

# NETUREN INTEGRATED REPORT 2025



Neturen Co., Ltd.  
Issued by: Corporate Planning Office



NETUREN VISION

2030

Evolution and Breakthrough

Motto

Contribute to creating a sustainable society while increasing corporate value



Neturen technologies to the world



Supporting disaster resilient urban building



Contributing to environmental protection with W-ECO® technology

Target of our activities

Increase corporate value as well as reduce environmental burden through our technologies and products centered on our IH technologies, which are effective in reducing CO<sub>2</sub> emissions.

Expand our business globally through all-out efforts of the Group and N-DX technologies.

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Editorial policy

This integrated report is published with the approval of management as an information dissemination medium that comprehensively compiles financial and non-financial information, with the aim of communicating the medium- to long-term growth and value creation of the Neturen Group. It is positioned as a medium to facilitate constructive dialogue with our stakeholders and also to promote the Group employee understanding of our corporate policies and strategies.

This third-year report has been prepared to report the progress of the 16th Medium-term Management Plan (hereinafter the “MM Plan”) toward achieving NETUREN VISION 2030 together with answers to questions from our stakeholders such as shareholders and investors.

In compiling this report, we have referred to the Guidance for Collaborative Value Creation published by the Ministry of Economy, Trade and Industry.

Furthermore, detailed information on sustainability is published on our website.



Key Points of This Report

- 1

**Progress of the 16th Medium-term Management Plan**  
→PP.15~42

This third-year report provides details on the progress on the key themes for the Group’s medium- to long-term value creation, including specific initiatives related to the four fundamental strategies and financial strategy under the MM Plan, as well as important sustainability issues. As the first initiative for “Create New Drivers for Growth,” the collaboration with the precast manufacturer that has joined our Group is reported (see Strategy 1).
- 2

**Practice of Capital Cost Management**  
→PP.17~22

With respect to the FY2024 results and FY2025 plan regarding our capital policy and financial strategy, our future initiatives, and other relevant matters, we respond to investors’ questions and opinions in a Q&A format.
- 3

**Progress of Neturen’s R&D**  
→PP.35~37

A comprehensive overview and summary of our strategies and specific examples in relation to our research and development, which is one of our strengths, are presented.

Reporting period

Fiscal Year 2024  
(April 1, 2024 to March 31, 2025)

\* Information on some of the activities after April 2025 is also included.

Scope of report

This report covers Neturen Co., Ltd. and its 17 consolidated subsidiaries, 1 non-consolidated subsidiary, and 4 affiliated companies in the reporting period. Sustainability-related information basically covers all departments of Neturen Co., Ltd., and any exception is indicated in the text in each case.

Date of issue

October 2025

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Note regarding future outlook

Forward-looking statements, such as earnings forecasts, contained in this report are based on estimations made in accordance with information available at the time of disclosure, and may contain many uncertainties. Actual results may differ from forecasts due to changes in social, economic, and business conditions.

# PROFILE

## Introduction of the Neturen Group

The Neturen Group, placing IH (Induction Heating) technology as its core, globally engages in manufacturing metal products, contracted processing and equipment sales. We respond to the needs of society and our customers with our technical capabilities that we have honed since our founding, providing unique value.



## Our business

### Specialty Steel and Wire Products Division

#### High-strength steel products

##### Automobiles

Induction heat-treated high-strength spring steel wire (ITW®) for cold forming manufacturing, hollow rack bars, and other automobile parts

##### Civil engineering and construction

Manufacturing and sales of induction heat treated high-strength, high-quality PC steel bars for components of prestressed concrete and related products, and high-strength shear reinforcement for construction work

##### Construction machinery and machine tools

Manufacturing and sales of slewing bearings for construction equipment and ball screw shaft materials for semiconductor manufacturing equipment, etc.



### Induction Heating Division

#### Induction heat treatment service

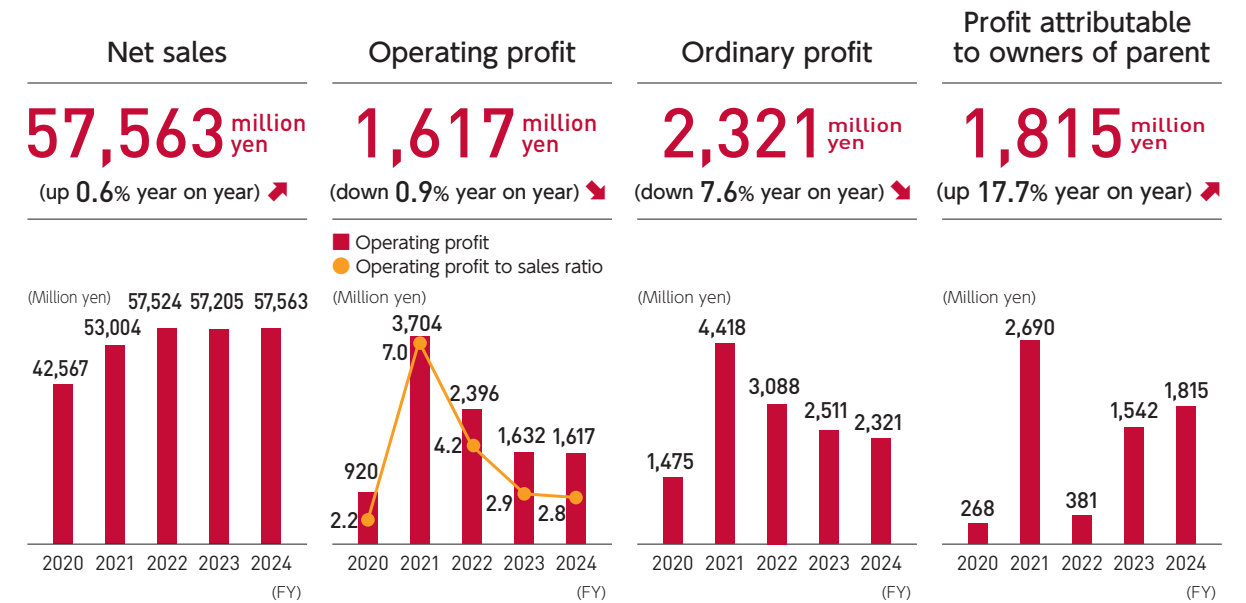
High frequency induction heat treatment and other heat treatment services for all machinery parts

#### Induction heating equipment

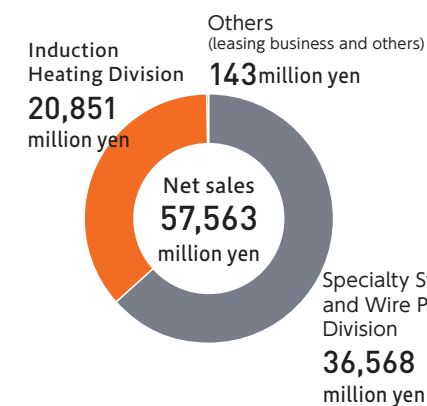
Design, production, sales, and engineering of induction heating/heat treatment equipment, frequency converters, etc.



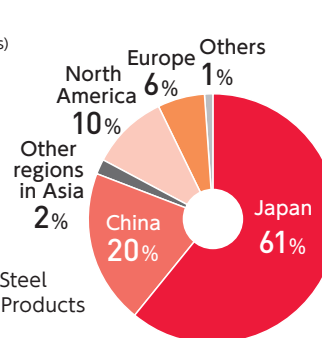
## Consolidated performance highlights



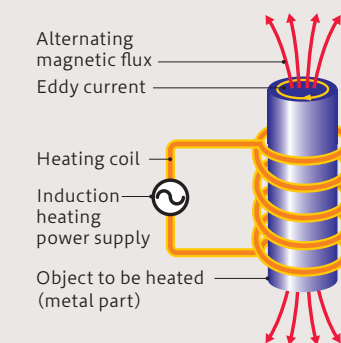
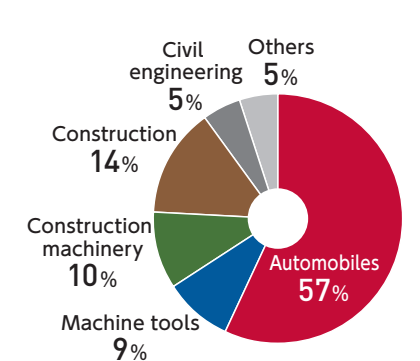
### Net sales by segment



### Ratio of net sales by region



### Ratio of net sales by industry



### What is IH (Induction Heating) technology?

IH technology is a heat treatment method that uses electromagnetic induction, allowing the wear resistance, fatigue strength, and toughness of metal parts to be improved by rapidly heating to high temperatures within seconds and then rapidly cooling. With the use of electricity as its heat source, it consumes less energy and emits less CO<sub>2</sub> compared to other surface heat treatment methods, attracting attention as a resource-saving, double eco-friendly (W-ECO®)\* heat treatment method.

\* Ecological & Economical

Further information is available on our website "Neturen's Induction Heat Treatment Technology":  
<https://www.k-neturen.co.jp/en/technology/hardening.html>



# HISTORY

## History of the Neturen Group

Neturen is a pioneering company that successfully commercialized and industrialized IH (induction heating) technology for the first time in Japan in 1946. Based on the expertise in Induction Heating (IH) technology accumulated since its inception, coupled with high technical proficiency and development capabilities, the Neturen Group has united its full strength to contribute to and bring about innovation in all industries.

2000s and on

### Consistently meeting up-to-date demand

In line with the growing public interest in environmental issues, Neturen has been creating original products and new technologies that contribute to CO<sub>2</sub> reduction and resource conservation by taking advantage of its environment-friendly IH technology. We will move forward consistently to meet up-to-date demand with our outstanding technological capabilities.



#### External environment

IT revolution/Lehman Shock/Launch of an international framework to prevent global warming

#### Social needs

- Corporate contributions to realizing a decarbonized society
- Expectations for disaster-resistant urban development

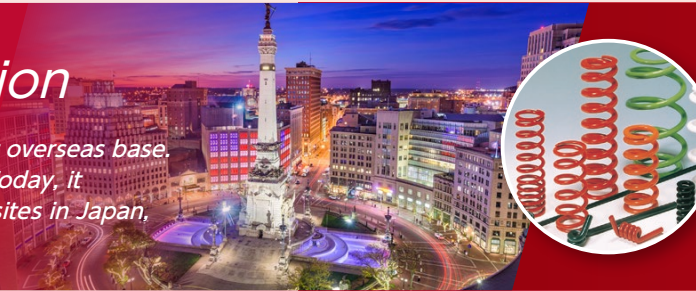
#### Value offered by Neturen

Helping to further lighten the bodies of EVs and HEVs and to realize a society with reduced environmental impact through induction heat treatment

1980s and on

### Movement toward globalization

In 1976, we established a joint venture in South Korea as our first overseas base. Since then, Neturen has expanded its production bases globally. Today, it provides unique value to our customers around the world from its sites in Japan, China, South Korea, Asia, North and Central America, and Europe.



#### External environment

Globalization/Trade friction/Urbanization and urban redevelopment

#### Social needs

- Development and improvement of social capital
- Technological innovation and improvement of international competitiveness

#### Value offered by Neturen

Contributing to the development of resilient infrastructures both in Japan and abroad from technical aspects. Providing new value to global customers and society through new products and technologies by deepened fundamental and applied research for IH treatment.

1970s and on

### From very small to super-large parts

Neturen's IH treatment, which even includes the designing of heat treatment equipment, is applicable to a variety of parts of any shape, from very small parts as tiny as a fingertip to super-large ones. With a wide range of product lineups, we have responded to the requests of our customers in diverse fields.



#### External environment

Arrival of a major economic boom/Change in industrial structure/Collapse of the bubble economy/Environmental issues becoming global issues

#### Social needs

- Diversification of heat treatment needs
- Conversion from leaf springs to coil springs in the automotive industry

#### Value offered by Neturen

Helping to build taller RC buildings and to streamline designs and construction with high-strength shear reinforcement, which conforms to the subsequently revised seismic design standards, and contributing to achieving longer service lives and higher precision for construction machinery and machine tool parts

1950s and on

### Supporting Japan during the high economic growth period

In 1961, Neturen's PC steel bars were adopted for the sleepers of the Tokaido Shinkansen. As construction demand expanded due to rapid infrastructure development, Neturen's high-strength steel materials were applied in a wide range of fields, supporting the development of society and the company's significant growth.



#### External environment

Rapid economic development/Arrival of motorization

#### Social needs

- Infrastructure development based on national policies (Shinkansen, expressways, etc.)
- Provision of technology to meet growing demand for construction machinery and automobiles
- Strong demand for construction due to the economic boom

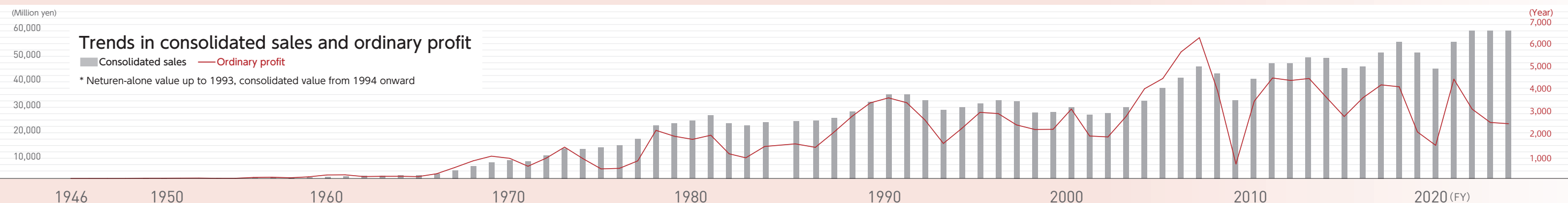
#### Value offered by Neturen

Contributed to improving the strength of automobile parts through heat treatment, as automobiles become more widespread. Furthermore, contribute to improving the productivity and quality of concrete pile and pole manufacturers engaged in infrastructure development

1946

### As a pioneer of IH technology

In 1946, shortly after the end of World War II, Neturen was founded with a focus on IH technology to help rebuild Japanese industry. Since it became the first company in commercializing and industrializing IH technology, Neturen has developed its business, consistently placing IH technology at its core.





# Message from top management

Contributing to the realization of a sustainable society by leveraging our technological capabilities.

We continue to plant new seeds for the future.

Representative Director,  
Member of the Board  
President and Chief Executive Officer  
Katsumi Omiya



## Looking back on FY2024

In 2024, we launched our 16th Medium-term Management Plan (hereinafter, the “MM Plan”) toward the realization of NETUREN VISION 2030. Looking back on the past year, we scaled up our global production capacity such as plant expansions and starting new factory constructions in Indonesia and the USA. Furthermore, there were active personnel exchanges between sites, exemplified by a meeting of the Board of Directors of our subsidiary in Shanghai held at Neturen Czech in conjunction with a local plant visit, and also by the secondment of supporting personnel from Japan to plants in the United States and Mexico engaged in induction heat treatment services. As our ties strengthen, I feel that a sense of unity as one Neturen Group is taking root even across great distances. Going forward, we intend to enhance productivity across borders and across business divisions, for example, by enabling overseas plants that manufacture ITW® to also produce other Neturen products.

One of our strategies, “Expand Market Globally” in MM plan has advanced a lot and furthermore, I am convinced that “Challenge” movements following “Change” under the 15th MM plan have been more accelerated in line with the MM plan’s slogan “Aggressive Challenge One NETUREN 2026”. Although this is unlikely to immediately translate into higher earnings, there is growing momentum to increase earnings through challenges in various forms.

On the other hand, in terms of annual performance, our net sales for 2024 remained in 57 billion yen, marking a plateau for the third consecutive year.

That said, the volume of products and services sold during FY2024 actually decreased from the previous year. Despite that, we were able to maintain net sales at roughly the same level as the previous

year. I highly appreciate that we successfully passed on cost increases to our sales price significantly after negotiations with our customers. If we can restore sales volume to its former level under these conditions, net sales surpassing 60 billion yen should come into view, and we are not in a rush to achieve that. However, I think our challenge lies in how we can proactively work toward that end.

Also, with respect to the Specialty Steel & Wire Products Division, we recognize that very low profit margins due to increased steel prices, among other factors, are a major issue. The market is also contracting as a whole, and conditions remain extremely tough, especially in relation to motorcycles and automobiles. Despite these factors, it is because we do business with customers across a wide range of industries, we have been able to complement each other. This may be one of Neturen’s strengths.

The external environment, including the international situation, is also highly volatile. Among various relevant factors, we recognize that the U.S. tariff policy has the greatest potential impact on us. In particular, in our automobile-related businesses, there are an increasing number of cases where parts that U.S. automobile manufacturers had been importing from overseas are now manufactured in the United States as a countermeasure against tariffs. In response, we are, among other actions, increasing our staff at our U.S. sites.

In addition, raw-material prices have been surging due to the impact of ongoing conflicts in various regions. Overall, the business environment remains uncertain. Even so, rather than using such harsh business conditions as an excuse, we intend to keep pursuing what we need to do.

## Challenges and aims of the 16th MM Plan

While I feel there is ample momentum for “Challenge” under the MM Plan, as I have mentioned earlier, the pace of its execution still remains a challenge.

To accelerate this, we have encouraged employees to set firm milestones not only for “what to make,” but also “by when to develop it” and “by when to commercialize it.” At the same time, I make a point of telling them as opportunities arise. Since adequate resources are essential for active research and development, I am prepared to approve the necessary

budget and personnel so they won’t hesitate to request what they need. I believe that is the role that management should play.

For “Generate Growth Engines,” one of the strategies under the current MM Plan, a plant reorganization project titled “REBORN Kariya” has been initiated at the Kariya Plant in Aichi Prefecture, one of the important bases for induction heat treatment services, with the aim of improving productivity, expanding production capacity, and increasing profitability. We also intend to

## Message from top management

deepen our discussions on how to link our technologies to manufacturing and then to the market in order to accelerate the development of new products and new technologies.

At R&D sites, a vertically segmented culture remains strong, making it difficult to share information across departments and groups. This currently poses a barrier to development. We are aiming to remedy this issue quickly and broaden the scope of development, for example by combining multiple different technologies to create new products.

We will also continue to pursue M&A actively. In April 2025, we announced that Dohken Co., Ltd.,

a manufacturer of precast concrete components for construction, would join our Group, and we hope to realize several more M&A transactions during the MM Plan period. Through these transactions, we have our eye on creating new businesses that could become a third pillar for our Group alongside our product business and IH business.

As for the third strategy, “Expand Market Globally,” as I noted at the beginning, progress has been made, and we are aiming to accelerate it further. We are currently reorganizing our overseas business and, started internal discussions regarding South Asia as a potential next global site while gathering information.

### To strengthen human capital

The last of the four strategies in the MM Plan, “Develop Employees with Self-motivation at Work,” is exactly expressing that human resources are source of our corporate strength and key to growth. We will continue to implement a variety of measures to strengthen our human capital.

On the hardware side, we are planning to renovate the Human Resources Development Center, which was opened in 2019. Its building is from the former Samukawa Plant (Kanagawa Prefecture). During this MM Plan period, we intend to draw up a renovation plan to develop an environment where employees can receive more effective training in greater comfort.

On the software side, too, we will advance a number of initiatives. Led by the Human Resources Headquarters, we are enhancing our development curricula and considering several revisions to our personnel systems. For example, in an era when many people remain active until close to age 70, one of the themes that I believe needs discussion is the extension of the age of mandatory retirement for managerial posts, which is currently the age of 55.

Furthermore, we have in place an award system for employees and sites, including those of group companies, that recognize outstanding results. In particular, I have heard that the system has been well received at overseas bases, and I can feel that it helps raise employees’ motivation.

Additionally, in order to secure even more outstanding human resources, we intend to step up our efforts in mid-career hiring. Particularly, we hope to swiftly introduce a system that actively rehire employees who previously left Neturen. As lifetime employment with a single company from graduation to mandatory retirement is becoming less common, we would like to organize a system that can address such a situation. We already have some former employees who rejoined and are now playing active roles. With these employees as examples, human resources who return to Neturen after acquiring skills and gaining fresh viewpoints elsewhere can bring new perspectives to Neturen. I am convinced that such returning employees have positive effects in many ways on colleagues who have continued to work at Neturen, as well.

### The 16th MM Plan is a “seed-planting period”

We will continue to strengthen our capital cost management.

Although our price-to-book ratio (PBR) remains below 1.0x, which has been a concern, we recognize that our financial policies are progressing steadily with our cross-shareholdings reduced, share buybacks conducted, and an improved dividend on equity ratio (DOE), which is a shareholder return indicator. While

taking into account the balance of financial soundness and capital efficiency, we will control our equity capital with the aim of bringing the equity ratio down from about 71% at present to around 60-65% by 2030.

A challenge in the time ahead is how we can increase the “numerator” of ROE. This requires both the enhancement of earning power and the strong communication of our growth potential as a company

to the public. We will make public, to the greatest extent possible, information on the technologies we possess, the products and services we aim to deliver, and our future objectives. At the same time, we will firmly put these matters into practice so as to meet society’s expectations. By improving our company’s reputation among shareholders in this manner, I believe we can raise our PBR.

We have also set a target return on equity (ROE) of 8% for 2030. This is a very demanding goal, but it is by no means unattainable.

At the time of establishing NETUREN VISION 2030 in 2021, we did not initially envisage linear growth through to 2030. If we devote ourselves first to building a solid foundation, then the numbers should curve upward. Specifically, under the 15th MM Plan, we strengthened our base (our earning power); under the 16th MM Plan, we are planting plentiful seeds for growth; and during the 17th MM Plan period, we will harvest the fully grown flowers and fruit. That is the picture I have in mind.

Accordingly, although we are facing tough conditions at present, we should firmly recognize this moment as a “seed planting” period for the future, and we will plant as many “seeds” as we can.

As one of our seeding activities, we are transforming our business portfolio. Needless to say, we are not



thinking of merely discarding low-profit businesses or closing plants. Instead, for example, by disposing of idle equipment and installing, at the same location, equipment for producing products for which demand will grow, and by promoting the networking of production equipment to eliminate waste, we will incorporate other businesses into low-profit businesses so as to raise overall profitability. Through these initiatives, we will raise productivity and efficiency while also firmly safeguarding employment so that each employee can engage in their work without anxiety.

### Expanding our business is to contribute to society

I believe that the Neturen Group’s business is always about delivering technologies and products that meet the needs of today’s society, and therefore that the expansion of this business, in and of itself, can contribute to society.

For example, when we open a new Neturen site, it is not only about expanding our market, but also about spreading our IH (Induction Heating) technology, which can contribute to reducing CO<sub>2</sub> emissions, to even more regions.

Furthermore, by utilizing the high-strength steel materials and strength-reinforcing technologies that we have developed, it is possible to construct buildings and infrastructure that last longer. By offering Neturen’s products and technologies for a wide range of applications, it is possible to “create communities where people can continue to live,” as set out in one of the United Nations’ SDGs.

Through the development of our business, we contribute to the realization of a sustainable society. When stakeholders and society at large come to learn this stance of Neturen and, on that basis, hold us in high regard, nothing would please us more.

In 2026, Neturen will mark the 80th anniversary of its founding. Its path over these 80 years has been anything but smooth. We recognize that our company has been able to grow to where it is owing to many stakeholders, including employees, cooperative partners, and customers, and through numerous challenges and successes, as well as failures.

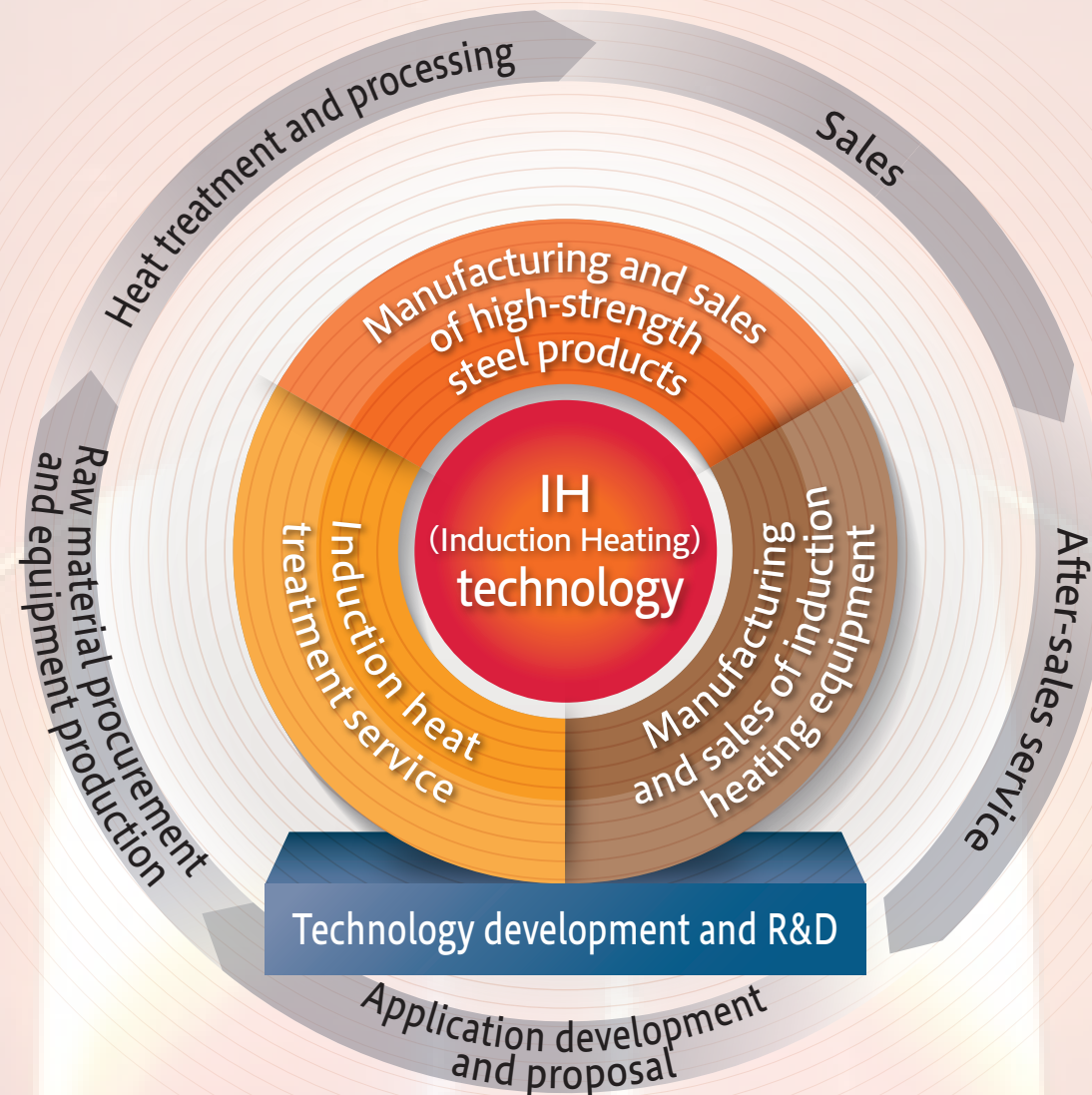
Respecting our journey so far, we strive to continue as a company that does not simply abandon its weak parts in pursuit of profit alone, but values its strengths and, at times, shares even pain with its members. With that resolve in our hearts, we will continue to move forward as one group.



# Source of value creation

## The Neturen Group's Business Model

Neturen's business consists of three parts: "induction heat treatment service" providing heat treatment, mainly induction heat treatment, for all kinds of machine parts; "manufacturing and sales of induction heating equipment" involving design, production, sales, and engineering of induction-heating/heat-treatment equipment, frequency converters, etc.; and "manufacturing and sales of high-strength steel products" involving the manufacture and sales of unique, induction heat-treated steel products such as automobile parts and materials for civil engineering and construction. These parts complement each other, enabling us to complete all processes in-house, from procurement to manufacturing, processing, and sales, which is our strength.



### Striving to be at the leading edge through advanced research and development and technology development

Neturen has its own in-house R&D department, with industry-leading material analysis, simulation, and production technologies, and is constantly deepening and evolving its unique technologies. We begin in the development process to respond to the diverse needs of customers in various fields.

## Management capital, the base of our business

Management capital is the source of Neturen's business activities and value creation.

We are strategically utilizing and strengthening these capital assets so as to create value for society and strengthen our management base.

### Financial capital

#### Stable financial base



Neturen's wide range of high-quality products and services realized by its reliable technological capabilities command top-class domestic market shares, and revenue generated from these products help maintain our stable financial base.

- Japan Credit Rating Agency rating: **A-** (Stable)
- Equity ratio: **71.1%**

### Manufacturing capital

#### A production system that meets all heat treatment needs



We have heat treatment equipment at a wide range of production bases of our group companies both in Japan and overseas, and can provide tailored services to meet all our needs, including not only IH heat treatment but also product equipment manufacturing and supply.

- Group bases: **10** companies & **26** bases in Japan, **15** companies & **16** bases in **6** overseas countries
- Global production system aiming for "suitable production at the optimum location"

### Intellectual capital

#### Neturen's unique technological capabilities and manufacturing know-how



The source of Neturen's competitive advantage is the knowledge it has accumulated over the years as a pioneer in IH technology as well as the cutting-edge technology created by its in-house research and development and technology development departments.

- Extraordinary amount of technical data accumulated since the company's establishment
- R&D expenses: **790** million yen
- Number of patents: **850**
- Capital investment: **2.72** billion yen

Strengths

Priority measures

- Improvement of capital efficiency
- Aggressive growth investment in line with growth strategies

- Improvement of production technology capabilities through DX and the use of AI
- Streamlining through reorganization of main plants

- External collaborations such as joint research with academic institutions
- Promotion of overseas patent strategies

### Human capital

#### Group human resources that are expanding globally



We aim to be a company at which highly skilled personnel involved in heat treatment and various specialists who are responsible for each process of our in-house integrated system work together to leverage technology to maximize its comprehensive capabilities.

- Number of employees who share the group philosophy: **1,595** employees

### Social capital

#### Close relationships with customers and suppliers



Since its establishment in 1946, Neturen's business has been built on long-term relationships of trust with customers and business partners in a wide range of industries, various research institutions, and local communities.

- Long-standing relationships of trust with customers in a wide range of industries
- Joint research with many academic institutions and technical collaboration with other companies

### Natural capital

#### W-ECO® technology and eco-friendly manufacturing



IH treatment has a smaller impact on the environment compared to other heat treatment methods, which means Neturen's business can contribute to the realization of a carbon-free society.

- Energy consumption: **85GWh**
- Water consumption: **1,002,835m³**

Strengths

Priority measures

- Development of human resources and expansion of the reskilling system with an eye toward business transformation
- Development of global human resources
- Establishment of a flexible personnel system

- Provision of timely and appropriate information to stakeholders and proactive dialogue with them

- Creation of products and new technologies that contribute to reducing CO<sub>2</sub> emissions and conserving resources
- Reduction of CO<sub>2</sub> emissions within the Neturen Group and its supply chain



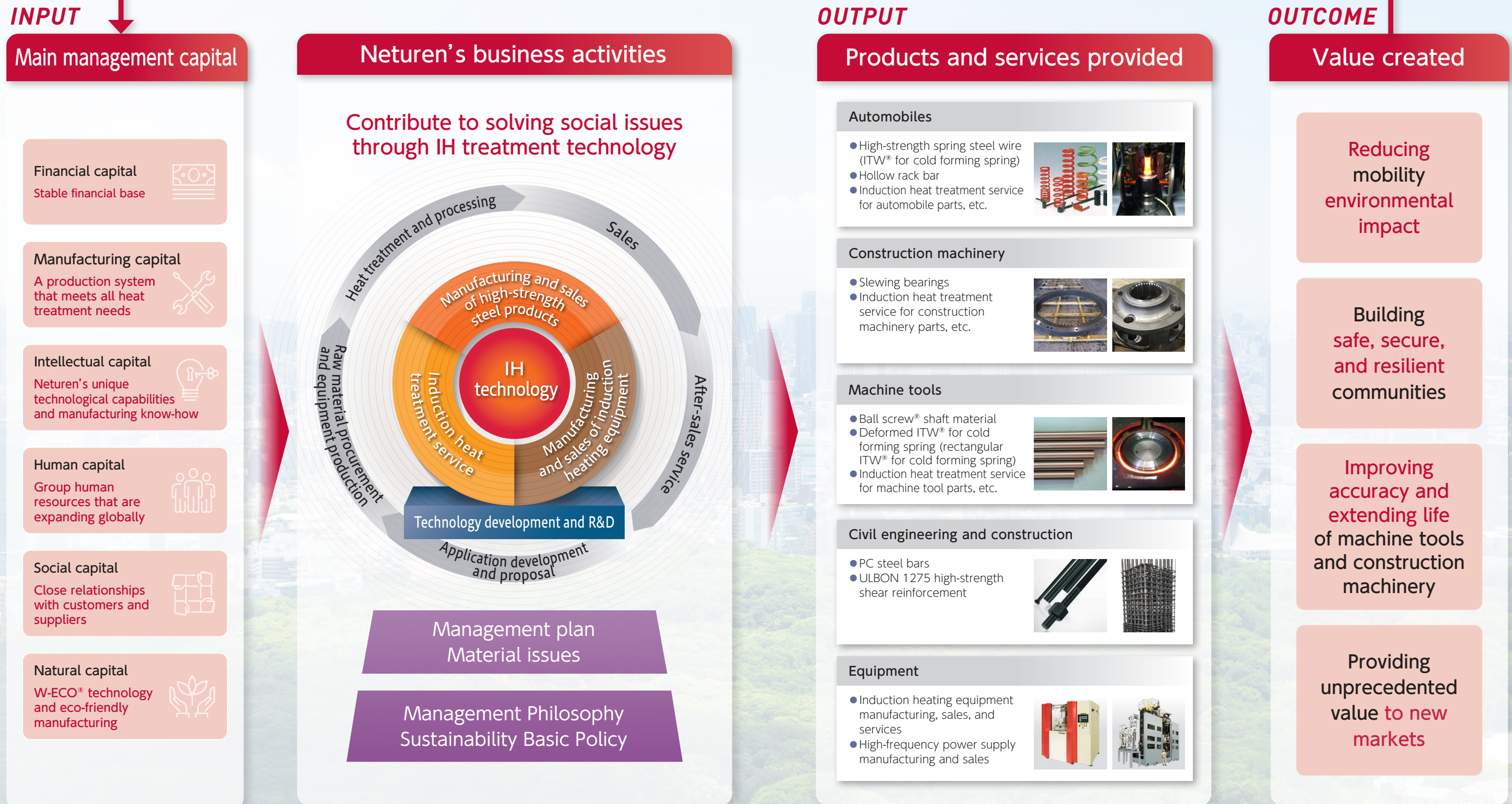
# Value creation model

The Neturen Group has been creating many kinds of products and technologies which help develop infrastructures, sustain human life, and solve social problems. A series of these activities has enabled our continuous growth and improvement of our corporate value. It also allows us to take on our next challenges.

**NETUREN VISION 2030: Evolution and Breakthrough**

16th Medium-term  
Management Plan

**Aggressive Challenge One NETUREN 2026**





# Road map to achieving NETUREN VISION 2030

The Neturen Group formulated NETUREN VISION 2030: Evolution and Breakthrough in 2021. Toward achieving the vision, after the first phase “15th Medium-term Management Plan,” the Neturen Group drew up the “16th Medium-term Management Plan” as the second phase and has engaged in relevant efforts as a whole group.

## 15th Medium-term Management Plan (FY2021 to FY2023)

### Change!! New NETUREN 2023

#### Achievements and challenges

In a tough and unpredictable business environment, we achieved our net sales target for FY2023, but profits fell short of our target. Even amidst such a business environment, this was a period in which we made steady progress in strengthening our earnings base and brought about various changes, such as shifting to capital-cost conscious management.

## 16th Medium-term Management Plan (FY2024 to FY2026)

### Aggressive Challenge One NETUREN 2026

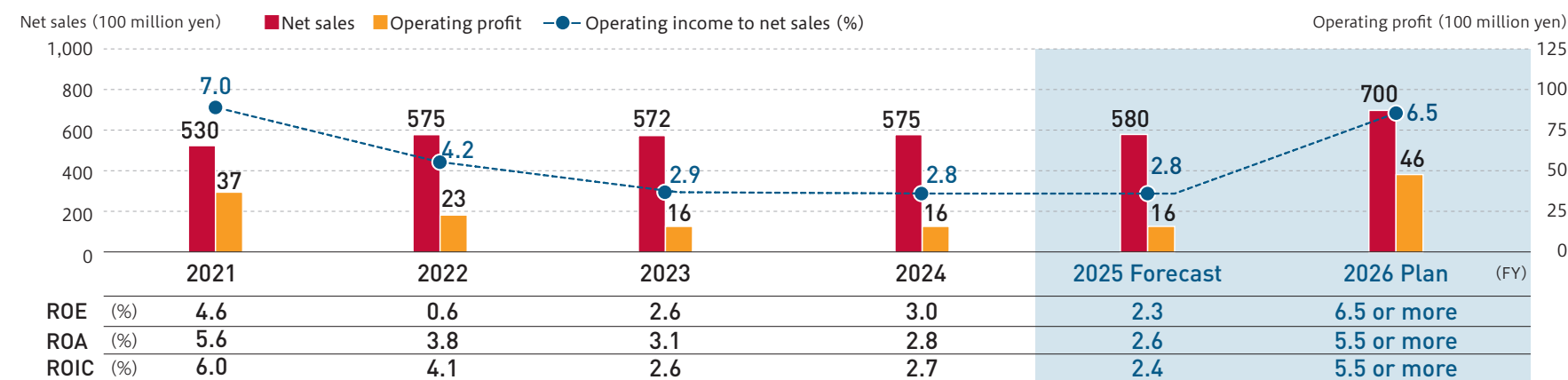
#### Overview

As the second phase of achieving NETUREN VISION 2030, the 16th Medium-term Management Plan sets out a basic policy of proactively, efficiently, and effectively utilizing management capital and linking four strategies to promote business expansion. As we further expand the Neturen brand, we will promote sustainability management, spread environmentally friendly technologies and products, and work to contribute to creating a sustainable society and increase our corporate value.

## 17th Medium-term Management Plan

# Achieving NETUREN VISION 2030

#### Performance trends and plans (consolidated)



#### Motto

*Contribute to creating a sustainable society while increasing corporate value*

#### 16th Medium-term Management Plan Basic Strategy (Overview)

Increased Corporate Value			
Technology Development (P. 23)	Create New Drivers for Growth	Capital Cost Management (P. 17)	<ul style="list-style-type: none"> <li>● Capital policy and financial strategy</li> <li>● Capital allocation</li> <li>● Full-scale implementation and deployment of ROIC</li> <li>● Business portfolio</li> </ul>
Business (P. 25)	Generate Growth Engines		
Global (P. 27)	Expand Market Globally		
Human Resources (P. 29)	Develop Employees with Self-motivation at Work		

#### Progress of the 16th Medium-term Management Plan (Overall Evaluation)

FY2024, the second year of the 16th Medium-term Management Plan, saw an increase in our bases in the United States and Asia, broadening our global market, and an acceleration of our “Challenge” initiatives such as the promotion of improvements in productivity and efficiency and of development of new products and technologies across borders and

business divisions. Meanwhile, net sales for FY2024 remained in the 57 billion yen range. To achieve the 70 billion yen target, it is essential to emphasize capital cost management and to quicken our pace. In FY2025, beginning with Dohken Co., Ltd. joining the Group, we are planning to pursue further M&A.

## We will enhance our capital cost management in an effort to realize sustainable growth and improve corporate value.

Director, Member of the Board, Senior Executive Officer  
General Manager, Administrative Headquarters  
Tomokatsu Yasukawa

### Review of the FY2024 performance and outlook for FY2025

**Q** The year 2024 was the first year of the 16th Medium-term Management Plan (hereinafter, the “MM Plan”). Taking into account the targets set out in the Plan, how do you assess the actual results?

Overall, I think it was a year in which we managed to offset the bad business environment through corporate effort.

In Japan, sales volume declined due to sluggish markets in our customer industries, and the Chinese market entered a recessionary phase, resulting in lower revenue. Despite these factors, with progress in passing cost increases on to selling prices and, in addition, favorable exchange rates due to yen depreciation at overseas subsidiaries contributing to revenue increase, year on year net sales rose 0.6%. On the other hand, year on year operating profit decreased 0.9% year on year because the decline in sales volume led to reduced production volume at our Group manufacturing sites and made fixed-cost higher.

By segment, with respect to the Specialty Steel & Wire Products Division, sales of construction machinery-related products decreased due to sluggish market conditions in civil engineering and construction, despite increased sales of our products for construction work. Furthermore, while sales of ITW® high-strength spring steel wire for automobiles increased, a decline in orders for hollow rack bars and a production halt of motorcycle suspension parts due to customer insolvency led to a substantial decline in net sales. However, operating profit increased with the rise in construction projects that adopted our products.

In the IH Division, orders for contracted processing from the automotive industry turned downward in the second half, and conditions remained tough as market stagnation continued in the construction machinery and machine tool industries. Nevertheless, the receipt of equipment-related orders remained steady, and overall we were able to increase net sales. This, however, was not sufficient to fully cover the increased fixed-cost burden accompanying the decline in production volume, resulting in decreased operating profit.

I believe that a pressing challenge for our Group lies in the fact that we have not been able to grow net sales and profits in recent years, particularly with the continued decline in the ratio of operating profit to net sales from about 7% as of 2021.

**Q** What is your financial outlook for FY2025, and what do you think of the likelihood of achieving the targets?

Given our Group’s business model, it is unavoidable that we are affected by trends in each industry. From that standpoint, we recognize that conditions will remain difficult in FY2025.

Sales to the civil engineering and construction industries are expected to remain steady. However, since orders from the automotive industry are on a declining trend, and market stagnation is expected to persist in the construction machinery and machine tool industries, net sales are projected to remain at 58.0 billion yen with the impact of yen appreciation taken into consideration. As for operating profit, although lower sales volumes in the automotive, machine tool, and construction machinery industries and a higher fixed-cost burden will have some impact, we forecast that operating profit will remain flat year on year at 1.6 billion yen with sales after selling price revisions in the civil engineering and construction industries expected to increase.

#### Neturen Group Consolidated Performance for FY2024

(Million yen)

	FY2023 (Actual)	FY2024 (Actual)	Amount of Change	Percentage of Change	FY2026 (Targets)
Net sales	57,205	57,563	358	0.6%	70,000
Operating profit	1,632	1,617	▲14	▲0.9%	4,600
Ordinary profit	2,511	2,321	▲189	▲7.6%	—
Profit attributable to owners of parent	1,542	1,815	273	17.7%	—
Return on equity [ROE]	2.6%	3.0%	—	—	6.5% or more
Ordinary profit to total assets [ROA]	3.1%	2.8%	—	—	5.5% or more
Return on invested capital [ROIC]	2.6%	2.7%	—	—	5.5% or more
Price-book value ratio [PBR]	0.7倍	0.6倍	—	—	—

### Toward improving market valuation

**Q** The PBR (price-to-book ratio) remains below 1.0x.

This means that we have not sufficiently increased the value of the capital contributed to us by our shareholders, and we take this very seriously. We recognize this issue as our most important and top-priority management issue today.

According to our analysis, the factor leading to the persistently low level is, as noted earlier, largely attributable

to the low profit margin. With that awareness, we have set out the following four items as measures for improvement: the implementation of strategic investments; early realization of a return on equity (ROE) of 8.0% or more; the optimization of the financial base; and enhancement of shareholder returns (Figure 1). By steadily putting these measures into practice, we will realize the practice of management with an awareness of capital costs and the sustainable improvement of corporate value, aiming to achieve a PBR of 1.0x or higher at an early stage (Figure 2).

Figure 1: Basic policy on capital policies and financial strategies (FY2024 actual results and FY2025 plan)

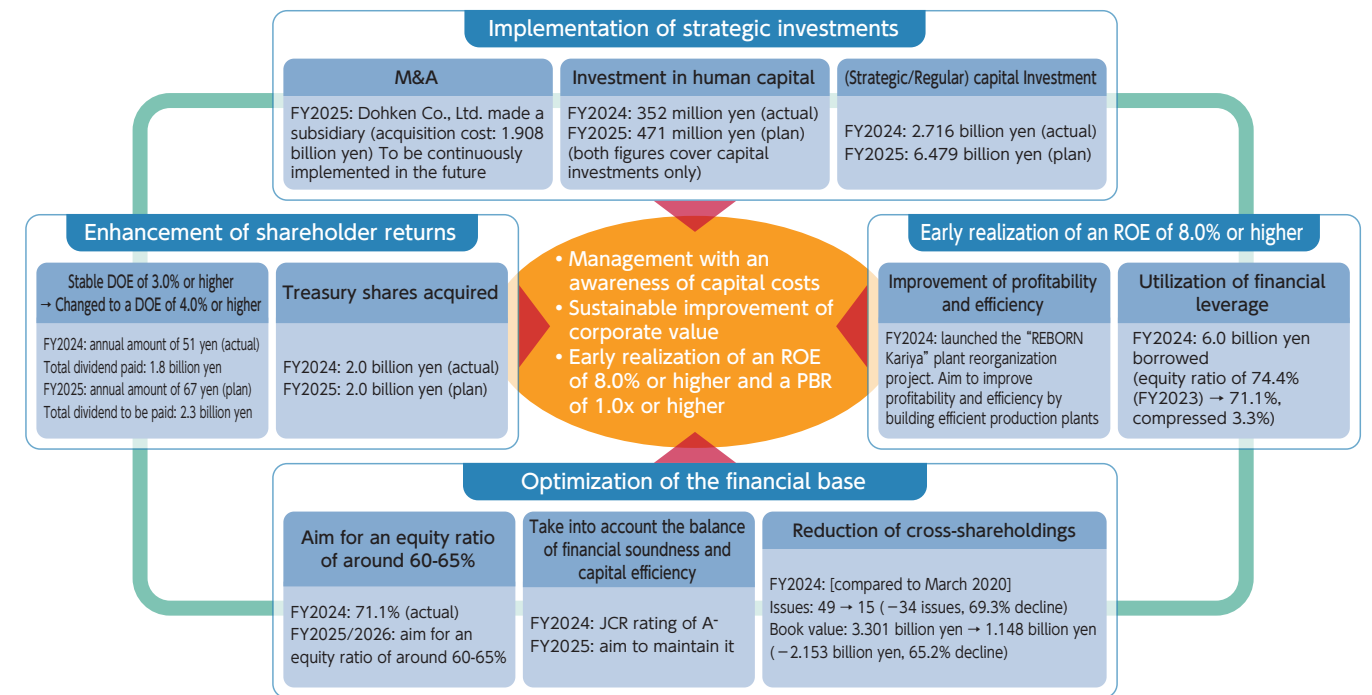
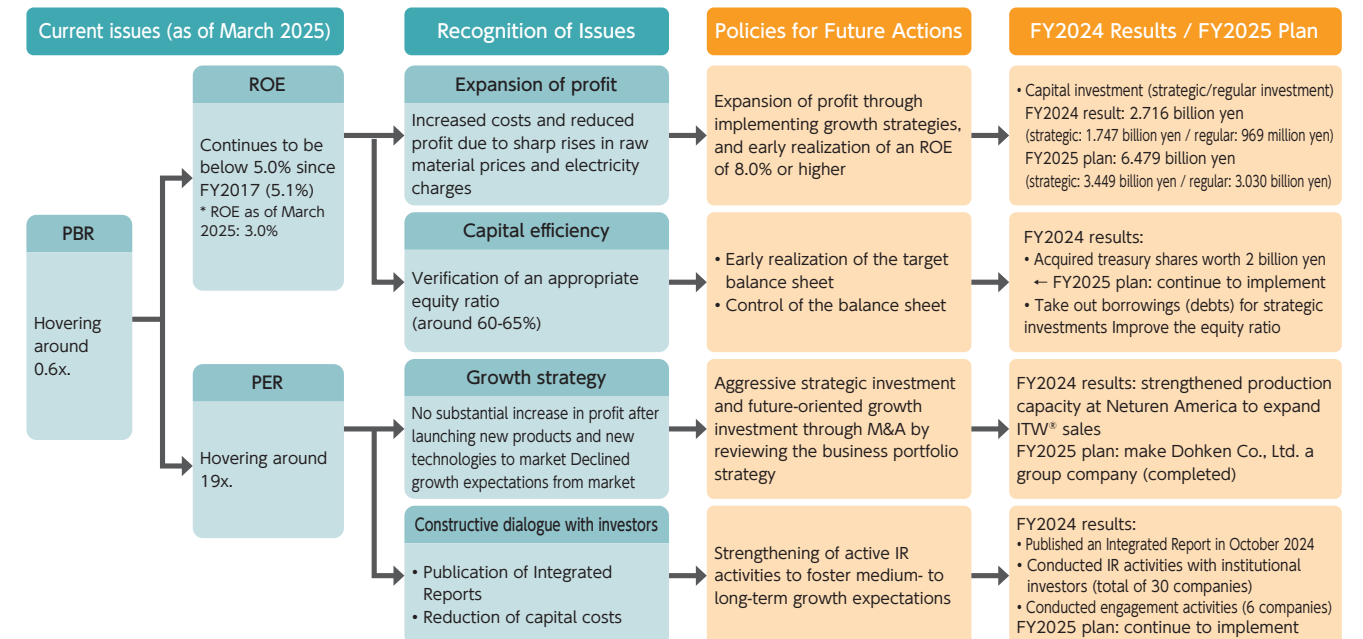


Figure 2: Action policy aimed at achieving a PBR of 1.0x or higher





## Capital cost management explained by Executive Officer in charge of finance

In addition, this is a point of reflection as the Executive Officer in charge of finance; although our Group had recognized the need to control the balance sheet, we had not sufficiently visualized and presented what the “target balance sheet” should look like. In the MM Plan, we have published our “target balance sheet” for the first time. We feel the need to continue sincere dialogue with our shareholders and investors on the basis of that balance sheet.

### Q Please share your thoughts on improving ROE, as well.

Because improving the PBR requires improving ROE, this is also an urgent issue. In the MM Plan, we have set a target ROE of 6.5% or higher.

To achieve this, it is necessary to first disseminate ROIC (Return On Invested Capital)-focused management that emphasizes ROIC, raise the total asset turnover, and make use of financial leverage. In FY2024, by borrowing 6.0 billion yen, we managed to compress the equity ratio by 3.3%, from 74.4% in FY2023 to 71.1%.

However, the “royal road” measure is to enhance earning power under appropriate growth strategies and raise the ratio of net profit to sales. When earning power is high, the share price and therefore the PBR tends to rise along with it. This is what I sense from looking over them over several decades.

While we have been passing on increased costs, such as raw material costs, on to our prices, it is necessary for us to refine our cost calculation further and set prices based on it. In particular, in relation to businesses whose profit margins are currently low, we will aim for appropriate margins and ensure that customers fully understand the value of our products and services so that we can receive fair recognition.

Moreover, relying only on organic strategies\* that utilize internal management resources inevitably has limitations in terms of growing net sales. We are aware of the need to actively develop the non-organic side, as well, such as by incorporating external resources through M&A. In that sense,

being able to welcome Dohken Co., Ltd. into our Group this year as the first M&A case is a major step forward.

\* Organic strategy: a strategy that aims for sustainable growth by utilizing a company's internal resources

## Toward medium- to long-term growth

### Q In pursuing medium- to long-term growth, how will you secure and expand profits?

First, our major challenge is strengthening manufacturing, which is our core competence. We will raise productivity through aggressive capital investments and investments in human capital.

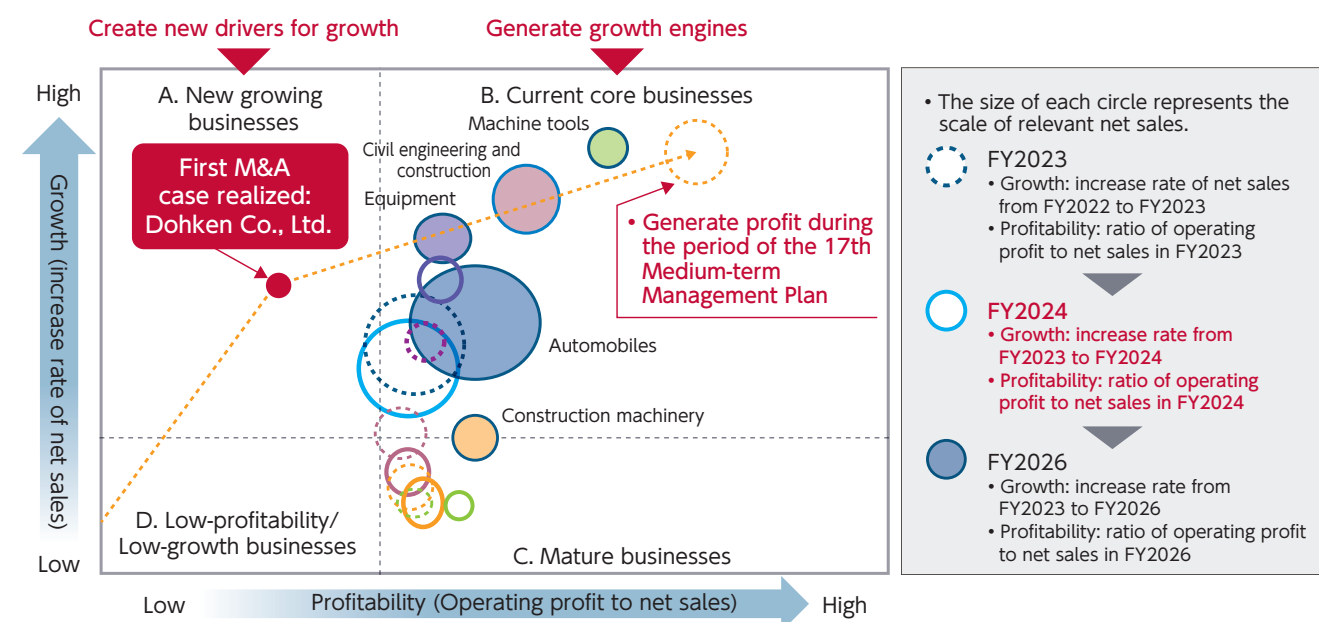
Then, R&D must also be enhanced. Given the speed of today's society, we will not be able to translate R&D into profit, unless we accelerate its pace across the Group. Inevitably, new products carry higher profit margins, and we believe it is necessary to further raise their shares in net sales.

### Q Please share your thoughts on the utilization of the business portfolio for improving ROE.

When we announced the MM Plan, we disclosed our target business portfolio for the first time (Figure 3). In order to achieve sustainable business growth, we must first gain a firm understanding of our profit conditions broken down by product, company, and plant, and identify where issues lie. On that basis, we need to allocate management resources more efficiently to promote growth investment, and also enhance the growth potential and profitability of each business by lowering the cost ratio, raising productivity, and improving quality.

To add a sense of speed to this, I also consider it important to cultivate the non-organic side mentioned earlier. This is the idea of “buying time” to move closer to a better business portfolio by incorporating other companies' technologies through M&A, etc. Growth is impossible without accepting certain risk, and our Group has a sufficient financial base to support this.

Figure 3: Progress in business portfolio transformation



### Q When thinking about improving ROE and PBR, how to deal with low-profitability businesses is also an important issue, I assume. What are your thoughts on this?

With respect to investment, we established the “Business Investment Guidelines” in April 2024, which incorporate the concepts of ROI (return on investment) and IRR (internal rate of return), setting out the criteria for determining payback periods and investment decisions, and withdrawal standards. Despite this, we have not yet codified our approach to exiting low-profitability/low-growth businesses. We will deepen our discussions on this topic with a wide range of members.

If we consider it purely from a textbook standpoint, the correct choice may be to withdraw from, spin off, or sell low-profitability/low-growth businesses without hesitation. In reality, however, we bear various responsibilities as a company. There are products that only the Neturen Group can make, and we must also protect the employment of our employees. We need to take a wide variety of matters into account. Rather than simply withdrawing from businesses whose profits are not increasing or that lack growth expectations, or ceasing to supply products from such businesses, we are willing to employ our collective wisdom and devise measures to the greatest extent possible, such as switching lines to manufacture other new products or manufacturing relevant products at other substitute plants.

Of course, from the perspective of shareholders and investors, they may wonder why we are not withdrawing from such businesses if their profits are not growing. That is where I strongly feel the need to provide clear and convincing explanations.

### Q In the FY2024 report, you stated that you would pursue strategic investments even more aggressively. What investment policy do you have in mind for future growth?

While growth investment led by M&A is important, it is not the only approach. The areas to which we should devote most of our efforts are, though this may be a classic approach

after all, R&D and human capital. At the same time, I think it will be necessary in the future to invest actively in the field of intellectual property, including brands and patents.

## Measures for shareholder returns, and optimization of the financial constitution

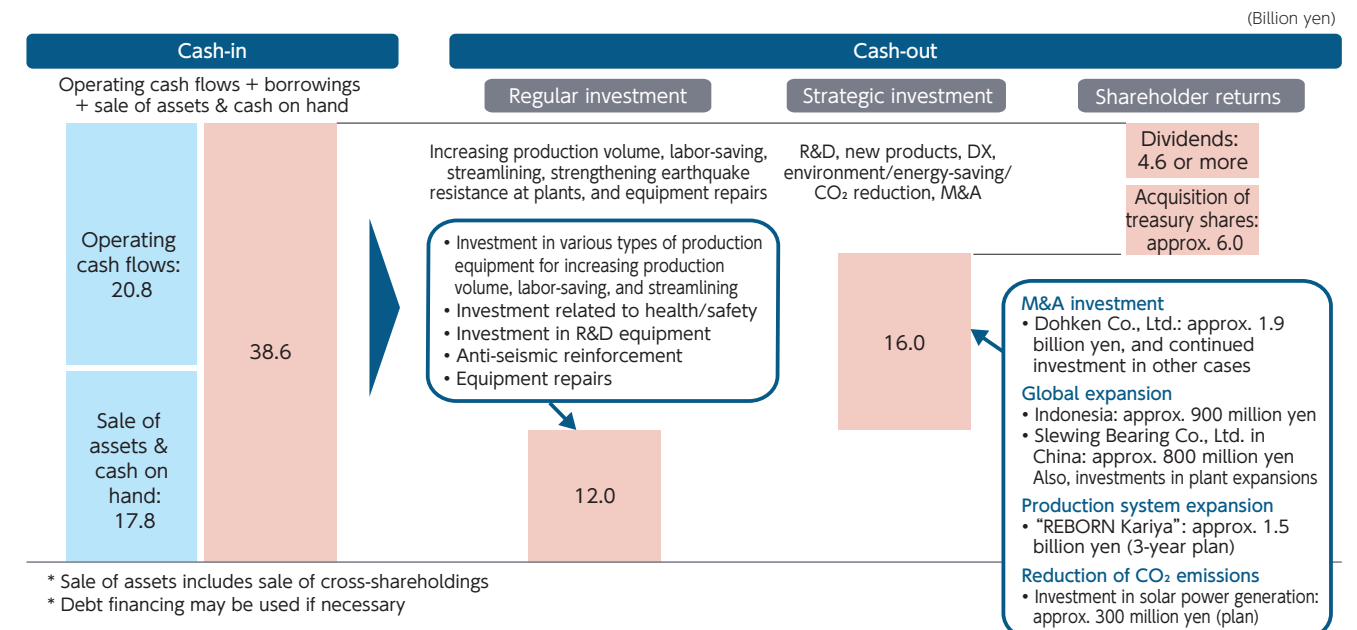
### Q Please tell us about the progress of capital allocation under the MM Plan.

Regular investments have been implemented as planned, including investment in various types of production equipment for increasing production volume, labor-saving, and streamlining; investment related to health/safety; and research capital investment (Figure 4).

As for strategic investments, we invested approximately 1.9 billion yen to make Dohken Co., Ltd. a group company, and have continuously invested in other M&A cases. Furthermore, we are planning to invest approximately 1.5 billion yen over three years in REBORN Kariya, a reorganization project for the Kariya Plant (Kariya City, Aichi Prefecture), a key base for induction heat treatment services. Also, to expand our global bases, we are making progress on investment in plant expansions in various countries, including approximately 900 million yen for Neturen Indonesia and approximately 800 million yen for Neturen (China) Slewing Bearing Co., Ltd. In addition, to reduce CO<sub>2</sub> emissions, we have planned to invest approximately 300 million yen in solar power generation.

As for shareholder returns, we have changed the DOE (dividend on equity) from 3.0% to 4.0% or higher, which is scheduled to take effect from the fiscal year ending March 2026. For the acquisition of treasury shares, we plan to acquire treasury shares worth 6.0 billion yen over the MM Plan period, with the acquisition of such shares worth 2.0 billion yen executed in FY2024 and the acquisition worth 2.0 billion yen being executed in FY2025.

Figure 4: 16th Medium-term Management Plan capital allocation



## Capital cost management explained by Executive Officer in charge of finance

## Q How is progress toward optimizing the financial base?

We recognize that this, too, is proceeding according to plan. With respect to the reduction of cross-shareholdings in FY2024, compared with March 2020, the number of stock issues held was cut from 49 to 15, and the book value was reduced from 3.3 billion yen to 1.1 billion yen. We intend to allocate the proceeds from these sales to growth investments going forward.

As for the equity ratio, the FY2024 result was 71.1%. In FY2025-FY2026, we will work to achieve the target of “around 60-65%” set out in the “target balance sheet” presented in the MM Plan. Although that balance sheet was originally formulated as a target to be achieved by 2030, we will work, to the best of our efforts, toward achieving it during the MM Plan period, bringing the balance sheet forward to better align with the time line expected by our shareholders and investors, and will strive to attain the target ahead of schedule.

## Q With respect to the increase in DOE from 3.0% to 4.0% or higher, which you have mentioned earlier, 4.0% is generally regarded as a high level. What is the background to this decision?

First, to accelerate progress toward the accomplishment of the target balance sheet, we have concluded that we must further enhance shareholder returns. Behind this thought, there is a sense of urgency that, without drastic measures to speed up our pace, we will not reach the target balance sheet.

At the same time, after discussing this issue from perspectives such as general levels and the state of our financial soundness, we have come to a decision to set DOE at 4.0% or higher.

## Neturen's ROIC-focused management

## Q ROIC-focused management has been promoted since 2024, and efforts have been made to disseminate it internally. How has the traction been so far?

I, as the Executive Officer in charge of finance, am leading the internal dissemination project, with accounting staff at each plant and domestic group company serving as key players. In FY2024, we focused our activities mainly on managers, holding a total of 19 briefing sessions, including those for domestic group companies, with a total of 213 managers participating. Although we initially planned just one briefing session per site, there were many requests for additional sessions, as indicated by responses to post-session feedback surveys. Consequently, we held multiple sessions. In that sense, we saw very strong traction.

What we always keep in mind is getting everyone, including general employees, to internalize ROIC-focused management. It is not about requiring anything complicated; rather, making efforts to raise productivity at a plant, or reducing customer complaints, can lead to improved ROIC. In this way, what we want everyone to do is to adopt a mindset in which they link their small, day-to-day actions to ROIC.

## Q Do you feel internal dissemination is leading to specific initiatives?

We are seeing more proposals submitted for management's approval made by plants, suggesting, “This production equipment is no longer used and should be scrapped” or

the like. On the occasions of the President's Diagnosis on which President Omiya directly visits bases and speaks with their employees, ROIC-related initiatives are also raised more frequently as a topic of discussion.

Furthermore, during FY2025, which is regarded as Phase 2, we will promote initiatives aimed at general positions. Using tools such as Neturen's unique “reverse ROIC tree,” which shows how the accumulation of their day-to-day improvement actions ultimately leads to ROIC improvement, we intend to build a framework in which ROIC takes root in the hearts of all general employees and in which they can perform their operations with ROIC internalized.

## Dialogue with shareholders and investors

## Q From the standpoint of improving corporate value, what are the policies on dialogue with and information disclosure to shareholders and investors, who are important stakeholders?

Our basic policy regarding our relationships with shareholders and investors is to disclose information in a timely and appropriate manner and thereby ensure that they firmly understand the value of our products, technologies, and services when they invest in us. In order to have even more investors become our stakeholders, we feel the need to communicate information, particularly our specific growth strategies, in an even more timely manner.

In addition to an annual company information session for individual investors, we also hold financial results briefings and individual IR meetings for institutional investors. Opinions and recommendations received from such sessions, briefings, and meetings are taken up as topics of discussion at meetings of the Management and Executive Committee and at meetings of the Board of Directors. We will continue constructive dialogue going forward.

## Q Lastly, please share your thoughts on the importance of capital cost management.

What I would like to aim for is that Neturen be valued, not as a “value stock (a cheap company's shares)”, but as a “growth stock (a growing company's shares)” that is expected to grow significantly on the path to becoming a 100-year company. We want to be recognized as a company that continuously launches new products and services, contributes to CO<sub>2</sub> reduction, and aligns with social needs such as automotive electrification. I believe, what supports this is capital cost management. As the Executive Officer in charge of finance, I have arranged a structure that enables the necessary funds to be prepared, when needed, at minimal cost.

In the past, Neturen tended to implement its capital policies and financial strategies in a solemn fashion without communicating much externally; in other words, it employed the approach of “actions speak for themselves.” However, after the 15th MM Plan, which adopted the slogan “Change!!,” our stance on the balance sheet, capital allocation, and shareholder returns is dramatically shifting toward proactive disclosure of these. On the basis of the approach of “carrying out our words” going forward, we will live up to stakeholders' expectations. We hope for your continued support.

## Activities to Disseminate ROIC to Each Site

The Neturen Group puts into practice capital cost management utilizing return on invested capital (ROIC). To enhance our corporate value, we have been conducting ROIC dissemination activities since FY2023 with a focus on ensuring that, alongside management, managers as well as employees working at plants understand ROIC and are conscious of how it connects to their work.

## Neturen Group's ROIC-focused management

For company-wide dissemination of capital cost management, the Neturen Group engages in ROIC dissemination efforts by organizational level and by plant so as to ensure that employees understand the outline of ROIC and how it links to their work, and thereby improve their business operations.

Over the two years starting in 2023, study sessions have been held for each Neturen Group base and for division general managers, plant general managers, and managers. For the purpose of facilitating understanding of the indicators that make up ROIC, ROIC simulations were created in line with the actual business environments and future plans of business locations and affiliated companies. These simulations emphasize that session participants understand the execution of a reverse ROIC tree leads to ROIC improvement, and, at the same time, that wrong management decisions to forgo the capital investment necessary for business growth as a result of prioritizing short-term ROIC improvement should be avoided.

In post-session feedback surveys, a majority of participants responded that they understood the content of the sessions, and we also received requests for case studies on other companies' initiatives. We will continue to implement our initiatives in this regard.



Scene from managers' study session

## Ako Plant case

The Ako Plant has participated in the ROIC project since 2023, during which time it has deepened its understanding of various indicators, etc. It held a study session for managers in 2024.

The specific actions that could be taken at the plant level to improve ROIC were organized, and it was decided that those actions would be put into practice with a particular focus on inventories. These actions have led to specific improvements, including the implementation of checks when ordering supplies, the review of ordering timing and quantity, and the effective use of long-term stock.

I present this case in the hope that visualizing the inventory handled at the plant and clarifying the timeline will help raise ROIC awareness in relation to inventory management.

Operations Section,  
Ako Plant  
Katsushi Yoshikawa



## Dissemination to employees by using manga

In FY2025, we will carry out an ROIC dissemination activity that uses manga for general employees, with an emphasis on “ease of understanding.” With hypothetical Neturen employees as characters and scenes set at a site and in a plant, we will create easy-to-understand manga divided into the following three phases in an attempt to facilitate dissemination: understanding the concept of ROIC, understanding the connection between Neturen and ROIC, and internalization.



We will promote proactive initiatives by helping each employee understand ROIC through approachable manga, recognize the connection between their own work and the improvement of corporate value, and internalize the concept.

Leader of ROIC dissemination activities,  
Finance Department, Administrative Headquarters  
Shinobu Ishizuka





# Strategy 1 Create New Drivers for Growth

## Comprehensive overview and summary of the strategy

For the creation of new drivers for growth, we have set out three major policies. The first policy is to drive profits by developing next-generation hit products through the “creation of new products.” The second policy is to promote the launch of new businesses through M&A and the establishment of new overseas plants, with the aim of “expansion of business scale.” The third policy is to create new products and services by leveraging the strengths of the existing businesses through the “expansion of business domains.” While we focus our efforts centrally on the existing businesses as before, that itself is insufficient as a growth strategy. We will

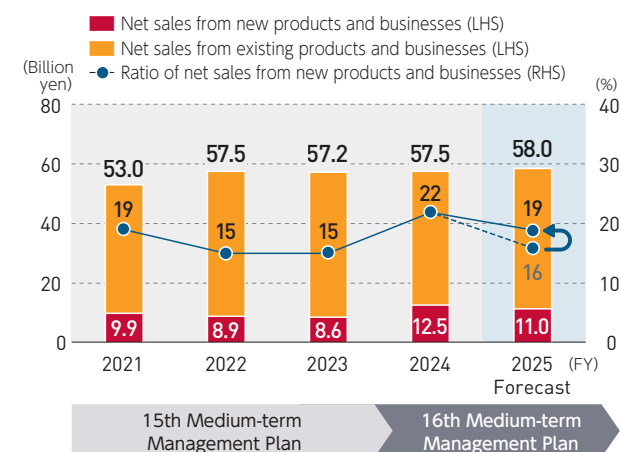
proactively take on challenges, even when they are not extensions of our conventional work, such as the active utilization of M&A and the development of new markets abroad.

In April 2025, we created a new business through the acquisition of Dohken Co., Ltd. as a group company. Furthermore, we will advance the development of network environments for production equipment at 10 bases in Japan and accelerate efforts to launch new products and technologies onto the market, such as the successful development of high-frequency power supplies with built-in batteries.

## Objectives of creating new drivers for growth

To create drivers for growth, we will leverage Neturen's core strengths in research and development and production technologies to create new products that will become next-generation hits and, through expansion of our business domains and scale, realize profit generation. In addition, beginning with Dohken Co., Ltd. becoming a group company, we plan to continue proactive investment to bring out synergy between Dohken and us. Furthermore, without being bound by existing fields, we will proactively develop new businesses such as in disaster prevention and healthcare, as well as expand our businesses in new regions. We will invest to accomplish those objectives also to human capital proactively.

Changes in the net sales from new products and businesses

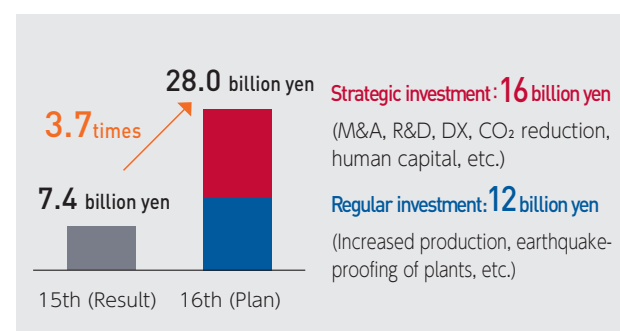


## Priority investment

In the 16th Medium-term Management Plan, we plan to invest 28 billion yen in total, which is approximately 3.7 times more than in the previous medium-term management plan. Breaking this down, we plan to allocate 12 billion yen to regular investments and 16 billion yen to strategic investments. Strategic investments include investments in M&A, research and development, and other areas aimed at generating growth drivers.

The progress made in FY2024 was generally in line with the plan, and we will continue to invest proactively.

16th Medium-term Management Plan (FY2024-2026) investment plan

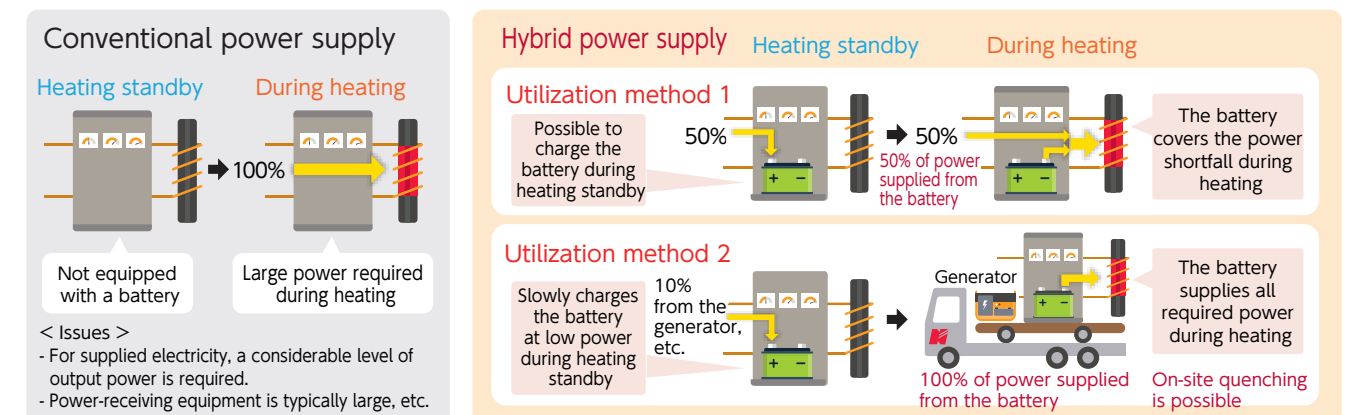


## Specific case 1 Business domain expansion

### Development of a high-frequency power supply with built-in battery

Neturen has developed a high-frequency power supply with a built-in battery. Whereas conventional high-frequency power supplies require large amounts of power during heating, our new power supply can reduce the required power during heating with its built-in storage battery. This is a groundbreaking technology that can reduce incoming power by leveling power consumption and lead to the use of clean energy.

Furthermore, since super-large parts entail high transportation costs, the new power supply helps lower these costs by enabling “outdoor heating” and “on-site quenching” powered solely by its battery. We are also considering mounting the power supply on robots that synchronize with customer movements. We will continue to explore new possibilities without being constrained by conventional ideas.



## Specific case 2 Creating new businesses through M&A

In April 2025, Neturen welcomed Dohken Co., Ltd. as a group company. Dohken mainly manufactures and sells high-quality precast concrete products and has built a steady record of deliveries primarily for high-rise buildings. As labor shortages continue to deepen in the construction industry, we expect, from perspectives such as shorter on-site construction periods and quality control, that demand for precast concrete products will grow. On this basis, we have determined to merge them so as to leverage each strength to create synergy. Going forward, we will promote personnel exchanges and bring about synergies between the two companies.



We have worked hard every day to become a top company in the precast concrete products business. With support from Neturen's technologies and products, we will aim for further improvements in quality, safety, and price.

Kinya Nishimura, President & Representative Director, Dohken Co., Ltd.



Company name: Dohken Co., Ltd.  
 Location: Iizuka City, Fukuoka Prefecture  
 Business: Manufacture/installation of precast concrete components for construction; manufacture and sale of ready-mixed concrete; etc.  
 Capital: 35 million yen



To expand our Group's business, we expect Dohken to play the role of a core company within the Group, centrally in the precast concrete business.

Kyo Hosoda, Executive Officer, Neturen

## Strategy 2 Generate Growth Engines

### Comprehensive overview and summary of the strategy

One of the company-wide key priorities under “Generate Growth Engines” is to establish a flexible production system that can accommodate demand fluctuations. We aim to differentiate ourselves from other companies by linking new technologies to our on-site capabilities and thereby to provide products, services, and technologies that satisfy customers, while also building a flexible production system through coordination among domestic and overseas manufacturing bases. In addition, we are advancing plant reorganization, automation, robotization, and labor-saving measures to improve productivity

through efficient manufacturing.

In FY2024, the Specialty Steel & Wire Products Division focused on expanding functions and sales channels for existing products and began expanding the sales volume of large-diameter ITW® and delivering high-strength shear reinforcement for Hokkaido Shinkansen structures. In the IH Division, REBORN Kariya, a plant reorganization project, was launched, and new equipment was introduced in the first step of the project. We will continue to accelerate relevant initiatives going forward.

#### Specific case

### Realizing flexible production system — REBORN Kariya project —

At the Kariya Plant, which is one of Neturen’s important bases for induction heat treatment services, “REBORN Kariya — Plant Reorganization Project” was launched with the aim of improving productivity, expanding production capacity, and increasing profitability. As the first step of this project, in collaboration with Korea Neturen, we are introducing new jointly developed heat treatment equipment. With the operation of this equipment, production capacity for automobile chassis components is expected to increase by about 1.2 times, thereby meeting customer needs for capacity expansion.

The facilities of the Kariya Plant were dispersed and

were not necessarily regarded as having an optimal layout for manufacturing. Over the five years through FY2029, we will endeavor to raise efficiency by consolidating production equipment. We will strongly promote this project, radically review the existing processes, and build an evolved monozukuri plant with an eye to the next generation.

#### Productivity improvement

Consolidate equipment by product and streamline in-plant processes

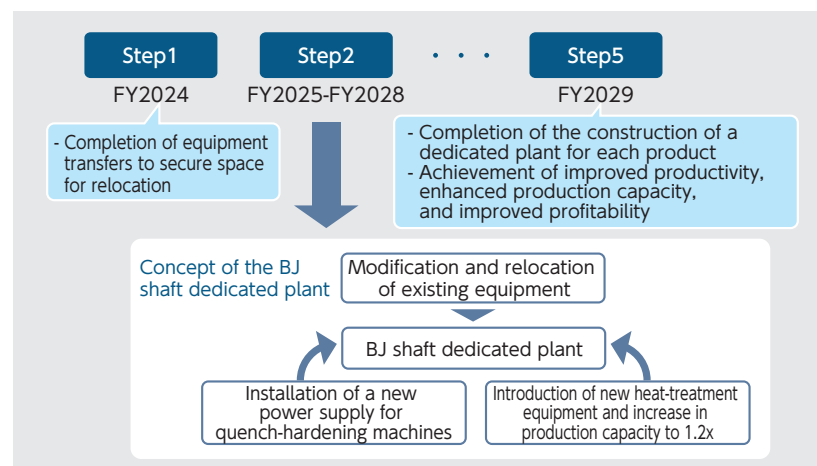
#### Production capacity enhancement

Aim for a stress-free plant through consolidation and automation of equipment, etc.

#### Improvement of profitability

Strengthen the production system to enable it to accommodate demand fluctuations and secure profits

#### REBORN Kariya project schedule



Scene at the Kariya Plant during ongoing construction work

### Industry-specific priority measures

Industry	Business status (FY2024)		Market trends/needs	Priority measures	Progress during FY2024
Automobiles	Net sales <b>33.0</b> billion yen	Ratio of net sales <b>57%</b>	<ul style="list-style-type: none"> <li>- Popularization of environmentally friendly products</li> <li>- Expanding demand for automobiles in emerging countries</li> </ul>	<b>Actions to respond to increasing demand for electric vehicles (HEV, PHEV, and BEV)*</b> <ul style="list-style-type: none"> <li>- Undertake prompt capital investment and market release for larger-diameter ITW®</li> <li>- Develop technologies and install equipment to realize reinforced and lighter springs for vehicle suspension to capture market needs in advance</li> </ul>	<ul style="list-style-type: none"> <li>- Increased the sales volume of large-diameter ITW®</li> <li>- Introduced AI-based lines for automatic detection of ITW® material defects and automatic scrubbing</li> <li>- Developed the Neturen butted method Core products/services</li> <li>- Developed and introduced the industry's fastest new heat treatment equipment for constant-velocity joints</li> </ul>
	<b>Core products/services</b> <ul style="list-style-type: none"> <li>- High-strength spring steel wire (ITW® for cold forming spring)</li> <li>- Hollow rack bar</li> <li>- Induction heat treatment service</li> <li>- Induction heating equipment</li> </ul>			<ul style="list-style-type: none"> <li>* HEV: hybrid electric vehicles, PHEV: plug-in hybrid electric vehicles, BEV: battery electric vehicles</li> </ul>	
Construction machinery and machine tools	Net sales <b>10.9</b> billion yen	Ratio of net sales <b>19%</b>	<ul style="list-style-type: none"> <li>- Increasing demand in emerging countries</li> <li>- Increasing demand for labor-saving technologies from newly developing industries.</li> </ul>	<b>Actions to accommodate markets with high demand fluctuations</b> <ul style="list-style-type: none"> <li>- Provide high-quality and agile heat treatment services to win customer satisfaction</li> <li>- Invest in equipment and build a manufacturing system so as to be able to flexibly accommodate demand fluctuations</li> </ul>	<ul style="list-style-type: none"> <li>- Reduced customer processes with functional enhancements and higher precision, achieved through the development of processing technologies</li> </ul>
	<b>Core products/services</b> <ul style="list-style-type: none"> <li>- Slewing bearing</li> <li>- Induction heat treatment service</li> <li>- Induction heating equipment</li> <li>- High-precision pre-hardened steel, etc.</li> </ul>				
Civil engineering and construction	Net sales <b>10.5</b> billion yen	Ratio of net sales <b>19%</b>	<ul style="list-style-type: none"> <li>- Increasing demand for high-strength products that can contribute to the creation of disaster-resistant cities</li> <li>- Increasing demand for products that can improve efficiency and reduce labor needs at construction sites</li> </ul>	<b>Differentiating products and securing market advantage</b> <ul style="list-style-type: none"> <li>- Propose products that are suited for national resilience projects, and respond to demand for precasting, wind power generation, and other applications</li> <li>- Strengthen product competitiveness through enhanced R&amp;D organizations and prompt experiment execution</li> <li>- Further promote proposals for the design replacement of civil construction work, and accelerate the development of new applications</li> </ul>	<ul style="list-style-type: none"> <li>- Started the delivery of high-strength shear reinforcement for Hokkaido Shinkansen structures</li> <li>- Developed fully automatic manufacturing equipment for high-strength shear reinforcement</li> </ul>
	<b>Core products/services</b> <ul style="list-style-type: none"> <li>- PC steel bars</li> <li>- High-strength shear reinforcement</li> <li>- Double Stark® (Partial High-Strength Rebar)</li> <li>- Pre-grout PC steel bars</li> </ul>				
Other	Net sales <b>3.1</b> billion yen	Ratio of net sales <b>5%</b>	—	—	—



# Strategy 3 Expand Market Globally

## Comprehensive overview and summary of the strategy

Under the 16th Medium-term Management Plan, the development of new bases through region-specific marketing and the enhancement of our global supply chain and production capacity are treated as priority measures, in order to address geopolitical risks and region-specific needs. In FY2024, despite a decline in sales volume due to sluggish market conditions in our customer industries in Japan, net sales increased year on year, owing to cost increases passed on to prices and the effects of yen depreciation. As for enhancing our production system, we commenced the construction of a new plant at Slewing Bearing Co., Ltd. in China

and completed the construction of an extension to the plant building of Neturen America (both cases were related to the Specialty Steel & Wire Products Division), while commencing operations of the second plant of Neturen Indonesia (related to the IH Division).

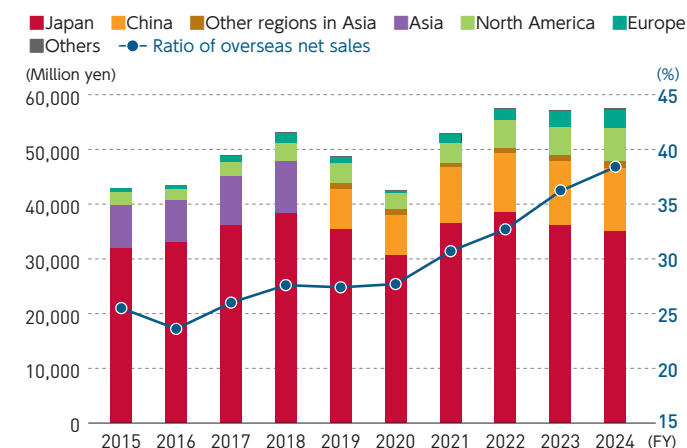
To expand our overseas markets in the future, the acquisition of local customers is an urgent priority. At each base, we are enhancing our sales capabilities through local personnel and are also considering new locations for expansion. With both our branded products and induction heat treatment services, we will pursue forward-looking business expansion.

## Developments in overseas businesses

During FY2025, we expect increased net sales in the Japanese market due to progress in selling price revisions, while yen appreciation is projected to affect our performance in overseas markets. In the Chinese market, we expect a decline in net sales due to projected substantial production cuts by Japanese automobile manufacturers, while projecting our net sales to remain mostly flat in other regions.

Although U.S. tariff policy is a concern, there are also factors that will serve as a boost, including increased domestic demand in the United States and demand in other regions for induction heating (IH) technology for its potential contributions to reducing CO<sub>2</sub> emissions. Furthermore, we are considering entry into new regions and will carefully assess the market environment and demand in each country and respond in a flexible manner.

Changes in net sales by region and the ratio of overseas net sales



\* Since FY2019, Asia has been represented as "China" and "Other regions in Asia."

### Specific case

### Production capacity enhancement in China

#### — Construction of a new plant at Neturen (China) Slewing Bearing Co., Ltd.

Neturen (China) Slewing Bearing Co., Ltd., which manufactures slewing bearings primarily for construction machinery, has commenced the construction of its new plant in Shandong Province. This is based on a plant relocation requirement from the local development zone; while the site area will be reduced by approximately 20%, the production capacity will increase through the introduction of AGVs (automated guided vehicles), etc. By situating the new plant adjacent to a customer plant relocating in the same period, it is possible to reduce delivery operations and implement the real-time management of production plans.



#### < Plant outline >

- Location: Shandong Province, People's Republic of China
- Plant building area: approx. 8,300 m<sup>2</sup>
- Investment amount: approx. 800 million yen
- Start of operation: scheduled for May 2026

## Region-specific priority measures

### Europe

Net sales: **3.4 billion yen** Ratio of net sales: **5.8%**

#### Key products/services

- ITW® for cold forming spring

#### Market characteristics/challenges

Along with the rise in awareness toward reducing environmental burdens, the significance of EVs is growing, and the demand for heat treatment with an emphasis on weight reduction is projected to expand. Also, since competitors have emerged, competition has intensified.

#### Priority measures

- Develop new customers for ITW®, as well as new applications for ITW® and large-diameter ITW®
- Conduct feasibility studies for the development of induction heat treatment-related businesses

### China

Net sales: **11.4 billion yen** Ratio of net sales: **19.9%**

#### Key products/services

- ITW® for cold forming spring
- Induction heating equipment
- Slewing bearings
- Induction heat treatment service

#### Market characteristics/challenges

While the EV market is holding up, price competition is intensifying among a large number of EV manufacturers.

#### Priority measures

- Capture demand for electric vehicles in China and expand the sales of ITW® in the ASEAN region
- Increase the profit of ITW® by promoting local procurement of low-priced raw materials and further reducing costs
- Localize the development of heat treatment technologies
- Enter markets for induction heat treatment services for industries other than the automotive industry

### North / Central America

Net sales: **6.0 billion yen** Ratio of net sales: **10.5%**

#### Key products/services

- ITW® for cold forming spring
- Induction heat treatment service

#### Market characteristics/challenges

While U.S. tariff policy raises concerns about its potential impacts on customer industries, spring steel wire for cold forming produced in North America will provide a boost. Meanwhile, although demand for automobile-related heat treatment is expanding, competitors have emerged, and consequently competition is intensifying.

#### Priority measures

- Develop new customers and new applications for ITW® and large-diameter ITW®
- Expand the variety of parts processed by induction heat treatment-related services and start their mass production in Mexico, and explore domestic demand for such parts
- Restructure and expand the heat coil business through global cooperation

### Asia

Net sales: **1.3 billion yen** Ratio of net sales: **2.3%**

#### Key products/services

- Induction heat treatment service
- Induction heating equipment

#### Market characteristics/challenges

As Indonesia and other Southeast Asian countries maintain steady economic growth rates and their automobile markets grow, demand for induction heat treatment services is also increasing. However, this will be affected if tensions between the United States and China increase.

#### Priority measures

- Expand the induction heat treatment-related business by enhancing production capacity and integrating pre-/post-processes into heat treatment processes
- Release new products to the equipment market and expand business through global cooperation
- Accelerate and deepen consideration toward establishing new production bases in Southeast Asia and South Asia

# Strategy 4 Develop Employees with Self-motivation at Work

## Message from General Manager, Human Resources Headquarters

The human resources that support the Neturen Group's business are our most important capital and a pillar of our management foundation. Based on the human resources strategy "Eight Set-ups" under the 16th Medium-term Management Plan, in the first year of the plan (FY2024), we advanced the revision of the compensation system and systematization of the Skill Map, thereby enhancing the development of human resources. In FY2025, we plan to further promote multi-skilling and reskilling, and to advance the development of individual careers. As human resource shortages become a social issue, the acquisition of human resources and the improvement of the retention rate are critical issues for us. We will improve the working environments at actual sites, such as at plants, while also focusing on building systems and structures that enable diverse work styles.

With its responsibility for strengthening human capital, it is essential for the Human Resources Headquarters to be actively involved in accomplishing management strategies. Going forward, we will place even greater emphasis on "future-oriented" activities and contribute to developing mechanisms for the Group's medium- to long-term value creation.



Senior Executive Officer  
General Manager, Human  
Resources Headquarters  
Naoki Hisada

## Ideal human resources under NETUREN VISION 2030

We will achieve worldwide success by producing diverse global human resources who have the motivation to voluntarily contribute, boldly take on challenges, and continue to develop themselves.

## Output (two "changes")

"Take ownership and act proactively"  
"Translate individual performance into team results"

## Priority measures for human resources in the 16th Medium-term Management Plan: "Eight Set-ups"

### Human resource development

- **Enhancement of global human resource development:** enhancement of the overseas trainee system, and promotion of exchanges among overseas human resources
- **Systematization of the Skill Map:** chronological promotion of individual skill development
- **Enhancement of the reskilling system:** support for the acquisition of new necessary knowledge
- **Deepening of understanding of education and training:** active introduction of VR and AI-based learning

### System and environment development

- **Consideration and introduction of a new personnel and wage system:** appropriate evaluation of each employee's performance, and flexible responses to individual requests
- **Actions for work-life balance:** continuous development of systems and working environments
- **Creation of a workplace and environment where diverse human resources can thrive:** promotion of a pleasant workplace and environment
- **Instillation of the vision and the mid-term management plan among employees:** clarification of individual and team goals, and fostering of motivation for voluntary contribution

## Roles of the Human Resources Headquarters in management strategies

The activities of HR departments are wide-ranging, and they also play important roles in actively engaging in the achievement of management goals. In addition to conventional administrative operations and human resource development, the Human Resources

Headquarters will further strengthen its areas of activity such as the formulation of human resources strategies aligned with management strategies and the promotion of organizational reforms, thereby contributing to the improvement of the Neturen Group's corporate value.

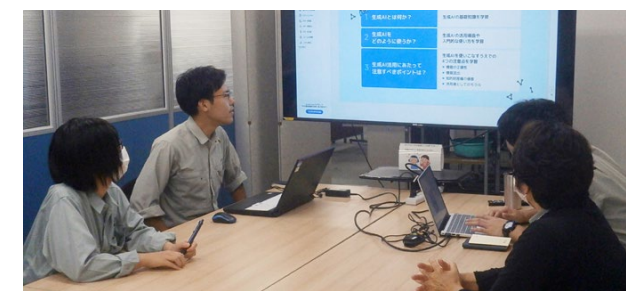
### Expansion of the areas of activity handled by the Human Resources Headquarters



### Initiatives during FY2024

## Study sessions on the use of generative AI

As Neturen pursues business transformation and operational efficiency through the use of the latest technologies, study sessions on the use of generative AI were held for employees of the Research and Development Headquarters. Lively discussions were held on wide-ranging topics, including the merits and points to note in utilizing generative AI for business activities, as well as ways to leverage it for training and knowledge transfer. The sessions served as a springboard for the future expansion of generative AI use.



Discussion at a study session

## Expansion of the base award system to group companies

We expanded Neturen's semiannual award system for bases, the TQM Award, to group companies. For commendations in the second-half term, two Neturen bases, two domestic group companies, and two overseas group companies received the award. In addition to boosting employee motivation, this award system is expected to elevate the overall level of the Group and foster a sense of unity by enabling employees at each base to share good practices across bases.



Commemorative photo of the FY2024 second-half TQM Award recipients with President Omiya



# Specialty Steel & Wire Products Division

Major products and services

Steel bars for prestressed concrete (PC), high-strength shear reinforcement, high-strength spring steel wire ITW®, hollow rack bars, slewing bearings (construction equipment parts)

Competitive advantage

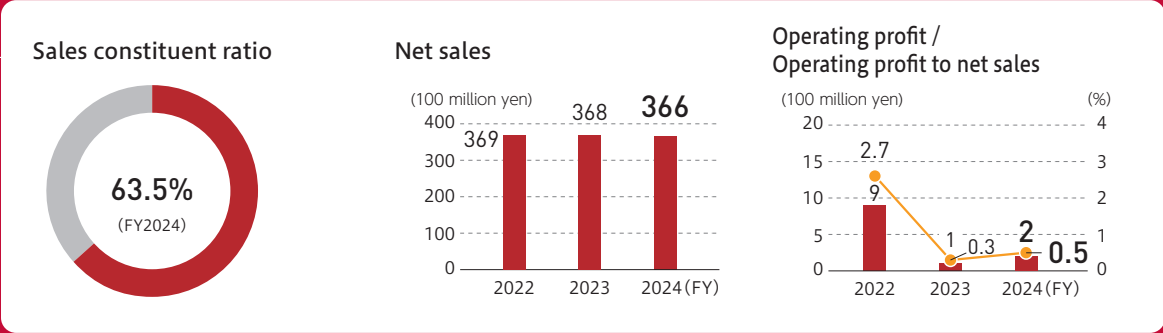
- A variety of top-share products based on Neturen's unique induction heating (IH) technology
- High-level technological development and research and development capabilities, including those involving external collaboration

Risks

- Demand fluctuations due to slowing markets in relevant industries
- Rising prices of raw materials, electricity, etc.

Opportunities

- Expansion of the global automobile market due to the shift to EVs
- Expansion of product applications and sales channels by adding value to products
- Expansion of sales channels for resource-and labor-saving products



Director, Member of the Board  
Managing Executive Officer  
General Manager,  
Specialty Steel & Wire Products Division  
Takashi Suzuki



## Review of FY2024 and outlook for the current fiscal year

During FY2024, net sales of automobile-related products saw a substantial decline due to a significant drop in orders for hollow rack bars and the suspension of production caused by the bankruptcy of an overseas customer for motorcycle parts, despite an increase in the sales volume of ITW® in the United States and Europe. Net sales of construction machinery-related products decreased due to stagnant market conditions, particularly in China. Although civil engineering and construction-related products faced a sluggish market, the division-wide net sales were 36,568 million yen (down 0.7% year on year) and operating profit was 180 million yen (up 45.3% year on year) as a result of an increase in construction projects for which cost increases were passed on to the selling prices. We are, of course, not satisfied with these results.

For FY2025, while conditions remain harsh across all industries, civil engineering and construction-related products are expected to see a slight increase in net sales and a recovery in the profit margin owing to selling price revisions and an increase in sales personnel. ITW® for cold forming spring and construction machinery-related products are expected to be flat, while net sales of hollow rack bars are expected to decrease significantly. Consequently, the division-wide net sales are projected at 36.0 billion yen.

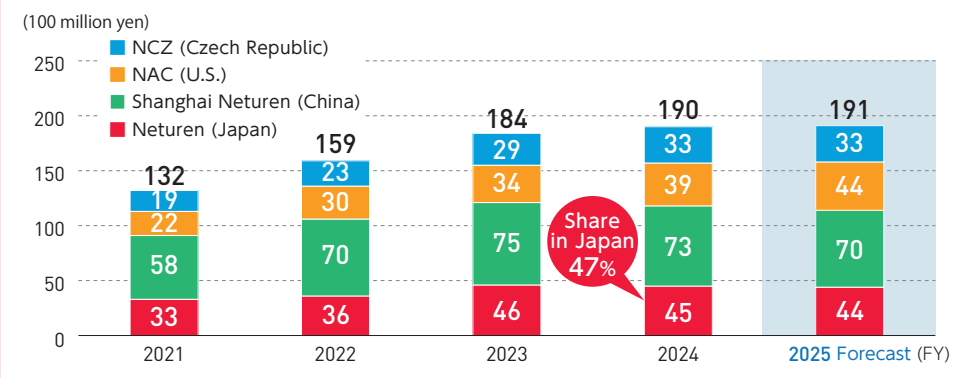
## Business environment analysis (by key product)

High-strength spring steel wire (ITW® for cold forming spring)	FY2024: Sales volume decreased in Japan and China. Despite this, increased sales volume in the United States and the Czech Republic and yen depreciation resulted in an increase in net sales. FY2025: Total sales are expected to be flat year on year, with an increase in the United States offsetting declines in other regions.
PC steel bars / Deformed PC steel bars	FY2024: Despite the sluggishness in the civil engineering industry, and construction delays and late starts in the construction industry, selling price revisions progressed, resulting in increased net sales. FY2025: Although sluggishness across industries is projected to continue, new demand from Hokkaido Shinkansen, etc., is likely to lead to increased net sales.
Hollow rack bars / Motorcycle parts	FY2024: A substantial net sales decline was caused due to the end of installation on certain mass-production models and production suspensions on the customer side. FY2025: For motorcycle parts, the customer is expected to resume production, while net sales of hollow rack bars are expected to decrease due to another end of installation on mass-production models.
Construction machinery-related products	FY2024: Sales volume of small- and medium-sized models decreased significantly due to continued sluggish construction markets in both Japan and China. FY2025: With no construction market recovery in sight, net sales are expected to be flat year on year, despite selling price revisions.

## Medium- to long-term growth strategy

With respect to ITW®, our mainstay automobile-related product, the focus of its marketing has so far been on its high-value-added items. Going forward, we will expand its variations in wire diameter and strength and broaden sales channels into non-automotive markets such as markets for agricultural equipment and garages. With respect to manufacturing, we will introduce AI-based technologies for automatic sorting and automatic repair of ITW material defects to improve production process efficiency and reduce costs. For construction and civil engineering products, we will continue price pass-on, increase sales personnel, and strengthen marketing capabilities, thereby aiming for increased sales. For construction machinery-related products, we will seek to increase profit through production adjustments based on information sharing and plant coordination with Slewing Bearing Co., Ltd. in China. Many of our products are intended to support social infrastructure, and, as a company responsible for supplying such products, we are required to be cautious about large-scale revisions to our product portfolio in the short term. While maintaining the quality of existing products and streamlining their production to improve their profit margins, we will also put our energy into new product development and global expansion into new regions.

### Changes and forecast of net sales of high-strength spring steel wire (ITW® for cold forming spring)



Changes and forecasts of net sales by key product are provided on PP. 22-25 of the Financial Results Briefing Materials.

<https://www.k-neturen.co.jp/en/ir/library.html>

## Specific case Expansion of applications and sales channels of key products

High-strength spring steel wire (ITW® for cold forming spring), the Specialty Steel & Wire Products Division's key product, has been promoted domestically and internationally as a high-performance, high-quality, top-level product. To broaden its applications, we intend to increase its diameter variations and expand the use of lower-strength materials. For example, we are working on entering non-automobile-related markets in the United States, such as markets for springs for opening/closing the shutters of automobile garages and markets for applications in agricultural equipment.

In addition, high-strength shear reinforcement and PC steel bars have been adopted for Hokkaido Shinkansen structures. High-strength shear reinforcement has been selected for two-thirds of the entire elevated bridge section, and its delivery has begun. Furthermore, PC steel bars have been adopted as reinforcement materials for track slabs that support rails, with their delivery scheduled to begin from FY2025. We will continue working to secure further adoptions.



High-strength spring steel wire (ITW® for cold forming spring)



Arrangement of high-strength shear reinforcement (civil engineering / elevated rail bridge)



PC steel bar

# IH (Induction Heating) Division

Major products and services

Induction heat treatment service for parts of automobiles, construction machinery, industrial machinery, and machine tools; design, manufacturing, sales, and engineering of high-frequency quenching equipment and other induction heating equipment

Competitive advantage

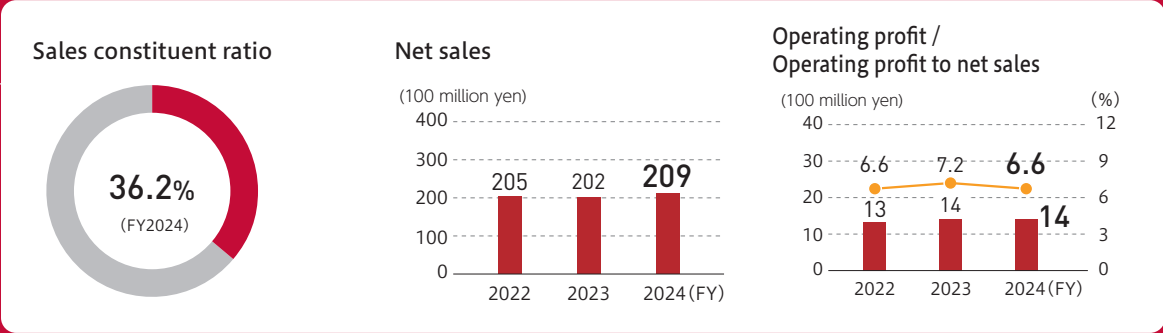
- Differentiation of production processes with CAE as a core technology
- Accumulation of know-how in technological development

Risks

- Improvement in other companies' heat treatment technology
- Customer companies' switch to in-house heat treatment

Opportunities

- Further differentiation through technological development
- Increasing demand for switching to induction heating for decarbonization
- Increasing demand and opportunities due to increased recognition of IH treatment (especially overseas)



Managing Executive Officer  
General Manager,  
IH (Induction Heating) Division  
Norio Tanaka



## Review of FY2024 and outlook for the current fiscal year

In FY2024, while orders for induction heat treatment services from the automotive industry decreased, and market conditions were sluggish in the construction machinery and machine tool industries, equipment-related orders remained steady. Overall, net sales increased to 20,851 million yen (up 3.0% year on year). On the other hand, operating profit fell to 1,377 million yen (down 4.9% year on year) due to higher fixed costs stemming from reduced production volume.

In FY2025, orders from the automotive, construction machinery, and machine tool industries are expected to remain sluggish, and equipment sales are also projected to edge down slightly, leading to a decline in net sales.

Amid these challenging conditions, we are clarifying our issues and working on improvements. We will incorporate new tasks such as machining, which is an adjacent process of heat treatment, to expand our market and add value to our treatment. Furthermore, we will actively gather information on the upstream processes of our customers and respond to their needs with proactive proposals. Internally, we will promote the leveling of production processes through review, as well as their automation and DX (digital transformation), in order to reduce the production burden and raise the operating rate, and will pursue flexible production through coordination among plants.

## Business environment analysis (by key product)

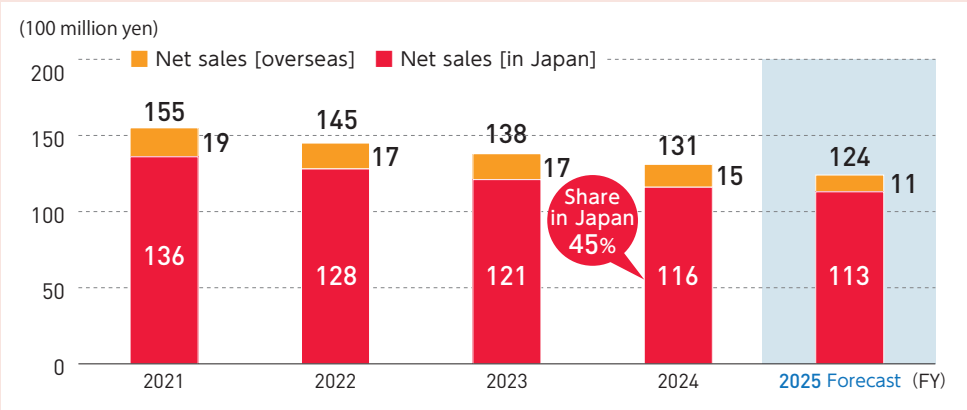
Automobile-related	<div>FY2024: Although there was some recovery from production cuts caused by semiconductor shortages, orders decreased in the latter part of the second half of the fiscal year due to the impact of certification-related fraudulent activities, among other factors.</div> <div>FY2025: Despite recovery from certification-related fraudulent activities and last-minute demand ahead of the enforcement of U.S. tariffs, for the full fiscal year, net sales are forecast to decrease year on year due to U.S. tariffs and the declining sales volume of Japanese-brand automobiles in China.</div>
Construction machinery and machine tools	<div>FY2024: Construction machinery faced continued market sluggishness in both Japan and China, resulting in a decline in orders. Machine tools saw no major changes in orders.</div> <div>FY2025: With respect to construction machinery, while demand for some machinery for the United States is increasing, demand for mining machinery is on a downward trend. Based on these, net sales are projected to fall year on year. For machine tools, although orders have increased in China, for the full year, we expect net sales to remain roughly at the same level year on year (a slight increase).</div>
Equipment-related	<div>FY2024: Robust investment in Japan and China led to higher net sales compared to FY2023.</div> <div>FY2025: Although domestic conditions remain firm, full-year net sales are expected to be flat year on year as a result of some restraint on capital investment observed in the second half of the fiscal year and market sluggishness in China.</div>

## Medium- to long-term growth strategy

To expand net sales and profit going forward, we will improve the quality and speed of customer information gathering and increase opportunities for product adoption through proposals that anticipate needs several years ahead. In the automobile-related business domain, in addition to heat treatment of parts, we will incorporate machining processes and expand this business domain. Furthermore, by leveraging the advantages of our environmentally friendly IH treatment, we will promote the replacement of conventional heat treatment to achieve further growth. In the equipment-related business domain, we will realize higher added value across all relevant processes, for example, by strengthening after-sales services.

Securing outstanding technical human resources is essential to bring these initiatives into fruition. By clearly defining our future growth image and presenting specific opportunities for performance, we will build an attractive business.

Changes in net sales of induction heat treatment services



Changes and forecasts of the net sales of induction heating equipment and services are provided on P.27 of the Financial Results Briefing Materials.

<https://www.k-neturen.co.jp/en/ir/library.html>

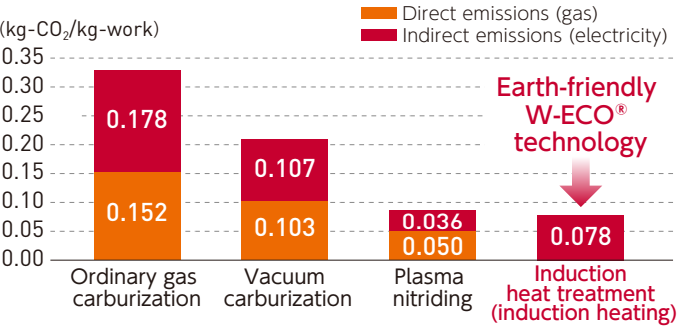
Specific case

## New business development leveraging the environmental advantages of IH treatment

As companies are required to take action against climate change, reducing CO<sub>2</sub> emissions has become a critical management issue. Against this backdrop, IH (induction heating) treatment, which uses electricity as its heat source, offers significant advantages in reducing environmental impact compared with conventional heat treatment. Neturen is putting forward proposals to replace conventional heat treatment by leveraging the advantages of IH treatment.

In recent years, the characteristics of IH treatment have been recognized, and new needs have emerged beyond conventional heat treatment processing, such as demand for its “heating” applications in product manufacturing processes and its broader use cases with power supplies. Without being constrained by conventional business boundaries, we will also promote the development of technologies other than heat treatment and strive to deliver new value.

Changes in net sales of induction heat treatment services



Development of heat treatment equipment for constant-velocity joints (among the world's fastest)

Achieving the world's fastest-class cycle times through CAE analysis and 3D printer-based technology for coils



# Research and development

## Message from General Manager, Research and Development Headquarters

In the 16th Medium-term Management Plan, the Research and Development Headquarters has set a goal of “contributing to improving sales, profits, and quality by commercializing new products and new technologies.” Throughout FY2024, research on each theme progressed almost as planned. However, we recognize that activities aimed at creating new businesses need to be further energized. In FY2025, in addition to producing cutting-edge research results and with an eye to linking those results to improved profit, we will work with a clear focus on accelerating the speed of practical application and market launch of products. To achieve this, close communication across departmental boundaries is essential. I will personally take the lead in deepening exchanges and put forward proposals that capture market and customer needs.

The source of Neturen’s competitive advantage is the cutting-edge technology created by its research and development department and technology development department. We will refine our proprietary technologies, enhance our Group’s advantages, and, through technological innovation, pursue activities that seek to create new value for customers and society.

Director, Member of the Board, Senior Managing Executive Officer  
General Manager, Research and Development Headquarters

Nobumoto Ishiki



## FY2025 Policy of the Research and Development Headquarters

### 1. Exploration, proposal, and R&D of new research themes

Collect information on global technology trends to anticipate future market needs, and explore, propose, and conduct R&D on themes that can grow as businesses, and contribute to carbon neutrality.

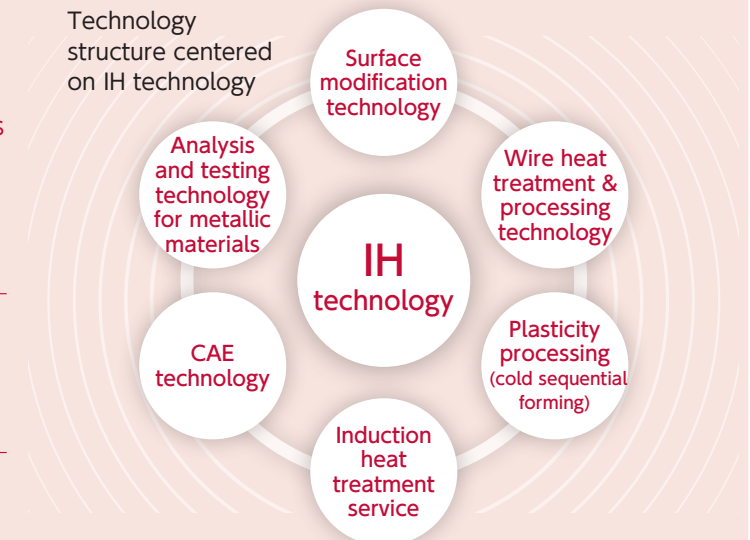
### 2. Practical application and commercialization of developed technologies

Clarify the timeline by reviewing each R&D theme thoroughly to accelerate practical application.

### 3. Further evolution and deepening of heat-treatment technology development

The FTC, the Heating Coil Center, and departments related to CAE and heat treatment technology come together to conduct development under the inverted T-shaped model and carry out concurrent development activities, and the developers see through to mass production and implement prompt practical application and commercialization.

Technology structure centered on IH technology

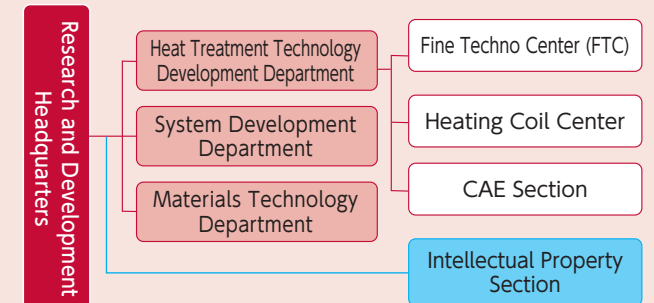


R&D investment amount  
FY2024 results: 790 million yen (35 projects)  
and number of R&D projects  
FY2025 plan: 1 billion yen (40 projects)

## R&D structure

The Research and Development Headquarters consists of three departments: the Heat Treatment Technology Development Department, which deepens IH treatment technology; the System Development Department, which pursues new technologies and their applications; and the Materials Technology Department, which conducts basic research on materials and plays a role in company-wide quality assurance. In addition, the Intellectual Property Section strategically manages and utilizes intellectual property across the Group.

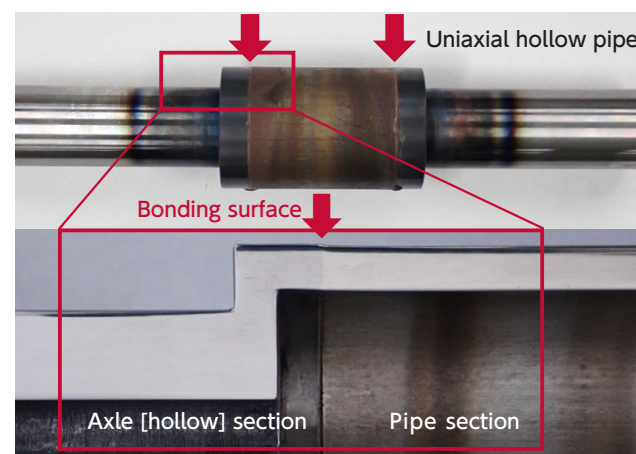
R&D structure



## Specific case 1 Developed the Neturen MB Method®, a metal bonding technology using IH treatment

The Neturen MB Method® is an innovative bonding technology exploiting the physical properties of iron and the unique features of high-frequency heating. This method securely bonds steel materials together by heating and pressing their bonding surfaces that have undergone unique treatment. Compared with conventional methods, it offers higher strength and dimensional accuracy and generates fewer burrs, enabling simplification of subsequent processes and leading to cost reductions. It also enables the bonding of materials made from different steel types, materials of different shapes, or parts of complex shapes, offering the advantage of resolving various issues found in conventional methods.

Anticipated applications include hydraulic oil pipes and machine parts, and we are entering a phase of full-scale exploration of needs. Together with each division, we have launched a project aiming for product commercialization and a full-scale market launch in FY2025.

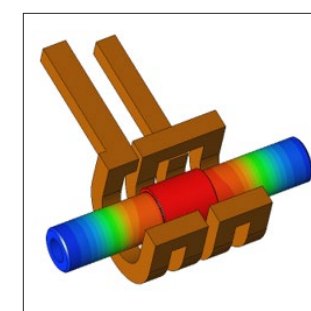


Bonding example

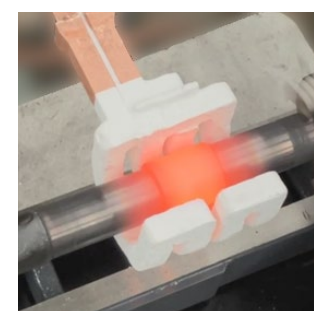
## Specific case 2 Achieved a shortened development period for high-precision coils with “CAE analysis × a metal 3D printer”

Heat-treatment simulation (CAE) technology makes it possible to simulate heat treatment on a computer as if it were the real thing. Neturen’s technology, which we put into practical use ahead of other companies, is at the world’s top level. Through years of accumulated research, magnetic-field and thermo-fluid analyses have been added to the technology, making it possible to secure high heat treatment quality based on high-precision data.

By manufacturing coils with a metal 3D printer based on CAE analysis data, heating coils tailored to customer needs can be produced with high precision and in a short development period (about half that of conventional methods). We are currently working to establish processes through to mass production, with a view to overseas expansion into countries with demand, such as China, the United States, and Indonesia.



Temperature distribution of a coil whose shape was optimized by CAE analysis



Heating status of a coil manufactured with a metal 3D printer

## R&amp;D strategysegment

## Joint research with universities and research institutions

To continuously strengthen our technological capabilities by leveraging cutting-edge knowledge, Neturen actively promotes technical collaboration with universities and research institutions. We are currently collaborating with 11 universities and technical colleges, jointly engaged in academic research and the development of new technologies. Research themes are wide-ranging, from basic research on materials to applications of heat treatment technology in the medical and environmental fields. Also, joint research provides opportunities for the exchange of technical human resources. Applying diverse perspectives to our own R&D, we will contribute to delivering new value.



Scene from the technical exchange meeting between Kyushu University and Neturen

Academic institutions currently in collaboration with us  
(in Japanese alphabetical order; honorifics omitted)

Oita University	Tokai University
Okayama Prefectural University	Institute of Science Tokyo
Kyushu University	The University of Tokyo
National Institute of Technology, Kurume College	Toyohashi University of Technology
Keio University	Nagaoka University of Technology
Sophia University	

## Examples of research themes

- Steel materials
- Applications to medical care
- Responses to environmental issues
- Sensing & analysis technologies

## Intellectual property management

At Neturen, we proactively protect the results of our R&D and business activities through intellectual property rights, such as patents (defensive patent strategy), while also proactively pursuing offensive patent acquisition strategies aiming for cross-licensing opportunities to competitor

technologies. The Intellectual Property Section of the Research and Development Headquarters is responsible for intellectual property management across the entire group. Based on our management strategy, we are currently focusing on the following:

## Utilize the IP landscape\*

With the aim of expanding our strengths and existing technologies, new fields and applications, including peripheral technologies and products, are explored by strategically utilizing intellectual property-related information.  
\* IP landscape: analyzing intellectual property information and utilizing it in management and business strategies

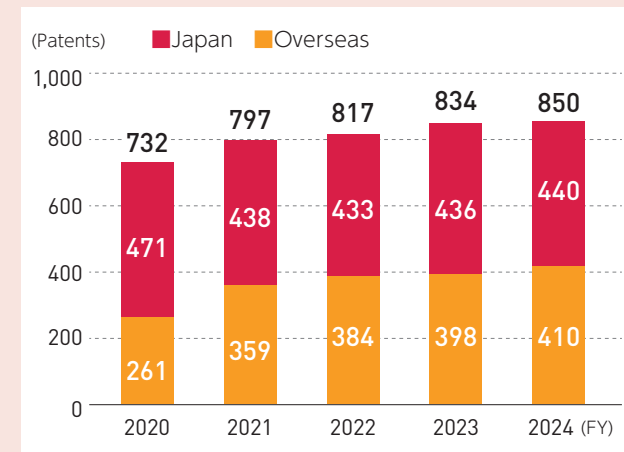
## Establishing a global IP strategy

Defensive and offensive global IP strategy considering market size, cost effectiveness, and related legislation of each country

## Foster global human resources in intellectual property management

Focus on developing human resources who can handle intellectual property management, including obtaining rights both domestically and internationally, and provide intellectual property education to engineers at each plant

## Number of patents (in Japan and international)



## Joining the Japan Intellectual Property Association

Upon recommendation from the intellectual property department of a regular member company, we joined in April 2025 the General Incorporated Association Japan Intellectual Property Association (JIPA), one of the world's largest intellectual property user organizations, which has 1,015 member companies (as of July 10, 2025), engages in research and education concerning intellectual property, and makes policy proposals, etc., with respect thereto. Through activities in light of the latest trends in intellectual property, we will promote initiatives that contribute to enhancing the corporate value of the Neturen Group, and the development of highly skilled intellectual property personnel.

## Sustainability management

## Sustainability management

## Sustainability Basic Policy

Neturen places the SDGs at the core of its business management under NETUREN VISION 2030, our long-term management vision. According to recent changes in the social environment and demands from society regarding sustainability, we have comprehensively

reviewed our past CSR activities and established the Neturen Group Sustainability Basic Policy, incorporating activities related to respect for human rights, in addition to consideration of climate change and the global environment.

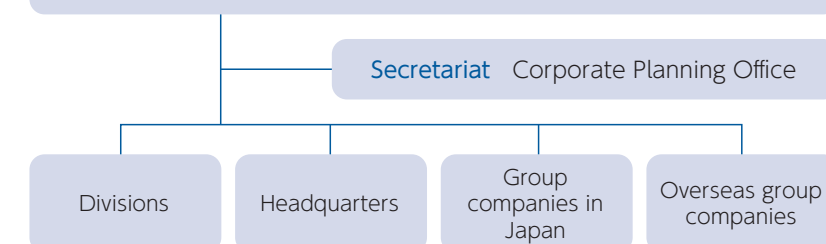
## Sustainability Basic Policy

1. Coexistence with the global environment	We will uphold our commitment to act with corporate social responsibility through our technologies and products centered on our core IH (induction heating) treatment technology, which is effective in CO <sub>2</sub> reduction, based on the principle of coexistence with the environment.
2. Contributing to building a sustainable society	We will contribute to building a sustainable society by reducing environmental impact while increasing our corporate value.
3. Recognition of our social mission	All our executives and employees fully recognize that conservation of the environment, protection of human rights, and coexistence with local communities are part of the social mission of each company.
4. Aiming to be a trusted partner	We aim to be a trusted partner in society through our superior quality and technology, outstanding customer satisfaction, and transparent and fair corporate culture.
5. Collaboration with stakeholders	We will disclose information regarding sustainability to our stakeholders in a timely and appropriate manner so as to foster relationships of trust with them.
6. Aspiring to become a dynamic corporate group	We strive to develop our employees and make ourselves a dynamic corporate group, with safety and health as priorities.

## Sustainability promotion system

## Company-wide Sustainability Promotion Committee

Chairperson	President and Chief Executive Officer
Vice-chairperson	General Manager, Corporate Planning Office
Committee members	Directors and Audit & Supervisory Board Members (including outside), Senior Executive Officers and Executive Officers, General Managers of Internal Control Office, Internal Audit Office, Information Strategy Office, Safety, Health and Environment Office, and N-DX Promotion Office, general managers of divisions and headquarters, and General Manager of Planning and Coordination Department
Observers	Relevant persons designated by the Chairperson, called in as necessary



To promote sustainability activities, the Neturen Group has established the Company-wide Sustainability Promotion Committee chaired by the President and Chief Executive Officer and consisting of members including Directors and Audit & Supervisory Board Members (including Outside Directors and Members), Executive Officers, and the general managers of relevant divisions and departments. The Committee generally meets four times a year to supervise company-wide sustainability activities, formulate activity plans, promote initiatives, check progress, and evaluate results.

For environmental issues such as actions against climate change, company-wide efforts are required to achieve the goals in cooperation with the environmental management promotion system (see page 41).



## Sustainability management

### Material issues and progress status

Material issue		FY2024 results	FY2025 targets
Environment (E)	CO <sub>2</sub> reduction	- CO <sub>2</sub> emissions: 36,399 t-CO <sub>2</sub> Reduced 3.4% year on year - Per unit of production: 205.8 t-CO <sub>2</sub> /1,000 t Increased 3.2% year on year	- Promote activities to reduce CO <sub>2</sub> emissions and have the progress checked by the Company-wide Environmental Conservation Committee (once every three months) and the Advisory Committee on CO <sub>2</sub> Emission Reduction (once every two months) - Support group companies in aggregating their CO <sub>2</sub> emissions and promote the reduction of CO <sub>2</sub> emissions
	Appropriate operation of the EMS (Environmental Management System)	- Number of serious non-conformities: 0	- Confirm the appropriateness, validity, and effectiveness of EMS environmental conservation management
	Prevention of soil contamination, and reduction of water usage Reduction of use of chemical substances and their proper management	- Check and dispose of PCB-containing equipment at each business site	- Check the manual for the hazardous materials security system, conduct training, and revise incorrect parts
Society (S)	Promotion of quality assurance activities	- Number of serious quality problems: 3 cases/year - Number of hardened layer defects: 0.5 cases/month	- Conduct proof-of-concept experiments by using state-of-the-art equipment and digital technology to improve quality, and formulate investment plans - Conduct focused audits (Kariya Plant and Okayama Plant) - Strengthen plant quality control (quality liaison meeting) - Continue the analysis of heat treatment failure modes (company-wide quality assurance meeting) - Continue to manage quality compliance issues (company-wide quality assurance meeting) and revise relevant regulations
	Promotion of supply chain management	- Visited key suppliers and conduct interviews (quality audits and confirmation of management conditions) (the Specialty Steel & Wire Products Division conducts quality audits of 5 companies and interviews 11 companies; the IH Division conducts a quality audit of 1 company and interviews 1 company) - Visited an overseas group company (Korea Neturen Co., Ltd. and conducted interviews) - Organized supplier benchmark information (covering 206 business partners subject to the Subcontract Act) - Approved environmentally friendly products (1 company)	- Disseminate and implement the Neturen Procurement Policy - Ensure compliance - Promote environmentally friendly procurement in collaboration with suppliers
	Respect for human rights	- Codified human rights due diligence	- Internally implement human rights due diligence and report results to the Sustainability Committee - Disseminate and raise awareness about the Human Rights Policy by using digital signage
	Human resource development	- Annual training implementation rate: 100% - Focus on developing skilled personnel by implementing training on specific skill themes	- Execute the FY2025 training plan (utilizing the Human Resources Development Center) - Support the full-scale implementation of reskilling across the company
	Promotion of work-life balance	- Actual number of days of paid leave taken in FY2024: 13.28 days/year	- Continue to implement work-life balance support measures (promote taking paid leave, reducing overtime work, and taking parental and nursing care leave)
	Promotion of diversity	- Discussed, at meetings of the Board of Directors, the direction for promoting women's participation in the workplace, personnel systems, training systems, etc.	- Ensure and promote diversity, including the internal participation of women (execution of improvement measures based on questionnaire surveys) - Secure employment opportunities through the post-retirement employment system - Achieve 2.5% in the statutory employment rate for persons with disabilities
	Occupational safety and health	- Stress check implementation rate: 100% - Implemented post-stress-check group analysis and individual interview follow-ups - Renewed the "silver certification" granted in recognition of being a company with excellent health management	- Continuously improve the safety and health standards under the Occupational Safety and Health Management System (OSHMS) (Company-wide Safety and Health Committee) - Implement stress checks, conduct group analysis, interviews, etc., to prevent deterioration in employees with mental health issues, and take early action through checking in with such employees during morning assemblies and workplace visits - Arrange seismic reinforcement and maintain aged infrastructure
Governance (G)	Prosperous coexistence with local communities	- Number of community exchange/social contribution activities implemented: 35 cases/year	- Participate in local community exchange event, host plant tours for local students, etc., or conduct planting activities - Conduct support activities responsive to social conditions, such as refugee support - Communicate company information to local communities
	Disclosure of corporate information	- Number of PR activities: 24 cases/year - Participation in exhibitions: 6 cases/year - Formulated a policy on multiple stakeholders	- Formulate an activity plan for external public relations and increase information dissemination through the website - Update the company introduction video
	Enhancing governance of internal financial control	- Reported to the Internal Control Promotion Committee: twice a year - Reported to the Board of Directors: twice a year	- Evaluate the development and operation of systems (promote this with the Promotion Committee as the core organization) - Implement timely evaluations of and report on internal control over financial reporting
	Promoting and verifying compliance awareness	- Education concerning compliance through study sessions and posters: 4 times/year	- Continue compliance training for managers and general employees - Support compliance education for overseas group companies
	Information security measures	- Number of security tests conducted: 4 times/year - Publicized the information security regulations, and completed the creation of a handbook - Conducted security training for target personnel on an ongoing basis.	- Publicize (creation of a handbook) and disseminate the information security regulations - Improve literacy and discover vulnerabilities through continued training on spear-phishing emails - Provide education to new hires and mid-career hires
	Risk management	- Periodically conducted risk assessments based on the risk management regulations, with the results thereof being submitted to the Management and Executive Officers Meeting for discussion - Created a manual for actions to be taken in the event of geopolitical risk	- Continue risk management during normal times, constantly identify changes in risks, and update actions accordingly - Continue the handling of geopolitical risks through task forces
	Activities to establish sustainability	- Survey results: level of understanding at 80% or higher	- Prepare an Integrated Report (the Japanese version in October, and its English translation in December), and continue activities that utilize the Integrated Report in order to facilitate understanding
	Stakeholder engagement	- Number of engagement activities conducted: 27 cases/year	- Hold dialogues with customers, suppliers, local communities, shareholders, and employees - Communicate information inside and outside the company through engagement, etc. - Plan for the 80th anniversary of Neturen's establishment

For details on the material issues, targets (KPIs), and progress status, please see the website below.  
<https://www.k-neturen.co.jp/en/sustainability/environment.html>

### Dialogue with stakeholders

Neturen's business is supported by a variety of stakeholders, including customers, suppliers, and employees. We proactively create opportunities for dialogue with stakeholders and communicate with them on an ongoing basis, thereby aiming to enhance our corporate value while improving our activities, for example by reflecting the opinions we receive in various measures.

We internally share opinions received through engagement opportunities with shareholders and investors and through questionnaire surveys completed by employees in relation to the Integrated Report, and utilize such opinions for disclosing information and building the workplace environment while also improving our activities. Going forward, we will continue dialogue with stakeholders to further improve our corporate value.

Neturen's stakeholders



### Main methods and frequency of communication

Neturen's CSR activity policy sets out "building better relationships of trust with stakeholders," and we proactively create opportunities for dialogue with each stakeholder. We also consider it important to make use of opportunities for dialogue in day-to-day operations and external activities to accurately understand what society requires of us and to respond to its expectations.

Stakeholder	Main method of communication	Frequency
Shareholders / Investors	Financial results briefing	Twice/year (May and November)
	Ordinary general meeting of shareholders	Once/year (June)
	Plant tour for institutional investors	Once/year (March)
	Engagement with institutional investors	As necessary
	IR seminar for individual investors	Once/year
Customers	Customer satisfaction survey	Once/year
Employees	Target performance management interview	Twice/year
	Self-report interview	Once/year
	Central labor-management council meeting	12 times/year
Suppliers	Procurement briefing	Procurement briefing 3 times/year
Local communities	Plant tour for students and local groups	4 times/year (FY2024 results)

### Main opinions from stakeholders and our responses

#### Shareholders / Investors

- I want to know about the progress of M&A: PP. 23-24
- I want specific measures for improving the PBR to be indicated: PP. 17-22
- I want to see the results of the analysis of the reasons for failing to achieve the ROE target: PP. 17-22
- I want to know about short-term growth forecasts: PP. 17-22

#### Employees

- With respect to Strategy 1 "Create New Drivers for Growth" under the Medium-term Management Plan, I want to know about the initiatives of the Business Planning and Development Headquarters for creating new businesses other than through M&A: PP. 23-24
- Regarding the reduction of CO<sub>2</sub> emissions, which is regarded as a material issue in relation to sustainability, actual results and progress should be properly disclosed: P. 41
- Since "capital cost management" is not a familiar term for employees, it is important to conduct activities aimed at thorough dissemination of it, including how it is related to day-to-day operations: P. 22

## Sustainability management

### Response to climate change (information disclosure based on TCFD recommendations)

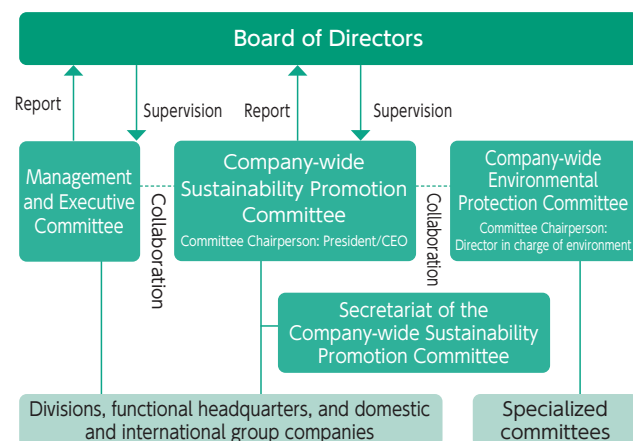
We disclose information on our responses to climate change in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Further information is available on our website.

<https://www.k-neturen.co.jp/en/sustainability/environment.html>

#### Governance

At Neturen, the Company-wide Sustainability Promotion Committee formulates policies for responding to risks and opportunities related to climate change. The Board of Directors receives reports from the Committee and supervises the progress of relevant initiatives. Chairing the Committee, the President/CEO is ultimately responsible for management decisions on climate change-related issues and receives reports from the Company-wide Environmental Protection Committee, etc.

#### Sustainability promotion framework



#### Strategy

Neturen conducted scenario analysis based on the TCFD recommendations and evaluated the significance of climate-related risks and opportunities that could affect its business (see the table on the right).

#### Risk management

At Neturen, the Company-wide Sustainability Promotion Committee identifies and assesses climate change-related risks, and significant risks are reported to the Management and Executive Committee. The Committee determines what measures to take and monitors the progress of such measures, in collaboration with the Company-wide Environmental Protection Committee. Details of such measures are reported to the Board of Directors on a regular basis and confirmed with the participation of all members of the Board of Directors.

Climate-related risks and opportunities of particular importance to us

	Type	Business Impact
Risks	Policy and Regulation	<ul style="list-style-type: none"> <li>- Rise in procurement costs due to the introduction of carbon tax</li> <li>- Increase in operating costs due to increased energy costs</li> </ul>
	Intensification of extreme weather events	<ul style="list-style-type: none"> <li>- Loss of opportunities due to stagnant production</li> <li>- Sales opportunity losses due to disrupted supply chains</li> <li>- Loss of opportunities and increased recovery costs due to plant shutdowns</li> <li>- Increase in reinforcement costs for plant infrastructure</li> <li>- Labor shortages due to deterioration of the working environment</li> </ul>
Opportunities	Products & Services	<ul style="list-style-type: none"> <li>- Growing demand for high-frequency heat treatment, as it contributes to CO<sub>2</sub> reduction</li> <li>- Expanding demand for products driven by progress in automotive electrification</li> <li>- Expansion of sales of products for labor-saving and lightly reinforced structure</li> <li>- Increasing demand for civil engineering-related products aimed at strengthening infrastructure resilience</li> </ul>
	Market	<ul style="list-style-type: none"> <li>- Increase in ESG investment as reducing environmental impact draws interest and leads to greater recognition</li> </ul>

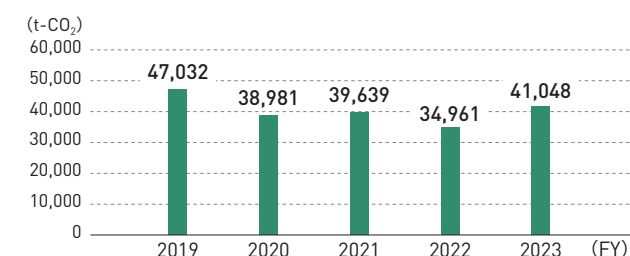
#### Indicator and targets

We calculate greenhouse gas emissions as an indicator for assessing climate change-related risks (this calculation covers Neturen's non-consolidated Scope 1 and Scope 2 emissions). We will continue to monitor greenhouse gas emissions, expand the scope of coverage, and implement initiatives to reduce emissions.

**CO<sub>2</sub> emissions reduction targets under NETUREN VISION 2030**

- 30% reduction by 2030 (compared to FY2013)
- Virtually zero emissions by 2050

#### Changes in CO<sub>2</sub> emissions (Scope 1 and 2 emissions)



- \*1 Since a different calculation method is used, some values may differ from the corresponding past values.  
 \*2 Scope 2 emissions in the total values are based on market standards.  
 \*3 Scope 1 emissions other than energy related CO<sub>2</sub> are excluded because their ratio to the total is very small.  
 \*4 The use of gasoline by company vehicles is also included in the scope of calculation from FY2022.

### Respect for human rights

In April 2022, the Neturen Group established the Neturen Group Human Rights Policy to promote respect for human rights in business. This policy was established based on the Guiding Principles on Business and Human Rights formulated by the United Nations Human Rights Council and advice from experts, as part of our sustainability efforts.

#### The Neturen Group Human Rights Policy

The Neturen Group aims to revolutionize many industries and contribute to people's lives and safety through IH (induction heating) technology. We are keenly aware of the importance of respecting the human rights of people in achieving our goal, and we will work to respect human rights in all our business activities in accordance with the United Nations

In FY2024, we formulated regulations based on the Human Rights Policy and implemented self checks, then we confirmed there were no issues identified, and it was reported to our customers in response to their surveys. Going forward, we will advance human rights due diligence in line with the steps set out in the regulations.

#### Guiding Principles on Business and Human Rights.

In addition, based on the concept of the "Neturen Group Standards of Business Conduct and Ethics," we shall comply with laws, regulations, and internal rules in all corporate activities, and respect social ethics. We will fulfill our corporate social responsibility by developing people and aiming to be a vibrant corporate group, while keeping safety and health as the foundation of our operations.

The full text of the Human Rights Policy is available here: <https://www.k-neturen.co.jp/en/sustainability/society.html>

### Quality assurance

#### Neturen's approach to quality

In the quenching process, in general, if heating or cooling is inappropriate, the material may not reach its maximum hardness, resulting in reduced product strength or durability. Furthermore, even if its maximum hardness is reached, high hardness also entails brittleness, which can adversely affect its machinability and workability after quenching, as well as its durability during actual use up to the end of the product's life.

Since its founding, Neturen has been at the forefront of the industry in solving such issues related to quenching through induction heating and subsequent cooling technology. As a result, we have been producing high-end and high-strength products that require exceptional durability, such as deformed PC steel bars that reinforce concrete, and suspension springs and chassis components for automobiles. We have won the trust of our end customers by supporting the safety and security of their products and also the social infrastructure that lies beyond them.

The core of Neturen's quality policy is for all employees to work together to further improve the quality standard of the induction-hardened products we have cultivated thus far through the use of new technology. Under our 16th Medium-term Management Plan, we will expand our use of IoT, digital technology, and non-destructive testing and advance on-site automation and mechanization to further refine our heating and cooling management and defect detection during the quenching process, thereby further improving the commercial value of our induction-hardened products.

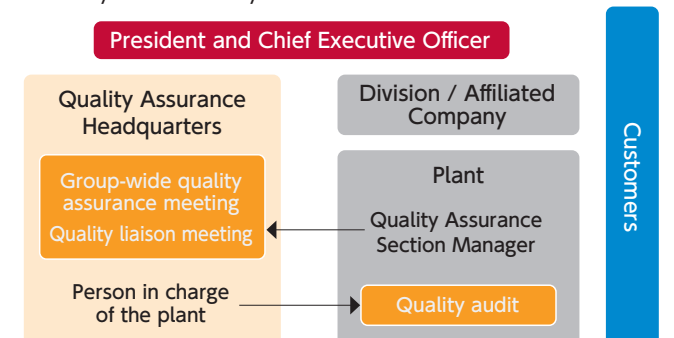
Induction hardening, when compared with other surface

hardening processes, emits less CO<sub>2</sub>. We believe that improving the product value of induction-hardened products, which we aim to achieve, further expands the induction-hardening market and significantly contributes to carbon neutrality as is demanded on a global scale today.

#### Quality management system

Based on our quality assurance regulations, Neturen and its affiliated companies in Japan and overseas have obtained quality management system certifications, such as ISO 9001 and IATF 16949, and operate under a global quality assurance system. Under this system, the Quality Assurance Headquarters, which oversees quality assurance activities for the entire group, and the Quality Assurance Section at each plant of the divisions work together to carry out plant-specific quality control and audit activities and cross-plant activities to prevent serious quality issues.

#### Quality assurance system chart





## Directors, Audit & Supervisory Board Members, Executive Officers

(As of June 26, 2025. The number of attendances at meetings of the Board of Directors and the Audit & Supervisory Board are those of FY2024)

### Director, Member of the Board



Representative Director,  
Member of the Board

#### Katsumi Omiya

Born on March 24, 1960

Board of Directors meeting attendances:  
16/16



Director,  
Member of the Board

#### Tomokatsu Yasukawa

Born on January 6, 1963

Board of Directors meeting attendances:  
16/16

Significant concurrent positions:  
President & Representative Director,  
Neturen Meinan Co., Ltd.



Director,  
Member of the Board

#### Nobumoto Ishiki

Born on October 9, 1959

Board of Directors meeting attendances:  
16/16

Significant concurrent positions:  
President & Representative Director,  
Neturen Heat Treat Co., Ltd.



Outside Director,  
Member of the Board

#### Yoshiko Moriyama

Born on June 26, 1964

Tenure as Outside Director: 3 years  
Board of Directors meeting attendances:  
16/16

Significant concurrent positions:  
Counsel, TMI Associates  
Outside Director, YAMATO  
INTERNATIONAL INC.



Director,  
Member of the Board

#### Takashi Suzuki

Born on June 29, 1962

Board of Directors meeting attendances:  
16/16

Significant concurrent positions:  
President & Representative Director,  
Neturen America Corporation  
Chair of the Board,  
Neturen (China) Slewing Bearing Co., Ltd.



Outside Director,  
Member of the Board

#### Toyotsugu Ito

Born on December 20, 1955

Tenure as Outside Director: newly  
appointed

### Audit & Supervisory Board Members



Audit & Supervisory Board Member  
(Full-time)

#### Yoshihiro Ikegami

Born on May 14, 1959

Board of Directors meeting attendances:  
16/16  
Attendance at the Audit & Supervisory  
Board meetings: 15/15 times



Outside Audit &  
Supervisory Board Member

#### Minoru Enjitsu

Born on August 31, 1957

Tenure as Outside Member: 5 years  
Board of Directors meeting attendances:  
16/16  
Attendance at the Audit & Supervisory  
Board meetings: 15/15 times

Significant concurrent positions:  
External Corporate Auditor, MORITANI & CO., LTD.  
External Corporate Auditor, GM INVESTMENTS CO., LTD.



Outside Audit &  
Supervisory Board Member

#### Kayoko Kamijo

Born on August 13, 1963

Tenure as Outside Member: 1 year  
Board of Directors meeting attendances:  
12/12  
Attendance at the Audit & Supervisory  
Board meetings: 10/10 times

Significant concurrent positions:  
Partner, SHINSOH Audit & Co.  
External Corporate Auditor, SUNDRUG CO., LTD.

### Executive Officers

Name	Main position (title)	Name	Main position (title)	Name	Main position (title)
Katsumi Omiya	Representative Director, Member of the Board, President and Chief Executive Officer	Norio Tanaka	Managing Executive Officer; General Manager, IH (Induction Heating) Division	Shin Okumura	Executive Officer; Deputy General Manager, IH (Induction Heating) Division
Nobumoto Ishiki	Director, Member of the Board, Senior Managing Executive Officer, supervising engineering development, business planning and development, DX promotion, and information strategy; General Manager, Research and Development Headquarters	Nobuhiro Murai	Senior Executive Officer; General Manager, Quality Assurance Headquarters	Kyo Hosoda	Executive Officer; General Manager, Business Planning and Development Headquarters
Takashi Suzuki	Director, Member of the Board, Managing Executive Officer; General Manager, Specialty Steel & Wire Products Division; General Manager, Global Procurement Headquarters	Naoki Hisada	Senior Executive Officer supervising TQM promotion; General Manager, Human Resources Headquarters	Shigeru Ito	Executive Officer; Deputy General Manager, IH (Induction Heating) Division
Tomokatsu Yasukawa	Director, Member of the Board, Senior Executive Officer, supervising safety, health, and environment affairs; General Manager, Administrative Headquarters	Harunobu Nakamura	Senior Executive Officer supervising facilities; General Manager, Product Engineering Headquarters	Hisashi Yoshimitsu	Executive Officer; Deputy General Manager, Product Engineering Headquarters
		Hideo Mishima	Executive Officer; Deputy General Manager, Administrative Headquarters	Kengo Iwanaga	Executive Officer; Deputy General Manager, Specialty Steel & Wire Products Division

### Skills matrix of Directors and Audit & Supervisory Board Members

Name	Position (title)	Outside	Executive Officers	Specialty and experience									
				Corporate Management	Technology / Research	Manufacturing / Quality	Global	Marketing	DX	Sustainability	Legal Affairs	Finance	
				General	Basic Strategy			Management Base					
Katsumi Omiya	Representative Director, Member of the Board, President and Chief Executive Officer		●	●	●	●	●	●		●			
Nobumoto Ishiki	Director, Member of the Board, Senior Managing Executive Officer		●	●	●	●	●		●	●			
Takashi Suzuki	Director, Member of the Board, Senior Managing Executive Officer		●	●		●		●	●				
Tomokatsu Yasukawa	Director, Member of the Board, Senior Managing Executive Officer		●	●						●	●	●	
Yoshiko Moriyama	Director, Member of the Board	●					●			●	●		
Toyotsugu Ito	Director, Member of the Board	●		●	●	●	●		●				
Yoshihiro Ikegami	Audit & Supervisory Board Member (Full-time)					●		●			●		
Minoru Enjitsu	Audit & Supervisory Board Members	●		●			●		●				●
Kayoko Kamijo	Audit & Supervisory Board Members	●								●			●





Outside Director,  
Member of the Board  
Toyotsugu Ito

Outside Director,  
Member of the Board  
Yoshiko Moriyama

## Dialogue between Outside Directors

# Strengthen governance, listen to voices on the front lines, and become an even more outstanding company

Neturen appoints Outside Directors to enhance the transparency and objectivity of its management. We asked Outside Directors Toyotsugu Ito and Yoshiko Moriyama to share with us, from their respective perspectives, their views on the current state of our governance and what is required for future growth.

### Looking back on FY2024

**Q** First, please share your thoughts on your own contributions as Outside Directors, looking back on FY2024.

**Moriyama:** During FY2024, I had three opportunities to talk to female managers and employees and reported back to the Board of Directors. These talks were intended not only to promote “female participation” but also to serve as a step toward the creation of an environment where everyone can work enthusiastically. I was able to hear the voices from the front lines, which are never apparent just by attending board meetings. For example, because the industry still tends to be male-centered, I found the talks extremely meaningful.

Although I am not a specialist in technology or management, I would like to gather opinions from work sites and proactively convey them to management.

**Ito:** It has not been long since I assumed the position of Outside Director in June, and thus what I bear in mind is to “ask good questions” rather than “to give advice.” With the key point of each question in mind, I ask

questions, such as, “I’m not familiar with this. Why does it turn out this way?” By asking individuals to answer such a question, I think I can assist the members of the Board of Directors in realizing, “We can’t see it from the inside, but this is how it looks from the outside.”

I have already visited several plants in Japan, and what I have found is that everyone is truly earnest and has a high level of technical capability. I am especially excited to see how IH (induction heating) technology, which is Neturen’s “first and foremost” core technology, can be deepened and rolled out horizontally.

**Moriyama:** Neturen surely has many technologies that others cannot imitate and that can contribute to reducing environmental impact. However, I also feel that the value of these technologies has not been fully conveyed to the market, and I would like to consider how to change that through marketing. I believe there are still more ways to utilize these technologies and potentials for further expansion of them.

**Ito:** I think numerical data at sites and in management are collected very meticulously, and how to utilize that data is another issue to address.

### The key to growth is “human resources”

**Q** In the face of unpredictable changes, such as the U.S. tariff policy and the intensification of disasters, how should Neturen deal with its “risks” and “opportunities”?

**Moriyama:** One concern I have is that I see room for improvement in the governance of overseas subsidiaries. Although there are many excellent group companies, I feel that insufficient control over them prevents Neturen from fully turning them into a driving force for growing together.

**Ito:** Of course, I believe basic risk management is in place, but at times I feel that key points and a sense of crisis are not shared; for each risk, for instance, there should be some clear thresholds such as, “If the figure exceeds this level, that is a problem,” or “If this situation occurs, it warrants caution.”

Furthermore, I am also concerned that awareness of opportunities is overwhelmingly low, compared to that of the risks. Risk and opportunity do not exist independently of each other; sometimes, if you navigate a risk well, it becomes an opportunity. I would like everyone to embrace that mindset.

**Q** This year is the second year of the 16th Medium-term Management Plan. Where do you think the “key” to Neturen’s future growth lies?

**Moriyama:** It comes down to human resources. If, in the workplace, employees do not enjoy working for the company or do not feel they want to contribute to the company, technology will not come alive, nor can it be passed on. I think a greater sense of speed is required in reforming the personnel systems such that individuals can fully exert their capabilities.

I have heard that there is an increasing number of employees who do not wish to assume managerial positions. For managerial positions, while it is necessary to experience a variety of duties and sites, it seems they feel relocations and managerial responsibility are burdensome. Yet essentially, taking on new challenges should be exciting and fun. To counter this trend, I think flexible ideas are needed, such as increasing interactions with other departments and bases on a routine basis to lower the hurdle to relocations, communicating the appeal points of taking on different duties, and enabling relocations to be undertaken on a business-travel basis.

**Ito:** I also believe that the key to growth is human resources after all. We should first recognize our own weaknesses to be addressed, such as by strengthening middle management personnel and intensively developing future officer candidates, and then take relevant actions while setting priorities.

Although the performance in FY2024 was tough in terms of the targets actually achieved under the 16th Medium-term Management Plan, merely looking at the figures does not get us anywhere. We will strive to establish, within the Board of Directors, a mindset of sharing how we should evaluate the gaps between targets and actual results and how we should judge the overall quality of business activities, and of asking and considering the question “What led to this?”

### Toward improving the effectiveness of the Board of Directors

**Q** How do you evaluate the effectiveness of the Board of Directors?

**Moriyama:** In the FY2024 effectiveness evaluation of the Board of Directors, I gave a lower rating than the previous year, but I am not saying its effectiveness has declined. On the contrary, I believe that very open information disclosure is practiced, and that the Board has a high level of effectiveness.

However, as I have served longer as a Director and had more opportunities to hear directly from employees, I have come to see various issues and feel “there is still much more we can do.” My evaluation reflects this way of thinking.

**Ito:** Regarding the effectiveness evaluation, I think it is more important than looking at average scores to look at the variations among the items’ scores and to discuss at a board meeting, “Why was the score for this item low?” This will bring to light Neturen’s corporate climate and characteristics, as well as the Board’s direction and strengths and weaknesses. I believe that will lead to the enhancement of effectiveness.

### Expectations for Neturen’s future

**Q** How do you evaluate the effectiveness of the Board of Directors?

**Moriyama:** In any case, this company has many good things, and so I want it to stand out even more. As I said earlier, the driving force for doing so is, inevitably, human resources. If each and every employee comes to think that he/she is willing to contribute more to this company, I believe the whole organization will start to change.

**Ito:** I think if we dig once again into IH technology, which is Neturen’s grass roots, and reconsider what we can do with it, new perspectives will open up.

Also, we currently have a two-division structure based on the Specialty Steel & Wire Products Division and the IH Division. However, by setting a horizontal axis that runs through the divisions to promote more cross-company initiatives, I believe we can develop application capabilities. For this purpose, I hope we can make good use of occasions such as human resource exchanges and technical exchange meetings. Since it can be difficult to generate such a cross-cutting perspective from within the company alone, this is where I would like to contribute as an Outside Director.

**Moriyama:** As Mr. Ito has mentioned, more human resource exchanges are necessary, and also investment should be made in such areas.

Lastly, I would like all employees to know, “If there’s anything on your mind or anything you’re struggling with, please come and talk to us.” I would like to listen more to voices from work sites, and I think it is also our role to serve as a megaphone and convey those voices to the Board of Directors.





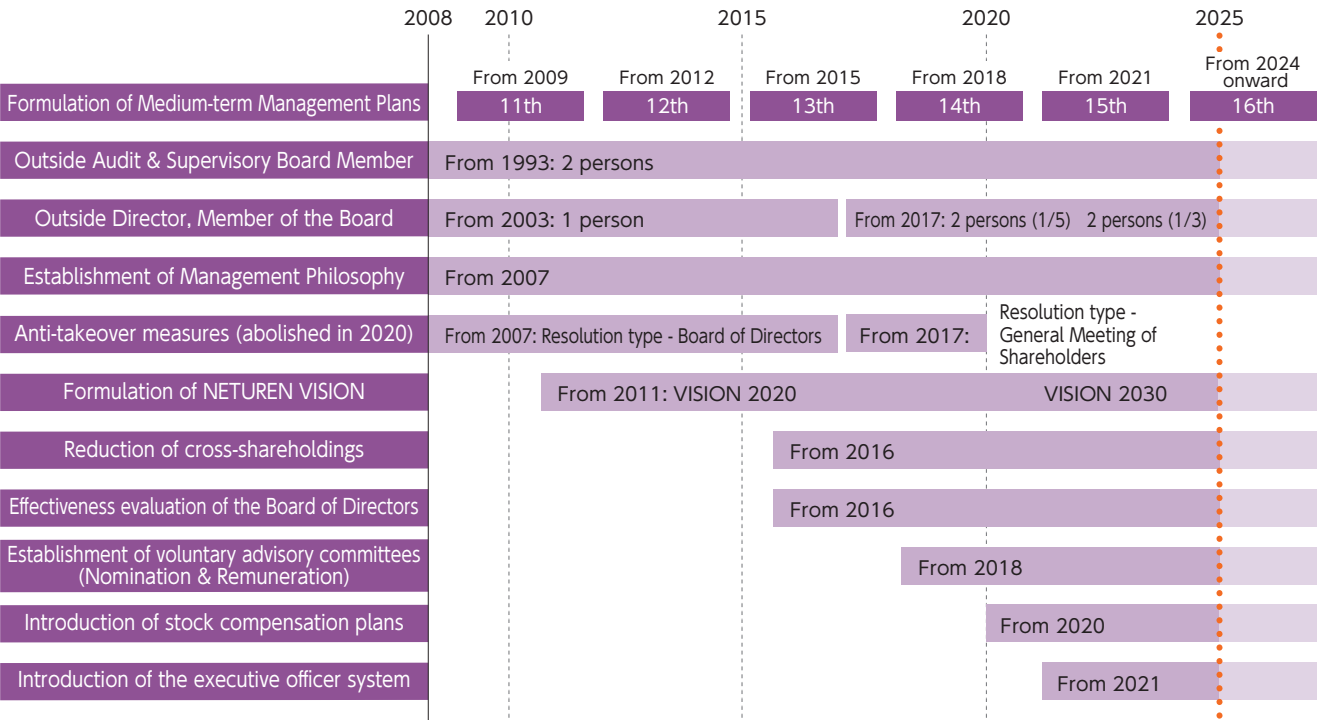
# Corporate governance

## Basic approach to corporate governance

To “enhance corporate value through harmony and coexistence with shareholders, customers, employees, suppliers, and local communities,” Neturen positions corporate governance as one of the most important management functions to ensure management

transparency and fairness. Based on this recognition, we will promote prompt and efficient management decision-making and also strengthen the business execution supervision system, with the aim of becoming a company that can grow sustainably.

## History of the enhancement of corporate governance

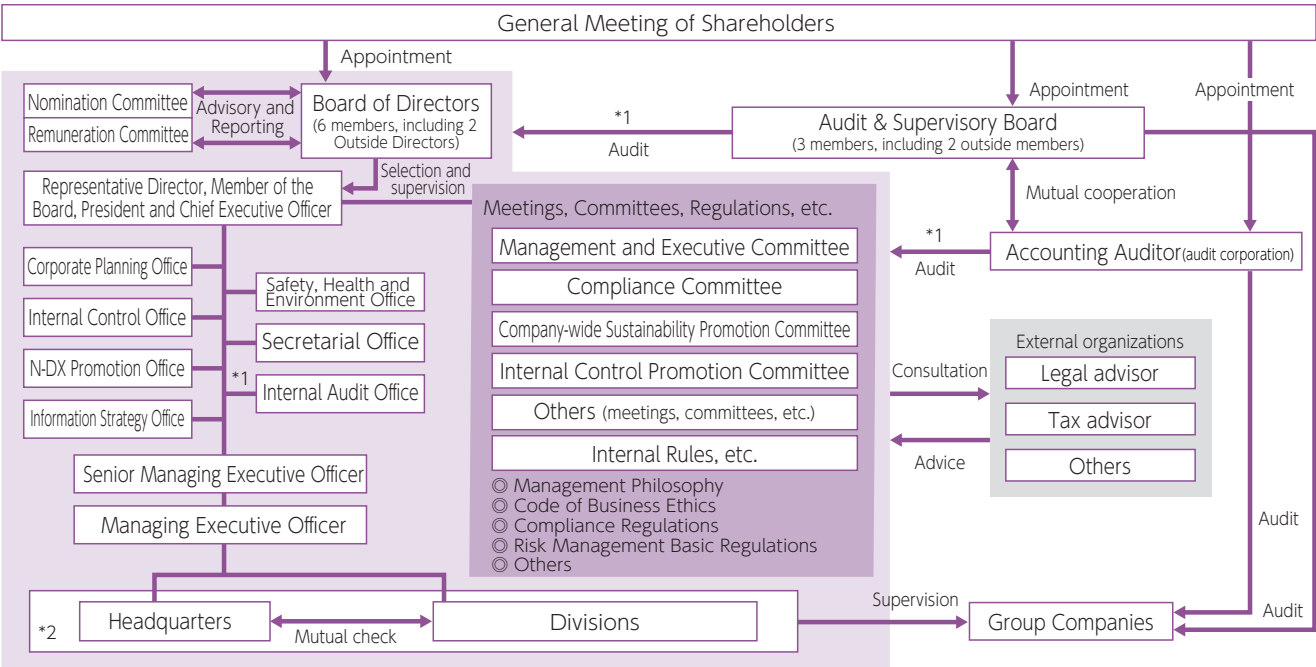


## Features of corporate governance

To further strengthen our corporate governance, we introduced the executive officer system in June 2021. This increased management transparency, flexibility, and corporate value by separating the management decision-making and supervisory functions from the business execution functions, clarified the authority and responsibilities related to business execution, and established a system that can respond appropriately, quickly, and dynamically to changes in the management environment surrounding the Group. Additionally, we reviewed the number of members of, and the composition of, the Board of Directors and increased the ratio of Outside Directors in order to enhance the depth, accuracy, and speed of decision-making, as well

as further strengthen supervision of business execution. We have Management and Executive Committee consisting of Directors, or Members of the Board, Executive Officers, Audit & Supervisory Board Members (Full-time), general managers, etc., where our company’s executives share important matters, including information and management issues, so as to make optimal management decisions and execute operations, thereby improving corporate governance. Furthermore, through the promotion of TQM\* activities, they report on and discuss our Group’s management issues. In addition, Outside Directors may also attend the Management and Executive Committee.  
\* TQM: Total Quality Management

## Corporate governance structure



\*1 The Audit & Supervisory Board, Accounting Auditor, and Internal Audit Office have a system of mutual cooperation from audit planning to reporting.  
\*2 Headquarters are the Administrative Headquarters, Human Resources Headquarters, Business Planning and Development Headquarters, Global Procurement Headquarters, Quality Assurance Headquarters, Research and Development Headquarters, and Product Engineering Headquarters.

## Status of the Board of Directors, Audit & Supervisory Board, and voluntary committees

The Board of Directors decides on important matters related to business management of the company and supervises the execution of duties by Directors. Neturen has adopted the Audit & Supervisory Board system, and has established the Nomination and Remuneration Committees as voluntary advisory organs to the Board of Directors.

Name	Overview	Meetings held	Major agenda items / Subjects of discussion
Board of Directors	At the Board of Directors' meetings, the company's management strategies and management plans are discussed from a medium- to long-term perspective. In addition, the performance results, status, problems, etc., of each Director's duties are checked, evaluated from an objective standpoint, and reflected in his/her evaluation and treatment. The Articles of Incorporation stipulate that the number of Directors shall be no more than 11. At present, we have six Directors (including two Outside Directors). To facilitate prompt responses to rapid changes in the management environment, as well as flexible and efficient business operation, and to clarify the management responsibility of Directors for each fiscal year, the term of office of Directors is set as one year.	16	•Formulation and progress management of NETUREN VISION 2030 and the 16th Medium-term Management Plan, and initiatives to address issues •Examination and formulation of specific measures for improving corporate value and growth strategies (business portfolio, M&A strategy, etc.) •Formulation of specific initiatives related to capital policies and financial strategies (e.g., early realization of a PBR of 1.0x or higher and a ROE of 8.0%) •Sharing of topics and replies in dialogue with shareholders and institutional investors •Formulation of specific initiatives for the issues related to human resource development and the promotion of female participation in the workplace
Audit & Supervisory Board	Audit & Supervisory Board Members audit the status of Directors' execution of their duties by attending the Board of Directors' meetings and other important meetings and reviewing important documents. They also cooperate with the Accounting Auditor and the Internal Audit Office and receive reports from affiliated companies to check their management status in order to increase the effectiveness of their audits. The Audit & Supervisory Board consists of one Audit & Supervisory Board Member and two Outside Audit & Supervisory Board Members.	15	•Formulation of an audit plan for the current fiscal year •Preparation of an audit report for the previous fiscal year •Appointment of an Accounting Auditor, consent for compensation of the Accounting Auditor, and confirmation of the Accounting Auditor's audit plan •Check and review of details of internal audits (quarterly) •Evaluation of internal control, and check and review of their execution details (quarterly) •Quarterly review of the Accounting Auditor •Director interviews, etc.
Nomination Committee	The Nomination Committee is a voluntary advisory body to the Board of Directors and consists of six members: one Representative Director, two Outside Directors, one Audit & Supervisory Board Member, and two Outside Audit & Supervisory Board Members. The Committee deliberates on the appointment of Directors and Executive Officers and then reports to the Board of Directors.	1	•Deliberation on revisions to the executive officer system •Determination of candidates for Directors and Executive Officers for the next fiscal year •Appointment of Outside Directors, new Executive Officers, and Senior General Managers •Reporting updates to skills matrices •Deliberation on draft plans to achieve a majority of Outside Directors and a 30% ratio of female officers
Remuneration Committee	The Remuneration Committee is a voluntary advisory body to the Board of Directors and consists of six members: one Representative Director, two Outside Directors, one Audit & Supervisory Board Member, and two Outside Audit & Supervisory Board Members. The Committee deliberates on remuneration for Directors and Executive Officers and then reports to the Board of Directors for decision-making.	1	•Determination of remuneration amounts for Directors and Executive Officers •Report on the individual performance evaluations of Directors and Executive Officers •Deliberation on the remuneration levels of Representative Directors

## Effectiveness evaluation of the Board of Directors

Every March, we conduct a self-evaluation questionnaire survey for all members of the Board of Directors and the Audit & Supervisory Board regarding the effectiveness of the Board of Directors as a whole, and analyze and evaluate the results.

The results of the effectiveness evaluation conducted in March 2025 are summarized on the right.

### Method of evaluation

Based on the results of the responses to the evaluation items below, members of the Board of Directors and the Audit & Supervisory Board, including independent members, held discussions at the Board of Directors' meeting and compiled an analysis and evaluation of the effectiveness of the Board of Directors.

### Evaluation items:

Roles and functions of the Board of Directors  
Operation of the Board of Directors  
Agenda of the Board of Directors' meetings  
Roles and functions with respect to the voluntary Nomination & Remuneration Committees  
Evaluation of the initiatives that addressed the issues identified in the previous evaluation (general view)

### Summary of analysis and evaluation results

Our Board of Directors has a system in place to properly make management decisions and supervise business execution. Overall, the Board was evaluated as functioning in both aspects of decision-making and supervision.

On the other hand, further discussions on the Group's growth strategies, including the review of management strategies and the business portfolio, and human resource strategies for such growth were found to be necessary.

### Initiatives for the future

Based on the above analysis and evaluation results, we will engage in active discussions on the Group's growth strategies and human resource strategies, including the review of the business portfolio, continue efforts to further enhance discussions at the Board of Directors' meetings, and thereby endeavor to improve the effectiveness of the Board of Directors to increase corporate value further.

## Remuneration for officers

### Basic policy

Remuneration for officers at Neturen is divided into that for Directors and that for Audit & Supervisory Board Members within the limit resolved at the General Meeting of Shareholders. In accordance with the standards provided by internal rules, the specific amount of remuneration for Directors is discussed by the voluntary Remuneration Committee following an objective and transparent procedure, and determined so that the remuneration may serve as a sound incentive for sustainable growth. The amount determined by the Committee is reported to the Board of Directors and then officially decided by its resolution.

Our policy for the calculation of remuneration amounts for officers is decided by resolution of the Board of Directors based on reports from the voluntary Remuneration Committee,

after the evaluation regarding the fairness, transparency, and objectivity of the procedure for Directors' remuneration and thereby to establish an appropriate management system. Specifically, remuneration for Directors other than Outside Directors is composed of a fixed amount, a performance-linked bonus (short-term bonus) as a short-term incentive, and restricted stock (RS) compensation and performance-linked stock compensation (PSU) as medium-term incentives. Remuneration for Outside Directors is decided, not on performance, but on the degree of contribution to the company, etc. Remuneration for Audit & Supervisory Board Members is composed only of fixed compensation from the perspective of emphasizing independence and objectivity from management, and the amount of remuneration for each Audit & Supervisory Board Member is decided through consultation among the Audit & Supervisory Board Members.

### Total amount of remuneration by officer category and by type, and the number of eligible officers

Officer category	Total amount of remuneration, etc. (million yen)	Total amount of remuneration, etc., by type (million yen)			Number of eligible officers	
		Basic compensation	Performance-linked compensation, etc.			Non-monetary compensation, etc. (RS)
			Monetary compensation, etc.	Non-monetary compensation, etc. (PSU)		
Directors (excluding Outside Directors)	145	111	14	5	13	4
Audit & Supervisory Board Members (excluding outside members)	16	16	—	—	—	1
Outside officers	28	28	—	—	—	5

(Notes)

- The amounts of performance-linked stock compensation (PSU) and restricted stock compensation (RS) are the figures recorded as expenses for the fiscal year under review.
- The amount of performance-linked compensation, etc., includes a performance-linked bonus (short-term bonus) as a short-term incentive and performance-linked stock compensation (PSU) as a medium-term incentive. The performance indicators selected as the basis for the calculation of these amounts are as follows: for a short-term bonus, the announced, consolidated performance targets (net sales, operating profit, ordinary profit, and profit attributable to owners of parent) for the relevant fiscal year; and for PSU, the average of the announced, consolidated performance targets (net sales, operating profit, ordinary profit, profit attributable to owners of parent, and ROE) for three consecutive fiscal years beginning one fiscal year prior to the relevant three fiscal years. The reason for adopting these performance indicators is to motivate officers to stay focused on medium- to long-term growth from the perspective of ensuring the implementation of the management vision and the Medium-term Management Plan, in addition to sustainable performance improvement in each fiscal year.

## Compliance

### Basic approach

We developed the Code of Business Ethics and the Compliance Regulations to ensure that all Directors and employees work with high ethical standards, thereby striving to achieve thorough statutory compliance. We are also working to enhance our compliance through the development and operation of various programs.

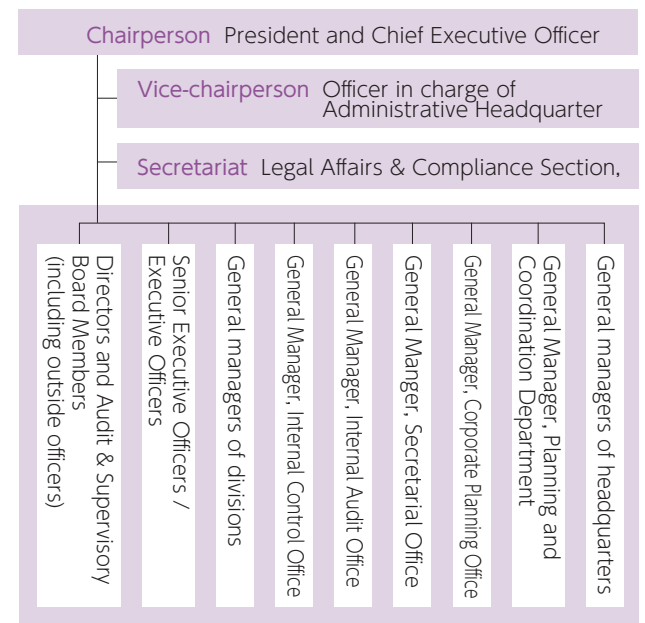
### Compliance Committee

We have established the Compliance Committee, chaired by the President and Chief Executive Officer. The Committee meets regularly four times a year, attended by members of the Board of Directors and the Audit & Supervisory Board (including outside members), the general managers of divisions, and the audit department, etc. We have built this system as a countermeasure against compliance violations so that, should one occur, we can immediately conduct a thorough fact-finding investigation, impose strict disciplinary action, and decide appropriate measures to prevent recurrence.

### Compliance helpline consultation service

As a mechanism for early detection and correction of ethical violations and inappropriate acts in terms of compliance, we operate a compliance helpline consultation desks set up both inside and outside the company, while strictly protecting the privacy of those who use them and preventing any disadvantageous treatment against them. For each case of consultation or report received, we respond to it after carefully confirming the facts and take the necessary measures to prevent recurrence, thereby striving to maintain the soundness and reliability of the organization as a whole.

### Compliance Committee structure chart



### Providing compliance education

We regularly provide compliance education for employees to raise their awareness of compliance. We use posters and give lectures on topics such as the importance of compliance, the effectiveness of ethical and legal compliance for organizations, interpersonal relationships, and disciplinary action for violations. We also continuously provide compliance education for our group companies.

In FY2024, we conducted e-learning training on workplace harassment prevention for managers, fostering compliance awareness.

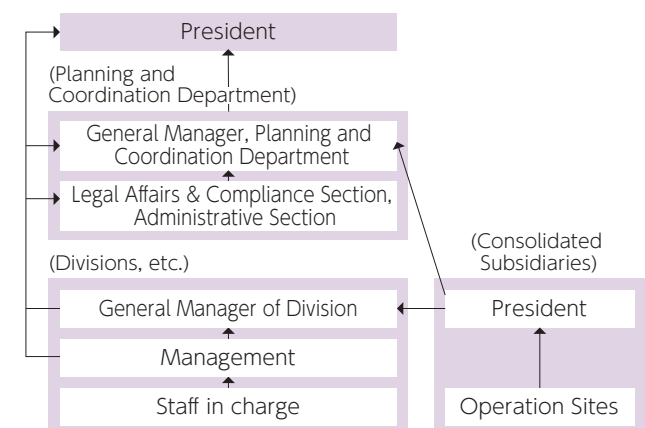
## Risk management

The Neturen Group has established its "Risk Management Basic Regulations" and "Affiliate Company Management Regulations," and the Planning and Coordination Department of the Administrative Headquarters serves as the secretariat to promote group-wide risk management.

Business risks are listed on page 19 of the March 2025 Annual Securities Report (114th) (Japanese only).

<https://www.k-neturen.co.jp/ja/ir/library/securities.html>

### Communication route for crisis management information (initial stage)





# Financial and non-financial summary for past 11 years

## Financial data (consolidated)

		FY2014	FY2015	FY2016	FY2017		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
<b>Profit and loss</b>													
Net sales	(Million yen)	46,895	42,905	43,396	48,980		53,015	48,806	42,567	53,004	57,524	57,205	57,563
Operating profit	(Million yen)	3,001	2,145	3,003	3,656		3,569	2,087	920	3,704	2,396	1,632	1,617
Ordinary profit	(Million yen)	3,620	2,758	3,589	4,165		4,080	2,071	1,475	4,418	3,088	2,511	2,321
Profit attributable to owners of parent	(Million yen)	2,105	△687	2,834	3,003		950	250	268	2,690	381	1,542	1,815
Comprehensive income	(Million yen)	5,460	△3,203	2,671	4,768		△127	△594	1,351	5,420	3,118	4,182	4,132
<b>Financial position</b>													
Total assets	(Million yen)	81,828	76,610	76,230	82,571		80,650	76,277	75,574	82,003	79,888	80,613	83,760
Net assets	(Million yen)	66,176	62,202	63,319	66,120		64,598	62,772	62,714	66,859	66,549	66,471	66,329
Liabilities	(Million yen)	15,652	14,408	12,911	16,450		16,052	13,505	12,860	15,144	13,338	14,142	17,431
Balance of borrowings, etc.	(Million yen)	3,260	2,603	1,727	2,352		3,647	3,088	2,955	2,650	1,875	1,174	7,233
<b>Per share information</b>													
Net assets per share	(yen)	1,411.70	1,322.16	1,381.64	1,458.40		1,427.94	1,379.16	1,410.69	1,494.67	1,575.08	1,657.44	1,736.23
Basic earnings per share (EPS)	(yen)	49.41	△16.12	66.98	72.73		23.21	6.14	6.59	67.45	9.89	41.91	51.59
Dividend per share	(yen)	14	14	25	22		25	22	14	30	30	49	51
Payout ratio	(%)	28.3	—	37.3	30.3		107.7	358.3	212.4	44.5	303.2	116.9	98.8
<b>Cash flows</b>													
Cash flows from operating activities	(Million yen)	4,692	4,574	4,985	6,483		4,622	6,298	3,969	6,335	3,888	4,193	4,107
Cash flows from investing activities	(Million yen)	△3,017	△2,442	△3,263	△5,880		△5,510	△4,020	△758	△40	△1,203	△1,647	△3,404
Cash flows from financing activities	(Million yen)	△1,393	△1,393	△2,589	△1,370		△130	△1,810	△1,595	△1,970	△4,286	△5,080	1,713
Cash and cash equivalents at end of period	(Million yen)	13,422	14,054	13,098	12,507		11,286	11,697	13,309	18,099	16,911	14,810	17,580
<b>Other financial figures and indicators</b>													
Equity ratio	(%)	73.5	73.6	75.5	72.4		72.2	73.8	74.4	72.7	74.3	74.4	71.1
Return on equity (ROE)	(%)	3.6	△1.2	5.0	5.1		1.6	0.4	0.5	4.6	0.6	2.6	3.0
Operating profit to net sales	(%)	6.4	5.0	6.9	7.5		6.7	4.3	2.2	7.0	4.2	2.9	2.8
Ordinary profit to total assets (ROA)	(%)	4.5	3.5	4.7	5.2		5.0	2.6	1.9	5.6	3.8	3.1	2.8
Price earnings ratio (PER)	(times)	18.0	—	13.5	15.0		38.4	114.7	92.4	8.8	70.3	26.7	18.8
Price-book value ratio (PBR)	(times)	0.6	0.6	0.7	0.7		0.6	0.5	0.4	0.4	0.4	0.7	0.6
Capital expenditure	(Million yen)	3,232	3,088	3,167	4,766		4,872	4,177	1,426	1,377	1,296	2,626	2,716
R&D expenditure	(Million yen)	891	952	1,289	959		851	944	595	576	600	647	786
Depreciation	(Million yen)	2,967	2,930	2,739	2,897		3,267	3,189	3,034	2,954	2,705	2,377	2,334

## Non-financial data (consolidated)

Regular employees (consolidated)	(Head count)	1,312	1,329	1,407	1,526		1,597	1,640	1,571	1,604	1,596	1,627	1,595
Average number of temporary employees	(Head count)	(205)	(214)	(204)	(222)		(265)	(244)	(226)	(231)	(249)	(190)	(182)
Number of patent rights held (non-consolidated) In Japan (Patents)		—	—	—	—		493	514	471	438	433	436	440
	Overseas (Patents)	—	—	—	—		185	223	261	359	384	398	410
CO <sub>2</sub> emissions (Scopes 1 + 2) (non-consolidated) (t-CO <sub>2</sub> )		54,408	51,492	51,325	55,560		55,099	47,457	39,496	40,633	36,242	37,673	36,399
CO <sub>2</sub> emission per unit of net sales	(t-CO <sub>2</sub> /1,000 t)	—	—	—	262		242	228	229	212	194	199	206

### (Notes)

- The significant decrease in profit attributable to owners of parent for fiscal years 2015, 2018, 2019, 2020, and 2022 was due mainly to the recording of impairment losses on non-current assets.
- The price earnings ratio for FY2015 is not stated because a loss per share was recorded.
- The loss attributable to owners of parent recorded for FY2015 was due mainly to the recording of impairment losses on non-current assets.
- Applying the Accounting Standards for Business Combination (ASBJ Statement No. 21, September 13, 2013), "Profit" has been stated as "Profit attributable to owners of parent" since FY2015.

- We have applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) since the beginning of FY2018. The figures for major management indicators for FY2017 are those after applying the same accounting standard retrospectively.
- We have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) since the beginning of FY2021. The figures for major management indicators for FY2021 and thereafter are those after applying the same accounting standard.
- The number of patent rights held has been calculated since FY2018.
- CO<sub>2</sub> emissions per unit of net sales have been calculated since FY2017.

# Stock Information (as of March 31, 2025)

## Stock Status

Total number of shares authorized to be issued:	150,000,000 shares
Total number of shares issued:	34,495,400 shares (including treasury stock of 934,833 shares)
Number of shareholders:	40,626 persons

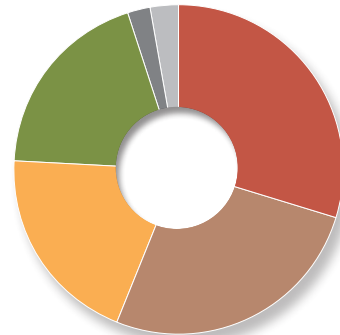
## Major Shareholders

Shareholder Name	Number of Shares Held (thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd	4,004	11.7
Nippon Steel Corporation	3,101	9.0
MUFG Bank, Ltd.	1,432	4.2
Custody Bank of Japan, Ltd. (Trust Account)	1,045	3.0
Chita Kogyo Co., Ltd.	1,029	3.0
Marubeni Itochu Sumisho Techno Steel Inc.	999	2.9
Sumitomo Mitsui Banking Corporation	907	2.6
Meiji Yasuda Life Insurance Company	762	2.2
DFA INTL SMALL CAP VALUE PORTFOLIO	753	2.2
Neturen Partner Companies Shareholding Association	730	2.1

(Notes)

- Treasury shares (202,000 shares) are not included in the calculation of the shareholding ratio.
- The number of shares held by The Master Trust Bank of Japan, Ltd. (trust account) and those held by Custody Bank of Japan, Ltd. (trust account) are for those related to trust business.

## Distribution of Shares by Shareholder



## Rating Information

Long-term Issuer Rating by Japan Credit Rating Agency, Ltd. **A-** (Stable)

## Constructive dialogue with investors and shareholders

Neturen places emphasis on constructive dialogue with investors, shareholders, and other stakeholders with a view to achieving sustainable growth and increasing its corporate value over the medium to long term. The officer in charge supervises all dialogues with investors and shareholders, in cooperation with relevant departments as deemed necessary. Opinions and feedback received through opportunities for dialogue are reflected in our business management so as to help us increase our corporate value.



Plant tour for institutional investors

## Major opportunities for dialogue with investors and shareholders (FY2024)

Item	Overview
Major participants	- Representative Director, Member of the Board, President and Chief Executive Officer; Corporate Planning Office (IR)
Overview of investors/shareholders	- Investment styles: value investing in Japan, value investing overseas - Participants: fund managers, analysts
Means of dialogue	- Financial results briefing for institutional investors (twice a year) - Plant tour for institutional investors (once a year) - Briefing for individual investors (once a year) - Small meetings with institutional investors (when necessary)
Major themes and interests	- Performance trends, full-year forecasts - Medium- to long-term outlook and initiatives
Feedback	- Reporting on IR activities in general to the Board of Directors (once a year) - Sharing with officers the opinions given at small meetings with institutional investors (as needed)
Activities introduced, etc.	- Disclosure of a target B/S and capital allocation

# Corporate profile (as of March 31, 2025)

Trade Name	Neturen Co., Ltd.	Date of Establishment	May 15, 1946 (with the current company name)
Address	Oval Court Ohsaki Mark West, 2-17-1 Higashi-Gotanda, Shinagawa-ku, Tokyo 141-8639	Capital	6,418,359,752 yen
TEL	03-3443-5441 (Main)	Number of Employees	Consolidated: 1,595 Unconsolidated: 883
FAX	03-3449-3969		

## Domestic and Overseas Bases

### Neturen operations in Japan

- Iwaki Plant
- Ibaraki Plant
- Head Office
- Human Resources Development Center
- Shonan Office, Hiratsuka Plant
- Kani Plant, Kani NH Plant
- Nagoya Plant
- Kariya Plant
- Specialty Steel & Wire Products Division
- Osaka Sales Office
- Amagasaki Plant
- Kobe Plant
- Ako Plant
- Okayama Plant

Yamagata Plant,  
Neturen Heat Treat Co., Ltd.  
Niigata Plant,  
Neturen Heat Treat Co., Ltd.  
Kofu Plant,  
Neturen Heat Treat Co., Ltd.  
Neturen Komatsu Co., Ltd.  
Gifu Plant, Neturen  
Heat Treat Co., Ltd.  
Neturen Hirakata Co., Ltd.  
Kyushu Koshu  
Neturen Co., Ltd.

Asahidenpa Kogyosho Co., Ltd.  
Neturen Meinan Co., Ltd.  
Neturen Hymec Co., Ltd.  
Neturen Takuto Co., Ltd.  
Yamaguchi Plant,  
Neturen Heat Treat Co., Ltd.  
Dohken Co., Ltd.

Korea Heat Treatment Co., Ltd. (South Korea)  
Korea Neturen Co., Ltd. (South Korea)  
Tianjin Fengdong Heat Treatment Co., Ltd. (China)  
Neturen (China) Slewing Bearing Co., Ltd. (China)  
Neturen Czech s.r.o. (Czech Republic)  
Chongqing Branch, Shanghai Neturen Co., Ltd. (China)  
Shanghai Neturen Co., Ltd. (China)  
Guangzhou Fengdong Neturen Co., Ltd. (China)

### The Neturen Group

In Japan: 10 companies, 26 bases

Overseas: 15 companies, 16 bases in 6 countries

Neturen America Corporation (U.S.A.)  
NETUREN USA, INC. (U.S.A.)  
NTK Precision Axle Corporation (U.S.A.)

US CHITA CO., LTD. (U.S.A.)

NETUREN MEXICO, S.A. de C.V. (Mexico)

Yancheng Neturen Co., Ltd. (China)

PT. NETUREN INDONESIA (Indonesia)

PT. Komatsu Undercarriage Indonesia (Indonesia)

● Group companies in Japan/overseas

As of June 26, 2025

## Neturen's information disclosure media

### ◆ Company website

In addition to basic information about Neturen, we also publish information about products, services, technology, IR, sustainability, etc. (available in three languages: Japanese, English, and Chinese).

<https://www.k-neturen.co.jp/en/index.html>

### ◆ Other media

- Integrated Report (this document) <https://www.k-neturen.co.jp/en/sustainability/report.html>
- Annual Securities Report <https://www.k-neturen.co.jp/ja/ir/library/securities.html>
- ESG Data <https://www.k-neturen.co.jp/ja/sustainability/report.html>
- Annual Report (English only) <https://www.k-neturen.co.jp/en/ir/library/annual.html>

