

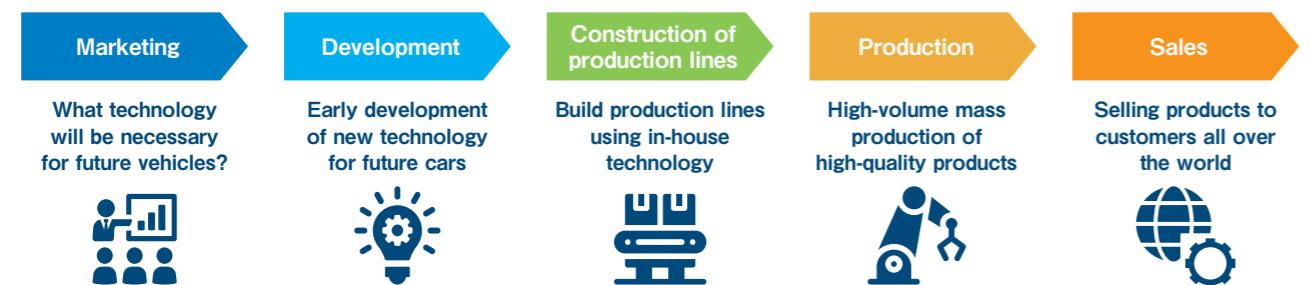
## Technological capabilities: pursuing manufacturability and high quality

## Strengths of our manufacturing capital

Smart, smooth production system that leverages the know-how we have accumulated at our global sites

Strength 1 Integrated production system from development to mass production

G-TEKT not only builds manufacturing processes but is also engaged in development and construction of die and welding lines. By taking responsibility for everything from development to production engineering and high-volume mass production, we have put in place a system that enables us to reduce costs and reliably deliver high-quality products to customers. As well as moving forward at our development sites with fundamental research for technology that will become necessary going forward, we are establishing a global system that can respond to the needs of customers who are looking to the future.



Strength 2 Global production structure and quality assurance

By operating 28 factories and five R&D sites in 12 countries, we are able to respond to the needs of customers who have expanded globally. In addition to building the optimal production system at each regional site, different locations share these initiatives with each other to ensure smooth horizontal deployment.

Closely interacting with each other, we are able to make horizontal deployment. Close cooperation between each mass production site also helps us to achieve the smooth rolling out of global models. By concentrating quality management at the Quality Assurance Center established in December 2021, we are forging ahead with initiatives to be able to offer the same quality of product whatever the country of production. Based on the G-TEKT DX Project (described below), we have already completed a monitoring scheme at the Saitama Plant, which acts as a model factory, for real-time monitoring of quality data. We are working on further initiatives for predictive prevention, and will deploy these horizontally across the organization.

## Strength 3 Protection of ideas and DX initiatives

We are moving ahead with the conversion of production sites to smart factories (characterized by such features as intelligent production lines, and systems that can respond flexibly to fluctuations in production volume), and we are actively protecting as intellectual property the ideas that arise during this process. We are making every effort to prevent infringement by competing companies, while providing cost-competitive products of high quality and ensuring a predominant position in the market. This began as a project reporting directly to the President and is currently overseen by a dedicated department, with top management and employees working together with a sense of urgency to promote this transformation. G-TEKT's DX places particular emphasis on quality and cost control, and it collects relevant data with the objective of enhancing reliability through quality and improving corporate value through cost control. In November 2023, the Company was certified a "DX Certified Operator" under the Ministry of Economy, Trade and Industry's DX certification system. Going forward we will continue to implement DX with a sense of urgency, utilizing the data that we collect to achieve our objectives of enhanced reliability and improved corporate value.



## Manufacturing capital strategy

## Thorough environmental impact and risk mitigation measures/front-line innovation

## Strategy 1 Reduce environmental impact of manufacturing

As it works towards achieving carbon neutrality in FY 2050, G-TEKT is using the data acquired through DX to gain an accurate understanding of the amount of electricity used in each production process, and to work on improvement activities based on this data. The accumulation and use of data will enable us to engage in environmentally friendly activities that transcend the boundaries of G-TEKT itself, such as by proposing production methods to customers that involve low CO<sub>2</sub> emissions. As well as making even greater efforts to reduce environment impacts at the time of manufacture, the Company will promote activities to achieve carbon neutrality at the global level.

Strategy 2 Strengthen risk management

because our production sites straddle four continents, we are able to deal with a variety of customers. By leveraging our global network we are able to deliver products without causing stoppages in customer production activities, even during disasters or emergencies. In addition to this risk diversification, we have established a predictive prevention system for quality. By promoting the deployment of this system at all our production sites we aim to provide a stable supply of high-quality products.

### 3 Future-oriented omnidirectional front-line innovation (shift to GX + DX smart factories)

-TEKT has accumulated technology and know-how in relation to labor-saving and partial automation of manufacturing sites in order to be able to deliver products speedily and flexibly. However, it considers the tightening of the labor market due to such factors as future climate change risks, economic fluctuation, and the declining birthrate, to be an important issue, and is forging ahead with plans to achieve full automation. In preparation for full automation, we will build frameworks to allow interchange and sharing of data through such measures as blending DX with the shift to smart factories in order to generate synergies, as well as establishing an environment in which each and every employee can take on the challenge of achieving omnidirectional front-line innovation, to further refine the on-site capabilities of the modern era.

**G-TEKT's DX: using internal data throughout the company to establish a development/mass-production environment that makes the creation of defective products impossible, at the optimal cost**

