTP

1,020.3 1,000.0 991.4

FY2018

■ Sales (¥ Billions) ■ Sales targets (¥ Billions) - Operating income margin (%) ● Operating income margin targets (%)

FY2016

### Building the business base and

strengthening resources in preparation for the next growth phase

The 6th MTP

#### Outline of the MTP

New initiatives targeting growth Enhance managerial resources Contribute to the environment and society

#### Looking Back

- 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

#### Challenges and Countermeasures

- 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

747.6

FY2020

The 6th MTP

831.0

0

FY2019

• Enhancement of Managerial Resources

1,000.0

FY2021

12.0

- 10.0

- 8.0

- 6.0

-4.0

- 2.0

### Rebuilding the corporate foundation for sustainable growth

MTP2026

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.

#### **ESG Management**

#### ✓ Promote carbon neutrality

 Create better working environments

#### **Growth with Profitability** ✓ Bearings & Beyond

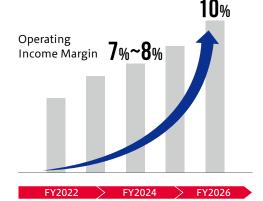
- Restructure the steering business
- ✓ Pursue alliances and M&A





- ▼ Engage information technology in all areas ✓ Ultra-stable production
- ✓ Utilization of a diverse workforce

**Enhancement of Managerial Resources** 



# Post 2026 Keep in motion for the next

100 or even 1,000 years

No. 1 in quality and trust

Resolve social issues

Foster technological innovation

Electrification

X Automation

X

Digitalization

Global push to reduce environmental impact

#### SUSTAINABLE GOALS















FY2014

The 4th MTP

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

FY2015

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FY2013