

G-TEKT REPORT 2023



We are shaping the future, paving the way to tomorrow
for people, automobiles, and the environment
by continually innovating and offering new products worldwide.

Shape the Future

■ Our Credo



■ 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.

Purpose of Publication

G-TEKT has published an integrated report since 2019 to report both financial information and non-financial information to stakeholders. Universal initiatives as a company and more detailed information not mentioned in this report can be obtained from the Company's website.

Reference Guidelines

- ISO 26000
- GRI (Global Reporting Initiative) "Sustainability Reporting Guideline Standards"
- United Nations Global Compact
- Ministry of the Environment "Environmental Reporting Guidelines (2018)"
- Ministry of Economy, Trade and Industry "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation"
- IIRC "International Integrated Reporting Framework"



Period Covered

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023). Some past initiatives and recent activities are also mentioned.

Scope

The entire G-TEKT Group including overseas.

Disclosure Date

December 2023

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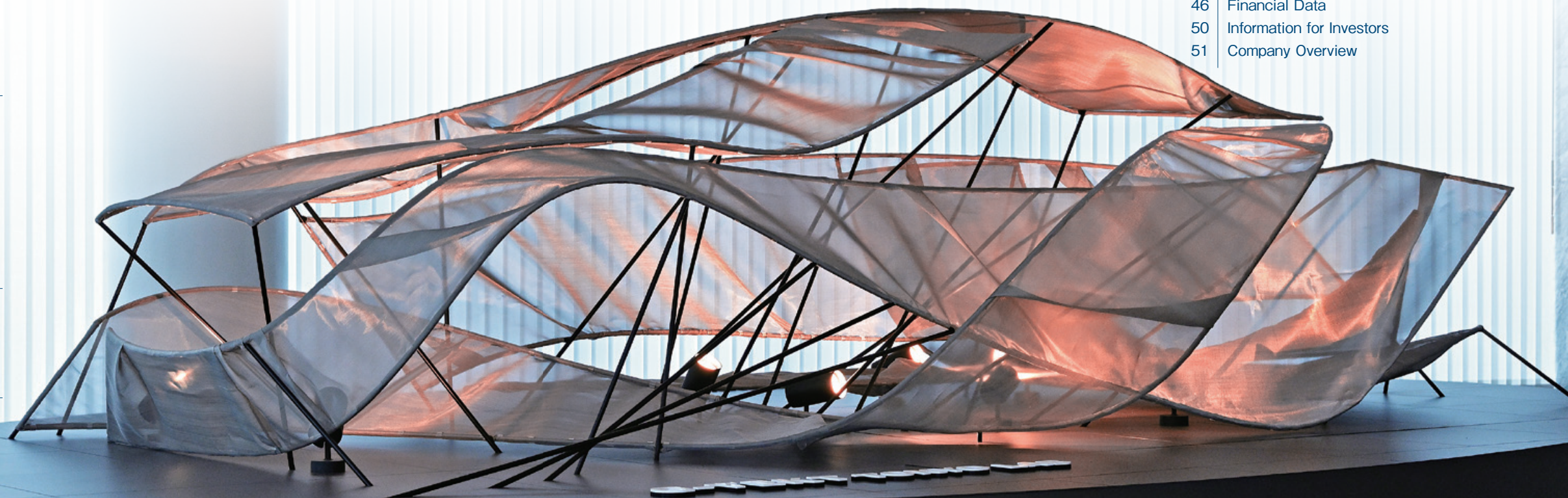
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Top Message

In order to survive this period of major transformation and continue growing, we will evolve into an even more valuable supplier and take on the challenge of pioneering the next-generation automobile market.

By treating transformation as a growth opportunity we are taking on the challenge of improving corporate value and raising the stock price

G-TEKT is recognized by automotive OEMs around the world as an auto body components supplier that proposes lightweight, highly rigid frames and transmission parts. The automobile industry is in the middle of what is being considered a once-in-a-century period of major transformation. With the evolution of electric vehicles leading to the disappearance of gasoline engines and their substitution by electric motors, approaches to making automobiles are changing from the ground up, centered on the drivetrain. Going forward, I believe that customers will take an increasingly selective approach to suppliers as a result of modularization, such as the practical application of integral molding technology to allow a vehicle body with multiple constituent parts to be formed as one piece. In other words, we are transitioning to an era in which the value of suppliers is being questioned.

Under such conditions, the Company is seeking to leverage the relationships of trust that we have built with automotive OEMs to survive in the next-generation automobile market, evolving into a vehicle body system supplier ("tier 0.5") that is capable of performing everything from development of a new vehicle to accepting orders for it. Because the environment is becoming more volatile by the day, management must be even swifter and more flexible in its decisions if it wishes to win market share.

For the Company to overcome these changes in its environment and achieve sustainable growth, it must not only expand the business but also make a contribution to the global environment, society, and stakeholders. We are promoting sustainable management based on the G-TEKT vision, which is to "shape a better future for people, automobiles, and the environment through the fusion of passion and innovation." As we approach structural changes in the automobile industry and constant technological innovation as opportunities for our own growth and pursue the creation of unique value, we will further deepen our connections with stakeholders, including shareholders and investors. As well as reporting operating results and indicators in timely fashion, we will consistently communicate our market strategy (including the expansion of the EV business), our initiatives aimed at the manufacturing of the future, and our progress in ESG management, and strive to deepen understanding of G-TEKT's value. I also hope to gain recognition for the view that our corporate value is an asset to you all, by working on appropriate capital policies, implementing dividend measures, and promoting a higher stock price.

President, Chief Executive Officer

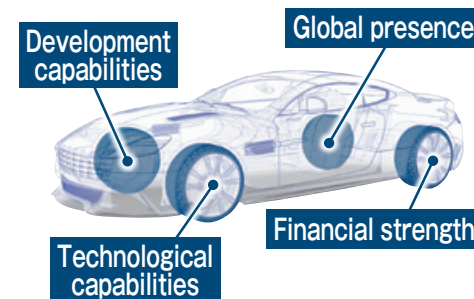
Naohiro Takao

*Message
from the President*

Message from the President

G-TEKT's four strengths

What supports the sustainable growth of G-TEKT are our four strengths, discussed below and shown in the illustration of the automobile (refer to the figure to the right). G-TEKT's four main strengths are development capabilities, technological capabilities, financial strength, and global presence. First of all, development capabilities and technological capabilities are without doubt the lifeline of manufacturing industry. Without having outstanding technological capabilities on hand, a company is unlikely to be able to survive challenging times and win through to the period that follows. Generating these outstanding technological capabilities requires forging ahead with growth investments for the future and making proactive use of development capabilities, for which ample financial strength is required. In order to continue manufacturing and selling high-quality products that meet the expectations of customers around the world, a global presence is indispensable. If even one of these four "wheels" (elements of competitiveness) is missing, a company will not be able to power its way forward. One of the reasons for the strength of the Company is that it has a well-balanced combination of each of these elements, and each is maintained at a high level.



Orders for EV-related parts are increasing

Although the automobile industry experienced fluctuations in production volume during the period under review due to constraints on semiconductor supply and other factors, the trend was one of gradual recovery, albeit with some differences between automotive OEMs. To address this external environment, the Company strengthened its ability to respond to production fluctuations through extensive on-site management, and engaged proactively in automating and rationalizing its production lines. It also continued its efforts to reflect cost increases in electricity, logistics, and other areas in the selling prices of its products.

The EV-related business saw the start of mass production of EV body parts bound for Tesla Inc. and an increase in orders for EV-related parts. A demonstration line for production technology has started operation in the motor core business and is moving into the mass-production/commercialization phase.

As result of these business activities, consolidated net sales for the fiscal year ended March 31, 2023, reached a record high of ¥314.3 billion (year-on-year increase of 32.9%) due to growth in other companies' sales, material unit price revisions and the impact of foreign exchange rates. Ordinary profit was ¥14.3 billion (year-on-year increase of 14.0%), and profit attributable to owners of parent was ¥10.3 billion (year-on-year increase of 15.7%).

The fiscal year ending March 31, 2024 will be a time of preparations for the expansion of the EV business. Because we are expanding investments for the future, such as EV-related research and development expenses and the establishment of the new Chubu Plant (Kaizu City, Gifu Prefecture), fixed costs are expected to increase. In the automobile industry, the normalization of the supply chain is expected to lead to a recovery in production volume. However, the outlook for the external environment remains uncertain and we are taking a cautious view on the risk of production cuts. Accordingly, we forecast consolidated net sales of ¥337.0 billion (year-on-year increase of 7.2%), operating profit of ¥13.5 billion (year-on-year increase of 5.2%), and ordinary profit of ¥14.5 billion (year-on-year increase of 1.5%), with profit attributable to owners of parent of ¥9.3 billion (year-on-year decrease of 9.4%).

Strategy for expanding EV business sales

One of our stated business strategies is "Establishment of EV-related business," and in order to pioneer the next-generation market we are taking on the challenge of transforming our own business model.

Our vision for the business is that of a system supplier in the vehicle body area to which customers can entrust all tasks from development onward (tier 0.5). Automotive OEMs are

accelerating the shift to EVs, mainly in Europe, the United States and China, and they consider the building of new local supply chains for EV-related products and the enhancing of EV-related product performance to be pressing issues. Under these circumstances, we are working to build new business models in each of the areas of body, battery, and motor that together make up the EV. We are moving ahead with vehicle body optimizations that are possible precisely because we are an auto body manufacturer that is deeply familiar with the basic requirements of the vehicle. In cooperation with other suppliers and materials/die manufacturers, we will leverage our strengths in super high tensile strength materials that are strong and light, and pursue the qualities of safety, comfort, and environmental friendliness that are required by EVs.

For batteries, through the use of various materials and processing methods we will provide an extensive range of battery housings that can be used for all classes of vehicle. Our objective is to win business through cooperation with diecast, material, die, and battery manufacturers.

For motors, we will leverage integrated production systems capable of performing everything from press processing to assembly, as well as the global reach of our operations, to provide high-quality motor cores. We will win a position as a development partner for automotive OEMs just as we did in the area of vehicle body frames and precision parts, where we have an extensive track record.

While working on initiatives to build these new business models, our target for FY 2025 will be net sales of ¥350.0 billion, and an operating profit margin of at least 5.1%.

Furthermore, between 2028 and 2030 we will take steps to achieve significant increases in the size of the business and in profitability, with the goal of achieving ¥400.0 billion in net sales and operating profit margin of at least 7.0% in FY 2030.

Towards the creative and efficient smart factory

In order to accomplish business growth in the EV field, we are working to create the production sites of the future based on the concepts of "smart factories," and "flexible production systems capable of responding flexibly to fluctuations in production volume."

We will improve profitability through the implementation of smart factories that achieve advanced, high-quality, low-cost operations by promoting the automation of in-factory logistics, the automation of manufacturing processes, the introduction of automated inspections, and the use of big data for production sites.

For new factories being built in Japan and overseas we are already building efficient automation systems for a range of manufacturing processes from dispensing materials, through production, to delivery to customers. As part of our efforts to automate in-factory logistics, in Japan we have begun introducing AGFs (Automatic Guided Forklifts) in addition to AGVs (Automated Guided Vehicles) for the new Chubu Plant (Kaizu City, Gifu Prefecture), which is under construction and scheduled to begin operation in 2024. From the safety perspective, our basic approach will to designate passages for exclusive use by AGFs, thus completely dividing their routes from areas where people work and achieving a separation between vehicles and pedestrians. By using automated racking for warehouses where finished goods and other items are stored, we will eliminate in-factory logistics processes that require human intervention. Taking into account changes in product specifications arising from the shift to electric vehicles and other factors, we intend to move to fully automated production lines when the time is right. This will be a factory with its eyes fixed firmly on the future in the sense that we will also focus on reducing environmental impacts and on the ease with which employees work.

Automated production processes will also be deployed at the new Chinese factory in Nansha (Guangdong Province). This factory, which was built to address the EV business in the large Chinese market, is equipped not only with large presses but also with innovative new systems such as labor-saving or fully automated lines that are the fruit of G-TEKT initiatives.

Through continual improvements based on the results of verifications at these new factories and horizontal deployment of the ideas to other locations, these initiatives for automating factories will enable us to realize highly profitable smart factories globally.

By transitioning our business model, we will become a key player in the EV supply chain and expand our operations



Message from the President

Shareholder returns policy: introducing DOE as an indicator

The Company's basic policy on shareholder returns is to maintain a level of shareholders' equity that allows for investment in growth and risk, and to provide stable and continuous returns to shareholders, with the aim of achieving sustainable growth and increasing corporate value over the medium to long term. In June 2023 we introduced DOE (dividend on equity ratio) as an indicator for dividends. This was adopted as an initiative to gain wider recognition of the value of the Company's shares. We seek to expand the business and strengthen the financial base with the objective of achieving a DOE of 3.0% for the fiscal year ending March 31, 2031.

Promoting sustainable management with the aim of creating social and corporate value

The Company interprets sustainability as achieving sustainable growth and evolution for itself, while helping to resolve a variety of social issues through the business and contributing to the sustainable development of society. "Action for the global environment" and "Improvement of the diversity of human resources" are also included in the new G-TEKT management strategy as priority measures, and the Company will promote sustainability initiatives with an emphasis on their relevance to all stakeholders.

In terms of "Action for the global environment," we are working to cut greenhouse gas emissions with the goal of achieving carbon neutrality by FY 2050. As a concrete example of such measures, we are promoting the use of electricity derived from renewable energy sources at each of our locations. The Company began switching to renewable energy in its own factories and other locations in the eastern Japan region in April 2021. With the completion of the switch to renewable energy for purchased electricity at the Shiga Plant in May 2023, we achieved net zero for greenhouse gas emissions associated with the use of electricity at all of our own factories and other locations in Japan (Scope 2). For overseas locations owned by the Company, we plan to gradually switch to renewable energy for purchased electricity after taking into account the unique circumstances of each region. Strategies, governance, and risk management related to our initiatives to reduce greenhouse gas emissions are based on, and address, the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures).

As a means of reducing greenhouse gases emitted through our business activities, we are also taking steps to switch to steel sheet manufactured using methods with fewer environmental impacts, and working to develop and establish manufacturing technologies for aluminum products with outstanding recyclability.

Human capital management initiatives

Our Credo incorporates "Respect human dignity," and the Company values an environment in which employees can work with vigor and a corporate culture that allows each and every employee to grow and thrive. G-TEKT considers its people to be its most important management resource, and has established a policy of providing all employees with opportunities for growth and assisting in their voluntary upskilling efforts, and of nurturing human resources that generate new value in preparation for the next era in pursuit of the personal development of employees and the growth of the Company.

Recognizing that human resources are the source of the organization's growth potential, the Company works with its employees to actively promote initiatives for mutual growth

In terms of specific strategies, the Company aims to strengthen its development of human resources by assisting each and every employee in their personal growth, supporting the active participation of personnel with diverse backgrounds, nurturing candidates for executive management, and hiring specialist human resources, all of which it is tackling as priority measures. With regard to the empowerment of women, the Company has set KPIs of accomplishing a female recruitment ratio of 25% of the total, increasing the number of female managers by 1.5× the FY 2022 level, ensuring that at least 30% of male employees take childcare leave, and implementing at least one new policy for the support of diverse work styles, and is working steadily to achieve these KPIs by 2028.

There are concerns that it will become difficult to attract high-quality talent in future due to economic fluctuation and the declining birthrate. In order to raise employee engagement at a high level to retain them, we are implementing measures such as establishing personnel systems, enhancing welfare programs, and reducing the physical burden of work through automation.

G-TEKT is promoting healthy management because it believes that the mental and physical health of each employee and their families is its most important asset. We are implementing a variety of measures to address employee lifestyle habits and mental health, which are priority issues. Going forward, we will continue to focus on management that emphasizes the importance of human capital, which is arguably the source of the Company's growth potential.

▶ refer to P.28, P.29

Strengthening the management base and corporate governance

G-TEKT is working to strengthen the corporate governance system that is the foundation for building relationships of trust with all stakeholders, including shareholders. Under the G-TEKT Basic Corporate Governance Policy, formulated based on the Corporate Governance Code (CG Code), we are working to improve the effectiveness of the Board of Directors and ensure the diversity of our core personnel.

G-TEKT is a company that has established an Audit & Supervisory Board as an independent decision-making body to supervise the Board of Directors that lies at the center of the corporate governance system, another notable feature of which is that the Company has also established an Executive Board to which decision-making authority for business execution has been delegated. These systems not only ensure the transparency of the organization but also give it the flexibility to respond promptly to changes in the business environment. Moreover, as an initiative to enhance the effectiveness of the Board of Directors, the Company has invited external experts with a variety of specialist knowledge to serve as Directors in addition to the internal Directors, who are well acquainted with the business and organization of the Company, thus ensuring that the Board of Directors is composed of personnel with diverse backgrounds. With regard to the effectiveness of the Board of Directors, a questionnaire survey of the Directors who constitute its members and Audit & Supervisory Board Members is implemented once a year. The results are shared with the Board of Directors and initiatives are taken to resolve any issues discovered.

Governance of overseas subsidiaries is based on respect for local autonomy, with supervision and control exercised through cooperation between Overseas Operations and Chief Operating Officers of Regional Operations on the one hand, and the Global Executive Board, whose members are drawn from the Executive Board, on the other hand.

The Company works at all times to practice corporate governance and to implement continuous improvements, with the aim of achieving sustainable growth and increasing corporate value over the medium to long term. In order to survive as a valuable supplier in an automobile industry going through a period of transformation, we will continue to work on transitioning our business model and reforming management. We sincerely request the continued warm support of all our stakeholders, including shareholders and investors.

▶ refer to P.34



G-TEKT's technological evolution

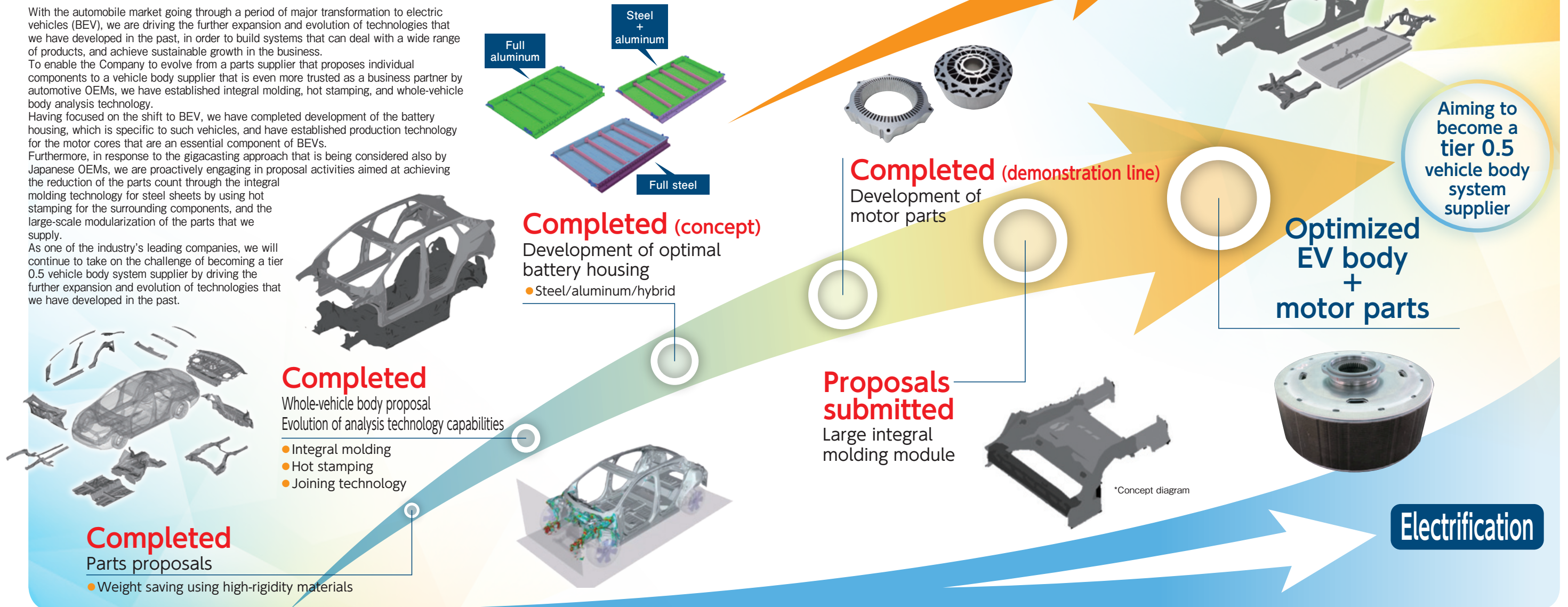
With the automobile market going through a period of major transformation to electric vehicles (BEV), we are driving the further expansion and evolution of technologies that we have developed in the past, in order to build systems that can deal with a wide range of products, and achieve sustainable growth in the business.

To enable the Company to evolve from a parts supplier that proposes individual components to a vehicle body supplier that is even more trusted as a business partner by automotive OEMs, we have established integral molding, hot stamping, and whole-vehicle body analysis technology.

Having focused on the shift to BEV, we have completed development of the battery housing, which is specific to such vehicles, and have established production technology for the motor cores that are an essential component of BEVs.

Furthermore, in response to the gigacasting approach that is being considered also by Japanese OEMs, we are proactively engaging in proposal activities aimed at achieving the reduction of the parts count through the integral molding technology for steel sheets by using hot stamping for the surrounding components, and the large-scale modularization of the parts that we supply.

As one of the industry's leading companies, we will continue to take on the challenge of becoming a tier 0.5 vehicle body system supplier by driving the further expansion and evolution of technologies that we have developed in the past.



Future prospects: the environment

- Build highly efficient production systems that are safer and more environmentally friendly, as well as production lines on which young and old, men and women, and veteran and new employees can all work easily
- Establish a workplace environment in which everybody can work comfortably
- Adopt/develop processing technology for sustainable materials



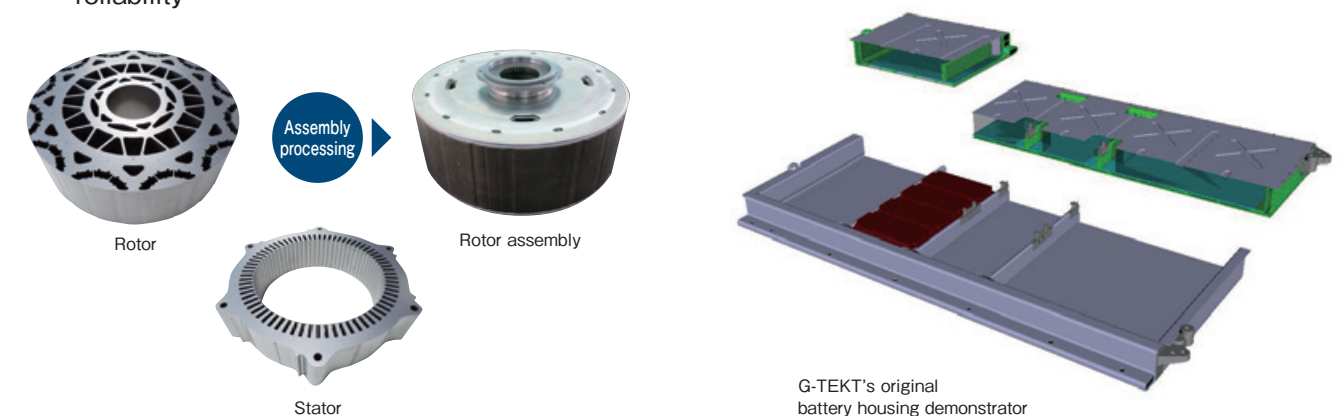
Artist's impression of the Chubu Plant (scheduled to begin operation in October 2024)



"Everybody Line" (Tochigi Plant)

Future prospects: the shift to EVs

- Promote the development of and proposals for platforms suitable for EVs
- Commercialize motor parts by leveraging the strengths we have cultivated
- Evolve highly advanced production technology required for electrification, while further improving reliability



Development capabilities: aiming to become a vehicle body system supplier

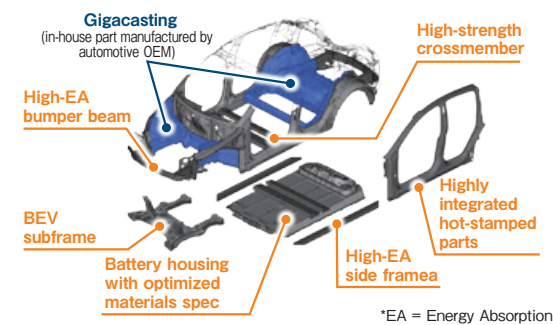
Intellectual capital strategy

By concentrating our knowledge and technological capabilities as a vehicle body manufacturer, we will promote the development of new products to help resolve social issues

By applying the whole-vehicle body analysis technology it has refined over the years to analyze design concepts in customer communications and in general information such as patents, G-TEKT is working to understand the approach being taken by automotive OEMs, and proposing the use of lightweight, highly rigid products and structures that are informed by a deep familiarity with the basic requirements of the vehicle.

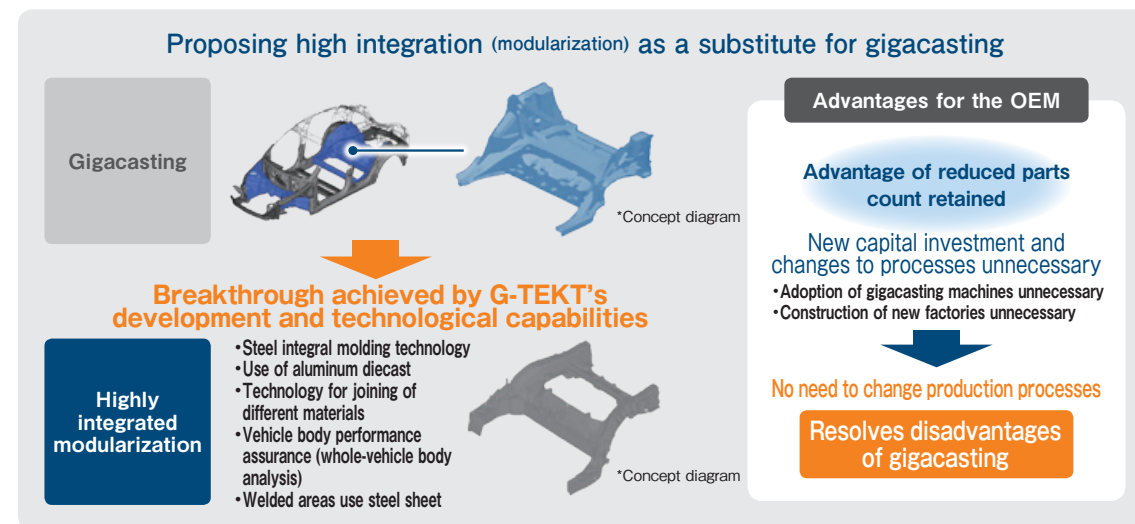
Strategy 1 Proposals for optimized body frame components that coexist with gigacasting

Recently there has been a trend towards the use of gigacasting in vehicle body structures. For automotive OEMs, gigacasting offers cost advantages in the form of significant reductions in parts count, but there are also many issues to address, such as the requirement for new capital investment and the inability to use it on existing manufacturing lines. Gigacasting is currently used for parts around the front and rear wheelhouses of the vehicle body, and the impact on parts for which we receive orders has been limited. We will apply our whole-vehicle body analysis technology to surrounding parts in models that have adopted the use of gigacasting in this way, and seek total optimization of the vehicle body, including the use of highly integrated parts using hot stamping.



Strategy 2 Proposals for highly integrated parts as new options for gigacasting

While the greatest advantage of gigacasting lies in the reduction of parts counts, it requires automotive OEMs to make vast capital investments and major modifications to production lines. As a new and alternative solution to this, G-TEKT is proactively proposing highly integrated parts (modularization), which is an approach in which the Company undertakes production and enables the use of existing production lines while retaining the advantages of reducing the parts count. Specifically, through the application of integral molding technology for steel sheets using hot stamping (an area in which we are especially proficient), and the partial utilization of aluminum diecast, we will achieve reductions in the parts count while enabling automotive OEMs to use steel sheet as before for those areas that are welded on the production line, thus cutting costs while simultaneously minimizing capital investments.



Strategy 3 Three advances driven by external collaboration

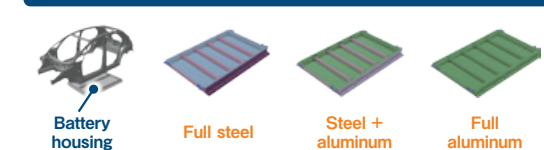
G-TEKT proactively engages in a variety of initiatives involving external collaboration.

- (1) Deepening of knowledge: Application of mass-production technology for which the mechanisms have been clarified by basic research conducted with universities
- (2) Renewal of products: Development of modules (products) that reflect recent trends through the use of ESPs
- (3) Evolution of existing products: By strengthening our business portfolio through external collaboration, such as joint development efforts with Ahresty to drive the progress of the shift to EVs, and initiatives for carbon neutrality, and by deliberating the future form of the vehicle body with our partners, we will enable the provision of products with outstanding fuel economy and collision safety.

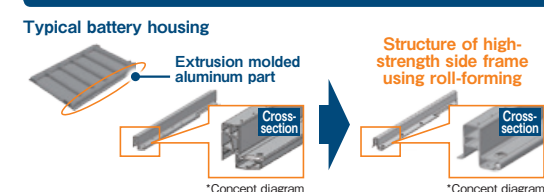
Strategy 4 Proposals for using our abundant experience and knowledge as a vehicle body manufacturer, targeting the expanding market for next-generation BEVs.

For the battery housings that are a part characteristic of BEVs, we are building a lineup with flexible specifications that can be used for the various models created by automotive OEMs. We are also forging ahead with development focused on side frames using large roll-forming technology, which has already been adopted for the sides of the battery housing. For parts used in large products such as battery housings that use roll-forming, it is difficult to maintain dimensional accuracy. To provide evidence of the advanced nature of our welding technology and our high level of quality we will build demonstration lines for both, and use our superior technological capabilities as the basis for proactive proposals to automotive OEMs.

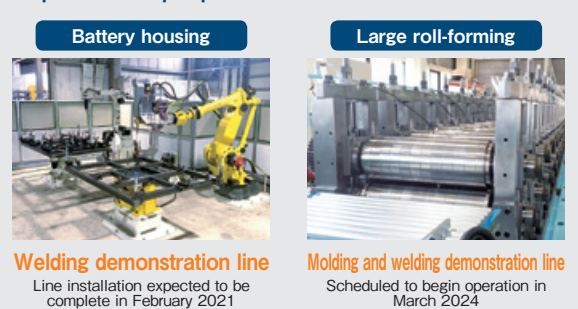
Creating a battery housing lineup with a variety of materials (specifications)



Additional shift to in-house production of large roll-forming technology



Build demonstration lines, use our superior technological capabilities as the basis for proactive proposals to automotive OEMs



On track for growth as a body-in-white specialist

Hitherto we had focused particularly on research and development that enabled us to offer the optimal proposals for vehicle bodies. In order to contribute a new bodies in white, we will move forward with R&D in a variety of product areas going forward. By blending these areas and deriving from market needs a vision of the vehicle body to which we will give form and offer to customers, and by promoting strategic development using the intellectual property landscape, etc. to develop products through backcasting, we will grow to become a body-in-white specialist.

Case study of future-oriented development (patent no. 7253102)

The manufacturing method of the impact absorbing member and manufacturing method of the impact absorbing member of an automobile and side sills.

Background to development

With increasing integration between the vehicle body and the battery housing, the function of strengthening materials becomes important. We envisaged the shape of products with energy absorption, productivity, and sustainability superior to previous products, and began working on their development.

Promotion of development

As we worked to embody these ideas in products, we analyze the business strategy of competitors in the intellectual property landscape, and verified the reasonableness of our approach. As a result, we have established manufacturing methods that confer competitive advantages, including the acquisition of patents.

※IPL: IPLandscape



Strategy 5 Ownership and structure for strategic intellectual property to support the expansion of the business

G-TEKT considers intellectual property, including patents, to be an important asset class, and emphasizes its proactive use in the business. For this reason we have introduced the following frameworks within which we are promoting operations.

- (1) Supervision by the Board of Directors
The Board of Directors supervises intellectual property, evaluating targets and actual results every fiscal year. This ensures the strategic use of intellectual property.
- (2) Spaces for discussion in each headquarters and business
We provide spaces to discuss the acquisition and use of intellectual property. These enable the promotion of clearly defined scenarios for the use of intellectual property.
- (3) We will promote the business by ensuring that one with individuals responsible for intellectual property are involved at each stage of the consideration process.
Through these mechanisms we will avoid the risk of infringing the patents of other companies at the initial stages of development. Furthermore, we believe that we can build a patent portfolio to provide comprehensive protection to patent applications and technology improvements on the assumption that they will be utilized in the business.

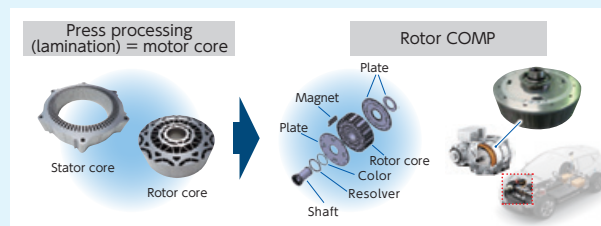
Special Feature Preparing for New Businesses: Building Demonstration Lines

With the shift to EVs happening more quickly than expected due to factors such as climate change, G-TEKT has designated the establishment of EV-related businesses a management strategy and is moving forward with implementation.

New business

By leveraging the know-how we have cultivated over the years as a developer and manufacturer of vehicle bodies, we are proposing and developing platforms optimized for EVs, and working to enter new businesses related to EV batteries and electric powertrains. Electric powertrains is an area of business in which G-TEKT has not previously engaged, but because the main processing method is press processing, we leveraged the foundation enabled by our precision press technology and die manufacturing technology, received technical assistance from specialist manufacturers, and successfully deployed a demonstration line. We have set up lines for high-speed, high-precision press equipment and press fitting assembly, and are proceeding with verification in preparation for mass production, which includes trying out various facilities and dies. At this point in time we have already achieved production speeds that meet the industry standard, and going forward we will increase production speeds further, in addition to firmly establishing our original brand. We also plan to install wire-winding facilities going forward, with the objective of developing a whole sequence of powertrain technologies.

Moreover, we are moving ahead with the development of technology to allow the production of motor cores not only in Japan but also around the world, by making use of G-TEKT's global network. Basically we will deploy the same production style, but in order to deal with materials that vary slightly depending on the region, we will verify materials from each region on the demonstration line, so that it also plays the part of a global model line to allow deployment at other locations to be conducted smoothly.



300t press



Upstream of the press that stamps out the product is an uncoiler, which feeds the materials, and a sigmoid looper that removes kinks from the material and ensures correct positioning. The press can apply 300 tons of forming force, and can run at 80 to 410 strokes per minute. Because it is necessary to transport materials with high speed and precision, feeders are installed at two places, upstream and downstream. In contrast to the vehicle body dies we have handled in the past, a blanking die is used in the press to create the required number of layers, which are then laminated together. On the rotor side the structure within the die is rotated at each stroke while being swage and laminated together, while on the stator side the pieces are swage and laminated as a block without rotation, then extracted. Caulking and laminating is a processing method that requires a high level of precision in the die. In addition, the materials are designed so that they can be used without waste.

Transfer molding machines



Transfer molding machines are used to create the rotor subcomponents. Because temperature control is an important part of this process, the rotor, into which magnets have previously been inserted inside a furnace as part of advance preparations, and the resin are both heated to the required temperature. After preheating, heat is applied transfer molding machine and pressure is slowly brought to bear so that the resin fixes the magnets in place. After the completed subcomponent is fitted with shaft, resolver, plate magnets, and other parts in the press-fitting machine, it moves on to the balancing process.

Balancing machine



The rotor that rotates within the stator to generate propulsive force requires very fine balancing. The balancing machine is used to check for discrepancies in the center of gravity that arise in each process, and parts are machined as necessary. In this way adjustments are made to each individual product to complete the rotor core. Because all data for the extracted product is recorded, this simultaneously enables traceability management.

Reskilling of engineers

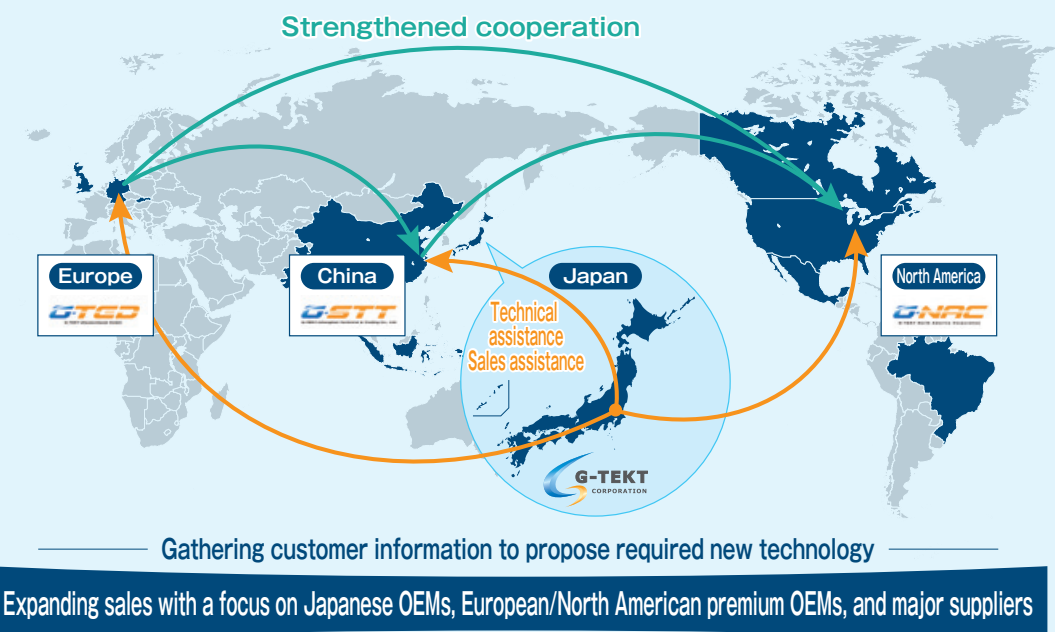
Due to our background in transmission product manufacturing, G-TEKT has precision press and die knowledge and know-how, but there were limits to what we could have achieved on our own in the production of motor cores, which is a new area for us. In order to receive technical assistance from specialist manufacturers, we therefore seconded our engineers to them with the aim of acquiring more specialized knowledge. Specifically, we

seconded young employees from the production engineering division to each of the cooperating companies to absorb new knowledge, and to verify manufacturability and other factors through use of the actual equipment deployed. Going forward we will make use of technical assistance from specialists in preparation for acquiring further knowledge related to motors, and emphasize the development of human resources able to come up with original technology.

Sales strategy

Our view is that the rate of expansion for EVs will vary depending on the region, and our goal is to win business through careful timing of proposals. OEMs have begun development of next-generation BEVs. G-TEKT believes that body structures will be different than those that have been used until now, and that there is a possibility of radical changes in the vehicle body. In the development of the EV-related business, it is China, Europe, and North America that are leading the race. For that reason we are strengthening engineering functions that the Shanghai, Munich, and Detroit locations, and by establishing structures that enable us to respond promptly to customer needs and by sharing information on the requirements and strategies of each OEM, we seek to optimize both engineering proposals and regional strategy. In addition, because of new entrants in the area of electrical components, we expect competition to intensify. Despite this environment, by developing original

technology and strengthening our proposal capabilities, obtaining the latest information from the constantly changing flow of data, and working together with other locations, beginning with the development divisions, we will move forward with preparations for proposals that will resonate with customers. We will target not only existing customers but also premium brands and mega suppliers in Europe and North America. We aim to secure volumes and expand the size of the business by proactively selling to the leading manufacturers in each region, steadily promoting our sales strategy with the objective of achieving ¥400 billion in net sales during the period of EV expansion projected for around 2027. In FY 2022 we received orders for seven different EVs. In Japan, in addition to the development of EV-related technology, the commercialization of the business as a whole and the provision of sales support are playing central roles in our sales strategy.



Message from the front line

Commercializing the motor core business

In April 2022, I began receiving practical training at a specialized manufacturer's production sites for motor cores and dies. I was hurled into a world of high-speed, high-precision manufacturing that was very different than the production of vehicle body frame components at G-TEKT, and I came into contact with many approaches and ideas that contradicted the conventional wisdom of the operations in which I had been engaged up to that point. In some cases it was difficult to clearly grasp the principles underlying the things we learned, but by exchanging opinions with other trainees and asking for advice from those training us, we were able to acquire the basics that will become the central pillar of the motor core business. Leveraging the experience that we had accumulated over the 12 months or so that we spent on the production line, in February 2023 we began trials* to increase the speed of press production on the demonstration line that had been set up in an unused space within the Company. At first we encountered many difficulties and things did not go smoothly, but now we have gained a grasp on the key issues and are steadily increasing the speed. We also conducted trials using thinner materials to improve motor performance, and having successfully achieved lamination we have reached a level where we can mass-produce the product. The knowledge acquired in every trial led to an accumulation of know-how, and while recognizing that we are a late starter in the area of motor core manufacturing, we are taking on the challenge with a sense of urgency. While it has been very demanding, it has also been extremely satisfying to achieve results in an area in which G-TEKT had never set foot before, and we continue to tackle the issues. Going forward, our objectives in preparation for the commercialization of the motor core business are to achieve the highest levels of press production speed in the industry, establish a mass production system with stable quality, and to derive competitive advantages by developing original technology. Everybody involved in this business is doing their utmost to move it forward, and to contribute to further growth for G-TEKT.

*"Trial" means a test that uses actual equipment



Production Technology Development Section, Engineering Planning Division, Engineering Operations

Satoshi Takahashi

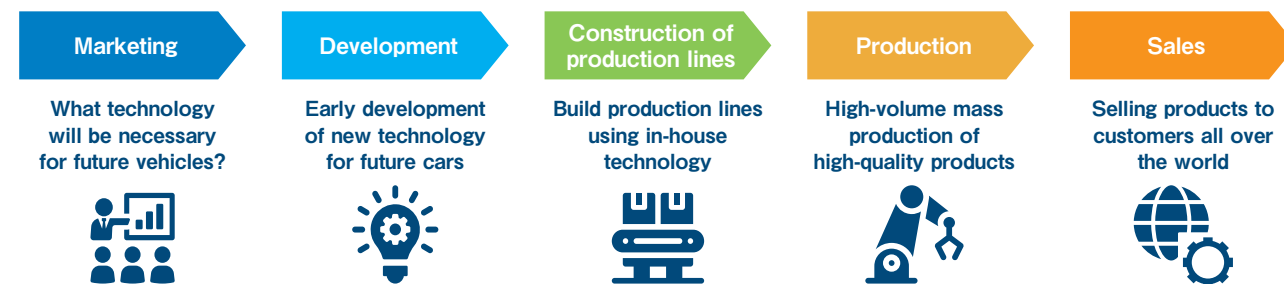
Technological capabilities: pursuing manufacturability and high quality

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 expanding 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. 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.

Tasks previously performed by humans have been fully automated, with quality data being automatically transferred to the cloud. We have established a mechanism that allows us to check quality information in real time, from anywhere.



Saitama Plant fully automated welding line (patent no. 7261929)

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 CO₂ 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.

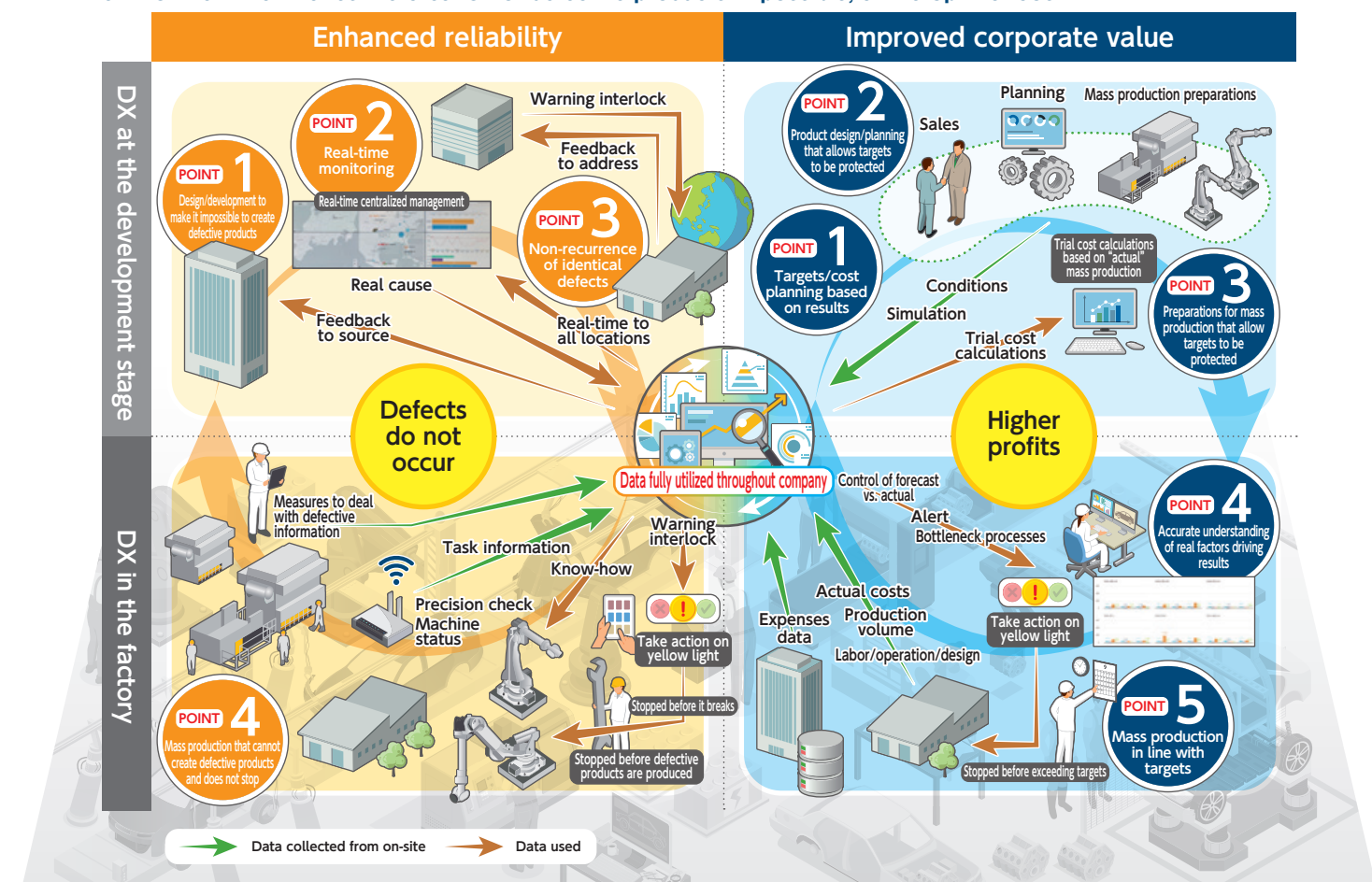
Strategy 2 Strengthen risk management

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.

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

G-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

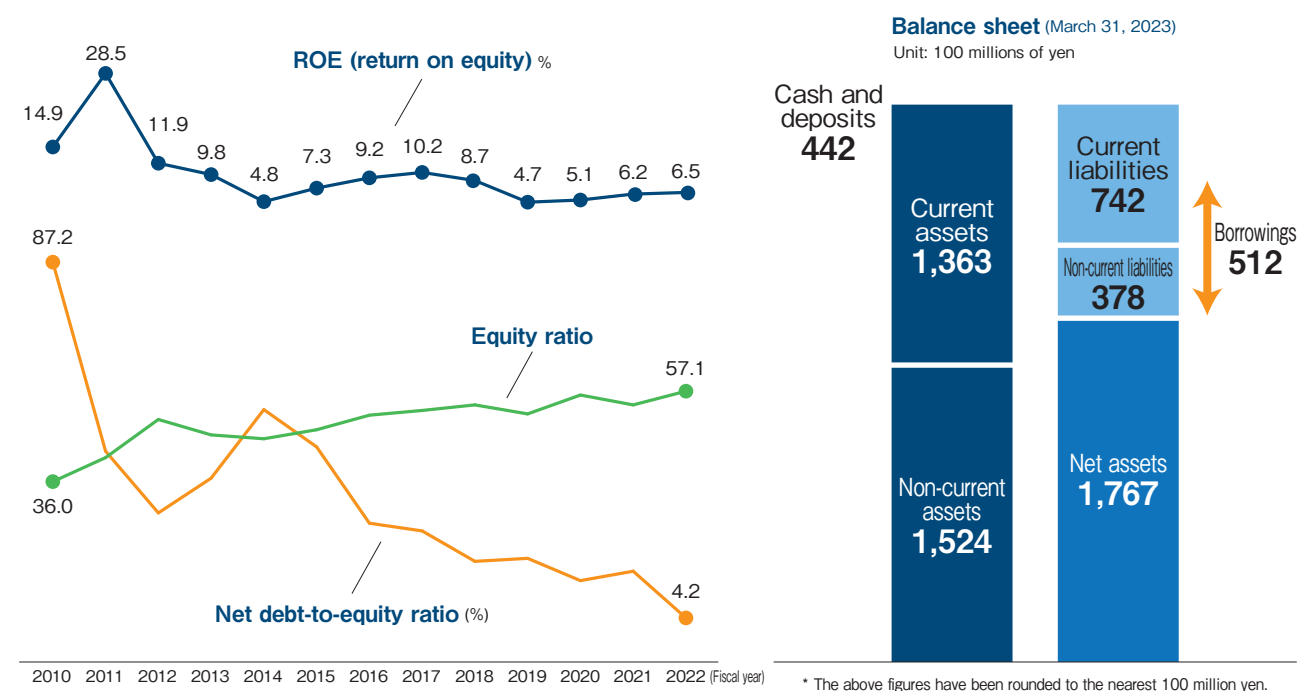


Financial Strategy

Financial policy

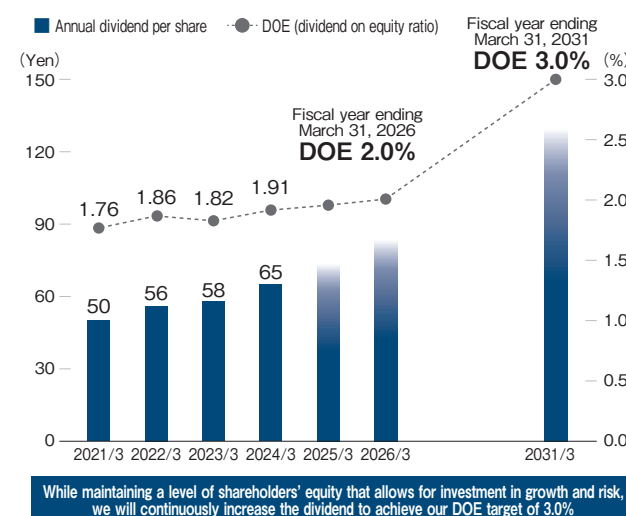
G-TEKT aims to maintain its sound financial standing while increasing return on equity, in pursuit of which it seeks to steadily expand sales and profit. In order to preserve this sound financial standing the Company will maintain an equity ratio of at least 50%, and in terms of capital efficiency it has set a return on equity (ROE) target of at least 10%. We will maintain an R&I credit rating of A-, to operate our business, and to remain resilient to financial crises, pandemics, economic volatility, and other events.

In addition to strengthening our financial base, we will also strive to generate shareholder returns that will satisfy our investors. When considering our portfolio of businesses over the medium to long term, we will maximize investment efficiency and optimize allocation of management resources through the use of KPIs, such as ROIC, with the objective of maximizing corporate value.



Shareholder returns

One of our management challenges has been to maintain a robust financial standing for investment in growth, while at the same time increasing dividends in a stable manner. For the fiscal year ending March 31, 2024, the Company plans to increase the dividend by 7 yen to 65 yen per share, which would be the 14th consecutive increase in the dividend. In June 2023 we introduced DOE (dividend on equity ratio) as a new indicator for shareholder returns. With the goal of achieving sustainable growth and improvements in corporate value over the medium to long term, the Company seeks to maintain stable shareholder returns and is aiming for a DOE of 3.0% for the fiscal year ending March 31, 2031. In cases where management judges that investing in new growth areas serves the interests of shareholders, we will actively direct funds to such investments.



Cost of capital and profitability

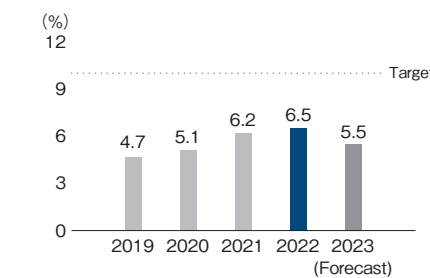
Profitability exceeding the cost of capital is required for the enhancement of corporate value. The Company has endeavored to enhance investment efficiency while emphasizing ROE and ROIC. Prior to the COVID-19 pandemic, we had generally exceeded the target. However, we have fallen below our target due to production stoppages caused by the pandemic, a decline in sales due to production cuts by our customers caused by a shortage of semiconductors and other factors, and

increased upfront investments.

For us to recover to the target value, an improvement of the operating margin is urgently needed. We will expand our net sales by increasing volume through the expansion of sales to other companies and by increasing unit sales through an expansion of our product areas, and we will enhance our ability to make proposals and develop technologies to counter the increase in manufacturing costs, as a measure against inflation.

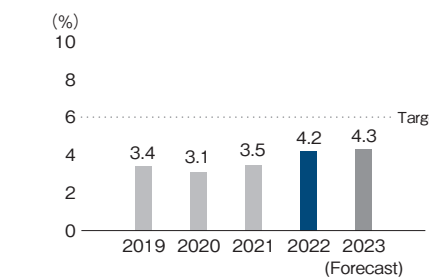
ROE (return on equity)

target > 10%



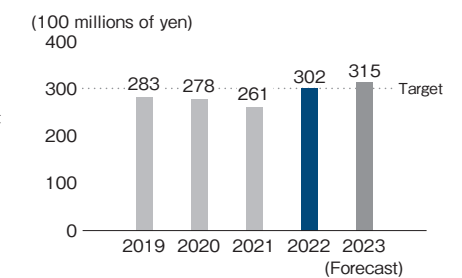
ROIC (return on invested capital)

target > 6%



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

target > ¥30.0 billion



[Reference: Estimate of G-TEKT's cost of capital]

Cost of share capital 8.1% = risk free rate 1% + individual beta value 1.3 x share risk premium 5.5%

WACC 4.57% = (risk free rate 1% + credit spread (A- rating) 0.2%) x (1 - effective tax rate 30%) x 0.5 + cost of share capital 8.1% x 0.5

Importance of intangible assets

Although suppliers have focused on investing in tangible assets, in the time of transformation, it is important to promote investment in R&D and human resources. The review of royalties provided an opportunity for our executives and employees to reaffirm the importance of goodwill, including our brand, technological capabilities, and management skills.

In the EV-related business, new ideas and manufacturing know-how will be verified as intellectual property in the process of acquiring production technology through demonstration lines, and will be used as one of our differentiators.

With regard to investment in human resources, the retirement benefit scheme was designed to eliminate seniority factors and be generous to mid-level and mid-career hires, and we enhanced retirement security based

on a defined benefit pension plan with a maximum age of 80. We aim to increase employee engagement and improve productivity. We are quickly accelerating investment in systems for employee administration-related office work and expense reimbursement, creating an environment in which each employee can experience the digital age. With the rapid shift to robotics at our production sites, we will also promote reskilling of employees, not only in terms of tangible aspects, but also as an opportunity to nurture the seeds of innovation. Through systematic training and rotation, we will develop engineers who understand management, and through improved profitability at our overseas locations and human resource management, we will strengthen our future management team.



Value Creation Process

External Environment

- Technology sophistication
- New work style in the post-COVID society
- Changes in the labor market
- Shift to EVs
- Global environmental issues

INPUT

Management resources

Financial capital

Shareholders' equity:
¥138.1 billion
Net interest-bearing debt:
¥51.2 billion

Human capital

Number of employees
(consolidated basis) **8,227**
Training cost ¥40,000/person

Manufacturing capital

28 factories and **5** R&D hubs
in **12** countries
Capital investment amount
¥24.6 billion

Intellectual capital

Number of patents held **47**
R&D expenses ¥2.6 billion

Natural capital

Renewable energy input ratio **24%**
Solar power generated
13,782,000 kWh

Social capital

Collaboration with suppliers and
local communities

G-TEKT's business

Main Products

Body frame
Precision
parts

Battery
housing

Motor core

Four Strengths

Development capabilities

- Whole-vehicle body analysis
- EV products

Global presence

- 29 factories in 12 countries
- Diversity

Technological capabilities

- Productivity improvements
- High quality

Financial strength

- Equity
- Shareholder returns

Management strategy

Action for the global environment

- Economic value
- Social value

EV-related ¥70.0 billion

- Investment for medium- to long-term targets

DX

- Transformation of existing business processes

Improvement of the diversity of human resources

- Diverse human resources
- Job-based system

Management base

Corporate governance / Risk management

G-TEKT's medium- to long-term targets

> FY 2025

Net sales **¥350.0** billion
Operating profit **¥18.0** billion
DOE **2.0%**

> FY 2030

Net sales **¥400.0** billion
Operating profit **¥28.0** billion
DOE **3.0%**

OUTPUT

New Corporate Value

Results for the fiscal year ended March 31, 2023

Net sales **¥314.3** billion Operating profit **¥12.8** billion

Action for the global environment

CO₂ emissions reduction

- FY 2030 **50%** reduction * Compared to FY 2013
- FY 2040 **100%** reduction * Compared to FY 2013
- FY 2050 Virtually zero emissions

Receiving CDP rating of B

Establishment of EV-related business

Receiving orders for products for EVs

- Net sales of **¥100.0** billion
- Operating profit margin of **8%**

Transformation of existing businesses

Quality

- Improvement of reliability through defect prevention cycles

Cost

- Improvement of corporate value through an optimal cost cycle

Improvement of the diversity of human resources

- **10** female managers by 2030
Creating an environment in which people can play an active role regardless of gender
- Recruitment of human resources with experience and knowledge from various fields

OUTCOME

Value Provided to Society

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

Value to the environment

Contribution to a carbon-neutral society

- Create products that contribute to a decarbonized society
- Initiatives to reduce environmental impacts from production processes

Natural capital

Value to Society

- Building a stable supply chain through good relationships
- Creating a society that has developed together with the local community
- Solving social issues through EV business
- Providing value to society through high-quality products

Intellectual capital

Financial capital

Manufacturing capital

Human capital

Social capital

Promotion of Sustainability

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.

Basic Sustainability Policy

- Protection of the environment**
We will endeavor to protect the global environment by reducing the burden on the environment such as air, water and soil including the reduction of greenhouse gas emissions associated with business activities.
- Respect for human rights**
We will eradicate forced labor and child labor, and respect human rights of all people and basic rights as workers. Furthermore, we will prohibit all discrimination, and respect diverse values and individuality.
- Maintaining and improving an appropriate working environment**
We will endeavor to improve the workplace environment to enable each employee to work safely and with a sense of security, and to feel fulfillment and a sense of personal growth.
- Technical innovation supporting a sustainable society**
We will support a sustainable automobile society by facing the challenges of high-quality products and technological innovation meeting the needs of customers and consumers.
- Compliance**
We will comply with international rules, and the laws and regulations of each country and region such as those on anti-corruption and prevention of fraudulent transactions, and conduct fair and transparent corporate governance.

Material Issues

The Company is promoting energy conversion, and is engaged in innovation leveraging its lightweight, high rigidity technology with a view to the mobility society of the future realizing decarbonization. We identified four materiality areas in 2016, and are currently revising these based on changes in the external environment. In order to promote sustained business in future, we will clarify the Company's corporate responsibility and face the challenge of the conflicting themes of protecting the environment and promoting business.

Main material issues identified

Strengthening of corporate governance



Strengthening of group governance and maintaining a sound governance system are recognized as particularly important issues for G-TEKT, which operates bases worldwide. To address these, we use checklists, etc. to periodically check the governance of bases in Japan and overseas, and also share issues between the Head Office and local sites, and consider improvement measures to maintain and improve the level of governance.

Human resource development



We are focusing on human resource development led by the company by providing a variety of human resource development programs for new to veteran employees. Based on the belief that the company cannot grow without the growth of people, we will face each individual employee to be a company that achieves sustained growth and evolution.

Development of environmentally friendly products and technologies



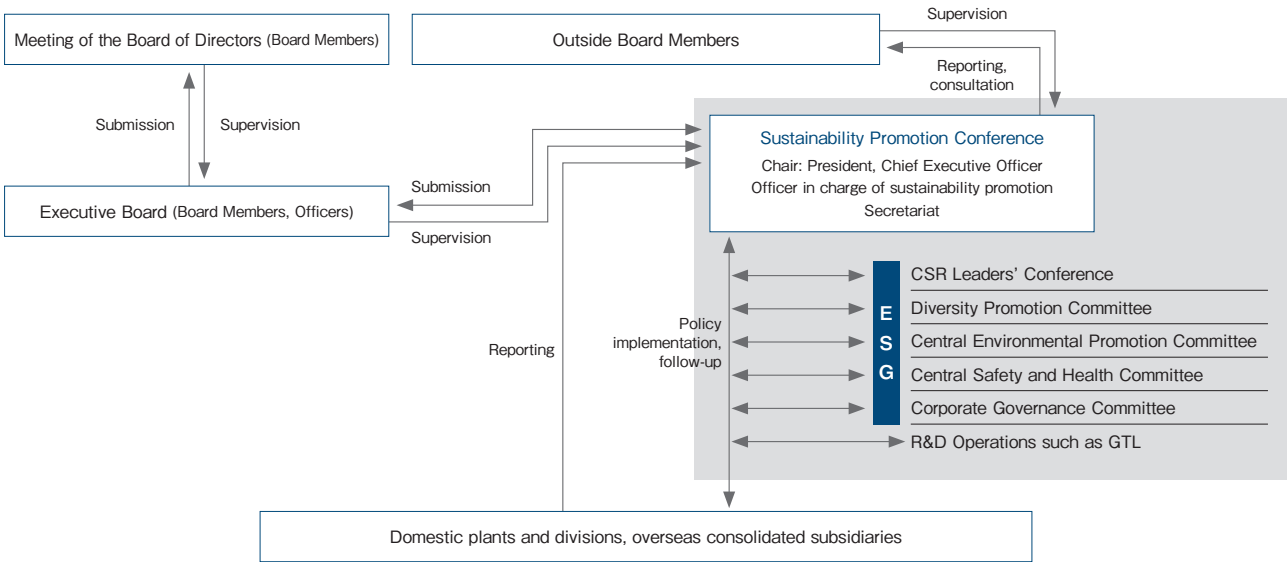
Automobiles made up of G-TEKT's products are one of the products requiring the greatest consideration for the environment. In particular, making auto bodies lightweight is a major issue because automobile fuel consumption is greatly affected by auto body weight. G-TEKT is creating products with little environmental impact by making the auto body lightweight without lowering performance based on its own design philosophy and weight saving technology.

Environmental management



Addressing the risk of climate change is a major corporate responsibility to be met by companies for the realization of a sustainable society. We are systematically taking active initiatives to reduce the CO2 emitted through our business, and are also engaged in reducing the environmental impact in the value chain.

Sustainability promotion system



G-TEKT recently held its first Sustainability Promotion Conference. G-TEKT's scores from ESG assessment agencies were reported, areas of weakness were identified, and discussions were held about the way to tackle these going forward.

Major sustainability initiatives, and prizes awarded



At our Omiya head office, we have been conducting food bank activities every year since FY2020. In FY2022, we donated to the Saitama Children's Cafeteria Network, a general incorporated association that brings together 37 children's cafeterias in Saitama City. We will continue these activities going forward.



JIC (United States) has for many years offered career education and training to high schools and specialist schools in the region. In recognition of the contribution that these activities have made to the sustainable development of manufacturing industry in central Ohio, JIC received the Madison County Chamber of Commerce Industrial Award for 2023.



G-TEM (United Kingdom) received the environmental award from the Confederation of British Metalforming (CBM) in recognition of initiatives to deal with environmental pollution and reduce energy consumption, such as by introducing solar power panels and banning the use of natural gas.

Environmental Initiatives

G-TEKT considers the global environmental issue to be a problem of the highest priority that should be addressed by a company and has been engaged in efforts to reduce the environmental impact of business activities such as working to acquire the ISO 14001 environmental management system (EMS) certification since 1998. We are currently working to reduce greenhouse gas emissions during production with the goal of becoming carbon neutral.

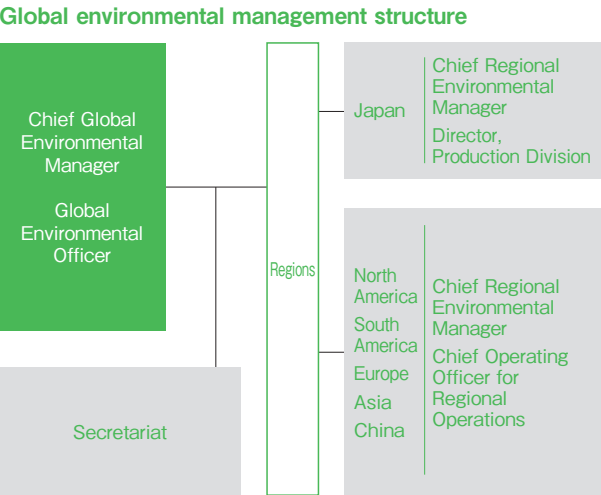
Environmental policies

The Company places the highest priority on the conservation of the global environment and local environments. As a member of society responsible for passing on the green environment to the next generation, it shall strive to both engage in environmentally considerate business activities and help conserve the global environment under the basic philosophy that “The environment is our shared resource.”

- 1. The Company shall assess the environmental impact of all its business activities, voluntarily formulate improvement plans, and actively work on environmental conservation.
- 2. The Company shall comply with related environmental laws and regulations and other requirements and establish its own management standards to prevent environmental pollution.
- 3. The Company shall define purposes, set goals and formulate implementation plans for its environmental protection activities, and reduce its environmental burden by engaging in ongoing improvement, and conduct business in harmony with the environment. Furthermore, the Company shall review and revise the purposes, goals and plans as necessary.
- 4. The Company shall ensure all employees and all people working at the Company are aware of and understand its environmental policies by providing them with environmental education and training activities.
- 5. The Company shall disclose its environmental information to the general public. The Company shall conduct activities aimed at achieving a deeper level of communication with the community and society at large and actively cooperate in community- or society-based environmental conservation activities.

Implementation system

Since FY 2022, a global environmental management system has been headed by the Chief Global Environmental Manager (Senior Managing Officer of the Company: Mitsutoshi Nakamoto), with the Corporate Business Planning Division as the secretariat, promoting global efforts toward carbon neutrality by 2050. The existing Central Environmental Promotion Committee for the environmental management system (EMS) has been transferred to the committee that oversees the Japan region and continues its activities. In terms of EMS, G-ONE (Mexico) and G-TES (Slovakia) were newly certified in FY 2021, and 97% of G-TEKT's global plants have already acquired certification.



100% of electricity purchased for use in own domestic factories and offices now sourced from renewable energy

In May 2023, the Shiga Plant in western Japan switched all purchases of electricity used to that derived from renewable resources. Our factories and offices in eastern Japan had already shifted to renewable energy in April 2021, and this latest switch means that all of our own domestic factories and offices have achieved net zero in terms of greenhouse gas emissions associated with the use of electricity (Scope 2). This is expected to lead to reductions in total annual emissions in Japan (Scope 1 + 2) equivalent to approximately 95%*, or 15,232 tons*2.

*1 Ratio calculated using total annual emissions for FY 2022.
*2 Emissions factors are calculated using the adjusted emission factors in the "Emission factors for each specific electricity provider - actual figures for FY 2021" released by the Ministry of the Environment on May 26, 2023.

Message from the Officer in Charge of Environment

Senior Managing Officer of the Company,
Corporate Business Planning Division Charge Officer
and Chief Global Environmental Manager

Mitsutoshi Nakamoto

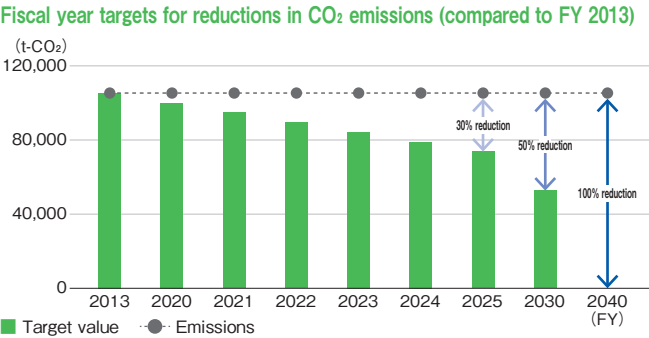


G-TEKT is working on measures aimed at achieving its targets of reducing FY 2030 Scope 1 and Scope 2 CO₂ emissions by 50% compared to those of FY 2013, and by 100% by FY 2040, and of achieving carbon neutrality, including Scope 3, by FY 2050. In FY 2022 we achieved a reduction of 8% compared to those of FY 2013, but this was 7% short of our target. Although emissions in Japan have declined dramatically due to the considerable increase in the ratio of the use of electricity derived from renewable energy, the issue is the North American and Chinese businesses, where the scale of production is significant. The reality is that variations have arisen due to differences in energy policies in the regions in which our overseas sites are located, and going forward it is essential that we consider how we can change the composition of power sources that generate the electricity that we purchase. In the United States, the enactment of the IRA* is expected to stimulate investment in renewable energy businesses such as wind and solar power, and the ratio of traditional coal-fired power generation is on a dramatic downward trend. Even in China, some forecasts have the combination of renewable and nuclear energy accounting for around 60% of power sources by 2030. On the other hand, because the amount of electricity used increases as production rises, we believe that measures to reduce energy consumption through the promotion of in-house solar power generation, combined with the data gathered through the DX Project, are important initiatives. We are in the process of identifying eligible products and moving forward with verification at domestic locations, but we plan to gradually expand this to overseas sites as well. Moreover, if we take a bird's eye view of the supply chain as a whole, materials such as steel and aluminum account for more than 90% of CO₂ emissions. We have arrived at the stage where it is essential to implement tripartite measures to deal with this in cooperation with material manufacturers and vehicle OEMs, and it is my hope that this kind of close collaboration will yield results going forward.

*IRA (Inflation Reduction Act): a United States law designed to reduce inflation, which incorporates measures to combat climate change

Environmental Road Map

- **Long-term target**
Scope1+Scope2
FY 2030 50% reduction *Compared to FY 2013
FY 2040 100% reduction *Compared to FY 2013
Scope1+Scope2+Scope3
FY 2050 Virtually zero emissions
- **Single-fiscal year target**
This is calculated by increasing the targeted reduction (compared to actual Scope 1 + Scope 2 figures for FY 2013) by 5 percentage points every fiscal year from FY 2020 onwards. The target for FY 2025 is a reduction of 30% compared to FY 2013 (target amount: 75,741 t-CO₂).



Environmental Road Map

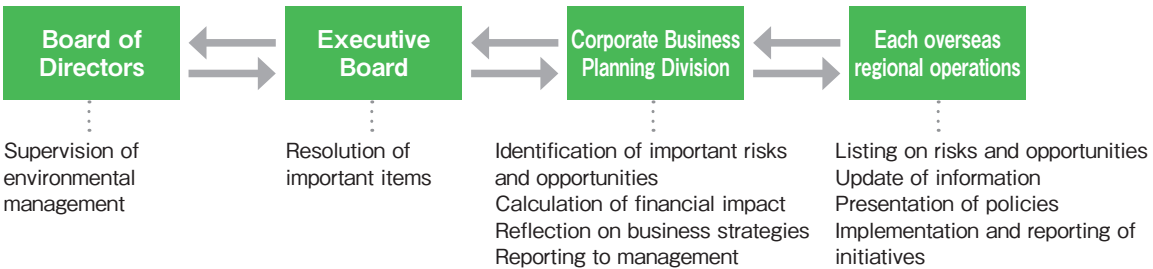
	FY 2021 to FY 2025	FY 2026 to FY 2030	to FY 2040	to FY 2050
Energy saving (Scopes 1 + 2)	Energy-saving measures at factories (~10% in FY 2030)			
Utilization of electricity derived from renewable energy (Scope 2)	Phase 1: Procurement of electricity derived from renewable energy	Phase 2: Energy generation for own use through installation of solar power generation equipment	Phase 3: Energy generation + Off-site renewable energy power supply + Energy supply from storage batteries	
Fuel/equipment replacement CO ₂ absorption (Scope 1)	Replacement with low-carbon fuel (for example, replacement with natural gas derived from renewable energy)	Replacement/substitution with decarbonization equipment	G-TEKT's Forestation Program (afforestation) (forest-based CO ₂ absorption)	Utilization of new technologies
Scope 3 action (Supply chain/materials)	Supplier engagement (Scope 3 emissions zero by 2050)	Switching to low-carbon materials		

Taking Action for TCFD

G-TEKT is taking actions based on the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) in order to realize a sustainable society.

Governance

In FY 2021 we launched and began promoting the GX project, headed by the President, Chief Executive Officer, to address important issues related to climate change. These were transferred to the new Global Environmental Section that was established within the Corporate Business Planning Division in FY 2022, with the Senior Managing Officer in charge of the Corporate Business Planning Division also serving as Chief Global Environmental Manager. Material risks and opportunities identified are incorporated into business strategy and policy management, mainly in the Corporate Business Planning Department via the Officer in Charge of Environment, and are regularly reported to and discussed by management. Reports and opinions may also be submitted to the Board of Directors, depending on the issue.

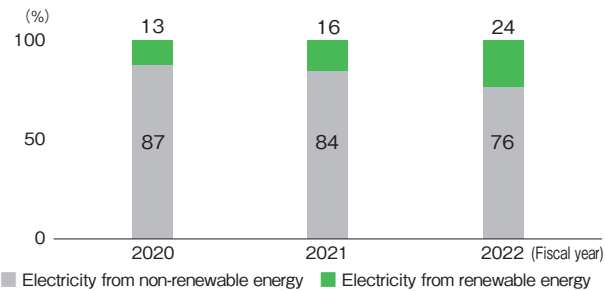


Strategy

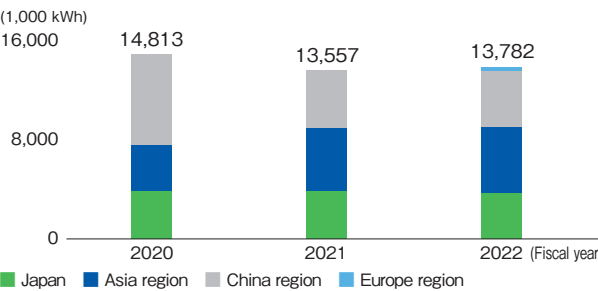
Our environmental strategy in our business activities is (1) energy-saving initiatives and (2) utilization of renewable energy (including in-house power generation). Going forward, we will prioritize strategies for each of our global locations, and move forward with these initiatives.

Environmental initiatives through our products include: (1) contribution to the improvement of fuel and electric cost performance of automobiles through lightweight car body technologies, and (2) contribution to the spread of EVs through our EV-related parts business initiatives.

Rate of electricity derived from renewable energy



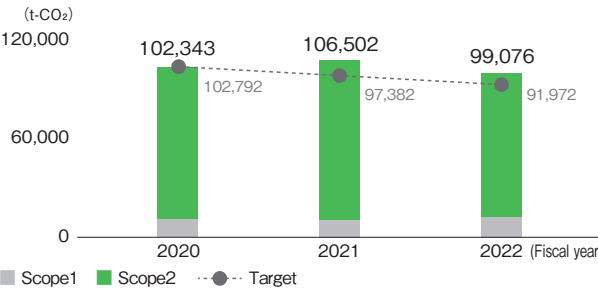
Solar power generated



Indicators and goals

As an indicator for managing climate change risks and opportunities, we have set global emission reduction targets for Scopes 1, 2, and 3 CO₂ emissions. In terms of G-TEKT's global Scopes 1 and 2 CO₂ emissions, we are aiming for a 50% reduction in CO₂ emissions in FY 2030 and a 100% reduction in FY 2040 compared to FY 2013. We also aim to be carbon neutral as defined in Scopes 1, 2, and 3 by FY 2050, with cooperation in the supply chain.

CO₂ emissions



Risk management

At G-TEKT, climate change risks and opportunities targeted for management are discussed by the Global Environmental Section, those in charge at the various overseas subsidiaries and related departments, and the Central Environmental Promotion Committee. We have reached the stage of having confirmed that there are no major disparities with external courses of action, and shared the status of progress on countermeasures within the Company.

We will share external factors such as global trends, including climate change, and changes in laws and regulations that affect business strategies, as well as internal factors such as the progress of each company's environmental measures and future risks and opportunities, in order to examine strategies and measures.

Risks and opportunities

Scenario	Risk/opportunity		Details	Timescale	Financial impact	
4°C or higher scenario	Physical risk	Acute	Decrease in sales caused by interruptions to supply chain arising from climate change	Medium term	Large	
			Decrease in sales caused by factory stoppages arising from floods or rising sea levels	Medium term	Medium	
		Chronic	Increase in expenses associated with maintaining the workplace environment in response to rising temperatures	Long term	Medium	
2°C or lower scenario	Transition risk	Policy/legal/regulatory	Increase in expenses and investments associated with strengthened regulation of greenhouse gas emissions, including carbon pricing and carbon duties at national borders	Short term	Large	
		Technological	Decrease in sales due to failure to win orders caused by delays in technological response to the shift to EVs	Short term	Large	
		Market	Increase in expenses caused by higher prices arising from measures to achieve carbon neutrality for materials (steel sheet)	Medium term	Medium	
			Increase in expenses caused by soaring energy prices	Long term	Medium	
	Opportunities			Increase in sales driven by contribution from weight-saving technology that enhances vehicle fuel/electric cost performance	Medium term	Large
				Increase in sales of EV-related products (battery housings, motor cores)	Medium term	Large
				Decrease in expenses due to more efficient use of energy arising from DX	Short term	Medium

Reference scenario

- 4°C or higher scenario RCP8.5 (IPCC AR5)
- 2°C or lower scenario NZE (IEA 2022)

Timescale

- Short term: less than five years; Medium term: less than 10 years; Long term: up to FY2050

Toward the achievement of a sustainable society

Currently, G-TEKT's Scope 3 "Cat.1: Purchased products and services" accounts for 70% of the total Scopes 1, 2, and 3, of which 99% is steel sheets as raw materials. We recognize that reducing emissions in this area is essential to achieving carbon neutrality. Going forward, raw materials will shift from blast furnace materials to green materials such as electric furnace materials and hydrogen-reduced iron. Accordingly, press dies and welding technology need to be capable of

processing products using green materials, and we aim to internalize this capability as soon as possible. We will establish a mass production system while maintaining and improving the quality of our products, which will remain unchanged. We will also promote the circular economy by recycling scrap, a byproduct of the pressing process, as we have done up until now, and at the same time, reducing the amount of raw material input to increase the yield rate of product materials.

Social Initiatives

Human rights

Respect for human rights

G-TEKT believes that respect for human rights is an important element when conducting a variety of businesses worldwide. We have specified our policy on respect for human rights in the leaflet entitled “Our Code of Conduct” and the code is read aloud in unison at least once a year at all workplaces to make sure everyone is fully aware of the content. It outlines not only compliance with laws and regulations, but also respect for the customs, cultures, religions, and lifestyles of various countries, and explicitly states that all forms of harassment, such as sexual harassment and power harassment, are unacceptable. The Company also supports the Universal Declaration of Human Rights proclaimed during the third session of the United Nations General Assembly on December 10, 1948 and all ILO international labor standards made up of the eight conventions specified by the International Labour

Organization (ILO) including the Discrimination Convention, the Minimum Age Convention, and the Worst Forms of Child Labour Convention. In response to these, the Company has specified policies prohibiting forced labor and child labor, and guidelines prohibiting forced labor and child labor, and is endeavoring to maintain a healthy working environment.

Prohibition of forced labor and child labor

We respect the International Labour Organization (ILO)’s Declaration on Fundamental Principles and Rights at Work and comply with laws and regulations on forced labor and child labor. Furthermore, we do not allow forced labor or child labor of any kind.

Reference
<https://www.g-tekt.jp/ir/governance/basic.html>



Healthy management

Health declaration

The G-TEKT Group believes that the mental and physical health of each employee and their families are the most important asset for the realization of its vision to “Shape a better future for people, automobiles, and the environment through the fusion of passion and innovation.”

We declare that we will endeavor to create a company enabling each employee to actively work in affluence, comfort and good health, and contribute to the enhancement of corporate value and the realization of an affluent society through support for activities to maintain and promote the health of employees and their families and organized promotion of health.

September 1, 2022 President, Chief Executive Officer Naohiro Takao

Background

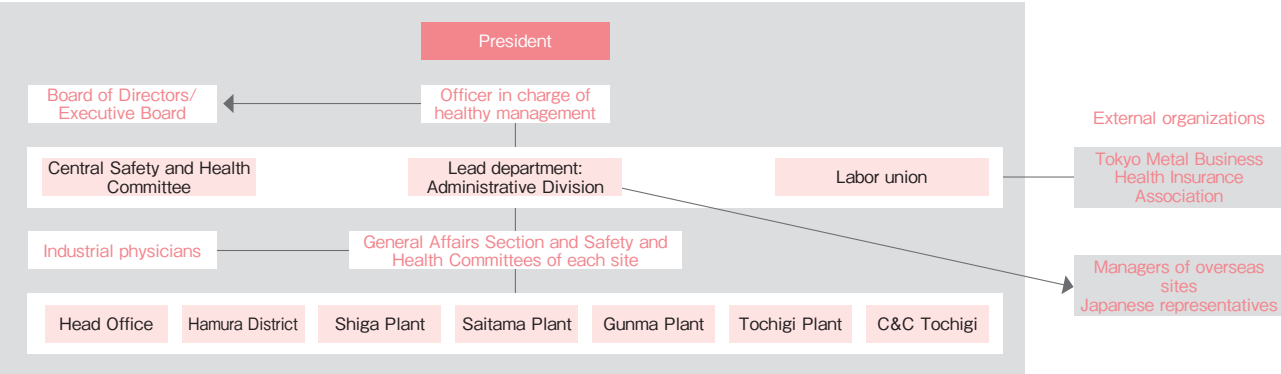
We have launched a new management strategy from 2021 with the vision to “Shape a better future for people, automobiles, and the planet through the fusion of passion and innovation.” Within the strategy, we are focusing on the promotion of healthy management under the theme of improvement of the diversity of human resources and are working on various measures to improve employee engagement.

Priority issues

- (1) Improvement of employees’ lifestyle habits/education on health awareness reform among employees/follow-up on reexaminations, etc.
- (2) Mental health/expanding mental health training
- (3) Raise awareness of smoking cessation among smokers/promote smoking cessation programs

Implementation system

Under the leadership of the President, an officer in charge of healthy management has been appointed, and the Administrative Division, which is the lead department, promotes healthy management in collaboration with the Central Safety and Health Committee and the General Affairs Section and Safety and Health Committees of each site.



Individual health investment activities Specific measures

Regular distribution of in-house newsletters	Guidance on policies and distribution of health-related information
Healthcare Promotion Committee	Discussions with employees, unions, and industrial physicians regarding healthy management
Holding various health seminars	In-house seminars on mental health, dietary habits, how to read health checkup results, etc.
Health screening data conversion, screening analysis	Analyzing the results of health checkups, providing health guidance to employees from medical specialists and public health nurses, and reflecting the results in internal planning
Women’s project	Planning, proposal, and implementation for the development of a leave system for women and rest rooms at each business site

By implementing the above measures and accumulating internal data, we will develop a workplace environment in which employees are healthy and motivated to work.

Reference
https://www.g-tekt.jp/environment/social/employee/health_management.html



Supply chain management



Basic policy

- 1 Compliance and green procurement
- 2 Maintain a fair and healthy relationship with suppliers
- 3 Mutual prosperity based on mutual trust

Activity guidelines

- 1 Formulate the CSR procurement policies and guidelines
- 2 Investigate the current state of the supplier
- 3 Propose to the supplier and implement corrective/improvement measures
- 4 Conduct audits of the supplier

Promotion of sustainability throughout the entire supply chain
The Group shall engage in procurement activities in accordance with three basic policies and four activity guidelines. We will raise awareness on CSR procurement involving the use of supplier status regarding efforts on compliance and eco-friendliness as well as human rights and labor environment as a criterion for doing business, and ask our business partners to agree with our approach of making products in an eco-friendly manner in compliance with laws and regulations, in addition to asking them to respond to a self-inspection questionnaire to evaluate their current status based on their answers. We not only give them feedback, but also take actions including proposing improvement measures aimed at identifying and resolving issues in the supply chain. We will continue engaging in initiatives to promote sustainability in the supply chain together with business partners.

Measures against conflict minerals
While the Group does not use these minerals directly, we have been conducting investigations since 2013. Based on investigation findings, neither purchasing nor use of conflict minerals has been confirmed throughout the entire supply chain. We will continue to conduct investigations on conflict minerals into the future.

Reference
<https://www.g-tekt.jp/english/environment/supply.html>



Initiatives to improve quality



The Group voluntarily and actively conducts quality control (QC) circle activities (activities in small groups) aimed at learning QC methods for the continuous management and improvement of the quality of products, services, work, etc. Activities are conducted in an organized manner in pursuit

of further enhancement of activities, with managers serving as supervisors in six regions including Japan, eight sites in North America, five sites in Asia, three sites in China, one site in Europe, and one site in South America.

Special Feature Human Capital Management

In terms of management strategies, G-TEKT is taking on the challenge of the four themes of “Action for the global environment,” “Establishment of EV-related business,” “Improvement of the diversity of human resources,” and “Transformation of existing businesses.” It is the individual employees who will lead this challenge, and there can be no growth in the Company without the personal development of employees. Accordingly, G-TEKT has recognized that its employees are an important asset that supports the growth of the organization, and has established policies of providing all employees with opportunities for growth and assisting in their voluntary upskilling efforts, and of nurturing human resources that generate new value in preparation for the next era, with the objective of achieving personal development for employees and the growth of the Company.

Message from the Officer in Charge of Human Capital Management

In order to achieve sustainable growth in an automobile industry undergoing a once-in-a-century transformation, it is vital that we generate new value through a combination of diverse ways of thinking and knowledge. If we include its previous history, the Company is approaching its 70th anniversary, and while it was able to pursue a strategy of enhancing productivity as a homogenous group due to the period of volume expansion, in a volatile environment in which it is necessary to anticipate several different needs, this alone may not necessarily be the optimal approach. While continuing to treasure the essence of the Company, in the era ahead it is important that we are an organization in a dynamic equilibrium that grows by responding flexibly to changes in the environment. For that reason, we will focus on providing opportunities for personal growth to promote voluntary upskilling by each and every employee, and on initiatives to improve engagement by supporting individual empowerment in each organization. In line with the Our Credo of “respect human dignity,” “cutting-edge technology,” and “sound corporate management,” we will treasure that which should be protected, while working to establish an environment in which employees can autonomously change and grow in response to management strategy and business conditions.

Officer of the Company,
Corporate Management
Operations Director
Takeshi Bamba



Indicators for the improvement of the diversity of human resources

We believe that in order for G-TEKT to maximize its organizational capabilities, it is important that it concentrates the distinctive strengths of many individuals. In order to move steadily forward with initiatives to enhance the capabilities of the organization, we have set indicators for the improvement of diversity.

Theme	Non-financial KPI	FY 2022 actual	FY 2028 target
Increase female recruitment ratio	Women as ratio of new graduates and mid-career hires	11.1%	25%
Increase number of female managers	Number of female managers	15	1.5× end-FY 2022 level
Male childcare participation	Ratio of men taking childcare leave	20.8%	At least 30%
Systems that lead to diverse work styles	Number of new initiatives	9	At least 5 (cumulative)

Training and development initiatives

G-TEKT provides education and training aligned with the three themes of management development program, business execution skills enhancement, and support for autonomous and continuous learning. Through the educational opportunities provided by these three themes, we provide support for the personal growth of employees and the taking on of new challenges.

● Management development program

In order to nurture the next generation of executive management, we are building and revising a management development program. In FY 2022, a total of 258 individuals participated in management training. In the Management Essential School aimed at the section leader level, participants learn about management strategy, organizational development, finance, marketing, and innovations with the objective of acquiring the knowledge and perspectives required for management, and attaining management literacy. Going forward, we will begin development intended to facilitate succession planning. In addition to operational assignments made from a development perspective, we are also planning programs to impart the knowledge required for officers of the Company (such as those related to multi-stakeholder governance, IR, finance and accounting, legal affairs, and personnel) as well as facilitating understanding of different cultures.

● Business execution skills enhancement

Mid-ranking employees are core members of front-line teams, and play an important role in linking management with younger staff. The development of younger employees is also a vital issue in terms of creating the future of G-TEKT itself. In addition to on-the-job training, G-TEKT engages in ongoing training and educational initiatives for younger and mid-ranking employees to enable them to acquire leadership, problem-solving, and other business skills, as well as enhancing their technical abilities. In FY 2022, we introduced selective training tailored to position in the workplace and the duties of the individual, which attracted a total of 125 participants.

● Support for autonomous and continuous learning

In order to not only enhance the employee's expertise in their current duties but also to broaden the possibilities for the employees themselves, we support skills development and upskilling for individual employees through our qualification acquisition support system and our English ability improvement program. In FY 2022, a total of 278 people used the qualification acquisition support system, which provided support for obtaining credentials that lead to upskilling at the individual level. With the goal of expanding the use of IT to improve processes and enhance their efficiency, we have added digital qualifications to the eligibility list, as well as expanding the list to include 84 eligible qualifications. Reflecting the importance of the overseas business, the English ability improvement program has offered study tools and support for taking the TOEIC test since 2017, and as of March 31, 2023, some 61% of employees had recorded a TOEIC test score.

Systems to support the empowerment of individuals and initiatives to improve engagement

With the objectives of maximizing employee performance, enhancing job satisfaction for each individual, and expanding the business, we are revising systems and working on measures to improve engagement. Because these initiatives help employees continue working with a sense of security and are expected to have a significant impact on retention and on our ability to attract high-quality human resources, they have been made a priority.

● Systems to support empowerment

The Company previously focused on recruiting new graduates, and on the assumption that these new graduates would form their careers within G-TEKT alone, its systems were chosen to deal with singular work styles and benefits. Systems were revised in 2016 with the aim of basing grades and wages on role and demonstrated ability, and we are currently making further revisions to ensure that mechanisms for work styles and benefits take into account the conditions faced by the organization and the market environment. As part of these ongoing revisions, in FY 2022 we introduced a spousal leave system, a “comeback” system, and amendments to the retirement benefits system. By enabling employees to take leave to accompany spouses who have been posted overseas, the spousal leave system provides the reassurance of family life while living abroad, and puts in place an environment that allows continuous employment at the Company. Next, the “comeback” system is a mechanism to allow employees who have left the Company to be re-employed. This was introduced with the aim of providing to a former employee the opportunity for employment, while creating the opportunity for the Company to secure an experienced member of staff. Finally, the retirement benefits system was revised to use easy-to-understand content to foster a sense of security in the employee with regard to their future and encourage them to demonstrate their abilities, and to ensure fairness between employees in terms of benefits.

● Measures to improve engagement

In FY 2022 we concentrated our efforts on employee interviews involving 117 people, on training for individuals at general manager level based on feedback from the results of “engagement diagnosis” initiatives, and on reforming the internal publicity system. First, the employee interviews were conducted with the aim of encouraging an independent and positive approach to work, based on those selected conducting their own assessment of their strengths and values. Those chosen for interviews gave feedback such as “Gave me a chance to think again about my own strengths,” and “I plan to take action to pursue the things I want to accomplish in my current workplace.” The “engagement diagnosis” results feedback training was conducted with the objective of encouraging activities to improve organizational culture and engagement toward the Company on the part of employees. Participants were able to use the “engagement diagnosis” results to obtain quantitative confirmation of the degree to which the workplace was energized and the state of communications. Based on the results, training participants created action plans to improve organizational culture, which they took home with them to their workplaces. Going forward, we intend to conduct monitoring to improve the effectiveness of the action plans. Finally, with the reforms to the internal publicity system, we have begun to revise and expand the content so as to communicate information about the Company to employees in easily understood form. For example, information on financial results was previously disseminated in a format close to that of the securities report, but we have switched to using illustrations and basic information on finance to express the information in simple terms. Moreover, for FY 2023 we have introduced a web-based tool for internal reporting that enables bidirectional communications.



Training in progress



Internal newsletter

Governance

Board Members, Audit & Supervisory Board Members, and Executive Officers (as of June 30, 2023)

- 1

Reasons for selection

Naohiro Takao

President, Chief Executive Officer

As a result of his involvement in manufacturing, sales, and the overseas business, etc., he has gained extensive business experience and deep insight into group management, and is thus well-suited to the role of supervising the Company as a whole.
- 2

Reasons for selection

Hiroshi Seko

Member of the Board, Senior Managing Officer of the Company

As a result of his involvement in technology and overseas business, etc., he has gained extensive business experience and deep insight into group management, and is therefore equipped with the experience and knowledge required for management, mainly in the technology field.
- 3

Reasons for selection

Fumihiko Hirotaki

Member of the Board, Managing Officer of the Company

As a result of his involvement in sales and the overseas business, etc., he has gained extensive business experience and deep insight into group management, and is therefore equipped with the experience and knowledge required for management, mainly in the sales field.
- 4

Reasons for selection

Akira Kakizaki

Member of the Board, Managing Officer of the Company

As a result of his involvement in the areas of technology and development, he has extensive business experience and deep knowledge, and is overseeing the transformation of the Company in the form of such initiatives as the DX Project.
- 5

Reasons for selection

Keiji Kasamatsu

Lead Independent Outside Member of the Board

As a result of his involvement over many years in general trading company transactions for steel plates for automobiles, he has extensive and wide-ranging knowledge of business relationships and commercial practices within the automotive industry. He is also equipped with a high level of insight into various management decisions.
- 6

Reasons for selection

Rieko Inaba

Independent Outside Member of the Board

As a result of her involvement in research at academic institutions centered on information technology, language, and communication, as well as her engagement in educational activities, she has gained advanced knowledge as a researcher and educator.
- 7

Reasons for selection

Kesao Tamura

Audit & Supervisory Board Member

After acquiring experience in the finance and production divisions, as well as in the overseas assignments, etc., he was involved in overseeing the overseas business operations and is capable of auditing corporate management in general.
- 8

Reasons for selection

Yoshiaki Kawakubo

Audit & Supervisory Board Member

After joining the company he was involved in department related to overseas operations, and has accumulated both knowledge of management through his oversight and support for the overseas business, as well as a track record in the oversight of audit operations.
- 9

Reasons for selection

Yasunori Niizawa

Independent Outside Audit & Supervisory Board Member

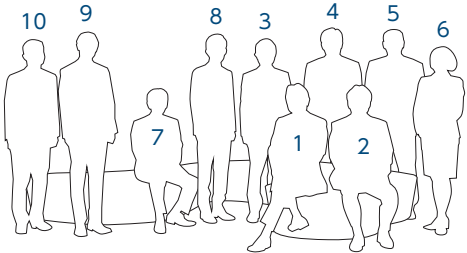
He has extensive business experience in national taxation and professional knowledge as a tax accountant, and is capable of auditing corporate management in general from an objective perspective.
- 10

Reasons for selection

Yasuo Kitamura

Independent Outside Audit & Supervisory Board Member

He has extensive insight derived from his role as a lawyer and from serving as outside auditor and outside director at other companies, and is capable of auditing corporate management in general from an objective perspective.



Executive Officers	Senior Managing Officers of the Company		Managing Officers of the Company	
	Mitsutoshi Nakamoto		Masayuki Hayashi	Naoki Mizuki
	Officers of the Company			
	Taiichiro Morishita	Takuto Fujii	Keiichi Ueki	Tomohiko Tsukiyama
	Koki Sugawara	Takeshi Bamba	Yoshitaka Suzuki	Kenichi Sakamoto

Board Members and Officers
<https://www.g-tekt.jp/english/company/management.html>



Criteria of Independence for Outside Directors
<https://www.g-tekt.jp/ir/governance/management.html>



Basic approach

G-TEKT recognizes that we have a responsibility to contribute to the resolution of environmental and social issues that we face through our business activities so that society can develop sustainably, and in order to fulfill this responsibility, it is necessary for us to improve our business performance and achieve sustainable growth over the medium to long term. To achieve this we have drawn up the G-TEKT Basic Corporate Governance Policy, which incorporates our basic approach and framework for corporate governance, and have established an appropriate system of corporate governance

that enables us to provide information and engage in dialogue with our stakeholders, including shareholders, customers, employees, and local communities, to increase our transparency as a company, and to conduct ongoing business activities under an effective and sound organizational structure that ensures the rights of our shareholders.

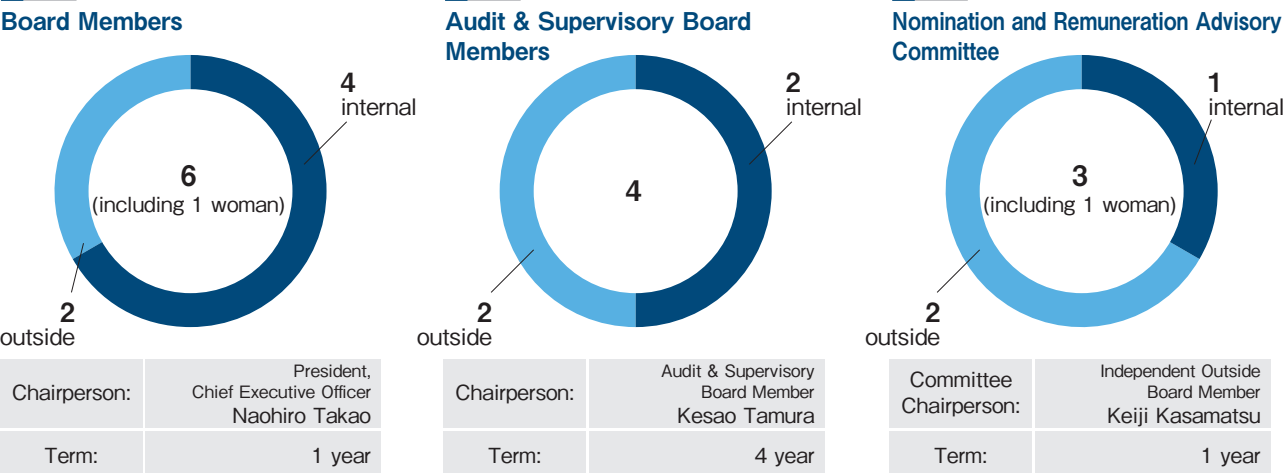
➤ Basic Corporate Governance Policy

https://www.g-tekt.jp/company/pdf/governance_guideline_en.pdf



Outline of corporate governance system

Organizational structure: Company with a board of auditors (as of June 30, 2023)



Message from newly appointed Director



Member of the Board,
Managing Officer of the Company
Akira Kakizaki

Taking G-TEKT's manufacturing to the next stage with speedy management that brings about change

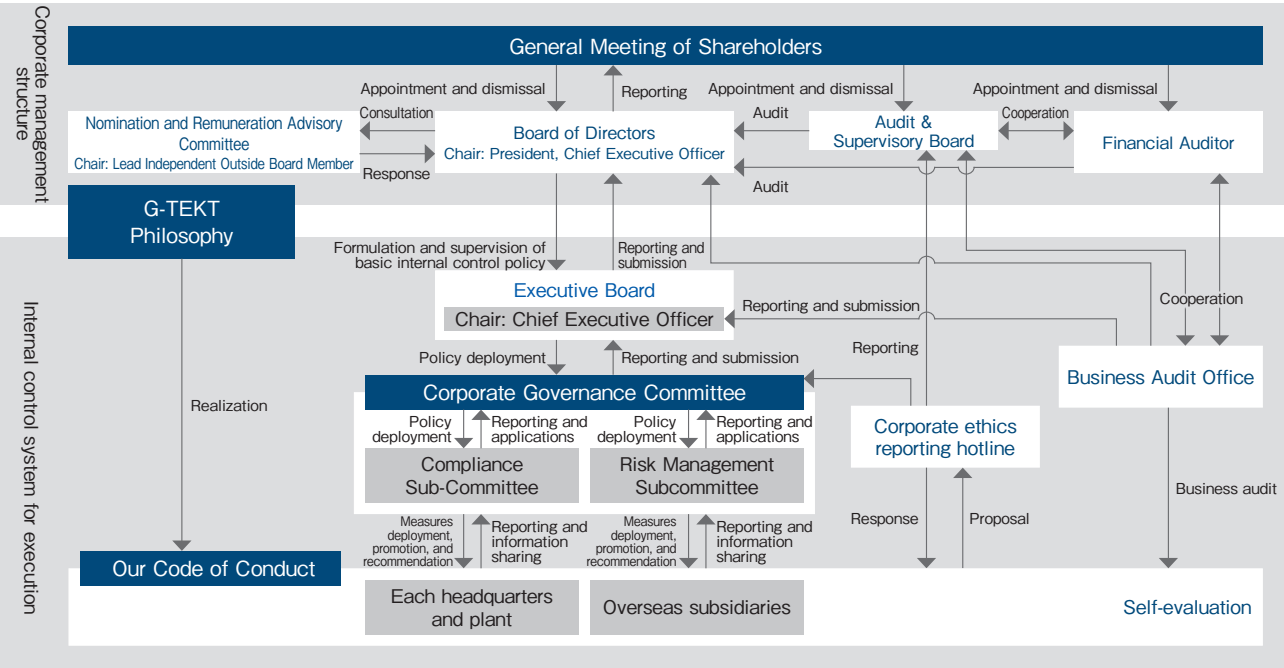
My name is Kakizaki, and I have been elected to assume the position of Director at the 12th Ordinary General Meeting of Shareholders. It has been 33 years since I started my career in production engineering of presses and dies. During that time, I was transferred to a partner manufacturer and stationed at a North American site, and was mainly engaged in the areas of production engineering and technology development. Since April of this fiscal year, I have been serving as Quality Assurance Operations Director, and DX Charge Officer. The automotive industry that surrounds us is in the midst of a competition for survival, with the rapid shift to EVs and manufacturing reforms due to decarbonization, and it is expected that consolidation will accelerate, not only in the supply chain but also among OEMs. We are also facing a period of major transformation in manufacturing accompanied by digital innovation. Although we are in an environment with many issues to be addressed, we believe that in order for G-TEKT to achieve further growth and continue to be a company with high expectations, it is important to turn each difficult situation into an opportunity to steadily achieve results and to make challenging, yet sound and speedy management decisions. In order to achieve the new management strategy as soon as possible and lead G-TEKT to the next stage, I will fulfill my responsibilities as a Director, not to mention my areas of responsibility, and will do my utmost to advance G-TEKT's development.

Reasons for adopting the current corporate governance system

We have chosen to establish a company with a board of auditors as our governance system. This is because we believe that the Board of Directors, as the highest decision-making body of management, can fulfill its authority and responsibility for business execution, and

that the Audit & Supervisory Board Members and the Audit & Supervisory Board, who are independent of business execution and the Board of Directors, can perform auditing functions for the Board of Directors.

Corporate governance system outline drawing



Major meeting bodies

	Number of times held in FY2023	Total number of members	Internal Board Members	Outside Board Members	Chair
Board of Directors	15 times	7	4	3	President, Chief Executive Officer
Summary	The Board of Directors meets on a regular basis or on an extraordinary basis as necessary, and under the direction of the President, Chief Executive Officer, makes resolutions on matters stipulated in laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations, and makes important management decisions. In addition, the Board of Directors receives reports from each Board Member and executive officer on business matters and fulfills its monitoring and supervisory functions.				
	Number of times held in FY2023	Total number of members	Internal Board Members	Outside Board Members	Chair
Nomination and Remuneration Advisory Committee	2 times	5	2	3	Lead Independent Outside Board Member
Summary	An advisory committee to the Board of Directors has been established, and the Board of Directors consults with it on important agenda items, such as the nomination of candidates for Board Members and Audit & Supervisory Board Members and executive remuneration, as appropriate.				
	Number of times held in FY2023	Total number of members	Internal Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members	Chair
Audit & Supervisory Board	14 times	4	2	2	Audit & Supervisory Board Member
Summary	The Audit & Supervisory Board meets at least once a month in principle. Each Audit & Supervisory Board Member attends meetings of the Board of Directors, investigates the status of business and assets in cooperation with the Financial Auditor, and audits the execution of duties by the Board Members in accordance with the audit policy, division of duties, and other matters determined by the Audit & Supervisory Board.				
	Number of times held in FY2023				
Executive Board	25 times	Summary	The Executive Board is an organization that deliberates in advance on matters to be discussed at meetings of the Board of Directors and resolves management matters authorized by the Board of Directors. In addition to the regular meetings of the Executive Board, the Global Executive Board has been established to intensively discuss business plans.		

* The structure of Board Members and Audit & Supervisory Board Members is as of March 30, 2023.

Main agenda of the Board of Directors meeting for the fiscal year ended March 31, 2023

[General management]

- Report on major agenda items at the Executive Board
- Business plan for the next fiscal year
- Investments to expand capacity at overseas plants
- Investments to expand capacity at domestic plants
- Construction plans for a new domestic plant
- Conclusion of basic agreement on joint development with Ahresty
- EV business initiatives and progress

[General Meeting of Shareholders related]

- Convocation of General Meetings of Shareholders and determination of agenda items
- Approval of business reports, financial statements, etc.
- Determination of candidates for Board Members

[Board Members and Audit & Supervisory Board Members and organization related]

- Selection of Chief Executive Officer
- Remuneration and bonuses for Board Members and Audit & Supervisory Board Members
- Election of Executive Officers and site managers

[Shareholders]

- Implementation of interim dividend

[Other]

- Conducting and reporting on evaluation of the effectiveness of the Board of Directors
- Report on the results of shareholder questionnaires
- Donation for humanitarian assistance in Ukraine

Evaluation of the effectiveness of the Board of Directors

With regard to the effectiveness of the Board of Directors, we conduct an annual self-evaluation questionnaire (anonymous) for the Members of the Board of Directors and Audit & Supervisory Board Members, and the results are shared and deliberated by the Board of Directors. We have conducted the questionnaire for the past five years with questions that are comparable to those of other years, in an effort to identify issues and monitor improvements. In the fiscal year ended March 31, 2022, it was confirmed that the Board of Directors had been highly effective in establishing a system for dialogue with shareholders, providing appropriate non-financial information, and appropriately supervising human resource strategies. However, the spread of COVID-19 also had an impact, and the training of Officers and information sharing among Outside Board Members and Outside Audit & Supervisory Board Members remained inadequate, resulting in issues with the effectiveness of the operations of the Board of Directors being

highlighted. To address these issues, we held reporting meetings for company business and also for Outside Board Members and Outside Audit & Supervisory Board Members. In the questionnaire survey for FY 2022, although on the one hand improvements were seen in relation to training for Officers and information sharing for Outside Board Members and Outside Audit & Supervisory Board Members, on the other hand some areas were deemed inadequate, such as the formulation of a policy on allocation of management resources that takes into account the cost of capital, and the appropriate supervision of the Company's approach to its human capital strategy. In order to address these issues, going forward the Company will continue to cycle through the process for evaluating the effectiveness of the Board of Directors in order to drive further improvements, such as by embarking on more substantial discussions on the cost of capital, or its approach to human capital.

Compliance with the Corporate Governance Code

Recently, the diversity of the Board of Directors and increasing the percentage of Independent Outside Board Members have become critical concerns for institutional investors. As ongoing initiatives in response to the requirements of the Corporate Governance Code on this issue, the Company made the ratio of Independent Outside Board Members on the Board of Directors at least one-third in the fiscal year ended March 31, 2019, developed and published a skill matrix with identifying the skills required of the Board of Directors from the fiscal year ended March 31, 2022, and held a General Meeting of Shareholders on June 2022 that appointed a new Independent Outside Board Member with management experience. In addition to improving the functions of the Board of Directors as described above, the June 2021 Corporate Governance Code has been revised to include items such as ensuring diversity in core human resources and addressing issues surrounding sustainability. Based on this, in addition to

establishing policies and targets for the diversity of our human resources, including managers, and drawing up and publicizing our Basic Sustainability Policy, we launched initiatives to enhance the quality and quantity of climate change disclosures based on TCFD recommendations. As a result of these initiatives we successfully made the transition to the Prime Market of the Tokyo Stock Exchange in April 2022. However, following requests by the Tokyo Stock Exchange in March 2023 to listed companies for them to implement approaches to management that take into account the cost of capital, we accelerated internal discussions on the subject, such as by setting management indicators and targets for improving return on capital in June 2023, and we continue to work on measures to address the spirit of the Corporate Governance Code.

Corporate Governance Report

https://www.g-tekt.jp/company/pdf/governance_report.pdf



Policy for determining the amount of remuneration for Board Members and Audit & Supervisory Board Members or calculation methods thereof

The decision-making policy regarding the details of individual remuneration, etc. for Board Members is resolved by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee, chaired by an Independent Outside Board Member. **(1) Basic approach** The Company's remuneration system for officers is designed to motivate officers to contribute to the improvement of the Company's performance in the short- and medium-term in order to enable sustainable growth

and increase in corporate value. Based on this, the Company's remuneration system for officers consists of three types of remuneration: basic remuneration as fixed and monthly salary, bonuses linked to short-term performance, and share-based remuneration linked to stock price and performance. Remuneration for Outside Board Members and Outside Audit & Supervisory Board Members consists only of basic remuneration from the perspective of their roles and independence.

Composition of remuneration

Type of remuneration	Payment standard	Composition of remuneration (approximate)	Classification
Basic remuneration	For the Chief Executive Officer and below, remuneration is set as a fixed monthly salary based on the position, taking into account the responsibilities, length of service, the level of other companies, and the level of employee salaries.	70%	Monetary remuneration
Performance-based remuneration (Bonuses)	(1) In the event that operating profit for the current fiscal year increases compared to the previous year, the total amount to be paid will be determined by setting a performance coefficient based on operating profit for the current fiscal year and taking into consideration various factors such as the operating margin, the year-on-year growth rate of operating profit, the growth rate of EPS, and the contribution of ESG (climate change, social contribution activities, and governance). (2) The amount of individual remuneration is calculated by multiplying the base amount according to the position by a coefficient corresponding to the level of contribution.	10%	Monetary remuneration
Share-based remuneration*	(1) Points are granted to Board Members and Executive Officers, excluding Outside Board Members, for each fiscal year according to their position, performance, etc., and shares corresponding to the total number of points are delivered upon retirement of each officer. (2) Consists of a non-performance-linked portion and a performance-linked portion that uses operating profit as a performance indicator, and the amount of performance-linked remuneration is determined by multiplying the standard amount for each position by a coefficient based on the performance of operating profit.	20%	Non-monetary remuneration

* The target for operating profit, which is the indicator for performance-linked share-based remuneration in FY2021, was ¥12.4 billion, and the actual result was ¥10.931 billion. For performance-linked share-based remuneration, points equivalent to ¥11 million have been granted.

(2) Procedures for determining remuneration, etc. Basic remuneration, bonuses, and share-based remuneration, including the details of remuneration, etc. for each individual, are deliberated by the voluntary Nomination and Remuneration Advisory Committee chaired by the Lead Independent Outside Board Member. Based on the results of the deliberations of the Nomination and Remuneration Advisory Committee, the final decision is made by a resolution of the Board of Directors at the discretion of the President.

The process is set forth in the Regulations of the Board of Directors and the Regulations of the Nomination and Remuneration Advisory Committee. In determining the details of individual Board Member remuneration, etc., the Nomination and Remuneration Advisory Committee, chaired by an Independent Outside Board Member, examines the draft in light of the decision policy, and the Board of Directors believes that the content of the draft is in line with the decision policy.

Total remuneration for Board Members and Audit & Supervisory Board Members

Categories of officers	Total amount of remuneration, etc. (Millions of yen)	Amount of remuneration, etc. by type (Millions of yen)			Number of recipient officers (people)
		Basic remuneration	Bonuses	Share-based remuneration	
Board Members (excluding Outside Board Members)	206	156	9	41	4
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	32	32	—	—	3
Outside Board Members and Outside Audit & Supervisory Board Members	24	24	—	—	5

* Remuneration for Board Members is for the fiscal year ended March 31, 2023.

Anti-corruption initiatives

In December 2017, we established an anti-bribery policy in response to the anti-bribery laws and regulations of various countries, including Japan, the United Kingdom, and the United States, with the aim of maintaining healthy and transparent relationships with public officials, customers, and business partners. To ensure that bribery is not only prohibited but also effectively prevented, this policy stipulates that G-TEKT will promote the development of organizational structures and internal regulations, educate employees, request cooperation from

business partners, and properly conduct accounting records and audits. Based on this policy, we are working daily to prevent corruption by establishing a management system at the global level, using a manual that describes the policy, and reporting the use of expenses before and after the expenses are used.

Reference

<https://www.g-tekt.jp/english/ir/governance/basic.html>




Promotion of fair business practices

We recognize that a healthy competitive environment among companies is important for the development of society. With the aim of complying with the competition laws of each country and region (including related legislation), G-TEKT established a Competition Law Compliance Policy in December 2017, declaring that it will not tolerate any conduct that violates competition laws. This policy specifically stipulates the procedures to be followed by officers and employees of the G-TEKT

Group when participating in meetings with other companies in the same industry, as well as prohibited activities at such meetings, so that compliance with competition laws can be more effectively maintained. We ask our suppliers to comply with these rules in accordance with our CSR guidelines.

Reference

<https://www.g-tekt.jp/english/ir/governance/basic.html>




Tax Policy

G-TEKT CORPORATION (the “Company”) establishes its tax policy and complies with it to fulfill responsibility for appropriate tax payments throughout its group.

1. General Principle	The Company contributes to financials of each country by appropriate tax payment in accordance with local laws and regulations in each country.
2. Transfer Pricing	The Company applies OECD transfer pricing guideline and the Base Erosion and Profit Shifting (BEPS) as overarching guiding principles for international transactions. It does not apply tax incentives that deviates from the intent of laws and regulations.
3. Governance	The Company is committed to resolve tax issues in a timely manner in cooperation with our overseas subsidiaries when it identifies them. Further, when it specifies highly important issues, it reports them to The Board of Directors of the Company. It reports them to Audit and Supervisory Board as well.
4. Promoting Tax Compliance Mindset and Knowledge	The Company is committed to educating its employees on tax compliance through its training programs.
5. Relationship with Tax Authorities	The Company makes efforts to have a productive relationship with each tax authority and sincerely responds to a request from tax authorities for providing information and takes measures to prevent recurrence to matters that tax authorities pointed out. Further, if disagreement arises, the company makes efforts to resolve it with constructive dialogue.
6. Scope of Application	This policy applies to The Company’s all officers and employees. The Company also requests all business partners involved in its business activities to understand and cooperate with this policy.
7. Positioning	This policy supplements The Company’s Philosophy and Code of Conduct.

Reference

<https://www.g-tekt.jp/english/ir/governance/basic.html>



Dialogue with shareholders and investors

We have established a Policy concerning Dialogue with Shareholders and strive to disclose information in an accurate, timely, fair, and proactive manner, and promote constructive dialogue through the General Meetings of Shareholders, financial results briefings, factory tours, and individual interviews.

The results of the shareholder questionnaire survey conducted twice a year are all reported to the Board of Directors, and discussions are deepened to reflect the honest opinions of shareholders in management.

Main IR activities in FY2022

Activity	Number of activities	Details
Financial results briefings for analysts and institutional investors	4	Financial results briefings attended by the President twice a year (second quarter and fiscal year end), and online briefings by the officer in charge of finance and IR at the end of the first and third quarters
Individual dialogue with analysts and institutional investors	22 ^{*1}	The IR department plays a central role in setting up opportunities for individual dialogue between analysts and institutional investors and the officer in charge of finance and IR.
Factory tour for shareholders	2	Twice a year (spring and fall), tours of factories and research facilities in Japan are conducted.

^{*1} Of these, dialogue with overseas institutional investors was held three times.

Skill matrix for Board Members and Audit & Supervisory Board Members

The holding of lively discussion from different perspectives between diverse persons of varying specialties will result in management that enables the realization of our corporate philosophy through improvement in corporate value in the medium to long term. The Skills Matrix shows the correspondence between the expertise and experience that we expect from our Board Members and Audit & Supervisory Board Members in promoting the New G-TEKT Management Strategy and the expertise and experience possessed by each. In addition to “Business administration,” which handles the proposal and advancement of supervision and strategy for the

corporate organization, “Legal affairs and risk management” and “Finance,” which are key to sound organizational operations, and “Technology/R&D,” “Sales and marketing,” and “Manufacturing/Quality Management,” which are central to our business activities, we consider “Sustainability and ESG”, which is essential for sustainable growth, as necessary expertise and experience. In terms of composition, at least one-third of Outside Board Members also meet the requirements set out by the Company for independent officers, such as individuals with experience of corporate management, and researchers.

Name and affiliation	Gender	Title	Length of service	Business administration	Technology/R&D	Sales	Manufacturing/quality management	Finance	Legal affairs and risk management	Sustainability ESG
Naohiro Takao August 27, 1960	Male	President, Chief Executive Officer Nomination Advisory Committee Member Remuneration Advisory Committee Member Chairperson of the Board of Directors	30 years	●	●	●	●	●	●	●
Hiroshi Seko June 6, 1961	Male	Member of the Board, Senior Managing Officer	3 years	●	●	●	●			●
Fumihiko Hirotaki November 23, 1964	Male	Member of the Board, Managing Officer	2 years	●	●	●	●			●
Akira Kakizaki April 9, 1965	<div>New candidate</div> Male	Member of the Board, Managing Officer	—		●		●			●
Keiji Kasamatsu January 20, 1955	<div>Outside Independent</div> Male	Member of the Board Chairperson, Nomination Advisory Committee Member Chairperson, Remuneration Advisory Committee Member	1 year	●		●		●	●	●
Rieko Inaba October 23, 1975	<div>Outside Independent</div> Female	Member of the Board Nomination Advisory Committee Member Remuneration Advisory Committee Member	4 years						●	●
Kesao Tamura June 2, 1961	Male	Audit & Supervisory Board Member	8 years	●			●	●		●
Yoshiaki Kawakubo September 13, 1963	Male	Audit & Supervisory Board Member	1 year					●	●	●
Yasunori Niizawa December 6, 1954	<div>Outside Independent</div> Male	Audit & Supervisory Board Member	4 years					●		●
Yasuo Kitamura March 8, 1965	<div>Outside Independent</div> Male	Audit & Supervisory Board Member	4 years						●	●

Business risks

We recognize that the following are risks that may affect the financial position and operating results of the Group, and that they may have a significant impact on the decisions of investors. Based on the risk map for each location and region implements countermeasures.

	Description of risk	Response to risk
Changes in the economic environment	▲ Global recession, falling asset prices, and changes in the tax system have dampened the appetite of consumers for purchasing automobiles, leading to lower sales of automobiles.	• Analysis of macroeconomic trends and changes in fiscal and monetary policies in each country and their impact on the automotive market, and reviewing future investment and employment from time to time
Changes in the automotive market	▲ Trends in the shift to EVs in line with stricter environmental regulations toward decarbonization	• Accurately understand the standardization of environmental regulations and strengthen the acquisition of EV-related component development and production technologies
	▲ Technological and price competition with other companies in the same industry, and market share fluctuations due to new entrants	• Developing and proposing high value-added products by understanding customer needs with an eye to creating value for customers
Development technologies and production technologies	▲ Processing and production technologies for further weight reduction	• Development of weight saving technologies to meet customer needs quickly
	▲ Changes in production technology due to the spread of multi-materials	• Promoting joint development with other industries
Intellectual property rights	▲ Investment burden in the event of inferiority in obtaining rights for technologies under development	• Establish a department dedicated to the management of intellectual property to accelerate searches and applications for patent rights related to development projects
Quality	▲ Loss of new projects and liability for damages due to decreased customer confidence resulting from quality issues	• Design, installation, and operation of production lines in compliance with laws and regulations and international quality control standards • Image/video analysis and nondestructive testing in the manufacturing line, establishment of quality assurance functions that do not rely on human sensibilities • Preventive maintenance of quality by visualization and monitoring of quality information of the Group
Dependence on specific sales partners	▲ Impact on our business due to factors such as business strategies, production adjustments, and sales trends of specific customers who hold nearly one-third of our total voting rights and account for approximately 60% of our net sales	• Reduction of dependency risk by expanding transactions with customers other than specific customers • Maintain an appropriate governance structure, including a Board of Directors that is independent of the influence of specific customers to protect minority shareholders' interests
Supply chain	▲ Difficulty in procuring key components and purchased goods due to the shutdown of our suppliers as a result of factors including the pandemic and flooding	• Check hazard maps of procurement sites and secure alternative suppliers from cooperating manufacturers • Reduce risk by shortening the time required for mold production and the dispersion of processes, and establish a system for early recovery
Natural disasters, pandemics, man-made disasters	▲ Impact on business continuity due to natural disasters such as major earthquakes, tsunamis, volcanic eruptions, floods, and tornadoes, as well as terrorism, mass movements, labor movements such as employee strikes, power and energy crises.	• Formulate emergency measures and minimize damage based on the frequency of risk, financial impact, and other factors, based on a risk matrix analysis of each global production site
Compliance	▲ Decline in stakeholder trust and damage to corporate value due to legal violations, harassment, etc., by Group officers and employees	• Review and report to the Audit & Supervisory Board on the organization's self-examination, training, and corporate ethics proposals by the department specializing in compliance • Ensure that employees are fully aware of the basic policy based on the commitment of top management
Exchange rate fluctuations	▲ Foreign exchange gains (losses) due to significant exchange rate fluctuations against the yen and changes in foreign currency translation differences	• Reduce the impact of exchange rate fluctuations by flexibly making forward exchange contracts for exports of equipment such as dies, jigs, and fixtures, and services such as dividends and royalties
Cyber security	▲ Increased sophistication of cyber attacks	• Review rules and improve training and education on cyber security
	▲ Malfunction of production management system and leakage of confidential data	• Implementing the latest cyber security software, monitoring and blocking cyberattacks 24 hours a day
Geopolitical risks	▲ Occurrence of unrest, political tension, terrorism, conflict, or war in the countries or regions where we operate	• Always collect information by taking a bird's eye view of international affairs and deepening our knowledge of geopolitical risks • Pre-set safety arrangements for people dispatched and their families • Recovery of overseas assets in high-risk areas
Economic security	▲ Military diversion, etc. of technology, data, and precision equipment exported outside Japan	• Compliance with relevant laws and regulations, and strict operation of export control systems in accordance with the intent of laws and regulations

Message from Outside Board Member

Background

I was elected Outside Board Member in June 2022, and am currently in my second year of service. I have been involved in the sale of steel products, particularly steel sheets for automotive use, at a major general trading company, where I have also been engaged in business administration and corporate management, including 14 years during which I was resident overseas. Leveraging this experience, I intend to do everything I can to improve corporate value by helping to strengthen governance and internal control systems.

Looking back on the past year

The automobile industry is undergoing a once-in-a-century transformation that is being called the CASE revolution, and over the past 12 months we saw electrification take further strides forward. G-TEKT also made progress in its response to electrification, focusing on development of new products to address the BEV market, as well as establishing a new DX Promotion Division to handle the ongoing transformation, and taking the decision to construct the new, cutting-edge Chubu Plant. FY 2022 was also the year in which the Tokyo Stock Exchange executed its market restructuring. Because the Company is listed on the Prime Market, over the past year the Board of Directors focused its efforts on achieving higher levels of governance, and management with an awareness of the cost of capital and the share price. In response to COVID-19 the Board of Directors had adopted an approach of using online meetings, but in November 2022 it reverted to full face-to-face meetings, which allowed for smoother discussions. The Company also implemented tours of factories and of the G-TEKT Tokyo Lab (development hub), as well as holding meetings, seminars, and other events for Outside Board Members and Outside Audit & Supervisory Board Members, making particular efforts to facilitate a better understanding of the current situation of the Company among Outside Board Members from a variety of backgrounds.

Future expectations

We are seeing a trend of improvement in restrictions on automobile production volume caused by shortages of semiconductors, and we expect production volume and net sales to increase. On the other hand, Japanese automotive OEMs, which were slow to shift to BEVs, are exposed to fierce competition from Chinese and European players, as well as Tesla. First, the Company must ensure that the Chubu Plant begins operations, and that these cutting-edge facilities are used to focus on organic expansion in the existing business as a continuation of the growth trend there. At the same time, the key point is that launching the development and manufacture of products to address electrification, as a new business, and promoting the sale of these products throughout G-TEKT's global network is essential for achieving sustainable growth over the medium and long term.

Future challenges

In addition to the above, there are many other forward-looking issues to be addressed. In particular, further enhancing governance and internal control systems at G-TEKT subsidiaries and affiliated companies in countries around the world is an important risk management issue in terms of preventing unforeseen losses.

Also, although we have actively worked to improve personnel and other systems over the past year, ensuring that these measures lead as quickly as possible to the development of human resources and the recruitment of high-quality talent, and strengthening our human capital through the promotion of diversity, are issues that must not be forgotten in our pursuit of sustainability. The Board of Directors will work steadily together as one to resolve these issues, and strive to further improve corporate value. I hope for the continued warm support and understanding of our stakeholders.



Lead Independent Outside Member of the Board

Keiji Kasamatsu

Consolidated Financial Summary

Financial indicators (Japan GAAP)

		FY2013	FY2014	FY2015	FY2016		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Operating results												
Net sales	(Millions of yen)	181,517	193,769	220,731	206,072		219,849	255,637	228,253	209,420	236,503	314,312
Overseas net sales ratio	(%)	73.9	73.4	77.3	76.1		78.2	78.1	78.4	77.6	81.3	85.8
Operating profit	(Millions of yen)	14,121	9,643	12,826	14,402		14,272	16,813	8,677	8,050	10,931	12,836
Ordinary profit	(Millions of yen)	13,852	8,983	11,382	14,430		14,606	17,423	8,744	8,653	12,532	14,284
Profit attributable to owners of parent	(Millions of yen)	8,020	4,652	7,559	9,706		11,532	10,470	5,633	6,532	8,878	10,270
Depreciation	(Millions of yen)	14,043	17,343	22,855	21,289		19,739	21,263	19,649	19,721	15,173	17,414
Capital expenditures	(Millions of yen)	21,056	43,671	20,181	22,394		21,918	22,384	30,117	21,557	14,224	24,536
Research and development expenses	(Millions of yen)	1,879	2,566	2,161	2,242		2,031	2,373	2,418	2,444	2,445	2,608
Financial position												
Total assets	(Millions of yen)	194,495	227,690	215,285	208,584		224,855	225,296	232,188	237,955	282,540	288,698
Net assets	(Millions of yen)	100,599	116,044	114,775	119,340		130,502	133,480	131,598	145,052	163,924	176,695
Net interest-bearing debt	(Millions of yen)	33,551	55,241	45,684	28,232		28,940	21,153	21,723	17,216	22,995	6,933
Cash flows												
Cash flows from operating activities	(Millions of yen)	21,423	16,562	31,771	32,174		24,448	33,543	22,933	25,120	14,064	37,270
Cash flows from investing activities	(Millions of yen)	(29,858)	(36,792)	(21,420)	(14,601)		(26,809)	(25,620)	(25,004)	(15,527)	(18,860)	(16,022)
Cash flows from financing activities	(Millions of yen)	9,843	13,419	(7,944)	(14,809)		1,502	(6,975)	13,532	(17,343)	12,546	(17,582)
Free cash flow	(Millions of yen)	(8,435)	(20,230)	10,351	17,573		(2,361)	7,923	(2,071)	9,593	(4,796)	21,248
Cash and cash equivalents	(Millions of yen)	16,117	11,221	14,604	18,189		17,657	18,141	31,841	25,970	35,968	40,248
Per share information												
EPS (earnings per share)	(Yen)	182.76	106.01	172.93	222.46		264.28	243.11	131.35	152.15	206.68	238.87
BPS (book-value per share)	(Yen)	2,076.61	2,385.72	2,371.99	2,461.76		2,708.64	2,838.35	2,803.15	3,117.66	3,543.98	3,829.15
Cash dividends per share*1	(Yen)	20.00	24.00	32.00	36.00		39.00	46.00	48.00	50.00	56.00	58.00
Payout ratio	(%)	10.9	22.6	18.5	16.2		14.8	18.9	36.5	32.9	27.1	24.3
Management indicators												
Operating profit margin	(%)	7.8	5.0	5.8	7.0		6.5	6.6	3.8	3.8	4.6	4.1
Ordinary profit ratio	(%)	7.6	4.6	5.2	7.0		6.6	6.8	3.8	4.1	5.3	4.5
Net profit ratio	(%)	4.4	2.4	3.4	4.7		5.2	4.1	2.5	3.1	3.8	3.3
Equity ratio	(%)	46.9	46.0	48.1	51.5		52.6	53.9	51.8	56.2	53.9	57.1
ROE	(%)	9.8	4.8	7.3	9.2		10.2	8.7	4.7	5.1	6.2	6.5
ROA*2	(%)	4.1	2.0	3.5	4.7		5.1	4.6	2.4	2.7	3.5	3.6
ROIC	(%)	7.0	3.9	5.5	6.5		5.9	7.1	3.4	3.1	3.5	4.2

*1 A 2-for-1 stock split was conducted on April 1, 2014, and dividends per share for FY 2013 are based on the post-split figures.

*2 Net income divided by total assets.

Non-financial Summary

Environmental data

Greenhouse gas emissions (t-CO₂)

	FY2019	FY2020	FY2021	FY2022
Direct emissions (Scope 1)	10,880	10,730	10,471	12,336
Japan	1,120	1,025	880	755
North America region	7,056	7,422	7,661	9,881
Europe region	1,071	866	692	482
Asia region	948	628	566	489
China region	469	651	494	347
South America region	217	137	178	383
Indirect emissions (Scope 2)	105,338	91,613	96,031	86,740
Japan	17,261	10,770	10,786	4,859
North America region	41,889	36,472	35,307	35,720
Europe region	2,169	2,397	1,190	240
Asia region	19,107	12,117	14,992	15,601
China region	24,356	29,337	32,757	30,005
South America region	556	521	1,000	316

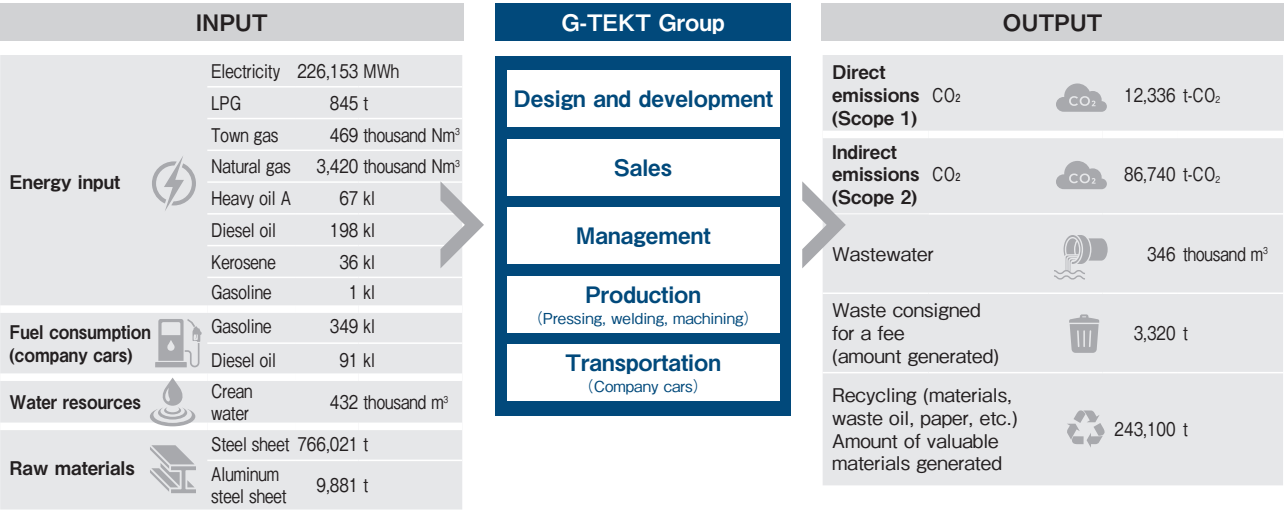
Water resource usage (1,000m³)

	FY2019	FY2020	FY2021	FY2022
Water resource usage	429	407	439	432
Japan	57	64	59	56
North America region	67	58	65	62
Europe region	8	12	31	40
Asia region	136	99	93	90
China region	147	165	181	174
South America region	14	9	9	10

Amount of waste generated (t)

	FY2019	FY2020	FY2021	FY2022
Amount of waste generated	3,664	3,314	3,262	3,320
Japan	692	795	791	677
North America region	858	708	622	531
Europe region	1,096	1,012	1,018	1,065
Asia region	415	336	353	385
China region	287	322	336	576
South America region	316	141	142	87

G-TEKT Group material flow (*FY2022 Results)



Financial Analysis

Overview of the fiscal year ended March 31, 2023

Analysis of operating results

For the fiscal year ended March 31, 2023, while Honda's order production volume declined, new orders from other companies' sales contributed to sales, and changes in material unit prices and foreign exchange effects resulted in net sales of ¥314.3 billion (up 32.9% YoY). As for profits, operating profit was ¥12.8 billion (up 17.4% YoY) as a result of cost reduction efforts and continued cost containment, while we also strengthened our ability to respond to rapid production fluctuations. Ordinary profit was ¥14.3 billion (up 14.0% YoY), mainly due to share of profit of entities accounted for using equity method. Net profit attributable to owners of parent was ¥10.3 billion (up 15.7% YoY).

Overview of financial position

Total assets at the end of the fiscal year ended March 31, 2023 increased by ¥6.2 billion YoY to ¥288.7 billion. Total liabilities decreased by ¥6.6 billion YoY to ¥112.0 billion. Total net assets increased by ¥12.8 billion YoY to ¥176.7 billion.

Overview of cash flows

The balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2023 increased by ¥4.3 billion YoY to ¥40.2 billion. [Net cash provided by (used in) operating activities] Net cash provided by operating activities amounted to ¥37.3 billion. Major inflows were profit before income taxes of ¥14.2 billion, depreciation of ¥17.4 billion, and a decrease in inventories of ¥9.0 billion. This was an increase of ¥23.2 billion YoY. The principal factors were decreases in inventories and in trade receivables to a decrease in inventories and a decrease in trade receivables. [Net cash provided by (used in) investing activities] Net cash used in investing activities amounted to ¥16.0 billion. The major outflow was purchase of property, plant and equipment of ¥17.2 billion. This was a decrease of ¥2.8 billion YoY. The principal factors were decreases in inventories and in trade receivables to inflows arising from withdrawals from time deposits. [Net cash provided by (used in) financing activities] Net cash used in financing activities amounted to ¥17.6 billion. Major outflows were repayments of short-term borrowings of ¥9.7 billion and of long-term borrowings of ¥13.8 billion. This was a decrease of ¥30.1 billion YoY. The principal factors were decreases in inventories and in trade receivables to the repayment of borrowings.

Forecast for the fiscal year ending March 31, 2024 (disclosed on November 7, 2023)

We forecast net sales of ¥337.0 billion (up 7.2% YoY). In terms of profits, we forecast operating profit of ¥13.5 billion (up 5.2% YoY), ordinary profit of ¥14.5 billion (up 1.5% YoY), and net profit attributable to owners of parent of ¥9.3 billion (down

9.4% YoY). We assume exchange rates of ¥140.00 to the US dollar, ¥19.30 to the Chinese yuan.

Basic policy on profit distribution and dividends for the next fiscal year

The Company's basic policy is to maintain a level of shareholders' equity that allows for investment in growth and risk, and to provide stable and continuous returns to shareholders, with the aim of achieving sustainable growth and increasing corporate value over the medium to long term. We have set a DOE (dividend on equity) target of 3.0% for the fiscal year ending March 31, 2031. We will continue to live up to the expectations of long-term investors by continuing our basic policy. For the fiscal year ending March 31, 2024, we plan to pay an interim dividend of ¥32 per share and a year-end dividend of ¥33 per share, for an

annual dividend of ¥65 per share, an increase of ¥7 from the previous year. Based on the above policy, we will continue to increase dividends toward achieving the target, while maintaining liquidity on hand and securing funds for dividends, taking into comprehensive consideration the Group's performance trends, earnings and financial base, business environment, etc.

Reference

<https://www.g-tekt.jp/ir/management/risk.html>



Summary of net sales by business/customer

Results for the fiscal year ended March 31, 2023

By business segment, net sales in the auto body components business were ¥268.8 billion, up ¥70.5 billion YoY. There was some impact from production cutbacks, but this eased in the second half and results reflect unit price revisions for materials and the impact of foreign exchange rates, etc. Car model development increased ¥8.4 billion YoY to ¥37.9 billion. This reflects an increase in the number of new models launched. Net sales for transmission parts totaled ¥7.5 billion, up ¥0.8 billion from the previous year. Honda cut back production at the beginning of the fiscal year due to the impact of semiconductors and other factors, but with the exception

of the China region, towards the end of the fiscal year it was trending toward recovery. Due in part to the impact of foreign exchange and other factors, net sales were ¥175.8 billion, up ¥38.4 billion YoY. Toyota and SUBARU were relatively unaffected by semiconductors, and their production volumes rose for the full year, which together with the impact of foreign exchange, etc., resulted in net sales of ¥71.5 billion and ¥22.7 billion, respectively. An expansion of new orders in Japan and overseas contributed to sales to Toyota in particular. European manufacturer Jaguar Land Rover launched new models, leading to an increase in order production volume and a rise in net sales.

(Unit: 100 millions of yen)

	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023		Plan for fiscal year ending March 31, 2024
[Main exchange rates]											
USD	110.94		108.80		106.05		112.36		135.48		140.00
RMB	16.72		15.61		15.66		17.50		19.74		19.30
Net sales	2,556		2,283		2,094		2,365		3,143		3,370
[Net sales by customer]											
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	
Honda	1,688	66.0	1,444	63.3	1,332	63.6	1,374	58.1	1,758	55.9	
Number of units orders received (10,000 units)	494.3	—	441.3	—	424.0	—	381.0	—	354.5	—	
Toyota	327	12.8	317	13.9	343	16.4	515	21.8	715	22.8	
SUBARU	213	8.3	202	8.9	147	7.0	151	6.4	227	7.2	
European manufacturers (Jaguar Land Rover, BMW)	70	2.7	106	4.6	93	4.4	132	5.5	185	5.9	
Other	258	10.1	214	9.3	179	8.6	193	8.2	258	8.2	

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

Overview of capital investment and R&D

Capital investment results

The Group's capital investment is formulated by comprehensively taking into account factors including the development of new models, economic forecasts, and investment efficiency. The total amount of capital investment for the fiscal year ended March 31, 2023 was ¥24.5 billion. This includes ¥14.9 billion for investment in models to launch new models, and ¥9.7 billion for basic investment including installation of demonstration facilities for the EV-related business, expansion of production capacity, and other matters.

R&D results and outlook

The Group engages in R&D activities related to the development and manufacture of lightweight and highly rigid auto body components. Among these activities, the Department of the R&D Operations of the G-TEKT Tokyo Lab is responsible for the research and development of advanced technologies and new products related to environmental regulations, safety, and vehicle electrification. The total amount of R&D expenses for the fiscal year ended March 31, 2023 was ¥1.5 billion, and the main R&D themes were as follows.

[Research and development for EV vehicle bodies]

Leveraging the whole-vehicle body analysis technology that has evolved as part of our process of co-creative development of vehicle bodies with automotive OEMs, we continue to promote R&D aimed at EV vehicle bodies. Because the battery housing that contains the battery and the body structure of EVs are expected to become very important components with multiple functions, advanced design capabilities are required to build specifications. To address these issues, we will drive the further evolution of the whole-vehicle body analysis technology that we have developed and use it as the basis for comprehensive analyses of the vehicle body, battery housing, chassis and other parts, building specifications that result in the optimal distribution of functions to each component. The main contents of the development are as follows. ● Building a flexible structure that can easily be configured to meet the needs of individual OEMs ● Selecting and building specifications for manufacturing

methods with high productivity and low environmental impacts ● Proposal for battery housings with expected increase in production volume ● Acquisition of performance evaluation capability in the area of chassis components that connect the body and powertrain ● Construction of optimal specifications for a single vehicle, taking into consideration collision safety and reduction of environmental impact as an EV vehicle ● Investigating the application of parts manufacturing technology that makes use of a high level of integration ● Investigating the application of closed-profile structures to vehicle body members The need for electric powertrain-related components is expected to grow rapidly in line with the global increase in demand for EVs, and the Group is moving ahead with the development of mass production technologies for new business areas, such as drive motors and drive train reduction system-related components, where G-TEKT can contribute by leveraging its fundamental technologies. We will continue to move forward with the task of establishing original technology.

[Advanced technology development]

In response to environmental requirements and the accelerating shift to EVs, we are working on the early mass production of processing and joining technologies for new materials for conventional car body frame parts. We are also using alliances and so on with other companies and universities to develop elemental technologies in order to meet strength and weight-reduction requirements, which will become increasingly stringent with the shift to EVs. Specifically, we are pushing ahead with themes such as the following. ● High-speed continuous joining with low distortion ● Dissimilar material joining technology ● Adhesive joining ● Tailored properties ● Development of molding technology for high-strength and lightweight materials (steel/aluminum/composite materials) for EVs, which are increasing in weight ● Development of lightweight and inexpensive structural members that can be used as substitutes for parts using extrusion molded aluminum ● Selection of manufacturing methods and construction of demonstration lines, etc. necessary to support the shift to EVs ● Survey of future technologies from the LCA perspective and formulation of CO₂ emission evaluation criteria

(Unit: 100 millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Plan for fiscal year ending March 31, 2024
Capital investment	224	301	216	142	245	161
Model investment	149	133	85	77	149	51
Basic investment	75	168	131	66	97	110
Depreciation	213	196	197	152	174	180
Research and development expenses	24	24	24	24	26	34

Financial Data

Consolidated balance sheet

	(Unit: Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	40,685	44,232
Notes and accounts receivable-trade	51,230	56,670
Finished goods	1,908	2,090
Work in process	29,081	20,580
Raw materials	3,872	4,244
Supplies	1,297	1,405
Other	8,374	7,102
Total current assets	136,450	136,326
Non-current assets		
Property, plant and equipment		
Buildings and structures	99,924	106,094
Accumulated depreciation	(42,150)	(46,158)
Buildings and structures (net)	57,773	59,936
Machinery, equipment and vehicles	164,971	180,783
Accumulated depreciation	(126,325)	(138,215)
Machinery, equipment and vehicles (net)	38,645	42,567
Tools, furniture and fixtures	142,622	152,887
Accumulated depreciation	(130,994)	(137,260)
Tools, furniture and fixtures (net)	11,627	15,626
Land	13,342	14,375
Construction in progress	12,677	7,148
Total property, plant and equipment	134,067	139,654
Intangible assets	1,416	1,200
Investments and other assets		
Investment securities	8,518	9,429
Deferred tax assets	1,769	1,755
Other	326	341
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	10,606	11,518
Total non-current assets	146,090	152,372
Total assets	282,540	288,698

	(Unit: Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	30,394	34,019
Short-term borrowings	22,247	13,848
Current portion of long-term borrowings	12,414	9,912
Accounts payable - other	6,773	7,654
Income taxes payable	1,610	1,103
Provision for bonuses	1,424	1,529
Other	6,301	6,170
Total current liabilities	81,165	74,239
Non-current liabilities		
Long-term borrowings	29,019	27,405
Retirement benefit liability	1,048	1,452
Provision for share awards for directors (and other officers)	438	472
Deferred tax liabilities	5,131	5,771
Other	1,811	2,661
Total non-current liabilities	37,450	37,763
Total liabilities	118,615	112,003
Net assets		
Shareholders' equity		
Share capital	4,656	4,656
Capital surplus	23,635	23,622
Retained earnings	103,677	111,475
Treasury shares	(1,707)	(1,649)
Total shareholders' equity	130,261	138,104
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,285	1,337
Deferred gains or losses on hedges	1	31
Foreign currency translation adjustment	20,363	25,185
Remeasurements of defined benefit plans	380	33
Total accumulated other comprehensive income	22,031	26,587
Non-controlling interests	11,631	12,003
Total net assets	163,924	176,695
Total liabilities and net assets	282,540	288,698

Consolidated statement of income

	(Unit: Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	236,503	314,312
Cost of sales	212,396	286,533
Gross profit	24,106	27,778
Selling, general and administrative expenses	13,174	14,941
Operating profit	10,931	12,836
Non-operating income		
Interest income	405	700
Dividend income	141	154
Foreign exchange gains	781	385
Share of profit of entities accounted for using equity method	50	626
Gain on sale of scrap	164	180
Other	744	448
Total non-operating income	2,287	2,496
Non-operating expenses		
Interest expenses	560	993
Other	125	54
Total non-operating expenses	686	1,048
Ordinary profit	12,532	14,284
Extraordinary income		
Gain on sale of non-current assets	47	114
Gain on sale of investment securities	3	27
Total extraordinary income	51	142
Extraordinary losses		
Loss on sale of non-current assets	13	1
Loss on retirement of fixed assets	—	46
Loss related to COVID-19	—	167
Total extraordinary losses	13	215
Profit before income taxes	12,570	14,211
Income taxes - current	3,148	3,083
Income taxes - deferred	930	768
Total income taxes	4,079	3,852
Profit	8,490	10,358
Loss attributable to non-controlling interests	△387	87
Profit attributable to owners of parent	8,878	10,270

Consolidated statement of cash flows

	(Unit: Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	12,570	14,211
Depreciation	15,173	17,414
Increase (decrease) in retirement benefit liability	(289)	(168)
Increase (decrease) in provision for bonuses	25	75
Interest and dividend income	(546)	(855)
Interest expenses	560	993
Share of loss (profit) of entities accounted for using equity method	(50)	(626)
Loss (gain) on sale of investment securities	(3)	(27)
Loss (gain) on sale and retirement of non-current assets	(34)	(113)
Loss related to COVID-19	—	—
Decrease (increase) in trade receivables	(10,750)	(3,191)
Decrease (increase) in inventories	(3,605)	9,014
Increase (decrease) in trade payables	6,193	2,131
Increase (decrease) in consumption taxes receivable/payable	(494)	(23)
Increase (decrease) in advances received	(3,110)	582
Increase (decrease) in accounts payable - other	(172)	343
Other	1,386	872
Subtotal	16,851	40,633
Interest and dividends received	626	1,021
Interest paid	(593)	(989)
Income taxes refund (paid)	(2,819)	(3,394)
Net cash provided by (used in) operating activities	14,064	37,270
Cash flows from investing activities		
Net decrease (increase) in time deposits	(1,325)	1,116
Purchase of property, plant and equipment	(17,419)	(17,168)
Proceeds from sale of property, plant and equipment	68	133
Purchase of intangible assets	(172)	(107)
Purchase of investment securities	(74)	(85)
Proceeds from sale of investment securities	33	92
Other	28	(1)
Net cash provided by (used in) investing activities	(18,860)	(16,022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,426	(9,721)
Proceeds from long-term borrowings	18,220	9,174
Repayments of long-term borrowings	(8,593)	(13,838)
Repayments of installment payables and finance lease obligations	(207)	(354)
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,299)	(2,474)
Dividends paid to non-controlling interests	—	(73)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(294)
Net cash provided by (used in) financing activities	12,546	(17,582)
Effect of exchange rate change on cash and cash equivalents	2,246	613
Net increase (decrease) in cash and cash equivalents	9,997	4,279
Cash and cash equivalents at beginning of period	25,970	35,968
Cash and cash equivalents at end of period	35,968	40,248

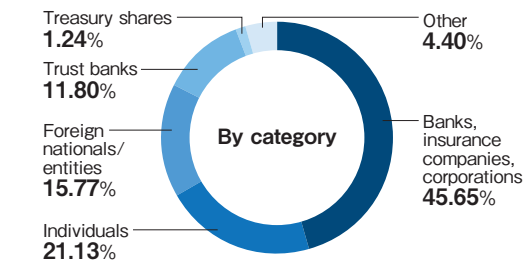
Information for Investors

Basic stock information

Fiscal year	April 1 to March 31 of the following year
Shareholders' record date for receiving year-end dividends	March 31
Shareholders' record date for receiving interim dividends	September 30
Ordinary General Meeting of Shareholders	Every June
Shareholders' register administration and special account management agent	Mitsubishi UFJ Trust and Banking Corporation
Contact point	Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency PO Box 29, Shin-Tokyo Post Office, 137-8081 Phone: 0120-232-711 (toll-free)
Stock exchange listing	Prime Market, Tokyo Stock Exchange

Status of shares (as of September 30, 2023)

Total number of shares authorized	100,000,000 shares
Total number of shares issued	43,931,260 shares
Number of shareholders	18,210

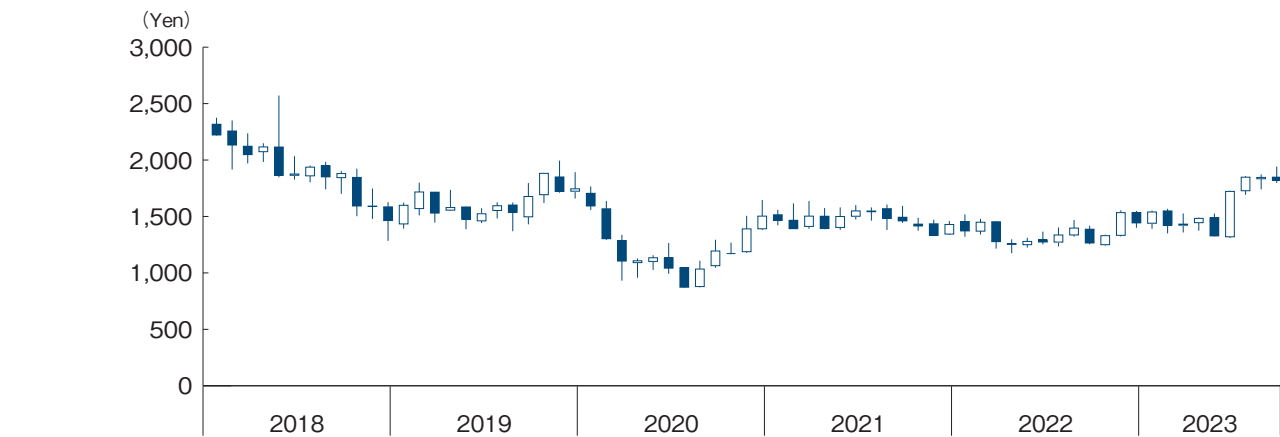


Major shareholders (top 10, honorifics omitted)

Name of shareholders	Number of shares held	Shareholding ratio (%)
Honda Motor Co., Ltd.	13,035,098	30.04
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,914,800	6.72
KP K.K.	2,200,800	5.07
TK Holdings Inc.	2,194,344	5.06
Custody Bank of Japan, Ltd. (Trust Account)	1,776,366	4.09
Okasan Securities Co., Ltd.	1,395,600	3.22
Naohiro Takao	1,286,576	2.97
Toshitsugu Kikuchi	945,901	2.18
RE FUND 107-CLIENT AC	683,500	1.58
Tomohiro Yoshida	596,300	1.37

*1. The shareholding ratio is calculated by deducting 545,171 shares of treasury shares.
*2. Treasury shares does not include 307,166 shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account) as performance-linked share-based remuneration for the Company's officers.

Stock price



Company Overview (as of September 30, 2023)

Company name	G-TEKT CORPORATION	Established	November 4, 1953
Founded	April 1, 1947	Share capital	¥4,656,227,715
President, Chief Executive Officer	Naohiro Takao		
Description of business	Manufacturing and sales of auto body components, transmission parts, stamping dies/weld equipment, etc.		

Sites

Japan	Production
Head Office	Saitama Plant (manufacturing of auto body components)
Engineering, R&D, quality assurance	Hamura Office, Saitama Plant (manufacturing of auto body components)
G-TEKT Technical Center (engineering)	Shiga Plant (manufacturing of auto body components/die design and production/welding facility design)
G-TEKT TOKYO LAB (research and development)	Tochigi Plant (manufacturing of transmission parts/die design)
G-TEKT Quality Assurance Center (quality assurance)	Gunma Plant (manufacturing of auto body components/die design and production)
Sales	
C&C Tochigi (product development/sales)	

Overseas

North America	Slovakia
United States	G-TEKT Slovakia, s.r.o. (manufacturing of auto body components)
Jefferson Industries Corporation (manufacturing of auto body components)	
G-TEKT North America Corporation (research and sales)	Germany
Jefferson Southern Corporation (manufacturing of auto body components)	G-TEKT (Deutschland) GmbH. (research and sales)
Austin Tri-Hawk Automotive, Inc. (manufacturing of auto body components)	China
G-TEKT America Corporation (manufacturing of auto body components)	Auto Parts Alliance (China) Ltd. (manufacturing of auto body components and die production)
Canada	Auto Parts Alliance (China) Ltd. (No. 2 Plant) (manufacturing of auto body components and transmission parts)
Jefferson Elora Corporation (manufacturing of auto body components)	Wuhan Auto Parts Alliance Co., Ltd. (manufacturing of auto body components and die production)
Mexico	Wuhan Auto Parts Alliance Co., Ltd. (No. 2 Plant) (manufacturing of auto body components)
G-TEKT MEXICO CORP. S.A. DE C.V. (manufacturing of auto body components and transmission parts)	Conghua Auto Parts Alliance (China) Ltd. (manufacturing of small pressed parts for auto bodies)
G-ONE AUTO PARTS DE MEXICO, S.A. DE C.V. (manufacturing of auto body components)	Guangzhou Nansha Auto Parts Alliance (China) Ltd (manufacturing of auto body components)
*Equity-method affiliates	G-TEKT (Shanghai) Technical & Trading Co., Ltd. (research and sales)
South America	Asia
Brazil	Thailand
G-KT do Brasil Ltda. (manufacturing of auto body components)	G-TEKT (Thailand) Co., Ltd. (manufacturing of auto body components and die production)
Europe	G-TEKT Eastern Co., Ltd. (manufacturing of auto body components and die production)
United Kingdom	G-TEKT Eastern Co., Ltd. (No. 2 Plant) (manufacturing of auto body components)
G-TEKT Europe Manufacturing Ltd. (manufacturing of auto body components)	Thai G&B Manufacturing Ltd. (manufacturing of auto body components)
G-TEKT Europe Manufacturing Ltd. (No. 2 Plant) (manufacturing of auto body components)	India
G-TEKT Europe Manufacturing Ltd. (No. 3 Plant) (manufacturing of auto body components)	G-TEKT India Private Ltd. (manufacturing of auto body components)
G-TEKT Europe Manufacturing Ltd. (No. 4 Plant) (manufacturing of auto body components)	Indonesia
	PT.G-TEKT Indonesia Manufacturing (manufacturing of auto body components and transmission parts)

Information on the website



IR information such as financial results and press releases can be found on the Company's website.



