

# Kitaeru Company

Kitaeru

## Tetsuo Kondo

Managing Executive Officer and  
Kitaeru Company President

### Profile

Tetsuo Kondo took on the  
role of Kitaeru Company  
President in April 2021.



Contributing to these SDGs



## Fiscal 2021 Business Performance

In spite of adjusting production with customers due to semiconductor shortages, our overseas sales volumes in particular grew strongly due to the recovery of demand after COVID-19. As a result, net sales and business profit increased dramatically for the entire Kitaeru Company.

Net sales (billion yen)



## Business Environment

We are expecting a reduction of the number of forgings used for cars due to expansion of electrification by 2030, mainly in Japan, North America, Europe and China. On the other hand, the demand for new products that support electrification will increase. In ASEAN countries and

other regions, development of the infrastructure necessary for electrification is an issue, so reliance on gasoline-powered cars will remain strong. We therefore see business expansion opportunities in both electric cars and conventional gasoline-powered cars.

## Progress and Future Initiatives

### Strategies for electrification and utilization of existing equipment

Our production line for new parts for electric vehicle e-Axles has started up on schedule in 2022. Aiming to evolve into a finished product manufacturer, which is one of our priority issues, we have expanded our scope of business to include machining and will provide high value-added products to meet electrification needs that will accelerate further going forward.

In Japan, we will drive the development of products that support electrification, and lead the market. At the same time, we aim to consolidate our existing equipment in Japan that is redundant and reuse them at our overseas sites to grow orders for gasoline-powered car parts and achieve steady growth in net sales and business profit.



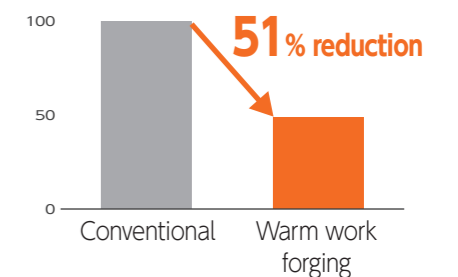
e-Axle line which started mass production

### Initiatives for realizing a low-carbon society

As one of our activities to achieve a low-carbon society, we are changing the manufacturing method for some of our products from hot work forging to warm work forging. This enables us to lower the heating temperature and eliminate heat treatment to reduce CO<sub>2</sub> emissions by 51% compared to the conventional method.

We are also planning environment-friendly manufacturing through implementation of renewable energy and other methods, and will ramp up efforts to achieve carbon neutrality from fiscal 2022.

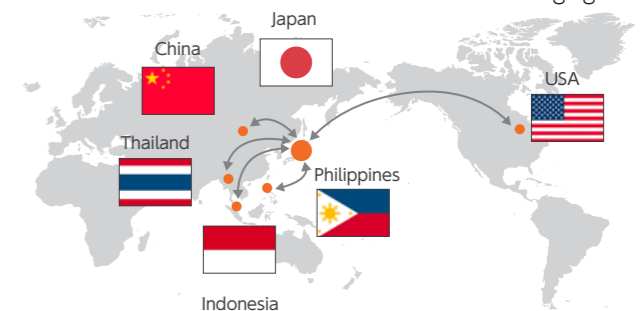
CO<sub>2</sub> emissions



### Strengthening complementary capabilities globally

In March 2022, the Chinese government locked down the whole of Shanghai due to the spread of COVID-19. Our Chinese subsidiary Shanghai Aichi Forging Co., Ltd. (SAFC) was forced to restrict operations as well, but thanks to backup systems we had in place for such an emergency, we were able to overcome this difficulty without our customers having to stop production.

Going forward, we will focus even more on supply chain risk management to ensure stable product supplies.



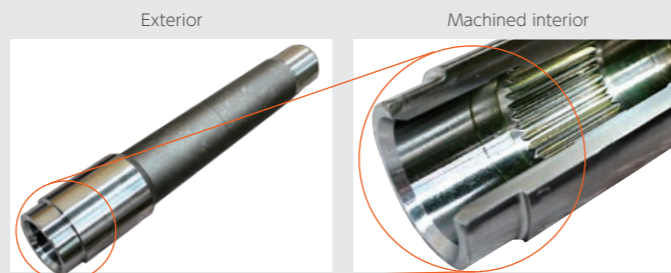
Conceptual diagram of our BCP for overseas forging sites

## Value for Society

The Kitaeru Company is contributing to a diverse mobility society in the low-carbon age through the evolution of highly efficient manufacturing processes integrating steel materials, forging and machining while focusing on the basic performance requirements of cars, which are running, turning and stopping.

### Business Overview

In addition to integrated forging with steel making processes, which link materials development through to forging, we now provide products that extend these processes to machining. We have also added warm work forging, which produces fewer CO<sub>2</sub> emissions during manufacturing, to our traditional hot work forging offerings to contribute to realizing a low-carbon society.



Output shaft for "e-Axles" – electric vehicle drive units developed using integrated forging with steel making process technologies and the latest machining technologies

### Strategies in the Medium-term Management Plan

To respond flexibly to the current once-in-a-century transition of the automotive industry, we are implementing the following four priority issues of our medium- to long-term strategy, with a focus on electrification and a low-carbon society.

Priority issues	Initiative details
Evolution into a finished product manufacturer	Directly reflecting in products the changes in vehicle performance requirements associated with electrification, and providing high-precision machined products designed for the future mobility society
New product development	Focusing on product development for a low-carbon society, and developing and launching more environment-friendly products for electric vehicles
Building small lot multi-product production systems	Taking on the challenge of manufacturing, that is not tied to the past, to meet the ever-expanding diverse needs of a mobility society
Enhancing global connectivity	Contributing to customer's localized purchasing and the realization of a low-carbon society by spreading Japanese technologies, developed alongside electrification, to overseas subsidiaries.