



(Translated)

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To whom it may concern

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### **Announcement of Formulation of New Medium-term Management Plan**

The Nabtesco Group, toward the realization of the long-term vision for fiscal 2030, which it announced in February 2021, has formulated its new medium-term management plan for the three years from fiscal 2025.

#### 1. Basic policy and strategy for the new medium-term management plan

The Nabtesco Group is reviving profitability by executing Project 10 (Reviving Potential) and evolving our technology toward smart motion control (Evolving Excellence) to deliver the value of our products and services, ultimately achieving our long-term vision of becoming a “leader in innovation for the future.”

“Reviving Potential, Evolving Excellence.”

Reviving Potential; Reviving our profitability by executing Project 10

Evolving Excellence; Evolving our technology from “motion control” to “smart motion control” to provide new value that meets the needs of society

#### 2. The targets for the medium-term management plan

The Nabtesco Group has set the targets for the medium-term management plan for 2025 to 2027 as follows.

ROIC : 10% or over

Return to shareholders : Maintain about DOE 3.5%

with stable dividend and share buyback in accordance of financial condition

Environmental target : Reduce CO<sub>2</sub> Emissions by 50% in 2027

(Baseline year: fiscal 2015/aligned with the SBT 1.5 degree Celsius target)

※ Note on the use of numerical targets

Information provided in this document is based on various assumptions that are subject to change, and Nabtesco does not guarantee or warrant the implementation of any plans, numerical targets or measures stated in this document.

Please refer detail of medium-term management plan as follows,

## Estimation of External Environment

<b>Politics</b>	<ul style="list-style-type: none"> <li>• Acceleration of decarbonization</li> <li>• Implementation of suitability related regulation</li> <li>• Meet to product safety standard and tighter environmental regulation</li> </ul>
<b>Economics</b>	<ul style="list-style-type: none"> <li>• Approx. CAGR 3% GDP growth globally</li> <li>• Slow down of the Chinese economy but expect to be growth with other developing countries</li> <li>• FOREX fluctuation based on the interest rate gap between Japan and the other countries, global economical fluctuation, geopolitical risk and other aspects</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>• labor shortage issues in developing countries due to low birth rate and aging society → Automation demand increase and service robot will be advanced and become popular</li> <li>• Tangible products with intangible service</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>• Implementing AI for machines (Integration of AI and machines, robots)</li> <li>• Diffusion of IoT (Remote control, condition monitoring and others)</li> <li>• Gradual evolution of power electronics technology</li> </ul>



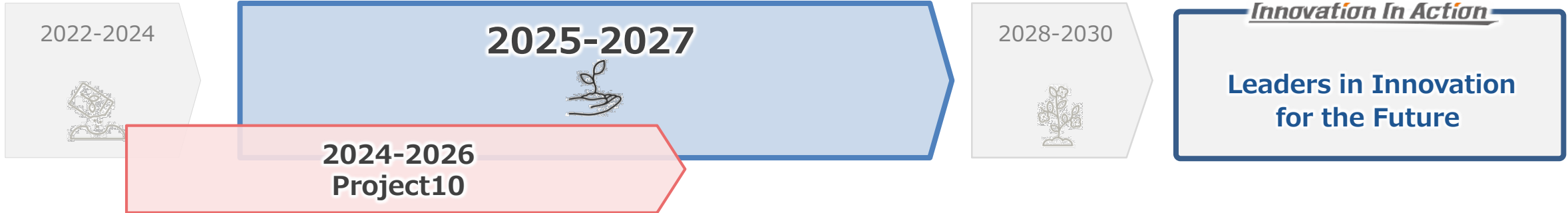
## Managerial Challenges

<b>Profitability</b>	<ul style="list-style-type: none"> <li>• Appropriate price pass-through based on utility and material cost hike</li> <li>• Enhance earning power with consideration of capital cost</li> </ul>
<b>Sustainable growth</b>	<ul style="list-style-type: none"> <li>• Provide solutions to meet social needs with our core competence and new technologies ↓ Increase our value by evolving to “smart motion control”</li> <li>• Build a resilient corporate foundation</li> <li>• Enhance the penetration strategy for emerging market</li> </ul>

Previous Medium-term Management Plan

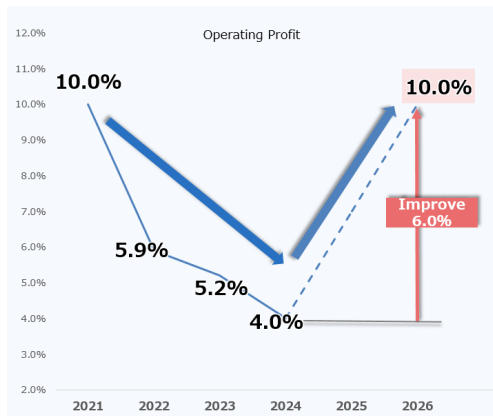
New Medium-term Management Plan

Long-term Vision



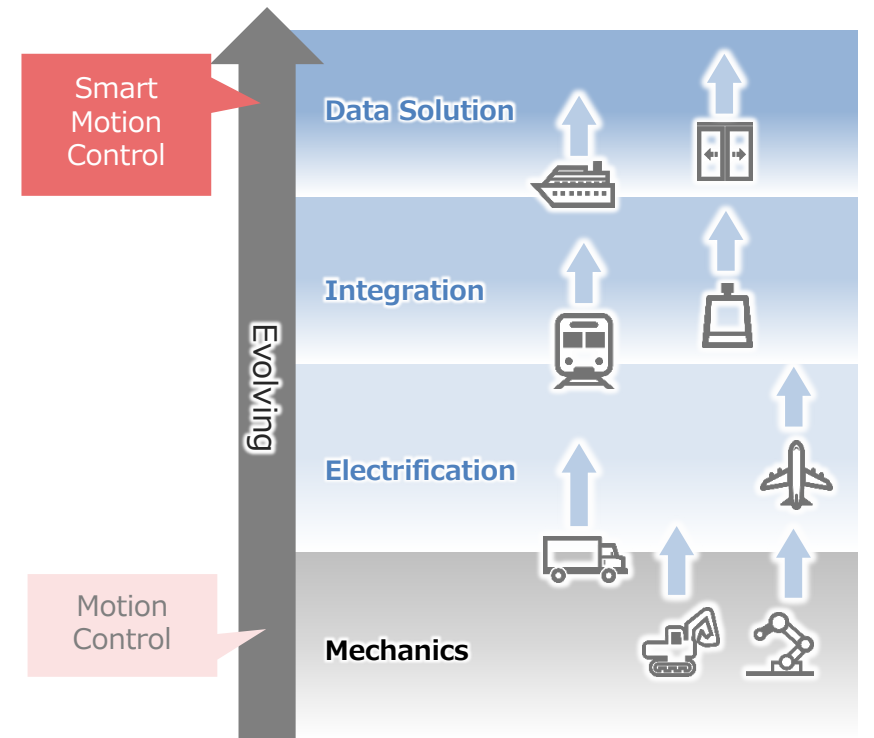
## “Reviving Potential,” “Evolving Excellence”

Reviving our profitability by executing Project 10



Our component technology is evolving from “motion control” to “smart motion control”

- “Connect” our core competence with the social changes and challenges.
- “Involve” people, technology and things around the company to provide solution



ROIC\*

**10% or over** in FY2027

\*ROIC = (Operating profit\* (1 - Tax) ) / (Equity + Borrowings)

Return to  
shareholders

Maintain about **DOE\* 3.5%**

with stable dividend and share buyback in accordance of financial condition

\*DOE (Dividend on equity ratio) = Total Dividend Amount / Equity \*100 (%)

Environmental  
Target

Reduce CO<sub>2</sub> Emissions by **50%** in 2027

(Baseline year: fiscal 2015/aligned with the SBT\* 1.5 degree Celsius target)

\*SBT : Science Based Targets  
GHG emission reduction targets meet the Paris Agreement

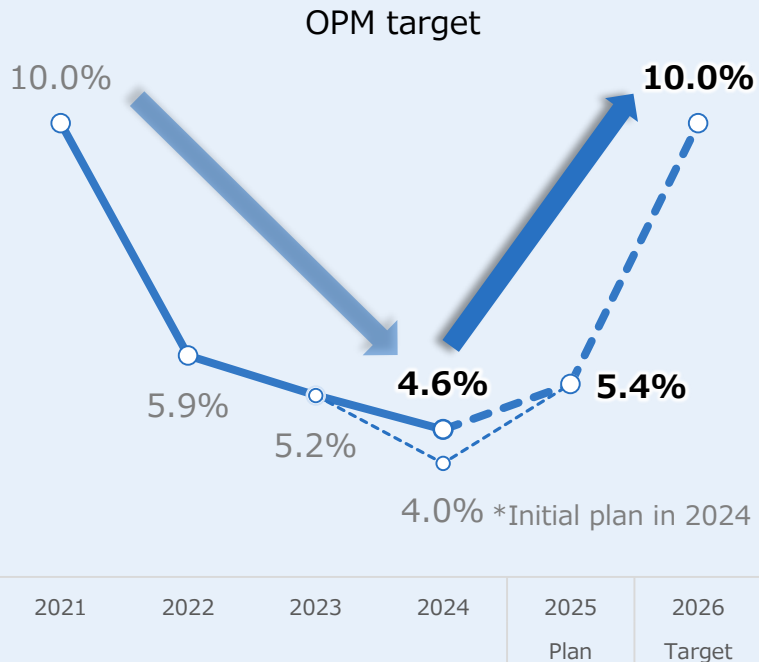
(billion yen)		2024/12 Result	2025/12 Plan	2027/12 Reference
<b>CMP</b> Component solutions segment	<b>Sales</b>	<b>110.6</b>	<b>117.8</b>	<b>150.0</b>
	<b>Operating Profit</b>	<b>4.5</b>	<b>5.7</b>	<b>17.2</b>
	<b>(OPM)</b>	<b>4.1%</b>	<b>4.8%</b>	<b>11.5%</b>
<b>TRS</b> Transport solutions segment	<b>Sales</b>	<b>88.7</b>	<b>95.8</b>	<b>119.0</b>
	<b>Operating Profit</b>	<b>12.5</b>	<b>12.6</b>	<b>19.9</b>
	<b>(OPM)</b>	<b>14.1%</b>	<b>13.2%</b>	<b>16.7%</b>
<b>ACB</b> Accessibility solutions segment	<b>Sales</b>	<b>106.8</b>	<b>102.0</b>	<b>107.0</b>
	<b>Operating Profit</b>	<b>9.0</b>	<b>9.1</b>	<b>12.0</b>
	<b>(OPM)</b>	<b>8.4%</b>	<b>8.9%</b>	<b>11.2%</b>
<b>MFR</b> Manufacturing solutions segment	<b>Sales</b>	<b>17.3</b>	<b>20.4</b>	<b>24.0</b>
	<b>Operating Profit</b>	<b>1.0</b>	<b>2.6</b>	<b>3.9</b>
	<b>(OPM)</b>	<b>6.0%</b>	<b>12.7%</b>	<b>16.3%</b>
<b>Corporate or Elimination</b>		<b>-12.3</b>	<b>-11.3</b>	<b>-11.0</b>
<b>Total</b>	<b>Sales</b>	<b>323.4</b>	<b>336.0</b>	<b>400.0</b>
	<b>Operating Profit</b>	<b>14.8</b>	<b>18.7</b>	<b>42.0</b>
	<b>(OPM)</b>	<b>4.6%</b>	<b>5.6%</b>	<b>10.5%</b>

## Consolidated Nabtesco

In-line with our original plan.  
OPM in 2024 was 4.6% and +0.6% of progress

Progress in 2024 to 2026 target

- ① Margin improvement on existing business 12%
- ② Optimization of fixed costs 43%
- ③ Contribution from the new businesses 0%



## CMP Component Solutions Segment

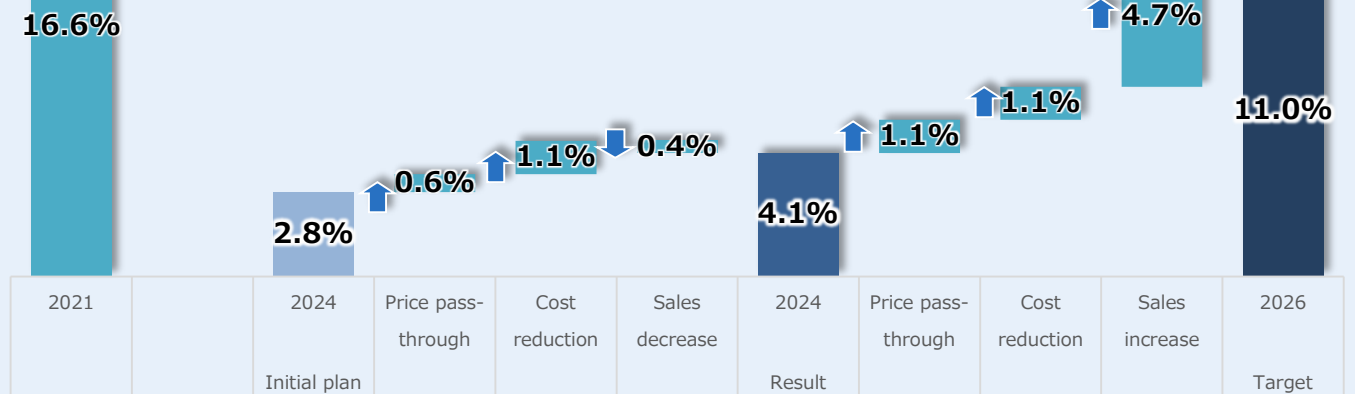
OPM of CMP increased by 1.3% to 4.1% in 2024 compared with plan due to the efficiency of price pass-through and cost reduction

### ① Margin improvement on existing business +5.0pt

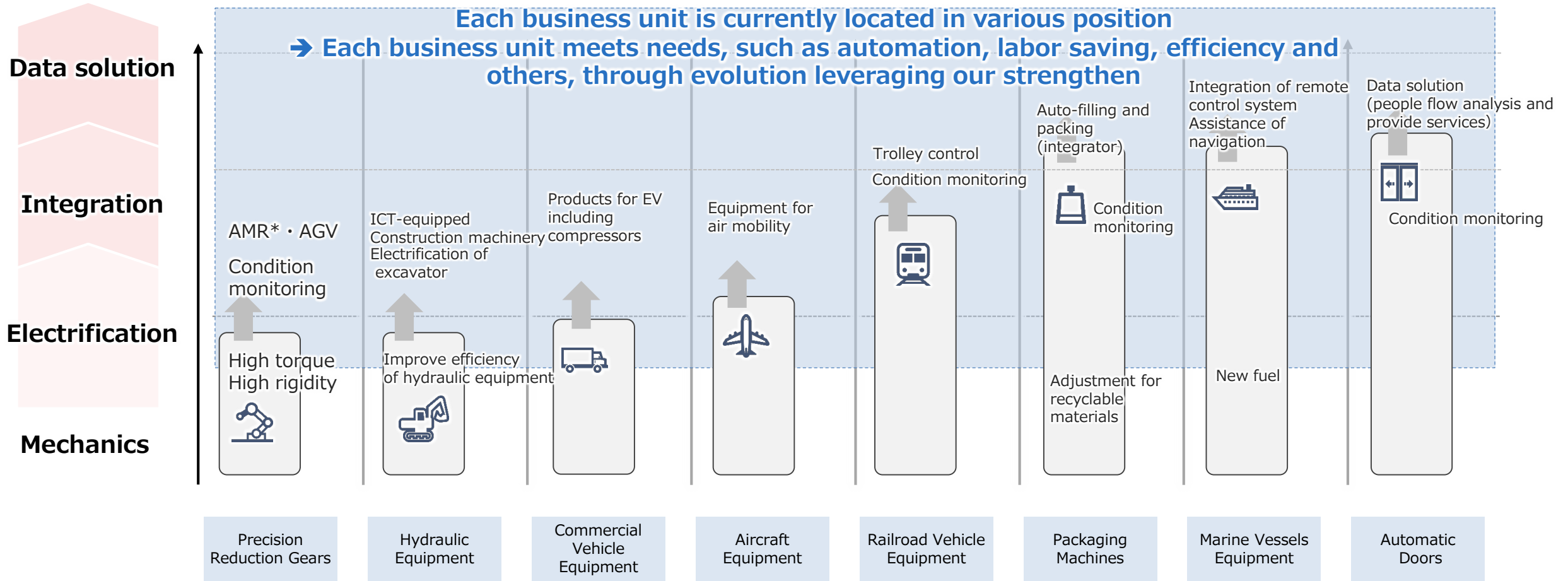


Progress in 2024 to 2026 target

- ① Price pass-through 35%
- ② Cost reduction 50%
- ③ Profit increase due to sales increase -0.4%



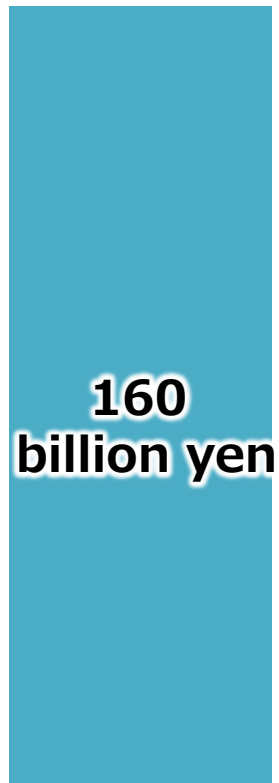
- ✓ Evolving from “Passive component” based on mechanical strengths to “Active integration”
- ✓ Create more value by Electrification, Integration and Data solution
- ➔ Realize “Smart Motion Control” by own R&D and open innovation



\*AMR : Autonomous Mobile Robot / AGV : Automatic Guided Vehicle

## ■ Mainly use cash for R&D to improve our intangible asset to realize smart motion control during new medium-term management plan

### Medium-term Management Plan(2025-2027)



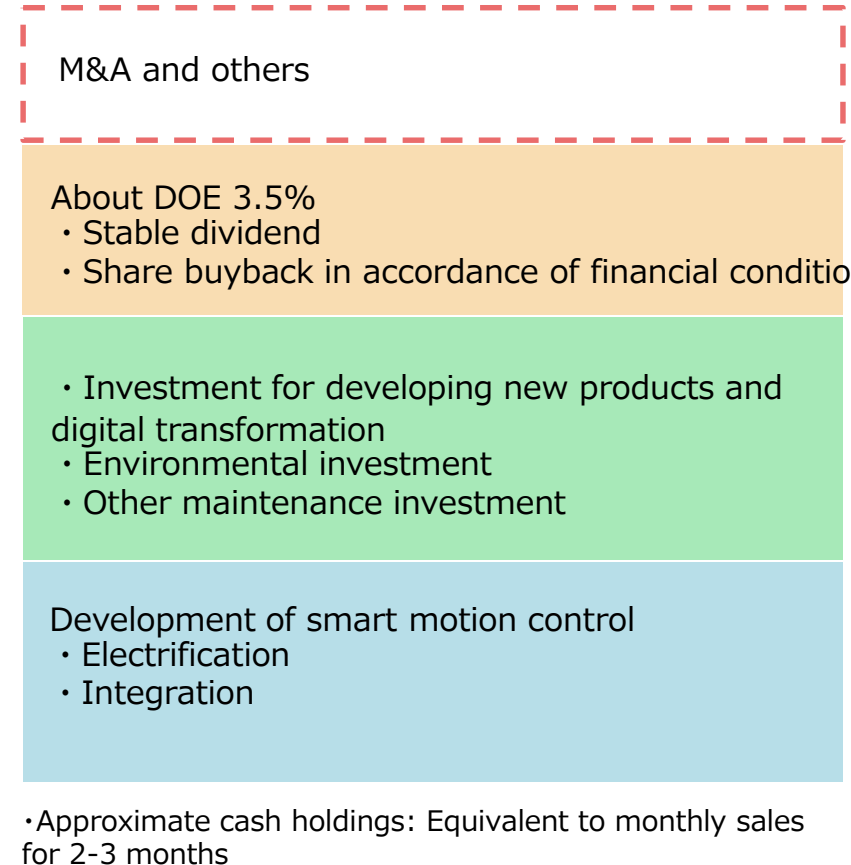
Cash in

- Mainly from operation cash flow
- Reviving our profitability by executing Project 10
- Leveraging debt according to the necessity of investment

Equity ratio will be maintain 50% or more to maintain the credit rating



Cash out



• Approximate cash holdings: Equivalent to monthly sales for 2-3 months