

[Translation]

May 10, 2024

To whom it may concern:

Company name:	OILES CORPORATION
Name of representative:	Yoshikazu Sakairi, President (Securities code: 6282; Tokyo Stock Exchange, Prime Market)
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Notice Concerning Formulation of “OILES 2030 VISION” and “Medium-Term Management Plan 2024-2026” and Changes to Shareholder Return Policy (Dividend Policy)

Oiles Corporation (the “Company”) hereby announces that it has resolved, at the Board of Directors meeting held on May 10, 2024, to formulate a new long-term vision, "OILES 2030 VISION," to move toward the Company's desired state in 2030, and the Company also has formulated the "Medium-term Management Plan 2024-2026" that set out a three-year plan from fiscal 2024 to fiscal 2026. Additionally, the Company has also made changes to the Company's shareholder return policy. For details, please refer to the attached document “Medium-Term Management Plan 2024-2026.”

1. "OILES 2030 VISION" and "Medium-term Management Plan 2024-2026"

Working toward realizing the management philosophy and sustainable enhancement of corporate value, the Corporate Group has formulated “OILES 2030 VISION,” a new Long-Term Vision that lays out how we want to be in 2030. While striving to solve social issues and improve corporate value through “Tribology & Damping,” comprising technology of friction, wear, and vibration control, the Corporate Group's core technology, we will further contribute to the realization of a sustainable society through “+X” by “generating new technology and new business” and “advancing the management foundation.” As for our targeted management indicators, we are targeting a ratio of operating profit to net sales of 15% or more and a ROE (return on equity) of 10% or more.

OILES 2030 VISION

“Contributing to the realization of a sustainable society with the technology of friction, wear, and vibration control + X”

-Targeted management indicators

- Ratio of operating profit to net sales of 15% or more
- ROE (return on equity) of 10% or more

We have formulated a new Medium-Term Management Plan 2024-2026 that starts from FY 2024 for three years as it advances towards the vision of how we want to be in 2030 based on this new Long-Term Vision. Under this medium-term management plan, the business divisions will actively conduct capital investment to drive business growth of the Oiles Group while the head office will establish a more-advanced in-house base and management infrastructure to support this growth. Together, the business divisions and the head office will work to achieve transformation and to evolve.

By pursuing the following policies of the Medium-Term Management Plan 2024-2026, we will continue to take on the challenge of achieving the growth strategies and realizing a more advanced management infrastructure.

[Medium-Term Management Policies 2024-2026]

- 1) Focus management resources on growth markets to achieve the leap forward to next-generation growth
- 2) Enhance productivity in all divisions by pursuing work reforms and production technique
- 3) Enhance corporate value in order to contribute to all stakeholders
- 4) Manage finances with capital efficiency in mind

2. Changes to shareholder return policy (dividend policy)

(1) Reasons for the change

We consider returning profits to shareholders to be one of our most important management priorities, and our basic dividend policy is to provide stable and continuous dividends.

In response to a request from the Tokyo Stock Exchange regarding measures to realize management that is conscious of capital costs and share prices, we have decided to change our shareholder return policy to further enhance profit returns by comprehensively taking into consideration our full-year results and future forecasts, investments to strengthen our future management base, and profit returns to shareholders.

(2) Details of the change

***Changes are underlined**

Before change (dividend policy)	After change (shareholder return policy)
Based on the full-year results and future forecasts, and taking into consideration investments to strengthen the future management base and return of profits to shareholders, as a basic policy, we aim to make stable and continuous dividend payments to shareholders, targeting a consolidated dividend payout ratio of 30% or more.	Based on the full-year results and future forecasts, and taking into consideration investments to strengthen our future management base and return of profits to shareholders, as a basic policy, we aim to make stable and continuous dividend payments to shareholders, targeting a consolidated dividend payout ratio of <u>40% or more.</u> <u>We also consider agile responses regarding the purchase of treasury shares based on market trends, comprehensively considering internal reserves for medium- and long-term growth.</u>

(Reference) Dividend forecast for the fiscal year ending March 2025

	Dividend per share (Yen)		
	2nd quarter-end	Fiscal-year end	Total
Fiscal year ending March 2024(reference)	¥35	¥40	¥75
Forecast for the fiscal year ending March 2025	¥37	¥38	¥75

*For details about the purchase of treasury shares, please refer to the "Notice Concerning Determination of Matters Related to Acquisition of Own Shares" released today. For details about the dividend of surplus, please refer to the "Notice Concerning Dividends of Surplus (Dividend Increase)" released today.



OILES CORPORATION

Medium-Term Management Plan 2024-2026

May 10, 2024

OILES OILES CORPORATION

Tokyo Stock Exchange Prime Market
Securities Code: 6282

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Previous Medium-Term Management Plan 2021-2023: Review

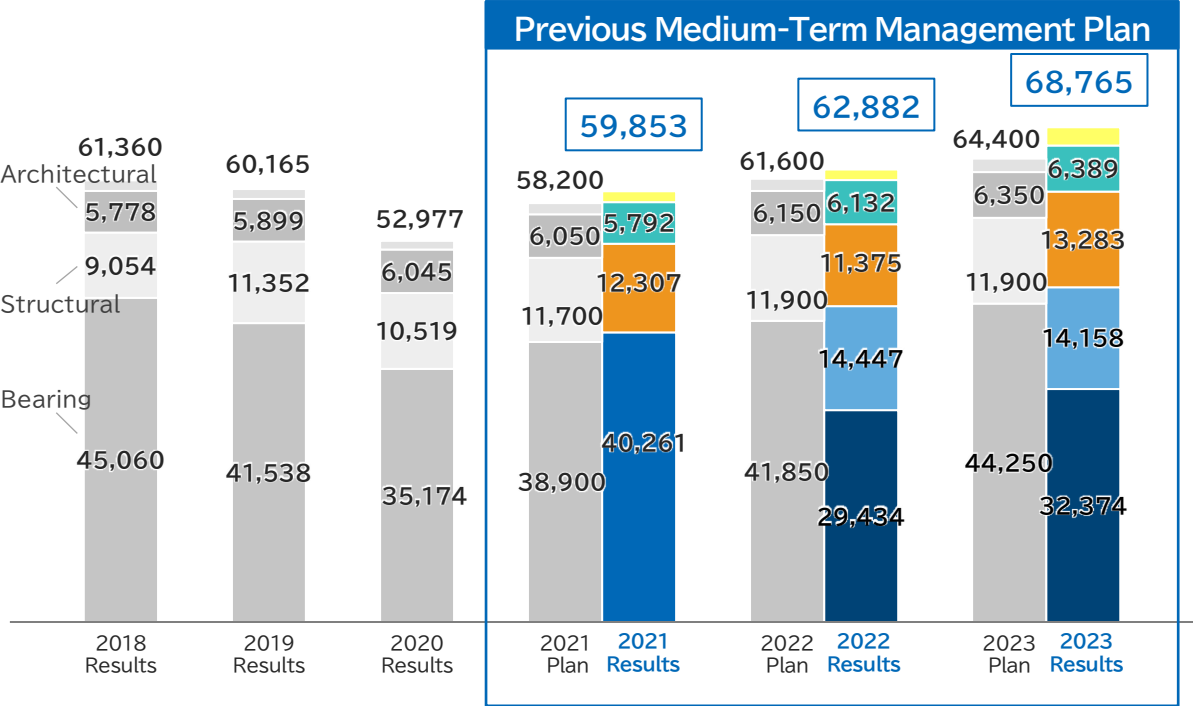
Previous Medium-Term Management Plan 2021-2023: Review

- In FY2023, the final year of the Medium-Term Management Plan, both net sales and operating profit met the plan, achieving record-high performance.
- Significant impact from the increase in revenue due to the foreign exchange differences from the time the plan was formulated* and the booking of several large-scale domestic projects in the structural devices business.

(* When the FY2021 Medium-Term Management Plan was formulated: US\$1≐¥103, financial results for FY2023: US\$1≐¥140)

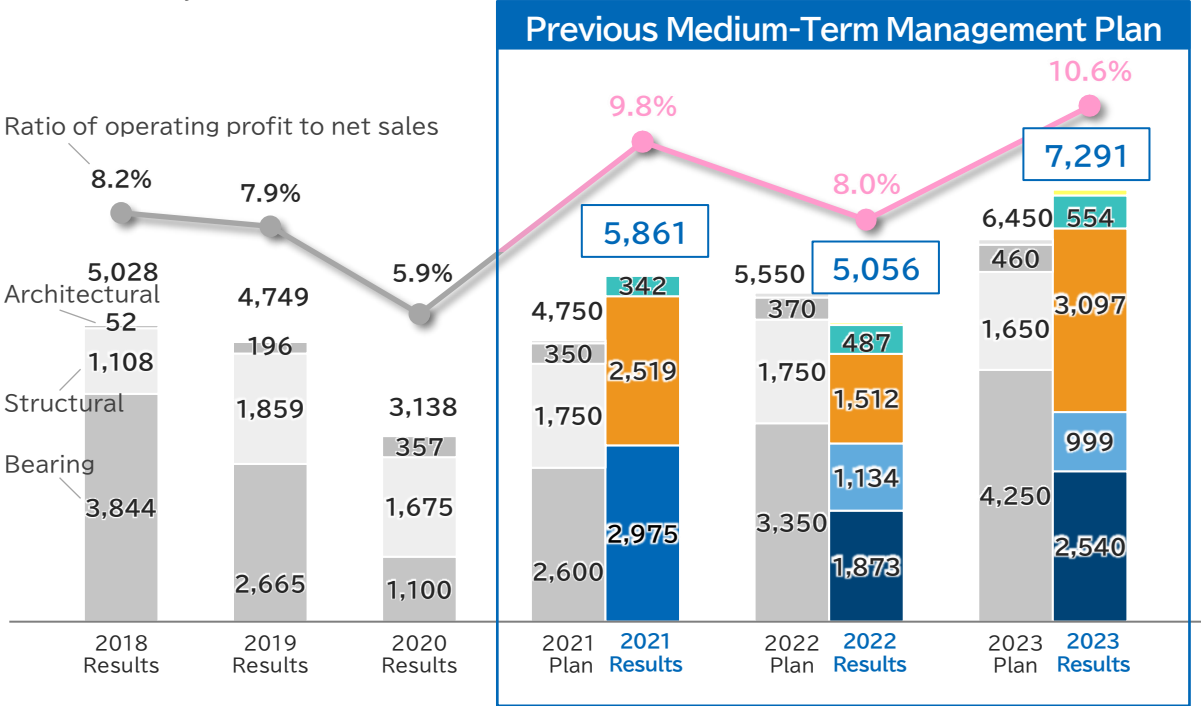
Trend of Net Sales

Millions of yen



Trend of Operating Profit

Millions of yen



■ : Bearings (■ : Automotive bearings) ■ : General bearings ■ : Structural devices ■ : Architectural devices ■ : Other —●— : Ratio of operating profit to net sales

Previous Medium-Term Management Plan 2021-2023: Review

- The impact of the external environment, including the COVID-19 pandemic and geopolitical risks, was as follows in each business:
 - Bearings: Affected by semiconductor supply shortages from FY2021 to FY2022 and by the slowdown of the Chinese economy in FY2023. However, in general industrial products, there were achievements in expanding sales to semiconductor-related and renewable energy fields, and in automotive products, sales were expanded to EV-related fields.
 - Structural devices: Achieved record-high performance in FY2023, mainly due to the fruition of large-scale projects captured over a long span of time.
 - Architectural devices: Benefited from increased demand for Window Operator's repair and renewal services due to rising demand for ventilation during the COVID-19 pandemic.

	Bearings	Structural Devices	Architectural Devices
Priority Measures for the Previous Medium-Term Management Plan	<div><div>General industrial area</div><ul style="list-style-type: none">● Expand sales of flagship products and develop new products.● Strengthen efforts in growth markets.● Expand the customer base in Asia.<div>Automotive area</div><ul style="list-style-type: none">● Develop new products required for CASE*.● Expand global market share with a focus on damping devices, suspension, and steering.</div>	<div><div>Bridges</div><ul style="list-style-type: none">● Focus on seismic renewal and repair demand for aging infrastructure.● Engage in large-scale projects.● Actively propose seismic isolation for small and medium-sized bridges.<div>Construction</div><ul style="list-style-type: none">● Expand sales of vibration control devices to high-rise residential and redevelopment projects.● Develop and expand the market share of seismic isolators for logistics centers.</div>	<div><div>Building equipment</div><ul style="list-style-type: none">● Maintain solid share of Window Operator in the new construction market.● Actively expand into the renewal market.<div>Residential equipment</div><ul style="list-style-type: none">● Accelerate new product development response and speed to market.</div>
Summary of Results and Issues for the Next Term	<ul style="list-style-type: none">● Strengthen Oiles Air Bearings (OABs) for semiconductors, a growth market.● Develop new products such as biomass products and offshore applications.● The general industrial area was impacted by the COVID-19 pandemic and the slowdown of the Chinese economy.● Recovery in automobile production due to the resolution of semiconductor shortages will contribute to earnings, but the rapid shift to EVs in China is a challenge to be addressed.● Actively expand products that meet the demands of EV**, HEV**, and ICEV**.	<ul style="list-style-type: none">● In bridges business, secured large-scale project orders both in Japan and overseas, and sales booked in FY2021 and FY2023 have contributed to earnings growth.● In construction business, steadily responded to increasing demand for logistics centers in addition to urban redevelopment projects.● Plan to introduce large testing machines to increase market share of large products and meet increasingly stringent inspection standards, to be operational in FY2027.	<ul style="list-style-type: none">● Increased repair and renewal responses as a result of capturing rising demand for the ventilation use of Window Operator to protect against infection during the COVID-19 pandemic.● The new construction market for mid- and low-rise buildings is strong, contributing to earnings.● While new housing starts declined in the housing market, the remodeling market is booming and is set as a priority market for the next term.

* CASE: Connected, Autonomous/Automated, Shared, Electric (Areas of technology transforming the automotive industry)

** EV = Electric Vehicle, HEV = Hybrid Electric Vehicle, ICEV = Internal Combustion Engine Vehicle

New Medium-Term Management Plan 2024-2026

- Our technologies are used as important elements in various devices, equipment, and structures that support the safety and security of people’s lives and society. Even amidst significant changes, often referred to as VUCA (Volatility, Uncertainty, Complexity, Ambiguity), we continuously provide highly functional and durable products by identifying and honing key themes.



Vision - Theme of the New Medium-Term Management Plan

Based on our management philosophy, and with a **strong determination to achieve “transformation” and “evolution”** while working towards the OILES 2030 VISION, we aim to realize sustainable growth and enhancement of corporate value.

Management
Philosophy

Long-Term Vision
OILES 2030 VISION

Medium-Term Management Plan
2024-2026



Growth
Investment



Productivity
enhancement



Corporate Value
enhancement



Financial
Management

To become a world leader as a general manufacturer of oil-less bearings and serve society through technology

“Contributing to the realization of a sustainable society with the technology of **friction, wear, and vibration control** + χ ”

“Generating new technology and new business” and “Advancing the management foundation”

- 1 **Focus management resources on growth markets** to achieve the leap forward to next-generation growth.
- 2 Enhance productivity in all divisions **by pursuing work reforms and production technique.**
- 3 **Enhance corporate value in order to contribute to all stakeholders.**
- 4 **Manage finances with capital efficiency in mind.**

- OILES 2030 VISION, which sets FY 2030 as a milestone, will be newly established to realize our management philosophy.

Long-Term Vision “OILES 2030 VISION”

“Contributing to the realization of a sustainable society with the technology of friction, wear, and vibration control $+X$ ”

Further enhancement of corporate value with core technology of “Tribology & Damping” (friction, wear, vibration control)

“Generating new technology and new businesses” and “Advancing the management foundation”

Management Goals of OILES 2030 VISION

- Ratio of operating profit to net sales of **15%** or more
- ROE (return on equity) of **10%** or more

Contributing to the realization of a sustainable society, aiming for sustainable growth and increased corporate value

Medium-Term Management Plan 2024-2026

Medium-Term Management Policies with a view to achieving the OILES 2030 VISION



Growth investment for the next generation



Productivity enhancement



Enhance corporate value in order to contribute to stakeholders



Manage finances with capital efficiency in mind

2024

2030

- Plan to achieve record-high sales of ¥75 billion and operating profit of ¥7.35 billion for FY2026.
- Plan to achieve record-high core earnings (operating profit + depreciation) in FY2026 through aggressive growth investments.

Medium-Term Management Policies

- 1 Focus management resources on growth markets to achieve the leap forward to next-generation growth.
- 2 Enhance productivity in all divisions by pursuing work reforms and production technique.
- 3 Enhance corporate value in order to contribute to all stakeholders.
- 4 Manage finances with capital efficiency in mind.

Quantitative Indicators

	FY2024	FY2025	FY2026
Net sales	¥67.7 billion	▶ ¥71.2 billion	▶ ¥75.0 billion
Operating profit	¥5.7 billion (Core earnings* ¥9.1 billion)	▶ ¥6.35 billion (Core earnings* ¥10.35 billion)	▶ ¥7.35 billion (Core earnings* ¥11.85 billion)
ROE	-	-	8.0% or more

* Core earnings = Operating profit + Depreciation

OILES 2030 VISION

“Contributing to the realization of a sustainable society with the technology of friction, wear, and vibration control +X”

Management Goal of OILES 2030 VISION

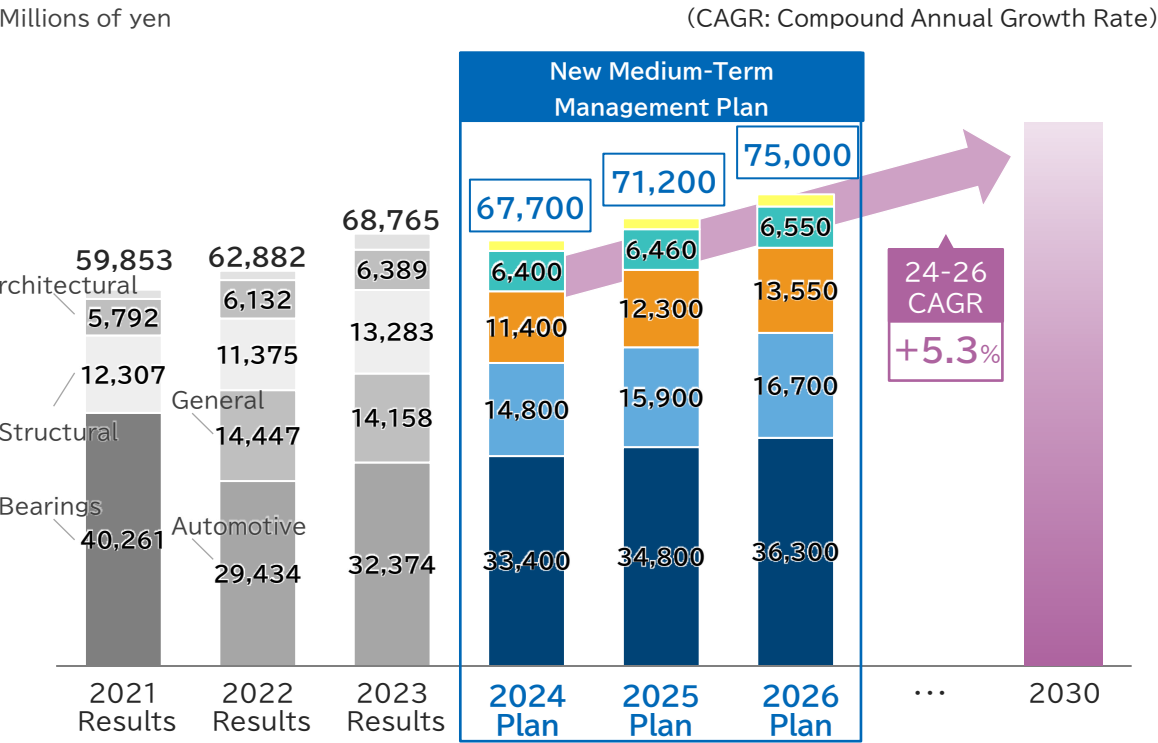
- Ratio of operating profit to net sales of 15% or more
- ROE (return on equity) of 10% or more

New Medium-Term Management Plan 2024-2026

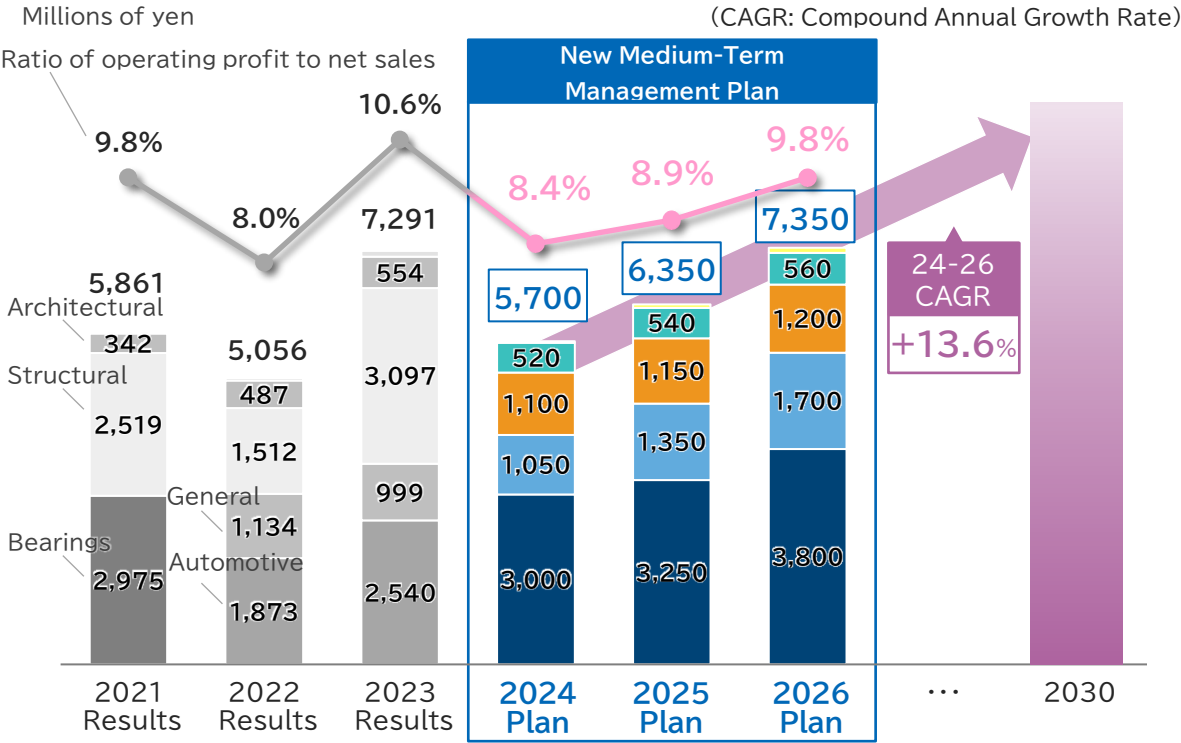


- Due to the impact of large-scale project bookings in the structural devices business in FY2023, net sales and operating profit will decrease in FY2024. However, the CAGR (Compound Annual Growth Rate) from FY2024 to FY2026 will see operating profit surpassing sales growth, improving profitability through a focus on growth areas and productivity enhancements.

Trend of Net Sales



Trend of Operating Profit



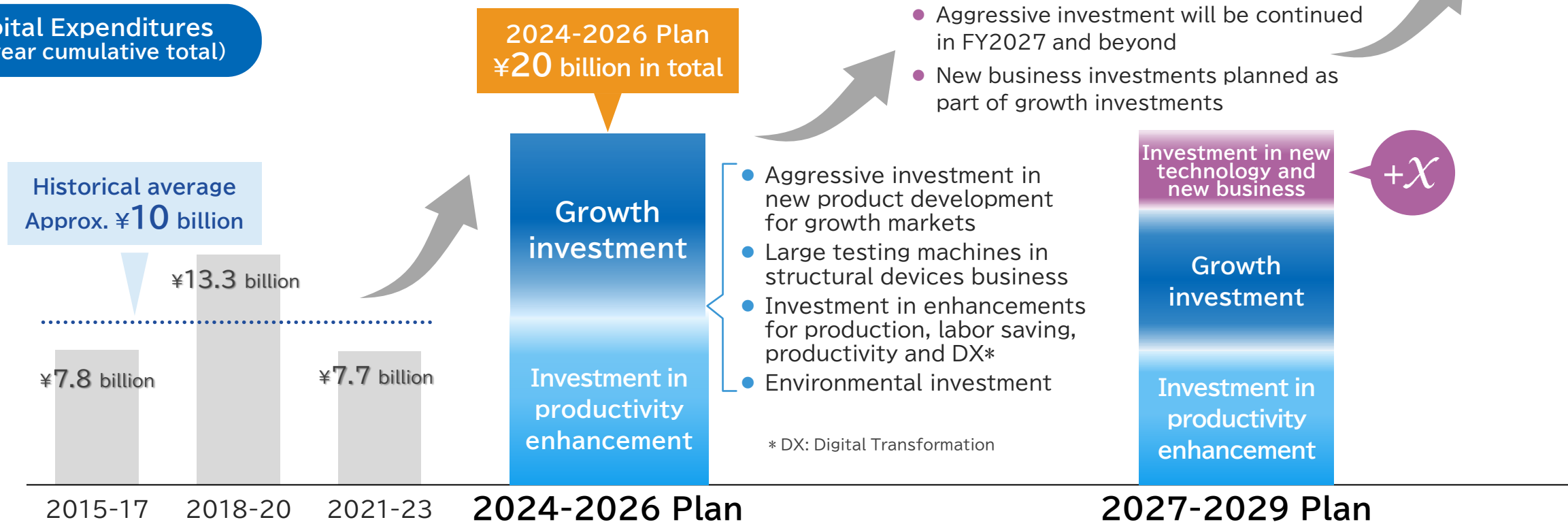
■ : Automotive bearings ■ : General bearings ■ : Structural devices ■ : Architectural devices ■ : Other —●— : Ratio of operating profit to net sales

Capital Investment Plan 2024-2026

- 3-year cumulative average of capital investment was approximately ¥10 billion.
- Plans to achieve a cumulative amount of capital expenditures of ¥20 billion for the new Medium-Term Management Plan 2024-2026, exceeding depreciation of approximately ¥12 billion. Increased investment for productivity enhancement and growth.
- Continued aggressive investment in FY2027 and beyond, aiming for rapid growth toward FY2030.

Making the leap to
FY2030

Capital Expenditures (3-year cumulative total)



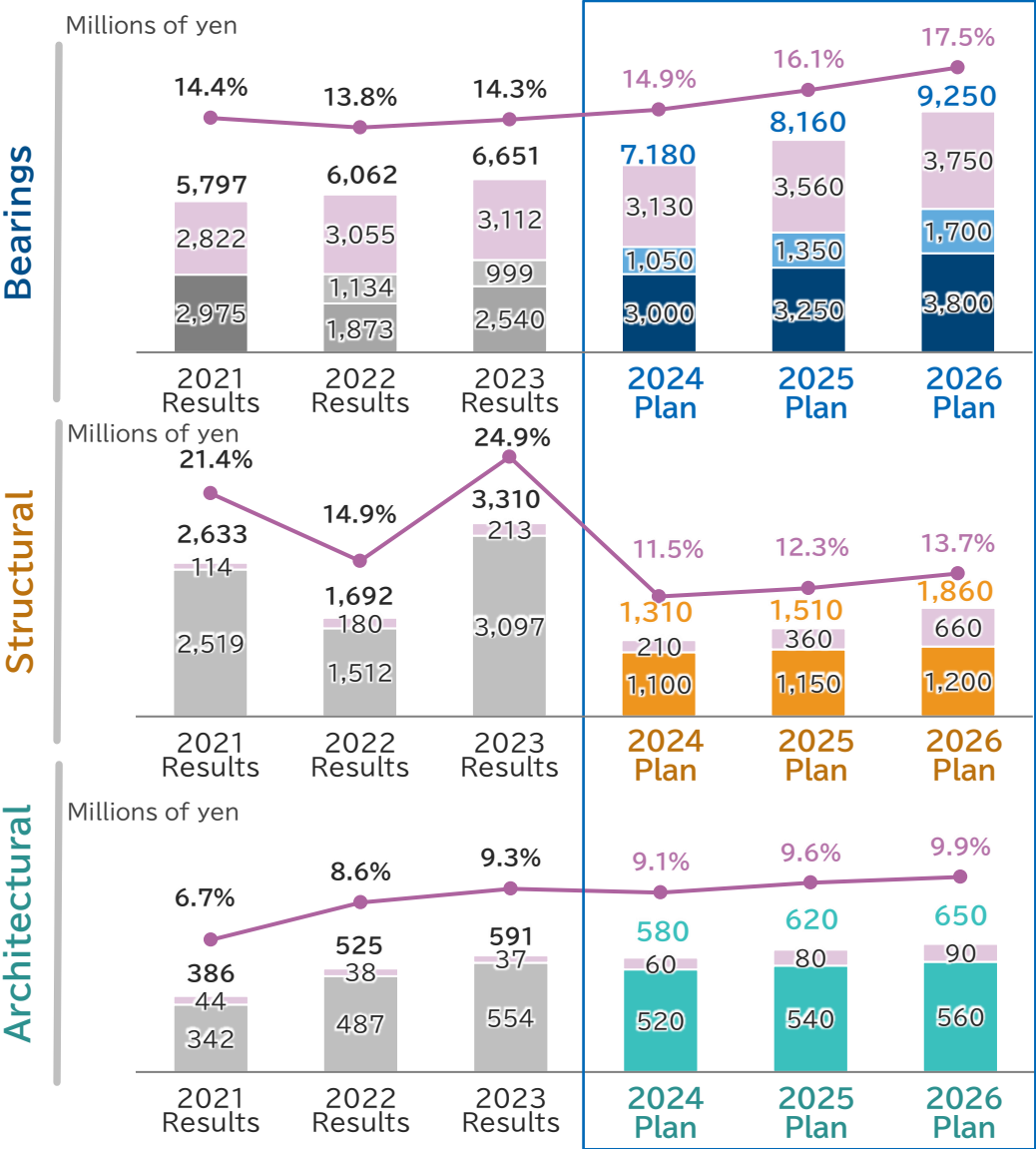
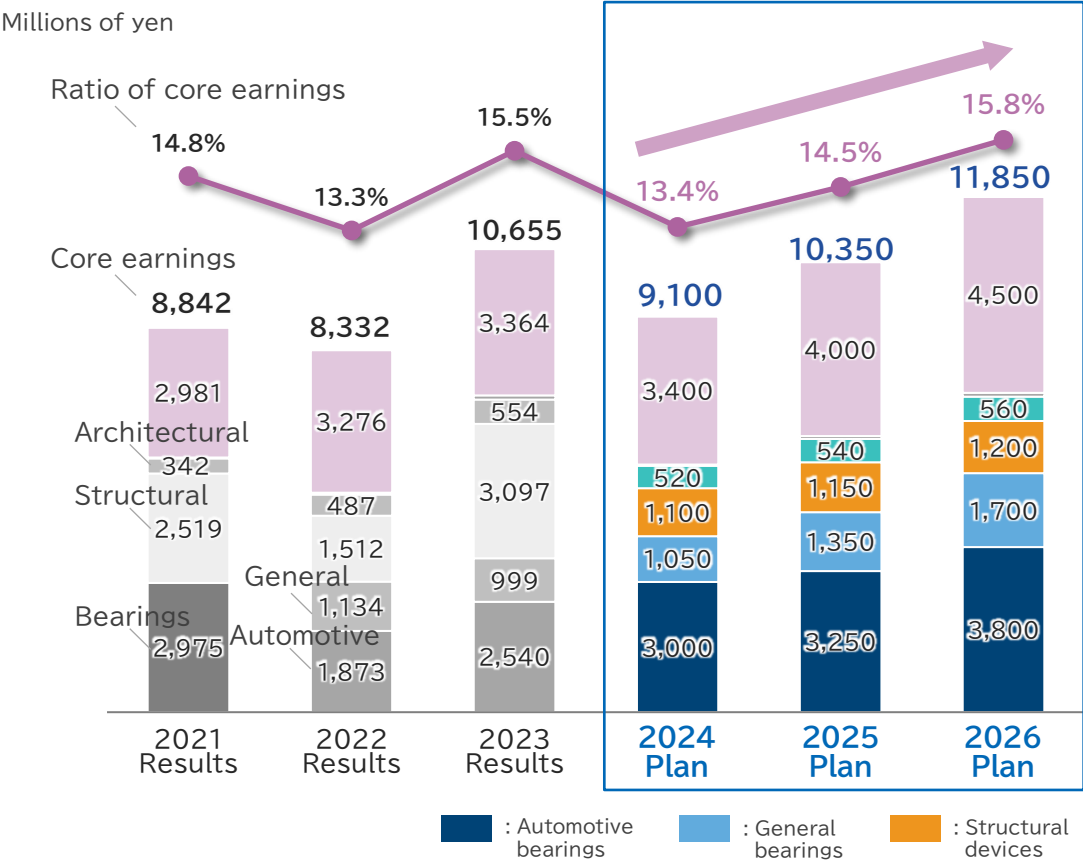
(Reference) Trend of Core Earnings (Operating profit + Depreciation) by Consolidated and Segment



- Although depreciation will increase due to aggressive investment plans, core earnings* during the new Medium-Term Management Plan are scheduled to be the highest ever (¥11.85 billion in FY2026)

* Core earnings = Operating profit + Depreciation

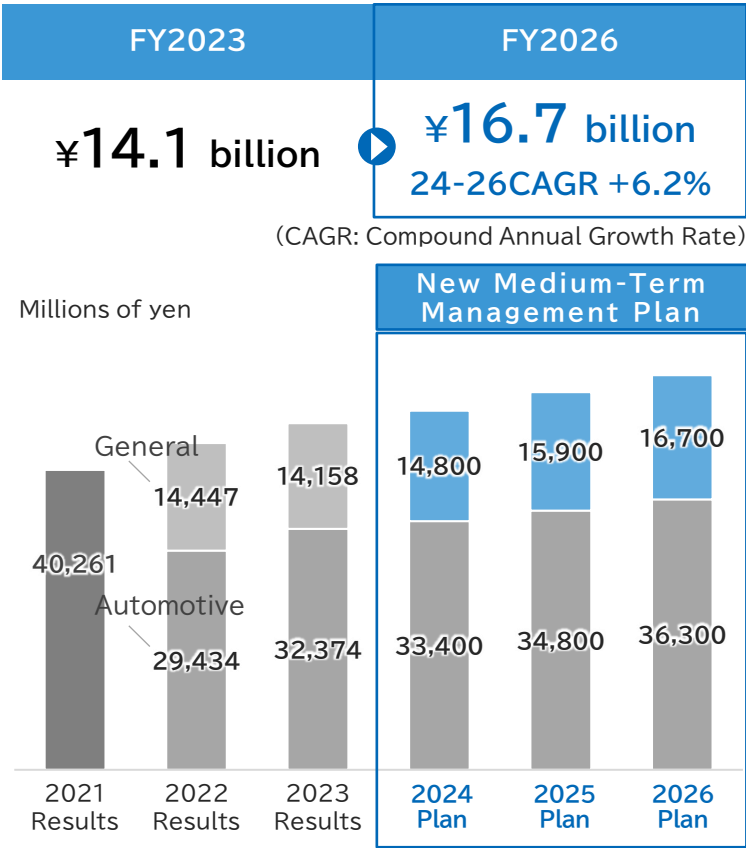
Consolidated Total



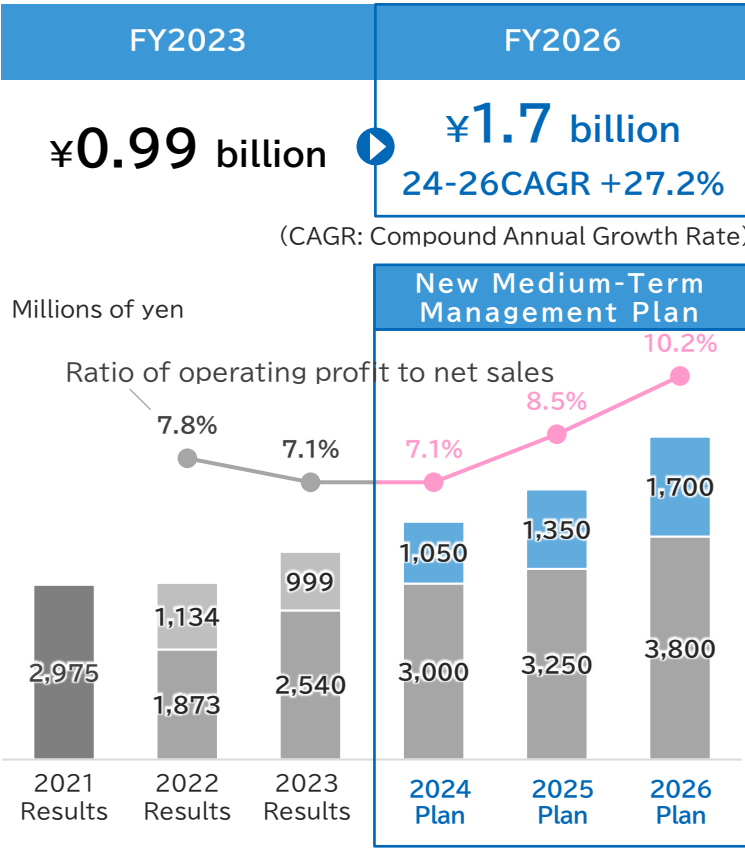
Medium-Term Business Strategy by Segment

- Contribute to the realization of a decarbonized and sound material-cycle society through the deployment and supply of strategic products for growth markets, including strengthening overseas efforts.

Net Sales
(General Bearings)



Operating Profit
(General Bearings)



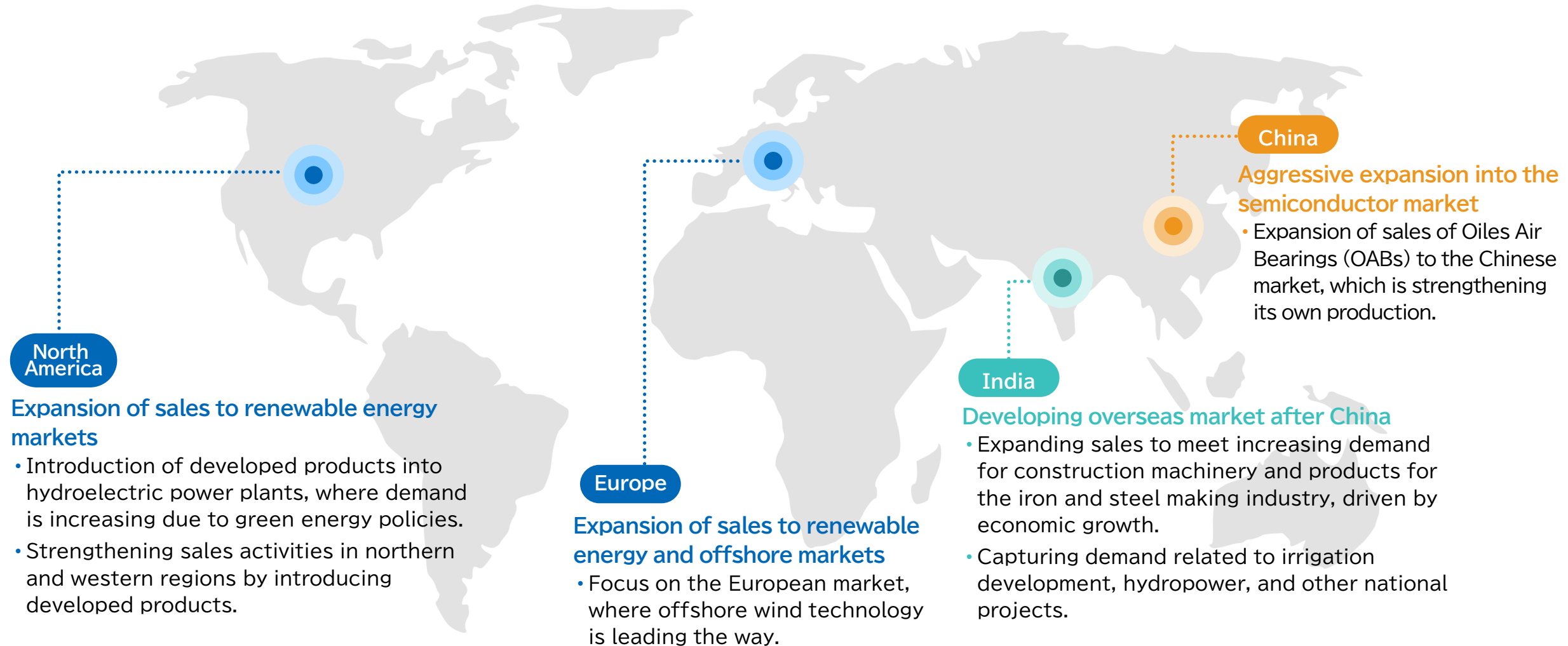
Stronger focus of activities toward growth markets

- Measures
- Introduce strategic products and aggressively strengthen activities in growth areas such as the electronics market represented by semiconductor manufacturing equipment, the renewable energy market, including pumped storage and other hydroelectric power generation and wind power generation, and the offshore market.
 - Develop global markets and expand sales by setting regional priority strategies.

Selection and focus to improve profitability

- Measures
- Aggressive investment for growth of Oiles Air Bearings (OABs) that achieve ultra-high speed and ultra-high precision.
 - Profitability improvement through streamlining of existing products.

- Focus on growth markets (semiconductor-related, renewable energy, etc.) and expand overseas markets.



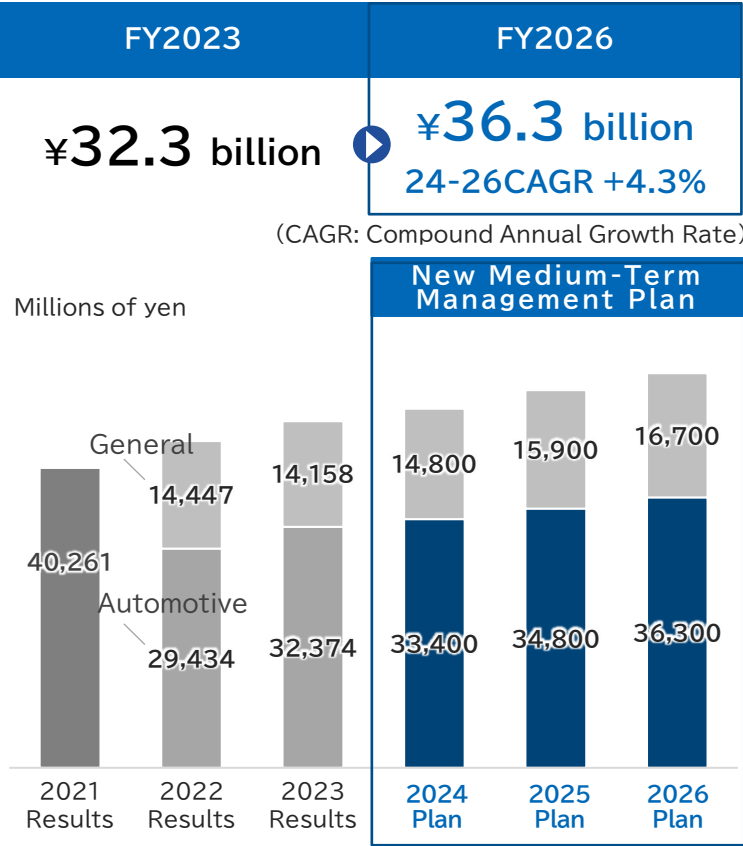
New Medium-Term Management Plan: Automotive Bearings



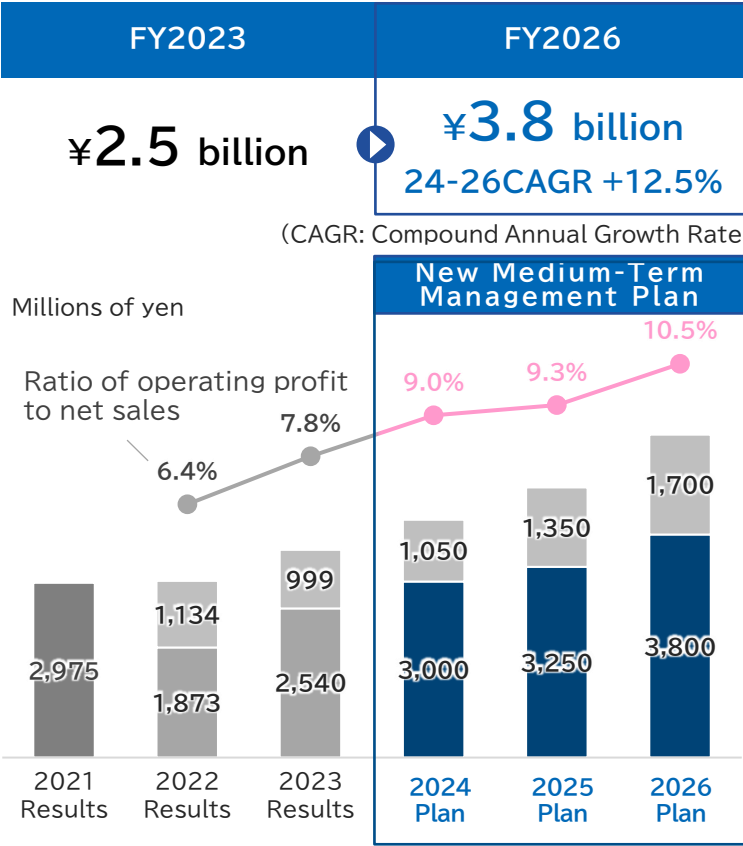
- Responding to the evolving mobility field, we will continue to provide new value in response to diverse needs ranging from EVs* to HEVs* and ICEVs*.

* EV = Electric Vehicle, HEV = Hybrid Electric Vehicle, ICEV = Internal Combustion Engine Vehicle

Net Sales (Automotive Bearings)



Operating Profit (Automotive Bearings)



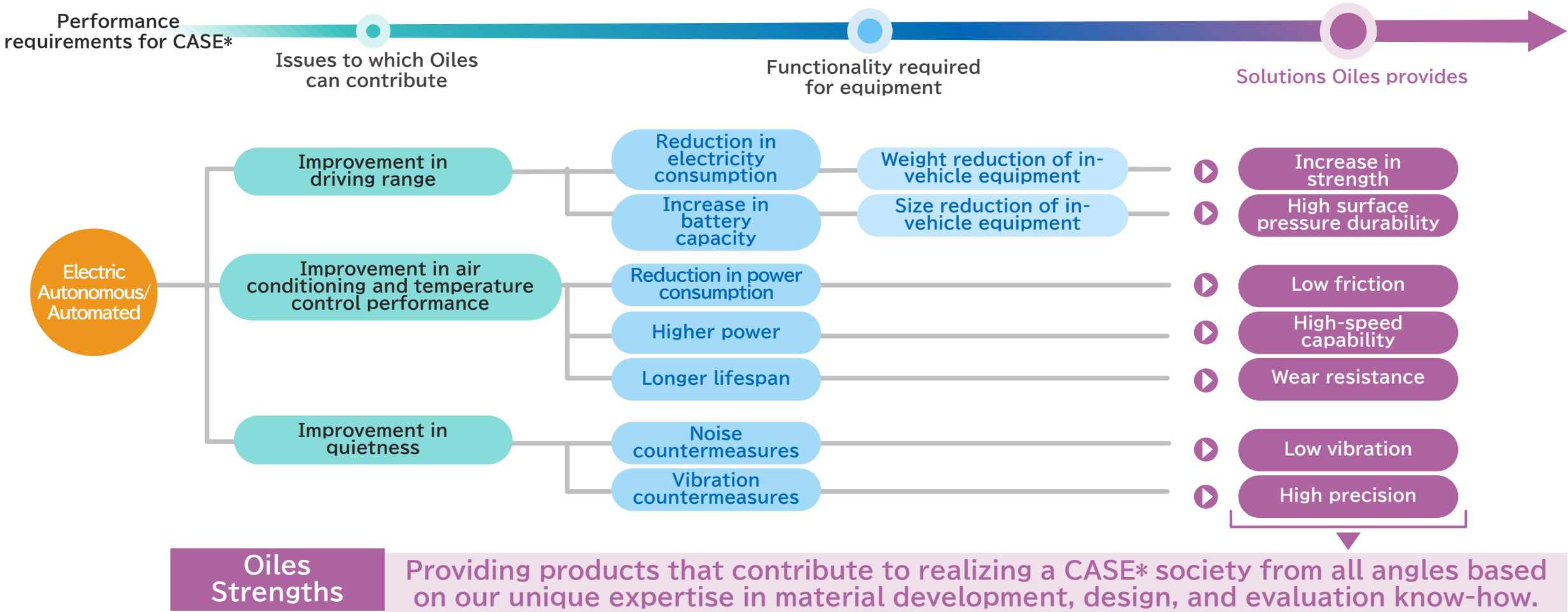
New product development for EVs and autonomous/automated

- Measures
- Development of new products and materials for growing EVs and autonomous/automated, and aggressive investment for future leap forward.
- Main Targets:
- EV (bearings for suspension)
 - Electric equipment (bearings for water pumps and compressors)

Strengthening global sales collaboration

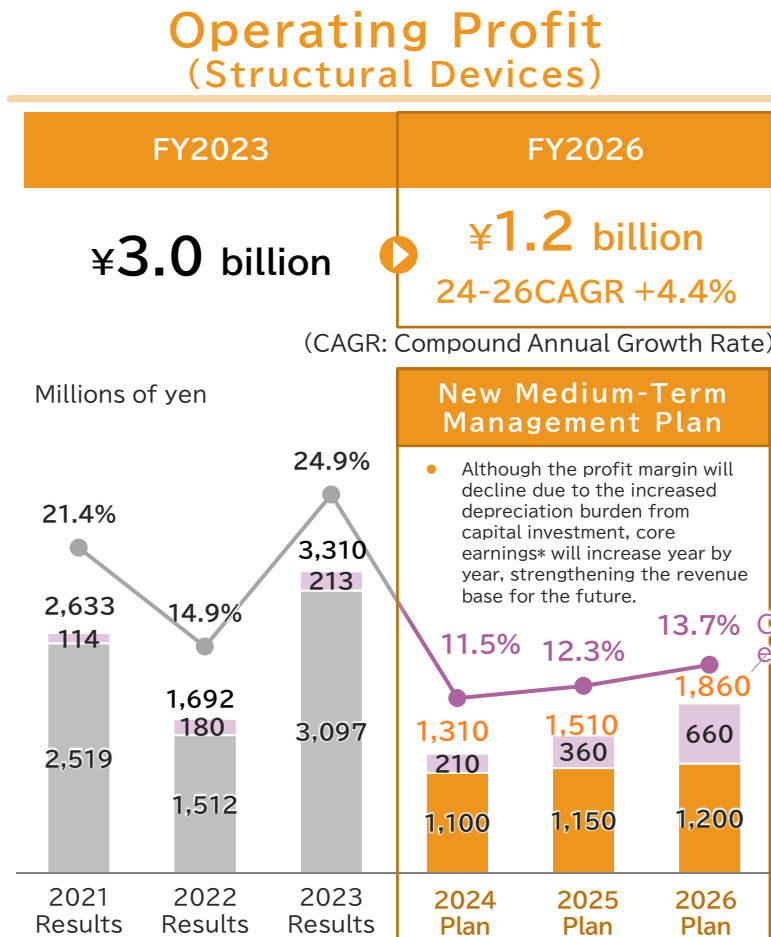
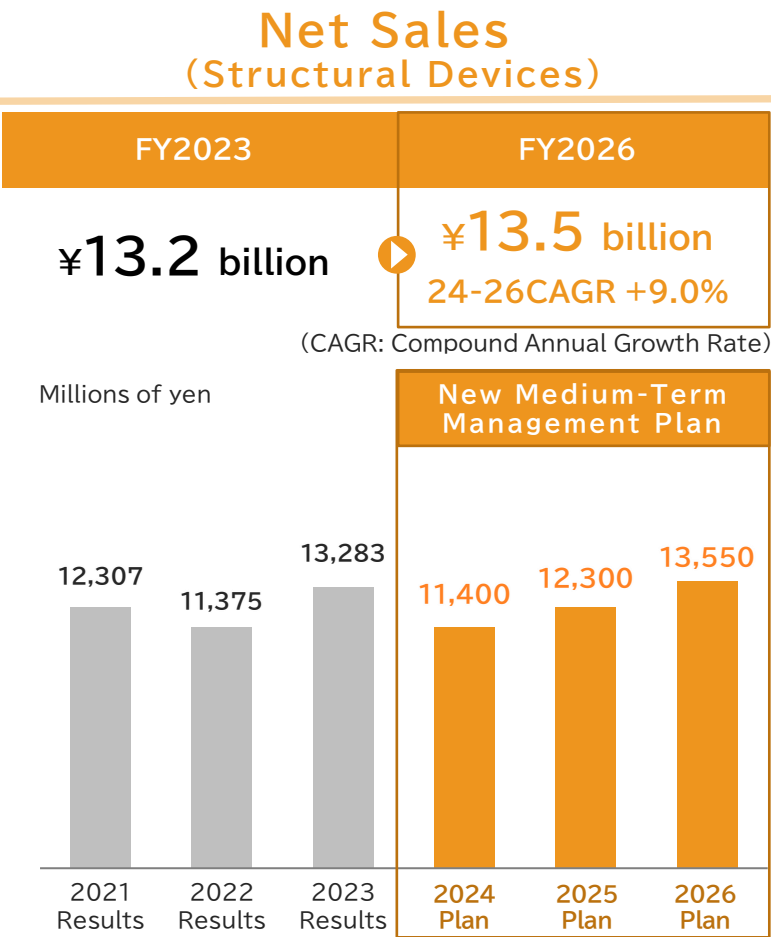
- Measures
- Strengthening global sales collaboration and increase orders for EVs and electric equipment through the activities of key task teams in overseas operations.

- In the era of CASE*, Oiles Bearings provide products that contribute to creating new value amid the transformation of the automotive industry by seizing business opportunities in autonomous/automated and electric.



* CASE: Connected, Autonomous/Automated, Shared, Electric (Areas of technology transforming the automotive industry)

- Although net sales and operating profit will decrease in FY2024 due to the overall decline in the market for large-scale public works projects, we will expand business in the areas of infrastructure renewal, urban redevelopment and urban data centers where future increases are expected, as well as in overseas markets and other new areas, and we will make large capital investments to strengthen our business foundation.



Expanding demand capture for seismic isolation and vibration control and developing overseas markets

- Measures
- Capturing demand for seismic isolation and vibration control of existing bearings in the infrastructure renewal market.
 - Capturing demand for quadruple-lane expansion of expressways.
 - Active proposal of seismic isolators for logistics centers, urban data centers, etc. and vibration control devices for high-rise buildings.
 - Expansion into new areas such as overseas markets.

Large capital investment to strengthen business foundation

- Measures
- Introduction of one of the largest performance testing machines in Japan to meet the demand for large seismic isolators, which has increased due to the shift to high-rise buildings during urban redevelopment and the increase in urban data centers. and urban data centers.
 - Continuing to provide reliable products that meet increasingly stringent inspection standards.

■ : Structural devices ■ : Depreciation ● : Ratio of core earnings
* Core earnings = Operating profit + Depreciation

- Strengthen sales of seismic isolation rubber products and increase performance evaluation capacity.

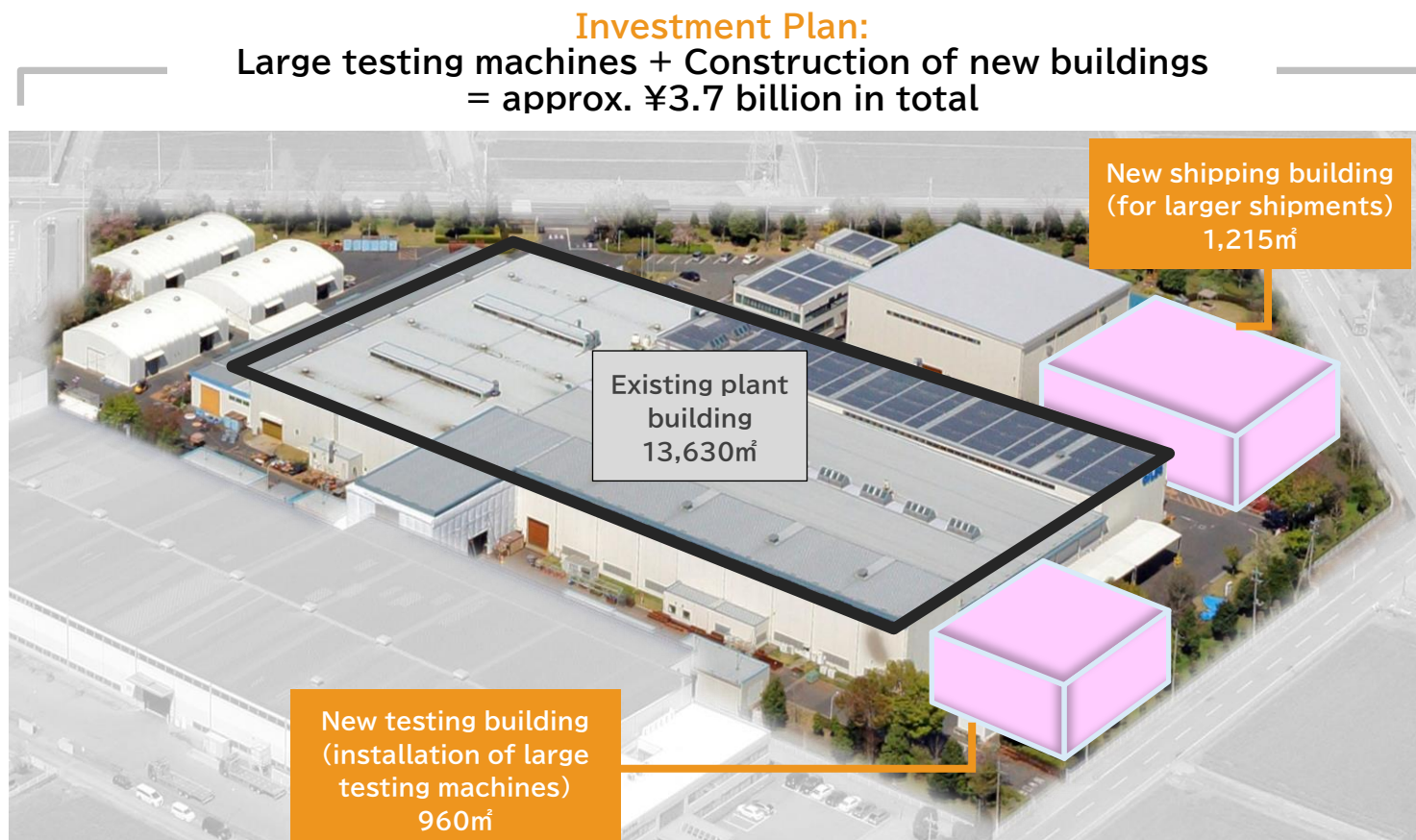
Capital Investment Plan:

- Introduced one of Japan's largest performance testing machines to Ashikaga Plant.
- Start of operation: FY2027

Investment Objective

- Expand sales of large seismic isolators in response to the shift to high-rise buildings during urban redevelopment and the increase in urban data centers.
- Expand sales of seismic isolators for infrastructure renewal, which will become mainstream in the future.
- Large-scale performance testing machines are introduced to increase the performance evaluation capacity needed to expand sales of these products.

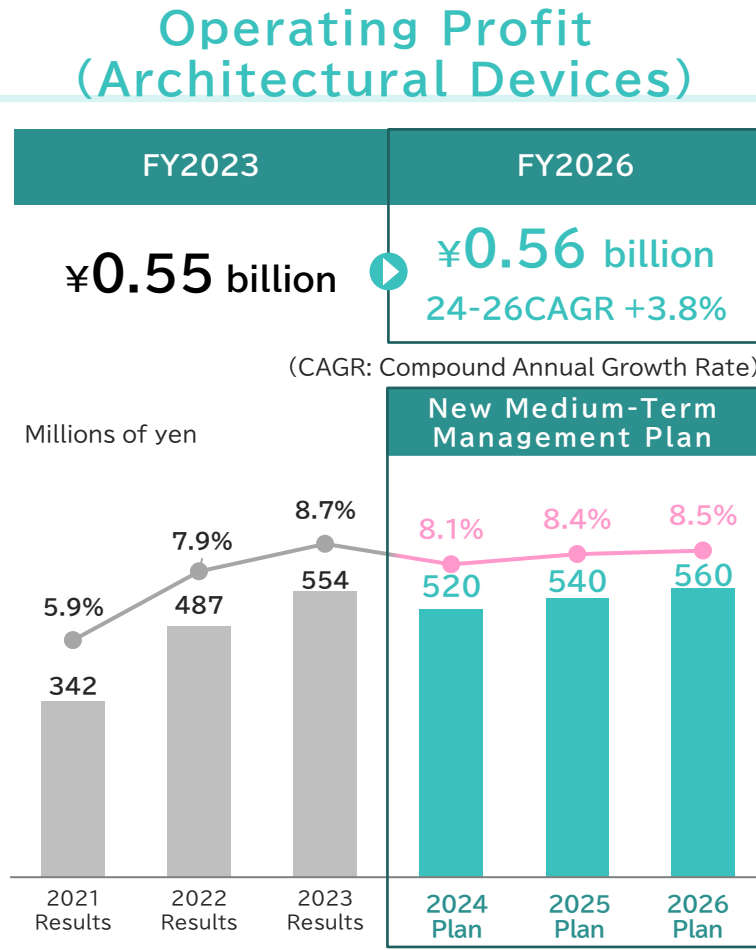
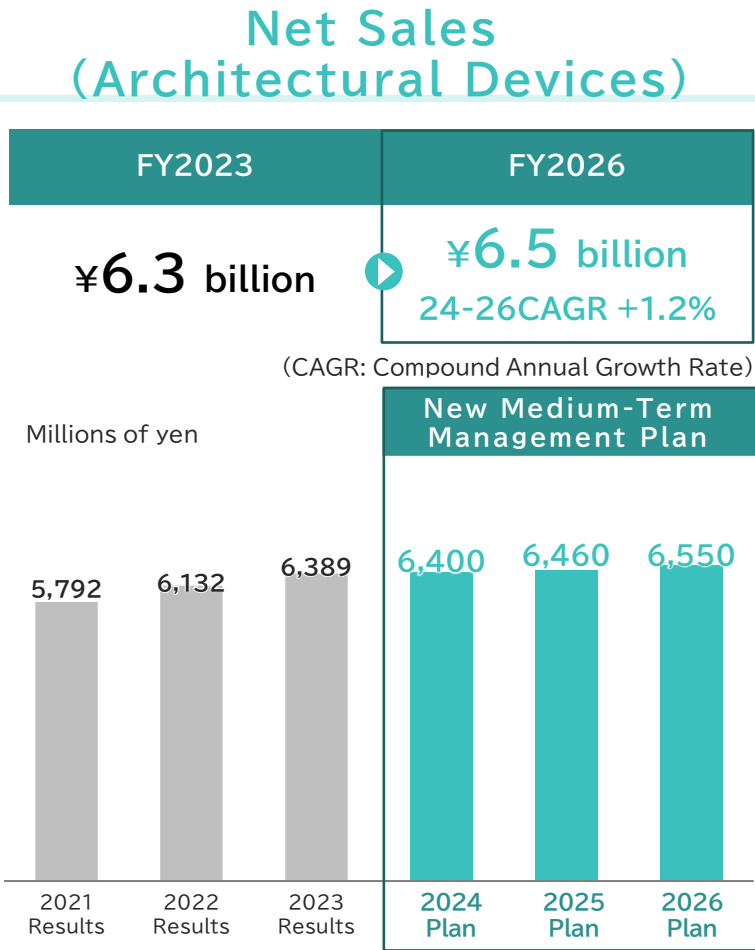
* Performance evaluation of seismic isolation products is mandatory before shipment.



New Medium-Term Management Plan: Architectural Devices



- Shifting our focus to the growing renewal market associated with longer lifespan of buildings, we will provide safety and security, comfort, and energy savings to society.



Strengthening the renewal and renovation market

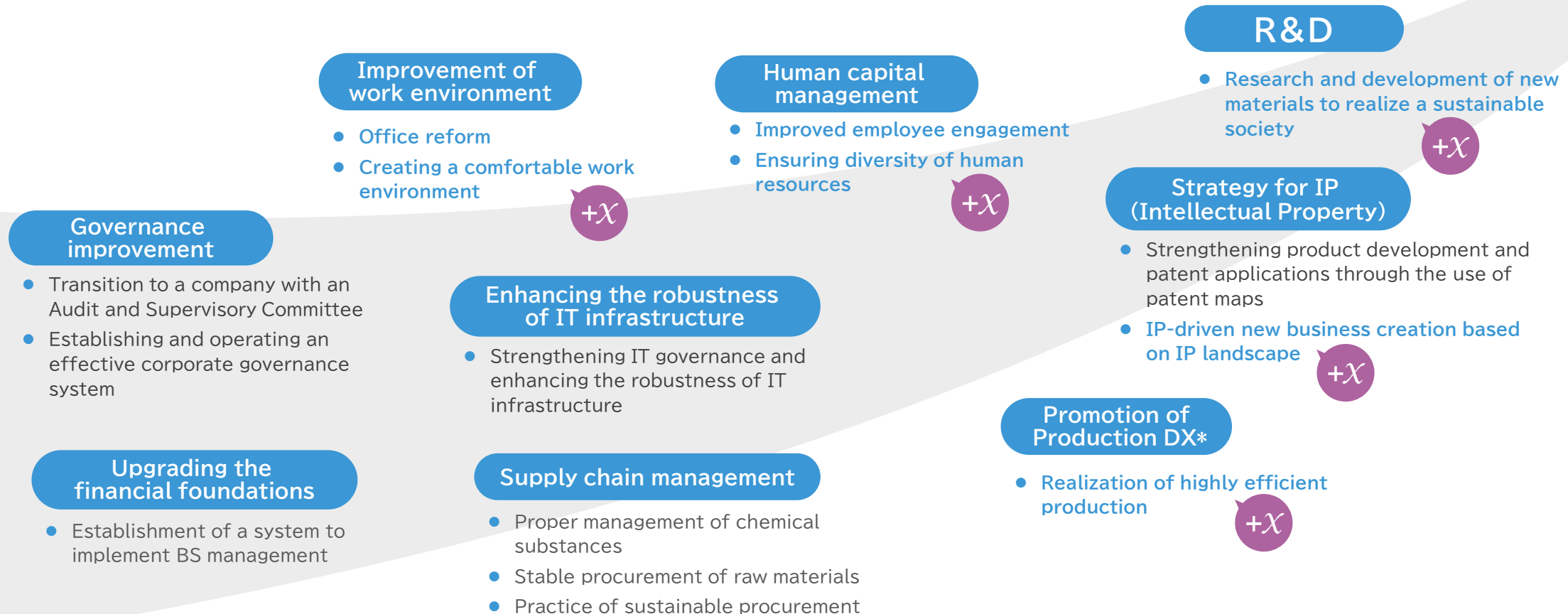
- Measures
- To aggressively expand into the growing renewal market associated with longer lifespan of buildings, while protecting our share of the new construction market, which is our business foundation.
 - To accelerate technological development and usage application development based on the No. 1 track record of external blinds sales to strengthen sales and improve the revenue base.

Improving existing products and developing new products

- Measures
- Expanding sales for both buildings and residential homes by improving value-added and reducing costs through enhancement and development of existing products.
 - Developing products for IoT and electronic control.

Advancing the Management Foundation

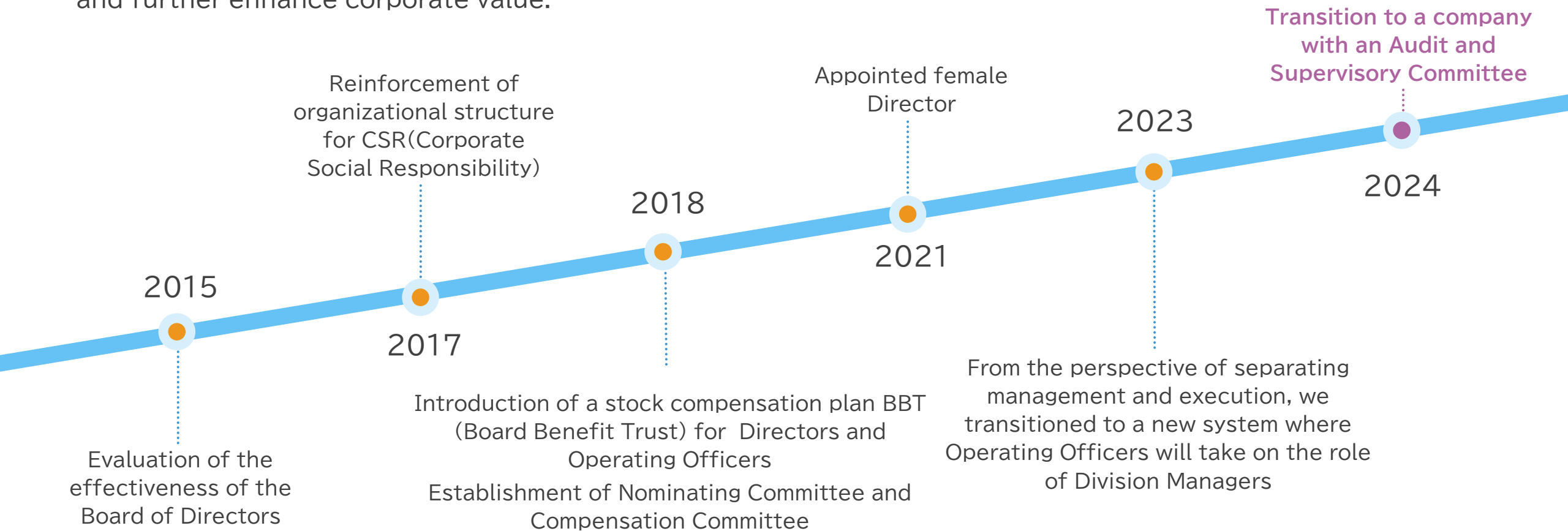
- In order to realize the OILES 2030 VISION, each department works together with a **strong determination to achieve “transformation” and “evolution”** during the period of Medium-Term Management Plan, advancing the company’s in-house base and management infrastructure. We also launch **+X** initiatives that will lead to the creation of new value.



* DX: Digital Transformation

Transition to a company with an Audit and Supervisory Committee

We will enable prompt management decision-making and business execution, while strengthening the supervisory function of the Board of Directors by appointing Directors who are Audit and Supervisory Committee Members with the right to vote, etc., at Board of Directors meetings. Through this, we aim to enhance corporate governance and further enhance corporate value.



Awareness of the current Situation

- While our cost of shareholders' equity is in the 7% range, our average ROE over the past five years has been around 6%. The "equity spread" is negative, indicating that there are still challenges in return on equity.

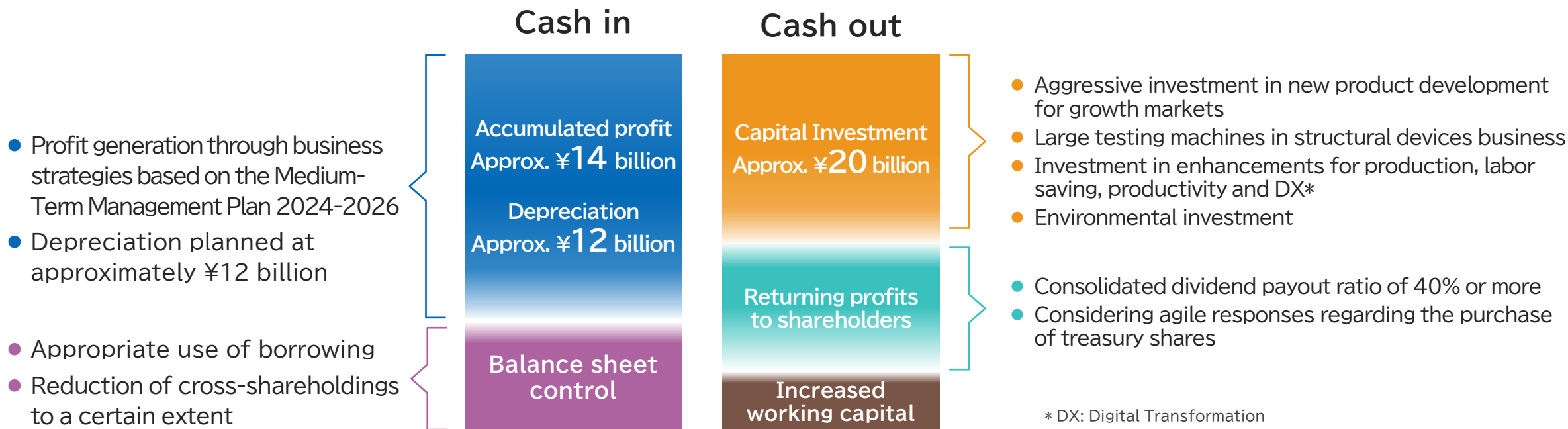
Initiatives to Improve Return on Equity

- Promote initiatives to improve return on equity in light of the Tokyo Stock Exchange's request regarding "Action to Implement Management that is Conscious of Cost of Capital and Stock Price."
 - Targets for ROE, an indicator of return on capital, are (1) 8% or more by FY2026, the period of the new Medium-Term Management Plan, and (2) 10% or more by FY2030, the goal of the OILES 2030 VISION.
 - Promote balance sheet management.
 - Reduce cross-shareholdings to a certain extent.
 - Returning profits to shareholders is executed according to the following policy:
 - As a basic policy, we aim to make stable and continuous dividend payments to shareholders, targeting a consolidated dividend payout ratio of 40% or more.
 - We also consider agile responses regarding the purchase of treasury shares based on market trends, comprehensively considering internal reserves for medium- and long-term growth.

New policy for returning profits to shareholders

- Plans a cumulative amount of capital expenditures of ¥20 billion for the new Medium-Term Management Plan 2024-2026, exceeding depreciation of approximately ¥12 billion
- Promote balance sheet management
- Reduction of cross-shareholdings to a certain extent
- As a basic policy, we aim to make stable and continuous dividend payments to shareholders, targeting a consolidated dividend payout ratio of 40% or more. We also consider agile responses regarding the purchase of treasury shares based on market trends

2024-2026 three-year cash flow plan

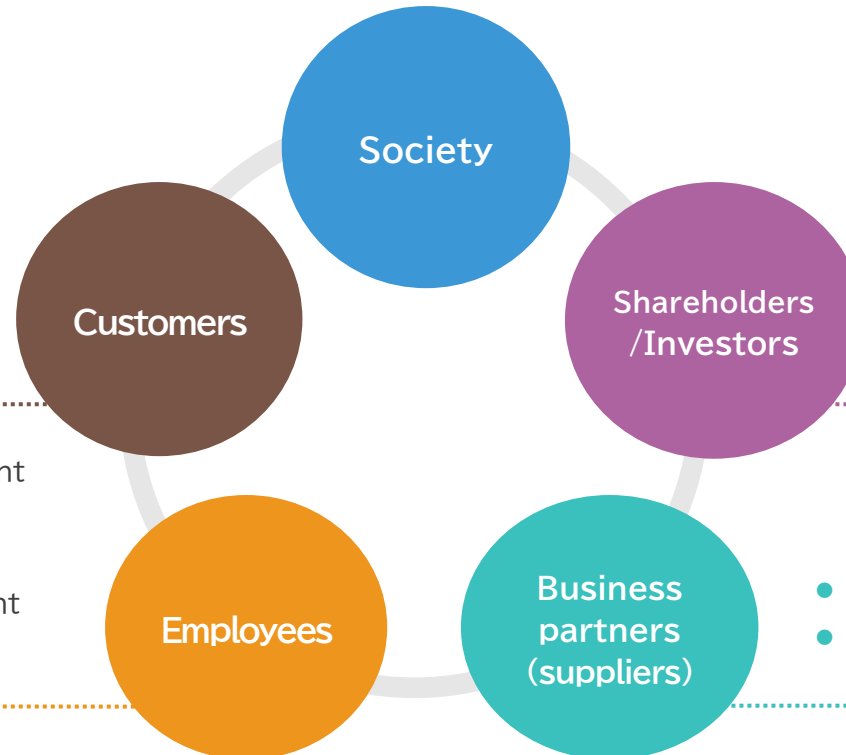


- We will meet the expectations of our stakeholders for medium- to long-term enhancement in corporate value and the realization of a sustainable society.

- Contributing to reducing environmental impact with Oiles Bearings
- Seismic isolators and vibration control devices protect infrastructure and provide safety and security
- Architectural devices business provides safety and security, comfort, and energy savings

- Offering a variety of products and services in bearings, structural devices, and architectural devices
- Working together with our customers to become the world's first and the world's best

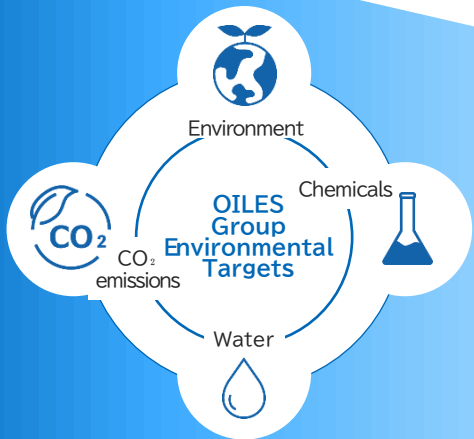
- Promotion of human capital management linked to management strategy
- Improved employee engagement
- Proactive human resources development (education and training, global human resources development)



- Promotion of management aimed at the sustainable enhancement of corporate value
- Management of finances with capital efficiency in mind

- Building trust and fair and equitable transactions
- Interactive communication through sustainable procurement guidelines

- We will engage in activities to achieve a sustainable society by offering society products and technologies that reduce environmental impact and working to shift toward low-carbon and sound material-cycle in addition to reducing substances of concern in our business activities.



Milestone

Reduce total CO₂ emissions by 46% from FY 2013 levels by FY 2030 *1

- Reducing environmental impact with biomass plastic bearings
- Visualizing energy usage and thoroughly saving energy
- Improving production efficiency and upgrading to high-efficiency equipment
- Implementing renewable energies
- Proper management of chemicals

- Energy conversion
- Introduction of innovative energy-saving technologies
- Minimizing the environmental impact of chemicals

Achieve carbon neutrality by 2050 *2



Measures for contributing to the creation of a sustainable society

- Product technology (develop & design eco-friendly products)
- Build a low-carbon society (reduce CO₂ emissions)
- Build a sound material-cycle society (effective use of resources)

Status of Initiatives

	t-CO ₂		
	FY2013 (base year)	FY2022	Percentage change
Domestic	23,878	19,491	-18%
Overseas	6,880	9,751	+42%
Total	30,758	29,242	-5%



- Initiatives for FY2023 as for Domestic (non-consolidated), reduction of approx. 30% from the previous fiscal year is expected

(The results of CO₂ emissions for FY2023 will be announced in the "Integrated Report 2024," which will be published in the fall of 2024.)

*1. Emissions from the Group's domestic production sites (Scope 1, Scope 2) *2. Emissions from throughout the Group as a whole (Scope 1, Scope 2)



**We are determined to become a world leader
as a general manufacturer of oil-less bearings and
serve society through technology**



- Forecasts of financial results and other forward looking statements contained in this document have been made on the basis of information available to the Company as of the date hereof and certain assumptions deemed reasonable by the Company, and do not represent promises made by the Company that such outcomes will be achieved.
Moreover, actual financial results and other outcomes may vary substantially from these statements, depending on various factors.
- Accordingly, you are advised to use the information contained herein at your own discretion. Furthermore, the Company shall assume no liability whatsoever with respect to any damages arising as a consequence of using this information.
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