Financial Strategies

CFO message

Kazuyuki Kamiya
Senior Executive Officer
Chief of Corporate Division
CFO

Furthermore, to improve ROE, we will focus on setting up small and earning big by being smart, aiming to link limited resources to value creation and cash generation. We will enhance the optimal allocation of business resources and elevate our financial monitoring, thereby improving asset efficiency and profitability.

We will develop and implement financial strategies to enhance shareholder value and deliver stable shareholder returns, making our Company an attractive investment opportunity for all investors. Concurrently, we will intensify our dialogue with investors to gain their understanding and trust in our management strategy, ensuring their feedback is fully integrated into our operations.

Based on our mission to connect technologies and bring smiles to the faces of the earth and all working people, in our Medium-Term Business Plan, we have established the JTEKT Group 2030 Vision: a solution provider creating the future of mobility society through Monozukuri and Monozukuri equipment. We are also striving daily to enhance corporate value by setting three numerical targets emphasizing efficiency and profitability: PBR, ROE, and business profit ratio.

To achieve our PBR target, we are advancing business initiatives that leverage our diverse core competencies, which are our strengths, to offer customers higher-value-added products and services. Furthermore, based on an analysis of our business portfolio, we are expanding into areas beyond the automotive industry, divesting from existing low-profit businesses, and renewing our portfolio. While envisioning future growth scenarios, we will enhance our contributions to customers and meet the expectations of our investors. To achieve this, we will bridge forecasting for existing businesses with backcasting from our vision for 2040. For any gaps identified in future growth, we will explore all means—including collaboration with Group companies, partnerships with other firms, and M&A—to enhance corporate value.

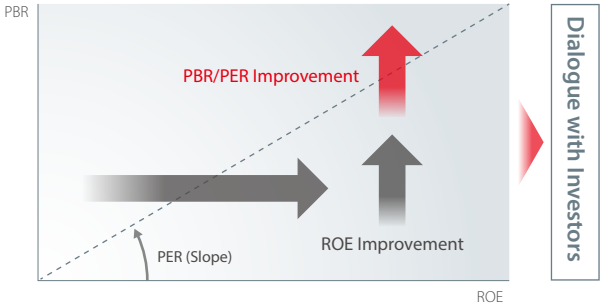
Initiatives to Enhance Corporate Value

Increase in PBR

- ✓ Permeation of Growth Expectations
- ✓ Expansion of Shareholder Returns

Improvement in ROE

- ✓ Improvement in Profit Margins
- ✓ Improvement in Asset Efficiency



Enhancement of Corporate Value and Shareholder Value

Reflection on Fiscal Year 2024

The global economy showed resilient growth in FY2024, but within our business domains, uncertainty intensified due to sluggish growth in Japanese automobile production, continued economic stagnation in Europe and China, and policy shifts under the new U.S. administration. Amid this increasingly challenging external environment, guided by our 2030 Vision, we steadily advanced key initiatives outlined in our Medium-Term Business Plan to transform into a solution provider and strengthen our cash generation capabilities. For example, we restructured our global operations, including the sale of our long-unprofitable European NRB (needle roller bearing) business. We also focused on enhancing shareholder returns through our first-ever share buyback and cancellation, as well as changes to our dividend policy.

Meanwhile, challenges to profitability include declining productivity stemming from hiring difficulties in North America and increased loss costs required to address quality defects. While we have already initiated improvement efforts for North American challenges by forming a task force team, in FY2025 we will steadily advance initiatives to achieve the Medium-Term Business Plan targets, alongside immediate profitability improvements aimed at rapidly eliminating these losses.

Primary KPI Targets

	2024 Results	2026 (Second Medium-Term Business Plan)	2030 Vision
ROE	1.8%	7-8%	10%
PBR	0.5 times	1.0 times	1.5 times
Business profit ratio	3.4%	5-6%	Upper 8%

Initiatives for FY2025

To realize our Second Medium-Term Business Plan, we have established the following as our management policies for FY2025 and are advancing activities accordingly: strengthening management foundations (to ensure flexibility and sustained growth even in rapidly changing environments); building mechanisms to deliver solutions; and fostering people and a culture capable of practicing MVV.

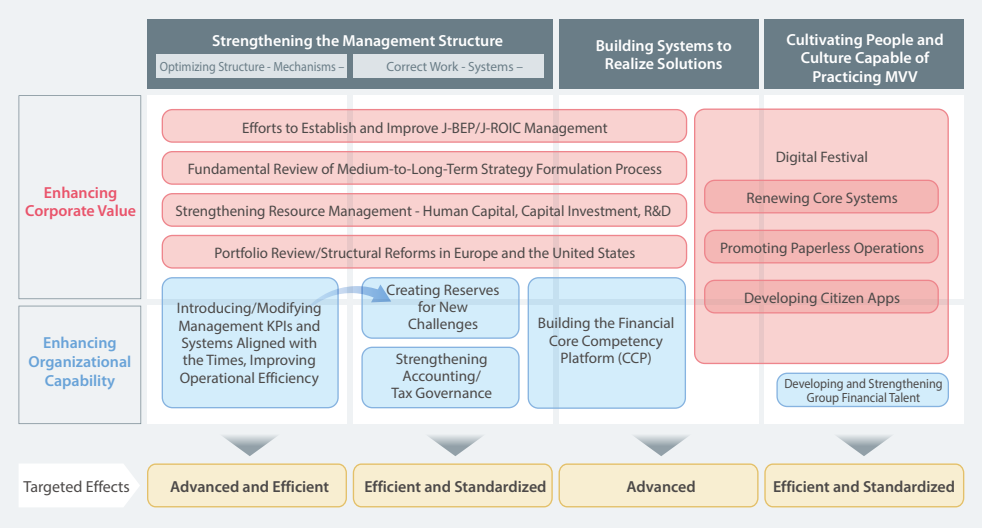
To accelerate our longstanding efforts to improve the break-even point, we have introduced a new framework for assessing organizational health: the J-BEP (an index measuring the degree of improvement in the break-even point by comparing changes in fixed costs and marginal profit against baseline plan values or prior-year results). This framework evaluates the balance between costs (inputs) and effects (outputs). Furthermore, we have introduced J-ROIC (business profit after taxes ÷ inventory and fixed asset balance), which combines asset management with our traditional profit-and-loss statement-focused performance management, to enhance asset efficiency.

In today's rapidly changing environment, it is crucial to pursue a structure capable of swift adaptation and optimize business assets. We will accelerate the promotion of structural reforms in Europe and America while fully implementing the reduction of low-profit assets and non-core businesses through base restructuring. Furthermore, beyond merely optimizing our structure, we will strengthen our foundation by fundamentally developing our pre-order negotiation process and revising the mid-to-long-term strategy formulation process, thereby advancing the effective use of limited resources.

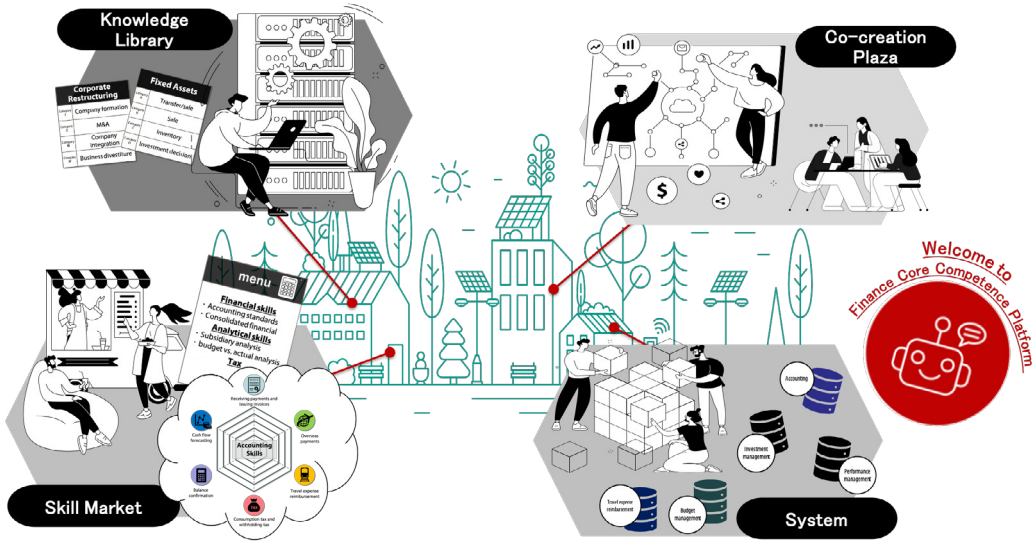
To advance our transformation into a solution provider, we will identify areas requiring growth, visualize the necessary resource inputs, and efficiently and accurately allocate resources to growing businesses and growth areas. To that end, we will expand Group financing to enhance capital efficiency within the Group, implement capital strategies such as reducing foreign exchange risk, and transform the Group's overall resources into "living assets" to maximize profits.

The key foundations here are advancing digitalization and developing talent. By driving digitalization, we will consolidate necessary information under the purview of the CFO in a timely manner, accelerate the speed of analysis and proposals that support management decisions, and increase the success rate of projects, investments, and businesses. We are also advancing the development of the Financial Core Competency Platform that visualizes the financial knowledge, skills, know-how, and tacit knowledge held across the entire Group. Finance professionals at the forefront of management will appropriately implement timely changes to management KPIs and systems aligned with the times. The entire Group finance function will deliver high-value services and support that drive the next challenges and the Company's growth.

Key Pillars and Action Plan for FY2025



Financial Core Competency Platform (Concept Diagram)



Executing the Second Medium-Term Business Plan

To achieve sustainable growth and enhance corporate value, our Group believes improving financial metrics such as ROIC is essential. Specifically, to enhance profitability, we consider it crucial to expand our business domains by developing next-generation products that add high value to existing offerings and by challenging new and growth areas with high growth and profitability potential. While reforming non-core and unprofitable businesses with an eye toward streamlining, integration, or even withdrawal, we are simultaneously advancing the transition and review of our business portfolio toward higher growth. This involves thorough discussions to derive the optimal solution from all available options—including business acquisitions, technology acquisitions, and partnerships with other companies—to compete in new domains.

Our Company has adopted ROIC management with the goal of enhancing corporate value. At board meetings, we visualize management issues using business-segment and region-specific ROIC figures and their constituent elements—revenue and invested capital—to discuss and identify challenges for improving ROIC while exploring countermeasures. Specifically, we have introduced J-ROIC as a management KPI, initiating a system focused on profit, inventory, and fixed assets that facilitates linkage with workplace and individual activities, enabling targeted improvement and optimization. We believe ROIC management can only be realized when all executives and employees understand its significance and act accordingly. We visualize the connection between key KPIs and individual improvement activities using an ROE tree, ensuring individual performance evaluations are tied to ROIC improvement. We also focus on instilling the meaning of these metrics through internal training and sharing improvement case studies.

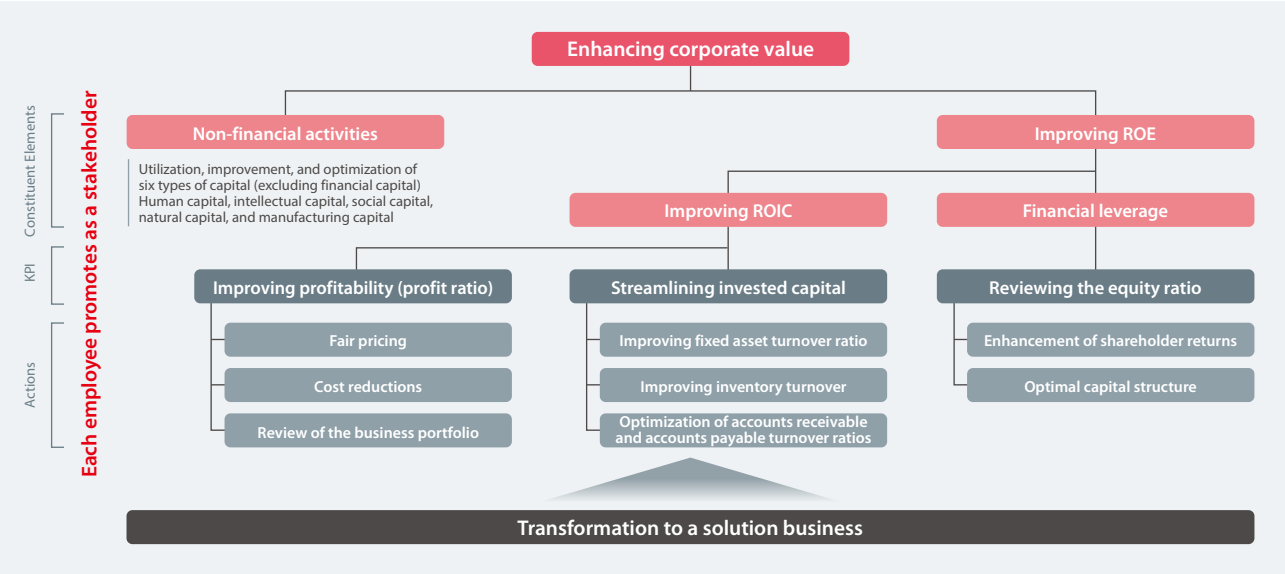
In addition to improving financial metrics, we recognize that utilizing non-financial capital, including human capital and intellectual capital, is a critical factor and will invest in their enhancement. To utilize and strengthen human capital and manufacturing capital, we are advancing the "J-REBORN" initiative. This involves implementing an optimal integrated package system while renewing and standardizing all company business processes and data under the fit-to-standard philosophy to achieve platform-based (consolidated and streamlined) operations.

Furthermore, regarding natural capital—represented by initiatives such as advancing carbon neutrality (CN) and the circular economy (CE)—we are not only working to achieve our own CN and CE goals but also developing and expanding products that contribute to our customers' CN and CE efforts. We believe it is more important than ever to allocate resources optimally to non-financial capital. We will accelerate our efforts to reduce capital costs and maximize expected rates of return by making necessary investments while balancing financial and non-financial capital.

Furthermore, while improving financial indicators, effectively utilizing non-financial capital, and implementing optimal resource allocation, we believe it is also necessary to strengthen our financial governance, provide accurate and timely financial information, and fulfill our social responsibility, such as our tax obligation.

The finance department formulates strategies to efficiently and effectively invest people, goods, and money, and promotes the incorporation and improvement of ROIC. These activities provide a foundation for all companies to work together on the same vectors, with all employees setting goals with a management's perspective and valuing their own ideals and ideas. Through these efforts, we will fulfill the Medium-Term Plan targets and enhance corporate value with everyone playing their part.

ROE Tree



Strengthening Profitability

Fair Pricing

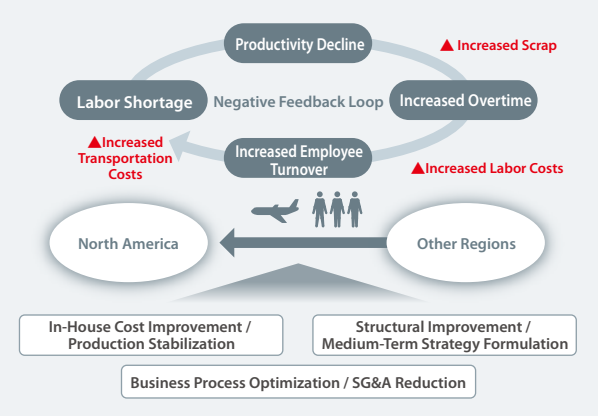
We proactively identify the latent needs of our customers and social issues, and through careful and close dialogue, we provide solutions that lead to problem resolution. This enables us to set transaction prices based on the added value we provide, rather than on cost. We go beyond simply selling products; by offering products and services that combine our core competencies, we achieve solutions to our customers' true challenges and problems.

In recent years, amid rising development man-hours and costs, particularly for software, we faced the challenge of not adequately reflecting development expenses in sales prices. Therefore, we are advancing the creation of a system to manage development costs, improve the accuracy of development man-hour estimates, and quantitatively explain these to customers. This enables us to appropriately reflect development costs in transaction prices.

Cost Reductions

We believe that the most important driver for achieving the goals of the Second Medium-Term Business Plan is our steady cost reduction and fixed cost reduction activities. In our business activities, we will thoroughly focus on balancing inputs (costs and man-hours) and outputs (effects and results), and wisely maximizing outputs while controlling inputs. We will reduce costs by advancing activities that combine our core competencies and strengthen cost competitiveness by improving the development efficiency of next-generation products, while at the same time discontinuing unprofitable models. Currently, significant losses have occurred due to a decline in productivity and quality defects. First, in order to minimize these losses, we will set up a task force team at key locations and critical projects. We will focus on raising the level of production preparation, achieving planned profitability at the start of production, improving productivity, and advancing manufacturing reforms to thoroughly restore profitability.

Efforts to Reduce Operating Losses (Example from North America)



Review of Business Portfolio

We believe it is crucial to develop and execute management strategies while allocating resources appropriately, by taking a macro perspective to oversee businesses and regions and selecting the areas that should always be prioritized.

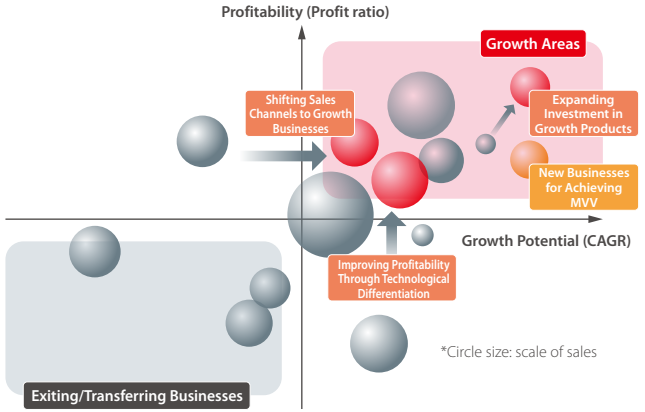
We will continue to implement further improvements to our break-even point while advancing the structural reforms in Europe and America and the consolidation of Group companies that we have pursued thus far, and we will build business models capable of delivering high added value.

Last fiscal year, we initiated the sale of our NRB (needle roller bearings) business in Europe, the global restructuring of our bearing production system, and the restructuring of our domestic machine tool production system. We are also considering and advancing similar initiatives in our Automotive Business Unit.

It is true that due to changes in the business environment, we possess businesses that have become less aligned with our vision and strategy, companies facing profitability challenges, and companies, businesses, or product lines where future growth is expected to slow. We are constantly discussing not just asset reduction, but also the carve-out of businesses and companies. Through financial analysis, we regularly monitor each Group company from the perspectives of safety, profitability, growth potential, and efficiency. We have introduced a mechanism to determine, by set deadlines, whether companies facing challenges should be restructured or exited. This advances faster decision-making and clarifies responsibilities. Moving forward, we will strategically select and discard businesses necessary to achieve our MVV, and promptly initiate actions to close down businesses and products that should be reduced.

On the other hand, we will actively consider investments, acquisitions, and partnerships with other companies for technologies and product lines essential to growth, accelerating our expansion. Amidst rapid environmental changes, we are also reviewing strategies centered on regions and customers, and pursuing new business development. In this way, while building on our existing initiatives, we aim to transform our medium- to long-term business portfolio and establish a structure that generates higher profits with fewer assets.

Business Portfolio Reallocation (Conceptual Diagram)



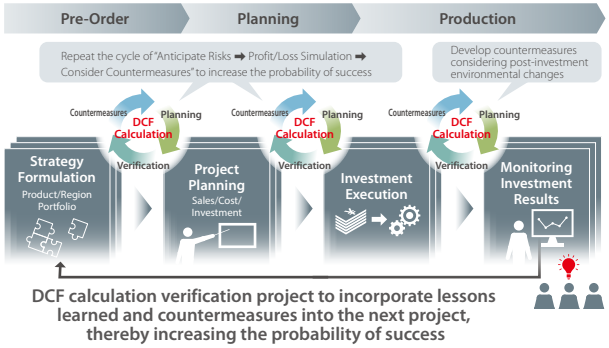
Improving Capital Efficiency

Improving Fixed Asset Turnover Ratio

For the invested capital represented by capital investment, we implement investment management through a system that monitors and tracks both the investment (inputs) and its effects/results (outputs) seamlessly from planning through post-mass production. Before executing capital investments, we assess the appropriateness of business assets by confirming investment effectiveness using net present value (NPV) with awareness of capital costs, aiming for profitable investments. We go beyond investment decision metrics at execution time. Instead, we repeatedly perform profitability estimates considering capital costs from the early stages before orders are received. This helps curb unnecessary investments and increases the probability of success. We have begun efforts to clarify the assumptions made at the planning stage and to monitor and analyze whether the investment is generating the expected funds post-investment.

Furthermore, leveraging our strength in designing and manufacturing equipment in-house, we will also work on the development of smart production and production lines that make long and thorough use of assets. This involves shortening the development period and reducing costs while focusing on asset utilization rates and actively introducing highly versatile equipment.

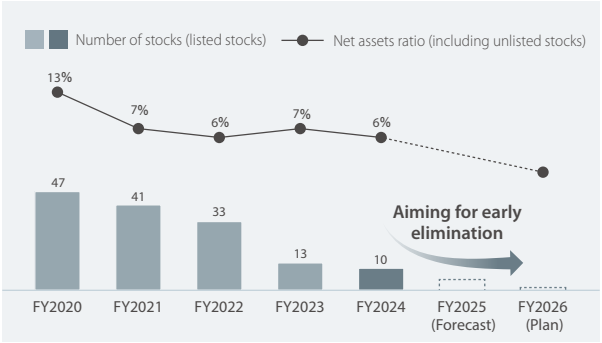
PDCA Process for Capital Investment



Reduction of Cross-Shareholdings

Regarding cross-shareholdings, we are reducing holdings except where their retention is deemed reasonable, and we continue to aim for zero holdings of listed shares. Furthermore, for non-listed shares, we will re-examine the rationale for holding them, considering factors such as business affinity, and carefully engage in discussions with investee companies to reduce holdings. Funds generated from the sale of shares will be utilized for investments in future growth, acquisitions of technologies and product portfolios necessary for achieving MVV, partnerships with other companies, and enhancing shareholder returns.

Change in Cross-Shareholdings (Listed Company Stocks)



Improving Inventory Turnover

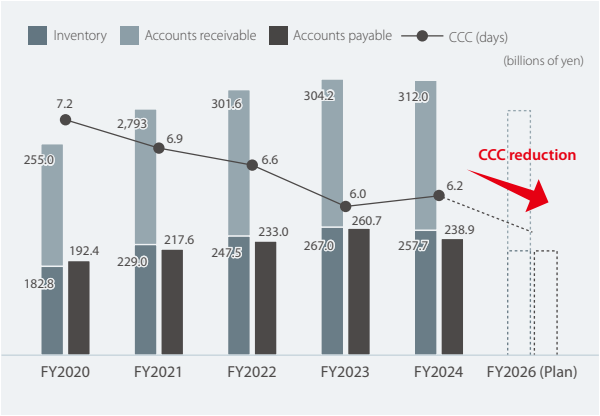
In recent years, we have had more inventory than the standard stock required for business operations and safety stock to mitigate risks. Therefore, for FY2025, we are working to reduce inventory by 20 billion yen annually, aiming to improve inventory turnover and reduce the financial burden.

As specific initiatives, we are reducing inventory by correcting inventory holding practices at overseas sites, reviewing the global supply chain, and shortening production lead times. Furthermore, by centrally managing retail inventory stored at each regional site on a regional basis, we are minimizing inventory at each site and optimizing inventory levels, thereby also improving production efficiency. In our industrial and bearing business, the increase in the number of product models has made production and inventory management increasingly difficult. Therefore, we are consolidating and discontinuing models to simultaneously reduce long-term stagnant inventory and minimize disposal losses.

Optimization of Accounts Receivable and Accounts Payable Turnover Ratios

To optimize the turnover ratio of receivables and payables, we will work to eliminate accumulated receivables and optimize collection (payment) period. We will strengthen credit management and governance in order to eliminate the overdue receivables occurring mainly overseas, by providing support from Japan for the early detection and collection of overdue receivables. We are proceeding with a review of payment period from the perspective of the Subcontract Act, and we will carefully explain the impact to customers and hold discussions to properly optimize collection period. Through these activities, we aim to improve the cash conversion cycle (CCC).

Changes in CCC



Capital Policy and Shareholder Returns

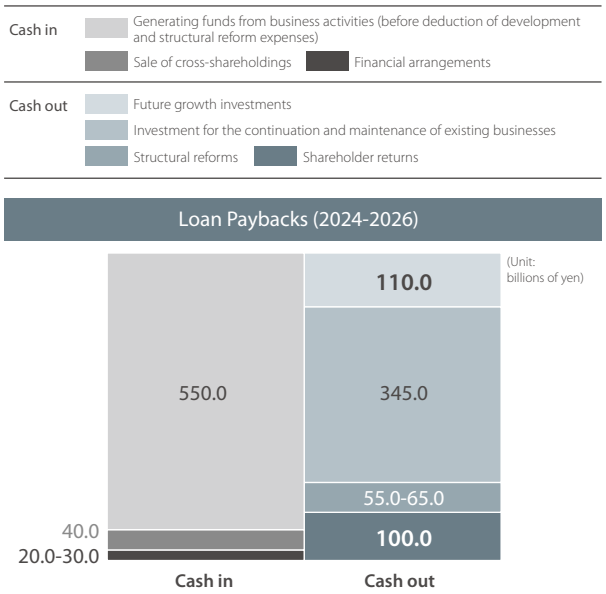
Capital Policy and Cash Allocation

For the sustainable growth, we are reviewing our capital structure by balancing safety and efficiency to reduce capital costs, diversifying fund procurement, and ensuring appropriate shareholder returns. Regarding fund procurement, we will build a stable fund procurement foundation while maintaining and improving our credit rating. On the other hand, we will efficiently allocate funds entrusted by investors and generated through business activities toward business growth and addressing social issues, while also utilizing them for long-term stable shareholder returns.

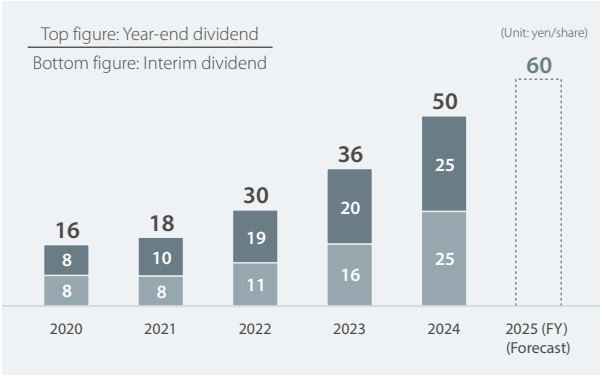
During the Second Medium-Term Business Plan period, under the slogan "If you use it, earn it; if you can't earn it, you can't use it," we are focusing on strengthening cash generation capabilities in business activities by managing cash inflows and outflows on a business-by-business basis. In addition to improving profitability, we will utilize the resources generated through activities such as asset reduction initiatives for new challenges, creating a cycle that drives further value creation and cash generation within existing businesses, thereby achieving company development and further growth. Furthermore, we plan to invest in future growth, including preparations for new businesses and solution-based business development, expansion of non-financial capital and investment in people, and building the necessary foundations for digitalization. This includes capital investment required for projects in our focus products and regions, funds necessary to complete structural reforms in Europe and America, as well as shareholder returns such as continuous and stable dividends and flexible share buybacks.

We will advance our activities to propel the Group into a new growth stage by implementing initiatives focused on improving ROE and PBR while ensuring optimal resource allocation across the entire Group for key businesses and regions.

Cash allocation



Change in Dividend Amount



Enhancement of Shareholder Returns

In addition to increasing returns through capital gains due to stock price improvement, we aim to achieve long-term stable returns through income gains. In the Second Medium-Term Business Plan, we established a policy to target a DOE (dividend on equity ratio) of 2-3% as a guideline for dividends. This is our commitment to continuously and stably return value, unaffected by short-term profit fluctuations due to changes in the market environment.

Furthermore, regarding the acquisition of treasury shares, we plan to consider the scale of repurchases, while taking into account the balance with the target capital structure and execute it flexibly. During the Medium-Term Business Plan period, we plan to return 100 billion yen to shareholders, and we will continue to implement measures to ensure that our shareholders can hold shares with peace of mind and satisfaction by achieving returns that exceed expected earnings while being mindful of the cost of equity capital.

Dialogue with Shareholders and Investors

Last fiscal year, we conducted 150 IR meetings and individual media interviews, engaging with a total of 980 individuals. We also held our first overseas IR meeting in a decade, providing an opportunity for international investors to learn about our Company's appeal. Additionally, we conducted our inaugural technical IR meeting at the Iga Proving Ground, where participants experienced the appeal of our products firsthand in actual vehicles. We aim to welcome a diverse range of individual and institutional investors, both domestic and international, as shareholders. We are extremely pleased that many of the individuals we met have become shareholders.

We will continue to increase opportunities for direct dialogue with our investors. We will actively share information to help them experience our strengths, future potential, and appeal firsthand, and we will incorporate their feedback into our management decisions.

Human Resource Strategy

CHRO *message*

Akito Tachibana

Senior Executive Officer, Chief of General Administration and Human Resources Division

"Ideal Self" is human resource strategy that supports growth based on the "will" of employees to create the future they desire.

The JTEKT approach to human capital management

At our Company, we consider human resources to be our most important asset. We aim for each employee to believe in their own potential, take steps toward self-actualization, and for those steps to become the strength of the entire organization, leading to the realization of the JTEKT Group 2030 Vision (hereinafter referred to as the 2030 Vision). Our vision is to create a workplace where employees can envision their ideal selves ("will") and achieve their goals. This is not merely about systems or mechanisms. As a company, we sincerely engage with each employee's "will," build a human resources portfolio to support it, and establish a foundation for organizational growth by aligning it with career development. This is the core of our human resources strategy. By genuinely supporting and encouraging employees' "will" in the workplace, we foster a culture where employees can take on challenges without fear of failure, and create opportunities for colleagues to support one another and grow together. We believe that maximizing the potential of each employee's aspirations ultimately enhances the value of our human capital. Above all, the extent to which employees can enjoy their work and feel that the workplace is enjoyable is the essence of management that is focused on people and the workplace, which we aim for, and it is a vision I will continue to cherish moving forward.

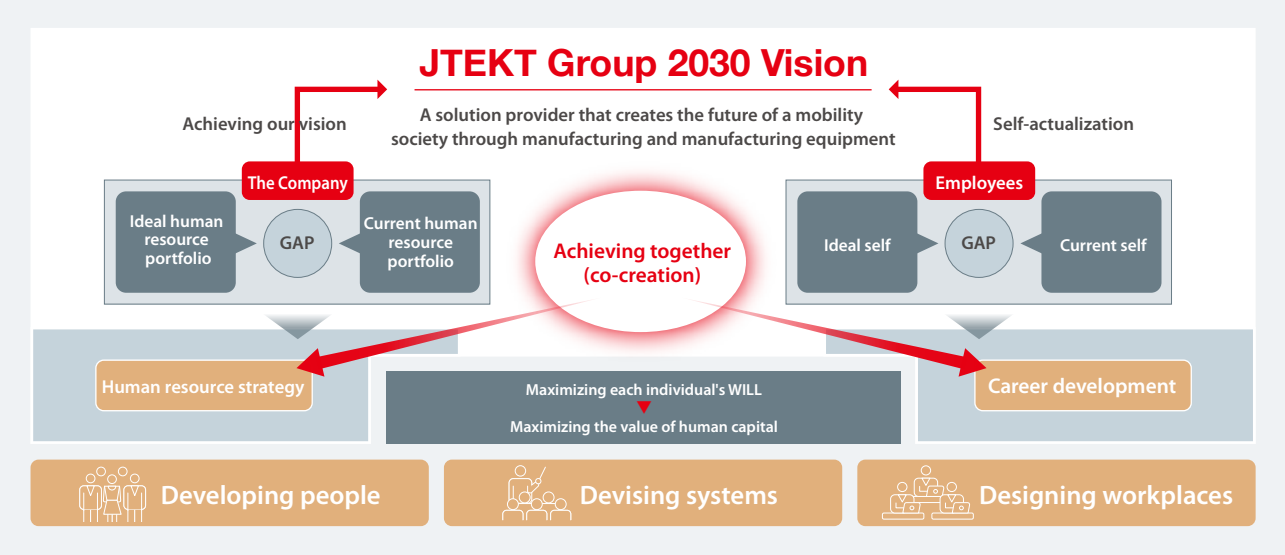
Achieving the JTEKT Group 2030 Vision

In our 2030 Vision, we have set KPIs related to non-financial capital for the first time, aiming at management that values people and the Earth. This clearly demonstrates our corporate responsibility toward the realization of a sustainable society, in addition to our financial results.

Our goal is to transform ourselves into a solution provider that creates the future of a mobility society. To achieve this, it is essential that each and every employee utilizes their abilities, sincerely addresses the issues faced by our customers and society, and continues to take on challenges. In order to provide value that exceeds customer expectations, it is important to enhance the problem-solving abilities of our employees and create a workplace environment where everyone can take on challenges without fear of failure.

We believe that creating such a work environment where everyone is active and engaged is the essence of management that is focused on people and the workplace and is directly linked to improving our employee engagement (Employee Net Promoter Score; eNPS). Furthermore, we feel that improving employee engagement is a major driving force behind JTEKT's evolution as a solution provider.

Overview of Human Capital for Achieving the 2030 Vision



Three-year plan to advance toward the 2030 Vision

Our Company has adopted management that is focused on people and the workplace as the foundation of our Medium-Term Business Plan. As part of this, we have adopted "eNPS" as a quantitative indicator of employee engagement. At the same time, we aim to improve our figures as a result of implementing strategic measures to bridge the gap between our ideal state and current state in order to achieve our 2030 Vision, rather than simply aiming to improve the figures themselves.

In addition, we have classified the measures for achieving this goal into three categories: developing people, devising systems, and designing workplaces, and are promoting them as a three-year plan. With the aim of enhancing employee capabilities, fostering organizational growth and vitality, and creating a fulfilling workplace environment, we promote individual skill development through various training programs and strive to improve the overall skill level of the organization. Concurrently, we are building systems that allow employees to work with peace of mind and grow, while prioritizing communication in the workplace to create a more fulfilling work environment.

Progress in FY2024 and Future Initiatives

The eNPS, a quantitative indicator of management that is focused on people and the workplace, was -69 points in FY2023, while the result for FY2024 was -58 points, an 11-point improvement in terms of the indicator.

		2023 results	2024 results	2026 Second Medium-Term Plan targets	2030 Vision Vision targets
Management that is focused on people and the workplace	Employee engagement (eNPS)	-69	-58	-55	-40

	Fulfilling the 2030 Vision	Three-year plan	Key performance indicators	FY2026 Targets	FY2024 Results
Developing people	● People creating value together with our customers ● People seeking self-actualization	● Conduct strategic hiring and training ● Strengthen general manager training ● HR development for digital transformation ● Support employee self-directed career advancement	Number of people with combined mechanical, electrical, and control expertise	160	80
			Percentage of participants in problem-solving training	100%	100%
			Number of candidates selected as next-generation management leaders	106	102 (cumulative)
			Percentage of participants in human resource training for digital transformation	100%	51%
Devising systems	● Systems and an organization that ensure transparency of people, goods, money, and information ● Business processes that do the right thing in the right way	● Convert to data-driven HR operations ● Identify priority risks and improve response mechanisms	Percentage of department managers using the dashboard	100%	Introduction of various dashboards Start of consideration of utilization in conjunction with efforts to improve engagement
			Percentage of operations identified as significant risks for which improvement measures were implemented	100%	100%
Designing workplaces	● Workplaces where employees are comfortable sharing their views ● Workplaces where everyone is actively engaged ● Workplaces where people enjoy taking on new challenges	● Promote diversity, equity and inclusion ● Strengthen health management ● Increase dialogue	Percentage of female managers	3.0%	2.3%
			Percentage of managerial positions held by mid-career employees hires	Raise from the current level	18.3%
			Percentage of male employees taking childcare leave	65% or higher	53.7%
			Health management evaluation	Certification renewals	White 500 accreditation obtained

I believe that one reason for this result is that the announcement of the Second Medium-Term Business Plan clarified our goals and increased employee expectations and satisfaction. We will continue to identify issues in each workplace based on the analysis of engagement surveys and dialogue, and use this information to create better workplaces.

In May 2025, we announced our Mission, Vision, and Values (MVV) as the core principles of our corporate management and business operations. Among these, our Values include "Yes for All, by All!"

We are working to develop human resources who can put JTEKT's MVV into practice by hiring and training people who share the spirit of "Yes for All, by All," in which each employee thinks about what they should do and acts for the benefit of everyone.

In April 2025, we established a new DE&I (Diversity, Equity & Inclusion) Promotion Section within the Human Resources Department. We will further strengthen our DE&I initiatives, promote the creation of a workplace where diverse employees can maximize their abilities and thrive, and work to establish flexible working styles for our employees.

About MVV: P.01

Human Resource Development

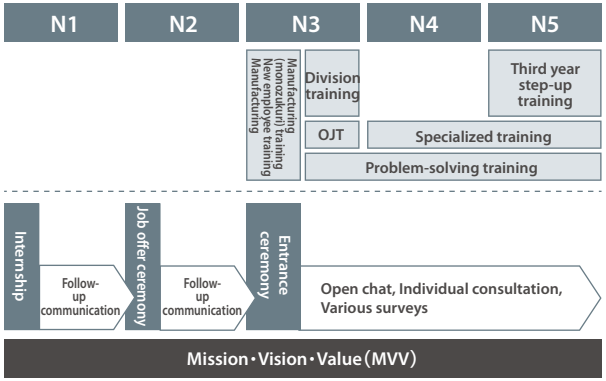
Recruiting and Developing Human Resources Who Share Our MVV

Our Company has established a five-year N5 Plan for human resource development, beginning before the start of employment, and we are actively recruiting and training human resources who share our Mission, Vision, and Values (MVV).

In FY2024, we introduced the Senior Matching System to strengthen alumni hiring and enable the employment of senior talent whose re-employment period has expired, with the aim of securing outstanding talent and inheriting and utilizing their experience and expertise. Additionally, starting in 2025, we are conducting manufacturing (monozukuri) training for all new technical and administrative employees to learn the fundamentals of manufacturing through hands-on experience.

Human Resource Development to Realize Our Vision

As part of the N5 Plan, we conduct annual training programs to thoroughly hone problem-solving skills as a foundation for the first 1-3 years after joining the Company. After promotion to supervisor, we conduct training programs focused on achieving higher goals.

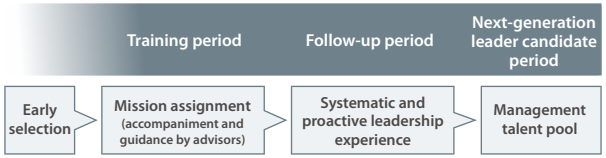


Manager Development

Since 2023, we have been conducting training to develop managers who can create workplaces where employees feel comfortable expressing their opinions. This training is held in a workshop format to create opportunities for participants to share and discuss their concerns with others in similar positions.

Next-Generation Leadership Training

With the aim of developing the next generation of management talent, we select candidates for leadership positions at an early stage and provide them with two years of training. During this period, participants are assigned missions to hone their leadership skills, with support from deputy general managers and division heads acting as advisors. In the first year, participants work under the regular guidance of their advisors to enhance their leadership perspective and skills. In the second year, in addition to completing their missions, they participate in work sessions to discuss business plans and organizational implementation aimed at solving social issues.



Human Resource Development for Engineering Staff

At our Technical Training Center*1, new engineering staff undergo one year of group training to acquire basic skills. Human resource development for engineering staff is based on three pillars: companywide training, workplace-based training, and self-education. Companywide training includes career development programs, TWI*2 trainer (supervisor training instructor) and leadership training, and practical training in TPS (Toyota Production System) for newly appointed supervisors to improve their understanding. On-the-job training includes specialized skill training necessary for passing on skills, while self-education support includes assistance in pursuing certifications such as national trade skill tests and certifications, QC KENTEI (Quality Management and Quality Control Examination), and autonomous maintenance worker certifications.

*1 Technical Training Center: Approved by the governor of Aichi Prefecture to provide certified vocational training, focusing on developing talented engineering staff.
*2 TWI: Abbreviation for "Training Within Industry," a corporate training program for supervisors.

Developing Human Resources for digital transformation

In 2024, we launched a companywide "Digital Festival." This initiative aims to improve and streamline operations through the use of digital technology in the workplace, while also helping employees acquire practical skills. Furthermore, starting in 2025, we are introducing hands-on training in mechanical, electrical, control, digital for new employees, establishing a system for developing human resources who can quickly acquire skills that combine the fundamentals of manufacturing with digital technology.

voice

Dai Terakado

Automotive Business Unit, Driveline System Engineering Dept.1, Engineering Office 3, Design Section 2

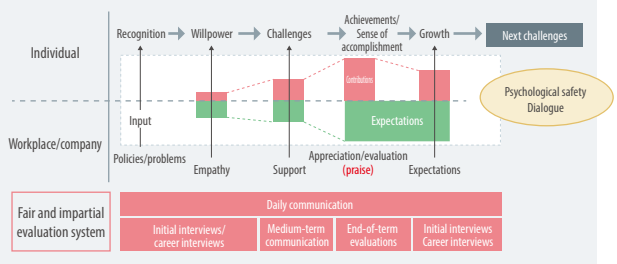
Since joining the Company, I have been working on future technology development as a lead developer. Even as a young employee, I feel a strong sense of fulfillment in working in an environment where everyone is fully committed to their work. In particular, through direct dialogue with engineers from car makers, I strive to understand their needs and develop "Only One" products. Through this experience, I feel a sense of growth when I can anticipate the output they require in advance. My goal is to continue creating products that contribute to society, and I will strive to contribute to the evolution of technology.

Devising systems

Improving Employee Engagement

We believe that a workplace where the challenges are continuous will enhance employee engagement and contribute to the growth of the Company and the achievement of its 2030 Vision. A "workplace where challenges are continuous" is one where individuals grow through challenges and then move on to the next challenge, while the workplace and company support them whenever necessary. Building a workplace centered on challenges increases individual motivation toward work, which in turn strengthens the Company's competitiveness and achieves sustainable growth. This approach was refined through labor-management dialogue at the 2025 Spring Labor-Management Council and is currently being implemented through collaborative efforts between labor and management.

Engagement Map



Data-Driven HR

With the aim of effectively supporting employee growth, we are working to centralize various human resources information and create a human resources data dashboard. By combining multiple types of information, we are working to enable managers to take data-driven actions and implement strategies. Additionally, as part of our efforts to create a workplace that fosters continuous challenges and engagement, we are revising our engagement survey and visualizing workplace conditions based on survey results. This allows each workplace to understand their own situation and identify necessary improvement measures through dialogue.

Designing workplace

DE&I Approach

We believe that the active participation of all employees, regardless of background, is essential for the sustainable growth of our Company, and we are committed to promoting DE&I (Diversity, Equity, and Inclusion). We view DE&I promotion not only as an ethical issue but also as a strategic element directly linked to business challenges such as innovation creation and talent acquisition. We place importance not only on superficial diversity such as gender, age, and race, but also on deeper diversity such as values and experiences, and we are committed to creating an environment where all employees can fully utilize their abilities.

DE&I in Practice

As part of our DE&I initiatives, we are particularly focused on work-life balance support, striving to enhance systems that enable employees to balance work and family life without interrupting their careers due to life events such as caregiving or childcare. Specifically, we have established systems such as short-hour work arrangements for childcare exceeding the legal requirements, childcare facilities, babysitter assistance programs, and a comeback support system (re-employment system for employees who resigned due to their spouse's relocation, infertility treatment, nursing care, etc.). In FY2024, we conducted discussions and introduced measures to promote the use of paternity leave, working together with labor and management to address gender gaps. Regarding LGBTQ+, we are implementing education programs and establishing consultation desks to create a workplace where everyone can thrive regardless of their sexual orientation or gender identity (SOGI).

In addition, we have implemented workplace dialogues across all workplaces to raise awareness of issues such as gender bias by showing videos of cases of unconscious bias, and we will continue to do so in the future.

Furthermore, starting in 2025, as part of our response to new flexible work arrangements, we introduced the Super Remote Work System to enable employees whose homes are far from their workplaces to continue working without relocating. We will continue to develop systems that support employees' lifestyles and career development, aiming to create a workplace environment where everyone can work with peace of mind.

voice

Mayu Futamura

General Administration & Human Resources Division, Human Resources Department Human Resources Support Office, DE&I Promotion Section

This year, DE&I Promotion Section was established, creating a system that enables us to promote DE&I more comprehensively than ever before throughout the entire company.

As a member of this section, I feel a sense of responsibility and mission.

Among other things, I place great importance on the perspective of equity. I believe it is essential to never forget that each person begins from a different starting line.

Work is not merely a means of livelihood but also a way to live authentically. That is why we are striving to create a workplace where everyone can work with peace of mind.

With the hope that these daily efforts will eventually lead to positive changes in society as a whole, we will continue to sincerely engage with the perspectives of each individual.

Intellectual Capital Strategy

CINO message

Shinobu Shimizu
Chief Innovation Officer
CINO

Taking on the Challenge of Innovation Through Intellectual Capital

Our Company has built distinctive intellectual capital through a wide range of businesses, from development to sales and after-sales service for automotive parts, industrial machinery and bearings, machine tools, and more. This JTEKT-unique intellectual capital encompasses not only technology, but also human wisdom and experience, company workflow and corporate culture, and diverse connections. By combining these elements, we will continue to increase added value to our existing products from the customer's perspective. Furthermore, we will create new value encompassing services and experiences, transforming ourselves into a solution provider.

To embody this vision, we established the Solution Co-Creation Center (SCC) in January 2025. To further accelerate this initiative, we integrated the R&D Center and established the Innovation Division in July 2025.

SCC boasts a team of individuals with broad perspectives and extensive experience, while our R&D Center brings together professionals with advanced expertise. The fusion of these two groups will drive innovation in technology, knowledge, products, services, and well-being-focused work practices.

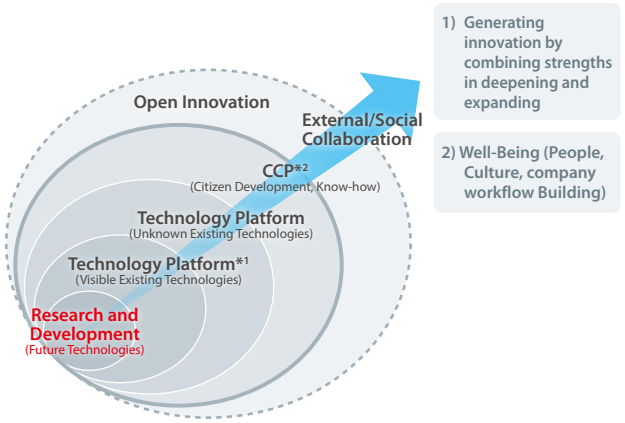
To achieve this, we will pursue the following three concrete objectives:

1) By fully leveraging and combining the Group's existing core competencies and conducting market-targeted R&D, we will contribute to enhancing profitability through improved productivity and solution development in existing domains.

2) Through dialogue with society and co-creation with customers, we will rapidly generate new businesses. This will drive transformation from product development to merchandise development, and further to customer process development facilitated by our products.

3) We will create diverse options for JTEKT's future workstyle (people, company workflow, culture) ten years from now.

By advancing these initiatives, we will link intellectual capital with management strategy, simultaneously enhancing profitability and realizing well-being, while continuing to create sustainable value.



*1 Technology Platform: A technology platform that consolidates and platformizes technological strengths.
*2 Core Competence Platform: A platform that consolidates and platformizes human strengths.

Solution Co-Creation Activities

At SCC, established in January 2025, we connect our Company's competencies with internal and external expertise to promote activities that are "for All" and "by All", solving challenges faced by our customers, partners, and internal teams. Staffed by concierges possessing extensive knowledge, experience, and internal/external networks, we have launched a "One-Stop Consultation Desk" to co-create and accompany people in resolving their challenges. Additionally, SCC houses teams that explore business opportunities from these solutions and accelerate existing business development initiatives. Since July, we have integrated with researchers possessing advanced specialized skills from our R&D Center, particularly advancing the quantification and solution development of production department skills and know-how. Furthermore, we are advancing business planning toward commercialization decisions from the perspectives of customer needs, value creation, and business development.

The Mechanism for Utilizing Concierge, Meister, and CCP

Concierges and meisters work alongside clients and partners to identify what they want to achieve, valuing the process of uncovering latent needs when addressing customer, partner, or internal challenges. Within five months of launch, over 200 diverse issues have been submitted. Concierges and meisters maximize connections to internal and Group company expertise, experience, and networks inside and outside of the company, forming dedicated teams to drive solutions. By establishing a JTEKT-unique solution mechanism with human involvement, warmth, and passion that deeply understands knowledge, colleagues, and various circumstances, we are advancing medium- to long-term support and assistance for challenging issues, such as those requiring difficult interdepartmental coordination that was previously latent. Furthermore, after systematizing these efforts, we aim to achieve greater efficiency and improved convenience by leveraging AI technology and other innovations.

MESSAGE

Message from the Concierge

Handling internal troubleshooting consultations and co-creating solutions alongside those seeking advice is incredibly important and deeply rewarding. Early on, we held in-depth discussions with stakeholders about what co-creation and support by the concierge entails and established ten guiding principles. Keywords included in these principles are "attentiveness," "trust-based relationships," "true challenges," and "new work models." We also prioritize swift initial responses. Through collaboration with our meisters, we've received positive feedback from those seeking advice, such as "The time required to resolve issues has been reduced."

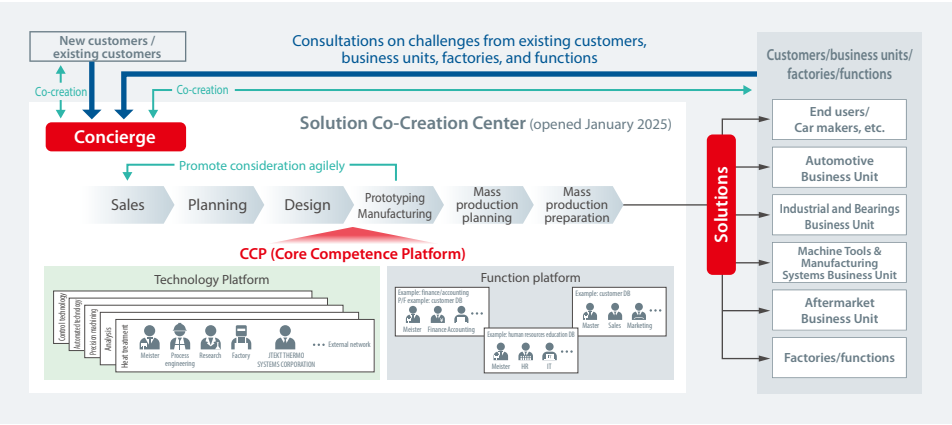
In this way, I truly believe that by spearheading mutual support activities and fostering such a culture and environment, we can enhance well-being and become a company where people find it easier to work and feel a greater sense of fulfillment than ever before.

Message from the Meister

I serve as a meister of materials at CCP. I receive inquiries and challenges regarding material and surface treatment selection, benchmarking, analysis, evaluation, and phenomenon clarification. Our Company possesses a wealth of accumulated experience and know-how. I strive to proactively address these requests, collaborating with other meisters and concierges to enhance the client's operational efficiency and value creation. Through dialogue, I feel connected with colleagues from other departments, and seeing the client's satisfaction is a great encouragement to me.

Meister, Concierge, and all related officers

A System Where Concierges Combine Their Core Competencies to Co-Create Solutions

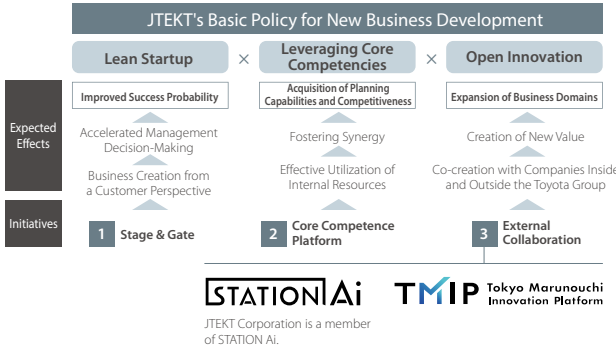


CCP has grown to encompass over 200 projects across 20 fields, leveraging not only product and manufacturing technologies but also the strengths of various functions like sales, finance, and planning. Our "meister" talent, skilled in specific areas, identifies and activates these strengths to maximize their impact, enabling swift responses to inquiries. Furthermore, we are enhancing our capabilities and improving convenience by leveraging digital technology to ensure that the strengths of internal organizations, Group companies, and individual employees are accessible to everyone within the Company.

These efforts are fostering a structure and culture where solutions to others' challenges are co-created. We have already seen examples where enhanced cross-functional collaboration in analysis and heat treatment technologies led to solutions, and where efficiency improvements were achieved through effective equipment utilization and streamlined internal procedures. Furthermore, when internal or Group company expertise is insufficient, we collaborate with external partners who can share value. We aim to spread the joy of challenging ourselves and growing throughout the JTEKT Group companies and contribute to all our stakeholders.

Establishing a Framework for New Business Development

We established a system to develop nascent technologies and businesses, refining the techniques and insights generated during problem-solving processes at our own factories to deliver them swiftly to customers. Centered on lean startup, leveraging core competencies, and open innovation, we initiated the stage & gate review, external collaboration, and the aforementioned CCP activities as mechanisms. We are pursuing business development centered on our unique social mission and strengths as a company responsible for both manufacturing and manufacturing equipment.



JTEKT Corporation is a member of STATION Ai.

* STATION Ai is a trademark of Aichi Prefecture.

* TMIP Tokyo Marunouchi Innovation Platform is a trademark of Mitsubishi Estate Company, Limited.

Research and Development Activities

Basic Policy

The Research and Development Center has historically been responsible for: (1) advancing existing business domains, (2) creating new value in emerging fields, and (3) further evolving foundational technology areas.

By integrating with SCC, we will evolve into a research and development organization capable of accurately identifying everything from customers' explicit needs to latent challenges, enabling swift and proactive solution proposals and their implementation. To achieve this, we will further strengthen the following three areas:

- Proposals and execution focused on enhancing productivity and developing solutions within existing business domains by leveraging advanced expertise
- Anticipating new markets based on customer needs, and executing solution proposals and value validation
- Selecting and executing R&D on foundational technologies that will be useful in the future, with an eye on global technology trends

The technologies and solutions created through these initiatives are not merely development outcomes. By combining them with co-creation efforts with diverse customers and the manufacturing experience and expertise cultivated in our own factories, their value is further enhanced. After improving their reliability through internal evaluation, verification, and implementation, we deliver them to our customers.

Key Strategic Areas and Major R&D Activities

We have designated areas with high technical contribution and core technological strengths as key strategic domains to achieve our Second Medium-Term Plan. Specifically, these are: 1) Mobility Innovation, 2) Digital Monozukuri, 3) Carbon Neutrality, and 4) New Solutions. We are prioritizing resource allocation to these related themes.

1 Mobility Innovation Domain

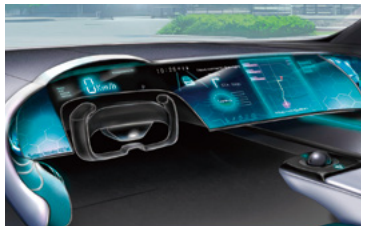
Leveraging our experience in steering system research and development, we are working to deliver safety, peace of mind, and comfort during autonomous driving

(1) Development of Pairdriver™ Steering Collaborative Control for Automated Driving

Achieving a society with zero traffic accidents requires further evolution of automated driving technology and expansion of its Operating domain. JTEKT's Pairdriver™, developed under a human-centered design philosophy, achieves both high trajectory tracking performance and interactivity in all driving environments. It accurately reflects the driver's intent, providing a safe, secure, and comfortable driving experience. The development of Pairdriver signifies our readiness to enter the Software-Defined Vehicle (SDV) era by giving our customers the ability to add new value through software solutions.

(2) Development of a Stowable Steering Column

As part of the User Experience (UX) evolution in automated driving and SDVs, innovation in integrated cockpits centered on in-vehicle infotainment systems is advancing. To enhance the value of the cabin space, we utilized our expertise in steer-by-wire systems to develop a stowable steering column that incorporates a stowable stroke allowing the steering wheel to be stored inside the dashboard.

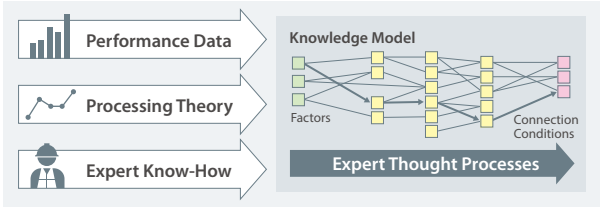


2 Digital Monozukuri Domain

We are undertaking initiatives to solve manufacturing challenges through evaluation, verification, and implementation at our own factories.

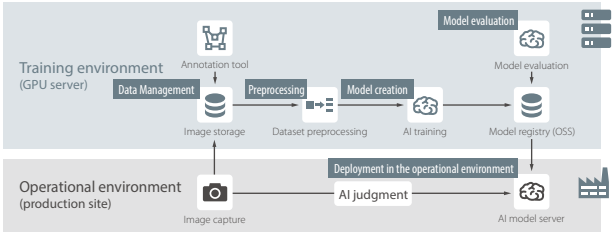
(1) Development of Processing Know-How Modeling

Amidst a declining birthrate and aging population, passing down the knowledge of skilled workers is crucial for achieving sustainable and competitive manufacturing. Therefore, we are advancing research into digitalization technologies that store the know-how of skilled workers, formalized theories, and quantified data as explicit knowledge within network-structured knowledge models, making it easily accessible to anyone.



(2) Development of a No-Code AI Platform

To eliminate barriers to AI adoption on the production floor and accelerate digital manufacturing, we developed a no-code AI image recognition platform. By leveraging web technologies, it enables rapid provision and operation of AI image recognition models without requiring specialized programming skills. We are advancing its deployment across our internal factories to achieve labor reduction and automation in production processes.



3 Carbon Neutrality Domain

We are engaged in initiatives to reduce CO_2 emissions through evaluation, verification, and implementation at our own factories, as well as leveraging tribology technology.

(1) CO_2 Capture Solutions

Our Company has set a goal of achieving carbon neutrality by 2035 and is working to reduce CO_2 emissions from our factories to realize a sustainable society. As part of this effort, we have developed CO_2 Capture and Resource Utilization Technology that efficiently recovers and effectively utilizes CO_2 from factory exhaust. We are exploring various applications for the resources generated by this technology in collaboration with local communities, aiming to contribute to the regional community.

(2) Development of Foundational Technologies Contributing to Environmentally Responsive Products

Reducing CO_2 emissions throughout the entire product lifecycle is essential.

By utilizing tribology technology to reduce friction losses, it is possible to lower CO_2 emissions during product use. For example, we are focusing on developing fundamental tribology technologies for resin-steel interfaces under grease lubrication, working to enhance the performance of various sliding components, including Electric Power Steering worm gear reducers.

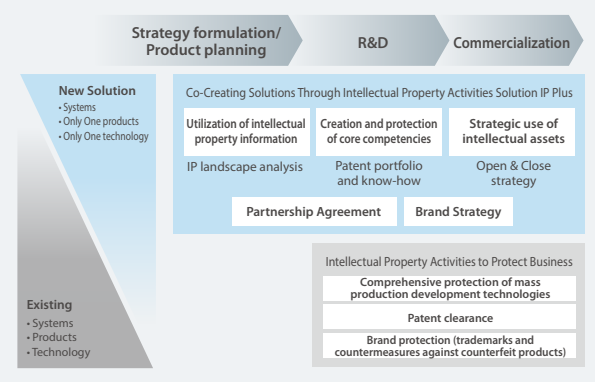
4 New Solution Domain

We are conducting exploratory research to provide solutions that combine societal needs with our Company's seeds for new business areas. For example, we are focusing on the effective utilization of discarded agricultural products and upcycling.

Intellectual Property Activities

Basic Policy

In addition to intellectual property activities that protect existing businesses, we are focusing on intellectual property activities that provide solutions addressing social issues and customer needs. To this end, starting in FY2025, we are implementing Solution IP Plus, which integrates and advances various intellectual property activities.



Intellectual Property Activities for Co-Creating Solutions

● Solution IP Plus

Historically, our Company has pursued a closed strategy, primarily acquiring patents to gain and maintain product competitiveness. However, as we transform into a solution provider, we are now advancing an open strategy that promotes co-creation with our customers and partners. For example, while we have built an extensive patent portfolio for our No.1 & Only One technology, Pairdriver™, we will now license the software under partnership agreements to enable its adoption in more vehicles, anticipating the widespread adoption of automated driving. We are also advancing a brand strategy that communicates the value of Pairdriver™ from a customer's perspective.

● Utilization of Intellectual Property Information (IP Landscape Analysis)

When planning new solutions, we utilize intellectual property information to understand market needs. Additionally, we conduct positioning analysis when formulating development and business strategies.

● Creation, Protection, and Strategic Utilization of Intellectual Property

We protect our core competencies through patent portfolios and know-how, expand our technology platforms, and leverage them to create new solutions. Furthermore, we formulate and advance an open-close strategy to maximize business opportunities by utilizing these patents and know-how.

Intellectual Property Activities to Protect Business

● Respect for Third-Party Intellectual Property Rights

To respect the intellectual property rights of other companies and provide customers with products free from infringement risks, we establish necessary measures for each phase of product development and promptly conduct third-party patent searches, infringement assessments, and design modifications to avoid infringement.

●Counterfeit Prevention

To protect our brand and customer safety, we are dedicated to combating counterfeit products. We collaborate with industry associations and enforcement agencies worldwide to continuously investigate counterfeit goods, taking measures such as seizure, prosecution, and website takedowns.

Digital Strategy

CIO message

Ko Sahara

Vice Chief of IT & Digital Division
CIO/CISO

Until now, our Company has used host computers to support operations in various fields with systems developed in-house. From requirements analysis to design, development, and launch, individual systems require a period of three to five years and a significant amount of man-hours, depending on their scale. By the time they were launched, other companies had already advanced their operations using digital technology, and our new systems had already become outdated. We felt a sense of crisis that we were falling behind the rapidly advancing wave of digitalization and that this would lead to a decline in our Company's competitiveness, so we knew we had to do something about it.

Therefore, we have decided to fundamentally review our company-wide business processes based on the concept of "Fit to Standard," which involves aligning our business processes with integrated package systems (industry standards) such as ERP (enterprise resource planning), PLM (product lifecycle management), and SFA (sales force automation). As a result, we have launched a project called J-REBORN.

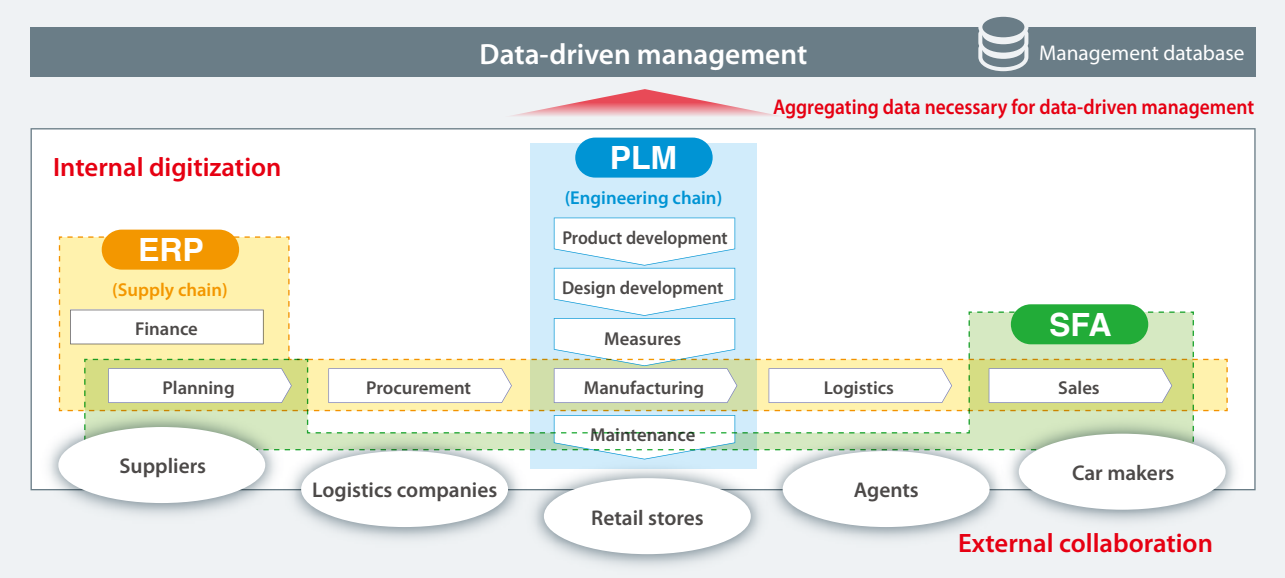
For example, in the procurement department, introducing an ERP system can automate the process from ordering to payment, reducing errors caused by manual work. Currently, our Company has 25 systems, including those used by each factory to directly procure parts and materials, but it is necessary for the people who operate and maintain the systems to pass on their know-how. By unifying these systems with ERP, we can standardize them and enable sustainable maintenance. Additionally, in the development department, by utilizing a PLM system to manage the product lifecycle and centrally manage the history of design changes, we can achieve swift responses based on data. By fundamentally revising the internal systems in this way, we aim to achieve a significant improvement in operational efficiency across the entire Company.

By breaking away from the conventional mindset of relying on our own proprietary systems, we can evolve our business operations in line with package systems that are evolving with the addition of AI functions and other features. In addition, we hope to accelerate and spread digitalization throughout the Company by utilizing accumulated accurate data to promote digitalization among our employees (Digital Festivals).

The key to the success of the J-REBORN project lies in each employee's willingness to break away from existing business processes and embrace change. Top management is encouraging everyone to take on the challenge of boldly transforming the Company. The IT Digital Division will focus its resources on J-REBORN, as well as the reduction/optimization of IBM host and other legacy systems, and the construction of infrastructure for analysis and communications.

We want to make JTEKT a competitive company so that it does not fall behind in the wave of digitalization, which is expected to accelerate further in the future.

Overview of company-wide reforms triggered by the introduction of ERP/PLM in a manufacturing company with sales of 1 trillion yen



Digital Festivals

Concept and Overview

Digital Festivals are an initiative launched with the aim of fostering a digital mindset among employees and promoting digitalization, creating an atmosphere of excitement and fun similar to that of a traditional festival. The goal is to improve employees' digital literacy while also promoting the digitalization of their own work processes, little by little, with the mindset of "for All," in order to improve the efficiency of the entire Company's operations.

Initiative

In FY2024, we launched the Digital Festival Site on our internal portal to make digital technology more accessible. This site serves as a portal for digitalization across the Company, offering initiatives that all employees can easily participate in, such as digital "allergy" tests and quizzes, as well as digital literacy education. In addition, we have established a variety of digital education content, online courses, and a consultation desk where employees can directly consult with digital experts, thereby addressing diverse needs. Over 2,500 employees have joined the chat platform designed for information sharing and mutual learning, with active daily exchanges taking place. At this year's Digital Festival Exhibition, we showcased concrete examples such as "business process optimization using templates," "generative AI," and "BI tools (business intelligence tools)." The event generated significant buzz, with over 600 attendees, clearly demonstrating a high level of interest in digitalization. This year, we will host study sessions and mini-exhibitions tailored to each factory to further advance digitalization. By fostering an environment where employees can understand and effectively utilize digital technologies, we aim to integrate these efforts into the J-REBORN initiative.

Initiatives for Data-Driven Management and Process Transformation (J-REBORN)

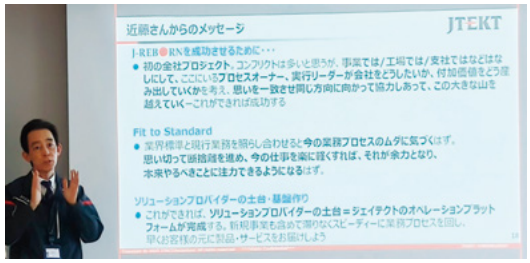
Concept and Overview

This project aims to build a digital platform that utilizes digital technology to manufacture products and realize Data-Driven Management, thereby securing and strengthening the Company's competitiveness for the future. This will shift employee workloads to higher value-added tasks, improving competitiveness. The goal is to transform the Company into a solution provider that is chosen by customers.

Unbound by traditional conventions, JTEKT has named its initiative "J-REBORN" to reflect its commitment to promoting business process and data Transformations centered on the engineering chain (PLM) and supply chain (ERP), with the aim of achieving a new rebirth. This marks the first step toward company-wide transformation, with the goal of creating new value for the future through the introduction of digital technology.

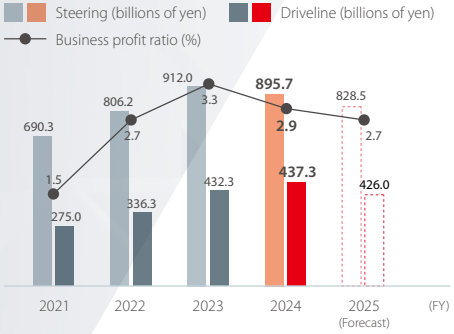
Status of Initiatives

After proposing activity guidelines in December 2023, in FY2024, we shared our vision for the future and our worldview for the next-generation digital platform with the entire Company. We then held discussions among relevant parties regarding business strategies and operational issues based on our 2030 Vision, specific activities, and measures to improve ROIC. In FY2025, we launched a full-scale initiative by establishing a company-wide reform project and building a company-wide structure. Going forward, after determining the specific details of business process and data Transformations, we will work together as a company to advance activities toward the 2030 operational transition. Through this, JTEKT will achieve further growth and realize sustainable development.



Automotive Business Unit

Revenue



Market Environment

There is a growing demand for solutions in new mobility areas such as clean energy vehicles and SDVs*1. In addition, with the rise of Chinese vehicle manufacturers and increased volatility in vehicle production demand, the external environment is becoming increasingly challenging, requiring greater competitiveness. We will promote business operations with the aim of transforming ourselves into a solution provider, viewing this situation as an opportunity.

*1 SDV: Software Defined Vehicle —a vehicle designed and developed on the premise that their functions will be updated by software.

Progress of the New Medium-Term Business Plan

In FY2024, we were able to propose to our customers the "high value-added existing products" set forth in the new Medium-Term Business Plan, namely next-generation products (C-EPS™ and RP-EPS™), as well as "challenges in new areas" such as steer-by-wire systems*2 and Pairdriver™, and proceed with development and adoption as planned.

On the other hand, in terms of revenue, business profit ratio has fallen short of projections due to sluggish sales of Japanese and European vehicle manufacturers, increased costs due to inflation, and the occurrence of losses (quality, productivity) at our Company.

Going forward, we will take decisive action to address these issues, while also working to improve business processes through digital transformation and strengthening our proposals for new mobility solutions aimed at becoming a solution provider.

*2 Steer-by-wire system: A new steering system that exchanges steering information via electrical signals rather than mechanical connections between the steering wheel and tires.

Katsutoshi Sakata Senior Executive Officer Chief of Automotive Business Unit

Efforts to Strengthen Competitiveness

In addition to adding high value to our products, we will review our development and production preparation processes to eliminate losses (quality, productivity) in order to secure profits in an unstable market. Furthermore, we will streamline our business processes through digital standardization and the use of AI. We will also review our global production system and accelerate structural reforms, including business reorganization.

We will redirect the resources created through these efforts toward the creation of new products and value in emerging mobility fields, striving to enhance our competitiveness.

Efforts to Add High Value to Existing Products (Axis I)

Leveraging our accumulated technology and core competencies in manufacturing, we are collaborating with production engineers and factories from the design stage to optimize manufacturing processes and introduce next-generation products that are "lightweight, compact, and high quality at low cost," starting with C/RP-EPS™.

As solutions for clean energy vehicles, we will continue to develop and commercialize next-generation products with added value, such as low-loss HUBs*3 that extend driving range, CVJs*4 that accommodate BEV*5 characteristics, and pressure relief valves for FCEVs*6.

*3 HUB: Hub unit bearing *4 CVJ: Constant Velocity Joint *5 BEV: Battery Electric Vehicle
*6 FCEV: Fuel Cell Electric Vehicle

Challenging New Areas (Axis II)

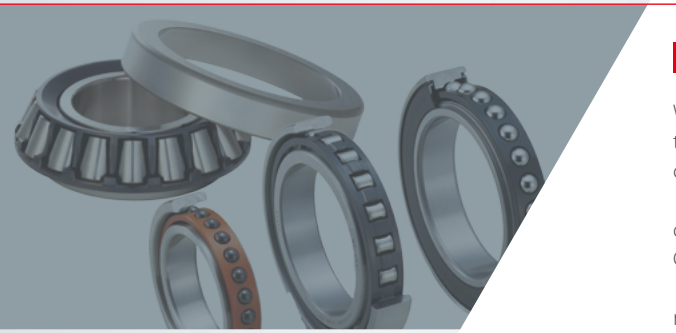
We believe that contributing to the evolution of driver assistance and autonomous driving technologies, as well as enhancing value throughout the vehicle lifecycle through SDV, is our mission in realizing a sustainable, safe, and comfortable mobility society.

The steer-by-wire system meets customer needs in terms of functional safety and performance, while also enabling a spacious interior by retracting the steering wheel during autonomous driving. We will continue to evolve to contribute to the development of technologies that enable diverse uses of the vehicle interior. Pairdriver™ realizes "seamless communication between people and driving systems" through software, contributing to the realization of reliable driving assistance and autonomous driving. We are also working on functional expansion, with the aim of contributing to SDVs by implementing it not only in EPS*7 but also in other ECUs*8.

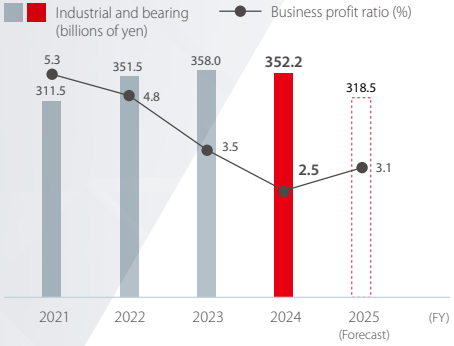
*7 EPS: Electric Power Steering
*8 ECU: Electric Control Unit: A unit that electronically controls the systems installed in a car.

Autopilot control system

Industrial and Bearings Business Unit



Revenue



Market Environment

In the automotive sector, which accounts for a high percentage of sales, diversification such as electrification is leading to demand for the development of high value-added products, particularly in terms of high speed and electrolytic corrosion. Meanwhile, in the industrial machinery sector and aftermarket, reducing customer lifecycle costs is a priority in a variety of usage environments, including steel, semiconductors, and machine tools. We will strive to provide products and services that meet the diverse needs of our customers.

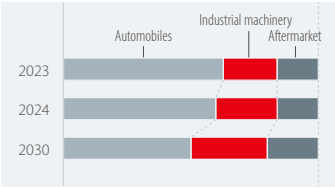
Progress of the New Medium-Term Business Plan

We announced a new Medium-Term Business Plan in 2024, but sales deteriorated more than expected in the first year, resulting in the annual plan not being achieved. The environment is expected to remain challenging in FY2025, but we will continue to implement our Medium-Term Plan to improve profitability.

Our main initiatives include clarifying strategies for each major region and restructuring our global organization. In Europe, where the market continues to be sluggish, we sold our needle roller bearing business. Going forward, we will accelerate global restructuring, including the supply chain, to maximize asset efficiency.

Additionally, to improve profitability, we are advancing reforms in our business portfolio. We are shifting resources toward steel, semiconductors, and the aftermarket, where we can leverage JTEKT's brand strength in the market, to expand the sales ratio of industrial machinery and Aftermarket and aim to improve business profitability.

Sales ratio trends by industry



Yoshihisa Miura
Senior Executive Officer
Chief of Industrial and Bearings Business Unit

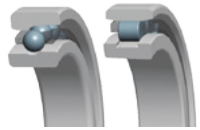
Efforts to Strengthen Competitiveness

In the automotive field, we have worked to establish a competitive advantage by utilizing digital technology to shorten development lead times. In bearing design, we have fundamentally reviewed our processes and developed a core design system that enables seamless completion from initial consideration to drawing, reducing design review time to a quarter of what it used to be. This initiative has enabled us to propose reliable products to our customers in a short period of time. Going forward, we will further expand the scope of our activities and aim to respond to our customers quickly.

Efforts to Add High Value to Existing Products (Axis I)

We have begun mass production of the low-torque tapered roller bearing LFT™-V. This product reduces torque loss by up to 15% compared to previous generations, achieving improved fuel efficiency and reduced CO_2 emissions. Additionally, we have developed the "HIGHABILY-JFAST™," a high-speed, low-temperature-rise bearing for machine tool spindles, as a product that contributes to achieving carbon neutrality in manufacturing facilities.

LFT™-V

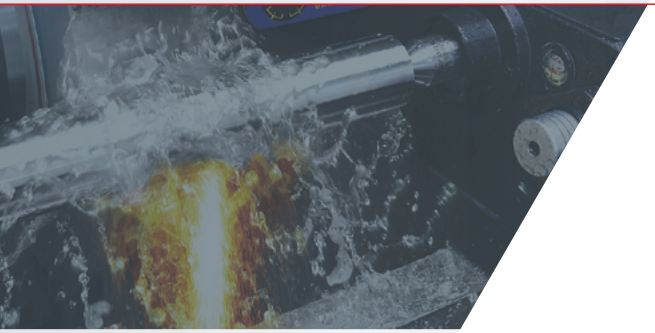


HIGHABILY-JFAST™

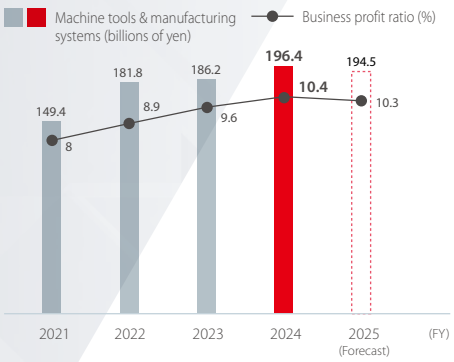
Challenging New Areas (Axis II)

Building on our core bearing element technology, from our founding days, we aim to be a solution provider that contributes to the creation of new value for our customers. In addition to mass-producing existing products, we will strive to expand our lineup of products that contribute to environmental issues such as carbon neutrality and the circular economy, and strengthen our MRO (Maintenance, Repair, Overhaul) business. We are also working to create surplus capacity through the efficient use of DX-enabled technology development and to hire engineers who are well-versed in commercial technology. We will continue to engage in activities that support our customers and create new value.

Machine Tools & Manufacturing Systems Business Unit



Revenue



Market Environment

The automotive industry, our main market, is diversifying its demand as it continues to invest in hybrid vehicles while promoting the shift to battery electric vehicles (BEVs). In Japan, there is strong demand for automation and labor-saving measures due to the declining working population. Rapid and flexible responses are required to these changes in the market environment.

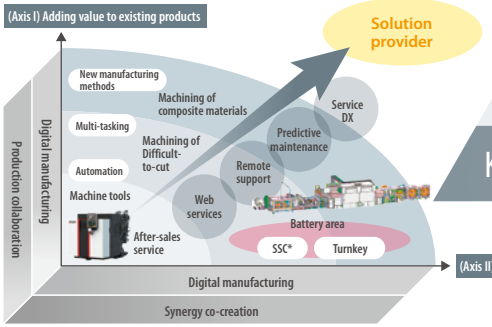
We will further strengthen cooperation within our Group and build a system for providing optimal solutions.

Progress of the New Medium-Term Business Plan

In our new Medium-Term Business Plan, we are promoting the creation of a foundation for co-creation with the aim of maximizing synergies through strengthened group collaboration.
In FY2024, we worked on digital manufacturing and production collaboration within the Group, and promoted rationalization through group collaboration.

In response to changes in the market environment, we are reviewing our product lineup and developing digital services with the aim of creating sales opportunities and enhancing product value. Additionally, we are challenging ourselves to propose turnkey solutions that comprehensively address customer issues, rather than simply providing individual equipment. In the new field of battery production equipment, we have been collaborating with Group companies to address these challenges.

Going forward, we will continue to advance our initiatives in line with the new Medium-Term Business Plan.



Kenshi Miyafuji
Senior Executive Officer
Chief of Machine Tools & Manufacturing Systems Business Unit

* SSC: Simple, Slim, Compact. Design concept for battery production equipment.
By reducing production space, we aim to reduce equipment installation and maintenance costs and provide added value beyond equipment performance.

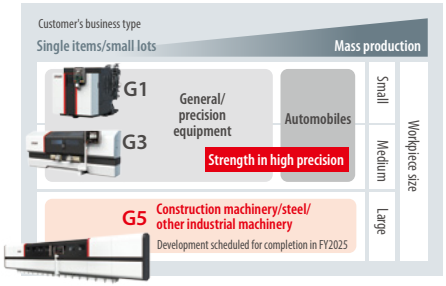
Efforts to Strengthen Competitiveness

We are promoting improved production efficiency through seamless digital manufacturing that spans from order receipt to after-sales service. In FY2024, production processes in the battery manufacturing equipment sector are expected to become 30% more efficient compared to conventional levels. Going forward, we plan to expand these initiatives into the machine tools sector as well.

In addition, we are working on production collaboration to eliminate production fluctuations within the Group and optimize the use of resources.

Efforts to Add High Value to Existing Products (Axis I)

In order to meet a wide range of needs, we are expanding our G series of grinding machines. In addition to our traditional strengths in medium and small models, we are promoting the development of large models. We aim to provide high-precision, automated solutions to strengthen our response to large-scale processing needs.



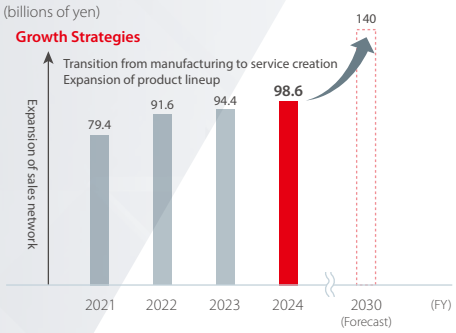
Challenging New Areas (Axis II)

In collaboration with our Group companies JTEKT Thermo System and JTEKT Fluid Power System, we have begun offering turnkey solutions for the source process of battery production equipment. Going forward, we will strengthen our collaboration and increase our partners to improve our ability to offer solutions to our customers.

In addition, we have launched a web service "my JTEKT Machinery™" to enhance our after-sales services utilizing DX. We are also developing digital services such as remote support connecting machines and predictive maintenance utilizing AI, with the aim of providing solutions that are even more tailored to our customers' needs. We will continue to strive to resolve customer issues quickly and improve customer satisfaction.

Aftermarket Business Unit

Revenue



Figures are extracted from the Aftermarket Business portion of results by business

Market Environment

Transition from a society based on mass production, consumption, and disposal to a circular society

Growing expectations for the repair market and demand for products that can be used for a long time

We will expand and enhance our product lineup to meet the diverse needs of customers and will work with Group companies and sales agents to provide products and services that support the product life cycle.

Progress of the New Medium-Term Business Plan

Leveraging the Group's diverse core competencies, we go beyond the after-sales business to become a solution partner that supports the entire product life cycle.

- A sales network that can deliver what customers want, when they want it, anywhere in the world
- Evolution from a business that provides products to one that delivers experiences
- Products and services that meet new customer needs
- Digital promotions that deliver the information customers want in a timely manner
- Becoming a presence that can provide total support throughout the product life cycle

Kenichi Ishioka
Senior Executive Officer
Chief of Aftermarket Business Unit

Efforts to Strengthen Competitiveness

Sales Network

- Expansion of sites to deliver services to customers around the world (Kenya, Kazakhstan, Vietnam, etc.)
- Expansion of JTEKT Sales Co., Ltd.'s Group product lineup

Digital Promotion

- Enhancement of automotive parts search system Parts Navi 3
- Expansion of Group company websites
- SNS information dissemination → brand penetration

Efforts to Add High Value to Existing Products (Axis I)

Products and services that meet new customer needs

- Release of ONI Bearings™ ceramic bearings for road bikes (adopted by European top team Visma | Lease a Bike)
- Release of water level meters that can be used in seawater areas and cold regions
- Enhanced product lineup to meet customer needs for automotive parts replacement
  Steering, drive line products, hub units, differential gears, kit products, etc.

Challenging New Areas (Axis II)

Becoming a solution partner that supports the entire product life cycle

We aim to be a solution partner that supports the entire product life cycle, from planning and design to manufacturing, market inspection, parts replacement, and disposal, transcending the boundaries between products and services, as well as OEM and after-sales businesses.