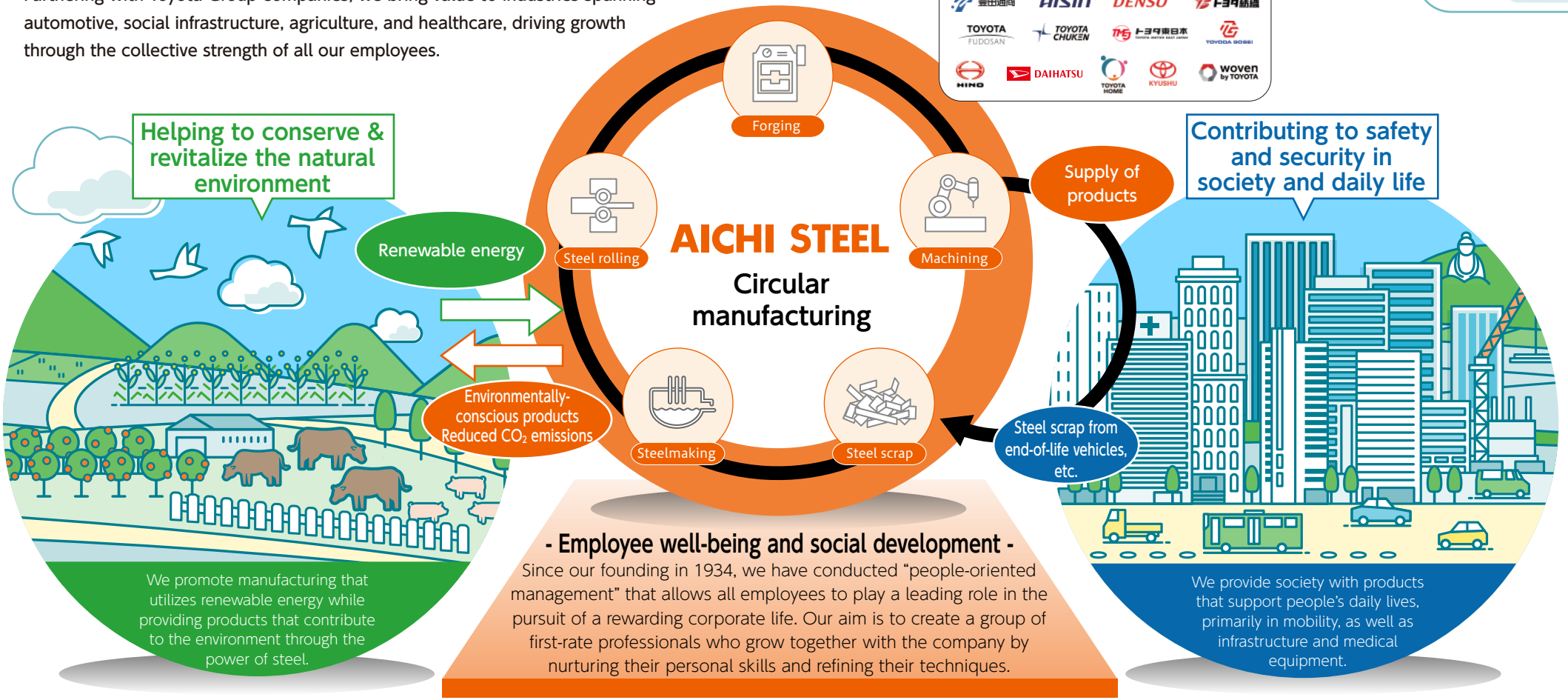
AICHI STEEL

REPORT 2025

Aichi Steel Group's Sustainability

Resource circulation is at the core of our business

Aichi Steel contributes to a sustainable society through circular manufacturing that recycles steel scrap, and through the development of high-performance, environmentally-conscious products leveraging our integrated forging with steel making processes. Partnering with Toyota Group companies, we bring value to industries spanning automotive, social infrastructure, agriculture, and healthcare, driving growth through the collective strength of all our employees.



- Employee well-being and social development -

Since our founding in 1934, we have conducted "people-oriented management" that allows all employees to play a leading role in the pursuit of a rewarding corporate life. Our aim is to create a group of first-rate professionals who grow together with the company by nurturing their personal skills and refining their techniques.

Our Vision

We will strive to make positive contributions to society by providing appealing products from global perspectives and based on our vibrant and trustworthy corporate qualities.

1. We will strive to make a positive contribution to society with safe, appealing, and useful technology and products.
2. We will pull together culture based on trust, reliability and the pursuit of excellence.
3. We will be a good corporate citizen, ever mindful of our environmental responsibilities.

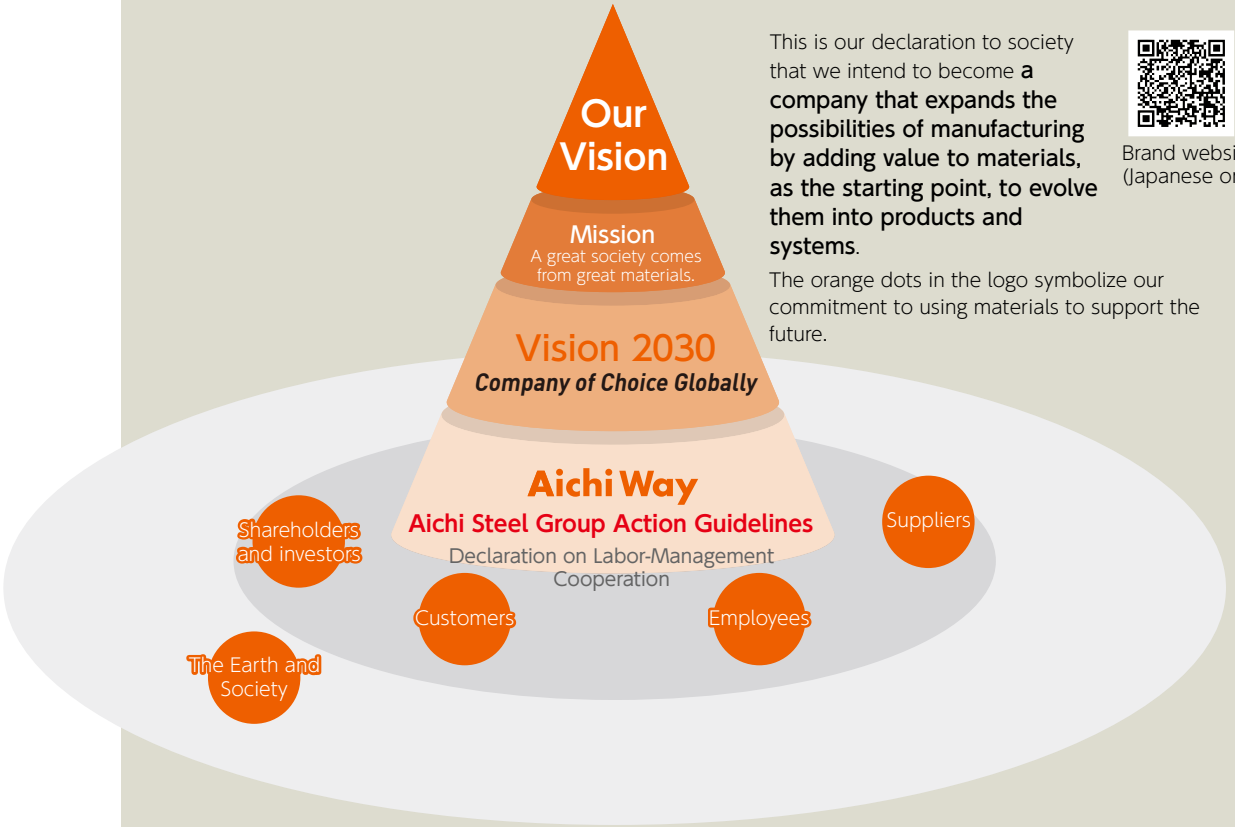
Aichi Steel began in 1934 with a strong determination to independently produce the high-quality steel material needed for domestic mass-market vehicles. Kiichiro Toyoda, the company's founder, had a motto: "Great cars are made with great steel," This spirit has evolved through the years into our present-day mission, "A great society comes from great materials," guiding all our business activities.

Our Vision represents our commitment to upholding the Five Main Principles of Toyoda, which are the spiritual cornerstone of the Toyota Group, while embracing forward-thinking and flexibility in daily operations. We pursue the best decisions and actions in a culture of mutual respect and cooperation. This approach is supported by our DNA of challenge and creativity, passed down since our founding.

Currently, our Vision 2030 is to be a "Company of Choice Globally," and we are working to unlock the potential of materials from a global viewpoint. Amid demands for technological innovation and solutions to social challenges, we aim to maximize the power of materials and contribute to realizing a sustainable future.

Brand Slogan

Innovate Materials. Create Tomorrow.



This is our declaration to society that we intend to become **a company that expands the possibilities of manufacturing by adding value to materials, as the starting point, to evolve them into products and systems.**

The orange dots in the logo symbolize our commitment to using materials to support the future.

Brand website (Japanese only)

Message

To comprehensively communicate our efforts to sustainably enhance corporate value from both financial and non-financial perspectives, we publish an integrated report every year. We regard this as an important means of communication to help our stakeholders gain an accurate and deeper understanding of how we think about management and engage with society.

This 2025 edition highlights the company's update to its Medium-term Management Plan and the development of a new, future-oriented growth strategy, while carefully conveying the overall picture and the intentions behind it.Fulfilling our mission as a materials manufacturer, we continue to take on challenges by bringing together our technologies, people, and on-site capabilities to help solve social issues.

We hope this report helps convey our resolve and capacity for action toward the future, grounded in our enduring founding spirit of working "for society and people" and "for our customers."

Going forward, we will continue to value dialogue with all stakeholders and strive to provide transparent disclosure and ever more useful reporting. We sincerely welcome your frank opinions and requests.

Chairman
Takahiro Fujioka

President
Naohide Goto

Editorial Policy

This report illustrates how the Aichi Steel Group utilizes its strengths to take on the challenge of value creation and help to build a sustainable society. We communicate the company's intrinsic growth potential by emphasizing not just short-term results, but future-oriented strategies and the non-financial assets that underpin them. We clearly present our approach of creating corporate value through solving social issues, even within a rapidly changing environment, in a way that creates a foundation for dialogue with our stakeholders.

Accounting Standards

This Report has complied with Japanese accounting standards until FY2019 and International Financial Reporting Standards (IFRS) from FY2020.

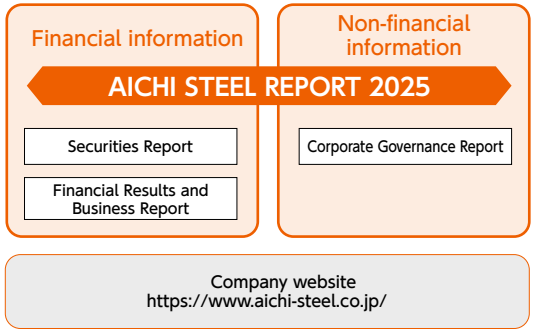
Readers

This Report is mainly intended for our shareholders and investors, customers, suppliers, other business partners, affiliated companies and our employees.

Report Period and Scope

This report mainly covers activities conducted by the Aichi Steel Group during FY2024 (April 2024 to March 2025). However, some activities outside this period are also explained where necessary.

Reports and Structure



Referenced Guidelines

- GRI Standards
- International Integrated Reporting Framework (published by IIRC)
- ISO 26000 (Guidance on social responsibility)

[Important Note about Forecasts]

The business results forecasts in this report are based on judgments and assumptions from currently available information. Actual business results may differ significantly from targets in light of their inherent uncertainty and the potential for fluctuations due to future business operations or changes in internal or external information.

Contents

History of Aichi Steel

The "Power of Materials" Forged Through Challenge

Throughout its history, Aichi Steel has contributed to society by addressing social issues and expanding the potential of manufacturing through materials. With the materials and components created by our accumulated technologies and skills, we will continue to take on future challenges toward the realization of a sustainable society.

FY1978 Sales Surpassed 100 billion yen

FY2005 Sales Surpassed 200 billion yen

FY2007 Sales Surpassed 250 billion yen

Foundation → Growth → DNA evolution (expanding the potential of manufacturing)

1934 1940 1950 1960 1970 1980 1990 2000 2010 2020 2024

World War II
Rapid economic growth
Oil crisis
Collapse of bubble economy
Global financial crisis
Paris Agreement
COVID-19 pandemic

Specialty steel → Hagane Company

Production of stainless steel began → Stainless Steel Company

Production of forged products began → Kitaeru Company

Production of electronic and magnetic parts began → Smart Company

Our origin is in making steel suitable for automobile manufacturing

1934

Steelmaking division established in Toyoda Automatic Loom Works

Started manufacturing high-quality, mass-producible specialty steel indispensable to the automobile industry based on the idea of "Great cars are made with great steel"

Supporting the development of Japan's automobile industry

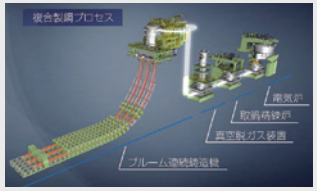
1964

Launch of integrated forging with steel making processes

Established an integrated development–production system from specialty steel to forged products in response to growing motorization

Staying ahead of growing environmental demands

1982



World's first composite steelmaking process

World's first innovative steelmaking process using state-of-the-art technology, responding to growing momentum for energy conservation

Expanding new potential in materials technology

1992

Entering new businesses to generate new value

Developed material technologies and established the foundation for electric vehicles and autonomous driving technologies as a new business

Pursuing resource circulation-based manufacturing

2000~

Launch of pioneering activities in a circular economy

Pursued effective use of resources by commercializing recycling technologies for end-of-life automobiles and slag reuse

Addressing various social issues

2010~

Developing a wide range of business areas

Helped to solve social issues by developing a range of business fields centered on mobility, including medical care and food

At a Glance Aichi Steel in Numbers

Here we present data on the Aichi Steel Group's financial and non-financial information.
Celebrating our 85th anniversary this year, we continue to expand our global business while based in Aichi Prefecture, with the entire group united in daily efforts to help build a sustainable society.

Non-financial data

Founded 85th anniversary

No. of employees
Non-consolidated: 2,578 (2,639 last FY)
Consolidated: 4,522 (4,572 last FY)

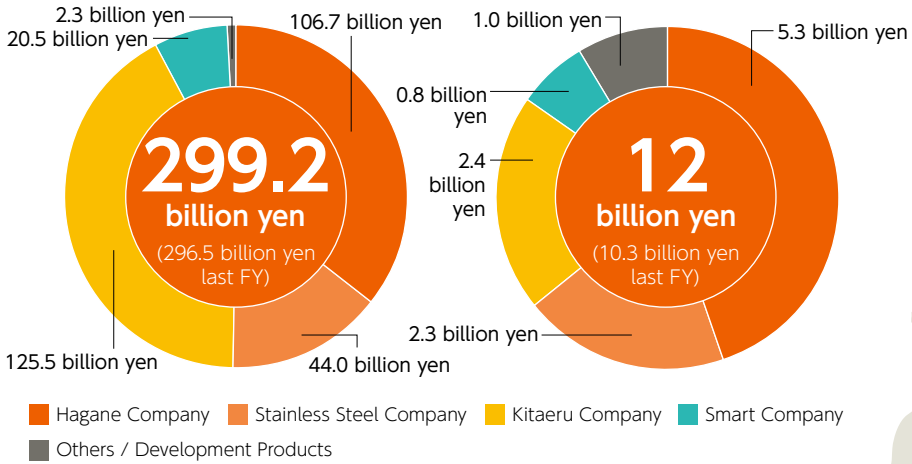
Byproduct recycling rate
98.6% (98.6% last FY)

CO_2 emissions
Non-consolidated: 595,000t (634,000 t last FY)
Consolidated: 684,000t (729,000 t last FY)

Paternity leave utilization rate
60.4% (69.7% last FY)

Financial data

Sales by Company



Operating Profit by Company

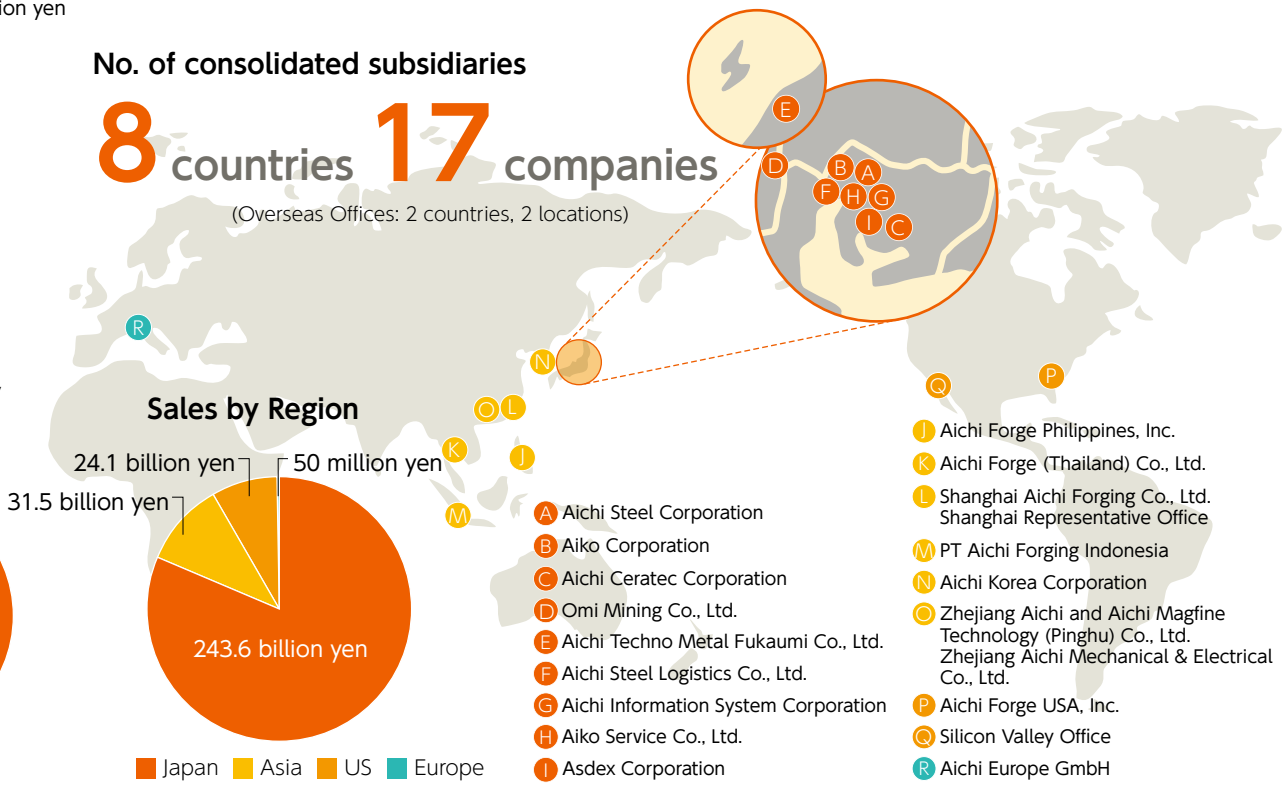
-ROE- 3.2% (2.9% last FY)

-Equity ratio- 58% (57% last FY)

Dividend payout ratio 40.2% (29.9% last FY)

No. of consolidated subsidiaries

8 countries 17 companies
(Overseas Offices: 2 countries, 2 locations)



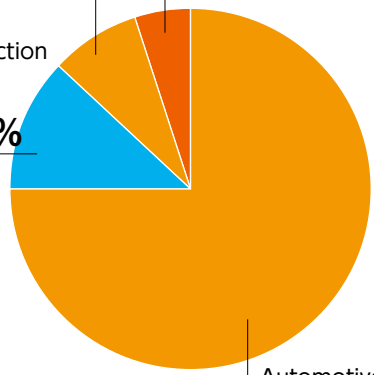
Sales by Region

Business development

Aichi Steel's Products at Work in Society

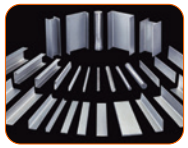
Starting from our core business of specialty steel and forged parts for automobiles, we leverage our technology and manufacturing capabilities to provide a diverse product range spanning infrastructure materials, electronic components, functional materials, and products for the medical and agricultural fields.
We contribute to safe and secure living through our environmentally-friendly manufacturing based on resource circulation.

● Market composition by sector



Medical equipment, etc.

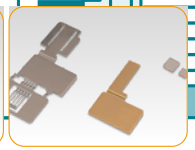
· Dental magnetic attachments, etc.



Building & Infrastructure materials

· Stainless steel for building structures, etc.

Iron fertilizers for agriculture



Autonomous driving / EV support

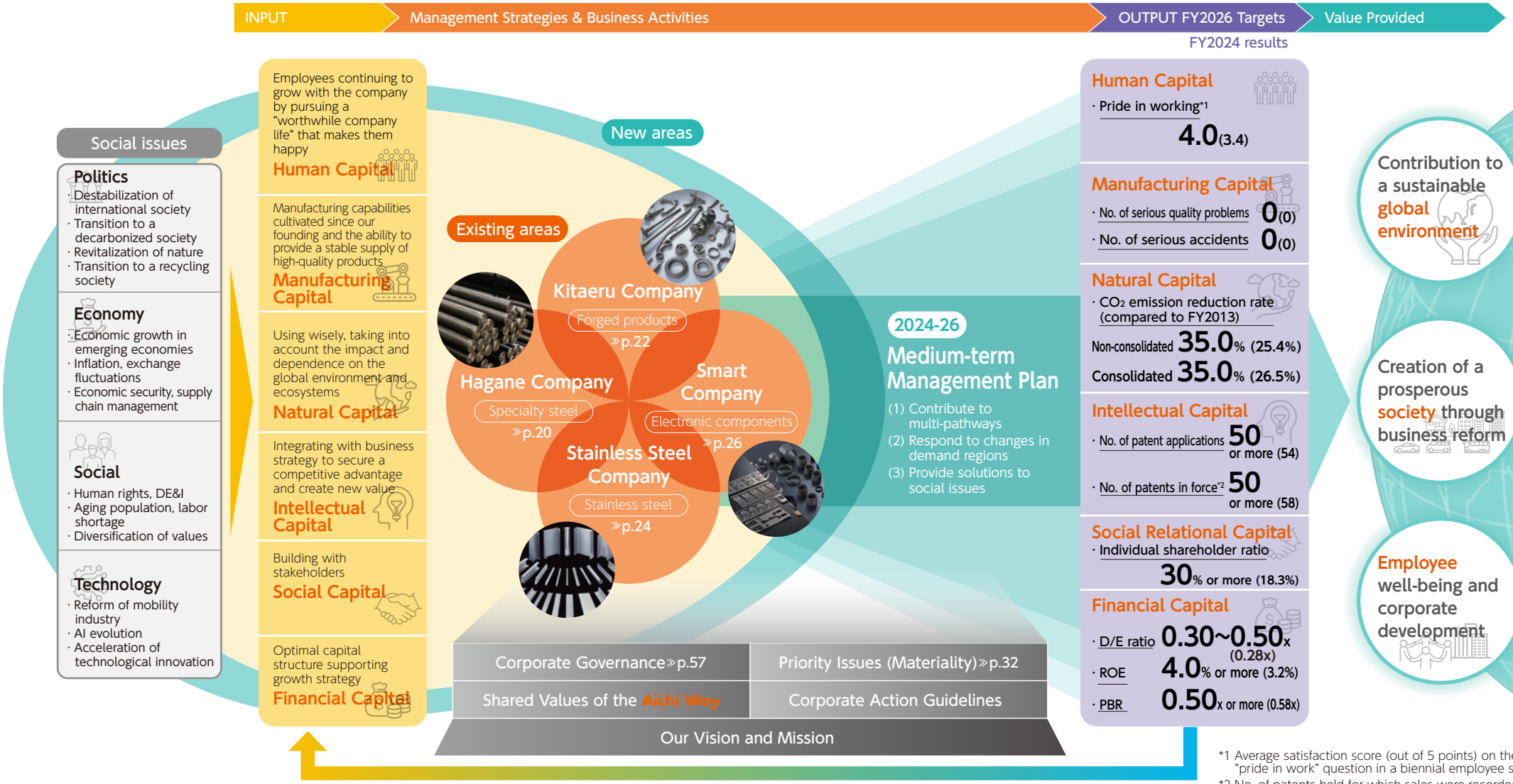
· GPMS magnetic positioning system (Autonomous driving support)
· e-Axle components
· Lead frames for power cards, etc.

Automotive forged products (using specialty steel)

· Engine parts
· Transmission parts, etc.

Value Creation Process

The Aichi Steel Group pioneers new areas of business as a materials manufacturer, starting from social issues and leveraging the capital (strengths) we have developed since our founding, based on Our Vision. Through our business activities, we aim to make a sustainable social contribution and increase our corporate value by providing three values centered on "global environment," "society," and "employees."



*1 Average satisfaction score (out of 5 points) on the "pride in work" question in a biennial employee survey
*2 No. of patents held for which sales were recorded in that FY

-Top Message-

Helping to Solve Social Issues as "the Most Environmentally-Friendly Steelmaker"

Naohide Goto
President

Tangible results and adaptability to change

Our consolidated financial results for the year ended March 2025 saw net sales increase 2.7 billion yen year-on-year, marking a record high for the fourth straight year, while operating profit and net profit also increased for the third year in a row. Despite multiple events impacting the global economy, such as surging inflation and escalating geopolitical risks, we managed to achieve the levels we envisioned a year ago, giving us solid confidence in our future growth. I believe these results accurately show how our past efforts have improved our capabilities. However, our growth path is not yet over, and to respond effectively to changes in the external environment, it is important that we prepare a wide range of scenarios for all contingencies.

In the automotive industry, a major customer for us in the specialty steel (electric furnace) sector, the diversification of consumer needs is driving demand for an increasingly broad range of materials and performance, as evidenced by the introduction of a wide variety of electric vehicles to the market. As a materials manufacturer, it is essential for us to be sufficiently flexible and prepared to provide our customers with the products and technologies they need in a timely manner.

Regarding specialty steel, being part of the Toyota Group gives us the advantage of fully understanding customer needs. In these rapidly changing times, all our executives, myself included, are engaging with our customers to understand their challenges, and strengthening our efforts to respond effectively to their evolving needs.

Even if demand for gasoline vehicles in the Japanese market continues to fall, I believe we can continue to grow in the future by accurately identifying and responding swiftly to our customers' shift toward electrification. In this context, we align with Toyota Motor Corporation's "multi-pathway strategy"* and consider it our mission to contribute as a materials provider. Beyond being a supplier to Toyota Motor Corporation, we have built a circular economy (CE) relationship through years of scrap reuse. I believe this is likely to become an even stronger asset for us going forward.

*Toyota Motor Corporation's strategy of offering a wide range of options from gasoline vehicles to all types of electrified vehicles (HEVs, PHEVs, BEVs, FCEV).

Medium-term Management Plan update to venture into unexplored areas

When the Aichi Steel Group 2024-26 Medium-Term Management Plan was announced in May 2024, expectations from customers and the market were not high, as reflected in the PBR (Price to Book Ratio) at that time. In order to continue contributing to society and meeting customer expectations in the future, our management team has engaged in numerous discussions on what our company should be and how we can achieve this. Having brushed up our management strategy and fleshed out some concrete measures, in February 2025 we announced our growth strategies that build on the updated Medium-term Plan. We have set out three core business strategies, along with the financial and capital strategies required to execute them.

The first business strategy is "contributing to

multi-pathways." With the ongoing electrification of automobiles, there is growing demand for specialty steel, which is a critical component, to offer greater functionality such as higher strength and lower distortion, while also supporting high-mix, low-volume production. To meet these needs, we are working on establishing a next-generation steelmaking process. This is a large-scale once-in-50-years capital investment that includes the installation of a new large electric furnace. Once the project is completed, it will enable us to not only produce new steel grades for electric vehicles, but also harness our longstanding manufacturing capabilities to achieve outstanding quality and cost competitiveness. Furthermore, by being the first in the industry to reduce CO_2 emissions and achieve carbon neutrality (CN), we anticipate further growth through the additional value gained from new products such as green steel.

For forged products as well, we will achieve "green forging," capitalizing on the advantages of our integrated forging with steel making processes in order to streamline and consolidate production steps through material development. To improve the material yield rate* of parts, we will also expand into machining that used to be a later-stage process, optimizing our equipment to establish a fully integrated production system from rough material manufacturing through machining. In updating our facilities, we will promote DX with an eye on future labor shortages, and actively incorporate automation and labor-saving features. In addition, as a resource circulation-based company within the Toyota Group, we are well positioned to ensure a stable supply of steel scrap. We use our technology to recycle high quality steel scrap from the plants of group companies into high performance, high quality, and environmentally-friendly specialty steel, which we then forge and machine to provide customers with advanced parts. We believe that establishing this kind of circular economy system will become an even greater source of our competitiveness in the years ahead.

*A Toyota Production System concept. The ratio of how efficiently valuable products are made by eliminating waste in the production process and making effective use of both time and materials.

Our second strategy is to expand into the Global South. We have been operating our forging business overseas, primarily in North America and the ASEAN region, both growth markets. Going forward, we are turning our attention to the Global South, where demand for specialty steel and forged products for automobiles is projected to grow substantially, with initial emphasis on the Indian market. We have already established a foundation for our specialty steel business by investing in Vardhman Special Steels, a local special steel manufacturer, and making it an equity-method affiliate. As the next step, we will enter India in the forging business as well, aiming to further expand our overseas operations.

As in Japan, we will establish an integrated forging with steel making processes, as well as collaborate with Japanese automakers and Toyota Group companies to build an iron resource circulation system, thereby securing a competitive advantage in the Indian market.

Our third strategy is to provide solutions to social issues. Currently, in civil engineering infrastructure such as bridges and river facilities, aging facilities and the burden of maintenance and management have become major social challenges. To address this, the use of stainless steel, which is more durable than ordinary steel and has superior life cycle cost, is expected to grow in the future. Our company has the advantage of being able to handle not only manufacturing, but also design, engineering, and fabrication of components in an integrated manner. By further strengthening these capabilities, we will meet increasing demand and contribute to the longevity and functional maintenance of social infrastructure.

In the mobility field, targeting electric vehicles where future demand growth is anticipated, we are engaged in businesses including electronic components such as lead frames for power cards, which are essential inverter parts, as well as high-performance magnets used in motors. In the society field, we are further developing solutions to address social issues, such as autonomous driving systems focused on on-site logistics, and the iron fertilizer business, which is expected to contribute to resolving food supply problems. By helping to solve a broad range of social issues through the development and provision of these materials, we aim to achieve further business growth.

While these efforts have put us on track to achieve our FY2026 operating profit target of 15 billion yen, the 28 billion

Management Targets

	FY2024 results	FY2024-26 Medium-term Management Plan	
		2026	2030
Net sales	299.2 billion yen	340 billion yen	400 billion yen
Operating profit	12 billion yen	15 billion yen	28 billion yen
ROE	3.2%	min. 4%	min. 8%
Equity ratio	58%	50-55%	Approx. 50%

yen target we have set for 2030 is still uncharted territory for us. For this reason, it is vital that we take a hard look at the core of our development and production efforts, maximize the evolution of our technologies, and work together as one to keep contributing to our customers. To achieve our goals, it is essential that we also deliver new value to customers for whom we are not currently providing sufficient value. We will act with a sense of urgency to expand our customer base and offer new solutions.

In our financial strategy, we have set forth measures to improve ROE (return on equity), with management targets of achieving 8% ROE and a PBR of 1.0x as early as possible by FY2030. We will increase operating cash flow by improving profits in steel and forged products and expanding sales in the stainless steel and Smart Company fields. At the same time, we will improve return on capital by investing for further growth and implementing a flexible financial and capital policy. To this end, we need to steadily deliver results through our business strategies, build our earning power, and channel this into investments for further growth and shareholder returns. In an equipment-intensive industry like ours, significant funding is needed for capital investment. To achieve our 8% ROE target, we will place greater emphasis on returns on invested capital and work to make more effective use of our funds.

Regarding the enhancement of shareholder returns, we will raise the dividend payout ratio from 30% to 40%, and provide a total of about 40 billion yen in additional returns, comprising about 30 billion yen in share buybacks and about 10 billion yen in special dividends. In addition, we have implemented a stock split to create a more accessible investment environment. Going forward, we will aggressively pursue our capital strategy to increase corporate value, including exploring a shift from a capital structure weighted toward retained earnings to one that achieves an optimal balance by incorporating borrowings.

For this update to our Medium-term Management Plan, it is crucial that the entire organization comes together as one. To this end, we have adopted the slogan “Contributing to society as the most environmentally-friendly steelmaker” to align all employees around a shared vision and common direction. This expresses our desire to keep providing useful products to our customers while staying true to the steelmaking DNA at our company’s core.

People-oriented management

People are essential to realizing our growth strategies. Since our founding, we have inherited the basic stance of “people-oriented management.” It is the existence of the people who work at our company that has made manufacturing possible, and it is the accumulation of their ingenuity and effort that has driven evolution, enabling our company to survive and develop. To continue growing as a company toward new goals, we need a diverse range of professional individuals, including veterans with experience, knowledge, and skills, mid-career employees with drive and leadership ability, and young people who can tackle tough challenges with vigor. I believe that by having veterans, mid-career workers, and younger employees collaborate on initiatives to achieve our growth strategies, we can pass down skills and expertise while also creating a rewarding workplace. In developing people, I find problem-solving through real work to be the most effective way. Our goal is for each individual

continue to take on challenges, deliver results, and maximize their potential, so that they can experience personal growth that in turn drives the company’s growth. I believe everyone can grow by engaging in stimulating work while clarifying their own mission from the perspective of “how to create value that serves customers and contributes to society.”

We are also focusing more than ever on investing in our people, such as by creating a pleasant working environment. Specifically, we are improving the workplace environment by implementing thorough heat countermeasures and enhancing breakroom facilities in our plants, and the living environment by establishing new dormitories for single employees. From FY2025, we are also focusing on health management as a priority initiative.

Last year, aiming to become a “good and rewarding company to work for,” we gathered wide-ranging feedback from all employees on our company’s strengths and challenges, which revealed some issues in areas such as supervisors’ management skills and the sharing of goals and values. By developing our leaders and cultivating employee unity, we will strengthen the foundation needed for everyone

to work as one in executing our growth strategies.

Environmentally-friendly management

Producing our specialty steel and forged products requires a lot of energy. Toward carbon neutrality by 2050, we are therefore targeting a 50% reduction in CO_2 emissions by FY2030 compared to FY2013 levels, actively promoting energy-saving activities on production lines, rigorous loss reduction through measures like equipment shutdowns, and renewable energy use.

To date, we have installed solar power generation facilities at three plants, and are developing hydrogen-fueled steel heat treatment technology, with steady results in reducing CO_2 emissions. Furthermore, in collaboration with our supply chain, we are actively engaging in industry-wide initiatives, including joining the Central Japan Hydrogen and Ammonia Association and working with electric and blast furnace companies to formulate guidelines for the promotion of green steel.

Moreover, to promote resource circulation, in FY2024 we invested in Circular Core, a general incorporated association established by the Toyota Group to help spread and expand the circular economy. In FY2025, we will further strengthen our efforts by establishing a biodiversity policy and disclosing information based on the TNFD (Taskforce on Nature-related Financial Disclosures).

In recent years, we have been increasingly required to show greater commitment and attention to environmental and human rights issues, especially in our overseas operations and supply chains, and we will accelerate our efforts more than ever to realize a sustainable global environment and society.

Maintaining an attitude of sincere engagement with all stakeholders

We are now in an era where the stock market evaluates corporate value based on PBR. We need to actively and continually think about how we can contribute to increasing shareholder value while staying true to our own beliefs. This answer must come from management, and naturally, we will be held accountable if we fail to deliver results. What is needed is to create both economic value in the form of sales and profits, and social value. To this end, we believe the most important thing is to deepen mutual understanding by listening to all our stakeholders, including shareholders, and sincerely communicating our own intentions.

Together with our diverse stakeholders, we will flexibly promote initiatives needed for value co-creation aimed at enhancing corporate value over the medium to long term.

In terms of governance, as the management leader, I will ensure appropriate risk-taking and decision-making, while strengthening the Board of Directors, the foundation that supports these efforts, to enhance its functionality and ensure transparency.

I have always valued the idea that a company's starting point is to serve its customers and society. This is a stance I have consistently held since becoming president. I believe that meeting the expectations of our customers and society first is the foundation of business, and we must never get this wrong.

Our role as a materials manufacturer is to solve a wide range of customer challenges. Our corporate goal is to provide solutions to more customers by leveraging our strengths in technology and experience, especially in mass production. Through these efforts, we seek to earn your trust by achieving steady growth.

Our company was established from the ground up by Kiichiro Toyoda to manufacture specialty steel (electric furnaces), essential for domestic automobile production and large-scale manufacturing. We have inherited his founding spirit, "Great cars are made with great steel," and developed it into our mission slogan, "A great society comes from great materials. We will continue contributing to society while steadily growing as a steelmaker, leveraging our technologies that contributed to the development of automobiles to provide materials not only for automobiles but also for solutions to a wide range of social issues.

We look forward to your continued support.

President

後藤尚英

Growth Strategies 2024-26 Medium-term Management Plan Update

Aichi Steel was established to produce the specialty steel necessary to achieve the vision of Kiichiro Toyoda, the founder of Toyota Motor Corporation, of "delivering high-quality, low-cost automobiles to many customers." We have inherited this founding spirit and turned it into a modern mission to solve social issues through materials, under the slogan "A great society comes from great materials."

We announced our Medium-term Management Plan in May 2024, followed by an updated version with more specific growth and financial strategies in February 2025, based on changes in the market environment and customer needs. As "the most environmentally-friendly steelmaker," which we have adopted as a slogan, we will accelerate our efforts to create value toward achieving our Vision 2030 and realizing a sustainable society.

Founding Spirit **"Great cars are made with great steel."**

Established from the ground up by Kiichiro Toyoda to manufacture specialty steel (electric furnaces), essential for domestic production and mass manufacturing of automobiles.

Prototype plant from our founding period, located within Kariya Plant


Kiichiro Toyoda

Inheriting & Developing

MISSION **"A great society comes from great materials."**

Leveraging technology that has contributed to the development of automobiles, we provide materials that help solve social issues not only in the automotive field but broadly across society.

Contributing to Society as "the Most Environmentally-Friendly Steelmaker"

Environmental awareness

To leverage our strengths and develop growth strategies, we will remain aware of the rapidly changing business environment and provide value to our customers and society.

Keyword	Outline	What we must do
Diversified needs in automobiles	As the spread of EVs accelerates, there is an urgent need to develop and produce steel materials optimized for EV structure and performance.	· Strengthen R&D of high-performance steel materials · Enhance product lineup for next-generation mobility
Green products* *Products designed and manufactured to minimize environmental impact	We are now in an era where low CO_2 emissions, as a competitive factor beyond price, directly impact corporate reputation, making environmental performance critical to competitiveness	· Green steel products · Green forged products · Develop and produce products that help customer CO_2 reduction
Circular economy	As an approach that aims to create a sustainable society through the efficient use of limited resources, the circular economy is placing greater expectations on companies.	· Evolve resource circulation-based steelmaking processes · Further reduce environmental burden
Global South	Demand for high-performance steel materials such as specialty steel is increasing in the Global South, including India, Southeast Asia, Latin America, and Africa, as infrastructure and industry continue to grow.	· Develop and establish business that can adapt to changes in demand regions
Sustainable society	There is a need to help solve a wide range of social issues, including environmental problems such as global warming, and labor shortages due to Japan's declining birthrate and aging population.	· Address aging civil infrastructure · Tackle food supply issues using iron · Address aging society through smart technology

Main changes in the Medium-term Plan update

In our Medium-term Management Plan update announced in February 2025, we set new management targets of achieving ROE of at least 8% and PBR of 1x by FY2030. Our operating profit target has been revised upward from 20 billion yen to 28 billion yen, while we are now aiming for net sales of at least 500 billion yen.

To achieve these targets, we will improve the profit margins of our core steel and forged products while accelerating sales growth in the stainless steel and smart fields, thereby promoting diversification of our business portfolio and reinforcing our growth base. We are also aiming for sustainable growth in corporate value by further strengthening our competitiveness through capital investment and technological development.

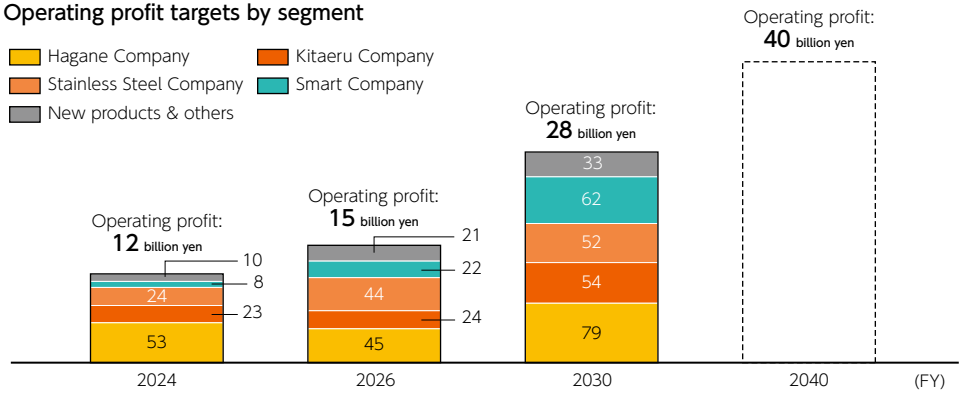
Targets of the 24-26 Medium-term Management Plan and new targets established this time

	FY2024	Current Medium-term Management Plan (FY2024-26)	Newly established	
ROE	3.2%	min. 4%	min. 8%	N/A
Net sales	299.2 billion yen	340 billion yen	400 billion yen 30V (340 billion yen)	500 billion yen
Operating profit	12 billion yen	15 billion yen	28 billion yen 30V (20 billion yen) revised upward	40 billion yen
Equity ratio	58%	50%–55%	Approx. 50%	N/A

2024 2026 2030 2040

The final year of the current Medium-term Plan (FY2026) is a milestone toward the realization of our FY2030 target (Vision 2030).

Operating profit targets by segment



Basic Policy

The three core growth strategies as basic policy are “contributing to multi-pathways,” “responding to changes in global demand,” and “providing solutions to social issues.”

First, in line with Toyota Motor Corporation’s all-directional strategy, we will introduce next-generation steelmaking processes and build a high-mix, low-volume production system. In this way, we will provide new electrification products and high-quality, low-priced steel materials and forged products via optimized forging facilities, contributing to carbon neutrality.

In addition, in our core businesses of steel and forging, we will strengthen our operations in the Global South, particularly in India, to establish ourselves as a global supplier that can adapt flexibly to changes in demand locations.

Moreover, we will actively introduce new technologies and products in the stainless steel and smart fields to address social issues, strengthening our management base through DX and logistics reforms as we pursue a sustainable society and greater corporate value.

Three Core Basic Policies

Item	Strategic Direction	Business Segment: Steel	Forging	Stainless steel	Smart
01 Contributing to multi-pathways	**Produce high-quality, low-cost steel materials and forged products and further contribute to CN** ■Next-generation steelmaking process · High-mix low-volume production · New electrification products ■Optimization of forging facilities	●	●	●	●
02 Responding to changes in global demand	**Develop operations in Global South**	●	●	–	–
03 Providing solutions to social issues	**Actively introduce new technologies and products**	–	–	●	●

01 Contributing to multi-pathways

Response / contribution / growth with Toyota Group's multi-pathway strategy

As the global trend toward CN (carbon neutrality) accelerates, there is no single right answer for decarbonization, but rather a variety of needs depending on the region and application. We align with Toyota Motor Corporation's "multi-pathway strategy" of flexibly deploying not only BEVs, but also HEVs, PHEVs, hydrogen engines, and other diverse technologies, and will drive our growth by fulfilling our role as both a Toyota Group member and a materials manufacturer.

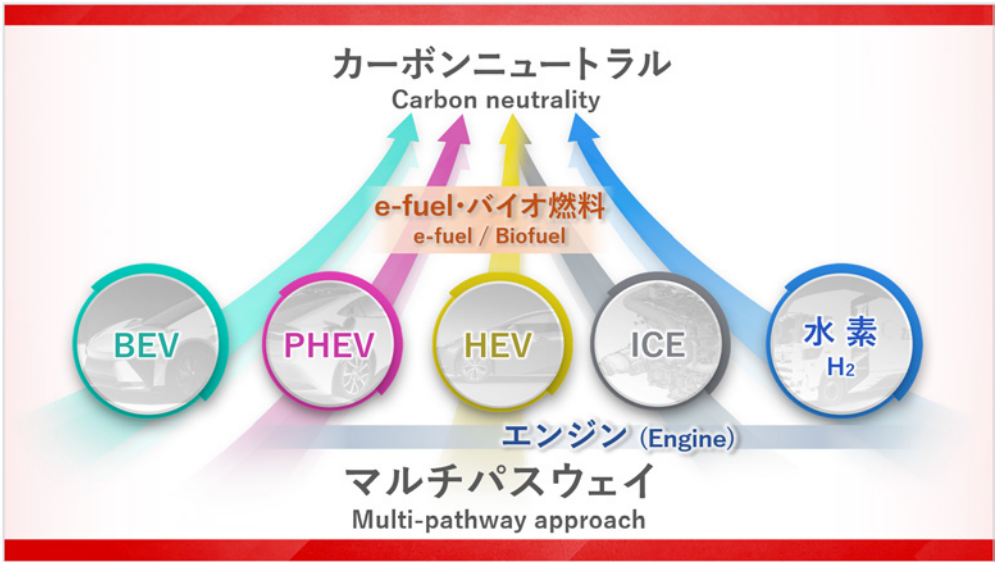


Photo courtesy of Toyota Motor Corporation

Electric vehicle expansion

- **Steel materials and forged products for EVs**
  - · Compact, lightweight, low distortion, high strength steel
  - · Next generation e-Axle components
  - · Lead frames for power cards
  - · Next generation battery materials

Continued engine production

- **Size and weight reduction**
- **Quality and cost optimization of existing products**
- **Timely response to model and production site consolidation**

  Ex: Transfer of forged products, Toyota South America → North America (January 2025)

Hydrogen vehicle support

- **Stainless steel for high-pressure hydrogen**

Initiatives

– Strengthening our position as a resource circulation-based company

Until now, we have played a role as a resource circulation-based company, manufacturing mainly automobile-related products using steel scrap generated within the Toyota Group as a raw material. In the future, by advancing our steelmaking process and upgrading our facilities, we will adopt new technologies and manufacture steel materials and forged products that meet diverse needs. This will enable us to offer customers the added value of green steel materials and green forged products that combine reduced environmental impact with improved quality, thereby contributing to building a sustainable society. Through initiatives that integrate resource circulation and technological innovation, we will keep pursuing more environmentally friendly ways of manufacturing.

Contribution

Strengthening our position as a resource circulation-based company within the Toyota Group

Automobiles/Parts

[CE] Steel scrap (Vehicle scrapping/manufacture)

Value delivery to group companies and resource circulation through collaboration

[Added value improvement]
Green steel materials
Green forged products

Raw material (Steel scrap)

Securing competitive regional iron supply

- Toyota Plant sourced
- Group/Kyohokai sourced
- Cooperation from Toyota Tsusho
- Cooperation from Aichi Cooperation Association

Forging (Molding)

Review for equipment optimization

- Addressing EV needs Quality/functionality/process expansion
- Better quality, lower cost existing parts + green forged products

Steel (Steelmaking - Rolling)

Building next-generation steelmaking processes

- Quality and functionality that address EV needs
- 30% CO_2 emission reduction
- Securing QCD competitiveness
- High-mix low-volume production, etc.

Next-generation steelmaking process

We will conduct a phased upgrade of our steelmaking facilities to support our multi-pathway strategy. In pursuit of world-class standards in circular economy (CE) and carbon neutrality (CN), we are carrying out major capital investments, including the introduction of a next-generation large electric furnace line, a low-distortion BT/CC line, and extensive plant layout reforms.

By 2040, all of these facilities are expected to be completed, enabling the production of new steel grades for electric vehicles and environmentally friendly green steel. By doing so, we will contribute to the realization of a sustainable society and provide a product lineup that meets the diverse needs of our customers, thereby driving further value creation.

This capital investment is not merely an expansion of production capacity, but a step toward achieving both mass production and high value-added manufacturing. By introducing highly efficient large-scale equipment, we will build a system that can supply larger volumes of high-quality steel products more stably than ever before, significantly improving our competitiveness in QCD (quality, cost, and delivery).

Next-generation steelmaking process development plan

	Aim	Annual investment & benefit amounts	2025	2030	2035	2040
STEP 1 New large electric furnace line	High strength steel for EVs ● Overwhelming CE/CN	45billion yen・ 4billion yen		2032 Operation starts →		
STEP 2 Low distortion BT/CC line	Low-distortion steel for EVs ● High-mix low-volume production	20billion yen・ 2billion yen			2036 Operation starts →	
STEP 3 Plant layout reform	Increased competitiveness ● Improved internal and external logistics ● Further productivity improvement	20billion yen・ 2billion yen				2040 Completed

New parts for EVs and green forged products

Our strength lies in our integrated forging with steel making processes, which handles everything from steel materials to forged products in-house. Our material development expertise enables us to eliminate processes, achieving highly efficient manufacturing. Eliminating or consolidating processes has achieved results in reducing CO_2 emissions, securing us a strong technological advantage over our competitors. Going forward, we will refine this technological capability and work toward establishing manufacturing methods and systems for green forged products with a lower environmental impact. In doing so, we will offer customers added value in terms of both environmental value and product performance, further contributing to the achievement of sustainable manufacturing.

Forged parts and strategies/tactics

Target power source	Component Group	Strategy & Tactics	
ICE HEV PHEV	Crank shafts 	Support for continued engine production (Partial improvement)	Achieve green forged products by integrating forging with steelmaking
ICE HEV PHEV BEV	Diff rings/Drive pins/Large gears 	Support for expansion of EVs (Partial new installation)	Achieve green manufacturing through low-energy processes and rough-to-machining integration*
BEV	OP shafts/MO shafts 		Contribute to one-stop procurement through rough-to-machining integration and complete parts production
ICE	Rear shafts/Arms/Propellers 	Continuation of stable supply (Partial upgrade of aging equipment)	Meet demand for FWD vehicles while updating aging facilities
ICE etc.	Small gears/CVT shafts 	Carve-out (consolidation)	Retain and pass on technology in-house, while considering outsourcing

Rough-to-machining integration: All processes, from rough forming to cutting/machining, are conducted in-house

02 Responding to changes in global demand

Global South expansion

Until now, Aichi Steel has been supplying products to meet the demands of the automotive industry while working closely alongside the unit plants of Toyota Motor Corporation, our largest customer. In recent years, however, global demand has been changing, with automotive needs particularly in the Global South growing rapidly. In light of this trend, we have steadily developed our business base in India in the steel materials field through investments such as in Vardhman Special Steels. Going forward, we aim to expand into India in the forging field as well, and by rolling out the resource circulation-based manufacturing scheme developed in Japan to the local market, we will achieve both lower environmental impact and stable supply. Leveraging our strength in flexibly addressing the needs of each region, we will drive sustainable growth.

Initiatives

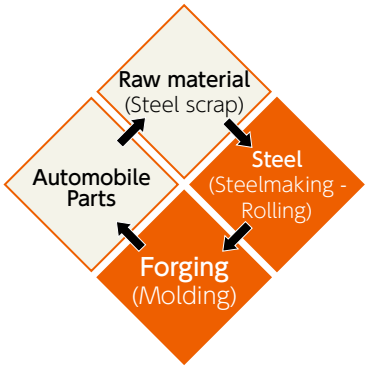
Establish an iron resource circulation scheme like in Japan

– Steel materials (Steelmaking - Rolling)

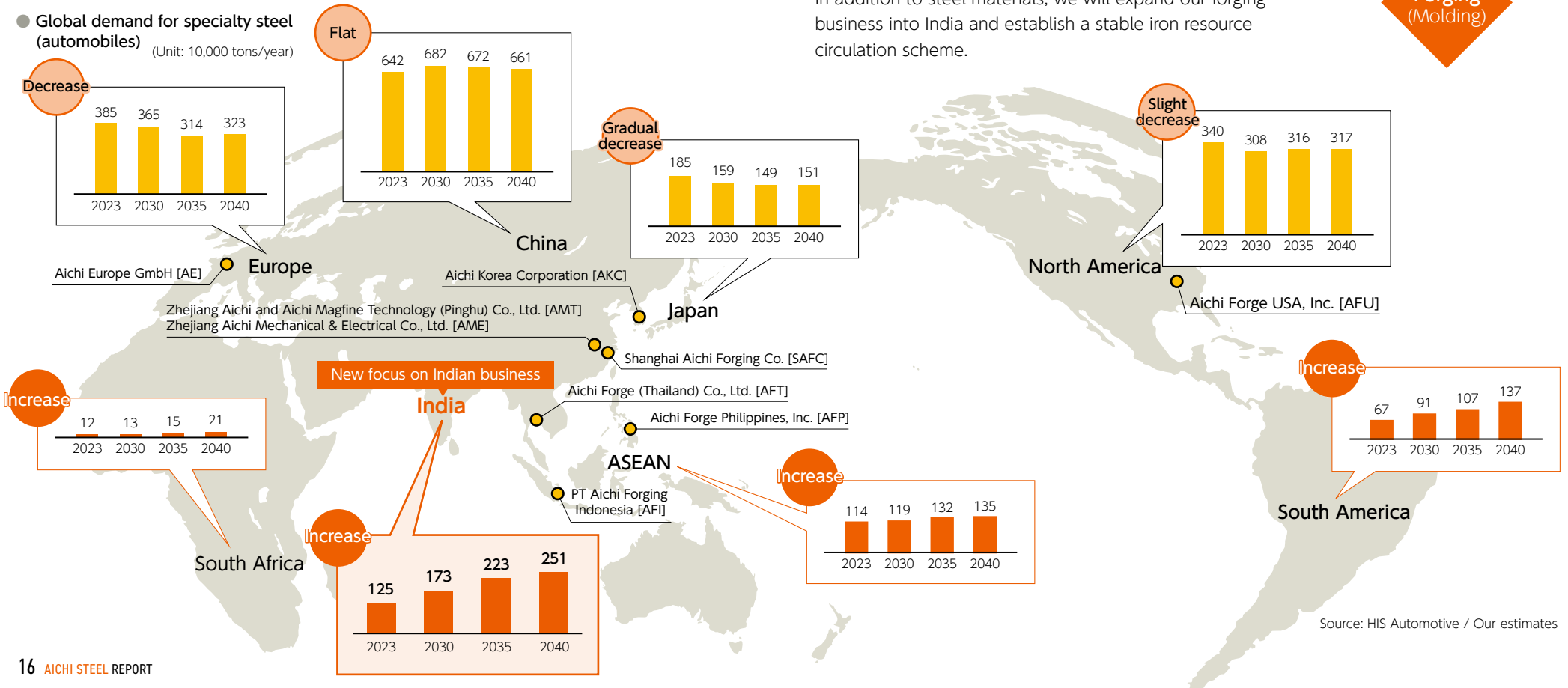
We made an additional investment in Vardhman Special Steels, making it an equity-method affiliate. This has further strengthened our partnership and enabled us to develop a system for the timely supply of high-quality, low-cost steel materials.

– Forging (Molding)

In addition to steel materials, we will expand our forging business into India and establish a stable iron resource circulation scheme.



● Global demand for specialty steel (automobiles) (Unit: 10,000 tons/year)



Source: HIS Automotive / Our estimates

03 Providing solutions to social issues

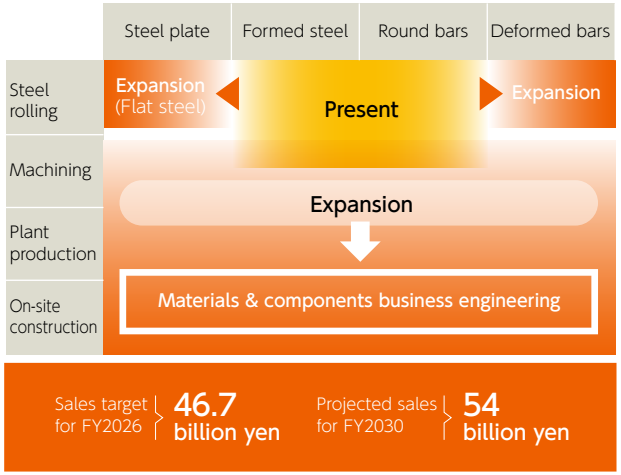
Leveraging technologies that have contributed to automobile development, we will achieve further growth by providing materials that can help solve a wide range of social issues in the non-automotive field as well.
Particularly in the smart field, we expect to triple our sales by 2030, including electrification initiatives, as we work toward achieving the goals of our updated Medium-term Management Plan.

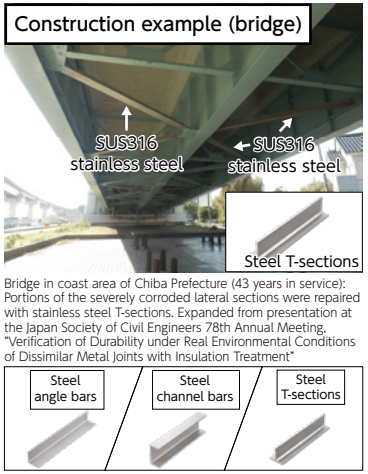
Stainless steel field

Japan's civil engineering infrastructure, such as bridges, roads, and tunnels, was developed intensively during the high economic growth era, but now, more than 50 years since its construction, it is starting to deteriorate. Thanks to its superior durability, stainless steel helps extend the service life of civil infrastructure and addresses problems such as inadequate maintenance due to manpower shortages and budget constraints. By meeting these needs, we will grow our market share.

Initiatives

● Expanding market share in formed steel and other products
Building on our current No. 1 domestic market share in formed steel and No. 2 share in round bars, we will expand our share in steel plates (flat steel) and deformed bars by developing new markets and improving quality.
● Materials and parts business expansion
We will contribute to QCD by providing integrated services from steel materials to engineering. By expanding our business domain to include materials and parts, we will provide high value-added products and help to solve social issues.





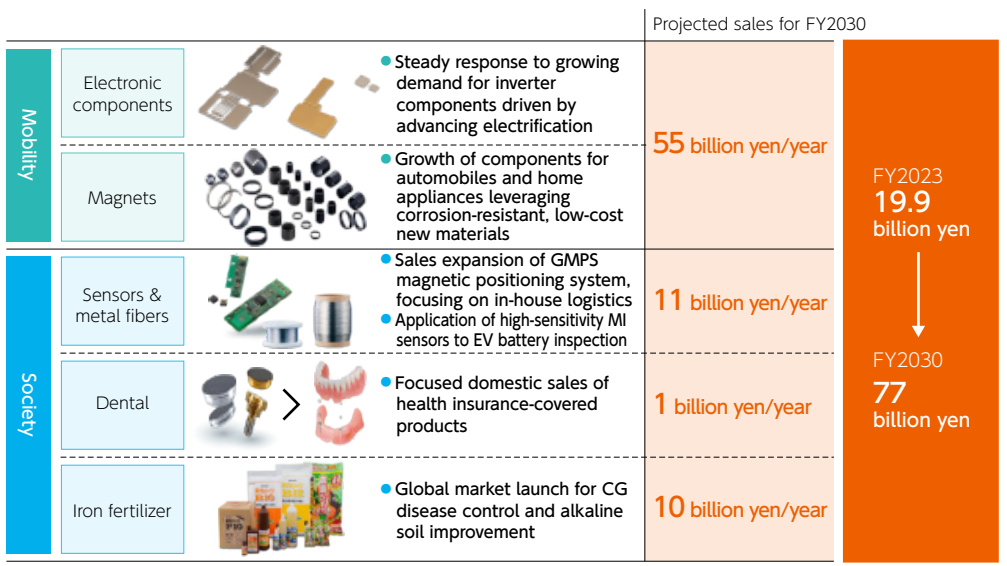
Bridge in coast area of Chiba Prefecture (43 years in service): Portions of the severely corroded lateral sections were repaired with stainless steel T-sections. Expanded from presentation at the Japan Society of Civil Engineers 78th Annual Meeting, "Verification of Durability under Real Environmental Conditions of Dissimilar Metal Joints with Insulation Treatment"

Smart field

Society faces numerous challenges, from declining birthrates and aging populations to food security concerns. Across our five broad business areas of electronic components, magnets, sensors and metal fibers, dental materials, and iron fertilizers, we are contributing to a smart society, applying our technological expertise to address needs in both the mobility field, which is central to the Toyota Group, and the broader society field.

Initiatives

● Mobility Field
In response to rising demand for electronic components, magnetic powder, and magnets driven by vehicle electrification, we will accelerate business growth and expand sales.
● Society Field
We will realize a sustainable society through contributions to autonomous driving and solving food security issues via iron supply materials.



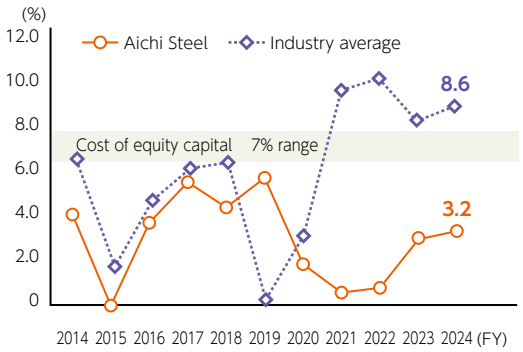
Financial and Capital Strategies

≫ Cost-of-capital-conscious management

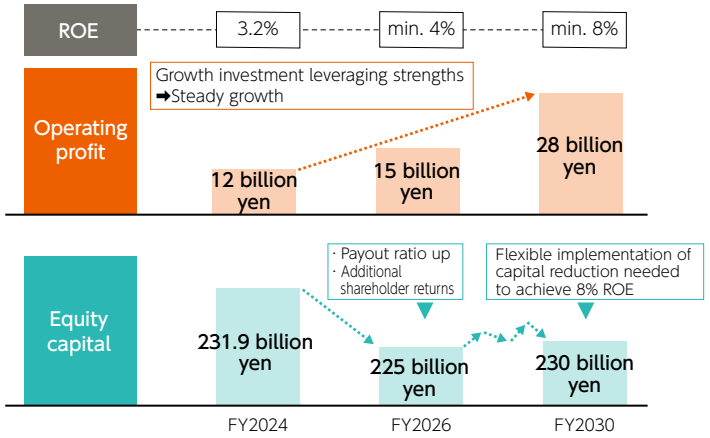
Given the current situation where ROE is below the cost of shareholders' equity (in the 7% range), improving return on capital is a priority issue.

Specifically, we will push forward with growth strategies to improve our earning power, which has been weakened by delays in responding to market changes, and achieve capital efficiency improvement by actively promoting capital reduction. In our growth strategies, we aim for an operating profit of 28 billion yen in FY2030, and as part of improving capital efficiency, we have raised our dividend payout ratio from the previous 30% to 40% or higher. On top of regular dividends, we are planning approximately 40 billion yen in additional shareholder returns in FY2024-FY2026. To achieve an ROE of 8% by FY2030, we aim to enhance corporate value sustainably by implementing growth strategies and developing flexible and aggressive capital policies such as share buybacks.

● ROE



Industry average: TSE prime steel sector average (based on our research)



≫ Cash allocation

In addition to improving operating cash flow, we will generate funds through asset compression and utilization of interest-bearing debt. A total of 200 to 210 billion yen will be allocated for investment, of which approximately 100 billion yen will be concentrated on strategic growth fields such as next-generation steelmaking processes, expansion into the Global South, and addressing new social needs. In addition, 70 billion yen +α will be allocated for shareholder returns. By FY2030, we are targeting a financial leverage of 1.9x, and an equity ratio of around 50%.

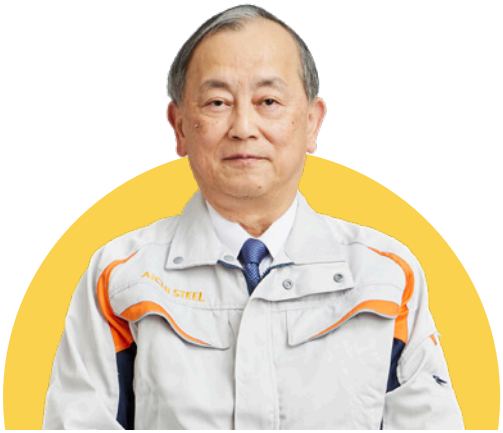
By allocating funds in a balanced manner between growth investment and shareholder returns, we seek to achieve both business growth and capital efficiency, in pursuit of sustainable enhancement of corporate value.

● Cash Allocation (FY2024-FY2030)

CASH IN		CASH OUT	
Interest-bearing debt 50-60 billion yen	**Pursuit of optimal capital** · Financial leverage: Approx. 1.9x · Equity ratio: Approx. 50% (FY2030 target)	Investment 200 billion yen to 210 billion yen	Strategic growth investment Approx. 100 billion yen **Acceleration of growth investments leading to future growth** [Growth strategies] · Next-generation steelmaking process · Global South expansion · Development of solutions to meet new social needs, etc.
Asset reduction* Approx. 50 billion yen	**Sale of financial assets** Varies with market value		Maintaining existing business base Approx. 110 billion yen **Maintaining business base through investments within depreciation**
Operating cash flow* 210 billion yen to 220 billion yen	**Growth investment acceleration** **Rebuilding earning power in existing businesses** [Operating profit targets] · FY2026: 15 billion yen · FY2030: 28 billion yen	Shareholder returns 70 billion yen +α	Dividends **Ordinary dividends: Approx. 30 billion yen (estimate)** ■ FY2024-2026: Also, about 40 billion yen return to shareholders ■ FY2027-2030: Flexible implementation of capital reduction to achieve 8% ROE
			Share buybacks

*After tax

Message from the General Manager, Corporate Planning Headquarters



Strengthening Management Focused on Capital Efficiency and Stock Price to Drive Medium- to Long-Term Corporate Value

Director and Managing Executive Officer,
General Manager of Corporate Planning Headquarters
Naoki Ishii

FY2024 assessment

In addition to steady efforts such as reducing factory costs, improving selling prices, and cutting fixed expenses, as well as a decline in purchased goods prices, we achieved record net sales of 299.2 billion yen, a 1.6 billion yen rise in operating profit year-on-year to 12 billion yen, and a 0.3 percentage point increase in ROE to 3.2%.

While the uncertain environment will continue in FY2025, we will strengthen our earning power to achieve our operating profit target of 15 billion yen in FY2026 and further to 28 billion yen in FY2030 along with ROE of 8%. This will meet the expectations of our shareholders, investors, and other stakeholders.

Concept of updated Medium-term Management Plan

We recognize that giving shape to the spirit of the company's founding, "Great cars are made with great steel," is our main purpose.

Based on our core business of specialty steel and forged products that meet customer needs, we have thoroughly examined what value our new products can provide to our customers, and embodied our findings into the growth and capital strategies announced in the updated Medium-term Management Plan.

We have presented a well-defined course of action to balance investment in growth and shareholder returns, enhancing our corporate value over the medium to long term.

In announcing the plan, we were conscious of ensuring that the market understands our sincere commitment to improving capital efficiency, given that ROE is currently below the cost of shareholders' equity and PBR remains below one.

To achieve 8% ROE and PBR of one as soon as possible by FY2030, we will work to improve the profitability of the Hagane Company and Kitaeru Company while expanding sales of the Stainless Steel Company and Smart Company as well as newly developed products.

Going forward, we will advance our efforts to realize our announced growth and capital strategies with even greater speed than before.

Investment in growth

We have always contributed to the development of the automotive industry through our materials. In response to the electrification of automobiles, we will continue to meet customer expectations while leveraging our accumulated technological capabilities to provide materials that help address diverse social challenges, thereby driving further growth.

To this end, we are building a next-generation steelmaking process to manufacture high value-added products such as green steel materials and high-strength, low-distortion steel, and making substantial investments in large-scale facilities.

At the same time, we will aggressively invest to expand our business in India, where demand for specialty steel is expected to grow in the future.

We will also invest in the construction of optimal facilities for forged products and in material development in our stainless steel and smart businesses, using our technologies and businesses to help solve social issues such as decarbonization, food shortages, and labor shortages.

Shareholder returns

We will implement capital controls to achieve our ROE target, premised on maintaining financial stability.

Specifically, in addition to maintaining a dividend payout ratio of at least 40%, we will conduct flexible share buybacks. Over the three years from FY2024 to FY2026, we plan to provide about 40 billion yen in additional returns to shareholders. We already conducted share buybacks of 4.3 billion yen in February 2025, and 26.2 billion yen in May of the same year. In addition, we plan to pay a special annual dividend of 5 billion yen in FY2025 and FY2026.

We will continue to balance capital allocation between growth investments and returns to shareholders, achieving both business expansion and greater capital efficiency.

Hagane Company

Main Products, No.1

- Carbon steels and alloys for machine structural use
- Structural steels with specified hardenability bands · Microalloyed steel · Boron steel · Spring steel
- High carbon chrome bearing steel
- Hot-rolled steel bars (alloys for structural use): No.1 domestic production share

We are promoting the leveling up of our earning power by lowering our break-even point, based on refining our on-site capabilities, creating safe workplaces, and manufacturing high-quality, low-cost steel that earns our customers' trust and meets their needs.
I will boldly rise to the challenge of realizing our growth strategies, leading from the front to build a team that consistently prevails through the industry's No. 1 steelmaking.

Managing Executive Officer
Hagane Company President
Toshio Ito

Strengths

- Advanced material development capabilities through integrated forging with steel making processes, cultivated since our founding as a leading specialty steel manufacturer
- Specialty steel manufacturing technology using the electric furnace method, which reduces CO_2 emissions during manufacturing to about 1/4 of blast furnace levels
- Stable procurement of steel scrap as a resource circulation-based company within the Toyota Group
- Located in the Chubu region, the center of specialty steel demand, providing an advantage in total CO_2 emissions

Opportunities

- Rising demand for high-cleanliness, high-strength steel such as steel developed for EVs
- Growth of Global South markets, especially India
- Increased need for green products (Higher demand for electric furnace specialty steel)

Risks

- Decrease in domestic specialty steel demand due to automobiles electrification
- Rapid cost fluctuations in raw materials, energy, etc.
- Shortage of steel scrap and intensified competition in electric furnace specialty steel due to domestic competitors building and operating large electric furnaces

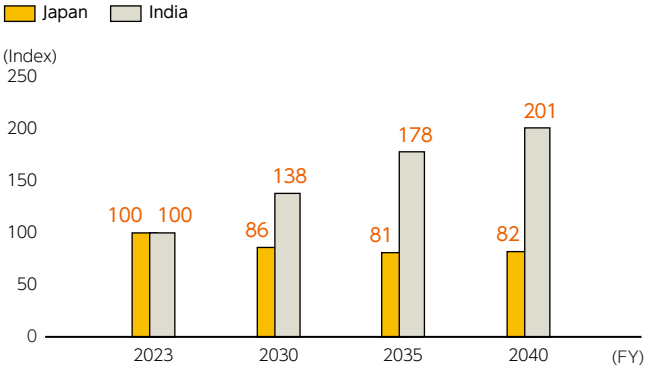
Business Environment

Although domestic demand for specialty steel round bars is expected to gradually decline in the medium to long term due to the advance of automobile electrification and decrease in internal combustion engines, a certain level of demand is likely to persist. Overseas, on the other hand, a significant increase in demand is expected in the Global South. In addition to addressing soaring raw material and energy prices as well as labor shortages, the importance of reducing CO_2 emissions as a non-price competitive factor is increasing. Leveraging our position at the center of demand, our overwhelming advantage in total CO_2 emissions, and our strengths as a resource circulation-based company within the Toyota Group, we are working to build a business structure resilient to environmental changes. We are also strengthening our competitiveness by planning and promoting next-generation steelmaking processes, and contributing to multi-pathways by developing steel material for EV components, which is a growth area, and expanding our business in India, a growing market.

Value to society

As an electric furnace specialty steel maker, we achieve circular manufacturing through (1) resource circulation by transforming steel scrap generated from the dismantling of automobiles and infrastructure into specialty steel, and (2) decarbonization by using electric furnaces with lower CO_2 emissions while manufacturing and leveraging non-fossil energy. In this way, we contribute to the development of a safe and secure mobility society.

● Specialty steel demand in Japan and India

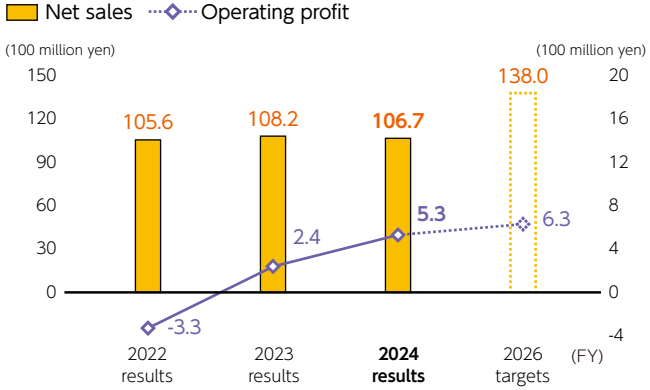


Index with FY2023 demand set at 100
Source: HIS Automotive / Our estimates

FY2024 results

Despite an increase in the selling price of specialty steel, sales revenue in FY2024 fell slightly year on year due to a decline in sales volume. However, by promoting action to reduce the break-even point, and implementing measures such as integrated material yield improvement from steelmaking to rolling, seeking lower-cost materials like steel scrap and ferroalloys, and improving selling price spreads, we were able to increase operating profit compared to the previous year.

● **Net sales, operating profit**



Medium-term Management Plan update and future initiatives

– Next-generation steelmaking processes

Constructing our next-generation steelmaking processes is a priority issue within our growth strategies. Our main objectives are (1) quality improvement, (2) carbon neutrality, and (3) work style reform. With the goal of starting operations of a new large electric furnace in 2032, our dedicated team will vigorously pursue studies and planning to become "the most environmentally friendly steelmaker."

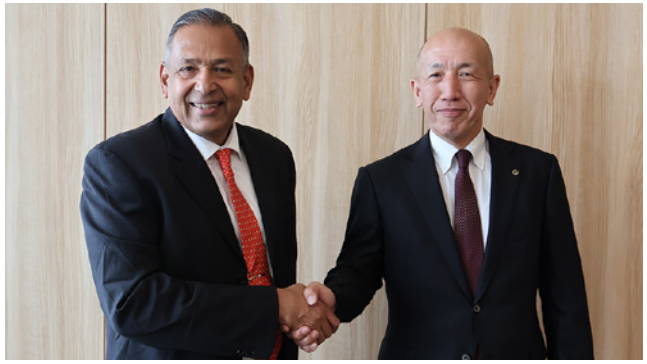
(1) Quality improvement
Based on our accumulated technology and expertise in specialty steel manufacturing, we will incorporate high-cleanliness and high-strength technology to meet the demand for lighter weight and smaller size for multi-pathways.
(2) Carbon neutrality
With the aim of reducing CO_2 emissions by 30% compared to our current electric furnaces, we will incorporate our proprietary energy-saving technologies and work toward achieving carbon neutrality by FY2050.
(3) Work style reform
By automating and streamlining the current heavy and hot manual labor, we will realize facilities that enable people-oriented special steel manufacturing.

– Expansion of Indian business

Since making a capital investment in Vardhman Special Steels in India in 2019, we have built a strong relationship of trust by providing technical assistance to improve the company's technical capabilities. In 2025, we made an additional investment, increasing our shareholding from 11% to 24%, making it an equity method affiliate.

The quality and productivity of Vardhman Special Steels have greatly improved with our support, and the company has earned high recognition from customers, including Japanese four-wheeler and two-wheeler makers, leading to increased supply of steel material within India and to ASEAN countries. We will secure sufficient steel supply capacity to meet the growing demand expected in the future.

In addition to continuing our technical support for steel production, we will work to support sales expansion activities, aiming to increase orders from Japanese manufacturers for high value-added steel materials. Going forward, we will transition to a full-scale expansion phase building on our efforts to date.



(From left) Sachit Jain, President of Vardhman Special Steels, and Naohide Goto, President of Aichi Steel

TOPICS

Enhancing earning power
Project to reduce the break-even point

We have launched a project to lower the break-even point by 20% by FY2026 compared to FY2022, transforming our profit structure so that we can generate earnings even with limited volumes.

We implemented comprehensive initiatives across multiple areas, including material yield improvement from steelmaking to rolling, sourcing low-cost materials such as steel scrap, ferroalloys, secondary raw materials, and consumable oils and lubricants, and reducing unit costs independent of production based on consolidating equipment. We also applied agile order management (maintenance costs, oil and fat, consumables) to respond quickly to sudden environmental changes, streamlined in-plant logistics, and improved sales price spreads. These all-around efforts produced significant results, allowing us to achieve our FY2024 targets two years ahead of schedule.

Beyond 2025, we will continue to promote further lowering of the break-even point and enhance our earning power.

Kitaeru Company

Main Products, No.1

- Hot-cold-forged products
- Machined products (engine, chassis and drivetrain components, etc.)
- No 1 domestic production for a single forging plant

To exceed the expectations of our customers, we will maintain close relationships with them, anticipating their needs faster and more accurately than our rivals, and delivering the world's No. 1 total cost performance with an unwavering commitment to safety and quality. To accomplish this, we will continue to initiate changes with high aspirations and firm resolve, fully leveraging the competitive advantage of our integrated forging with steel making processes with machining to further enhance our manufacturing capabilities.

Executive Vice President
Kitaeru Company President
Motoshi Nakamura

Strengths

- Steel grade development, steel manufacturing, and forged product manufacturing based on advanced technical capabilities honed by leveraging our integrated forging with steel making processes
- Comprehensive ability to offer integrated services from steel materials to forging and machining, meeting diversifying customer needs through total solutions.
- Environmental advantage from being located in the Chubu region, a hub of the automotive industry, reducing our CO_2 emissions from transportation

Opportunities

- In regions where electrification infrastructure is not yet developed and under harsh operating conditions, the strengths of vehicles with internal combustion engines will be leveraged, so a certain level of sales of engine and transmission parts is expected
- Overseas business growth due to expansion of automotive parts markets in emerging countries, primarily in the Global South

Risks

- Decrease in automobiles fitted with forged products due to EV shift
- Decreasing sales volume and intensifying competition due to shrinking domestic market
- Localization of parts procurement and accelerated reduction of domestic production due to stricter import tariffs on finished vehicles and automotive parts

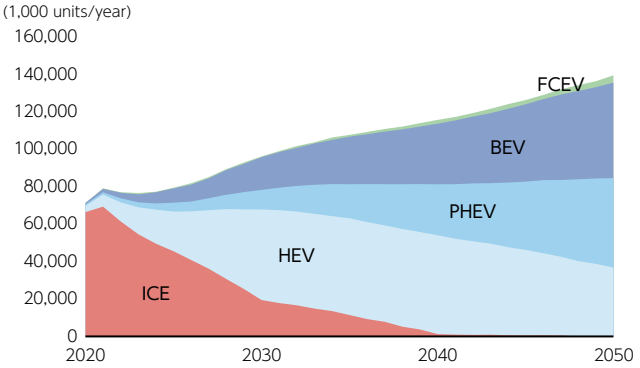
≫ Business Environment

While demand remains largely robust in the automotive industry, our primary customer sector, volume decreases are expected due to changes in automobile mechanisms, requiring us to respond in a timely manner to changes in each market.
Regionally, in Europe and North America, demand for BEVs (battery electric vehicles) has declined due to factors such as government subsidy cuts in various countries, while HEVs (hybrid electric vehicles) are being reevaluated in terms of practicality, convenience, and economy. BEVs and HEVs/ PHEVs (plug-in hybrid vehicles) are expected to coexist going forward. However, electrification and the progress of autonomous driving technology are global trends, with Chinese manufacturers in particular strengthening their presence in terms of both technical capabilities and sales. We adapt to evolving market conditions by delivering the required forged products promptly and with high quality and reasonable prices, and continuing to add value for our customers.

≫ Value to society

To support the basic automobile functions of "running, turning, and stopping," we provide forged products with excellent quality, cost, and delivery times through our integrated and highly efficient manufacturing process from steel material to forged products and machining. In this way, we contribute to the mobility society. We also contribute to automobile decarbonization by providing products that support multi-pathways in automobiles, including e-Axle components, which are growing in demand with the spread of electric vehicles.

● Global new vehicle sales composition

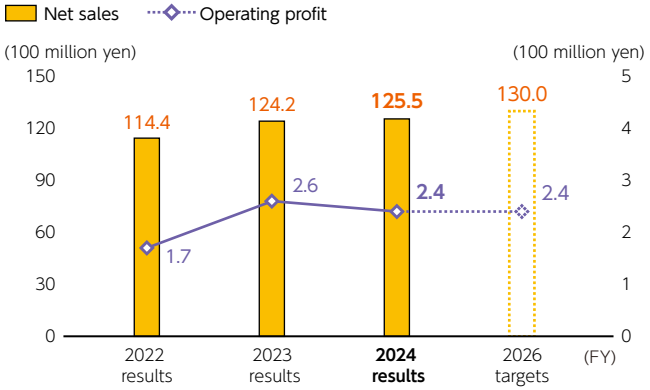


Source: JAMA Scenario for Carbon Neutrality by 2050, CNF Scenario Version

FY2024 results

To strengthen our ability to respond to volume fluctuations, we are working to improve profitability through the reform of "buying, making, and selling." Particularly in "making," we have retired aging equipment and clarified quality production conditions to enhance productivity. Despite a decrease in sales volume, the Kitaeru Company's overall sales revenue rose year on year, due in part to sales price increases.

● Net sales, operating profit



Medium-term Management Plan update and future initiatives

– One-stop supplier

By handling everything from rough-shaped materials to machining, we eliminate the need for customers to search for individual suppliers, enabling "one-stop procurement" through our seamless process. This technology also supports the production of components for next generation e-Axles, contributing to the growth of electric vehicles.

– Green forging

We will evolve to green forging by fully leveraging our material development capabilities, one of the strengths of our integrated forging with steel making processes, reducing CO_2 emissions through process elimination and consolidation, and creating unique value by combining this with enhanced cost competitiveness.

● Green forged product system

Material development	
High-strength steel	Achieve compact size
Low-distortion steel	Achieve noise reduction
Heat treatment-free steel	Achieve CO_2 reduction

Continued engine production

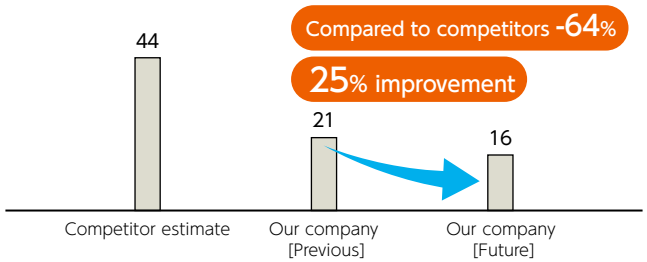
[Integrated forging with steel making processes]

---------- Omitting rolling / Direct forging ----------

Electric vehicle expansion

[Rough-to-machining integration]

------- One-stop for raw material to machining -------



Crank shaft CO_2 emissions
(kg-CO_2/crank shaft)

– Expansion of overseas business

In addition to utilizing steel material from Vardhman Special Steels, we will consider entering India with our forging business and growing our presence in the expanding market of the Global South.

TOPICS

Forged Connecting Rod Production Line No. 2 launched at Aichi Forge USA (AFU), the Toyota Group's sole North American forging supplier

AFU, our US subsidiary, began operating Forged Connecting Rod Production Line No. 1 in July 2022 and Line No. 2 in December 2024. Through the transfer of facilities from Toyota do Brasil, we have strengthened our production system near areas of demand in North America while effectively utilizing group assets. The connecting rods produced are supplied to Toyota's North American bases, to help achieve engine downsizing and increased strength. By supplying products in areas close to actual demand, we are also contributing to the reduction of CO_2 emissions during transportation. Going forward, we will continue to support the future of the automotive industry by helping the creation of ever-better car and fulfilling AFU's mission of securing a stable supply of engine parts.

Forged connecting rod line in operation

Stainless Steel Company

Main Products, No. 1

- Stainless steel (flat steel, formed steel, round bars, deformed bars)
- Stainless steel building structure engineering
- Stainless formed steel, flat steel: No. 1 domestic production share

The Stainless Steel Company supplies stainless steel materials (hot rolled flat bars and steel shapes, round bars, and deformed bars) and enhances the functions of stainless steel building structure engineering, including design partnership, factory manufacture (parts machining, material production), and on-site construction, in order to meet customer needs.
We are also contributing to the realization of the hydrogen society, rebuilding of social infrastructure,
and so on.

Executive Officer
Stainless Steel Company President
Hideki Nakagawa

Strengths

- A product lineup of more than 4,000 types of steel grades, shapes, and sizes to suit multiple applications and needs based on our technical capabilities, including Japan's first production of hot-formed stainless steel angles
- Stainless steel building structure engineering technology for design partnership, factory manufacture (parts machining, material production), and on-site construction, unique among stainless steel manufacturers

Opportunities

- Increased demand for stainless steel due to rising needs for high durability associated with aging social infrastructure
- Growing demand for stainless steel driven by accelerated adoption of natural gas, ammonia, and hydrogen in the shift to a decarbonized society
- Expansion of stainless steel demand due to its superior sanitary properties, including new domestic pharmaceutical plant construction following the Covid-19 pandemic

Risks

- Tougher market competition due to increased imports of stainless steel materials (fall in sales prices)
- Rising procurement costs due to flow of stainless steel scrap overseas
- Stagnant domestic demand for steel material, including stainless steel

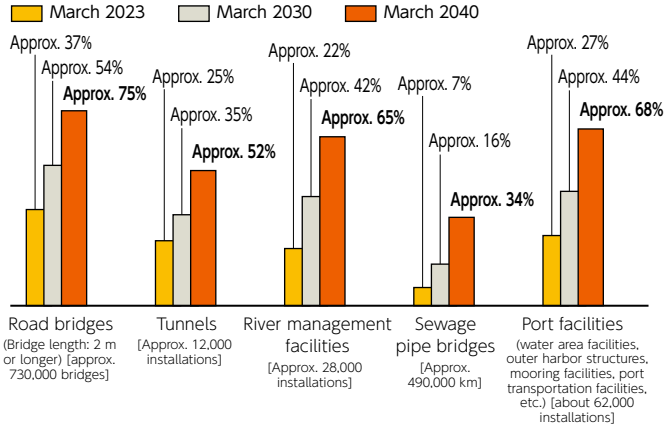
Business Environment

While domestic demand for stainless steel material (apparent domestic consumption) is sluggish at around 2 million tons, we anticipate the utilization ratio of stainless steel in overall steel consumption to increase. Increased demand for stainless steel is expected in various fields: construction (new construction and capital investment in pharmaceutical, food, and beverage plants); civil infrastructure (repair, replacement, and new construction of aging bridges, river management facilities, and port facilities); energy infrastructure (plant construction for new energies such as natural gas, ammonia, and hydrogen, as well as renewable energy); automobiles (expansion of hydrogen-powered passenger and commercial vehicles and hydrogen stations); and shipbuilding (renewal of chemical tankers, marine fuel conversion, and new LNG carrier construction).

Value to society

Stainless steel offers exceptional corrosion resistance and durability, plus superior properties compared to carbon steel, such as design aesthetics, high-temperature strength, oxidation resistance, low-temperature toughness, non-magnetic properties, high ductility, hydrogen gas embrittlement resistance, and sanitary properties. Leveraging these properties, we will address demands in various fields, including construction, civil engineering, energy, automobiles, and shipbuilding.

● Proportion of social infrastructure more than 50 years old (as of March 2023)

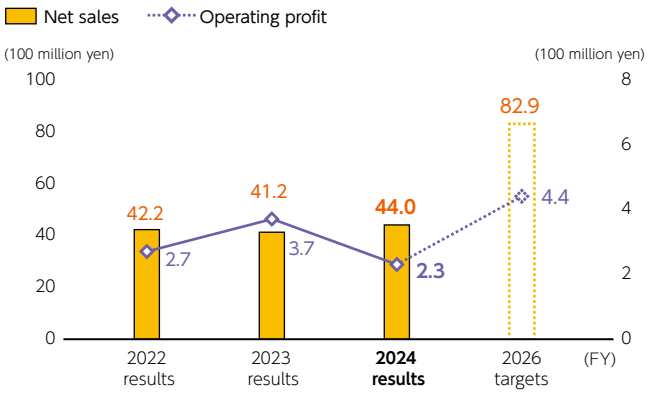


Source: Excerpt from MLIT data, "Current State of Aging Social Infrastructure"

FY2024 results

Despite a decline in sales prices, sales revenue rose 6.8% year on year to 44.0 billion yen, driven by a recovery in sales volume.

● Net sales, operating profit



Medium-term Management Plan update and future initiatives

Stainless steel accounts for around 3% of domestic steel demand in Japan, approximately 1% less than in Europe. We expect the utilization of stainless steel to expand further in Japan in the future.

– Expansion of market share for formed steel, etc.

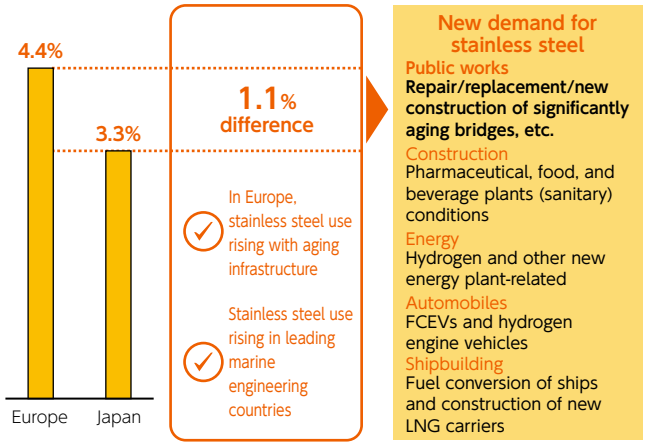
As part of our efforts to "cultivate demand in new fields," we are working to broaden the use of stainless steel, with its superior durability, for the repair, replacement, and new construction of aging civil engineering infrastructure. This involves accumulating application examples and promoting technical criteria and standardization and various other initiatives. In addition, certain stainless steel grades exhibit excellent ductility and toughness even in a liquefied nitrogen environment at ultra low temperatures of -25.3°C or a high-pressure hydrogen gas environment of 700 bar. They can therefore be expected to be used throughout the entire hydrogen energy chain, from production and liquefaction to transport, storage, and utilization. We will work on technical criteria and standardization through national projects, and market newly developed steel for high-pressure hydrogen applications.

As part of our "manufacturing reform," we will promote broader use of stainless steel by thoroughly pursuing high-quality, cost-effective manufacturing. Specifically, in the third step of our stainless steel process reforms, we will strengthen and streamline our formed steel refining facilities, implement irreversible quality measures, and improve labor productivity. We will also work to expand our product lineup to meet market needs and support the shift to green steel.

– Expansion of materials and parts business

We will make full use of the Kinuura No. 2 Plant, established in 2019 by our subsidiary Aiko Corporation, to provide high-quality materials, parts, and stainless steel structures in the following fields: construction (new facilities and capital investment in pharmaceutical and food plants); civil engineering (repair, replacement, and new construction of bridges, river management facilities, port facilities, etc.); and energy infrastructure (construction of new energy plants such as natural gas, ammonia, and hydrogen).

● Proportion of stainless steel in steel consumption in Japan and Europe (our 2022 data)



TOPICS

Strengthening stainless steel structural engineering capabilities
Aiko Corp. obtains General Construction License

As one of our growth strategies based on our Vision 2030, we are strengthening our engineering capabilities for stainless steel structures. As part of this effort, our subsidiary Aiko Corporation (hereafter Aiko) obtained a General Construction License*1. Since establishing our stainless steel building structure engineering division in 1996, we have worked to promote the use of stainless steel structures through design cooperation, plant production, and on-site construction tailored to customer requirements. We are aiming for sales of 5 billion yen by 2030, more than five times the current level.

To realize this growth strategy, we launched the Aiko Kinuura No. 2 Plant in 2019 as an in-house plant production site, and have been manufacturing stainless steel structures primarily focused on the civil engineering and water treatment fields. In 2023, we were certified as a "stainless steel building structure fabrication factory*2" and have been focusing on factory manufacture and on-site construction of stainless steel structures for the construction of pharmaceutical, food, and beverage factories, for which there is particularly strong demand in the building sector. Aiko's new "General Construction License" will increase the scale of on-site construction that can be undertaken by the Group. Through these efforts, our Group will help to expand the use of stainless steel structures.

*1 Licensed construction business category: "Steel Structure Construction"

*2 A certification system operated by the Japanese Society of Steel Construction's Building Steel Quality Control Organization, which evaluates technical capability in stainless steel structural fabrication and certifies plants capable of supplying products with stable quality and performance.

Smart Company

Main products

- Electronic components
- Anisotropic Nd-Fe-B bonded magnets (MAGFINE®)
- Dental magnetic attachments (MAGFIT®)
- Ultra-compact ultra-sensitive magnetic sensors (MI Sensors)
- Iron fertilizers (TetsuRiki Agri®, TetsuRiki Aqua®) etc.

We believe that carefully resolving each of our customers' problems will lead to solutions for social issues. To realize our growth strategies, we will always take a customer-first approach and fully meet our customers' expectations by leveraging materials and applied products across the Smart Company's five business segments.

Executive Officer
Smart Company President
Masami Sugata

Strengths

- Advanced functional materials combining base technologies in materials, magnetic applications, and surface treatment
- Technologies to maximize performance of advanced functional materials and their applied products
- Carbon-neutral manufacturing processes with virtually zero CO_2 emissions from energy at four plants (Seki Plant, Gifu Plant, Higashiura Plant, Electronic Components Plant)

Opportunities

- Electronic components: Increased demand for lead frames for power cards due to EV expansion
- Magnets: Increased demand for rare earth magnets due to the expansion of mobility and energy markets
- Dental: Market growth of dental magnetic attachments due to ongoing aging population

Risks

- Quantity fluctuations depending on EV expansion progress
- Price increases and procurement restrictions of raw materials and rare earths
- Competitor entry into growth markets

Business Environment

Markets where our smart products can contribute are expected to keep growing significantly.

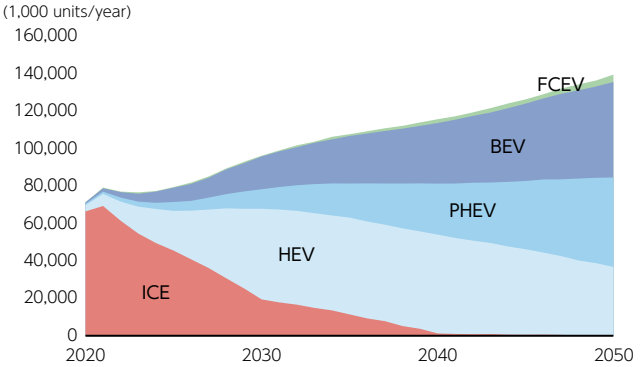
- Energy: Market growth of lead frames for power cards in inverter components, and of magnets for motors due to the progress of electrification
- Safe and secure infrastructure: Rising need for autonomous driving due to "driver shortages" in logistics and public transportation in underpopulated areas
- Healthy lifestyle: Expectations for improved QOL*1 in an aging society
- Food: Rising need to solve global CG disease*2

*1 Quality Of Life
*2 Citrus greening (CG) disease is a major disease that causes severe damage in citrus-growing regions worldwide

Value to society

Through the functional materials and applied products from our five smart businesses (electronic components, magnets, dental, sensor/metallic fiber, and iron fertilizers) we contribute to society in the four value-creating domains of energy, safe and secure social infrastructure, healthy lifestyle, and food.

Global new vehicle sales composition (passenger cars)

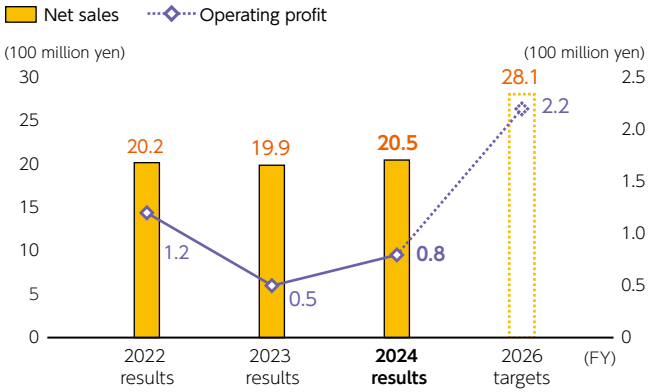


Source: JAMA Scenario for Carbon Neutrality, CNF Scenario Version

FY2024 Results

Sales revenue increased year on year, driven by steady growth in electric vehicles. Operating profit also increased from the previous year due to efforts to increase productivity and improve quality.

● Net sales, operating profit



Medium-term Management Plan update and future initiatives

– Electronic components business

In response to growing demand for lead frames used in power cards for electric vehicles, we will expand orders and strengthen our business foundation by leveraging the high quality of our long-refined "automated and integrated precision pressing-to-plating line." We will also strive to achieve sustainable growth and maintain and improve our competitiveness by working with our customers to develop products that anticipate market needs, while making timely growth investments.

– Magnet business

Starting with products with significantly enhanced corrosion resistance, we aim to expand orders for automotive products such as electric water pumps and home appliance products such as air conditioners by continuously launching improved grades that address market needs, including high-magnetic-force products and low-priced items.

– Dental business

To expand our share of the domestic market utilizing our dental magnetic attachment MAGFIT®, an insurance-covered product, we will strengthen collaboration with sales partners and introduce new products for diverse dental procedures. In the Chinese market, which is expected to grow, we will also work to expand orders through collaboration with sales partners.

– Sensor & metallic fiber business

We will develop new markets such as EV battery inspection and detection of metallic foreign objects mixed in food products, etc., using highly sensitive magnetic sensors capable of detecting ultra-low magnetic fields as low as one millionth of the Earth's magnetic field. We will also promote the adoption of our GMPS magnetic positioning system, which supports autonomous driving, mainly within the Toyota Group for use in on-site logistics.

– Iron fertilizer business

We will introduce iron fertilizers worldwide that can contribute to improving the symptoms of CG disease, which is a global problem. We will also focus on developing PDMA mass production technology with a view to future business expansion.

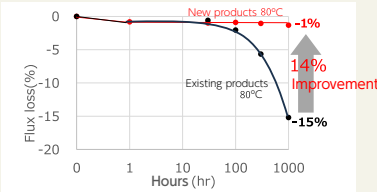
*Proline deoxymugineic acidNext-generation iron fertilizer jointly developed by Aichi Steel and Tokushima University.

TOPICS

Magnet business

The weather resistance of MAGFINE, a neodymium (Nd) anisotropic bonded magnet, has been improved through the development of coating technology that enhances its corrosion resistance. As a result, in harsh environments for magnets such as aqueous solutions, we have successfully improved magnetic force retention by 14% compared with conventional products, and have launched sample sales. It is expected to be adopted in an even wider range of motor applications than before, including water pumps.

● Magnet durability test results in aqueous solution (our evaluation)



Iron fertilizer business

Our iron fertilizers (TetsuRiki Agri/Aqua) and PDMA, leveraging our expertise and development capabilities cultivated through steel production, have been featured in the media for addressing global food challenges, including CG disease. In the field of PDMA research, we received the 57th Ichimura Academic Achievement Award together with Dr. Namba of Tokushima University for our joint-project "Development and Practical Application of Next-Generation Iron-Solubilizing Fertilizers for Desert Greening."

● Example of PDMA effectiveness in alkaline soil

Without iron supplement　PDMA use

Expansion of new business

Basic approach

By increasing our sensitivity to change and aiming for sales activities that reveal customer and market needs, we will expand new businesses through solutions and new value creation for society. To this end, we will further bolster cooperation between our sales and development divisions, and reinforce efforts to cultivate new markets with a consistent focus, from development through to sales, on working "for society and for people."

Sales-development collaboration framework

In April 2024, we changed our sales structure from a regional axis to a demand axis to strengthen new market development, and created a New Business Development Dept. that incorporates development personnel within our reorganized Marketing & Sales General Headquarters. We have established a system that can consistently link market needs to development seeds, handling everything from evaluating commercialization potential to execution.

Specific initiatives include creating demand for special steel in emerging countries, particularly in the Global South, and collaborating on material development with key themes such as multi-pathway, carbon neutrality, integrated forging with steel making processes, high strength, low distortion, and reduced use of rare earth elements. We are also working on commercializing our in-house developed product, the GMPS magnetic positioning system. Going forward, we will strengthen our business structure and supply capabilities so that we can deliver our products more quickly to as many customers as possible.

GMPS: Autonomous driving support technology utilizing our MI Sensor technology. Highly evaluated in more than 30 verification trials nationwide

Strengthening cross-functional capabilities

As cross-functional units within each of our in-house companies, sales and development create value from a medium- to long-term perspective, with sales leading portfolio restructuring and the planning and execution of profitable business models, and development advancing technologies that address customer needs.

We will strive to achieve our Medium-term Management Plan and long-term vision by strengthening collaboration between sales and development to accurately capture the needs of our customers and other stakeholders, strengthening our core businesses, and expanding new businesses.

Sales and development working together to explore new business areas

Managing Executive Officer
General Manager of Marketing & Sales General Headquarters
Kazuya Fukatsu

Until now, the sales team has collected customer needs and shared them with the development team to advance projects collaboratively. However, due to rapidly changing market trends that make it difficult to predict the future, and with the goal of accelerating our growth strategy, we have reformed our sales organization to focus on realizing our medium- to long-term vision and improving development efficiency.

Our intention is to further deepen our dialogue with our customers, anticipate their future needs, and develop joint themes to speed up our development and strengthen the relationship of trust with our customers while achieving mutual success.

Through this process, we will also rigorously develop practical, on-site understanding and experience, while nurturing professional sales talent.

Executive Officer
General Manager of Research and Development Headquarters
Hironari Mitarai

[Products, technology, value]
By identifying market needs more accurately through collaboration between sales and company divisions, as well as internalizing CAE technology and unit evaluation technology to keep pace with the evolution of electric units, we will strengthen our ability to propose parts and materials. Market development will be driven through innovations that contribute to social issues.

[Human resources and organization]
Through timely theme selection and resource allocation, utilization of external networks, and activation of mutual learning through two-way communication, we will cultivate a team of development professionals with high levels of expertise.

Research and Development & Intellectual Property

Research and Development

Our company's technological development is rooted in our founding spirit, "Great cars are made with great steel," and we are currently broadening this to include "A great society comes from great materials." We believe our mission is to contribute to society through materials, regardless of the era.

In steel development, we are advancing the development of steel materials that allow for streamlined manufacturing processes and steel materials suited for eco-friendly products with reduced CO_2 emissions, thereby contributing to the achievement of a decarbonized society.

As for stainless steel, we are expanding our product lineup of stainless steel deformed bars and duplex formed stainless steel, which contribute to extending the service life of energy and social infrastructure, as well as developing steel materials suited for a hydrogen society that are resource-efficient, low-cost, and highly safe.

Additionally, in the development of forged products, we are aiming to develop innovative processes that balance higher functionality with cost reduction for next-generation electric drive unit vehicles, along with more advanced forging technologies. We are also promoting DX initiatives utilizing digital technology to drastically accelerate development.

In smart business development, we are creating new materials and products for the evolving smart society, such as heat-dissipating components for automotive electronic devices, a magnetic positioning system using MI sensors, and magnets for motors. By leveraging the strength of our "integrated forging with steel making processes" that covers all processes from steel material production to forgings in-house, and our "materials business DNA" cultivated since our founding, we will continue to develop and commercialize new products that contribute widely to a sustainable society.

Company-wide standardization activities

Standardization enhances the convenience and safety of society as a whole by establishing common rules for specifications, testing methods, display methods, and other aspects of new products and technologies. This improves product reliability, leading to more industry collaboration and enhanced international competitiveness.

To promote R&D in line with these standardization efforts, we established a company-wide Standardization Promotion Committee in 2023, chaired by the Head of the Development Division, who also serves as CSO (Chief Standardization Officer). Department heads from each in-house company's business management division and heads of each development division participate as division-level coordinators, while representative managers from the relevant departments also serve as committee members. Centered on this committee, we promote strategic standardization while focusing on internal awareness and personnel development in standardization. We actively encourage young and mid-career employees engaged in business planning and intellectual property to participate in METI's Rule Formation Strategy Training and other programs.

In our FY2024 activities, for all four ongoing themes, individual review meetings were held between the theme leaders and the CSO to review past results and current issues, and to discuss in detail how to proceed going forward. The results were shared at the 2nd Standardization Promotion Committee briefing in June 2025, and future plans for all themes were approved.

Organization chart

Intellectual property

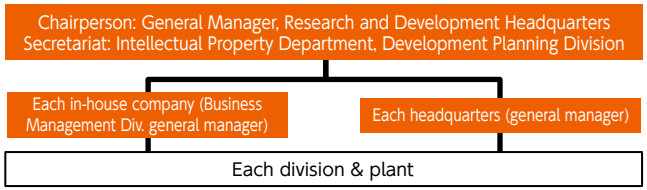
Basic approach

Aichi Steel has established proactive intellectual property (business expansion and challenges), defensive intellectual property (business stability), and basic activities (human resource development and structure building) as its priority policies, setting targets for each of these, and aiming for intellectual property activities that drive steady growth.

Promotion structure

Aichi Steel has established an Intellectual Property Committee to promote intellectual property activities. The committee is chaired by the Research and Development Headquarters general manager, with general managers of each in-house company, headquarters, and technology division as members.

Organization chart



Strengthening collaboration between development and intellectual property divisions

To date, we have focused our activities on protecting the intellectual property resulting from our R&D. In addition to this, we are working to improve the quality of our patent applications by reinforcing collaboration between our development and intellectual property divisions and submitting applications more strategically. We are expanding the scope of this collaboration, particularly for foreign patent applications which involve high costs, and aim to minimize costs and maximize benefits through thorough screening of each case, including the utilization of patent rights after they are granted. In this way, we pursue intellectual property activities that help to secure our competitive advantage and business expansion.

Developing and Strengthening DX and Information Infrastructure

Basic approach

To improve productivity, we are promoting work reform by catching up with new technologies and utilizing DX, while building systems that can flexibly respond to changes in business processes to speed up management decision-making.

Contributing to growth strategies using DX

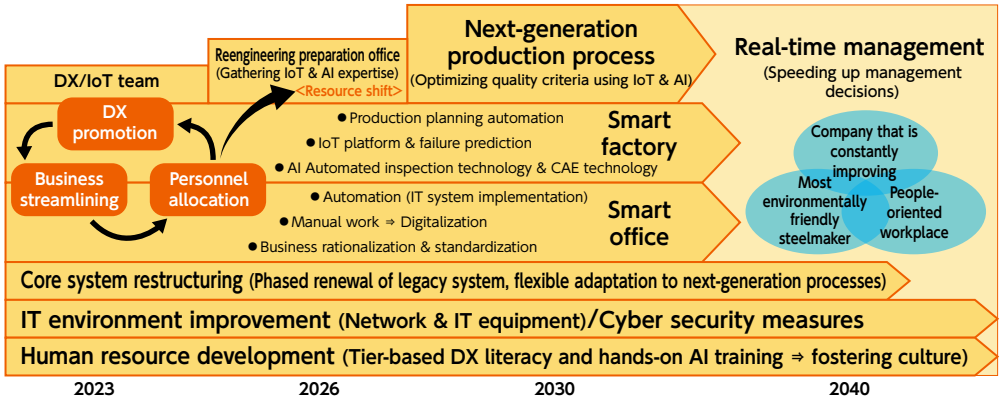
To realize our growth strategies, we are accumulating DX expertise and improving the productivity of our "people" and "manufacturing," as we aim to achieve the two pillars of Smart Factories and Smart Offices.

● Initiatives

Smart factories (energy saving and labor-hour reduction)	Full use of AI, production planning automation, data analysis & CAE technology development using IoT
Smart office (Labor saving)	Rationalizing and fully standardizing operations, digitizing and automating manual tasks (using systems)

Future Initiatives

To realize Smart Factories and Smart Offices, we are making aggressive investments such as rebuilding our core systems. Together with our divisions and in-house companies, we are also developing mechanisms to match on-site needs with technological opportunities, and studying a framework for achieving next-generation production processes.



[Example] Strengthening in-house platform

The applications developed by our in-house AI team are collectively called "AS-AIs" (pronounced "A-S-Eyes"), and are being deployed to each plant as a platform for utilizing internal data.

One of these applications, "AS-TSAD," is for Time-Series Anomaly Detection. It does this by automatically retrieving data from the company's IoT infrastructure and displaying the calculated anomaly levels in graph format. It also enables anomaly detection to be tested with various AI models, and so are utilizing it for things like predictive detection of equipment failure.

AS-AIs　　AS-TSAD

Realization of real-time management for faster management decisions

Managing Executive Officer
General Manager of Manufacturing Innovation Headquarters
Kazuma Kihara

In FY2024, operational efficiency improvements utilizing DX began in various locations. By developing IoT infrastructure and data analysis tools, we sped up troubleshooting and response while saving energy. In production planning for our main rolling plant, we achieved automation by utilizing AI and other technologies to handle complex conditions. Since then, we have extended the use of generative AI throughout the company, enabling many employees to achieve small improvements individually, adding up to significant results. We also initiated logistics reforms In FY2024 through collaboration between the Production Control Division, Marketing & Sales General Headquarters, and in-house companies. Various problems at manufacturing sites have been linked to logistics issues. By eliminating waste, inconsistency, and overburden in manufacturing through our TPS, TQM, and TPM initiatives, and pursuing further efficiency through DX, we are aiming for significant results in manufacturing and logistics.

Logistics Initiatives

Basic approach

To realize our growth strategy, we will proceed with improving logistics, one of the foundations of our manufacturing. With our mission of sustainability in our logistics and supply chains, we will eliminate "labor shortages" and "waste, inconsistency, and overburden" to further strengthen our competitiveness and promote carbon neutrality.

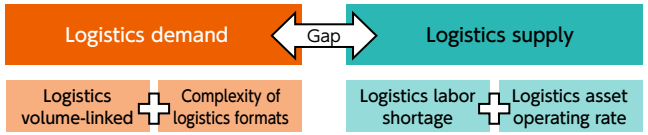
Sustainable logistics

The diversification of customer needs has led to smaller shipment lots, and increasingly complex routes and delivery units. Logistics supply capacity is determined by labor and the capacity of trucks, warehouses, and other facilities, which set the upper level of services that can be provided. Depending on this upper limit, manufacturing efficiency can also be affected, and if logistics is unable to withstand drastic changes in supply and demand, and reaches a critical state, business continuity may also be threatened.

Currently, some areas have inefficient logistics process designs and operations that rely heavily on labor, due to excessive customization to accommodate customer needs. Such inefficient use of logistics assets due to waste, inconsistency, and overburden is not only a labor issue but also a cause of increased CO_2 emissions in logistics.

We will achieve enhanced "sustainable logistics" by addressing labor shortages through automation of delivery arrangements and warehouse operations, and promoting carbon neutrality by changing to more efficient logistics process design.

● **Current logistics challenges**

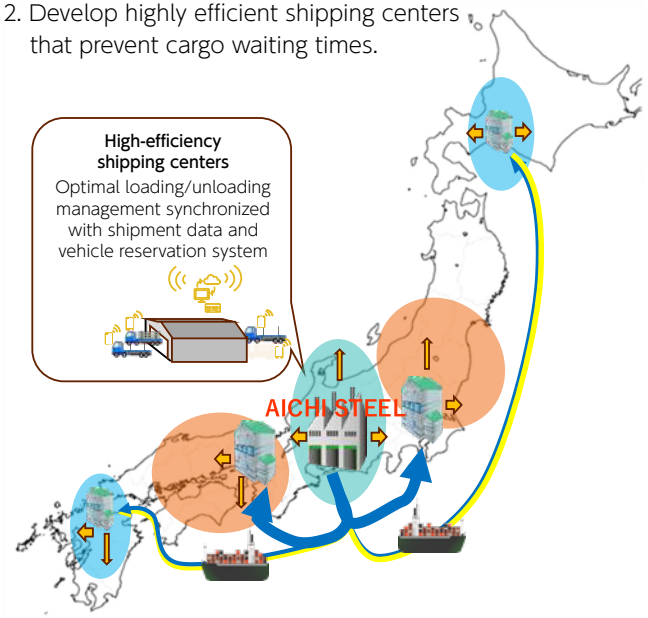


Driver- and environment-friendly logistics reform

To address 2024 logistics challenges and resolve driver shortages, as well as to contribute to society as "the most environmentally friendly steelmaker" by reducing CO_2 emissions, we aim to improve transport efficiency by at least 25% by eliminating vehicle allocation inefficiency caused by inventory inconsistencies and insufficient loading capacity.

To improve transportation efficiency, we will:

1. Establish highly efficient logistics that completely eliminate waste, inconsistency, and overburden.
2. Develop highly efficient shipping centers that prevent cargo waiting times.

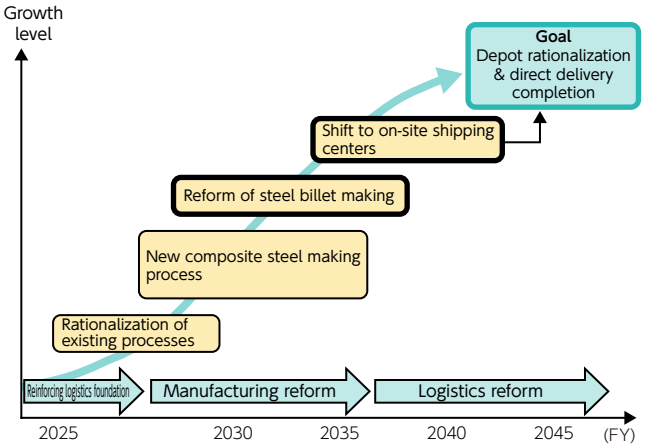


Short-distance areas	High-efficiency transportation with full loads
Medium-distance areas	Concentrated delivery to optimally located depots Modal shift
Long-distance areas	Modal shift Expansion of joint deliveries with other companies

Logistics reform scenario (Specialty steel business)

Rather than looking only at transportation, we will review the entire production process and consider comprehensive logistics reform both inside and outside the facility, including plant layout changes and the establishment of on-site shipping centers. We will start by streamlining existing processes, then proceed in stages to manufacturing reform through new processes, and finally to logistics reform, setting targets for reducing cost and environmental impact, and aiming for highly efficient transportation.

● **Growth strategies and logistics reform scenarios in the specialty steel business**



Priority Issues (Materiality)

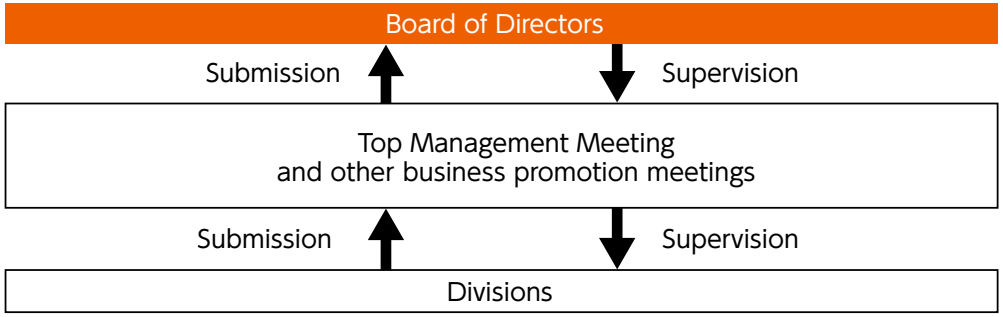
Basic approach

In line with Our Vision, we believe that helping to realize a sustainable society through our business activities will enhance our corporate value in the medium to long term. To realize this, we formulated a basic policy in our Vision 2030: "Enhance earning power by reforming business and manufacturing while implementing ESG management." We have identified key issues to be addressed and set KPIs as specific goals. By working to achieve these, we aim to realize our Vision 2030 and solve social issues.

Management system

Under the leadership of the management team, Aichi Steel brings together the cross-division functions of administrative divisions and the business focus of in-house companies to drive our sustainability initiatives. The business promotion councils manage action plans and progress to ensure KPIs are achieved, and regularly report to the Top Management Meeting and Board of Directors. The Top Management Meeting carries out regular reviews based on the progress of each initiative, social trends, and changes in the business environment. After revising priority issues (materiality) and KPIs, and discussing and considering how to reflect the changes in management policy, planning, and strategy, the Top Management Meeting decides important matters through discussion with the Board of Directors.

● Management system



Identification process

In identifying materiality, we reviewed our past activities and achievements in addressing social issues. Referring to SDG goals and emerging global challenges, we conducted internal discussions based on the demands and expectations of diverse stakeholders, including customers and shareholders, to determine what is most important for our company. We then prioritized these challenges and established targets.

Our management team then held discussions, which were followed by deliberation and approval by the Board of Directors. In terms of key indicators from the perspectives of circular manufacturing, the environment, safety, and people, we aim to enhance sustainability by promoting the resolution of critical issues for both society and our company. We will achieve this through various initiatives that involve setting KPIs and managing performance in each responsible department.

Review of activities	Review past activities, their achievement status, associated issues, etc.
Identifying social issues	Referring to the 17 goals and 169 targets of the SDGs, and global trends, conduct a comprehensive analysis to identify social issues
Prioritization	Prioritize issues and set goals from the perspectives of expectations and wishes of stakeholders and importance to Aichi Steel
Management-level approval	Discussion by the management team and then examination and approval by the Board of Directors

Materiality	KPI (target)	FY2024 results	Main initiatives	Related SDGs
Climate Change	CO_2 emission reduction rate *Compared to FY2013 (35% in 2026, 50% in 2030)	25.4%	· Promoting thorough energy-saving activities by streamlining manufacturing processes, etc. · Promoting the use of clean energy such as solar power generation, including in-house power generation · Developing innovative technologies such as high-efficiency electric furnaces and the use of hydrogen and ammonia	
Resource Circulation	By-product landfill volume (2,400 tons in 2026, 2,000 tons in 2030)	2,430t	· Promoting by-product recycling (slag, dust, scale, etc.)	
Environmental Conservation	Air pollutant emissions	NOx 121 t/yr, SOx 1.47 t/yr	· Promoting initiatives to maintain low SOx and NOx levels	
	Plant effluent pollutant load	COD 8.85 t/yr, nitrogen 3.76 t/yr, phosphate 0.35 t/yr		
Procurement	Green Procurement Guidelines dissemination rate (100%)	100%	· Promoting environmental conservation activities in cooperation with suppliers based on Green Procurement Guidelines (e.g. priority purchasing of environmentally friendly products) · Complying with desirable business practices (promotion standards) with suppliers based on Partnership Building Declaration	
	Number of breaches of the Subcontracting Act (0)	0		
Technology Innovation	Number of patent applications (50/year)	54	· R&D promotion and early commercialization integrated with business strategy to realize "Creation of a prosperous society through business reform" · Strengthening development foundation through AI and other advanced IT and analytic technology, and strategic patent applications	
Cybersecurity	Serious incidents due to cyberattacks (0)	0	· Enhancing security through establishment of internal structures, and communication, education, and inspection of rules, in compliance with the All Toyota Security Guidelines (ATSG) and All Toyota Plant Security Guidelines (ATPSG) shared by Toyota Group companies, etc.	
Quality and Production	Number of defects released to customers (0)	27	· Further strengthening quality management systems through acquisition of IATF 16949 certification · Implementing measures to prevent recurrence of complaints by pursuing the true cause more thoroughly · Establishing a production base capable of providing a stable supply of TPS-based products in a timely manner	
	Crude steel production	956,000 tons		
	Forged product production	239,000 tons		
	Electronic component production	48.3 million sets		
Safety and Health	Number of serious accidents (0)	0	· Creating a place where accidents do not occur based on a safety risk assessment · Promoting recurrence prevention to eliminate similar accidents · Promoting health management to maintain and improve mental and physical health	
	Lost worktime rate due to injury or sickness (0.25%)	0.81%		
Workstyles and Human Resource Development	Days of annual paid leave taken (20)	16.4 days	· Establishing flexible work systems enabling employees to balance work and life events · Developing and introducing a workplace environment and personnel system for diverse employees to be highly motivated and flourish · Improving off-the-job training based on an education system according to job classification and level, and investing in skills and potential development in step with management strategy	
	Monthly overtime (per person, office) (10 hours)	14.3 hours		
	Education time per person	14.0 hours		
Diversity	Number of female managers (10)	6		
Coexistence with Community	Volunteer activity participation rate (100%)	80%	· Promoting biodiversity preservation and activities to achieve harmony with nature through efforts such as creating a natural ecosystem in the Nakashinden Greenbelt around our plant (about 20,000 m^2) · Communication with local communities through social contribution activities	
Human Rights	Human rights education in job-specific training (100%)	100%	· Business activities that respect human rights in accordance with the Aichi Steel Group Action Guidelines · Fostering high ethical standards and human rights awareness through employee education · Development and strengthening of human rights protection systems, including whistle-blowing system	
Legal Compliance	Serious violations of laws and regulations (0)	0	· Sharing a high level of ethics, improving awareness and knowledge through training and seminars, etc., and continuing to strengthen internal structures that eliminate violations, in line with the Aichi Steel Group Action Guidelines	

*FY2024 results are non-consolidated for Aichi Steel

Climate Change Initiatives

Basic approach

Aichi Steel emits CO_2 both directly and indirectly through the manufacturing processes of its various products, such as heating of steel materials, and melting of steel scrap, which is the raw material of its main product, specialty steel. For this reason, our response to climate change is a serious management issue from the perspectives of risks and opportunities. We are accelerating our efforts to decarbonize with the goal of achieving carbon neutrality as early as 2050. As a resource circulation-based company that uses steel scrap as a raw material in manufacturing, we will utilize our strengths, which have contributed to sustainable manufacturing through materials and parts, to help realize a decarbonized society. To this end, we will also continue to develop and provide products and services that contribute to reduced CO_2 emissions across the entire supply chain.

Endorsement of TCFD recommendations and information disclosure

In 2021, we declared our support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures.)We have been analyzing various scenarios based on the impacts, and associated risks and opportunities, that climate change may have on our business, and have considered how to reflect the results in management strategy to achieve sustainable growth. We detail our climate-related initiatives here in line with the framework (governance, strategy, risk management, and metrics and targets) recommended by the TCFD.

From FY2024, we established a Sustainability Promotion Department within the Corporate Planning Division to plan and drive company-wide responses to sustainability issues. The department is raising the level of various climate-related initiatives (expanding adoption of renewable energy, acquiring EPDs (Environmental Product Declarations), exploring steel production using non-fossil fuel certificates, utilizing hydrogen gas combustion etc.)

– Governance

We have identified climate change as a priority issue (materiality) for management, and are setting KPIs and working to accomplish our targets. As the organization responsible for considering important business management-related matters, the Top Management Meeting and the Environmental Working Group discuss and consider response policies, business strategies, and the status of initiatives related to risks and opportunities that can severely impact business management, such as climate change. The Board of Directors performs its supervisory function by receiving subsequent reports and considering matters that are particularly important.

– Risk management

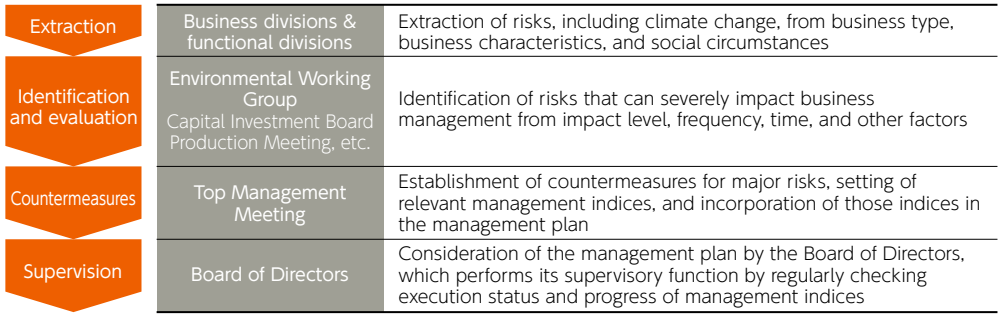
We follow the process on the right to identify, evaluate, and supervise all risk management. We also discuss and report climate change-related risks in the Environmental Working Group and Top Management Meeting to clarify impacts and our responses.

Main agenda items in FY2024

Meetings	Main agenda items
Board of Directors	· CO_2 emission reduction targets and plans until 2030 (discussion) · Actions for energy conservation and shifting to non-fossil energy (discussion) · CO_2 emissions results and progress of reduction plan (monthly)
Top Management Meeting	· Considering the introduction of non-fossil energy sources (discussion/report) · Considering the introduction of hydrogen gas (discussion/report) · Addressing climate change and water security (report) · CO_2 emissions results (monthly)
Environmental Working Group	· Progress of CN Promotion Subcommittee, Production Energy Conservation Subcommittee, and Process Reform Subcommittee

Organization chart

Risk management process



Strategy

While referencing reports of the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), we developed two scenarios (1.5°C scenario and 4°C scenario) of what society would look like in 2030 assuming a global average temperature rise of 1.5°C and 4°C by the end of this century (compared to pre-industrial levels), and analyzed the risks and opportunities.

Analysis results by scenario

Scenarios	Analysis results	Our response to scenario
1.5°C	· Demand for specialty steel and forged products for conventional internal combustion engines is falling as the automotive industry, a major customer base for us, becomes increasingly electrified. On the other hand, demand for specialty steel for electric vehicles, such as high strength gear steel, forged products, and electronic components, will increase. The autonomous driving market is also expected to expand · Demand for electric furnace steel material with low CO_2 emissions during manufacturing will increase	· Although falling demand for specialty steel and forged products may be a risk, there could be opportunities for new growth due to our core business strengths: specialty steel and parts for automobiles using electric furnaces, lead frames for power cards for electric vehicles, and our Global Magnetic Positioning System using magnetic markers.
4°C	· Increased risk of production stoppages and supply chain disruptions due to extreme weather events and natural disasters such as typhoons and heavy rains · Increased risk of reduced crop yields and quality loss due to extreme weather events and high temperatures	· We will continuously review our adaptation to natural disasters and our business continuity plan (BCP), and minimize damage by strengthening supply chains · Can expect to contribute to solving agricultural problems by expanding the use of PDMA, a next-generation fertilizer that supplies iron, and which is being promoted as a new business

Main risks and opportunities, and response policies (excerpt)

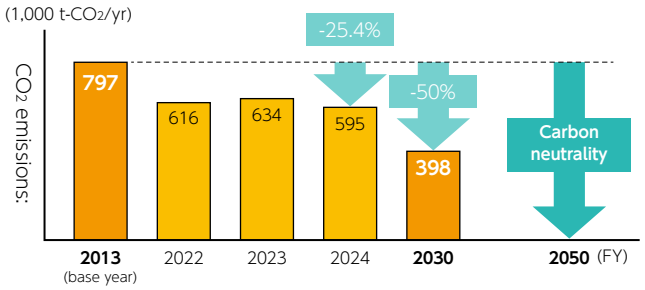
Scenarios	Climate-related matters	Impact on Aichi Steel		Response policies
1.5°C	Major transition in the automotive industry · Electrification · Autonomous driving	Risks Medium	· Reduced demand for specialty steel and parts (forged products, etc.) due to increased electrification	▶ Maintain business by capturing demand for specialty steel and forged products for electric vehicles
		Opportunities High	· Increased demand for materials and products for electric vehicles · Expansion of the autonomous driving market	▶ Develop high-performance, high-value-added materials and products (e.g., next-generation electric axles) ▶ Expand the use of magnetic positioning system (GMPS)
	Increased demand for decarbonization in society · Demand for electric furnace steel, etc.	Opportunities Medium	· Increased demand for electric furnace steel with low CO_2 emissions and outstanding recycling properties	▶ Develop high-quality, highly functional products that meet the diversifying needs of users, and build stable supply systems
	Adoption of carbon pricing · Carbon tax, etc.	Risks High	· Increased operating costs associated with use of fossil fuels · Increased operating costs due to rising renewable energy prices	▶ Consider development of energy-efficient production technologies and introduction of high-efficiency equipment ▶ Introduce and expand renewable energy with on-site power generation, etc.
	Restricted supply of raw materials and other resources	Risks Medium	· Supply shortages, reduced quality, and increased costs associated with increased demand for steel scrap · Instability of procurement of rare metals and rare earths	▶ Strengthen and expand circulation schemes in cooperation with customers, and establish low-grade scrap utilization technology ▶ Improve supply chain management, including procurement multi-sourcing
4°C	Natural disasters · Increased intensity and frequency, etc.	Risks Medium	· Damage to own facilities, and operation stoppages due to supply chain disruptions	▶ Minimize impacts through ongoing BCP measures and supply chain resilience

[Definition of impact]
High: Risks/opportunities with the potential to impact revenue by billions of yen or more
Medium: Risks/opportunities with the potential to impact revenue by hundreds of millions of yen
*Based on current company assumptions. Subject to change in the future.

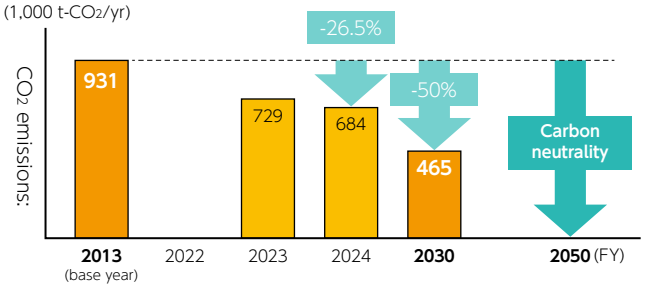
– Indicators and targets

We are contributing to the realization of a decarbonized society, with the goal of reducing CO_2 emissions from our business operations by 50% by FY2030 compared to FY2013 levels, and achieving carbon neutrality by FY2050. As well as promoting technological development in production processes and implementing energy-saving activities with full employee participation, we are taking active steps to reduce CO_2 emissions, such as introducing more solar power generation and other non-fossil energy sources. In FY2024, we achieved steady results, with a 25.4% reduction compared with FY2013 on a non-consolidated basis and a 26.5% reduction on a consolidated basis.

Non-consolidated

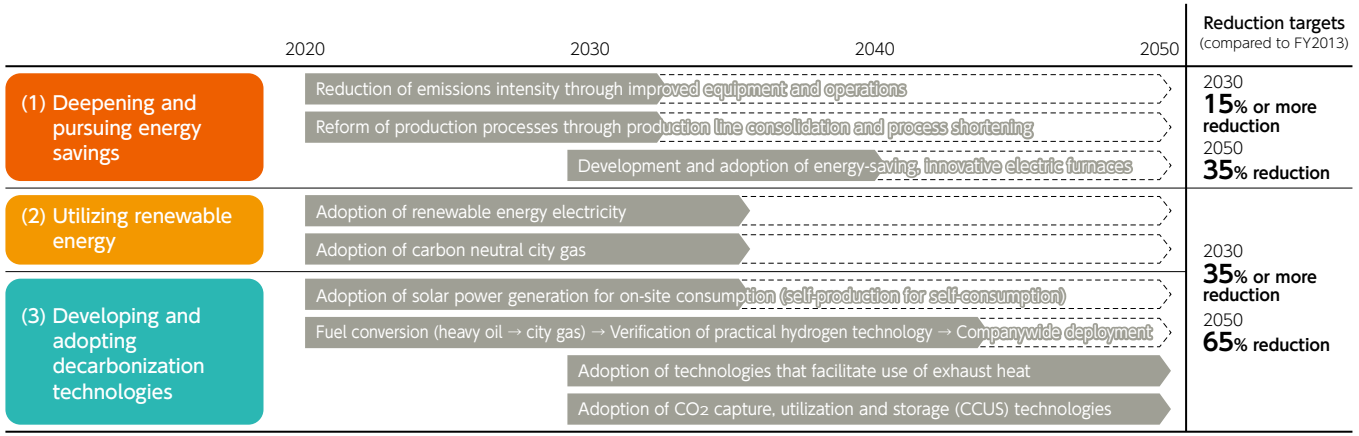


Consolidated



Roadmap to carbon neutrality by 2050

We have formulated and are systematically implementing a roadmap for achieving our targets. We have also detailed plant-specific roadmaps, and we are systematically conducting activities focused on (1) deepening and pursuing energy savings, (2) utilizing renewable energy, and (3) developing and adopting decarbonization technologies. In FY2024, we drew up a roadmap for our group's eight domestic subsidiaries to reduce GHG emissions. Going forward, we will engage in GHG reduction activities in our group, both domestically and internationally.



Specific initiatives

– Utilization of renewable energy

The large amounts of electricity used in Aichi Steel's specialty steel manufacturing processes have made it essential to shift to electricity derived from renewable energy. Therefore, in addition to thorough efforts to conserve energy and improve efficiency, we are actively promoting adoption of such electricity. In June 2025, Higashiura Plant launched operation of solar power generation using on-site PPA, which is expected to reduce annual CO_2 emissions by more than 700 tons at our three plants (Higashiura, Seki, and Gifu). In July 2025, we began procuring renewable energy (approximately 100 million kwh/year) through off-site PPAs, which is expected to reduce approximately 43 thousand tons/year of CO_2. Our plan is to continue to expand stably procurable renewable energy sources from a long-term perspective.

In addition to electricity, we are considering the conversion of energy used at our plants, such as city gas, to hydrogen through our participation in the Hydrogen Utilization Study Group in Chubu. Initially, at Kariya Plant, we have carried out modification work on the steel material heat treatment furnace to enable hydrogen combustion, and have started verification trials of hydrogen combustion technology. With the goal of developing hydrogen-based steel heat treatment technology, we will continue to conduct verification for hydrogen utilization, including hydrogen combustion trials and knowledge collection. As a member of the Hydrogen Utilization Study Group in Chubu, we also aim to utilize the knowledge gained from these verifications to expand the use of hydrogen at other plants.

CO_2 emissions by scope

[Scope 1, 2]

		CO_2 emissions (1,000 t-CO_2)			
		FY2013 (base year)	FY2022	FY2023	FY2024
Non-consolidated	Scope 1, Scope 2	257, 540	222, 394	224, 410	223, 372
	Total amount	797	616	634	595
Affiliated companies	Scope 1, Scope 2	23, 110	N/A	23, 72	22, 67
	Total amount	133	N/A	95	89
Consolidated total		931	N/A	729	684

Calculation method: Calculated based on "Standard Calorific Values and Carbon Emission Factors for Energy Resources" (Agency for Natural Resources and Energy) under the Act on Promotion of Global Warming Countermeasures (MOE), and the annual emission factors of contracted electricity providers

We have undergone independent third-party verification by SGS Japan Inc. to improve the reliability of our greenhouse gas emissions.

https://www.aichi-steel.co.jp/sustainability/esg/verification.pdf

[Scope 3] *Non-consolidated

	CO_2 emissions (1,000 t-CO_2)			Calculation methods
	FY2022	FY2023	FY2024	
1. Purchased products and services	793	901	845	Calculated by multiplying purchased quantities (weight or monetary value) of raw materials and supplies by emission intensity
2. Capital assets	37	50	46	Calculated by multiplying capital expenditure by emission intensity
3. Fuel and energy related activities not included in Scope 1 and 2	110	122	120	Calculated by multiplying consumption of purchased electricity and fuel by their emission intensities
4. Transportation and distribution (upstream)	37	36	37	Calculated by multiplying transportation distance reported under the Energy Conservation Act, and transportation mode and distance of Category 1 purchased goods, by emission intensity
5. Waste from operations	10	9	9	Calculated by multiplying waste amount by emission intensity
6. Business travel	0	0	0	Calculated by multiplying the payment amount by mode of transportation by emission intensity
7. Employee commuting	3	3	3	Calculated by multiplying reimbursement amount by mode of transportation by emission intensity
8. Leased assets (upstream)		0	0	Calculated by multiplying energy consumption of leased assets by emission intensity
9. Transportation and distribution (downstream)	—	—	—	Excluded - unspecified
10. Machining of sold products		357	327	Related to machining of intermediate products. Calculated by multiplying sales volume by emission intensity
11. Use of sold products	—	—	—	Excluded - products do not emit CO_2 directly during use
12. Disposal of sold products		9	9	Calculated by multiplying weight of waste and recyclable products by emission intensity
13. Leased assets (downstream)	0	0	0	Calculated by multiplying energy consumption of leased assets rented to other companies by emission intensity
14. Franchises	0	0	0	No franchisees
15. Investments	—	—	—	Excluded from calculation - not an investment company
Total	990	1,486	1,396	

*Figures in the above table are rounded to the nearest thousand tons, and 0 means less than 500 tons.
Emission intensity: "Emission Intensity Database for Calculating Greenhouse Gas Emissions of Organizations Throughout the Supply Chain (Ver. 3.5))" (April 2025, MOE) and "LCI Database IDEA version 3.5" (Advanced LCA Research Group, Research Institute of Science for Safety and Sustainability, National Institute of Advanced Industrial Science and Technology(AIST))

Collaboration with society

To help drive social change and achieve carbon neutrality by 2050, we are participating in various initiatives and obtaining relevant certifications. Through these activities, we seek to expand the use of products and services that contribute to decarbonization, and to maintain and strengthen competitiveness in the specialty steel industry in Japan.

– Acquisition of SuMPO EPD label

In April 2025, we acquired SuMPO EPD environmental product certification for our specialty steel bars and formed stainless steel products. An EPD is a certification system that objectively evaluates and reports the environmental impact of products, providing quantitative environmental information on the entire product life cycle, from resource extraction, manufacturing, and distribution to use and disposal or recycling. Obtaining this certification will enable us to disclose objective and transparent environmental information, supporting our customers' efforts to address environmental issues.

– Start of hydrogen combustion verification trials at Kariya Plant

In July 2024, we started hydrogen combustion technology verification trials at Kariya Plant as part of our efforts to carbon neutrality. In cooperation with Toho Gas Group and others, we modified our steel heat treatment furnace equipment that uses city gas to be compatible with hydrogen combustion. Our goal is to develop heat treatment technology using hydrogen, and we plan to use the knowledge gained for rollout to other plants.

Steel heat-treatment furnace for hydrogen combustion verification trials

Hydrogen storage facility

– Basic agreement on hydrogen utilization signed with the Central Japan Hydrogen and Ammonia Association

In October 2024, we signed a basic agreement to work toward carbon neutrality with the Central Japan Hydrogen and Ammonia Association, established by Aichi Prefecture, and 20 supporting companies. The aim is to establish a nationwide, pioneering large-scale hydrogen and ammonia supply chain, to be promoted regionally through public-private partnerships. By advancing the use of clean energy, including hydrogen, we will help realize a sustainable global environment.

For more information about the Central Japan Hydrogen and Ammonia Association, please visit
https://ch2a.jp

– Participation in the Aichi Environmental Innovation Consortium

In January 2025, we joined the Aichi Environmental Innovation Consortium, which is made up of 51 organizations including companies, universities, financial institutions, and government agencies. Based in Aichi, the consortium aims to create and implement environmental innovations to tackle challenges such as achieving carbon neutrality, transitioning to a circular economy, and realizing nature-positive outcomes. Aiming to achieve carbon neutrality as early as 2050, we will apply our knowledge gained from energy-saving activities, technology development, renewable energy use, and biodiversity conservation to help build a sustainable society.

For more information about the Aichi Environmental Innovation Consortium, please visit
https://env-innovation.pref.aichi.jp/consortium

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環境イノベーション
コンソーシアム
Aichi environmental innovation consortium

Environmental Management

Basic approach

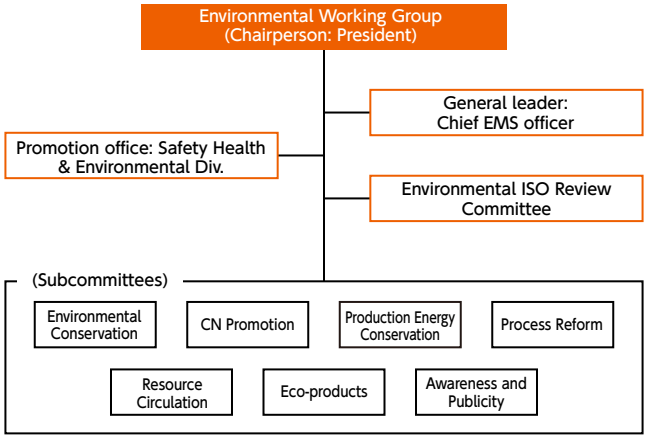
To achieve the Vision 2030 management mission of contributing to society as the "most environmentally friendly steelmaker," Aichi Steel formulated the Aichi 2025 Environmental Action Plan to chart a course of action through to 2025. It defines targets that should be accomplished by 2025, and we are currently working to achieve these targets, focusing on the three pillars: eco-energy, eco-production, and eco-management.

	Initiatives	Targets for 2025
Eco-energy	• Pursuing energy efficiency • Reforming manufacturing processes • Adopting clean energy	CO_2 emissions: **30**% reduction (compared to FY2013)
Eco-production	• Developing eco-friendly products and technologies • Contributing to next-generation infrastructure • Pursuing resource circulation	Amount of landfill waste: **2,400** t/year or less
Eco-management	• Ensuring environmental responsibility • Conserving nature and biodiversity • Disseminating and disclosing environmental information	Nakashinden environmental indicator species: **27** species attracted

Promotion structure

Aichi Steel is working to implement environmental management through effective employment of the PDCA cycle mainly through the Environmental Working Group, which operates under the supervision of its Board of Directors with the president as chairperson. The Environmental Working Group is in charge of executing strategy, establishing targets, and checking progress in accordance with company policies and the Aichi Environmental Action Plan. Seven subcommittees have been established under the Environmental Working Group with clear areas of responsibility to promote efficient and targeted activities based on specialized perspectives. In addition, the Aichi Steel Group Environmental Committee was established to share information and successful case studies to promote Groupwide activities.

● Organization chart



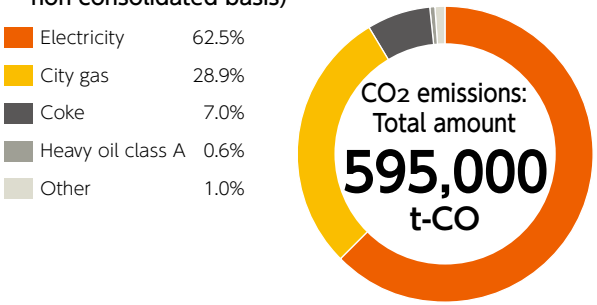
Subcommittees	Initiatives
Environmental Conservation	· Abnormality and complaint prevention, biodiversity and green space conservation activities
CN Promotion	· CO_2 related information gathering, strategic planning, etc.
Production Energy Conservation	· Improving energy conservation, production efficiency, etc.
Process Reform	· Developing innovative technologies in production processes, etc.
Resource Circulation	· Initiatives to reuse resources, reuse waste and raw materials, etc.
Eco-products	· Developing environmentally friendly products, etc.
Awareness and Publicity	· Messaging internally and externally to promote activities such as CN and SDGs

Eco-energy

Approximately 90% of our CO_2 emissions come from electricity and city gas used to melt steel scrap and heat steel materials. Based on the roadmap formulated toward achieving carbon neutrality by 2050, we are promoting the reduction of energy consumption through efforts to deepen the energy-saving technologies that we have cultivated, the elimination of waste in our daily operations, and drastic improvements in manufacturing processes. In FY2024, we conducted 129 energy-saving activities.

Regarding the introduction of non-fossil energy, we have already introduced solar power generation through on-site PPAs at Seki Plant and Gifu Plant. In FY2025, we will install a new solar power generation facility at the Higashiura Plant, and systematically expand the introduction of non-fossil energy by also utilizing biomass power generation through offsite PPAs.

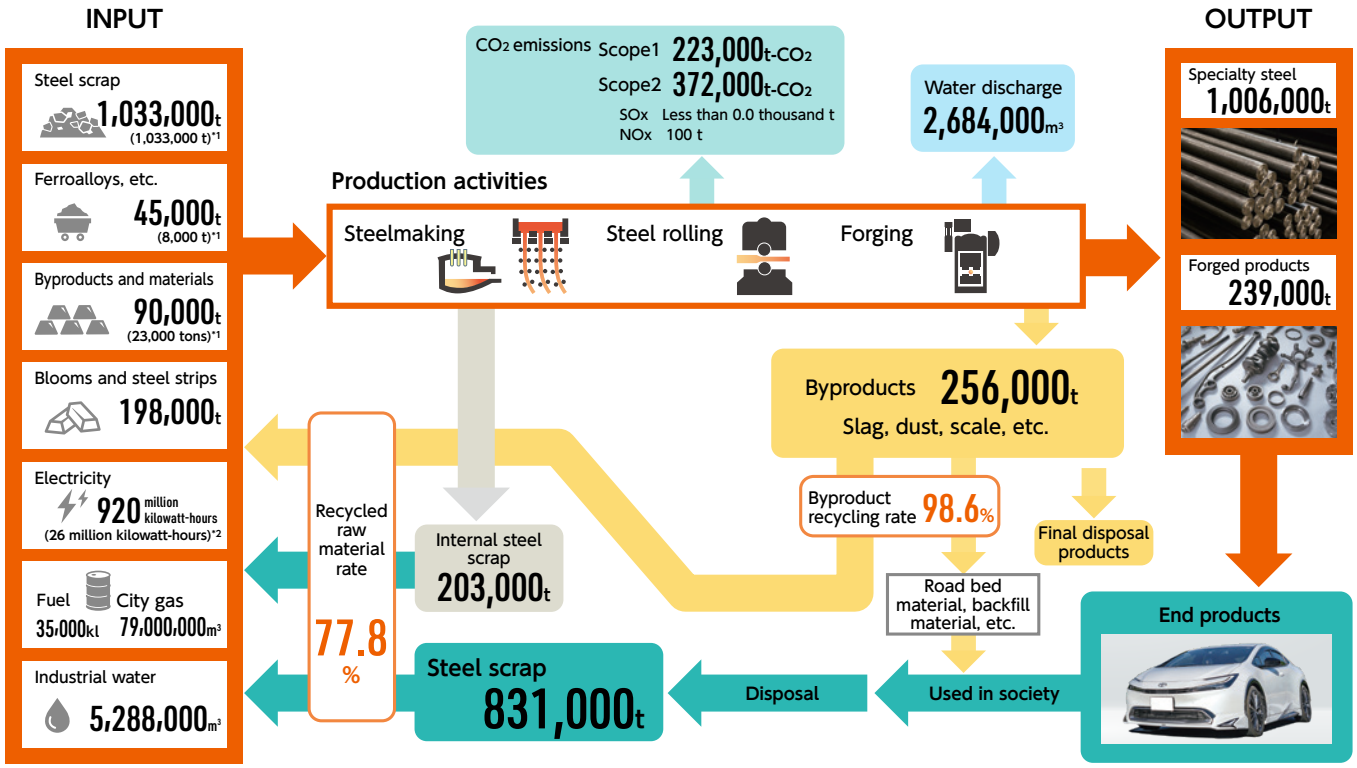
● Breakdown of CO_2 emissions in FY2024 (Scope 1 + Scope 2 emissions from Aichi Steel on non-consolidated basis)



Resource Circulation

Eco-production

Aichi Steel is a resource circulation-based company that both recirculates steel resources and achieves economic value, by recycling steel scrap generated from the dismantling of automobiles and infrastructure into high-quality specialty steel products, automotive components, and other products. We aim to transition to a circular economy by further accelerating our efforts to reuse products and parts and recycle waste and raw materials while reducing resource input and consumption through the efficient use of resources and energy.

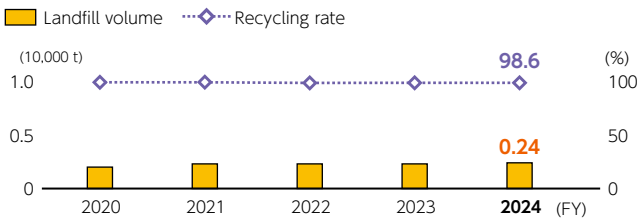


*1 Figure in parentheses represents recycled raw materials
*2 Figure in parentheses represents electricity derived from renewable energy sources

Efforts to increase by-product recycling rates

We have strengthened our recycling of by-products that were previously sent to landfills, maintaining a recycling rate in the upper 90% range. Slag generated in electric furnaces is primarily used as roadbed material for roads, while electric furnace dust is sent to recycling companies for processing to recover valuable metals. Additionally, waste brick used in steelmaking and refining is sorted and crushed, then reused as slag-forming material in electric furnaces. At present, we are focusing on developing technology to recycle slag-based by-products, which are difficult to process, as slag-forming material, with the aim of reducing the amount of landfill to 2,000 tons by 2030 and zero by 2050.

● Trends in byproducts sent to landfill and byproduct recycling rate



Initiatives for a circular economy

We are a member of Circular Core, an association for promoting the sound development of a circular economy, creating new value, and advancing sustainable manufacturing that is environmentally friendly, through collaboration across automotive materials, components, and the entire supply chain. The association actively conducts market research on the circular economy covering automotive materials, components, and the entire supply chain, researches, develops hypothesis and validates the latest technological trends and business practices, and engages in exchanges and cooperation with relevant domestic and international organizations.

Biodiversity

Eco-management

As a resource circulation-based company, we carry out manufacturing that achieves both the circulation of iron resources and economic value. In our business activities, we constantly benefit from the gifts of biodiversity, including natural resources and water. On the other hand, our CO_2 emissions and wastewater from melting scrap and heating steel materials impact biodiversity.

We are deeply aware of the importance of biodiversity, which is being continuously lost. Based on the following policies, we contribute to a sustainable society by conserving biodiversity and developing businesses that protect and utilize nature.

Aichi Steel Group's Biodiversity Policy

1. Protection and restoration of ecosystem

- We assess the impact of our business activities on nature and take appropriate protective measures.
- We explore environmental conservation measures that take advantage of nature's gifts in order to minimize our impact.
- We contribute to the restoration of nature by leveraging our proprietary technologies derived from our special steel manufacturing expertise.

2. Sustainable use

- We promote sustainable methods and use in the areas of "climate change, water, and resources," which impact nature.

3. Collaboration with local communities

- We work together with local communities to conserve and restore biodiversity and guide nature toward regeneration.

Through these efforts, we are contributing to achieving a "world in harmony with nature (nature positive)" by 2050.

Biodiversity conservation initiatives

We endorse the Biodiversity Declaration and Action Guidelines of the Japan Business Federation (Keidanren) and are engaged in conservation activities. We also contribute to the revitalization of nature as a participant in the 30 by 30 Alliance, established by government agencies, companies, and NPOs.

Since FY2012, we have been promoting the Forest Habitat Creation for Beetles project in the Nakashinden Greenbelt adjacent to Chita Plant, maintaining an environment that attracts 50 indicator species. The site, which forms part of Chita Peninsular Greenbelt, a collaboration among 11 organizations including Aichi Steel and other companies, government agencies, students, experts, and NPOs, was certified in FY2023 by the Ministry of the Environment as a Nature Symbiosis Site.

In 2024, we planted 6,000 trees while zoning*, and hosted a tree-planting ceremony attended by the Mayor of Tokai. In November, we were recognized as an Aichi Biodiversity Excellence Certified Company. Furthermore, we have been conducting forest cultivation activities in Nagano Prefecture since 2006, and in 2019, we signed a Forest Adoption Agreement with Otaki Village, the water source for our business operations. Employees and their families regularly engage in conservation activities, working together with the local community to nurture a richer forest.

*The process of determining optimal plant placement

Volunteers cultivating the water source forest in Otaki Village

Nakashinden Greenbelt Tree-Planting Ceremony

Disclosures based on TNFD (Taskforce on Nature-related Financial Disclosures)

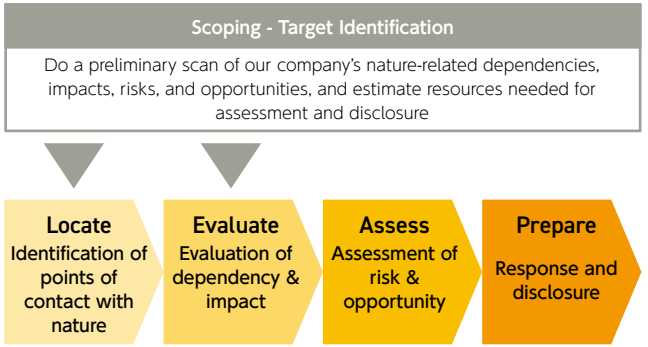
The impact of resources such as biodiversity and water varies by region, and so we feel we need to adopt a region-specific perspective. We will proceed with information disclosure based on the recommendations of the TNFD. We have begun assessing the impact of our business activities on nature through a process in line with the LEAP approach advocated by the TNFD. The aim is to publish this by the end of FY2025.

– LEAP/TNFD explanation

The LEAP Approach

- Developed by TNFD as an integrated approach for assessing nature-related issues, including points of contact with nature, dependencies on nature, and impacts, risks, and opportunities related to nature.
- In the LEAP approach, following scoping, an organization progresses through the steps of Locate, Evaluate, Assess, and Prepare to build readiness for TNFD disclosures.

● LEAP approach diagram



Diversity & Inclusion

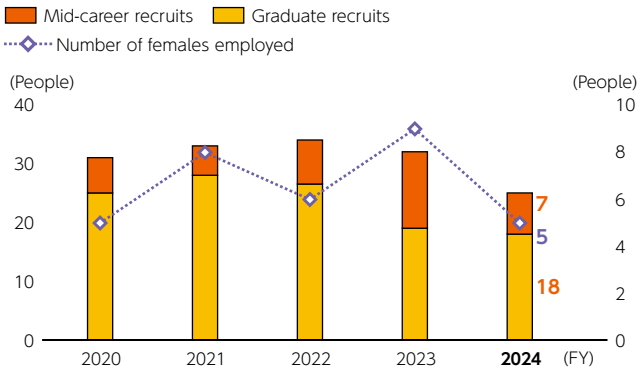
Basic approach

Aichi Steel believes that employees with diverse values, abilities, and experiences fulfilling their potential by accepting and learning from each other will lead to the creation of new value. To this end, we are committed to securing and training human resources and improving our in-house environment.

Mid-career recruitment

In these times of growing uncertainty, we believe that we need more advanced knowledge, diverse experience, and abilities than ever before in order to solve social issues with speed through our business. For this reason, we are focusing on mid-career recruitment, especially in our priority areas such as the DX field and research and development. In FY2024, we hired 7 employees in general positions. (Rate of mid-career recruitment: 28%)

Number of recruits (General technical staff)



Promoting advancement of women

Aichi Steel is committed to creating an environment in which women can choose flexible workstyles to pursue their goals. We support career development through training and other measures, and have adopted systems to help women balance work and life events. These include the Nice Family System, which is centered on childcare and nursing care support systems, as well as flextime system without a core period and working from home system. We are also focusing on awareness initiatives, such as providing e-learning on childcare support systems to all managers, in order to promote understanding in the workplace and among supervisors and make it easier for employees to take childcare leave regardless of their gender. As a result, the percentage of male employees taking childcare leave in FY2024 was 60.4%.

		FY2023	**FY2024**
Rate (and number) of female managers*1		1.3% (5 people)	**1.8% (6 people)**
Rate (and number) of male employees taking childcare leave*2		69.7% (53 people)	**60.4% (52 people)**
Wage difference between male and female employees*1, *3 (%)	All employees	65.4%	**68.0%**
	Full-time employees	68.2%	**70.3%**
	Part-time/temporary employees	62.0%	**65.3%**

*1 Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life

*2 Based on the provisions of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, calculating the percentage of childcare leave, etc. taken under Article 71-4, Item 1.

*3 There are no gender differences in our pay and evaluation systems, and any wage differences between men and women are due to factors such as length of service, the ratio of men to women in manager positions, and the ratio of men to women in different positions at different pay levels.

Senior employee participation

In view of the declining labor force and the need to maintain and improve on-site capabilities, we believe it is important to maximize the performance of our senior employees (aged 60+). We have established a "Nice Senior System" that allows all those who wish to continue to work after retirement age until their pension benefits begin. We are improving work environments and reviewing compensation packages while holding discussions with labor and management to ensure that senior employees can continue to work with a sense of security and a high level of motivation. We also conduct initiatives to help senior employees develop self-sustaining careers, including seminars on such topics as "Ways of Working," "Retirement Benefits and Pensions," and "Health and Diet" for those who have reached the age of 55, as an opportunity for them to rethink their future career plans and the meaning of work. Our post-retirement reemployment rate for FY2024 was 89% (65 out of 73 people).

Expansion of vibrant workplaces for people with disabilities

As well as systematic regular and mid-career hiring, we are taking various steps to enable employees with disabilities to play an active role in a wide range of workplaces, including manufacturing sites and administrative departments. With a focus on work motivation and how well each individual's unique characteristics fit the job description, we determine assignments based on a series of practical workplace training and interviews. We take various measures to fully utilize the potential of each employee even after their assignment, such as appointing a workplace mentor, holding regular meetings with the employee concerned, and providing follow-up support to their workplace. In addition, to eliminate obstacles making it difficult for employees with disabilities to work, we are also committed to expanding the number of workplaces available to them through the introduction of barrier-free facilities, support for career development, and initiatives to raise employees' awareness and improve understanding. With a focus on how well an employee's characteristics fit the job description, we determine assignments based on a series of practical workplace training and interviews.

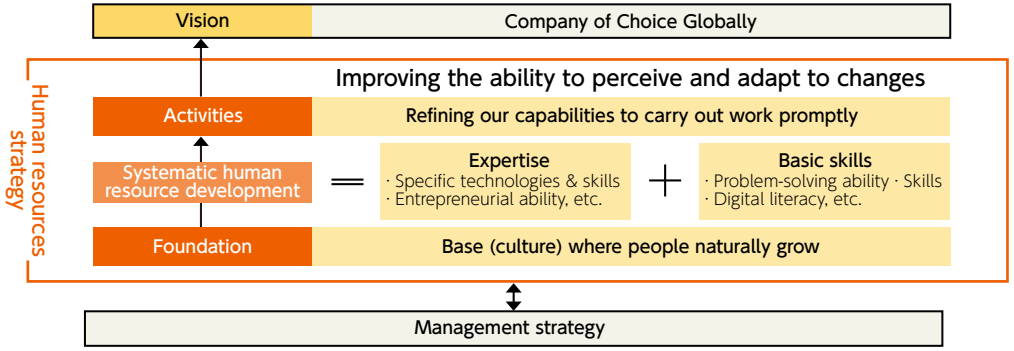
Human Resource Development

Basic approach

Aichi Steel is committed to developing human resources who can improve their basic skills, which are needed in any environment, and their expertise necessary to adapt to changes, and are able to think and act independently, while practicing the Aichi Way, a set of shared values that must be held by all employees of the Aichi Steel Group whose key words are "Sustain," "Appreciate," and "Create."

Strengthening basic skills and expertise

To strengthen the basic skills required for our operations, Aichi Steel is focusing on three areas: problem-solving capabilities, which are the foundation of work, skills for strong workplace capabilities, and digital literacy, which has been newly added. Our basic approach is to acquire problem-solving capabilities and skills through on-the-job training based on Genchi-Genbutsu (on-site experience) and to enhance their effectiveness through off-the-job training (group education, training, etc.) We provide digital literacy education mainly through e-Learning, with a menu of educational programs according to the proficiency level of each individual, thereby efficiently improving their skills. In addition, to support self-development efforts, we provide correspondence courses, study assistance, and certification incentive programs to strengthen expertise.



Efforts to develop human resources for executives

We are engaged in ongoing and systematic training to acquire new management personnel. To increase the self-awareness of the candidates, managing executive officers themselves serve as instructors, and the content focuses on mindset. In addition to equipping them with management and leadership skills that enable them to see and think from a companywide perspective and to create management ideas, we also hone their boldness, vision, sense of speed, and other qualities necessary for assuming higher responsibilities.

On-the-job and off-the-job training

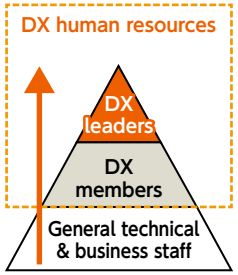
We actively and systematically implement on-the-job training, based on the belief that experience and learning through "Genchi-Genbutsu" (on-site experience) are essential for human resource development. We have established a system in which each employee reviews their future career plan and regularly discusses with their superior their work assignments and goals for acquiring the skills and knowledge necessary to realize the plan and for developing competencies. Efforts are also made to enhance the effectiveness of our various training programs, such as managers and supervisors instructing junior employees to achieve a synergistic effect between on-the-job and off-the-job training, and top management giving talks on their own experiences to raise participants' motivation.

Digital literacy education

To maintain and improve competitiveness, we recognize that in addition to initiatives at manufacturing sites such as smart factories, we need to promote DX to transform our operations, organization, and corporate culture, and we are working to strengthen the development of our DX human resources. We are speeding up our development of DX leaders by conducting basic digital literacy education, and by determining the DX level of every employee through a DX assessment and using it to build a future education system. We are also working to promote DX companywide by holding events such as a Hands-on DX Exhibition, a Generative AI Application Contest, and on-site Copilot training sessions.

● DX human resource targets

	DX level required	Cumulative through FY2024	Targets for 2026
DX leaders	Have the ability to lead digital human resources to promote DX	**47 people**	125 people
DX members	Possess digital technology and have the ability to promote operational transformation	**143 people**	515 people
General technical & business staff	Have the ability to use digital technology to promote operations	**N/A**	900 people



Initiatives to Respect Human Rights

Basic Approach

Respect for human rights in business has become increasingly important in recent years as we work toward achieving a sustainable society. Amid strong expectations for companies to conduct business with consideration for human rights, Aichi Steel is working to earn society's trust and be continually chosen by society at large by sincerely engaging with each of our stakeholders, including through activities that contribute to employee well-being, and by respecting the human rights of all people involved in our business operations.

Human rights policy

The Aichi Steel Group Human Rights Policy was established in March 2023 to define people-oriented management, including the company's common values, the Aichi Way, and to promote understanding and raise awareness both internally and externally. Based on the United Nations Guiding Principles on Business and Human Rights (UNGP), this policy is positioned as the highest level of human rights policy that all officers and employees of our group should comply with. Our suppliers and other business partners have also expressed their understanding and support for it.

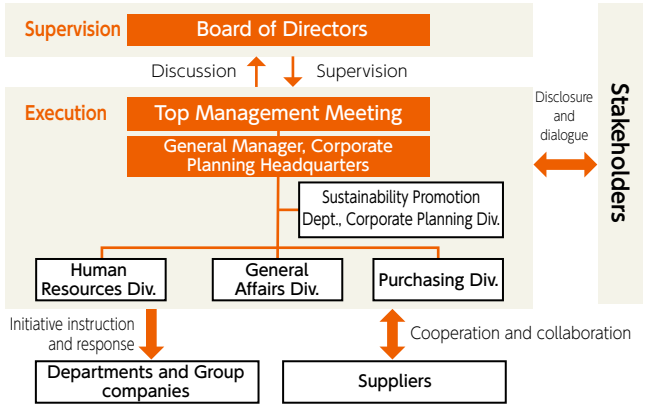
For more information on our Human Rights Policy, visit:

https://www.aichi-steel.co.jp/sustainability/policy_humanrights.pdf

Promotion structure

With the General Manager of the Corporate Planning Headquarters in overall charge and the Sustainability Promotion Department of Corporate Planning Headquarters as secretariat, the Human Resources Division, General Affairs Division, Purchasing Division, and other related divisions have collaborated to formulate action plans, share initiatives between divisions, and share and discuss social trends regarding human rights. They then report the details of these activities to the Top Management Meeting as appropriate. The Board of Directors monitor and supervise by receiving reports.

Promotion structure chart



Roles of each division

Divisions	Roles
Human Resources Div.	· Human rights awareness and education, etc. · Support for participation of diverse human resources, etc.
General Affairs Div.	· Development and operation of the grievance mechanisms
Purchasing Div.	· Human rights due diligence (Suppliers) · Collaborative and cooperative activities with suppliers
Sustainability Promotion Dept., Corporate Planning Div.	· Human rights due diligence (in-house and Group companies) · Planning and management of human rights respect initiatives · Information disclosure

Roles of each meeting

Meetings	Composition	Respect for human rights roles
Board of Directors	Chair: Chairman Outside Directors (2), Inside Directors (4)	· Discuss formulation and revision of human rights policy · Receive and supervise reports from the executive on status of initiatives to respect human rights, etc.
Top Management Meeting	Chair: President Chairman, Executive Vice Presidents, In-house Company Presidents, General Managers	· Discuss policy and action plans related to respect for human rights - Corporate action guidelines, procurement policies, etc. - Human rights issue evaluation/identification and prevention/mitigation measures, etc.

Employee awareness and understanding

Based on our human rights policy, we actively conduct awareness-raising and dissemination activities aimed at realizing "people-oriented management." In FY2024, our existing tiered human rights education, already conducted domestically, was expanded to our overseas group companies, promoting the practice of human-rights-respecting behavior across the entire group. In addition, through the annual Compliance Awareness Survey, we monitor employees' understanding and engagement while continuing our awareness-raising activities.

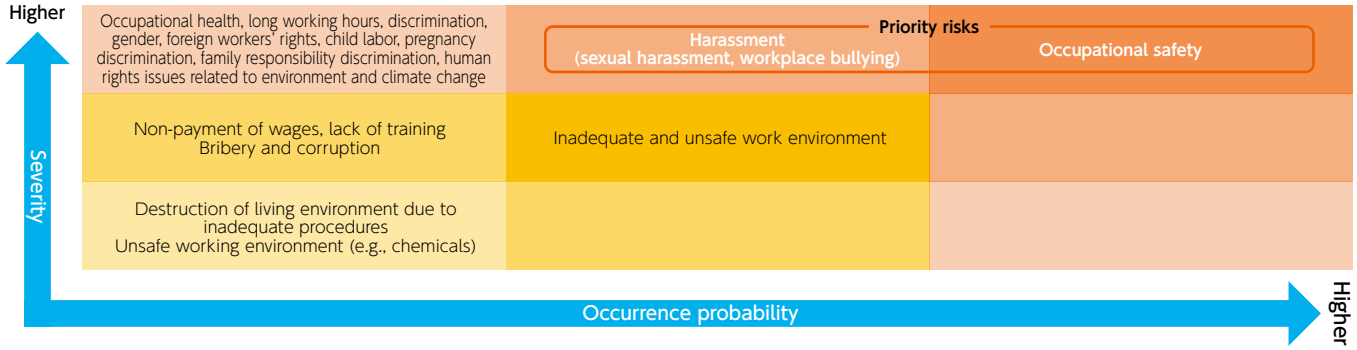
Human rights due diligence

To address human rights risks arising from our business activities, we mapped the human rights risks of the Aichi Steel Group based on information collected from domestic group companies, key business partners, and internal sources, then identified key issues and determined prevention and mitigation measures. In FY2025, we are implementing these measures and evaluating their effectiveness, working to reduce human rights risks throughout the supply chain.

Establishment of consultation desks

We have established a whistle-blowing system, an in-house hotline, and a human rights inquiry desk accessible to everyone. In FY2024, we clarified the responsible departments and procedures for handling each type of consultation. We have also set up a grievance mechanism for a wide range of stakeholders, including providing information to eligible employees about JP-MIRAI Assist, a consultation service available at Toyota Group companies for foreign workers. In FY2025, activities are underway to further improve the effectiveness of these consultation desks.

Major opportunities for dialogue with stakeholders



Roadmap for human rights initiatives

Elements of human rights due diligence		FY2023	FY2024	FY2025 and onward
1. Develop, operate, and improve structures for implementation		Reporting to companywide meetings and Board of Directors		
		Operation and improvement of internal promotion structures		
2. Raise awareness and understanding of human rights, and conduct education and training	In-house	Policy dissemination and briefing	Reflection in position-specific education	Revision of content as required
	Aichi Steel Group	Revision of Aichi Steel Group's Action Guidelines		Activities to raise awareness and understanding of the guidebook
		Policy dissemination and briefing to Group companies		Human rights training at Group companies (policy, guidebook, etc.)
	Suppliers	Formulation of supplier guidelines	Activities to raise awareness and understanding of the guidelines	Collaborative activities through dialogue with suppliers, etc.
3. Identify and evaluate human rights risks, and implement prevention, mitigation, and correction measures	In-house/In-group	Identification of human rights risks in supply chains	Investigation and evaluation within the Group	Implementation, monitoring, and additional investigation of prevention, mitigation, and correction measures according to results of the evaluation / Continuation and improvement
	Suppliers		Investigation and evaluation of suppliers	Implementation, monitoring, and additional investigation of prevention, mitigation, and correction measures according to results of the evaluation
	Stakeholders	Information disclosure and enhancement through website and Integrated Report		
		Dialogue with stakeholders		
4. Develop grievance mechanisms	Aichi Steel Group	Confirmation and consideration of the status of the implementation of grievance mechanisms Improvement of human rights understanding among consultation contact point staff		Evaluation and improvement to improve usability and trustworthiness
	External		Consideration of expanding contact points for suppliers, or establishing an external whistle-blowing system	Consideration of raising awareness and improving usability for non-Japanese users Consideration of raising awareness and improving usability overseas

Health

Basic approach

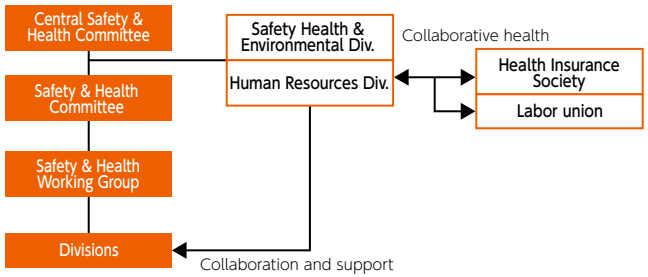
Since its foundation, Aichi Steel has practiced people-oriented management. This is management that realizes "valuable living" and "happiness for employees and their families," with employees leading healthy and active lives both mentally and physically, thereby providing value to society. We position "employee health and safety" as a priority issue, striving to maintain and promote mental and physical health, and promoting the creation of a people-friendly workplace.

Implementation of health and productivity management

Aichi Steel believes that efforts to maintain and improve employee health bring a range of benefits, including vitality and productivity improvements for the organization. Based on this belief, we are committed to implementing health and productivity management for sustainable growth. In our Medium-term Management Plan, we have established quantitative targets for health, and are working on continuous improvement through a PDCA cycle. With mental health and the prevention of lifestyle-related diseases as our priority issues, we are working to enhance various measures by promoting collaborative health*, a cooperative effort among the company, health insurance society, and labor union. In recognition of these initiatives, we were recognized for the eighth consecutive year in 2025 as a Certified Health & Productivity Management Outstanding Organization.

*Efficient and effective implementation of disease prevention and health promotion for insured individuals through active collaboration between the insurer and the business with clearly assigned roles and favorable workplace environments

Organization chart



Health management indicators

Item		FY2022	FY2023	FY2024
Productivity loss due to presenteeism* (%) *SPQ: Single-Item Presenteeism Question, University of Tokyo, single item version		21.6%	14.2%	**14.8%**
Regular Health Checkup Participation Rate		100%	100%	**100%**
Stress Check Participation Rate		99.4%	99.5%	**98.5%**
Health Checkup Questionnaire Results (smoking and exercise rates, etc.)	Adequate weight (BMI 18.5~24.9)	65.2%	63.8%	**61.6%**
	Eat breakfast every day	79.6%	80.7%	**80.6%**
	Non-smoker	68.9%	70.2%	**71.3%**
	30+ minutes of exercise per day, at least once a week	38.1%	38.9%	**41.0%**
Stress Check Results (Rate of high-stress individuals, etc.)		7.9%	8.6%	**8.6%**

Prevention of lifestyle-related diseases

With the aim of improving lifestyle habits for better health, Aichi Steel is promoting its "Health Challenge 8" initiative to raise employees' health awareness and encourage behavioral changes. To promote healthy habits in the eight categories of body weight, breakfast, alcohol, snacking, smoking, exercise, sleep, and stress, we are providing healthy meals in the company cafeteria, holding vegetable intake visualization events, organizing inter-workplace walking competitions, and expanding the variety of specialized exercise classes, among other initiatives that allow employees and workplaces to engage in health and fitness building while having fun. Furthermore, in May 2024, we introduced a total smoking ban on company premises to prevent passive smoking. Combined with our existing support for smoking cessation, we are vigorously engaged in promoting employee health.


Yoga class for vitality and fitness

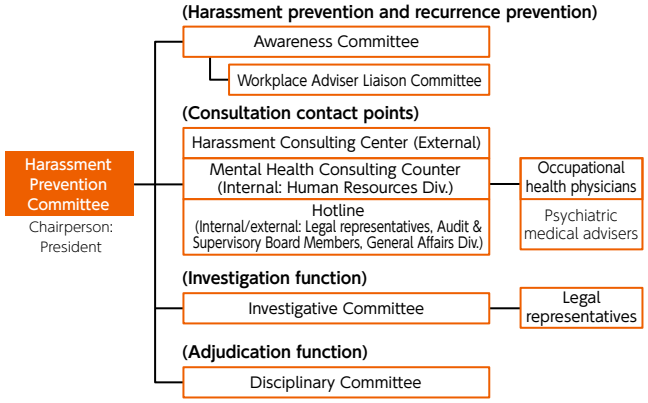
Mental health

Aichi Steel is working to prevent the occurrence of mental health issues and ensure their early detection and care by establishing a Mental Health Consulting Counter, providing education to both regular employees and supervisors, and providing consultations with a psychiatric medical adviser for employees with mental health issues. In addition, we conduct stress checks once a year for all employees, and promote mental health by providing care for high-stress individuals and high-risk workplaces.

Harassment

This is not only an assault on personal dignity and a disturbance in the workplace, but also a problem that severely impacts business management. This is why labor and management are working together to create harassment-free workplaces. We have established the Aichi Steel Harassment Prevention Guidelines, which stipulate harassment prevention measures and other matters for the company and employees to observe, and provide education to all executive officers and employees. We have also established dedicated consultation contact points internally and externally to address harassment issues, and we are allocating consultants in each workplace to systematically suppress harassment while achieving early detection and resolution. In FY2024, we received 14 consultation requests and reports. These are promptly examined and fact-checked by the Investigative Committee, which is comprised of members from both labor and management, and efforts are made to prevent recurrence, including strict action and education for supervisors.

Organization chart



Safety

Basic approach

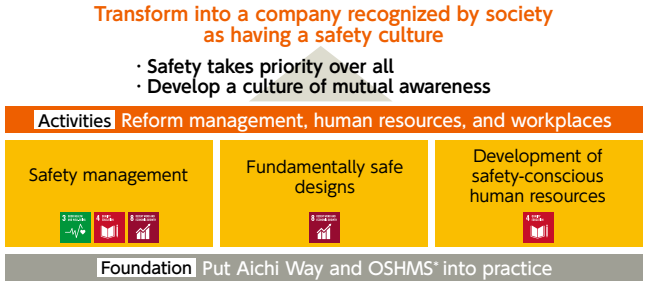
The Aichi Steel Group recognizes that safety takes priority over all. In accordance with our Basic Philosophy for Safety and Health, we aim to create a safe and secure work environment for everyone working on our premises, and to transform into a company with a safety culture.

Basic Philosophy for Safety and Health

Safe work, Reliable work, Skilled work. Safe work is "the gate" to all work. Let us pass through this gate.

Activity policy

To achieve "zero accidents", the Aichi Steel Group is developing safety activities based on the three pillars of safety management, fundamentally safe designs, and the development of safety-conscious human resources.

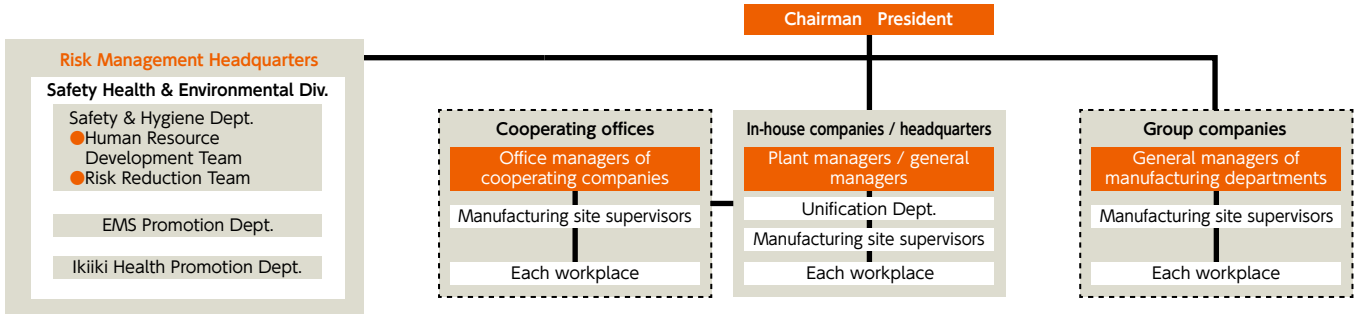


*Abbreviation for Occupational Safety and Health Management System

Promotion structure

Recognizing that safety and quality are the foundation for creating added value, we promote companywide activities with the Risk Management Headquarters as the overall driving force. The Safety, Health & Environment Division plays a central role in safety, and based on the belief that all accidents and injuries can be eliminated, it strives to create a safe and healthy work environment for all employees on our premises by sharing companywide policies with our in-house companies, headquarters, Group companies, and cooperating companies.

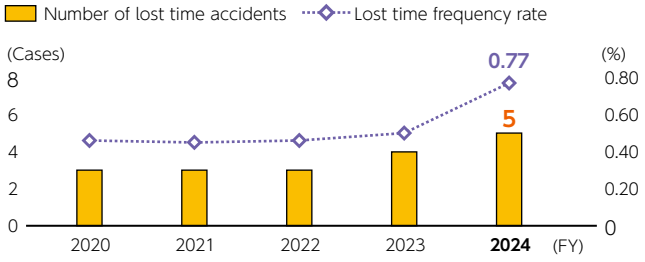
● Promotion structure chart



Prevention of occupational accidents

We conduct risk assessments aimed at eliminating occupational accidents. Especially for high-risk work that could lead to significant or serious accidents, we strive to prevent accidents by systematically implementing improvements through fundamentally safety measures that eliminate the causes and reduce the risks. For all occupational accidents, we work to prevent recurrence by clarifying the true cause, including the context, and informing the group and cooperating companies of the accident.

● Number of lost time accidents and lost time frequency rate



Initiatives for FY2024

– Safety management

- Management safety inspection meeting
  To accelerate safety initiatives, management goes to problem workplaces to understand issues first-hand through Genchi-Genbutsu (on-site experience).
- Proactive prevention activities through Genchi-Genbutsu
  Dedicated safety time is set aside for management supervisors to verify safety on site, where they focus exclusively on safety and engage in activities to identify workers' concerns.


Safety check during dedicated safety time


Management safety inspection meeting

– Fundamentally safe designs

- Reduction of high risk through risk assessment
  We improve high-risk operations and equipment identified through risk assessments to make them safer and to promote accident prevention.
- Introduction of equipment eliminating hazards and harmful factors
  When installing new equipment or modifying existing equipment, we separate people from hazard sources from the planning and design stages to make it fundamentally safe and reduce risk.

– Development of safety-conscious human resources

- Safety key personnel training
  Since 1995, we have conducted specialized occupational safety and health training to develop capable personnel who form the core of workplace safety and health activities, working to raise the overall level in safety and health management.
- Training and drills
  We have established an Anzen Dojo venue where employees can learn and experience the risk of occupational accidents at work using actual equipment and VR, as well as a Skill Competition where they can review, refine, and raise the level of their safety awareness and technical skills. We also hold joint disaster drills with the Tokai City Fire Department, simulating scenarios such as fires and explosions as part of our efforts to prevent industrial and occupational accidents.


Safety key personnel training session


Anzen Dojo


Forklift operation at skills competition


Joint disaster drill

– Occupational health

- Heat environment improvement

We have improved working conditions by conducting risk assessments in response to recent climate change and strengthening heat countermeasures.


Heat countermeasure (Spot cooling areas)


Heat countermeasure (evaporative cooling equipment)


Heat countermeasure (cool air circulation in buildings)

Stakeholder relations

Basic approach

Aichi Steel conducts its business activities through relationships with various stakeholders, so building positive relationships with those stakeholders is important for improving our corporate value. Through proactive dialogue with stakeholders, we are able to incorporate the needs of society and expectations for us into our business activities, and encourage them to feel a sense of closeness with Aichi Steel. In this way, we are able to grow alongside all of our stakeholders, including customers, shareholders and investors, employees, suppliers, and local communities.

Promoting dialogue with employees

Under the principle of "people-oriented management," we create an environment in which each and every employee can feel secure and demonstrate their full potential, as we aim to provide value to society and achieve sustainable growth. To achieve high employee engagement, which is a source of value creation, we are promoting the development of rewarding workplaces and the evolution of our human resource system through continuous dialogue.

Built on mutual trust between labor and management, we hold labor-management meetings twice a year at the in-house company and headquarters levels to accelerate the pace of change through frank discussions to resolve issues that are relevant to the workplace. We continuously carry out initiatives that reflect employee feedback, such as identifying and rectifying issues from morale survey results, improving workplace conditions, and enhancing welfare benefits.

Specifically, through measures such as subsidizing workplace trips and social gatherings, and rebuilding dormitories for single employees, we aim to create a workplace where diversity is respected, openness is encouraged, and everyone can feel comfortable and gain a sense of fulfillment.

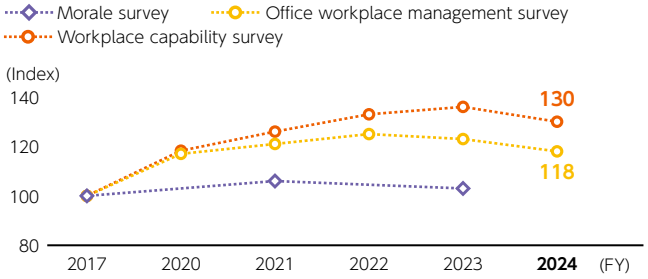
● Initiatives and achievements for each stakeholder

Stakeholders	Initiatives to promote dialogue	FY2024 results
Customers	● Customer service desk: Improvement by responding to customer comments and providing feedback internally	Number of inquiries **1,561**
Shareholders and investors	● General Meeting of Shareholders: Business reports, discussions and resolutions on financial matters, Q&A with shareholders ● Dialogue with investors: Through briefings on financial statements and future strategy, individual talks, etc.	Number of dialogues with institutional investors (total) **45**
Employees	● Regular meetings of the Labor-Management Committee: Mutual understanding, discussion and negotiation, and exchange of views between labor and management ● Various awareness surveys: Surveys on organizational and workplace culture, working lives, etc.	Number of labor-management roundtables and conferences **22**
Suppliers	● Suppliers convention: Sharing of procurement policy, mutual learning opportunities, strengthening of partnerships	Number of participating companies **126**
Local communities	● Collaboration and volunteer activities with NPOs, etc.: Communication through active participation in social contribution and community volunteer activities ● Collaboration with industry groups: Proposals on common industry issues and facilitation of information sharing through the Japan Iron and Steel Federation, etc.	Employee participation rate in social contribution activities **80%**

– Initiatives to improve engagement

Aichi Steel conducts an annual engagement survey of all employees. Based on the results of the analysis from various perspectives, such as motivation toward work, sense of growth through work, support from superiors, and workplace culture, we are working to develop various personnel measures and improve management in each workplace. In FY2023, we revamped the survey with the goal of deepening our analysis and clarifying issues for each workplace. We launched a new leadership training program in FY2024, incorporating responses to issues identified through the survey and enabling continuous improvement of workplace culture. Going forward, we are enhancing engagement by verifying the results of these efforts and addressing additional issues.

● Changes in engagement evaluation



*Index taking FY2017 as 100

Morale survey	Survey of employee attitudes toward company management and policies, work motivation, etc. (once every two years)
Office workplace management survey	Survey of attitudes of general workers to workplace management, relationships with supervisors and co-workers, etc. (once a year)
Workplace capability survey	Survey of attitudes of skilled workers to workplace management, relationships with supervisors and co-workers, etc. (once a year)

Strengthening partnerships with suppliers

Superior raw materials, parts, and technologies supplied by our suppliers are essential for manufacturing Aichi Steel's products. Based on our belief that collaboration with suppliers is important in addressing various sustainability issues, we are working to build a relationship of trust with them through close communication, and to establish and strengthen a sustainable supply chain that allows us to grow together and share our achievements.

Every year in April, Aichi Steel holds the Hokokai* General Meeting to explain the business environment and company policies and share information on initiatives and goals regarding safety, compliance, and sustainability. In December 2024, we revised our Partnership Building Declaration to be more specific about coexistence and new partnerships throughout the supply chain, and adherence to fair business practices with subcontractors. It was distributed to all 126 member companies at the April 2025 Hokokai General Meeting to share a common understanding. We also launched new study group activities within the Houkokai in FY2024 to strengthen the entire supply chain, conducting workshops on the Subcontractor Act in July that year and on the realities of cyberattacks and key countermeasures in December.

*An organization consisting of suppliers aiming for mutual development based on partnership and mutual trust with Aichi Steel

For more information on our Partnership Building Declaration, visit:

https://www.aichi-steel.co.jp/_assets/dl/about/procurement/partnership20241224.pdf

Strengthening relationships with local communities

As a good corporate citizen, we recognize the importance of communicating with local communities through social contribution activities and so on, and are engaged with them in co-creation activities. Specifically, we are developing activities based on the four pillars: clean, green, creative, and volunteer support. Such activities not only strengthen our relationships with local communities, but also help develop a social issue solving mindset among employees and provide feedback on our business activities. We will continue working actively toward the realization of a sustainable local community, to which every one of our employees can make a contribution.

– Clean

- Cleanup activities conducted on Clean AICHI STEEL Day in areas surrounding domestic and overseas business sites



– Green

- Flowerbed maintenance conducted in front of Jurakuen Station to improve the area's appearance


– Creative

- Hands-on classes and plant tours for elementary school students held at the Tokai City Monozukuri Dojo


– Volunteer support

- Operation of the Aichi Steel Volunteer Fund, which uses employee donations to contribute to local welfare facilities (We have also established a Matching Gift Program under which the company contributes the same amount)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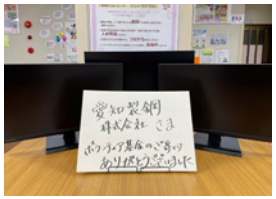
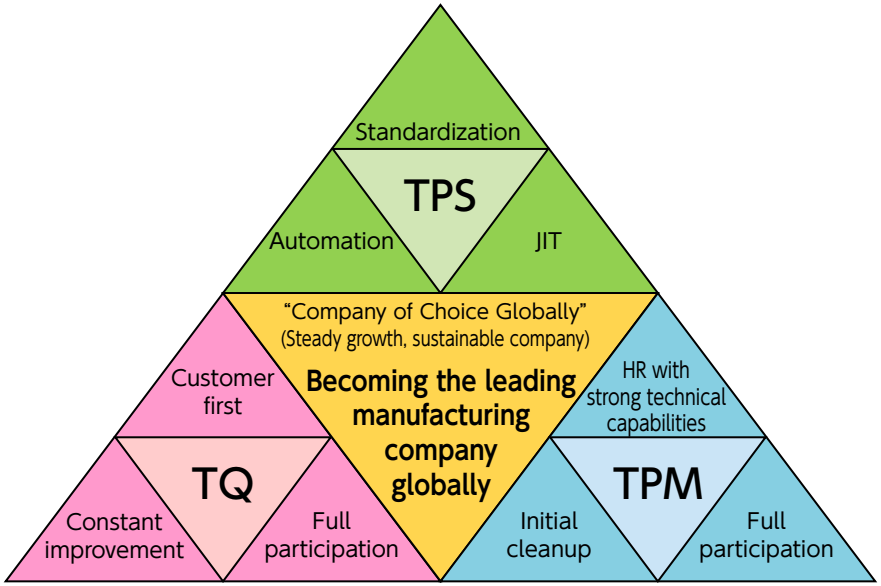



Quality and Production

Basic approach

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. We have continued to provide our customers with highly functional and high-quality materials and parts with high strength, durability, and machinability, which are indispensable in the automotive and other industries. This stable supply of high-quality, low-cost products has been supported by the implementation of quality management and the evolution of manufacturing capabilities through the Toyota Production System (TPS), Total Quality Management (TQM), and Total Productive Maintenance (TPM). Using this as a foundation, we are working to build production systems that are resilient to changes as we face increasing uncertainty, including geopolitical risks and sharp price fluctuations.



TPS activities

Aichi Steel is striving to improve its efficient manufacturing capabilities by promoting cost reduction through thorough elimination of waste based on the two pillars of TPS: just in time (JIT) and automation. The in-house companies systematically address improvement themes for cost reduction identified from the perspective of TPS, and their results are shared companywide through a TPS convention held at the end of the fiscal year.

We have established a TPS trainee system to implement TPS, where we focus on human resource development. We train personnel selected as TPS promotion leaders through classroom lectures as well as practical learning, including case studies, in order to effectively apply TPS methods in the workplace. Also, to facilitate the smooth introduction of TPS to our production sites, we are promoting the acquisition of TPS methods appropriate to the role of each employee by providing a wider range of level-based training. With these two activities, cost reduction and human resource development, we are building flexible production systems that are resilient to change.

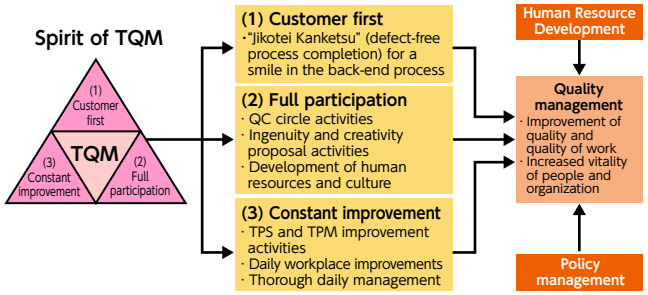
TPS Convention


Renewing TPS education into hands-on format

TQM activities

Implementation of quality management based on TQM

Based on the fundamental TQM principles of "customer first," "full participation," and "constant improvement," the Aichi Steel Group is engaged in TQM activities to implement quality management. This is done by "improving the quality of products and work" and "increasing the vitality of people and the organization."



To consistently meet quality requirements

The automotive industry is undergoing a once-in-a-century transformation, and its quality requirements are also changing. We are always trying to maintain and strengthen our competitiveness by delivering the level of quality that is required. One such initiative involves developing experts in technologies such as IoT, big data, and AI through the Toyota Group Machine Learning Practice Dojo. So far, we have trained 2 Shihan* (master instructors) and 3 Shihan-dai* (assistant instructors).

*Shihan (Master Instructor): Top talent in Toyota Group
Shihan-dai (Assistant Instructor): Associate top talent in Toyota Group

QC circle activities with full participation

Aichi Steel is working to establish and expand our QC circle activities as a means of improving operations in workplaces. We are working to develop human resources and revitalize our organization through consistent team efforts to identify problems, clarify issues, and formulate and implement countermeasures. In FY2024, 167 circles conducted activities, and 11 cases received external awards. For ingenuity and creativity proposal activities by individuals*, we set a target of at least one proposal per month, and all employees achieved the target throughout the year. As a result of these efforts, in FY2024 we received four awards from the Minister of Education, Culture, Sports, Science and Technology.

*Activities to encourage and evaluate employees' suggestions on how to improve the efficiency and quality of daily operations. Rewards are given based on the size of the effect, the number of proposals per year, and other factors in order to increase employees' motivation.

Winners of the Excellence Case Study Award at the National Convention Forging Plant's Driving & Engine Sect. (name at the time of the award) "good-ness II" Circle

Winners of the 2024 MEXT Minister's Award

TPM activities

We are committed to TPM activities to ensure efficient production of high-quality products. Based on the three key concepts of "full participation," "initial cleanup," and "HR with strong technical capabilities," we aim to transform people's behavior and on-site facilities to achieve zero breakdowns and zero defects by analyzing, addressing, and improving production facilities before breakdowns occur.

With operator self-maintenance as the most important activity, we have set quantitative targets for activities such as three zeros in equipment failure, quality defects, and occupational accidents, and productivity improvement through the reduction of production losses.

In FY2024, the number of Level 1 Certified Autonomous Maintenance Technicians reached 360, an increase of 91 from the previous year (certification rate: 31.1%). We have achieved steady results, including a 27.0% reduction in total facility failures (compared to FY2021.) To further promote and strengthen our TPM activities, we will work on improving quality and maintaining an efficient production system, such as by using DX for data analysis and visualization.

AICHI-style TPM Gold Award Model development

This model is for enhancing autonomous maintenance activities by utilizing DX and karakuri mechanisms, with a focus on Genryou Management* and utilization of aging facilities. Activities began in FY2023, and in FY2024, the binding machine in the Hagane Company's Steel Bar Rolling Section, and Line 31A of the Kitaeru Company's 3rd Forging Production Sect. received Gold Awards.

*Genryou Management (managing with limited order quantity) Management that achieves efficient production with limited personnel and equipment, lowering the break-even point and building a profitable business structure.

Improvement themes (QC circle)

Topics	Composition
Labor-saving	Improvement of single-person productivity per day, consolidation of equipment
Shortening of lead time	Reduction of production lot sizes, streamlining of production
Enhancement of production potential	Reduction of downtime, improvement of specific consumption
Reduction of man-hours	Reduction of downtime, shortening of MCT*

*Time required to machine and assemble a single part(Machine Cycle Time)

BCP (Business Continuity Plan)

Basic approach

The business environment is significantly changing and diversifying due to climate change, tension in international affairs, and other issues impacting business activities, as well as social instability caused by growing inequality. These social and environmental challenges are having a major impact on companies' value creation and business models. Faced with this situation, we have made risk management one of our top management priorities, and are working to minimize risks by enhancing and strengthening our controls. We classify potential impacts on business management as either "risks" (matters yet to materialize) or "crises" (emergencies that have materialized). We then focus on preventive measures that eliminate risks before they become crises, and on prompt and accurate initial and recovery responses that minimize damage in the event of a crisis occurring.

Specific initiatives

1. Reassessing major risks and studying

Having acquired IATF 16949* certification in FY2022, we have begun to reevaluate our major risks and to improve our response when disasters and other events occur, with the aim of strengthening our resilience to such events. As part of this effort, we began re-examining our company-wide business continuity plan (BCP) in FY2023. Assuming a situation in which operations are suspended for one month or more, we analyze and assess the specific impact on our business, then plan and implement necessary measures focusing on prevention, recovery, and alternative production.

*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

2. Disaster preparedness

(1) Response to Nankai Trough Earthquake Extra Information

Following the release of the first-ever Nankai Trough Earthquake Extra Information (Major Earthquake Advisory) in August 2024, we implemented response measures in accordance with our emergency response manual for major earthquakes. We have since identified areas for improvement, such as information dissemination, and are revising the manual to make the content more effective.

(2) Strengthening disaster information gathering capabilities

We have introduced a system that can centrally collect critical information necessary during a disaster from sources such as weather data, road/river cameras, and social media, using AI and fact-checking (distinguishing authentic information from misinformation and disinformation within large volumes of data). We will continue to improve our disaster assessment capabilities and accelerate our emergency decision-making.

(3) Disaster drills

We conduct companywide disaster drills twice a year. In May of FY2024, we conducted joint training with the Tokai City Fire Department at Chita Electronic Plant on initial response measures, prevention of spread, and rescue and first aid for injured employees in the event of a chemical leak. Additionally, in November we held an initial response drill assuming the immediate aftermath of a Nankai Trough earthquake. We simulated the division of roles, information gathering and consolidation, situational assessment, and provision of recommendations for decision-making, all necessary during an initial response. This allowed us to check our communication procedures during a disaster, which tend to be delayed during the critical initial response phase.

Joint firefighting drill with Tokai City Fire Department
Chita Electronic Plant

Tabletop simulation of a Nankai Trough earthquake

Strengthening of risk response

In order to cope more swiftly with an increasingly uncertain and complex business environment, we are verifying the effectiveness of measures to address emerging risks. We are gathering information about possible future risks more extensively and on a more global level than in the past.

Our functional divisions used to take the lead in addressing risks, but from now on, we will strengthen cooperation with our business divisions so that we can recognize risks more accurately than ever before and develop mechanisms to respond to them appropriately. By continuing to strengthen our risk response capabilities and reduce loss when risks materialize, we are striving to sustainably improve corporate value. In response to the release of the "Nankai Trough Earthquake Impact Assessment Report (Revised Version)" in March 2025, we will examine additional measures such as (1) reducing direct damage, (2) prioritizing human life and safeguarding livelihoods, and (3) early recovery.

Compliance/Information Security

Basic approach to compliance

Based on the recognition that compliance is the foundation of our corporate activities, we established the Aichi Steel Group Action Guidelines which we are working to spread and put into practice among all our officers and employees. In addition to laws and regulations, we also comply with social norms and decency, and internal company rules. To this end, we are constantly striving to raise awareness of compliance, meet society's expectations, and fulfill our social responsibilities as a company.

Promotion structure

To maintain and strengthen compliance levels across the Group as a whole, we conduct progress reviews at the Top Management Meeting chaired by the president. This system enables us to share, with all employees, the determined initiative policies and activity plans via the persons in charge of compliance in each division and domestic group company, and to reflect them in activities being conducted in each workplace. Group companies engage in compliance activities by establishing promotion structures suited to their own size and circumstances. The Compliance Liaison Meeting also convenes four times a year to share things like revisions to laws and regulations and points of concern regarding legal compliance, and to promote Groupwide compliance activities.

● Organization chart

Specific initiatives

– Whistle-blowing system

We have established a whistle-blowing system to promote early detection of violations of laws and regulations, and misconduct, within the company and to self-govern through appropriate measures. Called the Aichi Steel Compliance Hotline, we have established three contact points operated by external legal representatives, internal Audit & Supervisory Board members, and the General Affairs Division. Reported information is shared among the three contact points, and appropriate measures are taken to ensure privacy protection and to prevent disadvantageous treatment. In FY2024, 28 cases were reported, all of which were investigated, verified, and dealt with in an appropriate and timely manner in cooperation with the relevant internal and external parties.

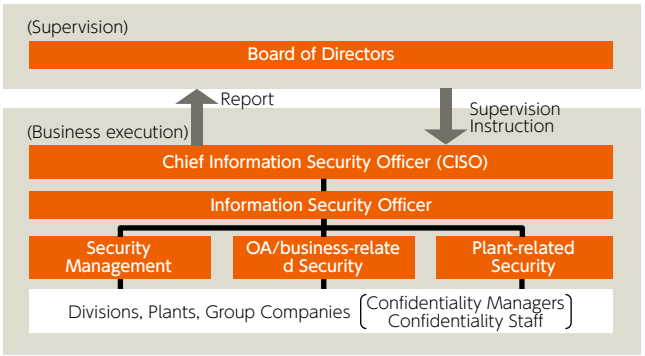
Basic approach to information security

We possess important information assets, including information entrusted to us by our customers and suppliers, as well as trade secrets held by us. Amid recent advances in the networking of remote operations and plant equipment, it is our corporate responsibility to protect information assets from annually increasing cyber attacks and other threats, as well as information leaks, and to ensure a stable supply of products. We also recognize that this is an important management issue, and are committed to taking information security measures.

Promotion structure

Based on automotive industry cybersecurity guidelines and led by a Chief Information Security Officer (CISO), we have established a system that enables us to maintain and improve our information security on a systematic and ongoing basis groupwide, while ensuring a uniform level of security globally. The CISO oversees our group's overall information security and information asset protection, and individual organizations are responsible for planning, promotion, auditing, and support. Twice a year, the Board of Directors receives progress, issue, and other reports from the CISO as part of its supervisory function.

● Organization chart



Outside Directors' Dialogue

Confronting Change and Supporting the Challenges of a New Future

Outside Director
Yuko Arai

Outside Director
Koichi Yasui

Flexible business development responsive to change

Yasui When considering our sustainable growth, the most important themes are addressing carbon neutrality and electrification. The decline of internal combustion engines due to the shift to electrification has also directly impacted our business in the mobility sector, which is centered on forged products. Furthermore, green energy is often accompanied by increased costs, and which non-fossil energy sources survive will depend on their cost competitiveness. That is why I believe we need to prepare for a variety of options, including hydrogen.

Arai Regarding hydrogen, we started demonstration tests of hydrogen combustion technology at Kariya Plant in July 2024. While this initiative is aimed at developing heat treatment technology for steel material, it has the potential for broader applications in the future, including power generation, and I expect it to become a strength for the Toyota Group.

Yasui As we proceed with replacing aging equipment, we are working to increase the effectiveness of energy conservation and CO_2 reduction. However, the various measures set out in our Medium-term Management Plan cannot remain just plans, but must be translated into real action, executed reliably, and show progress with measurable results.

Arai With regard to the Medium-term Management Plan, we need to firmly maintain our core businesses based on the trust and contributions we have built over the years. For new businesses, however, our development speed cannot yet be considered adequate. Cross-departmental collaboration is essential for product development, and I believe we should also consider creating cross-departmental organizations if needed.

Yasui As for our core businesses, I foresee a certain level of demand continuing, due to growing automobile demand from development in emerging economies and the spread of hybrid vehicles in developed countries. Foreign exchange risks and market instability notwithstanding, I believe that business development at our overseas locations, such as capital participation in Vardhman Special Steels in India, is an important theme for our future growth. In Japan as well, we are making steady progress with the replacement of production lines, and I consider it vital to continue implementing these initiatives as planned.

Arai In overseas markets, it is not just about expanding sales channels, but of responding swiftly and flexibly to the specific needs of each country and region, such as specifications and pricing. Since these initiatives necessitate strengthened governance and preparedness for business risks, we will continuously verify and monitor whether we have adequate systems and mechanisms in place.

Board effectiveness and market evaluation of the company

Yasui Regarding the Board of Directors, its small size and appropriate participation by business executive leaders enable practical, business-focused discussions and timely deliberation on important topics that arise. However, I do feel there is a lack of discussion on medium- to long-term management direction and strategy. So we need to find ways to foster deeper discussions there. As for executive compensation and personnel matters, we need to make improvements by reviewing past practices and focusing on future challenges aimed at enhancing

the effectiveness of our decision-making processes and succession planning.

Arai What I find impressive is the quick response when I express an opinion. There is a strong sense of urgency, and the action taken in response to a proposal is swift. I also feel that preliminary briefings have improved compared to before, in terms of both frequency and content of information provided.
That said, regarding diversity promotion, although I have been offering recommendations on supporting women's careers for some time, there has been a lack of substantive discussion at Board level. While I believe initiatives are being implemented internally, I feel we need more active Board discussions and clearer communication of our progress and challenges to the outside world.

Yasui With respect to how the market evaluates us, PBR serves as an important indicator. Asset structures differ depending on the industry, but because the steel industry requires large-scale facilities, our PBR has remained consistently low.
Our current Medium-term Management Plan reflects this, having been updated following discussions at the Board of Directors. To be able to continue increasing our market value going forward, I believe it is crucial that we monitor management strategy from both operational and financial angles with a medium- to long-term view.

Paying attention to our employees fosters engagement

Yasui As for human capital management, I value the fact that "safety" is the first item addressed in the Board's regular reports. That said, I see cases where the focus is on reactive measures after an incident occurs, rather than on preventative measures to prevent any kind of recurrence. We should devote adequate time and resources to build a robust risk management system. With this in mind, at a recent Board of Directors meeting, I discussed and offered recommendations on the importance of safety measures, citing a serious incident I witnessed at another company. I believe that advancing each of these initiatives and practicing "people-oriented management" will lead to greater employee engagement.

Arai I too consider employee engagement to be a very important indicator. Especially in terms of diversity, I feel the steel industry faces more difficulties than other industries when it comes to women's advancement and the hiring of foreign nationals. First and foremost, it is important to manage women, elderly employees, and foreigners who are already working in a fair manner, without the constraints of stereotyping.

Yasui Alongside efforts to achieve numerical targets,

initiatives are needed to ensure effectiveness, such as fostering a climate of mutual acceptance of diverse opinions and values.

Arai That's exactly right. If senior leaders, including managers, take the initiative in embracing diversity and this attitude is conveyed to employees, it will lead to acceptance and empathy, which in turn will create a greater sense of organizational unity and employee engagement.

To our stakeholders

Yasui Going forward, I want to effectively share valuable insights utilizing the expertise I have gained in different industries.

Arai With regard to safe and secure manufacturing, there are some risks and issues that can only be identified with an external perspective like mine. I intend to continue making suggestions based on my experience, and to provide ongoing support to preserve the high level of employee awareness and positive organizational culture.

Corporate Governance

Basic approach

The Aichi Steel Group believes in the importance of realizing a sustainable society through business activities in order to achieve sustainable growth and improve medium- to long-term corporate value. Based on this belief, we work to enhance corporate governance so that we can manage our businesses with a high level of fairness, transparency, and efficiency in accordance with Our Vision, and build strong relationships with our shareholders, investors, customers, and all other stakeholders.

Initiatives for enhancing corporate governance

To sustainably increase our corporate value within a drastically changing business climate, we are striving to enhance our corporate governance based on the recognition that we need to anticipate change and address management issues with a sense of speed. We implement all of the principles of the Corporate Governance Code, which was revised in June 2021, and disclose details such as our sustainability initiatives and our constructive dialogues with shareholders and investors in our Corporate Governance Report. We also conduct management in a way that improves return on capital, including strengthening our intellectual and human capital and reviewing our portfolio.

Corporate governance structure

Aichi Steel uses an Audit & Supervisory Board member system, with a General Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and accounting auditors, to ensure the transparency and health of management. We also use a managing executive officer and executive officer system to reduce the number of directors, and improve the efficiency and speed of business execution. We enhance the function of the Board of Directors and improve its quality of management decision-making by ensuring at least one third of directors are independent outside directors. The Director Remuneration and Personnel Planning Committee is in charge of the nomination and remuneration of directors and managing executive officers. It enhances independence, objectivity, and transparency by considering and discussing these matters before consulting the Board of Directors. To conduct our operations, we have established in-house companies (four virtual companies built around our main businesses) and a Corporate Office (consisting of five headquarters that act as functional axes to support our business operations.) To strengthen compliance, particularly with regard to safety and quality, we have established the Risk Management Headquarters. The president of each in-house company and the headquarters general managers of the Corporate Office are responsible for executing operations as the chief officers. They are appointed by managing executive officers or executive officers, respectively, to support Aichi Steel's president from a companywide perspective.

Changes in corporate governance structure

(FY)

	2015 and earlier	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of officers		25	26	26	25	27	16	14	16	13
Number of directors and percentage of independent outside directors		10 20%	→	6 33%	→	→	→	→	→	→
Number and percentage of female directors		10% 1	→	16% 1	→	→	→	→	→	→
Number of Audit & Supervisory Board members and percentage of outside Audit & Supervisory Board members		5 60%	→	4 50%	→	→	→	→	→	→
Separation of management and execution functions		June 2013: Clarified roles of management (decision-making and supervision) and business execution, and adopted an executive officer system to increase the speed of management				April 2020: Consolidated managing executive officer and senior managing executive officer positions into a single managing executive officer role	April 2021: Integrated officer and executive officer positions, and established a new executive officer position, to increase the speed of management			
				June 2018: Established Director Remuneration and Personnel Planning Committee as a voluntary committee equivalent to a nomination and remuneration committee						
		June 2015: Appointed outside directors								
Improvement of effectiveness			March 2017: Started evaluating effectiveness of Board of Directors							
				April 2018: Introduced systemic reporting and discussion of medium- to long-term priority issues as a special issues at the Board of Directors						
						June 2020: Revised director remuneration system (introduced Restricted Stock Remuneration Plan)				
										April 2024: Established Risk Management Headquarters to strengthen compliance

Board of Directors — Convened 15 times

The Board of Directors makes decisions concerning legal matters, and important matters for the management of Aichi Steel, and supervises business execution. Having one or more meetings a month, it comprises ten members in total; six directors (including two outside directors), two inside audit & supervisory board members, and two outside audit & supervisory board members. The two outside directors selected as independent officers meet the independence criteria set by securities exchanges. We have created support structures that enable our outside directors to adequately fulfill their management advisory and supervisory functions.

Main agenda items in FY2024 for the Board of Directors

Topics	Main agenda items
Management and business strategy	● Formulation and progress checks of management plans and in-house company business strategies ● Business execution reports (safety, quality, performance, production, development, risks, etc.) ● Sustainability measures ● DX-related measures ● Capital and shareholder policies (review of measures to improve capital cost and PBR, verification of policy shareholdings, etc.)
Governance	● Internal control systems ● Executive compensation ● Evaluation of Board of Directors effectiveness ● Settlement of accounts ● Director/officer nominations ● Audit-related matters ● Shareholder-related matters

Audit & Supervisory Board — Convened 13 times

The Audit & Supervisory Board is made up of four Audit & Supervisory Board members, including two outside members. It audits the execution of duties of directors and other officers, as well as business and financial performance. In addition to attending meetings of the Board of Directors and other important meetings, Audit & Supervisory Board members coordinate with accounting auditors and departments in charge of internal audits to provide oversight of management.

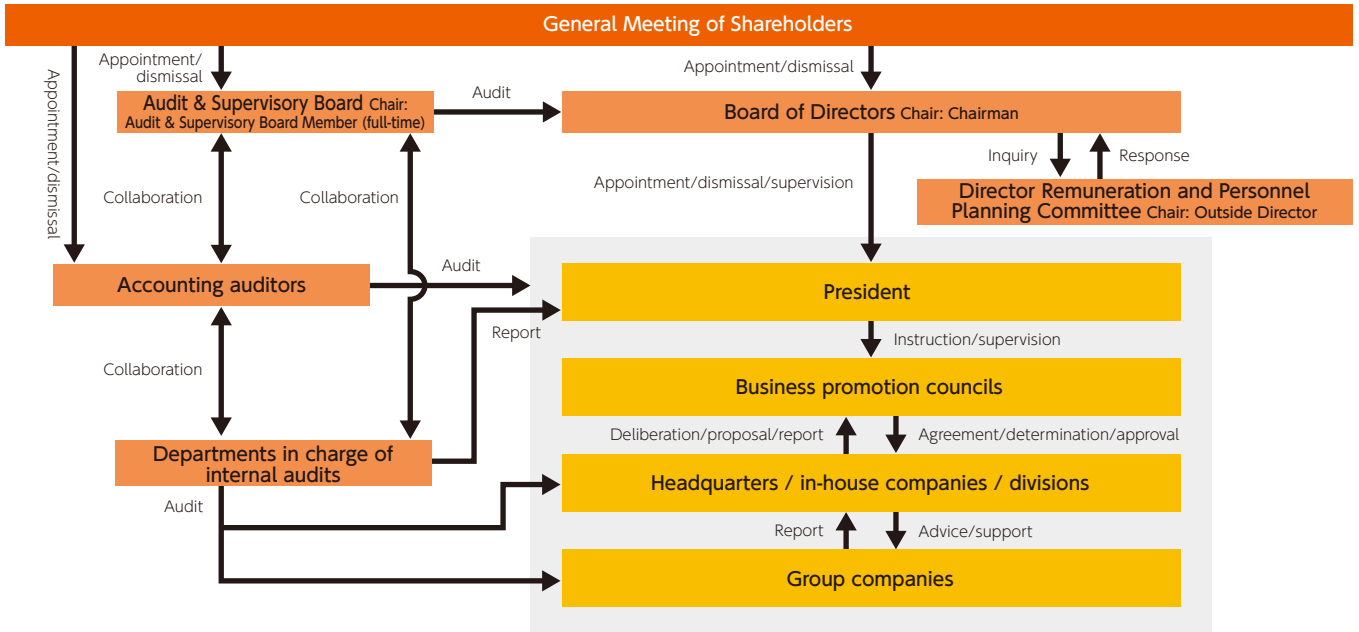
Director Remuneration and Personnel Planning Committee — Convened 3 times

We have established a discretionary Director Remuneration and Personnel Planning Committee as an advisory body to the Board of Directors on matters related to nomination and remuneration of directors, managing executive officers, and other officers. Comprising two independent outside directors and one inside director, the committee is chaired by an independent outside director to ensure objectivity and transparency.

Main agenda items for the Director Remuneration and Personnel Planning Committee

Topics	Agenda items
Officer remuneration	● Basic policies related to the remuneration system and remuneration decisions ● Remuneration structure and payment levels for each position ● Individual remuneration amounts
Officer nominations	● Basic policies related to the officer system and structure ● Proposed appointments and dismissals of directors and Audit & Supervisory Board members ● Succession planning for officers and executives

Organization chart



Approach to balance and diversity of board members and audit & supervisory board members

To enable accurate and prompt decision-making and appropriate risk management that delivers sustainable growth and improved medium- to long-term corporate value, our Board of Directors is composed of members with expertise in all business and function areas, and diverse knowledge, experience, and skills.

Procedure for appointment of Directors and Audit & Supervisory Board members

(i) The Director Remuneration and Personnel Planning Committee regularly and as required evaluates and carefully considers experience, knowledge, performance, and other factors, and then reports its nomination candidates to the Board of Directors.

(ii) The Board of Directors makes tentative decisions on nomination candidates based on the reports of the above Committee, and then makes final decisions after discussions at the General Meeting of Shareholders, and after prior approval of the Audit & Supervisory Board in the case of nominations for Audit & Supervisory Board members.

Determining perspective and independence in appointment of outside officers

In appointing outside officers, we focus on whether they have sufficient qualities to contribute to the company's sustainable growth and the enhancement of our corporate value over the medium to long term. We take particular care to appoint those with management experience at other companies who can be expected to supervise the management of Aichi Steel.

The criteria for determining the independence of candidates for outside directors are based on a general consideration of factors such as career history, knowledge, and personality, with reference to the Enforcement Rules for Securities Listing Regulations provided by the Stock Exchange, etc.

Support structure for outside officers

To eliminate differences in access to information compared to internal officers, and to maximize their performance, we give outside officers briefings on agenda items before meetings, provide onsite inspections, and hold meetings on special topic reports to enable free and open discussion outside of meetings of the Board of Directors. In addition to members of the Board of Directors, presidents and general managers related to the special topics also attend the meetings, where they can all participate in more profound discussions that include medium- to long-term strategies.

Special Theme Report for FY2024

- Review of sustainability management
- Establishment of development framework with sales and development collaboration
- Progress on quality control system
- Review of growth strategies (update of Medium-term Management Plan)
- Initiatives toward building a safety culture
- Capital and shareholder policies

Succession plan

We recognize that cultivating the next generation of management is an important issue. We believe that we have secured a system in which the Director Remuneration and Personnel Planning Committee, a discretionary body, discusses and evaluates the qualities, development direction, and achievements of candidate personnel from an objective perspective, while also providing appropriate advice. Also, the president personally conducts training for the next generation of managers by meeting with managing executive officers and executive officers on a regular basis to discuss their individual goals and accomplishments.

In an environment of increasing uncertainty, Aichi Steel continuously provides training to cultivate the ability to take managerial decisions based on diverse knowledge and perspectives required of top management. In FY2024, to drive health management, we held a health seminar for executives on the theme "The Path to a Healthy Lifestyle." We also provide lectures on lifestyle-related diseases and frailty (age-related physical weakness), a topic that has gained attention in recent years, as well as practical instruction on relieving lower back pain and shoulder stiffness and moving safely.

Furthermore, we have focused on nurturing management personnel by targeting executive officers who are candidates for the next generation of management executives, introducing a support system in FY2024 for self-study to cultivate their organizational management and leadership skills.

Skill matrix for directors and managing executive officers

Our skill matrix defines the experience and expertise that we consider necessary to achieve Vision 2030. The expertise and experience of directors and managing executive officers are shown below.

● **Skill matrix for directors and managing executive officers**

Name	Position	Director Remuneration and Personnel Planning Committee	Corporate Management	Risk Management	Contribution to a sustainable global environment (E)		Creation of a prosperous society through business reform (S)		Employee happiness and company development (G)		Production & Quality	Sales & Procurement	Financial Affairs	Overseas
					Environment	Energy	Technology & Development	IT & Digital	Legal Affairs and Compliance	Human Resource Development and Diversity				
Takahiro Fujioka	Chairman		●	●			●	●	●	●	●		●	●
Naohide Goto	President	○	●	●				●	●	●	●	●	●	●
Motoshi Nakamura	Executive Vice President		●	●	●	●	●			●	●			
Naoki Ishii	Director		●	●	●			●	●	●			●	
Koichi Yasui	Outside Director	◎	●	●	●	●		●	●	●		●	●	
Yuko Arai	Outside Director	○	●	●						●		●		●
Toshio Ito	Managing Executive Officer		●		●						●			●
Kazuya Fukatsu	Managing Executive Officer		●								●	●		
Kazuma Kihara	Managing Executive Officer		●		●	●	●	●			●			

◎: Chair ○: Constituent member

Evaluation of Board of Directors effectiveness

We evaluate the effectiveness of the Board of Directors every year to maintain and improve the effectiveness of our corporate governance. We interview and survey all members of the Board of Directors, analyze and evaluate their performance, and report effectiveness-related results, issues, and responses to the Board of Directors.
Our efforts and the results of our effectiveness evaluation are summarized below.

(1) Evaluation method

(i) In February, the Board of Directors Secretariat conducted both quantitative and qualitative evaluations through questionnaires and interviews with all Directors and Audit & Supervisory Board Members, including those from outside the company, as well as in-house company Presidents and General Managers attending as observers.
(ii) Evaluation results and directions for addressing issues were compiled and reported to the Board of Directors meeting in March for discussion.
(iii) From April, improvement activities were carried out to enhance effectiveness.

(2) Evaluation items

(i) Composition of the Board of Directors (ii) Effectiveness of supervisory functions (iii) Operations and deliberation activation (iv) Support systems for executives

(3) Summary of FY2024 evaluation results

- We held special theme briefings for outside directors to deepen their understanding of our corporate activities and promote discussion. We worked on continuous improvement through annual planning in advance, increase in time and frequency, provision of opportunities for outside officers to provide information based on their own knowledge and experience, and on-site plant inspections. Board of Directors meeting times are also extended to achieve the above.
  Based on these efforts and questionnaire results, we evaluate that our Board of Directors is fulfilling its functions of important management decision-making and supervision of business execution.
- Outside directors requested additional information to facilitate discussions at Board of Director meetings, as an opportunity to improve the Board's operations and effectiveness.
- With regard to sustainability initiatives, opinions were expressed on the ongoing need to further deepen discussions and promote discourse on a wider range of topics beyond carbon neutrality and human rights.

(4) Main improvement measures

We work to improve the following issues to further ensure the effectiveness of the Board of Directors.
(i) Full discussion on sustainability initiatives
We organize required agenda items throughout the year, and utilize special theme briefings and other forums to systematically conduct discussions on growth strategies and sustainability.
(ii) Support for outside officers
In order to deepen their understanding of Aichi Steel and contribute to discussions at Board of Directors meetings, we will strengthen on-site inspections that can lead to company strategy and investment projects, and make improvements such as providing relevant information and creating opportunities to exchange opinions among internal and external officers.

Officer remuneration

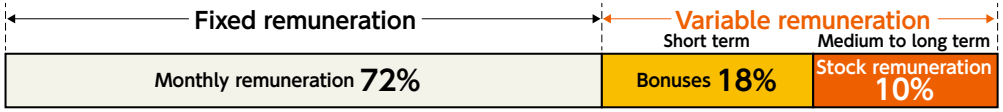
Basic approach

1. Remuneration for each director shall be in accordance with the roles and responsibilities required of him or her
2. Remuneration shall be consistent with Aichi Steel business strategies and shall encourage directors to work toward sustainable improvement of corporate value
3. Remuneration shall motivate officers to have an even greater sense of responsibility as a member of management and to promote management from the same perspective as shareholders
4. Remuneration shall be set at a level that takes into account the business environment, market trends, and payment levels of other companies
5. The remuneration system decision process shall be objective and highly transparent.

− Decision process

Aichi Steel established the Director Remuneration and Personnel Planning Committee, with the chair being an independent outside director and the majority of members also being independent outside directors, to ensure objectivity, fairness, and transparency in decisions such as remuneration for directors. The committee discusses director remuneration structures, levels, decision-making policies and procedures, and individual levels of remuneration based on the decision-making policies. Based on the results of those discussions, the Board of Directors determines policies for director remuneration, individual levels of remuneration, and other matters. From the perspective of maintaining independence, remuneration for outside directors is at fixed rate. From next fiscal year onward, we will review our officer remuneration compensation system to better tackle social issues, by incorporating perspectives that reflect not only economic value but also social value such as environmental considerations (sustainability indicators).

● Remuneration structure



Monthly remuneration	· Determined in line with the roles and responsibilities of each officer
Bonuses	· Calculated by multiplying the standard bonus amount by an index, based on annual business performance and after a comprehensive review of factors such as shareholder returns, employee bonus levels, trends at other companies, and past payment amounts
Stock remuneration	· Number of shares granted is about 10% of total remuneration, given as common stock of the company and based on job position · Transfer restriction period is until immediately after retirement from the position as specified in advance by the Board of Directors

● Remuneration and other payments to directors and Audit & Supervisory Board members

Officer classification	Total remuneration (million yen)	Total remuneration by type (million yen)			Number of applicable officers
		Fixed	Fluctuation (short-term)	Fluctuation (medium- to long-term)	
		Monthly remuneration	Bonuses	Stock remuneration	
Directors (excluding outside directors)	294	220	45	27	5
Audit & Supervisory Board Members (excluding outside members)	66	66	—	—	3
Outside officers	36	36	—	—	4

Note 1. Performance-based remuneration includes bonus amounts determined by resolution at the meeting of the Board of Directors on May 15, 2025.
2. Stock remuneration includes amounts related to restricted stock granted to directors (excluding outside directors) and expensed during the current fiscal year.
3. The above includes directors and audit & supervisory board members who retired at the close of the 120th General Meeting of Shareholders held on June 13, 2024.

Cross Shareholdings

Maintaining and strengthening of trade and collaborative relationships with a range of companies are needed to ensure sustainable growth in a rapidly changing business environment. For this reason, Aichi Steel engages in cross holdings with other companies, but only if it deems them to be effective in improving corporate value from a medium- to long-term perspective in a comprehensive evaluation that considers its business strategy, future relationships with suppliers and affiliated companies, and other factors. As stated in the updated Medium-Term Management Plan released in February 2025, we will review the effectiveness of all holdings without exception and improve asset efficiency by selling those that do not demonstrate clear value.

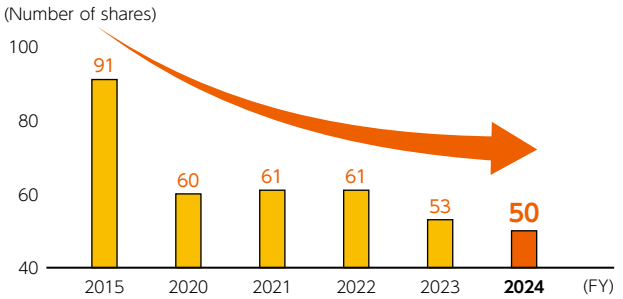
– Verification of cross shareholding suitability

Each year, at a meeting of the Board of Directors, we make comprehensive verifications and assessments of the suitability of each cross shareholding based on quantitative factors, including whether dividends, business profits, and other figures exceed our weighted average cost of capital, as well as qualitative factors, including trading status and business-level collaborations. If a shareholding is determined to be unsuitable according to the verification, we decide on what course of action to take, including disposing of the shares.

– Criteria for exercising voting rights

Rather than applying uniform decisions from typical and short-term criteria, we make decisions on each agenda item separately. We consider them from various perspectives, including corporate value improvement and shareholder returns over the medium to long term, while fully respecting the management policy, business strategies, and other decisions of the companies in which we invest. When exercising our voting rights, we make comprehensive decisions on whether to approve agenda items after closely investigating factors such as business performance, governance, and capital policy that would represent a conflict of interest with us, or would change or dilute our shareholdings.

● Changes in volume of cross shareholdings



List of Directors and Audit & Supervisory Board Members

Takahiro Fujioka

Chairman

Attendance at Board of Directors meetings
15 of 15 (100%)

April 1979	Joined Toyota Motor Industrial Corporation (current Toyota Motor Corporation)
June 2006	Managing Officer of Toyota Motor Corporation
May 2011	Standing Adviser of Aichi Steel
June 2011	President of Aichi Steel
June 2023	Chairman of Aichi Steel (to present)

Naohide Goto

President

Attendance at Board of Directors meetings
15 of 15 (100%)

April 1989	Joined Aichi Steel
April 2016	President and Director of Aichi Forge USA, INC.
April 2018	Officer of Aichi Steel / President and Director of Aichi Forge USA, INC.
April 2021	Executive Officer / Sales Planning Officer, Toyota Sales Officer of Aichi Steel
January 2023	Managing Executive Officer of Aichi Steel
June 2023	President of Aichi Steel (to present)

Motoshi Nakamura

Executive Vice President
General Manager, Risk Management Headquarters
· CRO
· Kitaeru Company President

Attendance at Board of Directors meetings
15 of 15 (100%)

April 1983	Joined Toyota Motor Corporation
April 2014	Standing Director of Toyota Motor Corporation
January 2018	Standing Adviser of Aichi Steel
April 2018	Senior Managing Officer of Aichi Steel
June 2018	Director and Senior Managing Officer of Aichi Steel
April 2020	Executive Vice President of Aichi Steel (to present)

Koichi Yasui

Outside Director

Attendance at Board of Directors meetings
15 of 15 (100%)

April 1976	Joined Toho Gas Co., Ltd.
June 2006	Operating Officer of Toho Gas Co., Ltd.
June 2008	Director and Managing Officer of Toho Gas Co., Ltd.
June 2010	Director and Senior Managing Officer of Toho Gas Co., Ltd.
June 2012	President and Director of Toho Gas Co., Ltd.
June 2015	Director of Aichi Steel (to present)
June 2016	Chairman and Director of Toho Gas Co., Ltd.
June 2021	Senior Adviser of Toho Gas Co., Ltd.
June 2025	Adviser of Toho Gas Co., Ltd. (to present)

Yuko Arai

Outside Director

Attendance at Board of Directors meetings
15 of 15 (100%)

April 1979	Joined All Nippon Airways Co., Ltd.
April 2010	Assistant Branch Manager of Osaka Office of All Nippon Airways Co., Ltd.
April 2011	Assistant Branch Manager of Tokyo Office of All Nippon Airways Co., Ltd.
April 2014	Executive Officer, Branch Manager of Osaka Office, All Nippon Airways Co., Ltd.
April 2016	Executive Officer, Branch Manager of Osaka Office, All Nippon Airways Co., Ltd. Executive Vice President and Director of ANA Sales Co., Ltd. (currently ANA Akindo Co., Ltd.)
June 2016	Director of Aichi Steel (to present)
April 2022	Senior Adviser of ANA Akindo Co., Ltd. (to present)

Naoki Ishii

Director and Managing Executive Officer
General Manager, Corporate Planning Headquarters

Attendance at Board of Directors meetings
12 of 12 (100%)

April 1986	Joined Toyota Motor Corporation
January 2018	Managing Officer of Toyota Motor Corporation
September 2020	Operating Officer of Aichi Steel
April 2021	Managing Executive Officer of Aichi Steel
June 2024	Director and Managing Executive Officer of Aichi Steel (to present)

Hirofumi Yokota

Audit & Supervisory Board Member

Attendance at Board of Directors meetings

15 of 15 (100%)

April 1984	Joined Aichi Steel
January 2011	Representative Manager of Quality Control Department (General Manager level) Electro-Magnetic Products Business Headquarters of Aichi Steel
January 2015	General Manager of Quality Assurance
June 2021	Division of Aichi Steel Audit & Supervisory Board Member of Aichi Steel (to present)

Masamichi Ogawa

Audit & Supervisory Board Member

Attendance at Board of Directors meetings

12 of 12 (100%)

April 1985	Joined Aichi Steel
January 2014	General Manager, Finance & Accounting Division of Aichi Steel
April 2018	Officer of Aichi Steel
April 2021	Executive Officer Audit Officer Finance & Accounting Officer of Aichi Steel
April 2024	Executive Officer Senior Chief of Corporate Planning Headquarters of Aichi Steel
June 2024	Audit & Supervisory Board Member of Aichi Steel (to present)

Sotaro Kumazawa

Outside Audit & Supervisory Board Member

Attendance at Board of Directors meetings

15 of 15 (100%)

April 1989	Joined Toyota Motor Corporation
January 2010	General Manager of Upper Body Design Division 1 of Toyota Motor Corporation
April 2012	General Manager of Vehicle Structure Planning Division of Toyota Motor Corporation
April 2016	General Manager of Development Promotion Division of Toyota Motor Corporation
January 2019	Toyota Industries Corporation General Manager of Product Planning Department of Automotive Business Unit of Toyota Industries Corporation
June 2020	Executive Officer of Toyota Industries Corporation
June 2022	Managing Executive Officer of Toyota Industries Corporation (to present)
June 2023	Audit & Supervisory Board Member of Aichi Steel (to present)

Koichi Miki

Outside Audit & Supervisory Board Member

Attendance at Board of Directors meetings

_ of _(_%)

April 1986	Admitted as lawyer (Tokyo Bar Association)
April 2023	Joined Abe, Ikubo & Katayama Law Office (to present) Professor Emeritus of Keio University (to present)
June 2025	Audit & Supervisory Board Member of Aichi Steel (to present)

Key Financial Data

	Japanese accounting standards							IFRS				
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2020	FY2021	FY2022	FY2023	**FY2024**
Profit and loss												
Revenue	240,647	214,120	212,837	236,237	257,315	242,262	204,908	202,247	260,117	285,141	296,516	**299,287**
Segment Steel (Hagane) Company	–	–	96,225	110,974	130,180	121,899	68,216	67,888	99,556	105,687	108,216	**106,768**
Stainless Steel Company	–	–	–	–	–	–	32,757	30,749	36,322	42,244	41,259	**44,055**
Forging (Kitaeru) Company	–	–	99,599	107,352	109,217	102,018	86,012	85,993	103,037	114,463	124,262	**125,506**
Smart Company	–	–	13,820	14,786	14,627	14,865	15,476	15,171	18,970	20,243	19,940	**20,593**
Other	–	–	3,191	3,123	3,290	3,477	2,444	2,444	2,230	2,502	2,838	**2,363**
Operating profit	10,616	5,883	7,218	11,813	11,119	13,901	3,563	5,317	2,139	3,260	10,372	**12,016**
Segment Steel (Hagane) Company	–	–	5,653	8,006	9,245	8,970	-2,294	-1,587	-7,238	-3,374	2,400	**5,352**
Stainless Steel Company	–	–	–	–	–	–	2,467	2,740	2,536	2,741	3,781	**2,334**
Forging (Kitaeru) Company	–	–	845	2,747	1,057	3,329	1,909	2,387	4,311	1,713	2,682	**2,465**
Smart Company	–	–	237	348	-39	606	673	974	1,773	1,261	554	**831**
Other	–	–	482	710	856	993	807	782	757	918	954	**1,031**
Operating profit margin (%)	4.4	2.8	3.4	5.0	4.3	5.7	1.7	2.6	0.8	1.1	3.5	**4.0**
Profit before tax	10,693	1,409	8,045	12,371	10,455	13,158	4,717	5,552	2,895	4,099	10,947	**11,907**
Net income (attributable to owners of the parent)	6,023	20	5,084	8,182	6,503	8,543	3,049	3,136	1,089	1,610	6,593	**7,820**
Capital expenditure and R&D expenses												
Capital Expenditures	12,752	15,408	20,831	19,020	20,914	20,068	14,194	14,868	15,874	18,595	23,688	**18,616**
Depreciation	11,833	12,692	12,353	13,818	14,423	15,884	16,963	16,903	17,276	17,821	18,312	**19,072**
R&D expenses	3,538	3,282	3,304	3,777	3,992	3,758	4,054	3,962	4,252	4,404	5,116	**5,478**
Profitability												
Return on equity attributable to owners of the parent (ROE) (%)	4.1	0.0	3.6	5.6	4.3	5.6	1.9	1.7	0.6	0.8	2.9	**3.2**
Return on assets (ROA) (%)	2.3	0.0	2.0	3.0	2.3	3.0	1.0	1.0	0.3	0.4	1.6	**1.9**

(million yen)

	Japanese accounting standards							IFRS				
	FY2014	FY2015	FY2016	FY2017	FY 2018	FY2019	FY2020	FY2020	FY2021	FY2022	FY2023	**FY2024**
Assets, liabilities, and equity												
Total assets	264,694	251,078	271,763	275,315	290,294	280,380	314,040	353,043	364,400	385,449	443,108	**400,063**
Total equity (net assets)	161,669	147,534	151,273	160,806	161,889	163,691	179,716	202,883	212,475	214,322	262,010	**243,398**
Equity attributable to owners of the parent (shareholders' equity)	153,316	139,344	143,024	151,891	152,638	154,647	169,811	192,953	201,548	203,759	250,970	**231,936**
Ratio of equity attributable to owners of the parent (%)	57.9	55.5	52.6	55.2	52.6	55.2	54.1	54.7	55.3	52.9	56.6	**58.0**
Interest-bearing debt	44,915	37,447	54,598	47,317	59,618	59,445	75,878	75,864	66,668	86,395	73,381	**64,570**
DE ratio (times)	0.29	0.27	0.38	0.31	0.39	0.38	0.45	0.39	0.33	0.42	0.29	**0.28**
Cash flows												
Cash flows from operating activities	19,336	25,193	13,350	13,164	13,580	36,308	14,793	15,896	5,210	13,028	33,817	**25,354**
Cash flows from investment activities	-13,565	-12,122	-19,677	-20,954	-19,765	-24,517	-13,834	-14,247	-15,542	-15,958	-18,895	**-17,918**
Cash flows from financing activities	-10,158	-9,466	15,231	-9,509	9,035	-3,290	14,168	13,479	-11,987	16,998	-16,283	**-17,674**
Investment indicators												
Basic earnings per share (yen)	306.25	1.02	258.34	415.71	330.38	434.05	154.82	159.25	55.29	81.65	334.03	**398.02**
Equity attributable to owners of the parent per share (net assets per share) (yen)	7,794.08	7,080.24	7,266.42	7,716.77	7,754.80	7,857.00	8,619.39	9,794.01	10,224.55	10,328.55	12,712.37	**12,142.53**
Dividends per share (yen)	100	100	100	120	120	130	45	45	30	30	100	**160**
Payout ratio (%)	32.7	-	38.7	28.9	36.3	30.0	29.1	28.3	54.3	36.7	29.9	**40.2**
Number of employees	4,617	4,654	4,773	4,847	4,957	4,912	4,826	4,826	4,740	4,650	4,572	**4,522**

(million yen)

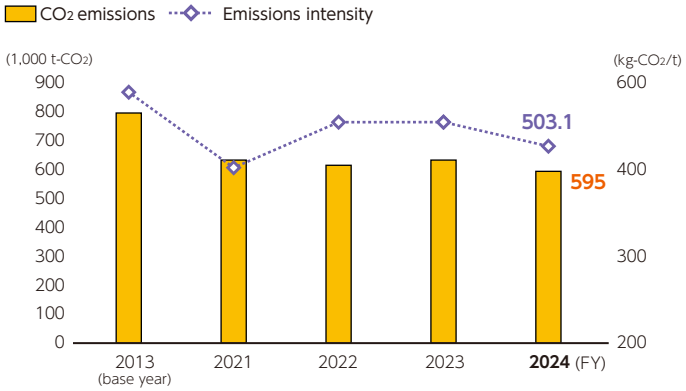
Note 1 Every 10 shares in Aichi Steel were consolidated into one share effective October 1, 2016. Net profit per share, net assets per share, and dividends per share were calculated in anticipation of this share consolidation at the beginning of FY2013.

Note 2 The ASBJ Statement No. 28, Partial Amendments to Accounting Standard for Tax Effect Accounting (February 16, 2018) came into force at the beginning of FY2018. The key management indicators for FY2014, FY2015, FY2016 and FY2017 represent retrospective application of this accounting standard.Indicators and other information for FY2013 remain as they were prior to application of this accounting standard.

Note 3 International Financial Reporting Standards (IFRS) were applied from FY2021.

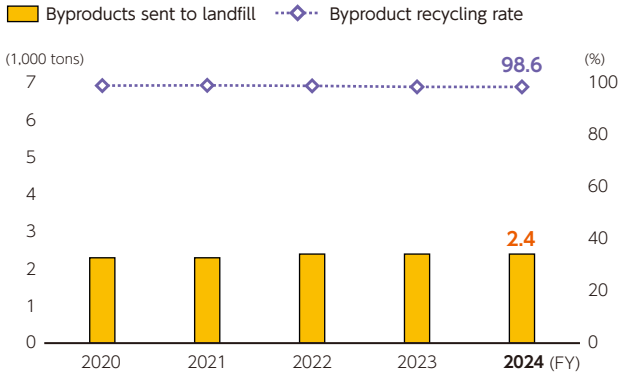
Non-Financial Highlights

CO_2 emissions and emissions intensity (non-consolidated)



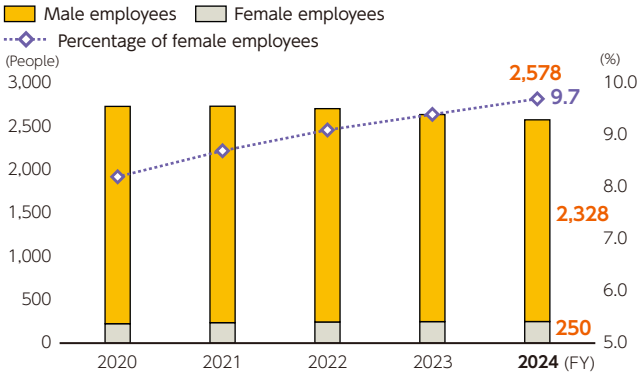
CO_2 emissions in FY2024 were significantly reduced from the previous year, down 202,000 t-CO_2 from the base year. Emissions intensity also decreased by 83.1 kg-CO_2/t compared to the base year.

Byproducts sent to landfill and byproduct recycling rate



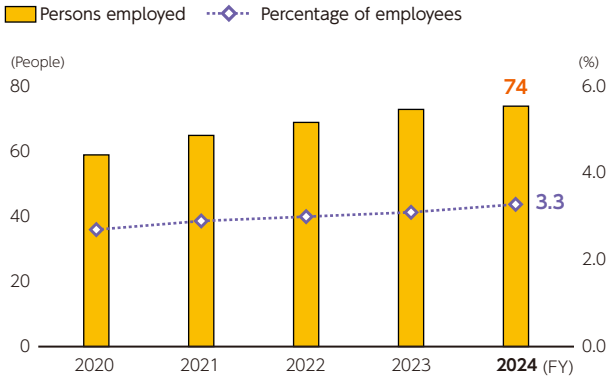
In FY2024, the by-product landfill volume was 2,400 tons and the recycling rate 98.6%, both at the same level as the previous year.

No. of employees and No. of female employees included (non-consolidated)



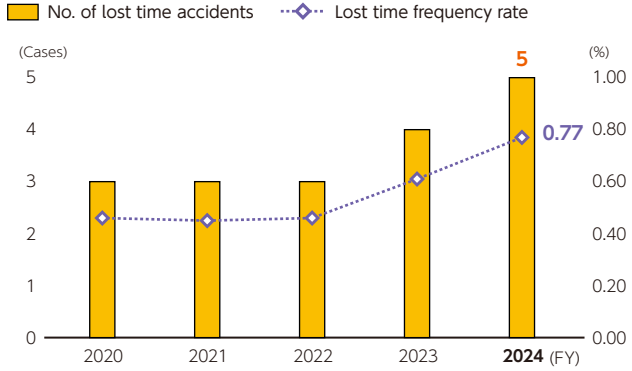
We promote the advancement of women and create workplaces where diverse personnel can shine, enabling each individual to maximize their abilities and deliver value to society.

Employees with disabilities (non-consolidated)



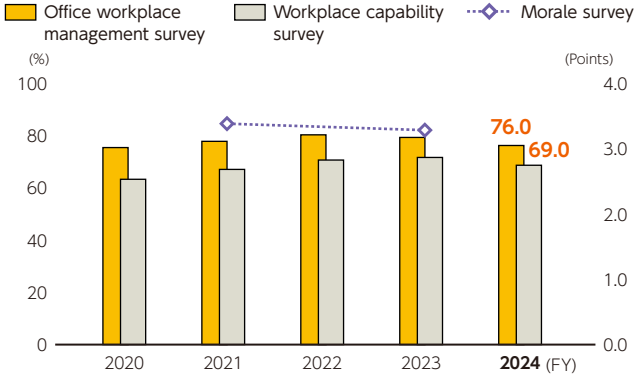
We focus on the individual characteristics and personal motivation of employees with disabilities, and have established a support system to maximize their abilities in diverse workplaces from manufacturing to administration.

No. of lost time accidents and lost time frequency rate (non-consolidated)



The number of lost time accidents in FY2024 increased by one from the previous year to five, resulting in a lost time frequency rate of 0.77%.

Rate of positive responses to employee engagement survey (non-consolidated)

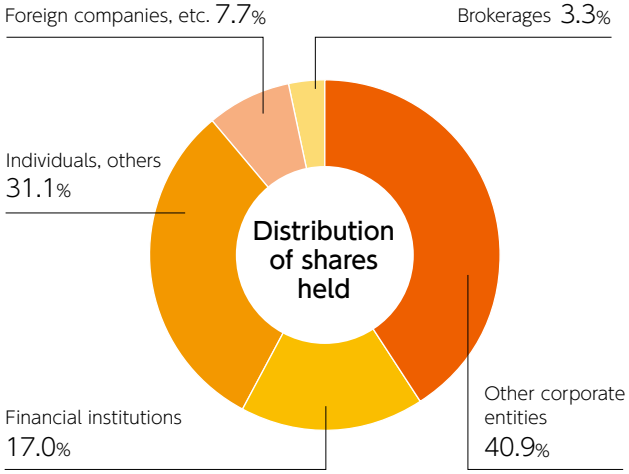


We carry out various surveys of all our employees. Based on these survey results, we determine and implement the measures necessary for the entire company or individual departments and workplaces, and the effectiveness of such measures is confirmed in subsequent surveys.
Morale survey

Share and Company Information (as of March 31, 2025)

Major Shareholders (as of June 2025)

Name	Equity in Aichi Steel	
	Stake (thousand shares)	Equity participation (%)
Toyota Motor Corporation	3,966	20.75
The Master Trust Bank of Japan, Ltd. (Trust account)	1,482	7.75
Toyota Industries Corporation	1,360	7.11
Nippon Steel Corporation	994	5.20
Sumitomo Mitsui Banking Corporation	492	2.57
MUFG Bank, Ltd.	474	2.48
Toyota Fudosan Co., Ltd.	462	2.41
GMO CLICK Securities, Inc.	368	1.92
Hokokai's Stockholding	349	1.82
Employees' Stockholding	314	1.64



Rating Information

Rating Agency	Long-term	Short term
Japan Credit Rating Agency (JCR)	A (Stable)	J-1*

*Highest certainty of short-term debt fulfillment

Recognition by Society

Human resource related

Health & Productivity Management Outstanding Organization

2024 健康経営優良法人 Health and productivity

Kurumin

2021年認定 くるみん

Aichi Women's Brilliance Company

あいち女性輝きカンパニー

DX related

DX Certification

DX認定

Participation in Initiatives

We are actively engaged in realizing a sustainable society through our support and participation in various initiatives.

CDP Climate Change and Water Security

CDP Discloser 2024

Nature Co-existence Site Certification

自然共生サイト認定 30by30

GX League

GX League

SuMPo EPD

SuMPO EPD JAPAN VERIFIED

Aichi Biodiversity Company Certification

あいち生物多様性 優良認証企業

Company Profile

Company name	Aichi Steel Corporation
Established	March 8, 1940
Capital	25.016 billion yen
Head office	1, Wanowari, Arao-machi, Tokai-shi, Aichi 476-8666, Japan
Employees	Consolidated: 4,522 Non-consolidated: 2,578
No. of consolidated subsidiaries	17
Accounting year	April 1 to March 31 the following year

General Meeting of Shareholders	June
Shares per unit	100 shares
Total number of shares outstanding	19,109,187 (of which 8,000 are treasury shares)
No. of shareholders	7,236 (including Aichi Steel as holder of treasury shares)
Ticker symbol	5482
Listed exchanges	TSE Prime Market Nagoya Stock Exchange Premier Market

*May 15, 2025 Share buybacks
June 30, 2025 Stock split
September 5, 2025 Cancellation of treasury stock
Total outstanding shares post-cancellation 64,520,820 (including 500,000 treasury shares)

Business Locations

Production sites

Chita area
· Chita Plant
· Forging Plant
· Electronic Components Plant
Kariya Plant
Higashiura Plant
Gifu Plant
Seki Plant

Sales offices

Tokyo Office
Osaka Office
Fukuoka Sales Office

Overseas offices

Shanghai Representative Office
Silicon Valley Office

Aichi Steel Group

Domestic Group companies

Aiko Corporation
Aichi Ceratec Corporation
Omi Mining Co., Ltd.
Aichi Techno Metal Fukaumi Co., Ltd.
Aichi Steel Logistics Co., Ltd.
Aichi Information System Corporation
Aiko Service Co., Ltd.
Asdex Corporation

Overseas Group companies

Asia
· Aichi Forge Philippines, Inc.
· Aichi Forge (Thailand) Co., Ltd.
· Shanghai Aichi Forging Co., Ltd.
· PT. Aichi Forging Indonesia
· Aichi Korea Corporation
· Zhejiang Aichi and Aichi Magfine Technology (Pinghu) Co., Ltd.
· Zhejiang Aichi Mechanical & Electrical Co., Ltd.

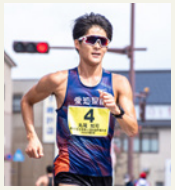
USA
· Aichi Forge USA, Inc.

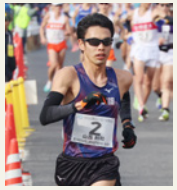
Europe
· Aichi Europe GmbH

TOPICS

◆Sports

Aichi Steel Athletics Club focuses on developing athletes who can compete on the world stage, in order to promote sports in Japan while contributing to local communities. In FY2024, both Toshikazu Yamanishi and Tomoji Maruo achieved outstanding results in various race walking competitions and qualified for the Tokyo 2025 World Athletics Championships.
See news release for details.
(https://www.aichi-steel.co.jp/news/)


Tomoji Maruo


Toshikazu Yamanishi

◆Launch of TV commercial

Celebrating our 85th anniversary this year, we chose Kotaro Yoshida, who is popular among all generations, to simply convey our enduring founding spirit of working “for society and people” and “for our customers,” as a company that continues to grow and contribute to society through materials.

TV broadcast begins: Monday, April 7, 2025
TV broadcast area:
Kanto, Tokai, Kyushu areas
Other media:
YouTube, Instagram, etc.
CM Gallery URL:
https://www.aichi-steel.co.jp/specialcontents/