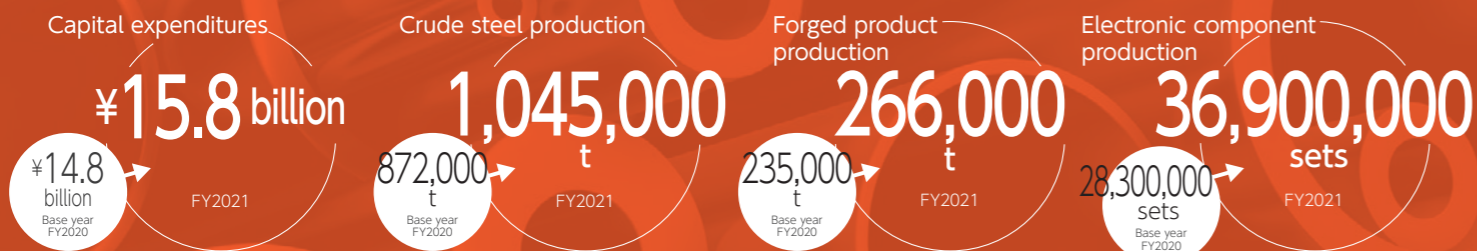




Capital to create value

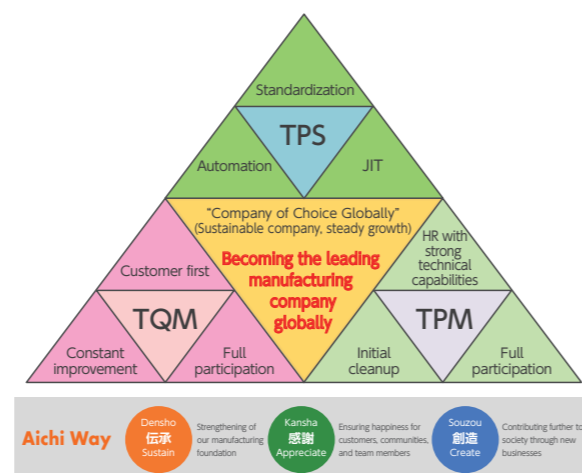
Manufactured Capital

With its high strength, heat resistance and a range of other functions and characteristics, specialty steel is one of Aichi Steel's main products. It merges many cutting-edge technologies of Japan's steel industry and underpins customer manufacturing and society as a material used in the core components of automobiles and industrial machines. The source of this success is our manufacturing capabilities focused on high quality and low cost, fostered since the company was founded, and our production systems that enable stable, on-time delivery of products to customers around the world.



Evolution in manufacturing capabilities

Aichi Steel has always focused on the manufacturing capabilities of integrated forging with steel making processes, which cover everything from material design to production of steel, forged products, and electronic components at a single site. This has enabled us to provide our customers with highly functional, high-quality materials and parts with high strength, durability, and machinability. The source of our manufacturing capabilities are a range of initiatives to pursue and improve specific consumption and to thoroughly reduce costs based on the Toyota Production System (TPS), Total Quality Management (TQM), and Total Productive Maintenance (TPM). During fiscal 2021, we worked to improve productivity through a range of initiatives, including reducing casting time in the steel making process and optimization of product types on the product rolling lines. Going forward, one of the things that we will focus on is achieving resilience in our production capabilities so that we can respond to dramatic short-term fluctuations in demand.



Global production system

Aichi Steel has developed a global production system to meet customer needs for overseas production and local procurement, and provide safe and secure production to the world. By also sharing our accumulated manufacturing knowledge throughout the entire group, we are providing support to manufacturing operations globally. Even in times of sudden disaster, we are able to distribute production risk through an extensive backup system that enables individual items manufactured by each site to be manufactured to an equivalent level at other production sites. During the COVID-19 pandemic as well, our production sites worked together to maintain product supplies without interruption.

Quality Management System (QMS)

The provision of safe products and services to society is one of our important values in the Aichi Steel Group Action Guidelines. To put this guideline into practice, we are promoting quality improvement activities in line with the three pillars of Vision 2030—quality management, development of safety-conscious human resources, and fundamentally high quality designs. We are also working to achieve customer satisfaction and trust through the provision of appropriate information and honest communication. In addition, we obtain third-party and international certifications such as ISO 9001 (quality management systems), undergo regular audits and renewal audits, and work to maintain and improve our quality management.

I Efforts to obtain IATF 16949 certification

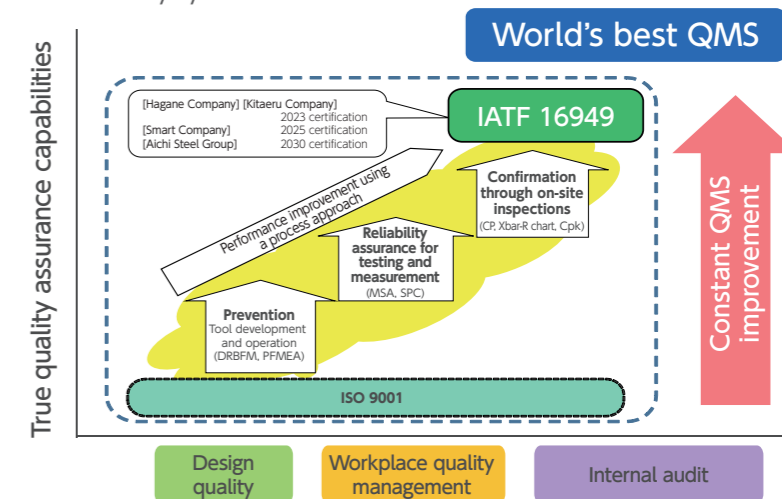
We selected "quality management" as a theme for reform from among our three-pillar activities, and we are working to obtain certification under the IATF 16949 Standard*. We are developing the world's best quality management system, and contributing to greater safety and security for society, to meet the demands from customers for not only quality of products, but quality of business operations as well.

* IATF 16949 is an international standard for quality management systems specialized for the automotive industry and used by many of the world's automakers as their global procurement standard for automotive parts

Acquisition status of quality ISO certification

- Steel products and forged products**
 - Passed surveillance audit for ISO 9001 (October 2021)
- Electro-magnetic products**
 - Passed renewal audit for ISO 9001 (December 2021)
 - Passed renewal audit for ISO 13485 (January 2022)
- Laboratory accreditation**
 - Passed surveillance audit for ISO/IEC 17025 (March 2022)

Activity system chart



Smart factories

We are working with big data, comprised of equipment data and energy data managed centrally on IoT servers, to create an IoT platform. Aiming to create lean plants that enable us to manage optimal manufacturing conditions, we analyze our accumulated data using AI and other technologies, and develop environments that enable essential measures for achieving further quality and productivity improvements.

I Utilization of big data

We have completed development of an IoT platform at some of our plants already, and this enables us to easily check a range of operational data remotely and in volumes that are tens of thousands of times greater than previously. As a result, we have seen dramatic increases in problem-solving speed and reductions in the amount of time required to recover operations after equipment breaks down. We will also utilize big data in the future, including analyzing various operational data and energy data, in our energy conservation activities. We will continue efforts to be able to utilize big data at all of our domestic sites by 2026.

Smart factories (IoT-based operation improvement)

