

Smart Company

Through "Customer First," we aim to be a smart company that helps our customers and the end users beyond. Specifically, we contribute to society through advanced functional materials and applied products in the four value-creation fields of energy, safe and secure social infrastructure, healthy lifestyle, and food.



Executive Officer
Smart Company
President
Masami Sugata



Business Strengths

- Advanced functional materials created by manufacturing capabilities combining the base technologies of materials, magnetic applications, and surface treatment
- Technology that brings out the performance of advanced functional materials, and unique applied products



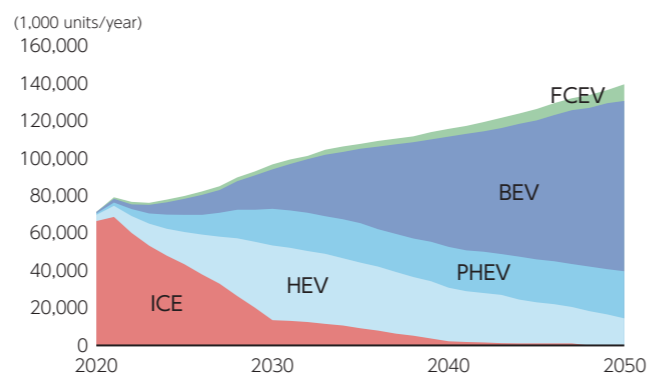
(Left) Lead frame product lineup (Right) Magnets

Business Environment

In the automobile sector, demand for electric vehicle components is expected to continue growing due to the advance of CASE. In the area of autonomous driving services, their spread into the on-site logistics market is expected in response to the labor shortage caused by Japan's declining population.

In addition to automobiles, there is a growing need in the medical field to expand the dental market due to the aging population in developed countries, and in the agricultural field to improve crop yields to cope with population growth.

◆ Global new vehicle sales composition (passenger cars)



Source: JAMA scenario for carbon neutrality by 2050

Opportunities and Risks

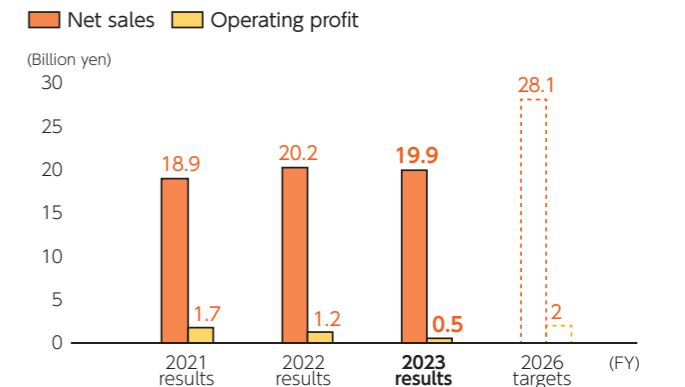
Opportunities	Risks
<ul style="list-style-type: none"> • Electronic components: Growing demand for power card lead frames due to spread of electric vehicles • Magnets: Growing demand for rare earth magnets due to expansion of mobility and energy markets • Dental: Expanding market for dental magnetic attachments due to further aging of the population • Sensors and metal fibers: Growing need for micro-magnetic detection in autonomous driving and medical fields • Iron fertilizers: Biostimulants*1 Expanding market, growing need for alkaline soil remediation 	<ul style="list-style-type: none"> • Rising prices and procurement restrictions on various raw materials and rare earths

*1 Agricultural material that stimulates plants to draw out their natural abilities, thereby maintaining yield and quality and enhancing storage after harvest

FY2023 Results

While net sales were on a par with the previous year due to the steady growth of electric vehicles, operating profit fell over the same period as a result of changes in short-term automobile production trends and a sliding gap in selling prices caused by fluctuations in raw material costs.

◆ Net sales, operating profit



Initiatives for the new Medium-term Management Plan

The Smart Company will focus on (1) serving customers by putting them first, (2) securing stable earnings in all businesses, and (3) developing new businesses and fields.

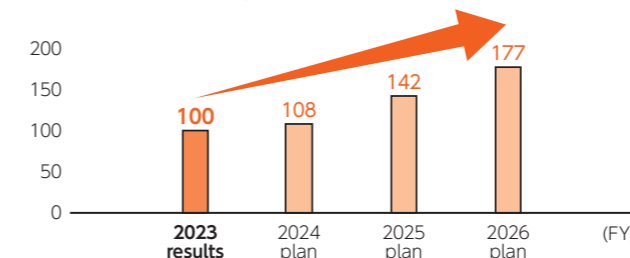
Electronic components business

While steadily proceeding with production to meet demand for lead frames for power cards in electric vehicles, a promising growth market, we will rigorously improving quality, the source of our competitiveness, to solidify our earnings base. We will also strive to achieve sustainable growth and maintain and improve our competitiveness by working closely with our customers to develop products that anticipate market needs.



No.4 production line for power card lead frames

◆ Sales volume of power card lead frames



*Index taking FY2023 sales volume as 100

Magnet business

To avoid the risks associated with procuring rare earths, we will increase our market presence by introducing neodymium bonded magnets, which do not use risky raw materials (Tb, Dy, Co*2) to the market, and by resource saving of highly magnetic bonded magnets, for which demand is increasing

with the progress of electrification of automobiles. We will also build a revenue base for our business by developing new customers in the parts sector, such as for automobiles and home appliances.

*2 Terbium (Tb), Dysprosium (Dy), Cobalt (Co)

Dental business

To expand our share of the domestic market for our lead product, MAGFIT, a dental magnetic attachment, utilizing insurance-covered products, we will build a collaborative structure with our sales partners and strengthen our sales force. We will also launch new products that can be used in a variety of surgical procedures and develop our supply chain with a view to overseas expansion.

Sensors & metal fiber business

With our Global Magnetic Positioning System, GMPS, we will achieve early revenue and profit by developing the market for autonomous transportation within factory premises as an area of focus. Initially, we will target our most prominent customers and then expand strategically. In fields such as security and medical care, we will cultivate a wide range of markets by utilizing the strengths of MI sensors, such as their ultra-high sensitivity, small size, and low power consumption, to solve customers' problems.

Iron fertilizer business

In Japan, we will work to strengthen our competitiveness and expand sales by differentiating our product from the competition as a biostimulant material. Overseas, where future growth is expected, we will develop a sales network, including distributors, for specific crops such as citrus fruits, and promote sales trials. We will also focus on PDMA*3 mass production technology with a view to future business expansion.

*3 Proline deoxymugenic acid, a next-generation iron fertilizer developed jointly by Aichi Steel and Tokushima University that makes it easier for plants to absorb iron even in alkaline soil