

Top Message

Message from the President

I would like to begin by expressing my sincere appreciation to our shareholders, as well as to all our stakeholders for their continued support of G-TEKT.

The automotive industry to which G-TEKT belongs is currently undergoing a once-in-a-century transformation.

Against this backdrop, we have entered an era of heightened uncertainty, driven by the acceleration of electrification, advances in automated driving technologies, and the rebuilding of supply chains amid geopolitical developments.

Nevertheless, it is precisely in times of heightened uncertainty that G-TEKT remains committed to a proactive approach, leveraging foresight and a strong sense of urgency in management decision-making to capture growth opportunities.

President, Chief Executive Officer

Naohiro Takao

Message from the President

1 Looking back on last fiscal year

In the fiscal year ended March 31, 2025, G-TEKT delivered steady results, supported by a gradual recovery in the automotive industry. Consolidated net sales declined slightly to ¥339.2 billion (a year-on-year decrease of ¥5.4 billion). However, operating profit increased to ¥16.4 billion (a year-on-year increase of ¥0.2 billion; operating profit margin of 4.8%). However, we remain some distance from our operating profit margin target of at least 7.0%. Recognizing this gap, I am firmly committed to implementing decisive reforms to enhance profitability. Meanwhile, we achieved tangible progress in our business activities, particularly in advancing our large-module strategy, which integrates multiple components into a single unit. As a concrete outcome of this strategy, we successfully developed a rear module ready for mass production that delivers significant efficiency gains for automotive manufacturers, including reductions in processes and workforce requirements. In particular, the multi-material specification developed jointly with Ahresty Corporation and the hot-stamping specification developed in cooperation with Nippon Steel Corporation, stand as the crystallization of our technological capabilities, and have been highly regarded for their practicality-oriented development approach. We have showcased these products at the Automotive Engineering Exposition 2025 and other major trade shows, drawing keen interest primarily from automotive manufacturers. As for reforming our production systems, we began operation at new plants in Japan and China, namely the Chubu Plant in Gifu Prefecture and the Nansha Plant in China. We position these plants as model plants that symbolize our manufacturing going forward. In particular,

our success in automating on-site logistics, which had been a long-standing challenge, represents a major step toward realizing plants that are less dependent on human labor, while also contributing to lower manufacturing costs and improved operational reliability.

2 Business environment

This fiscal year is marked by continued instability in the global environment and economy, resulting in limited visibility into future business conditions. Especially in the automotive industry, the rapid growth driven by the shift to BEVs until last year began to slow on a global basis. A shift in demand for PHEVs and HEVs has become apparent, driven by the discontinuation of subsidies in China, Europe and the U.S., and among other factors. That notwithstanding, we believe that there will be no change in the long-term trend toward the electrification of vehicles and we will continue to invest in the development of next-generation platforms and battery-related products. In addition, although the automotive industry is being affected by the imposition of tariffs in the U.S., the direct impact on G-TEKT has not been significant. We export certain mass-produced components to the U.S. from Canada and Mexico, but these shipments account for only a limited share of our net sales. Similarly, with respect to materials procurement, steel sheets are supplied through automotive manufacturers' centralized purchasing programs, and the direct impact on G-TEKT and its consolidated subsidiaries has not been significant either. However, depending on sales trends for completed vehicles exported to the United States, G-TEKT and its consolidated subsidiaries could be indirectly affected, such as through reductions in production volumes.

3 Our three business strategies going forward

In this business environment, G-TEKT is not emphasizing any specific powertrain, but instead is focusing on the development of technologies and the supply of products that can flexibly meet a wide range of needs across BEVs, PHEVs, HEVs, and ICE vehicles. Moreover, by viewing this transformational period in the automotive industry as an opportunity and expanding the scope of our research and development from body components to the vehicle level, we aim to further expand our existing businesses. At the same time, because there are inherent limits to the value added per unit for our mainstay automotive products, the rate of growth is expected to slow at some point. We will therefore create businesses in new areas that are unrelated to our existing business, thereby ensuring sustainable growth. To improve profitability, we will further reduce manufacturing costs and build a structure that is resilient to external volatility by transitioning to highly reliable smart factories with minimal human intervention. Beginning this fiscal year, we have designated these three strategies as priority measures, and are actively promoting them going forward. The details are as follows.

Message from the President



4 Business strategy (1): Becoming a vehicle system supplier ("Tier 0.5")

Over the past two years, we have strengthened our development capabilities with the aim of becoming a vehicle body system supplier ("Tier 0.5") capable of undertaking whole-vehicle body development on behalf of customers. Our goal is to move beyond our previous role as a Tier 1 auto body parts supplier manufacturing frame and transmission components, and to differentiate ourselves by focusing our business on proposal-based offerings grounded in our whole-vehicle body analysis

and integral molding technologies.

We will further expand this strategy. Going forward, we will target not only the auto body but also the vehicle as a whole by developing products that leverage our technology.

In the automotive industry, vehicles are expected to be increasingly equipped with additional functions related to Automated Driving (AD) and Advanced Driver-Assistance Systems (ADAS), and these new technologies involve the use of a variety of sensors and cameras. From among these product groups, we will identify areas where we can leverage our plastic forming and processing technologies,

or our joining technologies, and proactively develop proposals to further expand our existing business. In other words, by evolving from a vehicle body system supplier into a vehicle system supplier ("Tier 0.5"), we will not only strengthen our position as a development partner for automotive manufacturers, but also achieve a deeper level of involvement in vehicle development right from the initial stages. This will enable us to provide solutions optimized to customer needs and to co-create the future of the automotive industry.

Message from the President

5 Business strategy (2): Create new businesses

Until now, G-TEKT's consistent growth has been driven by its mainstay automotive products. Automobiles are integral to all aspects of our lives and will remain essential to society. However, relying solely on our existing areas of business may limit future growth.

Accordingly, G-TEKT is pursuing the creation of new businesses beyond the automotive industry. While the specific details will be considered going forward, one frequently cited example is the environmental business. We will move forward with commercialization only after fully assessing the role we can play in addressing a wide range of social issues.

In terms of the promotional structure, we have launched a new business exploration project driven by selected young employees. Through this project, we aim not only to further articulate our 2040 Vision but also to harness the uniquely flexible creativity of our young employees to drive the creation of new business domains that G-TEKT has never previously pursued. We will also use this project to cultivate the next generation of leaders by inspiring our employees to pursue greater aspirations.

6 Business strategy (3): Transforming existing plants into smart factories

The smart factories that G-TEKT envisions are highly reliable, fully automated plants in which virtually no human intervention is required. From the inbound delivery of raw materials to the shipment of finished products, every aspect of production is orchestrated and optimized by artificial intelligence (AI).

G-TEKT is pursuing a phased, systematic approach toward realizing its next-generation smart factory. As the first step, we will start with "management" by systematically

People-Centric Management as the Driving Force of Corporate Value

collecting all available data related to production activities and quality. The next "analysis and utilization" phase will focus on applying big-data and AI-driven analytics to the collected data, enabling greater efficiency—such as eliminating waste and preventing issues before they arise. The ultimate stage is "AI control," in which AI responds instantaneously to customer-driven production changes and unexpected equipment issues, dynamically reconfigures operations to achieve the optimal plan, and continuously adjusts inventory on a 24/7 basis.

The new plants in Japan and China that began operations last fiscal year—the Chubu Plant and the Nansha Plant—have been positioned as model plants that serve as templates for the transition to smart factories. By automating on-site logistics and making extensive use of digital technologies, these plants are achieving reductions in manufacturing costs and highly reliable production systems.

We will deploy this infrastructure across our existing plants and prepare for the introduction of AI. The large-scale investments planned for our North American plants this fiscal year form part of this process and support our goal of improving profitability by accelerating the Group-wide shift to highly efficient production.

Our aim is to implement AI-enabled control by around 2030, and the Group will work as one to drive the shift to smart factories.

7 Human capital

The most important driving force for robustly promoting these strategies and supporting sustainable growth is our people. Without the growth of each individual, a company cannot grow. G-TEKT's competitiveness is built on four elements: development capabilities, technological capabilities, global capabilities, and financial strength. To balance these elements at a higher level and further advance them, it is essential to further enhance the driving force—human capital.

We have focused on developing and retaining diverse human resources and creating comfortable work environments, while also supporting skill enhancement through position-specific reskilling for our employees at all levels, from veterans to young employees. From this fiscal year, in addition to these fundamental skills improvement measures, we will also focus on acquiring cutting-edge expertise and technologies such as DX and AI utilization, and on developing next-generation management talent and providing leadership training. This is because it is crucial for G-TEKT to enhance each employee's skills and mindset to reach the advanced stage of "Tier 0.5."

While skills and roles may evolve with the times, I believe that people will always be at the forefront. That is why G-TEKT will keep promoting people-centric management, aiming to maximize corporate value through individual growth and organizational capability enhancement.

Message from the President

8 Action for the global environment

The global environmental issues are directly connected to our everyday lives. Environmental issues are among the most critical challenges for modern society, and I recognize that corporate social responsibility will continue to grow. In order to contribute to the realization of a sustainable society, G-TEKT has made environmental responsibility central to the management and continues to actively pursue this challenge.

Specifically, we are committed to strengthening measures to reduce CO₂ emissions. For example, we are reducing energy consumption by implementing energy-efficient equipment in new plants and streamlining our production processes. We also prioritize reducing environmental impact in our product development. Lightweighting the vehicle body with multi-materials enhances fuel and energy efficiency, contributing to reduced CO₂ emissions. Additionally, we are using highly recyclable aluminum to support eco-friendly product design.

Going forward, we will continue to reduce environmental impact across all our business activities. In creating new businesses, we will also consider the environmental business and explore our role in contributing to solving various social challenges. G-TEKT will continue to take on challenges aimed at achieving both a sustainable society and sustainable corporate growth.

9 Corporate governance

As part of the company's own responsibility, G-TEKT is aiming to establish appropriate corporate governance to ensure continuous business activities under a transparent and healthy organizational structure. We have streamlined the Board of Directors, the core of our corporate

governance, achieving the optimal size and talent balance for G-TEKT.

The current Board of Directors is composed of six members: four internal directors, including myself, and two outside directors. Agenda items for the Board of Directors are deliberated in advance by the Executive Board. Accordingly, we ensure transparency by providing the outside directors with sufficient information, enabling them to fully understand the items, and foster the environment for meaningful discussions and informed decisions. The outside directors include those with experience as a corporate president, and they freely share their opinions on agenda items. As chair, I strive to facilitate balanced discussions.

I will continue to work on enhancing the effectiveness of the Board of Directors in coordination with the outside directors. This will increase management transparency and enable prompt, accurate decision-making, which I will leverage to drive sustainable corporate growth and enhanced corporate value.

10 Financial strategy

I recognize maintaining and enhancing our cash generation capabilities and improving capital efficiency as key management priorities for achieving sustainable growth and enhancing corporate value. To address these priorities, I believe we need to improve earnings (profitability), optimize growth investment that is conscious of the cost of capital, and enhance management transparency through proactive dialogue with stakeholders.

Regarding the improvement of earnings (profitability), our primary focus is on expanding our medium- to long-term revenue base by advancing the business strategies

outlined above. Concurrently, we aim to improve our profit margin by enhancing production efficiency through smart factories and by providing high-value-added products through the promotion of our large-module strategy. In particular, we will strengthen our future revenue base by carefully selecting strategic investments, such as the large-scale investments aimed at transforming our North American plants, and by improving capital efficiency to maximize ROE.

Regarding the optimization of growth investment that is conscious of the cost of capital, we will ensure capital is allocated efficiently by rigorously evaluating investment efficiency, while we will continue investing in research and development for next-generation technologies such as electrification and automated driving. Additionally, with an eye on exploring new businesses, we will proactively execute investments that lead to the maximization of corporate value.

Regarding the enhancement of management transparency through proactive dialogue with stakeholders, I believe that stakeholders, including shareholders and investors, can make a fair assessment only when they have a transparent view of G-TEKT's management initiatives through proactive dialogue. We will actively create opportunities for dialogue, including shareholder meetings, investor briefings, and individual interviews. As President, along with other members of the management team, I will ensure that we use these occasions to communicate clearly and effectively with our stakeholders.

G-TEKT's share price has been recovering from the decline since the high set at the beginning of FY2024. However, the PBR remains below 1.0x. I take this seriously as a challenge that persists despite the characteristics of the industry. Through the initiatives, G-TEKT is committed to improving this situation and striving to meet the

Message from the President

expectations of shareholders.

11 Shareholder returns

Regarding shareholder returns, we recognize enhancing shareholder value as a key management priority. We have set a basic policy of maintaining shareholders' equity at a level that can tolerate growth investment and risk, while implementing stable and ongoing returns to shareholders. We will strive for the optimal allocation of profits generated by our business activities, seeking a balance between investment for future growth and returns to shareholders. Specifically, we have set targets of a dividend on equity (DOE) of 3.0% and a dividend payout ratio of 30% or more from a performance-linked perspective for the fiscal year ending March 31, 2031. To achieve these targets, we will continue to work to secure stable sales and profits.

Under the basic policy, we plan a dividend of ¥45 per share for both the interim and year-end dividends for the fiscal year ending March 31, 2026, resulting in an annual dividend of ¥90 per share (a year-on-year increase of ¥3). We aim to maintain a consecutive increase in dividends since our founding.

12 Message to our stakeholders

I would like to express my sincere gratitude to all our stakeholders for their unwavering support of G-TEKT's business activities. Amid increasing uncertainty in the global economy, I believe it is crucial for G-TEKT to continue a proactive management approach and to transform environmental changes into growth opportunities by swiftly and flexibly adapting to them. We will further accelerate our evolution from a vehicle

G-TEKT's Development Through

Proactive Dialogue With Stakeholders

body system supplier to a vehicle system supplier ("Tier 0.5"), and expand the scope of our business accordingly. We will also proactively challenge to create new businesses, aiming to create new value beyond the automotive areas. This initiative will be promoted through projects centered around young employees, and it will also lead to the development of the next-generation leaders.

Moreover, we will drive innovation in our production systems by implementing AI to achieve smart factories by 2030. These are not merely technological innovations, but important strategies to contribute to G-TEKT's sustainable growth, as well as the development of our customers and society as a whole.

We will solve our customers' problems through our products, contribute to reducing environmental impact, and create a vibrant working environment for our employees. In doing so, we will aim to co-create a sustainable future together with all our stakeholders, including shareholders, business partners, local communities, employees, and their families.

As we continue to strive for further development of G-TEKT, we will move forward as one united company. We kindly ask for your continued and unwavering support.