

Value Creation Process

The environment in which the Company operates

1. Business environment

- Changes in demand and use of automobiles due to progress in CASE* and the accelerating shift to EVs (however, internal combustion engines will remain for a while)

*CASE: C (Connected), A (Autonomous), S (Shared & Services), E (Electric)

- Evolution toward a decarbonized and carbon-neutral society (increasing demand for renewable energy)

2. Corporate management environment

- Trends of enhancing ESG and SDGs activities
- Moves to enhance corporate governance

3. Work style

- Spread of remote work
- Promotion of diversity (becoming an organization in which individuality is mutually respected and naturally recognized)
- Decline in labor force (especially in Japan)

Activity (Business activities)

Our Corporate Philosophy

- Our Duty**
We hold ourselves responsible for the happiness of everyone in our organization and the contributions we make to global society.
- Our Resolve**
We will create a vigorous and open-minded corporate culture through diligent self-discipline and ethical behavior.
- Our Foundation**
We will learn from our markets, respond to our customers' requirements, and surpass our customers' expectations.
- Our Approach**
We will devote ourselves to creation, innovation, and the realization of dreams.
- Our Objective**
We will strive to be the world leader in tribology through constant technical improvement, development, and innovation.

The philosophy that lies at the roots of our business activities



Source of value creation

Our core technologies

- Bimetal technology
- Precision processing technology
- Surface treatment technology
- Analysis technology

Human resources

ESG management

Environment

Society

Governance

10 important issues (Materialities)

SDGs

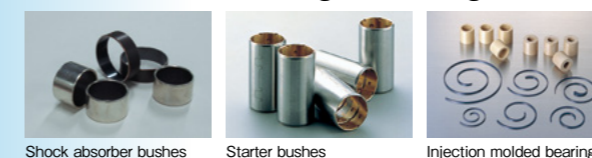
SUSTAINABLE DEVELOPMENT GOALS

Output (Businesses, products)

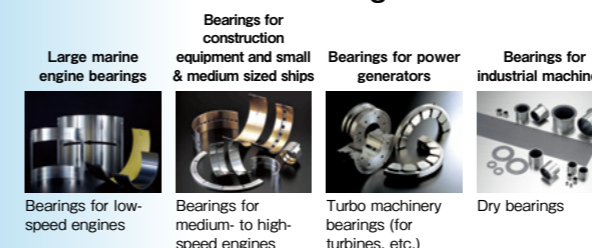
Automotive engine bearings



Automotive non-engine bearings



Non-automotive bearings



Other automotive parts



Other products



New business lines

Refer to p.17

Outcome (Value provided to society)

Economic value (FY2020 results)

Net sales **84.7** billion yen

Operating profit **1.3** billion yen

ROE **0.2%**

Equity ratio **36.3%**

Dividend per share **20** yen

Social value

Improving the value to stakeholders



Customers

- Contributing to social and economic development



Shareholders

- Increasing corporate value
- Stable shareholder returns



Employees

- Corporate culture that considers health and safety
- Achieving diversity and work-life balance



Business Partners

- Mutual benefits (coexistence and co-prosperity) and sustainable growth



Local Communities

- Contributing to the revitalization and development of regions

Input (Management capital)

*All figures from FY2020

Financial capital

- Total assets **155.2** billion yen
- Net assets **64.5** billion yen

Manufacturing capital

- 6** production locations in Japan and **16** production locations overseas
- Capital expenditure **8.1** billion yen

Intellectual capital

- Development of products with lower environmental impact
- Research and development expenses **2.0** billion yen
- R&D Centers **6** locations

Human capital

- Number of employees
- Consolidated **6,795**
- Non-consolidated **1,357**

Social and relationship capital

- Corporate culture that actively engages in social contribution activities

Natural capital

- Water resource input **1,018,000** m³
- Raw material input **45,442** t

*Natural capital data is the sum of the amounts used by all domestic group companies.