

Vision 2030 and FY2021-23 Medium-term Management Plan Review

■ Vision 2030 ■

Company of Choice Globally

As circumstances surrounding our company change drastically and at unprecedented speed, we felt we had to provide all stakeholders with some guidelines as to what the Aichi Steel Group should do in the future, and so in August 2020, we formulated the Aichi Steel Group's Vision 2030.

Aims and Management Guidelines

Based on the Aichi Way, Our Vision, and our values, we aim to achieve steady growth by providing value for the global environment, society, and our employees through the supply of high-quality materials such as specialty steels, forged products, electronic components, and functional materials.

Contribution to a sustainable global environment

- (1) Fulfilling our environmental responsibility
- (2) Contributing to a low-carbon society
- (3) Coexisting with nature



Creation of a prosperous society through business reform

- (1) Reform of existing businesses
- (2) Business expansion into new fields
- (3) Focus on monozukuri and support for kotozukuri



Employee happiness and corporate development

- (1) Safe and secure work environment
- (2) Fulfillment of work-life balance
- (3) Production of autonomous human resources



FY2021-23 Medium-Term Management Plan Review

Our FY2021-23 Medium-term Management Plan is positioned as an action plan specifying the key issues to be tackled over the next three years as a start toward the realization of Vision 2030, and a roadmap for achieving these goals. We have developed various measures to address issues such as carbon neutrality by 2050, CASE progress in the automobile industry, progress in digital technologies such as DX, and intensifying global competition.

Management Targets and Results

| | FY2023 targets | FY2023 results |
|--|----------------|----------------|
| Net sales (Billion yen) | 250.8 | 296.5 |
| Operating profit (Billion yen) | 15 | 10.3 |
| Operating profit margin (%) | 6.0 | 3.5 |
| Dividend payout ratio (%) | 30.0 | 29.9 |
| ROE (%) | 5.5 | 2.9 |
| Capital expenditures (Billion yen)*1, *2 | 51.2 | 58.1 |
| Interest bearing debt (Billion yen)*2 | 62.7 | 73.3 |
| Depreciation (Billion yen)*2 | 16.9 | 18.3 |

*1 Total for FY2021-FY2023

*2 Unconsolidated

Review and Issues

Although net sales for FY2023, the final year of the plan, exceeded the initial target, operating profit fell short of the target due to a decrease in sales volume of specialty steel and forged products, as well as soaring electricity prices and other energy costs. Securing stable earnings in our core businesses and expanding profits in our growth businesses have emerged as key issues for the future.

- Core businesses: Hagane Company (specialty steel), Kitaeru Company (forged products)
- Growth businesses: Stainless Steel Company (stainless steel), Smart Company (electronic components, functional materials)