02

Section 02

Results and Future Strategy

Blueprint & Strength

Philosophy

Our Credo

- Respect human dignity
- Cutting-edge technology
- Sound corporate management

Code of Conduct

- Strive for self-development under the motto of admiration and mutual trust
- Provide high-quality, low-cost products using cutting-edge technologies
- Be independent and use knowledge and agility to give back to society

Vision

Shape a better future for people, automobiles, and the environment through the fusion of passion and innovation.

Basic Sustainability Policy

We will strive to realize a sustainable society and improve corporate value through business activities for the better future for people, automobiles and the environment to which G-TEKT aspires.

Origin of the Company Name and Corporate Logo

G-TEKT CORPORATION

"G" stands for "Global & Genba," "TE" stands for "Technology," and "KT" comes from the initials of KIKUCHI CO., LTD. and TAKAO KINZOKU KOGYO Co., Ltd., the predecessor companies of G-TEKT, forming the name "G-TEKT."

The G-TEKT logo uses two sharp lines to form the G in G-TEKT, symbolizing our commitment to speed of execution and to being a major influence globally through the fusion of our predecessor companies' technology, knowledge, reliability and strength.

2030 Targets

We regard 2030 as an inflection point on the way to achieving our vision, and will proceed to develop the business with a focus on the period beyond. We will utilize our management capital to bring about the highest output to the whole world.

2030 VISION

Shape a better future for people, automobiles, and the environment through the fusion of passion and innovation.

Corporate vision

Whole-vehicle body development

Become a vehicle system supplier and lead vehicle manufacturing in environmental sustainability and safety

Key elements in achieving the vision

Human resources	Cutting-edge technology	Structural reform	Social contribution
It is people who drive companies, and such people engage with a strong desire (passion) to make something better	Create unprecedented new value through innovative concepts that are at the forefront of the era	We enable the highest output through the optimal combination (fusion) of excellent human resources and innovative technology	By providing the highest output to all parts of the world, we contribute to a prosperous future in which people and vehicles coexist harmoniously
Passion	Innovation	Fusion	Shaping the future

Financial capital	Shareholders' equity: ¥**157.8** billion Interest-bearing debt: ¥**49.4** billion Credit rating: A-
Human capital	Number of employees (consolidated basis): **8,162** Training costs: ¥**40,000**/person
Manufacturing capital	**28** plants , **3** S&E sites, **1** R&D hub, and **1** lab in **12** countries Capital investment amount: ¥**34.4** billion
Intellectual capital	Number of patents held: **76** R&D expenses: ¥**3.4** billion
Natural capital	Renewable energy usage ratio: **36**% Solar power generated: **17,293,000** kWh
Social capital	Partnerships with automotive manufacturers Collaboration with materials manufacturers, suppliers and local communities

FY2024 results

Net sales ¥**339.2** billion

Operating profit ¥**16.4** billion

DOE **2.39**%

Vehicle body system supplier

- Developed the large integrated products
- Received orders for battery housings
- Started operations at the new plants

FY2030 targets

Net sales ¥**400.0** billion

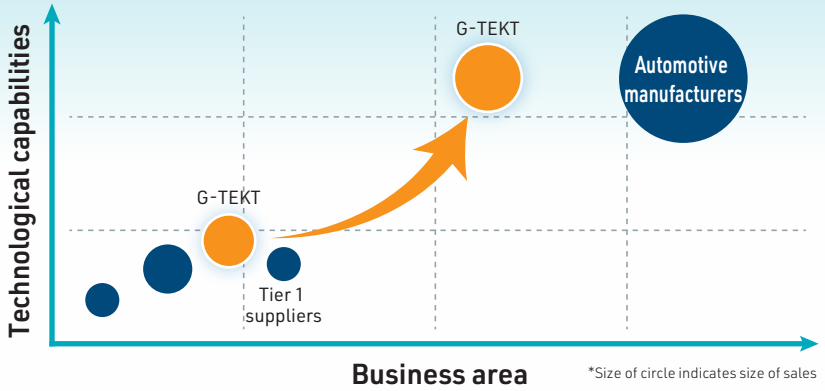
Operating profit ¥**28.0** billion

DOE **3.0**%

Vehicle system supplier / Tier 0.5

- Expand orders received for whole-vehicle body development
- Expand order models/ manufacturers
- Expand business areas

Position within the industry in 2030



Business Strategy

In the automotive industry, the business environment is rapidly changing, with the slowdown in the shift towards BEVs. In such circumstances, G-TEKT has been advancing its business strategy to ensure steady growth. Based on our past achievements and the business environment, we have reaffirmed our three business strategies as priority measures, and we will implement them with determination.

Our past achievements

Became a vehicle body system supplier

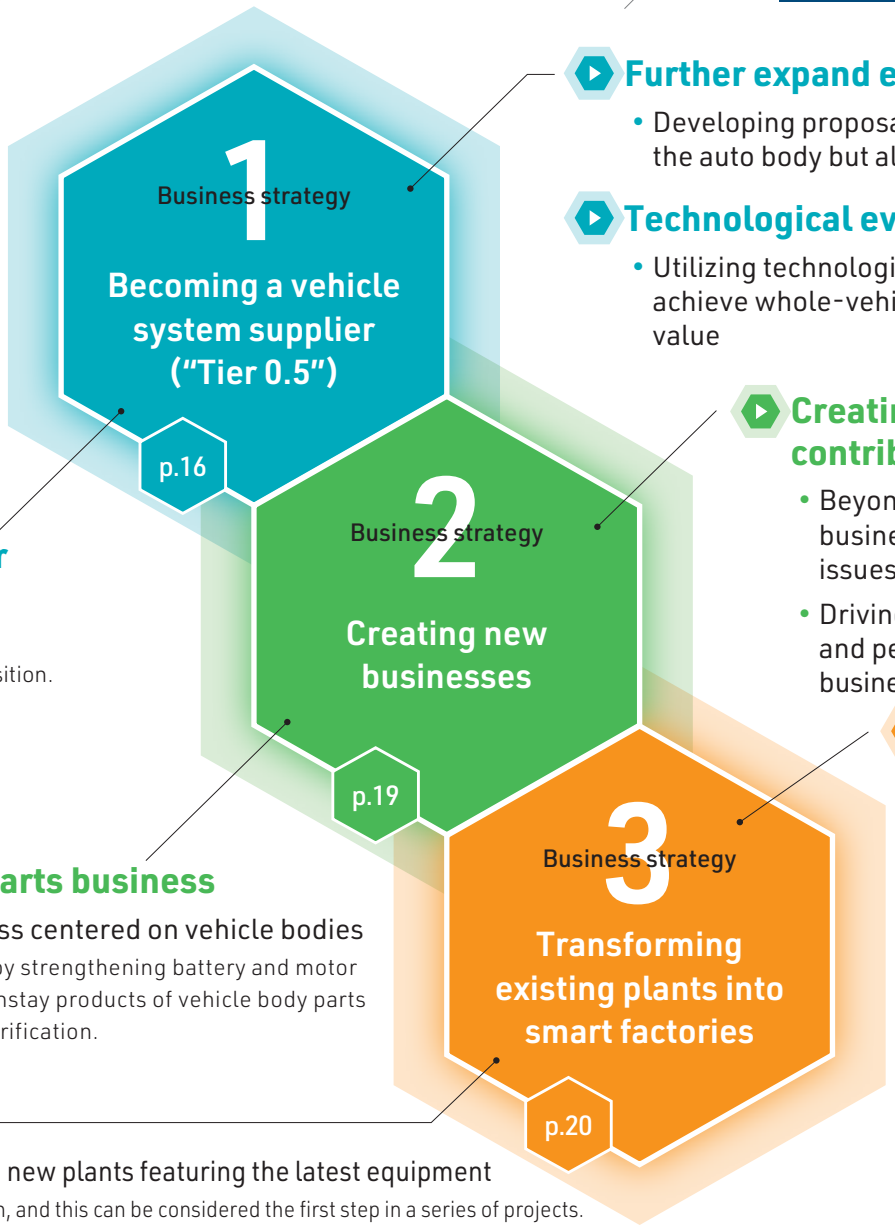
- Developed the large integrated products
  Two types of rear modules were developed.
  These were showcased at the Automotive Engineering Exposition.
- Received orders for battery housings
  Our research and development efforts have come to fruition.
  We received battery housing orders.

Expanded the automotive parts business

- Expanded the automotive business centered on vehicle bodies
  We have aimed to expand the business by strengthening battery and motor parts in recent years, alongside our mainstay products of vehicle body parts and transmission parts, to address electrification.

Smart factory

- Began operation at two new plants featuring the latest equipment
  Model plants began operation, and this can be considered the first step in a series of projects.
  We succeeded in automating on-site logistics.



Future initiatives

Further expand existing businesses

- Developing proposal-based products that target not only the auto body but also the vehicle as a whole

Technological evolution

- Utilizing technologies and pursuing further evolution to achieve whole-vehicle body development and additional value

Creating new businesses that contribute to solving social issues

- Beyond the vehicle domain, creating new businesses that contribute to solving social issues
- Driving significant growth in both company and people through the creation of new businesses

Deploying across all Group locations

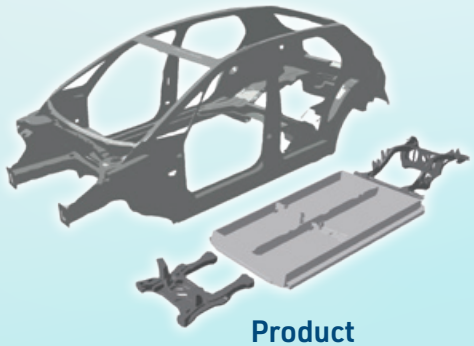
- Sharing insights gained from the launch of the new plants with existing plants to accelerate the Group-wide transformation into smart factories
- Planning capital investments with a focus on improving the cost-effectiveness of our North American plants

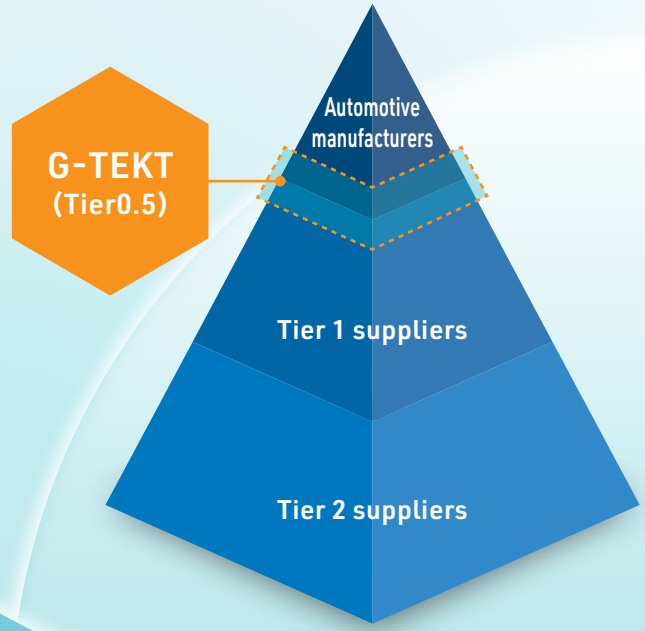
1 Business strategy

Becoming a vehicle system supplier (“Tier 0.5”)

Evolution of G-TEKT’s technology

We have been working to strengthen our development capabilities with the aim of becoming a vehicle body system supplier (“Tier 0.5”) that is capable of undertaking whole-vehicle body development on behalf of customers. Going forward, in order to continue to meet the expectations of automotive manufacturers, we will expand our business scope beyond vehicle bodies by leveraging the various technologies and knowledge we have accumulated.
We will continue to move forward steadily and confidently toward becoming a vehicle system supplier from a vehicle body system supplier.





Product
EV body + Motor parts
Proposals submitted

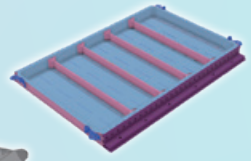
Product
Large integration
(Integral molding)
Completed
(Proposals submitted)

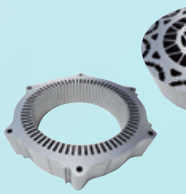
Motor
Parts
Completed
(Production technology)

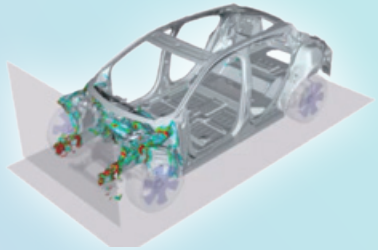
Optimization
Battery housing
Completed
(Concept)

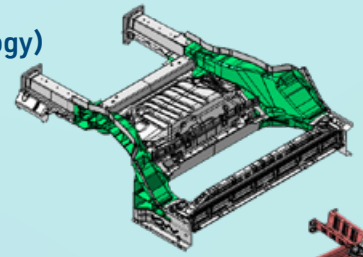
Whole-vehicle body
Proposal
(Evolution of analysis technology capabilities)
Completed

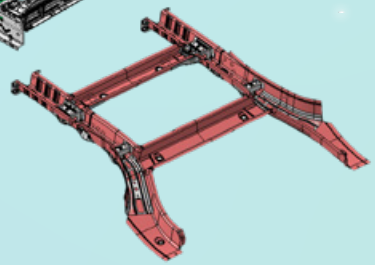
Parts
Proposals
Completed











Becoming a system supplier capable of providing optimal whole-vehicle proposals

Whole-vehicle body development

+

Identify products that leverage our technology for the vehicle as a whole
(E.g. AD/ADAS)

Business strategy 1

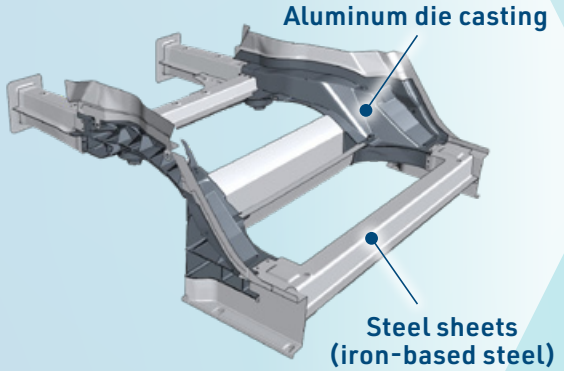
Becoming a vehicle system supplier ("Tier 0.5")

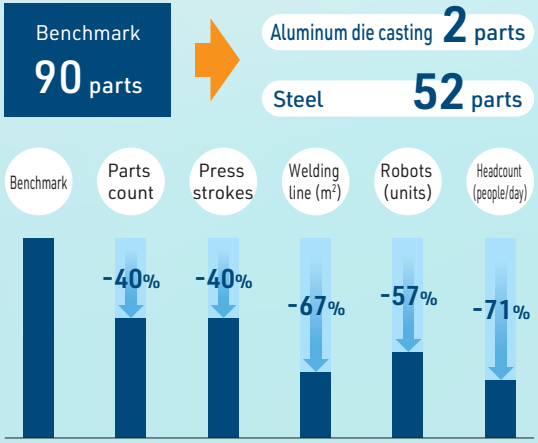
Developing the large integrated products

Two types of rear modules have been completed as a result of the development of large integrated products that had been advanced over the past two years. Both specifications significantly reduce parts counts compared to conventional specifications, leading to reduced processes and headcount at automotive manufacturers. These are not just technology samples, but practical product specifications that can be adopted in actual vehicles immediately, and they have garnered evaluations and interest from many automotive manufacturers.
The results of this development are the outcome of strong collaboration with our partner companies. We will continue to prioritize development speed and strengthen our external alliances while developing attractive products.

Multi-material specification

(Joint development: Ahresty Corporation)

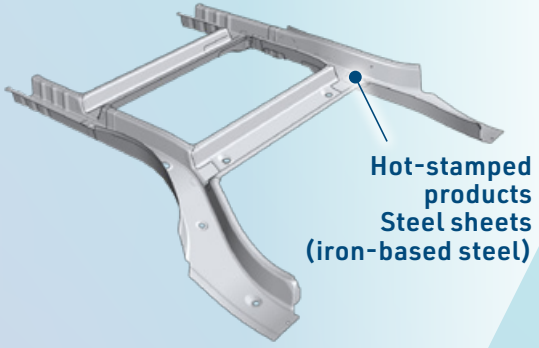


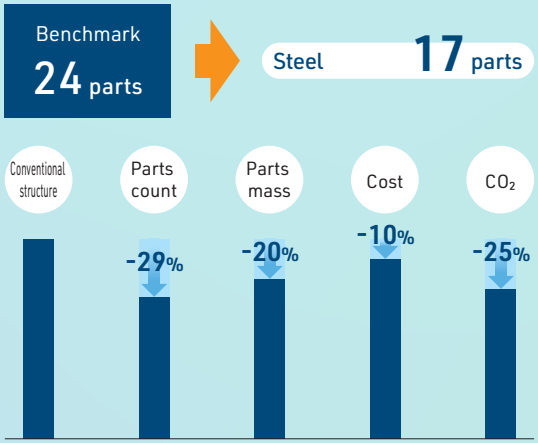


The multi-material specification proposed by G-TEKT aims to achieve weight reduction by combining aluminum materials with steel sheets. By partially utilizing aluminum die casting, we achieve not only weight reduction but also a reduction in the number of parts and processes. While aluminum materials have a significant weight reduction effect, they are expensive. Therefore, we optimize the balance with cost by carefully identifying the application areas and incorporating them partially.
Aluminum die casting is a manufacturing process where aluminum is melted and poured into a mold, then injected under high pressure and solidified. In recent years, the integration technology for ultra-large products called "gigacasting" has been gaining attention.
As an alternative option to gigacasting for our customers, we propose our multi-material specification that maximizes the reduction effect of aluminum die casting and the press forming technology we have developed over the years.

Hot-stamping specification

(Material supply/cooperation: Nippon Steel Corporation)





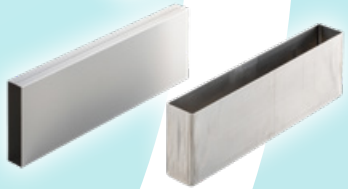
Hot stamping (hot press) is one of our specialized processing methods. It involves rapidly cooling a steel sheet that has been heated to a high temperature while simultaneously press-forming it, resulting in products that are both high-strength and high-precision. Auto body parts require strength to protect occupants in the event of a collision, and the required strength varies depending on the area of the vehicle body. In conventional auto body parts manufacturing, it was common to press form small parts, and then weld them together. Our proposal involves creating a large integrated product by pre-welding steel sheets of different properties and thicknesses according to the required strength, forming them into a single large steel sheet, and then performing hot stamping. This allows for the efficient production of integrated products with optimal specifications that meet all the performance requirements of each area.
This manufacturing method can be applied to various areas of a vehicle, and our North American plants already have a track record of mass-producing an integral molding of the front door aperture called "door ring." We are also moving forward with the development of products in other areas where significant benefits from large-scale integration are expected.

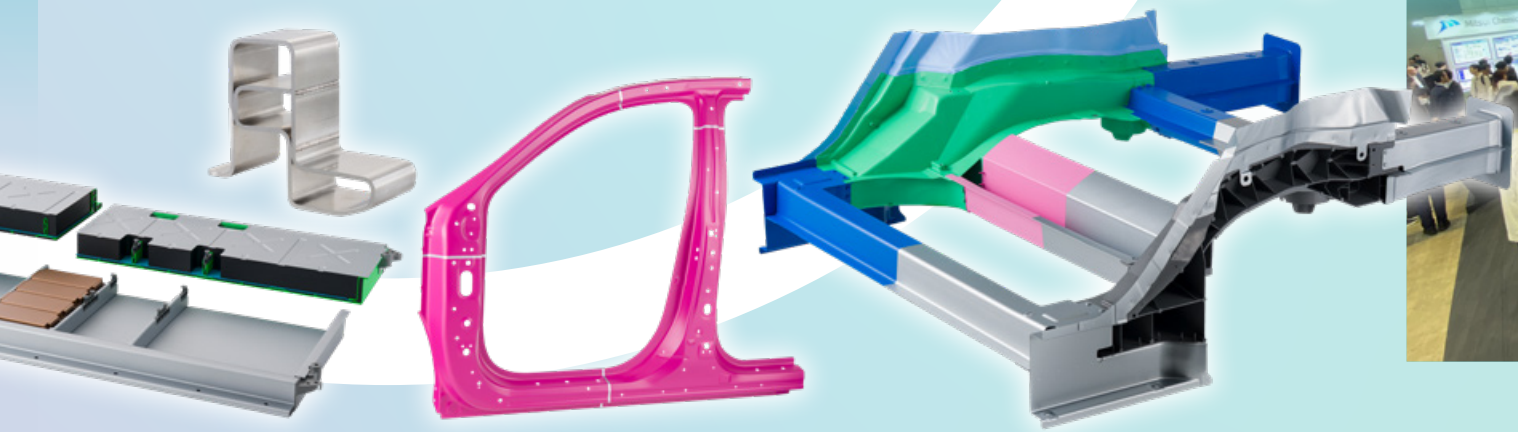
Business strategy 1

Automotive Engineering Exposition

We participated for the first time in the Automotive Engineering Exposition 2025, one of Japan's largest automotive technology expositions where the latest technologies from around the world are showcased. In this section, we highlight the exhibits showcasing G-TEKT's latest technologies, the events of the day, and the feedback from visitors.

We exhibited for three days each at the Yokohama exposition in May, and the Nagoya exposition in July, with nearly 6,000 people visiting the G-TEKT booth over a total of six days. We showcased large integrated products currently proposed to automotive manufacturers, cell cases for electric vehicles, battery housings already in mass production, and precision gear parts, and other products, highlighting the G-TEKT's latest technologies. Many of the exhibits are not prototypes just for display, but rather specifications for which production technology has been established on a demonstration line, ready for mass production. Consequently, we received high praise from visitors for providing practical solutions for improving production efficiency and reducing costs.
We have widely shared the achievements from our accumulated development capabilities, bringing us closer to the position of a system supplier ("Tier 0.5") as a development partner for automotive manufacturers.





Feedback from visitors to the G-TEKT booth

Rear Module, the large integrated product

- The large integrated products resulting from parts consolidation are expected to have a significant impact on improving cost and headcount efficiency.
- I am interested in large integrated products that can be produced using existing equipment.
- The multi-material rear module is a practical proposal that addresses the weaknesses of gigacasting.
- I think it is good to have options that match the needs of each customer.

Other general comments

- I am interested in initiatives related to EV parts, such as battery cases, in addition to auto body parts.
- I would like to tour the production site.

Although gigacasting has been gaining attention, we have garnered significant positive feedback and interest, centered around our large integrated concept that addresses the challenges of gigacasting while achieving parts consolidation. We will utilize the feedback we have received in future product development and continue to propose attractive products.

Business strategy 2

Creating new businesses

We will continue to expand our business of our mainstay automotive products, specifically in the vehicle domain. However, because there are inherent limits to the value added per unit, it is anticipated that the growth rate may slow down in the future. In order to continue being a company that steadily increases its sales, it is necessary for the company to keep growing and evolving.
Amid the extremely unpredictable global situation, now filled with numerous environmental and social issues, we believe that by confronting these various issues, we can grow both as a company and as people.

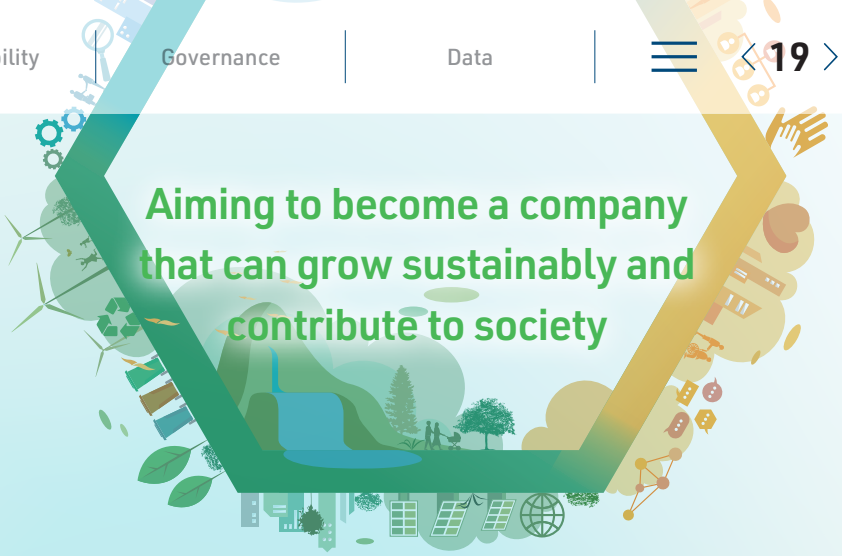
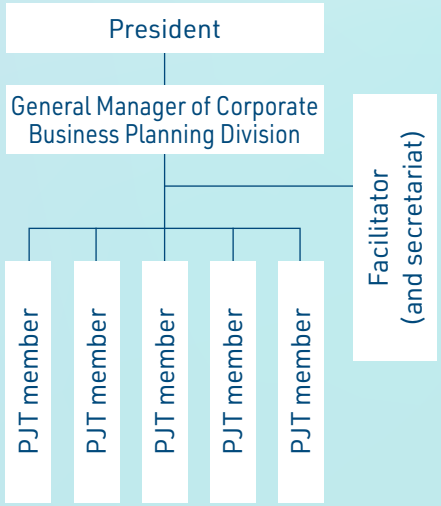


Image of new business areas

- Environmental business
- Environmental technology
- The next-generation mobility

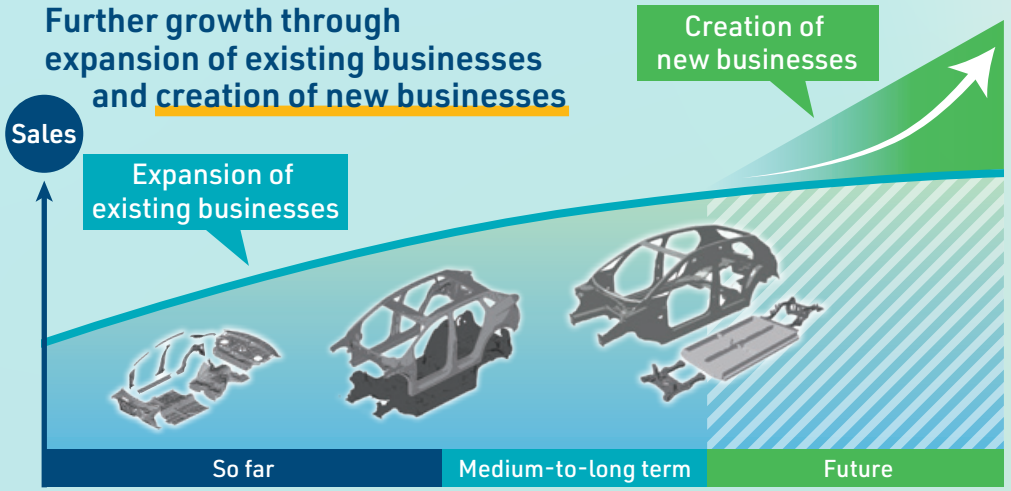
CO_2



Starting this fiscal year, we have begun initiatives aimed at creating new businesses. These new businesses will not only lead to growth for G-TEKT but will also address areas related to social issues, enabling contributions to a sustainable society by thoroughly examining the role G-TEKT can play.
As a promotional structure to advance commercialization, we have established a project team formed of selected young employees from each division. In this project, in addition to clearly outlining our 2040 Vision, we aim to create new value that G-TEKT has not previously had, leveraging the flexible thinking unique to young employees. At the same time, by having young employees take the lead in driving the project, we will also foster the future leaders of the next generation.
We will break out of our traditional role as a specialized automotive parts manufacturer and challenge ourselves in new areas. Please look forward to G-TEKT's future endeavors.

Role	Person /division in charge	Role
Owner	President	Ultimate decision-making, policy approval
Promotion manager	General Manager of Corporate Business Planning Division	Overall supervision, management of promotion
Members	Selection from young employees (10)	Opinion gathering, attending working group (WG)
Facilitator (and secretariat)	Selection from mid-level employees (2-3)	Coordination of schedule, preparation of materials, management of proceedings Support for making ideas concrete (commercialization)

Further growth through expansion of existing businesses and creation of new businesses



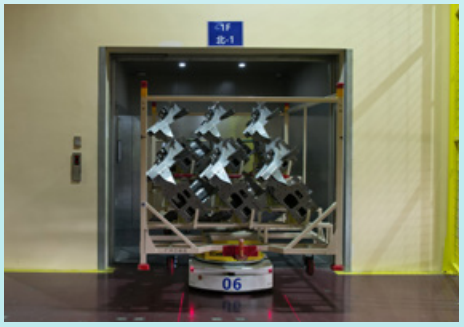
Business strategy 3

Transforming existing plants into smart factories

Two new base plants serving as templates

The Nansha Plant, which began mass production in February 2025, and the Chubu Plant, which began mass production in March 2025, are both new plants positioned as model plants for the G-TEKT's smart factory project. In addition to the thorough automation of on-site logistics, we have promoted digitalization with an eye on data integration with other locations. Now that operations have begun, we are gathering various data.
Information on the progress made and the challenges identified at both plants will be shared as needed with all domestic and overseas locations. This information will be used for the introduction of equipment and systems at existing plants where the project will be promoted, enabling the further acceleration of the project.
The next target will be our North American plants, where the difficulty in securing human resources due to labor shortages and the rising labor costs has become increasingly severe in recent years, putting pressure on our profits. Given this background, we have determined that the return on investment for this project is high and decided to prioritize advancing the project at existing plants. We will achieve a sustainable and highly profitable production plant by delegating areas that can be replaced by robots and automated transport systems to those technologies, while people focus solely on high-value tasks that only humans can perform.

Nansha Plant



Chubu Plant

Automated welding line — Connect — **Automated transportation system** — Connect — **Automated warehouse**

The entire process, from the input of parts to their discharge, is fully automated. Production with high efficiency and stable quality has been achieved.

AGFs and AGVs, which move freely throughout the plant, transport intermediate goods and products safely and efficiently to each production line, automated warehouse, and shipment area. At the Nansha Plant, AGFs independently move between floors using elevators.

The automated warehouse stores not only finished products but also intermediate goods. It works in connection with the automated transport systems such as AGVs, automatically handling the loading and unloading.

Business strategy 3

Transforming existing plants into smart factories

In the past, manufacturing sites were bustling with people supporting production activities. However, in G-TEKT's future plants, we will minimize human labor as much as possible, with equipment and machinery taking over these tasks to achieve improved productivity and stabilized quality. This enables us to maintain stable production capacity that is not affected by social conditions such as declining birthrate and aging population and soaring labor costs.
We aim to create a plant where AI directs and manages the optimal production activity by gradually integrating data such as orders and costs.

AI-based control and optimization
Data analysis and utilization
Data collection and storage

1 High quality
2 Stable production (supply)
3 Cost competitiveness/ Improvement of profitability

Promotion process

2025
2030

Level 0 Building a data collection environment

Level 1 Data collection and storage

Level 2 Data analysis and forecasting

Level 3 AI-based control and optimization

This project, which officially started in 2025, will be rolled out globally across production plants, beginning with the two newly built plants, the Chubu Plant (Kaizu City, Gifu Prefecture) and the Nansha Plant (Guangdong, China). The next target is our North American plants, where we expect a high return on investment, and we are planning significant capital investments.
We will achieve AI-driven control and optimization of production activities by 2030, starting with building the environment for data collection at each plant, followed by data storage and analysis. After that, by consolidating all data from our locations around the world, we will establish a production system that can flexibly respond to various environmental changes, and we aim to achieve sustainable and profitable growth for the entire G-TEKT Group.

Our past achievements

Completed model plants that serve as templates for the transition to smart factories

Automated logistics | Digitalization | Energy generation/CO_2 reductions

For details see previous page

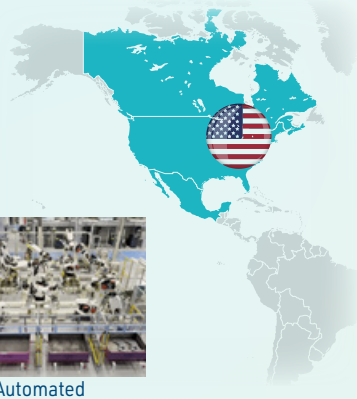
Nansha Plant (Guangdong, China)
Began mass production in February 2025

Chubu Plant (Gifu Prefecture)
Began mass production in March 2025

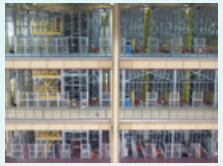
Next step

Expand structural reforms to existing plants and evolve them into highly profitable plants

Plan large-scale investments with the goal of enhancing profitability of our North American plants



Automated transportation (AGF/AGV)



Automated warehouse

Automated manufacturing processes

Competitive Strength to Accelerate the Business Strategy

Until now, G-TEKT has maintained sustainable growth by reinforcing its strengths in the four areas of development, technology, global capabilities, and finance. To this, we have added a fifth element, which is the "driving force" represented by human capital that we believe to be essential in powering the business forward. It is by leveraging these five areas of strength that we will accelerate our evolution towards our envisaged role of vehicle system supplier (Tier 0.5).

Global capabilities

Presence in 12 countries

Diversity

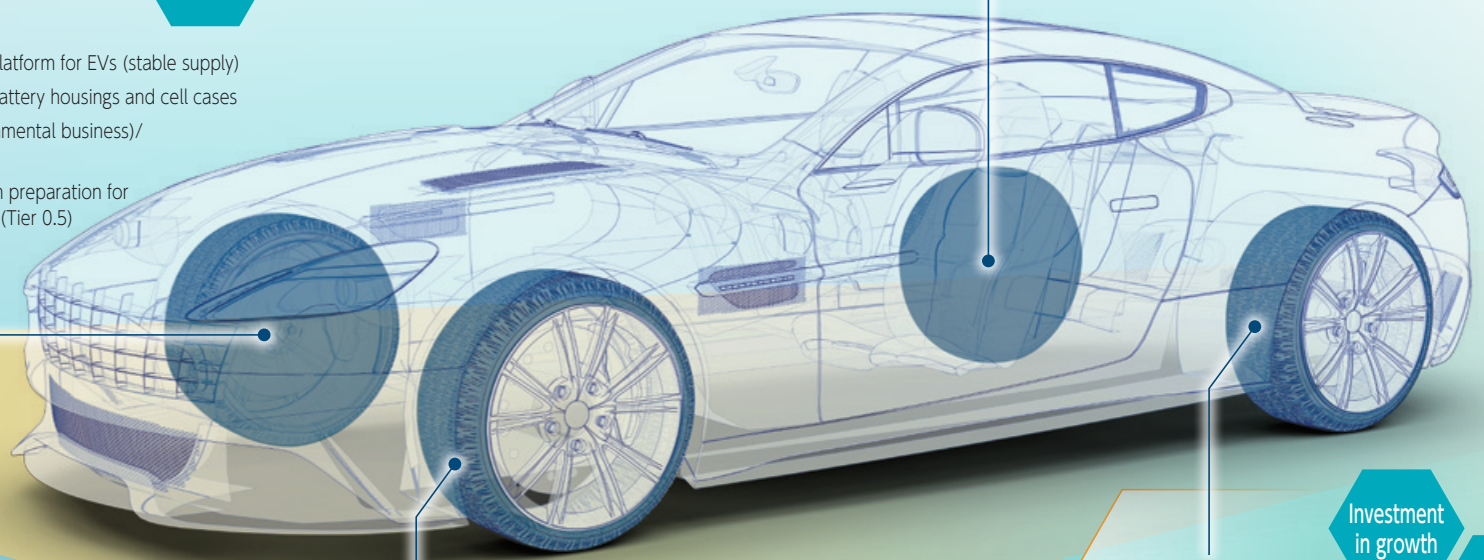
1. Concentrate investments in growth markets/expansion of S&E functions in developed markets
2. Expand sales in all global locations (strengthen sales elsewhere)
3. Reduce energy consumption
4. Promote use of renewable energy (switch to own-use power generation/power storage/use of green electricity)

Development capabilities

Whole-vehicle body proposal

Products for EVs

1. Proposal/sale/mass production of platform for EVs (stable supply)
2. Proposal/sale/mass production of battery housings and cell cases
3. Creation of new businesses (environmental business)/ development of unique technology
4. Strengthen development structure in preparation for becoming a vehicle system supplier (Tier 0.5)



Driving force

Human resources

1. Improve employee engagement (identification)
2. Create attractive workplaces (including the introduction of new personnel systems)
3. Upskill departments (become departments/functions appropriate to Tier 0.5)

Technological capabilities

High efficiency (automation)

High quality

1. Enhance productivity/reliability and reduce costs (strengthen promotion of labor saving/unmanned operation)
2. Strengthen proposals for next-generation body structure (accelerate alliances)
3. Make progress in DX and utilize digital technology (promote smart factories/ office DX)

Financial strength

Investment in growth

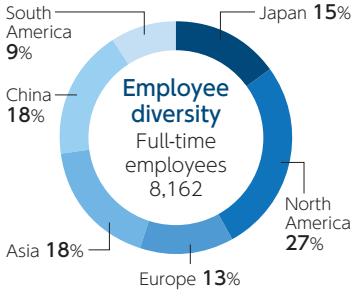
Shareholder returns

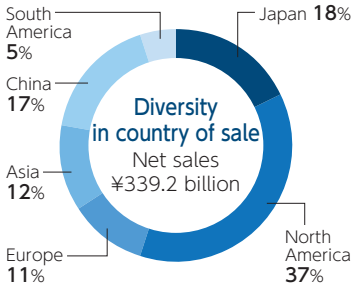
1. Secure funds required for evolution into system supplier, investments to achieve smart factories
2. Strengthen financial standing/enhance corporate PR (raise share price)

Global Capabilities

G-TEKT's global presence currently spans 12 countries, consisting of 28 factories, 3 S&E sites, 1 R&D hub, and 1 lab.
In 2025, we began operations at the Nansha Plant in China, which is factory 29, and the Chubu Plant in Japan, which is factory 30.
With the trend toward electrification expected to accelerate further, our global presence will play an increasingly important role going forward.
By further strengthening local sites and deepening collaboration between locations, we will construct a system that ensures that G-TEKT is not left behind by the speed of changes in its environment.

	FY2011	FY2024
Overseas net sales	¥97.3 billion	¥278.3 billion
Overseas net sales ratio	72%	82%
Net sales to non-Japanese automobile manufacturers	¥0.0 billion	¥29.1 billion





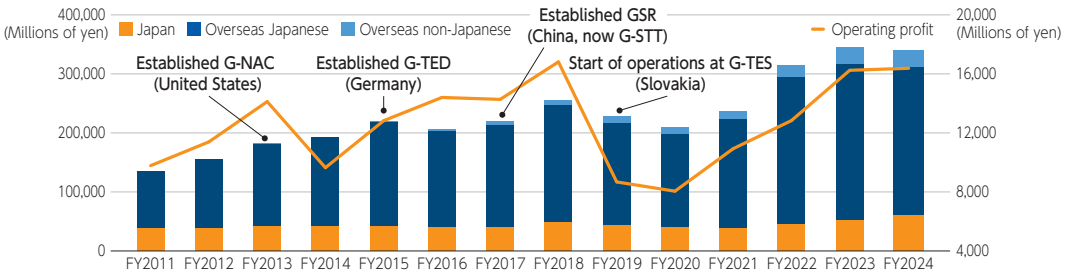
Production sites

G-TEKT's predecessors, TAKAO KINZOKU KOGYO and KIKUCHI, first expanded overseas in the 1980s, in step with the overseas expansion of automotive manufacturers.
Both companies engaged in joint ventures and, through these experiences, accumulated know-how in the management of overseas operations. Subsequently, they established multiple factories in areas surrounding the finished vehicle plants of automotive manufacturers, leading to an expansion in orders received.
In 2019, G-TES (Slovakia) commenced operations as G-TEKT's first production site on the European continent. By establishing systems that enable the Company to maintain high levels of QCD, for which suppliers are expected to take responsibility, we will continue to steadily secure orders.

R&D network

At G-TEKT, our R&D activities are centered on the G-TEKT Tokyo Lab (GTL), where we conduct research focused on vehicles 10 to 20 years into the future, with the aim of supporting future growth in orders. In addition to GTL, the C&C Tochigi R&D site works closely with customers through product development and technical proposals.
We have also established Sales & Engineering (S&E) sites with sales support functions in the United States, Germany, and China.
The establishment of these S&E sites enables us to respond swiftly to requests from local customers, helping to build trust with a wide range of customers, including non-Japanese automotive manufacturers, and supporting steady order growth. Furthermore, by researching local market trends and the direction of engineering development and sharing this information across locations, we provide feedback to advanced technology development at GTL. Going forward, we will further deepen collaboration with customers in all regions, including those where we promote sustainability initiatives—such as the adoption of green materials—tailored to local market conditions.

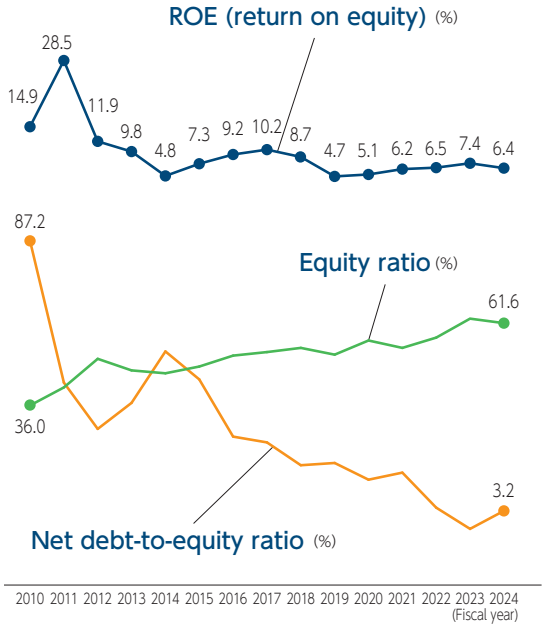
Overseas sales

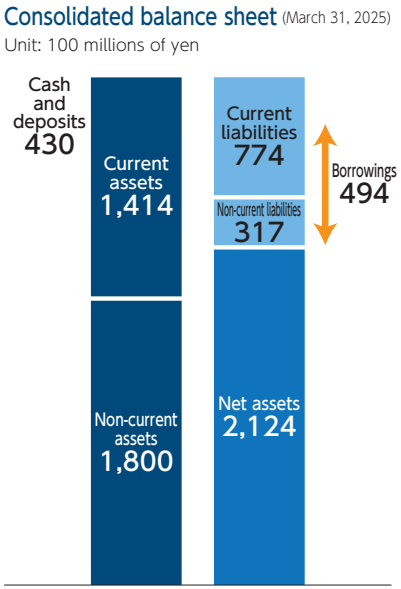


Financial Strategy

Financial policy

G-TEKT aims to maintain a strong financial position while improving return on equity (ROE) by sustainably expanding both sales and profitability.
To support this objective, the Company maintains an equity ratio of at least 50% and has set a target ROE of 10% or higher as a key measure of capital efficiency.
Amid the transformational shift toward electrification, G-TEKT also aims to evolve into a vehicle body system supplier (Tier 0.5), thereby enhancing its long-term competitiveness.
As evidence of our financial soundness, we maintained an R&I credit rating of A− in FY2025.
In addition to strengthening our financial base, we seek to deliver shareholder returns that meet investor expectations.
From a medium- to long-term perspective, we will maximize investment efficiency and optimize the allocation of management resources by utilizing KPIs such as ROIC, with the objective of maximizing corporate value.

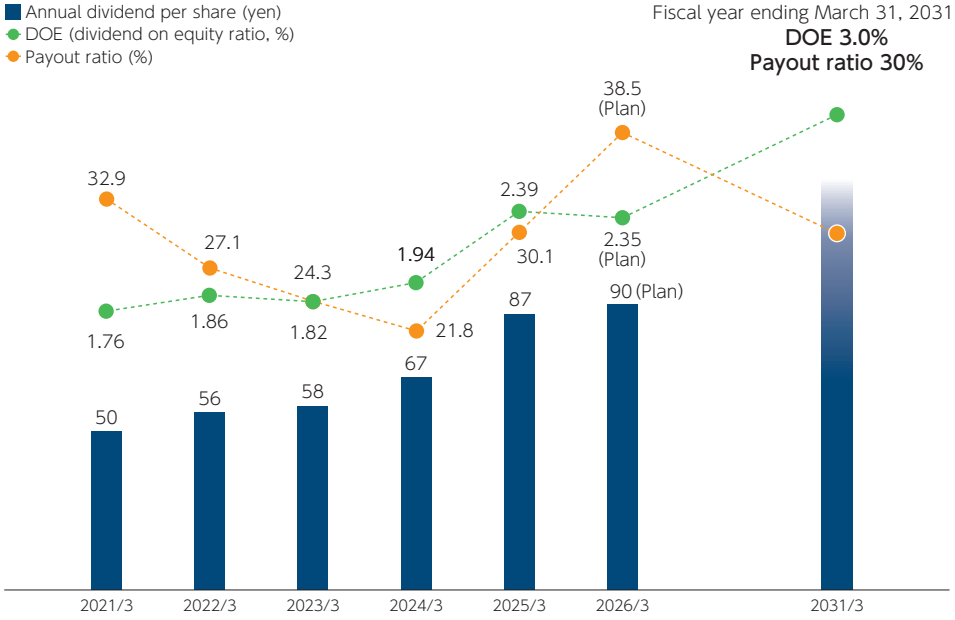




* The above figures have been rounded to the nearest 100 million yen.

Shareholder return policy

Our basic policy is to maintain a level of shareholders' equity that growth investment and appropriate risk-taking, while providing stable and continuous returns to shareholders, with the aim of achieving sustainable growth and enhancing corporate value over the medium to long term.
For the fiscal year ending March 31, 2026, we plan to pay a dividend of ¥90 per share, marking the 16th consecutive fiscal year of dividend increases.
As part of our framework for shareholder returns, we introduced dividend on equity (DOE) in June 2023, and added the dividend payout ratio as an evaluation metric in June 2024.
Looking ahead, we aim to achieve a DOE of 3.0% by the fiscal year ending March 31, 2031, and to maintain a payout ratio of at least 30% over the intervening period.
Where management determines that investment in new growth areas will contribute to shareholder value, we will proactively allocate capital to such investments.



While maintaining an appropriate level of shareholders' equity to support growth investment and risk-taking, we aim to deliver continuous dividend growth, with a target DOE of at least 3.0% and a payout ratio of at least 30%.

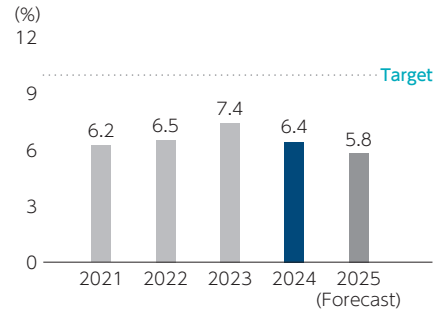
Financial Strategy

Cost of capital and profitability

Generating profitability that exceeds the cost of capital is essential to enhancing corporate value.
Accordingly, G-TEKT has focused on improving investment efficiency, with ROE and ROIC serving as key management indicators.
Both sales and profits increased due to higher production volumes at our customers, driven by the recovery from the semiconductor shortage and other factors, resulting in an improvement in our key performance indicators.
As we move toward achieving the objectives of our medium-term plan for the fiscal year ending March 31, 2031, we will leverage higher sales volumes, promote investment in smart factories, and increase unit revenue per vehicle through expansion into new products. Through these initiatives, we aim to increase net sales, secure profitability, and improve performance across all indicators.

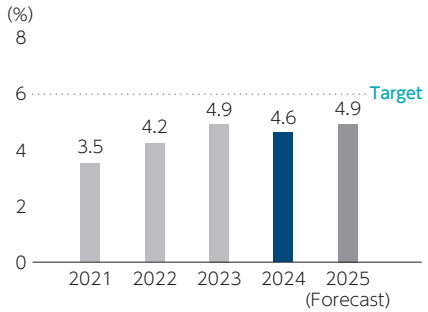
ROE (return on equity)

target►10%



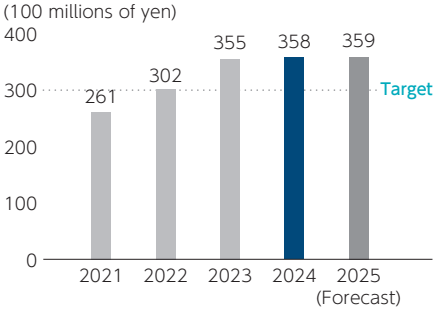
ROIC (return on invested capital)

target►6%



EBITDA (earnings before interest, taxes, depreciation, and amortization)

target►¥30.0 billion



R&D expenses and capital expenditures

In order to evolve into a system supplier and respond to the era of electrification, we are actively investing in R&D initiatives.
As part of these efforts, we have constructed a demonstration line, through which we are pursuing order opportunities aimed at expanding our business beyond existing auto body components.
Looking ahead, we will continue to invest in the business with the objective of securing new business opportunities, including components that enable responses to electrification.

Dialogue with investors

To ensure the appropriate evaluation of management initiatives, including those related to finance, we are working on active and transparent communication with shareholders and investors.
In addition to generating an upward trend in the number of individual (one-on-one) meetings with institutional investors, we are focusing on implementing briefings for individual investors and on the creation of other opportunities to communicate G-TEKT's circumstances and the business strategy that is our medium- to long-term growth story.
IR activities to further deepen understanding of the strategy aspect are led primarily by the Corporate Business Planning Division, which reports directly to the President, with additional participation in dialogue by the finance division.

Related: Dialogue with shareholders and investors (P.55)

Initiatives to enhance liquidity of shares

To make effective use of capital and improve capital efficiency, G-TEKT seeks to enhance share liquidity and support share price growth as part of its capital policy.
To this end, the Company reviews the necessity of cross-shareholdings and, in principle, reduces such holdings, reallocating the resulting capital to growth investments.

Driving Force

Improving employee engagement (identification)

We place great importance on improving employee engagement by promoting initiatives that support individual empowerment. We assess the workplace environment quantitatively through employee surveys and other evaluation tools, and based on the results, provide education and training for managers. At the same time, we work directly with individual employees to foster positive changes in workplace culture. Through these initiatives, we aim to enhance employee motivation and willingness to contribute to the organization, and to build a relationship in which both employees and the Company can grow together.

Creating attractive workplace environments (including the introduction of new personnel systems)

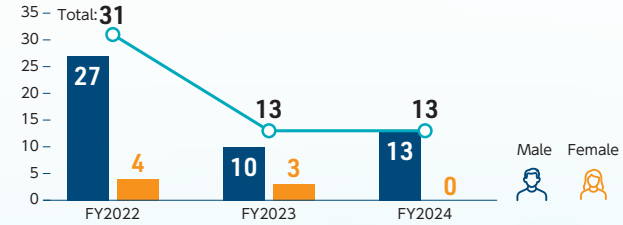
We are committed to creating attractive workplace environments in which employees can work with a sense of security over the long term. The average length of service is 16.5 years, and we have maintained a high retention rate of 92% among employees hired within the past three years. We also support flexible work styles through initiatives such as flextime and remote work. As a result, the average number of paid leave days taken is 14.9, and the return-to-work rate following maternity and childcare leave stands at 100%. By respecting diverse work styles that emphasize work-life balance, we aim to foster an open corporate culture that enables the sustainable growth of both the Company and its employees.

Upskilling Departments (to Develop Capabilities Appropriate for Tier 0.5)

To steadily progress toward Tier 0.5 capabilities, we believe it is essential to enhance the skills and mindset of individual employees. Accordingly, we place a strong emphasis on developing next-generation management talent and fostering leadership. We provide cross-divisional opportunities that enable employees to envision their career paths and acquire the knowledge and skills required for future growth. In addition, we focus on the development of digital skills—including DX and the use of AI—which will become increasingly important going forward, and provide education and training aimed at strengthening departmental capabilities

Related: Human Capital Management (P.39)

Number of New Graduate Hires by Gender



Average age

40.5 years old

Average Length of Service

16.5 years

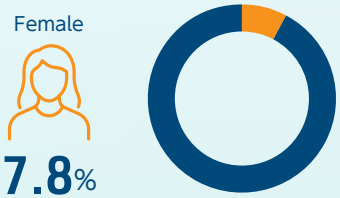
Retention Rate over the Past Three Years

79% Joined in 2021

84% Joined in 2022

92% Joined in 2023

Gender Ratio



Ratio of Female Managers

4.9% (Level of Chief or higher)

Average Overtime Hours

21.7 hours

Average Paid Leave Days Taken

14.9 days

Return-to-Work Rate after Maternity and Childcare Leave

100%

G-TEKT's Management Capital

The six forms of capital that underpin our business activities are strengthened through G-TEKT's corporate activities and contribute to the creation of corporate value. The value generated through these activities is reinvested as capital and further reinforced, leading to a continuous cycle of value creation. These six forms of capital are defined as follows.

	Indicators	Importance	Strengths and Differentiation	Key Points for Capital Strengthening	Medium- to Long-Term Targets and Strategy
Financial capital	・Shareholders' equity: ¥157.8 billion ・Interest-bearing debt: ¥49.4 billion ・Total assets: ¥212.4 billion ・Equity: ¥198.0 billion ・Profit: ¥12.4 billion	Maintaining a strong financial position is a critical form of capital that enables G-TEKT to enhance corporate value, prepare for significant changes and risks in the business environment, and boldly invest in growth while continuing to deliver shareholder returns.	• An equity ratio that supports appropriate risk-taking • R&I credit rating: A- • Dividend increases for 16 consecutive fiscal years	・Strengthening cash generation to support growth investment and shareholder returns	・Net sales: ¥400.0 billion by FY2030 ・Operating profit: ¥28.0 billion by FY2030 ・ROE: 10.0% by FY2030
Human capital	・Number of employees: 8,162 ・Ratio of women in executive positions: 4.9% (in Japan) ・Training cost per person: ¥40,000 (in Japan)	Employees with diverse skills perform a variety of tasks every day to enhance corporate value. We also emphasize human resource development by providing support for the acquisition of qualifications and language learning. Because our value is formed by our employees, human capital, which is the experience, knowledge, and motivation of each individual, is an important form of capital.	• Enhancing flexible systems by providing employees with a wide range of opportunities to play active roles and work more effectively • Ensuring thorough communication so that each employee is fully informed and able to utilize available systems • Supporting employee career development	・Measures to enable diverse talent to thrive	・An inclusive workplace where all employees can thrive regardless of gender ・Ratio of women in management positions: 1.5 times by 2028 (compared to FY2022) ・Recruitment of talent with diverse backgrounds, experience, and expertise
Manufacturing capital	・Global production and sales systems ・Capital investment amount: ¥34.4 billion	We conduct our business activities by leveraging the manufacturing facilities we own. Since our founding, manufacturing capital—represented by technological capabilities built through the close integration of production sites and production engineering—has been a vital form of capital for G-TEKT. In recent years, we have also introduced advanced technologies, such as image analysis, to enable labor-saving and unmanned production lines.	• 28 factories, 3 Sales & Engineering (S&E) sites, 1 R&D hub, and 1 laboratory across 12 countries • Gathering insights on the latest local trends through research sites • Dedicated maintenance teams to maintain and preserve production equipment • Construction of production lines through the co-creation of technologies between production sites and production engineering • Transfer of manufacturing know-how across locations	・Production capacity expansion in line with demand ・Two new plants in Chubu and Nansha ・Capacity expansion in Gunma and the United Kingdom	・Implementation of smart factories ・Labor-saving and unmanned production processes through the use of imaging technology ・Automation of quality assurance and traceability management using camera and laser scanner inspections ・Establishment of advanced joining technologies to support material innovation for EVs ・Environmentally efficient production operations ・Risk management practices leveraging the Group network
Intellectual capital	・Number of patents held: 76 ・Research and development employees: 45 ・R&D expenses: ¥3.4 billion	G-TEKT possesses a wide range of technological capabilities, including aluminum forming that contributes to environmental performance and vehicle lightweighting, as well as hot stamping and high-tensile steel forming technologies that support vehicle body safety performance. We also continue to pursue the development of new technologies and improvements in production processes. This intellectual capital forms an important foundation that supports G-TEKT's business activities and long-term competitiveness.	• Establishment of a dedicated intellectual property department to create intellectual property and conduct patent clearance searches under a global framework • Intellectual property activities that leverage the IP landscape and are integrated into upstream business planning and R&D processes • Technological capabilities to commercialize technologies through mass production and to protect intellectual property at each stage of the commercialization process • Advanced technological capabilities for vehicle body structural analysis and proposal capabilities comparable to those of automobile manufacturers, cultivated through years of research and development	・Strategic patent filings addressing trends such as large-scale integration ・Development of management methods and business models through business transformation (DX), and their protection through trade secrets and patents	・Further leveraging of the IP landscape ・Creation and protection of intellectual property through backcasting from the desired future state ・Commercialization of products and structures that meet customer needs for next-generation vehicle bodies ・Establishment and monetization of new management methods and business models
Natural capital	・Water consumption: 366,000 m^3 ・Renewable energy usage ratio: 36%	Natural capital is essential to G-TEKT's business activities. We recognize the importance of preserving the planet's rich natural environment, and conduct our global operations in compliance with applicable laws and regulations to prevent environmental pollution.	• Implementation of environmental management • Global implementation of solar power generation • Introduction of renewable energy and promotion of sustainable corporate activities • Global environmental management by a dedicated department • Implementation of biodiversity conservation volunteer activities	・Reduction in energy consumption ・On-site energy generation through solar power ・Use of environmentally friendly materials	・CO_2 emissions (Scopes 1 and 2): 50% reduction by FY2030 100% reduction by FY2040 ・CO_2 emissions (Scopes 1, 2, and 3): Achieve carbon neutrality by FY2050
Social capital	・Suppliers with whom we collaborate ・Business partners ・Various stakeholders	Social capital, which is the relationship of trust with all stakeholders, including business partners, suppliers, employees, local residents, and investors, is an important form of capital in our value creation.	• Receipt of various awards from global customers for excellence in quality, cost, delivery, and sustainability • Implementation of social contribution activities in each region • Opportunities for dialogue with shareholders through factory tours and other engagement initiatives • DOE target for FY2030: 3.0%; dividend payout ratio target: 30%	・Co-creation of value through collaboration with customers and material manufacturers	・Maintain sound relationships with a wide range of stakeholders and pursue sustainable growth together with society as a good corporate citizen.

Business Risks

We recognize that the following risks may affect the financial position and operating results of the Group and may have a significant impact on investment decisions. Based on risk maps for each location and region, we are implementing appropriate risk mitigation measures.

Likelihood
High: The likelihood of occurrence is assessed as high.
Medium: The likelihood of occurrence is assessed as medium.
Low: The likelihood of occurrence is assessed as low.

Impact
Significant: Significant impact is expected
Moderate: Moderate impact is expected
Minor: Minor impact is expected

	Impact on the Group	Likelihood	Impact	Mitigation Measures
Changes in the Market Environment	Economic downturns and changes in tax systems may weaken consumer demand, resulting in lower automobile sales.	High	Significant	・Establish a system to closely monitor market trends in the countries where the Company operates, enabling swift and appropriate decision-making on capital investments, workforce allocation, and expense management.
Response to Climate Change and Environmental Regulations	Insufficient responses to environmental regulations in various countries and to stakeholders' demands for decarbonization may lead to reputational damage and result in lost business opportunities.	Medium	Moderate	・Reduce greenhouse gas emissions during production by implementing energy-saving initiatives and using electricity derived from renewable energy, with the aim of achieving carbon neutrality by FY2050. ・Switch to steel sheets manufactured using methods with lower environmental impact, and develop aluminum products with high recyclability, together with the establishment of related production technologies.
Shift to EVs	Delays in R&D and factory reforms related to the shift toward EVs may result in lost orders and business opportunities.	High	Significant	・Promote factory automation to realize smart factories with higher productivity and reliability, positioning the establishment of EV-related business as a core pillar of the new management strategy. ・Leverage whole-vehicle body analysis and production technologies to form new external alliances and aim to become a vehicle body system supplier (Tier 0.5) capable of handling integrated orders from development onward.
Technology Development Based on Market Needs	Failure to accurately anticipate changes in market needs, delays in introducing attractive new products, or slower-than-expected demand growth may reduce future growth and profitability.	High	Significant	・Strengthen research and development capabilities by consolidating information from sales and engineering sites in North America, Europe, and China at G-TEKT Tokyo Lab—the Group's core hub for R&D and intellectual property management —and by collaborating with European engineering service providers (ESPs) to advance the development of new technologies.
Proliferation of New Materials and Manufacturing Methods	Competition from new materials and manufacturing methods relevant to the Company's business may result in losses.	Medium	Moderate	・Promote the research and development of aluminum and other new materials, and establish mass-production press-processing technologies at European manufacturing sites. ・Advance the research and development of new manufacturing methods through collaboration and joint development with other companies.
Intellectual Property Rights	Opportunity losses in the event of inferiority in obtaining rights for technologies under research and development	Low	Moderate	・Establish a dedicated intellectual property management department to investigate, acquire, and manage intellectual property rights in alignment with the Group's intellectual property strategy.
Attracting Talent	Economic fluctuations, demographic changes such as a declining birth rate, and shortcomings in human resource systems may lead to difficulties in recruiting and retaining talent, resulting in labor shortages that could hinder overall business operations.	High	Moderate	・Promote employee retention by enhancing employee benefits and working conditions through the review and expansion of human resource systems, and by reducing employee workload through the automation of on-site operations. ・Identify and visualize workplace challenges through the implementation of workplace assessments, and develop initiatives to create a more comfortable and productive working environment.
Risk Management System	Inadequate responses to risks that materialize in the countries and regions where the Group operates may result in losses.	Medium	Moderate	・Promote risk mitigation measures across Group companies based on country-specific risk maps, while conducting regular monitoring by the head office in Japan.
Dependence on Specific Customers	Changes in production and sales trends, business strategies, or purchasing policies at major customers in Japan and overseas may require revisions to the Company's business operations.	High	Significant	・Leverage long-standing, close relationships with major customers to share outlooks for production and sales, as well as future directions in business strategies and purchasing policies, and use this information to inform investment and business strategy decisions across the Group. ・Reduce dependency on specific customers by implementing sales strategies that promote customer diversification and transaction expansion through price-competitive development proposals.
Quality	Quality issues may result in additional costs for corrective measures and cause reputational damage.	Low	Significant	・Strengthen quality governance across the Group. ・Implement predictive and preventive quality management by visualizing and monitoring quality information globally through the use of camera-based inspection, image analysis technologies, and digital transformation initiatives.
Supply Chain	Pandemics, natural disasters, or other events may disrupt suppliers' operations, making it difficult to procure key components and purchased goods and potentially leading to suspension of the Company's operations.	Low	Significant	・Identify and assess the risk of operational disruptions at major suppliers based on hazard maps, and secure alternative procurement sources to ensure supply chain continuity. ・Mitigate production disruption risks by shortening mold manufacturing lead times, dispersing production processes, and establishing a framework for rapid recovery.
Foreign Exchange	Significant exchange rate fluctuations may cause foreign currency translation differences and result in foreign exchange losses.	Medium	Moderate	・Mitigate the impact of exchange rate fluctuations related to exports of products and components through the use of forward exchange contracts and other hedging measures.
Tax	Changes in tax systems in various countries, transfer pricing regulations, or tax compliance issues may result in unexpected increases in tax burdens or litigation.	Low	Significant	・Strengthen tax governance across the Group based on the Group's established tax policy. ・Build and maintain constructive relationships with tax authorities, and establish an internal Group-wide framework for coordinated response and issue resolution in the event of tax-related issues.
Compliance	Violations of laws and regulations may result in litigation or enforcement actions by regulatory authorities.	Low	Significant	・Establish a robust compliance framework under the leadership of the Compliance Sub-Committee by formulating and communicating Group-wide policies on the prevention of unfair competition and corruption, conducting self-assessments and training, and reviewing proposals aimed at improving corporate ethics.
Cybersecurity	Increasingly sophisticated cyber attacks may result in security breaches, disrupting critical operations and causing leakage of confidential information.	Medium	Significant	・Strengthen cybersecurity controls by reviewing and updating cybersecurity policies, conducting inventories of on-site equipment, and implementing Endpoint Detection and Response (EDR) systems across Group companies.
Outbreaks of Infectious Diseases	The outbreak and global spread of a new infectious disease may result in government-imposed restrictions that hinder business operations.	Low	Significant	・Establish a framework under which the head office in Japan secures sufficient cash liquidity across the Group to cover fixed costs such as labor expenses. ・Reduce infection risks by automating production processes, revising factory and office layouts, promoting remote work, and utilizing online tools for communication and coordination with business partners.
Natural Disasters	Natural disasters such as major earthquakes, floods, tsunamis, or tornadoes may disrupt the procurement of raw materials and parts, as well as production and sales.	Medium	Moderate	・Establish an emergency response framework under the leadership of the Risk Management Subcommittee, with employee safety as the highest priority, by assessing potential impacts of natural disasters at each site, preparing initial response arrangements, and developing recovery plans.
Geopolitical Risks	Geopolitical risks such as political instability, tensions between countries, war, conflict, or terrorism may restrict or disrupt business activities.	Low	Significant	・Enhance management of geopolitical risks by sharing country-specific geopolitical risk information across the Group and promoting greater autonomy in procurement and other operations at the regional level.