

JTEKT Report 2025

Integrated Report

JTEKT

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 !



Regarding the Formulation of Mission, Vision, Value —Message from President Kondo on the Company's MVV—

Pursuing a Shared Goal: Transforming Our Vision into Reality

JTEKT has now established its Mission, Vision, Value (hereinafter referred to as MVV). MVV represents the core principles of corporate management, guiding the Company's direction and culture. As JTEKT prepares for future transformation, it has adopted the following MVV as an unwavering foundation.

- Mission: Joint Technology to bring joy to the planet earth and all working people
- Vision: A solution provider creating the future of mobility society through Monozukuri and Monozukuri equipment
- Value: Yes for All, by All!

Why are we making MVV now? Because we felt we needed a shared foundation for all employees as we transform into a solution provider. JTEKT was formed by the merger of two companies and three businesses, which often led to inconsistent answers when we were asked what kind of company we are. Therefore, we determined it was essential to clearly define a shared foundation that keeps everyone aligned and provides a decision-making compass for when uncertainty arises. This will enable each employee to think for themselves, engage in workplace discussions, and act autonomously. This autonomy is the source of a company's strength. Looking around the world, companies where MVV permeates and is actively utilized by all employees see their staff energized, thriving, and contributing to customers and society. We too aim to achieve this through our MVV and harness it as a powerful force for transformation.

Our MVV Was Made to Incorporate the Origin of Our Name

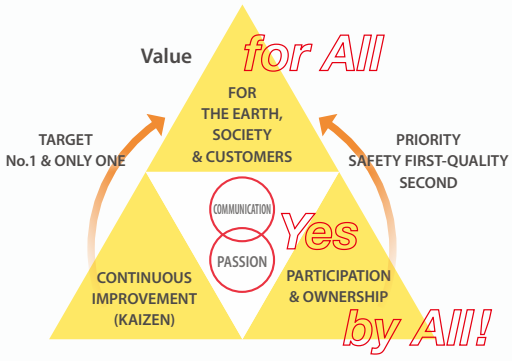
In formulating our MVV, we reorganized our corporate philosophy by consciously distinguishing between "unchanging universal elements" and "elements that must evolve" for JTEKT.

JTEKT's Mission (our purpose and reason for existing) and our Value (the shared principles that enable us to fulfill that Mission) should remain constant regardless of how the surrounding environment changes. On the other hand, our Vision, which articulates our ideal future state, should be flexibly adaptable in response to corporate growth and the demands of the times.

Regarding our Vision, we have already outlined it in the JTEKT Group 2030 Vision announced in 2024 as "A solution provider creating the future of mobility society through Monozukuri and Monozukuri equipment."

Next, our Value was made to encompass the philosophy that we had held as the JTEKT BASIC PRINCIPLE. The words contained within this philosophy resonated with a phrase I had cherished for years: "Yes for All, by All!" We defined this as the spirit of our Value.

And based on this Vision and Value, when we considered what JTEKT should establish as its Mission, we arrived at the company name "JTEKT" itself. This name contains two meanings: "joint technology" and "joy". In essence, the belief that "by connecting monozukuri technologies, we bring joy to people and society" is the origin of this name. I deeply resonated with this aspiration passed down from the past and defined JTEKT's Mission as "Joint Technology to bring joy to the planet earth and all working people." JTEKT is a monozukuri company that contributes to society by leveraging its technological strength. We believe that bringing joy to society through technology is our reason for existing and our universal mission that will never change.



JTEKT BASIC PRINCIPLE



Employee Survey Confirms Consensus. MVV Now Embraced and Utilized Throughout the Company

The MVV developed by our management team was first presented internally before its public release. We set aside a time for all employees to freely share their thoughts and impressions on how they perceived it. What emerged was the desire to create MVV that everyone could relate to. We hoped that this shared understanding would permeate throughout our entire workforce, becoming a benchmark for decision-making in their work and a guiding principle for setting goals. As mentioned earlier, MVV holds no meaning simply by existing. It only gains value when it is embraced and actively used by the workforce. Fortunately, the feedback survey showed overwhelming consensus, with 98% of responses expressing positive sentiment. Of course, I was personally very reassured by feedback such as:

"Incorporating the origin of our company name in the Mission and expressing it in simple words is excellent," "I'm glad 'technology' comes first. We want to be a company with unparalleled technology," and "It's good that 'joy' is emphasized. We can't forget to be joyful."

It has been over half a year since the implementation of our MVV, which has the consensus of our employees. Now, within the Company, we increasingly see moments where each employee feels "MVV is alive and well, becoming established as JTEKT's culture"—moments like integrating MVV into daily operations and putting it to practical use. MVV is not merely a slogan. Nor are Mission, Vision, and Value separate entities. As proof, when you link MVV together, you should be able to sense JTEKT's commitment.

"Joint Technology to bring joy to the planet earth and all working people." To achieve this, JTEKT will become "A solution provider creating the future of mobility society through Monozukuri and Monozukuri equipment" by 2030. We will daily implement "sincere commitment and dialogue (Yes), for the benefit of all stakeholders (for All), and continuous improvement through full participation (by All)."

Moving forward, we will continue to grow vibrantly with our colleagues around the world as ONE! JTEKT, the JTEKT Family, keeping our MVV close to our hearts, and contribute to a future where everyone can be joyful.



Yoshihito Kondo
President

CONTENTS

WHAT'S JTEKT

01 Mission Vision Value
05 Contents
06 Editorial Policy and Information Disclosure System
07 About JTEKT
09 History
11 Core Competencies

Value Creation Strategy

13 Value Creation Model
15 JTEKT's Materiality
19 Message from the President
24 Medium-Term Business Plan

Growth Strategy

29 Financial Strategy
35 Human Resource Strategy
39 Intellectual Capital Strategy
43 Digital Strategy
45 Business Strategy
- 45 Automotive Business Unit
- 46 Industrial and Bearings Business Unit
- 47 Machine Tools & Manufacturing Systems Business Unit
- 48 Aftermarket Business Unit

Foundation Strengthening Initiatives

49 Environment
52 Health and Productivity Management, Safety, and Human Rights
53 Information Security
54 Supply Chain Management
55 Quality Control
56 Co-creation with Stakeholders

Governance

57 Outside Officer Roundtable
60 Corporate Governance
65 Officers and Audit & Supervisory Board Members
67 Risk Management
68 Compliance

Data

69 Financial Highlights
70 Eleven-Year Consolidated Financial Summary
71 Non-Financial Highlights
72 Five-Year of Non-Financial Data
73 Company Information
74 Awards and Recognition



JTEKT Group Official Mascots
J-Nyan and TEK-NYAN

Featured Content



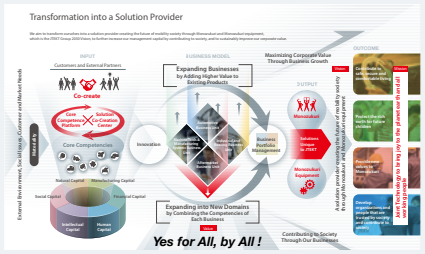
Refining Management Guidelines

P.01 Mission Vision Value
P.15 JTEKT's Materiality



Second Medium-Term Business Plan Begins

P.24 Medium-Term Business Plan



The Path to Transformation into a Solution Provider

P.13 Value Creation Model
P.11 Core Competencies
P.39 Intellectual Capital Strategy



Strengthening the Corporate Governance System

P.60 Corporate Governance
P.57 Outside Officer Roundtable

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 the creation of the report, we reference the Integrated Reporting Framework of the IFRS Foundation and the Ministry of Economy, Trade and Industry's Value Co-creation Guidance, while also leveraging dialogue with our stakeholders to plan and produce the report.

Environment Social Governance
Guidance for Collaborative Value Creation

Target organizations and scope

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

Target period

The primary target period is FY2024 (April 2024 to March 2025). Some activities after April 2025 are also included.

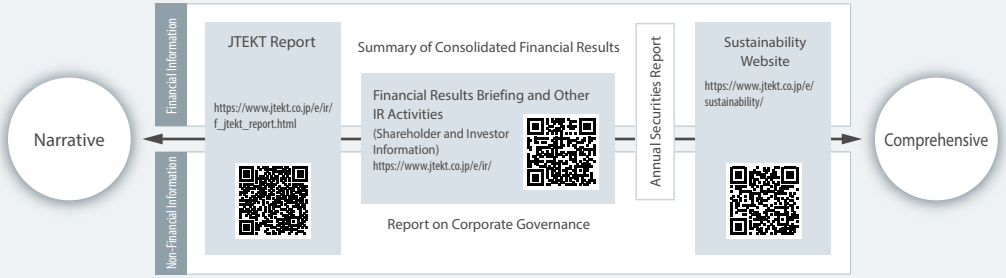
Publication:

September 2025

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

The cover design features the entrance to our headquarters, symbolizing the dynamism of our core competencies. It incorporates our Group's products and keywords. It also expresses our strong determination to transform into a solution provider by leveraging our core competencies within the JTEKT Report 2025.



On the Publication of JTEKT Report 2025

In FY2024, we formulated the JTEKT Group 2030 Vision, the Second Medium-Term Business Plan (based on the Vision), and our Mission, Vision, Values (MVV). By clarifying the shared goals for all employees and uniting our aspirations, various initiatives have begun to take shape.

In the JTEKT Report 2025, we focused on value creation and growth strategies based on our MVV, consciously aiming to communicate the path toward the transformation into a solution provider outlined in the JTEKT Group 2030 Vision. During editing, we earnestly considered feedback from our stakeholders and worked to incorporate it into improvements.

We hope this report serves as a useful tool to deepen your understanding of our Group and foster constructive dialogue. Moving forward, we will continue to enhance the quality of our integrated report, enrich our information disclosure, and strive to further increase corporate value through co-creation with you.



Kazuyuki Kamiya
Senior Executive Officer
Chief of Corporate Division
CFO

Contents Addressing Matters of Interest from our Stakeholders

How will you improve PBR and ROE?	P.19 Message from the President P.29 Financial Strategy
Do you consider the current business portfolio optimal?	P.19 Message from the President P.29 Financial Strategy
How will you improve the business profit ratio?	P.45 Business Strategy
How far along is your transformation into a solution provider?	P.19 Message from the President P.39 Intellectual Capital Strategy
How is the Medium-Term Business Plan progressing?	P.24 Medium-Term Business Plan
What is your regional strategy for global operations?	P.24 Medium-Term Business Plan
How is your digital transformation progressing?	P.43 Digital Strategy
Are efforts towards carbon neutrality progressing?	P.49 Environment
Please share your thoughts and philosophy regarding human resources.	P.19 Message from the President P.35 Human Resources Strategy

At a Glance

Founding
1921

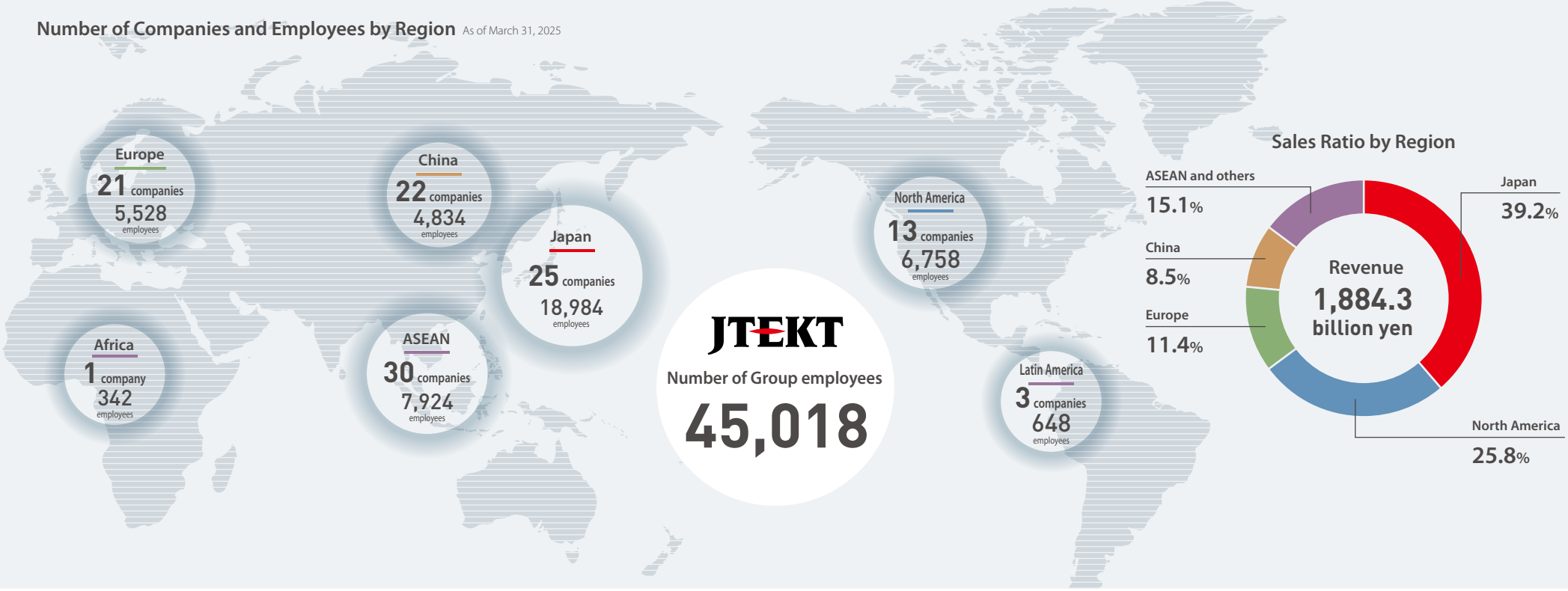
JTEKT Group
115 companies
(excluding equity-method affiliates)

Manufacturing sites
124 plants

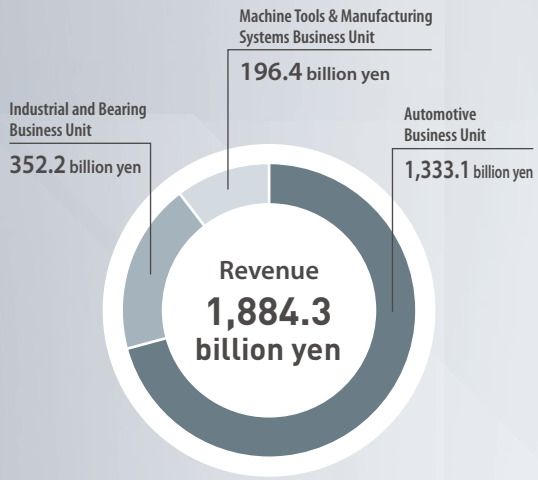
Agent network
(Globally)
93 countries
Number of agents:
403 (overseas) +
101 (domestic)

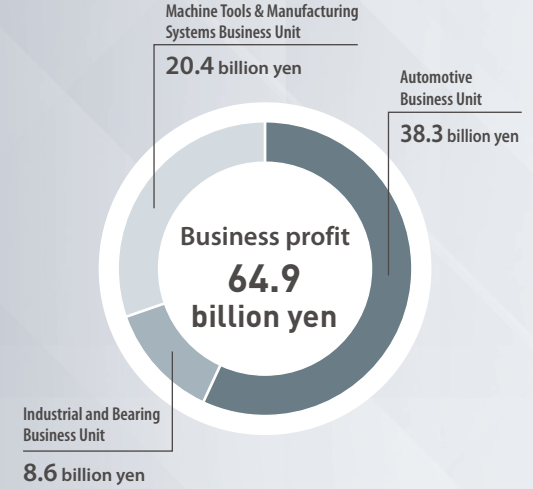
CDP 2024
Achieved the
highest rating of A
in the climate
change category

Number of Companies and Employees by Region As of March 31, 2025



Sales Ratio by Region





* The portion pertaining to the aftermarket business is included in the figures for the three businesses.



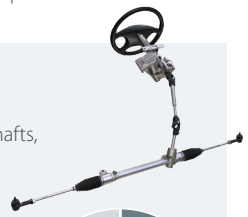
Automotive Business Unit

Our steering products feature a comprehensive lineup suitable for everything from light vehicles to large commercial trucks, meeting the diverse needs of numerous car makers. Our drive products contribute to enhanced safety, peace of mind, and improved fuel efficiency through advanced system integration and modularization. We are also advancing the development of next-generation fuel-compatible products.

Main Products

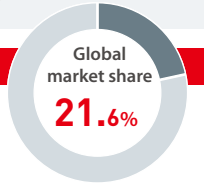
Electric power steering, hydraulic power steering, differential units, driveshafts, hub units, propeller shafts, valves for FCEVs*

*FCEV is a registered trademark of Toyota Motor Corporation.



No.1 & Only One

No. 1 share of the global market* for electric power steering since we first developed and produced it in 1988





Industrial and Bearing Business Unit

We support the development of industry and society throughout the world by providing an extensive lineup of various bearing types optimized for customer use environments and performance requirements in a broad range of fields.

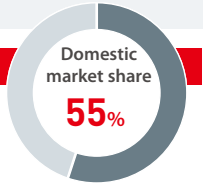
Main Products

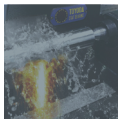
Roller bearings, ball bearings, bearing units, various other bearings, oil seals, etc.



No.1 & Only One

No. 1 share of the domestic market* for bearings used in steel equipment that achieve high-speed rotation even under high loads and at ultra-high temperatures





Machine Tools & Manufacturing Systems Business Unit

JTEKT's machine tools business leverages the reliability that sustains high productivity and high precision over a long period, cultivated in the automobile industry, to satisfy wide-ranging needs. We support manufacturing in various industries with our extensive support systems.

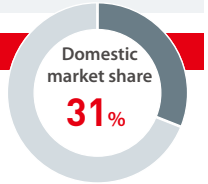
Main Products

Grinders, machining centers, cutting machines, control equipment (including IoE-related products), battery manufacturing equipment (source process), industrial heat treatment furnaces, etc.



No.1 & Only One

Developed the first grinders produced in Japan in 1956. No. 1 share of the domestic market* for cylindrical grinders



* Market shares are based on JTEKT's research



Aftermarket Business Unit

Leveraging the diverse core competencies within our Group, we aim to become a solution partner that supports the entire product lifecycle in the market.

Main Products

In addition to bearings, steering components, drive line products, and Group company products, we have released new items including ceramic ONI BEARING™ for road bikes, Bearing Defender, and a water level meter for brackish water zones.

No.1 & Only One

Through our global sales network, diverse product lineup, and new products leveraging our No.1 & Only One technologies, we aim to become indispensable to customers in the marketplace.



History of JTEKT

Since their establishment, Koyo Seiko and Toyoda Machine Works have continually perfected their technologies to provide high-quality and reliable products. JTEKT was established in 2006 with the merger of these companies. Going forward, we will continue to produce No. 1 & Only One products and move forward in our ambition to be a company that contributes to society.

Bearings

Industrial Sector

1943 Bearing for steel rolling mills

1964 Bearing for bullet trains

1968 HI-CAP tapered roller bearing

1978 Vacuum bearing

1983 Low-torque tapered roller bearing (LFT™) second-generation hub unit

1984 Fine ceramic bearing
Tapered roller bearing for rolling mill roll necks

Automotive Field

1952 Water pump bearing



1974 Self-aligning clutch release

1982 High-speed alternator bearing

1986 Third-generation hub unit

Power Steering (PS)

Hydraulic power steering

1960 Ball screw type manual steering

1968 Flapper valve-type power steering

1971 R&P type manual steering for light vehicles

1974 Ball screw type power steering

1978 P1 vane pump

Electric Power Steering

1983 Electronically-controlled power steering (electric pump type)



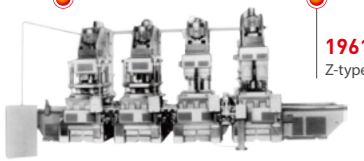


1988 Column-type electric power steering

Machine Tools

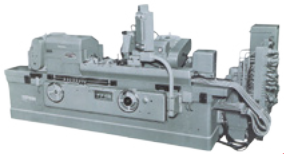
1941 Precision boring machine

1955 TOYODA-GENDRON cylindrical grinder
First transfer machine made in Japan



1961 Z-type milling machine

1965 TOYODA grinder



1968 Machining center with a pallet pool system

Mechatronics

1971 BBS robot

1972 General-purpose programmable controller TOYOPUC™

1972 Japan's first FMS for square workpieces



1983 Friend robot

1984 CNC for grinders

1986 CNC/CBN masterless camshaft grinder

1987 In-line type Machining center (TOP center)

1989 Distributed control system with decentralized PLCs

Drive

1980 BJ-type constant velocity joint

1985 DOJ-type constant velocity joint



1941
Toyoda Machine Works Ltd.
Toyota Motor Co., Ltd. (now Toyota Motor Corporation) spun off its machine tools division and established Toyoda Machine Works, Ltd.

1965
Developed Toyoda brand grinder

1968
Commenced production of hydraulic power steering systems

Developed machining centers



1980
Commenced production of CNC cylindrical grinders

Commenced production of constant-velocity joints for automobiles

2002
Established FAVESS, which develops and sells EPS



1921
Founded Koyo Seiko Co., Ltd.
Zenichiro Ikeda established Koyo Seiko in Osaka City as a private store and started production after selling imported bearings

1927
Commercialized Japan's first tapered roller bearing



1975
Commenced bearing production in North America

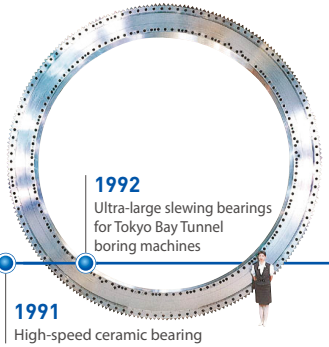
1984
World's first practical application of ceramic bearings



1988
Developed and produced the world's first electric power steering (EPS) system



HISTORY



1991 High-speed ceramic bearing

1992 Ultra-large slewing bearings for Tokyo Bay Tunnel boring machines

1993 Long-life tapered roller bearing

1994 Pinion-type electric power steering



1994 Electronically controlled four-wheel drive coupling (ITCC™)

1995 Electric pump-type hydraulic power steering

1996 Bearing for semiconductor manufacturing equipment (Clean Pro™)

1996 Hub unit with built-in ABS sensor



1997 Ultra-high-speed mold machining center

1998 Ceramic ball bearing for turbochargers



1998 Linear motor-driven ultra-high-speed machining center

1999 Bearing for the 700 Series Nozomi Shinkansen (bullet train)



1999 Low-torque tapered roller bearings (LFT™-II)

2000 Column-type electric power steering for compact cars
Rack-coaxial electric power steering



2001 Linear motor-driven camshaft grinder



2002 Electronically controlled variable gear ratio steering (E-VGR™)



2002 Propeller shaft

2002 Ultra-precision free-form surface machining center



2003 Large bearings for wind turbine generators



2003 Alternator pulley with built-in clutch

2003 Torsen differential



2004 Sealed bearings for engine auxiliaries

2004 Japan's first safety PLC



2006 Ultra low-torque tapered roller bearing (LFT™-III)



2007 Rack-cross type electric power steering

2009 Dual pinion electric power steering

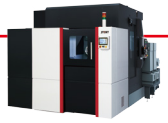
2009 CNC complex grinder



2010 Ultra high-speed bearing for machine tool spindles



2013 Gear skiving center™



New Business

2019 Development of high heat-resistant lithium-ion capacitor



2022 ONI BEARING™

2025 Integrated Gear Bearing (JIGB™)



1990 Stacker crane type FMC

1990 VL type constant-velocity joint (CV joint)

1992 Modular transfer machine

1995 General-purpose control panel

2006
Established JTEKT

Bearing manufacturer Koyo Seiko and machine tool manufacturer Toyoda Machine Works merged to become the world's number one EPS manufacturer

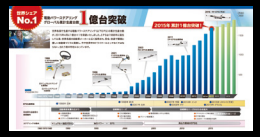
2012
Opened Iga Proving Ground



2013
Started full-scale operation of Large Size Bearing Engineering Development Center



2015
Cumulative total of 100 million EPS units manufactured



2022
Unified brands for all businesses



2024
Announced JTEKT Group 2030 Vision



2025
Simon Yates of Team Visma | Lease a Bike, which supplies ONI BEARING™, won the Giro d'Italia (general classification)



Value Provided by JTEKT

Connecting Technologies and Bringing Smiles to the Faces of the Earth and All Working People

JTEKT has grown by refining its manufacturing technologies since the time of its predecessor companies, Koyo Seiko and Toyota Machine Works, and by supplying superior products that meet the diverse needs of its customers. As the pace of change accelerates and new social issues emerge, we aim to continue to be a company that is needed worldwide by connecting the technologies we have cultivated and proactively proposing solutions. To maximize the use of our technology, we have established a technology platform that brings together our core technical competencies. By combining technologies across business boundaries, we will advance the high-value-added transformation of existing products while also providing solutions in new areas such as next-generation mobility and social infrastructure.

Technology Platform

- HMI cooperative control
- Angular control technology
- Torque control technology
- EPS system
- Forging design technology
- Press technology
- Ball screw technology
- Injection molding technology
- Heat treatment technology
- FC system
- Solenoid valve technology
- Precision work technology
- HUB
- Seal design technology
- Torque management system
- Coating technology
- 3D tooth surface correction technology
- High precision bearing
- Ultra low torque bearing
- Tribology
- Special environment bearing
- Materials/heat treatment technology
- Cylindrical grinding
- Production facilities design technology
- Gear skiving
- Blade surface creation technology
- Tools design technology
- NC equipment
- NC equipment design technology
- Safety PLC design technology

I Combining core technologies and competencies to increase the added value of existing product lines and improve investment efficiency

II Using the resources generated in I as capital, proposing solutions in new areas based on issues and needs

Diverse Customers and Social Needs

I Combining core technologies and competencies to add higher value to the current product lineup and improve investment efficiency

JIGB™ Integrated Gear Bearing

We have developed JTEKT Integrated Gear Bearing™ (hereinafter referred to as JIGB™). JIGB™ is a product that integrates gears and bearings (orbital wheels), which were previously incorporated as separate parts due to their different functional requirements in automobiles and industrial machinery.

- Tribology
- Precision work technology
- Materials/heat treatment technology



Inner ring integrated type gear shaft

Outer ring integrated type gear

High-Pressure Hydrogen-Related Products Adopted for Portable Hydrogen Cartridges

Our company has been engaged in the high-pressure hydrogen business since 2002, and our high-pressure hydrogen products (cartridge valve) are used in portable hydrogen cartridges, leveraging our hydrogen flow control technology cultivated over 20 years and our world-leading mass production track record.

- FC system
- Precision work technology
- Seal design technology



Cartridge Valve

Developing Grinders and Heat Treatment Equipment for Semiconductor Manufacturing

JTEKT Machine Systems has developed the DDT832 grinder, which can simultaneously process two hard and brittle material wafers, while JTEKT Thermo Systems has developed the RLA-4200-V and VF5300HLP thermal treatment devices for SiC power semiconductors. These devices offer significant time savings compared to conventional processing machines, thereby improving productivity.

- Precision work technology
- Heat treatment technology
- Production facilities design technology



Grinder DDT832



Heat treatment equipment

II Using the resources generated from the above (I), propose solutions to new fields based on issues and needs

Autopilot Control System (Pairdriver™)

We are working on the development of control software for driving assistance and autonomous driving in automobiles. In particular, our Pairdriver™ achieves driving assistance through intuitive communication between humans and systems, contributing to safe and comfortable autonomous driving.

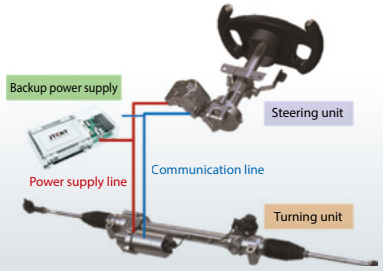
- EPS system
- HMI cooperative control
- Torque control technology



Steer-By-Wire System

Steer-by-wire system, a general term for systems that perform steering operations using electrical signals, stores the steering wheel during autonomous driving to secure interior space and create a spacious driving environment. During manual driving, it also contributes to improved vehicle maneuverability by reducing steering wheel turns at low speeds.

- EPS system
- Angular control technology
- Torque control technology



High Heat-Resistant Lithium-Ion Capacitor (Libuddy™)

JTEKT's high heat-resistant lithium-ion capacitor Libuddy™ achieves output density and durability far surpassing conventional products through its unique technology that enables operation at temperatures ranging from -40°C to 85°C. This contributes to the miniaturization, lightweight design, high performance, and maintenance-free operation of power supplies. As a powerful partner (buddy) for existing power supplies, we propose use cases and solutions that contribute to enhancing the added value of various electric products.

- Production facilities design technology
- Materials/heat treatment technology
- Press technology



Libuddy™ 2000F Cell

* Pairdriver and Pairdriver are trademarks of JTEKT.

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

INPUT

Customers and External Partners

Co-create

Core Competence Platform × Solution Co-Creation Center

Core Competencies

Natural Capital | Manufacturing Capital | Social Capital | Financial Capital | Intellectual Capital | Human Capital

Innovation

BUSINESS MODEL

Expanding Businesses by Adding Higher Value to Existing Products

Automotive Business Unit | Machine Tools & Manufacturing Systems Business Unit | Industrial and Bearing Business Unit | Aftermarket Business Unit

Business Portfolio Management

Expanding into New Domains by Combining the Competencies of Each Business

Value

Yes for All, by All !

OUTPUT

Monozukuri

Solutions Unique to JTEKT

Monozukuri Equipment

Maximizing Corporate Value Through Business Growth

Vision

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

Contributing to Society Through Our Businesses

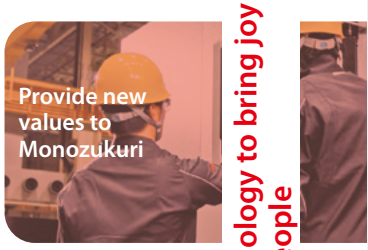
OUTCOME

Mission

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





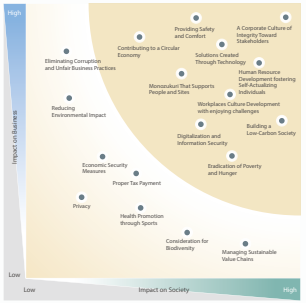




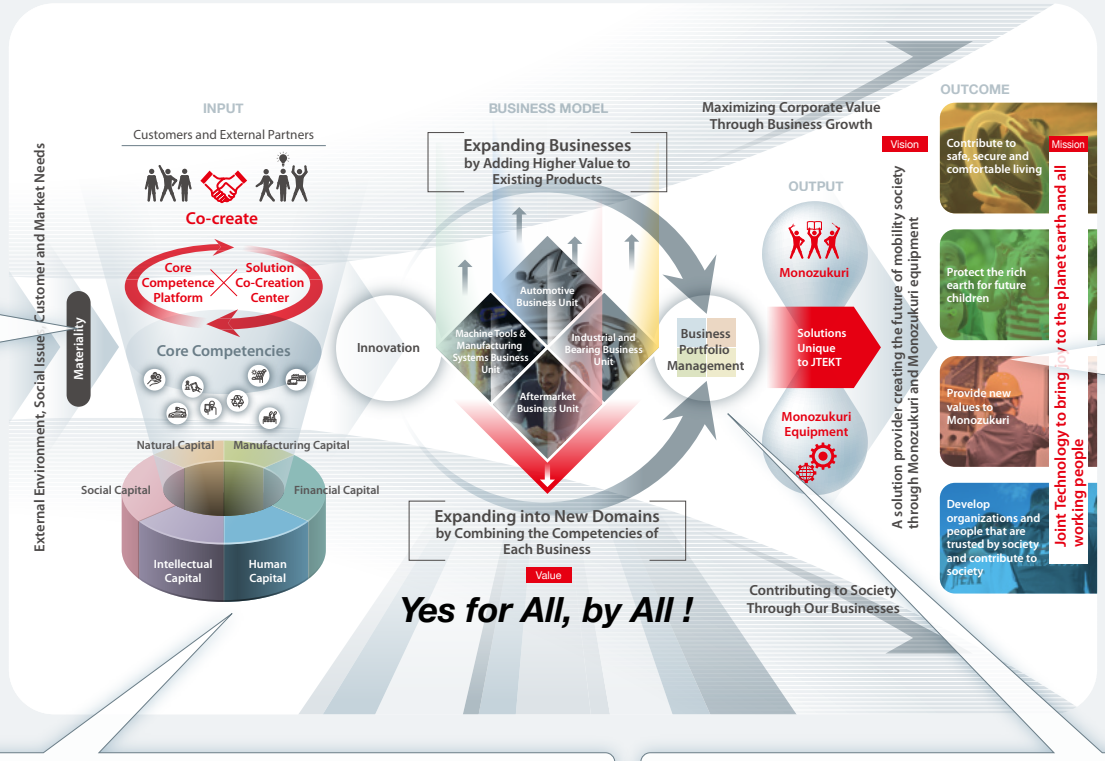
Our Story of Transformation into a Solution Provider

1 Setting Materiality to Accurately Identify and Solve Social Issues

In light of societal and environmental changes, we have established new materiality (important issues). We will advance responsible initiatives to address diverse social challenges and stakeholder needs, working toward the realization of a sustainable future.



P.15 JTEKT's Materiality



4 Implementing Our Unique Solutions in Society to Realize Our Mission and Vision

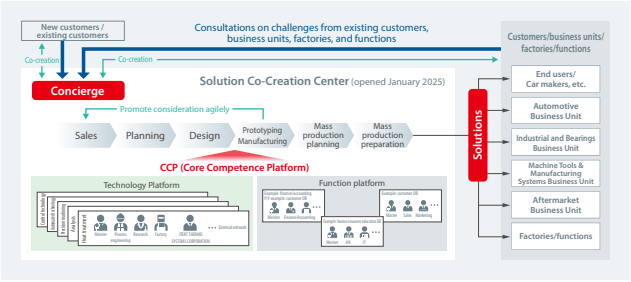
We will achieve both business growth and social contribution, providing sustainable value as a trusted company while working to realize our mission and vision and build a better future.



P.01 Mission Vision Value

2 Maximizing Capital Utilization and Cultivating Solutions to Challenges Through Co-Creation

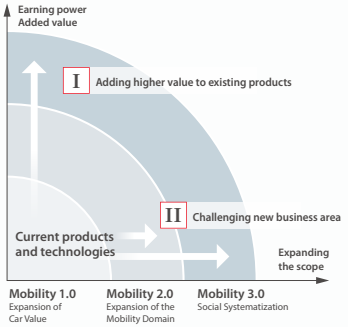
We maximize the use of our strengths in technology and our diverse capital—human resource, financial, manufacturing, social, natural, and intellectual capital—to plant "seeds" of solutions that address societal challenges and market needs through co-creation with customers and external partners.



P.11 Core Competencies | P.39 Intellectual Capital Strategy

3 Expanding Existing Businesses and New Domains Centered on Innovation, Strategic Portfolio Management

We will drive innovation based on the "seeds" we cultivate, aiming for growth through both enhancing the value of existing businesses and challenging new domains. Our diversifying business portfolio will be strategically managed as a company-wide portfolio, enabling flexible and agile responses to market and societal changes.



P.24 Medium-Term Business Plan | P.45 Business Strategy

JTEKT's Materiality

We identified our Materiality during the formulation process of our Medium-to-Long-term Business Plan implemented in FY2020.

Furthermore, this fiscal year, following the establishment of the JTEKT Group 2030 Vision and the Second Medium-Term Business Plan, we reviewed and refined Materiality based on the concept of double materiality. This involved assessing their importance from both perspectives: the impact of each societal issue on our business and the impact of our business on society.

These JTEKT Materiality represent the societal challenges we prioritize addressing through our business activities. By referencing JTEKT's Materiality in formulating management strategies and other corporate activities, we aim to enhance corporate value by providing solutions unique to JTEKT and pursue sustainable development alongside society.

JTEKT-unique Materiality

In reviewing and defining Materiality for FY2024, we referenced items such as the ESRS (European Sustainability Reporting Standards) when setting material issue items. Furthermore, we identified social issues not covered by the ESRS that we believe should be strategically addressed to contribute to their resolution, based on JTEKT's MVV and the Second Medium-Term Business Plan.

To express these as JTEKT-unique Materiality, the Sustainability Council, comprising our management team, refined both the content and expression.

Materiality is subject to change based on societal conditions and our strategic direction, and we will conduct regular reviews.

Materiality and Management Strategy

Materiality is intricately linked to JTEKT's management plans, including its MVV and medium-term management strategy.

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 announced KPIs and target values through 2030 for "People and Site-First Management" and "promoting carbon neutrality (CN)."

We have also set KPIs for internal initiatives corresponding to other key initiatives/ Materiality and are advancing efforts to achieve these targets.

JTEKT Group 2030 Vision and MVV

Social and Important Issues JTEKT Must Address



1 **Social challenges to be solved through business**

Contribute to safe, secure and comfortable living

Combining the existing technologies and know-how that we have fostered so far, JTEKT will create innovative technologies to solve future social challenges. In addition, we are emphasizing activities that contribute to the community to realize safer and more comfortable living.



2 **Social challenges to be solved through business**

Protect the rich earth for future children

JTEKT has set forth the Environmental Challenge 2050 and is endeavoring to conduct management in consideration of the environment. Viewing initiatives to achieve carbon neutrality and so on as not only a contribution to the environment but also a growth opportunity to enhance our competitiveness, we are proactively promoting them.



3 **Social challenges to be solved through business**

Provide new values to manufacturing (Monozukuri)

Combining our strengths in bearings, machine tools and manufacturing systems, automotive parts, gears, and so on, we will create products capable of supporting society. The synergy generated by the JTEKT Group businesses will promote the evolution of manufacturing.



4 **Critical issues in business structure**

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

Good manufacturing starts with good human resource development. At the JTEKT Group, we have realized the wide-ranging activities of employees and the building of work-friendly workplaces. We believe that our biggest social contribution lies in delivering happiness to all people through cooperation transcending the barriers of Group companies and business divisions.

Redefine specific initiatives to achieve these goals as "Materiality"

New Materiality

JTEKT's Materiality	Our Intent	Examples of Related Non-Financial KPIs	Relevance to Key Initiatives of the Second Medium-Term Business Plan
Solutions Created Through Technology	Emphasizing Mission, Vision, and the transition to a solution business	No. of solutions created for manufacturing/mobility innovation	Solution Co-Creation Center / Technology Platform
Providing Safety and Comfort	One of the ultimate goals of manufacturing and a critical challenge for the mobility society		
Manufacturing That Supports People and Sites	Efficient production activities through products, supporting manufacturing in Japan and globally		
Building a Low-Carbon Society	Organizing adaptation and mitigation measures for climate change through carbon neutrality	CO_2 reduction target (compared to FY2013)	Promoting Carbon Neutrality
Contributing to a Circular Economy	Participation in realizing the circular economy, including effective water resource utilization	Waste emissions / Water usage basic unit	Circular Economy Initiatives
Human Resource Development Fostering Self-Actualizing Individuals	Creating an attractive working environment and the cultivation of human resources	Employee engagement (eNPS score) Outcomes of Health and Productivity Management (Acquired White 500 accreditation) Acquisition rate for childcare leave by male employees	People and Site-First Management
Creating Workplaces Where Challenges Are Embraced	Fostering a workplace environment that leverages diverse perspectives, based on physical and psychological safety		
Digitalization and Information Security	Achieving advanced and efficient management and operations while preparing for the increased risks that come with it	No. of significant incidents	Digital Festival / Digital Monozukuri
Managing a Sustainable Value Chain	Resilience through coexistence and mutual prosperity via fair transactions	No. of serious human rights violations No. of serious legal violations	Strengthening Management Foundations
A Corporate Culture of Integrity Toward Stakeholders	Upholding quality and rules, positively reframing "zero tolerance for misconduct"		

For non-financial KPIs, targets, and results, please also refer to the Non-Financial Information Data. P.71

Formulation Process for New Materiality

1 Identification of Issues

We have listed issues relevant to our Company and its business activities, referencing stakeholder dialogues, material issue items under the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS), and disclosure frameworks.

Reconciliation with Materiality in CSRD/ESRS



E1	Climate Change Adaptation
E1	Climate Change Mitigation
E3	Water Security
E5	Resource Inputs, Including Resource Utilization
E5	Product-Related Resource Outputs
G1	Corporate Culture That Does Not Tolerate Fraud
S1	Human Resource Development
S1	Prevention of Harassment
S1	Diversity
S1	Gender Equality and Equal Pay for Equal Work
S1	Working Hours
S1	Work-Life Balance
S1	Safety and Health
S1	Fair Wages
S1	Employment Security
S1	Child Labor
S1	Forced Labor
S2	Safety and Health
S2	Child Labor
S2	Forced Labor
S4	Product Quality and Product Safety

Evaluation Based on Double Materiality

JTEKT adopts a double materiality approach, evaluating and identifying priorities based on both the impact of each social issue on our business (financial materiality) and the impact of our business on society (impact materiality).

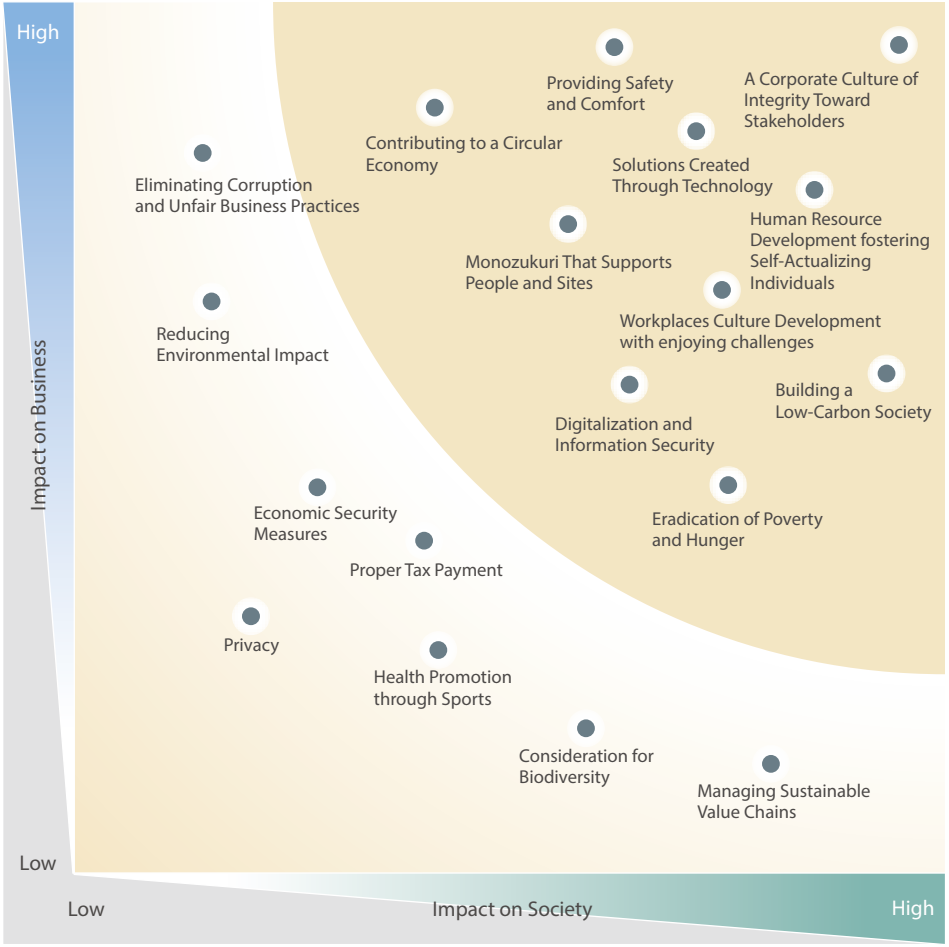
In assessing social issues, we employ IRO evaluation (Impact, Risk, Opportunity). We identify material issues by focusing on matters deemed essential to our business strategy, while considering their relationship to items designated as key implementation priorities in JTEKT's MVV and Second Medium-Term Business Plan.

Please note that these material issues represent those among the many existing social challenges that JTEKT prioritizes addressing through its business activities. This does not imply that other social challenges are unrelated to our Company.

Our Company will contribute to social issues beyond our material issues through compliance (adherence to laws and regulations) and CSR (our role and responsibilities as a corporate citizen).

2 Prioritization

We evaluated the importance of each item from both internal and external perspectives and narrowed down those with the highest ratings. The evaluation process involved cross-referencing with material issue items such as ESRS, discussions with relevant internal departments, dialogues with stakeholders including external parties, and deliberation by management.



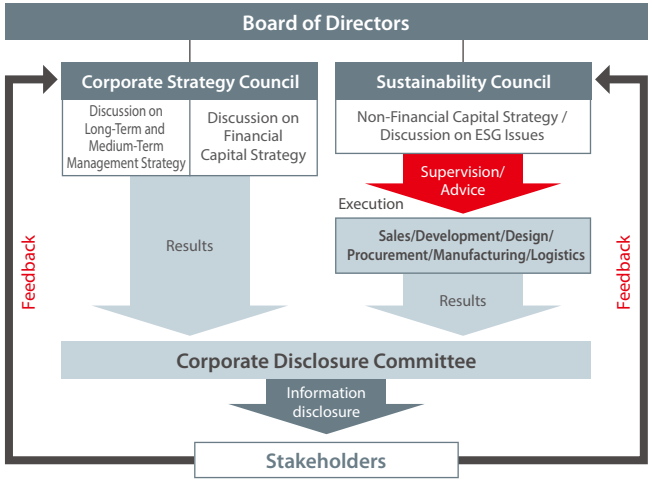
3 Validation of Adequacy

Regarding the items selected as Materiality candidates, we conducted dialogues with our stakeholders and internal specialized departments integrally involved with them, in parallel with the review by our management team within the Sustainability Council.

Dialogue Partners		Key Dialogue Outcomes
Shareholder Representatives	**Institutional Investors Holding Our Shares**	● Our top priority is governance that prevents misconduct ● We understand diversity is an integral part of workplace design ● The emphasis placed on biodiversity varies by industry At JTEKT, we understand the decision to prioritize a circular economy
Employee Representatives	**JTEKT Labor Union**	● We share the Company's recognition that developing people and designing workplaces are essential elements for corporate growth, enabling employees to work with vitality
	Human Resources and Labor Affairs Department (Internal)	● While human capital management encompasses numerous critical areas—from fundamentals like safety and health to enhancing employee engagement—we will advance human resource development and workplace design aiming for people and site-first management
Customer Representatives	**Japanese Car Makers**	● We place emphasis on the working environment of our own employees and responsible procurement activities ● In mechanical parts manufacturing, contributing to a circular economy is important, second only to climate change response
Value Chain Representatives	**Procurement Department (Internal)**	● We conduct training sessions on labor safety and quality (product safety) with suppliers who are members of the JTEKT Supplier Association ● We engage in awareness activities regarding CO2 emissions and information security in collaboration with specialized departments ● We implement human rights initiatives jointly with customers, including regular surveys on the use of conflict minerals
Global Environment	**Environmental Affairs Department (Internal)**	● Climate change and the circular economy are also seen as significant opportunities for the Company ● While water security is perceived to have relatively less impact, it remains an area of corporate focus ● We acknowledge that biodiversity impact is also relatively low due to limited use of bio-based materials ● We aim to comprehensively address these issues based on data required by CDP and similar initiatives ● We understand the relatively low IRO evaluation score and the conclusion that it falls outside material issues ● However, as it is also a legal compliance requirement, efforts to reduce environmentally harmful substances will remain important
Others	**Corporate Planning Department (Internal)**	● The emphasis on decarbonization and the circular economy aligns with the policy of the Second Medium-Term Business Plan ● Work-life balance is also important for employee engagement ● As a manufacturer, it is necessary that safety and quality (product safety) are included ● While promoting digitalization is essential for business growth, we recognize that this also increases the importance of information security

4 Approval by Top Management

The review and specification of Materiality were discussed and formulated within the Sustainability Council, which brings together all members of the Board of Directors, including outside officers.



About the Sustainability Council

JTEKT's Sustainability Council, with participation from all Board members including outside officers, functions as a forum to supplement Board discussions on corporate strategy centered on non-financial capital. It effectively holds functions equivalent to the Board of Directors.

In reviewing our material issues for 2024, we conducted four rounds of deliberations based on our MVV, the Second Medium-Term Business Plan, and our related initiatives to date.



Message from the **President**

Shared as a guiding principle, Mission, Vision, Value connecting core competencies, co-creating solutions

Yoshihito Kondo
President CEO

2024: The Year Various Initiatives Began to Move Toward Transformation

Over a year has passed since I assumed the position of President of JTEKT in June 2024. During this time, JTEKT formulated the JTEKT Group 2030 Vision, the Second Medium-Term Business Plan based on it, and the Mission, Vision, Value (MVV). Various initiatives centered around these have now begun to take shape.

Looking back, this past year has been a period of reflecting on "what kind of company JTEKT is," reaffirming our strengths and potential. Having worked closely with JTEKT for many years since my previous position, I recognized it as a company possessing extensive core technologies and competencies across its three pillars: automotive components, bearings, and machine tools. However, visiting many business sites, including overseas locations, and listening directly to the opinions of employees revealed something new: JTEKT possesses far more technology than I imagined, and has employees who are both diligent and agile in applying that technology." This represents a significant driving force for our Company and a source of growth potential. However, precisely because each business unit has been successfully executing its own operations independently, challenges in collaboration and technology sharing between units have also become apparent. It is truly a waste that outstanding technologies exist within each business unit yet remain unused elsewhere. My mission is to fuse these technologies and further evolve JTEKT and I have renewed my determination to accomplish this. To swiftly address these challenges, we have implemented various measures, including formulating our MVV and launching initiatives under the Second Medium-Term Business Plan.

At the core of this initiative are the establishment of the Solution Co-creation Center (SCC) and the development of the Core Competence Platform (CCP). SCC is an organization designed to advance the transformation into a solution provider outlined in the JTEKT Group 2030 Vision. It gathers needs and challenges from various locations, leveraging internal and external technologies and expertise to co-create and provide solutions. Meanwhile, CCP is a platform that brings together the JTEKT Group's core competencies—including elemental technologies for Monozukuri and Monozukuri equipment, as well as planning and sales capabilities—across business and organizational boundaries. Centering on these initiatives, we are poised to undergo significant transformation toward a new ideal.

A Year Spent Striving to Be the Manager Closest to the Front Lines, Spreading the Message: Yes for All, by All!

As we launch various initiatives, I always strive to listen to and reflect on the feedback from the front lines, and to incorporate it into management decisions. In manufacturing companies, it is the action on the frontlines that produces results. Having been involved in manufacturing for many years myself, I have felt this truth firsthand. While being the president closest to the front lines, I will make sound management decisions as a leader. I aim to lead the Company evolution by navigating swiftly between the frontlines and management.

I also believe it is crucial for employees to experience fulfillment and happiness. To that end, over the past year, I have prioritized dialogue with the employees, consciously fostering a proactive culture where everyone feels comfortable speaking up and taking on challenges. We held initiatives like monozukuri contests, cross-Group company workshops, and the Digital Festival to promote digitalization. I personally visited work sites to communicate with many colleagues. Furthermore, hoping to foster approachability and a sense of unity, I created stickers featuring my own illustrations and distribute them during site visits.


Interacting with employees at a Monozukuri contest

Throughout this period, the message I have consistently conveyed to all employees is: "Let's work together, integrate our available technologies and systems, and transform into an even stronger company." This is embodied in the "Yes for All, by All!" positioned as the Value (shared employee value) in JTEKT's newly established MVV. For a company, having "everyone moving forward together toward the same goal" is paramount. Having personally experienced how the integration of different technologies enhances the added value of products and services, I have continued to convey this message.

In FY2024, I laid the groundwork for various growth initiatives, building upon the foundation established by former President Sato. This fiscal year marks the phase where we will execute these plans while implementing organizational reforms and launching new strategies. Through this process, we aim to achieve further evolution, advancing together with all our employees and stakeholders.

Global Restructuring for Further Growth and Business Portfolio Management

Looking at the environment surrounding JTEKT, the trend toward regional economic blocs is accelerating, rendering our previous global business model increasingly ineffective. We now feel compelled to take decisive action with a sense of urgency. Specifically, we have initiated fundamental structural reforms in Europe, where market conditions are particularly challenging, and recognize the need to advance management localization in China, a market undergoing rapid transformation.

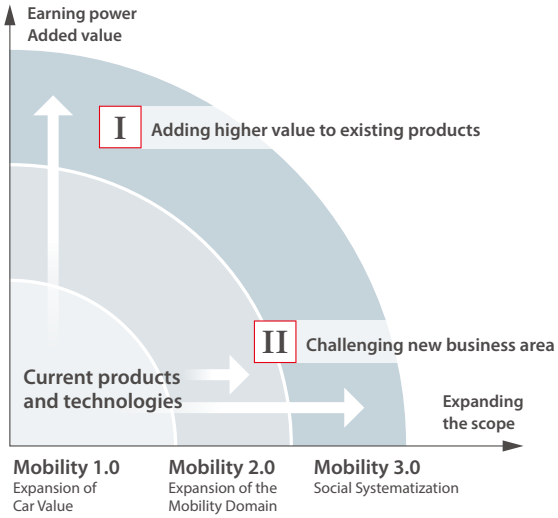
Regarding the urgent issue of losses in North America, we have formed a Task Force Team (TFT) and are currently working vigorously toward normalization by the end of FY2025. These losses stem from the prolonged labor shortage that became apparent during the COVID-19 pandemic. Production could not keep pace, necessitating support in the form of products and personnel from other regions, resulting in significant expenses. Having personally inspected the site, I recognized that resolving this requires a significant transformation of our business structure, including work practices aligned with contemporary needs and the values of local employees. The TFT is currently advancing normalization of business through three key initiatives: improving in-house production costs, enhancing operational fundamentals, and optimizing business processes. We will sincerely confront these challenges, resolve the losses with a sense of urgency, and simultaneously initiate the strategic evolution required to achieve our growth vision for the North American region.

Additionally, we will advance resource shifts to identify areas requiring focus and those where we can reduce effort, enabling efficient management. In July 2025, we established a dedicated department to review the restructuring of our business portfolio. In portfolio management, we believe it is also crucial to consider and present in advance how to leverage our talent in new domains. We also intend to fully leverage the capabilities of CCP and SCC, rapidly establishing a system to reconstruct all technologies according to demand and deploy them in new fields.

Developing People and a Culture That Enable Transformation

Beyond solving these challenges lies our transformation into a solution provider. While our Second Medium-Term Business Plan outlined advancing both "Axis I: Adding higher value to existing products" and "Axis II: Challenging new business area," our immediate priority is "Axis I: Adding higher value to existing products." One approach we are implementing is an internal initiative to solve on-site challenges through co-creation. For example, consider a manufacturing site struggling to find ways to further improve productivity. By listening to their concerns and leveraging both internal and external technologies and know-how to solve them, we can contribute to improving profit margins. This act itself leads to adding higher value to existing products, and the solutions that actually work may also be valuable to our customers. Simultaneously, deriving ideas from real-world challenges and devising solutions serves as training for executing challenges in new areas.

Furthermore, these initiatives should lead to successes for each and every employee, serving as growth opportunities to master the process of taking on new challenges. This growth itself becomes the stepping stone to the next phase. The capabilities developed by employees who acquire skills here will accelerate "Axis II: Challenging new business area." Through this, we aim to realize ambidextrous management driven by both Axis I and Axis II.



At the same time, we aim to accelerate the internal clock of our employees. In today's rapidly changing society, the ability to keenly sense emerging needs and respond with immediacy is crucial. We must not only cultivate technical expertise thoroughly but also enhance the pace of work within each employee, enabling swift deployment of solutions to the outside world.

As we tackle multiple challenges simultaneously, there may be some confusion on the front lines. What's needed then is dialogue. That's why I go to the front lines myself, show them a goal that's just within reach with a little more effort, say, "Let's all give it a shot!" and shake their hands. Then, after a little time passes, I visit the front lines again in person. I want to repeat this process many times. "Listen to the feedback from the front lines at every opportunity and give them some encouragement" – from my experience, this is the process that leads to success. As a leader who stays close to the front lines, I will continue this approach moving forward.

Building a Framework that Enables Business Model Transformation

Another essential step toward transforming into a solution provider is a paradigm shift from a passive business model to an active solution business model. To achieve this, we launched SCC, consolidated all the Group's competencies into CCP, and built a system making these capabilities accessible to everyone. First, we aim to enhance the profitability of existing businesses by visualizing and leveraging strengths to increase the added value of each function, while eliminating waste such as duplication. Next, we aim to create new businesses and transform into a solution provider. To activate this function, we have established the role of "Meisters" to uncover and activate core competencies, and "Concierges" to assemble solutions within SCC.

Within the first few months after its establishment, SCC received over 200 inquiries from within the Company and is already proving highly effective. For internal challenges and inquiries such as "Does this technology already exist?" the concierge responds, connecting departments with departments and technologies with technologies to drive further technology utilization. Furthermore, for challenges, needs, and ideas raised by each department, the concierge is steadily advancing the Company's journey toward becoming a solution provider. This involves connecting technologies within the group and exploring the creation of new solutions, incorporating digitalization and other factors. Moving forward, we plan to establish a system not only within SCC but also by placing "resident concierges" in each business unit. This will enable us to directly gather on-site voices, challenges, and needs, driving further revitalization and accelerating transformation. Furthermore, this initiative also serves the role of breaking down organizational walls and creating cross-organizational connections. We aim to foster our core value, "Yes for All, by All!", within SCC and CCP.

Accelerate Transformation With a "Living MVV" that Guides All Actions

To point the way forward for the transformation JTEKT is pursuing, we have formulated our new MVV. Before making it public externally, we took time to first present the draft to our employees, listening to their reactions and feedback as we finalized it. Behind this approach lies my desire to create a MVV that is not just a pipe dream, but one that is truly internalized and usable within the Company. While the MVV incorporated JTEKT's history, philosophy, and essence during its development, I wanted to first verify internally whether it could truly take root as a guiding principle at each site. Fortunately, after internal disclosure, we received positive feedback from various departments, such as "This feels like JTEKT" and "This resonates with me," which was very encouraging. MVV is something that truly comes alive when used. Moving forward, I want to leverage it even more, working together with all employees to advance steadfastly, guided by the MVV.

Furthermore, in 2024, we also revised our Materiality (the social issues we prioritize addressing). The key point this time was a proposal from the Sustainability Committee Secretariat to develop our Materiality that both responds to evolving societal demands for global sustainability disclosure and pursues what makes JTEKT unique. This proposal emerged after extensive discussions. Seeing proactive initiatives like this beginning to take shape is hugely encouraging and signals the start of transformation.

What makes JTEKT unique precisely refers to the essence of our MVV. In revising our Materiality, we first embedded the MVV philosophy across all organizations, clarified each unit's responsibilities, and discussed the social issues requiring priority attention to achieve them. This process completed our "JTEKT-unique Materiality" linked to the MVV, which also connects to business opportunities. Moving forward, by focusing on these newly revised Materiality, we will aim to realize a society of "Joint Technology to bring joy to the planet earth and all working people".

Toward Further Enhancement of Corporate Value

We strongly recognize that it is our corporate responsibility to consistently deliver returns on the valuable capital entrusted to us by our shareholders and investors. To constantly monitor stock prices and capital costs while maximizing corporate value through improved capital efficiency, our long-term vision "2030 Vision" sets financial targets of 10% ROE, 1.5x PBR, and a business profit ratio exceeding 8%. To achieve these goals, we will enhance the value of existing businesses, review our business portfolio, prioritize investments in growth areas, and rapidly expand into new solution businesses.

We have also strengthened shareholder returns, increasing the dividend for the fiscal year ending March 2025 to 50 yen per share annually, comprising 25 yen per share for the interim dividend and 25 yen per share for the year-end dividend. Going forward, we will continue to deliver stable returns while balancing improved capital efficiency with financial soundness.

In today's rapidly changing social environment, sustainable growth cannot be achieved solely through the traditional business model of manufacturing and selling products. In our Third Medium-Term Business Plan, starting in 2027, we intend to fully expand our business model. During the current Second Medium-Term Business Plan period, which lays the foundation for this, we will also begin creating non-manufacturing value, such as intellectual property and engineering fees.

Development and Deployment of Next-Generation Energy Solutions

We believe that reducing the burden on the global environment is the mission of companies whose livelihood is manufacturing. Manufacturing is an industry that inevitably tends to have a significant environmental impact. While fully recognizing this, we must focus our efforts on addressing energy issues in our factories. In our Second Medium-Term Business Plan, we set the goal of achieving CN (carbon neutrality) across the Group by 2035. To advance this goal, in June 2024, we commenced operations of the CN Lab at the JTEKT Kariya Plant. This facility is dedicated to building and demonstrating a self-sustaining carbon neutral system based on the local production and consumption of renewable energy and hydrogen. Leveraging JTEKT's diverse core technologies and competencies cultivated over the years, we are conducting technological development and demonstration experiments focused on "making, stocking, moving, and using" hydrogen powered by solar-generated electricity. This initiative has been selected for NEDO's (New Energy and Industrial Technology Development Organization) Hydrogen Society Construction Technology Development Project (Regional Hydrogen Utilization Technology Development). By 2024, the development of hydrogen infrastructure technologies for "making, stocking, and moving" had been completed. Starting in 2025, we will begin the demonstration phase of "using" hydrogen at JTEKT's Hanazono Plant manufacturing site. Following evaluation of this demonstration, we plan to deploy the technology to other JTEKT factories, with the broader goal of widespread societal implementation. We aim to provide an energy management system for factories that integrates JTEKT's technologies. Many manufacturing sites currently face challenges related to carbon neutrality. We intend to address these needs and use JTEKT's technologies to expand sustainable manufacturing sites across various locations.

Additionally, alongside our energy solutions, we aim to develop solution systems for factory workers. Using our own factories as a stage, we constantly engage with the challenges faced by those working on the front lines, seeking solutions through CCP and SCC. This solution system can be systematized and rolled out to other companies. Developing solutions from the user's perspective is a crucial element in business. Leveraging our strength—the factory perspective—we also intend to embark on creating new business opportunities.

These initiatives directly realize our mission of "Joint Technology to bring joy to the planet earth and all working people," contributing to JTEKT's vision for the future of mobility society. We are delighted to see such projects emerging from within the Company.



To Our Stakeholders

JTEKT is now undergoing a major transformation. We are refining the strengths we have cultivated over the years under the keyword "connect," eliminating waste, and transforming ourselves into an organization capable of creating new businesses. We intend to steadily advance our efforts so that the many seeds of growth sown during our Second Medium-Term Business Plan can sprout all at once during the Third Medium-Term Business Plan. Of course, this requires valuing not only the hardware aspects but also the changes in the softer aspects such as feelings of our employees. We will strive to demonstrate our united transformation, placing the front lines and people at the center while valuing conversations and communication among colleagues. We will strive to deliver even greater contributions to society by providing new value to our stakeholders. We look forward to your continued support.

JTEKT Group 2030 Vision

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

Among the long-term business plans targeting 2030, FY2024 marked the start of the Second Medium-Term Business Plan.

Under the new JTEKT Group 2030 Vision, over the next three years, we will make full-scale efforts toward the growth of existing businesses and development of new businesses and aim to leap forward as a solution provider.

Road map

2021 Three years for enhancing corporate structure

2024 Growth of existing businesses and development of new businesses

2027 Reaping results and leaping forward

2030

First Medium-Term Business Plan



Completed to break out from a deficit-ridden constitution
For further growth, business restructuring and structural reforms in Europe and America will continue

Second Medium-Term Business Plan

Enhancing the Value of Existing Products Challenging new business domains

Focusing to increase added value and structural reforms of Europe and America to improve ROE and profit margins

Securing surplus capacity and shifting resources to solution creation

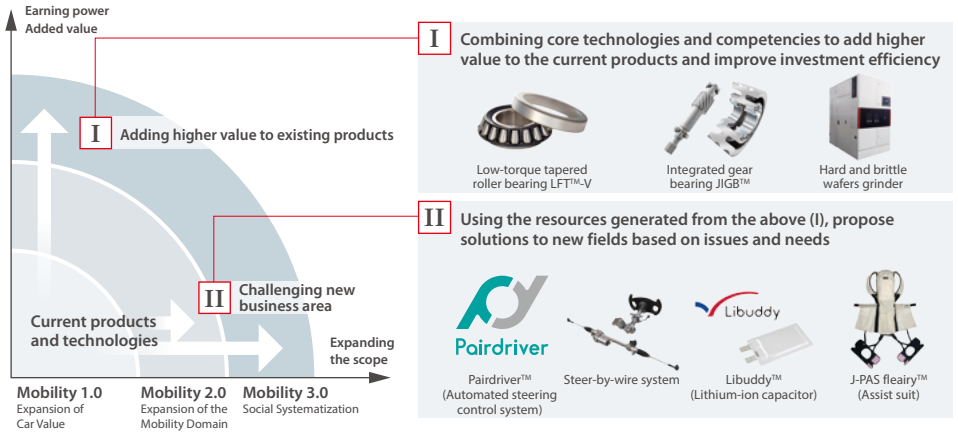
Third Medium-Term Business Plan

Further growth centered on the expansion of new businesses and solutions

Progress of the Second Medium-Term Business Plan

In its Second Medium-Term Business Plan announced in August 2024, JTEKT set forth its JTEKT Group 2030 Vision: "A solution provider creating the future of mobility society through Monozukuri and Monozukuri equipment." We aim to transition to a solution business while establishing key financial and non-financial numerical targets.

To achieve our transformation into a solution provider by 2030, we are advancing initiatives for further growth in line with our Second Medium-Term Business Plan.



Growth Strategy and Key Initiatives

Strengthening solution creativity	Strengthening competitiveness Vision and strategy for each business - Digital Monozukuri	Restructuring the global structure

Strengthening Management Foundation

People and site-first management	Promoting Carbon Neutral (CN)	Cash allocation and shareholder returns

Target Values and Results

		2024 Results	2026 (Second Medium-Term Plan)	2030 Vision
Management that emphasizes efficiency	ROE	1.8%	7-8%	10%
	PBR	0.5x	1x	1.5x
	Business profit ratio	3.4%	5-6%	8% or higher
	Revenue	1.88 trillion yen	2 trillion yen	Over 2 trillion yen
People and site-first management	Employee engagement (eNPS*)	-58	-55	-40
Management for Earth	CO2 reduction goal (compared to FY2013)	-36.3%	-45%	-60%

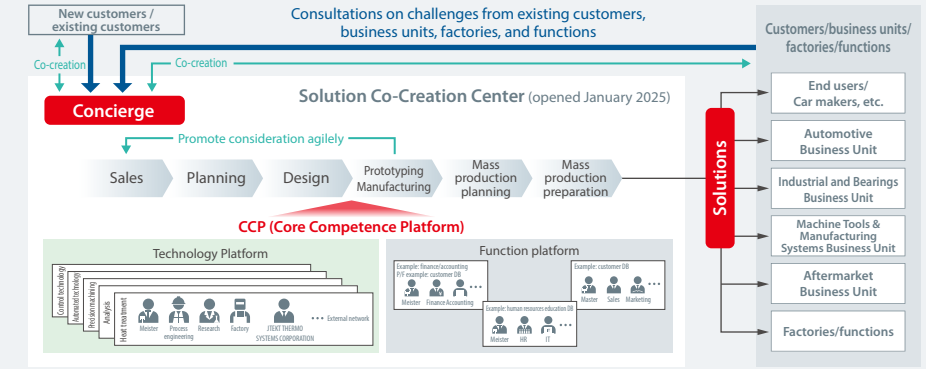
Exchange rate of target values: 1 USD = 145 yen * eNPS: Employee Net Promoter Score; non-consolidated base

Growth Strategy Strengthening Solution Creativity

P.11 Core Competencies
P.39 Intellectual Capital Strategy

To drive our transformation into a solution provider, we established the Solution Co-Creation Center in January 2025 as an organization that embodies this spirit and realizes solution business through actual activities. In July 2025, we merged this center with our R&D functions to create the Innovation Division.

The Innovation Division undertakes various initiatives to become a company capable of proposing solutions to challenges faced by customers and society. This is achieved by leveraging the core competencies cultivated by our Group over time and combining internal and external intellectual capital and human capital.



TOPICS

We have begun developing a drone attitude control system by integrating our core competencies

Against the backdrop of social challenges such as aging and the low birthrate, population decline, and infrastructure deterioration, demand for drones is increasing, so we started the development of a drone attitude control system in September 2024. By integrating our Flight Controller—developed by leveraging core competencies like motor control technology and safety design expertise cultivated through electric power steering—into drones, we have achieved attitude control that combines high responsiveness, attitude stability, and reliability. Furthermore, synergistic effects with our high-heat-resistant lithium-ion capacitor (Libuddy™) will enable us to provide unique solutions for the next-generation mobility society.


Drone (Main Unit)


Flight Controller

Growth Strategy Strengthening Competitiveness

P.45 Business Strategy P.43 Digital Strategy

Business Strategy

Automotive

To achieve even more comfortable cars in the new mobility domain, providing UX value centered on "vehicle dynamics performance" through co-development with vehicles.

Industrial and Bearings

To achieve CN and CE for a sustainable society, connecting core technologies and competencies with rotational support products to enhance the value of our customers' products.

Machine Tools & Manufacturing Systems

Maximizing customer retention through solution proposals that integrate group seeds, contributing to the improvement of asset efficiency on-site and the enhancement of product added value.

Aftermarket

To support our customers' sustainable product life cycles, creating new values from the customer's perspective to meet the needs of a recycling society.

We possess strengths cultivated over many years, including diverse technologies and development capabilities. By maximizing these assets, we enhance the value of existing products to generate resources for growth, while simultaneously leveraging those resources to venture into new areas. These two pillars drive our competitive enhancement. We not only strengthen the competitiveness of each individual business, but also utilize our Solution Co-Creation Center and Core Competence Platform to create synergies across businesses. This enables us to advance initiatives that contribute to society through new solutions unique to JTEKT.

Strengthening the Digital Infrastructure

JTEKT is enhancing decision making and improved operational efficiency through the establishment of a one stop digital distribution platform.

To achieve this, it has launched the Digital Festival initiative to encourage all employees to develop into digital talent. Concurrently, we have launched the J-REBORN project to fundamentally review all company business processes and drive data transformation, building the foundation for business activities that enable digital monozukuri.





Strengthening Management Foundations People and Site-First Management

P.35 Human Capital Strategy

The shift to solution-based business to achieve the JTEKT Group 2030 Vision will fundamentally change how we work. For employees carrying out day-to-day operations, this initiative requires courage and effort. JTEKT believes that creating a workplace where employees can take on such transformative challenges and nurturing talent capable of self-realization within it is the key to success.

Therefore, in our Second Medium-Term Business Plan, we adopted "People and Site-First Management" as our guiding principle, clearly defining JTEKT's approach to human capital management. We also established eNPS as an objective metric to measure our results. Currently, we are working to build a data-driven human management system that enables the visualization of necessary measures for each workplace to enhance employee engagement.

Strengthening Management Foundations Promoting Carbon Neutrality

P.49 Environment

The Second Medium-Term Business Plan sets a target of reducing CO2 emissions by 60% by 2030 compared to FY2013 levels.

It also declares the goal of achieving carbon neutrality for the JTEKT Group by 2035, and further aims to achieve carbon neutrality including upstream supply chains such as suppliers by 2050.

Furthermore, based on our own initiatives that have received high recognition from CDP and other organizations, we aim to provide solutions to the social challenge of climate change, which significantly impacts both the natural environment and human life.

In addition to these efforts, in December 2024, we issued our first Sustainability Linked Bonds, with the CO2 emissions reduction rate as its KPI.

For details on Sustainability Linked Bonds, see here: https://www.jtekt.co.jp/news/2024/004173.html (Japanese)

Strengthening the Management Foundation Cash Allocation and Shareholder Returns

P.29 Financial Strategy

Regarding cash allocation, we manage cash inflows and outflows by business segment, focusing on enhancing cash generation capabilities within our business activities. While the business environment has become more challenging than initially anticipated, we have advanced improvements in working capital beyond our plans and expect cash inflows and outflows to remain on track.

Additionally, during the Second Medium-Term Business Plan, we plan to return 100 billion yen to shareholders and have established a policy targeting a DOE (Dividend On Equity) of 2-3% as a guideline for dividends, aiming for long-term stable returns. For FY2024, we increased dividends compared to the previous year, achieving a DOE of 2.2%. Furthermore, we conducted a share buyback of 28.8 billion yen, marking our first such initiative. We will continue to strive to enhance corporate value while working to further enrich returns to our shareholders.

With regard to our global strategy, we are clarifying our positioning in each region and promoting strategies that are in line with market conditions and growth prospects.
Since the formulation of our Second Medium-Term Business Plan, market conditions have changed, and we have reviewed our positioning of China and ASEAN, which we had considered to be regions for stabilization of management, as regions where it is necessary to improve profitability.

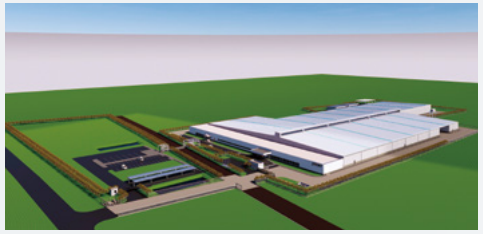
Growth Strategy Restructuring the Global Structure

India: ○ "Growth" Region

We will actively invest in India, which is expected to see market expansion, as a growth region. We plan to invest over 30 billion yen in stages by FY2028, and as part of this, we are constructing a new plant in the western state of Gujarat. At the new plant, we will introduce equipment and develop production lines in anticipation of market growth, with production scheduled to begin in FY2027. In addition to getting production on track as planned and recovering our investment early, we will focus on sales expansion activities and aim for continuous revenue growth.

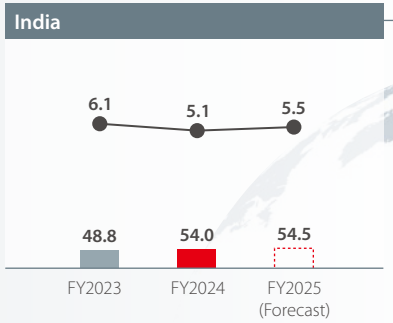
In India, we will also promote the use of the country as a global manufacturing site by strengthening the machinery division.

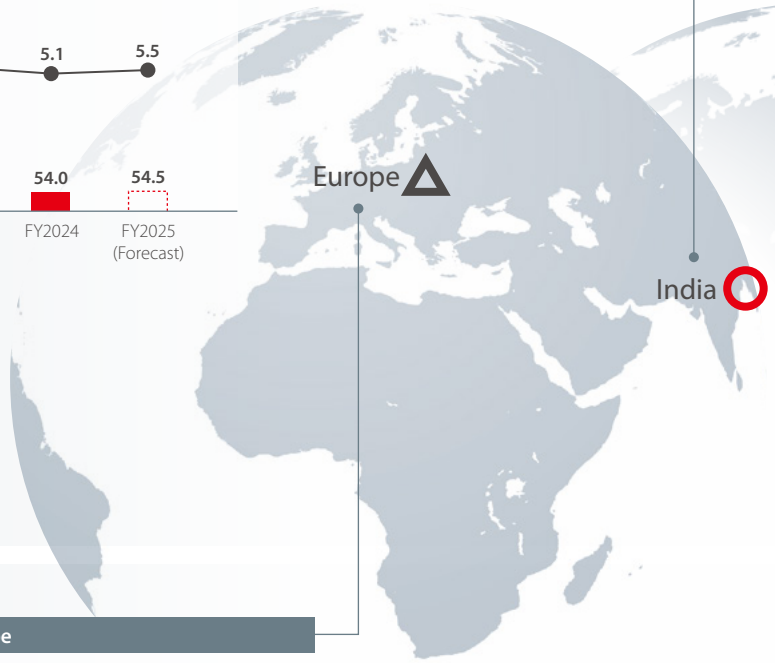
We will strive to increase profits by responding to the strong demand expected with the growth of the market, and we will promote the use of India as a global equipment supply base, thereby transforming India into an important site for our Company in terms of both profits and global production.



Draft of the new plant

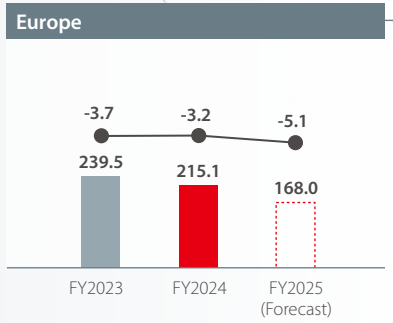
Revenue (billion yen) Business profit ratio (%)





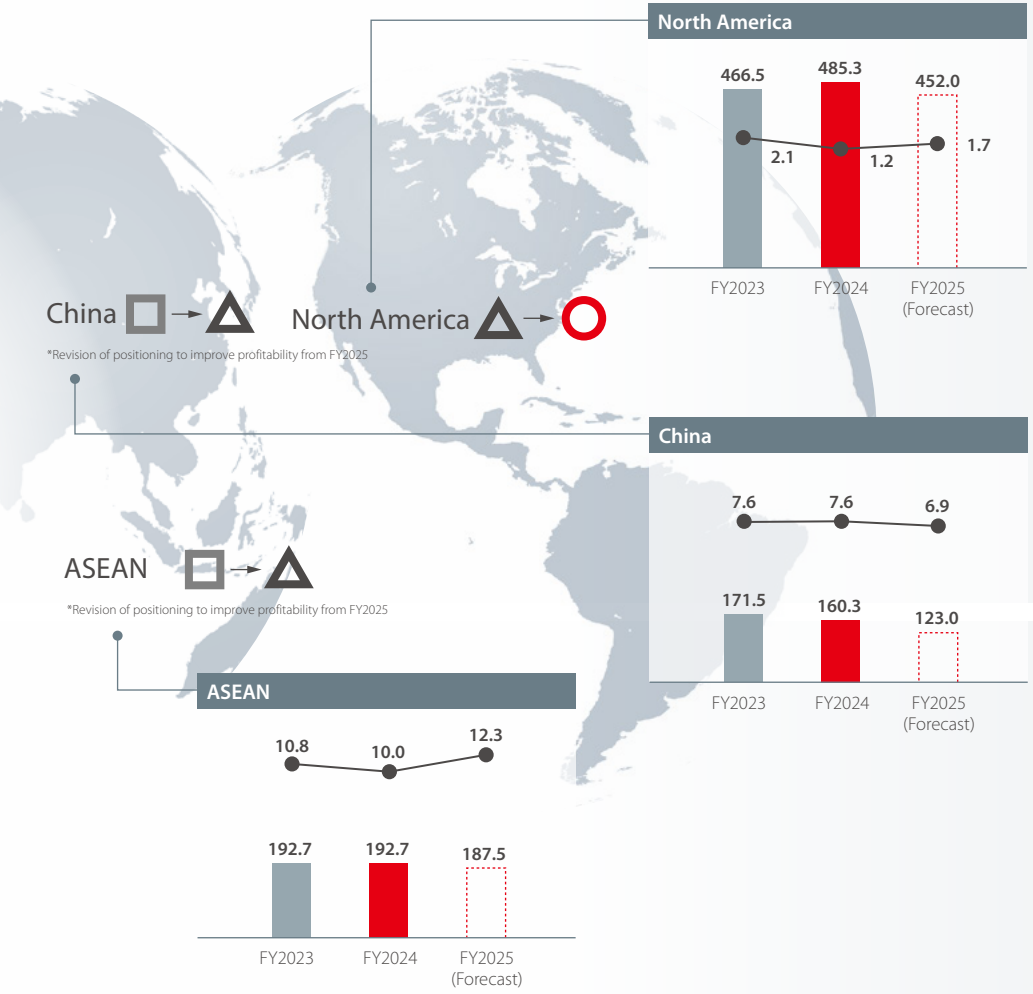
Europe: △ "Improve Profitability" Region

In Europe, where the market remains sluggish, we are promoting structural reforms to improve profitability. We have decided to sell our hydraulic pump business in FY2023 and our needle roller bearing business in FY2024. Although we are implementing large-scale fixed cost reduction measures, we have not yet achieved a structure that can generate stable profits, and we recognize that further structural reforms are necessary. Internally, we have also made decisions regarding the implementation of structural reforms after FY2025, with the aim of achieving profitability in FY2027.



Positioning of each region

○: Growth
□: Stabilization of management
△: Improve profitability



North America → Aiming to Shift from an "Improve Profitability" Region to a "Growth" Region

In North America, where declining productivity is a major issue, we are working to improve profitability early on and shift into a growth region. In North America, the COVID-19 pandemic led to a decline in productivity due to an increase in turnover rates, a shortage of labor, and the loss of skilled personnel. As a result, various additional costs were incurred, such as scrap due to defective products, labor costs such as overtime pay, and product transportation costs from other regions due to production delays. The occurrence of "loss costs" (expenses that would not have been incurred under normal production conditions) has become a major challenge. To minimize loss costs, a task force team composed of Japanese and American members was formed in September 2024 to stabilize production, implement improvements, and normalize business operations. These efforts are already yielding results, with production support from other regions being phased out. Going forward, we will continue to advance the activities of the task force team and, in the future, will work to establish an optimal production system, including updates to equipment such as automation and labor-saving measures.

First, we aim to normalize production operations by the end of FY2025 and transition to a region that achieves sustained growth.



President Kondo and the task force team's on-site kickoff

China and ASEAN → Reevaluating Positioning from a "Stabilization of management" Region to an "Improve Profitability" Region

In China, sales continue to decline due to economic downturns such as sluggish consumption and the rise of local EV manufacturers. At present, measures are being taken to improve efficiency and utilization rates, such as consolidating lines from other regions, to prevent excess production capacity. After discussing future market outlooks, we will execute strategies that maximize performance under optimal conditions rather than pushing forward with investments forcefully. Additionally, since the impact of China is expected to spread to the ASEAN region, we will proactively review production systems in ASEAN as well.

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.

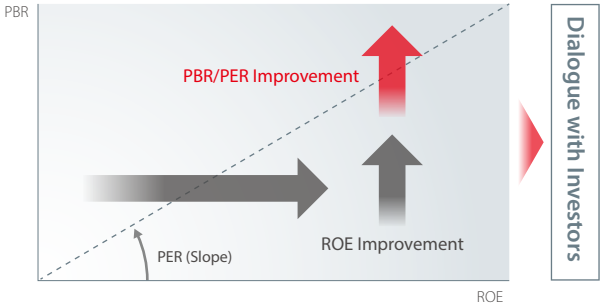
Initiatives to Enhance Corporate Value

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.

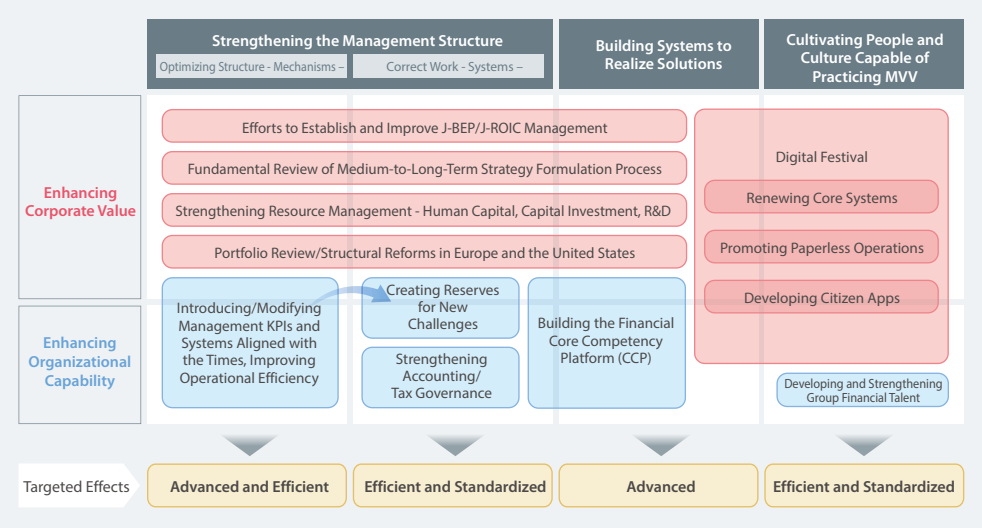
To accelerate our longstanding efforts to improve the break-even point, we have introduced a new framework for assessing organizational health: the J-BEP (an index measuring the degree of improvement in the break-even point by comparing changes in fixed costs and marginal profit against baseline plan 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.

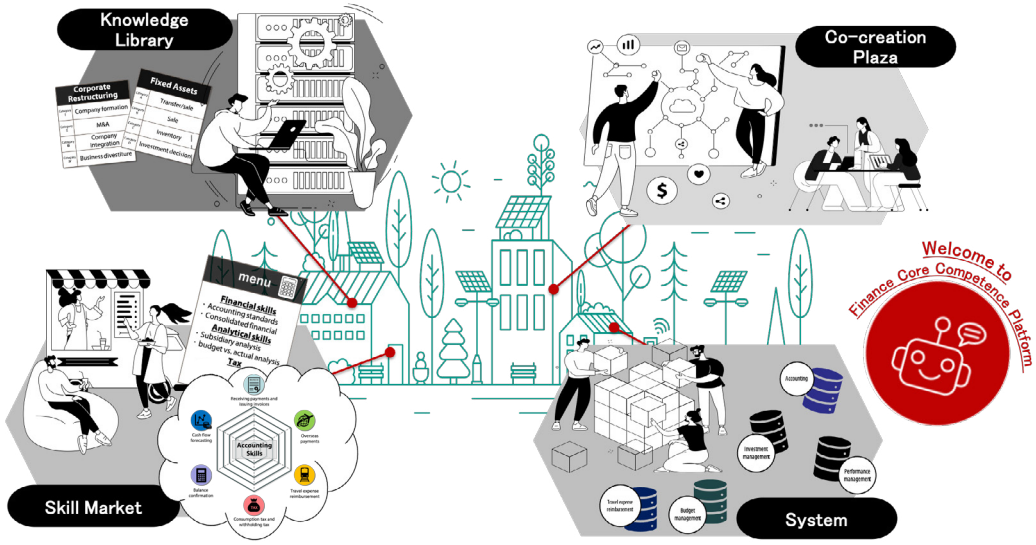
To advance our transformation into a solution provider, we will identify areas requiring growth, visualize the necessary resource inputs, and efficiently and accurately allocate resources to growing businesses and growth areas. To that end, we will expand Group financing to enhance capital efficiency 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.

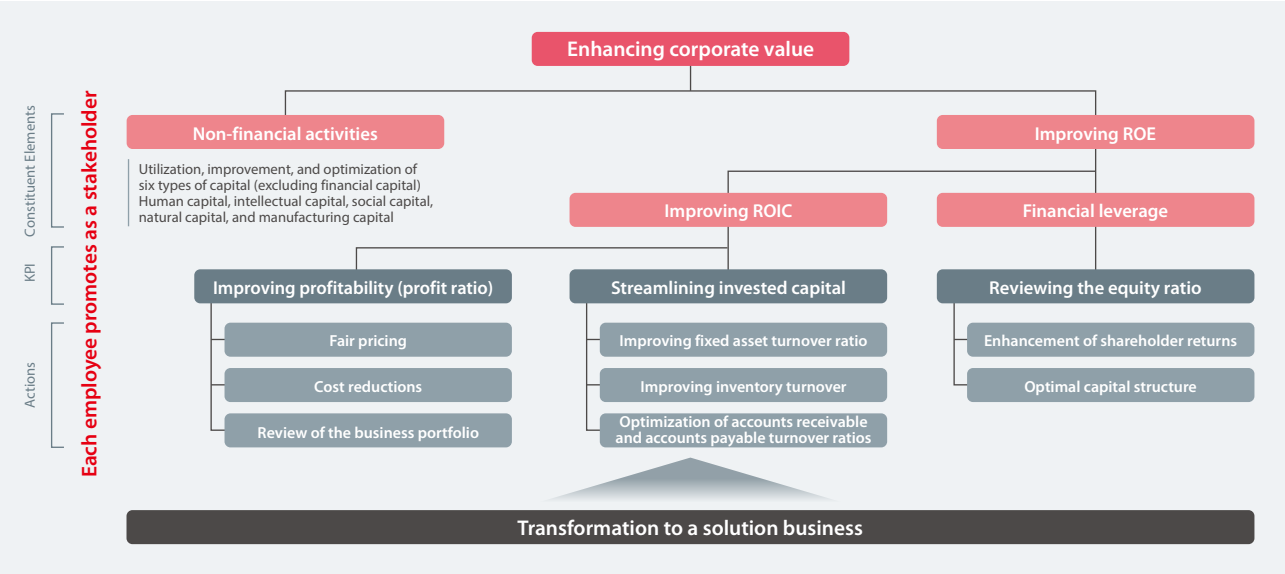
In addition to improving financial metrics, we recognize that utilizing non-financial capital, including human capital and intellectual capital, is a critical factor and will invest in their enhancement. To utilize and strengthen human capital and manufacturing capital, we are advancing the "J-REBORN" 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

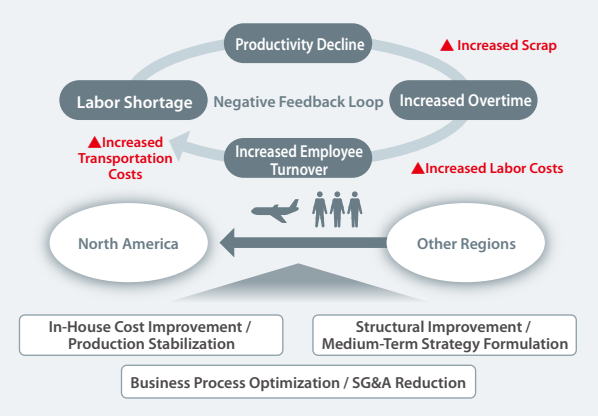
We proactively identify the latent needs of our customers and social issues, and through careful and close dialogue, we provide solutions that lead to problem resolution. This enables us to set transaction prices based on the added value we provide, rather than on cost. We go beyond simply selling products;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

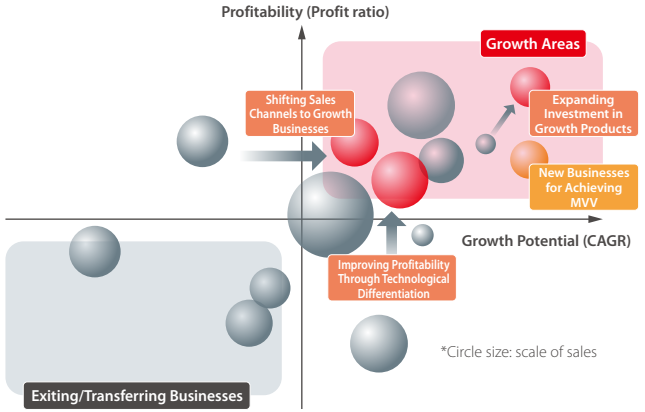
We will continue to implement further improvements to our break-even point while advancing the structural reforms in Europe and America and the consolidation of Group companies that we have pursued thus far, and we will build business models capable of delivering high added value.

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)



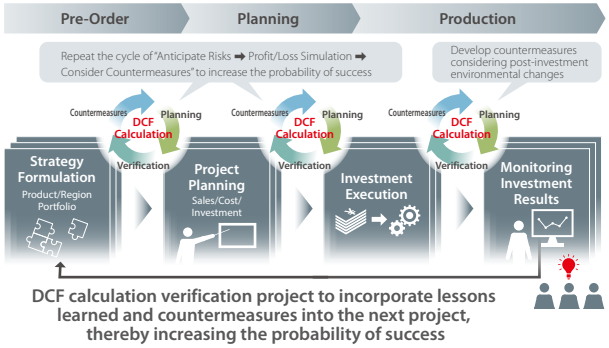
Improving Capital Efficiency

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.

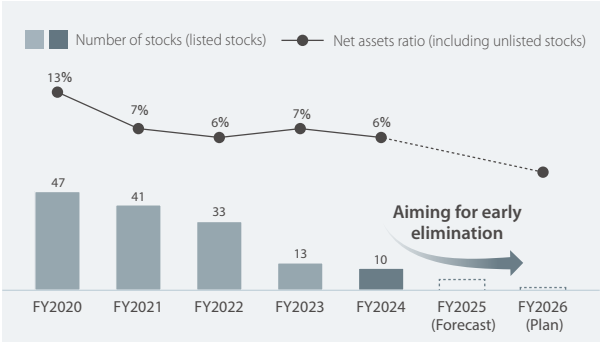
PDCA Process for Capital Investment



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

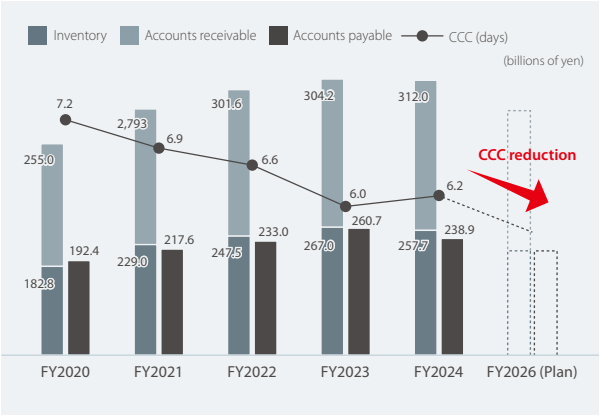
In recent years, we have had more inventory than the standard stock required for business operations and safety stock to mitigate risks. Therefore, for FY2025, we are working to reduce inventory by 20 billion yen annually, aiming to improve inventory turnover and reduce the financial burden.

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

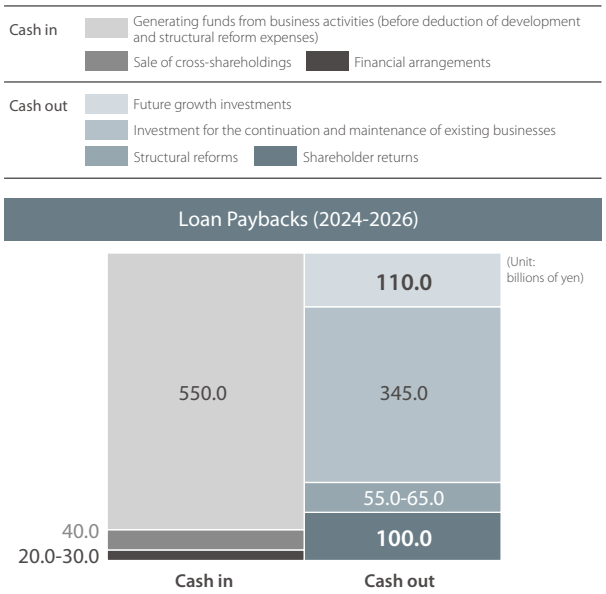
Capital Policy and Cash Allocation

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.

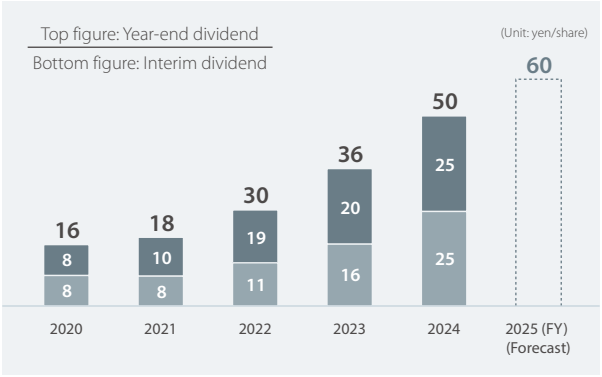
During the Second Medium-Term Business Plan period, under the slogan "If you use it, earn it; if you can't earn it, you can't use it," we are focusing on strengthening cash generation capabilities in business activities by managing cash inflows and outflows on a business-by-business basis. In addition 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.

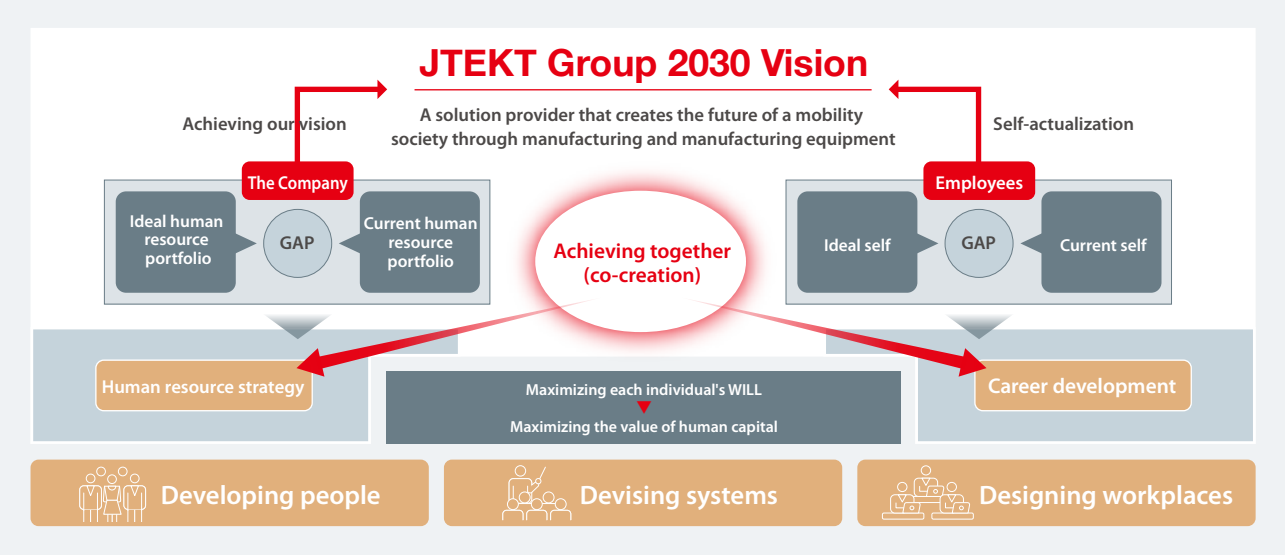
Achieving the JTEKT Group 2030 Vision

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

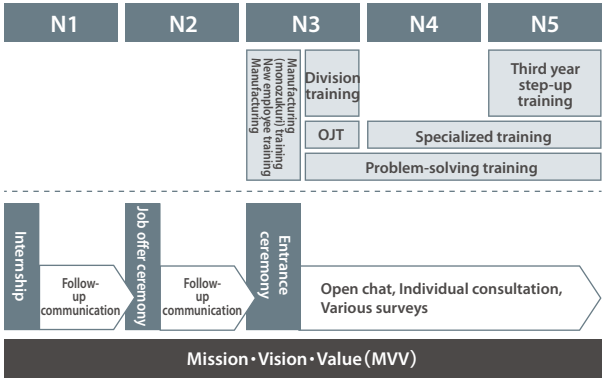
Recruiting and Developing Human Resources Who Share Our MVV

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.

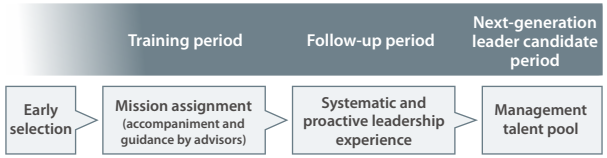


Manager Development

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

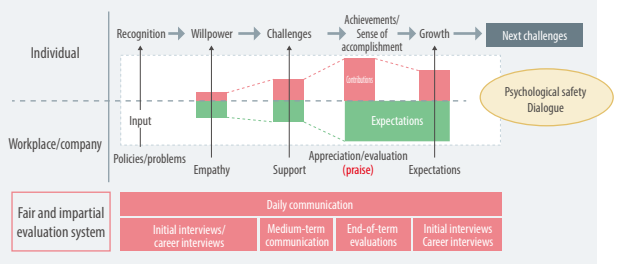
Since joining the Company, I have been working on future technology development as a lead developer. Even as a young employee, I feel a strong sense of fulfillment in working in an environment where everyone is fully committed to their work. In particular, through direct dialogue with engineers from 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.

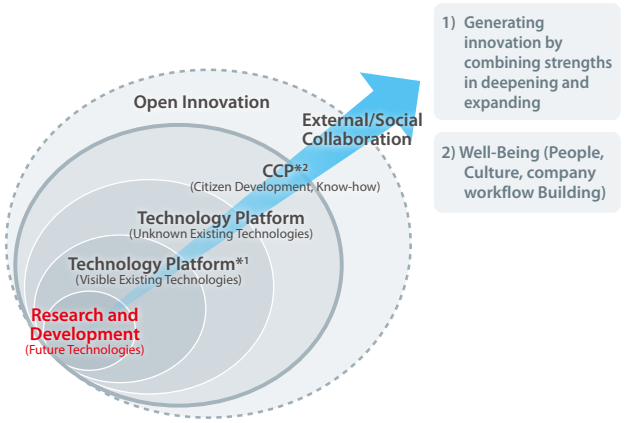
To achieve this, we will pursue the following three concrete objectives:

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

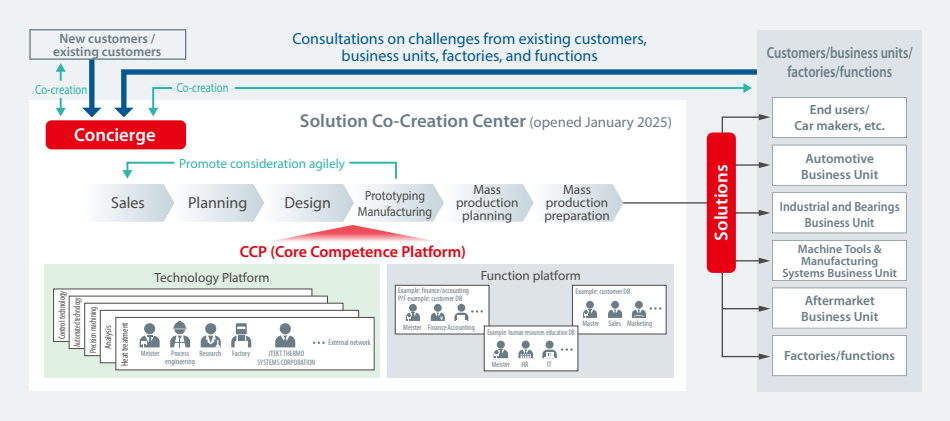
At SCC, established in January 2025, we connect our Company's competencies with internal and external expertise to promote activities that are "for All" and "by All", solving challenges faced by our customers, partners, and internal teams. Staffed by concierges possessing extensive knowledge, experience, 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

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



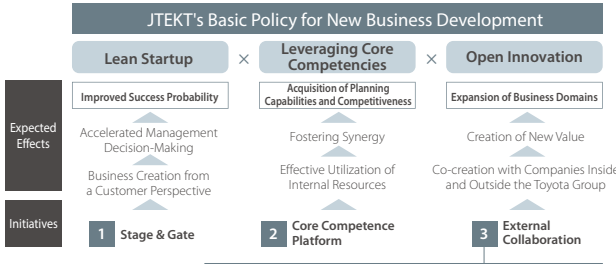


CCP has grown to encompass over 200 projects across 20 fields, leveraging not only product and manufacturing technologies but also the strengths of various functions like sales, finance, and planning. Our "meister" talent, skilled in specific areas, identifies and activates these strengths to maximize 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.



STATION Ai
TMIP Tokyo Marunouchi Innovation Platform

JTEKT Corporation is a member of STATION Ai.

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

* 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

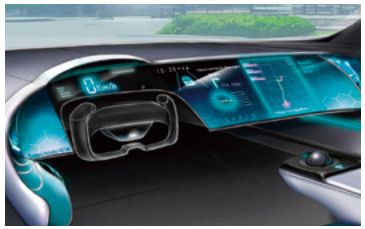
(1) Development of Pairdriver™ Steering Collaborative Control for Automated Driving

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.

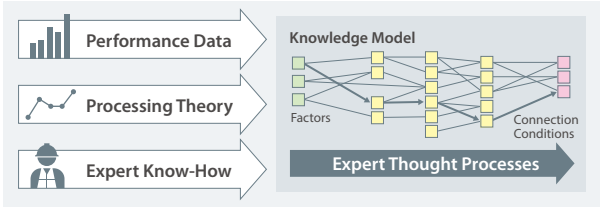


2 Digital Monozukuri Domain

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

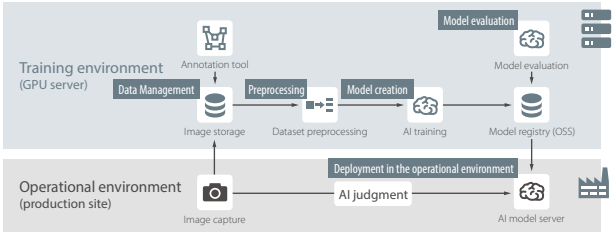
(1) Development of Processing Know-How Modeling

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.

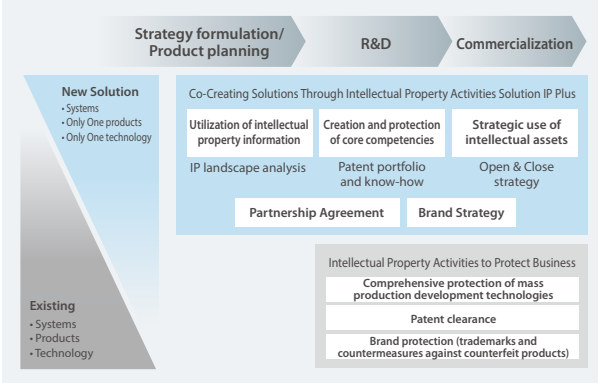
4 New Solution Domain

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.

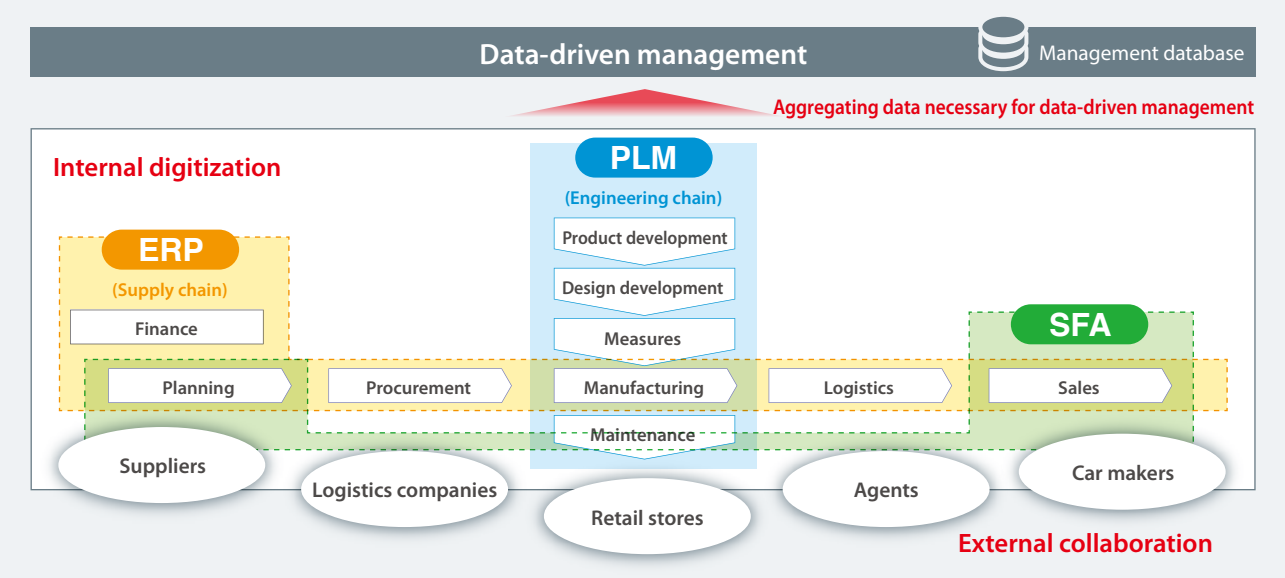
For example, in the procurement department, introducing an ERP system can automate the process from ordering to payment, reducing errors caused by manual work. Currently, our Company has 25 systems, including those used by each factory to directly procure parts and materials, but it is necessary for 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

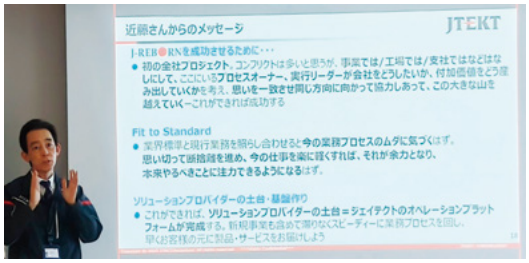
This project aims to build a digital platform that utilizes digital technology to manufacture products and realize Data-Driven Management, thereby securing and strengthening the Company's competitiveness for the future. This will shift employee workloads to higher value-added tasks, improving competitiveness.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

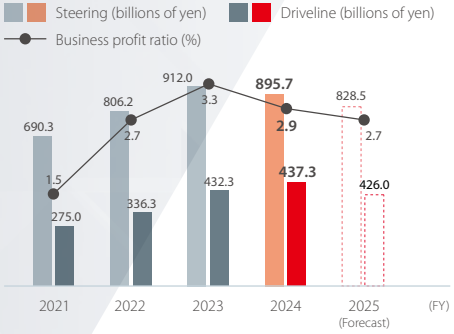
After proposing activity guidelines in December 2023, in FY2024, we shared our vision for the future and our worldview for the next-generation digital platform with the entire Company. We then held discussions among relevant parties regarding business strategies and operational issues based on our 2030 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.

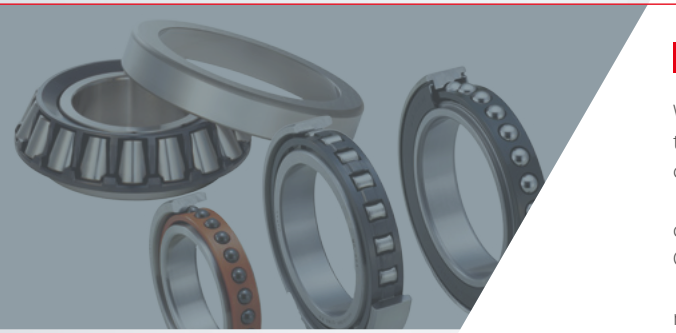
The steer-by-wire system meets customer needs in terms of functional safety and performance, while also enabling a spacious interior by retracting the steering wheel during autonomous driving. We will continue to evolve to contribute to the development of technologies that enable diverse uses of the 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.

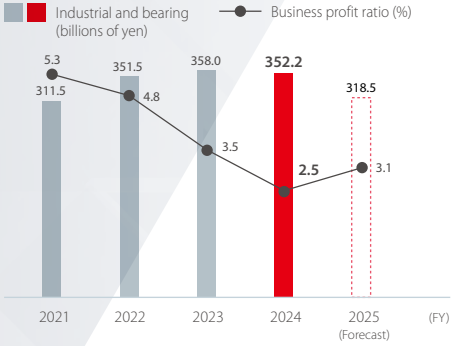


Autopilot control system

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.

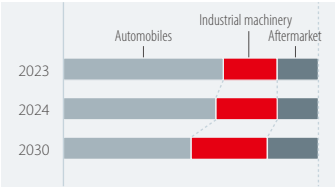
Progress of the New Medium-Term Business Plan

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

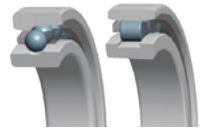
In the automotive field, we have worked to establish a competitive advantage by utilizing digital technology to shorten development lead times. In bearing design, we have fundamentally reviewed our processes and developed a core design system that enables seamless completion from initial consideration 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



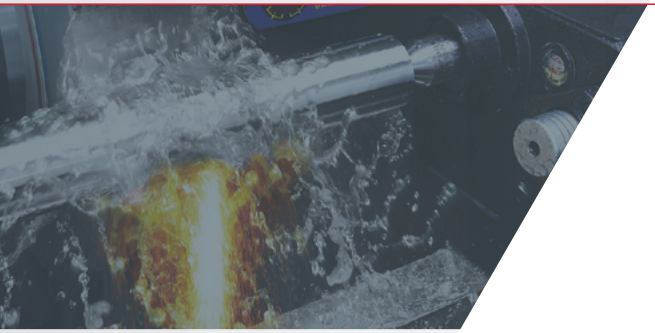
HIGHABILY-JFAST™

Challenging New Areas (Axis II)

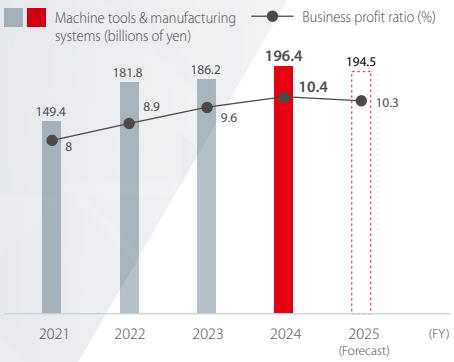
Building on our core bearing element technology, from our founding days, we aim to be a solution provider that contributes to the creation of new value for our customers. In addition to mass-producing existing products, we will strive to expand our lineup of products that contribute to environmental 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.

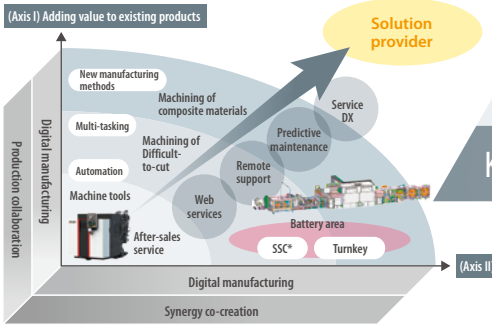
We will further strengthen cooperation within our Group and build a system for providing optimal solutions.

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.

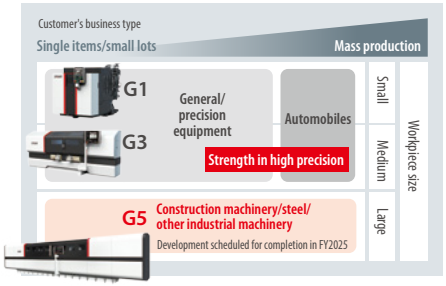
Efforts to Strengthen Competitiveness

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)

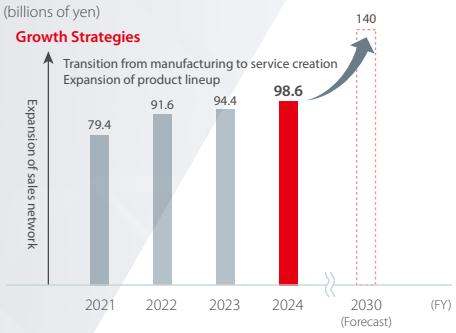
In collaboration with our Group companies JTEKT Thermo System and JTEKT Fluid Power System, we have begun offering turnkey solutions for the source process of battery production equipment. Going forward, we will strengthen our collaboration and increase our partners to improve our ability to offer solutions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



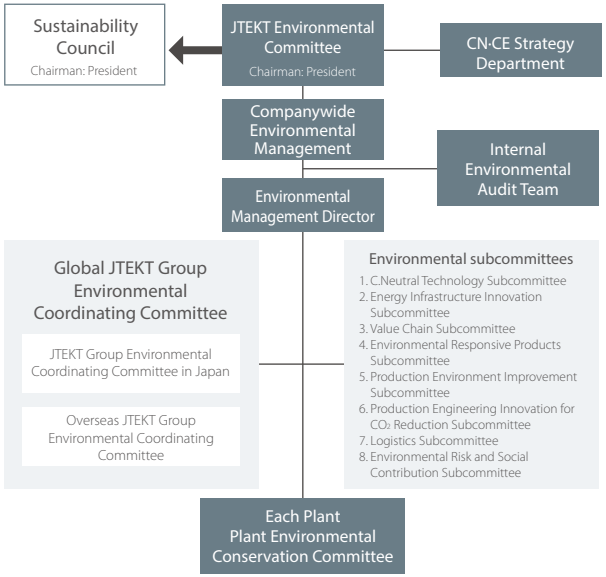
Environment

Environmental Management Promotion Structure

Our Company considers "protect the rich earth for future children" to be an important management theme. The JTEKT Group's Environmental challenge 2050, which was formulated in 2016, is based around five key pillars for our action plan concerning environmental management—"Products / Technologies," "Establishment of low-carbon society," "Establishment of recycling society," "Harmony with nature / Biodiversity," and "Environmental management." Based on this action plan, we have established an environmental management promotion structure centered on the JTEKT Environmental Committee, chaired by the President and CEO, and its activities are regularly reported to the Sustainability Council for oversight by senior management.

Additionally, the Carbon Neutral Strategy Department, directly under the President, will be reorganized into the CN/CE Strategy Department starting in FY2025, and we will continue to advance strategic planning related to the circular economy.

Organizational Diagram



Working to achieve carbon neutrality

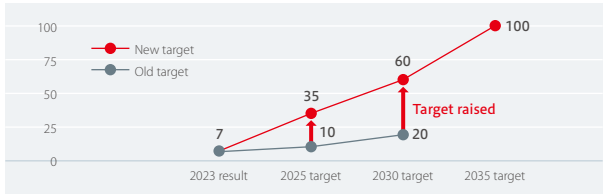
Our Company has declared that it will achieve carbon neutrality in its global manufacturing by 2035, and has set a target for CO_2 emissions for FY2030 to achieve this goal. This target has been certified by SBT*1. To meet the SBT Standard, we are promoting energy-saving initiatives across the globe by visualizing energy consumption by process at manufacturing sites and expanding energy-saving activities that have been effective at domestic manufacturing sites to Group companies both domestically and internationally.

Also, in FY2024, we raised our target for renewable energy introduction rate to 60% by FY2030. In addition to on-site introduction, we will promote the introduction of renewable energy through off-site physical PPAs*2 and virtual PPAs, and work toward achieving carbon neutrality.

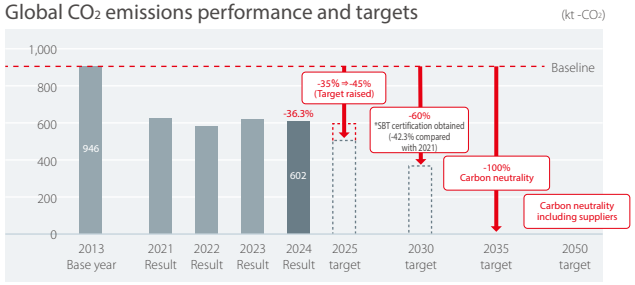
*1 SBT (Science Based Targets): Greenhouse gas (GHG) emission reduction targets based on the Paris Agreement

*2 PPA (Power Purchase Agreement): Electricity purchase agreement

Renewable energy introduction rate



Global CO_2 emissions performance and targets



TOPICS

CN Lab: Local Production and Consumption of Renewable Energy

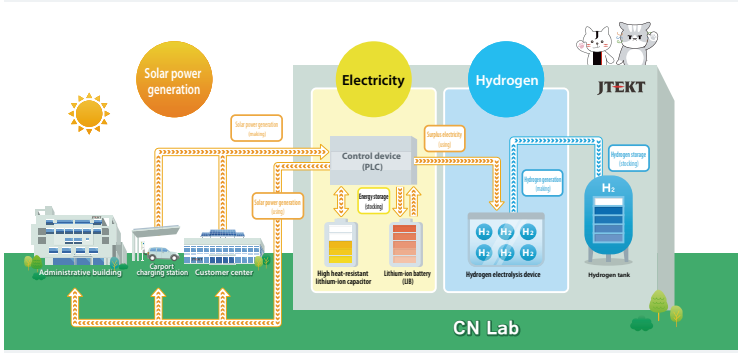
Demonstration of a next-generation energy infrastructure system combining energy storage and hydrogen to effectively utilize renewable energy

JTEKT is working to achieve global carbon neutrality (CN) by 2035, mainly through energy-saving activities and the greening of energy. As part of this effort, we have developed and are operating a 100% renewable energy self-sufficient infrastructure system called CN Lab, which utilizes solar power and uses surplus power for storage and hydrogen generation. CN Lab combines our core competencies, such as our lithium-ion capacitor Libuddy™, and machine tool control technology, and is designed and constructed entirely by JTEKT employees.

Additionally, we are exploring the utilization of green hydrogen, developing and demonstrating technologies for making, storing, transporting, and using hydrogen. Going forward, we will apply the knowledge gained from this CN Lab on local production and consumption of renewable energy to our production plants and work toward achieving CN.

For more information about CN Lab, please visit:
https://www.jtekt.co.jp/stories/_cn_lab01.html (Japanese)

For real-time information on CN Lab's operations, please visit:
https://www.cn-lab.jtekt.co.jp/ (Japanese)



Disclosure of Information in Accordance with the TCFD Framework

The Task Force on Climate-related Financial Disclosures (TCFD) framework requires companies to analyze the impacts of climate change on their business and resulting opportunities and risks based on the prospective scenarios, which are to be reflected in their business strategies. In this section, among the action plans concerning environmental management that we formulated based on our Environmental Challenge 2050, we explain our initiatives related to climate change, focusing in particular on strategy, one of the four items indicated by the TCFD.

Strategy: Short-, Medium-, and Long-Term Risks and Opportunities

Based on the TCFD recommendations, we have anticipated the risks on our business and identified risks and opportunities by category for multiple scenarios, including the 1.5℃ (less than 2℃) scenario, which anticipates effects from the transition to a decarbonized society, and the 4℃ scenario, which assumes the progression of climate change and physical impacts. And we have set the short-term period up to 2025, the medium-term period up to 2030 (our mid-term target year), and the long-term period up to 2050 (the target year for our Environmental Challenge).

Strategy: Effects from Risks and Opportunities

Under the 1.5℃ scenario, in which progress is made toward the transition to a decarbonized society, the amount of the impact (risk) from carbon taxes and higher electricity costs is estimated to be in the range of 10 billion to 20 billion yen in 2050, while the effect (opportunity) of increased sales of electrified products and the achievement of CO_2 emission reduction targets will be approximately 30 billion yen.

Furthermore, under the 4 ℃ scenario, in which global warming advances, we estimate that the amount of impact (risk) from flooding and storm surge damage will be about 4 billion yen in 2050.

List of Initiatives in Line with the TCFD Framework

Item	Contents	Initiatives
Governance	Supervisory system by directors *Organizational diagram shown on p. 49	• In 2016, the Council for Enhancement of Corporate Value, which was the predecessor to the Sustainability Council attended by the President, directors, and related executives, approved the Environmental Challenge 2050 • JTEKT Environmental Committee reviews the progress of environmental management including KPIs on a semi-annual basis
	Role of management in assessing and managing risks and opportunities	• The President, who has responsibility and authority for environmental issues including climate change, serves as chair of the Sustainability Council and appoints an Environmental Management Director from among the executive officers • The Environmental Management Director formulates a five-year Environmental Action Plan, which is submitted to and approved by the JTEKT Environmental Committee
Strategy	*Details shown on the left	
Risk Management	Process for selecting and assessing risks	• Position environmental risks, including climate change, as one of the business and management risks, and decide on matters to be deliberated and addressed in the JTEKT Environmental Committee, chaired by the President • Evaluate risks identified in all business activities and confirm countermeasures
	Process for managing risks	
	Integration with comprehensive risk management	• Confirm that risk management is functioning effectively and regularly review risk items, countermeasures, and evaluations
Metrics and Targets	Risk and opportunity assessment indicators	• Set specific numerical targets for CO_2 emissions from production and CO_2 reduction contributions from the use of our products in our five-year Environmental Action Plan* as indicators related to climate change • Disclose 12 categories related to our Company for Scope 1 and 2 CO_2 emissions from production and Scope 3 indirect emissions * Published on our Company website's Sustainability Environmental Report https://www.jtekt.co.jp/e/sustainability/environment/
	Disclosure of Scopes 1, 2, and 3	
	Risk and opportunity management targets and results	• CO_2 emissions from production are on track to meet the challenge targets of a 45% reduction by 2025 and a 60% reduction by 2030 compared to FY2013 levels, with a 36.3% reduction achieved in FY2024 • Targets and achievements are disclosed annually in the JTEKT Report

List of Risks and Opportunities in the Scenarios Used

Item	Category	Overview	Time scale	Impacts under the 1.5℃ scenario	Impacts under the 4℃ scenario	Countermeasures by the Company
Transition Risks	Policies & Regulations	• Introduction of carbon taxes Greenhouse gas emissions by sites in each country will be subject to taxation, causing operating expenses to increase • Expanded scope of emissions rights trading systems Additional costs will be incurred when emissions quotas are exceeded	Short term – long term	Large	Small	• Set CO_2 emissions reduction targets • Gather data on emissions results including Group companies • Energy saving in production process • Reduction of CO_2 emissions in logistics
		• Stricter regulation of automobile fuel efficiency and emissions R&D costs for complying with regulations will increase and sales of products for internal combustion engine vehicles will decrease	Short term – long term	Large	Small	• Development of bearings for EVs and FCEVs
Physical Risks	Urgent	• Intensification of abnormal weather There is a risk that the continuation of business will become difficult due to damage to plants and disruption of supply chains	Medium term – long term	Medium	Medium	• Formulation of the Basic Policy for JTEKT Group Business Continuing Plan • Implementation of disaster drills, disaster mitigation training, preparations for the early restoration of product supply, and other measures
Opportunities	Policies & Regulations	• Renewable energy policies With the increase in solar power generation due to the promotion of renewable energy, there is a growing need to utilize surplus electricity Not only within our own Company, but also among our business partners, there is a growing demand for energy-saving equipment in each production process	Medium term	Medium	Small	• Development and demonstration of hydrogen management system technology that utilizes electricity generated from renewable energy to reduce CO_2 emissions equivalent to Scope 1 emissions
		• Stricter regulation of automobile fuel efficiency and emissions If BEVs and FCEVs increase, demand for products for electric vehicles and FCEVs will increase	Short term – long term	Large	Small	• Development of products that contribute to the miniaturization and weight reduction of electric drive systems (JTEKT Ultra Compact Bearing™) • Development of bearings that overcame hydrogen embrittlement (EXSEV-H2™)
	Technology	• Promotion of energy-saving at plants Reduce energy costs and increase earnings by improving the efficiency of production processes through energy savings in the manufacturing stage and production technology innovations	Short term – medium term	Medium	Medium	• Continue energy-saving measures and develop energy-saving production technologies by improving production process efficiency

Notes: 1. Time Scales Short term: Present – 2025 Medium term: 2030 Long term: 2050.
2. Impact assessments were set as follows: Large: Amount of impact exceeds 10 billion yen, Medium: Amount of impact is 1 billion to 10 billion yen or less, Small: Amount of impact is 1 billion yen or less

Contributing to the Circular Economy

The Circular Economy Vision 2020 (Ministry of Economy, Trade and Industry) calls for a shift from the traditional "3Rs (reduce, reuse, recycle) as environmental activities" to a "circular economy as economic activities" that approaches design and system creation to prevent waste.

Moreover, in Europe, the "ELV Directive (ELV: End-of-Life Vehicles)" and the "Directive on the Type-Approval of Motor Vehicles with regard to their Reusability, Recyclability and Recoverability (3R Directive)" have been consolidated into a single regulation, the "Proposal for ELV Regulation," which was announced in 2023. This regulation requires automobiles to promote the use of recycled materials and reduce environmental impact at the end of their lifecycle.

Our Company has been contributing to the construction of a circular society through environmentally conscious design, rebuilding activities for our own products, and recycling industrial waste.

Going forward, we believe that transitioning to a more circular business model will enhance the sustainability of our business activities and contribute to securing medium- to long-term competitiveness. Rather than merely extending the 3R approach as a waste and environmental measure, we will pursue initiatives that connect to the circular economy as an economic activity. This includes further efforts to reduce product size and weight, increase the use of recycled materials in product raw materials, and promote material recycling of waste, all aimed at contributing to the realization of a circular economy.

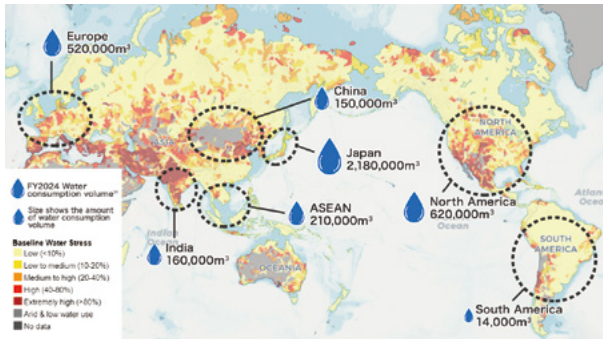
Water Risk Assessment and Countermeasures

To reduce the use of water, a crucial resource, we are reducing water consumption internally by eliminating waste and recycling water. We also use Aqueduct* to assess water risks at each of our business sites.

Among these, we have identified sites where water stress that directly affects our business has been assessed as high risk as water-stressed areas.

*Aqueduct: A database operated by the World Resources Institute (WRI). It provides world maps and information showing water risks such as "physical water stress", "water quality", "legal and regulatory risks related to water resources", and "reputation risks".

Water Risk Assessment and Usage at Each Site



Water Risk Measures

As a result of regular assessments, the JTEKT Group's production sites in India and Mexico were evaluated as having high water stress. For these regions, we have set higher targets for reducing water consumption in each region and are promoting measures such as water recycling and coolant regeneration.

Harmony with Nature / Biodiversity

We established the Biodiversity Conservation Action Guidelines pursuant to the 2025 Environmental Action Plan and have been undertaking environmental action in order to reduce the environmental impacts of our business activities and give due consideration to biodiversity.

We are taking action at all plants for the continuous preservation of biodiversity with a focus on protecting rare wildlife that inhabits or grows at each plant, improving the local environments in the vicinity of each plant, and developing environmental human resources.

As part of our initiatives at factories , we are engaged in various activities, including conservation activities for the little tern, which flies onto the factory premises and nests there, conservation activities for the regional natural monument, the Japanese iris colony, and conservation activities for the sea turtle nesting site near the factory, such as beach cleaning and sand dune conservation activities.

Among our environmental activities, we are exploring ways to leverage our Company's strengths. For example, the preservation of iris populations involves tasks similar to agricultural work, which can place a significant burden on workers' backs. J-PAS Agri™ power assist suit is an agricultural power assist suit designed to reduce physical strain and back pain during agricultural work. Given its potential to alleviate workers' burdens, we will continue to promote its use moving forward.



Environmental activities utilizing J-PAS ™ power assist suit

Health and Productivity Management, Safety, and Human Rights

About Health and Productivity Management

We promote health and productivity management because we believe that investing in employee health leads to improved employee engagement and performance, which in turn contributes to the sustainable growth and increased value of the Company. By actively promoting employee health, we aim to create a workplace environment where each and every employee can work energetically.

Key Initiatives

We recognize labor losses due to employee health issues as a significant business risk and are implementing initiatives that focus on absenteeism (such as absences due to health issues). We evaluate employee health using metrics such as the number of employees on leave due to illness and the number of days of absence, and prioritize addressing mental health issues, preventing and improving lifestyle-related diseases, and enhancing health awareness. These efforts have been recognized, and we have been certified as a "2025 Certified Health & Productivity Management Organization - White 500."

Occupational Safety

Our Company is committed to preventing occupational accidents based on the safety and health philosophy that "all accidents can be prevented." Through collaborative efforts by all employees, we are promoting safety and health activities involving everyone and working to create a comfortable workplace environment, with the goal of achieving zero accidents. Additionally, regarding the sharing of occupational accident information, we collect a wide range of information not only within the Company but also from domestic and overseas Group companies and affiliated companies. By sharing the causes of accidents and incidents in a simplified and easy-to-understand manner, we promote safety activities tailored to the perspective of each workplace. In this way, we are striving to build a workplace where all employees can work with peace of mind.

Respecting Human Rights

We recognize that the impacts of our business activities on human rights issues are not limited to those from our own company but also extend to impacts throughout the supply chain. Also, JTEKT avoids causing or exacerbating human rights violations, and takes appropriate measures to rectify and remedy the situation if human rights violations do occur, in accordance with guidelines such as the UN Guiding Principles on Business and Human Rights.

Our efforts to respect human rights are reported to and reviewed by the Sustainability Committee, and progress reports are submitted to the general managers of the Corporate Division and Purchasing Division as appropriate.

Implementation of Human Rights Due Diligence

We are engaging in due diligence with respect to human rights in accordance with the JTEKT Group's Human Rights Policy.

Refer here for the Group's Human Rights Policy
https://www.jtekt.co.jp/e/sustainability/human_rights_policy.html

Risk Assessment

We conduct human rights risk surveys and provide feedback to our major domestic suppliers, and we also conduct annual human rights risk surveys for our domestic affiliates.

Establishment of Consultation Counters

JTEKT has established counters for consultation and reporting both internally and outside the Company. We also accept anonymous reports and reports in foreign languages in an effort to create an environment in which one can readily and easily consult and report. In the event that a human rights violation has been identified, we will take appropriate corrective measures and remedies after ensuring that the whistleblower is not identified.

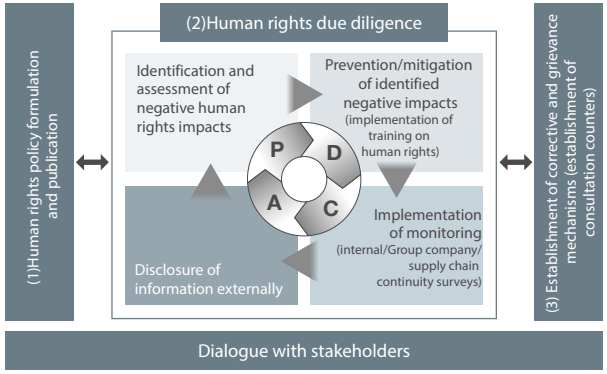
Training and Awareness Activities

We conduct awareness activities to facilitate employees putting into practice behaviors based on the JTEKT Group's Human Rights Policy. Every year, human rights training is provided to all employees, including new recruits, with training also implemented on discrete themes including harassment and diversity, which have been stipulated as priority human rights issues for our Company, as well as human rights training for executives by inviting external experts.

In FY2024, we conducted training titled "Month of Mutual Respect" for all employees in Japan, in which we held workplace-based discussions on unconscious bias. The purpose of this training was to promote understanding of unconscious bias and encourage each employee to become more aware of it, thereby enhancing workplace inclusion.

Initiatives for the Supply Chain

We conducted surveys on the circumstances of non-Japanese technical interns as well as on the use of conflict minerals in the supply chain as part of initiatives to address our Company's priority human rights issues of forced labor and slavery and child labor. For more details on the survey on conflict minerals, see p.54 "Supply chain management."



Information Security

Approach and Promotion System

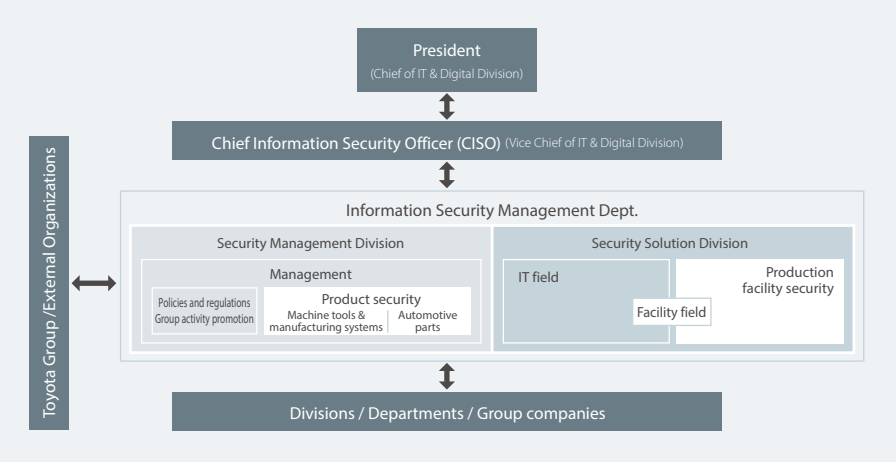
While recent corporate activities require effective use of information systems and transformation through DX, unexpected information security risks such as sophisticated cyberattacks and internal information leaks are increasing year by year.

In light of the unauthorized access to our Group in October 2024, we are promoting further initiatives to strengthen information security.

As a manufacturing company, we believe that we have a responsibility to take security measures (product security) for the products we deliver to our valued customers and to ensure the operation of our production lines (production equipment security). In today's corporate management, where the importance of sustainability is required, it is necessary to avoid and minimize risks that significantly impair corporate value.

Against this backdrop, in order to further improve the level of security and maintain an information security system appropriate to its realization, JTEKT has appointed a Chief Information Security Officer (CISO) and established a specialized department dedicated to information security (Information Security Promotion Department), and is promoting initiatives based on the JTEKT Group Policy of Information Security.

Information Security Structure



JTEKT Group Policy of Information Security
https://www.jtekt.co.jp/e/sustainability/governance/informationsecuritypolicy/

Initiatives to Strengthen

1 Strengthening security governance

Led by the CISO and the Information Security Management Department, we are working with each division and function to implement safety checks on various information technology systems used and those installed in products, as well as information gathering and dissemination regarding threats to those systems, across the entire group. We are striving to build a system that enables early detection and response.

In addition, in order to prevent the leakage of confidential information and protect information assets from cyber attacks, we are working to continuously maintain and improve information security by conducting inspections of our Company and consolidated subsidiaries using the Genchi Genbutsu method ("Go and see for yourself") and providing guidance for improvement in accordance with industry guidelines.

2 Compliance with global standards

We have established a management system in accordance with the global standard ISO 27001 and the laws and regulations of each country.

3 Development of security human resources

With the aim of managing and protecting information assets companywide and improving employee security awareness and literacy, information security leaders have been assigned to each department in the Company, and security human resources are trained according to the information assets handled in each workplace and their roles.

Furthermore, we are promoting the placement of information security leaders in each division within the Company, and are also promoting plans to place information security leaders in Group companies both in Japan and overseas.

We are working to strengthen the development of security human resources so that each and every employee can become the "last line of defense."

4 Preparation for security incidents

We have a dedicated team (CSIRT) that responds to security incidents and a dedicated team (PSIRT) that responds when risks such as product vulnerabilities are discovered.

5 Supporting the entire supply chain

In order to protect the entire supply chain, including our suppliers, from the risk of cyber attacks, we conduct written inspections and on-site inspections based on guidelines in cooperation with the procurement department, in addition to support from each Group company. We provide feedback on the inspection results to suppliers, and follow up and provide support for key suppliers on issues that need to be improved. Furthermore, we share information on recent incidents among relevant parties and strive to prevent recurrence and strengthen the security of the entire supply chain.

6 Initiatives to address future threats

In addition to implementing various security measures for access to all information assets, we aim to obtain information from industry organizations and public-private partnership organizations in order to respond flexibly to the latest threats and establish a safe and secure information infrastructure.

Supply Chain Management

Approach and Policy

In order to solve social issues through our business activities and contribute to the development of a sustainable society, we have established a Basic Purchasing Policy and are working together with our suppliers to implement it.

Basic Purchasing Policy

Open and Fair Trade

Regardless of nationality or company size, we strive to provide fair opportunities for participation and to achieve stable procurement that meets quality, cost, quantity, and delivery requirements through ongoing transactions.

Coexistence and Co-Prosperity Based on Mutual Trust

We strive to build trusting relationships with our suppliers through close communication and mutual learning.

Global Procurement and Corporate Citizenship

We aim to be a good corporate citizen that contributes to local communities by enhancing our international competitiveness through optimal procurement from a global perspective.

Green Purchasing

We are engaged in green purchasing activities aimed at realizing a decarbonized society, building a recycling-based society, and conserving biodiversity.

Respect for Human Rights and Compliance

We respect human rights, comply with relevant laws and regulations, and strive to properly manage confidential information obtained through our business transactions.

Sustainability Guidelines and Human Rights Due Diligence

We share our sustainable management philosophy with our suppliers and have established guidelines for consideration of the global environment, protection of human rights, and respect for diversity. We ask our suppliers to comply with these guidelines and to extend their activities upstream in the supply chain.

Based on these guidelines, in addition to the initiatives described below, in FY2024, we conducted a survey (due diligence) on the current status of labor and human rights at 248 suppliers, including affiliated companies, and provided advice on the issues faced by each supplier.

Refer here for the JTEKT Supplier Sustainability Guidelines

https://www.jtekt.co.jp/e/assets/uploads/2024/10/files/supplier_sustainability_guideline_2022.pdf

Initiatives for Responsible Procurement of Resources and Raw Materials

We recognize that conflict minerals, which may be a source of funds for organizations involved in human rights violations, environmental destruction, and inhumane acts of violence, are a serious social issue in the supply chain of minerals originating in conflict areas around the world.

Through our conflict minerals survey, which we have implemented annually since FY2013., with the cooperation of our suppliers, we have confirmed the history of conflict minerals such as cobalt, mica, tantalum, tungsten, tin, and gold (=3TG) used in our products throughout the supply chain.

We will continue to work with our suppliers and various other stakeholders to promote initiatives for more responsible mineral procurement, such as avoiding complicity in human rights violations and violent acts in the face of the increasingly serious problem of mineral resources, while practicing initiatives aimed at eliminating the use of conflict minerals.

The JTEKT Green Purchasing Guidelines

Our Company aims to maintain and restore a sustainable global environment, and we are working on green purchasing activities and have established the JTEKT Green Purchasing Guidelines. In addition to carbon neutrality, these guidelines also promote initiatives related to the circular economy in collaboration with our suppliers, and we have added new items related to reducing CO_2 emissions related to logistics, reducing packaging materials, and providing environmental data.

Points to Request to Suppliers

- Establish an environmental management system
- Comply with and thoroughly enforce environmental laws and regulations
- Prohibit or restrict the use of substances of environmental concern
- Improve environmental performance, including reducing CO_2 emissions
- Reducing CO_2 emissions related to logistics and packaging materials
- Promoting biodiversity initiatives
- Providing environmental data such as CO_2 emissions

Initiatives for Carbon Neutrality

In order to achieve carbon neutrality, we have set a target of reducing CO_2 emissions by 25% by FY2030 compared to FY2021, and are asking our suppliers to reduce emissions by 2.5% annually. To achieve this, we have established subcommittees with participating suppliers to strengthen cooperation, and are disseminating information such as examples of energy conservation initiatives to support their activities.

We also visit each supplier to confirm their efforts and issues, and offer advice on specific energy-saving measures.

Quality Control

Approach to Quality Control and Quality Assurance

We place "Safety First, Quality Second" at the core of our business operations, and based on the following quality assurance principles, we will ensure product safety and provide quality that customers can continue to choose through high-quality, low-cost products and services.

1 Priority

Safety is directly linked to the lives of our employees, and quality is directly linked to the lives of our end users. We believe that protecting lives that cannot be recovered is highest priority.

Safety and quality are fundamentally the same, and the basic principles are "to observe and have everyone observe standard work and rules" and "stop, call out, and wait" when abnormalities occur. We have identified risks and are making improvements under the principle of putting human life first.

2 Basic Stance

We consider quality as something that belongs to customers, and that subsequent processes are done by customers, and our basic philosophy is to build quality into each and every task and process. As a result, we believe that customers will be satisfied and show their appreciation, and that will lead to our customers choosing us again.

3 Priority Implementation Items

- No "leak outs": In order not to cause inconvenience to customers, we are working to ensure a system that does not let bad products "leak out" from within the Company.
- Prevent "occurrences": We incorporate lessons learned from past quality problems at the design and production preparation stages, identify how customers will use the products and how they could break, and build safe and reliable product quality into them.
- In the unlikely event that a bad product is passed to a customer, we will quickly share information and work together as a company to resolve the issue as soon as possible and prevent recurrence.

Quality Policy

Quality Policy

We will devote ourselves to quality first and provide attractive products that earn the trust and satisfaction of our customers.

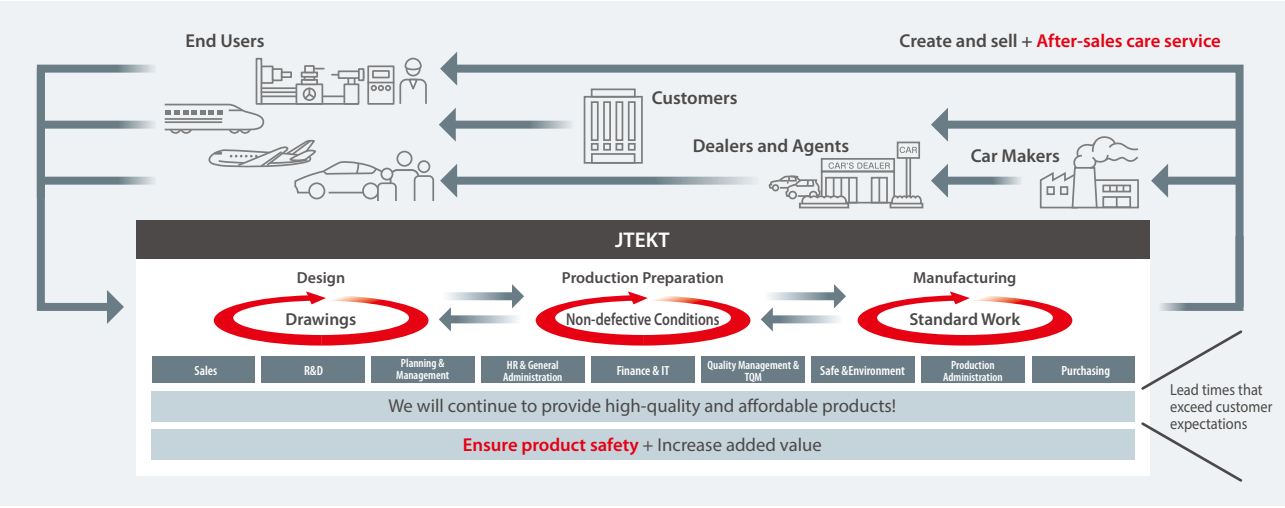
- Accept judgments from the customer's point of view and take prompt action
- Design and manufacture quality products through the creativity and ingenuity of everyone involved

In this quality policy, we emphasize design quality and manufacturing quality, and clarify our belief that building quality in each individual's work and each process at each stage of manufacturing will lead to gaining customer trust.

Quality Assurance System

The Quality Function Meeting, chaired by the Chief Quality Officer (CQO), determines company-wide issues and actions. At quality meetings for each region and manufacturing plant, we strive to maintain and improve quality on a daily basis by aligning vectors within the entire Company, addressing individual issues and discussing them. In addition, we are working to create safe and reliable products in collaboration between all departments involved in design, production preparation technology, and production.

Approach to Quality Assurance



Co-creation with Stakeholders

Approach and Policy

Our business activities are supported not only by our business partners, such as customers, agents, and suppliers, and our employees who work together to develop the Company, but also by our shareholders and investors who support the enhancement of our corporate value as our "fans," and the local communities where we conduct our production and sales activities.

We believe that we can make our society better and achieve sustainable growth through communication with these stakeholders.

Co-Creation with Shareholders and Investors

We are actively engaged in IR/SR activities to ensure that our shareholders and investors have an accurate understanding of our current situation and future prospects, and to achieve social contribution and corporate growth through constructive communication.

In FY2024, in addition to our regular financial results briefings (four times a year), we held a presentation on the JTEKT Group 2030 Vision and the Second Medium-Term Business Plan, as well as an investor event called "IR Day" at the Iga Proving Ground, where attendees could experience our latest technologies.



Technical explanation using actual products



Autonomous bus precise docking demonstration

Co-Creation with Local Communities

Our mission is "joint technology to bring joy to the planet earth and all working people." We aim to transform ourselves into a solution provider in our business activities, but we also strive to contribute to the development of society outside of our business activities. We have established the JTEKT Group Social Contribution Activity Policy and will create new value through communication and collaboration with local communities, focusing on the key areas of environment, local contributions, and sports promotion.

JEKT Group Social Contribution Activity Policy https://www.jtekt.co.jp/e/sustainability/society/community/

TOPICS

We are conducting community contribution activities with the aim of creating an environment where all children can grow up healthy. We made donations to children's cafeterias and after-school facilities in the 13 municipalities where our main business sites are located, with the aim of supporting their operations. By collaborating with local governments and social welfare councils in each region, we were able to support many organizations and children. Additionally, we invited approximately 3,000 elementary school students and their families living near our factories to a baseball game, providing them with an enjoyable evening.





Through sports classes and technical guidance sessions led by athletes from top-tier domestic leagues in volleyball, badminton, softball, and individual sports, we helped many children experience the joy of sports and learn technical knowledge. Furthermore, during a greeting campaign at a local elementary school, the athletes were energized by the bright and cheerful greetings of the children.

Other Social Contribution Activities https://www.jtekt.co.jp/socialcontribution/ (Japanese)

What Actions Should JTEKT Take to Achieve the JTEKT Group 2030 Vision?

JTEKT actively incorporates the independent perspectives and advice based on various expertise of our outside officers into management to strengthen corporate governance.

Four outside officers offered their objective assessment, discussed the challenges, and shared their expectations for our Company, which launched a new structure under new leadership in 2024.



Q. What is your assessment of the impact of last year's change in president, the Second Medium-Term Business Plan, and the subsequent announcement of MVV?

Sakurai Since I became an outside officer six years ago, I have seen JTEKT transforming at a remarkable pace. The president before last laid the groundwork after the merger of Koyo Seiko and Toyoda Machine Works, the previous president built the foundation, and President Kondo is now beginning to construct a solid structure. I feel we have had presidents well-suited to the times.

Matsui President Kondo's growth strategy of transforming into a solution provider aims to identify user pain points from the customer's perspective and deliver solutions. I have high expectations for this challenge of adopting a user-centric approach, moving away from a product-out mindset. I also feel that initiatives have become more sophisticated over the past two to three years. For example, the introduction of the DOE (Dividend On Equity ratio) into the dividend policy to pursue stable dividends, and the Company's first-ever share buyback in February 2025, have been well-received by the stock market. On the other hand, I feel that the roadmap for achieving the goals outlined in the Second Medium-Term Business Plan is not fully fleshed out in some areas.

Miyakawa My impression is that this past year has been one of activity aligned with the JTEKT Group 2030 Vision. The Second Medium-Term Business Plan spans three years, with a clear roadmap: sowing seeds on the foundation laid by the previous president, then reaping the harvest. President Kondo has now embarked on this journey in its first year.

Ikeda President Kondo communicates messages very clearly both internally and externally. The newly established









MVV clearly states that JTEKT exists to "bring joy to the planet earth and all working people," and that we aim to "create the future of mobility society" to achieve this. And within the Company, he communicated the message "Let's work together as a unit," which resonated well.

Matsui While numerical targets are important in the Medium-Term Business Plan, the most crucial element is pursuing our ideal state as a company. I believe that only when employees resonate can the plan be achieved. We established our MVV and shifted JTEKT toward purpose-driven management. Rather than starting with business plans, we set goals based on the Company's core purpose. This allows employees to recognize how their work contributes to society, changing their actions. That's precisely why it's crucial for everyone to feel a sense of conviction in our MVV. President Kondo demonstrated exceptional leadership by dedicating significant effort to internal adoption about six months before announcing the MVV externally.

Sakurai Mission represents JTEKT's social purpose, and it is precisely because of this that employees can find their own value within the Company. Since taking office, I have consistently advocated for the necessity of purpose, and I was deeply moved that this finally enables the true realization of "ONE! JTEKT." I firmly believe that if every single employee embraces our Value of "Yes for All, by All!", we will become an exceptional company.

Miyakawa I agree. When employees individually face uncertainty or struggle with decisions, having the MVV as the Company's foundation will help them find solutions.

Q. Please share your insights on the challenges for enhancing corporate value and what is necessary to achieve the Second Medium-Term Business Plan.

Ikeda Through the Board of Directors, I sense a shared recognition of the challenge: "How can we improve our PBR (Price Book-value Ratio)?" To enhance PBR, I want management to constantly keep in mind the fundamental principle of "Are we making steady progress on our decisions?" Even when the environment changes, I want them to accelerate their efforts on what has been decided.

Miyakawa Recently, discussions have been based on analyses by region and business segment, making it easier to identify challenges. Furthermore, restructuring affiliated companies will likely be unavoidable to improve profit margins and capital efficiency. Measures such as the sale of cross-shareholdings are progressing steadily. If each initiative advances further this fiscal year, I believe future growth can be expected.

Matsui While the management team appears conscious of PBR and capital costs, the business divisions still seem focused solely on profit-and-loss management. I believe efforts are needed to instill awareness of capital costs throughout the entire Company.

Sakurai The ROE (return on equity) Tree was announced as part of the Second Medium-Term Business Plan, and the President personally delivered a thoughtful message to the entire Company. Afterwards, I received a question from a regular employee about ROIC (return on invested capital). I sensed our Company's potential in the fact that employees were taking ROIC personally and that mindset was taking root. I became convinced that once awareness of the cost of capital permeated the entire Company, corporate value would rise.

Matsui As we pursue efficiency, "deciding what to give up" is a challenge for our Company. We need a mechanism where each business division can voluntarily propose giving up certain activities, not just following management directives. Once purpose-driven management permeates the Company, employees will naturally think, "We should give this up and focus on that instead," based on our purpose. To refine investment and exit decisions, we also need to analyze products individually, assessing each product's competitiveness and sales trends.

Sakurai Once the Board pointed out that we need withdrawal criteria that prioritize efficiency, withdrawal criteria were promptly defined, and withdrawal proposals aligned with them began to be submitted. This straightforwardness and speed are among our Company's strengths.

Ikeda To achieve the transformation into a solution provider announced in the Second Medium-Term Business Plan, we must break down barriers between business units. Currently, while each unit possesses excellent technology, collaboration is limited and the barriers between them feel insurmountable. We expect the newly established Solution Co-Creation Center to eliminate these barriers and generate synergy. On the other hand, I highly value the Company's culture where management is committed to diligently tackling steady activities like inventory reduction.

Q. Please provide your views on our progress toward sustainable management, including an evaluation of our current activities, the challenges ahead, and your expectations for our future success.

Sakurai What stands out from the Sustainability Council's activities was the proposal from the secretariat to consider Materiality that is unique to JTEKT. While sustainability promotion can easily become focused on disclosure, I believe pursuing Materiality that is uniquely JTEKT, based on our Mission, was an excellent achievement.

Matsui In pursuing purpose-driven management, it is highly commendable that top management understands the importance of sustainability and is tackling it with high priority. Beyond disclosure, it is impressive that management is spotlighting the Sustainability Council to embed it throughout the Company.

Miyakawa I'm impressed by how diligently our employees study sustainability. I also feel that actively engaging in community contribution activities is truly characteristic of JTEKT.

Ikeda Our Company communicates not only numerical targets for initiatives like carbon neutrality, but also the underlying purpose through Materiality. Understanding the purpose and sharing that conviction drives our activities, which ultimately leads to results. In talent development, we champion people and site-first management, emphasizing the importance of enabling self-actualization, pursuing one's actual desires, and enjoying challenges. I believe it's excellent that we prioritize developing people not just defensively, but proactively.

Matsui On the other hand, I would like to see even more opportunities for feedback from investor dialogues. I believe my insights can be useful for IR, so I strongly hope for improvements in this area.

Q. What do you expect from JTEKT going forward as we work toward achieving the JTEKT Group 2030 Vision?

Sakurai Our strengths lie in our superior core technologies and components, coupled with our workforce of nearly 50,000 talented individuals. We are confident that combining these strengths will enable us to achieve our 2030 Vision of becoming a solution provider. We also aim to continuously communicate the appeal of our workplace and become a company chosen by job seekers.

Miyakawa I hope we can accelerate and realize the initiatives we are currently implementing as we move toward 2030. Furthermore, I expect our Company to become one where our technologies are utilized and contribute to the future mobility society, encompassing flying cars and autonomous driving.

Ikeda While targets values are important, above all, I am looking forward to the realization of our MVV. To achieve this, we must break down business silos and generate synergies. Furthermore, I want the Company to look outward beyond itself, engage in co-creation, and generate opportunities. Doing so will lead to results beyond our plan for 2030.

Matsui I also believe we must strive to realize MVV and the Second Medium-Term Business Plan. Without wavering, giving up, being swayed, or kowtowing to unspoken expectations, I want to continue supporting the entire Company as it unites in one direction to generate tremendous power and momentum.



Corporate Governance

Corporate Governance Structure

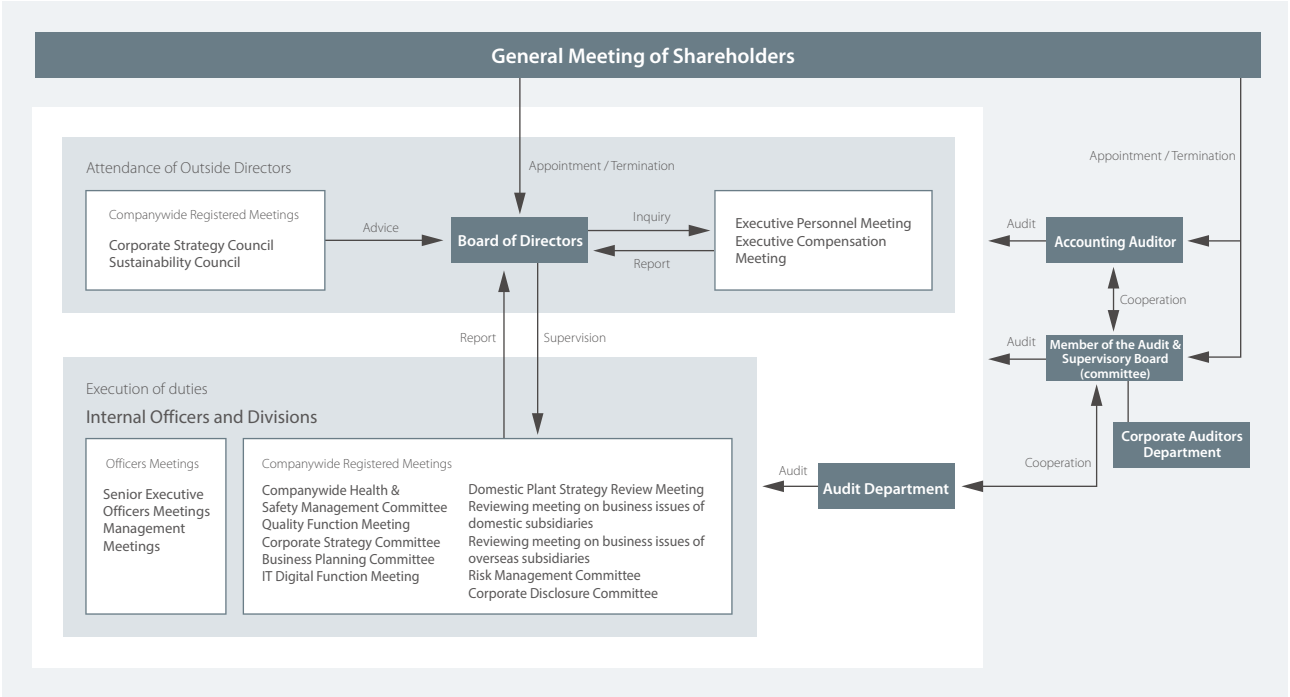
At our Board of Directors meetings, in addition to items stipulated by law and the Articles of Incorporation, deliberations take place and decisions are made pertaining to the Medium-Term Business Plan aimed at realizing JTEKT Group 2030 Vision. This includes management strategies aimed at achieving the Medium-Term Business Plan, as well as oversight of the execution of duties by directors. Furthermore, two independent directors from outside the Company were appointed to strengthen the supervising function of the Board of Directors. In addition, subcommittees under the Board of Directors, such as Senior Executive Officer Meetings, Management Meetings, and Companywide Registered Meetings, are held to improve deliberations on individual matters and supervise the performance of duties by managing officers.

Additionally, to ensure a transparent, fair, prompt and efficient management, JTEKT has opted for a company with an Audit &Supervisory Board to inspect directors' execution of duties, which consists of four auditors, two of whom are outside auditors (of which one is independent outside auditor).

At Audit & Supervisory Board meetings, the Board monitor the execution of duties by the directors and confirm the appropriateness of the methods and results of audits performed by the accounting auditors. However, we have established a Corporate Auditors Department to assist members of the Audit & Supervisory Board, with dedicated staff members to perform their duties. Regarding internal auditing, Audit Department, which reports directly to the president, inspects the business execution of each function and business division and the effectiveness of internal controls, reporting the results to the Board of Directors and the Audit & Supervisory Board to ensure auditing independence.

Under this system, for example, in accounting audits, Audit & Supervisory Board members receive reports and explanations from accounting auditors, confirming the appropriateness of auditing methods and results as well as the independence of accounting auditors. In order to enhance the efficacy of these audits, Audit & Supervisory Board members, the accounting auditor and the Audit Department regularly hold discussions to exchange information and cooperate with each other.

Schematic Diagram of Corporate Governance Structure



Group Governance

In order to engage in fair, transparent and efficient Group management, JTEKT is engaged in the following initiatives at our domestic and overseas subsidiaries.

1. We share the code of conduct and business plans applicable to our Group companies and strive to unify our management policies.
2. We have established the JTEKT Group Business Management Guidelines to promote the development of internal control systems and monitor their implementation.
3. We hold annual meetings where our management and the management of each Group company discuss management issues at each company.
4. Based on the Prior Consultation and Reporting System, we require prior consultation or reporting to our Company regarding the execution of specific tasks, and important matters are deliberated by our Board of Directors, etc..
5. We require immediate reporting in the event of incidents related to finance, safety, quality, compliance, etc., and have established systems to respond appropriately and promptly.

Operations of the Board of Directors, etc.

At the Board of Directors meeting for FY2024, in addition to deliberating on important decisions regarding the approval and execution of the annual business plan, we held repeated discussions on the formulation of the Second Medium-Term Business Plan and the efficient consideration of management capital necessary to utilize it.

In particular, we have reviewed the structure of our Group's businesses and focused on structural reforms such as consolidating subsidiaries and reviewing business areas, while discussing ways to achieve an optimal group structure.

We have established internal standards for identifying the impact on management in terms of both content and amount for matters that require submission to the Board of Directors and the Senior Executive Officers Meetings, and we take care to focus on deliberating truly important management issues. Matters that do not meet these standards and discussions that are prerequisites for submission to the Board of Directors are deliberated by various company-wide committees established for each function, and we have established a system of delegation of authority whereby CxOs and division chiefs are responsible for making decisions.

Matters for Deliberation by the Board of Directors in FY2024

Category	No. of reports
Financial results / Finance	13
Human resources	8
Policy / Plan	6
Business restructuring	4
Reorganization	1
Individual cases	7

Matters for Reporting to the Board of Directors in FY2024

Category	No. of reports
Governance / Risk management / Internal control	14
Financial results / Finance	13
Human resources	4
Business restructuring	2
Individual cases	10

Meetings of the Board of Directors and Other Bodies (FY2024)

Committees	Composition	Meeting frequency	Details
Board of Directors	Directors: 6 (Outside Directors: 3) Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2)	Once/Month	Makes decisions about important matters within management and supervises directors' performance of duties. [Structural reforms (North America, Europe), formulation of mission]
Audit & Supervisory Board	Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2)		Inspects the appropriateness of methods and results of audits of the directors' performance of duties, and of audits performed by the accounting auditor.
Senior Executive Officers Meetings	Directors: 3 Senior Executive Officers: 7 Audit & Supervisory Board Members: 2		Supplements the Board of Directors, deliberates important matters within management, and determines fundamental policies. [Structural reforms (North America, Europe), formulation of mission]
Management Meetings	Directors: 3 Audit & Supervisory Board Members: 2, and dozens of others Senior Executive Officers: 7		Supplements the Board of Directors and manages the progress of policies within the performance of duties. In addition, these meetings enable problem points and issues within performance of duties to be shared extensively among directors and officers. [Progress management of the Second Medium-Term Business Plan, confirmation of production preparation status]
Companywide Registered Meetings			
Corporate Strategy Council	Directors: 6 (Outside Directors: 3) Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2) Senior Executive Officer and several others	Twice/Year	Examines JTEKT's medium- to long-term strategy based on various roadmaps (markets, products, technologies). [Formulation of the Second Medium-Term Business Plan]
Sustainability Council		4 times/Year	Investigates issues concerning sustainability to achieve sustainable growth by society and the Group. [Revision of material issues]
Companywide Health & Safety Management Committee	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Twice/Year	Deliberates on policies, targets, and measures concerning safety, sanitation, health, and other issues. [Confirmation of progress on each policy, analyzing disasters, and addressing issues]
Quality Function Meeting	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Twice/Year	Reviews the results of activities and deliberates on future actions based on quality function policies and measures. [Deciding on priority implementation items and confirming progress]
Corporate Strategy Committee	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Once/Week	Investigates policies and directions for the establishment and sustainable development of business foundations through expert and thorough deliberation from the perspective of business execution. [Strategies and profit plans for various projects]
IT Digital Function Meeting	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Twice/Year	Shares information on issues and investigates and deliberates on response policies for the implementation of IT policies and establishment of governance globally. [Measures for realizing data-driven management and advancing value-added operations]
Domestic Plant Strategy Review Meeting	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	6 times/Year	Reviews safety, quality, and profit issues, and discusses optimal location production and strategies. [Growth strategies, reduction of fixed costs]
Reviewing meeting on business issues of domestic subsidiaries	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Once/Year/ Company	Shares information and issues relating to the status of management, the management vision, and strategies with senior management of Group companies. [Structural reforms, productivity improvement]
Reviewing meeting on business issues of overseas subsidiaries	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Once/Quarter/ Company	
Risk Management Committee	Directors: 2, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	3 times/Year	Comprehensively manages risks that hinder the achievement of long-term and medium-term plans throughout the Group and takes measures for priority management risks. [Confirmation of progress in addressing top priority risks and consideration of top priority risks for the next fiscal year]
Corporate Disclosure Committee	Chief of Corporate Division CFO and several others	Once/Month	Investigates and confirms whether the timing, details, and methods of information disclosure are appropriate. [IR strategy, integrated reporting policy]

Corporate Strategy Council and Sustainability Council

Our Company has established a Corporate Strategy Council and a Sustainability Council to complement the discussions on management issues held at Board meetings. All members of the Board of Directors, including outside directors, participate in these councils, which effectively serve the same function as the Board of Directors. In addition, we have enhanced the quality of discussions by inviting senior executive officers other than directors who do not normally participate in Board meetings, CxOs, and other relevant parties to participate.

The Corporate Strategy Council is a forum for discussing corporate business strategies and financial capital, and in FY2024, it deliberated on important elements in the process of formulating the Second Medium-Term Business Plan. The Sustainability Council deliberates on responses to issues related to the environment, society, and governance with the aim of enhancing our non-financial capital.

Based on this division of roles, we aim to build a system that can respond to the increasingly complex business environment by utilizing flexible discussion forums in coordination with the Board of Directors.

Participation of Outside Directors in Board Meetings

Prior to Board meetings, we hold an "Outside Directors' Liaison Meeting" to ensure that outside directors can fully utilize their expertise in Board deliberations. At this meeting, we distribute materials to outside directors, explain the items to be deliberated, and provide a forum for mutual exchange of opinions among outside directors. In addition, at this liaison meeting, we exchange opinions on management issues other than those to be deliberated at Board meetings and receive insightful advice on corporate management.

Recommendations from Outside Directors and Their Impact on Management

Equipment Investment Management

When deciding whether to invest in equipment, it is important to be mindful of capital costs and manage them appropriately.

By clearly indicating CO_2 emissions as a factor in investment decisions for buildings, it may be possible to achieve consistency with efforts toward carbon neutrality.

Reviewing Effective Capital Investment Management Mechanisms to Achieve the 2030 Vision

Collection and Utilization of Non-Financial Information

Companies that disclose specific links between non-financial and financial information and KPIs tend to have higher PBRs (price-to-book ratios).

DX is essential for enabling comprehensive information collection. We believe that related systems should be unified globally.

It is important to be aware that, in the future, audits and third-party assurance will be required in the same way as for financial information. A system for verifying collected data retrospectively is also necessary.

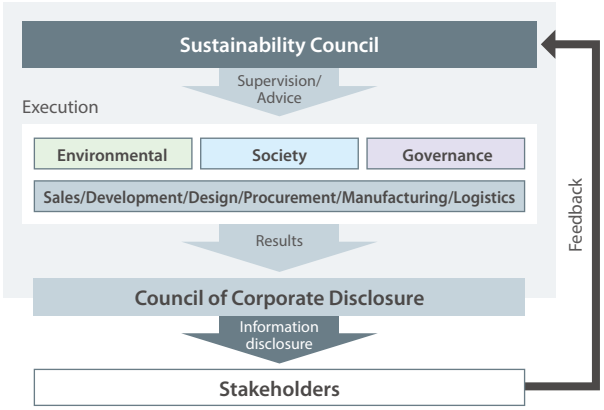
Considering the Establishment of an Accurate and Efficient System for Collecting Non-Financial Information

Information Disclosure System

JTEKT believes that the timely and appropriate disclosure of information on management strategies, business activities, and their results is the basis of constructive dialog with stakeholders and an important factor in enhancing corporate value. Based on this belief, we have clarified the appropriate and fair manner of information disclosure in our Corporate Disclosure Policy, and we have established a Council of Corporate Disclosure as an organization to realize these standards.

The Council of Corporate Disclosure, chaired by the Chief of the Corporate Division, includes those responsible for preparing statutory disclosure documents such as annual securities reports, integrated reports, and corporate governance reports, as well as those in charge of IR and public relations. In addition to considering specific information disclosure cases, the Council continues to deliberate on the approach to information disclosure that is responsive to social demands, taking into account societal trends.

Examples of Disclosure of Information Related to Sustainability Activities



Evaluation of the Effectiveness of the Board of Directors

We recognize strengthening corporate governance as an important management issue, and have established the guidelines in response to the Corporate Governance Code. We are also working to transform and strengthen our corporate structure by implementing the PDCA cycle every year.

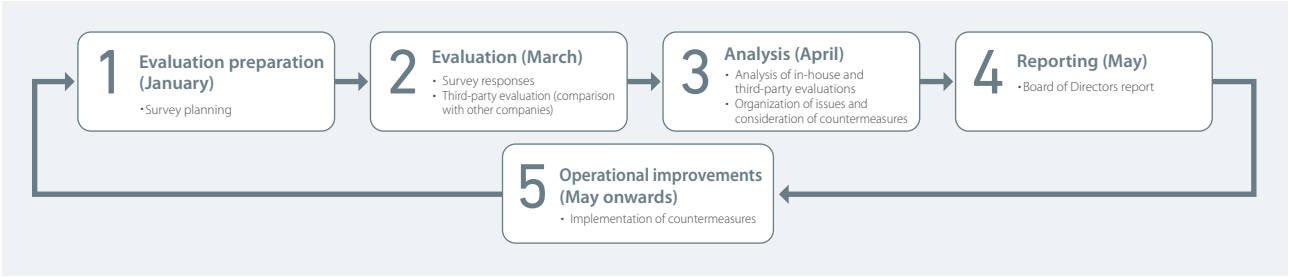
In addition, JTEKT conducts a survey on the effectiveness of the Board of Directors once a year for directors and Audit & Supervisory Board members (self-evaluation by written survey). In this survey, we evaluate whether the contents of deliberations and operation methods at the Board of Directors are appropriate and review them as necessary based on evaluations of those directors and Audit & Supervisory Board members. Since 2024, we have incorporated a survey evaluation by an external organization into our effectiveness evaluation so that we can objectively grasp and evaluate our situation and challenges by comparing with other companies.

Board of Directors Effectiveness Evaluation Survey

Our survey consists of a questionnaire with 18 questions (rated on a five-point scale) and a free response section regarding "Composition of the Board of Directors," "Operation of the Board of Directors," "Discussion at the Board of Directors," and "Monitoring function of the Board of Directors."

We conduct this survey of all directors and Audit & Supervisory Board members to analyze issues related to improving the effectiveness of the Board of Directors based on the awareness of issues among our target companies and comparisons with other companies. We aim to operate a Board of Directors that realizes increased corporate value through transparent, fair, and swift decision-making by diligently addressing each of these issues.

Schedule for Evaluating Effectiveness of Board of Directors



FY2024 Initiatives

In FY2024, we were able to strengthen our organizational structure, including the diversity of the Board of Directors and cooperation with the Internal Audit Department, and enhance discussions on medium- to long-term value creation through the formulation of the Second Medium-Term Business Plan.

FY2023 Issues
Diversity of Board members
Management focused on profitability and capital efficiency
Sustainable growth and medium- to long-term value creation
Cooperation between directors, Audit & Supervisory Board members, and Internal Audit Department
Training for directors and Audit & Supervisory Board members

FY2024 Initiatives
Appointment of female outside directors
Implementation of investment evaluation based on capital costs
Discussions on the formulation of the Second Medium-Term Business Plan Review of material issues in the Sustainability Council
Reporting of internal control audit results to the Board of Directors
Implementation of training on compliance, information security, and the business environment

FY2024 Issues and FY2025 Plans

In FY2025, we will aim to establish a Board of Directors capable of making even more swift and decisive decisions, in collaboration with the Corporate Strategy Council and Sustainability Council, in order to support the realization of the Second Medium-Term Business Plan.

FY2024 Issues
Management focused on revenue and capital efficiency
Involvement in the formulation of a CEO succession plan
Supervision of management resource allocation and business portfolio strategy
Enhancement of information disclosure Feedback on dialogue with shareholders
Supervision of the operation of internal control systems
Ensuring opportunities for exchange of opinions among outside directors

FY2025 Improvement Activity Plan
Discussions at the Strategy Council
Discussions on Board succession at the Executive Personnel Meeting and reporting of the contents at the Board of Directors
Discussions at the Sustainability Council and Corporate Strategy Council
Active discussions aimed at realizing management that contributes to the enhancement of corporate value and sustainable growth through feedback on information obtained from dialogue with shareholders and investors
Reporting of internal control audit results of Group companies to the Board of Directors
Ensuring opportunities for exchange of opinions at quarterly meetings of outside directors, etc.

Nomination and Appointment of Candidates for Executive Officers, etc.

In order to ensure the balance and diversity of knowledge, experience, and abilities on the entire Board of Directors necessary for sustainable growth and medium- to long-term enhancement of corporate value, we aim to appoint diverse executives who possess the experience and expertise that we consider important from a corporate management perspective. In addition, we select candidates for outside directors who are independent from management and can appropriately reflect the opinions of stakeholders.

For the nomination and appointment of such candidates, we have established an Executive Personnel Meeting consisting of the President and Representative Director and independent outside directors as an ad hoc committee, which discusses not only the nomination of candidates for directors and Audit & Supervisory Board members, but also the appointment and dismissal of senior executive officers and senior management.

Designing a System for Executive Compensation

Our Company has designed its executive compensation system with the aim of achieving long- and medium-term business plans and promoting business execution from the perspective of shareholders. Specifically, 30% of directors' compensation is performance-based, and one-third of that is paid in company stock.

In addition to business profit, we have set indicators and targets related to employee safety and product quality as KPIs that serve as the basis for calculating performance-based compensation.

The design of this executive compensation system and the determination of executive compensation amounts are deliberated by the President and independent outside directors at the Executive Compensation Meeting, which is a voluntary committee.

Compensation of Directors and Audit & Supervisory Board Members

Payment method	Cash compensation		Stock compensation (with transfer restrictions)
Type of compensation	Fixed compensation (monthly compensation)	Performance-based compensation	Performance-based compensation
Payment ratio (based on standard amount)	70%	20%	10%
Compensation limit (annual amount)	800 million yen		100 million yen
Payment period	Monthly	Once a year (the day after the annual general meeting of shareholders)	Once a year (the day after the annual general meeting of shareholders)
Policy	Standard amount set for each position	Calculated based on the following indicators using a table: (1) Business profit (2) Safety and quality KPI evaluation	50% of the amount calculated based on the above business profit is awarded as stock compensation
Process	(1) Formulate a compensation proposal based on the above policy (2) Discuss the compensation proposal in (1) at a voluntary Executive Compensation Meeting (President and two independent outside directors). [Discussion topics] ・Consistency with the decision policy, necessity of review ・Confirmation of performance evaluation metrics ・Compensation levels by position (comparison with companies of similar size to our Company based on executive compensation survey data from external research institutions) (3) Based on the results of the deliberations of the Executive Compensation Meeting, the President decides on the executive compensation proposal through a resolution at the Board of Directors meeting (delegated to the President) (4) The allocation of stock compensation (number of shares) is decided through a resolution at the Board of Directors meeting		

Total Compensation of Directors and Audit & Supervisory Board Members

Category	Total compensation, etc.	Total compensation, etc. by type			Number of recipients
		Fixed compensation	Performance-based compensation		
			Bonuses	Stock-based compensation	
Directors (of which outside directors)	266 million yen (43 million yen)	188 million yen (36 million yen)	55 million yen (7 million yen)	23 million yen (- million yen)	9 persons (5 persons)
Audit & Supervisory Board members (of which outside Audit & Supervisory Board Members)	99 million yen (21 million yen)	99 million yen (21 million yen)	- million yen (- million yen)	- million yen (- million yen)	5 persons (3 persons)
Total	365 million yen	287 million yen	55 million yen	23 million yen	14 persons

(Notes) 1. The amounts of compensation, etc. for the three members who retired at the conclusion of the 124th Ordinary General Meeting of Shareholders held on June 25, 2024, are included in the figures along with the number of recipients.
2. The amounts of the above bonuses include the following amounts expensed as executive bonuses during the current period: (6 directors, 55 million yen).
3. The amounts of the above stock-based compensation represent the expenses recognized during the current period for restricted stock granted as post-delivery stock-based compensation.
4. Yumiko Sakurai resigned as an Audit & Supervisory Board member at the 124th Ordinary General Meeting of Shareholders and was appointed as a director. Therefore, the number of persons and the amount paid are included in the Audit & Supervisory Board member period as an Audit & Supervisory Board member (outside Audit & Supervisory Board member) and in the director period as a director (outside director).

Officers and Audit & Supervisory Board Members

Director, Member of the Board



Yoshihito Kondo

President, Member of the Board
CEO

Chief of IT & Digital Division
Chief of Quality Management Division



Koichi Yamanaka

Director, Member of the Board

North America and Europe Division



Toshiaki Shinya

Senior Executive Officer, Member of the Board
CPO

Chief of Production Division



Ikuji Ikeda

Outside Director, Member of the Board
[Independent]

Significant Concurrent Positions Outside the Company
- Special Adviser, Sumitomo Rubber Industries, Ltd.
- Glory Ltd. Outside Director



Yumiko Sakurai

Outside Director, Member of the Board
[Independent]

Significant Concurrent Positions Outside the Company
- Representative, Yumiko Sakurai CPA
- Outside Director, Daikoku Denki Co., Ltd.
- Outside Audit & Supervisory Board Member, Futaba Industrial Co., Ltd.



Isao Nakanishi

Director, Member of the Board

Significant Concurrent Positions Outside the Company
- Outside Director, Toho Gas Co., Ltd.

Overview of Members of the Board

Name	Appointment	Number of shares held	Attendance record in FY2024			Skills Matrix								
			Board of Directors	Member of the Audit & Supervisory Board	Sustainability Council	Corporate management	Business strategy and marketing	Monozukuri (industrial engineering, procurement, quality and safety)	Technology and R&D	Finance and accounting	Legal and risk management	HR development and labor management	Sustainability & ESG	Global management
Yoshihito Kondo	June 2024	11,399	12/12	—	4/4	●		●	●			●		●
Koichi Yamanaka	June 2022	24,391	14/14	—	3/4	●	●	●		●				●
Toshiaki Shinya	June 2025	6,796	—	—	—	●	●	●					●	●
Ikuji Ikeda	June 2024	2,006	11/12	—	4/4	●	●	●				●		●
Yumiko Sakurai	June 2024	5,000	14/14	3/3*	4/4		●			●	●	●	●	
Isao Nakanishi	June 2025	0	—	—	—	●	●		●				●	●

*Yumiko Sakurai resigned as Audit & Supervisory Board member and assumed the position of outside director upon the conclusion of the 124th General Meeting of Shareholders held on June 25, 2024.

Members of the Audit & Supervisory Board



Makoto Sano

Member of the Audit & Supervisory Board



Koichi Tsujita

Member of the Audit & Supervisory Board



Yasushi Matsui

Outside Member of the Audit & Supervisory Board

Significant Concurrent Positions Outside the Company
- Executive Vice President, DENSO Corporation
- Member of the Audit & Supervisory Board, BluE Nexus Corporation

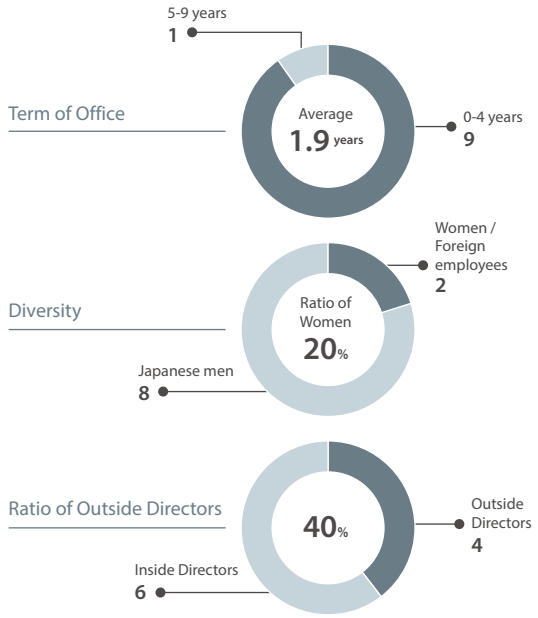


Akiko Miyakawa

Outside Member of the Audit & Supervisory Board [Independent]

Significant Concurrent Positions Outside the Company
- Representative, Akiko Miyakawa CPA Office
- Outside Director (Audit Committee Member) of Asahi Group Holdings, Ltd.

Composition of Directors and Audit & Supervisory Board Members



(Note) The term of office of Yumiko Sakurai as an Outside Audit & Supervisory Board Member has been calculated by combining her total terms.

Overview of Members of the Audit & Supervisory Board

Name	Appointment	Number of shares held	Attendance record in FY2024			Skills Matrix								
			Board of Directors	Member of the Audit & Supervisory Board	Sustainability Council	Corporate management	Business strategy and marketing	Monozukuri (industrial engineering, procurement, quality and safety)	Technology and R&D	Finance and accounting	Legal and risk management	HR development and labor management	Sustainability & ESG	Global management
Makoto Sano	June 2022	24,543	14/14	13/13	4/4	●		●			●	●		●
Koichi Tsujita	June 2023	4,626	14/14	13/13	4/4						●	●	●	●
Yasushi Matsui	June 2022	0	14/14	13/13	4/4	●	●			●	●		●	
Akiko Miyakawa	June 2024	1,003	12/12	10/10	3/4	●				●	●			●

Risk Management

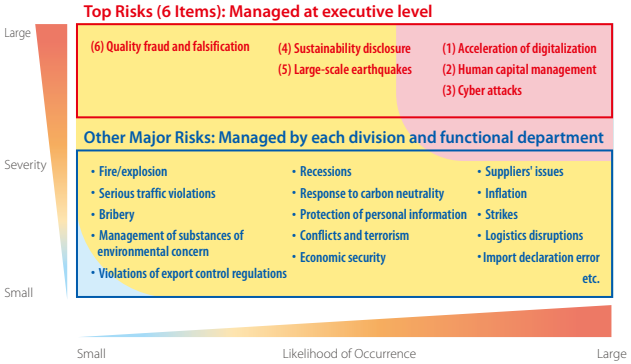
Basic Stance and Structure

We aim to continuously improve corporate value and have established and operate a risk management structure for the entire Group. We assess risks that could affect the achievement of our Business Plan, identify priority risks that need to be addressed, formulate and implement response plans for those risks, and continuously monitor them in order to control risks within expectations. In the event of a major crisis, we establish a crisis management headquarters and take measures to minimize damage and impact.

Promotion Structure

Based on the Risk Management Standards, we have established a Risk Management Committee chaired by the CRO to grasp the risk situation of the entire Group. At the same time, we are working to reduce risks across the whole Group by selecting the top risks for the Group to focus on and checking countermeasure activities.

Risk Heat Map



Top Risks for the Group

After deliberation by the Risk Management Committee, the following were identified as the Group's top priority risks for FY2025.

Risk title	Background for considering it a top priority risk	Anticipated impact on the JTEKT Group	JTEKT Group's Response
(1) Acceleration of digitalization	• Declining demand for internal combustion engine (ICE) vehicles due to stricter environmental regulations, transition to battery electric vehicles (BEVs) • Increasing importance of digital technologies, as represented by software-defined vehicles (SDVs)	• Declining demand for ICE parts • Potential decline in competitiveness within the industry if unable to meet the technological, speed, and cost requirements of emerging manufacturers who are making great strides	• Management must understand digitalization, set digital transformation(DX) goals, assign appropriate human resources, promote DX throughout the Company, and improve operational agility • Active research and development of innovative and attractive new products and technologies
(2) Human capital management	• Lack of specific human resources necessary for executing growth strategies (business planning capabilities, leadership, speed) • Skill gaps (particularly in DX and software-related areas) • Insufficient coordination between management strategy and human resources strategy	• Insufficient talent acquisition, development, and retention can result in an inability to allocate sufficient talent to priority areas, weakening the ability to achieve goals	• Centralization of HR information and construction of a talent portfolio • Recruitment branding • Promoting Diversity, Equity and Inclusion to enhance engagement • Strengthening the development of software talent
(3) Cyber attacks	• Cybersecurity is not just an IT department issue • Cybersecurity is a corporate strategy that goes hand in hand with digitalization • Cybersecurity is a core element of risk management and business resilience	• Business interruption and the resulting stoppages of customer production line • Penalties for GDPR violations • Loss of trust due to theft or leakage of customers' confidential information	• Establishment of a safe and secure IT infrastructure for the entire Group • Strengthening of governance systems at the regional level • Conducting training involving top management in the event of an emergency
(4) Legalization of sustainability information disclosure	• In recent years, sustainability information disclosure standards are being established both domestically and internationally • There is a demand for extensive and detailed information disclosure, and there are challenges in managing data and ensuring accuracy throughout the entire value chain	• Damage to reputation caused by incomplete or incorrect disclosure	• Establishment and advancement of sustainability data collection, management processes, and systems • Preparation for third-party assurance
(5) Large-scale earthquakes	• Japan is one of the most earthquake-prone countries in the world • According to scientific predictions, there is a high probability that a massive Nankai Trough megathrust quake will occur within the next few decades	• Difficulty in ensuring employee safety and confirming their well-being • Damage to production and distribution centers • Disruption of the supply chain	• Establishment of an initial response headquarters system capable of responding to multiple disaster scenarios
(6) Quality fraud and falsification	• Compliance with product quality laws and regulations is directly linked to the trust of customers and local communities • Strict management is increasingly required and is an essential element for achieving sustainable growth	• Huge costs associated with recalls • Deterioration of business performance due to loss of customer trust • Damage to corporate reputation and brand value	• Organizational culture reform (respect for psychological safety) • Anonymous surveys and workplace outreach • Continuous education for middle managers on the implementation of our corporate philosophy • Quality system inspections (cross-checking between departments)

Compliance

Basic Stance

We position compliance as the premise and foundation upholding corporate value, and as therefore being essential to realizing the JTEKT Group 2030 Vision. We have embarked on a Groupwide compliance program and are supporting the promotion of compliance aligned to the various natures of different businesses by Group companies.

Training and Awareness-Raising Activities, and Check and Improvement Activities

We provide ongoing education and awareness-raising activities for officers and employees of the Group on compliance. In particular, we hold executive training every year for our key officers.

In FY2024, we invited experts to give lectures on the responsibilities required of leaders in times of change and held workshops on points to note in enhancing corporate value through compliance, and each executive issued a declaration of action.

In addition, every July is designated as Compliance Awareness Month to support the implementation of compliance in each workplace by disseminating a message from the president to all employees of the Group, providing e-learning, and providing educational materials for reading at workplaces.

Furthermore, we conduct annual compliance self-checks across the entire Group and reflect the results in planning for the following fiscal year and beyond. In addition, starting this fiscal year, we have been conducting anonymous questionnaires of our employees on compliance violations not only within JTEKT but also within the Group, and strive for prevention of compliance violations through careful fact-finding.

Compliance with Competition Laws / Prevention of Corruption (Bribery)

With consideration given to a global trend of placing importance on fair transactions, and features of JTEKT and JTEKT Group companies' businesses form and products, JTEKT places particular importance on compliance with the Anti-Monopoly Act of Japan, the laws and regulations of various countries relating to competition and acts of corruption and bribery.

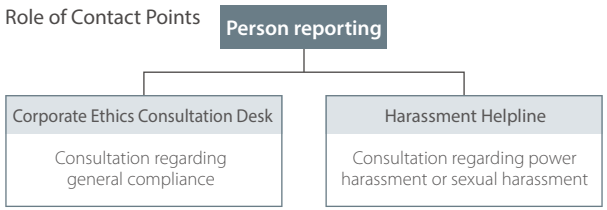
Whistleblowing System

To make it easier for employees to select a contact point according to the nature of their consultation, we have established multiple contact points (including those handled by external lawyers for JTEKT and domestic Group companies and internal contact points handled by Audit & Supervisory Board members). We also strive to prevent misconduct before it occurs and respond quickly, and prevent recurrence through the meticulous responses of personnel trained at each point of contact. In FY2024, we established the Global Compliance Hotline "Speak Up" as a global whistleblowing contact point, and have established a system to promptly respond to reports from all over the world and implement measures to prevent recurrence.

Number of Whistleblowing Incidents in the Past Five Years

FY	2020	2021	2022	2023	2024
No. of reports	47	70	74	96	95

Role of Contact Points



Appropriate Tax Payment

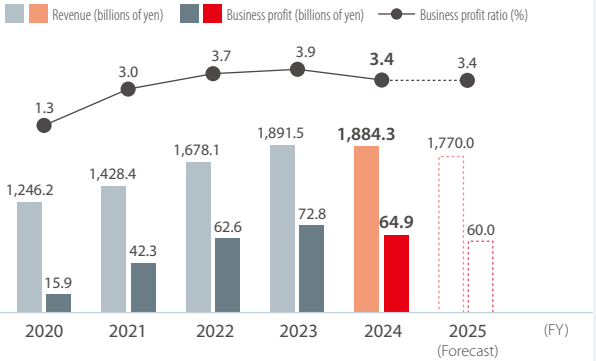
We recognize that paying taxes appropriately is important in building a relationship of coexistence and coprosperity as a member of the countries and regions where we do business, and we comply with laws and the spirit of tax payment. In addition to establishing the JTEKT Global Conduct Guidelines in the resolution of the Board of Directors, the JTEKT Group Tax Policy was established in August 2024 to provide guidelines for the actions of all officers and employees and to ensure tax transparency. While maintaining sound and normal relationships with tax authorities in the countries and regions in which we operate, JTEKT and the JTEKT Group endeavor to appropriately report income commensurate with our business, including the application of tax incentives. We also have established Group policies based on the OECD Guidelines and set appropriate prices for inter-group transactions. We do not conduct tax planning that leads to tax base erosion or income transfer by using tax havens or tax treaties, etc. in countries or regions outside of where our business sites are located. In promoting the above activities, the Chief Financial Officer (CFO) is ultimately responsible for the establishment and maintenance of the JTEKT Group's tax corporate governance, tax risk management and significant tax issues under the direction of the Board of Directors. The CFO and the accounting department report the status of governance to the Board of Directors, Audit & Supervisory Board (members), etc.

JTEKT Tax Policy
https://www.jtekt.co.jp/e/sustainability/governance/taxpolicy/

Financial Highlights

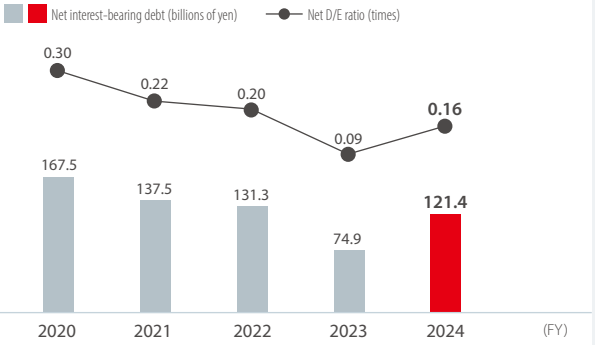
JTEKT has applied the International Financial Reporting Standards (IFRS).

Revenue / Business profit / Business profit ratio



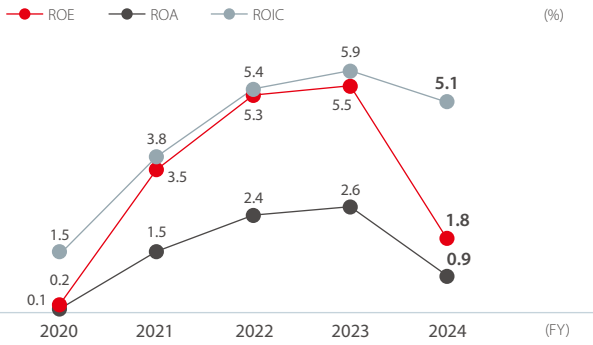
Sales were sluggish mainly in Europe and China, resulting in a slight year-on-year decline in revenue. Although there were positive effects from foreign exchange rates and cost improvements, business profit declined year on year due to the impact of lower sales, as well as increases in loss costs attributable to productivity in North America and fixed costs.

Net interest-bearing debt / Net D/E ratio



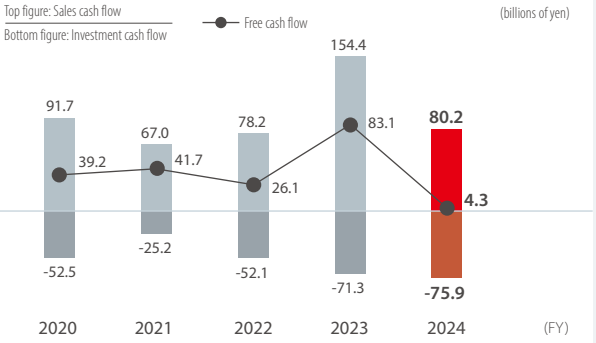
As a result of large capital investments and increased shareholder returns, net interest-bearing debt increased.
However, we were able to continue our business operations without increasing our total borrowings through activities such as reducing cash on hand.

Capital efficiency index



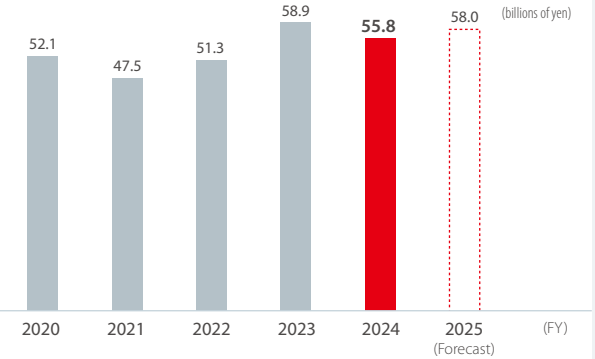
All indicators declined due to a decrease in sales and profits caused by the harsh market environment. In particular, ROE and ROA were significantly affected by the recording of development and structural reform expenses based on the Medium-Term Business Plan.

Cash flow



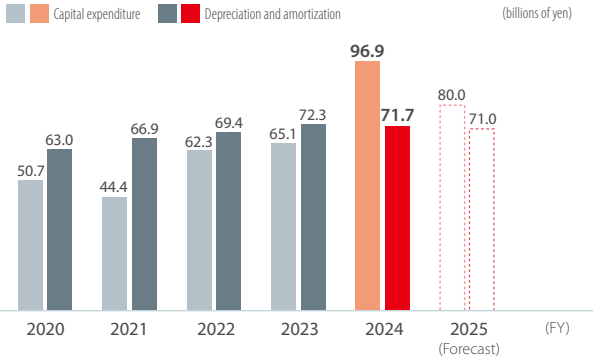
In addition to the decrease in profit before income taxes, free cash flow decreased compared to the previous fiscal year as a result of seeding for the future, strategic investments, and investments in projects that have already been ordered.

Research and development expenses



By implementing comprehensive measures to raise the efficiency of development in existing fields and increasing investment in research and development in new and growth areas, we are taking up the challenges of new value creation and pursuing further growth.

Capital expenditure / Depreciation and amortization



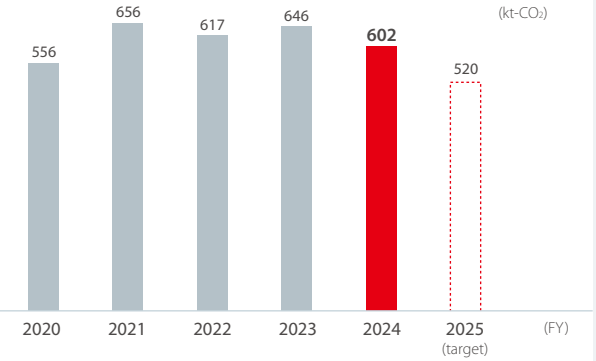
In order to improve our financial position and strengthen competitiveness in existing fields, we continue to closely examine investment projects and review investment intensity, while also making strategic investments in new businesses, growth fields, carbon neutrality, DX and other fields.

Eleven-Year Consolidated Financial Summary

			JGAAP					IFRS						
Fiscal years ended March 31		Unit	FY2014	FY2015	FY2016	FY2017	FY2018	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Net sales / Revenue		Billions of yen	1,355.9	1,399.9	1,318.3	1,441.1	1,520.8	1,520.8	1,418.8	1,246.2	1,428.4	1,678.1	1,891.5	**1,884.3**
Business profit		Billions of yen	–	–	–	–	–	71.7	37.5	15.9	42.3	62.6	72.8	**64.9**
Operating income / Operating profit		Billions of yen	74.1	81.9	77.4	81.3	66.6	63.7	16.1	12.9	36.4	49.3	62.1	**38.4**
Ordinary income (loss)		Billions of yen	79.3	81.2	78.0	82.5	69.6	–	–	–	–	–	–	**–**
Profit (loss) attributable to owners of parent / Profit (loss) for the year attributable to owners of the parent company		Billions of yen	42.5	48.6	47.5	49.6	24.6	27.2	-3.7	0.8	20.6	34.2	40.2	**13.7**
Net assets / Equity		Billions of yen	499.7	480.0	512.9	572.5	571.0	585.4	5315	585.0	660.4	700.7	822.7	**777.4**
Total assets		Billions of yen	1,126.2	1,075.8	1,117.8	1,270.5	1,267.8	1,298.0	1,244.2	1,291.3	1,386.4	1,441.3	1,628.5	**1,565.3**
Net interest-bearing debt		Billions of yen	158.6	125.1	114.4	139.5	138.0	141.0	193.2	167.5	137.5	131.3	74.9	**121.4**
Capital expenditures		Billions of yen	68.4	63.1	66.4	66.6	75.2	75.2	75.0	50.7	44.4	62.3	65.1	**96.9**
Depreciation and amortization		Billions of yen	57.0	58.4	56.0	60.4	66.9	64.3	64.6	63.0	66.9	69.4	72.3	**71.7**
Research and development expenses		Billions of yen	41.3	46.2	48.2	55.2	63.6	63.6	64.7	52.1	47.5	51.3	58.9	**55.8**
Cash flows	Cash flows from operating activities	Billions of yen	103.3	110.1	99.2	100.0	103.0	104.1	62.3	91.7	67.0	78.2	154.4	**80.2**
	Cash flows from investing activities	Billions of yen	-62.0	-59.9	-68.0	-99.0	-75.3	-75.2	-91.7	-52.5	-25.2	-52.1	-71.3	**-75.9**
	Cash flows from financing activities	Billions of yen	-36.4	-49.3	-22.1	60.2	-26.5	-27.3	34.2	-57.9	-43.5	-28.7	-47.2	**-52.0**
	Cash and cash equivalents	Billions of yen	65.4	61.6	70.2	132.6	132.4	132.4	134.8	118.6	124.2	123.8	167.0	**119.0**
Financial index	Business profit ratio	%	–	–	–	–	–	4.7	2.6	1.3	3.0	3.7	3.9	**3.4**
	Operating income ratio	%	5.5	5.9	5.9	5.6	4.4	4.2	1.1	1.0	2.5	2.9	3.3	**2.0**
	Ordinary income ratio	%	5.9	5.8	5.9	5.7	4.6	–	–	–	–	–	–	**–**
	ROA	%	3.9	4.4	4.3	4.2	1.9	2.1	-0.3	0.1	1.5	2.4	2.6	**0.9**
	ROE	%	9.8	10.5	10.1	9.7	4.6	5.0	-0.7	0.2	3.5	5.3	5.5	**1.8**
	Equity ratio	%	42.0	42.3	43.6	41.7	42.3	42.4	40.1	42.7	45.0	46.3	48.4	**47.6**
	Net D/E ratio	Times	0.34	0.27	0.23	0.26	0.26	0.26	0.39	0.30	0.22	0.20	0.09	**0.16**
	Inventory turnover months	Months	1.5	1.4	1.4	1.4	1.4	1.4	1.6	1.8	1.7	1.7	1.6	**1.7**
Share information	Market capitalization	Billions of yen	6,440	5,011	5,935	5,410	4,675	4,675	2,523	3,879	3,309	3,504	4,902	**3,592**
	Number of shares issued	Thousands of shares	343,286	343,286	343,286	343,286	343,286	343,286	343,286	343,286	343,286	343,286	343,286	**318,608**
	Dividends per share	Yen	34	42	42	43	44	44	38	16	18	30	36	**50**
	DOE	%	–	–	–	–	–	–	2.5	1.0	1.1	1.6	1.7	**2.2**
	Payout ratio	%	27.4	29.6	30.3	29.7	61.2	55.4	–	685.2	29.8	30.0	30.7	**123.9**
	Number of employees	Persons	43,912	43,938	44,528	49,589	49,693	49,693	49,933	48,332	47,167	46,053	45,717	**45,018**
Exchange rate	USD	Yen	109.93	120.14	108.38	110.85	110.91	110.91	108.74	106.06	112.38	135.47	144.62	**152.58**
	EUR	Yen	138.77	132.58	118.79	129.70	128.41	128.41	120.82	123.70	130.56	140.97	156.80	**163.75**

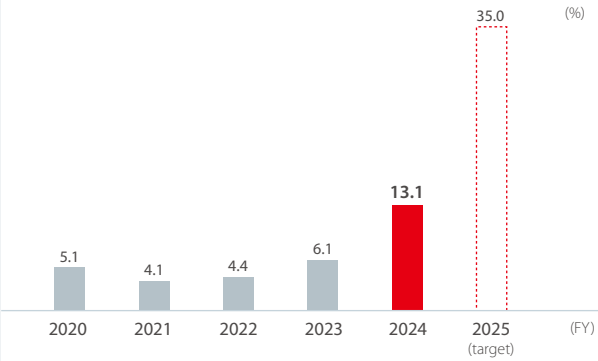
Non-Financial Highlights

CO_2 emissions for internal production (global)



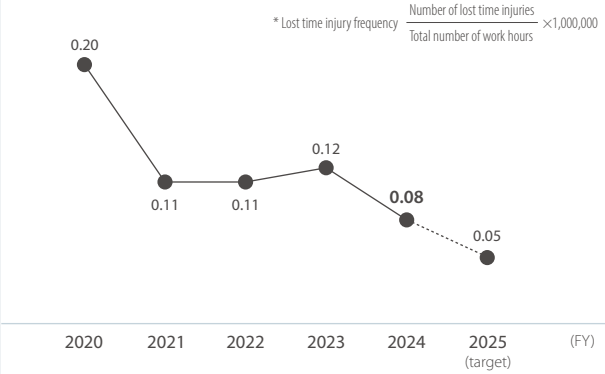
We will continue to promote thorough energy conservation activities and energy greening through participation and ownership toward the target of reducing CO_2 emissions by 60% from FY2013 levels by FY2030.

Renewable energy introduction rate (global)



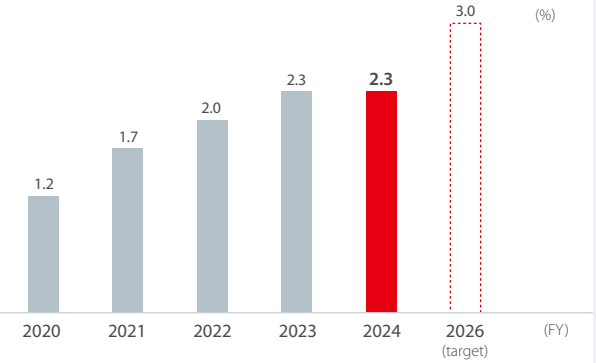
To achieve carbon neutrality, we are advancing efforts to reach the 2025 target of 35% renewable energy introduction rate.

Lost time injury frequency rate*



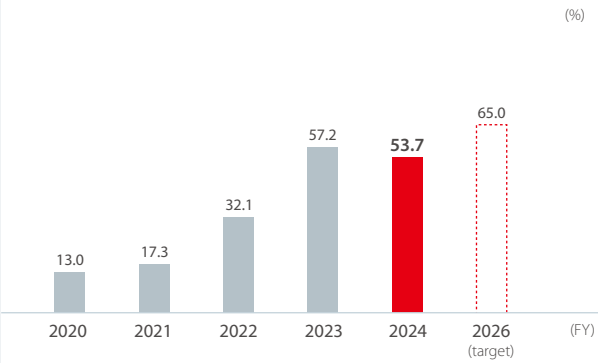
We are taking action to reduce injuries even further under the leadership of top management, who are directing "safety first."

Ratio of female managers



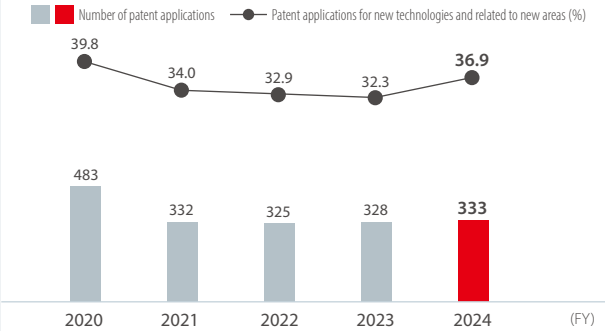
Until now, we have set a target of 40 or more female managers and 50% or more male employees taking childcare leave by FY2025, but we have set a higher target (3.0% female managers). We will promote D&I and create workplaces so that we can achieve our goals.

Acquisition rate for childcare leave by male employees



While we have set a target of 50% or more male employees taking childcare leave by FY2025, this goal was met in FY2023. Consequently, a higher target has been set: 65% or more male employees taking childcare leave by FY2026.

Number of patent applications / Patent applications for new technologies and related to new areas



We consider comprehensive protection of intellectual property for technologies and in areas where we expect to demonstrate competitiveness in the future to be of particular importance. To this end, we identified key research and development topics (approximately 40 topics), set targets for the number of patent applications relating to each topic, and conduct systematic invention discovery measures.

Five-Year of Non-Financial Data

				Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Contributing through Monozukuri	Products [Consolidated]	Contribution to CO_2 emissions reduction through products*1		Thousand tons	812	130	225	575	**339**
	Research and Development [Nonconsolidated]	Number of patent applications	Cases	Cases	483	332	325	328	**333**
		Patent applications for new technologies and related to new areas		%	39.8	34.0	32.9	32.3	**36.9**
	Environment [Consolidated]	Prevention of global warming	Total CO_2 emissions for internal production	Thousand tons	556	656	617	646	**602**
			Renewable energy introduction rate	%	5.1	4.1	4.4	6.1	**13.1**
		Effective use of resources	Waste emissions basic unit	Tons/100 million yen	8.51	8.10	7.88	7.84	**6.53**
			Water usage basic unit	Thousand m^3/ 100 million yen	1.02	0.90	0.81	0.74	**0.69**
	Environment [Nonconsolidated]	Prevention of global warming	Total CO_2 emissions for internal production	Thousand tons	184	223	206	210	**202**
			Total CO_2 emissions in logistics	Thousand tons	8.6	9.5	8.9	9.3	**8.9**
			Renewable energy introduction rate	%	6.6	6.7	6.8	7.9	**8.7**
		Effective use of resources	Waste emissions basic unit	Tons/100 million yen	4.82	4.83	4.73	4.69	**4.65**
			Water usage basic unit	Thousand m^3/100 million yen	1.08	1.00	0.92	0.88	**0.87**
			Emissions and transfers of substances subject to PRTR legislation (PRTR substances)	t	33	32	31	101	**119**
			No. of environmental incidents	Cases	0	2	0	1	**0**
Establishment of a firm management foundation	Safety and Health [Nonconsolidated]	Lost time injury frequency rate			0.20	0.11	0.11	0.12	**0.08**
	Employees [Nonconsolidated]	Total number of selected human capital pools (number of successor candidates for head of department)		Persons	112	131	96	88	**102**
	Employees [Nonconsolidated]	Female managers percentage		%	1.20	1.68	2.02	2.30	**2.30**
		Female assistant managers percentage		%	5.61	5.90	6.01	6.46	**5.48**
		Female employee percentage		%	10.59	10.52	10.07	10.73	**8.62**
		Employment rate of persons with disabilities		%	2.23	2.29	2.32	2.32	**2.31**
		Acquisition rate for childcare leave (female)		%	100	100	100	100	**100**
		Acquisition rate for childcare leave (male)		%	13.0	17.3	32.1	57.2	**53.7**
		Education and training time per employee		Hours	3.39	7.02	7.7	7.8	**23.4**
	Governance [Nonconsolidated]	Number of whistleblowing made		Incidents	47	70	74	96	**95**
All data relating to employees [Nonconsolidated]	Number of employees (number of female employees) *2			Persons	14,490 (1,471)	14,303 (1,504)	14,173 (1,427)	14,107 (1,514)	**12,729 (1,087)**
	Total number of fixed-term, part-timer, reemployed, and temporary employees				2,458	2,638	2,761	2,974	**1,132**
	Job turnover rate within the first 3 years [permanent employees, seasonal recruits, voluntary early retirement]			%	3.51	4.08	2.34	4.48	**2.35**
	Number of hires [periodic recruits] (number of female recruits)		Total	Persons	147 (12)	145 (10)	149 (7)	145 (9)	**173(16)**
			Administrative		20 (8)	20 (7)	21 (4)	24 (4)	**33(9)**
			Technology		53 (3)	52 (2)	50 (0)	43 (2)	**55(2)**
			Specialist		73 (1)	73 (3)	78 (3)	78 (3)	**85(5)**

*1. Starting in FY2021, we changed the reference year to FY2015, which featured higher efficiency. Activities will be promoted in accordance with the 2025 Environmental Action Plan, toward the objective of reducing emissions by at least 165,000 tons from the FY2015 base.
*2. Including temporary workers, reemployed staff, etc.

Corporate Information (as of March 31, 2025)

Corporate Profile / Stock Information

Company Name	JTEKT Corporation	
Head Office Location	1-1, Asahi-machi, Kariya, Aichi 448-8652, Japan	
Phone Number	[Head Office] +81-566-25-7211	
President	Yoshihito Kondo	
Capital	45,591 million yen	
Number of Employees	45,018	[Consolidated]
	11,153	[Nonconsolidated]
Revenue	1,884,397 million yen	[Consolidated]
Business Profit	64,938 million yen	
Net Sales	808,034 million yen	[Nonconsolidated]
Ordinary Income	73,580 million yen	
Number of Consolidated Subsidiaries	115 (Domestic: 25, Overseas: 90)	
Securities Code	6473	
Number of issued shares	318,608 thousand shares	
Share Units	100 shares	
Number of Shareholders	32,022	
Number of Shareholders	From April 1 to March 31	
Regular Shareholders Meetings	Every June	
Stock Transfer Agent	Sumitomo Mitsui Trust Bank, Limited	
Stock Exchange Listings	Tokyo, Nagoya	

Distribution of devidends

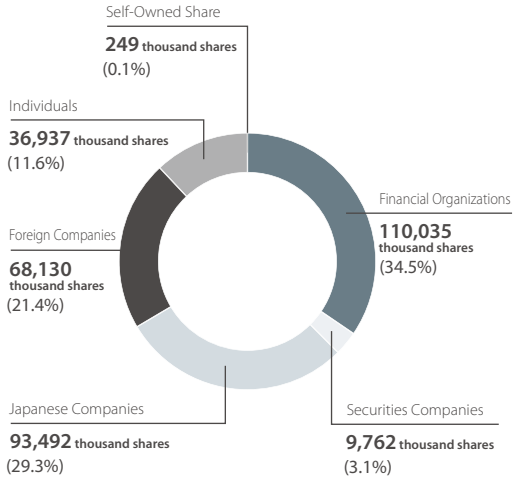
	FY2022	FY2023	FY2024	FY2025	FY2026 (Forecast)
Midterm Dividend Per Share (yen)	8	11	16	25	30
Year-End Dividend Per Share (yen)	10	19	20	25	30

Major Shareholders (Top 10)

Name of Shareholder	Number of shares (thousands)	Shareholding ratio (%)
TOYOTA MOTOR CORPORATION	77,235	24.3
The Master Trust Bank of Japan, Ltd.	50,708	15.9
Custody Bank of Japan, Ltd.	29,072	9.1
Nippon Life Insurance Company	11,125	3.5
STATE STREET BANK AND TRUST COMPANY	7,198	2.3
JTEKT employee shareholding association	6,246	2.0
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDE RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	4,671	1.5
TOYOTA INDUSTRIES CORPORATION	3,906	1.2
Sumitomo Mitsui Trust Bank, Limited	3,817	1.2
JTEKT corporate shareholding association	3,795	1.2

Note: The ratio of shareholding is calculated by deducting the number of treasury stock (249 thousand shares) from the number of shares issued (318,608 thousand shares).

Breakdown of Shareholders (Percentage of total issued shares)



Information on Stock Prices



Awards and Recognition



Inclusion in Sustainability Indexes (as of July 2025)

- FTSE4Good Index Series
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- SOMPO Sustainability Index (14 consecutive years)
- S&P/JPX Carbon Efficient Index

FTSE4Good | FTSE Blossom Japan Index | FTSE Blossom Japan Sector Relative Index | 2025 Sompo Sustainability Index | S&P/JPX カーボン エフィシェント 指数

External Evaluation and Certifications (FY2024)

CDP2024: Highest Rating of "A" in the Climate Change Category

JTEKT has been highly evaluated for its efforts in addressing climate change, receiving an A rating, the highest possible rating out of an eight-point scale, in the "climate change" category of a survey conducted by CDP, an international environmental non-profit organization, earning it a leadership level rating.
In addition, we were also awarded an A- rating, the second highest possible rating, in the "water security" category.

CDP A List 2024

Certified as a 2025 "White 500" Health & Productivity Management Outstanding Organization (Large Enterprise Category)

For more details, please visit: https://www.jtekt.co.jp/news/2025/004388.html (Japanese)

2025 健康経営優良法人 KENKO Investment for Health 大規模法人部門 ホワイト500

JTEKT Group Obtains SBT (Science Based Targets) Certification

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Certified as an "Environmentally Sustainable Company" at the 6th ESG Finance Awards Japan

2025 ESG FINANCE AWARDS JAPAN SUSTAINABLE

Award (2024)

Won Best Paper Award at IEEE International Conference for the First Time for Our Paper about Pairdriver(R) Automated Steering Control System

At the 4th IEEE International Conference on Human-Machine Systems held in Toronto, Canada, in May 2024, our paper titled "The Haptic Link Enabling Driver-Automation Teaming," which details our developed Pairdriver™ technology, was selected from among 177 papers submitted by industry and academia to receive the highest honor, the Best Paper Award, marking the first time JTEKT has been honored with this distinction.

For more details, please visit: https://www.jtekt.co.jp/news/2024/003849.html (Japanese)



High Heat-Resistant Lithium-Ion Capacitor "Libuddy™" Wins the 21st 2024 Super Manufacturing Parts Award "Mobility-related Parts Award"

Our high-temperature-resistant lithium-ion capacitor "Libuddy™" has been recognized for improving the vehicle-mounted performance of power supply products, and has won the Mobility-related Parts Award at the 21st 2024 Super Monozukuri Parts Grand Prize, hosted by the Nikkan Kogyo Shimbun.

For more details, please visit: https://www.jtekt.co.jp/news/2024/004155.html (Japanese)



Received the Invention Award at the FY2024 National Commendation for Invention for Our "Low-Power Hydrostatic Bearing" for Grinding Wheel Spindles

JTEKT received the Invention Award at the 2024 National Invention Awards hosted by the Japan Institute of Invention and Innovation. The award was given in recognition of our patented technology for "low-power hydrostatic bearings" used in grinding wheel spindles. This patented technology contributes to improving the performance of "hydrostatic bearings," which support grinding wheel spindles using the force of pressurized lubricating oil.

For more details, please visit: https://www.jtekt.co.jp/news/2024/003929.html (Japanese)



JTEKT Corporation

Inquiries

Corporate Planning Department, Corporate Management HQ, JTEKT Corporation
1-1, Asahi-machi, Kariya, Aichi 448-8652, Japan
TEL: +81-566-25-7217 FAX: +81-566-25-7338

JTEKT REPORT is available on JTEKT's official website.

https://www.jtekt.co.jp/e/

UD FONT

FSC www.fsc.org ミックス 紙 | 責任ある森林管理を支えています FSC® C014969

VEGETABLE OIL INK

