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Take action for change


H-ONE
Integrated
Report
Fiscal Year Ended March 2024



H-ONE CO., LTD.
Securities code: 5989

Table of Contents

Page 1-	Chapter 1:	Cover Story (About the H-one Group's sustainable management)
Page 2		Take action for change
Pages 3-4		Important Points for the Fiscal Year Ended March 2024
Pages 5-11		Message from the CEO / Progress in the First Fiscal Year of the Medium-Term Plan
Page 12-	Chapter 2:	Review of Business (Sustainable Management and Growth Strategies)
Pages 13-14		Cultivated Strengths
Pages 15-16		Identified Materialities (Important Issues)
Pages 17-18		Value Creation Process
Pages 19-20		Regional Overview
Pages 21-23		Message from the CFO
Page 24-	Chapter 3:	ESG in Action (Our ESG Philosophy and Initiatives)
Pages 25-27		Sustainable Management
Pages 28-32		Environment
Pages 33-38		Society
Pages 39-40		Message from the CHO
Pages 41-46		Governance
Pages 47-50		Tripartite Discussion by Outside Directors
Pages 51-52		Introduction of Board Members
Page 53-	Chapter 4:	Data (Various Data of the H-one Group)
Pages 53-54		Key Financial Data (11 years)
Pages 55-56		Financial Data Trends in Chart
Pages 57-58		Nonfinancial (ESG) Performance Data (in Japan)
Pages 59-60		History of the H-one Group
Page 61		Major External Sustainability Certification and Evaluation Systems
Page 62		Corporate Profile

Editorial Policy	The H-ONE Integrated Report 2024 is issued for the purpose of introducing the H-one Group's financial information related to its performance as well as nonfinancial information as the base that supports the growth of the H-one Group represented by ESG. In addition, it also explains the values that the H-one Group provides to society and the process of creating such values. We hope this report will help our stakeholders, including shareholders, investors, customers, and business partners, deepen their understanding of our efforts toward long-term enhancement of the company value of the H-one Group.
Subject organizations	H-ONE CO., LTD., and consolidated subsidiaries (hereinafter referred to as the "H-one Group" or "our group" in this report)
Period subject to report	FY 2023 (From April 2023 to March 2024) *Partially including activities performed before and after the subject period
Subject readers	All stakeholders involved with the H-one Group
Precautions Concerning Prospects	Although this report contains future prospects that were determined based on the information available at the time of preparation, there is a certain degree of risks and uncertainties, and such prospects are not meant to promise achievement. Therefore, please carefully note that actual achievements and performances may be different from the descriptions in this report.
Guidelines Referenced in Editing	<ul style="list-style-type: none"> Global Reporting Initiative's (GRI's) Sustainability Reporting Standard International Integrated Reporting Council's (IIRC's) International Integrated Reporting Framework The Ministry of Economy, Trade, and Industry's Integrated Disclosure and Dialog Guidance for Collaborative Value Creation 2.0 
Contact	ESG Promotion Department, Sustainability Promotion Division, Business Management Operations, H-ONE CO., LTD. https://www.h1-co.jp

< Founding Spirit >

Value others and respect and trust their individual intentions.

Keep on trying without giving up even if it seems impossible.

Hold big dreams in your hearts and stay united.

< H-one Group Philosophy >

— Mission statement —

We will provide attractive products and services to exceed the expectations of the clients around the world.

— Management philosophy —

To Realize Our Dream, we should conduct ourselves with Respect and Trust for each other while Challenging one another to strive for continuous improvement that enables us to become a company that contributes to the world.

Understanding each other's culture and values acting with respect and fairness

Listening skills, broad-mindedness, and communication skills serve as the foundation for nurturing dreams. Because the H-one Group plays an active role around the world, we place importance on respect for all from a global perspective.



Never fearing difficulties and facing every challenge with courage

We can continue to challenge difficulties, which cannot be handled by one person alone, when wisdom is shared and efforts are brought together with other persons. We, the H-one Group, will always continue to take on challenges with our colleagues in support of each other toward the realization of our dreams.

Trusting each other and looking toward the future by acting confidently and holding high expectations

We, the H-one Group, strive to realize our dreams through relationships of trust that are fostered through sincere communication: respect each other, act with high expectations for each other, and always act with honesty with the other person in terms of words and communication.

Code of conduct

1. Always embrace hopes and dreams.
2. Set high objectives and continue to challenge ourselves.
3. Value and care for others.
4. Love your job and make sincere efforts.
5. Manage your time wisely and be open-minded to change.
6. Provide a safe and pleasant workplace.

Take action for change

Our mission statement and management philosophy are the two wheels of the H-one Group's sustainable development.

We conduct our daily business activities with the spirit embodied in our philosophy of *being a value creator* as the linchpin of everything we do.

Today, the values of motorization are undergoing a radical change; therefore, a new sense that is in tune with the times is required.

We are committed to achieving further sustainable growth by taking action for change.

Accelerating our growth strategy by implementing our unique sustainable management approach

The H-one Group's management philosophy of "Respect, Trust, and Challenge" expresses the essence of the sustainable management for which we strive.

With the transition to battery electric vehicles (BEVs), the business environment is changing drastically. In such an environment, as a global player,

we are committed to continuous improvement to ensure the Company's growth.

By reviewing the existing business portfolio and shifting to a higher-margin business structure, we will promote the diversification of our customers and businesses.

All are in place to earn the high evaluation and trust of our customers. Our challenge to achieve sustainable growth continues.

We hope you understand the state of the H-one Group in the fiscal year ended March 2024.

We hope you understand the state of the H-one Group

in the fiscal year ended March 2024.



Four Important Points to Note

Revenue is on a steady recovery trend, but in terms of profit, the company recorded a loss for the third consecutive year.

For details, see pages 5–11.

In the fiscal year ended March 2024 (FY 2023), revenue was 232.7 billion yen, up 3.2% from the previous fiscal year, due to a steady increase in the production volume of automotive frames for our main customers. In terms of profit, however, the consolidated subsidiary in China and the parts business in Japan recorded impairment losses on fixed assets, resulting in a loss for the third consecutive year.

1 Results

Consolidated Profit and Loss for FY 2023 (unit: million yen)

	FY 2022	FY 2023	FY 2024 (planned)
Revenue	225,511	232,730	230,000
Operating profit (loss)	(9,270)	(18,826)	11,000
Profit before tax (loss)	(9,742)	(19,354)	10,000
Profit attributable to owners of parent (loss)	(6,993)	(21,656)	8,000

Clarifying the authority and responsibility of each business unit.

For details, see pages 5–11.

2 Renewal of Management Structure

We promoted business reform to respond to the changing business environment and renewed the management structure with the aim of achieving sustainable growth and further enhancing corporate value. In addition, in order to speed up management and further strengthen the Group's governance, we have renewed our organizational structure from the previous functional headquarters system to a business headquarters system.

■ New organization: The organization was reformed into a business headquarters system.



Operating profit and ROIC are the management indices in Change 2027.

For detail, see pages 9–10.

By seriously reflecting on our operating loss for three consecutive years, we aim to achieve management with a strong focus on operating profit and return on invested capital (ROIC). Based on this policy, we revised our seventh medium-term business plan and formulated a new plan as Change 2027.

Targets in the seventh medium-term business plan (Fiscal year ended March 2024 (FY 2023) to fiscal year ending March 2026 (FY 2025))
Revenue: 300 billion yen, Profit before tax (%): 15 billion yen (5.0%) and ROE: 10.0%

3 Change in Management Indices

Change 2027 (Fiscal year ending March 2025 (FY 2024) to fiscal year ending March 2027 (FY 2026)) (unit: 100 million yen)

	FY 2023 (actual)	FY 2024 (planned)	FY 2025 (planned)	FY 2026 (planned)
Revenue	2,327	2,300	2,350	2,400
Operating profit (loss)*	(188)	110	135	160
Profit before tax (loss)	(193)	100	125	150
ROIC*	(17%)	Aiming for 7% or higher		
ROE	(35%)	Aiming for 10% or higher		

*Operating profit and ROIC are used as management indices.

4 Responding to Climate Change (TCFD etc.)

The ultimate goal is to achieve carbon neutrality by FY 2050.

For detail, see pages 26–30.

Since March 2022, the H-one Group has been working to improve its corporate value based on the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD). Specifically, we have set and are working toward the goals of reducing CO₂ emissions in Japan by 42% by FY 2030 compared with FY 2019 (equivalent to a 46% reduction from FY 2013) and achieving carbon neutrality as the Group by FY 2050.





Change What We Need to Change

Seiki Mayumi

Representative Director, President,
and Chief Executive Office

Courage to abolish, courage to change, and courage to create

The key to the H-one Group's sustainable growth is our ability to identify and respond quickly to changes in the business environment.

We have revised our seventh medium-term business plan and formulated a new plan as Change 2027 to achieve sustainable growth in the future based on the serious reflection on our operating loss for three consecutive years. In the midst of a major transformation of the automotive industry, we are committed to responding to the electrification of mobility, including automobiles, with our advanced technology and manufacturing capabilities, while at the same time fulfilling our responsibility to achieve carbon neutrality as a member of the automotive industry.

Highlights

- Results for the fiscal year ended March 2024: Although revenue increased, an operating loss was recorded for the third consecutive year.

Revenue	232,730 million yen	UP 3.2%
Operating profit (loss)	(18,826 million yen)	Down
Operating profit ratio	(8.1%)	Down 4.0 points
Profit before tax (loss)	(19,354 million yen)	Down
Profit attributable to owners of parent (loss)	(21,656 million yen)	Down

- Transition to a new system: top management change and organizational reform
- Reviewed the seventh medium-term business plan and formulated a new plan as Change 2027
- Key policy for the fiscal year ending March 2025: An important year for creating the resources needed to create future value
 - Enhancing profitability
 - Expanding business areas
 - Enhancing competitiveness of development/production technologies

Results for the fiscal year ended March 2024

Disappointing results with three consecutive years of operating losses

First of all, I must apologize to our stakeholders for the disappointing results: for the fiscal year ended March 2024, we posted higher sales but lower profits, and an operating loss for the third consecutive year.

Revenue was 232,730 million yen, up 3.2% from the previous fiscal year, because of an increase of approximately 7% in the number of automotive frame units produced for our main customers and the continued depreciation of the yen. Gross operating profit also increased by 42.3% from the previous fiscal year to 22,231 million yen, because of the increased revenue and cost reductions. In the Chinese market, however, foreign-affiliated manufacturers of finished vehicles, including Japanese companies, faced difficulties. As a result, the production volume of automotive frames for the H-one Group's main customers decreased, and the difficult business environment is expected to continue in the future. Under these circumstances, the

consolidated subsidiary in China recorded an impairment loss on fixed assets. In addition, an impairment loss was also recorded in the domestic component business, where revenues are expected to decline because of the deteriorating business environment in the Chinese market. As a result, operating loss amounted to 18,826 million yen (9,270 million yen in the previous fiscal year), producing a loss for the third consecutive year.

I believe that now is the time to drastically eliminate unprofitable elements in order to prepare for the uncertainty of the future. In order to move away from dependence on a single major customer, in parallel with revising prices to a more appropriate level, the company will drastically change its business structure and dramatically improve efficiency by changing the way we conduct our work. Thus, I am determined that by changing the portfolio to a healthier one, while promoting investment in high value-added businesses, we must change the constitution of the company to one that can generate cash flow as a prerequisite for investment. While the past three fiscal years have certainly been loss-making, I would characterize them as periods in which we have completed the establishment of a sound management base for the future.

Future market trends

The future is always changing.

Overseas sales account for approximately 80% of the H-one Group's total sales. Depending on the market size and social

conditions, the business environment in each country and region naturally differs, and the speed of the transition to battery electric vehicles (BEVs) also varies significantly.

The transition to BEVs has become a global trend. In Europe and the United States, however, the rate of increase

in penetration is slowing because of the difficulties in battery procurement and changing market needs, and this trend is particularly evident in Europe. In the United States, while the automobile market remains strong, the pace of the transition to BEVs is clearly slowing. It is difficult to predict the future of this country since the economy and capital investment will change depending on the outcome of the upcoming presidential election. In China, on the other hand, the rapid market transformation brought about by BEVs has been noticeable, and while it is often pointed out that the economy is slowing, sales are still on a gradual upward trend, creating a market that is unique to that country. In Asia, while the environment varies from country to country, we expect to see some growth in the use of BEVs, led by the trends in China.

As we have seen so far, **although the transition to BEVs is**

Transition to a new system and organizational reform

What we should not change and what we need to change

We regret to inform you that we reported to the Kanto Local Finance Bureau on June 26, 2024, regarding the significant deficiencies in the internal control over financial reporting that are required to be disclosed. This is because, although we took corrective actions in the fiscal year ended March 2024 and completed almost all of the improvements, we determined during the course of the accounting audit that the deficiencies in the internal control had not been fully resolved. This was due to the insufficient instructions based on the management decision and the discrepancy in timing.

First and foremost, I am committed to improving the accuracy and speed of management decisions. In order to respond to the rapidly changing business environment, it is necessary to review existing internal rules and revise the current complex management decision-making process. The Company's current system was created based on past experiences and mistakes. However, we have to repeat the same kind of work in this system, and I am fully aware of the need to change it to a simpler one. **In today's rapidly changing business environment, if we do not pay close attention to market trends, we will not know where we stand. If we do not observe our current position, consider what we should**

slowing down, especially in Europe and the United States, the movement toward a carbon-neutral society will not stop. In other words, it is clear that the trends towards BEVs will have a significant impact on the Group's future business. For example, a US company, Tesla, has started using megacasting for battery cases and our main product, the underframe, and domestic OEMs are also trying to adopt this technology. The reduction in the number of parts through the use of megacasting has the potential to completely change the Group's business model. Overall, the market environment is constantly changing, the future is always changing and, frankly, it is impossible to predict. That is why, as a person in a management position, I recognize the importance of carefully assessing the current situation and moving forward flexibly and calmly into the future.

do and take action to change, we will be left behind by the changes in society before we know it.

Therefore, I have decided to *change what we need to change* and embark on a reform of the organization. Here, I would like to emphasize that this is coupled with *not changing what we should not change*. In an ever-changing industry, we cannot survive by blindly changing.

H-one is a manufacturer. The basic premise is that we must do what is prescribed in the prescribed way and ensure stable supply of high-quality products, on top of that, we must continue to provide high value all the time. This is H-one's responsibility as a manufacturer, and, at the same time, the fact that we can do those is our strength that we should be proud of.

We will positively change what we need to change in the existing systems and cultures. On the other hand, we will not change what we should not change, which is the foundation of the value of manufacturing, and we will steadily respond to customer needs, which is the mission of a manufacturer. I am confident that these twofold efforts will enable the Group to achieve sustainable growth. When we stand by this policy, what we need to change right now is the way management decisions are made and their processes. Management reform cannot be achieved through a bottom-up approach. Therefore, as top management, I will walk the talk and lead this process with a sense of mission.





About "Change 2027"

Under the new medium-term management plan Change 2027, we will place a strong focus on the profit ratio and promote growth investments and financial health. At the same time, we will move away from dependence on a single major customer and diversify our customers and businesses.

We revised our seventh medium-term business plan and announced a new medium-term management plan as Change 2027 on May 24, 2024. As I said earlier, we will *change what we need to change*. This plan will shift and reorganize our business portfolio and structure.

Seventh Medium-Term Business Plan (Fiscal year ended March 2024 (FY 2023) to fiscal year ending March 2026 (FY 2025))
Revenue: 300 billion yen, Profit before tax (%): 15 billion yen (5.0%) and ROE: 10.0%

New Medium-Term Management Plan Change 2027 (Fiscal year ending March 2025 (FY 2024) to fiscal year ending March 2027 (FY 2026))

	FY 2023 (actual)	FY 2024 (planned)	FY 2025 (planned)	FY 2026 (planned)
Revenue	232.7 billion yen	230 billion yen	235 billion yen	240 billion yen
Operating profit (loss)*	(18.8 billion yen)	11 billion yen	13.5 billion yen	16 billion yen
Profit before tax (loss)	(19.3 billion yen)	10 billion yen	12.5 billion yen	15 billion yen
ROIC*	(17%)	Aiming for 7% or higher		
ROE	(35%)	Aiming for 10% or higher		

*Operating profit and return on invested capital (ROIC) are used as management indices.

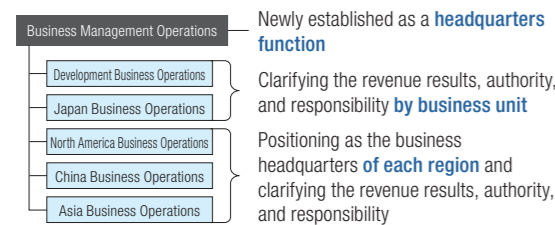
Four Key Policies

Policy 1

Enhancing Group business administration

Renewal of organizational structure

- Adopting a business headquarters system to **clarify the revenue responsibility and authority of each business unit**
- To a corporate operating structure that allows the management to focus on discussing more important issues



Change in Management Indices

- Placing a strong focus on return on invested capital (ROIC), setting **ROIC as a management goal** and adhering to achieving 7% or higher

Accelerating investment decision

- **Newly establishing the Investment Council** as an advisory and decision-making organization specializing in investment decisions that must be optimal for the entire company.

Policy 2

Improving the profitability of existing businesses

Existing business (automotive frame)

Increasing new customers in each market

- Quickly **reviewing the production system** and improving profitability
- **Strengthening our proposal activities** by utilizing our technologies and expertise to meet the need for further weight reduction that is required for BEVs, and **further deepening customer relationships** on a global scale by leveraging our existing infrastructure



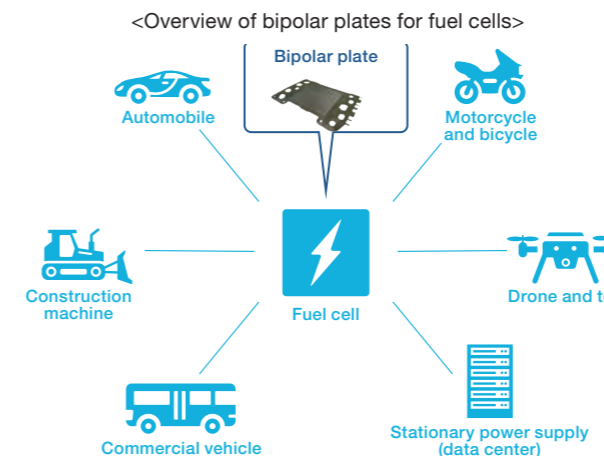
Example of expansion North America: GM and Toyota / China: Xiaopeng Motors

Policy 3

Streamlining the product line to shift to more profitable products

New businesses (other than automotive frame)

- **Products for other industries:** Realizing **mass production of products** by leveraging our strengths and substituting materials with ultra-high tensile strength steel sheets and other metal materials
- **Precision stamped products:** Strengthening our integrated production system from development to mass production in Japan with a view to global expansion by **allocating management resources on a priority basis**



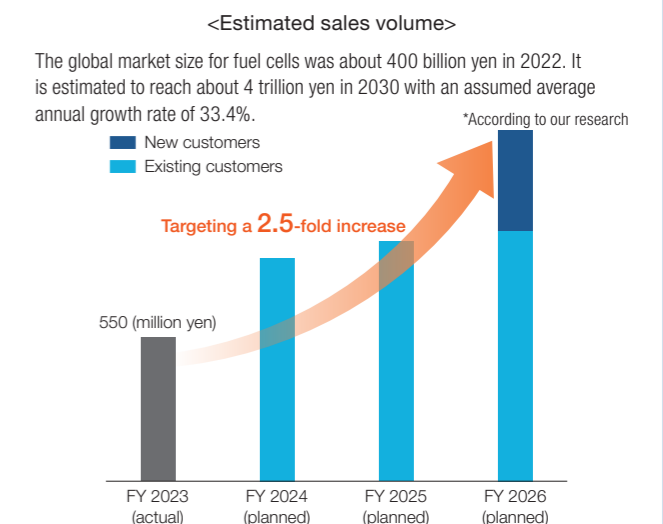
- Several hundred plates installed on a fuel cell
- Extremely thin and precise structure
- Important components that determine power generation efficiency
- Guaranteed dimensional accuracy in the micron order

Policy 4

Shifting resources toward technology and development

Expanding new product lineup

- Example of a product: **Logistics basket**
- Example of expansion: **Ocado**
- Example of a product: **Bipolar plate for fuel cell**



Sustainable Management

Strengthening corporate governance is an important management issue.

At the H-one Group, we promote sustainable management and, above all, want to be a company that delivers returns to our stakeholders. My personal definition of return is “profit,” and I will focus my efforts first and foremost on generating profit. We will contribute 30% of our profits to the local community and return 30% to our shareholders. We will use the remainder as an internal reserve to improve the damaged balance sheet, while making positive investment for future growth. I am convinced that a balanced return of profits to all stakeholders, including customers, local communities, shareholders, and employees, will lead to the sustainable growth of the Company.

In translating this philosophy into practice in our corporate management, **highly transparent and fair corporate governance plays an important role. It also serves as a key to supporting a variety of the Group’s management resources. Strengthening governance is the most important**

management issue especially with regard to achieving the goals of the new medium-term management plan **Change 2027**. Our management philosophy, “To realize our dream, we should conduct ourselves with respect and trust for each other while challenging one another to strive for continuous improvement that enables us to become a company that contributes to the world,” is now being put to the test. I am committed to leading the H-one Group with a new mindset and a positive attitude.

In terms of shareholder returns, we paid a dividend of 20 yen per share as in the previous fiscal year. We expect to increase the dividend by 6 yen to 26 yen for the fiscal year ending March 2025. Over the medium- to long-term, we aim to maintain stable dividend payments at a payout ratio of around 30%, while maintaining an appropriate balance with investments. At the same time, we will build a strong financial base and steadily implement the growth strategies of the new medium-term management plan to achieve our goals.

We appreciate your continued patronage and support.



Chapter

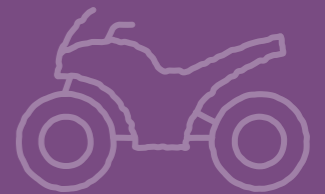
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Review of Business

Sustainable Management
and Growth Strategies

contents

- Pages 13–14 Cultivated Strengths
- Pages 15–16 Materialities (Important Issues)
- Pages 17–18 Value Creation Process
- Pages 19–20 Regional Overview
- Pages 21–23 Message from the CFO



Cultivated Strengths

We will not change what we should not change.

At the H-one Group, we will not change what we should not change in the process of aiming for sustainable growth in the future.

As a manufacturer, it is a very competitive practice to produce a product honestly in a prescribed way.

In our daily operations, we place great importance on cost, maintaining quality, and adhering to schedules in order to supply high-quality products in a stable manner and continue to add value.

This corporate culture and attitude of the H-one Group are highly valued by customers around the world and serves as a valuable source of value creation.

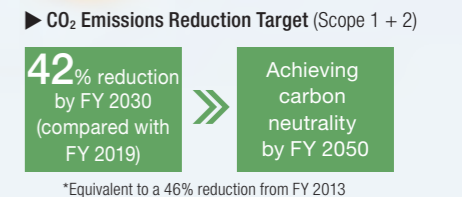
We will continue to strive for sustainable growth by valuing the management philosophy of “Respect, Trust, and Challenge,” keeping an eye on changes in the market environment and maintaining and even enhancing the strengths that we have cultivated to generate the resources needed to create future value.

Spirit 1 An earnest corporate culture that enables steady effort



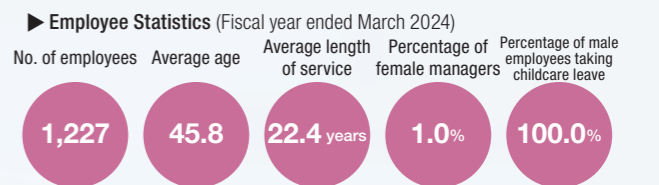
To realize our management philosophy of “To realize our dream, we should conduct ourselves with respect and trust for each other while challenging one another to strive for continuous improvement that enables us to become a company that contributes to the world,” the H-one Group aims to develop as a company that can respond to social needs while cooperating and collaborating with the international society that has diverse cultures and values and to become a company that is trusted by the world by quickly providing attractive products that exceed expectations by challenging and accumulating advanced processing technologies. Since its establishment in the 1930s, the Company’s employees have been united in their steady efforts to overcome any difficulties. The passion and integrity towards work is the H-one Group’s important spirit that should not be changed.

Spirit 2 Tackling climate change



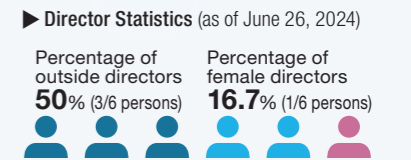
The H-one Group’s management philosophy incorporates the essence of ESG and SDG awareness. This is a corporate mindset that we want to cultivate now and in the future as a source of power that adds value in order to contribute to a sustainable society. As a matter of course, in promoting sustainable management, responding to climate change is one of the key management issues that cannot be ignored. Since March 2022, based on the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD), we have been analyzing the impact of climate change risks and opportunities on our business using its framework.

Spirit 3 Human resource development capability



As part of its human capital management efforts, the H-one Group aims to realize diverse ways of working and secure diverse human resources. The Group is committed to recruiting and steadily training diverse human resources who can think and act for themselves from the perspective of improving our value creation capability and solving social problems and who can create new values by involving other people around them. To promote diversity in our workforce, we focus on such indicators as actively recruiting women and encouraging men to take childcare leave.

Spirit 4 The power of governance (transparency and fairness)



The H-one Group recognizes the strengthening of corporate governance as one of the important issues in management and is continuously making efforts in this area. It also recognizes that establishing a governance system with high transparency and fairness is the key to achieving the goals of the new medium-term management plan Change 2027 and to surviving in the ever-changing automotive industry.

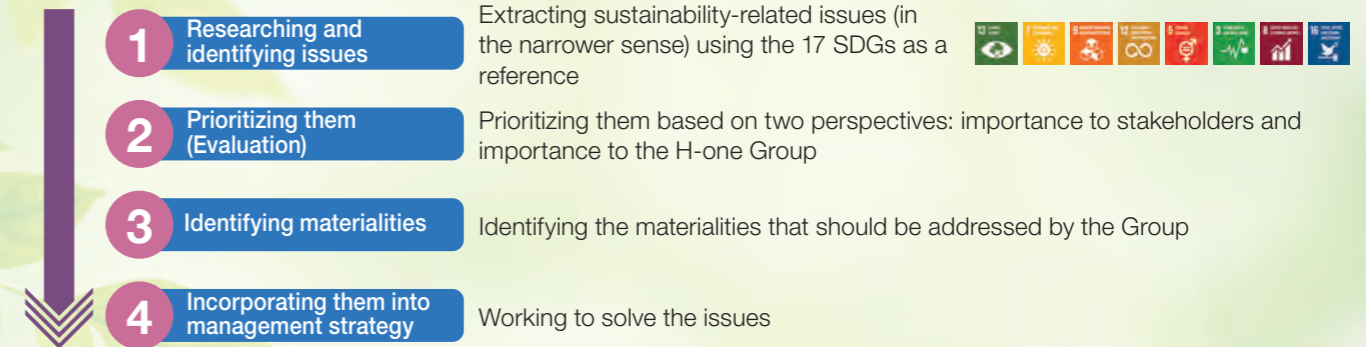
Identified Materialities (Important Issues)

In order to realize a sustainable society, the Group recognizes the following as materiality to be prioritized, taking into account business issues and stakeholder relationships. We have incorporated Strengthening Sustainability into our business plan and are working to sustainably improve corporate value through actions taken in each ESG area.

Materiality Identification Policy

- Must be able to contribute to the realization of a sustainable society.
- Must have a high degree of affinity with the United Nations Sustainable Development Goals.
- Must be based on the management philosophy, "To realize our dream, we should conduct ourselves with respect and trust for each other while challenging one another to strive for continuous improvement."

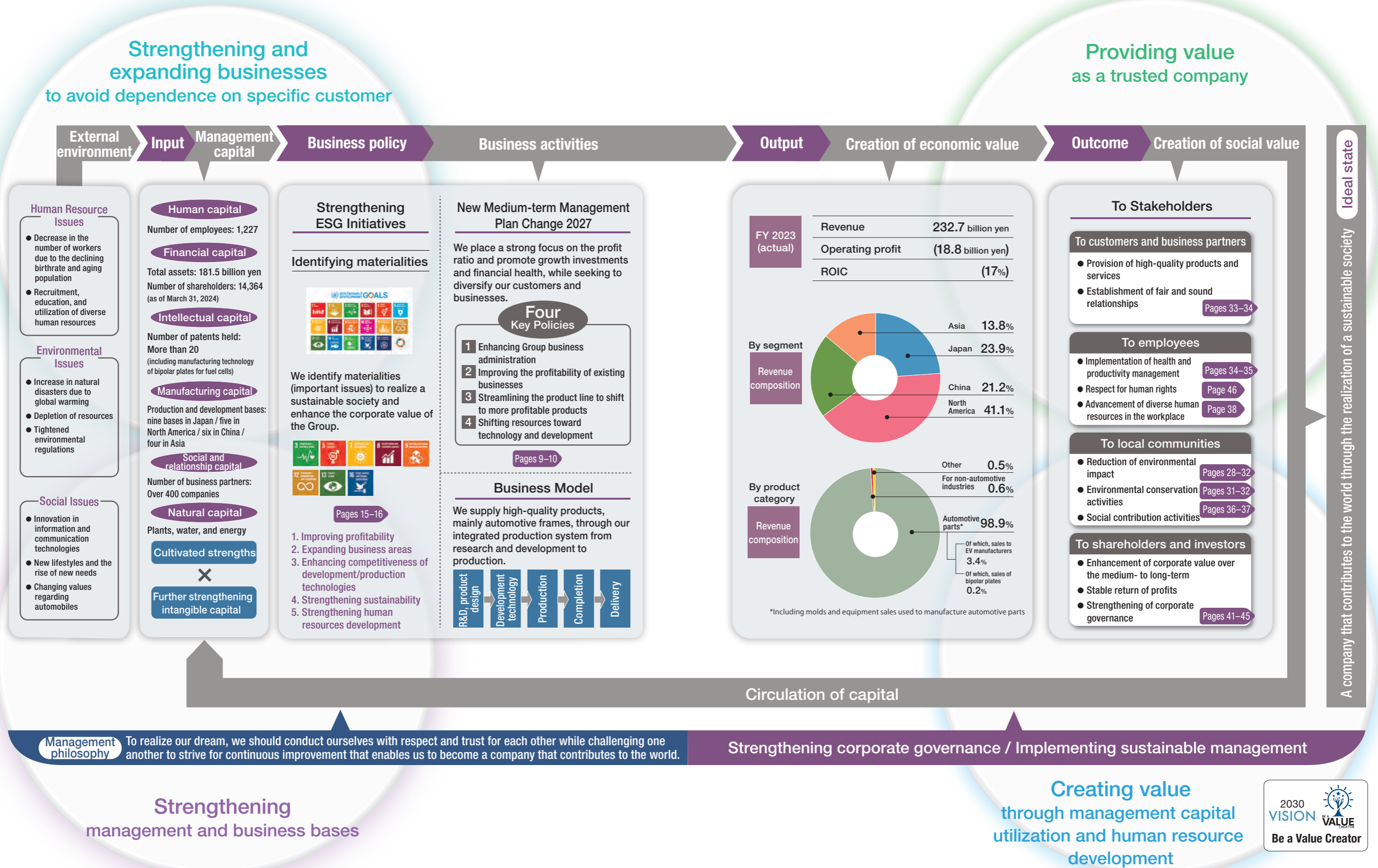
Materiality Identification Process



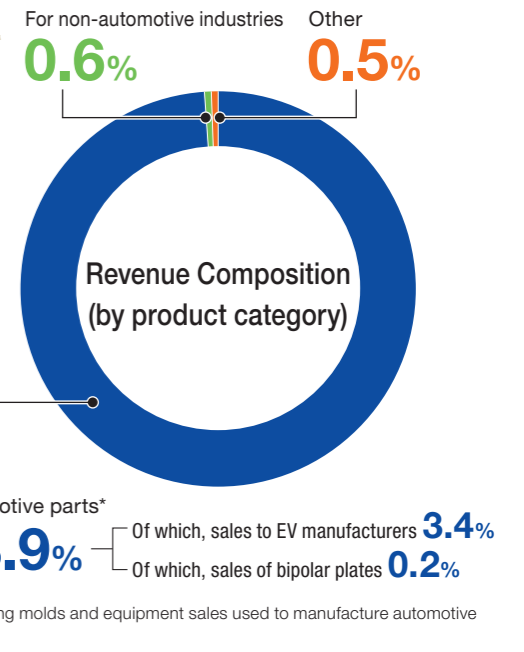
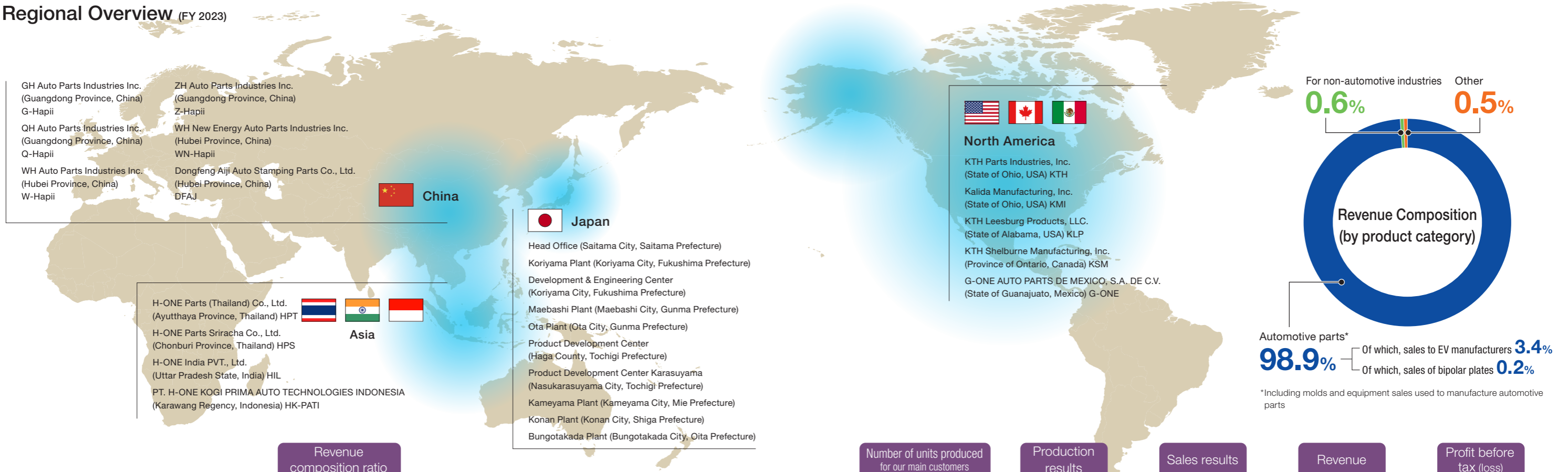
Category	Related SDGs	Main Issues
Environment		<p>Taking urgent action to combat climate change and its impacts</p> <p>Ensuring access to affordable, reliable, sustainable, and modern energy for all</p> <p>Development of technologies and products that contribute to the environment, and production activities that take into account the fight against climate change</p>
Society		<p>Achieving gender equality and empowering all women and girls</p> <p>Realizing diverse ways of working and securing diversity in human resources</p>
Foundation of the Company		<p>Promoting peaceful and inclusive societies, providing access to justice for all and building effective, accountable, and inclusive institutions</p> <p>Establishing a business foundation that leads to sustainable growth</p>

Ideal State	Key Measures
<ul style="list-style-type: none"> • Taking actions to reduce environmental impact and contributing to the sustainable development of society • Achieving industry-leading competitiveness, by combining our development and production capabilities and by utilizing our production technologies that support Global H-one's capabilities; while promoting the development of technologies and products that are full of dreams based on our superior technologies and ideas 	<ul style="list-style-type: none"> • Efforts to achieve carbon neutrality • Implementation of environmental management based on ISO 14001 • Efforts to reduce environmental impact • Use of renewable energy • Improving development and production efficiency • Research and development of BEV and FCV-related products • Promoting weight reduction <p>▶ See pages 28-32 for information on environmental initiatives.</p>
<ul style="list-style-type: none"> • Having high aspiration and forming a group where people respect, trust, and challenge each other in order to create new value • Promoting the creation of a safe and pleasant work environment and achieving a good work-life balance 	<ul style="list-style-type: none"> • Efforts to achieve work-life balance • Increasing options for the ways of working • Increasing the proportion of female employees and promoting their advancement in the workplace • Recruiting foreign nationals and promoting their advancement in the workplace • Actively recruiting and appointing mid-career employees • Promoting advancement of senior employees in the workplace and employing people with disabilities • Establishing a human right policy and implementing human rights due diligence • Establishing supplier sustainability guidelines • Continuously improving quality management based on ISO 9001 • Efforts to eliminate the use of conflict minerals <p>▶ See pages 33-40 for information on relationship with society.</p>
<ul style="list-style-type: none"> • All bases are independent and self-sustaining and improve profitability and soundness to a level where sustainable growth is possible. • Deepening the Group's governance and compliance system • Managing risks that could have a significant impact on business activities 	<ul style="list-style-type: none"> • Improving accuracy of investment resources and its effects • Improving profitability of each business unit • Exploring the value required by diverse markets • Delivering new value from the design stage • Accelerating the expansion of business areas • Enhancing the corporate governance system • Operation of the internal reporting system • Establishing a business continuity plan (BCP) • Innovating production structure and stabilizing the quality at a high level • Developing technologies and products to lead the future <p>▶ See pages 41-52 for information on corporate governance.</p>

Value Creation Process



Regional Overview (FY 2023)



	Revenue composition ratio		Number of units produced for our main customers	Production results	Sales results	Revenue	Profit before tax (loss)
<p>Japan</p> <ul style="list-style-type: none"> Production base 6 Research and development base 3 Die building base 1 <p>23.9%</p> <p>Despite the regional peculiarities, where the ties between OEMs and suppliers are strong, we continue to take on the challenge of winning new orders with our new technology, in addition to those from our main customers. We have already received mass production orders from industries other than automotive. We will continue to expand our product line, including bipolar plates for fuel cells.</p>			<p>9.6% UP</p> <p>707 (thousand unit)</p>	<p>22.8% UP</p> <p>48,463 (million yen)</p>	<p>14.8% UP</p> <p>47,729 (million yen)</p>	<p>24.3% UP</p> <p>58,384 (million yen)</p>	<p>—</p> <p>(2,064) (million yen)</p>
<p>North America</p> <ul style="list-style-type: none"> Production base 5 <p>41.1%</p> <p>The economic climate in the automotive industry remains strong. In this environment, the H-one Group has actively promoted its production, technology and price competitiveness and received high recognition. As a result, we have received mass production orders from new OEMs and from industries other than automotive.</p>			<p>28.3% UP</p> <p>1,422 (thousand unit)</p>	<p>13.0% UP</p> <p>105,233 (million yen)</p>	<p>1.4% UP</p> <p>100,219 (million yen)</p>	<p>0.8% UP</p> <p>100,268 (million yen)</p>	<p>—</p> <p>454 (million yen)</p>
<p>China</p> <ul style="list-style-type: none"> Production base 6 Die building base 1 <p>21.2%</p> <p>The economic climate in the automotive industry is positive. On the other hand, Japanese OEMs are facing difficulties in sales because of the transition to battery electric vehicles (BEVs) and competition with local OEMs. We are working to improve profitability both by strengthening and expanding sales activities to attract new customers and by rationalizing our production system.</p>			<p>10.2% DOWN</p> <p>1,171 (thousand unit)</p>	<p>4.1% DOWN</p> <p>51,790 (million yen)</p>	<p>9.3% DOWN</p> <p>51,341 (million yen)</p>	<p>9.1% DOWN</p> <p>51,658 (million yen)</p>	<p>—</p> <p>(17,927) (million yen)</p>
<p>Asia</p> <ul style="list-style-type: none"> Production base 4 Die building base 2 <p>13.8%</p> <p>The number of units sold by Japanese OEMs is beginning to decline as a result of the entry of Chinese OEMs into the market. We are working to improve profitability both by strengthening and expanding sales activities to attract new customers and by rationalizing our production system.</p>			<p>0.3% UP</p> <p>397 (thousand unit)</p>	<p>9.6% UP</p> <p>32,399 (million yen)</p>	<p>17.6% UP</p> <p>33,439 (million yen)</p>	<p>17.6% UP</p> <p>33,521 (million yen)</p>	<p>172.1% UP</p> <p>1,147 (million yen)</p>

Message from the CFO



With our comprehensive and organizational capabilities, we will definitely achieve Change 2027.

Masamichi Okuda

Director and Managing Officer in charge of Corporate Planning Division, Information Systems Division, and Accounting Division, Business Management Operations

Management indices set in Change 2027

The new medium-term management plan Change 2027, announced on May 24, 2024, was developed to rebuild the damaged financial position and transform the management structure to the one that enables sustainable growth. To this end, we have set operating profit and return on invested capital (ROIC) as management indices. ROIC is an index that is used as a criterion when you want to know the exact potential for sustainable growth and profitability of a company, and 7% or higher is generally considered preferable. A high ROIC means that you can make a lot of profit with a small amount of invested capital. On the other

hand, a low ROIC means that the margin on invested capital is low or that the business is loss-making. In this case, you must be aware that there is a risk in continuing the business.

In the current situation of the H-one Group, it is necessary to maintain a surplus of free cash flow. We have established a policy of making decisions from a global perspective when considering the priority of new investments for business growth. Using ROIC will be a great help in determining whether the business has high value. In addition, we believe that taking ROIC into account makes it easier to set targets for each business and helps us allocate the budget appropriately. At the same time, we can improve

our financial position more quickly by also managing the number of years needed for debt redemption. As CFO, I am committed to achieving the goals of Change 2027 to rebuild the financial position.

Key Policies for achieving Change 2027

In order to rebuild the financial position, I believe that it is necessary to steadily promote the shift and reorganization of the business portfolio and structure as set forth in Change 2027. In order to achieve this, it is necessary to reduce the current level of dependence on a single major customer, while at the same time shifting to a higher-margin business structure. Specifically, we will promote the following four key policies.

First, we will enhance the Group's business administration. We will review the current management system and make highly accurate decisions with a strong focus on return on invested capital (ROIC). Recently, investors tended to demand high profit margins from companies rather than high amounts of profit. For this reason, companies are required to provide indices that show how efficiently they are making a profit on their invested capital. From this perspective, we believe that the ROIC, which we have chosen this time, is a useful index for improving investment efficiency and assessing risk. Under Change 2027, we are raising the ROIC from -17% for the fiscal year ended March 2024 to 7% or higher for the fiscal year ending March 2025 and beyond. In addition, under the renewal of the organizational structure policy, we have newly established the Investment Council as an advisory and decision-making organization specializing in investment decisions that must be optimal for the entire company in order to strengthen the monitoring function for growth investments.

Then, we will aim to improve the profitability of the existing business. We aim to transform our business structure by improving the constitution of our automotive frame business, diversifying customers, and promoting business diversification by concentrating management resources on new businesses. Although we have a stable business with our main customer by utilizing the frame manufacturing technology that we have cultivated over a long period of time, we believe that it is difficult to have a highly profitable business with this company. There has been discussions about whether this technology could be

used in GM trucks, for example.

In addition, streamlining the product line to shift to more profitable products and shifting resources toward technology and development are key points for rebuilding the management structure. Bipolar plates for fuel cell electric vehicles (FCEVs), which we expect to be a new business, are based on technologies that we have been working on for more than 20 years. It is said that only three companies in Japan, including the H-one Group, have the manufacturing technology for this product. We assume that there is a huge market in this area. Therefore, we believe there is potential for us to shift our value-added focus from the automotive frame parts business to the hydrogen energy-related business. We are considering prioritizing the allocation of resources to the precision stamping technology field, such as preparing a mass production system with a view to global expansion. We are also applying the frame manufacturing technology that we have developed to the production of logistics baskets jointly with Ocado as a new and highly profitable business.

Financial Position for the Fiscal Year Ended March 2024 and Forecast for the Next Fiscal Year

Regrettably, for the fiscal year ended March 2024, we recorded an operating loss for the third consecutive year. However, this was not due to the Group's inability to make a profit, but rather to the impact of the market environment where a consolidated subsidiary in China recorded an impairment loss on fixed assets of approximately 15 billion yen.

On the financial side, the balance sheet has deteriorated significantly. Because of the above-mentioned impairment loss in China, total assets decreased by 5,718 million yen to 181,597 million yen compared with the previous fiscal year, and total equity decreased by 13,363 million yen to 55,555 million yen. As a result, the ratio of total equity attributable to owners of the parent was 30.4%, a decrease of 6.2 points from the previous fiscal year. Free cash flow decreased by 7.9% from the previous year to 6,236 million yen. The balance of cash and cash equivalents at the end of the fiscal year increased by 8,471 million yen to 18,892 million yen.

In the fiscal year ending March 2025, in order to restore the deteriorated financial situation, we aim to develop new business without new capital investment by utilizing the

facilities in China that have been impaired by approximately 15 billion yen, under Change 2027. We believe that it is essential to add value to the H-one Group not only as an auto body manufacturer producing automotive frames, which we have been doing, but also by increasing profit margins in such new areas as bipolar plates for FCEVs. Based on the above, the forecast for the next fiscal year is as follows: revenue of 230 billion yen (down 1.2% from the previous fiscal year), operating profit of 11,000 million yen (operating loss of 18,826 million yen in the previous fiscal year), profit before tax of 10,000 million yen (loss before tax of 19,354 million yen in the previous fiscal year), and profit attributable to owners of parent of 8,000 million yen (current loss of 21,656 million yen in the previous fiscal year). Please note that the exchange rate is assumed to be 140 yen/dollar.



Chapter

3

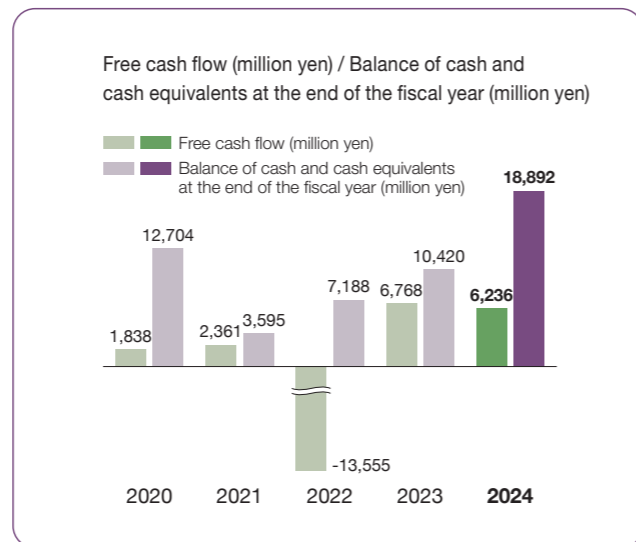
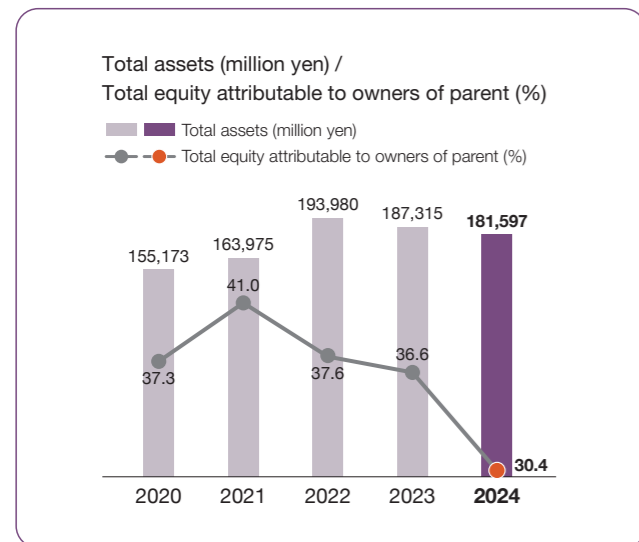
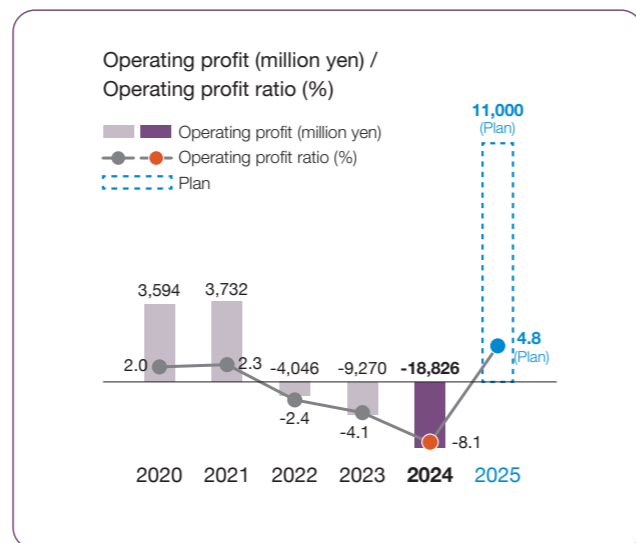
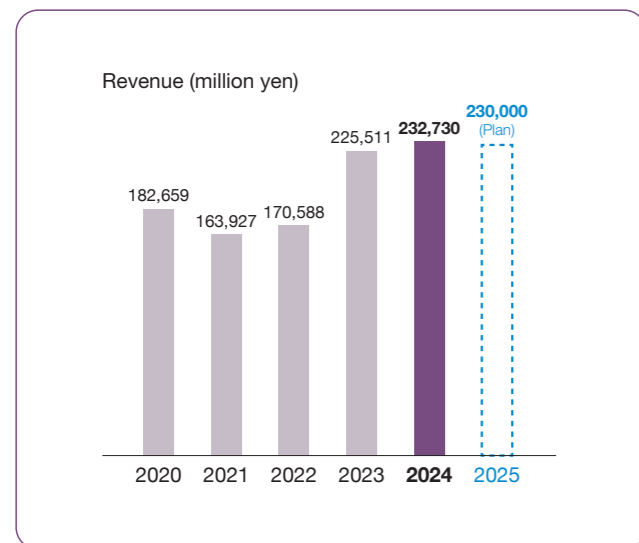
ESG in Action

Our ESG Philosophy and Initiatives



contents

- Pages 25–27 Sustainable Management
- Pages 28–32 Environment
- Pages 33–38 Society
- Pages 39–40 Message from the CHO
- Pages 41–46 Governance
- Pages 47–50 Tripartite Discussion by Outside Directors
- Pages 51–52 Introduction of Board Members



Sustainable Management

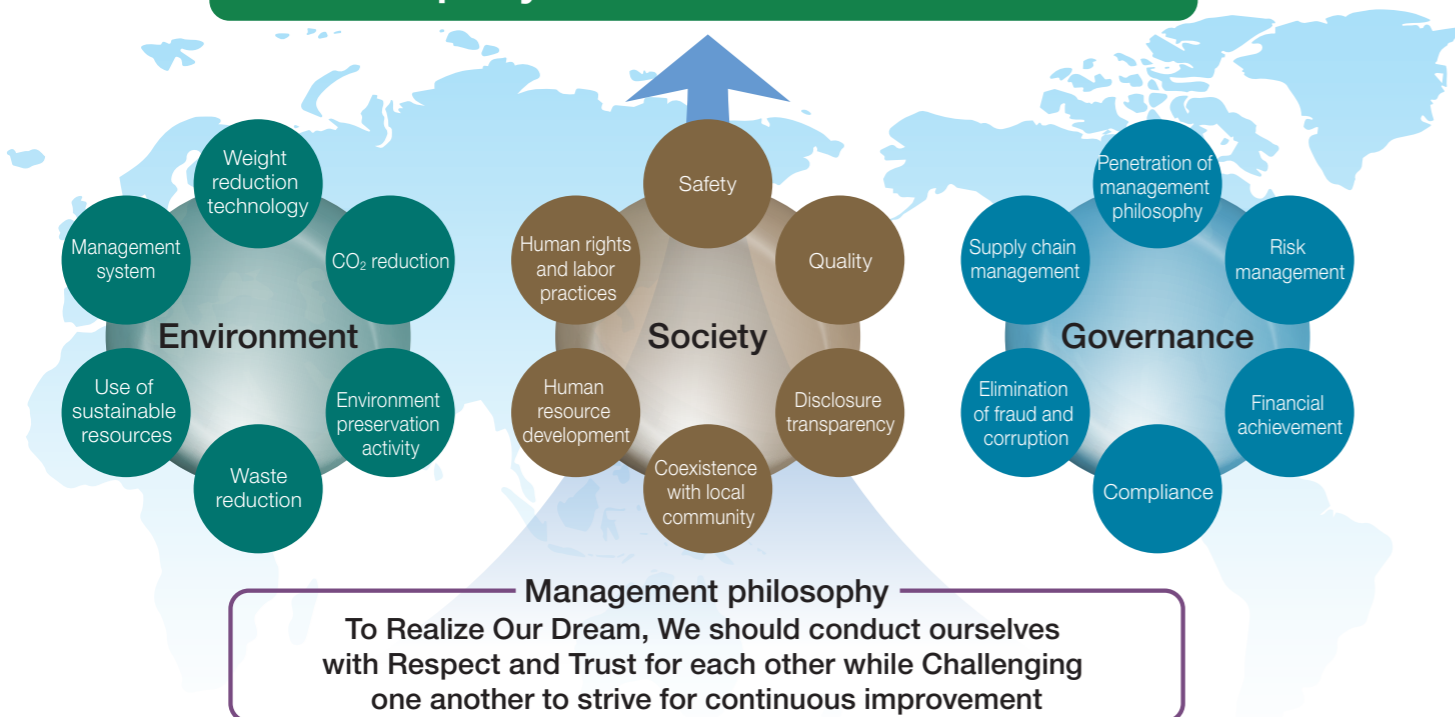
Basic concept

Based on our management philosophy, our basic policy regarding sustainability is to “be a company that contributes to the world” by promoting various activities in each ESG area (environmental, social, and governance).

Specifically, we set Strengthen Sustainability as one of the critical measures of the seventh medium-

term business plan (April 2023 to March 2026). Each department develops and manages the efforts on sustainability in line with their own business activities, and the results are supervised at the Management Committee and Board of Directors.

Be a company that contributes to the world



Sustainability promotion system

We have an ESG Committee for the purpose of strengthening the cooperation with top management promoting sustainability measures. In addition, we also have a Sustainability Promotion Division as the division responsible for promoting sustainability in our group. For various activities related to sustainability, each expert committee and responsible division implements measures globally while the Sustainability Promotion Division takes on the functions related to the planning and promotion of measures.

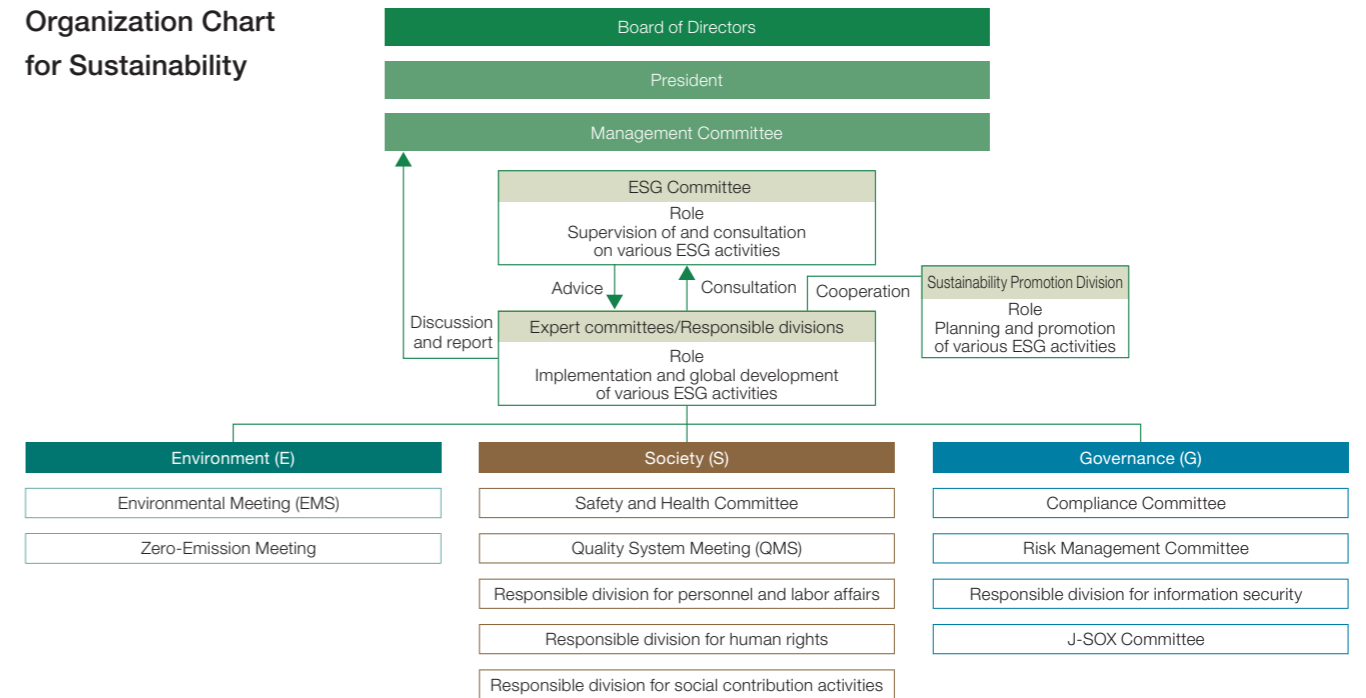
Examples of the advice provided in FY 2023

- Determination of an environmental model factory
- Introduction of an environmental management system
- Implementation of human rights due diligence
- Examination of human rights remedies

ESG Committee

The ESG Committee, chaired by the Sustainability Promotion Officer, Business Management Operations, consists of the head of each operation. As a general supervisory and advisory body on ESG, the Committee provides advice to responsible divisions concerning target setting and activity promotion related to ESG from the viewpoint of the management. In addition, the activities of the committee are reported to the Management Committee and the Board of Directors as needed.

Organization Chart for Sustainability



► For the details of our corporate governance system, please refer to [pages 41–42](#).

Initiatives for the Task Force on Climate-related Financial Disclosures (TCFD)



The H-one Group considers its response to climate change as an important management issue. By promoting activities based on the TCFD recommendations, we will

● Governance

The H-one Group has established the ESG Committee and other expert committees as a system to promote sustainability-related activities. Each responsible division implements measures in various ESG areas.

● Risk management

The ESG Committee reviews and discusses the risks and opportunities related to climate change and other sustainability issues identified in accordance with the framework proposed by the TCFD. The Committee classifies them into physical and transition risks and assesses the financial impact to extract important risks and opportunities. Among the identified important risks and opportunities, for physical risks, measures are taken depending on their characteristics and promoted company-wide through the Risk Management Committee. Transition risks are incorporated into the medium-term business plan if they are directly related to our business activities, and measures are promoted by each business operation. In the environmental area, risks and opportunities are identified, impacts are analyzed,

contribute to the realization of a decarbonized society while also achieving sustainable growth as a company.

and countermeasures are taken in accordance with the Environmental Management System (EMS) based on ISO 14001:2015.

● Strategies

Efforts to achieve carbon neutrality in the Group's business activities are essential to contributing to the realization of a sustainable society. In addition, it is predicted that various regulations in the automotive industry will be tightened.

The main pillars of the strategy in our business activities are: (1) energy saving, (2) renewable energy, and (3) energy creation. Of these, what our products can respond to are (1) contributing to the improvement of fuel and electricity efficiency in automobiles through lightweighting technology, and (2) contributing to the proliferation of EVs through our efforts in the manufacture of EV-related parts. We have set FY 2050 as the deadline for the H-one Group's long-term environmental goals and FY 2030 as the deadline for its medium-term goals and are continuing to promote them.

Sustainable Management

● Analysis of risks and opportunities based on the climate change scenario


Based on the recommendations of the TCFD, we studied risks and opportunities of the “4°C scenario” where the world’s temperature increases by 3.2°C to 5.4°C, the “2.0°C scenario” where the increase in the world’s temperature is limited to 0.9°C to 2.3°C because of strict measures, and the “1.5°C scenario” where the increase in the world’s temperature is limited to less than 1.5°C because of drastic measures.

- 4°C scenario: Undesirable world view (influenced significantly by climate changes)
- 2.0°C/1.5°C scenarios: A world view based on sustainable development (influenced significantly by political measures and regulations)

● Indices and targets

In recent years, damage has been occurring all over the world due to abnormal climate, such as massive typhoons, floods, cold waves, and droughts. Our group considers it necessary to address climate change issues proactively in order to pass the beautiful earth onto the next generation without destroying the global environment and overusing limited resources anymore.

We have set medium- to long-term targets of reducing CO₂ emissions by 42% by FY 2030 compared with the FY 2019 level and achieving carbon neutrality by FY 2050.

 For details on the TCFD, please refer to our website. <https://www.h1-co.jp/sustainability/environment/tcfd/> (Japanese only)

▶ For details of our sustainability management system, including the ESG Committee, please refer to [pages 25–26](#).

Climate Change Risks and Opportunities and How to Respond

Risk type	Category	Main impact	Impact on the H-one Group	Key countermeasures	H-one Group's key policies (medium-term management plan)
Risks with significant impact in a 4°C scenario (physical risks)	Acute	Increase in the severity and frequency of extreme weather events, including cyclones and floods / Increase in the likelihood and severity of wildfires	Decrease in sales due to the impact of customer shutdowns or supply chain disruptions	<ul style="list-style-type: none"> • Continuous review of BCP based on disaster experience • Confirming suppliers' operational status and securing alternative suppliers 	<ul style="list-style-type: none"> • Strengthening sustainability • Improving profitability
Risks with significant impact in a 2.0°C/1.5°C scenario (transition risks)	Policy and regulation	Tighter regulations on internal combustion engines (vehicles) etc.	Decrease in sales of parts and services that have been slow to adapt to BEV/FCEVs	<ul style="list-style-type: none"> • Research and development of BEV/FCEV-related products 	<ul style="list-style-type: none"> • Enhancing competitiveness of development/production technologies
	Policy and regulation	Progress on carbon pricing of GHG emissions and strengthened GHG emissions reporting obligation Enhancement of energy-saving policies	Increase in raw material costs if a carbon tax is introduced Increase in equipment investment costs due to upgrading from low-efficiency equipment to high-efficiency equipment	<ul style="list-style-type: none"> • Promoting weight reduction • Promoting emission reduction in cooperation with suppliers • Planned upgrade to high-efficiency equipment 	<ul style="list-style-type: none"> • Enhancing competitiveness of development/production technologies • Strengthening sustainability • Enhancing competitiveness of development/production technologies
Opportunities (common)	Product and service	Development/expansion of low-carbon products and services, and development of new products and services through R&D and innovation	Increase in sales due to the launch of new businesses etc. as a result of the development of environmentally friendly products	<ul style="list-style-type: none"> • Research and development of BEV/FCEV-related products, and activities to attract new customers 	<ul style="list-style-type: none"> • Enhancing competitiveness of development/production technologies • Expanding business areas
	Market	Access to new markets	Increase in sales in new markets	<ul style="list-style-type: none"> • Considering entering into product categories other than automobiles 	<ul style="list-style-type: none"> • Expanding business areas
	Resource efficiency	Efficient production and distribution processes	Decrease in production costs	—	—

Environmental Initiatives

Basic Policy

At the H-one Group, we aim to contribute to the sustainable development of society and the realization of a carbon-neutral society by working to reduce environmental impact. In accordance with the environmental management system, we are working to continuously reduce environmental risks, while at the same time working to protect biodiversity and ecosystems taking into account the characteristics of each region.


H-one Group Environmental Policy

Philosophy

Based on our management philosophy, the H-one Group aims to contribute to the sustainable development of society and achieve a decarbonized society by striving to reduce the environmental impact of all our business activities.

Action guidelines

1. We will understand the environmental needs of society and our customers and strive to develop and produce products that exceed their expectations.
2. We will strive to conserve resources and energy at every stage of our product's life cycles.
3. Each and every member of our group will commit to the sustainable use of resources, addressing climate change, and protecting biodiversity and ecosystems in consideration of regional characteristics.
4. We will comply with legal requirements and standards agreed upon separately and work with stakeholders as a member of the supply chain and society to engage in activities toward the resolution of environmental issues.
5. We will properly recognize the impact of our business activities on the environment and strive to continuously reduce environmental risks by optimizing our promotion system in accordance with our environmental management system by working toward our environmental targets.

 For details on our environmental promotion system and environmental management system, please refer to our website. <https://www.h1-co.jp/eng/sustainability/environment/>

Our efforts toward carbon neutrality

Our company has worked on various environmental issues in terms of the lifecycle under the philosophy of “aim to contribute to the sustainable development of society and achieve a decarbonized society by striving to reduce the environmental impact” as set forth in the Environmental Policy. Regarding climate change issue that is a pressing issue among them, we will advance

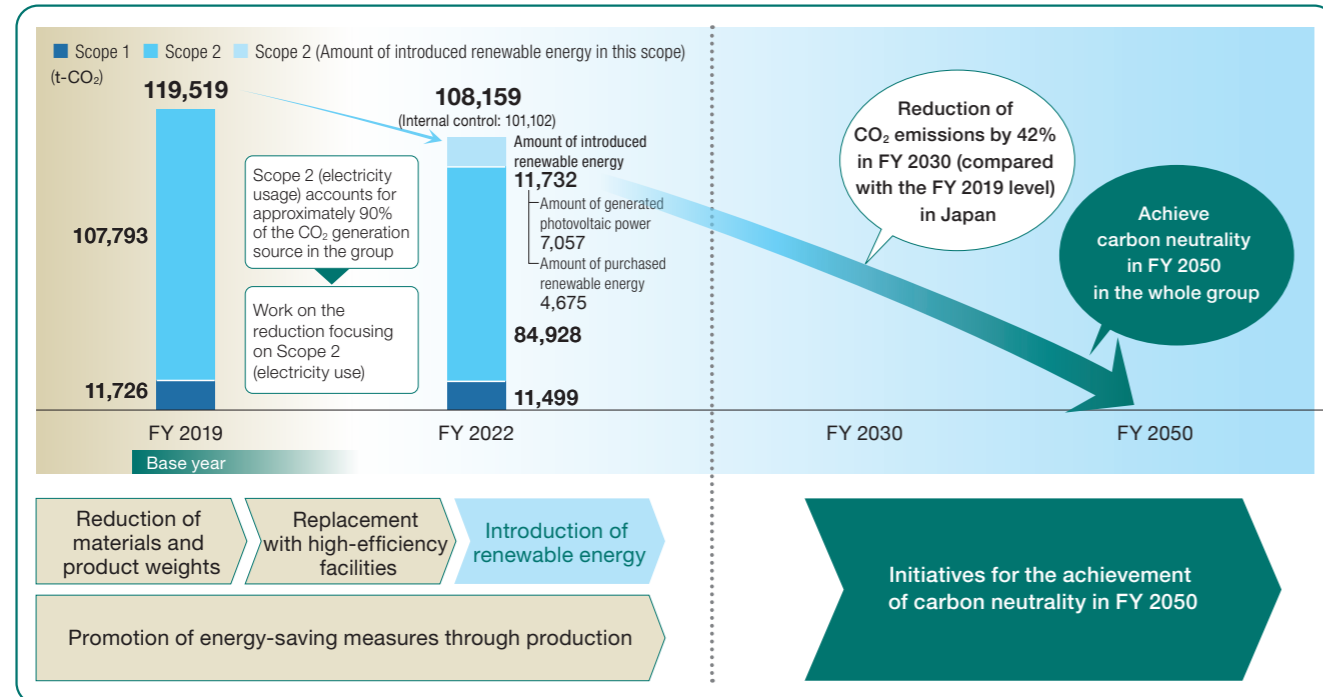
the implementation of environmental measures related to reduction of CO₂ emissions, as well as replacement with high-efficiency facilities that produce energy-saving effect, and procurement of renewable energy in order to achieve carbon neutrality in FY 2050 by both domestic and overseas companies in our group.

Targets

- ▶ Achieve carbon neutrality in FY 2050 in the whole group, using FY 2019 as the base fiscal year
- ▶ Aim to reduce CO₂ emissions in FY 2030 by 42% compared with the FY 2019 level* in Japan according to the target set by the Japanese government.

*Equivalent to a reduction by 46% compared with the FY 2013 level

CO₂ reduction target of the whole H-one Group (long-term)



Achievement in FY 2023 and target for FY 2024 of domestic business sites

We promote initiatives toward reducing environmental burdens by setting environmental objectives common to all domestic business sites concerning the following items:

Item	FY 2023			Target for FY 2024
	Target	Example of measures	Achievement	
CO ₂ emission reduction	Reduction by 12.0% in base units compared with the FY 2019 level	<ul style="list-style-type: none"> Replacement with LED lighting Power generation utilizing cooling tower water Optimizing compressor operation (optimizing piping systems and making capacity appropriate) 	Reduction by 27.2% in base units compared with the FY 2019 level	Reduction by 15.0% in base units compared with the FY 2019 level
	Reduction by 12.0% in emissions compared with the FY 2019 level		Reduction by 9.5% in emissions compared with the FY 2019 level	Reduction by 15.0% in emissions compared with the FY 2019 level
Waste reduction	Reduction by 4.0% in generation compared with the FY 2019 level	<ul style="list-style-type: none"> Reduction of generation by thorough separation of waste and recyclable waste Reduction of frequency of replacing quenched water Recycling of acrylic panels used for infection prevention 	Increase by 0.7% in generation compared with the FY 2019 level	Reduction by 5.0% in generation compared with the FY 2019 level
Water usage reduction	Reduction by 4.0% in base units compared with the FY 2019 level	<ul style="list-style-type: none"> Adjustment and optimization of water supply and return pump operation Adoption of human detecting sensor for washing tableware in the dining hall 	Reduction by 37.7% in base units compared with the FY 2019 level	Reduction by 5.0% in base units compared with the FY 2019 level

*Aggregation period: From April 2023 to March 2024; Total value of all domestic business sites.
 *The basic unit refers to emissions per specific unit, such as production volume. We use sales amounts that are highly relevant to energy consumption as the denominator. It can be said that the more the basic unit decreases, the more efficient the activities are.
 *We set a reduction target of each item in the medium term (From April 2023 to March 2026) as follows, where the base year is FY 2019.
 CO₂ emissions: Reduction target increased by 3% every year. / Waste and water consumption: Reduction target increased by 1% every year.

H-one Group's measures toward carbon neutrality

A breakdown of our group's energy usage shows the electricity usage in Scope 2 accounts for approximately 90% of the total, so it is essential to reduce the electricity

usage to achieve carbon neutrality. We are advancing the following initiatives in the whole group:

December 2023 The Bungotakada Plant selected as an environmental model plant and promoting energy saving and creation activities.

Overview of Bungotakada Plant

Address: Kanaedai, Bungotakada City, Oita Prefecture

Established in: October 2021

Site area: 22,504 m²

Operation: Manufacture of automotive parts

Main equipment: 3,000-ton transfer press, High efficiency welding line

Main customer: Daihatsu Motor Kyushu

Solar panel

Visualization of power generation status

Fuel-cell powered forklift

LED lights

Electricity visualization system established

At the Koriyama Plant, a system was set up to enable real-time monitoring of power consumption at the plant and storage of historical data, leading to improved efficiency in energy-saving measures.

Photovoltaic power systems installed

Photovoltaic power systems are installed in all regions of Japan, North America, China, and Asia. This reduces CO₂ emissions that are unavoidable as a result of our business operations.

HPS (Chonburi Province, Thailand)

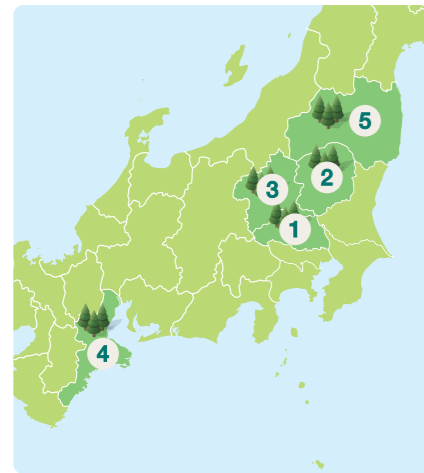
KTH (Ohio, USA)

100% of electricity purchased by our main production bases in Japan is now generated from renewable energy sources.

Electricity purchased by the Kameyama, Bungotakada, Maebashi, Ota, and Koriyama plant has been converted into renewable energy. This completed the shift of electricity purchased by all of our main production bases in Japan to the one derived from renewable energy sources.

Environmental preservation activities (in Japan)

H-one forest fostering activity



1 Saitama region (since 2013)
 Place: A land space in Hirakubo, Yokoze Town, Chichibu County, Saitama Prefecture
 Area: 2.7 ha



2 Tochigi region (since 2014)
 Place: A land space in Tochigi Kenmin No Mori, Nagai, Yaita City, Tochigi Prefecture
 Area: 0.9 ha



3 Gunma region (since 2014)
 Place: A land space in Matsunosawa, Misato Town, Takasaki City, Gunma Prefecture
 Area: 1.4 ha



4 Mie region (since 2014)
 Place: A land space in Aza Shikamaru, Mitsudera Town, Kameyama City, Mie Prefecture
 Area: 2.4 ha



5 Fukushima region (since 2019)
 Place: A land space in Aza Kagigane, Sabara, Fukushima City, Fukushima Prefecture
 Area: 1.05 ha



Environmental preservation activities (overseas)

Tree-planting activities



Contribution to the future created from environmental activities

In order to make effective use of the forest thinnings generated by the forest fostering activity to educate local children about trees, we work with a job assistance organization for people with disabilities in Saitama Prefecture to process them into wooden building blocks.

We donated them to children's centers in Saitama City in FY 2023 and other facilities in Saitama Prefecture (such as infant homes) and the Environmental Learning Information Center of Mie Prefecture in FY 2024.



Clean-up activities in local communities

As part of the Company's environmental conservation and social contribution activities, we participate in local clean-up activities. In the Omiya area, we participate in the Civic Cleaning Activity of the Saitama City Zero Garbage Campaign organized by Saitama City, and the Zero Waste Day of the Omiya Clean-up Campaign co-organized by Omiya Ward and Omiya Ardija, a professional soccer team, to collect trash left on the streets around Omiya

Station. In the Koriyama area, employees at the Koriyama plant and the Development and Engineering Center participated in the Clean Koriyama Campaign for All Citizens organized by Koriyama City. In the Tochigi and Gunma areas, we also worked with local residents to clean up the streets and parks around our plants. In each district, we collected a large amount of trash and contributed to cleaning up the local environment.

For the details of the Saitama City Zero Garbage Campaign Civic Cleaning Activity, please access the URL below.
<https://www.city.saitama.lg.jp/001/009/014/p113921.html>
 (Japanese only)

For the details of the Clean Koriyama Campaign for All Citizens, please access the URL below.
<https://www.city.koriyama.lg.jp/soshiki/55/76685.html>
 (Japanese only)



Relationship with Society

S

Basic Policy

The H-one Group practices sustainable management based on the management philosophy of “Respect, Trust, and Challenge.” We recognize that co-creation of value with our stakeholders, including customers, business partners, employees, local communities, shareholders, and investors, is becoming increasingly important in corporate management, and therefore we strive to establish appropriate and good communication with them.

Relationship with stakeholders

Our company strives to value communication with stakeholders and contribute to society through business activities to fulfill our social responsibility as a corporate citizen. Based on this awareness, we recognize seven values valued by our main stakeholders and our group as shown in the table below.

We will continue to grow as a company expected by society while meeting expectations from the stakeholders and working on strengthening engagement through dialogs.

Customers and business partners	<ul style="list-style-type: none"> ● Quality of products and services ● Sincere sales activities ● Fair and sound deals
Employees	<ul style="list-style-type: none"> ● Communication in workplaces ● Respect of human rights ● Safety and health
Society	<ul style="list-style-type: none"> ● Traffic safety ● Environmental conservation ● Social contribution
Shareholders, investors, and other stakeholders	<ul style="list-style-type: none"> ● Timely and appropriate information Disclosure ● Termination of relationship with antisocial organizations ● Sound relationship with politics and government

Relationship with customers (quality control system for products and services)

The quality and safety required for automotive frames that are our flagship products are not only linked directly to the value of customers' products but also have a mission to protect the lives of passengers. Recognizing this, we are always aiming to guarantee the quality that enables customers to purchase our products with security and satisfaction and to use the products for a long time with a sense of security and satisfaction. Therefore, we

have established our basic concept as the quality policy and share it among the companies in the H-one Group all around the world to place the highest priority on customers and ensure quality. As a specific initiative, we have established the Quality Management System (QMS) based on ISO 9001 as the foundation of our initiatives for quality.

Q

Quality policy

Based on our management philosophy, H-one always strives for stable quality and new value creation to meet the expectations of all customers and provide attractive products and services in a timely manner.

- 1 Meet customer needs and legal/regulatory requirements, and continuously improve the quality management system.
- 2 Set and achieve annual quality targets.
- 3 Everyone understands this quality policy and carries out activities.

Relationship with business partners (sharing sustainability guidelines with business partners)

We consider that the business partners to whom we request services, such as the supply of parts, raw materials, dies, mechanical equipment, and physical distribution, which are necessary for our business activities, are our essential partners who make up automotive frames together. With the aim of building a relationship of co-existence and co-prosperity that allows us to respect our business partners and continue

to cooperate with each other, we conduct procurement activities based on our purchasing philosophy and the three principles for purchasing. In addition, with the aim of fulfilling our social responsibility throughout the supply chain including our business partners, we share with our business partners the Supplier Sustainability Guidelines, the pillars of which are safety, quality, labor (human rights), environment, compliance, and social contribution.

P

Purchasing philosophy

We shall provide products that satisfy our customers around the world through the procurement of good-quality products at reasonable prices in a timely manner and on a permanent basis.

Three principles for purchasing

- 1 Procurement that respects the independence of our business partners
 - Respect management entities as business partners are companies with their own management policies, development technologies, and established management know-how.
 - Expect business partners to challenge global competition on their own and follow a self-driven path.
- 2 Procurement based on free competition
 - Further improve international competitiveness by learning from others in relation to free business dealings.
 - Widely open our doors to our business partners on an international basis.
 - Realize stable procurement that always satisfies quality, quantity, price, and timing.
- 3 Business dealings on an equal footing with our business partners
 - Business dealings on an equal footing with our business partners regardless of company size.

Sustainability initiatives related to supply chain

For sustainable procurement

We have issued Supplier Sustainability Guidelines and are working with our business partners to realize a sustainable society. We hold explanatory meetings to deepen our business partners' understanding and regularly ask them to conduct voluntary assessments in line with the human rights due diligence process.

globally as the Dodd–Frank Wall Street Reform and Consumer Protection Act that was enacted in July 2010, which requires US-listed companies to concretely understand whether conflict minerals are used in their own products.

Although we are under no obligation to report based on the Act, we promote initiatives toward eradicating the use of conflict minerals throughout each supply chain in light of the fact that our customer car manufacturers are listed on the US stock exchanges. Specifically, we not only conduct surveys regarding the inclusion of conflict minerals with cooperation from our business partners on a yearly basis, but also clearly stipulate the prohibition of the use of conflict minerals in the Supplier Sustainability Guidelines. We will continue to work to eradicate the use of conflict minerals.

Initiatives toward eradicating the use of conflict minerals

Some of 3TGs (tin, tantalum, tungsten, and gold: hereinafter referred to as “conflict minerals”) produced in conflict-affected regions are sources of funding for inhumane acts conducted by armed insurgents, and there is concern about the potential for human rights violations, environmental destruction, etc. Initiatives toward eradicating the use of conflict minerals are progressing

Relationship with employees

With the management philosophy of “Respect for the Individual” as a key axis, we are actively promoting the review of working styles, improvement of working environment, and improvement of employees' health in order to create a working environment where all employees can continue to work vividly with a healthy mind and body.

Health and productivity management promotion system

The President and Chief Executive Officer is responsible for driving health and productivity management. Within the company, the Human Resources & General Affairs Division plays a leading role in promoting the health of employees throughout the company in coordination with health insurance associations, occupational physicians, the department responsible for general affairs in each region and the Safety and Health Committee.

M

Major initiatives

- 1 Initiatives for maintaining and improving health
- 2 Initiatives for mental health
- 3 Prevention of overwork

For details of our promotion system and initiatives for health management, please refer to our website.
https://www.h1-co.jp/eng/sustainability/safety_and_health.html

Health declaration

Having the management philosophy of “To realize Our Dream, We should conduct ourselves with Respect and Trust for each other while Challenging one another to strive for continuous improvement that enables us to become a company that contributes to the world,” we consider that each employee playing a role in realizing our dreams is the most important asset of our company.

Each employee’s health, both physically and mentally, is the foundation for our company’s growth. As a company, we will strategically and proactively work to maintain and improve the health of our employees in order to realize improvement in productivity and corporate value. We will also realize safe and comfortable workplaces where employees can feel satisfaction in continuing to work in good health by practicing health management.

Specific objectives based on health issues

We will promote understanding of the health conditions of employees by regular medical checkups and improvement in the consultation rate of persons subject to secondary examinations so that employees can feel satisfaction in continuing to work in good health.

	KPI (Index)	Target	2020	2021	2022	2023 (Fiscal year)
Health control	Regular medical checkup: Consultation rate	100%	100%	100%	100%	100%
	Secondary examination: Consultation rate	90% or higher	98.7%	99.8%	100%	100%
	Specific health guidance: Consultation rate	90% or higher	14.0%	93.6%	98.5%	98.9%
Mental health measures	Stress check: Consultation rate	100%	100%	100%	100%	100%

Major initiatives toward maintenance and improvement of health

Specific health guidance/Health guidance

In order to reduce the number of employees who show abnormalities in the findings from periodic medical checkups, we have provided specific health guidance or health guidance to the employees of all age groups who are above certain standards. The Human Resources & General Affairs Division and the implementing company work together to recommend that subject employees receive specific health guidance, appeal to them in various ways, and provide continuous advice so that they realize their health condition and continuously make voluntary efforts for improving their daily habits.

Initiatives for mental health

We actively promote the holding of workshops, consultations with an industrial doctor, and counseling by industrial counselors to prevent the mental difficulties of employees and support early reinstatement of employees on temporary retirement. In the workshops, we invite an industrial doctor as an instructor to conduct programs for self-care and line-care for all management

level employees. We also implement a workplace improvement meeting for the divisions that are above certain standards together with an industrial doctor based on the organizational analysis of stress check results to lead to the establishment of better working environments. For employees on temporary retirement, we provide periodic consultations with an industrial doctor for grasping the condition and providing support toward early reinstatement. In addition, we are also working on the establishment of an environment that facilitates the continuation of work.

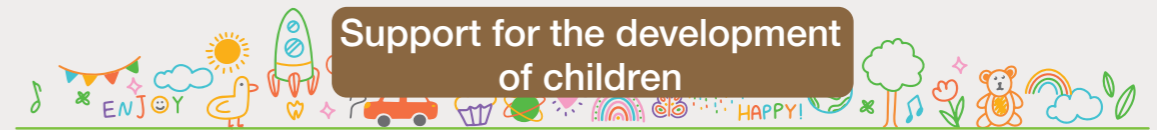
Acquisition of Excellent Health Management Company certification

We have been certified as an Excellent Health Management Company since 2022.



Social contribution

Our Group aims to be a company whose existence is desired by society through community activities and social contributions.



Support for the development of children

Holding an Environmental Workshop for children

On August 2, 2024, H-one held an Environmental Workshop for children at Resona Youth Base of Saitama Resona Bank. We provided a program that allowed children to learn various things and feelings from knowledge of the environment to the joy and sense of accomplishment of manufacturing. The program included a lesson about environment by our employee in charge of environment-related work, a handicraft event using wooden toys made from the processed wood materials thinned from the H-one’s forest, and a lesson about manufacturing by designer of the toys.



Booth at the Saitama Environmental Fair & Children’s Eco-Festival

On September 23, 2024, H-one ran a booth at the Saitama Environmental Fair & Children’s Eco-Festival co-hosted by Saitama Prefecture and Aeon Mall Ageo. We provided an opportunity to experience manufacturing. Children who visited the booth decorated cube calendars made from thinnings with their own designs.



Co-sponsoring Kids Engineer

H-one support the purpose of activity for providing opportunities for children who are responsible for the next generation to become aware of the fun of manufacturing and to have a dream to become an engineer, and co-sponsor Kids Engineer held by the Society of Automotive Engineers of Japan, Inc.



Kids Engineer 2024



Contribution to local communities

Participation in local cleaning activities

H-one participates in local cleaning activities as part of environmental preservation and social contribution activities.

▶ For details, please refer to [Page 32](#).



H-one participated in the SDG activities of Omiya Ardija, a professional soccer team in Saitama Prefecture, where we are headquartered, and sponsored their events.

Social contribution through shareholder benefits

H-one adopted the Japan Red Cross Quo Card for Social Contribution as a shareholder benefit presented in late June each year and donated 10 yen per card to the Japan Red Cross Society through Quo Card Co., Ltd., for use in humanitarian relief activities in Japan and overseas.



Donations to Hope School (China)

In 2022, G-Hapii donated to the construction of an elementary school building in Zhangjiajie City, Hunan Province, as part of the Hope Project to improve educational conditions in poor areas and help children who have not been able to attend school go to school. The company also donated school supplies to the school.



Posyandu (Indonesia)

HK-PATI supports the Posyandu Program, a maternal and child health service in Indonesia that aims to reduce infant and maternal mortality rates. The company contributes to this activity by donating food and assisting with physical measurements of infants and toddlers.



Volunteering at temples (Thailand)

At HPT, employees visit temples around the plant and volunteer to clean, do housework, paint, mow grass, etc. In addition, they have a Big Cleaning Day twice a year where they clean the places around the plants.



Focus on the diversity and development of human resources (DE&I)

Work freely and demonstrate your abilities in the H-one Group!

Encouraging the use of paid annual leave

The H-one Group is working to establish and improve various systems that contribute to a good work-life balance so that employees can work in a variety of ways. These include offering paid childcare leave to encourage its use and newly introducing fertility treatment leave, as well as initiating a system for working from home and flexible working hours tailored to the characteristics of the job. In particular, the use of paid annual leave by non-management employees has remained at 100%, and it has become one of the benefit programs that symbolize H-one.



Tomoaki Ueda
General Manager of the
Human Resources &
General Affairs Division

To improve the use of paid annual leave, the company and the labor union have agreed that non-management employees should use 100% of their annual leave and have adhered to this agreement. An annual plan is developed for each employee in each division, and progress is carefully monitored. As a first step, we have ensured that non-management employees use 100% of their annual leave. In addition, as part of the work-style reforms, we have also encouraged managers to take their paid annual leaves. Currently, managers are required to take at least one day of annual leave per month.

In this way, by creating rules, we were able to raise employee awareness about taking leave. As a result, the percentage of male employees taking childcare leave rose from about 2% to 100% in a few years. A life support leave system has been established as a special leave system that can be tailored to each individual's lifestyle, such as fertility treatment, women's health care, childcare, and nursing care for family members. To enable employees to work flexibly according to their personal values or family circumstances, we have made working from home a permanent system and increased the number of workplaces that are eligible for the flexible working hour system. In terms of human resource recruitment, we have heard that some applicants decided to apply for and join H-one because of the ease of taking paid annual leave. We have also received feedback from our internal survey that many employees have responded that they feel pleasant working here. Therefore, we feel a good response to this policy. We believe that creating a pleasant work environment in this way is a lasting management asset for a company.

Working hard and resting fully. I now understand the importance of balance.



Liu Chang
Accounting Dept.

Because I have the flexibility to use my paid annual leave, I can enjoy a two-to-three-night trip or take leave for an important personal event. Being able to use the leave system and the flexible work time system has given me a sense of fulfillment. Work hard and rest fully. Work-life balance is very important.

Able to refresh myself with a good balance between work and hobby



Yusuke Arai
Quality Control Dept.,
Maebashi Plant

Thanks to an environment where I can take my paid annual leave flexibly, I am able to enjoy my hobby of outdoor activities with my family. This allows me to maintain a good balance between work and personal life. I now realize that H-one provides an environment where we can refresh our minds and bodies. I believe that H-one's continued achievement of 100% paid annual leave usage reflects a culture that we can be proud of, even in comparison with other companies.

*H-one was recognized by the Ministry of Health, Labour and Welfare (MHLW) for its efforts and achievements and was evaluated as an advanced company in its efforts to promote the use of paid annual leave.



Video available now!

URL of MHLW's dedicated website

<https://work-holiday.mhlw.go.jp/kyuuka-sokushin/jirei/>
(Japanese only)



Message from the CHO



We work to develop excellent human resources to enhance human capital.

Taiji Miyamoto

Senior Operating Officer,
Business Management Operations in charge
of Sustainability Promotion Officer and
Human Resources & General Affairs Officer

Based on the management philosophy of “Respect, Trust, and Challenge,” the H-one Group recognizes that human resources are the capital that creates value and recruits and develops a variety of people who can create new value in order to improve value creation capability and achieve sustainable growth. The Group also promotes training to enhance independence and abilities to think and act as well as internal and external exchanges based on the instructions in daily work and on-the-job training in order to help all individuals develop their skills and careers, regardless of gender, age, country of origin, etc. It also promotes the improvement of work environment where each individual can work with vigor and enthusiasm, including improvement of management skills by managers, the introduction of the system that allows diverse ways of working, and the promotion of health and productivity management.

Creating a vibrant organizational culture through human capital management

What is needed to create a vibrant organizational culture? It is an environment where employees can freely and openly express their true opinions. I believe that establishing this kind of culture will lead to human capital management. At the H-one Group, we took the opportunity of the management system change in April of this year to gather a variety of opinions from employees. This strengthened the atmosphere of working together to shape the organizational culture. We believe that the best way to do this is for employees to think for themselves, share their opinions, and move forward in a better direction. So, we started with

sharing opinions among employees. It may take time to change the mindset of each individual employee. From the perspective of the human resources system, we are carrying out reforms while always being aware of creating a good atmosphere and a pleasant work environment and spreading the practice of diversity.

How we can increase the retention rate is one of the challenges in the work-style reform initiative. The current retirement rate for new graduates up to the age of about 30 is around 40%, regardless of gender. We are committed to improving this situation. We will listen carefully to employees' opinions and continue to develop an attractive system.

Current conditions of recruitment activities and personnel development policy

In terms of recruitment activities, we conduct a number of interviews without limiting categories, such as new graduates, mid-career hires, people with disabilities, and foreign nationals. The situation that we see through the activities is that, although other companies in the same industry may be experiencing the same trend, the rate of declining the offer is high among new graduates and, although it is a trend specific to the industry, the proportion of women is low. Last year, the percentage of women among the new graduates was about 20%. Regarding mid-career hires, we make decisions based on the applicant's character and ability, regardless of gender. Although we have secured the required number of employees, it takes time for the applicants to decide to join our company, depending on their level of specialization. The more specialized they are, the more difficult it is to communicate the attractiveness of the H-one Group. We are working hard to overcome this hurdle.

In the recruitment process, we focus on how to communicate the H-one Group's attractiveness and philosophy. To emphasize our corporate culture, which allows free and vigorous discussion based on the management philosophy of “Respect, Trust, and Challenge,” we used the slogan “We Want Cheeky People” on the recruitment page of our website. We seek diversity, not uniformity. We want our company to be a group of people who can grow through their work while exercising their individual characteristics and who can work together to achieve their dreams by combining their collective wisdom. We seek people who share these values. After recruitment, we remember to develop employees with a focus on each person's autonomy (spontaneity).

H-one Group's DE&I to secure and develop diverse human resources

In order to address the changes in the domestic work environment due to declining birthrates and an aging and shrinking population, it is important to respond to the diversity of human resources. The H-one Group places importance on such diversity indicators as active recruitment of female employees and the 100% use of childcare leave by male employees. In addition, we are delivering results and making steady progress on the number of female managers and the employment rate of people with disabilities. For the former, the goal is to triple the number of female managers to six members by 2030 from a baseline of two in 2020. It was four as of June 2024. For the latter, we achieved 3.24% in March 2024 compared to the national target of 2.3% to 2.5%.

However, the average age of the H-one Group is around 45. The fact that the number of young employees who will form the core of the business in 10 to 20 years is small is a management risk to the sustainable growth of the business. We also see the need to increase the proportion of female employees and

the need to improve the working environment for this purpose. Because of the characteristics of the industry, the number of female employees in the Company has been low. If this situation continues, minority opinions will not be heard, and there is a risk that we will have a less open work environment. Creating a workplace where female employees can work comfortably and play an active role will also make it easier for people from diverse backgrounds, including seniors, people with disabilities, and foreign nationals, to work.

I recognize that my mission is to achieve the set KPIs, including the women's empowerment plan, the next-generation development support action plan and the health and productivity management, and to steadily create and improve the work environment in which a diverse human resource can demonstrate their abilities. Specifically, we have set a goal to increase the proportion of female graduate hires to 10% or more each year. In addition, in order to respond to the globalization of our businesses, we are actively recruiting employees with a foreign background. We are developing and improving a system to help employees whose native language is not Japanese learn Japanese. In order to create an environment in which veteran employees can demonstrate their superior experience, skills, and techniques, we have established a program for the continuation of regular employment. Employees who wish to remain employed after the mandatory retirement age have the option of entering into an employment contract with the Company.

To achieve a good work-life balance, we are working to create an environment in which employees can work freely and vigorously. We also have a nursing care leave system, which eliminates the situation where employees have no choice but to retire and helps both labor and management achieve a better situation by utilizing this system. The paid leave usage rate for non-management employees is 100%, and 97.4% of managers take at least one day off per month. This shows that the system is taking root. We want each of our employees to consider what constitutes a good work-life balance for them so that they can enrich both their professional and personal lives and stay with us longer.

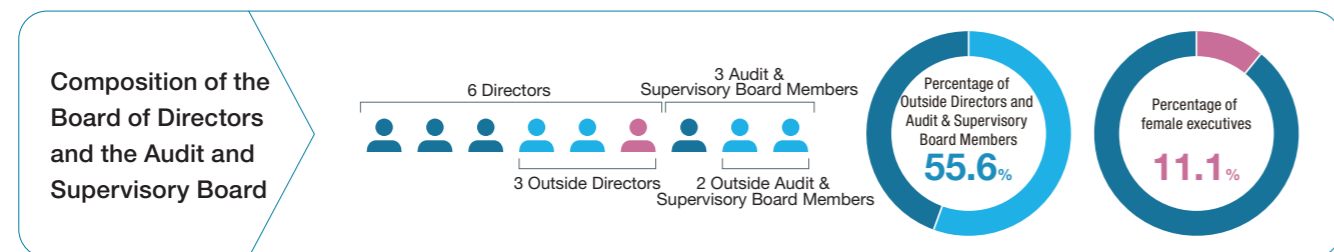
■ Key actions for DE&I

- 1 Active recruitment of female employees (holding company information sessions for women et al.)
 - 2 Holding H-One Women's Workshop
 - 3 Support provided after joining the company (mentoring system etc.)
 - 4 Creating a workplace where diverse employees can work comfortably (e.g., preparing break rooms, promoting measures against passive smoking, etc.)
 - 5 Strengthening support systems for employees with childcare and nursing care needs, regardless of gender, and work-style reforms
 - 6 Raising the awareness among managers
 - 7 Making working from home a permanent system
 - 8 Increasing the number of workplaces eligible for the flexible working hours
- Strengthening the systems, such as childcare leave, reduced working hours for childcare and nursing care, sick child care leave, extended care leave, nursing care leave for families and childcare allowance, and fixed working hours for one shift and two shifts
* The percentage of male employees in the Company who take childcare leave is 100% (in FY 2023).
 - Promoting the use of paid annual leave (100% for non-management employees)
 - Conducting diversity management training sessions
 - Work style reform for managers (use of annual paid leave and strengthening of overtime management)

Corporate Governance

Basic Policy

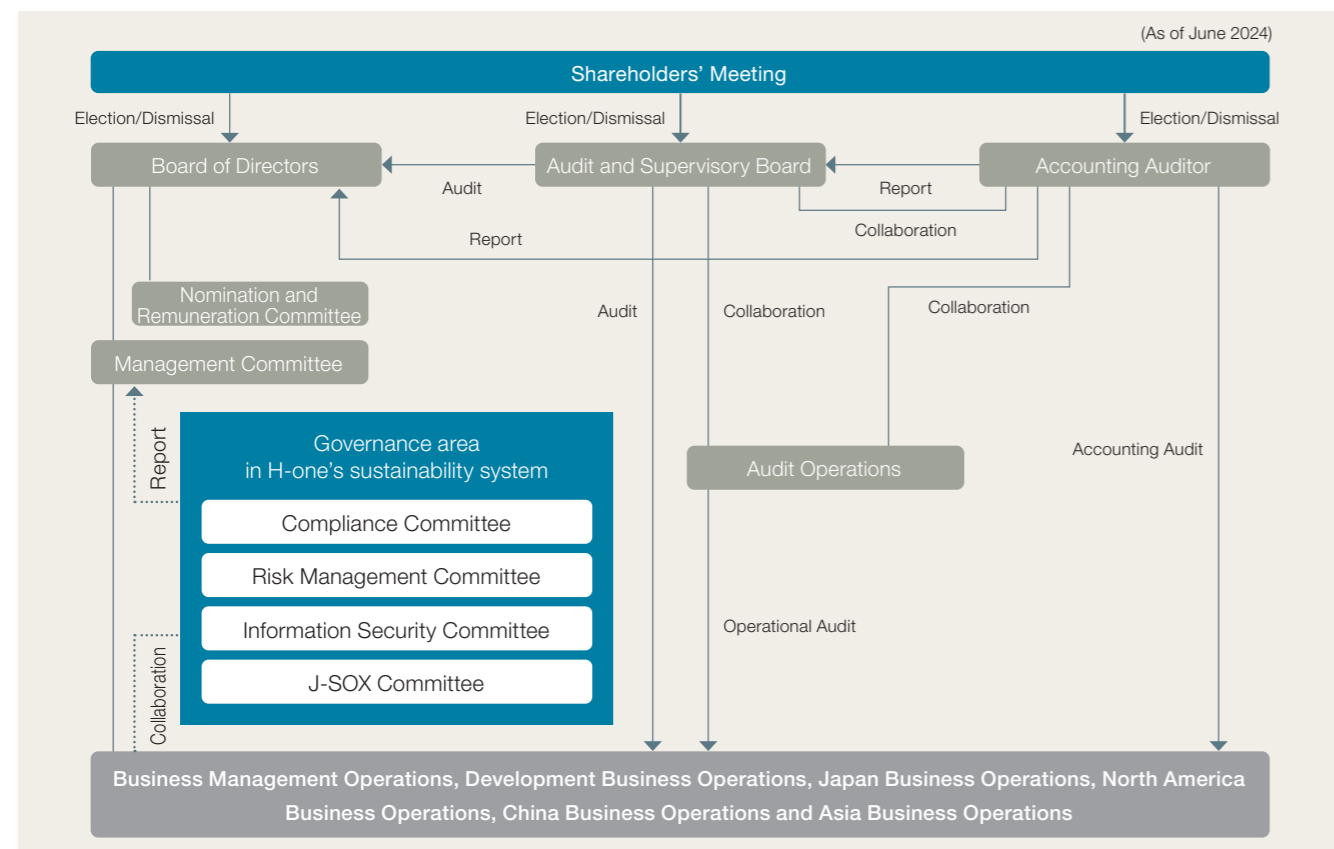
In order to maintain and enhance our long-term corporate value in a rapidly changing global market, we recognize that strengthening corporate governance is an important management issue. To promote sustainable management, we have adopted a corporate auditor system and are establishing various governance systems in addition to the company's legal functions, such as the Shareholders' Meeting, the Board of Directors, the Audit and Supervisory Board, and the Accounting Auditor. At the same time, we will conduct sound, efficient and transparent management by continuously sharing information and engaging in dialog with our shareholders and investors about the state of the company.



Outline of our corporate governance system

We are a company with an Audit and Supervisory Board and have established the following organs: Shareholders' Meeting, Board of Directors, Audit and Supervisory Board, and Accounting Auditor. In addition, the company has streamlined

the decision-making and enhancement of supervising functions on business execution by the Board of Directors by expanding the Operating Officer system, such as by delegating business execution to Operating Officers.



*Dotted lines are the activity implementation lines in the governance area in our sustainability system

For details on our corporate governance, please refer to our website. <https://www.h1-co.jp/sustainability/governance/>

Board of Directors

In order to supervise business execution from a wider perspective, the Board of Directors consists of six Directors, including three Outside Directors. The Board of Directors, upon deliberation, passes resolutions for important matters concerning management and matters designated by laws and regulations.

The company has appointed one lawyer (male), one person (male) who possesses management experience at another company, and one person (female) who has experience Board

of Directors serving at an administrative organ as Outside Directors. The Company thinks that a composition that combines Inside Directors who have a thorough understanding of the Company's business and industry trends with Outside Directors who have varied experience, insight, and values will result in the optimal overall structure for the Board of Directors in terms of the balance of knowledge, experience, and abilities, diversity, and other aspects.

Audit and Supervisory Board

The Audit and Supervisory Board consists of three Audit and Supervisory Board Members, including two Outside Audit and Supervisory Board Members. The Audit and Supervisory Board requests, when deemed appropriate, reports on the progress and results of operational audits and internal control audits conducted by Audit Operations, which is an independent internal audit division, and receives reports and

explanations from an Accounting Auditor concerning the audit results. It also attends important meetings, including the Board of Directors' meetings, and audits Directors' execution of duties and decision-making of the Board of Directors by examining the business and financial status from a neutral and objective standpoint.

Other optional meeting bodies

1. The Management Committee, which consists of the Representative Director and the heads of Business Management Operations, Development Business Operations, Japan Business Operations, North America Business Operations, China Business Operations, Asia Business Operations and Audit Operations, adopts a system where important matters concerning business execution are either presented to the Board of Directors after prior deliberation or resolved within its scope of authority and reported to the Board of Directors for an efficient and speedy decision making by the Board of Directors.
2. To ensure mutual collaboration between Outside Directors and Audit and Supervisory Board Members, the Information Exchange Meeting for Independent Officers, which consists of Independent Officers and Full-Time Audit and Supervisory Board Members, is held monthly. At the Information Exchange Meeting for Independent Officers, understanding is shared through reports of the business status of the Company Group made by Full-Time Audit and Supervisory Board Members or by related general managers or chief operating officers when needed and opinions that are mutually exchanged among Independent Officers.
3. In order to ensure transparency and objectivity in the process of determining the nomination, dismissal, and remuneration of officers (Directors and Senior Operating Officers or higher Managing Officers), the Nomination and Remuneration Committee, chaired by Outside Independent Directors, has been

established. The majority of the members of the Nomination and Remuneration Committee, including one female member, are Outside Independent Directors who give appropriate advice on the nomination, dismissal, and remuneration of officers from many diverse perspectives, such as experience serving as a lawyer, in corporate management and at an administrative organ as well as from a gender-equal viewpoint of including one female officer, and this committee fulfills the functions and roles independent of the Board of Directors.

4. To maintain and enhance the compliance system of our group, the Compliance Committee chaired by a Compliance Officer plans various initiatives related to compliance, copes with whistle-blowing cases, and reports the results to the Board of Directors.
5. To maintain the effectiveness of internal control related to our group's financial reports, the J-SOX Committee chaired by the Compliance Officer of Administration Operations establishes annual plans related to J-SOX and the scope of evaluation, examines, and improves the operation status, and reports the contents to the Management Committee.
6. To maintain and enhance the risk management system, the Risk Management Committee chaired by the Risk Management Officer works on BCM (Business Continuity Management) on the assumption of a large-scale disaster and evaluates and manages business risks.

7. Audit Operations, which is an independent operational audit division under the direct control of the President, is in charge of internal audits. Audit Operations implements the internal control complying with the Companies Act, internal control related to financial reports, and internal audits on the status of

the execution of operations by each division throughout the year and implements internal audits in subsidiaries and affiliates. In addition, Audit Operations reports the contents of the internal audits of each semiannual period to the Board of Directors and Audit and Supervisory Board twice a year.

Basic principles regarding the remuneration for officers

The Company's Board of Directors resolves matters related to remuneration for directors after prior deliberation by the Nomination and Remuneration Committee. In the event of any changes to the policy regarding the determination of the calculation method for the amount of remuneration etc., the Board of Directors will pass a

resolution after prior deliberation by the Nomination and Remuneration Committee. The remuneration for Audit and Supervisory Board Members is determined by the Audit and Supervisory Board, after calculating the amount in accordance with the company regulations.

Remuneration Structure for Directors and Audit & Supervisory Board Members

Type of remuneration	Basic remuneration (Monetary remuneration)	Performance-based remuneration (Monetary remuneration)	Medium- to long-term incentive remuneration (Share-based remuneration)
Positions eligible for payment	Directors Outside Directors Audit and Supervisory Board Members	Directors	Directors
Maximum amount etc.	Directors: Up to 200 million yen per year Audit and Supervisory Board Members: Up to 40 million yen per year		Under 300 million yen every three fiscal years (under 350,400 shares)
Content of remuneration	<ul style="list-style-type: none"> Within the maximum amount resolved at the General Meeting of Shareholders, the Nomination and Remuneration Committee determines the specific allocation of remuneration based on the Remuneration Regulations for directors and auditors. In the case of temporary treatment that differs from the executive compensation rules, the Nomination and Remuneration Committee will discuss the matter, and the Board of Directors will make a decision. 		<ul style="list-style-type: none"> Points are granted to those eligible in accordance with the Regulations on Delivery of Shares for Officers. The Company provides shares of stock in proportion to the number of points granted to retired directors who satisfy the requirements for beneficiaries as stipulated in the Regulations on Delivery of Shares for Officers.

*1 The ratio of the above three types of compensation to the annual remuneration of internal directors is determined by position and designed such that higher positions have the higher ratio of performance-based remuneration.

*2 Specific remuneration levels are set with reference to the results of the Executive Remuneration (Salary) Survey of Private Companies by the National Personnel Authority and the Executive Compensation Survey of private professional organizations.

For the details of our corporate governance, please refer to our website. <https://www.h1-co.jp/sustainability/governance/>

Risk Management

Basic concept

We consider that understanding risks in advance that could have a significant impact on our business activities and striving to prevent them from occurring are important factors for our Group to continue to develop in a continuous and stable manner.

Based on this awareness, we promote risk management activities based on the policies shown in the H-one Group Code of Conduct.

H-one Group Code of Conduct

H-one Group policy

As a measure to ensure continuous and stable development of business operation, H-one Group strives to prepare against potential risks that would prevent the promotion of business activities.

Required conduct

I will identify potential risks associated with my work, and strive to prevent them from occurring. During times of emergency, I will act promptly and appropriately in cooperation with fellow associates in the workplace.

Promotion system

In our company, the Risk Management Committee chaired by the Risk Management Officer promotes the identification and analysis of our company-wide risks as well as the creation of a Business Continuity Plan (BCP). The members of the Committee are elected from

each business site, and the secretariat members are elected from each area of production, development, information systems, sales, purchasing, and management. The Committee promotes company-wide risk countermeasures.

Risk Management Committee's activities

Identification of priority risks

Events that could have a significant impact on our business are identified as priority risks, and the status of countermeasures in each area is verified. We intend to plan and promote countermeasures required from the viewpoint of preventing the emergence of risks in the future through the Risk Management Committee.

Business Continuity Plan (BCP)

We formulate a Business Continuity Plan (BCP) for the purpose of continuing and/or recovering important businesses as soon as possible in the event of a large-scale disaster, such as a massive earthquake.

Response to new infectious diseases

In consideration of the spread of COVID-19 infections, the Risk Management Committee and the responsible division for general affairs have promoted measures to prevent the spread of infections and diseases.

Compliance

Basic concept

We consider that protecting sound business activities is a foundation indispensable for our Group to build and maintain the trust of our customers, business partners, and society and to continue to grow into the future.

Based on this awareness, we promote compliance activities based on the policies set forth in the H-one Group Code of Conduct.

H-one Group Code of Conduct

H-one Group policy

H-one Group continuously carries out initiatives to strengthen compliance in order to reinforce the trust established with society. Persons who work at H-one Group are also required to comply with relevant laws, regulations, and policies while acting ethically.

Required conduct

I will comply with laws, regulations and company policies.
I will act ethically in accordance with social norms and common sense.

Reporting noncompliance incidents

If I become aware of any violation or possible violation of laws, regulations or company policies, I will report the matter to the company through my manager, the compliance & ethics contact line, or other corporate communication methods.

Promotion system

In our company, the Compliance Committee chaired by the Compliance Officer continuously implements various activities related to compliance. The members of the Committee are elected from each business site. The

Committee plans and promotes various measures related to compliance and promptly responds to whistle-blowing cases.

Compliance Committee's activities

■ Enlightenment and education activities for employees

- We have established the H-one Group Code of Conduct regarding compliance and respect for stakeholders' interests, as well as the Divisional Code of Conduct that are tailored to the actual conditions of each of the production, technology, and headquarters divisions.
- In order to fulfill our responsibility to respect the human rights of people who are directly or indirectly affected by the Group's business activities, we have established the H-one Group Human Rights Policy. At the same time, we are making the Policy known to all employees by holding study lessons that include the whistle-blowing system.

■ H-one CG self-assessment

H-one CG self-assessment activities are conducted every year to check the implementation status of legal compliance initiatives relating to operations. In the activities, all divisions perform a self-assessment based on a check sheet that contains a wide range of compliance items related to laws and regulations as well as company regulations from two perspectives: systems to observe rules and the effectiveness of system functions.

The results of the assessment are not only connected to the improvement of issues and events but also reported at the Board of Directors and the Management Committee and utilized for internal and external audits.

■ Whistle-blowing system

We have established and operated a whistle-blowing system for the purpose of early discovery and correction of business ethics violations, such as business laws and regulations violations and workplace harassment.

All employees, including contract employees and dispatched employees as well as business partners may blow a whistle. We have set up not only an in-house window but also an outside window at an outside law firm and a global window to accept whistle-blowing from overseas associates.

In the operation of these windows, the duty of persons in charge to keep secrets and protection of whistle-blowers are defined by company regulations, and we conduct careful investigations so as not to disadvantage whistle-blowers from the viewpoint of whistle-blower protection and make efforts to prevent a recurrence after confirmation of the facts.

If a whistle is blown, the Compliance Committee plays a central role in confirming the facts and implementing measures as mentioned above and reports the results at the Board of Directors and the Management Committee.

Establishment of the H-one Group Human Rights Policy

► Basic concept

Based on the concept of "Respect for the Individual" as set forth in our management philosophy, H-one Group has established the "H-one Group Human Rights Policy" in March 2023, as a corporate group that operates globally to fulfill its responsibility in order to respect the human rights of those who are involved in our group's business activities.

The H-one Group conducts human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights and respects human rights as set out in the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises as our group's commitment.

In addition, in order to perform the commitment in the whole group, the H-one Group has established a system to fulfill the respect for human rights. A system has been established in which the chief operating officers of related operations and general managers are responsible for

implementing measures for respect for human rights and reporting to the board of directors as necessary on important matters related to human rights.

Under this system, the H-one Group endeavors to conduct human rights due diligence, identify actual and potential negative impacts, and prevent and mitigate them. In the event a situation has caused or it becomes clear that it has contributed to negative impacts on human rights, the H-one Group will work to correct the situation and establish an effective mechanism to enable appropriate remedies. The H-one Group applies this Human Rights Policy to all executives and employees in our group. The H-one Group also expects all business partners involved in the businesses of our group to understand this Policy and encourages them to support and respect this Policy.

Through dialog and consultation with stakeholders, H-one will continue to evolve its series of initiatives under this Human Rights Policy.

Human rights issues considered important (to be focused on in the process of all business activities)

① Respect and acceptance of diversity and prohibition of discrimination and harassment

Based on the principle of equality for all, H-one respects diversity and inclusion and does not discriminate in any way on the basis of race, ethnicity, place of birth, nationality, religion, sex, gender identity and sexual orientation, age, or disability. H-one will not tolerate any form of inhumane harassment that causes physical or mental distress.

② Providing a safe and secure work environment

H-one strives to create a safe and healthy work environment that enables people at each workplace to exercise their full potential with healthy minds and bodies.

③ Prohibition of forced labor and child labor

H-one will not tolerate any form of forced labor or child labor, including slave labor and human trafficking.

④ Preservation of local safety and environmental health

H-one strives through its business activities to ensure that local residents can enjoy a healthy and comfortable environment with peace of mind and safety.

Human rights due diligence

Regarding significant human rights issues, including those listed in the Human Rights Policy, the H-one Group conducts human rights due diligence to identify, prevent, and mitigate actual and potential negative impacts.

We conduct the due diligence on our overseas subsidiaries, domestic business sites, and business partners and report the results to the Board of Directors.

Results of human rights due diligence in FY 2023

7 cases requiring improvement

2 cases related to noise and vibration, 2 cases related to the dissemination of the H-One Group Human Rights Policy, 2 cases related to plant safety rules, and 1 case related to a business partner's health and safety policy

We are already working to mitigate the negative impact of the cases identified as requiring improvement and are attempting to provide relief and take corrective actions.

Tripartite Discussion by Outside Directors

Power to survive in a rapidly changing business environment

Transparent corporate governance and robust management structure

In the business environment surrounding the H-one Group, the expansion of the use of electric vehicles (EVs) is changing society, the automobile market, and applicable technologies. In order to respond to the rapidly changing market situation and achieve sustainable growth, the Group has established a new medium-term management plan Change 2027 and begun its movement under the leadership of the new President and CEO, Seiki Mayumi. On this occasion, we asked three outside directors to freely discuss the current situation and issues in the H-one Group's sustainable management from a corporate governance perspective.

Sawako Yamamoto, Outside Director

Has held important positions at the Japan Fair Trade Commission and has a wealth of experience and a high level of knowledge gained throughout her career. In the current position since 2021.

Keiichiro Maruyama, Outside Director

A practicing lawyer with a wealth of experience and deep insight as a legal professional. In current position since 2014.

Kunihiro Todokoro, Outside Director

Has a wealth of experience and deep insight gained from his involvement in the management of financial institutions and operating companies. In current position since 2016.

Balanced response to the current changes in the external environment and medium- to long-term issues

Todokoro It could be said that we are in times of uncertainty, and it is very difficult to predict the future. In the automotive industry, in which the H-one Group does business, electric vehicles (EVs), including battery electric vehicles (BEVs), hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), and fuel cell electric vehicles (FCEVs), are beginning to be widely used in addition to the existing gasoline-powered vehicles, and it has become difficult to predict future trends.

I believe that my role is to provide the information that is needed to make managerial decisions. In order to achieve sustainable management, which the H-one Group aims at, we need to place particular importance on the ability to respond to change. How should we correctly assess and react to the constantly changing market situation? This is an essential point of view for the future growth of a company.

Leveraging our core metalworking technology to enter into a new market is also an important growth strategy. In addition to our long-selling automotive frame, we are now mass-producing bipolar plates, a key component of fuel cells for FCEVs, and producing logistics baskets for a company in a different industry. This means that we have successfully started to improve the business structure of the H-one Group. We are also conducting research on metal anchors to prevent landslides and trying to apply metalworking technology to bicycle frames. While the improvements are not necessarily sufficient at this point, it is important to transform our business structure by further improving profitability and diversifying our customers and businesses.

Maruyama I believe that the H-one Group has managed the company honestly and seriously, but it may have been excessive. Although the Group is overly dependent on a single major customer, which accounts for approximately 85% of total revenue, it has grown by sincerely fulfilling customers' requirements. However, we should aim to achieve sustainable management now and in the future. As Mr. Todokoro mentioned earlier, in order to achieve sustainable growth, transforming the business structure by diversifying our customers and businesses is a management challenge that must be resolved.

Yamamoto Since my appointment as an Outside Director in 2021, I have become aware of the rapid pace of change in the industry, including the trend toward EV and the growth of emerging OEMs, which is said to occur only once in a century. What should remain unchanged and important even in this situation is H-one's attitude toward manufacturing. By actually visiting the plants, seeing the manufacturing sites, and listening to the employees, I learned that the employees are faithful and sincere in their efforts to "provide attractive products to exceed the expectations of the clients" as stated in the Mission Statement.

Maruyama Over the past few years, H-one Group's management problems have been revealed. We are very sorry for the trouble and concern we have caused our stakeholders. For example, there were some problems that could not be solved by our own management efforts alone, such as the exchange rate of the weaker yen. However, we recorded operating losses for the third consecutive year due to the impairment loss on fixed assets at three Chinese subsidiaries in the fiscal year ended March 2024, and had internal control problems in the accounting procedures of the US subsidiary. These problems showed the need for fundamental management reform.

I mentioned earlier that H-one is an honest and serious company. In this regard, I would like to expect management renewal through the strong leadership of the new President who is committed to "Changing What We Need to Change."

Yamamoto Fluctuations in automobile production due to the short supply of semiconductors severely impacted our business, which has a high proportion of fixed costs. The company continued to record a final deficit because of the rising raw material and labor costs as well as the fluctuations. At the same time, however, the plans for recovery was discussed under the new management structure.

In order to take advantage of the technologies that are our strength, what we need now is marketing capabilities. I expect the entire Group to work together in a bold attempt to win customers on a global scale.

Todokoro I also think that the new President has shown and is showing leadership. He promptly prepared a new medium-term management plan Change 2027 and demonstrated the seriousness of his management team. In order to create a more open organization, a series of thorough discussions have been

held within the Company. I believe that the fundamental improvement of service quality, supply system and risk management through these efforts will be the driving force for future progress. I highly appreciate the management stance of the H-one Group, which is steadily shifting its business to the growth area.

Maruyama Of all the management issues, I always try to keep an eye on governance and internal controls. The poor performance of the past three years has not only had a negative aspect. On the positive side, it has once again highlighted the path that the H-one Group should take. The key point is how quickly management can make the right decision on various incidents. When examining the evidence as a member of the management team, I always try to provide opinions from a neutral standpoint, and I also felt that I was able to achieve a certain result in the development of the new medium-term management plan Change 2027. Even today, the external environment is changing rapidly and ensuring resilience in corporate management is a pressing issue for us. Under these circumstances, I believe that we are well aware of these issues and are able to reflect them in the growth strategy.

Transformation under the leadership of the new President

Todokoro As top management of the H-one Group, we feel that there are no problems with the personality of the new President, Mr. Seiki Mayumi, such as the sense of ethics, reliability, toughness, sense of responsibility, and positive attitude. In particular, grasping the essence and expressing one's thoughts in one's own words are two skills needed in today's H-one Group, and from this perspective, Mr. Mayumi is the right person for the presidency. If there is a weakness, it may be the need for a support person who can give appropriate advice because he is a person with strong opinions.

Yamamoto Looking back at the period since former President Atsushi Kaneda took office in 2012, it was a period of increasing sales and growth. He is credited with moving the company from the second section of the Tokyo Stock Exchange to the first section and then to the Prime Market and with establishing the H-one as a group with overseas subsidiaries.

I myself have not had the opportunity to speak directly with Mr. Mayumi since he was the Vice President of KTH in the United States. He is a person who has been managing

the subsidiary in difficult market conditions in the United States until recently. Therefore, I am sure that he is well aware of the current issues and problems we are facing. I look forward to his leadership in managing both the Japanese and overseas businesses. Change 2027 gave me a concrete idea of what the company wanted to be.

Maruyama I would like to discuss the new President from a different perspective of management skills, such as decisiveness, strategy building, and leadership. These are turbulent times, and it is difficult to predict the future. This may be the most difficult time for our company since its foundation. Under these circumstances, I agree with the new President's management attitude of having a positive exchange of opinions. It takes time for the entire company to work together to resolve management issues one by one in order to achieve the future we want. I greatly appreciate what Mr. Mayumi achieved as a negotiator during his assignment in the United States as the person responsible for North America. I hope that he will repeat the internal discussions and maintain a positive and forward-looking management attitude to renew the H-one Group.

The goal should be transparent corporate governance.

Maruyama As independent directors, we are also members of an advisory committee called the Nomination and Remuneration Committee. We recognize that we play an important role in corporate governance in the sustainable management of the H-one Group. We want to continue to improve our current corporate governance system, but I think we have a good system in place for the most part. However, as I mentioned earlier, the internal control in the accounting procedures of the North American subsidiary is an urgent management issue that cannot be ignored. By showing a path to resolution as quickly as possible, we need to make an effort to gain the understanding and acceptance of all stakeholders.

Todokoro I also believe that we have already established a basic system for fair and transparent corporate governance in the H-one Group. Since the time of the former President, we have had an open corporate culture and have been consulted and sounded out on management issues, and I believe that corporate governance has been functioning properly. However, as Mr. Maruyama pointed out, the internal control issues should be resolved as soon as possible.



Keiichiro Maruyama, Outside Director



Sawako Yamamoto, Outside Director



Kunihiro Todokoro, Outside Director

Yamamoto Since 2021, half of the members of the Board of Directors have been outside directors, and after my participation, the Board has had a female member. The majority of the Nomination and Remuneration Committee are Outside Directors, including Mr. Todokoro as Chairperson. We have also developed a succession plan. The H-one Group's corporate governance system has been well established on the basis of a solid understanding. However, we must work tirelessly to ensure that the system operates effectively, including internal control issues.

If I talk about the operation of Board meetings, we tend to report more on the execution of business. I would like to urge everyone to recognize the meeting as a place for discussion. It is beneficial for constructive discussions not only to report the conclusions reached within the company but also to openly present the discussion process and different opinions.

Todokoro I agree with you. I would like to participate in more discussions and be informed earlier as we did when we developed Change 2027. For example, if there is a meeting to exchange opinions with the new President, I always want to be there. As each of us Outside Directors has strengths in different areas, it must be meaningful for us to discuss and share information on a variety of management issues.

Pursuing value creation through steady progress of the medium-term management plan

Yamamoto Problems, which were not apparent when the market was expanding and sales were increasing, have become apparent. Although we knew that dependence on the single major customer was a business risk, we were able to achieve reasonable results without changing it. The Board of Directors is currently discussing this matter, but the business practices that have continued in transactions over a long period of time and the uneven distribution of resources within the Company need to be reviewed decisively.










Todokoro Including this issue, we aim to create corporate value that will support the sustainable growth of the H-one Group and specify it in Change 2027. The honesty and seriousness of this Company, which was discussed earlier today, is a very good corporate culture. Although the manufacturing industry tends to be conservative in its business attitudes, we need to take a new approach from scratch. It should not be a pie in the sky. I believe that the Group's corporate value will undoubtedly increase through the continuous repetition of a PDCA cycle in accordance with the new medium-term management plan.

Maruyama We, the Outside Directors, will also do our best with the expectation that it will increase the value of the H-one Group. It is people, not systems, that are important in creating value. In this regard, the Company has sufficient potential. Then, the first thing I would point out in terms of strengthening governance is the importance of information sharing. For example, if a problem arises, a route must be established to report the information to management with a high degree of accuracy and speed. In light of past scandals, I hope that a proper form of information sharing will be established under the leadership of the new President.

Todokoro In the discussions at the Board of Directors' meetings, we need to keep our oversight based on this perspective. I think it is important for us to have a perspective that makes us consider what stakeholders would think about the growth strategy in the announced medium-term management plan Change 2027.

Yamamoto Structural reform will soon be in full swing. I want all employees to tackle the reform and find it rewarding. It is pointless to set admirable goals if we cannot achieve them. As a member of the Board of Directors, I am committed to enhancing corporate value and meeting the expectations of our stakeholders.

Introduction of Board Members (As of June 26, 2024)

	Directors				Audit and Supervisory Board Members				
									
Name	Seiki Mayumi	Hiroyuki Watanabe	Masamichi Okuda	Keiichiro Maruyama	Kunihiko Todokoro	Sawako Yamamoto	Kazuo Yamashita	Hiroyuki Kawai	Hiroki Murakami
Position	[Newly appointed] Representative Director, President, and Chief Executive Officer and Chief Operating Officer of Business Management Operations of the Company	Director and Managing Officer of the Company Chief Operating Officer of the Japan Business Operations, Business Management Officer, and Executive Manager of the East Japan Management Division	[Newly appointed] Director and Managing Officer of the Company in charge of Corporate Planning Division, Information Systems Division, and Accounting Division, Business Management Operations of the Company	Director (Independent Officer)	Director (Independent Officer)	Director (Independent Officer)	Full-time Audit and Supervisory Board Member	Audit and Supervisory Board Member (Independent Officer)	Audit and Supervisory Board Member (Independent Officer)
Date of Birth	October 26, 1967	February 25, 1960	April 3, 1965	November 27, 1963	May 29, 1954	June 5, 1960	August 22, 1963	November 19, 1961	December 30, 1974
Age	56	64	59	60	70	64	60	62	49
Number of Years in Office ¹	—	3 years	—	10 years	8 years	3 years	2 years	9 years	6 years
Number of Shares Owned ²	7 thousand shares	11 thousand shares	10 thousand shares	—	—	—	16 thousand shares	9 thousand shares	—
Number of Board of Directors Meetings Attended ³	—	12 out of 12	—	10 out of 12	12 out of 12	12 out of 12	12 out of 12	12 out of 12	12 out of 12
Number of Audit and Supervisory Board Meetings Attended ³	—	—	—	—	—	—	15 out of 15	15 out of 15	15 out of 15
Work History	Apr. 1991: Joined Hirata Technical Co., Ltd. Jun. 2009: Vice President of UYT Limited Jun. 2015: Operating Officer and General Manager of the Corporate Management Planning Operations of H-ONE CO., LTD. Apr. 2018: Vice President of KTH Parts Industries, Inc. Apr. 2023: Senior Operating Officer and Assistant to President of the Company Apr. 2024: President and Chief Executive Officer, and Chief Operating Officer of Business Management Operations of the Company (current position) Jun. 2024: Representative Director, President, and Chief Executive Officer of the Company (current position)	Mar. 1978: Joined Hirata Press Kogyo Co., Ltd. Oct. 2006: General Manager of the Production Division of the Maebashi Factory of H-ONE CO., LTD. Apr. 2011: Factory Operating Officer of the Kameyama Factory of the Company Jun. 2012: Operating Officer of the Company Apr. 2014: General Manager of the Production Planning Group of the Company Jun. 2014: Director of the Company Aug. 2014: Factory Operating Officer of the Koriyama Factory of the Company Jun. 2016: Senior Operating Officer of the Company Apr. 2019: Managing Officer, Chief Operating Officer of the Production Operations, and Risk Management Officer of the Company (current position) Jun. 2021: Director and Managing Officer of the Company (current position) Apr. 2024: Chief Operating Officer of the Japan Business Operations (current position), Business Management Officer (current position), and Executive Manager of the East Japan Management Division (current position)	Mar. 1988: Joined Hirata Press Kogyo Co., Ltd. Oct. 2007: General Manager of Overseas Operations of H-ONE CO., LTD. Apr. 2011: General Manager of Sales Planning Division Oct. 2012: General Manager of Sales Division 1 Feb. 2016: President of WH Auto Parts Industries Inc. Apr. 2020: Operating Officer of H-ONE CO., LTD. Apr. 2023: General Manager of Corporate Management Planning Division and General Manager of Digital Transformation Promotion Group Apr. 2024: Managing Officer in charge of Corporate Planning Division, Information Systems Division and Accounting Division of the Business Management Operations of the Company (current position) Jun. 2024: Director and Managing Officer of the Company (current position)	Apr. 1998: Registered as lawyer (Tokyo Bar Association) Apr. 1998: Joined Nagawa-Okamura Law Firm Jan. 2001: Deputy Managing Partner of Nagawa-Okamura Law Firm (current position) May 2009: Director of Tokyo College of Music July 2010: Director of Johoku Saitama Gakuen School (current position) Jun. 2014: Outside Director of H-ONE CO., LTD. (current position) Jun. 2016: Outside Corporate Auditor of Toda Corporation Apr. 2021: Chairperson of the Board of Tokyo College of Music (current position)	Apr. 1977: Joined Saitama Bank, Ltd. (current Saitama Resona Bank, Limited) Jun. 2009: Representative Director and Vice President of Saitama Resona Bank, Limited Jun. 2013: Representative Director and President of J And S Insurance Service Co., Ltd. Jun. 2015: Representative Director and President of Fuji Warehouse & Transportation Co., Ltd. Jun. 2016: Outside Director of H-ONE CO., LTD. (current position) Jun. 2019: Chair of Saitama Keizai Doyukai (current position) Jun. 2020: Representative Director and Chairperson of Fuji Warehouse & Transportation Co., Ltd. Apr. 2021: Representative Director, Chairperson and President of Fuji Warehouse & Transportation Co., Ltd. Jun. 2023: Director, Chairperson of Fuji Warehouse & Transportation Co., Ltd. (current position)	Apr. 1983: Joined Secretariat of Japan Fair Trade Commission (current General Secretariat of Japan Fair Trade Commission) Jun. 2008: Division Manager, Personnel Division, Secretariat, General Secretariat of Japan Fair Trade Commission Sep. 2012: Deputy Director General, Investigation Bureau, General Secretariat of Japan Fair Trade Commission Jul. 2014: Senior Deputy Secretary General, Secretariat, General Secretariat of Japan Fair Trade Commission Jun. 2016: Director General, Investigation Bureau, General Secretariat of Japan Fair Trade Commission Jun. 2021: Director of H-ONE CO., LTD. (current position) Jan. 2022: Member of the National Personnel Authority's Exchange Examination Committee (current position)	Mar. 1984: Joined Hirata Press Kogyo Co., Ltd. Apr. 2012: General Manager of Accounting Division of H-ONE CO., LTD. Jun. 2015: Operating Officer of the Company Jun. 2022: Full-time Audit & Supervisory Board Member of the Company (current position)	Oct. 1992: Joined Inoue Saito Eiwa Audit Corporation (current KPMG AZSA LLC) Apr. 1996: Registered as a certified public accountant May 2008: Partner of KPMG AZSA (current KPMG AZSA LLC) Jul. 2014: Joined Asahi Tax Corporation Sep. 2014: Registered as a certified public tax accountant Jun. 2015: Outside Audit & Supervisory Board Member of H-ONE CO., LTD. (current position) Jan. 2019: Director of Kawai CPA Office (current position) Nov. 2020: Outside Director of OOTOYA Holdings Co., Ltd. Jun. 2021: Outside Director, Audit & Supervisory Committee Member of OOTOYA Holdings Co., Ltd. (current position) Jun. 2021: Outside Director of Kappa Create Co., Ltd. Jun. 2022: Outside Director, Audit & Supervisory Committee Member of Kappa Create Co., Ltd.	Oct. 2004: Registered as lawyer (Gunma Bar Association) Oct. 2004: Joined Kogure Law Firm Jan. 2009: Director of Murrakami Hiroki Law Office (current position) Oct. 2010: Member of Gunma Official Documents Disclosure Judging Committee (current position) Apr. 2012: Deputy Chairperson of Gunma Bar Association Jun. 2018: Outside Audit & Supervisory Board Member of H-ONE CO., LTD. (current position)
Skills	Corporate management	○	○	○	○	○	○	○	○
	Sales and marketing	○	○	○	○	○	○	○	○
	Manufacturing, technology, research, and development	○	○	○	○	○	○	○	○
	Finance and accounting	○	○	○	○	○	○	○	○
	Legal affairs and risk management	○	○	○	○	○	○	○	○
	Government and administrative organs	○	○	○	○	○	○	○	○
Global (overseas assignment) experience	○	○	○	○	○	○	○	○	
Major Activities ⁴	He possesses considerable insight related to global business operations including years of involvement with management of business bases in Europe and the United States based on his abundant experience at having engaged in such operations as production, development, overseas business, and corporate planning. As the Company Group President, he is currently demonstrating strong leadership based on his experience and knowledge and is taking the lead to oversee the business strategy for improving Company Group value. Based on the above, since his appointment in June 2024, he has sufficiently fulfilled the role of deciding on important matters and supervising the execution of business within the Company Group.	He has engaged in management of the Company's overseas subsidiary and business operations in production bases in Japan in the past. He presently supervises various initiatives for strengthening the Company Group's business foundation and risk management system as the supervisor of production divisions. He therefore possesses abundant experience and considerable insight related to the manufacturing and marketing of automobile parts, the primary business of the Company Group. Based on the above, he has sufficiently fulfilled the role of deciding on important matters and supervising the execution of business within the Company Group.	He has handled work supervising the Sales Division and has also been involved in corporate management at business bases in China for many years to realize various initiatives for improving the added value of automobile parts and for gaining new customers, thereby contributing to increasing sales. Currently, as a supervisor of Corporate Planning, he takes the initiative to promote business strategies that lead to expanding the business of the Company Group. Therefore, he has abundant experience and knowledge. Based on the above, since his appointment in June 2024, he has sufficiently fulfilled the role of deciding on important matters and supervising the execution of business within the Company Group.	He possesses abundant experience and considerable insight cultivated as a lawyer and is active in making proposals and recommendations to the management of the Company Group at the Board of Directors meetings of the Company from a professional viewpoint. He has supervised the execution of business of the Company Group from an independent and fair standpoint.	He possesses abundant experience and considerable insight from engaging in the management of financial institutions and multiple businesses, and based on them, he is active in making proposals and recommendations to the management of the Company Group at the Board of Directors' meetings of the Company. He has supervised the execution of business of the Company Group from an independent and fair standpoint.	She possesses abundant experience and considerable insight cultivated by successively holding important positions at the Japan Fair Trade Commission and is active in making proposals and recommendations to the management of the Company Group at the Board of Directors' meetings of the Company from a professional viewpoint as an expert in corporate legal affairs. She has supervised the execution of business of the Company Group from an independent and fair standpoint.	He has been engaged in operations related to consolidated financial statements and the like for many years as the supervisor of the Accounting Division. He possesses abundant experience regarding the management of the Company Group, including supervising the Company Group's accounting and financial affairs and internal controls, and considerable insight related to finance and accounting. Based on the above, he has fulfilled the role of auditing the management and the execution of business within the Company Group.	He possesses abundant experience and considerable insight as an expert in finances and accounting, cultivated as certified public accountant and certified public tax accountant. He is active in making statements from a professional viewpoint at the Board of Directors' meetings and the Audit & Supervisory Board meetings of the Company. He has advised on the management of the Company Group and audited the execution of business from an independent and fair standpoint.	He possesses abundant experience and considerable insight cultivated as a lawyer. He is active in making statements from a professional viewpoint at the Board of Directors' meetings and the Audit & Supervisory Board meetings of the Company. He has advised on the management of the Company Group and audited the execution of business from an independent and fair standpoint.

¹: Effective at the close of the 18th Annual Shareholders' Meeting on June 26, 2024.

²: This is the number of shares owned as of March 31, 2024, and includes the number of shares owned in the names of the executive stock ownership plan or the employee stock ownership plan.

³: This is the actual number of meetings attended from April 2023 to March 2024.

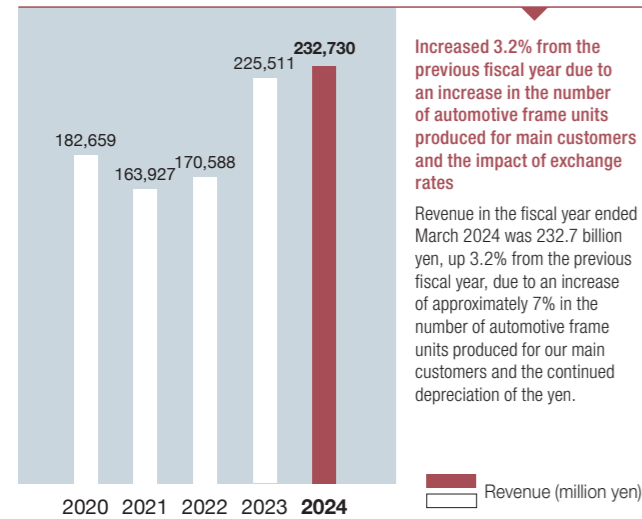
⁴: Directors are appointed as a result of a comprehensive review and are expected to have abundant experience, advanced expertise, considerable insight, and high ethical standards. Auditors are appointed as a result of a review and are expected to have knowledge of finance, accounting, legal matters, and the business of H-one.

Key Financial Data (11 years) (FY ending March)

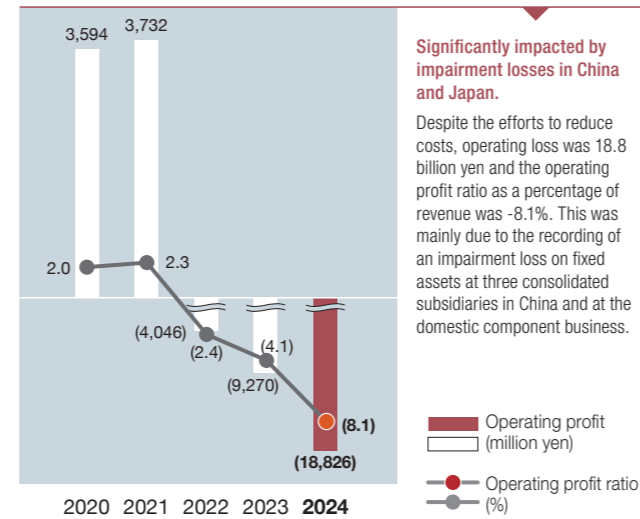
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Consolidated profit and loss	← Japan's standards		IFRS →								
Revenue (million yen)	179,944	185,750	200,224	182,737	201,000	196,718	182,659	163,927	170,588	225,511	232,730
Operating profit (loss) (million yen)	5,318	2,232	6,067	7,761	8,587	5,648	3,594	3,732	(4,046)	(9,270)	(18,826)
Operating profit ratio (%)	3.0	1.2	3.0	4.2	4.3	2.9	2.0	2.3	(2.4)	(4.1)	(8.1)
Profit before tax (loss) (million yen)	5,663	1,659	4,377	7,550	7,676	4,789	2,657	3,423	(3,714)	(9,742)	(19,354)
Profit before tax ratio (%)	3.1	0.9	2.2	4.1	3.8	2.4	1.5	2.1	(2.2)	(4.3)	(8.3)
Profit attributable to owners of parent (loss) (million yen)	3,496	292	2,383	6,058	6,197	4,071	1,223	2,838	(1,390)	(6,993)	(21,656)
Depreciation and amortization (million yen)	11,785	16,099	14,636	14,018	15,438	14,841	14,741	14,101	14,572	16,160	13,889
Capital expenditures (million yen)	30,824	33,995	16,680	15,657	14,473	11,840	13,145	12,219	26,193	15,475	16,627
Research and development costs (million yen)	1,024	1,161	1,689	1,848	2,013	2,177	2,277	2,181	2,189	2,471	1,855
Consolidated financial condition											
Total equity attributable to owners of parent (million yen)	61,204	68,613	49,831	54,904	60,514	62,996	57,946	67,285	72,919	68,582	55,181
Total assets (million yen)	152,055	192,777	173,978	174,948	168,566	158,826	155,173	163,975	193,980	187,315	181,597
Ratio of equity attributable to owners of parent (%)	35.4	30.8	28.6	31.4	35.9	39.7	37.3	41.0	37.6	36.6	30.4
Interest-bearing liabilities (million yen)	48,052	77,571	69,532	62,215	59,548	45,287	56,409	47,187	67,002	66,968	73,094
Ratio of equity attributable to owners of parent (ROE) (%)	7.2	0.5	4.6	11.6	10.7	6.6	2.0	4.5	(2.0)	(9.9)	(35.0)
Ratio of profit before tax to total assets (ROA) (%)	4.1	1.0	2.4	4.3	4.5	2.9	1.7	2.1	(2.1)	(5.1)	(10.5)
Consolidated cash flow											
Cash flow from operating activities (million yen)	17,951	9,027	23,252	18,606	16,925	25,492	15,552	14,576	5,713	21,962	19,494
Cash flow from investing activities (million yen)	(27,738)	(31,093)	(19,268)	(14,205)	(14,255)	(10,942)	(13,713)	(12,215)	(19,269)	(15,193)	(13,258)
Cash flow from financing activities (million yen)	8,728	20,980	(4,476)	(6,541)	(2,092)	(14,949)	9,950	(11,646)	14,889	(3,508)	1,279
Free cash flow (million yen)	(9,786)	(22,065)	3,984	4,400	2,670	14,549	1,838	2,361	(13,555)	6,768	6,236
Balance of cash and cash equivalents at the end of the fiscal year (million yen)	4,245	5,096	4,269	2,272	2,866	2,438	12,704	3,595	7,188	10,420	18,892
Figures per share											
Basic earnings per share (loss) (EPS) (yen)	136.58	10.30	83.96	214.27	219.78	144.39	43.45	101.14	(49.50)	(249.25)	(774.64)
Book-value per share attributable to owners of the parent (BPS) (yen)	1,897	2,093	1,755	1,947	2,146	2,234	2,065	2,397	2,593	2,455	1,972
Dividend per share (DPS) (yen)	22	22	22	24	25	26	26	26	24	20	20
Dividend payout ratio (%)	16.1	213.6	26.2	11.8	11.4	18.0	59.8	25.7	—	—	—
Highest share price (yen)	1,356	972	856	1,877	1,860	1,504	1,009	926	911	678	929
Lowest share price (yen)	835	649	407	471	1,061	847	424	406	567	563	617

Financial Data Trends in Chart (FY ending March)

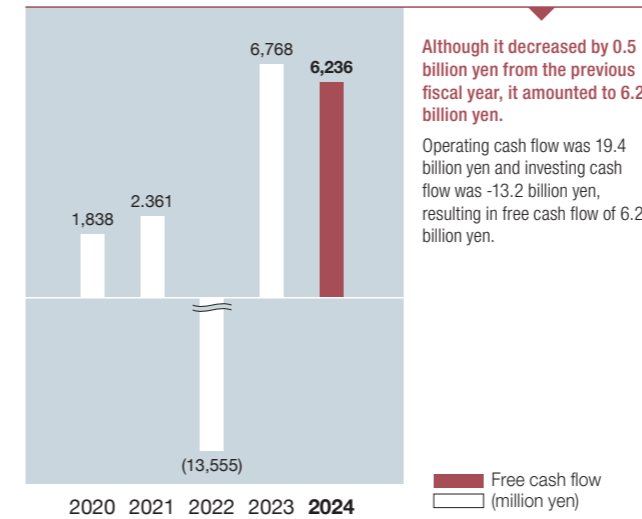
Revenue (million yen)



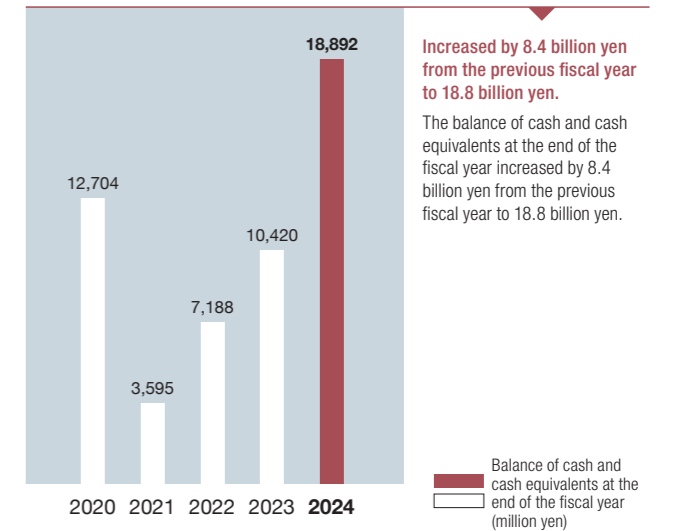
Operating profit (million yen) / Operating profit ratio (%)



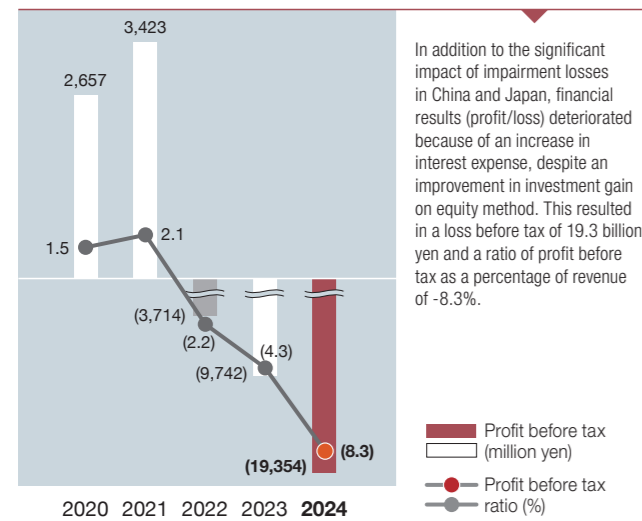
Free cash flow (million yen)



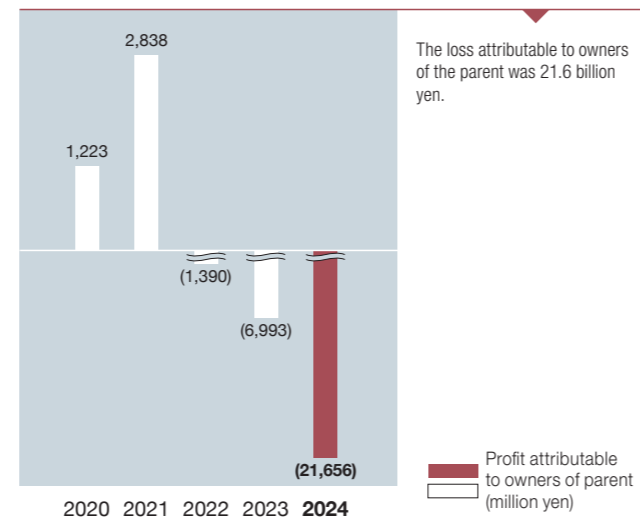
Balance of cash and cash equivalents at the end of the fiscal year (million yen)



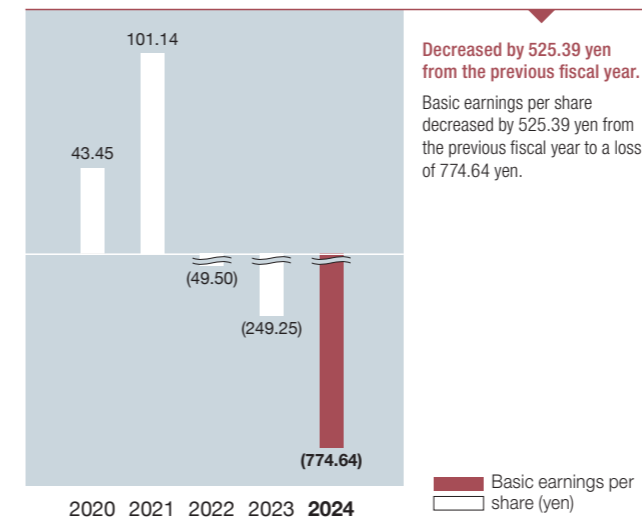
Profit before tax (million yen) / Profit before tax ratio (%)



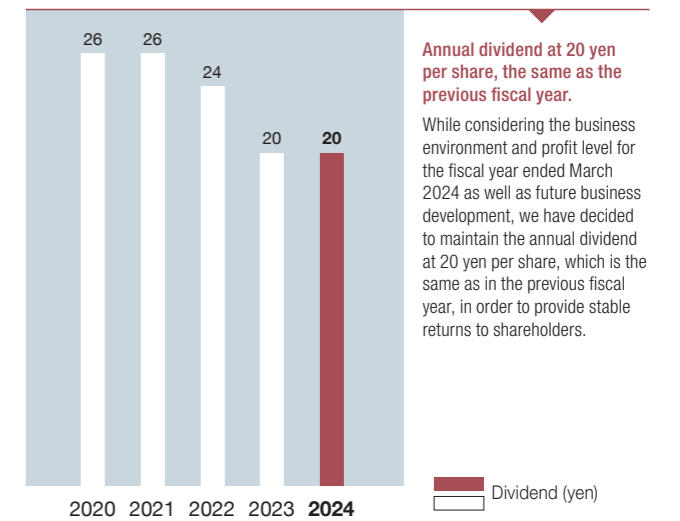
Profit attributable to owners of parent (million yen)



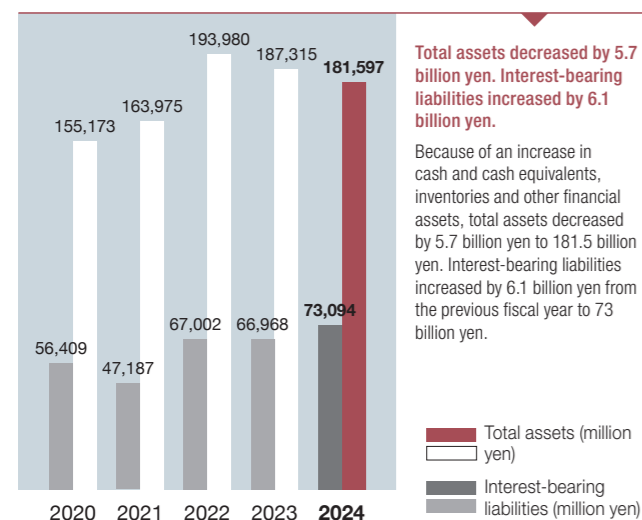
Basic earnings per share (yen)



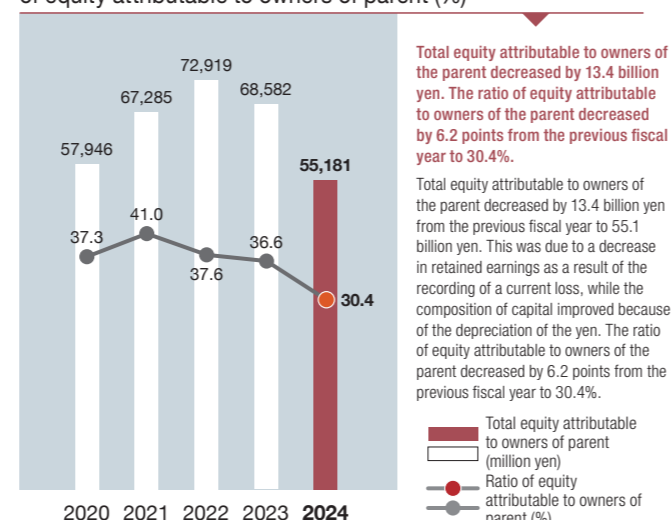
Dividend (yen)



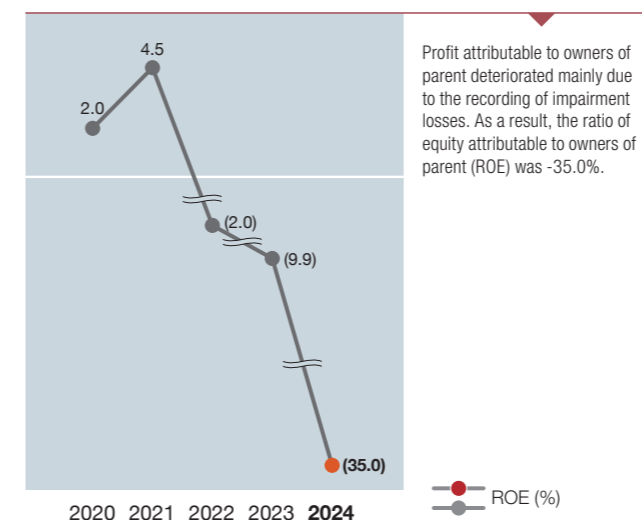
Total assets / Interest-bearing liabilities (million yen)



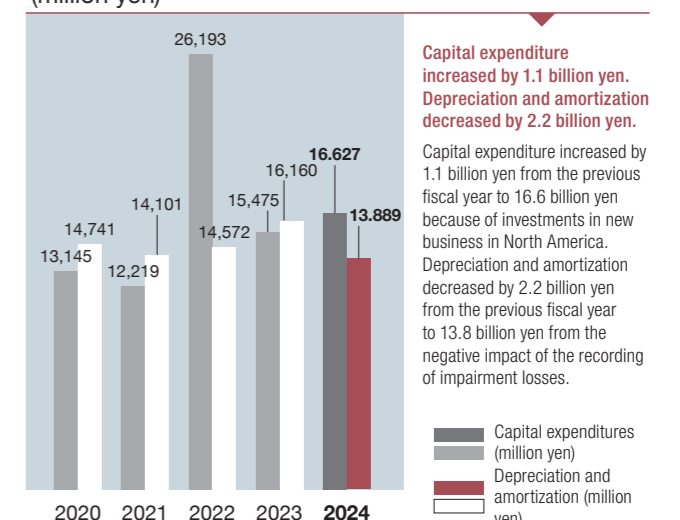
Total equity attributable to owners of parent (million yen) / Ratio of equity attributable to owners of parent (%)



ROE (%)

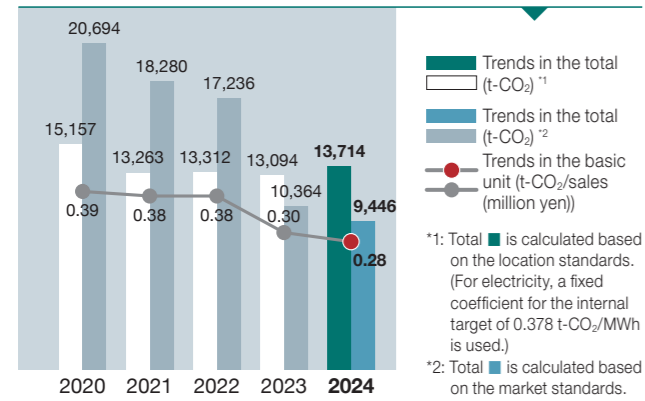


Capital expenditures / Depreciation and amortization (million yen)

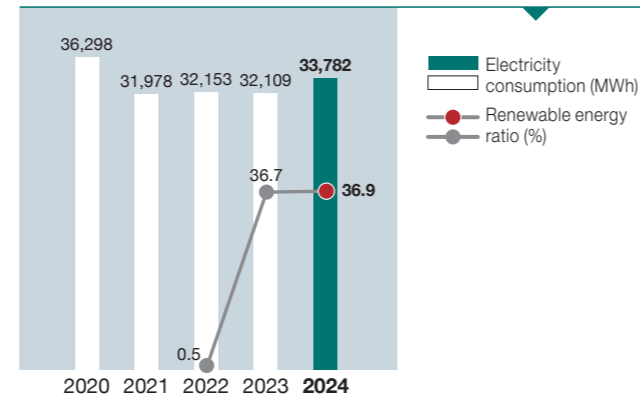


Nonfinancial (ESG) Performance Data (in Japan) (FY ending March)

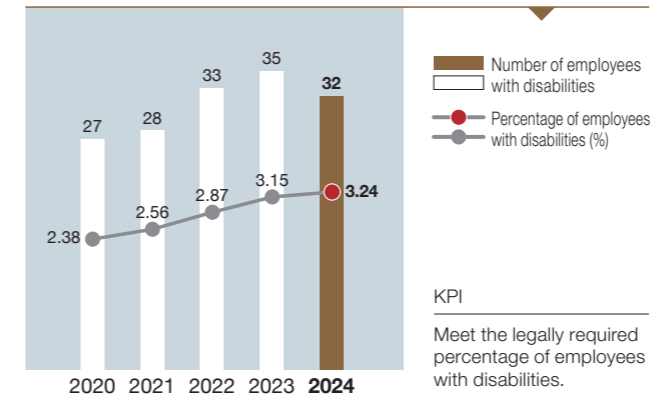
CO₂ emissions from production activities



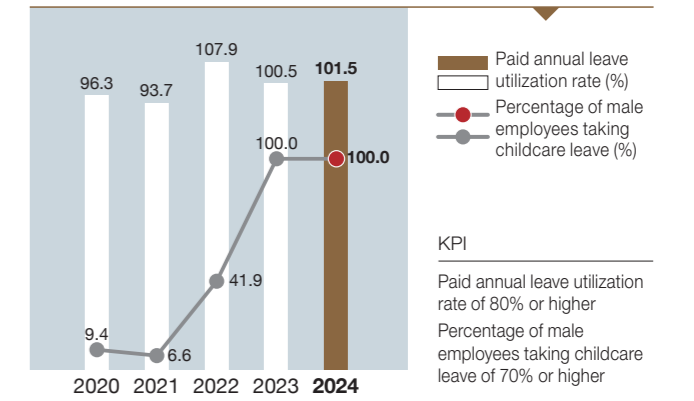
Electricity consumption / Renewable energy ratio



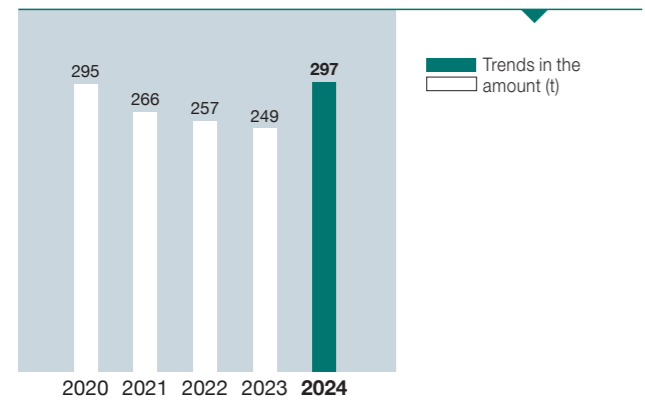
People with disabilities



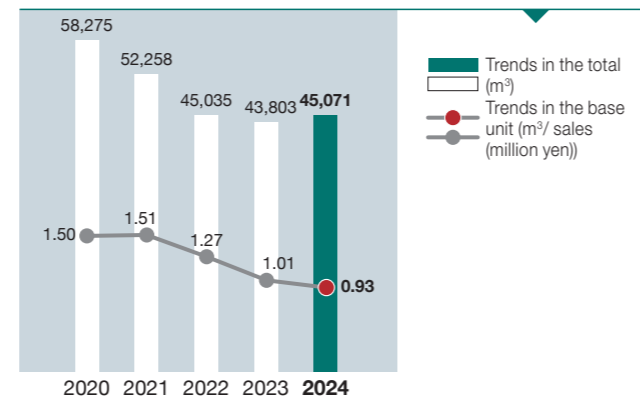
Paid annual leave / Male employees taking childcare leave



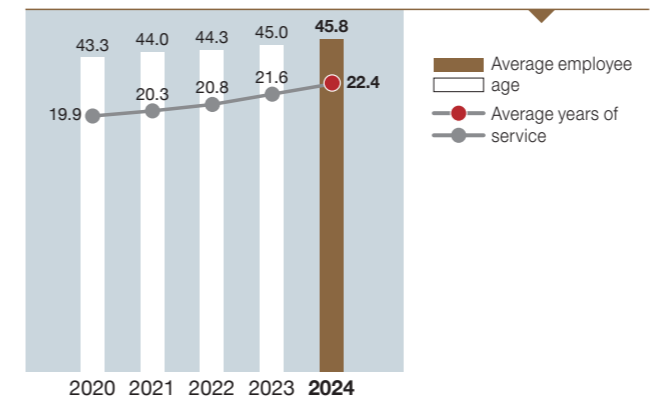
Waste generation



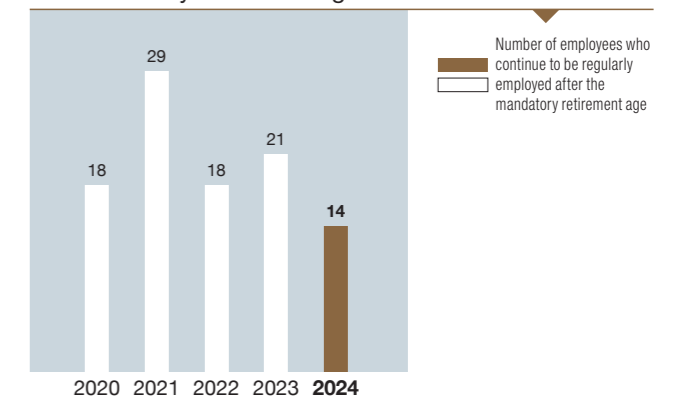
Water usage



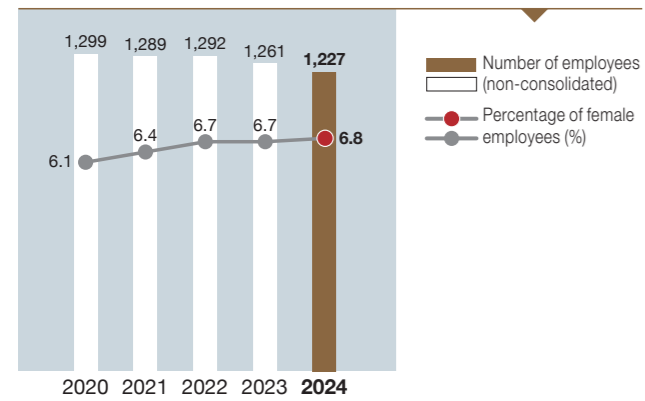
Average employee age / Average years of service



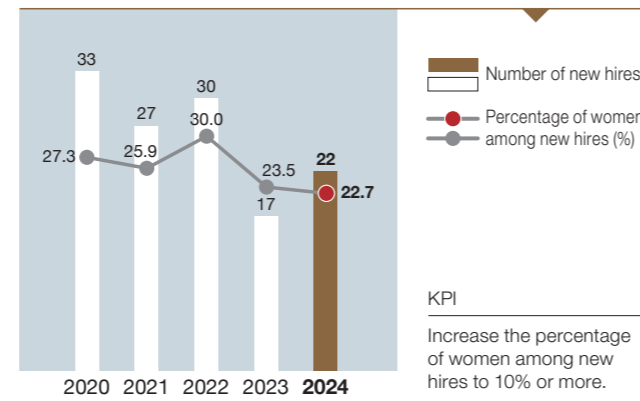
Employees who continue to be regularly employed after the mandatory retirement age



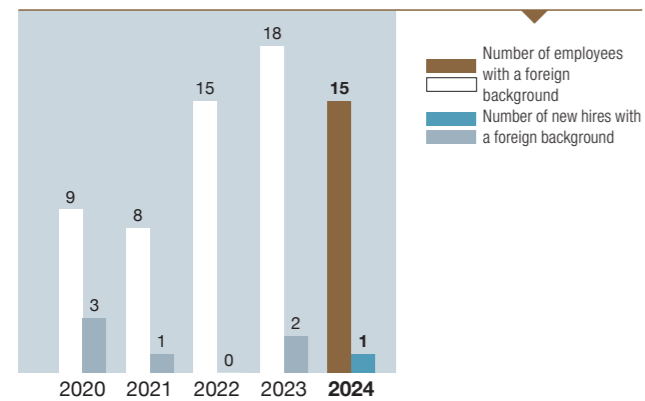
Employees



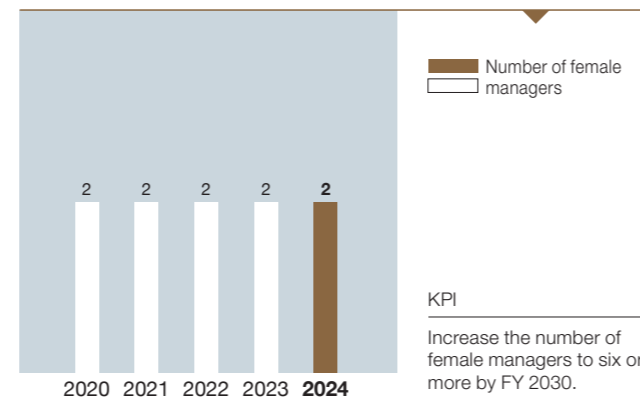
New hires



Employees with a foreign background



Female managers

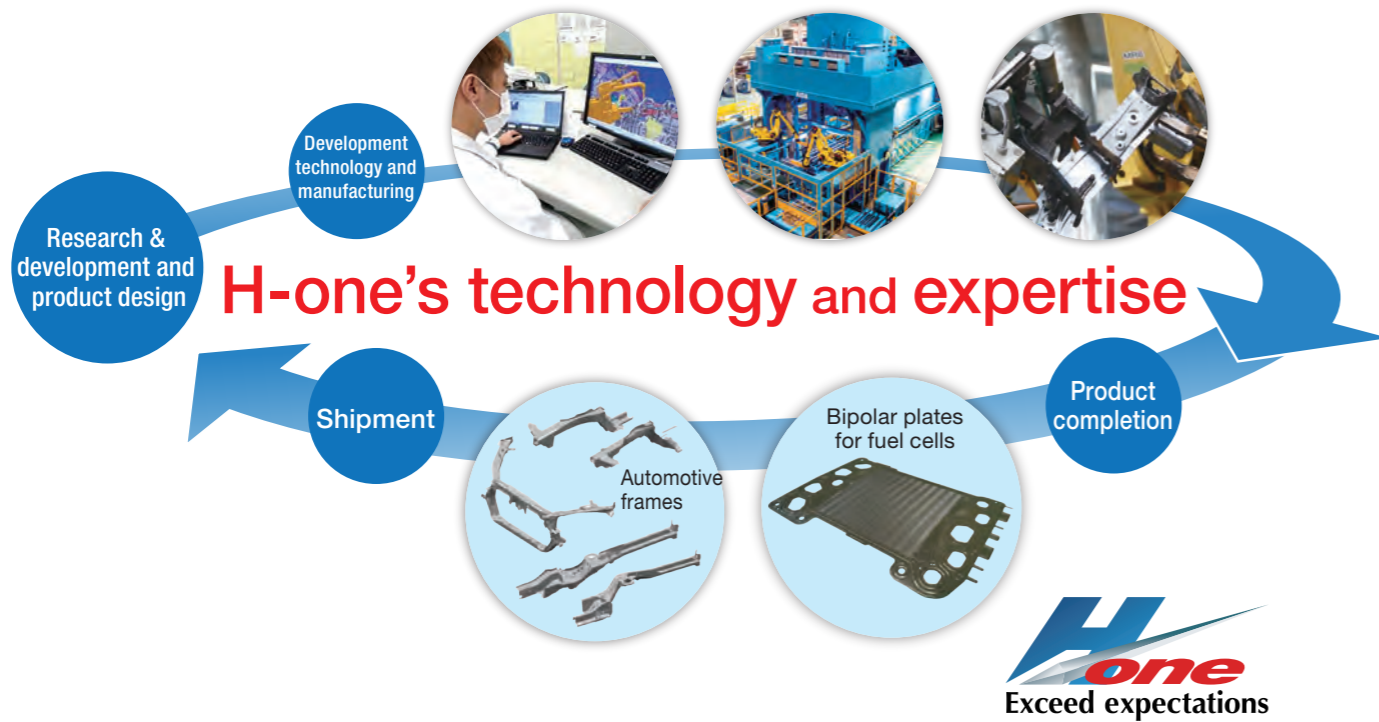


Environmental Accounting

Category	Investment (million yen)					Costs (million yen)					
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	
(FY ended March)											
Costs within the business area	Pollution prevention costs	—	—	—	—	—	5.0	30.7	4.4	6.8	6.2
	Global environmental conservation costs	45.7	13.9	39.0	164.6	57.8	0.3	15.3	35.0	60.8	43.1
	Resource recycling costs	—	—	—	—	—	10.8	9.5	52.8	13.2	8.5
Management activity costs	—	—	—	—	—	58.8	34.6	33.7	43.2	40.2	
Research and development costs	—	—	—	—	—	29.9	24.1	34.9	27.0	31.2	
Social activity costs	—	—	—	—	—	2.60	0.96	0.92	1.67	2.18	
Total	45.7	13.9	39.0	164.6	57.8	107.4	115.2	161.7	152.7	131.4	

History of the H-one Group

The H-one Group has opened up the future of motorization by gathering and combining the technologies and expertise it has cultivated through the development and manufacturing of automotive frames.



Growth H-one is born!

Start of another new leap

- 2006 • H-one was born! (Hirata Technical Co., Ltd., and Hongo Co., Ltd., were merged.)
- The research & development, product design, and sales departments were consolidated in Tochigi Prefecture to further strengthen the development function.
- 2008 • Development technology departments were consolidated in Fukushima Prefecture to strengthen the integrated production system.
- 2016 • Mass production of body frames using 3D hot bending and direct quenching (3DQ) technology and bipolar plates for fuel cells began, and new products with the world-first technology were realized.
- 2017 • Listed on the First Section of the Tokyo Stock Exchange.

Evolution Evolution of technological development

- 1978 • Large automatic stamping machines were introduced.
- A new manufacturing method for electric clutch parts was developed.
- 1982 • The welding robot, HON-BOY, was developed in-house as the first step toward automated welding.
- 1984 • KTH Parts Industries, Inc. was established in the United States as the first step toward a global company.
- 1990 • Aluminum body stamping and welding technology was developed.
- 1994 • Technology for joining different materials (steel and aluminum) was developed and push rods for general-purpose engines were commercialized.
- 1997 • The Product Development Center was established in Tochigi Prefecture to strengthen product design and development functions.

1939~ Starting point of H-one

- 1939 • Hiratakogyo, the predecessor of H-one, was established.
- 1961 • Hongo Seisakusho, the predecessor of H-one, was established.

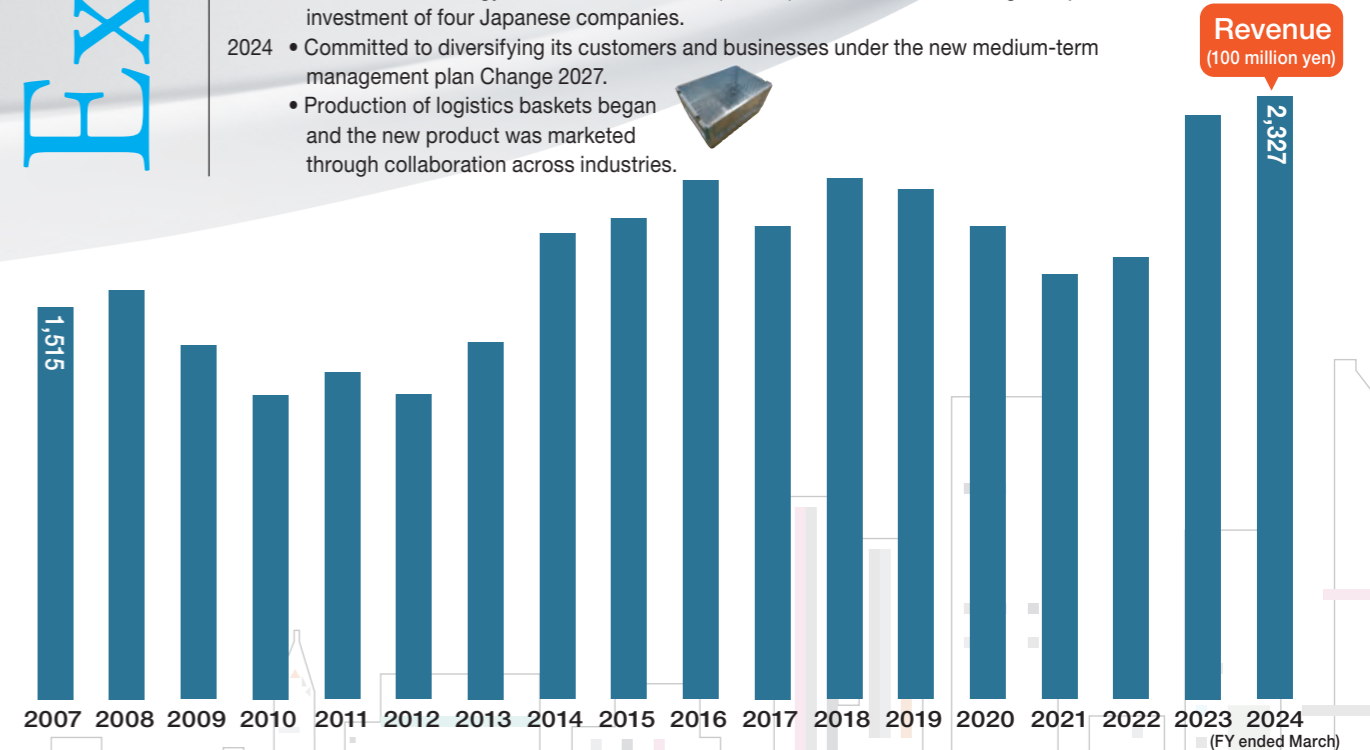
Expansion

2024 To the Future












Change 2027

Promoting diversification into different industries and businesses

- 2020 • DFAJ Auto Stamping Parts Co., Ltd., was established in China (co-funded with local capitals).
- 2021 • Took on the challenge of collaborating with companies in different industries and jointly developed a bicycle frame using recycled aluminum.
- The Bungotakada plant was established.
- 2022 • Listed on the Prime Market of the Tokyo Stock Exchange.
- ZH Auto Parts Industries Inc. (Z-Hapii) (EV component manufacturing base) and WH New Energy Auto Parts Industries Inc. (WN-Hapii) (EV dedicated component manufacturing base) were established in China.
- Micro EV Technology Research Association (METAx) was established through the joint investment of four Japanese companies.
- 2024 • Committed to diversifying its customers and businesses under the new medium-term management plan Change 2027.
- Production of logistics baskets began and the new product was marketed through collaboration across industries.



Major External Sustainability Certification and Evaluation Systems

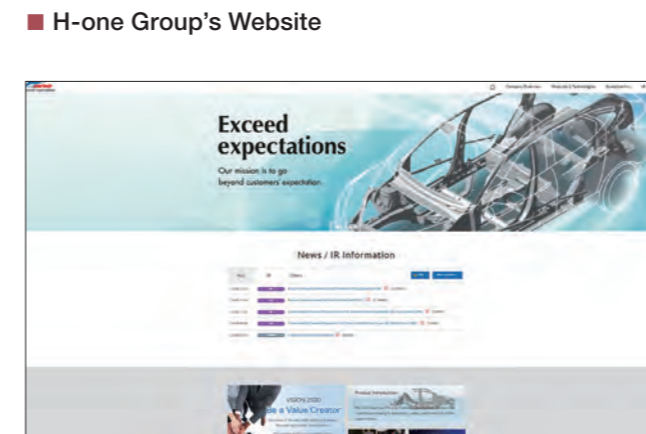
	Name of external certification and evaluation system	Organized by	Month and year of certification	
Sustainability in general	 AITAMA CITY DGs	Saitama City SDGs Certified Company	Saitama City	December 2023
	 ecovadis	EcoVadis comprehensive score: 45 (commitment badge acquired)	EcoVadis	March 2024
	 CSR TOYOKEIZAI	CSR Company Ranking (2024): overall ranking 495th out of 1,406 companies	Toyo Keizai Inc.	February 2024
Environment	 CDP DISCLOSE 2023	CDP Climate Change Report 2023 (Management Level) B Score	CDP	February 2024
		ISO 14001 Certification	Japan Automobile Research Institute (certification body)	—
Society	 健康経営優良法人 2024	Certified Health & Productivity Management Outstanding Organization (large company category)	Ministry of Economy, Trade and Industry	March 2022
	 大賞受賞して頂戴	Eruboshi Certification (three stars)	Ministry of Health, Labour and Welfare	August 2021
	 2021年度 健康経営優良法人	Kurumin Certification	Ministry of Health, Labour and Welfare	August 2021
	 障害者雇用促進	Saitama Prefecture Excellent Company that Employs People with Disabilities	Saitama Prefecture	May 2022
	 多様な働き方実践企業	Saitama Prefecture Company Practicing Diverse Work Styles	Saitama Prefecture	August 2021
Governance	 My Human Rights Declaration	My Human Rights Declaration	Ministry of Justice etc.	January 2024
	 パートナーシップ構築宣言	Partnership Building Declaration	Cabinet Office etc.	October 2020
		ISO 9001 Certification	DNV (certification body)	—

Corporate Profile (As of March 31, 2024)

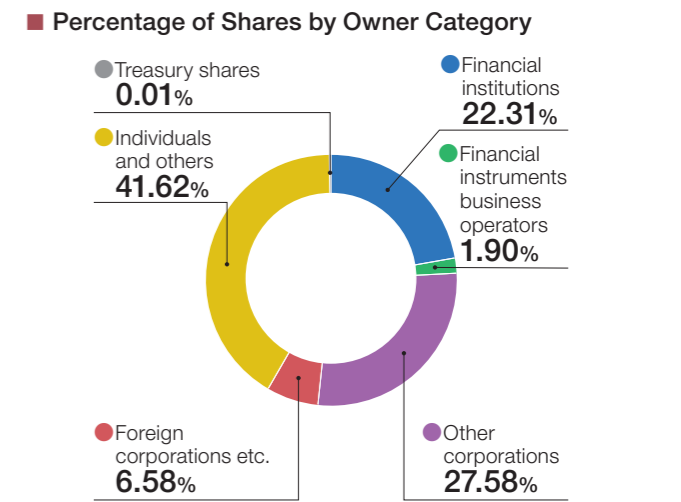
■ Basic Information	
Company name	H-ONE CO., LTD.
Establishment	April 23, 1939
Company representative	Seiki Mayumi Representative Director, President, and Chief Executive Officer
Head office location	1-11-5, Sakuragi-cho, Omiya-ku, Saitama-shi, Saitama 330-0854, Japan
Capital	4,366 million yen
Listed on	Tokyo Stock Exchange (Prime Market)
Securities code	5989
End of fiscal year	March
Line of business	Development, manufacturing, and sales of metalworking parts for automobiles etc. and the molds and welding equipment used for them
Number of employees	6,178 (consolidated) / 1,227 (unconsolidated)
Group companies	Consolidated companies: 14 (4 in North America, 5 in China and 5 in Asia) Companies accounted for using the equity method: 2 (1 in North America and 1 in China)

■ Status of Shares		
Total number of authorized shares: 63,000,000		
Total number of issued shares: 28,392,830		
No. of shareholders: 14,364		
Major shareholders		
Shareholder name	No. of shares held (thousand shares)	Shareholding ratio (%)
Honda Motor Co., Ltd.	6,055	21.33
The Master Trust Bank of Japan, Ltd. (Trust account)	1,724	6.08
H-one Employee Stock Ownership Association	1,163	4.10
Saitama Resona Bank, Limited	780	2.75
INTERACTIVE BROKERS LLC	767	2.70
JFE Shoji Corporation	727	2.56
Toko Miyamoto	726	2.56
Custody Bank of Japan, Ltd. (Trust account)	636	2.24
Shoko Ujicie	589	2.08
Custody Bank of Japan, Ltd. (Trust account 4)	573	2.02

*1. The shareholding ratio is calculated by deducting the number of treasury shares (1,755 shares).
*2. Although we have introduced the Board Benefit Trust (BBT) system, the number of treasury shares shown above does not include 421 thousand shares owned by Custody Bank of Japan, Ltd. (Trust Account E) related to the BBT system.



IR information: <https://www.h1-co.jp/eng/ir/>



Contact

ESG Promotion Department,
Sustainability Promotion Division
Phone: +81-48-643-0010 (Main number)

e-mail esg-jimukyoku@h1-co.jp
homepage@h1-co.jp

URL <http://www.h1-co.jp>

*For opinions and inquiries concerning the Integrated Report, please use the Questionnaire on the Integrated Report contained on our website.

