Value Creation Model

Transformation into a Solution Provider

We aim to transform ourselves into a solution provider creating the future of mobility society through Monozukuri and Monozukuri equipment, which is the JTEKT Group 2030 Vision, to further increase our management capital by contributing to society, and to sustainably improve our corporate value.

External Environment, Social Issues, Customer and Market Needs

Materiality

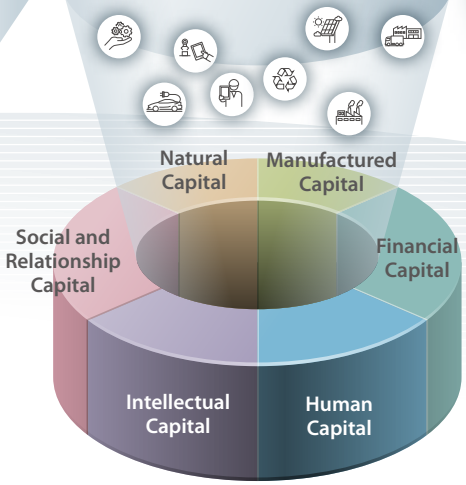
INPUTS

Customers and External Partners

Co-create

Core Competence Platform × Solution Co-Creation Center

Core Competencies



Innovation

BUSINESS MODEL

Expanding Businesses by Adding Higher Value to Existing Products



Business Portfolio Management

Expanding into New Domains by Combining the Competencies of Each Business

Value

Yes for All, by All!

Maximizing Corporate Value Through Business Growth

OUTPUTS

Monozukuri

Solutions Unique to JTEKT
- Mobility solutions
- Factory solutions

Monozukuri Equipment

Vision

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

Contributing to Society Through Our Businesses

OUTCOMES



Mission

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

Value Creation Model

Our Story of Transformation into a Solution Provider

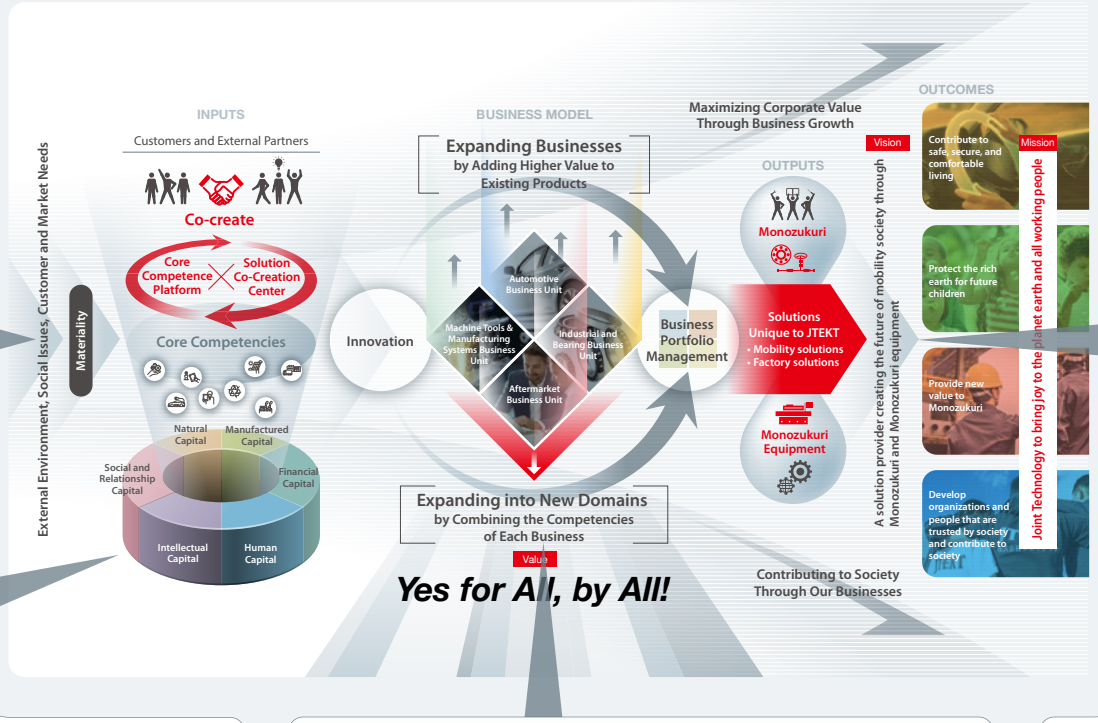
1 Why We Aim to Become a Solution Provider

The challenges faced by our customers and society are becoming increasingly complex and sophisticated. To sustainably increase our corporate value and contribute to society, it is essential that we not only provide excellent products and technologies but also continue to deliver solutions that combine our technologies and expertise. Based on this understanding, we are driving our transformation into a solution provider.

2 Turning Management Capital Built by Technology into Competitiveness

Technology is what has supported our growth, and the diverse forms of management capital we have cultivated based on that technology are the very source of our competitiveness. However, converting this capital into value requires human resources who can connect technologies and expertise from both inside and outside the Company and guide the process from identifying problems to solving them. We will realize our transformation into a solution provider by establishing systems that consolidate technologies and expertise, and by advancing a human resource strategy that fosters talent capable of identifying and solving problems.





3 JTEKT's Unique Competitive Advantage

JTEKT is a manufacturer of mechanical parts and machine tools, and even an end-user of its own equipment. This is our competitive advantage that other companies cannot replicate. By deeply understanding both Monozukuri and Monozukuri equipment, and integrating the perspectives of both supplier and user, we strive to address social issues and create new value.

Has parts manufacturing sites	Low (outsourcing)	Medium (industrial machinery)	High (diverse equipment)
Yes	General parts manufacturers	Automotive parts manufacturers A, B, C ...	JTEKT
No	–	General industrial machinery manufacturers	Machine tool manufacturers D, E, F ...

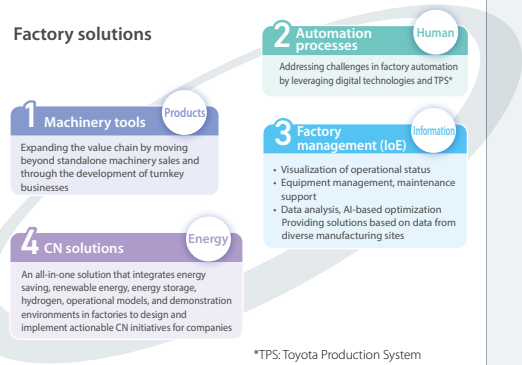
Equipment design and manufacturing capabilities

4 Value Creation That is Unique to JTEKT

One example that embodies our unique business approach is our factory solutions. By combining our strengths in both Monozukuri and Monozukuri equipment, we provide optimal solutions to help our customers address challenges in their factories, from improving productivity to resolving labor shortages and conserving energy.

In addition, by further enhancing the added value of our strength as the developer of the world's first electric power steering system—a position in which we continue to hold the top global market share—we provide mobility solutions that support the free movement of people, goods, and information.

Underpinning these efforts are the various fundamental technologies we have cultivated while expanding our business from our founding business of bearings into automotive parts and machine tools. By connecting these technologies, JTEKT will realize sustainable value creation.



*TPS: Toyota Production System

JTEKT's Materiality

We identified our Materiality during the process of formulating our Medium-to-Long-term Business Plan in FY2020. During FY2025, we revised our Materiality in light of the formulation of JTEKT Group 2030 Vision and our Second Medium-Term Business Plan. In the revision, we drew on the double materiality approach to evaluate the importance of individual social issues in terms of their impact on our business and the impact of our business on society, and set out a concrete vision for how we can contribute to the social issues that we view as Materiality.

Of the many social issues in existence, JTEKT views those issues it hopes to contribute to with its business activities as its Materiality. This does not mean that we consider other social issues as unrelated to our Company. We will also make contributions to social issues outside of our Materiality through compliance (observance of laws and regulations) and CSR (our roles and responsibilities as a corporate citizen). We review our Materiality regularly, along with strategy, as it changes with societal circumstances.

1. Identification of Issues

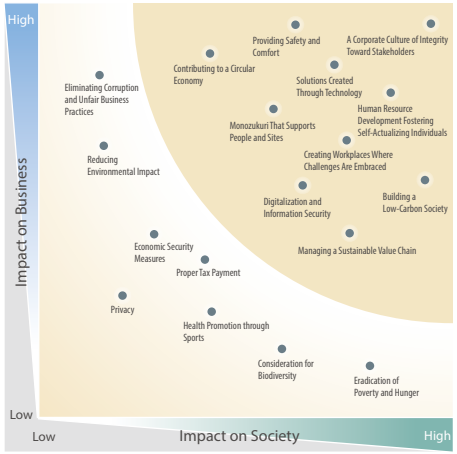
We reference standards, such as those of the Sustainability Standards Board of Japan (SSBJ) and the European Sustainability Reporting Standards (ESRS) in the identification of sustainability issues, and remain mindful of the relationship between JTEKT's MVV and the priority implementation items set out in the Second Medium-Term Business Plan.

Evaluation Based on Double Materiality

We evaluate each sustainability issue in terms of impact, risk, and opportunity (IRO), as well as the impact each issue has on the Company's business and finances, and the impact of the Company's business activities on society and the environment.

2. Prioritization

In identifying the Materiality that our Company should prioritize, we drew on the content of JTEKT's MVV, particularly JTEKT Group 2030 Vision and the Second Medium-Term Business Plan, to narrow down Materiality candidate items that we consider essential to our business strategy.



3. Validation of Adequacy

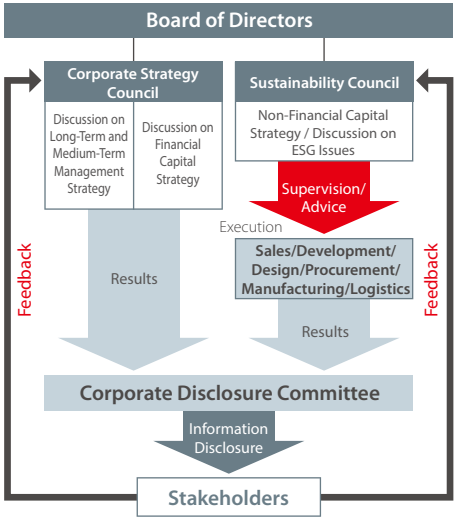
We communicated with shareholders, labor unions, and other stakeholders of the Company, as well as the Safety & Environment Promotion Department, Human Resources Department, Purchasing Division, and other internal parties with close connections to stakeholders of the Company, to coordinate on adding to and integrating the short-listed Materiality candidates.

Dialogue Partners	
Shareholder Representatives	Institutional Investors Holding Our Shares
Employee Representatives	JTEKT Labor Union
	Human Resources and Labor Affairs Department (Internal)
Customer Representatives	Japanese Car Makers
Value Chain Representatives	Procurement Department (Internal)
Global Environment	Environmental Affairs Department (Internal)
Others	Corporate Planning Department (Internal)

4. Approval by Top Management

In determining the Company's Materiality, the Sustainability Council held deliberations four times in FY2024 and the Materiality was approved.

The Sustainability Council is a deliberative body that complements the monitoring and advisory functions of the Board of Directors, with participation by all members of the Board of Directors, including outside officers.



JTEKT's Materiality

JTEKT-unique Materiality

In the review and deliberations on defining Materiality that we carried out in FY2024, we referenced items including the European Sustainability Reporting Standards (ESRS) in setting material issue items. For social issues not included in ESRS and other sources, we identified those that we believe JTEKT should strategically help to solve in light of JTEKT's MVV and the Second Medium-Term Business Plan, and made changes to the expression of these. With this process, we formulated Materiality that bears a clear relationship to our management strategy, JTEKT-unique Materiality, while aligning with the Corporate Sustainability Reporting Directive (CSRD), SSBJ, and other standards.

Materiality and Management Strategy

Materiality is intricately linked to JTEKT's management strategy, primarily its MVV and Medium-Term Management Plan.

Within the Second Medium-Term Business Plan, we established key initiatives for transforming ourselves into a solution provider. Among the initiatives primarily related to non-financial capital, we set KPIs and target values through 2030 for the initiatives "people and site-first management" and "promoting carbon neutrality." We also set KPIs for internal initiatives corresponding to other key initiatives and Materiality, and are advancing efforts to achieve each of the targets.

JTEKT's Materiality and Major Initiatives

JTEKT's Materiality	Our Intent	In-progress Related Measures
Solutions Created Through Technology	Our Mission, Vision, and transformation into a solution business	Spread of MVV, establishment of the Innovation Division, "form of solutions"
Providing Safety and Comfort	One of the ultimate goals of manufacturing	Quality assurance system, mobility solutions, factory solutions
Monozukuri That Supports People and Sites	More efficient production and supporting manufacturing in Japan and globally	Implementation of factory solutions, J-REBORN, resilient production lines
Digitalization and Information Security	Achievement of advanced and efficient management and operations while preparing for increased risks	J-REBORN, cyberattack countermeasures
Building a Low-Carbon Society	Implementation of adaptation and mitigation measures for climate change	Setting of Medium-Term Business Plan targets, CN Lab–CN solutions
Contributing to a Circular Economy	Realization of a circular economy, including effective utilization of water resources	Eighth Environmental Action Plan, product life cycles, resilient production lines, etc.
Human Resource Development Fostering Self-Actualizing Individuals	Creation of an attractive work environment and the cultivation of human resources	CCP, management succession, engagement surveys
Creating Workplaces Where Challenges Are Embraced	Workplace environment that leverages diverse perspectives, based on mental and physical safety	Safety and occupational health measures, KENKO Investment for Health, DE&I activities (Month of Mutual Respect), spread of our Value and Behavioral Guidelines
Managing a Sustainable Value Chain	Resilience from coexistence and mutual prosperity brought about with fair transactions	The environment, cyberattacks, situational surveys and support concerning labor and human rights, creation of a support structure for labor shortages
A Corporate Culture of Integrity Toward Stakeholders	Upholding of quality and rules, "zero tolerance for misconduct"	Spread of our Value and Behavioral Guidelines, training on psychological safety, whistleblowing system, anonymous questionnaires, etc.

For information on non-financial KPIs, targets, and results, please also see the Non-Financial Highlights. P.71

What Is a Solution Provider?

JTEKT Group 2030 Vision

At the start of our second Medium-Term Business Plan, we established the JTEKT Group 2030 Vision: "A solution provider creating the future of mobility society through Monozukuri and Monozukuri equipment." This vision outlines the ideal state we aim to achieve in order to help solve social issues while ensuring sustainable growth and enhancing corporate value.

Society faces numerous challenges, from addressing climate change and restoring biodiversity, to dealing with energy and resource constraints, as well as labor shortages resulting from a declining population. At the same time, advances in AI and robotics are opening up new possibilities for solving these challenges. To realize our Mission of "Joint Technology to bring joy to the planet earth and all working people," we will integrate the technologies and knowledge cultivated over our long history to help solve social issues and customer issues. As a step toward this goal, we are aiming to transform ourselves into a solution provider by 2030.

Monozukuri and Monozukuri Equipment

JTEKT was born in 2006 through the merger of two companies. One was Koyo Seiko Co., Ltd., which long specialized in bearings, also called a "rice of industry" in Japan, which are indispensable to a wide range of machinery products and steering systems. The other was Toyoda Machine Works, Ltd., which originated from the machine tool division of Toyota Motor Corporation. Koyo Seiko Co., Ltd. began production of the world's first electric power steering system in 1988, and automotive parts, most notably steering systems, remain one of our core businesses today. As such, we are a rare company that not only manufactures a wide range of machinery products but also develops the machine tools used to produce them, often referred to as "mother machines," used to make those products.

Our unique technologies and knowledge, which come from understanding both Monozukuri and Monozukuri equipment, will serve as the driving force behind our transformation into a solution provider.

JTEKT Group 2030 Vision

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



The Future of Mobility Society

The word "mobility" means the ability or capacity to move, and does not necessarily refer to automobiles. We define a mobility society as a society where people, goods, and information can move more freely.

With the emergence of new technologies, such as drones, the means of transportation for people and goods are diversifying beyond automobiles, trains, aircraft, etc. Similarly, the manufacturing floor constantly sees challenges related to movement, such as coordination between equipment, process design, in-plant logistics, and the loading and unloading of goods at plants. These are not only issues of worksite efficiency but also management issues directly linked to improving capital efficiency and addressing labor shortages. AI, robotics, physical AI (which enables AI and robotics to function in the physical world), and the underlying IT infrastructure are becoming more important in addressing these challenges. Furthermore, because the operation of production equipment and robots requires energy, such as electricity, efforts to increase the flexibility of mobility must also work to reduce energy consumption and environmental load.

As such, bringing about a mobility society requires not only improving the efficiency of movement, but also addressing a wide range of interrelated issues, such as labor shortages, resource and energy constraints, and environmental load.

We view mobility as a key concept that encompasses society as a whole through the movement of people, goods, and information. By identifying the social and customer issues of the moment, and linking our technologies and knowledge to provide solutions, we will contribute to society and grow our own business.

Challenges in JTEKT's Transformation

That said, to transform into a solution provider, we must change the way we conduct business and our organization. As a company where our automotive parts, bearings, and machine tools businesses are all primarily B2B, a large portion of our business has traditionally consisted of a made-to-order model focused on meeting the specifications and requests presented by customers. To shift to a solution business, we must engage with customers at an earlier stage, maintain our dialogues with them, and identify their true needs, even those they themselves cannot yet articulate, as well as the underlying social issues. Furthermore, we must combine technologies and knowledge from inside and outside the Company to create solutions and new value together with our customers.

To transform JTEKT into a solution provider, we must evolve both the human resources that will drive our solutions, and the technologies and knowledge (core competencies) that serve as their foundation. On the human resources front, we will strengthen our ability to identify issues facing society and our customers, and co-create solutions with internal and external stakeholders. On the technology front, we will establish systems that connect the core competencies accumulated in each of our businesses and leverage them to create new value.

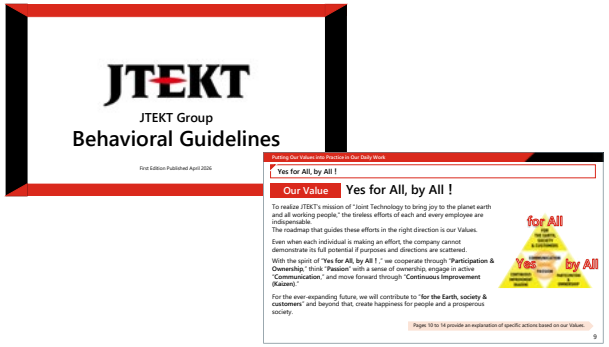
What Is a Solution Provider?

Human Resources and a Culture that Identifies Social Issues

JTEKT employees share the Value of "Yes for All, by All!" At the core of this is our philosophy of "for the Earth, society, and customers." In FY2025, we formulated the JTEKT Group Behavioral Guidelines to serve as a guide for each employee to integrate this Value into their daily decisions and actions.

Problem identification skills, which involve discerning the unarticulated needs of customers and the true causes underlying social issues, are also indispensable. The starting point for creating solutions lies in grasping the facts through dialogue with customers and the worksite, and in concretely defining the issues that lie beneath surface-level requests.

We cultivate human resources who, grounded in problem identification skills and the desire to contribute, can discover their own will and take on challenges to deliver truly valuable solutions. Furthermore, we foster a corporate culture where diverse talent bring together their technical skills and knowledge to solve problems through dialogue and co-creation. Having all employees engage in the creation and delivery of solutions from their respective positions is a key transformation toward realizing the JTEKT Group 2030 Vision.



The full text of the JTEKT Group Behavioral Guidelines is available on our website.
https://www.jtekt.co.jp/e/assets/uploads/2026/07/files/behavioral_guidelines_en_3.pdf

Core Competence Platform

Since the establishment of Koyo Seiko Co., Ltd., one of our founding companies, we have been engaged in Monozukuri for over 100 years. Throughout this history, we have accumulated technologies and knowledge in fields such as bearings, automotive parts, and machine tools. However, we have also faced difficulty in organically linking the technologies and knowledge cultivated in each business across organizational lines to deliver value to our customers. To address this difficulty, we are advancing the development and utilization of the Core Competence Platform (CCP). This platform consolidates technologies and knowledge, including fundamental technologies for products and manufacturing equipment as well as planning and sales capabilities, across business and organizational boundaries.

We think that our ability to connect technologies across business and organizational boundaries and transform them into new value is what gives us our unique competitive edge.

The Core Competence Cycles (called "Co-co rings") That Connect Customers and the Worksite Through Technology

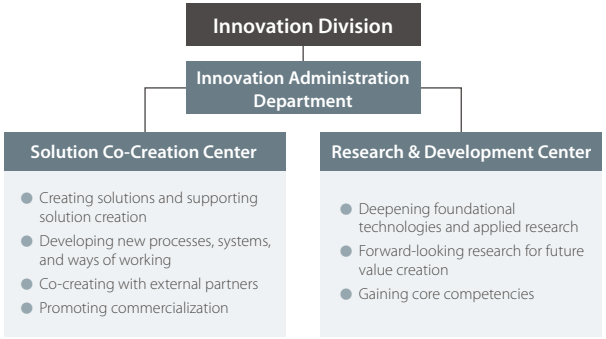


Enhancing Added Value and Taking on New Fields

In this way, we will create new value through transformation, building on our strengths in Monozukuri and Monozukuri equipment to solve social and customer issues. By enhancing the added value of existing products while taking on new fields, we will contribute to society and sustainably improve our corporate value.

We will advance our shift to a solution business by bringing together a system that consolidates the Company's technologies and knowledge, our ability to identify issues through dialogue with customers, and the challenges undertaken by each employee. Furthermore, to realize our Mission, we will practice our shared Value while accelerating our transformation into a solution provider, as outlined in the JTEKT Group 2030 Vision.

In 2025, we established the Innovation Division as the organization to drive our transformation into a solution provider. This division is dedicated to promoting the creation of solutions as well as consolidating and strengthening our core competencies. The solution provider model that the Innovation Division develops will be shared throughout the Company and with Group companies, building an environment where everyone at JTEKT can put the solution business model into practice.



Special Feature

Innovation Roundtable

Roundtable: Director Nakanishi and the Innovation Division



Combining the knowledge and the endeavors of every individual to become a solution provider

The Innovation Division was established to achieve our transformation into a solution provider and to enhance JTEKT's corporate value. JTEKT is a company that creates new value from a starting point in solving the issues of customers and of the Company itself, and it connects this value to strengthened market competitiveness. What is its growth strategy? We spoke with Isao Nakanishi, a director of the Company with a background of involvement in new business development at Toyota Motor Corporation, to talk about the mission of the Innovation Division and the future that it aims to bring about.

Turning the knowledge of individuals into the power of the organization

In leveraging the knowledge and the strengths of JTEKT throughout the Company, what role does the Innovation Division play?

Shimizu Let me start with a story to explain the role of the Innovation Division. Since taking office, President Kondo has repeatedly said, "JTEKT has numerous diverse strengths, but fails to make good use of them. That's a waste." Our Company has numerous strengths that go beyond technology and knowledge to encompass experience with shop-floor improvements and connections among people. However, these strengths exist within individuals and within organizations, and have not been fully utilized by the Company as a whole. To address this, our Core Competence Platform (CCP) provides a way to make the technology, knowledge, shop-floor improvement experience, and other intellectual capital held by employees visible and usable, so that it can be leveraged across all organizations.

Ando CCP is a foundation for the collection of knowledge, but on its own will not realize solutions to issues. The Solution Co-creation Center (SCC) shoulders the role of converting existing knowledge into a usable state, linking collected knowledge and technologies with the mediation of people, and then connecting these to actual solutions. And, the Innovation Division is an organization that undertakes new endeavors while encouraging cooperation that extends across departments and specialized areas, drawing on the results of foundational research and proactive research that addresses future issues.

Shimizu Our emphasis is on tackling small challenges ourselves and we build up not only successes, but also failures, as organizational lessons. We want to share that experience and knowledge across the Company and create conditions that allow more employees to make use of them.

Nakanishi The Innovation Division will first undertake small trials, and the successes and failures are used in further endeavors, while also turning them into lessons and mechanisms for organizations. I see that chain of actions as important. Just as Toyota has grown through the accumulation of improvements, I think it's important for JTEKT to be an organization that continues to tackle challenges and learn.

A shift to an approach based on needs, starting from issues

What sort of close-at-hand troubles spurred the initiative to turn knowledge into organizational power?

Onozaki It was the measuring instrument CCP. The Company has a great number of measuring instruments. By enabling visualization of who's able to use which instruments, where the instruments are, and what state the instruments are in, we've made instruments usable across production, research, design, and other departments. I see this as a CCP-like example of making effective use of existing assets throughout the Company.

Ishikawa Something that I found convenient is the business trip database. JTEKT has customers and sites across the country. We developed a means for sharing business trip hotel information and reservation methods as part of CCP, and many employees are putting it to use. It's a small initiative for internal use, but it yields a great effect by letting everyone benefit from the resolution of small everyday issues. I think that things like this are well suited to creating a positive climate and culture within the Company.



What do you see as necessary for effecting the transformation into a solution provider?

Shimizu The two examples noted just now are solutions that began from a thought of "wouldn't something like this be convenient?" Even if we head to workplaces to directly ask what problems are present, there aren't a lot of people who can immediately provide answers. However, when posing the question as "Don't you think something like this would be convenient?" people say "Yes, it would" or "Actually, I think...," and conversation takes off from there. In the process of identifying issues through dialogue at worksites, I think we acquired a perspective of considering issues as the starting points. Taking these actions that originate from issues, or pain points, is vital.

Nakanishi When solutions to internal issues have truly become useful, they can also serve as solutions for customers, who are outside the Company. This step makes a lot of sense. What matters most is the shift in our mindset—from improvements that emerge organically to value creation that starts with the problem to be solved. I think that the accumulation of that value will further refine our core competencies and lead to competitive solutions.

Organically spreading solutions through the accumulation of small successes

How are you growing the "solution starting from issues" into business?

Shimizu Of the solution proposals aimed at our own production sites, the most emblematic one in terms of impact involves heat treatment. Heat treatment conditions for bearings vary with bearing size. Using simulation, we proposed arranging bearings of different sizes so that they could be heat-treated under the same conditions. We received feedback that other similar issues were also present. A solution for one issue calls up the next issue, which leads to the next solution. This was our first such success story.



Onozaki Then there's the case of AI image inspection. The AI visual inspection system requires a large number of images for learning, but asking shop floors to collect those images isn't practical. So, we changed our thinking and developed means for automatically collecting images. Further, when we faced the new issue of a shortage of AI engineers, we developed a mechanism that allows shop floors to create AI visual inspection models without coding. What led us to our current initiatives was not technology itself but the fact that we evolved technology in line with issues on the shop floor.

Shimizu What we place at the core is transformation to organically spread solutions, by which business units themselves exchange opinions with customers to effect a transition from passive product sales to active solution sales. Moreover, instead of creating big businesses at a leap, we do so in small steps. That's our basic approach. When the solution business model practiced in a small way by the Innovation Division spreads to departments and many employees become able to create value on their own, that will mark real transformation. We hope that the factory solutions announced at the financial results briefing in May 2026 will be a forerunner of this.

What sort of factors do you view as necessary for expanding solution business?

Ishikawa With just the Innovation Division's capabilities and personnel, it can't create business that generates significant revenue on par with that of current businesses. Accordingly, we continue to refine the process of creating solutions. We first use solutions ourselves, identify issues, effect improvements, and deploy the results within departments. That is what I see as our role.



Nakanishi What's important when putting this into practice is that we first know our own strengths and weaknesses. Only when we know what we lack can we make the decision to take in help from outside. Open innovation doesn't mean looking outside to seek whatever is lacking. Understanding the Company's core competencies to match insufficient areas to outside resources—this, I think, is what will let us further hone the Company's strengths and continually propose solutions that delight customers. That should then lead to greater competitiveness in business and the creation of new revenue opportunities.

Taking on challenges nurtures people and organizations

What does the practice of creating solutions itself bring to people and to organizations?

Nakanishi The challenge of creating solutions is not only one of creating new businesses and services. The experience of identifying issues and giving shape to value while interacting with customers allows people to grow. People who possess will—that is, goals and aspirations that they want to achieve—overcome obstacles on their own through such experiences. When those experiences are shared with others, a cycle of people nurturing people is created. I think this also connects to the Company's Value of "Yes for All, by All!" In solution creation, work transformation, and business development in new areas, the experience of thinking and acting on one's own, whatever the size of the initiative, nurtures human resources. The experience of conceptualizing and implementing new projects and themes, making changes in direction as necessary, provides major opportunities for growth. Increasing the number of people who experience this growth and placing them throughout the Company are also contributions that the Innovation Division can make.

Ando What has changed through this initiative is not just people. On the foundation of CCP, connections are being created across development, sales, production, IT, and other departments. With people, including customers, addressing the same issues from diverse positions, a wholly new movement toward co-creation is coming into existence. I feel that the creation of solutions holds the power to change organizational design itself.

Ishikawa What we're coming to realize is that the more we undertake endeavors, the more the process also evolves. As an example, when the employees who designed Stage and Gate* participate in actual projects, issues not previously seen come into view. By putting the process into practice while squarely facing customers, people undergo growth and the process itself becomes refined. As knowledge gained through the process is put to use in the next endeavor, the quality of activities also rises.

*An evaluation process for new business and new product development

Ando Growing business in a new area also demands that we put in place numerous mechanisms and rules involving collaboration and division of tasks with existing functional divisions and business units. By doing so, we undertake ongoing iterative verification and improvement, then polish these into reproducible processes. This process further yields great opportunities for employees to grow.

Shimizu Successful people often say that, more than what action is taken, what matters is who performs the action and with whom. What we value is creating an environment in which people with the enthusiasm to take on challenges grow in number, and in which supervisors, subordinates, and officers can discuss things at the same level and work together through trial and error. We bring together the knowledge and know-how gained through the process as organization-wide assets that we put to use in future endeavors. The Innovation Division aims to expand this cycle across the Company, connecting the growth of people and organizations to ongoing competitiveness.

Using AI to turn shop floor knowledge into competitiveness

How can knowledge built up through actions on the shop floor be turned into competitiveness?

Shimizu Turning knowledge built up on the shop floor into assets that can be utilized throughout the organization is vital. When we thought about our transformation into a solution provider, we realized that AI is one of the most important areas. The greatest advantage of using AI effectively in manufacturing is obtained by enabling AI to utilize the accumulated intuition, experience, and other tacit knowledge of skilled worksite personnel along with diverse manufacturing-related data—that is, creating an AI-Ready state—so that the data can be put to use at a higher level. While JTEKT produces manufacturing equipment and sells it to worksites in Japan's manufacturing industry, we also operate our own plants producing automotive components and other products, and have built up a strong track record of continuous improvement there. That's why we believe that JTEKT has the capability to transform the vast tacit knowledge at worksites into data that AI can utilize. This perfectly represents value that we can



provide to Japan's manufacturing industry, which is struggling with labor shortages. Our internal secondment program for building AI capabilities is beginning to develop employees who can drive this transformation, and results are starting to emerge at workplaces. Further accelerating this movement is a key theme for the future.

Onozaki The shift to AI-Ready is not an easy one. Where tacit knowledge lies, and what parts of it should be turned into explicit knowledge, are often not visible. We are visualizing know-how across the entire value chain, not only in plants but also in R&D and management, and converting it into forms that AI can use. We can't solve everything with AI alone; at the center, human beings are essential. We think that using AI to make maximal use of intellectual capital provides a foundation for the enhancement of competitiveness.

Shimizu When knowledge and data accumulate through this shift to AI-Ready, AI will evolve beyond a mere analytical tool and will support decisions and operations on the manufacturing floor.

Nakanishi We will implement and demonstrate this in our own plants, then deploy the refined results outside the Company. The ability to operate this cycle is the greatest strength of JTEKT. We will first prove the system's value in our own plants, then sell it to the outside world. This path to success meshes well with manufacturing in Japan. We have great expectations for JTEKT's potential to lead Japan's manufacturing industry overall by putting forth this model.





Leading Japan's manufacturing industry as we head toward 2030

As you head toward 2030, how do you intend to connect existing mechanisms, knowledge, and AI to competitiveness?

Ando In making the transformation into a solution provider, JTEKT's unique strength as both a user and a developer will be a competitive strength. Leveraging this, we aim to generate revenue through work that customers appreciate and aim to be a company that each and every employee is proud to work for. That's the vision that JTEKT holds for itself as a solution provider, which we believe will lead to greater vitality for Japan's manufacturing industry. At the same time, JTEKT is a global company. We will consolidate knowledge cultivated both in Japan and around the world into CCP, transform tacit knowledge into explicit knowledge, and roll that out globally as new value. This is something that we want to achieve by 2030.

Nakanishi Through discussions with the Innovation Division over the past year, I came to feel that innovation is the essence of management. Going beyond the pursuit of numbers alone, the Board of Directors should adopt a mindset by which directors change the Company itself from their individual standpoints. In that sense, I think a great strength of JTEKT is that the president takes the lead in advancing transformation, in response to which everyone continues to give their best. JTEKT is cultivating human resources who learn from issues on the shop floor, turn that learning into company-wide knowledge, and implement it in business. I believe JTEKT will become stronger by continually asking who our customers are and repeatedly taking on challenges at the worksite.

Shimizu This year, 2026, is the concluding year of our Second Medium-Term Plan as well as a year of preparation for our Third Medium-Term Plan. Our aim is to scale the frameworks and culture that the Innovation Division has built by leading transformation and taking on new challenges, making them the standard way the entire company operates. Doing so will require that we further refine our capabilities for identifying issues. By enhancing our accuracy in uncovering real social issues and proposing solutions based on company-wide knowledge, I think we can raise the competitiveness of JTEKT as a whole.

JTEKT's transformation into a solution provider is a work in progress. Along the way, the Company will leverage the knowledge gained through solving its own and customers' issues to increase the productivity, quality, and profitability of existing businesses. It will further develop internally-refined knowledge into solutions for external customers to create new revenue opportunities. This is how JTEKT views its growth heading toward 2030, and is the Company's path toward enhancing its corporate value.