JTEKT reaffirmed the aspiration embodied in our Company name (joint technology), re-examined our reason for existing (Mission), and clarified our future direction (Vision). Every employee shares our core values (Value) and will tackle societal challenges through manufacturing.

Mission

Joint Technology to bring joy to the planet earth and all working people.

Vision

JTEKT Group 2030 Vision

A solution provider creating the future of mobility society through Monozukuri and Monozukuri equipment

Value

Yes for All, by All!





The corporate value we are aiming for by transforming into a solution provider

Yoshihito Kondo
President & CEO

01 Why we are transforming into a solution provider

"A solution provider creating the future of mobility society through Monozukuri and Monozukuri equipment." Since assuming the office of president, I have pushed for transformation under a determination to realize this goal, which was set out in the JTEKT Group 2030 Vision.

At the same time, in dialogues with investors, we have received frank questions about how transformation into a solution provider will connect to greater corporate value. Here, in my own words, I would like to describe how our transformation into a solution provider will lead to enhanced earning power and the creation of sustainable corporate value.

Our actions to quickly transform into a solution provider come from a powerful and urgent realization that, amid great changes in our markets and the competitive environment, we can achieve neither sustainable growth nor corporate value enhancement under the business model we have had to date.

The automobile market is shifting from a period of continued growth to a mature phase, and against the backdrop of accelerated industry restructuring and the emergence of AI, the competitive environment and the industry's structure itself are about to undergo significant change. Against this backdrop, we cannot expect to achieve sustainable growth and corporate value enhancement by following the path of past successes.

JTEKT has grown by meeting the demands of customers with outstanding products and equipment. In a mature market, however, it is difficult to differentiate our products and impossible to establish a sustainable competitive advantage through the value of standalone products.

That's why we are moving to become a company that goes beyond just addressing customers' requests to also uncover issues unnoticed by customers themselves, and to propose solutions that bring together our technologies, products, and knowledge. We do this because JTEKT is

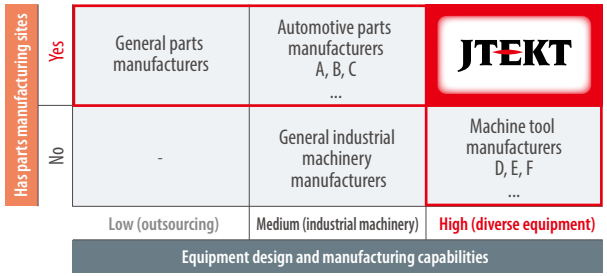
capable of providing value not only through standalone products but also through overall solutions that combine our strengths in Monozukuri and Monozukuri equipment, thereby achieving higher added value and profitability.

Moving from a company that acts in response to customer requests, to one that creates new value with customers—that is the image I hold of the Company as a solution provider. Achieving this will require that we adopt a corporate structure under which every employee identifies issues actively, not passively, and takes steps toward solutions. To ensure that this transformation does not end with transitory initiatives, after taking office as president, I moved forward with formulating our Mission, Vision, and Value (MVV), and creating a foundation for the Company as a whole to tackle transformation under aligned values. On my visits to the Company's sites, people animatedly spoke of examples of such efforts, such as taking colleagues' difficulties with paper-based management work as an opportunity to digitalize the tasks, making the work much easier. Such examples of going beyond the framework of one's own work to make others' work easier or to solve the problems of colleagues demonstrate the practice of providing small solutions. In this way, the understanding that taking action as a solution provider is a part of our work is gradually spreading within the Company, sparking a movement by which colleagues connect across departmental and division walls. We are now entering the phase of building on that foundation to fully implement solutions within society through business.

02 JTEKT's unique competitive advantage of turning distinctive features into strengths

JTEKT has three businesses and it has been pointed out that our stock price reflects what is called a conglomerate discount. However, I believe that the Company's standpoint as a machine parts manufacturer, a machine tools manufacturer, and a user of said equipment is a strength of JTEKT and a source of growth not found in competitors. I often talk about turning distinctive features into strengths. Within the Company, I communicate how we are trying to turn the distinctive features of JTEKT into advantages in the truest sense. It is extremely rare for a company to hold a deep understanding of both Monozukuri and Monozukuri equipment, combining the perspectives of both supplier and user. We have the ability to grasp on-site problems from a user's point of view and to develop technologies and equipment capable of solving those problems. These two points of contact form a competitive advantage of ours that competitors cannot imitate. As an embodiment of this, we are readying the factory solutions business as we move toward our next Medium-Term Business Plan. Factory solutions is a business by which we provide optimal solutions through the combination of equipment, automation, IoE,* carbon neutral solutions, and even AI to address issues including productivity enhancement, elimination of labor shortages, quality improvement, and energy savings at customers' factories.

JTEKT's Unique Position



JTEKT will propose improvement know-how and combinations of technologies born in our own factories to customers, and will then standardize what resonates with outside users and deploy those solutions in customers' factories. By providing solutions to customer issues as value, we will achieve higher added value and profitability. Through factory solutions, we will elevate the distinctive characteristics that JTEKT has developed into a true competitive advantage, as we work to become a company valued by the market not with a conglomerate discount, but as a company deserving of a premium born through synergies among our businesses.

We also view our mobility solutions business, centered on steer-by-wire, as a growth driver from a long-term perspective. Electric power steering (EPS) is a core product that has supported our business growth and revenue since 1988, which is when we were the world's first to commercialize the technology. We still have the largest global market share in EPS systems. The technologies and the relationships of trust with customers that we have built up in the process are vital management resources that support the creation of new solutions in the mobility field. Anticipating the needs of the market, we will increase the value we add and will grow steer-by-wire to be our next pillar of revenue. Looking ahead, we will expand our area of business, going beyond the provision of steering systems alone, to encompass mobility solutions that design user experiences throughout vehicle interiors. Doing so, we will create differentiated revenue opportunities unique to JTEKT.

In the short term, we will leverage our Core Competence Platform to increase the added value of our individual businesses and improve profitability. We will also use the cash generated from this to carry out investments, focusing on the solutions businesses that will drive future growth. We will further make active use of M&A and strategic partnerships to acquire technologies, customer bases, and service functions that we could not capture on our own, thereby steadily expanding our areas of solution provision.

*Internet of Everything, an approach to connecting people, equipment, and information for the overall optimization of factories.

03 Three decisions made and the foundation built under the Second Medium-Term Business Plan

Under the in-progress Second Medium-Term Business Plan, we have persistently carried out steady worksite-based reforms to advance transformation, without shying away from painful decisions at times. Among these actions are our structural reforms in Europe. We continued being in the red in Europe due to changes in the market environment, but for many years were unable to take decisive action. I place an "input-to-output" mindset at the heart of management. Working from the belief that a business should not be maintained aimlessly if it cannot create value (output) commensurate with the invested management resources (input), we enacted major decisions to sell our pump business, NRB business, and automotive parts business in Europe, and embarked upon structural reforms. These reforms incurred large-scale temporary expenses, and were tough decisions that had unavoidable impacts on short-term profit. However, we advanced the reforms resolutely, recognizing the decision as essential to maximizing long-term corporate value with the aim of allocating capital to areas with greater growth potential and profitability. We plan to complete the structural reforms in Europe during FY2026, the final year of the Second Medium-Term Business Plan, and are confident that we will achieve profitability in the region in FY2027.

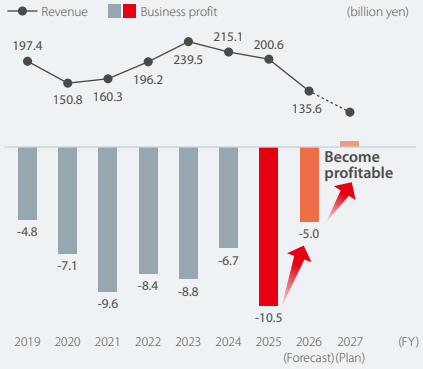
Our next major decision involved revitalizing our North American business. Although North America is a key growth market for our Company, productivity has declined against the backdrop of factors such as higher personnel outflow in the wake of the COVID-19 pandemic, and we were not able to sufficiently connect the true potential of the business to revenue. Not overlooking issues in the region, we launched a task force and sent Director Yamanaka to work in North America, and advanced improvements under hand-in-hand cooperation between the worksites and Company management. As a result, we are eliminating "loss costs" stemming from worsening productivity, are making progress in price adjustments by strengthening communication with customers, and are rapidly improving profitability in North America. This is a region in which we are competitive and have built a solid foundation. I am confident that by taking action to address structural issues, we will raise our profitability in the region.

We also made a decision to significantly change our approach to shareholder returns. I have always placed importance on the idea that the value of a company is founded on the capital entrusted to it by its shareholders. I view returns in line with the expectations of shareholders as a key responsibility of management. Accordingly, working from the wish for shareholders to continue holding shares and supporting the Company for as long as possible, we changed our dividend policy from a focus on dividend payout ratio, which is susceptible to short-term performance fluctuations, to dividend on equity (DOE), and have since continued to pay steady returns. This is also an expression of my commitment to valuing our long-term relationship of trust with shareholders.

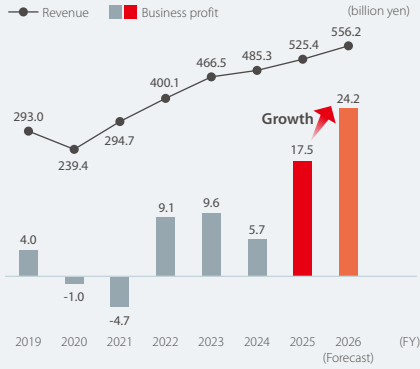
04 Realizing management that is conscious of the cost of capital and stock price

However, from a perspective of management that is conscious of cost of capital and stock price, our ROE and PBR are not yet at levels that fully meet the expectations of the market, an issue for which I feel strongly responsible as the leader of management. Our current ROE has temporarily declined due to the recording of costs for structural reforms. But we expect to complete the structural reforms in FY2026 and achieve record profit, and further foresee ROE improving to the target of 7 to 8% set out in the Medium-Term Business Plan. I do not intend to be satisfied with this level, though. With the market seeking a stable and sustainable return on capital in excess of capital costs, the continued enhancement of our corporate value is a mission that the Company's management must fulfill. We will position the continual improvement of ROE over the medium and long term as one of our highest priority management issues and will work to maximize shareholder value by strengthening the earning power of our businesses and improving our capital efficiency.

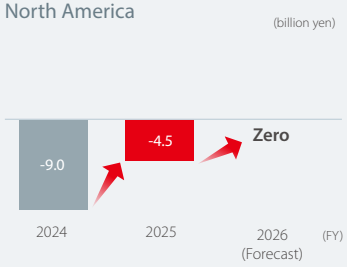
Change in sales and profit in Europe



Change in sales and profit in North America



Change in amount of "loss costs" in North America



	FY2025	FY2026 forecast	Second Medium-Term Business Plan target	2030 Vision target
ROE	1.6%	6.2%	7-8%	10%
Business profit ratio	3.9%	4.8%	5-6%	8% or higher
PBR	0.66	–	1.0	1.5

Raising ROE requires that we simultaneously increase our profit ratio while efficiently using assets and increasing capital efficiency. Throughout my career in production engineering, I have pursued overall optimization while taking an overview of people, equipment, processes, and information. Taking the same approach to management, we will comprehensively review our business portfolio, assets, and investments to improve capital profitability.

The driving force behind the increasing profit ratio will be the transformation into a solution provider that I have discussed. By steadily commercializing factory solutions and mobility solutions centered on steer-by-wire systems and by evolving our business model into one that provides continuous value through solutions to customers' problems, we will work to improve our profitability and growth potential. We believe that demonstrating this transformation in the form of concrete results will lead to improved evaluation in the market and will raise our PBR above 1.0.

With a view toward the future enhancement of our corporate value, we will actively invest in growth areas in which we can fully leverage our strengths. Physical AI and robotics are key areas that will have major effects on the competitiveness of the manufacturing industry. We are accelerating our efforts to put physical AI into practical use at manufacturing sites. Our project involving implementation in manufacturing, conducted jointly with two startup companies, has been selected for the physical AI development support program sponsored by AWS Japan. As I have noted, our strength lies in the fact that we are a user that owns factories and manufactures products day by day. The value of physical AI will not come from technological development alone. It will only yield competitive solutions when the issues at worksites are deeply understood and it is refined in the context of real production activities. Because we, JTEKT, understand manufacturing sites inside and out, there is value that we can create.

The market for humanoid robots is also expected to grow in the future. Our Company has strengths in products such as high-precision bearings, and also high-precision control technologies gained through our experience with steering, and equipment development capabilities that are also suited for specialized processing. We will also focus on expanding revenue opportunities in robotics-related markets, where our strengths in both Monozukuri and Monozukuri equipment come into play.

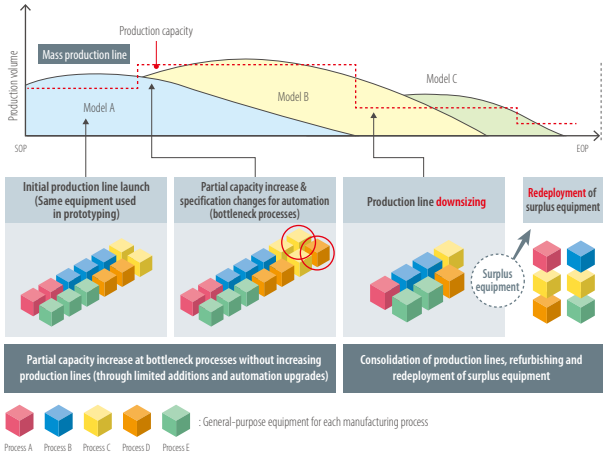
Deploying physical AI and robots to solve problems at manufacturing sites and implementing these solutions in society will be a powerful driver in further accelerating our transformation into a solution provider. While nurturing such new growth areas, we will work to increase the profitability of the Company overall.

At the same time, a particular area of improving capital efficiency in which I want to promote transformation is investment efficiency. At times in the past when markets were growing, it was possible to make large-scale capital investments and recoup those investments over a long time frame. However, with the market environment and customer needs now changing at a dizzying pace, conventional models no longer work. What is vital is increasing capital efficiency while building a production structure capable of adapting flexibly to change.

I have long pursued ways to create high value with little investment in production engineering operations. Now, also acting as the Chief of the Production Engineering Division, I am also in a position to reflect that approach in production site reforms. An embodiment of this is our building of a resilient production system. Instead of investing in large-scale dedicated production lines as in the past, we are gradually increasing our number of small, general-purpose lines as we shift toward a structure that allows expansion of production capacity matched to changes in demand. The key feature of this structure is its ability to flexibly adapt to changes in model and product configuration. In the past, every update to equipment necessitated significant additional investment. By contrast, our general-purpose lines allow us to make the most of existing equipment, maintaining and enhancing our competitiveness while significantly reducing new investment. We believe that this initiative, which simultaneously enables the reduction of fixed assets and the improvement of the investment turnover rate, is a vital measure that directly connects to the improvement of ROIC and ROE.

To raise awareness of capital efficiency and ROIC within the Company, we have introduced our own metric, called J-ROIC, which focuses on inventory and fixed assets. These are the components of invested capital most closely connected to business activities and are subject to management and improvement through worksite leadership. We are pushing forward improvement activities based on this metric. An "input-to-output" mindset is also crucial to having our capital efficiency approach take root throughout the Company. Inside the Company, we always ask how much added value and cash can be generated from invested capital and costs. We consider how much added value can be created from the money and the time spent, within business divisions and support divisions alike. I am confident that this approach will lead to the enhancement of capital efficiency and the creation of sustainable corporate value.

Resilient Production System





05 Achieving transformation driven by people and technology

I view people and technology as the most important factors in achieving our transformation into a solution provider. Our Company's origins lie in technology. However, to realize the "Joint Technology" that underlies JTEKT's company name, what will be paramount are human resources that can connect technologies inside and outside the Company and elevate those into solutions that contribute to customers and to society. In my view, a person who exemplifies a solution-oriented mindset is one who takes action autonomously out of a wish to delight others or to make things easier for others. As encapsulated in our Value of "Yes for All, by All!," when people cross divisional and organizational walls to foster a culture of drawing on the power of others while contributing their own abilities and skills, that is when valuable solutions are born.

In that sense, the factory solutions initiative is also of great significance from the perspective of employee engagement. Improvements born on the factory floor are provided to customers, delight those customers, and give rise to value as businesses. Such experiences are sure to increase the engagement of employees in worksites and to further promote the growth of technologies and people. We will connect improvements born at the worksite to the creation of value for the Company as a whole. I view the creation of such a cycle as a form of human capital management exemplified by JTEKT.

I have always seen the formulation of MVV and its entrenchment throughout the Company as one of my most important roles as president. That is the reason why I make a point of visiting our sites. Speaking from the same perspective as employees, I consciously make comments such as "This is what MVV means for your workplace, isn't it," "That's truly a 'by All' initiative," and "That's really a solution provider-like action." I work to ensure that MVV does not end simply as a slogan but instead connects with everyday work and decision-making, so that every employee takes ownership of it. Such steady initiatives strengthen the foundation of the Company. A company built on a foundation that it can return to when lost, and upon which every employee can take action, will be a company that can handle changes in the environment and can grow sustainably, I believe.

06 To our stakeholders

We are entering the final year of the Second Medium-Term Business Plan. In the previous fiscal year, temporary cost increases associated with structural reforms had an effect on ROE, which created concerns among shareholders, investors, and other stakeholders. But the results of the reforms are steadily beginning to appear. A foundation for increasing profitability, mechanisms for improving capital efficiency, and the groundwork for tackling future growth areas are solidly being put in place. I have the determination to work to the end and definitely not give up on achieving the targets of the Medium-Term Business Plan, and will step up my efforts to do so. Under the Third Medium-Term Business Plan, we will accelerate growth investment atop the groundwork we have built and will demonstrate concrete results of our transformation into a solution provider.

The word "solution" is heard far and wide these days. What I aim to achieve, however, is not to be a "solution provider" in name alone. My goal is for JTEKT to become a company that addresses the real issues of customers, brings together its knowledge and technologies with an understanding of both Monozukuri and Monozukuri equipment, and actually solves issues faced by society and by customers.

To satisfy customers, shareholders, investors, business partners, local communities, employees, and other stakeholders as a true solution provider with a grounding in our unique MVV, we will enhance our earning power, hone our capital efficiency, and nurture people and technologies, thereby sustainably enhancing our corporate value.



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J-Nyan and TEK-NYAN
JTEKT Group Official Mascots

Featured Content



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Editorial Policy

We publish an integrated report to comprehensively present both financial and non-financial information to our stakeholders, aiming to help them understand our Group's story of medium- to long-term value creation and enhancement of corporate value.

In making the report, we refer to the Integrated Reporting Framework of the IFRS Foundation and the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation, while also leveraging dialogue with our stakeholders to plan and produce the report.

Target organizations and scope

JTEKT Corporation and the JTEKT Group (For items for which there are no uniform criteria across the JTEKT Group, the unconsolidated results of JTEKT are displayed. As a general rule, if there are changes in the scope, we revise data retrospectively.)

Target period

The primary target period is FY2025 (April 2025 to March 2026). Some activities after April 1, 2026 are also included.

Publication

September 2026

Note on forward-looking statements

This report contains forward-looking statements pertaining to future plans and strategies. These forward-looking statements include risks, uncertainties, and other factors, and actual results and business performance may differ from those stated.

Information Disclosure System



About the Cover

As a solution provider, we bring together human resources and diverse core competencies, such as technology and knowledge, to create new value for society. We have superimposed an image depicting this aspect of JTEKT onto a red motif that symbolizes the passion embodied in the JTEKT logo.



JTEKT Report 2026

Regarding publication

We edited JTEKT Report 2026 to clearly show the theme of how our goal of transformation into a solution provider, as set out in JTEKT Group 2030 Vision, connects to enhanced earning power and to sustainable corporate value. In this report, we have made multi-faceted efforts to communicate the path we are taking toward the transformation we are aiming for, and the ways in which our related initiatives create new value and lead to improved earning power and sustainable growth.

In editing the report, we sincerely considered the comments and expectations of our stakeholders as we worked to enrich and improve the content.

We hope that this report will deepen your understanding of our Group and will aid in promoting constructive dialogue. We will continue to raise the quality of our information disclosure as we further enhance our corporate value through co-creation with you.



Kazuyuki Kamiya
Senior Executive Officer
Chief of Corporate Division
Chief Financial Officer (CFO)