

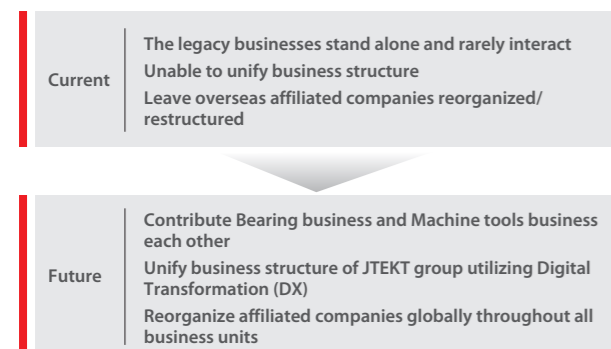
Medium-to Long-Term Business Plan (FY2021-30)

We have formulated our Vision 2030 and Medium- to Long-Term Business Plan to grow as a company that resolves social issues. Furthermore, in line with this plan, we have identified materiality issues that we should tackle (For details, see p. 27). We will increase our competitive strength by coming together as the JTEKT Group to exploit our synergies as we work toward further growth.

Creating a New Structure

True merger

To generate innovative services and products and contribute to society, we would like to unify our business processes and our employees under a common understanding, leveraging the synergies of the diverse seeds of the Group, which represent our strength as One JTEKT.



Cooperation among Group companies

As a Toyota Group company, we believe we can contribute to manufacturing at even more customers by enhancing cooperation with other Group companies. The companies within the JTEKT Group also have unique products and technologies and an expansive range of diverse customers and suppliers. We will leverage not only our technology but the synergies inherent in these functions.



Vision 2030

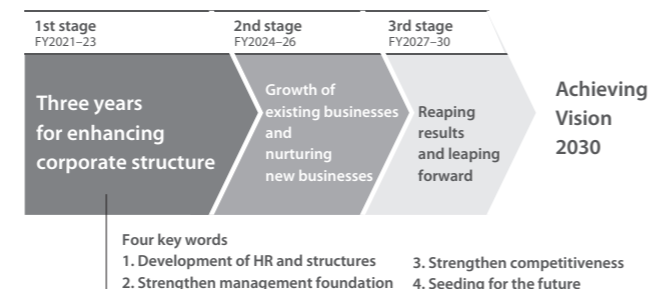
Long-term plan—Vision 2030—outlook

We work to anticipate change, resolve social issues, and advance new initiatives with an eye to society in 2030. At the same time, we are working to move forward with actions keyed around near-term issues and initiatives in an effort to achieve growth based on both backcasting and forecasting.

Solving social problems	Hydrogen society	Water resistant bearings, products for FCEV
	Renewable energy generation	Bearings for generators, preventive maintenance
New projects	Lithium-ion capacitor	Backup power supply system
	Autonomous	Autonomous driving bus, agricultural and construction machinery
Strengthen existing businesses	Automotive	Promote systemization and expansion of next-generation standards
	Industrial and Bearings	Strengthen BEV compatibility and growth in the industrial field
	Machine Tools & Manufacturing Systems	Expand target from the engine market to general markets
Decline in demand	For internal combustion engines	Reap the benefits of being a survivor
	Hydraulic products	Keep the profits

The position of the First Medium-Term Business Plan period

We have positioned the First period of the Medium-Term Business Plan through FY2023 as a three-year stage for enhancing our corporate structure, reflecting on the past, which brought a deterioration of our earnings structure, and working toward our vision for 2030. We have set out four key words for achieving steady annual growth: (1) development of HR and structures, (2) strengthen management foundation, (3) strengthen competitiveness, and (4) seeding for the future.



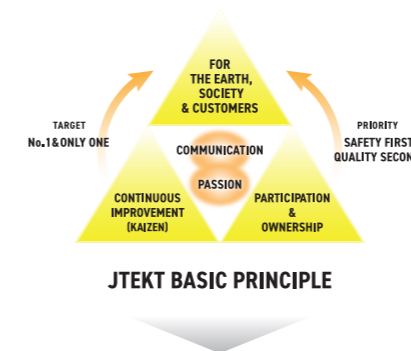
First Medium-Term Business Plan (FY2021-23)

Of the 10 years of the First Medium-Term Business Plan through 2030, we have positioned the first period as a three-year stage for enhancing our corporate structure and are working on the following four areas: (1) development of HR and structures, (2) strengthen management foundation, (3) strengthen competitiveness, and (4) seeding for the future.

Four Key Words

Development of HR and structures details: p. 28

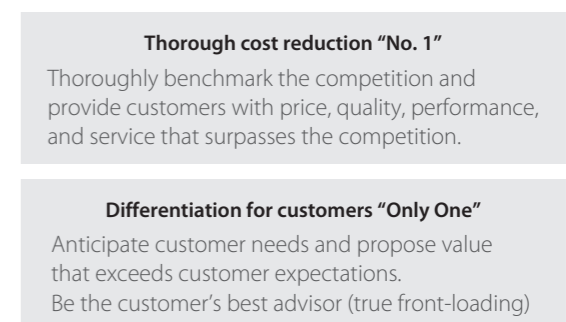
We are disseminating the JTEKT Basic Principle, developing human resources who can put solutions into practice, and building open workplaces brimming with passion and dialogue with the aim of enabling every employee to think and act proactively regarding what our customers want and what they should do to meet those needs.



Practice of the JTEKT Basic Principle True One JTEKT

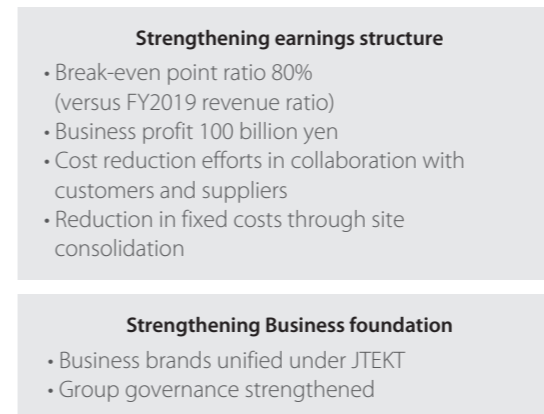
Strengthen competitiveness details: p. 31

We are making the utmost efforts to strengthen our competitiveness in all aspects of price, performance, quality, and responsiveness and to supply top-quality, inexpensive, and highly competitive products and services by anticipating changes in the market environment and future needs and creating new value through utilization of the Group's seeds and the synergy between businesses and Group companies.



Strengthen management foundation details: p. 29

Our targets for the First Medium-Term Business Plan call for a break-even point ratio of 80% by FY2023 (versus FY2019 revenue ratio) and a business profit of 100 billion yen. To achieve this, we are advancing activities to reduce fixed costs, including business restructuring with a focus on cost of capital and optimization of the number of affiliates globally.



Seeding for the future details: p. 32

Combining the know-how of the JTEKT Group, we will challenge the creation of new technologies to solve social issues and realize a safe and comfortable life for people. As well as directing resources created by boosting the efficiency of existing domains to new domains, we are advancing strategic investment with a view to future business models, such as research toward carbon neutrality and the strengthening of infrastructure through digital transformation (DX).

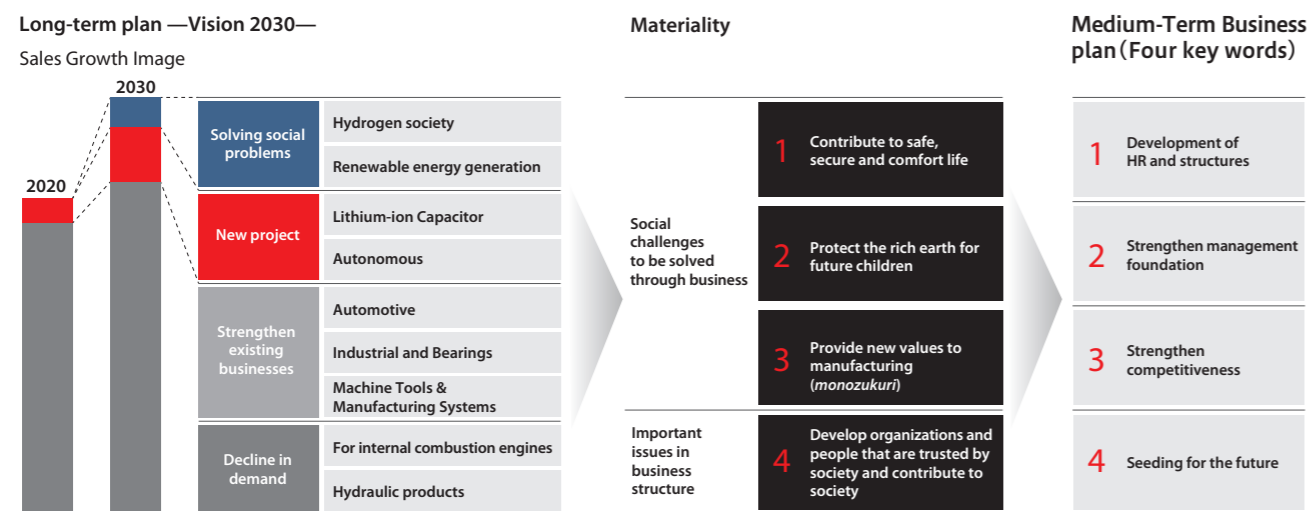


Identification of Materiality toward 2030

In tandem with our compilation of the Medium-Term Business Plan, We clarified our vision of ourselves in 2030, which is our long-term goal. Now we are tackling the solution of various social issues and realization of sustained growth with the aim of achieving this goal.

Relationship Between Materiality and the Medium- to Long-Term Business Plan

We formulated our materiality in the process of drafting the 2030 vision of ourselves and our Medium- to Long-Term Business Plan. We categorized the various social issues between those that can be solved through our main business and those that are part of the foundation supporting our business. We then identified materiality as the vision we wish to achieve for each of these. In the Medium-Term Business Plan toward the realization of these visions, we set four key words, drafted policies based on these key phrases, and clarified the officers in charge, and we are monitoring the state of progress.



Materiality Determination Process and Thinking

To contribute to the realization of a sustainable society, while imagining various changes in the social environment, we considered importance for our company and importance from the viewpoint of stakeholders. Then, in consideration of seeds for our company, we identified important issues to be addressed by the entire company and formulated our materiality.

Progressive step		Implementing body
Step1 Identification of Issues	From among various social issues, itemize those that are relevant to the Company and its business activities.	<ul style="list-style-type: none"> Corporate Division (Corporate Planning Dept.) Director hearings
Step2 Prioritization	Rate the materiality from both internal and external perspectives, and narrow down the list of highly rated items. [Rating method] 1. Conduct questionnaires and discussions with relevant internal departments 2. Plot on a matrix and narrow down the highest materiality items of importance to the Company and of importance from the viewpoint of stakeholders	<ul style="list-style-type: none"> Corporate Division (Corporate Planning Dept.) Strategic Meeting
Step3 Validation of Adequacy	Reviews are conducted through the Strategic Meeting, the Corporate Value Improvement Committee (including the participation of outside directors), and others. Adequacy is confirmed based on the opinions expressed therein.	<ul style="list-style-type: none"> Strategic Meeting Corporate Value Improvement Committee
Step4 Approval by Top Management	Final approval by the Board of Directors based on the results of the validation of adequacy	<ul style="list-style-type: none"> Board of Directors

Progress on Measures

In FY2022, the second year of the First Medium-Term Business Plan, we continued our initiatives from the previous fiscal year of “development of HR and structures,” “strengthen management foundation,” “strengthen competitiveness,” and “seeding for the future.” We now report on our initiatives in FY2022, with an emphasis on the penetration of the JTEKT Basic Principle, as well as issues and targets going forward.

Progress with Four Key Words

Development of HR and Structures

Long-term goal	A company in which people can say what they think and do what they want
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Review of FY2022

To enable each and every employee to put the JTEKT Basic Principle into practice, we focused on activities to ensure further permeation and awareness. These activities included the publication of Sato-san's Passion Journal—a tool to convey the messages from the JTEKT president which is updated on a weekly basis; publication of the Guideline of JTEKT Basic Principle; active deployment of in-house magazines; holding of workshops to put into practice the JTEKT Basic Principle; and hosting of roundtable discussions at which employees engage in “real communication” on various themes.

In August 2022, the development and launch of the ONI BEARING™ high-performance bearings for bicycles was made possible by a group of colleagues with the “passion,” who had come together in response to an appeal from the Aftermarket Business Unit to “Do something interesting.” This is just one outcome of this “passion” central to the JTEKT Basic Principle. We have pushed ahead with our transformation into a proactive corporate Group where each employee thinks about what they can do for customers.

Additionally, in April 2023, our Group introduced uniforms with a unified design, and also held a joint welcome ceremony for the 15 domestic Group companies. Through these undertakings, we are steadfastly proceeding with the removal of barriers among Group companies and businesses, and the development of HR and structures imbued with a sense of our unity as truly “One JTEKT.”



Measures and Targets Going Forward

In April 2023, the management philosophy system was restructured, consolidated, and unified into the JTEKT Basic Principle. The Company has commenced implementation of employee engagement surveys using eNPS, as well as holding workshops for management tiers on ensuring psychological safety. These aim to create a free and open-minded corporate Group in which people can say what they think and do what they want.

In addition, we will actively endeavor to make our human resources portfolio visible; enhance specialized training to raise the level of digital human resources as well as sales and development design skills; and create the mechanisms and standardize the workflows for the cultivation of human resources, including those outside Japan, to ensure that we will grow into a company where employees can work with peace of mind 10 to 20 years from now.

Creating Good Workplaces through Communication

TQM Promotion Dept.

We conduct the “Ta-i-wa (Dialogue) Survey” on a monthly basis, for all employees, with the aim of creating an open workplace enlivened by abundant “passion” and “communication” and based on the idea that “good work” is created by “good colleagues” and “good workplaces.” Departments with an open and transparent workplace culture are interviewed and their initiatives are developed internally toward the creation of a “good workplace.” The Kariya Plant has implemented the Praise Patrol initiative, to create a workplace naturally conducive to and replete with mutual expressions of gratitude.



Progress on Measures

Strengthen Management Foundation (Strengthen Earnings Structure)

Long-term goal

Create a lean structure with no excess fat to ensure profitability under any conditions (the break-even point sales ratio of 70%)

■ **Review of FY2022**

The Group uses the break-even point ratio as its most important indicator in determining the achievement of management targets, and is working to build structures that are not dependent on sales. We additionally use revenue, business profit, business profit margin, inventory turnover months, D/E ratio, ROA, and ROE outcomes as indicators to understand management statuses.

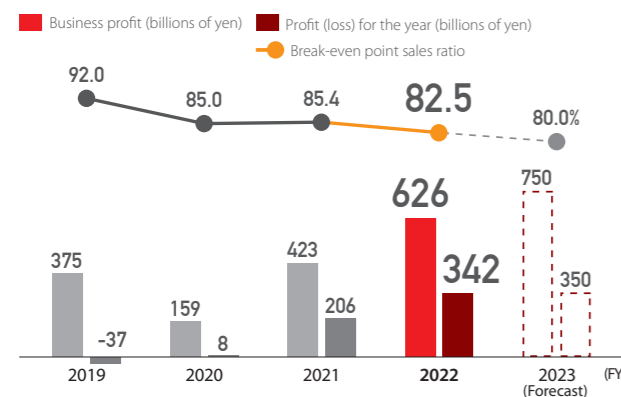
Break-even point sales ratio (versus FY2019 sales) targets

FY2021	FY2022	FY2023
85%	83%	80%

As a result of thorough cost reduction efforts in collaboration with customers and suppliers and reductions in fixed costs at each department, we achieved a reduction of the break-even point sales ratio (versus FY2019 sales) to 82.5% in FY2022 from 92% as of FY2019 (note that the structural evaluation excluded the external environment).

We have also achieved steady progress in reducing fixed costs through site consolidation, with four companies in France merged into a single company and two companies in the Czech Republic merged into a single company in FY2022.

Structural Evaluations since FY2019



■ **Issues to Be Addressed/Targets Going Forward**

In FY2023, we are continuing our efforts to improve the structure of our North American and European operations. The Group will further promote the passing on of cost increases to retail prices, as well as reduce costs and address labor shortfalls by introducing unmanned and reduced-personnel lines toward establishing a profitable structure in our North American business. European operations are continuing to experience losses, attributable to the significant impacts of inflation and lower volumes of sales. We have however embarked on further radical structural reforms aimed at optimizing management resources.

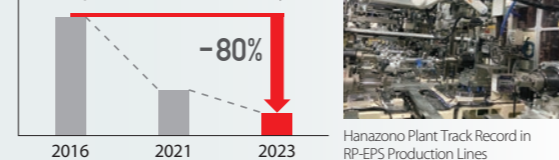
In addition, site consolidations will be implemented over a period of three years for 10 domestic and 19 overseas companies, with functional integration and rationalization planned to continue beyond FY2023. We will continue to actively strive to create structures which assure profitability regardless of the environment by maintaining our focus on the break-even point sales ratio and implementation of reforms.

Promote the Introduction of Automation and Reduced-Personnel Lines

Production Engineering Division

To lay the groundwork for further cost reductions and future labor shortfalls, the design and plant departments are among those working together as a single unit from the product development stage to promote automation and reduce personnel on production lines, which are highly dependent on human intuition and know-how. In addition to process consolidation and elimination, we will use AI and other digital technologies to automate assembly, inspection, and other processes, and going forward plan to globally deploy significantly more efficient innovation lines.

Reductions in assembly work personnel (in comparison to standard assembly lines)



Strengthen Management Foundation (Strengthen Business Foundation)

Long-term goal

Develop organizations and people that are trusted by society and contribute to society

■ **Review of FY2022**

To strengthen our business foundation, we have bolstered the governance of the Group, and shifted to integrated Group management with the goal of across the board optimization, from a structure where each company was independently managed to advance their own business and generate individual profit.

We will need to align all the company vectors by sharing information and engaging in lively discussions to establish the One JTEKT approach and quickly activate synergies. While issues and related activities from the perspective of optimizing the entire Group are currently thoroughly discussed at management issue review meetings with JTEKT executive officers and managers of domestic and overseas Group companies, going forward, we aspire to encouraging interactions not just within management tiers but with employees from all levels to facilitate our unison as One JTEKT.

In addition, the Profit Improvement Committee, launched in FY2021 as a "surgical treatment" initiative for improved capital efficiency, and to facilitate increases in corporate value, has continued to promote activities to stop "hemorrhaging," including that for the "elimination of loss-making model numbers." Meanwhile, the Cost Reductions Committee, which was launched in FY2022, has implemented initiatives to reduce costs focused on products with a significant impact on business as "revenue improvement activities for TOP 10 sellers," and is monitoring their progress. As a result, the entire JTEKT Group is steadily completing the transformation into a leaner organization.

■ **Issues to Be Addressed/Targets Going Forward**

In FY2023, the final year of the First Medium-Term Business Plan, and the year in which we wrap up and deliver the outcomes of the "three-year stage for enhancing our corporate structure," we will strengthen both the breadth and depth of governance initiatives. For initiatives to strengthen Group governance we will transition from our previous focus on "surgical treatments" such as site consolidation, to "internal treatments" which interrogate the management issues of each individual company. The scope of these treatments will be expanded to include Group companies of medium size and below, with the aim of improving management efficiency through optimization at the entire level.

By continuing to pursue optimization at our entire Group level, we will aim to develop organizational units and people that are trusted by society and contribute to society.

Improvement in the Corporate Value for One JTEKT through Management Issue Review Meetings

Global Business Strategy Det. and Corporate Planning Dept.

In order to engage in fair, transparent, and efficient Group management, JTEKT shares the JTEKT Basic Principle and Medium-Term Business Plan with domestic and overseas Group companies and confirms the progress of management plans at management issue review meetings and other forums. The approximately 50,000 affiliated employees of the Group will share common values, engage in equitable, frank, and speedy discussions, and create flexible and innovative Group synergies untethered from inflexible concepts and ways of thinking.



Progress on Measures

Strengthen Competitiveness

Long-term goal Offer products and services focused on “No. 1 & Only One”

■ Review of FY2022

For strengthen competitiveness, the Group focused on enhancing cooperation among Group companies, including that involving increasing the momentum of cross-sales activities to ensure integrated Group operations.

In April of 2022, the business brands were unified under the name JTEKT. This was completed with the aim of enhancing product capabilities by creating further technological synergies among business divisions and strengthening operational capabilities for the promotion of cross-sales activities which extend across multiple businesses, to offer a wide range of products from Group companies. The unification of the business brands has been leveraged as an opportunity for domestic Group companies to jointly exhibit at various exhibition forums. We also create systems to expand sales and conduct PR for the wide variety of Group company “No.1 & Only One” products under the JTEKT brand name, whereby domestic and overseas Group companies append JTEKT to their company names.

In addition, with the aim of contributions to recycling society, we strengthened our Aftermarket Business Unit operations, in particular for bearings, steering, and drive products, with services also expanded to support product life cycles globally.

By simultaneously shifting our product development approach from product-out to market-in, we are aiming to offer customers a new level of value in our products and services. In the context of the electrification of vehicles accelerating at a pace exceeding our initial expectations, in FY2022, we developed several JTEKT Ultra Compact series products that contribute to the compactness, lightness, and efficiency of eAxle, a key component of electric vehicles (EV). This is being achieved in part by leveraging the synergies among businesses and across the Group, and we are currently fielding many business negotiations on this topic.

■ Issues to Be Addressed/Targets Going Forward

We are continuing to thoroughly scrutinize changes in the market environment as well as future needs, and actively seeking to innovate, to ensure we carry on delivering highly competitive products to our customers. By doing so, JTEKT is aiming to anticipate needs of which customers themselves are unaware, and to create products and services that address these needs, as well as to deliver joy and become an indispensable presence to these customers.

From FY2023, we have initiated “activities for customer value creation” as a trial endeavor to ensure that we continue to give consideration to what these customers wish to achieve, and what we ourselves should be delivering in response to these needs. Outcomes of these activities will be reflected in our business operations, thus creating new value leveraging the synergies of the Group while we actively seek to strengthen our competitiveness.

Joint Group Exhibitions at Exhibition Forums to Publicize a Diverse Range of “No.1 & Only One” Products

Sales Planning Dept.

Through the unification of the business brand, we aim to further enhance the synergies between technology, sales, and production and to become the “No.1 & Only One” presence for all our customers, while catering to all their needs. We are endeavoring at exhibition forums and trade fairs to deliver value backed by both good quality and low cost using the collective capabilities of the Group.



Seeding for the Future

Long-term goal Create new value to support “tree-ring management”

■ Review of FY2022

With regards to seeding for the future, our Group has brought together the existing technologies and know-how it has developed to date under the keywords “No.1 & Only One,” and solved social issues “for the Earth, society and customers,” while working to create new technologies to realize safe, secure, and comfortable lives for all.

To produce these new technologies on a commercial basis, and nurture them till they develop in the future into our fourth and fifth earnings pillars, building on the three existing pillar business units of Automotive, Industrial and Bearings, and Machine Tools & Manufacturing Systems, we established the Business Development Field in September 2022, which will serve as an organizational structure dedicated to creating new businesses. Many new seeds have thus far been generated by the unit, including gears and capacitors, and we begin to nurture these toward the resolution of social issues.

Examples of Initiatives Toward the Resolution of Social Issues

■ Contributions to a society with an aging population and declining birthrates

“J-PAS fleairy™” Assist Suit for nursing care use “karu-e™” Electric Assist Unit for nursing care use “RAKU STEER™” Hospital Bed Transport Assist Device

■ Contributions to logistics infrastructure and depopulated regions

High heat-resistant Lithium-ion Capacitors for industrial drones with anticipated applications in transportation of medicines and relief supplies during emergencies

■ Solutions to food shortages

Leveraging IoT technologies in controlling environments for breeding crickets, as well as in automated breeding systems, toward the development of crickets as a food source and the creation of efficient and sustainable sources of protein at a plant that integrates all aspects from breeding to processing

■ Issues to Be Addressed/Targets Going Forward

In the context of growing uncertainty and diversity of risk in the business environment, we believe that identifying and investing in businesses with the potential for continuous growth over the next decade plus is essential for sustainable growth. Toward this end, we are creating a future business portfolio and will actively allocate resources generated through streamlining existing areas into future areas of focus.

In our aspiration to becoming a company with many pillars, with several self-sustaining businesses, which are mutually complementary and generate stable earnings, we will complete strategic investments with an eye to future business models and actively promote tree-ring management.

J-PAS fleairy™: A Solution to a Social Issue

Active Life Business Dept.

The J-PAS™ series of Assist Suits, which utilizes assistive technologies cultivated in our existing businesses as well as advanced safety design technologies, deploys sensors to detect the wearer’s movements in addition to drive motors to assist with movement at appropriate times. The J-PAS fleairy™ Power Assist Suit developed for use in nursing care can be expected to reduce the strain on the lower back in the half-crouch position, which is a particularly common feature of manual nursing care tasks. We have received feedback from those at care facilities at which the product has been introduced indicating that wearing and removing the suit is a simple matter, and that it is easy to move around in, while also not putting any excess strain on the body even if worn throughout the day. The suit can even be used in the bathroom, and has been favorably appraised by nursing staff, who have indicated their satisfaction with the absence strain felt by patients

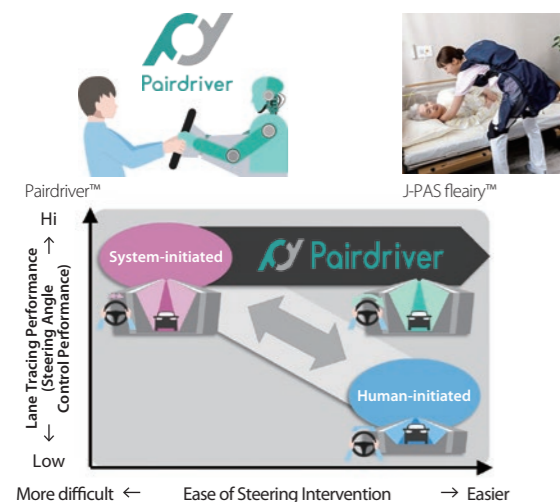


R&D and Intellectual Property

To create new value that exceeds societal expectations, we actively implement measures relating to R&D and intellectual property so that we can rapidly and reliably provide new products that look to the future.

R&D Initiatives

To contribute to solving social issues including issues regarding the environment, safety, and energy, we are enhancing the competitive strength of existing businesses and developing business by integrating our accumulated technological seeds and expertise. The Automotive Business Unit developed Pairdriver™ control technology, which enables collaborative steering by the driver and the automated system to enhance safety and usability with a view to automated driving. In business development fields, the Gear Business Unit consolidated existing technologies to develop 3D Tooth Surface Creation Technology for skiving and tooth grinding. As a result of this initiative, we are contributing to more compact and quieter equipment. In the Active Life Business Dept., we are working on J-PAS fleairy™, an assist suit for nursing care, contributing to solutions to issues including the declining birthrate and aging population.



Pairdriver™ Envisioned Through Passion Since the Dawn of Automated Driving

Systems Innovation R&D Dept.
In the early stages of development, emphasis was placed on how to transition driving tasks from manual to automated operation and vice versa, but we changed the focus and created Pairdriver™ based on the idea that it would be safer for automated driving to perform more like a driving robot steering in collaboration with the driver to provide mutual support.
Many of the Company's departments and employees have been involved, not only in the development stage, but also in the proposal of the Pairdriver™ product name and holding test drive events for people outside the Company. Going forward, we will undertake full-scale measures as One JTEKT to create a safer and more secure automobile society.



Refer here for JTEKT Stories, which present JTEKT's technologies and future initiatives

<https://www.jtekt.co.jp/stories/>

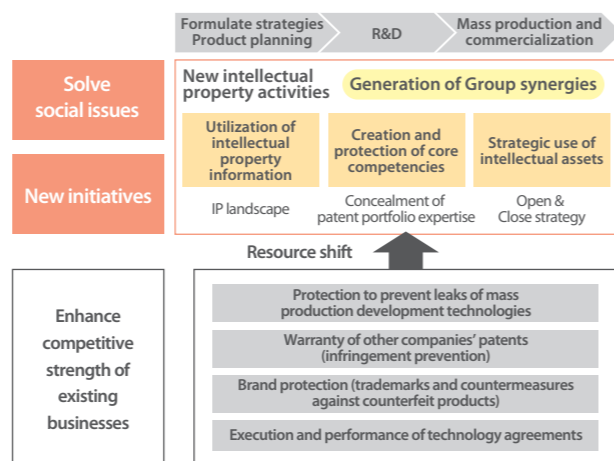
Intellectual Property Initiatives

JTEKT is shifting its resources from the traditional protection of intellectual property to activities aimed at new intellectual property. We combine vast amounts of patent and market information and use it to formulate strategies and product plans.

In addition, we are working to use our patents and expertise to protect the technologies (core competencies) at the core of our competitive strength in the future, thus supporting business growth.

Further, we are formulating and promoting an Open and Close strategy to maximize the value of these core competencies. These initiatives are being implemented Group-wide to generate synergies.

JTEKT takes active measures against and conducts educational activities concerning counterfeit products in regions around the world to ensure customer safety and protect our brands while maintaining a focus on avoiding infringement of the patents of other companies.



Second Medium-Term Business Plan(FY'24-'26)

To follow the First Medium-Term Business Plan, which was positioned as a three-year period for enhancing our corporate structure, we are now formulating the Second Medium-Term Business Plan with the objectives of achieving growth of existing businesses and development of new businesses. Some of the issues currently under consideration are discussed below.

Approach to Formulation of the Second Medium-Term Business Plan

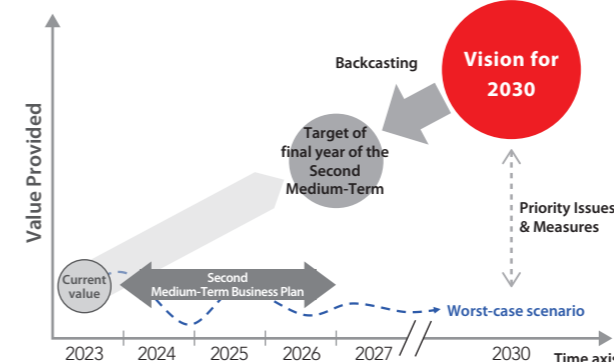
We positioned the First Medium-Term Business Plan as a three-year period for enhancing our corporate structure, and by improving structures with a particular focus on the break-even point ratio, we broke free of deficit business operation in FY2019 and are currently establishing foundations that can generate stable profits. On the other hand, for the Group to survive and achieve sustainable growth in the future in a highly uncertain world, it is essential that we examine the outlook for our current business portfolio in light of a volatile external environment, present a vision for the future of the JTEKT Group so that we can be a Company where all Group employees can work with reassurance into the future, and take measures to fill the gaps between our current reality and that vision and establish pillars for new business.

The resources that can be invested in implementation of these measures, however, are limited. We will redefine focus areas as well as areas that we will deemphasize, clarify our resource allocation policies, and pursue efficient resource utilization that will lead to growth in the future.

We also believe that it is crucial that we set specific quantitative targets linked to our policies so that people find the clarity of our growth strategies to be convincing. Among these targets, we are well aware of the importance of providing returns to shareholders, and we will carefully examine this as well.

The Second Medium-Term Business Plan, which starts with the FY2024, will incorporate the points discussed above, and we are currently working diligently so that we can provide notice to stakeholders at an appropriate time.

Image of Investigation of the Second Medium-Term Business Plan



Investigation Structures and Processes

We established the strategy discussion committee so that top management including inside and outside directors and Audit & Supervisory Board members can investigate our medium- to long-term strategies by creating an image of JTEKT as a corporate group where employees can work with peace of mind into the future. The committee will continuously deliberate on what we should pursue and what actions we should take now so that JTEKT Group employees can feel satisfaction with their work 10 and 20 years in the future.

This fiscal year we also established the Second Medium-Term Business Plan investigation working group (the "WG"), made up of nine members from the deputy general manager class of each division and business field. The WG is currently conducting investigations for the Second Medium-Term Business Plan, which will begin in FY2024. Under the investigatory structure, the ideas proposed by the WG will be further refined by the strategy discussion committee.

Diagram of Investigation Structure



The WG first reviewed the First Medium-Term Business Plan and identified results as well as any remaining and new issues that arose during the three-year period. It also investigated worst-case scenarios in which the Company does not take any measures to address changes that may occur in society in the future and investigating measures to respond to expected business risks. The WG makes forecasts regarding the future of society in light of these investigations and comprehensively discuss the contributions that the JTEKT Group wants to make to that society and the form that the Group should adopt in 2030 in order to make those contributions.