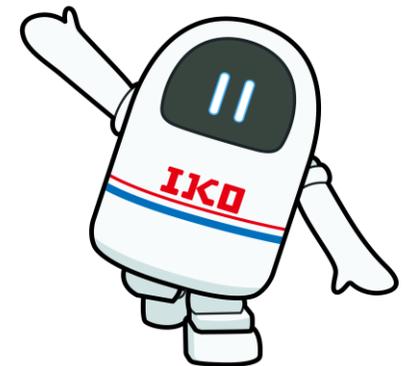


IKO

Medium-term Business Plan 2023

Deepening, Expanding, Embracing Change



IKO NIPPON THOMPSON

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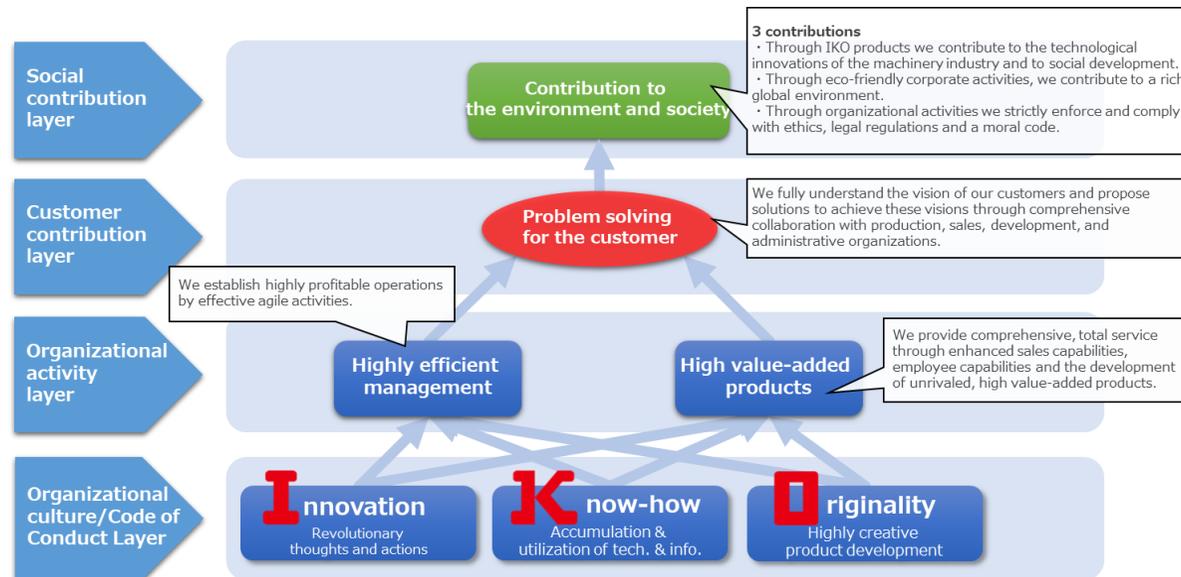
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Management Philosophy

**We contribute to society as a “Technology Development Based Company.”
Considering and acting from our stakeholders’ viewpoints**

We contribute to the society as a “Technology Development Based Company”

Nippon Thompson is the enterprise trusted and relied upon by customers for the manufacturing and sales of important machine components including, bearings and related equipment. We aim to be a technology-based company, that draws on our technological capabilities and passion to solve our customers’ issues in order to evolve into a more visible global company.



Considering and acting from our stakeholders’ viewpoints



Review of the Previous Medium-term Business Plan

Realizing sustainable growth by improving the earning structure

Target Sales:70bn. JPY+ Operating Income:8bn. JPY+ ROE:8%+

Challenges

Improving production capabilities

Clarifying sales strategy

Implementing M&A Alliance

Creation

Development of new technology area

Management strategy by using new ERP

Transformation of HR management system

Core

Products with high quality and high performance

Robust financial strength

Improving risk management

Implemented activities

- Strengthen "Bottleneck" processes (including partner companies)
- Expansion of Vietnam plant and facilities
- Production of IKO products in UBC

◆Strengthen IKO global supply chain



- Promotion of industry-academia and inter-company collaboration
- Strengthen Intellectual Property Strategy
- Implementation of new HR system

◆Organization of technology development



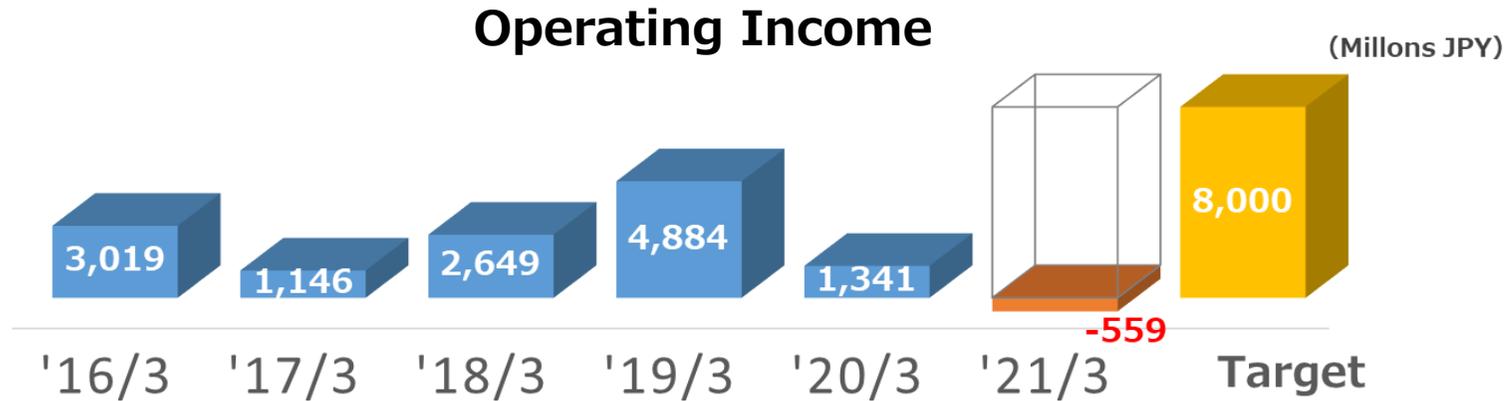
- Restructuring by new core system
- Strengthen quality assurance organization
- Strengthen Risk Management in COVID-19

◆Be Reliable Brand



Review of the Previous Medium-term Business Plan

Target figures underachieved due to market fluctuations



Final Year of Previous Plan

Sales:44.3 bn. JPY Operating Income: ▲ 0.5 bn. JPY ROE:0.4%
 Ensured implementation of the strategy for future growth,
 but target underachieved due to market fluctuations.

Market Expansion
by Technological Innovation



Digital-Shift
IoT/AI/Automation

Major Social Change

Responsibility for the realization
of a sustainable society



Issue

Ensuring Stable Profit × Sustainable growth from a long-term perspective

Focus of Medium-term Business Plan 2023

Clarification of the long-term vision & acceleration to make it



Overall Strategy of Medium-term Business Plan

Value Enhancement & Value Co-Creation through "Deepening," "Expanding," "Embracing Change"

Ensuring Stable Profit
Strengthen Resilience to Market Fluctuations

Sustainable growth from a long-term perspective

Advance Investment for Social Change



Overall Strategy of Medium-term Business Plan 2023

Strengthen the Present
Deepening Existing Businesses

Deepening

Create the Future
Expanding New Technologies & New Markets

Expanding

Strong Management Foundation
Behavior Change · Organizational Capacity Change · Digital Transformation

Embracing Change

IKO



Business Partner

Solution Products / Technical Service

Co-Creating Value with the Customer

Specific Strategy of Medium-term Business Plan 2023

Achievement of sustainable growth based on technological development

Strengthen the Present Deepening Existing Businesses

Deepening

- High Value-added Solution
- Further pursuit of High-Quality, High-Accuracy
- Strengthen ability to meet deadlines by shortening lead times

Ensuring Cash for Growth

Create the Future Expanding New Technologies & New Markets

Expanding

- Creative development of new products to meet customer needs
- Co-Creation with Industry-Academia-Government Collaboration
- Alliance & M&A for new markets

Advanced Development for Growth

Strong Management Foundation

Behavior Change · Organizational Capacity Change · Digital Transformation

Embracing
Change

- Development of Next Generation Global Leaders who adapt to "Change"
- Maximizing Organizational capacity from the customer's perspective
- Implementation of "Connecting" by thorough utilization of "DX"

Support for Deepening and Expanding

Financial Targets of Medium-term Business Plan 2023

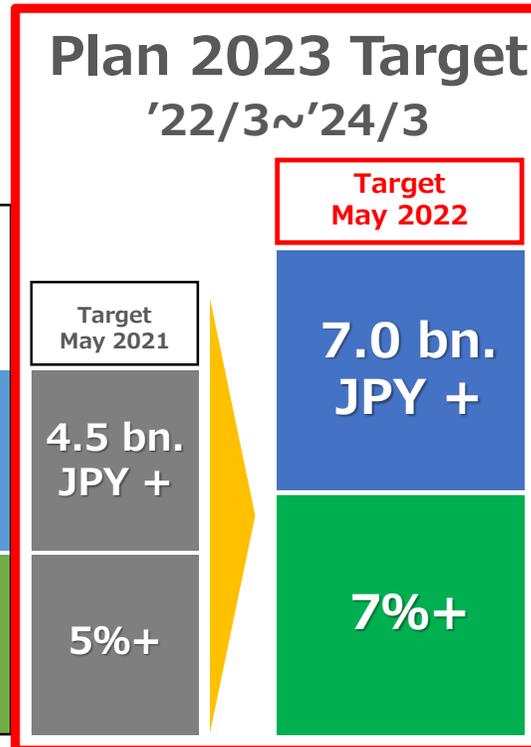
3-year Targets for Achieving Stable & Sustainable Growth

Assume a rapidly changing business environment
in Medium-term plan period



**Set targets for 3-year average figures
to improve Corporate Value steadily**

3-year average	Plan 2017 actual '16/3~'18/3	Plan 2020 actual '19/3~'21/3
Operating Income	2.2 bn. JPY	1.8 bn. JPY
ROE	1.7%	2.1%



Nippon Thompson's Sustainable Management

Nippon Thompson's SDGs Statement

IKO identifies Group Materiality for achieving the SDGs, aims to achieve sustainable growth through the improvement of environmental and social issues.

IKO Group Materiality

- ① Implement the Corporate activities for realization of a prosperous global environment
- ② Contribute to technological innovation by leveraging core technologies
- ③ Contribute to social development by providing products society needs
- ④ Provide healthy, safe, and secure environments for people
- ⑤ Contribute to a society in which diverse people can thrive and be rewarded for their work
- ⑥ Continuous improvement of compliance and governance



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