



Be a Value Creator

2 0 2 5
INTEGRATED
R E P O R T

H-ONE CO., LTD.

Securities code: 5989

CONTENTS

H.ONe Group Philosophy	03
Chapter 1 Message from the CEO	05
Sustainable growth through business structure transformation—Entering the Change 2027 execution phase	
Chapter 2 Our Value Creation Story	
H.ONe Group at a Glance	11
Regional Overview	12
Our Journey: Key Milestones of the H.ONe Group	13
VISION 2030: “Be a Value Creator”	14
Roadmap Toward 2030	15
Business Model and Source of Competitive Advantage	18
Value Creation Process	19
Medium-Term Management Plan: Change 2027	21

Editorial policy	H.ONe Integrated Report 2025 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 Group as 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.
Scope of this report	H-ONE CO., LTD., and its consolidated subsidiaries (collectively referred to as the “H.ONe Group” or “the Group” in this report)
Reporting period	Fiscal 2024 (April 1, 2024, to March 31, 2025) Note: This report may include information on certain activities that occurred before or after this period.
Intended audience	All stakeholders of the H.ONe Group
Forward-looking statements	This report contains forward-looking statements based on judgments and assumptions made by the H.ONe Group using information available at the time of publication. These statements are subject to inherent risks and uncertainties. Consequently, these forward-looking statements are not guarantees of future performance, and actual results may differ materially from the forecasts and expectations presented in this report
Reference guidelines	<ul style="list-style-type: none"> • Global Reporting Initiative (GRI), “Sustainability Reporting Standards” • IFRS Foundation, “The International <IR> Framework” • Ministry of Economy, Trade and Industry (METI), “Guidance for Collaborative Value Creation 2.0”
Contact	Investor Relations, ESG, Legal Affairs Department Investor Relations, ESG, Legal Affairs Division Business Management Operations, H-ONE CO., LTD.

Chapter 3 Initiatives for Addressing Material Issues to Enhance Corporate Value	
Assessment of Our Business Environment, Risks, and Opportunities	24
Materialities (Material Issues)	25
Message from Director and Executive Vice President in Charge of New Business Development	27
Interview: Chief Operating Officer of Development Business Operations	29
Interview: Officer in Charge of New Technology Development	32
Three Pillars of Our Management Approach	34
Financial Strategy: Interview with the CFO	35
Human Capital Management: Interview with the CHO	39
Environmental Management: Interview with the Chief Environmental Officer	44
Initiatives for the Task Force on Climate-related Financial Disclosures (TCFD)	50
Social and Relationship Capital	52
Directors and Audit and Supervisory Board Members	55
Messages from Outside Audit and Supervisory Board Member and Outside Directors	57
Corporate Governance	60

Chapter 4 Data (Various Data of the H.ONe Group)	
Key Financial Data (11 years)	67
Financial Data Trends in Charts	69
Nonfinancial (ESG) Performance Data (in Japan)	71
Major External Sustainability Certification and Evaluation Systems	73
Corporate Profile / Closing Remarks	74

Report Highlights

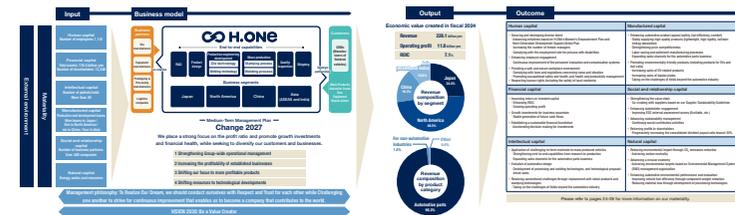


Message from the CEO pp. 05–10

Our CEO discusses his commitment to leading the charge for sustainable growth and driving our transformation as we enter the execution phase of “Change 2027.”

H.ONE’s Value Creation Process pp. 19–20

An overview of how we leverage our key capitals and develop our human capital to create both corporate and social value.



Transformation and reorganization of the business portfolio and business structure

- Transformation to a business structure with high profit margins and reduced dependence on a single major client
- Strengthening Group-wide operational management
- Increasing the profitability of established businesses
- Shifting our focus to more profitable products
- Shifting resources to technological developments

Change 2027 (Fiscal 2024–2026)					
Unit (billion yen)	Results Performance		Results		Target
	FY2023	FY2024	FY2024	FY2026	
Revenue	222.7	230.0	228.1	220.0	240.0
Operating profit (loss)	(18.8)	11.0	11.3	13.5	18.0
Profit (loss) before tax	(19.3)	10.0	10.8	12.5	15.0
ROIC	(17%)	7% or higher	7.1%	Targeting 7% or higher	
ROE	(35%)	10% or higher	18.0%	Targeting 10% or higher	

* We will continue to manage our business with ROIC and operating profit as key management indicators.

Medium-Term Management Plan: Change 2027 pp. 21–23

A detailed look at the four key policies designed to achieve our management policy: “Transformation and reorganization of the business portfolio and business structure.”

Initiatives for Addressing Material Issues to Enhance Corporate Value pp. 24–66

Explore our approach to our key material issues, featuring messages from our leadership and details on a range of specific initiatives.



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.

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.



■ H.ONE's management philosophy

Respect	<ul style="list-style-type: none"> · Understanding each other's culture and values and acting with respect and fairness · We value listening skills (the ability to listen attentively), broad-mindedness (the ability to accept diverse values), and communication skills.
Trust	<ul style="list-style-type: none"> · Trusting each other and looking toward the future by acting confidently and holding high expectations · Always being sincere in words and deeds to foster relationships of trust
Challenge	<ul style="list-style-type: none"> · Never fearing difficulties and facing every challenge with courage · Sharing wisdom with colleagues and supporting each other

■ Introducing our new corporate logo (Effective on April 1, 2025)



H.ONE has updated its corporate logo to symbolize both the legacy of trust it has built over the years and its aspirations for the future. This change reflects the Company's commitment to accelerating growth and maximizing corporate value under its new medium-term management plan, "Change 2027," formulated in May 2024.

Our corporate logo is based on the motif of "∞ (infinity)," representing us as a "value-creating company" with infinite possibilities that lie beyond sustainable growth. The circle of trust we have built is on the left, and the circle of value we will create in the future is on the right. The two circles intersect in the middle (=X), symbolizing the transformation that comes from connecting the past and the future.

As for our Company name, we have written it as "H.ONE" to express that we are a value-creating company that combines originality, flexibility, and fluency, as well as to ensure that the name "H-ONE" is properly recognized as a global company.



Sustainable growth through business structure transformation—Entering the Change 2027 execution phase

Fiscal 2024 (ended March 31, 2025) marked the first year of our Change 2027 medium-term management plan. During this period, the Company significantly improved profitability and achieved key milestones in line with the plan.

In anticipation of industry reorganization, we are building a competitive business foundation and establishing a structure to enable sustainable growth in the global marketplace. At the same time, I recognize that my responsibility as President and CEO is not to rest on these achievements, but to address structural challenges strategically and lead the transition to the next phase of growth. As the executive ultimately responsible for management decisions, I reaffirm my commitment to fulfilling the Company's promises to its employees, shareholders, and society at large.

Seiki Mayumi

Representative Director,
President and Chief Executive Officer

Please review the key highlights of your performance for fiscal 2024.

The unavoidable impact of structural changes in the global automotive industry

While the global automotive industry continued to recover in fiscal 2024, the emergence of pure-play electric vehicle (EV) manufacturers in China shook the industry to its foundations. As demand for EVs surged, Japanese, European, and American original equipment manufacturers (OEMs) saw their competitiveness erode in the Chinese market, while China-based EV manufacturers rapidly gained market share. This had a direct impact on the performance of our major OEM client, and we also faced a challenging business environment.

Nevertheless, rather than viewing these changes simply as headwinds, we recognized them as opportunities and are undertaking a fundamental review of our business structure.

Formulating and executing Change 2027

Bearing in mind the rapid changes in the market, we launched our medium-term management plan, Change 2027, in May 2024. The main pillar of the plan is the reorganization of the Company's business portfolio and structure.

We entered the execution phase in the first year to accelerate the shift to new growth areas and reduce reliance on existing businesses that are highly dependent on our major client.

In fiscal 2024, revenue declined year on year due to lower production of automotive frames for our principal OEM client. The drop in the Chinese and ASEAN markets was steeper than expected, but it remained within the range of scenarios we had anticipated, so it did not come as a surprise.

Return to profitability through fundamental earnings structure reform

On the profit front, we significantly outperformed our plan, driven by the success of multiple structural reform initiatives. These included the absence of impairment losses recorded in the previous fiscal year, reduced depreciation expenses, rigorous cost reductions in manufacturing, and optimized pricing. As a result, we achieved a return to profitability following three consecutive years of operating losses.

Of special note was the marked improvement in the gross profit margin. By downsizing production capacity and applying a disciplined selection-and-concentration approach to our core businesses, we were able to right-size our fixed assets while enhancing value-added performance. Reflecting the success of these initiatives, the operating profit ratio exceeded 5%, reaching its highest level since the Company adopted International Financial Reporting Standards (IFRS) 10 years ago.

These accomplishments were not the result of incidental external factors, but of reforms we had been implementing ahead of schedule since fiscal 2023. Yet, this is just the beginning.

Returning to profitability after three consecutive years of losses was only the first step. The real journey of full-scale value creation starts now.

As president and CEO, I am committed to ensuring that this transformation continues uninterrupted and to leading the next phase of our strategic initiatives.

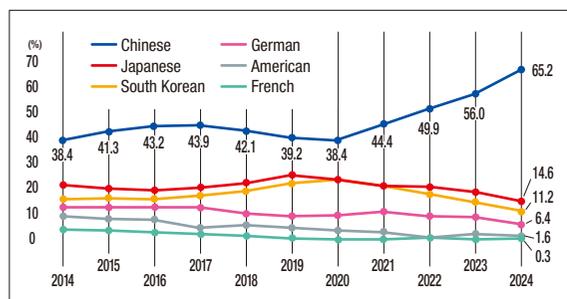
What is the strategic direction of Change 2027, your medium-term management plan?

Industry-wide structural changes as a catalyst for our new plan

Through fiscal 2023, the Company posted operating losses for three consecutive years. The primary driver was industry-wide structural changes sweeping across the automotive sector. The acceleration of EV adoption, intensified efforts to achieve carbon neutrality, rising geopolitical risks, and shifting consumer perceptions of automobiles are reshaping not only design and manufacturing processes but also the industry's competitive landscape.

In the Chinese market, the rise of pure-play EV manufacturers has completely changed the competitive environment for established players, including Japanese OEMs. These structural changes have substantially impacted our major OEM client and prompted us to fundamentally review our own business structure.

■ Passenger car sales in China by manufacturer country of origin (% share)



Strategic direction outlined in Change 2027

Even under these circumstances, our automotive frame technologies have remained competitive despite the shift to EVs. In fact, business opportunities are expanding for us, as automakers strive to reduce vehicle weight and enhance safety performance.

However, technological capabilities alone cannot secure our future, making the transformation of our business portfolio essential. Change 2027 is not merely a recovery plan, but a strategic roadmap for sustainable corporate value creation.

The plan's core strategy is to shift and reorganize the Company's business portfolio and structure. To achieve this, we have identified three strategic priorities:

- Balance growth investments focused on profitability with financial soundness
- Reduce dependence on a single major client by diversifying the customer base
- Promote business diversification through new business development

Key policies of the plan's execution phase

To ensure the success of this strategy, the Company is executing four key policies.

1. Strengthening Group-wide operational management
2. Increasing the profitability of established businesses
3. Shifting our focus to more profitable products
4. Shifting resources to technological developments

Through these policies, we aim to balance investments in future growth with a fundamental reform of our earnings structure. Despite the challenging operating environment, we remain committed to fully implementing these policies and ensuring that the results are delivered to our shareholders and investors.

For more details, please refer to "Medium-Term Management Plan: Change 2027" on pages 21–23.

Over the past year, our operating environment has been shaped by multiple intersecting changes: the Chinese market's shift to EVs, sluggish growth in the U.S. market, stricter environmental regulations in Europe, and rapid advances in digital technologies led by generative AI.

Against this backdrop, I view Change 2027 as a strategic foundation for the transformation that will drive our next stage of growth. Particularly now, as market uncertainty intensifies, we are committed to making agile decisions and leveraging our solid financial base to move forward into a new phase of growth.

What progress and achievements were made in the first fiscal year of Change 2027?

Performance exceeded plan targets

During the first year of Change 2027, financial performance surpassed our targets, driven by success in reducing fixed costs and enhanced added value through a focused selection-and-concentration strategy. In particular, return on invested capital (ROIC) and return on equity attributable to owners of parent (ROE) improved significantly, demonstrating the solid progress of our initiatives to strengthen capital efficiency.

Revamping production and operational systems

To respond proactively to the rapid changes unfolding in the Chinese, ASEAN, and Indian markets, we brought forward our review of production and operational structures and implemented it ahead of schedule. Specifically, we have undertaken the following measures to improve capital efficiency and profitability.

- China: Consolidation of welding lines at facilities in Guangzhou and Wuhan, reducing production capacity by approximately 50%
- Thailand: Plans underway to reduce welding line capacity
- India: Business transferred to Belrise Industries Ltd. in March 2025, establishing a strategic business partnership with the company
- Japan: Consolidating production sites, mainly in the eastern region

Reducing production capacity in China does not signify a market exit. Our technologies continue to be highly regarded by pure-play EV manufacturers and start-ups in China, leaving ample opportunities for future orders. We will also continue positioning India as an important market, and following the transfer of

our business there in March 2025, we will shift to a capital-efficient business model focused on technology provision to secure profitability.

2027 targets and our aspiration for 1 trillion yen in revenue challenge

By the final year of Change 2027 (fiscal 2026), we aim to have achieved the following financial targets.

- Revenue: 240.0 billion yen
- Operating profit: 16.0 billion yen
- Profit before tax: 15.0 billion yen
- ROIC: 7% or higher
- ROE: 10% or higher

We have set these targets as milestones in our long-term growth strategy, providing a foundation for organic growth—meaning autonomous growth without relying on M&A. I am also looking ahead to our next growth aspiration—our one-trillion-yen revenue challenge.

To reach this next stage, we must fully leverage the resources that fuel our growth, pursue greater management efficiency, and strengthen our competitiveness in the global market. Above all, to deliver compelling, differentiated technologies, products, and integrated structural assemblies that exceed the expectations of our customers—including our major client—we believe it is essential to broaden our business domain and build a stronger business foundation through increased scale.

To achieve our one-trillion-yen revenue challenge, organic growth alone will not suffice. We see current market changes as an opportunity to accelerate diversification of our customer base and business portfolio, and recognize that M&A can be an effective means to achieve this.

That said, we approach M&A with caution. It is essential to select opportunities that align with the interests of shareholders and other stakeholders, including employees, existing clients, and business partners, and to execute them through a highly transparent process that earns stakeholder understanding and trust.

■ Results and forecast for revenue, operating profit (loss), ROIC, and ROE

	FY2022	FY2023	FY2024	FY2025 (planned)
Revenue (Unit: billion yen)	225.5	232.7	228.1	220.0
Operating profit (loss) (Unit: billion yen)	(9.2)	(18.8)	11.8	13.5
ROIC	–	(17%)	7.1%	7% or higher
ROE	(9.9%)	(35.0%)	18.0%	10% or higher

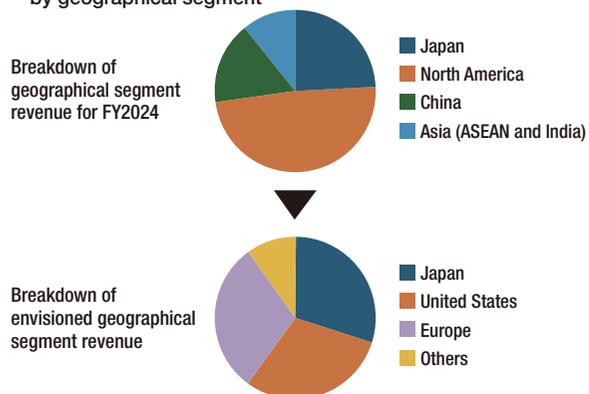
How do you envision the Company's medium- to long-term vision and strategy?

Acquiring new commercial rights will be the top growth driver.

The most powerful driver of our future growth will be the acquisition of new commercial rights. Our technical expertise in automotive frames—built over many years—has earned strong recognition as the shift toward EVs accelerates, particularly in terms of quality, performance, development speed, cost competitiveness, lightweighting, and structural strength.

Leveraging these strengths, we aim to maintain robust relationships with our major client by proposing new technologies and frame structures, while at the same time expanding commercial rights by cultivating new OEMs, launching higher-value-added products, and developing new technologies. These efforts are also intended to reduce our dependence on a single major client.

■ Comparison of current and envisioned revenue portfolio by geographical segment



Looking ahead, our ideal is to build a well-balanced regional portfolio, with Japan, the United States, and Europe each contributing roughly 30% of total revenue.

Regional strategy priorities

North America is our highest-priority region. While continuing to make proactive strategic proposals to our major client, we are also strengthening our sales efforts toward local OEMs—including General Motors and Tesla—by leveraging our cost competitiveness. We are furthermore exploring opportunities to enter the markets in Canada and Mexico.

Turning to the Japanese market, in addition to the production-structure reforms we announced on July 14, 2025, we will seek to win new commercial rights by introducing high-value-added products—such as bipolar plates for fuel cells, integrated underbody structures, and components manufactured using our Steel Tube Air Forming (STAF) technology.*

In Europe and the fast-growing Indian market, we are strengthening engagement with OEMs through strategic business partnerships, the cultivation of new business partners, and the application of new technologies.

Growth through new businesses

Our technologies can be applied well beyond automotive frame components. We are expanding into new business domains through precision stamping products and solutions for non-automotive industries.

For example, we are building mass production capabilities for fuel-cell bipolar plates, positioning the business for future global expansion. We have also made progress in supplying baskets for automated warehouse systems (logistics baskets) to a major player in the e-commerce sector.

A key focus of our medium-term management plan is the strategic shift of resources toward technology development. By proactively investing in new technologies and new business opportunities, we aim to accelerate our overall growth.

Profit margins and capital allocation

Ensuring an ROIC of 7% is a key commitment we have made to our investors. We plan to allocate profits evenly across three areas: investments, shareholder returns, and tax payments that support local communities.

Investments aimed at bolstering competitiveness and maintaining production capacity are essential for realizing sustainable growth. Accordingly, we will focus our investments on higher-value businesses, take a cautious approach to low-return projects, and maintain strong discipline around profitability.

■ Capital allocation framework based on ROIC of 7%



What challenges do you face in executing your strategies, and how do you integrate sustainability into your management approach?

Strict financial discipline and securing global talent to execute our growth strategies

To achieve our growth strategies, we must strengthen our cash-generation capabilities while maintaining a sound financial base. Accordingly, we will avoid investments that could weaken our financial position and instead make decisions that balance capital efficiency with growth.

To execute our growth strategy globally, securing and leveraging diverse talent will be a critical source of competitiveness. As we move into the execution phase of our strategy, we expect more opportunities to attract global talent. By placing people in roles where they can maximize their strengths, we aim to enhance the H.ONE Group's organizational capability and agility.

Investments and governance to drive sustainable growth and value creation

Achieving carbon neutrality is a challenge facing the entire industry. At the same time, it presents opportunities for us to strengthen our competitive advantage. We are therefore leveraging our strengths in areas such as research and development for EV and FCEV components, the development of lightweighting technologies, and initiatives to improve production efficiency. We view these changes positively and are working to build a foundation for sustainable growth with an emphasis on research and development and capital investment.

At the same time, we are committed to strengthening our corporate governance systems. Outside directors now constitute a majority of the Board of Directors, enabling constructive discussions grounded in diverse perspectives. I take these discussions seriously, while assuming full responsibility for final management decisions.



We will continue to advance our efforts in business expansion, talent development, sustainability, and governance, positioning the pursuit of sustainable growth and corporate value creation at the core of our management policy.

Finally, could you share a message for H.ONE's stakeholders?

Toward corporate value creation

Now that the path toward transforming our business structure has begun to take shape, we are moving into a more proactive investment phase. Recognizing that we would not remain competitive unless we adapted to the changes in our operating environment, we have pursued reforms steadily and with a strong sense of urgency. Looking

ahead, we will take on challenges even more aggressively than before, in a bid to ensure sustainable growth.

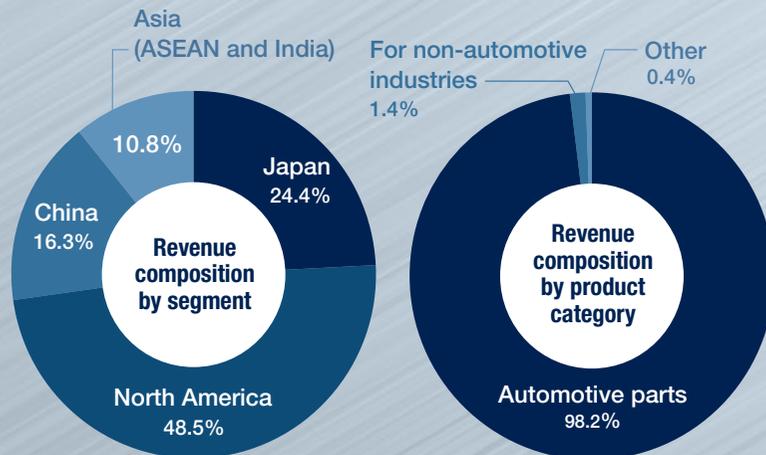
Since every challenge carries risk, it is management's responsibility to anticipate those risks in advance and manage them appropriately. Our industry is facing a complex and uncertain environment shaped by the shift to EVs, geopolitical risks, stricter environmental regulations, and other trends. Nevertheless, we see these factors as

opportunities for growth. By addressing them flexibly and swiftly, we intend to raise the Company's competitive edge.

H.ONE will deliver on its commitments and demonstrate its evolution through tangible results. Every member of the Company is dedicated to achieving sustainable growth and creating corporate value. We sincerely ask for the continued understanding and support of all our stakeholders as we pursue these goals.

H.ONE Group at a Glance (Fiscal 2024)

Founded	Consolidated revenue	Consolidated operating profit	ROIC
1939	228.1 billion yen	11.8 billion yen	7.1 %
Capital	Number of Group companies	Consolidated employees	Consolidated dividend payout ratio
4.3 billion yen	15	Approx. 5,400	13.1 %



Our products

<p>Automotive frames</p> <p>Lightweight, high-rigidity, high-performance frames</p> 	<p>Bipolar plates</p> <p>Precision-stamped plates advancing the hydrogen society</p> 	<p>Logistics baskets</p> <p>Spearheading our expansion into new industries</p> 
<p>Dies</p> <p>Achieving both durability and high processing precision</p> 		

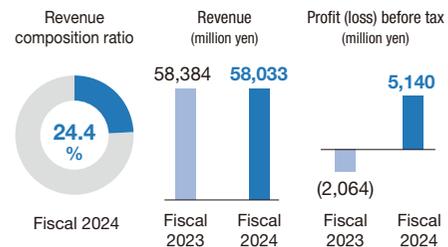
Regional Overview (Fiscal 2024)

Please refer to our corporate website for the latest information on the H.ONE Group: <https://www.h1-co.jp/eng/corporate/bases/>



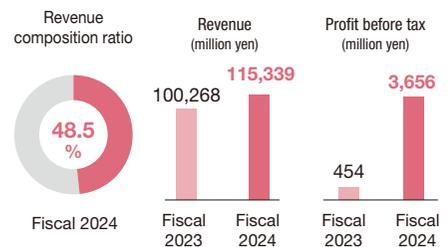
Japan

Revenue declined due to lower production volume of automotive frames for our major client. Profit before tax returned to profitability, primarily due to the non-recurrence of impairment losses recorded in the previous fiscal year.



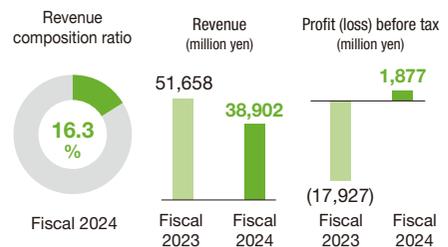
North America

Revenue declined due to lower production volume of automotive frames for our major client. Profit before tax increased significantly, driven by thorough reductions in fixed costs in response to lower production volumes and the non-recurrence of impairment losses from the previous fiscal year.



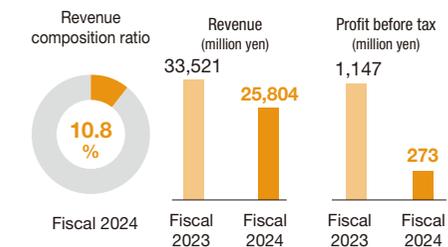
China

Revenue declined due to lower production volume of automotive frames for our major client. Profit before tax returned to profitability, driven by thorough reductions in fixed costs in response to lower production volumes and the non-recurrence of impairment losses from the previous fiscal year.



Asia (ASEAN and India)

Revenue declined due to lower production volume of automotive frames for our major client. Profit before tax decreased, as efforts to reduce manufacturing costs and the non-recurrence of impairment losses were insufficient to offset the impact of lower revenue.



Our Journey: Key Milestones of the H.ONe Group

Founding

- 1939 · Hiratakogyo, a forerunner of H.ONe, was established.
- 1961 · Hongo Seisakusho, another forerunner of H.ONe, was established.

Evolution

- 1978 · Introduced large-scale automatic stamping machines.
- 1982 · Developed the proprietary “HON-BOY” welding robot, our first step toward automated welding.

Global expansion

- 1984 · Established KTH Parts Industries, Inc., in the United States, taking our first step as a global company.
- 1994 · Expanded into Asia with the establishment of H-ONE Parts (Thailand) Co., Ltd.
- 2002 · Entered the Chinese market through GH Auto Parts Industries Inc.

Growth and transformation

- 2006 · H.ONe was created through the merger of Hirata Technical Co., Ltd., and Hongo Co., Ltd.
- 2017 · H.ONe was listed on the First Section of the Tokyo Stock Exchange.
- 2022 · H.ONe was transitioned to the Prime Market of the Tokyo Stock Exchange.

Our evolving contribution to social value

Supporting the growth of motorization

Driving the globalization of mobility society

Advancing carbon neutrality and diversified mobility

Medium-term management plan: Change 2027

Transformation and reorganization of the business portfolio and business structure

Transformation to a business structure with high profit margins and reduced dependence on a single major client

- Strengthening Group-wide operational management
- Increasing the profitability of established businesses
- Shifting our focus to more profitable products
- Shifting resources to technological developments

Environmentally friendly products

Bipolar plates for fuel cells



- **Product planning:** High-precision die design and dimensional accuracy management
- **Mass production technology:** Advanced precision stamping technology

Technologies applied from automotive frames

Logistics baskets



- **Product planning:** Proposals for substitution with metal products

Bicycle frame using recycled aluminum



- **Research and development:** Strength analysis simulation
- **Mass production technology:** Hot stamping processing

Photo courtesy of Hodaka Corporation

Expanding our business by leveraging technologies cultivated through the development and manufacturing of automotive frames
 Creating a new chapter in our history and delivering innovative value to society

VISION 2030: “Be a Value Creator”

VISION 2030 defines our aspiration to become a corporate group that creates value and delivers products of enduring value.

By aligning each individual’s efforts with this vision and contributing to the future of the mobility society, we will achieve the H.ONE Group’s sustainable growth.



Roadmap Toward 2030

(1) Our view of the business environment

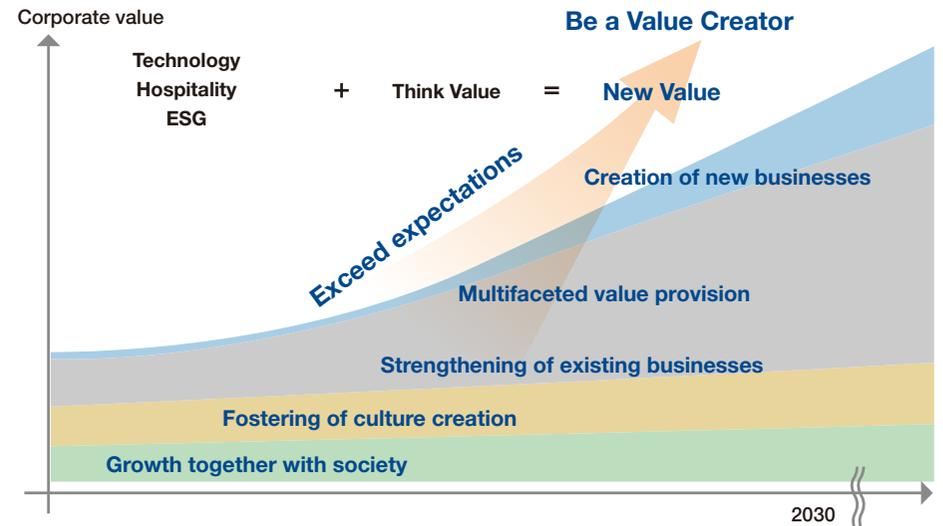
The automotive industry is in an era of profound transformation. The shift toward electrification is accelerating, driven by stricter global environmental regulations, while core values associated with automobiles are evolving, as symbolized by CASE and MaaS.

To navigate this period of change, we recognize that our key medium- to long-term challenge is twofold: first, to proactively respond to stay ahead of the industry's transformation by anticipating shifts in the business environment; and second, to create the value society demands, beginning with our contribution to carbon neutrality.

(2) The value H.ONe provides

In response to the view of the environment described above, H.ONe will create the following economic and social value to achieve sustainable growth as a company. This requires the ongoing transformation of our organization. By making agile decisions and fostering a culture where every employee helps discern “what we must change” from “what we must preserve,” we will continue to generate new and lasting value

- Creation of new businesses**
 Provision of new products and new services demanded by the world
- Multifaceted value provision**
 Provision of attractive products that anticipate customer needs in various fields
- Strengthening of existing businesses**
 Strengthening of material processing technologies, i.e., technological capabilities for metal forming, welding, and die making
- Fostering of culture of value creation**
 Fostering of a corporate culture where creativity is driven by a commitment to hospitality and the spirit to take on ambitious challenges
- Growth together with society**
 Contributing to the realization of a sustainable society through environmental, social, and governance (ESG) initiatives



(3) Respecting the perspectives of stakeholders

To ensure our continued growth as a company that society values and trusts, H.ONe is committed to strengthening engagement with our stakeholders through open dialogue. Through these efforts, we strive to contribute to society as a responsible corporate citizen.

The table below outlines our key stakeholders and the core values that guide our relationships with them.

Customers and business partners	<ul style="list-style-type: none"> • Ensuring product and service quality • Fair and transparent transactions • Sales activities with integrity
Employees	<ul style="list-style-type: none"> • Fostering open communication in the workplace • Ensuring safety and health • Respecting human rights
Society	<ul style="list-style-type: none"> • Enhancing traffic safety • Contributing to our communities • Reducing environmental impact
Shareholders, investors, and other stakeholders	<ul style="list-style-type: none"> • Transparent and timely disclosure • Maintaining sound relationships with politics and government • Severing ties with antisocial forces

(4) H.ONE's core competencies

Our competitive advantage and the trust we have earned are built on two pillars: the technological prowess to process a wide range of materials, and proposal capabilities to deliver solutions that exceed our customers' expectations.

Technology: Technological expertise and engineering capabilities compatible with diverse material processing

H.ONE's technological capabilities extend beyond mere manufacturing capacity, earning high acclaim within the industry for its processing of diverse materials and processing precision. Among automotive components, structural parts in particular demand a balance of lightweight properties, rigidity, and collision energy absorption. Achieving this requires processing technologies capable of handling not only steel but also aluminum, high-strength steel, and even composite materials.

H.ONE utilizes the latest processing technologies and die design capabilities alongside fundamental processes such as stamping and welding, enabling optimal forming tailored to material properties. Furthermore, we are mass producing bipolar plates* for fuel cells by applying our accumulated technologies, while also introducing

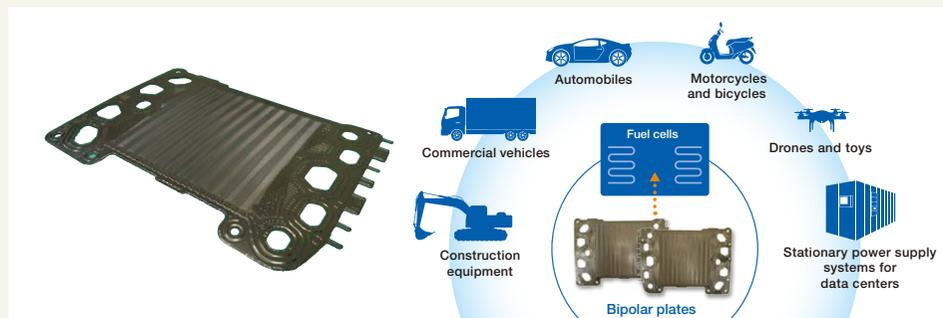
new processing methods such as STAF* to enhance our capabilities to address the requirements of next-generation vehicles.

We are also standardizing technology across our global locations, establishing a system that enables us to deliver uniform quality in North America, China, and Asia. This enables us to meet diverse customer needs while also flexibly adapting to regional regulatory requirements and market characteristics.

H.ONE's strength lies in its comprehensive expertise and applied capabilities that support every stage from design through mass production. By harnessing this technological edge, H.ONE continues to deliver highly competitive products worldwide.

* Please refer to the explanation of terms on page 33 for details.

► Bipolar plates for fuel cells



H.ONE has achieved mass production of bipolar plates, one of the components that make up fuel cells. Bipolar plates are products made from ultra-thin stainless steel that has been micro-machined to allow the flow of hydrogen, oxygen, and coolant. By applying our precision forming technology, we have established a system capable of meeting high performance requirements while enabling mass production.

We are striving toward further business diversification and contributing to global environmental conservation by leveraging our proven strengths in technological expertise and production capabilities cultivated through automotive parts manufacturing, enhanced with our alliances within the supply chain.

Hospitality: The ability to propose and respond in ways that exceed customer expectations

Another strength of H.ONe lies in its collaborative approach with customers, extending beyond just contract manufacturing. Rather than faithfully turning specifications and performance requirements into products, H.ONe’s hospitality is defined by its proactive stance of proposing improvements—such as how to enhance the product and how to reduce costs and lead times.

This approach is expressed throughout the entire product life cycle, from technical support during the design phase and prototyping through to quality improvement proposals after the start of mass production. We prioritize dialogue with our customers and listen attentively to their needs in detail at the front lines, thereby building trust and fostering long-term partnerships.

The logistics baskets launched in 2024 stemmed from our ability to propose solutions beyond industry boundaries to create new products.

Furthermore, in our global operations, we have also built capabilities based on deep roots in local communities through the development of local talent and respect for cultural backgrounds. As a result, our overseas customers regard H.ONe as a supplier they can trust with confidence.

Ultimately, H.ONe’s strength is our commitment to delivering value that exceeds expectations. This spirit of hospitality, combined with our technological prowess, forms the dual foundation of our competitive advantage.

► Logistics baskets

H.ONe supplies baskets used for product logistics and automated inventory management in factories to a major manufacturer with a high market share in the food e-commerce industry. Previously, such baskets were manufactured from plastic, but to address material-related challenges, the customer opted to switch to metal baskets. We have achieved mass production at the Company following iterative validation with our customer.



► Bicycle frame using recycled aluminum

H.ONe has jointly developed the world’s first bicycle frame made from 100% recycled aluminum in partnership with Hodaka Corporation and Hitachi High-Tech Corporation. H.ONe manufactures aluminum bicycle frames by applying strength analysis simulation and hot stamping technologies cultivated through automotive parts manufacturing. This has enabled us to produce frames that achieve resource circulation that significantly reduces CO₂ emissions during material production.



Strength analysis simulation



Hot stamping



Aluminum bicycle frame



ZEEN WIND limited edition bicycle

Photo courtesy of Hodaka Corporation

Business Model and Source of Competitive Advantage

H.ONE's business model



Sources of competitive advantage

(1) Human capital strength: A team dedicated to steady craftsmanship

H.ONE upholds “Respect, Trust, Challenge” and “Realize Our Dream” as the key words of its management philosophy. We continuously strive to provide diverse value, aiming to create a better society by utilizing our own technology and ideas to benefit people.

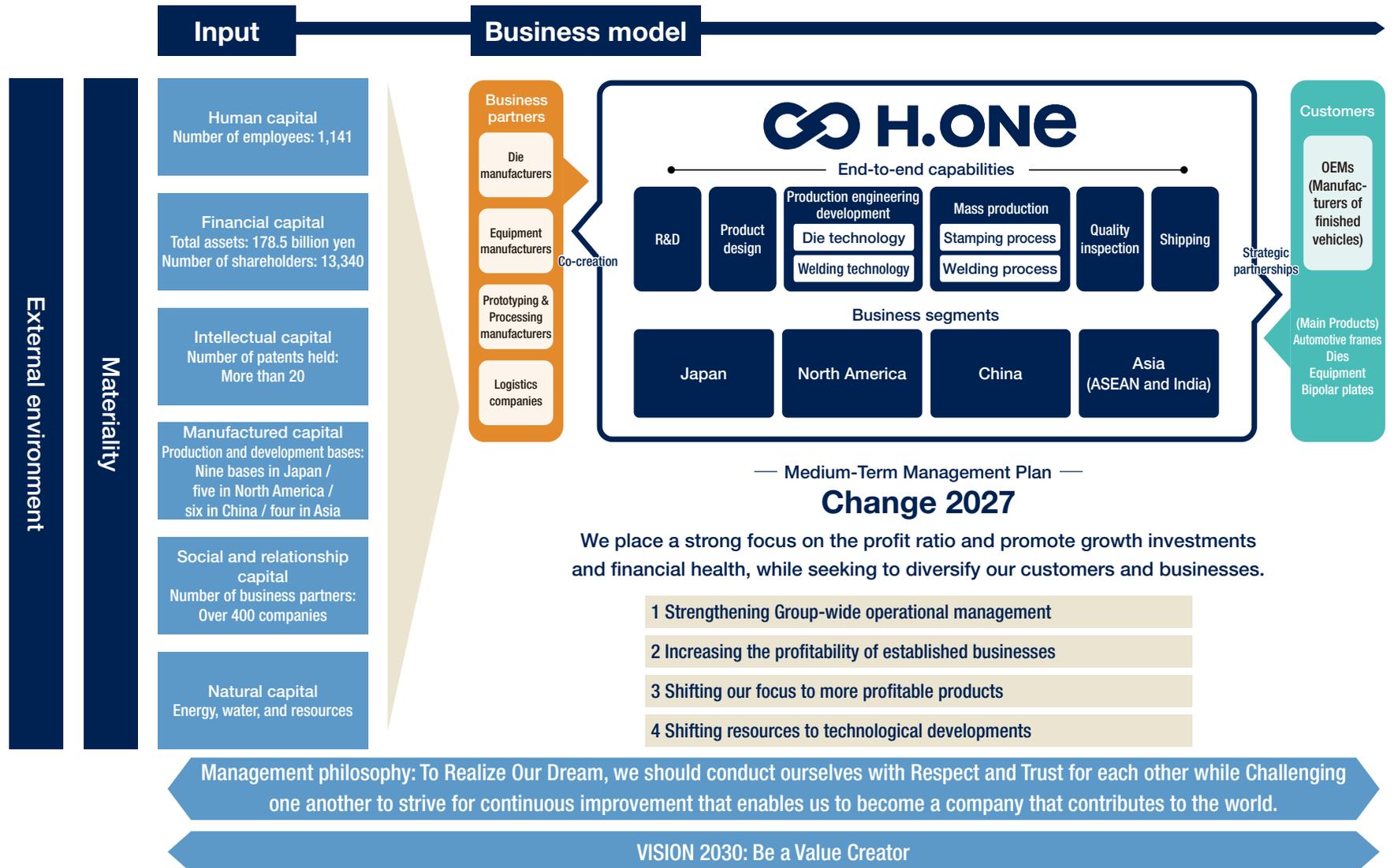
Since our founding in the 1930s, our employees have been united in endeavoring to meet the expectations of customers worldwide, regardless of the challenges presented at the time. Our passion for work and integrity has been the driving force behind H.ONE's growth.

(2) End-to-end capabilities: Handling all processes from R&D to mass production

Our core products are automotive frames, specifically the underbody components that form the foundational structure of a vehicle. H.ONE maintains a comprehensive, in-house system that covers every stage from upstream R&D, product design, and production engineering, all the way through to mass production.

The source of our distinct competitive advantage lies in our specialized technologies for processing thin, lightweight, yet robust and challenging-to-form materials such as ultra-high-strength steel. This is combined with our expertise in designing and building highly efficient, complex welding lines. Moreover, our ability to flexibly meet the stringent quality standards of global OEMs has allowed us to build a highly cost-competitive production model. We are expanding into new business areas beyond the realm of automotive frames by leveraging the technology and expertise cultivated through their development and production.

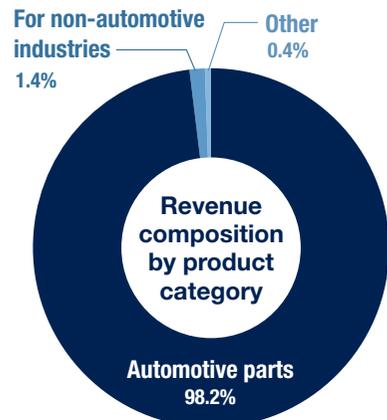
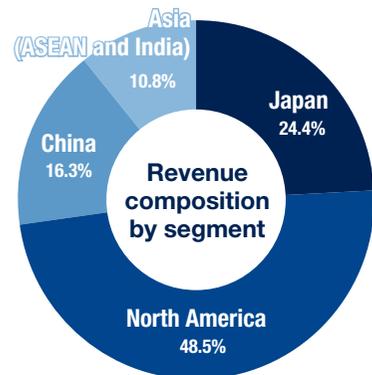
Value Creation Process



Output

Economic value created in fiscal 2024

Revenue	228.1 billion yen
Operating profit	11.8 billion yen
ROIC	7.1%



Outcome

Human capital	Manufactured capital
<ul style="list-style-type: none"> Securing and developing diverse talent <ul style="list-style-type: none"> Advancing initiatives based on H.ONE's Women's Empowerment Plan and Next-Generation Development Support Action Plan Increasing the number of female managers Complying with the employment rate for persons with disabilities Enhancing employee engagement <ul style="list-style-type: none"> Continuous improvement of the personnel evaluation and compensation systems Providing a safe and secure workplace environment <ul style="list-style-type: none"> Complying with laws and regulations concerning noise and vibration Promoting occupational safety and health, and health and productivity management Respecting human rights (including the safety of local residents) 	<ul style="list-style-type: none"> Enhancing automotive product appeal (safety, fuel efficiency, comfort) <ul style="list-style-type: none"> Stably supplying high-quality products (lightweight, high rigidity, collision energy absorption) Strengthening price competitiveness Labor-saving and optimized manufacturing processes Expanding sales channels for the automotive parts business Promoting environmentally friendly products (including products for EVs and fuel cells) <ul style="list-style-type: none"> Increasing sales of EV-related products Increasing sales of bipolar plates Taking on the challenges of fields beyond the automotive industry
Financial capital	Social and relationship capital
<ul style="list-style-type: none"> Improving return on invested capital <ul style="list-style-type: none"> Enhancing ROIC Growing operating profit Growth investments for business expansion <ul style="list-style-type: none"> Stable generation of future cash flows Establishing a sustainable financial foundation <ul style="list-style-type: none"> Accelerating decision-making for investments 	<ul style="list-style-type: none"> Strengthening the value chain <ul style="list-style-type: none"> Co-creating with suppliers based on our Supplier Sustainability Guidelines Enhancing stakeholder engagement <ul style="list-style-type: none"> Improving ESG external assessment scores (EcoVadis, etc.) Advancing sustainability management <ul style="list-style-type: none"> Continuing social contribution activities Returning profits to shareholders <ul style="list-style-type: none"> Progressively increasing the consolidated dividend payout ratio toward 30%
Intellectual capital	Natural capital
<ul style="list-style-type: none"> Application of challenging-to-form materials to mass produced vehicles <ul style="list-style-type: none"> Strengthening end-to-end capabilities from research to production Expanding sales channels for the automotive parts business Evolution of automotive design <ul style="list-style-type: none"> Development of processing and welding technologies, and technological proposal-driven sales Resolving conventional challenges through replacement with metal products and stamping technologies <ul style="list-style-type: none"> Taking on the challenges of fields beyond the automotive industry 	<ul style="list-style-type: none"> Reducing environmental impact through CO₂ emissions reduction <ul style="list-style-type: none"> Achieving carbon neutrality Advancing a circular economy <ul style="list-style-type: none"> Achieving environmental targets based on Environmental Management System (EMS) management organization Enhancing automotive environmental performance and evaluation <ul style="list-style-type: none"> Improving vehicle fuel efficiency through component weight reduction Reducing material loss through development of processing technologies

Please refer to pages 24–26 for more information on our materiality.

Medium-Term Management Plan: Change 2027 (Fiscal 2024–2026)

We revised our seventh medium-term business plan and announced a new medium-term management plan, named Change 2027 (covering fiscal 2024 through fiscal 2026), on May 24, 2024.

Change 2027 is a strategic initiative aimed at a fundamental “transformation and reorganization of the business portfolio and business structure” with the aim of putting the Company back on a growth trajectory and is designed to drive a fundamental shift in both our business structure and management framework.

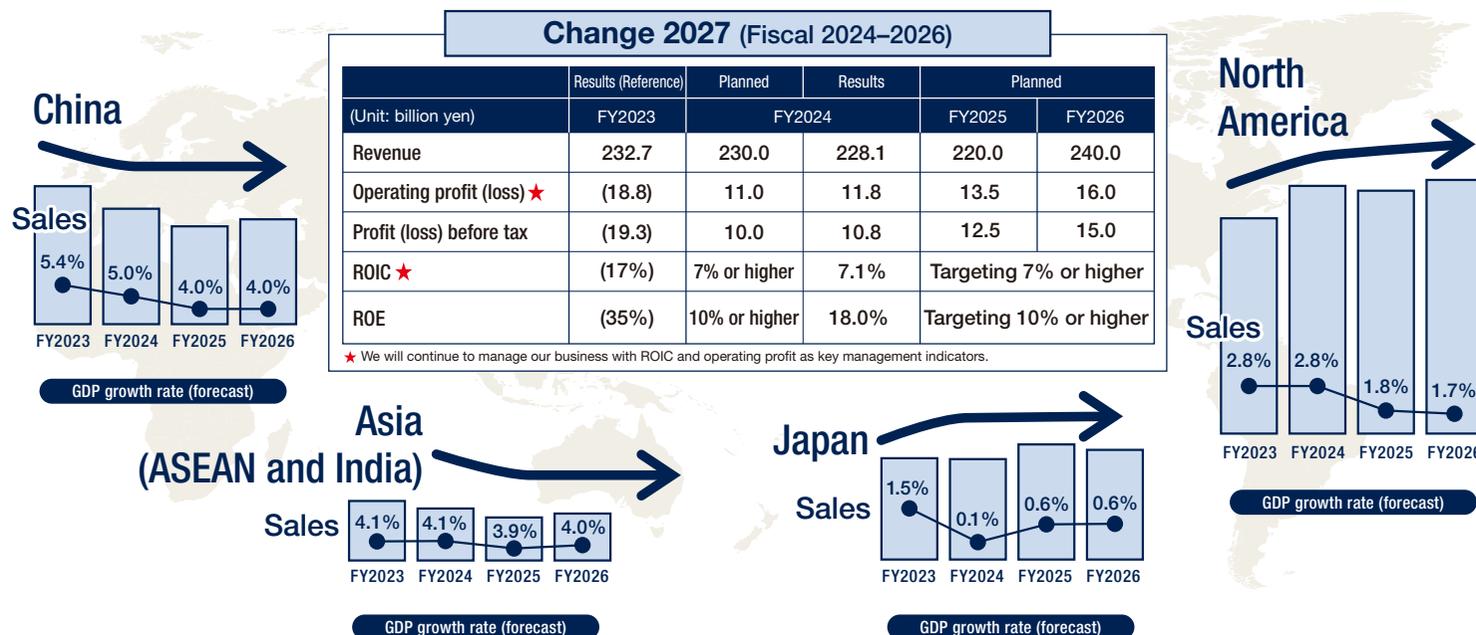
Specifically, we have adopted operating profit and ROIC as key management indicators and promote growth investments and financial soundness with a strong commitment to profitability. At the same time, we will pursue greater customer and business diversification to reduce our dependence on a single major client.

In addition, to accelerate investment decisions and overall decision-making, we will renew our organizational structure to clarify profit accountability and authority by business and by region.

Transformation and reorganization of the business portfolio and business structure

Transformation to a business structure with high profit margins and reduced dependence on a single major client

- Strengthening Group-wide operational management
- Increasing the profitability of established businesses
- Shifting our focus to more profitable products
- Shifting resources to technological developments



(1) Four key policies

To achieve our management policy of a “transformation and reorganization of the business portfolio and business structure,” we are implementing the following four key policies.

Key policies	Measures	Details
Strengthening group-wide operational management	More agile management and stronger Group governance	<ul style="list-style-type: none"> Implementing a business division structure to clarify profit and loss accountability and authority for each business division Establishing an organizational structure that enables executive management to concentrate on key strategic issues
	Making investments more efficient and evaluating risks	<ul style="list-style-type: none"> Adopting management indicators that emphasize ROIC Establishing a new advisory and decision-making body dedicated to investment decisions
Increasing the profitability of established businesses	Reducing fixed costs and adjusting selling prices	<ul style="list-style-type: none"> Revising our production structure through measures such as consolidating welding lines and divesting surplus assets Implementing appropriate price adjustments to reflect changing market conditions, including rising labor costs and inflation
	Business process reforms	<ul style="list-style-type: none"> Creating a leaner organization by streamlining and prioritizing business operations, and reallocating resources to new business initiatives Improving operational efficiency through digital transformation (DX)
Shifting resources to technological developments	Boosting orders received for products for fuel cell use (new business)	<ul style="list-style-type: none"> Prioritizing the allocation of resources to products for fuel cells, leveraging our expertise in precision stamping technology
	Boosting orders received for high-value-added products	<ul style="list-style-type: none"> Achieving mass production of products through material substitution to metals, leveraging our core technological strengths Expanding business with new OEMs in various markets
Shifting our focus to more profitable products	Maximizing profits	<ul style="list-style-type: none"> Concentrating on selected products and businesses

- Key Policy 1 Strengthening Group-wide operational management**
 We will modify the three aspects of the organizational structure, KPIs, and meeting bodies.
- Key Policy 2 Increasing the profitability of established businesses**
 We will move forward both to cut fixed costs and to reflect costs in selling prices.
- Key Policy 3 Shifting our focus to more profitable products**
 We will seek to gain new customers in each market and move forward to bring products other than automotive frames into mass production.
- Key Policy 4 Shifting resources to technological developments**
 We will move toward business growth by prioritizing the allocation of management resources to products for use in fuel cells, an anticipated growth area.

(2) Management indicators

We will evaluate the achievement of key initiatives using operating profit and ROIC as management indicators. The management indicators for fiscal 2024 through fiscal 2026, along with the plans for revenue and ROE during the same period, are as follows.

Unit: billion yen	FY2024 (Planned)	FY2025 (Planned)	FY2026 (Planned)	FY2024 (Results)
Revenue	230.0	220.0	240.0	228.1
Operating profit ★	11.0	13.5	16.0	11.8
ROIC ★	7% or higher			7.1%
ROE	10% or higher			18.0%

(★: Management indicators)

(Rationale for adopting these management indicators)

- Operating profit**
 To evaluate profitability in our core business
- Return on invested capital (ROIC)**
 To evaluate the profit generated relative to invested capital and to drive improvements in both profitability and financial soundness

Furthermore, starting in fiscal 2025, operating profit and ROIC will also be used as performance indicators for executive remuneration. This change introduces a compensation system that aligns executive incentives with our key objectives of promoting growth and improving capital efficiency.

(3) Summary of initiatives in fiscal 2024

Key Policy 1 Strengthening Group-wide operational management

To enhance our management agility and strengthen Group governance in response to a changing business environment, we have transitioned to an organizational structure based on the “business headquarters system.” In conjunction with this, we established the Investment Council to drive the implementation of our key strategic policies



Key Policy 3 Shifting our focus to more profitable products

Key Policy 4 Shifting resources to technological developments

With the goal of securing orders from new OEMs, we are advancing sales activities and business development focused on local OEMs in North America and China, leveraging our strengths in cost competitiveness and technological capabilities. We are also proposing optimal frame designs that meet the strength requirements for automotive frames, thereby expanding our order volumes. Furthermore, we are expanding our high-efficiency production lines for bipolar plates used in fuel cells, aiming to increase orders from new regions and OEMs.

Please refer to pages 27–33 for more information on “Initiatives for Addressing Material Issues to Enhance Corporate Value.”

Key Policy 2 Increasing the profitability of established businesses

In response to rapid shifts in the business environment, such as declining production volumes at OEMs, we have taken decisive steps to strengthen our corporate structure for the future. These steps include reducing manufacturing costs, cutting fixed costs, and recognizing impairment losses.

◆ Revision of production structures



◆ Revision of operational structures



Topics

Production structure reform in the Tokai region



- ▶ Name Kameyama No. 1 Factory (tentative)
- ▶ Location Kameyama City, Mie Prefecture
- ▶ Site area Approx. 58,000 m²
- ▶ Investment value Approx. ¥18.0 billion

Establishment of subsidiary in the United States

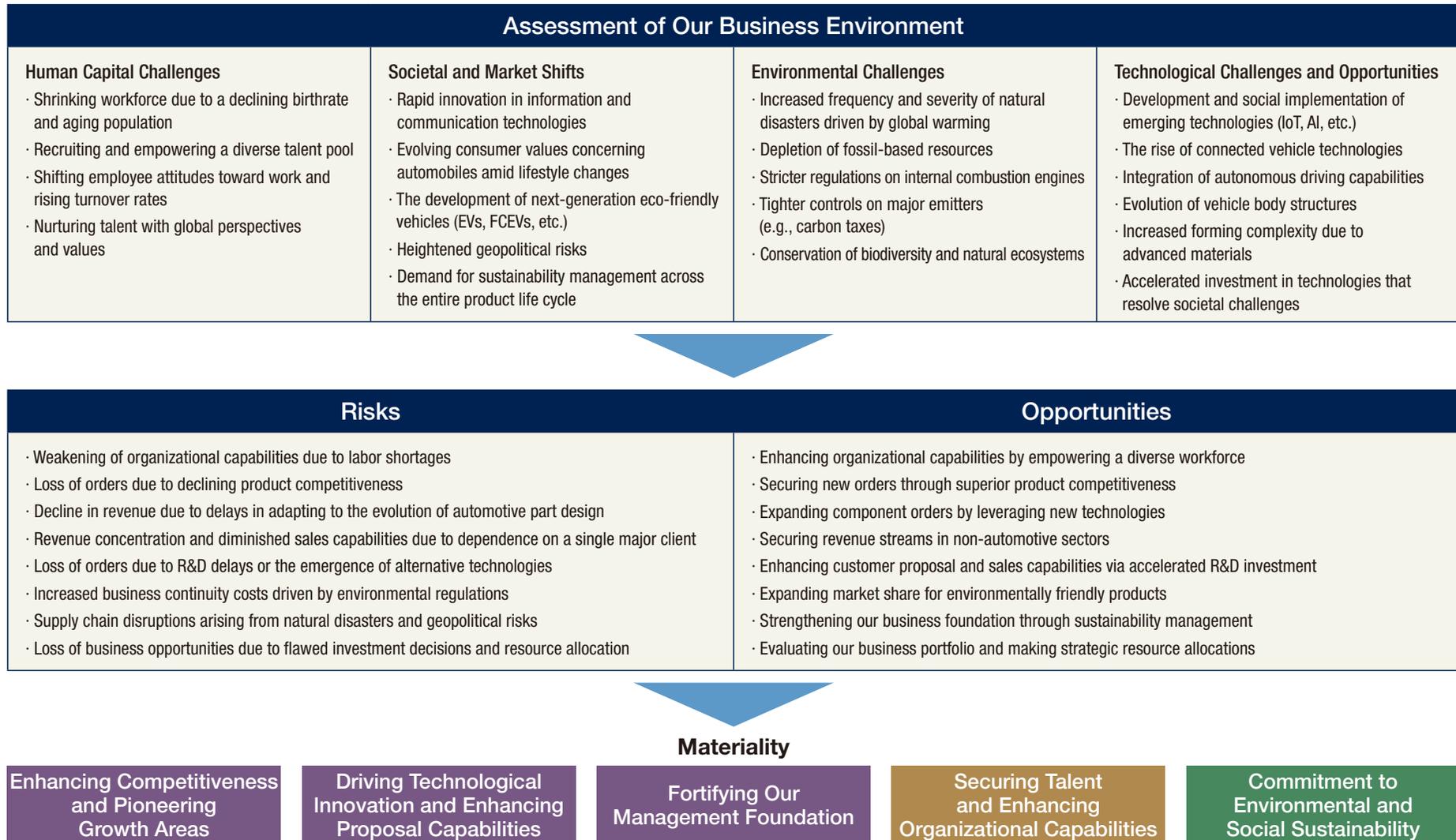


- ▶ Name KTH TEXAS, Inc. (planned)
- ▶ Location Texas, USA
- ▶ Capital US\$10 million

H.ONe has decided to establish new bases in Kameyama City, Mie Prefecture, Japan, and in the state of Texas, USA, with the aim of expanding its global sales channels, strengthening the supply system, and transforming its production structure. Operations at each location will commence in November 2027 and January 2028, respectively, from where we plan to deliver competitive products to a diverse range of customers.

Assessment of Our Business Environment, Risks, and Opportunities

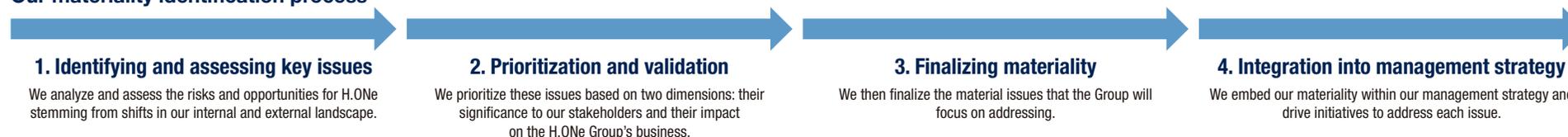
Our process for identifying materiality begins with a thorough assessment of the risks and opportunities facing H.ONE, stemming from shifts in our internal and external landscape.



Materialities (Material Issues)

H.ONe regularly reviews its materiality to ensure its strategy remains aligned with the evolving business environment and societal expectations. We have identified five priority themes as H.ONe’s materiality and are committed to addressing them through our core business activities.

Our materiality identification process



Materiality	Reason for Selection (Bold indicates recognized opportunities)	Materiality KPI	Target-Setting Items (Key initiatives and metrics)	Target Value (Target FY)	FY2024 Results
Enhancing Competitiveness and Pioneering Growth Areas 	<ul style="list-style-type: none"> Securing new orders through superior product competitiveness Enhancing customer proposal and sales capabilities via accelerated R&D investment Securing revenue streams in non-automotive sectors Expanding market share for environmentally friendly products (e.g., EV and fuel cell-related businesses) Diversifying our customer base (reducing dependence on a single major client) 	Stable supply of high-quality products (lightweight, high rigidity, collision energy absorption)	Strengthening our quality assurance system and increasing manufacturing process efficiency	Ongoing implementation	Implemented
		Enhanced price competitiveness	Optimizing our global procurement and production systems	Ongoing implementation	Implemented
		Sales expansion of products for EVs	Sales mix of EV products relative to total automotive parts revenue	Year-on-year increase	2.6% (down from 3.6% in FY2023)
		Sales expansion of bipolar plates	Sales mix of bipolar plates relative to total automotive parts revenue	Year-on-year increase	0.3% (up from 0.2% in FY2023)
		Expansion of sales channels for the automotive parts business	Optimization of regional sales strategies	Ongoing sales outreach to potential customers	Implemented
Driving Technological Innovation and Enhancing Proposal Capabilities 	<ul style="list-style-type: none"> Expanding component orders by leveraging new technologies Enhancing customer proposal and sales capabilities via accelerated R&D investment Optimizing production processes and achieving labor savings through digital technologies (DX and automation) Establishing our technological competitiveness in global markets Diversifying our business (reducing dependence on a single major client) 	Strengthening our end-to-end system from research to production	Shortening lead times for model development, die manufacturing and line construction; enhancing interdepartmental collaboration	Ongoing implementation	Implemented
		Developing advanced processing and welding technologies, and providing proactive technical proposals	Enhancing our capabilities for making technical proposals to customers	Ongoing engagement with customers from their initial planning stage	Implemented
		Expanding into non-automotive sectors	Sales mix from non-automotive industries relative to total revenue	Year-on-year increase	1.4% (up from 0.6% in FY2023)
Fortifying Our Management Foundation 	<ul style="list-style-type: none"> Evaluating our business portfolio and making strategic resource allocations Decision-making with an emphasis on ROIC Profit management and executive performance evaluation based on operating profit Establishing sustainable financial structure Accelerating investment decisions through our business headquarters system and the Investment Council Returning profits to shareholders Strengthening corporate governance 	Improving ROIC	ROIC	7.0% (to be maintained through FY2026)	7.1%
		Growing operating profit	Operating profit	11.0 / 13.5 / 16.0 billion yen (FY2024 / FY2025 / FY2026)	11.8 billion yen
		Generating stable future cash flow	Free cash flow	Positive or negative as planned* * Where investment activities are executed as planned and any negative amount is in line with the planned value.	Positive
		Progressively increasing the consolidated dividend payout ratio toward 30%	Consolidated dividend payout ratio	Progressive increase	13.1%

Materiality	Reason for Selection (Bold indicates recognized opportunities)	Materiality KPI	Target-Setting Items (Key initiatives and metrics)	Target Value (Target FY)	FY2024 Results
Securing Talent and Enhancing Organizational Capabilities 	<ul style="list-style-type: none"> Enhancing organizational capabilities by empowering a diverse workforce Improving employee engagement Creating an environment that enables flexible work styles Driving business operations with talent possessing global values and perspectives Respect for human rights of people affected by our business activities 	<ul style="list-style-type: none"> Promotion of measures based on Women's Empowerment Plan and Next-Generation Development Support Action Plan 	Achievement of target rates stipulated in Women's Empowerment Plan and Next-Generation Development Support Action Plan	100% (ongoing through FY2028)	100%
		<ul style="list-style-type: none"> Increasing the number of female managers 	Number of female managers	6 (by 2030)	4
		<ul style="list-style-type: none"> Maintaining the statutory employment rate for people with disabilities 	Compliance rate	100% (ongoing)	100%
		<ul style="list-style-type: none"> Complying with laws and regulations on noise and vibration 	Compliance rate	100% (ongoing)	100%
		<ul style="list-style-type: none"> Promoting occupational health and safety, and KENKO Investment for Health 	Certification as a KENKO Investment for Health	Obtain annually	Obtained
Commitment to Environmental and Social Sustainability 	<ul style="list-style-type: none"> Strengthening our business foundation through sustainability management Enhancing supply chain resilience Achieving effective environmental management (CO₂ emissions reduction, water security, waste reduction) Contributing to the environment through the development of lightweight parts and advanced processing technologies 	<ul style="list-style-type: none"> Improving our scores on external ESG assessments 	EcoVadis	Continuous improvement	42 (down 3 pts from FY2023)
		<ul style="list-style-type: none"> Co-creating value with suppliers based on our Supplier Sustainability Guidelines 	Completion rate of supplier sustainability assessments via our checklist	100% (ongoing)	100%
		<ul style="list-style-type: none"> Achieving carbon neutrality 	CO ₂ emissions (consolidated, location-based)	46% reduction from FY2019 levels (by FY2030)	33.9% reduction in gross emissions from FY2019
				Carbon neutrality (by FY2050)	Note: Comparison based on actual emissions
		<ul style="list-style-type: none"> Achieving environmental targets based on EMS management organization 	CO ₂ emissions (domestic, location-based)	15% reduction in intensity from FY2019 levels (with progressively higher annual targets)	30.4% reduction in intensity from FY2019
				15% reduction in total emissions from FY2019 levels (with progressively higher annual targets)	11.9% reduction in total emissions from FY2019
Waste generated	11.6% increase in total volume from FY2019				
	Water usage	38.9% reduction in intensity from FY2019			

Message from Director and Executive Vice President
in Charge of New Business Development

Driving profitability through strategic new business development

Masamichi Okuda

Director and Executive Vice President in charge
of the Corporate Planning Division of Business
Management Operations, and Chief Operating
Officer of China Business Operations



Our direction in new business development

The H.ONe Group has been implementing its medium-term management plan, Change 2027, since 2024, with the aim of reorganizing its business portfolio and transitioning to a more profitable business structure. To reduce its dependence on a single major client and diversify its customers, the Group is working to secure new commercial rights and develop technologies that will be essential for the future of the automotive industry.

Our core stamping and welding technologies—essential to vehicle-frame manufacturing—are also technical capabilities that our automotive OEM clients possess in-house. This means that the field is not one

in which we can easily establish overwhelming superiority or significantly raise profit margins. Even so, we have accumulated unique know-how over many years that enables us to deliver high-quality and highly efficient mass production.

In particular, we take pride in the strong competitiveness we have built in the underbody domain, including the mass production of advanced high-strength steel and the execution of complex, high-precision welding processes. By further advancing these manufacturing capabilities, we aim to cultivate new customers in the global market and expand orders for higher-value-added products.

Global strategy to secure new commercial rights

The H.ONe Group is aggressively working to secure new commercial rights by tailoring its approach to the specific market conditions of each region.

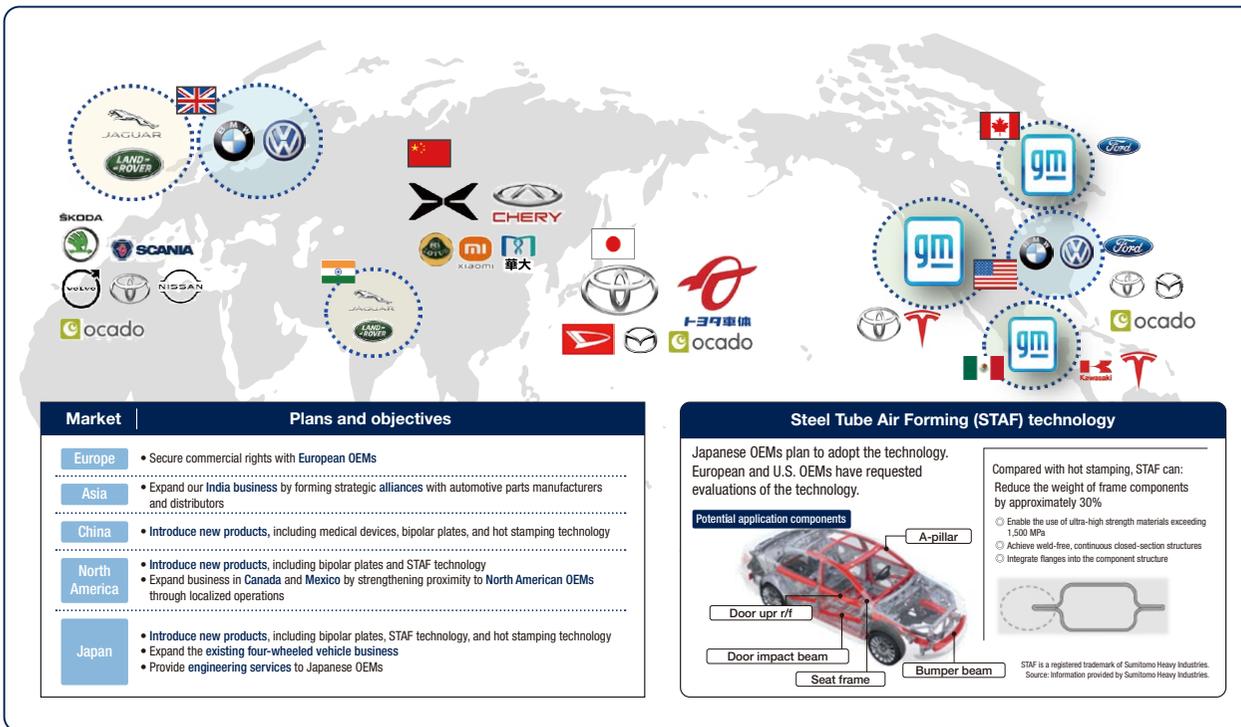
In the European market, we aim to secure new commercial rights with major automakers. Although we do not currently have an operating base in the region, we are actively pursuing entry into high-potential, untapped markets by leveraging the relationships we built during our past operations through joint ventures.

We view North America—one of the most active markets in the global automotive industry—as a critical strategic market for future profit growth. As local Tier 1 suppliers face declining supply capacity due to sharply rising labor costs and shortages of manufacturing workers, our ability to supply products directly through our local production network serves as a competitive advantage. Leveraging this strength, we will continue to expand our business in the region.

In the Chinese market, we aim to secure commercial rights with rapidly growing emerging automakers, particularly battery electric vehicle (BEV) manufacturers. By leveraging our accumulated technological expertise and existing local production facilities, we seek to increase sales while keeping additional capital investment to a minimum.

In the Asian market, we seek to capture further growth in the automotive industry by expanding our operations in India under our alliance with Belrise Industries Ltd., a local manufacturer and supplier of automotive components.

In the Japanese market, we are actively proposing new technologies and products designed with future global deployment in mind while focusing on expanding our established businesses. Through these efforts, we aim to meet the next-generation needs of each automaker.



Innovative technologies and new products for a broad customer base

At the heart of the H.ONE Group's new business strategies are innovative technologies and new products that are made possible through advances in its specialized stamping technology. They include bipolar plates, a core component of fuel cells. This product will be essential for society to adopt hydrogen as a source of sustainable energy in the future.

The Company has been developing precision molding technologies related to bipolar plates for over 20 years, and the expertise it has gained has enabled it to stably mass produce high-quality metal separators for fuel cells.

By further strengthening our proven technologies in high-barrier-to-entry fields, we aim to capture demand in markets such as commercial vehicles and forklifts.

Our hot stamping technology is another strength that helps us win new OEM clients. Through high-temperature molding, this technology enables the integrated forming of complex shapes, contributing to fewer components and lighter vehicles.

We are already operating mass production facilities in China through a joint venture and are actively pursuing business opportunities with a focus on emerging OEMs that seek cost competitiveness and rapid production line startup.

Steel Tube Air Forming (STAF) represents a promising forming technology with significant business potential.

Related Materialities ▶



It offers benefits such as weight reduction, as it is characterized by high strength and rigidity, and cost savings by minimizing welding processes, making it suitable for a wide range of automotive frame components. We jointly developed the world's first forming system with Sumitomo Heavy Industries, and H.ONE plans to achieve the world's first mass production using this system. We are currently negotiating commercial rights with a domestic OEM and have received evaluation requests from European and U.S. OEMs.

Seeking top spot as stamped and welded products' maker

Return on investment is, of course, important if we are to develop new businesses. To ensure ROIC, we aim for high capital efficiency in business management and carefully consider how to shorten the time it takes to generate sales and profits from when the investments are initiated.

Furthermore, when investing in new businesses, we make sure to stay on top of trends in the automotive industry as a whole. While the shift to EVs will undoubtedly continue over the medium and long terms, the pace will be impacted by business conditions. Thus, we need to pay close attention to business risks associated with the widespread adoption of mega casting, a process for forming complexly shaped parts into single components using giga presses, the large-scale pressing machinery.

To overcome the challenges posed by these changes in the operating environment and continue to create and increase value, we will work to ensure steady progress through new business strategies. Our goal is not only to have H.ONE be regarded by OEMs around the world as their go-to automotive frame manufacturer but also to widely establish the H.ONE Group as the top manufacturer of stamped and welded products.

* Please refer to the explanation of terms on page 33 for details.

Interview: Chief Operating Officer of
Development Business Operations

Continuously evolving our core manufacturing technologies in dies and welding to deliver competitive products

Hajime Sawaki

Senior Operating Officer and
Head of the Development Business Operations



What is the mission of the Development Business Operations as headquarters and what are its strengths?

As the core organization driving the H.ONe Group's value creation, the Development Business Operations headquarters develops and supplies competitive technologies, dies, jigs and fixtures, and production equipment to address automakers' advanced requirements for underbody components. In line with the medium-term management plan, Change 2027, it leads at the forefront of technology development to win new customers and create new businesses, thereby directly contributing to business expansion and improved profitability. One of our key strengths lies in

our deep involvement in customers' upstream automobile development processes, starting at the planning stage. By feeding back data and insights obtained from our own production operations, we incorporate our technologies and engineering philosophies from the vehicle design stage onward, thereby contributing to more efficient development and manufacturing. In addition, because we design and manufacture dies and production equipment in-house—core elements of manufacturing—we are able to quickly address and resolve issues and defects that arise on the shop floor. This responsiveness is highly valued by our customers. Building on these strengths, our mission is to deliver attractive automotive frame components to

customers in a stable and reliable manner by providing mass production divisions with industry-leading production equipment that incorporates the latest technologies.

What technologies are you applying as automobile electrification advances?

The Development Business Operations headquarters contributes to the future of automobile manufacturing by engaging comprehensively in every stage—from materials and design through mass production—anchored by stamping operations led by the Die Engineering Division and the Die Manufacturing Division, as well as welding-equipment operations led by the Body Engineering Division.

As automotive electrification progresses, the additional mass of batteries makes body weight reduction a critical challenge for OEMs. High-strength steel is drawing attention because it delivers the rigidity required to ensure occupant safety while enabling lighter bodies. Building on H.ONe's long-cultivated high-precision sheet-metal stamping capabilities, we have honed mass production technologies for stamping components from high-strength steel. We are especially focused on cold stamping—stamping high-strength material at room temperature—which allows us to use existing press lines without new capital investment and without lengthening cycle time. We have already achieved mass production using 1,180 MPa-class material, which had previously been difficult to form, and are prototyping 1,280 MPa-class and higher materials with an OEM toward adoption in new models.

We have also developed tailored blank technology, a manufacturing approach that reduces both the number of parts and overall vehicle weight.

Related Materialities ▶



Processing high-strength steel

Mass production track record

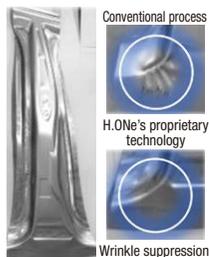


Mass production of the **world's first** 980 MPa-class high-strength steel components for collision energy absorption zones

Proven mass production of **1,180 MPa-class** high-strength steel components for occupant protection zones

Prototyping highlights

Higher strength



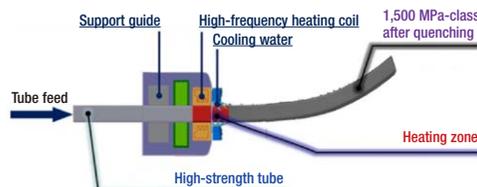
1,470 MPa-class material

Improved surface quality



1,180 MPa-class material

3DQ



A technology that uses high-frequency induction heating and direct quenching to simultaneously strengthen **tubes of various cross-sections** (round, square, or custom shapes) to **1,470 MPa-class strength** while **stamping them into complex shapes** with bends and twists.

This technology involves laser welding materials with different properties prior to stamping, and we have already established mass production of such products in Japan. As a result, we have achieved a 30% reduction in the number of components and a 20% reduction in weight.

Another key technology that reconciles occupant safety with component weight reduction is three-dimensional hot bending and direct quenching of tubes (3DQ),* our process for hot-stamping rectangular steel tubes. Front pillars produced using 3DQ, which achieve 1,500 MPa-class material strength, were adopted for the Honda NSX (Acura NSX in North America) because they provide both the occupant protection and the high dimensional accuracy required for critical body frame components.

Regarding materials and mass production technologies, we are pursuing various initiatives that address not only safety, strength, and formability but also environmental impact. In collaboration with materials manufacturers, we are pioneering processing technologies for materials where industry expertise is still developing, such as continuous glass fiber reinforced thermoplastics (c-GFRT), recycled aluminum, and electric arc furnace (EAF) steel, a type of recycled steel.

What innovations are you pursuing to realize next-generation manufacturing?

Our initiatives with high-strength materials and tailored blanks are driving manufacturing efficiencies, such as reducing engineering man-hours and shortening process lead times. At the same time, these advanced materials dramatically increase the complexity of understanding material characteristics and the difficulty of the stamping process. To ensure high-quality

manufacturing amid this complexity, H.ONE is strengthening its framework for engaging in specification development from the earliest stages of product design. This involves leveraging advanced CAE analysis to enable highly accurate simulations that predict real-world performance.

Our use of CAE analysis has evolved significantly. Previously, it was used primarily for troubleshooting issues after they occurred, but its main purpose now is to proactively predict and visualize potential problems. In particular, a dramatic improvement in the accuracy of predicting spring-back in high-strength materials has been highly effective in reducing the need for redesigns and additional processing steps. As a result, we have substantially strengthened our contribution to our OEM partners' new vehicle development by enabling shorter development lead times and reducing costs for dies and production equipment.

Our development activities are conducted within an integrated framework aimed at high-value-added manufacturing. This framework leverages digital data—built on a foundation of 3D CAD solid models—throughout the entire process, from die design and manufacturing to welding line construction. In die design, we are leveraging our accumulated know-how to drive the standardization and automation of design tasks using templates. This not only reduces routine work and design errors but also frees up our engineers to concentrate on more advanced, high-value tasks, which in turn boosts their motivation.

In our stamping operations, we are advancing the adoption of modular dies. This approach involves standardizing the basic die structure and then integrating specialized components required for each specific vehicle model, resulting in shorter lead times and lower costs. Furthermore, we are enhancing our

* Please refer to the explanation of terms on page 33 for details.

competitiveness by effectively leveraging our Group subsidiaries that possess in-house casting capabilities for die manufacturing.

In our welding operations, we have significantly increased efficiency by implementing offline teaching, a method for programming and simulating robot movements in advance. Processes that previously relied on the experience of skilled technicians and trial-and-error adjustments on physical equipment can now be reproduced with high precision in a digital environment. This has dramatically shortened the time required for new production line startups.

Furthermore, we are advancing the digital simulation of our entire production process, including stamping operations. Using our process simulation (PSR) technology, we replicate entire production activities—such as equipment layouts and robot movements—in a virtual environment. This allows us to identify potential problems and make improvements before physical installation. Our goal is to reduce the lead time for installing mass production equipment by approximately 50%.

What product development systems have been set up to cultivate global markets?

The key to our growth strategy to become a company that contributes globally is the worldwide deployment of our design and mass production technologies. Our traditional model involved designing and manufacturing dies and production equipment for new vehicles first released by Japanese OEMs in Japan, and then rolling them out to our overseas production sites. However, as OEMs increasingly accelerate simultaneous global model launches, it has become essential to enhance the die and equipment manufacturing capabilities of our overseas facilities. In response, H.ONe has established in-house manufacturing functions in locations such as China and Indonesia, building a framework for the rapid ramp-up of new dies and production equipment. Our Indonesian facility, in particular, has integrated capabilities covering the entire process from casting to finished die manufacturing, strengthening its role as a supply hub for the entire Asian region.

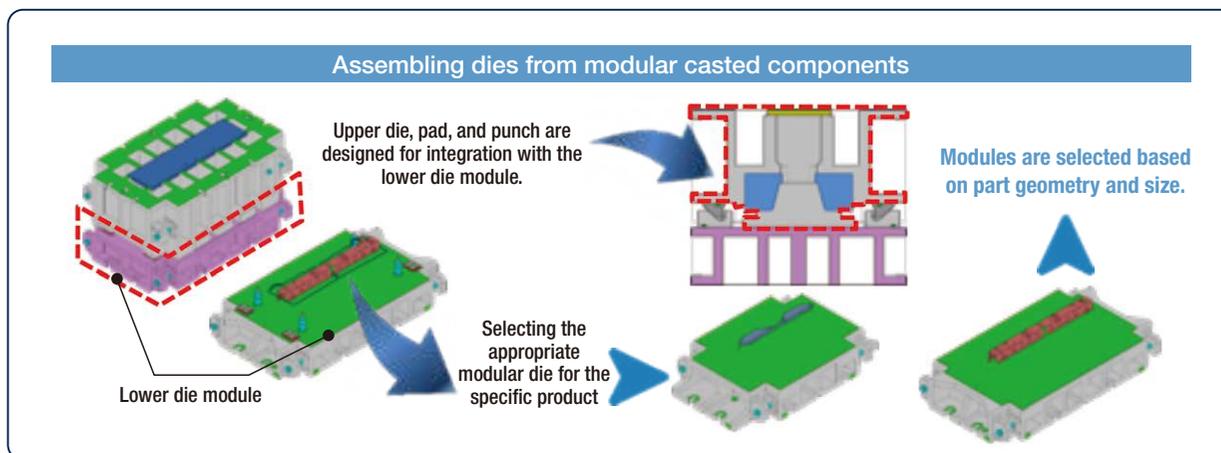
This global development framework is supported by Global Strategy Meetings for our stamping and welding operations. The stamping meeting, held eight times since its 2019 launch, has now established a virtuous cycle: we deploy Japan’s standardized technologies to our overseas sites, which in turn feed back their best practices and equipment innovations to Japan.

Similarly, through its meetings, the welding group is steadily building a global technological foundation. This foundation integrates Japan’s high-precision sensing technologies with the automation and labor-saving know-how cultivated at our high-volume production sites in the United States and China.

Going forward, we will continue to innovate our mass production technologies and advance the high-level standardization of our global operations, thereby strengthening our ability to support our OEM partners’ simultaneous worldwide vehicle launches.

What message would you like to give stakeholders?

The automobile industry is in the midst of a major transformation driven by electrification. We, as a team of technologists, view every change as a growth opportunity. Our aim is to contribute to our OEM partners’ profitability and speed to market by stably mass producing competitive frames. While further honing our existing strengths, such as cold stamping technology for high-strength steel, we will also proactively take on the challenge of hot stamping technologies. We will create proprietary, high-value-added technologies to develop the products needed for the future of mobility and deliver them to a broader customer base.





Interview: Officer in Charge of New Technology Development

Creating new technologies to enhance long-term corporate value

Yoji Saito

Senior Operating Officer in charge of Product Development Division, Body Development Division, and Bipolar Plate Business Promotion Division of Business Management Operations

What strategies are you pursuing to develop innovative technologies and new products?

Under our medium-term management plan, Change 2027, we are shifting to a highly profitable business structure while reducing our reliance on our major client. In line with this strategy, the Business Management Operations as headquarters, which oversees the development of new products and core technologies, is driving initiatives for continuously creating new value.

First, in our existing core business centered on automotive body frames, we are advancing the development of core technologies that capture the specific needs of each new customer and maximize the

value we provide, including vehicle lightweighting, safety, and recyclability.

In the area of new businesses, we aim to improve profit margins by expanding our portfolio of precision-stamped products. One example is bipolar plates, which are one of the key components used in fuel cells. We are accelerating the development of core technologies for metal separators—an essential component of bipolar plates—while strengthening our mass production capabilities.

Effective April 2024, we reorganized our R&D and product development organizations to enhance decision-making speed. As a result, the distinction has become clearer between ongoing development work aligned with

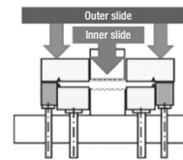
Related Materialities ▶



Ultra-precision machining technologies

Overview of the technologies

Stamping technologies

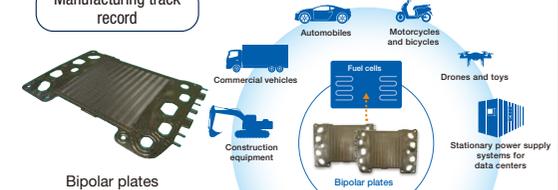


By integrating advanced stamping technologies with high-precision die machining, H.O.NE achieves micrometer-level dimensional accuracy in mass production.

These stamping methods and die structures enable concentrated load application in complex-shaped areas, allowing for high-precision forming.

Manufacturing track record

Mass production applications



automakers' new model programs and product development activities directly linked to winning new customers across different countries and regions.

At the same time, collaboration between our business development and design divisions has been strengthened, and employees' mindset is shifting from "selling what we develop" to "developing products that can be sold and deliver higher added value."

How are you improving the profitability of your established businesses?

Under Change 2027, one of our four key policies is "Increasing the profitability of established businesses." To that end, it is essential that we reduce engineering

* Please refer to the explanation of terms on page 33 for details.

man-hours by automating die design and by adopting 3D die-layout design. In addition, we are taking initiatives on the technology and product development fronts. The keys are our world-first STAF[®] technology and our 3DQ[®] technology for three-dimensional hot bending and direct quenching of tubes.

Rather than marketing these technologies on a stand-alone basis, we offer high-value-added products that incorporate them. As a result, with our major client, we are executing a strategy that delivers the most cost-effective vehicle performance improvements while at the same time improving the profitability of our businesses.

As you develop new markets, what are the distinguishing features of your differentiated products?

As we create new businesses, we are prioritizing resource allocation to the bipolar plate business and strengthening an integrated, highly efficient production framework from development through mass production. By deploying technologies and systems that embody H.ONe's proprietary know-how and contribute to the realization of a hydrogen society with minimal greenhouse gas emissions, we aim to expand orders from new countries and regions.

Within our established businesses, we see opportunities to enter the BEV[®] market—a domain that has historically been a relative weakness for us—and have initiated development of core enabling technologies for lightweight battery enclosures suitable for larger vehicle platforms, as well as water jackets that efficiently cool battery systems. We are also leveraging our STAF and 3DQ technologies to develop and propose a broad range of differentiated body structure solutions for applications that demand high strength, weight reduction, and cost competitiveness. Products using STAF are

already the subject of advanced commercial discussions with Japanese OEMs, and we have also received requests from U.S. and European OEMs to evaluate these solutions.

In addition, in partnership with a leading materials manufacturer, we are advancing the development of c-GFRTP[®] and enhancing our technological capabilities while staying closely aligned with the needs of our major client.

How do you approach external collaboration and human capital development?

Talent is, needless to say, the primary driver of new technology creation. One of the H.ONe Group's Code of Conduct is "Value and care for others," and this has cultivated a spirit of hospitality that is deeply rooted among our employees, enabling them to work closely with customers to co-create the technologies and products they need. Most of our R&D projects are pursued in collaboration with partners outside the Group. We are convinced that the best way to create new technologies and elevate product development is to build partnerships—grounded in mutual respect for each party's expertise—with our major client's design department, as well as with universities and companies from other industries.

In developing young engineers, we encourage them to broaden their perspectives and build a broad base of knowledge beyond their own areas of specialization. This philosophy is reflected in our training curriculum; a representative initiative is a secondment program under which we second employees to our major client's sites in Japan and overseas. By accumulating diverse experience over several years in environments very different from H.ONe's, participants achieve marked

growth, deepening their understanding of client needs and expanding their repertoire of ideas.

What is your outlook?

For the H.ONe Group to diversify its customers in global markets, our technology development must be guided by two fundamental requirements: simplifying product mechanisms and architectures, and achieving stable, high-precision performance. By adhering to these requirements, we will not only pursue advanced technologies but also consistently deliver safe, reliable products that people around the world can use with confidence. Moreover, to realize our VISION 2030—Be a Value Creator—we will drive the creation of new technologies to enhance corporate value over the long term.

Explanation of terms

- ▶ **Bipolar plates**
Bipolar plates are ultra-thin stainless-steel metal separators with fine flow channels for hydrogen, oxygen, and coolant. Hundreds of plates are stacked to form the fuel-cell stack, the core component of a fuel cell.
- ▶ **Battery electric vehicles (BEVs)**
Electric vehicles that run solely on electricity stored in a battery.
- ▶ **Steel Tube Air Forming (STAF) technology**
A forming technology in which steel tubes are electrically heated inside a press die and expanded by injecting high-pressure air, enabling the integrated forming of frame members and flanges as a single piece. Applying this technology to automotive body frame manufacturing enables the production of lightweight, high-strength body frame components, contributing to weight reduction and enhanced structural strength. STAF is a registered trademark of Sumitomo Heavy Industries, Ltd.
- ▶ **Three-dimensional hot bending and direct quenching technology (3DQ)**
A world-first technology that enables the mass production of high-strength, high-precision automotive body frame components by applying three-dimensional bending to steel tubes during hot forming and immediately quenching them in a single process.
This technology was jointly developed with Nippon Steel Corporation and Nippon Steel Pipe Co., Ltd. (as formerly named).
- ▶ **Continuous glass fiber reinforced thermoplastics (c-GFRTP)**
A composite material comprising a thermoplastic resin and continuous glass fibers. It is approximately 32% lighter than steel.



Three Pillars of Our Management Approach

Financial Strategy

Human Capital Management

Environmental Management

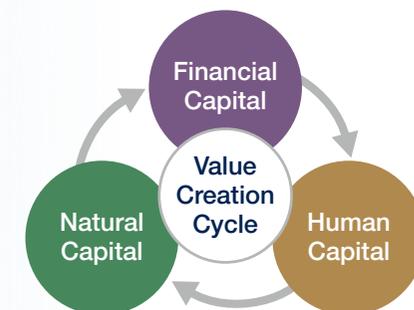
Integrating Human Capital and Environmental Management on a Solid Financial Foundation

At H.ONE, we are advancing an integrated management model designed for the sustainable enhancement of corporate value. This is achieved by creating synergy among our three core resources: financial, human, and natural capital. As the Senior Operating Officer overseeing Investor Relations, ESG, Legal, Human Resources, General Affairs, Accounting, and Finance, I provide unified leadership for these initiatives. In this capacity, I serve simultaneously as CFO, driving our financial strategy; CHO, leading human capital management; and the executive responsible for our environmental strategy, spearheading efforts in decarbonization and fostering positive community relations. Financially, our disciplined, capital-efficiency-focused investment decisions and structural reforms have enabled us to surpass our medium-term targets for both ROIC and ROE. In human capital, we are empowering each employee to create greater value through talent development rooted in our corporate philosophy and by fostering a diverse and inclusive organization. Environmentally, we are reducing CO₂ emissions, with a focus on Scope 2, and expanding our use of renewable energy, thereby balancing business growth with a reduced environmental footprint.

These three areas are not isolated; they are deeply interconnected. They create a virtuous cycle where our financial health enables investment in our people, our talented workforce drives the execution of our environmental initiatives, and our commitment to the environment enhances our long-term corporate sustainability and market competitiveness. Through these integrated efforts, H.ONE is making steady progress toward realizing our VISION 2030 and maximizing our corporate value.

Taiji Miyamoto

Senior Operating Officer
Investor Relations, ESG, Legal Affairs,
Human Resources, General Affairs & Accounting,
Finance Officer
Business Management Operations



In line with the priority initiatives of Change 2027, we will continue to make strategic investments to secure future growth.

What were the key features of your business results for fiscal 2024, and what factors drove the return to profitability?

Drivers of our earnings turnaround and strengthened profit structure

In fiscal 2024, H.ONE's consolidated results showed a slight decrease in revenue but a significant improvement in profit, enabling us to return to profitability after three consecutive years of losses. This turnaround is a direct result of the structural reforms we have been implementing to adapt to a rapidly changing business environment. Specifically, our success was driven by several key factors: the non-recurrence of significant impairment losses recorded in the previous term, a reduction in depreciation expenses, and the successful implementation of fixed-cost reduction measures, such as the consolidation of production lines.

Particularly noteworthy is the significant improvement in the gross profit margin compared to our past results. This constitutes evidence that we are steadily bolstering our profitability, not merely through cost reductions, but also by optimizing selling prices and enhancing added value through selective focus on products and regions.

Regional performance and future market strategy

Overall revenue decreased, primarily due to a continued decline in production volumes from our

major client. We were particularly impacted by the sales struggles of Japanese OEMs in the Chinese market. However, this trend was within our expectations, and we are responding calmly and strategically. The consolidation of production lines in China and Thailand will continue into fiscal 2026, as we press forward with a strategic realignment aimed at improving asset efficiency and strengthening our financial position.

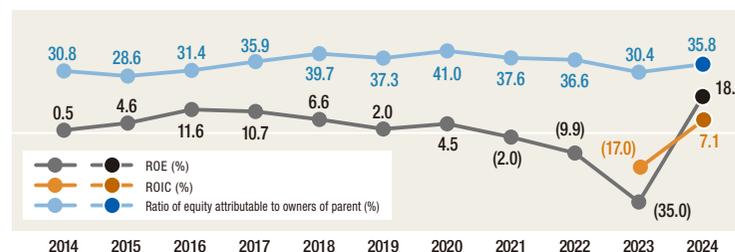
Going forward, our policy is to increase investment in the North American market, where demand remains robust. We are planning a new expansion into Texas, which is positioned to become a key growth driver for H.ONE. In the China region, we will also work to expand our business with local OEMs through the development of products that leverage our new technologies.

Enhancing financial health and building a new business mode

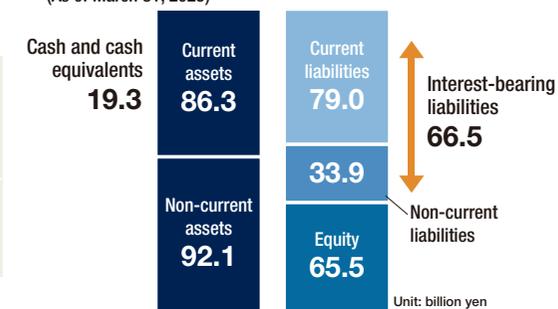
Regarding our balance sheet for fiscal 2024, while there were no major fluctuations, total assets decreased slightly due to the transfer of our Indian business to a local partner and ongoing inventory optimization. On the other hand, an increase in retained earnings boosted our total equity. As a result, our equity ratio improved to 35.8% (from 30.4% in the previous fiscal year), and our reliance on interest-bearing debt declined to 37.3% (from 40.3%).

In terms of capital efficiency, our ROE reached 18.0% and ROIC was 7.1%, both surpassing the target levels set in our medium-term management

■ ROE / ROIC / Ratio of equity attributable to owners of parent (Fiscal years)



■ Consolidated statement of financial position (As of March 31, 2025)



* Figures are rounded down to the nearest hundred million yen.

plan, Change 2027. Achieving an ROIC that exceeds our cost of capital is clear evidence that our strategy of balancing financial stability with profitability is steadily yielding results.

Furthermore, we view the transfer of our Indian business as the first step in establishing a new “asset-light” revenue model. By shifting from direct manufacturing to a licensing-based approach, we can secure earnings without holding physical assets. To lay

the foundation for this future expansion, our initial step is to provide our local partner with the technology and know-how we have cultivated. I believe this is a vital strategy for achieving sustainable growth while enhancing our capital efficiency.

How would you assess the progress made in the first year of the medium-term management plan, Change 2027?

First-year achievements of Change 2027 and progress on structural reforms

One year has passed since we launched our medium-term management plan, Change 2027. To adapt to a rapidly changing business environment, this plan aims to transform our earnings structure to achieve higher profitability. We will accomplish this by transforming our business portfolio and operational structure to reduce our reliance on a single major client. We have identified “customer diversification” and “business diversification” as key pillars for achieving sustainable growth.

The plan is built on four key policies: “Strengthening Group-wide operational management,” “Increasing the profitability of established businesses,” “Shifting our focus to more profitable products,” and “Shifting resources to technological developments.” We had a successful start in the plan’s first year, achieving a significant improvement in our financial performance and a return to profitability. We attribute

this to the initial results from our efforts in “Shifting our focus to more profitable products” and “Increasing the profitability of established businesses.”

Furthermore, under “Strengthening Group-wide operational management,” we have transitioned to a business headquarters system with clearly defined responsibilities and authority, establishing a framework to enhance investment efficiency. This has enabled us to accelerate the review of our production and business systems, leading to stronger Group-wide governance and more sophisticated earnings management.

Driving business diversification with new technologies and products

The initiative “Shifting resources to technological developments” is closely linked with our other priority measures and is the very source of our medium- to long-term competitiveness. While the full impact of these efforts will be realized in the future, we are

already seeing progress in several areas.

For example, in addition to promoting our new STAF technology to meet the demand for lighter components, we are also developing manufacturing technologies for fuel cell products and creating products for different industries, such as logistics baskets. These initiatives represent crucial steps in advancing our business diversification by expanding our product lineup beyond our traditional reliance on automotive frames.

A financial strategy that balances growth investment with capital efficiency

Our financial policy is to steadily execute investments for future growth by generating operating cash flow and making appropriate use of interest-bearing liabilities. We will focus particularly on growth investments aimed at securing new business, primarily in the North American market, as well as on investments in upgrading facilities designed to enhance our competitiveness and productivity.

We will also pursue partnership strategies to expand existing businesses and enter new ones. Through these initiatives, we will drive the global “diversification of customers” and “diversification of businesses,” thereby transforming our business portfolio and operational structure.

Furthermore, H.ONe aims for the sustainable enhancement of its corporate value by holistically leveraging its three key resources: financial, human, and natural capital. Financial health and capital efficiency form the foundation that supports our investments in human capital and our ability to

execute environmental initiatives. The interplay among these elements creates a virtuous cycle of sustainable growth. My role is to ensure these strategies are integrated. As CFO, my financial strategy is implemented in close alignment with our human capital initiatives, which I oversee as CHO, and our environmental goals, for which I am the responsible executive. In this way, our financial strategy serves as the cornerstone supporting integrated value creation for the Company as a whole.

For the final year of Change 2027 (fiscal 2026), our targets are revenue of 240 billion yen, operating profit of

16 billion yen, profit before tax of 15 billion yen, ROIC of 7% or higher, and ROE of 10% or higher. In fiscal 2024, both our ROIC and ROE already surpassed these target levels. While making forward-looking investments, we will further strengthen our core business’s ability to generate stable earnings and are committed to maintaining these indicators at high levels.

Regarding shareholder returns, we have shifted to a policy that is more conscious of the dividend payout ratio, while maintaining our traditional focus on stable dividends. Going forward, we aim to gradually increase our consolidated dividend payout ratio to 30%, thereby further enhancing returns to our shareholders.

What are your key financial risk factors and challenges?

Managing financial risks from growth investments and optimizing our capital strategy

We plan to pursue proactive investments, including partnership strategies, to realize our VISION 2030 and achieve sustainable growth beyond it. I recognize that the most critical responsibility of our finance division is therefore threefold: a disciplined project selection process, strict oversight of profitability, and a sophisticated funding strategy. While we carefully scrutinize the details of each investment opportunity, it is also essential to strategically prioritize and time these investments to avoid overburdening our balance sheet.

Furthermore, we view the “asset-light” business model—generating revenue without owning assets, as

demonstrated by the transfer of our Indian business—as an effective option for improving capital efficiency. We will continue to explore this as a key component of our future growth strategy. Through such flexible and strategic capital allocation, we are committed to balancing growth investments with financial discipline.

Correcting internal control deficiencies and strengthening financial governance

H.ONe identified deficiencies in its internal controls for two consecutive fiscal years, fiscal 2022 and fiscal 2023, and we sincerely apologize to our stakeholders for any concern this has caused. We have taken this situation with the utmost seriousness and have

implemented fundamental countermeasures to prevent a recurrence.

The root causes were identified as issues at our North American subsidiary, specifically: weaknesses in staffing and structure within its accounting and financial closing functions; inadequate internal controls over its inventory valuation process; and insufficient review controls in its financial closing and reporting process. By implementing effective corrective actions for each of these areas, I am pleased to report that these matters were fully remediated as of the end of fiscal 2024. We will continue to enhance our internal controls by further standardizing and documenting business processes, reviewing our management systems, and strengthening coordination with the parent company.

Finally, what message would you like to share with our stakeholders?

Strengthening our core earning power to enhance long-term corporate value

In fiscal 2024, the first year of our medium-term management plan: Change 2027, we achieved a performance recovery and delivered tangible results across our various initiatives. This shows that the foundation for our future growth is steadily being put in place.

However, we are now entering the critical juncture for the full-scale transformation of our business portfolio and operational structure. Recognizing that H.ONE is still in a recovery phase, we will focus on securing stable earnings from our core business while simultaneously investing in future growth. We are committed to enhancing sustainable corporate value by balancing short-term profitability with medium- to long-term growth.

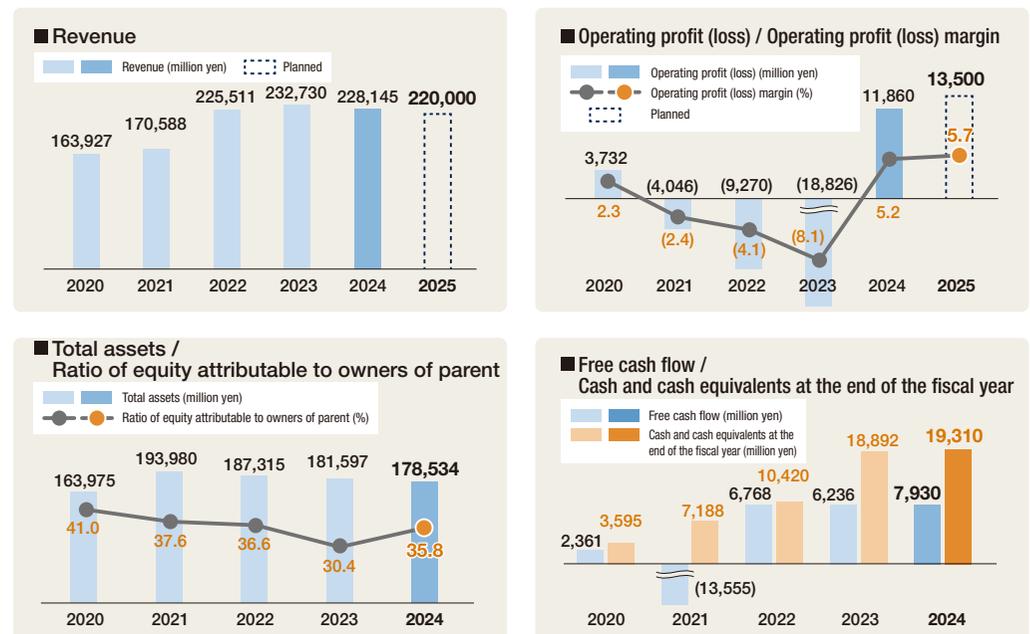
Building trust through improved capital returns and strengthened IR activities

Practicing capital cost-aware management and taking a responsible stance on our stock price are also key themes for us moving forward. We will prioritize capital efficiency metrics such as ROIC and ROE to further improve our return on capital, while also strengthening our IR activities to ensure our corporate value is properly reflected in the market.

As part of this commitment, we will ensure our disclosures are clear and transparent, and will continue to foster constructive dialogue with our investors and all other stakeholders. We pledge to remain a company that earns the trust and meets the expectations of our stakeholders by demonstrating accountability and clearly explaining the alignment of our financial and business strategies.



Fiscal years



Enhancing each employee's value creation capabilities through human capital management

What is the H.ONe Group's perspective on human capital management?

In recent years, “human capital management” has attracted significant attention, and its role and approach are widely discussed. However, before even addressing that term, I start from a fundamental truth: for any company, its people—its employees—are the ultimate source of value creation and the essential engine for growth.

Based on this conviction, I view human capital as more than just our workforce in number; it is the sum of the knowledge and skills each individual has cultivated. To nurture and effectively leverage these assets, the foundation must be a workplace where employees can thrive, both physically and mentally.

Upon that foundation, it is vital to build an organization where every individual is highly motivated and empowered to act autonomously. This, in my view, is the very core of what human capital management should be.

■ Human resource development policy

Based on our management philosophy of Respect, Trust, and Challenge, we recognize that human resources are the capital that creates value. In order to improve our ability to create value and achieve sustainable growth, we will hire and develop diverse human resources who can think and act on their own from the perspective of solving social issues, involve others, and create new value.

■ Policies for improving internal environments

We will promote training to improve independence and the ability to think and act, etc., and will enhance communication both inside and outside the Company so that all individuals can develop their abilities and careers based on guidance and OJT through daily work from superiors and seniors regardless of gender, age, country of origin, etc., to create new value. In addition, we will promote the improvement of a workplace where everyone can work energetically, such as improving the management skills of managers and supervisors, introducing diverse work styles, and promoting health management.

What challenges are you facing in terms of talent development?

The talent we seek are individuals who embrace our management philosophy of “Respect, Trust, Challenge” and can embody these values both internally and in their interactions with customers and business partners. We look for people who can listen to others while confidently articulating their own ideas to create new value. Our recruitment slogan is “SHOW YOUR COLOR!,” which means we are looking for

individuals who have the confidence to challenge the status quo constructively, while collaborating effectively as part of a team.

However, talent retention is a critical challenge. Our attrition rate for employees under 30 who joined as new graduates remains high. Our analysis points to several factors, including evolving career aspirations and a mismatch between their expectations and the

reality of their roles. In response to these findings, we are taking concrete steps to create a more supportive and engaging work environment, including enhancing compensation and benefits. We are also committed to providing clearer and more transparent information about career paths and development opportunities. We will continue to effectively communicate the appeal of the H.ONe Group, including in ESG and other non-financial areas that are of growing interest to students.



At H.ONE, the ideal candidate—what we call a “constructive challenger”—is someone who has the courage to voice their thoughts and opinions to anyone at the right time and in the right way. The foundation for this is the ability to listen with an open mind to the perspectives of leaders, senior colleagues, and peers.

As our slogan “SHOW YOUR COLOR!” suggests, H.ONe values diversity over uniformity. We aim to be a community of professionals who grow through their work by leveraging their unique individuality, pooling their collective wisdom to pursue ambitious goals.

What DE&I initiatives are you implementing to build a diverse organization?

We recognize that promoting diversity is a fundamental component of our human capital management. Building a diverse organization is essential not only for adapting to societal changes like a declining population but also for continuously creating new value in a world of diversifying values. The H.ONe Group therefore positions diversity, equity and inclusion (DE&I) as a key pillar of its human capital management and is driving concrete initiatives forward.

To promote the active participation of women, we have set a target of “female representation among new hires of 10% or more,” and have successfully achieved rates between 17% and 24% over the past three years. To support retention, we have enhanced our childcare

and family care programs. As a result of these efforts, we have received the “Eruboshi” (three-star) and the prestigious “Platinum Kurumin” certifications from the Japanese government, which recognize companies for excellence in supporting working parents. We also host Women’s Talk Sessions with external speakers to foster a deeper, gender-inclusive understanding of career development for women.

Furthermore, as we grow as a global company, we are focused on hiring non-Japanese nationals as essential talent. For the employment of individuals with disabilities, we provide structured support by assigning experienced managers to serve as coordinators in each workplace.

How are you building an organization where employees are empowered to take initiative?

I believe the true measure of human capital management is not merely our ability to recruit and retain a diverse workforce, but how effectively we can enhance each individual’s capacity to create value.

To that end, in addition to our existing training programs, we introduced a new leadership development program in fiscal 2025 for our next-generation leaders, based on self-nomination. In its first year, the program has 25 participants, primarily in their 30s. Furthermore, in fiscal 2024 we launched an internal open-application job transfer system and, at

the same time, fundamentally overhauled our performance evaluation and compensation systems. We have abolished our seniority-based pay structure and shifted to a contribution-based system that properly rewards employees who contribute to the Company, regardless of their tenure or position. Through these changes, we aim to deepen employee engagement and motivation.

We have also expanded our work-life balance initiatives, including flexible work arrangements, remote work options, policies for secondary employment, and

enhanced paid and childcare leave. By creating an environment where our people can thrive both personally and professionally, we believe we positively impact their work and create a virtuous cycle.

These initiatives prioritize continuous improvement over immediate results. We are committed to building an even better organization by learning from these programs, gathering employee feedback, and consistently refining our systems.

Diversity and inclusion

Attracting and developing diverse talent

■ Promoting the advancement of women

To increase the overall percentage of women in our workforce, we have set a target for women to comprise 10% or more of all new hires. Furthermore, to ensure diverse perspectives are reflected in our management, we have set a goal to appoint six or more female managers by the end of fiscal 2030. To support women's career advancement, we regularly hold dedicated training sessions for our female employees.

In recognition of these efforts, we received the highest “Eruboshi” (three-star) certification in 2021, as an excellent company based on the Act on the Promotion of Women's Participation and Advancement in the Workplace.

Fiscal 2024 results
 Percentage of women in workforce: 6.3%
 Percentage of women among new hires: 17.4%
 Number of female managers: 4



■ Promoting the success of our international employees

To support the globalization of our business, we are actively recruiting talent from diverse national backgrounds. To ensure these international employees can thrive and succeed in Japan, we have established a dedicated support system for Japanese language learning. This program enables our non-native Japanese-speaking employees to continuously enhance their language proficiency.

We believe that the diverse ideas and perspectives that arise from a workforce composed of individuals of varying genders, ages, and nationalities are essential for strengthening our organization and serve as a vital source of new value creation. For this reason, we have positioned diversity and inclusion as a core component of our management strategy and are implementing a range of initiatives to put this commitment into practice.

■ Leveraging the expertise of our senior talent

We recognize our veteran employees as invaluable assets who possess a wealth of experience and specialized expertise. To create an environment where they can continue to contribute their skills, we have established a post-retirement re-employment system for those who have reached mandatory retirement age. Additionally, we support employees in their post-retirement life planning by offering dedicated seminars before they reach retirement.

Fiscal 2024 results
 Number of employees in the post-retirement re-employment system: 30

■ Employment of people with disabilities

We have always been proactive in employing the physically and mentally challenged, and people with disabilities are playing an active role in various departments. Having also appointed permanent working life counselors at the head office and recruitment promoters stationed at business sites, we are promoting initiatives to support people with disabilities, such as through regular information exchanges on working conditions at workplaces. In May 2022, we acquired certification as a Saitama Prefecture Excellent Company that Employs People with Disabilities.

Fiscal 2024 results
 Number of employees with disabilities: 29
 Percentage of employees with disabilities: 2.81%





How will you translate the results of your human capital management into enhanced corporate value?

I believe human capital management is not about implementing a few specific measures; it requires a sustained, holistic approach to deliver real results.

First, based on the fundamental principle that our people are the foundation of our Company, we will focus on recruiting and retaining top talent. This requires enhancing our systems for compensation, performance evaluation, and training. Next, it is crucial to improve the well-being of our employees and their psychological safety through health and productivity management and workplace improvements. With this foundation in place, by fostering initiative and loyalty, embedding our management philosophy, and sharing our strategic

direction, we enable our employees to build and apply new skills even as the business environment evolves. This becomes the driving force behind our business. Finally, by properly rewarding those who contribute to H.ONe through our performance evaluation system, we foster motivation and loyalty that are then reinvested back into the Company.

Guiding this cycle and continuously translating the value of our talent into management performance is the very essence of the human capital management we aim to achieve. We hope all our stakeholders will look forward to the value creation capabilities that will emerge from this approach.

Securing of diverse work styles

We have put in place a system that enables diverse work styles depending on individual values and family circumstances. We are creating environments that allow employees to balance their work and personal lives, for example, by encouraging them to take paid leave, as well as by offering leave and reduced working hours for childcare and nursing care, infertility treatment leave, flextime, working from home, and leave to accompany

spouses on overseas assignments. Notably, our childcare leave program provides 100% salary compensation for the first 10 business days, a measure designed to strongly encourage our male employees to take an active role in parenting.

In 2024, we acquired “Platinum Kurumin” certification under the Act on Advancement of Measures to Support Raising Next-Generation Children.

Fiscal 2024 results
 Paid annual leave usage rate: 93.6%
 Male childcare leave participation rate: 93.7%



Employee health and safety / Health management

Centered around our management philosophy of “respect for the individual,” we are proactively reviewing work styles, improving the work environment, and promoting employee health to create work environments in which all employees can continue to work enthusiastically and stay healthy both physically and mentally.

Initiatives designed to prevent occupational accidents

Our governance and management structure

To promote safety and health initiatives, we have established a Safety and Health Committee at each business site. Regularly holding discussions and issuing reports on how to prevent industrial and traffic accidents, each committee implements initiatives tailored to the circumstances of each business site with the aim of creating safe and comfortable workplaces.

	FY2021	FY2022	FY2023	FY2024
Number of minor injuries	6	11	13	16
Number of absence cases	6	2	3	4
Annual average number of workers	1,619	1,594	1,666	1,636

Major initiatives

- Danger sensing training/drill
- Disaster preparedness training/drill
- Ordinary lifesaving training sessions
- Awareness-raising activities to coincide with Accident Prevention Week
- Traffic accident risk prediction training sessions

Initiatives designed to maintain/promote health

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 KENKO Investment for Health.

Specific objectives based on health issues and results

	KPI (Index)	Target	FY2021	FY2022	FY2023	FY2024
Health control	Regular medical checkup: Consultation rate	100%	100%	100%	100%	100%
	Secondary examination: Consultation rate	90% or higher	99.8%	100%	100%	99.8%
	Specific health guidance: Consultation rate	90% or higher	93.6%	98.5%	98.9%	87.7%
Mental health measures	Stress check: Consultation rate	100%	100%	100%	100%	100%

Health and productivity management promotion system

The President, 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 in coordination with health insurance associations, occupational physicians, the department responsible for general affairs in each region, and the Safety and Health Committee.

Major initiatives

- Specific health guidance/health guidance · Holding of workshops
- Occupational physician interviews, counseling by industrial counselors
- Stress checks · Workplace improvement meetings (with external clinical psychologists, etc.)

Acquisition of KENKO Investment for Health certification

We have received KENKO Investment for Health certification since 2022.



Driving business growth and corporate value through environmental management

How do you implement your environmental policy and structure your governance?

Under our environmental policy 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,” the H.ONE Group promotes initiatives that cover the entire product life cycle. We recognize the importance of a holistic approach to environmental management—encompassing CO₂ emissions reduction, water conservation, waste reduction, and biodiversity preservation. Our main products, automotive frames, account for the highest electricity consumption in our manufacturing processes, meaning approximately 90% of the Group’s total CO₂ emissions fall under Scope 2. Therefore, we have designated the reduction of electricity from fossil fuels as a key priority. We have set a long-term goal of “achieving carbon neutrality by fiscal 2050” and are moving forward with upgrading to high-efficiency equipment and procuring renewable energy.

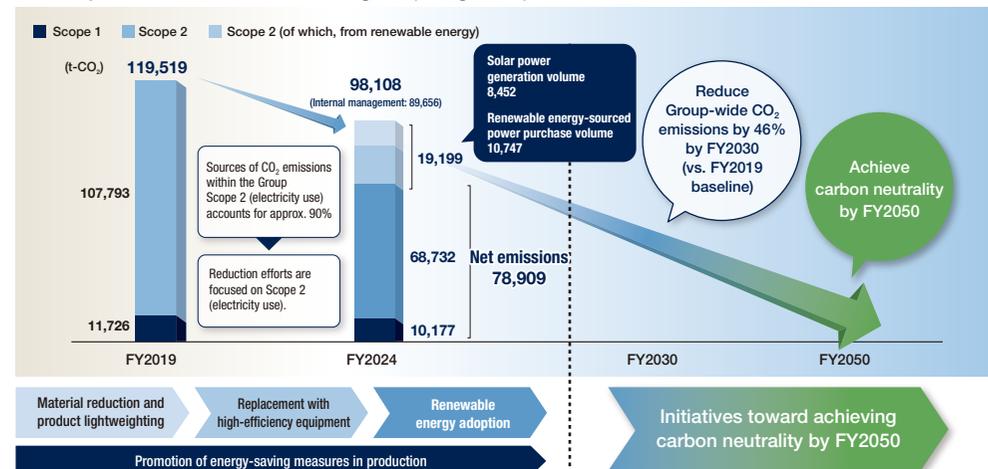
To ensure alignment with senior management on sustainability, including decarbonization, the H.ONE Group has established the ESG Committee to formulate our Group-wide strategy and long-term goals. The Company-wide Environmental Meeting, attended by the head of each business site and representatives from our internal environmental audit function, is responsible for translating these goals into concrete action plans. This body operates on a PDCA cycle^{*1}, sharing progress, identifying challenges, and reviewing proposals for improvement. Furthermore, we have a Zero Emissions Meeting, composed of operational team members who promote initiatives to reduce our environmental impact. This meeting enhances the effectiveness of our initiatives by exchanging ideas and sharing and implementing best practices across all our sites. If a matter concerning Group policy, goals, or activities requires executive consultation, the department responsible submits it to the ESG Committee. This three-tiered governance structure ensures that management and our operational teams are aligned, allowing us to effectively implement environmental measures while enhancing corporate value.

*1 The PDCA cycle of our EMS based on ISO 14001.

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	<ol style="list-style-type: none"> 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 EMS by working toward our environmental targets.

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

■ Group-wide CO₂ Reduction Targets (Long term)





H.ONe Group's measures toward carbon neutrality

Purchased electricity (Scope 2) represents approximately 90% of the H.ONe Group's total energy consumption. Therefore, reducing our power consumption and transitioning to renewable sources are imperative for achieving our carbon neutrality goals.

In a major step toward this objective, we switched our main domestic production sites to electricity from renewable sources in fiscal 2024. As a result, renewable energy now accounts for approximately 87% of the total energy consumed at our Japanese operations.

Registered under the Oita Green Business Certification System (Decarbonization Category) by Oita Prefecture on August 1, 2025, the Company is promoting decarbonization activities as an environmental model plant.



► Bungotakada Plant: Our environmental model factory

Part of the electricity used is provided through a power purchase agreement (PPA), and the remainder of the power used comes from renewable energy sources.



► Expanding solar power generation globally

By introducing solar power generation equipment in countries around the world, we are contributing to the reduction of CO₂ emissions.



WH Auto Parts Industries Inc. (Wuhan, China)



GH Auto Parts Industries Inc. (Guangzhou, China)



G-ONE AUTO PARTS DE MEXICO, S.A. DE C.V. (Mexico)

How are you addressing climate change risks and incorporating them into your business strategy?

As part of our response to climate change, we analyzed its impact on our business in 2022, following the TCFD framework. We conducted risk and opportunity assessments based on a “4°C scenario” (a 3.2–5.4°C rise in temperature compared to preindustrial levels), as well as “2.0°C” and “1.5°C” scenarios.*2

*2 For more details, please refer to “Initiatives for the TCFD” on pages 50–51.

Based on these findings, we are strengthening our response to business continuity risks from severe natural disasters. This includes continuously reviewing our business continuity plans (BCPs) and enhancing our supply chain monitoring systems. Recognizing that climate change is accelerating faster than anticipated, it has become increasingly critical to prepare for shifts in our industry environment.

In the automotive sector, while the transition to EVs and FCEVs has temporarily slowed, we are closely monitoring future trends. Our ongoing efforts include quantifying the potential financial impacts, continuously strengthening our climate-related governance and risk management, and refining our strategic planning methodologies based on the latest scenario analysis.

What were your achievements and challenges regarding your environmental targets in fiscal 2024?

In addition to our medium- and long-term CO₂ emission reduction targets for fiscal 2030 and fiscal 2050, we set annual environmental goals for all domestic sites to reduce our environmental impact. In fiscal 2024, while an increase in automotive frame production meant we did not meet our absolute CO₂ emissions target, we did successfully reduce our CO₂ emissions intensity (emissions per unit of production). We credit this achievement to initiatives such as upgrading to high-efficiency equipment and visualizing

standby power consumption. The proactive efforts at each site enabled our efficiency gains to outpace the growth in production volume.

There have also been cases where on-site ingenuity has led to significant CO₂ reductions, and we are focused on sharing and implementing these best practices across the Company. For example, our Koriyama Plant improved ventilation fan controls to reduce operational losses. At the Ota Plant, installing temperature sensors on cooling tower fans eliminated

unnecessary synchronization with pumps.

We have already completed the transition to renewable energy for all electricity purchased at our major domestic production sites. Going forward, our next steps are to further reduce total emissions and improve operational efficiency by rightsizing facilities with excess capacity and progressively upgrading to more energy-efficient equipment.

■ Achievements in fiscal 2024 and targets for fiscal 2025 (Japan)

Item		FY2024			Targets for FY2025
		Target	Example initiatives	Results	
CO ₂ emission reduction	Reduction of energy used in production (electricity, LPG, gasoline, kerosene, etc.)	vs. FY2019: 15.0% reduction in intensity	<ul style="list-style-type: none"> Upgrading to LED lighting Reducing solar heat gain and the cooling load through the use of thermal insulation film Cutting standby power consumption through energy monitoring 	vs. FY2019: 30.4% reduction in intensity	vs. FY2019: 18.0% reduction in intensity
		vs. FY2019: 15.0% reduction in total emissions		vs. FY2019: 11.9% reduction in total emissions	vs. FY2019: 18.0% reduction in total emissions
Waste reduction	Reduction of waste generated at sites	vs. FY2019: 5.0% reduction in total volume	<ul style="list-style-type: none"> Thorough waste sorting to reduce generation Recovering valuable materials from die-cleaning wastewater via an oil–water separation process 	vs. FY2019: 11.6% increase in total volume	vs. FY2019: 6.0% reduction in total volume
Water usage reduction	Reduction of water used at sites	vs. FY2019: 5.0% reduction in intensity	<ul style="list-style-type: none"> Adjusting and optimizing water supply and return pump operation Installing motion sensors for rinsing water at the cafeteria dish return 	vs. FY2019: 38.9% reduction in intensity	vs. FY2019: 6.0% reduction in intensity

Notes:

- Calculated on a location basis. A fixed emission factor of 0.378 t-CO₂/MWh is used for internal electricity consumption targets.
- Data covers all domestic sites for the period from April 2024 to March 2025 (fiscal 2024).
- Intensity is defined as emissions (or usage) per unit of a specific metric. We use revenue, which is closely correlated with energy consumption, as the denominator. A decrease in intensity indicates higher operational efficiency.
- The Company has established medium-term (April 2023–March 2026) reduction targets for each item, using fiscal 2019 as the base year.



What initiatives are you undertaking to reduce CO₂ emissions across the entire supply chain?

We are strengthening our initiatives to reduce CO₂ emissions and waste throughout our supply chain to fulfill our social responsibilities. As a key part of this effort, we have issued our Supplier Sustainability Guidelines and shared them with our business partners.

To deepen their understanding of sustainability management, we hold briefing sessions for our partners based on these guidelines. We are also committed to a collaborative approach, working closely with them to find solutions to any challenges they may face. At the same time, reflecting the broader

societal imperative to reduce CO₂ emissions across the supply chain, we ask our business partners to conduct regular self-assessments of their progress in reducing their environmental impact.

How are you contributing to the environment and coexisting with local communities?

We recognize that our core products, automotive frames, are vital for daily life and industry. However, we also understand that their manufacturing consumes significant global resources. Recognizing this, we consider it our corporate mission to fulfill our environmental responsibilities, and are continuously engaged in environmental conservation and social contribution activities with a strong emphasis on coexisting with local communities.

As part of our ecosystem conservation efforts, which focus on the CO₂ absorption capabilities of forests, our employees at our various business sites volunteer in forest maintenance activities such as

thinning and pruning. This initiative, titled the “H.ONE Forest Stewardship Program,” was launched in 2013 and now covers a total of 7.6 hectares (ha) across Saitama, Tochigi, Gunma, Mie, and Fukushima.

Starting in fiscal 2023, we launched a new program in collaboration with a vocational support organization for people with disabilities. Thinned wood from our forests is processed into building blocks for use in “Mokuiku” (wood education)^{*3} programs for local children. We donated these blocks in Saitama Prefecture in fiscal 2023, in Mie and Gunma prefectures in fiscal 2024, and will do so in Oita Prefecture in fiscal 2025.

In recognition of these initiatives, H.ONE, headquartered in Saitama City, was certified as a “Saitama City SDGs Certified Company” in 2023. In 2025, we also received Saitama Prefecture’s “Sainokuni Environmental Award (Encouragement Prize)” and the “SAITAMA Social Contribution Award (Encouragement Prize).”

Moving forward, we will continue to contribute to the development of local communities by expanding our Sustainable Development Goals (SDGs)-related activities, including our CO₂ emission reduction initiatives.

^{*3} Educational activities that, through contact with wood and wood products, foster an affinity for wood, highlight the value of its use, and deepen understanding of forest environments, thereby nurturing the mindset needed to contribute to sustainable living, society, and environmental stewardship.

Environmental preservation activities (in Japan)

▶ H.ONE Forest Stewardship Program



1 Saitama region (since 2013)

Place: A site in Hirakubo, Yokoze Town, Chichibu County, Saitama Prefecture
Area: 2.7 ha



2 Tochigi region (since 2014)

Place: 1299 Aza Iwagazaka, Kamikawai, Nasukarasuyama City, Tochigi Prefecture
Area: 0.33 ha



3 Gunma region (since 2014)

Place: A site in Matsunosawa, Misato Town, Takasaki City, Gunma Prefecture
Area: 1.03 ha



4 Mie region (since 2014)

Place: A site in Aza Shikamaru, Mitsudera Town, Kameyama City, Mie Prefecture
Area: 2.48 ha



5 Fukushima region (since 2019)

Place: A site in Aza Kagigane, Sabara, Fukushima City, Fukushima Prefecture
Area: 1.05 ha



Environmental preservation activities (overseas)

▶ Environment-related activities





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 Zero Waste Day of the Omiya Clean-up Campaign, which is co-organized by Omiya Ward and the Omiya Ardija 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 & Engineering Center participated in the Clean Koriyama Campaign 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.



What is the key to creating a future that balances environmental stewardship and business growth?

It is essential that the environmental and community initiatives we have discussed are pursued in direct alignment with our core business operations. The key to achieving this is the distinctive technological capabilities of the H.ONe Group.

A prime example is our lightweight frame technology, which directly improves automotive fuel efficiency. By using our advanced forming techniques for ultra-high-strength steel, we create lighter vehicle bodies that reduce CO₂ emissions during operation. This epitomizes our technology strategy: creating products with inherent environmental value.

Another example is our manufacturing technology for bipolar plates used in fuel cell electric vehicles (FCEVs), which are crucial for a decarbonized society. This product leverages our long-cultivated expertise in precision stamping, and we see it as a promising growth area as the EV and FCEV markets expand. It is strategically important for both its environmental contribution and its business potential.

Investing in research and development and building mass production capabilities in these fields not only generates future revenue but also creates a positive impact on the global environment. By fully integrating our environmental measures with our business strategy, we aim to achieve sustainable growth.

Contribution to the future created from environmental activities

To make effective use of the forest thinnings generated by the H.ONe Forest Stewardship Program 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 (fiscal 2023), other facilities in Saitama Prefecture (such as infant homes) and the Environmental Learning Information Center of Mie Prefecture (fiscal 2024), and will donate them to Oita Prefecture support schools and the regional child-rearing support center in Bungotakada City (fiscal 2025).

Public interest incorporated association

Thinnings generated by forest maintenance



Effective utilization of wood materials

Social welfare corporation

Processed into wooden building blocks by a job assistance organization for people with disabilities



Contribution to the employment of people with disabilities

Through local government to local institutions Used for education with wood



Education of children

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

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/Compliance Committee. Transition risks are incorporated into the medium-term management 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, and countermeasures are taken in accordance with the EMS based on ISO 14001:2015.

Strategy

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 fiscal 2050 as the deadline for the H.ONE Group's long-term environmental goals and fiscal 2030 as the deadline for its medium-term goals, and are continuing to promote them.

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

Metrics 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 46% by fiscal 2030 compared with the fiscal 2019 level and achieving carbon neutrality by fiscal 2050.

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

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 greenhouse gas emissions and strengthened greenhouse gas emissions reporting obligation	Increase in raw material costs if a carbon tax is introduced	<ul style="list-style-type: none"> Promoting weight reduction Promoting emission reduction in cooperation with suppliers 	<ul style="list-style-type: none"> Enhancing competitiveness of development/production technologies Strengthening sustainability
		Enhancement of energy-saving policies	Increase in equipment investment costs due to upgrading from low-efficiency equipment to high-efficiency equipment	<ul style="list-style-type: none"> Planned upgrade to high-efficiency equipment 	<ul style="list-style-type: none"> 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 research and development 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	—	—



Social and Relationship Capital

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

The quality and safety required for automotive frames that are our main 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.

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.

Initiatives toward eradicating the use of conflict minerals

The 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 globally as the Dodd–Frank Wall Street Reform and Consumer Protection Act that was enacted in July 2010, which requires U.S.-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 U.S. 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.

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 coexistence 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.

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.

Toward sustainable purchasing

Since first issuing our Supplier Sustainability Guidelines, we have collaborated with our business partners to help realize a sustainable society. However, the business landscape has changed significantly in recent years, demanding that companies address challenges not only with their direct (Tier 1) suppliers but throughout the entire upstream supply chain, including Tier 2 suppliers and beyond.

In response to this evolving landscape, we revised our Supplier Sustainability Guidelines in fiscal 2025 to strengthen our engagement across the entire supply chain. As part of these efforts, we conduct regular briefing sessions to deepen our partners' understanding of our policies and require them to perform periodic self-assessments based on human rights due diligence principles.

For details on our Supplier Sustainability Guidelines, please refer to our corporate website: <https://www.h1-co.jp/eng/sustainability/procure.html>

Social and Relationship Capital

Social contribution

■ Hosting Let's Build a Wooden Car workshop for local children

On August 21, 2025, H.ONe hosted Let's Build a Wooden Car workshop for local children at the Warabi City Kitamachi Community Center.

This initiative was designed to provide children with an opportunity to learn about practical ways to prevent global warming. It also aimed to spark their interest in environmental conservation, drawing inspiration from our own H.ONe Forest Stewardship Program.

The workshop offered a multifaceted program that combined environmental learning with the joy of craftsmanship. Activities included an environmental class led by our environmental specialists, a hands-on session where children built toys using wood sustainably harvested from the H.ONe forests, and a design lesson from our product engineers.



Children used blueprints to assemble their wooden cars—made from timber thinned from our forests—and then decorated them with their own creative designs.

■ Exhibited at SDGzoo Learning at Tobu Zoo

H.ONe participated as an exhibitor in SDGzoo Learning at Tobu Zoo, held November 16–17, 2024, at Hybrid Leisure Land Tobu Zoo (organized by The Mainichi Newspapers, Saitama Prefectural Sugito High School, and the Takayasu Seminar group, Faculty of Economics, Dokkyo University).

In line with the event's purpose—to provide opportunities to learn about the SDGs, the interconnectedness of life, and the future through interactions with animals—we hosted a booth featuring displays on our forest conservation initiatives and an environmental quiz.



The H.ONe booth at the event

■ Co-sponsoring Kids Engineer

H.ONe supports the purpose of activities that provide opportunities for children who will be responsible for the next generation to become aware of the fun of manufacturing and to have a dream to become an engineer, and co-sponsors Kids Engineer, which is held by the Society of Automotive Engineers of Japan, Inc.





Contribution to local communities

■ Community contribution through the donation of wooden blocks

Since fiscal 2023, H.ONE has been upcycling thinnings from our forest conservation initiative into wooden building blocks and donating them to children's welfare facilities and other local institutions.

This program embodies our commitment to resource circularity, giving new life to natural materials while providing local children with an opportunity to connect with wood.



For more on how these blocks are crafted, please see page 49.

■ 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 49.

■ Social contribution through shareholder benefits

H.ONE adopted the Japanese 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 Japanese Red Cross Society through Quo Card Co., Ltd., for use in humanitarian relief activities in Japan and overseas.



■ Installation of solar-powered streetlights (Indonesia)

To enhance the safety and daily well-being of the local community, our Indonesian subsidiary, PT. H-ONE KOGI PRIMA AUTO TECHNOLOGIES INDONESIA (HK-PATI), has partnered with students from Paramadina University to install streetlights.

These solar-powered streetlights contribute to environmental sustainability while also enhancing community resilience, serving as a vital source of emergency lighting during disasters.



■ Donations to children's homes (Thailand)

H-ONE Parts Sriracha Co., Ltd. (HPS) regularly donates daily necessities, school supplies, sports equipment, and pharmaceuticals to local children's homes. It also provides lunch for the children and supports these facilities. In addition, HPS provides funding for education to help ensure that the children have access to learning opportunities.



Directors and Audit and Supervisory Board Members (As of June 25, 2025)

Note: The number of shares owned is as of March 31, 2025.



Please refer to our corporate website for information on the activities of our Directors and Audit and Supervisory Board Members:
<https://www.h1-co.jp/eng/corporate/officer/>

Director



Seiki Mayumi Director
 Representative Director, President, and Chief Executive Officer, Chief Operating Officer of Business Management Operations and Chief Operating Officer of North America Business Operations
 October 26, 1967
 Director appointment: June 2024
 Number of shares owned: 9 thousand shares
 Number of Board of Directors' meetings attended: 10 out of 10 (June 2024–March 2025)

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)
 Apr. 2025: Chief Operating Officer of the North America Business Operations of the Company (current position)

Director



Masamichi Okuda Director
 Director, Executive Vice President, Executive Officer, In charge of Corporate Planning Division and Chief Operating Officer of the China Business Operations
 April 3, 1965
 Director appointment: June 2024
 Number of shares owned: 10 thousand shares
 Number of Board of Directors' meetings attended: 10 out of 10 (June 2024–March 2025)

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
 Jun. 2024: Director and Managing Officer of the Company
 Jun. 2025: Director, Executive Vice President, Executive Officer (current position), In charge of Corporate Planning Division (current position) and Chief Operating Officer of the China Business Operations of the Company (current position)

Director



Keiichiro Maruyama Director
 November 27, 1963
 Director appointment: June 2014
 Number of shares owned: —
 Number of Board of Directors' meetings attended: 12 out of 12 (April 2024–March 2025)

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
 Jul. 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 Tota Corporation
 Apr. 2021: Chairperson of the Board of Tokyo College of Music (current position)

Director



Kunihiko Todokoro Director
 May 29, 1954
 Director appointment: June 2016
 Number of shares owned: —
 Number of Board of Directors' meetings attended: 12 out of 12 (April 2024–March 2025)

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 Douyukai (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)
 Jun. 2025: Special Secretary of Saitama Keizai Douyukai (current position)

Director



Akiko Yamada Director Newly appointed
 July 16, 1967
 Director appointment: June 2025
 Number of shares owned: —
 Number of Board of Directors' meetings attended: —

Apr. 1990: Joined East Japan Railway Company
 Jul. 2007: Manager of Strategy Planning Group, Transport & Rolling Stock Department, Railway Operations Headquarters of East Japan Railway Company
 Apr. 2012: General Manager of Corporate Planning Department, and General Manager, Management Reform Promotion Office, Japan Transport Engineering Company
 Jul. 2016: Deputy General Manager of Business Planning, Transport & Rolling Stock Department, Railway Operations Headquarters of East Japan Railway Company
 Jun. 2020: Director and General Manager of Overseas Business Division, Japan Transport Engineering Company
 Jun. 2025: Director of H-ONE CO., LTD. (current position)

Audit and Supervisory Board Member



Kazuo Yamashita Full-time Audit and Supervisory Board Member
 August 22, 1963
 Audit and Supervisory Board Member appointment: June 2022
 Number of shares owned: 17 thousand shares
 Number of Board of Directors' meetings attended: 12 out of 12 (April 2024–March 2025)
 Number of Audit and Supervisory Board meetings attended: 14 out of 14 (April 2024–March 2025)

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 and Supervisory Board Member of the Company (current position)

Audit and Supervisory Board Member



Hiroyuki Kawai Audit and Supervisory Board Member
 November 19, 1961
 Audit and Supervisory Board Member appointment: June 2015
 Number of shares owned: 12 thousand shares
 Number of Board of Directors' meetings attended: 12 out of 12 (April 2024–March 2025)
 Number of Audit and Supervisory Board meetings attended: 14 out of 14 (April 2024–March 2025)

Oct. 1992: Joined Inoue Saito Eiva 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 and 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.
 Jun. 2021: Outside Director of Kappa Create Co., Ltd.
 Jun. 2022: Outside Director, Audit & Supervisory Committee Member of Kappa Create Co., Ltd.

Audit and Supervisory Board Member



Hiroki Murakami Audit and Supervisory Board Member
 December 30, 1974
 Audit and Supervisory Board Member appointment: June 2018
 Number of shares owned: —
 Number of Board of Directors' meetings attended: 12 out of 12 (April 2024–March 2025)
 Number of Audit and Supervisory Board meetings attended: 14 out of 14 (April 2024–March 2025)

Oct. 2004: Registered as lawyer (Gunma Bar Association)
 Oct. 2004: Joined Kogure Law Firm
 Jan. 2009: Director of Murakami 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 and Supervisory Board Member of H-ONE CO., LTD. (current position)



Skills of Our Directors and Audit and Supervisory Board Members

To ensure the effective execution of our medium-term management plan, the H.ONE Group has identified six key areas of expertise that it considers essential for its Directors and Audit and Supervisory Board Members. These key areas are: Corporate management; Sales and Marketing; Manufacturing, Technology, and R&D; Finance and Accounting; Legal affairs and Risk management; and Global experience.

Skill areas		Corporate management	Sales and Marketing	Manufacturing, Technology, and R&D	Finance and Accounting	Legal affairs and Risk management	Global experience
Rationale for selection		Experience in corporate management is essential to ensure sustainable growth amid rapid changes in our operating environment, particularly in the automotive industry.	Formulating and executing marketing, sales, and business strategies is essential to acquire new customers across markets and to expand businesses outside the automotive sector.	Expertise in both core and advanced technologies is required to accurately address the needs of automotive OEMs in a continually transforming industry and to deliver on the medium-term management plan, Change 2027, focus of “Shifting our focus to more profitable products.”	Finance and accounting expertise is required to implement the management policy of the medium-term management plan, Change 2027—“Transformation and reorganization of the business portfolio and business structure”—and to advance growth strategies through the appropriate allocation of management resources.	Legal and risk management expertise is required to manage risks related to domestic and international laws, regulations, and contracts when forming alliances with customers and business partners, and to build a robust compliance framework for the Company.	Experience in formulating growth strategies and in corporate management at overseas subsidiaries or multinational corporations is required to oversee the Company, which derives a high share of its sales from overseas markets, and to expand the business globally while maximizing corporate value.
Link to materiality							
Seiki Mayumi	Representative Director, President, and Chief Executive Officer	●	●	●	●		●
Masamichi Okuda	Director, Executive Vice President, and Executive Officer	●	●		●		●
Keiichiro Maruyama	Director (Outside and independent officer)					●	
Kunihiro Todokoro	Director (Outside and independent officer)	●					●
Akiko Yamada	Director (Outside and independent officer)	●	●	●			●
Kazuo Yamashita	Full-time Audit and Supervisory Board Member				●		●
Hiroyuki Kawai	Audit and Supervisory Board Member (Outside and independent officer)				●		
Hiroki Murakami	Audit and Supervisory Board Member (Outside and independent officer)					●	

Message from Outside Audit and Supervisory Board Member

A deep-seated culture of integrity that ensures product safety for end-users

Hiroyuki Kawai

Outside Audit and Supervisory Board Member



My expertise and role as an Audit and Supervisory Board Member

An Audit and Supervisory Board Member is expected to contribute to a company's sustainable growth and the enhancement of its corporate value over the medium to long term. Leveraging my professional expertise as a Certified Public Accountant and a licensed tax accountant, I have fulfilled my duties with a focus on contributing to the sound growth of the H.ONe Group. While the Company relies on its external Accounting Auditor for financial audits, my role is to oversee this process to ensure the audits are conducted appropriately. I achieve this by liaising closely with the Accounting Auditor and reviewing their reports and audit plans.

Our governance and audit framework

H.ONe is a company with an Audit and Supervisory Board under Japan's Companies Act, featuring a governance structure that includes the General Meeting of Shareholders, the Board of Directors, the Audit and Supervisory Board, and an external Accounting Auditor. To enhance the Board's rapid decision-making and oversight functions, we have delegated business execution responsibilities to Operating Officers and appointed three Outside Directors.

We, the Audit and Supervisory Board Members, conduct neutral and objective audits of the Directors' execution of duties and the Board's decision-making. We achieve this by attending key meetings, including those of the Board of

Directors, and by investigating the status of the Group's business operations and assets.

Additionally, we require and review timely reports from the internal audit department on its operational audits, as well as the reports made to the Board of Directors regarding the implementation and operation of our internal control system. We also receive and review reports from the external Accounting Auditor, including their review of our interim financial results, conducted in accordance with the Financial Instruments and Exchange Act, and the results of their full-year audit, conducted in accordance with both the Companies Act and the Financial Instruments and Exchange Act.

Furthermore, we foster close collaboration between our Outside Directors and Audit and Supervisory Board Members through a monthly Information Exchange Meeting. This meeting is comprised of our Independent Officers and our Full-time Audit and Supervisory Board Member.

My future contributions and focus areas

My audit focus has been, and will continue to be, on the following areas that I view as critical from an investor's perspective:

- The Company's core management strategy, including its medium-term management plan.
- Strategic capital allocation and risk-taking for growth.
- The integration of ESG and SDG principles into the business strategy.

I believe the Company's medium-term management plan, Change 2027, effectively addresses key investor interests by focusing on profitability, growth investments, and financial health.

H.ONe is committed to achieving highly transparent and fair corporate governance. As part of this, the Company places great importance on the active involvement of its Outside Officers, including on-site visits to overseas subsidiaries and participation in key management meetings such as the Management Committee, in addition to the General Meeting of Shareholders and Board of Directors.

I am committed to contributing to the Group's sound growth, believing that this is the very foundation for creating long-term value.

My impressions of the corporate culture and the Board

What struck me most when I joined H.ONe as an Outside Audit and Supervisory Board Member was its profoundly conscientious corporate culture. I believe this is rooted in the fact that the Group's core products are made of steel—a material where the slightest lapse in attention can lead to serious accidents, and whose quality is critical to the safety of end-users.

This culture of integrity endures today and empowers the Company to achieve the aspirations set forth in its management philosophy of "Respect, Trust, Challenge." Ultimately, I see this reflected in the deep trust and high regard the Group has earned from its customers.

While information asymmetry inevitably exists between Internal and Outside Officers, H.ONe's Board of Directors fosters an open atmosphere where robust debate is encouraged. This allows Outside Officers, including myself, to frankly voice our perspectives and raise questions.

As an Outside Audit and Supervisory Board Member, I am committed to leveraging my expertise and continuously enhancing my professional knowledge to contribute to the Group's sustainable growth.

Message from Outside Director

My expertise as a lawyer and my role on the Board: Enhancing corporate value through governance

Keiichiro Maruyama
Outside Director



Related Materialities ▶



reporting accuracy but also carry the risk of eroding public trust. Speaking frankly as an Outside Director, I believe the problem stemmed from a misplaced confidence in a system that was merely formal.

To prevent a recurrence, it is not enough simply to reinforce the internal control system; we must also implement a framework for its continuous validation. This requires close collaboration with the Audit and Supervisory Board and the internal audit department to constantly verify the alignment between regulations and actual on-the-ground practices. In this process, it is my duty as an Outside Director to raise concerns from an independent standpoint, without hesitation, even when delivering uncomfortable truths to management.

Enhancing corporate value and restoring trust

I would like to reaffirm our corporate philosophy: “to become a company that contributes to the world.” A company achieves sustainable development not only by pursuing profit but also by fulfilling its social responsibilities. This requires promoting ESG management, engaging in open and honest dialogue with stakeholders, and building relationships of trust through transparent disclosure.

While compliance with laws and regulations and managing with integrity may seem like short-term costs or constraints, they are, in fact, crucial medium- to long-term investments in sustainable growth and the enhancement of corporate value. With this conviction, I will leverage my experience as both a lawyer and an Outside Director to contribute to strengthening our governance and ensuring transparency. I am resolved to fulfill my role in maintaining the trust of our stakeholders and realizing our corporate philosophy.

My legal expertise and oversight philosophy

The importance of legal affairs and governance in corporate management is more critical than ever. Today, companies operate in an increasingly complex landscape of ever-changing regulations, diverse social demands, and global business expansion, placing them in constant proximity to significant legal risks.

My background as a lawyer provides specialized knowledge in areas including contracts, compliance, crisis response, and risk management. Leveraging this from my position as an Outside Director, I provide multifaceted oversight of corporate decision-making. Most importantly, I believe my role is not merely to act as a “guardian of the law,” but to strike the optimal balance between promoting business growth and managing risk. It is about encouraging strategic challenges while ensuring potential risks are identified and mitigated, without falling into excessive caution.

Through my participation in Board meetings and collaboration with the Audit and Supervisory Board, I gain a deep understanding of the challenges facing management. By providing sound, strategic advice from a legal standpoint, I aim to enhance the quality of our overall corporate governance.

Strengthening our corporate governance

Corporate governance reform in Japan emphasizes a clear separation between business execution and management oversight, the active involvement of Outside Directors, and a commitment to highly transparent management.

Clearly defining the roles of execution and oversight within the Board of Directors is fundamental to sound corporate decision-making, and Outside Directors are the cornerstone of this framework. Board discussions that incorporate diverse perspectives are vital; they prevent management stagnation and foster an environment of robust debate.

Furthermore, governance is not a one-time implementation but a process of continuous improvement and evolution. It is the Board’s duty to constantly adapt our governance framework in response to market and societal shifts, ensuring it never becomes a mere formality. My role as an Outside Director, therefore, is not simply to confirm that a system is in place, but to critically assess whether it is functioning effectively and to propose concrete improvements.

Challenges in internal control and future outlook

The internal control deficiencies disclosed in June 2024 served as a sobering lesson for H.ONe. Such weaknesses not only undermine operational reliability and financial

Message from Outside Director

President articulates vision across global sites, driving our next step to become “a company that contributes to the world”

Kunihiro Todokoro
Outside Director



Related Materialities ▶



we enable swift decision-making and promote greater accountability. Of course, this is all within a clear framework where the President and CEO holds ultimate responsibility for execution.

Strengthening corporate governance

Over the past 30 years, the performance of many Japanese companies has lagged behind that of their peers in other developed nations and leading companies in Asia. This stagnation in their so-called “earning power” is widely attributed to a “weakness in proactive governance.”

To break free from these “lost 30 years” and drive progress, management must adopt a new mindset—one that embraces the challenges necessary to enhance corporate value.

Of course, we must elevate not only our proactive governance but also our defensive (compliance-focused) governance to global standards. It goes without saying that if these two wheels do not turn in unison, the corporate vehicle will veer off course and fail to reach its destination.

To ensure we stay on course, it is an absolute prerequisite to foster a boardroom environment where all members feel empowered to freely voice opinions, present dissenting views, and even register objections.

My role as an Outside Director

In our complex and interconnected world, discerning the core of any issue has become increasingly challenging.

Therefore, when a company must solve critical issues or determine its strategic direction, the key to making insightful and actionable decisions lies in robust, candid debate among members with diverse backgrounds and expertise.

I am convinced that my duty is to express my views frankly and act on them. This is how I can best serve the interests of our stakeholders, and I firmly believe it is the path to H.ONE’s long-term growth and prosperity.

Evaluation of the Company’s governance system

H.ONE’s governance structure is characterized by its exceptional openness. For example, to minimize information asymmetry between Internal and Outside Officers, our top management proactively shares its strategic thinking and perspectives at Board meetings, incorporating real-time business conditions and on-the-ground realities. This ensures that Outside Officers have a shared understanding of the management’s direction and fosters a strong sense of unity.

Through discussions involving all members, we are able to build a genuine consensus. The diverse perspectives and expertise of our Board members bring depth and impartiality to our decisions. Furthermore, by delegating significant authority to our Operating Officers,

Addressing internal control deficiencies and restoring trust

To meet the standards of a top-tier global company, there is still room to improve our accounting functions. While the specific accounting issues in the United States have been resolved, our focus must now shift. It is now crucial to build a system that enables real-time data acquisition. This will allow us to grasp the true status of our overseas operations as it unfolds and, consequently, to implement countermeasures more swiftly.

Enhancing corporate value from a medium- to long-term perspective

To become “a company that contributes to the world,” H.ONE is actively taking on new challenges to achieve the goals of Change 2027, and the transformation in its mindset and organizational structure is truly impressive.

In particular, led by the President and Vice President, all employees are working as one to develop new customers, establish new business models, and reassess and reform existing ones, making H.ONE a truly capable and confidence-inspiring organization. Especially at this pivotal time of transformation, the President personally visits every global site to articulate the Company’s policies and direction in his own words. I am confident that this direct engagement is a crucial step in forging the entire Company into a unified force to achieve our business plan and grow into a company that truly contributes to the world.



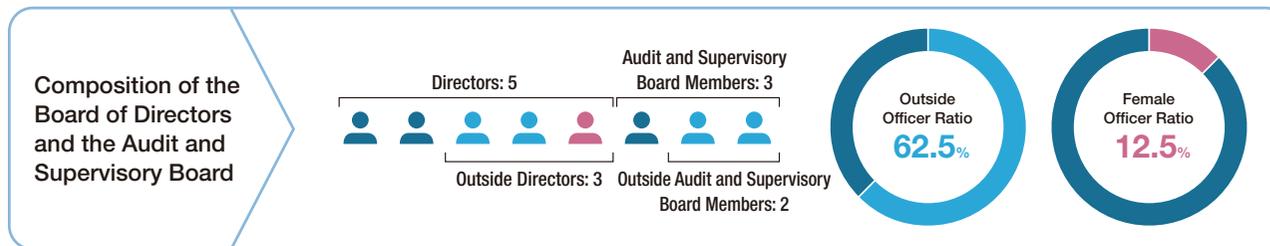
Corporate Governance

Basic policy

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

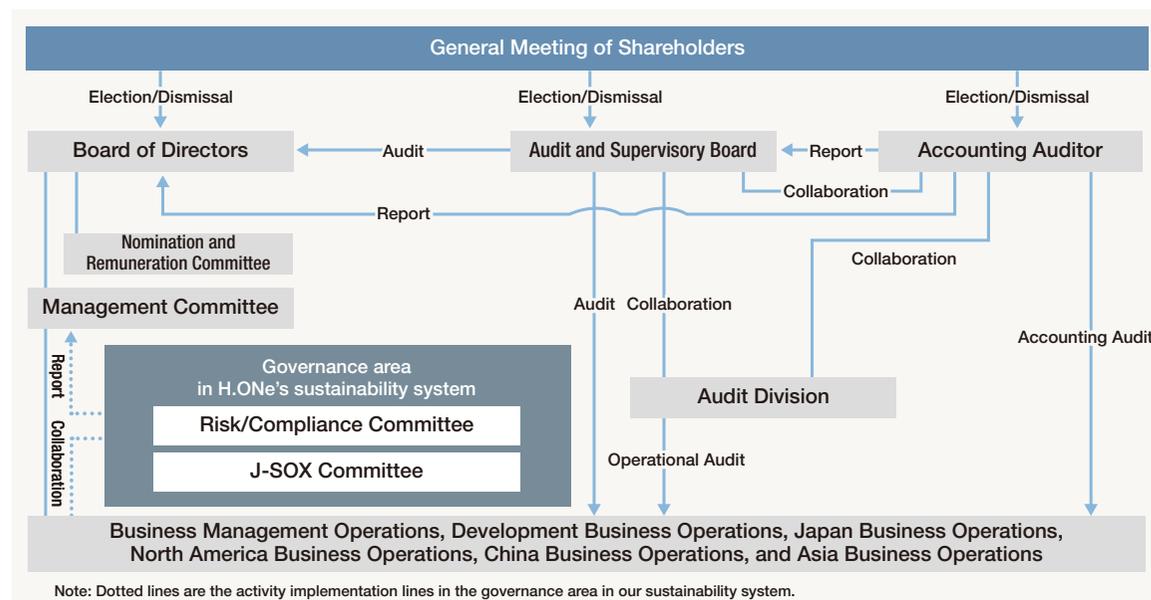
Guided by this basic policy, and with the awareness that the enforcement of corporate governance is one of the most important issues of management, we continuously pursue activities across our Group in order to respond to the expectations and trust of our shareholders, customers, employees, and all of society and to achieve sustainable growth.

In addition, each employee shall fully understand the H.ONE Group Code of Conduct that has been established based on the basic policy, and practice honest and ethical behavior.



Outline of our corporate governance system

We are a company with an Audit and Supervisory Board and have established the following corporate organs: the General Meeting of Shareholders, the Board of Directors, the Audit and Supervisory Board, and the Accounting Auditor. In addition, by expanding the Operating Officer system and delegating business execution to Operating Officers, the Company seeks to enable swift decision-making by the Board of Directors while strengthening its oversight of business execution. The Company has also established a voluntary Nomination and Remuneration Committee to deliberate on matters such as the nomination, dismissal, and remuneration of officers (Directors and Senior Operating Officers and above).



Corporate Governance

Board of Directors

In order to supervise business execution from a wider perspective, the Board of Directors consists of five 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) and two persons (male and female) who possess management experience at other companies. The Company thinks that a composition that combines Internal 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.

In fiscal 2024, the Board of Directors met 12 times to deliberate on important management matters.

(1) Evaluation and analysis of the Board's effectiveness

Since fiscal 2015, H.ONe has conducted an annual evaluation of the effectiveness of its Board of Directors. All Directors and Audit and Supervisory Board Members complete a self-assessment questionnaire. The results are then compiled and analyzed, and a report outlining the findings and proposed areas for improvement is submitted to the Board.

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 the Audit Division, which is an independent internal audit division, and receives reports and explanations from an Accounting Auditor concerning the audit results. Audit and

The following is a summary of the evaluation results for fiscal 2024.

Based on a compilation of the self-assessments, the overall evaluation concluded that the Board of Directors is functioning effectively.

This year's evaluation confirmed that progress has been made in areas such as the Board's size, diversity, the conduct of its meetings, the quality of meeting materials, and the adequacy of time for advance review. However, it also identified room for further enhancement, particularly in fostering more active debate between Internal and External Directors and in allocating time for presentation and discussion based on the importance of agenda items. Going forward, we will continue discussions that account for the internal and external business environment as we strive to further enhance the effectiveness of our Board.

(2) Training of Directors and Audit and Supervisory Board Members

We provide newly appointed officers with opportunities for external training, primarily to ensure they understand their roles and responsibilities. Additionally, we hold an annual corporate governance training session for all Directors and Audit and Supervisory Board Members, led by an external expert.

Beyond these programs, we encourage officers to attend external seminars as needed to update their knowledge. All such training is Company-sponsored and provided on an ongoing basis.

Supervisory Board Members also attend important meetings, including the Board of Directors' meetings, and audit the execution of Directors' duties and the decision-making of the Board of Directors by examining the business and financial status from a neutral and objective standpoint.

The Audit and Supervisory Board met 14 times in fiscal 2024.



Corporate Governance

Other voluntary deliberative 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 the Audit Division, 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 efficient and speedy decision-making by the Board of Directors.
The Management Committee met 18 times in fiscal 2024.
2. We hold a monthly Information Exchange Meeting for Independent Officers to ensure close collaboration between our Outside Directors and Audit and Supervisory Board Members. This meeting is composed of our Independent Officers and our Full-time Audit and Supervisory Board Member. At these meetings, the Full-time Audit and Supervisory Board Member, or the heads of relevant departments as needed, provide updates on the Group's business status. This is followed by an exchange of opinions among the Independent Officers to foster a shared understanding.
3. To ensure transparency and objectivity in the decision-making process for the nomination, dismissal, and remuneration of officers (Directors and Senior Operating Officers and above), we have established a Nomination and Remuneration Committee. The committee is chaired by an Independent Outside Director. A majority of the committee's members are Independent Outside Directors. This composition allows the committee to provide appropriate advice on these matters from diverse perspectives, including legal and corporate management experience. It also incorporates a gender perspective, with its membership including one woman. This structure ensures the committee functions and fulfills its role independently of the Board of Directors.
The Nomination and Remuneration Committee met seven times in fiscal 2024.

4. To maintain and improve the Group's risk management and compliance systems, we have established a Risk/Compliance Committee. This committee is chaired by our Risk Management and Compliance Officer.
The committee undertakes the following key initiatives and reports on its activities to the Board of Directors:
 - (a) Business continuity management (BCM) for large-scale disasters
 - (b) Evaluation and management of business risks
 - (c) Planning and development of compliance-related initiatives
 - (d) Addressing internal whistleblowing reports
5. To maintain the effectiveness of the Group's internal control over financial reporting (ICFR), we have established the J-SOX Committee, which is chaired by our Compliance Officer. The committee formulates the annual J-SOX plan and scope of evaluation, monitors and improves the operational effectiveness of our internal controls, and reports its findings to the Management Committee.
6. Internal audits are conducted by the Audit Division, an independent department that reports directly to the President. Throughout the year, the Audit Division performs audits covering a range of areas, including internal controls as required by the Companies Act, ICFR, and operational audits of each division. Its scope also extends to subsidiaries and affiliates. The Audit Division reports its findings directly to the Board of Directors and the Audit and Supervisory Board on a semiannual basis.

Corporate Governance

Policy on determining Director remuneration

The Board of Directors resolves all matters concerning officer remuneration, including the policy for determining the remuneration of individual Directors, following deliberation by the Nomination and Remuneration Committee. Any changes to the

policy on how remuneration is calculated are also resolved by the Board of Directors after deliberation by the committee. Based on this policy, the remuneration structure for our Directors and Audit and Supervisory Board Members is as follows.

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 450 million yen per year (including up to 48 million yen per year for Outside Directors) Audit and Supervisory Board Members: Up to 60 million yen per year		69,000 points per fiscal year (146,000 points per fiscal year for all eligible recipients including Operating Officers in the ranks of Senior Operating Officer and above)
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 Remuneration Regulations, 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.

Notes: 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 Compensation Survey of private professional organizations.

For the details of our corporate governance, please refer to our corporate website.

<https://www.h1-co.jp/eng/sustainability/governance/>



Corporate Governance **Risk Management**

Basic concept

We believe that proactively identifying risks that could significantly impact our business activities and working to prevent their occurrence are essential for the Group's continued and stable development.

Based on this understanding, we promote our risk management initiatives in line with the policies set forth 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, the 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/Compliance 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). With the Investor Relations, ESG, Legal

Affairs Division acting as the Company-wide secretariat and members selected from each business site, the committee promotes responses to risks across the entire Company.

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 promote countermeasures from the viewpoint of preventing the emergence of risks in the future through the Risk/Compliance Committee.

Business Continuity Plan (BCP)

We continuously formulate a 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.

Corporate Governance **Compliance**

Basic concept

We consider protecting sound business activities an indispensable foundation 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

The H.ONe Group continuously carries out initiatives to strengthen compliance in order to reinforce the trust established with society. People who work at the 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 non-compliance 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 Risk/Compliance Committee, chaired by the Compliance Officer, continuously implements various activities related to compliance. With the Investor Relations, ESG, Legal Affairs Division serving as the Company-wide secretariat and

members selected from each business site, the committee plans and promotes these measures, while also responding promptly to internal reporting cases.

Risk/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 is 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 whistleblowing 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 used to improve issues and events but also reported to the Board of Directors and the Management Committee and utilized for internal and external audits.

■ Whistleblowing system

We have established and operated a whistleblowing 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 whistleblowing from overseas associates.

In the operation of these windows, the duty of persons in charge to keep secrets and to protect whistleblowers is defined by Company regulations, and we conduct careful investigations so as not to disadvantage whistleblower from the viewpoint of whistleblower protection and make efforts to prevent a recurrence after confirmation of the facts.

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

• Fiscal 2024 Whistleblowing system results

Total number of reports: Three One of which was related to harassment (domestic), one to unfair dismissal (overseas), and one to unfair business practices with a business partner (overseas).

All reports received are subject to rigorous investigations that respect privacy, and those found to be factual are addressed appropriately. We also conduct cause analysis and implement corrective measures to prevent recurrence.



Corporate Governance

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, the H.ONE Group 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 all those 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 respecting 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 the Group. The H.ONE Group also expects all business partners involved in the businesses of the Group to understand this Policy and encourages them to support and respect this Policy.

Through dialogue 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 fiscal 2024

Two cases requiring improvement

One of which related to the establishment of a system in accordance with health and safety laws at an overseas subsidiary, the other to the health and safety policy at a business partner.

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.

Key Financial Data (11 years)

Note: The Company has voluntarily applied International Financial Reporting Standards (IFRS) since fiscal 2015.

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Consolidated profit and loss											
Revenue (million yen)	185,750	200,224	182,737	201,000	196,718	182,659	163,927	170,588	225,511	232,730	228,145
Operating profit (loss) (million yen)	2,232	6,067	7,761	8,587	5,648	3,594	3,732	(4,046)	(9,270)	(18,826)	11,860
Operating profit (loss) ratio (%)	1.2	3.0	4.2	4.3	2.9	2.0	2.3	(2.4)	(4.1)	(8.1)	5.2
Profit (loss) before tax (million yen)	1,659	4,377	7,550	7,676	4,789	2,657	3,423	(3,714)	(9,742)	(19,354)	10,827
Profit (loss) before tax ratio (%)	0.9	2.2	4.1	3.8	2.4	1.5	2.1	(2.2)	(4.3)	(8.3)	4.7
Profit (loss) attributable to owners of parent (million yen)	292	2,383	6,058	6,197	4,071	1,223	2,838	(1,390)	(6,993)	(21,656)	10,728
Depreciation and amortization (million yen)	16,099	14,636	14,018	15,438	14,841	14,741	14,101	14,572	16,160	13,889	9,582
Capital expenditures (million yen)	33,995	16,680	15,657	14,473	11,840	13,145	12,219	26,193	15,475	16,627	17,055
Research and development costs (million yen)	1,161	1,689	1,848	2,013	2,177	2,277	2,181	2,189	2,471	1,855	1,702

Consolidated financial condition											
Total equity attributable to owners of parent (Shareholders' equity) (million yen)	68,613	49,831	54,904	60,514	62,996	57,946	67,285	72,919	68,582	55,181	64,000
Total assets (million yen)	192,777	173,978	174,948	168,566	158,826	155,173	163,975	193,980	187,315	181,597	178,534
Ratio of equity attributable to owners of parent (Equity ratio) (%)	30.8	28.6	31.4	35.9	39.7	37.3	41.0	37.6	36.6	30.4	35.8
Interest-bearing liabilities (million yen)	77,571	69,532	62,215	59,548	45,287	56,409	47,187	67,002	66,968	73,094	66,573
Return on equity attributable to owners of parent (ROE) (%)	0.5	4.6	11.6	10.7	6.6	2.0	4.5	(2.0)	(9.9)	(35.0)	18.0
Ratio of profit (loss) before tax to total assets (ROA) (%)	1.0	2.4	4.3	4.5	2.9	1.7	2.1	(2.1)	(5.1)	(10.5)	6.0

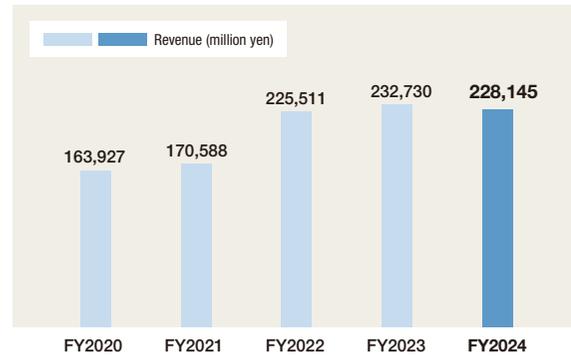
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
--	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Consolidated cash flow											
Cash flows from operating activities (million yen)	9,027	23,252	18,606	16,925	25,492	15,552	14,576	5,713	21,962	19,494	21,079
Cash flows from investing activities (million yen)	(31,093)	(19,268)	(14,205)	(14,255)	(10,942)	(13,713)	(12,215)	(19,269)	(15,193)	(13,258)	(13,149)
Cash flows from financing activities (million yen)	20,980	(4,476)	(6,541)	(2,092)	(14,949)	9,950	(11,646)	14,889	(3,508)	1,279	(7,338)
Free cash flow (million yen)	(22,065)	3,984	4,400	2,670	14,549	1,838	2,361	(13,555)	6,768	6,236	7,930
Balance of cash and cash equivalents at the end of the fiscal year (million yen)	5,096	4,269	2,272	2,866	2,438	12,704	3,595	7,188	10,420	18,892	19,310

Figures per share											
Basic earnings (loss) per share (EPS) (yen)	10.30	83.96	214.27	219.78	144.39	43.45	101.14	(49.50)	(249.25)	(774.64)	382.82
Book-value per share attributable to owners of parent (BPS) (yen)	2,093	1,755	1,947	2,146	2,234	2,065	2,397	2,593	2,455	1,972	2,281
Dividend per share (DPS) (yen)	22	22	24	25	26	26	26	24	20	20	50
Dividend payout ratio (%)	213.6	26.2	11.8	11.4	18.0	59.8	25.7	—	—	—	13.1
Highest share price (yen)	972	856	1,877	1,860	1,504	1,009	926	911	678	929	1,237
Lowest share price (yen)	649	407	471	1,061	847	424	406	567	563	617	663

Financial Data Trends in Charts

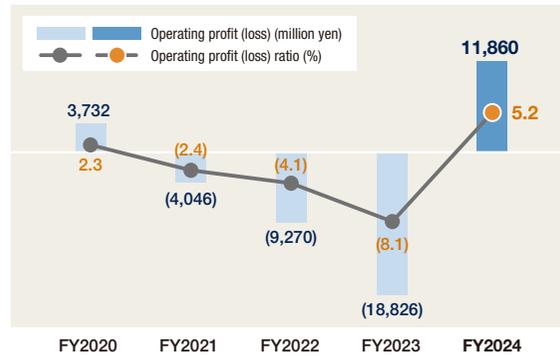
1. Revenue



Key Points for the Current Term

Revenue was 228.1 billion yen, down 2.0% from the previous fiscal year. Despite positive factors such as appropriate price revisions and the continued depreciation of the yen, this decrease was mainly due to an approximately 14% decline in the number of automotive frame units produced for our major client.

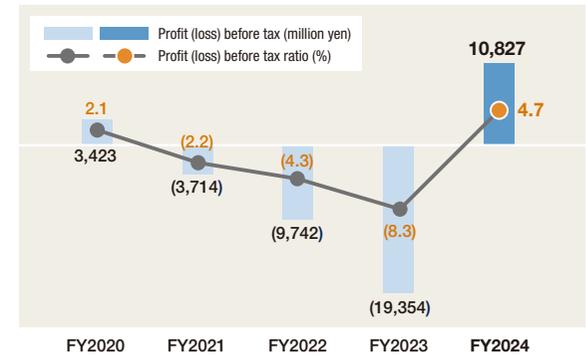
2. Operating profit (loss) / Operating profit (loss) ratio



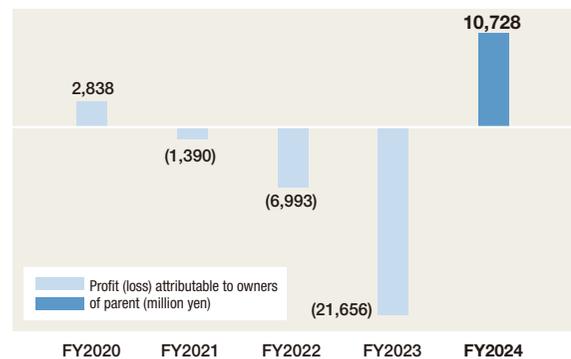
Key Points for the Current Term

In addition to our efforts to compress manufacturing costs, a lower depreciation burden and the absence of the impairment loss recorded in the previous fiscal year resulted in an operating profit of 11.8 billion yen, with an operating profit ratio as a percentage of revenue of 5.2%.

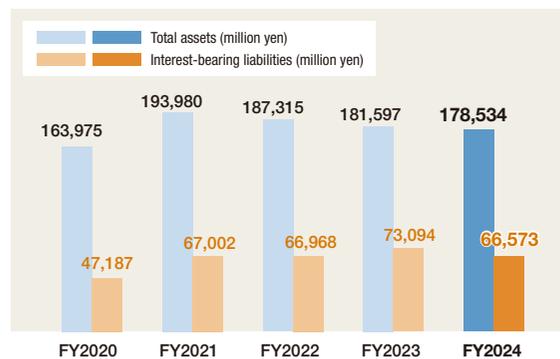
3. Profit (loss) before tax / Profit (loss) before tax ratio



4. Profit (loss) attributable to owners of parent



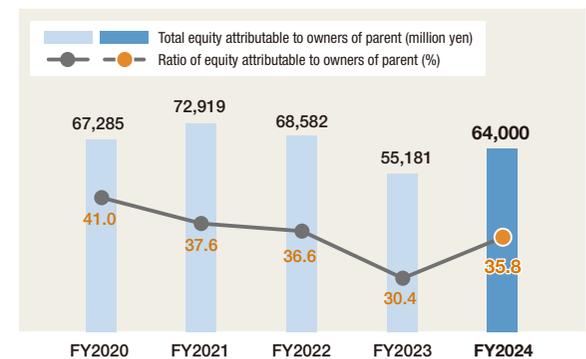
5. Total assets / Interest-bearing liabilities



Key Points for the Current Term

While cash and cash equivalents, tangible fixed assets, and retirement benefit assets increased, total assets decreased by 3.0 billion yen to 178.5 billion yen. This was mainly due to a decrease in trade and other receivables, inventories, and other financial assets. Interest-bearing liabilities decreased by 6.5 billion yen from the previous fiscal year to 66.5 billion yen.

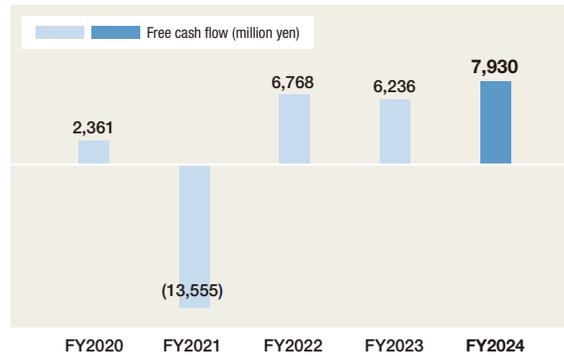
6. Total equity attributable to owners of parent / Ratio of equity attributable to owners of parent



Key Points for the Current Term

The ratio of equity attributable to owners of parent increased by 5.4 points from the previous fiscal year, reaching 35.8%.

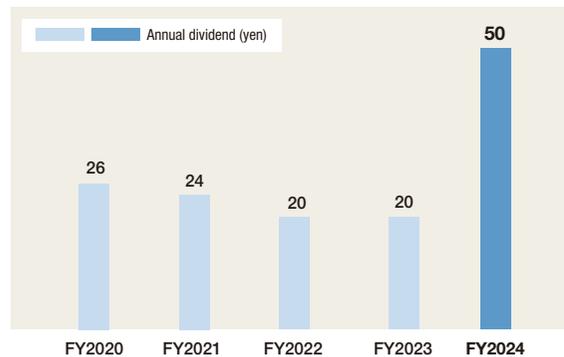
7. Free cash flow



Key Points for the Current Term

Operating cash flow was 21.0 billion yen and investing cash flow was -13.1 billion yen, resulting in a positive free cash flow of 7.9 billion yen.

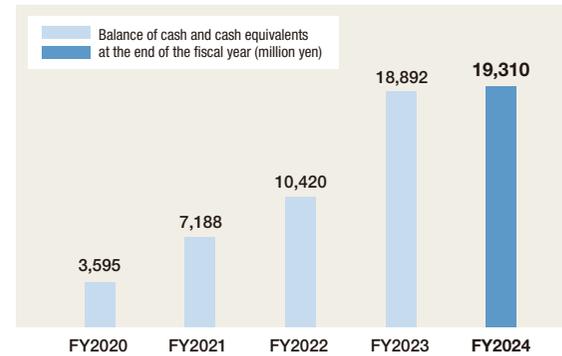
10. Annual dividend



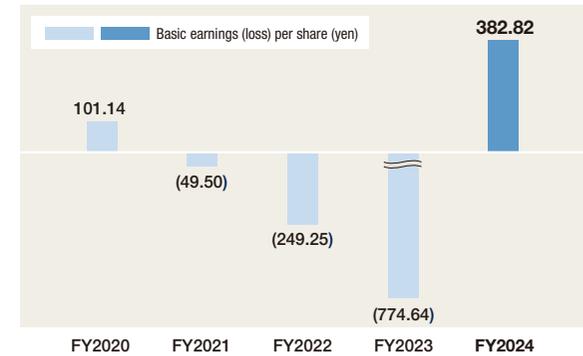
Key Points for the Current Term

While considering the business environment, profit level for the current fiscal year, and future business development, we have decided on an annual dividend of 50 yen per share, an increase of 30 yen from the previous fiscal year, in order to provide stable returns of profit to our shareholders and aim for a progressive increase to a consolidated dividend payout ratio of 30%.

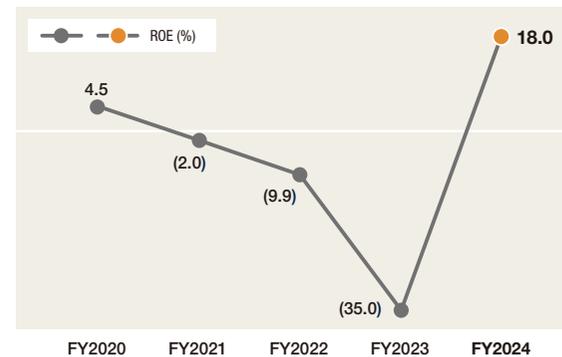
8. Balance of cash and cash equivalents at the end of the fiscal year



9. Basic earnings (loss) per share



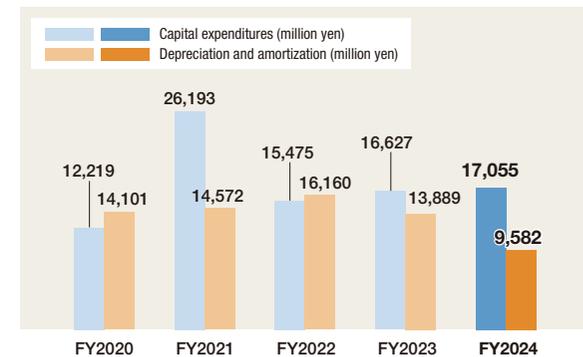
11. ROE



Key Points for the Current Term

Profit attributable to owners of parent returned to profitability. As a result, ROE was 18.0%.

12. Capital expenditures / Depreciation and amortization

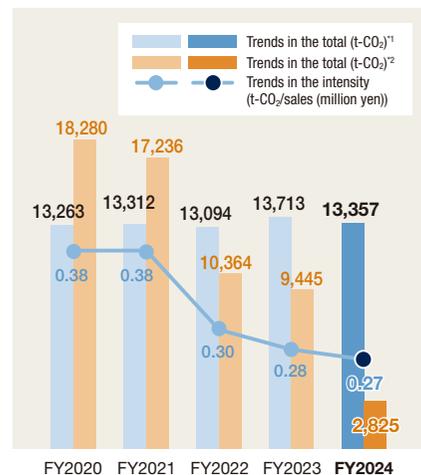


Key Points for the Current Term

Capital expenditures increased by 0.4 billion yen from the previous fiscal year to 17.0 billion yen, primarily due to investment in dedicated equipment for the mass production of new vehicle models. Depreciation and amortization decreased by 4.3 billion yen from the previous fiscal year to 9.5 billion yen, due to the impact of impairment treatment.

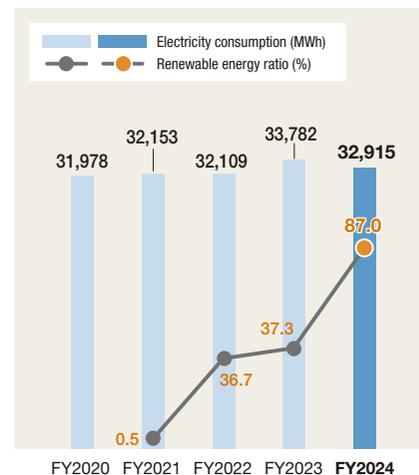
Nonfinancial (ESG) Performance Data (in Japan)

1. CO₂ emissions from production activities

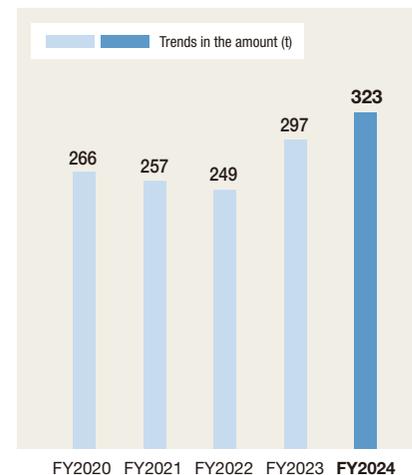


*1 Calculated on a location basis. A fixed emission factor of 0.378 t-CO₂/MWh is used for internal electricity consumption targets.
*2 Calculated on a market basis.

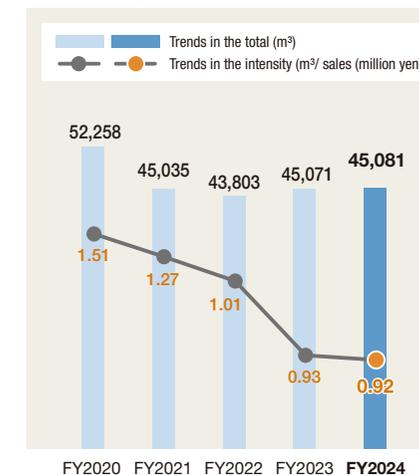
2. Electricity consumption / Renewable energy ratio



3. Waste generation



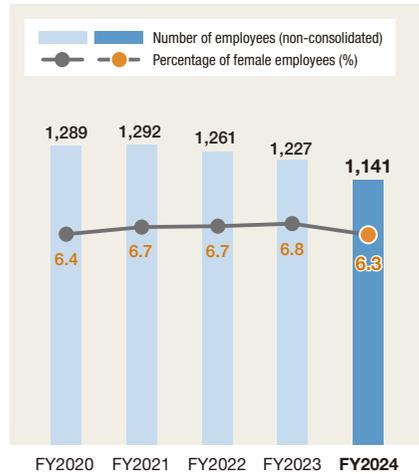
4. Water usage



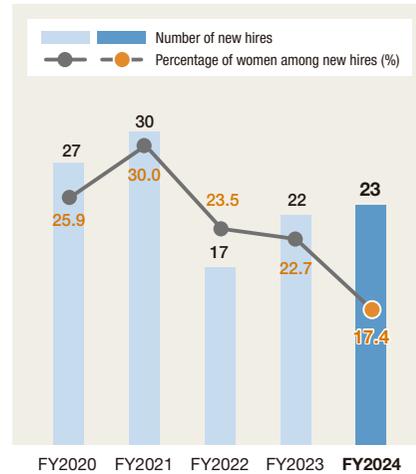
5. Environmental accounting

Category	Investment (million yen)					Costs (million yen)					
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2020	FY2021	FY2022	FY2023	FY2024	
Costs within the business area	Pollution prevention costs	-	-	-	-	30.7	4.4	6.8	6.2	6.9	
	Global environmental conservation costs	13.9	39.0	164.6	57.8	95.7	15.3	35.0	60.8	43.1	72.0
	Resource recycling costs	-	-	-	-	-	9.5	52.8	13.2	8.5	9.7
Management activity costs	-	-	-	-	-	34.6	33.7	43.2	40.2	24.6	
Research and development costs	-	-	-	-	-	24.1	34.9	27.0	31.2	87.4	
Social activity costs	-	-	-	-	-	0.96	0.92	1.67	2.18	2.20	
Total	13.9	39.0	164.6	57.8	95.7	115.2	161.7	152.7	131.4	202.8	

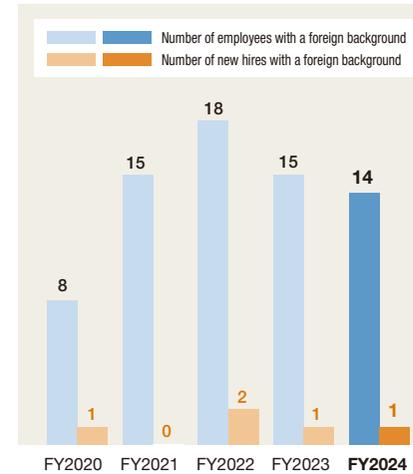
6. Employees



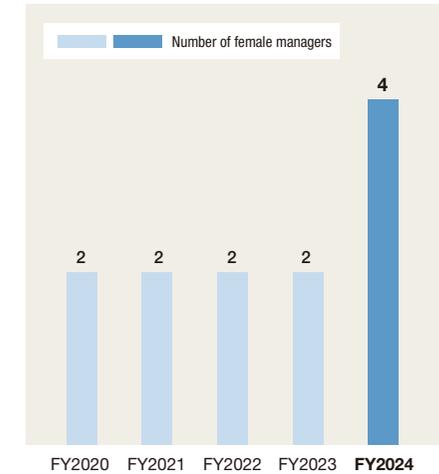
7. New hires



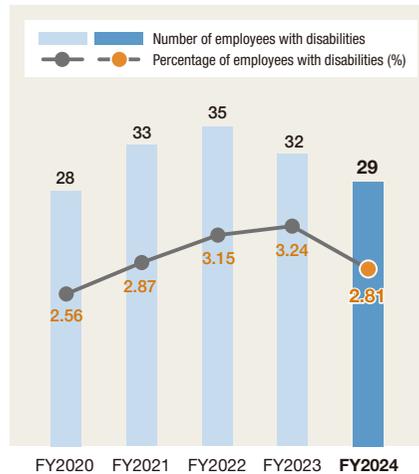
8. Employees with a foreign background



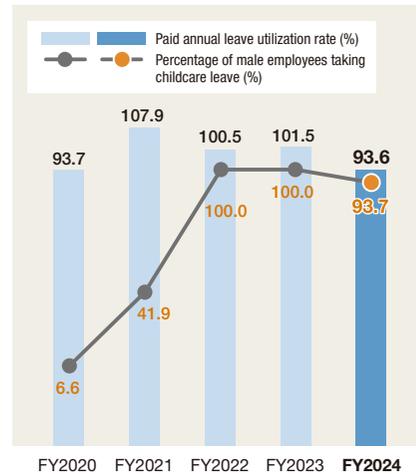
9. Female managers



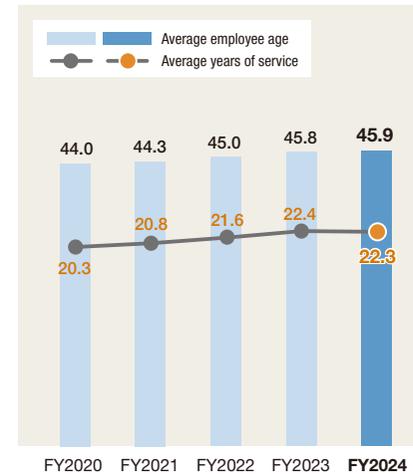
10. People with disabilities



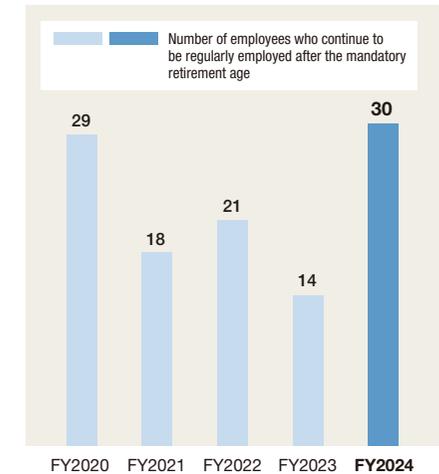
11. Paid annual leave / Male employees taking childcare leave



12. Average employee age / Average years of service



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



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
 埼玉県 SDGsパートナー	Saitama SDGs Partner	Saitama Prefecture
EcoVadis overall score: 42	EcoVadis	February 2025
Environment		
 CDP Discloser 2024	CDP Climate Change Report 2024 B- Score (Management Level)	CDP
 CO2削減 おおいたグリーン事業等 認証制度	Oita Green Business Certification System	Oita Prefecture
 三重県 SDGs 推進パートナー	Mie SDGs Promotion Partner	Mie Prefecture
ISO 14001 Certification	Japan Automobile Research Institute (certification body)	-

Name of external certification and evaluation system	Organized by	Month and year of certification
Society		
 健康経営優良法人 2025 認定企業	KENKO Investment for Health (Large Enterprise Category)	Ministry of Economy, Trade and Industry
 女性が活躍しています!	Eruboshi Certification (three-star)	Ministry of Health, Labour and Welfare
 フラナタのみんな サポートしています	Platinum Kurumin Certification	Ministry of Health, Labour and Welfare
 障害者雇用促進 優良企業	Saitama Prefecture Excellent Company that Employs People with Disabilities	Saitama Prefecture
 多様な働き方 実践企業	Saitama Prefecture Company Practicing Diverse Work Styles	Saitama Prefecture
Governance		
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.
ISO 9001 Certification	DNV (certification body)	-

Corporate Profile (As of March 31, 2025)

» 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	5,499 (consolidated) / 1,141 (unconsolidated)
Group companies	Consolidated companies: 13 (4 in North America, 5 in China and 4 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
Number of shareholders	13,340

Major shareholders

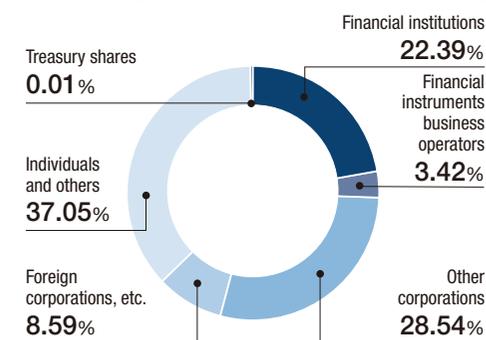
Shareholder name	No. of shares held (thousand shares)	Shareholding ratio (%)
Honda Motor Co., Ltd.	6,055	21.33
The Master Trust Bank of Japan, Ltd. (Trust account)	2,677	9.43
INTERACTIVE BROKERS LLC	1,167	4.11
H.ONe Employee Stock Ownership Association	1,041	3.67
Saitama Resona Bank, Limited	780	2.75
JFE Shoji Corporation	727	2.56
Yuko Chujo	485	1.71
Uri Hirata	479	1.69
Sumitomo Mitsui Banking Corporation	382	1.35
Custody Bank of Japan, Ltd. (Trust account)	369	1.30

Notes:

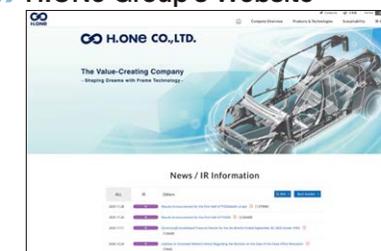
1 The shareholding ratio is calculated by deducting the number of treasury shares (1,904 shares).

2 Although we have introduced the Board Benefit Trust (BBT) system, the number of treasury shares shown above does not include 336 thousand shares owned by Custody Bank of Japan, Ltd. (Trust Account E) related to the BBT system.

» Percentage of Shares by Owner Category



» H.ONe Group's Website



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

Closing Remarks

This integrated report is prepared with our institutional investors, both in Japan and overseas, as its primary audience. We have adopted a narrative approach to clearly communicate our management's direction and how we are addressing the key issues identified through dialogue with our diverse stakeholders. We hope this report helps illustrate how the H.ONe Group is striving to achieve sustainable enhancement of its corporate value by building on the strengths we have cultivated throughout our history while embracing new challenges.

In preparing this report, our Investor Relations, ESG, Legal Affairs Division led a process that

involved in-depth discussions and interviews with management and various internal and external stakeholders. For more detailed information not included in this report, please visit our corporate website via the links provided.

We are committed to the ongoing enhancement of our information disclosure and dialogue. We welcome your candid feedback.

Investor Relations, ESG, Legal Affairs Division
Business Management Operations H-ONE CO., LTD.



▶ Survey Form Please share your opinions and feedback regarding the integrated report. <https://forms.gle/5dGtgojS3wuFsfIQa>

