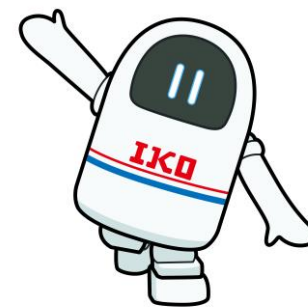


IKO Medium-term Business Plan 2026

Connect for Growth

- The Future of Innovation, Connected by IKO -

Innovation, **K**now-how & **O**riginality



(May 16, 2024 version)

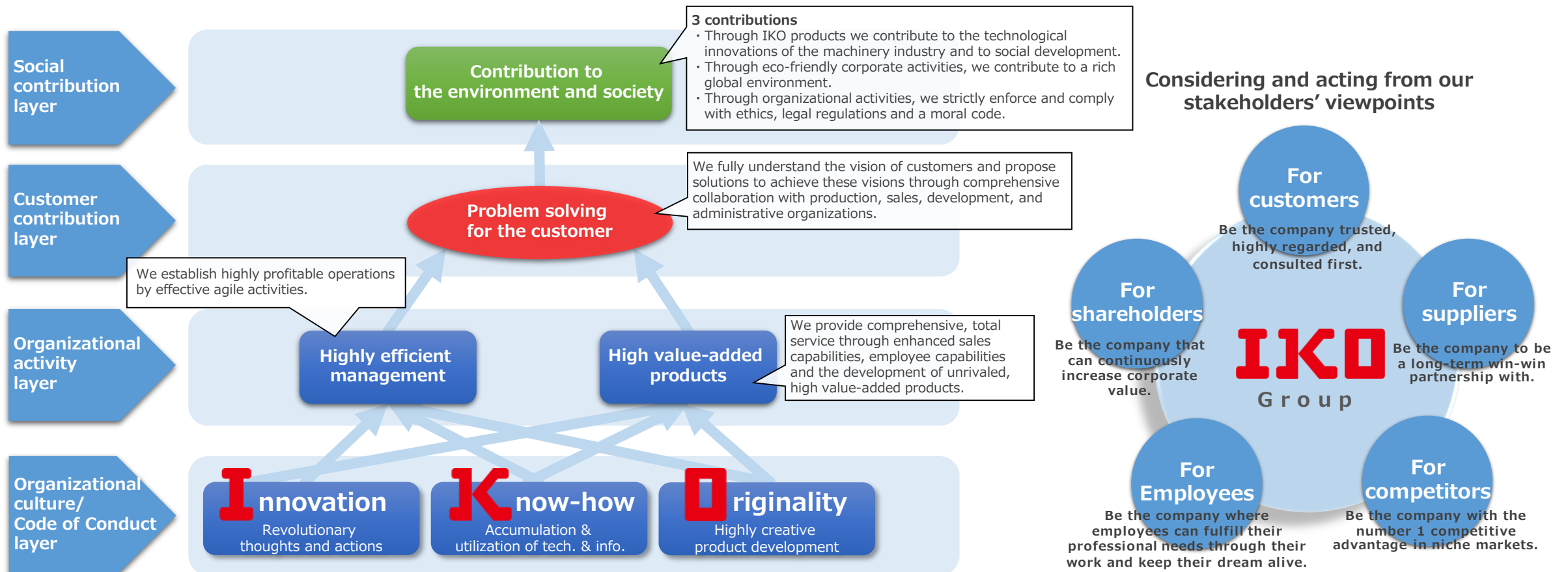
Table of Contents

↳ Management Philosophy	P2
↳ IKO VISION 2030	P3
↳ Review of the Previous Medium-term Business Plan	P4
↳ Medium-term Business Plan 2026	
"Positioning"	P5
"Basic Policy"	P6
"Financial Targets"	P7
"Growth Strategy"	P8,9
"Capital Allocation for Growth"	P10
↳ Approach to Human Capital	P11
↳ Environmental Initiatives	P12
↳ Sustainable Management	P13

The management approach that Nippon Thompson values

A Company Centered on Technology Development that Contributes to Society

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.



“Challenges” and “Targets” for 2030

Management
Philosophy

A Company Centered on Technology Development that Contributes to Society

IKO VISION 2030

Collaborating with customers primarily and co-creating value as a technology development-based company
– co-creating a sustainable future –

**“Three Challenges of Growth Strategies”
to Achieve Our Long-Term Vision**

- ① Establishing a global business structure
- ② Developing new products using core technologies
- ③ Strengthening collaboration with partner companies

		Target	
Financial	Net sales	100 billion yen or above	
	Operating profit	15 billion yen or above	
	ROE	10% or above	
	Market capitalization	100 billion yen or above	
Non-Financial	Carbon Neutral	GHG reduction target	Scope1, 2 Reduction of 42% or higher (compared to FY 2023) Scope3(CA1)Reduction of 25% or higher (compared to FY 2023)
	Human capital	Diversity & Inclusion	Increase the number of women in management positions by 5 times or more (compared to FY 2023) Increase the percentage of male employees taking childcare leave to 85% or higher
		Produce many leaders on a global scale	
	Governance	Thorough Group governance that complies with laws, regulations and corporate philosophy	

Aiming for a stronger corporate structure resilient to fluctuations

Financial Targets

3-year average from FY 2022 to FY 2024

	Initial targets		Targets after revision
Operating profit	4.5 billion yen or above	Upward revision	7 billion yen or above
ROE	5% or above		7% or above

Basic Policy

① Deepening Strengthen the Present Deepening Existing Businesses	<ul style="list-style-type: none"> Differentiation and enhanced added value through product development based on both “product out” and “market in” approaches Strengthen responsiveness of supply chain delivery by shortening lead times and improving productivity
② Expanding Create the Future Expanding New Technologies & New Markets	<ul style="list-style-type: none"> Search for strategic technology alliance partners for such as joint development, and OEM Initiatives to develop new products and businesses (use of accumulated data and knowhow) Strengthening competitiveness by reformulating the global supply structure
③ Embracing Change Strong Management Foundation Behavior Change • Organizational Capacity Change • Digital Transformation	<ul style="list-style-type: none"> Initiatives to improve the break-even point (per capita productivity and asset efficiency) Develop change leaders to promote DX strategic themes Promote sustainable management

Results

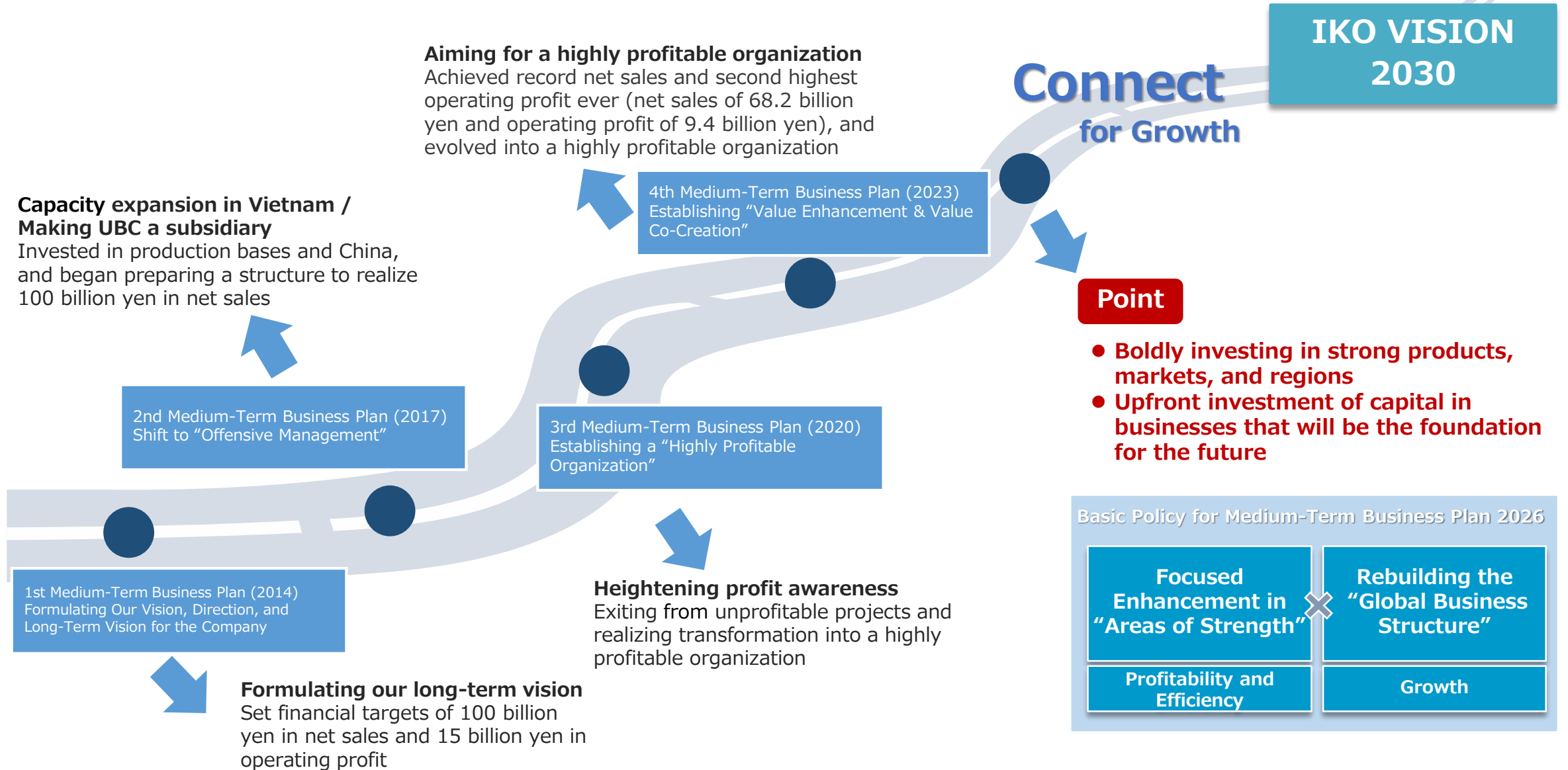
(Billions of yen)	FY2022	FY2023	FY2024	Set targets for 3-year average
Net sales	62.2	68.2	55.0	No setting
3-year average	61.8			
Operating profit	5.8	9.4	3.1	7 billion yen or above
3-year average	6.1			
ROE	6.7%	11.0%	3.6%	7% or above
3-year average	7.1%			

Although various measures were promoted, the target for operating profit was not achieved due to sudden changes to the business environment in the final fiscal year.

Medium-term Business Plan 2026 "Positioning"

5

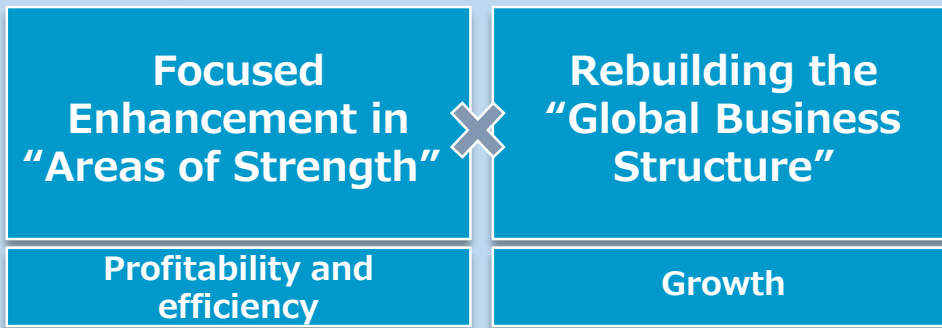
"Focused Investment in Areas of Strength" and "Upfront Investment in Foundation for the Future"



Enhancing "IKO's Strengths" and rapidly securing "Growth Opportunities"

A critical 3-year period to achieve "IKO VISION 2030" and practically implement growth strategies

Basic Policy for Medium-Term Business Plan 2026



Capital is invested in the "corporate strength" that forms the foundation.

System capable of swiftly responding to high variety production

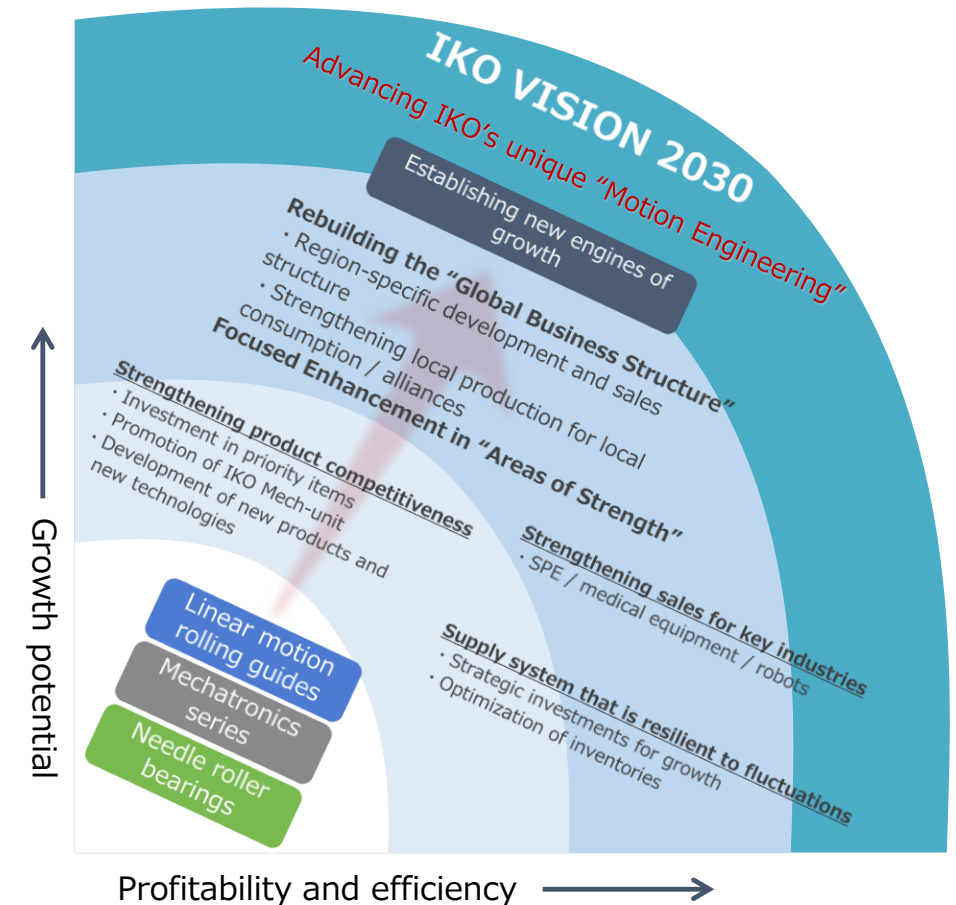
Planning and development system

Investment in growth areas

Improve of capital efficiency

Diversity of human resources and connecting across functions

- The Future of Innovation, Connected by IKO -
Innovation, Know-how & Originality



Medium-term Business Plan 2026 "Financial Targets"

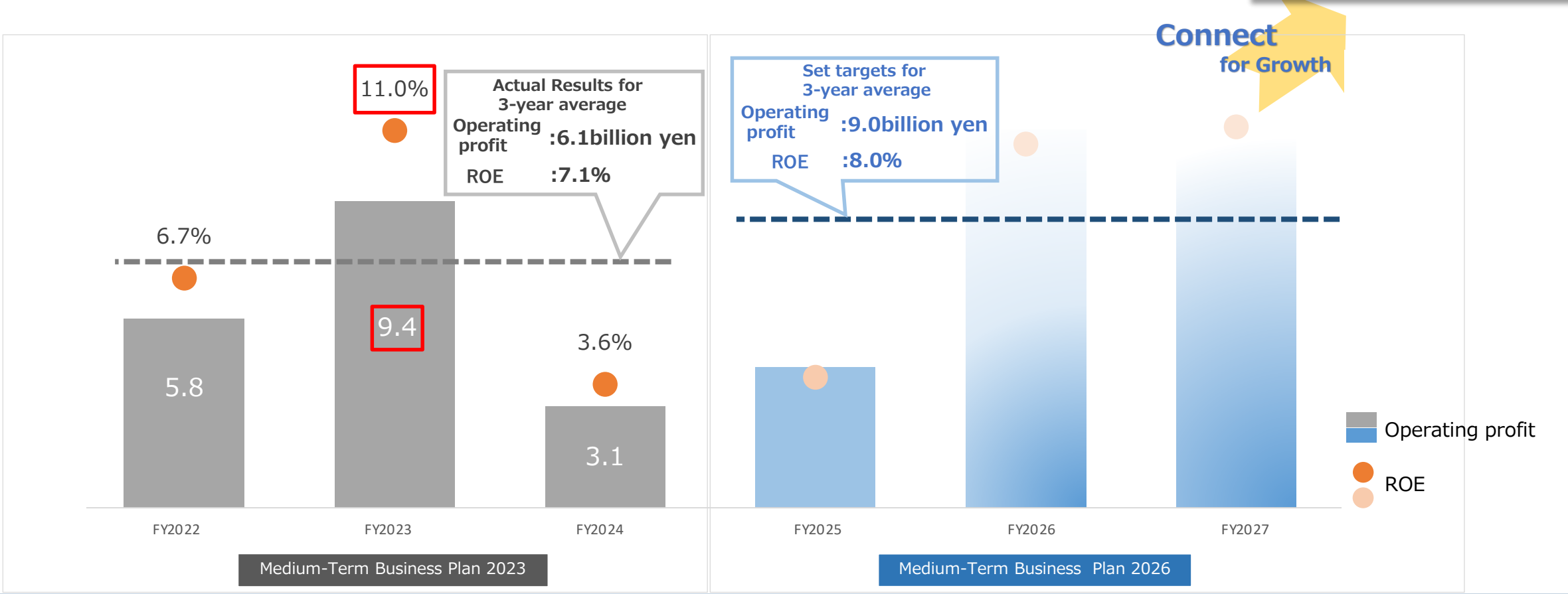
“High Growth” + “Stable Profits” on average over the 3-year period: leading to IKO VISION 2030

Point

We aim to exceed the “operating profit” and an “ROE” achieved in FY 2023, when we recorded the highest net sales, by FY 2027. We are also targeting an operating profit of 9 billion yen or more and ROE of 8% or higher on average over a 3-year period.

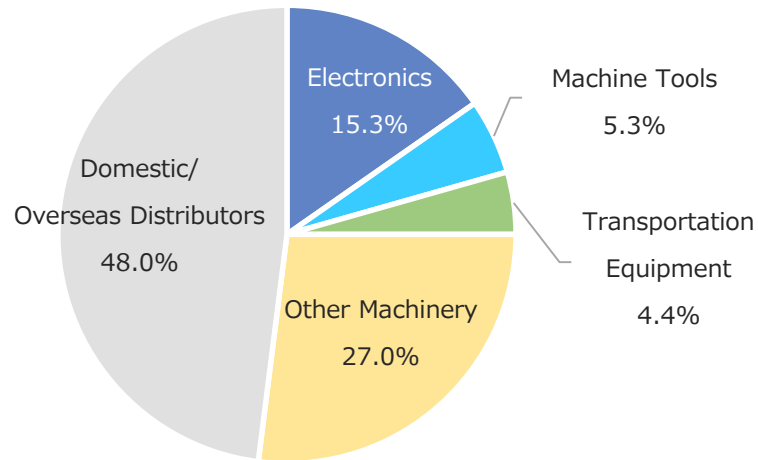
IKO VISION 2030

- ROE : 10% or above
- Operating profit : 15 billion yen or above
- Net sales : 100 billion yen or above
- Market capitalization : 100 billion yen or above



Strengthening sales for key industries

Net sales composition ratio (FY 2024)



Recognizing the external environment

[Economic and Social Situation]

- Increasing population in emerging countries and decreasing working population in developed countries
- Increasing geopolitical risks
- Sharply increasing labor costs associated with inflation in countries around the world

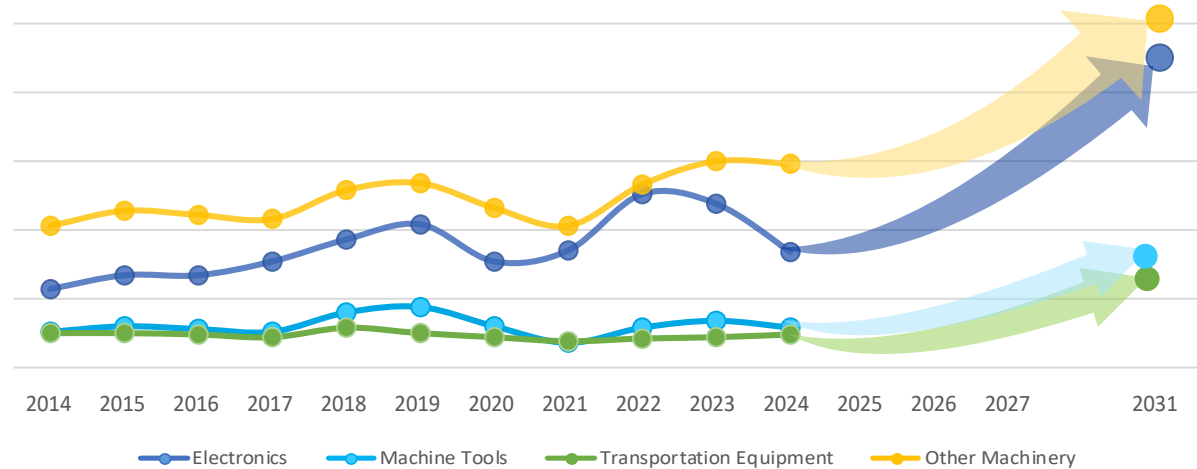
[Industry and Technology]

- Increasing demand for automation due to labor shortages
- Technological innovation and expansion for industrial robots and medical equipment due to AI utilization and other factors

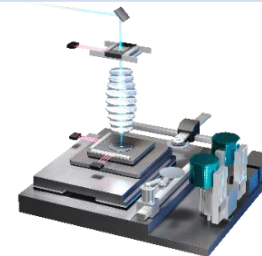
[Sustainability]

- Suppressing rising temperatures through realization of a decarbonized society
- Accelerating initiatives for realizing a sustainable society

Change in net sales (including targets) and growth industries



Semiconductor Production Equipment (Electronics)



Industrial robots · Medical equipment (Other Machinery)



Point

We aim to promote sales of high value-added products in growth areas (such as semiconductor production equipment, industrial robots, and medical equipment) and expand sales to highly profitable markets focusing on aftermarket sales.

Medium-term Business Plan 2026 "Growth Strategy"

9

Accurately understanding social issues and expanding markets, and focusing on enhancing strengths



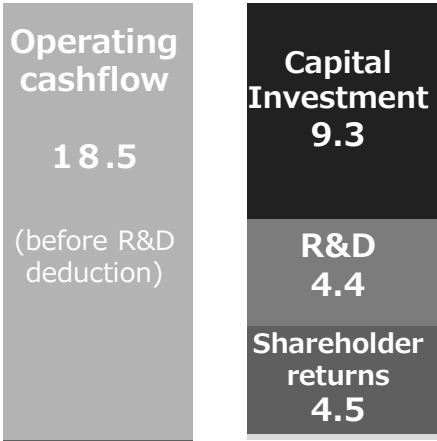
Capital strategy that realizes growth investment and proactive shareholder returns

Point

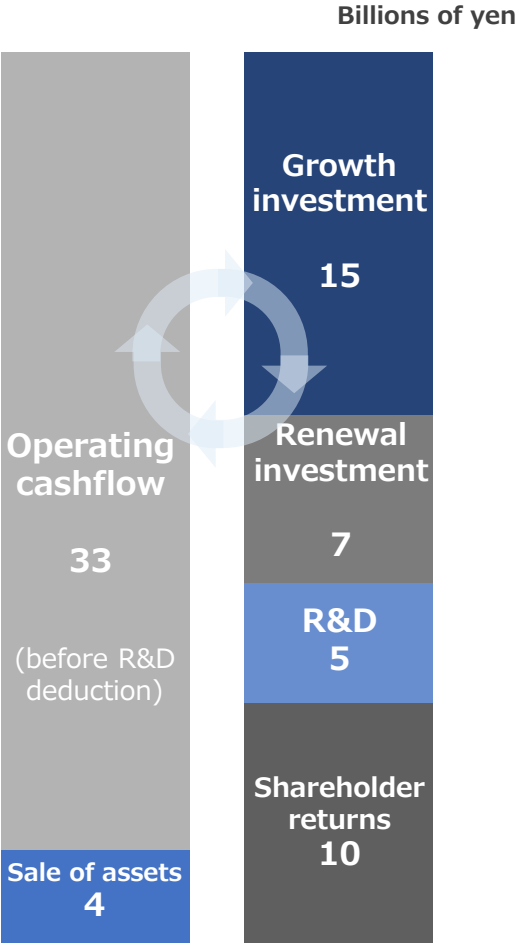
Together with aiming to increase profitability, achieve sustainable growth, and improve capital efficiency, we will also implement initiatives to strengthen shareholder returns, and aim to exceed a price-to-book ratio of 1.0 as soon as possible.

	Main initiatives
Operating cashflow	<ul style="list-style-type: none">Improving profitability and capital efficiency
Sale of assets	<ul style="list-style-type: none">Sale of cross-shareholdings <u>(Less than 10% of net assets)</u>
Growth investment	<ul style="list-style-type: none">Growth investment mainly into new factories in Vietnam
R & D	<ul style="list-style-type: none">Continued investment for medium- to long-term growth <u>(Sales ratio of 2 - 3%)</u>
Shareholder returns	<ul style="list-style-type: none"><u>Total return ratio of 50% or higher</u>Comprehensively considering the situation and flexibly implementing share buybacks

Medium-Term Business Plan 2023



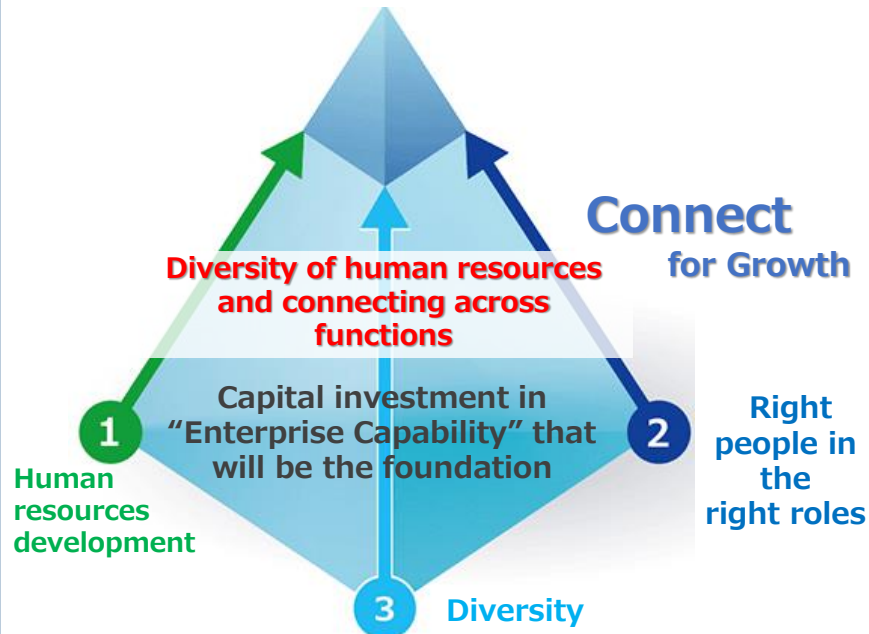
Medium-Term Business Plan 2026



Human resources strategy for realizing IKO VISION 2030

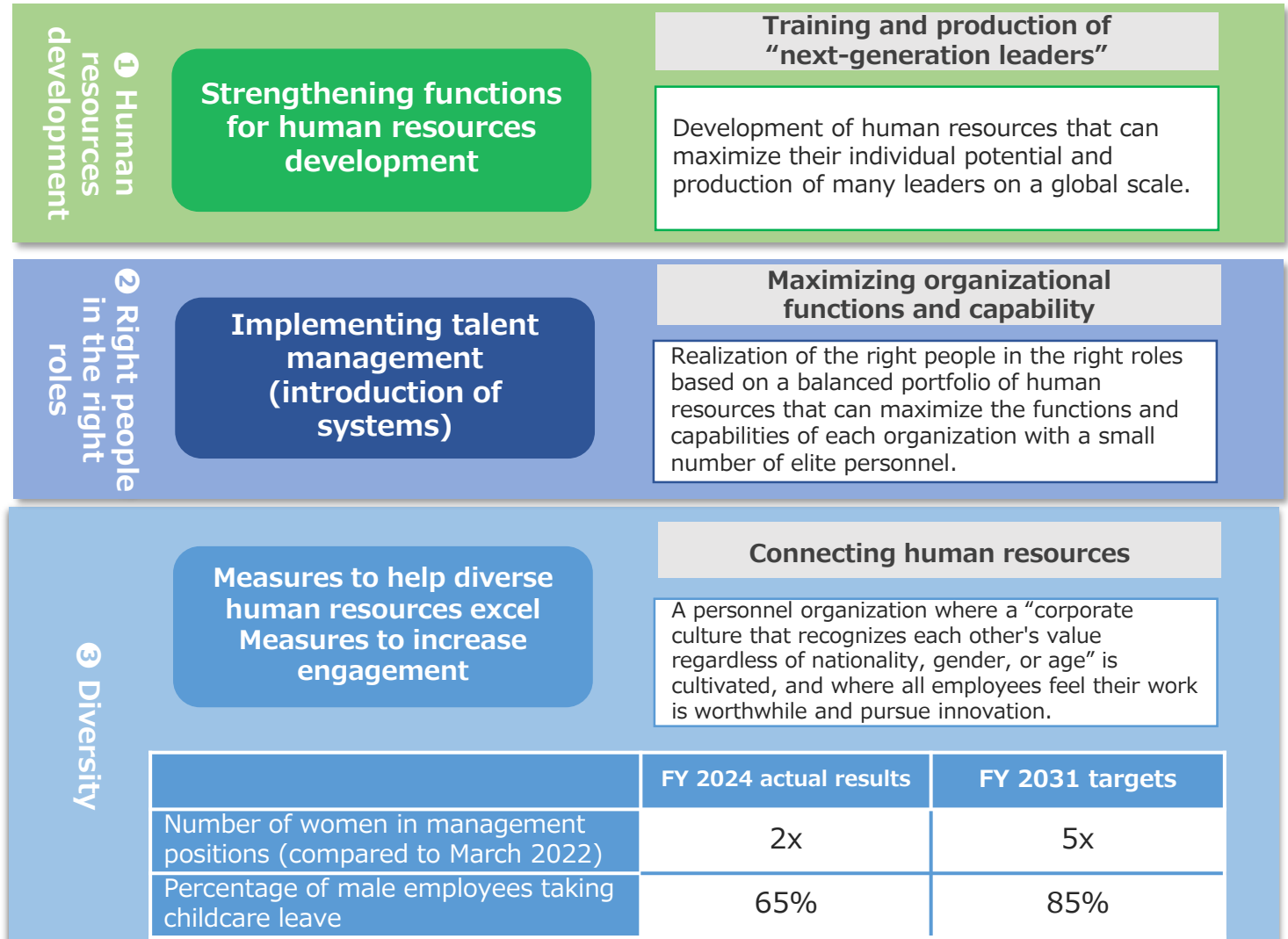
"Medium-Term Business Plan 2026 Human resources policy"

Orienting toward profitability, efficiency, and growth for "IKO VISION 2030," we will develop human resources who will pursue "IKO's Strengths" and "Global Business Structure," and strengthen organizational functions and capability.

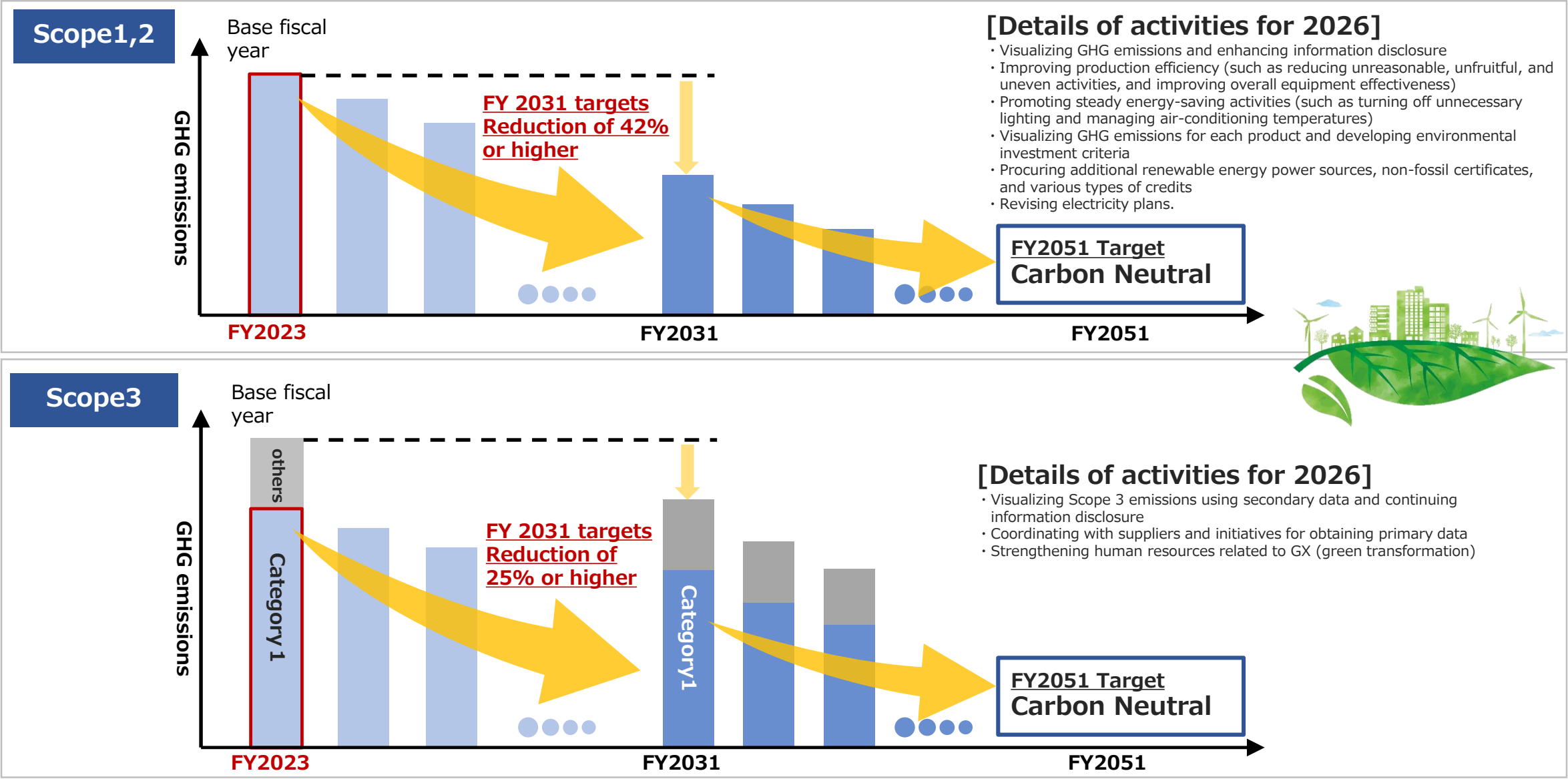


Initiatives for 2026

Targets to achieve by 2030



Roadmap for achieving carbon neutrality



Enhancing sustainable corporate value by circulating “economic value” and “social value”



IKO Group Priorities

1. Promote corporate activities to realize a prosperous global environment
2. Contribute to technological innovation by leveraging core technologies
3. Contribute to social development by providing products that society needs
4. Realization of healthy, safe, and secure lives for people
5. Realization of a society in which a diverse workforce can play an active role and are rewarded for their work
6. Continuous improvement of compliance governance

Achieving SDGs

**SUSTAINABLE
DEVELOPMENT
GOALS**

Nippon Thompson Co., Ltd.

Corporate Planning Dept.

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

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.

