

# G-TEKT REPORT 2024





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

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

## Code of Conduct

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

## Vision

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

## Basic Sustainability Policy

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

This artwork expresses the future that we are forming. The shape that changes in appearance depending on the angle represents the flexible approach we take to the vehicles of the future, without allowing ourselves to be constrained by existing values, and the smooth twists and curves of the mesh material hint at processing and weight saving technologies to come. Going forward we will continue to create and propose new bodies full of originality.

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<b>Purpose of Publication</b>	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.	<b>Period Covered</b>	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024). Some past initiatives and recent activities are also mentioned.
		<b>Scope</b>	The entire G-TEKT Group including overseas.
<b>Reference Guidelines</b>	<ul style="list-style-type: none"><li>• ISO 26000</li><li>• GRI (Global Reporting Initiative) "Sustainability Reporting Guideline Standards"</li><li>• United Nations Global Compact</li><li>• Ministry of the Environment "Environmental Reporting Guidelines (2018)"</li><li>• Ministry of Economy, Trade and Industry "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation"</li><li>• IIRC "International Integrated Reporting Framework"</li></ul>	<b>Disclosure Date</b>	December 2024
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# Four Strengths that Support

In order for G-TEKT to continue to grow sustainably, it is essential that the Company maintains a balance of these four strengths at a high level. By further refining these strengths, we will not only accelerate our growth but also make our path to becoming a vehicle body system supplier ("tier 0.5") more certain.

## 1 Development capabilities

The foundation of G-TEKT development capabilities is its body in white analysis technology. At an early stage of our work to create vehicles with the automotive OEMs that are our customers, we recognized the importance of internalizing body in white analysis technology, and have steadily accumulated such know-how. Today, the use of original parameters has made it possible for us to conduct body in white collision analysis with precision equivalent to that of actual collision testing. In addition, performance analysis of the entire vehicle through the use of analysis of individual parts, together with strength and durability analysis of underbody components such as subframes, will enable the development proposals for the vehicle as a whole, which will lead to further orders.

Refer to  
P.18

### > 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

## 2 Technological capabilities

As a partner to automotive OEMs, G-TEKT has developed processing technology for vehicle body products. The fruit of such technological capabilities includes products in such new business areas as battery housings and cell cases. These products use a variety of processing methods leveraging technological capabilities in such areas as molding and welding of parts. This has enabled us to demonstrate our ability to propose the optimal processing option for the required vehicle performance. Production technology that allows these processing technologies to be incorporated into mass production processes are another strength of G-TEKT. Through automation of production and inspection we will not only achieve unmanned operation, but also improve quality by eliminating the variations that arise from differences in performance between individuals. Moreover, at new factories we will optimize production by automating on-site logistics and promoting the DX-based transformation of corporate structure. Our goal for the future is to realize the "ultimate smart factory," in which the factory itself is imbued with intelligence, such as the ability to optimize production through the analysis of on-site data using AI.

Refer to  
P.17, P.20

### > Manufacturing capital strategy

Realizing smart factories through the advanced mass-production technology that we have developed as an auto body manufacturer and the effective use of data

# Sustainable Growth

## 3 Global presence

G-TEKT operates 28 factories and five research and development sites in 12 countries. Establishing production sites right next to the manufacturing facilities of automotive OEMs enables us to provide a high level of QCD. By equipping research and development sites in the important markets of Europe, North America, and China with S&E (sales & engineering) functions that research the latest local trends and the direction of engineering development, we have established a system that enables us to respond promptly to customer needs. In order to keep up with the accelerating trend toward electrification, we will continue to strengthen cooperation between different sites, and use this to win orders.

Refer to  
P.22

### > Social capital strategy

Using a global system that enables close cooperation with customers to keep up with market needs

## 4 Financial strength

The foundation of our development and technological capabilities and our global presence is unshakable financial strength. We secure resources for investment in growth through our high cash-generating ability. By also returning to Japan the funds that end up unevenly distributed overseas, we strengthen the "mother" function of domestic sites. Although the Company has continued to grow steadily until now, we have set targets such as the following with the aim of achieving further increases in corporate value.

Equity ratio  
Maintain equity ratio of  
at least 50%

DOE 3.0%  
(fiscal year ending  
March 31, 2031)

Dividend payout ratio  
of at least 30%  
(continuously from fiscal year ending March 31, 2026)

Refer to  
P.24

### > Financial capital strategy

We will utilize our unshakable financial strength to invest for profit growth and implement stable shareholder returns, thus increasing corporate value



## Top Message

President, Chief Executive Officer

**Naohiro Takao**

# Message from the President

**Focusing on the future of the automobile industry, we will continue to refine our four competitive strengths to win through this transformational period.**

## **Evolving into a vehicle body system supplier (“tier 0.5”)**

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. By making further advances in the body in white analysis technology and integral molding technology that we have built up over the years, we are seeking to evolve from an auto body components supplier into an auto body system supplier (tier 0.5) that can win orders for whole-vehicle body development.

The automobile market is currently facing a period of major transformation due to electrification. We are working on the development of new products and technologies with an eye on expanding our market share in electric vehicles still further. We have already completed development of battery housings, which are a part specific to electric vehicles, and established production technology for cell cases and motor cores. For the manufacture of electric vehicle bodies, we are pursuing a growth strategy based on products that utilize body in white analysis technology. In response to “gigacasting,” which integrates the components that make up the vehicle body in order to help reduce the number of parts, we have proposed modularization that reduces parts counts while enabling the use of existing production facilities, which has won positive reactions from automotive OEMs around the world.

## **Consolidated performance in FY2023 and the outlook for next fiscal year**

In the automobile industry in 2023, despite differences between automotive OEMs, the number of vehicles produced was on a recovery trend, reflecting the gradual economic recovery that is currently being seen. In terms of the trend toward electrification, while the industry is in the process of reappraising options other than BEVs, such as hybrid vehicles, the move toward launching full-fledged, next-generation BEVs using EV-specific bodies is gathering pace, mainly in China and Europe. With regard to the EV-related business in such an external environment, in response to the gigacasting concept that is expected to be adopted by automotive OEMs going forward, in which auto body components are integrated into large aluminum castings, G-TEKT has come up with and is promoting its own unique response. The Company will make use of the body in white analysis technology that it has refined over the years to convert some existing parts to large modules, and in addition, will continue to propose and work on initiatives that lead to incoming orders related to an optimal vehicle body structure that features parts replacing gigacasting. Through the promotion of DX (digital transformation), the Company is proceeding with the acquisition and accumulation of data not only in order to realize automation and rationalization, but also to promote improvements in



quality and efficiency through the use of AI. Consolidated results for the fiscal year ended March 31, 2024, during which such initiatives were implemented, were affected by the decline in vehicle model development sales, but both overall sales and profits increased against the background of the recovery trend in manufacturing and stable global production. Net sales were ¥344.6 billion (year-on-year increase of 9.6%), operating profit came to ¥16.2 billion (year-on-year increase of 26.5%), ordinary profit was ¥18.9 billion (year-on-year increase of 32.3%), and profit attributable to owners of parent was ¥13.2 billion (year-on-year increase of 28.9%). Due to such factors as foreign exchange gains caused by the weaker yen and share of profit of entities accounted for using equity method, ordinary profit reached a record high. The impact on operating profit of efforts to strengthen the production structure and of activities designed to reflect higher costs in prices also became apparent.

Because FY2024 marks the stage before a customer launches its BEV into the market, it will also be a year in which the Company proceeds with basic investment. Moreover, because we expect vehicle model development sales to be unchanged, we forecast consolidated net sales of ¥346.0 billion (up 0.4% YoY), operating profit of ¥14.2 billion (down 12.6% YoY), ordinary profit of ¥14.4 billion (down 23.8% YoY), and profit attributable to owners of parent of ¥10.0 billion (down 24.5% YoY).

### Refining our four competitive strengths for further growth

G-TEKT is refining the four competitive strengths that support its growth, which are development capabilities, technological capabilities, global presence, and financial strength. Unless we can maintain a balance of these four competitive strengths at a high level, the Company will be unable to run at full strength.

Development and technological capabilities are without doubt the lifeline of manufacturing industry. If we do not possess outstanding technological capabilities, it is unlikely that we will be able to survive and win through this challenging era. In order to generate outstanding technological capabilities, and to actively promote future investment in growth and proactive development capabilities, absolute financial strength is also essential. A global presence is also vital for continuing to manufacture and sell the high-quality products that customers all over the world expect from us.

In terms of our development capabilities, we seek to further strengthen our ability to propose products that address the shift to BEVs, based on the body in white analysis technology that we have developed over the years. In terms of our technological capabilities, we will take an even more proactive approach to pursuing high-quality and efficient manufacturing than in the past. As for our global presence, we operate a network of locations in 12 countries around the world that is unparalleled among vehicle body manufacturers, and have established sales & engineering sites in the important markets of Munich, Detroit, and Shanghai that will allow us to strengthen functions for gathering the latest information on the automobile market. With regard to financial strength, we intend to enhance it by maintaining a healthy financial position while actively investing in growth and developing shareholder returns. By combining these four competitive strengths, we will raise our ability to win through the rapid changes of the automobile industry.

### Promoting a development strategy for next-generation BEVs

In recent years the automobile industry has shifted towards BEVs with astonishing rapidity, primarily in China, and the business environment in which the Company operates is changing at dizzying speed. The trend towards BEVs is likely to continue going forward, but even the technology is still in transition,



It is precisely G-TEKT's combination of four competitive strengths that makes it competitive, and that will be the key to opening up the automobile industry going forward

## Message from the President

and while exploring the optimal approach to electric vehicles, automotive OEMs are currently working on developing next-generation BEVs in the 2028-2029 timeframe.

Looking ahead to full-fledged BEVs, the Company is submitting proposals for next-generation vehicle bodies, batteries and motors to automotive OEMs as a response to electrification.

In the vehicle body area, the Company is making proposals based on its proprietary concept of modularization (large-scale integrated components). In terms of techniques for manufacturing vehicle bodies, gigacasting technology using aluminum is currently catching the attention of automotive OEMs, but G-TEKT is using its standpoint as a supplier to achieve the required functionality and reductions in parts count required for future vehicle manufacture through the use of two kinds of modularization, while making effective use of existing facilities. The first is modularization through a blend of aluminum and steel. We are working to apply this to the rear frame, where light weight is required, and develop a prototype. The second kind of modularization uses hot stamping, which is one of G-TEKT's specialties. We are already carrying out mass production of a door ring (a component that integrates the pillars on the side of the body) that achieves a balance of strength and light weight. Through this strategy of modularization to match the different parts of the body we will respond to the need to manufacture next-generation vehicles while controlling investment.

In the area of batteries, we are moving forward with the development of battery housings using a wide range of materials that are tailored to increasingly diverse BEVs. We are conducting experiments to address the optimal joining methods for combinations of the various materials that make up the battery case, thus enhancing our proposal capabilities. Moreover, we are developing products that follow the cell-to-body approach, which promotes more efficient use of space and lower costs by making the battery case part of the vehicle body (floor). For motors, which is an area where further improvements in efficiency are required, we are making further refinements to press processing (lamination) for motor cores. In the caulking lamination approach that currently constitutes the mainstream we have achieved world-class processing speeds of 300 shots per minute (300 SPM). Furthermore, we are establishing mass-production technologies that will lead to increased orders, such as thinner magnetic steel sheets to improve the performance of the motor, and adhesive lamination technologies that help mitigate energy losses arising in iron cores.

### Smart factories that contribute to enhanced profitability

G-TEKT is promoting a variety of structural improvements to strengthen the foundation for the growth strategy, which targets the era of electrification. In particular, we are focusing on raising productivity in factories as an important issue that is directly linked to profitability. The Company has for some time been pursuing the factory of the future in the form of the "smart factory that utilizes DX" concept.

New factories that beginning operation in FY2024, namely the Chubu (Gifu Prefecture) and the Nansha (Guangdong Province) plants, faithfully embody parts of the factory of the future as conceived by G-TEKT.

For these factories we plan to shift to completely unmanned logistics processes through the introduction of AGFs (Automatic Guided Forklifts) and AGVs (Automated Guided Vehicles). Furthermore, these factories will also be highly advanced in terms of digitalization of operations, energy generation, and reductions in CO<sub>2</sub>. As a company, we are confident that in these facilities we have succeeded in coming up with a new approach to manufacturing. By deploying the logistics reform know-how obtained from the Chubu and Nansha plants to all of the Group's existing factories, we hope to open the way to global improvements in productivity and profitability.

In the future, by fully automating not only logistics but also production and

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inspection processes, and by using AI to analyze big data obtained from these processes, we aim to optimize production activities and realize the smart factory of the future.

Addressing climate change and promotion of human capital management

For G-TEKT, sustainability initiatives are nothing out of the ordinary. Generating economic value through our main business of vehicle body manufacturing, and helping to resolve a variety of issues in society to contribute to its sustainable development, are things that we do as a matter of course. The Company has designated action for the global environment (addressing climate change) and improvement of the diversity of human resources as priority measures in its management strategy, and promotes sustainability initiatives while placing great importance on relationships with all shareholders.

In terms of measures related to action for the global environment (addressing climate change), we switched to purchasing renewable energy for use at the Shiga Plant in FY2023. This resulted in greenhouse gas emissions related to energy usage at all our domestic factories and offices (Scope 2) becoming neutral. We also plan to purchase renewable energy for the Chubu Plant that is currently under construction. We are gradually switching to renewable energy for electricity purchased by overseas locations after taking into account the unique circumstances of each region, and are steadily devising measures to achieve carbon neutrality by FY2050.

I believe that improvement of the diversity of human resources is an issue that is linked directly to sustainable value creation. In order to pioneer the next-generation market that is being brought into being by electrification, it is vital that we actively introduce and develop digital technology even as we carry on with our legacy technology, and that we have human resources able to leverage this technology to drive global transformations. Being responsible for such transformations requires leaders who can transform themselves and who have expertise in establishing diversity of thought within the organization. G-TEKT conducts hiring, development, and posting and reassigning of its personnel in accordance with a basic policy of "Create a workplace where all employees are motivated and can make effective use of their individual strengths; build connections that eliminate barriers between the organization and employees; and provide opportunities for the seeds of innovation to grow." Although there are differences between overseas sites in terms of language, culture, and business customs, the Company will use its strengths in development and technological capabilities as a lever to form one team together with local staff, so that personnel at each location who are deeply familiar with local markets and culture can contribute to the winning of business.

It is also in this context that we will revise our personnel systems to better match the times, including initiatives in which we have been engaged for some time, such as the promotion of opportunities for women, the taking of childcare leave and paid leave by men, the employment of persons with disabilities, and encouraging the effective use of senior employees.

I also want to increase the diversity of management going forward. Despite everything the promotion of women in manufacturing industry lags that of other sectors, so our first goal is to appoint a female Executive Officer.

Corporate governance as the foundation of sustainable value creation

G-TEKT is aiming to establish appropriate corporate governance that enables the continuous performance of business activities under a transparent and healthy organizational structure.

We have worked to streamline the Board of Directors, which constitutes the core of corporate governance, and I think it has achieved the optimal balance

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Message from the President

Practicing highly agile management that responds instantly to changes in the external environment without being held captive by fixed ideas

of size and human resources for the Company. The Board of Directors has six members, including four members from inside the Company, consisting of myself and the persons responsible for technology, sales, and the North America business, respectively. In addition, there are two Outside Board Members, of whom one is an individual with experience as the president of a steel trading company, and the other is a university professor of communication science.

Agenda items submitted to the Board of Directors are deliberated in advance by the Executive Board. However, this process is also rendered transparent by the provision of the information to Outside Board Members to enable them to be fully understood, thus establishing an environment in which meaningful discussion and decisions can be made. My sense is that Outside Board Members express their opinions on agenda items without reserve. As chairperson, I take care to ensure that the proceedings are not conducted one-sidedly, in response to which the others candidly point out problems and express doubts frankly. Going forward I will work to further enhance the effectiveness of the Board of Directors in coordination with the Outside Board Members.

Enhancing distributions of profit to shareholders

The Company considers the increase of shareholder value through shareholder returns to be an important management issue. The Company's basic policy is to maintain a level of shareholders' equity that allows for risk and investment in growth, as well as stable and continuous returns to shareholders. While listening to feedback from shareholders at all times, we aim to further increase their level of satisfaction.

With regard to dividend indicators, in "Notification regarding important management indicators for business strategy and shareholder returns policy," announced in June 2023, we set a target for DOE (dividend on equity ratio) of at least 2.0% for the fiscal year ending March 31, 2026, and 3.0% for the fiscal year ending March 31, 2031. Furthermore, in June 2024, we added the dividend payout ratio as a new indicator from the perspective of linking shareholder returns to earnings, with the objective of enhancing distributions of profit to shareholders. We will work to secure stable sales and profits in order to hit the target payout ratio of at least 30% for the fiscal year ending March 31, 2025, and beyond.

Becoming a highly agile group that can overcome change

In response to the decarbonization of society, the automobile industry is making steady progress toward electrification. However, the process leading up to the goal is unclear, and it is likely that we will see unexpected changes in the business environment and the emergence of issues as yet unknown. It will be impossible for corporations that do not address such changes to achieve sustainable growth. Accordingly, we must become a highly agile group, both as individuals and organizations. By taking action agilely at the instant we see signs of new business opportunities or risks, we will win out over intense competition for the next-generation market.

At the same time as being agile, it is also important that we do not stand still. Because this is an era of uncertainty and complexity, it is possible for any company to make mistakes with their forecasts. For example, even if market and technological trends do not unfold in line with our expectations, the Company should absolutely not come to a standstill, but instead make agile decisions that enable progress towards its goals.

Through the practice of highly agile management, we will strive to overcome this transformational period of the automobile industry, thus enhancing corporate and shareholder value. I would like to sincerely ask all of our stakeholders for their further support.





# 2030 Targets

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

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

## Key elements in achieving the vision

### Human resources

It is people who drive companies, and such people engage with a strong desire (passion) to make something better

Passion

### Cutting-edge technology

Create unprecedented new value through innovative concepts that are at the forefront of the era

Innovation

### Structural reform

We enable the highest output through the optimal combination (blending) of excellent human resources and innovative technology

Blending

### Social contribution

By providing the highest output to all parts of the world, we contribute to a prosperous future in which people and vehicles coexist harmoniously

Shaping the future

## Financial capital

Shareholders' equity: ¥148.8 billion  
Interest-bearing debt: ¥39.9 billion  
Credit rating: A-

## Human capital

Number of employees (consolidated basis) 8,330  
Training cost ¥40,000/person

## Manufacturing capital

28 factories, 3 S&E sites, 1 R&D hub, and 1 lab in 12 countries  
Capital investment amount ¥12.1 billion

## Intellectual capital

Number of patents held 58  
R&D expenses ¥3.1 billion

## Natural capital

Renewable energy usage ratio 36%  
Solar power generated 15,892,000 kWh

## Social capital

Partnership with automotive OEMs  
Collaboration with materials manufacturers, suppliers and local communities

## FY2023 results

Net sales ¥344.6 billion

Operating profit ¥16.2 billion

DOE 1.94%

Vehicle body system supplier

Preparation period

- Constructed G-TEKT network
- Expanded development resources
- Developed new motor core technology

## Action for the global environment

### CO<sub>2</sub> emissions reduction target

- FY2030 50% reduction \* Compared to FY2013
- FY2040 100% reduction \* Compared to FY2013
- Achieve carbon neutrality by FY2050

Received CDP 2023 rating of A-

## Transformation of existing businesses

- Further improvement of quality, reliability, and corporate value
- Improvement of reliability through defect prevention cycles
- Improvement of corporate value through an optimal cost cycle
- On-site capabilities to support the EV business
- Utilization, protection, and retention of intellectual property incorporated into management

## Establishment of EV-related business

- Target for orders received for products used in EVs
- Net sales of ¥100.0 billion
- Operating profit margin of 8%

## Promotion of diverse work styles

- Improvement of the diversity of human resources
- Increase ratio of women in executive positions 1.5-fold by 2028 \* Compared to FY2022
- Recruitment of human resources with experience and knowledge from various fields

## FY2025 targets

Net sales ¥350.0 billion

Operating profit ¥18.0 billion

DOE 2.0%

Vehicle body system supplier

Transition period

- Receive orders for body in white development
- Expansion and deepening of network

## FY2030 targets

Net sales ¥400.0 billion

Operating profit ¥28.0 billion

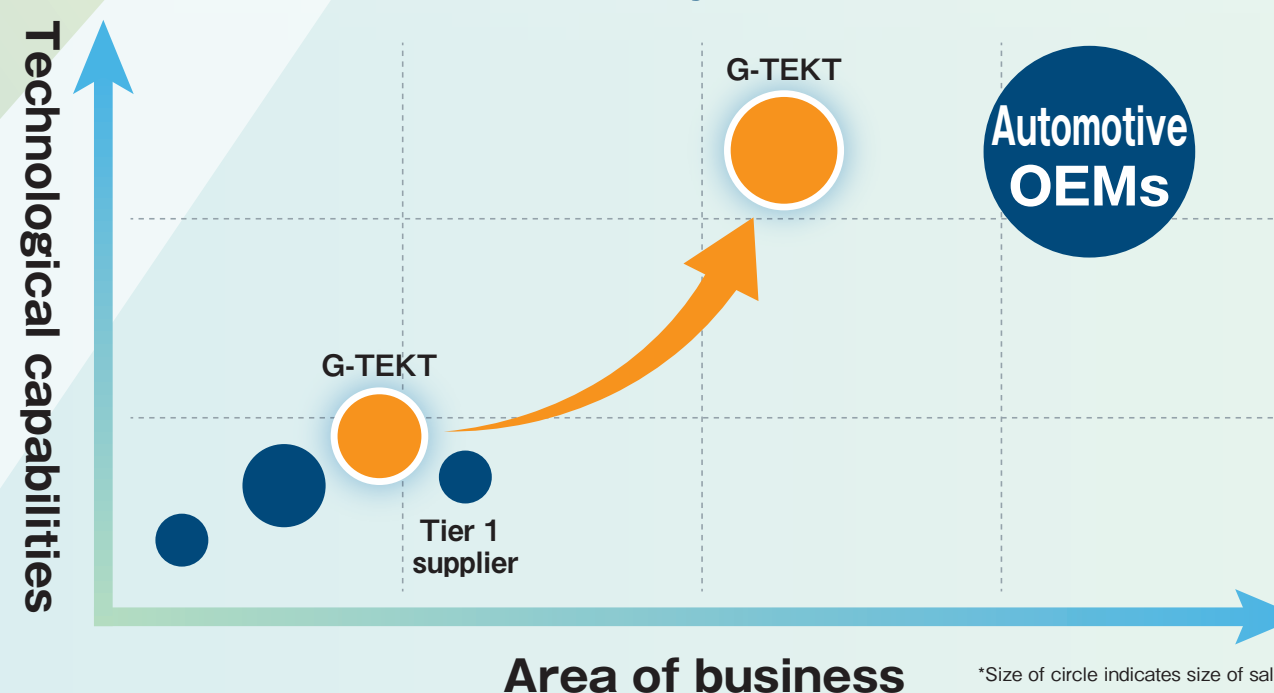
DOE 3.0%

Vehicle body system supplier

Tier 0.5

- Expand orders received for body in white development
- Expand models for which orders received/OEMs from which orders are received







## Position within the industry in 2030





G-TEKT's Management Capital

The six forms of capital, which are the sources of our business activities, are strengthened through G-TEKT's corporate activities and become our corporate value. This created value is then re-invested as capital and reinforced, leading to further value creation. We consider this capital to be as follows.

	Indicator	Importance		Strength/differentiation	Key points for strengthening capital	Medium- to long-term target and strategy
 Financial capital	<ul style="list-style-type: none"><li>Shareholders' equity: ¥148.8 billion</li><li>Interest-bearing debt: ¥39.9 billion</li><li>Total assets: ¥304.1 billion</li><li>Equity: ¥191.7 billion</li><li>Profit: ¥13.2 billion</li></ul>	It is an important form of capital to maintain a strong financial standing to enhance corporate value and prepare for drastic changes and risks in the business environment, and to boldly invest in growth and continue shareholder returns.		<ul style="list-style-type: none"><li>High equity ratio</li><li>Received R&amp;I Credit Rating A- for four consecutive years</li><li>Increased dividends to shareholders for 11 consecutive years</li><li>Solid and risk-responsive financial standing</li></ul>	<ul style="list-style-type: none"><li>Strengthen the power of generating cash that is the source for investment in growth and shareholder returns</li></ul>	<ul style="list-style-type: none"><li>Net sales: ¥350.0 billion by FY2025, ¥400.0 billion by FY2030</li><li>Operating profit: ¥18.0 billion by FY2025, ¥28.0 billion by FY2030</li><li>ROE: 8.0% by FY2025, 10.0% by FY2030</li></ul>
 Human capital	<ul style="list-style-type: none"><li>Number of employees: 8,330</li><li>Ratio of women in executive positions: 4.9% (in Japan)</li><li>Training cost per person: ¥40,000 (in Japan)</li></ul>	Employees with diverse skills perform a variety of tasks every day to enhance corporate value. We also emphasize human resource development by providing support for the acquisition of qualifications and language learning. Because our value is formed by our employees, human capital, which is the experience, knowledge, and motivation of each individual, is an important form of capital.		<ul style="list-style-type: none"><li>Enhance flexible systems to help employees work better by providing them with a wide range of opportunities to actively participate and thoroughly inform employees of the systems so that each and every one of them can take advantage of them</li><li>Support for career development</li></ul>	<ul style="list-style-type: none"><li>Measures to enable active participation by diverse human resources</li></ul>	<ul style="list-style-type: none"><li>Workplace where employees can play an active role regardless of gender</li><li>Ratio of women in executive positions: increase 1.5-fold by 2028 * Compared to FY2022</li><li>Recruitment of human resources with experience and knowledge from various fields</li></ul>
 Manufacturing capital	<ul style="list-style-type: none"><li>Global production and sales systems</li><li>Capital investment amount: ¥12.1 billion</li></ul>	We conduct our business activities using the facilities we own. Since our founding, manufacturing capital, which is the technological strength that has been built up through the combined efforts of production sites and production engineering, has been an important form of capital. In recent years, we have also adopted advanced technologies such as image analysis technology to reduce labor and unmanned production lines.		<ul style="list-style-type: none"><li>28 factories, 3 S&amp;E sites, 1 R&amp;D hub, and 1 lab in 12 countries</li><li>Gathering of information on latest local trends by research sites</li><li>Maintenance team to maintain and preserve equipment</li><li>Construction of production lines through co-creation of technology between production sites and production technology</li><li>Transfer of know-how</li></ul>	<ul style="list-style-type: none"><li>Production capacity expansion that follows demand Two new plants of Chubu/ Nansha Capacity expansion in Gumma/ United Kingdom</li></ul>	<ul style="list-style-type: none"><li>Realization of smart factory</li><li>Labor/manpower saving in production processes by incorporating imaging technology</li><li>Automated quality assurance and traceability management incorporating camera and laser scanner inspections</li><li>Establishment of joining application technology for material innovation for EVs</li><li>Realization of environmentally efficient production sites</li><li>Risk management practices that leverage the Group network</li></ul>
 Intellectual capital	<ul style="list-style-type: none"><li>Number of patents held: 58</li><li>Research and development employees: 44</li><li>R&amp;D expenses: ¥3.1 billion</li></ul>	Various technologies such as aluminum molding, which is important from the perspective of environmental and weight reduction, hot stamping and high-tensile steel molding technology related to car body safety performance, and other new technology developments and improvements in production processes are important to G-TEKT, and this intellectual capital is an important form of capital that supports the Company.		<ul style="list-style-type: none"><li>Established a department specializing in intellectual property to create intellectual property and conduct patent clearance searches under a global system</li><li>Intellectual property activities that leverage the IP landscape and get into the source of business planning and R&amp;D</li><li>Technological capabilities for commercialization (mass production) and protection of intellectual property created at each stage of commercialization</li><li>Technological capabilities for body structural analysis and proposal capabilities comparable to those of automobile manufacturers, cultivated through years of research and development</li></ul>	<ul style="list-style-type: none"><li>Patent applications to address such trends as large-scale integration</li><li>Management methods and business models born from the process of fundamental change (DX) of business operations, and their protection through concealment or patent rights</li></ul>	<ul style="list-style-type: none"><li>Further utilization of IP landscape</li><li>Creation and protection of intellectual property by backcasting from the ideal situation</li><li>Commercialization of products and structures that meet customer needs, with an eye toward next-generation car bodies</li><li>Establishment and monetization of new management methods and business models</li></ul>
 Natural capital	<ul style="list-style-type: none"><li>Water consumption: 382,000 m³</li><li>Renewable energy usage ratio: 36%</li></ul>	Natural capital is essential for corporate activities. We believe that natural capital is important to protect the rich natural environment of our planet, and we conduct our corporate activities in compliance with laws and regulations on a global basis to prevent environmental pollution.		<ul style="list-style-type: none"><li>Environmental management practices</li><li>Implement solar power generation on a global scale</li><li>Introduction of renewable energy sources and carrying out corporate activities without using limited resources</li><li>Global management conducted by department specializing in the environment</li><li>Implementation of biodiversity volunteer activities</li></ul>	<ul style="list-style-type: none"><li>Reduction in energy consumed</li><li>Energy through solar power generation</li><li>Use of green materials</li></ul>	<ul style="list-style-type: none"><li>CO₂ emissions in Scopes 1 and 2 FY 2030 50% reduction FY 2040 100% reduction</li><li>CO₂ emissions in Scopes 1, 2, and 3 Achieve carbon neutrality by FY 2050</li></ul>
 Social capital	<ul style="list-style-type: none"><li>Suppliers with whom we collaborate</li><li>Business partners</li><li>Various stakeholders</li></ul>	Social capital, which is the relationship of trust with all stakeholders, including business partners, suppliers, employees, local residents, and investors, is an important form of capital in our value creation.		<ul style="list-style-type: none"><li>Received various awards from global customers (quality, cost, delivery, sustainability, etc.)</li><li>Social contribution activities in each region</li><li>Opportunities for dialogue with shareholders through shareholder factory tours, etc.</li><li>DOE FY2030 target: 3.0%; dividend payout ratio target: 30%</li></ul>	<ul style="list-style-type: none"><li>Co-creation of value through collaboration with customers and material manufacturers</li></ul>	<ul style="list-style-type: none"><li>Maintain good relationships with various stakeholders and continue business activities as a good corporate citizen, aiming to grow together with society</li></ul>

\* Indicators are actual results for FY2023.



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. We implement countermeasures based on the risk maps for each location and region.

Likelihood of occurrence	Impact
High: Probability of occurrence is deemed to be high	Significant: Impact is expected to be significant
Moderate: Probability of occurrence is deemed to be moderate	Moderate: Impact is expected to be moderate
Low: Probability of occurrence is deemed to be low	Minor: Impact is expected to be small

	Description of risk	Likelihood of occurrence		Impact	Response to risk
Changes in the market environment	Market recession and changes in the tax system dampen the appetite of consumers for purchasing, leading to lower sales of automobiles	High		Significant	• Establish a system to monitor market trends in the various countries around the world in which the Company operates its business, and to enable swift and appropriate responses in such areas as decisions about capital investment, proper assignment of employees, and management of expenses
Response to climate change/environmental regulation	Opportunity losses caused by such factors as diminished social standing due to insufficient response to changes in the environmental regulations of each country and requests from stakeholders for decarbonization	Moderate		Moderate	• Aim to achieve carbon neutrality by FY2050 through the use of energy-saving measures and electricity derived from renewable energy to reduce greenhouse gas emissions at the time of production • Switch to steel sheets manufactured using methods with fewer environmental impacts, and develop and establish production technology for aluminum products with outstanding recycle ability
Shift to EVs	Opportunity losses caused by such factors as loss of orders due to delays or deadlocks in research and development/factory reforms that address the shift to EVs	High		Significant	• Designate "Establishment of EV-related business" as a new business strategy, and promote factory automation to realize smart factories that are more productive and reliable than ever before • Leverage body in white analysis technology and production technology to build external alliances with the aim of becoming a system supplier in the vehicle body area to which customers can entrust all tasks from development onward (tier 0.5)
Technology development based on market needs	Reductions in future growth and profitability in cases where the failure to predict changes in market needs leads to the inability to provide attractive new products on a timely basis, or in cases where demand does not grow	High		Significant	• The G-TEKT Tokyo lab, which is the Group's core site for research and development and intellectual property management, brings together information from the sales & engineering locations in North America, Europe and China, and works to understand market needs, as well as collaborating with European ESPs (engineering service providers) to research and develop new technology
Spread of new materials and manufacturing methods	Losses arising from competition with new materials and manufacturing methods associated with the business of the Company	Moderate		Moderate	• Promote research and development of aluminum and other new materials, establish mass-production technology for press processing at European sites, and use in manufacturing • Research and develop new methods as part of collaboration and joint development with other companies
Intellectual property rights	Opportunity losses in the event of inferiority in obtaining rights for technologies under research and development	Low		Moderate	• Establish a department dedicated to the management of intellectual property to investigate, acquire, and manage intellectual property in accordance with the intellectual property strategy
Attracting talent	Economic fluctuations, the declining birth rate, and other issues result in a tight labor market and failures to build and operate personnel systems, etc., leading to difficulties in attracting talent or the exit of existing talent, with this shortage of human resources causing a general stagnation of business activities	High		Moderate	• In order to improve employee retention, revise and extend personnel systems to enhance welfare and employee benefits, and promote measures such as reducing the burden on employees through the automation of front-line work • Visualize the current state of the workplace through workplace evaluations and other initiatives, and formulate measures to create a comfortable working environment
Risk management system	Losses arising from insufficient response to the materialization of various anticipated risks in the countries and regions around the world in which the Company operates its business	Moderate		Moderate	• Promote risk countermeasures based on the risk maps created for each country in which the Group operates, conduct regular monitoring from the head office in Japan
Dependence on specific sales partners	Changes, etc. in the operation of the Company's business as a result of trends in production and sales, business strategy and purchasing policies, etc. at major customers in Japan and overseas	High		Significant	• Leverage close business relationships of long standing with major customers to share outlooks for production and sales, as well as the future direction of business strategy and purchasing policies, and utilize them in business decisions regarding Group investments and business strategy • Utilize price-competitive development proposals to roll out sales strategies designed to open up new customers and expand transactions, and reduce dependence on specific customers
Quality	The occurrence of quality problems that result in costs for remedial measures and loss of social credibility	Low		Significant	• Rigorous quality control • Practice predictive preventive management by visualizing and monitoring global quality information through the use of DX and of quality control achieved through camera footage and image processing technology
Supply chain	Shutdown of operations, etc. at the Company caused by difficulties in procuring key components and purchased goods due to shutdowns at our suppliers following a pandemic, flooding, or other events	Low		Significant	• Understand the risk of major suppliers suspending operations, based on hazard maps, and secure alternative sources of procurement • Reduce risk by shortening the time required for mold production and the dispersion of processes, and establish a system for early recovery
Foreign exchange	Foreign exchange gains (losses) arising as a result of changes in foreign currency translation differences due to significant exchange rate fluctuations against the domestic currency	Moderate		Moderate	• Mitigate the impact of exchange rate fluctuations through such measures as forward exchange contracts for products and parts to be exported
Compliance	Various kinds of litigation, or prosecution by regulatory authorities, following violations of laws and regulations, etc.	Low		Significant	• Under the leadership of the Compliance Sub-Committee, establish a system for ensuring adherence to laws and regulations, etc., such as formulating and publicizing policies on preventing unfair competition and bribery common to the Group, implementing self-assessments and training, and reviewing proposals for the improvement of corporate ethics
Cyber security	Increased sophistication of cyber attacks leading to difficulty in defending against incursions, as well as the interruption of important operations and the leakage of confidential data, etc. in the event of such an attack.	Moderate		Significant	• Revise rules related to cyber security, conduct inventories of front-line facilities, and introduce Endpoint Detection and Response (EDR) systems at Group companies
Outbreaks of infectious diseases	Stagnation of business activities due to demands for behavioral restrictions, etc. by the governments of various countries in the event of a new outbreak and global spread of an infectious disease	Low		Significant	• Head office in Japan and others to establish a system for ensuring liquidity on hand for all Group companies in relation to fixed costs such as labor • Minimize infection risks by automating production, revising the layout of factories and offices, using remote work, and utilizing online platforms and other technologies to deal with business partners
Natural disasters	Delay or suspension of the procurement, production, and sales of raw material or parts due to the occurrence of natural disasters such as major earthquakes, floods, tsunamis, and tornadoes	Moderate		Moderate	• Under the leadership of the Risk Management Subcommittee, with the highest priority on the safety employees, predict the damage caused by natural disasters at each location, put in place an initial response system based on these predict
Geopolitical risks	Restrictions on or impediments to business activities in the event of the materialization of geopolitical risks such as political instability, political tension between states, war, conflict, and terrorism	Low		Significant	• Share geopolitical risks for each country within the Group, and shift to autonomous procurement, etc. for each region



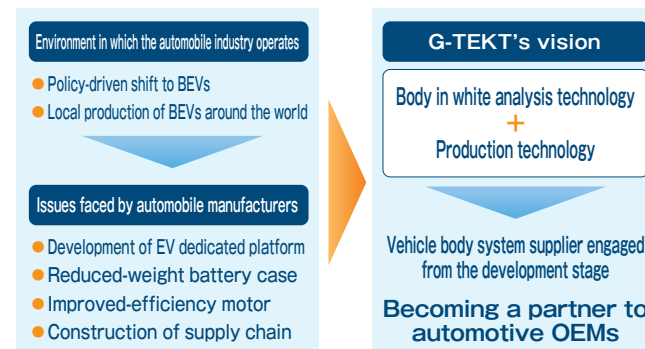
## Business Strategy

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

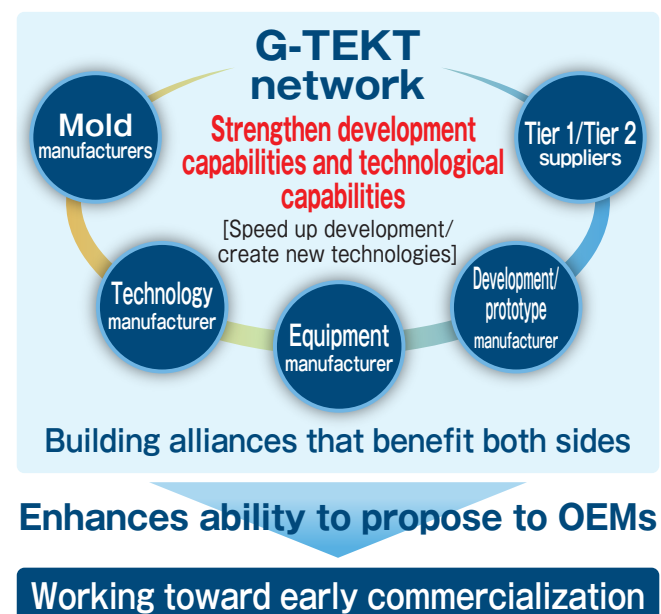
In order to respond to the rapid shift to BEVs that is progressing worldwide, each automotive OEM is devoting considerable manpower to the development of competitive BEVs, as well as to new areas such as batteries and motors, while at the same time urgently constructing a new supply chain in different 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.

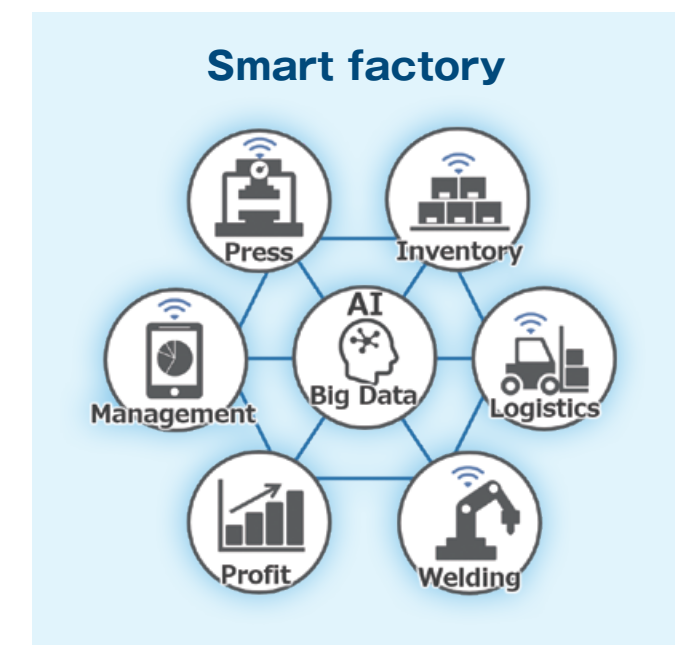
In future we will use AI to analyze and optimize big data to identify processes that constitute bottlenecks for the factory as a whole, improve production efficiency, and make other improvements, with the aim of realizing the ultimate smart factory, one in which the plant itself possesses intelligence. 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

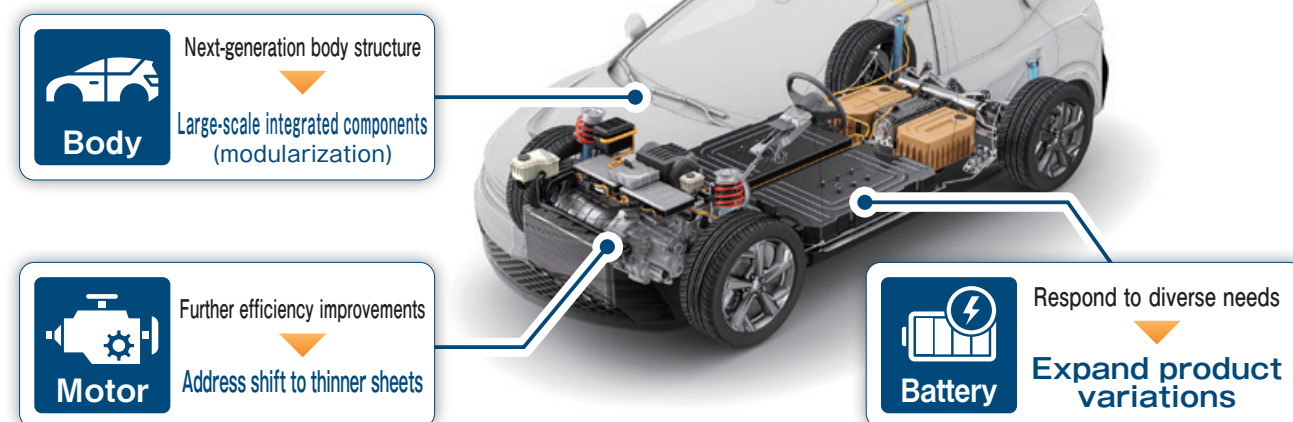


Nansha Plant





## Strengthen Development Capabilities and Technological Capabilities



### Body

Following the rapid shift to EVs in recent years, changes in trends for composition, structure and materials of our mainstay product of auto body components have become apparent. Large-scale integrated components that enable small components that were previously produced separately to be manufactured all at once, as one large part, have caught the attention of many automobile manufacturers due to the potential for reducing production and assembly processes. G-TEKT is developing two types of large-scale integration technology optimized for different materials and manufacturing methods so as to be able to make flexible proposals that are optimized to meet the diverse needs of customers.

#### Hot stamping integration specification

Hot stamping (hot press) is a processing method that is one of the Company's strengths, and involves the press-forming of steel sheets heated to a high temperature while simultaneously cooling them rapidly to give a high-level of strength and precision to the product. Auto body components must have enough strength to protect the occupants in the event of a collision, and the degree of strength varies according to the location on the vehicle. In the past, the usual manufacturing method for auto body components was to press-form them separately as small parts, then weld them together. G-TEKT's proposal for large-scale integrated components consists of combining steel sheets with different characteristics and thicknesses in accordance with the required strength, and welding them in advance to form one large steel sheet, which is then hot stamped. This allows the efficient production of highly integrated products that have the optimal specification, and that also fulfill all the performance requirements for each location. This manufacturing method can be applied to a variety of locations on the vehicle, and has already been used in mass production in the Company's North American locations for an integral molding of the front door aperture called "door ring." We are also moving forward with the development of products for use in other locations of the vehicle where the benefits of large-scale integration are expected to be significant.



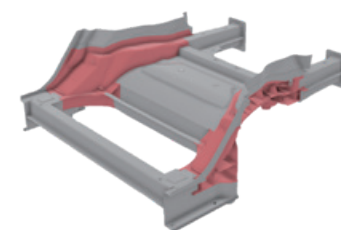
Integrally molded door ring

#### Multi-material specification

The multi-material specification being proposed by the Company aims to achieve weight reductions by combining aluminum materials and steel sheets. Through the localized use of aluminum diecast it is possible to achieve not only reductions in weight but also in parts count and the number of processes. While aluminum materials are very effective in reducing weight they are also expensive, so this is optimally balanced against cost by identifying the vehicle locations where they are partially adopted.

Aluminum diecast is a manufacturing method where by aluminum is melted, poured into a mold, and pressed, and in recent years an integrated technology for super-sized products called "gigacasting" has been attracting attention.

As an option to replace gigacasting, G-TEKT is proposing to customers its multi-material specification, which maximizes both the effect of weight reductions achieved through aluminum diecast and the use of the press forming technology it has developed over the years.



Multi-material specification rear frame module concept

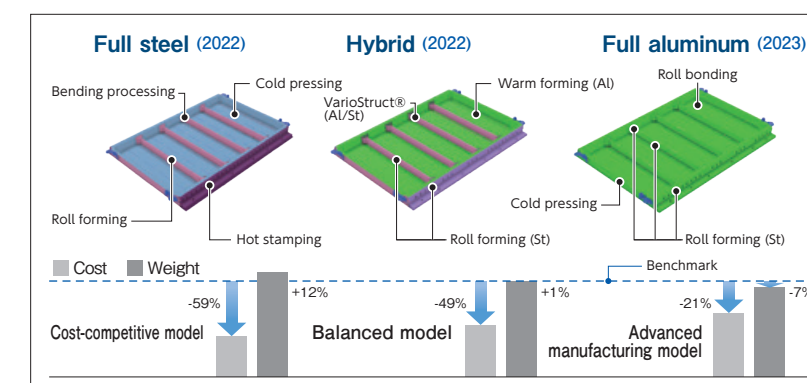
### Battery

Batteries can be said to be one of the most important parts holding the key to electrification, and technology in this area is evolving at dizzying speed. The Company is moving forward with product development in anticipation of future growth in demand for battery-related components. Specifically, we are focusing on the battery housing, which is the case that protects the battery as a whole, and the cell cases into which are inserted the electrodes and electrolytes for each battery.

#### Battery housing

The battery housing is a large part in the shape of a box that is situated under the cabin. Because it is responsible for protecting the battery in the event of a collision, it must be strong. Conversely, because an increase in weight has a negative effect on fuel consumption, another option is to use aluminum materials that are lighter than their steel counterparts. However, for cost reasons the use of a certain amount of steel is likely to continue. Predicated on the assumption that the necessary level of strength is obtained, companies are being required to take control of a variety of manufacturing methods, such as combining materials or joining parts together, in order to strike a balance between weight and cost.

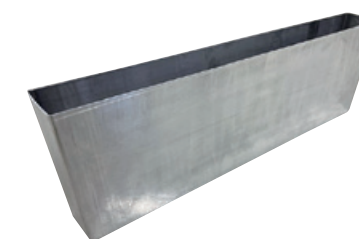
G-TEKT has prepared, and is using for its proposals, a lineup that allows it to address the various needs of automotive OEMs. We have created three different types of concept model, namely the full-aluminum performance model version, the full-steel version with an emphasis on cost, and the hybrid version that seeks a balance between cost and weight. With these we have demonstrated our ability to address various combinations of materials and manufacturing methods. Going forward we will continue to win orders by providing optimized proposals that are based on a deep understanding of the approaches taken by automotive OEMs.



#### Cell case

Broadly speaking, cell case shapes can be divided into the three types of cylindrical, prismatic, and pouch (laminated). G-TEKT is targeting prismatic cell cases, which is expected to generate the highest volume of sales, and has developed top-opening and side-opening types. We have adopted press and roll forming after ascertaining the manufacturing method that we consider optimal for each, depending on the different structures involved. In each case our technological goals are in sight, and we are moving forward with demonstration testing with the aim of further improving quality and productivity.

Our strategy for cell cases is also one of preparing a diverse lineup, and while aluminum products currently constitute the mainstream of the market, we are working on developing steel products with strength and cost advantages.



Cell case

### Motor

Motors are an essential component of electric vehicles, and the Company is developing a motor core, which is arguably the most important part of the motor.

#### Motor cores

Motor cores are created by laminating several hundred layers stamped out of the thin magnetic steel sheet that constitute the raw material. Production requires sophisticated press technology, for which end the Company is able to leverage the technological capabilities it has cultivated over the years. First, it has acquired a technology called caulking lamination that enables layers to be fixed in place through the formation of bumps on the magnetic steel sheets, using which it has achieved world-class production speeds. Reflecting the shift in the market toward thinner magnetic steel sheets to improve motor efficiency, the Company is aiming to acquire adhesive lamination technology that is suitable for addressing this trend, and is speeding up its technology development.



The stator and rotor that make up the motor core



## Evolution of G-TEKT's Technology

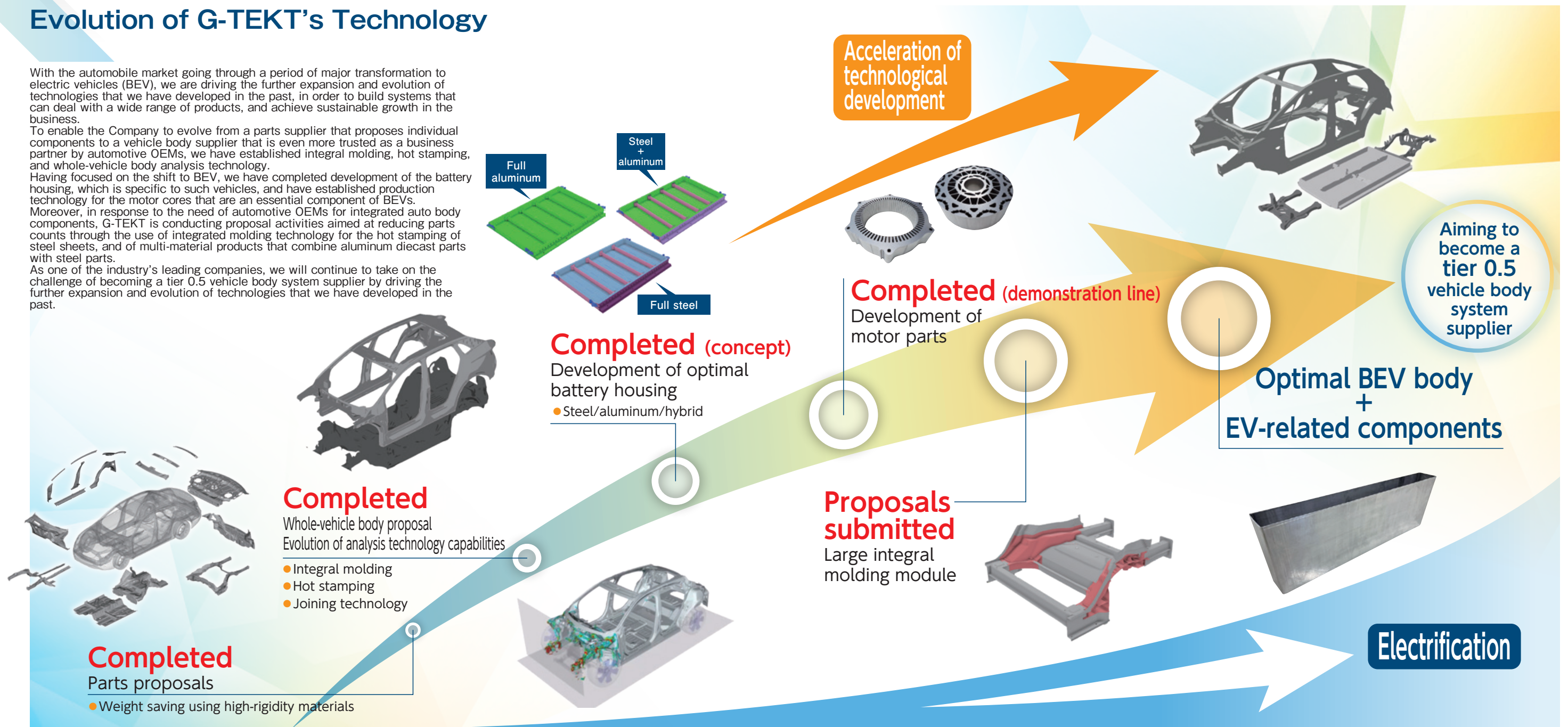
With the automobile market going through a period of major transformation to electric vehicles (BEV), we are driving the further expansion and evolution of technologies that we have developed in the past, in order to build systems that can deal with a wide range of products, and achieve sustainable growth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

Moreover, in response to the need of automotive OEMs for integrated auto body components, G-TEKT is conducting proposal activities aimed at reducing parts counts through the use of integrated molding technology for the hot stamping of steel sheets, and of multi-material products that combine aluminum diecast parts with steel parts.

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.

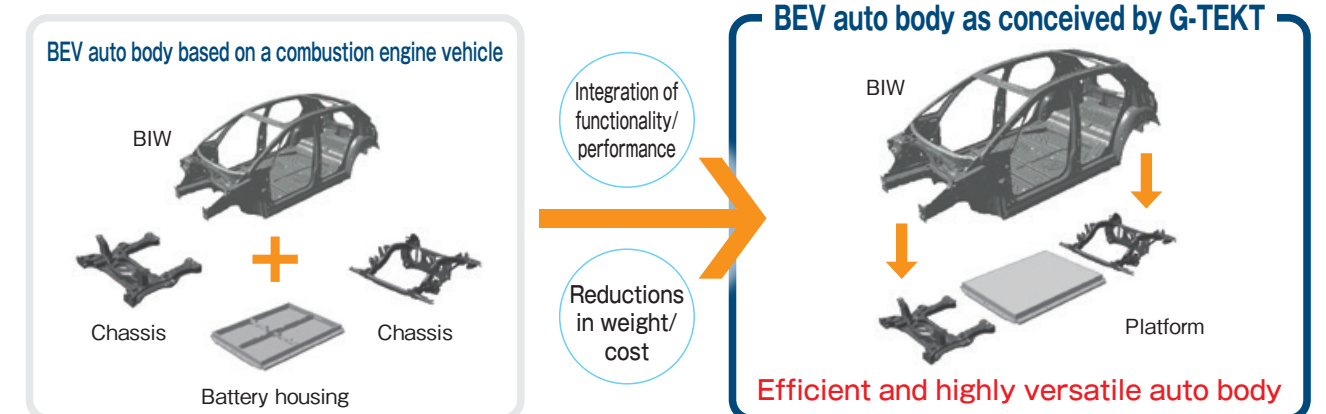


## Integration of body and battery housing functions

For auto bodies, performance is required not only for the functions of the individual parts but also for the vehicle as a BIW\*. Representative examples of this include the strength that protects occupants in a collision, and the rigidity that influences driving comfort. On the other hand, the battery housing that is a part characteristic of BEVs must itself have a high level of strength in order to protect the battery. Accordingly, by developing the auto body and battery housing all at once, the optimal BEV auto body can be created.

G-TEKT has achieved this through its strength in body in white analysis technology. The latest BEVs use so-called cell-to-pack or cell-to-body structures in which the battery housing also serves as the vehicle floor, and battery cells are loaded directly into the battery housing and the body without first being inserted into modules. Keeping abreast of these trends, we secure orders by proposing specifications that identify the optimal balance for the functionality of the battery housing and the auto body.

\*A stage in the automobile manufacturing process where all the body components have been welded together and assembled.

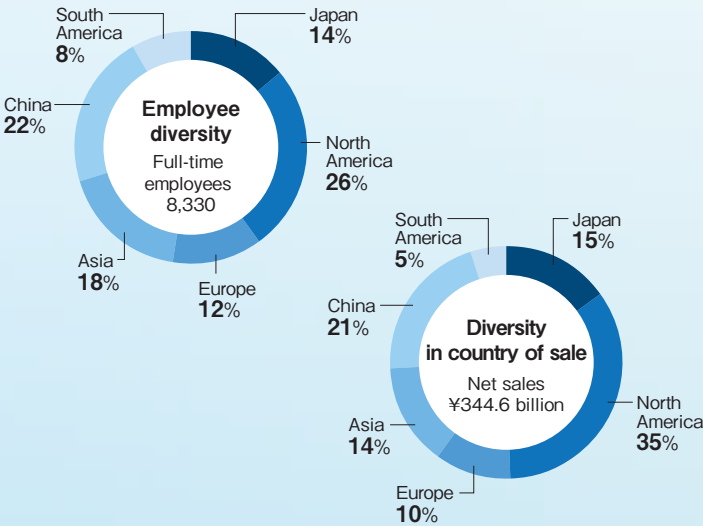




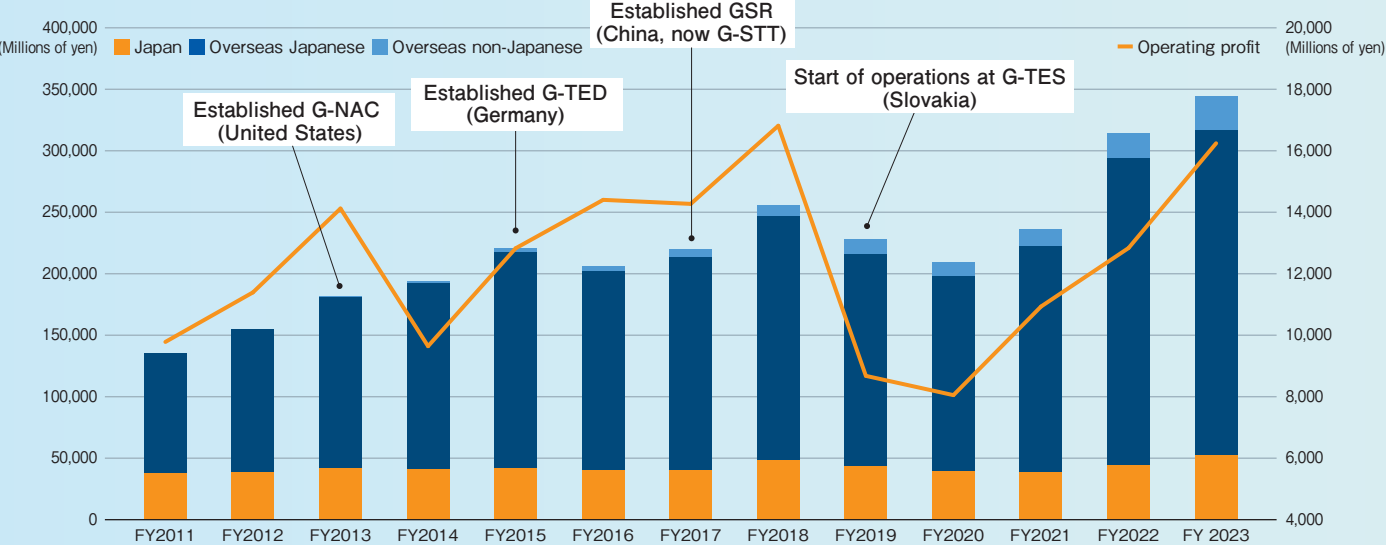
Global Presence

G-TEKT's global presence currently spans 12 countries, consisting of 28 factories, 3 S&E sites, 1 R&D hub, and 1 lab. In FY2024 operations are scheduled to begin at the Nansha Plant in China, which will be factory 29, and the Chubu Plant in Japan, which will be factory 30. With the trend toward electrification expected to accelerate further, our global presence will play an increasingly important role going forward. By further strengthening local sites and deepening collaboration between locations, we will construct a system that ensures that the Company is not left behind.

	FY2011	FY2023
Overseas net sales	¥97.3 billion	¥292.3 billion
Overseas net sales ratio	72%	85%
Net sales to non-Japanese automotive OEMs	¥0 billion	¥28.0 billion



Overseas sales



United States

- Jefferson Industries Corporation (JIC)
- Jefferson Southern Corporation (JSC)
- Austin Tri-Hawk Automotive, Inc. (ATA)
- G-TEKT America Corporation (G-TAC)
- G-TEKT North America Corporation (G-NAC)

Canada

- Jefferson Elora Corporation (JEC)

Mexico

- G-ONE AUTO PARTS DE MEXICO, S.A. DE C.V. (G-ONE)
- G-TEKT MEXICO CORP. S.A. DE C.V. (G-MEX)

Brazil

- G-KT do Brasil Ltda. (G-KTB)

United Kingdom

- G-TEKT Europe Manufacturing Ltd. (G-TEM)
- G-TEKT Europe Manufacturing Ltd. (G-TEM2)
- G-TEKT Europe Manufacturing Ltd. (G-TEM3)
- G-TEKT Europe Manufacturing Ltd. (G-TEM4)

Germany

- G-TEKT(Deutschland) GmbH. (G-TED)

Slovakia

- G-TEKT Slovakia, s.r.o. (G-TES)

China

- Auto Parts Alliance (China) Ltd. (APAC)
- Auto Parts Alliance (China) Ltd. (APAC2)
- Wuhan Auto Parts Alliance Co., Ltd. (WAPAC)
- Wuhan Auto Parts Alliance Co., Ltd. (WAPAC2, shut down)
- Conghua Auto Parts Alliance (China) Ltd. (C-APAC)
- Guangzhou Nansha Auto Parts Alliance (China) Ltd. (N-APAC)
- G-TEKT (Shanghai) Technical & Trading Co., Ltd. (G-STT)

Thailand

- G-TEKT (Thailand) Co.,Ltd. (G-TTC)
- G-TEKT Eastern Co.,Ltd. (G-TEC)
- G-TEKT Eastern Co., Ltd. (G-TEC2)
- Thai G&B Manufacturing Ltd. (TGB) (merged with G-TEC)

India

- G-TEKT India Private Ltd. (G-TIP)

Indonesia

- PT.G-TEKT Indonesia Manufacturing (G-TIM)

Production sites

G-TEKT predecessors, which were TAKAO KINZOKU KOGYO and KIKUCHI, first expanded overseas in the 1980s as they followed in the wake of the overseas expansion of automotive OEMs. Both companies participated in joint ventures, and during the process of helping each other overcome difficulties they accumulated know-how in the management of overseas businesses. Subsequently they established many other factories in the areas around the finished vehicle plants of automotive OEMs, leading to expansion in orders. In 2019 G-TES (Slovakia) began operations as the first production site on the European continent. By establishing systems that enable the Company to maintain at high levels the QCD for which suppliers are required to take responsibility, we will continue to steadily win orders.

R&D sites

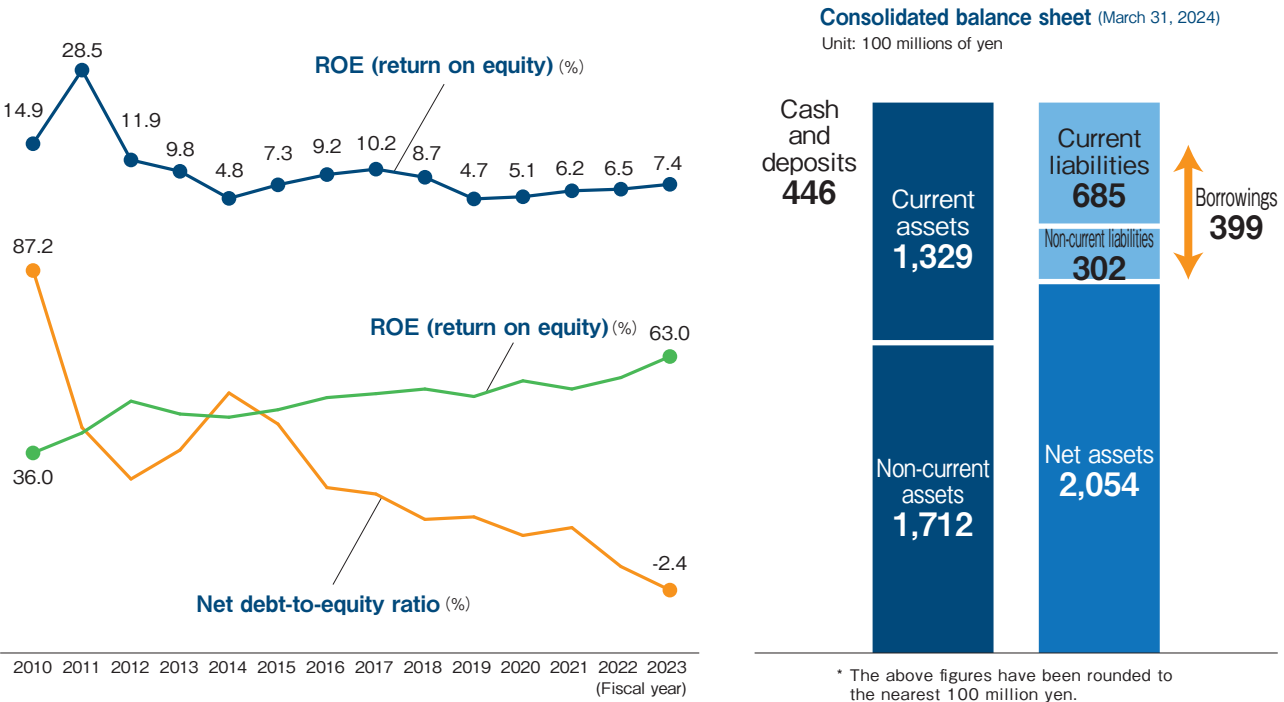
Through the R&D structure, which is centered on the G-TEKT Tokyo lab (GTL), we conduct research that looks ahead to the vehicles of ten or twenty years in the future, with the goal of growing orders. In addition to GTL, the C&C Tochigi R&D site collaborates closely with customers, making approaches to them based on product development and proposals. We have also have established sales & engineering sites in Detroit in the United States, Munich in Germany, and Shanghai in China, which have a sales support function. Because the establishing of these sales & engineering sites enables us to respond speedily to requests from local customers, it wins the trust of customers, including non-Japanese automotive OEMs, and leads to growth in orders. In addition, by researching the latest local trends and the direction of engineering development and sharing that information between locations, we provide feedback on advanced technology development at GTL. Going forward we will deepen collaboration with our customers in all regions, including those in which we are promoting sustainability through the business by adopting green materials in accordance with the actual circumstances of the market, and other initiatives.



Financial Strategy

Financial policy

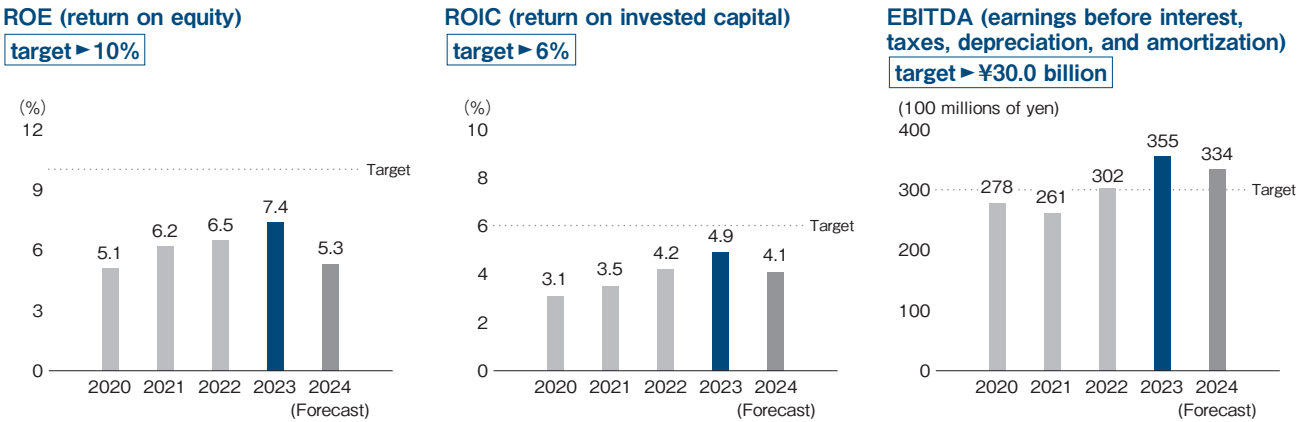
G-TEKT aims to maintain its sound financial standing while increasing return on equity, in pursuit of which it seeks to sustainably expand sales and profit. In order to preserve this sound financial standing the Company will maintain an equity ratio of at least 50%, and in terms of capital efficiency it has set a return on equity (ROE) target of at least 10%. In order to win through the transformational period of electrification, The Company intends to evolve into a vehicle body system supplier (tier 0.5). In terms of the soundness of our financial standing, in FY2024 we maintained an R&I credit rating of A-. 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.



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. Both sales and profits rose due to the increase in production at our customers driven by the recovery from the semiconductor shortage and other factors, and target indicators have turned around.

As we work towards the objectives of the medium-term plan for the fiscal year ending March 31, 2031, we will use the growth in volumes arising from higher sales, the active promotion of investment, and increases in unit price per vehicle driven from our expansion into new products to increase sales, secure profits, and achieve improvements in all indicators.



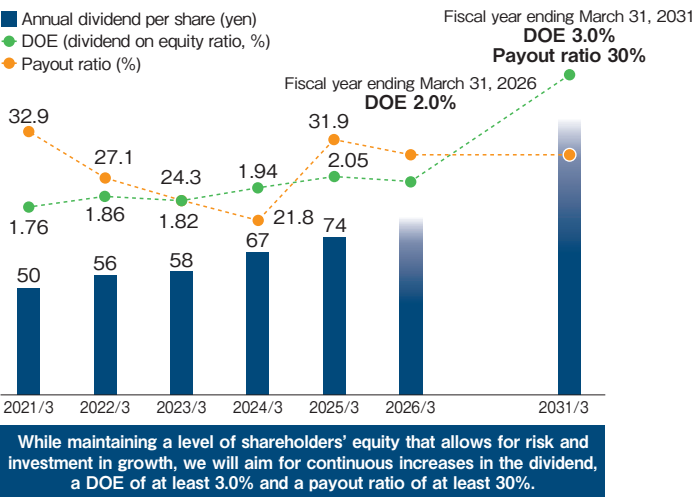
Research and development expenses and capital investment

In order to evolve into a system supplier and respond to the era of electrification, we are actively engaging in research and development and investing in development. As a result of constructing the demonstration line that is one such measure, we are rolling out order activities with the aim of expanding the area of business away from existing auto body components. We are also constructing

new factories that achieve extraordinary levels of productivity through the introduction of state-of-the-art technology based on DX. To ride out this once-in-a-century period of transformation, we will continue to engage in research and development to strengthen our development capabilities, and to make active business investments for electrification.

Shareholder returns

One of our management challenges has been to maintain a sound financial standing for investment in growth, while at the same time increasing dividends in a stable manner over the long term in proportion to growth in profits. In the fiscal year ending March 31, 2025, we plan to increase dividends for the 15th consecutive fiscal year by ¥7 per share to ¥74 per share. In terms of our indicator for shareholder returns, we introduced DOE (dividend on equity) in June 2023, and in June 2024 we set a new policy of targeting a dividend payout ratio of at least 30%. 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% and dividend payout ratio of at least 30% 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.





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



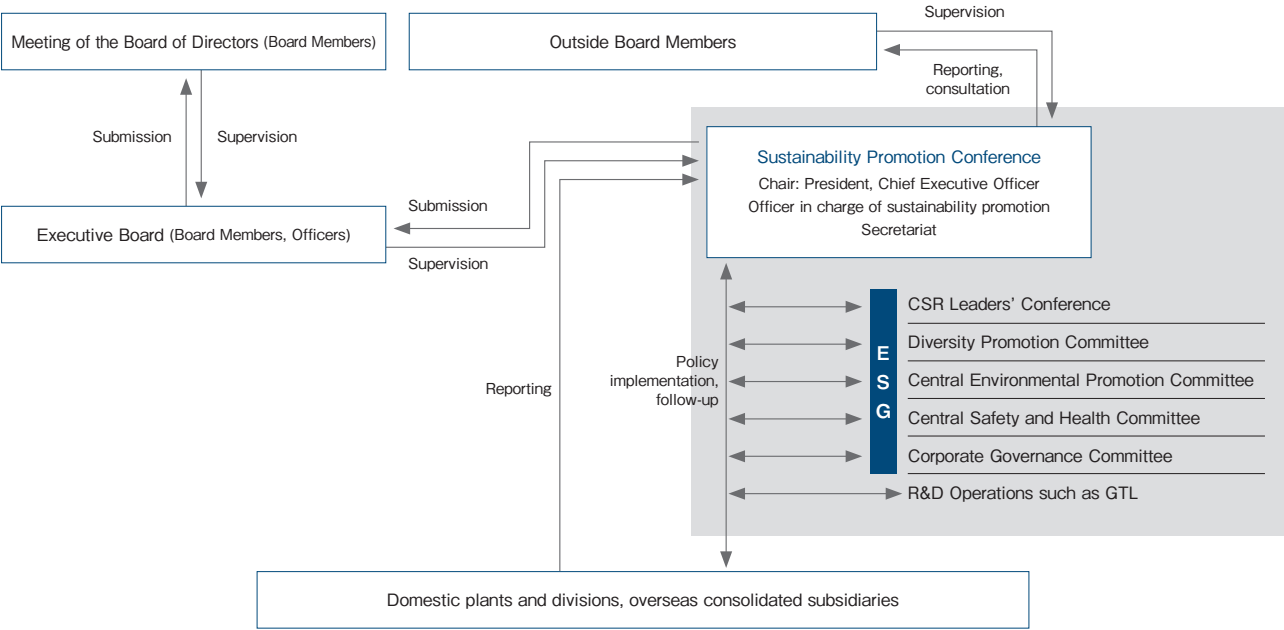
Automobiles made up of G-TEKT's products are one of the products requiring the greatest consideration for the environment. In particular, making auto bodies lightweight is a major issue because automobile fuel consumption is greatly affected by auto body weight. G-TEKT is creating products with little 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 CO<sub>2</sub> emitted through our business, and are also engaged in reducing the environmental impact in the value chain.

Sustainability promotion system



Major sustainability initiatives, and prizes awarded



In recognition of our sustainability system and initiatives, our long-term objectives for carbon neutrality by 2050, and our achieving of carbon neutrality in Japan, Honda Motor Co., Ltd., awarded G-TEKT the Excellence Appreciation Award in the Sustainability Category.



G-TEM (United Kingdom) won the Energy Efficiency Initiative of the Year award from the CBM (Confederation of British Metalforming) for the second consecutive year, in recognition of such initiatives as reducing CO<sub>2</sub> emissions by 28% through the introduction of solar power generation. It also won the HSE (Health, Safety, and Environmental) award due to obtaining ISO 45001 certification and other measures.



At the Company's Omiya head office, we have been conducting food bank activities every year since FY2020. In FY2023 we presented emergency provisions for stockpiling as well as food donated by employees. We will continue these activities going forward.



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.

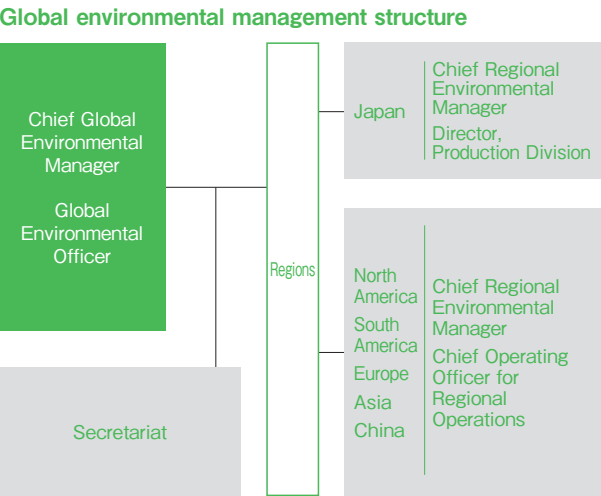
Implementation system

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.

Percentage of plants with ISO 14001: 2015 certification

(Based on the number of applicable sites) 92%

\*Applicable 26 sites: those consolidated subsidiaries in Japan and overseas in which the Company has an equity stake of at least 50% and that are also production sites (as of October 30, 2024)



G-TEKT receives a “Climate Change A-” rating from CDP for environmental information disclosure

In recognition of its initiatives in the climate change field and the transparency of its information disclosure, G-TEKT was awarded a “Climate Change A-” (Leadership Level) rating by CDP for FY2023. We are preparing to further enhance transparency through the disclosure of information via CDP in response to requests from financial institutions, customers, and policymakers. In order to contribute to the realization of a decarbonized and sustainable society, the Company has set and disclosed targets for reducing greenhouse gases with the aim of achieving carbon neutrality by FY2050, and is promoting enhancements in productivity, improved energy-saving measures, and greater use of renewable energy. We believe that it was such initiatives that led to the awarding of the “Climate Change A-” rating by CDP. Going forward we will continue to implement initiatives to address climate change and to actively disclose information, with the goal of helping to realize a sustainable and decarbonized society.

CDP DISCLOSURE 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

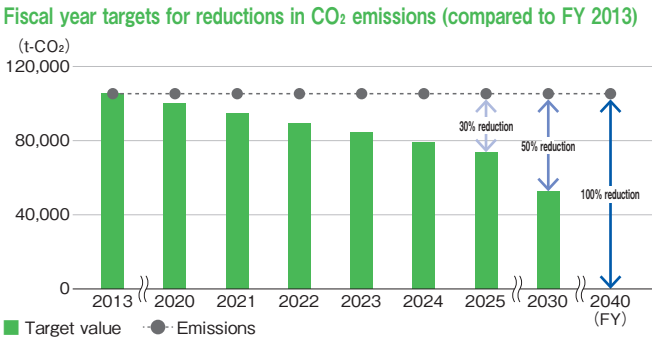
Mitsutoshi Nakamoto



G-TEKT is working on measures aimed at achieving its targets of reducing FY2030 Scope 1 and Scope 2 CO<sub>2</sub> emissions by 50% compared to those of FY2013, and by 100% by FY2040, and of achieving carbon neutrality, including Scope 3, by FY2050. In FY2023 we achieved a reduction of 13% compared to those of FY2013, but this was 7% short of our target. In Japan the switching of all electricity to that derived from renewable energy sources has been completed, and the ratio of electricity derived from renewable energy sources on a global basis has increased to 36% (FY2022: 24%) as a result of expanding installations of own-use solar power generation equipment at sites in Thailand and China. However, progress in reductions in the U.S. and Chinese businesses, where the scale of production is significant, is a major issue. On the other hand, because the enactment of the IRA (Inflation Reduction Act) makes the generation of green energy a priority, it has been announced that the country and electricity utilities will increase renewable energy as a percentage of electricity generated in preparation for carbon neutrality. Accordingly it is predicted that options for the procurement of electricity derived from renewable energy will increase going forward. These initiatives are beginning to bear fruit. For example, through its activities to become carbon neutral, G-TEKT obtained a rating of A- in the CDP Climate Change 2023 rankings, and its most important customer, Honda Motor Co., Ltd., awarded it the Excellence Appreciation Award (Sustainability Category), a prize that is presented to only four companies out of all its suppliers. Moreover, we have been thrust into an era where dealing with the materials that account for more than 90% of CO<sub>2</sub> emissions, mainly steel and aluminum, requires tripartite development between ourselves, materials manufacturers, and automobile manufacturers. We are currently targeting next-generation BEV models by proceeding with research and development into large-scale component integration achieved through the technological development of integral molding methods. The objective is to reduce both the number of processes at automobile manufacturers and the weight of auto bodies.

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: 75,735 t-CO<sub>2</sub>)



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 batterie			
Fuel/equipment replacement CO <sub>2</sub> 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 <sub>2</sub> absorption) Utilization of new technologies			
Scope 3 action (Supply chain/materials)	Supplier engagement (Scope 3 emissions zero by 2050) Switching to low-carbon materials			

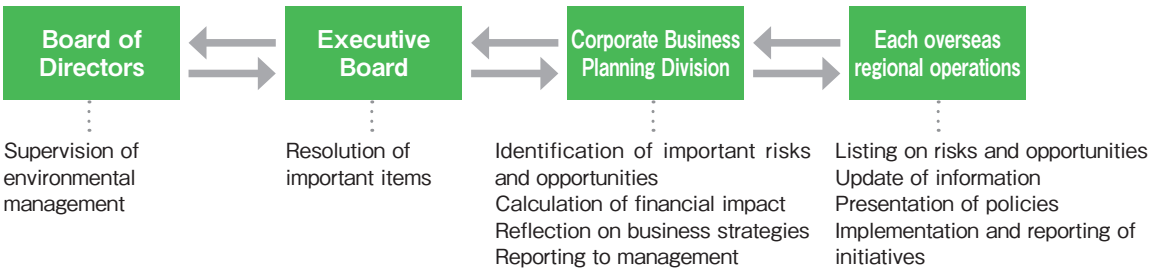


Taking Action for TCFD

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

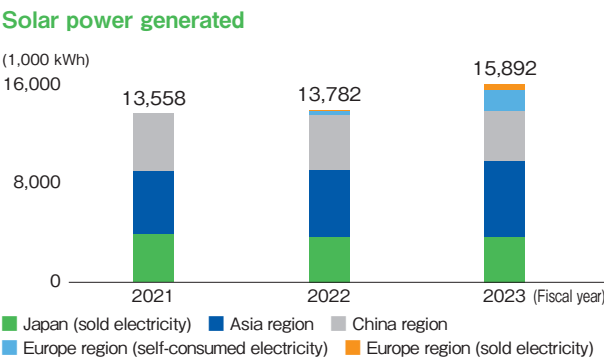
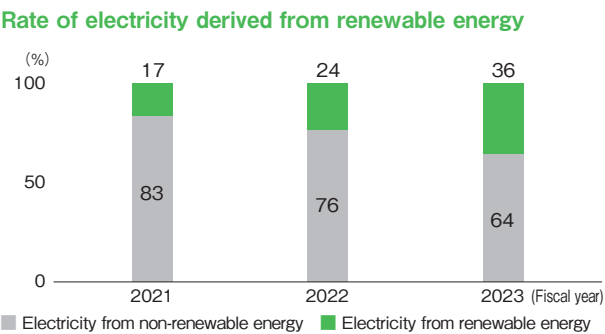
In FY 2021 we launched and began promoting the GX project, headed by the President, Chief Executive Officer, to address important issues related to climate change. These were transferred to the new Global Environmental Section that was established within the Corporate Business Planning Division in FY 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

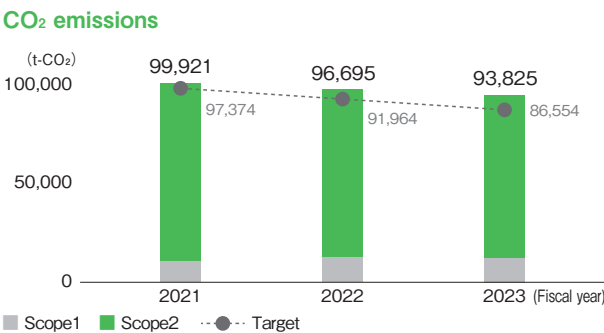
Our environmental strategy in our business activities is (1) energy-saving initiatives and (2) utilization of renewable energy (including in-house power generation). Going forward, we will prioritize strategies for each of our global locations, and move forward with these initiatives.

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.



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 CO<sub>2</sub> emissions. In terms of G-TEKT's global Scopes 1 and 2 CO<sub>2</sub> emissions, we are aiming for a 50% reduction in CO<sub>2</sub> 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.



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	Large	
	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

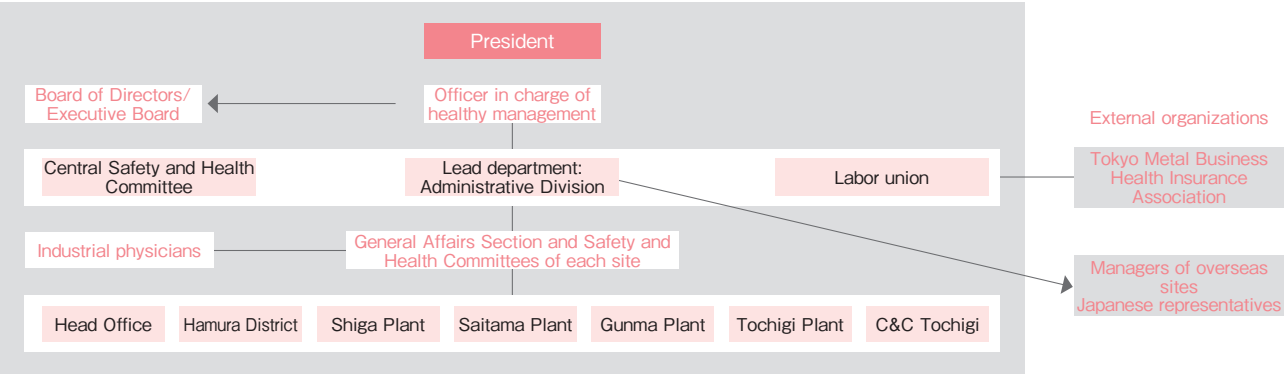
We have launched a new management strategy from 2021 with the vision to “Shape a better future for people, automobiles, and the planet through the fusion of passion and innovation.” Within the strategy, we are focusing on the promotion of healthy management under the theme of improvement of the diversity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



Human Capital Management

G-TEKT recognizes that employees are an important asset that supports the growth of the organization. It has formulated human capital policies aimed at 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 both personal development for employees and growth for the Company.

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 these challenges, and there can be no growth in the Company without the personal development of employees.

Vision

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 has been in operation for more than 70 years, 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.

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 2023 actual	FY2028 target
Increase female recruitment ratio	Women as ratio of new graduates and mid-career hires	5.0%	25%
Increase ratio of women in executive positions	Ratio of women in executive positions	4.9%	1.5× end-FY2022 level (3.5%)
Male child care participation	Ratio of men taking childcare leave	35%	30%
Systems that lead to diverse work styles	Number of new initiatives	3	At least five (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 FY2023, a total of 138 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 innovation with the objective of acquiring the knowledge and perspectives required for management, and attaining management literacy. As part of our efforts to nurture global human resources, we have also introduced a program to enhance the linguistic abilities of selected individuals.

Going forward, we will begin development intended to facilitate succession planning. In addition to operational assignments made from a personnel 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 FY2023, 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 FY2023, a total of 386 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 expanded the lineup of digital qualifications, as well as extended 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, 2024, some 58% 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 the grade and wage systems 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, we have introduced a spousal leave system, a “comeback” system, and have made 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 FY2023 we concentrated our efforts on employee interviews involving 122 people, on training for individuals at general manager and section manager levels based on feedback from the results of “engagement diagnosis” initiatives.

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 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, leading to them energizing their workplaces.



Training in progress



Governance

Board Members, Audit & Supervisory Board  
Members, and Executive Officers (as of June 30, 2024)

- 1

**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

**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

**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

**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

**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

**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

**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

**Yoshiaki Kawakubo**  
Audit &  
Supervisory Board Member

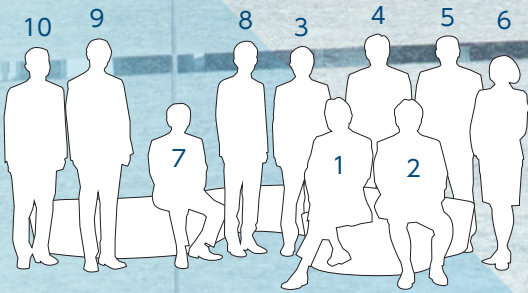
After joining the company he was involved in department related to overseas operations, and has accumulated both knowledge of management through his oversight and support for the overseas business, as well as a track record in the oversight of audit operations.
- 9

**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

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

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.

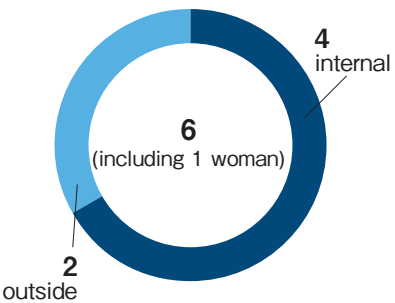
[Basic Corporate Governance Policy](https://www.g-tekt.jp/company/pdf/governance_guideline_en.pdf)  
[https://www.g-tekt.jp/company/pdf/governance\\_guideline\\_en.pdf](https://www.g-tekt.jp/company/pdf/governance_guideline_en.pdf)



Outline of corporate governance system

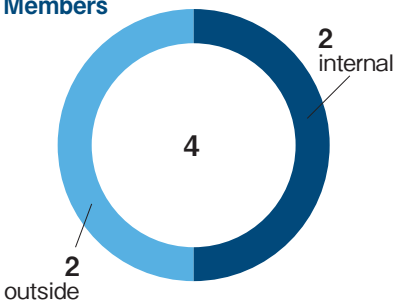
Organizational structure: Company with a board of auditors (as of June 30, 2024)

Board Members



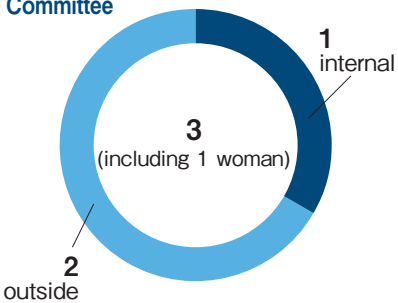
Chairperson:	President, Chief Executive Officer Naohiro Takao
Term:	1 year

Audit & Supervisory Board Members



Chairperson:	Audit & Supervisory Board Member Kesao Tamura
Term:	4 year

Nomination and Remuneration Advisory Committee



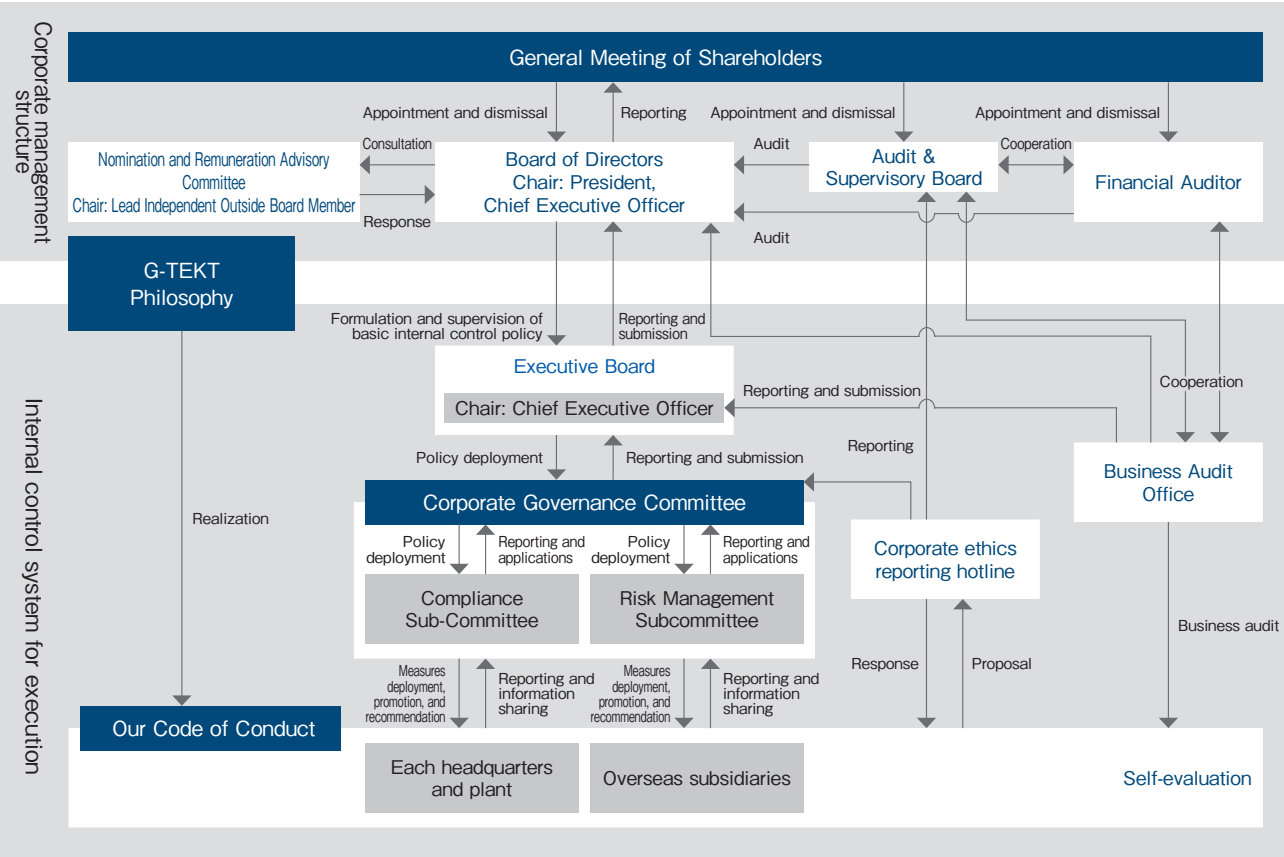
Committee Chairperson:	Independent Outside Board Member Keiji Kasamatsu
Term:	1 year

Reasons for adopting the current corporate governance system

The Company has adopted the structure of a company with a board of auditors. The Board of Directors (including Outside Members of the Board) makes appropriate decisions by sharing information and exchanging opinions about the business of the Company and the industry, and by supervising business execution. In addition, Audit & Supervisory Board Members who are deeply familiar with the business of the Company, together with Outside Audit

& Supervisory Board Members with a high level of expertise, are responsible for performing the audit function from a neutral standpoint and independently of the Board of Directors in order to maintain and enhance the transparency of management. This system has been adopted because it enables a highly effective approach to governance.

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	6 (Male: 5 / Female: 1)	4 (Male: 4)	2 (Male: 1 / Female: 1)	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.				
Nomination Advisory Committee	2 times	3 (Male: 2 / Female: 1)	1 (Male: 1)	2 (Male: 1 / Female: 1)	Lead Independent Outside Member of the Board
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 Members of the Board and Audit & Supervisory Board Members, as appropriate.				
Remuneration Advisory Committee	3 times	3 (Male: 2 / Female: 1)	1 (Male: 1)	2 (Male: 1 / Female: 1)	Lead Independent Outside Member of the Board
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 remuneration for Members of the Board and Audit & Supervisory Board Members, as appropriate.				
Audit & Supervisory Board	13 times	4 (Male: 4)	2 (Male: 2)	2 (Male: 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.				
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, 2024.



Main agenda of the Board of Directors meeting for the fiscal year ended March 31, 2024

[General management]

- Report on major agenda items at the Executive Board
- Approval of financial results for the fiscal year ended March 31, 2023
- Business plan for the next fiscal year
- Investment to expand capacity at domestic plants
- 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
- Updating of directors and officers liability insurance (D&O insurance)
- Conclusion of corporate indemnity agreements for Board Members and Audit & Supervisory Board Members
- Reorganization of overseas subsidiaries

[Shareholders]

- Implementation of interim dividend
- Report on the results of shareholder questionnaires
- Changes to shareholder benefits system

[Other]

- Conducting and reporting on evaluation of the effectiveness of the Board of Directors
- Management that is conscious of cost of capital and stock price
- Reporting on business audit activities
- Revisions to wages

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 eight years in an effort to identify issues and monitor improvements.

In the fiscal year ended March 31, 2022, a third-party evaluation of the effectiveness of the Board of Directors was conducted to enable analysis and evaluation from an objective standpoint using expert knowledge. This resulted in confirmation that the Board of Directors has 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 it was noted that there were inadequacies in the training of Officers and information sharing among Outside Board Members and Outside Audit & Supervisory Board Members. In the fiscal year ended March 31, 2023, another evaluation was implemented in a form following that of the previous term, as a result of which it was confirmed that the Board of Directors continues to be highly effective in establishing a system for dialogue with shareholders, providing appropriate non-financial information, and appropriately supervising human resource strategies. We extended the activities of the Board of Directors and implemented reporting meetings for company business and also meetings for Outside Board Members and Outside Audit & Supervisory Board Members, as well as other

measures based on the evaluation results of the previous fiscal year. This led to visible improvements in such evaluation items as training of Officers and information sharing among Outside Board Members and Outside Audit & Supervisory Board Members. On the other hand, it was noted that there remained issues with the formulation of a policy on allocation of management resources that takes into account the cost of capital, appropriate supervision of the approach to human capital strategy, and other matters. In the fiscal year ended March 31, 2024, it was confirmed that the Board of Directors was highly effective in such areas as the creation of appropriate agenda items, assessment-based nomination of management team members, incentive remuneration systems, feedback on shareholder opinions, and the provision of suitable non-financial information. Extending the activities of the Board of Directors based on the evaluation results of the previous fiscal year led to visible improvement in such areas as enhancing corporate value by addressing sustainability issues, and using the promotion of DX to achieve sustainable increases in corporate value. On the other hand, it was noted that improvements were desired on such issues as information sharing among Outside Board Members and Outside Audit & Supervisory Board Members, and appropriate supervision of the approach to human capital strategy. To address these issues, we plan to implement corporate governance measures to strengthen the operational functions of the Board of Directors, among others. Going forward, we will continue to consider further improvement measures to improve the effectiveness of the Board of Directors.

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. After the Company

successfully made the transition to the Prime Market of the Tokyo Stock Exchange in April 2022 as a result of these initiatives, in March 2023 the Tokyo Stock Exchange requested that listed companies implement approaches to management that take into account the cost of capital\*. In response to this G-TEKT accelerated internal discussions on the subject, which included setting management indicators and targets for improving return on capital in June 2023, and has continued to promote measures in line with the spirit of the Corporate Governance Code, such as introducing indicators and setting targets intended to improve the market's evaluation of its efforts.

Corporate Governance Report

[https://www.g-tekt.jp/company/pdf/governance\\_report.pdf](https://www.g-tekt.jp/company/pdf/governance_report.pdf)



\* In January 2024 the Tokyo Stock Exchange published a list of companies that were implementing and disclosing approaches to management that is conscious of the cost of capital in accordance with the above-mentioned request, and G-TEKT was included on this list.

<https://www.jpx.co.jp/english/equities/follow-up/02.html>



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 voluntary 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 a fixed amount 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) 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, ROE, 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 FY2023, was ¥10.5 billion, and the actual result was ¥16.242 billion. For performance-linked share-based remuneration, points equivalent to ¥20 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 Remuneration Advisory Committee chaired by the Lead Independent Outside Board Member. Based on the results of the deliberations of the voluntary 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 voluntary Remuneration Advisory Committee. In determining the details of individual Board Member remuneration, etc., the voluntary 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.



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
<b>Naohiro Takao</b> August 27, 1960	Male	President, Chief Executive Officer Nomination Advisory Committee Member Remuneration Advisory Committee Member Chairperson of the Board of Directors	31 years	●	●	●	●	●	●	●
<b>Hiroshi Seko</b> June 6, 1961	Male	Member of the Board, Senior Managing Officer	4 years	●	●	●	●			●
<b>Fumihiko Hirotaki</b> November 23, 1964	Male	Member of the Board, Managing Officer	3 years	●	●	●	●			●
<b>Akira Kakizaki</b> April 9, 1965	Male	Member of the Board, Managing Officer	1 year	●	●		●			●
<b>Keiji Kasamatsu</b> January 20, 1955	Outside Independent	Chairperson of the Board Chairperson, Nomination Advisory Committee Member Chairperson, Remuneration Advisory Committee Member	2 years	●		●		●	●	●
<b>Rieko Inaba</b> October 23, 1975	Outside Independent	Member of the Board Nomination Advisory Committee Member Remuneration Advisory Committee Member	5 years						●	●
<b>Kesao Tamura</b> June 2, 1961	Male	Audit & Supervisory Board Member	9 years	●			●	●		●
<b>Yoshiaki Kawakubo</b> September 13, 1963	Male	Audit & Supervisory Board Member	2 years					●	●	●
<b>Yasunori Niizawa</b> December 6, 1954	Outside Independent	Audit & Supervisory Board Member	5 years					●		●
<b>Yasuo Kitamura</b> March 8, 1965	Outside Independent	Audit & Supervisory Board Member	5 years						●	●

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)	250	161	40	49	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	30	30	—	—	2
Outside Board Members and Outside Audit & Supervisory Board Members	21	21	—	—	5

\*The above remuneration for Members of the Board includes a payment to one Member of the Board who resigned at the conclusion of the 12th Ordinary General Meeting of Shareholders held on June 21, 2023.  
\*The above remuneration for Outside Members of the Board includes a payment to one Outside Member of the Board who resigned at the conclusion of the 12th Ordinary General Meeting of Shareholders held on June 21, 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 FY2023

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	30	The IR department plays a central role in setting up opportunities for individual dialogue between analysts and institutional investors and the General Manager of Finance Division
Factory tour for shareholders	2	Twice a year (spring and fall), tours of factories and research facilities in Japan are conducted.

### Enhanced compliance

As a company keenly aware of compliance, we ensure complying with all applicable laws and company regulations, as well as always acting in good faith as a model of a good corporate citizen.We view compliance as a way to fulfill the expectations of stakeholders, and have created the G-TEKT Code of Conduct to set out the principles that every employee must abide by in order to achieve the highest ethical standards, and ensure that employees are fully aware of them.To ensure

that compliance penetrates the awareness of and is accepted by employees, we implement training that, in recent years, has covered such topics as insider trading, information security, and prevention of harassment.Going forward we will continue to make ongoing improvements to prevent scandals and to address them quickly, to ensure thorough compliance and even greater acceptance.

### Exclusion of antisocial forces

The Company takes a resolute attitude to organizations of antisocial forces that may disrupt the order of civic society or threaten the peace, and will not respond in any way to improper demands.In the event of an improper demand from antisocial forces, we will not only clearly express our rejection of the demand to the antisocial forces

but also promptly notify the relevant police authorities.In addition, we participate in liaison conferences held by the police and specialist external agencies, centrally gather and manage information on antisocial forces, and work to maintain links with such specialist agencies.

### Criteria of Independence for Outside Directors

The Company has established criteria for the independence of Outside Members of the Board, and in the event that Outside Members of the Board satisfy the following criteria, they are deemed to be fully independent of the Company.

1. The individual has never worked at the Group
2. The individual has never worked at an organization that is a major shareholder of the Company
3. The individual has never worked at a major trading partner (Note 1) of the Company.
4. The individual has never worked at a major lender (Note 2) of the Company
5. The individual has never worked at the lead managing underwriter of the Company
6. The individual has never worked at the audit firm of the Company
7. There is currently no major trading relationship (Note 3) between the Company and the individual, such as in the form of a consulting or advisory agreement, and there has been no such relationship in the past five years
8. The individual has never worked at an organization in which the Company has made the decision to invest for cross-shareholding purposes
9. No relatives (Note 4) of the individual work for the Company
10. The tenure of the individual as Outside Members of the Board or Outside Audit & Supervisory Board Member at the Company is less than ten years in total

Note 1: "Major trading partner" refers to a party for which the sales, etc., through the transactions with said trading partner account for a considerable portion of the sales, etc., of the Company, or to a party that provides a considerable amount of business property, such as important equipment and materials that are indispensable to the business activities of the Company.

Note 2: "Major lender" refers to our so-called main banks and quasi-main banks.

Note 3: "Major trading relationship" refers to cases where the payments received from the Company exceed ¥10 million per year.

Note 4: "Relative" refers to the spouse of the individual or to a relative within the fourth degree of kinship.

### Message from Board Member

I was appointed as an Outside Board Member of the Company in June 2019, so this year is my sixth in the role.

The atmosphere on the Board of Directors is one in which Outside Board Members and Audit & Supervisory Board Members from different backgrounds can freely express their doubts and opinions. I believe that it is important from a governance perspective to have an environment in which debates incorporating such diverse viewpoints can be held. Evaluations of effectiveness are implemented to confirm and improve the status of the Board of Directors' functions, as a result of which there have been enhancements in such areas as visits to inspect research sites and factories. I feel that having opportunities to observe the latest technology and tour factory facilities not only informs us about the front line of manufacturing but also provides a base of knowledge from which to engage in discussions on the Board of Directors.

### Looking back on this year, and future expectations

The automobile industry is going through a period of transformation that is said to occur only once a century, and if we are to continue to grow sustainably it is essential that technological development and the nurturing of human resources is conducted with an eye on the future.

By promoting DX, G-TEKT is not only working to automate and streamline its factories but is also acquiring and accumulating data to improve quality and raise efficiency through the use of AI. It was such initiatives that led to the Company being certified under the Ministry of Economy, Trade and Industry's DX certification system in FY2023. The Chubu Plant in Gifu Prefecture and the Nansha Plant in Guangdong Province, China, which are scheduled for completion in the fall of 2024, make use of unmanned on-site logistics, and are equipped with the latest environmental functions aimed at reducing CO<sub>2</sub>. In these ways the Company is promoting the transformation of factory structure by reducing costs associated with production and addressing environmental issues. It is expected that expanding this transformation to other plants will put the Group in a solid position to tackle the next-generation smart factory.

In terms of human resource development, the overseas study program was revised in FY2023 to permit students to switch from the previous focus on language only to an approach centered on M&A and advanced technology. Another positive result has been the ratio of male employees taking childcare leave, which has exceeded the target of 30%. It is my hope that the experience and other benefits of such initiatives will lead to the acquisition of new knowledge and skills, the recognition of diverse viewpoints, and in turn to operational innovation. With regard to the development of female leaders, the ratio of women in management is still far too low. In addition to providing continuous educational opportunities, I hope to see the Company promote environments and initiatives that enable many women can achieve growth.

### Future challenges

There are many future challenges facing us. One of these is to improve the quality of governance and internal control systems at subsidiaries and affiliated companies with sites in countries around the world. First, what is important is to construct an appropriate system based on an understanding of the cultural background and environment of the locations for each subsidiary. This also leads to diversity and inclusion within the Company. Moreover, the countermeasures based on assumptions about various risks are issues that should be addressed on an ongoing basis. In addition, and this is also stated in the Basic Act on the Formation of a Digital Society that was enacted in June 2023, enhancing industrial competitiveness and improving labor productivity requires the thorough use of AI and data as well as strengthened development of human resources for the promotion of DX. This also requires the reskilling of existing employees so that they can deal not only with the use of AI and data but also cyber attacks. Strengthening human capital in this way is likely to lead to sustainable growth as a company in a digital society. There are many challenges other than these. In addition to working to resolve these issues, the Board of Directors will strive for improved corporate value and sustainable development, including enhanced governance.

I urge all of our stakeholders to have even higher expectations for the business, and ask them for their continued understanding and support.



Independent Outside Member of the Board  
Rieko Inaba



Consolidated Financial Summary

Financial indicators (Japan GAAP)

		FY2014	FY2015	FY2016	FY2017		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Operating results												
Net sales	(Millions of yen)	193,769	220,731	206,072	219,849		255,637	228,253	209,420	236,503	314,312	344,601
Overseas net sales ratio	(%)	73.4	77.3	76.1	78.2		78.1	78.4	77.6	81.3	85.8	84.8
Operating profit	(Millions of yen)	9,643	12,826	14,402	14,272		16,813	8,677	8,050	10,931	12,836	16,242
Ordinary profit	(Millions of yen)	8,983	11,382	14,430	14,606		17,423	8,744	8,653	12,532	14,284	18,896
Profit attributable to owners of parent	(Millions of yen)	4,652	7,559	9,706	11,532		10,470	5,633	6,532	8,878	10,270	13,240
Depreciation	(Millions of yen)	17,343	22,855	21,289	19,739		21,263	19,649	19,721	15,173	17,414	19,292
Capital expenditures	(Millions of yen)	43,671	20,181	22,394	21,918		22,384	30,117	21,557	14,224	24,537	12,096
Research and development expenses	(Millions of yen)	2,566	2,161	2,242	2,031		2,373	2,418	2,444	2,445	2,608	3,072
Financial position												
Total assets	(Millions of yen)	227,690	215,285	208,584	224,855		225,296	232,188	237,955	282,540	288,698	304,129
Net assets	(Millions of yen)	116,044	114,775	119,340	130,502		133,480	131,598	145,052	163,924	176,695	205,393
Net interest-bearing debt	(Millions of yen)	55,241	45,684	28,232	28,940		21,153	21,723	17,216	22,995	6,933	(4,695)
Cash flows												
Cash flows from operating activities	(Millions of yen)	16,562	31,771	32,174	24,448		33,543	22,933	25,120	14,064	37,270	37,461
Cash flows from investing activities	(Millions of yen)	(36,792)	(21,420)	(14,601)	(26,809)		(25,620)	(25,004)	(15,527)	(18,860)	(16,022)	(30,892)
Cash flows from financing activities	(Millions of yen)	13,419	(7,944)	(14,809)	1,502		(6,975)	13,532	(17,343)	12,546	(17,582)	(16,379)
Free cash flow	(Millions of yen)	(20,230)	10,351	17,573	(2,361)		7,923	(2,071)	9,593	(4,796)	21,248	6,568
Cash and cash equivalents	(Millions of yen)	11,221	14,604	18,189	17,657		18,141	31,841	25,970	35,968	40,248	32,846
Per share information												
EPS (earnings per share)	(Yen)	106.01	172.93	222.46	264.28		243.11	131.35	152.15	206.68	238.87	307.52
BPS (book-value per share)	(Yen)	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	4,449.21
Cash dividends per share	(Yen)	24.00	32.00	36.00	39.00		46.00	48.00	50.00	56.00	58.00	67.00
Payout ratio	(%)	22.6	18.5	16.2	14.8		18.9	36.5	32.9	27.1	24.3	21.8
Management indicators												
Operating profit margin	(%)	5.0	5.8	7.0	6.5		6.6	3.8	3.8	4.6	4.1	4.7
Ordinary profit ratio	(%)	4.6	5.2	7.0	6.6		6.8	3.8	4.1	5.3	4.5	5.5
Net profit ratio	(%)	2.4	3.4	4.7	5.2		4.1	2.5	3.1	3.8	3.3	3.8
Equity ratio	(%)	46.0	48.1	51.5	52.6		53.9	51.8	56.2	53.9	57.1	63.0
ROE	(%)	4.8	7.3	9.2	10.2		8.7	4.7	5.1	6.2	6.5	7.4
ROA*1	(%)	2.0	3.5	4.7	5.1		4.6	2.4	2.7	3.1	3.6	4.4
ROIC	(%)	3.9	5.5	6.5	5.9		7.1	3.4	3.1	3.5	4.2	4.9

\*1 Net income divided by total assets.



Non-financial Summary

Environmental data

Energy consumed (GJ)				
	FY2020	FY2021	FY2022	FY2023
Energy consumed	1,016,937	1,048,969	1,107,412	1,164,968
Japan	156,385	155,857	158,838	175,167
North America region	461,118	474,778	548,177	587,188
Europe region	61,885	54,487	50,842	61,394
Asia region	102,460	116,457	118,428	121,496
China region	211,741	215,818	198,478	190,869
South America region	23,348	31,572	32,650	28,854

Water resource usage (1,000m <sup>3</sup> )				
	FY2020	FY2021	FY2022	FY2023
Water resource usage	407	439	432	382
Japan	64	59	56	60
North America region	58	65	62	49
Europe region	12	31	40	10
Asia region	99	93	90	90
China region	165	181	174	163
South America region	9	9	10	10

Greenhouse gas emissions (t-CO <sub>2</sub> )				
	FY2020	FY2021	FY2022	FY2023
Direct emissions (Scope 1)	10,719	10,459	12,326	12,168
Japan	1,025	880	755	874
North America region	7,422	7,661	9,881	9,852
Europe region	866	692	482	471
Asia region	617	554	479	511
China region	651	494	347	289
South America region	137	178	383	170
Indirect emissions (Scope 2)	85,740	89,461	84,369	81,658
Japan	10,770	10,786	4,859	81
North America region	30,600	28,738	33,852	36,709
Europe region	2,397	1,190	241	351
Asia region	12,117	14,992	15,414	15,688
China region	29,337	32,757	30,005	28,829
South America region	521	1,000	0	0
Emissions not included in Scope 1 and Scope 2 (Scope3)	2,052,093	1,956,980	2,035,739	2,139,146
Cat.1: Purchased Goods and Services	1,952,206	1,876,372	1,953,878	2,036,158
Cat.2: Capital Goods	61,965	56,531	55,717	75,270
Cat.3: Fuel- and Energy-Related Activities	22,448	15,457	17,588	18,440
Cat.4: Upstream Transportation and Distribution	5,365	3,164	2,533	2,709
Cat.5: Waste Generated in Operations	7,097	1,118	1,034	1,097
Cat.6: Business Travel	835	1,059	1,073	1,086
Cat.7: Employee Commuting	2,177	3,279	3,917	4,386

Amount of waste generated (t)				
	FY2020	FY2021	FY2022	FY2023
Amount of waste generated	3,314	3,262	3,320	3,315
Japan	795	791	677	682
North America region	708	622	531	639
Europe region	1,012	1,018	1,065	1,165
Asia region	336	353	385	438
China region	322	336	576	303
South America region	141	142	87	87

Personnel and labor data

Number of employees in the G-TEKT Group (people)				
	FY2020	FY2021	FY2022	FY2023
Japan segment	1,632	1,528	1,573	1,574
Employees	1,169	1,151	1,168	1,166
Temporary employees	463	377	405	408
North America segment	2,527	2,281	2,386	2,422
Employees	2,282	2,139	2,137	2,176
Temporary employees	245	142	249	246
Europe segment	861	738	891	1,071
Employees	825	695	820	1,031
Temporary employees	36	43	71	40
Asia segment	1,982	2,070	2,051	2,105
Employees	1,492	1,589	1,547	1,485
Temporary employees	490	481	504	620
China segment	2,333	2,571	2,542	2,300
Employees	1,800	1,933	1,929	1,793
Temporary employees	533	638	613	507
South America segment	604	615	626	679
Employees	604	615	626	679
Temporary employees	0	0	0	0

\* The number of employees is the number of persons as of the end of the fiscal year, and the number of temporary employees is an approximate average number of persons during the year.

Number of employees hired and retention rate (Japan only) (people)				
	FY2020	FY2021	FY2022	FY2023
New graduate hires	12	14	31	13
Mid-career hires	5	10	31	61
Retention rate (new graduates, after 3 years)	100.0%	71.0%	88.2%	78.6%

\* New graduates include postgraduate, undergraduate, technical college and vocational school graduates. The retention rate is the percentage of the number of employees after three years from the year of employment.

Status of utilization and usage of WLB-related systems (Japan only) (people)				
	FY2020	FY2021	FY2022	FY2023
Number of employees acquiring childcare leave	6	8	5	8
Males	2	2	5	7
Acquisition rate (male)	6%	7%	21%	32%
Females	4	6	0	1
Acquisition rate (female)	100%	100%	—	100%
Number of employees acquiring childbirth leave	41	36	20	23
Males	37	30	20	19
Females	4	6	0	4
Number of days of paid leave taken	12.6	13.4	15.0	15.1
Acquisition rate	66%	70%	78%	80%

\* The childbirth leave system is an original system of the Company.

Number of reports to the corporate ethics reporting hotline (Japan only) (cases)				
	FY2020	FY2021	FY2022	FY2023
Number of reports to the corporate ethics reporting hotline	30	8	13	9
Human rights and harassment	7	0	9	4
Work environment	6	4	1	1
Injustice	4	1	1	0
Manners and morals	5	1	0	1
Appropriate business execution	7	2	2	3
Quality	0	0	0	0
Other	1	0	0	0

\* There are cases where more than one incident is reported per report.

Intellectual property (cases)				
	FY2020	FY2021	FY2022	FY2023
Number of published applications	6	5	18	11
Number of patent granted	2	16	10	18

\* With the purpose of utilizing intellectual property rights in our business, we are utilizing the Accelerated Examination System.

Financial Analysis

Overview of the fiscal year ended March 31, 2024

Analysis of operating results

In the fiscal year ended March 31, 2024, net sales came to ¥344.6 billion (up 9.6% YoY) due to an increase in production volume, materials unit price revisions, and the impact of foreign exchange rates. In terms of profits, operating profit was ¥16.2 billion (up 26.5% YoY). Ordinary profit was ¥18.9 billion (up 32.3% YoY), mainly due to foreign exchange gains recorded as a result of the weaker yen. Net profit attributable to owners of parent was ¥13.2 billion (up 28.9% YoY).

Overview of financial position

Total assets at the end of the fiscal year ended March 31, 2024 increased by ¥15.4 billion YoY to ¥304.1 billion. Total liabilities decreased by ¥13.3 billion YoY to ¥98.7 billion. Total net assets increased by ¥28.7 billion YoY to ¥205.4 billion.

Overview of cash flows

The balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2024 decreased by ¥7.4 billion YoY to ¥32.8 billion.

[Net cash provided by (used in) operating activities]  
Net cash provided by operating activities amounted to ¥37.5 billion. Major inflows were profit before income taxes of ¥18.4 billion, depreciation of ¥19.3 billion, and a decrease in trade receivables of ¥15.3 billion. This was an increase of ¥0.2 billion YoY. The principal factor was the decrease in trade receivables.

[Net cash provided by (used in) investing activities]  
Net cash used in investing activities amounted to ¥30.9 billion. The major outflow was purchase of property, plant and equipment of ¥23.2 billion. This was an increase of ¥14.9 billion YoY. The principal factors were increased payments into time deposits and increased purchase of property, plant and equipment.

[Net cash provided by (used in) financing activities]  
Net cash used in financing activities amounted to ¥16.4 billion. Major outflows were a net decrease in short-term borrowings of ¥4.2 billion and repayments of long-term borrowings of ¥9.1 billion. This was a decrease of ¥1.2 billion YoY. The principal factor was a decrease in repayments of borrowings.

Forecast for the fiscal year ending March 31, 2025 (disclosed on May 10, 2024)

We expect production at our customers to be stable, but model development has slowed because they are at the stage before launching full-fledged EVs, and we anticipate mold equipment, prototypes, and other non-mass production sales to be flat. In addition, given that there are signs that the Chinese economy is slowing, significant growth in automobile sales cannot be expected. We forecast net

sales of ¥346.0 billion (up 0.4% YoY). In terms of profits, we forecast operating profit of ¥14.2 billion (down 12.6% YoY), ordinary profit of ¥14.4 billion (down 23.8% YoY), and net profit attributable to owners of parent of ¥10.0 billion (down 24.5% YoY). We assume exchange rates of ¥145.00 to the US dollar and ¥20.10 to the Chinese yuan.

Basic policy on profit distribution and dividends for the fiscal year ending March 31, 2025

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. For the fiscal year ending March 31, 2031, we have set targets of a DOE (dividend on equity) of 3.0%, as well as a payout ratio of 30%. 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, 2025, we plan to pay an interim dividend of ¥37 per share and a year-end

dividend of ¥37 per share, for an annual dividend of ¥74 per share, up ¥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, 2024

By business segment, net sales in the auto body components business were ¥316.0 billion, up ¥47.2 billion YoY. This reflects such factors as stable production volume globally, materials unit price revisions, and the

impact of foreign exchange rates. Car model development net sales came to ¥19.6 billion, down ¥18.3 billion YoY. This was due to few new models being ramped ahead of electric vehicle launches. Transmission parts net sales totaled ¥8.8 billion, up ¥1.3 billion YoY.

(Unit: 100 millions of yen)

	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		Plan for fiscal year ending March 31, 2025
[Main exchange rates]											
USD	108.80		106.05		112.36		135.48		144.52		145.00
RMB	15.61		15.66		17.50		19.74		20.13		20.10
Net sales	2,283		2,094		2,365		3,143		3,446		3,460
[Net sales by customer]											
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	
Honda	1,444	63.3	1,332	63.6	1,374	58.1	1,758	55.9	1,888	54.8	
Number of units orders received (10,000 units)	441.3	—	424.0	—	381.0	—	354.5	—	380.3	—	
Toyota	317	13.9	343	16.4	515	21.8	715	22.8	765	22.2	
SUBARU	202	8.9	147	7.0	151	6.4	227	7.2	273	7.9	
European manufacturers (Jaguar Land Rover, BMW)	106	4.6	93	4.4	132	5.5	185	5.9	222	6.4	
Other	214	9.3	179	8.6	193	8.2	258	8.2	298	8.7	

\* 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, 2024 was ¥12.1 billion. This includes ¥3.6 billion for investment in models to launch new models, and ¥8.5 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

In order for the Group to mitigate environmental impacts and realize a decarbonized society, and manufacture vehicles with a high level of safety, it is promoting research and development activities related to the development and manufacture of lightweight and highly rigid auto body components. Among these activities, the Department of R&D Operations in the G-TEKT Tokyo Lab is mainly responsible for the research and development of advanced technologies and new products related to environmental regulations, safety, and the shift to EVs. The main R&D themes are as follows.

[R&D on auto bodies for EV vehicle bodies]

The shift to EVs is an important measure being promoted by the automobile industry as a whole in preparation for realizing a decarbonized society, and it is likely that automotive OEMs will move towards finalizing the direction of their EV strategies going forward. Leveraging the body in white analysis technology that has evolved as part of our process of co-creative development of vehicle bodies with automotive OEMs, we are moving forward with research and development on a wide range of proposals in order to meet the diverse needs of OEMs.

Because the auto body structure and the battery housing that contains the battery are, as a group of components, required to possess multiple functions, advanced design capabilities are required to build specifications for EV bodies. 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 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 · Investigate the application of closed-profile structural members to vehicle bodies, and build specifications

The need for electric powertrain-related components is expected to grow rapidly in line with the global acceleration of the shift to EVs, and the Group is promoting development of mass production technologies for new business areas, such as drive motors and drive train reduction system-related components, where it can contribute by leveraging its fundamental technologies. Installation of the mass-production technology demonstration line was completed during the fiscal year ended March 31, 2024, and we 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 CO<sub>2</sub> emission evaluation criteria · Investigating the application of parts manufacturing technology that makes use of a large-scale integration

(Unit: 100 millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Plan for fiscal year ending March 31, 2025
Capital investment	301	216	142	245	121	383
Model investment	133	85	77	149	36	85
Basic investment	168	131	66	97	85	298
Depreciation	196	197	152	174	193	192
Research and development expenses	24	24	24	26	31	34



Financial Data

Consolidated balance sheet

	(Unit: Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	44,232	44,575
Notes and accounts receivable-trade	56,670	47,195
Finished goods	2,090	2,161
Work in process	20,580	25,302
Raw materials	4,244	4,957
Supplies	1,405	1,667
Other	7,102	7,043
Total current assets	136,326	132,903
Non-current assets		
Property, plant and equipment		
Buildings and structures	106,094	117,066
Accumulated depreciation	(46,158)	(52,551)
Buildings and structures (net)	59,936	64,515
Machinery, equipment and vehicles	180,783	201,025
Accumulated depreciation	(138,215)	(159,007)
Machinery, equipment and vehicles (net)	42,567	42,018
Tools, furniture and fixtures	152,887	155,492
Accumulated depreciation	(137,260)	(142,352)
Tools, furniture and fixtures (net)	15,626	13,139
Land	14,375	16,421
Construction in progress	7,148	19,857
Total property, plant and equipment	139,654	155,952
Intangible assets	1,200	1,233
Investments and other assets		
Investment securities	9,429	13,196
Deferred tax assets	1,755	444
Other	341	406
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	11,518	14,039
Total non-current assets	152,372	171,225
Total assets	288,698	304,129

	(Unit: Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	34,019	30,485
Short-term borrowings	13,848	10,969
Current portion of long-term borrowings	9,912	9,263
Accounts payable - other	7,654	8,685
Income taxes payable	1,103	818
Provision for bonuses	1,529	1,572
Other	6,170	6,737
Total current liabilities	74,239	68,534
Non-current liabilities		
Long-term borrowings	27,405	19,648
Retirement benefit liability	1,452	489
Provision for share awards for directors (and other officers)	472	459
Deferred tax liabilities	5,771	6,981
Other	2,661	2,623
Total non-current liabilities	37,763	30,201
Total liabilities	112,003	98,735
Net assets		
Shareholders' equity		
Share capital	4,656	4,656
Capital surplus	23,622	23,622
Retained earnings	111,475	122,069
Treasury shares	(1,649)	(1,535)
Total shareholders' equity	138,104	148,812
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,337	3,350
Deferred gains or losses on hedges	31	—
Foreign currency translation adjustment	25,185	38,801
Remeasurements of defined benefit plans	33	702
Total accumulated other comprehensive income	26,587	42,854
Non-controlling interests	12,003	13,726
Total net assets	176,695	205,393
Total liabilities and net assets	288,698	304,129

## Consolidated statement of income

	(Unit: Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Net sales</b>	314,312	<b>344,601</b>
<b>Cost of sales</b>	286,533	<b>311,463</b>
<b>Gross profit</b>	27,778	<b>33,138</b>
<b>Selling, general and administrative expenses</b>	14,941	<b>16,895</b>
<b>Operating profit</b>	12,836	<b>16,242</b>
<b>Non-operating income</b>		
Interest income	700	<b>815</b>
Dividend income	154	<b>188</b>
Foreign exchange gains	385	<b>1,616</b>
Share of profit of entities accounted for using equity method	626	<b>465</b>
Gain on sale of scrap	180	<b>218</b>
Other	448	<b>453</b>
Total non-operating income	2,496	<b>3,758</b>
<b>Non-operating expenses</b>		
Interest expenses	993	<b>1,023</b>
Other	54	<b>82</b>
Total non-operating expenses	1,048	<b>1,105</b>
<b>Ordinary profit</b>	14,284	<b>18,896</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	114	<b>48</b>
Gain on sale of investment securities	27	—
Total extraordinary income	142	<b>48</b>
<b>Extraordinary losses</b>		
Loss on sale of non-current assets	1	<b>8</b>
Loss on retirement of fixed assets	46	—
Loss related to COVID-19	167	—
Loss on liquidation of subsidiaries	—	<b>342</b>
Loss on liquidation of business	—	<b>222</b>
Total extraordinary losses	215	<b>573</b>
<b>Profit before income taxes</b>	14,211	<b>18,371</b>
<b>Income taxes - current</b>	3,083	<b>3,701</b>
<b>Income taxes - deferred</b>	768	<b>620</b>
<b>Total income taxes</b>	3,852	<b>4,321</b>
<b>Profit</b>	10,358	<b>14,049</b>
<b>Profit attributable to non-controlling interests</b>	87	<b>808</b>
<b>Profit attributable to owners of parent</b>	10,270	<b>13,240</b>

## Consolidated statement of cash flows

	(Unit: Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	14,211	<b>18,371</b>
Depreciation	17,414	<b>19,292</b>
Increase (decrease) in retirement benefit liability	(168)	<b>(70)</b>
Increase (decrease) in provision for bonuses	75	<b>(30)</b>
Interest and dividend income	(855)	<b>(1,003)</b>
Interest expenses	993	<b>1,023</b>
Share of loss (profit) of entities accounted for using equity method	(626)	<b>(465)</b>
Loss (gain) on sale of investment securities	(27)	—
Loss (gain) on sale and retirement of non-current assets	(113)	<b>(39)</b>
Loss on liquidation of business	—	<b>222</b>
Loss (gain) on liquidation of subsidiaries	—	<b>342</b>
Decrease (increase) in trade receivables	(3,191)	<b>15,286</b>
Decrease (increase) in inventories	9,014	<b>(3,550)</b>
Increase (decrease) in trade payables	2,131	<b>(7,383)</b>
Increase (decrease) in consumption taxes receivable/payable	(23)	<b>(1,059)</b>
Increase (decrease) in advances received	582	<b>81</b>
Increase (decrease) in accounts payable - other	343	<b>(30)</b>
Other	872	<b>78</b>
Subtotal	40,633	<b>41,062</b>
Interest and dividends received	1,021	<b>1,353</b>
Interest paid	(989)	<b>(986)</b>
Income taxes refund (paid)	(3,394)	<b>(3,968)</b>
Net cash provided by (used in) operating activities	37,270	<b>37,461</b>
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	1,116	<b>(7,270)</b>
Purchase of property, plant and equipment	(17,168)	<b>(23,193)</b>
Proceeds from sale of property, plant and equipment	133	<b>68</b>
Purchase of intangible assets	(107)	<b>(373)</b>
Purchase of investment securities	(85)	<b>(103)</b>
Proceeds from sale of investment securities	92	—
Other	(1)	<b>(20)</b>
Net cash provided by (used in) investing activities	(16,022)	<b>(30,892)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(9,721)	<b>(4,222)</b>
Proceeds from long-term borrowings	9,174	—
Repayments of long-term borrowings	(13,838)	<b>(9,102)</b>
Repayments of installment payables and finance lease obligations	(354)	<b>(230)</b>
Purchase of treasury shares	(0)	<b>(0)</b>
Dividends paid	(2,474)	<b>(2,645)</b>
Dividends paid to non-controlling interests	(73)	<b>(178)</b>
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(294)	—
Net cash provided by (used in) financing activities	(17,582)	<b>(16,379)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	613	<b>2,409</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	4,279	<b>(7,401)</b>
<b>Cash and cash equivalents at beginning of period</b>	35,968	<b>40,248</b>
<b>Cash and cash equivalents at end of period</b>	40,248	<b>32,846</b>



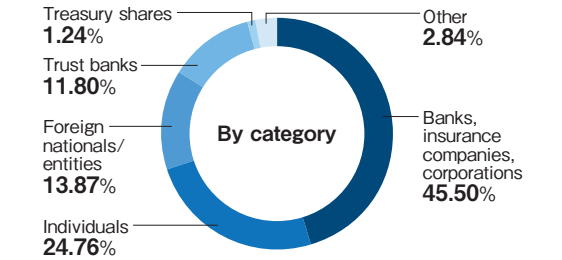
Information for Investors

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: 0120-232-7111 (toll-free)
Stock exchange listing	Prime Market, Tokyo Stock Exchange

Status of shares (as of September 30, 2024)

Total number of shares authorized	100,000,000 shares
Total number of shares issued	43,931,260 shares (including 545,197 treasury shares)
Number of shareholders	19,748 (increase of 1,871 persons from the end of FY2023)

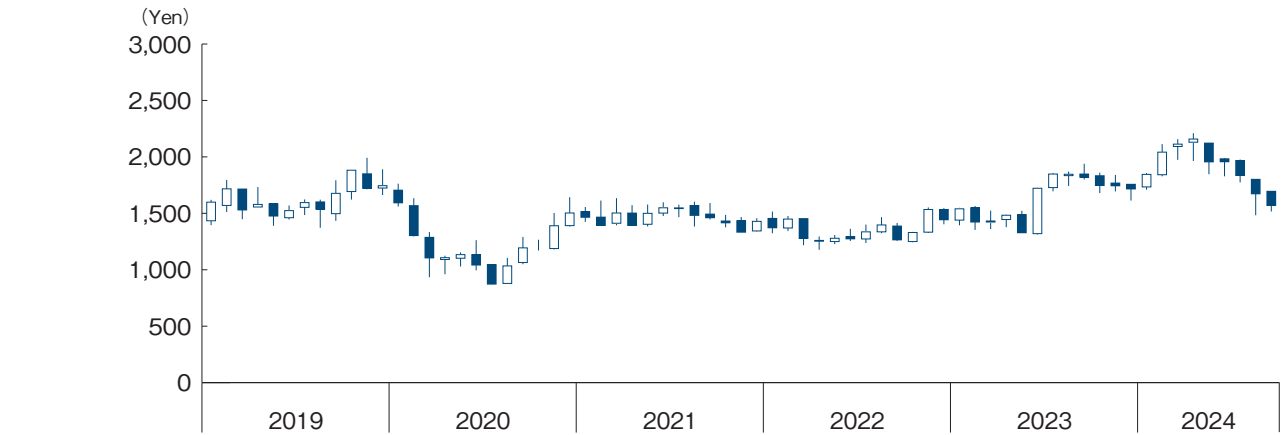


Major shareholders (top 10, honorifics omitted)

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)	3,148,300	7.26
KP K.K.	2,200,800	5.07
TK Holdings Inc.	2,194,344	5.06
Custody Bank of Japan, Ltd. (Trust Account)	1,530,891	3.53
Tomohiro Yoshida	1,317,800	3.04
Naohiro Takao	1,286,576	2.97
Toshitsugu Kikuchi	905,901	2.09
RE FUND 107-CLIENT AC	688,100	1.59
MUFG Bank, Ltd.	576,000	1.33

\*1. The shareholding ratio is calculated by deducting 545,197 shares of treasury shares.  
\*2. Treasury shares does not include 286,391 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, 2024)

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	Conghua Auto Parts Alliance (China) Ltd. (manufacturing of small pressed parts for auto bodies)
G-TEKT MEXICO CORP. S.A. DE C.V. (manufacturing of auto body components and transmission parts)	Guangzhou Nansha Auto Parts Alliance (China) Ltd (manufacturing of auto body components)
G-ONE AUTO PARTS DE MEXICO, S.A. DE C.V. (manufacturing of auto body components)	G-TEKT (Shanghai) Technical & Trading Co., Ltd. (research and sales)
*Equity-method affiliates	Asia
South America	Thailand
Brazil	G-TEKT (Thailand) Co., Ltd. (manufacturing of auto body components and die production)
G-KT do Brasil Ltda. (manufacturing of auto body components)	G-TEKT Eastern Co., Ltd. (manufacturing of auto body components and die production)
Europe	G-TEKT Eastern Co., Ltd. (No. 2 Plant) (manufacturing of auto body components)
United Kingdom	India
G-TEKT Europe Manufacturing Ltd. (manufacturing of auto body components)	G-TEKT India Private Ltd. (manufacturing of auto body components)
G-TEKT Europe Manufacturing Ltd. (No. 2 Plant) (manufacturing of auto body components)	Indonesia
G-TEKT Europe Manufacturing Ltd. (No. 3 Plant) (manufacturing of auto body components)	PT.G-TEKT Indonesia Manufacturing (manufacturing of auto body components and transmission parts)
G-TEKT Europe Manufacturing Ltd. (No. 4 Plant) (manufacturing of auto body components)	

Information on the website



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

<https://www.g-tekt.jp/english/index.html>



