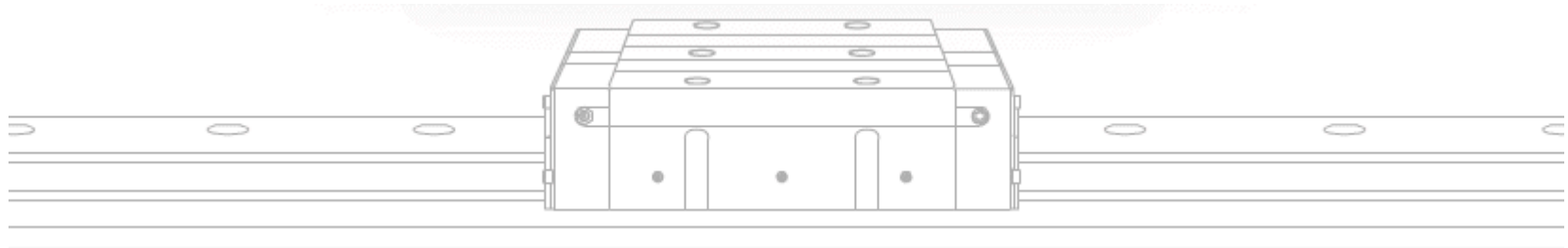


Mid-Term Business Plan 2020

CHANGE & CHALLENGE ~ *Next Stage*

ACCOMPLISH



IKO NIPPON THOMPSON

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About IKO

Nippon Thompson was established in 1950. The IKO brand name is formed by three keywords: "Innovation", denoting our state-of-the-art approach; "Know-how," referring to our advanced technology and skills that stand out from the rest; and "Originality," as an indication of our creativeness. We are promoting the IKO brand and developing business globally. Based on the high and unrivaled technological strength with which we developed our own needle bearing first in Japan, we commit to meet diversifying needs with high quality, high performance and ample variety of products.

High quality and high performance products lineup produced by **IKO** technology



Needle Roller Bearings

Needle roller bearings incorporate thin needle-like rollers into bearing cages and are used to facilitate a rolling motion. In order to make machines and equipment more compact and space-efficient, they are used in automobiles, motorcycles, printing presses, industrial robots, construction machines and a wide variety of other applications.



Linear Motion Rolling Guides

Our linear motion rolling guide Series is a range of machine parts that are indispensable for reducing linear motion friction in the positioning mechanisms of machinery. With a variety of products available in our lineup, our products are used in everything from the most advanced semiconductor manufacturing equipment to large machine tools and construction equipment.



Precision Positioning Tables

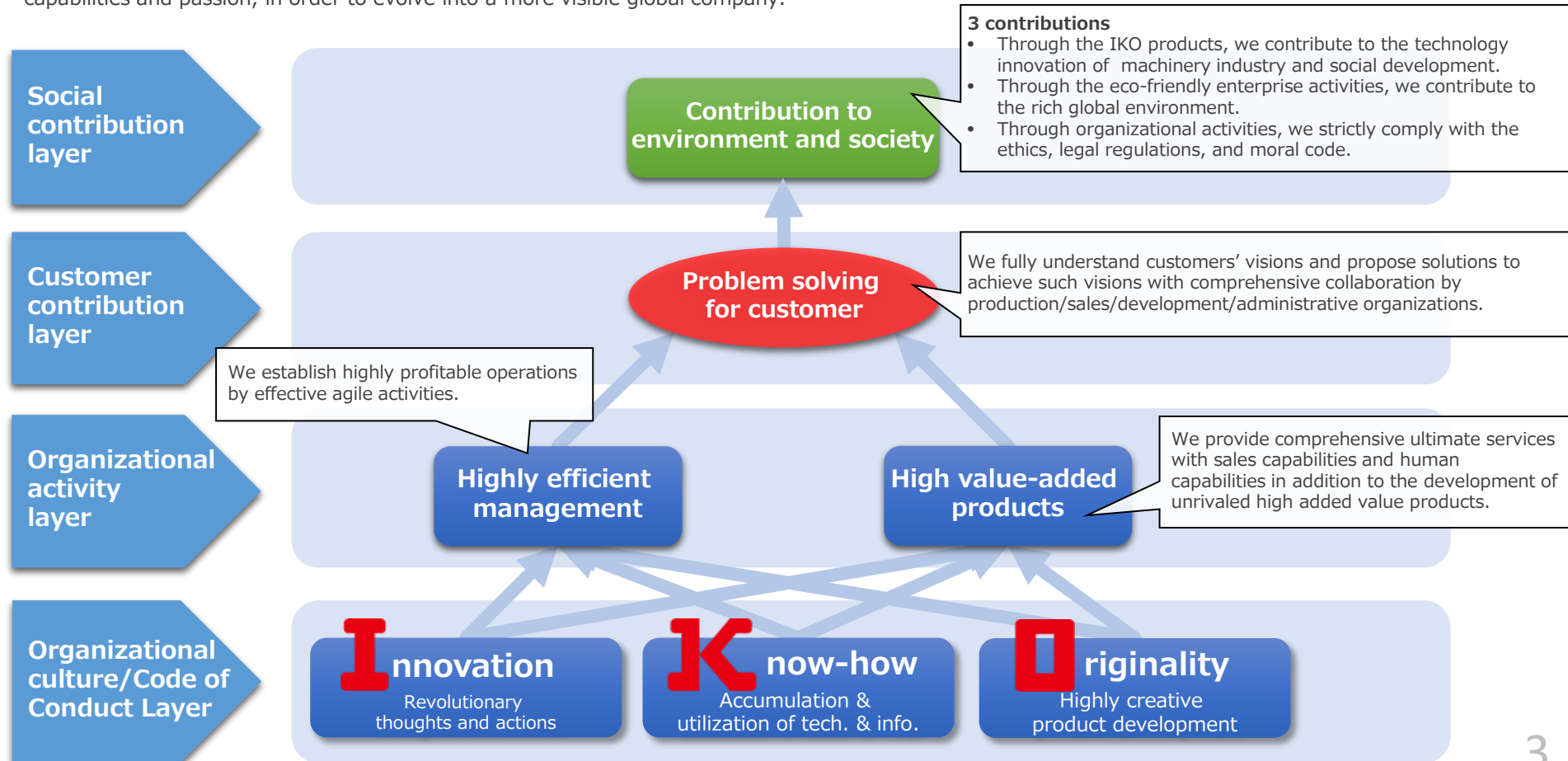
Precision Positioning Tables were born of a combination of precision manufacturing technology and electronics. They are used as positioning devices in a broad array of areas, examples of which include semiconductor manufacturing equipment, flat-panel display manufacturing equipment and various other precision devices. By providing everything from positioning tables to electronic control devices, we help customers reduce design workload, and assembly time.

Management Philosophy

【Mission Statement】

We contribute to the society as a technology development oriented company.

Nippon Thompson is the enterprise trusted and relied upon by customers through the manufacturing and sales of the important mechanics elements, bearings and the related equipment. We aim to be a technology oriented company, which solves our customers' issues with all technological capabilities and passion, in order to evolve into a more visible global company.



Vision

Considering and acting from our stakeholder's viewpoint



Review of Previous Mid-Term Business Plan

Transform into "Proactive Management"

The Mid-Term Business Goal of 2017

Sales: 60 billion JPY Operating Income: 7 billion JPY R O E : 7%+

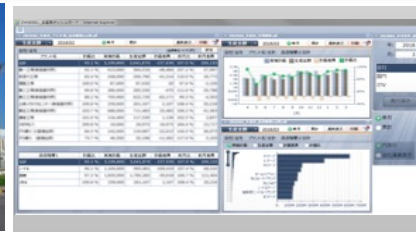
Strengthening of the Group Management Infrastructure



Acquisition of UBC group (bearing company in China)



Strengthening of both domestic and international production capacity



Deployment of a new ERP system



Expansion of our overseas sales office network

results

Sales: 55.2 billion JPY Operating Income: 2.6 billion JPY R O E : 2.9%

We achieved the highest sales record in our history, but faced the challenges to improve the profitability.

To the Mid-Term Business Plan2020

Clarification of targeting

Improvement of implementation

Improvement of profit management system

Business Environment Surrounding the IKO Group

Due to technology innovation (IoT and AI etc.), the demand for components of machine element is expanding



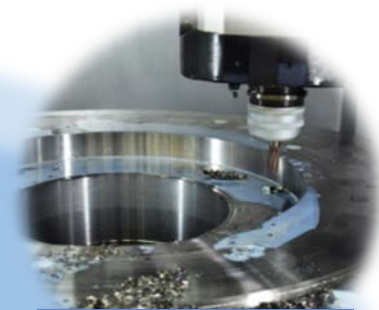
Semiconductor

Semiconductor is essential for IoT and AI. The demand is expected to expand continuously.



Robotics

FA will be rapidly spreading.



Machine Tool

Due to the reformation of the industrial structure, the capital expenditure increases more rapidly.

IKO



Medical Device

The demand is expanding due to the aging population and healthy life-span consciousness.



Transportation

Market expansion mainly in developing countries, EV penetration, and shift to new technology such as AI is accelerating.

etc.

Developing the project for growing business including the aftermarket.

Mid-Term Business Plan 2020

Establishing profitable organization by focus/efficiency × globalization

CHANGE & CHALLENGE ~ *Next Stage*

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Mid-Term Business Goal of 2020

Sales 7 0 Billion JPY+

Operating Income 8 Billion JPY+

ROE 8%+

Direction of Group Strategy To Accomplish

Focus/Efficiency

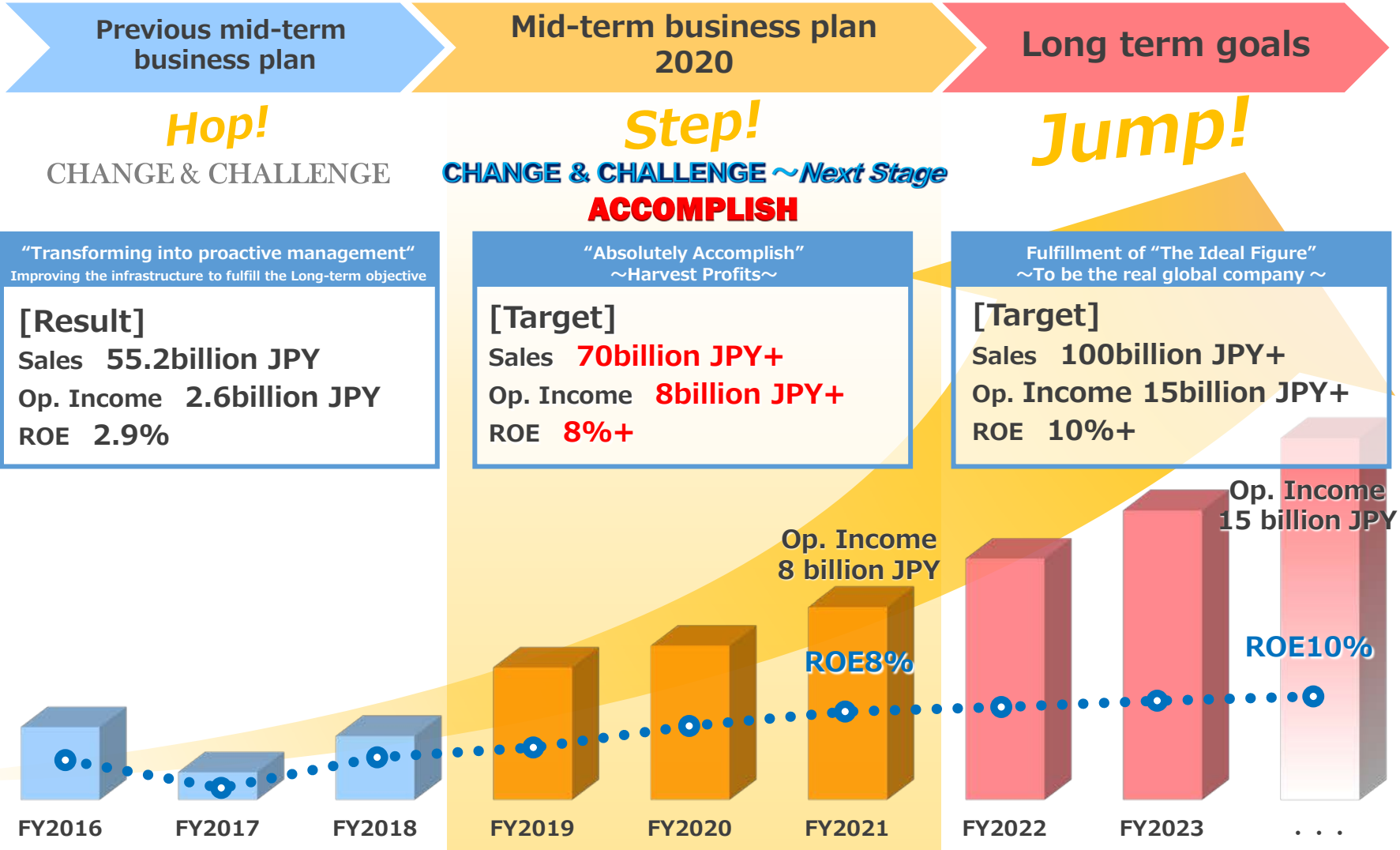


Globalization

- **Concentrate the investment of resources (Human Resources, Goods, Money) into the growing and profitable domains.**
- **Thoroughly Pursue productivity per person** by changing the existing approach.

Orientation of Mid-Term Business Plan 2020

The mid-term business plan will be an important step toward the future for harvesting past initiatives with certainly

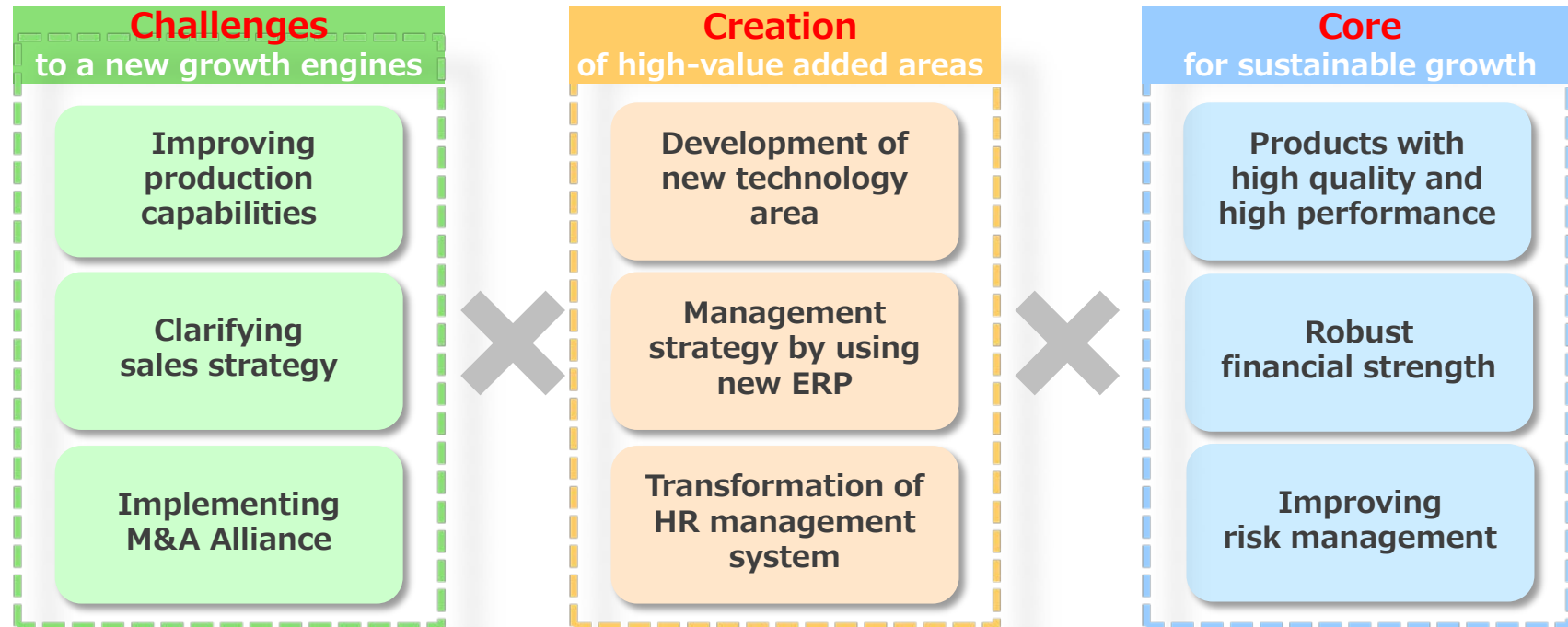


Basic Strategy of Mid-Term Business Plan 2020

Realizing sustainable growth by improving the earning structure

Environment · Society · Governance

Instilling the basic strategy into all employees



Strengthening implementation by the cross-functional team

Basic Strategy “Challenges”

Maximizing Profit by Reformation of Production × Focus Strategy × Outsourcing

Strengthening of production capacity

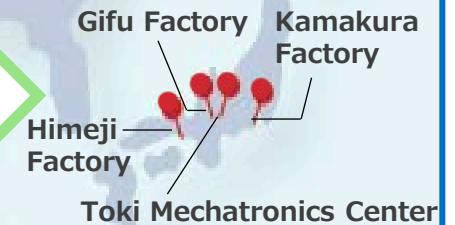
- Improving efficiency of domestic production sites
- Expansion of production capacity and product variety at overseas production sites
- Utilization of Toki Mechatronics Center

Clarifying the sales strategy

- Concentrating on growth and profitable markets
- Setting price at the level providing fair return
- Improving outbound communication by using the web etc.

Implementing M&A Alliance

- Investigating business expansion opportunities by M&A
- Improving cooperative structure by alliance



Capital Expenditure; 15 billion JPY in total for 3 years

IKO Thompson Vietnam Co., Ltd.



UBC Suzhou



Production Base

Basic Strategy “Creation”

Creating new values by New Products × Utilizing ERP × HR Strategy

Development of new Technology

- Implementing unitization by mechatronics products etc.
- Open innovation of industry/academia/government collaboration

Management strategy by using new ERP system

- Implementing cost reduction by improving cost analysis
- Sales strategy by evaluating prospects with product-by-product profitability management
- Visualization of management issues by accumulating data
- Maintaining the proper inventory level by production and sales collaboration

Transformation of HR management system

- Reviewing HR evaluation system
- Developing in-house education system and improving human resources development

Basic Strategy “Core”

Improving the management system for maintaining quality and reliability

Products with high quality and high performance

- Improving global quality assurance system
- Improving brand equity (trust and reliability) globally

Robust financial strength

- Strengthening the financial management system
- Maintaining financial stability

Improving risk management

- Improving global risk governance (Risk Management, Compliance, Information Security)
- Formulating global BCP system

Organization for Mid-Term Business Plan 2020

Implementing company-wide optimization by inter-department activities

Basic strategy of the Mid-Term Business Plan 2020

Select issues which will not be solved within a single department

Selected as Priority Measures

Production Dept.

Sales Dept.

Technical Dept.

Administration Dept.

Cross-Functional Team

middle Management leaders



Concentration of company-wide skills and Promotion of company-wide optimization mindset

The mid-term business plan will be absolutely **accomplished** by improving problem-solving skills and implementation capabilities.

Contact us for more information about IR

Nippon Thompson Co., Ltd. Corporate Planning Dept.

TEL : +81(0)3-3448-5868
E-mail : ir_information@ikonet.co.jp
HP : <http://www.ikont.co.jp/eg/>

Although this document contains business forecasts etc., it was developed based on certain conditions, such as the business environment and business policies etc. at a certain point. Please be aware that these forecasts may differ from the actual results due to the various elements.