

## Business Strategy

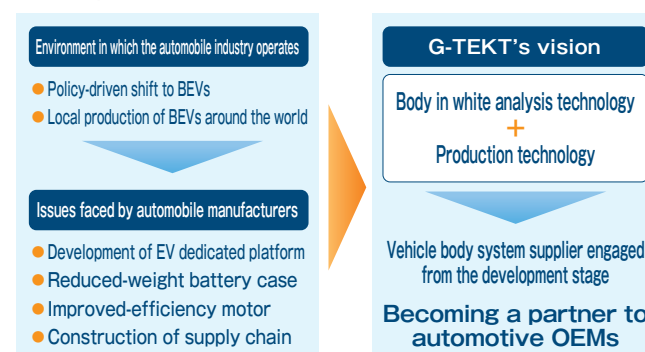
In order to survive this once-in-a-century period of transformation, G-TEKT has centered its business strategy on the concepts of evolving into a vehicle body system supplier and realizing the smart factory.

### G-TEKT's vision

In order to respond to the rapid shift to BEVs that is progressing worldwide, each automotive OEM is devoting considerable manpower to the development of competitive BEVs, as well as to new areas such as batteries and motors, while at the same time urgently constructing a new supply chain in different regions across the world. It is anticipated that automotive OEMs will expand their use of suppliers as external resources in order to cover the large amount of labor that is needed for this. The Company regards this to be a business opportunity, and by making full use of its body in white analysis and production technologies that it has cultivated through to the present, while also actively examining and utilizing external alliances, it shall evolve from its current status as a Tier 1 supplier, or primary manufacturer, into a Tier 0.5 supplier. Its objective is to establish a position as a vehicle body system supplier that is a partner to automotive OEMs, capable of receiving orders at each stage from development to mass production rather than only at the previous stage of mass production.

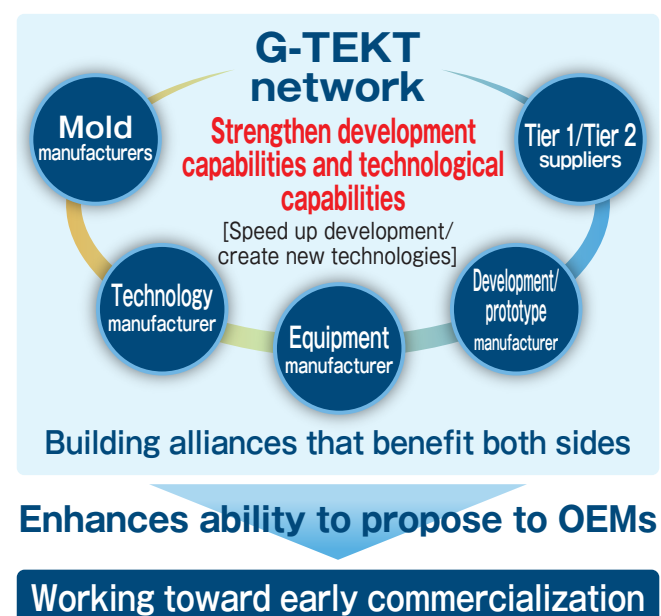
In order to evolve into a vehicle body system supplier, the Company must not only further strengthen its

technological and development capabilities for the vehicle body products that have been its main products up until now but also develop new areas of business in battery and motor products, where demand is expanding due to the rise in the market share of electric vehicles. By possessing technological and development capabilities in our area of the business that are comparable to those of automotive OEMs, we will be able to actively propose products to such customers, leading to growth in orders.



### Preparing to evolve into a vehicle body system supplier

When building a new business model in a highly volatile business environment, the most important thing is speed. To address this, G-TEKT is in the process of creating alliances with companies from the perspective of development partnerships, procurement of materials and equipment, and supplementing production capacity—in other words, the G-TEKT network—and of swiftly establishing the necessary systems. For example, we are collaborating with specialist external manufacturers and engineering service providers with the aim of further strengthening our technological and development capabilities. Based on the resources augmented through these initiatives, the Company is demonstrating multiple EV-related technologies on a demonstration line at its site in Tokyo. Through collaboration with materials manufacturers and aluminum diecast manufacturers we have achieved dramatic improvements in development efficiency for the large-scale integrated components that are the Company's strategic product. Going forward, we will continue to strengthen external alliances, and in addition, will continue to work towards commercialization at an early stage.



### Structural transformation: embodying the smart factory

Electrification of automobiles has the potential to drastically change the structure of auto body components and the way auto body components are made. The emergence of "gigacasting," which integrates components that were previously made up of multiple parts, is seen as one sign of this trend. This transformation of the car body structure will force a change in the production system and the factory itself. Next-generation factories must be more productive and reliable than ever before.

The tightness in the labor market, which has arisen against the backdrop of the declining birth rate and other factors, is another important issue. Before this problem materializes in the form of personnel shortages, we must take steps to prepare for the shift of production facilities to unmanned operation.

By actively promoting the automation of production lines, introduction of automated inspection systems, and utilization of big data gathered from the front line, the Company intends to not only achieve unmanned operation but also dramatically improve the quality and productivity that are the pillars of manufacturing.

At the new plants at Chubu (Gifu Prefecture) and Nansha (Guangdong Province, China) that are currently being constructed to embody these concepts, we will introduce state-of-the-art technologies predicated on DX. In addition to unmanned production lines, we will deploy AGFs (Automatic Guided Forklifts) and AGVs (Automated Guided Vehicles) linked to automated warehouse systems to achieve unmanned on-site logistics.

By centralizing management of the vast quantities of data obtained from the automation of production and inspection in the cloud to optimize production, we will achieve further structural transformations. We will maintain an optimal production setup that minimizes inefficiencies, such as by enabling us to view the state of production in real time, preserve an appropriate level of inventories, respond instantly to instructions from automotive OEMs for sudden changes in delivery, and flexibly reconfigure production plans.

In future we will use AI to analyze and optimize big data to identify processes that constitute bottlenecks for the factory as a whole, improve production efficiency, and make other improvements, with the aim of realizing the ultimate smart factory, one in which the plant itself possesses intelligence. By implementing improvements to the production and verification results at these new factories and deploying them horizontally to other Group companies around the world, we will seek to enhance quality and profitability for the Group as a whole.



Chubu Plant



Nansha Plant

