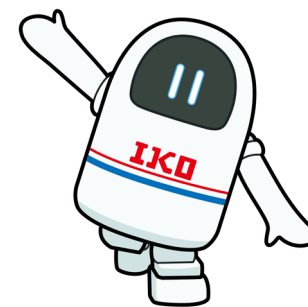


# **IKO** Medium-term Business Plan 2026

## **Connect for Growth**

**- The Future of Innovation, Connected by IKO -**

**I**nnovation, **K**now-how & **O**riginality



(May 16, 2025 version)

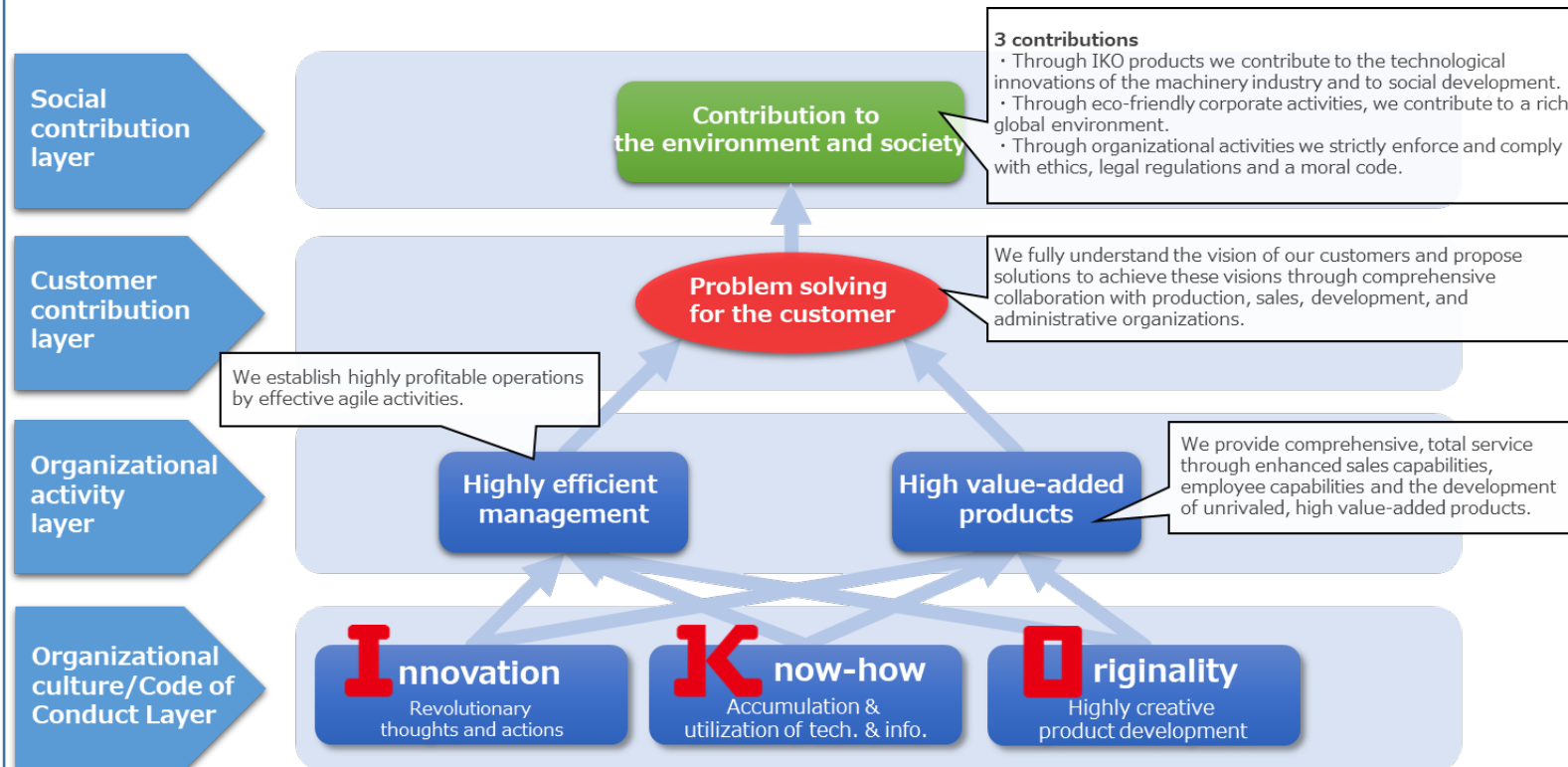
## Table of Contents

↳ 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
“Shareholder Returns Policy”	P10
“Capital Allocation for Growth”	P11
↳ Approach to Human Capital	P12
↳ Environmental Initiatives	P13
↳ Sustainable Management	P14

## 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.



### Considering and acting from our stakeholders' viewpoints



## “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 2022) 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	7 billion yen or above
ROE	5% or above	7% or above



### Basic Policy

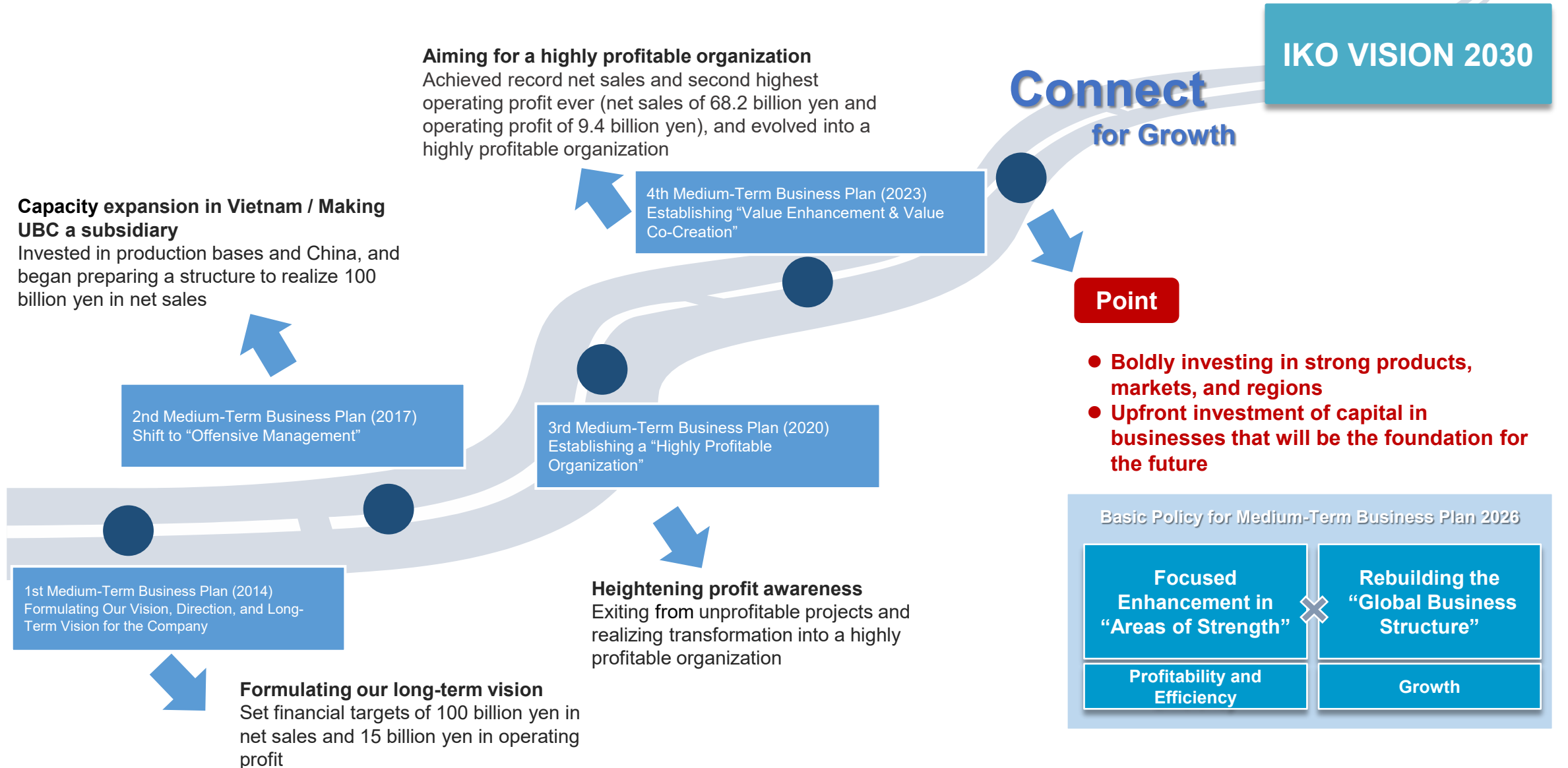
<b>① Deepening</b>  <b>Strengthen the Present</b> Deepening Existing Businesses	<ul style="list-style-type: none"> <li>Differentiation and enhanced added value through product development based on both “product out” and “market in” approaches</li> <li>Strengthen responsiveness of supply chain delivery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

### Results

Billion 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.

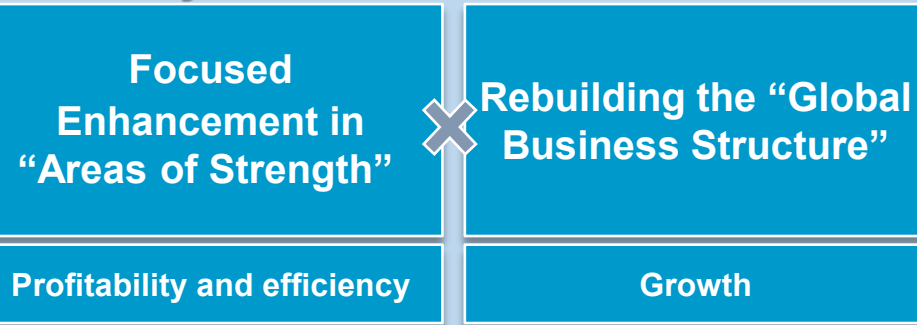
## “Focused Investment in Areas of Strength” and “Upfront Investment in Foundation for the Future”



## 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

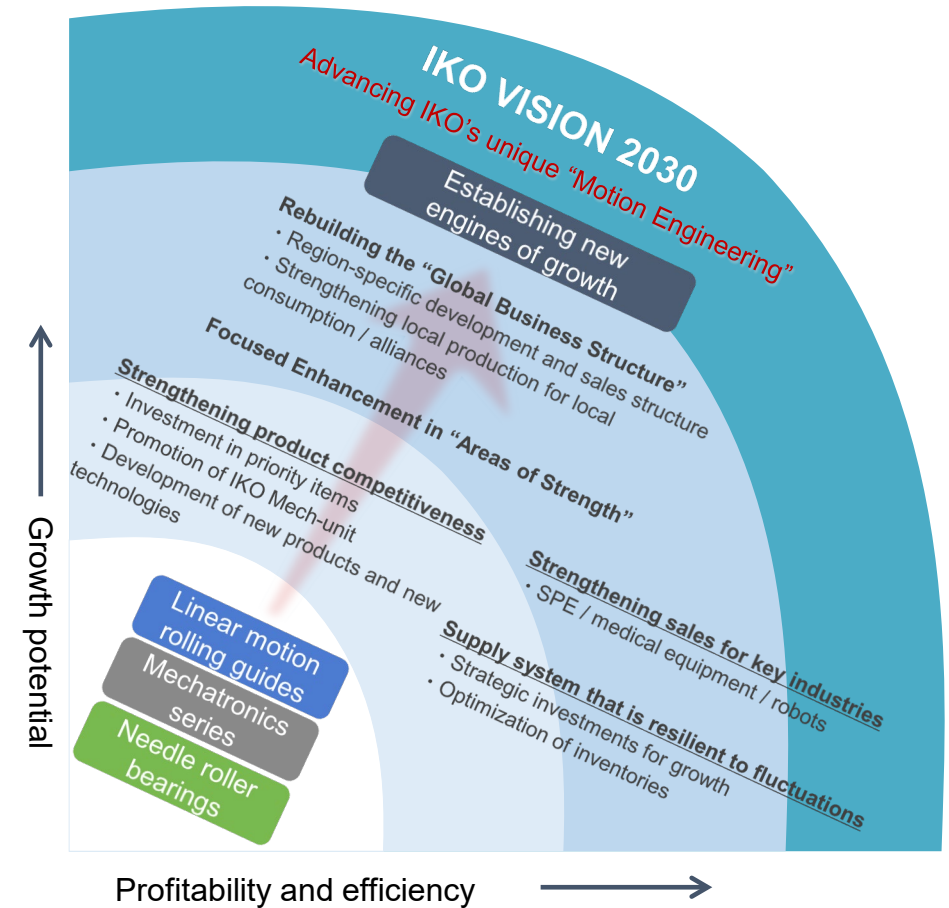
Planning and development system

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”

7

Aiming for significant income improvement in the final year through efficient management

Medium-Term  
Business Plan 2023

Medium-Term Business Plan 2026

IKO VISION 2030

(Initial target) Three-year average	
Operating Profit	9 billion yen or above
ROE	8.0% or above

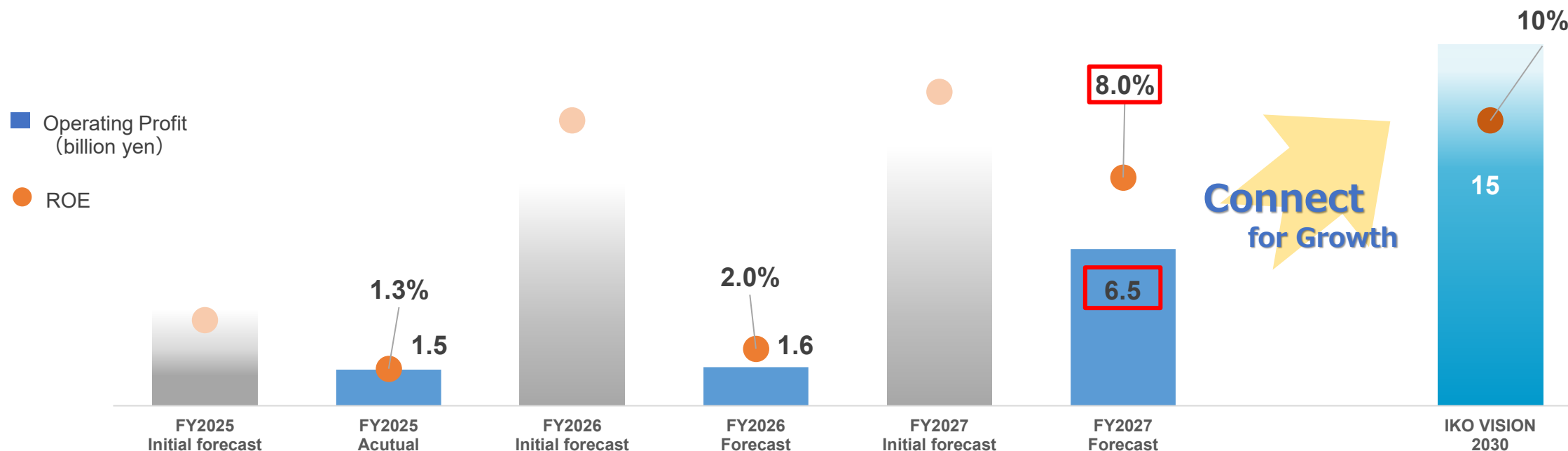


(Revised target) By FY2027	
Operating Profit	6.5 billion yen or above
ROE	8.0% or above

- 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

## Point

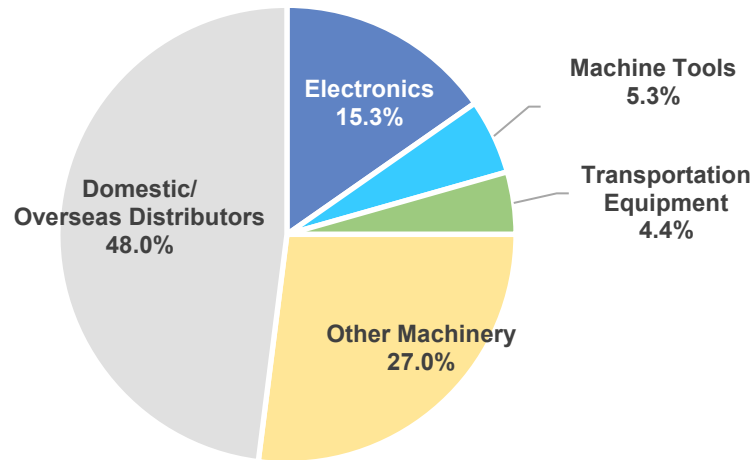
- Considering the changes in the external environment and other factors, we have shifted from 3-year average targets to annual targets.
- We aim to achieve operating profit of 6.5 billion yen or above and an ROE of 8.0% or above by FY2027.



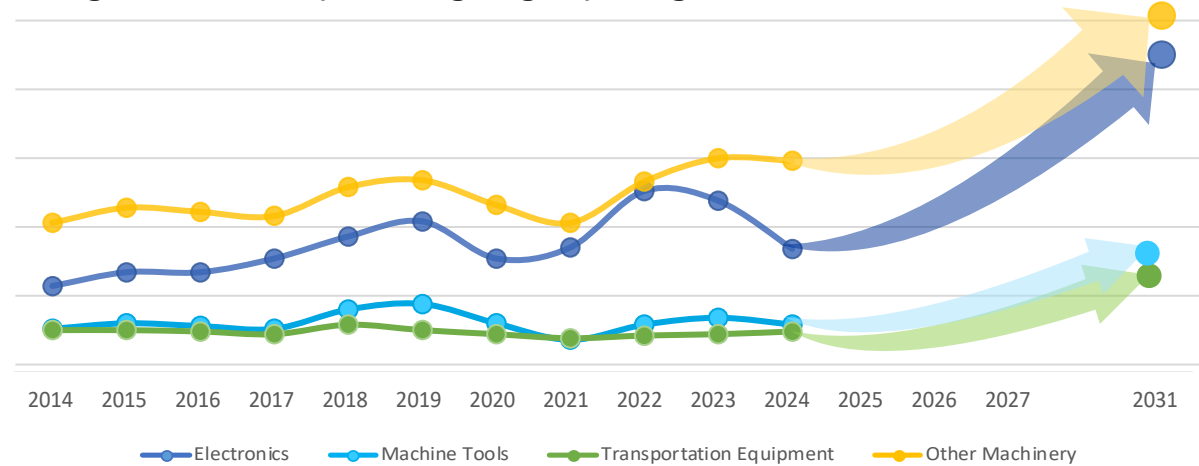


## Strengthening sales for key industries

Net sales composition ratio (FY 2024)



Change in net sales (including targets) and growth industries



### 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

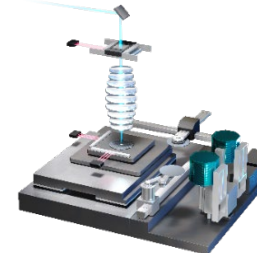
#### [Industry and Technology]

- 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

#### Semiconductor Production Equipment (Electronics)



#### Industrial robots · Medical equipment (Other Machinery)


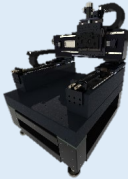

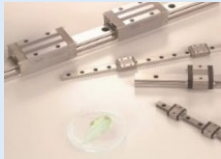


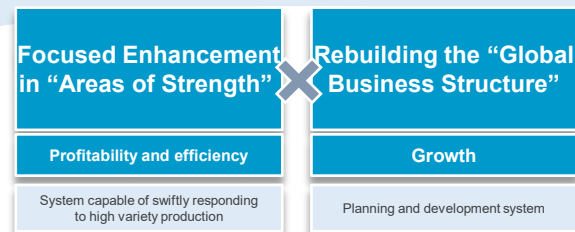
**Point**

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.

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



<p><b>Enhancing production capacity (global production)</b></p> <p>We will prepare mainly for the rapid expansion of demand for semiconductor-related products and aim to improve global production capacity, including the construction preparation of new factories in Vietnam.</p> 	<p><b>IKO Mech-unit solutions</b></p> <p>To address demand associated with labor shortages, we will supply high value-added products through proposals for IKO Mech-unit adoption.</p> 
<p><b>Development of region- and industry-specific products</b></p> <p>We will develop and support customization of specialized products through technology marketing by industry and by region.</p> 	<p><b>Open innovation</b></p> <p>We will proactively work on joint development with universities and companies, and resolutely take on the challenge of new areas and new businesses.</p> 



## Strengthening shareholder returns through significant increases in dividends and flexible share buybacks

### Point

- A DOE (dividend on equity) of 2.5%\* has been newly set as the minimum dividend guideline.
- The total return ratio, including share buybacks, will continue to be 50% or higher.

### [Conventional]

- Total return ratio of 50% or higher
- Possibility of dividend reduction due to fluctuations in income

### [Policy under the Medium-Term Business Plan 2026]

- A DOE of 2.5%\* has been newly set as the minimum dividend guideline.

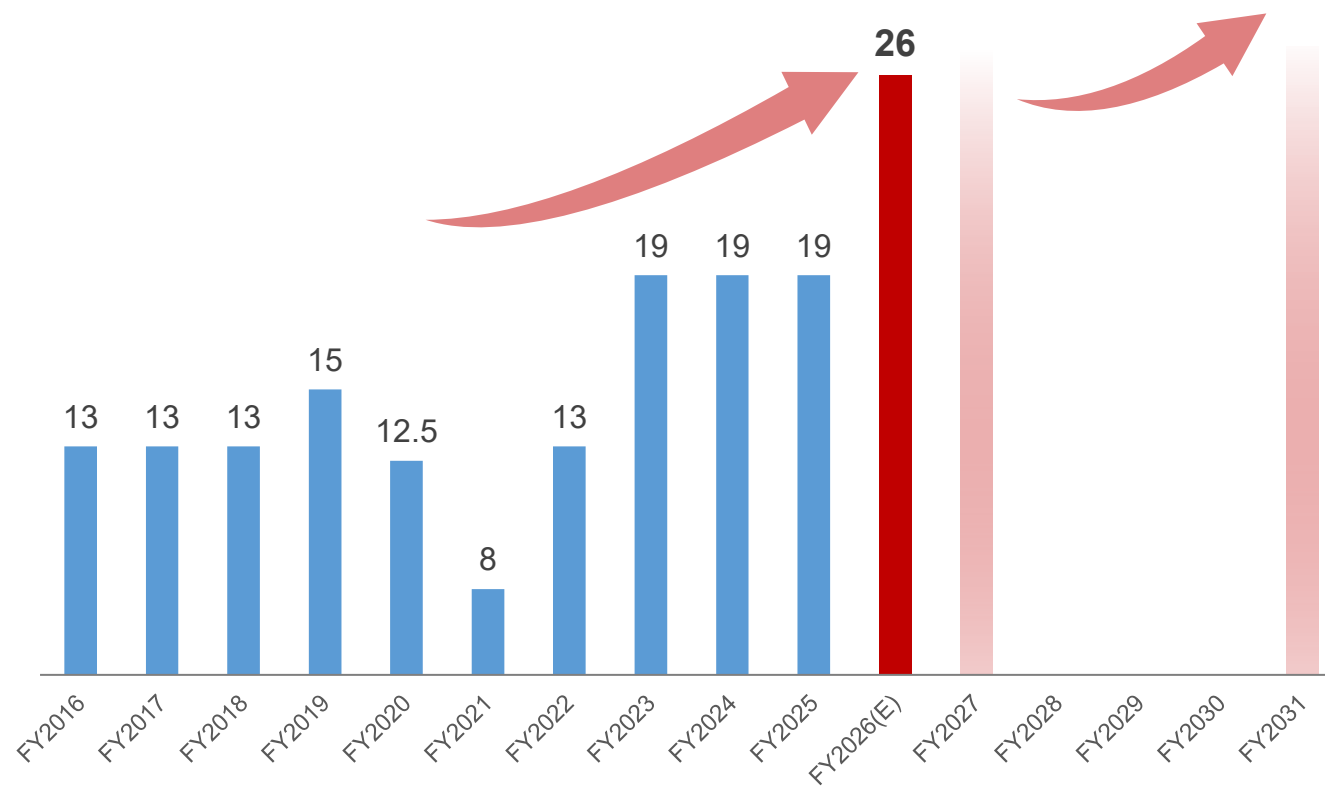
➔ Implement **stable and high-level dividends**

\*Dividend yield of 5.4% (stock price as of May 9)

- We will continue our conventional policy of maintaining a total return ratio of 50% or higher, and will also consider flexible share buybacks.

➔ Achieve **active shareholder returns**

### Dividend per share(EPS) (yen)



\*The total amount of dividends paid out by DOE is calculated using the average of shareholders' equity at the end of the previous fiscal year and the current fiscal year, so the actual dividend amount may fluctuate.

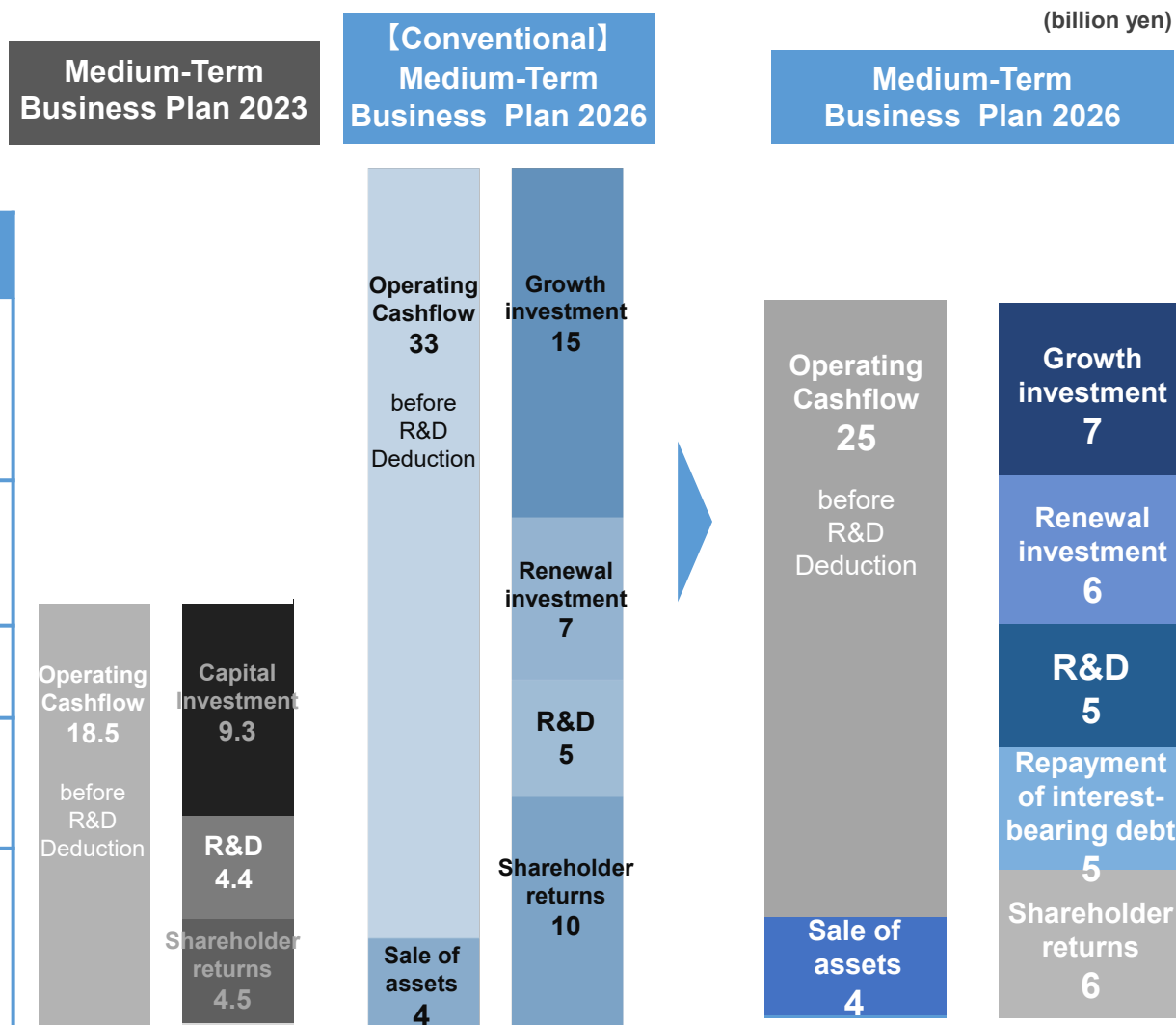
## Capital strategy that realizes Improving capital efficiency and proactive shareholder returns

### Point①

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.**

Account	Main initiatives
Operating cashflow	<ul style="list-style-type: none"> <li>Focusing on securing profitability and <b>improving capital efficiency</b></li> <li>Optimization of inventory (Benchmark: turnover period of 6 months)</li> </ul>
Sale of assets	<ul style="list-style-type: none"> <li>Sale of cross-shareholdings (Less than 10% of net assets)</li> <li>➔ <b>Ongoing promotion</b></li> </ul>
Growth investment	<ul style="list-style-type: none"> <li>New Vietnam plant ➔ Postpone investment timing</li> </ul>
R&D	<ul style="list-style-type: none"> <li>Continued investment for medium- to long-term growth (Sales ratio of 2 - 3%)</li> </ul>
Shareholder returns	<ul style="list-style-type: none"> <li><b>Total return ratio of 50% or higher</b></li> <li>➔ <b>Set DOE at 2.5%</b> (the minimum guideline)</li> <li>Implementing flexible share buybacks ➔ Ongoing</li> </ul>

### Point②



## Human resources strategy for realizing IKO VISION 2030

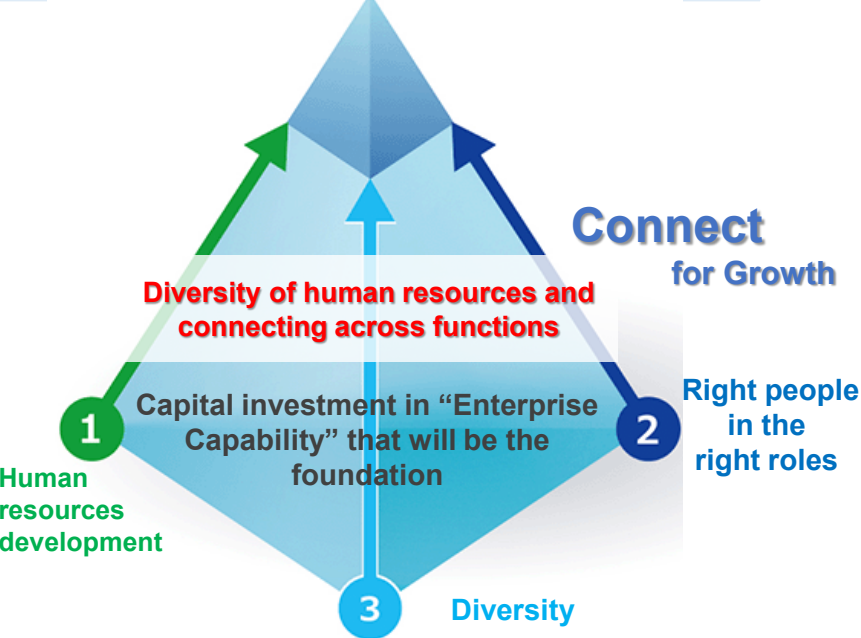
**“Medium-Term Business Plan 2026  
Human resources policy”**

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.

**Focused  
Enhancement in  
“Areas of Strength”**  
 Profitability and  
Efficiency

×

**Rebuilding the  
“Global Business  
Structure”**  
 Growth

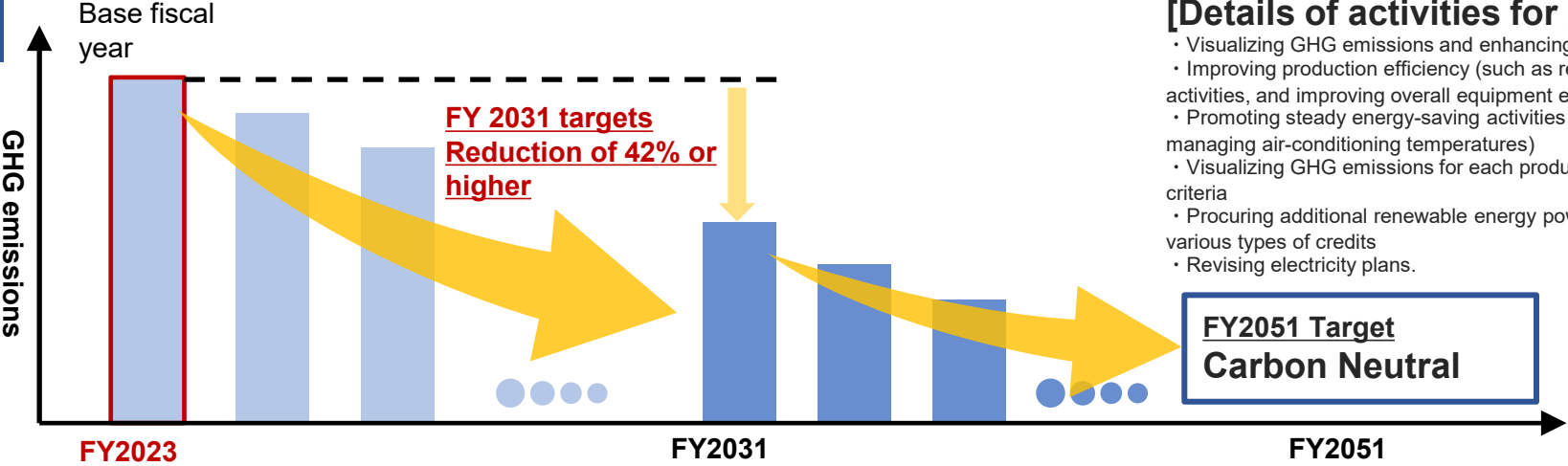


	Initiatives for 2026	Targets to achieve by 2030
① Human resources development	<b>Strengthening functions for human resources development</b>	<b>Training and production of “next-generation leaders”</b>  Development of human resources that can maximize their individual potential and production of many leaders on a global scale.
② Right people in the right roles	<b>Implementing talent management (introduction of systems)</b>	<b>Maximizing organizational functions and capability</b>  Realization of the right people in the right roles based on a balanced portfolio of human resources that can maximize the functions and capabilities of each organization with a small number of elite personnel.
③ Diversity	<b>Measures to help diverse human resources excel Measures to increase engagement</b>	<b>Connecting human resources</b>  A personnel organization where a “corporate culture that recognizes each other’s value regardless of nationality, gender, or age” is cultivated, and where all employees feel their work is worthwhile and pursue innovation.

	FY 2024 actual results	FY 2031 targets
Number of women in management positions (compared to March 2022)	2x	5x
Percentage of male employees taking childcare leave	65%	85%

Roadmap for achieving carbon neutrality

Scope1,2

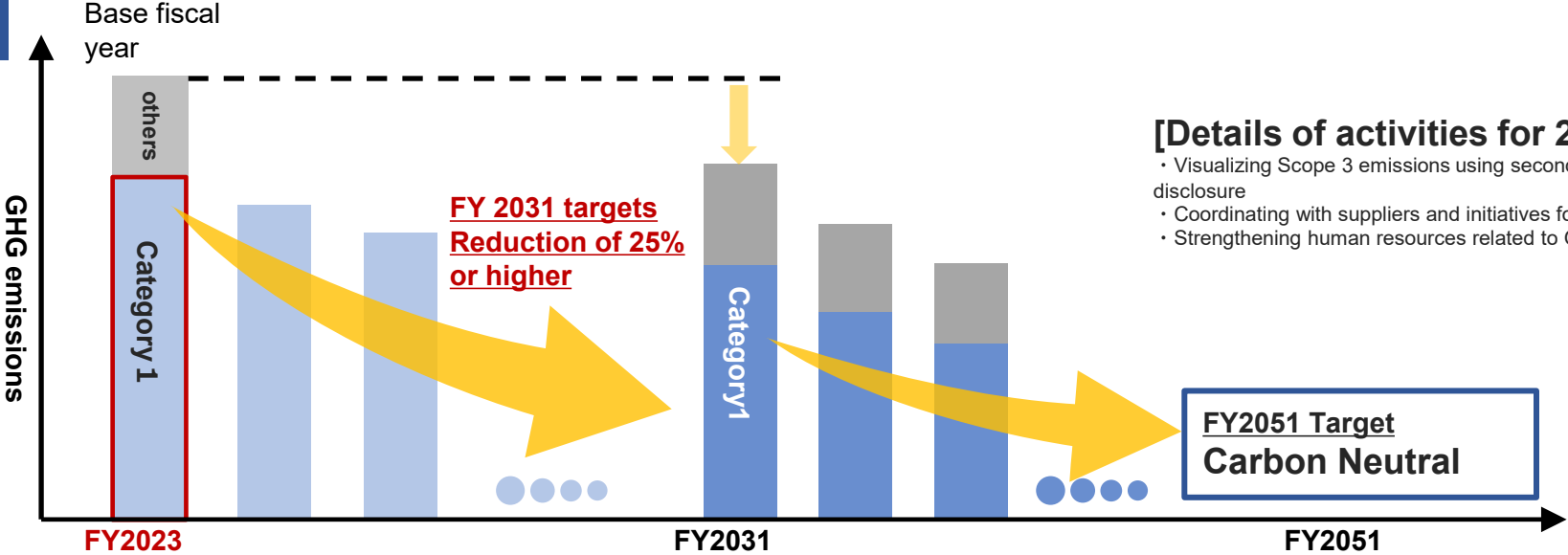


[Details of activities for 2026]

- Visualizing GHG emissions and enhancing information disclosure
- Improving production efficiency (such as reducing unreasonable, unfruitful, and uneven activities, and improving overall equipment effectiveness)
- Promoting steady energy-saving activities (such as turning off unnecessary lighting and managing air-conditioning temperatures)
- Visualizing GHG emissions for each product and developing environmental investment criteria
- Procuring additional renewable energy power sources, non-fossil certificates, and various types of credits
- Revising electricity plans.



Scope3



[Details of activities for 2026]

- Visualizing Scope 3 emissions using secondary data and continuing information disclosure
- Coordinating with suppliers and initiatives for obtaining primary data
- Strengthening human resources related to GX (green transformation)

## 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](mailto: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.

TEL

